DBS Group Holdings Ltd
Annual Report 2019

DBS Live more, Bank less

Pursuing the greater good

About us

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

We have been recognised for our leadership globally, having been named "World's Best Bank" by Euromoney, "Bank of the Year – Global" by The Banker and "Best Bank in the World" by Global Finance. We are also at the forefront of leveraging digital technology to shape the future of banking, having been named "World's Best Digital Bank" by Euromoney. In addition, we have been accorded the "Safest Bank in Asia" award by Global Finance for 11 consecutive years from 2009 to 2019.

About this report

The Board is responsible for the preparation of this Annual Report. It is prepared in accordance with the following regulations, frameworks and guidelines:

- The Banking (Corporate Governance) Regulations 2005, and all material aspects of the Code of Corporate Governance 2018 and the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued in April 2013 by the Monetary Authority of Singapore.
- Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules, including rules 711A and 711B on Sustainability Report and Practice Note 7.6 Sustainability Reporting Guide issued in July 2016 by SGX.
- The International Integrated Reporting Framework issued in December 2014 by the International Integrated Reporting Council.
- The Guidelines on Responsible Financing issued in October 2015 (revised June 2018) by the Association of Banks in Singapore.
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in June 2017.
- The Global Reporting Initiative (GRI) Standards – Core Option, issued in October 2016 (with subsequent revisions), and the G4 Financial Services sector disclosures by the GRI Global Sustainability Standards Board.

Scan here to view our Sustainability Report

Contents

Overview

This section provides information on who we are and our leadership team. It also contains a joint message from the Chairman and CEO.

Reflections from the top

This section contains the CEO's thoughts on some pertinent matters and recaps the year's performance through the lens of our senior leaders.

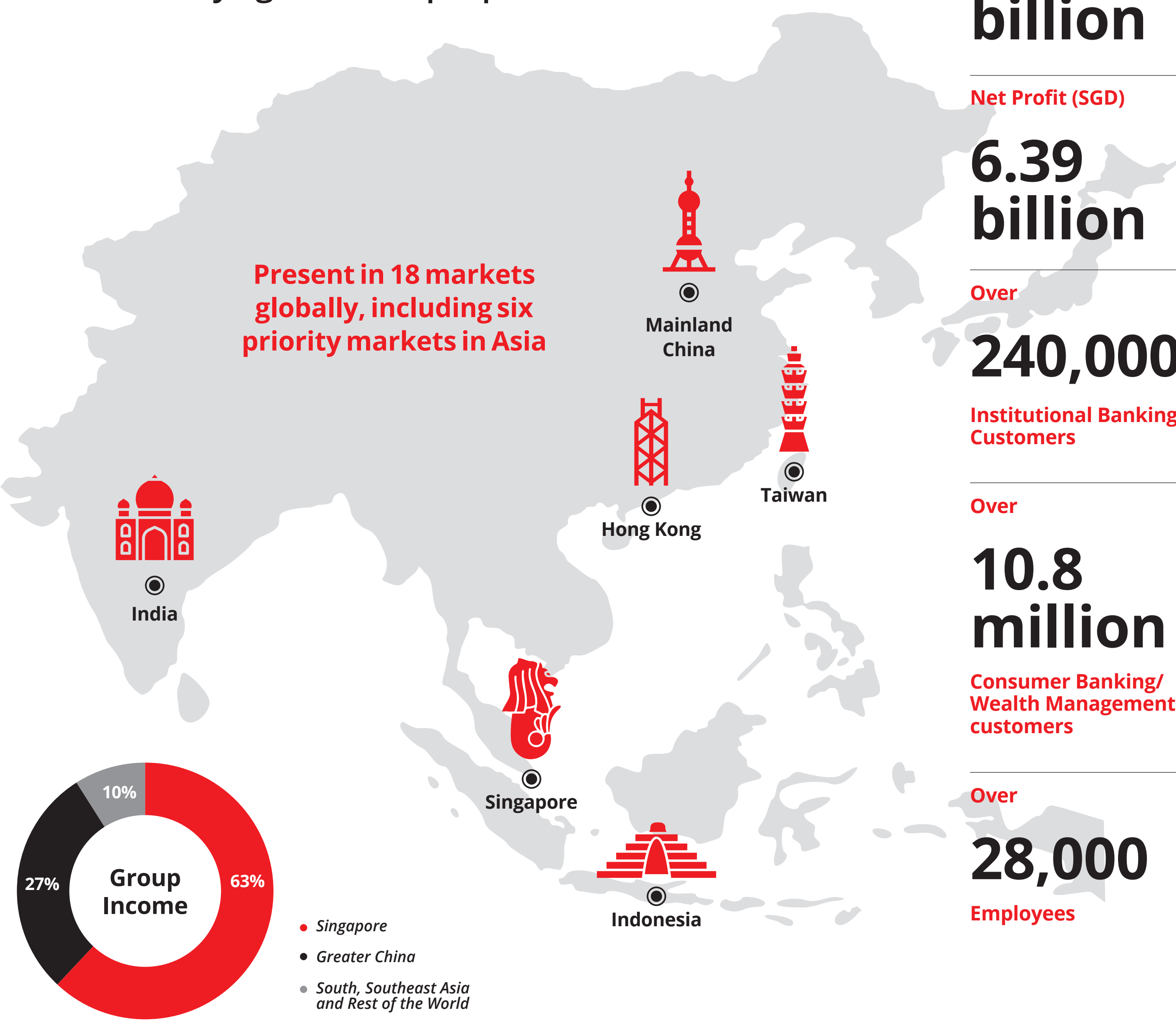
Governance, Risk Management and Sustainability

This section details our commitment to sound and effective governance, risk management and sustainability.

Financial and other reports

Who we are

DBS is one of Asia's leading banks, operating in the most dynamic region of the world. We provide a full range of services in consumer banking, wealth management and institutional banking. We are focused on leveraging digital technology to reimagine banking, so our customers can live more and bank less. We are also committed to advancing the sustainability agenda as a purpose-driven bank.



Total assets (SGD)
579 billion

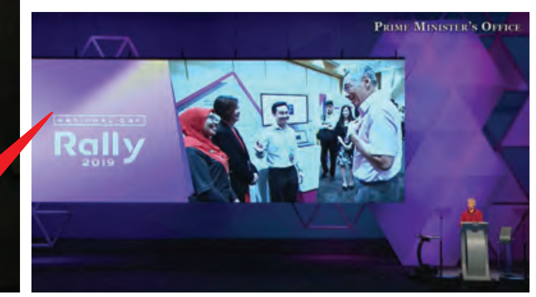
Income (SGD)
14.5 billion

Net Profit (SGD)
6.39 billion

Over
240,000
Institutional Banking Customers

Over
10.8 million
Consumer Banking/ Wealth Management customers

Over
28,000
Employees



DBS: The World's Best Bank (again)...

2019 was a pivotal year for us. We were the first bank to hold three global best bank honours at the same time, and to be recognised among the top 10 business transformations of the decade by Harvard Business Review. The slew of global accolades continue to underscore our growing stature in the world.

We continued to be recognised for our leadership in digital, as well as our commitment to delivering a purpose beyond banking. We also focused on creating a better world through our three sustainability pillars of responsible banking, responsible business practices and creating social impact.

"DBS has made great efforts to modernise itself, and to adopt technology. In the past one year, it was named the best bank in the world by three major industry publications. Most importantly, DBS has been working very hard to retrain its employees. It has shown care and concern for its people, even as it transforms itself. In fact, if they did not share care and concern for its people, it could not have become the best bank in the world. This is the right approach, and I encourage other companies to emulate DBS' example. Good job lah, DBS!"

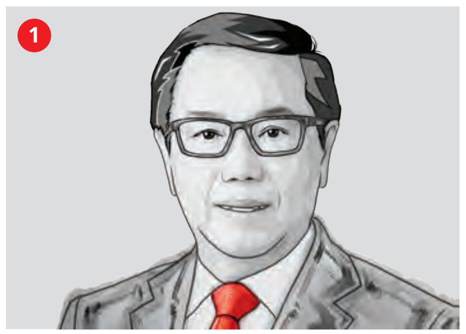
Singapore Prime Minister, Lee Hsien Loong

"A world-class bank will undoubtedly be a digital leader. It will invest in technology that makes a real difference to how the bank is run. It will be a bank that plays to its strengths. It will not grow for growth's sake; it will take a long-term view. It will be a diversified bank, and it will be a bank that takes its role in broader society seriously, putting corporate responsibility at the heart of what it does. The bank in the world today that best matches these criteria is DBS."

Euromoney

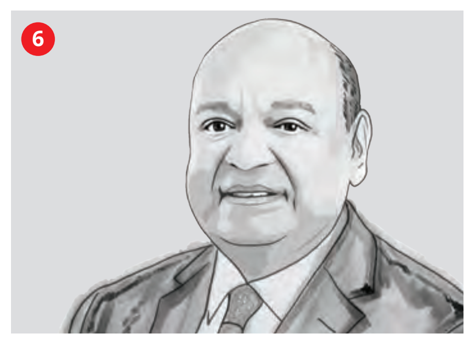
Board of Directors

The Board is committed to helping the bank achieve long-term success. The Board provides direction to management by setting the Group's strategy and overseeing its implementation. It ensures risks and rewards are appropriately balanced.



Award-winning

Recognised for our strong corporate governance practices at the 20th SIAS Investors' Choice Awards, we were named the winner in the Singapore Corporate Governance (Big Cap) category.



Highly experienced

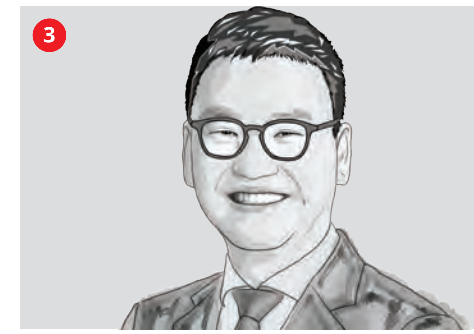
Two-thirds of the Board are seasoned bankers, while the rest have extensive experience in other related industries.

From top left

1. **Peter Seah**
Non-Executive Chairman
2. **Piyush Gupta**
Chief Executive Officer
3. **Bonghan Cho**
Independent Director
4. **Euleen Goh**
Non-Executive Director
5. **Ho Tian Yee**
Lead Independent Director
6. **Nihal Kaviratne CBE**
Independent Director
7. **Olivier Lim**
Independent Director
8. **Ow Foong Pheng**
Non-Executive Director
9. **Andre Sekulic**
Independent Director
10. **Danny Teoh**
Non-Executive Director
11. **Tham Sai Choy**
Independent Director

Independent

A majority of our directors are non-executive and independent directors.



Diverse

Good mix of nationalities, gender and backgrounds.

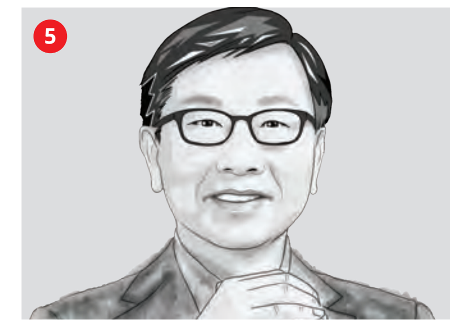
Read more about the Board of Directors on pages 190 to 195.

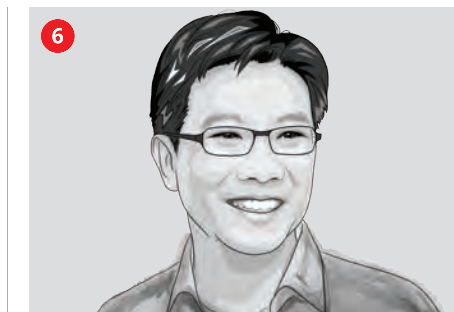
Group Management Committee

The Group Management Committee executes the strategy and long-term goals of the Group. It drives business performance and organisational synergies. It is also responsible for protecting and enhancing our brand and reputation.

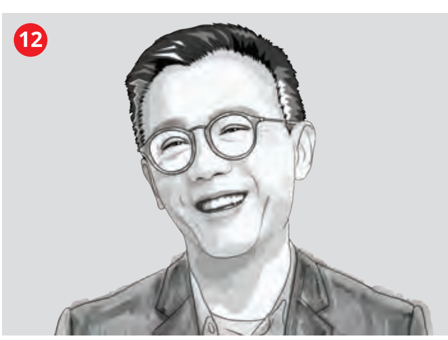
From top left

1. **Piyush Gupta***, Chief Executive Officer
2. **Chng Sok Hui***, Finance
3. **Eng-Kwok Seat Moey**, Capital Markets
4. **Philip Fernandez**, Corporate Treasury
5. **Neil Ge**, China
6. **Derrick Goh**, Audit
7. **Han Kwee Juan**, Strategy & Planning
8. **Lam Chee Kin**, Legal, Compliance & Secretariat
9. **Lee Yan Hong**, Human Resources
10. **Lim Him Chuan**, Taiwan
11. **Sim S Lim***, Consumer Banking/ Wealth Management
12. **Andrew Ng***, Treasury & Markets
13. **Jimmy Ng***, Technology & Operations
14. **Karen Ngui**, Strategic Marketing & Communications
15. **Sebastian Paredes***, Hong Kong
16. **Pearlyn Phau**, Consumer Banking/ Wealth Management
17. **Shee Tse Koon***, Singapore
18. **Surojit Shome**, India
19. **Paulus Sutisna**, Indonesia
20. **Tan Su Shan***, Institutional Banking
21. **Tan Teck Long***, Risk Management

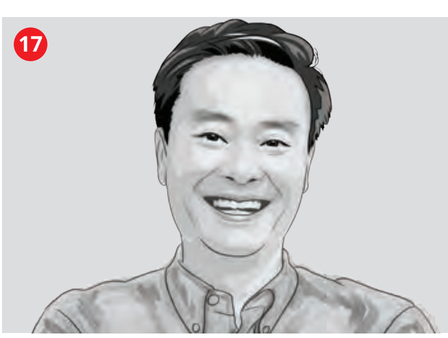


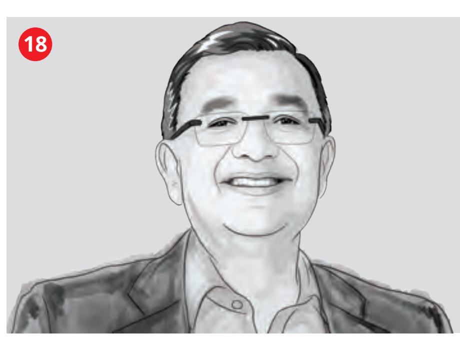


About a third of our Group Management Committee members are women.



Group Management Committee members have more than 30 years of experience on average.





*Those marked by * are also in the Group Executive Committee.*

Read more about the Group Management Committee on pages 196 to 198.

Letter from the Chairman and CEO

"Having built strength and resilience into our franchise over the past decade, we were able to navigate challenges in the 2019 operating environment, continue our digital leadership, ramp up our sustainability efforts, and still turn in a record year."

Peter Seah
Chairman, DBS Bank

2019 was a challenging year for the global economy. Deepening trade frictions and geopolitical tensions weighed on global growth, which at 2.3% was the slowest in a decade. With a synchronised slowdown taking hold across the globe, many central banks eased rates to buttress their economies. Among them was the US Federal Reserve. Having raised rates four times in 2018, it went into reverse and made three rate cuts, reducing the policy rate by a total of 0.75 percentage point. Monetary easing also took place across Asia. Despite this, Hong Kong went into a recession while Singapore – our home market – narrowly averted one.

On the societal and environmental front, the world also came under pressure. Social angst, fuelled by issues of inequality, was on full display with more civic protests in 2019 than in any year since the late 1960s. At the same time, a multitude of costly weather events – whether the Australia bushfires, Venice floods or Europe heatwave – underlined the urgency of tackling the climate crisis.

Against this backdrop, sustainability conversations increasingly dominated global forums. The role of business in leading change also became mainstream. In August 2019, nearly 200 CEOs representing the largest US companies agreed at the annual Business Roundtable that the purpose of a corporation was not just to serve the interests of shareholders, but also that of customers, employees, suppliers and communities.

Larry Fink, CEO of BlackRock, the world's largest investor, gave notice to CEOs to embrace a purpose beyond profit maximisation. After a decades-long focus on "shareholder capitalism", there was a distinct shift towards the importance of embracing "stakeholder capitalism" or "conscious capitalism" instead.

The notion that companies should be purpose-driven, and the need to consider stakeholder interest and not just shareholder interest, has always been intrinsic to DBS. Much of this can be traced to our roots as the Development Bank of Singapore and the key role we had to play in support of nation building, whether through the creation of jobs, enabling of home ownership or financing of businesses. Since purpose is at the heart of sustainability, our longstanding belief in the raison d'etre of business – namely to achieve sustainable growth while creating value for all – positions us well to be relevant for future generations.

A banner year

Having built strength and resilience into our franchise over the past decade, we were able to navigate challenges in the 2019 operating environment, continue our digital leadership, ramp up our sustainability efforts, and still turn in a record year.

In particular, notwithstanding slowing global growth and widespread monetary easing, which impacted loan growth and net interest margin, total income reached a new high of SGD 14.5 billion. Net profit increased 14% to a record SGD 6.39 billion, and return on equity was at 13.2%, an all-time high.

SGD 14.5 billion

Total income

Total income reached a record, bolstered by growth in loans and fee income.

SGD 6.39 billion

Net profit

Net profit and return on equity were at new highs.

SGD 1.23

Dividend

We proposed a final dividend of 33 cents per share, bringing the full-year ordinary dividend to SGD 1.23 per share. Barring unforeseen circumstances, the annualised dividend going forward will be SGD 1.32 per share.

Strong performers included our wealth management, cash and treasury markets franchises. Wealth management income grew by 16% on the back of rising assets under management and improved relationship manager productivity. In cash management, our digital capabilities continued to set us apart from other banks, winning us large cash mandates across the region. Trading income also grew significantly.

The solid results were achieved without compromising the long-term investments we continued to make to entrench our presence in Asia. In India, with wholly-owned subsidiary status, we opened 21 new branches, with a brick-and-mortar presence complementing our digital strategy, enabling us to serve small and medium-sized enterprises (SMEs) and wealth customers better. Notwithstanding the ongoing trade war and Hong Kong unrest, we also made headway in building our Greater Bay Area business.

Becoming a technology company

Being digital to the core

In pursuing digital transformation, one of our focus areas has been to be digital to the core by rearchitecting our technology stack. In recent years, we have invested in a cloud infrastructure and rearchitected our applications to be cloud ready. These moves have enabled us to increase our compute power while shrinking the size of our data centres in markets such as Singapore, Hong Kong and India. In the process, we not only reduced fixed infrastructure costs but also significantly increased our energy efficiency and meaningfully reduced our carbon footprint.

The new architecture allows us to leverage Application Programming Interfaces (APIs) to enable simple and speedy connectivity. In 2017, we launched the world's largest API platform for a bank to enable developers and brands to plug into our technologies. Today, more than 400 partners are plugged into us via our API platform. This allows us to not just provide better business solutions, but also to drive sustainability through financial inclusion.

In China, for example, we launched a multi-tier financing facility on a logistics blockchain platform that allows SMEs to get faster access to trade financing. Leveraging the bank's APIs, DBS is able to offer digital trade financing services to SMEs in the ecosystem within 24 hours. This is significant as more than half of SMEs globally tend to face rejection by financial institutions for their trade finance needs, contributing to the world's trade finance gap of USD 1.3 trillion.

In 2019, we also made headway in becoming more data-driven, with the bank running over 150 projects leveraging advanced analytics. Some of these projects include using data to offer contextual marketing or hyper-personalisation, as well as performing sentiment analysis so we can understand our customers better. In places like India and Indonesia, we have also introduced data-driven algorithmic credit underwriting models. This has allowed us to approve small ticket-sized loans to individuals at a faster pace, making access to finance easier.

Embedding ourselves in the customer journey

Another longstanding focus area has been to embed ourselves in the customer journey through digital innovation or ecosystem partnerships, so that banking is simple, seamless and effortless.

With this effort, we continue to see more product purchases done digitally as we reach out to customers where they are. In 2018, one in four new mortgages was closed online; this has risen to one in three mortgages. In 2019, three in four credit cards were applied for online, and more than one in two deposit accounts was opened digitally. We saw good momentum in eChannels adoption, with DBS Remit on the digibank app enjoying growth in transaction volume of more than 50% year on year, and DBS having the highest market share for PayNow retail signups.

The focus on the customer journey not only improves customer experience, it also allows us to create simple, suitable products for the mass market, products which would have been bespoke to affluent customers in the past. Take for example DBS digiPortfolio, a hybrid human-robo investment solution that retail investors can access for as little as SGD 1,000. Democratising access to financial investments is key not only to reducing the wealth inequality gap but also ensuring the communities we are in are well-covered for retirement as lifespans increase. In a similar vein, we now provide digital insurance solutions, making it easy for customers to obtain cover for important areas of their lives with minimum fuss. One such area is cancer cover, which can be purchased online without the need for a health check.

In India and Indonesia, we have 3.25 million digibank customers – customers who opened accounts with us using their smartphones. The ability to offer banking in a phone aids financial inclusion, especially in large geographies, where many remain underbanked.

Becoming a 28,000 person startup

One of the success areas in our digital transformation has been our ability to change culture, to create an environment that embraces experimentation, and where innovation is mainstream. We have been committed to the idea that we have to take all our employees along on this journey. For this, investment in our people is imperative and re-training is key.

With new ways of serving customers better, including via our social media and live chat channels, call volumes fell 8% in 2019. In our Singapore customer centre, we have reskilled over 500 employees to take on 13 new job roles including content creators, live chat agents and customer experience designers. At the 2019 National Day Rally, the most important political speech by the Singapore Prime Minister, DBS was applauded for the reskilling of our workforce.

We are also committed to diversity, which we believe is a source of strength. As an example, we have been recruiting more female talent in technology – an area that is conventionally male-dominated – through targeted hackathons.

Other sustainability initiatives

Apart from efforts to improve lives and livelihoods, in the past year, we also continued to actively advance the sustainability agenda by nudging customers, the community and the public to come onboard the sustainability journey with us.

To create social impact, the DBS Foundation reached out to more than 25,000 stakeholders including social enterprises, students, government agencies, tertiary institutions, SMEs and clients to build a vibrant social enterprise community that can help the sector to thrive. We also launched the second season of the DBS Sparks mini-series, which is inspired by true stories – with a spotlight on sustainability.

We partnered MSCI to integrate their ESG rating data into our investment products platform, helping customers who want to invest in ESG-products make better decisions. As part of our ongoing efforts in promoting responsible financing, we also became the first bank headquartered in Southeast Asia to adopt the Equator Principles.

During the year, we made a pledge to cease financing new coal-fired power plants after honouring existing client commitments. While our coal portfolio is already relatively small (less than 1% of our total Institutional Banking credit exposure), we expect to see this shrink as new commitments are eliminated. In lieu of coal, we have stepped up our green and renewable financing initiatives. In 2019, DBS closed about SGD 5 billion in sustainable finance transactions[(1)], which is 60% more than what the bank did in 2018. This includes over a dozen wind and solar projects, as well as the first sustainability-linked loan[(2)] in Taiwan (AU Optronics) and the first sustainability-linked loan in Singapore for an SME (Chew's Agriculture).

To lower our own carbon footprint, we also pursued more green initiatives internally, and 100% of our Singapore retail branches are now BCA Green Mark certified.

Global recognition

In a feat unmatched by other banks globally, DBS became the first bank to concurrently hold three global best bank awards. This was achieved after we were named "World's Best Bank" by leading global financial publication Euromoney. This follows the bank's wins of Global Finance's "Best Bank in the World" in August 2018 and The Banker's "Bank of the Year – Global" in November 2018.

In its awards citation, Euromoney singled out our digital leadership as well as commitment to sustainable banking for why we were deserving of the win.

It said: "DBS was chosen for our awards because it represents what we believe a bank should look like today. No other institution has worked so hard to embrace and lead digital disruption, and while some banks demonstrate their technological prowess with impressive apps, DBS does so by embedding digital innovation into everything it does – with a tangible positive impact on the bottom line. It has achieved this with a clear-sighted focus on sustainability that positions it well for the years ahead."

Harvard Business Review also featured DBS among the top 10 business transformations of the decade, together with the likes of Netflix, Amazon, Microsoft, Tencent and Alibaba. Companies which made the list had excelled in the development of new products, services and business models; repositioning their core business and financial performance. DBS was recognised for "transforming from a traditional regional bank to a global digital platform company, around a culture-based vision of becoming a 27,000-person startup".

As a testament to the strides we are making in sustainability, we made it to the Dow Jones Sustainability Index (Asia-Pacific) for the second consecutive year, as well as the Bloomberg Gender-Equality Index and the FTSE4Good Global Index for the third consecutive year.

Acknowledgements

We would like to express our gratitude to Nihal Kaviratne and Danny Teoh, who are stepping down as board members in March 2020, for their invaluable contributions over the years. Danny has been an outstanding Audit Committee chairman at DBS for over eight years, while Nihal has provided extensive counsel to the Board with his expertise in the consumer goods sector since being a Board member in 2011. Both have also served as members of the Board of the DBS Foundation since its establishment in February 2014.

At the same time, we would like to thank our shareholders and customers for their continued support, and to acknowledge our employees and the Board for their hard work throughout the year.

> **"Apart from efforts to improve lives and livelihoods, in the past year, we also continued to actively advance the sustainability agenda by nudging customers, the community and the public to come onboard the sustainability journey with us."**
>
> **Piyush Gupta**
> Chief Executive Officer, DBS Bank

Dividend

The Board has proposed a final dividend of 33 cents per share for approval at the forthcoming annual general meeting. This will bring the full-year ordinary dividend to SGD 1.23 per share. Barring unforeseen circumstances, the annualised dividend going forward will be SGD 1.32 per share.

Going forward

We expect the outlook to be challenging, given continued macroeconomic and geopolitical headwinds. At the time of writing, the unfolding Covid-19 situation is also creating some uncertainty. There are, however, a couple of positives. The US economy has remained remarkably resilient, and following nearly two years of trade war, the world's two biggest economies reached a Phase 1 agreement in January this year.

As we navigate the choppy waters of 2020, some priorities remain a constant. Among them, continued digital transformation and pursuing the sustainability agenda are foremost. In Singapore and Hong Kong, virtual banking licences are being given out, attracting new players into our space. At the same time, however, incumbent banks like ourselves are stepping up our game. While we have had a headstart in reinventing ourselves digitally, we need to remain unrelenting in harnessing areas like Big Data, artificial intelligence/ machine learning, and blockchain to deliver a differentiated customer experience.

On sustainability, providing leadership on global challenges will continue to be an imperative.

As we look back on 2019, we are honoured by the global recognition we have received. We are also cognisant that being in a place of leadership requires us to be at the forefront of change, driving innovation, stewarding resources and creating social impact, for the greater good.

Peter Seah
Chairman
DBS Group Holdings

Piyush Gupta
Chief Executive Officer
DBS Group Holdings

(1) Refers to sustainability-linked loans, renewable and clean energy-related loans and green loans
(2) Sustainability-linked loans are structured to enable customers to pay less interest when they achieve a set of pre-agreed ESG performance targets which are validated by an independent ESG rating agency or verification party

Building better businesses

As a bank, we play a key role in helping businesses to transition to a digital and low-carbon economy. We help our corporate customers to transform themselves and future-proof their business, and nudge them to be more sustainable in their practices.

Helping SMEs, which account for 95% of Asia's businesses, to grow and thrive

- **Supported financing needs for half of Singapore's SMEs, which form the life blood of the economy employing two-thirds of its workers**
- **Provided SGD 37.2 billion in financing for SMEs in Asia**
- **Launched our first multi-tier financing facility on a logistics blockchain platform named Rong-E Lian, helping SMEs get quicker access to trade financing**
- **Helped SMEs unlock digital solutions to power their growth**

Financing a more sustainable future

- **Financed 14 renewable energy-related projects across Asia**
  - Financed three offshore wind farms in Taiwan worth SGD 8.5 billion
  - Advised the financing of Vena Energy's 70MW ground-mounted solar project – the largest in Taiwan to-date
- **First bank headquartered in Southeast Asia to adopt the Equator Principles**

Championing social entrepreneurship and developing businesses for good

- **Nurtured over 400 social enterprises over the last five years**
- **Made available the Social Enterprise Banking Package, which comes with fee waivers and preferential loan rates**
- **Invested 15,000 skilled volunteer hours with social enterprises, including providing mentorship to them in areas such as data analytics, innovation and digital marketing**

Giving power to the people

Through innovation and digital technologies, we have increased access to financial services, especially to traditionally underserved populations. This includes extending credit to the previously unbanked, and disbursing funds through mobile phones. By giving our customers insights, knowledge, as well as access to data and easy banking, we also empower them to make their own financial decisions.

Enabling financial inclusion

- **Made access to credit easier through the introduction of data-driven algorithmic credit underwriting models in India and Indonesia, allowing us to approve small ticket-sized loans to individuals at a faster pace through their mobile phones**
- **Enabled migrant workers in Singapore to have uninterrupted banking services through mobile app POSB Jolly. This includes making it easy for them to remit funds home to loved ones**
- **Lowered the barrier to entry of opening a bank account in India and Indonesia with digibank, an innovative bank in a phone. This has availed banking to more than three million people in India and Indonesia**

Democratising financial services

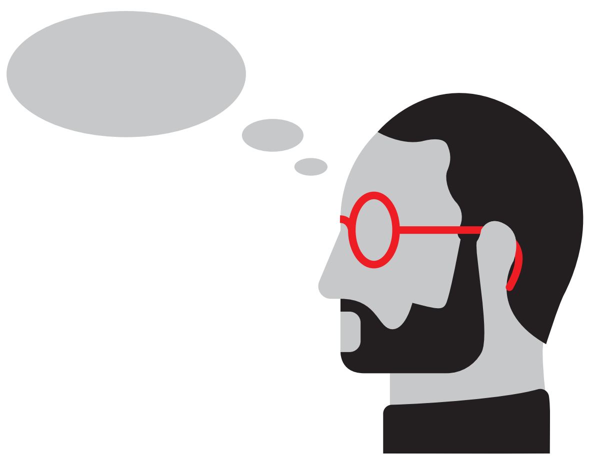
Digital insurance

- Made it easy for customers to obtain cover for important areas of their lives with minimum fuss. One such area is cancer cover, which can be purchased online without the need for a health check

DigiPortfolio

- Launched DBS digiPortfolio, an inhouse hybrid human-robo solution, enabling consumer banking customers to tap into financial expertise and investment opportunities usually limited to wealth clients

Catalysing a sustainability movement



We recognise that building a better world needs to be a collaborative effort involving all, and are focused on catalysing change by rallying our customers, employees, suppliers, partners and the public, to become more sustainable by making them aware of social and environmental issues.

Customers

- **Expanded our suite of environmental, social and governance (ESG) and social investing offerings, so socially-conscious clients have more avenues to support stakeholder capitalism**
- **Provided SGD 5 billion in financing for sustainability-linked loans[1], renewable and clean energy-related loans and green loans**
  - Launched Singapore's first SME sustainability-linked loan with Chew's Agriculture
  - Signed Taiwan's first sustainability-linked loan with AU Optronics

Employees

- **Rallied our people to support causes around the elderly, education and the environment. Altogether, 88,000 employee volunteering hours were invested in these three areas**
- **Rolled out Agency for Integrated Care's Dementia Awareness (Foundation) e-learning course to all 12,000 employees in Singapore to help them recognise signs of dementia and to enhance communication with those who are affected**

Suppliers

- **Ensured that 99.9% of our new suppliers have signed a commitment to our Sustainable Sourcing Principles**

Partners

- **Partnered Impact Investment Exchange to support the issuance of the USD 12 million Women's Livelihood Bond 2, which aims to create sustainable livelihoods for more than 250,000 underserved women in Asia**

Public

- **Encouraged the public to live more sustainably via:**
  - Sparks Season 2, an award-winning mini-series, which is based on social enterprises supported by DBS Foundation. The first five episodes garnered 144 million views
  - Marina Regatta, DBS Singapore's marquee dragon boating cum lifestyle event. The event raised eco-consciousness among attendees through immersive and interactive games and exhibitions. The entire setup was done using recycled, re-usable and natural materials
  - "Recycle more, Waste less" campaigns. DBS Indonesia encouraged millennials to pledge towards a cleaner environment, and donated IDR 1,000 in support of environmental education for each pledge made

(1) Sustainability-linked loans are structured to enable customers to pay less interest when they achieve a set of pre-agreed ESG performance targets which are validated by an independent ESG rating agency or verification party

CEO reflections

"I believe that there is no real conflict between shareholder and stakeholder interests. The issue is one of timeframes."

Question 1

Businesses have a key role in shaping a sustainable world. While there is growing consensus on this, there are also some strong dissenting views. Where do you stand on the matter?

At the heart of this question is the ongoing debate between the virtues of "shareholder capitalism" versus what is increasingly being referred to as "stakeholder or conscious capitalism".

The shareholder school posits that the correct role for a corporation is to maximise shareholder value; the other societal goals should be left to agencies like investors or the government, who are better suited to this. Making corporations the agents of social change gives managements an easy "out" from driving financial performance. Warren Buffett is one exponent of this school.

I believe that there are deeper underlying questions that this view begs. Some of these are the following: a) Are corporations independent entities with obligations of their own, independent of their shareholders? b) Are governments adequately equipped to address some of the knotty, transnational problems faced by the world? c) Is there really a conflict between the interests of shareholders and those of other stakeholders?

The fact that corporations are "living beings" to all intents and purposes (which is why shareholders have limited liability) suggests that they have an obligation to the common good, just as all other living beings. This obligation requires them to look after the interests of employees and customers, as a start. However, I would argue that this also places an obligation to be good taxpayers, as well as address other community imperatives as part of their charter. To that extent, I believe that Boards are not merely agents of shareholders, but have an independent obligation to ensure that the business does what is right.

Two of the biggest challenges our world is facing today are a) climate change, biodiversity and the future of our planet and b) social tensions caused by issues of inequality.

In 2019, floods in Jakarta, raging fires in Australia and serious drought in many parts of the world sounded an alarm on the pace of climate change. There was also massive social unrest – higher than any year since 1968, with at least 25 civil protests around the world. The synchronised anger was fuelled by growing income inequality, and compounded by the rise of social media and the Internet, which made the divide more pronounced. In the coming years, I believe social tensions will be exacerbated by the pensions and jobs problem. As people live longer, the savings and pensions which have traditionally funded one's retirement will no longer be sufficient. As older people hang on to their jobs longer, and as younger ones vie for the same opportunities, generational tensions will result. Okay boomer, on steroids!

The nature of these problems is such that they transcend the nation state. Therefore, we cannot leave it to NGOs and governments to find resolution on their own. The truth is that private sector corporations are some of the biggest actors on the world stage, and have an ability to carry influence across borders. They represent a potent source of resources and talent, and not bringing this to bear on what are literally life and death issues would seem ill-advised.

Finally, I actually believe that there is no real conflict between shareholder and stakeholder interests. The issue is one of timeframes. While there may be some tradeoffs between maximising shareholder returns and providing societal benefits in the short term, addressing broader issues in society is completely consistent with shareholder interests in the long term. The long-term interests of the shareholder require that the company have a long-term existence. This can only be achieved if it has a " licence" from civil society in addition to any other licences it needs.

I also believe that the growing focus on sustainability will result in massive incremental business opportunities as the world reorganises to a more planet-friendly business model. The shift to renewable forms of energy is one example. Think not just solar plants, but transmission, distribution, storage and Tesla!

At DBS, advancing the sustainability agenda through our three pillars of responsible banking, responsible business practices and creating social impact, has become a strategic priority. Some of the bank's focus areas include stepping up on sustainable financing, pursuing financial inclusion and democratising wealth creation by making financial planning and investment convenient and easy to understand for all customers. Through the DBS Foundation, now in its sixth year, we also seek to multiply our social impact by supporting social enterprises which are working to solve many of the world's sustainability issues.

Question 2

How will digital banking entrants in the coming year affect the competitive dynamics of the Singapore banking industry? How are you responding to them?

New entrants into any market increase competitive intensity, and the five new virtual banks who will be awarded licences this year are no exception to the rule. In addition, it is likely that the new competitors will be free from the burden of legacy, and have access to large resources. Therefore, they will quite possibly be able to disrupt the market in interesting ways, and are not to be underestimated.

However, I do not believe that it will be easy for new entrants to be successful in the short or medium term. There are a few factors to consider:

a) The Singapore banking market is not a large market, and banking penetration is high, at over 98%. There are really no obvious underserved segments; to the extent they exist, the revenue pools are likely to be small.

b) The incumbents – including DBS – have made credible strides in their own digital offerings over the past few years. The new players will not find it easy to create very differentiated offerings.

c) Once the players reach a certain minimum size, the capital requirements are sizeable, and the onus for regulatory compliance will create challenges. On the back of the Uber and WeWork IPOs, it is unlikely that investors will have appetite for continued unlimited cash burn without a line of sight to EBITDA and returns.

d) While competitors are likely to drive price competition, it is a healthy sign that the regulators are unwilling to support predatory pricing. In industries like e-commerce and ride hailing, deep discounting with a "winner take all" mentality has led to industry instability. Such instability in financial services may be unwise.

We have been preparing for this new form of competition for the past six years by seeking to disrupt ourselves before someone else can! I believe that we have built sufficient organisational capability and muscle in our technology, our products and our people to be able to compete effectively.

Our digital platforms enable 3.3 million customers to carry out everyday banking transactions from payments to investments. PayLah!, our digital wallet, is now routinely used for shopping, dining and transport in addition to peer-to-peer transfers. We have the lion's share of overseas remittances with 7.4 million transactions to almost 50 countries amounting to SGD 13.4 billion annually. Our new comprehensive digital financial planning tool has already reached 1.8 million customers with more than 300,000 actively using the tool monthly; 33,000 customers have turned from being cashflow negative to being net savers. We have created digital marketplaces for customers to buy and sell properties and cars, make travel arrangements and switch utility providers.

In short, while any new competition must be taken seriously, I am confident that the incumbent players will hold our own. With the Singapore banking market already well served by more than 200 players, the additional competition from five new digital banks is likely to be manageable.

Question 3

Tell us more about your plans and strategy for Hong Kong and the Greater Bay Area.

The Greater Bay Area (GBA) is poised to be one of the great mega-regions of the world. It has modern infrastructure, a wide array of manufacturing expertise and extensive connections to other parts of the mainland and to the region. There are more than one million companies, many of which are clustered around technology, white goods and car manufacturing. Its teeming population is made up of migrants from other parts of the mainland seeking a better future. These characteristics make the region a fertile ground for local and global players to test concepts and innovate.

At least since 2000, Hong Kong has been one of the biggest beneficiaries of the China growth story. This has not been from largesse; rather, it is the soft and hard infrastructure of the country, and the resourcefulness and tenacity of its people, that have made Hong Kong the capital markets hub for the mainland. Notwithstanding the short-term social tensions, it is our belief that in the long term, Hong Kong will continue to benefit from the China, and more specifically the GBA, phenomenon.

Our Hong Kong franchise is well placed to drive our GBA strategy. As the anchor of our Greater China business, it has been financing Chinese companies' international expansion, capturing the expanding trade and investment flows between Hong Kong and southern China, as well as meeting the growing demand for wealth management services from affluent Chinese individuals. These activities were responsible for the tripling of our Hong Kong and Greater China business over the past decade.

We therefore have the expertise, experience and resources to capture opportunities across the GBA customer spectrum. For large corporates, we will target industry leaders by customising cross-border solutions with our treasury and capital markets capabilities. We have already been doing this to serve Chinese and Hong Kong large corporates over the past several years, so the approach will be an extension of the existing strategy. For medium-sized companies, we will grow by targeting large corporate customers' supply chains, using digital payment platforms and data analytics, and drawing on our SME capabilities in Hong Kong. Our ability to offer SMEs dual account openings in China and Hong Kong will be another advantage, particularly in garnering deposits.

The results since the inception of our GBA strategy in 2018 have been ahead of our business plan. The GBA accounted for around 5% of our total income from Greater China (including Hong Kong) in 2019.

Piyush Gupta
Chief Executive Officer
DBS Group Holdings

CFO statement

"We reported another record performance in 2019. Return on equity increased from 12.1% in the previous year to a new high of 13.2%. The results underscored the success of a journey we embarked on a decade ago."

Record results underscore the magnitude of a decade-long transformation

We reported another record performance in 2019. Net profit rose 14% to SGD 6.39 billion as total income climbed 10% to SGD 14.5 billion from broad-based growth. Return on equity increased from 12.1% in the previous year to a new high of 13.2%.

The results underscored the success of a journey we embarked on a decade ago. In February 2010, we had unveiled a nine-point strategy to transform the bank. In last year's annual report, I wrote about how its steadfast and nimble implementation had since structurally improved the profitability of our franchise.

In Singapore, we deployed our low-cost deposits more profitably, increasing our market share of loans by five percentage points over the decade to 26% and raising our SGD loan-deposit ratio from 55% to 89%. Despite intense competition, we continued to command the lion's share of SGD savings deposits at 53%. We also maintained our position as the runaway leader in everyday transactions as consumers and corporates shifted from cash to digital payments.

In Hong Kong, we grew low-cost current and savings accounts to almost three-fifths of our deposit base. We captured the cross-border financing requirements of large Chinese corporates and re-focused our consumer offering to the wealth management segment. As a result, our combined Hong Kong and Rest of Greater China earnings tripled over the decade to SGD 1.64 billion.

The returns of our two largest markets were further elevated by the extensive digitalisation efforts we began six years ago. Consumer and SME customers using our acclaimed platforms brought us twice the income per head even as the cost of delivering products digitally was significantly lower than for traditional channels. In India and Indonesia, the launch of mobile-only platforms enabled us to tap into the large mass-affluent consumer segments and organically grow our domestic presence in South and Southeast Asia.

We also said we would grow high-returns businesses. Wealth management and cash management now account for 35% of group income from 11% a decade ago. We became the sixth largest wealth management bank in the Asia-Pacific with SGD 245 billion in assets under management, offering the full range of products from unit trusts to bancassurance. Our cash management business was ranked by corporates and non-financial institutions as one of the best globally. For our treasury business, our focus was redirected towards serving customers. Today, customer flows account for 58% of total treasury income, double the 27% in 2009.

Transformation has yielded superior financial returns for shareholders

The magnitude of the transformation is reflected in the superior financial returns we have delivered over the decade.

Net profit of SGD 6.39 billion this year is three times the level in 2009, underpinned by a more-than-doubling of total income to SGD 14.5 billion. Return on equity, the key metric investors use to assess a bank's financial standing, of 13.2% today is five percentage points above the 8.4% in 2009.

Moreover, our results were due almost fully to organic growth. The two acquisitions we made over the decade – for Societe-Generale's and ANZ's wealth management businesses in some of the markets we operate in – while generating high returns quickly were not significant to our overall size.

We outperformed peers in several financial metrics over the period, including net interest margin and allowance coverage. The transformation of our franchise has resulted in superior returns for shareholders. Since 31 December 2008, our share price has tripled. Our annual dividends more than doubled from 56 cents per share in 2009 to SGD 1.23.

Broad-based growth during the year despite macroeconomic headwinds and geopolitical tensions throughout the year

The year's results were notable not only for being a record. They also underscored the resilience of an entrenched, broad-based franchise able to navigate market volatility and capture opportunities as they arose. Unlike 2018, which had benefited from healthy macroeconomic tailwinds and risk appetite in the first half, a synchronised global slowdown exacerbated by geopolitical tensions pervaded 2019.

Corporate loan drawdowns – from a pipeline led by acquisition, cross-border and property financing, principally from Singapore and Greater China – were healthy at the start of the year but slowed in the second and third quarters as confidence ebbed before regaining momentum in the fourth quarter. Despite the uneven pace, non-trade corporate loans expanded 6% or SGD 12 billion in constant-currency terms to SGD 202 billion.

Trade loans grew 3% or SGD 1 billion to SGD 44 billion. A slowdown in Hong Kong, which was affected by the shifting of supply chains to other parts of Asia, offset the growth in other regions.

Consumer loans rose 2% or SGD 2 billion to SGD 114 billion as increased borrowing from wealth management customers was tempered by a decline in Singapore housing loans. Housing market transactions, which had weakened after cooling measures were introduced in July 2018, improved in the second half of 2019, but the recovery was confined to new property launches. Unlike resale market transactions, where loans are disbursed in a short time, loan drawdowns for new property launches occur progressively over a few years as the projects are being built. As a result, total housing loan drawdowns fell below repayments in the first three quarters of the year before recovering in the fourth.

Overall loans grew 4% or SGD 15 billion to SGD 358 billion.

Interest rates, which had risen during the previous year, began declining in the middle of 2019, putting pressure on net interest margin in the fourth quarter. Full-year net interest margin rose four basis points to 1.89%. Treasury Markets activities had a moderating effect on the reported net interest margin due to accounting rules for transactions involving currency swaps. Excluding Treasury Markets activities, net interest margin rose nine basis points.

The increase in loan volumes and net interest margin resulted in a 7% rise in net interest income to SGD 9.63 billion.

Net fee income increased 10% to SGD 3.05 billion as double-digit growth in the second half was moderated by a high-base effect in the first half. All fee activities grew except brokerage, which was affected by lower stock market trading volumes. Wealth management fees increased 13% as demand for investment products accelerated in the second half. Bancassurance sales were also higher. Credit card fees increased 11% from higher transactions across the region. Investment banking fees grew 66% as income from equity capital market activities reached a new high. Fees from transaction services and loan-related activities also rose.

Other non-interest income grew 29% to SGD 1.87 billion. Trading income rose 24% to SGD 1.46 billion from higher gains in interest rate activities, while gains on investment securities more than doubled to SGD 334 million. The strong increase in both activities was due partly to a low base in the previous year. These gains more than offset the impact of a SGD 91 million property disposal gain the year before.

All business units' total income rose. Consumer Banking/ Wealth Management grew 11% to SGD 6.30 billion, with the increase led by deposits and investment products. Institutional Banking increased 5% to SGD 6.07 billion from cash management, loans and investment banking. Treasury Markets rose 39% to SGD 932 million from higher gains in interest rate activities, as well as low base a year ago, when a flatter yield curve had reduced gapping income and credit spreads had widened.

Expenses grew 8% to SGD 6.26 billion. The positive jaw of two percentage points resulted in a one-percentage-point improvement in the cost-income ratio to 43%.

Strong balance sheet maintained

Asset quality continued to be healthy. Non-performing assets rose 2% to SGD 5.77 billion as new non-performing asset formation was moderated by recoveries and write-offs. The non-performing loan ratio was unchanged at 1.5%. Specific allowances increased 7% to SGD 761 million. As a percentage of loans, specific allowances were at 20 basis points, stable from the previous year.

We maintained a healthy level of general allowances which, together with the regulatory loss allowance reserves mandated by the Monetary Authority of Singapore, amounted to SGD 2.92 billion. The cumulative total allowances we set aside amounted to 94% of NPAs. If collateral was considered, the allowance coverage was at 191%.

We had sufficient liquidity to support growth. Deposits rose 3%, in line with loan growth, to SGD 404 billion. The loan-deposit ratio was comfortably at 89%. The liquidity coverage ratio of 139% and net stable funding ratio of 110% were well above the regulatory requirement of 100%.

Our Common Equity Tier 1 capital adequacy ratio was at 14.1%, slightly above the 13.9% a year ago and also above regulatory requirements.

We increased the frequency of dividend payments to every quarter from half-yearly so that shareholders receive more regular income streams. For the first three quarters, we paid 30 cents per share per quarter, similar to the annualised rate in the previous year. For the fourth quarter, we are proposing a dividend of 33 cents for approval at the upcoming annual general meeting. This will bring the payout for the financial year 2019 to SGD 1.23 per share. It would also mean that, barring unforeseen circumstances, the annualised dividend going forward would be SGD 1.32 per share. The increase in the dividend is in line with our policy of paying sustainable dividends that rise progressively with earnings.

Total shareholder returns

We delivered total shareholder returns of 16% during the year. This comprised dividends of SGD 1.50 per share paid out during the calendar year (consisting of the final 2018 dividend of 60 cents and dividends of 30 cents for each of the first three quarters of 2019) and a share price accretion of 9%.

Outlook

We had entered 2020 with healthy underlying business momentum. We expected mid-single-digit percent loan growth and double-digit percent fee income growth, similar to 2019, with the impact partially offset by a lower net interest margin due to falling interest rates. At the time of writing, the Covid-19 virus outbreak has caused some uncertainty to our original expectations. If the outbreak is contained within a few months, there would be only a modest shaving to total income growth. Whatever the outcome, we will weather the uncertainty with nimble execution and a strong balance sheet that has ample capital, liquidity and general allowance reserves.

Chng Sok Hui
Chief Financial Officer
DBS Group Holdings

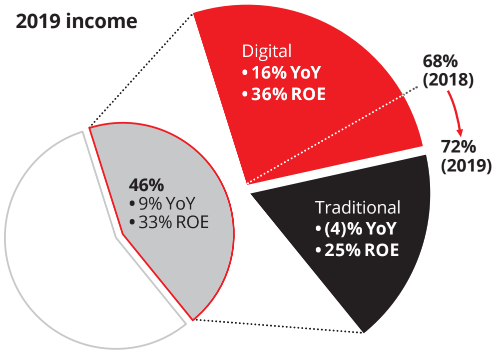
(A) Digitalisation

The number of digital customers in the Consumer and SME businesses in Singapore and Hong Kong increased by 0.4m during the year to 3.3 million. As a result, the proportion of digital customers rose to 52% from 48% in 2018 and 42% in 2017 due to new customer acquisition and customer migration from the traditional segment.

A typical digital customer continued to generate twice as much revenue as a traditional customer. The cost-income ratio of the digital segment improved by one percentage point to 33%, which was 20 percentage points below the traditional segment's 53%. The ROE of the digital segment strengthened to 36% from 32% in 2018, with the differential over the traditional segment widening to 11 percentage points from 10 percentage points.

These results included the benefit of a higher net interest margin during the year. After normalising for changes in the net interest margin, the underlying cost-income ratio of the overall businesses was unchanged from 2018 at 45%.

2019 income



Consumer and SME (Singapore, Hong Kong) contribute 46% of Group income

Digital segment continues to be material

- Increasing share of customers, income, and operating profit

Digital segment continues to be valuable

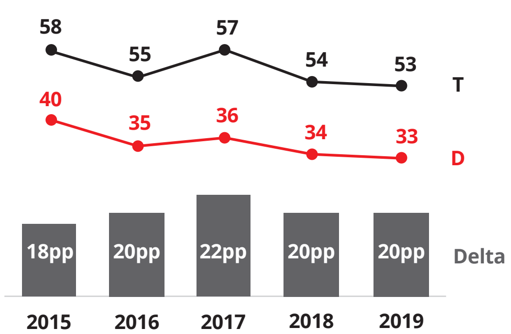
- Sustained higher income per customer, lower CIR and higher ROE

Consumer and SME (Singapore, Hong Kong)

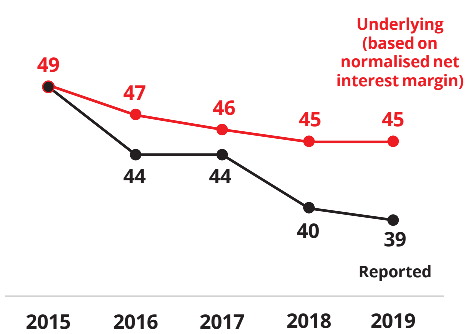
	Digital (SGD billion)		Share of total (%)		Digital increasingly material
	2019	2018	2019	2018	
Customers (million)	3.3	2.9	**52**	**48**	Strong growth momentum driven by new customer acquisition and customer migration
Income	4.8	4.2	**72**	**68**	
Costs	1.6	1.4	**62**	**57**	
Profit before allowances	3.2	2.8	**79**	**76**	
Key indicators			**Differential over Traditional**		**Digital increasingly valuable**
Income per customer (SGD '000)	1.4	1.4	**2X**	**2X**	• Sustained higher income per customer, lower CIR and higher ROE vs Traditional • CIR improvement by 1pp
Cost-income ratio (%)	33	34	**-20pp**	**-20pp**	
Return on equity (%)	36	32	**+11pp**	**+10pp**	

Cost-income ratio (%)
Consumer and SME (Singapore, Hong Kong)

Digital (D) vs Traditional (T)
Reported CIR



Reported vs Underlying CIR



(B) Business unit performance

Business momentum was sustained over the course of the year, with all business units registering growth.

Consumer Banking/ Wealth Management total income rose 11% to SGD 6.30 billion from higher deposit margin and volumes, wealth management and card fees, and treasury customer sales. Expenses increased 8% while total allowances were 6% higher.

Institutional Banking total income increased 5% to SGD 6.07 billion from higher loan volumes, cash management income and investment banking fees. While expenses rose 10%, total allowances fell 41% due to a general allowance write-back.

Treasury Markets total income increased 39% to SGD 932 million from stronger trading income and higher gains on investment securities. Expenses were 2% higher.

The Others segment includes earnings on capital deployed into high quality assets, earnings from non-core asset sales and certain other head office items such as centrally raised allowances. Total income rose 13% to SGD 1.24 billion as higher net interest income from the deployment of shareholders' funds was partially offset by a decline in non-interest income due to a property disposal gain in the previous year. Total allowances amounted to SGD 139 million as general allowances were taken due to the economic and political uncertainty prevailing during the year.

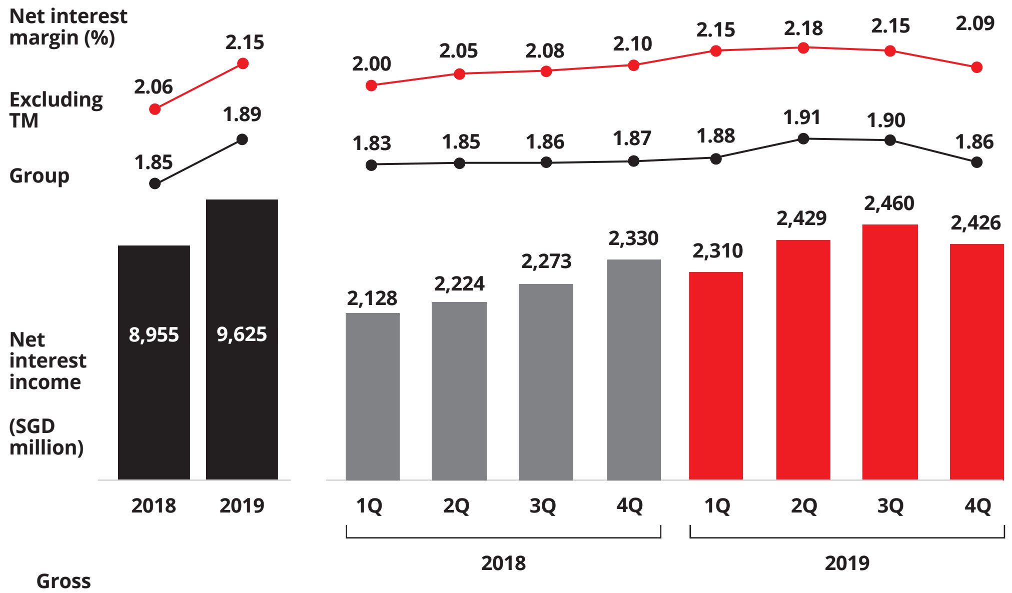
SGD million	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others	Total
Year 2019					
Net interest income	4,037	4,309	138	1,141	9,625
Net fee and commission income	1,790	1,225	-	37	3,052
Other non-interest income	472	539	794	62	1,867
Total income	**6,299**	**6,073**	**932**	**1,240**	**14,544**
Expenses	3,280	2,015	614	349	6,258
Total allowances	242	327	(5)	139	703
Profit before tax	**2,777**	**3,731**	**323**	**752**	**7,583**
Year 2018					
Net interest income	3,596	4,116	319	924	8,955
Net fee and commission income	1,627	1,125	-	28	2,780
Other non-interest income	430	519	353	146	1,448
Total income	**5,653**	**5,760**	**672**	**1,098**	**13,183**
Expenses	3,031	1,839	602	326	5,798
Total allowances	228	550	(20)	(48)	710
Profit before tax	**2,394**	**3,371**	**90**	**820**	**6,675**

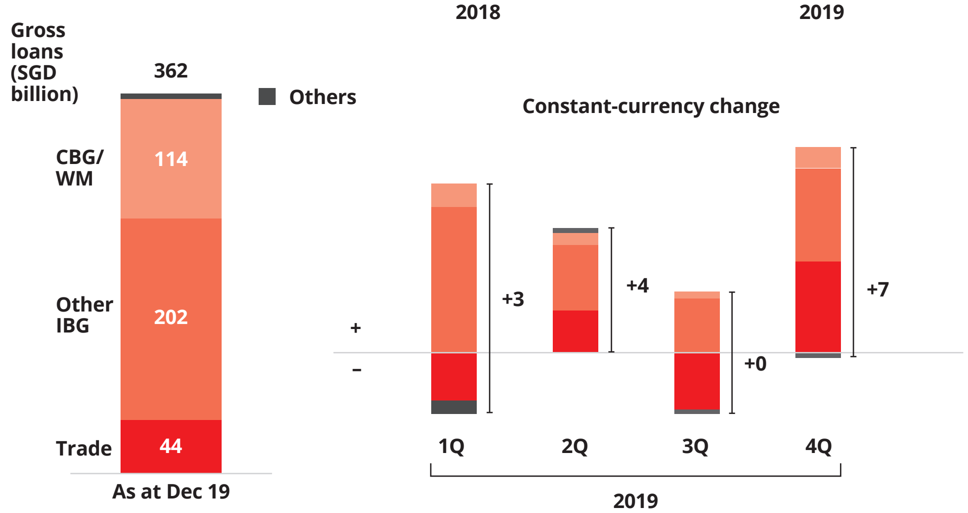
(C) Net interest income

Net interest income increased 7% to SGD 9.63 billion. Net interest margin rose four basis points to 1.89%. Compared to the year-ago period, net interest margin was higher in the first three quarters due to higher interest rates in Singapore and Hong Kong, but was little changed in the fourth quarter as Singapore interest rates fell with US Fed rate cuts in the second half of the year. Excluding Treasury Markets activities, net interest margin rose nine basis points for the year.

In constant-currency terms, gross loans rose 4% or SGD 15 billion to SGD 362 billion. The increase was led by a 6% or SGD 12 billion growth in non-trade corporate loans to Singapore and Greater China customers. Trade loans rose 3% or SGD 1 billion as growth in other regions was dampened by lower activity in Hong Kong. Consumer loans rose 2% or SGD 2 billion as growth in loans to wealth management customers was moderated by a contraction in housing loans.

In constant-currency terms, deposits rose 3% or SGD 13 billion to SGD 404 billion. Our market share of SGD savings deposits was maintained at 53%.





(D) Non-interest income

Net fee income rose 10% to SGD 3.05 billion. Leading the increase was a 13% rise in wealth management fees from higher unit trust products and investment product sales. Card fees rose 11% from growth across the region. Investment banking fees grew 66% as equity capital market income rose to a new high. Transaction banking fees and loan-related fees were also higher.

Other non-interest income rose 29% to SGD 1.87 billion as trading income benefitted from interest-rate activities and gains on investment securities rose from a low base.

Fee income

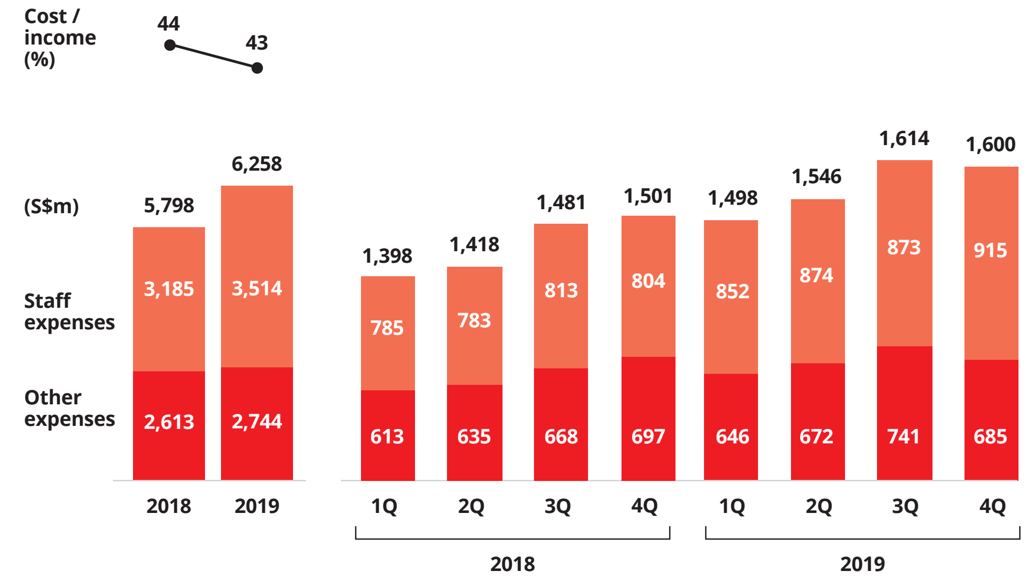
(SGD million)	2019	2018	YoY%
Brokerage	**114**	154	(26)
Investment banking	**213**	128	66
Transaction services	**760**	720	6
Loan-related	**407**	390	4
Cards	**790**	714	11
Wealth management	**1,290**	1,141	13
Fee and commission income	**3,574**	3,247	10
Less: Fee and commission expense	**522**	467	12
Total net fee and commission income	**3,052**	2,780	10

Other non-interest income

(SGD million)	2019	2018	YoY%
Net trading income	**1,459**	1,178	24
Net income from investment securities	**334**	131	>100
Net gain on fixed assets	**1**	91	(99)
Others (include rental income and share of profits of associates)	**73**	48	52
Total	**1,867**	1,448	29

(E) Expenses

Expenses rose 8% to SGD 6.26 billion, two percentage points below income growth. The cost-income ratio improved one percentage point to 43%.



(F) Asset quality and allowances

Non-performing assets rose 2% to SGD 5.77 billion. New non-performing asset formation was moderated by recoveries and write-offs. Specific allowances were at 20 basis points of loans, little changed from the previous year. Allowance coverage was at 94% and at 191% if collateral was considered.

SGD million	2019	2018
NPAs at start of period	**5,684**	**6,070**
IBG and others	**118**	**(415)**
New NPAs	1,221	844
Upgrades, settlements and recoveries	(413)	(767)
Write-offs	(690)	(492)
CBG/ WM	22	(29)
Translation	(51)	27
ANZ consolidation	-	31
NPAs at end of period	**5,773**	**5,684**
NPL ratio (%)	1.5	1.5
SP/ loans (bp)	20	19
Cumulative general and specific allowances as % of:		
NPA	94	98
Unsecured NPA	191	178

Our 2019 priorities

We use a balanced scorecard approach to measure how successful we are in serving stakeholders and executing our long-term strategy. Our scorecard, which is based on our strategy, is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people, making this a living tool.

Traditional Key Performance Indicators (40%)

Shareholders

Achieve sustainable growth

Measure financial outcomes and risk-related KPIs to ensure that growth is balanced against the level of risk taken, including compliance and control.

Read more about this on page 27.

Customers

Position DBS as bank of choice

Measure the progress in customer satisfaction, depth of customer relationships and strength of brand positioning.

Read more about this on pages 27, 28, 38 and 40.

Employees

Position DBS as employer of choice

Measure the progress in being an employer of choice, including employee engagement and people development.

Read more about this on page 28.

Transform the Bank - "Make Banking Joyful" (20%)

Digital transformation

Ecosystems

Measure the progress in growing meaningful relationships with ecosystem partners and driving outcomes from these partnerships.

Acquire

Measure the progress in leveraging digital channels to acquire new customers and growing digital channel share.

Transact

Measure the progress in eliminating paper and driving automation to deliver instant fulfilment.

Engage

Measure the progress in driving customer engagement, conversion and contextual marketing cross-buy across our digital assets.

Read more about this on page 29, 30.

Capturing value created from digitalisation

Measure the progress made in driving digital behaviours of our Consumer and SME customers (Singapore and Hong Kong).

Our hypothesis is that digital customers give us higher income, better cost-income ratio and higher return on equity vs. traditional customers.

Read more about this on pages 30 and 31.

Reimagining customer experiences

Measure the progress in embedding ourselves in the customer journey to deliver differentiated experiences.

Read more about this on page 31.

Areas of focus (40%)

Building a developmental and growth mindset

Build a culture of continuous learning and growth through collaboration and feedback.

Read more about this on page 32.

Becoming a technology company

Embed a Platform Operating Model, strengthen our data infrastructure and implement a robust data governance framework.

Read more about this on page 32.

Scaling our businesses

Scale and drive value across the Group with strategic expansions and segment strategies.

Read more about this on page 33.

Building a sustainable franchise

Strengthen our risk and compliance framework and drive efforts in responsible banking, responsible business practices and creating social impact.

Read more about this on page 33.

Traditional KPIs

KPI/ Target | **Outcome**

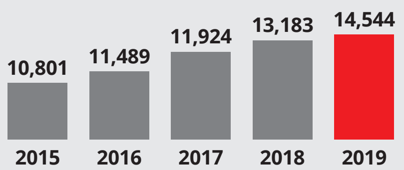
Shareholders

Read more about this on pages 20 to 25 in "CFO statement"

Deliver consistent income growth

Despite macroeconomic headwinds and geopolitical tensions throughout the year, income grew 10% to a record SGD 14.5 billion from broad-based business momentum led by non-trade corporate loan growth as well as double-digit percentage growth in fee income and trading income.

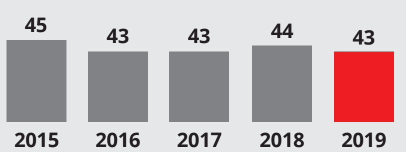
Income (SGD million)



Be cost efficient while investing for growth, with cost-income ratio improving over time

The cost-income ratio decreased one percentage point to 43% from 44% in 2018. With strong growth in total income and productivity gains from our investments in digitalisation, we saw positive two percentage points income expense jaws.

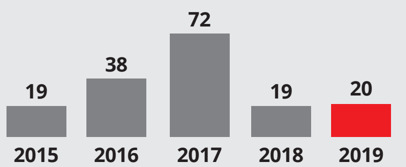
Cost/ income ratio (%)



Grow exposures prudently, aligned to risk appetite

Specific allowances remained stable at 20 basis points of loans. The NPL ratio remained unchanged at 1.5% as new NPAs were moderated by recoveries and write-offs.

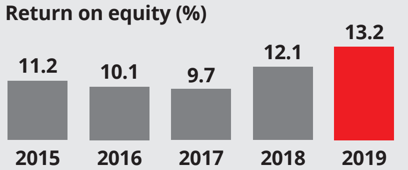
Specific allowances/ average loans (bp)



Deliver consistent return on equity (ROE)

Underpinned by record net profits, ROE rose to new high of 13.2%.

Return on equity (%)



Customers

Achieve broad-based increase in customer satisfaction across markets and segments

Based on customer surveys, we improved customer engagement in CBG and SME. We were also ranked top amongst banks in KPMG's 2019 inaugural customer experience excellence report for Singapore.

For large corporates, we were named the Best Bank Globally for Cash Management Customer Satisfaction by Euromoney[1] for the second consecutive year. In Greenwich surveys across 11 countries in Asia, we were ranked No. 1 by customers for Ease of Doing Business and Communicating KYC requirements to customers.

Although our CSISG ratings improved, we slipped from top spot to second place. Our Wealth Management customer engagement scores also fell slightly in 2019. We will have to do more to deliver better customer experiences.

Customer engagement score[2]

	2018	**2019**
Wealth Management	4.29	**4.25**
Consumer Banking	4.21	**4.23**
SME Banking	4.27	**4.30**
Large Corporates market penetration ranking (Only Asian bank in top 5)	4th	**4th**
CSISG[3], Finance and Insurance Sector ratings	74.5	**75.1**
CSISG[3], Finance and Insurance Sector rankings	1st	**2nd**

EUROMONEY BEST SERVICE CASH MANAGEMENT 2019

Best Bank for customer satisfaction

1. *The Euromoney cash management survey was conducted with over 25,000 clients participating globally*
2. *Scale: 1 = worst and 5 = best. Based on Customer Satisfaction Survey (CSS) conducted by Scorpio Partnership, Ipsos and Qualtrics for Wealth Management and Ipsos and Qualtrics for Consumer Banking. Based on Aon Hewitt for SME Banking and Greenwich Associates for large corporates market penetration ranking*
3. *Customer Satisfaction Index of Singapore, jointly developed by the Institute of Service Excellence at Singapore Management University and the Singapore Workforce Development Agency*

Traditional KPIs

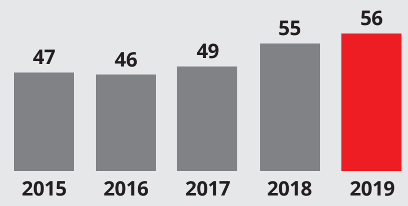
KPI/ Target | **Outcome**

Customers

Deepen wallet share of individual and corporate customers

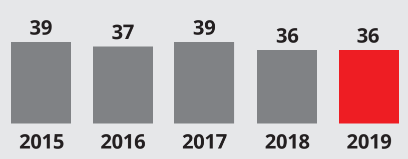
IBG non-loan income ratio rose, due to improved income from cash management, debt and equity capital market activities, and treasury flows.

IBG non-loan income ratio (%)



While CBG non-interest income grew 10%, the non-interest ratio remained at 36% as both net interest income and non-interest income grew equally. Net interest income benefitted from loan and deposit growth as well as a higher net interest margin.

CBG non-interest income ratio (%)



Employees

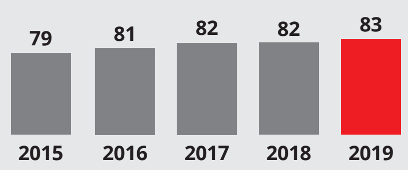
Maintain employee engagement levels

Our employee engagement score improved slightly to 83% and we were ranked at the 87th percentile in the Kincentric[4] My Voice Survey across a global benchmark. We were also recognised by Kincentric as "Asia Pacific Regional Best Employer" and were named "Best Employers Locally" across eight markets of Singapore, Hong Kong, China, Indonesia, South Korea, Taiwan, Thailand and UK.

However, when benchmarked against Kincentric's Best Employers in Asia Pacific, we lagged in areas such as rewards, enabling productivity, collaboration and survey follow-up. These are areas that we will work on to improve in the coming years.

(4) Previously known as Aon Hewitt

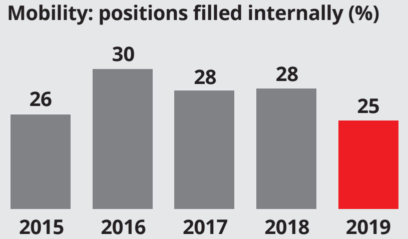
My Voice employee engagement score (%)



Provide our people with opportunities for internal mobility to enhance professional and personal growth

Our internal mobility rate remained healthy at 25% due to our robust talent management practices. The decline from 2018 was attributed to a deliberate acquisition of more technology talent from external sources to meet our growing digital requirements.

Mobility: positions filled internally (%)

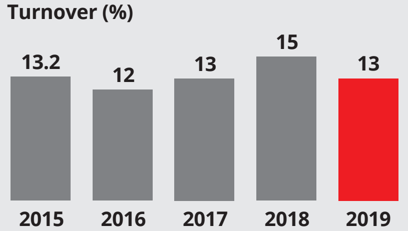


Maintain or reduce voluntary turnover

Turnover reduced from 2018 with attrition being lower than the market average[5] for all our six priority markets: Singapore, Hong Kong, China, Taiwan, India and Indonesia. In Singapore and India, our turnover was best-in-class in comparison with our respective peer groups.

(5) Market comparison is for 9 months, 2019

Turnover (%)



Transform the Bank "Making Banking Joyful KPIs"

KPI/ Target | **Outcome**

Digital transformation

Ecosystem
Grow meaningful relationships with ecosystem partnerships and drive outcomes.

We expanded the number of partners on our PayLah! app to provide a wider range of everyday services, encompassing transportation, food, shopping, entertainment and bill payments – with an increase of SGD 1 billion in total transactions. Our ecosystem partnerships with e-commerce, telecommunication and loan aggregator companies in Indonesia and India also showed promising outcomes, contributing to more than 30% of unsecured loan origination for digibank Indonesia and adding more than 50,000 new accounts to digibank India. Our DBS Property and Car Marketplaces generated over SGD 500 million in loans across Singapore, Taiwan and Hong Kong markets.

We continued to have one of the world's largest banking API platforms, with over 500 published APIs. This has allowed us to accelerate our API connectivity with more than 400 partners across various industries, including co-creating a blockchain commodities trading platform with Trafigura and providing an end-to-end trade documentation solution. We have also integrated our digital onboarding API into a blockchain platform, Rong-E Lian, to create a multi-tiered supply chain facility. This initiative has given us access to more than 1,000 suppliers of a leading Chinese logistics player.

Despite these results, the acquisition and transaction volumes from our ecosystem partnerships did not generate the exponential growth that we expected. We are reviewing our partnership engagements to better align our objectives as well as streamline the necessary processes to help accelerate growth within our ecosystems.

Acquire
Increase digital acquisition of customers and grow digital channel share

Pivot to acquire quality digibank customers in India and Indonesia

digibank by DBS

Total customers:
2019: 3.25 million customers
2018: 2.70 million customers

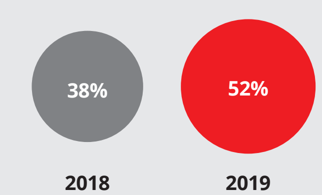
We pivoted our strategy to acquire quality customers with higher balances, shifting the focus away from quantity. This revised strategy produced good results – new digibank India and Indonesia customers have 2 times higher average balances over customers acquired in 2018.

Channel share of consumer products sold digitally improved

	2018	**2019**
Deposits	53%	**55%**
Cards	64%	**76%**
General Insurance	60%	**64%**

More than half of Wealth and SME customers are acquired digitally

Wealth



SME

75% (2019) vs 79% (2018)

18% (2019) vs 32% (2018)

96% (2019) vs 98% (2018)

Digital acquisitions across our core markets declined slightly due to regulatory restrictions and competition. In Hong Kong, we have tightened account opening processes which resulted in a marked decline in digital acquisitions over 2018.

"Making Banking Joyful KPIs"

	KPI/ Target	Outcome
Digital transformation	**Transact** Measure the progress made in eliminating paper and driving automation to deliver instant fulfilment	We drove automation in selected retail and corporate processes, achieving a 20% increase in straight-through processing and delivering instant fulfilment to our customers. We were also able to meet a 14% increase in transaction volumes despite a reduction in our operations headcount. We developed and launched DBS MAX, a seamless and instant payment collection solution for our merchants across Singapore, Hong Kong and India. We saw rapid adoption of the solution with more than 7,000 merchants generating approximately 200,000 transactions over a short 10-month period. Our convenient payment and collection solutions for our customers have resulted in a reduction in physical cash transactions, with retail banking achieving a 14% reduction and corporate banking achieving a 23% reduction in physical cash transactions at our branches.
	Engage Measure the progress made in driving engagement and conversion for prospective customers, and creating customer stickiness and contextual marketing cross-buy across our digital assets	We continued to drive 'top of the funnel' contribution with enhanced content and contextualised community communication. We launched Sparks mini-series Season 2 based on true stories of social enterprises supported by DBS, attracting more than 144 million views. Season 2 helped generate twice the number of visits to DBS' public web over Season 1 in 2018. Our social media fanbase of more than 9.5 million remained robust, with a significant increase on high-traffic social media platforms like Instagram (85%), LinkedIn (43%) and YouTube (38%). We improved the richness of our Asian Insights content and made it available on our iWealth app, Facebook and LinkedIn pages. Employing data analytics on our customers' preferences, we served them with timely curated short videos and articles. These enhancements drove an increase in customer traffic to our Asian Insights content across digital channels by more than 30% and readership of our Asian Insights articles on our public web by 38%. Our improved data analytics resulted in revenues from marketing campaigns increasing by 73% for CBG and more than doubling for SME.
Digital Value Capture **(Consumer and SME in Singapore and Hong Kong, which account for 46% of Group income)**	Continue to grow the number of digital customers	The number of digital customers increased by 13% from 2.9 million in 2018 to 3.3 million[6]. The proportion of digital customers rose to 52% from 48% in 2018 and 42% in 2017 due to acquisition of new customers and customer migration from the traditional segment. *(6) A digital customer has either (within the past 12 months): (i) made a product purchase or segment upgrade via a digital channel; (ii) done more than 50% of financial transactions via digital channels; or (iii) done more than 50% of non-financial transactions via digital channels*

"Making Banking Joyful KPIs"

	KPI/ Target	Outcome
Digital Value Capture **(Consumer and SME in Singapore and Hong Kong, which account for 46% of Group revenue)**	Increase income from digital customers	Income earned from a typical digital customer continued to be twice that from a typical traditional customer. Reported income from the digital customer segment increased 16% year-on-year.
	Drive DVC cost-income ratio improvement	Digital customers continued to be more efficient to bank than traditional customers, with the cost-income ratio differential between digital and traditional customers maintained at 20 percentage points. The overall reported cost-income ratio improved one percentage point to 39%, driven by similar improvements across the digital and traditional customer segments. These results included the benefit of a higher net interest margin (NIM) during the year. After removing the impact of changes in NIM, the overall cost-income ratio was flat from 2018 due to challenging market conditions.
Journeys	Deliver differentiated customer experience	We made significant progress in improving customer experience in several areas. We revamped the journey on our online SME account opening platform, achieving a 92% increase in customer traffic. Some of our corporate and retail customer journeys were significantly improved, with processing time reduced from a few days to instant fulfilment. For example, trade facility documentation, which previously took five to ten days to generate, can now be created within the same day for our Greater Bay Area corporate customers. Wealth customers in Hong Kong can enjoy immediate onboarding via our newly launched digibank app. The unsecured loan journeys on digibank India and Indonesia were redesigned with 100% straight-through processing, achieving loan approval within 60 seconds – the fastest among banks in both markets. We fell short on delivering differentiated customer experiences against ambitious internal targets for wealth onboarding journeys and problem resolution processes for CBG customers. While some progress has been made in our general insurance journeys, more can be done to further improve our customer experience. We will continue to work on these journeys in the coming year.

Selected areas of focus

Build a developmental and growth mindset

KPI/ Target

Drive a learning and developmental organisation, improve leadership capabilities and employee experience

Outcome

We believe a culture of feedback will empower our employees and help them to learn and grow. In late 2019, we launched an online 'Anytime Feedback' tool, which gained good momentum within four months. We will explore ways to enable employees to improve based off constructive feedback from the tool.

We focused on upskilling our employees with targeted lessons like data analytics, training 7,000 staff in such capabilities across the bank. We also upskilled our Wealth Management relationship managers (RMs) and arranged for regular trainings to improve knowledge, skillsets and technical knowledge required for client advisory. We sharpened our focus on performance evaluation to give more explicit focus on our PRIDE! values. This was done through the introduction of a dual-rating system in employee appraisals, in order that the "what" and "how" of achieving key performance indicators are taken into account.

To strengthen leadership capabilities, we implemented a "Building Great Managers" programme across the Group with promising outcomes – more than 200 managers improved in both managerial effectiveness and team engagement score, based on the bank's annual My Voice survey.

We set up a dedicated team to identify employee pain points and resolve identified issues. Over the year, the team made reasonable progress in reviewing and resolving the identified pain points. We are early in this journey and have yet to see a significant uplift in employee satisfaction with respect to productivity enablers. We will continue to dial up on efforts to improve our employee experience.

Becoming a Technology Company

KPI/ Target

Embed a Platform Operating Model, strengthen our data infrastructure and implement a robust data governance framework

Outcome

Since the introduction of the Platform Operating Model strategy in 2018, we have established 33 platforms, where business and technology teams collaborate to drive outcomes. We made good progress in embracing an agile way of working with greater synergy and efficient decision-making processes. For example, our Risk platform team digitised and simplified end-to-end credit processing, setting the foundation for advanced credit risk management using data analytics and machine learning. This allows us to actively optimise our credit portfolio based on emerging risks by anticipating future events, leading to faster response time to mitigate potential credit risks.

We also scaled our data platform with increased automation capabilities that promote easier data discovery and reusability of analytical tools. We made significant progress in upskilling our workforce with over 25% trained in data analytics, and improved access to data and data tools for greater experimentation.

We created lending models for SME and consumer finance that included non-financial data, and conducted network analysis on payment data to unlock supply chain opportunities. At our call centres in Singapore and India, we deployed neural network data models to predict customer issues before calls were made, reducing call volumes by 180,000.

We launched our PURE[7] data governance framework, setting out practices and processes to guide business units in their use of data and analytical models. DBS remains the only bank in Singapore to be certified with Singapore Infocomm Media Development Authority's (IMDA) Data Protection Trustmark[8].

Read more about this in the CIO statement on pages 36 and 37.

(7) Purposeful, Unsurprising, Respectful, Explainable
(8) As at 31 January 2020

Selected areas of focus

Scale our Businesses

KPI/ Target

Continue to scale our large businesses (e.g. Wealth, Cash Management and SME) and look for strategic geographical expansions

Outcome

We grew our Wealth Management business by 16% and showed strong improvement in our RM productivity – non-interest income per RM rose 17% while net interest income per RM grew 15%. We leveraged our digital capabilities (including our Treasury Prism digital simulation tool) and grew Cash Management income by 14%.

Our SME strategy delivered mixed results with good expense discipline across all growth markets. While Taiwan and Indonesia showed lacklustre growth in total income and fee income, our largest growth markets China and India showed healthy growth in these areas, averaging around 25% growth over 2018.

We expanded our geographical presence with the launch of our locally incorporated wholly owned subsidiary, DBS Bank India Limited. We rolled out 21 new branches as planned, which grew our branch network to 33 branches in 23 cities across 12 states. Despite trade war and Hong Kong unrest challenges, we were able to set up a team in the Greater Bay Area that began full operations and which delivered good results, finishing ahead of our business plan in 2019.

Build a Sustainable Franchise

KPI/ Target

Build a sustainable franchise by strengthening our risk and compliance framework and driving efforts in responsible banking, responsible business practices and creating social impact.

Outcome

We dialled up on our risk monitoring and credit assessment capabilities, with our compliance team developing a new data management tool using network link analysis to monitor transaction data at a network level instead of at an account level. This data analysis tool enhanced our detection and surveillance capabilities of suspicious transactions across geographies and all transaction parties.

In credit risk assessment and monitoring, we developed automation and data-driven capabilities and formed a dedicated team to track, holistically detect and assess risks to our portfolio. This systematic portfolio review strengthened our early credit warning signals and helped reduce the number of two-notch downgrades of weak credits.

We made progress across our three sustainability pillars – responsible banking, responsible business practices and creating social impact. We completed about SGD 5 billion worth of sustainable financing[8] transactions, more than 60% increase over 2018. We provided the first sustainability-linked loan in Taiwan, and the first sustainability-linked loan in Singapore for an SME.

We transformed our Singapore retail branches to become more environment-friendly, with 100% of them now Green Mark certified by the Building and Construction Authority. We reached out to more than 25,000 stakeholders to build a vibrant social enterprise community and supported nine social enterprises through grants of over SGD 1.3 million. We also increased our employee workforce volunteer hours by more than 35% over 2018 to approximately 88,000.

Read more about this in Sustainability Report.

(8) Sustainable financing comprises-
Sustainability-linked loans: Loans that are structured to enable customers to pay less interest when they achieve a set of pre-agreed ESG performance targets which are validated by an independent ESG rating agency or verification party.
Green loans: Loans made exclusively to finance eligible green projects in energy efficiency, pollution prevention and others.
Renewable and clean energy-related loans: Loans made to finance renewable and clean energy-related developments such as solar, wind and others.

CRO statement

"Asset quality continued to be healthy. Given an evolving environment due to political tensions, we remain vigilant to the potential impact on our portfolio. We continue to leverage technology and data analytics to manage our financial crime risk and strengthen our cyber security defence."

Top and emerging risks

The Board and senior management drive a robust process to identify and monitor our top and emerging risks.

In 2019, we focused our attention on the following areas (i) Credit risk and portfolio management, (ii) Environmental, social and governance (ESG) risks, (iii) Outsourcing and ecosystem partners management, (iv) Financial crime risk, (v) Data governance risk, and (vi) Cyber security and data protection.

In recognition of our risk management efforts, we were awarded Gold in the inaugural "Best Risk Management Award" at the 2019 Singapore Corporate Awards.

Credit risk and portfolio management

In 2019, we saw an economic divergence between the US and the rest of the world. The US economy held up, evident by its resilient services sector as well as housing and job markets, while the rest of the world was affected by the global trade and manufacturing downturn. Key risk events that emerged included the US-China trade tensions, a potential no-deal Brexit, and geopolitical concerns in the Middle East and Hong Kong.

We conducted thematic portfolio reviews on the impact of possibly protracted US-China trade tensions on the supply chain and the technology industry, as well as the Hong Kong geopolitical situation. Other reviews included the slowdown in global trade growth, China's liquidity situation, US interest rate cuts and the headwinds faced by the shipping industry, among others. Our portfolios were assessed to be resilient with the relevant risk mitigation strategies in place.

Given the ongoing macroeconomic challenges, we continued to exercise prudence in our client selection and credit underwriting criteria. Our portfolio was diversified across industry and business segments, with approximately 80% of corporate and institutional exposure to investment-grade borrowers.

A significant portion of our portfolio relates to real estate. The Singapore residential real estate market held up well with private home prices rising, underpinned by pent-up demand. With our exposures being primarily to well-established developers, the real estate portfolio quality is healthy, with an average loan-to-value ratio of less than 60%.

Growth in prices for the Hong Kong real estate market slowed towards the second half of the year, in line with the geopolitical tensions in Hong Kong. While the retail and hospitality sub-sectors were adversely affected by the decline in tourist arrivals, housing demand stayed strong due to the lack of supply. While our Hong Kong real estate portfolio remained stable with an average loan-to-value ratio of less than 50%, we continue to closely monitor the situation in Hong Kong as prices can become relatively more volatile given the social unrest.

To further strengthen our portfolio management capabilities, a dedicated credit portfolio risk assessment and monitoring team was established to detect and assess systemic and emerging risks to our portfolio on an ongoing basis. The team performs portfolio reviews and scenario analyses from a holistic perspective. An automated portfolio assessment process was developed, reducing the level of manual intervention. We also experimented with new data to improve our capability in detecting early warning signals. These resulted in better response time in taking portfolio actions and the ability to mitigate potential credit risks. The team also works with businesses to manage overall credit risks via loan selldown and risk diversification measures.

In the ongoing pursuit of our digital strategy, we continue to focus on analytics-based lending (ABL) which leverages traditional and non-traditional data sources for enhanced credit underwriting. During the year, we rolled out ABL in India targeting the small and medium-sized enterprise (SME) segment as well as worked with new data partners in Indonesia to enrich our unsecured consumer lending credit models.

A multi-year credit architecture programme, with focus on Institutional Banking Group (IBG), was embarked on with the goals of having more efficient and streamlined end-to-end credit processes, strengthening internal controls and enabling better credit risk management. This included putting in place a robust credit risk data infrastructure and workflow management system, underpinned by modern technology architecture. In 2019, we successfully launched a new credit workflow in Hong Kong. The credit workflow will be progressively rolled out to the rest of the markets in 2020. This re-engineered credit process also sets the foundation for further incremental credit risk management capabilities.

Notwithstanding the headwinds in the global environment, our overall portfolio grew by 4% during the year. While we remain comfortable with our portfolio quality, the Covid-19 virus outbreak has impacted certain industries such as hospitality, transportation and retailing in Singapore and Greater China. We also expect to see further impact on construction, shipping, logistics as well as supply chain disruptions in several industries. Assuming that the outbreak lasts one or two quarters, our initial assessment is that most of our exposures in the affected industries will be able to weather the downturn. We will continue to closely monitor the impact of the outbreak, macroeconomic developments and maintain vigilance over our credit portfolio.

Environmental, social and governance (ESG) risks incorporated into credit risk management and sustainable finance

In 2019, we undertook a pilot study aimed at measuring the social and environmental impact of our lending to selected industry sectors. We adopted the Equator Principles for project financing as well as the Green Investment Principles for the China Belt and Road Initiative (BRI) projects. Both are risk management frameworks to help financial institutions assess and manage ESG risks in project finance-related transactions.

We concluded 35 transactions relating to sustainability-linked loans, renewable and clean energy related loans and green loans totalling about SGD 5 billion. We also lead-managed and underwrote five green/ social bonds for customers.

Read more about "Responsible financing" in the Sustainability Report.

Outsourcing and ecosystem partners management

Outsourcing arrangements and ecosystem partnerships are third-party relationships whereby adequate and effective risk assessment and monitoring are important.

Frameworks were established to provide clarity, consistency and governance in managing the risks over the lifecycle of these relationships. The frameworks take into account customer value propositions, strategic and commercial alignment, financial strength, capability, and operating model. They also incorporate operational risk assessments, including legal, regulatory, information technology, and data security considerations. We conduct regular reviews of the performance of the relationships to ensure their continued relevance and alignment with our frameworks.

Financial crime risk

We continue to invest in technology to help manage financial crime risk, such as leveraging artificial intelligence models to enhance prioritisation processing for potentially higher risk alerts and identify unusual changes in corporate profiles. We also enhanced our network analysis capabilities to sift out accounts which could be linked to suspicious counterparties. In addition, we improved our customer surveillance/ transactions monitoring instrumentation and dashboards to better manage financial crime risks.

To foster greater private-public sector collaboration, we worked with law enforcement agencies and regulators on anti-scam initiatives, Know-Your-Client techniques as well as shared information on emerging risk trends.

Data governance risk

Recognising the need to continue to build customer trust in our ability to manage data and artificial intelligence, we established a framework around the responsible use of data. We started with a baseline of hygiene and compliance, including data lineage, data quality, and compliance with laws and regulations. This was supplemented with our PURE framework for the ethical use of data. The PURE framework is underpinned by four principles – Purposeful, Unsurprising, Respectful and Explainable.

Cyber security and data protection

We continue to strengthen our multi-layered cyber security defence with cyber security solutions, such as web isolation and content disarm and reconstruction, to protect our users from advanced cyber threats through the internet and email channels. We also enhanced the cyber security hygiene and control baselines of systems supporting essential banking services through stronger authentication, micro-network segmentation, and database monitoring.

Cyber security subject matter experts have been engaged to validate our control environment and key processes, and provide assurance on our cyber security programme and controls.

We will continue to invest in innovative security with our digital transformation.

Tan Teck Long
Chief Risk Officer
DBS Group Holdings

2020 Focus Areas

- Continue to re-engineer and streamline end-to-end credit processes across the rest of the markets
- Build up analytics-based lending underwriting capabilities
- Combat financial crime risk
- Enhance credit risk and portfolio management capabilities
- Further strengthen our multi-layered cyber security defence

Read more about our principal risks and risk management approach on pages 76 to 94.

CIO statement

"We have punched above our weight by becoming a technology-driven company. Intensifying digital transformation across the organisation has resulted in ambitious innovation, increased agility and a strong digital mindset."

2019 marked the sixth year of our technology transformation journey. As early as 2014, we recognised the competitive advantage that technology brings to accelerate our journey towards becoming the Digital Bank of Singapore, and have since started to reimagine the way our customers bank. We focused on five priority areas: (1) Enhancing our infrastructure; (2) Aligning technology and business into 'One Team' to increase agility; (3) Building a strong workforce enhanced with the right technology talent (4) Dialling up the use of data across the bank; and (5) Mobilising the entire workforce to cultivate a strong digital mindset. As a result, we are now in the unique position of being a technology company that does banking instead of a traditional bank looking to digitalise.

Enhancing our infrastructure

We embarked on this journey by investing heavily in our virtual private cloud infrastructure and rearchitecting our existing applications to be cloud-ready. Today, 93% of our existing applications operate in the new environment and 99% of our applications have been migrated from physical servers to the virtual private cloud. The migration resulted in the reduction of the number of physical servers and size of our data centres. For instance, the physical footprint of our secondary data centre in Singapore was reduced by 75% while achieving a tenfold increase in capacity. Enabling our applications to run on both data centres concurrently also strengthened our systems' resilience and reliability.

Another important aspect of our transformation was evolving the way we built our applications to keep pace with changes. The adoption of Agile software development practices resulted in greater experimentation and innovation. Through Continuous Integration and Continuous Delivery, we delivered 300,000 automated builds and 30,000 code releases monthly, an increase of almost 10 times. This allowed our developers to release changes faster, making us more nimble.

We also strengthened our capabilities by changing how we operated our infrastructure and applications. Like Google, we leveraged site reliability engineering (SRE) principles to build stable systems efficiently and deliver quickly. The SRE practices enabled the creation of scalable and highly reliable applications and systems, and ensured consistency and governance. Taking a leaf out of the Netflix Chaos Engineering playbook and building upon it, we created 'Wreckoon', a self-service testing tool designed to test the resilience of applications in development. We remain committed in our transformation journey to enhance our infrastructure further in Singapore and Hong Kong, and to move into hybrid, multi-cloud setup for the seamless movement of workloads, thus supporting compute at scale.

Aligning technology and business into 'one team' to increase agility

In 2018, we made a strategic decision to establish the Platform Operating Model to bring business and technology together, with the objectives of future-proofing our business and increasing agility in the way we drive outcomes. Bringing people together from across geographies and functions to collaborate on 33 platforms and enabling the sharing of data, resources and reusable assets across the bank, have resulted in greater synergies, data-driven decision-making and optimised end-to-end workflow processes. We were able to drive ambitious innovation, differentiated customer experience and the next level of productivity, thereby achieving better business outcomes and higher employee satisfaction.

In the Consumer Banking Group Customer Management and Analytics Platform, the operations and analytics teams built an Artificial Intelligence (AI)-powered engine to provide accurate self-service digital options to customers based on their digital footprint. We fast-tracked our customers towards the right opportunities through hyper-personalised services tailored to their individual needs and delivered at their preferred communication time and channels.

On the Risk Platform, we digitalised and simplified end-to-end credit processing and set the foundation for advanced credit risk management using on-demand cloud native design, analytics and Machine Learning (ML). Using Credit Portfolio Risk Assessment and Monitoring as an example, today, we can actively optimise the portfolio based on emerging risk by anticipating future events. This improved the response time for managing our portfolio and mitigated potential credit risk, increasing our competitive advantage by making banking smarter. Bankers became product owners as a result, with the platform as the engine for transformation.

Building a strong workforce with the right technology talent

To transform into a technology-driven company, it was imperative to have strong technology capability and DNA. We started insourcing our technology talent – from being 85% outsourced in 2014 to 90% insourced in 2019. Based primarily in our twin engineering hubs – DBS Asia Hub in Singapore and DBS Asia Hub 2 in Hyderabad – our team has grown over the years, with an increase of 24% or close to 6,000 technology professionals in 2019.

We started experimenting in innovative recruitment events such as 'Hack2Hire', 'Hacker-in-Her' and 'Paradigm Shift'. 'Hack2Hire' included a coding challenge to recruit coders who are skilled at managing emerging and disruptive technologies across cloud, ML and big data. To date, we have received more than 100,000 applications globally through the 'Hack2Hire' and 'Hacker-in-Her' events, of which over 600 developers have been hired. We also attracted senior technologists from giants such as Google, Yahoo and Huawei, to create cutting-edge solutions in areas of APIs, cloud computing, SRE and expanding ecosystems. Going forward, we will continue to focus on attracting global talent specialised in new technologies such as 5G, Internet of Things (IoT), Augmented Reality/ Virtual Reality (AR/ VR) and AI.

Dialling up the use of data across the enterprise

In becoming a data-driven technology organisation, we focused on five areas.

First, we drove more than 200 data use cases across the enterprise to deliver business value, with over 150 of these using advanced analytics.

Second, we strengthened our advanced analytics capabilities by having more than 700 data and analytics experts (or an increase of 29%) working on these initiatives. This benefitted the business at scale from contextualising marketing to optimising supply chain flow.

Third, together with industry specialists, we created a unique learning environment to infuse a data culture into the organisation. Through our curated e-learning curriculum and a comprehensive training programme, we instilled a data-driven mindset in more than 7,400 employees.

The fourth area is the development of an advanced analytics platform system named ADA that is designed as the foundation for big data storage and advanced analytics tools. Since its launch, close to 10% of the organisation has been onboarded onto the platform.

Finally, our technology focus continues to create customer experiences that are relevant, reliable and safe. To deliver on new business opportunities and customer trust, we continue to enhance our governance and policies on responsible data usage.

Mobilising the entire workforce to cultivate a strong digital mindset

We are committed to building a future-ready workforce. This is driven through three ways – programme-based learning initiatives, self-driven learning platforms, and having an environment to experiment.

The culture of learning is pervasive throughout the bank. For instance, the number of attendees for one of our training programmes 'Back to School' increased by 67% from 2018 to 2019, with over 9,200 employees attending peer-to-peer masterclasses in 2019. In another programme, 'Gandalf Scholars' receive a grant of SGD 1,000 each to learn a subject of their choice and share their learnings with colleagues. We have more than 350 'Gandalf Scholars' who have shared their learnings with over 14,000 employees to date. We also actively encourage our employees to take charge of their personal learning by increasing the number of self-driven learning platforms such as LinkedIn Learning, Coursera and our own DBS Learning Hub.

Taking a step further, we created a safe space for our employees to experiment and apply what they learnt. An example is how our Customer Centre team applied their acquired knowledge in robotics and ML to design the Future Workforce Command Centre, giving them greater autonomy, improving workload management and enhancing customer experience. This resulted in savings of 300 man-hours per month.

The way ahead

The last decade laid a strong foundation and reorganised the business for growth as we advanced in our technology journey. Poised for a vibrant and diverse future, we are renewing our commitment to enable our customers to achieve more out of life as we continue to be the driving force behind creating a better world together.

Jimmy Ng
Chief Information Officer
DBS Group Holdings

2020 Focus Areas

- Enhancing our digital/ data infrastructure by upgrading our data centres and moving from virtual private cloud to hybrid, multi-cloud infrastructure
- Scaling the use of data, AI and ML
- Experimenting with emerging technologies like 5G, AR/ VR and IoT
- Continuing to drive efficiencies in the way we build and operate our digital assets and infrastructure
- Attracting talent globally

Institutional Banking

"Looking into 2020, with global uncertainties anticipated to remain on the horizon, we will continue to balance our long-term priorities around digital innovation and client centricity, with our short-term goals around productivity improvements and staying vigilant to credit quality."

2019 overview

2019 was a year marked by macroeconomic and geopolitical headwinds. The much talked about US-China trade war contributed to the slowest global economic growth in a decade, which in turn dented business confidence. Despite the challenging operating environment, income from our institutional banking business reached a new high of SGD 6.1 billion. We also achieved respectable growth from our businesses in Greater China and Singapore, and registered stellar double-digit income growth in India.

Our award-winning digital capabilities and Asian insights-led approach of supporting our clients continued to deliver results. Our cash management income grew 14%, with broad-based growth across all markets. With market volatility returning and improvement in market demand for high-quality yielding assets, we capitalised on our innovative equity and debt solutions to drive fee income growth. As a result, the capital markets business achieved a record year.

This year, we actively worked with clients to incorporate environmental and social considerations into their business strategies.

As the world's leading digital bank, we were able to tap into our own digital transformation experience to help our clients, and digitally re-engineer their respective client experience journeys, making them more agile and competitive.

Making digital transformation simpler for our customers

Since launching the world's largest banking Application Programming Interface (API) platform in 2017, we were able to connect software developers, customers and our bankers to make banking simpler. In 2019, we launched our first multi-tier financing facility on a China-based logistics blockchain platform to help suppliers, many of which are SMEs, to get access to trade financing in just seconds. This was a process that would usually have taken weeks.

The relevance and efficacy of our digital solutions have resulted in us closing more than 500 new API mandates, with particular success in the real estate, education, healthcare, insurance, transport, logistics and e-commerce sectors in 2019.

Harnessing data and analytics to derive positive outcomes

With contextual marketing the name of the game in today's world, we continued to build on our data and analytics capabilities to offer our clients relevant and timely financial products and solutions.

Through data analytics, we identified new-to-bank client prospects by data mining the supply chain network of large anchor clients and created cross-sell opportunities through hyper-personalised product recommendations. Quick wins to date include positive interest from one in five contacted leads across the agricultural, technology, media and telecom (TMT), textile, Western Multinational Corporation (WMNC) and SME segments.

Helping SMEs in the region thrive

We delivered on our SME strategy, registering strong growth in topline and fee income. In particular, growth in China and India were bright spots with income up 26% and 25% respectively year-on-year. The double-digit growth was led by customers seeing increasing value in our liabilities and digital solutions.

The bank was proactive in helping our SME client base simplify their business processes. For example, customers in the region are now able to open an account virtually so that time-strapped SMEs can get on with their business instead of spending precious time in queue. This contributed to a 10% rise in new-to-bank customers in Singapore.

In recognition of our efforts, the SME Finance Forum named DBS "Global SME Bank of the Year" for the second year running.

Global Finance also named us "Best SME Bank" in the world.

SGD million	2019	2018	YoY%
Total income	**6,073**	**5,760**	**5**
• **Corporate**	**3,943**	**3,746**	**5**
• **SME**	**2,130**	**2,014**	**6**
Expenses	**2,015**	**1,839**	**10**
Profit before allowances	**4,058**	**3,921**	**3**
Allowances	**327**	**550**	**(41)**
Profit before tax	**3,731**	**3,371**	**11**

Supporting the growth of WMNCs in Asia

We deepened banking relationships with WMNCs and registered an 8% growth in new-to-bank WMNC customers across a spectrum of industries, including auto, industrial, consumer goods and garments, and oil and gas. The business also saw over 20% growth in revenue from treasury and markets, open account trade and guarantees.

Continued leadership in capital markets

DBS continued to be in pole position in Singapore's equity space, leading all Main Board initial public offerings (IPOs) and participating in 93.2% of the total equity funds raised on the Singapore Exchange in 2019.

Continuing to play a key role in deepening Asia's real estate investment trust (REIT) market, we led notable transactions such as the IPOs of Lendlease Global Commercial REIT and Prime US REIT. We also led the SGD 1.3 billion rights issue of Ascendas REIT, the largest-ever follow-on equity fund raising by a REIT. Other notable transactions led by DBS include the equity issuances of Mapletree Commercial Trust, CapitaLand Retail China Trust, Keppel DC REIT, Frasers Centrepoint Trust and Manulife US REIT.

On the fixed income front, as one of Asia's leading bond houses, we continued to play a pivotal role in encouraging issuers to diversify their sources of debt funding.

Financing our customers' growth ambitions responsibly

Asia has significant infrastructure development requirements and commercial banks as well as debt and equity markets have a key role to play in financing these needs. As we support the region's growth, we acknowledge the importance of incorporating environmental and societal considerations into our lending decisions.

With responsible financing being one of the key tenets of our sustainability agenda, we provided about SGD 5 billion in financing for sustainability-linked loans, renewable and clean energy-related loans and green loans in 2019. New milestones for sustainability-linked loans were also established across the region.

Supporting Asia's growing infrastructure needs, we led several landmark transactions in the renewable energy space, including the financing of three offshore wind farms in Taiwan worth SGD 8.5 billion. We also advised the financing of Vena Energy's 70MW ground mounted solar project, the largest in Taiwan to-date, and are providing advisory on two other floating solar projects in Asia. In recognition of our efforts, DBS' project finance team was named "Best Project Finance Advisory House of the Year" in Asia and "Project Finance House of the Year" in Singapore by The Asset in 2019.

We also became the first bank headquartered in Southeast Asia to adopt the Equator Principles.

Outlook

Looking into 2020, with global uncertainties anticipated to remain on the horizon, we will continue to balance our long-term priorities around digital innovation and client centricity, with our short-term goals around productivity improvements and staying vigilant to credit quality.

In the near term, we will use new digital tools to drive internal productivity gains and to improve our cross-sell capability to our customers. We will also focus on building new ecosystem partnerships to drive the growth of new business verticals.

With the use of our enhanced data analytics capabilities and technology architecture, we will continue to experiment and build new business models in the SME space to accelerate and scale our businesses especially in the growth markets.

With the discontinuation of LIBOR (London Interbank Offered Rate) at the end of 2021, regulators globally are encouraging banks to shift toward offering new alternative rates. This would have an impact on the SGD SOR (Singapore Dollar Swap Offer Rate) which is currently being used. With the upcoming changes, DBS is committed to partnering our clients to achieve a smooth and seamless transition.

With sustainability a global imperative, we are accelerating our efforts to integrate environmental and societal factors into our interactions with customers and the way we prioritise business. We will continue to differentiate ourselves through innovating green products and structures for our clients.

Despite the headwinds, we expect steady momentum in our IBG business, driven by our clients' continued need for industry insights, innovative financial structures, connectivity solutions and differentiated digital products.

Tan Su Shan
Institutional Banking
DBS Group Holdings

2020 Focus Areas

- Further develop sustainability and renewable financing portfolio
- Drive and scale ecosystems agenda
- Build and execute on Greater Bay Area strategy
- Harness data and technology to identify and drive business value and provide a differentiated customer experience
- To advise and partner clients to smoothly navigate LIBOR and SOR transition

Consumer Banking/ Wealth Management

"As the leading digital bank in the world, we remain at the forefront of delivering invisible banking services that are intuitive and personalised. We aim to accelerate our digitalisation across our key markets by leveraging our ecosystem partnerships, and scaling up our business footprint to make it easier for our customers to seamlessly transact with us, wherever they are."

2019 overview

We delivered a robust set of results in 2019 for Consumer Banking/ Wealth Management, with continued growth and a healthy balance sheet. As the leading digital bank in the world, we remain at the forefront of delivering invisible banking services that are intuitive and personalised. We aim to accelerate our digitalisation across our key markets by leveraging our ecosystem partnerships, and scaling up our business footprint to make it easier for our customers to seamlessly transact with us, wherever they are.

Record high income for Consumer Banking/ Wealth Management

In 2019, we delivered record earnings for Consumer Banking/ Wealth Management. Our total income for Consumer Banking/ Wealth Management rose 11% to SGD 6.30 billion, while our cost-income ratio dropped to 52%. Net profit before tax grew 16% to SGD 2.78 billion. Wealth Management income rose 16% to a new high of SGD 3.08 billion, with AUM growing 11% to SGD 245 billion.

Net interest income grew 12% to SGD 4.04 billion with higher loan and deposits volumes for most of our markets. We saw continued growth in Singapore, where we have maintained our market share lead in the deposits and cards space. While Singapore property market transactions slowed across the industry due to government cooling measures, we upheld our mortgage market share. Despite the challenging environment in Hong Kong, our performance in 2019 remained resilient, while Indonesia and Taiwan performed well, due in large part to cards and unsecured lending.

Non-interest income rose 10% to SGD 2.26 billion from higher fees from investment products, bancassurance and cards. The bancassurance business had another year of achievement. We maintained our lead in Singapore for new business market share, while strengthening our offerings and growing our business in the region. Annualised premium sales in our life insurance business reached more than SGD 1.1 billion in new sales, with general insurance premiums growing by more than 20%.

The business also scored numerous industry firsts with our seamless online purchase journey in Singapore and a "do-it-yourself" insurance module in India's digibank. Our Application Programming Interface (API) partnerships with our partners Manulife and Chubb have also simplified the purchase journey into a matter of seconds, providing significant time savings.

Wealth Management: Embracing purposeful change as we grow

Our wealth franchise continued to grow to new heights, representing 21% of group income, and with five markets seeing double-digit growth.

In 2019, we rolled out several market-first solutions to democratise wealth management services, bringing private banking services usually limited to ultra-high-net-worth clients to the masses. We introduced DBS digiPortfolio, which combines the expertise of DBS Wealth Management investment strategists with the efficiencies of robo technology, to DBS Treasures and retail customers in Singapore. The offering lowers barriers to personal investing by creating a portfolio accessible to all.

We leveraged our Chief Investment Office's insights to introduce the Global Income Note, which provides wealth clients access to a highly diversified fixed income portfolio for a relatively small investment amount. The offering raised some SGD 1.5 billion, which contributed to our Mandate Portfolio AUM more than doubling in 2019. We also continued to build on our sustainability agenda by being one of the first Asian banks to adopt MSCI ESG Ratings for our wealth management business, with the aim of providing clients with greater transparency over the environmental, social and governance (ESG) characteristics of their investment portfolios.

SGD million	2019	2018	YoY%
Total income	6,299	5,653	11
• Retail	3,219	2,992	8
• Wealth Management	3,080	2,661	16
Expenses	3,280	3,031	8
Profit before allowances	3,019	2,622	15
Allowances	242	228	6
Profit before tax	2,777	2,394	16

DBS iWealth, our integrated all-in-one wealth management platform, was accorded "Global no. 1 for wealth apps" by Cutter Research. Our wealth management business was also recognised globally as the "Most Innovative Private Bank in the World" for the third year running, "Best Private Bank for Digital Client Solutions", "Best Private Bank in Emerging Markets" and "Best Private Bank – Asia-Pacific" by Global Finance.

We expanded our wealth franchise, leveraging our subsidiary DBS Vickers Securities (Thailand) to become the first to provide Thailand's wealth clients with a fully integrated onshore and offshore wealth proposition.

In Hong Kong, we launched the first fully virtual wealth management account opening solution, a first-in-market innovation. The solution leverages breakthrough technology, including instant identity verification, biometric recognition, and state-of-the-art digital security. Customers can set up a new multi-currency savings and wealth management account completely online.

We believe a key tailwind is the impending intergenerational transfer of wealth in Asia. This often is a complex, multi-faceted process and navigating it effectively requires quality professional advisory, strong market knowledge and a keen understanding of the families' unique objectives. To this end, we have established a dedicated family office unit to work closely with families to help address their needs.

Consumer Banking: Focus on seamless customer journeys

Customers remain at the centre of everything we do. We continue to invest in strengthening our capabilities in technologies such as Big Data and artificial intelligence, which are imperative in expediting our shift towards hyper-personalisation.

Through digibank in India and Indonesia – with some 3.25 million customers – we now have an unsecured loan onboarding and disbursement journey that is unparalleled in the market, leveraging data analysis to disburse loans to customers in less than a minute. In addition, customers are now able to remit funds to 49 countries via DBS Remit, many on a real-time or same-day basis at minimum.

We continue to ramp up our ecosystem partnerships to provide customers seamless access to everyday services. In 2019, we signed 10 strategic platform partnerships with merchants including KFC, SISTIC and AXS. Today, DBS PayLah!'s 1.6 million users can purchase movie and concert tickets, order meals, pay for taxi fares, pay bills, and more within a single platform.

In Singapore, we launched the DBS Travel Marketplace – Singapore's first one-stop integrated travel marketplace, in partnership with Singapore Airlines, Expedia Partner Solutions and Chubb. The solution offers travellers competitive flight fares, hotel rates and free travel insurance coverage to more than 25,000 holiday destinations worldwide. This is in addition to marketplaces selling cars, property and electricity on our website.

We also officially announced the launch of our locally incorporated wholly owned subsidiary, DBS Bank India Limited (DBIL), marking a key milestone for the bank, which has been present in India for 25 years. With DBIL, DBS will accelerate its growth plans, expand its operations and build greater scale in India through a "phygital" model to further serve customers, together with our ground-breaking digibank model.

We are also lowering our carbon footprint by going paperless where possible. We transitioned to eStatements in lieu of paper statements and piloted the world's first loadable QR red packets – the DBS QR Gift – to encourage the public to embrace digital alternatives for festive seasons. We also placed red packet recycling bins at our branches across Singapore which resulted in more than five tonnes of red packets being collected.

What we look forward to in 2020

Come 2020, digitalisation will still be key for us. The world will continue to gravitate towards a world of hyper-personalisation where we bank for one – this refers to understanding every client as an individual and ensuring every piece of advice, insight, recommendation and solution is tailor-made for them. Our aim is to be able to actively anticipate and address our clients' needs, to become integral to their daily lives.

Sim S Lim
Consumer Banking/ Wealth Management
DBS Group Holdings

2020 Focus Areas

- Move towards hyper-personalisation by strengthening our data analysis and artificial intelligence capabilities
- Grow and leverage our ecosystem partnerships to provide invisible banking
- Solidify our wealth position in Asia through digitally engaged customers and onshore/ offshore model

POSB
Highlights in 2019

POSB has been serving generations of Singaporeans since 1877 by providing banking facilities to children, young adults, families, seniors and the community at large.

For Seniors

POSB Active Neighbours programme

- Programme hires and trains seniors – POSB Active Neighbours – to assist peers in digital banking services at branches
- Today, some **80 Active Neighbours** across our branches are serving as digital ambassadors and assisting peer walk-in customers

POSB digital literacy programme with Infocomm Media Development Authority and People's Association

- Ran digital literacy workshops, roadshows and roving clinics for seniors together with POSB branch volunteers across Singapore's heartlands
- In 2019, **400 seniors** took part in the educational initiatives, with **80 seniors** attaining a Smart Nation Certificate that certifies them as digitally-savvy seniors

For Children and Families

POSB Smart Buddy programme

- World's first in-school savings and payments programme using wearable technology to help encourage sensible savings and spending habits among students
- Since 2017, POSB has distributed **23,000 free watches** and built cashless systems in **50 schools**

POSB reading programme with National Library Board

- Co-hosted the World Finals of the Kids' Lit Quiz in Singapore, where children aged 10 to 13 competed to answer questions on children's books
- Reached out to more than **10,000 children** with activities inculcating the value of thrift through storytelling sessions by POSB volunteers

POSB PAssion Run for Kids

- Largest charity kids run in Singapore is now in its 11th year
- In 2019, the event saw more than **6,000 participants** and raised **SGD 1 million** for the POSB PAssion Kids Fund
- **SGD 9.3 million** has been raised to date for the POSB PAssion Kids Fund, with **540,000 children** benefitting from over 150 programmes

For the Community

Partnership with Migrant Workers' Centre (MWC) and Centre for Domestic Employees (CDE)

- POSB remains the only bank to work with MWC and CDE to set up banking accounts for around **200,000 migrant workers** and **30,000 foreign domestic workers**

Subsidised banking services

- In 2019, POSB waived banking fees for more than **2 million customers**, including the young, seniors, national servicemen and people under public assistance schemes

Partnership with Singapore Prison Service

- POSB has supported **4,000 account openings** for ex-offenders to help with their reintegration into society – banking fees, minimum balances and initial deposits are waived

Corporate governance

Contents

Governance framework

Our governance framework is anchored on competent leadership, effective internal controls, a strong risk culture and accountability to stakeholders. Our Board plays a key role in setting our governance standards to meet our stakeholders' expectations, and our leadership model ensures an appropriate balance of power, accountability and independence in decision-making across our various functional and geographic units.

Our corporate governance practices comply with the Banking (Corporate Governance) Regulations 2005 (Banking CG Regulations). We also comply, in all material aspects, with the following corporate governance best practice guidelines issued by the Monetary Authority of Singapore (MAS):

(i) the Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers issued on 3 April 2013, which comprises:

- the Code of Corporate Governance 2012 (2012 Code); and
- supplementary guidelines and policies added by the MAS to cater to the diverse and complex risks undertaken by financial institutions (Supplementary Guidelines).

(ii) the Code of Corporate Governance 2018 issued on 6 August 2018 (2018 Code).

We have described our corporate governance practices for our financial year ended 31 December 2019 with specific reference to the 2018 Code and the Supplementary Guidelines. A summary disclosure of our compliance with the express disclosure requirements in the 2018 Code and the Supplementary Guidelines, have been provided on pages 102 to 104.

Board highlights – 2019

Streamlining Board oversight over conduct and culture

The Board reviewed the risk-related responsibilities of the Board committees in 2019 with a view to streamlining and enhancing Board's oversight over conduct and culture within DBS. The Board was fully cognisant that a failure to deal honestly, transparently and fairly with customers could lead to serious reputational risks and erode the trust of our stakeholders.

The Board discussed and agreed that the responsibility to oversee conduct and ethics should rest with one Board committee, instead of separate Board committees; by doing so, we can ensure that the said Board committee receives all necessary data that it would need to discharge its responsibilities.

The Board deliberated and agreed to delegate the responsibility to oversee risk culture, conduct and ethics to the Board Risk Management Committee (BRMC). Accordingly, oversight over legal and regulatory risks, including financial crime risks, were moved from the Audit Committee (AC) to the BRMC. Correspondingly, the BRMC will also receive quarterly reports from the Fair Dealing and Conduct Committee, which would include updates on the delivery of fair dealing outcomes, conduct and culture metrics as well as initiatives that serve to influence conduct and culture standards across the Group.

Board renewal

Board renewal continued to be a key focus for us in 2019. Although no new Directors were appointed in 2019 (after 3 new Directors were appointed between November 2017 to September 2018), the Nominating Committee (NC) continued its search for potential candidates who could be lined up for appointment as Directors of DBS Group Holdings Ltd (DBSH) and DBS Bank Ltd (DBS Bank) over the next few years. New Directors will be introduced gradually so that the Board and Board committees have a smooth transition period.

Diversity is one of the key considerations in the board renewal process to ensure that the Board is appropriately balanced to support the long-term success of DBS. Other key considerations include (i) whether the skillsets of the candidates would replace skillsets of long-serving Directors, and/or would supplement the collective skillsets of the Directors and bring different perspectives to the Board; (ii) whether the candidate would fit in with our Board's culture and diversity; (iii) the independence status of the candidate; and (iv) whether the candidate would be able to commit sufficient time to fulfil the duties of a Director. A skills matrix is used to assess if the skills and experience of a candidate complement those of the existing Board members. Potential candidates are informed of the level of contribution and commitment expected of a DBS Director.

As part of the Board renewal process, Mr Danny Teoh and Mr Nihal Kaviratne will be stepping down from the Board after the conclusion of our forthcoming Annual General Meeting (AGM), having served on the Board for nine years or more. They have also served diligently on the Board of DBS Foundation since it was established in 2014 and guided DBS Foundation in its efforts to nurture social enterprises across the region and to enhance their social impact. The Board and Management of DBS would like to express their gratitude to Mr Teoh and Mr Kaviratne for their invaluable contributions to the DBS Group and DBS Foundation over the years.

The Board has also approved the appointment of two new Independent Directors. We are in the process of obtaining regulatory approvals for these appointments to take effect in April 2020, and will make the appropriate announcements on the appointments of the new Directors after all required approvals have been obtained.

As Mr Ho Tian Yee will be re-designated as a non-independent Director with effect from 29 April 2020 (having served as a Director for more than nine years by then), the Board has appointed Mr Olivier Lim to take over from Mr Ho as the Lead Independent Director with effect from 29 April 2020. Mr Ho will also step down from the NC and the Board Executive Committee (EXCO), while Mr Lim will be appointed as a member of the NC and will step down from the Compensation and Management Development Committee (CMDC). In addition, the Board (upon the recommendation of the NC) will be making various other changes to the composition of the EXCO, CMDC and NC (including the appointment of a new NC chairperson) to ensure that the independence requirements under the Banking CG Regulations continue to be met. These changes to the composition of these Board committees will take effect on or after the appointment of the two new Independent Directors in April 2020 (but no later than 29 April 2020).

Where to find key information on each Director?

In this Annual Report:

- *Pages 46 to 47 – Directors' independence status, appointment dates, meeting attendance and remuneration details*
- *Pages 190 to 195 – Length of directorship, academic and professional qualifications and present and past directorships*
- *Pages 214 to 217 – Additional Information on Directors seeking re-election at the Annual General Meeting to be held on 31 March 2020*

At our website (www.dbs.com): Directors' biodata

Awards won in 2019

We received several accolades for our corporate governance, investor relations and disclosure:

- At the Singapore Corporate Awards (SCA), we were given the Special Recognition Award for a second consecutive year. In 2018, this award was conferred to DBS for its "all round excellence in corporate governance". In 2019, this award was conferred to DBS for its "all round excellence in human capital".
- We were the winner in the Securities Investors Association (Singapore) (SIAS) Investors' Choice Awards for corporate governance in the large-cap companies category.
- We were also the winner for shareholder communications excellence and the runner-up for sustainability in the large-cap companies category at the SIAS Investors' Choice Awards.
- We were ranked 2nd place for the second consecutive year in the Singapore Governance and Transparency Index.

Enhancing stakeholder engagement

In 2019, the Board approved the payment of dividends on a quarterly basis instead of semi-annually to provide shareholders with a more regular income stream. The Board also agreed to bring forward the forthcoming AGM from end-April to end-March. This will not only enable us to pay out the final dividend (if approved by shareholders at the AGM) earlier in April instead of May, it would also improve investor participation at our AGM by avoiding the peak season for AGMs in the last two weeks of April.

Competent leadership

Our board

The Board directs DBS in the conduct of its affairs and provides sound leadership to management. We have 11 Board members (including two female directors) with a broad range of experience and deep industry expertise. The make-up of our Board reflects diversity of gender, nationality, age, skills and knowledge. A majority of the Directors are Independent Directors, and there are no alternate Directors on our Board.

Our Chairman, Mr Peter Seah, sits on all Board committees and he also chairs the EXCO. Mr Seah performs a key role as an ambassador for DBS in our dealings with various stakeholders as well as in ensuring effective communication with our shareholders. He guides the Board through its decision-making process and ensures that the Board operates effectively as a team.

There is a very positive and constructive working relationship between our Chairman and CEO, Mr Piyush Gupta. Mr Gupta oversees the execution of DBS' strategy and is responsible for managing the day-to-day operations. Other than the CEO, none of the other Directors is a former or current employee of DBSH or its subsidiaries.

Lead independent director

The Lead Independent Director, Mr Ho Tian Yee, had regular private sessions with the other independent Directors in the course of the year and provided feedback to the Chairman where necessary. He has also actively led the process to identify suitable Board candidates for appointment as independent Directors of DBSH and DBS Bank.

Board's key areas of focus

- Sets the strategic direction and long-term goals of DBS, and ensures that adequate resources are available to meet these objectives.
- Monitors the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of DBS' activities.
- Establishes a framework for risks to be assessed and managed.
- Reviews management performance.
- Determines DBS' values and standards (including ethical standards) and ensures that obligations to its stakeholders are understood and met.
- Ensures that corporate responsibility and ethical standards underpin the conduct of DBS' business.
- Develops succession plans for the Board and CEO.
- Considers sustainability issues (including environmental and social factors) as part of DBS' strategy.

Key Information on our Directors

The table below sets out key information on our Directors, the number of meetings which our Directors attended during 2019 as well as the remuneration of each Director for 2019. The remuneration of Non-Executive Directors (including the Chairman) does not include any variable component.

Director independence status	Meetings attendance record (1 January to 31 December 2019)								Total Directors' remuneration for 2019 (SGD)		
	BOD[1]	NC[2]	EXCO[3]	AC[4]	BRMC[5]	CMDC[6]	AGM	Offsite[7]	Directors' fees[a] (SGD)	Share-based remuneration[b] (SGD)	Others[c] (SGD)
	No. of meetings held in 2019										
	5	5	12	5	5	4	1	1			
Mr Peter Seah, 73 Non-Executive and Non-Independent Chairman • Chairman since 1 May 10 • Board member since 16 Nov 09 • Last re-elected on 25 Apr 18	5	5	12	5	5	4	1	1	**Total: $1,973,552**		
									$1,332,800	$571,200	$69,552
Dr Bonghan Cho, 55 Non-Executive and Independent Director • Board member since 26 Apr 18 • Last re-elected on 25 Apr 19	5	5	–	5	–	–	1	1	**Total: $261,500**		
									$183,050	$78,450	–
Ms Euleen Goh, 64 Non-Executive and Non-Independent Director • Board member since 1 Dec 08 • Last re-elected on 25 Apr 19	5	–	–	–	5	4	1	1	**Total: $289,778**		
									$198,800	$85,200	$5,778
Mr Ho Tian Yee, 67 Non-Executive and Lead Independent Director • Board member since 29 Apr 11 • Last re-elected on 27 Apr 17 • Lead Independent Director since 16 Nov 18	5	5	12	–	5	–	1	1	**Total: $418,000**		
									$292,600	$125,400	–
Mr Nihal Kaviratne, 75 Non-Executive and Independent Director • Board member since 29 Apr 11 • Last re-elected on 25 Apr 19	5	–	–	–	5	4	1	1	**Total: $268,000[d]**		
									$268,000	–	–
Mr Olivier Lim, 55 Non-Executive and Independent Director • Board member since 7 Nov 17 • Last re-elected on 25 Apr 18	5	–	12	–	5	4	1	1	**Total: $342,500**		
									$239,750	$102,750	–
Mr Andre Sekulic, 69 Non-Executive and Independent Director • Board member since 26 Apr 12 • Last re-elected on 25 Apr 18	5	–	–	5	–	4	1	–	**Total: $312,500**		
									$218,750	$93,750	–
Mr Danny Teoh, 64 Non-Executive and Non-Independent Director • Board member since 1 Oct 10 • Last re-elected on 25 Apr 19	5	3[e]	–	4[e]	5	–	1	1	**Total: $308,753[d]**		
									$308,753	–	–
Mrs Ow Foong Pheng, 56 Non-Executive and Non-Independent Director • Board member since 26 Apr 12 • Last re-elected on 27 Apr 17	5	5	–	5	–	–	1	1	**Total: $246,000[f]**		
									$246,000	–	–
Mr Tham Sai Choy, 60 Non-Executive and Independent Director • Board member since 3 Sept 18 • Last re-elected on 25 Apr 19	5	2[g]	–	5[g]	5	–	1	1	**Total: $299,124**		
									$209,387	$89,737	–
Mr Piyush Gupta, 60 Executive Director/ CEO • Board member since 9 Nov 09 • Last re-elected on 25 Apr 18	5	5#	12#	5#	5#	4#	1	1	**Please refer to the Remuneration Report on page 65 for details on the CEO's compensation**		

*•	Appointment Dates*
*#	Mr Gupta attended these meetings at the invitation of the respective committees.*

*(1)	Board of Directors (BOD)*
*(2)	Nominating Committee (NC)*
*(3)	Board Executive Committee (EXCO)*
*(4)	Audit Committee (AC)*
*(5)	Board Risk Management Committee (BRMC)*
*(6)	Compensation and Management Development Committee (CMDC)*
*(7)	This is our annual four-day board strategy offsite*
*(a)	Fees payable in cash, in 2020, for being a Director in 2019. This is 70% of each Director's total remuneration and is subject to shareholders' approval at the 2020 AGM.*
*(b)	This is 30% of each Director's total remuneration and shall be granted in the form of DBSH's ordinary shares. The actual number of DBSH's 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 2020 AGM.*
*(c)	Represents non-cash component and comprises (i) for Mr Peter Seah: car and driver, and (ii) for Ms Euleen Goh: season carpark fees.*
*(d)	As Mr Teoh and Mr Kaviratne will step down at the conclusion of the 2020 AGM, their Directors' remuneration for the year 2019 will be paid fully in cash.*
*(e)	Mr Teoh stepped down from the AC and NC on 1 October 2019.*
*(f)	Director's remuneration payable to Mrs Ow Foong Pheng will be paid fully in cash to a government agency, the Directorship and Consultancy Appointments Council.*
*(g)	Mr Tham was appointed as chairman of AC and member of NC on 1 October 2019.*

(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.)

Board meetings and activities

There are five scheduled Board meetings each year. Ad-hoc meetings are also held when necessary. There was no ad-hoc Board meeting held in 2019.

Before each Board meeting, the Chairman oversees the setting of the agenda of Board meetings, in consultation with the CEO, to ensure that there is sufficient information and time to address all agenda items. The agenda also allows for flexibility when needed. Directors are provided with complete information related to agenda items in a timely manner. All materials for Board and Board committee meetings are uploaded onto a secure portal which can be accessed on tablet devices provided to the Directors.

During every quarterly Board meeting:

- the Chairperson of each Board committee provides an update on significant matters

discussed at the Board committee meetings which are typically scheduled before the quarterly Board meeting;
- the CFO presents the financial performance for that quarter and significant financial highlights;
- the CEO gives an update on certain aspects of the Group's business and operations and/ or a macro perspective on industry trends and developments;
- the Board holds a private session for Directors; and
- the Lead Independent Director holds a private session with the other independent directors.

In addition to the quarterly Board meetings, a Board meeting is typically scheduled in December each year where the CEO gives the Board an update on DBS' performance against the balanced scorecard for that financial year. In addition, the CEO and CFO will present the Group's budget for the next financial year to the Board for approval.

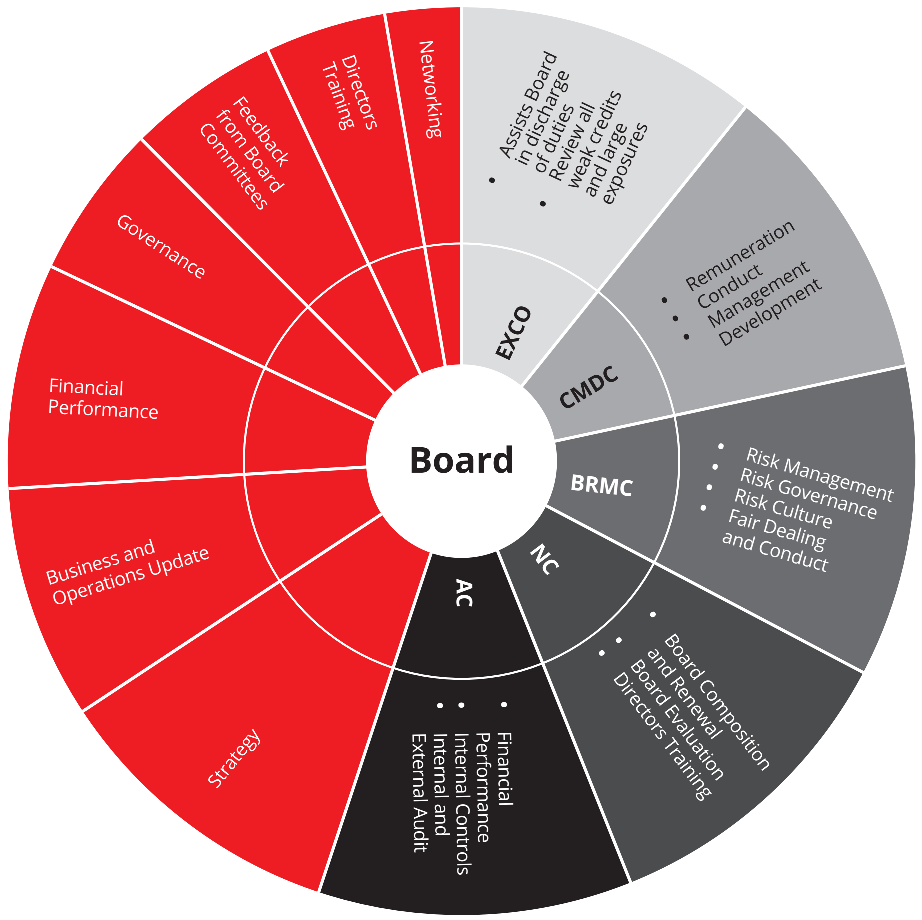
The Chairman promotes open and frank debates by all Directors at every Board meeting. If there is a conflict of interest, the Director in question will recuse himself or herself from the discussions and abstain from participating in any Board decision. When exigencies prevent a Director from attending a Board or Board committee meeting in person, that Director can participate by telephone or video-conference.

Directors have the discretion to engage external advisers. External professionals or in-house subject matter experts may also be invited to present key topics to the Board as well as updates on corporate governance, risk management, capital, tax, accounting, listing and other regulations, which may have an impact on DBS' affairs.

Directors have independent access to the Group Secretary. The Group Secretary attends all Board meetings and minutes are prepared to record key deliberations and decisions taken during the meetings. The Group Secretary facilitates communication between the Board, its committees and management, and generally assists Directors in the discharge of their duties. The Group Secretary helps with the induction of new Directors. The appointment and removal of the Group Secretary require the approval of the Board.

Frequent and effective engagement
Directors have ongoing interactions across various levels, functions and countries within DBS. In addition, some Directors also sit

Matters discussed by the Board and Board Committees in 2019



Note: Further details of the activities of the Board and Board committees in 2019 can be found on pages 47 to 55.

on the boards of our overseas subsidiaries; this arrangement gives the Board access to first-hand insight on the activities of these subsidiaries. The CFO provides the Board with detailed financial performance reports monthly.

Throughout the year, the Directors have various opportunities to interact with members of the Group Management Committee (GMC) (for instance, at quarterly Board-hosted dinners and during the annual board strategy offsite).

Annual Board strategy offsite
Each year, the Board and our senior executives attend a four-day strategy offsite held in one of our markets, which allows them to:

- focus on DBS' long-term strategy apart from the regular agenda at the quarterly Board meetings;
- engage in dynamic and in-depth strategic discussion to promote deeper understanding of our business environment and our operations, and refine our strategy; and
- engage with our stakeholders in the host country (such as regulators, media, customers including CEOs and CFOs of our corporate clients and staff in the local franchise).

At the 2019 Board strategy offsite (held during the last week of September), the Board had in-depth discussions with senior executives on the strategies for accelerating growth in Singapore, Hong Kong, Greater Bay Area and Vietnam. The Board also explored various inorganic growth opportunities.

Delegation by the Board to the Board committees
The Board has delegated authority to various Board committees to enable them to oversee certain specific responsibilities based on their terms of reference. The terms of reference of each Board committee set out the responsibilities of the Board committee, conduct of meetings including quorum, voting requirements and qualifications for Board committee membership. All our Board committees comprise Non-Executive Directors only. Any change to the terms of reference for any Board committee requires

Board committee members	Composition requirements	Other key requirements
Nominating Committee (NC) • Mr Ho Tian Yee *(Chairperson and Lead Independent Director)* • Mr Peter Seah • Dr Bonghan Cho • Mrs Ow Foong Pheng • Mr Tham Sai Choy	In accordance with the requirements of the Banking CG Regulations, a majority (three out of five members of the NC including the NC Chairperson) are Non-executive and Independent Directors (INED). The lead independent director is a member of the NC.	All NC members are required to be re-appointed by the Board annually. Under the Banking CG Regulations, every NC member shall hold office until the next annual general meeting following that member's appointment, and shall be eligible for re-appointment. The appointment and re-appointment of NC members require the prior approval of MAS.
Board Executive Committee (EXCO) • Mr Peter Seah *(Chairperson)* • Mr Ho Tian Yee • Mr Olivier Lim	In accordance with the requirements of the Banking CG Regulations, a majority (two out of three members of the EXCO) are INEDs.	
Audit Committee (AC) • Mr Tham Sai Choy *(Chairperson)* • Mr Peter Seah • Dr Bonghan Cho • Mrs Ow Foong Pheng • Mr Andre Sekulic	In accordance with the requirements of the Banking CG Regulations, a majority (three out of the five members of the AC including the AC Chairperson) are INEDs.	Mr Tham possesses an accounting qualification and was formerly the managing partner and Head of Audit 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.
Board Risk Management Committee (BRMC) • Ms Euleen Goh *(Chairperson)* • Mr Peter Seah • Mr Ho Tian Yee • Mr Nihal Kaviratne • Mr Olivier Lim • Mr Danny Teoh • Mr Tham Sai Choy	All BRMC members are non-executive Directors, which exceeds the requirements of the Banking CG Regulations.	All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or businesses.
Compensation and Management Development Committee (CMDC) • Mr Andre Sekulic *(Chairperson)* • Mr Peter Seah • Ms Euleen Goh • Mr Olivier Lim • Mr Nihal Kaviratne	In accordance with the requirements of the Banking CG Regulations, a majority (three out of the five members of the CMDC including the CMDC Chairperson) are INEDs.	The CMDC has direct access to senior management and works closely with the BRMC and the AC when performing its role. Ms Euleen Goh, Mr Olivier Lim, Mr Peter Seah and Mr Nihal Kaviratne 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.

Board approval. The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information.

Nominating Committee (NC)

Key responsibilities of the NC
- Regularly reviews the composition of the Board and Board committees, and independence of Directors;
- Identifies, reviews and recommends Board appointments for approval by the Board, taking into account the experience, expertise, knowledge, age and skills of the candidate and the needs of the Board;
- Conducts an annual evaluation of the performance of the Board, the Board committees and the Directors;
- Implements the Board Diversity Policy and reviews its effectiveness;
- Exercises oversight of the induction programme and continuous development programme for Directors, and ensures that first-time directors with no prior experience as a director of a listed company in Singapore undergo relevant training;
- Reviews and recommends to the Board the re-appointment of each Director having regard to his/ her performance, commitment and ability to contribute to the Board as well as his/ her age and skillset;
- Assesses annually whether each Director has sufficient time to discharge his/ her responsibilities; and
- Reviews the Board's succession plans for Directors.

Selection criteria and nomination process for Directors
Before a new Director is appointed, suitable candidates are identified from various sources. Thereafter, the NC conducts an assessment to:

- Review the candidate (including qualifications, attributes, capabilities, skills, age, past experience) to determine whether the candidate is fit and proper in accordance with the fit and proper guidelines issued by the MAS; and
- ascertain whether the candidate is independent from DBSH's substantial shareholder and/or from management and business relationships with DBS.

The NC then interviews the short-listed candidates and makes its recommendations to the Board. All Board appointments are based on merit, taking into account the contributions the candidates can bring to the Board to enhance its effectiveness. Upon the appointment of a new Director, the NC will recommend to the Board his or her appointment to the appropriate Board committee(s) after matching the Director's skillset to the needs of each Board committee.

Induction and Training for new Directors
The NC oversees the onboarding of new Directors. All new Directors go through our induction programme, which covers the duties and obligations of a Director and the responsibilities of and work carried out by the Board committees. We provide a Director's pack, which acts as an aide memoire for the information covered by the induction programme. We have briefing sessions for Directors given by members of senior management on the various businesses of DBS and its supporting functions. The NC is also responsible for ensuring that new Directors with no prior experience as a director of a listed company undergo training in the roles and responsibilities of a director of a listed company in Singapore.

Highlights of NC's activities in 2019

Board renewal process
Please refer to the Board Highlights – 2019 section on page 44.

Annual review of Directors' independence
The NC reviews and determines annually whether each Director is independent in accordance with the stringent standards required of financial institutions prescribed under the Banking CG Regulations. Under the Banking CG Regulations, an "independent director" is defined to mean a Director who is:

- independent from any management and business relationship with DBS;
- independent from any substantial shareholder of DBS; and
- has not served on the Board of DBS for a continuous period of nine years or longer.

The NC assessed and concluded that (i) all Directors are considered to be independent from business relationships with DBS; (ii) with the exception of Mr Piyush Gupta, all Directors are considered to be independent from management relationships with DBS; (iii) with the exception of Mrs Ow Foong Pheng, all Directors are considered to be independent from DBSH's substantial shareholder, Temasek Holdings (Private) Limited (Temasek). Mrs Ow, who is the Permanent Secretary for the Ministry of National Development, Singapore, is considered not independent of Temasek as the Singapore government is its ultimate owner; and (iv) Mr Peter Seah, Ms Euleen Goh and Mr Danny Teoh are Non-Independent directors as they have served on the Board for more than nine years.

Based on the NC's assessment, the Independent Directors are Dr Bonghan Cho, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Olivier Lim, Mr Andre Sekulic, and Mr Tham Sai Choy.

Although Ms Goh, Mr Ho, Mr Kaviratne, Mr Lim, Mr Seah, Mr Teoh and Mr Tham are on the boards of companies that have a banking relationship with DBS, and are also directors of companies in which Temasek has investments (Temasek portfolio companies), the NC considers these Directors (i) independent of business relationships as the revenues arising from such relationships are not material; and (ii) independent of Temasek as their appointments on the boards of Temasek portfolio companies are non-executive in nature and they are not involved in the day-to-day conduct of the businesses of the Temasek portfolio companies.

In addition, none of these Directors sit on any of the boards of the Temasek portfolio companies as a representative of Temasek and they do not take instructions from Temasek in acting as Directors.

Board performance and evaluation
The NC makes an assessment at least once a year to determine whether the Board and Board committees are performing effectively and identify steps for improvement.

The NC believes that it is important to obtain an independent perspective on the Board's performance once every three to four years, and to gain insights on the Board's performance against peer boards and best practices. An external evaluator was last engaged to conduct the Board performance evaluation for the financial year ended 2018.

In 2019, the NC considered the results and key action items from the 2018 Board evaluation and decided to use substantially the same evaluation questionnaire for 2019 for benchmarking purposes. The questionnaire included questions on Board composition, Board processes and culture, quality of information provided to the Board, succession planning, risk management and effectiveness of Board committees. Each Director was asked to complete the questionnaire and submit it directly to the Group Secretary who collated the responses and produced a summary report for the NC. The NC analysed the report and submitted its findings to the Board. The Board discussed the findings of the evaluation and agreed to follow-up on certain items.

In addition to the annual Board evaluation exercise, the NC also conducts an annual review of each Director to determine whether each Director remains qualified for office. In making its determination, the NC will take into account (i) the Director's age, track record, experience, skills and capabilities; (ii) whether each Director is able to and has been adequately carrying out his/ her duties as a Director, including the contributions and performance of each Director; and (iii) whether each Director has committed sufficient time to his/ her duties as a director of DBS. The Board is satisfied that each Director has diligently discharged his or her duties as a Director of DBS and has contributed meaningfully to DBS.

Directors' time commitment
The meeting attendance records of all Directors as well as a list of their directorships are fully disclosed in our Annual Report. The NC assesses each Director's ability to commit time to DBS' affairs in accordance with internal guidelines which take into account the number of other board and committee memberships a Director holds, as well as the size and complexity of the companies in which he/ she is a board member. Additionally, each Director is required to complete a self-assessment of his/ her time commitments on an annual basis. While the Board has not set a maximum number of listed company board representations a Director may hold, all Directors appreciate the high level of commitment required of a Director. All Directors have met the requirements under the NC's guidelines.

Directors' tenure
The NC believes that it is in the interest of DBS for the Board to comprise of Directors with longer tenures who have a deep understanding of the banking industry, as well as Directors with shorter tenures who can bring fresh ideas and perspectives.

Although there are currently six Directors (including Mr Piyush Gupta) who have served for more than eight years, this is balanced by the progressive refreshing of the Board where three new independent Directors were appointed since November 2017, and two more new independent Directors will be appointed by the end of April 2020. In addition, two long-serving Directors (i.e. Mr Danny Teoh and Mr Nihal Kaviratne) will be stepping down from the Board after the conclusion of the 2020 AGM.

The NC specifically considered the skillsets and contributions of the remaining four long-serving Directors (being Mr Peter Seah, Ms Euleen Goh, Mr Ho Tian Yee and Mr Piyush Gupta). The NC deliberated and agreed that it is in DBS' interests for these Directors to continue serving on the Board of DBS for the following reasons:

(i) it is important for Mr Peter Seah to continue serving as the Board Chairman to provide leadership and continuity. Mr Seah is a veteran former banker with wide industry experience, and he has been instrumental in the growth and transformation of DBS over the past 10 years. From a strategic perspective, the next few years are critical as DBS continues to execute on its digital transformation and growth strategies and enhance its franchise in the Greater Bay Area, China, India, Indonesia and Vietnam;

(ii) Ms Euleen Goh's extensive knowledge and experience in the risk environment for banks is instrumental in helping DBS navigate the complex and challenging risk landscape in view of the global economic slowdown, low/negative interest rate climate and on-going geopolitical issues (such as the US-China trade war and social unrest in Hong Kong);

(iii) it is in DBS' interests for Mr Ho Tian Yee to remain on the Board as he is currently the only Director with both banking experience as well as expertise in market risk and trading; and

(iv) as Group CEO, Mr Piyush Gupta should remain as a Director to provide the Board with insights into the business.

Re-election of Directors
Under the Constitution of DBSH, one-third of Directors who are longest-serving since their last re-election are required to retire from office and, if eligible, stand for re-election at each AGM. Based on this rotation process, each Director is required to submit himself or herself for re-election by shareholders at least once every three years. In addition, new Directors (who are appointed in between AGMs) are required under DBSH's Constitution to stand for re-election at the first AGM after their appointment. The NC reviews and recommends to the Board the rotation and re-election of Directors at the AGM.

Prior to each AGM, Group Secretariat informs the NC which Directors are required to retire at that AGM. The NC will then review the composition of the Board and decide whether to recommend to the Board the re-election of these Directors, after taking into account factors such as their attendance, participation, contribution, expertise and competing time commitments.

At the 2020 AGM, Mr Ho Tian Yee, Mr Olivier Lim, Mrs Ow Foong Pheng and Mr Peter Seah will be retiring by rotation. At the recommendation of the NC and as approved by the Board, they will be seeking re-election as Directors at the 2020 AGM.

Review of composition of Board Committees
The NC regularly reviewed the size and composition of the Board committees in 2019 to ensure that all independence requirements continue to be met, and that the Board committees are of an appropriate size and comprise the appropriate balance of skills, knowledge and experience, as well as diversity of nationality, age and gender.

With effect from 1 October 2019, Mr Danny Teoh (who had served for more than 9 years by then) stepped down from the AC and the NC after he was re-designated as a non-independent and non-executive Director under the Banking CG Regulations. Mr Tham Sai Choy was appointed as the AC Chairman and as a member of the NC with effect from 1 October 2019.

Continuous development programme for all Directors
The NC monitors the frequency and quality of the Board training sessions, which are conducted either by external professionals or management. The NC selects topics which are relevant to the Group's activities. Board members also contribute by highlighting areas of interests and possible topics.

In 2019, there were sessions on (i) Disruptive trends in technology; (ii) Analytics-Based Lending - Modeling Approach, Risks and Lessons Learnt; (iii) Sustainable Development Goals and impact on the banking industry; and (iv) Open Banking and Financial Planning Digital Service.

Board diversity
We recognise that diversity is not merely limited to gender or any other personal attributes. We adopted a Board Diversity Policy which recognises the importance of having an effective and diverse Board, and states that the NC is responsible for setting the relevant objectives to promote and achieve diversity on the Board. In discharging its duties, the NC shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of DBS. The main objective of the Board Diversity Policy is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of DBS. The Board Diversity Policy also requires female representation. The NC ensured that female candidates are included for consideration when identifying candidates to be appointed as new Directors. The NC was satisfied that the objectives of the Board Diversity Policy continue to be met.

Board Executive Committee (EXCO)

Key responsibilities of the EXCO
- Approves certain matters specifically delegated by the Board such as acquisitions and divestments up to a certain material limit, credit transactions, investments, capital expenditure and expenses that exceed the limits that can be authorised by the CEO;
- Reviews weak credit cases on a quarterly basis;
- Oversees the governance of strategic risks such as sustainability (including review of the annual Sustainability Report), technology, artificial intelligence and data (including data privacy and appropriate use of data); and
- Reviews and provides recommendations on matters that will require Board approval, including acquisitions and divestments exceeding certain material limits.

Highlights of EXCO's activities in 2019
The EXCO assists the Board to enhance the business strategies and strengthen core competencies of DBS. The EXCO meets frequently (12 meetings in 2019) and is able to offer greater responsiveness in the decision-making process of DBS.

In addition to its quarterly review of weak credit cases, matters discussed at the EXCO meetings in 2019 include (i) the key considerations and implications of transitioning to quarterly dividends and bringing forward our AGM; (ii) our first standalone Sustainability Report 2018, and our approach to coal financing; (iii) implications of macro-economic issues on our franchise; (iv) our regional data centre strategy; (v) renewal of the credit programmes in Singapore and Hong Kong for SMEs; and (vi) various acquisition and investment opportunities.

Audit Committee (AC)

Key responsibilities of the AC

Financial reporting and disclosure matters
- Monitors the financial reporting process, significant financial reporting issues and judgements to ensure the integrity of the Group's consolidated financial statements;
- Reviews the Group's consolidated financial statements, other financial disclosures (including Basel Pillar 3 disclosures) and any announcements relating to the Group's financial performance prior to submission to the Board; and
- Provides oversight of external disclosure governance.

Internal controls
- Reviews (in parallel with the Board Risk Management Committee) the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as risk management systems;
- Receives updates on significant incidents of non-compliance with laws and regulations, and reviews management's investigations of such incidents;
- Reviews and monitors remedial action plans to address significant internal control deficiencies identified by management, Group Audit, the external auditor and/ or regulators;
- Ensures that there are policies and arrangements in place by which DBS staff and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are also in place for such concerns to be independently investigated and for appropriate follow-up action to be taken;
- Reviews the significant matters raised through the whistle-blowing channel; and
- Reviews all material related party transactions (including interested person transactions) and keeps the Board informed of such transactions, and the findings and conclusions from its review.

Internal audit
- Reviews at least annually, the independence, adequacy and effectiveness of the Group's internal audit function (Group Audit) and processes, and ensures that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget;
- Reviews Group Audit's audit plans, the proposed areas of audit focus, and results of audits;
- Ensures that an internal quality assurance review (QAR) of Group Audit is conducted annually, and that an independent QAR is conducted at least once every five years; and
- Approves the hiring, removal, resignation, evaluation and compensation of the Head of Group Audit.

External auditor
- Determines the criteria for selecting, monitoring and assessing the external auditor, and makes recommendations to the Board on the appointment, re-appointment and removal of the external auditor;
- Approves the remuneration and terms of engagement of the external auditor;
- Reviews and discusses the key audit matters (identified by the external auditor pursuant to auditing standards) with the external auditor and management, and ascertains if these matters are presented appropriately;
- Reviews the scope and results of the external audits and the independence, adequacy and objectivity of the external auditor;
- Ensures 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; and
- Reviews the assistance given by management to the external auditor.

Highlights of AC's activities in 2019

Oversight of financial reporting and internal controls
The AC reviewed quarterly consolidated financial statements and made recommendations to the Board for approval. The CEO and CFO provided the AC with a letter of representation attesting to the integrity of the quarterly financial statements. The AC reviewed the Group's audited consolidated financial statements and discussed with management and the external auditor the significant matters which involved management judgement. The AC also reviewed significant accounting matters, which included the review of the implementation of new accounting standards.

Please refer to the table on page 53 for further information on these significant matters. These matters are also discussed in the independent auditor's report on pages 112 to 114.

The AC is of the view that the Group's consolidated financial statements for 2019 are fairly presented in conformity with the relevant Singapore Financial Reporting Standards (International) (SFRS(I)) in all material aspects. The Board has been notified that the Group's external auditor, PricewaterhouseCoopers LLP (PwC), has read and considered the other information (i.e. other than the financial statements and auditor's report thereon) in the annual report, whether financial or non-financial, in accordance with the Singapore Standard of Auditing 720. For the financial year ended 31 December 2019: (i) no material inconsistencies between the other information, the financial statements and PwC's knowledge obtained in the audit; and (ii) no material misstatements of the other information, have been reported.

The AC members were kept updated on changes to accounting standards and issues related to financial reporting through quarterly meetings with Group Finance, Group Audit, and internal audit bulletins. The AC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation from management.

Oversight of Group Audit
The AC has direct oversight of Group Audit and receives quarterly reports from Group Audit. Please refer to pages 56 and 57 for details on Group Audit's key responsibilities and processes.

The AC assessed the adequacy, effectiveness and independence of Group Audit, and is of the view that Group Audit is independent, effective and adequately resourced. Group Audit understands the risks that the Group faces and has aligned its work to review these risks.

There is at least one scheduled private session annually for the Head of Group Audit to meet the AC. The Chair of the AC meets the Head of Group Audit regularly to discuss the audit plans, current work, key findings and other significant matters.

Reviewing performance, objectivity and independence of the external auditor
The AC has unfettered access to the external auditor. Separate sessions were held during each of the four quarterly AC meetings in 2019 for the AC to meet with the external auditor without the presence of management to discuss matters that might have to be raised privately.

The AC monitors the performance, objectivity and independence of the external auditor. For this purpose, the AC takes into account the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority (ACRA); the guidance provided in Practice Guidance 10 of the 2018 Code, as well as the principles outlined by the Basel Committee on Banking Supervision in its document "The External Audits of Banks".

The total fees due to PwC, for the financial year ended 31 December 2019 and the breakdown of the fees for audit and non-audit services, are set out in the table below. The AC reviewed the non-audit services provided by the external auditor during the financial year and the associated fees. The AC is satisfied that the independence and objectivity of the external auditor has not been impaired by the provision of those services.

Fees relating to PwC services for 2019	SGD (million)
For audit and audit-related services	**8.4**
For non-audit services	**1.6**
Total	**10.0**

The AC considered the following matters in its review of the external auditor's performance and when formulating its recommendation on the re-appointment of the external auditor:

- the performance of the external auditor against industry and regulatory standards;
- the scope of the audit plan and areas of audit focus as agreed with the external auditor;
- the quality of audit services rendered, and reports and findings presented, by the external auditor during the year;
- feedback received from various functions/ geographical locations, through an annual structured internal survey, on the adequacy and quality of the audit team's resources, the level of independence and scepticism exercised in carrying out its work, and its overall efficiency and effectiveness;
- the Audit Quality Indicators data of the external auditor; and
- the external auditor's self-assessment, including the confirmation of its independence to the AC.

Based on these considerations, the AC has recommended, and the Board has endorsed, the re-appointment of PwC for shareholders' approval at the 2020 AGM. The Group has complied with Rule 712 and Rule 715 of the SGX Listing Manual in relation to its external auditor.

External Auditor Re-tender exercise
In response to MAS' requirement for banks headquartered in Singapore to undertake a mandatory re-tender for their external

AC commentary on key audit matters

Significant matters	How the AC reviewed these matters
Specific allowances for loans and advances	The AC reviewed the significant non-performing credit exposures periodically and considered management's judgments, assumptions and methodologies used in the determination of the level of specific allowances required. The AC noted that major weak credits would have been reviewed by the EXCO quarterly. The AC was also apprised of PwC's assessment following its credit review, which included a sampling across performing, watch-list and non-performing portfolios to assess the appropriateness of the loan ratings and classification, as well as the adequacy of specific allowances where applicable. The AC is of the view that the specific allowances that have been set aside for non-performing credit exposures are appropriate.
General Allowances	The AC reviewed the governance arrangements as well as the key drivers of the quarterly movements in Stage 1 and Stage 2 Expected Credit Loss (General Allowances), including changes in portfolio asset quality, adjustments made to reflect prevailing economic and geopolitical conditions and thematic overlays. The AC was also apprised of PwC's observations from their audit of the General Allowances methodology, processes and controls, and took note of the regulatory allowance that has been set aside as part of the revised MAS Notice 612, as well as the overall portfolio allowance coverage. The AC considers the General Allowances to be within a reasonable range.
Goodwill impairment assessment	The AC reviewed the methodology and key assumptions, including the macroeconomic outlook, developments such as the social unrest situation in Hong Kong and other key drivers of cash flow projections, that are used in the determination of the value-in-use of cash generating units. It also assessed the sensitivities of the forecasts to reasonably possible changes in the valuation parameters. The AC was also apprised of PwC's observations from its review of management's goodwill impairment assessment. The AC concurs with management's assessment that goodwill is not impaired as at 31 December 2019.
Valuation matters	The AC reviewed the fair value hierarchy of financial instruments held at fair value, the quarterly movements in valuation reserves, the appropriateness of the Group's valuation methodology in light of industry developments, and the overall adequacy of valuation reserves. The AC was also apprised of PwC's observations from its assessment of the Group's controls over the valuation process, as well as its independent estimates of fair value. The AC considers the valuation process, policies and estimates as adopted and disclosed in the financial statements to be appropriate.

auditors if their incumbent auditor has been appointed for a period of 10 or more consecutive years (MAS Notice 615), the AC conducted a re-tender exercise in 2019. The selected external auditor will be responsible for the audit of the Group from financial year 2021.

As part of the re-tender process, four international audit firms were invited to submit their proposals. The submitted proposals were reviewed by an evaluation committee comprising the AC Chairman, Group Chairman, CEO and key control/ support heads. Three firms (including PwC) were shortlisted to present their proposals to the AC. The AC assessed and deliberated on the proposals presented by each shortlisted firm, taking into consideration factors such as (i) the competencies and commitment of the proposed lead partner and audit team, (ii) the technology capabilities and other value-added services/differentiating factors, (iii) the audit approach; and (iv) the reputation, audit quality and audit service quality, of each shortlisted audit firm. The AC also considered management feedback on each shortlisted audit firm. The AC concluded that of the three shortlisted firms, PwC has the most appropriate level of expertise, experience, resources, infrastructure and geographic coverage to provide effective audit service to DBS.

Based on the results of the re-tender exercise, the AC has recommended, and the Board has endorsed, PwC to continue as the Group's external auditor.

Board Risk Management Committee (BRMC)

Key responsibilities of the BRMC

- Supports the Board and management in setting the tone from the top so as to embed and maintain appropriate risk culture;
- Guides the development of and recommends for Board approval the risk appetite for various types of risk and exercises oversight on how this is operationalised into individual risk appetite limits;
- Approves the Group's overall and specific risk governance frameworks;
- Has direct oversight of the CRO (jointly with the CEO);
- Oversees the risk assessment framework established to manage the Group's financial crime, cyber-security, fair dealing and regulatory risks;
- Oversees an independent group-wide risk management system and adequacy of resources to identify and evaluate risks;
- Reviews (in parallel with the Audit Committee) the adequacy and effectiveness of the Group's internal controls framework;
- Monitors market developments, such as macro-economic, credit, industry, country risk and stress tests related to these developments;
- Monitors risk exposures and profile against relevant risk thresholds, and risk strategy in accordance with approved risk appetite and/ or guidelines;
- Discusses risk reporting requirements and reviews the risk dashboard to keep track of major risk positions and risk developments;
- Monitors the quarterly portfolio reviews of total exposures as well as large exposures and asset quality;
- Discusses large risk events and subsequent remedial action plans;
- Approves risk models which are used for capital computation and monitors the performance of previously approved models;
- Exercises oversight of the Internal Capital Adequacy Assessment Process (ICAAP) including approval of stress scenarios and commensurate results for capital, risk-weighted assets, profit and loss and liquidity;
- Approves the Business Continuity Management attestation and Group-wide Recovery Plan; and
- Exercises oversight of regulatory requirements relating to risk management.

Highlights of BRMC's activities in 2019

The BRMC was kept informed of major risk positions and risk developments through the risk dashboard. The BRMC monitored the global economic environment and, in particular, paid close attention to developments which could have material consequences for the key markets where we operate. The BRMC also provided guidance, where appropriate, to management. The BRMC considered vulnerabilities such as the global economic outlook, political landscape, liquidity tightening, interest rates shifts and market volatility, all of which could impact our strategy and portfolios in these markets.

In 2019, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on certain countries and specific sectors, including:

- the global economic growth outlook, the effect of on-going geopolitical tensions and, trade and technology protectionism;
- China's liquidity situation and economic slowdown;
- US interest rate cuts;
- the decline in shipping rates as well as the effects of the International Maritime Organisation 2020 regulation on our shipping and ports portfolio; and
- geopolitical tensions impact on our Hong Kong and China portfolios.

The scenario analyses are in addition to the review of various regulatory and internal stress testing exercises.

The BRMC also reviewed management's assessment of the impact of US-imposed tariffs and Chinese companies put on the US entity list, on our China portfolio and supply-chain borrowers. It was kept informed of the utilisation of market risk limits (for both banking and trading books), the liquidity risk profile and limit utilisation (in all major currencies and legal entities), and the key operational risk profiles of the Group. The BRMC was also advised on the continued focus on global trends on fair dealing and conduct risks, financial crime and cybersecurity environment and efforts made to address these risks. The BRMC approved and monitored the performance of various risk models. The BRMC received regular updates on risk appetite and economic capital utilisation, and was apprised of regulatory feedback and developments (such as approaches for risk models and capital computation) and Basel requirements. In addition, the BRMC was updated on the action plans following the internal group-wide risk and control culture survey conducted in 2018. We also conducted self-assessments of our risk and control culture against industry benchmarks.

Please refer to the section on 'Risk Management' in this Annual Report for more information on the BRMC's activities.

Compensation and Management Development Committee (CMDC)

Key responsibilities of the CMDC

- Exercises supervisory oversight of the overall principles, parameters and governance of DBS' remuneration policy and ensures the alignment of compensation with prudent risk taking to build a long-term sustainable business;
- Oversees the remuneration of senior executives and directors, including making recommendations to the Board on the remuneration of executive directors; and
- Exercises oversight on management development and succession planning of the Group and ensures that robust plans are in place to deepen core competencies and bench strength as well as strengthen leadership capabilities and talent pipeline for the continued success of the Group.

Highlights of CMDC's activities in 2019

Group remuneration policy and annual variable pay pool

Please refer to the Remuneration Report on pages 61 to 65 for details on the remuneration of the CEO and DBS' remuneration strategy.

The CMDC reviews and approves DBS' remuneration policy and the annual variable pay pool, which are also endorsed by the Board. The CMDC provides oversight of the remuneration principles of the CEO, senior executives and control functions to ensure that they are in line with the Financial Stability Board's guidelines. The CMDC also reviews cases where total remuneration exceeds a pre-defined threshold, or where a deferral mechanism is implemented as a risk control process.

During the year, the CMDC reviewed DBS' refreshed and simplified PRIDE! behaviours to sharpen the focus on culture. To reinforce the PRIDE! behaviours, DBS also introduced a dual rating system to emphasise the importance of both the 'What' and 'How', and to send the signal that the demonstration of these behaviours is as critical as goal achievement in evaluating our people. The dual rating system will help our managers to: (i) sharpen the development and coaching conversations, (ii) have better differentiation for compensation and promotions; and (iii) identify employees with high potential (HIPOs).

We have a robust disciplinary framework linked to individual compensation. The CMDC was apprised of disciplinary actions on individuals' compensation when approving the annual variable compensation pool and noted that (i) the Group's risk management and internal control systems are adequate and effective, and (ii) the 2019 Risk & Culture score from the Aon Hewitt My Voice survey remains stable at 88%.

Talent Review and Succession Planning

The CMDC reviews the state of the talent and the strength of the human capital in DBS in support of its overall strategy. This includes a review of the talent bench strength, "team in the field", succession plans for the CEO and the GMC members, as well as development plans of our HIPOs.

The CMDC reviewed the succession plans of CEO and the GMC members based on our proprietary "Key Success Factors" framework, which comprises the following four dimensions of a DBS senior leader success profile: (i) domain knowledge, (ii) critical experiences, (iii) leadership competencies and (iv) leadership traits. Potential successors for GMC were evaluated against these four dimensions to assess their readiness, and development plans to address their leadership gaps were put in place to prepare them for succession.

The CMDC also reviewed the development plans for the emerging young HIPOs with potential for GMC roles. We have a robust HIPO identification process based on the "3P framework" namely Performance, PRIDE! and Potential. We assess potential based on Ability, Aspiration and Engagement. To develop our HIPOs, we have a "triple-E development framework" (EEE) which focuses on actionable development activities around education (conferences and leadership programs), exposure (mentoring, coaching and networking) and experience (new or stretched roles, cross country and cross function assignments) to accelerate the growth of our HIPOs.

In 2019, 43% of our HIPOs took on an enhanced or changed role, well above our target of 30%. HIPO attrition was healthy at 8%, within our target of below 10%.

Annual directors' fee structure for 2019

Basic annual retainer fees	SGD
Board	100,000
Lead Independent Director	75,000
Additional Chairman fees for:	
Board	1,450,000
Audit Committee	90,000
Board Risk Management Committee	90,000
Compensation and Management Development Committee	65,000
Executive Committee	75,000
Nominating Committee	45,000
Additional committee member fees for: *(Note: Board committee chairpersons do not get these fees)*	
Audit Committee	60,000
Board Risk Management Committee	60,000
Compensation and Management Development Committee	35,000
Executive Committee	60,000
Nominating Committee	30,000

Remuneration of Non-Executive Directors

Please refer to pages 46 to 47 for details of remuneration of each Non-Executive Director (including the Chairman) for 2019.

The CMDC reviews and recommends a framework to the Board for determining the remuneration of all Non-Executive Directors. The remuneration of Non-Executive Directors, including the Chairman, has been benchmarked against global and local financial institutions. Unless otherwise determined by the Board, Non-Executive Directors 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 are based on the volume-weighted average price of the ordinary shares of DBSH over the 10 trading days immediately prior to (and excluding) the date of the AGM. The actual number of ordinary shares to be awarded are rounded down to the nearest share, and any residual balance is paid in cash. Other than these share awards, the Non-Executive Directors do not receive any other share incentives or securities under the DBSH Share Plan.

The table on page 55 sets out the proposed annual fee structure for the Non-Executive Directors for 2019. There is no change to the annual fee structure from 2018. Shareholders are entitled to vote on the remuneration of Non-Executive Directors at the 2020 AGM.

None of the Group's employees was an immediate family member of a Director with remuneration exceeding SGD 100,000 in 2019. Although Mr Danny Teoh's daughter, Ms Lesley Teoh, was an employee of DBS Bank until early May 2019, her remuneration for 2019 did not exceed SGD 100,000. Mr Teoh was not involved in the determination of his family member's remuneration.

Effective controls

Group Approving Authority

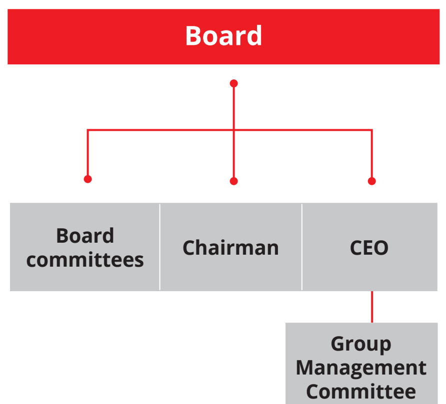
The Group Approving Authority (GAA) is an integral part of our corporate governance framework.

The Board's responsibilities are well defined in the GAA. The Board is the decision-making body for matters with significant impact to DBS as a whole; these include matters with strategic, financial or reputational implications or consequences. The specific matters that require board approval under the GAA include:

- Group's annual and interim financial statements
- acquisitions and divestments exceeding certain material limits
- Group's annual budget
- capital expenditures and expenses exceeding certain material limits
- capital-related matters including capital adequacy objectives, capital structure, capital issuance and redemption
- dividend policy
- risk strategy and risk appetite statement

The GAA ensures that appropriate controls and decision-making are consistently applied throughout DBS. Under the GAA, the Board has delegated to the CEO the responsibility to ensure that the Group's businesses and operations are operated in accordance with Board-approved strategies and standards, which include responsibilities for the internal control framework within DBS. On matters where authority has been delegated to him, the CEO may further delegate his responsibilities and authorities to any GMC member or members and may empower them to, in turn, delegate their responsibilities and authorities to other executives and committees of the Group.

Scope of delegation of authority in the GAA



The GAA covers internal authority only and does not override any specific provisions arising from statutory, regulatory, exchange listing requirements, or the DBSH's Constitution. The GAA is regularly reviewed and updated to accommodate changes in the scope and activities of DBS' business and operations. The Board approves the GAA and any change to it.

Internal controls framework

Our internal controls framework covers financial, operational, compliance and information technology controls, as well as risk management policies and systems. The Board, supported by the AC and BRMC, oversees the Group's system of internal controls and risk management. DBS has three lines of defence when it comes to risk taking, where each line of defence has a clear responsibility.

First line of defence
Our business and support units are our first line of defence. Their responsibilities include the identification and management of risks arising from and relating to their respective areas of responsibilities, and ensuring that our operations remain within approved boundaries of our risk appetite and policies.

DBS has an established incident notification protocol that sets out processes for the escalation of incidents according to the level of severity. In this way, appropriate levels of management are made aware of such incidents and can take action accordingly. There are also well-defined procedures for the escalation, investigation and follow up of any reported wrong-doing by a DBS employee, customer, vendor or third party.

Second line of defence
Risk Management Group, Group Legal and Compliance and parts of Group Technology & Operations and Group Finance form the second line of defence. They are responsible for the development and maintenance of risk management policies and processes and they provide objective review and challenge on the activities undertaken by business and support units.

Third line of defence
Group Audit forms the third line of defence. It provides an independent assessment and assurance on the reliability, adequacy and effectiveness of our system of internal controls, risk management, governance framework and processes.

Group Audit

Key responsibilities and processes
Group Audit is independent of the activities it audits. Its objectives, scope of authority and responsibilities are defined in the Audit Charter, which is approved by the AC. Group Audit reports functionally to the Chairperson of the AC and administratively to the CEO.

Group Audit's responsibilities include:

- evaluating the reliability, adequacy and effectiveness of the Group's system of internal controls, risk management, governance framework and processes;

Board, CEO and Senior Management	Provides oversight of the three lines of defence		
	First line of defence	Second line of defence	Third line of defence
Role	Own and manage risks in respective areas of responsibility	Provide independent risk oversight, monitoring and reporting	Provide independent assurance
Unit	Business and support units	Risk Management, Legal and Compliance	Internal Audit

- providing an objective and independent assessment of the Group's credit portfolio quality, the execution of approved credit portfolio strategies and control standards relating to credit management processes;
- reviewing whether DBS complies with laws and regulations and adheres to established policies; and
- reviewing whether management is taking appropriate steps to address control deficiencies.

Group Audit adheres to the DBS Code of Conduct and is guided by the Mission Statement in the Audit Charter. It adopted the Code of Ethics and aligned its practices with the International Professional Practices Framework established by the Institute of Internal Auditors (IIA). In addition, it has embedded IIA's 10 Core Principles for the Professional Practice of Internal Auditing into its activities.

Group Audit has unfettered access to the AC, the Board and management, as well as the right to seek information and explanation. Group Audit has an organisational and strategic alignment to the Group. The Head of Group Audit has a seat in the GMC and attends all the business reviews and strategic planning forums. The respective heads of audit in each of the five key locations outside Singapore are part of that location's management team.

Group Audit adopts a risk-based approach in its auditing activities. An annual audit plan is developed using a structured risk and control assessment framework through which the inherent risk and control effectiveness of each auditable entity in the Group is assessed. This risk assessment methodology and approach is aligned with that of Group, including the risk taxonomy.

The assessment also covers risks arising from new lines of business, new products and emerging risks from DBS' operating environment. Audit projects are planned based on the results of the assessment, with priority given to auditing higher risk areas and as required by regulators.

Audit reports containing identified issues and corrective action plans are reported to the AC and senior management. Progress of the corrective action plans is monitored, and past due action plans are included in regular reports to the senior management and the AC. In all routine audits, Group Audit evaluates the control environment and management's control awareness which incorporates risk culture as guided by the Financial Stability Board's Guidance on Sound Risk Culture.

Group Audit apprises regulators and external auditors of all relevant audit matters. It works closely with external auditors to coordinate audit efforts.

Quality assurance and key developments
In line with leading practices, Group Audit has a quality assurance and improvement programme (QAIP) that covers all aspects of its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. As part of the QAIP, internal quality assessment reviews (QAR) are conducted quarterly and external QAR are carried out at least once every five years by qualified professionals from an external organisation. In 2019, the internal QAR has been contracted to an independent assessor, Protiviti.

Group Audit leveraged on the use of data, technology and automation to provide greater insights and to enhance DBS' audit assurance. Since 2017, Group Audit has operationalised its Future of Auditing roadmap with the use of digital tools, rule-based and predictive analytics, coupled with the continuous monitoring approach to perform risk assessments and controls testing to provide better risk management insights.

Dealings in securities

In conformance with the "black-out" policies prescribed under the SGX Listing Rules, Directors and employees are prohibited from trading in DBS' securities one month before the release of the full-year results and two weeks before the release of the first, second and third quarter results. In addition, business units and subsidiaries engaging in proprietary trading are restricted from trading in DBS' securities during the black-out period. Group Secretariat informs all Directors and employees of each black-out period ahead of time. Directors and employees are prohibited at all times from trading in DBS' securities if they are in possession of material non-public information.

In addition, GMC members are only allowed to trade in DBS' securities within specific window periods (15 market days immediately following the expiry of each black-out period) subject to pre-clearance. GMC members are also required to obtain pre-approval from the CEO before any sale of DBS' securities. Similarly, the CEO is required to seek pre-approval from the Chairman before any sale of DBS' securities. As part of our commitment to good governance and the principles of share ownership by senior management, the CEO is expected to build up and hold at least the equivalent of three times his annual base salary as shareholding over time.

DBS has put in place a personal investment policy which prohibits employees with access to price-sensitive information in the course of their duties from trading in securities in which they possess such price-sensitive information. Such employees are also required to seek pre-clearance before making any personal trades in securities, and may only trade through the Group's stockbroking subsidiaries and bank channels for securities listed in Singapore and Hong Kong. The personal investment policy discourages employees from engaging in short-term speculative trading.

Related Party Transactions

DBS has embedded procedures to comply with regulations governing related party transactions, including those in the Banking Act, MAS directives and the SGX Listing Rules. The Banking Act and MAS directives impose limits on credit exposures by DBS to certain related entities and persons, while the SGX Listing Rules cover interested person transactions in general.

All new Directors are briefed on relevant provisions that affect them. If necessary, existing credit facilities to related parties are adjusted prior to a Director's appointment, and all credit facilities to related parties are continually monitored. DBS has robust procedures to manage any potential conflict of interest between a Director and DBS. Checks are conducted before DBS enters into credit or other transactions with related parties to ensure compliance with regulations.

As required under the SGX Listing Rules, the details of interested person transactions in 2019 are set out in the table on page 58. These interested person transactions are for the purpose of carrying out day-to- day operations such as leasing of premises, telecommunication/ data services, IT systems and related services, redemption of KrisFlyer miles by DBS/ POSB credit card holders, logistics, as well as security services.

Material contracts
Since the end of the previous financial year, no material contracts involving the interest of any Director or controlling shareholder of DBS has been entered into by DBS or any

Name of interested person	Nature of Relationship	Aggregate contract value of all interested person transactions in 2019 (excluding transactions less than SGD 100,000)
CapitaLand Limited Group	Each interested person is an associate of DBSH's controlling shareholder, Temasek Holdings (Private) Limited	426,298
Certis CISCO Security Pte Ltd Group		6,668,890
Mapletree Investments Pte Ltd Group		195,726
Mediacorp Pte Ltd Group		350,001
SATS Ltd Group		964,203
Singapore Airlines Limited Group		183,160,655
Singapore Telecommunications Limited Group		22,427,855
SMRT Corporation Ltd Group		9,530,930
StarHub Ltd Group		7,116,588
Surbana Jurong Private Limited Group		15,019,590
Total Interested Person Transactions (SGD)		245,860,736

of its subsidiary companies, and no such contract subsisted as at 31 December 2019, save as disclosed via SGXNET.

Assessing the effectiveness of internal controls

DBS has a risk management process that requires all units to perform a half-yearly risk and control self-assessment (RCSA) to assess the effectiveness of their internal controls. In addition, all units of the Group are required to submit quarterly attestations on their controls relating to the financial reporting process, and annual attestations on their compliance with the overall internal controls framework. Based on the RCSA and the quarterly and annual attestations, the CEO and the key management personnel responsible for risk management and internal control systems provide an annual attestation to the AC relating to the adequacy and effectiveness of DBS' risk management and internal control systems.

Group Audit performs regular independent reviews to provide assurance on the adequacy and effectiveness of DBS' internal controls on risk management, control and governance processes. The overall adequacy and effectiveness of DBS' internal controls framework is reviewed by the AC and BRMC.

Board's commentary on adequacy and effectiveness of internal controls

The Board has received assurance from the CEO and CFO that, as at 31 December 2019, the Group's financial records have been properly maintained, and the financial statements give a true and fair view of DBS Group's operations and finances.

The Board has also received assurance from the CEO and the key management personnel responsible for risk management and internal control systems that, as at 31 December 2019, the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by management and various Board Committees as well as the said assurances received, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2019 to address financial, operational, compliance risks and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the internal controls and risk management systems provide reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Strong culture

Effective safeguards

We believe that effective safeguards against undesired business conduct have to go beyond a "tick-the-box" mentality. In DBS, other than relying on published codes of conduct, we also advocate the following organisational safeguards to maintain a strong risk and governance culture.

- **Tone from the top:** The tone set by the Board and senior management is vital; it is equivalent to the moral compass of the organisation. In addition to having in place comprehensive policies, we conduct a robust self-assessment on the Group's risk culture. Please refer to the risk culture section on page 59 for more information.
- **Aligning strategies and incentives via the balanced scorecard:** Please refer to the section on "Our 2019 priorities" on pages 26 to 33 for more information.
- **Respecting the voice of control functions:** We believe that respect for the voice of control functions is a key safeguard. We ensure that control functions are well integrated into our organisational structure so that they can properly discharge their responsibilities.
- **Risk ownership:** Please refer to page 56 for details on our three lines of defence.
- **Having established escalation protocols:** We designed a notification protocol that makes it mandatory for staff to report significant incidents. This means that the organisation is prepared to receive bad news and take necessary remedial actions without shooting the messengers.
- **Encouraging constructive challenges at all levels**: Fundamentally, we inculcate a culture that encourages constructive challenges and debate, where all views are evaluated for decision-making. We also operate a culture where we actively engage the Board for their views early.
- **Reinforcing cultural alignment:** Finally, we conscientiously reinforce our cultural norms by rewarding right behaviours and censuring wrong ones.

Risk Culture

Risk Culture is closely intertwined with our corporate values and it encompasses the general awareness, attitudes and behaviour of our employees towards risks. We enhanced our Risk Culture and Conduct Survey in 2019 taking guidance from industry benchmarks to provide additional insights. The results indicated a satisfactory risk culture bank-wide, which was consistent with 2018.

In 2019, we continued to align ourselves with the industry's best practices and lessons learnt to constantly drive improvements in this area. On the governance front, the Board streamlined the responsibilities of the Board committees, and delegated the oversight of conduct and risk culture matters to the BRMC. Please refer to the Board Highlights – 2019 section on page 44 for more information. Creating awareness was the key focus as we further embedded a strong culture of risk and control across all levels within the organisation. We refreshed the "Tone from the Top" to ensure that a consistent message is cascaded throughout the organisation. In addition, we enhanced our employee onboarding training and digital communication channels to share culture-related content and to aid managers in strengthening the "Tone from the Middle". We continue to place emphasis on conduct as part of our compensation evaluation process.

The DBS Code of Conduct (Code of Conduct)

The Code of Conduct sets out the principles and standards of behaviour that are expected of employees of the Group (including part-time and temporary employees) when dealing with customers, business associates, regulators and colleagues. The principles covered in the Code of Conduct include professional integrity, confidentiality, conflicts of interests, fair dealings with customers and whistle-blowing. It also defines the procedures for employees of DBS to report incidents and provides protection for those staff for these disclosures.

All employees of DBS are required to read and acknowledge the Code of Conduct on an annual basis. Members of the public may access the Code of Conduct on DBS' website, as well as write in via an electronic feedback form on the website. The Code of Conduct encourages employees of DBS to report their concerns to DBS' dedicated, independent investigation team within Group Compliance which handles whistle-blowing cases according to a well-defined protocol. Alternatively, in case of actual or potential conflict of interest or fear of retribution, employees of DBS may write in confidence to Human Resources, Group Audit, or even the CEO or the Chairman. In addition, employees of DBS have the option of using the DBS Speak Up service.

Whistle-blowing policy

DBS Speak Up is a hotline service run by an independent external party that gives employees of the Group the opportunity to speak up on misconduct and/ or wrong-doing by a DBS employee, customer, vendor or third party.

DBS Speak Up service includes:

- a dedicated hotline number, website, email address, fax number and postal address for reporting of suspected incidents of misconduct and wrongdoing;
- specialist call centre operators with knowledge of individual organisations;
- expert forensic investigators to analyse reports;
- timely reporting of incidents to dedicated representatives within an organisation; and
- recommendations on corrective action.

Accountability to our stakeholders

Shareholder rights

DBS promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies' Act and DBSH's Constitution. These rights include, among others, the right to participate in profit distributions and the right to attend and vote at general meetings. Ordinary shareholders are entitled to attend and vote at the AGM by person or proxy. Indirect investors who hold DBSH shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the AGM.

DBS respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure. All price-sensitive information is publicly released prior to any sessions with individual investors or analysts.

The Board provides shareholders with regular financial reports, which aim to give shareholders a balanced assessment of the Group's financial performance and position. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

Engagement with shareholders

Our investor relations activities promote regular, effective and fair communication with shareholders. Separate briefing sessions were conducted for the media and analysts when quarterly results were released. All press statements and quarterly financial statements have been published on our website and the SGX website. A dedicated investor relations team supports the CEO and the CFO in maintaining a close and active dialogue with investors. The DBS website provides contact details for investors to submit their feedback and raise any questions.

During the year, we met with more than 600 debt and equity investors. We participated in 26 local and overseas investor conferences and road shows. These meetings provide a forum for management to explain our strategy and financial performance, and solicit analysts' and investors' perceptions of DBS.

We have a disclosure policy to ensure that all disclosures of material information are timely, complete and accurate. The policy sets out how material information should be managed to prevent selective disclosure. Our Group Disclosure Committee (GDC) assists the CEO and the CFO in implementing the disclosure policy. The GDC's objectives are to: (a) periodically review DBS' disclosure policy and update it as needed, (b) ensure that all material disclosures are appropriate, complete and accurate, and (c) ensure selective or inadvertent disclosure of material information is avoided.

Conduct of shareholder meetings

The AGM provides shareholders with the opportunity to share their views and to meet the Board, including the chairpersons of the Board committees and certain members of senior management. Our external auditor is available to answer shareholders' queries. At the AGM, DBS' financial performance for the preceding year is presented to shareholders.

At general meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management. DBS encourages and values shareholder participation at its general meetings. Resolutions requiring shareholders' approval are tabled separately for adoption at general meetings unless they are closely related and are more appropriately tabled together.

The minutes of our general meetings may be accessed via our website. We have disclosed the names of the Directors and senior executives who attended the 2019 AGM as well as detailed records of the proceedings including the questions raised by the meeting attendees.

To encourage greater investor participation, the Board has decided to bring forward and hold the 2020 AGM at the end of March 2020 instead of late April 2020. This will avoid the AGM peak season in the last 2 weeks of April.

Managing Stakeholder Relationships

Please refer to the section on "What our stakeholders are telling us" on pages 74 and 75 for more information on how we manage our stakeholder relationships.

Electronic poll voting process

DBS puts all resolutions at general meetings to a vote by electronic poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentages. DBS appoints an independent external party as scrutineers for the electronic poll voting process. Prior to the commencement of the general meeting, the scrutineers would review the proxies and the proxy process. DBS also has a proxy verification process which has been agreed upon with the scrutineers. At the general meeting, mobile devices are used for poll voting. When shareholders register their attendance at the meeting, they are handed the mobile device with details of their shareholdings registered to the device. The shareholder is able to view his or her name and shareholding details which are clearly displayed on the device.

When the Chairman opens the poll on a resolution, the shareholder presses the relevant voting button on the device. Upon vote submission, the shareholder will receive a vote response acknowledgment on the device. The results of the electronic poll voting are announced immediately after each resolution has been put to a vote, and the number of votes cast for and against and the respective percentages are displayed in real-time at the general meeting. DBS maintains an audit trail of all votes cast at the general meeting. The outcome of the general meeting (including detailed results of the poll vote for each resolution) is promptly disclosed on SGXNET within the same day after the conclusion of that meeting.

Remuneration report

We believe that our long-term success depends in large measure on the contributions of our employees. Our remuneration framework is designed to be consistent with market best practices, drive business strategy and create long-term shareholder value. Remuneration policies and practices as set out in the following report are governed by a set of sound principles which are in compliance with various regulatory requirements.

1 Objectives of DBS remuneration strategy

DBS' remuneration policy, which is applicable to DBS Bank and all our subsidiaries and overseas offices, seeks to ensure that we are 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 (FSB) and the Code of Corporate Governance.

When formulating our remuneration strategy, consideration was given to aligning our remuneration approach with DBS PRIDE! * values in order to drive desired behaviours and achieve the objectives set out in our balanced scorecard.

The following shows the three main thrusts of our remuneration strategy and how they are implemented within DBS:

Main thrusts	Details
Pay for performance as measured against balanced scorecard	• Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and our annual and long-term business objectives as measured by our balanced scorecard • Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to DBS PRIDE! values, taking into account both "what" and "how" key performance indicators (KPIs) are achieved
Provide market competitive pay	• Benchmark our total compensation against other organisations of similar size and standing in the markets we operate in • Drive performance differentiation by benchmarking total compensation for top performing employees against the upper quartile or higher in each market
Guard against excessive risk-taking	• Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes • Design payout structure to align incentive payments with the long-term performance of the Group through deferral and clawback arrangements • Design sales incentive plans to encourage the right sales behaviour

** Read more on our PRIDE! values on pages 32 and 67.*

2 Summary of current total compensation elements

The table below provides a description of total compensation elements, their purpose and implementation:

Elements	Purpose	Details
Salary	• Attract and retain talent by ensuring our fixed pay is competitive vis-à-vis comparable institutions	• Set at an appropriate level, taking into account market dynamics as well as skills, experience, responsibilities, competencies and performance of the employee • Typically reviewed annually
Cash bonus and deferred awards	• Provide a portion of total compensation that is performance-linked • Focus employees on the achievement of objectives which are aligned to value creation for our shareholders and multiple stakeholders • Align to time horizon of risk	• Based on DBS, business or support unit, and individual performance • Measured against a balanced scorecard which is agreed to at the start of the year • Awards in excess of a certain threshold are subject to a tiered deferral rate that ranges from 20% to 60% with a minimum deferred quantum

Country variations to the threshold and the form of deferrals may apply to address statutory requirements.

3 Determination of variable pay pool

The variable pay pool is derived from a combination of a bottom-up and top-down approach. It is underpinned by our aim to drive a pay-for-performance culture which is aligned to our risk framework.

Process	Details
Determining total variable pay pool	• A function of our overall balanced scorecard and benchmarked against market. This is further calibrated against the following prisms: – Risk adjustment through review of Return on Risk-Adjusted Capital (RoRAC) – Appropriate distribution of surplus earnings (after cost of equity) between employees and shareholders
Allocating pool to business units	• Pool allocation takes into account the relative performance of each unit against their balanced scorecard as evaluated by the CEO • Inputs from control functions such as Audit, Compliance and Risk are sought • Country Heads are also consulted in the allocation process
Determining individual award	• Unit heads cascade their allocated pool to their teams and individuals • Individual variable pay determined based on performance against goals and DBS PRIDE! values

The performance of control functions (Audit, Compliance and Risk) are assessed independently from the business units they support to prevent any conflicts of interests. The remuneration of the Chief Risk Officer (CRO) and Group Head of Audit are endorsed by the Chairman of Board Risk Management Committee and Audit Committee respectively and subsequently approved by the Board.

Sales employees are incentivised to promote the development of mutually beneficial long-term relationships with their customers, rather than a sole focus on short-term gains. Non-financial metrics such as customer satisfaction and compliance with fair dealing principles are incorporated into their KPIs. In 2019, we implemented deferral of sales incentives in the form of DBSH shares when such sales incentives exceeded a certain threshold.

4 Deferred remuneration

Plan objectives	Details
• Foster a culture that aligns employees' interests with shareholders • Enable employees to share in DBS' performance • Help in talent retention	• Deferred remuneration is paid in restricted shares (DBSH Share Plan) and comprises two elements: the main award and retention award • The retention award constitutes 20% of the shares given in the main award and is designed to retain talent and compensate staff for the time value of deferral • Deferred awards vest over four years, and will lapse immediately upon termination of employment (including resignation) except in the event of ill health, injury, disability, redundancy, retirement or death • Special Award is sometimes awarded as part of talent retention

Vesting schedule	Malus of unvested awards and clawback of vested awards
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	Malus and/ or clawback will be triggered by • Material violation of risk limits • Material losses due to negligent risk-taking or inappropriate individual behaviour • Material restatement of DBS' financials due to inaccurate performance measures • Misconduct or fraud Vested and unvested awards are subject to clawback within seven years from the date of grant

Employees on sales incentive plans whose incentives exceed a certain threshold are also subject to deferrals which vest over 3 years and a 15% retention award.

Read more about the Share Plan on page 106.

5 Summary of 2019 remuneration outcomes

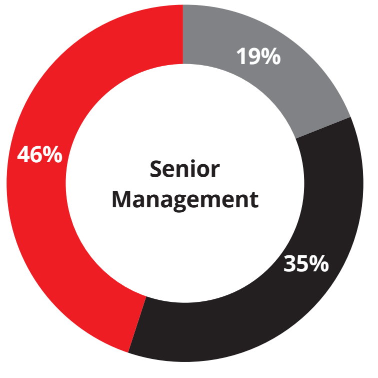
Our remuneration is linked to how we perform against our balanced scorecard (see pages 26 to 33) which is aligned to long-term value creation for our stakeholders in a sustainable way (see pages 66 to 67). Based on our improved balanced scorecard, our variable pay pool was better than the previous year. The Compensation and Management Development committee (CMDC) evaluated and approved the variable pay pool which was subsequently endorsed by the Board of Directors (Board).

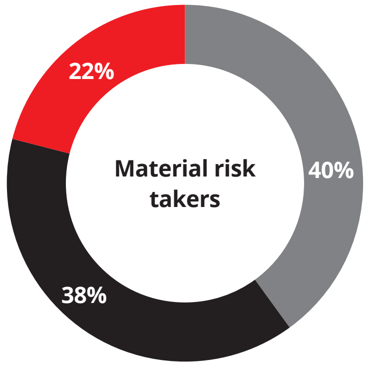
We used salary surveys conducted by an external compensation consultant, McLagan, as references for employee salary benchmarking purposes. McLagan and its consultants are independent and not related to us or any of our Directors.

Senior management and material risk takers

In line with the principles set out by FSB, a substantial portion of remuneration (more than 50%) for our Senior Management as well as material risk takers (i.e. other employees whose actions have a material impact on the risk exposure of the bank) are variable. The variable remuneration in excess of a certain threshold are subject to deferral, thus ensuring alignment to the time horizon of risks.

The following charts show the mix of fixed and variable pay for both groups for performance year 2019:





Note:
We do not provide any other forms of fixed and variable remuneration aside from those disclosed in this section

● *Fixed pay*
● *Variable pay-cash*
● *Variable pay-deferred shares and/ or deferred cash (including retention awards)*

Our Senior Management's aggregate total remuneration in 2019 amounted to SGD 73.5 million, including the CEO's remuneration of SGD 12.1 million. Excluding the CEO's remuneration which has been separately disclosed, the average increase in total remuneration of the Senior Management who were members of the Group Management Committee for both 2018 and 2019 was 6.6%.

While corporate governance guidelines recommend that at least the top five key executives' remuneration be disclosed, the Board believes that it would be disadvantageous for us to do so because of the constant battle for talent in a highly competitive industry. This is consistent with banking industry practice in the local market. However, we do provide additional information on the average increase in remuneration of our Senior Management in the year as detailed above.

Breakdown of deferred remuneration awards

Category	Senior Management (1)	Material Risk Takers (2)
Total outstanding deferred remuneration(3):		
Cash	0.4%	
Shares and share-linked instruments	99.6%	
Other forms of remuneration	–	
Total	**100.0%**	
Outstanding deferred and retained remuneration(3) (4):		
Of which exposed to ex-post adjustments		
Cash	0.4%	
Shares and share-linked instruments	99.6%	
Other forms of remuneration	–	
Total	**100.0%**	
Total amendment during the year due to ex-post explicit adjustments(5):		
Cash	–	–
Shares and share-linked instruments	–	–
Other forms of remuneration	–	–
Total	–	–
Total amendment during the year due to ex-post implicit adjustments(5):		
Cash	–	–
Shares and share-linked instruments(6)	(8.3)%	(4.1)%
Other forms of remuneration	–	–
Total	**(8.3)%**	**(4.1)%**
Total deferred remuneration paid out in the financial year:	**30.5%**	**31.4%**
Headcount	**21**	**227**

(1) Senior Management (SM) is defined as the CEO and members of the Group Management Committee who have the authority and responsibility for DBS' overall direction and executing to strategy
(2) Material risk takers (MRTs) are defined as employees whose duties require them to take on material risk on our behalf in the course of their work. These can be either individual employees or a group of employees who may not pose a risk to DBS' financial soundness on an individual basis, but may present a material risk collectively
(3) Due to data confidentiality, the total amount of deferred and retained remuneration for SM and MRTs have been aggregated for reporting
(4) Retained remuneration refers to shares or share-linked instruments that are subject to a retention period under a share retention policy
(5) Examples of explicit ex-post adjustments include malus, clawbacks or similar reversal or downward revaluations of awards. Examples of implicit ex-post adjustments include fluctuations in the value of DBSH ordinary shares or performance units
(6) [No. of unvested DBSH ordinary shares as at 31 Dec 19 x share price as at 31 Dec 19] / [No. of unvested DBSH ordinary shares as at 31 Dec 18 x share price as at 31 Dec 18] -1

Guaranteed bonuses, sign-on bonuses and severance payments

Category	SM	MRTs
Number of guaranteed bonuses	0	0
Number of sign-on bonuses	8	
Number of severance payments	0	0
Total amounts of above payments made during the Financial Year (SGD '000)	**4,904***	

** Due to data confidentiality, the total amount of payments for SM and MRTs have been aggregated for reporting*

Other provisions
We do not allow accelerated payment of deferred remuneration except in cases such as death in service or where legally required. There are no provisions for:
- Special executive retirement plans;
- Golden parachutes or special executive severance packages; and/or
- Guaranteed bonuses beyond one year.

Chief Executive Officer

Since becoming CEO in November 2009, Piyush Gupta has built DBS into an Asia banking leader with growing global stature. In a feat unmatched by other banks globally, DBS became the first bank to concurrently hold three global best bank awards. This was achieved after we were named "World's Best Bank" by leading global financial publication Euromoney, and comes on the back of two other global wins in 2018, when we were recognised as being the best globally by Global Finance and The Banker. In 2019, Harvard Business Review also featured DBS among the top 10 most successful business transformations of the decade, with the likes of Netflix, Amazon, Microsoft and Alibaba.

The successive recognitions, which place DBS firmly in the global league, underscore Piyush's visionary leadership over the past 10 years, with DBS being progressively transformed, first into an Asian banking powerhouse, and then a digital leader. Over this period, DBS' total income has more than doubled, net profit has tripled, and market capitalisation has nearly doubled. In recognition of his outstanding contributions in the last decade, in November 2019, the Board granted a one-time special recognition award of 80,000 shares*, subject to DBS' usual four-year vesting period.

The bank continued to deliver exceptional results in 2019 as well. Total income grew by 10% and net profit by 14%, with a record ROE of 13.2%. Details of the performance against the balanced scorecard are available on pages 26 to 33.

In recognition of Mr Gupta's 2019 performance, his present-year remuneration is:

Breakdown of remuneration for performance year 2019 (1 January – 31 December)

	Salary remuneration SGD	Cash bonus(1) SGD	Share Plan(2) SGD	Others(3) SGD	Total (4) SGD
Mr Piyush Gupta	**1,200,000**	**4,585,000**	**6,265,000**	**76,542**	**12,126,542**

(1) The amount has been accrued in 2019 financial statements
(2) At DBS, ordinary dividends on unvested shares do not accrue to employees. For better comparability with other listed companies, this figure excludes the estimated value of retention shares amounting to SGD 1,253,000, which serve as a retention tool and compensate staff for the time value of deferral. This is also similar in nature to practices in those companies which provide accrual of dividends for deferred awards
(3) Represents non-cash component and comprises club, car and driver
(4) Refers to current year performance remuneration – includes fixed pay in current year, cash bonus received in following year and DBSH ordinary shares granted in following year

** This figure excludes the number of retention shares amounting to 16,000 (see footnote 2 on explanation)*

How we create value – our business model

Our business model seeks to create value for stakeholders in a sustainable way.

Our strategy is clear and simple. It defines the businesses that we will do and will not do. We use our resources to build competitive advantages. We have put in place a governance framework to ensure effective execution and risk management. Further, we have a balanced scorecard to measure our performance and align compensation to desired behaviours.

Read more about how we use our resources on pages 68 to 69.

Our resources

- Brand
- Customer relationships
- Intellectual capital
- Employees
- Financial
- Physical infrastructure
- Natural resources
- Societal relationships

How we create value

Our strategy

Our strategy

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

We seek to intermediate trade and capital flows as well as support wealth creation in Asia. Our established and growing presence in Greater China, South Asia and Southeast Asia makes us a compelling Asian bank of choice.

In Singapore, we serve all customer segments. Outside Singapore, we traditionally serve corporates and mass affluent segments. We have begun to engage individuals and SMEs through digital and ecosystem strategies to extend our reach in growth markets.

Making Banking Joyful

We seek to "Make Banking Joyful" by leveraging digital technologies and embedding ourselves seamlessly into our customers' lives to deliver simple, fast and contextual banking solutions offering differentiated customer experiences. We are here for the long term, with a view to enrich lives, transform businesses and drive sustainable outcomes.

To achieve this, we are building six key capabilities: leveraging digital for customer acquisition; eliminating paper and driving automation to deliver instant fulfilment; engaging customers digitally; building ecosystem partnerships; becoming a data-driven company and incorporating sustainable principles into our financial products and corporate practices.

Read more about our strategy on pages 8, 18 to 41.

We periodically review our strategy, taking into account emerging megatrends, the operating environment and what our stakeholders are telling us. These are material matters that can impact our ability to create value.

Read more about our material matters and stakeholder engagement on pages 71 to 75.

Our businesses

We have three core business segments:

- Institutional Banking
- Consumer Banking/ Wealth Management
- Treasury Markets

Read more about our businesses on pages 38, 40 and 180.

Differentiating ourselves

Banking the Asian Way

We marry the professionalism of a best-in-class bank with an understanding of Asia's cultural nuances.

Asian relationships

We recognise that relationships have swings and roundabouts and stay by our clients through down cycles.

Asian service

Our service ethos is to be Respectful, Easy to deal with and Dependable.

Asian insights

We know Asia better; we provide unique Asian insights and create bespoke Asian products.

Asian innovation

We constantly innovate new ways of banking as we strive to make banking faster and simpler, while delivering contextualised and relevant Asian products and services.

Asian connectivity

We work in a collaborative manner across geographies and businesses, supporting our customers as they expand across Asia.

Technology and infrastructure

Over the years, we have invested in our people and skills, and rearchitected our technological backbone to be digital to the core (i.e. microservices, cloud-native, resilient and scalable).

To further think and behave like big technology companies where we can respond to rapidly changing consumer demands with agility and scale, we have re-engineered our business and technology towards a platform operating model where business and technology work together with shared KPIs in an agile manner.

In addition, we have embraced design thinking to deliver customer-centric front-end applications.

Nimbleness and agility

We are of a "goldilocks" size – big enough to have meaningful scale yet nimble enough to quickly act on opportunities. We are re-wiring the organisation to create a startup culture. This allows us to embed customer centricity and drive internal collaboration by embracing experimentation, entrepreneurship and innovation.

Governing ourselves

Competent leadership

A strong, well-informed and fully engaged board provides strategic direction to management. Management executes on strategy and drives performance and organisational synergies. A matrix reporting structure drives joint ownership between regional function heads and local country heads.

Read more about our leaders on pages 4 to 7.

Our PRIDE! values

Our PRIDE! values of Purpose-driven, Relationship-led, Innovative, Decisive and Everything Fun! define what we stand for, and anchor how we do business and work with one another.

We have translated these values into a set of 12 behaviours. These behaviours guide how we do business and how we interact with the community.

Read more about our PRIDE! values on page 32.

Effective internal controls

Our internal controls framework covers financial, operational, compliance and information technology controls, as well as risk management policies and systems.

Three lines of defence guard our operational excellence: identification and management of risks by units, independent oversight exercised by control functions, and independent assurance by Group Audit.

Read more about our internal controls on pages 56 to 59.

Building a sustainable franchise

We aim to build a company that is here for the long term. To do this, we believe in building a culture that is mindful of our risk, compliance, environmental and social responsibilities.

Rooted in our DNA is a role beyond short-term profit maximisation, with a purpose to create social value in innovative ways and playing a part to drive our sustainability agenda.

Read more about our sustainability efforts on pages 100 to 101.

We leveraged technology and data to strengthen and augment our risk management processes and systems. We further created our own data governance framework, implementing clear regulatory, legal and ethical boundaries to ensure that we use data in a respectful and responsible manner.

Read more about our governance efforts on pages 34 to 35.

Measuring ourselves

Balanced scorecard

We use a balanced scorecard approach to assess our performance, track the progress we have made in executing our strategy and determine remuneration.

The scorecard is divided into three parts and is balanced in the following ways:

- Between financial and non-financial performance indicators. Almost one-quarter of the total weighting is focused on control and compliance metrics. We have key performance indicators (KPIs) to track progress made on our digital transformation agenda and the value created from digitalisation
- Across multiple stakeholders
- Between current-year targets and long-term strategic outcomes

The scorecard is updated yearly and approved by the Board before being cascaded throughout the organisation, ensuring that the goals of every business, country and support function are aligned to those of the Group. Performance is assessed against the scorecard to determine remuneration, providing a clear line of sight between employee goals and organisational imperatives. We have achieved a well-established rhythm towards performance monitoring and our rewards are closely linked to scorecard outcomes.

Read more about our balanced scorecard on pages 26 to 33.

Read more about our remuneration policy on pages 61 to 65.

Our stakeholders

- Shareholders
- Customers
- Employees
- Society
- Regulators and policy makers

How we develop and use our resources

We utilise or enhance our resources to differentiate ourselves and maximise value creation for our stakeholders in the long run. Read more about how we distribute the value created to our stakeholders on page 70.

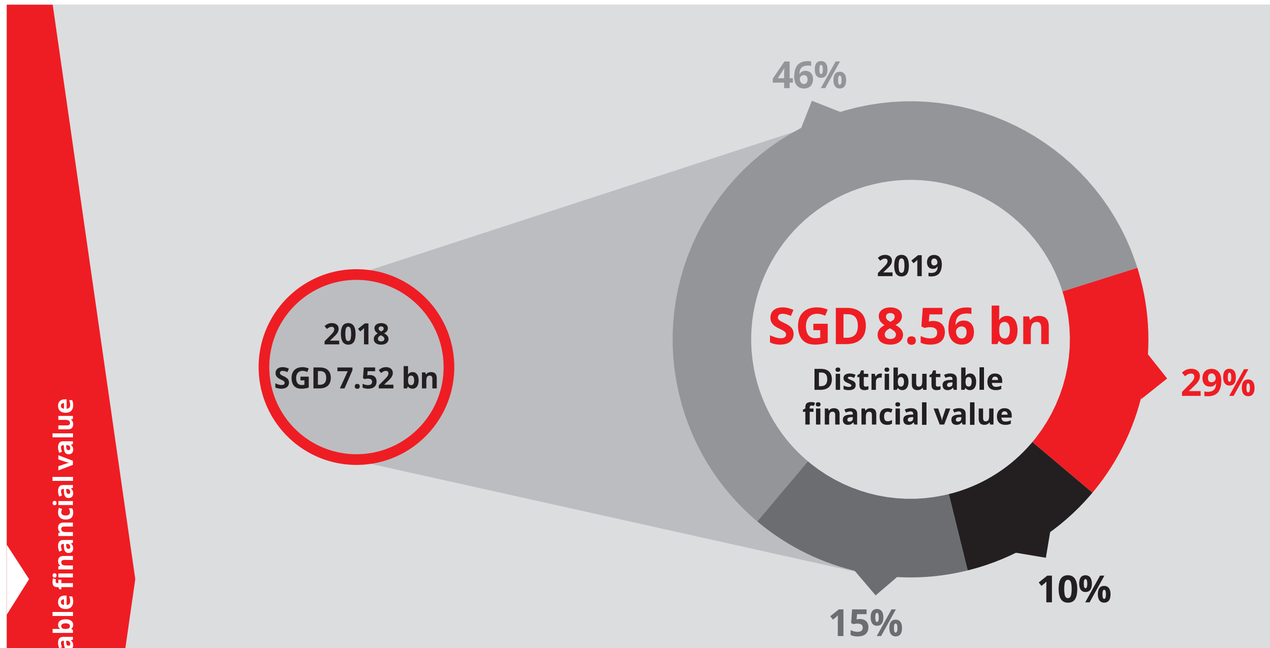
Resources	Indicators	2019	2018	Key highlights
Brand A strong brand is an important business driver and allows us to compete not just locally, but also regionally.	Brand value according to "Brand Finance Banking 500" report	**USD 8.5 bn** as of Feb 2020	**USD 9.0 bn** as at Feb 2019	DBS became the first bank to concurrently hold three global best bank awards, comprising "World's Best Bank" by Euromoney, "Best Bank in the World" by Global Finance and "Bank of the Year – Global" by The Banker. In 2019, Harvard Business Review also featured DBS among the top 10 most successful business transformations of the decade, with the likes of Netflix, Amazon, Microsoft and Alibaba. We remained ASEAN's most valuable bank brand in 2019, based on Brand Finance's Banking 500 2020 annual global ranking. *Read more about this on pages 38 to 43.*
Customer relationships Putting customers at the heart of what we do helps differentiate ourselves in an industry as commoditised as banking, enabling us to build lasting relationships and deepen wallet share.	Customers – Institutional Banking – Consumer Banking/ Wealth Management Customer engagement measures[1] (1=worst, 5=best) – Wealth Management – Consumer Banking – SME Banking – Large corporates market penetration ranking (Only Asian bank in top 5)	**> 240,000** **> 10.8 m** **4.25** **4.23** **4.30** **4th**	**> 200,000** **> 10.0 m** **4.29** **4.21** **4.27** **4th**	In 2019, we grew our institutional banking base in our key markets, including Singapore and India. For consumer banking, we grew our base with digibank in India and Indonesia, and onboarded partners to enhance our customer value proposition and accelerate business growth. We maintained strong customer engagement scores across segments, and remain committed to improving customer journeys. *Read more about this on pages 38 to 43.*
Intellectual capital One key type of intellectual capital pertains to how we digitalise our business. Our digital transformation encompasses technology, customer journey thinking and a startup culture.	Number of data and analytics experts Number of software engineers Number of external APIs Digital connectivity – Digital customers[2] (consumer and SME businesses) in Singapore and Hong Kong – Digibank customers in India and Indonesia (since launch) – Channel share of wealth customers acquired digitally	**> 700** **> 5,900** **> 500** **3.3 m** **3.25 m** **52%**	**> 500** **> 4,700** **> 350** **2.9 m** **2.70 m** **38%**	We developed and launched DBS MAX, a seamless and instant payment collection solution for our merchants across Singapore, Hong Kong and India. In addition, we developed DBS IDEAL RAPID to integrate real-time processing and facilitate business transactions within customers' ecosystems. Digital connectivity increased the customers base in Singapore and Hong Kong and enabled us to expand in India and Indonesia. *Read more about this on page 22 and pages 29 to 31.*
Employees An agile and engaged workforce enables us to be nimble and react quickly to opportunities.	Employees Employee engagement score Voluntary attrition rate Training hours per employee	**28,526** **83%** **13%** **38.7**	**26,857** **82%** **15%** **36.6**	We continued to place employee development as our key priority through heavy investment in upskilling and reskilling of every employee. In 2019, we launched "Be My Guest" where an employee can sign up to join another department's offsite, townhall, meeting, or cross-shadow a senior leader to understand a day in the life of someone. We strengthened the bank's culture through refreshed PRIDE! behaviours. A dual-rating system was introduced to emphasise the "how", in addition to the "what" in employees' performance reviews. "Anytime Feedback" was also launched to drive a culture of openness and continuous improvement in every employee. *Read more about "Talent management and retention" in the Sustainability Report.*

Resources	Indicators	2019	2018	Key highlights
Financial Our strong capital base and diversified funding sources allow us to support our customers through good and bad times, and enable us to provide banking solutions competitively.	Shareholders' funds Customer deposits Wholesale funding	**SGD 51 bn** **SGD 404 bn** **SGD 57 bn**	**SGD 49 bn** **SGD 394 bn** **SGD 46 bn**	Our shareholders' funds continued to grow from retained earnings. We also grew our customer deposits and diversified wholesale funding sources. *Read more about this on page 20.*
Physical Infrastructure Our best-in-class technology and physical infrastructure allow us to be nimble and resilient.	Cumulative expenditure in technology – rolling four years – Building for digital[3]	**SGD 4.4 bn** **SGD 1.9 bn**	**SGD 4.3 bn** **SGD 1.8 bn**	Over the past years, we invested in our technology platforms to become digital to the core. *Read more about this on pages 14 to 15.*
Natural Resources We impact the natural environment directly in our operations, as well as indirectly through our customers and suppliers.	Electricity generated from installed solar panels (MWh) Volume of renewable energy certificates (RECs) purchased (MWh) Value of green loans, renewable and clean energy-related loans	**582** **14,000** **SGD 3.8 bn**	**462** **13,574** **SGD 2.5 bn**	This year, we installed new solar arrays with capacity of more than 57 kWp on branches in Indonesia and Taiwan. We provided green loans, renewable and clean energy-related loans to our customers and supported them to improve environmental performance. ***Read more about "Responsible financing" and "Managing our environmental footprint" in the Sustainability Report.***
Societal relationships We recognise that not all returns can be found in financial statements and our licence to operate comes from society at large.	Customers under Social Enterprise Package Value of social enterprise grants awarded Number of social enterprises nurtured Number of Social Impact Prize awarded Employee volunteering hours	**597** **SGD 1.30 m** **> 100** **8** **88,000**	**534** **SGD 1.25 m** **> 40** **N.A** **65,000**	We were named the inaugural winner of the "Social Enterprise Champion of the Year (Corporation)" award at the President's Challenge Social Enterprise Awards 2019 in Singapore. Through the DBS Foundation, we continued to advocate, nurture and integrate social enterprises into the operations and culture of the bank. We helped address their business challenges and grow their creative ventures into innovative and sustainable businesses. Our inaugural Social Impact Prize was awarded to innovative business plans/ startups/ early-stage ventures that address pertinent social challenges. We continued to focus employees' volunteering efforts on key areas of elderly, education and environment. ***Read more about "Social entrepreneurship" and "Employee volunteerism" in the Sustainability Report.***

Through the enhancement of our resources, value is created.
We distribute this value to our stakeholders in several ways.
Read more on page 70.

(1) Scale: 1 = worst and 5 = best. Source: Based on Customer Satisfaction Survey conducted by Scorpio Partnership, Ipsos and Qualtrics for Wealth Management, Ipsos and Qualtrics for Consumer Banking, Aon Hewitt for SME banking and Greenwich Associates for large corporates market penetration ranking
(2) A digital customer has either (within the past 12 months); (i) made a product purchase or segment upgrade via a digital channel; (ii) done more than 50% of financial transactions via digital channels; or (iii) done more than 50% of non-financial transactions via digital channels
(3) This relates to technology spend on specific IT initiatives and enhancements, depreciation and new licence costs

How we distribute value created



46%
Shareholders
Dividends paid to ordinary and preference shareholders and holders of perpetual capital securities

29%
Retained earnings
Retained for business growth

10%
Employees
Discretionary bonus paid to employees through variable cash bonus and long-term incentives

15%
Society
Contributions to society through direct and indirect taxes, and community investments including donations, in-kind contributions and associated management costs

We distribute value to our stakeholders in several ways. Some manifest themselves in financial value while others bring about intangible benefits.

We define distributable financial value as net profit before discretionary bonus, taxes (direct and indirect) and community investments. In 2019, the distributable financial value amounted to SGD 8.56 billion (2018: SGD 7.52 billion).

In addition, we distribute non-financial value to our stakeholders in the following ways.

Customers

Delivering suitable products in an innovative, easily accessible and responsible way.

Read more about this on pages 38 to 43.

Employees

Training, enhanced learning experiences as well as health and other benefits for our employees.

Read more about "Talent management and retention" in the Sustainability Report.

Society

Supporting social enterprises, promoting financial inclusion, investing in and implementing environmentally-friendly practices.

Read more about "Social entrepreneurship" in the Sustainability Report.

Regulators

Active engagement with local and global regulators and policy makers on reforms and new initiatives that help to maintain the integrity of the banking industry.

Read more about this on page 74.

Material matters

Identify

We identify matters that may impact the execution of our strategy. This is a group-wide effort taking into account input from all business and support units, and incorporating feedback from stakeholders.

Read more about our stakeholder engagement on pages 74 to 75.

Prioritise

From the list of identified matters, we prioritise those that most significantly impact our ability to successfully execute our strategy in delivering long-term value and influencing the decisions of key stakeholders.

Integrate

Those matters that are material to value creation are integrated into our balanced scorecard, which is used to set objectives, drive behaviours, measure performance and determine the remuneration of our people.

Read more about our balanced scorecard on page 26.

Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and senior management steer the bank.

We review material matters annually for relevance and prioritisation.

This year, we elevated the materiality for "Climate change", "Responsible financing", "Preventing financial crime", "Talent management and retention", "Data governance" and "Cyber security". The elevation reflected increased attention from stakeholders, as well as our expanded efforts to create value in these same matters.

Read more about material ESG matters in the Sustainability Report.

Materiality matrix

Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Macroeconomic, geopolitical and demographic trends	The impact of US-China tensions, a global synchronised slowdown, and a declining interest rate environment on banks.	Asia's fundamentals – growing affluence, urbanisation, consumption and infrastructure investments support long-term prospects for banks.	Our broad-based franchise, shift towards higher-returns businesses, nimble execution and strong balance sheet will enable us to continue mitigating risks and capturing regional opportunities. *Read more in "CEO reflections" on page 18.*
Cyber security	The prevalent threat of cyber attacks on financial institutions remains one of our top concerns.	A cyber security strategy that is defined and executed well gives confidence to customers and can differentiate us.	*Read more in "CRO statement" on page 34 and "Cyber security" in the Sustainability Report.*
Digital transformation and changing consumer behaviour	Technology and mobility are increasingly shaping consumer behaviour. Additionally, non-financial organisations can obtain digital banking licences, gaining access to customers previously serviced by banks.	The ability to upgrade our infrastructure and technology prevents us from losing relevance. A successful digital transformation will allow us to respond and innovate quickly to deliver simple, fast and contextual banking to our customers. This will help us protect our position in key markets as well as extend our reach into emerging markets.	*Read more in "Institutional banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.*
Data governance	The increasing intensification of data collection and data use trends have cultivated deeper sensitivities to data governance and data use.	We build customers' confidence and trust through our strong focus in corporate governance around the responsible use of data. It is aligned to our PURE principles (Purposeful, Unsurprising, Respectful and Explainable).	*Read more about "Data governance" in the Sustainability Report.*
Preventing financial crime	Financial crime gives rise to regulatory and reputation risk. The hefty fines and severe penalties would impact business operations.	Our strong controls around KYC, and the use of data analytics, strengthen our capabilities to combat financial crime. These create an effective risk and control approach, differentiating us from our peers.	*Read more in "CRO statement" on page 34 and "Preventing financial crime" in the Sustainability Report.*
Responsible financing	Our financing assimilates environmental, social and governance (ESG) risks to promote sustainable economic growth and our long-term stability. Failure to do so may give rise to credit and reputational risks. Societal expectations demand that banks lend to appropriate and responsible corporate activities that help address the global ESG challenges we face.	Investors are attracted to financial institutions with strong responsible financing practices. They favour those with a good ESG track record and contribute to sustainable development.	*Read more about "Responsible financing" in the Sustainability Report.*
Climate change	In the Intergovernmental Panel on Climate Change (IPCC) special report, climate change poses an increasing threat to mankind and the global economy. Transitioning to a low-carbon economy may entail extensive policy, legal, technology and market changes. Physical risks such as frequent or severe weather events may also give rise to credit, operational and reputational risks.	Banks can play a vital role in financing new or changing business models to help manage climate risk. Opportunities include areas such as energy efficiency, adoption of low-emission energy sources, building resilience along supply chains and others.	Climate change is a wide topic addressed in various parts of our business. *Read more about "Climate change", "Managing our environmental footprint", "Responsible financing" and "Sustainable procurement" in the Sustainability Report.*
Transparency	Calls for more transparency in disclosure have been made to promote good governance, trust and decision-making.	We continue to embrace best practices in the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore and recommendations by Task Force on Climate-related Financial Disclosures (TCFD).	*Read more about "Corporate governance" on page 44 and "Climate change" in the Sustainability Report.*
Talent management and retention	Attracting and retaining talent is crucial to our succession planning and expansion into new areas. In this digital age, employees upskill and reskill to continue contributing to the future of banking.	With our strong human capital practices, we are well-poised to upskill and reskill our employees to ensure that they are resilient and equipped for work of the future. Our strong organisation culture and compelling employee value proposition enable us to continue attracting and retaining good talent for the bank.	*Read more about "Talent management and retention" in the Sustainability Report.*
Financial inclusion	While Asia's rapid economic growth and development have led to an improvement in living standards across the region, certain marginalised segments remain underserved in financial services. Developing niche products for such segments may come at relatively high operating and credit costs for banks and erode shareholder value.	With technological advancements and targeted partnerships, we see opportunities to reduce operating costs and develop a more inclusive financial system. This aligns with our digital agenda.	*Read more about "Financial inclusion" in the Sustainability Report.*
Fair dealing	Banks are expected to deal honestly, transparently and fairly with customers – concepts which are articulated more explicitly in fair dealing standards. Failure to observe such standards gives rise to compliance and reputational risks and erodes the trust of stakeholders.	Customers are more likely to do business with us if they trust that we are fair and transparent.	*Read more about "Fair dealing" in the Sustainability Report.*
Evolving regulatory and reporting landscape	The evolving regulatory and reporting landscape – including Basel reforms, financial crime risks (encompassing money laundering and sanction risks), data privacy, cyber security and conduct legislation – may affect banks' existing business models and give rise to compliance and reputational risks.	With capital well above regulatory requirements, we are in a strong position to serve existing and new customers. We also have greater flexibility for capital and liquidity planning. As a leading bank in our markets, we are well-positioned to provide appropriate and timely responses to regulators and policy makers on regulatory requirements.	*Read more in "CFO statement" on page 20, "CRO statement" on page 34 and "Capital management and planning" on page 95.*

What our stakeholders are telling us

Dialogue and collaboration with our key stakeholders provide insights into matters of relevance to them.

Our key stakeholders are those who most materially impact our strategy or are directly impacted by it. They comprise our shareholders, customers, employees, society, regulators and policy makers.

Engagement with stakeholders provides us with an understanding of the matters they are most concerned with. These matters help us define our strategic priorities and guide our initiatives.

	Shareholders We provide timely and detailed disclosures for investors to make informed investment decisions on DBS. We also seek their perspectives on our financial performance and strategy.	**Customers** We interact with customers to better understand their requirements so that we can propose the right financial solutions for them.	**Employees** We communicate with our employees using multiple channels to ensure they are aligned with our strategic priorities. This also allows us to be up to date with their concerns.	**Society** We engage the community to better understand the role we can play to address the needs of society.	**Regulators and policy makers** We strive to be a good corporate citizen and long-term participant in our markets by providing input to and implementing public policies. More broadly, we seek to be a strong representative voice for Asia in industry and global forums.
How did we engage?	• Quarterly results briefings • One-on-one and group meetings with more than 600 investors • Investor roadshows and conferences	• Multiple channels including digital banking, call centres and branches • One-on-one interactions with relationship managers and senior management • Active interaction and prompt follow-up to queries/ feedback received via social media such as Facebook, LinkedIn and Twitter • Regular customer engagement and satisfaction surveys • Engagement of customers through customer journey workshops and customer immersions	• "DBS Open" – quarterly group-wide townhalls hosted by CEO Piyush Gupta • "Tell Piyush" – an online forum where employees can freely share their feedback and post their questions to the CEO • Regular department townhalls and events held by senior management to engage their teams on business plans, performance goals and other areas of interest • Different channels for employees to reach out to HR to provide feedback or ask questions • Annual employee engagement survey	• Meetings with social enterprises (SEs) to discuss their progress, share experiences, and understand their specific challenges • Community partners/ social service agencies were engaged to understand concerns from ground up, such as the challenges our beneficiaries – the elderly, underprivileged and disadvantaged – face and areas where we can effectively support them • Connecting to government bodies and associations including Singapore Centre for Social Enterprise, Community Chest as well as networks such as Asian Venture and Philanthropy Network and UN Global Compact to continue dialogue, engagement and support where necessary • Strong partnerships with academic institutions like Singapore Management University – Institute of Innovation and Entrepreneurship and Lien Centre for Social Innovation to support tackling real-world sustainability challenges • Being the "People's Bank", POSB plays an active role in engaging the community within our neighbourhoods and partnering with various agencies such as Community Development Councils, Infocomm Media Development Authority (IMDA) and the People's Association to make a difference in society at large	• Meetings/ consultations with governments, regulators and public policy agencies, led by our country chief executives • Advising public policy agencies, including IMDA, with CEO Piyush Gupta as a council member to the Advisory Council on the Ethical Use of Artificial Intelligence and Data • Providing data and thought leadership in support of regulators' efforts towards ensuring financial stability • Active participation in international industry forums on financial regulation
What were the key topics raised and feedback received?	1. Impact of macroeconomic headwinds and geopolitical uncertainty on our performance and ROE 2. Outlook for dividends 3. Updates on digitalisation and our broader strategy 4. Progress on our sustainability agenda	1. Through different feedback channels, customers provided insights on how we could make banking simpler, faster and more seamless 2. Positive feedback on how we delivered our products and services to customers – particularly via our people channels such as branches, Relationship Managers and Treasures Centres	1. In 2019, 365 questions and comments covering topics such as overall corporate strategy and business, culture, technology and workplace management, employee benefits and welfare, and customer experience, were raised by employees through "Tell Piyush" 2. In our employee engagement survey, we scored very well on "Customer Focus", "Learning and Development", "Risk and Control Culture" and "Diversity and Inclusion". Comparatively, we scored higher than APAC Best Employers for "Learning and Development", "Risk and Control Culture" and "Diversity and Inclusion. We can improve in "Enabling Productivity" and "Rewards and Recognition"	1. Increased focus on sustainability and climate change matters – the public is demanding that banks exert greater influence on their customers and employees to act responsibly in environmental, social and governance matters 2. As the world digitises, segments of the elderly population have expressed the need for digital literacy education 3. SEs continued to face challenges such as the lack of funding, commercial and operations expertise. They expressed the need for targeted training to grow their talent management, digital and traditional marketing as well as financial and data management capabilities 4. The landscape of SEs is in different stages of growth – from ideation, prototyping, revenue generating, profit making and scaling. Each stage has its unique challenges and developmental needs	1. During the year, key regulatory and reporting issues surrounding the banking industry included: • Preventing financial crime • Cyber security • Data governance and data privacy • Fair dealing and conduct
How did we respond?	1. We provided detailed disclosures and commentary on our financial performance and earnings outlook. 2. We affirmed our policy of paying sustainable and progressive dividends. 3. The progress of our digitalisation agenda was disclosed and we affirmed its primacy in our growth strategy. 4. We sought feedback on our Sustainability Report published last year. We also described our progress in embedding sustainability principles into our business practices. ***Read more in "CFO statement" on page 20 and "Sustainability overview" in the Sustainability Report.***	1. We continued to incorporate the voice of customers in the design of our products and services, enabling us to deliver better customer experience. 2. Positive feedback affirmed our PRIDE! values in shaping the way we do business and work with each other. ***Read more in "Institutional Banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.***	1. Piyush personally responded to all the questions and comments raised on "Tell Piyush" to address employees' concerns. Where applicable, issues or suggestions were directed to relevant departments for follow-up. 2. There are follow-ups to our annual employee engagement survey. Results are analysed at group, business unit, support unit and country levels, with respective teams addressing areas that can be improved upon. In 2019, we invested significant resources in strengthening managerial capabilities through an in-house development programme, managerial diagnostics and new feedback mechanisms. We continued to strengthen the bank's culture by refreshing our PRIDE! behavioural descriptors, and emphasising them in our performance and development review for all employees. ***Read more about "Talent management and retention" in the Sustainability Report.***	1. Our award-winning mini-series Sparks (second season) was inspired by true stories of SEs and was aired across various digital channels. Since the launch, it garnered over 144 million views across the region. The series advocates that people reduce plastic pollution, and be more inclusive of marginalised populations, among others. We continued to promote the message of "Recycle more, Waste less" through campaigns in leading dailies and on digital channels. 2. In the POSB Active Neighbours programme, seniors are appointed as "digital ambassadors" who proactively share tips and information on digital banking at the bank's branches and events. In 2019, two of our digital ambassadors were appointed by the IMDA as Silver Infocomm Wellness Ambassadors. Our "People of Purpose" volunteering programmes, focused on the elderly, education and environment protection, were designed and executed by our employees to address the concerns of our beneficiaries. 3. DBS Foundation shaped its signature SE Grants programme to scale up SEs' businesses and impact. Additionally, we supported early stage enterprises who are in the ideation and prototyping stage with Social Impact Prizes which attend to their immediate growth needs. Through these two programmes, we are able to support SEs across different stages of growth. 4. We continued to conduct masterclasses and clinics for SEs in areas such as data analytics, innovation, digital marketing and HR. Our "Done-in-a-Day" programme brings SEs and skills-based employees together to solve business challenges together. The insights garnered, advice and strategic support provided were greatly valued by the participating SEs. ***Read more about "POSB" on page 42, "Social entrepreneurship" and "Employee volunteerism" in the Sustainability Report.***	1. DBS remains the only bank in Singapore to be certified with the IMDA Data Protection Trustmark (DPTM). We are actively participating in IMDA's outreach to promote DPTM, including hosting industry sessions to share our certification journey. We also continued to lead discussions on developing digital ecosystems for our clients, enhancing our governance framework, and using data and analytics to improve financial crime risk management. We contributed timely responses to consultations and sponsored ongoing technological initiatives in the fintech and regtech sectors. ***Read more about "Risk management" on page 76, "Preventing financial crime" and "Fair dealing" in the Sustainability Report.***

Risk management

The sections marked by a grey line in the left margin form part of the Group's audited financial statements. Please refer to Pillar 3 and Other Regulatory Disclosures for other risk disclosures.

1 Risk overview

Business and strategic risk

Overarching risk arising from adverse business and economic changes materially affect DBS' long-term objectives. This risk is managed separately under other governance processes.

Read more about this on page 71.

Credit risk

Risk arising from borrowers or counterparties failing to meet their debt or contractual obligations.

Read more about this on page 79.

Market risk

Risk arising from adverse changes in interest rates, foreign exchange rates, equity prices, credit spreads and commodity prices, as well as related factors.

Read more about this on page 86.

Liquidity risk

Risk that arises if DBS is unable to meet financial obligations when they are due.

Read more about this on page 88.

Operational risk

Risk arising from inadequate or failed internal processes, people or systems, or from external events. It includes legal risk, but excludes strategic and reputational risk.

Read more about this on page 92.

Reputational risk

Risk that arises if our shareholder value (including earnings and capital) is adversely affected by any negative stakeholder perception of DBS' image. This influences our ability to establish new relationships or services, service existing relationships and have continued access to sources of funding. Reputational risk usually occurs when the other risks are poorly managed.

Read more about this on page 94.

2 Risk-taking and our business segments

As we focus on Asia's markets, we are exposed to concentration risks within the region. We manage this by diversifying our risks across industries and individual exposures. In addition, DBS relies on the specialist knowledge of our regional markets and industry segments to effectively assess our risks. The chart below provides an overview of the risks arising from our business segments. The asset size of each business segment reflects its contribution to the balance sheet, and the risk-weighted assets (RWA) offer a risk-adjusted perspective.

Refer to Note 45 to the financial statements on page 180 for more information about DBS' business segments

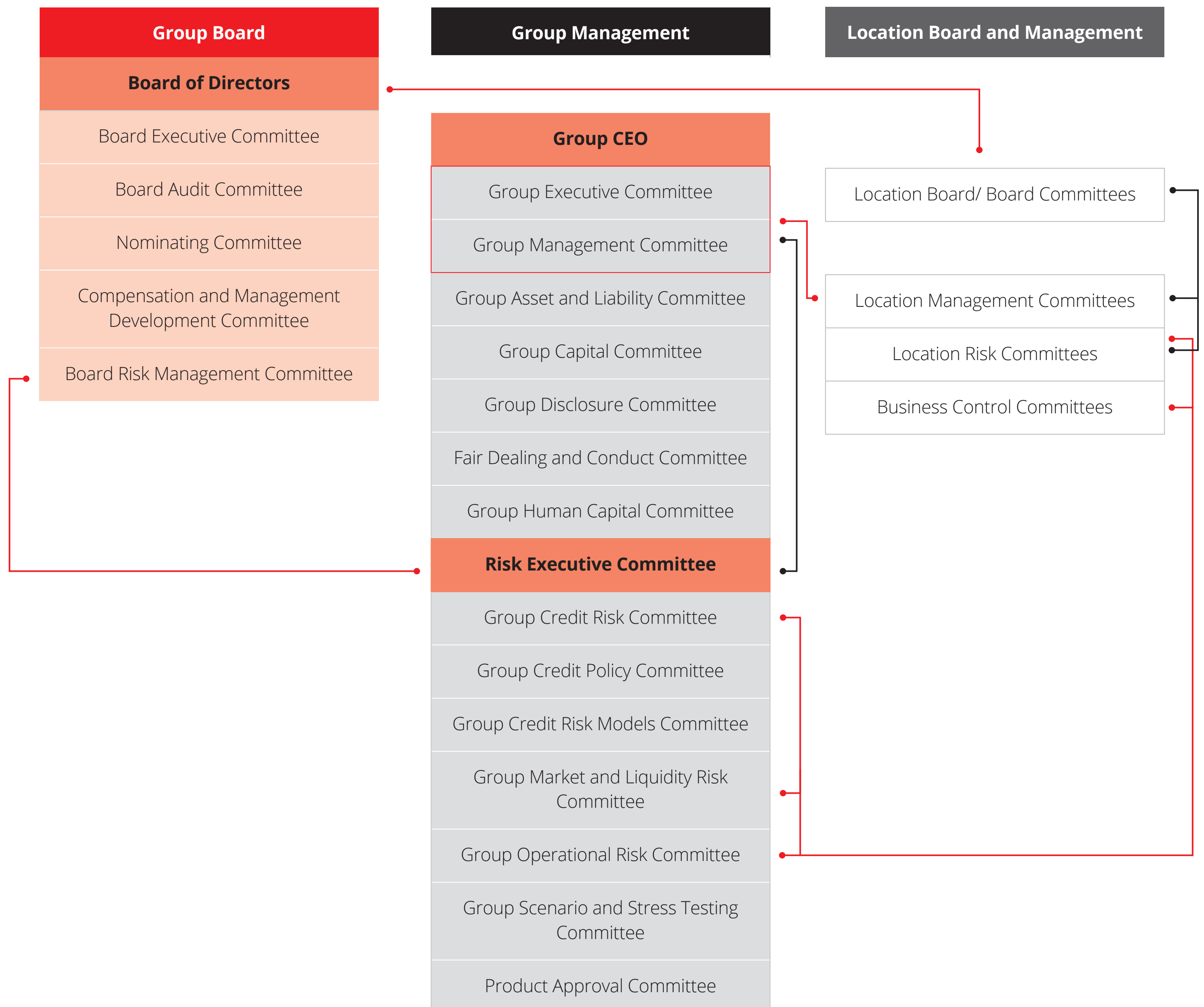
SGD million	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others[(a)]	Group
Assets[(b)]	117,088	278,336	105,538	72,814	573,776
Risk-weighted assets	45,721	191,803	42,837	23,410	303,771
% of RWA	**Consumer Banking/ Wealth Management**	**Institutional Banking**	**Treasury Markets**	**Others[(a)]**	**Group**
Credit risk	82%	94%	40%	72%	83%
Market risk	0%	0%	56%	20%	9%
Operational risk	18%	6%	4%	8%	8%

(a) Encompasses assets/ RWA from capital and balance sheet management, funding and liquidity activities, DBS Vickers Group and The Islamic Bank of Asia Limited
(b) Before goodwill and intangibles

3 Risk governance

The Board oversees DBS' affairs and provides sound leadership for the CEO and management. Authorised by the Board, various Board committees oversee specific responsibilities based on clearly defined terms of reference.

Under our risk management approach, the Board, through the Board Risk Management Committee (BRMC), sets our Risk Appetite, oversees the establishment of enterprise-wide risk management policies and processes, and sets risk appetite limits to guide DBS' risk-taking.



Note: The lines reflect possible escalation protocols and are not reporting lines per se

The BRMC also oversees the identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, the following risk management committees have been established.

Risk management committees	
Risk Executive Committee (Risk EXCO)	As the overall executive body regarding risk matters, the Risk EXCO oversees DBS' risk management as a whole.
Group Credit Risk Committee (GCRC) Group Credit Policy Committee (GCPC) Group Credit Risk Models Committee (GCRMC) Group Market and Liquidity Risk Committee (GMLRC) Group Operational Risk Committee (GORC) Group Scenario and Stress Testing Committee (GSSTC)	Each of the committees reports to the Risk EXCO, and the committees as a whole serve as an executive forum to discuss and implement DBS' risk management. Key responsibilities: • Assess and approve risk-taking activities • Oversee DBS' risk management infrastructure, which includes frameworks, decision criteria, authorities, people, policies, standards, processes, information and systems • Approve risk policies such as model governance standards, stress testing scenarios, and the evaluation and endorsement of risk models • Assess and monitor specific credit concentration • Recommend stress-testing scenarios (including macroeconomic variable projections) and review the results The members in these committees comprise representatives from the Risk Management Group (RMG) as well as key business and support units.
Product Approval Committee (PAC)	The PAC oversees new product approvals, which are vital for mitigating risk within DBS. The committee assesses the reputational risk and suitability of products. In addition, the committee assesses whether we have the appropriate systems to monitor and manage the resulting risks.

Most of the above committees are supported by local risk committees in all major locations, where appropriate. These local risk committees oversee the local risk positions for all businesses and support units, ensuring that they keep within limits set by the Group risk committees. They also approve location-specific risk policies.

The Chief Risk Officer (CRO), who is a member of the Group Executive Committee and reports to the Chairman of the BRMC and the CEO, oversees the risk management function. The CRO is independent of business lines and is actively involved in key decision-making processes. He often engages with regulators to discuss risk matters, enabling a more holistic risk management perspective.

Working closely with the risk and business committees, the CRO is responsible for the following:

- Management of DBS' risks, including systems and processes to identify, approve, measure, monitor, control and report risks
- Engagement with senior management about material matters regarding all risk types
- Development of risk controls and mitigation processes
- Ensuring DBS' risk management is effective, and the Risk Appetite established by the Board is adhered to

4 Risk Appetite

DBS' Risk Appetite is set by the Board and governed by the Risk Appetite Policy. This also serves to reinforce our risk culture through 'tone from the top' articulation of risks that we are willing to accept. A strong organisational risk culture, including an appropriate incentive framework (refer to "Remuneration Report" section on page 61), helps to further embed our Risk Appetite.

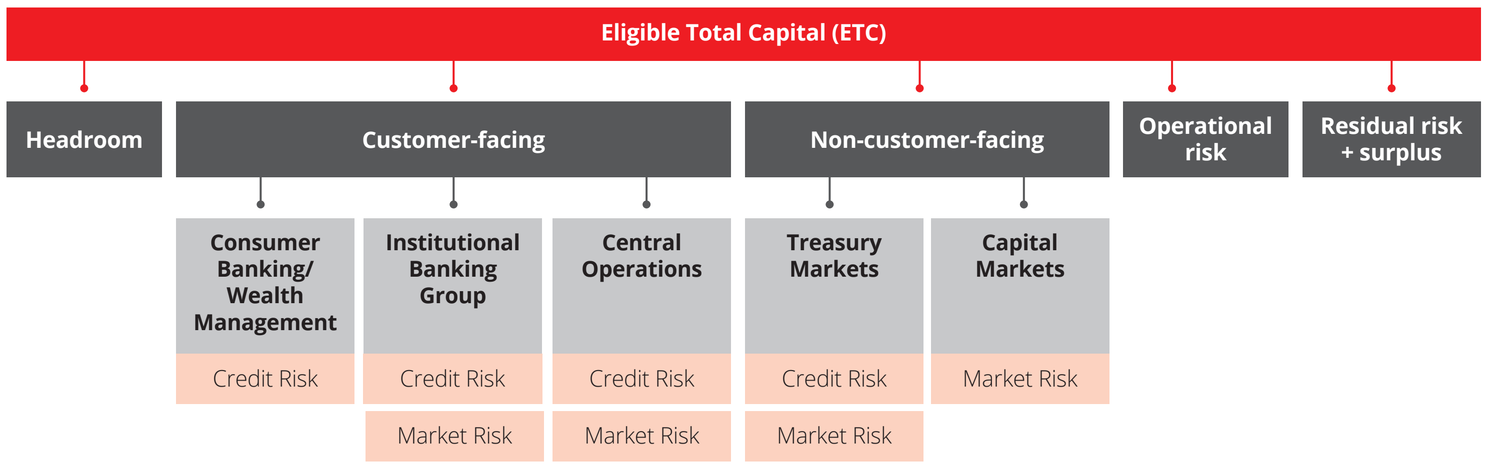
4.1 Risk thresholds and economic capital usage

Our Risk Appetite takes into account a spectrum of risk types and it is implemented using thresholds, policies, processes and controls.

Threshold structures are essential in making DBS' Risk Appetite an intrinsic part of our businesses because they help to keep all our risks within acceptable levels. Portfolio risk limits for the quantifiable risk types reach all parts of DBS from the top down, and these are implemented using formal frameworks. As for the non-quantifiable risk types, these are controlled using qualitative principles.

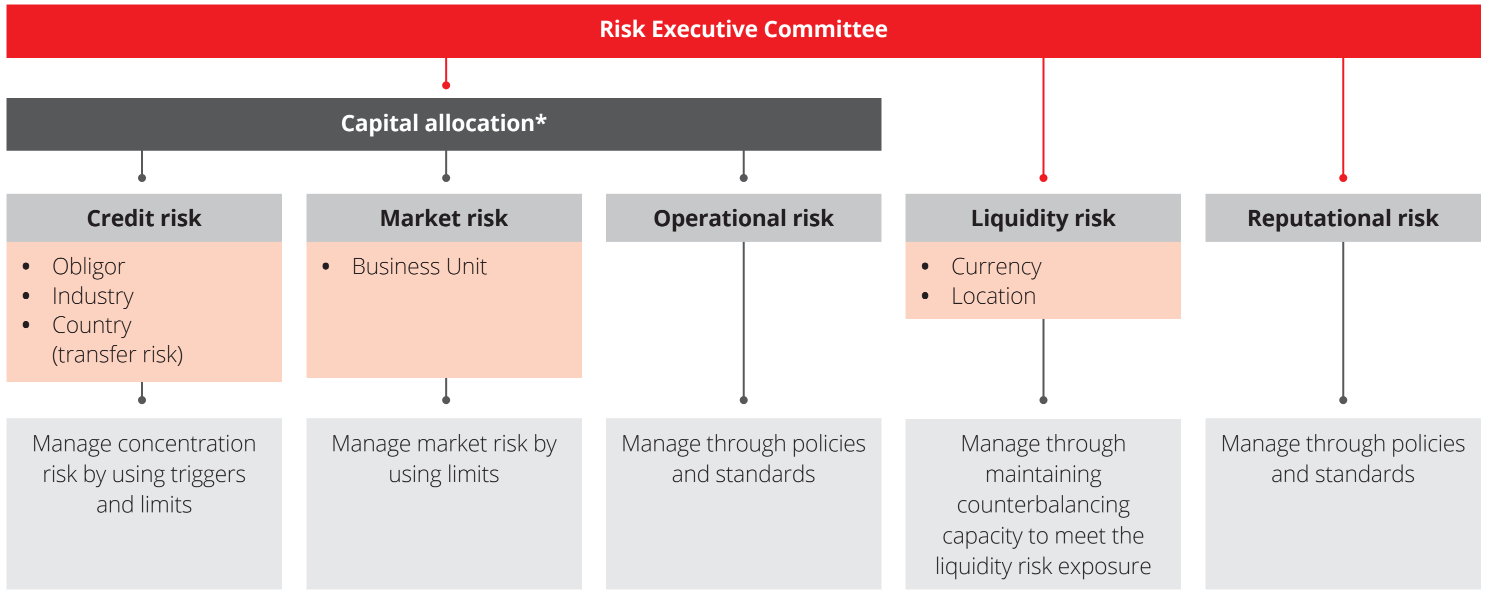
To ensure that the thresholds pertaining to our Risk Appetite are completely risk sensitive, we have adopted economic capital (EC) as our primary risk metric. EC is also a core component in our Internal Capital Adequacy Assessment Process (ICAAP).

Risk Appetite is managed through a capital allocation structure to monitor internal capital demand. The diagram below shows how risk is managed along the dimensions of customer-facing and non-customer-facing units.



As a commercial bank, DBS allocates more EC to our customer-facing units, as compared to non-customer-facing units. A buffer is also maintained for other risks, such as country, reputational, model risks, etc.

The following chart provides a broad overview of how our Risk Appetite permeates throughout DBS. Refer to Sections 5 through 9 for more information about each risk type.



* *Refer to Capital allocation diagram above*

4.2 Stress testing

Stress testing is an integral part of our risk management process. It includes both sensitivity analysis and scenario analysis and is conducted regularly. In particular, the ICAAP (a group-wide exercise spanning risk types) is performed annually. On top of this, additional stress tests are carried out in response to microeconomic and macroeconomic conditions or portfolio developments. Every stress test is documented and the results are discussed at the BRMC.

Stress testing alerts senior management to our potential vulnerability to exceptional but plausible adverse events. As such, stress testing enables us to assess capital adequacy and identify potentially risky portfolio segments as well as inherent systematic risks. This then allows us to develop the right contingency plans, exit strategies and mitigating actions beforehand.

The ICAAP ensures our business plans are consistent with our Risk Appetite. This is done by comparing the projected demand for capital to the projected supply of capital under various scenarios, including severe macroeconomic stress.

5 Credit risk

The most significant measurable risk DBS faces – credit risk – arises from our daily activities in our various businesses. These activities include lending to retail, corporate and institutional customers. It includes the risk of lending, pre-settlement and settlement risk of foreign exchange, derivatives and debt securities.

Refer to Note 42.1 to the financial statements on page 170 for details on DBS' maximum exposure to credit risk.

5.1 Credit risk management at DBS

DBS' approach to credit risk management comprises the following building blocks:

Policies
Risk methodologies
Processes, systems and reports

Policies
The dimensions of credit risk and the scope of its application are defined in the Group Credit Risk Management Policy. Senior management sets the overall direction and policy for managing credit risk at the enterprise level.

The Group Core Credit Risk Policies (CCRPs) established for Consumer Banking/ Wealth Management and Institutional Banking set forth the principles by which DBS conducts its credit risk management and control activities. These policies, supplemented by a number of operational standards and guidelines, ensure consistency in identifying, assessing, underwriting, measuring, reporting and controlling credit risk across DBS, and provide guidance in the formulation of business-specific and/ or location-specific credit risk policies and standards.

The operational standards and guidelines are established to provide greater details on the implementation of the credit principles within the Group CCRPs and are adapted to reflect different credit environments and portfolio risk profiles. The CCRPs are approved by the GCPC.

Risk methodologies
Credit risk is managed by thoroughly understanding our corporate customers – the businesses they are in, as well as the economies in which they operate. It is also managed through statistical models and data analytics for retail customers.

The assignment of credit risk ratings and setting of lending limits are integral parts of DBS' credit risk management process, and we use an array of rating models for our corporate and retail portfolios. Most of these models are built internally using DBS' loss data, and the limits are driven by DBS' Risk Appetite Statement and the Target Market and Risk Acceptance Criteria (TMRAC).

Wholesale borrowers are assessed individually using both judgmental credit risk models and statistical credit risk models. They are further reviewed and evaluated by experienced credit risk managers who consider relevant credit risk factors in the final determination of the borrower's risk. For some portfolios within the SME segment, DBS also uses a programme-based approach to achieve a balanced management of risks and rewards. Retail exposures are assessed using credit score models, credit bureau records as well as internally and externally available customer behaviour records supplemented by our Risk Acceptance Criteria (RAC). Credit applications are proposed by the business unit, and applications outside the RAC are independently assessed by the credit risk managers.

Refer to Section 5.3 on page 83 to read more about our internal credit risk models.

Pre-settlement credit risk for traded products arising from a counterparty potentially defaulting on its obligations is quantified by evaluation of the market price plus potential future exposure. This is used to calculate DBS' regulatory capital under the Current Exposure Method (CEM), and is included within DBS' overall credit limits to counterparties for internal risk management.

We actively monitor and manage our exposure to counterparties for over-the-counter (OTC) derivative trades to protect our balance sheet in the event of a counterparty default. Counterparty risk exposures that may be 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 credit exposure of a counterparty (from the traded product transaction) directly correlates with the probability of default of the counterparty. DBS 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.

Issuer default risk that may also arise from derivatives, notes and securities are generally measured based on jump-to-default computations.

Concentration risk management
Our risk management processes, which are aligned with our Risk Appetite, ensure that an acceptable level of risk diversification is maintained across DBS.

For credit risk, we use EC as our measurement tool, since it combines the individual risk factors of the probability of default (PD), loss given default (LGD) and exposure at default (EAD), as well as portfolio concentration factors. Granular EC thresholds are set to ensure that the allocated EC stays within our Risk Appetite.

Thresholds are set on major industry groups and single counterparty exposures and notional limits are established for country exposures. Governance processes are in place to ensure that our exposures are regularly monitored with these thresholds in mind, and appropriate actions are taken when the thresholds are breached.

DBS continually examines how we can enhance the scope of our thresholds to improve the management of concentration risk.

Environmental, social and governance risk
Responsible financing, covering environmental, social and governance (ESG) issues, is a topic of increasing importance to societal constituents, and one that affects investing and lending decisions across the bank. DBS recognises that our financing practices have a substantial impact on society and failure of our customers to appropriately manage ESG issues can directly impact their operations and long-term economic viability, and the communities and environment in which they operate.

The Board approves DBS' overall and specific risk governance frameworks and oversees an independent Group-wide risk management system, including responsible financing. DBS had established a Group Responsible Financing Standard that documents our overarching approach to responsible financing and additional assessment required when entering into transactions with elevated ESG risks. The requirements of this Standard represent the minimum standards for DBS and we have also sought alignment, where possible, with international standards and best practices. Where significant ESG issues are identified, escalation is required to the relevant industry specialist and IBG Sustainability Office for further guidance before submitting the credit memorandum to the credit approving authority.

Refer more about "Responsible financing" in the Sustainability Report.

Country risk
Country risk refers to the risk of loss due to events in a specific country (or a group of countries). This includes political, exchange rate, economic, sovereign and transfer risks.

DBS manages country risk through the requirements of the Group CCRP and the said risk is part of our concentration risk management. The way we manage transfer risk at DBS is set out in our Country Risk Management Standard. This includes an internal transfer risk and sovereign risk rating system, where assessments are made independently of business decisions. Our transfer risk limits are set in accordance with the Group Risk Appetite Policy.

Transfer risk limits for priority countries are set based on country-specific strategic business considerations as well as the acceptable potential loss according to our Risk Appetite. Management actively evaluates and determines the appropriate level of transfer risk exposures for these countries taking into account the risks and rewards and whether they are in line with our strategic intent. Limits for all other non-priority countries are set using a model-based approach.

All transfer risk limits are approved by the BRMC.

Credit stress testing
DBS engages in various types of credit stress testing, and these are driven either by regulators or internal requirements and management.

Our credit stress tests are performed at the total portfolio or sub-portfolio level, and are generally performed to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity. DBS' stress testing programme is comprehensive and covers all major functions and areas of business.

DBS typically performs the following types of credit stress testing at a minimum and others as necessary:

Pillar 1 credit stress testing	DBS conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, DBS 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. PD, LGD and EAD) 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	DBS conducts Pillar 2 credit stress testing once a year as part of the ICAAP. Under Pillar 2 credit stress testing, DBS assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance as well as internal and regulatory capital. The results of the credit stress tests form inputs 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 DBS and to develop the appropriate action plan.
Industry-wide stress testing	DBS participates in the annual industry-wide stress test (IWST) conducted by the Monetary Authority of Singapore (MAS) to facilitate the ongoing assessment of Singapore's financial stability. Under the IWST, DBS is required to assess the impact of adverse scenarios, as defined by the regulator, on asset quality, earnings performance and capital adequacy.
Sensitivity and scenario analyses	DBS also conducts multiple independent sensitivity analyses and credit portfolio reviews based on various scenarios. The intent of these analyses and reviews is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

Processes, systems and reports
DBS constantly invests in systems to support risk monitoring and reporting for our Institutional Banking and Consumer Banking/ Wealth Management businesses.

The end-to-end credit process is continually being reviewed and improved through various front-to-back initiatives involving business, operations, risk management and other key stakeholders. Day-to-day monitoring of credit exposures, portfolio performance and external environmental factors potentially affecting credit risk profiles is key to our philosophy of effective credit risk management.

In addition, credit trends, which may include industry analysis, early warning alerts and significant weak credits, are submitted to the various risk committees, allowing key strategies and action plans to be formulated and evaluated. Credit control functions also ensure that any credit risk taken complies with the credit risk policies and standards. These functions ensure that approved limits are activated, credit excesses and policy exceptions are appropriately endorsed, compliance with credit standards is carried out, and covenants established are monitored.

Independent risk management functions that report to the CRO are jointly responsible for developing and maintaining a robust credit stress testing programme. These units oversee the implementation of credit stress tests as well as the analysis of the results, of which management, various risk committees and regulators are informed.

Non-performing assets
DBS' credit facilities are classified as "Performing assets" or "Non-performing assets" (NPA), in accordance with the MAS Notice to Banks No. 612 "Credit Files, Grading and Provisioning" (MAS Notice 612).

Credit exposures are categorised into one of the following five categories, according to our assessment of a borrower's ability to repay a credit facility from its normal sources of income and/ or the repayment behaviour of the borrower.

Classification grade	Description
Performing assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the borrower exhibits potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by DBS.
Classified or NPA	
Substandard	Indicates that the borrower exhibits definable weaknesses in its business, cash flow or financial position that may jeopardise repayment on existing terms.
Doubtful	Indicates that the borrower exhibits severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable as yet.
Loss	Indicates that the outstanding credit facility is not collectable, and little or nothing can be done to recover the outstanding amount from any collateral or from the assets of the borrower generally.

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

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

For retail borrowers, the categorisation into the respective MAS loan grades is at the facility level and consistent with MAS Notice 612.

Credit facilities are classified as restructured assets when we grant non-commercial concessions to a borrower because its financial position has deteriorated or is unable to meet the original repayment schedule. A restructured credit facility is classified into the appropriate non-performing grade based on the assessment of the borrower's financial condition and its ability to repay according to 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 and MAS Notice 612. Apart from what has been described, we do not grant concessions to borrowers in the normal course of business.

In addition, it is not within DBS' business model to acquire debts that have been restructured at inception (e.g. distressed debts).

Refer to Note 2.11 to the financial statements on page 125 for our accounting policies regarding specific and general allowances for credit losses.

In general, specific allowances are recognised for defaulting credit exposures rated substandard and below.

The breakdown of our NPA by loan grading and industry and the related amounts of specific allowances can be found in Note 42.2 to the financial statements on page 172. A breakdown of past due loans can also be found in the same note.

When required, we will take possession of all collateral and dispose of them as soon as practicable. Realised proceeds are used to reduce outstanding indebtedness.

A breakdown of collateral held for NPA is shown in Note 42.2 to the financial statements on page 175.

Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2019 and 2018 were not material.

5.2 Credit risk mitigants

Collateral received

Where possible, DBS takes collateral as a secondary source of repayment. This includes, but is not limited to, cash, marketable securities, real estate, trade receivables, inventory, equipment, and other physical and/ or financial collateral. We may also take fixed and floating charges on the assets of borrowers.

Policies are in place to determine the eligibility of collateral for credit risk mitigation. Collateral is generally diversified and periodic valuations of collateral are required. Real estate constitutes the bulk of our collateral, while marketable securities and cash are immaterial.

For derivatives, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, collateral arrangements are typically covered under market-standard documentation, such as International Swaps & Derivatives Association (ISDA) Agreements and Master Repurchase Agreements. The collateral received is marked-to-market on a frequency that DBS and the counterparties have mutually agreed upon. This is governed by internal guidelines with respect to collateral eligibility. In the event of a default, the credit risk exposure is reduced by master-netting arrangements where DBS is allowed to offset what we owe a counterparty against what is due from that counterparty in a netting-eligible jurisdiction.

Refer to Note 14 to the financial statements on page 137 for further information on financial assets and liabilities subject to netting agreement but not offset on the balance sheet.

Collateral held against derivatives generally consists of cash in major currencies and highly rated government or quasi-government bonds. Exceptions may arise in certain countries, where due to domestic capital markets and business conditions, the bank may be required to accept less highly rated or liquid government bonds and currencies. Reverse repo-transactions are generally limited to large institutions with reasonably good credit standing. DBS takes haircuts against the underlying collateral of these transactions that commensurate with collateral quality to ensure credit risks are adequately mitigated.

In times of difficulty, we will review the customers' specific situation and circumstances to assist them in restructuring their financial obligations. However, should the need arise, disposal and recovery processes are in place to dispose of collateral held. DBS maintains a panel of agents and solicitors to assist in the disposal of non-liquid assets and specialised equipment quickly.

Collateral posted

DBS is required to post additional collateral in the event of a rating downgrade. As at 31 December 2019, for a three-notch downgrade of its Standard & Poor's Ratings Services and Moody's Investors Services ratings, DBS will have to post additional collateral amounting to SGD 11 million (2018: SGD 189 million).

Other credit risk mitigants

DBS accepts guarantees as credit risk mitigants. Internal requirements for considering the eligibility of guarantors for credit risk mitigation are in place.

5.3 Internal credit risk models

DBS 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 any credit risk model. The models go through a rigorous review process before they are endorsed by the GCRMC and Risk EXCO. They must also be approved by the BRMC before submission for regulatory approval. The key risk measures generated by the internal credit risk rating models to quantify regulatory capital include PD, LGD and EAD. For portfolios under the Foundation IRBA, internal estimates of PD are used while the supervisory LGD and EAD estimates are applied. For retail portfolios under the Advanced IRBA, internal estimates of PD, LGD and EAD are used. In addition, the ratings from the credit models act as the basis for underwriting credit risk, monitoring portfolio performance and determining business strategies. The performance of the rating systems is monitored regularly and reported to the GCRMC, Risk EXCO and BRMC to ensure their ongoing effectiveness.

An independent risk unit conducts formal validations for the respective rating systems annually. The validation processes are also independently reviewed by Group Audit. These serve to highlight material deterioration in the rating systems for management attention.

5.3.1 Retail exposure models

Retail portfolios are categorised into the following asset classes under the Advanced IRBA: residential mortgages, qualifying revolving retail exposures and other retail exposures.

Within each asset class, exposures are managed on a portfolio basis. Each customer or account is assigned to a risk pool, considering factors such as borrower characteristics and collateral type. PD, EAD and LGD estimates are based on internal historical default, utilisation and realised losses within a defined period. Default is identified at the facility level.

Product-specific credit risk elements such as underwriting criteria, scoring models, approving authorities and asset quality and business strategy reviews, as well as systems, processes and techniques to monitor portfolio performance, are in place. Credit risk models for secured and unsecured portfolios are also used to update the risk level of each loan on a monthly basis, reflecting the broad usage of risk models in portfolio quality reviews.

5.3.2 Wholesale exposure models

Wholesale exposures are under the Foundation IRBA for capital computation. They include sovereign, bank and corporate. Specialised lending exposures are under IRBA using supervisory slotting criteria.

Sovereign exposures are risk-rated using internal risk-rating models. Factors related to country-specific macroeconomic risk, political risk, social risk and liquidity risk are included in the sovereign rating models to assess the sovereign credit risk in an objective and systematic manner.

Bank exposures are assessed using the bank-rating model. The model considers both quantitative and qualitative factors such as capital levels and liquidity, asset quality, earnings, management and market sensitivity.

Large corporate exposures are assessed using internal rating models. Factors considered in the risk assessment process include the counterparty's financial strength and qualitative factors such as industry risk, access to funding, market standing and management strength.

SME credit rating models consider risk factors such as those relating to the counterparty's financial strength, qualitative factors, as well as account performance.

Credit risk ratings under the IRBA portfolios are, at a minimum, reviewed by designated approvers on an annual basis unless credit conditions require more frequent assessment.

5.3.3 Specialised lending exposures

Specialised lending IRBA portfolios include income-producing real estate, project finance, object finance, and commodities finance. These adopt the supervisory slotting criteria specified under Annex 7v of MAS Notice 637, which are used to determine the risk weights to calculate credit risk-weighted exposures.

5.3.4 Securitisation exposures

We arrange securitisation transactions for our clients for fees. These transactions do not involve special-purpose entities that we control. For transactions that are not underwritten, no securitisation exposures are assumed as a direct consequence of arranging the transactions. Any decision to invest in any of such arranged transactions is subject to independent risk assessment.

Where DBS provides an underwriting commitment, any securitisation exposure that arises will be held in the trading book to be traded or sold down in accordance with our internal policy and risk limits. In addition, DBS does not provide implicit support for any transactions we structure or have invested in.

We invest in our clients' securitisation transactions from time to time. These may include securitisation transactions arranged by us or with other parties.

We may also act as a liquidity facility provider, working capital facility provider or swap counterparty. Such exposures require the approval of the independent risk function and are subject to regular risk reviews. We also have processes in place to monitor the credit risk of our securitisation exposures.

5.3.5 Credit exposures falling outside internal credit risk models

DBS applies the Standardised Approach (SA) for portfolios that are expected to transit to IRBA or for portfolios that are immaterial in terms of size and risk profile. These portfolios include:

- IRBA-transitioning retail and wholesale exposures
- IRBA-exempt retail exposures
- IRBA-exempt wholesale exposures

Any identified transitioning retail and/ or wholesale exposures are expected to adopt

Advanced or Foundation IRBA, subject to approval by regulators. Prior to regulatory approval, these portfolios are under SA.

The portfolios under the SA are subject to our overall governance framework and credit risk management practices. DBS continues to monitor the size and risk profile of these portfolios and will enhance the relevant risk measurement processes if these risk exposures become material.

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

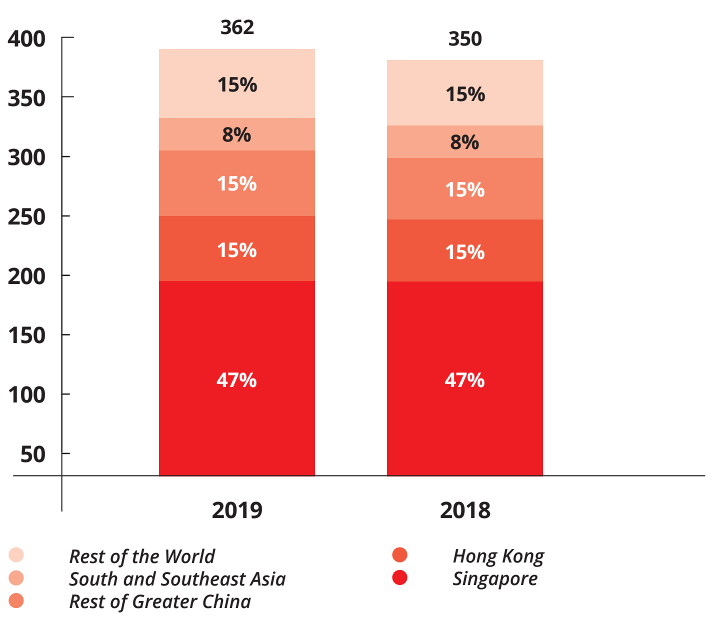
5.4 Credit risk in 2019

Concentration risk
DBS' geographic distribution of customer loans has remained stable for the past year.

Singapore, our home market, continues to account for the largest share of our gross loans and advances to customers which contributed to 47% of our total portfolio. Growth during the year was broad-based, led by Singapore and Greater China.

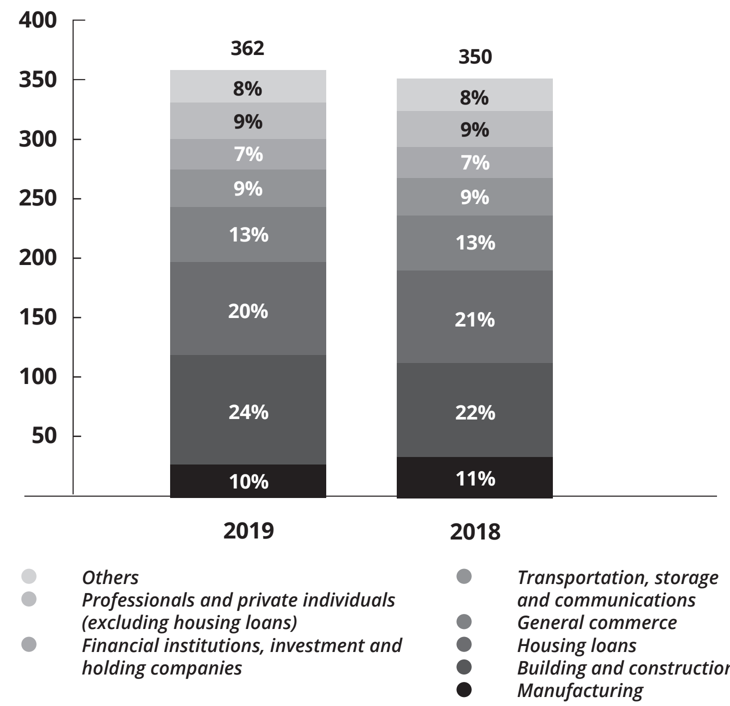
Our portfolio is well diversified across industry and business segments and is fairly stable, with building and construction, general commerce and manufacturing being the largest contributors in the wholesale portfolio, accounting for 47% of the total portfolio.

Geographical Concentration (SGD billion)



Above refers to gross loans and advances to customers based on country of incorporation

Industry Concentration (SGD billion)



Above refers to gross loans and advances to customers based on MAS Industry Code

Refer to Note 42.4 to the financial statements on page 176 for DBS' breakdown of credit risk concentration.

Non-performing assets
New non-performing asset (NPA) formation was moderated by recoveries and write-offs. In absolute terms, our total NPA increased slightly by 2% from the previous year to SGD 5.77 billion and non-performing loans (NPL) ratio remained unchanged at 1.5% in 2019.

Refer to "CFO Statement" on page 20.

Collateral received
The tables below provide breakdowns by loan-to-value (LTV) bands for the borrowings secured by real estate and other collateral from the various market segments.

Residential mortgage loans
The LTV ratio is calculated using mortgage loans including undrawn commitments divided by the collateral value. Property valuations are determined by using a combination of professional appraisals and housing price indices.

For Singapore mortgages, new loans are capped at LTV limits of up to 75% for private residential mortgages, since July 2018. In tandem with the macro-prudential measures, property price increases have moderated at about 2.5% year-on-year, there was an approximate 3.5% shift in the proportion of mortgage exposure from the LTV > 50% to the up-to-50% LTV band.

For Hong Kong mortgages, there was an approximate 2.2% shift in the proportion of mortgage exposure from the LTV > 50% to the up-to-50% LTV band due to the continuous upward trend of Hong Kong property price index. There was an overall increase of around 7% to 8% as compared to end 2018.

Percentage of residential mortgage loans (breakdown by LTV band and geography)

As at 31 December 2019

LTV band	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia
Up to 50%	32.1%	91.1%	34.7%	44.7%
51% to 80%	67.5%	8.9%	56.3%	51.6%
81% to 100%	0.3%	0.0%	9.0%	2.0%
Partially collateralised	0.1%	0.0%	0.0%	1.7%

As at 31 December 2018

LTV band	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia
Up to 50%	28.6%	88.8%	36.6%	41.7%
51% to 80%	70.8%	11.2%	52.8%	56.4%
81% to 100%	0.5%	0.0%	10.6%	1.9%
Partially collateralised	0.1%	0.0%	0.0%	0.0%

Loans and advances to corporates secured by real estate
These secured loans are extended for the purpose of acquisition and/ or development of real estate, as well as for general working capital. 90% of such loans were fully collateralised and majority of these loans have LTV < 80%. Our property loans are concentrated in Singapore and Hong Kong, which together accounted for 81% of the total property loans.

The LTV ratio is calculated as loans and advances divided by the value of collaterals that secure the same facility. Real estate forms a substantial portion of the collaterals; other collateral values such as cash, marketable securities, and bank guarantees are also included.

Percentage of loans and advances to corporates secured by real estate (breakdown by LTV band and geography)

As at 31 December 2019

LTV band	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World
Up to 50%	45.2%	58.7%	64.2%	22.8%	20.7%
51% to 80%	42.0%	21.9%	13.8%	37.0%	72.8%
81% to 100%	4.6%	6.5%	5.1%	5.5%	4.5%
Partially collateralised	8.2%	12.9%	16.9%	34.7%	2.0%

As at 31 December 2018

LTV band	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World
Up to 50%	43.8%	56.0%	60.9%	30.5%	27.3%
51% to 80%	44.8%	24.7%	16.3%	28.7%	65.0%
81% to 100%	4.6%	5.4%	7.9%	8.9%	4.7%
Partially collateralised	6.8%	13.9%	14.9%	31.9%	3.0%

Loans and advances to banks
In line with market convention, loans and advances to banks are typically unsecured. DBS manages the risk of such exposures by keeping tight control of the exposure tenor and monitoring of their credit quality.

Derivatives counterparty credit risk by markets and settlement methods
We continue to manage our derivatives counterparty risk exposures with netting and collateral arrangements, thereby protecting our balance sheet in the event of a counterpart default.

A breakdown of our derivatives counterparty credit risk by markets (OTC versus exchange-traded) and settlement methods (cleared through a central counterparty versus settled bilaterally) can be found below.

Notional OTC and exchange-traded products

In notional terms, SGD million	As at 31 Dec 2019
OTC derivatives cleared through a central counterparty	1,053,140
OTC derivatives settled bilaterally	1,120,293
Total OTC derivatives	2,173,433
Exchange-traded derivatives	11,406
Total derivatives	2,184,839

Please refer to Note 37 to the financial statements on page 160 for a breakdown of the derivatives positions held by DBS.

6 Market risk

Our 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 our Institutional Banking and Consumer Banking assets and liabilities, (ii) debt securities and equities comprising investments held for yield and/ or long-term capital gains, (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from our strategic investments, which are denominated in currencies other than the Singapore Dollar.

We use a variety of financial derivatives such as swaps, forwards and futures, and options for trading and hedging against market movements.

6.1 Market risk management at DBS

DBS' approach to market risk management comprises the following building blocks:

- Policies
- Risk methodologies
- Processes, systems and reports

Policies
The Group Market Risk Management Policy sets our overall approach towards market risk management. This policy is supplemented with standards and guidelines, which facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner. They also set out the overall approach, requirements and controls governing market risk stress testing across DBS.

The criteria for determining the positions to be included in the trading book are stipulated in the Trading Book Policy Statement.

Risk methodologies
DBS utilises Value-at-Risk (VaR), a statistical risk measure, to estimate the potential loss from market movements. This measure uses historical simulation based on data for the previous 12 months. It assumes that historical changes in market values reflect the distribution of potential outcomes in the immediate future.

DBS limits and monitors market risk exposures using Expected Shortfall (ES) that is VaR calculated with a one-day holding period and an expected tail-loss methodology which approximates a 97.5% confidence interval.

The market risk economic capital that is allocated by the BRMC is linked to ES by a multiplier. ES is supplemented with risk control metrics such as sensitivities to risk factors and loss triggers for management action.

DBS 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) that arises from those positions on the following business day. The backtesting P&L excludes fees and commissions, revenues from intra-day trading, non-daily valuation adjustments and time effects.

For backtesting, VaR at the 99% confidence interval and over a one-day holding period is used. We adopt the standardised approach to compute market risk regulatory capital under MAS Notice 637 for the trading book positions. As such, VaR backtesting does not impact our regulatory capital for market risk.

There are limitations to VaR models; for example, past changes in market risk factors may not provide accurate predictions of future market movements, and the risk arising from adverse market events may be understated.

To monitor DBS' vulnerability to unexpected but plausible extreme market risk-related events, we conduct multiple market risk stress tests regularly. These cover trading and non-trading portfolios and follow a combination of historical and hypothetical scenarios depicting risk-factor movement.

ES and Net Interest Income (NII) variability are the key risk metrics used to manage our assets and liabilities. As an exception, credit risk arising from loans and receivables is managed under the credit risk management framework. Interest rate risk in the banking book arises from mismatches in the interest rate profiles of assets, liabilities and capital instruments. It includes basis risk arising from different interest rate benchmarks, interest rate repricing risk and yield curve risk. Behavioural assumptions are applied when managing the interest rate risk of non-maturity deposits. DBS measures interest rate risk in the banking book on a weekly basis.

Processes, systems and reports
Robust internal control processes and systems have been designed and implemented to support our market risk management approach. DBS reviews these control processes and systems regularly, and these reviews allow senior management to assess their effectiveness.

The RMG Market and Liquidity Risk unit – an independent market risk management function reporting to the CRO – monitors, controls and analyses DBS' market risk daily. The unit comprises risk control, risk analytics, production and reporting teams.

6.2 Market risk in 2019

The main risk factors driving DBS' trading portfolios in 2019 were interest rates, foreign exchange, equities and credit spreads. The following table shows the period-end, average, high and low diversified ES and ES by risk class for our trading portfolios.

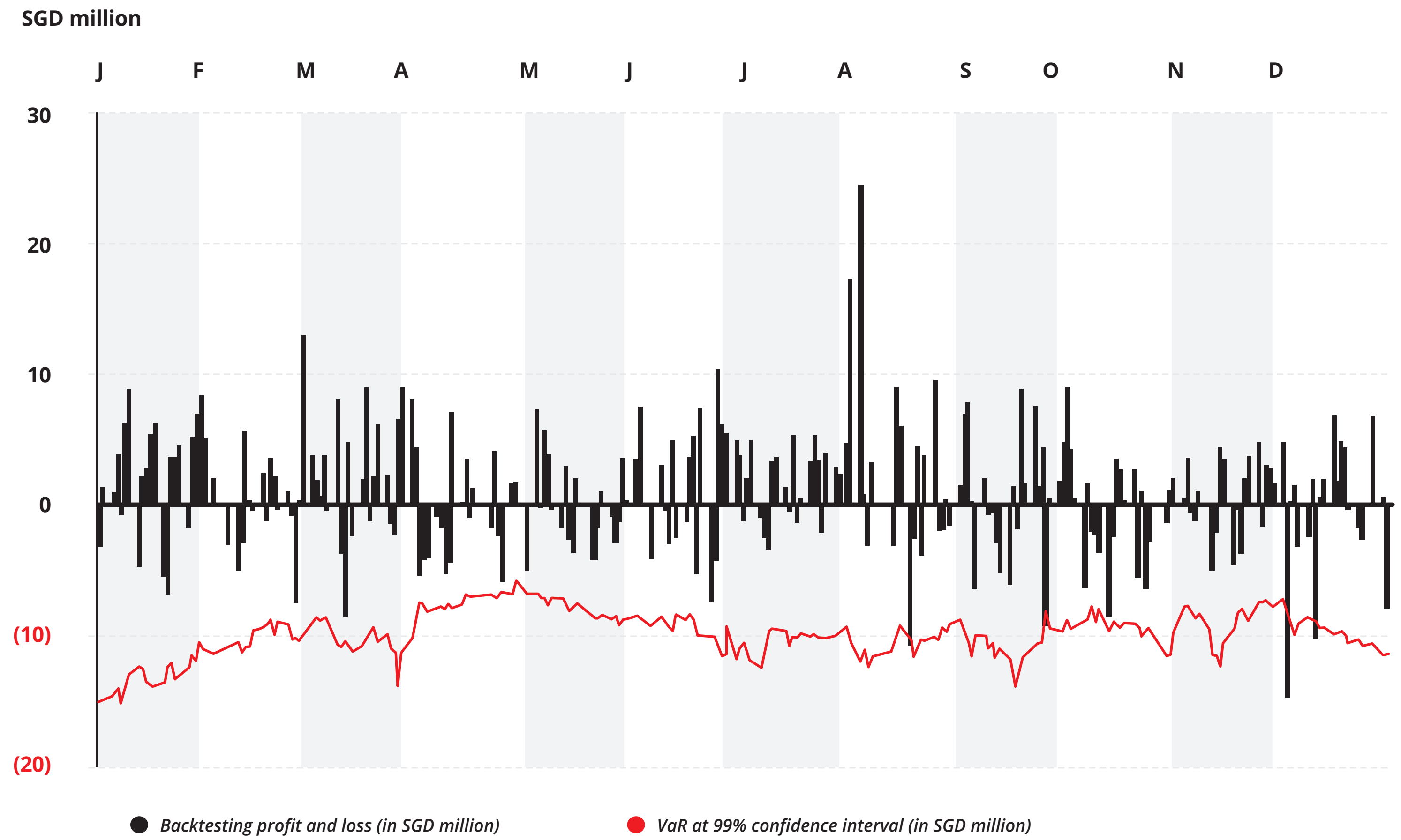
	1 Jan 2019 to 31 Dec 2019			
SGD million	As at 31 Dec 2019	Average	High	Low
Diversified	10	9	14	6
Interest rates	11	9	16	6
Foreign exchange	4	4	7	2
Equity	1	1	6	#
Credit spread	5	6	9	4
Commodity	#	#	#	#

\# *Amount under SGD 500,000*

	1 Jan 2018 to 31 Dec 2018			
SGD million	As at 31 Dec 2018	Average	High	Low
Diversified	14	11	19	8
Interest rates	11	10	21	8
Foreign exchange	4	3	6	2
Equity	6	2	6	#
Credit spread	6	5	6	4
Commodity	#	#	1	#

\# *Amount under SGD 500,000*

DBS' trading portfolios experienced four backtesting exceptions in 2019 and they occurred in August, September and December. The backtesting exceptions were largely due to swings in USD interest rate volatilities, bond prices and HK Dollar foreign exchange rates.



In 2019, the key market risk drivers of our non-trading portfolios were interest rates (Singapore Dollar and US Dollar) and foreign exchange.

The Net Interest Income (NII) of the non-trading book is assessed under various rate scenarios to determine the impact of interest rate movements on future earnings. Based on a 100 basis points parallel upward or downward shift in yield curves on our non-trading exposures, NII is estimated to increase by SGD 850 million and decrease by SGD 1,273 million respectively.

Foreign exchange risk in our non-trading portfolios was primarily from structural foreign exchange positions, arising mainly from our strategic investments and retained earnings in overseas branches and subsidiaries.

Refer to Note 38.3 to the financial statements on page 165 for details on DBS' structural foreign exchange positions.

7 Liquidity risk

DBS' liquidity risk arises from our obligations to honour withdrawals of deposits, repayments of borrowed funds at maturity and our commitments to extend loans to our customers. We seek to manage our liquidity to ensure that our liquidity obligations will continue to be honoured under normal as well as adverse circumstances.

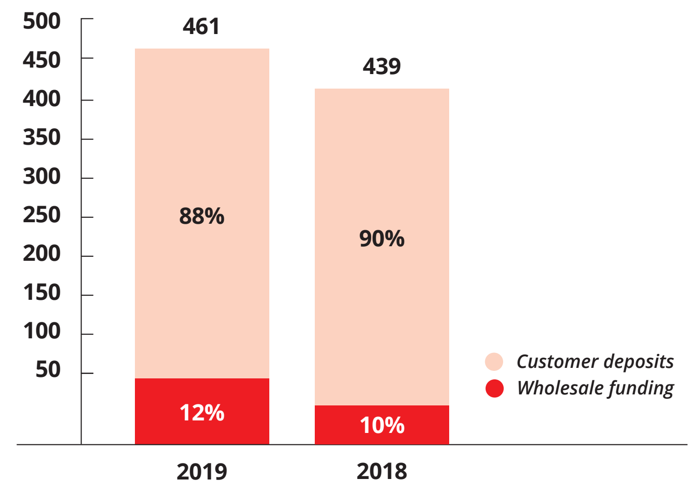
7.1 Liquidity risk management at DBS

Liquidity management and funding strategy

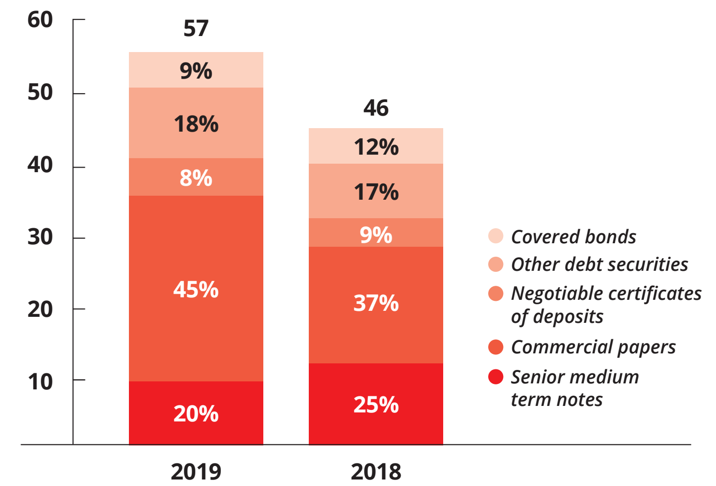
DBS strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. Our funding strategy is anchored on the strength of our core deposit franchise and is augmented by our established long term funding capabilities.

Customer deposits grew by SGD 11 billion in 2019.

Funding Sources (SGD billion)

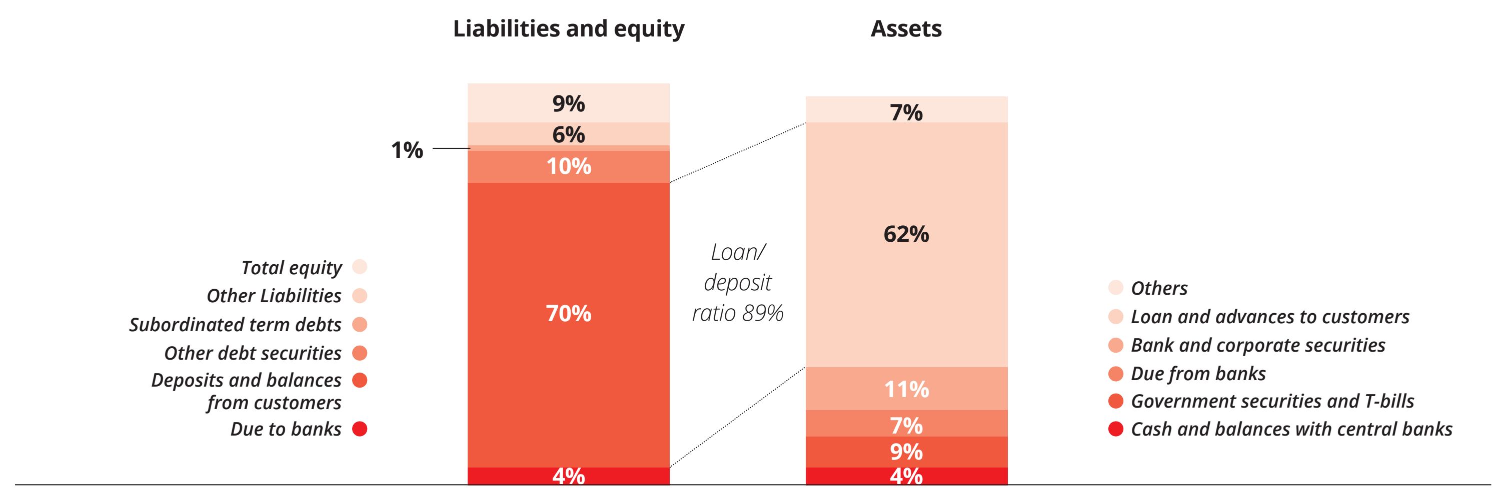


Wholesale Funding Breakdown (SGD billion)



DBS aims to maintain continuous access to the investor base for capital and senior wholesale funding to support our commercial banking activities. We seek cost efficiencies over the long term and to broaden our investor base through proactive and frequent engagement. Capital instruments are primarily issued from DBS Group Holdings Ltd (DBSH) while covered bonds originate from DBS Bank Ltd. Senior notes are issued from both DBSH and the Bank as required.

The diagrams below show our asset funding structure as at 31 December 2019.



Refer to Note 30 to the financial statements on page 150 for more details of our wholesale funding sources and Note 43.1 on page 178 for the contractual maturity profile of our assets and liabilities.

Growth in the regional franchise generates price, volume, currency and tenor mismatches between our assets and liabilities. To this end, where practicable and transferable without loss in value, we make appropriate use of swap markets for relevant currencies, commensurate with the liquidity of each, in the conversion and deployment of surplus funds across locations.

As these swaps typically mature earlier than loans, we are exposed to potential cash flow mismatches arising from the risk that counterparties may not roll over maturing swaps to support our ongoing funding needs. This risk is mitigated by triggers set on the number of swaps transacted with the market and by conservative assumptions on the cash flow behaviour of swaps under our cash flow maturity gap analysis (refer to Section 7.2 on page 90).

In general, the bulk of borrowing and deployment needs of our overseas locations are centralised within the head office, subject to relevant regulatory restrictions and to an appropriate level of presence and participation required by the respective local funding markets.

During the annual budget and planning process, each overseas location conducts an in-depth review of its projected loan and deposit growth as well as its net funding and liquidity profile for the next year. This enables DBS and its overseas locations to ascertain and plan for the required group funding support, subject to internal and regulatory constraints.

The Group Assets and Liabilities Committee and respective Location Assets and Liabilities Committees regularly review the composition and growth trajectories of the relevant balance sheets and refine our funding strategy according to business momentum, competitive factors and prevailing market conditions.

Approach to liquidity risk management
DBS' approach to liquidity risk management comprises the following building blocks:

Policies
Risk methodologies
Processes, systems and reports

Policies
The Group Liquidity Risk Management Policy sets our overall approach towards liquidity risk management and describes the range of strategies we employ to manage our liquidity.

These strategies include maintaining an adequate counterbalancing capacity to address potential cash flow shortfalls and having diversified sources of liquidity.

DBS' counterbalancing capacity includes liquid assets, the capacity to borrow from the money markets (including the issuance of commercial papers and covered bonds), and forms of managerial interventions that improve liquidity. In the event of a potential or actual crisis, we have in place a set of liquidity contingency and recovery plans to ensure that we maintain adequate liquidity.

The Group Liquidity Risk Management Policy is supported by Standards that establish the detailed requirements for liquidity risk identification, measurement, reporting and control within DBS. The set of Policies, Standards and supporting Guides communicate these baseline requirements to ensure consistent application throughout DBS.

Risk methodologies
The primary measure used to manage liquidity within the tolerance defined by the Board is cash flow maturity mismatch analysis.

This form of analysis is performed on a regular basis under normal and adverse scenarios. It assesses the adequacy of our counterbalancing capacity to fund or mitigate any cash flow shortfalls that may occur as forecasted in the cash flow movements across successive time bands. To ensure that liquidity is managed in line with our Risk Appetite, core parameters 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 our counterbalancing capacity will be escalated to the relevant committees for evaluation and action.

Liquidity risk stress testing is performed regularly using cash flow maturity mismatch analysis, and covers adverse scenarios including general market and idiosyncratic stress scenarios. Stress tests assess our vulnerability when liability run-offs increase, asset rollovers increase and/ or liquid asset buffers decrease. In addition, ad hoc stress tests are performed as part of our recovery planning and ICAAP exercises.

Liquidity risk control measures such as liquidity-related ratios and balance sheet analysis are complementary tools for cash flow maturity mismatch analysis, and they are performed regularly to obtain deeper insights and finer control over our liquidity profile across different locations. The liquidity risk control measures also include concentration measures regarding top depositors, wholesale borrowing and swapped funds ratios.

Processes, systems and reports
Robust internal control processes and systems support our overall approach in identifying, measuring, aggregating, controlling and monitoring liquidity risk across DBS.

Continuous improvement in data and reporting platforms has allowed most elements of internal liquidity risk reporting to be centralised.

The RMG Market and Liquidity Risk unit manages the day-to-day liquidity risk monitoring, control reporting and analysis.

7.2 Liquidity risk in 2019

DBS actively monitors and manages our liquidity profile through cash flow maturity mismatch analysis.

In forecasting cash flow 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 cash flow.

Two examples are maturity-indeterminate savings and current account deposits, which are generally viewed as sources of stable funding for commercial banks. In fact, they consistently exhibit stability even under historic periods of stress. A conservative view is adopted in the behavioural profiling of assets, liabilities and off-balance sheet commitments that have exhibited cash flow patterns that differ significantly from the contractual maturity profile shown under Note 43.1 of our financial statements on page 178.

The table below shows our behavioural net and cumulative maturity mismatch between assets and liabilities over a one year period, in a normal scenario without incorporating growth projections. DBS' liquidity was observed to remain adequate in the maturity mismatch analysis. In 2019, improvement in the one-year cumulative mismatch resulted from an increase in inflows from trade and other loans falling within one year. Growth in liquid assets partially offset an increase in outflows from short-term wholesale funding.

SGD million[(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 2019[(b)] Net liquidity mismatch	24,645	(1,458)	(11,813)	6,162	12,039
Cumulative mismatch	24,645	23,187	11,374	17,536	29,575
As at 31 Dec 2018[(b)] Net liquidity mismatch	24,498	(4,567)	(11,168)	10,508	5,224
Cumulative mismatch	24,498	19,931	8,763	19,271	24,495

(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

7.3 Liquid assets

Liquid assets are assets that are readily available and can be easily monetised to meet obligations and expenses under times of stress.

Such assets are internally defined under the governance of the relevant oversight committees, taking into account the asset class, issuer type and credit rating, among other criteria, before they are reflected as available funds through cash flow maturity mismatch analysis. DBS' Treasury function expects to be able to operationally monetise our pool of liquid assets to meet liquidity shortfalls when the need arises. These liquid assets must be unencumbered and free of any 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 and guard against contingencies. The main portion of our liquid assets is centrally maintained in Singapore to support liquidity needs in smaller overseas subsidiaries and branches. Internally, DBS sets a requirement to maintain its pool of liquid assets above a minimum level as a source of contingent funds, taking into account regulatory recommended liquid asset levels as well as internally projected stress shortfalls under the cash flow maturity mismatch analysis.

The table below shows DBS' encumbered and unencumbered liquid assets by instrument and counterparty against other assets in the same category under the balance sheet. The figures are based on the carrying amount at the balance sheet date.

	Liquid assets				Others[(d)]	Total
SGD million	**Encumbered**	**Unencumbered**	**Total[1]**	**Average[(c)]**	**[2]**	**[1] + [2]**
As at 31 Dec 2019 Cash and balances with central banks[(a)]	6,427	10,818	17,245	16,144	9,117	26,362
Due from banks[(b)]	-	17,466	17,466	16,699	21,870	39,336
Government securities and treasury bills	9,009	40,335	49,344	51,675	385	49,729
Banks and corporate securities	1,669	52,372	54,041	52,132	9,705	63,746
Total	**17,105**	**120,991**	**138,096**	**136,650**	**41,077**	**179,173**

(a) Unencumbered balances with central banks comprise holdings that are unrestricted and available overnight. The encumbered portion represents the mandatory balances held with central banks, which includes a minimum cash balance (MCB) amount that may be available for use under a liquidity stress situation. The "Others" portion includes term placements with central banks
(b) Liquid assets comprise nostro accounts and eligible certificates of deposits
(c) Total liquid assets reflected on an average basis over the four quarters in 2019
(d) "Others" refer to assets that are not recognised as part of the available pool of liquid assets for liquidity management under stress due to (but not limited to) inadequate or non-rated credit quality, operational challenges in monetisation (e.g. holdings in physical scrips), and other considerations

In addition to the above table, collateral received in reverse repo-transactions amounting to SGD 6,029 million were recognised for liquidity management under stress. It can be observed from the table that our funding strategy in the normal course of business does not rely on collateralised wholesale funding. Instead, liquid assets are usually maintained only as a source of contingent funding.

7.4 Liquidity Coverage Ratio (LCR)

Under MAS Notice to Banks No. 649 "Minimum Liquid Assets (MLA) and Liquidity Coverage Ratio (LCR)" (MAS Notice 649), DBS, as a Domestic Systemically Important Bank (D-SIB) incorporated and headquartered in Singapore, is required to comply with the LCR standards. In 2019, Group LCR was maintained well above the minimum LCR requirements of 100% for both all-currency and SGD.

DBS' LCR is sensitive to balance sheet movements resulting from commercial loan/ deposit activities, wholesale inter-bank lending/ borrowing, and to the maturity tenor changes of these positions as they fall into or out of the LCR 30-day tenor. In order to meet the LCR requirements, DBS holds a pool of unencumbered High Quality Liquid Assets (HQLA) comprising predominantly cash, balances with central banks and highly rated bonds issued by governments or supranational entities.

7.5 Net Stable Funding Ratio (NSFR)

DBS is subject to the Net Stable Funding Ratio (NSFR) under MAS Notice to Banks No. 652 "Net Stable Funding Ratio (NSFR)" (MAS Notice 652). Group NSFR has been maintained consistently above the minimum regulatory requirement of 100%.

NSFR aims to improve the resiliency of banks by promoting long term funding stability. We manage our NSFR by maintaining a stable balance sheet supported by a diversified funding base with access to funding sources across retail and wholesale channels.

8 Operational risk

Operational risk is inherent in our business activities and may arise from inadequate or failed internal processes, people, systems, or from external events. DBS' objective is to keep operational risk at appropriate levels, taking into account the markets we operate in, the characteristics of the businesses as well as our economic and regulatory environment

8.1 Operational risk management at DBS

DBS' approach to operational risk management comprises the following building blocks:

Policies
Risk methodologies
Processes, systems and reports

Policies
The Group Operational Risk Management (ORM) Policy sets our overall approach for managing operational risk in a structured, systematic and consistent manner.

There are policies, standards, tools and programmes in place to govern ORM practices across DBS. These include corporate operational risk policies and standards that are owned by the respective corporate oversight and control functions. The key policies address risk areas relating to technology, compliance, fraud, money laundering, financing of terrorism and sanctions, new product and outsourcing.

Risk methodologies
DBS adopts the standardised approach to compute operational risk regulatory capital.

To manage and control operational risk, we use various tools, including risk and control self-assessment, operational risk event management and key risk indicator monitoring.

DBS' three lines of defence adopt one common risk taxonomy, and a consistent risk assessment approach to managing operational risk. Risk and control self-assessment is conducted by each business or support unit to identify key operational risk and assess the effectiveness of internal controls. When control issues are identified, the units develop action plans and track the resolution of the issues.

Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact DBS' reputation, must 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 through an enterprise technology risk management approach. This covers risk identification, assessment, mitigation, monitoring and reporting. In addition, the appropriate governance, IT policies and standards, control processes and risk mitigation programmes are in place to support the risk management approach.

Cyber security risk
Similar to IT risk, cyber security risk is managed through the same enterprise risk management approach, which cuts across all lines of business. The Chief Information Security Officer (CISO) oversees the cyber security function and the one-stop competency centre for all cyber security related matters, such as operational risks and data protection/ data privacy risks.

Compliance risk
Compliance risk refers to the risk of DBS not being able to successfully conduct our business because of any failure to comply with laws, regulatory requirements, industry codes or standards of business and professional conduct applicable to the financial sector.

This includes, in particular, laws and regulations applicable to the licensing and conducting of banking or other financial businesses, financial crime such as anti-money laundering (AML) and countering the financing of terrorism (CFT), fraud and bribery/ corruption. We maintain a compliance programme designed to identify, assess, measure, mitigate and report on such risks through a combination of policy and relevant systems and controls.

To counter financial crime and sanctions risks, DBS established minimum standards for our business and support units to manage our actual and/ or potential risk exposures. In addition, standards aimed to provide the end-to-end management for fraud and related issues at the unit and geographical levels, were implemented through the Fraud Management Programme.

DBS also provides relevant training and implements assurance processes. We strongly believe in the need to promote a strong compliance culture as well, and this is developed through the leadership of our Board and senior management.

New product, outsourcing and ecosystem partnership risks
Each new product, service, outsourcing arrangement or ecosystem partnership is subject to a risk review and sign-off process, where relevant risks are identified and assessed. Variations of existing products or services and existing outsourcing arrangements and ecosystem partnerships are also subject to a similar process.

Other mitigation programmes
A robust business continuity management programme is in place to ensure that essential banking services can continue in the event of unforeseen events or business disruptions. This includes a crisis management plan to enable quick response to manage incidents. Exercises are conducted annually, simulating different scenarios to test business continuity plans and crisis management protocol. The effectiveness of these exercises as well as DBS' business continuity readiness and our alignment to regulatory guidelines are communicated and attested by senior management to the BRMC annually.

To mitigate losses from specific risk events which are unexpected and significant , DBS purchases group-wide insurance policies under the Group Insurance Programme. These include policies relating to crime and professional indemnity, directors and officers liability, cyber risk, property damage and business interruption, general liability and terrorism.

Processes, systems and reports
Robust internal control processes and systems are integral to identifying, assessing, monitoring, managing and reporting operational risk.

All 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. The RMG Operational Risk unit and other corporate oversight and control functions:

- Oversee and monitor the effectiveness of operational risk management
- Assess key operational risk issues with the units
- Report and/ or escalate key operational risks to risk committees with recommendations on appropriate risk mitigation strategies

DBS implemented an integrated governance, risk and compliance system with aligned risk assessment methodology, common taxonomy, and unified processes for the three lines of defence.

8.2 Operational risk in 2019

The total operational risk losses in 2019 increased to SGD 33 million (0.23% of DBS' total operating income), from SGD 11 million (0.09%) in 2018. The losses may be categorised into the following seven Basel risk event categories:

Basel risk event types	2019		2018	
	SGD million	%	SGD million	%
Execution, delivery and process management (EDPM)	8.99	27%	5.22	46%
External fraud	5.14	16%	3.49	31%
Business disruption and system failures	0.50	2%	1.71	15%
Clients, products and business practices (CPBP)	18.63	55%	0.55	5%
Damage to physical assets	0.12	0%	0.05	0%
Internal fraud	0	0%	0.29	3%
Employment practices and workplace safety	0	0%	0	0%
Total[(1)]	33.38	100%	11.31[(2)]	100%

Notes
(1) Reportable operational risk events are those with net loss greater than SGD 10,000 and are reported based on the date of detection
(2) Adjusted to account for updates such as subsequent recoveries after 2018

EDPM and CPBP accounted for 82% of our total losses in 2019 with CPBP largely attributable to one risk incident which arose in 2015. A provision of SGD 17.5 million has also been made for this incident.

9 Reputational risk

DBS views reputational risk as an outcome of any failure to manage risks in our day-to-day activities/ decisions, and from changes in the operating environment. These risks include:

- Financial risk (credit, market and liquidity risks)
- Inherent risk (operational and business/ strategic risks)

9.1 Reputational risk management at DBS

DBS' approach to reputational risk management comprises the following building blocks:

Policies
Risk methodologies
Processes, systems and reports

Policies
DBS adopts a four-step approach for reputational risk management, which is to prevent, detect, escalate and respond to reputational risk events.

As reputational risk is a consequence of the failure to manage other risk types, the definitions and principles for managing such risks are articulated in the respective risk policies. These are reinforced by sound corporate values that reflect ethical behaviours and practices throughout DBS.

At DBS, we have policies in place to protect the consistency of our brand and to safeguard our corporate identity and reputation.

Risk methodologies
Under the various risk policies, we have established a number of mechanisms for ongoing risk monitoring.

These mechanisms take the form of risk limits, key risk indicators and other operating metrics, and include the periodic risk and control self-assessment process. Apart from observations from internal sources, alerts from external parties/ stakeholders also serve as an important source to detect potential reputational risk events. In addition, there are policies relating to media communications, social media and corporate social responsibility to protect DBS' reputation. There are also escalation and response mechanisms in place for managing reputational risk.

While the respective risk policies address the individual risk types, the Reputational Risk Policy focuses specifically on our stakeholders' perception of how well DBS manages its reputational risks. Stakeholders include customers, government agencies and regulators, investors, rating agencies, business alliances, vendors, trade unions, the media, the general public, the Board and senior management, and DBS' employees.

We recognise that creating a sense of shared value through engagement with key stakeholder groups is imperative for our brand and reputation.

Read more about our stakeholder engagement on page 74.

Processes, systems and reports
Our units are responsible for the day-to-day management of reputational risk, and ensure that processes and procedures are in place to identify, assess and respond to this risk. This includes social media monitoring to pick up adverse comments on DBS. Events affecting DBS' reputational risk are also included in our reporting of risk profiles to senior management and Board-level committees.

9.2 Reputational risk in 2019

DBS' priority is to prevent the occurrence of a reputational risk event, instead of taking mitigating action when it occurs. There were no significant reputational risk incidents endangering the DBS franchise in 2019.

Capital management and planning

Objective

The Board of Directors (Board) is responsible for setting our capital management objective, which is to maintain a strong capital position consistent with regulatory requirements under the Monetary Authority of Singapore (MAS) Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore" (MAS Notice 637) and the expectations of various stakeholders including customers, investors and rating agencies. The Board articulates this objective in the form of capital targets. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations, taking into consideration our strategic plans and risk appetite. Our dividend policy is to pay sustainable dividends that grow progressively with earnings. The Board has decided that, from financial year 2019, dividends will be paid quarterly instead of semi-annually to provide shareholders with a more regular income stream. In line with our dividend policy, the Board has recommended a final dividend of 33 cents per ordinary share, bringing the total ordinary dividend for the year to SGD 1.23 per share. Barring unforeseen circumstances, the annualised dividend going forward would be SGD 1.32 per share. The Scrip Dividend Scheme will not be applied to the final dividend.

Process

Our capital management objective is implemented via a capital management and planning process that is overseen by the Capital Committee. The Chief Financial Officer chairs the Capital Committee. The Capital Committee receives regular updates on our current and projected capital position. A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process (ICAAP) through which we assess our projected capital supply and demand relative to regulatory requirements and our capital targets. The ICAAP has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity.

Capital capacity is allocated on two dimensions: by business line and by entity. Capital allocations by business line are set as part of the budget process and monitored during the year. Return on regulatory capital is one of several metrics used to measure business performance. Capital allocations by entity seek to optimise the distribution of capital resources across entities, taking into account the capital adequacy requirements imposed on each subsidiary in its respective jurisdiction. Capital is allocated to ensure that each subsidiary is able to comply with regulatory requirements as it executes its business strategy in line with our strategy. During the course of the year, these subsidiaries did not experience any impediments to the distribution of dividends.

Capital structure

We manage our capital structure in line with our capital management objective and seek to optimise the cost and flexibility offered by various capital resources. In order to achieve this, we assess the need and the opportunity to raise or retire capital. The following capital transactions were undertaken during the year.

Common Equity Tier 1 capital

- The Scrip Dividend Scheme was not applied to the 2018 final or 2019 interim dividends.
- As at 31 December 2019, the number of treasury shares held by the Group was 10,330,656 (2018: 12,435,832), which was 0.40% (2018: 0.49%) of the total number of issued shares net of treasury shares.

Refer to Note 32 to the financial statements for details on the movement of share capital during the year.

Additional Tier 1 capital

- DBS Group Holdings Ltd, on 3 June 2019, redeemed the SGD 805 million 4.70% Non-Cumulative, Non-Convertible Perpetual Capital Securities.

Tier 2 capital

- None

Refer to Notes 31, 33 and 35 to the financial statements as well as the Pillar 3 disclosures (http://www.dbs.com/investor/index.html) for the terms of the capital instruments that are included in Eligible Total Capital.

The table below analyses the movement in Common Equity Tier 1, Additional Tier 1 and Tier 2 capital during the year.

Statement of changes in regulatory capital for the year ended 31 December 2019

	SGD million
Common Equity Tier 1 capital	
Opening amount	40,241
Profit for the year (attributable to shareholders)	6,391
Dividends paid to shareholders[1]	(3,931)
Cost of share-based payments	120
Purchase of treasury shares	(114)
Other CET1 movements, including other comprehensive income	163
Closing amount	42,870
Common Equity Tier 1 capital	42,870
Additional Tier 1 capital	
Opening amount	3,394
Redemption of Additional Tier 1 capital instruments and others	(804)
Closing amount	2,590
Tier 1 capital	45,460
Tier 2 capital	
Opening amount	5,233
Movements in Tier 2 capital instruments	(57)
Movement in allowances eligible as Tier 2 Capital	57
Closing amount	5,233
Total capital	50,693

Note:
(1) Includes distributions paid on capital securities classified as equity

Capital adequacy ratios

As of 1 January 2018, all Basel III deductions from Common Equity Tier 1 have been fully phased-in. As at 31 December 2019, our Common Equity Tier 1 (CET1) capital adequacy ratio (CAR) was 14.1% which was above our target ratio of around 13.0% ± 0.5%. Our CET1 CAR, as well as our Tier 1 and Total CARs, comfortably exceeded the minimum CAR requirements under MAS Notice 637, effective from 1 January 2019, of 9.0%, 10.5% and 12.5% respectively (this includes the capital conservation buffer but excludes the countercyclical capital buffer).

As at 31 December 2019 our consolidated leverage ratio stood at 7.0%, well above the 3.0% minimum ratio set by the MAS effective 1 January 2018.

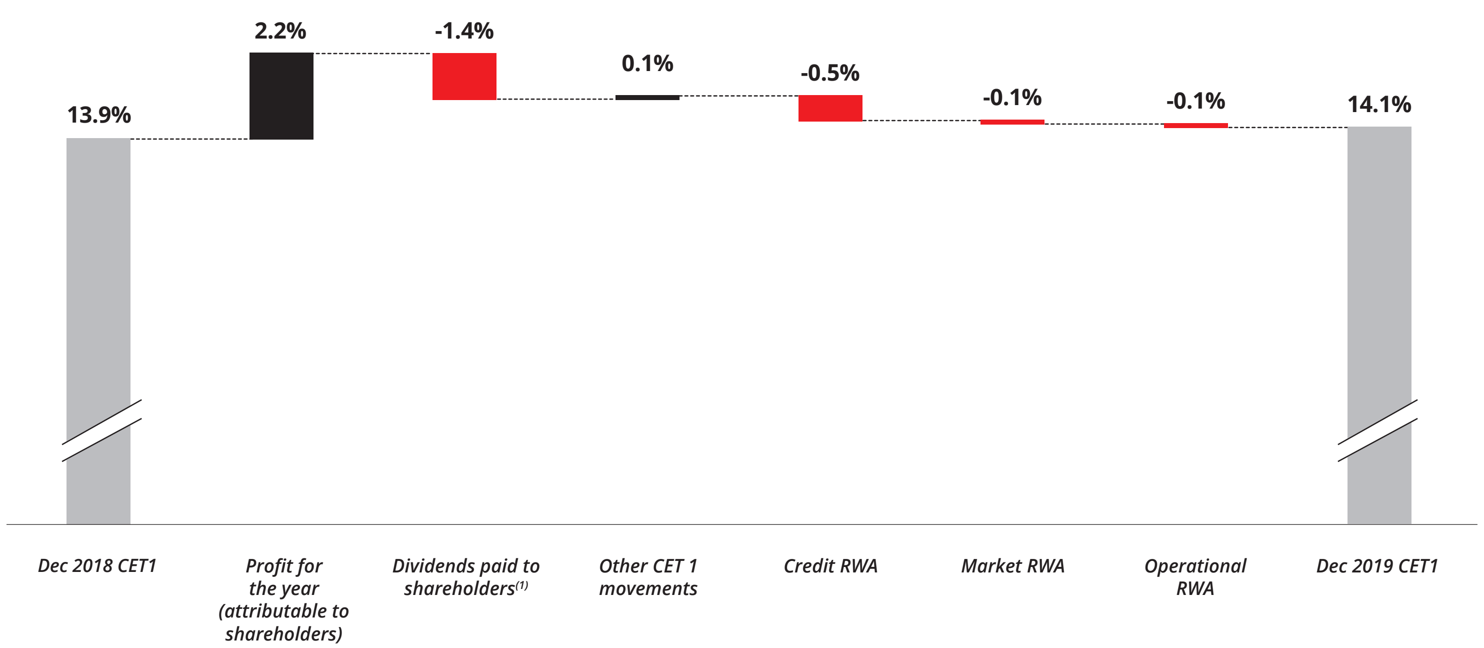
Refer to "Five-Year Summary" on page 189 for historical CAR trends. Refer to http://www.dbs.com/investor/index.html for DBS' Pillar 3 disclosures which set out details on our RWA.

SGD million	2019	2018
Share capital	11,205	11,205
Disclosed reserves and others	37,369	34,658
Total regulatory adjustments to Common Equity Tier 1 capital	(5,704)	(5,622)
Common Equity Tier 1 capital	42,870	40,241
Additional Tier 1 capital instruments	2,590	3,394
Tier 1 capital	45,460	43,635
Total allowances eligible as Tier 2 capital	1,662	1,605
Tier 2 capital instruments	3,571	3,628
Total capital	50,693	48,868
Risk-weighted assets (RWA)		
Credit RWA	252,402	242,526
Market RWA	28,696	26,170
Operational RWA	22,673	20,940
Total RWA	303,771	289,636
Capital Adequacy Ratio (CAR) (%)		
Common Equity Tier 1	14.1	13.9
Tier 1	15.0	15.1
Total	16.7	16.9
Minimum CAR including Buffer Requirements (%)[1]		
Common Equity Tier 1	9.3	8.7
Effective Tier 1	10.8	10.2
Effective Total	12.8	12.2
Of which: Buffer Requirements (%)		
Capital Conservation Buffer	2.5	1.875
Countercyclical Buffer	0.3	0.3

Note:
(1) Includes minimum Common Equity Tier 1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively

The chart below analyses the drivers of the movement in Common Equity Tier 1 (CET1) CAR during the year.

Group Common Equity Tier 1 (CET1) CAR



Note:
(1) Includes distributions paid on capital securities classified as equity

Regulatory change

The MAS has revised MAS Notice 637 to incorporate the Basel III capital standards into Singapore regulations. These took effect from 1 January 2013 and have been fully phased in from 1 January 2019. The transitional arrangements for minimum CAR requirements are summarised in the table below.

From 1 January	2017	2018	2019
Minimum CAR %			
Common Equity Tier 1 (a)	6.5	6.5	6.5
Capital Conservation Buffer (CCB) (b)	1.25	1.875	2.5
Common Equity Tier 1 including CCB (a) + (b)	7.75	8.375	9.0
Tier 1 including CCB	9.25	9.875	10.5
Total including CCB	11.25	11.875	12.5
Maximum Countercyclical Buffer[1]	1.25	1.875	2.5

Note:
(1) 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 jurisdiction-specific countercyclical buffer requirements that are required by national authorities in jurisdictions to which a bank has private sector credit exposures. The Basel Committee expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth. Of the jurisdictions where we have material private sector credit exposures, Hong Kong has applied a countercyclical buffer of 1.875% for 2018, which increased to 2.5% from 1 January 2019 and reduced to 2.0% from 14 October 2019.

The MAS has designated DBS Bank as a domestic systemically important bank (D-SIB). Under the MAS' framework for identifying and supervising D-SIBs, the higher loss absorbency requirement for locally incorporated D-SIBs is met by the foregoing minimum ratios being two percentage points higher than those established by the Basel Committee. The Basel Committee has developed an indicator-based methodology for identifying global systemically important banks (G-SIBs) on which higher loss absorbency requirements will be imposed. While we are not a G-SIB, we are required to disclose the 12 indicators which are included in the Group's Pillar 3 disclosures published on DBS' website (http://www.dbs.com/investor/index.html).

The MAS Amendment Act has partially come into operation, and most of the relevant amendments relating to the resolution framework came into force on 29 October 2018. Certain aspects of the framework are to be implemented by way of regulations which have not been issued. The MAS' resolution powers include, among other things, the introduction of statutory powers allowing the MAS to temporarily stay early termination rights (including set-off and netting rights) of counterparties to financial contracts entered into with a financial institution over which the MAS may exercise its resolution powers (which would include Singapore licensed banks), the introduction of a statutory bail-in regime, cross-border recognition of resolution action, creditor safeguards and resolution funding.

The MAS has made amendments to MAS Notice 637, with effect from 16 November 2018, 31 December 2018 and 1 January 2019 to, inter alia, implement the revised Basel Committee standards for Interest Rate Risk in the Banking Book (IRRBB) and Total Loss Absorbing Capacity (TLAC) holdings, widen the scope of certain eligible collateral, revise the risk weight for certain exposures and make technical amendments.

On 7 May 2019, the MAS released a consultation paper on "Proposed Implementation of the Final Basel III Reforms in Singapore", seeking feedback on proposed revisions to the risk-based capital requirements and leverage ratio requirements for Singapore-incorporated banks to align with the Basel III reforms, and to implement these revisions from 1 January 2022. These proposals, if implemented can affect the way banks in Singapore calculate their exposures, which may in turn affect their capital requirements.

With effect from 30 June 2019, further amendments were made to MAS Notice 637 to: (a) allow the recognition of a qualifying on-balance sheet netting agreement for loans and deposits for credit risk mitigation purposes, (b) reduce disclosure requirements for non D-SIBs, (c) revise disclosure templates for disclosures, and (d) implement other technical revisions.

Sustainability

This is our second standalone Sustainability Report and our fifth Global Reporting Initiative (GRI) compliant disclosure since 2015.

Scan here to view our Sustainability Report

Sustainability governance

Board of Directors

Chief Executive Officer

DBS Sustainability Council
(Chaired by the Chief Sustainability Officer)

The Board has overall responsibility for sustainability and integrates ESG matters in the formulation of DBS' strategy.

The CEO is assisted by the Group Sustainability Council on sustainability matters. The Council is chaired by the Chief Sustainability Officer and consists of senior members across various business and support units.

Sustainable Development Goals (SDGs)

In promoting sustainable development, we have chosen to focus on six SDGs which we believe we can make meaningful contributions to, and after taking into account the markets in which we operate.

Sustainability pillars

Our approach to sustainability is based on three pillars:

1 Responsible banking

We incorporate responsible financing in our lending practices, support our customers' transition towards more sustainable low-carbon business models and improve customers' access to ESG investments. We conduct our business in a fair and responsible manner. This includes advancing financial inclusion, taking a proactive stance to protect our customers' information and preventing financial crime.

2 Responsible business practices

We do the right thing by our most important resource – our people – and consider environmental and societal factors in our business operations. We provide an inclusive work environment, manage our direct environmental footprint and seek to influence our supply chain towards sustainable practices. We also pay our fair share of taxes and make economic contributions to the communities in which we operate.

3 Creating social impact

We seek to be a force for good by supporting social enterprises – businesses with a double bottom line – and giving back to the communities in which we operate. Through our "People of Purpose" volunteerism movement, we also help to drive impact in the areas of the elderly, education and the environment.

About **SGD 5 billion** financing for sustainability-linked loans, renewable and clean energy-related loans and green loans

PURE principles (Purposeful, Unsurprising, Respectful and Explainable) to validate use of data in a responsible and accountable manner

EQUATOR PRINCIPLES

1st bank headquartered in Southeast Asia to adopt the Equator Principles

597 Customers under Social Enterprise Package

RE100: About **14%** of renewable energy for our key markets

About **88,000** employee volunteering hours

Provided **SGD 37.2 billion** in financing for SMEs

Launched DBS HACK2HIRE-HER to attract greater female representation in technology roles

ESG-related awards and indices

Bloomberg GEI Index	FTSE4Good Global Index	DJSI (Asia Pacific)	Social Enterprise Champion of the Year (Corporation)
Business Leadership in Sustainability (Green Building Organisation)	Sustainability Award (Big Cap)	SEC-CDL Outstanding and SEC-STATS Asia Pacific (Services)	iEdge SG ESG Indices – Leaders Index and Transparency Index

Summary of disclosures Corporate governance

This summary of disclosures describes our corporate governance practices with specific reference to the express disclosure requirements in the principles and provisions of the 2018 Code* and the Supplementary Guidelines* pursuant to Rule 710 of the SGX Listing Manual.

* defined on page 44

Express disclosure requirements in the 2018 Code and the Supplementary Guidelines

Principles and provisions of the 2018 Code - Express disclosure requirements	Page reference in DBS Annual Report 2019
Provision 1.2 The induction, training and development provided to new and existing Directors.	Pages 50 and 51
Provision 1.3 Matters that require Board approval.	Page 56
Provision 1.4 Names of the members of the Board Committees, the terms of reference of the Board Committees, any delegation of the Board's authority to make decisions, and a summary of each Board committee's activities.	Pages 48 to 55
Provision 1.5 The number of meetings of the Board and Board committees held in the year, as well as the attendance of every Board member at these meetings.	Pages 46 to 47
Provision 2.4 The board diversity policy and progress made towards implementing the board diversity policy, including objectives.	Page 51
Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidate.	Page 50
Provision 4.4 Where the Board considers a Director to be independent in spite of the existence of a relationship which may affect his or her independence, the nature of the Director's relationship and the reasons for considering him or her as independent should be disclosed.	Page 50
Provision 4.5 The listed company directorships and principal commitments of each director, and where a director holds a significant number of such directorships and commitments, the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties are disclosed.	Pages 50 to 51, and 190 to 195
Provision 5.2 How the assessments of the Board, its Board committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Company or any of its Directors.	Page 50
Provision 6.4 The Company discloses the engagement of any remuneration consultants and their independence.	Page 63
Principle 8 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration, and the relationship between remuneration, performance and value creation.	Pages 61 to 65
Provision 8.1 The Company discloses the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of (a) each individual director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than SGD 250,000 and in aggregate the total remuneration paid to these key management personnel.	For the CEO and management: pages 63 to 65 For non-executive Directors: pages 46 to 47
Provision 8.2 Names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a Director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds SGD 100,000 during the year, in bands no wider than SGD 100,000. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.	Page 56
Provision 8.3 The Company discloses all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company, and also discloses details of employee share schemes.	For non-executive Directors: Pages 46, 47, 55, 190, 194 and 195 For key management personnel: pages 63 to 65 For employee share schemes: pages 63, 107 and 108
Provision 9.2 Whether the Board has received assurance from (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) the CEO and the other key management personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems.	Page 58
Provision 11.3 Directors' attendance at general meetings of shareholders held during the financial year.	Pages 46 to 47
Provision 12.1 The steps taken to solicit and understand the views of shareholders.	Pages 59 to 60
Provision 13.2 The strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	Pages 74 to 75

Supplementary Guidelines – Express disclosure requirements	Page reference in DBS Annual Report 2019
Guideline 1.16 An assessment of how the induction, orientation and training provided to new and existing directors meet the requirements set out by the NC to equip the Board and the respective board committees with relevant knowledge and skills in order to perform their roles effectively.	Pages 50 and 51
Guideline 2.13 If a Board Executive Committee is established, the Company should disclose the names of the members of the Board Executive Committee and the key terms of reference of the Board Executive Committee, explaining its role and the authority delegated to it by the Board.	Pages 49, 51 to 52
Guideline 4.13 The Board should disclose the resignation or dismissal of the key appointment holders in the Financial Institution's Annual Report.	Not applicable
Guideline 4.14 Deviation and explanation for any deviation from the internal guidelines on time commitment.	Pages 50 to 51
Guideline 11.14 The names of the members of the board risk committee and the key terms of reference of the board risk committee, explaining its role and the authority delegated to it by the Board.	Pages 49 and 54
Guideline 17.4 Material related party transactions.	Pages 57 to 58

Financial statements

DBS Group Holdings Ltd and its Subsidiaries

Notes to the Financial Statements

Income Statement

Balance Sheet: Assets

Balance Sheet: Liabilities

Balance Sheet: Share Capital and Reserves

Off-Balance Sheet Information

Additional Information

DBS Bank Ltd

DBS Group Holdings Ltd and its Subsidiaries

Directors' statement

for the financial year ended 31 December 2019

The Directors are pleased to present their statement to the Members, together with the audited balance sheet of DBS Group Holdings Ltd (the Company or DBSH) and the consolidated financial statements of the Company and its subsidiaries (the Group) for the financial year ended 31 December 2019. These have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and the Singapore Financial Reporting Standards (International).

In the opinion of the Directors:

(a) the balance sheet of the Company and the consolidated financial statements of the Group, together with the notes thereon as set out on pages 116 to 182, are drawn up so as to give a true and fair view of the financial position of the Company and the Group as at 31 December 2019, and the performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) as at the date of this statement, there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they fall due.

Board of Directors

The Directors in office at the date of this statement are:

Mr Peter Seah *(Chairman)*
Mr Piyush Gupta *(Chief Executive Officer)*
Dr Bonghan Cho
Ms Euleen Goh
Mr Ho Tian Yee *(Lead Independent Director)*
Mr Olivier Lim
Mr Nihal Kaviratne
Mr Andre Sekulic
Mr Danny Teoh
Mr Tham Sai Choy
Mrs Ow Foong Pheng

Mr Peter Seah, Mr Ho Tian Yee, Mr Olivier Lim and Mrs Ow Foong Pheng will retire by rotation in accordance with Article 99 of the Company's Constitution at the forthcoming annual general meeting (AGM) and, being eligible, will offer themselves for re-election at the AGM.

Directors' interests in shares or debentures

Each of 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 2019	As at 1 Jan 2019	As at 31 Dec 2019	As at 1 Jan 2019
DBSH ordinary shares				
Mr Peter Seah	242,127	220,661	–	–
Mr Piyush Gupta	1,522,502	1,169,560	318,000	318,000
Dr Bonghan Cho	1,930	–	–	–
Ms Euleen Goh	58,703	54,414	–	–
Mr Ho Tian Yee	48,140	44,229	–	–
Mr Olivier Lim	67,281	38,299	–	–
Mr Nihal Kaviratne	3,690	33,768	–	–
Mr Andre Sekulic	27,956	24,575	–	–
Mr Danny Teoh	45,589	41,726	19,099	19,099
Mr Tham Sai Choy	89,188	88,000	–	–
Mrs Ow Foong Pheng	25,839	25,839	–	–
Share awards (unvested) granted under the DBSH Share Plan				
Mr Piyush Gupta[1]	1,036,485	1,000,845	–	–
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Ms Euleen Goh	3,000	3,000	–	–

(1) Mr Piyush Gupta's share awards form part of his remuneration. Details of the DBSH Share Plan are set out in Note 39 of the Notes to the 2019 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 2020.

DBSH Share Plan

At the Annual General Meeting held on 25 April 2019, the DBSH Share Plan (which was first adopted on 18 September 1999) was extended for another ten years, from 18 September 2019 to 17 September 2029 (both dates inclusive). The DBSH Share Plan is administered by the Compensation and Management Development Committee (CMDC). As at the date of this statement, the members of the CMDC are Mr Andre Sekulic (Chairman), Mr Peter Seah, Ms Euleen Goh, Mr Olivier Lim and Mr Nihal Kaviratne.

Under the terms of the DBSH Share Plan:

(a) Awards over DBSH's ordinary shares may be granted to Group executives who hold such rank as may be determined by the CMDC 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 CMDC from time to time, and non-executive Directors of DBSH;

(b) Where time-based awards are granted, participants are awarded ordinary shares of DBSH or, at the CMDC's discretion, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Awards are granted under the DBSH Share Plan at the absolute discretion of the CMDC. Dividends on unvested shares do not accrue to employees;

(c) 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 employment or misconduct of the participant, except in cases such as retirement, redundancy, ill health, injury, disability, death, bankruptcy 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;

(d) 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); and

(e) 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.

During the financial year, time-based awards in respect of an aggregate of 6,287,763 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. In addition, during the financial year, certain non-executive Directors received an aggregate of 46,232 share awards which vested immediately upon grant. These share awards formed part of their directors' fees for 2018, which had been approved by the shareholders at DBSH's annual general meeting held on 25 April 2019.

Details of the share awards granted under the DBSH Share Plan to Directors of DBSH are as follows:

Directors of the Company	Share awards granted during the financial year under review	Share awards vested during the financial year under review
Mr Peter Seah	21,466	21,466
Mr Piyush Gupta	388,582[(1)]	352,942
Dr Bonghan Cho	1,930	1,930
Ms Euleen Goh	4,289	4,289
Mr Ho Tian Yee	3,911	3,911
Mr Olivier Lim	2,982	2,982
Mr Nihal Kaviratne	3,222	3,222
Mr Andre Sekulic	3,381	3,381
Mr Danny Teoh	3,863	3,863
Mr Tham Sai Choy	1,188	1,188

(1) The share awards granted to Mr Piyush Gupta are time-based awards which will vest over a 4-year period. Of the 388,582 share awards: (a) 243,819 were granted in February 2019 and formed part of his remuneration for 2018; (b) 80,000 were granted as a one-time special recognition award in November 2019 in recognition of Mr Gupta's leadership, dedication and contributions to the Group for the past 10 years; and (c) 64,763 are retention shares arising from these grants that will vest at the end of the applicable 4-year period.

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement, the object of which is to enable the Directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate, save as disclosed in this statement.

Audit Committee

The Audit Committee comprises non-executive Directors Mr Tham Sai Choy (Chairman), Mr Peter Seah, Dr Bonghan Cho, 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 issued on 3 April 2013 and the Code of Corporate Governance 2018, which include, *inter alia*, the following:

(i) Review, with the external auditor, its audit plan, audit report, evaluation of the internal accounting controls of DBS and assistance given by the management to the external auditor;

(ii) Review the internal auditor's plans and the scope and results of audits;

(iii) Review the Group's consolidated financial statements and financial announcements prior to submission to the Board;

(iv) Review the adequacy, independence and effectiveness of the internal audit function;

(v) Review the adequacy, effectiveness, independence and objectivity of the external auditor; and

(vi) Review the assurance given by CEO and other key management personnel regarding the adequacy and effectiveness of the Group's internal controls.

Please refer to the Corporate Governance Report for further details on the activities of the Audit Committee during the financial year ended 31 December 2019.

The Audit Committee has considered the financial, business and professional relationships between PricewaterhouseCoopers (PwC) and the Group. It is of the view that these relationships would not affect the independence of PwC.

The Audit Committee has recommended, to the Board of Directors, the re-appointment of PwC as independent external auditor at the forthcoming AGM of the Company on 31 March 2020.

Independent Auditor

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors

Mr Peter Seah

Mr Piyush Gupta

12 February 2020
Singapore

DBS Group Holdings Ltd and its Subsidiaries

Independent auditor's report

To the members of DBS Group Holdings Ltd

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of DBS Group Holdings Ltd (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group, as set out on pages 116 to 182, comprise:

- the consolidated income statement of the Group for the year ended 31 December 2019;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the balance sheets of the Group and of the Company as at 31 December 2019;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated cash flow statement of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our audit approach

Overview

Materiality	Group scoping	Key audit matters
• We determined the overall Group materiality based on 5% of the Group's profit before tax.	• Full scope audit procedures were performed over the Singapore Operations of DBS Bank Ltd and DBS Bank (Hong Kong) Limited ("significant components"). • We identified DBS Bank Ltd. Hong Kong Branch, DBS Bank (China) Limited, PT Bank DBS Indonesia, DBS Bank (Taiwan) Ltd and DBS Bank India Limited as component entities where certain account balances were considered to be significant in size in relation to the Group ("other components"). Consequently, specific audit procedures for the significant account balances of these components were performed to obtain sufficient appropriate audit evidence.	• Specific allowances for loans and advances to customers • General allowances for credit losses (Stage 1 and 2 Expected Credit Loss) • Goodwill • Valuation of financial instruments held at fair value

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

How we determined overall Group materiality	5% of the Group's profit before tax
Rationale for benchmark applied	• We chose 'profit before tax' as, in our view, it is the benchmark against which performance of the Group is most commonly measured. • We selected 5% based on our professional judgement, noting that it is also within the range of commonly accepted profit-related thresholds.

In performing our audit, we allocated materiality levels to the significant components and other components of the Group. These are less than the overall Group materiality.

How we developed the audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group's financial reporting process is dependent on its Information Technology ("IT") systems. Our audit scope included testing the operating effectiveness of the controls over the integrity of key financial data processed through the IT systems that are relevant to financial reporting.

In establishing the overall Group audit approach, we determined the extent of audit procedures that are needed to be performed across the Group by us or by other PwC network firms operating under our instruction who are familiar with the local laws and regulations in each of these territories (the "component auditors"). Where the work was performed by component auditors, we determined the level of involvement we needed to have in the procedures to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended 31 December 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Specific allowances for loans and advances to customers As at 31 December 2019, the specific allowances for loans and advances to customers of the Group was $2,305 million, the majority of which related to Institutional Banking Group ("IBG") customers. Specific allowances refer to loss allowance for credit-impaired exposures (i.e. Stage 3) per SFRS (I) 9. Expected Credit Losses ("ECL") on non-impaired exposures (i.e. Stage 1 and Stage 2) is set out under the 'General allowances for credit losses' key audit matter. We focused on this area because of the subjective judgements by management in determining the necessity for, and estimating the size of, allowances against loans and advances. In particular, we focused on specific allowances for loans and advances to IBG customers because any assessment of impairment can be inherently subjective and involves significant judgement over both the timing of recognition of any impairment and the estimation of the size of such impairment. This includes: • the principal assumptions underlying the calculation of specific allowances for loans and advances to IBG customers where there is evidence of impairment losses (including the future profitability of the borrowers and the expected realisable value of collateral held); and • the classification of loans and advances in line with MAS Notice 612 ("MAS 612"). We applied judgement in selecting samples focused on borrowers incorporated in China, India and Indonesia, and with exposures to certain sectors in view of continued heightened credit risks impacting the portfolio. (Refer also to Notes 3 and 18 to the financial statements.)	We assessed the design and evaluated the operating effectiveness of the controls over the specific allowances for loans and advances to IBG customers. These controls included: • oversight of credit risk by the Group Credit Risk Committee; • timely management review of credit risk; • the watchlist identification and monitoring process; • timely identification of impairment events; • classification of loans and advances in line with MAS 612; and • the collateral monitoring and valuation processes. We determined that we could rely on these controls for the purposes of our audit. We inspected a sample of loans and advances to IBG customers to assess whether the classification of the loans and advances is in line with MAS 612 and, where there was evidence of an impairment loss, whether it had been identified in a timely manner including, where relevant, how forbearance had been considered. Where impairment had been identified, for a sample of loans and advances, our work included: • considering the latest developments in relation to the borrower; • examining the forecasts of future cash flows prepared by management including key assumptions in relation to the amount and timing of recoveries; • comparing the collateral valuation and other sources of repayment to support the calculation of the impairment against external evidence, where available, including independent valuation reports; • challenging management's assumptions; and • testing the calculations. For a sample of performing loans and advances to IBG customers which had not been identified by management as potentially impaired, considering the latest developments in relation to the borrower, we challenged management's assumptions on whether management's classification was appropriate, using external evidence where available in respect of the relevant borrower. Based on procedures performed, we have assessed that the specific allowances for loans and advances is appropriate.

Key audit matter	How our audit addressed the key audit matter
General allowances for credit losses (Stage 1 and 2 Expected Credit Loss) SFRS(I) 9 *Financial Instruments* ("SFRS(I) 9") adopted in 2018 introduced a new impairment measurement framework, referred to as Expected Credit Loss. In estimating ECL over future time periods, significant judgement is required. We focused on the Group's measurement of general allowances on non-impaired exposures ($2,511 million). This covers both 'Stage 1' exposures (where there has not been a significant increase in credit risk), and 'Stage 2' exposures (where a significant increase in credit risk has been observed). The ECL framework implemented by the Group involves significant judgement and assumptions that relate to, amongst others: • adjustments to the Group's Basel credit models and parameters; • use of forward-looking and macro-economic information; • estimates for the expected lifetime of revolving credit facilities; • assessment of significant increase in credit risk; and • post model adjustments to account for limitations in the ECL models, for example the risk to the portfolio from the current geopolitical trade conditions. (Refer also to Notes 3 and 11 to the financial statements.)	We critically assessed management's assumptions and estimates relating to Stage 1 and Stage 2 ECL for retail and non-retail portfolios as at 31 December 2019. This included assessing refinements in methodologies made during the year. We tested the design and operating effectiveness of key controls focusing on: • involvement of governance committees, including review and approval of post model adjustments; • completeness and accuracy of external and internal data inputs into the ECL calculations; and • accuracy and timeliness of allocation of exposures into Stage 1 and Stage 2 based on quantitative and qualitative triggers. The Group's internal experts performed an independent model validation of the ECL methodologies and assumptions. We reviewed the outcomes from this work as part of our assessment of the ECL estimate. Through the course of our work, we challenged the rationale and calculation basis of post model adjustments. Overall, we assessed the methodologies and assumptions used by the Group to estimate the ECL on non-impaired exposures to be appropriate.
Goodwill As at 31 December 2019, the Group had $5,170 million of goodwill as a result of acquisitions. We focused on this area as management makes significant judgement in estimating future cash flows in undertaking its annual goodwill impairment assessment. The key assumptions used in the discounted cash flow analyses relate to: • cash flow forecasts; • discount rate; and • long-term growth rate. (Refer also to Notes 3 and 27 to the financial statements.)	We assessed the appropriateness of management's identification of the Group's cash generating units and the process by which indicators of impairment were identified. For DBS Bank (Hong Kong) Limited's franchise (goodwill of $4,631 million as at 31 December 2019), we evaluated management's cash flow forecasts and the process by which they were developed. Together with valuation specialists in our team, we assessed discount rate and growth rate assumptions against the Group's own historical performance and available external industry and economic indicators. We reviewed management's sensitivity analysis over the key assumptions to determine whether any reasonably possible change in these assumptions would result in an impairment, and also performed our own stress analysis based on the situation in Hong Kong. We concur with management's assessment that goodwill balances are not impaired as at 31 December 2019.

Key audit matter	How our audit addressed the key audit matter
Valuation of financial instruments held at fair value Financial instruments held by the Group at fair value include derivative assets and liabilities, trading securities, certain debt instruments and other assets and liabilities designated at fair value. The Group's financial instruments are predominantly valued using quoted market prices ('Level 1') or market observable prices ('Level 2'). The valuation of 'Level 3' instruments rely on significant unobservable inputs. We considered the overall valuation of financial instruments (Level 1, 2 and 3) to be a key audit matter given the financial significance to the Group, nature of underlying products and estimation involved to determine fair value. In determining fair value, management also make adjustments to recognise credit risk, funding costs, bid-offer spreads and in other cases parameter and model risk limitations. This is broadly consistent with the banking industry, albeit the methodology to calculate some of these adjustments continues to evolve. (Refer also to Notes 3 and 41 to the financial statements.)	We assessed the design and tested the operating effectiveness of the controls over the Group's financial instruments valuation processes. These included the controls over: • management's testing and approval of new models and revalidation of existing models; • the completeness and accuracy of pricing data inputs into valuation models; • monitoring of collateral disputes; and • governance mechanisms and monitoring over the valuation processes by the Group Market and Liquidity Risk Committee, including over derivative valuation adjustments. We determined that we could rely on the controls for the purposes of our audit. In addition, we: • engaged our own specialists to use their own models and input sources to determine an independent estimate of fair value for a sample of the Group's Level 1 and Level 2 financial instruments. We compared these to the Group's calculations of fair value to assess individual material valuation differences or systemic bias; • assessed the reasonableness of the methodologies used and the assumptions made for a sample of financial instrument valuations with significant unobservable valuation inputs (Level 3 instruments); • performed procedures on collateral disputes to identify possible indicators of inappropriate valuations; and • performed tests of inputs and assessed the methodology over fair value adjustments, in light of available market data and industry trends. Overall, the valuation of financial instruments held at fair value was within a reasonable range of outcomes.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 106 to 109 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the Annual Report ("the Other Sections") which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors 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 Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Melvin Poon.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore,12 February 2020

DBS Group Holdings Ltd and its Subsidiaries

Consolidated income statement

for the year ended 31 December 2019

In $ millions	Note	2019	2018
Interest income		**15,592**	13,798
Interest expense		**5,967**	4,843
Net interest income	4	**9,625**	8,955
Net fee and commission income	5	**3,052**	2,780
Net trading income	6	**1,459**	1,178
Net income from investment securities	7	**334**	131
Other income	8	**74**	139
Non-interest income		**4,919**	4,228
Total income		**14,544**	13,183
Employee benefits	9	**3,514**	3,188
Other expenses	10	**2,744**	2,626
Total expenses		**6,258**	5,814
Profit before allowances		**8,286**	7,369
Allowances for credit and other losses	11	**703**	710
Profit before tax		**7,583**	6,659
Income tax expense	12	**1,154**	1,006
Net profit		**6,429**	5,653
Attributable to:			
Shareholders		**6,391**	5,577
Non-controlling interests		**38**	76
		6,429	5,653
Basic and diluted earnings per ordinary share ($)	13	**2.46**	2.15

(The notes on pages 122 to 182 as well as the Risk Management section on pages 76 to 94 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated statement of comprehensive income

for the year ended 31 December 2019

In $ millions	2019	2018
Net profit	**6,429**	5,653
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Translation differences for foreign operations	**(175)**	(94)
Other comprehensive income of associates	**1**	3
Gains/ (losses) on debt instruments classified at fair value through other comprehensive income and others		
Net valuation taken to equity	**933**	(105)
Transferred to income statement	**(403)**	(151)
Taxation relating to components of other comprehensive income	**(58)**	16
Items that will not be reclassified to income statement:		
Gains/ (losses) on equity instruments classified at fair value through other comprehensive income (net of tax)	**136**	(154)
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**(63)**	111
Other comprehensive income, net of tax	**371**	(374)
Total comprehensive income	**6,800**	5,279
Attributable to:		
Shareholders	**6,761**	5,201
Non-controlling interests	**39**	78
	6,800	5,279

(The notes on pages 122 to 182 as well as the Risk Management section on pages 76 to 94 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Balance sheets

as at 31 December 2019

In $ millions	Note	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Assets					
Cash and balances with central banks	15	26,362	22,185	–	–
Government securities and treasury bills	16	49,729	47,278	–	–
Due from banks		39,336	40,178	36	24
Derivatives	37	17,235	17,029	121	54
Bank and corporate securities	17	63,746	58,197	–	–
Loans and advances to customers	18	357,884	345,003	–	–
Other assets	20	15,424	13,418	–	5
Associates	23	835	838	–	–
Subsidiaries	22	–	–	27,409	28,153
Properties and other fixed assets	26	3,225	1,450	–	–
Goodwill and intangibles	27	5,170	5,175	–	–
Total assets		578,946	550,751	27,566	28,236
Liabilities					
Due to banks		23,773	22,648	–	–
Deposits and balances from customers	28	404,289	393,785	–	–
Derivatives	37	17,512	16,692	19	18
Other liabilities	29	20,907	18,440	96	100
Other debt securities	30	57,128	45,712	3,818	4,141
Subordinated term debts	31	3,538	3,599	3,538	3,599
Total liabilities		527,147	500,876	7,471	7,858
Net assets		51,799	49,875	20,095	20,378
Equity					
Share capital	32	10,948	10,898	10,961	10,900
Other equity instruments	33	2,009	2,812	2,009	2,812
Other reserves	34	4,102	3,701	173	180
Revenue reserves	34	33,922	31,634	6,952	6,486
Shareholders' funds		50,981	49,045	20,095	20,378
Non-controlling interests	35	818	830	–	–
Total equity		51,799	49,875	20,095	20,378

(The notes on pages 122 to 182 as well as the Risk Management section on pages 76 to 94 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 2019

	Attributable to shareholders of the Company						
In $ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Shareholders' funds	Non-controlling interests	Total equity
2019							
Balance at 1 January	10,898	2,812	3,701	31,634	49,045	830	49,875
Impact of adopting SFRS(I) 16 on 1 January	–	–	–	(95)	(95)	–	(95)
Balance at 1 January after adoption of SFRS(I) 16	10,898	2,812	3,701	31,539	48,950	830	49,780
Purchase of treasury shares	(114)	–	–	–	(114)	–	(114)
Draw-down of reserves upon vesting of performance shares	164	–	(164)	–	–	–	–
Cost of share-based payments	–	–	120	–	120	–	120
Dividends paid to shareholders[(a)]	–	–	–	(3,931)	(3,931)	–	(3,931)
Dividends paid to non-controlling interests	–	–	–	–	–	(38)	(38)
Acquisition of non-controlling interests	–	–	–	–	–	(13)	(13)
Redemption of perpetual capital securities issued by the Company	–	(803)	–	(2)	(805)	–	(805)
Total comprehensive income	–	–	445	6,316	6,761	39	6,800
Balance at 31 December	10,948	2,009	4,102	33,922	50,981	818	51,799
2018							
Balance at 1 January	11,082	1,812	4,256	30,308	47,458	2,344	49,802
Impact of adopting SFRS(I) 9 on 1 January	–	–	(86)	95	9	–	9
Balance at 1 January after adoption of SFRS(I) 9	11,082	1,812	4,170	30,403	47,467	2,344	49,811
Purchase of treasury shares	(303)	–	–	–	(303)	–	(303)
Draw-down of reserves upon vesting of performance shares	119	–	(119)	–	–	–	–
Issue of perpetual capital securities	–	1,000	–	–	1,000	–	1,000
Cost of share-based payments	–	–	112	–	112	–	112
Dividends paid to shareholders[(a)]	–	–	–	(4,432)	(4,432)	–	(4,432)
Dividends paid to non-controlling interests	–	–	–	–	–	(85)	(85)
Change in non-controlling interests	–	–	–	–	–	(7)	(7)
Redemption of preference shares issued by a subsidiary	–	–	–	–	–	(1,500)	(1,500)
Total comprehensive income	–	–	(462)	5,663	5,201	78	5,279
Balance at 31 December	10,898	2,812	3,701	31,634	49,045	830	49,875

(a) Includes distributions paid on capital securities classified as equity (2019: $96 million; 2018: $74 million)

(The notes on pages 122 to 182 as well as the Risk Management section on pages 76 to 94 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated cash flow statement

for the year ended 31 December 2019

In $ millions	2019	2018
Cash flows from operating activities		
Profit before tax	**7,583**	6,659
Adjustments for non-cash and other items:		
Allowances for credit and other losses	**703**	710
Depreciation of properties and other fixed assets	**609**	331
Share of profits or losses of associates	**(50)**	(29)
Net loss/ (gain) on disposal, net of write-off of properties and other fixed assets	**26**	(86)
Net income from investment securities	**(334)**	(131)
Cost of share-based payments	**120**	112
Interest expense on subordinated term debts	**76**	47
Interest expense on lease liabilities	**29**	–
Profit before changes in operating assets and liabilities	**8,762**	7,613
Increase/ (Decrease) in:		
Due to banks	**1,304**	5,037
Deposits and balances from customers	**10,908**	19,598
Other liabilities	**1,349**	1,498
Other debt securities and borrowings	**11,492**	5,351
(Increase)/ Decrease in:		
Restricted balances with central banks	**1,502**	(276)
Government securities and treasury bills	**(2,476)**	(7,878)
Due from banks	**678**	(4,488)
Bank and corporate securities	**(5,149)**	(2,817)
Loans and advances to customers	**(14,269)**	(22,854)
Other assets	**(2,280)**	(1,176)
Tax paid	**(635)**	(891)
Net cash generated from/ (used in) operating activities (1)	**11,186**	(1,283)
Cash flows from investing activities		
Dividends from associates	**29**	25
Proceeds from disposal of interest in associates	**21**	11
Acquisition of interest in associate	**–**	(69)
Proceeds from disposal of properties and other fixed assets	**2**	105
Purchase of properties and other fixed assets	**(586)**	(533)
Net proceeds from acquisition of new business	**–**	262
Acquisition of/ change in non-controlling interests	**(13)**	(7)
Net cash used in investing activities (2)	**(547)**	(206)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated cash flow statement

for the year ended 31 December 2019

In $ millions	2019	2018
Cash flows from financing activities		
Issue of perpetual capital securities	**–**	1,000
Issue of subordinated term debts	**–**	3,013
Interest paid on subordinated term debts	**(76)**	(56)
Redemption/ purchase of subordinated term debts	**–**	(508)
Redemption of preference shares issued by a subsidiary	**–**	(1,500)
Redemption of perpetual capital securities issued by the Company	**(805)**	–
Purchase of treasury shares	**(114)**	(303)
Dividends paid to non-controlling interests	**(38)**	(85)
Dividends paid to shareholders of the Company[(a)]	**(3,931)**	(4,432)
Net cash used in financing activities (3)	**(4,964)**	(2,871)
Exchange translation adjustments (4)	**39**	(109)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**5,714**	(4,469)
Cash and cash equivalents at 1 January	**14,221**	18,693
Impact of adopting SFRS(I) 9 on 1 January	**–**	(3)
Cash and cash equivalents at 31 December (Note 15)	**19,935**	14,221

(a) Includes distributions paid on capital securities classified as equity

(The notes on pages 122 to 182 as well as the Risk Management section on pages 76 to 94 form part of these financial statements)

DBS Group Holdings Ltd and its Subsidiaries

Notes to the financial statements

for the year ended 31 December 2019

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2019 were authorised for issue by the Directors on 12 February 2020.

1. Domicile and Activities

The Company, DBS Group Holdings Ltd, is incorporated and domiciled in the Republic of Singapore and has its registered office at 12 Marina Boulevard, Marina Bay Financial Centre Tower Three, Singapore 018982.

The Company is listed on the Singapore Exchange.

The Company is an investment holding, treasury and funding vehicle for the group. Its main subsidiary is DBS Bank Ltd. (the Bank), which is wholly owned and engaged in a range of commercial banking and financial services, principally in Asia.

The financial statements relate to the Company and its subsidiaries (the Group) and the Group's interests in associates.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

Compliance with Singapore Financial Reporting Standards (International) (SFRS(I))

The financial statements of the Company and the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)). As permitted by Section 201(10)(b) of the Companies Act (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.

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 New or amended SFRS(I) and Interpretations effective for 2019 year-end

On 1 January 2019, the Group adopted SFRS(I) 16 Leases. The other amendments and interpretations effective from 1 January 2019 do not have a significant impact on the Group's financial statements.

Adoption of SFRS(I) 16 Leases

SFRS(I) 16 Leases replaces the previous lease accounting standards. It requires almost all leases to be recognised on the balance sheet, including a lessee's right-of-use asset, which represent its right to use the underlying assets, and its lease liabilities, which represent its obligations to make lease payments. The existing straight-line operating lease expense in profit or loss is also replaced by a depreciation charge for right-of-use assets and by an interest expense for lease liabilities.

The Group applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 was recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. On transition, the impact to retained earnings was a net decrease of $95 million.

Lease liabilities of $1.9 billion were recognised for leases that had previously been classified as operating leases under SFRS(I) 1-17 Leases. These lease liabilities, which have been included within other liabilities, were measured at the present value of the remaining lease payments.

The associated right-of-use assets of $1.8 billion were recognised and included within the properties and other fixed assets line item. Right-of-use assets on significant property leases were measured on a retrospective basis as if SFRS(I) 16 had been applied since their lease commencement dates. The carrying values of other right-of-use assets were equal to the corresponding lease liabilities.

Please refer to Note 2.14 for more details

2.4 New SFRS(I) and Interpretations effective for future periods

The amendments and interpretations effective for future periods do not have a significant impact on the Group's financial statements, except for Interest Rate Benchmark Reform where impact is being assessed.

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform

In December 2019, the ASC issued 'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform' (effective 1 January 2020). The amendments provide exceptions that allow entities to continue hedge accounting for existing hedge relationships under the assumption that Inter Bank Offer Rate (IBOR) based hedged cash flows are not altered as a result of the IBOR Reform.

These amendments are issued due to global reform of interest rate benchmarks such as IBORs to phase out dealer-quotes and replace them with alternative risk-free reference rates. There is currently uncertainty around the timing and precise nature of these changes.

The Group continues to monitor the developments of IBOR reform and it will assess the impact for the Group as further information becomes available.

A) General Accounting Policies

A summary of the 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.

2.5 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. Please refer to Note 2.13 for the Group's accounting policy on goodwill.

All intra-group transactions and balances are eliminated on consolidation.

Associates

Associates are entities over which the Group has significant influence but no control, where the Group generally holds a shareholding of between and including 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

2.6 Foreign currency treatment

Functional and presentation currency

Items in the financial statements are measured using the functional currency of each entity in the Group, this being the currency of the primary economic environment in which the entity operates. The Group's financial statements are presented in Singapore dollars, which is the functional currency of the Company.

Foreign currency transactions and balances

Transactions in foreign currencies are measured using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity undertaking the transaction at the exchange rates at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement within "Net trading income".

Non-monetary assets and liabilities measured at cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary assets and liabilities measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined, which is generally the balance sheet date.

Unrealised foreign exchange differences arising from non-monetary financial assets and liabilities classified as fair value through profit or loss (FVPL) are recognised in the income statement as trading income.

Non-monetary financial assets that are classified at fair value through other comprehensive income (FVOCI) relates mainly to FVOCI equities. Please refer to Note 2.9 for the accounting treatment of FVOCI equities.

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 partially or fully disposed of, or when it is liquidated, such exchange differences are recognised in the income statement as part of the gain or loss.

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.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management.

In preparing the segment information, amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Please refer to Note 45 for further details on business and geographical segment reporting.

B) Income Statement

2.8 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 FVPL. Interest expense on such structured investment deposits is presented together with other fair value changes in trading income.

Interest income and interest expense are recognised on a time-proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

Fee and commission income
The Group earns fee and commission income from a diverse range of products and services provided to its customers. Fee and commission income are recognised when the Group has satisfied its performance obligation in providing the promised products and services to the customer, and are recognised based on contractual rates agreed with customers, net of expected waivers based on historical experience, and net of expenses directly related to it. The Group generally satisfies its performance obligation and recognises the fee and commission income on the following basis:

- Transaction-based fee and commission income is recognised on the completion of the transaction. Such fees include underwriting fees, brokerage fees, bancassurance sales commission and variable service fees, and fees related to the completion of corporate finance transactions.
- For a service that is provided over a period of time, fee and commission income is generally recognised on equal proportion basis over the period during which the related service is provided or credit risk is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time. Fees for these services can be billed to customers in advance or periodically over time. Such fees include the income from issuance of financial guarantees and bancassurance fixed service fees.

The Group does not provide any significant credit terms to customers for the above products and services.

Directly related 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 financial assets classified as FVPL is recognised in "Net trading income", while those arising from FVOCI financial assets is recognised in "Net income from investment securities".

Allowances for credit and other losses
Please refer to Note 2.11 for the accounting policy on impairment of financial assets.

C) Balance Sheet

2.9 Financial assets

Initial recognition
Purchases and sales of all financial assets 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
SFRS(I) 9 categorises debt-like financial assets based on the business model within which the assets are managed, and whether the assets constitute a "basic lending arrangement" where their contractual cash flows represent solely payments of principal and interest (SPPI). Interest is defined as consideration for the time value of money, credit risk, other basic lending risks and may include a profit margin.

The classification of the financial assets and the associated accounting treatment is as follows:

- *Debt instruments* are measured at **amortised cost** when they are in a "hold to collect" (HTC) business model and have contractual cash flows that are SPPI in nature. The objective of a HTC business model is to collect contractual principal and interest cash flows. Sales are incidental to the objective and expected to be either insignificant or infrequent. These assets consist primarily of loans in the "Consumer Banking/ Wealth Management" and "Institutional Banking" segments as well as debt securities from the "Others" segment.
- *Debt instruments* are measured at **fair value through other comprehensive income** (FVOCI) when they are in a "hold to collect & sell" (HTC & S) business model and have cash flows that are SPPI in nature. Both the collection of contractual cash flows and sales are integral to achieving the objective of the HTC & S business model. Assets measured at FVOCI comprise mainly of debt securities from "Treasury Markets" and the "Others" segment.

  Unrealised gains or losses on FVOCI debt instruments are recorded in other comprehensive income and accumulated in FVOCI reserves. When they are sold, the accumulated fair value adjustments in FVOCI are reclassified to the income statement as "Net income from investment securities".

- *Debt instruments* are measured at **fair value through profit or loss** (FVPL) when:

  i) the assets are not SPPI in nature;
  ii) the assets are not part of a "HTC" or "HTC & S" business model; or
  iii) the assets are designated at FVPL to eliminate or significantly reduce the measurement or recognition inconsistencies that would otherwise arise from measuring assets or liabilities on different bases.

  Assets measured at FVPL are mainly recorded in the "Treasury Markets" segment. Realised and unrealised gains or losses on FVPL financial assets, except interest income, are taken to "Net trading income" in the income statement in the period they arise.

- Subsequent changes in fair value of non-trading equity can be taken through profit or loss or comprehensive income, as elected. The Group generally elects its non-trading equity instruments to be classified as FVOCI. Apart from dividend income, all other gains and losses on FVOCI equity instruments are recorded in other comprehensive income and accumulated in FVOCI reserves, and not reclassified to profit or loss upon derecognition.

- Derivatives (including derivatives embedded in financial liabilities but separated for accounting purposes) are also classified as held for trading unless they are designated as hedging instruments. Derivatives are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives other than those designated as hedging instruments in cash flow or net investment hedges are included in "Net trading income".

Reclassification
Reclassification of financial assets are prohibited unless the Group changes its business model for managing financial assets. In practice, this is expected to be infrequent.

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 41.

Offsetting
Financial assets and liabilities are presented net when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle them on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred together with substantially all the risks and rewards of ownership.

The Group enters into certain transactions where it transfers financial assets recognised on its balance sheet but retains either all or a portion of the risks and rewards of the transferred financial assets. In such cases, the transferred financial assets are not derecognised from the balance sheet. Such transactions include repurchase transactions described in Note 2.12. 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 Markets" 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.

2.10 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.

2.11 Impairment of financial assets at amortised cost and FVOCI

Expected Credit Losses (ECL)
ECL are recognised for all financial assets held at amortised cost, debt instruments measured at FVOCI, guarantees and undrawn credit commitments. It represents the present value of expected cash shortfalls over the residual term of a financial asset, guarantee or undrawn commitment.

At initial recognition, allowance is required for ECL resulting from possible default events that may occur within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, allowance is required for ECL resulting from possible default events over the expected life of the instrument ('lifetime ECL').

The ECL recognised follows the three-stage model: financial instruments where 12-month ECL is recognised are considered Stage 1; financial instruments which experience a significant increase in credit risk are in Stage 2; and financial instruments with objective evidence of default or credit-impaired are in Stage 3.

- **Stage 1** – Financial instruments are classified as Stage 1 at initial recognition and will remain under Stage 1 unless they experience a significant increase in credit risk or become credit-impaired. 12-month ECL is recognised for these instruments.
- **Stage 2** – Financial instruments which experience a significant increase in credit risk (SICR) subsequent to initial recognition, but are not yet credit-impaired, will migrate from Stage 1 to Stage 2. Lifetime ECL is recognised for these instruments.

  Significant increase in credit risk (SICR): SICR is assessed by comparing the risk of default at reporting date to the risk of default at origination using a range of qualitative and quantitative factors.

  For *wholesale* exposures, a financial instrument is deemed to have experienced a significant increase in credit risk when:

  - the observed change in its probability of default (PD), as observed by downgrades in the Group's internal credit risk rating for this instrument between origination and reporting dates, is more than pre-specified thresholds; or
  - it is placed on internal credit "watchlists" for closer scrutiny of developing credit issues.

  For *retail* exposures, days past due is the main driver, supplemented with a PD-based criterion. In any event, all retail and wholesale exposures that are more than 30 days past due are presumed to have experienced a significant increase in credit risk, unless assessed otherwise, and are classified as Stage 2.

  Instruments in Stage 2 that no longer exhibit a significant increase in credit risk will be transferred back to Stage 1.

- **Stage 3** – Financial instruments that become credit-impaired with evidence of default, i.e. non-performing assets, are transferred to Stage 3. Please refer to Risk Management section for the definition of non-performing assets.

  Lifetime ECL is recognised for these assets. ECL for Stage 3 assets are also known as specific allowances.

  A Stage 3 exposure that is restructured can be upgraded to Stage 2 if there are reasonable grounds to conclude that the obligor is able to service future principal and interest payments in accordance with the restructured terms. Stage 3 financial assets are written-off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of future recoveries.

Measurement of ECL
ECL are unbiased and probability-weighted estimates of credit losses determined by evaluating a range of possible outcomes, considering past events, current conditions and assessments of future economic conditions at the reporting date. The ECL associated with a financial instrument is typically a product of its probability of default (PD), loss given default (LGD) and exposure at default (EAD) discounted using the original effective interest rate to the reporting date.

Component	Description
PD	Point-in-time (based on current conditions, adjusted to take into account estimates of future conditions that will impact PD) estimate of the likelihood of default.
LGD	Estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including recoveries from collaterals.
EAD	Estimate of the expected credit exposure at time of default, taking into account repayments of principal and interest as well as expected drawdowns on undrawn credit commitments and potential pay-outs on guarantees issued.

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and EAD. Lifetime ECL is calculated using the lifetime PD. The 12-month and lifetime PDs represent the probability of default occurring over the next 12 months and the remaining maturity of the instrument respectively.

In most instances, expected remaining maturity is the same as the remaining contractual life which represents the maximum contractual period over which the Group is exposed to the credit risk of the borrower. However, for some revolving products (e.g. credit cards), the expected remaining maturity may exceed the contractual maturity. In such instances, behavioural expected remaining life will be used.

ECL Modelling – Point-in-Time and Forward-Looking Adjustments
The Group leverages the models and parameters implemented under the Basel II Internal Ratings-Based (IRB) framework where possible, with appropriate modifications to meet SFRS(I) 9 requirements.

Other relevant historical information, loss experience or proxies will be utilised for portfolios without appropriate Basel models and parameters, with a view to maximise the use of available information that is reliable and supportable.

For the *wholesale* portfolios, credit cycle indices (CCIs) have been developed for the key industries and geographies using expected default frequencies. Expected default frequency is a market-based default risk measure driven by market value of firms' assets, asset volatility and leverage. CCIs are then used as inputs to convert the through-the-cycle PDs derived from Basel models/ parameters into the point-in-time equivalents, and to incorporate forward-looking information. LGDs are determined using historical loss data, which are adjusted for both the latest and forecasted recovery experience.

For *retail* portfolios, historical loss experience is used in conjunction with the forecast loss rates which take into account relevant macroeconomic variables, such as property-prices and unemployment rates.

Expert credit judgement and post model adjustments
The measurement of ECL requires the application of expert credit judgement. These include:

- assignment of credit risk ratings and determination of whether exposures should be placed on credit watchlists;
- assessment of whether a significant increase in credit risk has occurred;
- selecting and calibrating the ECL models such as CCIs;
- determining the expected remaining maturity of revolving products (e.g. overdrafts and credit cards);
- determination of the forecast loss rates; and
- application of thematic overlays based on emerging risk themes. As at 31 December 2019, thematic ECL overlays were applied to account for uncertainties arising from US-China trade tensions and the socio-political situation in Hong Kong.

Governance framework
The measurement of ECL is subject to a robust governance framework as described below.

- The Group ECL Review Committee (Review Committee) is the overarching committee for ECL related matters and comprises senior management and representatives from functions across the Group. Significant changes to ECL models and methodologies and the application of thematic overlays are subject to the oversight and approval of the Review Committee.
- The Review Committee is supported by the Group ECL Operating Committee (Operating Committee) which comprises cross functional representatives and subject matter experts. The Operating Committee recommends changes to ECL models, methodologies and thematic overlays to the Review Committee; provides oversight over system design, infrastructure and development; and establishes principles and significant policies pertaining to ECL. Group Credit Risk Models Committee oversees ECL models and credit risk models used by the Group.
- Location ECL committees are established for key overseas subsidiaries to govern and manage location-specific ECL reporting.
- ECL models are subject to independent validation by the Risk Management Group (RMG) as well as independent reviews by internal and external auditors. The validation and assurance processes cover the review of the underlying ECL methodology including its logic and conceptual soundness.

2.12 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.

2.13 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.

2.14 Properties and other fixed assets

Owned 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 to write down the costs of the assets to their estimated residual values over the estimated useful lives of the assets. No depreciation is recognised when the residual value is higher than the carrying amount.

The Group reviewed the estimated useful lives and residual values of its properties. As a result of the review, the Group changed its estimates and applied these prospectively with effect from 1 January 2019 in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors.

Generally, the useful lives are as follows:

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.
Buildings	30 to 50 years or over the remaining lease period, whichever is shorter.
Computer software	3 to 5 years
Office equipment, furniture and fittings	5 to 10 years
Leasehold improvements	Up to 20 years

Leased properties and other fixed assets
Lease liabilities are initially measured at the present value of lease payments to be made over the lease term at the lease commencement date. The associated right-of-use assets are measured at the amount equal to the lease liability.

Lease liabilities are subsequently measured at amortised cost using the effective interest method. The right-of-use assets are depreciated over the lease term on a straight-line basis.

Extension options and termination options are included in the assessment of the lease term if the options are reasonably certain to be exercised. If the Group changes its initial assessment, adjustments are made to the carrying amounts of the lease liabilities and right-of-use assets prospectively.

The recognition exceptions for short-term leases and leases of low-value assets are applied.

Please refer to Note 26 for the details of owned and leased properties and other fixed assets and their movements during the year.

2.15 Financial liabilities

Initial recognition, classification and subsequent measurement
Financial liabilities are initially recognised at fair value. The Group generally classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. Accordingly:

- Financial liabilities are classified as **financial liabilities at fair value through profit or loss** if they are incurred for the purpose of repurchasing in the near term (**"held for trading"**), and this may include debt securities issued and short positions in securities for the purpose of ongoing market-making or trading. Financial liabilities at fair value through profit or loss can also be designated by management on initial recognition (**"designated at fair value through profit or loss"**) if doing so eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial liability contains an embedded derivative that would otherwise need to be separately recorded. Financial liabilities in this classification are usually within the "Treasury Markets" segment.

Realised or unrealised gains or losses on financial liabilities held for trading and financial liabilities designated under the fair value option, except interest expense, are taken to "Net trading income" in the income statement in the period they arise. Interest expense on structured investment deposits at fair value through profit or loss is also presented together with other fair value changes in "Net trading income".

The changes to the fair value of financial liabilities designated under the fair value option that are attributable to a reporting entity's own credit risk are taken to revenue reserves through other comprehensive income. These amounts are not transferred to the income statement even when realised.

- Derivative liabilities are treated consistently with derivative assets. Please refer to Note 2.9 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".

Where the classification and measurement of financial liabilities do not reflect the management of the financial liabilities, the Group may apply hedge accounting where permissible and relevant to better reflect the management of the financial liabilities. Please refer to Note 2.19 for details on hedging and hedge accounting.

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 to Note 41 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.

2.16 Loan commitments, letters of credit and financial guarantees

Loan commitments
Loan commitments are not recognised on the balance sheet and are disclosed in Note 36. Upon a loan draw-down, the amount of the loan is generally recognised as "loans and advances to customers" on the Group's balance sheet.

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 the balance sheet upon acceptance of the underlying documents.

Financial guarantees
Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantees are given.

Financial guarantees are subsequently measured at the higher of:

- the amount of the ECL (Note 2.11); and
- the unamortised portion of the fees that were received on initial recognition.

Please refer to Note 2.8 for the principles for recognising the fees.

Off-balance sheet credit exposures are managed for credit risk in the same manner as financial assets.

Please refer to Note 2.11 on the Group's accounting policies on allowances for credit losses.

2.17 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.

2.18 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

2.19 Hedging and hedge accounting

As part of the overall risk management of the Group, derivatives and other instruments are used to manage exposures to interest rate and foreign currency risks, including exposures arising from forecast transactions.

Where hedge accounting is not applied, the 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".

The Group applies hedge accounting for economic hedge relationships that meet the hedge accounting criteria. To qualify for hedge accounting, at the inception of each hedging relationship, the Group designates and 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 assesses and measures the effectiveness of the hedging relationship between the hedging instrument and the hedged item.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between hedging instrument and the hedged item. The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as described below.

- ***Fair value hedge***
  For a qualifying fair value hedge, the changes in the fair value of the hedging instruments 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, using the effective interest method, to the income statement over its remaining maturity.

  However, where the hedged item is an equity instrument classified as FVOCI, changes in the fair value of the hedging instrument and the hedged item are both recorded in other comprehensive income and accumulated in FVOCI reserves. The amounts recorded in FVOCI reserves are not subsequently reclassified to the income statement.

- ***Cash flow hedge***
  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***
  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.

When designating the hedging instrument, the Group may elect to exclude the valuation components of currency basis spreads and forward points from the hedge relationship on a hedge-by-hedge basis.

The forward points and currency basis spreads which are excluded and recorded in other comprehensive income are:

- reclassified to the income statement when the forecast transaction occurs; or
- amortised to the income statement over the hedging tenor for time-period hedges. The amounts recorded in other comprehensive income are not subsequently reclassified to the income statement for hedges of FVOCI equities.

The Group has elected to apply the SFRS(I) 9 hedge accounting rules in full.

Please refer to Note 38 for further details relating to hedge accounting, including fair value, cash flow and net investment hedges.

2.20 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.

2.21 Share-based compensation

Employee benefits also include share-based compensation, namely the DBSH Share Plan, the DBSH Employee Share Plan and the DBSH Employee Share Purchase Plan (the Plans). The details of the Scheme and Plans are described in Note 39.

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 plan reserves. Monthly contributions to the Scheme are expensed off when incurred.

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.

2.22 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 exists 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 FVOCI 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 FVOCI 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 of financial assets

It is the Group's policy to recognise, through charges against profit, allowances in respect of estimated and inherent credit losses in its portfolio as described in Note 2.11.

ECLs are probability-weighted amounts determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessments of future economic conditions, which will necessarily involve the use of judgement.

Please refer to Risk Management section for a further description of the Group's credit risk management framework, policies and procedures.

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 or verified 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 Markets" 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 41 for further details on fair valuation and fair value hierarchy of the Group's financial instruments measured at fair value.

3.3 Goodwill impairment

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 2019	2018
Cash and balances with central banks and Due from banks	**877**	819
Customer non-trade loans	**10,247**	8,959
Trade assets	**1,574**	1,556
Securities and others	**2,894**	2,464
Total interest income	**15,592**	13,798
Deposits and balances from customers	**4,129**	3,488
Other borrowings	**1,838**	1,355
Total interest expense	**5,967**	4,843
Net interest income	**9,625**	8,955
Comprising:		
Interest income from financial assets at FVPL	**846**	852
Interest income from financial assets at FVOCI	**726**	745
Interest income from financial assets at amortised cost	**14,020**	12,201
Interest expense from financial liabilities at FVPL	**(352)**	(320)
Interest expense from financial liabilities not at FVPL [(a)]	**(5,615)**	(4,523)
Total	**9,625**	8,955

(a) Includes interest expense of $29 million (2018: nil) on lease liabilities

5. Net Fee and Commission Income

In $ millions	The Group 2019	2018
Brokerage	**114**	154
Investment banking	**213**	128
Transaction services[(b)]	**760**	720
Loan-related	**407**	390
Cards[(c)]	**790**	714
Wealth management	**1,290**	1,141
Fee and commission income	**3,574**	3,247
Less: fee and commission expense	**522**	467
Net fee and commission income[(a)]	**3,052**	2,780

(a) Includes net fee and commission income of $113 million (2018: $98 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 $905 million (2018: $873 million) during the year
(b) Includes trade & remittances, guarantees and deposit-related fees. The 'Others' category has been subsumed under 'Transaction services' from 2019. The change has been applied retrospectively
(c) Card fees are net of interchange fees paid

6. Net Trading Income

In $ millions	The Group 2019	2018
Net trading income[(a)]		
– Foreign exchange	**1,123**	841
– Interest rates, credit, equities and others[(b)]	**1,544**	(16)
Net gain/ (loss) from financial assets designated at fair value	**18**	(12)
Net (loss)/ gain from financial liabilities designated at fair value	**(1,226)**	365
Total	**1,459**	1,178

(a) Includes income from assets that are mandatorily classified at FVPL as they are not SPPI in nature
(b) Includes dividend income of $174 million (2018: $117 million)

7. Net Income from Investment Securities

In $ millions	The Group 2019	2018
Debt securities		
– FVOCI	**143**	25
– Amortised cost	**62**	6
Equity securities at FVOCI[(a)]	**129**	100
Total[(b)]	**334**	131
Of which: net gains transferred from FVOCI reserves	**161**	5

(a) Dividend income
(b) Includes fair value impact of hedges for investment securities

8. Other Income

In $ millions	The Group 2019	2018
Net gain on disposal of properties and other fixed assets	**1**	91
Others[(a)]	**73**	48
Total	**74**	139

(a) Includes share of profits or losses of associates, net gains and losses from sale of loans carried at amortised cost and rental income from operating leases

9. Employee Benefits

In $ millions	The Group 2019	2018
Salaries and bonuses	**2,897**	2,588
Contributions to defined contribution plans	**177**	167
Share-based expenses[(a)]	**119**	112
Others	**321**	321
Total	**3,514**	3,188

(a) Equity settled share-based expenses

10. Other Expenses

In $ millions	The Group 2019	2018
Computerisation expenses[(a)]	1,062	939
Occupancy expenses[(b)]	452	443
Revenue-related expenses	353	359
Others[(c)]	877	885
Total	2,744	2,626

(a) Includes hire, depreciation and maintenance costs of computer hardware and software
(b) Includes depreciation of leased office and branch premises of $204 million (2018: rental expenses of $283 million) and amounts incurred in the maintenance of buildings
(c) Includes office administration expenses (e.g. printing, stationery, telecommunications, etc.), and legal and professional fees

In $ millions	The Group 2019	2018
Depreciation expenses		
– owned properties and other fixed assets	376	331
– leased properties and other fixed assets	233	–
Hire and maintenance costs of fixed assets, including building-related expenses[(a)]	371	560
Expenses on investment properties	#	#
Audit fees[(b)] payable to external auditors[(c)]:		
– Auditors of the Company	4	5
– Associated firms of auditors of the Company	4	4
Non-audit related fees payable to external auditors[(c)]:		
– Auditors of the Company	1	1
– Associated firms of auditors of the Company	1	1

 # Amount under $500,000
(a) 2018 balance includes rental expenses for operating leases. The expenses for operating leases are reflected under depreciation and interest expenses in 2019
(b) Includes audit related assurance fees
(c) PricewaterhouseCoopers network firms

11. Allowances for Credit and Other Losses

In $ millions	The Group 2019	2018
Specific allowances[(a)(b)]		
Loans and advances to customers (Note 18)	698	657
Investment securities		
– FVOCI	–	(1)
– Amortised cost	(2)	#
Properties and other fixed assets	(3)	#
Off-balance sheet credit exposures	44	44
Others	24	11
General allowances[(c)]	(58)	(1)
Total	703	710

 # Amount under $500,000
(a) Includes Stage 3 ECL
(b) Includes allowances for non-credit exposures (2019: write-back of $1 million; 2018: charge of $2 million)
(c) Refers to Stage 1 and 2 ECL

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	Acquisition of new business	Exchange and other movements	Balance at 31 December
2019						
Specific allowances						
Loans and advances to customers (Note 18)	2,440	698	(841)	–	8	2,305
Investment securities	18	(2)	(1)	–	#	15
Properties and other fixed assets	24	(3)	(2)	–	#	19
Off-balance sheet credit exposures	103	44	–	–	(36)	111
Others	63	24	(30)	–	23	80
Total specific allowances	2,648	761	(874)	–	(5)	2,530
Total general allowances for credit losses	2,569	(58)	–	–	#	2,511
Total allowances	5,217	703	(874)	–	(5)	5,041
2018						
Specific allowances						
Loans and advances to customers (Note 18)	2,276	657	(618)	14	111	2,440
Investment securities[(a)]	20	(1)	#	–	(1)	18
Properties and other fixed assets	25	#	–	–	(1)	24
Off-balance sheet credit exposures	139	44	–	–	(80)	103
Others	97	11	(41)	–	(4)	63
Total specific allowances	2,557	711	(659)	14	25	2,648
Total general allowances for credit losses	2,525	(1)	–	51	(6)	2,569
Total allowances	5,082	710	(659)	65	19	5,217

 # Amount under $500,000
(a) Opening balance includes transition adjustments as FVOCI equity instruments are no longer subject to impairment on adoption of SFRS(I) 9

The following tables outline the changes in ECL under SFRS(I) 9 in 2019 and 2018 which are attributable to the following factors:

- Transfers between stages.
- Net portfolio changes, which are determined on an obligor basis i.e. originations with new obligors net of derecognitions of former obligors.
- Remeasurements, which include the impact of changes in model inputs or assumptions, partial repayments, additional drawdowns on existing facilities and changes in ECL following a transfer between stages.

	The Group			
	General allowances (Non-impaired)		Specific allowances (Impaired)	
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2019				
Balance at 1 January	**1,124**	**1,445**	**2,612**	**5,181**
Changes in allowances recognised in opening balance that were transferred to/ (from)	**188**	**(345)**	**157**	**–**
– Stage 1	**(30)**	**30**	**–**	**–**
– Stage 2	**225**	**(225)**	**–**	**–**
– Stage 3	**(7)**	**(150)**	**157**	**–**
Net portfolio changes	**86**	**(68)**	**–**	**18**
Remeasurements	**(308)**	**389**	**605**	**686**
Net write-offs[(a)]	**–**	**–**	**(869)**	**(869)**
Exchange and other movements	**#**	**#**	**(3)**	**(3)**
Balance at 31 December	**1,090**	**1,421**	**2,502**	**5,013**
Charge/ (Writeback) in the income statement	**(34)**	**(24)**	**762**	**704**

	The Group			
	General allowances (Non-impaired)		Specific allowances (Impaired)	
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2018				
Balance at 1 January	902	1,623	2,519	5,044
Changes in allowances recognised in opening balance that were transferred to/ (from)	121	(207)	86	–
– Stage 1	(20)	20	–	–
– Stage 2	144	(144)	–	–
– Stage 3	(3)	(83)	86	–
Net portfolio changes	105	(78)	–	27
Remeasurements	68	219	623	910
Model refinements	(119)	(110)	–	(229)
Net write-offs[(a)]	–	–	(659)	(659)
Acquisition of new business	51	–	14	65
Exchange and other movements	(4)	(2)	29	23
Balance at 31 December	1,124	1,445	2,612	5,181
Charge/ (Writeback) in the income statement	175	(176)	709	708

(a) Write-offs net of recoveries
 # Amount under $500,000

The following tables provides additional information on the financial instruments that are subject to ECL as at 31 December 2019 and 2018. FVPL assets and FVOCI equity instruments are not subject to ECL and therefore not reflected in the tables.

	The Group							
	Gross carrying value[(c)]				ECL balances			
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2019								
Assets								
Loans and advances to customers	**337,675**	**18,548**	**5,402**	**361,625**	**934**	**1,304**	**2,305**	**4,543**
Investment securities								
– Government securities and treasury bills[(a)]	**39,789**	**–**	**–**	**39,789**	**3**	**–**	**–**	**3**
– Bank and corporate debt securities[(a)]	**45,426**	**106**	**40**	**45,572**	**21**	**1**	**15**	**37**
Others[(b)]	**67,296**	**15**	**78**	**67,389**	**31**	**1**	**71**	**103**
Liabilities								
ECL on guarantees and other off-balance sheet exposures	**–**	**–**	**–**	**–**	**101**	**115**	**111**	**327**
Total ECL					**1,090**	**1,421**	**2,502**	**5,013**

(a) Includes loss allowances of $13 million for debt securities that are classified at FVOCI
(b) Comprise of amounts in "Cash and balances with central banks", "Due from Banks" and "Other assets" that are subject to ECL
(c) Balances exclude off-balance sheet exposures

	The Group							
	Gross carrying value[(c)]				ECL balances			
In $ millions	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
2018								
Assets								
Loans and advances to customers	323,982	18,839	5,251	348,072	903	1,299	2,440	4,642
Investment securities								
– Government securities and treasury bills[(a)]	36,661	35	–	36,696	3	–	–	3
– Bank and corporate debt securities[(a)]	41,739	313	46	42,098	26	6	18	50
Others[(b)]	61,655	76	60	61,791	27	1	51	79
Liabilities								
ECL on guarantees and other off-balance sheet exposures	–	–	–	–	165	139	103	407
Total ECL					1,124	1,445	2,612	5,181

(a) Includes loss allowances of $15 million for debt securities that are classified at FVOCI
(b) Comprise of amounts in "Cash and balances with central banks", "Due from Banks" and "Other assets" that are subject to ECL
(c) Balances exclude off-balance sheet exposures

Sensitivity of ECL calculation to macroeconomic variables

The Group assessed ECL sensitivity for the wholesale and retail portfolios to changes in the allocation of exposures between Stages 1 and 2. ECL is estimated to reduce by $1,184 million should all the exposures in Stage 2 return to Stage 1 and were assigned a lower 12-month ECL instead of lifetime ECL. The impact also reflects the higher PDs ascribed to Stage 2 exposures in addition to the recognition of lifetime ECL instead of 12-month ECL.

As ECL estimation relies on multiple variables, no single analysis can fully demonstrate the sensitivity of the ECL to changes in macroeconomic variables.

12. Income Tax Expense

In $ millions	The Group 2019	2018
Current tax expense		
– Current year	**1,131**	1,062
– Prior years' provision	**(17)**	(57)
Deferred tax expense		
– Prior years' provision	**(4)**	2
– Origination of temporary differences	**44**	(1)
Total	**1,154**	1,006

The deferred tax expense/ (credit) in the income statement comprises the following temporary differences:

In $ millions	The Group 2019	2018
Accelerated tax depreciation	**#**	17
Allowances for credit and other losses	**(4)**	(18)
Other temporary differences	**44**	2
Deferred tax expense charged to income statement	**40**	1

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

In $ millions	The Group 2019	2018
Profit before tax	**7,583**	6,659
Prima facie tax calculated at a tax rate of 17% (2018: 17%)	**1,289**	1,132
Effect of different tax rates in other countries	**20**	17
Effect of change in country's tax rate[(a)]	**38**	34
Net income not subject to tax	**(52)**	(39)
Net income taxed at concessionary rate	**(239)**	(165)
Expenses not deductible for tax	**31**	26
Others	**67**	1
Income tax expense charged to income statement	**1,154**	1,006

(a) 2019 relates to impact from revaluation of net deferred tax asset due to a cut in India's corporate tax rate. 2018 relates to the remeasurement of deferred taxes due to a change in the applicable tax rate arising from the conversion of India Branch to a wholly-owned subsidiary

Deferred income tax relating to FVOCI financial assets and others of $65 million was debited (2018: $24 million credited) and own credit risk of $3 million was credited (2018: $3 million debited) directly to equity.

Please refer to Note 21 for further information on deferred tax assets/ liabilities.

13. Earnings Per Ordinary Share

Number of shares ('000)		The Group 2019	2018
Weighted average number of ordinary shares in issue (basic and diluted)	(a)	**2,555,616**	2,559,464

In $ millions		The Group 2019	2018
Profit attributable to shareholders		**6,391**	5,577
Less: Dividends on other equity instruments		**(92)**	(86)
Adjusted profit	(b)	**6,299**	5,491
Earnings per ordinary share ($)			
Basic and diluted	(b)/ (a)	**2.46**	2.15

14. Classification of Financial Instruments

In $ millions	The Group Mandatorily at FVPL[(c)]	FVPL designated	Amortised cost	FVOCI-Debt	FVOCI-Equity	Hedging derivatives	Total
2019							
Assets							
Cash and balances with central banks	**501**	**–**	**22,562**	**3,299**	**–**	**–**	**26,362**
Government securities and treasury bills[(d)]	**9,942**	**–**	**20,039**	**19,748**	**–**	**–**	**49,729**
Due from banks	**10,719**	**–**	**27,662**	**955**	**–**	**–**	**39,336**
Derivatives	**16,803**	**–**	**–**	**–**	**–**	**432**	**17,235**
Bank and corporate securities	**15,903**	**–**	**34,955**	**10,592**	**2,296**	**–**	**63,746**
Loans and advances to customers	**448**	**354**	**357,082**	**–**	**–**	**–**	**357,884**
Other financial assets	**–**	**–**	**15,111**	**–**	**–**	**–**	**15,111**
Total financial assets	**54,316**	**354**	**477,411**	**34,594**	**2,296**	**432**	**569,403**
Other asset items outside the scope of SFRS(I) 9[(a)]							**9,543**
Total assets							**578,946**
Liabilities							
Due to banks	**1,708**	**–**	**22,065**	**–**	**–**	**–**	**23,773**
Deposits and balances from customers	**–**	**1,281**	**403,008**	**–**	**–**	**–**	**404,289**
Derivatives	**16,924**	**–**	**–**	**–**	**–**	**588**	**17,512**
Other financial liabilities	**1,435**	**–**	**17,803**	**–**	**–**	**–**	**19,238**
Other debt securities	**222**	**9,498**	**47,408**	**–**	**–**	**–**	**57,128**
Subordinated term debts	**–**	**–**	**3,538**	**–**	**–**	**–**	**3,538**
Total financial liabilities	**20,289**	**10,779**	**493,822**	**–**	**–**	**588**	**525,478**
Other liability items outside the scope of SFRS(I) 9[(b)]							**1,669**
Total liabilities							**527,147**
2018							
Assets							
Cash and balances with central banks	381	–	18,643	3,161	–	–	22,185
Government securities and treasury bills	10,583	–	17,394	19,301	–	–	47,278
Due from banks	10,872	–	27,760	1,546	–	–	40,178
Derivatives	16,761	–	–	–	–	268	17,029
Bank and corporate securities	14,471	–	33,452	8,609	1,665	–	58,197
Loans and advances to customers	1,167	406	343,430	–	–	–	345,003
Other financial assets	–	–	13,062	–	–	–	13,062
Total financial assets	54,235	406	453,741	32,617	1,665	268	542,932
Other asset items outside the scope of SFRS(I) 9[(a)]							7,819
Total assets							550,751
Liabilities							
Due to banks	1,999	–	20,649	–	–	–	22,648
Deposits and balances from customers	–	1,716	392,069	–	–	–	393,785
Derivatives	16,163	–	–	–	–	529	16,692
Other financial liabilities	1,733	–	15,478	–	–	–	17,211
Other debt securities	217	6,915	38,580	–	–	–	45,712
Subordinated term debts	–	–	3,599	–	–	–	3,599
Total financial liabilities	20,112	8,631	470,375	–	–	529	499,647
Other liability items outside the scope of SFRS(I) 9[(b)]							1,229
Total liabilities							500,876

(a) Includes associates, goodwill and intangibles, properties and other fixed assets, and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures
(c) Assets and liabilities are mandatorily classified as FVPL when they are held for trading. In addition, debt-type financial assets that are not SPPI in nature are mandatorily classified as FVPL
(d) In 2019, the Group reclassified $319 million of other government securities and treasury bills from "FVOCI-debt" to "Amortised cost". The impact of the reclassification was immaterial and recorded through Other Comprehensive Income

Financial assets and liabilities are presented net when there is a legally enforceable right to offset the recognised amounts, and there is intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities offset on the balance sheet

As at 31 December 2019, "Loans and advances to customers" of $28 million (2018: $36 million) were set off against "Deposits and balances from customers" of $28 million (2018: $36 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.

Financial assets and liabilities subject to netting agreements but not offset on the balance sheet

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to offset the transactions is conditional upon default.

These agreements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement), global master repurchase agreements and global securities lending agreements. The collaterals received and pledged under these agreements are generally conducted under terms that are in accordance with normal market practice. The agreements may allow rehypothecation of collateral received and there may be ongoing margin requirements to mitigate counterparty risk.

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 master netting arrangements or similar agreements that cover similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

	The Group					
				Related amounts not offset on balance sheet		
In $ millions	**Carrying amounts on balance sheet**	**Not subject to enforceable netting agreement**	**Net amounts**	**Financial instruments**	**Financial collateral received/ pledged**	**Net amounts**
2019						
Financial Assets						
Derivatives	**17,235**	**4,940[(a)]**	**12,295**	**10,811[(a)]**	**860**	**624**
Reverse repurchase agreements	**7,479[(b)]**	**232**	**7,247**	**–**	**7,239**	**8**
Securities borrowings	**1,336[(c)]**	**–**	**1,336**	**–**	**1,274**	**62**
Total	**26,050**	**5,172**	**20,878**	**10,811**	**9,373**	**694**
Financial Liabilities						
Derivatives	**17,512**	**4,838[(a)]**	**12,674**	**10,811[(a)]**	**1,469**	**394**
Repurchase agreements	**6,018[(d)]**	**312**	**5,706**	**–**	**5,695**	**11**
Securities lendings	**285[(e)]**	**–**	**285**	**–**	**280**	**5**
Short sale of securities	**1,435[(f)]**	**1,341**	**94**	**–**	**94**	**–**
Total	**25,250**	**6,491**	**18,759**	**10,811**	**7,538**	**410**
2018						
Financial Assets						
Derivatives	17,029	5,827[(a)]	11,202	8,824[(a)]	811	1,567
Reverse repurchase agreements	11,629[(b)]	6	11,623	–	11,619	4
Securities borrowings	73[(c)]	–	73	–	70	3
Total	28,731	5,833	22,898	8,824	12,500	1,574
Financial Liabilities						
Derivatives	16,692	5,477[(a)]	11,215	8,824[(a)]	2,155	236
Repurchase agreements	7,333[(d)]	648	6,685	–	6,685	–
Securities lendings	1[(e)]	–	1	–	#	1
Short sale of securities	1,733[(f)]	1,246	487	–	487	–
Total	25,759	7,371	18,388	8,824	9,327	237

 # Amount under $500,000
(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 "Not subject to enforceable netting agreement" are those where either no netting agreements exist or where the netting agreements have 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 pledged 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
(f) Short sale of securities are presented under "Other liabilities" on the balance sheet

15. Cash and Balances with Central Banks

In $ millions	The Group 2019	2018
Cash on hand	**2,303**	2,460
Non-restricted balances with central banks	**17,632**	11,761
Cash and cash equivalents	**19,935**	14,221
Restricted balances with central banks[a]	**6,427**	7,964
Total[b]	**26,362**	22,185

(a) Mandatory balances with central banks
(b) Balances are net of ECL

16. Government Securities and Treasury Bills

In $ millions	The Group Mandatorily at FVPL	FVOCI	Amortised cost	Total
2019				
Singapore Government securities and treasury bills (Gross)[a]	**3,763**	**1,069**	**8,818**	**13,650**
Other government securities and treasury bills (Gross)[b]	**6,179**	**18,679**	**11,223**	**36,081**
Less: ECL[c]	**–**	**–**	**2**	**2**
Total	**9,942**	**19,748**	**20,039**	**49,729**
2018				
Singapore Government securities and treasury bills (Gross)[a]	4,013	1,471	8,630	14,114
Other government securities and treasury bills (Gross)[b]	6,570	17,830	8,765	33,165
Less: ECL[c]	–	–	1	1
Total	10,583	19,301	17,394	47,278

(a) Includes financial assets pledged or transferred of $803 million (2018: $831 million) (See Note 19)
(b) Includes financial assets pledged or transferred of $8,206 million (2018: $7,184 million) (See Note 19)
(c) ECL for FVOCI securities amounting to $1 million (2018: $2 million) are not shown in the table, as these securities are recorded at fair value

17. Bank and Corporate Securities

In $ millions	The Group Mandatorily at FVPL	FVOCI	Amortised cost	Total
2019				
Bank and corporate debt securities (Gross)[a]	**8,279**	**10,592**	**34,980**	**53,851**
Less: ECL[c]	**–**	**–**	**25**	**25**
Bank and corporate debt securities	**8,279**	**10,592**	**34,955**	**53,826**
Equity securities[b]	**7,624**	**2,296**	**–**	**9,920**
Total	**15,903**	**12,888**	**34,955**	**63,746**
2018				
Bank and corporate debt securities (Gross)[a]	8,527	8,609	33,489	50,625
Less: ECL[c]	–	–	37	37
Bank and corporate debt securities	8,527	8,609	33,452	50,588
Equity securities[b]	5,944	1,665	–	7,609
Total	14,471	10,274	33,452	58,197

(a) Includes financial assets pledged or transferred of $1,395 million (2018: $1,271 million) (See Note 19)
(b) Includes financial assets pledged or transferred of $274 million (2018: less than $500,000) (See Note 19)
(c) ECL for FVOCI securities amounting to $12 million (2018: $13 million) are not shown in the table, as these securities are recorded at fair value

18. Loans and Advances to Customers

In $ millions	The Group 2019	2018
Gross	**362,427**	349,645
Less: Specific allowances[a]	**2,305**	2,440
General allowances[a]	**2,238**	2,202
	357,884	345,003
Analysed by product		
Long-term loans	**162,265**	155,115
Short-term facilities	**82,374**	76,251
Housing loans	**73,606**	75,011
Trade loans	**44,182**	43,268
Gross total	**362,427**	349,645
Analysed by currency		
Singapore dollar	**144,878**	141,838
Hong Kong dollar	**44,310**	40,898
US dollar	**108,106**	110,086
Chinese yuan	**14,019**	12,481
Others	**51,114**	44,342
Gross total	**362,427**	349,645

(a) Balances refer to ECL under SFRS(I) 9 (specific allowances: Stage 3 ECL; general allowances: Stage 1 and Stage 2 ECL)

Please refer to Note 42.4 for a breakdown of loans and advances to customers by geography and by industry.

The table below shows the movements in specific and general allowances for loans and advances to customers during the year.

In $ millions	Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Acquisition of new business	Exchange and other movements	Balance at 31 December
	The Group					
2019						
Specific allowances						
Manufacturing	**302**	**47**	**(50)**	**–**	**(3)**	**296**
Building and construction	**127**	**34**	**(16)**	**–**	**(5)**	**140**
Housing loans	**10**	**1**	**–**	**–**	**#**	**11**
General commerce	**268**	**166**	**(120)**	**–**	**(1)**	**313**
Transportation, storage and communications	**1,506**	**211**	**(381)**	**–**	**10**	**1,346**
Financial institutions, investment and holding companies	**18**	**(1)**	**2**	**–**	**#**	**19**
Professionals and private individuals (excluding housing loans)	**129**	**190**	**(188)**	**–**	**7**	**138**
Others	**80**	**50**	**(88)**	**–**	**#**	**42**
Total specific allowances	**2,440**	**698**	**(841)**	**–**	**8**	**2,305**
Total general allowances	**2,202**	**(17)**	**–**	**–**	**53**	**2,238**
Total allowances	**4,642**	**681**	**(841)**	**–**	**61**	**4,543**
2018						
Specific allowances						
Manufacturing	358	139	(190)	–	(5)	302
Building and construction	96	65	(34)	–	–	127
Housing loans	7	6	(3)	–	–	10
General commerce	231	115	(79)	–	1	268
Transportation, storage and communications	1,350	97	(63)	–	122	1,506
Financial institutions, investment and holding companies	22	(2)	(5)	–	3	18
Professionals and private individuals (excluding housing loans)	121	213	(210)	14	(9)	129
Others	91	24	(34)	–	(1)	80
Total specific allowances	2,276	657	(618)	14	111	2,440
Total general allowances	2,063	94	–	51	(6)	2,202
Total allowances	4,339	751	(618)	65	105	4,642

Amount under $500,000

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

In $ millions	The Group 2019	2018
Fair value designated loans and advances and related credit derivatives		
Maximum credit exposure	**354**	406
Credit derivatives – protection bought	**(354)**	(406)
Cumulative change in fair value arising from changes in credit risk	**(24)**	(47)
Cumulative change in fair value of related credit derivatives	**24**	47

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 gain of $23 million (2018: gain of $2 million). During the year, the amount of change in the fair value of the related credit derivatives was a loss of $23 million (2018: loss of $2 million).

19. Financial Assets Pledged or Transferred

The Group pledges or transfers financial assets to third parties in the ordinary course of business. Transferred assets continue to be recognised in the Group's financial statements when the Group retains substantially all their risks and rewards. Among these, as set out below, are securities pledged or transferred pursuant to repurchase or securities lending or collateral swap agreements and for derivative transactions under credit support agreements.

Derecognised assets that were subject to the Group's partial continuing involvement were not material in 2019 and 2018.

Securities

Securities transferred under repurchase, securities lending and collateral swap 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 collateral.

For repurchase agreements, the securities pledged or transferred continue to be recorded on the balance sheet while cash received in exchange is recorded as a financial liability. The Group also pledges assets to secure its short position in securities and to facilitate settlement operations. The fair value of the associated liabilities approximates their carrying amount of $5,374 million (2018: $6,161 million), which are recorded under "Due to banks", "Deposits and balances from customers" and "Other liabilities" on the balance sheet.

For securities lending and collateral swap transactions, the securities lent continue to be recorded on the balance sheet. As the Group mainly receives other financial assets in exchange, the associated liabilities are not recorded on balance sheet.

In addition, the Group also pledges securities for derivative transactions under credit support agreements. These assets continue to be recorded on the balance sheet. As the related derivative assets and liabilities are managed on a portfolio basis, there is no direct relationship between the securities pledged and the associated liabilities. As such, the associated liabilities are not disclosed.

In $ millions	The Group 2019	2018
Financial assets pledged or transferred		
Singapore Government securities and treasury bills	**803**	831
Other government securities and treasury bills	**8,206**	7,184
Bank and corporate debt securities	**1,395**	1,271
Equity securities	**274**	#
Total	**10,678**	9,286

Amount under $500,000

Covered bonds

Pursuant to the Bank's Global Covered Bond Programme, selected pools of residential mortgages originated by the Bank have been assigned to a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd (see Notes 22.2 and 30.4). These residential mortgages continue to be recognised on the Bank's balance sheet as the Bank remains exposed to the risks and rewards associated with them.

As at 31 December 2019, the carrying value of the covered bonds in issue was $5,206 million (2018: $5,268 million), while the carrying value of assets assigned was $14,679 million (2018: $10,506 million). The difference in values is attributable to an intended over-collateralisation required to maintain the credit ratings of the covered bonds in issue, and additional assets assigned to facilitate future issuances.

Other financial assets

The Group also enters into structured funding transactions where it retains the contractual rights to receive cash flows of financial assets extended to third parties but assumes a contractual obligation to pay these cash flows under the issued notes. The carrying amounts and fair values of these financial assets and liabilities both amounted to $354 million (2018: $406 million).

20. Other Assets

In $ millions	The Group 2019	2018
Accrued interest receivable	**1,567**	1,507
Deposits and prepayments	**532**	550
Receivables from securities business	**409**	430
Sundry debtors and others	**9,263**	8,001
Cash collateral pledged[(a)]	**3,340**	2,574
Deferred tax assets (Note 21)	**313**	356
Total[(b)]	**15,424**	13,418

(a) Mainly relates to cash collateral pledged in respect of derivative portfolios
(b) Balances are net of specific and general allowances

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:

In $ millions	The Group 2019	2018
Deferred income tax assets		
Allowances for credit and other losses	**234**	231
FVOCI financial assets and others	**1**	32
Own credit risk	**3**	#
Other temporary differences	**237**	256
	475	519
Amounts offset against deferred tax liabilities	**(162)**	(163)
Total	**313**	356
Deferred income tax liabilities		
Allowances for credit and other losses[(a)]	**90**	22
Accelerated tax depreciation	**134**	133
FVOCI financial assets and others	**39**	5
Other temporary differences	**99**	81
	362	241
Amounts offset against deferred tax assets	**(162)**	(163)
Total	**200**	78
Net deferred tax assets	**113**	278

 # Amount under $500,000
(a) Includes deferred taxes arising from Regulatory Loss Allowance Reserve

22. Subsidiaries and Consolidated Structured Entities

In $ millions	The Company 2019	2018
Investment in subsidiaries[(a)]		
Ordinary shares	**17,682**	17,682
Additional Tier 1 instruments	**3,409**	3,411
Other equity instruments	**344**	344
	21,435	21,437
Due from subsidiaries		
Subordinated term debts	**4,824**	4,913
Other receivables	**1,150**	1,803
	5,974	6,716
Total	**27,409**	28,153

(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

22.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below.

Name of subsidiary	Incorporated in	Effective shareholding % 2019	2018
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
DBS Bank India Limited	India	**100**	–
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 2018 and 2019.

Please refer to Note 35 for information on non-controlling interests.

DBS Bank India Limited
Following the approval by Reserve Bank of India for the amalgamation of India branches operating under DBS Bank Ltd with DBS Bank India Limited (a wholly owned subsidiary) on 28 February 2019, all the branches of DBS Bank Ltd operating in India ("DBS India branches") will function as branches of DBS Bank India Limited with effect from 1 March 2019.

All assets and liabilities of DBS India branches have been transferred from DBS Bank Ltd to DBS Bank India Limited on 1 March 2019.

22.2 Consolidated structured entity

The structured entity consolidated by the Group is listed below.

Name of entity	Purpose of consolidated structured entity	Incorporated in
Bayfront Covered Bonds Pte Ltd	Covered bond guarantor	Singapore

Bayfront Covered Bonds Pte Ltd is a bankruptcy-remote structured entity established in conjunction with the Bank's USD 10 billion Global Covered Bond Programme (see Note 30.4). As part of the contractual structures that are integral to this programme, the Bank provides funding and hedging facilities to it.

23. Associates

In $ millions	The Group 2019	The Group 2018
Unquoted equity securities[(a)]	**835**	857
Share of post-acquisition reserves	**#**	(19)
Total	**835**	838

(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

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

In $ millions	The Group 2019	The Group 2018
Income statement		
Share of income	**290**	238
Share of expenses	**(240)**	(209)
Balance sheet		
Share of total assets	**2,369**	2,174
Share of total liabilities	**1,534**	1,336
Off-balance sheet		
Share of contingent liabilities and commitments	**#**	#

 # Amount under $500,000

23.1 Main associates

The main associates of the Group are listed below.

Name of associate	Incorporated in	Effective shareholding % 2019	Effective shareholding % 2018
Unquoted			
Central Boulevard Development Pte Ltd**	Singapore	**33.3**	33.3
Network for Electronic Transfers (Singapore) Pte Ltd	Singapore	**33.3**	33.3
Changsheng Fund Management Company**	China	**33.0**	33.0

*** Audited by other auditors*

As of 31 December 2019 and 31 December 2018, no associate was individually material to the Group. As a non-controlling shareholder, the Group's ability to receive dividends is subject to agreement with other shareholders. The associates may also be subject to statutory, contractual or regulatory requirements restricting dividend payments or to repay loans or advances made.

The Group's share of commitments and contingent liabilities of the associates as well as its commitments to finance or otherwise provide resources to them are not material.

24. Unconsolidated Structured Entities

"Unconsolidated structured entities" are structured entities, as defined by SFRS(I) 12, that are not controlled by the Group. In the normal course of business, the Group enters into transactions with these structured entities to facilitate customer transactions and for specific investment opportunities.

While the economic exposures may be the same as those to other type of entities, SFRS(I) 12 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 table below represents the Group's maximum exposure to loss which for on-balance sheet assets and liabilities is represented by the carrying amount, and does not reflect mitigating effects from the availability of netting arrangements and financial instruments that the Group may utilise to economically hedge the risks inherent in third party structured entities, or risk-reducing effects of collateral or other credit enhancements.

In $ millions	The Group 2019	The Group 2018
Derivatives	**11**	38
Corporate debt securities	**3,045**	2,693
Loans and advances to customers	**40**	43
Other assets	**2**	–
Total assets	**3,098**	2,774
Commitments	**376**	174
Maximum Exposure to Loss	**3,474**	2,948
Derivatives	**68**	#
Total liabilities	**68**	#

 # Amount under $500,000

SFRS(I) 12 also requires additional disclosures where the Group acts as a sponsor to unconsolidated structured entities. The Group is deemed a sponsor of a third party structured entity if it plays a key role in establishing the entity, and has an on-going involvement with the structured entity or if the Group's name appears in the structured entity's name.

The Group has not sponsored any structured entity during the financial year.

25. Acquisition

On 31 October 2016, DBS Bank Ltd. acquired the wealth management and retail banking business of Australia and New Zealand Banking Group Limited (ANZ) in five markets, namely Singapore, Hong Kong, China, Taiwan and Indonesia. Completion took place progressively, the first four in 2017 and Indonesia in February 2018.

26. Properties and Other Fixed Assets

In $ millions	Note	The Group 2019	The Group 2018
Owned properties and other fixed assets	26.1	**1,631**	1,450
Leased properties and other fixed assets[(a)]	26.2	**1,594**	–
Total		**3,225**	1,450

(a) Refers to right-of-use assets recognised under SFRS(I) 16 (See Note 2.3)

26.1 Owned properties and other fixed assets

In $ millions	Investment properties (1)	Owner-occupied properties (2)	Software (3)	Other fixed assets[(a)] (4)	Subtotal of owner-occupied properties, software and other fixed assets (5)=(2)+(3)+(4)	Total (6)=(1)+(5)
	The Group					
2019						
Cost						
Balance at 1 January	**58**	**672**	**1,402**	**1,055**	**3,129**	**3,187**
Additions	**–**	**11**	**385**	**190**	**586**	**586**
Disposals/ Write-offs	**–**	**(7)**	**(71)**	**(58)**	**(136)**	**(136)**
Transfer	**4**	**(4)**	**–**	**–**	**(4)**	**–**
Exchange differences and others	**#**	**(1)**	**#**	**(1)**	**(2)**	**(2)**
Balance at 31 December	**62**	**671**	**1,716**	**1,186**	**3,573**	**3,635**
Less: Accumulated depreciation						
Balance at 1 January	**25**	**248**	**731**	**709**	**1,688**	**1,713**
Depreciation charge	**1**	**12**	**212**	**151**	**375**	**376**
Disposals/ Write-offs	**–**	**(2)**	**(48)**	**(52)**	**(102)**	**(102)**
Transfer	**2**	**(2)**	**–**	**–**	**(2)**	**–**
Exchange differences and others	**#**	**(1)**	**#**	**(1)**	**(2)**	**(2)**
Balance at 31 December	**28**	**255**	**895**	**807**	**1,957**	**1,985**
Less: Allowances for impairment	**2**	**17**	**–**	**–**	**17**	**19**
Net book value at 31 December	**32**	**399**	**821**	**379**	**1,599**	**1,631**
2018						
Cost						
Balance at 1 January	54	644	1,220	950	2,814	2,868
Additions	–	13	350	170	533	533
Acquisition of new business	–	38	–	–	38	38
Disposals/ Write-offs	(2)	(22)	(168)	(65)	(255)	(257)
Transfer	6	(6)	–	–	(6)	–
Exchange differences and others	#	5	#	#	5	5
Balance at 31 December	58	672	1,402	1,055	3,129	3,187
Less: Accumulated depreciation						
Balance at 1 January	22	240	712	636	1,588	1,610
Depreciation charge	1	16	180	134	330	331
Disposals/ Write-offs	(1)	(9)	(161)	(62)	(232)	(233)
Transfer	3	(3)	–	–	(3)	–
Exchange differences and others	#	4	#	1	5	5
Balance at 31 December	25	248	731	709	1,688	1,713
Less: Allowances for impairment	2	22	–	–	22	24
Net book value at 31 December	31	402	671	346	1,419	1,450

 # Amount under $500,000
(a) Refers to computer hardware, office equipment, furniture and fittings and other fixed assets

Against the net book value of $431 million for all properties as at 31 December 2019, the total market value was $1,914 million (2018: $2,111 million), of which investment properties accounted for $164 million (2018: $163 million). The market values 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 2019, there were no transfers into or out of Level 3.

26.2 Leased properties and other fixed assets

In $ millions	Properties	Other fixed assets	Total
	The Group		
2019			
Balance as at 1 January	**1,680**	**110**	**1,790**
Balance as at 31 December	**1,489**	**105**	**1,594**
Additions of right-of-use assets during the year	**68**	**23**	**91**
Depreciation charge for the year	**204**	**29**	**233**

The Group's leases comprise primarily of office premises, branches and data centres. The leases have varying terms, escalation clauses and renewal rights.

26.3 Investment properties

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 2019	2018
Minimum lease receivables		
Not later than 1 year	**3**	5
Later than 1 year but not later than 5 years	**4**	6
Total	**7**	11

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 2019	2018
DBS Bank (Hong Kong) Limited	**4,631**	4,631
Others	**539**	544
Total	**5,170**	5,175

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 free cash flows, after taking into account the maintenance of capital adequacy requirements at target levels, are discounted by its cost of capital to derive its 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% (2018: 4.5%) and discount rate of 9.0% (2018: 9.0%) were assumed in the value-in-use calculation for DBS Bank (Hong Kong) Limited's franchise.

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. Key assumptions used to determine the recoverable amounts of the CGU, including growth rate and discount rate, are tested for sensitivity by applying a reasonably possible change to those assumptions. The reasonably possible changes in key assumptions did not result in an impairment of goodwill at 31 December 2019.

28. Deposits and Balances from Customers

In $ millions	The Group 2019	2018
Analysed by currency		
Singapore dollar	**162,509**	158,778
US dollar	**140,769**	138,153
Hong Kong dollar	**37,078**	37,054
Chinese yuan	**13,257**	13,073
Others	**50,676**	46,727
Total	**404,289**	393,785
Analysed by product		
Savings accounts	**157,343**	153,443
Current accounts	**81,014**	77,140
Fixed deposits	**162,693**	159,049
Other deposits	**3,239**	4,153
Total	**404,289**	393,785

29. Other Liabilities

In $ millions	The Group 2019	2018
Cash collateral received[(a)]	**2,014**	1,825
Accrued interest payable	**820**	848
Provision for loss in respect of off-balance sheet credit exposures	**327**	407
Payables in respect of securities business	**351**	356
Sundry creditors and others[(b)]	**12,880**	12,449
Lease liabilities[(c)]	**1,738**	–
Current tax liabilities	**1,142**	744
Short sale of securities	**1,435**	1,733
Deferred tax liabilities (Note 21)	**200**	78
Total	**20,907**	18,440

(a) Mainly relates to cash collateral received in respect of derivative portfolios
(b) Includes income received in advance of $1,173 million (2018: $1,280 million) arising from a 15-year regional distribution agreement entered with Manulife Financial Asia Limited, to be amortised on a straight-line basis. $107 million (2018: $107 million) of the Manulife income received in advance was recognised as fee income during the year
(c) Total lease payments made during the year amounted to $249 million

30. Other Debt Securities

In $ millions	Note	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Negotiable certificates of deposit	30.1	**4,562**	4,147	**–**	–
Senior medium term notes	30.2	**11,155**	11,577	**3,818**	4,141
Commercial papers	30.3	**25,914**	16,986	**–**	–
Covered bonds	30.4	**5,206**	5,268	**–**	–
Other debt securities	30.5	**10,291**	7,734	**–**	–
Total		**57,128**	45,712	**3,818**	4,141
Due within 1 year		**41,174**	31,870	**1,102**	1,700
Due after 1 year[(a)]		**15,954**	13,842	**2,716**	2,441
Total		**57,128**	45,712	**3,818**	4,141

(a) Includes instruments in perpetuity

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

In $ millions Currency	Interest Rate and Interest Frequency	The Group 2019	2018
Issued by the Bank and other subsidiaries			
AUD	0.9% to 2.31%, payable on maturity	**3,085**	2,465
CNY	3.1% to 4.51%, payable on maturity	**377**	514
HKD	3.86% to 3.95%, payable quarterly	**156**	159
HKD	3.8% to 3.83%, payable annually	**38**	38
HKD	2.07% to 2.36%, payable on maturity	**228**	363
HKD	Zero-coupon, payable on maturity	**678**	409
IDR	6.2%, payable on maturity	**–**	21
TWD	0.65% to 0.68%, payable on maturity	**–**	178
Total		**4,562**	4,147

The outstanding negotiable certificates of deposit as at 31 December 2019 were issued between 20 January 2010 and 31 December 2019 (2018: 20 January 2010 and 27 December 2018) and mature between 3 January 2020 and 16 March 2021 (2018: 2 January 2019 and 16 March 2021).

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

In $ millions Currency	Interest Rate and Interest Frequency	The Group 2019	The Group 2018	The Company 2019	The Company 2018
Issued by the Company					
HKD	1.87% to 2.8%, payable annually	**247**	247	**247**	247
SGD	2.78%, payable semi-annually	**487**	488	**487**	488
USD	2.246% to 3.422%, payable semi-annually	**1,165**	1,018	**1,165**	1,018
USD	Floating rate note, payable quarterly	**1,919**	2,388	**1,919**	2,388
Issued by the Bank					
AUD	Floating rate note, payable quarterly	**1,604**	868	**–**	–
GBP	Floating rate note, payable monthly	**–**	572	**–**	–
GBP	Floating rate note, payable quarterly	**4,352**	3,369	**–**	–
HKD	1.43%, payable annually	**–**	102	**–**	–
USD	3.12%, payable semi-annually	**135**	137	**–**	–
USD	Floating rate note, payable quarterly	**1,246**	2,388	**–**	–
Total		**11,155**	11,577	**3,818**	4,141

The senior medium term notes were issued by the Company and the Bank under its USD 30 billion Global Medium Term Note Programme. The outstanding senior medium term notes as at 31 December 2019 were issued between 14 January 2015 and 23 December 2019 (2018: 16 July 2014 and 24 October 2018) and mature between 14 January 2020 and 24 January 2024 (2018: 20 February 2019 and 25 July 2022).

30.3 The commercial papers were issued by the Bank under its USD 5 billion Euro Commercial Paper Programme and USD 20 billion US Commercial Paper Programme. These are zero-coupon papers, or floating rate papers pegged to monthly or quarterly market rates. The outstanding notes as at 31 December 2019 were issued between 10 June 2019 and 23 December 2019 (2018: 28 June 2018 and 26 December 2018) and mature between 3 January 2020 and 20 August 2020 (2018: 2 January 2019 and 27 June 2019).

30.4 To augment its sources of wholesale funding, the Bank established a USD 10 billion Global Covered Bond Programme on 16 June 2015. A covered bond is a senior obligation of the Bank backed by a cover pool comprising assets that have been ring-fenced via contractual structures in a bankruptcy-remote structured entity, Bayfront Covered Bonds Pte Ltd. Bayfront Covered Bonds Pte Ltd has provided an unconditional and irrevocable guarantee, which is secured over the cover pool, to the covered bond holders.

The outstanding covered bonds as at 31 December 2019 were issued between 23 January 2017 and 25 October 2019 (2018: 3 June 2016 and 27 November 2018) and mature between 4 September 2020 and 21 November 2024 (2018: 3 June 2019 and 21 November 2024).

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

In $ millions	The Group 2019	2018
Issued by the Bank and other subsidiaries		
Equity linked notes	**1,945**	1,844
Credit linked notes	**3,101**	1,249
Interest linked notes	**4,255**	3,365
Foreign exchange linked notes	**211**	386
Fixed rate bonds	**779**	890
Total	**10,291**	7,734

The outstanding securities (excluding perpetual securities) as at 31 December 2019 were issued between 23 July 2012 and 31 December 2019 (2018: 23 July 2012 and 31 December 2018) and mature between 2 January 2020 and 22 November 2049 (2018: 2 January 2019 and 1 June 2048).

31. Subordinated Term Debts

The following subordinated term debts issued by the Company are classified as liabilities. These term debt instruments have a junior or lower priority claim on the issuing entity's assets in the event of a default or liquidation.

The subordinated term debts issued by the Company include provisions for them to be written-off if and when the Monetary Authority of Singapore notifies the Company that a write-off of the instruments, or a public sector injection of capital (or equivalent support), is necessary, without which the Company or the Group would become non-viable. These instruments qualify as Tier 2 capital under the Monetary Authority of Singapore 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.

In $ millions	Note	Issue Date	Maturity Date	Interest Payment	The Group and The Company 2019	2018
Issued by the Company						
S$250m 3.80% Subordinated Notes due 2028 Callable in 2023	31.1	20 Jan 2016	20 Jan 2028	Jan/ Jul	**260**	258
JPY10,000m 0.918% Subordinated Notes due 2026	31.2	8 Mar 2016	8 Mar 2026	Mar/ Sep	**125**	124
HK$1,500m 3.24% Subordinated Notes due 2026 Callable in 2021	31.3	19 Apr 2016	19 Apr 2026	Jan/ Apr/ Jul/ Oct	**257**	256
AUD750m 3-month BBSW+1.58% Subordinated Notes due 2028 Callable in 2023	31.4	16 Mar 2018	16 Mar 2028	Mar/ Jun/ Sep/ Dec	**708**	723
EUR600m 1.50% Subordinated Notes due 2028 Callable in 2023	31.5	11 Apr 2018	11 Apr 2028	Apr	**904**	934
CNH950m 5.25% Subordinated Notes due 2028 Callable in 2023	31.6	15 May 2018	15 May 2028	May/ Nov	**183**	188
US$750m 4.52% Subordinated Notes due 2028 Callable in 2023	31.7	11 Jun 2018	11 Dec 2028	Jun/ Dec	**1,010**	1,025
JPY7,300m 0.85% Subordinated Notes due 2028 Callable in 2023	31.8	25 Jun 2018	25 Jun 2028	Jun/ Dec	**91**	91
Total					**3,538**	3,599
Due within 1 year					**–**	–
Due after 1 year					**3,538**	3,599
Total					**3,538**	3,599

31.1 Interest on the notes is payable at 3.80% per annum up to 20 January 2023. Thereafter, the interest rate resets to the then-prevailing five-year Singapore Dollar Swap Offer Rate plus 1.10% per annum. Interest is paid semi-annually on 20 January and 20 July each year. The notes are redeemable on 20 January 2023 or on any interest payment date thereafter. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments based on the six-month Singapore Dollar Swap Offer Rate.

31.2 Interest on the notes is payable semi-annually at 0.918% per annum on 8 March and 8 September each year. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments based on the six-month Singapore Dollar Swap Offer Rate.

31.3 Interest on the notes is payable at 3.24% per annum up to 19 April 2021. Thereafter, the interest rate resets to the then-prevailing five-year Hong Kong Dollar Swap Rate plus 1.90% per annum. Interest is paid quarterly on 19 January, 19 April, 19 July and 19 October each year. The notes are redeemable on 19 April 2021 or on any interest payment date thereafter. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments based on the three-month Hong Kong Interbank Offered Rate.

31.4 Interest on the notes is payable quarterly at 3-month Bank Bill Swap Rate (BBSW) plus 1.58% per annum on 16 March, 16 June, 16 September and 16 December each year. The notes are redeemable on 16 March 2023 or on any interest payment date thereafter.

31.5 Interest on the notes is payable at 1.50% per annum up to 11 April 2023. Thereafter, the interest rate resets to the then-prevailing five-year Euro Mid-Swap Rate plus 1.20% per annum. Interest is paid annually on 11 April each year. The notes are redeemable on 11 April 2023 or on any interest payment date thereafter.

31.6 Interest on the notes is payable semi-annually at 5.25% per annum on 15 May and 15 November each year. The notes are redeemable on 15 May 2023 or on any interest payment date thereafter.

31.7 Interest on the notes is payable at 4.52% per annum up to 11 December 2023. Thereafter, the interest rate resets to the then-prevailing five-year US Dollar Mid-Swap Rate plus 1.59% per annum. Interest is paid semi-annually on 11 June and 11 December each year. The notes are redeemable on 11 December 2023 or on any interest payment date thereafter.

31.8 Interest on the notes is payable at 0.85% per annum up to 25 June 2023. Thereafter, the interest rate resets to the then-prevailing six-month JPY London Interbank Offered Rate plus 0.74375% per annum. Interest is paid semi-annually on 25 June and 25 December each year. The notes are redeemable on 25 June 2023 or on any interest payment date thereafter. Swaps have been entered into to exchange the fixed rate payments on the notes to floating rate payments based on the three-month JPY London Interbank Offered Rate.

For more information on each instrument, please refer to the "Capital Disclosures" section (unaudited) at the Group's website (http://www.dbs.com/investor/capital-disclosures.html).

32. Share Capital

The Group announced in February 2018 that it was suspending the Scrip Dividend Scheme ("Scheme"). As such, the Scheme was not applied to the 2018 and 2019 dividends.

As at 31 December 2019, the number of treasury shares held by the Group is 10,330,656 (2018: 12,435,832), which is 0.40% (2018: 0.49%) of the total number of issued shares net of 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	
	2019	2018	2019	2018	2019	2018	2019	2018
Ordinary shares								
Balance at 1 January and 31 December	**2,563,936**	2,563,936	**11,205**	11,205	**2,563,936**	2,563,936	**11,205**	11,205
Treasury shares								
Balance at 1 January	**(12,436)**	(6,869)	**(307)**	(123)	**(12,321)**	(6,304)	**(305)**	(113)
Purchase of treasury shares	**(4,554)**	(12,255)	**(114)**	(303)	**(4,150)**	(12,255)	**(104)**	(303)
Draw-down of reserves upon vesting of performance shares	**6,659**	6,688	**164**	119	**-**	-	**-**	-
Transfer of treasury shares	**-**	-	**-**	-	**6,656**	6,238	**165**	111
Balance at 31 December	**(10,331)**	(12,436)	**(257)**	(307)	**(9,815)**	(12,321)	**(244)**	(305)
Issued share capital at 31 December			**10,948**	10,898			**10,961**	10,900

33. Other Equity Instruments

The following perpetual capital securities issued by the Company are classified as other equity instruments. These instruments are subordinated to all liabilities of the Company and senior only to ordinary shareholders of the Company. Their terms require them to be written-off if and when the Monetary Authority of Singapore notifies the Company that a write-off of the instruments, or a public sector injection of capital (or equivalent support), is necessary, without which the Company or the Group would become non-viable. These instruments qualify as Additional Tier 1 capital under MAS Notice 637, on the basis that the Company is subject to the application of MAS Notice 637.

				The Group and The Company	
In $ millions	**Note**	**Issue Date**	**Distribution Payment**	**2019**	**2018**
Issued by the Company					
S$805m 4.70% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2019	33.1	3 Dec 2013	Jun/ Dec	-	803
US$750m 3.60% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	33.2	7 Sep 2016	Mar/ Sep	**1,009**	1,009
S$1,000m 3.98% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	33.3	12 Sep 2018	Mar/ Sep	**1,000**	1,000
Total				**2,009**	2,812

33.1 Distributions are payable at 4.70% per annum up to 3 June 2019. Thereafter, the distribution rate resets every 5 years to the then-prevailing five-year Singapore Dollar Swap Offer Rate plus 3.061% per annum. Distributions are paid semi-annually on 3 June and 3 December each year, unless cancelled by the Company. The capital securities were redeemed on 3 June 2019.

33.2 Distributions are payable at 3.60% per annum up to 7 September 2021. Thereafter, the distribution rate resets every 5 years to the then-prevailing five-year U.S. Dollar Swap Rate plus 2.39% per annum. Distributions are paid semi-annually on 7 March and 7 September each year, unless cancelled by the Company. The capital securities are redeemable on 7 September 2021 or on any distribution payment date thereafter.

33.3 Distributions are payable at 3.98% per annum up to 12 September 2025. Thereafter, the distribution rate resets every 7 years to the then-prevailing seven-year Singapore Dollar Swap Offer Rate plus 1.65% per annum. Distributions are paid semi-annually on 12 March and 12 September each year, unless cancelled by the Company. The capital securities are redeemable on 12 September 2025 or on any distribution payment date thereafter.

For more information on each instrument, please refer to the "Capital Disclosures" section (unaudited) at the Group's website (http://www.dbs.com/investor/capital-disclosures.html)

34. Other Reserves and Revenue Reserves

34.1 Other reserves

	The Group		The Company	
In $ millions	**2019**	**2018**	**2019**	**2018**
FVOCI revaluation reserves (bonds)	**88**	(176)	**–**	–
FVOCI revaluation reserves (equities)	**(7)**	(161)	**–**	–
Cash flow hedge reserves	**156**	(46)	**51**	14
General reserves	**95**	95	**–**	–
Capital reserves	**(623)**	(448)	**–**	–
Share plan reserves	**122**	166	**122**	166
Others	**4,271**	4,271	**–**	–
Total	**4,102**	3,701	**173**	180

Movements in other reserves during the year are as follows:

	The Group							
In $ millions	**FVOCI revaluation reserves (bonds)**	**FVOCI revaluation reserves (equities)**	**Cash flow hedge reserves**	**General reserves**	**Capital reserves[(a)]**	**Share plan reserves**	**Other reserves[(b)]**	**Total**
2019								
Balance at 1 January	**(176)**	**(161)**	**(46)**	**95**	**(448)**	**166**	**4,271**	**3,701**
Net exchange translation adjustments	**–**	**–**	**-**	**–**	**(175)**	**–**	**–**	**(175)**
Share of associates' reserves	**–**	**7**	**(6)**	**–**	**–**	**–**	**–**	**1**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**120**	**–**	**120**
Draw-down of reserves upon vesting of performance shares	**–**	**–**	**–**	**–**	**–**	**(164)**	**–**	**(164)**
FVOCI financial assets and others:								
– net valuation taken to equity	**451**	**142**	**482**	**–**	**–**	**–**	**–**	**1,075**
– transferred to income statement	**(161)**	**–**	**(242)**	**–**	**–**	**–**	**–**	**(403)**
– taxation relating to components of other comprehensive income	**(26)**	**(7)**	**(32)**	**–**	**–**	**–**	**–**	**(65)**
Transfer to revenue reserves upon disposal of FVOCI equities	**–**	**12**	**–**	**–**	**–**	**–**	**–**	**12**
Balance at 31 December	**88**	**(7)**	**156**	**95**	**(623)**	**122**	**4,271**	**4,102**
2018								
Balance at 1 January	31	7	33	95	(354)	173	4,271	4,256
Impact of adopting SFRS(I) 9 on 1 January	(49)	(37)	–	–	–	–	–	(86)
Balance at 1 January after of SFRS(I) 9	(18)	(30)	33	95	(354)	173	4,271	4,170
Net exchange translation adjustments	–	–	–	–	(94)	–	–	(94)
Share of associates' reserves	–	–	3	–	–	–	–	3
Cost of share-based payments	–	–	–	–	–	112	–	112
Draw-down of reserves upon vesting of performance shares	–	–	–	–	–	(119)	–	(119)
FVOCI financial assets and others:								
– net valuation taken to equity	(161)	(164)	56	–	–	–	–	(269)
– transferred to income statement	(5)	–	(146)	–	–	–	–	(151)
– taxation relating to components of other comprehensive income	8	8	8	–	–	–	–	24
Transfer to revenue reserves upon disposal of FVOCI equities	–	25	–	–	–	–	–	25
Balance at 31 December	(176)	(161)	(46)	95	(448)	166	4,271	3,701

(a) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, associates and branches, and the related foreign currency financial instruments designated as a hedge

(b) Other reserves mainly relate to share premium of the Bank prior to the restructuring of the Bank under the Company pursuant to a scheme of arrangement under Section 210 of the Singapore Companies Act on 26 June 1999

In $ millions	The Company Cash flow hedge reserves	Share plan reserves	Total
2019			
Balance at 1 January	**14**	**166**	**180**
Cost of share-based payments	**–**	**120**	**120**
Draw-down of reserves upon vesting of performance shares	**–**	**(164)**	**(164)**
Cash flow hedge reserves:			
– net valuation taken to equity	**53**	**–**	**53**
– transferred to income statement	**(9)**	**–**	**(9)**
– taxation relating to components of other comprehensive income	**(7)**	**–**	**(7)**
Balance at 31 December	**51**	**122**	**173**
2018			
Balance at 1 January	(3)	173	170
Cost of share-based payments	–	112	112
Draw-down of reserves upon vesting of performance shares	–	(119)	(119)
Cash flow hedge reserves:			
– net valuation taken to equity	26	–	26
– transferred to income statement	(5)	–	(5)
– taxation relating to components of other comprehensive income	(4)	–	(4)
Balance at 31 December	14	166	180

34.2 Revenue reserves

In $ millions	The Group 2019	2018
Balance at 1 January	**31,634**	30,308
Impact of adopting SFRS(I) 16 on 1 January 2019	**(95)**	–
Impact of adopting SFRS(I) 9 on 1 January 2018	**–**	95
Balance at 1 January after adoption of SFRS(I) 9 and SFRS(I) 16	**31,539**	30,403
Net profit attributable to shareholders	**6,391**	5,577
Other comprehensive income attributable to shareholders	**(75)**	86
Sub-total	**37,855**	36,066
Less: Redemption of perpetual capital securities	**2**	–
Less: Final dividends on ordinary shares of $0.60 paid for the previous financial year (2018: $0.60 one-tier tax-exempt)	**1,535**	1,538
Special dividends on ordinary shares of nil paid for the previous financial year (2018: $0.50)	**–**	1,282
Interim dividends on ordinary shares of $0.90 paid for the current financial year (2018: $0.60 one-tier tax-exempt)	**2,300**	1,538
Dividends on other equity instruments	**96**	74
Balance at 31 December[(a)]	**33,922**	31,634

(a) Singapore banks are required to maintain a Minimum Regulatory Loss Allowance (MRLA) of at least 1% of the gross carrying amount of selected credit exposures net of collaterals per MAS Notice 612. For periods where Stage 1 and 2 ECL fall below MRLA, the shortfall is appropriated from retained earnings in the shareholders' funds into a non-distributable Regulatory Loss Allowance Reserve (RLAR) account (2019: $404 million, 2018: $376 million)

34.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.33 per share has not been accounted for in the financial statements for the year ended 31 December 2019. This is to be approved at the Annual General Meeting on 31 March 2020.

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 liquidation. The 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-off at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded eligibility as Additional Tier 1 capital (subject to a cap) for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions	Note	Issue Date	Liquidation Preference	Distribution Payment	The Group 2019	2018
Issued by the Bank						
S$800m 4.70% Non-Cumulative, Non Convertible, Non-Voting Preference Shares Callable in 2020	35.1	22 Nov 2010	$100	May/ Nov	**800**	800
Non-controlling interests in subsidiaries					**18**	30
Total					**818**	830

35.1 Dividends are payable if declared by the Board of Directors of the Bank. They are payable semi-annually on 22 May and 22 November each year at 4.70% per annum. The preference shares are redeemable on 22 November 2020 or on any date thereafter.

For more information on each instrument, please refer to the "Capital Disclosures" section (unaudited) at the Group's website (http://www.dbs.com/investor/capital-disclosures.html).

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	**2019**	**2018**
Guarantees on account of customers	**17,280**	14,990
Endorsements and other obligations on account of customers	**10,987**	9,613
Undrawn credit commitments[(a)]	**297,818**	272,486
Undisbursed and underwriting commitments in securities	**83**	7
Sub-total	**326,168**	297,096
Operating lease commitments (Note 36.1)	**–**	672
Capital commitments	**37**	81
Total	**326,205**	297,849
Analysed by industry (excluding operating lease and capital commitments)		
Manufacturing	**49,677**	42,516
Building and construction	**27,877**	24,483
Housing loans	**5,674**	5,740
General commerce	**57,209**	55,308
Transportation, storage and communications	**16,669**	14,454
Financial institutions, investment and holding companies	**27,003**	28,654
Professionals and private individuals (excluding housing loans)	**108,319**	99,999
Others	**33,740**	25,942
Total	**326,168**	297,096
Analysed by geography[(b)] (excluding operating lease and capital commitments)		
Singapore	**135,551**	123,899
Hong Kong	**52,326**	49,289
Rest of Greater China	**35,295**	31,715
South and Southeast Asia	**30,954**	28,138
Rest of the World	**72,042**	64,055
Total	**326,168**	297,096

(a) Includes commitments that are unconditionally cancellable at any time by the Group (2019: $248,258 million; 2018: $230,291 million)
(b) Based on the location of incorporation of the counterparty or borrower

36.1 The Group has existing significant operating lease commitments including the leasing of office premises. 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.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 2.3 and Note 26 for further information.

The following reconciliation to the opening balance for the lease liabilities as at 1 January 2019 is based upon the operating lease obligations as at 31 December 2018:

In $ millions	**The Group**
Operating lease commitments disclosed as at 31 December 2018	**672**
Discounted using incremental borrowing rates as at 1 January 2019	**647**
Add:	
Adjustments as a result of different treatment of renewal options	**978**
Adjustments due to inclusion of variable lease payments	**323**
Less:	
Short-term leases recognised directly as expense	**(24)**
Lease liabilities recognised as at 1 January 2019	**1,924**

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 give 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, on payment of a premium, 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.

Please refer to Note 38 for more details on derivatives used for hedging.

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 were no offset of derivative assets and liabilities in 2019 and 2018.

	The Group					
	2019			2018		
In $ millions	**Underlying notional**	**Assets**	**Liabilities**	**Underlying notional**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements	**16,414**	**3**	**6**	4,370	–	1
Interest rate swaps	**1,153,885**	**8,430**	**8,120**	1,072,567	6,571	7,092
Interest rate futures	**6,529**	**3**	**65**	19,257	9	57
Interest rate options	**11,630**	**116**	**144**	9,115	103	73
Interest rate caps/ floors	**38,481**	**448**	**935**	31,079	500	867
Sub-total	**1,226,939**	**9,000**	**9,270**	1,136,388	7,183	8,090
Foreign exchange (FX) derivatives						
FX contracts	**585,296**	**3,703**	**3,716**	574,129	3,952	3,819
Currency swaps	**210,925**	**3,266**	**2,949**	196,738	4,058	3,110
Currency options	**85,882**	**315**	**425**	81,572	473	562
Sub-total	**882,103**	**7,284**	**7,090**	852,439	8,483	7,491
Equity derivatives						
Equity options	**5,139**	**73**	**136**	7,342	231	385
Equity swaps	**4,162**	**105**	**121**	4,319	597	38
Sub-total	**9,301**	**178**	**257**	11,661	828	423
Credit derivatives						
Credit default swaps and others	**27,953**	**293**	**239**	27,302	197	81
Sub-total	**27,953**	**293**	**239**	27,302	197	81
Commodity derivatives						
Commodity contracts	**792**	**10**	**16**	572	29	43
Commodity futures	**1,521**	**30**	**43**	1,532	36	29
Commodity options	**662**	**8**	**9**	570	5	6
Sub-total	**2,975**	**48**	**68**	2,674	70	78
Total derivatives held for trading	**2,149,271**	**16,803**	**16,924**	2,030,464	16,761	16,163
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**16,999**	**158**	**267**	14,100	145	60
Interest rate swaps held for cash flow hedge	**387**	**#**	**#**	750	1	1
FX contracts held for fair value hedge	**–**	**–**	**–**	36	–	2
FX contracts held for cash flow hedge	**2,383**	**3**	**21**	2,932	1	42
FX contracts held for hedge of net investment	**579**	**3**	**5**	682	1	2
Currency swaps held for fair value hedge	**479**	**20**	**–**	410	18	#
Currency swaps held for cash flow hedge	**14,741**	**248**	**295**	14,004	102	422
Total derivatives held for hedging	**35,568**	**432**	**588**	32,914	268	529
Total derivatives	**2,184,839**	**17,235**	**17,512**	2,063,378	17,029	16,692
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(10,811)**	**(10,811)**		(8,824)	(8,824)
		6,424	**6,701**		8,205	7,868

 # Amount under $500,000

The derivatives financial instruments are mainly booked in Singapore. The Group manages its credit exposures by entering into master netting agreements and collateral 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. Hedge Accounting

The Group enters into hedging transactions to manage exposures to interest rate and foreign currency risks. Hedge accounting is applied to minimise volatility in earnings arising from changes in interest rate and foreign exchange rates.

Please refer to Risk Management section for more information on market risk and the Group's risk management practices and Note 2.19 for the Group's accounting policy for hedge accounting.

38.1 Fair value hedge

In accordance with the risk management strategy in place, the Group enters into interest rate swaps to mitigate the risk of changes in interest rates on the fair value of the following:

- issued fixed rate debt;
- a portion of purchased fixed rate bonds; and
- some large exposures to corporate loans.

In such instances, the Group hedges the benchmark interest rate risk component which is an observable and reliably measurable component of interest rate risk. Specifically, the Group has designated fair value hedge relationships, on a hedge-by-hedge basis, to hedge against movements in the benchmark interest rate. This effectively results in the recognition of interest expense (for fixed rate liabilities), or interest income (for fixed rate assets) at floating rates. The Group also uses cross currency swaps when there is a need to hedge both interest rate and foreign exchange risks.

The Group manages all other risks arising from these exposures, such as credit risk, but hedge accounting is not applied for those risks.

The Group assesses prospective hedge effectiveness by comparing the changes in fair value of the hedged item resulting from movements in the benchmark interest rate with the changes in fair value of the interest rate swaps used to hedge the exposure. The Group determines the hedge ratio by comparing the notional of the derivative with the principal of the debt issued or the bond asset purchased, or the loan granted.

For all interest rate swaps used for hedging purposes, critical terms match or nearly match those of the underlying hedged items.

The Group has identified the following possible sources of ineffectiveness:

- the use of derivatives as a protection against interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with high credit quality counterparties;
- the use of different discounting curves when measuring the fair value of the hedged items and hedging instruments. For derivatives the discounting curve used depends on collateralisation and the type of collateral used; and
- difference in the timing of settlement of hedging instruments and hedged items.

No other significant sources of ineffectiveness were identified in these hedge relationships.

The Group typically uses foreign currency denominated borrowings/ deposits to fund its investments in non-SGD denominated FVOCI equity instruments. To reduce the accounting mismatch on the borrowings/ deposits and FVOCI equity instruments because of foreign exchange rate movements, the Group designates the borrowings/ deposits as the hedging instruments in fair value hedges of the FVOCI equity instruments. The hedge ratio is determined by comparing the principal of the borrowings/ deposits with the investment costs of the FVOCI equity instruments. A potential source of ineffectiveness is a decrease in the fair value of the equity instruments below their investment costs.

The following table sets out the maturity profile of the hedging instruments used in fair value hedges. The amounts shown in the table reflect the notional amounts of derivatives and the carrying amounts of borrowings and deposits. Please refer to Note 37 for the carrying values of the derivatives.

		The Group			
In $ millions	Type of risk hedged	Less than 1 year	1 to 5 years	More than 5 years	Total
2019					
Derivatives (notional)					
Interest rate swaps	Interest rate	**3,602**	**12,281**	**1,116**	**16,999**
Currency swaps	Interest rate & Foreign exchange	**–**	**407**	**72**	**479**
FX contracts	Foreign exchange	**–**	**–**	**–**	**–**
Total derivatives		**3,602**	**12,688**	**1,188**	**17,478**
Non-derivative instruments (e.g. borrowings, deposits)	Foreign exchange	**991**	**–**	**–**	**991**
Total non-derivative instruments		**991**	**–**	**–**	**991**
2018					
Derivatives (notional)					
Interest rate swaps	Interest rate	2,349	11,406	345	14,100
Currency swaps	Interest rate & Foreign exchange	125	213	72	410
FX contracts	Foreign exchange	36	–	–	36
Total derivatives		2,510	11,619	417	14,546
Non-derivative instruments (e.g. borrowings, deposits)	Foreign exchange	1,005	–	–	1,005
Total non-derivative instruments		1,005	–	–	1,005

The table below provides information on hedged items relating to fair value hedges.

	The Group			
	2019		2018	
In $ millions	Carrying amounts (including hedge adjustments)	Fair value hedge adjustments included in carrying amounts	Carrying amounts (including hedge adjustments)	Fair value hedge adjustments included in carrying amounts
Assets				
Loans and advances to customers	**1,220**	**5**	897	4
Government securities and treasury bills[(a)]	**1,692**	**3**	1,142	–
Bank and corporate securities[(a)]	**7,562**	**5**	6,649	(43)
Liabilities				
Subordinated term debts	**733**	**9**	729	4
Other debt securities	**6,043**	**113**	6,044	38
Deposits from customers	**1,613**	**3**	–	–

(a) The carrying amounts of debt and equity instruments at fair value through other comprehensive income do not include fair value hedge adjustments as the hedged assets are measured at fair value. The accounting for the hedge relationship results in a transfer from other comprehensive income to the income statement

For the year ended 31 December 2019, the net losses on hedging instruments used to calculate hedge effectiveness was $147 million (2018: net gains of $105 million). The net gains on hedged items attributable to the hedged risk amounted to $140 million (2018: net losses of $103 million).

38.2 Cash flow hedge

The Group is predominantly exposed to variability in future cash flows due to interest rate movements and foreign currency fluctuations against SGD from the following:

- SGD assets subject to repricing, reinvestment or refinancing risk;
- forecasted interest earnings denominated in foreign currency;
- issued floating or fixed rate foreign currency debt; and
- a portion of purchased floating or fixed rate foreign currency bonds.

In accordance with the Group risk management strategy, the Group enters into interest rate swaps, forward contracts or cross currency swaps to protect against the variability of cash flows due to changes in interest rates and/ or foreign currency exchange rates.

In such instances, cash flow hedge relationships are designated. These are applied on a hedge-by-hedge basis, except for cash flows from SGD assets subject to repricing, reinvestment or refinancing risk, for which a portfolio cash flow hedge relationship is designated using interest rate swaps. A dynamic process is applied for this hedge as the portfolio composition can change e.g. due to maturities and new originations. The portfolio cash flow hedge relationships effectively extend the duration of the assets, such that the interest cash flows are transformed from a floating rate basis to a fixed rate basis.

The Group enters into forward contracts to hedge against variability in future cash flows arising from USD-denominated interest income.

The Group also enters into cross currency swaps to mitigate 100% of the risk of fluctuation of coupon and principal cash flows due to changes in foreign currency rates of issued foreign currency debt and a portion of purchased foreign currency bonds. Critical terms of the cross-currency swaps match that of the issued foreign currency debt or purchased foreign currency bonds. In this way, the Group exchanges foreign currency interest and principal cash flows, to SGD cash flows.

The Group manages all other risks derived by these exposures, such as credit risk, but they do not apply hedge accounting for these risks.

The Group assesses hedge effectiveness by comparing the changes in fair value of a hypothetical derivative reflecting the terms of the hedged item due to movements in the hedged risk with the changes in fair value of the derivatives used to hedge the exposure.

The Group determines the hedge ratio by comparing the notional of the derivatives with the SGD assets subject to repricing/ reinvestment/ refinancing risk or amount of forecast earnings denominated in foreign currency or the principal of the debt securities issued or purchased foreign currency bonds.

The Group has identified the following possible sources of ineffectiveness in its cash flow hedge relationships:

- the use of derivatives as a protection against currency and interest rate risk creates an exposure to the derivative counterparty's credit risk which is not offset by the hedged item. This risk is minimised by entering into derivatives with high credit quality counterparties;
- difference in tenor of hedged items and hedging instruments;
- difference in timing of settlement of the hedging instrument and hedged item; and
- designation of off-market hedging instruments.

The following table sets out the maturity profile of the hedging instruments used in cash flow hedges. The amounts shown in the table reflect the notional amounts of derivatives and the carrying amounts of loans and deposits. Please refer to Note 37 for the carrying values of the derivatives.

		The Group			
In $ millions	Type of risk hedged	Less than 1 year	1 to 5 years	More than 5 years	Total
2019					
Derivatives (notional)					
Interest rate swaps	Interest rate	**300**	**87**	**–**	**387**
Currency swaps	Interest rate & Foreign exchange	**1,212**	**12,366**	**1,163**	**14,741**
FX contracts	Foreign exchange	**1,885**	**498**	**–**	**2,383**
Total		**3,397**	**12,951**	**1,163**	**17,511**
2018					
Derivatives (notional)					
Interest rate swaps	Interest rate	450	300	–	750
Currency swaps	Interest rate & Foreign exchange	1,465	11,424	1,115	14,004
FX contracts	Foreign exchange	2,932	–	–	2,932
Total		4,847	11,724	1,115	17,686

The hedge ineffectiveness arising from these hedges was insignificant.

Please refer to Note 34 for information on the cash flow hedge reserves.

38.3 Net investment hedges

The Group manages currency risk of its net investment in foreign operations (or structural foreign exchange risk) using foreign currency borrowings, FX forwards and FX swaps.

Structural foreign exchange exposures are managed with the primary aim of ensuring that consolidated capital ratios are largely protected from the effect of fluctuations in foreign exchange rates against SGD.

Under the Group's hedging strategy, the carrying amount of these investments could be fully hedged, partially hedged or not hedged at all. The Group regularly reviews its hedging strategy, taking into account the long-term outlook of currency fundamentals and the impact of fluctuations in foreign exchange rates on capital adequacy ratios.

The tables below analyses the currency exposure of the Group by functional currency.

	The Group		
In $ millions	Net investments in foreign operations[(a)]	Financial instruments which hedge the net investments	Remaining unhedged currency exposures
2019			
Hong Kong dollar	**11,761**	**242**	**11,519**
Chinese yuan	**2,564**	**269**	**2,295**
Taiwan dollar	**1,878**	**309**	**1,569**
Others	**4,517**	**–**	**4,517**
Total	**20,720**	**820**	**19,900**
2018			
Hong Kong dollar	12,199	326	11,873
Chinese yuan	2,483	277	2,206
Taiwan dollar	1,705	306	1,399
Others	4,389	13	4,376
Total	20,776	922	19,854

(a) Refers to net tangible assets of subsidiaries, associates and overseas branches

Please refer to Note 34 for information on the capital reserves. Capital reserves include the effect of translation differences on net investments in foreign subsidiaries, associates and branches, and the related foreign currency financial instruments designated for hedge accounting.

39. Share-based Compensation Plans

As part of the Group's remuneration policy, the Group provides various share-based compensation plans to foster a culture that aligns employees' interests with shareholders', enable employees to share in the Bank's performance and enhance talent retention.

Main Scheme/ Plan	Note
DBSH Share Plan (Share Plan)	
• The Share Plan is granted to Group executives as determined by the Committee appointed to administer the Share Plan from time to time.	39.1
• Participants are awarded shares of the Company or, at the Committee's discretion, their equivalent cash value or a combination.	
• Awards consist of main award and retention award (20%/ 15% of main award) for employees on bonus/ sales incentive plans respectively. Dividends on unvested shares do not accrue to employees.	
• For employees on bonus plan, the main award vests from 2 to 4 years after grant i.e. 33% will vest 2 years after grant; another 33% will vest on the third year and the remaining 34% plus the retention award will vest 4 years after grant.	
• For employees on sales incentive plans, the main award vests from 1 to 3 years after grant; i.e. 33% will vest 1 year after grant, another 33% will vest on the second year and the remaining 34% plus the retention award will vest 3 years after grant.	
• There are no additional retention awards for shares granted to top performers and key employees as part of talent retention.	
• The awards will lapse immediately upon termination of employment, except in the event of ill health, injury, disability, redundancy, retirement or death.	
• The market price of shares on the grant date is used to estimate the fair value of the shares awarded.	
• Vested and unvested shares are subject to clawback/ malus. Conditions that trigger such clawback/ malus are in the Remuneration Report section.	
• Shares are awarded to non-executive directors as part of director's remuneration. Details of these awards are disclosed in the Corporate Governance section.	
DBSH Share Plan (Share Plan)	
• The Committee has ceased granting shares under the ESP effective from financial year 2018 remuneration. Shares granted from prior years continue to be outstanding until the shares are fully vested.	39.1
DBSH Employee Share Purchase Plan (ESPP)	
• The ESPP was implemented in 2019 in selective markets across the Group. All confirmed permanent employees who hold the rank of Vice President and below with at least 3 months of service are eligible to participate in the scheme.	39.2
• The ESPP is a savings-based share ownership plan to help eligible employees own DBSH shares through monthly contributions via deductions from payroll or designated bank accounts.	
• Participants contribute up to 10% of month salary (minimum S$50, capped at S$1,000) and the Group will match 25% of the participant's contributions to buy DBSH ordinary shares for a period of 12 months during each plan year.	
• The matching shares bought from the Group's contribution will vest 24 months after the last contribution month for each plan year.	
• The matching shares will lapse immediately upon termination of employment, except in the event of ill health, injury, disability, redundancy, retirement or death.	
DBSH Share Ownership Scheme	
• The Scheme was wound down in 2019, where all assets have been distributed to unit holders.	39.3

39.1 DBSH Share Plan and DBSH Employee Share Plan

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

	The Group			
	2019		2018	
Number of shares	Share Plan	ESP	Share Plan	ESP
Balance at 1 January	**17,189,043**	**2,032,520**	19,238,282	2,338,534
Granted[a]	**6,333,995**	**–**	4,329,124	642,731
Vested	**(5,954,093)**	**(706,751)**	(5,989,489)	(700,182)
Forfeited	**(422,685)**	**(136,369)**	(388,874)	(248,563)
Balance at 31 December	**17,146,260**	**1,189,400**	17,189,043	2,032,520
Weighted average fair value of the shares granted during the year[b]	**$21.43**	**–**	$26.24	$26.46

(a) 2018 includes adjustments (320,063 shares) made to all unvested share awards following the shareholders' approval for the special dividend of $0.50 per ordinary share at DBSH's Annual General Meeting held on 25 April 2018 in accordance with terms of the Share Plan and ESP
(b) The fair value of the shares granted in 2019 includes an adjustment to exclude the present value of future expected dividends to be paid during the vesting period

39.2 DBSH Employee Share Purchase Plan

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

Number of shares	2019
Balance at 1 January	**–**
Granted	**404,473**
Vested	**(198)**
Forfeited	**(15,589)**
Balance at 31 December	**388,686**
Weighted average fair value of the shares granted during the year	**$22.54**

39.3 DBSH Share Ownership Scheme

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

	The Group Ordinary shares			
	Number of shares		Market value (in $ millions)	
	2019	2018	2019	2018
Balance at 1 January	**7,036,093**	6,967,989	**167**	173
Balance at 31 December	**–**	7,036,093	**–**	167

40. Related Party Transactions

40.1 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.

40.2 During the financial year, the Group had banking transactions with related parties, consisting of associates and key management personnel of the Group. These included the taking of deposits and extension of credit card and other loan facilities. These transactions were made in the ordinary course of business and carried out at arms-length commercial terms, and were not material.

In addition, key management personnel received remuneration for services rendered during the financial year. Non-cash benefits including performance shares were also granted.

40.3 Total compensation and fees to key management personnel[a] are as follows:

	The Group	
In $ millions	2019	2018
Short-term benefits[b]	**51**	51
Share-based payments[c]	**30**	32
Total	**81**	83
Of which: Company Directors' remuneration and fees	**18**	16

(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 SFRS(I) 2

41. Fair Value of Financial Instruments

41.1 Valuation Process

The valuation processes within the Group are governed by the Valuation Policy, which is approved by the Board Audit Committee.

The Valuation Policy applies to 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 quoted market prices where available or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model.

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.

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 quotes or market consensus providers.

Where market parameters are sourced independently for the marking of financial assets and liabilities, or used as inputs into a valuation model, these are checked for reliability and accuracy, for example by reviewing large daily movements or by referencing other similar sources, or transactions.

Valuation adjustments and reserves are taken to account for close-out costs, model and market parameter uncertainty, and any other factor that may affect valuations. Valuation adjustment and reserve methodologies are approved by the Group Market and Liquidity Risk Committee and governed by the Valuation Policy.

The valuation adjustments and reserves include but are not limited to:

Model and Parameter Uncertainty Adjustments
Valuation uncertainties may occur during fair value measurement either due to uncertainties in the required input parameters or uncertainties in the modelling methods used in the valuation process. In such situations, adjustments may be necessary to take these factors into account.

For example, where market data such as prices or rates for an instrument are no longer observable after an extended period of time, these inputs used to value the financial instruments may no longer be relevant in the current market conditions. In such situations, adjustments may be necessary to address the pricing uncertainty arising from the use of stale market data inputs.

Credit Valuation Adjustments
Credit valuation adjustments are taken to reflect the impact on fair value of counterparty credit risk. Credit valuation adjustments are based upon the creditworthiness of the counterparties, magnitude of the current or potential exposure on the underlying transactions, netting and collateral arrangements, and the maturity of the underlying transactions.

Funding Valuation Adjustments
Funding valuation adjustments represent an estimate of the adjustment to fair value that a market participant would make in incorporating funding costs and benefits that arise in relation to uncollateralised derivatives positions.

Day 1 Profit or Loss (P&L) Reserve
In situations where the market for an instrument is not active and its fair value is established using a valuation model based on significant unobservable market parameters, the Day 1 P&L arising from the difference in transacted price and end-of-day model valuation is set aside as reserves. A market parameter is defined as being significant when its impact on the Day 1 P&L is greater than an internally determined threshold. The Day 1 P&L reserve is released to the income statement when the parameters become observable or when the transaction is closed out or amortised over the duration of the transaction. At year end, the unamortised Day 1 P&L was not material.

Bid-Offer Adjustments
The Group often holds, at varying points in time, both long or short positions in financial instruments which are valued using mid-market levels. Bid-offer adjustments are then made to account for close-out costs.

41.2 Fair Value Hierarchy

The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance with the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 within the fair value hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data so that reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's OTC derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable market parameters whether used directly to value a financial asset or liability, or used as inputs to a valuation model, attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data, for example, asset correlations or certain volatilities. Level 3 instruments also include unquoted equity securities which are measured based on the net asset value of the investments. In addition, Level 3 inputs include all stale quoted security prices and other approximations (e.g. bonds valued using credit default swap spreads).

The following tables present 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**
2019				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	**8,464**	**1,478**	**–**	**9,942**
– Bank and corporate securities	**10,999**	**4,461**	**443**	**15,903**
– Other financial assets	**–**	**12,022**	**–**	**12,022**
FVOCI financial assets				
– Government securities and treasury bills	**18,171**	**1,577**	**–**	**19,748**
– Bank and corporate securities	**11,020**	**1,544**	**324**	**12,888**
– Other financial assets	**27**	**4,227**	**–**	**4,254**
Derivatives	**35**	**17,199**	**1**	**17,235**
Liabilities				
Financial liabilities at FVPL				
– Other debt securities	**–**	**9,720**	**–**	**9,720**
– Other financial liabilities	**1,435**	**2,989**	**–**	**4,424**
Derivatives	**111**	**17,328**	**73**	**17,512**

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
2018				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	8,707	1,876	–	10,583
– Bank and corporate securities	9,323	4,715	433	14,471
– Other financial assets	–	12,826	–	12,826
FVOCI financial assets				
– Government securities and treasury bills	17,907	1,394	–	19,301
– Bank and corporate securities	8,828	1,119	327	10,274
– Other financial assets	27	4,680	–	4,707
Derivatives	52	16,975	2	17,029
Liabilities				
Financial liabilities at FVPL				
– Other debt securities	–	7,132	–	7,132
– Other financial liabilities	1,733	3,715	–	5,448
Derivatives	90	16,593	9	16,692

There were no significant transfers in and out of Level 3 in 2019. The bank and corporate securities classified as Level 3 at 31 Dec 2019 comprised mainly notes which were marked using approximations and unquoted equity securities valued based on net asset value of the investments.

41.3 Own credit adjustments on financial liabilities designated at fair value through profit or loss

Changes in the fair value of financial liabilities designated at fair value through profit or loss related to the Group's own credit risk are recognised in other comprehensive income. As the Group does not hedge changes in own credit risk arising from financial liabilities, presenting the own credit movements within other comprehensive income does not create or increase an accounting mismatch in the income statement.

The change in fair value attributable to changes in own credit risk has been determined as the amount of change in fair value that is attributable to changes in funding spreads above benchmark interest rates. Fair value changes arising from factors other than the Group's own credit risk are insignificant.

The cumulative amounts attributable to changes in own credit risk for these financial liabilities as at 31 December 2019 was a loss of $67 million (2018: less than $500k).

Realised gains or losses attributable to changes in own credit risk for 2019 were insignificant.

41.4 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value in the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at year-end.

For cash and balances with central banks, due from banks, loans and advances to customers, as well as due to banks and deposits and balances from customers, the basis of arriving at fair values is by discounting cash flows using the relevant market interest rates for the respective currencies.

For investment debt securities, subordinated term debts and other 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.

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.

42. Credit Risk

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	**2019**	**2018**
On-balance sheet		
Cash and balances with central banks (excluding cash on hand)	**24,059**	19,725
Government securities and treasury bills	**49,729**	47,278
Due from banks	**39,336**	40,178
Derivatives	**17,235**	17,029
Bank and corporate debt securities	**53,826**	50,588
Loans and advances to customers	**357,884**	345,003
Other assets (excluding deferred tax assets)	**15,111**	13,062
	557,180	532,863
Off-balance sheet		
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**326,168**	297,096
Total	**883,348**	829,959

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 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 eligible collateral, besides real estate, after the application of the requisite regulatory haircuts, is shown in the Group's Pillar 3 Disclosures. The amounts are a sub-set of the actual collateral arrangements entered by the Group as Basel 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 2019	2018
Loans and advances to customers		
Performing Loans		
– Neither past due nor impaired (i)	**354,575**	342,237
Pass	**352,673**	339,442
Special Mention	**1,902**	2,795
– Past due but not impaired (ii)	**2,450**	2,157
Non-Performing Loans		
– Impaired (iii)	**5,402**	5,251
Total gross loans (Note 18)	**362,427**	349,645

(i) Neither past due nor impaired loans by 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	Special Mention	Total
2019			
Manufacturing	**36,437**	**421**	**36,858**
Building and construction	**84,493**	**96**	**84,589**
Housing loans	**72,687**	**–**	**72,687**
General commerce	**44,288**	**404**	**44,692**
Transportation, storage and communications	**27,828**	**392**	**28,220**
Financial institutions, investment and holding companies	**24,344**	**152**	**24,496**
Professionals and private individuals (excluding housing loans)	**33,001**	**204**	**33,205**
Others	**29,595**	**233**	**29,828**
Total	**352,673**	**1,902**	**354,575**
2018			
Manufacturing	35,928	255	36,183
Building and construction	76,012	134	76,146
Housing loans	74,119	3	74,122
General commerce	46,134	438	46,572
Transportation, storage and communications	26,380	1,122	27,502
Financial institutions, investment and holding companies	24,616	40	24,656
Professionals and private individuals (excluding housing loans)	29,639	34	29,673
Others	26,614	769	27,383
Total	339,442	2,795	342,237

(ii) Past due but not impaired loans by past due period and industry

In $ millions	The Group Less than 30 days past due	30 to 59 days past due	60 to 90 days past due	Total
2019				
Manufacturing	**204**	**7**	**15**	**226**
Building and construction	**220**	**25**	**2**	**247**
Housing loans	**591**	**91**	**42**	**724**
General commerce	**333**	**47**	**6**	**386**
Transportation, storage and communications	**77**	**7**	**171**	**255**
Financial institutions, investment and holding companies	**87**	**12**	**–**	**99**
Professionals and private individuals (excluding housing loans)	**324**	**68**	**26**	**418**
Others	**79**	**13**	**3**	**95**
Total	**1,915**	**270**	**265**	**2,450**
2018				
Manufacturing	110	3	–	113
Building and construction	127	1	10	138
Housing loans	588	88	31	707
General commerce	218	30	5	253
Transportation, storage and communications	175	2	1	178
Financial institutions, investment and holding companies	277	14	27	318
Professionals and private individuals (excluding housing loans)	337	53	23	413
Others	19	17	1	37
Total	1,851	208	98	2,157

(iii) Non-performing assets (NPAs)

In $ millions	The Group 2019	2018
Balance at 1 January	**5,684**	6,070
Institutional Banking & Others		
– New NPAs	**1,221**	844
– Upgrades	**(35)**	(40)
– Net repayments	**(378)**	(727)
– Write-offs	**(690)**	(492)
Consumer Banking/ Wealth Management (net movement)	**22**	(29)
Exchange differences	**(51)**	27
Acquisition of new business	**–**	31
Balance at 31 December	**5,773**	5,684

Non-performing assets by grading and industry

The Group								
	NPAs				Specific allowances			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2019								
Manufacturing	**214**	**291**	**46**	**551**	**49**	**201**	**46**	**296**
Building and construction	**193**	**24**	**91**	**308**	**30**	**19**	**91**	**140**
Housing loans	**173**	**10**	**12**	**195**	**1**	**2**	**8**	**11**
General commerce	**265**	**247**	**74**	**586**	**13**	**226**	**74**	**313**
Transportation, storage and communications	**1,827**	**425**	**847**	**3,099**	**241**	**258**	**847**	**1,346**
Financial institutions, investment and holding companies	**39**	**19**	**7**	**65**	**4**	**8**	**7**	**19**
Professional and private individuals (excluding housing loans)	**435**	**51**	**12**	**498**	**76**	**46**	**16**	**138**
Others	**64**	**14**	**22**	**100**	**14**	**6**	**22**	**42**
Total non-performing loans	**3,210**	**1,081**	**1,111**	**5,402**	**428**	**766**	**1,111**	**2,305**
Debt securities, contingent liabilities and others	**183**	**58**	**130**	**371**	**25**	**42**	**130**	**197**
Total	**3,393**	**1,139**	**1,241**	**5,773**	**453**	**808**	**1,241**	**2,502**
Of which: restructured assets	**660**	**339**	**432**	**1,431**	**99**	**184**	**432**	**715**
2018								
Manufacturing	291	209	72	572	40	190	72	302
Building and construction	143	54	51	248	28	48	51	127
Housing loans	164	8	10	182	–	–	10	10
General commerce	286	267	92	645	8	168	92	268
Transportation, storage and communications	1,376	323	1,170	2,869	200	136	1,170	1,506
Financial institutions, investment and holding companies	22	19	7	48	3	8	7	18
Professional and private individuals (excluding housing loans)	447	40	17	504	76	36	17	129
Others	80	83	20	183	29	31	20	80
Total non-performing loans	2,809	1,003	1,439	5,251	384	617	1,439	2,440
Debt securities, contingent liabilities and others	201	163	69	433	16	87	69	172
Total	3,010	1,166	1,508	5,684	400	704	1,508	2,612
Of which: restructured assets	744	302	510	1,556	105	126	510	741

Non-performing assets by geography[(a)]

	The Group	
In $ millions	NPAs	Specific allowances
2019		
Singapore	**3,722**	**1,405**
Hong Kong	**492**	**279**
Rest of Greater China	**357**	**130**
South and Southeast Asia	**751**	**463**
Rest of the World	**80**	**28**
Total non-performing loans	**5,402**	**2,305**
Debt securities, contingent liabilities and others	**371**	**197**
Total	**5,773**	**2,502**
2018		
Singapore	3,335	1,488
Hong Kong	511	258
Rest of Greater China	411	130
South and Southeast Asia	908	521
Rest of the World	86	43
Total non-performing loans	5,251	2,440
Debt securities, contingent liabilities and others	433	172
Total	5,684	2,612

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

Non-performing assets by past due period

	The Group	
In $ millions	2019	2018
Not overdue	**1,110**	1,271
Within 90 days	**589**	432
Over 90 to 180 days	**601**	436
Over 180 days	**3,473**	3,545
Total past due assets	**4,663**	4,413
Total	**5,773**	5,684

Secured non-performing assets by collateral type

	The Group	
In $ millions	2019	2018
Properties	**1,004**	799
Shares and debentures	**162**	185
Cash deposits	**8**	22
Others	**1,757**	1,551
Total	**2,931**	2,557

Past due non-performing assets by industry

	The Group	
In $ millions	2019	2018
Manufacturing	**518**	508
Building and construction	**236**	224
Housing loans	**167**	159
General commerce	**541**	497
Transportation, storage and communications	**2,679**	2,463
Financial institutions, investment and holding companies	**49**	31
Professional and private individuals (excluding housing loans)	**221**	220
Others	**85**	108
Total non-performing loans	**4,496**	4,210
Debt securities, contingent liabilities and others	**167**	203
Total	**4,663**	4,413

Past due non-performing assets by geography[(a)]

	The Group	
In $ millions	2019	2018
Singapore	**3,096**	2,721
Hong Kong	**456**	445
Rest of Greater China	**261**	281
South and Southeast Asia	**632**	708
Rest of the World	**51**	55
Total non-performing loans	**4,496**	4,210
Debt securities, contingent liabilities and others	**167**	203
Total	**4,663**	4,413

(a) Based on the location 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 external rating bands.

Analysed by external ratings In $ millions	The Group Singapore Government securities and treasury bills (Gross)	Other government securities and treasury bills (Gross)	Bank and corporate debt securities (Gross)
2019			
AAA	**13,650**	**10,303**	**20,272**
AA- to AA+	**–**	**11,474**	**4,545**
A- to A+	**–**	**8,987**	**5,773**
Lower than A-	**–**	**5,317**	**6,473**
Unrated	**–**	**–**	**16,788**
Total	**13,650**	**36,081**	**53,851**
2018			
AAA	14,114	8,232	21,074
AA- to AA+	–	11,075	4,245
A- to A+	–	9,431	7,296
Lower than A-	–	4,427	4,898
Unrated	–	–	13,112
Total	14,114	33,165	50,625

42.4 Credit risk by geography and industry

Analysed by geography[(a)] In $ millions	The Group Government securities and treasury bills (Gross)	Due from banks (Gross)	Derivatives	Bank and corporate debt securities (Gross)	Loans and advances to customers (Gross)	Total
2019						
Singapore	**13,650**	**704**	**1,740**	**16,577**	**168,704**	**201,375**
Hong Kong	**4,185**	**523**	**800**	**1,512**	**55,062**	**62,082**
Rest of Greater China	**3,458**	**19,334**	**2,035**	**3,743**	**53,009**	**81,579**
South and Southeast Asia	**5,469**	**4,107**	**1,243**	**5,030**	**29,438**	**45,287**
Rest of the World	**22,969**	**14,675**	**11,417**	**26,989**	**56,214**	**132,264**
Total	**49,731**	**39,343**	**17,235**	**53,851**	**362,427**	**522,587**
2018						
Singapore	14,114	610	1,678	16,214	163,449	196,065
Hong Kong	4,916	1,402	833	1,351	54,333	62,835
Rest of Greater China	3,367	18,443	3,032	4,674	50,925	80,441
South and Southeast Asia	4,484	4,408	1,719	5,206	28,377	44,194
Rest of the World	20,398	15,325	9,767	23,180	52,561	121,231
Total	47,279	40,188	17,029	50,625	349,645	504,766

(a) Based on the location of incorporation of the issuer (for debt securities), counterparty (for derivatives), borrower (for loans) or the issuing bank in the case of bank backed export financing

Analysed by industry In $ millions	The Group Government securities and treasury bills (Gross)	Due from banks (Gross)	Derivatives	Bank and corporate debt securities (Gross)	Loans and advances to customers (Gross)	Total
2019						
Manufacturing	**–**	**–**	**308**	**2,459**	**37,635**	**40,402**
Building and construction	**–**	**–**	**492**	**5,710**	**85,144**	**91,346**
Housing loans	**–**	**–**	**–**	**–**	**73,606**	**73,606**
General commerce	**–**	**–**	**110**	**1,389**	**45,664**	**47,163**
Transportation, storage and communications	**–**	**–**	**343**	**4,537**	**31,574**	**36,454**
Financial institutions, investment and holding companies	**–**	**39,343**	**14,565**	**23,502**	**24,660**	**102,070**
Government	**49,731**	**–**	**–**	**–**	**–**	**49,731**
Professionals and private individuals (excluding housing loans)	**–**	**–**	**459**	**–**	**34,121**	**34,580**
Others	**–**	**–**	**958**	**16,254**	**30,023**	**47,235**
Total	**49,731**	**39,343**	**17,235**	**53,851**	**362,427**	**522,587**
2018						
Manufacturing	–	–	307	2,586	36,868	39,761
Building and construction	–	–	355	4,359	76,532	81,246
Housing loans	–	–	–	–	75,011	75,011
General commerce	–	–	139	1,199	47,470	48,808
Transportation, storage and communications	–	–	462	3,849	30,549	34,860
Financial institutions, investment and holding companies	–	40,188	14,639	26,667	25,022	106,516
Government	47,279	–	–	–	–	47,279
Professionals and private individuals (excluding housing loans)	–	–	671	–	30,590	31,261
Others	–	–	456	11,965	27,603	40,024
Total	47,279	40,188	17,029	50,625	349,645	504,766

43. Liquidity Risk

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.

				The Group					
In $ millions	**Less than 7 days**	**1 week to 1 month**	**1 to 3 months**	**3 to 12 months**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**	**No specific maturity**	**Total**
2019									
Cash and balances with central banks	**14,869**	**5,262**	**3,874**	**1,764**	**593**	**–**	**–**	**–**	**26,362**
Government securities and treasury bills	**960**	**3,280**	**4,551**	**4,790**	**8,695**	**10,365**	**17,088**	**–**	**49,729**
Due from banks	**15,389**	**3,033**	**4,972**	**14,838**	**481**	**409**	**214**	**–**	**39,336**
Derivatives(a)	**17,235**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,235**
Bank and corporate securities	**16**	**572**	**1,986**	**9,442**	**20,721**	**8,855**	**12,234**	**9,920**	**63,746**
Loans and advances to customers	**28,574**	**59,955**	**36,806**	**46,205**	**71,113**	**44,060**	**71,171**	**–**	**357,884**
Other assets	**8,724**	**1,256**	**1,759**	**2,374**	**111**	**33**	**18**	**1,149**	**15,424**
Associates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**835**	**835**
Properties and other fixed assets	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3,225**	**3,225**
Goodwill and intangibles	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**5,170**	**5,170**
Total assets	**85,767**	**73,358**	**53,948**	**79,413**	**101,714**	**63,722**	**100,725**	**20,299**	**578,946**
Due to banks	**12,659**	**5,953**	**4,081**	**337**	**441**	**302**	**–**	**–**	**23,773**
Deposits and balances from customers	**269,142**	**47,108**	**55,002**	**30,501**	**1,434**	**156**	**946**	**–**	**404,289**
Derivatives(a)	**17,512**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17,512**
Other liabilities	**9,495**	**1,532**	**2,405**	**2,572**	**480**	**321**	**884**	**3,218**	**20,907**
Other debt securities	**425**	**6,034**	**11,033**	**23,682**	**7,563**	**2,528**	**4,199**	**1,664**	**57,128**
Subordinated term debts	**–**	**–**	**–**	**–**	**–**	**–**	**3,538**	**–**	**3,538**
Total liabilities	**309,233**	**60,627**	**72,521**	**57,092**	**9,918**	**3,307**	**9,567**	**4,882**	**527,147**
Non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**818**	**818**
Shareholders' funds	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50,981**	**50,981**
Total equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**51,799**	**51,799**
2018									
Cash and balances with central banks	13,746	1,262	5,313	1,325	539	–	–	–	22,185
Government securities and treasury bills	830	2,040	3,695	8,778	7,448	10,900	13,587	–	47,278
Due from banks	15,478	4,903	5,218	12,983	581	1,015	–	–	40,178
Derivatives(a)	17,029	–	–	–	–	–	–	–	17,029
Bank and corporate securities	65	503	2,813	6,423	20,577	12,040	8,167	7,609	58,197
Loans and advances to customers	29,658	55,685	34,803	42,147	67,385	41,553	73,772	–	345,003
Other assets	6,522	1,413	1,590	2,839	130	10	26	888	13,418
Associates	–	–	–	–	–	–	–	838	838
Properties and other fixed assets	–	–	–	–	–	–	–	1,450	1,450
Goodwill and intangibles	–	–	–	–	–	–	–	5,175	5,175
Total assets	83,328	65,806	53,432	74,495	96,660	65,518	95,552	15,960	550,751
Due to banks	11,014	6,217	2,962	1,617	174	664	–	–	22,648
Deposits and balances from customers	262,137	47,670	49,165	31,514	2,428	162	709	–	393,785
Derivatives(a)	16,692	–	–	–	–	–	–	–	16,692
Other liabilities	8,620	1,638	2,193	3,085	57	4	9	2,834	18,440
Other debt securities	456	6,672	13,066	11,676	7,771	915	5,156	–	45,712
Subordinated term debts	–	–	–	–	–	–	3,599	–	3,599
Total liabilities	298,919	62,197	67,386	47,892	10,430	1,745	9,473	2,834	500,876
Non-controlling interests	–	–	–	–	–	–	–	830	830
Shareholders' funds	–	–	–	–	–	–	–	49,045	49,045
Total equity	–	–	–	–	–	–	–	49,875	49,875

(a) Derivative financial assets and liabilities are included in the "Less than 7 days" bucket as they are mainly held for trading. Please refer to the tables in Note 38 for the maturity profile of hedging derivatives

The table in previous page 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. The cash flows of assets and liabilities may behave differently from their contractual terms.

43.2 Contingent liabilities and commitments

The table below shows the Group's contingent liabilities and commitments based on the remaining period as at the balance sheet date to contractual expiry date.

			The Group		
In $ millions	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Over 5 years**	**Total**
2019					
Guarantees, endorsements and other contingent liabilities	**28,267**	**–**	**–**	**–**	**28,267**
Undrawn credit commitments(a) and other facilities	**264,138**	**14,845**	**16,066**	**2,852**	**297,901**
Capital commitments	**29**	**8**	**–**	**–**	**37**
Total	**292,434**	**14,853**	**16,066**	**2,852**	**326,205**
2018					
Guarantees, endorsements and other contingent liabilities	24,603	–	–	–	24,603
Undrawn credit commitments(a) and other facilities	241,895	14,759	13,263	2,576	272,493
Operating lease commitments	262	336	60	14	672
Capital commitments	73	8	–	–	81
Total	266,833	15,103	13,323	2,590	297,849

(a) Includes commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities will be called upon and not all of the undrawn credit commitments will be drawn before expiry.

44. Capital Management

The Board is responsible for setting the Group's capital management objective, which is to maintain a strong capital position consistent with regulatory requirements under the MAS Notice 637 and the expectations of various stakeholders, including customers, investors and rating agencies. The Board articulates this objective in the form of capital targets. This objective is pursued while delivering returns to shareholders and ensuring that adequate capital resources are available for business growth and investment opportunities as well as adverse situations, taking into consideration the Group's strategic plans and risk appetite.

The Group's capital management objective is implemented via a capital management and planning process that is overseen by the Capital Committee. The Chief Financial Officer chairs the Capital Committee. The Capital Committee receives regular updates on the Group's current and projected capital position. A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process (ICAAP) through which the Group assesses its forecast capital supply and demand relative to regulatory requirements and internal capital targets. The ICAAP has a three-year horizon and covers various scenarios, including stress scenarios of differing scope and severity.

The Group is subject to and has complied with the capital adequacy requirements set out in the MAS Notice 637, which effects the Basel Committee on Banking Supervision's capital adequacy framework in Singapore, throughout the year. The Group's capital adequacy ratios as at 31 December 2019 and 2018 have been subject to an external limited assurance review, pursuant to the MAS Notice 609 "Auditor's Report and Additional Information to be submitted with Annual Accounts".

45. Segment Reporting

45.1 Business segment reporting

The business segment results are prepared based on the Group's internal management reporting which reflects the organisation management structure. As the activities of the Group are highly integrated, internal allocation has been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

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 Markets
Treasury Markets' activities primarily include structuring, market-making and trading across a broad range of treasury products.

Income from sale of treasury products offered to customers of Consumer Banking/ Wealth Management and Institutional Banking is not reflected in the Treasury Markets segment, but in the respective customer segments.

Others
Others encompass the results of corporate decisions that are not attributed to business segments. It includes earnings on capital deployed into high quality assets, earnings from non-core asset sales and certain other head office items such as centrally raised allowances. DBS Vickers Securities and The Islamic Bank of Asia are also included in this segment.

The following table analyses the results, total assets and total liabilities of the Group by business segment.

	The Group				
In $ millions	**Consumer Banking/ Wealth Management**	**Institutional Banking**	**Treasury Markets**	**Others**	**Total**
2019					
Net interest income	**4,037**	**4,309**	**138**	**1,141**	**9,625**
Net fee and commission income	**1,790**	**1,225**	**–**	**37**	**3,052**
Other non-interest income	**472**	**539**	**794**	**62**	**1,867**
Total income	**6,299**	**6,073**	**932**	**1,240**	**14,544**
Total expenses	**3,280**	**2,015**	**614**	**349**	**6,258**
Allowances for credit and other losses	**242**	**327**	**(5)**	**139**	**703**
Profit before tax	**2,777**	**3,731**	**323**	**752**	**7,583**
Income tax expense					**1,154**
Net profit attributable to shareholders					**6,391**
Total assets before goodwill and intangibles	**117,088**	**278,336**	**105,538**	**72,814**	**573,776**
Goodwill and intangibles					**5,170**
Total assets					**578,946**
Total liabilities	**223,574**	**195,114**	**50,815**	**57,644**	**527,147**
Capital expenditure	**117**	**30**	**14**	**425**	**586**
Depreciation	**44**	**12**	**3**	**550**	**609**
2018					
Net interest income	3,596	4,116	319	924	8,955
Net fee and commission income	1,627	1,125	–	28	2,780
Other non-interest income	430	519	353	146	1,448
Total income	5,653	5,760	672	1,098	13,183
Total expenses	3,039	1,839	602	334	5,814
Allowances for credit and other losses	228	550	(20)	(48)	710
Profit before tax	2,386	3,371	90	812	6,659
Income tax expense					1,006
Net profit attributable to shareholders					5,577
Total assets before goodwill and intangibles	115,470	263,125	108,646	58,335	545,576
Goodwill and intangibles					5,175
Total assets					550,751
Total liabilities	212,853	191,287	47,641	49,095	500,876
Capital expenditure	106	16	10	401	533
Depreciation	46	10	3	272	331

45.2 Geographical segment reporting

The performance by geography is classified based on the location in which income and assets are recorded. Hong Kong comprises mainly DBS Bank (HK) Limited and DBS HK branch. Rest of Greater China comprises mainly DBS Bank (China) Ltd, DBS Bank (Taiwan) Ltd and DBS Taipei branch. South and Southeast Asia comprises mainly PT Bank DBS Indonesia, DBS Bank India Limited (DBS India branches previously) and DBS Labuan branch. All results are prepared in accordance with SFRS(I).

	The Group					
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China**	**South and Southeast Asia**	**Rest of the World**	**Total**
2019						
Net interest income	**6,140**	**2,012**	**597**	**604**	**272**	**9,625**
Net fee and commission income	**1,900**	**667**	**194**	**227**	**64**	**3,052**
Other non-interest income	**1,146**	**250**	**267**	**138**	**66**	**1,867**
Total income	**9,186**	**2,929**	**1,058**	**969**	**402**	**14,544**
Total expenses	**3,638**	**1,109**	**740**	**667**	**104**	**6,258**
Allowances for credit and other losses	**225**	**102**	**49**	**292**	**35**	**703**
Profit before tax	**5,323**	**1,718**	**269**	**10**	**263**	**7,583**
Income tax expense	**695**	**290**	**59**	**33**	**77**	**1,154**
Net profit attributable to shareholders	**4,589**	**1,428**	**210**	**(22)**	**186**	**6,391**
Total assets before goodwill and intangibles	**375,320**	**91,608**	**50,292**	**21,690**	**34,866**	**573,776**
Goodwill and intangibles	**5,133**	**29**	**–**	**8**	**–**	**5,170**
Total assets	**380,453**	**91,637**	**50,292**	**21,698**	**34,866**	**578,946**
Non-current assets[(a)]	**2,650**	**751**	**331**	**318**	**10**	**4,060**
2018						
Net interest income	5,664	1,830	675	530	256	8,955
Net fee and commission income	1,722	617	175	206	60	2,780
Other non-interest income	788	294	270	56	40	1,448
Total income	8,174	2,741	1,120	792	356	13,183
Total expenses	3,353	1,057	725	573	106	5,814
Allowances for credit and other losses	408	72	44	183	3	710
Profit before tax	4,413	1,612	351	36	247	6,659
Income tax expense	574	251	81	35	65	1,006
Net profit attributable to shareholders	3,763	1,361	270	1	182	5,577
Total assets before goodwill and intangibles	349,941	90,523	51,283	23,612	30,217	545,576
Goodwill and intangibles	5,137	30	–	8	–	5,175
Total assets	355,078	90,553	51,283	23,620	30,217	550,751
Non-current assets[(a)]	1,633	362	145	144	4	2,288

(a) Includes investments in associates, properties and other fixed assets

DBS Bank Ltd

Income statement

for the year ended 31 December 2019

		Bank	
In $ millions	**Note**	**2019**	**2018**
Interest income		**12,450**	11,099
Interest expense		**5,441**	4,540
Net interest income		**7,009**	6,559
Net fee and commission income		**2,114**	1,933
Net trading income		**1,053**	917
Net income from investment securities		**306**	127
Other income	2	**817**	774
Non-interest income		**4,290**	3,751
Total income		**11,299**	10,310
Employee benefits		**2,242**	2,085
Other expenses		**1,709**	1,727
Total expenses		**3,951**	3,812
Profit before allowances		**7,348**	6,498
Allowances for credit and other losses		**262**	410
Profit before tax		**7,086**	6,088
Income tax expense		**871**	781
Net profit attributable to shareholders		**6,215**	5,307

(see notes on pages 186 to 188 which form part of these financial statements)

DBS Bank Ltd

Statement of comprehensive income

for the year ended 31 December 2019

In $ millions	Bank 2019	Bank 2018
Net profit	**6,215**	5,307
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Translation differences for foreign operations	**(90)**	(107)
Gains/ (losses) on debt instruments classified at fair value through other comprehensive income and others		
Net valuation taken to equity	**705**	(122)
Transferred to income statement	**(321)**	(149)
Taxation relating to components of other comprehensive income	**(35)**	16
Items that will not be reclassified to income statement:		
Gains/ (losses) on equity instruments classified at fair value through other comprehensive income (net of tax)	**120**	(156)
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**(63)**	109
Other comprehensive income, net of tax	**316**	(409)
Total comprehensive income attributable to shareholders	**6,531**	4,898

(see notes on pages 186 to 188 which form part of these financial statements)

DBS Bank Ltd

Balance sheet

as at 31 December 2019

In $ millions	Note	Bank 2019	Bank 2018
Assets			
Cash and balances with central banks		**19,771**	15,581
Government securities and treasury bills		**37,142**	37,580
Due from banks		**33,933**	34,616
Derivatives		**15,255**	14,912
Bank and corporate securities		**59,560**	54,007
Loans and advances to customers		**296,906**	286,658
Other assets		**11,359**	9,449
Associates		**186**	208
Subsidiaries	3	**31,967**	26,959
Properties and other fixed assets		**1,816**	803
Goodwill and intangibles		**334**	334
Total assets		**508,229**	481,107
Liabilities			
Due to banks		**18,712**	19,368
Deposits and balances from customers		**298,836**	293,603
Derivatives		**15,455**	14,706
Other liabilities		**15,113**	11,599
Other debt securities		**51,041**	38,982
Due to holding company		**4,695**	5,431
Due to subsidiaries		**57,649**	52,655
Total liabilities		**461,501**	436,344
Net assets		**46,728**	44,763
Equity			
Share capital	4	**24,452**	24,452
Other equity instruments	5	**2,813**	2,813
Other reserves	6	**38**	(551)
Revenue reserves	6	**19,425**	18,049
Shareholders' funds		**46,728**	44,763
Total equity		**46,728**	44,763

(see notes on pages 186 to 188 which form part of these financial statements)

DBS Bank Ltd

Notes to the supplementary financial statements

for the year ended 31 December 2019

The supplementary financial statements of DBS Bank Ltd (the Bank) are extracted from the Audited Statutory Financial Statements of DBS Bank Ltd and its subsidiaries (the Bank Group) for the financial year ended 31 December 2019. The statutory financial statements of the Bank and the Bank Group which contained an unqualified audit report, will be delivered to the Accounting & Corporate Regulatory Authority in accordance with the Singapore Companies Act.

1. Summary of Significant Accounting Policies

The accounting policies applied by the Bank and the Bank Group are consistent with those applied by the Group as disclosed in Note 2 of the "Notes to the Financial Statements" (Notes) in the Group's Consolidated Financial Statements.

2. Other Income

Other income includes the following:

In $ millions	2019	2018
Dividends from subsidiaries	**783**	732
Dividends from associates	**7**	8
Total	**790**	740

3. Subsidiaries

In $ millions	2019	2018
Investment in subsidiaries[(a)]		
Ordinary shares	**12,154**	10,937
Due from subsidiaries		
Other receivables	**19,813**	16,022
Total	**31,967**	26,959

(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

4. Share Capital

	Number of shares ('000)		In $ millions	
	2019	2018	2019	2018
Ordinary shares				
Balance at 1 January and 31 December	**2,626,196**	2,626,196	**23,653**	23,653
Non-cumulative preference shares				
S$800m 4.7% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares callable in 2020	**8,000**	8,000	**799**	799
Balance at 1 January and 31 December	**8,000**	8,000	**799**	799
Issued share capital at 31 December			**24,452**	24,452

5. Other Equity Instruments

The following perpetual capital securities issued by the Bank are classified as other equity instruments. These instruments are subordinated to all liabilities of the Bank and senior only to ordinary shareholders of the Bank. Their terms require them to be written-off if and when the Monetary Authority of Singapore notifies the Bank that a write-off of the instruments, or a public sector injection of capital (or equivalent support), is necessary, without which the Group or the DBSH Group (DBSH and its subsidiaries) would become non-viable. These instruments qualify as Additional Tier 1 capital under MAS Notice 637.

In $ millions	Issue Date	Distribution Payment	2019	2018
Issued by the Bank				
S$550m 3.85% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	1 Sep 2016	Sep	**550**	550
US$185m 4.0% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	1 Sep 2016	Sep	**252**	252
US$750m 3.60% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	7 Sep 2016	Mar/ Sep	**1,011**	1,011
S$1,000m 3.98% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	12 Sep 2018	Mar/ Sep	**1,000**	1,000
Total			**2,813**	2,813

6. Other Reserves and Revenue Reserves

6.1 Other reserves

In $ millions	2019	2018
FVOCI revaluation reserves (bonds)	**59**	(151)
FVOCI revaluation reserves (equities)	**(38)**	(178)
Cash flow hedge reserves	**76**	(63)
Capital reserves	**(59)**	(159)
Total	**38**	(551)

Movements in other reserves of the Bank during the year are as follows:

In $ millions	FVOCI revaluation reserves (bonds)	FVOCI revaluation reserves (equities)	Cash flow hedge reserves	Capital reserves(a)	Total
2019					
Balance at 1 January	**(151)**	**(178)**	**(63)**	**(159)**	**(551)**
Impact of conversion of India branch to a wholly-owned subsidiary	**–**	**6**	**–**	**190**	**196**
Net exchange translation adjustments	**–**	**–**	**–**	**(90)**	**(90)**
FVOCI financial assets and others:					
– net valuation taken to equity	**360**	**127**	**345**	**–**	**832**
– transferred to income statement	**(135)**	**–**	**(186)**	**–**	**(321)**
– taxation relating to components of other comprehensive income	**(15)**	**(7)**	**(20)**	**–**	**(42)**
Transfer to revenue reserves upon disposal of FVOCI equities	**–**	**14**	**–**	**–**	**14**
Balance at 31 December	**59**	**(38)**	**76**	**(59)**	**38**
2018					
Balance at 1 January	56	4	39	(52)	47
Impact of adopting SFRS(I) 9 on 1 January	(54)	(49)	–	–	(103)
Balance at 1 January after adoption of SFRS(I) 9	2	(45)	39	(52)	(56)
Net exchange translation adjustments	–	–	–	(107)	(107)
FVOCI financial assets and others:					
– net valuation taken to equity	(154)	(167)	32	–	(289)
– transferred to income statement	(6)	–	(143)	–	(149)
– taxation relating to components of other comprehensive income	7	11	9	–	27
Transfer to revenue reserves upon disposal of FVOCI equities	–	23	–	–	23
Balance at 31 December	(151)	(178)	(63)	(159)	(551)

(a) 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

6.2 Revenue reserves

In $ millions	2019	2018
Balance at 1 January	**18,049**	17,033
Impact of adopting SFRS(I) 16 on 1 January 2019	**(91)**	–
Impact of adopting SFRS(I) 9 on 1 January 2018	**–**	83
Balance at 1 January after adoption of SFRS(I) 9 and SFRS(I) 16	**17,958**	17,116
Impact of conversion of India branch to a wholly-owned subsidiary	**(188)**	–
Net profit attributable to shareholders	**6,215**	5,307
Other comprehensive income attributable to shareholders	**(77)**	86
Sub-total	**23,908**	22,509
Less: Dividends paid to holding company	**4,445**	4,422
Dividends paid on preference shares	**38**	38
Balance at 31 December(a)	**19,425**	18,049

(a) Singapore banks are required to maintain a Minimum Regulatory Loss Allowance (MRLA) of at least 1% of the gross carrying amount of selected credit exposures net of collaterals per MAS Notice 612. For periods where Stage 1 and 2 ECL fall below MRLA, the shortfall is appropriated from retained earnings in the shareholders' funds into a non-distributable Regulatory Loss Allowance Reserve account (2019: $491 million; 2018: $367 million)

DBS Group Holdings Ltd and its Subsidiaries

Five-year summary

Group	2019	2018	2017	2016	2015
Selected income statement items ($ millions)					
Total income	**14,544**	13,183	11,924	11,489	10,801
Profit before allowances	**8,286**	7,385	6,794	6,517	5,901
Allowances	**703**	710	1,544	1,434	743
Profit before tax	**7,583**	6,675	5,250	5,083	5,158
Net profit excluding one-time items	**6,391**	5,625	4,390	4,238	4,318
One-time items(1)	**–**	(48)	(19)	–	136
Net profit	**6,391**	5,577	4,371	4,238	4,454
Selected balance sheet items ($ millions)					
Total assets	**578,946**	550,751	517,711	481,570	457,834
Customer loans	**357,884**	345,003	323,099	301,516	283,289
Total liabilities	**527,147**	500,876	467,909	434,600	415,038
Customer deposits	**404,289**	393,785	373,634	347,446	320,134
Total shareholders' funds	**50,981**	49,045	47,458	44,609	40,374
Per ordinary share ($)					
Earnings excluding one-time items	**2.46**	2.16	1.69	1.66	1.71
Earnings	**2.46**	2.15	1.69	1.66	1.77
Net asset value	**19.17**	18.12	17.85	16.87	15.82
Dividends(2)	**1.23**	1.20	1.43	0.60	0.60
Selected financial ratios (%)					
Dividend cover for ordinary shares (number of times)(2)	**2.00**	1.79	1.17	2.78	2.94
Net interest margin	**1.89**	1.85	1.75	1.80	1.77
Cost-to-income(3)	**43.0**	44.0	43.0	43.3	45.4
Return on assets(3)	**1.13**	1.05	0.89	0.92	0.96
Return on equity(3)(4)	**13.2**	12.1	9.7	10.1	11.2
Loan/ deposit ratio	**88.5**	87.6	86.5	86.8	88.5
Non-performing loan rate	**1.5**	1.5	1.7	1.4	0.9
Loss allowance coverage(5)	**94**	98	85	97	148
Capital adequacy					
Common Equity Tier 1	**14.1**	13.9	14.3	14.1	13.5
Tier 1	**15.0**	15.1	15.1	14.7	13.5
Total	**16.7**	16.9	15.9	16.2	15.4
Basel III fully phased-in Common Equity Tier 1(6)	**14.1**	13.9	13.9	13.3	12.4

(1) One-time items include impact from remeasurement of deferred taxes due to a change in the applicable tax rate arising from the conversion of India Branch to a wholly-owned subsidiary, gains from divestment of subsidiary, general allowances, ANZ integration cost, gains on sale of investments and a sum donated to National Gallery Singapore
(2) 2017 includes special dividend of $0.50
(3) Excludes one-time items
(4) Calculated based on net profit attributable to the 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 of equity
(5) Computation for 2019 and 2018 includes regulatory loss allowance reserves
(6) Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments (e.g. goodwill) applicable from 1 January 2018 by RWA as at each reporting date.

Board of Directors

as at 11 February 2020

Peter Seah Lim Huat, 73

Chairman

Non-Executive and Non-Independent Director

Bachelor of Business Administration (Honours)
National University of Singapore

Date of first appointment as Director:	16 November 2009
Date of appointment as Chairman:	1 May 2010
Date of last re-election as Director:	25 April 2018
Length of service as Director:	10 years 3 months

Present directorships:

Other listed companies

• Singapore Airlines Limited	Chairman

Other principal commitments

• DBS Bank Ltd.	Chairman
• DBS Bank (Hong Kong) Limited[(1)]	Chairman
• GIC Private Limited	Director
• Asia Mobile Holdings Pte. Ltd.	Director
• STT Communications Ltd	Deputy Chairman
• Fullerton Financial Holdings Pte. Ltd.	Deputy Chairman
• LaSalle College of the Arts Limited	Chairman
• Singapore Health Services Pte Ltd	Chairman

Past directorships in listed companies held over the preceding five years:

• CapitaLand Limited	Deputy Chairman
• Level 3 Communications Inc	Director
• StarHub Ltd	Director
• STATS ChipPAC Ltd[(2)]	Director

(1) Total director's fees received for FY2019: HKD 1,010,000
(2) STATS ChipPAC Ltd was delisted from the official list of the Singapore Exchange Securities Trading Limited on 19 October 2015

Piyush Gupta, 60

Chief Executive Officer

Executive Director

Post Graduate Diploma in Management
Indian Institute of Management, Ahmedabad, India

Bachelor of Arts, Economics
University of Delhi, India

Date of first appointment as Director:	9 November 2009
Date of last re-election as Director:	25 April 2018
Length of service as Director:	10 years 3 months

Present directorships:

Other listed companies

Nil

Other principal commitments

• DBS Bank Ltd.	Chief Executive Officer & Director
• DBS Bank (Hong Kong) Limited	Vice Chairman
• Dr Goh Keng Swee Scholarship Fund	Director
• Institute of International Finance, Washington	Vice Chairman
• McKinsey Advisory Council	Council Member
• National Research Foundation, Singapore	Board Member
• Sim Kee Boon Institute for Financial Economics	Chairman, Advisory Board
• Enterprise Singapore	Board Member
• The Association of Banks in Singapore	Council Member
• The Institute of Banking & Finance	Council Member
• Singapore Indian Development Association (SINDA)	Term Trustee
• MasterCard Asia Pacific Advisory Board	Board Member
• BirdLife International, UK	Member, Global Advisory Group
• Indian Business-leaders Roundtable under Singapore Indian Development Association (SINDA)	Member, Managing Council
• United Nations Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals	Member
• Advisory Council on the Ethical Use of Artificial Intelligence (AI) and Data, Singapore	Council Member
• Council for Board Diversity, Singapore	Council Member

Past directorships in listed companies held over the preceding five years:

Nil

Bonghan Cho, 55

Non-Executive and Independent Director

Bachelor of Science in Computer Science and Statistics
Seoul National University

Ph.D and MS in Computer Science, specialising in Artificial Intelligence
University of Southern California

Date of first appointment as Director:	26 April 2018
Date of last re-election as Director:	25 April 2019
Length of service as Director:	1 year 10 months

Present directorships:

Other listed companies

Nil

Other principal commitments

• DBS Bank Ltd.	Director
• EqualkeyCorporation	Founder & Chief Executive Officer
• AMO Labs Pte. Ltd.	Member, Advisory Board

Past directorships in listed companies held over the preceding five years:

Nil

Euleen Goh Yiu Kiang, 64

Non-Executive and Non-Independent Director

Fellow
Institute of Singapore Chartered Accountants
Singapore Institute of Directors

Associate
Institute of Chartered Accountants in England and Wales
The London Institute of Banking & Finance, UK

Member
Chartered Institute of Taxation, UK

Date of first appointment as Director:	1 December 2008
Date of last re-election as Director:	25 April 2019
Length of service as Director:	11 years 3 months

Present directorships:
Other listed companies

• Royal Dutch Shell PLC	Director
• SATS Ltd.	Chairman

Other principal commitments

• DBS Bank Ltd.	Director
• DBS Foundation Ltd.	Chairman
• Singapore Health Services Pte Ltd	Director
• Singapore Institute of Management	Chairman, Governing Council
• Singapore Institute of Management Group Limited	Chairman

Past directorships in listed companies held over the preceding five years:

• CapitaLand Limited	Director

Ho Tian Yee, 67

Non-Executive and Lead Independent Director

Master of Business Administration
University of Chicago

Bachelor of Arts (Honours), Economics (CNAA)
Portsmouth University, UK

Date of first appointment as Director:	29 April 2011
Date of appointment as Lead Independent Director:	16 November 2018
Date of last re-election as Director:	27 April 2017
Length of service as Director:	8 years 10 months

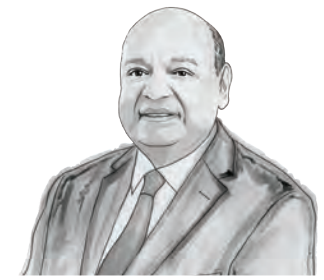
Present directorships:
Other listed companies
Nil

Other principal commitments

• DBS Bank Ltd.	Director
• Fullerton Fund Management Company Ltd	Chairman
• Fullerton Investment Management (Shanghai) Co., Ltd.	Chairman
• FFMC Holdings Pte. Ltd.	Chairman
• Mount Alvernia Hospital	Chairman
• Blue Edge Advisors Pte. Ltd.	Investment Advisor
• Urban Redevelopment Authority	Member, Finance Investment Committee

Past directorships in listed companies held over the preceding five years:

• AusNet Services Ltd	Director



Nihal Vijaya Devadas Kaviratne CBE, 75

Non-Executive and Independent Director

Bachelor of Arts (Honours), Economics
Bombay University, India

Date of first appointment as Director:	29 April 2011
Date of last re-election as Director:	25 April 2019
Length of service as Director:	8 years 10 months

Present directorships:
Other listed companies

• GlaxoSmithKline Pharmaceuticals Ltd	Director
• Olam International Limited	Director
• StarHub Ltd	Lead Independent Director

Other principal commitments

• DBS Bank Ltd.	Director
• DBS Foundation Ltd.	Director
• Caraway Pte. Ltd.	Chairman
• Bain & Company SE Asia, Inc	Member, Advisory Board for Southeast Asia/ Indonesia
• McKinsey & Company, Inc	Member, Corporate Resilience Advisory Council
• The Department for International Development (DFID)	Member, UK Government's DFID Private Sector Portfolio Advisory Committee for India

Past directorships in listed companies held over the preceding five years:

• Akzo Nobel India Limited	Chairman
• SATS Ltd.	Director

Olivier Lim Tse Ghow, 55

Non-Executive and Independent Director

Bachelor of Engineering (First Class Honours), Civil Engineering
Imperial College, London, UK

Date of first appointment as Director:	7 November 2017
Date of last re-election as Director:	25 April 2018
Length of service as Director:	2 years 3 months

Present directorships:
Other listed companies

• Raffles Medical Group Ltd	Director
• Banyan Tree Holdings Limited	Director

Other principal commitments

• DBS Bank Ltd.	Director
• Certis CISCO Security Pte. Ltd.	Chairman
• Frasers Property Australia Pty Ltd	Chairman
• JTC Corporation	Board Member
• NorthLight School	Director
• PropertyGuru Pte. Ltd.	Chairman
• Securities Industry Council	Member
• Singapore Management University	Member, Board of Trustees

Past directorships in listed companies held over the preceding five years:
Nil

Andre Sekulic, 69

Non-Executive and Independent Director

University of Sydney

Date of first appointment as Director:	26 April 2012
Date of last re-election as Director:	25 April 2018
Length of service as Director:	7 years 10 months

Present directorships:

Other listed companies

Nil

Other principal commitments

• DBS Bank Ltd.	Director
• Optal Limited	Chairman
• Hussar Pty Ltd	Director
• Insourcing International Pty Ltd	Director
• Queenstar Pty Ltd	Director
• Royal Motor Yacht Club Broken Bay	Director

Past directorships in listed companies held over the preceding five years:

Nil

Danny Teoh Leong Kay, 64

Non-Executive and Non-Independent Director

Associate Member
Institute of Chartered Accountants in England and Wales

Diploma in Accounting
Newcastle-upon-Tyne Polytechnic, England

Date of first appointment as Director:	1 October 2010
Date of last re-election as Director:	25 April 2019
Length of service as Director:	9 years 5 months

Present directorships:

Other listed companies

• Keppel Corporation Limited	Director

Other principal commitments[1]

• DBS Bank Ltd.	Director
• DBS Bank (Taiwan) Ltd[2]	Chairman
• DBS Foundation Ltd.	Director
• M1 Limited[3]	Chairman

Past directorships in listed companies held over the preceding five years:

• CapitaLand Mall Trust Management Limited (the Manager of CapitaLand Mall Trust)	Chairman

(1) Mr Teoh was a Director of DBS Bank (China) Limited until he stepped down on 21 August 2019. Hence, the total director's fees that he received for FY2019: CNY 295,110
(2) Total director's fees received for FY2019: NTD 1,845,370
(3) M1 Limited was delisted from the official list of the Singapore Exchange Securities Trading Limited on 24 April 2019

Tham Sai Choy, 60

Non-Executive and Independent Director

Bachelor of Arts (Honours) in Economics
University of Leeds, UK

Fellow
Institute of Chartered Accountants in England and Wales
Institute of Singapore Chartered Accountants
Singapore Institute of Directors

Date of first appointment as Director:	3 September 2018
Date of last re-election as Director:	25 April 2019
Length of service as Director:	1 year 6 months

Present directorships:

Other listed companies

• Keppel Corporation Limited	Director

Other principal commitments

• DBS Bank Ltd.	Director
• DBS Bank (China) Limited[1]	Director
• Singapore Institute of Directors	Chairman
• Accounting and Corporate Regulatory Authority	Board Member
• Housing and Development Board	Board Member
• Nanyang Polytechnic	Board Member
• Mount Alvernia Hospital	Director
• Singapore International Arbitration Centre	Director
• E M Services Private Limited	Chairman
• Keppel Offshore & Marine Ltd	Director

Past directorships in listed companies held over the preceding five years:

Nil

(1) Appointed on 3 July 2019. Total director's fees received for FY2019: CNY 199,632

Woo Foong Pheng (Mrs Ow Foong Pheng), 56

Non-Executive and Non-Independent Director

Master of Science in Management
Stanford University, USA

Bachelor of Arts, Politics, Philosophy and Economics
St John's College, Oxford University

Date of first appointment as Director:	26 April 2012
Date of last re-election as Director:	27 April 2017
Length of service as Director:	7 years 10 months

Present directorships:

Other listed companies

Nil

Other principal commitments

• DBS Bank Ltd.	Director
• Ministry of National Development	Permanent Secretary
• Centre for Liveable Cities Limited	Director
• National Research Foundation	Board Member

Past directorships in listed companies held over the preceding five years:

• Mapletree North Asia Commercial Trust Management Ltd (the Manager of Mapletree North Asia Commercial Trust)	Director

Group Management Committee

The Group Management Committee comprises 21 members, including members of the Group Executive Committee.

Piyush Gupta*

Chief Executive Officer

Piyush has been the Chief Executive Officer and Director of DBS Group since 2009. Prior to joining DBS, Piyush was Citigroup's Chief Executive Officer for Southeast Asia, Australia and New Zealand. He is Vice-Chairman of the Institute of International Finance, Washington, and Chairman of Sim Kee Boon Institute for Financial Economics Advisory Board. Additionally, he is a member of the United Nations Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals, Singapore's Advisory Council on the Ethical Use of AI and Data, and the McKinsey Advisory Council. He also sits on the boards of Enterprise Singapore, Singapore's National Research Foundation, and the Singapore Council for Board Diversity. Piyush is a term trustee of the Singapore Indian Development Association.

Chng Sok Hui*

Chief Financial Officer

Sok Hui is the Chief Financial Officer of DBS Group. Prior to this appointment in October 2008, she was Group Head of Risk Management for six years. She is the Chairman of the DBS India Board, a board member of the Singapore Exchange as well as Changi Airport Group, and serves as a council member on the International Integrated Reporting Council.

Sok Hui previously served on the Boards of Bank of the Philippine Islands, The Inland Revenue Authority of Singapore, Housing & Development Board, Accounting Standards Council and, for 10 years, as Supervisor of DBS China Board.

Sok Hui is a Chartered Financial Analyst, a Certified Financial Risk Manager, an IBF Distinguished Fellow and a Fellow Chartered Accountant of Singapore. She was the recipient of several awards including AsiaRisk's Risk Manager of the Year (2002), Asian Banker's Inaugural Risk Manager of the Year (2012), "Best CFO" at the Singapore Corporate Awards (2013) and "Accountant of the Year" at the inaugural Singapore Accountancy Awards (2014). She is a member of the International Women's Forum (Singapore).

Eng-Kwok Seat Moey

Capital Markets

Seat Moey is Group Head of Capital Markets. With more than 30 years of experience in investment banking, she leads the bank's equity fund raising, capital markets advisory and corporate finance functions. She also oversees the bank's securities business, DBS Vickers.

She was instrumental in the development of the REITs industry, having advised on several industry-first structures. She also played an integral role in growing DBS' capital markets franchise beyond Singapore through a number of regional landmark transactions. Under her leadership, DBS continues to lead the market in Singapore and Asia ex-Japan, ranking first in Regional and Singapore league tables. In 2019, DBS was named Best Investment Bank, Singapore by FinanceAsia, Best Investment Bank (Asia Pacific) by Global Finance, Best Investment Bank (Singapore) by Alpha Southeast Asia and Best Equity Advisor by The Asset, among others. A Singaporean, Seat Moey graduated from the National University of Singapore with a Bachelor of Arts and a Master of Commerce from the University of New South Wales.

Philip Fernandez

Corporate Treasurer

Philip is Group Corporate Treasurer, responsible for DBS' balance sheet, capital, wholesale funding and structural FX. He assumed the role a decade ago and has over 25 years of experience in financial services in Singapore and London. He was named "Bank Treasurer of the Year" at The Asset Asian Awards 2015 and led DBS to IFR Asia's Issuer of the Year 2016. Previously, he was DBS' co-head of market risk for five years. Philip is a Singaporean who holds an M.A. from Cambridge University where he studied Engineering and Management under a DBS scholarship. Between 2006 and 2013, Philip was also an adjunct associate professor for the Singapore Management University, where he lectured on quantitative finance. He was previously a member of the HomeTeam-NS Board of Governors and is currently a member of the Appeals Board under the Private Education Act.

Neil Ge

China

Neil is Chief Executive Officer of DBS Bank (China) Limited. A seasoned banker, he has more than 30 years of experience in corporate and investment banking, equities, fixed income and derivatives. He also has a breadth of international experience, having worked in a myriad of markets including Shanghai, Beijing, Hong Kong, Tokyo and New York. Prior to DBS, Neil was the Managing Director of Credit Suisse's Shanghai office.

Derrick Goh

Audit

Derrick is Head of Group Audit, responsible for strengthening the bank's controls, risks and governance. Prior to this, he oversaw the regional Treasures and Treasures Private Client wealth management business. His other roles at DBS include being Regional Head of Finance, Group Planning and Analytics.

With over 25 years of experience in finance and banking, Derrick spent more than a decade at American Express in senior finance roles across New York, Paris, London and Singapore. Derrick is currently a member of the Board of Governors, HomeTeamNS and volunteers in community activities.

Han Kwee Juan

Strategy & Planning

Kwee Juan is Group Head of Strategy and Planning. In this role, he is responsible for the development of strategic options and oversees strategic reviews across the bank. He also has group responsibility for ecosystems and transformation. He works with the bank's business units to develop new business models through ecosystem partnerships. He also spearheads the bank's transformation, innovation and data agenda which encompasses design thinking, reimagining customer journeys, platform transformation, data science and analytics, and fintech partnerships.

Previously, Kwee Juan was the Chief Executive Officer of Citibank Singapore Limited. In his time there, he ran several businesses including treasury and markets, corporate investment banking, trade finance and services, cash management, securities and fund services, credit cards and loans, and retail banking and wealth management.

Lam Chee Kin

Legal, Compliance & Secretariat

Chee Kin oversees the legal and regulatory risk of DBS across legal entities, segments and geographies. A lawyer by profession, he has particular expertise in financial services regulation, and financial markets product and business structuring. Chee Kin has held legal and compliance portfolios in Standard Chartered, Rajah & Tann, Allen & Gledhill and J.P. Morgan. He also had a stint as Chief Operating Officer for Southeast Asia at J.P Morgan. Currently, Chee Kin is a member of the Advisory Board to the Singapore Management University School of Law, the Advisory Panel to the NUS Centre for Banking and Finance Law, and the Data Protection Advisory Committee of Singapore.

Jimmy Ng*

Chief Information Officer/ Group Technology & Operations

Jimmy is Group Chief Information Officer and Head of Group Technology & Operations at DBS Bank. In this role, Jimmy manages more than 10,000 technology and operations professionals across the region. Previously, he was Deputy Head of Group Technology & Operations, responsible for running DBS' first technology development centre outside Singapore – DBS Asia Hub 2 in Hyderabad. Jimmy also supervised the bank's Middle Office Technology and Enterprise Architecture/ Site Reliability Engineering.

Prior to DBS, Jimmy spent 13 years with ABN Amro, working in functions such as middle office, operations, risk advisory services and product control in London, Singapore and Amsterdam. Jimmy has a Bachelor of Science in Information Systems from the National University of Singapore and a Master of Business Administration from the Nanyang Technological University.

Lee Yan Hong

Human Resources

Yan Hong is Head of Group Human Resources at DBS Bank. She is responsible for the people agenda of the group, covering talent acquisition, compensation and benefits, talent and performance management, leadership and learning, employee relations, HR analytics and organisation development.

With over 30 years of experience in Human Capital Management driving the entire range of HR functions across various industries, Yan Hong leads the bank's transformation from the people angle, spearheading efforts to put in place the right organisation design, nurture the right culture, build the right capabilities needed for growth and success of the business, and ensure that DBS' employees are equipped with the right mindsets and skillsets to reinvent themselves for relevance and resilience.

Lim Him Chuan

Taiwan

Him Chuan is Chief Executive Officer of DBS Bank Taiwan. Prior to this, he was the Group Head of Product Management for DBS' Global Transaction Services, responsible for the bank's cash management and trade finance businesses. Under his leadership, the business registered robust growth with a strong focus on product digitalisation and significant improvements in the Greenwich Customer Satisfaction survey.

Prior to that, he was Chief Operating Officer for DBS' Institutional Banking Group and International Markets, leading various strategic business, customer and employee journey change programmes. He was also Head of Group Audit where he successfully transformed Group Audit into a multi-disciplinary professional services team, which won the Singapore Internal Audit Excellence Award in 2012.

Sim S Lim*

Consumer Banking/ Wealth Management

Sim is Group Head of Consumer Banking and Wealth Management. Previously, he was DBS' first country head with dedicated oversight of Singapore for eight years. In the role, he focused on delivering greater synergy and value across the bank's Singapore franchise. Sim has been in the industry for over 35 years and has assumed career responsibilities in Asia, North America and the Middle East.

Before DBS, Sim was President and CEO of Nikko Citigroup Limited. During this time, Sim was also a board member of Nikko Citi Holdings Inc, and oversaw all corporate and investment banking, institutional brokerage, as well as fixed income and equity trading for Citigroup in Japan. In his time abroad, Sim also served as Chairman of Citibank Hong Kong, and non-executive Chairman of Citibank Berhad Malaysia. Sim currently serves as Chairman of the Singapore Land Authority and is Singapore's High Commissioner-Designate (Non-Resident) to the Federal Republic of Nigeria.

Andrew Ng*

Treasury & Markets

Andrew has over 33 years of experience in the treasury business, and is Head of Treasury & Markets at DBS Bank. Andrew played an integral role in expanding DBS' Treasury & Markets franchise throughout the region, helping to build a pan-Asia trading platform on different asset classes and establishing region-wide local currencies derivative capabilities for the bank. Prior to joining DBS, he was with the Canadian Imperial Bank of Commerce as Executive Director. In this role, Andrew initiated CIBC's trading platform and derivative capabilities on Asian currencies. He was also Head of North Asia Trading and Treasurer of Chase Manhattan Bank in Taipei.

Karen Ngui

Strategic Marketing & Communications

Karen leads corporate communications, brand management, strategic marketing as well as the bank's corporate volunteerism and DBS Foundation initiatives. As Managing Director and Head of Group Strategic Marketing and Communications, her responsibilities include shaping, enhancing and protecting the bank's brand, and building its reputation as a strong force-for-good and sustainability advocate. Karen has over 30 years of experience in corporate branding, marketing and communications and prior to joining DBS in 2005, she was Global Head of Brand Management and Strategic Marketing for Standard Chartered Bank.

Sebastian Paredes*

Hong Kong

Sebastian is Chief Executive Officer of DBS Bank (Hong Kong), Chairman of the Board Risk Management Committee and Non-Executive Director of DBS Bank (China) Limited. With over 30 years of experience in the industry, Sebastian has found much success in building franchises across various markets. His experience in laying the groundwork across regions has led him to manage complex situations during times of economic volatility. Formerly President Director of P.T Bank Danamon, Indonesia, Sebastian solidified the bank's position in retail, SME and commercial banking and created opportunities for new businesses in consumer finance and micro lending. Sebastian also spent 20 years at Citigroup as Country Head of Ecuador, Honduras, Turkey and Israel, and was also the Chief Executive Officer of Sub-Saharan Africa.

Pearlyn Phau

Consumer Banking/ Wealth Management

Pearlyn is Deputy Group Head of Consumer Banking and Wealth Management. With over 20 years of banking experience, she oversees the overall business performance of our six consumer markets including the key functions of product, marketing, digital and customer experience. She joined DBS in 2003 and leads the charge in strategic digital innovation – utilising data analytics and contextual marketing to advance DBS' digibank ambitions in India and Indonesia. She is a Chartered Financial Analyst and an Associate Financial Planner.

Shee Tse Koon*

Singapore

Tse Koon is DBS' Singapore Country Head. Prior to this appointment, he was Managing Director and Head of Group Strategy and Planning. He has 25 years of experience in the banking industry and has worked in Asia, the Middle East and the United Kingdom. Prior to joining DBS, he held a diverse range of senior positions at Standard Chartered Bank, including as CEO of Indonesia, Chief Operating Officer covering Middle East, Africa, Europe and the Americas, Chief Information Officer and Head of Technology and Operations in Singapore. He has also held the position of Regional Head of Trade, based in Singapore. Tse Koon graduated from the National University of Singapore with a Bachelor degree in Economics and Philosophy (with Merit).

Surojit Shome

India

Surojit is the Chief Executive Officer of DBS Bank India Limited. Surojit has over 30 years of banking experience across corporate and investment banking, capital markets and consumer banking. Before he joined DBS, he was Chief Executive Officer of Rabobank in India. Prior to that, he worked for over 19 years at Citibank in various roles across consumer and wholesale banking. He subsequently headed the investment banking division at Lehman Brothers in India.

Surojit attended the Executive Development Program at The Wharton School in 2004, the Rabobank Senior Leadership Program at Harvard Business School (2011) and the Private Equity Program at Oxford Said Business School (2011).

Paulus Sutisna

Indonesia

Paulus is President Director of PT Bank DBS Indonesia with 30 years of banking experience and responsible for driving business growth in Indonesia. Previously, he was Head of Client Management of Global Banking at HSBC Indonesia. Prior to that, he was at Citibank for 24 years in various roles, including Managing Director and Head of the Multinational Franchise in Indonesia. He also worked in Citi Amsterdam from 1999 to 2002.

Paulus completed his studies in Computer Science from University of Technology Sydney, Australia. He received SWA Magazine's "Best CEO Award" and Infobank Magazine's "Indonesia's Top 100 Bankers Award" in 2017. In 2019, Warta Ekonomi named him one of "Indonesia's Most Admired CEOs".

Tan Su Shan*

Institutional Banking

Su Shan is Group Head of Institutional Banking at DBS and President Commissioner for PT Bank DBS Indonesia. She was previously Group Head of Consumer Banking and Wealth Management at DBS for almost a decade.

In October 2014, Su Shan became the first Singaporean to be recognised as the world's "Best Leader in Private Banking" by PWM/ The Banker, a leading wealth publication of the Financial Times Group. She has also served as a Nominated Member of Parliament in Singapore. The Asset recognised her as one of six women in Asia who are likely to influence and feature in shaping the banking and associated financial services industry in Asia in 2019. She was nominated by Forbes Magazine as a top 25 emergent Asian Woman Business leader in 2018.

Tan Teck Long*

Chief Risk Officer

Teck Long is Chief Risk Officer of DBS Group. He has more than 25 years of banking experience spanning Corporate Banking, Investment Banking and Risk Management. Prior to his current role, he was the Group Head responsible for the bank's large and mid-cap corporate customers globally. From 2011 to 2015, Teck Long was Head of Institutional Banking Group (China), based in Shanghai. He currently serves as the Supervisor of the Board of DBS Bank (China) Limited as well as a member of the Management Board of the Risk Management Institute at the National University of Singapore.

Those marked by * are also in the Group Executive Committee.

International presence

Singapore

DBS Bank Ltd ("DBS Bank")
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888

AXS Pte. Ltd.
61 Mohamed Sultan Road
#01-11 Sultan Link
Singapore 239001
Tel: (65) 6560 2727
Fax: (65) 6636 4550

27.65% owned by DBS Bank and 60.07% owned by Primefield Company Pte Ltd, a wholly-owned subsidiary of DBS Bank

DBS Nominees (Private) Limited
10 Toh Guan Road, Level 4B
DBS Asia Gateway
Singapore 608838
Tel: (65) 6878 8888

DBS Trustee Limited
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6878 8888

DBS Vickers Securities (Singapore) Pte Ltd
12 Marina Boulevard Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6327 2288
Email: info-sg@dbsvonline.com

DBSN Services Pte. Ltd.
10 Toh Guan Road, Level 4B
DBS Asia Gateway
Singapore 608838
Tel: (65) 6878 8888

Australia

DBS Bank Australia Branch
Suite 1901, Level 19, Chifley Tower
2 Chifley Square, Sydney NSW 2000
Australia
Tel: (61 2) 8823 9300
Fax: (61 2) 8823 9301

China

DBS Bank (China) Limited
Units 1301, 1701 & 1801 DBS Bank Tower
No. 1318 Lujiazui Ring Road
Pudong New Area, Shanghai 200120
People's Republic of China
Tel: (86 21) 3896 8888
Fax: (86 21) 3896 8989

Hong Kong

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 0808
Fax: (852) 2167 8222

DBS Bank Hong Kong Branch
18th Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 1900
Fax: (852) 2596 0577

DBS Asia Capital Limited
73rd Floor, The Center
99 Queen's Road Central
Hong Kong
Tel: (852) 3668 1148
Fax: (852) 2868 0250

DBS Vickers (Hong Kong) Limited
16/F One Island East
18 Westlands Road Island East
Hong Kong
Tel: (852) 2902 3888
Email: info-hk@dbs.com

India

DBS Bank India Limited
Ground Floor Nos.11 & 12
Capitol Point, Baba Kharak Singh Marg
Connaught Place, Delhi 110 001
India
Tel: (91 11) 6653 8888
Fax: (91 11) 6653 8899

DBS Asia Hub 2 Private Limited
15th Floor, Tower 2.1, TSI Waverock IT/ITES
SEZ, Nanakramguda, Gachibowli
Serilingampally Mandal, Ranga Reddy District
Hyderabad - 500008
Telangana
India
Tel: (91 40) 6752 2222

Japan

DBS Bank Tokyo Branch
Otemachi First Square East Tower 15F
5-1, Otemachi 1-chome
Chiyoda-ku, Tokyo 100-0004
Tel: (81 3) 3213 4411
Fax: (81 3) 3213 4415

DBS Securities (Japan)
Company Limited
15th Floor, Otemachi First Square East Tower
1-5-1, Otemachi, Chiyoda-ku, Tokyo
Japan
Tel: (81 3) 3213 4660
Fax: (81 3) 3213 4415

Malaysia

DBS Bank Kuala Lumpur
Representative Office
#08-01, Menara Keck Seng
203 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia
Tel: (60 3) 2116 3888
Fax: (60 3) 2116 3901

DBS Bank Labuan Branch
Level 10 (A) Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 F.T. Labuan
Malaysia
Tel: (60 87) 595 500
Fax: (60 87) 423 376

Indonesia

PT Bank DBS Indonesia
DBS Bank Tower, Lobby
32nd-37th Floor, Ciputra World 1
Jl. Prof. Dr. Satrio Kav 3-5
Jakarta 12940
Indonesia
Phone: (62-21) 2988 5000
Fax: (62-21) 2988 5005

99% owned by DBS Bank

PT DBS Vickers Sekurities Indonesia
DBS Bank Tower
32nd Floor, Ciputra World 1
Jalan Prof. Dr. Satrio Kav. 3-5
Jakarta 12940
Indonesia
Tel: (62 21) 3003 4900

Korea

DBS Bank Seoul Branch
18th Floor, Seoul Finance Center
136 Sejong-daero Jung-Gu
Seoul Republic of Korea 04520
Tel: (822) 6322 2660
Fax: (822) 732 7953

Macau

DBS Bank (Hong Kong) Limited
Macau Branch
Nos 5 a 7E da Rua de Santa Clara
Edif, Ribeiro
Loja C e D., Macau
Tel: (853) 2832 9338
Fax: (853) 2832 3711

Myanmar

DBS Bank Yangon
Representative Office
#1002 Level 10, Sakura Tower
339 Bogyoke Aung San Road
Kyauktada Township
Yangon, Myanmar
Tel: (95 1) 255 299
Fax: (95 1) 255 239

The Philippines

DBS Bank Manila
Representative Office
22F, The Enterprise Center, Tower 1 Ayala
Avenue corner Paseo de Roxas Makati City
Tel: (632) 8869 3876
Fax: (632) 7750 2144

Taiwan

DBS Bank (Taiwan) Ltd
15F - 17F, Nos 32 & 36 Songren Road
Xinyi District, Taipei City 110
Taiwan R.O.C
Tel: (886 2) 6612 9889
Fax: (886 2) 6612 9285

DBS Bank Taipei Branch
15F & 17F, No. 36 Songren Road
Xinyi District, Taipei City 110
Taiwan R.O.C
Tel: (886 2) 2722 8988
Fax: (886 2) 6638 3707

United Arab Emirates

DBS Bank Ltd (DIFC Branch)
Units 608-610, Level 6, Gate Precinct
Building 5, Dubai International Financial Centre
P.O. Box 506538
Dubai, UAE
Tel: (971) 4364 1800
Fax: (971) 4364 1801

United States of America

DBS Bank Los Angeles
Representative Office
725 South Figueroa Street, Suite 2000
Los Angeles, CA 90017
USA
Tel: (1 213) 627 0222
Fax: (1 213) 627 0228

DBS Vickers Securities (USA), Inc.
777 Third Ave, Suite 26A
New York, NY 10017
USA
Tel: (1 212) 826 1888

Thailand

DBS Bank Bangkok
Representative Office
989 Siam Piwat Tower Building 15th Floor
Rama 1 Road, Pathumwan
Bangkok 10330
Thailand
Tel: (66 2) 658 1400-1
Fax: (66 2) 658 1402

DBS Vickers Securities
(Thailand) Co., Ltd.
989 Siam Piwat Tower Building
9th, 14th - 15th Floor
Rama 1 Road, Pathumwan
Bangkok 10330
Thailand
Tel: (66) 2857 7000

United Kingdom

DBS Bank London Branch
4th Floor, Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
UK
Tel: (44 207) 489 6550
Fax: (44 207) 489 5850

DBS Vickers Securities (UK) Limited
4th Floor, Paternoster House
65 St Paul's Churchyard
London EC4M 8AB
UK
Tel: (44) 207 618 1888

Vietnam

DBS Bank Hanoi
Representative Office
Room 1404 14th Floor, Pacific Place
83B Ly Thuong Kiet Street Hanoi
Vietnam
Tel: (84 24) 3946 1688
Fax: (84 24) 3946 1689

DBS Bank Ho Chi Minh City Branch
11th floor, Saigon Centre, 65 Le Loi Boulevard
District 1, Ho Chi Minh City
Vietnam
Tel: (84 28) 3914 7888
Fax: (84 28) 3914 4488

Awards and accolades won

World's Best Bank
Euromoney

Top 10 Business Transformations of the Last Decade
Harvard Business Review

Global Innovator – Gold
Efma-Accenture

CIO100 Honoree
CIO

Most Innovative Private Bank in the World
Global Finance

Best Service Cash Management, Non-FI, Overall
Euromoney

Best Bank for Trade Finance
The Banker

The Innovators – Winner (Payments)
Global Finance

SME Bank of the Year – Global
SME Finance Forum (Managed by International Finance Corporation)

Global Tech Project of the Year
The Banker

Top 25 Financial Innovation Labs
Global Finance

Asia's Safest Bank
Global Finance

Asia's Best Bank
Euromoney

Asian Bank of the Year
IFR Asia

Most Innovative Financial Institutions: Asia-Pacific
Global Finance

Best Digital Bank, Asia
FinanceAsia

Best Digital Bank for Millennials, Asia
Professional Wealth Management

Best Private Bank, Asia-Pacific
Global Finance

Best Wealth Manager, Asia
The Asset

Best Transaction Bank, Asia-Pacific
The Asset

Best in Treasury & Working Capital: SMEs – Asia-Pacific
The Asset

Project Finance Advisory House of the Year, Asia-Pacific
The Asset

Best Investment Bank, Asia-Pacific
Global Finance

CIO50 ASEAN
CIO

Bloomberg Gender-Equality Index
Bloomberg

FTSE4Good Global Index
FTSE Russell

Dow Jones Sustainability Index (Asia-Pacific)
S&P Dow Jones Indices/ RobecoSAM

Regional Best Employer, Asia-Pacific
Kincentric

Special Recognition Award – Excellence in Human Capital Management
Singapore Corporate Awards

Singapore Corporate Governance Award (Big Cap)
Securities Investors Association (Singapore)

Business Leadership in Sustainability
Singapore Green Building Council

Social Enterprise Champion of the Year (Corporation)
President's Challenge/ raiSE

Share price

	2015	2016	2017	2018	2019
Share Price (SGD)					
High	21.43	18.32	25.30	30.84	**28.40**
Low	16.13	13.02	17.32	22.80	**23.09**
Close	16.69	17.34	24.85	23.69	**25.88**
Average	19.14	15.44	20.80	26.36	**25.42**
Financial Ratios^					
Gross dividend yield (%)(1)	3.1	3.9	4.5	4.6	**4.8**
Price-to-earning ratio (number of times)(2)	11.2	9.3	12.3	12.2	**10.3**
Price-to-book ratio (number of times)(3)	1.2	0.9	1.2	1.5	**1.3**

(1) Based on ordinary dividends only
(2) Earnings exclude one-time items
(3) Based on year-end book value
^ Calculated based on average share price for the calendar year

Financial calendar

2020

13 February
2019 Full Year Results

31 March
21st Annual General Meeting

21 April
Payment date of Final Dividend on Ordinary Shares for the financial year ended 31 December 2019*

30 April
2020 First Quarter trading update

6 August
2020 Second Quarter/ First Half Results

5 November
2020 Third Quarter trading update

* *Subject to shareholders' approval at the 21st Annual General Meeting*

2021

February
2020 Full Year Results

Shareholding statistics

As at 11 February 2020

Class of Shares – Ordinary shares
Voting Rights – One vote per share
Total number of issued ordinary shares – 2,560,468,934 (excluding treasury shares)
Treasury Shares – 3,467,500 (representing 0.14% of the total number of issued ordinary shares, excluding treasury shares)

Size of Shareholdings	No. of Shareholders	%*	No. of Shares	%*
1 – 99	6,457	9.63	244,972	0.01
100 – 1,000	27,356	40.82	14,758,201	0.58
1,001 – 10,000	28,775	42.94	91,926,069	3.59
10,001 – 1,000,000	4,403	6.57	143,545,975	5.60
1,000,001 & above	29	0.04	2,309,993,717	90.22
Total	67,020	100.00	2,560,468,934	100.00

Location of Shareholders				
Singapore	63,734	95.10	2,542,936,396	99.32
Malaysia	2,095	3.12	11,805,326	0.46
Overseas	1,191	1.78	5,727,212	0.22
Total	67,020	100.00	2,560,468,934	100.00

Twenty largest shareholders (as shown in the register of members and depository register)

	Name of Shareholders	No. of Shares	%*
1	CITIBANK NOMINEES SINGAPORE PTE LTD	508,445,541	19.86
2	DBS NOMINEES PTE LTD	460,877,174	18.00
3	MAJU HOLDINGS PTE. LTD.	458,899,869	17.92
4	TEMASEK HOLDINGS (PRIVATE) LIMITED	284,145,301	11.10
5	DBSN SERVICES PTE LTD	276,324,904	10.79
6	HSBC (SINGAPORE) NOMINEES PTE LTD	142,124,925	5.55
7	RAFFLES NOMINEES (PTE) LIMITED	75,577,407	2.95
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	23,968,421	0.94
9	LEE FOUNDATION	11,191,714	0.44
10	DB NOMINEES (SINGAPORE) PTE LTD	11,149,684	0.44
11	UNITED OVERSEAS BANK NOMINEES PTE LTD	8,189,713	0.32
12	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	6,369,008	0.25
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,975,254	0.19
14	OCBC SECURITIES PRIVATE LTD	4,273,153	0.17
15	OCBC NOMINEES SINGAPORE PTE LTD	4,261,485	0.17
16	PHILLIP SECURITIES PTE LTD	3,218,283	0.13
17	SOCIETE GENERALE SINGAPORE BRANCH	3,129,615	0.12
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,987,652	0.12
19	UOB KAY HIAN PTE LTD	2,823,287	0.11
20	MERRILL LYNCH (SINGAPORE) PTE LTD	2,587,986	0.10
TOTAL		**2,295,520,376**	**89.67**

* *Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares*

Substantial shareholders (as shown in the register of substantial shareholders)

	No. of shares			%*
	Direct	Deemed	Total	
Maju Holdings Pte. Ltd.	458,899,869	–	458,899,869	17.92
Temasek Holdings (Private) Limited	284,145,301	481,618,920	765,764,221	29.91

* *Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares*

1. Maju Holdings Pte. Ltd. ("Maju") is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek").
2. Temasek, a company wholly-owned by the Minister for Finance, is deemed to be interested in all the ordinary shares held by Maju.
3. In addition, Temasek is deemed to be interested in 22,719,051 ordinary shares in which its other subsidiaries and associated companies have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289.

As at 11 February 2020, approximately 69.96% of the issued ordinary shares of DBS Group Holdings Ltd are held by the public and, therefore, Rule 723 of the SGX Listing Manual is complied with.

Notice of Annual General Meeting

DBS GROUP HOLDINGS LTD

(Incorporated in the Republic of Singapore)
Company Registration No.: 199901152M

To: All shareholders of DBS Group Holdings Ltd

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the shareholders of DBS Group Holdings Ltd (the "Company" or "DBSH") will be held at Marina Bay Sands Expo and Convention Centre, Level 5, Sands Grand Ballroom I-P, 10 Bayfront Avenue, Singapore 018956 on Tuesday, 31 March 2020 at 2.00 pm to transact the following business:

Routine Business	**Ordinary Resolution No.**
To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended 31 December 2019 and the Auditor's Report thereon.	Resolution 1
To declare a one-tier tax exempt Final Dividend of 33 cents per ordinary share for the year ended 31 December 2019. [2018: Final Dividend of 60 cents per ordinary share, one tier tax exempt]	Resolution 2
To approve the amount of SGD 4,719,707 proposed as Directors' remuneration for the year ended 31 December 2019. [2018: SGD 4,580,005]	Resolution 3
To re-appoint Messrs PricewaterhouseCoopers LLP as Auditor of the Company and to authorise the Directors to fix its remuneration.	Resolution 4
To re-elect the following Directors, who are retiring under article 99 of the Company's Constitution and who, being eligible, offer themselves for re-election:	
(a) Mr Peter Seah Lim Huat	Resolution 5
(b) Mr Ho Tian Yee	Resolution 6
(c) Mr Olivier Lim Tse Ghow	Resolution 7
(d) Mrs Ow Foong Pheng	Resolution 8
Key information on Mr Seah, Mr Ho, Mr Lim and Mrs Ow can be found on pages 190, 192, 193, 195 and 214 to 217 of the 2019 Annual Report. Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Danny Teoh Leong Kay will step down immediately following the conclusion of the forthcoming Annual General Meeting.	

Special Business	**Ordinary Resolution No.**
To consider and, if thought fit, to pass the following Resolutions which will be proposed as ORDINARY RESOLUTIONS:	
That authority be and is hereby given to the Directors of the Company to offer and grant awards in accordance with the provisions of the DBSH Share Plan and to allot and issue from time to time such number of ordinary shares of the Company ("Ordinary Shares") as may be required to be issued pursuant to the vesting of awards under the DBSH Share Plan, PROVIDED ALWAYS THAT: (a) the aggregate number of new Ordinary Shares issued and/ or to be issued pursuant to the DBSH Share Plan (including the California sub-plan to the DBSH Share Plan) shall not exceed 5% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time; and (b) the aggregate number of new Ordinary Shares under awards to be granted pursuant to the DBSH Share Plan (including the California sub-plan to the DBSH Share Plan) during the period commencing from the date of this Annual General Meeting of the Company and ending on the date of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, shall not exceed 1% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company from time to time, and in this Resolution, "subsidiary holdings" has the meaning given to it in the Listing Manual of the Singapore Exchange Securities Trading Limited.	Resolution 9
That authority be and is hereby given to the Directors of the Company to offer and grant awards and to allot and issue from time to time such number of ordinary shares of the Company as may be required to be issued pursuant to the vesting of such awards, to participants who are residents of the state of California in the United States of America, in accordance with the provisions of the DBSH Share Plan and the California sub-plan to the DBSH Share Plan.	Resolution 10
That authority be and is hereby given to the Directors of the Company to: (a) (i) issue shares of the Company ("shares") whether by way of rights, bonus or otherwise; and/ or (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that: (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall be less than 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company (as calculated in accordance with paragraph (2) below); (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for: (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and (ii) any subsequent bonus issue, consolidation or subdivision of shares, and, in paragraph (1) above and this paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;	Resolution 11

Special Business	Ordinary Resolution No.
(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.	
That authority be and is hereby given to the Directors of the Company to allot and issue from time to time such number of new ordinary shares of the Company as may be required to be allotted and issued pursuant to the DBSH Scrip Dividend Scheme.	Resolution 12
That: (a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "Companies Act"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares of the Company ("Ordinary Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of: (i) market purchase(s) on the Singapore Exchange Securities Trading Limited ("SGX-ST") and/ or any other securities exchange on which the Ordinary Shares may for the time being be listed and quoted ("Other Exchange"); and/ or (ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate"); (b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of: (i) the date on which the next Annual General Meeting of the Company is held; (ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and (iii) the date on which purchases and acquisitions of Ordinary Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;	Resolution 13

Special Business	Ordinary Resolution No.
(c) in this Resolution: "Average Closing Price" means the average of the closing market prices of an Ordinary Share over the last five market days on which transactions in the Ordinary Shares on the SGX-ST or, as the case may be, Other Exchange were recorded, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs during the relevant five-day period and the date of the market purchase by the Company, or as the case may be, the date of the making of the offer pursuant to the off-market purchase; "date of the making of the offer" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Ordinary Shares from Shareholders, stating therein the purchase price (which shall not be more than the Maximum Price calculated on the basis set out below) for each Ordinary Share and the relevant terms of the equal access scheme for effecting the off-market purchase; "Maximum Percentage" means that number of issued Ordinary Shares representing 2% of the issued Ordinary Shares as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings (as defined in the Listing Manual of the SGX-ST)); and "Maximum Price" in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed: (i) in the case of a market purchase of an Ordinary Share, 105% of the Average Closing Price of the Ordinary Shares; and (ii) in the case of an off-market purchase of an Ordinary Share, 105% of the Average Closing Price of the Ordinary Shares; and (d) the Directors of the Company and/ or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/ or he may consider expedient or necessary to give effect to the transactions contemplated and/ or authorised by this Resolution.	

By Order of the Board

Teoh Chia-Yin (Ms)
Group Secretary
DBS Group Holdings Ltd

9 March 2020
Singapore

Notes:

(1) (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(2) A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.

(3) A proxy need not be a member of the Company.

*(4) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at **80 Robinson Road #11-02, Singapore 068898**, at least 72 hours before the time for holding the Annual General Meeting.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/ or representative(s) to attend, speak and vote at the Annual General Meeting and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/ or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes, and (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request.

Measures to Minimise Risk of Community Spread of 2019 Novel Coronavirus ("Covid-19"):

In view of the evolving Covid-19 situation, DBSH reserves the right to take such precautionary measures as may be appropriate at the Annual General Meeting, including any precautionary measures as may be required or recommended by government agencies, in order to minimise the risk of community spread of Covid-19. Such measures may include the following:

1. All persons attending the Annual General Meeting will be required to undergo a temperature check and sign a health declaration form (which may also be used for the purposes of contact tracing, if required).
2. Any person who has a fever or is exhibiting flu-like symptoms will be declined entry to the Annual General Meeting.

Shareholders and other attendees who are feeling unwell on the date of the Annual General Meeting are advised not to attend the Annual General Meeting. Shareholders and other attendees are also advised to arrive at the Annual General Meeting venue early given that the above-mentioned measures may cause delay in the registration process.

DBSH seeks the understanding and cooperation of all shareholders and other attendees to minimise the risk of community spread of Covid-19.

Explanatory notes

Routine Business

Ordinary Resolution 2:
Declaration of final dividend on ordinary shares

Resolution 2 is to approve the declaration of a final dividend of 33 cents per ordinary share. For the financial year ended 31 December 2019, dividends are paid quarterly instead of semi-annually to provide shareholders with a more regular income stream. Please refer to page 95 of the Capital Management and Planning section in the 2019 Annual Report for an explanation of DBSH's dividend policy.

Ordinary Resolution 3:
Directors' remuneration for 2019

Resolution 3 is to approve the payment of an aggregate amount of SGD 4,719,707 as Directors' remuneration for the non-executive Directors of the Company for the year ended 31 December 2019. If approved, each of the non-executive Directors (with the exception of Mr Nihal Vijaya Devadas Kaviratne CBE, Mr Danny Teoh Leong Kay and Mrs Ow Foong Pheng) will receive 70% of his or her Directors' fees in cash and 30% of his or her Directors' fees in the form of share awards granted pursuant to the DBSH Share Plan. The share awards will not be subject to a vesting period, but will be subject to a selling moratorium whereby each non-executive Director will be required to hold the equivalent of one year's basic retainer for the duration of his or her tenure as a Director, and for one year after the date he or she steps down as a Director. The actual number of shares to be awarded will be determined by reference to the volume-weighted average price of a share on the SGX-ST over the 10 trading days immediately prior to (and excluding) the date of the forthcoming Annual General Meeting, rounded down to the nearest share, and any residual balance will be paid in cash. Mr Nihal Vijaya Devadas Kaviratne CBE and Mr Danny Teoh Leong Kay, who will be stepping down immediately following the conclusion of the forthcoming Annual General Meeting, will receive all of their Directors' fees in cash. The Director's fees for Mrs Ow Foong Pheng will be paid in cash to a government agency, the Directorship & Consultancy Appointments Council. Please refer to pages 46 and 47 of the Corporate Governance Report in the 2019 Annual Report for more details on the non-executive Directors' remuneration for 2019.

Ordinary Resolutions 5, 6, 7 and 8:
Re-election of Directors retiring under article 99

(a) Mr Peter Seah Lim Huat, upon re-election as a Director of the Company, will remain as Chairman of the Board and Chairman of the Board Executive Committee and as a member of each of the Audit Committee, Board Risk Management Committee, Compensation and Management Development Committee and Nominating Committee. Mr Seah is a non-executive Director and has no management or business relationships with the Company. Mr Seah is considered non-independent as he has served as a Director of the Company for more than 9 years.

(b) Mr Ho Tian Yee, upon re-election as a Director of the Company, will be considered independent as at the date of his re-election at the forthcoming Annual General Meeting. However, Mr Ho, who will have served as an independent Director for 9 years by 29 April 2020, will be re-designated as a non-executive and non-independent Director with effect from 29 April 2020 and will cease to be the Lead Independent Director then. He will remain as a member of the Board Risk Management Committee, but will step down from both the Board Executive Committee and the Nominating Committee in April 2020.

(c) Mr Olivier Lim Tse Ghow, upon re-election as a Director of the Company, will remain as a member of each of the Board Risk Management Committee and Board Executive Committee, and will be considered independent. Mr Lim will take over from Mr Ho Tian Yee as the Lead Independent Director with effect from 29 April 2020. In addition, Mr Lim will be appointed as a member of the Nominating Committee and will step down from the Compensation and Management Development Committee in April 2020.

(d) Mrs Ow Foong Pheng, upon re-election as a Director of the Company, will remain as a member of each of the Audit Committee and Nominating Committee. Mrs Ow is considered non-independent of the substantial shareholder as she is a senior civil servant. Mrs Ow is a non-executive Director and has no management or business relationships with the Company.

Special Business

Ordinary Resolution 9:
DBSH Share Plan

Resolution 9 is to empower the Directors to offer and grant awards and to allot and issue ordinary shares of the Company pursuant to the DBSH Share Plan, provided that: (a) the maximum number of ordinary shares which may be issued under the DBSH Share Plan (including the California sub-plan to the DBSH Share Plan) is limited to 5% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time; and (b) the aggregate number of new ordinary shares under awards which may be granted pursuant to the DBSH Share Plan (including the California sub-plan to the DBSH Share Plan) from this Annual General Meeting to the next Annual General Meeting shall not exceed 1% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) from time to time.

Ordinary Resolution 10:
California Sub-Plan to DBSH Share Plan

Resolution 10 is to empower the Directors to offer and grant awards and to allot and issue ordinary shares of the Company pursuant to the DBSH Share Plan to participants who are residents of the state of California in the United States of America, subject to the terms of the California sub-plan (the "California Sub-Plan") to the DBSH Share Plan, provided that: (a) the maximum aggregate number of ordinary shares which may be issued under the California Sub-Plan is limited to 1,000,000 ordinary shares, subject to any lower limitations required under the DBSH Share Plan; (b) the California Sub-Plan will terminate on, and no further awards will be granted under the California Sub-Plan after, the tenth anniversary of its approval by the Board of Directors of the Company on 15 February 2019; and (c) the awards granted under the California Sub-Plan will be subject to adjustment upon certain changes in the capitalisation of the Company. In addition, the California Sub-Plan imposes additional restrictions on participants residing in California other than those contemplated under the DBSH Share Plan.

Ordinary Resolution 11:
Share Issue Mandate

Resolution 11 is to empower the Directors to issue shares of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which the number of shares that may be issued other than on a *pro rata* basis to shareholders must be less than 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time that Resolution 11 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time that Resolution 11 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at 11 February 2020 (the "Latest Practicable Date"), the Company had 3,467,500 treasury shares and no subsidiary holdings.

Ordinary Resolution 12:
DBSH Scrip Dividend Scheme

Resolution 12 is to authorise the Directors, should they choose to apply the DBSH Scrip Dividend Scheme (the "Scheme") to a qualifying dividend, to issue such number of new ordinary shares of the Company as may be required to be issued pursuant to the Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend. If the Directors should decide to apply the Scheme to a qualifying dividend, the current intention is that no discount will be given for the scrip shares.

Ordinary Resolution 13:
Renewal of the Share Purchase Mandate

Resolution 13 is to renew the mandate to allow the Company to purchase or otherwise acquire its issued ordinary shares, on the terms and subject to the conditions set out in the Resolution.

The Company may use its internal or external sources of funds or a combination of both to finance its purchase or acquisition of the ordinary shares of the Company ("Ordinary Shares"). The amount of financing required for the Company to purchase or acquire its Ordinary Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on whether the Ordinary Shares are purchased or acquired out of capital or profits, the number of Ordinary Shares purchased or acquired and the price at which such Ordinary Shares were purchased or acquired.

Based on the existing issued and paid-up Ordinary Shares as at the Latest Practicable Date and excluding any Ordinary Shares held in treasury, the purchase by the Company of 2% of its issued Ordinary Shares will result in the purchase or acquisition of 51,209,378 Ordinary Shares.

Assuming that the Company purchases or acquires 51,209,378 Ordinary Shares at the Maximum Price, in the case of both market and off-market purchases, of SGD 26.61 for one Ordinary Share (being the price equivalent to 5% above the average closing prices of the Ordinary Shares traded on the SGX-ST over the last five market days on which transactions were recorded immediately preceding the Latest Practicable Date), the maximum amount of funds required is approximately SGD 1.4 billion.

The financial effects of the purchase or acquisition of such Ordinary Shares by the Company pursuant to the proposed Share Purchase Mandate on the financial statements of the Group and the Company for the financial year ended 31 December 2019 based on these and other assumptions are set out in paragraph 2.7 of the Letter to Shareholders dated 9 March 2020 (the "Letter").

Please refer to the Letter for further details.

Additional information on Directors seeking re-election

Name of Director	Peter Seah Lim Huat	Ho Tian Yee	Woo Foong Pheng (Mrs Ow Foong Pheng)	Olivier Lim Tse Ghow
Date of appointment	16 November 2009	29 April 2011	26 April 2012	7 November 2017
Date of last re-appointment (if applicable)	25 April 2018	27 April 2017	27 April 2017	25 April 2018
Age	73	67	56	55
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Seah was re-designated non-independent under the Banking (Corporate Governance) Regulations 2005 with effect from 16 November 2018, after having served as an Independent Director for nine years by then. From a strategic perspective, the next few years are critical as DBS continues to execute on its digital transformation and growth strategies and enhance its franchise in the Greater Bay Area, China, India, Indonesia and Vietnam. The Board (having considered the Nominating Committee's recommendation and assessment of Mr Seah's background, experience and commitment in the discharge of his duties as a Director of DBS Group Holdings Ltd) agreed that Mr Seah, who is a veteran former banker with wide industry experience, and who has been instrumental in the growth and transformation of DBS over the past 10 years, should continue to serve as a Non-Executive Director and as Chairman of the Board to provide leadership and continuity.	Mr Ho will be re-designated non-independent under the Banking (Corporate Governance) Regulations 2005 with effect from 29 April 2020 as he would have served as an Independent Director for nine years by then. The Board (having considered the Nominating Committee's recommendation and assessment of Mr Ho's background, experience and commitment in the discharge of his duties as a Director of DBS Group Holdings Ltd) agreed that Mr Ho, who is currently the only Director with both banking experience as well as expertise in market risk and trading, should continue to serve as a Non-Executive Director.	The Board had considered the Nominating Committee's recommendation and assessment on Mrs Ow's background, experience, independence and commitment in the discharge of her duties as a Director of DBS Group Holdings Ltd, and is satisfied that she will continue to contribute to the Board.	The Board had considered the Nominating Committee's recommendation and assessment on Mr Lim's background, experience, independence and commitment in the discharge of his duties as a Director of DBS Group Holdings Ltd, and is satisfied that he will continue to contribute to the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive and Non-Independent Chairman Chairman of the Board Executive Committee Member of the Audit Committee Member of the Board Risk Management Committee Member of the Compensation and Management Development Committee Member of the Nominating Committee	Non-Executive and Lead Independent Director Chairman of the Nominating Committee Member of the Board Executive Committee Member of the Board Risk Management Committee	Non-Executive and Non-Independent Director Member of the Audit Committee Member of the Nominating Committee	Non-Executive and Independent Director Member of the Board Executive Committee Member of the Board Risk Management Committee Member of the Compensation and Management Development Committee
Professional qualifications	Bachelor of Business Administration (Honours), National University of Singapore	Master of Business Administration, University of Chicago Bachelor of Arts (Honours), Economics (CNAA), Portsmouth University, UK	Master of Science in Management, Stanford University, USA Bachelor of Arts, Politics, Philosophy and Economics, St John's College, Oxford University	Bachelor of Engineering (First Class Honours), Civil Engineering, Imperial College, London, UK
Working experience and occupation(s) during the past 10 years	Mr Seah was a banker for 33 years before retiring as Vice Chairman and CEO of the former Overseas Union Bank in 2001. Mr Seah currently serves as an Independent Director/ Chairman of various companies. Please refer to his present directorships provided below for further information.	Managing Director, Pacific Asset Management (S) Pte Ltd – 1995 to July 2019 Mr Ho currently serves as an Independent Director/ Chairman of various companies. Please refer to his present directorships provided below for further information.	Permanent Secretary, Ministry of Trade and Industry – 2011 to 2016 Second Permanent Secretary, Ministry of Trade and Industry – 2009 to 2011 CEO, JTC Corporation – 2006 to 2009 Deputy Secretary, Ministry of Manpower – 2004 to 2006 Deputy Secretary, Ministry of Home Affairs – 2001 to 2004 Mrs Ow currently is the Permanent Secretary for the Ministry of National Development. Please refer to her present directorships provided below for further information.	CapitaLand Limited from 2003 to 2014, including: • Group Deputy Chief Executive Officer – January 2013 to September 2014 • Chief Investment Officer – February 2012 to January 2013 • Senior Vice President, Strategy Corporate Development – August 2011 to February 2012 • Group Chief Financial Officer – July 2005 to August 2011 Mr Lim currently serves as an Independent Director/ Chairman of various companies. Please refer to his present directorships provided below for further information.

Name of Director	Peter Seah Lim Huat	Ho Tian Yee	Woo Foong Pheng (Mrs Ow Foong Pheng)	Olivier Lim Tse Ghow
Shareholding interest in the listed issuer and its subsidiaries	Yes 242,127 ordinary shares in DBS Group Holdings Ltd	Yes 48,140 ordinary shares in DBS Group Holdings Ltd	Yes 25,839 ordinary shares in DBS Group Holdings Ltd	Yes 67,281 ordinary shares in DBS Group Holdings Ltd
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil	Yes Mrs Ow, who is a senior civil servant, is employed by the Singapore government, which is the ultimate owner of Temasek Holdings (Private) Limited, the substantial shareholder of DBS Group Holdings Ltd.	Nil
Conflict of interest (including any competing business)	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships ** "Principal Commitments" has the same meaning as defined in the Code.*				
Past (for the last 5 years)	1. CapitaLand Limited, Deputy Chairman 2. Level 3 Communications Inc, Director 3. StarHub Ltd, Director 4. STATS ChipPAC Ltd, Director	1. Singapore Power Ltd, Director 2. AusNet Services Ltd, Director 3. Pacific Asset Management (S) Pte Ltd, Managing Director	1. Mapletree North Asia Commercial Trust Management Ltd (the Manager of Mapletree North Asia Commercial Trust), Director 2. Ministry of Trade and Industry, Permanent Secretary	globalORE Pte. Ltd., Chairman
Present	Other listed companies: 1. Singapore Airlines Limited, Chairman Other principal commitments: 2. DBS Bank Ltd., Chairman 3. DBS Bank (Hong Kong) Limited, Chairman 4. GIC Private Limited, Director 5. Asia Mobile Holdings Pte. Ltd., Director 6. STT Communications Ltd, Deputy Chairman 7. Fullerton Financial Holdings Pte. Ltd., Deputy Chairman 8. LaSalle College of the Arts Limited, Chairman 9. Singapore Health Services Pte Ltd, Chairman	Other listed companies: Nil Other principal commitments: 1. DBS Bank Ltd., Director 2. Fullerton Fund Management Company Ltd, Chairman 3. Fullerton Investment Management (Shanghai) Co., Ltd., Chairman 4. FFMC Holdings Pte. Ltd., Chairman 5. Mount Alvernia Hospital, Chairman 6. Blue Edge Advisors Pte. Ltd., Investment Advisor 7. Urban Redevelopment Authority, Member, Finance Investment Committee	Other listed companies: Nil Other principal commitments: 1. DBS Bank Ltd., Director 2. Ministry of National Development, Permanent Secretary 3. Centre for Liveable Cities Limited, Director 4. National Research Foundation, Board Member	Other listed companies: 1. Raffles Medical Group Ltd, Director 2. Banyan Tree Holdings Limited, Director Other principal commitments: 3. DBS Bank Ltd., Director 4. Certis CISCO Security Pte. Ltd., Chairman 5. Frasers Property Australia Pty Ltd, Chairman 6. JTC Corporation, Board Member 7. NorthLight School, Director 8. PropertyGuru Pte. Ltd., Chairman 9. Securities Industry Council, Member 10. Singapore Management University, Member, Board of Trustees
Information required under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual	There is no change to the responses previously disclosed by Mr Seah under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mr Seah's appointment as Director was announced on 16 November 2009.	There is no change to the responses previously disclosed by Mr Ho under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mr Ho's appointment as Director was announced on 28 April 2011.	There is no change to the responses previously disclosed by Mrs Ow under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mrs Ow's appointment as Director was announced on 25 April 2012.	There is no change to the responses previously disclosed by Mr Lim under items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual which were all "No". The Appendix 7.4.1 information in respect of Mr Lim's appointment as Director was announced on 7 November 2017.

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Proxy form

DBS GROUP HOLDINGS LTD
(Incorporated in the Republic of Singapore)
Company Registration No.: 199901152M

Annual General Meeting

IMPORTANT:

1. *Relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50) may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.*
2. *This proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/ SRS investors who hold ordinary shares through their CPF/ SRS funds. CPF/ SRS investors should contact their respective Agent Banks/ SRS Operators if they have any queries regarding their appointment as proxies.*
3. *By submitting an instrument appointing a proxy(ies) and/ or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 March 2020.*
4. *For purposes of the appointment of a proxy(ies) and/ or representative(s), the member(s)' and the proxy(ies)' or representative(s)' full name and full NRIC/ passport number will be required for verification purposes, and the proxy(ies)' or representative(s)' NRIC/ passport will need to be produced for sighting upon registration at the Annual General Meeting. This is so as to ensure that only duly authorised proxy(ies)/ representative(s) attend and vote at the Annual General Meeting. The Company reserves the right to refuse admittance to the Annual General Meeting if the proxy(ies)' or representative(s)' identity cannot be verified accurately.*

*I/ We ______________________________ (*NRIC/ Passport/ Co. Reg No. ______________________________)

of ____

being an Ordinary Shareholder of DBS Group Holdings Ltd (the "Company") hereby appoint

Name	Address	NRIC/ Passport number	Proportion of shareholdings(%)

*and/ or

as *my/ our proxy/ proxies, to attend, speak and vote for *me/ us and on *my/ our behalf, at the 21st Annual General Meeting of the Company, to be held at **Marina Bay Sands Expo and Convention Centre, Level 5, Sands Grand Ballrooms I-P, 10 Bayfront Avenue, Singapore 018956** on **Tuesday, 31 March 2020** at **2.00 pm** and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions	For	Against	Abstain
	Routine Business			
1	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report			
2	Declaration of Final Dividend on Ordinary Shares			
3	Approval of proposed Directors' remuneration of SGD 4,719,707 for FY2019			
4	Re-appointment of PricewaterhouseCoopers LLP as Auditor and authorisation for Directors to fix its remuneration			
5	Re-election of Mr Peter Seah Lim Huat as a Director retiring under article 99			
6	Re-election of Mr Ho Tian Yee as a Director retiring under article 99			
7	Re-election of Mr Olivier Lim Tse Ghow as a Director retiring under article 99			
8	Re-election of Mrs Ow Foong Pheng as a Director retiring under article 99			
	Special Business			
9	Authority to grant awards and issue shares under the DBSH Share Plan			
10	Authority to grant awards and issue shares under the California Sub-Plan to the DBSH Share Plan			
11	General authority to issue shares and to make or grant convertible instruments subject to limits			
12	Authority to issue shares pursuant to the DBSH Scrip Dividend Scheme			
13	Approval of the proposed renewal of the Share Purchase Mandate			

If you wish your proxy/ proxies to cast all your votes **For** or **Against** a resolution, please tick with "✓" in the **For** or **Against** box. Alternatively, please indicate the number of votes **For** or **Against** each resolution. If you wish your proxy/ proxies to **Abstain** from voting on a resolution, please tick with "✓" in the **Abstain** box. Alternatively, please indicate the number of shares that your proxy/ proxies is directed to abstain from voting.

The proxy/ proxies may vote or abstain as the proxy/ proxies deems fit on any of the above resolutions if no voting instruction is specified, and on any other matter arising at the Annual General Meeting.

Voting will be conducted by poll.

Dated this __________ day of___________ 2020.

No. of Ordinary Shares held	

____
Signature or Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.
***** *delete as appropriate*

Notes:

(1) *Please insert the total number of ordinary shares ("Ordinary Shares") held by you. If you have Ordinary Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares.*

(2) (a) *A member of the Company ("Member") who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting. Where such Member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.*

(b) *A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.*

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

(3) *The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at* ***80 Robinson Road #11-02, Singapore 068898****, at least 72 hours before the time for holding the Annual General Meeting.*

(4) *The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.*

(5) *A corporation which is a Member may, in accordance with Section 179 of the Companies Act, Chapter 50, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting.*

(6) *The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies (including any related attachment). In addition, in the case of Members whose Ordinary Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Members are not shown to have Ordinary Shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.*

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THE COMPANY SECRETARY

DBS GROUP HOLDINGS LTD

C/O TRICOR BARBINDER SHARE REGISTRATION SERVICES

(a division of Tricor Singapore Pte. Ltd.)

80 ROBINSON ROAD #11-02

SINGAPORE 068898

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Corporate information

Board of Directors

Peter Seah
Chairman
Piyush Gupta
Chief Executive Officer
Bonghan Cho
Euleen Goh
Ho Tian Yee
Lead Independent Director
Nihal Kaviratne CBE
Olivier Lim
Ow Foong Pheng
Andre Sekulic
Danny Teoh
Tham Sai Choy

Audit Committee

Tham Sai Choy
Chairman
(appointed as Chairman
on 1 October 2019)
Bonghan Cho
Ow Foong Pheng
Peter Seah
Andre Sekulic

Nominating Committee

Ho Tian Yee
Chairman and Lead Independent Director
Bonghan Cho
Ow Foong Pheng
Peter Seah
Tham Sai Choy
(appointed on 1 October 2019)

Board Risk Management Committee

Euleen Goh
Chairman
Ho Tian Yee
Nihal Kaviratne CBE
Olivier Lim
Peter Seah
Danny Teoh
Tham Sai Choy

Board Executive Committee

Peter Seah
Chairman
Ho Tian Yee
Olivier Lim

Compensation and Management Development Committee

Andre Sekulic
Chairman
Euleen Goh
Nihal Kaviratne CBE
Olivier Lim
Peter Seah

Group Secretary

Teoh Chia-Yin

Group Executive Committee

Piyush Gupta
Chief Executive Officer
Chng Sok Hui
Chief Financial Officer
Sim S Lim
Consumer Banking/ Wealth Management
Andrew Ng
Treasury & Markets
Jimmy Ng
Chief Information Officer
Sebastian Paredes
Hong Kong
Shee Tse Koon
Singapore
Tan Su Shan
Institutional Banking
Tan Teck Long
Chief Risk Officer

Group Management Committee

Includes the Group Executive Committee and the following:

Eng-Kwok Seat Moey
Capital Markets
Philip Fernandez
Corporate Treasury
Neil Ge
China
Derrick Goh
Audit
Han Kwee Juan
Strategy & Planning
Lam Chee Kin
Legal, Compliance & Secretariat
Lee Yan Hong
Human Resources
Lim Him Chuan
Taiwan
Karen Ngui
Strategic Marketing & Communications
Pearlyn Phau
Consumer Banking/ Wealth Management
Surojit Shome
India
Paulus Sutisna
Indonesia

Registrar

Tricor Barbinder Share Registration Services
(a division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 3405

Auditor

PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936

Partner in charge of the Audit

Melvin Poon
Appointed on 25 April 2018
(DBS Group Holdings Ltd) and
24 April 2018 (DBS Bank Ltd.)

Registered Office

12 Marina Boulevard
Marina Bay Financial Centre
Tower 3, Singapore 018982
Tel: (65) 6878 8888
Website: www.dbs.com

Investor Relations

Email: investor@dbs.com

World's Best Bank
Euromoney, 2019

Bank of the Year – Global
The Banker, 2018

Best Bank in the World
Global Finance, 2018

Top 10 Business Transformations of the Last Decade
Harvard Business Review, 2019

Bloomberg Gender-Equality Index
Bloomberg, 2018-2020

FTSE4Good Global Index
FTSE Russell, 2017-2019

Dow Jones Sustainability Index (Asia-Pacific)
S&P Dow Jones Indices/ RobecoSAM, 2018-2019

Social Enterprise Champion of the Year (Corporation)
President's Challenge/ raiSE, 2019

12 Marina Boulevard
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