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 UNAUTHORIZED. 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 AUTHORIZED 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 e-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 authorized 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 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 difference 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.

The date of this Offering Circular is March 24, 2015

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 June 24, 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 but not limited to its 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 (as defined herein) issued by DBS Bank through its registered office in Singapore or 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).

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 (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 Series of Registered Notes will be represented by registered certificates (each, a "**Certificate**"), without interest coupons, and Registered Notes 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 S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**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 Registered Notes are described in "Transfer Restrictions."

In relation to any Tranche (as defined in "Summary of the Programme"), the aggregate nominal amount of the Notes of such Tranche, the interest (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** **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 authorized 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 authorized by the Issuers, the Joint Arrangers, any Dealers, the Trustee or the Agents (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 authorized 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 authorized 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 authorized by the Issuers, the Joint Arrangers, the Dealers, the Trustee or the Agents.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT NOR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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 authorized. 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$" are to the lawful currency of Hong Kong, all references to "RMB," "Renminbi" and "CNY" are to the lawful currency of China, all references to "Indonesian Rupiah" and "IDR" are to the lawful currency of the Republic of Indonesia, all references to "Sterling" and "GBP" are to the lawful currency of the United Kingdom, all references to "Euro" or "€" are to the lawful currency of the European Union and all references to "AUD" or "A$" 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 "2014," "2013" and "2012" refer to the DBS Group's fiscal years ended December 31, 2014, 2013 and 2012, respectively. Unless specified otherwise or the context otherwise requires, all references to "loans" refer to loans net of cumulative allowances.

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 December 31, 2014 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 December 31, 2014 are included in this Offering Circular, beginning on page F-82.This Offering Circular incorporates by reference the DBS Group's audited consolidated financial statements as at and for the years ended December 31, 2013 and 2012 and the DBS Bank Group's audited consolidated financial statements as at and for the years ended December 31, 2013 and 2012. 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 stabilizing manager(s) (the "**Stabilizing Manager(s)**") (or persons acting on behalf of any Stabilizing 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 Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) will undertake stabilization action. Any stabilization 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 stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or persons acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

With effect from 2013, the presentation of the DBS Group's balance sheet has been streamlined to focus on the most material assets and liabilities. The current presentation also reflects the guidance under IFRS to arrange balance sheet items broadly by their nature and liquidity. "Loans and advances to customers" and "Deposits and balances from customers" on the balance sheet are now consistent with the amounts shown as "Customer loans" and "Customer deposits" in the DBS Group's investor communications. In addition, "Due to Banks" now differentiates interbank money market activities from cash deposits related to fund management activities of institutional investors. The latter are now classified as "Deposits and balances from customers" to better reflect the nature of such deposits.

In 2013, the DBS Group also revised the presentation of the components of net interest income and also the industry classification of gross loans by reclassifying certain loans of investment holding companies to better reflect the underlying principal activity of the companies owned by the holding company. The amounts for the year ended December 31, 2012 have been reclassified for comparability purposes with amounts for the years ended December 31, 2014 and 2013.

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 December 31, 2013 and 2012 and the audited consolidated financial statements of the DBS Bank Group as at and for the years ended December 31, 2013 and 2012, 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 December 31, 2014 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 December 31, 2014 are included in this Offering Circular, beginning on page F-82.

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.

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" 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 December 31, 2014, the DBS Group had S$441 billion in total assets, S$276 billion in customer loans and advances, S$317 billion in customer deposits and S$38 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, December 31, 2014, Singapore accounted for 66% 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 December 31, 2014, DBS Bank Group accounted for nearly 100% of the DBS Group's consolidated total assets and net profit. DBSH has a long-term issuer rating of "AA-" from Fitch Ratings Ltd. ("**Fitch**") and a long-term issuer rating of "Aa2" from Moody's Investors Services Inc. ("**Moody's**"). DBSH's credit ratings by Fitch and Moody's have a stable outlook. DBS Bank is one of the highest rated commercial banks in Asia with a long-term issuer rating of "AA-" from Fitch, a long-term issuer rating of "Aa1" from Moody's and a long-term counterparty credit rating of "AA-" from Standard & Poor's Rating Services ("**Standard & Poor's**"). DBS Bank's credit ratings by Fitch, Moody's and Standard & Poor's have a stable outlook.

DBS Bank was incorporated in July 1968 by the Singapore Government as a financial institution to support Singapore's economic development and industrialization. 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 July 21, 2003, DBS Bank changed its legal name from The Development Bank of Singapore Limited to DBS Bank Ltd.

As at February 27, 2015, DBSH had a market capitalization of approximately S$48.5 billion based on the closing price per ordinary share on the Main Board of the SGX-ST. As at December 31, 2014, Temasek Holdings (Private) Limited, directly or indirectly, held approximately 29.3% of DBSH's outstanding ordinary shares, and non-voting preference shares, that if converted would bring such ownership to 30.1%.

Strengths

Strong credit profile and resilient capital base

The DBS Group has consistently maintained robust capital ratios and as at December 31, 2014, had a Common Equity Tier I ("**CETI**") capital adequacy ratio ("**CAR**") of 13.1%, a Tier I CAR of 13.1% and a total CAR of 15.3%. The DBS Group's capital position is above the new MAS Basel III capital requirements that have been effective from January 1, 2013. The DBS Group has adopted a prudent dividend policy to ensure that strong capital ratios are maintained while it executes its growth strategy.

The DBS Group was awarded "Safest Bank in Asia" for six consecutive years from 2009 to 2014 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 December 31, 2014, 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's strong domestic deposit base and leading market position in low cost Singapore dollar deposits have enabled it to maintain a favorable loan-to-deposit ratio of 87% as at December 31, 2014. The DBS Group also diversifies its funding sources through its wholesale funding business.

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 items) grew at a compound annual growth rate ("**CAGR**") of 9% between 2012 and 2014 while net profit (excluding one-time items) recorded CAGR of 7% 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%, 1.1% and 1.2% as at December 31, 2014, 2013 and 2012, respectively, and the DBS Group's coverage ratio (defined as total allowances as a percentage of non-performing assets) was 163%, 135% and 142% as at December 31, 2014, 2013 and 2012.

Strategy
The DBS Group is an Asian bank with a focus on intermediating trade and investment flows between Asia's three key axes of growth – Greater China, South Asia and Southeast Asia. Its key markets are Singapore, Hong Kong, China, Taiwan, India and Indonesia. In Singapore, it is a universal bank serving all customer segments. In other markets, it has focused on banking for large corporates, small and medium enterprises ("**SMEs**"), institutional investors and affluent individuals, and intends to leverage digital technologies to reach out to individual customers in the future.

To this end, the DBS Group developed a roadmap comprising of nine strategic priorities in 2010 as follows:

The DBS Group's nine strategic priorities include the following:

Geographies	1.	Entrench leadership in Singapore
	2.	Continue to expand the Hong Kong franchise
	3.	Rebalance geographic mix of business
Regional Businesses	1.	Build a leading SME business
	2.	Strengthen wealth proposition
	3.	Build out transaction banking and treasury customer businesses
Enablers	1.	Place customers at the heart of the banking experience
	2.	Focus on management process, people and culture
	3.	Strengthen technology and infrastructure platform

The priorities aim to build on the DBS Group's strong position in Singapore, expand the Hong Kong franchise and achieve greater geographical balance by building out the DBS Group's presence in Greater China and South and Southeast Asia. It also aims to develop regional business lines: transaction banking to capitalize on increasing regional trade flows and the rise of Asian MNCs and SMEs, as well as wealth management to better serve the rising number of affluent individuals. The DBS Group has also steered its treasury capabilities towards structuring and marketing products for corporate and individual customers to hedge risks and take advantage of market trends. It has improved its processes to achieve greater customer satisfaction and higher employee engagement as well as built more resilient technology infrastructure.

In addition to these priorities, the DBS Group has other areas of focus, including initiatives to build infrastructure to digitize the bank.

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" 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 but not limited to its Hong Kong branch and 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. or any of its branches outside Singapore, including but not limited to its Hong Kong branch and London branch.
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., Barclays Bank PLC, Singapore Branch, Citigroup Global Markets Inc., Deutsche Bank AG, Singapore Branch, 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.
Paying Agent	The Bank of New York Mellon, London Branch (in respect of Notes other than Notes cleared through DTC ("**DTC Notes**"), Notes cleared through the CMU ("**CMU Notes**") and Notes cleared through CDP ("**CDP Notes**")).

Calculation Agent	The Bank of New York Mellon, London Branch 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 (in respect of Notes other than CMU Notes and CDP Notes), The Bank of New York Mellon, Singapore Branch (in respect of CDP Notes) and The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes).
CDP Paying Agent	The Bank of New York Mellon, Singapore Branch (in respect of CDP Notes).
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes).
Registrar and Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A. (in respect of Notes other than DTC Notes, CMU Notes and CDP Notes), The Bank of New York Mellon (in respect of DTC Notes), The Bank of New York Mellon, Singapore Branch (in respect of CDP Notes) and The Bank of New York Mellon, Hong Kong Branch (in respect of CMU Notes). The Issuing and Paying Agent, Calculation Agent, Exchange Agent, CDP Paying Agent, CMU Lodging and 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 or in such other currencies as may be agreed.
Renminbi Fallback	If by reason of inconvertibility, non-transferability or illiquidity, an Issuer is not able to satisfy payments of principal or interest in respect of the Notes 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. 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).

Form of Notes	The Notes may be issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") only. Registered Notes will not be exchangeable for Bearer Notes and vice versa. Subordinated Notes 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 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 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.
Clearing Systems	Clearstream, Luxembourg and Euroclear, the CMU and/or CDP for Bearer Notes and Clearstream, Luxembourg and Euroclear, DTC, the CMU and/or CDP 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), 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 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 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 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 or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. Interest periods 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.
Other Notes	Terms applicable to any other type of Notes which an Issuer, as the case may be, may agree to issue under the Programme will be set out in the relevant Pricing Supplement.
Change of Interest Basis	Notes may be converted from one interest basis to another in the manner set out in the relevant Pricing Supplement.
Redemption	The applicable Pricing Supplement will indicate either that the Senior Notes cannot be redeemed prior to their stated maturity (other than in specified installments, 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 installments in such amounts and on such dates as indicated therein. 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, in whole, 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.
Variation instead of Redemption of the Subordinated Notes	The Relevant Issuer may, subject to the approval of the MAS, vary the terms of the Subordinated Notes so they remain or become DBS Bank Qualifying Securities (as defined in the Conditions) or, as the case may be, DBSH Qualifying Securities (as defined in the Conditions) as provided in Condition 5(g).

Loss Absorption upon a Trigger Event in respect of Subordinated Notes	The applicable Pricing Supplement issued in respect of each issue of Subordinated Notes may provide that the Loss Absorption Option is a Write-off in accordance with Condition 6(a) for Subordinated Notes issued by DBS Bank or Condition 6(b) for Subordinated Notes issued by DBSH.
Withholding Tax	All payments of principal and interest in respect of the Notes, the Receipts and the Coupons will be made free and clear of withholding taxes of (i) Singapore or any other jurisdiction in which the Relevant Issuer is tax resident, (ii) in the case of Notes issued from DBS Bank's London branch, the United Kingdom, and (iii) 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, unsubordinated and unsecured obligations of the Relevant Issuer.
Status of the Subordinated Notes	The Subordinated Notes will constitute direct, subordinated and unsecured obligations of the Relevant Issuer.
Subordination of the DBS Bank Subordinated Notes	Upon the occurrence of any winding-up proceeding, 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 Senior Creditors and will rank senior to all share capital of DBS Bank, DBS Bank Tier I Capital Securities and the DBS Bank Existing Upper Tier II 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 II Capital Securities, save for the DBS Bank Existing Upper Tier II Capital Securities.
Subordination of the DBSH Subordinated Notes	Upon the occurrence of any winding-up proceeding, 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 Senior Creditors and will rank senior to all share capital of DBSH and DBSH Tier I Capital Securities. The DBSH Subordinated Notes will rank *pari passu* with all subordinated debt issued by DBSH that qualifies as DBSH Tier II Capital Securities.
Negative Pledge	None.
Cross Default	None.
Events of Default in respect of the Senior Notes	Events of Default for the Senior Notes are set out in 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 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 Conditions, the Trustee and the Noteholders shall be entitled to every right and remedy given under the 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 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 or the Subordinated Notes, the payment of such money damages or other restitution shall be subject to the subordination provisions set out in the 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	English law, 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, or Singapore law (as specified in the applicable Pricing Supplement).
Selling Restrictions	United States, EEA, United Kingdom ("**UK**"), Japan, Singapore, Hong Kong, Indonesia, Taiwan 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) (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) (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 December 31, 2014, 2013 and 2012. 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 December 31, 2014 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 December 31, 2013 and 2012 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 December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Selected income statement items			
Net interest income	5,285	5,569	6,321
Net fee and commission income	1,579	1,885	2,027
Other non-interest income	1,200	1,473	1,270
Total income	**8,064**	**8,927**	**9,618**
Expenses	3,614	3,918	4,330
Profit before allowances	4,450	5,009	5,288
Allowances for credit and other losses	417	770	667
Profit before tax	4,157	4,318	4,700
Net profit	**3,359**	**3,501**	**3,848**
One-time items[(1)]	450	171	198
Net profit including one-time items	**3,809**	**3,672**	**4,046**

Note:

(1) One-time items include gains on sale of investments in 2012, 2013 and 2014, an amount set aside to establish the DBS Foundation in 2013 and a sum donated to National Gallery Singapore in 2014.

	As at and for the years ended December 31,		
	2012	2013	2014
	(S$ in millions, except percentages)		
Selected balance sheet items			
Customer loans	210,519	248,654	275,588
Total assets	**353,033**	**402,008**	**440,666**
Customer deposits	253,464	292,365	317,173
Total liabilities	**317,035**	**364,322**	**400,460**
Shareholders' funds	31,737	34,233	37,708
Key financial ratios (excluding one-time items)[(1)]			
Return on assets[(2)]	0.97%	0.91%	0.91%
Return on equity[(3)]	11.2%	10.8%	10.9%
Cost-to-income ratio[(4)]	44.8%	43.9%	45.0%
Net interest margin[(5)]	1.70%	1.62%	1.68%
As% of total income:			
Net interest income	65.5%	62.4%	65.7%
Non-interest income	34.5%	37.6%	34.3%
Customer NPL[(6)] as% of gross customer loans and advances	1.2%	1.1%	0.9%
Total NPAs[(7)] as% of total assets	0.8%	0.7%	0.6%
Total cumulative loss allowances as% of:			
Total assets	1.1%	1.0%	0.9%
Total NPAs	142%	135%	163%
CAR[(8)]			
CETI ratio	13.5[(9)]%	13.7%	13.1%
Tier I ratio	14.0%	13.7%	13.1%
Total capital ratio	17.1%	16.3%	15.3%

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, before allowances for credit and other losses, expressed as a percentage of total income.

(5) Net interest income expressed as a percentage of average interest bearing assets. Average interest bearing assets are computed based on monthly closing balances for the relevant year.

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

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

(8) With effect from January 1, 2013, Basel III capital adequacy requirements came into effect in Singapore. Unless otherwise stated, capital adequacy disclosures relating to the period prior to January 1, 2013 were calculated in accordance with the then prevailing capital adequacy regulations and are thus not directly comparable to those pertaining to periods after January 1, 2013.

(9) Definition of CETI as at January 1, 2013. Risk-weighted assets include Basel III changes introduced on January 1, 2013.

RISK FACTORS

Each Issuer believes that the following factors may affect its business and/or its ability to fulfill 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. Since 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. Beginning in 2010, there was a slight recovery in global economic growth led by emerging markets. However, concerns about sovereign debt in Europe and the continued slow growth in the United States have continued to have a negative impact on global financial markets. More recently, the continued high degree of uncertainty in Europe has been further exacerbated by subdued market conditions in the global economy, with a recovery in the United States that has remained tepid at best and declining rates of growth in emerging economies, including China.

Certain European nations continue to experience varying degrees of financial stress and uncertainty over the outcome of the EU governments' financial support programs 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, will not spread. There is also no assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize the affected countries and markets in Europe or elsewhere or that the political and social unrest in the Ukraine or elsewhere 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 2014, the U.S. Federal Reserve predicted GDP growth of 2.3% to 2.4% for 2014 and 2.6% to 3.0% for 2015, but risks such as a global economic downturn, falling oil prices and a threat of Greece's exit from the Eurozone remain. Additionally, during October 2014 the U.S. Federal Reserve concluded its quantitative easing program whereby long-term interest rates were kept low in order to stimulate the U.S. economy. There have been discussions surrounding an eventual rise in interest rates by the U.S. Federal

Reserve in 2015, which may disrupt global markets and dampen the pace of growth in the U.S. economy. The European Central Bank has also announced plans to commence a €60bn-a-month bond-buying program to revitalize the Eurozone economy.

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 in 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. Second, falling oil prices may weaken the growth prospects of emerging market countries that are reliant on oil exports, if oil prices remain low for a sustained period. Third, emerging markets have also experienced heightened market volatility since July 2013 over expected changes in the U.S. Federal Reserve quantitative easing policy; with an expected interest rate rise on the horizon, emerging market countries with weak external balances and high dependence on capital inflows are at risk of exposure and further volatility.

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 realized 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 to financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to the DBS Group.

With 82% of its total assets (excluding goodwill and intangibles) in Singapore and Hong Kong as at December 31, 2014, and 82% of its total income (excluding one-time items) in Singapore and Hong Kong for the year ended December 31, 2014, 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 like 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 stabilizing 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 non-performing assets ("NPAs") may impair the DBS Group's business, financial condition and results of operations.

The NPAs of the DBS Group were S$2.5 billion, S$3.0 billion and S$2.7 billion as at December 31, 2014, 2013 and 2012, respectively. As a percentage of gross customer loans, the DBS Group's NPLs were 0.9%, 1.1% and 1.2% as at December 31, 2014, 2013 and 2012, 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 recent 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 realize 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 realize 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 December 31, 2014, 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 ratings of "AA-" from Fitch and "Aa2" from Moody's. DBSH's credit ratings by Fitch and Moody's have a stable outlook. DBS Bank has received long-term ratings of "AA-" from Fitch, "Aa1" from Moody's and "AA-" from Standard & Poor's. DBS Bank's credit ratings by Fitch, Moody's and Standard & Poor's have a stable outlook. 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 Asian markets 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 and South Korea. 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 expects to 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 minimize 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, unauthorized withdrawals were made from customers' bank accounts from ATM machines 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 fulfill their contractual obligations, or could be subject to fraud or operational errors by their employees.

In addition, although the DBS Group's data center 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 December 31, 2014, the DBS Group was capitalized 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 December 16, 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 CETI capital and leverage ratios, and liquidity ratios.

As of January 1, 2013, the MAS has incorporated Basel III capital adequacy provisions into Singapore prudential regulation. Singapore-incorporated banks ("**SIBs**") were required to comply with a minimum CETI CAR of 4.5%, Tier I CAR of 6% and total CAR of 10% from January 1, 2013, rising to 6.5%, 8% and 10%, respectively, from January 1, 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 I and Tier II 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 January 1, 2013, their recognition was capped at 90% with effect from January 1, 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortized after January 1, 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 January 1, 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.

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 CETI capital. These buffers will be phased in on January 1 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 Basel Committee expects jurisdictions to require the countercyclical buffer during periods of excessive aggregate 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 January 1, 2013 to January 1, 2018 and are for items such as goodwill and investments exceeding certain thresholds.

On November 28, 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 January 1, 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 January 1, 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019. As at December 31, 2014, the DBS Group was well-positioned to meet the new liquidity requirements.

As at December 31, 2014, the DBS Group had a CETI CAR of 13.1%, a Tier I CAR of 13.1% and a total CAR of 15.3% 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 continue to 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 December 31, 2014, the DBS Group was in compliance with the regulatory capital requirements of each of the jurisdictions in which it operates subsidiaries.

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, including 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 twenty 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 – S$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 July 3, 2014.

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 current market conditions do not stabilize, 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.

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 fulfill its foreign currency or cross-border contractual obligations; and the risk that a non-sovereign counterparty may be unable to fulfill 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 liberalize 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 Automated Teller Machines ("**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 organized 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 could impair an investor's ability to enforce its rights or realize any claims on the Subordinated Notes.

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

If the Relevant Issuer defaults on the payment of principal or interest on the Subordinated Notes, 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 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 will be unsecured and subordinated obligations of the Relevant Issuer and will rank junior in priority to the claims of the relevant Senior Creditors (as defined in "**Terms and Conditions of the Notes**" herein). In addition, any Subordinated Notes 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 proceeding, the rights of the holders of the relevant Subordinated Notes to payments on such Subordinated Notes will be subordinated in right of payment to the prior payment in full of all deposits and other liabilities of the Relevant Issuer, as applicable, except those liabilities which rank equally with or junior to the relevant Subordinated Notes. In a winding-up proceeding, the holders of the relevant Subordinated Notes 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 may pay a higher rate of interest than comparable Notes which are not subordinated, there is a risk that an investor in Subordinated Notes will lose all or some of its investment should the Relevant Issuer become insolvent.

The terms of the Subordinated Notes 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.

The MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (dated September 14, 2012 and last amended on December 29, 2014) ("**MAS Notice 637**") provides that the terms of all Additional Tier I and Tier II capital instruments must be loss absorbing at the point of non-viability. In this regard, the terms of all Additional Tier I and Tier II capital instruments issued from January 1, 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 contains provisions relating to loss absorption, upon the occurrence of a Trigger Event relating to (in the case of Subordinated Notes issued by DBS Bank) DBS Bank Group or DBS Group or (in the case of Subordinated Notes 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 and the discretion of the MAS, irrevocably (without the need for the consent of the holders of such Subordinated Notes) to effect either a full or partial write-off of the outstanding principal and accrued and unpaid interest in respect of such Subordinated Notes.

To the extent relevant in the event that such Subordinated Notes are written-off, any written-off amount shall be irrevocably lost and holders of such Subordinated Notes will cease to have any claims for any principal amount and accrued but unpaid interest which has been subject to write-off. No Noteholder may exercise, claim or plead any right to any amount written-off, and each Noteholder shall be deemed to have waived all such rights to such amounts written-off.

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 behavior in respect of Subordinated Notes which have the non-viability loss absorption feature is not necessarily expected to follow trading behavior 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.

Potential investors should consider the risk that a holder of Subordinated Notes which have the non-viability loss absorption feature may lose all of their investment in such Subordinated Notes, including the principal amount plus any accrued but unpaid interest, 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 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 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, 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 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 on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate 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 installment. Failure to pay any subsequent installment could result in an investor losing all of its investment.

Notes with floating interest rates 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 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 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 favorable 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 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 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 or Singapore 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 or Singapore 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 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.
The Relevant Issuer may, without the consent or approval of the Noteholders or the Trustee, but subject to the prior approval of the MAS, vary the terms of any Subordinated Notes 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 may contain one or more provisions that are substantially different from the terms of the original Notes, provided that the Subordinated Notes remain DBS Bank Qualifying Securities or, as the case may be, DBSH Qualifying Securities in accordance with the Conditions. While the Relevant Issuer cannot make changes to the terms of the Subordinated Notes 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, 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 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. 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 may be subject to a full or partial write-off.
Investors may lose the entire amount of their investment in any Subordinated Notes 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 will automatically be written down and if there is a full write-off, the principal amount and any accrued but unpaid interest may be written down completely and such Subordinated Notes will be automatically cancelled.

In addition, the subordination provisions set out in Condition 3(c) 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 the Receipts and Coupons relating to them shall be subject to Condition 6. This may not result in the same outcome for Subordinated Noteholders as would otherwise occur under Condition 3(c) upon the occurrence of any winding-up proceedings of the Relevant Issuer.

Furthermore, upon the occurrence of a write-off of any Subordinated Notes, interest will cease to accrue and all interest 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 from (and including) the last Interest Payment Date 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.

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 December 31, 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 June 28, 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment 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 that contain non-viability loss absorption provisions is unclear.

It is not clear whether any particular tranche of the Subordinated Notes 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.

If any tranche of the Subordinated Notes 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 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.

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

The characterization of a Series or Tranche of Notes (including Subordinated Notes) 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 characterization 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 characterization 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.

DBSH, DBS Bank and other non-U.S. financial institutions through which payments on the Notes are made may be required to make withholdings pursuant to U.S. foreign account tax compliance provisions.

While the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the ICSDs (see "**Taxation – United States Taxation – All Holders – FATCA Withholding**"). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuers' obligations under the Notes are discharged once they have paid the Common Depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuers therefore have no responsibility for any amount thereafter transmitted through the hands of the ICSDs and custodians or intermediaries.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUERS, THE NOTES AND THE NOTEHOLDERS IS UNCERTAIN AT THIS TIME. EACH NOTEHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH NOTEHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

EU Directive on the taxation of savings income.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires Member States of the European Union ("**EU Member States**") to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to or for the benefit of an individual resident or to certain other types of entities established in that other EU Member State, except that Austria will instead impose a tax withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise. The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Accordingly, to the extent that interest or other amounts are paid on the Notes by or through a person in the EU, these reporting or tax withholding (as applicable) provisions may apply.

The Council of the European Union has adopted a Directive (the "**Amending Directive**") which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the European Union (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by January 1, 2016, which legislation must apply from January 1, 2017.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuers are required to maintain a Paying Agent with a specified office in an EU Member State that is not obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000. However, investors should be aware that any custodians or intermediaries through which they hold their interest in the Notes may nonetheless be obliged to withhold or deduct tax pursuant to such laws unless the investor meets certain conditions, including providing any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

Investors who are in any doubt as to their position should consult their professional advisers.

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 a long-term issuer rating of "AA-" from Fitch and a long-term issuer rating of "Aa2" from Moody's. DBSH's credit ratings by Fitch and Moody's have a stable outlook. DBS Bank is one of the highest rated commercial banks in Asia with a long-term issuer rating of "AA-" from Fitch, a long-term issuer rating of "Aa1" from Moody's and a long-term counterparty credit rating of "AA-" from Standard & Poor's. DBS Bank's credit ratings by Fitch, Moody's and Standard and Poor's have a stable outlook. 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.

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 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 on Global Notes or Global Certificates may be impaired.

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 is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behavior 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 (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 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 or principal than expected, or no interest or principal.

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 October 13, 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 June 14, 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 December 3, 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 January 1, 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, 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 liberalize control over cross-border remittance of Renminbi in the future, that the pilot schemes for Renminbi cross-border utilization 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 centers 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. All payments of interest and principal will be made with respect to RMB Notes in Renminbi save as provided in the terms and conditions in accordance with Condition 7(j). 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 and principal on the RMB Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the 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
2 months ended February 28, 2015	1.3452	1.3246	1.3617	1.3568

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 2015	1.3374	1.324	1.3533	1.3512
February 2015	1.3543	1.3449	1.3617	1.3568
March 1 through March 13, 2015	1.3755	1.3626	1.3875	1.3839

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

*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. 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. All capitalized 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.*

The Notes 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 March 24, 2015 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 March 24, 2015 between the Issuers and the Trustee][*].

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 March 24, 2015 has been entered into in relation to the Notes 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 computerized system (the "**CDP System**") operated by The Central Depository (Pte) Limited ("**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)**". 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

* Include for Notes governed by Singapore law.

reference to the CDP Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed 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 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 installments of principal (the "**Receipts**") relating to Bearer Notes of which the principal is payable in installments (the "**Receiptholders**") 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 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 *provided that* the minimum Specified Denomination shall be U.S.$200,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and integral multiples of U.S.$1,000 (or its equivalent in other currencies) in excess thereof. 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 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 installments, is issued with one or more Receipts attached.

Registered Notes 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 (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, 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 capitalized 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.

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**: 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(f)).

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 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 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 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 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 or the relevant Transfer Agent may require).

(f) **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 Installment 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:

(i) 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

(ii) 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 Senior Creditors and will rank senior to all share capital of DBS Bank, the DBS Bank Tier I Capital Securities and the DBS Bank Existing Upper Tier II 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 II Capital Securities, save for the DBS Bank Existing Upper Tier II 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 II Capital Securities on or before December 31, 2012, save for the DBS Bank Existing Upper Tier II 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 II 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 Senior Creditors and will rank senior to all share capital of DBSH and the DBSH Tier I Capital Securities. The DBSH Subordinated Notes will rank *pari passu* with all subordinated debt issued by DBSH that qualifies as DBSH Tier II 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 II 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 Senior 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 I 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 I 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 II Capital Securities**” means any security or other similar obligation issued by DBS Bank that, in each case, constitutes Tier II 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 Senior 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 I 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 I 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 II 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 II 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;

(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:

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

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

(c) 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;

(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 Amortization 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, Installment 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, Installment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Installment 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 Installment 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 Installment 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 Installment 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**: 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, Installment 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 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 center 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 center 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 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 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:

$$\textit{Day Count Fraction} = \frac{[360 \ x \ (Y_2 - Y_1)] + [30 \ x \ (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" 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 D1 is greater than 29, in which case D2 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:

$$\textit{Day Count Fraction} = \frac{[360 \; x \; (Y_2 - Y_1)] + [30 \; x \; (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" 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 D2 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:

$$Day\ Count\ Fraction = \frac{[360\ x\ (Y_2 - Y_1)] + [30\ x\ (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"$\mathbf{D_1}$" 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 D1 will be 30; and

"$\mathbf{D_2}$" 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 D2 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.

"**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.

"**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 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 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.

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

"**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 Trust Deed). 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, Installment 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 Installments and Final Redemption**:

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Note that provides for Installment Dates and Installment Amounts shall be partially redeemed on each Installment Date at the related Installment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Installment Amount (or, if such Installment 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 Installment Date, unless payment of the Installment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Installment 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 Installment 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 Amortized Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortized 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 Amortization Yield (which, if none is shown hereon, shall be such rate as would produce an Amortized 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 Amortized 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 Amortized 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 (i) 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 (ii) 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 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 in sub-paragraph (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(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; or

(C) in the case of DBS Bank Subordinated Notes issued by the London branch of DBS Bank, DBS Bank will not or would not be entitled to claim a deduction in respect of the payments of interest on the DBS Bank Subordinated Notes in computing the U.K. taxation liabilities of the London branch, or the amount of the deductions will or would be materially reduced; or

(D) in the case of DBS Bank Subordinated Notes issued by the Hong Kong branch of DBS Bank, DBS Bank will not or would not be entitled to claim a deduction in respect of payments of interest in DBS Bank Subordinated Notes in computing the Hong Kong taxation liabilities of the Hong Kong branch or the amount of the deductions will or would be materially reduced,

in each case as a result of any change in, or amendment to, the laws or regulations of Singapore 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, 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.

(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) 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. 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 II 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 II 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 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 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, 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 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, 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 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 II Capital Securities or, in the case of DBSH Subordinated Notes, as DBSH Tier II 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 II 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 II 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 has paid, or will or would be required to pay, any additional tax in respect of the Subordinated Notes being in issue, 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, 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.

(j) **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 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 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 or variation 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 II 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 Subordinated Notes are treated rateably 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 I Capital Securities (other than DBS Bank Common Equity Tier I 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 II

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 II Capital Securities, to the extent that such DBS Bank Tier II 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 I 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 I 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 I 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 DBS Bank determines 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 II 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 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 I Capital Securities (other than DBSH Common Equity Tier I 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 II 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 II Capital Securities, to the extent that such DBSH Tier II 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 I 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 I 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 I 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 DBSH determines 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 Installment 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 center 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:

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

(ii) 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 not held in the CMU**:

(i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Installment Amounts but not other Installment 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 Installment Amounts other than final Installment 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 held in the CMU**: 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 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 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 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 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 cleared 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 means the Singapore Stock Exchange Securities Limited or any successor thereto (the "**SGX-ST**") and the rules of the SGX-ST so require, (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 and (ix) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000.

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 installments, all Receipts relating to such Note having an Installment 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 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 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 willful 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 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.

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 London branch of the Issuer, the United Kingdom, and (iii) solely in the case of Notes issued by the Hong Kong branch of the Issuer, Hong Kong (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) **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

(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 Note (or the Certificate representing it), Receipt or Coupon 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; or

(d) **Payment to individuals**: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) **Payment by another Paying Agent**: (except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt, Talon or Coupon to another Paying Agent in a Member State of the European Union.

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 Installment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortized 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, any amounts to be paid on the Notes 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 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, in the case of Senior Notes, 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:

(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 or the Trust Deed, 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

(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) 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*: an administrator 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, reorganization, 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 Senior Creditors (in the case of DBS Bank) or DBSH Senior Creditors (in the case of DBSH), but in priority to holders of share capital of the Issuer and Tier I Capital Securities of the Relevant Issuer, such amount remaining after the payment in full of all claims of all DBS Bank Senior Creditors (in the case of DBS Bank) or DBSH Senior 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

(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 Installment 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 Installment 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, Installment 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 Amortized 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 authorization 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, other than such modifications as the Trustee may agree in accordance with Condition 11(b)(i) to the extent that such modifications do not change or otherwise impact the eligibility of the Subordinated Notes as Tier II Capital Securities, no modification to any Condition or any provision of the Trust Deed may be made without the approval of MAS.][†] Any such modification, authorization or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, if the Trustee so requires, such waiver or authorization 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.

12 Enforcement in respect of Senior Notes

In the case of Senior Notes, 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 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.

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.

† Include for Subordinated Notes.

14 Replacement of Notes, 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.

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

(a) 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.

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, 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, 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.][‡]

[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.][§]

19 Governing Law and Jurisdiction

(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][**] [, 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][††] [Singapore law][‡‡].

(b) [**Jurisdiction**: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons 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 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.

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‡ Include for Notes governed by English law.

§ Include for Notes governed by Singapore law.

** Include for Notes governed by English law.

†† Include for Subordinated Notes.

‡‡ Include for Notes governed by Singapore law.

§§ Include for Notes governed by English law.

(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.][***]

20 Headings

Headings are for convenience only and do not affect the interpretation of these Terms and Conditions.

[***] Include for Notes governed by English law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

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), 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 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 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 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 Condition 2(b) 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 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 Condition 2(b) 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 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 or Installment 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. Conditions 7(e) and 8(e), will apply to Definitive Notes only. 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 Condition 7(i).

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 December 25 and January 1.

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) from the appropriate Relevant Date (as defined in Condition 8).

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 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 and Installment 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 Conditions, except that the notice shall not be required to contain the serial numbers of Bearer Notes drawn, or in the case of Registered Notes shall not be required to specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Note, in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. 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 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 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 March 26, 2014 or DBSH on March 26, 2014 (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 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 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 installments 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 installment 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 DBS Group Holdings Ltd, including the provision of intercompany loans (or other forms of financing) to DBS Bank Ltd. and its subsidiaries.

CAPITALIZATION AND INDEBTEDNESS OF THE DBS GROUP

The following table sets forth the capitalization and indebtedness of the DBS Group as at December 31, 2014, based on or derived from the audited consolidated financial statements of the DBS Group unless otherwise indicated.

	As at December 31, 2014
	(S$ in millions)
Short-term liabilities	
Customer deposits	317,173
Interbank liabilities	16,176
Other debt securities	23,193
Subordinated term debts[(1)]	726
Other liabilities	30,483
Total short-term liabilities	**387,751**
Long-term liabilities	
Other debt securities	8,770
Non-controlling interests	
Preference shares[(2)] and non-controlling interests in subsidiaries	2,498
Loan capital	
Subordinated term debts[(1)]	3,939
Shareholders' funds	
Share capital	10,171
Other equity instruments[(3)]	803
Other reserves	6,894
Revenue reserves	19,840
Total shareholders' funds	**37,708**
Total capitalization[(4)]	**440,666**
Contingent liabilities	22,231

Notes:

(1) 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 on January 8, 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 II capital treatment.

(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 4.7% non-cumulative non-convertible, non-voting preference shares issued by DBS Bank Ltd callable in 2020. These partially qualified for Tier I capital treatment.

(3) Comprised of S$805 million 4.7% non-cumulative non-convertible perpetual capital securities first callable in 2019. These qualify for Additional Tier I capital treatment.

(4) Includes short-term liabilities, long-term liabilities, non-controlling interests, loan capital, and shareholders' funds.

CAPITALIZATION AND INDEBTEDNESS OF THE DBS BANK GROUP

The following table sets forth the capitalization and indebtedness of the DBS Bank Group as at December 31, 2014, based on or derived from the audited consolidated financial statements of the DBS Bank Group unless otherwise indicated.

	As at December 31, 2014
	(S$ in millions)
Short-term liabilities	
Customer deposits	317,173
Interbank liabilities	16,176
Other debt securities	23,193
Subordinated term debts(1)	726
Other liabilities	34,568
Total short-term liabilities	**391,836**
Long-term liabilities	
Other debt securities	7,109
Non-controlling interests	
Preference shares(2) and non-controlling interests in subsidiaries	1,695
Loan capital	
Subordinated term debts(1)	3,939
Shareholders' funds	
Share capital	22,096
Other reserves	2,471
Revenue reserves	11,521
Total shareholders' funds	**36,088**
Total capitalization(3)	**440,667**
Contingent liabilities	22,231

Notes:

(1) Includes U.S.$900 million floating rate subordinated notes callable with step-up in 2016, of which U.S.$550 million was purchased and cancelled on January 8, 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 II capital treatment.

(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. These partially qualify for Tier I capital treatment.

(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 December 31, 2014, the DBS Group had S$441 billion in total assets, S$276 billion in customer loans and advances, S$317 billion in customer deposits and S$38 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, December 31, 2014, Singapore accounted for 66% 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 December 31, 2014, DBS Bank Group accounted for nearly 100% of the DBS Group's consolidated total assets and net profit. DBSH has a long-term issuer rating of "AA-" from Fitch and a long-term issuer rating of "Aa2" from Moody's. DBSH's credit ratings by Fitch and Moody's have a stable outlook. DBS Bank is one of the highest rated commercial banks in Asia with a long-term issuer rating of "AA-" from Fitch, a long-term issuer rating of "Aa1" from Moody's and a long-term counterparty credit rating of "AA-" from Standard & Poor's. DBS Bank's credit ratings by Fitch, Moody's and Standard & Poor's have a stable outlook.

DBS Bank was incorporated in July 1968 by the Singapore Government as a financial institution to support Singapore's economic development and industrialization. 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 capitalization of approximately S$48.5 billion based on the closing price per ordinary share on the Main Board of the SGX-ST, as at February 27, 2015. On July 21, 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 December 31, 2014, had a CETI CAR of 13.1%, a Tier I CAR of 13.1% and a total CAR of 15.3%. The DBS Group's capital position is above the new MAS Basel III capital requirements that have been effective from January 1, 2013. The DBS Group has adopted a prudent dividend policy to ensure that strong capital ratios are maintained while it executes its growth strategy.

The DBS Group was awarded "Safest Bank in Asia" for six consecutive years from 2009 to 2014 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 December 31, 2014, 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's strong domestic deposit base and leading market position in low cost Singapore dollar deposits have enabled it to maintain a favorable loan-to-deposit ratio of 87% as at December 31, 2014. The DBS Group also diversifies its funding sources through its wholesale funding business.

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 items) grew at a CAGR of 9% between 2012 and 2014 while net profit (excluding one-time items) recorded CAGR of 7% 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%, 1.1% and 1.2% as at December 31, 2014, 2013 and 2012, respectively, and the DBS Group's coverage ratio (defined as total allowances as a percentage of non-performing assets) was 163%, 135% and 142% as at December 31, 2014, 2013 and 2012, respectively.

Strategy

The DBS Group is an Asian bank with a focus on intermediating trade and investment flows between Asia's three key axes of growth – Greater China, South Asia and Southeast Asia. Its key markets are Singapore, Hong Kong, China, Taiwan, India and Indonesia. In Singapore, it is a universal bank serving all customer segments. In other markets, it has focused on banking large corporates, SMEs, institutional investors and affluent individuals, and intends to leverage digital technologies to reach out to individual customers in the future.

To this end, the DBS Group developed a roadmap comprising of nine strategic priorities in 2010 as follows:

The DBS Group's nine strategic priorities include the following:

Geographies	1.	Entrench leadership in Singapore
	2.	Continue to expand the Hong Kong franchise
	3.	Rebalance geographic mix of business
Regional Businesses	1.	Build a leading SME business
	2.	Strengthen wealth proposition
	3.	Build out transaction banking and treasury customer businesses
Enablers	1.	Place customers at the heart of the banking experience
	2.	Focus on management process, people and culture
	3.	Strengthen technology and infrastructure platform

The priorities aim to build on the DBS Group's strong position in Singapore, expand the Hong Kong franchise and achieve greater geographical balance by building out the DBS Group's presence in Greater China and South and Southeast Asia. It also aims to develop regional business lines: transaction banking to capitalize on increasing regional trade flows and the rise of Asian MNCs and SMEs, as well as wealth management to better serve the rising number of affluent individuals. The DBS Group has also steered its treasury capabilities towards structuring and marketing products for corporate and individual customers to hedge risks and take advantage of market trends. It has improved its processes to achieve greater customer satisfaction and higher employee engagement as well as built more resilient technology infrastructure.

In addition to these priorities, the DBS Group has other areas of focus, including initiatives to build infrastructure to digitize the bank.

Key Businesses

The DBS Group's key businesses units are Consumer Banking/Wealth Management, Institutional Banking and Treasury and Markets business units.

Consumer Banking/Wealth Management ("CBG")
The DBS Group serves approximately 5.4 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 December 31, 2014, 2013 and 2012, CBG contributed 19%, 16% and 15%, respectively, of the DBS Group's profit before tax.

CBG has built a differentiated wealth proposition across its six key markets with its Treasures platform, where dedicated relationship managers and specialists deliver personalized 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 personalized 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 December 31, 2014, it had over 4.6 million retail customers in the country 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 93 branches and more than 1,400 self-service banking facilities such as ATMs, cash and check deposit machines as at December 31, 2014. 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 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 December 31, 2014, it had 49 branches (including dedicated Treasures Centers, retail and consumer finance branches) and 67 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 also focused on serving the affluent segments.

eBusiness

The DBS Group's internet platform, DBS iBanking, offers a wide range of online services in its key markets. In Singapore, DBS iBanking was used by over 2 million retail customers as at December 31, 2014. The DBS Group has also launched a mobile banking platform for customers in Singapore, Hong Kong, Taiwan, China, and India.

Credit Cards

As at December 31, 2014, the DBS Group had 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. As at December 31, 2014, the DBS Group is a distributor of life insurance and general insurance products through its respective preferred partners Aviva and MSIG in Singapore and Hong Kong.

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 six consecutive years from 2009 to 2014, the DBS Group is recognized 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.

Institutional Banking ("IBG")
The DBS Group serves over 200,000, corporate and institutional and SME clients across Asia and provides a comprehensive range of products and services including syndicated finance, transaction services, treasury products, capital raising through debt and equity markets and strategic advisory. The DBS Group utilizes 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 December 31, 2014, 2013 and 2012, IBG contributed 62%, 64% 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 2014. The DBS Group also provides financing to SMEs across the region, in line with one of its strategic priorities. In Singapore, the DBS Group participates in government programs 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 realize operational efficiencies. These activities carry high returns on equity and provide a high degree of recurring income.

During 2014, the DBS Group received 76 awards that recognized its achievements in global transaction services, including four global awards namely, *Best Transaction Bank for Supply Chain Financing* and *Securities Services* both from The Banker 2014, *Best Invoice Discount Management Award* and *Best Trade Finance System (IDEAL 3.0)*, both from Global Finance 2014.

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 2014, it lead-managed or joint-lead-managed equity offerings amounting to S$2.7 billion, representing over 33% of the total equity funds raised in 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 CBG and IBG to structure and cross sell treasury products to corporate and individual customers. The DBS Group 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 customized 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 2014, DBS Bank acted as bookrunner on 74 transactions, representing a 35% share of over S$23.5 billion in total market issuances. The DBS Group is also active in the offshore Renminbi, G3 straight investment grade, high yield bond and certificate of deposit markets. In 2014, DBS Bank acted as bookrunner on 77 offshore Renminbi bond issues, moving up to fourth in the Bloomberg league tables. The number of Asian G3 bond issues arranged by the DBS Group almost doubled in 2014, while that of Indonesian Rupiah bond issues increased eight-fold.

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 and a research representative office in Shanghai. Its research analysts based in Singapore, Hong Kong, China, Thailand, Indonesia and Malaysia cover approximately 500 listed companies in Asia.

Regional Presence

As at December 31, 2014, the DBS Group had more than 250 branches, sub-branches, loan centers 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 the Middle East, the UK and the United States. The DBS Group has fully-owned subsidiaries in Hong Kong, China and Taiwan and a 99%-owned subsidiary in Indonesia. It also has a 50% stake in the Islamic Bank of Asia. 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, loan centers and representative offices operated by the DBS Group as at December 31, 2014 are set forth below.

Bahrain	1
China	32
Hong Kong	49
India	12
Indonesia	40
Japan	1
Korea	1
Macau	1

Malaysia	2
Myanmar	1
Singapore	93
The Philippines	1
Taiwan	43
Thailand	1
United Arab Emirates	1
United Kingdom	1
United States	1
Vietnam	2

As at December 31, 2014, 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 is the largest of the DBS Group's operations outside Singapore, accounting for approximately 23% of the DBS Group's earnings in 2014. The DBS Group had 49 branches and loan centers in Hong Kong as at December 31, 2014. 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, as well as internet banking and online services. DBS Bank also operates a branch in Hong Kong.

As at December 31, 2014, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$72.5 billion, gross customer loans and advances of S$54.8 billion, and customer deposits of S$56.6 billion. The DBS Group seeks to leverage its regional experience, marketing and product expertise to continue to introduce new products and expand Hong Kong's operation and reach.

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 had 31 branches and a representative office in China, of which 10 branches and 21 sub-branches of DBS China were in Beijing, Chongqing, Dongguan, Guangzhou, Hangzhou, Nanning, Shanghai, Shenzhen, Suzhou and Tianjin as at December 31, 2014. DBS China offers RMB and foreign currency banking products and services to large corporates, SMEs and affluent individuals.

As at December 31, 2014, DBS China had total assets of S$26.5 billion, gross customer loans and advances of S$12.3 billion and customer deposits of S$14.6 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 December 31, 2014, the DBS Group had 43 branches in Taiwan. A large part of the DBS Group's Taiwan operations are conducted through DBS Bank (Taiwan) Limited ("**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 December 31, 2014, the DBS Group's Taiwan operations had total assets of S$18.4 billion, gross customer loans and advances of S$9.1 billion and customer deposits of S$10.0 billion.

India

As at December 31, 2014, the DBS Group had 12 branches across India in Bengaluru, Chennai, Cuddalore, Kolhapur, Kolkata, Moradabad, Mumbai, Nashik, 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 December 31, 2014, DBS India had total assets of S$7.4 billion, gross customer loans and advances of S$3.6 billion and customer deposits of S$3.4 billion.

Indonesia

As at December 31, 2014, 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 December 31, 2014, DBS Indonesia was a leading foreign bank in trade finance and wealth management, with 40 branches, sub-branches and loan centers in 11 major cities in Indonesia.

As at December 31, 2014, DBS Indonesia had total assets of S$7.0 billion, gross customer loans and advances of S$4.8 billion and customer deposits of S$4.6 billion.

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 center and processing operations for loans, custodial services, payments, cards, treasury and trade. T&O is organized 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 optimization 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 recognizes 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 standardized 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 21,096, 19,393 and 18,433 employees, as at December 31, 2014, 2013 and 2012, 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 industrialization. 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 Group in Singapore and elsewhere.

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 March 6, 1991 (Company number F4920) under the Hong Kong Companies Ordinance, with its principal place of business in Hong Kong at 18th floor, The Center, 99 Queen's Road Central, Hong Kong. DBS Bank Ltd. obtained a license under the Banking Ordinance of Hong Kong on October 23, 1990 (License number 199) and conducts its banking business through its branch in Hong Kong. DBS Bank Ltd. is an authorized 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 authorized 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 December 31, 2014, 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 December 31, 2013 and 2012, 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 analyze 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 December 31, 2014, 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 December 31, 2013 and 2012 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 December 31, 2014, the DBS Group had S$441 billion in total assets, S$276 billion in customer loans and advances, S$317 billion in customer deposits and S$38 billion in total shareholders' funds. As at December 31, 2014, approximately 66% of the DBS Group's total assets (excluding goodwill and intangibles) and 65% of gross customer loans were accounted for in Singapore. As at December 31, 2013 and 2012, 65% of the DBS Group's total assets (excluding goodwill and intangibles) were accounted for in Singapore; 17% and 16%, respectively, in Hong Kong; and 18% and 19%, respectively, in other countries.

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 December 31, 2014, the DBS Group had 93 branches and more than 1,400 self-service banking facilities such as ATMs, cash and check deposit machines in Singapore, serving over 4.6 million retail customers. As at December 31, 2014, the DBS Group in Singapore had total assets (excluding goodwill and intangibles) of S$287 billion, gross customer loans and advances of S$183 billion, and customer deposits of S$220 billion. The DBS Group recorded net profit (before one-time items) for its Singapore operations of S$2.6 billion in 2014, S$2.3 billion in 2013 and S$2.1 billion in 2012.

Hong Kong
Hong Kong 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 December 31, 2014, the DBS Group had 49 branches in Hong Kong. As at December 31, 2014, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$72.5 billion, gross customer loans and advances of S$54.8 billion, and customer deposits of S$56.6 billion. The DBS Group recorded net profit for its Hong Kong operations of S$882 million in 2014, S$851 million in 2013 and S$716 million in 2012.

In 2014, the results for the DBS Group's operations in Hong Kong improved compared with 2013. Total income was 2% higher, (or 4% higher if a property disposal gain of S$43 million in 2013 was excluded). Net interest income increased as average loan volumes and net interest margin were higher, while non-interest income (excluding a property disposal gain) was flat as a broad-based increase in fee income was more than offset by lower income from trading and treasury customers. Expenses were higher, while allowances decreased due to lower general provisions as total loan growth, including trade bills was moderate.

In 2013, the results for the DBS Group's operations in Hong Kong improved compared with 2012. Net interest income rose from improved net interest margin and higher average loan volumes. Non-interest income was also higher from broad-based fee income growth and higher treasury customer flows and trading gains. Allowances were higher as general allowances increased in line with loan growth.

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. In 2014, the DBS Group's operations in Rest of Greater China reported a combined net profit of S$237 million with total income of S$950 million. In 2013, the DBS Group's operations in Rest of Greater China reported a combined net profit of S$92 million with total income of S$743 million. In 2012, the DBS Group's operations in Rest of Greater China reported a combined net profit of S$110 million with total income of S$663 million. The increase in 2014 net profit was mainly due to higher net interest income from higher volumes and margins, and higher fees and commissions. The decline in 2013 net profit was mainly due to a decline in net interest income from lower net interest margin, higher expenses and substantial increase in allowances from higher specific allowances. The impact was partially offset by increased fee income and treasury income from customer flows.

In 2014, the DBS Group's operations in South and Southeast Asia, which includes its India and Indonesia franchise, recorded 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, which includes its India and Indonesia franchise, recorded net profit of S$198 million and total income of S$600 million. In 2012, the DBS Group's operations in South and Southeast Asia recorded net profit of S$293 million and total income of S$591 million. In 2014, the decline in net profit was mainly due to higher specific allowances, higher expenses and lower trading income. In 2013, the decline in net profit was mainly due to an increase in allowances from higher specific allowances in India, while total income and expenses increased slightly.

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 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 2.9% in 2014, slower than 4.1% in 2013, due to lower growth in services-producing industries, and according to the MAS, Domestic Banking Unit ("**DBU**") loan growth in Singapore was 6.0% in 2014, slower than the growth in 2013. According to the Census and Statistics Department of Hong Kong, the preliminary estimate of Hong Kong's real GDP growth was 2.3% in 2014, down from 2.9% in 2013 and according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 8.0% in 2014 down from 16% in 2013.

In 2013, economies across Asia, including both Singapore and Hong Kong, experienced higher growth against a backdrop of improved growth in the United States and a reduced economic contraction in Europe due to easing of the drag on growth from fiscal consolidation and reduced policy uncertainty. According to the Singapore Department of Statistics, Singapore's real GDP growth was 4.1% in 2013, up from 1.3% in 2012, due to growth in construction and services-producing industries, and according to the MAS, Domestic Banking Unit loan growth in Singapore was 17% in 2013, unchanged from the growth in 2012. According to the Census and Statistics Department of Hong Kong, Hong Kong's real GDP growth was 2.9% in 2013, up from 1.5% in 2012 and according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 16% in 2013 up from 10% in 2012.

In 2012, economies across Asia, including both Singapore and Hong Kong, experienced slower growth against a backdrop of continued low growth in the United States and a European economy that contracted amid ongoing fiscal consolidation and continued concerns over European sovereign debt, including the downgrade of the sovereign debt rating of the United Kingdom by Moody's from "Aaa" to "Aa1." According to the Singapore Department of Statistics, Singapore's real GDP growth was 1.3% in 2012, down from 5.2% in 2011, due to weaknesses in externally-oriented sectors, and according to the MAS, Domestic Banking Unit loan growth in Singapore was 17% in 2012 down from 30% in 2011. According to the Census and Statistics Department of Hong Kong, Hong Kong's real GDP growth was 1.5% in 2012 and according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 10% in 2012.

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%, 62% and 66% of its total income in the years ended December 31, 2014, 2013 and 2012, 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 79%, 80% and 80% of the DBS Group's total liabilities were attributable to customer deposits and 4%, 4% and 5% were attributable to interbank liabilities as at December 31, 2014, 2013 and 2012, respectively. As at December 31, 2014, 2013 and 2012, the DBS Group had total customer deposits and interbank liabilities of S$333 billion, S$306 billion and S$269 billion, respectively, and a loan to deposit ratio of 87%, 85% and 83%, respectively. The DBS Group's funding is also supplemented by debt issuances including medium term notes, commercial papers, certificates of deposit and subordinated term debts. As at December 31, 2014, 2013 and 2012, the DBS Group had total debt issuances of S$36.6 billion, S$28.7 billion and S$19.3 billion, respectively representing 9%, 8% and 6% of total liabilities, respectively.

Critical Accounting Estimates

The DBS Group's accounting policies and use of estimates are integral to the reported results. 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 December 31, 2014, which are set forth beginning on page F-2 of this Offering Circular.

Impairment Allowances

It is the DBS Group's policy to recognize, 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 a 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 recognizes 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 2014, 2013 and 2012

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, and by 4% in 2013 from S$3.36 billion in 2012.

Return on assets was 0.91%, 0.91% and 0.97% as at December 31, 2014, 2013 and 2012, respectively. The DBS Group's CAR was 15.3%, 16.3% and 17.1% as at December 31, 2014, 2013 and 2012, respectively. The DBS Group's Tier I CAR was 13.1%, 13.7% and 14.0% as at December 31, 2014, 2013 and 2012, respectively.

Net Interest Income and Net Interest Margin

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 six basis points to 1.68% in 2014 from 1.62% in 2013.

The DBS Group's net interest income increased by 5% to S$5.57 billion in 2013, from S$5.29 billion in 2012, due to higher loan volumes partially offset by lower net interest margin. Net interest income represented 62% of total income in 2013, compared to 66% in 2012. The DBS Group's net interest margin decreased eight basis points to 1.62% in 2013, from 1.70% in 2012.

Average Balance Sheets and Interest Rates

The following table sets forth the monthly 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. Calculation of these average balances on a daily basis could yield materially different average results.

	Years ended December 31,								
	2012			2013			2014		
	Average Balance[(1)]	Average Rate	Interest Rate	Average Balance[(1)]	Average Rate	Interest Rate	Average Balance[(1)]	Average Rate	Interest Rate
	(S$ in millions, except percentages)								
Interest earning assets									
Customer non-trade loans .	164,576	4,341	2.64%	186,661	4,710	2.52%	209,743	5,256	2.51%
Trade assets. . .	46,284	1,303	2.82%	58,796	1,458	2.48%	61,977	1,583	2.55%
Interbank assets[(2)]	40,256	496	1.23%	34,720	460	1.32%	37,958	577	1.52%
Securities[(3)] . . .	60,129	1,481	2.46%	64,392	1,358	2.11%	66,613	1,532	2.30%
Total.	**311,245**	**7,621**	**2.45%**	**344,569**	**7,986**	**2.32%**	**376,291**	**8,948**	**2.38%**
Interest bearing liabilities									
Customer deposits.	244,417	1,782	0.73%	272,901	1,926	0.71%	298,659	2,086	0.70%
Other borrowings[(4)]. . .	43,487	554	1.27%	48,216	491	1.02%	51,866	541	1.04%
Total.	**287,904**	**2,336**	**0.81%**	**321,117**	**2,417**	**0.75%**	**350,525**	**2,627**	**0.75%**
Net interest income		5,285			5,569			6,321	
Net interest spread[(5)]			1.64%			1.57%			1.63%
Net interest margin[(6)]			1.70%			1.62%			1.68%

Notes:

(1) Average balances are computed based on monthly closing balances.

(2) Includes balances with central banks and due from banks.

(3) Includes Government securities and treasury bills and bank and corporate debt securities.

(4) Includes due to banks, bills payable, subordinated term debts, other debt securities and payables in respect of short-sale securities.

(5) The difference between the rate earned on average interest earning assets and the rate paid/payable on average interest bearing liabilities.

(6) 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 2014 compared with 2013, and 2013 compared with 2012. 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 monthly 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.

	Increase/(Decrease) for 2013/2012			**Increase/(Decrease) for 2014/2013**		
	Volume	**Rate**	**Net Change**	**Volume**	**Rate**	**Net Change**
			(S$ in millions)			
Interest Income						
Customer non-trade loans	582	(201)	381	583	(37)	546
Trade assets	352	(193)	159	79	46	125
Interbank assets	(68)	33	(35)	43	74	117
Securities	106	(225)	(119)	46	128	174
Total	**972**	**(586)**	**386**	**751**	**211**	**962**
Interest expense						
Customer deposits	208	(59)	149	181	(21)	160
Other borrowings	60	(122)	(62)	38	12	50
Total	**268**	**(181)**	**87**	**219**	**(9)**	**210**
Net impact on net interest income	704	(405)	299	532	220	752
Due to change in number of days			(15)			–
Net Interest income			**284**			**752**

Non-Interest Income

The following table shows information with respect to the DBS Group's non-interest income for the periods indicated:

	Years ended December 31,		
	2012	2013	2014
		(S$ in millions)	
Net fee and commission income[1]	1,579	1,885	2,027
Other non-interest income			
Net trading income[2]	689	1,095	901
Net income from investment securities[3]	419	276	274
Net gain from fixed assets	49	44	43
Others[4][5]	43	58	52
Total	**2,779**	**3,358**	**3,297**

Notes:

(1) Includes income received in connection with brokerage, investment banking, trade and transaction services, loan-related, cards, wealth management and others.

(2) 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.

(3) Income from securities classified as available-for-sale and loans and receivables.

(4) Excludes one-time items.

(5) Includes rental income and others.

Total non-interest income decreased by 2% to S$3.30 billion in 2014 from S$3.36 billion in 2013. Total non-interest income increased by 21% to S$3.36 billion in 2013 from S$2.78 billion in 2012. In 2014, 2013 and 2012, total non-interest income accounted for 34%, 38% and 34%, respectively, of the DBS Group's total income. The decrease in 2014 was mainly due to lower trading income. The increase in 2013 was mainly due to a broad-based increase in fee income and trading income partially offset by lower income from investment securities.

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 December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Brokerage	179	214	173
Investment banking	148	191	243
Trade and transaction services[(1)]	473	531	515
Loan-related	333	367	385
Cards[(2)]	299	337	369
Wealth management	300	412	507
Others	43	69	83
Fee and commission income	1,775	2,121	2,275
Less: Fee commission expense	(196)	(236)	(248)
Net fee and commission income	**1,579**	**1,885**	**2,027**

Notes:

(1) Include trade & remittances, guarantees and deposit-related fees.

(2) Card fees are net of interchange fees paid.

In 2014, net fee and commission income increased by 8% to S$2.03 billion in 2014 from S$1.89 billion in 2013. Fee and commission income growth was broad-based, with wealth management fees rising 23%, and investment banking fees rising 27% from increased capital market activities.

In 2013, net fee and commission income increased by 19% to S$1.89 billion in 2013 from S$1.58 billion in 2012. All fee segments grew by double-digit percentage terms, with contributions from wealth management and trade and transaction services at record levels. Investment banking fees and stockbroking commissions benefited from stronger capital market activities.

Net fee and commission income accounted for 21%, 21% and 20% of the DBS Group's total income in 2014, 2013 and 2012, respectively.

Other Non-interest Income

Other non-interest income decreased by 14% to S$1.27 billion in 2014 from S$1.47 billion in 2013, after a 23% increase in 2013 from S$1.20 billion in 2012. In 2014, the decrease from 2013 was primarily due to an 18% decrease in net trading income to S$901 million. In 2013, the increase from 2012 was primarily due to a 59% increase in net trading income to S$1.10 billion. The higher net trading income was partially offset by lower net income from investment securities.

Net trading income, decreased 18% to S$901 million in 2014 from S$1.10 billion in 2013, after a 59% increase in 2013 from S$689 million in 2012. In 2014, the decrease from 2013 was primarily due to a decline in trading gains, partially offset by higher customer income for treasury products. In 2013, the increase from 2012 was primarily due to higher customer-driven treasury income.

Expenses

The following table shows information with respect to the DBS Group's expenses for the periods indicated:

	Years ended December 31,		
	2012	2013	2014
	(S$ in millions, except percentages)		
Staff(1)	1,888	2,065	2,294
Computerization(2)	622	678	777
Occupancy(3)	330	365	369
Revenue-related	222	231	240
Others(4)	552	579	650
Total	**3,614**	**3,918**	**4,330**
Cost-to-income ratio(5)	44.8%	43.9%	45.0%

Notes:

(1) Includes salary and bonus expenses, contributions to defined contribution plans, share-based expenses and other staff-related expenses.

(2) Includes hire and maintenance of computer hardware and software.

(3) Includes rental expenses of office and branch premises and amounts incurred in the maintenance and service of buildings.

(4) Includes office administration expenses (e.g. printing and stationery, telecommunications, etc.) and legal and professional fees.

(5) Expenses (excluding allowances for credit and other losses), expressed as a percentage of total income.

In 2014, expenses (excluding allowances for credit and other losses) 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 computerization costs.

In 2013, expenses (excluding allowances for credit and other losses) increased 8% to S$3.92 billion from S$3.61 billion in 2012, mainly due to higher staff costs from headcount growth and higher computerization 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 December 31,		
	2012	2013	2014
		(S$ in millions)	
General allowances	211	340	160
Specific allowances for loans[1]	198	416	478
Singapore	39	77	80
Hong Kong	20	45	54
Rest of Greater China	11	39	70
South and Southeast Asia	44	148	343
Rest of the World	84	107	(69)
Specific allowances for securities, properties and other assets	8	14	29
Total	**417**	**770**	**667**

Note:

(1) Specific allowances for loans are classified according to where the borrower is incorporated.

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.

In 2013, total allowances increased by 85% to S$770 million from S$417 million in 2012 as general allowances increased 61% to S$340 million in line with higher loan growth. Specific allowances for loans doubled to S$416 million or 18 basis points of loans as specific allowances normalized from exceptionally low levels in 2012.

Profit before Tax (excluding one-time items)

Profit before tax (excluding one-time items) increased by 9% to S$4.70 billion in 2014, from S$4.32 billion in 2013, after a 4% increase in 2013 from S$4.16 billion in 2012.

Taxation

The DBS Group's taxation expense was S$713 million in 2014, S$615 million in 2013 and S$588 million in 2012. This resulted in effective tax rates ('taxation expenses' divided by 'profit before tax (excluding one-off items) and share of profits of associates and joint venture) of 15% in each of 2014, 2013 and 2012. Taxation for the DBS Group is determined on an entity by entity basis. The statutory corporate income tax rate in Singapore was 17% from 2012 to 2014.

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 December 31,		
	2012	2013	2014
		(S$ in millions)	
Net Profit	3,359	3,501	3,848
One-time items	450	171	198
Net Profit for the year attributable to shareholders[(1)]	**3,809**	**3,672**	**4,046**

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 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 2013, the DBS Group's net profit (excluding one-time items) rose 4% to S$3.50 billion as total income rose 11% to S$8.93 billion, but the impact was partially offset by an 85% increase in allowances. In 2013, one-time items of S$171 million comprised a gain of S$221 million from the partial divestment of a stake in the Bank of the Philippine Islands less a sum of S$50 million set aside to establish the DBS Foundation.

In Singapore, the DBS Group's net profit increased 14% to S$2.57 billion in 2014, from S$2.26 billion in 2013, after a 9% increase in 2013 from S$2.08 billion in 2012. 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. Expenses were 10% higher at S$2.52 billion compared to S$2.29 billion in 2013. The increase in 2013 from 2012 was largely due to higher income which increased 9% to S$5.42 billion from higher loan volumes and broad-based non-interest income growth, while being partially offset by lower income from investment securities. Expenses in 2013 compared to 2012 were 10% higher at $2.29 billion.

In Hong Kong, the DBS Group's net profit increased by 4% to S$882 million in 2014 from S$851 million in 2013, after a 19% increase in 2013 from S$716 million in 2012. In 2014, total income was 2% higher at S$1.90 billion compared to S$1.86 million 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. Allowances fell due to lower general provision as total loan growth including trade bills was moderate. In 2013, total income was 22% higher at S$1.86 billion, as net interest income was higher from loan growth and improved net interest margin while non-interest income was higher from broad-based fee income growth and higher treasury customer flows and trading gains. These were partially offset by higher expenses and increased allowances as higher general allowances were taken in line with loan growth.

Outside of Singapore and Hong Kong, the DBS Group's net profit in Rest of Greater China increased to S$237 million in 2014 from S$92 million in 2013, after a 16% decrease in 2013 from S$110 million in 2012. 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. The decrease in 2013 was largely due to a decline in net interest income from lower net interest margin, higher expenses and substantial increases in allowances from higher specific allowances. The impact was partially offset by increased fee income and treasury income from customer flows.

In South and Southeast Asia, the DBS Group's net profit decreased by 78% to S$44 million in 2014 from S$198 million in 2013, after a 32% decrease in 2013 from S$293 million in 2012. 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 2013, the decline in net profit was mainly due to an increase in allowances from higher specific allowances in India, while total income and expenses increased slightly.

In the Rest of the World, the DBS Group's net profit increased by 17% to S$117 million in 2014 from S$100 million in 2013, after a 38% decrease in 2013 from S$161 million in 2012. 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. The decrease in 2013 was mainly due to lower income, while expenses and specific allowances were higher.

Financial Condition

Total Assets

The DBS Group's total assets as at December 31, 2014 were S$441 billion compared to S$402 billion as at December 31, 2013 and S$353 billion as at December 31, 2012. The increase in total assets between December 31, 2014 and December 31, 2013 was primarily due to customer loan growth. The increase in total assets between December 31, 2013 and December 31, 2012 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 December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Cash and balances with central banks	17,772	18,726	19,517
Government securities and treasury bills	36,426	27,497	29,694
Due from banks	29,406	39,817	42,263
Derivatives	17,280	17,426	16,995
Bank and corporate securities	25,448	33,546	37,763
Loans and advances to customers	210,519	248,654	275,588
Other assets[(1)]	8,702	8,925	11,249
Associates and joint venture	1,236	1,166	995
Properties and other fixed assets	1,442	1,449	1,485
Goodwill and intangibles	4,802	4,802	5,117
Total	**353,033**	**402,008**	**440,666**

Note:

(1) Includes accrued interest receivable, deposits and prepayments, clients' monies receivable from securities business, 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 63%, 62% and 60% of total assets as at December 31, 2014 and December 31, 2013 and 2012, respectively. The DBS Group's customer loans net of allowances for loan impairment were S$276 billion as at December 31, 2014, an 11% increase from S$249 billion as at December 31, 2013. The DBS Group's customer loans net of allowances for loan impairment as at December 31, 2013 represented an 18% increase from S$211 billion as at December 31, 2012.

The following table sets forth customer loans and advances, net of allowances for loan impairment, as at the dates indicated.

	As at December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Gross customer loans	213,828	252,181	279,154
Specific allowances	(1,217)	(1,129)	(983)
General allowances	(2,092)	(2,398)	(2,583)
Net total customer loans	**210,519**	**248,654**	**275,588**
Gross customer loans by geography[1]			
Singapore	137,318	164,117	182,823
Hong Kong	41,124	51,116	54,763
Rest of Greater China	18,278	19,866	21,737
South and Southeast Asia	9,251	9,581	10,709
Rest of the World	7,857	7,501	9,122
Gross customer loans	**213,828**	**252,181**	**279,154**
Gross customer loans by currency			
Singapore dollar	90,503	101,456	109,493
U.S. dollar	67,156	84,998	96,552
Hong Kong dollar	29,443	29,463	32,476
Renminbi	10,563	18,401	20,399
Others	16,163	17,863	20,234
Gross customer loans	**213,828**	**252,181**	**279,154**

Note:

(1) Based on the location where the loans are booked.

Gross customer loans increased by 11% to S$279 billion as at December 31, 2014 from S$252 billion as at December 31, 2013. The increase in customer loans of S$27 billion from December 31, 2013 to December 31, 2014 was primarily due to broad-based growth across regional corporate loans and secured consumer loans. The increase in customer loans of S$38 billion from December 31, 2012 to December 31, 2013 was primarily due to loans to Singapore corporates, trade loans to China corporates and secured consumer loans.

Loans booked in Singapore, comprising both Singapore-dollar and foreign currency loans, increased by 11% to S$183 billion in 2014 from S$164 billion as at December 31, 2013 after a 20% increase in 2013 from S$137 billion as at December 31, 2012. The increases in 2014 and 2013 were broad-based across consumer and corporate borrowers.

Loans booked in Hong Kong increased by 7% to S$54.8 billion as at December 31, 2014 from S$51.1 billion as at December 31, 2013, after a 24% increase in 2013 from S$41.1 billion as at December 31, 2012. The increase in 2014 was primarily due to growth in corporate loans. The increase in 2013 was primarily due to trade loan growth.

Loans booked in the Rest of Greater China increased by 9% to S$21.7 billion as at December 31, 2014 from S$19.9 billion as at December 31, 2013, after a 9% increase in 2013 from S$18.3 billion as at December 31, 2012.

Loans booked in South and Southeast Asia (excluding Singapore) increased by 12% to S$10.7 billion as at December 31, 2014 from S$9.6 billion as at December 31, 2013 after a 4% increase in 2013 from S$9.3 billion as at December 31, 2012. The increase in 2014 was primarily due to loan growth in Malaysia and Indonesia, partially offset by lower loan balances in India. The increase in 2013 was primarily due to loan growth in Indonesia.

Cash and Balances with Central Banks

Cash and balances with central banks (excluding cash on hand) was S$17.6 billion as at December 31, 2014, a S$0.7 billion increase from S$16.9 billion as at December 31, 2013. Cash and cash balances with central banks (excluding cash on hand) as at December 31, 2013 increased by S$0.8 billion from S$16.1 billion as at December 31, 2012. The DBS Group's cash on hand was S$1.9 billion as at December 31, 2014, S$1.8 billion as at December 31, 2013 and S$1.7 billion as at December 31, 2012. The DBS Group's restricted balances with central banks were S$7.7 billion, S$7.8 billion and S$6.8 billion as at December 31, 2014, 2013 and 2012, respectively. The DBS Group's non-restricted balances with central banks were S$9.9 billion, S$9.1 billion and S$9.3 billion as at December 31, 2014, 2013 and 2012, respectively.

Government securities and treasury bills

As at December 31, 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 December 31, 2013. As at December 31, 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.

As at December 31, 2013, S$20.7 billion of the DBS Group's Government securities and treasury bills were classified as available-for-sale and S$6.2 billion were classified as held for trading. This represented a decrease of 25% in Government securities and treasury bills from S$36.4 billion as at December 31, 2012 which consisted of S$27.6 billion in assets available-for-sale and S$8.8 billion in assets held for trading.

Bank and corporate securities

The DBS Group's bank and corporate securities were S$37.8 billion, S$33.5 billion and S$25.4 billion as at December 31, 2014, 2013 and 2012, respectively.

Total Liabilities
The DBS Group's total liabilities increased by 10% to S$400 billion as at December 31, 2014 from S$364 billion as at December 31, 2013. The increase in total liabilities in 2014 was primarily due to higher customer deposits and other debt securities. The DBS Group's total liabilities as at December 31, 2013 represented a 15% increase from S$317 billion as at December 31, 2012. The increase in total liabilities in 2013 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 December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Due to banks	15,351	13,572	16,176
Deposits and balances from customers	253,464	292,365	317,173
Derivatives	17,532	18,132	18,755
Other liabilities[(1)]	11,429	11,594	11,728
Other debt securities	13,754	23,115	31,963
Subordinated term debts	5,505	5,544	4,665
Total	**317,035**	**364,322**	**400,460**

Note:

(1) Includes sundry creditors and others, cash collaterals received in respect of derivative portfolios, accrued interest payable, bills 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$16.2 billion, S$13.6 billion and S$15.4 billion as at December 31, 2014, 2013 and 2012, respectively.

Deposits and balances from customers
Customer deposits were the largest component of the DBS Group's total liabilities, having accounted for 79% of total liabilities as at December 31, 2014, and 80% as at December 31, 2013 and 2012. The DBS Group's customer deposits were S$317 billion as at December 31, 2014, representing an increase of 8% from S$292 billion as at December 31, 2013. This increase was primarily due to 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 December 31, 2014 and December 31, 2013. As at December 31, 2013, the DBS Group's customer deposits increased by 15% from S$253 billion as at December 31, 2012. 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 19%, 9% and 14%, respectively, between December 31, 2013 and December 31, 2012.

The loan-to-deposit ratio was 87%, 85% and 83% as at December 31, 2014, 2013 and 2012, respectively.

The following table sets forth customer deposits as at the dates indicated.

	As at December 31,		
	2012	**2013**	**2014**
	(S$ in millions)		
Customer deposits	253,464	292,365	317,173
Customer deposits by currency			
Singapore dollar	131,000	134,758	138,332
U.S. dollar	52,607	75,023	93,445
Hong Kong dollar	27,339	29,840	31,450
Renminbi	15,848	22,647	20,463
Others	26,670	30,097	33,483
Customer deposits	**253,464**	**292,365**	**317,173**
Customer deposits by product			
Fixed deposits	102,516	122,500	130,904
Savings accounts	103,512	112,429	119,753
Current accounts	42,841	48,809	60,876
Others	4,595	8,627	5,640
Customer deposits	**253,464**	**292,365**	**317,173**

Other Debt Securities

As at December 31, 2014, 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, totaled S$32.0 billion as compared with S$23.1 billion and S$13.8 billion as at December 31, 2013 and 2012, respectively. Of the DBS Group's other debt securities in issue as at December 31, 2014, 2013 and 2012, S$23.2 billion, S$17.1 billion and S$8.5 billion, respectively, were due within one year.

Subordinated Term Debts

As at December 31, 2014, 2013 and 2012, the DBS Group's subordinated term debts issued by DBS Bank totaled S$4.67 billion, S$5.54 billion and S$5.51 billion, respectively. As at December 31, 2014, subordinated term debts due within one year amounted to S$726 million, compared to nil as at December 31, 2013 and 2012.

Non-controlling Interests

Non-controlling interests mainly comprised preference shares issued by DBS Bank and its subsidiaries. As at December 31, 2014, the non-controlling interests of the DBS Group amounted to S$2.50 billion, as compared with S$3.45 billion as at December 31, 2013 and S$4.26 billion as at December 31, 2012. On December 3, 2013, DBSH purchased S$805 million of DBS Bank's 4.7% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares. On March 21, 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."

Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Quarterly updates on the DBS Group's capital position are provided to the Board of Directors (the "**Board**" or "**Board of Directors**"), which is responsible for the Group's capital management objective and capital structure. The DBS Group's capital management objective is to maintain a strong capital position consistent with regulatory requirements under the 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 adequate capital resources are available for business growth and investment opportunities as well as adverse situations. The DBS Group seeks to pay sustainable dividends over time, in line with its capital management objective, long-term growth prospects and the need to maintain prudent capital levels in view of forthcoming regulatory changes. The DBS Group's capital management objective is articulated concretely as capital targets that are consistent with the need to support organic and inorganic business growth in line with its strategic plans and risk appetite.

A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process ("**ICAAP**"). Through ICAAP, the DBS Group assesses its forecast capital supply and demand relative to its regulatory and internal capital targets, under various scenarios, including stress scenarios of differing scope and severity, over a three-year horizon. The DBS Group allocates capital capacity based 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 optimize the distribution of capital resources across the DBS Group's 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 strategies in line with the DBS Group strategy. During the course of the year, these subsidiaries did not experience any impediments to the distribution of dividends.

The DBS Group manages the structure of its capital resources within regulatory norms in order to optimize 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 capital from the financial markets.

In 2014, approximately 28 million ordinary shares were issued pursuant to DBSH's scrip dividend scheme, which allows shareholders to opt to receive DBSH shares instead of a cash dividend. This added S$489 million to DBSH's share capital.

On March 21, 2014, DBS Bank redeemed the S$1,700 million 4.70% Class N Preference Shares in accordance with its Articles of Association.

On November 15, 2014, DBS Bank redeemed the U.S.$750 million 5.00% Subordinated Notes due 2019 Callable with Step-up in 2014 in accordance with the terms and conditions of the notes.

On November 19, 2014, DBS Bank offered to purchase for cash up to U.S.$550 million of the U.S.$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The transaction was completed on January 8, 2015, when U.S.$550 million of the notes were purchased and subsequently cancelled. The remaining U.S.$350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

The DBS Group's CETI CAR, Tier I CAR and Total CAR as at December 31, 2014 were well above the MAS' minimum requirements of 5.5%, 7.0% and 10.0% respectively. The following table sets out details of capital resources and CARs of the DBS Group as defined under MAS Notice 637 and calculated according to (prior to January 1, 2013) Basel II standards or (from January 1, 2013 onwards) Basel III standards.

	As at December 31,[1]		
	2012	**2013**	**2014**
	(S$ in millions, except percentages)		
Share capital	N/A	9,607	10,113
Disclosed reserves and others	N/A	23,917	26,814
Total regulatory adjustments to Common Equity Tier I	N/A	(1)	(1,080)
Regulatory adjustments due to insufficient Additional Tier I Capital	N/A	(876)	(1,144)
Common Equity Tier I	N/A	32,648	34,703
Additional Tier I capital instruments[2]	N/A	4,144	3,179
Total regulatory adjustments to Additional Tier I capital	N/A	(4,144)	(3,179)
Tier I capital	**30,196**	**32,648**	**34,703**
Provisions eligible as Tier II capital	N/A	1,217	1,354
Tier II capital instruments[2]	N/A	4,955	4,304
Total regulatory adjustments to Tier II capital	N/A	(1)	(1)
Total capital	**36,831**	**38,819**	**40,360**
Risk-Weighted Assets ("**RWA**")			
Credit RWA	173,969	188,124	206,423
Market RWA	27,827	35,092	41,813
Operational RWA	13,795	14,865	15,950
Total RWA	**215,591**	**238,081**	**264,186**
CARs (%)			
CETI ratio	13.5[3]%	13.7%	13.1%
Tier I ratio	14.0%	13.7%	13.1%
Total	17.1%	16.3%	15.3%
Minimum CAR (%)			
CETI	N/A	4.5%	5.5%
Tier I	6.0%	6.0%	7.0%
Total	10.0%	10.0%	10.0%

Notes:

(1) With effect from January 1, 2013, Basel III capital adequacy requirements came into effect in Singapore. Changes due to Basel III affected both eligible capital and risk-weighted assets. Unless otherwise stated, capital adequacy disclosures prior to January 1, 2013 are calculated in accordance with the then prevailing capital adequacy regulations and are thus not directly comparable to those pertaining to dates from January 1, 2013.

(2) As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier I and Tier II 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 January 1, 2013, their recognition was capped at 90% with effect from January 1, 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortized after January 1, 2013, the nominal amount serving as the base will not be reduced.

(3) Definition of CETI as at January 1, 2013. Risk-weighted assets include Basel III changes introduced January 1, 2013.

N/A Not Applicable

As of January 1, 2013, the MAS has incorporated Basel III provisions into Singapore prudential regulation. SIBs are required to comply with a minimum CETI CAR of 5.5%, minimum Tier I CAR of 7.0% and minimum Total CAR of 10% from January 1, 2014, rising to 6.5%, 8% and 10% respectively from January 1, 2015. These minimum ratios are two percentage points higher than those established by the Basel Committee.

In line with Basel III requirements, Singapore prudential regulation will require a CCB of 2.5% and countercyclical buffer of up to 2.5% that are to be met fully with CETI capital. These buffers will be phased in on January 1 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 SIBs have private sector credit exposures. The Basel Committee expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth.

The table below summarizes the capital requirements under MAS Notice 637.

From January 1,	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Minimum CAR %							
CETI (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
CETI including CCB (a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier I	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 are being phased in from January 1, 2013 to January 1, 2018 and are for items such as goodwill and investments exceeding certain thresholds.

As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier I and Tier II 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 January 1, 2013, their recognition is capped at 90% with effect from January 1, 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortized after January 1, 2013, the nominal amount serving as the base will not be reduced. The Group's preference shares and subordinated term debts issued prior to January 1, 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 DBS Group's CETI CAR as at December 31, 2014 was 13.1%. On a pro forma "look-through" basis, i.e. after all adjustments that will eventually be taken against CETI by January 1, 2018, the DBS Group's CETI CAR was 11.9%. This comfortably exceeded the eventual effective minimum CETI CAR requirements under MAS Notice 637 of 9.0%, effective on January 1, 2019. The DBS Group is also well-positioned to comply with forthcoming leverage ratio requirements. As at

December 31, 2014, the DBS Group's leverage ratio stood at 7.0%. This was well above the minimum 3% level being tested during the Basel Committee's 2013 – 2017 leverage ratio parallel run.

Off Balance Sheet Items

As at December 31, 2014, the DBS Group's contingent liabilities, commitments and financial derivatives notional were S$22 billion, S$188 billion and S$1,877 billion, respectively; of which commitments that were unconditionally cancellable at any time amounted to S$152 billion. As at December 31, 2013 and 2012, respectively, the DBS Group's contingent liabilities and commitments were S$180 billion and S$158 billion of which commitments that were unconditionally cancellable at any time amounted to S$124 billion and S$104 billion, respectively and financial derivatives notional of S$1,559 billion and S$1,426 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 December 31, 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 and joint ventures	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 December 31, 2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	328	3,358
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

	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
			(S$ in millions)		
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	364,322
As at and for the year ended December 31, 2012					
Net interest income	1,427	2,747	692	419	5,285
Non-interest income.	873	1,405	427	74	2,779
Total income.	2,300	4,152	1,119	493	8,064
Total expenses.	1,602	1,269	462	281	3,614
Allowances for credit and other losses	93	215	(3)	112	417
Share of profits of associates	–	–	–	124	124
Profit before tax	605	2,668	660	224	4,157
Total assets before goodwill and intangibles.	63,232	175,329	75,434	34,236	348,231
Goodwill and intangibles					4,802
Total assets					353,033
Total liabilities	136,639	110,400	66,997	2,999	317,035

The business segment results are prepared based on the DBS Group's internal management reporting which reflects the organization 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 centralized 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 specialized 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 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.

DBS Bank Group
Substantially all of the assets, liabilities and income of the DBS Group are derived from the DBS Bank Group. As at December 31, 2014, DBS Bank Group accounted for nearly 100% of the DBS Group's consolidated total assets and net profit.

Risk Management

Risk Taking and the DBS Group's Business Model
The DBS Group is focused on Asia and is committed to building lasting customer relationships as they expand across Asia. This naturally exposes the DBS Group to a degree of concentration risk to the region. The DBS Group manages its risks through diversification of industries and portfolios as well as concentration management of exposures. In addition, the DBS Group focuses on developing specialist knowledge of the regional markets and a deep understanding of its target segments within the consumer and institutional banking businesses; these target segments are further assessed using defined risk parameters.

The DBS Group manages its risks along the dimensions of commercial banking versus investment banking; the former would largely arise from its consumer banking and institutional banking businesses and the latter from its treasury market making and warehousing activities. The DBS Group allocates internal economic capital along these dimensions with a higher allocation to commercial banking given its profile as a commercial bank; 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 reflects the relative size of the risks incurred in respect of each business segment.

For more information on the DBS Group's business segments, see Note 47 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular.

	As at December 31, 2014				
	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others[1]	Total
Assets[2] (*S$ millions*)	84,451	225,504	90,586	35,008	435,549
Risk weighted assets (*S$ millions*)	31,995	151,059	62,207	18,925	264,186
Credit Risk (%).	87	94	36	74	78
Market Risk (%)	–	–	61	22	16
Operational Risk (%)	13	6	3	4	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 Overview

In executing the DBS Group's strategy, the DBS Group is faced with economic, financial and other types of risk. These risks are interdependent and require a holistic approach to risk management. Very broadly, these risks can be aligned around the following risk categories:

- **Business and Strategic Risk** – 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** – The risk of loss resulting from the failure of borrowers or counterparties to meet their debt or contractual obligations.

- **Market Risk** – The risk of loss arising 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** – the risk arising from the inability of the DBS Group to meet obligations when they become due.

- **Operational Risk** – The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events, including legal risk, but does not include strategic or reputational risk.

- **Reputational Risk** – The current or prospective risk to shareholder value (including earnings and capital) arising from adverse perceptions 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, or 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 which, if they materialize, may 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 also supplemented by discussions with the board and management risk committees. Periodic updates on action plans are provided to the relevant risk committees.

In 2014, the DBS Group paid particular attention to the following top and emerging risks. These risks remain the DBS Group's key concerns in the coming year.

Credit Risk

Credit risk remains the DBS Group's most material risk and incurs the highest usage of capital; it is largely determined by the global macro-economic environment and the economic situation of the countries the DBS Group operates in, as well as concentration risks the DBS Group may run. The DBS Group continues to monitor these situations actively and assess whether its positions continue to be in line with its risk appetite. The DBS Group's portfolio concentration strategies are pro-actively managed and modified to mitigate potential portfolio threats.

The Indian economy marked a second straight year of slow growth. This, coupled with a business environment characterized by high debt levels and constrained liquidity, led to higher defaults and delinquencies in the India portfolio. The DBS Group conducted stress tests and portfolio reviews, tightened its "target markets" (industry and/or geographical target markets and/or acceptable business/industry segments) and "risk acceptance criteria" (a client screening tool to guide credit extension and how much risk is acceptable or tolerable) as well as strengthened its early warning monitoring. With a new majority government in place since the second half of 2014, declining inflation and reduced oil and commodity prices, on balance, the Indian economy is expected to show improvement in the near future.

The economic slowdown seen in China during 2014 was one of the DBS Group's key concerns. The DBS Group considered the impact arising from its exposure to the local banks and the property sector in China. The DBS Group's exposure is largely to the systemically important Chinese banks and it deals mainly in short-dated and trade-related transactions. In the Chinese property sector, the DBS Group lends primarily to top local and international names. While the DBS Group will continue to monitor the developments in China closely, it remains comfortable with its exposures.

After several rounds of cooling measures, the residential housing market in Singapore remained subdued, resulting in declining property price trends on reduced transaction volumes. The DBS Group has stress-tested its real estate portfolio rigorously and concluded that the portfolio is resilient. Notwithstanding the positive outcome, the DBS Group will continue to monitor the portfolio proactively for signs of weaknesses and exercise prudence in client selection and the underwriting of new loans.

Commodity prices have been under pressures since 2014. The DBS Group has conducted several scenario analyses across the commodity spectrum. The DBS Group continues to enhance its due diligence and processes in this sector and pay close attention to structuring and collateralizing individual trades.

Country Risk
The DBS Group's strategy is to be a regional bank in Asia. Consequently, the DBS Group has large concentrations of assets in a limited number of countries and the risks in those countries can also be correlated as well. Instability in and across the DBS Group's "target markets," such as political and economic developments in China, India and Indonesia, 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. In addition, the potential loss is monitored on the basis of how the exposure is divided among short term and long term, trade and non-trade. It also takes into account wrong-way risk and offshore funding of local currency assets. Based on the outlook for macroeconomic and country transfer risk, limits and exposures will be adjusted to stay within the DBS Group's risk appetite.

Regulatory Trends

Regulatory Developments
The global regulatory landscape continues to evolve, particularly in capital and liquidity management, posing risks and challenges to the DBS Group as well as banks in its peer group. The DBS Group continues to track international and domestic developments to ensure that it remains on top of trends and changes impacting its businesses. New requirements are promptly analyzed and disseminated to the respective action parties and, where applicable, embedded into the DBS Group's processes and systems.

The DBS Group also recognizes the importance of proactive engagement with regulators and continues to contribute actively to industry and regulatory forums. Towards this end, the DBS Group strives to build and maintain positive relationships with regulators that have oversight responsibilities in the locations where it operates.

One international trend which the DBS Group continues to observe is a growing emphasis on financial markets conduct, a subject on which various regulators have published advice in 2014. The DBS Group anticipates that international consensus will evolve in 2015 particularly in the area of conduct of business in the foreign exchange markets. As a participant in these markets, the DBS Group will always seek to align with best practices as consensus develops.

For a bank with operations in multiple countries, risk from cross-border transactions are expected to increase as global regulatory reforms spur local policy and economic agenda. These risks are diverse and range from local licensing rules, to highly complex interaction between local laws in originating and booking centers. In 2015, the DBS Group expects to focus a degree of effort to enhance its approach to cross-border transactions to ensure it meets its regulatory requirements notwithstanding the potential complexities involved.

Further, the DBS Group has put in place as set of governance and operational standards in its overseas locations. The DBS Group recognizes the importance of maintaining consistency in the adoption and rollout of policies at overseas locations and will continue to maintain oversight in this area.

Cyber Security
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. To monitor these evolving threats, the DBS Group has in place a robust cyber security framework. The DBS Group is continuously enhancing its security controls and surveillance to protect its assets and operations.

Financial Crime

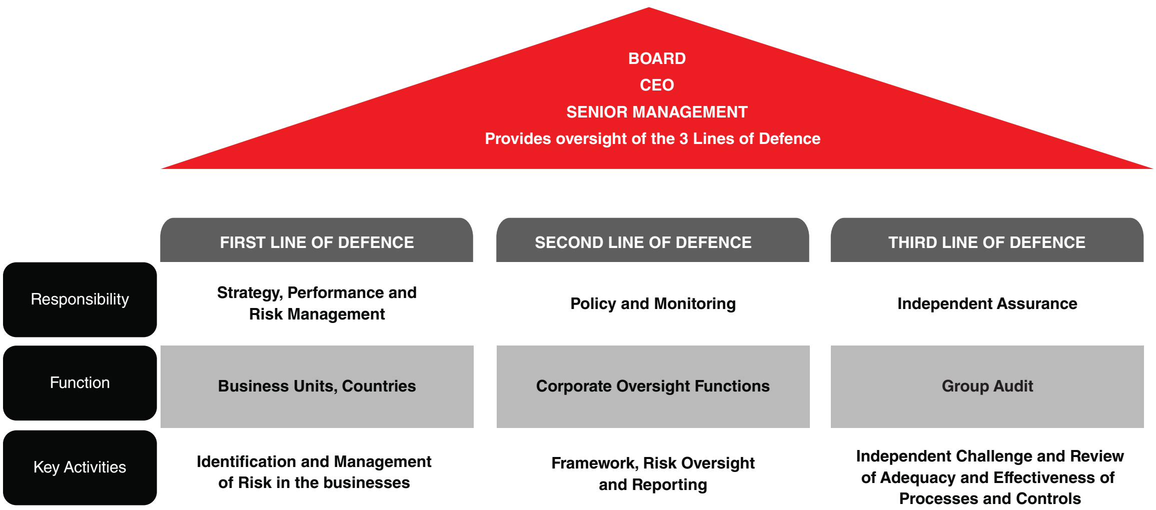
Financial crime risk is a focus area for many peer banks. This has been a trend for a number of years, with heightened penalties imposed by regulators for issues in sanctions and money laundering. Fraud and bribery/corruption are also issues that occupy significant amounts of space on a financial crime risk mitigation agenda. 2014 also saw industry focus being given to trade finance, and wealth management (particularly around tax evasion risk). The DBS Group expects this trend, and the evolution of financial crime risk (together with the regulatory response), to continue.

The DBS Group's financial crime risk mitigation controls include, without limitation, "know-your-client" policies, personnel advising on anti-money laundering/sanctions and anti-bribery/corruption policies, training, transaction screening and periodic testing. The DBS Group has made several enhancements in its policies, systems and operations to address the way in which the risk is evolving, and has allocated additional resources for further work in 2015. The DBS Group also conducted a specific review of tax evasion risk. These are closely aligned to regulatory developments and will ensure that it continues to benchmark well against international standards.

Risk Governance

Risk and Control

The DBS Group has three lines of defense when it comes to risk taking, where each line of defense has a clear responsibility.



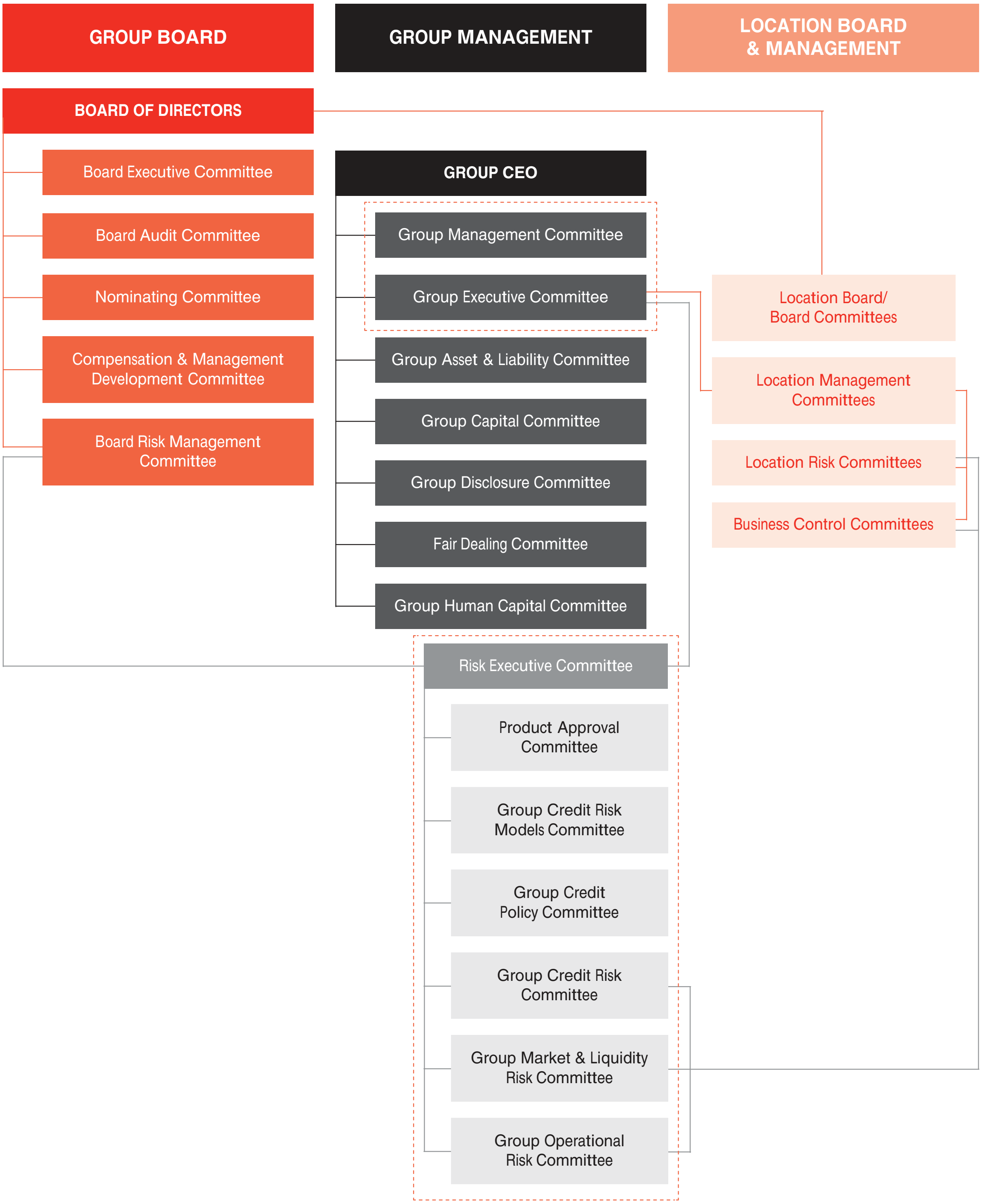
Working closely with the support units, business units of the DBS Group are the first line of defense with a clear responsibility for risk. This includes identification of risks and the reporting of any changes in the risk profile of the clients or positions.

As a second line of defense, corporate oversight functions such as the Risk Management Group ("**RMG**") are responsible for developing, overseeing and reporting on risk frameworks. In addition, RMG is responsible for identifying individual and portfolio risk, approving transactions and trades and ensuring that they are within approved limits and monitoring and reporting on the portfolio, taking into account current and future potential developments through stress testing.

Finally, Group Audit forms the third line of defense, in providing an independent assessment and assurance to the Audit Committee on the robustness, adequacy and effectiveness of the DBS Group's internal controls related to processes, risk and control governance.

Governance Structure

Under the DBS Group's risk management frameworks, the Board of Directors, through the Board Risk Management Committee ("**BRMC**"), sets 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 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, risk management committees have been established as follows.

Risk Management Committees

Risk Executive Committee (“**Risk ExCo**”)	The Risk ExCo provides comprehensive 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 comprehensive 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 Credit Risk Committee Group Market and Liquidity Risk Committee Group Operational Risk Committee	Each of these committees reporting to the Risk ExCo are broadly mandated – within the specific risk areas – to serve as an executive forum for discussion and decisions on all aspects of risk and its management. Key responsibilities: • Assess risk taking • Maintain oversight on effectiveness of the DBS Group's risk management infrastructure, including frameworks, decision criteria, authorities, policies, people, processes, information, systems and methodologies • Approve risk model governance standards, stress testing scenarios, risk models and assessing performance of the risk models • Assess the risk-return trade-offs across the DBS Group • Identify specific concentrations of risk The members in these committees comprise representatives from RMG as well as key business and support units.

The above committees (excluding those marked with an asterisk) 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**”) has been appointed to oversee the risk management function. The CRO is a member of the DBS Group Executive Committee and reports to the Chairman of the BRMC and the Chief Executive Officer. The CRO is independent of business lines and is actively involved in key decision making processes.

The CRO also engages the DBS Group's regulator(s) on a regular basis to discuss risk matters.

Working closely with the established 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 and 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.

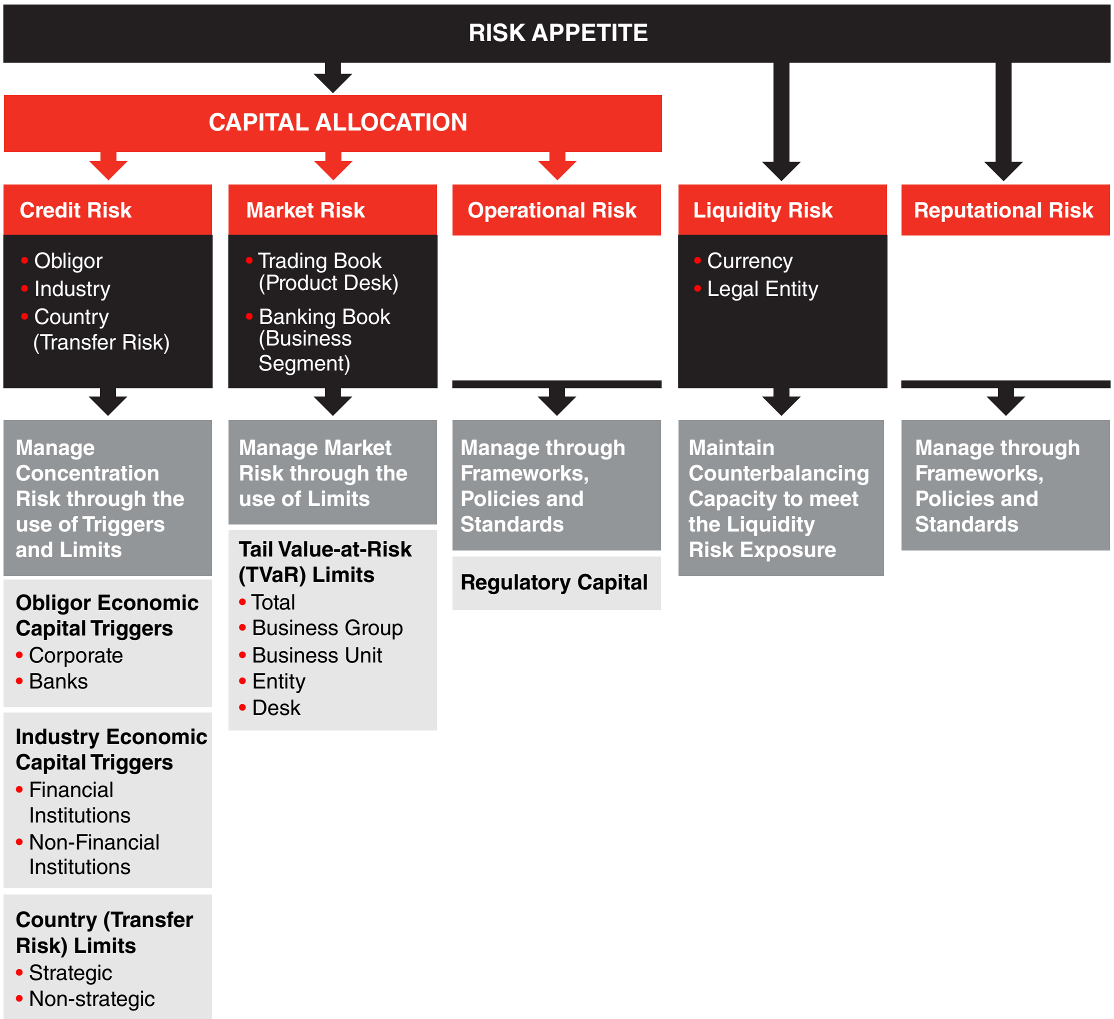
DBS Risk Appetite
The pursuit of the DBS Group's strategic priorities and business opportunities inherently carries risk. The Board of Directors has established an overall Risk Appetite which is supervised by the BRMC. The DBS Group's risk strategy is to link its Risk Appetite with the DBS Group's strategic and operational objectives.

The embedding of risk appetite in the DBS Group starts with a formally defined risk appetite statement set by the Board of Directors (the "**Risk Appetite Statement**"). The DBS Group has established the risk appetite framework (the "**Framework**") which covers the governance processes to ensure adherence to the Risk Appetite Statement. The Framework also serves to reinforce the DBS Group's risk culture through 'tone from the top' articulation of the risks that the DBS Group is willing to accept. A strong organizational risk culture, including an appropriate incentive framework helps to further embed Risk Appetite at the DBS Group.

Risk Constraining Thresholds and Use of Economic Capital
The risk appetite considers the various risk types and is operationalized 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 from Risk Appetite through a top down approach and operationalized 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 the DBS Group cascades risk appetite.



Stress Testing

Stress testing is an integral part of the DBS Group's risk management process. 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 potential risky portfolio segments, inherent systematic risks and provides an opportunity to define mitigating actions before the onset of an adverse event.

Appropriate stress testing is conducted at least annually or at suitable intervals given the reading of micro and macro economic conditions. All stress tests are documented, including contingency plans, exit strategies and mitigating actions appropriate to different scenarios.

Internal Capital Adequacy Assessment Process

To ensure that the DBS Group's overall risk and rewards are aligned with its risk appetite, it integrates ICAAP into its risk appetite setting. Through ICAAP, the capital planning process takes into account the demand for capital under a range of stress scenarios and compares them against the available supply of capital. Capital demand is in turn a function of growth plans and the target credit rating specified in the Risk Appetite Statement. Based on the assessment of capital needs, the corresponding risk capital for credit risk and market risk are defined.

Credit Risk
Credit risk arises from the DBS Group's daily activities in various areas of business – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is one of the most significant measurable risks 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 undertakings that the DBS Group will make payments in the event that a customer cannot 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 is 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 42.1 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular.

Credit Risk Management
The DBS Group's framework for credit risk management comprises the following building blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies
As established in the Group Credit Risk Management Framework, the dimensions of credit risk and the scope of its application are defined. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. The DBS Group Core Credit Risk Policy 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 credit risk underwriting across the DBS Group and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. These latter policies are established to provide greater details on the implementation of the credit principles within the DBS Group Core Credit Risk Policy and are adapted to reflect different credit environments and portfolio risk profiles. The DBS Group Core Credit Risk Policy is considered and approved by the Risk ExCo based on recommendations from the Group Credit Policy Committee.

Risk Methodologies
Managing credit risk is performed through a deep understanding of 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 in both the corporate and retail portfolios. Most are built internally using the DBS Group's own loss data. Limits and "rules for the business" are driven from the DBS Group's Risk Appetite Statement and "target market" and "risk acceptance criteria," respectively. Significant deals of the DBS Group are also reviewed and approved by the Group Credit Committee which is chaired by the Deputy CRO and comprises representatives from RMG and Institutional Banking Group.

Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internal and available external customers' behavior records and supplemented by "risk acceptance criteria."

Wholesale exposures are assessed using approved credit models, reviewed and analyzed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the SME segment, DBS also uses a program-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" for further discussion on the DBS Group's internal credit risk models.

Derivatives pre-settlement credit risk arising from a counterparty's 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" 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 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 the risk appetite. For credit risk, the DBS Group uses "economic capital" as the measurement tool, since it combines the individual risk factors of "probability of default", "loss given default" and "exposure at default" as well as portfolio concentration factors. The DBS Group sets granular "economic capital" thresholds to ensure that the allocated "economic capital" 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. In the DBS Group, country risk is managed as part of concentration risk management under the Risk Appetite Framework.

Transfer risk is the risk that capital and foreign exchange controls may be imposed by government authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer funds to non-residents. A transfer risk event could therefore lead to a default of an otherwise solvent borrower.

The principles and approach in the management of transfer risk are set out in the DBS Group's Country Risk Management Framework. The framework 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 amongst 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 program to include the execution of the stress testing process and effective analysis of program results. Stress test results are reported and discussed in Group Credit Risk Committee, the Risk ExCo and the BRMC.

The stress testing program 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 rating based 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 undertaken annually. This is a supervisory driven stress test conducted as part of the supervisory process and ongoing assessment of financial stability by the regulator. Under the industry-wide stress test, the DBS Group is to assess the impact of adverse scenarios, provided by the regulator, on asset quality, earnings performance, and capital adequacy.

Scenario Analysis	The DBS Group also conducts multiple independent credit stress tests and sensitivity analyses on its portfolio or a sub-portfolio to evaluate the impact of the economic environment or specific risk factors. The purpose of these tests and analyses 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 both the wholesale and consumer 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 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 excesses and policy exceptions, and monitor compliance with credit standards and credit covenants established by management and regulators.

An independent credit risk review team conducts regular reviews of credit exposures and judgmental credit risk management processes. It also conducts independent validation of internal credit risk rating processes on an annual basis. These reviews provide senior management with objective and timely assessments of the effectiveness of credit risk management practices and ensure Group-wide policies, internal rating models and guidelines are being adopted consistently across different business units including relevant subsidiaries.

Non-Performing Assets

The DBS Group classifies its credit facilities as 'Performing Assets' or NPAs in accordance with the MAS Notice 612. These guidelines require the DBS Group to categorize its credit portfolios according to its assessment of a borrower's ability to repay a credit facility from the borrower's normal sources of income. There are five categories of assets as follows:

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 credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by DBS.
Classified or NPA	
Substandard	Indicates that the credit facilities 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 credit facilities exhibit 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 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."

Credit facilities are classified as restructured assets when the DBS Group grants concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule and concessions granted/restructured terms are considered as non-commercial. A restructured credit facility is classified into the appropriate non-performing grade depending 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. In any restructuring of credit facilities, such borrowers are reviewed on a case by case basis and 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 December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular. In general, specific allowances are recognized for defaulting credit exposures rated sub-standard and below. The breakdown of NPA for the DBS Group according to MAS Notice 612 requirements by loan grading and industry and the related amounts of specific allowances recognized can be found in Note 42.2 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 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 it holds as securities and will dispose of them as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. A breakdown of collateral held for NPA is shown in Note 42.2 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2013 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 2014 and 2013 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. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collaterals to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for exposures arising from derivative, repurchase agreement ("**repo**") and other repo-style transactions with financial market counterparties these are 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 taken for commercial banking is revalued periodically, depending on the type of collateral. While real estate constitutes the largest percentage of collateral assets, the DBS Group generally considers the collateral assets to be diversified.

Helping customers to restructure repayment liabilities, in times of difficulty, is the DBS Group's preferred approach. However, should the need arise, expeditious disposal and recovery processes are in place for disposal of collateral held by the DBS Group. The DBS Group also maintains a panel of agents and solicitors for the expeditious disposal of non-liquid assets and specialized equipment.

Collateral Posted

The DBS Group is required to post additional collateral in the event of a rating downgrade. As at December 31, 2014, for a one notch downgrade of its Standard & Poor's and Moody's ratings, the DBS Group would have to post additional collateral amounting to S$106 million and S$35 million, respectively.

Other Risk Mitigants

The DBS Group also uses guarantees as credit risk mitigants. While the DBS Group may accept guarantees from any counterparty, it sets internal thresholds for considering guarantors to be eligible for credit risk mitigation.

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 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 "probability of default," "loss given default" and "exposure at default." For portfolios under the Foundation IRBA, the supervisory "loss given default" estimates are applied. For advanced IRBA portfolios pertaining to retail, internal estimates are used. In addition, the ratings from the credit models are used as the basis to support the underwriting of credit, monitor the performance of the portfolios and determine business strategies.

To ensure the adequacy and robustness of these rating systems on an ongoing basis, performance monitoring is run regularly with results reported to the Group Credit Risk Committee, the Risk ExCo and the BRMC on a periodic basis. The monitoring program 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 categorized into asset classes under the Advanced IRBA, namely residential mortgages, qualifying revolving retail exposures and other retail exposures, including vehicle loans extended to individuals.

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 realized 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 specialized lending exposures. The risk ratings for the wholesale exposures (other than securitization 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 smaller business borrowers 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 default is considered to have occurred with regard to a particular obligor when either or both of the two following events have taken place:

- Subjective default: Obligor is unlikely to pay its credit obligations in full, without recourse by the DBS Group to actions such as realizing security (if held)

- Technical default: Obligor is past due more than 90 days on any credit obligation to the DBS Group

This is consistent with the guidance provided under the MAS Notice 637.

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	Classification	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	Exceptional	AAA	Passed	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	Excellent	AA+, AA, AA-	Passed	
PD Grade 3	More susceptible to adverse economic, social, geopolitical conditions and other circumstances. Capacity to meet its financial commitment is strong	Strong	A+, A, A-	Passed	
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 obligor to meet its financial commitment	Good	BBB+/BBB	Passed	
PD Grade 5	Relatively worse off than an obligor rated “4B” but exhibits adequate protection parameters	Satisfactory	BBB-	Passed	
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	Acceptable	BB+/BB	Passed	
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	Marginal	BB-	Passed	

Grade (ACRR)	Description of Rating Grade	Classification	Equivalent external rating	MAS Classification	
PD Grade 8A	Sub-marginal capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment	Sub-Marginal	B+	Passed	
PD Grade 8B/8C	Low capacity to meet its financial commitment. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment	Special Caution	B/B-	Special Mention	
PD Grade 9	Vulnerable to non-payment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment. Likely to have little capacity to meet its financial commitment under adverse conditions	Sub-Performing	CCC-C	Sub-Standard (Non-Defaulting)	Classified or NPA
PD Grade 10 and Above	An obligor rated '10' and above is in default (as defined under MAS Notice 637)	Default	D	Sub-Standard and Below (Defaulting)	

Specialized Lending Exposures
Specialized lending IRBA portfolios, consisting of income-producing real estate, project finance, object finance, hotel finance and commodities finance, adopt the supervisory slotting criteria specified under Annex 7v of MAS Notice 637. The supervisory slotting criteria guidelines under the supervisory rating categories are used to determine the risk weights to calculate the credit risk-weighted exposures.

Securitization Exposures
The DBS Group is not active in securitization activities that are motivated by credit risk transfer or other strategic considerations. As a result, it does not securitize its own assets, nor does it acquire assets with a view to securitizing them.

The DBS Group arranges securitizations for clients and earns fees for arranging such transactions and placing the securities issued into the market. These transactions do not involve special purpose entities that are controlled by the DBS Group. For transactions that are not underwritten, no securitization 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 securitization 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 the DBS Group's securitization exposures.

- **Exposures to client asset-backed securitizations** – The DBS Group invests in clients' securitization transactions from time to time, and this may include securitization transactions arranged by either the DBS Group or by 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 prior to being assumed and are subject to regular risk review thereafter, taking into account the underlying risk characteristics of the assets.

- **Investment in collateralized debt obligations and asset-backed securitizations** – The DBS Group continues to hold certain investments in collateralized debt obligations ("**CDOs**") and asset-backed securitizations that were made before 2008. Allowances for credit losses have been made for the total exposures arising from investments in CDOs. The remaining exposures are reviewed regularly by the independent risk function. Other than these legacy exposures, the DBS Group has invested in asset-backed securitizations in order to meet policy lending requirements in a certain jurisdiction. They require the approval of the independent risk function prior to being assumed and are subject to regular risk review thereafter, taking into account the underlying risk characteristics of the assets.

Credit Exposures Falling Outside of Internal Credit Risk Models
The DBS Group applies the "standardized approach" for portfolios which are individually immaterial in terms of both size and risk profile and for transitioning portfolios. These portfolios include:

- IRBA-transitioning retail and wholesale exposures

- IRBA-exempt retail exposures

- IRBA-exempt wholesale exposures

The transitioning retail and wholesale exposures are expected to transit to the Advanced IRBA and Foundation IRBA respectively over the next few years, subject to certification by the MAS. In the meantime, the "standardized approach" has been applied.

The portfolios under the "standardized approach" are subject to the DBS Group's overall governance framework and credit risk management practices. Under this framework, 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.

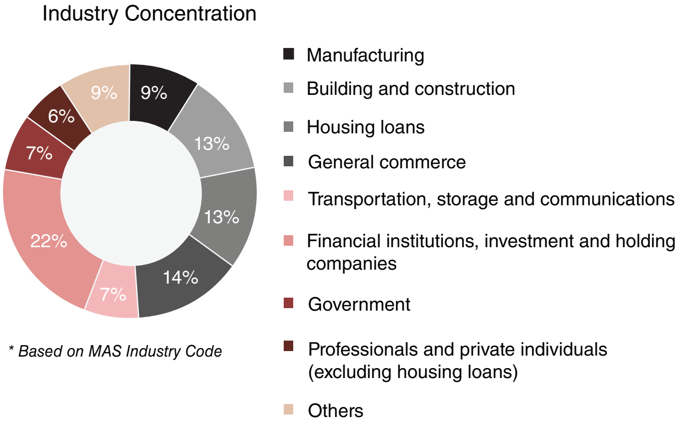
The DBS Group uses external ratings for credit exposures under the "standardized approach," where relevant, and the DBS Group only accepts ratings from Standard & Poor's, Moody's and Fitch in such cases. The DBS Group follows the process prescribed in MAS Notice 637 to map the ratings to the relevant risk weights.

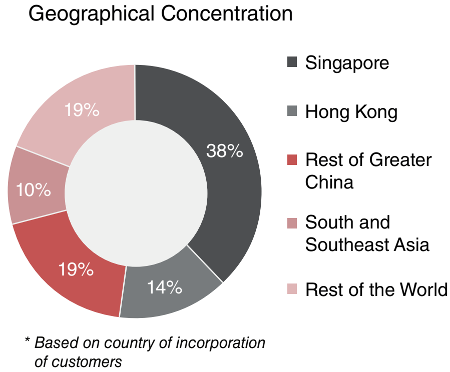
Credit Risk in 2014

Concentration Risk

Geographically, the DBS Group's exposure remains predominantly in its home market of Singapore accounting for 38% of the portfolio. The DBS Group's exposure to customers in Greater China (excluding Hong Kong) has grown steadily over the years as the DBS Group continues to rebalance the geographic mix of its business and accounts for 19% of the overall portfolio by the end of 2014. The DBS Group continues to look for opportunities to diversify out of its home market.

The DBS Group's overall exposure is well distributed across various industries with General Commerce and Financial Institutions as the largest contributors in the wholesale portfolio.



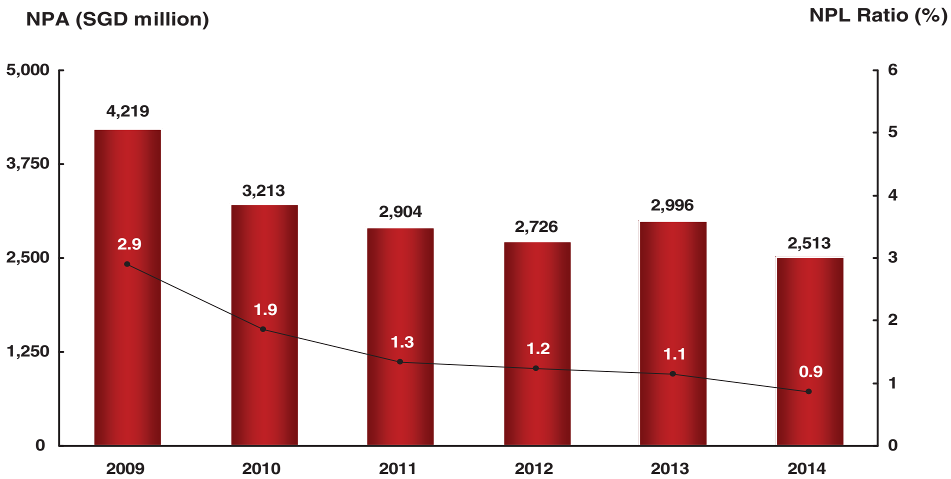


For the DBS Group's breakdown of concentration of credit risk, see Note 42.4 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular.

Non-Performing Assets

The DBS Group's NPAs, in absolute terms, have generally been on a declining trend since 2009, with the exception of 2013 when customers of the India branch faced liquidity stress resulting in downgrades. During 2014, the DBS Group's portfolio in India continued to be impacted by an adverse business environment. However there was a reduction in overall NPAs due to asset sales, settlements and write-offs during 2014.

Since 2009, the DBS Group's NPL ratio has decreased consistently, from 2.9% to 0.9% in 2014, aided initially by general improvement in the economic situation and by early identification, as well as proactive management of problem accounts.



Residential Mortgage Loans
The Loan-to-Value ratio is calculated using Loans and Advances including undrawn commitments divided by the collateral value. Property valuations are determined by using a combination of professional appraisals and housing price indices.

The downward adjustments of property prices in Singapore have contributed to the increase in Singapore's exposures with Loan-to-Value ratios between 81% and 100%. Since February 2010, new loans are capped at Loan-to-Value ratio limits of up to 80%.

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. More than 80% of the DBS Group's loans are fully collateralized, with the majority having Loan-to-Value ratios less than 80%.

The Loan-to-Value ratio is calculated as Loans and Advances divided by the value of property, including tangible collaterals that secure the same facility. Tangible collateral include cash, marketable securities, bank guarantees, vessels and aircraft. Where collateral assets are shared by multiple loans and advances, the collateral value is pro-rated across the loans and advances protected by the collateral.

Loans and Advances to Banks
In line with market standards, 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 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.

For a breakdown of derivatives positions, see Note 37 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular.

Market Risk
The DBS Group's exposure to market risk is categorized 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 retail and commercial 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 framework for market risk management comprises the following building blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The Market Risk Framework sets out the DBS Group's overall approach towards market risk management. 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 and set out guidance and requirements 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 within the DBS Group. 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 and a 95% level of confidence. TVaR, which is an average of the potential losses beyond the given 95% level of confidence, is used by the DBS Group to monitor and limit market risk exposures. The market risk economic capital that is allocated by the BRMC is linked to TVaR by a multiplier. TVaR is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

The DBS Group conducts back-testing to verify the predictiveness of the VaR model. Back-testing compares VaR calculated for positions at the close of each business day with the revenues which actually arise on those positions on the following business day. The back-testing revenues exclude fees and commissions and revenues from intra-day trading. For back-testing, VaR at the 99% level of confidence and over a one-day holding period is used. The DBS Group adopts the standardized approach to compute market risk regulatory capital under MAS Notice 636 for the trading book positions. Given the above, VaR backtesting would not impact the 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, which include, but are not limited to: (i) past changes in market risk factors may not provide accurate predictions of the future market movements; and (ii) may understate the risk arising from severe market risk related events.

To monitor the DBS Group's vulnerability to unexpected but plausible extreme market risk related events, the DBS Group has implemented an extensive stress testing policy for market risk where regular and multiple stress tests were run, covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement.

TVaR is the key risk metric used to manage the DBS Group's assets and liabilities' except for credit spread risk under Loans and Receivables, where it is under the credit 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. Behavioral 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 December 31, 2014 is to 17 large, established names with which the DBS Group maintains collateral agreements.

Process, 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 2014

The DBS Group TVaR considers the market risks of both the trading and banking books. The DBS Group TVaR is tabulated below, showing the period-end, average, high and low TVaR.

		For the year ended December 31, 2014		
	As at December 31, 2014	Average	High	Low
		(S$ in millions)		
TVaR	68	85	124	49

		For the year ended December 31, 2013		
	As at December 31, 2013	Average	High	Low
		(S$ in millions)		
TVaR	87	66	89	31

The DBS Group's major market risk driver is interest rate risk in the trading and banking books. The average TVaR for 2014 was higher than 2013 mainly due to more volatile rates scenarios for VaR calculation, changes of duration due to capital management, update of models for non-maturity deposits and increase in liquid assets.

The following table shows, the period-end, average, high and low diversified TVaR and TvaR by risk class for Treasury's trading portfolios:

	As at December 31, 2014	For the year ended December 31, 2014		
		Average	High	Low
			(S$ in millions)	
Diversified	16	12	19	8
Interest Rates	9	10	17	7
Foreign Exchange	5	5	8	2
Equity	2	1	3	1
Credit Spread	14	6	14	4
Commodity	#	1	2	#

Note:

"#" represents amounts less than S$0.5 million.

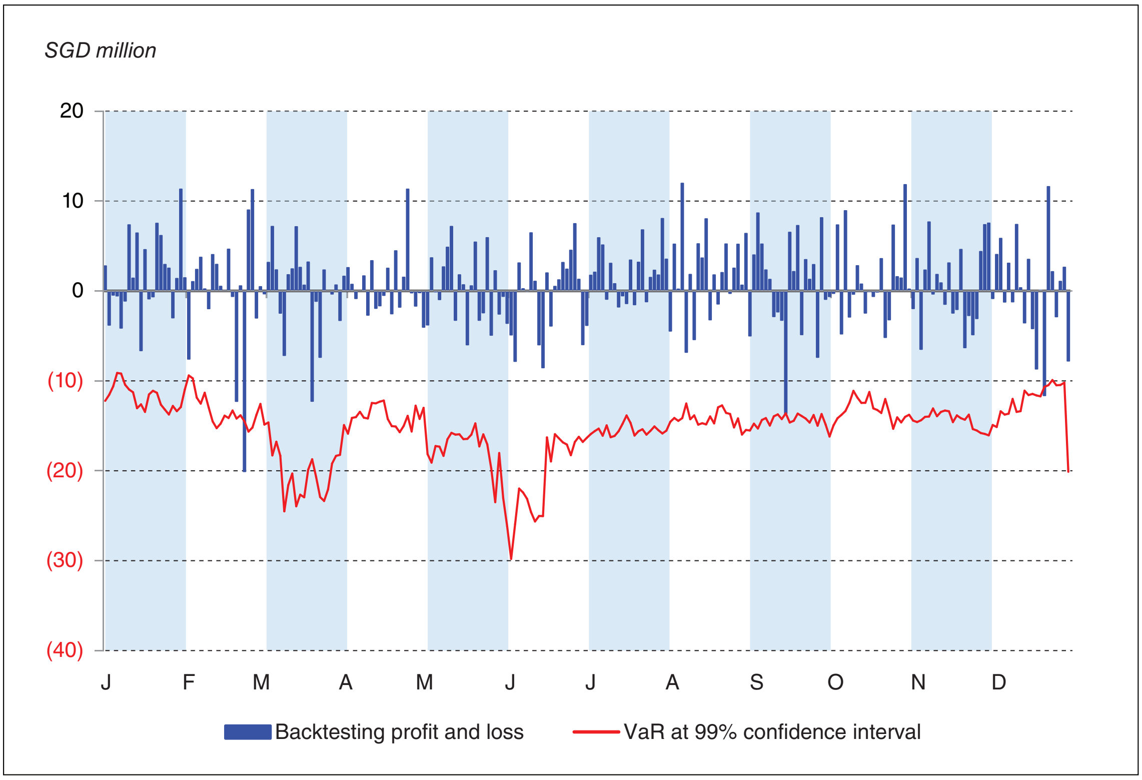
	As at December 31, 2013	For the year ended December 31, 2013		
		Average	High	Low
			(S$ in millions)	
Diversified	11	10	14	8
Interest Rates	9	9	11	7
Foreign Exchange	4	6	9	3
Equity	1	1	1	#
Credit Spread	4	4	5	3
Commodity	1	1	1	#

Note:

"#" represents amounts less than S$0.5 million.

In the DBS Group, the main risk factors driving Treasury's trading portfolios in 2014 were interest rates, credit spreads and foreign exchange. Treasury's trading portfolios' average TVaR increased by S$2 million (or 20%), and this was driven partly by the recalibration of the DBS Group's own funding spread curve in February 2014.

Treasury's trading portfolio experienced three back-testing exceptions in 2014 compared with five in 2013. The exceptions occurred in February, September and December. Pronounced volatilities in foreign exchange and interest rate led to the exceptions in February and the second half of 2014, respectively.



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 is simulated under various assumptions for the non-trading risk portfolio. The economic value changes in 2014 are negative S$275 million and S$489 million (2013: negative S$288 million and S$532 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worst case of an upward or downward parallel shift in the yield curves.

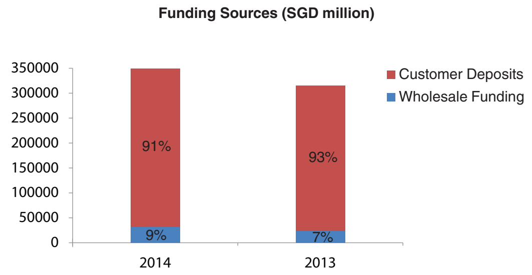
Liquidity Risk

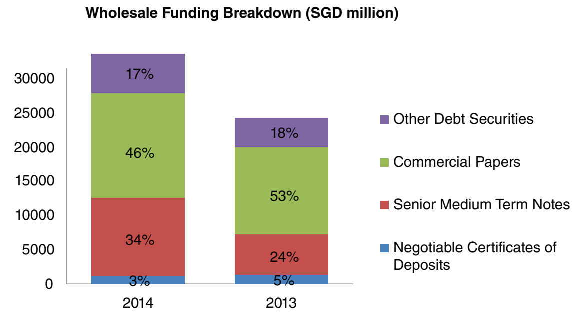
The DBS Group's liquidity risk arises from its obligations to honor withdrawals of deposits, repayments of borrowed funds at maturity, and commitments to its customers to extend loans.

The DBS Group seeks to manage its liquidity in a manner that ensures that its liquidity obligations would continue to be honored under normal as well as adverse circumstances.

Liquidity Risk Management and Funding Strategy

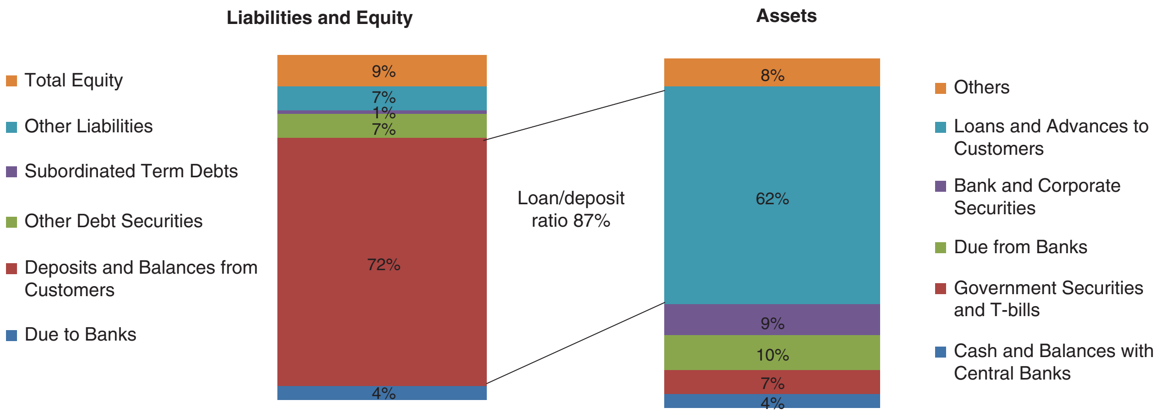
The DBS Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The DBS Group's funding strategy is anchored on strengthening its core deposit franchise, which constituted 91% of total funding sources, which comprised deposits, senior medium term notes, commercial papers, negotiable certificates of deposit and other debt securities, as at December 31, 2014. Strong and sustainable growth of its customer deposit base in retail, wealth management, corporate and institutional segments across the markets that it operates in, is key to extending the DBS Group's long-term funding advantage.





To complement core deposits, the DBS Group has also focused on broadening access to wholesale funding. This has been achieved by actively engaging and growing a diversified global base of high quality investors. Issuance of medium term notes, commercial papers, negotiable certificate of deposits and other debt securities as a secondary source of funding, enables greater flexibility and efficiency in liquidity management. 2014 saw growth in wholesale funding and a rebalancing of the wholesale funding mix from shorter-term commercial papers to medium term notes.

The diagrams below show the DBS Group's asset funding structure as at December 31, 2014.



For more details on the DBS Group's wholesale funding sources, see Note 30 and for the contractual maturity profile of the DBS Group's assets and liabilities, see Note 44.1 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular.

With increasing diversification of funding sources, optimizing 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 actively makes use of the swap markets in the conversion of funds across currencies to deploy surplus funds across locations. As the swaps are typically shorter in contractual maturity than the deployment in 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. This risk is mitigated by the setting of triggers on the amount of swaps transacted with the market and conservative assumptions on the cashflow treatment of swaps under the behavioral profiling of the DBS Group's cashflow maturity gap analysis.

Overseas entities are encouraged but not required to centralize 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. These 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 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, utilization 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 framework for liquidity risk management comprises the following building blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies

The Liquidity Risk Framework sets out the DBS Group's overall approach towards liquidity risk management. The Framework describes the range of strategies employed by the DBS Group to manage its liquidity. These include maintaining an adequate counterbalancing capacity (comprising liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity) to address potential cashflow shortfalls and maintaining diversified sources of 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 decisive actions are taken to ensure the DBS Group maintains adequate liquidity.

The Core Liquidity Risk Policy establishes baseline standards for liquidity risk management within the DBS Group. Policies and guidance documents communicate the base standards and detailed requirements throughout the DBS Group and enhance the ability of the DBS Group to manage its liquidity risk.

Risk Methodologies

The primary measure used to manage liquidity within the tolerance defined by the Board of Directors is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios, and 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 mainly under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature to assess vulnerability when run-offs in liabilities increase, rollovers of assets and/or the liquidity assets buffer decreases. 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.

Processes, Systems and Reports
Robust internal control processes and systems underlie the overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across the DBS Group. In 2014, the DBS Group completed the development of an in-house integrated data platform that serves to aggregate relevant source data in a complete and accurate manner that facilitates timely and granular reporting of liquidity risk for internal and regulatory purposes.

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 group comprises risk control, risk analytics, production and reporting teams.

Liquidity Risk in 2014
For the purpose of risk management, the DBS Group actively monitors and manages its liquidity profile based on the cashflow maturity mismatch analysis.

In forecasting the cashflows under the analysis, behavioral 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 behavioral 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 44.1 to the DBS Group's audited consolidated financial statements as at and for the year ended December 31, 2014 which are set forth beginning on page F-2 of this Offering Circular.

The table below shows the DBS Group's behavioral net and cumulative maturity mismatch between assets and liabilities over a 1-year period under a normal scenario without incorporating growth projections:

	< 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 December 31, 2014					
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
As at December 31, 2013[2]					
Net liquidity mismatch	18,638	(2,642)	7,052	10,539	11,800
Cumulative mismatch	18,638	15,996	23,048	33,587	45,387

Notes:

(1) Positive indicates a position of liquidity surplus. Negative indicates a liquidity shortfall that has to be funded.

(2) As the behavioral 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.

The DBS Group's liquidity is observed to remain adequate under the maturity mismatch analysis, amidst sustained growth in loans supported largely by stable sources of funds from deposits gathering and the issuance of medium term notes and commercial papers.

Liquid Assets

Liquid assets are assets that are readily available and can be easily monetized 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 treasury function within the DBS Group should be able to operationally monetize 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.

	For the year ended December 31, 2014					
	Liquid Assets					
	Encumbered	Unencumbered	Total	Others[(1)]	Total	Average Liquid Assets[(2)]
	(S$ in millions)					
Cash and balances with central banks[(3)] . .	7,666	7,347	15,013	4,504	19,517	13,633
Due to banks[(4)]	–	12,563	12,563	29,700	42,263	11,478
Government securities and treasury bills.	2,093	27,331	29,424	270	29,694	31,032
Banks and corporate securities	623	23,300	23,923	13,840	37,763	22,405
Total	**10,382**	**70,541**	**80,923**	**48,314**	**129,237**	**78,548**

Notes:

(1) "Others" refer to assets that are not recognized 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 monetization (for example, holdings in physical scrips), amongst other considerations.

(2) Total liquid assets reflected on an average basis over the four quarters in 2014.

(3) Unencumbered balances with central banks comprise holdings that are unrestricted and available overnight. The encumbered portion represents the mandatory balances held with central banks.

(4) Liquid assets comprise nostro accounts and eligible certificates of deposits.

In addition to the above table, collateral received in reverse repo transactions amounting to S$4,001 million are recognized 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 collateralized 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 November 28, 2014, the MAS published MAS Notice 649, which sets out the implementation of the Basel III Committee's LCR recommendations in Singapore. DBS Bank, as a bank incorporated and headquartered in Singapore, is required to comply with the LCR standards under MAS Notice 649 from January 1, 2015 and believes it is well above the minimum LCR requirements under 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. The international timeline targeted for implementation is January 2018.

Operational Risk
Operational risk include processing errors, fraudulent acts, inappropriate behavior 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 framework for operational risk management comprises the following buildings blocks: Policies, Risk Methodologies and Processes, Systems and Reports.

Policies
To govern operational risk management practices in a consistent manner, the group operational risk management framework includes a set of core operational risk standards, which provides guidance on the baseline controls to ensure a controlled and sound operating environment. There are also corporate operational risk policies, which are owned by the respective corporate oversight 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 standardized approach to compute operational risk regulatory capital. To manage and control operational risk, there are 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 of these issues. 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 risk is managed in accordance with a Technology Risk Management Framework (which covers risk governance, communication, monitoring, assessment, mitigation and acceptance), supported by a set of information technology policies and standards, control processes and risk mitigation programs. The DBS Group has also established policies and standards to manage and address cyber security risk.

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 maintain a compliance program designed to identify, assess and mitigate such risks through a combination of policy, and relevant systems and controls, coupled with the provision of relevant training and the execution of 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 includes the components, key roles and the framework of the Fraud Management Program 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 business and support units to mitigate and manage actual and/or potential exposure of the DBS Group 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 or service introduced 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.

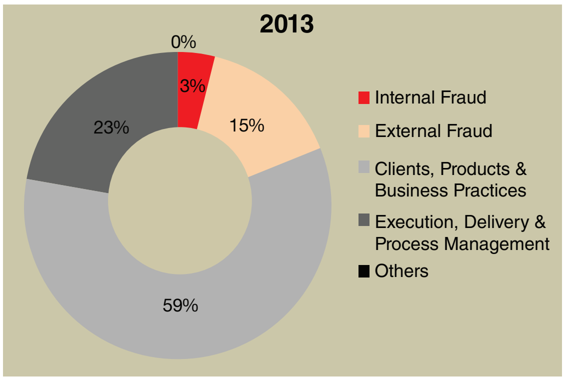
Mitigation Program. Business Continuity Management plays an integral role in the DBS Group's risk mitigation program to manage business disruptions. A robust crisis management and business continuity management program is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via business impact analysis, as well as the documentation and maintenance of a business continuity plan. Overall business continuity plan objectives are aimed at minimizing 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 the 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 to test the business continuity plan and crisis management protocol simulating varying scenarios. 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.

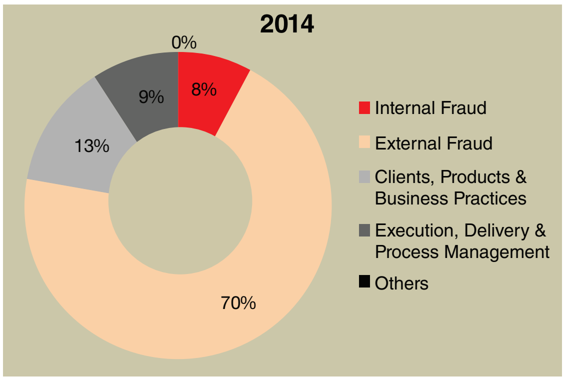
To mitigate losses from specific unexpected and significant event risks, the DBS Group purchases group-wide insurance policies, under its global insurance program, from third-party insurers. These policies cover fraud and civil liability, property damage, general liability and directors' and officers' liability.

Processes, Systems and Reports
Robust internal control process and system 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 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 2014
The total value of operational risk losses in 2014 was 0.13% of the DBS Group's total operating income, compared to 0.20% in 2013. The loss profile (net loss greater than S$10,000), based on the date of detection of the operational risk event, was mainly categorized into the following four Basel risk event categories: (i) internal fraud; (ii) external fraud; (iii) clients, products and business practices; and (iv) execution, delivery and process management.





Note: Others include: (v) employment practices and workplace safety; (vi) damage to physical assets and (vii) business disruption, system failure.

Save for an isolated incident, external fraud losses comprised mainly credit card fraud, in particular, "card not present" fraud which accounted for approximately 70% of the losses in this category. This is in line with industry trend that "card not present" fraud is the fastest growing area due to the meteoric growth of e-commerce in the Asia Pacific region. "Card not present" fraud losses are generally recoverable subject to card association rules. The DBS Group has continued to increase its vigilance and implemented mitigating measures such as adjustment of fraud parameters, random generation of card numbers and review of the setting of alert thresholds for sending short messaging system.

In addition, reduction in losses was also noted for execution, delivery and process management due to continuing efforts to manage and mitigate operational risk including automating manual processes, enhancing risk and control training and established internal deals governance and control framework/controls. The DBS Group also embarked on a transition from control self assessment to risk and control self assessment to help the units better identify and manage operational risk.

Reputational Risk

Reputational Risk Management in the DBS Group

The DBS Group views reputational risk as a typical outcome of any failure to manage the 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 framework for reputational risk management is formulated on 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 framework for managing such risks are articulated in the respective risk frameworks and policies. These are reinforced by sound corporate values that embed ethical behaviors and practices through the DBS Group.

Policies are in place to protect consistency of the DBS brand and to assist in safeguarding the DBS Group's corporate identity and reputation.

Risk Methodologies

Under the various risk frameworks/policies, the DBS Group has established a number of mechanisms for ongoing risk monitoring for the various risk types. 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 derived from internal sources, alerts from external parties/stakeholders also serve as an important source for detection of 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 frameworks 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 the general public, Board and senior management and employees. The DBS Group recognizes 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 2014

The DBS Group's priority is to prevent the occurrence of a reputational risk event rather than to take mitigating actions when it materializes. There were no significant reputational risk incidents which could endanger the DBS franchise in 2014.

Customer Loan Portfolio

As at December 31, 2014, 2013 and 2012, the DBS Group's loans and advances to customers net of cumulative allowances were S$276 billion, S$249 billion and S$211 billion, respectively, which accounted for approximately 63%, 62% and 60% of total assets for December 31, 2014, 2013 and 2012, respectively. The DBS Group's gross loans and advances to customers were S$279 billion, S$252 billion and S$214 billion as at December 31, 2014, 2013 and 2012, respectively. As at December 31, 2014, 2013 and 2012, approximately 39%, 40% and 42%, respectively, of customer loans and advances were denominated in Singapore dollars.

From 2012 to 2014, the DBS Group's gross loans and advances to customers grew at a compound annual growth rate of 14% from S$214 billion as at December 31, 2012 to S$279 billion as at December 31, 2014.

As at December 31, 2014, loans to Singapore borrowers accounted for approximately 46% 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 36% of the DBS Group's gross customer loans and advances.

Customer Loan Concentrations

The DBS Group's top five group of borrowers (based on outstanding amounts) accounted for 5% of its total customer loans and advances portfolio as at December 31, 2014, while the top 20 group of borrowers accounted for 11% of the total customer loans and advances portfolio at that date. Of the top 20 group of borrowers as at December 31, 2014, 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 12%, 17% and 20% respectively of the DBS Group's gross total customer loans and advances portfolio as at December 31, 2014. Total gross consumer loans, which consist of housing loans and loans to professionals and private individuals, accounted for 27% of the gross total loans and advances portfolio as at December 31, 2014.

The following table sets forth the DBS Group's total gross loans and advances to customers by industry classification as at December 31, 2014, 2013 and 2012:

	Customer Loan Concentrations as at December 31,					
	2012		2013		2014	
	S$	%	S$	%	S$	%
	(S$ in millions, except percentages)					
Manufacturing	27,037	12.7	30,034	11.9	33,024	11.8
Building and construction	36,179	16.9	43,016	17.1	48,712	17.4
Housing loans	45,570	21.3	49,147	19.5	52,866	19.0
General commerce	38,230	17.9	51,803	20.5	56,658	20.3
Transportation, storage and communications	17,745	8.3	21,265	8.4	23,650	8.5
Financial institutions, investment and holding companies	11,155	5.2	11,013	4.4	16,168	5.8
Professionals and private individuals (excluding housing loans)	14,969	7.0	19,180	7.6	23,849	8.5
Others	22,943	10.7	26,723	10.6	24,227	8.7
Total	**213,828**	**100.0**	**252,181**	**100.0**	**279,154**	**100.0**

Housing Loans
As at December 31, 2014 and 2013, the DBS Group's gross housing loans accounted for 19% of its total gross customer loans and advances portfolio as compared to 21% as at December 31, 2012. 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 amortizing 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 favor 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 February 10, 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 June 29, 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 December 31, 2014, 2013 and 2012 gross loans to the building and construction sector accounted for 17% of the DBS Group's total gross loans and advances portfolio. 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 analyze, 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 December 31, 2014, gross loans to the financial institution, investments and holding company sectors accounted for 6% of the DBS Group's total gross loans and advances portfolio as compared to 4% as at December 31, 2013 and 5% as at December 31, 2012. Major customers include a variety of financial institutions, insurance companies, securities companies, leasing and credit companies and 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 December 31, 2014 and 2013, gross loans to the manufacturing sectors accounted for 12% of the DBS Group's total gross loans and advances portfolio, as compared to 13% as at December 31, 2012. 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 organizations.

General Commerce
As at December 31, 2014, gross loans to the general commerce sector accounted for 20% of total gross loans and advances portfolio, as compared to 21% as at December 31, 2013 and 18% as at December 31, 2012. The DBS Group's general commerce customers include wholesalers and retailers.

Others
Loans to professionals and private individuals (excluding housing loans) accounted for 9% of total gross loans and advances portfolio as at December 31, 2014, as compared to 8% as at December 31, 2013 and 7% as at December 31, 2012.

Loans to the transportation, storage and communications sector were 8% of total gross loans and advances portfolio as at December 31, 2014, 2013 and 2012.

Loans classified as "others" accounted for 9% of total gross loans and advances portfolio as at December 31, 2014 as compared to 11% as at December 31, 2013 and 2012. 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, 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 Exposures outside Singapore – by Country of Incorporation

The top 10 country exposures of the DBS Group (outside Singapore) as at December 31, 2014, 2013 and 2012 are set out below. The exposures are determined based on the country of incorporation of borrower or issuer.

	Loans and debt securities				Total exposure	
Assets	**Banks**	**Central banks and Government Securities**	**Non-banks**[(1)]	**Investments**	**Total Amount**	**As a % of Total Assets**
	(S$ in millions, except percentages)					
2014						
Top 10 countries						
China	21,019	1,293	41,906	215	64,433	14.6%
Hong Kong	1,457	4,325	51,330	348	57,460	13.0%
Taiwan	384	6,645	9,910	2	16,941	3.8%
India	2,798	1,669	11,320	34	15,821	3.6%
United States	5,306	6,950	2,721	224	15,201	3.5%
Indonesia	417	981	11,430	2	12,830	2.9%
South Korea	3,233	2,521	5,021	–	10,775	2.5%
United Kingdom	3,015	1,054	4,030	17	8,116	1.8%
Malaysia	2,492	–	4,412	82	6,986	1.6%
Australia	2,396	878	2,768	39	6,081	1.4%
Total	**42,517**	**26,316**	**144,848**	**963**	**214,644**	**48.7%**
2013						
Top 10 countries						
China	20,413	1,182	39,772	221	61,588	15.3%
Hong Kong	3,245	2,792	42,329	390	48,756	12.1%
Taiwan	944	6,299	8,608	2	15,853	3.9%
India	1,738	1,953	11,724	33	15,448	3.8%
United States	3,203	5,704	2,208	155	11,270	2.8%
Indonesia	102	476	9,256	2	9,836	2.5%
South Korea	1,160	2,183	5,319	–	8,662	2.2%
United Kingdom	1,299	846	4,174	3	6,322	1.6%
Malaysia	2,548	35	3,149	105	5,837	1.5%
Australia	1,790	480	1,916	2	4,188	1.0%
Total	**36,442**	**21,950**	**128,455**	**913**	**187,760**	**46.7%**
2012						
Top 10 countries						
Hong Kong	1,135	3,712	39,127	85	44,059	12.5%
China	16,705	1,297	23,718	159	41,879	11.9%
India	3,716	2,583	14,407	36	20,742	5.9%
United States	1,710	9,641	2,454	125	13,930	3.9%
Taiwan	92	4,808	7,163	2	12,065	3.4%
South Korea	1,561	2,731	5,216	–	9,508	2.7%
Indonesia	145	936	6,960	3	8,044	2.3%
United Kingdom	1,270	874	3,481	1	5,626	1.6%
Japan	1,757	1	1,424	124	3,306	0.9%
Malaysia	469	219	2,460	103	3,251	0.9%
Total	**28,560**	**26,802**	**106,410**	**638**	**162,410**	**46.0%**

Note:

(1) Non-bank loans include loans to government and quasi-government entities.

Customer Loans and Advances Maturity Profile

As at December 31, 2014, customer loans and advances (net of allowances) repayable on demand and loans and advances maturing in less than seven days constituted 7%, loans and advances maturing in between one week and a month constituted 12%, loans and advances maturing between one month and three months constituted 11% and between three months and one year constituted 17%, 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)			
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
2012	14,566	23,445	21,014	34,295	117,199	210,519

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 categorize 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 categorized 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 jeopardize 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 credit facilities 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 credit facilities 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 the capital, assets, management, earnings, liquidity and sensitivity framework. The DBS Group's overseas branches and subsidiaries generally follow classification guidelines required by the respective local banking regulations but utilize DBSH's and DBS Bank's 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. The DBS Group currently has a number of NPAs which it has restructured or is in the process of restructuring. 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$2.51 billion as at December 31, 2014, compared with S$3.00 billion as at December 31, 2013 and S$2.73 billion as at December 31, 2012. Of the total NPAs as at December 31, 2014, 63% were classified as Substandard, 26% were classified as Doubtful and 11% were classified as Loss. Of the total NPAs as at December 31, 2014, S$432 million (or 17%) originated in Singapore. Of these, 69% were classified as Substandard. NPAs originated in Hong Kong, Rest of Greater China, South and Southeast Asia and the Rest of the World totaled S$269 million, S$361 million, S$948 million and S$503 million, respectively. As at December 31, 2014, approximately 18% 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$1.1 billion, or 43% of its total NPAs, while 69% of the top 20 NPAs were in the Substandard category as at December 31, 2014.

The ratio of NPLs to total non-bank loans ("**NPL ratio**") decreased slightly to 0.9% as at December 31, 2014 compared to December 31, 2013. NPL ratio was 1.1% as at December 31, 2013 and 1.2% as at December 31, 2012. The NPL ratios for Singapore and Hong Kong were 0.3% and 0.5%, as at December 31, 2014 compared with NPL ratios of 0.4% and 0.6%, respectively as at December 31, 2013 and 2012. The net write-offs for NPLs amounted to S$687 million in 2014, S$552 million in 2013 and to S$149 million in 2012, which were 0.2%, 0.2% and 0.1% of total customer loans as at December 31, 2014, 2013 and 2012, 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 behavior 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). In determining the level of general allowances, the DBS Group considers country and portfolio risks, as well as industry practices. 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 December 30, 2005 and revised on June 29, 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 December 31, 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 December 31, 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 December 31, 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%
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.

	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
	Non-Performing Assets and Provisioning Data as at December 31, 2012[1]					
	(S$ in millions, except percentages)					
Non-performing assets						
(NPAs)	411	245	237	257	1,576	2,726
Substandard	290	124	105	125	761	1,405
Doubtful	41	62	84	58	507	752
Loss	80	59	48	74	308	569
Customer NPLs as a % of gross customer loans in the respective countries[2]	0.4%	0.6%	0.8%	0.9%	7.5%	1.2%
Specific allowances	133	127	132	159	804	1,355
General allowances						2,511
Total cumulative loss allowances						3,866
Total cumulative loss allowances as a % of:						
Total assets						1.1%
NPAs in the respective countries[3]						142%
Unsecured NPAs in the respective countries[4]						183%

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 December 31,					
	2012		2013		2014	
	NPA	Specific allowances	NPA	Specific allowances	NPA	Specific allowances
	(S$ in millions)					
Manufacturing	352	240	488	240	660	331
Building and construction	83	38	226	42	357	115
Housing loans	106	12	112	9	113	8
General commerce	277	155	397	142	434	140
Transportation, storage and communications	1,201	520	1,145	465	338	153
Professionals and private individuals (excluding housing loans)	162	46	155	48	166	53
Financial institutions, investment and holding companies	404	265	265	146	106	90
Others	42	26	94	37	245	93
Total NPLs	2,627	1,302	2,882	1,129	2,419	983
Debt securities	13	4	9	3	7	3
Contingent items and Others	86	49	105	50	87	44
Total	**2,726**	**1,355**	**2,996**	**1,182**	**2,513**	**1,030**

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)				
2014	597	273	162	1,481	2,513
2013	1,281	275	272	1,168	2,996
2012	1,245	297	193	991	2,726

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 January 1, 2014	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at December 31, 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 January 1, 2013	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at December 31, 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 holding companies	232	13	(105)	6	146
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**

	Balance at January 1, 2012	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at December 31, 2012
			(S$ in millions)		
Specific allowances					
Manufacturing	223	26	(19)	(8)	222
Building and construction	37	(3)	1	(1)	34
Housing loans	11	(1)	–	–	10
General commerce	125	46	(17)	(5)	149
Transportation, storage and communications	282	227	(9)	1	501
Financial institutions, investment and holding companies	392	(152)	(5)	(3)	232
Professionals and private individuals (excluding housing loans)	63	76	(90)	(4)	45
Others	55	(21)	(10)	–	24
Total specific allowances	**1,188**	**198**	**(149)**	**(20)**	**1,217**
Total general allowances	**1,919**	**181**	**–**	**(8)**	**2,092**
Total allowances	**3,107**	**379**	**(149)**	**(28)**	**3,309**

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 realized or unrealized 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 amortized 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 unrealized gains or losses recognized 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 15% of total assets as at December 31, 2014 and 2013, compared with 18% as at December 31, 2012. Government securities and treasury bills accounted for 7% of total assets as at December 31, 2014 and 2013, compared with 10% as at December 31, 2012.

The DBS Group's bank and corporate securities accounted for 9%, 8% and 7% of its total assets as at December 31, 2014, 2013 and 2012, respectively.

The following table sets forth book-value data relating to the DBS Group's securities portfolio, as at the periods indicated:

	As at December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Government securities and treasury bills	36,426	27,497	29,694
Bank and corporate securities	25,448	33,546	37,763
Total	**61,874**	**61,043**	**67,457**

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 79% as at December 31, 2014 and 80% as at December 31, 2013 and 2012. As at December 31, 2014, the DBS Group had a customer loan-to-deposit ratio of 87%, 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.

The following table sets forth details as at December 31, 2014 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 I capital treatment		
June 2000	S$163	Non-voting Redeemable Convertible Preference Shares
December 2013	S$805	4.70% Non-Cumulative Non-Convertible Perpetual Capital Securities Callable in 2019
Issued by DBS Bank, which qualify for Tier II capital treatment[(1)]		
June 2006	U.S.$900	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
February 2012	S$1,000	3.30% Subordinated Notes Callable in 2017
March 2012	U.S.$750	3.625% Subordinated Notes Callable in 2017
August 2012	S$1,000	3.10% Subordinated Notes Callable in 2018
Issued by DBS Bank, which qualify for Tier I 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 I capital treatment[(1)]		
May 2008	S$1,500	5.75% Non-Cumulative, Non-Voting 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 I capital instruments and Tier II 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 I capital instruments and Tier II capital instruments outstanding on January 1, 2013, beginning with 90% from January 1, 2013 and decreasing by 10% in each subsequent year.

(2) U.S.$550 million of these securities were repurchased and cancelled on January 8, 2015.

The following table sets forth a breakdown of the sources of the DBS Group's funding sources at the periods indicated:

	As at December 31,		
	2012	**2013**	**2014**
		(S$ in millions)	
Subordinated term debts	5,505	5,544	4,665
Senior medium term notes	3,168	5,635	10,857
Commercial papers	5,820	12,142	14,561
Negotiable certificates of deposit	1,149	1,235	1,072
Other debt securities	3,617	4,103	5,473
Total	**19,259**	**28,659**	**36,628**
Due within 1 year	8,498	17,108	23,919
Due after 1 year	10,761	11,551	12,709
Total	**19,259**	**28,659**	**36,628**

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 8% to S$317 billion as at December 31, 2014 from S$292 billion as at December 31, 2013, 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 as at 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)					
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
2012	159,738	34,136	28,735	26,609	4,246	253,464

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 57% of the DBS Group's deposits as at December 31, 2014, 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 December 31, 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 December 31, 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).

MANAGEMENT

DBSH and DBS Bank are each managed by a Board of Directors comprising the same nine members. The full Board of Directors of DBSH meets at least five times a year but may meet more often when necessary. DBSH has established a number of Board Committees in line with corporate governance best practices, including Audit, Board Risk Management, Executive, Nominating and Compensation and Management Development committees. For a further description on the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore (dated April 3, 2013), (the "**Guidelines**") see "Regulation and Supervision – Regulation and Supervision in Singapore – The Regulatory Environment – Corporate Governance Regulations and Guidelines."

Under DBSH's and DBS Bank's constitutive documents, at each Annual General Meeting ("**AGM**"), one-third of the Directors of DBSH and DBS Bank, for the time being, shall retire from office on rotation. The Directors to retire shall be those who have been longest in office since their last re-election or appointment. The retiring Directors are eligible for re-election.

The Boards of Directors of DBSH and DBS Bank

The following table sets out the members of the Board of Directors of DBSH. The Board of Directors of DBS Bank consists of the same members.

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, 68, joined the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on November 16, 2009 and assumed the role of Chairman on May 1, 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. 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 CapitaLand Limited, StarHub Ltd, STATS ChipPAC Ltd, GIC Private Limited, Level 3 Communications Inc, Asia Mobile Holdings Pte Ltd, STT Communications Ltd, Fullerton Financial Holdings Pte Ltd, National Wages Council and International Monetary Conference.

Piyush Gupta

Chief Executive Officer
Mr. Gupta, 55, was appointed CEO and to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on November 9, 2009. He is a member of the Executive Committee. In addition, he is also Vice Chairman of DBS Bank (Hong Kong) Limited as well as 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 member of the Group of Experts to the ASEAN Capital Markets Forum, and on the boards of 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 an advisory board member of Sim Kee Boon Institute for Financial Economics and a council member of The Association of Banks in Singapore. Mr. Gupta is also a Managing Council member of Indian Business-leaders' Roundtable (under SINDA).

Bart Joseph Broadman

Director
Dr. Broadman, 53, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on December 17, 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, 59, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on December 1, 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 Chairperson of the Board of Governors of Singapore International Foundation, and is a Trustee of the Singapore Institute of International Affairs Endowment Fund. She is also a Director of CapitaLand Limited, SATS Ltd, Singapore Health Services Pte Ltd and the Royal Dutch Shell, plc. 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 some 21 years.

Ho Tian Yee

Director

Mr. Ho, 62, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on April 29, 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 serves as a Director of AusNet Services. He also serves on the boards of Fullerton Fund Management Co. Ltd and Singapore Power Ltd, and is an investment advisor to Blue Edge Advisors Pte. Ltd.

Nihal Vijaya Devadas Kaviratne CBE

Director

Mr. Kaviratne, 70, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on April 29, 2011. He is a member of the Audit Committee and Board Risk Management Committee. In addition, he is a Director of DBS Foundation Ltd. 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 Chairman of Akzo Nobel India Limited, President Commissioner of PT TVS Motor Company and serves on the board of GlaxoSmithKline Pharmaceuticals Ltd in India. He currently serves on the boards of SATS Ltd, StarHub Ltd, Olam International Limited, Caraway Pte. Ltd. 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, 64, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on April 26, 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 Chairman of comGateway (S) Pte Ltd, a global internet shopping platform. He also serves on the boards of Hussar Pty Ltd, Insourcing International Pty Ltd, PSP IP Pty Ltd, Optal Limited (formerly known as PSP International (Europe) Limited), Queenstar Pty Ltd and Royal Motor Yacht Club Broken Bay (NSW Australia).

Danny Teoh Leong Kay

Director
Mr. Teoh, 59, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on October 1, 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.

He currently serves on the boards of DBS Foundation Ltd, CapitaMall Trust Management Limited (the Manager of CapitaMall Trust), Changi Airport Group (Singapore) Pte Ltd, JTC Corporation and Keppel Corporation Limited.

Woo Foong Pheng (Mrs. Ow Foong Pheng)

Director
Mrs. Ow, 51, was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd. on April 26, 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 board member 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. Mrs. Ow was appointed Chief Executive Officer, Jurong Town Corporation in 2006.

Board Responsibility
The Board directs the DBS Group in the conduct of its affairs and ensures that corporate responsibility and ethical standards underpin the conduct of the DBS Group's business. The Board provides leadership to the CEO and management in setting the strategic vision, direction and long-term goals of the Group, and ensures that adequate resources are available to meet these objectives. 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) 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.

To discharge its stewardship and fiduciary responsibilities effectively, the Board delegates authority to Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference. The Board committees have been constituted in accordance with the Banking (Corporate Governance) Regulations 2005 (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. In accordance with the Group Approving Authority ("**GAA**"), any change to the terms of reference for any Board committee requires Board approval.

Board Committees of the DBS Group
The Board of Directors has established five Board committees to increase its effectiveness.

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 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 Group, relationships with members of management, relationships with the Company'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 on an annual basis an evaluation of the performance of the Board, the Board committees and the Directors.

(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 program and continuous development program 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 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 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 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 prior to submission to the Board and in particular reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the consolidated financial statements of the DBS Group and any announcements relating to the DBS Group's financial performance.

(iii) 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 or any other person 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 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 the 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 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 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 Banking (CG) Regulations. All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or business.

The BRMC's responsibilities include:

(i) Establishing risk appetite for the various types of risk and exercise oversight of how this is operationalized 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 DBS Group-wide risk management system and adequacy of resources to monitor risks.

(xii) Exercising oversight of 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 the 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 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) Ensure 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.

Organization Structure of the DBS Group

General

The DBS Group recognizes that the ability to maintain good corporate governance is a key factor in its future success. In this light, the DBS Group maintains an organizational structure to facilitate effective decision making to capture business opportunities in a timely manner while leveraging its regional strengths. In addition, the organizational structure defines the roles and responsibilities for various business units, support units and countries in the areas of operations and controls, allowing seamless coordination and alignment between the various units in the decision making process.

The DBS Group has established a committee structure to foster cross-functional proactive and participative management throughout the DBS Group. The highest management decision-making body at the DBS Group is the Group Executive Committee responsible for overseeing corporate strategy, credit, capital and risk management across the DBS Group.

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 synergies across the organization and thereafter facilitating the execution of these decisions to deliver on planned outcomes and results. The Group Management Committee is also responsible for all matters of corporate governance and 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]	Chief Financial Officer
Ms. Jeanette Wong[1]	Institutional Banking Group
Ms. Tan Su Shan[1]	Consumer Banking Group/Wealth Management Group
Mr. Andrew Ng[1]	Treasury & Markets
Mr. Elbert Pattijn[1]	Chief Risk Officer
Mr. David Gledhill[1]	Group Technology & Operations
Mr. Sim S. Lim[1]	Country Head, DBS Singapore
Mr. Sebastian Paredes[1]	Country Head, DBS Bank (Hong Kong) Limited
Ms. Eng-Kwok Seat Moey	Capital Markets
Mr. Sanjiv Bhasin[2]	Country Head, DBS Bank Ltd., India
Mr. Jerry Chen	Country Head, DBS Taiwan
Ms. Sue Lynn Koo	Group Legal and Secretariat
Mr. Lam Chee Kin	Group Compliance
Mr. Neil Ge	Country Head, DBS China
Ms. Lee Yan Hong	Group Human Resources
Mr. Jimmy Ng	Group Audit
Ms. Karen Ngui	Group Strategic Marketing and Communications
Mr. Paulus Sutisna	President Director of PT Bank DBS Indonesia
Mr. Domenic Fuda	Consumer Banking Group/Wealth Management Group

Notes:

(1) Members of the Group Executive Committee.

(2) Mr. Bhasin is expected to retire on June 30, 2015. Mr. Surojit Shome has been appointed Country Head, DBS Bank Ltd., India with effect from April 15, 2015.

Mr. Piyush Gupta

Piyush Gupta is CEO and Director of the DBS Group, as well as Director of DBS' subsidiary companies, The Islamic Bank of Asia Limited and DBS Bank (Hong Kong) Limited. Prior to joining the DBS Group, Piyush was Citigroup's CEO for Southeast Asia, Australia and New Zealand. His 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 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.

Mrs. Chng Sok Hui

Sok Hui is the Chief Financial Officer of the DBS Group. Prior to this appointment in October 2008, she was the Group Head of Risk Management for six years. Sok Hui is the Supervisor of DBS China Board and a Board member of the Housing & Development Board and the Inland Revenue Authority of Singapore. She serves as a council member of the Singapore Accounting Standards Council, as well as the International Integrated Reporting Council.

Sok Hui was named Best Chief Financial Officer at the Singapore Corporate Awards 2013. In 2014, she was awarded Accountant of the Year in the inaugural Singapore Accountancy Awards.

Ms. Jeanette Wong
A seasoned banker with over 33 years of experience, Jeanette oversees the DBS Group's institutional banking group, which includes corporate banking and global transaction services. She was the Chief Financial Officer of DBS Bank between 2003 and 2008. Prior to this, Jeanette was at JP Morgan for 16 years. Jeanette is a Director of DBS China and Chairperson of DBS Taiwan. She also sits on the boards of Neptune Orient Lines, Singapore International Arbitration Centre, NUS Business School and University of Chicago Booth School of Business.

Ms. Tan Su Shan
Su Shan is responsible for growing the DBS Group's regional wealth management and consumer banking business. Prior to joining the DBS Group in 2010, Su Shan 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, Su Shan became the first Singaporean to be recognized as the world's "Best Leader in Private Banking" by PWM and The Banker, which are leading wealth publications by the Financial Times Group.

Mr. Andrew Ng
Andrew joined the DBS Group in 2000 and has over 29 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, Andrew 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
Elbert 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 CRO 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, Elbert held progressively senior positions at Barclays Bank, ABN Amro and ING Group. A Dutch national, Elbert holds a Master of Law from the University of Leiden in The Netherlands.

Mr. David Gledhill
David 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. David is a Director of Singapore Clearing House Pte Ltd and an advisor to IBM, Singapore Management University School of Information Systems, National University of Singapore School of Computing and Singapore Sports Council's Spex Business Network.

Mr. Sim S. Lim
Sim 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, Sim was the President and CEO of Citigroup Global Markets Japan Inc. Sim is Chairman of Singapore Land Authority and Vice Chairman of ASEAN Business Group, Singapore Business Federation. He also sits on the Board of Nikko Asset Management Co., Ltd in Japan.

Mr. Sebastian Paredes
Sebastian is the country head of DBS Bank (Hong Kong) Ltd. and also Chairman of the BRMC and Non-Executive Director of DBS China. An Ecuadorian citizen and banker of over 25 years, Sebastian has a strong track record in building franchises across multiple markets. Prior to joining the DBS Group, Sebastian was President Director of PT Bank Danamon Indonesia, from 2005 to 2010. Prior to that, he spent 20 years at Citi, with stints in South America, Middle East, Africa and Europe.

Ms. Eng-Kwok Seat Moey
Seat Moey has been with the DBS Group for over 20 years. As Group Head of Capital Markets, Seat Moey oversees and supervises several teams 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. Sanjiv Bhasin
Sanjiv is the country head of DBS Bank Ltd., India, a role he has held since 2008. A seasoned banker, Sanjiv started his career with HSBC India in 1979 where he was previously Chief Operating Officer. Sanjiv has worked in various capacities spanning corporate, investment banking, credit and risk management in India, London and Mauritius. Before joining the DBS Group, he was the CEO and Managing Director of Rabo India Finance.

Mr. Jerry Chen
Jerry is the country head of DBS Bank Ltd., 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. Jerry has extensive experience in corporate banking, consumer banking and treasury businesses and spent over 25 years in Citibank Taiwan.

Ms. Sue Lynn Koo
Sue Lynn oversees the legal and board support functions for the DBS Group. Prior to joining the DBS Group, she served as the General Counsel of Korea Exchange Bank and previously worked for Prudential Financial, Inc. and Morrison & Foerster LLP.

Mr. Lam Chee Kin
Chee Kin is the Group Head of Compliance with 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. Chee Kin also serves on the Disciplinary Committee of SGX, on the Advisory Panel to the NUS Centre for Banking and Finance Law, and the Data Protection Advisory Committee of Singapore.

Mr. Neil Ge
Neil is the country head of DBS 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, Neil played an instrumental role in building up the joint venture between Credit Suisse and Founder Securities.

Ms. Lee Yan Hong
With more than 25 years of human resources experience in a diverse range of industries, Yan Hong is responsible for driving the strategic people agenda of the DBS Group. Prior to joining the DBS Group in 2011, Yan Hong was Citigroup's Managing Director of Human Resources, Singapore. She has also worked at General Motors and Hewlett Packard previously.

Mr. Jimmy Ng
Jimmy is the Head of Group Audit. In this role, he is responsible for strengthening the DBS Bank's control environment, risk management and governance process. Jimmy has over 20 years of banking experience across a broad range of functions including technology and operations, risk management, product control and audit. His career has spanned multiple geographies including Singapore, London and Amsterdam, focusing on setting up of new functions and migration of cross border operations. Prior to the DBS Group, he held progressively senior positions in Morgan Guaranty Trust Company of New York, ABN AMRO Bank and Royal Bank of Scotland.

Ms. Karen Ngui
Karen 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 governor of the Singapore International Foundation.

Mr. Paulus Sutisna
Paulus is President Director of PT 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. Paulus also spent 23 years in various functions in Citibank, including the role of head of the multinational franchise in Indonesia.

Mr. Domenic Fuda
Domenic is the Deputy Group Head of the DBS Group's Consumer Banking and Wealth Management business. He joined the DBS Group in 2010 as Chief Financial Officer for the Consumer Banking Group. Prior to joining the DBS Group, he spent over 16 years at Citigroup in a variety of senior management roles across business, risk management and finance. Domenic is a Director of AXS Pte. Ltd, DBS Compass Limited and Network for Electronic Transfers (Singapore) Pte Ltd (NETS).

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.

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 behaviors and results set out in the balanced scorecard.

The three main aims of our remuneration strategy are designed to:

- Pay for performance measured against the balanced scorecard

The DBS Group instills and drives a pay for performance culture ensuring a close linkage between total compensation and the DBS Group's annual and long-term business objectives as measured through the balanced scorecard. In addition, the DBS Group balances fixed and variable pay to drive sustainable performance and alignment to "DBS PRIDE!" values, taking into account both the "what" and "how" of achieving key performance indicators.

- Provide market competitive pay

The DBS Group ensures it provides a competitive total compensation package by benchmarking against other organizations of similar size and standing in the markets in which the DBS Group operates. To drive performance differentiation, total compensation for top performing employees is benchmarked against the upper quartile or higher in each market.

- Guard against excessive risk taking

The DBS Group focuses on achieving risk-adjusted returns that result from prudent risk and capital management and emphasizes long-term sustainable outcomes. The payout structure is designed to align incentive payments with the long-term performance of the DBS Group through deferral and claw-back arrangements.

Remuneration of Non-executive Directors

The remuneration of non-executive Directors, including the Chairman, has been benchmarked against global, regional 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 DBSH ordinary shares over the 10 trading days immediately following the AGM. 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 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 2014 from the fee structure in 2013. 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 2014. Shareholders are entitled to vote on the remuneration of non-executive Directors at the 2015 AGM.

Remuneration of Executive Director

Mr. Piyush Gupta has led the DBS Group since November 2009. During his tenure, the fundamental construct of the DBS Group has changed, and it is operating on a higher plane. In particular, in spite of the challenging global macroeconomic conditions of the past few years, the DBS Group has delivered 22 consecutive quarters of year-on-year earnings growth. Since 2009, full-year income has grown by around 50% to S$9.6 billion while net profit has doubled to S$4 billion.

All this has been made possible through focused execution against a clearly-defined strategic roadmap. In the past five years, DBS has entrenched its leadership in Singapore, re-positioned Hong Kong, diversified its earnings base, and built leading regional franchises in Wealth, SME Banking, Transaction Banking and Treasury Customer business. The DBS Group's solid performance is underpinned by strong financial discipline and risk management.

Recognizing that new technologies are revolutionizing the way people bank, Mr. Piyush Gupta has also championed a strong digital/innovation agenda within the DBS Group. This has put the DBS Group at the forefront of shaping the future of banking. By leveraging technology, the DBS Group is making banking easier for its customers. These efforts have been recognised externally.

In addition, not only is the brand going from strength to strength, DBS is also increasingly standing out for its improved customer satisfaction, as well as engaged its workforce.

On the back of these achievements, the CMDC with Board endorsement has decided on the remuneration for Mr. Piyush Gupta after considering the following:

- Paying for performance, taking into account the DBS Group's strong performance and assessing the quality of execution against the balanced scorecard;

- Competitiveness of Mr. Piyush Gupta's compensation package, taking into account the DBS Group's sustained performance despite external market headwinds; and

- Commitment to creating long-term value for all of the DBS Group's stakeholders, while delivering risk-adjusted returns which contribute towards sustainable shareholder value creation.

The annual fee structure for the Board in 2014 is as follows.

Annual Fees for the Board

	S$
Chairman	1,350,000
Director	80,000

Additional Fees for Membership in Board Committees

Type of Committee	Chairman	Member
	(S$)	
Executive Committee	75,000	45,000
Audit Committee	75,000	45,000
Board Risk Management Committee	75,000	45,000
Nominating Committee	35,000	20,000
Compensation and Management Development Committee	65,000	35,000

Breakdown of Directors' Remuneration

The following table shows the composition of Directors' remuneration for 2014. The payment of remuneration to non-executive Directors for 2014 is subject to shareholders' approval at the Annual General Meeting of DBSH to be held on April 23, 2015 ("**2015 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	–	–	–	1,246,350	534,150	41,887	1,822,387
Piyush Gupta	1,200,000	3,791,000	5,074,000(5)	–	–	55,545	10,120,545(6)
Bart Joseph Broadman	–	–	–	147,700	63,300	–	211,000
Euleen Goh Yiu Kiang	–	–	–	237,650	101,850	–	339,500
Ho Tian Yee	–	–	–	135,800	58,200	–	194,000
Nihal Vijaya Devadas Kaviratne CBE	–	–	–	172,550	73,950	–	246,500
Andre Sekulic	–	–	–	185,500	79,500	–	265,000
Danny Teoh Leong Kay	–	–	–	198,800	85,200	–	284,000
Woo Foong Pheng (Mrs. Ow Foong Pheng)(7)	–	–	–	191,500	–	–	191,500

Notes:

(1) The amount has been accrued in the financial statements for the year ended December 31, 2014.

(2) Fees payable in cash, in 2014, for being a director in 2014. This is subject to shareholders' approval at the 2015 AGM.

(3) This is to be granted in the form of DBSH ordinary shares, for being a Director in 2014. The actual number of DBSH 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 shareholders' approval at the 2015 AGM.

(4) Represents non-cash component and comprises car and driver.

(5) At the 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 S$1,014,800 which is similar in nature to the accrued dividends for deferred awards in those companies.

(6) Refers to current year performance remuneration and includes fixed pay in current year, cash bonus received in following year and DBSH ordinary shares granted in following year.

(7) 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 2014, 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 2014 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 2014.

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 $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. Nonetheless, the aggregate total remuneration for our Senior Management (excluding the CEO) in 2014 amounted to S$53 million.

Long-term share incentives

PLAN OBJECTIVES

- Foster a culture that aligns employees' interests with shareholders'
- Enable employees to share in the bank's performance
- Talent retention

AWARD TYPES

- Annual Deferred Remuneration
  - DBSH Share Plan ("Share Plan") for Vice President & above
  - DBSH Employee Share Plan ("ESP") for Assistant Vice President & below
- Awards as part of talent retention ("Special Award")

AWARD ELEMENTS

- Long-term share incentives are delivered in the form of restricted share awards ("Share Awards") which comprise two elements:

MAIN AWARD + RETENTION AWARD* = LONG-TERM INCENTIVE

* *Constitutes 20% of Main Award under the Annual Deferred Remuneration*

VESTING SCHEDULE

Main Award

- 33% vest two years after grant date
- Another 33% vest three years after grant date
- Remaining 34% vest four years after grant date

Retention Award

- 100% vest four years after grant date

CLAWBACK OF UNVESTED AWARDS

Clawback will be triggered by

- Material violation of risk limits
- Material losses due to negligent risk taking or inappropriate individual behavior
- Material restatement of DBS' financials due to inaccurate performance measures
- Misconduct of fraud

Prior to 2009, a DBSH Share Option Plan ("**SOP**") was also part of the long-term share incentives that had been put in place. The SOP expired on June 19, 2009 and it was not extended or replaced. The termination does not affect the rights of holders of outstanding existing options.

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 December 31, 2014.

Name of Shareholder	Number of Shares Held	Percentage of Shares
Citibank Nominees Singapore Pte Ltd	474,710,369	19.19%
Maju Holdings Pte Ltd[(1)]	428,888,448	17.34%
DBS Nominees Pte Ltd	437,305,897	17.68%
Temasek Holdings (Private) Limited[(2)]	284,145,301	11.49%
DBSN Services Pte Ltd	215,281,336	8.70%

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 December 31, 2014, Temasek Holdings (Private) Limited has a direct and deemed interest in approximately 29.26% of the ordinary shares of DBSH. In addition, Maju Holdings Pte. Ltd. holds 30,011,421 non-voting redeemable convertible preference shares each fully paid in the capital of DBSH. Maju Holdings Pte. Ltd. can convert such preference shares into ordinary shares at any time and they are mandatorily convertible upon sale. All of these preference shares, if converted as at December 31, 2014, would bring the direct and deemed interests of Temasek Holdings (Private) Limited to approximately 30.11%.

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 April 8, 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 October 1, 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 center.

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 January 1, 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 has also published requirements for all classes of capital instruments issued on or after January 1, 2013 to be loss absorbing at the point of non-viability.

In July 2012, the Basel Committee further published the interim framework for capitalization of bank exposures to central counterparties.

MAS Notice 637 implements Basel III capital standards for SIBs and sets out the current requirements relating to the minimum CARs for SIBs 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 SIBs under the supervisory review process, as well as the minimum disclosure requirements for SIBs in relation to its capital adequacy.

MAS Notice 637 was amended on December 31, 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. MAS Notice 637 was further amended on October 14, 2014 to implement the leverage ratio disclosure requirements for SIBs, to enhance the clarity of the capital rules and to implement leverage ratio supervisory reporting requirements. The leverage ratio disclosure requirements for SIBs took effect from January 1, 2015, in line with the Basel Committee's timeline for implementation of the leverage ratio disclosure requirements. The minimum leverage ratio will be decided and announced at a later date, as the Basel Committee is monitoring and assessing the appropriate calibration of the ratio for internationally active banks. The revisions to enhance the clarity of the capital rules similarly took effect from January 1, 2015, whereas the leverage ratio supervisory reporting requirements will be implemented only from December 31, 2015. Further amendments were made to MAS Notice 637 on December 29, 2014. These amendments are scheduled to become effective on July 1, 2015, December 31, 2015 and January 1, 2017.

The DBS Group is required to comply with MAS Notice 637.

Pursuant to MAS Notice 637, the MAS has imposed CAR requirements on a SIB at two levels:

(a) the bank standalone ("**Solo**") level CAR requirements, which measure the capital adequacy of a SIB based on its standalone capital strength and risk profile; and

(b) the consolidated ("**Group**") level CAR requirements, which measure the capital adequacy of a SIB 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 securitization required under MAS Notice 637.

Where a SIB issues covered bonds (as defined in MAS Notice 648 on Issuance of Covered Bonds by Banks Incorporated in Singapore ("**MAS Notice 648**")), the SIB 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 SIB uses a special purpose entity to issue covered bonds or where the cover pool is held by a special purpose entity, the SIB is required to apply a "look through" approach for the purpose of computing its capital requirements under MAS Notice 637. Under the "look through" approach, the SIB 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 SIB 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.

As of January 1, 2013, the MAS has incorporated Basel III requirements into Singapore prudential regulation. SIBs are required to comply with a minimum CETI CAR of 5.5%, minimum Tier I CAR of 7.0% and minimum Total CAR of 10.0% from January 1, 2014, rising to 6.5%, 8.0% and 10.0% respectively from January 1, 2015. These minimum ratios are two percentage points higher than those established by the Basel Committee.

In line with Basel III requirements, Singapore prudential regulation will require a CCB of 2.5% and countercyclical buffer of up to 2.5% that are to be met fully with CETI capital. These buffers will be phased in on January 1 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. In the case of the countercyclical buffer, 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 SIBs have private sector credit exposures. The Basel Committee expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth.

The table below summarizes the capital requirements under MAS Notice 637.

From January 1,	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Minimum CAR%							
CETI (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
CETI including CCB (a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier I	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 January 1, 2013 to January 1, 2018 and are for items such as goodwill and investments exceeding certain thresholds.

As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier I and Tier II 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 January 1, 2013, their recognition is capped at 90% with effect from January 1, 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortized after January 1, 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 January 1, 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.

Other Key Prudential Provisions

On November 28, 2014, the MAS issued the new MAS Notice 649. MAS Notice 649, which took effect on January 1, 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 January 1, 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019.

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 has stated that MAS Notice 758 will be amended to include the definition of Qualifying Liabilities under MAS Notice 649 instead of referencing MAS Notice 613, which will be cancelled with effect from January 1, 2016.

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 February 17, 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 April 2, 2013, and last revised on June 30, 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 minimize the risk of abuses arising from conflicts of interest. MAS Notice 643 was initially scheduled to take effect from July 1, 2014, but on June 30, 2014, the MAS amended MAS Notice 643 such that its effective date will be separately specified by the MAS by notice in writing. To-date, the MAS has not yet specified the effective date of MAS Notice 643. On December 5, 2013, the MAS issued a Consultation Paper on "Related Party Transaction Requirements for Banks." This consultation paper sets out proposed changes to the MAS' requirements on banks' transactions with their related parties, which are set out in MAS Notice 643 and in the Banking Act. The proposed changes are intended to address the industry feedback that the MAS has received, as well as to ensure oversight and controls over related party transactions, to minimize the risk of abuses arising from conflicts of interest. The proposed changes, as discussed in the consultation paper, are also intended to rationalize the related party transactions requirements in the Banking Act with those in MAS Notice 643, while ensuring appropriate oversight and controls over banks' related party transactions.

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 authorized by the MAS or if carried on in Singapore, would be regulated or authorized 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 stabilizing 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. In a consultation paper on Proposed Amendments to the Banking Act issued on January 15, 2015, the MAS proposed to amend the Banking Act to clarify that the requirement for banks to seek approval for their major stakes includes holdings in non-companies such as Singapore partnerships, co-operative societies and trusts.

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 December 31, 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 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. On January 29, 2015, the MAS issued a consultation paper on Proposed Amendments to MAS Notice 648 on Issuance of Covered Bonds by Banks Incorporated in Singapore. This consultation paper sets out proposed changes to MAS Notice 648 to further facilitate the issuance of covered bonds in Singapore.

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 April 3, 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.

In a consultation paper on the Review of the Banking Act issued by the MAS on November 28, 2013, the MAS proposed changes to the Banking Act which aim to strengthen its supervisory oversight and codify the MAS' expectations about the information that banks should provide to the MAS and the risk management practices which the banks should implement. The MAS has set out the legislative amendments that will give effect to these proposed changes and other proposed amendments in the consultation paper on the Proposed Amendments to the Banking Act issued on January 15, 2015.

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 jeopardize 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.

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 and total foreign exchange business transacted.

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 willfully contravened or willfully 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.

In a consultation paper on the Proposed Amendments to the Banking Act issued by the MAS on January 15,2015, the MAS proposed to 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.

Financial Benchmarks

The MAS announced proposals for a new regulatory framework for financial benchmarks on June 14, 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 July 29, 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.

Proposed Framework for Systemically Important Banks in Singapore

On June 25, 2014, the MAS issued a consultation paper on Proposed Framework for Systemically Important Banks in Singapore. The consultation paper proposes a framework to identify domestic systemically important banks ("**D-SIBs**") in Singapore and address the risks they pose. The consultation paper sets out the proposals for the D-SIB framework, including an outline of the methodology to be employed to assess the systemic importance of banks in Singapore and a range of policy measures that may apply to D-SIBs. The proposed policy measures for D-SIBs which are locally-incorporated bank groups are: higher loss absorbency requirement, LCR requirement, recovery and resolution planning, enhanced disclosure and effective risk data aggregation and risk reporting.

In line with the phase-in arrangements for the framework for assessing global systemically important banks published by the Basel Committee, national authorities are expected to develop and implement their own D-SIB frameworks by January 1, 2016. The MAS has proposed to publish the initial list of D-SIBs by the first quarter of 2015 to provide banks with sufficient time to comply with relevant D-SIB policy measures.

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, PT Bank 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 and DBS Taiwan is supervised by the Financial Supervisory Commission.

Apart from being supervised by the MAS, the Singapore stockbroking and futures trading arms of the DBS Group are also supervised 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 and Hong Kong income tax and certain EU Directives on the taxation of savings income 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 and Hong Kong income tax laws and certain EU Directives on the taxation of savings income 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 the material 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 tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 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, tax-exempt organizations, 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 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 organized under the laws of the United States or any State thereof, (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 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 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, 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 United States Internal Revenue 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 U.S. INTERNAL REVENUE 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 TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

U.S. Holders

Characterization of the Notes

The characterization 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 characterization 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 characterized 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 characterized as notional principal contracts, collateralized put options, prepaid forward contracts, or some other type of financial instrument. Alternatively, the Notes may be characterized as equity, or as representing an undivided proportionate ownership interest in the assets of, and share of the liabilities of the Issuers. Additional alternative characterizations may also be possible. Further possible characterizations, if applicable, may be discussed in the relevant Pricing Supplement.

No rulings will be sought from the IRS regarding the characterization 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 characterization 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 the Notes are properly treated as debt for U.S. federal income tax purposes.

Payments of Interest

General

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 "**installment 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 organizations 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 realized 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 realized.

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 installment 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 recognized on the maturity or disposition of a Market Discount Note (including any payment on a Note that is not qualified stated interest) 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 will generally 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) 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 amortize 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 recognized 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 realized on the sale, exchange or retirement.

Purchase, Sale and Retirement of Notes

Notes other than Contingent Notes
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.

A U.S. Holder will generally recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized 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 recognized 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 realized 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.

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 realized 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 recognized 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 recognized 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 U.S. Holder may recognize 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 recognize 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 recognize 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 recognize, upon the disposition or maturity 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 recognize 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 will recognize 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 recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized 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 realized 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 recognize 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 (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 realized only to the extent of total gain or loss realized 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 recognize taxable gain or loss equal to the difference between the amount realized 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 realized 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 realized will be determined by separating such amount realized into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realized 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 realized 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 realized 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 realized upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Note will be equal to the excess of the amount realized 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 realized 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 recognize 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 recognized 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.

Backup Withholding and Information Reporting
In general, payments of interest and accruals of OID 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 fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. 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 $50,000 at the end of the taxable year or $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
FATCA may impose a withholding tax of 30% on payments made to certain holders of Notes that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the IRS ("**IRS Agreements**") (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law ("**IGA legislation**") intended to implement an intergovernmental agreement entered into pursuant to FATCA ("**IGAs**"), may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30% from all, or a portion of, certain payments made to persons that fail to provide

the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuers and other entities in the payment chain is still developing. In particular, a number of jurisdictions have entered into, or, like Singapore, have announced their intention to enter into, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. FATCA withholding may be applied on or after January 1, 2017 (at the earliest) in respect of obligations that pay only "foreign passthru payments," and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register. It is not yet certain how the United States and the jurisdictions which enter into IGAs will address withholding on "foreign passthru payments" or if such withholding will be required at all.

While the Notes are in global form and held within Euroclear or Clearstream, Luxembourg (together, the "**ICSDs**"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuers, any paying agent and the Common Depositary or common safekeeper, given that each of the entities in the payment chain is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

If an amount in respect of withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuers, any paying agent or any other person would, pursuant to the Conditions be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

The application of FATCA to Notes issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register, (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in a supplement to this Offering Circular, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUERS, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

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 series for U.S. federal income tax purposes. In such a case, 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.

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 emphasized 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 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. If any tranche of the Subordinated Notes 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 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 20%. 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.

Pursuant to the Singapore Budget Statement 2015, it was announced that the highest marginal tax rate for Singapore-resident individuals will be increased to 22% with effect from the year of assessment 2017. It is therefore possible that the above-mentioned withholding tax rate for non-resident individuals may similarly be increased from 20% to 22%.

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 January 1, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 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 February 17, 2012 to March 31, 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 January 1, 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 January 1, 2014, any tranche of the Notes ("**Relevant Notes**") which are debt securities issued under the Programme from the date of this Offering Circular to December 31, 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 June 28, 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 February 16, 2008 to December 31, 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 June 28, 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 recognize 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 February 15, 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, (ii) the UK stamp treatment of issues and transfers of the Notes, and (iii) information reporting obligations, 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 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.

Regulatory Capital Exemption
Pursuant to the Taxation of Regulatory Capital Securities Regulations 2013 (the "**Regulations**") payments of Yearly Interest on a London Note which comprises 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.

Bank Interest Exemption
To the extent that, at the time any Yearly Interest is paid on a London Note other than a Note which comprises a regulatory capital security within the meaning of the Regulations, 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 recognized stock exchange, within the meaning of Section 1005 of the Income Tax Act 2007. The SGX-ST is a recognized 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 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.

Reporting Requirements

Information relating to securities may be required to be provided to HM Revenue & Customs in certain circumstances. This may include the value of the Notes, details of the holders or beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. Information may be required to be provided by, amongst others, the holders of the Notes, persons by (or via) whom payments derived from the Notes are made or who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. In certain circumstances, the information obtained by HM Revenue & Customs may be provided to tax authorities in other countries.

EU Directive on the Taxation of Savings Income

The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to or for the benefit of an individual resident or to certain other types of entities established in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the European Union (and outside any third country or territory that has adopted similar measures to the Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by January 1, 2016, which legislation must apply from January 1, 2017.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Relevant Issuer nor any other person would be obliged to pay additional amounts with respect to any Note, Receipt, Talon or Coupon as a result of the imposition of such withholding tax. Furthermore, the arranging interest payments in compliance with withholding systems in an EU Member State may require additional time.

Investors who are in any doubt as to their position should consult their professional advisers.

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**").

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.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. 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.

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 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 authorized 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.

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**"). 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.

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-Characterization 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*.

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 March 24, 2015 (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 Stabilizing Managers (or persons acting on behalf of any Stabilizing Manager) in the relevant Pricing Supplement, to the extent permitted by applicable laws and regulations, may engage in transactions that stabilize, 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 stabilize 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 stabilization transactions or otherwise. The effect of these transactions may be to stabilize 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 stabilization activities will take place at all or the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilization activities are subject to certain prescribed time limits in certain jurisdictions. Any stabilization 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

(A) Main operating subsidiaries and associated companies

1. DBS Bank (China) Ltd
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 Ltd.
9. Hwang Capital (Malaysia) Berhad (formerly known as Hwang-DBS (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 Capital Funding Corporation
16. DBS Capital Funding II Corporation
17. DBS Capital Investments Ltd
18. DBS China Square Limited
19. DBS Compass Limited (formerly known as Hutchison DBS Card Limited)
20. DBS Diamond Holdings Ltd.
21. DBS Group (HK) Limited
22. DBS Group Holdings Ltd
23. DBS Group Holdings (Hong Kong) Ltd.
24. DBS Insurance Agency (Taiwan) Limited
25. DBS Investment & Financial Advisory Co., Ltd.
26. DBS Kwong On (Nominees) Limited
27. DBS Kwong On Limited
28. DBS Nominees (Private) Limited
29. DBS Trustee (Hong Kong) Limited
30. DBS Trustee H.K. (New Zealand) Limited
31. DBS Trustee Limited
32. DBS Vickers (Hong Kong) Limited
33. DBS Vickers Securities (Hong Kong) Limited
34. DBS Vickers Securities (Thailand) Co Ltd
35. DBS Vickers Securities (UK) Limited
36. DBS Vickers Securities (USA) Inc.
37. DBS Vickers Securities (Singapore) Pte Ltd
38. DBS Vickers Securities Nominees (Hong Kong) Limited
39. DBS Vickers Securities Nominees (Singapore) Pte Ltd
40. DBSN Services Pte. Ltd.
41. DHB Limited
42. Hang Lung Bank (Nominee) Limited
43. Heedum Pte. Ltd.
44. Kendrick Services Limited
45. Lushington Investments Limited
46. Overseas Trust Bank Nominees Limited
47. Primefield Company Pte Ltd

48. PT DBS Vickers Securities (Indonesia)

49. Quickway Limited

50. Ting Hong Nominees Limited

51. Vickers Ballas Consultancy Services Limited

52. Vickers Ballas Investment Management Limited

53. Century Horse Group Limited

54. Clearing and Payment Services Pte Ltd

55. AllianceDBS Research Sdn Bhd (formerly known as HwangDBS Vickers Research Sdn Bhd)

56. Investment and Capital Corporation of the Philippines

57. Orix Leasing Singapore Limited

58. Raffles Fund 1 Limited

59. The Asian Entrepreneur Legacy One, L.P.

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.

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 offered and sold the Notes of any identifiable Tranche, and will offer and sell, 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) (only as provided below) 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 confirmation of 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 that is 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) (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);

- 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 Treasury Regulation Section 1.163-5(c)(2)(i)(D)(4)) 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 U.S. Internal Revenue Code of 1986, as amended, and regulations 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 respect of Notes in bearer form where TEFRA C is specified in the applicable Pricing Supplement under U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (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 U.S. Internal Revenue Code of 1986, as amended, and regulations 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:

  (i) to the Issuers or any subsidiary thereof;

  (ii) to a qualified institutional buyer in a transaction which meets the requirements of Rule 144A;

  (iii) outside the United States to a non-U.S. person pursuant to Regulation S under the Securities Act;

  (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or

  (v) 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 recognized 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. 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 (i) 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 any 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 such Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Dealer has represented and agreed that, 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 other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (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 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 organized 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 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 Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the 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) 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 have not been and will not be registered with the Indonesian Financial Services Authority (*Otoritas Jasa Keuangan*) and therefore may not be offered or sold in Indonesia or to Indonesian citizens in a manner which constitutes 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) offer Notes to more than 100, or sell Notes to more than 50, persons in Indonesia and/or citizens of Indonesia; 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,

unless the offering is for Notes the value of which is less than IDR1,000,000,000 in aggregate. For the purposes of these restrictions, as required by applicable regulations in Indonesia, offers of the same securities occurring in offerings that are not separated by a period of at least 12 months will be aggregated.

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 authorized to offer or sell the Notes in Taiwan.

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

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 set forth in the Offering Circular dated on or about March 24, 2015 [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 Conditions (the "**Conditions**") set forth in the Offering Circular dated on or about March 24, 2015. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated on or about March 24, 2015 [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated on or about March 24, 2015 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. [(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 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] [Installment] [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 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 Business Centre(s) for the definition of "Business Day"]/not adjusted]
	(iii)	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."*
	(iv)	Broken Amount(s):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v)	Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi)	[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))*]
	(vii)	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):	[●]
	(ii)	Specified Interest Payment Dates:	[●]

(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 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 (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 Conditions):	[●]

PROVISIONS RELATING TO LOSS ABSORPTION

24	Loss Absorption Option: [DBS Bank Write-off on a Trigger Event (Condition 6(a))]/[DBSH Write-off on a Trigger Event (Condition 6(b))]	[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]]
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(ii) and 17(iv) 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 forfeit the Notes and interest due on late payment:	[Not Applicable/*give details*]
29	Details relating to Installment Notes: amount of each installment ("**Installment Amount**"), date on which each payment is to be made ("**Installment 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)]*
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 S.A./N.V. and Clearstream Banking, *société anonyme* and/or The Depository Trust Company 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):	[●]

GENERAL

42	Applicable Governing Document:	[Amended and Restated Trust Deed dated on or about [●], 2015] [Singapore Supplemental Trust Deed dated [●], 2015] [Supplemental Trust Deed for Subordinated Notes dated [●]]
43	Governing Law:	[English law] [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]

* 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.

[**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 authorized

CLEARING AND SETTLEMENT

*The following is a summary of the rules and procedures of Euroclear, Clearstream, Luxembourg, CDP, the CMU and DTC (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 organized under the New York Banking Law, a "banking organization" 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 computerized 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 organizations. 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 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 authorized 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 authorized 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). Principal and interest payments 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 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 under the Notes, 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 organizations 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 organizations. 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 "authorized 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. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. 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 Companies Act, Chapter 50 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 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

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

(ii) 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.

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) 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) 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 and (ii) by Linklaters, legal advisor to the Issuers, with respect to certain matters of English Law and the federal laws of the United States. 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 December 31, 2013 and 2012 incorporated by reference in this Offering Circular and (ii) the year ended December 31, 2014 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 December 31, 2014 included on page F-81 and their reports for the years ended December 31, 2013 and 2012 incorporated by reference herein, respectively.

The consolidated financial statements of the DBS Bank Group as at and for (i) the years ended December 31, 2013 and 2012 incorporated by reference in this Offering Circular and (ii) the year ended December 31, 2014 which are set forth beginning on page F-82 of this Offering Circular have been audited by PricewaterhouseCoopers LLP, independent public auditors, as stated in their report for the year ended December 31, 2014 included on page F-174 and their reports for the years ended December 31, 2013 and 2012 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 authorizations in Singapore in connection with the issue and performance of the Notes to be issued by it. The update of the Programme was authorized by resolutions of DBS Bank's Board of Directors passed on March 20, 2015 and by DBSH's Board of Directors passed on March 20, 2015.

3. There has been no material adverse change in the financial position of the DBS Group since December 31, 2014.

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 and CDP. 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;

   (ii) the audited consolidated financial statements of the DBS Group for the years ended December 31, 2014, December 31, 2013 and December 31, 2012;

   (iii) the audited consolidated financial statements of the DBS Bank Group for the years ended December 31, 2014, December 31, 2013 and December 31, 2012;

(iv) any audited consolidated financial statements of the DBS Group or the DBS Bank Group which are published and filed with ACRA after the date of this Offering Circular;

(v) 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

(vi) a copy of this Offering Circular or any further Offering Circular and any supplementary Offering Circular.

9. 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 2014

Financial Statements
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DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

In $ millions	Note	2014	2013
Income			
Interest income		**8,948**	7,986
Interest expense		**2,627**	2,417
Net interest income	4	**6,321**	5,569
Net fee and commission income	5	**2,027**	1,885
Net trading income	6	**901**	1,095
Net income from investment securities	7	**274**	276
Other income	8	**293**	273
Total income		**9,816**	9,098
Expenses			
Employee benefits	9	**2,294**	2,065
Other expenses	10	**2,036**	1,853
Allowances for credit and other losses	11	**667**	770
Total expenses		**4,997**	4,688
Share of profits of associates and joint venture		**79**	79
Profit before tax		**4,898**	4,489
Income tax expense	12	**713**	615
Net profit		**4,185**	3,874
Attributable to:			
Shareholders		**4,046**	3,672
Non-controlling interests		**139**	202
		4,185	3,874
Basic earnings per ordinary share ($)	13	**1.63**	1.50
Diluted earnings per ordinary share ($)	13	**1.61**	1.48

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

In $ millions	2014	2013
Net profit	**4,185**	3,874
Other comprehensive income:		
Foreign currency translation differences for foreign operations	**96**	(87)
Share of other comprehensive income of associates and joint venture	**7**	(4)
Available-for-sale financial assets and others		
Net valuation taken to equity	**467**	(542)
Transferred to income statement	**(165)**	(176)
Tax on items taken directly to or transferred from equity	**(14)**	41
Other comprehensive income, net of tax	**391**	(768)
Total comprehensive income	**4,576**	3,106
Attributable to:		
Shareholders	**4,432**	2,900
Non-controlling interests	**144**	206
	4,576	3,106

(see notes on pages 5 to 71 which form part of these financial statements)

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
BALANCE SHEETS AT 31 DECEMBER 2014

		Group		Company	
In $ millions	**Note**	**2014**	2013	**2014**	2013
Assets					
Cash and balances with central banks	15	**19,517**	18,726		
Government securities and treasury bills	16	**29,694**	27,497		
Due from banks		**42,263**	39,817	**13**	
Derivatives	37	**16,995**	17,426	**14**	
Bank and corporate securities	17	**37,763**	33,546		
Loans and advances to customers	18	**275,588**	248,654		
Other assets	20	**11,249**	8,925		
Associates and joint venture	23	**995**	1,166		
Subsidiaries	22	**-**	-	**19,416**	12,547
Properties and other fixed assets	26	**1,485**	1,449		
Goodwill and intangibles	27	**5,117**	4,802		
Total assets		**440,666**	402,008	**19,443**	12,547
Liabilities					
Due to banks		**16,176**	13,572		
Deposits and balances from customers	28	**317,173**	292,365		
Derivatives	37	**18,755**	18,132		
Other liabilities	29	**11,728**	11,594	**17**	11
Other debt securities	30	**31,963**	23,115	**1,661**	
Subordinated term debts	31	**4,665**	5,544		
Total liabilities		**400,460**	364,322	**1,678**	11
Net assets		**40,206**	37,686	**17,765**	12,536
Equity					
Share capital	32	**10,171**	9,676	**10,194**	9,704
Other equity instruments	33	**803**	803	**803**	803
Other reserves	34	**6,894**	6,492	**152**	136
Revenue reserves	34	**19,840**	17,262	**6,616**	1,893
Shareholders' funds		**37,708**	34,233	**17,765**	12,536
Non-controlling interests	35	**2,498**	3,453		
Total equity		**40,206**	37,686	**17,765**	12,536

(see notes on pages 5 to 71 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 2014

In $ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
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**
2013							
Balance at 1 January	9,542	-	7,229	14,966	31,737	4,261	35,998
Issue of shares upon exercise of share options	18				18		18
Cost of share-based payments			76		76		76
Reclassification of reserves upon exercise of share options	4		(4)		-		-
Draw-down of reserves upon vesting of performance shares	37		(37)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	103				103		103
Purchase of treasury shares	(28)				(28)		(28)
Issue of perpetual capital securities		803			803		803
Purchase of preference shares of a subsidiary					-	(805)	(805)
Dividends paid to shareholders				(1,376)	(1,376)		(1,376)
Dividends paid to non-controlling interests					-	(209)	(209)
Total comprehensive income			(772)	3,672	2,900	206	3,106
Balance at 31 December	9,676	803	6,492	17,262	34,233	3,453	37,686

(see notes on pages 5 to 71 which form part of these financial statements)

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

In $ millions	2014	2013
Cash flows from operating activities		
Net profit	**4,185**	3,874
Adjustments for non-cash items:		
Allowances for credit and other losses	**667**	770
Depreciation of properties and other fixed assets	**220**	214
Share of profits of associates and joint venture	**(79)**	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(35)**	(44)
Net income from investment securities	**(274)**	(276)
Net gain on disposal of associate	**(223)**	(221)
Cost of share-based payments	**88**	76
Income tax expense	**713**	615
Fair value gain on acquisition of interest in joint venture	**(3)**	-
Profit before changes in operating assets and liabilities	**5,259**	4,929
Increase/(Decrease) in:		
Due to banks	**2,604**	(1,779)
Deposits and balances from customers	**24,808**	38,901
Other liabilities	**1,306**	716
Other debt securities and borrowings	**8,643**	9,323
(Increase)/Decrease in:		
Restricted balances with central banks	**111**	(998)
Government securities and treasury bills	**(1,986)**	8,540
Due from banks	**(2,446)**	(10,427)
Loans and advances to customers	**(27,558)**	(38,845)
Bank and corporate securities	**(3,865)**	(8,117)
Other assets	**(2,167)**	(388)
Tax paid	**(733)**	(562)
Net cash generated from operating activities (1)	**3,976**	1,293
Cash flows from investing activities		
Proceeds from disposal of interest in associate	**435**	425
Acquisition of interest in associate and joint venture	**(88)**	(65)
Dividends from associates	**98**	52
Purchase of properties and other fixed assets	**(263)**	(227)
Proceeds from disposal of properties and other fixed assets	**55**	63
Acquisition of business (Note 25)	**(281)**	-
Net cash (used in)/generated from investing activities (2)	**(44)**	248
Cash flows from financing activities		
Increase in share capital	**502**	121
Purchase of treasury shares	**(79)**	(28)
Dividends paid to shareholders of the Company	**(1,468)**	(1,376)
Dividends paid to non-controlling interests	**(141)**	(209)
Issue of perpetual capital securities	**-**	803
Purchase of preference shares of a subsidiary	**-**	(805)
Payment upon maturity of subordinated term debts	**(977)**	-
Redemption of preference shares of a subsidiary	**(895)**	-
Change in non-controlling interests	**(63)**	-
Net cash used in financing activities (3)	**(3,121)**	(1,494)
Exchange translation adjustments (4)	**91**	(91)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**902**	(44)
Cash and cash equivalents at 1 January	**10,949**	10,993
Cash and cash equivalents at 31 December (Note 15)	**11,851**	10,949

(see notes on pages 5 to 71 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 2014 were authorised for issue by the Directors on 9 February 2015.

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 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 and joint ventures.

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(19) 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(4B) 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 2014, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group. The adoption of these FRS has no significant impact on the financial statements of the Group.

Amendments to FRS 32: Offsetting Financial Assets and Financial Liabilities
The amendments to FRS 32 clarify the offsetting criteria in FRS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement.

FRS 110: Consolidated Financial Statements
FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power to affect those returns.

FRS 111: Joint Arrangements
FRS 111 focuses on the rights and obligations of the parties to the arrangement rather than its legal form. The two types of joint arrangements are joint operations in which the investors have rights to the assets and obligations for the liabilities of an arrangement and joint ventures in which the investors have rights to the net assets of the arrangement.

FRS 112: Disclosures of Interests in Other Entities
FRS 112 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off-balance sheet vehicles.

INT FRS 121: Levies
INT FRS 121 sets out the accounting for an obligation to pay a levy that is not income tax.

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014. 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, balances, income and expenses are eliminated on consolidation.

Joint ventures
Joint ventures are arrangements over which the Group has joint control. The Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investments in joint venture are accounted for using the equity method.

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.

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, 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 27 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 47 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 are 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.

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:

- Financial assets (other than derivatives) 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 segments "Consumer Banking/Wealth Management" and "Institutional Banking". Loans and receivables are carried at amortised cost using the effective interest method.

- 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 hedges 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 hedges are included in "Net trading income".

- 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.

- The Group also holds other 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 40.

Offsetting
Financial assets and liabilities are presented net when there is a legally enforceable right to set off 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.

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 26 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"**). Financial liabilities in this classification are usually within the "Treasury" segment.

  In addition, some financial liabilities used to fund specific financial assets measured at fair value through profit or loss are designated under the fair value option when doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise.

  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 are 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 40 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 36. 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 specific 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, associates and joint ventures 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 37.2 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 38.

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 42 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 40 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 27 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 2014	2013
Cash and balances with central banks and Due from banks	**577**	460
Customer non-trade loans	**5,256**	4,710
Trade assets	**1,583**	1,458
Debt securities	**1,532**	1,358
Total interest income	**8,948**	7,986
Deposits and balances from customers	**2,086**	1,926
Other borrowings	**541**	491
Total interest expense	**2,627**	2,417
Net interest income	**6,321**	5,569
Comprising:		
Interest income for financial assets at fair value through profit or loss	**595**	329
Interest income for financial assets not at fair value through profit or loss	**8,353**	7,657
Interest expense for financial liabilities at fair value through profit or loss	**(142)**	(107)
Interest expense for financial liabilities not at fair value through profit or loss	**(2,485)**	(2,310)
Total	**6,321**	5,569

5 Net Fee and Commission Income

In $ millions	The Group 2014	2013
Brokerage	**173**	214
Investment banking	**243**	191
Trade and transaction services[b]	**515**	531
Loan-related	**385**	367
Cards[c]	**369**	337
Wealth management	**507**	412
Others	**83**	69
Fee and commission income	**2,275**	2,121
Less: fee and commission expense	**248**	236
Net fee and commission income[a]	**2,027**	1,885

(a) Includes net fee and commission income of $35 million (2013: $28 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 $687 million (2013: $671 million) during the year
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Card fees are net of interchange fees paid

6 Net Trading Income

In $ millions	The Group 2014	2013
Net trading income		
- Foreign exchange	**558**	981
- Interest rates, credit, equities and others[a]	**346**	138
Net gain/(loss) from financial assets designated at fair value	**9**	(24)
Net loss from financial liabilities designated at fair value	**(12)**	#
Total	**901**	1,095

\# Amount under $500,000
(a) Includes dividend income of $19 million (2013: $14 million)

7 Net Income from Investment Securities

In $ millions	The Group 2014	2013
Debt securities		
- Available-for-sale	**122**	89
- Loans and receivables	**4**	5
Equity securities[a]	**148**	182
Total [b]	**274**	276
Comprising net gains transferred from:		
Available-for-sale revaluation reserves	**212**	197

(a) Includes dividend income of $57 million (2013: $69 million)
(b) Includes fair value impact of hedges for the investment securities

8 Other Income

In $ millions	The Group 2014	2013
Rental income	**35**	29
Net gain on disposal of properties and other fixed assets	**43**	44
Others[a]	**215**	200
Total	**293**	273

(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. 2013 includes an amount of $171 million, comprising a gain of $221 million for the partial divestment of BPI less a sum of $50 million set aside to establish the DBS Foundation to further the Group's commitment to social and community development. Refer to Note 23

9 Employee Benefits

In $ millions	The Group 2014	2013
Salaries and bonus	**1,887**	1,689
Contributions to defined contribution plans	**111**	98
Share-based expenses	**85**	76
Others	**211**	202
Total	**2,294**	2,065

10 Other Expenses

In $ millions	The Group 2014	2013
Computerisation expenses[(a)]	**777**	678
Occupancy expenses[(b)]	**369**	365
Revenue-related expenses	**240**	231
Others[(c)]	**650**	579
Total	**2,036**	1,853

(a) Includes hire and maintenance costs of computer hardware and software
(b) Includes rental expenses of office and branch premises of $220 million (2013: $216 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 2014	2013
Depreciation expenses	**220**	214
Hire and maintenance of fixed assets, including building-related expenses	**388**	355
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 2014	2013
Loans and advances to customers (Note 18)	**620**	726
Investment securities		
- Available-for-sale	**15**	8
- Loans and receivables	**2**	8
Properties and other fixed assets	**-**	(1)
Off-balance sheet credit exposures	**23**	23
Others (bank loans and sundry debtors)	**7**	6
Total	**667**	770

The table below shows the movements in specific and general allowances during the year for 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
			The Group		
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**
2013					
Specific allowances					
Loans and advances to customers (Note 18)	1,217	416	(552)	48	1,129
Investment securities	71	7	(11)	2	69
Properties and other fixed assets	50	(1)	(1)	-	48
Off-balance sheet credit exposures	2	1	-	(2)	1
Others (bank loans and sundry debtors)	39	7	(2)	9	53
Total specific allowances	1,379	430	(566)	57	1,300
Total general allowances for credit exposures	2,511	340	-	14	2,865
Total allowances	3,890	770	(566)	71	4,165

12 Income Tax Expense

In $ millions	The Group 2014	2013
Current tax expense		
- Current year	**756**	704
- Prior years' provision	**15**	(28)
Deferred tax expense		
- Prior years' provision	**(10)**	(3)
- Origination of temporary differences	**(48)**	(58)
Total	**713**	615

The deferred tax credit in the income statement comprises the following temporary differences:

In $ millions	The Group 2014	2013
Accelerated tax depreciation	**12**	3
Allowances for loan losses	**(67)**	(51)
Other temporary differences	**(3)**	(13)
Deferred tax credit to income statement	**(58)**	(61)

The tax on the Group's profit (before share of profits of associates and joint venture) differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In $ millions	The Group 2014	2013
Profit	**4,819**	4,410
Prima facie tax calculated at a tax rate of 17% (2013: 17%)	**819**	750
Effect of different tax rates in other countries	**(5)**	23
Net income not subject to tax	**(107)**	(97)
Net income taxed at concessionary rate	**(117)**	(74)
Others	**123**	13
Income tax expense charged to income statement	**713**	615

Deferred income tax relating to available-for-sale financial assets and others of $14 million was charged directly to equity (2013: $41 million credited 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 2014	2013
Weighted average number of ordinary shares in issue	(a)	**2,457**	2,441
Dilutive effect of share options		**#**	#
Full conversion of non-voting redeemable CPS		**30**	30
Weighted average number of ordinary shares in issue (diluted)	(aa)	**2,487**	2,472

\# Amount under $500,000

In $ millions		The Group 2014	2013
Net profit attributable to shareholders (Net profit less dividends on other equity instruments)	(b)	**4,007**	3,669
Net profit (less dividends on CPS and other equity instruments)	(c)	**3,999**	3,660
Earnings per ordinary share ($)			
Basic	(c)/(a)	**1.63**	1.50
Diluted	(b)/(aa)	**1.61**	1.48

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

2014	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
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

2013			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
Assets							
Cash and balances with central banks	-	-	14,789	3,937	-	-	18,726
Government securities and treasury bills	6,220	-	39	20,689	549	-	27,497
Due from banks	2,375	-	35,745	1,697	-	-	39,817
Derivatives	17,174	-	-	-	-	252	17,426
Bank and corporate securities	8,713	75	11,907	12,851	-	-	33,546
Loans and advances to customers	-	883	247,771	-	-	-	248,654
Other financial assets	-	-	8,720	-	-	-	8,720
Total financial assets	34,482	958	318,971	39,174	549	252	394,386
Other asset items outside the scope of FRS 39 [(a)]							7,622
Total assets							402,008
Liabilities							
Due to banks	82	-	13,490	-	-	-	13,572
Deposits and balances from customers	569	1,374	290,422	-	-	-	292,365
Derivatives	17,914	-	-	-	-	218	18,132
Other financial liabilities	1,353	-	9,012	-	-	-	10,365
Other debt securities	2,651	965	19,499	-	-	-	23,115
Subordinated term debts	-	-	5,544	-	-	-	5,544
Total financial liabilities	22,569	2,339	337,967	-	-	218	363,093
Other liability items outside the scope of FRS 39 [(b)]							1,229
Total liabilities							364,322

(a) Includes associates and joint venture, 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 set off 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 2014, “Loans and advances to customers” of $2,168 million (2013: $2,452 million) were set off against “Deposits and balances from customers” of $2,176 million (2013: $2,600 million) because contractually the Group has a legally enforceable right to set off these amounts, and intends to settle the loans and the deposits simultaneously at maturity or termination dates. This resulted in a net amount of $8 million being reported under “Deposits and balances from customers” as at 31 December 2014 (2013: $148 million).

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 set off 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.

				Related amounts not set off 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)**
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**	**-**
Payable in respect of 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**

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 set off on balance sheet: Financial instruments (C)	Related amounts not set off on balance sheet: Cash collateral received/ placed (D)	Net amounts in scope (E)
2013						
Financial Assets						
Derivatives	17,426	7,205[(a)]	10,221	9,802[(a)]	309	110
Reverse repurchase agreements	4,780[(b)]	597	4,183	4,171	-	12
Securities borrowings	35[(c)]	-	35	34	-	1
Total	22,241	7,802	14,439	14,007	309	123
Financial Liabilities						
Derivatives	18,132	6,028[(a)]	12,104	9,845[(a)]	1,637	622
Repurchase agreements	1,501[(d)]	39	1,462	1,462	-	-
Payable in respect of short sale of securities	1,353[(e)]	844	509	508	-	1
Securities lendings	-	-	-	-	-	-
Total	20,986	6,911	14,075	11,815	1,637	623

(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) Payable in respect of 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 2014	The Group 2013
Cash on hand	**1,936**	1,803
Non-restricted balances with central banks	**9,915**	9,146
Cash and cash equivalents	**11,851**	10,949
Restricted balances with central banks[(a)]	**7,666**	7,777
Total	**19,517**	18,726

(a) Mandatory balances with central banks

16 Government Securities and Treasury Bills

The Group					
In $ millions	**Held for trading**	**Loans and receivables**[c]	**Available-for-sale**	**Held to maturity**[d]	**Total**
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**
2013					
Singapore Government securities and treasury bills [a]	2,013	-	7,332	549	9,894
Other government securities and treasury bills [b]	4,207	39	13,357	-	17,603
Total	6,220	39	20,689	549	27,497

(a) Includes financial assets transferred of $522 million (2013: $564 million) (See Note 19)
(b) Includes financial assets transferred of $1,571 million (2013: $1,450 million) (See Note 19)
(c) The fair value of securities classified as loans and receivables amounted to $27 million (2013: $39 million)
(d) The fair value of securities classified as held to maturity amounted to $1,189 million (2013: $537 million)

17 Bank and Corporate Securities

The Group					
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables**[a]	**Available-for-sale**	**Total**
2014					
Bank and corporate debt securities [b]	**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**
2013					
Bank and corporate debt securities [b]	8,129	75	12,036	11,551	31,791
Less: Impairment allowances	-	-	(129)	-	(129)
Equity securities	584	-	-	1,300	1,884
Total	8,713	75	11,907	12,851	33,546

(a) The fair value of securities classified as loans and receivables amounted to $13,567 million (2013: $11,992 million)
(b) Includes financial assets transferred of $623 million (2013: $902 million) (See Note 19)

18 Loans and Advances to Customers

In $ millions	The Group 2014	2013
Gross	**279,154**	252,181
Less: Specific allowances	**983**	1,129
General allowances	**2,583**	2,398
	275,588	248,654
Analysed by product		
Long-term loans	**116,633**	100,950
Short-term facilities	**58,819**	51,896
Housing loans	**52,866**	49,147
Trade loans	**50,836**	50,188
Gross total	**279,154**	252,181
Analysed by currency		
Singapore dollar	**109,493**	101,456
Hong Kong dollar	**32,476**	29,463
US dollar	**96,552**	84,998
Chinese yuan	**20,399**	18,401
Others	**20,234**	17,863
Gross total	**279,154**	252,181

Refer to Note 42.4 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 for 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
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**
2013					
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 holding companies	232	13	(105)	6	146
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

Included in loans and advances to customers are loans designated at fair value, as follows:

In $ millions	The Group 2014	2013
Fair value designated loans and advances and related credit derivatives/enhancements		
Maximum credit exposure	**1,228**	883
Credit derivatives/enhancements – protection bought	**(1,228)**	(883)
Cumulative change in fair value arising from changes in credit risk	**(194)**	(138)
Cumulative change in fair value of related credit derivatives /enhancements	**194**	138

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 $56 million (2013: loss of $77 million). During the year, the amount of change in the fair value of the related credit derivatives/enhancements was a gain of $56 million (2013: gain of $77 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 2014 and 2013.

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 $2,457 million (2013: $2,010 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.

In $ millions	The Group 2014	2013
Securities pledged and transferred		
Singapore Government securities and treasury bills	**522**	564
Other government securities and treasury bills	**1,571**	1,450
Bank and corporate debt securities	**623**	902
Total securities pledged and transferred	**2,716**	2,916

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 $1,317 million (2013: $883 million).

20 Other Assets

In $ millions	The Group 2014	2013
Accrued interest receivable	**1,194**	941
Deposits and prepayments	**268**	290
Clients' monies receivable from securities business	**636**	633
Sundry debtors and others	**8,894**	6,856
Deferred tax assets (Note 21)	**257**	205
Total	**11,249**	8,925

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 29) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

	The Group	
In $ millions	**2014**	**2013**
Deferred income tax assets		
Allowances for loan losses	**254**	187
Other temporary differences	**137**	85
	391	272
Amounts offset against deferred tax liabilities	**(134)**	(67)
Total	**257**	**205**
Deferred income tax liabilities		
Accelerated tax depreciation	**104**	92
Available-for-sale financial assets and others	**20**	6
Other temporary differences	**60**	11
	184	109
Amounts offset against deferred tax assets	**(134)**	(67)
Total	**50**	**42**
Net deferred tax assets	**207**	**163**

22 Subsidiaries and Consolidated Structured Entities

In $ millions	The Company 2014	2013
Unquoted equity shares, at cost	**15,326**	10,326
Preference shares, at cost (Note 35)	**-**	805
Due from subsidiaries	**4,090**	1,416
	19,416	12,547

22.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below:

Name of subsidiary	Country of incorporation	Effective shareholding % 2014	2013
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 2013 and 2014.

Refer to Note 35 for information on non-controlling interests.

22.1.1 Acquisition of interest in joint venture

Acquisition of Hutchison DBS Card Limited (since renamed as DBS Compass Limited)

On 16 June 2014, DBS Bank (Hong Kong) Limited, an indirect wholly-owned subsidiary, acquired the remaining 50% stake it did not own in Hutchison DBS Card Limited (since renamed as DBS Compass Limited) for a cash consideration of $88 million (HKD 546 million) from Whampoa Limited (refer to Note 23). The acquisition resulted in the recognition of goodwill amounting to $27 million and intangible assets of $6 million. The Group equity accounted the profits of DBS Compass Limited up to 30 June 2014. With effect from 1 July 2014, DBS Compass Limited was consolidated as a subsidiary.

22.2 Consolidated structured entities

The main structured entities controlled and consolidated by the Group are listed below. These entities are inactive at 31 December 2014.

Name of entity	Purpose of consolidated structured entity	Country of incorporation
Zenesis SPC	Issuance of structured notes	Cayman Islands
Constellation Investment Ltd	Issuance of structured notes	Cayman Islands

The Group uses these entities for the issuance of rated credit linked notes and enters into credit default swaps to provide hedging on the credit risks of the reference portfolio. The Group has contractual arrangements which may require it to provide financial support. No financial support was provided by the Group.

23 Associates and Joint Venture

In $ millions	The Group 2014	2013
Quoted equity securities, at cost[(a)]	**71**	148
Unquoted equity securities, at cost	**779**	783
Sub-total	**850**	931
Share of post acquisition reserves	**145**	235
Total	**995**	1,166

(a) The market value of quoted associates amounted to $50 million (2013: $525 million)

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of the associates and joint venture at 31 December are as follows:

In $ millions	The Group 2014	2013
Income statement		
Share of income	**222**	367
Share of expenses	**(143)**	(282)
Balance sheet		
Share of total assets	**1,700**	3,937
Share of total liabilities	**705**	2,712
Off-balance sheet		
Share of contingent liabilities and commitments	**#**	46

Amount under $500,000

23.1 Main associates and joint venture

The main associates and joint venture of the Group are listed below:

Name of associate or joint venture	Country of incorporation	Effective shareholding % 2014	2013
Quoted			
Bank of the Philippine Islands [(a)] *	The Philippines	**-**	5.0
Hwang Capital (Malaysia) Bhd [(b)] * (previously known as Hwang - DBS (Malaysia) Bhd)	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
DBS Compass Limited*	British Virgin Islands	**100.0**[(c)]	50.0

* Audited by PricewaterhouseCoopers network firms outside Singapore
** Audited by other auditors
(a) The Group's effective interest in Bank of the Philippine Islands (BPI) was held via Ayala DBS Holdings Inc.(ADHI). BPI is an associate of ADHI
(b) Shareholding includes 4.15% held through the Bank
(c) Refer to Note 22

As of 31 December 2014 and 31 December 2013, no associate or joint venture 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 and joint venture 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 and joint venture as well as its commitments to finance or otherwise provide resources to them are not material.

23.2 Disposal of interests in associates

Divestment of Bank of the Philippine Islands (BPI)

On 11 November 2013, the Group entered into an agreement to divest its shares in ADHI for a total consideration of $850 million (PHP 29.6 billion). ADHI was a joint venture through which the Group held an effective interest of 9.9% in BPI. The transaction was completed in two equal tranches. After the first tranche was completed in November 2013, the Group was left with an effective stake of 5.0% in BPI. The remaining tranche was completed on 8 January 2014 and a net gain of $198 million was recorded (Note 8) for the year ended 31 December 2014.

Divestment of operating business by Hwang Capital (Malaysia) Berhad

On 7 April 2014, Hwang Capital (Malaysia) Berhad sold 100% equity interest in HwangDBS Investment Bank Berhad, 100% equity interest in HDM Futures Sdn Bhd, 53% equity interest in Hwang Investment Management Berhad and 49% equity interest in Asian Islamic Investment Management Sdn Bhd for an aggregate cash consideration of $537 million (RM 1,396 million). A profit of $38 million was recognised as the Group's share of associate's profit from the transaction.

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	**2014**	**2013**
The Group's maximum exposure:		
Derivatives	**4**	8
Bank and corporate securities	**968**	459
Loans and advances to customers	**96**	87
Other assets	**1**	1
Total assets	**1,069**	555
Commitments and guarantees	**202**	208
Maximum Exposure to Loss	**1,271**	763
Derivatives	**17**	5
Total liabilities	**17**	5
Total income from the Group's interest	**18**	19

The table above represents the Group's maximum exposure to loss which for on-balance sheet assets and liabilities are represented by the carrying amount, and does not reflect mitigating effects from the availability of netting 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 Acquisitions

On 17 March 2014, the Group entered into an agreement to acquire the Asian private banking business of Societe Generale in Singapore and Hong Kong, as well as selected parts of its trust business, for a total cash consideration of $281 million (US$ 220 million). This amount, which represented approximately 1.75% of assets under management of US$12.6 billion as at 31 December 2013, was recorded as goodwill. The transaction was completed on 6 October 2014.

On the same day, the Group received cash of $1,187 million, being the difference between the assets of $2,560 million and liabilities of $3,747 million transferred from Societe Generale.

26 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	
In $ millions	**2014**	2013
Minimum lease receivable		
Not later than 1 year	**32**	30
Later than 1 year but not later than 5 years	**49**	66
Later than 5 years	**#**	-
Total	**81**	96

Amount under $500,000

	The Group				
In $ millions	**Investment properties**	**Owner-occupied properties**	**Other fixed assets[(a)]**	**Subtotal of non-investment 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**			

In $ millions	Investment properties	Owner-occupied properties	Other fixed assets[a]	Subtotal of non-investment properties and other fixed assets	Total
	The Group				
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2013					
Cost					
Balance at 1 January	654	514	1,234	1,748	2,402
Additions	-	10	217	227	227
Disposals	-	(18)	(77)	(95)	(95)
Transfers	7	(7)	-	(7)	-
Exchange differences	2	14	8	22	24
Balance at 31 December	663	513	1,382	1,895	2,558
Less: Accumulated depreciation					
Balance at 1 January	157	89	664	753	910
Depreciation charge	8	13	193	206	214
Disposals	-	(9)	(67)	(76)	(76)
Transfers	3	(3)	-	(3)	-
Exchange differences	1	6	6	12	13
Balance at 31 December	169	96	796	892	1,061
Less: Allowances for impairment	-	48	-	48	48
Net book value at 31 December	494	369	586	955	1,449
Market value at 31 December	793	756			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

26.1 PWC Building is held as an investment property. Its net book value was $392 million as at 31 December 2014 (2013: $398 million), and its fair value was independently appraised at $692 million (2013: $599 million).

26.2 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 2014, there were no transfers into or out of Level 3.

27 Goodwill and Intangibles

The carrying amounts of the Group's goodwill and intangibles arising from business acquisitions are as follows:

In $ millions	The Group 2014	2013
DBS Bank (Hong Kong) Limited	**4,631**	4,631
Wealth Management Business[a](see Note 25)	**281**	-
DBS Vickers Securities Holdings Pte Ltd	**154**	154
Others	**51**	17
Total	**5,117**	4,802

(a) Relates to acquisition of Societe Generale's Asian private banking business

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% (2013: 4.5%) and discount rate of 9.0% (2013: 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 2014.

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.

28 Deposits and Balances from Customers

	The Group	
In $ millions	**2014**	**2013**
Analysed by currency		
Singapore dollar	**138,332**	134,758
US dollar	**93,445**	75,023
Hong Kong dollar	**31,450**	29,840
Chinese yuan	**20,463**	22,647
Others	**33,483**	30,097
Total	**317,173**	292,365
Analysed by product		
Savings accounts	**119,753**	112,429
Current accounts	**60,876**	48,809
Fixed deposits	**130,904**	122,500
Other deposits	**5,640**	8,627
Total	**317,173**	292,365

29 Other Liabilities

	The Group	
In $ millions	**2014**	**2013**
Cash collateral received in respect of derivative portfolios	**734**	695
Accrued interest payable	**585**	623
Provision for loss in respect of off-balance sheet credit exposures	**322**	249
Clients' monies payable in respect of securities business	**570**	564
Sundry creditors and others	**7,396**	6,864
Bills payable	**209**	266
Current tax liabilities	**673**	938
Payable in respect of short sale of securities	**1,189**	1,353
Deferred tax liabilities (Note 21)	**50**	42
Total	**11,728**	11,594

30 Other Debt Securities

In $ millions	The Group 2014	2013
Negotiable certificates of deposit (Note 30.1)	**1,072**	1,235
Senior medium term notes (Note 30.2)	**10,857**	5,635
Commercial papers (Note 30.3)	**14,561**	12,142
Other debt securities (Note 30.4)	**5,473**	4,103
Total	**31,963**	23,115
Due within 1 year	**23,193**	17,108
Due after 1 year	**8,770**	6,007
Total	**31,963**	23,115

30.1 Negotiable certificates of deposit issued and outstanding at 31 December are as follows:

In $ millions Currency	Interest Rate and Repayment Terms	The Group 2014	2013
Issued by other subsidiaries			
HKD	2.25% to 4.22%, payable quarterly	**471**	452
HKD	3M HIBOR +0.9%, payable quarterly	**-**	220
HKD	3M HIBOR +0.2%, payable quarterly	**66**	-
HKD	1.2% to 4.2%, payable yearly	**242**	313
HKD	0% to 0.9%, payable on maturity	**-**	250
USD	0.2%, payable on maturity	**66**	-
IDR	9.75% to 10.65%, payable on maturity	**122**	-
TWD	0.73% to 0.79%, payable on maturity	**105**	-
Total		**1,072**	1,235

The outstanding negotiable certificates of deposit as at 31 December 2014 were issued between 22 August 2008 and 30 December 2014 (2013: 22 August 2008 and 31 December 2013) and mature between 16 January 2015 and 16 March 2021 (2013: 9 January 2014 and 16 March 2021).

30.2 Senior medium term notes issued and outstanding at 31 December are as follows:

In $ millions Currency	Interest Rate and Repayment Terms	The Group 2014	2013
Issued by the Company			
USD	2.246%, payable half yearly	**1,000**	-
USD	Floating rate note, payable quarterly	**661**	-
Issued by the Bank			
AUD	Floating rate note, payable quarterly	**108**	-
GBP	Floating rate note, payable quarterly	**4,079**	2,398
USD	2.35%, payable half yearly	**1,327**	1,265
USD	2.375%, payable half yearly	**1,331**	1,298
USD	Floating rate note, payable quarterly	**2,133**	569
USD	1.454%, payable yearly	**132**	-
HKD	2.24%, payable quarterly	**86**	82
IDR	7.25%, payable yearly	**-**	23
Total		**10,857**	5,635

The senior medium term notes were issued by the Company and the Bank under its USD 15 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2014 were issued between 14 September 2010 and 2 December 2014 (2013: 14 September 2010 and 16 October 2013) and mature between 25 February 2015 and 20 November 2019 (2013: 4 March 2014 and 30 March 2017).

30.3 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 2014 were issued between 4 February 2014 and 16 December 2014 (2013: 21 March 2013 and 6 December 2013) and mature between 13 January 2015 and 1 July 2015 (2013: 3 January 2014 and 11 December 2014).

30.4 Other debt securities issued and outstanding at 31 December are as follows:

In $ millions	The Group	
Type	2014	2013
Issued by the Bank and other subsidiaries		
Equity linked notes	**1,381**	708
Credit linked notes	**1,914**	1,525
Interest linked notes	**1,413**	800
Foreign exchange linked notes	**264**	585
Fixed rate bonds	**501**	485
Total	**5,473**	4,103

The outstanding securities as at 31 December 2014 were issued between 31 March 2006 and 31 December 2014 (2013: 31 March 2006 and 30 December 2013) and mature between 2 January 2015 and 30 September 2044 (2013: 2 January 2014 and 6 November 2043).

31 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**	**2014**	**2013**
Issued by the Bank						
US$750m 5.00% Subordinated Notes Callable with Step-up in 2014 *The instrument was called on 15 Nov 2014*	31.1	1 Oct 2004	15 Nov 2019	May/Nov	**-**	966
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*	31.2	16 Jun 2006	15 Jul 2021	Jan/Apr/ Jul/Oct	**1,189**	1,139
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*	31.3	21 Feb 2012	21 Feb 2022	Feb/Aug	**999**	1,004
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*	31.4	21 Mar 2012	21 Sep 2022	Mar/Sep	**994**	953
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*	31.5	14 Aug 2012	14 Feb 2023	Feb/Aug	**983**	982
Total					**4,665**	5,544
Due within 1 year					**726**	-
Due after 1 year					**3,939**	5,544
Total					**4,665**	5,544

31.1 Part of the fixed rate funding was converted to floating rate at three-month LIBOR + 0.61% via interest rate swaps. The instrument was called on 15 November 2014.

31.2 On 19 November 2014, the Bank offered to purchase for cash, up to US$550 million of its US$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The transaction was completed on 8 January 2015, when US$550 million of the notes were purchased and subsequently cancelled. The remaining US$350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

31.3 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.22% via interest rate swaps.

31.4 The fixed rate funding has been converted to floating rate at three-month LIBOR + 2.21% via interest rate swaps.

31.5 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 "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

32 Share Capital

During the financial year, pursuant to the DBSH Share Option Plan, the Company issued 1,051,456 (2013: 1,699,266) ordinary shares, fully paid in cash upon the exercise of the options granted. The Company also issued 28,350,961 (2013: 5,996,350) ordinary shares to eligible shareholders who elected to participate in the scrip dividend scheme.

The non-voting redeemable CPS enjoy the same dividend rate paid on ordinary shares except that the dividend payable is subject to a maximum of $0.30 per annum (non-cumulative). The CPS do not carry voting rights, except in certain instances e.g. where any relevant dividend due is not paid up in full or where a resolution is proposed varying the rights of the preference shares. Subject to the terms set out in the Company's Articles of Association, each CPS may be converted into one fully paid ordinary share at the option of the holder. The Company may also redeem the non-voting redeemable CPS in accordance with the Articles of Association.

As at 31 December 2014, the number of treasury shares held by the Group is 6,762,134 (2013: 6,727,074), which is 0.27% (2013: 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	
	2014	2013	2014	2013	2014	2013	2014	2013
Ordinary shares								
Balance at 1 January	**2,449,724**	2,442,028	**9,607**	9,482	**2,449,724**	2,442,028	**9,607**	9,482
Issue of shares pursuant to Scrip Dividend Scheme	**28,351**	5,997	**489**	103	**28,351**	5,997	**489**	103
Issue of shares upon exercise of share options	**1,051**	1,699	**13**	18	**1,051**	1,699	**13**	18
Reclassification of reserves upon exercise of share options	**-**	-	**4**	4	**-**	-	**4**	4
Balance at 31 December	**2,479,126**	2,449,724	**10,113**	9,607	**2,479,126**	2,449,724	**10,113**	9,607
Treasury shares								
Balance at 1 January	**(6,727)**	(7,648)	**(94)**	(103)	**(4,644)**	(5,344)	**(66)**	(71)
Purchase of treasury shares	**(4,927)**	(1,800)	**(79)**	(28)	**(4,927)**	(1,800)	**(79)**	(28)
Draw-down of reserves upon vesting of performance shares	**4,892**	2,721	**68**	37	**-**	-	**-**	-
Transfer of treasury shares	**-**	-	**-**	-	**4,462**	2,500	**63**	33
Balance at 31 December	**(6,762)**	(6,727)	**(105)**	(94)	**(5,109)**	(4,644)	**(82)**	(66)
Convertible preference shares								
Balance at 1 January and 31 December	**30,011**	30,011	**163**	163	**30,011**	30,011	**163**	163
Issued share capital at 31 December			**10,171**	9,676			**10,194**	9,704

33 Other Equity Instruments

In $ millions	The Group 2014	2013	The Company 2014	2013
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 the instrument, please refer to “Capital Instruments” section at the Group’s website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

34 Other Reserves and Revenue Reserves

34.1 Other reserves

In $ millions	The Group 2014	2013	The Company 2014	2013
Available-for-sale revaluation reserves	**284**	(30)	**-**	-
Cash flow hedge reserves	**(33)**	(14)	**-**	-
General reserves	**2,453**	2,453	**-**	-
Capital reserves	**(233)**	(324)	**-**	-
Share option and share plan reserves	**152**	136	**152**	136
Others	**4,271**	4,271	**-**	-
Total	**6,894**	6,492	**152**	136

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
2014							
Balance at 1 January	**(30)**	**(14)**	**2,453**	**(324)**	**136**	**4,271**	**6,492**
Net exchange translation adjustments	**-**	**-**	**-**	**91**	**-**	**-**	**91**
Share of associates and joint venture's 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**
2013							
Balance at 1 January	634	(1)	2,453	(229)	101	4,271	7,229
Net exchange translation adjustments	-	-	-	(91)	-	-	(91)
Share of associates and joint venture's reserves	-	-	-	(4)	-	-	(4)
Cost of share-based payments	-	-	-	-	76	-	76
Reclassification of reserves upon exercise of share options	-	-	-	-	(4)	-	(4)
Draw-down of reserves upon vesting of performance shares	-	-	-	-	(37)	-	(37)
Available-for-sale financial assets and others:							
- net valuation taken to equity	(507)	(35)	-	-	-	-	(542)
- transferred to income statement	(197)	21	-	-	-	-	(176)
- tax on items taken directly to or transferred from equity	40	1	-	-	-	-	41
Balance at 31 December	(30)	(14)	2,453	(324)	136	4,271	6,492

(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, joint ventures, associates and branches, and the related foreign currency financial instruments designated as a hedge

(c) Other reserves relate to the 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

In $ millions	The Company Share option and share plan reserves 2014	2013
Balance at 1 January	**136**	101
Cost of share-based payments	**88**	76
Reclassification of reserves upon exercise of share options	**(4)**	(4)
Draw-down of reserves upon vesting of performance shares	**(68)**	(37)
Balance at 31 December	**152**	136

34.2 Revenue reserves

In $ millions	The Group 2014	2013
Balance at 1 January	**17,262**	14,966
Net profit attributable to shareholders	**4,046**	3,672
Amount available for distribution	**21,308**	18,638
Less: Final dividends on ordinary shares of $0.30 (one-tier tax-exempt) paid for the previous financial year (2013: $0.28 one-tier tax-exempt)	**734**	684
Final dividends on non-voting redeemable CPS of $0.02 (one-tier tax-exempt) paid for the previous financial year (2013: $0.02 one-tier tax-exempt)	**#**	#
Interim dividends on ordinary shares of $0.28 (one-tier tax-exempt) paid for the current financial year (2013: $0.28 one-tier tax-exempt)	**688**	684
Interim dividends on non-voting redeemable CPS of $0.28 (one-tier tax-exempt) paid for the current financial year (2013: $0.28 one-tier tax-exempt)	**8**	8
Dividends on other equity instruments	**38**	-
Balance at 31 December	**19,840**	17,262

Amount under $500,000

34.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.30 per share and DBSH non-voting redeemable CPS of $0.02 per share have not been accounted for in the financial statements for the year ended 31 December 2014. They are to be approved at the Annual General Meeting on 23 April 2015.

35 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 Instrument	Note	Issuance Date	Liquidation preference	Dividend payment	The Group 2014	2013
Issued by the Bank						
S$1,700m 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	35.1	22 Oct 2010	$250,000	Apr/ Oct	**-**	895
S$800m 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020	35.2	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	35.3	27 May 2008	$250,000	Jun/ Dec	**1,500**	1,500
Non-controlling interests in subsidiaries					**198**	258
Total					**2,498**	3,453

35.1 Dividends are payable if declared by the Board of Directors of the Bank. The Company purchased S$805 million of the Bank's preference shares tendered at 4.70% on 3 December 2013. The preference shares were fully redeemed on 21 March 2014.

35.2 Dividends are payable if declared by the Board of Directors of the Bank.

35.3 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 "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

36 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	**2014**	**2013**
Guarantees on account of customers	**15,672**	14,921
Endorsements and other obligations on account of customers	**6,559**	5,998
Undrawn loan commitments[a]	**187,423**	158,027
Undisbursed and underwriting commitments in securities	**53**	22
Sub-total	**209,707**	178,968
Operating lease commitments (Note 36.2)	**729**	772
Capital commitments	**22**	18
Total	**210,458**	179,758
Analysed by industry (excluding operating lease and capital commitments)		
Manufacturing	**34,642**	28,994
Building and construction	**17,594**	12,940
Housing loans	**9,980**	11,547
General commerce	**46,191**	38,337
Transportation, storage and communications	**10,153**	10,018
Financial institutions, investment and holding companies	**18,081**	15,965
Professionals and private individuals (excluding housing loans)	**53,362**	43,020
Others	**19,704**	18,147
Total	**209,707**	178,968

	The Group	
In $ millions	**2014**	**2013**
Analysed by geography (excluding operating lease and capital commitments) [b]		
Singapore	**90,622**	79,779
Hong Kong	**43,428**	37,644
Rest of Greater China	**14,413**	10,834
South and Southeast Asia	**20,285**	18,366
Rest of the World	**40,959**	32,345
Total	**209,707**	178,968

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group (2014: $151,854 million, 2013: $124,031 million)
(b) Based on the country of incorporation of the counterparty or borrower

36.1 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.

36.2 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.

37 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.

37.1 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.

37.2 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 2014, the gain on hedging instruments was $27 million (2013: $59 million). The total loss on hedged items attributable to the hedged risk amounted to $27 million (2013: $59 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.

In $ millions	Net investments in foreign operations[(a)]	Financial instruments which hedge the net investments	Remaining unhedged currency exposures
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**
2013			
Hong Kong dollar	6,236	6,156	80
US dollar	885	880	5
Others	5,414	1,639	3,775
Total	12,535	8,675	3,860

(a) Refer to net tangible assets of subsidiaries, associates and joint venture, 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 2014 and 2013.

	2014			2013		
In $ millions	**Underlying notional**	**Assets**	**Liabilities**	**Underlying notional**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**721,269**	**5,237**	**5,075**	604,785	6,445	6,626
Financial futures	**8,606**	**3**	**1**	8,057	7	3
Interest rate options	**6,655**	**66**	**83**	7,621	74	98
Interest rate caps/floors	**21,879**	**277**	**644**	22,544	309	448
Sub-total	**758,409**	**5,583**	**5,803**	643,007	6,835	7,175
Foreign exchange (FX) derivatives						
FX contracts	**641,978**	**4,838**	**5,810**	555,055	5,341	5,925
Currency swaps	**169,772**	**4,137**	**4,619**	134,668	3,319	3,151
Currency options	**227,440**	**1,346**	**1,225**	146,913	1,048	986
Sub-total	**1,039,190**	**10,321**	**11,654**	836,636	9,708	10,062
Equity derivatives						
Equity options	**2,458**	**31**	**142**	1,861	42	56
Equity swaps	**706**	**9**	**10**	286	4	6
Sub-total	**3,164**	**40**	**152**	2,147	46	62
Credit derivatives						
Credit default swaps and others	**52,288**	**425**	**608**	53,890	481	520
Sub-total	**52,288**	**425**	**608**	53,890	481	520
Commodity derivatives						
Commodity contracts	**2,016**	**303**	**203**	2,376	41	45
Commodity futures	**3,274**	**79**	**107**	3,081	48	39
Commodity options	**1,801**	**35**	**44**	1,178	15	11
Sub-total	**7,091**	**417**	**354**	6,635	104	95
Total derivatives held for trading	**1,860,142**	**16,786**	**18,571**	1,542,315	17,174	17,914
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**9,994**	**98**	**151**	8,824	129	163
FX contracts held for cash flow hedge	**1,093**	**12**	**16**	853	-	8
FX contracts held for hedge of net investment	**1,472**	**47**	**4**	1,578	6	4
Currency swaps held for fair value hedge	**1,532**	**34**	**6**	1,322	-	43
Currency swaps held for cash flow hedge	**623**	**16**	**7**	2,690	116	-
Currency swaps held for hedge of net investment	**2,301**	**2**	**-**	1,075	1	-
Total derivatives held for hedging	**17,015**	**209**	**184**	16,342	252	218
Total derivatives	**1,877,157**	**16,995**	**18,755**	1,558,657	17,426	18,132
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(8,729)**	**(8,729)**		(9,746)	(9,746)
		8,266	**10,026**		7,680	8,386

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,198 billion (2013: $1,122 billion) and $679 billion (2013: $437 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.

38 Share-based Compensation Plans

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to reward good performers, support retention of key employees and enable employees to share in the success of the Group.

Main Scheme/Plan	Note
DBSH Share Plan (Share Plan) • 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, their equivalent cash value or a combination. • Awards consist of main award and retention award (20% of main award). • 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 fair value of the shares awarded is computed based on the market price of the ordinary shares at the time of the award. • 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.	38.1
DBSH Employee Share Plan (ESP) • 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.	38.1
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.	38.2
DBSH Share Option Plan (Option Plan) • The Option Plan expired on 19 June 2009. Its termination does not affect the rights of holders of outstanding existing options. • 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.	38.3

38.1 DBSH Share Plan and DBSH Employee Share Plan

The following table sets out the movements of the awards during the year.

Number of shares	2014		2013	
	Share Plan	**ESP**	**Share Plan**	**ESP**
Balance at 1 January	**16,008,527**	**1,534,441**	13,642,125	1,232,926
Granted	**5,848,665**	**815,748**	5,741,878	707,960
Vested	**(4,496,850)**	**(395,370)**	(2,482,772)	(238,788)
Forfeited	**(143,911)**	**(177,626)**	(892,704)	(167,657)
Balance at 31 December	**17,216,431**	**1,777,193**	16,008,527	1,534,441
Weighted average fair value of the shares granted during the year	**$16.66**	**$16.65**	$15.11	$15.07

Since the inception of the Share Plan and ESP, no awards have been cash-settled.

38.2 DBSH Share Ownership Scheme

The outstanding shares held under DBSH Share Ownership Scheme are as follows:

	Ordinary shares			
	Number		Market value (In $ millions)	
	2014	2013	2014	2013
Balance at 1 January	**6,658,006**	6,509,414	**114**	97
Balance at 31 December	**6,593,283**	6,658,006	**136**	114

38.3 DBSH Share Option Plan

The following table sets out movements of the unissued ordinary shares of the Company under outstanding options.

	2014		2013	
	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	**1,434,875**	**12.64**	3,245,412	11.32
Movements during the year:				
- Exercised	**(1,051,456)**	**12.58**	(1,699,266)	10.34
- Forfeited/Expired	**(28,542)**	**12.56**	(111,271)	9.35
Balance at 31 December	**354,877**	**12.81**	1,434,875	12.64
Weighted average remaining contractual life of options outstanding at 31 December	**0.16 years**		0.55 years	
Exercise price of options outstanding at 31 December	**$12.81**		$12.53 to $12.81	

In 2014, 1,051,456 options (2013: 1,699,266) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the Company's shares was $16.71 (2013: $15.44).

39 Related Party Transactions

39.1 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.

39.2 During the financial year, the Group had banking transactions with related parties, consisting of associates, joint ventures 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.

39.3 Total compensation and fees to key management personnel[(a)] are as follows:

	The Group	
In $ millions	**2014**	**2013**
Short-term benefits[(b)]	**44**	42
Share-based payments[(c)]	**23**	20
Total	**67**	62
Of which: Company Directors' remuneration and fees	**14**	12

(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 FRS102

40 Fair Value of Financial Instruments

40.1 Valuation Process

The valuation processes used by the Group are governed by the Valuation, the Rates and the Reserves frameworks. These frameworks apply to financial assets and liabilities where mark-to-market or model valuation is required.

The Rates framework governs the daily 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) exotic 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.

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 complex 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 from 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 framework 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 adjustment or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are governed by the Reserve Framework and require approval by the Group Market and Liquidity Risk Committee.

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 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 risk adjustment
Credit risk adjustment is incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk. Credit risk adjustment is based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting arrangements, collateral arrangements, and the maturity of the underlying transactions.

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 adjust net open position valuations to the respective bid or offer levels as appropriate.

40.2 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 over-the-counter 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 such as correlation or volatilities as well as unquoted equity securities. The fair value of unquoted equity securities is measured based on 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 marked over 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**
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**

In $ millions	Level 1	The Group Level 2	Level 3	Total
2013				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	2,013	-	-	2,013
- Other government securities and treasury bills	4,207	-	-	4,207
- Bank and corporate debt securities	6,808	857	539	8,204
- Equity securities	437	147	-	584
- Other financial assets	-	3,258	-	3,258
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	7,332	-	-	7,332
- Other government securities and treasury bills	13,297	60	-	13,357
- Bank and corporate debt securities	8,982	2,543	26	11,551
- Equity securities[(a)]	889	2	131	1,022
- Other financial assets	253	5,381	-	5,634
Derivatives	50	17,355	21	17,426
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	3,595	21	3,616
- Other financial liabilities	1,353	2,025	-	3,378
Derivatives	40	18,041	51	18,132

(a) Excludes unquoted equities stated at cost of $259 million (2013: $278 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 Income statement	 Other comprehensive income	Purchases	Issues	Settlements	Transfers in	Transfers out	Balance at 31 December
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**	**102**	**(18)**	**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**

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						
2013									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	97	(23)	-	477	-	(12)	-	-	539
Available-for-sale financial assets									
- Bank and corporate debt securities	36	-	1	-	-	(11)	-	-	26
- Equity securities	126	8	16	3	-	(22)	-	-	131
Derivatives	22	2	-	-	-	-	6	(9)	21
Total	281	(13)	17	480	-	(45)	6	(9)	717
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	25	-	-	-	-	(4)	-	-	21
- Other financial liabilities	1	-	-	-	-	-	-	(1)	-
Derivatives	11	(4)	-	51	-	-	-	(7)	51
Total	37	(4)	-	51	-	(4)	-	(8)	72

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
2014			
Total gain/(loss) for the period included in income statement	**25**	**21**	**46**
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	**16**	**-**	**16**
2013			
Total gain/(loss) for the period included in income statement	(17)	8	(9)
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	(17)	-	(17)

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 2014, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted 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 into 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	2014	2013	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**692**	539	FVPL[(a)]	Discounted cash flows	Credit spreads
Bank and corporate debt securities	**27**	26	AFS[(b)]	Discounted cash flows	Credit spreads
Equity securities (Unquoted)	**117**	131	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**11**	21	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads/ Correlations
Total	**847**	717			
Liabilities					
Other debt securities	**8**	21	FVPL[(a)]	Discounted Cash Flows	Credit spreads
Derivatives	**135**	51	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads/ Correlations
Total	**143**	72			

(a) FVPL denotes financial instruments classified as fair value through profit or loss
(b) AFS denotes financial instruments classified as available-for-sale

40.3 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value on 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 $259 million as at 31 December 2014 (2013: $278 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.

41 Risk Governance

Under the Group's risk management frameworks, the Board of Directors, through the Board Risk Management Committee (BRMC), sets 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, risk management committees have been established as follows:

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 Credit Risk Committee (GCRC)
6. Group Market and Liquidity Risk Committee (GMLRC)
7. Group Operational Risk Committee (GORC)

The Risk ExCo provides comprehensive 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 comprehensive group-wide oversight and direction relating to the new product approvals - an important risk mitigation element within the Group.

Other than the PAC, each of these committees reporting to the Risk ExCo are broadly mandated – within the specific risk areas – to serve as an executive forum for discussion and decisions on all aspects of risk and its management.

Key responsibilities:
- Assess risk taking
- Maintain oversight on effectiveness of the Group's risk management infrastructure, including frameworks, decision criteria, authorities, policies, people, processes, information, systems and methodologies
- Approve risk model governance standards, stress testing scenarios, risk models and assess performance of the risk models
- Assess the risk-return trade-offs across the Group
- Identify specific concentrations of risk.

The members in these committees comprise representatives from Risk Management Group (RMG) as well as key business and support units.

The above committees (excluding those marked with an asterisk) 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) has been appointed to oversee the risk management function. The CRO is a member of the Group Executive Committee and reports to the Chairman of the BRMC and to the CEO. The CRO is independent of business lines and is actively involved in key decision making processes.

The CRO also engages the regulator(s) on a regular basis to discuss risk matters.

Working closely with the established 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 and development of risk controls and mitigation processes

- Ensuring the effectiveness of risk management and adherence to the Risk Appetite established by the Board

42 Credit Risk

Credit risk arises from the Group's daily activities in various areas of business – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is one of the most significant measurable risks 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 undertakings that the Group will make payments in the event that a customer cannot 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 framework for credit risk management comprises the following building blocks:

- **Policies**
  As established in the Group Credit Risk Management Framework, the dimensions of credit risk and the scope of its application are defined. 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 credit risk underwriting across the Group and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. These latter 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 the Risk ExCo based on recommendations from the GCPC.

- **Risk Methodologies**
  Managing credit risk is performed through the Group's deep understanding of 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 in both the corporate and retail portfolios. Most are built internally using the Group's own loss data. Limits and "rules for the business" are driven from the Group's Risk Appetite Statement and Target Market and Risk Acceptance Criteria respectively. Significant deals are also reviewed and approved by the Group Credit Committee which is chaired by the Deputy CRO and comprises representatives from RMG and Institutional Banking Group.

  Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internal and available external customers' behaviour records and supplemented by Risk Acceptance Criteria.

  Wholesale exposures are assessed using approved credit models, 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.

  Derivatives pre-settlement credit risk arising from a counterparty's 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 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. We 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. 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 managed as part of concentration risk management under the Risk Appetite Framework.

Transfer risk is the risk that capital and foreign exchange controls may be imposed by government authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer funds to non-residents. A transfer risk event could therefore lead to a default of an otherwise solvent borrower. The principles and approach in the management of transfer risk are set out in the Group's Country Risk Management Framework. The framework 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 industry-wide stress test (IWST) undertaken annually. This is a supervisory driven stress test conducted as part of the supervisory process and ongoing assessment of financial stability by the regulator. Under the IWST, the Group has to assess the impact of adverse scenarios, provided by the regulator, on asset quality, earnings performance, and capital adequacy.
Scenario Analysis	The Group also conducts multiple independent credit stress tests and sensitivity analyses on its portfolio or a sub-portfolio to evaluate the impact of the economic environment or specific risk factors. The purpose of these tests and analyses 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 both the wholesale and consumer 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 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 excesses and policy exceptions, and monitor compliance with credit standards and credit covenants established by management and regulators.

  An independent credit risk review team conducts regular reviews of credit exposures and judgemental credit risk management processes. It also conducts independent validation of internal credit risk rating processes on an annual basis. These reviews provide senior management with objective and timely assessments of the effectiveness of credit risk management practices and ensure Group-wide policies, internal rating models and guidelines are being adopted consistently across different business units including relevant subsidiaries.

Non-performing assets
The Group classifies its credit facilities as 'Performing Assets' or 'Non-performing assets' in accordance with MAS Notice 612. These guidelines require the Group to categorise its credit portfolios according to its assessment of a borrower's ability to repay a credit facility from the borrower's normal sources of income. There are five categories of assets as follows:

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 credit facilities exhibit 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 credit facilities 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 credit facilities exhibit 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.

Credit facilities are classified as restructured assets when the Group grants concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and concessions granted/restructured terms are considered as non-commercial. A restructured credit facility is classified into the appropriate non-performing grade depending 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 concession to borrowers in the normal course of business. In any restructuring of credit facilities, such borrowers are reviewed on a case by case basis and 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 the assessment of 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 non-performing assets for the Group according to MAS Notice 612 requirements by loan grading and industry and the related amounts of specific allowances recognised can be found in Note 42.2. A breakdown of the Group's past due loans can also be found in the same note.

When required, the Group will take possession of the collateral it holds as security and will dispose of them as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. A breakdown of collateral held for non-performing assets is shown in Note 42.2. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2014 and 2013 were not material.

Credit Risk Mitigants

Collateral received
Where possible, the 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 Group may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collateral to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for exposures arising from derivative, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, these are 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 owe to a counterparty against what is due from that counterparty in a netting-eligible jurisdiction.

Collateral taken for commercial banking is revalued periodically, depending on the type of collateral. While real estate constitutes the largest percentage of collateral assets, the Group generally considers the collateral assets to be diversified.

Helping customers to restructure repayment liabilities, in times of difficulty, is the Group's preferred approach. However, should the need arise, expeditious 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. While the Group may accept guarantees from any counterparty, it sets internal thresholds for considering guarantors to be eligible for credit risk mitigation.

42.1 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	**2014**	2013
Cash and balances with central banks (excluding cash on hand)	**17,581**	16,923
Government securities and treasury bills	**29,694**	27,497
Due from banks	**42,263**	39,817
Derivatives	**16,995**	17,426
Bank and corporate debt securities	**35,524**	31,662
Loans and advances to customers	**275,588**	248,654
Other assets (excluding deferred tax assets)	**10,992**	8,720
Credit exposure	**428,637**	390,699
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**209,707**	178,968
Total credit exposure	**638,344**	569,667

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 37 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.

42.2 Loans and advances to customers

In $ millions	The Group 2014	The Group 2013
Loans and advances to customers		
Performing Loans		
- Neither past due nor impaired (i)	**275,436**	247,811
- Past due but not impaired (ii)	**1,299**	1,488
Non-Performing Loans		
- Impaired (iii)	**2,419**	2,882
Total gross loans (Note 18)	**279,154**	252,181

(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	Total
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**
2013			
Manufacturing	28,664	771	29,435
Building and construction	42,206	341	42,547
Housing loans	48,611	-	48,611
General commerce	50,304	1,023	51,327
Transportation, storage and communications	19,744	350	20,094
Financial institutions, investment and holding companies	10,585	90	10,675
Professionals and private individuals (excluding housing loans)	18,544	22	18,566
Others	26,205	351	26,556
Total	244,863	2,948	247,811

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

In $ millions	The Group Less than 30 days past due	30-59 days past due	60-90 days past due	Total
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**
2013				
Manufacturing	79	29	3	111
Building and construction	133	87	23	243
Housing loans	354	43	27	424
General commerce	65	10	4	79
Transportation, storage and communications	20	4	2	26
Financial institutions, investment and holding companies	73	-	-	73
Professionals and private individuals (excluding housing loans)	373	71	15	459
Others	63	7	3	73
Total	1,160	251	77	1,488

(iii) Non-performing In $ millions	The Group 2014	2013
Balance at 1 January	**2,996**	2,726
New NPAs	**1,156**	1,085
Upgrades, recoveries and translations	**(873)**	(123)
Write-offs	**(766)**	(692)
Balance at 31 December	**2,513**	2,996

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
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**
2013								
Customer loans								
Manufacturing	295	139	54	488	56	130	54	240
Building and construction	184	41	1	226	11	30	1	42
Housing loans	100	3	9	112	-	-	9	9
General commerce	250	98	49	397	21	72	49	142
Transportation, storage and communications	832	295	18	1,145	164	283	18	465
Financial institutions, investment and holding companies	48	143	74	265	-	72	74	146
Professional and private individuals (excluding housing loans)	130	14	11	155	24	13	11	48
Others	76	3	15	94	19	3	15	37
Total customer loans	1,915	736	231	2,882	295	603	231	1,129
Debt securities	5	1	3	9	-	-	3	3
Contingent liabilities and others	61	16	28	105	11	11	28	50
Total	1,981	753	262	2,996	306	614	262	1,182
Of which: restructured loans	878	343	56	1,277	168	326	56	550

Non-performing assets by region[a]

	The Group	
In $ millions	NPAs	Specific allowances
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**
2013		
Singapore	440	113
Hong Kong	235	117
Rest of Greater China	284	146
South and Southeast Asia	638	227
Rest of the World	1,399	579
Total	2,996	1,182

(a) Based on the country of incorporation of the borrower

Non-performing assets by past due period

	The Group	
In $ millions	2014	2013
Not overdue	**597**	1,281
< 90 days past due	**273**	275
91-180 days past due	**162**	272
> 180 days past due	**1,481**	1,168
Total past due assets	**1,916**	1,715
Total	**2,513**	2,996

Collateral value for non-performing assets

	The Group	
In $ millions	2014	2013
Properties	**441**	351
Shares and debentures	**316**	323
Fixed deposits	**11**	33
Others	**367**	303
Total	**1,135**	1,010

Past due non-performing assets by industry

In $ millions	The Group 2014	2013
Manufacturing	**581**	468
Building and construction	**255**	123
Housing loans	**94**	93
General commerce	**325**	368
Transportation, storage and communications	**201**	189
Financial institutions, investment and holding companies	**106**	197
Professional and private individuals (excluding housing loans)	**123**	111
Others	**177**	83
Sub-total	**1,862**	1,632
Debt securities, contingent liabilities and others	**54**	83
Total	**1,916**	1,715

Past due non-performing assets by region(a)

In $ millions	The Group 2014	2013
Singapore	**401**	409
Hong Kong	**222**	191
Rest of Greater China	**221**	261
South and Southeast Asia	**740**	471
Rest of the World	**278**	300
Sub-total	**1,862**	1,632
Debt securities, contingent liabilities and others	**54**	83
Total	**1,916**	1,715

(a) Based on the country of incorporation of the borrower

42.3 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
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**
2013			
AAA	9,894	560	8,108
AA- to AA+	-	13,376	2,064
A- to A+	-	430	6,419
Lower than A-	-	3,237	3,589
Unrated	-	-	11,482
Total	9,894	17,603	31,662

42.4 Credit risk by Geography and Industry

The exposures are determined based on the country of incorporation of borrower, issuer or counterparty.

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
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**
2013						
Singapore	9,894	856	2,095	14,214	119,463	146,522
Hong Kong	2,452	3,027	1,565	1,122	41,418	49,584
Rest of Greater China	2,594	20,337	1,248	1,971	47,910	74,060
South and Southeast Asia	2,780	4,217	1,136	3,008	23,004	34,145
Rest of the World	9,777	11,380	11,382	11,347	20,386	64,272
Total	27,497	39,817	17,426	31,662	252,181	368,583

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
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, 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**
2013						
Manufacturing	-	-	454	1,770	30,034	32,258
Building and construction	-	-	137	2,641	43,016	45,794
Housing loans	-	-	-	-	49,147	49,147
General commerce	-	-	568	1,115	51,803	53,486
Transportation, storage and communications	-	-	545	2,524	21,265	24,334
Financial institutions, and holding companies	-	39,817	14,699	13,542	11,013	79,071
Government	27,497	-	-	-	-	27,497
Professionals and private individuals (excluding housing loans)	-	-	145	-	19,180	19,325
Others	-	-	878	10,070	26,723	37,671
Total	27,497	39,817	17,426	31,662	252,181	368,583

43 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 retail and commercial 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 framework for market risk management comprises the following building blocks:

- **Policies**
  The Market Risk Framework sets out the Group's overall approach towards market risk management. 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 and sets out guidance and requirements 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 within the Group. 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 and a 95% level of confidence. Tail VaR (TVaR), which is an average of the potential losses beyond the given 95% level of confidence, is used by the Group to monitor and limit market risk exposures. The market risk economic capital that is allocated by the BRMC is linked to TVaR by a multiplier. TVaR 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. Given the above, VaR backtesting would not impact the 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 which include but are not limited to: (i) past changes in market risk factors may not provide accurate predictions of the future market movements and (ii) may understate the risk arising from severe market risk related events.

  To monitor the Group's vulnerability to unexpected but plausible extreme market risk related events, the Group has implemented an extensive stress testing policy for market risk where regular and multiple stress tests were run covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement.

  TVaR is the key risk metric used to manage the Group's assets and liabilities except for credit spread risk under Loans and Receivables where it is under the credit 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 2014 is to 17 large, 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 TVaR considers the market risks of both the trading and banking books. The Group level TVaR is tabulated below, showing the period-end, average, high and low TVaR.

		The Group		
		1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Total	**68**	**85**	**124**	**49**

		1 Jan 2013 to 31 Dec 2013		
In $ millions	**As at 31 Dec 2013**	**Average**	**High**	**Low**
Total	87	66	89	31

The Group's major market risk driver is interest rate risk in the trading and banking books. The average TVaR for 2014 was higher than 2013 mainly due to more volatile rate scenarios for VaR calculation, changes of duration due to capital management, update of models for non- maturity deposits and increase in liquid assets.

The following table shows the period-end, average, high and low diversified TVaR and TVaR by risk class for Treasury's trading portfolios:

		The Group		
		1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Diversified	**16**	**12**	**19**	**8**
Interest Rates	**9**	**10**	**17**	**7**
Foreign Exchange	**5**	**5**	**8**	**2**
Equity	**2**	**1**	**3**	**1**
Credit Spread	**14**	**6**	**14**	**4**
Commodity	**#**	**1**	**2**	**#**

		1 Jan 2013 to 31 Dec 2013		
In $ millions	**As at 31 Dec 2013**	**Average**	**High**	**Low**
Diversified	11	10	14	8
Interest Rates	9	9	11	7
Foreign Exchange	4	6	9	3
Equity	1	1	1	#
Credit Spread	4	4	5	3
Commodity	1	1	1	#

Amount under $500,000

The main risk factors driving Treasury's trading portfolios in 2014 for the Group were interest rates, credit spreads and foreign exchange. Treasury's trading portfolios' average TVaR increased by $2 million (20%) and this was driven partly by the recalibration of the Group's own funding spread curve in February 2014.

Treasury's trading portfolio experienced three back-testing exceptions in 2014 compared with five in 2013. The exceptions occurred in February, September and December. Pronounced volatilities in foreign exchange and interest rate led to the exceptions in February and the second half of 2014 respectively.

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 is simulated under various assumptions for the non-trading risk portfolio. The economic value changes are negative $275 million and $489 million (2013: negative $288 million and $532 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse case of an upward or downward parallel shift in the yield curves.

44 Liquidity Risk

The 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 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, which constituted 91% of total funding sources as at 31 December 2014. Strong and sustainable growth of the Group's customer deposit base in retail, wealth management, corporate and institutional segments across the markets that the Group operates in, is key to extending its 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 actively makes use of the swap markets in the conversion of funds across currencies to deploy surplus funds across locations. As the swaps are typically shorter in contractual maturity than the deployment in 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. This risk is mitigated by the setting of triggers on the amount of swaps transacted with the market and conservative assumptions on the cashflow treatment of swaps under the behavioural profiling of the Group's cashflow maturity gap analysis.

Overseas entities 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. These 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 on 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 framework for liquidity risk management comprises the following building blocks:

- **Policies**
  The Liquidity Risk Framework sets out the Group's overall approach towards liquidity risk management. The Framework describes the range of strategies employed by the Group to manage its liquidity. These include maintaining an adequate counterbalancing capacity (comprising liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity) to address potential cashflow shortfalls and maintaining diversified sources of 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 decisive actions are taken to ensure the Group maintains adequate liquidity.

  The Core Liquidity Risk Policy establishes baseline standards for liquidity risk management within the Group. Policies and guidance documents communicate the base standards and detailed requirements throughout the Group and enhance the Group's ability to manage liquidity risk.

- **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, and 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 mainly under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature to assess the vulnerability when run-offs in liabilities increase, rollovers of assets and/or liquidity assets 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.

- **Processes and systems**
  Robust internal control processes and systems underlie the overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across the Group. In 2014, the Group completed the development of an in-house integrated data platform that serves to aggregate relevant source data in a complete and accurate manner that facilitates timely and granular reporting of liquidity risk for internal and regulatory purposes.

  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 group comprises of risk control, risk analytics, production and reporting teams.

Behavioural Profiling

For the purpose of risk management, the Group actively monitor and manage 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 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 44.1.

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 is observed to remain adequate under the maturity mismatch analysis, amidst sustained growth in loans supported largely by stable sources of funds from deposits gathering and the issuance of medium term notes and commercial papers.

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 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**
As at 31 Dec 2013(b)					
Net liquidity mismatch	18,638	(2,642)	7,052	10,539	11,800
Cumulative mismatch	18,638	15,996	23,048	33,587	45,387

(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

44.1 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	More than 3 years	No specific maturity	Total
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	10,330	-	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	16,463	2,239	37,763
Loans and advances to customers	20,650	34,324	31,291	48,010	54,794	86,519	-	275,588
Other assets	5,253	490	790	3,505	486	4	721	11,249
Associates and joint venture	-	-	-	-	-	-	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	113,316	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	308	-	317,173
Derivatives[(a)]	18,755	-	-	-	-	-	-	18,755
Other liabilities	2,548	522	2,478	3,942	517	434	1,287	11,728
Other debt securities	37	2,569	9,236	11,351	3,602	5,168	-	31,963
Subordinated term debts	-	726	-	-	-	3,939	-	4,665
Total liabilities	238,950	56,250	46,935	40,575	6,614	9,849	1,287	400,460
Non-controlling interests	-	-	-	-	-	-	2,498	2,498
Shareholders' funds	-	-	-	-	-	-	37,708	37,708
Total equity	-	-	-	-	-	-	40,206	40,206
2013								
Cash and balances with central banks	15,240	586	671	2,007	222	-	-	18,726
Government securities and treasury bills	94	1,803	4,284	9,739	4,453	7,124	-	27,497
Due from banks	14,134	5,124	9,143	11,013	403	-	-	39,817
Derivatives[(a)]	17,426	-	-	-	-	-	-	17,426
Bank and corporate securities	83	1,548	4,267	3,800	6,956	15,008	1,884	33,546
Loans and advances to customers	16,115	29,755	27,852	47,190	48,153	79,589	-	248,654
Other assets	3,905	468	583	2,807	390	161	611	8,925
Associates and joint venture	-	-	-	-	-	-	1,166	1,166
Properties and other fixed assets	-	-	-	-	-	-	1,449	1,449
Goodwill and intangibles	-	-	-	-	-	-	4,802	4,802
Total assets	66,997	39,284	46,800	76,556	60,577	101,882	9,912	402,008
Due to banks	6,414	2,268	2,566	1,285	1,039	-	-	13,572
Deposits and balances from customers	187,914	40,730	34,087	26,196	2,992	446	-	292,365
Derivatives[(a)]	18,132	-	-	-	-	-	-	18,132
Other liabilities	1,520	1,083	141	3,711	555	3,253	1,331	11,594
Other debt securities	682	2,512	5,939	7,975	2,779	3,228	-	23,115
Subordinated term debts	-	-	-	-	-	5,544	-	5,544
Total liabilities	214,662	46,593	42,733	39,167	7,365	12,471	1,331	364,322
Non-controlling interests	-	-	-	-	-	-	3,453	3,453
Shareholders' funds	-	-	-	-	-	-	34,233	34,233
Total equity	-	-	-	-	-	-	37,686	37,686

(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 44.2 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 contractual basis.

44.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2014						
Derivatives settled on a net basis [(a)]	**(490)**	**18**	**20**	**149**	**451**	**148**
Derivatives settled on a gross basis						
- outflow	**51,476**	**92,575**	**165,570**	**307,689**	**155,044**	**772,354**
- inflow	**51,768**	**92,889**	**165,736**	**307,503**	**155,025**	**772,921**
2013						
Derivatives settled on a net basis [(a)]	(407)	(7)	44	7	(379)	(742)
Derivatives settled on a gross basis						
- outflow	33,741	58,422	92,906	182,712	102,481	470,262
- inflow	34,051	58,514	93,062	182,626	102,036	470,289

(a) Positive indicates inflow and negative indicates outflow of funds

44.3 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments. Commitments are shown below based on the remaining period to contractual expiry date as at the balance sheet date:

In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2014					
Guarantees, endorsements and other contingent liabilities	**22,231**	**-**	**-**	**-**	**22,231**
Undrawn loan 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**
2013					
Guarantees, endorsements and other contingent liabilities	20,919	-	-	-	20,919
Undrawn loan commitments[(a)] and other facilities	139,109	8,261	8,037	2,642	158,049
Operating lease commitments	184	277	244	67	772
Capital commitments	18	-	-	-	18
Total	160,230	8,538	8,281	2,709	179,758

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

45 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 framework for operational risk management comprises the following building blocks:

- **Policies**
  To govern Operational Risk Management (ORM) practices in a consistent manner, the Group Operational Risk Management Framework includes a set of Core Operational Risk Standards which provides guidance on the baseline controls to ensure a controlled and sound operating environment. There are also corporate operational risk policies which are owned by the respective corporate oversight 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, there are 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 of these issues. 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 (which covers risk governance, communication, monitoring, assessment, mitigation and acceptance), 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.

  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 and mitigate such risks through a combination of policy, and relevant systems and controls, coupled with the provision of relevant training and the execution of assurance processes. The 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 Group operates.

  Fraud Risk
  The Group has established minimum standards for its businesses and support units to prevent, detect, investigate and remediate against fraud and related events. This includes the components, key roles and the framework of 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 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 or service introduced 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.

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 the 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 to test the BCPs and crisis management protocol simulating varying scenarios. 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 Global Insurance Programme, from third-party insurers. These policies cover fraud and civil liability, property damage, general liability and directors' and officers' liability.

- **Processes, Systems and Reports**

  Robust internal control process and system 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 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.

46 Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Quarterly updates on the Group's capital position are provided to the Board of Directors, who hold 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 and the expectations of customers, investors and rating agencies. This objective is pursued while ensuring that adequate returns are delivered to shareholders and there is adequate capital for business growth, investment opportunities and meeting contingencies.

The Group is subject to the capital adequacy requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore), 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).

47 Segment Reporting

47.1 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 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 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 segments:

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
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 and joint venture	**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**
2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	499	3,529
Total income	2,538	4,676	1,034	850	9,098
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 and joint venture	-	-	-	79	79
Profit before tax	710	2,755	559	465	4,489
Income tax expense					615
Net profit attributable to shareholders					3,672
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	364,322
Capital expenditure	63	30	15	119	227
Depreciation[(a)]	32	9	8	165	214

(a) Amounts for each business segment are shown before allocation of centralised cost

47.2 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**
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 and joint venture	**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**
2013						
Net interest income	3,487	1,016	456	405	205	5,569
Non-interest income	2,099	847	287	195	101	3,529
Total income	5,586	1,863	743	600	306	9,098
Expenses	2,288	717	548	283	82	3,918
Allowances for credit and other losses	335	142	76	126	91	770
Share of profits of associates and joint venture	13	-	8	58	-	79
Profit before tax	2,976	1,004	127	249	133	4,489
Income tax expense	344	153	35	50	33	615
Net profit attributable to shareholders	2,431	851	92	198	100	3,672
Total assets before goodwill and intangibles	258,580	65,783	43,132	16,466	13,245	397,206
Goodwill and intangibles	4,802	-	-	-	-	4,802
Total assets	263,382	65,783	43,132	16,466	13,245	402,008
Non-current assets[d]	2,124	355	103	31	2	2,615

(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, Vietnam and the Philippines
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America and United Kingdom
(d) Includes investments in associates and joint venture, properties and other fixed assets

Directors' Report

The Directors are pleased to submit their report to the Members together with the audited consolidated financial statements of DBS Group Holdings Ltd (the Company or DBSH) and its subsidiaries (the Group) and the balance sheet of the Company for the financial year ended 31 December 2014, which 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.

Board of Directors

The Directors in office at the date of this report 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)		

Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic will retire in accordance with Article 95 of the Company's Articles of Association 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, is required to retire at the forthcoming AGM pursuant to Section 153 of the Companies Act. 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 report.

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 2014	As at 1 Jan 2014	As at 31 Dec 2014	As at 1 Jan 2014
DBSH ordinary shares				
Peter Seah	84,838	38,532	-	-
Piyush Gupta	403,849	200,140	118,000	118,000
Bart Broadman	22,515	15,449	-	-
Euleen Goh	24,123	12,545	-	-
Ho Tian Yee	7,973	3,444	-	-
Nihal Kaviratne CBE	5,014	4,767	-	-
Andre Sekulic	7,539	2,693	-	-
Danny Teoh	19,254	11,540	18,723	18,723
Ow Foong Pheng	4,403	4,257	-	-
Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	20,245	32,697	-	-
Piyush Gupta[(1)]	1,059,968	937,553	-	-
Bart Broadman	4,973	8,248	-	-
Euleen Goh	8,222	13,410	-	-
Ho Tian Yee	1,984	2,960	-	-
Nihal Kaviratne CBE	2,686	4,008	-	-
Danny Teoh	4,902	7,534	-	-
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 38 of the Notes to the 2014 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 2015.

Directors' contractual benefits

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Companies Act save as disclosed in this report or in the financial statements of the Company and of the Group.

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 were 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 2014	During the year Exercised	Forfeited/Expired	Number of unissued ordinary shares 31 December 2014	Exercise price per share	Expiry date
March 2004	880,631	855,615	25,016	-	$12.53	02 March 2014
March 2005	554,244	195,841	3,526	354,877	$12.81	01 March 2015
	1,434,875	1,051,456	28,542	354,877		

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 5,789,096 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 326,124 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 59,569 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]	31,845	44,297
Piyush Gupta	326,124[1]	203,709
Bart Broadman[2]	3,791	7,066
Euleen Goh[2]	6,080	11,268
Ho Tian Yee[2]	3,553	4,529
Nihal Kaviratne CBE[2]	4,490	5,812
Andre Sekulic[2]	4,728	4,728
Danny Teoh[2]	5,082	7,714

(1) Mr Gupta's awards formed part of his remuneration for 2013
(2) The awards of these non-executive Directors formed part of their directors' fees for 2013, which had been approved by the shareholders at DBSH's AGM held on 28 April 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 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, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Awards are granted under the DBSH Share Plan at the absolute discretion of the Compensation and Management Development Committee.

(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.

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, 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 2014, 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 recommends to the Board of Directors the re-appointment of PwC as independent external auditor at the forthcoming AGM of the Company on 23 April 2015.

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

9 February 2015
Singapore

Statement by the Directors

We, Peter Seah Lim Huat and Piyush Gupta, being two of the Directors of DBS Group Holdings Ltd (the Company), state that, in the opinion of the Directors, the consolidated financial statements of the Group, consisting of the Company and its subsidiaries and the balance sheet of the Company, together with the notes thereon, as set out on pages 1 to 71, are drawn up so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date and 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.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

9 February 2015
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 71, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 31 December 2014, the consolidated income statement, statement of comprehensive income, statement of changes in equity and 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 profit and loss accounts and balance sheets 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 state of affairs of the Group and of the Company as at 31 December 2014, and the results, 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 subsidiaries 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, 9 February 2015

DBS BANK LTD
(Incorporated in Singapore. Registration Number: 196800306E)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

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DBS BANK LTD AND ITS SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

In $ millions	Note	Group 2014	Group 2013	Bank 2014	Bank 2013
Income					
Interest income		**8,948**	7,986	**6,282**	5,614
Interest expense		**2,626**	2,417	**1,617**	1,502
Net interest income	4	**6,322**	5,569	**4,665**	4,112
Net fee and commission income	5	**2,027**	1,885	**1,431**	1,276
Net trading income	6	**901**	1,095	**312**	491
Net income from investment securities	7	**274**	276	**233**	248
Other income	8	**293**	273	**456**	372
Total income		**9,817**	9,098	**7,097**	6,499
Expenses					
Employee benefits	9	**2,294**	2,065	**1,464**	1,298
Other expenses	10	**2,029**	1,846	**1,304**	1,177
Allowances for credit and other losses	11	**667**	770	**547**	556
Total expenses		**4,990**	4,681	**3,315**	3,031
Share of profits of associates and joint venture		**79**	79	**-**	-
Profit before tax		**4,906**	4,496	**3,782**	3,468
Income tax expense	12	**716**	615	**533**	463
Net profit		**4,190**	3,881	**3,249**	3,005
Attributable to:					
Shareholders		**4,098**	3,793	**3,249**	3,005
Non-controlling interests		**92**	88	**-**	-
		4,190	3,881	**3,249**	3,005

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

In $ millions	Group 2014	Group 2013	Bank 2014	Bank 2013
Net profit	**4,190**	3,881	**3,249**	3,005
Other comprehensive income:				
Foreign currency translation differences for foreign operations	**96**	(87)	**19**	(52)
Share of other comprehensive income of associates and joint venture	**7**	(4)	**-**	-
Available-for-sale financial assets and others:				
Net valuation taken to equity	**467**	(542)	**427**	(530)
Transferred to income statement	**(165)**	(176)	**(134)**	(163)
Tax on items taken directly to or transferred from equity	**(14)**	41	**(14)**	40
Other comprehensive income, net of tax	**391**	(768)	**298**	(705)
Total comprehensive income	**4,581**	3,113	**3,547**	2,300
Attributable to:				
Shareholders	**4,484**	3,021	**3,547**	2,300
Non-controlling interests	**97**	92	**-**	-
	4,581	3,113	**3,547**	2,300

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
BALANCE SHEETS AT 31 DECEMBER 2014

		Group		Bank	
In $ millions	**Note**	**2014**	2013	**2014**	2013
Assets					
Cash and balances with central banks	14	**19,505**	18,719	**12,395**	11,652
Government securities and treasury bills	15	**29,694**	27,497	**24,034**	23,640
Due from banks		**42,250**	39,817	**35,716**	31,686
Derivatives	36	**16,995**	17,426	**16,488**	16,764
Bank and corporate securities	16	**37,763**	33,546	**33,686**	30,481
Loans and advances to customers	17	**275,588**	248,654	**218,232**	191,887
Other assets	19	**11,275**	8,947	**8,000**	4,997
Associates and joint venture	22	**995**	1,166	**205**	431
Subsidiaries	21	**-**	-	**18,641**	18,222
Properties and other fixed assets	25	**1,485**	1,449	**569**	567
Goodwill and intangibles	26	**5,117**	4,802	**281**	-
Total assets		**440,667**	402,023	**368,247**	330,327
Liabilities					
Due to banks		**16,176**	13,572	**14,310**	12,276
Deposits and balances from customers	27	**317,173**	292,365	**244,669**	224,649
Derivatives	36	**18,769**	18,132	**18,383**	17,535
Other liabilities	28	**11,711**	11,582	**7,062**	6,031
Other debt securities	29	**30,302**	23,115	**28,835**	21,476
Due to holding company		**4,088**	1,406	**3,373**	1,406
Due to subsidiaries	30	**-**	-	**14,341**	9,391
Subordinated term debts	31	**4,665**	5,544	**4,665**	5,544
Total liabilities		**402,884**	365,716	**335,638**	298,308
Net assets		**37,783**	36,307	**32,609**	32,019
Equity					
Share capital	32	**22,096**	17,096	**22,096**	17,096
Other reserves	33	**2,471**	2,085	**2,572**	2,274
Revenue reserves	33	**11,521**	15,379	**7,941**	12,649
Shareholders' funds		**36,088**	34,560	**32,609**	32,019
Non-controlling interests	34	**1,695**	1,747	**-**	-
Total equity		**37,783**	36,307	**32,609**	32,019

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Group In $ millions	Share Capital	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
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
2013						
Balance at 1 January	17,096	2,857	13,503	33,456	1,743	35,199
Dividends paid to holding company			(1,800)	(1,800)		(1,800)
Dividends paid on preference shares			(117)	(117)		(117)
Dividends paid to non-controlling interests				-	(88)	(88)
Total comprehensive income		(772)	3,793	3,021	92	3,113
Balance at 31 December	17,096	2,085	15,379	34,560	1,747	36,307

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Bank

In $ millions	Share Capital	Other reserves	Revenue reserves	Total equity
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
2013				
Balance at 1 January	17,096	2,979	11,561	31,636
Dividends paid to holding company			(1,800)	(1,800)
Dividends paid on preference shares			(117)	(117)
Total comprehensive income		(705)	3,005	2,300
Balance at 31 December	17,096	2,274	12,649	32,019

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

Group

In $ millions	2014	2013
Cash flows from operating activities		
Net profit	**4,190**	3,881
Adjustments for non-cash items:		
Allowances for credit and other losses	**667**	770
Depreciation of properties and other fixed assets	**220**	214
Share of profits of associates and joint venture	**(79)**	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(35)**	(44)
Net income from investment securities	**(274)**	(276)
Net gain on disposal of associate	**(223)**	(221)
Income tax expense	**713**	615
Fair value gain on acquisition of interest in joint venture	**(3)**	-
Profit before changes in operating assets and liabilities	**5,176**	4,860
Increase/(Decrease) in:		
Due to banks	**2,604**	(1,779)
Deposits and balances from customers	**24,808**	38,901
Other liabilities	**1,314**	671
Other debt securities and borrowings	**6,982**	9,323
Due to holding company	**2,682**	584
(Increase)/Decrease in:		
Restricted balances with central banks	**111**	(998)
Government securities and treasury bills	**(1,986)**	8,540
Due from banks	**(2,433)**	(10,427)
Loans and advances to customers	**(27,558)**	(38,845)
Bank and corporate securities	**(3,865)**	(8,117)
Other assets	**(2,172)**	(348)
Tax paid	**(731)**	(563)
Net cash generated from operating activities (1)	**4,932**	1,802
Cash flows from investing activities		
Proceeds from disposal of interest in associate	**435**	425
Acquisition of interest in associate and joint venture	**(88)**	(65)
Dividends from associates	**98**	52
Purchase of properties and other fixed assets	**(263)**	(227)
Proceeds from disposal of properties and other fixed assets	**55**	63
Acquisition of business (Note 24)	**(281)**	
Net cash (used in)/generated from investing activities (2)	**(44)**	248
Cash flows from financing activities		
Increase in share capital	**5,000**	-
Payment upon maturity of subordinated term debts	**(977)**	-
Dividends paid to non-controlling interests	**(86)**	(88)
Dividends paid to shareholders of the Bank	**(6,256)**	(1,917)
Redemption of preference shares	**(1,700)**	-
Change in non-controlling interests	**(63)**	-
Net cash used in financing activities (3)	**(4,082)**	(2,005)
Exchange translation adjustments (4)	**91**	(91)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**897**	(46)
Cash and cash equivalents at 1 January	**10,942**	10,988
Cash and cash equivalents at 31 December (Note 14)	**11,839**	10,942

(see notes on pages 6 to 85, 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 2014 were authorised for issue by the Directors on 9 February 2015.

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 and joint venture.

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(19) 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 judgem ent and complexity, are disclosed in Note 3.

2.3 Adoption of new and revised accounting standards

On 1 January 2014, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group. The adoption of these FRS has no significant impact on the financial statements of the Group.

Amendments to FRS 32: Offsetting Financial Assets and Financial Liabilities
The amendments to FRS 32 clarify the offsetting criteria in FRS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement.

FRS 110: Consolidated Financial Statements
FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power to affect those returns.

FRS 111: Joint Arrangements
FRS 111 focuses on the rights and obligations of the parties to the arrangement rather than its legal form. The two types of joint arrangements are joint operations in which the investors have rights to the assets and obligations for the liabilities of an arrangement and joint ventures in which the investors have rights to the net assets of the arrangement.

FRS 112: Disclosures of Interests in Other Entities
FRS 112 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

INT FRS 121: Levies
INT FRS 121 sets out the accounting for an obligation to pay a levy that is not income tax.

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014. 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, balances, income and expenses are eliminated on consolidation.

Joint ventures
Joint ventures are arrangements over which the Group has joint control. The Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investments in joint ventures are accounted for using the equity method.

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.

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, 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 are 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.

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:

- Financial assets (other than derivatives) 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 segments "Consumer Banking/Wealth Management" and "Institutional Banking". Loans and receivables are carried at amortised cost using the effective interest method.

- 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 hedges 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 hedges are included in "Net trading income".

- 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.

- The Group also holds other 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 39.

Offsetting
Financial assets and liabilities are presented net when there is a legally enforceable right to set off 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.

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"***). Financial liabilities in this classification are usually within the "Treasury" segment.

  In addition, some financial liabilities used to fund specific financial assets measured at fair value through profit or loss are designated under the fair value option when doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise.

  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 are 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 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 specific 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 Board of Directors.

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, associates and joint ventures 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 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. Monthly contributions to the Scheme are expensed off when incurred.

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 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

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Cash and balances with central banks and Due from banks	**577**	460	**398**	323
Customer non-trade loans	**5,256**	4,710	**3,604**	3,268
Trade assets	**1,583**	1,458	**953**	833
Debt securities	**1,532**	1,358	**1,327**	1,190
Total interest income	**8,948**	7,986	**6,282**	5,614
Deposits and balances from customers	**2,086**	1,926	**1,000**	911
Other borrowings	**540**	491	**617**	591
Total interest expense	**2,626**	2,417	**1,617**	1,502
Net interest income	**6,322**	5,569	**4,665**	4,112
Comprising:				
Interest income for financial assets at fair value through profit or loss	**595**	329	**474**	277
Interest income for financial assets not at fair value through profit or loss	**8,353**	7,657	**5,808**	5,337
Interest expense for financial liabilities at fair value through profit or loss	**(142)**	(107)	**(133)**	(103)
Interest expense for financial liabilities not at fair value through profit or loss	**(2,484)**	(2,310)	**(1,484)**	(1,399)
Total	**6,322**	5,569	**4,665**	4,112

5 Net Fee and Commission Income

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Brokerage	**173**	214	**28**	5
Investment banking	**243**	191	**210**	158
Trade and transaction services[(b)]	**515**	531	**338**	347
Loan-related	**385**	367	**303**	287
Cards[(c)]	**369**	337	**283**	260
Wealth management	**507**	412	**361**	284
Others	**83**	69	**52**	49
Fee and commission income	**2,275**	2,121	**1,575**	1,390
Less: fee and commission expense	**248**	236	**144**	114
Net fee and commission income[(a)]	**2,027**	1,885	**1,431**	1,276

(a) Includes net fee and commission income of $35 million (2013: $28 million) and $21 million (2013: $15 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 $687 million (2013: $671 million) and $555 million (2013: $540 million) during the year for the Group and Bank respectively
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Card fees are net of interchange fees paid

6 Net Trading Income

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Net trading income				
- Foreign exchange	**558**	981	**47**	442
- Interest rates, credit, equities and others[(a)]	**346**	138	**263**	58
Net gain/(loss) from financial assets designated at fair value	**9**	(24)	**8**	(25)
Net (loss)/gain from financial liabilities designated at fair value	**(12)**	#	**(6)**	16
Total	**901**	1,095	**312**	491

Amount under $500,000
(a) Includes dividend income of $19 million (2013: $14 million) for the Group; and $19 million (2013: $14 million) for the Bank

7 Net Income from Investment Securities

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Debt securities				
- Available-for-sale	**122**	89	**101**	87
- Loans and receivables	**4**	5	**3**	1
Equity securities[a]	**148**	182	**129**	160
Total[b]	**274**	276	**233**	248
Comprising net gains transferred from:				
Available-for-sale revaluation reserves	**212**	197	**182**	184

(a) Includes dividend income of $57 million (2013: $69 million) for the Group; and $49 million (2013: $60 million) for the Bank
(b) Includes fair value impact of hedges for the investment securities

8 Other Income

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Rental income	**35**	29	**10**	12
Net gain on disposal of properties and other fixed assets	**43**	44	**43**	#
Others [a] [b]	**215**	200	**403**	360
Total	**293**	273	**456**	372

\# Amount under $500,000
(a) 2014 includes an amount of $198 million gain for the Group and $153 million for the Bank, comprising a gain of $223 million (2013: $221 million) for the Group and $178 million (2013: $153 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 in 2014 and an amount of $50 million set aside to establish the DBS Foundation to further the Group's commitment to social and community development in 2013 respectively. Refer to Note 22
(b) Includes dividend income from subsidiaries and associates of $262 million for the Bank (2013: $234 million)

9 Employee Benefits

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Salaries and bonuses	**1,887**	1,689	**1,204**	1,064
Contributions to defined contribution plans	**111**	98	**73**	66
Share-based expenses	**85**	76	**71**	59
Others	**211**	202	**116**	109
Total	**2,294**	2,065	**1,464**	1,298

10 Other Expenses

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Computerisation expenses[(a)]	**776**	678	**602**	523
Occupancy expenses[(b)]	**369**	365	**201**	202
Revenue-related expenses	**238**	231	**127**	128
Others[(c)]	**646**	572	**374**	324
Total	**2,029**	1,846	**1,304**	1,177

(a) Includes hire and maintenance costs of computer hardware and software
(b) Includes rental expenses of office and branch premises of $220 million (2013: $216 million) for the Group, and $129 million (2013: $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

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Depreciation expenses	**220**	214	**147**	137
Hire and maintenance of fixed assets, including building-related expenses	**388**	355	**245**	219
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**	#
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**	#

\# Amount under $500,000
(a) PricewaterhouseCoopers network firms

11 Allowances for Credit and Other Losses

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Loans and advances to customers (Note 17)	**620**	726	**483**	511
Investment securities				
- Available-for-sale	**15**	8	**14**	7
- Loans and receivables	**2**	8	**-**	8
Investment in subsidiaries (Note 21)	**-**	-	**29**	5
Properties and other fixed assets	**-**	(1)	**-**	(1)
Off-balance sheet credit exposures	**23**	23	**20**	17
Others (bank loans and sundry debtors)	**7**	6	**1**	9
Total	**667**	770	**547**	556

12 Income Tax Expense

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Current tax expense				
- Current year	**761**	704	**585**	528
- Prior years' provision	**17**	(28)	**8**	(26)
Deferred tax expense				
- Prior years' provision	**(10)**	(3)	**(10)**	(4)
- Origination of temporary differences	**(52)**	(58)	**(50)**	(35)
Total	**716**	615	**533**	463

The deferred tax charge/(credit) in the income statement comprises the following temporary differences:

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Accelerated tax depreciation	**12**	3	**4**	2
Allowances for loan losses	**(67)**	(51)	**(65)**	(34)
Other temporary differences	**(7)**	(13)	**1**	(7)
Deferred tax credit to income statement	**(62)**	(61)	**(60)**	(39)

The tax on the Group's profit (before share of profits of associates and joint venture) and the Bank's profit differ from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Profit	**4,827**	4,417	**3,782**	3,468
Prima facie tax calculated at a tax rate of 17% (2013: 17%)	**821**	751	**643**	590
Effect of different tax rates in other countries	**(5)**	23	**(21)**	11
Net income not subject to tax	**(107)**	(97)	**(86)**	(74)
Net income taxed at concessionary rate	**(117)**	(74)	**(117)**	(72)
Others	**124**	12	**114**	8
Income tax expense charged to income statement	**716**	615	**533**	463

Deferred income tax relating to available-for-sale financial assets and others of $14 million was charged directly to equity (2013: $41 million credited to equity) for the Group. Deferred income tax relating to available-for-sale financial assets and others of $13 million was charged to equity (2013: $40 million credited to equity) for the Bank.

Refer to Note 20 for further information on deferred tax assets/liabilities.

13 Classification of Financial Instruments

	The Group						
	2014						
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
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**

	The Group 2013						
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
Assets							
Cash and balances with central banks	-	-	14,782	3,937	-	-	18,719
Government securities and treasury bills	6,220	-	39	20,689	549	-	27,497
Due from banks	2,375	-	35,745	1,697	-	-	39,817
Derivatives	17,174	-	-	-	-	252	17,426
Bank and corporate securities	8,713	75	11,907	12,851	-	-	33,546
Loans and advances to customers	-	883	247,771	-	-	-	248,654
Other financial assets	-	-	8,742	-	-	-	8,742
Total financial assets	34,482	958	318,986	39,174	549	252	394,401
Other asset items outside the scope of FRS 39[(a)]							7,622
Total assets							402,023
Liabilities							
Due to banks	82	-	13,490	-	-		13,572
Deposits and balances from customers	569	1,374	290,422	-	-	-	292,365
Derivatives	17,914	-	-	-	-	218	18,132
Other financial liabilities	1,353	-	9,001	-	-	-	10,354
Other debt securities	2,651	965	19,499	-	-	-	23,115
Due to holding company	-	-	1,406	-	-	-	1,406
Subordinated term debts	-	-	5,544	-	-	-	5,544
Total financial liabilities	22,569	2,339	339,362	-	-	218	364,488
Other liability items outside the scope of FRS 39 [(b)]							1,228
Total liabilities							365,716

(a) Includes associates and joint venture, 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

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
				Bank 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

	Bank 2013						
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
Assets							
Cash and balances with central banks	-	-	10,460	1,192	-	-	11,652
Government securities and treasury bills	4,974	-	-	18,117	549	-	23,640
Due from banks	1,772	-	28,512	1,402	-	-	31,686
Derivatives	16,544	-	-	-	-	220	16,764
Bank and corporate securities	7,698	75	11,529	11,179	-	-	30,481
Loans and advances to customers	-	883	191,004	-	-	-	191,887
Other financial assets	-	-	4,880	-	-	-	4,880
Due from subsidiaries	-	-	6,382	-	-	-	6,382
Total financial assets	30,988	958	252,767	31,890	549	220	317,372
Other asset items outside the scope of FRS 39[(a)]							12,955
Total assets							330,327
Liabilities							
Due to banks	82	-	12,194	-	-	-	12,276
Deposits and balances from customers	569	-	224,080	-	-	-	224,649
Derivatives	17,343	-	-	-	-	192	17,535
Other financial liabilities	844	-	4,097	-	-	-	4,941
Other debt securities	2,651	945	17,880	-	-	-	21,476
Due to holding company	-	-	1,406	-	-	-	1,406
Due to subsidiaries	-	-	9,391	-	-	-	9,391
Subordinated term debts	-	-	5,544	-	-	-	5,544
Total financial liabilities	21,489	945	274,592	-	-	192	297,218
Other liability items outside the scope of FRS 39 [(b)]							1,090
Total liabilities							298,308

(a) Includes investments in subsidiaries, associates and joint venture, 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 set off 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 2014, “Loans and advances to customers” of $2,168 million (2013: $2,452 million) were set off against “Deposits and balances from customers” of $2,176 million (2013: 2,600 million) because contractually there is a legally enforceable right to set off these amounts at both the Group and Bank, and intent to settle the loans and the deposits simultaneously at maturity or termination dates. This resulted in a net amount of $8 million being reported under “Deposits and balances from customers” as at 31 December 2014 (2013: $148 million).

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 set off 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 set off 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)**
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**	**-**
Payable in respect of 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**

				The Group		
				Related amounts not set off 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)**
2013						
Financial Assets						
Derivatives	17,426	7,205[(a)]	10,221	9,802[(a)]	309	110
Reverse repurchase agreements	4,780[(b)]	597	4,183	4,171	-	12
Securities borrowings	35[(c)]	-	35	34	-	1
Total	22,241	7,802	14,439	14,007	309	123
Financial Liabilities						
Derivatives	18,132	6,028[(a)]	12,104	9,845[(a)]	1,637	622
Repurchase agreements	1,501[(d)]	39	1,462	1,462	-	-
Payable in respect of short sale of securities	1,353[(e)]	844	509	508	-	1
Securities lendings	-	-	-	-	-	-
Total	20,986	6,911	14,075	11,815	1,637	623

(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) Payable in respect of 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 set off on balance sheet Financial instruments (C)	Cash collateral received/ placed (D)	Net amounts in scope (E)
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**
2013						
Financial Assets						
Derivatives	16,764	5,627[(a)]	11,137	10,633[(a)]	309	195
Reverse repurchase agreements	4,183[(b)]	-	4,183	4,171	-	12
Securities borrowings	35[(c)]	-	35	34	-	1
Total	20,982	5,627	15,355	14,838	309	208
Financial Liabilities						
Derivatives	17,535	4,596[(a)]	12,939	10,676[(a)]	1,660	603
Repurchase agreements	1,501[(d)]	39	1,462	1,462	-	-
Securities lendings	-	-	-	-	-	-
Total	19,036	4,635	14,401	12,138	1,660	603

(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 2014	The Group 2013	Bank 2014	Bank 2013
Cash on hand	**1,924**	1,796	**1,749**	1,618
Non-restricted balances with central banks	**9,915**	9,146	**6,087**	5,211
Cash and cash equivalents	**11,839**	10,942	**7,836**	6,829
Restricted balances with central banks[(a)]	**7,666**	7,777	**4,559**	4,823
Total	**19,505**	18,719	**12,395**	11,652

(a) Mandatory balances with central banks

15 Government Securities and Treasury Bills

The Group

In $ millions	Held for trading	Loans and receivables [(c)]	Available-for-sale	Held to maturity [(d)]	Total
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**
2013					
Singapore Government securities and treasury bills [(a)]	2,013	-	7,332	549	9,894
Other government securities and treasury bills [(b)]	4,207	39	13,357	-	17,603
Total	6,220	39	20,689	549	27,497

(a) Includes financial assets transferred of $522 million (2013: $564 million) (See Note 18)
(b) Includes financial assets transferred of $1,571 million (2013: $1,450 million) (See Note 18)
(c) The fair value of securities classified as loans and receivables amounted to $27 million (2013: $39 million)
(d) The fair value of securities classified as held to maturity amounted to $1,189 million (2013: $537 million)

Bank

In $ millions	Held for trading	Loans and receivables	Available-for-sale	Held to maturity [(c)]	Total
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**
2013					
Singapore Government securities and treasury bills [(a)]	2,013	-	7,332	549	9,894
Other government securities and treasury bills [(b)]	2,961	-	10,785	-	13,746
Total	4,974	-	18,117	549	23,640

(a) Includes financial assets transferred of $522 million (2013: $564 million) (See Note 18)
(b) Includes financial assets transferred of $919 million (2013: $927 million) (See Note 18)
(c) The fair value of securities classified as held to maturity amounted to $1,189 million (2013: $537 million)

16 Bank and Corporate Securities

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables[a]	Available-for-sale	Total
The Group					
2014					
Bank and corporate debt securities [b]	**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**
2013					
Bank and corporate debt securities [b]	8,129	75	12,036	11,551	31,791
Less: impairment allowances	-	-	(129)	-	(129)
Equity securities	584	-	-	1,300	1,884
Total	8,713	75	11,907	12,851	33,546

(a) The fair value of securities classified as loans and receivables amounted to $13,567 million (2013: $11,992 million)
(b) Includes financial assets transferred of $623 million(2013: $902 million) (See Note 18)

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables[a]	Available-for-sale	Total
Bank					
2014					
Bank and corporate debt securities [b]	**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**
2013					
Bank and corporate debt securities [b]	7,114	75	11,657	10,021	28,867
Less: impairment allowances	-	-	(128)	-	(128)
Equity securities	584	-	-	1,158	1,742
Total	7,698	75	11,529	11,179	30,481

(a) The fair value of securities classified as loans and receivables amounted to $13,065 million (2013: $11,613 million)
(b) No financial assets were transferred in 2014 (2013: $62 million) (See Note 18)

17 Loans and Advances to Customers

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Gross	**279,154**	252,181	**220,912**	194,564
Less: Specific allowances	**983**	1,129	**584**	762
General allowances	**2,583**	2,398	**2,096**	1,915
	275,588	248,654	**218,232**	191,887
Analysed by product				
Long-term loans	**116,633**	100,950	**93,414**	79,314
Short-term facilities	**58,819**	51,896	**48,000**	42,620
Housing loans	**52,866**	49,147	**44,123**	40,327
Trade loans	**50,836**	50,188	**35,375**	32,303
Gross total	**279,154**	252,181	**220,912**	194,564
Analysed by currency				
Singapore dollar	**109,493**	101,456	**109,427**	100,910
Hong Kong dollar	**32,476**	29,463	**11,197**	9,277
US dollar	**96,552**	84,998	**81,802**	67,145
Chinese yuan	**20,399**	18,401	**7,948**	8,260
Others	**20,234**	17,863	**10,538**	8,972
Gross total	**279,154**	252,181	**220,912**	194,564

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:

	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**
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**
2013					
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 holding companies	232	13	(105)	6	146
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

	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
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**
2013					
Specific allowances					
Manufacturing	86	85	(55)	5	121
Building and construction	17	23	(22)	1	19
Housing loans	7	(1)	-	-	6
General commerce	78	99	(131)	2	48
Transportation, storage and communications	498	(64)	(3)	19	450
Financial institutions, investment and holding companies	174	10	(104)	3	83
Professionals and private individuals (excluding housing loans)	21	129	(130)	1	21
Others	8	7	(2)	1	14
Total specific allowances	889	288	(447)	32	762
Total general allowances	1,687	223	-	5	1,915
Total allowances	2,576	511	(447)	37	2,677

Included in loans and advances to customers are loans designated at fair value, as follows:

	The Group		Bank	
In $ millions	2014	2013	2014	2013
Fair value designated loans and advances and related credit derivatives/enhancements				
Maximum credit exposure	**1,228**	883	**1,228**	883
Credit derivatives/enhancements – protection bought	**(1,228)**	(883)	**(1,228)**	(883)
Cumulative change in fair value arising from changes in credit risk	**(194)**	(138)	**(194)**	(138)
Cumulative change in fair value of related credit derivatives/enhancements	**194**	138	**194**	138

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 $56 million (2013: loss of $77 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 $56 million for both the Group and Bank (2013: gain of $77 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 2014 and 2013.

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 $2,457 million (2013: $2,010 million) for the Group and $1,341 million (2013: $1,501 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	**2014**	**2013**	**2014**	**2013**
Securities pledged and transferred				
Singapore Government securities and treasury bills	**522**	564	**522**	564
Other government securities and treasury bills	**1,571**	1,450	**919**	927
Bank and corporate debt securities	**623**	902	**-**	62
Total securities pledged and transferred	**2,716**	2,916	**1,441**	1,553

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 $1,317 million (2013: $883 million).

19 Other Assets

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Accrued interest receivable	**1,194**	941	**875**	683
Deposits and prepayments	**268**	290	**186**	230
Clients' monies receivable from securities business	**636**	633	**-**	-
Sundry debtors and others	**8,921**	6,878	**6,774**	3,967
Deferred tax assets (Note 20)	**256**	205	**165**	117
Total	**11,275**	8,947	**8,000**	4,997

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 28) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Deferred income tax assets				
Allowances for loan losses	**254**	187	**180**	115
Other temporary differences	**137**	85	**97**	46
	391	272	**277**	161
Amounts offset against deferred tax liabilities	**(135)**	(67)	**(112)**	(44)
Total	**256**	205	**165**	117
Deferred income tax liabilities				
Accelerated tax depreciation	**104**	92	**48**	44
Available-for-sale financial assets and others	**20**	6	**19**	6
Other temporary differences	**56**	11	**56**	4
	180	109	**123**	54
Amounts offset against deferred tax assets	**(135)**	(67)	**(112)**	(44)
Total	**45**	42	**11**	10
Net deferred tax assets	**211**	163	**154**	107

21 Subsidiaries and Consolidated Structured Entities

	Bank	
In $ millions	2014	2013
Unquoted equity shares[(a)(b)]	**11,846**	11,837
Due from subsidiaries	**6,795**	6,382
Total	**18,641**	18,219

(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	2014	2013
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 2013 and 2014.

Refer to Note 34 for information on non-controlling interests.

21.1.1 Acquisition of interest in joint venture

Acquisition of Hutchison DBS Card Limited (since renamed as DBS Compass Limited)

On 16 June 2014, DBS Bank (Hong Kong) Limited, an indirect wholly-owned subsidiary, acquired the remaining 50% stake it did not own in Hutchison DBS Card Limited (since renamed as DBS Compass Limited) for a cash consideration of $88 million (HKD 546 million) from Whampoa Limited (refer to Note 22). The acquisition resulted in the recognition of goodwill amounting to $27 million and intangible assets of $6 million. The Group equity accounted the profits of DBS Compass Limited up to 30 June 2014. With effect from 1 July 2014, DBS Compass Limited was consolidated as a subsidiary.

21.2 Consolidated structured entities

The main structured entities controlled and consolidated by the Group are listed below. These entities are inactive at 31 December 2014.

Name of entity	Purpose of consolidated structured entity	Country of incorporation
Zenesis SPC	Issuance of structured notes	Cayman Islands
Constellation Investment Ltd	Issuance of structured notes	Cayman Islands

The Group uses these entities for the issuance of rated credit linked notes and enters into credit default swaps to provide hedging on the credit risks of the reference portfolio. The Group has contractual arrangements which may require it to provide financial support. No financial support was provided by the Group.

22 Associates and Joint Venture

In $ millions	The Group 2014	2013
Quoted equity securities, at cost [(a)]	**71**	148
Unquoted equity securities, at cost	**779**	783
Sub-total	**850**	931
Share of post acquisition reserves	**145**	235
Total	**995**	1,166

(a) The market value of quoted associates amounted to $50 million (2013: $525 million)

In $ millions	Bank 2014	2013
Quoted equity securities at cost [(a)]	**10**	232
Unquoted equity securities, at cost	**195**	199
Sub-total	**205**	431

(a) The market value of quoted associates amounted to $8 million (2013: $427 million)

The Group's share of income and expenses, assets and liabilities and off-balance sheet items of the associates and joint venture at 31 December are as follows:

In $ millions	The Group 2014	2013
Income statement		
Share of income	**222**	367
Share of expenses	**(143)**	(282)
Balance sheet		
Share of total assets	**1,700**	3,937
Share of total liabilities	**705**	2,712
Off-balance sheet		
Share of contingent liabilities and commitments	**#**	46

Amount under $500,000

22.1 Main associates and joint venture

The main associates and joint venture of the Group are listed below:

Name of associate or joint venture	Country of incorporation	Effective shareholding % 2014	2013
Quoted			
Bank of the Philippine Islands [(a)] *	The Philippines	**-**	5.0
Hwang Capital (Malaysia) Bhd[(b)]* (previously known as Hwang - DBS (Malaysia) Bhd)	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
DBS Compass Limited*	British Virgin Islands	**100.0**[(c)]	50.0

* Audited by PricewaterhouseCoopers network firms outside Singapore
** Audited by other auditors
(a) The Group's effective interest in Bank of the Philippine Islands (BPI) was held via Ayala DBS Holdings Inc.(ADHI). BPI is an associate of ADHI
(b) Shareholding includes 4.15% held through the Bank
(c) Refer to Note 21

As of 31 December 2014 and 31 December 2013, no associate or joint venture 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 and joint venture 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 and joint venture as well as its commitments to finance or otherwise provide resources to them are not material.

22.2 Disposal of interests in associates

Divestment of Bank of the Philippine Islands (BPI)

On 11 November 2013, the Group entered into an agreement to divest its shares in ADHI for a total consideration of $850 million (PHP 29.6 billion). ADHI was a joint venture through which the Group held an effective interest of 9.9% in BPI. The transaction was completed in two equal tranches. After the first tranche was completed in November 2013, the Group was left with an effective stake of 5.0% in BPI. The remaining tranche was completed on 8 January 2014 and a net gain of $198 million was recorded (Note 8) for the Group and $153 million for the Bank for the year ended 31 December 2014.

Divestment of operating business by Hwang Capital (Malaysia) Berhad

On 7 April 2014, Hwang Capital (Malaysia) Berhad sold 100% equity interest in HwangDBS Investment Bank Berhad, 100% equity interest in HDM Futures Sdn Bhd, 53% equity interest in Hwang Investment Management Berhad and 49% equity interest in Asian Islamic Investment Management Sdn Bhd for aggregate cash consideration of $537 million (RM 1,396 million). A profit of $38 million was recognised as the Group's share of associate's profit from the transaction.

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	**2014**	**2013**	**2014**	**2013**
Derivatives	**4**	8	**4**	8
Bank and corporate securities	**968**	459	**968**	459
Loans and advances to customers	**96**	87	**96**	87
Other assets	**1**	1	**1**	1
Total assets	**1,069**	555	**1,069**	555
Commitments and guarantees	**202**	208	**202**	208
Maximum Exposure to Loss	**1,271**	763	**1,271**	763
Derivatives	**17**	5	**17**	5
Total liabilities	**17**	5	**17**	5
Total income from the Group's interest	**18**	19	**18**	19

The table above represents the Group's maximum exposure to loss for which on-balance sheet assets and liabilities are represented by the carrying amount and does not reflect mitigating effects from the availability of netting 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 Acquisitions

On 17 March 2014, the Group entered into an agreement to acquire the Asian private banking business of Societe Generale in Singapore and Hong Kong, as well as selected parts of its trust business, for a total cash consideration of $281 million (US$ 220 million). This amount, which represented approximately 1.75% of assets under management of US$12.6 billion as at 31 December 2013, was recorded as goodwill. The transaction was completed on 6 October 2014.

On the same day, the Group received cash of $1,187 million, being the difference between the assets of $2,560 million and liabilities of $3,747 million transferred from Societe Generale.

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 2014	The Group 2013	Bank 2014	Bank 2013
Minimum lease receivable				
Not later than 1 year	**32**	30	**3**	2
Later than 1 year but not later than 5 years	**49**	66	**2**	2
Later than 5 years	**#**	-	**-**	-
Total	**81**	96	**5**	4

Amount under $500,000

The Group In $ millions	Investment properties	Owner-occupied properties	Other fixed assets[(a)]	Subtotal of non-investment 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**			
2013					
Cost					
Balance at 1 January	654	514	1,234	1,748	2,402
Additions	-	10	217	227	227
Disposals	-	(18)	(77)	(95)	(95)
Transfers	7	(7)	-	(7)	-
Exchange differences	2	14	8	22	24
Balance at 31 December	663	513	1,382	1,895	2,558
Less: Accumulated depreciation					
Balance at 1 January	157	89	664	753	910
Depreciation charge	8	13	193	206	214
Disposals	-	(9)	(67)	(76)	(76)
Transfers	3	(3)	-	(3)	-
Exchange differences	1	6	6	12	13
Balance at 31 December	169	96	796	892	1,061
Less: Allowances for impairment	-	48	-	48	48
Net book value at 31 December	494	369	586	955	1,449
Market value at 31 December	793	756			

(a) Refers to computer hardware, software, office equipment, furniture and fittings and other fixed assets

In $ millions	Bank				
	Investment properties	Owner-occupied properties	Other fixed assets[a]	Subtotal of non-investment properties and other fixed assets	Total
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
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**			
2013					
Cost					
Balance at 1 January	69	138	825	963	1,032
Additions	-	1	160	161	161
Disposals	-	-	(26)	(26)	(26)
Transfers	(12)	12	-	12	-
Exchange differences	-	-	(2)	(2)	(2)
Balance at 31 December	57	151	957	1,108	1,165
Less: Accumulated depreciation					
Balance at 1 January	26	49	404	453	479
Depreciation charge	2	4	131	135	137
Disposals	-	-	(17)	(17)	(17)
Transfers	(4)	4	-	4	-
Exchange differences	-	-	(1)	(1)	(1)
Balance at 31 December	24	57	517	574	598
Less: Allowances for impairment	-	-	-	-	-
Net book value at 31 December	33	94	440	534	567
Market value at 31 December	85	235			

(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 $392 million as at 31 December 2014 (2013: $398 million) and its fair value was independently appraised at $692 million (2013: $599 million).

25.2 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 2014, 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:

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
DBS Bank (Hong Kong) Limited	**4,631**	4,631	**-**	-
Wealth Management Business[(a)] (see Note 24)	**281**	-	**281**	-
DBS Vickers Securities Holdings Pte Ltd	**154**	154	**-**	-
Others	**51**	17	**-**	-
Total	**5,117**	4,802	**281**	-

(a) Relates to acquisition of Societe Generale's Asian private banking business

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% (2013: 4.5%) and discount rate of 9.0% (2013: 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 2014. 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 2014	The Group 2013	Bank 2014	Bank 2013
Analysed by currency				
Singapore dollar	**138,332**	134,758	**138,031**	134,459
US dollar	**93,445**	75,023	**76,204**	61,189
Hong Kong dollar	**31,450**	29,840	**7,296**	5,694
Chinese yuan	**20,463**	22,647	**2,770**	5,841
Others	**33,483**	30,097	**20,368**	17,466
Total	**317,173**	292,365	**244,669**	224,649
Analysed by product				
Savings accounts	**119,753**	112,429	**102,316**	98,049
Current accounts	**60,876**	48,809	**53,310**	42,999
Fixed deposits	**130,904**	122,500	**84,449**	76,206
Other deposits	**5,640**	8,627	**4,594**	7,395
Total	**317,173**	292,365	**244,669**	224,649

28 Other Liabilities

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Cash collateral received in respect of derivative portfolios	**734**	695	**734**	695
Accrued interest payable	**574**	623	**255**	264
Provision for loss in respect of off-balance sheet credit exposures	**322**	249	**292**	224
Clients' monies payable in respect of securities business	**570**	564	**-**	-
Sundry creditors and others	**7,390**	6,853	**4,451**	2,974
Bills payable	**209**	266	**153**	164
Current tax liabilities	**678**	937	**613**	856
Payable in respect of short sale of securities	**1,189**	1,353	**553**	844
Deferred tax liabilities (Note 20)	**45**	42	**11**	10
Total	**11,711**	11,582	**7,062**	6,031

29 Other Debt Securities

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Negotiable certificates of deposit (Note 29.1)	**1,072**	1,235	**-**	-
Senior medium term notes (Note 29.2)	**9,196**	5,635	**9,196**	5,635
Commercial papers (Note 29.3)	**14,561**	12,142	**14,561**	12,142
Other debt securities (Note 29.4)	**5,473**	4,103	**5,078**	3,699
Total	**30,302**	23,115	**28,835**	21,476
Due within 1 year	**23,193**	17,108	**22,740**	16,534
Due after 1 year	**7,109**	6,007	**6,095**	4,942
Total	**30,302**	23,115	**28,835**	21,476

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 2014	The Group 2013	Bank 2014	Bank 2013
Issued by other subsidiaries					
HKD	2.25 % to 4.22%, payable quarterly	**471**	452	**-**	-
HKD	3M HIBOR + 0.9%, payable quarterly	**-**	220	**-**	-
HKD	3M HIBOR +0.2%, payable quarterly	**66**	-	**-**	-
HKD	1.2% to 4.2%, payable yearly	**242**	313	**-**	-
HKD	0% to 0.9%, payable on maturity	**-**	250	**-**	-
USD	0.2%, payable on maturity	**66**	-	**-**	-
IDR	9.75% to 10.65%, payable on maturity	**122**	-	**-**	-
TWD	0.73% to 0.79%, payable on maturity	**105**	-	**-**	-
Total		**1,072**	1,235	**-**	-

The outstanding negotiable certificates of deposit as at 31 December 2014 were issued between 22 August 2008 and 30 December 2014 (2013: 22 August 2008 and 31 December 2013) and mature between 16 January 2015 and 16 March 2021 (2013: 9 January 2014 and 16 March 2021).

29.2 Senior medium term notes issued and outstanding at 31 December are as follows:

In $ millions		The Group		Bank	
Currency	Interest Rate and Repayment Terms	2014	2013	2014	2013
Issued by the Bank					
AUD	Floating rate note, payable quarterly	**108**	-	**108**	-
GBP	Floating rate note, payable quarterly	**4,079**	2,398	**4,079**	2,398
USD	2.35%, payable half yearly	**1,327**	1,265	**1,327**	1,265
USD	2.375%, payable half yearly	**1,331**	1,298	**1,331**	1,298
USD	Floating rate note, payable quarterly	**2,133**	569	**2,133**	569
USD	1.454%, payable yearly	**132**	-	**132**	-
HKD	2.24%, payable quarterly	**86**	82	**86**	82
IDR	7.25%, payable yearly	**-**	23	**-**	23
Total		**9,196**	5,635	**9,196**	5,635

The senior medium term notes were issued by the Bank under its USD 15 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2014 were issued between 14 September 2010 and 2 December 2014 (2013: 14 September 2010 and 16 October 2013) and mature between 25 February 2015 and 20 November 2019 (2013: 4 March 2014 and 30 March 2017).

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 2014 were issued between 4 February 2014 and 16 December 2014 (2013: 21 March 2013 and 6 December 2013) and mature between 13 January 2015 and 1 July 2015 (2013: 3 January 2014 and 11 December 2014).

29.4 Other debt securities issued and outstanding at 31 December are as follows:

In $ millions	The Group		Bank	
Type	2014	2013	2014	2013
Issued by the Bank and other subsidiaries				
Equity linked notes	**1,381**	708	**1,381**	707
Credit linked notes	**1,914**	1,525	**1,914**	1,504
Interest linked notes	**1,413**	800	**1,413**	800
Foreign exchange linked notes	**264**	585	**264**	585
Fixed rate bonds	**501**	485	**106**	103
Total	**5,473**	4,103	**5,078**	3,699

The outstanding securities as at 31 December 2014 were issued between 31 March 2006 and 31 December 2014 (2013: 31 March 2006 and 30 December 2013) and mature between 2 January 2015 and 30 September 2044 (2013: 2 January 2014 and 6 November 2043).

30 Due to Subsidiaries

In $ millions	Bank	
	2014	2013
Subordinated term debts issued to DBS Capital Funding Corporation II (Note 30.1)	**1,500**	1,500
Due to subsidiaries	**12,841**	7,891
Total	**14,341**	9,391

30.1 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.

31 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**	**2014**	**2013**	**2014**	**2013**
Issued by the Bank								
US$750m 5.00% Subordinated Notes Callable with Step-up in 2014 *The instrument was called on 15 Nov 2014*	31.1	1 Oct 2004	15 Nov 2019	May/Nov	**-**	966	**-**	966
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.*	31.2	16 Jun 2006	15 Jul 2021	Jan/Apr/ Jul/Oct	**1,189**	1,139	**1,189**	1,139
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.*	31.3	21 Feb 2012	21 Feb 2022	Feb/Aug	**999**	1,004	**999**	1,004
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.*	31.4	21 Mar 2012	21 Sep 2022	Mar/Sep	**994**	953	**994**	953
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.*	31.5	14 Aug 2012	14 Feb 2023	Feb/Aug	**983**	982	**983**	982
Total					**4,665**	5,544	**4,665**	5,544
Due within 1 year					**726**	-	**726**	-
Due after 1 year					**3,939**	5,544	**3,939**	5,544
Total					**4,665**	5,544	**4,665**	5,544

31.1 Part of the fixed rate funding was converted to floating rate at three-month LIBOR + 0.61% via interest rate swaps. The instrument was called on 15 November 2014.

31.2 On 19 November 2014, the Bank offered to purchase for cash, up to US$550 million of its US$900 million Floating Rate Subordinated Notes due 2021 Callable with Step-up in 2016. The transaction was completed on 8 January 2015, when US$550 million of the notes were purchased and subsequently cancelled. The remaining US$350 million of notes that were not repurchased are subject to the original terms and conditions of the notes.

31.3 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.22% via interest rate swaps.

31.4 The fixed rate funding has been converted to floating rate at three-month LIBOR + 2.21% via interest rate swaps.

31.5 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 "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

32 Share Capital

	The Group and Bank			
	Shares ('000)		In $ millions	
	2014	2013	2014	2013
Ordinary shares				
Balance at 1 January	**2,233,103**	2,233,103	**14,597**	14,597
Issue of shares (Note 32.1)	**256,278**	-	**5,000**	-
Redemption of preference shares (Note 32.2)	**-**	-	**1,700**	-
Balance at 31 December	**2,489,381**	2,233,103	**21,297**	14,597
Non-cumulative preference shares				
Balance at 1 January				
4.7% non-cumulative non-convertible perpetual preference shares (Note 32.2)	**7**	7	**1,700**	1,700
4.7% non-cumulative non-convertible perpetual preference shares (Note 32.3)	**8,000**	8,000	**799**	799
	8,007	8,007	**2,499**	2,499
Redemption of preference shares (Note 32.2)	**(7)**	-	**(1,700)**	-
Balance at 31 December	**8,000**	8,007	**799**	2,499
Issued share capital at 31 December			**22,096**	17,096

32.1 The ordinary shares are fully paid-up and do not have par value. In 2014, the Bank issued 256 million ordinary shares for a total cash consideration of $5 billion. The newly issued shares rank pari passu in all respect with the previously issued shares. There was no new issuance of shares in 2013.

32.2 $1,700 million 4.7% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $250,000 each, was issued on 22 October 2010 by the Bank to third parties. Prior to redemption, they qualified as Tier 1 capital for the calculation of the Group's capital adequacy ratios. Dividends, if declared by the Board of Directors of the Bank, were payable semi-annually on 22 April and 22 October at a fixed rate of 4.7% of the liquidation preference per annum. The preference shares were fully redeemed, out of distributable profits, on 21 March 2014. The redemption amount (Note 33) was credited to ordinary share capital.

32.3 $800 million 4.7% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $100 each, was issued on 22 November 2010 by the Bank to third parties. They qualify as Tier 1 capital for the calculation of the Group's capital adequacy ratios. 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 "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

33 Other Reserves and Revenue Reserves

33.1 Other reserves

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Available-for-sale revaluation reserves	**284**	(30)	**288**	(10)
Cash flow hedge reserves	**(33)**	(14)	**(33)**	(14)
General reserves	**2,453**	2,453	**2,360**	2,360
Capital reserves	**(233)**	(324)	**(43)**	(62)
Total	**2,471**	2,085	**2,572**	2,274

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)]	Total
2014					
Balance at 1 January	**(30)**	**(14)**	**2,453**	**(324)**	**2,085**
Net exchange translation adjustments	**-**	**-**	**-**	**91**	**91**
Share of associates and joint venture's 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**
2013					
Balance at 1 January	634	(1)	2,453	(229)	2,857
Net exchange translation adjustments	-	-	-	(91)	(91)
Share of associates and joint venture's reserves	-	-	-	(4)	(4)
Available-for-sale financial assets and others:					
- net valuation taken to equity	(507)	(35)	-	-	(542)
- transferred to income statement	(197)	21	-	-	(176)
- tax on items taken directly to or transferred from equity	40	1	-	-	41
Balance at 31 December	(30)	(14)	2,453	(324)	2,085

(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, joint venture, 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
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**
2013					
Balance at 1 January	630	(1)	2,360	(10)	2,979
Net exchange translation adjustments	-	-	-	(52)	(52)
Available-for-sale financial assets and others:					
- net valuation taken to equity	(495)	(35)	-	-	(530)
- transferred to income statement	(184)	21	-	-	(163)
- tax on items taken directly to or transferred from equity	39	1	-	-	40
Balance at 31 December	(10)	(14)	2,360	(62)	2,274

(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

33.2 Revenue reserves

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Balance at 1 January	**15,379**	13,503	**12,649**	11,561
Redemption of preference shares	**(1,700)**	-	**(1,700)**	-
Remeasurement of defined benefit plan	**-**	-	**(1)**	-
Net profit attributable to shareholders	**4,098**	3,793	**3,249**	3,005
Amount available for distribution	**17,777**	17,296	**14,197**	14,566
Less: Dividends paid to holding company	**6,197**	1,800	**6,197**	1,800
Dividends paid on preference shares	**59**	117	**59**	117
Balance at 31 December	**11,521**	15,379	**7,941**	12,649

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 Instrument	Note	Issuance Date	Liquidation preference	Dividend payment	The Group 2014	The Group 2013
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	34.1	27 May 2008	$250,000	Jun/Dec	**1,500**	1,500
Non-controlling interests in subsidiaries					**195**	247
Total					**1,695**	1,747

34.1 Dividends are payable if declared by the Board of Directors of DBS Capital Funding II Corporation. They are payable semi-annually in arrears each year at a fixed rate of 5.75% per annum up to 15 June 2018 and in arrears on 15 June, and 15 December. 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 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 "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (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		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Guarantees on account of customers	**15,672**	14,921	**16,115**	14,668
Endorsements and other obligations on account of customers	**6,559**	5,998	**4,522**	4,057
Undrawn loan commitments[(a)]	**187,423**	158,027	**150,309**	125,188
Undisbursed and underwriting commitments in securities	**53**	22	**53**	24
Sub-total	**209,707**	178,968	**170,999**	143,937
Operating lease commitments (Note 35.2)	**729**	772	**418**	506
Capital commitments	**22**	18	**7**	5
Total	**210,458**	179,758	**171,424**	144,448

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Analysed by industry (excluding operating lease and capital commitments)				
Manufacturing	**34,642**	28,994	**26,393**	21,792
Building and construction	**17,594**	12,940	**15,767**	11,156
Housing loans	**9,980**	11,547	**9,837**	11,446
General commerce	**46,191**	38,337	**34,038**	27,217
Transportation, storage and communications	**10,153**	10,018	**8,814**	8,993
Financial institutions, investment and holding companies	**18,081**	15,965	**17,556**	15,688
Professionals and private individuals (excluding housing loans)	**53,362**	43,020	**40,353**	31,557
Others	**19,704**	18,147	**18,241**	16,088
Total	**209,707**	178,968	**170,999**	143,937
Analysed by geography (excluding operating lease and capital commitments) [(b)]				
Singapore	**90,622**	79,779	**90,170**	79,824
Hong Kong	**43,428**	37,644	**18,844**	14,832
Rest of Greater China	**14,413**	10,834	**4,207**	3,169
South and Southeast Asia	**20,285**	18,366	**18,782**	15,598
Rest of the World	**40,959**	32,345	**38,996**	30,514
Total	**209,707**	178,968	**170,999**	143,937

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group (2014: $151,854 million, 2013: $124,031 million) and by the Bank (2014: $115,961 million, 2013: $92,624 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 2014, the gain on hedging instruments was $13 million (2013: $59 million). The total loss on hedged items attributable to the hedged risk amounted to $13 million (2013: $59 million).

At the Bank, for the year ended 31 December 2014, the gain on hedging instruments was $3 million (2013: $43 million). The total loss on hedged items attributable to the hedged risk amounted to $3 million (2013: loss of $43 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**
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**
2013			
Hong Kong dollar	6,236	6,156	80
US dollar	885	880	5
Others	5,414	1,639	3,775
Total	12,535	8,675	3,860

(a) Refer to net tangible assets of subsidiaries, associates and joint venture, 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 2014 and 2013.

	The Group					
	2014			2013		
In $ millions	Underlying notional	Assets	Liabilities	Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**723,251**	**5,251**	**5,089**	604,785	6,445	6,626
Financial futures	**8,606**	**3**	**1**	8,057	7	3
Interest rate options	**6,655**	**66**	**83**	7,621	74	98
Interest rate caps/floors	**21,879**	**277**	**644**	22,544	309	448
Sub-total	**760,391**	**5,597**	**5,817**	643,007	6,835	7,175
Foreign exchange (FX) derivatives						
FX contracts	**641,978**	**4,838**	**5,810**	555,055	5,341	5,925
Currency swaps	**169,772**	**4,137**	**4,619**	134,668	3,319	3,151
Currency options	**227,440**	**1,346**	**1,225**	146,913	1,048	986
Sub-total	**1,039,190**	**10,321**	**11,654**	836,636	9,708	10,062
Equity derivatives						
Equity options	**2,458**	**31**	**142**	1,861	42	56
Equity swaps	**706**	**9**	**10**	286	4	6
Sub-total	**3,164**	**40**	**152**	2,147	46	62
Credit derivatives						
Credit default swaps and others	**52,288**	**425**	**608**	53,890	481	520
Sub-total	**52,288**	**425**	**608**	53,890	481	520
Commodity derivatives						
Commodity contracts	**2,016**	**303**	**203**	2,376	41	45
Commodity futures	**3,274**	**79**	**107**	3,081	48	39
Commodity options	**1,801**	**35**	**44**	1,178	15	11
Sub-total	**7,091**	**417**	**354**	6,635	104	95
Total derivatives held for trading	**1,862,124**	**16,800**	**18,585**	1,542,315	17,174	17,914
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**9,003**	**84**	**151**	8,824	129	163
FX contracts held for cash flow hedge	**1,093**	**12**	**16**	853	-	8
FX contracts held for hedge of net investment	**1,472**	**47**	**4**	1,578	6	4
Currency swaps held for fair value hedge	**1,532**	**34**	**6**	1,322	-	43
Currency swaps held for cash flow hedge	**623**	**16**	**7**	2,690	116	-
Currency swaps held for hedge of net investment	**2,301**	**2**	**-**	1,075	1	-
Total derivatives held for hedging	**16,024**	**195**	**184**	16,342	252	218
Total derivatives	**1,878,148**	**16,995**	**18,769**	1,558,657	17,426	18,132
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(8,729)**	**(8,729)**		(9,746)	(9,746)
		8,266	**10,040**		7,680	8,386
Of which derivatives with parent company	**991**	**-**	**14**	-	-	-

In $ millions	Bank 2014 Underlying notional	Assets	Liabilities	2013 Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**672,085**	**5,161**	**5,002**	575,973	6,288	6,451
Financial futures	**7,992**	**3**	**1**	8,048	7	3
Interest rate options	**6,655**	**66**	**83**	7,621	74	98
Interest rate caps/floors	**21,882**	**278**	**644**	22,549	309	448
Sub-total	**708,614**	**5,508**	**5,730**	614,191	6,678	7,000
Foreign exchange (FX) derivatives						
FX contracts	**593,107**	**4,627**	**5,627**	517,249	5,079	5,597
Currency swaps	**169,773**	**3,988**	**4,534**	134,248	3,117	3,065
Currency options	**229,199**	**1,326**	**1,212**	149,395	1,043	995
Sub-total	**992,079**	**9,941**	**11,373**	800,892	9,239	9,657
Equity derivatives						
Equity options	**2,400**	**31**	**142**	1,871	36	65
Equity swaps	**706**	**9**	**10**	286	6	6
Sub-total	**3,106**	**40**	**152**	2,157	42	71
Credit derivatives						
Credit default swaps and others	**52,288**	**425**	**608**	53,934	481	520
Sub-total	**52,288**	**425**	**608**	53,934	481	520
Commodity derivatives						
Commodity contracts	**2,016**	**304**	**203**	2,379	41	45
Commodity futures	**3,274**	**79**	**107**	3,080	48	39
Commodity options	**1,815**	**35**	**44**	1,178	15	11
Sub-total	**7,105**	**418**	**354**	6,637	104	95
Total derivatives held for trading	**1,763,192**	**16,332**	**18,217**	1,477,811	16,544	17,343
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**8,198**	**52**	**137**	7,960	99	138
FX contracts held for fair value hedge	**1,261**	**42**	**#**	1,405	5	3
FX contracts held for cash flow hedge	**1,093**	**12**	**16**	853	-	8
FX contracts held for hedge of net investment	**9**	**#**	**-**	55	-	-
Currency swaps held for fair value hedge	**1,719**	**34**	**6**	1,322	-	43
Currency swaps held for cash flow hedge	**623**	**16**	**7**	2,690	116	-
Currency swaps held for hedge of net investment	**455**	**#**	**-**	-	-	-
Total derivatives held for hedging	**13,358**	**156**	**166**	14,285	220	192
Total derivatives	**1,776,550**	**16,488**	**18,383**	1,492,096	16,764	17,535
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(9,122)**	**(9,122)**		(10,577)	(10,577)
		7,366	**9,261**		6,187	6,958
Of which derivatives with subsidiaries and parent company	**112,029**	**1,034**	**436**	93,981	1,026	865

Amount less than $500,000

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,198 billion (2013: $1,122 billion) and $679 billion (2013: $437 billion) respectively for the Group and $1,207 billion (2013: $1,055 billion) and $569 billion (2013: $437 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.

37 Share-based Compensation Plans

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to reward good performers, support retention of key employees and enable employees to share in the success of the Group.

Main Scheme/ Plan	Note
DBSH Share Plan (Share Plan) • 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, their equivalent cash value or a combination. • Awards consist of main award and retention award (20% of main awards). • 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 fair value of the shares awarded is computed based on the market price of the ordinary shares at the time of the award.	37.1
DBSH Employee Share Plan (ESP) • 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.	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 DBSH's ordinary shares.	37.2
DBSH Share Option Plan (Option Plan) • The Option Plan expired on 19 June 2009. Its termination does not affect the rights of holders of outstanding existing options. • 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 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	The Group 2014		2013	
	Share Plan	**ESP**	**Share Plan**	**ESP**
Balance at 1 January	**16,008,527**	**1,534,441**	13,642,125	1,232,926
Granted	**5,848,665**	**815,748**	5,741,878	707,960
Vested	**(4,496,850)**	**(395,370)**	(2,482,772)	(238,788)
Forfeited	**(143,911)**	**(177,626)**	(892,704)	(167,657)
Balance at 31 December	**17,216,431**	**1,777,193**	16,008,527	1,534,441
Weighted average fair value of the shares granted during the year	**$16.66**	**$16.65**	$15.11	$15.07

Number of shares	Bank 2014 Share Plan	2014 ESP	2013 Share Plan	2013 ESP
Balance at 1 January	**13,124,486**	**853,015**	10,991,357	631,006
Granted	**4,617,644**	**448,453**	4,586,539	378,987
Vested	**(3,680,492)**	**(219,240)**	(1,992,641)	(127,743)
Transferred	**61,685**	**(500)**	153,063	30,086
Forfeited	**(95,916)**	**(87,430)**	(613,832)	(59,321)
Balance at 31 December	**14,027,407**	**994,298**	13,124,486	853,015
Weighted average fair value of the shares granted during the year	**$16.66**	**$16.65**	$15.09	$15.07

Since the inception of the Share Plan and ESP, no awards have been cash-settled.

37.2 DBSH Share Ownership Scheme

The outstanding shares held under DBSH Share Ownership Scheme are as follows:

	Ordinary shares Number 2014	Number 2013	Market value (In $ millions) 2014	Market value (In $ millions) 2013
Balance at 1 January	**6,658,006**	6,509,414	**114**	97
Balance at 31 December	**6,593,283**	6,658,006	**136**	114

37.3 DBSH Share Option Plan

The following table sets out movements of the unissued ordinary shares of DBSH under outstanding options.

The Group	2014 Unissued number of ordinary shares under outstanding options	2014 Weighted average exercise price ($)	2013 Unissued number of ordinary shares under outstanding options	2013 Weighted average exercise price ($)
Balance at 1 January	**1,434,875**	**12.64**	3,245,412	11.32
Movements during the year:				
- Exercised	**(1,051,456)**	**12.58**	(1,699,266)	10.34
- Forfeited/Expired	**(28,542)**	**12.56**	(111,271)	9.35
Balance at 31 December	**354,877**	**12.81**	1,434,875	12.64
Weighted average remaining contractual life of options outstanding at 31 December	**0.16 years**		0.55 years	
Exercise price of options outstanding at 31 December	**$12.81**		$12.53 to $12.81	

In 2014, 1,051,456 options (2013: 1,699,266) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the DBSH's shares was $16.71 (2013: $15.44).

Bank	2014 Unissued number of ordinary shares under outstanding options	2014 Weighted average exercise price ($)	2013 Unissued number of ordinary shares under outstanding options	2013 Weighted average exercise price ($)
Balance at 1 January	**1,076,548**	**12.65**	2,425,021	11.23
Movements during the year:				
- Exercised	**(826,963)**	**12.59**	(1,370,459)	10.17
- Transferred	**61,072**	**12.65**	99,241	10.29
- Forfeited/Expired	**(3,455)**	**12.57**	(77,255)	8.87
Balance at 31 December	**307,202**	**12.81**	1,076,548	12.65
Weighted average remaining contractual life of options outstanding at 31 December	**0.16 years**		0.59 years	
Exercise price of options outstanding at 31 December	**$12.81**		$12.53 to $12.81	

In 2014, 826,963 options (2013: 1,370,459) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the DBSH's shares was $16.73 (2013: $15.40).

38 Related Party Transactions

38.1 Transactions between the Bank and its subsidiaries, including consolidated structured entities, associates and joint venture, which are related parties of the Bank, are disclosed in Notes 38.4 to 38.6.

38.2 During the financial year, the Group had banking transactions with 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.

38.3 Total compensation and fees to key management personnel[a] are as follows:

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Short-term benefits [b]	**41**	39	**32**	30
Share-based payments [c]	**24**	20	**22**	18
Total	**65**	59	**54**	48
Of which: Bank Directors' remuneration and fees	**11**	10	**11**	10

(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 FRS102

38.4 Income received and expenses paid to related parties

In $ millions	Bank 2014	Bank 2013
Income received from:		
-Subsidiaries	**387**	332
-Associates	**44**	41
Total	**431**	373
Expenses paid to:		
-Subsidiaries	**184**	170
-Associates	**10**	6
Total	**194**	176

38.5 Amounts due to and from related parties

In $ millions	Bank 2014	Bank 2013
Amounts due from:		
-Subsidiaries	**6,795**	6,385
-Associates	**991**	38
Total	**7,786**	6,423
Amounts due to:		
-DBSH	**3,373**	1,406
-Subsidiaries	**14,341**	9,391
-Associates	**95**	69
Total	**17,809**	10,866

38.6 Guarantees to related parties

Guarantees granted to and from subsidiaries amounted to $2,045 million (2013: $1,666 million) and $1,617 million (2013: $1,325 million) respectively.

The Bank also finances customer through discounting bills issued by related parties. As at 31 Dec 2014, outstanding amount of such bills was $3,968 million (2013: $4,287 million).

39 Fair Value of Financial Instruments

39.1 Valuation Process

The valuation processes used by the Group are governed by the Valuation, the Rates and the Reserves frameworks. These frameworks apply to financial assets and liabilities where mark-to-market or model valuation is required.

The Rates framework governs the daily 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) exotic 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.

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 complex 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 from 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 framework 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 adjustment or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are governed by the Reserve Framework and require approval by the Group Market and Liquidity Risk Committee.

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 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 risk adjustment
Credit risk adjustment is incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk. Credit risk adjustment is based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting arrangements, collateral arrangements, and the maturity of the underlying transactions.

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 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 adjust net open position valuations to the respective bid or offer levels as appropriate.

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 over-the-counter 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 such as correlation or volatilities as well as unquoted equity securities. The fair value of unquoted equity securities is measured based on 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 marked over 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**
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**

In $ millions	Level 1	The Group Level 2	Level 3	Total
2013				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	2,013	-	-	2,013
- Other government securities and treasury bills	4,207	-	-	4,207
- Bank and corporate debt securities	6,808	857	539	8,204
- Equity securities	437	147	-	584
- Other financial assets	-	3,258	-	3,258
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	7,332	-	-	7,332
- Other government securities and treasury bills	13,297	60	-	13,357
- Bank and corporate debt securities	8,982	2,543	26	11,551
- Equity securities[(a)]	889	2	131	1,022
- Other financial assets	253	5,381	-	5,634
Derivatives	50	17,355	21	17,426
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	3,595	21	3,616
- Other financial liabilities	1,353	2,025	-	3,378
Derivatives	40	18,041	51	18,132

(a) Excludes unquoted equities stated at cost of $259 million (2013: $278 million)

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**

In $ millions	Level 1	Bank Level 2	Level 3	Total
2013				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	2,013	-	-	2,013
- Other government securities and treasury bills	2,961	-	-	2,961
- Bank and corporate debt securities	5,795	855	539	7,189
- Equity securities	437	147	-	584
- Other financial assets	-	2,655	-	2,655
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	7,332	-	-	7,332
- Other government securities and treasury bills	10,785	-	-	10,785
- Bank and corporate debt securities	7,456	2,539	26	10,021
- Equity securities[(a)]	793	1	131	925
- Other financial assets	-	2,594	-	2,594
Derivatives	50	16,693	21	16,764
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	3,575	21	3,596
- Other financial liabilities	844	651	-	1,495
Derivatives	40	17,444	51	17,535

(a) Excludes unquoted equities stated at cost of $226 million (2013: $233 million)

The following table presents the changes in Level 3 instruments for the financial year ended for the Group and the Bank:

In $ millions	Balance at 1 January	Fair value gains or losses		Purchases	Issues	Settlements	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other comprehensive 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**	**102**	**(18)**	**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**

In $ millions	Balance at 1 January	Fair value gains or losses		Purchases	Issues	Settlements	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other comprehensive income						
2013									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	97	(23)	-	477	-	(12)	-	-	539
Available-for-sale financial assets									
- Bank and corporate debt securities	36	-	1	-	-	(11)	-	-	26
- Equity securities	126	8	16	3	-	(22)	-	-	131
Derivatives	22	2	-	-	-	-	6	(9)	21
Total	281	(13)	17	480	-	(45)	6	(9)	717
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	25	-	-	-	-	(4)	-	-	21
- Other financial liabilities	1	-	-	-	-	-	-	(1)	-
Derivatives	11	(4)	-	51	-	-	-	(7)	51
Total	37	(4)	-	51	-	(4)	-	(8)	72

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

In $ millions	Net trading Income	Net income from investment securities	Total
2014			
Total gain/(loss) for the period included in income statement	**25**	**21**	**46**
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	**16**	**-**	**16**
2013			
Total gain/(loss) for the period included in income statement	(17)	8	(9)
Of which:			
Change in unrealised gain/(loss) for assets and liabilities held at the end of the reporting period	(17)	-	(17)

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 2014, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted 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 into 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	2014	2013	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**692**	539	FVPL[(a)]	Discounted cashflows	Credit spreads
Bank and corporate debt securities	**27**	26	AFS[(b)]	Discounted cashflows	Credit spreads
Equity securities (Unquoted)	**117**	131	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**11**	21	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads / Correlations
Total	**847**	717			
Liabilities					
Other debt securities	**8**	21	FVPL[(a)]	Discounted cashflows	Credit spreads
Derivatives	**135**	51	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads / Correlations
Total	**143**	72			

(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 on 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 $259 million as at 31 December 2014 (2013: $278 million) for the Group and $226 million as at 31 December 2014 (2013: $233 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.

40 Risk Governance

Under the Group's risk management frameworks, the Board of Directors, through the Board Risk Management Committee (BRMC), sets 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, risk management committees have been established as follows:

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 Credit Risk Committee (GCRC)
6. Group Market and Liquidity Risk Committee (GMLRC)
7. Group Operational Risk Committee (GORC)

The Risk ExCo provides comprehensive 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 comprehensive group-wide oversight and direction relating to the new product approvals - an important risk mitigation element within the Group.

Other than the PAC, each of these committees reporting to the Risk ExCo are broadly mandated – within the specific risk areas – to serve as an executive forum for discussion and decisions on all aspects of risk and its management.

Key responsibilities:
- Assess risk taking
- Maintain oversight on effectiveness of the Group's risk management infrastructure, including frameworks, decision criteria, authorities, policies, people, processes, information, systems and methodologies
- Approve risk model governance standards, stress testing scenarios, risk models and assess performance of the risk models
- Assess the risk-return trade-offs across the Group
- Identify specific concentrations of risk.

The members in these committees comprise representatives from Risk Management Group (RMG) as well as key business and support units.

The above committees (excluding those marked with an asterisk) 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) has been appointed to oversee the risk management function. The CRO is a member of the Group Executive Committee and reports to the Chairman of the BRMC and to the CEO. The CRO is independent of business lines and is actively involved in key decision making processes.

The CRO also engages the regulator(s) on a regular basis to discuss risk matters.

Working closely with the established 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 and 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 areas of business – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is one of the most significant measurable risks 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 undertakings that the Group will make payments in the event that a customer cannot 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 framework for credit risk management comprises the following building blocks:

- **Policies**
  As established in the Group Credit Risk Management Framework, the dimensions of credit risk and the scope of its application are defined. 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 credit risk underwriting across the Group and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. These latter 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 the Risk ExCo based on recommendations from the GCPC.

- **Risk Methodologies**
  Managing credit risk is performed through the Group's deep understanding of 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 in both the corporate and retail portfolios. Most are built internally using the Group's own loss data. Limits and "rules for the business" are driven from the Group's Risk Appetite Statement and Target Market and Risk Acceptance Criteria respectively. Significant deals are also reviewed and approved by the Group Credit Committee which is chaired by the Deputy CRO and comprises representatives from RMG and Institutional Banking Group.

  Retail exposures are typically managed on a portfolio basis and assessed based on credit scoring models, credit bureau records, internal and available external customers' behaviour records and supplemented by Risk Acceptance Criteria.

  Wholesale exposures are assessed using approved credit models, 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.

  Derivatives pre-settlement credit risk arising from a counterparty's 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 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. We 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. 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 managed as part of concentration risk management under the Risk Appetite Framework.

Transfer risk is the risk that capital and foreign exchange controls may be imposed by government authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer funds to non-residents. A transfer risk event could therefore lead to a default of an otherwise solvent borrower. The principles and approach in the management of transfer risk are set out in the Group's Country Risk

Management Framework. The framework 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 industry-wide stress test (IWST) undertaken annually. This is a supervisory driven stress test conducted as part of the supervisory process and ongoing assessment of financial stability by the regulator. Under the IWST, the Group has to assess the impact of adverse scenarios, provided by the regulator, on asset quality, earnings performance, and capital adequacy.
Scenario Analysis	The Group also conducts multiple independent credit stress tests and sensitivity analyses on its portfolio or a sub-portfolio to evaluate the impact of the economic environment or specific risk factors. The purpose of these tests and analyses 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 both the wholesale and consumer 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 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 excesses and policy exceptions, and monitor compliance with credit standards and credit covenants established by management and regulators.

An independent credit risk review team conducts regular reviews of credit exposures and judgemental credit risk management processes. It also conducts independent validation of internal credit risk rating processes on an annual basis. These reviews provide senior management with objective and timely assessments of the effectiveness of credit risk management practices and ensure Group-wide policies, internal rating models and guidelines are being adopted consistently across different business units including relevant subsidiaries.

Non-performing assets

The Group classifies its credit facilities as 'Performing Assets' or 'Non-performing assets' in accordance with MAS Notice 612. These guidelines require the Group to categorise its credit portfolios according to its assessment of a borrower's ability to repay a credit facility from the borrower's normal sources of income. There are five categories of assets as follows:

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 credit facilities exhibit 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 credit facilities 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 credit facilities exhibit 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.

Credit facilities are classified as restructured assets when the Group grants concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and concessions granted/restructured terms are considered as non-commercial. A restructured credit facility is classified into the appropriate non-performing grade depending 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 concession to borrowers in the normal course of business. In any restructuring of credit facilities, such borrowers are reviewed on a case by case basis and 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 the assessment of 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 non-performing assets for the Group according to MAS Notice 612 requirements by loan grading and industry and the related amounts of specific allowances recognised can be found in Note 41.2. A breakdown of the Group's past due loans can also be found in the same note.

When required, the Group will take possession of the collateral it holds as securities and will dispose of them as soon as practicable, with the proceeds used to reduce the 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 2014 and 2013 were not material.

Credit Risk Mitigants

Collateral received

Where possible, the 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 Group may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collateral to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for exposures arising from derivative, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, these are 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 owe to a counterparty against what is due from that counterparty in a netting- eligible jurisdiction.

Collateral taken for commercial banking is revalued periodically, depending on the type of collateral. While real estate constitutes the largest percentage of collateral assets, the Group generally considers the collateral assets to be diversified.

Helping customers to restructure repayment liabilities, in times of difficulty, is the Group's preferred approach. However, should the need arise, expeditious 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. While the Group may accept guarantees from any counterparty, it sets internal thresholds for considering guarantors to be eligible for credit risk mitigation.

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		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Cash and balances with central banks (excluding cash on hand)	**17,581**	16,923	**10,646**	10,034
Government securities and treasury bills	**29,694**	27,497	**24,034**	23,640
Due from banks	**42,250**	39,817	**35,716**	31,686
Derivatives	**16,995**	17,426	**16,488**	16,764
Bank and corporate debt securities	**35,524**	31,662	**31,539**	28,739
Loans and advances to customers	**275,588**	248,654	**218,232**	191,887
Other assets (excluding deferred tax assets)	**11,019**	8,742	**7,835**	4,880
Credit exposure	**428,651**	390,721	**344,490**	307,630
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**209,707**	178,968	**170,999**	143,937
Total credit exposure	**638,358**	569,689	**515,489**	451,567

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 DBSH Group's Basel II Pillar 3 Disclosures. The amounts are a sub-set of the actual collateral arrangements entered by the DBSH 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

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Loans and advances to customers				
Performing Loans				
- Neither past due nor impaired (i)	**275,436**	247,811	**218,681**	191,423
- Past due but not impaired (ii)	**1,299**	1,488	**731**	962
Non-Performing Loans				
- Impaired (iii)	**2,419**	2,882	**1,500**	2,179
Total gross loans (Note 17)	**279,154**	252,181	**220,912**	194,564

(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:

In $ millions	The Group Pass	The Group Special mention	The Group Total
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**
2013			
Manufacturing	28,664	771	29,435
Building and construction	42,206	341	42,547
Housing loans	48,611	-	48,611
General commerce	50,304	1,023	51,327
Transportation, storage and communications	19,744	350	20,094
Financial institutions, investment and holding companies	10,585	90	10,675
Professionals and private individuals (excluding housing loans)	18,544	22	18,566
Others	26,205	351	26,556
Total	244,863	2,948	247,811

In $ millions	Bank Pass	Special mention	Total
2014			
Manufacturing	**21,805**	**480**	**22,285**
Building and construction	**41,118**	**373**	**41,491**
Housing loans	**43,847**	**-**	**43,847**
General commerce	**38,769**	**395**	**39,164**
Transportation, storage and communications	**20,133**	**278**	**20,411**
Financial institutions, investment and holding companies	**13,183**	**-**	**13,183**
Professionals and private individuals (excluding housing loans)	**18,214**	**17**	**18,231**
Others	**19,891**	**178**	**20,069**
Total	**216,960**	**1,721**	**218,681**
2013			
Manufacturing	19,606	331	19,937
Building and construction	35,448	192	35,640
Housing loans	40,035	-	40,035
General commerce	32,552	260	32,812
Transportation, storage and communications	16,892	251	17,143
Financial institutions, investment and holding companies	9,082	89	9,171
Professionals and private individuals (excluding housing loans)	14,589	11	14,600
Others	21,835	250	22,085
Total	190,039	1,384	191,423

(ii) Loans and advances past due but not impaired, analysed by past due period and industry

In $ millions	The Group Less than 30 days past due	30 - 59 days past due	60 - 90 days past due	Total
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**
2013				
Manufacturing	79	29	3	111
Building and construction	133	87	23	243
Housing loans	354	43	27	424
General commerce	65	10	4	79
Transportation, storage and communications	20	4	2	26
Financial institutions, investment and holding companies	73	-	-	73
Professionals and private individuals (excluding housing loans)	373	71	15	459
Others	63	7	3	73
Total	1,160	251	77	1,488

In $ millions	Bank			
	Less than 30 days past due	30 - 59 days past due	60 - 90 days past due	Total
2014				
Manufacturing	**21**	**17**	**24**	**62**
Building and construction	**45**	**2**	**1**	**48**
Housing loans	**138**	**27**	**18**	**183**
General commerce	**30**	**4**	**1**	**35**
Transportation, storage and communications	**9**	**27**	**-**	**36**
Financial institutions, investment and holding companies	**1**	**-**	**-**	**1**
Professionals and private individuals (excluding housing loans)	**267**	**46**	**11**	**324**
Others	**25**	**1**	**16**	**42**
Total	**536**	**124**	**71**	**731**
2013				
Manufacturing	31	9	2	42
Building and construction	76	84	24	184
Housing loans	145	34	20	199
General commerce	23	1	-	24
Transportation, storage and communications	1	2	-	3
Financial institutions, investment and holding companies	73	-	-	73
Professionals and private individuals (excluding housing loans)	291	67	14	372
Others	57	7	1	65
Total	697	204	61	962

(iii) Non-performing assets (NPAs)

Non-performing assets by loan grading and industry

In $ millions	The Group							
	NPAs				Specific allowances			
	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**

	The Group							
	NPAs				Specific allowances			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2013								
Customer loans								
Manufacturing	295	139	54	488	56	130	54	240
Building and construction	184	41	1	226	11	30	1	42
Housing loans	100	3	9	112	-	-	9	9
General commerce	250	98	49	397	21	72	49	142
Transportation, storage and communications	832	295	18	1,145	164	283	18	465
Financial institutions, investment and holding companies	48	143	74	265	-	72	74	146
Professional and private individuals (excluding housing loans)	130	14	11	155	24	13	11	48
Others	76	3	15	94	19	3	15	37
Total customer loans	1,915	736	231	2,882	295	603	231	1,129
Debt securities	5	1	3	9	-	-	3	3
Contingent liabilities and others	61	16	28	105	11	11	28	50
Total	1,981	753	262	2,996	306	614	262	1,182
Of which: restructured loans	878	343	56	1,277	168	326	56	550

	Bank							
	NPAs				Specific allowances			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2014								
Customer loans								
Manufacturing	**211**	**109**	**75**	**395**	**42**	**88**	**75**	**205**
Building and construction	**223**	**26**	**21**	**270**	**47**	**19**	**21**	**87**
Housing loans	**89**	**-**	**4**	**93**	**-**	**-**	**4**	**4**
General commerce	**106**	**32**	**16**	**154**	**11**	**12**	**16**	**39**
Transportation, storage and communications	**168**	**107**	**22**	**297**	**3**	**102**	**22**	**127**
Financial institutions, investment and holding companies	**-**	**38**	**10**	**48**	**-**	**28**	**10**	**38**
Professional and private individuals (excluding housing loans)	**80**	**9**	**3**	**92**	**11**	**8**	**3**	**22**
Others	**112**	**17**	**22**	**151**	**26**	**14**	**22**	**62**
Total customer loans	**989**	**338**	**173**	**1,500**	**140**	**271**	**173**	**584**
Debt securities	**5**	**1**	**1**	**7**	**2**	**-**	**1**	**3**
Contingent liabilities and others	**34**	**23**	**2**	**59**	**5**	**16**	**2**	**23**
Total	**1,028**	**362**	**176**	**1,566**	**147**	**287**	**176**	**610**
Of which: restructured loans	**217**	**79**	**17**	**313**	**16**	**73**	**17**	**106**
2013								
Customer loans								
Manufacturing	228	50	23	301	54	44	23	121
Building and construction	139	18	1	158	4	14	1	19
Housing loans	87	-	6	93	-	-	6	6
General commerce	130	33	29	192	11	8	29	48
Transportation, storage and communications	825	295	4	1,124	163	283	4	450
Financial institutions, investment and holding companies	31	99	47	177	-	36	47	83
Professional and private individuals (excluding housing loans)	75	9	3	87	10	8	3	21
Others	36	1	10	47	3	1	10	14
Total customer loans	1,551	505	123	2,179	245	394	123	762
Debt securities	5	1	3	9	-	-	3	3
Contingent liabilities and others	60	15	5	80	11	15	5	31
Total	1,616	521	131	2,268	256	409	131	796
Of which: restructured loans	798	302	39	1,139	156	288	39	483

Non-performing assets by region[(a)]

In $ millions	The Group NPAs	The Group Specific allowances	Bank NPAs	Bank Specific allowances
2014				
Singapore	**432**	**147**	**445**	**146**
Hong Kong	**269**	**107**	**-**	**-**
Rest of Greater China	**361**	**137**	**-**	**-**
South and Southeast Asia	**948**	**445**	**727**	**347**
Rest of the World	**503**	**194**	**394**	**117**
Total	**2,513**	**1,030**	**1,566**	**610**
2013				
Singapore	440	113	437	111
Hong Kong	235	117	-	-
Rest of Greater China	284	146	5	5
South and Southeast Asia	638	227	526	165
Rest of the World	1,399	579	1,300	515
Total	2,996	1,182	2,268	796

(a) Based on the country of incorporation of the borrower

Non-performing assets by past due period

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Not overdue	**597**	1,281	**373**	1,214
< 90 days past due	**273**	275	**237**	204
91-180 days past due	**162**	272	**66**	189
> 180 days past due	**1,481**	1,168	**890**	661
Total past due assets	**1,916**	1,715	**1,193**	1,054
Total	**2,513**	2,996	**1,566**	2,268

Collateral value for non-performing assets

In $ millions	The Group 2014	The Group 2013	Bank 2014	Bank 2013
Properties	**441**	351	**233**	227
Shares and debentures	**316**	323	**305**	322
Fixed deposits	**11**	33	**5**	13
Others	**367**	303	**276**	218
Total	**1,135**	1,010	**819**	780

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 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
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**
2013			
AAA	9,894	560	8,108
AA- to AA+	-	13,376	2,064
A- to A+	-	430	6,419
Lower than A-	-	3,237	3,589
Unrated	-	-	11,482
Total	9,894	17,603	31,662

Bank

External Rating In $ millions	Singapore Government securities and treasury bills	Other government securities and treasury bills	Bank and corporate debt securities
2014			
AAA	**9,493**	**6,160**	**7,933**
AA- to AA+	**-**	**5,498**	**2,405**
A- to A+	**-**	**625**	**5,969**
Lower than A-	**-**	**2,258**	**4,150**
Unrated	**-**	**-**	**11,082**
Total	**9,493**	**14,541**	**31,539**
2013			
AAA	9,894	237	7,543
AA- to AA+	-	10,162	1,539
A- to A+	-	429	5,947
Lower than A-	-	2,918	3,461
Unrated	-	-	10,249
Total	9,894	13,746	28,739

41.4 Credit risk by Geography and Industry

The exposures are determined based on the country of incorporation of borrower, issuer or counterparty.

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**
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**
2013						
Singapore	9,894	856	2,095	14,214	119,463	146,522
Hong Kong	2,452	3,027	1,565	1,122	41,418	49,584
Rest of Greater China	2,594	20,337	1,248	1,971	47,910	74,060
South and Southeast Asia	2,780	4,217	1,136	3,008	23,004	34,145
Rest of the World	9,777	11,380	11,382	11,347	20,386	64,272
Total	27,497	39,817	17,426	31,662	252,181	368,583

Bank						
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**
2014						
Singapore	**9,493**	**4**	**2,194**	**12,883**	**128,943**	**153,517**
Hong Kong	**597**	**878**	**1,709**	**1,430**	**23,651**	**28,265**
Rest of Greater China	**1,671**	**14,430**	**828**	**1,311**	**25,639**	**43,879**
South and Southeast Asia	**2,258**	**4,656**	**902**	**4,609**	**20,415**	**32,840**
Rest of the World	**10,015**	**15,748**	**10,855**	**11,306**	**22,264**	**70,188**
Total	**24,034**	**35,716**	**16,488**	**31,539**	**220,912**	**328,689**
2013						
Singapore	9,894	855	2,093	13,913	118,727	145,482
Hong Kong	425	2,440	1,697	708	17,017	22,287
Rest of Greater China	1,607	13,551	635	827	21,296	37,916
South and Southeast Asia	2,474	4,122	975	2,874	18,505	28,950
Rest of the World	9,240	10,718	11,364	10,417	19,019	60,758
Total	23,640	31,686	16,764	28,739	194,564	295,393

	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**
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**
2013						
Manufacturing	-	-	454	1,770	30,034	32,258
Building and construction	-	-	137	2,641	43,016	45,794
Housing loans	-	-	-	-	49,147	49,147
General commerce	-	-	568	1,115	51,803	53,486
Transportation, storage and communications	-	-	545	2,524	21,265	24,334
Financial institutions, investment and holding companies	-	39,817	14,699	13,542	11,013	79,071
Government	27,497	-	-	-	-	27,497
Professionals and private individuals (excluding housing loans)	-	-	145	-	19,180	19,325
Others	-	-	878	10,070	26,723	37,671
Total	27,497	39,817	17,426	31,662	252,181	368,583

	Bank					
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**
2014						
Manufacturing	**-**	**-**	**173**	**1,943**	**22,742**	**24,858**
Building and construction	**-**	**-**	**119**	**2,412**	**41,809**	**44,340**
Housing loans	**-**	**-**	**-**	**-**	**44,123**	**44,123**
General commerce	**-**	**-**	**133**	**766**	**39,353**	**40,252**
Transportation, storage and communications	**-**	**-**	**583**	**2,362**	**20,744**	**23,689**
Financial institutions, investment and holding companies	**-**	**35,716**	**14,661**	**14,286**	**13,232**	**77,895**
Government	**24,034**	**-**	**-**	**-**	**-**	**24,034**
Professionals and private individuals (excluding housing loans)	**-**	**-**	**234**	**-**	**18,647**	**18,881**
Others	**-**	**-**	**585**	**9,770**	**20,262**	**30,617**
Total	**24,034**	**35,716**	**16,488**	**31,539**	**220,912**	**328,689**
2013						
Manufacturing	-	-	76	1,310	20,280	21,666
Building and construction	-	-	106	2,065	35,982	38,153
Housing loans	-	-	-	-	40,327	40,327
General commerce	-	-	119	939	33,028	34,086
Transportation, storage and communications	-	-	541	2,469	18,270	21,280
Financial institutions, investment and holding companies	-	31,686	15,052	12,280	9,421	68,439
Government	23,640	-	-	-	-	23,640
Professionals and private individuals (excluding housing loans)	-	-	81	-	15,059	15,140
Others	-	-	789	9,676	22,197	32,662
Total	23,640	31,686	16,764	28,739	194,564	295,393

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 retail and commercial 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 framework for market risk management comprises the following building blocks:

- **Policies**
  The Market Risk Framework sets out the Group's overall approach towards market risk management. 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 and sets out guidance and requirements 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 within the Group. 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 and a 95% level of confidence. Tail VaR (TVaR), which is an average of the potential losses beyond the given 95% level of confidence, is used by the Group to monitor and limit market risk exposures. The market risk economic capital that is allocated by the BRMC is linked to TVaR by a multiplier. TVaR 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 Profit and Loss (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. Given the above, VaR backtesting would not impact the 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 which include but are not limited to: (i) past changes in market risk factors may not provide accurate predictions of the future market movements and (ii) may understate the risk arising from severe market risk related events.

  To monitor the Group's vulnerability to unexpected but plausible extreme market risk related events, the Group has implemented an extensive stress testing policy for market risk where regular and multiple stress tests were run covering trading and non-trading portfolios through a combination of historical and hypothetical scenarios depicting risk factors movement.

  TVaR is the key risk metric used to manage the Group's assets and liabilities except for credit spread risk under Loans and Receivables where it is under the credit 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 2014 is to 17 large, 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 TVaR considers the market risks of both the trading and banking books. The Group level TVaR is tabulated below, showing the period-end, average, high and low TVaR.

	The Group			
		1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Total	**68**	**85**	**124**	**49**

		1 Jan 2013 to 31 Dec 2013		
In $ millions	**As at 31 Dec 2013**	**Average**	**High**	**Low**
Total	87	66	89	31

The Group's major market risk driver is interest rate risk in the trading and banking books. The average TVaR for 2014 was higher than 2013 mainly due to more volatile rate scenarios for VaR calculation, changes of duration due to capital management, update of models for non- maturity deposits and increase in liquid assets.

The following table shows the period-end, average, high and low diversified TVaR and TVaR by risk class for Treasury's trading portfolios:

	The Group			
		1 Jan 2014 to 31 Dec 2014		
In $ millions	**As at 31 Dec 2014**	**Average**	**High**	**Low**
Diversified	16	12	19	8
Interest Rates	9	10	17	7
Foreign Exchange	5	5	8	2
Equity	2	1	3	1
Credit Spread	14	6	14	4
Commodity	#	1	2	#

		1 Jan 2013 to 31 Dec 2013		
In $ millions	**As at 31 Dec 2013**	**Average**	**High**	**Low**
Diversified	11	10	14	8
Interest Rates	9	9	11	7
Foreign Exchange	4	6	9	3
Equity	1	1	1	#
Credit Spread	4	4	5	3
Commodity	1	1	1	#

Amount under $500,000

The main risk factors driving Treasury's trading portfolios in 2014 for the Group were interest rates, credit spreads and foreign exchange. Treasury's trading portfolios' average TVaR increased by $2 million (20%) and this was driven partly by the recalibration of the Group's own funding spread curve in February 2014.

Treasury's trading portfolio experienced three back-testing exceptions in 2014 compared with five in 2013. The exceptions occurred in February, September and December. Pronounced volatilities in foreign exchange and interest rate led to the exceptions in February and the second half of 2014 respectively.

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 is simulated under various assumptions for the non-trading risk portfolio. The economic value changes are negative $275 million and $489 million (2013: negative $288 million and $532 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse case of an upward or downward parallel shift in the yield curves.

For the Bank, the economic value changes are negative $195 million and $330 million (2013: negative $245 million and $447 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse case of an upward or downward parallel shift in the yield curves.

43 Liquidity Risk

The 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 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 core deposit franchise, which constituted 91% of total funding sources as at 31 December 2014. Strong and sustainable growth of the Group's customer deposit base in retail, wealth management, corporate and institutional segments across the markets that the Group operates in, is key to extending its 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 actively makes use of the swap markets in the conversion of funds across currencies to deploy surplus funds across locations. As the swaps are typically shorter in contractual maturity than the deployment in 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. This risk is mitigated by the setting of triggers on the amount of swaps transacted with the market and conservative assumptions on the cashflow treatment of swaps under the behavioural profiling of the Group's cashflow maturity gap analysis.

Overseas entities 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. These 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 on 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 framework for liquidity risk management comprises the following building blocks:

- **Policies**
  The Liquidity Risk Framework sets out the Group's overall approach towards liquidity risk management. The Framework describes the range of strategies employed by the Group to manage its liquidity. These include maintaining an adequate counterbalancing capacity (comprising liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity) to address potential cashflow shortfalls and maintaining diversified sources of 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 decisive actions are taken to ensure the Group maintains adequate liquidity.

  The Core Liquidity Risk Policy establishes baseline standards for liquidity risk management within the Group. Policies and guidance documents communicate the base standards and detailed requirements throughout the Group and enhance the Group's ability to manage liquidity risk.

- **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, and 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 mainly under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature to assess the vulnerability when run-offs in liabilities increase, rollovers of assets and/or liquidity assets 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.

- **Processes and systems**
  Robust internal control processes and systems underlie the overall approach to identifying, measuring, aggregating, controlling and monitoring liquidity risk across the Group. In 2014, the Group completed the development of an in-house integrated data platform that serves to aggregate relevant source data in a complete and accurate manner that facilitates timely and granular reporting of liquidity risk for internal and regulatory purposes.

  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 group comprises of risk control, risk analytics, production and reporting teams.

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	More than 3 years	No specific maturity	Total
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**	**10,330**	**-**	**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**	**16,463**	**2,239**	**37,763**
Loans and advances to customers	**20,650**	**34,324**	**31,291**	**48,010**	**54,794**	**86,519**	**-**	**275,588**
Other assets	**5,258**	**491**	**791**	**3,522**	**488**	**4**	**721**	**11,275**
Associates and joint venture	**-**	**-**	**-**	**-**	**-**	**-**	**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**	**113,316**	**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**	**308**	**-**	**317,173**
Derivatives[(a)]	**18,769**	**-**	**-**	**-**	**-**	**-**	**-**	**18,769**
Other liabilities	**2,548**	**522**	**2,483**	**3,943**	**517**	**434**	**1,264**	**11,711**
Other debt securities	**37**	**2,569**	**9,236**	**11,351**	**3,602**	**3,507**	**-**	**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**	**8,188**	**1,264**	**402,884**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**1,695**	**1,695**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**36,088**	**36,088**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**37,783**	**37,783**
2013								
Cash and balances with central banks	15,233	586	671	2,007	222	-	-	18,719
Government securities and treasury bills	94	1,803	4,284	9,739	4,453	7,124	-	27,497
Due from banks	14,134	5,124	9,143	11,013	403	-	-	39,817
Derivatives[(a)]	17,426	-	-	-	-	-	-	17,426
Bank and corporate securities	83	1,548	4,267	3,800	6,956	15,008	1,884	33,546
Loans and advances to customers	16,115	29,755	27,852	47,190	48,153	79,589	-	248,654
Other assets	3,900	470	584	2,826	392	161	614	8,947
Associates and joint venture	-	-	-	-	-	-	1,166	1,166
Properties and other fixed assets	-	-	-	-	-	-	1,449	1,449
Goodwill and intangibles	-	-	-	-	-	-	4,802	4,802
Total assets	66,985	39,286	46,801	76,575	60,579	101,882	9,915	402,023
Due to banks	6,414	2,268	2,566	1,285	1,039	-	-	13,572
Deposits and balances from customers	187,914	40,730	34,087	26,196	2,992	446	-	292,365
Derivatives[(a)]	18,132	-	-	-	-	-	-	18,132
Other liabilities	1,508	1,083	141	3,711	555	3,253	1,331	11,582
Other debt securities	682	2,512	5,939	7,975	2,779	3,228	-	23,115
Due to holding company	1,406	-	-	-	-	-	-	1,406
Subordinated term debts	-	-	-	-	-	5,544	-	5,544
Total liabilities	216,056	46,593	42,733	39,167	7,365	12,471	1,331	365,716
Non-controlling interests	-	-	-	-	-	-	1,747	1,747
Shareholders' funds	-	-	-	-	-	-	34,560	34,560
Total equity	-	-	-	-	-	-	36,307	36,307

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 cashflows may differ from contractual basis.

43.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

			The Group			
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2014						
Derivatives settled on a net basis[(a)]	**(490)**	**13**	**20**	**142**	**449**	**134**
Derivatives settled on a gross basis						
- outflow	**51,476**	**92,575**	**165,570**	**307,689**	**155,044**	**772,354**
- inflow	**51,768**	**92,889**	**165,736**	**307,503**	**155,025**	**772,921**
2013						
Derivatives settled on a net basis[(a)]	(407)	(7)	44	7	(379)	(742)
Derivatives settled on a gross basis						
- outflow	33,741	58,422	92,906	182,712	102,481	470,262
- inflow	34,051	58,514	93,062	182,626	102,036	470,289

(a) Positive indicates inflow and negative indicates outflow of funds

43.3 Contingent liabilities and commitments

The tables below show the Group's contingent liabilities and commitments. Commitments are shown below based on the remaining period to contractual expiry date as at the balance sheet date:

			The Group		
In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2014					
Guarantees, endorsements and other contingent liabilities	**22,231**	**-**	**-**	**-**	**22,231**
Undrawn loan 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**
2013					
Guarantees, endorsements and other contingent liabilities	20,919	-	-	-	20,919
Undrawn loan commitments[(a)] and other facilities	139,109	8,261	8,037	2,642	158,049
Operating lease commitments	184	277	244	67	772
Capital commitments	18	-	-	-	18
Total	160,230	8,538	8,281	2,709	179,758

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn loan 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 framework for operational risk management comprises the following building blocks:

- **Policies**
  To govern Operational Risk Management (ORM) practices in a consistent manner, the Group Operational Risk Management Framework includes a set of Core Operational Risk Standards which provides guidance on the baseline controls to ensure a controlled and sound operating environment. There are also corporate operational risk policies which are owned by the respective corporate oversight 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, there are 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 of these issues. 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 (which covers risk governance, communication, monitoring, assessment, mitigation and acceptance), 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.

  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 and mitigate such risks through a combination of policy, and relevant systems and controls, coupled with the provision of relevant training and the execution of assurance processes. The 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 Group operates.

  Fraud Risk
  The Group has established minimum standards for its businesses and support units to prevent, detect, investigate and remediate against fraud and related events. This includes the components, key roles and the framework of 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 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 or service introduced 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.

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 the 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 to test the BCPs and crisis management protocol simulating varying scenarios. 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 Global Insurance Programme, from third-party insurers. These policies cover fraud and civil liability, property damage, general liability and directors' and officers' liability.

- **Processes, Systems and Reports**
  Robust internal control process and system 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 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. Quarterly updates on the Group's capital position are provided to the Board of Directors, who hold 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 and the expectations of customers, investors and rating agencies. This objective is pursued while ensuring that adequate returns are delivered to shareholders and there is adequate capital for business growth, investment opportunities and meeting contingencies.

The Group is subject to the capital adequacy requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore), 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 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 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 segments:

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 and joint venture	**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**

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	499	3,529
Total income	2,538	4,676	1,034	850	9,098
Expenses	1,740	1,377	478	316	3,911
Allowances for credit and other losses	88	544	(3)	141	770
Share of profits of associates and joint venture	-	-	-	79	79
Profit before tax	710	2,755	559	472	4,496
Income tax expense					615
Net profit attributable to shareholders					3,793
Total assets before goodwill and intangibles	72,887	207,264	83,049	34,021	397,221
Goodwill and intangibles					4,802
Total assets					402,023
Total liabilities	143,325	147,171	60,384	14,836	365,716
Capital expenditure	63	30	15	119	227
Depreciation[(a)]	32	9	8	165	214

(a) Amounts for each business segment are shown before allocation of centralised cost

The following table analyses the results, total assets and total liabilities of the Bank by business segments:

In $ millions	Consumer Banking/Wealth Management	Institutional Banking	Treasury	Others	Total
2014					
Net interest income	**1,317**	**2,345**	**859**	**144**	**4,665**
Non-interest income	**891**	**1,138**	**42**	**361**	**2,432**
Total income	**2,208**	**3,483**	**901**	**505**	**7,097**
Expenses	**1,228**	**906**	**413**	**221**	**2,768**
Allowances for credit and other losses	**48**	**393**	**(2)**	**108**	**547**
Profit before tax	**932**	**2,184**	**490**	**176**	**3,782**
Income tax expense					**533**
Net profit attributable to shareholders					**3,249**
Total assets before goodwill and intangibles	**69,149**	**175,001**	**70,615**	**53,201**	**367,966**
Goodwill and intangibles					**281**
Total assets					**368,247**
Total liabilities	**131,735**	**116,804**	**31,768**	**55,331**	**335,638**
Capital expenditure	**47**	**21**	**12**	**90**	**170**
Depreciation[(a)]	**14**	**9**	**7**	**117**	**147**
2013					
Net interest income	1,161	2,185	662	104	4,112
Non-interest income	773	1,061	224	329	2,387
Total income	1,934	3,246	886	433	6,499
Expenses	1,109	800	390	176	2,475
Allowances for credit and other losses	47	402	(3)	110	556
Profit before tax	778	2,044	499	147	3,468
Income tax expense					463
Net profit attributable to shareholders					3,005
Total assets before goodwill and intangibles	59,400	158,543	60,551	51,833	330,327
Goodwill and intangibles					-
Total assets	59,400	158,543	60,551	51,833	330,327
Total liabilities	112,335	104,629	57,343	24,001	298,308
Capital expenditure	41	20	11	89	161
Depreciation[(a)]	14	5	7	111	137

(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
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 and joint venture	**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**
2013						
Net interest income	3,487	1,016	456	405	205	5,569
Non-interest income	2,099	847	287	195	101	3,529
Total income	5,586	1,863	743	600	306	9,098
Expenses	2,281	717	548	283	82	3,911
Allowances for credit and other losses	335	142	76	126	91	770
Share of profits of associates and joint venture	13	-	8	58	-	79
Profit before tax	2,983	1,004	127	249	133	4,496
Income tax expense	344	153	35	50	33	615
Net profit attributable to shareholders	2,552	851	92	198	100	3,793
Total assets before goodwill and intangibles	258,595	65,783	43,132	16,466	13,245	397,221
Goodwill and intangibles	4,802	-	-	-	-	4,802
Total assets	263,397	65,783	43,132	16,466	13,245	402,023
Non-current assets[(d)]	2,124	355	103	31	2	2,615

(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, Vietnam and the Philippines
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America and United Kingdom
(d) Includes investments in associates and joint venture, properties and other fixed assets

			Bank			
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China[(a)]**	**South and Southeast Asia[(b)]**	**Rest of the World[(c)]**	**Total**
2014						
Net interest income	**3,924**	**342**	**24**	**172**	**203**	**4,665**
Non-interest income	**2,032**	**219**	**33**	**90**	**58**	**2,432**
Total income	**5,956**	**561**	**57**	**262**	**261**	**7,097**
Expenses	**2,455**	**95**	**8**	**129**	**81**	**2,768**
Allowances for credit and other losses	**278**	**21**	**-**	**227**	**21**	**547**
Profit before tax	**3,223**	**445**	**49**	**(94)**	**159**	**3,782**
Income tax expense	**462**	**77**	**2**	**(49)**	**41**	**533**
Net profit attributable to shareholders	**2,761**	**368**	**47**	**(45)**	**118**	**3,249**
Total assets before goodwill and intangibles	**307,635**	**31,209**	**4,430**	**10,171**	**14,521**	**367,966**
Goodwill and intangibles	**281**	**-**	**-**	**-**	**-**	**281**
Total assets	**307,916**	**31,209**	**4,430**	**10,171**	**14,521**	**368,247**
Non-current assets[(d)]	**12,607**	**-**	**-**	**11**	**2**	**12,620**
2013						
Net interest income	3,394	290	15	208	205	4,112
Non-interest income	1,995	207	13	79	93	2,387
Total income	5,389	497	28	287	298	6,499
Expenses	2,198	71	7	124	75	2,475
Allowances for credit and other losses	333	55	-	77	91	556
Profit before tax	2,858	371	21	86	132	3,468
Income tax expense	339	59	10	23	32	463
Net profit attributable to shareholders	2,519	312	11	63	100	3,005
Total assets before goodwill and intangibles	277,416	25,842	3,283	10,596	13,190	330,327
Goodwill and intangibles	-	-	-	-	-	-
Total assets	277,416	25,842	3,283	10,596	13,190	330,327
Non-current assets[(d)]	12,821	1	-	11	2	12,835

(a) Rest of Greater China includes branch operations in Mainland China and Taiwan
(b) South and Southeast Asia includes branch operations in India, Malaysia, Vietnam and the Philippines
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America and United Kingdom
(d) Includes investment in subsidiaries, investment in associates and joint venture, properties and other fixed assets

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DBS Bank Ltd and its subsidiaries

Directors' Report

The Directors are pleased to submit their report 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 2014, which 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.

Board of Directors

The Directors in office at the date of this report 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)		

Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic will retire in accordance with Article 95 of the Bank's Articles of Association 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, is required to retire at the forthcoming AGM pursuant to Section 153 of the Companies Act. 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 report.

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 2014	As at 1 Jan 2014	As at 31 Dec 2014	As at 1 Jan 2014
DBS Group Holdings Ltd (DBSH) ordinary shares				
Peter Seah	84,838	38,532	-	-
Piyush Gupta	403,849	200,140	118,000	118,000
Bart Broadman	22,515	15,449	-	-
Euleen Goh	24,123	12,545	-	-
Ho Tian Yee	7,973	3,444	-	-
Nihal Kaviratne CBE	5,014	4,767	-	-
Andre Sekulic	7,539	2,693	-	-
Danny Teoh	19,254	11,540	18,723	18,723
Ow Foong Pheng	4,403	4,257	-	-
Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	20,245	32,697	-	-
Piyush Gupta(1)	1,059,968	937,553	-	-
Bart Broadman	4,973	8,248	-	-
Euleen Goh	8,222	13,410	-	-
Ho Tian Yee	1,984	2,960	-	-
Nihal Kaviratne CBE	2,686	4,008	-	-
Danny Teoh	4,902	7,534	-	-
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 38 of the Notes to the 2014 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 2015.

Directors' contractual benefits

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Companies Act save as disclosed in this report or in the financial statements of the Bank and of the Group.

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 were 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 2014	Exercised	Forfeited/Expired	31 December 2014		
March 2004	880,631	855,615	25,016	-	$12.53	02 March 2014
March 2005	554,244	195,841	3,526	354,877	$12.81	01 March 2015
	1,434,875	1,051,456	28,542	354,877		

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 5,789,096 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 326,124 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 59,569 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]	31,845	44,297
Piyush Gupta	326,124[1]	203,709
Bart Broadman[2]	3,791	7,066
Euleen Goh [2]	6,080	11,268
Ho Tian Yee[2]	3,553	4,529
Nihal Kaviratne CBE[2]	4,490	5,812
Andre Sekulic[2]	4,728	4,728
Danny Teoh [2]	5,082	7,714

(1) Mr Gupta's awards formed part of his remuneration for 2013
(2) The awards of these non-executive Directors formed part of their directors' fees for acting as Directors of DBSH in 2013. 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 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, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Awards are granted under the DBSH Share Plan at the absolute discretion of the Compensation and Management Development Committee.

(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.

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

9 February 2015
Singapore

Statement by the Directors

We, Peter Seah Lim Huat and Piyush Gupta, being two of the Directors of DBS Bank Ltd ("the Bank"), state that, in the opinion of the Directors, the consolidated financial statements of the Bank 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 85, are drawn up so as to give a true and fair view of the state of affairs of the Bank and Bank Group as at 31 December 2014, and the results and changes in equity of the Bank and Bank Group, and cash flow statement of the Bank Group for the financial year ended on that date and there are reasonable grounds to believe that the Bank and the Bank Group will be able to pay their debts as and when they fall due.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

9 February 2015
Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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 85, which comprise the consolidated balance sheet of the Bank Group and balance sheet of the Bank as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 profit and loss accounts and balance sheets 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 balance sheet, the income statement, the statement of comprehensive income and statement of changes in equity 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 state of affairs of the Bank Group and of the Bank as at 31 December 2014, and the results, changes in equity and cash flows of the Bank Group and the results 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 subsidiaries 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, 9 February 2015

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