Stronger Together

Banking with purpose amid the pandemic

DBS Group Holdings Ltd
Annual Report 2020

DBS

Live more,
Bank less

The images on the cover pages of our 2020 Annual Report represent stories of overcoming together. To find out more about these portraits of purpose, please scan here.

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, "Global Bank of the Year" 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 12 consecutive years from 2009 to 2020.

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

In 2020, Covid-19 pummelled the global economy. Its toll on human life was also incalculable. As a purpose-driven bank, we stood with our customers, employees and the community to lend a hand, ease a burden, and navigate the uncertainty. As we did, we saw grit, hope and purpose on display – a testament to the strength of the human spirit and our ability to overcome, collectively. Reminding us that in the toughest of times, we are indeed Stronger Together.

Who we are

DBS is one of Asia's leading banks, operating in the most dynamic region of the world. We are focused on leveraging digital technology to reimagine banking to provide our customers a full range of services in consumer banking, wealth management and institutional banking. We also see a purpose beyond banking and are committed to supporting our customers, employees and the community towards a sustainable future.

Business highlights*

* *Excludes contribution from Lakshmi Vilas Bank, which was amalgamated with DBS Bank India Limited, a wholly owned subsidiary of DBS Group Holdings, with effect from 27 November 2020*

Income (SGD)
14.6 billion

Net Profit (SGD)
4.72 billion

Total assets (SGD)
646 billion

Over
29,000
Employees

Over
10.7 million
Consumer Banking/ Wealth Management Customers

Over
240,000
Institutional Banking Customers

Sustainability/ purpose-driven highlights

Supported small and micro SMEs with over
SGD 7 billion
in loans approved in Singapore and Hong Kong

Disbursed record
SGD 9 million
to support social enterprises

Facilitated government payouts of more than
SGD 31 billion
digitally to support families and businesses in need during 2020

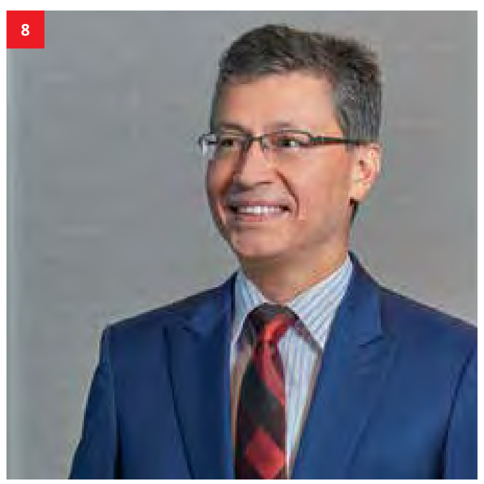
Provided
4.5 million meals
to the elderly, low-income and migrant worker communities

Engaged in close to
57,000 hours
in employee volunteerism activities

Awarded
34 accolades
in recognition of sustainability and purpose-driven efforts

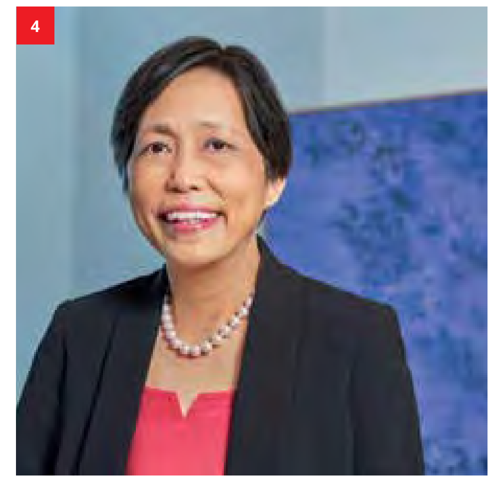
Board of Directors

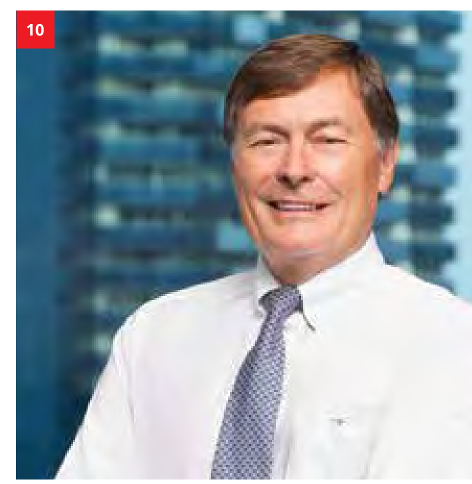
The Board is committed to helping the Group achieve long-term success. The Board provides direction to management by setting the Group's strategy and overseeing its implementation. It ensures risks and rewards are appropriately balanced.



Award-winning
Ranked 1st for Best Corporate Governance (Singapore) in FinanceAsia's 2020 Asia's Best Companies Poll.

Independent
Majority of our Board comprise independent and non-executive directors.





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

Diverse
Good mix of nationalities, gender and backgrounds.

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**
Non-Executive Director

6 **Punita Lal**
Independent Director

7 **Anthony Lim**
Independent Director

8 **Olivier Lim**
Lead Independent Director

9 **Ow Foong Pheng**
Non-Executive Director

10 **Andre Sekulic**
Independent Director

11 **Tham Sai Choy**
Independent Director

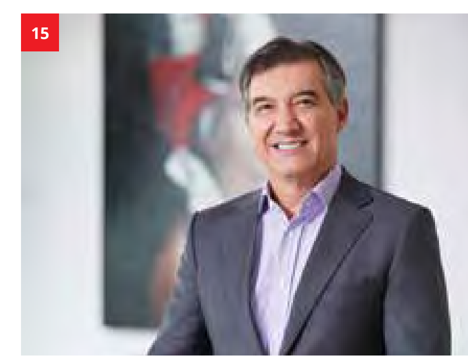
Read more about the Board of Directors on pages 190 to 195

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.

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

One in four of our Group Management Committee members are women.



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 **Shee Tse Koon***, Singapore
17 **Surojit Shome**, India
18 **Paulus Sutisna**, Indonesia
19 **Tan Su Shan***, Institutional Banking
20 **Tan Teck Long***, Risk Management

*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

The early downpayment we made in digital transformation, our broad-based franchise and focus on being a purpose-driven bank, position us well to ride these challenging times. With the grit and gumption of our people, and the support of you – our shareholders – and customers, we are confident of emerging from this storm as one of the winners.

SGD 14.6 billion

Total income
Total income remained stable despite the economic disruption caused by the pandemic.

SGD 8.43 billion

Profit before allowances
Profit before allowances rose 2% to a record high of SGD 8.43 billion.

SGD 4.72 billion

Net profit
Net profit declined 26% due to higher total allowances set aside to buffer against potential risks arising from the pandemic.

SGD 0.87

Dividend
We proposed a final dividend of SGD 18 cents per share, bringing the full-year ordinary dividend to SGD 87 cents per share. This is in line with MAS' call for local banks to moderate their dividends for 2020.

A resilient performance in the face of crisis

Humanity faced the crisis of a generation in 2020, with the Covid-19 pandemic roiling lives and livelihoods. At the time of writing, the virus has infected over 100 million people and claimed over two million lives. It has also wreaked carnage on the global economy. Despite governments rolling out trillions of dollars in stimulus packages, almost every country – bar China – fell into recession. Singapore, DBS' home market, shrank 5.8%, while Hong Kong – already hit by protests in 2019 – suffered a deepening recession. The geopolitical rivalry between China and the United States also intensified, adding to the uncertainty.

Against this backdrop, DBS' franchise demonstrated remarkable resilience. With central banks slashing interest rates to bolster economies, DBS' net interest margin fell 27 basis points to 1.62%. Despite this, total income remained stable at SGD 14.6 billion, as the quality of our broad-based franchise, a well-constructed balance sheet and our nimble execution cushioned the impact of interest rate headwinds. In particular, loans grew 4%, fee income was stable and Treasury Markets (TM) had a record year. Like the rest of the bank, TM has been on a digital transformation journey in recent years, improving pricing capabilities and competitiveness, enhancing processes and application resiliency, helping the business deliver outsized results.

Our record operating performance of SGD 8.43 billion in one of the most challenging periods on record attests to the quality of our franchise and nimble execution.

While DBS' top-line held steady, net profit fell 26% to SGD 4.72 billion as we conservatively frontloaded general allowances in anticipation of rising defaults in 2021. Specific allowances increased with a general deterioration in credit quality that was to be expected in such an environment. We estimate that credit costs could rise to between SGD 3 billion-5 billion in 2020-2021. Having prudently addressed the better part of this in 2020 by conservatively setting aside total allowances of SGD 3.07 billion, we expect total allowances to decline in 2021, back to what we would set aside in a normalised year.

In a turbulent time, DBS continued to be recognised for being a safe and trusted bank. This was exemplified by the record SGD 99 billion in current and savings account inflows into the bank. Our capital and liquidity positions remain strong, and Global Finance named us "Safest Bank in Asia" for the 12th consecutive year.

Lending Covid-19 support

We believe that as constructive members of society, banks have an integral role in supporting real people, real lives, real economies, and sharing the pain in a downturn. Amid the trying times, DBS was quick to provide cashflow support, lower the cost of lending, provide new kinds of lending to marginal borrowers, and help customers do their banking digitally.

Through the year, we approved SGD 11 billion in loan moratoriums for companies in Singapore and Hong Kong, and another SGD 5 billion in moratoriums for residential mortgages in Singapore. We also disbursed SGD 5 billion in government risk-sharing loans for SMEs in Singapore as well. We are pleased that this forbearance helped several customers tide through difficult times, so that only small percentages of them are still on moratorium at this time. We also offered free Covid-19 insurance to all five million DBS/ POSB customers and their families, which was widely appreciated in the early days of the crisis.

During the lockdown, our extensive digital offerings enabled customers to bank with us in an uninterrupted manner from the safety of their homes. In some cases, we expedited the rollout of services ahead of schedule. The launch of a comprehensive suite of digital "contact-free" trade financing capabilities is an example. We also fast-tracked our multi-year digital roadmap to bridge gaps in a couple of last-mile processes.

These efforts were well-recognised. In 2020, DBS won the "Best Bank in the World" accolade from Global Finance, making it the third year in a row we have been recognised on the world stage. In its citation, Global Finance said:

"This year, a worldwide pandemic has upended commerce and made forecasting even more difficult, yet business must continue. DBS Bank is exemplary of a bank that was ready for the sharp rise in demand for digital banking services during the pandemic. Over the past decade, it invested heavily in all things digital and created a culture for banking that is inclusive and efficient. Those investments are paying off at a time of economic uncertainty. They have strengthened the bank's resilience and helped it to serve its customers in their time of need."

On the employee front, DBS' leadership in digitalisation enabled the bank to pivot quickly to a work-from-home model for the vast majority of employees, while still maintaining business continuity. To ensure employee morale remained strong, we launched a series of programmes under the TOGETHER movement aimed at addressing the physical, emotional and mental well-being of our people. In a difficult year, employee engagement scores remained strong. In addition, not only did we pledge not to cut jobs during the course of the year, we also hired 2,000 people in Singapore, including many fresh graduates.

To support the community, DBS launched the SGD 10.5 million Stronger Together Fund, providing 4.5 million meals and care packs, in addition to medical supplies, across the region. The bank and DBS Foundation also disbursed a record SGD 9 million, including SGD 2 million in grants, to help social enterprises tide through the pandemic.

Becoming a technology company

Over the past five years, DBS' transformation strategy has been focused on three pillars: being digital to the core, embedding ourselves in the customer journey and thinking and acting like a startup. While we have seen rising digital adoption over the years, Covid-19 accelerated these trends. In 2020, almost three in four customers applied for a mortgage online, compared to over one in three the previous year. DBS PayLah! usage also saw exponential growth.

Being digital to the core

In recent years, we have invested in cloud infrastructure and rearchitected our applications to be cloud ready. In 2020, we continued to push ahead of this front, with more than 99% of our applications now cloud-enabled, giving us greater efficiency and nimbleness. Through a focus on Site Reliability Engineering practice, we also improved system and application resiliency, enabling us to handle surges in digital traffic volumes without incident during the pandemic.

We made headway in becoming more data-driven. To optimise value from data to improve the customer experience and create new products and services, it is important that we have a data-driven culture, a centralised data source and clear governance around the use of data. Today, over 18,000 DBS employees have completed data training; 60% of relevant data is accessible from a single source; and a strong governance framework is in place to ensure responsible data usage.

We are also making progress in tapping emerging technology trends, such as in the areas of 5G, Internet of Things and public cloud.

Embedding ourselves in the customer journey

Another longstanding focus has been to embed ourselves in the customer journey, so that banking is simple, seamless and effortless. Work in this area continued unabated, and 2020 delivered some iconic wins. As an example, today, new-to-bank customers in Singapore can open a banking account with us digitally in just 15 clicks, or less than three minutes, which is best-in-class for the industry.

Recognising that financial planning can be seen as complex and tedious, we sought to make the process insightful and actionable, yet simple and accessible. In April 2020, we launched DBS NAV Planner to help customers make more informed decisions about their money. In a short eight months, DBS NAV Planner delivered more than 30 million financial planning insights to customers. These capabilities were further supercharged in December with the launch of SGFinDex, the world's first public-private open banking initiative, allowing us to reach a wider pool of customers in Singapore.

Thinking and acting like a startup

DBS has been successful in our digital transformation over the years because of a pervasive culture of experimentation, agility and innovation.

In 2020, we established an innovation framework and process to allow us to innovate at scale. Within the bank, we ran more than 40 experiments which will allow us to take advantage of big megatrends that will shape the future. We also continued to encourage a culture of intrapreneurship among our employees, both to bring innovative ideas to life and drive real change for business.

In addition, we continued to democratise technology skillsets among our employees, training more than 3,000 of them in the fundamentals of Artificial Intelligence/ Machine Learning through Amazon Web Services (AWS) DeepRacer, a gamified learning platform.

Scaling our business in large Asian markets

As an Asia-focused bank, it is important that we build a meaningful presence in the big markets of China, India and Indonesia.

In India, where DBS operates as a wholly-owned subsidiary, we did a bolt-on transaction, giving us enlarged scale. This arose after the Reserve Bank of India approved the amalgamation of Lakshmi Vilas Bank (LVB) with DBS Bank India Limited (DBIL). The amalgamation which took effect from 27 November, complements DBS' digibank strategy with an expanded network of 600 branches and 1,000 ATMs, an additional two million retail and 125,000 non-retail customers, as well as a strengthened deposit franchise. Overlaying DBS' digital capabilities on LVB's customer base and network will accelerate our business in India. We expect to be profitable within one to two years.

In China, we are preparing to launch DBS Securities (China) Limited, a joint venture securities company. The Chinese capital markets are nascent, so as China integrates with global capital markets, there will be opportunity to build out our business in this area.

In spite of the US-China trade war, we made good progress on our Greater Bay Area strategy, inking a number of innovative, ground-breaking digital partnerships with platform companies. These include being the first foreign bank to partner Haier to provide digital financing to its distributors within 24 hours. We are also the first bank to partner JD Logistics on a digital platform to finance SMEs in the cross-border e-commerce import business.

Igniting new growth areas

DBS has been studying and experimenting with emerging technologies over the years. We believe some of these have reached a tipping point, presenting new opportunities for growth.

One area is asset digitalisation, which has seen burgeoning growth, and has the potential to reshape capital markets. To ensure that DBS is ahead of the curve in welcoming the mainstream adoption of digital assets and currency trading, we commenced operations of a digital exchange in December. The DBS Digital Exchange offers tokenisation, trading and custody services of digital assets to institutional and accredited investors. It is 10% owned by the Singapore Exchange.

Advancing the sustainability agenda

For a few years now, DBS has been committed to advancing the sustainability agenda around the three pillars of responsible banking, responsible business practices and creating social impact.

In 2020, DBS continued to embed sustainability into the fabric of the business. We closed about SGD 9.6 billion in sustainable financing transactions, up 81% from the previous year.

Interim DBS branding at the former LVB branch in Chembur, Mumbai, Maharashtra

Importantly, we also published the Sustainable and Transition Finance Framework and Taxonomy – a first in the world by a bank – which serves as a transparent reference to guide clients on adapting and building resilience in the face of global challenges such as climate change and resource scarcity. DBS also became the first Singapore bank to offer transition financing to help companies implement long-term changes to become greener.

DBS is also focused on financial inclusion – bringing the unbanked or underbanked into the formal banking sector. From April to June, we accelerated the opening of almost 60,000 bank accounts for migrant workers, so that they could bank digitally including remit money home from their dormitories amid the pandemic.

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

Acknowledgements

We would like to express our gratitude to Euleen Goh, Andre Sekulic and Ow Foong Pheng, who are stepping down as board members in March 2021, for their invaluable contributions over the years. Euleen served as the Board Risk Management Committee chairperson at DBS for over 10 years, and her extensive knowledge and experience in the risk environment for banks has been instrumental in helping DBS navigate the complex, challenging and a constantly evolving risk landscape. She also served as the chairperson of the Board of the DBS Foundation since its establishment in February 2014. Although she is retiring as a Director of DBS Group Holdings and DBS Bank, she has graciously agreed to carry on serving as the Chairperson of DBS Foundation. Andre has made significant contributions to the Board with his expertise and insights in the payments and consumer credit sector since his appointment to the Board in 2012 and served as the chairman of the Compensation and Management Development Committee since November 2018. As a senior Singapore civil servant, Foong Pheng has provided invaluable insights and perspectives from the public sector since her appointment to the Board in 2012.

Dividends

The Board has proposed a final dividend of SGD 18 cents per share for approval at the forthcoming annual general meeting. This will bring the dividend for the financial year to SGD 87 cents per share. In August 2020, DBS moderated its dividends in line with the Monetary Authority of Singapore's call for banks to preserve capital in these uncertain times. Given DBS' strong capital position, the bank will revisit dividends paid out if and when permitted.

Going forward

We will look back at 2020 as a seminal year and Covid-19 as a major inflection point.

For one, the pandemic dramatically accelerated digital consumption demand. Given this, we could start finding winners and losers in respect to banks who can cater to the new digital world and banks who can't.

In addition, it has underlined the importance of the environmental, social and governance agenda. Issues around inequity, the rich-and poor-divide and climate change, will be on the minds of governments and people in the next five to 10 years. All businesses, including financial institutions, will be under pressure to focus more greatly on stakeholder capitalism and not just shareholder capitalism.

At the same time, we must continue to invest in building digital capabilities, championing the sustainability agenda, and in finding new avenues of growth.

The early downpayment we made in digital transformation, our broad-based franchise and focus on being a purpose-driven bank, position us well to ride these challenging times. With the grit and gumption of our people, and the support of you – our shareholders – and customers, we are confident of emerging from this storm as one of the winners.

Peter Seah
Chairman
DBS Group Holdings

Piyush Gupta
Chief Executive Officer
DBS Group Holdings

Customers

Hope

Many of our customers were hard-hit during the pandemic. DBS provided funding to the liquidity-strapped, extended loan moratoriums to those needing reprieve and expedited the rollout of a number of digital solutions so that businesses and individuals could bank with us seamlessly from the safety of their homes.

Accelerating our digitalisation roadmap to provide support to businesses

Fast-tracked our multi-year digital roadmap to bridge gaps in last-mile processes to ensure businesses remain well supported amid disruptions. For instance, to minimise the need for paper-based application at trade counters, DBS was the first Singapore bank to introduce a comprehensive suite of "contact-free" trade financing digital solutions, eliminating the need for the manual processing of trade financing solutions. This provided our corporate customers continued access to banking lines to keep their businesses chugging along despite lockdowns across markets globally.

Leveraging DBS' APIs to help customers unlock liquidity

Enabled DBS India corporate customer TCIL, which is a leading integrated supply chain and logistics solutions provider in India, to facilitate instant payments to their truck drivers through DBS' APIs amid the pandemic. For TCIL, the DBS API solution also helped to strengthen the business' internal controls and enhance operational efficiencies while giving them real-time visibility to their liquidity position so that they can plan their working capital more optimally.

Supporting micro, small and medium enterprises (MSMEs) financially

In Singapore, provided liquidity relief support to MSMEs impacted by Covid-19 by offering Digital Business Loans of up to SGD 200,000 as quickly as the day after approval. We also simplified the credit documentation process to relieve MSMEs of the onerous task of producing audited financial statements typically required for such loans. In 2020, DBS approved more than 10,000 loans totalling more than SGD 5 billion to MSMEs, with the majority of loans being collateral-free.

Providing loan moratoriums to help homeowners

Enabled some 7,200 homeowners in Singapore and Hong Kong to successfully defer mortgage repayments, allowing them to focus their finances on other immediate needs.

Supporting industries hard-hit by Covid-19

Worked with our technology partners to roll out the DBS F&B Digital Relief Package. This enabled close to 1,000 F&B establishments to build a digital presence and create new income streams online in as little as three days. This package was subsequently enhanced to include digital solutions for e-invoicing, accounting, HR, and payroll.

Helping customers leverage digital solutions to access much-needed funds in double-quick time

To support the liquidity needs of SMEs, DBS launched several digital trade financing initiatives with anchor clients such as Haier Group and Infor to provide quicker and more cost-efficient financing to SMEs. DBS was also the first Asian bank on AntChain's blockchain trade platform, Trusple, which aims to democratise access to digital trade services to corporates of all sizes.

Helping businesses realise their sustainability ambitions

Launched the world's first Sustainable and Transition Finance Framework and Taxonomy by a bank, which will form the bedrock for DBS to engage with clients who are furthering their sustainability agenda. The taxonomy will serve as a reference to guide clients to adapt and build resilience in the face of climate change, resource scarcity and address critical global issues such as social inequality.

Supporting SMEs to transform digitally

Supported SMEs such as Unidbox Hardware in their digital transformation journeys amid market lockdowns in the region. Unidbox owner Wong Hing Kong said this would help future-proof his business in case there was a resurgence of Covid-19 cases where he has to close his physical stores again. While online sales helped keep his business going during the circuit breaker period, DBS also provided a temporary bridging loan to provide the business added assurance amid the economic uncertainty.

Providing free Covid-19 insurance across markets

Partnered with Chubb Insurance Singapore Limited (Chubb) to offer all five million DBS and POSB customers in Singapore complimentary insurance coverage in relation to Covid-19. Similar coverage policies were also introduced to our customers across the regional markets we operate in.

Enabling businesses in critical industries to scale their operations during the pandemic

Supported Chinese textile manufacturer Yibin Grace, which was designated as the only state-owned enterprise in China's Sichuan province to produce medical and anti-epidemic materials, to obtain financing to import a raw material which is scarce in China to produce medical masks in just two days. Besides receiving a loan, Yibin Grace was also issued a bank acceptance bill from DBS worth RMB 30 million for mask production purposes, which enabled the company to produce hundreds of thousands of masks within weeks.

Employees

Grit

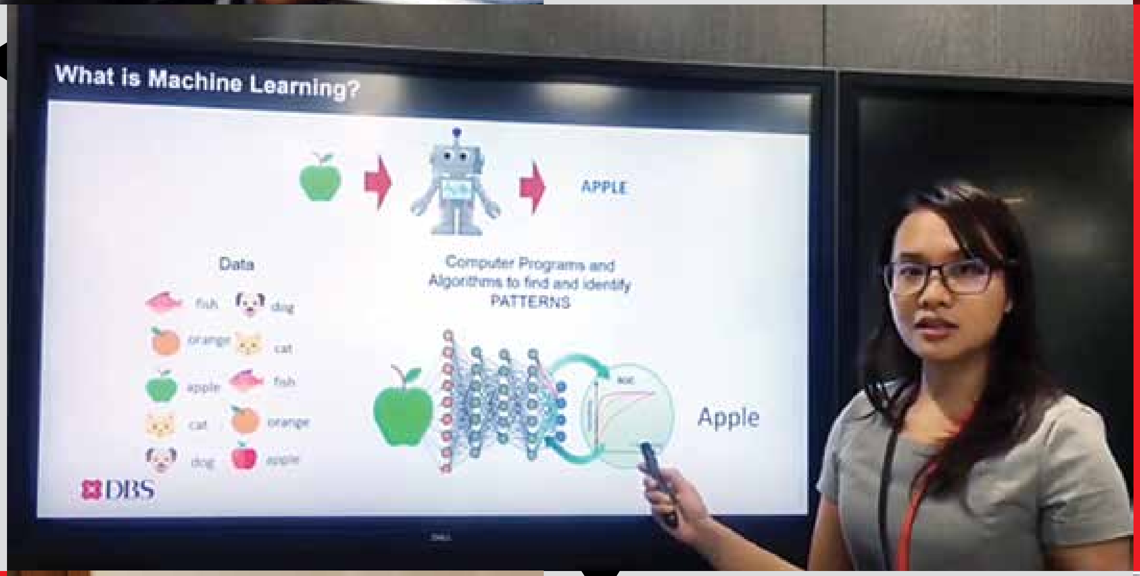
Cognisant that banking is an essential service, our people adapted quickly to the different circuit breaker and lockdown situations, as well as work from home arrangements. This ensured that our customers remained well-served during the pandemic. On our part, we made sure to take care of our employees' physical and mental well-being, and to equip them with skills of the future. Not only did the bank pledge to keep all jobs, we also created new ones to bolster employment in a difficult year.

Looking after the physical well-being of our people

Provided our employees with care packs which included hand sanitiser, masks, thermometer and Vitamin C. Complimentary medical webinars and consultation with virtual doctors were also made available. In addition, DBS' digitalisation capabilities meant that 80-90% of our employees could work from the safety of their homes.

Creating and protecting jobs

Hired over 2,000 people in Singapore, of which more than 1,000 included new roles, comprising a mix of traineeships for fresh graduates as well as more specialised roles for seasoned professionals. Of these, over 150 were young talent recruited into DBS tech programmes for the bank to build a strong local core and pipeline of tech talent. DBS' annual internship programmes continued unabated in 2020.



Hiring talent in good and bad times

DBS hired former system analyst Dawn Lum, who spent 14 years in the telecommunications industry as a trainee as part of the SGUnited Traineeships Programme.

Keeping each other safe

When the Covid-19 situation began unfolding, data scientist Wu Wei and his team tapped on diverse data sets and advanced analytics techniques to enable contact tracing for up to three degrees of separation in less than two days.

Building a future-ready workforce

Held a series of large scale virtual learning events to promote continuous learning among our workforce to equip them with skillsets of the future. For instance, we ran our inaugural 'LearnShareTeach TOGETHER' Virtual Festival and DBS FutureForward Week in April and July respectively, to encourage our employees to pick up new skills and to connect with colleagues through the sharing of knowledge and experiences. More than 120 learning sessions were organised in 2020, providing employees in Singapore and across the region access to a diverse range of courses to enhance their skillsets even as they worked from home during the pandemic.

Keeping morale high while working apart

Galvanised our 12,000 strong workforce in Singapore amid Covid-19 with the launch of DBS' TOGETHER movement. The initiative helped to boost employee morale through a series of programmes aimed at addressing their physical, emotional and mental well-being.

Upskilling to be future-ready

Ray Goh experienced first-hand how Amazon Web Services' DeepRacer platform made learning artificial intelligence and machine learning easy and took it upon himself and his team to run the DBS x AWS DeepRacer League to help equip over 3,000 employees with these skills. In 2020, DBS trained over 3,000 employees in artificial intelligence/ machine learning through gamification. Going forward, more employees will be trained in these areas, as well as in design thinking, data and analytics and agile practices.

Developing a contact-tracing solution to protect our people

Eight departments in DBS Singapore came together in double-quick time to develop a contact-tracing tool to uncover the movements of employees affected by Covid-19. This enabled us to promptly identify employees who were first-, second- or third-degree contacts of potential Covid-19 cases, and to quarantine those at risk, protecting the health of all employees. The solution was also made available to DBS' key overseas offices.

Community

Purpose

We supported hard-hit communities in a myriad of ways – by providing meals and medical equipment to those in need, supporting social enterprises via grants and loans, banking underserved segments like migrant workers, and tackling loneliness and social isolation through our employee volunteerism programme.

Supporting hard-hit communities in the region

Set up the SGD 10.5 million DBS Stronger Together Fund to help communities hard hit by Covid-19 across the region. We provided 4.5 million meals and care packs to vulnerable segments, and funded the procurement of diagnostic test kits, personal protective equipment and other medical supplies for communities in need.

Tackling social isolation and loneliness

DBS and Lions Befrienders joined hands to roll out Singapore's largest-ever virtual befriending volunteer initiative with 1,900 DBS employees engaging 1,300 senior beneficiaries in 2020 through virtual conversations, simple home gardening projects, as well as online exercises and games. Across the region, our employees contributed close to 57,000 hours of volunteerism hours, serving the community, through a hybrid of virtual, remote and in-person volunteering programmes.

Providing essential supplies to those in need

By leveraging DBS' Stronger Together Fund, DBS India employees organised Operation Relief to provide supplies to 30,000 villagers in dire straits. To provide supplies as promptly as they could, the DBS team hired two 10-tonne trucks and carried out the operation in the months of March and April, going through long road journeys taking about eight hours each way to ensure supplies reached the villages, which were about 400km south of Mumbai.

Doing good while supporting livelihoods

Rahim's job as a limousine driver for DBS Asia Treasures was impacted by Covid-19. Though he continued to receive a base salary, his earnings took a hit as he no longer had additional trip allowances from ferrying clients. To support Rahim and the bank's fleet of drivers, DBS reached out to them to support the distribution of free meals to the elderly and low-income families while providing them additional income from trips – all of which were made possible through the DBS Stronger Together Fund.

Providing funds to businesses for good

Stepped up support for social enterprises (SEs) with SGD 9 million in loans and grants. This is DBS' largest collective disbursement of loans and grants within a year to SEs since the inception of the DBS Foundation in 2014. Many of the SEs were able to use the funds to create and retain jobs, especially from disadvantaged communities.

Greening the nation and enhancing our food resilience together

Appointed founding partner of National Parks Board's "Gardening with Edibles" programme. This aligns well with DBS' efforts to reduce food waste. In the first phase of the programme, more than 400,000 seed packs were given out to Singaporean households and DBS employees. DBS Taiwan also partnered with social enterprises such as BuyNearby, Goodwill Foods and Puremilk to redistribute more than 2,500kg of perishable fruits and 440,000 ml of milk, preventing wastage.

Banking migrant workers digitally

Processed almost 60,000 bank accounts for migrant workers in Singapore from April to June, enabling them to receive their salaries, remit funds home and conduct other banking transactions from their dormitories during Singapore's circuit breaker period. As at end December 2020, we have brought some 500,000 migrant workers and 120,000 Foreign Domestic Workers into the formal banking system, which is in line with our commitment to enable financial inclusion for all segments of society.

Supporting the farming community and reducing food waste

When Covid-19 hit, many farmers in Taiwan were left with truckloads of produce, including seasonal fruits like peaches and mangoes, that could not be sold. With support from DBS employees and social enterprises BuyNearby and Goodwill Foods, more than 2,000 kgs of orders were placed, resulting in much relief for the farmers.

CEO reflections

"In the early days of the crisis, many leaders suggested that the day of the "office" was over, and remote working would be the new norm. I did not agree, believing that at heart, we are social creatures. The need to engage with each other in the flesh is critical to creating social capital. It is also critical to create organisational culture and ethos."

2020 was undoubtedly a seminal year. What are some of the enduring shifts borne out of the pandemic? How do they affect the path forward for banking?

2020 was indeed an inflexion point in a few ways, of which three stand out in my mind.

i) There has been a dramatic acceleration in the digital consumption of goods and services, especially healthcare, education, and financial services. In banking, lockdowns encouraged consumers to adopt digital behaviours for activities ranging from account maintenance to payments. This was also true for customers who had previously been less comfortable making the shift. Customers over 60 years of age saw a 2.4 times increase in new digital take-up! Similarly, from applying for loans to looking for trade finance, SMEs quickly pivoted to electronic instructions and engagement. Larger corporations revisited their supply chain arrangements and raced to put resiliency and transparency into the process.

ii) Perhaps the biggest change has been a dramatic transformation in work habits as white-collar populations took to e-working remotely. This reflects a tremendous increase in capabilities (bandwidth, access equipment, security protocols) as well as corporate risk appetite. Depending on the country and regulatory requirements, 50-90% of our people worked from home for large parts of the year.

iii) Covid-19 has brought to fore the sustainability agenda, in particular social and environmental issues. The pandemic has accentuated socio-economic fault lines within countries, compelling governments to direct more fiscal resources to the poor. On the environmental front, the pandemic has sharpened the recognition of tail risks and that it is incumbent to be better prepared for them.

Governments had to dig deep for unprecedented amounts of fiscal and monetary resources to address the crisis. I believe the realisation that we can and will find resources when a gun is pointed at us, will lead to significantly greater resources being devoted to climate change and biodiversity in the coming years. Governments have already made significant commitments towards green initiatives. In the United States, President Joe Biden has pledged a USD 2 trillion climate plan. In Europe, a substantial portion of the European Union Recovery Fund will be made available for the green transition. In Singapore, the Emerging Stronger Taskforce is focused on building a more sustainable economy.

These trends have far-reaching implications on banking.

The digitalisation of banking will accelerate even more. For example, we have been focused on completing the "last mile" gaps that came to light in our various customer journeys, and sharpening tools to embed banking services into the customer context. The use of digital authentication, e-signatures and digital documentation in trade finance or property conveyancing will gain steam, reducing the need for paper. Digital payments will continue to erode the use of cheques and cash, and tokenised assets will gain acceptance. Greater digital footprints will lead to an increased use of data and Artificial Intelligence (AI) to improve customer experience. I am pleased that DBS has made enormous progress on this front in recent years. The change in work habits will lead to what I call the "future of work". I talk about this more in the next section.

Finally, banks will be pushed to having a sustainability agenda that addresses each of the ESG pillars and is integral to their strategy and operating models. We are already advanced on our journey of responsible banking, responsible business practices and creating social impact. Responsible banking includes being thoughtful about the financing we provide and the capital we help companies raise, focusing on financial inclusion for the unbanked and the underbanked, and creating a high level of trust in our services through transparency and fair dealing.

We will continue to lower our own carbon footprint (mostly from our data centres and our property occupancy) and work with our corporate clients to facilitate their move to lower carbon intensive business models. Finally, it will be even more incumbent on us to be a force for good in society. One avenue is the DBS Foundation, now in its seventh year, which continues to work with social enterprises to solve the world's sustainability issues.

What is DBS' take on the future of work? What is DBS doing to address the magnitude of the challenge?

In the early days of the crisis, many leaders suggested that the day of the "office" was over, and remote working would be the new norm. I did not agree, believing that at heart, we are social creatures. The need to engage with each other in the flesh is critical to creating social capital. It is also critical to creating organisational culture and ethos. However, I also believe that we will not go back to the old ways of working. I believe that there are five critical changes that will drive the "future of work".

i) The workforce will be more distributed by location. In addition to catering for employee convenience, this will also be driven by the need to create greater resilience and the ability to source better talent. The different "lockdown" requirements in different countries and markets showed us that concentrating large pools of employees in a single location comes with unforeseen risks. The ability to connect people from remote locations to our entire infrastructure created the possibility that we could have smaller teams of people work for us from regions where suitable talent is abundant. Therefore, we are revisiting the locations of our incremental engineering resources.

ii) There will be greater flexibility in respect of time and hours of work required. Some months into the crisis, we formed a 'Future of Work' Taskforce to think about our future work arrangements. The Taskforce found that while almost all employees were able to work seamlessly from home, staying engaged and connected with colleagues was challenging. They preferred hybrid work arrangements over a pure 'remote work' or 'work in office' approach. As a result, all employees have been given the flexibility to work from home up to 40% of the time but the actual execution of that is left to individual operating units to suit their own rhythm.

One interesting opportunity that arises from such flexibility is the idea of job sharing – two people jointly taking on one job. Many companies experimented with this idea last year (without explicitly recognising it) when they resorted to Team A and Team B constructs in line with their contingency plans. At DBS, we have formally announced a job-sharing program. This sort of flexibility opens the possibility of leveraging additional sources of talent too, for example, mothers of young children or people with disabilities.

iii) Work will be organised more horizontally rather than vertically. Today's organisational structures are largely functional, principally to gain subject matter competencies as well as economies of scale. However, all of us know the challenges this creates - silo thinking, hand-offs and ineffective customer journeys. In recent years, the comprehensive digitalisation of workflows allows us to revisit the vertical, functional paradigm. Several companies – including DBS have been experimenting with this through agile practices in the technology domain. I believe that this will extend to areas outside technology too. Creating and running "horizontal" organisations will be a big focus for us in the coming years.

iv) Data will become central to managing work, and data-driven operating models (DDOM) will emerge. Take the F1 race: till a decade ago, the race was mostly driver-centric. Today, it is controlled by a data-driven team which uses real-time feeds to help guide the driver every step of the way. Running experiments and AI models will be an integral part of this new model. At DBS, we have embraced DDOM in earnest, and are already seeing visible outcomes.

v) With people coming into office increasingly to "collaborate and ideate", the physical contours of the office will also change. The need for a degree of social distancing may also drive this. We are advancing well in this direction through our "Joyspace" programme, which allows each department to configure the workspace to suit their workflows. Going forward, we expect a lot more open and collaborative workspaces. We are also likely to see more usage of satellite offices.

All these changes will require significantly reskilling our workforce. Employees will be trained in emerging areas such as design thinking, data and analytics, artificial intelligence, machine learning and agile practices. We have identified over 7,200 employees across the bank to be upskilled and/ or reskilled from this year. Managers will have to learn how to manage differently, including how to drive employee engagement and measure performance. To help managers pivot to managing a horizontal workforce, we have launched transformational leadership programmes to help with their transition.

How will DBS navigate the challenges of low interest rates and asset quality risks?

Between the two challenges, asset quality risks are perhaps easier to deal with. The sharp rebound in several countries in the later part of 2020, as well as confidence from the vaccine rollout, create optimism that credit risks may not be as dire as originally forecast.

Of the SGD 3 billion-5 billion we estimated as 2020-21 credit costs due to the pandemic, we have conservatively taken over SGD 3 billion in 2020, of which around SGD 1.7 billion was in the form of general allowances. If actual credit costs come in closer to SGD 4 billion, credit costs will be lower and provide a boost to earnings in 2021.

Low interest rates pose a more prolonged challenge as they are expected to remain for the foreseeable future, resulting in an eventual reduction in our interest income by SGD 2.5 billion-SGD 3 billion. In 2020, the interest rate impact on our commercial book was almost SGD 1.8 billion, which means there is another billion dollars to take.

In 2020, we were able to recoup almost all of the interest rate shortfall through an increase in business volumes as both loans and deposits grew strongly. In particular, current and saving accounts grew by almost SGD 100 billion. We also benefitted from record Treasury Markets income and through gains in our investment securities portfolio which had been positioned for a drop in interest rates.

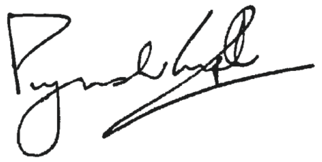
Gains from investment securities and Treasury Markets performance are dependent on market conditions, and it is possible that we may not be able to repeat 2020's performance in 2021. However, we have greater visibility on loan growth given that economic activity is expected to rebound in 2021 from a low base. The IMF forecasts Asia to grow 6.9%, with China and India above 8%, Indonesia at 6%, and Singapore and Hong Kong at 3-5%. The business momentum will translate into mid-single-digit loan growth, in line with the average of recent years.

Fee income will also benefit. It was flat in 2020 because an 11% decline in the second quarter due to the sharp economic and financial market dislocations offset a record first quarter. Higher economic activity in 2021 should lead to double-digit fee income growth. In particular, there has been strong momentum in wealth management. While low interest rates have played a role, we have been using our digitalisation capabilities and the advent of open banking to expand our reach to lower market segments with robot-assisted portfolios, regular savings plans and budgeting tools.

Digitalisation will bring additional growth prospects. The accelerated adoption of digital behaviours by customers creates opportunities for market share gains. There will also be new business opportunities, such as the Digital Exchange we launched in the fourth quarter.

We will continue to manage costs. Organic expenses for 2021 will be kept at 2019 levels even as we process higher business volumes.

Finally, the amalgamation of Lakshmi Vilas Bank expands our presence with 600 branches and 1,000 ATMs, increases our consumer and SME customer base and strengthens our deposit franchise in India, accelerating our growth trajectory in a major emerging market.



Piyush Gupta
Chief Executive Officer
DBS Group Holdings

CFO statement

"Despite the significant economic impact of the pandemic, business volumes for the year were higher or at least resilient, attesting to the quality of our broad-based franchise and nimble execution."

Record operating results attest to the quality of our franchise and nimble execution

We reported net profit of SGD 4.72 billion for 2020, 26% below the record in the previous year. There were two factors for the decline. Net interest income, which accounted for two-thirds of total income, fell 6% due to a lower net interest margin as central banks around the world cut interest rates in response to the Covid-19 pandemic. In addition, we more than quadrupled the amount of total allowances to SGD 3.07 billion as general allowances of SGD 1.71 billion were conservatively set aside for asset quality risks.

Despite the significant economic impact of the pandemic, business volumes for the year were higher or at least resilient, attesting to the quality of our broad-based franchise and nimble execution. Loans grew 4%, fee income was stable and Treasury Markets achieved a record year. We also realised a tripling in gains from investment securities in a government-bond portfolio intended to benefit when interest rates fell. The healthy business momentum together with a well-constructed balance sheet enabled us to offset the impact of lower interest rates, and total income remained stable at SGD 14.6 billion.

At the same time, expenses were 2% lower at SGD 6.16 billion as we kept costs in check. The cost-income ratio was one percentage point lower at 42%. Profit before allowances rose 2% to a new high of SGD 8.43 billion.

Strong business momentum despite economic slowdown

Net interest income declined 6% to SGD 9.08 billion due to a lower net interest margin, which fell 27 basis points to 1.62%. Given that the interest rate cuts were made in March, the majority of the net interest margin decline occurred in the second and third quarters. The lower interest rates set back full-year net interest income for the commercial book by SGD 1.78 billion compared to 2019.

Loan growth provided a partial offset to the impact of lower interest rates. Loans grew 4% or SGD 16 billion in constant-currency terms to SGD 371 billion, including SGD 2 billion from Lakshmi Vilas Bank (LVB), which was amalgamated on 27 November 2020.

Non-trade corporate loans grew 9% or SGD 19 billion to SGD 221 billion. The majority of the growth was to customers in Singapore, which included SGD 5 billion of government risk-sharing loans, followed by Hong Kong. By industry, the growth included tenanted commercial real estate at loan-to-value (LTV) ratios of around 65% and short-term facilities for major commodity firms.

Due to the sharp economic contraction between the first and second quarters that coincided with financial market dislocations, non-trade corporate loan growth was skewed to the first half as customers drew down short-term facilities to ensure sufficient liquidity in addition to longer-term borrowing. As the economy rebounded and financial markets stabilised from the third quarter, some of the short-term loans were repaid in the second half. The overall pipeline and underlying loan momentum were healthy over the course of the year.

Trade loans fell 13% or SGD 6 billion to SGD 38 billion. The decline occurred in the first quarter, when lower oil prices reduced transaction values, and the fourth quarter, when tighter pricing made trade loans less attractive to roll over.

Housing loans were little changed at SGD 74 billion. While new bookings were strong over the course of the year (with the exception of the second quarter, when the circuit-breaker was in effect), the impact was offset by higher repayments. Housing loans contracted in the second and third quarters and rose in the fourth quarter following strong bookings in the second half as market transactions picked up. Full-year bookings rose 28% to the highest since 2012, when cooling measures were first introduced.

We had record deposit inflows, which were sustained over the course of the year. In particular, current and savings accounts (Casa), which were lower cost, expanded 42% or SGD 99 billion to SGD 338 billion, enabling us to let go of more expensive fixed deposits. As a result, the Casa ratio improved from 59% to 73%. Total deposits grew 15% or SGD 61 billion to SGD 465 billion, including SGD 3 billion from LVB. With deposits growing faster than loans, the loan-deposit ratio fell from 89% to 80%.

While the fiscal stimulus and monetary easing pervading the year created the conditions, it was the strength of our deposit franchise that enabled the massive Casa inflows. Our digital capabilities entrenched our long-standing dominance in consumer savings deposits

and strengthened a cash management franchise now recognised as among the best in the world. SGD and USD, our two principal currencies, each accounted for around half of the Casa inflows during the year. Our market share of total SGD deposits rose from 24% in 2019 to 27% as our share of current deposits rose from 16% to 21% while our share of savings deposits was maintained at 52%.

Excess deposits were placed with the central bank where they earned a lower spread than loans and resulted in a six-basis-point erosion in net interest margin. However, they added to net interest income and were accretive to return on equity (ROE) since central bank placements did not incur any risk weighting. With easy monetary conditions expected to persist, we aimed to maximise net interest income and ROE rather than net interest margin.

Net fee income was little changed at SGD 3.06 billion. A 14% increase in the first quarter to a quarterly record was offset by an 11% decline in the second quarter as transactions fell with lockdowns in the region. Fee income was stable in the second half compared to the previous year as economic activity rebounded from the second-quarter trough.

Wealth management fees grew 11% to a record SGD 1.43 billion, with the first and third quarters being the two highest on record. Demand for investment products increased with healthy risk appetite in the first quarter and improved market sentiment in a low interest rate environment in the second half. Brokerage commissions increased 31% to SGD 149 million with higher stock market volumes and a surge in new digital account openings helped by a streamlining of our stockbroking business. Loan-related fees were 2% higher at SGD 417 million.

These increases were offset by lower card and investment banking fees. Card fees fell 19% to SGD 641 million as they bottomed in the second quarter with a 34% decline from the year-ago period when economies in the region were locked down. The decline moderated to 21% in the third quarter and 12% in the fourth quarter even as spending on travel remained subdued. Investment banking fees were 31% lower at SGD 148 million with record fixed income fees more than offset by a fall in equity capital market activity. Transaction service fees were stable at SGD 746 million.

Other income rose 32% to a record SGD 2.46 billion. Investment gains tripled to SGD 963 million as bond portfolios performed strongly with falling interest rates. Trading income was at SGD 1.41 billion, the second highest on record, as treasury customer income rose to a new high.

By business unit, Consumer Banking/ Wealth Management income declined 8% to SGD 5.77 billion. The impact of lower interest rates as well as lower bancassurance and cards fees were moderated by higher income from loan and deposit growth and wealth management sales. Institutional Banking income declined 5% to SGD 5.75 billion as the impact of lower interest rates more than offset higher income from loans and treasury products. Treasury Markets income increased 54% to SGD 1.44 billion as market volatility created opportunities for trading.

Expenses were 2% lower at SGD 6.16 billion as general expenses such as for travel and advertising declined. Staff costs were little changed with an increase in base salaries due to a higher headcount offset by lower bonus accruals and by government grants. The cost-income ratio improved one percentage point to 42%.

Rigorous process to estimate credit costs

We carried out a stress test of the portfolio at the onset of the pandemic, analysing the loan book using two approaches as part of a corroborating process to ensure rigour. The first approach was a top-down view of the impact of macroeconomic variables on various loan portfolios. The second was a bottom-up analysis using various stress assumptions on individual borrowers or portfolios. A base scenario and stress scenario were used for each approach. We identified the unsecured consumer and SME portfolios as being more vulnerable, together with large corporates in several industries including oil and gas. The stress tests derived estimated credit costs of SGD 3 billion-5 billion, or 80-130 basis points of loans, over 2020-21. The estimate was in line with two-year credit costs during past economic crises. The estimate was revalidated in a second exercise later in the year.

Unsecured consumer loans, which have historically been a small part of the portfolio, amounted to SGD 5 billion or 1% of total loans. More than half were in Singapore, where borrowing limits were halved over the past four years, which meant that riskier exposures had been removed. In Hong Kong, the next largest exposure, the portfolio had been under stress in recent years and we had already taken some allowances for it.

Housing loans, which formed the majority of the consumer portfolio, were expected to remain healthy. A combination of conservative lending standards and LTV well below regulatory thresholds conferred significant resilience on the portfolio.

For SME loans, which amounted to SGD 41 billion or 11% of total loans, borrowers in Singapore and Hong Kong accounted for 90% of a portfolio that was largely secured by property with conservative LTV.

For large corporate loans, we identified several sectors that were more vulnerable. For each industry, we used conditions specific to the industry to carry out the stress tests. The largest vulnerable exposure was to oil and gas, which was stressed using oil prices at USD 20 per barrel while keeping borrowers' operating costs fixed. Among the segments in this sector, support services were estimated to continue being the most vulnerable. While we had already conservatively recognised three-fifths of our support services exposure as NPA and taken appropriate allowances in 2017, the pandemic had worsened its fragility. As a result, we expected that more allowances were needed for this segment.

Conservatively front-loaded credit costs by taking SGD 3.07 billion in total allowances in 2020

We took a conservative approach and front-loaded the two-year estimated credit costs by taking general allowances of SGD 1.71 billion in 2020. As a result, general allowance reserves increased 72% to SGD 4.31 billion, 42% above the MAS minimum requirement. The reserves also exceeded the maximum amount eligible for consideration as Tier 2 capital by SGD 1.5 billion, forming a buffer that can absorb losses without impacting capital adequacy ratios.

Specific allowances nearly doubled to SGD 1.35 billion or 31 basis point of loans. As was to be expected, new NPA formation increased as the number of defaults rose across the region with the economic slowdown. After recoveries and write-offs, NPA increased 16% to SGD 6.69 billion and the NPL rate rose slightly to 1.6%, which was within the range of recent years.

Total allowances more than quadrupled to SGD 3.07 billion, exceeding the low-end of the SGD 3 billion-5 billion range. Total allowance reserves increased 46% to SGD 7.33 billion and the allowance coverage was at 110% and at 206% after considering collateral of SGD 3.12 billion.

The initial round of government loan moratoriums in Singapore, which had involved repayment holidays either for the principal or for both principal and interest, expired at year-end. They were replaced by more restricted relief measures requiring partial repayments. Compared to the initial moratoriums, the take-up rates for the new schemes fell to 10% for housing loan and 25% for SME customers as at January 2021. In Hong Kong, where the moratoriums were extended to mid-2021, loans under moratorium to large-corporate and SME customers were half their peak. Delinquency rates for the portfolios not under moratorium were also low.

Capital ratios remain strong

Our capital adequacy ratios remained strong. The Common Equity Tier 1 ratio was little changed at 13.9% as loan growth was offset by capital accretion. The ratio was well above regulatory requirements as well as the management operating range of 12.5-13.5%.

During the year we issued USD 1 billion of Additional Tier 1 (AT1) perpetual capital securities with a yield of 3.30%. These were the lowest-yielding USD AT1 instruments ever priced under Basel III and were 30 basis-points lower than the previous global record, which was held by our USD 750 million AT1 issuance in 2016.

Total shareholder returns

Our share price declined 3% during the year. A sharp fall in February and March was clawed back in the subsequent months, a pattern that mirrored global equity markets. The share price outperformed the Straits Times Index, which ended the year 12% lower.

For the calendar year, we paid out a dividend of SGD 1.02 per share. We paid out SGD 33 cents per share for fourth-quarter 2019 and first-quarter 2020. In July the Monetary Authority of Singapore called on local banks to limit their dividend to 60% of their previous level, which restricted our dividend for the second and third quarters of 2020 to SGD 18 cents per share.

As a result we delivered total shareholder returns of 1%, comprising the share price movement and dividend during the calendar year.

Lakshmi Vilas Bank (LVB)

The amalgamation of LVB complements DBS' digibank strategy with an expanded network of 600 branches and 1,000 ATMs, an additional two million retail and 125,000 non-retail customers, as well as a strengthened deposit franchise. It also accelerates our growth trajectory in a key emerging market and gives us a more balanced geographical mix between northern and southern Asia outside of Singapore. Once the integration is complete, customers will be able to access our products and services, including the digital banking services that have won global accolades.

The provisional goodwill from amalgamation of Lakshmi Vilas bank was SGD 153 million, being the difference between the fair value of its assets and liabilities of SGD 3.89 billion and SGD 4.04 billion respectively. Total loans transferred amounted to SGD 2.14 billion, including net non-performing loans of SGD 212 million. Additional general allowances were set aside at group level to pre-emptively build up general allowance reserves to 9.5% of LVB's performing loans. While there had been petitions filed by holders of equity shares and Tier-2 bonds, these petitions have been targeted against the Scheme of Amalgamation approved by the Government of India and the Reserve Bank of India and would not have direct risk implications for DBS India. We also made suitable provisions for legal liabilities in the normal course of business.

Outlook

We closed 2020 on an encouraging note. Business momentum was healthy, with loan growth more broad-based in the fourth quarter than the previous two while fee income remained resilient. The pipeline for loans and the outlook for several fee income streams as we enter 2021 are healthy. At the same time, asset quality trends have not been as severe as expected. If two-year credit costs come in around the middle of the SGD 3 billion-5 billion range, and having taken SGD 3.07 billion already, allowance charges in 2021 would revert to normalised levels. If these assumptions play out, earnings will be higher in the coming year.

Chng Sok Hui
Chief Financial Officer
DBS Group Holdings

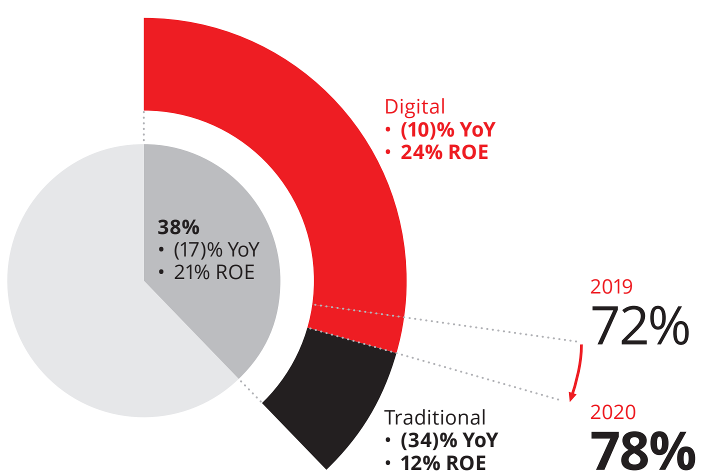
(A) Digitalisation

The number of digital customers in the Consumer and SME businesses in Singapore and Hong Kong increased by 11% or 0.4 million during the year to 3.7 million, with digital adoption accelerating during Covid-19 lockdowns. As a result, the proportion of digital customers rose to 57% from 52% in 2019, 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 more than twice as much revenue as a traditional customer. A digital customer's revenue was also more resilient because of greater product diversification and a higher number of transactions. The cost-income ratio of the digital segment was 30 percentage points below the traditional segment, with the differential widening from 20 percentage points in 2019. The ROE differential was maintained at 11 percentage points.

The reported cost-income ratio of the overall business increased five percentage points to 44% due to a lower net interest margin. On an underlying basis, including normalising for the decline in net interest margin, the cost-income ratio improved one percentage point to 44% due to lower costs.

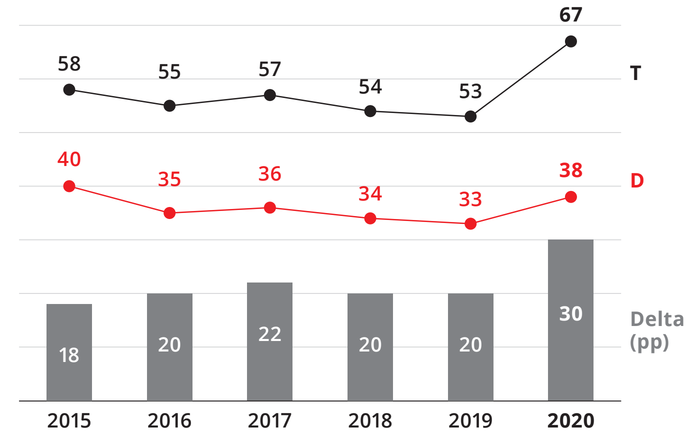
2020 income



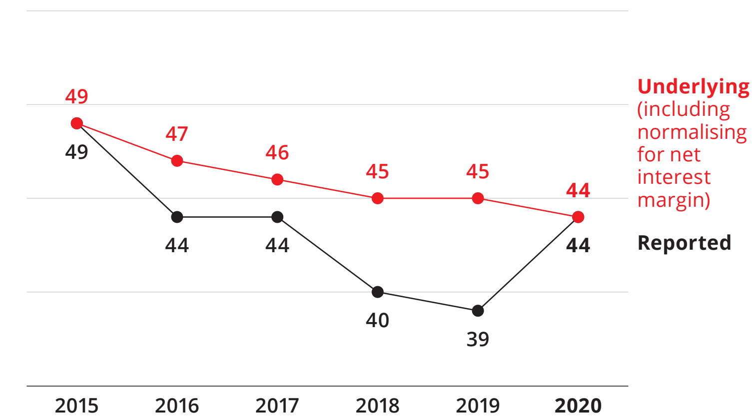
- The overall consumer and SME business in Singapore and Hong Kong contributed **38% of Group income**, down from 46% in 2019 due to decline in income mainly driven by a reduction in net interest margin (NIM)
- Digital segment continues to be material, with **increasing share** of customers, income and operating profit
- Digital segment continues to be valuable with **sustained higher income per customer, lower cost-income ratio and higher ROE compared** to Traditional segment

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

Digital (D) vs Traditional (T)
Reported cost-income ratio



Reported vs underlying cost-income ratio



(B) Business unit performance

Resilient business momentum offset the impact of lower interest rates across the various business units.

Consumer Banking/ Wealth Management total income declined 8% to SGD 5.77 billion. The impact of lower interest rates as well as lower bancassurance and cards fees were moderated by higher income from loan and deposit growth and wealth management sales. Expenses were stable at SGD 3.29 billion. Total allowances almost doubled to SGD 456 million from higher general and specific allowances.

Institutional Banking income declined 5% to SGD 5.75 billion as the impact of lower interest rates more than offset higher income from loans and treasury customer flows. Expenses were stable at SGD 1.99 billion. Total allowances increased to SGD 1.49 billion due to higher general and specific allowances.

Treasury Markets income increased 54% to SGD 1.44 billion due to higher contributions from interest rate, equity, foreign exchange and credit activities. Expenses rose 3% to SGD 634 million.

The Others segment encompasses the results of corporate decisions that are not attributed to business segments as well as the contribution of LVB as its activities have not been aligned with the Group's segment definitions. The 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 33% to SGD 1.64 billion as higher gains on investment securities more than offset lower net interest income from the deployment of shareholders' funds. Total allowances amounted to SGD 1.11 billion as higher general allowances were conservatively set aside.

(SGD million)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others	Total
Year 2020					
Net interest income	3,339	3,995	840	902	9,076
Net fee and commission income	1,869	1,160	-	29	3,058
Other non-interest income	559	590	596	713	2,458
Total income	**5,767**	**5,745**	**1,436**	**1,644**	**14,592**
Expenses	3,288	1,987	634	249	6,158
Total allowances	456	1,485	14	1,111	3,066
Profit before tax	**2,023**	**2,273**	**788**	**284**	**5,368**
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**

(C) Net interest income

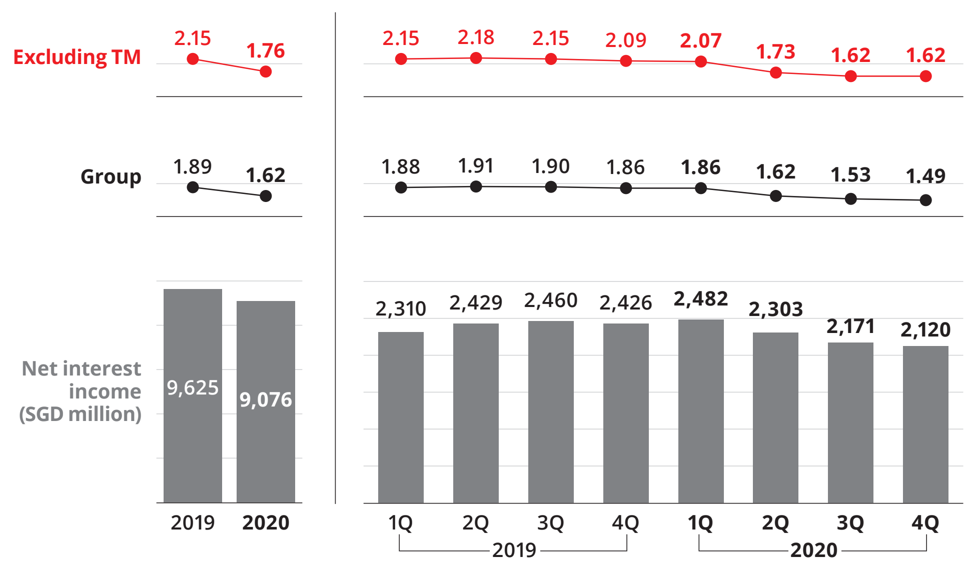
Net interest income declined 6% to SGD 9.08 billion.

Net interest margin fell 27 basis points to 1.62%. Benchmark interest rates used for pricing loans declined as central banks aggressively cut them. Most of the margin pressure occurred in the second and third quarters.

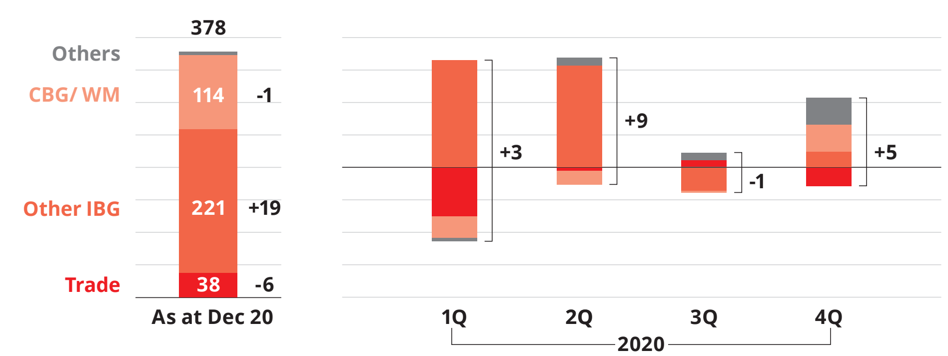
In constant-currency terms, gross loans rose 4% or SGD 16 billion to SGD 378 billion, including SGD 2 billion from LVB. The increase was led by a 9% or SGD 19 billion increase in non-trade corporate loans led by Singapore and Hong Kong customers. Trade loans fell 13% or SGD 6 billion. Consumer loans were little changed as housing loans were stable.

In constant-currency terms, deposits rose by a record 15% or SGD 61 billion to SGD 465 billion, including SGD 3 billion from LVB. Casa deposits grew SGD 99 billion, enabling more expensive fixed deposits to be let go. As a result, the Casa mix rose from 59% to 73%. Our market share of total SGD deposits increased three percentage points to 27% as our share of current deposits grew five percentage points to 21% while our share of savings deposits was maintained at 52%.

Net interest margin (%)

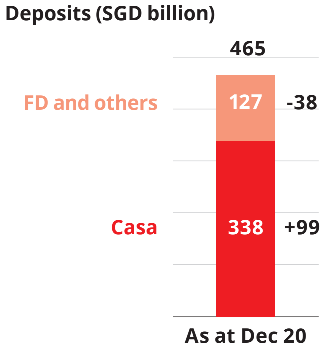


Gross loans (SGD billion)



Others includes SGD 2 billion from Lakshmi Vilas Bank

Deposits (SGD billion)



	2019	2020
Ratios (%)		
Casa/ total deposits	59	**73**
LDR	89	**80**
LCR	136	**136**
NSFR	110	**125**

(D) Non-interest income

Net fee income was little changed at SGD 3.06 billion.

Wealth management fees grew 11% to a record SGD 1.43 billion, with the first and third quarters being the two highest on record. Demand for investment products increased with healthy risk appetite in the first quarter and improved market sentiment in a low interest rate environment in the second half. Brokerage commissions increased 31% to SGD 149 million with higher stock market volumes and new digital account openings. Loan-related fees were 2% higher at SGD 417 million.

Fee income

(SGD million)	2020	2019	YoY%
Brokerage	**149**	114	31
Investment banking	**148**	213	(31)
Transaction services	**746**	760	(2)
Loan-related	**417**	407	2
Cards	**641**	790	(19)
Wealth management	**1,432**	1,290	11
Fee and commission income	**3,533**	3,574	(1)
Less: Fee and commission expense	**475**	522	(9)
Total net fee and commission income	**3,058**	3,052	-

These increases were offset by lower card and investment banking fees. Card fees fell 19% to SGD 641 million as they bottomed in the second quarter with a 34% decline from the year-ago period and progressively recovered in the second half. Investment banking fees were 31% lower at SGD 148 million as record fixed income fees were more than offset by a fall in equity capital market activity. Transaction service fees were stable at SGD 746 million.

Other non-interest income rose 32% to a record SGD 2.46 billion. Investment gains tripled to SGD 963 million as bond portfolios performed strongly with falling rates. Trading income was SGD 1.41 billion, the second highest on record, as treasury customer income rose to a new high.

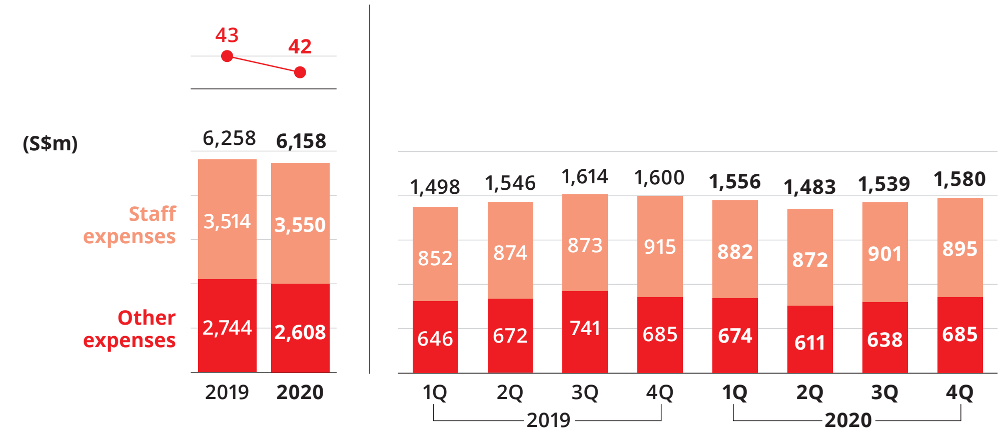
Other non-interest income

(SGD million)	2020	2019	YoY%
Net trading income	**1,405**	1,459	(4)
Net income from investment securities	**963**	334	>100
Others (include rental income, share of profits of associates, and gain on fixed assets)	**90**	74	22
Total	**2,458**	1,867	32

(E) Expenses

Expenses were 2% lower at SGD 6.16 billion as spending on general expenses such as for travel and advertising declined. Staff costs were little changed with an increase in base salaries due to a higher headcount offset by lower bonus accruals and by government grants. The cost-income ratio improved one percentage point to 42%.

Cost/ income (%)



(F) Asset quality and allowances

New non-performing asset formation increased as the number of defaults rose across the region with the economic slowdown. After recoveries and write-offs, NPA increased 16% to SGD 6.69 billion and the NPL rate rose slightly to 1.6%, which was within the range of recent years. Specific allowances nearly doubled to SGD 1.35 billion or 31 basis points of loans.

We took a conservative approach and front-loaded the two-year estimated credit costs by taking general allowances of SGD 1.71 billion in 2020. As a result, general allowance reserves increased 72% to SGD 4.31 billion, 42% above the MAS minimum requirement. The reserves also exceeded the maximum amount eligible for consideration as Tier 2 capital by SGD 1.5 billion.

Total allowances more than quadrupled to SGD 3.07 billion, exceeding the low-end of the SGD 3 billion-5 billion range. Total allowance reserves increased 46% to SGD 7.33 billion and the allowance coverage was at 110% and at 206% after considering collateral.

(SGD million)	2020	2019
NPAs at start of period	**5,773**	**5,684**
IBG and others	**792**	**118**
New NPAs	1,945	1,221
Upgrades, settlements and recoveries	(580)	(413)
Write-offs	(573)	(690)
CBG/ WM	**(24)**	**22**
Translation	**(67)**	**(51)**
NPAs at end of period	**6,474**	**5,773**
Lakshmi Vilas Bank	**212**	**-**
Total NPAs	**6,686**	**5,773**
NPL ratio (%)	1.6	1.5
SP/ loans (bp)	31	20
Cumulative general and specific allowances as % of:		
NPA	110	94
Unsecured NPA	206	191

Our 2020 priorities

We use a balanced scorecard approach to measure how successfully we are 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 progress in customer satisfaction, depth of customer relationships and strength of brand positioning.

Read more about this on pages 27 and 28.

Employees

Position DBS as employer of choice

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

Read more about this on page 29.

Acquire

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

Read more about this on page 29.

Transact

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

Read more about this on page 30.

Engage

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

Read more about this on page 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 page 31.

Reimagining customer experiences

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

Read more about this on page 31.

Areas of focus (40%)

Building a developmental and growth mindset

Embed a culture of continuous learning and growth to equip our employees with the ability to make data-driven decisions and drive innovation within the bank.

Read more about this on page 32.

Becoming a technology company

Industrialise our data capabilities to drive innovation and leverage our digital capabilities to harness new opportunities within emerging tech trends. Scale up on innovative digital offerings that create meaningful impact on our customers' everyday lives and businesses.

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 32.

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

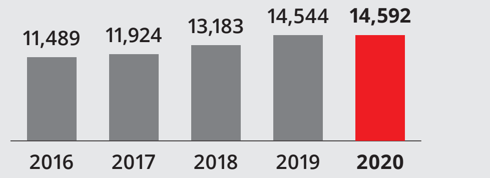
Shareholders

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

KPI/ Target: Deliver consistent income growth

Outcome: Total income was stable at SGD 14.6 billion. Net interest income was lower from a fall in net interest margin but offset by gains from investment securities. Total deposits rose significantly by 15% to SGD 465 billion, reflecting our leading savings deposit and cash management franchises enhanced by digitalisation capabilities.

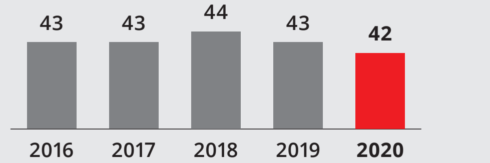
Income (SGD million)



KPI/ Target: Be cost efficient while investing for growth, with cost-income ratio improving over time

Outcome: Full-year expenses were 2% lower as costs were tightly managed. General expenses such as travel, advertising and promotions were lower. The cost-income ratio improved 1 percentage point to 42%.

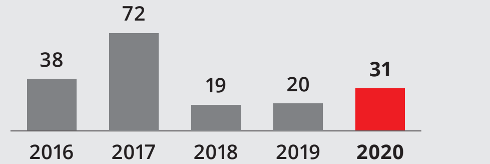
Cost/ Income (%)



KPI/ Target: Grow exposures prudently, aligned to risk appetite

Outcome: Specific allowances rose to 31 basis points of loans as new NPA formation increased with the economic slowdown. After recoveries and write-offs, the NPL ratio rose slightly to 1.6%.

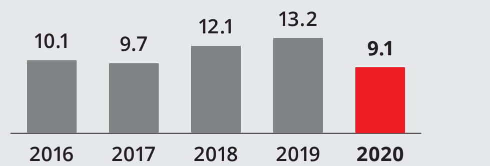
Specific allowances/ average loans (bp)



KPI/ Target: Deliver consistent return on equity (ROE)

Outcome: ROE fell to 9.1% due to a lower net interest margin and higher allowances. SGD 1.7 billion of general allowances were set aside to fortify the balance sheet against potential risks arising from the pandemic.

Return on equity (%)



Customers

KPI/ Target: Achieve broad-based increase in customer satisfaction across markets and segments

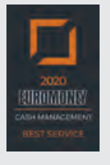
Outcome: Our overall customer engagement scores increased across all segments.

Consumer Banking improved across our core markets and we ranked top in customer experience within the finance industry for the third consecutive year in Forrester's Singapore Customer Experience Index. Improvements to our Treasures digital product offerings and Treasures relationship manager performance also drove an increase in customer engagement for Wealth Management.

For large corporates, we were named the Best Bank Globally for Cash Management customer satisfaction by Euromoney[1] for the 3rd consecutive year. In Greenwich surveys for Asian Large Corporates across 11 countries in Asia, we are the only Asian bank who has remained in the top five for market penetration.

Customer engagement score[2]

	2019	2020
CES for Wealth Management	4.19[3]	**4.22**
CES for Consumer Banking	4.27[3]	**4.31**
CES for SME Banking	4.30	**4.32**
Large Corporates market penetration ranking	4th	**4th**
CSISG[4], Finance and Insurance Sector ratings	75.1	**75.6**
CSISG, Finance and Insurance Sector rankings	2nd	**2nd**



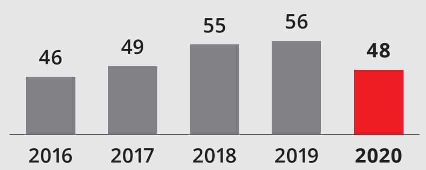
(1) The Euromoney cash management survey was conducted with over 25,000 clients participating globally
(2) Scale: 1 = worst and 5 = best Based on Customer Satisfaction Survey (CSS) conducted by Aon Hewitt, Ipsos and Qualtrics for Wealth Management; and Ipsos and Qualtrics for Consumer Banking. Based on Aon Hewitt for SME banking and Greenwich Associates for large corporates market penetration ranking
(3) Wealth Management and Consumer Banking surveys shifted from mostly telephonic surveys in 2019 to fully digital surveys in 2020. This report shows the results from only digital surveys for 2019 and 2020. For greater accuracy, market and segment weightings were applied to account for revenue contribution, customer base and strategic priorities
(4) 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

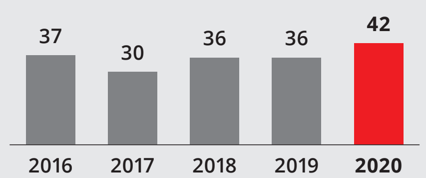
	KPI/ Target	Outcome
Customers	Deepen wallet share of individual and corporate customers	IBG non-loan income ratio fell to 48% due to deposit margin compression and lower income from investment banking activities. This was mitigated by higher income from treasury products.
		For CBG, the higher non-interest income ratio of 6 percentage points was due to a lower deposit margin. In addition, non-interest income rose due to higher wealth management investment income, moderated by lower bancassurance and cards income.
Employees	Maintain employee engagement levels	Employee engagement scores improved slightly to 84% and we maintained our ranking at the 87th percentile under the Kincentric My Voice Survey across a global benchmark. Improvements were made in the area of enabling productivity which was an area we lagged in 2019. We were also certified as Best Employer in 2020 for APAC Region, as well as in nine markets, comprising Singapore, Hong Kong, China, Indonesia, India, Taiwan, Thailand, South Korea and the UK. However, we lagged in areas of rewards and recognition, career opportunities and survey follow-up when benchmarked against Kincentric's Best Employers in Asia Pacific. These are areas that we will work on improving in the coming years.
	Provide our people with opportunities for internal mobility to enhance professional and personal growth	Due to our robust talent management practices, our internal mobility rate improved to 36.4%. We continue to enable our people to broaden their exposure across businesses, functions and markets.
	Maintain or reduce voluntary turnover	Turnover reduced significantly from 2019 with attrition being lower than the market average[5] in Singapore, Hong Kong, China, Taiwan, India and Indonesia. In Singapore and India, our low turnover continues to be best-in-class in comparison with our respective peer groups.

(5) Market comparison is for 9 months, 2020

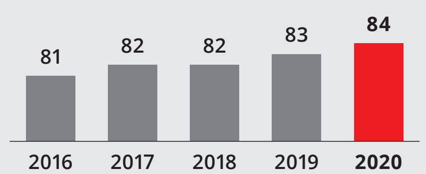
IBG non-loan income ratio (%)



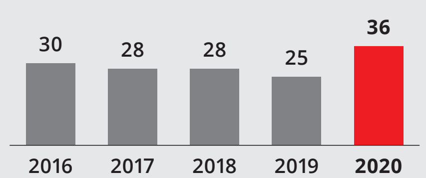
CBG non-interest income ratio (%)



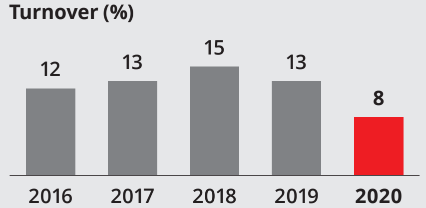
My Voice employee engagement score (%)



Mobility: positions filled internally (%)



Turnover (%)



Transform the Bank – Make Banking Joyful

	KPI/ Target	Outcome
Digital transformation	**Ecosystem** Grow meaningful ecosystem partnerships and drive outcomes	During the lockdown, our digital platforms coupled with strategic ecosystem partnerships enabled customers to continue with their everyday lives in an uninterrupted manner from the safety of their homes.

With DBS PayLah!, we dialled up on new strategic partnerships with Favepay, GooglePay, Lazada and ComfortDelGro. These strategic partnerships contributed to a significant uplift to our transaction volumes which saw a three-fold increase. We also saw a shift in customer behaviour, with more than 80% of all DBS PayLah! transactions made to businesses (including utility and bill payments), demonstrating strong customer engagement with DBS PayLah! as an everyday app.

Our existing ecosystem partnerships with e-commerce, telecommunication and loan aggregator companies in India and Indonesia continued to show promising outcomes, contributing to more than 30% of our unsecured loan volume for digibank Indonesia and almost 20% of new digital accounts for digibank India. Our DBS Property and Car Marketplaces generated more than SGD 1 billion in loans across our Singapore, Taiwan and Hong Kong markets.

For our corporate ecosystems, we focused on building quality partnerships that have the potential to create meaningful value. We saw promising results from our partnerships with accounting platforms, recording a 4% growth in customer acquisitions which contributed to a quadrupling of incremental Casa deposits from these partners.

Despite these promising results, the revenues from these ecosystem partnerships and marketplaces are still not material. We were also unable to make significant headway in our trade platform partnerships due to the pandemic lockdowns. We will double down on efforts to sharpen our focus on scaling these opportunities in the coming year.

Acquire
Increase digital acquisition of customers and grow digital channel share

Channel share of consumer products sold digitally showed good results

	2019	**2020**
Mortgage	42%	**73%**
Auto Loans	3%	**27%**
Deposits	55%	**67%**
General insurance	64%	**91%**
Cards	76%	**75%**

Digital acquisitions for deposits and loans saw improvements due to our strong online onboarding and approval journeys. As a result of global travel restrictions, we pivoted to offer customers Covid-related insurance online, thus boosting general insurance digital acquisition numbers.

Pivot to acquire quality digibank customers in India and Indonesia

digibank by DBS

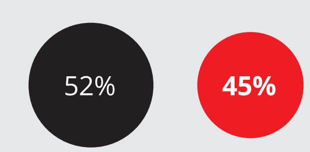
Total customers:

2019
3.25 million customers

2020
3.05 million customers

Despite the marked decline in customer acquisitions due to the pandemic lockdowns, we continued our focus on acquiring quality customers with higher balances. This led to a more than 80% increase in average balances for each new digibank India and Indonesia customer.

Digital channel share for Wealth



2019 2020

Wealth digital acquisitions were affected due to an increase in account openings by foreigners in Singapore which required additional manual Know Your Client (KYC) checks.

Digital channel share for SME account opening

2019 75%	2019 18%	2019 96%
2020 **75%**	2020 **26%**	2020 **96%**

Transform the Bank – Make Banking Joyful

	KPI/ Target	Outcome
Digital transformation	**Transact** Measure the progress made in eliminating paper and driving automation to deliver instant fulfilment	We were able to meet increased customer demands for online transactions with our seamless and convenient digital offerings for investments, trade and payments. We capitalised on the increase in investment activity during lockdowns with our improved personalised user interface and the integration of NAV Planner into our DBS digibank app. We saw a significant uplift in investment-related online transactions, with equity and unit trust investments increasing more than two times. Leveraging our digital cash and trade contactless solutions, we enabled our corporate customers to continue with their business functions in a stable and safe manner. Our contactless payment solution for merchants, DBS MAX, saw our total digital collections across Singapore, India and Hong Kong quadrupling. Our RAPID API call volumes for trade and cash management services increased five-fold. We continued to drive automation in selected retail and corporate processes by improving our straight-through processing and delivering instant fulfilment to our customers. Despite an overall reduction in operations headcount, we were still able to meet an increase in online transaction volumes. Nonetheless, there remains some last mile automation gaps to be filled to achieve full end to end straight-through processing for all relevant processes. We will continue to work on achieving this target to improve operational efficiencies.
	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	Throughout the year, we maintained active engagement of our stakeholders with enhanced content and contextualised marketing. Our Sparks mini-series Season 2, based on true stories of social enterprises supported by DBS, has attracted more than 270 million views to date and generated 40% more visits to our DBS home page in 2020. We experimented with an interactive virtual Asian Insights Conference, which garnered over 180,000 online views of our on-demand conference content. We further leveraged on data analytics to improve on the richness of our Asian Insights content and tailored them in accordance with our customers' preferences. These improvements drove a two-fold increase in customer traffic across all digital channels.

Transform the Bank – Make Banking Joyful

	KPI/ Target	Outcome
Digital Value Capture (DVC) (Consumer and SME in Singapore and Hong Kong, which account for 38% of Group income)	Continue to grow the number of Digital customers	The number of digital customers[6] increased by 11% from 3.3 million in 2019 to 3.7 million. The proportion of digital customers increased to 57% from 52% in 2019, with digital adoption from the traditional segment accelerating during the pandemic. *(6) A digital customer has either (within the past 12 months): (i) made a product purchase or segment upgrade via a digital channel; (ii) conducted more than 50% of financial transactions via digital channels; or (iii) conducted more than 50% of non-financial transactions via digital channels*
	Increase income from digital customers	Income earned from a typical digital customer continued to be more than twice that from a typical traditional customer. The share of income from the digital customer segment increased by 6 percentage points to 78% from 72% in 2019. While the Consumer and SME segment saw a decline in income mainly driven by a reduction in net interest margin (NIM), digital customers on average continued to fare better than traditional customers due to more diversified product holdings and higher transactions with the bank.
	Drive DVC cost-income ratio improvement	Digital customers continued to be more efficient than traditional customers. The cost-income ratio differential between digital and traditional customers widened to 30 percentage points from 20 percentage points in 2019. Traditional customers saw a steeper income decline predominantly due to a reduction in net interest margin (NIM) while the effect for digital customers was offset by income from investment and other products. The reported cost-income ratio increased by 5 percentage points to 44% as income declined in a challenging NIM environment while costs were carefully managed. On an underlying basis, the overall cost-income ratio improved 1 percentage point as a result of lower cost.
Journeys	Deliver differentiated Customer Experience	Harnessing our strengths in digital leadership and data, we made meaningful improvements to existing banking journeys and offered new creative financial planning solutions to our customers. We enhanced our digital retail account opening process by reducing the number of clicks required to open an account from 27 to 15 clicks. With an account opening time of three minutes, this process is currently the fastest in the industry in Singapore. Further, the number of SME accounts opened via our virtual relationship manager channel has grown to over 50%. As part of our aim to improve trade financing solutions, we improved the onboarding journeys for our suppliers, reducing the turnaround time by 75%. This significantly increased our supplier acquisition by more than six-fold. In our drive to democratise wealth, we launched NAV Planner in Singapore, an intuitive financial tool that has delivered more than 30 million hyper-personalised insights to our customers using AI and predictive analytics. These insights empower our customers to track, protect and grow their assets better, with over 150,000 financial planning actions taken on our digibank and iWealth platforms. We will be launching these capabilities to selected core markets. Due to resource reprioritisation and unfavourable market conditions, some of our planned journey improvements were deliberately placed on hold. We aim to deliver these journeys in the coming years.

Selected Areas of Focus

	KPI/ Target	Outcome
Building a developmental and growth mindset	Drive a learning and developmental organisation, build great teams and improve employee experience	We believe a culture of feedback will empower our employees and help them to learn and grow. The online feedback tool that we launched late 2019 has garnered more than 50,000 points of feedback across all ranks in 2020. More than 50% of the feedback garnered were unsolicited, thus showing strong momentum in creating an active feedback culture. As part of our plans to build great leaders and great teams, we implemented T-Sprints, a series of team leadership workshops, for 50 leadership teams across the bank in 2020. To embed a culture of learning and growth, we built and refined our learning platforms and tools to encourage our employees to upskill conveniently. We pivoted rapidly during lockdowns, converting 200 of our learning programmes online and organising virtual learning festivals to encourage learning and upskilling. We also introduced an in-house job matching tool to help employees identify opportunities within the bank and provide recommendations on new learning areas to equip these employees for their new roles. We will continue to dial up on meaningful initiatives and programmes to upskill and transform our workforce to adapt to future challenges.
Becoming a Technology Company	Industrialise our data capabilities to drive innovation and leverage our digital capabilities to harness new opportunities within emerging tech trends. Scale up on innovative digital offerings that create meaningful impact on our customers' everyday lives and businesses	Since we started on our journey to be digital to the core several years ago, we have strengthened our data platforms with increased automation, improved data discovery and reusability of analytical tools. We also introduced data-driven operating models into our management processes which incorporate data ingestion, access and analytics protocols, thus enabling us to scale our data capabilities in a coordinated and structured manner. We remain mindful of our responsibilities to ensure proper governance around the ethical use of data and have integrated our PURE[(7)] data governance framework into our management processes. We remain the only bank in Singapore to be certified with Singapore Infocomm Media Development Authority's (IMDA) Data Protection Trustmark[(8)]. We made good progress in enhancing our engineering capabilities to drive responses to emerging technology trends and experimenting on relevant use cases. At the end of 2020, we launched DBS Digital Exchange - the world's first cryptocurrency exchange backed by a bank. Whilst we have made strong progress in becoming a technology company, the pandemic has supercharged the rate of digitalisation across all segments and industries. To stay ahead on the trends and continue providing differentiated customer experiences, we will continue to drive innovation efforts and accelerate enhancements to our digital infrastructure and upskilling of employees. ***Read more about this in the Letter from the Chairman and CEO on pages 8 to 11, and in the CIO statement on pages 36 and 37.*** *(7) Purposeful, Unsurprising, Respectful and Explainable* *(8) As at 31 January 2021*
Scaling our Businesses	Scale and drive value across the Group with strategic expansions and segment strategies	Our digibank performances in Hong Kong, India and Indonesia were impacted by the pandemic lockdowns as well as a deliberate slowdown in our consumer finance business due to the negative economic outlook. We sharpened our focus on cost management and the emerging affluent segment in Indonesia and India. Our SME strategy delivered mixed results with good expense discipline across all growth markets. While our markets in India and China performed well, with strong overall revenue growth averaging around 25% over 2019, markets in Singapore, Taiwan and Hong Kong saw a decrease in overall revenue. We continued to build a meaningful presence in our large Asian markets. In India, our wholly owned subsidiary (WOS) business became profitable since its launch in 2019, driven by strong business performance in seven WOS branches. Lakshmi Vilas Bank was amalgamated with DBS India in November 2020 as a bolt-on complementing our digibank strategy. Despite continued geopolitical uncertainties and an escalating trade war, we managed to scale our Greater Bay Area (GBA) business, differentiating ourselves through innovative digital financing programs with platform partners like JD Logistics and Haier. We also made good progress in setting up our Securities Joint Venture (SJV) in China which will create new opportunities to build out our capital markets business. ***Read more about this in the Letter from the Chairman and CEO on pages 8 to 11, Head of Institutional Banking Statement on pages 38 and 39, Head of Consumer Banking/ Wealth Management Statement on pages 40 and 41.***

Selected Areas of Focus

	KPI/ Target	Outcome
Building a Sustainable Franchise	Strengthen our risk and compliance framework and drive efforts in responsible banking, responsible business practices and creating social impact	We continued to strengthen our risk monitoring and credit assessment capabilities, with our compliance team developing a dynamic risk assessment tool powered by AI and machine learning to improve the efficacy and effectiveness of transaction monitoring. We further improved our credit underwriting capabilities by implementing an automated tool that performs financial projections on corporates within an hour and automating key industry news alerts that could have an impact on our portfolios onto a dashboard. In 2020, we made significant progress across our three sustainability pillars of responsible banking, responsible business practices and creating social impact. We published the world's first transition finance taxonomy to help guide our clients on adapting and building resilience to climate change and resource scarcity. We were also the first Singapore bank to offer transition financing to help high-carbon companies implement long-term changes to become greener. We increased our sustainable financing[(9)] by more than 80% with 50 sustainability financing deals amounting to SGD 9.6 billion. While we are making good progress on our sustainable financing offerings to our corporate customers, more remains to be done in improving retail offerings which we will work on in the coming years. As part of our renewable energy strategy, we installed solar panels on three additional branches in India, Singapore and Indonesia which are expected to replace a material proportion of their energy consumption. We will continue to harness renewable energy to reduce our carbon footprint. We also championed a new Zero Food Waste campaign, reducing more than 200,000 kg of food waste through raising awareness on this issue and redistributing excess food that would have been wasted. Our employees pivoted to virtual volunteering, including assisting social enterprises with their businesses through skill-based volunteering, achieving close to 57,000 employee volunteerism hours in 2020. Throughout the tumultuous year of the pandemic, we spared no effort in supporting our stakeholders. In addition to providing much needed cash flow support to our customers, we extended zero interest loans and grants to social enterprises supported by DBS Foundation. We also raised monies both internally and externally under our "DBS Stronger Together Fund", which were used to provide meals and care packs to 4.5 million affected individuals across our core markets. In India and Indonesia, we donated over 28,000 diagnostic test kits, ventilators and protective gear to healthcare establishments. Our efforts to be a champion of purpose have been recognised by several publications, including Euromoney, Asiamoney and Greenwich Associates[(10)]. ***Read more about this in our Sustainability Report.*** *(9) 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 loans: Loans made to finance renewable and clean energy projects such as solar, wind and others* *(10) Euromoney: Best Bank for Corporate Responsibility, Excellence in Leadership in Asia (during Covid-19 pandemic), Asiamoney: Best Bank for Corporate Responsibility (Singapore), Greenwich Associates: Most Distinctive in Helping to Mitigate Impact of Covid-19 (Asia)*

CRO statement

"While asset quality remained healthy, given an uneven path for global economic recovery ahead, we remain cautious of the potential impact on our portfolio. We continue to leverage technology to tackle 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. This year, Covid-19 unexpectedly ranked top of the list, and we took steps to manage the credit, liquidity, and operational risks arising from it. In addition to the pandemic, we focused our attention on (i) Environmental, social and governance (ESG) risks, (ii) Financial crime risk, (iii) Data governance risk and (iv) Cyber security and data protection.

Credit risk and portfolio management

In 2020, we saw economic growth stalling unexpectedly with the outbreak of Covid-19. The resulting lockdowns in multiple countries caused supply chain disruption and global demand contraction.

We conducted extensive thematic portfolio reviews on the impact of the global pandemic. Our initial portfolio reviews were geographically focused, covering Greater China and Singapore. As the pandemic quickly spread across the world, the subsequent reviews adopted an industry focus, which included highly impacted industries such as oil and gas, aviation, hotels, retail, food and beverage. From the various reviews conducted, our overall portfolio was assessed to be resilient with relevant risk mitigation strategies in place.

The nature of our exposure to the oil and gas segment has changed in recent years and the bulk of our current exposure is to investment-grade producers and processors, comprising mainly oil majors and state-owned companies. In addition, we have scaled back and been disciplined with our oil traders' exposure over the years. However, we recognised a major non-performing loan during the first quarter of the year. Our portfolio is generally assessed to be stable. Lately, the oil price has recovered to above USD 50 per barrel, which is higher than our stress testing assumption.

The majority of our aviation portfolio is to national flag carriers, global aircraft leasing companies as well as leasing companies affiliated to large banks. While the credit quality of our aviation portfolio remains satisfactory, we will continue to monitor the portfolio closely, which is dependent on the containment of the Covid-19 situation and resumption of travel.

Due to volatile commodity prices and heightened fraud risk, key industry players came together to establish a code of best practices for commodity financing. The code was announced by the Association of Banks in Singapore (ABS) in November 2020. DBS remains active in trade finance, and we view the establishment of the code as a major positive development to support the financing of commodity players.

Overall, our corporate and institutional banking portfolio is diversified across industry and business segments, with approximately 75% to investment-grade borrowers.

The small and medium-sized enterprise (SME) segment is expected to be more vulnerable during the downturn. Most of our SME exposure is in Singapore and Hong Kong, and is predominantly secured against properties with prudent loan-to-value (LTV). Our growth in loans to the SMEs in 2020 is mainly attributed to relief loans to the Singapore SMEs which are 90% secured by the Singapore government.

Our residential mortgages are also primarily in Singapore and Hong Kong. The majority of our exposure is for owner occupation. Overall, our housing mortgages are mostly well secured with relatively low LTVs. Unsecured consumer credit loans constitute less than 2% of the bank's total loan exposure. With unemployment likely to rise, we expect some deterioration in our portfolio, but overall credit quality should remain healthy.

We continue to watch the macroeconomic developments closely as the global pandemic situation evolves.

The mainland China economy has rebounded after the steep contraction during the first quarter of the year. The Covid-19 situation also appears to be under control in Singapore, Hong Kong and Taiwan. Our exposure to these locations constitutes more than 80% of our total corporate and institutional banking portfolio, and we have been proactive in managing our risk. In Indonesia and India, our portfolios comprise largely lending to large corporates, and remain resilient amid the Covid-19 environment. Nevertheless, given that the pandemic still affects the European and US markets, and coupled with resurgence risk, the global economic activity is not expected to return to pre-pandemic levels in the near term. Tensions between the US and China as well as the de-coupling of the supply chain across the world are also likely to persist.

Given the ongoing macroeconomic challenges, we will continue to exercise prudence in our client selection and credit underwriting criteria, as well as closely monitor our portfolio.

We continue to enhance our credit underwriting capabilities leveraging traditional and non-traditional data sources, and through ecosystem partnerships. In 2020, we experimented with new credit underwriting models for the Singapore SME segment. We also furthered our collaboration with ecosystem partners in markets such as India, Indonesia, and China to enable lending to the underserved consumer segment.

We continued our multi-year credit architecture programme (CAP) journey which includes putting in place a robust credit risk data infrastructure and workflow management system, underpinned by modern technology architecture to support our Institutional Banking Group (IBG). By the end of 2020, we had launched the core modules of CAP in most of our locations. In addition, the Credit E-Memo, a key module of CAP, was one of the 12 winners among 40 finalists in the Monetary Authority of Singapore (MAS) FinTech Awards 2020. The award is a testament to our goals towards reimagining credit.

Managing liquidity risks during increased market volatility due to Covid-19

With the outbreak of Covid-19 globally, the US dollar wholesale funding market froze in March 2020. As a precautionary measure, we took early action to increase customer deposits to further strengthen our funding liquidity profile. Subsequently, from April 2020, central banks' actions to assure wholesale market liquidity led to a more benign funding environment. Our liquidity profile remains well-diversified with multiple avenues to access further wholesale funding and customer deposits whenever necessary.

Managing operational risks amidst Covid-19 disruptions

When remote working arrangements were activated during the pandemic, we developed new processes or revised existing processes to ensure that the bank's operations were not disrupted. Key operational risks were identified, assessed and mitigated or residual risks accepted according to the established governance process. In addition, we worked with our material outsourced service providers to ensure service delivery was not adversely impacted.

The experience and learnings from managing operational risks during the pandemic accelerated our digital transformation and enhanced controls in the digital solutions offered to our customers and employees. We also successfully mitigated the cyber security and data protection risks associated with remote working (Refer to "Cyber security and data protection").

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

In 2020, we added a new ESG sector guide for the apparel, footwear and textile industry.

With the issuance of the Environmental Risk Management Guidelines for Financial Institutions by the MAS, we spearheaded the development of a handbook, which forms the basis for industry-wide training to build capacity and capability.

In July 2020, we launched the Sustainable and Transition Finance Framework and Taxonomy, to guide our business originations and advisory efforts in this area. We concluded 50 transactions covering sustainability-linked loans, renewable financing and other green loans, amounting to SGD 9.6 billion.

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

Financial crime risk

Leveraging technology and data analytics, substantial progress was made to enhance our systems to further mitigate financial crime risk. Over the years, we heightened our risk surveillance at various levels. We used artificial intelligence at the transaction level, dynamic analytical reviews at the customer level, and macro analysis of fund flows at the country level. We also continued to focus on public-private sector collaboration, developing a platform for risk information sharing between financial institutions and law enforcement agencies.

Data governance risk

We recognise that responsible practices around data governance are key for customer and stakeholder trust. We continue to develop our data governance framework along three prisms. Firstly, a baseline prism encompassing data lineage, data quality, and legal and regulatory compliance. Secondly, an ethical prism – PURE (Purposeful, Unsurprising, Respectful and Explainable) – for the responsible use of data. And thirdly, a model governance covering regulated and artificial intelligence models and their performance over time.

Cyber security and data protection

As the bank adopts work from home measures, we expedited the implementation of our cyber security initiatives to mitigate potential incremental security threats from possible security risk exposures. We reinforced and scaled up the internal environment to ensure the network is secured and healthy for staff working remotely. Cyber security subject matter experts were further engaged to validate our control environment and key processes to provide assurance on our cyber security programme and controls. Along with our digital transformation, we continue to invest in innovative security controls. We also believe that people are integral to overall cyber defence and further enhanced our staff security awareness through training.

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

Tan Teck Long
Chief Risk Officer
DBS Group Holdings

2021 Focus Areas

- Further refine and streamline end-to-end credit processes across all markets
- Enhance our existing credit underwriting capabilities
- Mitigate financial crime risk
- Further deepen our credit and portfolio management capabilities
- Continue to strengthen our multi-layered cyber security defence

CIO statement

"We could respond nimbly to the crisis because of the technology investments we made over the years. We will accelerate our technology transformation efforts to pull further ahead with our digital advantage to better serve our customers."

At the start of 2020, few could have foreseen the turmoil that the Covid-19 pandemic would create. The silver lining to this is that our digital transformation investments over the last eight years helped position us well to face the crisis. Our digital readiness enabled us to support our customers, employees and the wider community.

Taking on a pandemic

The pandemic tested the readiness of both the 'hardware' and 'heartware' of organisations. We could respond nimbly because of our modern technology stack, enterprise adoption of Agile, and two-in-a-box platform-based organisational structure (where Business and Technology groups work together as equal partners).

For our employees, our early adoption of Cloud and our Mobility First strategy was a boon when we transited to home-based working arrangements. Over 90% of our workforce were already using laptops. Owing to our flexible private cloud infrastructure, and ability to increase the Virtual Private Network (VPN) and Virtual Desktop Infrastructure (VDI) capacity at short notice, we pivoted quickly with almost no loss of productivity. We achieved a first in managing production continuity with 100% of our developers working from home.

To enable our employees to work securely from home, our security controls were as stringent as the controls for our customers with our "Inside is the New Outside" strategy. Advanced security solutions such as web isolation and content sanitation enabled us to scale up our infrastructure safely and securely. We further heightened our security monitoring and staff awareness with CYBRFIT, a gamified campaign, and ongoing phishing exercises.

To enhance the safety of our employees at the workplace, we used our data infrastructure, analytics capabilities and reusable library of Artificial Intelligence (AI)/ Machine Learning (ML) models to develop a contact-tracing app for employees in just three days. The data analytics also allowed us to monitor the density of people in our workplace and ensure adherence to safe distancing measures.

For our customers, we worked closely with the Singapore government to fast-track relief measures. To allay our customers' anxiety, we configured chatbots to guide them in applying for Covid-19 relief measures during Singapore's circuit breaker period. We also accelerated the rollout of DBS DigiDocs to enable corporate customers in Singapore, Hong Kong, Taiwan and China to initiate transactions and submit supporting documents digitally.

To better support migrant workers during the pandemic, cross-functional teams helped them adopt digital banking solutions such as DBS digibank and POSB Jolly. This availed them with uninterrupted access to banking services while they were in quarantine, ensuring they could remit funds back home. Additionally, the teams also ensured Automated Teller Machines (ATMs) were replenished at the dormitories for migrant workers to fulfil their cash needs.

Pressing on with our technology transformation

Amid a challenging landscape, we rearchitected our backend and middleware layers in five key areas: Cloud, Blockchain, Data Analytics, AI/ ML and Site Reliability Engineering (SRE). This readiness served us well in 2020 and we will continue to build on efforts in these areas.

Cloud

We made further progress on our Virtual Private Cloud infrastructure by moving to a hybrid multi-cloud infrastructure. This layer of abstraction and moving towards containerisation enabled greater agility, reduction of infrastructure costs and improvements in resiliency and scalability of apps.

Blockchain

DBS will leverage blockchain technology to provide an ecosystem for fundraising through asset tokenisation and secondary trading of digital assets through the DBS Digital Exchange. Our Institutional Investors and Accredited Investors can now tap into a fully integrated tokenisation, trading and custody ecosystem for digital assets, including services around Security Token Offerings, Digital Currency Exchange, and Digital Custody.

Data Analytics

Our stable and scalable data infrastructure, ADA (Advancing DBS with AI), can handle high volumes of data. We have created a library of reusable assets for AI/ ML models and analytics to reduce time and effort in delivering ML deployment and shortening the deployment lifecycle. This elevates us towards customer-driven investment recommendations and hyper-personalised banking.

Our AI/ ML capabilities drive our chatbot technology. Powered by Natural Language Processing capabilities, our chatbot went bilingual with English and Traditional Chinese in 2020, making it more accessible to customers in Hong Kong. Chatbot usage volume increased from 350,000 to 400,000 unique conversations, with 82% of requests self-fulfilled by customers. Looking ahead, we plan to use sentiment analysis by integrating text, voice and video data to enhance our conversational chatbot capability.

SRE

Our systems and applications proved to be resilient, reliable and scalable, even as traffic volumes and application deployments surged during the pandemic due to accelerated digital adoption. We improved on our controls, with close to 100 key applications being SRE-certified and 4,000 employees upskilled in SRE practices.

We implemented predictive analytics through machine learning to aid automating capacity planning for critical systems. ML also improved traceability, detection and recovery capability through quicker identification of bottlenecks in our customer journeys. In 2021, we will focus on SRE-driven auto error remediation, predictive chaos testing and capacity management.

Opening a realm of possibilities with future technologies

5G and other emerging technologies will play an outsized role in a post-pandemic world. The bank's "innovation radar" is based on nine Big Themes, a set of disruptive trends and technologies that includes blockchain, AI and multi-cloud adoption, which create an ecosystem for constant innovation.

In preparation for the 5G era, we conducted end-to-end tests of our contactless ATM and Video Teller Machine (VTM). The 5G contactless ATM combines different technologies that eliminates the need for physical cables and can be placed anywhere. With contactless VTMs, our customers can be authenticated via facial verification using biometric data, instead of an ATM card or pin number.

Another key building block is transforming our Operations to benefit customers and employees. With the OPPR (Operations Processes and Platform Re-engineering) programme, we accelerated our process automation to enable Straight-Through-Processing capability with 8% productivity saves year-on-year. This enabled us to support increased processing volumes with the same staff strength over the last five years.

Moving forward, this will accelerate the delivery of an omni-digital experience to pre-empt and pro-actively service customer needs. We can better manage risk by improving operational resiliency, through establishing a data-driven operating model in Operations across all functions and locations. This will safeguard our operations staff's security regardless whether they are working remotely or in the office.

Building our timber

With our aggressive inroads into digitisation, our workforce needs to remain skilled and nimble. Our three-pronged approach is to: (1) build our own tech DNA and capabilities; (2) be the employer of choice for top tech talent; and (3) upskill and reskill employees to be future-ready.

In January 2021, we launched our in-house digital training Future Tech Academy to keep our technology workforce updated with cutting-edge skills, including SRE, data processing and analytics and application security. Over 18,000 employees have been trained in our ADA curriculum, with over 2,000 upskilled in areas such as data science and business intelligence. We enhanced our cloud curriculum, in partnership with tech giants such as Amazon Web Services (AWS), Google and VMware, providing more learning opportunities.

Besides building our own capabilities, DBS hires talents from a gamut of companies including tech firms, e-commerce and fintech. We also extended our reach to help young professionals and graduates secure fulfilling jobs during these challenging times. Close to 1,000 hires and traineeships were made through partner programmes such as the Technology in Finance Immersion Programme (TFIP), TechSkills Accelerator (TeSA) and the Skill Enhancement Education and Development (SEED) programme.

Technology has already created many exciting roles within DBS, such as chatbot coaches and machine learning architects. We encourage our employees to keep upskilling to stay future-ready. An example is the AWS DeepRacer, a gamified learning platform in partnership with AWS, where over 3,000 employees familiarised themselves with AI/ ML.

Technology for a better world

We used this watershed year as an opportunity to promote diversity and inclusion in our talent pool, drive cybersecurity education in the larger community, and dial up our sustainability agenda.

First, having a diverse workforce can only make us stronger. To attract more female tech talents, we emphasised diversity hiring through the DBS Women in Tech and "EquAlly – Be an Ally" campaigns. The former, a virtual event to hire top female talents into Technology, attracted over 500 applications from 16 countries.

Our drive to promote greater diversity in our workforce dovetails with our aim of giving working parents more flexibility. With 5G as a key enabler, technology will make it possible to help the homebound stay employed with job sharing opportunities.

Second, we are leveraging our skills to benefit the community through Corporate Social Responsibility (CSR) efforts. For instance, we actively promoted awareness of cyberattacks through our #CyberWellness initiative, helping 668 staff members in 15 charities through e-learning.

Last, but not least, we dialled up our sustainability agenda, increasing our solar production capacity by over 50% through three new regional solar installations, bringing us closer to our RE100 aspiration of using 100% renewable energy in Singapore by 2030.

We are primed to build back better and stronger while delivering a differentiated customer experience. And together, we will create a more resilient and better future for all of us.

Jimmy Ng
Chief Information Officer
DBS Group Holdings

2021 Focus Areas

- Accelerate our hybrid multi-cloud infrastructure transformation, 5G, AR/ VR/ MR, IoT and Blockchain adoption
- Optimise employee journeys of production support staff and developers
- Embed data driven operating model in platforms
- Industrialise AI at scale
- Execute on Operations Processes and Platform Re-engineering (OPPR) agenda
- Embed the customised employee value proposition for technology workforce and build a future-ready workforce with our own tech DNA
- Dial up on DBS' sustainability agenda

Institutional Banking

"With every crisis comes silver linings and we will continue to look for new revenue streams and avenues of growth to create long-term value for our customers and stakeholders."

2020 overview

The year started full of promise with healthy business volumes before the weight of Covid-19 bore down upon us. Despite the pandemic and a challenging business environment underpinned by low interest rates, IBG navigated the year with resilience and closed it with strong business momentum in the fourth quarter. We delivered total income of SGD 5.75 billion.

Compared to 2019, net profit before tax fell 39% to SGD 2.27 billion, primarily due to allowances increasing three-fold. 30% of this amount was conservatively set aside as general allowances to fortify the balance sheet while 70% was for specific allowances for exposures recognised as non-performing arising from the volatile economic backdrop. Net interest income fell 7% to SGD 4 billion amid operating headwinds. Cost-income ratio was little changed at 34%.

Our early investments in digitalisation paid dividends as we were able to promulgate digital end-to-end solutions that helped customers transact and get access to financing from the comfort of their home offices. It enabled us to book revenue while providing full support to customers as the ways of doing business and working evolved.

Accelerating the rate of digital adoption for businesses

We fast-tracked key digital initiatives to help clients leverage digital channels for their day-to-day business operations. This included investments to revamp our corporate online banking platform (DBS IDEAL), digitalising customer onboarding and account provisioning (DBS DigiOnboarding), delivering QR point-of-sale and last-mile collections (DBS MAX), and deploying digital document submissions solutions (DBS DigiDocs).

We revamped SME digital onboarding processes in our six core markets, along with digital loan application functions in Singapore, Hong Kong, China, India and Taiwan. We also compressed the timeframe to bridge gaps in last-mile processes and expedited the introduction of "contact-free" digital capabilities for trade financing solutions. We were the first bank to launch real-time online tracking of cross-border collections in Asia, giving more than 240,000 businesses in Singapore and Hong Kong visibility to incoming cashflow to optimise their working capital management.

The business registered strong growth in digital adoption across our customer segments, with digital onboarding volumes for suppliers increasing more than six times, and volume of traditional customers migrating to DBS' digital banking channels tripling year-on-year (YoY). Our customers also put our digital solutions to business use as reflected by our API calls increasing more than five-fold YoY.

Powering ahead with large corporates

Our IBG 1&2 franchise which services large corporates and MNCs saw steady loans growth. Technology, e-commerce and logistics sectors did well, registering 2% income growth.

With the impending discontinuation of interest rate benchmarks such as the London Inter-bank Offered Rate (LIBOR) and Swap Offer Rate (SOR), DBS is committed to partnering our clients to achieve a smooth and seamless transition to the alternative Risk Free Benchmark Rates (RFRs). We closed more than SGD 1 billion in loans referencing the RFRs in 2020 and along the way, we broke new grounds with our clients such as the first Singapore Overnight Rate Average (SORA) club loan coupled with a cross currency swap and Singapore's first business property mortgage loan referencing SORA.

Our WMNC business was also productive and registered a 13% increase in income led by customers from the UK and Europe. The account receivables financing business grew over 40% YoY on the back of a broad mix of new and existing programmes in markets like China, Hong Kong and India.

Supporting SMEs through hard times

For the SME Business, China and India registered approximately 25% YoY increase in revenues as well as deposit growth in excess of 40% YoY.

Through the pandemic, DBS remained a trusted partner to SMEs and extended the financial support needed to weather the crisis. We partnered with governments and industry associations to avail critical working capital support to SMEs. In Singapore, DBS approved over SGD 5 billion in collateral-free loans to SMEs, with over 90% of total SME loans approved since March, for micro, small and medium-sized businesses.

With digital banks entering the market, we expect increased competition but we are confident that we have what it takes to compete effectively.

Read more about this on page 12.

SGD million	2020	2019	YoY%
Total income	**5,745**	6,073	(5)
• Corporate	**4,028**	3,943	2
• SME	**1,717**	2,130	(19)
Expenses	**1,987**	2,015	(1)
Profit before allowances	**3,758**	4,058	(7)
Allowances	**1,485**	327	>100
Profit before tax	**2,273**	3,731	(39)

Steady momentum in core markets

We executed well on our country strategies and grew revenues from India by 30% YoY driven by strong business momentum from multinational corporates. We remained focused on sharpening our Greater Bay Area strategy to capture business flows from new industries, while balancing growth with risk considerations. We gained business momentum by deeply integrating our trade and financial solutions into supply chains as well as helping Chinese companies expand overseas.

Re-energising our Treasury Markets focus

We refreshed our Treasury Markets business and grew revenues by 11% YoY. As a result, this contributed 2% more to IBG's revenues in 2020. Two new FX pricing engines in major FX hubs in London and Tokyo were also launched, enabling our clients to gain faster access to multiple liquidity pools.

Redefining the future of capital markets

Accelerating the growth of Singapore's digital assets ecosystem, DBS announced what we believe was a world first – The DBS Digital Exchange, enabling institutional clients to tap into a fully integrated tokenisation, trading and custody ecosystem for digital assets.

We continued to be in pole position in Singapore's equity space, advising and lead managing the largest number and value of equity deals on the SGX, accounting for 88.3% of the total equity proceeds from the Singapore market. We continued to play a dominant role in growing Singapore as an international financial centre for REITs and Business Trusts, contributing to 87.4% of the total equity proceeds raised from the REIT market.

DBS remained the top SGD bond house with close to SGD 5.85 billion in issuances and around 34% market share. We made headway in Asia ex-Japan G3 bond markets with issuances of close to USD 9 billion, up 8% from last year.

Upping the ante on Sustainability Financing

DBS also launched the world's first Sustainable and Transition Finance Framework and Taxonomy, by a bank, which helps clients to adapt and build resilience in the face of climate change and resource scarcity. Since 2018, DBS has closed more than 100 sustainable financing deals worth over SGD 18 billion. We ranked first in Bloomberg's Asia (ex Japan) league tables for green loans for our role as Mandated Lead Arranger (MLA) for the full year 2020.

Landmark sustainable and green financing transactions include the USD 1.11 billion dual-tranche green project bond by Star Energy Geothermal, PSA Marine's three-year EUR 30 million equivalent sustainability-linked loan and the EUR 500 million Korea Housing Finance Corporation Covid-19 social bond.

Exploring new engines of growth

Our initial digital investments are paving the way for new opportunities of growth.

One area of focus is the development of hyper-connected ecosystems. This enabled us to support the financial needs of large anchor companies as well as their suppliers, distributors and customers at different stages of the value chain, ensuring they had access to financing throughout the pandemic. Through our digital financing programmes with Haier, Huawei and JD Logistics, we were able to provide their ecosystem of suppliers and distributors access to trade financing digitally, enhancing their financial resiliency amid the crisis. We also made steady progress with other strategic partners and customers with DBS being the first Asian bank partner on AntChain's blockchain trade platform, Trusple, and was the first Singapore bank to join Contour's global ecosystem of banks and partners to drive greater efficiencies in trade. DBS together with JP Morgan and Temasek Holdings have also agreed to launch an initiative leveraging blockchain to enhance the efficiency of wholesale payments.

While our SME business in India recorded good topline revenue and deposit growth, we believe that the amalgamation of Lakshmi Vilas Bank with DBS India will also help us scale and open up new profit pools for our SME business.

Staying the course in 2021

Even as markets recover at different speeds, latest economic data point to a strong economic rebound in 2021. In addition, I'm also optimistic that asset quality will improve over the course of the year. To augment the impending recovery, we will execute on new initiatives to grow new revenue streams, particularly fee income. To protect our franchise, we continue to strengthen compliance processes, as well as embed a robust risk agenda into our business. We remain focused on differentiating DBS as a leader in sustainability financing, innovating green products and structures for IBG clients and will continue to work closely with clients on their digital transformation journeys.

With every crisis comes silver linings and we will continue to look for new revenue streams and avenues of growth to create long-term value for our customers and stakeholders.

Tan Su Shan
Institutional Banking
DBS Group Holdings

2021 Focus Areas

- Integrate environmental, social and corporate governance (ESG) considerations into a wider range of products and services, with a focus on transition finance
- Grow new revenue streams with new initiatives and a focus on fee income
- Scale and drive productivity with new digital tools internally and externally by harnessing digital tools and data analytic capabilities
- Dial up market coverage around new growth areas like digital platforms, start-up and growth companies
- Ensure a smooth IBOR transition for clients

Consumer Banking/ Wealth Management

"We believe that companies such as ours can contribute towards a more equitable world: from empowering our customers in their everyday decision-making with hyper-personalised insights, to providing more ways to give back to those in need."

2020 Overview

In a tumultuous year with near-zero interest rates, Consumer Banking/ Wealth Management achieved robust results. We doubled down on our digitalisation agenda and accelerated the completion of "last mile" initiatives. Leveraging our digital channels, we continued to deliver seamless and end-to-end services to our customers amid the pandemic. We also pivoted quickly to roll out new ways of serving our customers and introduced measures to support affected communities.

Consumer Banking/ Wealth Management remains resilient amid challenging environment

Despite headwinds in 2020, we were able to deliver sustained earnings for Consumer Banking/ Wealth Management even as we almost doubled our provisions to shore up our balance sheet against potential risks arising from the pandemic. Our total income came in at SGD 5.77 billion, a fall of 8% against last year while strong cost discipline kept our expenses flat. Net profit before tax fell 27% to SGD 2.02 billion.

Net interest income fell 17% to SGD 3.34 billion amid headwinds from the prolonged lower interest rate environment and Covid-19. Card income was impacted by a drop in retail and travel-related spending, but we were able to maintain or grow our market share across Singapore, Hong Kong, Indonesia and Taiwan. Singapore's property market transactions picked up towards the second half of the year and we maintained our leading mortgage market share. With the external environment in mind, we deliberately slowed our lending in the unsecured space and are keeping an eye on delinquencies, which have risen in Indonesia and other markets. We remain confident however, that consumer finance is the right space to be in and have built up partnerships in China and Taiwan to scale up this business in 2021.

Non-interest income rose 7% to SGD 2.43 billion as higher investment fees offset the drop in bancassurance and cards. Investments registered a record growth of 13%, hitting more than SGD 1.94 billion in income. Although bancassurance saw industry-wide impact due to safe-distancing measures, we were able to maintain our lead in market share for new business. We also introduced new general insurance solutions that better met customers' new needs, such as staycations, work-from-home offerings, and healthcare coverage for gig economy workers.

We continue to solidify our companion app proposition in Singapore, where every customer will only require two apps to access our full range of services – using DBS digibank or DBS iWealth to bank and DBS PayLah! for all other services. DBS PayLah!'s 1.9 million users can now use the platform to book movie tickets and rides, pay bills and transport expenses, access card rewards, and scan to pay at more than 180,000 acceptance points.

Wealth Management: Growth trajectory continues

Our wealth franchise, representing 20% of group income, continued to grow. AUM rose 7% to SGD 264 billion, though income fell 7% to SGD 2.87 billion.

Despite widespread market volatility, our flagship investment portfolio – the DBS Chief Investment Office Barbell Strategy Portfolio – consistently outperformed its composite benchmark. Designed to capitalise on long-term growth trends while mitigating short-term volatility, the portfolio's strategy became particularly relevant in 2020. More than SGD 1.9 billion of discretionary assets under management in DBS Private Bank today reference this strategy.

We also continued to create wealth investment solutions within the environmental, social and governance (ESG) space. In October, we launched a new tranche of our MSCI EM Asia ESG Leaders Outperformance Trade (ESG Outperformance Trade). This follows a successful run of our first ESG Outperformance Trade, which was the first of its kind in Asia when introduced in 2018 and raised SGD 95 million. The 2020 relaunch was hugely successful and raised over SGD 670 million in two months.

DBS iWealth, our digital wealth management platform, was named "Global no. 1 wealth mobile app" by Cutter Research for the third year running. We also introduced smart triggers that provide personalised investment insights and prompts, powered by Artificial Intelligence (AI) and Machine Learning (ML), to wealth customers via DBS iWealth. The early digital foundation we laid over the past few years paid off when customers collectively turned to DBS iWealth for self-directed trades during Covid-19. Revenues from these investments in Singapore and Hong Kong more than doubled, and online investment transactions in both markets tripled.

SGD million	2020	2019	YoY%
Total income	**5,767**	6,299	(8)
• Retail	**2,902**	3,219	(10)
• Wealth Management	**2,866**	3,080	(7)
Expenses	**3,288**	3,280	0
Profit before allowances	**2,479**	3,019	(18)
Allowances	**456**	242	88
Profit before tax	**2,023**	2,777	(27)

Our wealth management business was also recognised in 2020 as "Outstanding Private Bank - Global", "Best Private Bank for Use of Technology" and "Best Private Bank - Asia-Pacific" by Global Finance.

Our family office business saw strong growth, as Covid-19 and geopolitical uncertainties sparked succession planning and wealth preservation concerns among the world's wealthy. With Singapore establishing itself as a family office hub of choice and a safe, stable gateway to Asia's opportunities, we are well-positioned to capture growing interest from these families.

Consumer Banking: Invisible, intuitive and intelligent services for all

As the pandemic spread, customers turned en masse to digital channels. As the world's leading digital bank, we were well-placed to capitalise on this shift. We witnessed an unprecedented surge in digital adoption across the region, with digital financial transactions showing double-digit growth. In April, we launched TeleAdvisory, a service allowing clients to consult our wealth planning managers via video-conferencing platforms, to replace face-to-face interactions in Singapore. 17,000 TeleAdvisory consultations have since been completed. In India, we launched the Voice & Virtual channel which remotely assists our wealth customers. The channel now averages 5,000 conversations per month. DBS Remit saw exceptional growth, with remittance volumes rising 38%. From Singapore, customers can remit to 49 markets in 17 currencies, on a near real-time or same-day basis. DBS Remit is also available to customers in Hong Kong, India and Indonesia.

We also doubled down on implementing our AI and ML-powered Intelligent Banking capabilities across our digital services. The capabilities combine predictive analytics and customer-centric design to transform data into hyper-personalised, intuitive insights that simplify the way customers manage their finances. In 2020, we generated 13 million Intelligent Banking insights a month, helping customers improve their financial planning, uncover blind spots, and make timely investments. These insights have been rolled out in Singapore and to one million digibank customers in India.

In April, we launched one of the world's most advanced financial planning solutions: DBS NAV Planner. The solution leverages tech to democratise financial planning, helping all Singapore residents better manage their money and grow their wealth. Customers can use DBS NAV Planner to track, protect and grow their money with personalised and actionable insights powered by more than 100 AI models, and more than 30 million financial planning insights have since been delivered. The solution's capabilities were supercharged with the launch of SGFinDex, the world's first public-private open banking initiative in December, allowing us to widen our reach. DBS NAV Planner now has two million users.

In November, the Reserve Bank of India approved the amalgamation of Lakshmi Vilas Bank with DBS Bank India Limited. The amalgamation complements DBS' digibank strategy with an expanded network of 600 branches and 1,000 ATMs, and an additional two million retail customers as well as a strengthened deposit franchise. We see the expanded branch network and larger retail customer base – where we can overlay our world-class digital banking and build a sticky deposit base – as value enhancing.

We also continue to ramp up and solidify our ecosystem partnerships to provide customers seamless access to everyday services. In 2020, we integrated partners such as ComfortDelGro, FavePay, Gojek, Temasek Foundation's StayMasked, WhyQ into our DBS PayLah! platform.

Providing support to affected communities

When the pandemic hit, we immediately rolled out support measures to affected communities. In February, we worked with Chubb to provide complimentary Covid-19 insurance coverage across four markets, and more than one million customers and their family members signed up. We also enabled some 7,200 homeowners in Singapore and Hong Kong to defer mortgage repayments. In Singapore, we partnered 88Tuition to provide free online supplementary classes to 850 students.

When Singapore implemented a lockdown, migrant worker employers realised that all transactions had to go digital, including salary distribution, remittances and phone card top-ups. This accelerated the registration of digital bank accounts for migrant workers. From April to June, we processed almost 60,000 accounts, being the only bank able to provide end-to-end digital account opening for migrant workers, by working with Singapore's Ministry of Manpower.

What we look forward to in 2021

The sweeping changes and upheavals brought forth in 2020 will continue to spill over to 2021. Digital adoption accelerated across the world and consumer habits saw a seismic shift. We believe that companies such as ours can contribute towards a more equitable world: from empowering our customers in their everyday decision-making with hyper-personalised insights, to providing more ways to give back to those in need. In 2021, we will continue to grow our business with purpose and prove that we can do good and do well.

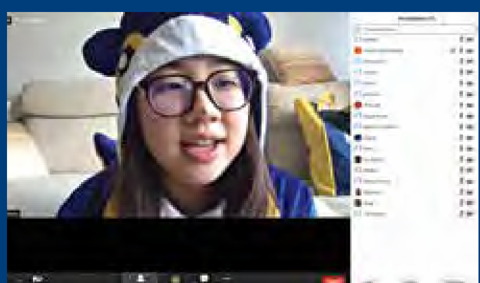
Sim S Lim
Consumer Banking/ Wealth Management
DBS Group Holdings

2021 Focus Areas

- Accelerate 'phygital' agenda by doubling down on AI/ ML capabilities and branch transformation initiatives
- Build on wealth business growth momentum by leveraging digital capabilities, capturing market opportunities and championing ESG
- Leverage open banking and ecosystem partnerships to provide inclusive, intuitive and invisible services

POSB Highlights in 2020

Always "Neighbours first, bankers second", POSB is committed to serving all Singaporeans – children, young adults, families, seniors and the community at large – as it has done since 1877.



For Children and Families

POSB Smart Buddy programme

- Amid the pandemic, we continued to expand the world's first in-school savings and payments programme using wearable technology to even more schools. The POSB Smart Buddy programme helps encourage sensible savings and spending habits among students.
- In 2020, we helped an additional **12 schools** develop and integrate digital payments systems, enabling a total of **62 schools** to now participate in the programme.
- Since the programme's inception in 2017, POSB has distributed **28,000 free cards and watches** with digital payment and tracking capabilities.

POSB PAssion Kids Fund programme

- Distributed care packs, which included hand sanitisers and masks, to more than **400 children** from low-income families.

Free online classes with education ecosystem partner 88Tuition

- Offered free online supplementary classes, in partnership with 88Tuition, to some **850 students**, including those studying for their PSLEs amid the circuit breaker period.

POSB PAssion Run for Kids

- Organised the first-ever virtual race edition in 2020; Largest charity kids run in Singapore is now in its 12th year.
- Event saw **4,300 participants** and raised **more than SGD 760,000** for the POSB PAssion Kids Fund.
- **SGD 10 million** has been raised to date for the POSB PAssion Kids Fund, with **more than 605,000 children** benefitting from some **170 programmes**.

POSB Smart Nation, Sustainable Nation programme

- Facilitated virtual lessons on digital payments and food waste for **2,200 students** across some **70 classes**.

For Seniors

POSB digital literacy programme

- Supported seniors in transitioning to digital banking methods with personalised assistance from digital ambassadors at POSB branches. In 2020, the number of seniors aged 62 years and above who signed up to digibank rose by **2.4 times**, as compared to 2019.
- To amplify the programme's reach, we partnered with the Infocomm Media Development Authority (IMDA), People's Association (PA), RSVP Singapore - The Organisation of Senior Volunteers, NTUC U Live, the National Library Board (NLB) and The Council for Third Age (C3A).
- Face-to-face workshops were converted to virtual sessions during the pandemic, with close to **1,000** seniors participating in **20** virtual workshops.

IMDA Seniors Go Digital programme

- Collaborating with IMDA to provide digital banking and payment content for training booklet for **1,000 digital ambassadors**, with the aim of benefitting **100,000 seniors** by March 2021.

For the Community

Partnership with Singapore Prison Service (SPS)

- POSB helped open **4,000 accounts** for ex-offenders and waived all related banking fees to support their reintegration into society.

Subsidised banking services

- In 2020, POSB waived banking fees for **1.7 million customers**, including the young, seniors, national servicemen and those under financial assistance schemes.

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 some **500,000 migrant workers** and **120,000 foreign domestic workers**.
- Amid Covid-19, processed some **41,000** digital banking accounts for migrant workers within a month.

Corporate governance

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 2020 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 – 2020

Navigating the challenges arising from Covid-19 pandemic

As the Covid-19 pandemic unfolded in the course of 2020 with unprecedented uncertainty across all key locations of the Group, the Board spent a significant amount of time reviewing and discussing with management:

i) the impact of Covid-19 on our business operations (including the actions taken to safeguard the health and safety of our employees, fortify our balance sheet, ensure business continuity, and support our communities);

ii) the business and credit costs outlook in 2020 and 2021;

iii) the risks arising from the changes necessitated by Covid-19 (such as increased cyber security risk arising from the significant increase of staff having to work from home); and

iv) strategies to prepare for the new normal post-Covid-19 and to look for business opportunities that may come out of this crisis.

The Board also provided valuable insights and advice on managing the Covid-19 crisis without losing focus on our long-term strategies (such as making the necessary investments for the future).

Voluntary reductions in Directors' fees

In a show of solidarity with the nation and our stakeholders during the Covid-19 pandemic, all the Non-Executive Directors who are currently in office have volunteered to take a 10% reduction in their basic retainer fees of SGD 100,000 for the financial year ended 31 December 2020 (FY2020).

On top of the 10% reduction in his basic retainer fees, the Board Chairman has also volunteered to take an additional 10% reduction (amounting to SGD 145,000) in his Board Chairman's fees for FY2020. With these reductions, the total fees payable to the Board Chairman for FY2020 will be approximately 10.4% (or SGD 204,000) lower compared to the financial year ended 31 December 2019 (FY2019).

Accordingly, shareholders' approval will be sought for the payment of a reduced amount of SGD 4,101,074 as Directors' fees for the Non-Executive Directors for FY2020. The Directors' fees for FY2020 are approximately 13% lower than the Directors' fees for FY2019 (SGD 4,719,707) after factoring in the aforesaid voluntary 10% reductions, as well as lower attendance fees from the holding of various Board and Board committee meetings via video-conference in 2020 due to Covid-19 restrictions.

Please refer to pages 46 to 47 for details of remuneration of each Non-Executive Director (including the Board Chairman) for FY2020.

Pursuing inorganic acquisitions and new business initiatives

In addition to its focus on navigating the challenges arising from the Covid-19 pandemic, the Board deliberated extensively on various inorganic acquisitions and new business initiatives to seek alternative sources of revenue in view of the low-for-long interest rate environment, including:

i) the acquisition of Lakshmi Vilas Bank (LVB) in India, which complements our digibank strategy with an expanded network of branches and ATMs, an additional two million retail and 125,000 non-retail customers, as well as a strengthened deposit franchise; and

ii) the establishment of the DBS Digital Exchange, which leverages blockchain technology to provide an ecosystem for fund raising through asset tokenization and secondary trading of digital assets, including cryptocurrencies. The DBS Digital Exchange will allow institutional investors and accredited investors to tap into a fully integrated tokenization, trading and custody ecosystem for digital assets.

The Board was also given an update on the Singapore digital banking landscape and deliberated on our strategic responses to the competition from digital banks.

Two new Independent Directors appointed in 2020

During the year, we appointed two new Directors (Ms Punita Lal and Mr Anthony Lim). In addition, two long-serving Directors (Mr Danny Teoh and Mr Nihal Kaviratne) stepped down after having served on the Board for nine years or more.

Mr Anthony Lim is a seasoned financial markets veteran with expertise in market risk and trading. He joined GIC Pte Ltd (GIC) as its president of the London office in 1998 and was appointed in 2009 as its president (Americas) based in New York. Prior to joining GIC, he held various management and trading positions in the global markets' division of the Bankers Trust Company in Singapore and London. Ms Punita Lal has over 30 years of experience in strategy, marketing and leadership in the consumer-packaged goods industry, and her prior experience includes working for Coca Cola in China and PepsiCo in India. Her last held executive role was MD & CEO for NourishCo, a strategic joint venture between Tata Global Beverages and PepsiCo, from 2010 to 2012.

Both Mr Lim and Ms Lal were appointed as Directors of DBS Group Holdings Ltd (DBSH) and DBS Bank Ltd (DBS Bank) with effect from 1 April 2020. Mr Lim serves on the Board Executive Committee (EXCO) and Board Risk Management Committee (BRMC) while Ms Lal serves on the Compensation and Management Development Committee (CMDC) and Nominating Committee (NC).

Board Renewal

Board renewal is a key focus for us. In 2020, the NC continued the search for potential candidates who could be lined up for appointment as Directors of DBSH and 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:

- Ms Euleen Goh, Mr Andre Sekulic and Mrs Ow Foong Pheng will be stepping down from the Board at the conclusion of our forthcoming Annual General Meeting (2021 AGM), having served on the Board for nine years or more. The Board and Management of DBS would like to express their gratitude to Ms Goh, Mr Sekulic and Mrs Ow for their invaluable contributions to the DBS Group over the years. Ms Goh has also served as the chairperson on the Board of DBS Foundation since it was established in 2014. Although she is retiring as a Director of DBSH and DBS Bank, she has graciously agreed to remain as the chairperson of DBS Foundation.
- The Board has also approved the appointment of a non-executive non-independent director and we are in the process of obtaining regulatory approval for this appointment.
- The NC has been actively looking for new independent directors to serve on the Board and expects to appoint at least one new independent director in 2021.

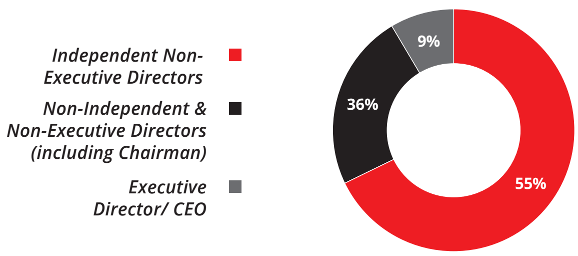
In view of the impending retirement of Ms Goh, Mr Sekulic and Mrs Ow, the Board (upon the recommendation of the NC) have made the following changes to the compositions of the Audit Committee (AC), the BRMC and CMDC, which will take effect on 31 March 2021:

i) Mr Olivier Lim will be appointed as the Chairman of the BRMC;

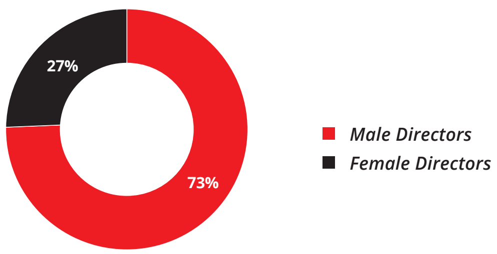
ii) Mr Anthony Lim will be appointed as the Chairman of the CMDC; and

iii) Ms Punita Lal will be appointed as a member of the AC.

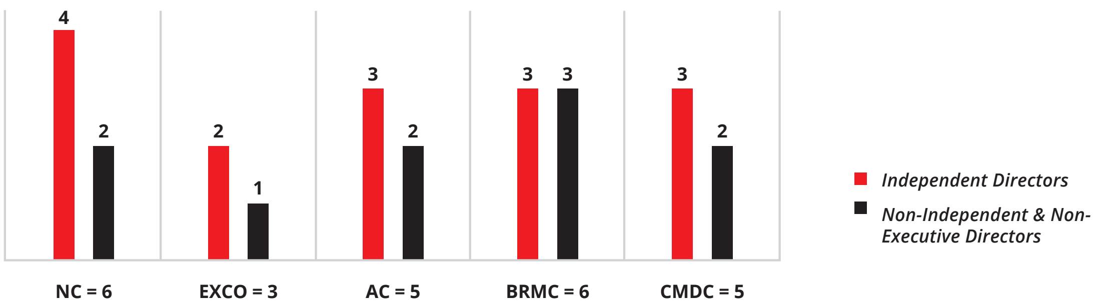
Independence



Gender Diversity



Composition of Board Committees



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 three 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 Board Executive Committee (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

As Mr Ho Tian Yee was 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 appointed Mr Olivier Lim to take over from Mr Ho as the Lead Independent Director with effect from 29 April 2020.

Each of Mr Ho Tian Yee and Mr Olivier Lim had regular private sessions with the other independent Directors in the course of the year and provided feedback to the Chairman where necessary.

Key responsibilities of the Board

- 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 2020 as well as the remuneration for each Director for FY2020 (which has taken into account the voluntary 10% reductions referred to on page 44). The remuneration of Non-Executive Directors (including the Chairman) does not include any variable component. Please refer to pages 55 to 56 for more details on the Non-Executive Directors' fee structure for FY2020.

Director Independence status	Meetings attendance record (1 January to 31 December 2020)								Total Directors' remuneration for FY2020 (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 2020										
	6	5	14	4	5	4	1	1			
Mr Peter Seah, 74 Non-Executive and Non-Independent Chairman • Chairman since 1 May 10 • Board member since 16 Nov 09 • Last re-elected on 30 Apr 20	6	5	14	4	5	4	1	1	**Total: $1,769,111**		
									$1,205,400	**$516,600**	**$47,111**
Dr Bonghan Cho, 56 Non-Executive and Independent Director • Board member since 26 Apr 18 • Last re-elected on 25 Apr 19	6	5	–	4	–	3[e]	1	1	**Total: $224,298**		
									$157,009	**$67,289**	–
Ms Euleen Goh, 65 Non-Executive and Non-Independent Director • Board member since 1 Dec 08 • Last re-elected on 25 Apr 19	6	–	–	–	5	4	1	1	**Total: $266,939[d]**		
									$262,000	–	**$4,939**
Mr Ho Tian Yee, 68 Non-Executive and Non-Independent Director • Board member since 29 Apr 11 • Last re-elected on 30 Apr 20 • Stepped down as Lead Independent Director on 29 Apr 20	6	2[f]	4[f]	–	5	–	1	1	**Total: $262,524**		
									$183,767	**$78,757**	–
Mr Nihal Kaviratne, 76 • Stepped down as a Non-Executive and Independent Director on 31 March 2020	2[g]	–	–	–	1[g]	1[g]	–	–	**Total: $54,483[g]**		
									$54,483	–	–
Mr Olivier Lim, 56 Non-Executive and Lead Independent Director • Board member since 7 Nov 17 • Last re-elected on 30 Apr 20 • Lead Independent Director since 29 Apr 20	5	4[h]	14	–	5	1[h]	1	1	**Total: $346,948**		
									$242,864	**$104,084**	–
Mr Andre Sekulic, 70 Non-Executive and Independent Director • Board member since 26 Apr 12 • Last re-elected on 25 Apr 18	6	–	–	4	–	4	1	1	**Total: $236,000[d]**		
									$236,000	–	–
Mr Danny Teoh, 65 • Stepped down as a Non-Executive and Non-Independent Director on 31 March 2020	2[i]	–	–	–	1[i]	–	–	–	**Total: $52,281[i]**		
									$52,281	–	–

Director Independence status	Meetings attendance record (1 January to 31 December 2020)								Total Directors' remuneration for FY2020 (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 2020										
	6	5	14	4	5	4	1	1			
Mrs Ow Foong Pheng, 57 Non-Executive and Non-Independent Director • Board member since 26 Apr 12 • Last re-elected on 30 Apr 20	6	5	–	4	–	–	1	1	**Total: $227,500[j]**		
									$227,500	–	–
Mr Tham Sai Choy, 61 Non-Executive and Independent Director • Board member since 3 Sept 18 • Last re-elected on 25 Apr 19	6	5[k]	–	4	5	–	1	1	**Total: $325,623**		
									$227,936	**$97,687**	–
Ms Punita Lal, 58 Non-Executive and Independent Director • Board member since 1 Apr 20	4	4	–	–	–	3	1	1	**Total: $144,066**		
									$100,846	**$43,220**	–
Mr Anthony Lim, 62 Non-Executive and Independent Director • Board member since 1 Apr 20	4	–	11	–	4	–	1	1	**Total: $191,301**		
									$133,911	**$57,390**	–
Mr Piyush Gupta, 61 Executive Director/ CEO • Board member since 9 Nov 09 • Last re-elected on 25 Apr 18	6	5#	14#	4#	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 2-day board strategy offsite
(a) Fees payable in cash, in 2021, for being a Director in 2020. This is 70% of each Director's total remuneration and is subject to shareholders' approval at the 2021 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 2021 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 Ms Goh and Mr Sekulic will retire from the Board at the conclusion of the 2021 AGM, their Directors' remuneration for the year 2020 will be paid fully in cash.
(e) Dr Cho was appointed as member of CMDC on 1 April 2020.
(f) Mr Ho stepped down as chairman of NC and member of EXCO on 29 April 2020.
(g) Mr Kaviratne, who stepped down as Director and member of BRMC and CMDC on 31 March 2020 will receive all of his Director's remuneration in cash.
(h) Mr Olivier Lim was appointed as member of NC on 6 April 2020 and stepped down as member of CMDC on 1 April 2020.
(i) Mr Teoh, who stepped down as Director and member of BRMC on 31 March 2020 will receive all of his Director's remuneration in cash.
(j) 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. Mrs Ow will step down from the Board at the conclusion of the 2021 AGM.
(k) Mr Tham was appointed as chairman of NC on 29 April 2020.

(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 one ad-hoc Board meeting held in 2020. Please refer to the Board highlights – 2020 section on pages 44 to 45 for more information on the key focus areas of the Board in 2020.

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.

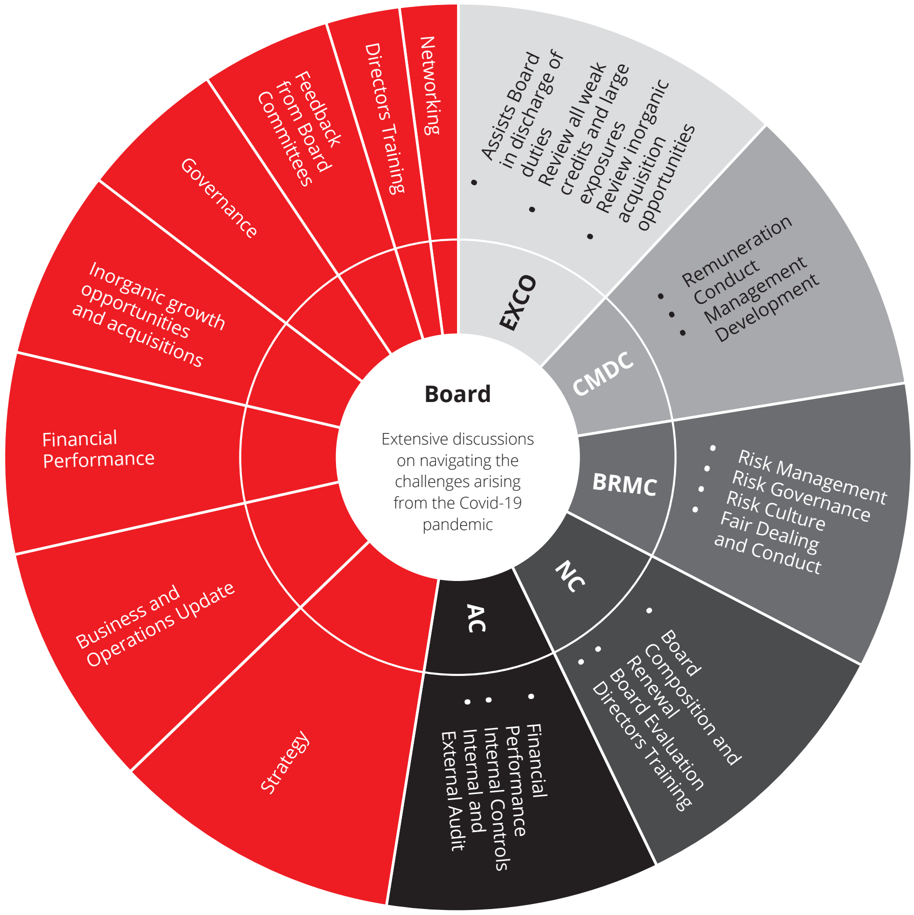
In addition to the quarterly Board meetings, a Board meeting is typically scheduled in December each year where the CEO gives the Board an update on DBS' performance against the balanced scorecard for that financial year. In addition, the CEO and CFO will present the Group's budget for the next financial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

Matters discussed by the Board and Board Committees in 2020



Note: Further details of the activities of the Board and Board committees in 2020 can be found on pages 44, 45 and 47 to 56.

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

Directors also 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). Due to Covid-19, most of these interactions in 2020 were conducted virtually.

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 discussions 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).

However due to the Covid-19 pandemic, the 2020 Board strategy offsite was held over a two-day period in Singapore (during the first week of October). The Board had in-depth discussions with senior executives on the DBS' business model, the future of work and reshaping the way we work, as well as strategies to seek alternative revenue sources in view of the low-for-long interest rate environment.

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

Board committee members	Composition requirements	Other key requirements
Nominating Committee (NC) • **Mr Tham Sai Choy *(Chairperson)*** • **Mr Olivier Lim *(Lead independent director)*** • **Dr Bonghan Cho** • **Ms Punita Lal** • Mr Peter Seah • Mrs Ow Foong Pheng	In accordance with the requirements of the Banking CG Regulations, a majority (four out of six 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 Olivier Lim** • **Mr Anthony 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)*** • **Dr Bonghan Cho** • **Mr Andre Sekulic** • Mr Peter Seah • Mrs Ow Foong Pheng	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 Olivier Lim** • **Mr Tham Sai Choy** • **Mr Anthony Lim** • Mr Peter Seah • Mr Ho Tian Yee	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)*** • **Dr Bonghan Cho** • **Ms Punita Lal** • Mr Peter Seah • Ms Euleen Goh	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.

* ***Names denoted in red are INEDs.***

committees comprise Non-Executive Directors only. Any change to the terms of reference for any Board committee requires 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 2020

Board renewal process
Please refer to the Board highlights – 2020 section on pages 44 to 45.

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 Ho Tian Yee 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, Ms Punita Lal, Mr Olivier Lim, Mr Anthony Lim, Mr Andre Sekulic and Mr Tham Sai Choy.

Although Ms Euleen Goh, Mr Ho Tian Yee, Mr Olivier Lim, Mr Anthony Lim, Mr Peter Seah and Mr Tham Sai Choy 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 2020, the NC considered the results and key action items from the 2019 Board evaluation and decided to use substantially the same evaluation questionnaire for 2020 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 five new independent Directors were appointed since November 2017. In addition, three long-serving Directors (i.e. Ms Euleen Goh, Mr Andre Sekulic and Mrs Ow Foong Pheng) will be stepping down from the Board at the conclusion of the 2021 AGM and the search for new independent Director(s) is in progress.

The NC specifically considered the skillsets and contributions of the remaining three long-serving Directors (being Mr Peter Seah, 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 11 years. From a strategic perspective, the next few years continue to be critical as DBS continues to execute on its digital transformation and growth strategies (especially with the prevailing macro-economic and geo-political headwinds and challenging outlook for 2021 due to the Covid-19 pandemic) and enhance its franchise in the Greater Bay Area, China, India, Indonesia and Vietnam;

ii) it is in DBS' interests for Mr Ho Tian Yee to continue serving on the Board for another year as he is currently one of only two Directors with both banking experience as well as expertise in market risk and trading. The other Director, Mr Anthony Lim, who also has market risk and trading experience, joined the Board on 1 April 2020 and will need more time to familiarize himself with DBS' business; and

iii) as 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 2021 AGM, Ms Euleen Goh, Mr Piyush Gupta and Mr Andre Sekulic will be retiring by rotation, while Ms Punita Lal and Mr Anthony Lim are required to stand for re-election as this is the first AGM after their appointment. At the recommendation of the NC and as approved by the Board, Mr Piyush Gupta, Ms Punita Lal and Mr Anthony Lim will be seeking re-election as Directors at the 2021 AGM, while Ms Euleen Goh (who has served on the Board for more than 12 years) and Mr Andre Sekulic (who has served on the Board for 9 years) will be retiring at the conclusion of the 2021 AGM.

Review of composition of Board Committees
The NC regularly reviewed the size and composition of the Board committees in 2020 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.

The following changes were made to the composition of the Board committees in 2020:

- With effect from 29 April 2020, Mr Ho Tian Yee (who had served for more than 9 years by then) stepped down from the NC and the EXCO after he was re-designated as a non-independent and non-executive Director under the Banking CG Regulations.
- Mr Tham Sai Choy took over from Mr Ho as the NC chairman with effect from 29 April 2020.
- Mr Olivier Lim was appointed as a member of the NC with effect from 6 April 2020 and stepped down as a member of the CMDC on 1 April 2020.
- Dr Bonghan Cho was appointed as a member of the CMDC with effect from 1 April 2020.
- Ms Punita Lal was appointed as a member of the CMDC and the NC with effect from 1 April 2020 and 6 April 2020 respectively.
- Mr Anthony Lim was appointed as a member of the EXCO and the BRMC with effect from 1 April 2020.

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 by 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.

The topics presented to the Board in 2020 as part of the continuous development programme included: (i) an update on the digital banking landscape in Singapore; (ii) Covid & the Next Normal (presented by a global management consulting firm); (iii) lessons learnt from the Covid-19 pandemic from a business continuity management perspective; and (iv) insights by external experts on the US-China geopolitical tensions, as well as the impact on global markets resulting from low rates, pandemic and geopolitical tensions.

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 provides that the NC shall endeavor to ensure that female candidates are included for consideration when identifying candidates to be appointed as new directors, with the aim of having not less than 2 female directors on the Board. With the appointment of Ms Punita Lal as a new director on 1 April 2020, 3 out of 11 directors on the Board (about 27% of the Board) are female.

The NC believes that there is an appropriate balance of industry knowledge, skills, background, experience, professional qualifications, gender and nationalities on the Board, and is 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 2020
- The EXCO assists the Board to enhance the business strategies and strengthen core competencies of DBS. The EXCO meets frequently (14 meetings in 2020) 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 2020 included (i) impact of Covid-19 pandemic on our 2020 financials and action plans; (ii) impact on our business arising from the US' response to Hong Kong's new national security law; (iii) capital distribution and changes to dividends in light of regulatory measures; (iv) update on DBS' business in the current climate and the taskforces which had been set up to look into the long-term consequences of the post-Covid new normal, and business opportunities that may come out of this crisis; and (v) various acquisition and investment opportunities including the amalgamation of LVB with DBS Bank India Limited.

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.

The AC has the authority to investigate any matter within its terms of reference, and has full access to and cooperation from management.

Highlights of AC's activities in 2020

Oversight of financial reporting and disclosure matters

In response to the risk-based approach to quarterly reporting that was adopted by the Singapore Exchange Regulation (SGX RegCo) from 7 February 2020, the Group transitioned to a semi-annual reporting regime that is complemented by trading updates between the half-yearly financial reports. The trading updates, which comprise the profit and loss account, key balance sheet items, financial ratios and business commentary, are intended to provide investors with continued line of sight on the Group's ongoing performance.

The AC reviewed the Group's trading updates and half-yearly financial statements, and made recommendations to the Board for approval. The AC also took into account the assurances provided by the CEO and CFO that the financial statements are properly drawn up in accordance with the provisions of the Singapore Banking Act, Singapore Companies Act and Singapore Financial Reporting Standards (International), and that the Group's financial risk management and internal control systems are adequate and effective.

The AC members were kept updated on changes to accounting standards and significant accounting matters involving the exercise of judgement. During the course of the financial year, the AC reviewed the following areas:

- Asset quality and the adequacy of provisions in light of the Covid-19 pandemic, giving due consideration to the application of the IFRS 9 ECL requirements in light of the volatile market environment, unprecedented governmental relief measures, the impact from loan moratoriums as well as guidance provided by international regulators and the MAS;
- Management's assessment of the Group's position relative to the recommended focus areas and market disclosures from regulatory bodies, such as the SGX RegCo, to better address stakeholder concerns emanating from the Covid-19 pandemic;
- Valuation matters, including assessing the adequacy of valuation reserves and the carrying value of goodwill;
- The financial impact from the amalgamation of LVB, including the fair value of LVB's assets and liabilities, assessment of its asset quality, determination of the provisional goodwill and disclosures on this transaction;
- The proposed adoption of the USD as the functional currency of the Treasury Markets business in Singapore; and
- Management's assessment of new accounting standards, such as that arising from IBOR reform.

The AC reviewed the Group's audited consolidated financial statements for FY2020 and discussed with management and the external auditor the significant matters which involved management judgement.

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 110 to 115.

The AC is of the view that the Group's consolidated financial statements for FY2020 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 2020: (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.

Oversight of Group Audit
The AC has direct oversight of Group Audit. The AC receives reports from Group Audit at each quarterly AC meeting, which provide the AC with an update on (i) the overall control environment (based on the results of the audit reviews in the preceding quarter); (ii) the key findings from audit reviews and the remediation actions which have been, or will be, taken to address these findings; (iii) an overview of the audit issues (including re-aged and past due issues) and audit reports issued during the preceding quarter; and (iv) any changes to the audit plan for AC approval.

Please refer to pages 56 and 57 for details on Group Audit's key responsibilities and processes.

In addition to the findings from the routine audits conducted by Group Audit in 2020, the AC was also apprised of the findings from special reviews initiated by Group Audit in response to the ongoing Covid-19 pandemic. These special reviews included audits on (i) the overall governance and compliance with Safe Management guidelines in office premises and bank branches; (ii) management of operational and technology risks (such as IT systems readiness) due to expanded Work From Home requirements; and (iii) implementation of credit relief measures by IBG and CBG across DBS' core markets. The AC was also updated on the results of the cyber red team simulation (led by Group Audit and Group Technology & Operations) conducted to assess DBS' cyber security posture across all locations and the scope of this simulation exercise covered remote working scenarios arising from the Covid-19 pandemic, large-scale ransomware, malicious code manipulation and insider threats.

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 2020 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 2020 and the

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 focused, in particular, on management's assessment of the effect of Covid-19 on the economic outlook and asset quality, relief measures granted as well as guidance issued by regulators on the recognition of loss allowances in the context of Covid-19. The AC noted that major weak credits would also have been reviewed by the Board Executive Committee quarterly. The AC was 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, the adequacy of specific allowances where applicable, and an evaluation of how the impact from Covid-19 had been taken into account. Additionally, the AC took into account the results from Group Audit's independent assessment of the Group's asset quality and credit risk management process. The AC is of the view that the specific allowances that have been set aside for non-performing credit exposures are appropriate.
General Allowances for credit losses	The AC reviewed the governance arrangements, including the matters considered by the Expected Credit Loss (ECL) Review Committee, as well as the key drivers of the quarterly movements in Stage 1 and Stage 2 ECL (General Allowances). These included the changes in portfolio asset quality, prevailing economic and geopolitical conditions, as well as post model adjustments made to reflect the unprecedented and higher uncertainty in credit outlook as a result of Covid-19. The AC took into account PwC's observations from its audit, which had included a review of selected portfolios by credit specialists, along with assessments of the Group's methodologies (including the reasonableness of certain forward-looking economic inputs), processes and controls. The AC, on the back of these reviews, considers the General Allowances to be within a reasonable range.
Goodwill	The AC reviewed the methodology and key assumptions driving the cash flow projections that are used in the determination of the value-in-use of the DBS Bank (Hong Kong) Ltd's franchise, including the macroeconomic outlook, geopolitical developments and the ramifications arising from the Covid-19 pandemic. It assessed the sensitivities of the value-in-use to reasonably possible changes in the valuation parameters. The AC also reviewed the fair value adjustments made to the assets and liabilities of Lakshmi Vilas Bank and the resultant provisional goodwill. The AC was apprised of PwC's observations from its review of management's goodwill impairment assessment, and concurs that there is no impairment as at 31 December 2020.
Valuation matters	The AC reviewed the governance arrangements, including the deliberations of the Group Valuation Committee, as well as 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 apprised of PwC's observations from its assessment of the Group's controls over the valuation process, as well as its conclusion, based on the result of its independent estimates, that the valuation of financial instruments held at fair value was within a reasonable range of outcomes. The AC considers the valuation process, policies and estimates as adopted and disclosed in the financial statements to be appropriate.

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 have not been impaired by the provision of those services.

Fees relating to PwC services for FY2020	SGD (million)
For audit and audit-related services	9.1
For non-audit services	1.5
Total	**10.6**

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 2021 AGM. The Group has complied with Rule 712 and Rule 715 of the SGX Listing Manual in relation to its 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 the Board's 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, cybersecurity, fair dealing and regulatory risks;
- Oversees an independent risk management system and adequacy of resources to identify and evaluate risks, with particular focus on new businesses and significant initiatives;
- 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 and country risks, financial and operational risks, risk concentrations, 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 Recovery Plan; and
- Exercises oversight of regulatory requirements relating to risk management.

Highlights of BRMC's activities in 2020

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 2020, the BRMC discussed the findings and the impact arising from scenario analyses and portfolio reviews conducted on certain countries and specific sectors, including:

- the Covid-19 pandemic impact on the selected industries (e.g. oil and gas, aviation, etc.) and wholesale funding challenges;
- the effect of on-going geopolitical tensions and trade and technology protectionism; and
- China's liquidity pressure and refinancing risk.

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

The BRMC also reviewed management's assessment of the impact of US-China tensions, and the barriers to international expansion of the Chinese businesses on our portfolio and supply-chain borrowers. In addition, the BRMC discussed Hong Kong's geopolitical landscape amid the Covid-19 pandemic. 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 deliberated over the new businesses and significant initiatives, and the associated risk assessment and governance frameworks. The BRMC was also advised on the continued focus on global trends on anti-money laundering and countering the financing of terrorism, fair dealing and conduct risks as well as cybersecurity environment. The BRMC was updated on the various 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 2019. 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 2020

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.

We have a robust disciplinary framework linked to individual compensation. The CMDC was apprised of the impact 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 2020 Risk & Culture score from the Kincentric My Voice survey remains stable at 88%.

With the emergence of the Covid-19 pandemic at the beginning of 2020, safeguarding the wellbeing and health of employees across our markets was our key priority. The CMDC was apprised of how we managed the Covid-19 situation for our employees, including the DBS Together Movement (which included a series of regular virtual, bankwide campaigns to bring employees across markets together) and actions taken to galvanise our employees to reimagine the future of work, workforce and workplace.

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 CEO and GMC members, as well as development plans for our High Potentials (HIPOs).

The CMDC reviewed the succession plans of CEO and the GMC members based on a DBS proprietary "Key Success Factors" framework, which comprises four dimensions of a DBS senior leader success profile viz (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.

In assessing its Talent bench strength, the bank follows a robust HIPO identification process based on the "3P framework" namely Performance, PRIDE! and Potential. The assessment of potential is based on one's ability, aspiration and engagement.

Identified HIPOs are developed through a comprehensive "triple-E development framework" 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), designed to accelerate their growth.

The commitment to HIPO development has paid off. In 2020, HIPO attrition was healthy at 4.8%, well within our target of below 10%. 49% of our HIPOs also took on enhanced or changed roles, well above our target of 30%.

Annual directors' fee structure for FY2020 (unchanged from FY2019)

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

* *The Non-Executive Directors who are currently in office have volunteered to take a 10% reduction in their basic retainer fees for FY2020. Subject to shareholders' approval at the 2021 AGM for the payment of Directors fees, the basic retainer fees payable to each Non-Executive Director (including the Board Chairman) will be SGD 90,000 for FY2020.*

** *The Board Chairman has volunteered to take an additional 10% reduction in his Board Chairman's fee for FY2020. Subject to shareholders' approval at the 2021 AGM for the payment of Directors fees, the Board Chairman's fees payable will be SGD 1,305,000 for FY2020.*

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 FY2020.

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 FY2020. There is no change to the annual fee structure from FY2019. Non-Executive Directors are also paid attendance fees for attending Board and Board committee meetings. Shareholders are entitled to vote on the remuneration of Non-Executive Directors at the 2021 AGM.

In a show of solidarity with the nation and our stakeholders during the Covid-19 pandemic, all the Non-Executive Directors, who are currently in office, have volunteered to take a reduction in their Directors fees for FY2020.

Please refer to the Board highlights – 2020 section on page 44 for more information on the voluntary reduction in fees.

None of the Group's employees was an immediate family member of a Director with remuneration exceeding SGD 100,000 in 2020.

Effective controls

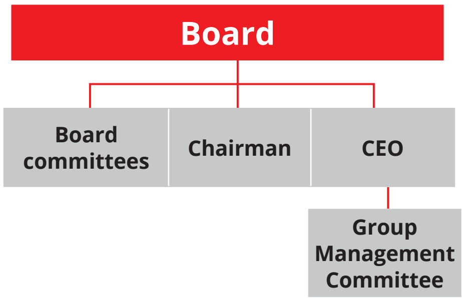
Group Approving Authority

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

Scope of delegation of authority in the GAA



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.

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;
- 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;

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

- 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 are assessed. This risk assessment methodology and approach are 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 its audit activity and conforms to the International Standards for the Professional Practice of Internal Auditing. As part of the QAIP, internal quality assurance reviews (QAR) are conducted quarterly and external QAR are carried out at least once every five years by qualified professionals from an external organisation. Since 2019, the internal QAR has been contracted to an independent assessor, Protiviti.

Based on Protiviti's assessment, Group Audit leads the industry in the use of Agile Auditing approach and application of digital audit tools. These tools incorporate both rule-based and predictive analytics, enabling continuous risk monitoring. Group Audit was also rated the highest level in Protiviti's capability maturity model for audit planning, agile auditing, dynamic risk assessment and data analytics.

In 2020, Group Audit embedded the Data Driven Operating Model and Agile into its auditing journey to improve the speed of risk discovery and provide audit assurance. The increased use of audit's analytical tools and data driven approach, coupled with the bank's suite of remote working technologies, enabled Group Audit to continue to conduct audit reviews under Covid-19 conditions.

Dealings in securities

Although the Group has transitioned to a semi-annual reporting regime, the trading updates that are provided for the first and third quarters of each financial year are, for the purpose of the "black-out" policies prescribed under Rule 1207(19) of the SGX Listing Rules, deemed to constitute "financial statements". Accordingly, Directors and employees are prohibited from trading in DBS' securities (i) one month before the release of the full-year financial statements; and (ii) two weeks before the release of its quarterly financial statements for the first, second and third quarters of each financial year.

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.

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 2020 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 of its subsidiary companies, and no such contract subsisted as at 31 December 2020, 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.

Name of interested person	Nature of Relationship	Aggregate contract value of all interested person transactions in 2020 (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	46,561,186
Certis CISCO Security Pte Ltd Group		2,488,952
Mapletree Investments Pte Ltd Group		1,327,600
Mediacorp Pte Ltd Group		250,001
SATS Ltd Group		944,289
Singapore Airlines Limited Group		2,946,004
Singapore Technologies Engineering Ltd Group		614,000
Singapore Technologies Telemedia Pte Ltd Group		1,868,070
Singapore Telecommunications Limited Group		45,457,283
SMRT Corporation Ltd Group		7,775,765
StarHub Ltd Group		28,024,309
Surbana Jurong Private Limited Group		48,905,796
Total Interested Person Transactions (SGD)		187,163,255

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 2020, 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 2020, 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. The Board noted that efforts to integrate LVB commenced on 27 November 2020 and are ongoing.

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 assurances received from management, 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 2020 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 2020 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. The results of our Risk Culture and Conduct Survey conducted in 2020 indicated a satisfactory risk culture bank-wide.

In 2020, we continued to align ourselves with the industry's best practices and lessons learnt to constantly drive improvements in this area. A risk culture and conduct dashboard, comprising multi-faceted indicators, was established to provide a holistic view of our risk culture pulse. Creating awareness continued to be the key focus as we further embedded a strong culture of risk and control across all levels within the organisation. We leveraged digital communication channels to share culture-related content and implemented a training curriculum 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 shareholders

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 general meetings in person or by proxy. Indirect investors who hold DBSH shares through a nominee company or custodian bank or through a CPF agent bank ("Relevant Intermediaries") may attend and vote at general meetings by requesting their Relevant Intermediaries to appoint them as proxies.

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 engaged with more than 600 debt and equity investors. We participated in 12 investor conferences and road shows. As a result of the Covid-19 pandemic, these engagements were conducted through virtual meetings and phone calls. These meetings provide a forum for management to explain DBS' 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

This section describes DBS' usual practice for the conduct of general meetings prior to the onset of the Covid-19 pandemic in early 2020.

DBS encourages and values shareholder participation at its general meetings. The Chairman plays a pivotal role in fostering constructive dialogue between shareholders, Board members and management at 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.

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 scrutineer for the electronic poll voting process. Prior to the commencement of a general meeting, the scrutineer would review the proxies and the electronic poll voting system as part of the proxy verification process. At the general meeting, mobile devices are used for poll voting and the results of the electronic poll voting are announced immediately after each resolution has been put to a vote. 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.

Annual General Meetings (AGMs) provide 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 each AGM, DBS' financial performance for the preceding year is presented to shareholders.

Conduct of AGM in 2020 amidst current Covid-19 pandemic

On 9 March 2020, we issued our Notice of 2020 AGM to notify shareholders that our 2020 AGM will be held at Marina Bay Sands Expo and Convention Centre on 31 March 2020. However, in view of the Covid-19 pandemic, the Singapore government issued an order on 24 March 2020 requiring all events and mass gatherings to be deferred. As Singapore law then did not allow companies to hold general meetings by purely virtual means, we were required to adjourn our 2020 AGM.

We held our adjourned 2020 AGM by electronic means on 30 April 2020, pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") which was gazetted on 13 April 2020. Shareholders were invited to participate in the virtual 2020 AGM by (a) observing and/or listening to the AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the 2020 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2020 AGM. The Chairman and CEO were present in person at the virtual 2020 AGM proceedings, while the rest of the Directors joined the 2020 AGM by way of video conference. We have disclosed, on our website and SGXNET, the names of the Directors and senior executives who attended the 2020 AGM held by way of electronic means as well as detailed records of the proceedings including responses to questions raised by shareholders in advance of the 2020 AGM.

Conduct of 2021 AGM

Due to prevailing Covid-19 restrictions, shareholders will not be able to attend our 2021 AGM in person. Instead, we will be holding our 2021 AGM by electronic means on 30 March 2021 and shareholders are invited to participate at our virtual 2021 AGM by (a) observing and/or listening to the 2021 AGM proceedings via live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of, or "live" at, the 2021 AGM; and (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the 2021 AGM. Details of the steps for pre-registration, submission of questions and voting at the 2021 AGM by shareholders, including CPF and SRS investors, are set out in a separate announcement released on SGXNET on 8 March 2021. In view of the constantly evolving Covid-19 situation in Singapore, we may be required to change our arrangements for the AGM at short notice and shareholders should check SGXNET for the latest updates on the status of the 2021 AGM.

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 – Directors' 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 30 March 2021*

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

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 page 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.

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 three years and a 15% retention award.

Selective employees are awarded retention shares in light of market conditions and competition for talent. These retention shares are subject to DBS' usual four-year vesting period.

Read more about the Share Plan on page 107.

5 Summary of 2020 remuneration outcomes

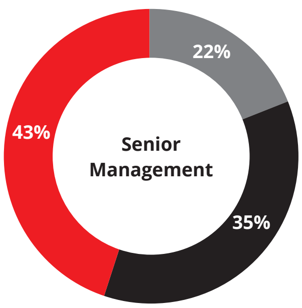
Our remuneration is linked to how we perform against our balanced scorecard (see pages 26 to 33) which is aligned to long-term value creation for our stakeholders in a sustainable way (see pages 66 to 67). Reflecting the lower balanced scorecard rating, caused by an unprecedented operating environment brought about by the global pandemic in 2020, our variable pay pool was lower than the previous year, with the per employee average variable pay down by a double-digit percentage. The Compensation and Management Development committee (CMDC) evaluated and approved the variable pay pool which was subsequently endorsed by the Board of Directors (Board).

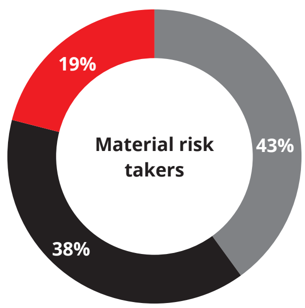
In 2020, an external management consulting firm, Oliver Wyman, was engaged to provide an independent review of the Group's compensation system and processes to ensure compliance with the FSB Principles for Sound Compensation Practices. Oliver Wyman and its consultants are independent and not related to us or any of our Directors. The results of the review showed that we are in compliance with the FSB Principles for Sound Compensation Practices.

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 2020:





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 2020 amounted to SGD 63.2 million, including the CEO's remuneration of SGD 9.2 million. This was 14% lower than 2019's aggregate total remuneration of SGD 73.5 million. Excluding the CEO's remuneration which has been separately disclosed, the median decrease in total remuneration and variable pay of the Senior Management who were members of the Group Management Committee for both 2019 and 2020 was 12% and 17% respectively.

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 median decrease in remuneration and variable pay 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	0.6%	
Shares and share-linked instruments	99.4%	
Other forms of remuneration	–	
Total	**100.0%**	
Outstanding deferred and retained remuneration[3] [4]:		
Of which exposed to ex-post adjustments		
Cash	0.6%	
Shares and share-linked instruments	99.4%	
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]	(9.0)%	(11.4)%
Other forms of remuneration	–	–
Total	(9.0)%	**(11.4)%**
Total deferred remuneration paid out in the financial year:	**34.3%**	**32.2%**
Headcount	**20**	**234**

(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 20 x share price as at 31 Dec 20] / [No. of unvested DBSH ordinary shares as at 31 Dec 19 x share price as at 31 Dec 19] -1

Guaranteed bonuses, sign-on bonuses and severance payments

Category	SM	MRTs
Number of guaranteed bonuses	0	0
Number of sign-on bonuses	0	3
Number of severance payments	0	0
Total amounts of above payments made during the Financial Year (SGD '000)	**0**	**574**

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 grown DBS into a leading bank, widely recognised globally for its digital banking leadership. In the last 12 years, DBS has also built resiliency into its franchise, enabling it to withstand the global economic slowdown brought about by Covid-19 which paralysed economies around the world.

DBS' franchise has demonstrated remarkable strength despite the significant economic impact of the pandemic. Even in an extremely challenging operating environment, as a testament to the quality of the franchise and nimble execution, the bank registered a record profit before allowances of SGD 8.43 billion, up 2% from 2019. Business volumes were resilient as loans grew, fee income was stable and Treasury Markets income rose to a record. Expenses were well managed. Net earnings, however, declined 26% due to a quadrupling of total allowances as general allowances were conservatively set aside for asset quality risks arising from the pandemic.

DBS' early investments in digital transformation also paid off as both corporate and retail customers were able to bank with us in an uninterrupted manner from the safety of their homes, even as different markets experienced lockdowns and circuit breakers throughout the year. We also realised new opportunities for growth in the area of asset digitalisation, launching the DBS Digital Exchange which has the potential to reshape capital markets.

To address the massive changes to the future of work, DBS rolled out upskilling, reskilling and job-sharing programmes across the Group to better arm its workforce to be confident and future-ready.

The bank's efforts were recognised as DBS was named the "Best Bank in the World" by Global Finance in 2020, making it the third year in a row to be recognised on the world stage.

Holding on to its long-term view of the region, DBS also continued to build a meaningful presence in core markets such as India, China and Indonesia. For example, the amalgamation of Lakshmi Villas Bank with DBS Bank India afforded us the opportunity to enlarge our footprint in that market.

Notwithstanding the above, Mr Gupta's bonus was adjusted downwards by 27% (SGD 2.9 million) reflecting the difficult operating environment, general cutbacks adopted across the bank and the reduction in the bank's profits by 26%.

Breakdown of remuneration for performance year 2020 (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**	**3,413,200**	**4,507,300**	**62,130**	**9,182,630**

(1) The amount has been accrued in 2020 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 901,460, 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

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 delivering 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, 9, 18, 19, 36 and 37

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, 39, 40, 41 and 179.

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 re-architected 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 organization to create a start-up 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 behaviors. These behaviors guide how we do business and how we interact with the community.

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 sense of purpose and an innovative drive to create social value and achieve meaningful impact on our sustainability agenda.

Read more about our sustainability efforts on pages 69, 100 and 101 and in our Sustainability Report.

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 and enhance our resources to differentiate ourselves and maximise value creation for our stakeholders in the long run. A separate table providing additional information on our recent acquisition of Lakshmi Vilas Bank is also appended. Read more about how we distribute the value created to our stakeholders on page 70.

Resources	Indicators	2020	2019	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 7.8 bn** as of Feb 2021	**USD 8.5 bn** as of Feb 2020	DBS has been named "World's Best Bank" by Euromoney, "Global Bank of the Year" by The Banker and "Best Bank in the World" by Global Finance. We were also named the "World's Best Digital Bank" by Euromoney, in recognition of our digital leadership. For 12 consecutive years (2009 to 2020), DBS was accorded the "Safest Bank in Asia" award by Global Finance. DBS also retained the title of ASEAN's Most Valuable Bank Brand for the ninth consecutive year, in Brand Finance's 2021 Banking 500 report. *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[2] – Consumer Banking[2] – SME Banking – Large corporates market penetration ranking	 **>240,000** **>10.7 m** **4.22** **4.31** **4.32** **4th**	 **>240,000** **>10.8 m** **4.19** **4.27** **4.30** **4th**	In 2020, the IBG business fast-tracked key digital initiatives to help clients leverage digital channels for their day-to-day operations. For the CBG business, our customer base contracted slightly, as we focused on rationalising inoperative customer accounts in India and Hong Kong coupled with reduction in pace of customer acquisition due to Covid-19 pandemic. We maintained strong customer engagement scores across segments by actively listening and responding to feedback received on how to improve 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[3] (consumer and SME businesses) in Singapore and Hong Kong – Digibank customers in India and Indonesia (since launch) – Channel share of wealth customers acquired digitally	**>800** **>6,600** **>1,000** **3.7 m** **3.05 m** **45%**	**>700** **>5,900** **>500** **3.3 m** **3.25 m** **52%**	Our global tech talent enabled us to run more than 350 predictive data analytics models, which enhanced our digital resilience through automating capacity planning for critical systems. As part of our big-to-small strategy, we rolled out an array of new APIs to enable the automation of trade finance processes and to help better facilitate foreign exchange, booking, bulk rate and transaction status-related enquiries, for our IBG customers. We also expanded our DBS API solutions to Vietnam. While there was a decline in customer acquisitions due to social distancing measures, we continued our focus on acquiring quality customers with higher balances. Wealth digital acquisitions were affected by an increase in foreigner account openings in Singapore which require additional manual Know Your Client (KYC) checks. *Read more about this on page 20 and pages 26 to 29.*
Employees An agile and engaged workforce enables us to be nimble and react quickly to opportunities.	Employees[4] Employee engagement score Voluntary attrition rate Training hours per employee	**>29,000** **84%** **8%** **38.9**	**>28,000** **83%** **13%** **38.7**	We continue to invest in the upskilling and reskilling of our workforce to ensure they stay relevant to thrive in the new normal. In 2020, we organised two online learning and skills festivals, with over 120 sessions conducted for employees to acquire new skills. We will continue to empower our employees to take ownership of their career development through various initiatives such as MySkills, Learning Empowerment and Self-Nomination for Promotions. *Read more about "Talent management and retention" in the Sustainability Report.*

Resources	Indicators	2020	2019	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 55 bn** **SGD 465 bn** **SGD 43 bn**	**SGD 51 bn** **SGD 404 bn** **SGD 57 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[5]	**SGD 4.5 bn** **SGD 2.0 bn**	**SGD 4.4 bn** **SGD 1.9 bn**	Over the past years, we have consistently invested in technology platforms to become digital to the core. This year we focused on last mile programmes that reduced employee pain points and accelerated digital value capture automation. *Read more about this on page 36.*
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 sustainability-linked loans, green loans, renewable and clean energy-related loans concluded in the year[6]	**586** **20,194** **SGD 9.6 bn**	**582** **14,000** **SGD 5.3 bn**	In 2020, we made steady progress in the construction of new solar installations in Singapore, India and Indonesia. We provided sustainability loans to our customers to support them in pursuing sustainable projects and improve sustainability 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 (SE) Package Value of social enterprise grants awarded Number of social enterprises nurtured Number of Social Impact Prize awarded Employee volunteering hours	**692** **SGD 1.90 m** **>240** **9** **57,000**	**597** **SGD 1.30 m** **>100** **8** **88,000**	DBS Foundation scaled up support for SEs through the Covid-19 pandemic by making available additional grants such as the collateral-free Digital Business Loans of up to SGD 200,000 to SEs in Singapore at preferential interest rates. Our employees continued to serve the community through a hybrid of digital and in-person service- and skills-based volunteering programmes. We further expanded our focus to address and support community segments hardest-hit by the pandemic, in addition to our efforts in key areas of the elderly, education and the environment. *Read more about "Social entrepreneurship" and "Employee volunteerism" in the Sustainability Report.*

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

LVB Resources	Indicators	2020
Customer relationships	Customers – Institutional Banking – Consumer Banking/ Wealth Management	 **>125,000** **>2 m**
Employees	Employees	**3,951**
Financial	Customer deposits	**SGD 3 bn**
Physical Infrastructure	Number of branches Number of self-service banking machines[7]	**>560** **>970**

(1) Scale: 1 = worst and 5 = best. Source: Based on Customer Satisfaction Survey conducted by Aon Hewitt, 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) Wealth Management and Consumer Banking surveys shifted from mostly telegraphic surveys in 2019 to 100% digital surveys in 2020. This report shows the 2019 results from digital surveys for like-to-like comparison to 2020. Market and segment weighting to account for revenue contribution, customer base and strategic priorities are also applied to 2019 and 2020 for greater accuracy.

(3) 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.

(4) This figure refers to the total permanent, contract/ temporary employee headcount on DBS' payroll.

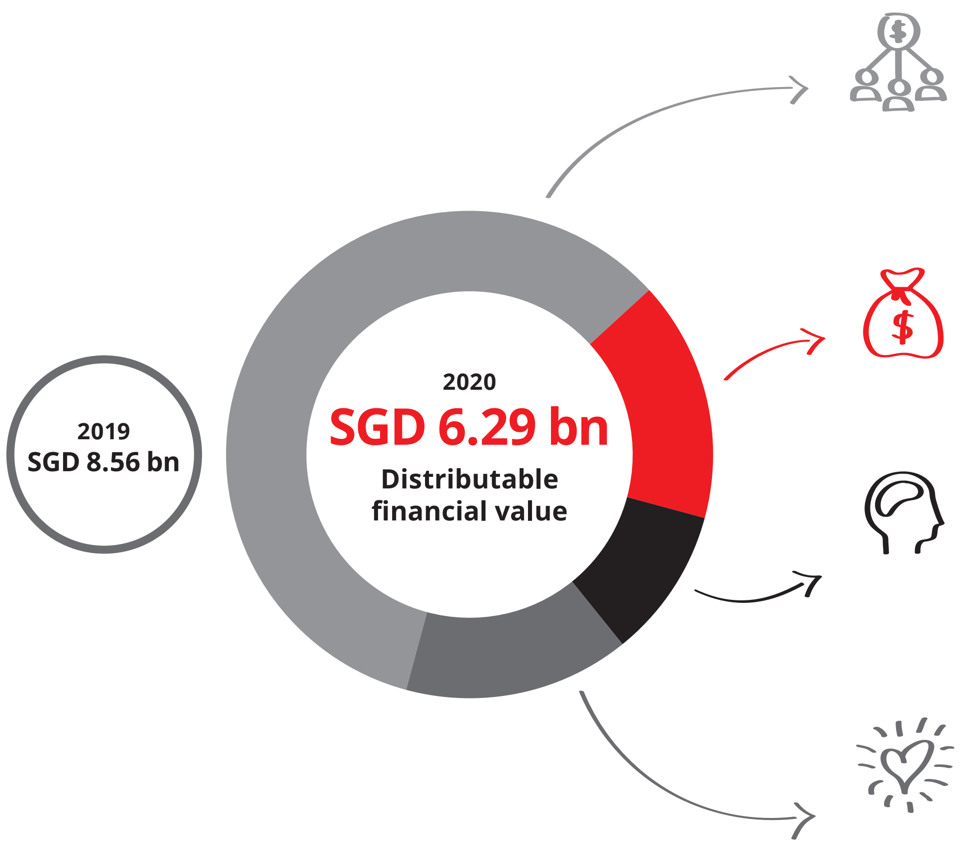
(5) This relates to technology spend on specific IT initiatives and enhancements, depreciation and new licence costs.

(6) This includes adding the value of 2019 sustainability-linked loans to previously disclosed SGD 3.8 bn in 2019 for comparability with 2020 figures.

(7) At LVB, self-service banking machines (SSB) refer mainly to ATMs, cash recyclers, and cash deposit machines only

How we distribute value created

Distributable financial value



43%
Shareholders
Dividends paid to ordinary and preference shareholders and holders of perpetual capital securities

33%
Retained earnings
Retained for business growth

13%
Employees
Discretionary bonus paid to employees through variable cash bonus and long-term incentives

12%
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 in financial value, others in intangible benefits.

We define distributable financial value as net profit before discretionary bonus, taxes (direct and indirect) and community investments. In 2020, the distributable financial value amounted to SGD 6.29 billion (2019: SGD 8.56 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
Engagement, enhanced learning and development, as well as health and other benefits for our employees.

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

Society
Championing social enterprises, promoting financial inclusion, and supporting communities through voluntary programmes, donations, and other in-kind contributions.

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

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.

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

Read more about our stakeholder engagement on page 74.

Prioritise
We prioritise matters that most significantly impact our ability to successfully execute our strategy in delivering long-term value and influencing the decision of key stakeholders.

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

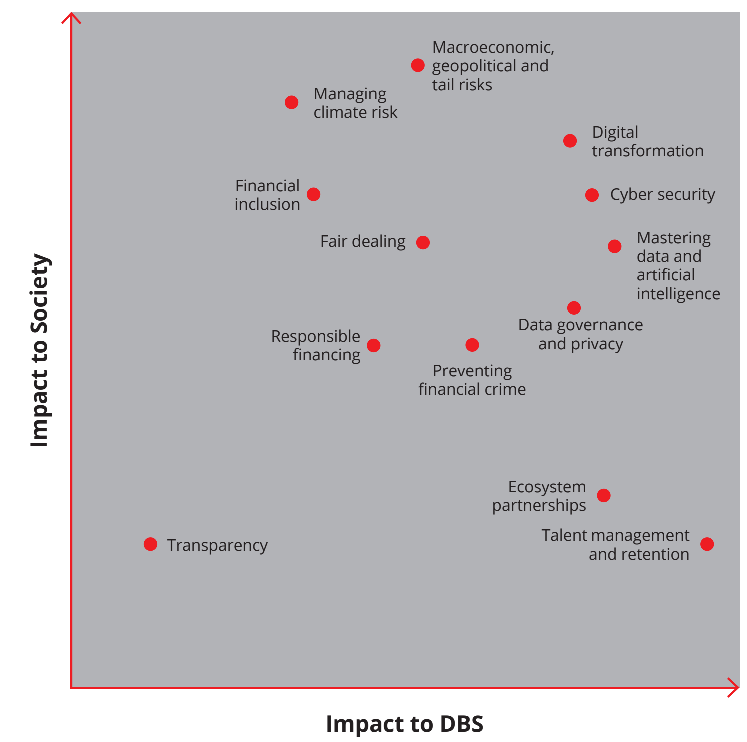
Read more about our balanced scorecard approach under "Our 2020 priorities" on page 26.

In 2020, we adopted the dual materiality approach and conducted a re-assessment of our materiality matrix to improve disclosure on material matters that are important to the bank's financial performance, as well as to the health of our society and the environment.

For example, we leveraged our digital leadership to develop several hyper-connected ecosystem partnerships to establish new revenue streams for the bank. In turn, these ecosystem partnerships enabled large corporates and MSMEs to obtain trade financing quickly and digitally, ensuring they have timely and ample access to liquidity throughout the pandemic.

Read more about material ESG matters in the Sustainability Report.

DBS 2020 Materiality matrix



Material matters	What are the risks?	Where do we see the opportunities?	What are we doing about it?
Macroeconomic, geopolitical and tail risks	Geopolitical tensions, pandemic-led disruptions and social distancing regulations across several markets globally have negatively impacted businesses, asset quality and global trade.	The rising affluence of Asia continues to drive urbanisation, consumption and digitalisation across the region - all of which are supportive of the long-term growth prospects for banks.	We conservatively built up general allowance reserves to fortify our balance sheet during the year; our strong capital and liquidity, nimble execution, and digital savviness will enable us to manage risks and swiftly capture regional opportunities. We continue to grow our presence in India with the recent amalgamation of Lakshmi Vilas Bank. ***Read more in the "Letter from Chairman and CEO" on page 8 and "CEO reflections" on page 18.***
Digital transformation	The pandemic has accelerated demand for digital products and services. With growing affluence, customers are also becoming more digitally-saavy, driving greater demand for new digital innovations. With the pace of digitalisation picking up globally, demand for personalised banking services that are contactless, convenient, and secure is expected to increase.	Continued transformation will allow us to react more quickly to changes and innovate faster to deliver relevant and differentiated banking products and services. DBS has always been at the forefront of offering digital solutions and platforms and these shifts present timely opportunities in strengthening supply chain resilience and enhancing payment and collection efficiencies.	Our digital transformation investments over the last few years helped position us well to face the crisis. Our digital readiness enabled us to better support and pre-empt our customers' needs. ***Read more in "CIO statement" on page 36, "Institutional Banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.***
Mastering data and artificial intelligence (AI)	Greater use of machine-learning (ML) algorithms, AI and predictive models in data-driven decision-making processes will require measures to remove implicit biases and incorporate principles of fairness, ethics, accountability, and transparency. Those who fail to leverage data and technology in a digital age will fall behind and lose competitiveness.	Transforming into a data-driven operating model and industrialising data capabilities through AI and ML in a structured and coordinated manner allow the bank to make informed decisions based on data. Increased experimentation drives innovation while automation scales out more digital capabilities. All these enable us to pivot quickly to new growth opportunities where possible.	With our enhanced data and AI capabilities, we are becoming more pre-emptive in value-adding and meeting our customers' needs. DBS also works with local regulators and industry peers to ensure the responsible use of AI and data analytics. ***Read more in "CIO statement" on page 36.***
Data governance and privacy	The increasing intensification of data collection and data use trends have cultivated deeper sensitivities to data governance and privacy concerns.	We build customers' confidence and trust through our strong focus in corporate governance around the responsible use of AI and data analytics. Our overarching Privacy Policy sets out principles on processing of personal data and we integrate our PURE data governance framework into our management process.	***Read more about "Data governance and privacy" in the Sustainability Report.***
Talent management and retention	The massive disruption brought about by Covid-19 created unprecedented demands for crisis management, resilience, and adaptability of the workforce. Attracting and retaining talent are crucial to succession planning and expanding into new areas. In this digital age accelerated by the pandemic, there is an urgent need for employees to upskill and reskill to continue contributing to the future of banking.	The accelerated digital adoption has changed perspectives requiring more digital and agile skill sets from our workforce. The shift towards working from home presents opportunities to rethink areas of productivity, talent pool and efficiencies.	***Read more in "CEO Reflections" on page 18 and "Talent management and retention" in the Sustainability Report.***
Ecosystem partnerships	Ecosystem partnerships are increasingly vital to scale businesses, harness new technologies and drive value to customers. Moreover, non-FI platform companies are now able to provide financial services and can leverage their ecosystem partnerships to reach more customers.	Being a strong digital player in the financial sector, DBS is well positioned to harness the collaboration with strategic ecosystem partners to offer more efficient and personalised customer journeys with greater differentiated experiences.	DBS is continually exploring collaborations with different ecosystem partners from many industries. ***Read more in "2020 Priorities" on page 26, "Institutional Banking" on page 38 and "Consumer Banking/ Wealth Management" on page 40.***
Managing climate risks	Climate change poses an increasing threat to mankind and the global economy, and the Covid-19 pandemic has shown how tail risks can manifest. Physical risks such as frequent or severe weather events may also give rise to credit, operational and reputational risks.	Banks 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 action has wide ranging implications that are addressed in various parts of our business. ***Read more about "Managing climate risks", "Managing our environmental footprint", "Responsible financing" and "Sustainable procurement" in the Sustainability Report.***
Responsible financing	Our financing takes into account 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. Public expectations are also increasingly demanding that banks lend to responsible and transparent corporate activities that help address the global challenges we face.	Responsible financing is most relevant in a post-Covid world as we align ourselves with a green recovery and just transition. Our stakeholders are attracted to financial institutions with strong financials and responsible financing practices, alongside the positive reputation and strong track records to be contributing to sustainable development.	***Read more in "Responsible financing" in the Sustainability Report.***
Financial inclusion	The pandemic has widened the income and social inequity, further marginalising certain segments in the formal banking services. Furthermore, developing niche products and services usually comes at relatively higher operating and credit costs, which may erode shareholder value.	Technological advancements and targeted partnerships have afforded us the opportunities to reduce the costs of transactions, acquisitions, and networking processes. These provided us insightful knowledge that helps sharpen financial literacy and democratising wealth.	***Read more about "Consumer Banking/ Wealth Management" on page 40 and "Financial inclusion" in the Sustainability Report.***
Preventing financial crime	Financial crime is an ever-increasing threat to today's global economic climate. It has evolved with the rapid advancement of digital technology and more efficient channels of fund transfers.	A robust governance and control framework incorporates training, advisory, enforcement, and compliance with policies and procedures, alongside data analytics and systems capability to prevent financial crimes.	***Read more in "CRO statement" on page 34 and "Preventing financial crime" in the Sustainability Report.***
Cyber security	The prevalent threat of cyber attacks on financial institutions remains one of our top concerns as Covid-19 accelerated the consumption of digital banking services and changed working arrangements working patterns.	A well-defined and executable cyber security strategy promotes confidence in customers and differentiates leaders in an increasingly digital space.	***Read more in "CRO statement" on page 34 and "Cyber security" in the Sustainability Report.***
Fair dealing	Customers expect us to put their interest first and to provide relevant information, quality advice and appropriate recommendations when we conduct business and interact with them.	Fair dealing is the foundation of doing business and we believe customers are more likely to bank with us when they trust we are fair and transparent.	***Read more about "Fair dealing" in the Sustainability Report.***
Transparency	Calls for more transparency in disclosure have been made to promote good governance, trust and decision-making. Failure to adequately respond may give rise to regulatory and reputation risks.	A more open and transparent banking system can improve the likelihood of a more rapid resolution and increase the efficiency of risk management, all of which can directly impact the financial standing of the bank.	***Read more about "Corporate governance" on page 44 and "Managing climate risk" in the Sustainability Report.***

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 impact our strategy the most or are directly impacted by it. They comprise our investors, customers, employees, society, regulators and policy makers.

Regular stakeholder engagements provide us an understanding of the matters they are most concerned with. These matters help us define our strategic priorities and guide our initiatives.

	Investors 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 online meetings and group conference calls with over 380 equity and debt institutional firms • Attendance at virtual roadshows and digital conferences conducted by other industry peers	• Multiple channels including digital banking, call centres and branches • Regular engagements 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 interactions via online customer journey workshops and satisfaction surveys	• "DBS Open" – quarterly group-wide townhalls hosted by CEO Piyush Gupta • "Tell Piyush" – an online forum where employees can freely share feedback and post questions to the CEO • Regular department townhalls and events held by senior management • Regular employee well-being surveys rolled out during the pandemic • DBS Cares Community Forums - employees learn and share more about taking care of their personal well-being • Annual employee engagement survey • Introduced OneBot – a new digital employee channel for real-time questions and support	• Reaching out to social enterprises (SEs) to understand specific challenges arising from the pandemic, and facilitating industry knowledge sharing and dialogues regionally • Speaking with community partners and social service agencies • Connecting with government bodies and associations, including Singapore Centre for Social Enterprise and Community Chest • Maintaining strong partnerships with academics to support tackling real-world sustainability challenges together • Engaging communities within the heartlands and our neighbours through POSB	• Engaging in discussions with regulators, governments and public agencies • Advising public agencies and sharing insights as an industry leader where called upon • Providing insights and thought leadership in support of regulators' efforts towards ensuring financial stability • Active participation in local, regional and international industry forums on financial regulation
What are the key topics raised and feedback received?	1. Impact on business outlook and credit quality from the economic uncertainty brought about by the global pandemic, geopolitical uncertainty and prolonged low interest rate environment 2. Achieving sustainable business growth against risks taken 3. Addressing broader environmental, social, governance (ESG) issues, in particular thermal coal financing	1. Customers requested for cashflow and working capital support to tide them through the pandemic. 2. Enhanced customer satisfaction, experience, and engagements to make banking simpler, faster and more intuitive 3. Growing interest in sustainable investing among private clients and increasing demand for sustainable securities across capital markets	1. Over 300 questions and comments covering topics from overall corporate strategy and business, culture, technology and workplace management, employee benefits and welfare, to customer experience, were raised through "Tell Piyush" 2. In our employee engagement survey, our best-performing indicators were "Diversity and Inclusion", "Learning and Development", "Risk and Control Culture" and "Brand" We also saw significant improvements in "Enabling Productivity" and "Collaboration in PRIDE!", while recognising the need to improve on "Rewards and Recognition", "Customer Focus" and "Survey Follow-Up"	1. Greater expectations on the bank to influence customers and employees to act responsibly and sustainably 2. Challenges in adapting to new forms of digital interactions through online Webex workshops, e-payments and digital literacy, financial literacy, among others, particularly for the elderly 3. SEs face the urgent need to transform businesses and stay resilient while seeking support in critical business areas such as sales and marketing, fundraising and human resource management	1. Ensure business resilience and continue providing innovative financial services to maintain stability of the financial system 2. Key regulatory and reporting issues surrounding the banking industry included: • Cyber security • Preventing financial crime • Data governance • Fair dealing and conduct • Benchmark reform rates
How did we respond?	1. We provided detailed disclosures and commentary on business outlook, financial performance, and credit quality 2. We explained our position on dividends and complied with MAS guidance 3. We responded to investor queries through various engagements, before improving our public and voluntary sustainability disclosures. We also updated our sector guides to ensure alignment with emerging ESG issues and industry best practices. For example, our updated power sector guide provides more rigorous requirements for diversification from thermal coal for our borrowers ***Read more in "CFO statement" on page 20, and "Stakeholder engagement" and "Selected ESG-related awards, indices and ratings" in the Sustainability Report.***	1. We approved over SGD 5 billion in collateral-free loans to SMEs, and provided further liquidity support through 3,300 loan moratoriums on close to SGD 4.7 billion in secured SME loans 2. We harnessed our digital leadership and data capabilities to improve existing banking journeys and launched new creative financial planning solutions for our customers 3. We continually provide retail and corporate customers with guidance on new financial products and services. Some examples include green- and sustainability-linked loans, sustainable bonds, and a suite of ESG-investment funds ***Read more in "Institutional Banking" on page 38, "Consumer Banking/ Wealth Management" on page 40, "Responsible financing" and "Financial inclusion" in the Sustainability Report.***	1. Piyush personally responded to all questions and comments raised. Where applicable, issues or suggestions were directed to relevant departments for follow-up 2. In 2020, we invested heavily to improve productivity and enhanced communication around key improvement areas. At the height of the pandemic, the DBS TOGETHER movement was launched to boost employee morale. Follow-ups to our annual employee engagement survey and sentiment pulse checks were conducted. Results were then analysed at group-, business unit-, support unit- and country-levels We continue to strengthen the bank's culture by refreshing our PRIDE! behavioural descriptors and emphasising them in the performance and development review for all employees ***Read more about "Talent management and retention" in the Sustainability Report.***	1. Continue to bring the underbanked segments into the formal banking system, launched employee campaigns to encourage more responsible lifestyles; drove engagement and conversations around social-environmental issues and social entrepreneurship through our award-winning mini-series Sparks Season 2 2. In the POSB Active Neighbours programme, we continue to support seniors in their transition to digital banking by providing personalised learning sessions at our branches 3. We made available the collateral-free SE Digital Business Loan of up to SGD 200,000 at preferential interest rates to qualifying SEs in Singapore. In addition, we rolled out a special interest-free loan to SEs supported by DBS Foundation. The DBS Foundation also disbursed an additional SGD 550,000 through its inaugural Business Transformation and Improvement Grant to provide funding support to SEs so that they can protect and create jobs, and pivot digitally for new income streams to transform their business operations ***Read more about "POSB" on page 42, "Managing climate risks", "Financial inclusion", "Social entrepreneurship" and "Employee volunteerism" in the Sustainability Report.***	1. Enabled secure access for employees to work remotely, minimised disruptions to our banking services while taking active measures to reduce our cyber risk surface. We worked closely with the Singapore government to extend relief measures to customers in response to the economic and social challenges posed by the pandemic 2. Continue to increase fraud detection capabilities using data and analytics to mitigate financial crime risks. Our Anti-Money Laundering (AML) Filter Model was featured in the Personal Data Protection Commission's Compendium of Use Cases, advocating for the adoption of robust model governance framework by the wider industry in Singapore DBS participated in and chaired several local and regional industry committees, workstreams and forums. For example, members of the DBS senior leadership led several workstreams to oversee the industry-wide interest rate benchmark transition from SOR to SORA, and to elevate the culture and conduct standards among banks in Singapore ***Read more about "Risk management" on page 76, "Cyber security", "Preventing financial crime", "Data governance and privacy" 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 179 for more information about DBS' business segments

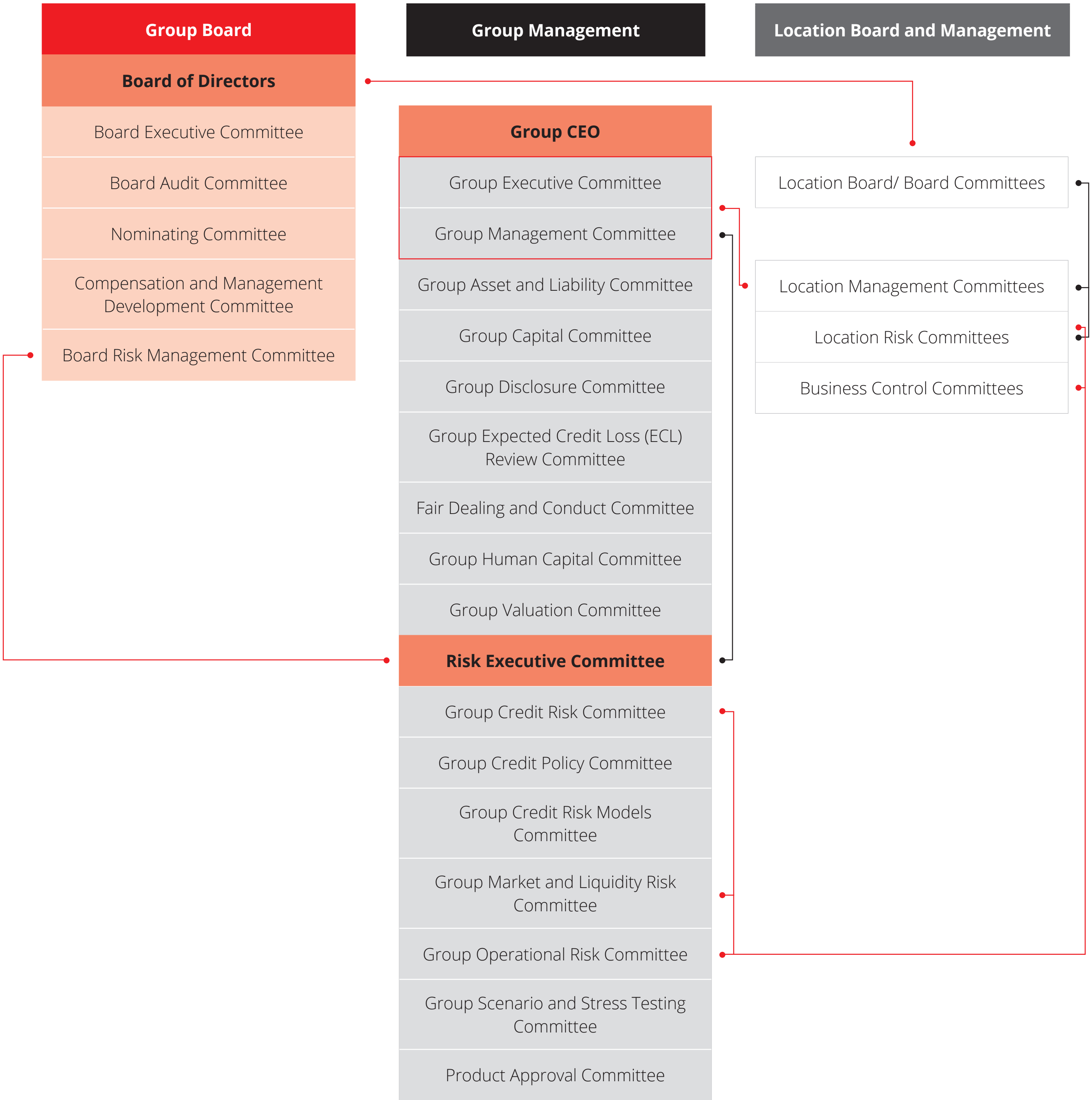
SGD million	Consumer Banking/ Wealth Management	Institutional Banking	Treasury Markets	Others[a]	Group
Assets[b]	116,845	292,850	160,638	74,282	644,615
Risk-weighted assets	42,957	204,913	48,355	24,871	321,096
% of RWA	**Consumer Banking/ Wealth Management**	**Institutional Banking**	**Treasury Markets**	**Others[a]**	**Group**
Credit risk	79%	94%	46%	79%	84%
Market risk	0%	0%	50%	13%	9%
Operational risk	21%	6%	4%	8%	7%

(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 establishes 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.
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 serves 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 provides group-wide oversight and direction for the approval of new product and outsourcing initiatives. It evaluates new product and outsourcing initiatives to ensure that they are in line with the Group's strategy and risk appetite.

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, which articulates the risks that we are willing to accept. It also serves to reinforce our risk culture by setting a clear message from the 'tone from the top'. A strong organisational risk culture, complemented with a balanced incentive framework (refer to "Remuneration Report" section on page 61), helps to further embed our Risk Appetite.

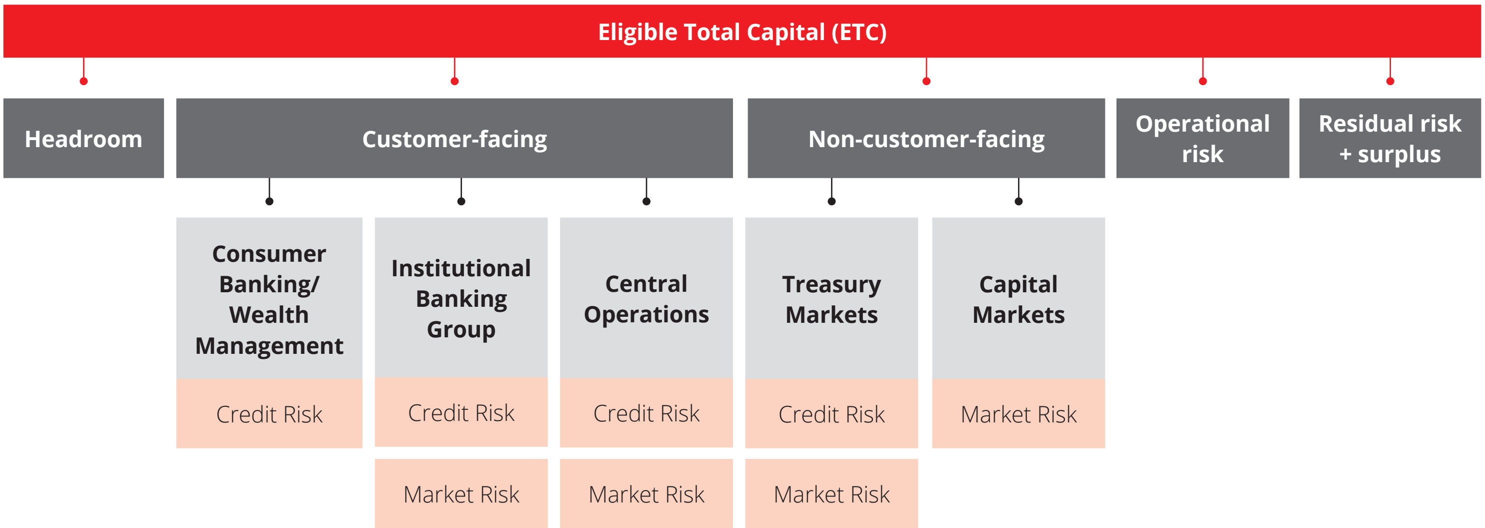
4.1 Risk thresholds and economic capital usage

Our Risk Appetite takes into account a spectrum of risk types and 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.

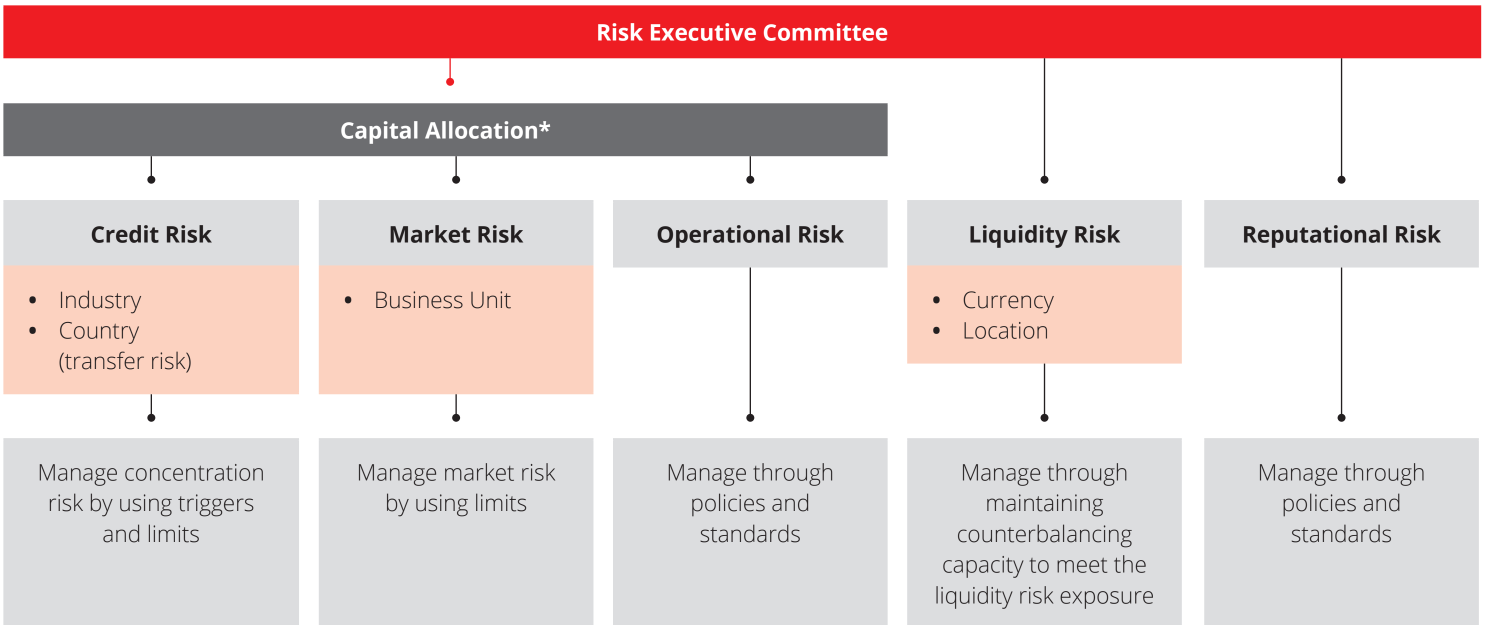
To ensure that the thresholds pertaining to our Risk Appetite are completely risk sensitive, we have adopted economic capital (EC) as our primary risk metric. EC is assessed on top of regulatory capital as part of our Internal Capital Adequacy Assessment Process (ICAAP).

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. In addition, 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 169 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 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 units, 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 concentration, we use EC as our measurement tool as it combines the individual risk factors such as the probability of default (PD), loss given default (LGD) and exposure at default (EAD), in addition to industry correlation and portfolio concentration. EC thresholds are set to ensure that the allocated EC stays within our Risk Appetite. Governance processes are in place to ensure that these thresholds are monitored regularly, and appropriate actions are taken when the thresholds are breached.

DBS continually examines and reviews how we can enhance the scope of our thresholds and approaches to manage 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 conducted 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 test 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 171. 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 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 174.

Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2019 and 2020 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 traded with 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 the 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 2020, 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 (2019: SGD 11 million).

For additional collateral amount in the event of a rating downgrade, Lakshmi Vilas Bank is excluded as the impact is estimated to be insignificant.

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 2020

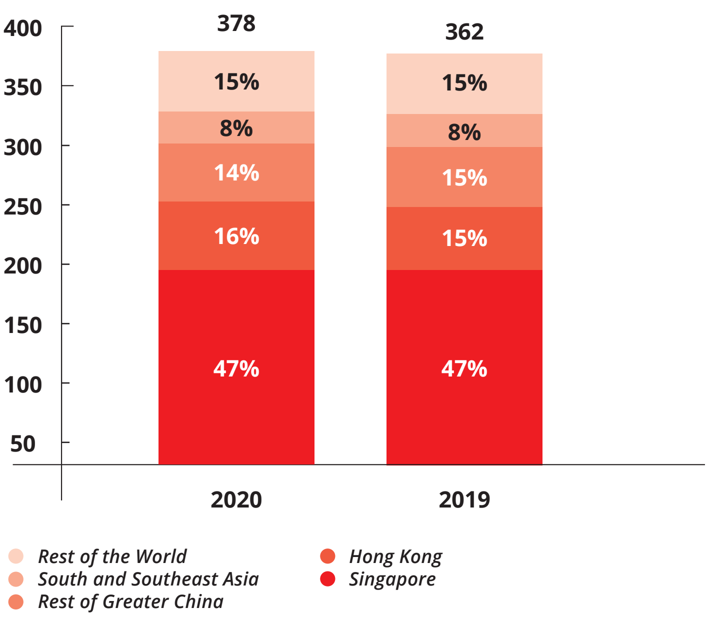
Concentration risk

DBS' geographic distribution of customer loans remains stable.

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 was seen mainly in Singapore, Hong Kong and Rest of the World.

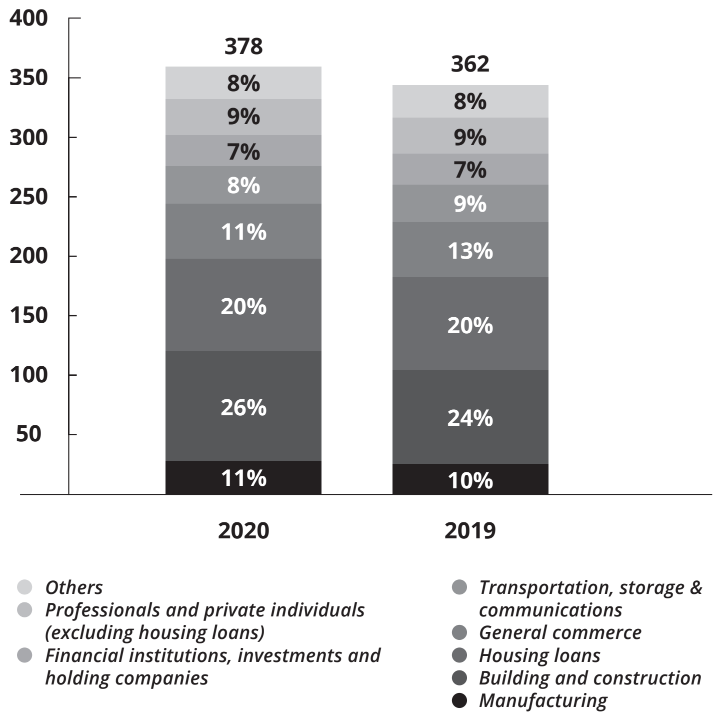
Our portfolio is well diversified across industry and business segments. Building and construction, general commerce and manufacturing remain the largest contributors in the wholesale portfolio, accounting for 48% of the total portfolio.

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 175 for DBS' breakdown of credit risk concentration.

Non-performing assets

New non-performing asset (NPA) formation was partially moderated by recoveries and write-offs. In absolute terms, our total NPA, including the addition from the consolidation of Lakshmi Vilas Bank, increased by 16% from the previous year to SGD 6.69 billion and non-performing loans (NPL) ratio was at 1.6% in 2020.

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 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, private property price increases have moderated at about 2.2% year-on-year, there was an approximate 1.9% 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% increase in the proportion of mortgage exposure in the 51% to 80% LTV band due to higher proportion of matured/closed mortgage accounts in the up to 50% LTV band. Hong Kong property price index increased slightly by 1.3% in 2020.

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

As at 31 December 2020

LTV band	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia
Up to 50%	34.0%	88.9%	36.4%	43.7%
51% to 80%	65.7%	11.1%	62.2%	52.0%
81% to 100%	0.2%	0.0%	1.4%	1.8%
Partially Collateralised	0.1%	0.0%	0.0%	2.5%

This excludes the loans and collateral of Lakshmi Vilas Bank that was amalgamated with DBS India Ltd on 27 Nov 2020.

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%	2.0%
Partially Collateralised	0.1%	0.0%	0.0%	1.7%

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. More than 90% of such loans are fully collateralised and majority of these loans have LTV < 80%. Our property loans are mainly concentrated in Singapore and Hong Kong, which together accounted for 82% 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 collaterals 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 2020

LTV band	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World
Up to 50%	47.2%	56.1%	61.0%	28.0%	28.4%
51% to 80%	43.0%	31.1%	21.2%	33.9%	65.3%
81% to 100%	5.4%	5.7%	2.0%	5.5%	4.3%
Partially Collateralised	4.4%	7.1%	15.8%	32.6%	2.0%

This excludes the loans and collateral of Lakshmi Vilas Bank that was amalgamated with DBS India Ltd on 27 Nov 2020.

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%

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 counterparty 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 2020
OTC derivatives cleared through a central counterparty	985,222
OTC derivatives settled bilaterally	1,115,076
Total OTC derivatives	**2,100,298**
Exchange-traded dervatives	8,406
Total derivative	**2,108,704**

Please refer to Note 37 to the financial statements on page 159 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 guides, 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. Credit risk arising from loans and receivables is managed under the credit risk management framework. Interest rate risk in the banking book (IRRBB) arises from mismatches in the interest rate profiles of assets, liabilities and capital instruments. Estimating IRRBB requires the use of behavioural models and assumptions on certain parameters such as loan prepayment, fixed deposits early redemption and the duration of non-maturity deposits. DBS measures IRRBB on a weekly and monthly 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 2020

The main risk factors driving DBS' trading portfolios in 2020 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 2020 to 31 Dec 2020			
SGD million	**As at 31 Dec 2020**	**Average**	**High**	**Low**
Diversified	19	13	31	8
Interest rates	12	14	27	7
Foreign exchange	7	4	8	1
Equity	6	3	11	#
Credit spread	14	14	18	5
Commodity	#	#	1	#

 # Amount under SGD 500,000

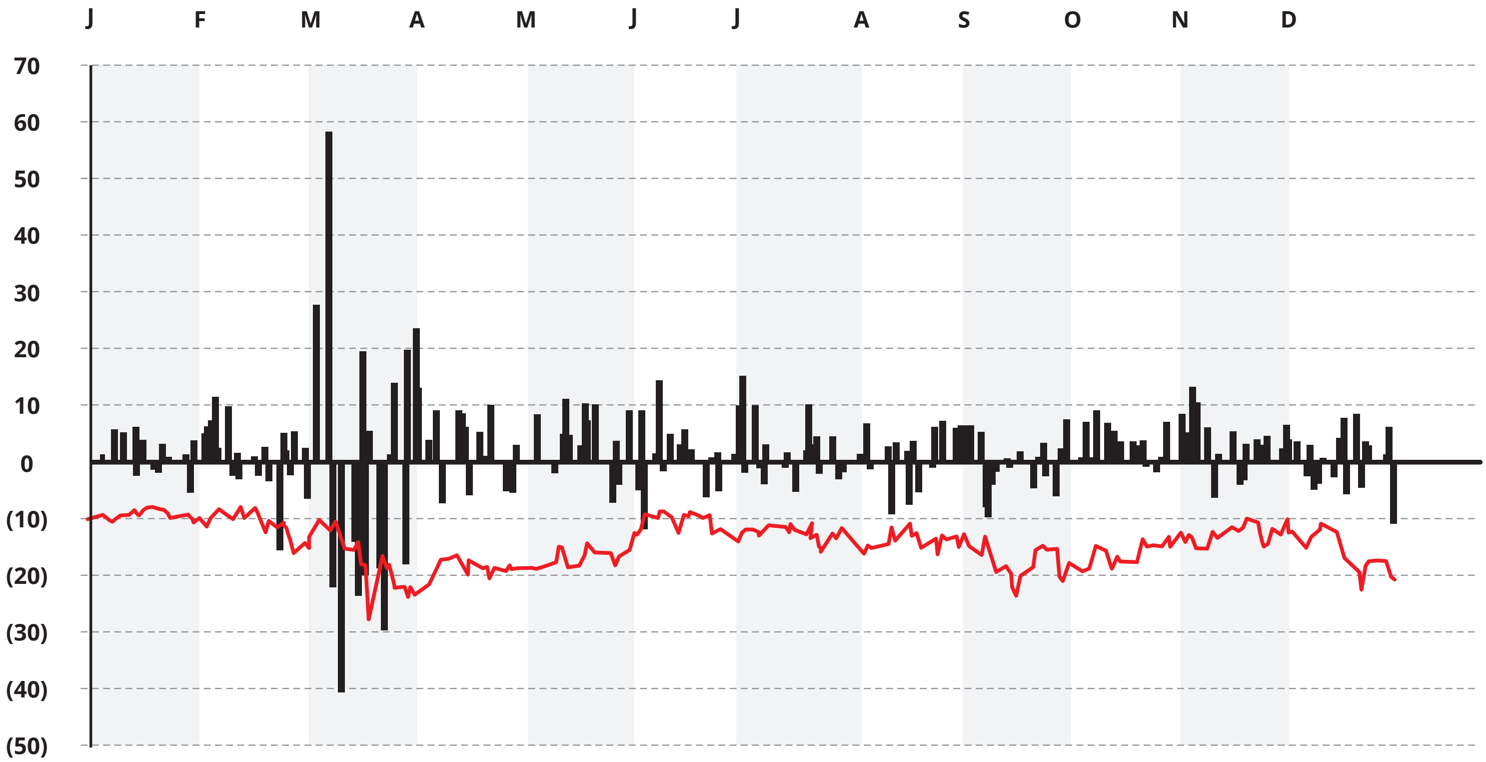
This excludes the positions from Lakshmi Vilas Bank (LVB) that was amalgamated with DBS India Ltd on 27 Nov 2020. Impact to DBS' trading book due to LVB's positions is assessed to be insignificant.

	1 Jan 2019 to 31 Dec 2019			
SGD million	**As at 31 Dec 2020**	**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

DBS' trading portfolios experienced seven backtesting exceptions in 2020 and they occurred in February, March and June. The backtesting exceptions were largely due to large movements in the US Dollar interest rates, credit spreads and equity volatilities brought about by the Covid-19 pandemic.

SGD million



This excludes the positions from Lakshmi Vilas Bank that was amalgamated with DBS India Ltd on 27 Nov 2020.

● ***Backtesting profit and loss (in SGD million)*** ● ***VaR at 99% confidence interval (in SGD million)***

In 2020, 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. Simulating using a 100 basis points parallel upward or downward shift in yield curves on DBS' banking book exposures, NII[a] is estimated to increase by SGD 1,221 million and decrease by SGD 1,037 million respectively.

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

(a) For NII simulation, Lakshmi Vilas Bank is excluded as the impact is estimated to be insignificant.
(b) Refer to Note 38.3 to the financial statements on page 164 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.

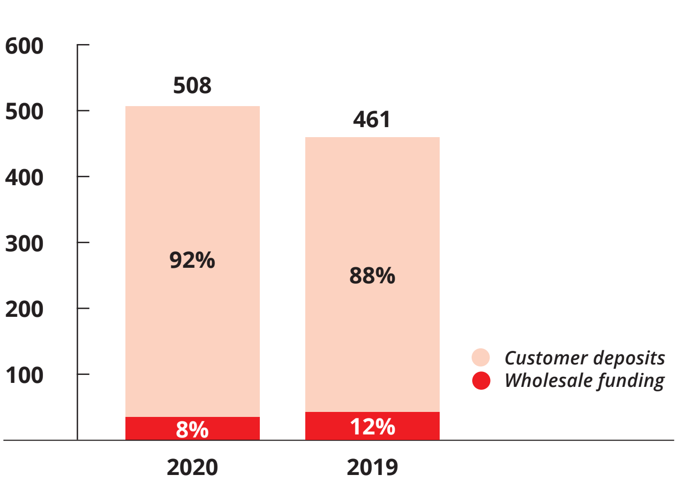
7.1 Liquidity risk management at DBS

Liquidity management and funding strategy

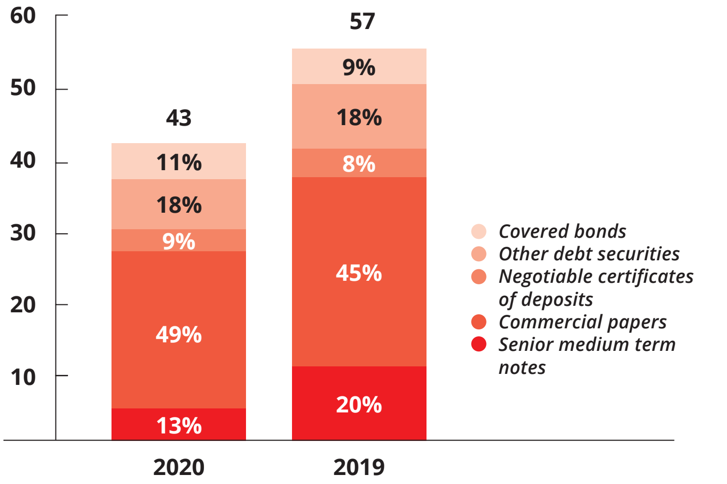
DBS strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. Our funding strategy is anchored on the strength of our core deposit franchise and is augmented by our established long-term funding capabilities.

Including Lakshmi Vilas Bank, Current Account Savings Account (CASA) as a proportion of customer deposits increased to 73% as at December 2020 from 59% as at December 2019.

Funding sources (SGD billion)

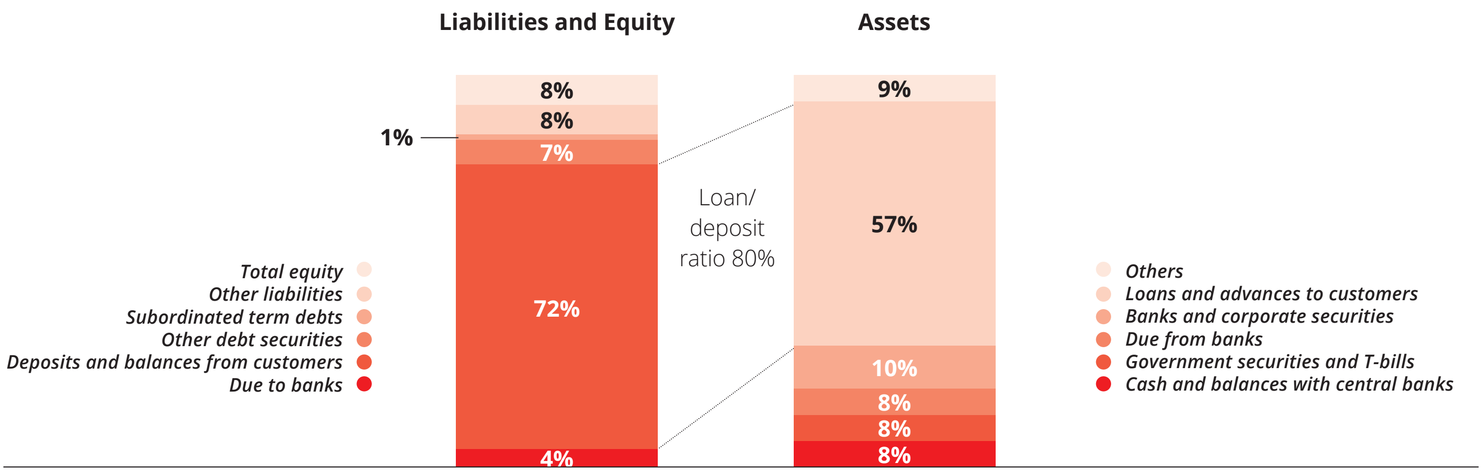


Wholesale Funding Breakdown (SGD billion)



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 2020.



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 177 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 term borrowing needs are managed centrally by the head office and in consultation with our overseas locations, subject to relevant regulatory restrictions and to an appropriate level of presence and participation required by the respective local funding markets.

The Group Asset and Liability Committee and respective Location Asset and Liability 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 a 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 2020
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 177.

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 2020, the liquidity profile improved as deposit growth replaced shorter term funding while excess liquidity is retained in short term funds.

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 2020(b) (c) Net liquidity mismatch	26,191	12,542	6,407	9,742	6,158
Cumulative mismatch(c)	26,191	38,733	45,140	54,882	61,040
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

(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
(c) This excludes the assets and liabilities of Lakshmi Vilas Bank (LVB) that was amalgamated with DBS India on 27 Nov 2020. Impact from LVB's positions is estimated to be insignificant

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 2020						
Cash and balances with central banks[a]	8,416	14,834	23,250	19,886	27,368	50,618
Due from banks[b]	-	20,699	20,699	19,790	30,168	50,867
Government securities and treasury bills	10,002	41,496	51,498	53,631	202	51,700
Banks and corporate securities	3,306	49,632	52,938	53,114	12,518	65,456
Total	**21,724**	**126,661**	**148,385**	**146,421**	**70,256**	**218,641**

(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 2020
(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 12,860 million were recognised for liquidity management under stress.

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. Group LCR has been 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, outsourcing and ecosystem partnership.

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
Cyber security risk is an important and continuous focus of the bank. DBS devotes significant attention and resources to protect and improve the security of its computer systems, software, networks and other technology assets. 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 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 has in place an integrated governance, risk and compliance system with aligned risk assessment methodology, common taxonomy, and unified processes for the three lines of defence. In 2020, we implemented an operational risk landscape profile which provides the Board and senior management with an integrated view of DBS' operational risk profile periodically, across key operational risk areas and business lines.

8.2 Operational risk in 2020

The total operational risk losses in 2020 decreased to SGD 6 million (0.04% of DBS' total operating income), from SGD 33 million (0.23%) in 2019. The losses may be categorised into the following seven Basel risk event categories:

Basel risk event types	2020		2019	
	SGD million	%	SGD million	%
Execution, delivery and process management (EDPM)	3.67	61%	8.77	27%
External fraud	1.17	19%	5.19	16%
Business disruptions and system failures	0.48	8%	0.56	2%
Clients, products and business practices	0.63	11%	18.32	55%
Damage to physical assets	0.05	1%	0.05	0%
Internal fraud	0	0%	0	0%
Employment practices and workplace safety	0	0%	0	0%
Total[a]	**6.0[b]**	**100%**	**32.89[c]**	**100%**

Notes
(a) Reportable operational risk events are those with net loss greater than SGD 10,000 and are reported based on the date of detection
(b) This excludes the operational losses of Lakshmi Vilas Bank that was amalgamated with DBS India Ltd on 27 Nov 2020
(c) Adjusted to account for updates such as subsequent recoveries after 2019

EDPM, which comprised mainly processing errors, accounted for the highest share of our total losses in 2020.

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 2020

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 2020.

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. On 29 July 2020, the MAS called on locally-incorporated banks to cap their total dividends per share ("DPS") for FY2020 at 60% of FY2019's DPS, and offer shareholders the option of receiving the dividends to be paid for FY2020 in scrip in lieu of cash. While the MAS recognised that Singapore banks' capital positions are strong, the dividend restrictions were a pre-emptive measure to bolster the banks' resilience and capacity to support lending. In line with MAS' guidance, the Board has recommended a final dividend of SGD 0.18 per ordinary share, bringing the total ordinary dividend for the year to SGD 0.87 per share. The Scrip Dividend Scheme will 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 generally 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 2019 final or interim dividend for the first quarter of the year ended 31 December 2020.
- DBS Group Holdings Ltd, on 5 October 2020, issued 2,184,219 ordinary shares pursuant to the Scrip Dividend Scheme in respect of the interim dividend for the second quarter of the year ended 31 December 2020. This added SGD 46 million to ordinary share capital.
- DBS Group Holdings Ltd, on 29 December 2020, issued 9,743,049 ordinary shares pursuant to the Scrip Dividend Scheme in respect of the interim dividend for the third quarter of the year ended 31 December 2020. This added SGD 233 million to ordinary share capital.
- As at 31 December 2020, the number of treasury shares held by the Group was 25,874,461 (2019: 10,330,656), which was 1.01% (2019: 0.40%) of the total number of issued shares net of treasury shares. In response to the MAS' direction for the sustaining of lending activities to take priority over discretionary distributions, the Group halted share buybacks at the end of March 2020.

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 27 February 2020, issued USD 1,000 million 3.30% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025.
- DBS Bank Ltd., on 23 November 2020 redeemed the SGD 800 million 4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020.

Tier 2 capital

- DBS Group Holdings Ltd, on 8 October 2020, issued AUD 300 million Floating Rate Subordinated Notes due 2031 and Callable in 2026.

Refer to Notes 31, 33 and 35 to the financial statements as well as the Main Features of Capital Instruments document (https://www.dbs.com/investors/fixed-income/capital-instruments) 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 2020

	SGD million
Common Equity Tier 1 capital	
Opening amount	42,870
Issue of shares pursuant to Scrip Dividend Scheme	279
Profit for the year (attributable to shareholders)	4,721
Dividends paid to shareholders[1]	(2,411)
Cost of share-based payments	131
Purchase of treasury shares	(447)
Other CET1 movements, including other comprehensive income	(357)
Closing amount	44,786
Common Equity Tier 1 capital	44,786
Additional Tier 1 capital	
Opening amount	2,590
Issuance of Additional Tier 1 capital instruments	1,392
Redemption of Additional Tier 1 capital instruments and others	(580)
Closing amount	3,402
Tier 1 capital	48,188
Tier 2 capital	
Opening amount	5,233
Movements in Tier 2 capital instruments	399
Movement in allowances eligible as Tier 2 capital	117
Closing amount	5,749
Total capital	53,937

Note:
(1) Includes distributions paid on capital securities classified as equity

Capital adequacy ratios

As at 31 December 2020, our Common Equity Tier 1 (CET1) capital adequacy ratio (CAR) was 13.9% 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 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 2020, our consolidated leverage ratio stood at 6.8%, well above the 3.0% minimum ratio set by the MAS effective 1 January 2018.

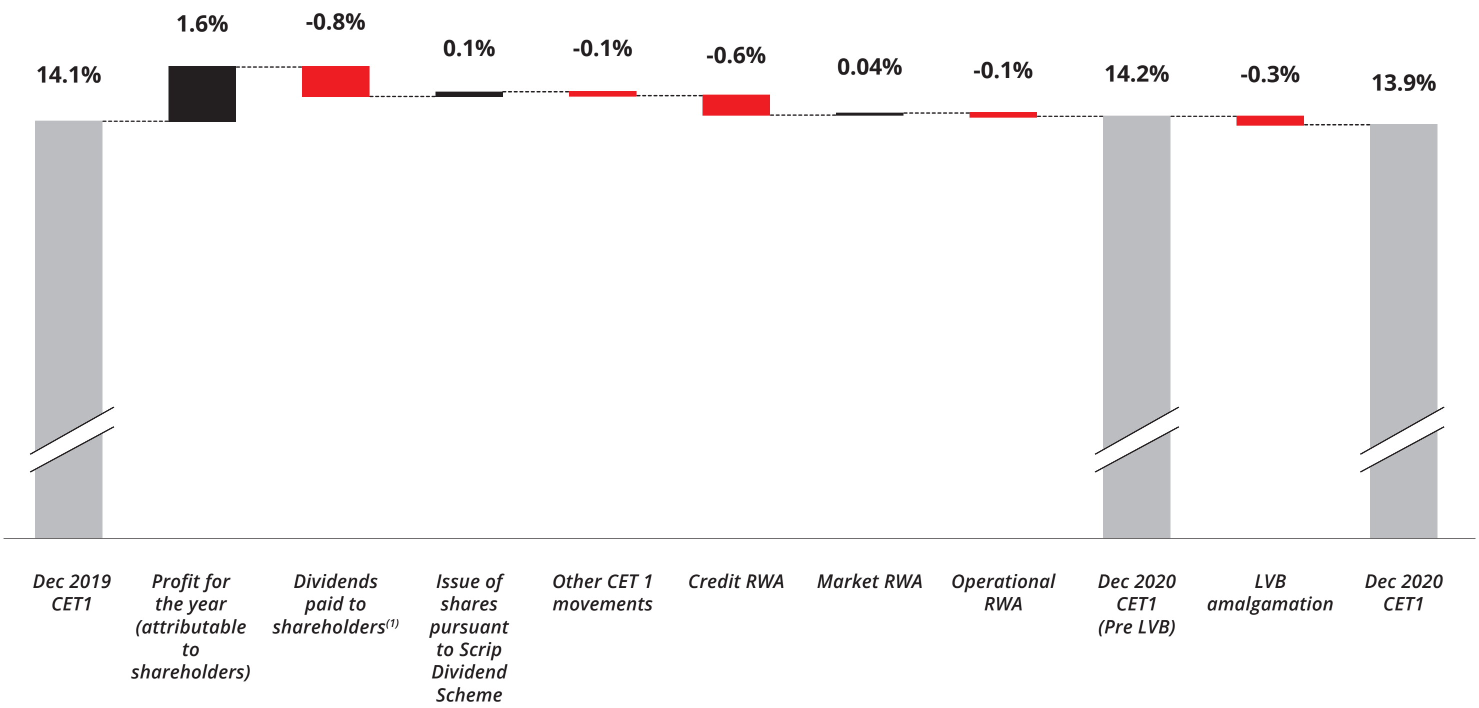
Refer to "Five-Year Summary" on page 188 for the historical trend of Tier 1 and Total CAR. Refer to DBS Group's Pillar 3 disclosures published on DBS' website (https://www.dbs.com/investors/default.page) for details on our RWA.

SGD million	2020	2019
Common Equity Tier 1 capital	44,786	42,870
Tier 1 capital	48,188	45,460
Total capital	53,937	50,693
Risk-weighted assets (RWA)		
Credit RWA	269,249	252,402
Market RWA	27,932	28,696
Operational RWA	23,915	22,673
Total RWA	321,096	303,771
Capital Adequacy Ratio (CAR) (%)		
Common Equity Tier 1	13.9	14.1
Tier 1	15.0	15.0
Total	16.8	16.7
Minimum CAR including Buffer Requirements (%)[1]		
Common Equity Tier 1	9.1	9.3
Effective Tier 1	10.6	10.8
Effective Total	12.6	12.8
Of which: Buffer Requirements (%)		
Capital Conservation Buffer	2.5	2.5
Countercyclical Buffer	0.1	0.3

Notes:
(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



Notes:
(1) Includes distributions paid on capital securities classified as equity

Regulatory change

The minimum CAR requirements based on MAS Notice 637 have been fully phased in from 1 January 2019 and are summarised in the table below.

From 1 January	**2019 and beyond**
Minimum CAR %	
Common Equity Tier 1 (a)	6.5
Capital Conservation Buffer (CCB) (b)	2.5
Common Equity Tier 1 including CCB (a) + (b)	9.0
Tier 1 including CCB	10.5
Total including CCB	12.5
Maximum Countercyclical Buffer [(1)]	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 2.5% from 1 January 2019, and was reduced to 2.0% and 1.0% from 14 October 2019 and 16 March 2020 respectively.

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 DBS Group's Pillar 3 disclosures published on DBS' website (https://www.dbs.com/investors/default.page).

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. On 7 April 2020, the MAS announced that the implementation date of the Basel III reforms had been deferred by one year to 1 January 2023 to enable banks to prioritise their resources to respond to the impact of COVID-19.

On 31 March 2020, in light of the COVID-19 pandemic, MAS Notice 637 was amended to allow the full recognition of balances maintained in regulatory loss allowance reserve accounts as Tier 2 Capital between 31 March 2020 and 30 September 2021 (both dates inclusive). Further technical revisions to MAS Notice 637 were implemented with effect from 1 October 2020, including the capital treatment of public sector entities.

Sustainability

Our 2020 Sustainability Report is prepared in accordance with, or taking reference to, the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Sustainability Governance

Board of Directors

Chief Executive Officer

DBS Sustainability Council
(chaired by the Chief Sustainability Officer)

Group Management Committee

Institutional Banking | Consumer Banking | Treasury & Markets | Risk Management | Technology & Operations | Legal, Compliance & Secretariat | Corporate Real Estate | Human Resource | DBS Foundation | Group Strategic Marketing & Communications

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, which is chaired by the Chief Sustainability Officer and consists of senior members across various business and support units. The Council also advises the CEO on priority ESG matters that contribute to the overall materiality assessment, which is then utilised by the Board and the Group Management Committee for strategic planning and long-term value creation.

Sustainable Development Goals (SDGs)

At DBS, we recognise the urgent need to contribute and invest in sustainability and futureproof ourselves. With the bank's most recent statement of purpose: "Best Bank for a Better World", we look to enrich lives and transform businesses by providing innovative solutions and experiences sustainably. We have chosen to focus on six of United Nation's 17 Sustainable Development Goals (SDGs) we believe we can make meaningful contributions to, after considering the key markets where we operate.

5 GENDER EQUALITY | 7 AFFORDABLE AND CLEAN ENERGY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

ESG-related indices

Bloomberg Gender-Equality Index 2021

Included in Bloomberg Gender Equality Index for the fourth consecutive year

Member of Dow Jones Sustainability Indices

Included in Dow Jones Sustainability Index (Asia Pacific) for the third consecutive year

FTSE4Good

Included in FTSE4Good Global and ASEAN 5 Index for the fourth consecutive year

Sustainability highlights

1 Responsible banking

We deliver products and services that promote sustainable development, and conduct our business in a fair and responsible manner.

Partnering customers in the transition to a sustainable low-carbon economy

We are raising our sustainable finance target to
SGD 50 billion by 2024

Launched the
Sustainable and Transition Finance
Framework and Taxonomy

Closed
SGD 9.6 billion
in sustainable financing transactions, up 81% from previous year

Democratising wealth and financing services

Launched
NAV Planner
a digital financial advisory solution leveraging big data and technology to provide customised nudges to customers on financial decisions

NAV Planner has delivered more than
30 million
financial planning insights to customers

Complemented by
DBS digiPortfolio
a robo-technology investment platform, for retail customers to build diversified portfolios based on their risk appetites

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.

Reducing our operational footprint

We are committed to ensure
net zero operational carbon by 2022

Upskilling and reskilling our workforce for the future

Launched in-house digital training
Future Tech Academy
to keep our technology workforce updated with relevant cutting-edge skills

over
18,000 employees
trained on data management

2,000 employees
trained in data science and business intelligence e-learning modules

Organised
AWS DeepRacer Challenge
and trained over 3,000 employees on the fundamentals of artificial intelligence and machine learning

Reducing energy consumption and increasing efficiency

Across our key markets,
21%
of our electricity consumption is from renewable energy source

Commissioned
three new solar installations
increasing our renewable energy generation capacity by
427 KWp

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 markets where we operate.

Supporting the community and making a difference

Contributed close to
57,000 hours
of employee volunteering

Where over 12,000 hours were committed to skills-based volunteering, a 90% increase year-on-year

Funding of
SGD 10.5 million
to help those hard-hit by Covid-19, including 4.5 million meals and care packs

Championing social entrepreneurship

Disbursed
SGD 550,000
in the inaugural DBS Foundation Business Transformation and Improvement Grant to encourage social enterprises in their digital transformation journey

Nurtured over
240
social enterprises, 140% increase year-on-year

Provided record
SGD 9 million
in grants and loans in support for social enterprises to cope with the impact of the pandemic

Content series Sparks Season 2: Everyday Heroes for a Better World raises awareness for sustainability and social entrepreneurship through viewership of over
276 million

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 2020
Provision 1.2 The induction, training and development provided to new and existing Directors.	Pages 49 to 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 49
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, 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

Principles and provisions of the 2018 Code - Express disclosure requirements	Page reference in DBS Annual Report 2020
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 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 2020
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 49 to 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 and 51
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.	Page 50
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

Directors' statement

for the year ended 31 December 2020

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 2020. 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 181, 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 2020, 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
Ms Punita Lal *(Appointed 1 April 2020)*
Mr Anthony Lim *(Appointed 1 April 2020)*
Mr Olivier Lim *(Lead Independent Director)*
Mrs Ow Foong Pheng
Mr Andre Sekulic
Mr Tham Sai Choy

Mr Piyush Gupta 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 himself for re-election at the AGM.

Ms Euleen Goh and Mr Andre Sekulic will retire by rotation in accordance with Article 99 of the Company's Constitution at the forthcoming AGM and, will not offer themselves for re-election at the AGM.

Ms Punita Lal and Mr Anthony Lim will retire in accordance with Article 105 of the Company's Constitution at the forthcoming 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 2020	As at 1 Jan 2020	As at 31 Dec 2020	As at 1 Jan 2020
DBSH ordinary shares				
Mr Peter Seah	274,186	242,127	–	–
Mr Piyush Gupta	–	1,522,502	2,217,307	318,000
Dr Bonghan Cho	6,098	1,930	–	–
Ms Euleen Goh	63,622	58,703	–	–
Mr Ho Tian Yee	55,611	48,140	–	–
Mr Olivier Lim	137,707	67,281	–	–
Mrs Ow Foong Pheng	25,839	25,839	–	–
Mr Andre Sekulic	33,411	27,956	–	–
Mr Tham Sai Choy	95,419	89,188	–	–
Share awards (unvested) granted under the DBSH Share Plan				
Mr Piyush Gupta[1]	971,288	1,036,485	–	–
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Ms Euleen Goh	–	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 2020 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 2021.

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, Dr Bonghan Cho, Ms Euleen Goh and Ms Punita Lal.

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 6,363,485 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 60,236 share awards which vested immediately upon grant. These share awards formed part of their directors' fees for 2019, which had been approved by the shareholders at DBSH's annual general meeting held on 30 April 2020.

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	30,012	30,012
Mr Piyush Gupta	295,054[(1)]	360,251
Dr Bonghan Cho	4,122	4,122
Ms Euleen Goh	4,476	4,476
Mr Ho Tian Yee	6,588	6,588
Mr Olivier Lim	5,398	5,398
Mr Andre Sekulic	4,925	4,925
Mr Tham Sai Choy	4,715	4,715

(1) The share awards granted to Mr Piyush Gupta are time-based awards which will vest over a 4-year period. The 295,054 share awards were granted in February 2020 and formed part of his remuneration for 2019.

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 the Group 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 2020.

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 30 March 2021.

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

9 February 2021
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 financial position of the Company and the consolidated financial position of the Group as at 31 December 2020 and of the consolidated financial performance, the consolidated changes in equity and the 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 comprise:

- the consolidated income statement of the Group for the year ended 31 December 2020;
- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2020;
- the balance sheets of the Group and of the Company as at 31 December 2020;
- 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, Taipei and Seoul Branches, 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 and 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 as to 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 were 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 respective territory, (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 and 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 for the financial year ended 31 December 2020. 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 2020, the specific allowances for loans and advances to customers of the Group was $2,692 million, the majority of which related to Institutional Banking Group ("IBG") customers. Specific allowances refer to loss allowances 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 used 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 with exposures to certain sectors in view of continued heightened credit risks and the effects of the COVID-19 pandemic 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 was in line with MAS 612 and, where there was evidence of an impairment loss, whether it had been identified in a timely manner. This included, where relevant, how forbearance had been considered, with particular focus on the impact of COVID-19. 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 their classification was appropriate, using external evidence where available in respect of the relevant borrower. Based on procedures performed, we have assessed that the aggregate specific allowance 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") requires an ECL impairment model which takes into account forward-looking information to reflect potential future economic events. In estimating ECL over future time periods, significant judgement is required. Further, the COVID-19 pandemic has meant assumptions regarding economic outlook, and the consequent impact on the Group's customers, are uncertain, increasing the degree of judgement required. We focused on the Group's measurement of general allowances on non-impaired exposures ($4,312 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 credit portfolio from the current COVID-19 pandemic. (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 2020. 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, in reviewing and approving certain forward-looking macroeconomic assumptions, including post model adjustments which reflect the unprecedented and higher uncertainty in credit outlook as a result of COVID-19; • 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 continue to perform independent model validation of selected aspects of the Group's ECL methodologies and assumptions each year. We reviewed their results as part of our work. We also involved specialists to review the ECL of selected credit portfolios to assess if the methodologies and estimates are appropriate. Through the course of our work, we challenged the rationale and calculation basis of post model adjustments. We also assessed the reasonableness of certain forward-looking economic inputs, as well as the overall ECL output, in light of credit conditions that may be expected to arise from the impact of COVID-19. Overall, we concluded that the Group's ECL on non-impaired exposures is appropriate.
Goodwill As at 31 December 2020, the Group had $5,323 million of goodwill as a result of acquisitions. We focused on this area as management makes significant judgements in estimating future cash flows when 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. During the year, the Group recorded goodwill of $153 million following its acquisition of Lakshmi Vilas Bank. This amount is based on a provisional estimate of fair values of assets and liabilities acquired and may change as the Group refines its estimates in 2021. We have reviewed and assessed the basis of calculating this amount as at 31 December 2020. For DBS Bank (Hong Kong) Limited's franchise (goodwill of $4,631 million as at 31 December 2020), 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 circumstances in Hong Kong and considering the market outlook given the current COVID-19 pandemic. We concur with management's assessment that goodwill balances are not impaired as at 31 December 2020.

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 valuations 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, the nature of the underlying products and the 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 some cases, parameter and model risk limitations. This is broadly consistent with the banking industry, albeit the methodology to calculate some of these adjustments is continuing 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 (including derivative valuation adjustments) by the Group Market and Liquidity Risk Committee and the Group Valuation Committee. 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; • performed tests of inputs and assessed the methodology over fair value adjustments, in light of available market data and industry trends; and • considered the implications of global reforms to Interest Reference Rates ("IBOR Reform") in our assessment of fair value. Overall, we considered that 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 (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 and 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 Antony Eldridge.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 9 February 2021

DBS Group Holdings Ltd and its Subsidiaries

Consolidated income statement

for the year ended 31 December 2020

In $ millions	Note	2020	2019
Interest income		**12,208**	15,592
Interest expense		**3,132**	5,967
Net interest income	4	**9,076**	9,625
Net fee and commission income	5	**3,058**	3,052
Net trading income	6	**1,405**	1,459
Net income from investment securities	7	**963**	334
Other income	8	**90**	74
Non-interest income		**5,516**	4,919
Total income		**14,592**	14,544
Employee benefits	9	**3,550**	3,514
Other expenses	10	**2,608**	2,744
Total expenses		**6,158**	6,258
Profit before allowances		**8,434**	8,286
Allowances for credit and other losses	11	**3,066**	703
Profit before tax		**5,368**	7,583
Income tax expense	12	**612**	1,154
Net profit		**4,756**	6,429
Attributable to:			
Shareholders		**4,721**	6,391
Non-controlling interests		**35**	38
		4,756	6,429
Basic and diluted earnings per ordinary share ($)	13	**1.81**	2.46

(The notes on pages 122 to 181 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 2020

In $ millions	2020	2019
Net profit	**4,756**	6,429
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Translation differences for foreign operations	**(65)**	(175)
Other comprehensive income of associates	**(11)**	1
Gains/ (losses) on debt instruments classified at fair value through other comprehensive income and others		
Net valuation taken to equity	**1,215**	933
Transferred to income statement	**(636)**	(403)
Taxation relating to components of other comprehensive income	**(41)**	(58)
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)	**(225)**	136
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**25**	(63)
Other comprehensive income, net of tax	**262**	371
Total comprehensive income	**5,018**	6,800
Attributable to:		
Shareholders	**4,983**	6,761
Non-controlling interests	**35**	39
	5,018	6,800

(The notes on pages 122 to 181 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 2020

		The Group		The Company	
In $ millions	**Note**	**2020**	**2019**	**2020**	**2019**
Assets					
Cash and balances with central banks	15	**50,618**	26,362	**–**	–
Government securities and treasury bills	16	**51,700**	49,729	**–**	–
Due from banks		**50,867**	39,336	**51**	36
Derivatives	37	**31,108**	17,235	**184**	121
Bank and corporate securities	17	**65,456**	63,746	**–**	–
Loans and advances to customers	18	**371,171**	357,884	**–**	–
Other assets	20	**19,495**	15,424	**–**	–
Associates	23	**862**	835	**–**	–
Subsidiaries	22	**–**	-	**30,337**	27,409
Properties and other fixed assets	26	**3,338**	3,225	**–**	–
Goodwill and intangibles	27	**5,323**	5,170	**–**	–
Total assets		**649,938**	578,946	**30,572**	27,566
Liabilities					
Due to banks		**28,220**	23,773	**–**	–
Deposits and balances from customers	28	**464,850**	404,289	**–**	–
Derivatives	37	**32,904**	17,512	**12**	19
Other liabilities	29	**22,074**	20,907	**87**	96
Due to subsidiaries		**–**	–	**947**	–
Other debt securities	30	**43,277**	57,128	**4,048**	3,818
Subordinated term debts	31	**3,970**	3,538	**3,970**	3,538
Total liabilities		**595,295**	527,147	**9,064**	7,471
Net assets		**54,643**	51,799	**21,508**	20,095
Equity					
Share capital	32	**10,942**	10,948	**10,968**	10,961
Other equity instruments	33	**3,401**	2,009	**3,401**	2,009
Other reserves	34	**4,397**	4,102	**157**	173
Revenue reserves	34	**35,886**	33,922	**6,982**	6,952
Shareholders' funds		**54,626**	50,981	**21,508**	20,095
Non-controlling interests	35	**17**	818	**–**	–
Total equity		**54,643**	51,799	**21,508**	20,095

(The notes on pages 122 to 181 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 2020

In $ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Shareholders' funds	Non-controlling interests	Total equity
	Attributable to shareholders of the Company						
2020							
Balance at 1 January	**10,948**	**2,009**	**4,102**	**33,922**	**50,981**	**818**	**51,799**
Purchase of treasury shares	**(447)**	**–**	**–**	**–**	**(447)**	**–**	**(447)**
Draw-down of reserves upon vesting of performance shares	**162**	**–**	**(164)**	**–**	**(2)**	**–**	**(2)**
Issue of perpetual capital securities	**–**	**1,392**	**–**	**–**	**1,392**	**–**	**1,392**
Redemption of preference shares issued by a subsidiary	**–**	**–**	**–**	**(1)**	**(1)**	**(799)**	**(800)**
Cost of share-based payments	**–**	**–**	**131**	**–**	**131**	**–**	**131**
Issue of shares pursuant to Scrip Dividend Scheme	**279**	**–**	**–**	**(279)**	**–**	**–**	**–**
Dividends paid to shareholders[(a)]	**–**	**–**	**–**	**(2,411)**	**(2,411)**	**–**	**(2,411)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(38)**	**(38)**
Change in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**1**	**1**
Total comprehensive income	**–**	**–**	**328**	**4,655**	**4,983**	**35**	**5,018**
Balance at 31 December	**10,942**	**3,401**	**4,397**	**35,886**	**54,626**	**17**	**54,643**
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

(a) Includes distributions paid on capital securities classified as equity (2020: $100 million; 2019: $96 million)

(The notes on pages 122 to 181 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 2020

In $ millions	2020	2019
Cash flows from operating activities		
Profit before tax	**5,368**	7,583
Adjustments for non-cash and other items:		
Allowances for credit and other losses	**3,066**	703
Depreciation of properties and other fixed assets	**648**	609
Share of profits or losses of associates	**(61)**	(50)
Net loss on disposal, net of write-off of properties and other fixed assets	**38**	26
Net income from investment securities	**(963)**	(334)
Cost of share-based payments	**131**	120
Interest expense on subordinated term debts	**64**	76
Interest expense on lease liabilities	**28**	29
Profit before changes in operating assets and liabilities	**8,319**	8,762
Increase/ (Decrease) in:		
Due to banks	**4,246**	1,304
Deposits and balances from customers	**57,164**	10,908
Other liabilities	**16,160**	1,349
Other debt securities and borrowings	**(14,250)**	11,492
(Increase)/ Decrease in:		
Restricted balances with central banks	**(1,818)**	1,502
Government securities and treasury bills	**(379)**	(2,476)
Due from banks	**(11,465)**	678
Bank and corporate securities	**(1,340)**	(5,149)
Loans and advances to customers	**(13,460)**	(14,269)
Other assets	**(17,108)**	(2,280)
Tax paid	**(1,188)**	(635)
Net cash generated from operating activities (1)	**24,881**	11,186
Cash flows from investing activities		
Dividends from associates	**31**	29
Proceeds from disposal of interest in associates	**–**	21
Proceeds from disposal of properties and other fixed assets	**8**	2
Purchase of properties and other fixed assets	**(547)**	(586)
Cash and cash equivalents acquired from Lakshmi Vilas Bank	**93**	–
Net cash used in investing activities (2)	**(415)**	(534)

DBS Group Holdings Ltd and its Subsidiaries

Consolidated cash flow statement

for the year ended 31 December 2020

In $ millions	2020	2019
Cash flows from financing activities		
Issue of perpetual capital securities	**1,392**	–
Interest paid on subordinated term debts	**(66)**	(76)
Redemption of preference shares issued by a subsidiary	**(800)**	–
Redemption of perpetual capital securities issued by the Company	**–**	(805)
Purchase of treasury shares	**(447)**	(114)
Dividends paid to non-controlling interests	**(38)**	(38)
Dividends paid to shareholders of the Company, net of scrip dividends [(a)]	**(2,411)**	(3,931)
Change in non-controlling interests	**1**	(13)
Net cash used in financing activities (3)	**(2,369)**	(4,977)
Exchange translation adjustments (4)	**170**	39
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**22,267**	5,714
Cash and cash equivalents at 1 January	**19,935**	14,221
Cash and cash equivalents at 31 December (Note 15)	**42,202**	19,935

(a) Includes distributions paid on capital securities classified as equity

(The notes on pages 122 to 181 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 2020

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2020 were authorised for issue by the Directors on 9 February 2021.

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 2020 year-end

On 1 January 2020, the Group adopted 'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform'. These amendments are issued due to global reform of interest rate benchmarks such as Interbank Offered Rates (IBOR) to phase out dealer-quotes and replace them with alternative risk-free reference rates (RFR).

The Group's main interest rate benchmark exposures are USD London Interbank Offered Rate (LIBOR), Singapore Swap Offer Rate (SGD SOR), which is calculated based on USD LIBOR, and Singapore Interbank Offered Rate (SGD SIBOR). USD LIBOR will be replaced by USD Secured Overnight Financing Rate (SOFR) while the replacement benchmark rate for SGD SOR and SGD SIBOR is the Singapore Overnight Rate Average (SORA).

The other amendments and interpretations effective from 1 January 2020 do not have a significant impact on the Group's financial statements

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform – Phase 1

'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform' provide temporary exceptions that allow entities to continue hedge accounting for existing hedge relationships under the assumption that IBOR based hedged cash flows are not altered as a result of uncertainty arising from IBOR reform.

The uncertainty over IBOR reform ends when the key terms of the transition have been finalised i.e. the timing of the transition and adjustment spreads between the IBOR and the RFR (not just the methodology) have been finalised for the affected contracts. As at 31 December 2020, the Group continues to apply these temporary exceptions.

In accordance with the transitional provisions, the amendments have been adopted retrospectively and there was no impact to the Group's financial statements.

The key assumption made when performing hedge accounting is that both the hedged item and hedging instrument will be amended from existing IBOR-linked interest rates to the new RFR at the same time. Where actual differences between those dates arise, hedge ineffectiveness will be recorded in the income statement.

A Group steering committee was established in 2019 to manage the impact of IBOR reform on the Group. The committee comprises senior representatives from Institutional Banking Group, Consumer Banking Group, Treasury Markets, Finance, Risk Management Group, Technology & Operations, Legal and Compliance and is chaired by the Corporate Treasurer. The Terms of Reference of the committee are to review transition plans related to LIBOR and SGD SOR discontinuation, SIBOR reform, and other interest rate benchmark reform, to assess the Group's key risks across different scenarios, and to develop strategies to manage existing and new business in the context of these risks. Oversight of IBOR reform is provided by the Group Executive Committee and the Board Risk Management Committee.

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 – Phase 2 where impact is being assessed.

Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4, SFRS(I) 16, Interest Rate Benchmark Reform – Phase 2

In November 2020, the ASC issued 'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7, SFRS(I) 4, SFRS(I) 16, Interest Rate Benchmark Reform – Phase 2'. The amendments are effective from 1 January 2021 and

- require the Group to account for changes in the contractual cash flows of financial instruments that result solely from IBOR reform by updating the effective interest rate rather than recognising an immediate gain or loss in the income statement; and

- require the Group to continue hedge accounting when changes to the hedging instrument, hedged item and hedged risk relate solely from IBOR reform. Hedge ineffectiveness (e.g. arising from mismatches of timing or cash flows) would continue to be recorded in the income statement

The Group is currently assessing the impact of the amendments.

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.

With effect from 1 January 2021, the functional currency of the Treasury Markets trading business in Singapore ("TM Singapore") will be changing prospectively from Singapore dollars to US dollars (USD).

The transition to the new USD functional currency on 1 January 2021 will have no impact on the income statement or equity. The change in functional currency better reflects the increasing dominance of the USD in the business activities of TM Singapore.

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 are 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 revaluation 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. Other than dividend income, gains and losses on FVOCI equity instruments are recorded in other comprehensive income and accumulated in FVOCI revaluation 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 agreements 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. CCIs are summary measures that depict broad-based, sector-wide changes in credit risk, which are constructed by comparing the median expected default frequency of firms within each segment against a long-run average. Expected default frequency is in turn a market-based point-in-time default risk measure driven by the market value of firms' assets, asset volatility and leverage. CCIs are then used as inputs to convert the generally more through-the-cycle PDs derived from Basel models/parameters into the point-in-time equivalents by adding the unaccounted portion of cyclical variations, as well as to incorporate forward-looking information. LGDs are determined using historical loss data, which are adjusted for both the latest and forecasted recovery experience.

The Group relies on a Monte Carlo simulation approach to consider over 100 probability-weighted forward-looking scenarios in estimating ECL. This involves simulations of many alternative CCI scenarios to arrive at an unbiased ECL estimate that are meant to cover all possible good and bad scenarios based on known estimates.

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 where potential risks may not be fully captured in the underlying modelled ECL. Such top-down additional modelled ECL was quantified by means of applying conditional probabilities on more severe scenarios materialising from emerging risk themes.

  As at 31 December 2020, thematic ECL overlays were applied to account for uncertainties arising from the ongoing Covid-19 pandemic, the continuing US-China trade tensions and the socio-political situation in Hong Kong. When determining the quantum of thematic overlays, the Group has considered a range of plausible credit cost outcomes under base and stress scenarios using a top-down approach. These assessments consider both the economic impact of Covid-19 and the various government relief measures implemented to mitigate the impact. The Group has assigned probabilities to the scenarios in-line with management's judgement of the likelihood of each scenario occurring in determining the overlay.

  The base case scenario forecasts a deterioration in the short-term, with economic recovery within a 2-year horizon. The stress case scenario is a more severe outlook with a deeper and longer period of recession in which economic recovery is delayed till end 2023 and 2024. This includes a combination of negative GDP growth, declines in property prices and an increase in the unemployment rates.

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.

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 or not exercised accordingly. 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 revaluation reserves. The amounts recorded in FVOCI revaluation 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 reserves 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 reserves 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 reserves 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 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.

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. The trust deeds for DBSH Share Plan and DBSH Employee Share Plan expired on 27 January 2021, following which the Company will directly undertake the administration of these Plans.

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 revaluation reserves.

3. Critical Accounting Estimates

The Group's accounting policies and use of estimates are integral to the reported amounts in the financial statements. Certain accounting estimates require management's judgement in determining the appropriate methodology for valuation of assets and liabilities. Procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The Group believes its estimates for determining the valuation of its assets and liabilities are appropriate.

The following is a brief description of the Group's critical accounting estimates that involve management's valuation judgement.

3.1 Impairment 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.

The Covid-19 pandemic, related measures to control the spread of the virus and governmental support to mitigate the impact of the pandemic had a profound economic impact on the Group's key markets. A significant degree of judgement is required in estimating the ECLs in the midst of a rapidly evolving Covid-19 environment. Please refer to Note 2.11 for more details.

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 2020	2019
Cash and balances with central banks and Due from banks	**645**	877
Customer non-trade loans	**8,062**	10,247
Trade assets	**1,017**	1,574
Securities and others	**2,484**	2,894
Total interest income	**12,208**	15,592
Deposits and balances from customers	**2,175**	4,129
Other borrowings	**957**	1,838
Total interest expense	**3,132**	5,967
Net interest income	**9,076**	9,625
Comprising:		
Interest income from financial assets at FVPL	**784**	846
Interest income from financial assets at FVOCI	**503**	726
Interest income from financial assets at amortised cost	**10,921**	14,020
Interest expense from financial liabilities at FVPL	**(229)**	(352)
Interest expense from financial liabilities not at FVPL[a]	**(2,903)**	(5,615)
Total	**9,076**	9,625

(a) Includes interest expense of $28 million (2019: $29 million) on lease liabilities

5. Net Fee and Commission Income

In $ millions	The Group 2020	2019
Brokerage	**149**	114
Investment banking	**148**	213
Transaction services[a]	**746**	760
Loan-related	**417**	407
Cards[b]	**641**	790
Wealth management	**1,432**	1,290
Fee and commission income	**3,533**	3,574
Less: fee and commission expense	**475**	522
Net fee and commission income[c]	**3,058**	3,052

(a) Includes trade & remittances, guarantees and deposit-related fees
(b) Card fees are net of interchange fees paid
(c) Includes net fee and commission income of $136 million (2019: $$113 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 $829 million (2019: $905 million) during the year

6. Net Trading Income

In $ millions	The Group 2020	2019
Net trading income[a]		
– Foreign exchange	**852**	1,123
– Interest rates, credit, equities and others[b]	**1,226**	1,544
Net gain from financial assets designated at fair value	**8**	18
Net loss from financial liabilities designated at fair value	**(681)**	(1,226)
Total	**1,405**	1,459

(a) Includes income from assets that are mandatorily classified at FVPL as they are not SPPI in nature
(b) Includes dividend income of $231 million (2019: $174 million)

7. Net Income from Investment Securities

In $ millions	The Group 2020	2019
Debt securities		
– FVOCI	**428**	143
– Amortised cost	**411**	62
Equity securities at FVOCI[a]	**124**	129
Total[b]	**963**	334
Of which: net gains transferred from FVOCI revaluation reserves	**476**	161

(a) Dividend income
(b) Includes fair value impact of hedges for investment securities

8. Other Income

In $ millions	The Group 2020	2019
Net gain on disposal of properties and other fixed assets	**8**	1
Others[a]	**82**	73
Total	**90**	74

(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 2020	2019
Salaries and bonuses[a]	**2,890**	2,897
Contributions to defined contribution plans	**181**	177
Share-based expenses	**128**	119
Others	**351**	321
Total	**3,550**	3,514

(a) 2020 includes $172 million of government grants recognised (deducted against salaries and bonuses)

10. Other Expenses

In $ millions	The Group 2020	2019
Computerisation expenses[a]	**1,093**	1,062
Occupancy expenses[b]	**452**	452
Revenue-related expenses	**334**	353
Others[c]	**729**	877
Total	**2,608**	2,744

(a) Includes hire, depreciation and maintenance costs of computer hardware and software
(b) Includes depreciation of leased office and branch premises of $202 million (2019: $204 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 2020	2019
Depreciation expenses		
– owned properties and other fixed assets	**415**	376
– leased properties and other fixed assets	**233**	233
Hire and maintenance costs of fixed assets, including building-related expenses	**397**	371
Expenses on investment properties	**#**	#
Audit fees[a] payable to external auditors[b]:		
– Auditors of the Company	**4**	4
– Associated firms of auditors of the Company	**5**	4
Non-audit related fees payable to external auditors[b]:		
– Auditors of the Company	**1**	1
– Associated firms of auditors of the Company	**1**	1

 # Amount under $500,000
(a) Includes audit related assurance fees
(b) PricewaterhouseCoopers network firms

11. Allowances for Credit and Other Losses

In $ millions	The Group 2020	2019
Specific allowances[a][b]		
Loans and advances to customers (Note 18)	**1,174**	698
Investment securities (amortised cost)	**–**	(2)
Properties and other fixed assets	**–**	(3)
Off-balance sheet credit exposures	**39**	44
Others	**140**	24
General allowances[c]	**1,713**	(58)
Total	**3,066**	703

(a) Includes Stage 3 ECL
(b) Includes allowances for non-credit exposures (2020: charge of $3 million; 2019: write-back of $1 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	The Group Balance at 1 January	Charge/ (Write-back) to income statement	Net write-off during the year	Amalgamation of LVB	Exchange and other movements	Balance at 31 December
2020						
Specific allowances						
Loans and advances to customers (Note 18)	**2,305**	**1,174**	**(746)**	**–**	**(41)**	**2,692**
Investment securities	**15**	**–**	**–**	**–**	**#**	**15**
Properties and other fixed assets	**19**	**–**	**–**	**–**	**#**	**19**
Off-balance sheet credit exposures	**111**	**39**	**–**	**–**	**(54)**	**96**
Others	**80**	**140**	**(36)**	**–**	**35**	**219**
Total specific allowances	**2,530**	**1,353**	**(782)**	**–**	**(60)**	**3,041**
Total general allowances for credit losses	**2,511**	**1,713**	**–**	**96**	**(8)**	**4,312**
Total allowances	**5,041**	**3,066**	**(782)**	**96**	**(68)**	**7,353**
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

\# *Amount under $500,000*

The following tables outline the changes in ECL under SFRS(I) 9 in 2020 and 2019 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**
2020				
Balance at 1 January	**1,090**	**1,421**	**2,502**	**5,013**
Changes in allowances recognised in opening balance that were transferred to/ (from)	**106**	**(288)**	**182**	**–**
– Stage 1	**(38)**	**38**	**–**	**–**
– Stage 2	**163**	**(163)**	**–**	**–**
– Stage 3	**(19)**	**(163)**	**182**	**–**
Net portfolio changes	**68**	**(90)**	**–**	**(22)**
Remeasurements	**1,151**	**766**	**1,168**	**3,085**
Net write-offs[(a)]	**–**	**–**	**(777)**	**(777)**
Amalgamation of LVB	**96**	**–**	**–**	**96**
Exchange and other movements	**(4)**	**(4)**	**(61)**	**(69)**
Balance at 31 December	**2,507**	**1,805**	**3,014**	**7,326**
Charge in the income statement	**1,325**	**388**	**1,350**	**3,063**
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 in the income statement	(34)	(24)	762	704

(a) Write-offs net of recoveries
 # Amount under $500,000

The following table provides additional information on the financial instruments that are subject to ECL as at 31 December 2020 and 2019. 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**
2020								
Assets								
Loans and advances to customers								
– Retail	**112,274**	**773**	**676**	**113,723**	**575**	**195**	**166**	**936**
– Wholesale and others	**236,914**	**20,280**	**5,383**	**262,577**	**1,727**	**1,410**	**2,526**	**5,663**
Investment securities								
– Government securities and treasury bills[a]	**39,062**	**–**	**–**	**39,062**	**9**	**–**	**–**	**9**
– Bank and corporate debt securities[a]	**44,593**	**1,170**	**38**	**45,801**	**28**	**23**	**15**	**66**
Others[b]	**105,810**	**120**	**226**	**106,156**	**28**	**3**	**211**	**242**
Liabilities								
ECL on guarantees and other off-balance sheet exposures	**–**	**–**	**–**	**–**	**140**	**174**	**96**	**410**
Total ECL					**2,507**	**1,805**	**3,014**	**7,326**
2019								
Assets								
Loans and advances to customers								
– Retail	112,742	938	700	114,380	264	97	153	514
– Wholesale and others	224,933	17,610	4,702	247,245	670	1,207	2,152	4,029
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 $25 million (2019: $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

Sensitivity of ECL

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 $1,300 million (2019: $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 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.

Relief measures offered to customers

In response to the impact of Covid-19, various forms of relief measures, such as payment deferments, had been offered to eligible retail and corporate customers. Payment deferments were considered to be non-substantial modifications and accounted for as a continuation of the existing loan agreements.

In line with regulatory guidelines, customers' utilisation of relief measures does not automatically result in significant increase in credit risk and a transfer to Stage 2. The assessment of customer's risk of default continues to be performed comprehensively, taking into account the customer's ability to make payments based on the rescheduled payments and their creditworthiness in the long term.

12. Income Tax Expense

In $ millions	The Group 2020	2019
Current tax expense		
– Current year	**730**	1,131
– Prior years' provision	**3**	(17)
Deferred tax expense		
– Prior years' provision	**3**	(4)
– (Reversal)/ Origination of temporary differences	**(124)**	44
Total	**612**	1,154

The deferred tax (credit)/ expense in the income statement comprises the following temporary differences:

In $ millions	The Group 2020	2019
Accelerated tax depreciation	**4**	#
Allowances for credit and other losses	**(106)**	(4)
Other temporary differences	**(19)**	44
Deferred tax expense charged to income statement	**(121)**	40

 # Amount under $500,000

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 2020	2019
Profit before tax	**5,368**	7,583
Prima facie tax calculated at a tax rate of 17% (2019: 17%)	**913**	1,289
Effect of different tax rates in other countries	**19**	20
Effect of change in country's tax rate[a]	**11**	38
Net income not subject to tax	**(111)**	(52)
Net income taxed at concessionary rate	**(287)**	(239)
Expenses not deductible for tax	**13**	31
Others	**54**	67
Income tax expense charged to income statement	**612**	1,154

(a) 2020 relates to impact from revaluation of net deferred tax asset due to a cut in Indonesia's corporate tax rate. 2019 relates to impact from revaluation of net deferred tax asset due to a cut in India's corporate tax rate

Deferred income tax relating to FVOCI financial assets and others of $31 million was debited (2019: $65 million debited) and own credit risk of $2 million was debited (2019: $3 million credited) 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 2020	2019
Weighted average number of ordinary shares in issue (basic and diluted)	(a)	**2,543,231**	2,555,616

In $ millions		The Group 2020	2019
Profit attributable to shareholders		**4,721**	6,391
Less: Dividends on other equity instruments		**(115)**	(92)
Adjusted profit	(b)	**4,606**	6,299

Earnings per ordinary share ($)			
Basic and diluted	(b)/ (a)	**1.81**	2.46

14. Classification of Financial Instruments

In $ millions	Mandatorily at FVPL[c]	FVPL designated	Amortised cost	The Group FVOCI-Debt	FVOCI-Equity	Hedging derivatives	Total
2020							
Assets							
Cash and balances with central banks	**699**	**–**	**46,482**	**3,437**	**–**	**–**	**50,618**
Government securities and treasury bills[d]	**12,596**	**45**	**21,689**	**17,370**	**–**	**–**	**51,700**
Due from banks	**11,332**	**–**	**38,288**	**1,247**	**–**	**–**	**50,867**
Derivatives	**30,576**	**–**	**–**	**–**	**–**	**532**	**31,108**
Bank and corporate securities[d]	**17,348**	**–**	**26,674**	**19,080**	**2,354**	**–**	**65,456**
Loans and advances to customers	**1,120**	**350**	**369,701**	**–**	**–**	**–**	**371,171**
Other financial assets	**–**	**–**	**18,871**	**–**	**–**	**–**	**18,871**
Total financial assets	**73,671**	**395**	**521,705**	**41,134**	**2,354**	**532**	**639,791**
Other asset items outside the scope of SFRS(I) 9[a]							**10,147**
Total assets							**649,938**
Liabilities							
Due to banks	**1,823**	**–**	**26,397**	**–**	**–**	**–**	**28,220**
Deposits and balances from customers	**–**	**623**	**464,227**	**–**	**–**	**–**	**464,850**
Derivatives	**31,561**	**–**	**–**	**–**	**–**	**1,343**	**32,904**
Other financial liabilities	**1,525**	**–**	**19,699**	**–**	**–**	**–**	**21,224**
Other debt securities	**203**	**8,130**	**34,944**	**–**	**–**	**–**	**43,277**
Subordinated term debts	**–**	**–**	**3,970**	**–**	**–**	**–**	**3,970**
Total financial liabilities	**35,112**	**8,753**	**549,237**	**–**	**–**	**1,343**	**594,445**
Other liability items outside the scope of SFRS(I) 9[b]							**850**
Total liabilities							**595,295**
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	–	18,130	–	–	–	19,565
Other debt securities	222	9,498	47,408	–	–	–	57,128
Subordinated term debts	–	–	3,538	–	–	–	3,538
Total financial liabilities	20,289	10,779	494,149	–	–	588	525,805
Other liability items outside the scope of SFRS(I) 9[b]							1,342
Total liabilities							527,147

(a) Includes associates, goodwill and intangibles, properties and other fixed assets, and deferred tax assets
(b) Includes current tax liabilities and deferred tax liabilities
(c) Includes assets and liabilities that are held for trading and debt-type financial assets that are not SPPI in nature
(d) In 2020, the Group reclassified $6.8 billion of "Bank and corporate securities" and $1.0 billion of "Government securities and treasury bills" from amortised cost to FVOCI. The reclassification resulted from a change in business model in response to liquidity conditions brought about by Covid-19 that occurred in March 2020. The impact of reclassification ($222 million gain) was 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 2020, "Loans and advances to customers" of $24 million (2019: $28 million) were set off against "Deposits and balances from customers" of $24 million (2019: $28 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**
2020						
Financial Assets						
Derivatives	**31,108**	**9,503**[(a)]	**21,605**	**19,623**[(a)]	**1,156**	**826**
Reverse repurchase agreements	**17,809**[(b)]	**–**	**17,809**	**–**	**17,807**	**2**
Securities borrowings	**570**[(c)]	**–**	**570**	**–**	**550**	**20**
Total	**49,487**	**9,503**	**39,984**	**19,623**	**19,513**	**848**
Financial Liabilities						
Derivatives	**32,904**	**7,674**[(a)]	**25,230**	**19,623**[(a)]	**4,648**	**959**
Repurchase agreements	**8,148**[(d)]	**–**	**8,148**	**–**	**8,147**	**1**
Securities lendings	**59**[(e)]	**–**	**59**	**–**	**53**	**6**
Short sale of securities	**1,525**[(f)]	**1,338**	**187**	**–**	**187**	**–**
Total	**42,636**	**9,012**	**33,624**	**19,623**	**13,035**	**966**
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

(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 2020	2019
Cash on hand	**2,411**	2,303
Non-restricted balances with central banks	**39,791**	17,632
Cash and cash equivalents	**42,202**	19,935
Restricted balances with central banks[a]	**8,416**	6,427
Total[b][c]	**50,618**	26,362

(a) Mandatory balances with central banks
(b) Includes financial assets (certificates of deposit) pledged or transferred of $542 million (2019: $516 million) (See Note 19)
(c) Balances are net of ECL

16. Government Securities and Treasury Bills

	The Group				
In $ millions	Mandatorily at FVPL	FVPL designated	FVOCI	Amortised cost	Total
2020					
Singapore Government securities and treasury bills (Gross)[a]	**5,070**	**–**	**1,646**	**6,892**	**13,608**
Other government securities and treasury bills (Gross)[b]	**7,526**	**45**	**15,724**	**14,800**	**38,095**
Less: ECL[c]	**–**	**–**	**–**	**3**	**3**
Total	**12,596**	**45**	**17,370**	**21,689**	**51,700**
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

(a) Includes financial assets pledged or transferred of $1,360 million (2019: $803 million) (See Note 19)
(b) Includes financial assets pledged or transferred of $8,642 million (2019: $8,206 million) (See Note 19)
(c) ECL for FVOCI securities amounting to $6 million (2019: $1 million) are not shown in the table, as these securities are recorded at fair value

17. Bank and Corporate Securities

	The Group			
In $ millions	Mandatorily at FVPL	FVOCI	Amortised cost	Total
2020				
Bank and corporate debt securities (Gross)[a]	**8,355**	**19,080**	**26,721**	**54,156**
Less: ECL[c]	**–**	**–**	**47**	**47**
Bank and corporate debt securities	**8,355**	**19,080**	**26,674**	**54,109**
Equity securities[b]	**8,993**	**2,354**	**–**	**11,347**
Total	**17,348**	**21,434**	**26,674**	**65,456**
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

(a) Includes financial assets pledged or transferred of $3,305 million (2019: $1,395 million) (See Note 19)
(b) Includes financial assets pledged or transferred of nil (2019: $274 million) (See Note 19)
(c) ECL for FVOCI securities amounting to $19 million (2019: $12 million) are not shown in the table, as these securities are recorded at fair value

18. Loans and Advances to Customers

	The Group	
In $ millions	2020	2019
Gross	**377,770**	362,427
Less: Specific allowances[a]	**2,692**	2,305
General allowances[a]	**3,907**	2,238
Net total	**371,171**	357,884
Analysed by product		
Long-term loans	**177,174**	162,265
Short-term facilities	**88,472**	82,374
Housing loans	**74,207**	73,606
Trade loans	**37,917**	44,182
Gross loans	**377,770**	362,427
Analysed by currency		
Singapore dollar	**151,110**	144,878
Hong Kong dollar	**42,289**	44,310
US dollar	**105,656**	108,106
Chinese yuan	**16,824**	14,019
Others	**61,891**	51,114
Gross loans	**377,770**	362,427

(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.

	The Group					
In $ millions	**Balance at 1 January**	**Charge/ (Write-back) to income statement**	**Net write-off during the year**	**Amalgamation of LVB**	**Exchange and other movements**	**Balance at 31 December**
2020						
Specific allowances						
Manufacturing	**296**	**227**	**(248)**	**–**	**(6)**	**269**
Building and construction	**140**	**17**	**(17)**	**–**	**(2)**	**138**
Housing loans	**11**	**8**	**(8)**	**–**	**#**	**11**
General commerce	**313**	**322**	**(54)**	**–**	**(17)**	**564**
Transportation, storage and communications	**1,346**	**181**	**(139)**	**–**	**(19)**	**1,369**
Financial institutions, investment and holding companies	**19**	**4**	**–**	**–**	**#**	**23**
Professionals and private individuals (excluding housing loans)	**138**	**284**	**(274)**	**–**	**3**	**151**
Others	**42**	**131**	**(6)**	**–**	**#**	**167**
Total specific allowances	**2,305**	**1,174**	**(746)**	**–**	**(41)**	**2,692**
Total general allowances	**2,238**	**1,581**	**–**	**95**	**(7)**	**3,907**
Total allowances	**4,543**	**2,755**	**(746)**	**95**	**(48)**	**6,599**
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

Amount under $500,000

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

	The Group	
In $ millions	**2020**	**2019**
Fair value designated loans and advances and related credit derivatives		
Maximum credit exposure	**350**	354
Credit derivatives – protection bought	**(350)**	(354)
Cumulative change in fair value arising from changes in credit risk	**(8)**	(24)
Cumulative change in fair value of related credit derivatives	**8**	24

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 $16 million (2019: gain of $23 million). During the year, the amount of change in the fair value of the related credit derivatives was a loss of $16 million (2019: loss of $23 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 2020 and 2019.

Securities and Certificates of deposit

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 $5,184 million (2019: $5,374 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 the 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.

	The Group	
In $ millions	**2020**	**2019**
Financial assets pledged or transferred		
Singapore Government securities and treasury bills	**1,360**	803
Other government securities and treasury bills	**8,642**	8,206
Bank and corporate debt securities	**3,305**	1,395
Equity securities	**–**	274
Certificates of deposit	**542**	516
Total	**13,849**	11,194

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 2020, the carrying value of the covered bonds in issue was $4,545 million (2019: $5,206 million), while the carrying value of assets assigned was $11,498 million (2019: $14,679 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 $350 million (2019: $354 million).

20. Other Assets

In $ millions	The Group 2020	2019
Accrued interest receivable	**1,310**	1,567
Deposits and prepayments	**643**	532
Receivables from securities business	**602**	409
Sundry debtors and others	**10,645**	9,263
Cash collateral pledged[(a)]	**5,671**	3,340
Deferred tax assets (Note 21)	**624**	313
Total[(b)]	**19,495**	15,424

(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 2020	2019
Deferred income tax assets		
Allowances for credit and other losses	**518**	234
FVOCI financial assets and others	**12**	1
Own credit risk	**1**	3
Other temporary differences	**287**	237
Total	**818**	475
Amounts offset against deferred tax liabilities	**(194)**	(162)
	624	313
Deferred income tax liabilities		
Allowances for credit and other losses[(a)]	**35**	90
Accelerated tax depreciation	**138**	134
FVOCI financial assets and others	**81**	39
Other temporary differences	**50**	99
Total	**304**	362
Amounts offset against deferred tax assets	**(194)**	(162)
	110	200
Net deferred tax assets	**514**	113

(a) 2019 includes deferred taxes arising from Regulatory Loss Allowance Reserve

22. Subsidiaries and Consolidated Structured Entities

In $ millions	The Company 2020	2019
Investment in subsidiaries[(a)]		
Ordinary shares	**17,682**	17,682
Additional Tier 1 instruments	**4,812**	3,409
Other equity instruments	**344**	344
	22,838	21,435
Due from subsidiaries		
Subordinated term debts	**5,411**	4,824
Other debt securities	**763**	–
Other receivables	**1,325**	1,150
	7,499	5,974
Total	**30,337**	27,409

(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	The Group Effective shareholding % 2020	2019
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**	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 2019 and 2020.

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") 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.

Lakshmi Vilas Bank (LVB) was amalgamated with DBS Bank India Limited (DBIL) with effect from 27 November 2020. Please refer to Note 25 for more details.

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 2020	2019
Unquoted equity securities	**835**	835
Share of post-acquisition reserves	**27**	#
Total	**862**	835

\# *Amount under $500,000*

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 2020	2019
Income statement		
Share of income	**325**	290
Share of expenses	**(264)**	(240)
Balance sheet		
Share of total assets	**2,554**	2,369
Share of total liabilities	**1,692**	1,534
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	The Group Effective shareholding % 2020	2019
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 2020 and 31 December 2019, 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.

	The Group	
In $ millions	**2020**	**2019**
Derivatives	**142**	11
Corporate debt securities	**3,627**	3,045
Loans and advances to customers	**14**	40
Other assets	**3**	2
Total assets	**3,786**	3,098
Commitments	**306**	376
Maximum Exposure to Loss	**4,092**	3,474
Derivatives	**10**	68
Total liabilities	**10**	68

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

Lakshmi Vilas Bank (LVB) has been amalgamated with DBS Bank India Limited (DBIL) with effect from 27 November 2020. The scheme of amalgamation is under the special powers of the Government of India and Reserve Bank of India under Section 45 of the Banking Regulation Act, 1949, India. The amalgamation provides stability to LVB's depositors, customers and employees following a period of uncertainty. It complements the Group's digibank strategy with an expanded network of 600 branches and 1,000 ATMs, an additional two million retail and 125,000 non-retail customers, as well as a strengthened deposit franchise.

The provisional goodwill from amalgamation of LVB was $153 million, being the difference between the fair value of its assets and liabilities of $3.89 billion and $4.04 billion respectively. As at 31 December 2020, total loans transferred amounted to $2.14 billion, including net non-performing loans of $212 million and total deposits transferred amounted to $3.34 billion.

Additional general allowances were set aside at group level to build up general allowance reserves to 9.5% of LVB's performing loans.

26. Properties and Other Fixed Assets

		The Group	
In $ millions	**Note**	**2020**	**2019**
Owned properties and other fixed assets	26.1	**1,779**	1,631
Leased properties and other fixed assets[a]	26.2	**1,559**	1,594
Total		**3,338**	3,225

(a) Refers to right-of-use assets recognised under SFRS(I) 16

26.1 Owned properties and other fixed assets

In $ millions	Investment properties	Owner-occupied properties	Software	Other fixed assets[a]	Subtotal of owner-occupied properties, software and other fixed assets	Total
	The Group					
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)=(1)+(5)
2020						
Cost						
Balance at 1 January	**62**	**671**	**1,716**	**1,186**	**3,573**	**3,635**
Additions	**–**	**9**	**377**	**161**	**547**	**547**
Amalgamation of LVB	**–**	**52**	**–**	**114**	**166**	**166**
Disposals/ Write-offs	**(1)**	**(1)**	**(253)**	**(81)**	**(335)**	**(336)**
Transfer	**28**	**(28)**	**–**	**–**	**(28)**	**–**
Exchange differences and others	**1**	**(3)**	**(3)**	**(2)**	**(8)**	**(7)**
Balance at 31 December	**90**	**700**	**1,837**	**1,378**	**3,915**	**4,005**
Less: Accumulated depreciation						
Balance at 1 January	**28**	**255**	**895**	**807**	**1,957**	**1,985**
Depreciation charge	**2**	**13**	**236**	**164**	**413**	**415**
Amalgamation of LVB	**–**	**5**	**–**	**96**	**101**	**101**
Disposals/ Write-offs	**–**	**(1)**	**(209)**	**(80)**	**(290)**	**(290)**
Transfer	**15**	**(15)**	**–**	**–**	**(15)**	**–**
Exchange differences and others	**#**	**(2)**	**(1)**	**(1)**	**(4)**	**(4)**
Balance at 31 December	**45**	**255**	**921**	**986**	**2,162**	**2,207**
Less: Allowances for impairment	**3**	**16**	**–**	**–**	**16**	**19**
Net book value at 31 December	**42**	**429**	**916**	**392**	**1,737**	**1,779**
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

***#** Amount under $500,000*
***(a)** Refers to computer hardware, office equipment, furniture and fittings and other fixed assets*

Against the net book value of $471 million (2019: $431 million) for all properties as at 31 December 2020, the total market value was $1,773 million (2019: $1,914 million), of which investment properties accounted for $229 million (2019: $164 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 2020, there were no transfers into or out of Level 3.

26.2 Leased properties and other fixed assets

In $ millions	Properties	The Group Other fixed assets	Total
2020			
Balance at 1 January	**1,489**	**105**	**1,594**
Balance at 31 December[(a)]	**1,425**	**134**	**1,559**
Additions of right-of-use assets during the year	**26**	**18**	**44**
Depreciation charge for the year	**202**	**31**	**233**
2019			
Balance at 1 January	1,680	110	1,790
Balance 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

(a) Includes right-of-use assets of LVB ($77 million)

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 2020	2019
Minimum lease receivables		
Not later than 1 year	**4**	3
Later than 1 year but not later than 5 years	**4**	4
Total	**8**	7

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 2020	2019
DBS Bank (Hong Kong) Limited	**4,631**	4,631
Others[(a)]	**692**	539
Total	**5,323**	5,170

(a) 2020 includes provisional goodwill relating to LVB of $153 million following the amalgamation with DBS India Ltd

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 3.5% (2019: 4.5%) and discount rate of 9.0% (2019: 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 2020.

28. Deposits and Balances from Customers

In $ millions	The Group 2020	2019
Analysed by currency		
Singapore dollar	**204,469**	162,509
US dollar	**152,799**	140,769
Hong Kong dollar	**38,924**	37,078
Chinese yuan	**16,182**	13,257
Others	**52,476**	50,676
Total	**464,850**	404,289
Analysed by product		
Savings accounts	**195,802**	157,343
Current accounts	**142,029**	81,014
Fixed deposits	**123,583**	162,693
Other deposits	**3,436**	3,239
Total	**464,850**	404,289

29. Other Liabilities

In $ millions	The Group 2020	2019
Cash collateral received[(a)]	**2,976**	2,014
Accrued interest payable	**396**	820
Provision for loss in respect of off-balance sheet credit exposures	**410**	327
Payables in respect of securities business	**487**	351
Sundry creditors and others[(b)]	**13,726**	12,880
Lease liabilities[(c)]	**1,704**	1,738
Current tax liabilities	**740**	1,142
Short sale of securities	**1,525**	1,435
Deferred tax liabilities (Note 21)	**110**	200
Total	**22,074**	20,907

(a) Mainly relates to cash collateral received in respect of derivative portfolios
(b) Includes income received in advance of $1,066 million (2019: $1,173 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 (2019: $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 $258 million (2019: $249 million)

30. Other Debt Securities

In $ millions	Note	The Group 2020	The Group 2019	The Company 2020	The Company 2019
Negotiable certificates of deposit	30.1	**3,738**	4,562	**–**	–
Senior medium term notes	30.2	**5,506**	11,734	**3,454**	3,818
Commercial papers	30.3	**21,345**	25,914	**594**	–
Covered bonds	30.4	**4,545**	5,206	**–**	–
Other debt securities	30.5	**8,143**	9,712	**–**	–
Total		**43,277**	57,128	**4,048**	3,818
Due within 1 year		**31,920**	41,174	**1,306**	1,102
Due after 1 year[(a)]		**11,357**	15,954	**2,742**	2,716
Total		**43,277**	57,128	**4,048**	3,818

(a) Includes instruments in perpetuity

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

In $ millions		The Group	
Currency	**Interest Rate and Interest Frequency**	**2020**	**2019**
Issued by the Bank and other subsidiaries			
AUD	0.03% to 1.27%, payable on maturity	**3,209**	3,085
CNY	2.42% to 3.13%, payable on maturity	**79**	377
HKD	3.86% to 3.95%, payable quarterly	**–**	156
HKD	3.80% to 3.83%, payable annually	**37**	38
HKD	2.13% to 2.24%, payable on maturity	**–**	228
HKD	Zero-coupon, payable on maturity	**341**	678
INR	Zero-coupon, payable on maturity	**72**	–
Total		**3,738**	4,562

The outstanding negotiable certificates of deposit as at 31 December 2020 were issued between 16 March 2011 and 30 December 2020 (2019: 20 January 2010 and 31 December 2019) and mature between 4 January 2021 and 25 June 2021 (2019: 3 January 2020 and 16 March 2021).

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

In $ millions		The Group		The Company	
Currency	**Interest Rate and Interest Frequency**	**2020**	**2019**	**2020**	**2019**
Issued by the Company					
AUD	0.85%, payable semi-annually	**305**	–	**305**	–
AUD	Floating rate note, payable quarterly	**458**	–	**458**	–
HKD	1.87% to 2.8%, payable annually	**157**	247	**157**	247
SGD	2.78%, payable semi-annually	**481**	487	**481**	487
USD	2.85% to 3.422%, payable semi-annually	**1,161**	1,165	**1,161**	1,165
USD	Floating rate note, payable quarterly	**892**	1,919	**892**	1,919
Issued by the Bank and other subsidiaries					
AUD	Floating rate note, payable quarterly	**1,425**	1,604	**–**	–
GBP	Floating rate note, payable quarterly	**–**	4,352	**–**	–
CNY	4.55%, payable annually	**607**	579	**–**	–
SGD	Floating rate note, payable quarterly	**20**	–	**–**	–
USD	3.12%, payable semi-annually	**–**	135	**–**	–
USD	Floating rate note, payable quarterly	**–**	1,246	**–**	–
Total		**5,506**	11,734	**3,454**	3,818

The outstanding senior medium term notes as at 31 December 2020 were issued between 11 January 2016 and 17 July 2020 (2019: 14 January 2015 and 23 December 2019) and mature between 11 January 2021 and 24 January 2024 (2019: 14 January 2020 and 24 January 2024).

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 and by the Company under its USD 5 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 2020 were issued between 11 June 2020 and 22 December 2020 (2019: 10 June 2019 and 23 December 2019) and mature between 4 January 2021 and 7 September 2021 (2019: 3 January 2020 and 20 August 2020).

30.4 The covered bonds were issued by the Bank under its USD 10 billion Global Covered Bond Programme. 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 provides an unconditional and irrevocable guarantee, which is secured by the cover pool, to the covered bond holders. Please refer to Note 19 for further details on the covered bonds.

The outstanding covered bonds as at 31 December 2020 were issued between 23 January 2017 and 25 October 2019 (2019: 23 January 2017 and 25 October 2019) and mature between 27 November 2021 and 21 November 2024 (2019: 4 September 2020 and 21 November 2024).

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

In $ millions	The Group 2020	2019
Issued by the Bank and other subsidiaries		
Equity linked notes	**2,641**	1,945
Credit linked notes	**2,550**	3,101
Interest linked notes	**2,891**	4,255
Foreign exchange linked notes	**52**	211
Fixed rate bonds	**9**	200
Total	**8,143**	9,712

The outstanding securities (excluding perpetual securities) as at 31 December 2020 were issued between 10 February 2012 and 31 December 2020 (2019: 23 July 2012 and 31 December 2019) and mature between 4 January 2021 and 28 October 2060 (2019: 2 January 2020 and 22 November 2049).

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 2020	2019
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	**263**	260
JPY10,000m 0.918% Subordinated Notes due 2026	31.2	8 Mar 2016	8 Mar 2026	Mar/ Sep	**129**	125
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**	257
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	**763**	708
EUR600m 1.50% Subordinated Notes due 2028 Callable in 2023	31.5	11 Apr 2018	11 Apr 2028	Apr	**974**	904
CNH950m 5.25% Subordinated Notes due 2028 Callable in 2023	31.6	15 May 2018	15 May 2028	May/ Nov	**193**	183
US$750m 4.52% Subordinated Notes due 2028 Callable in 2023	31.7	11 Jun 2018	11 Dec 2028	Jun/ Dec	**992**	1,010
JPY7,300m 0.85% Subordinated Notes due 2028 Callable in 2023	31.8	25 Jun 2018	25 Jun 2028	Jun/ Dec	**94**	91
AUD300m 3-month BBSW+1.90% Subordinated Notes due 2031 Callable in 2026	31.9	8 Oct 2020	8 Apr 2031	Jan/ Apr/ Jul/ Oct	**305**	–
Total					**3,970**	3,538
Due within 1 year					**–**	–
Due after 1 year					**3,970**	3,538
Total					**3,970**	3,538

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.

31.9 Interest on the notes is payable quarterly at 3-month Bank Bill Swap Rate (BBSW) plus 1.90% per annum on 8 January, 8 April, 8 July and 8 October each year. The notes are redeemable on 8 April 2026 or on any interest payment date thereafter.

For more information on each instrument, please refer to the "Capital Disclosures" section (unaudited) at the Group's website (https://www.dbs.com/investors/fixed-income/capital-instruments).

32. Share Capital

The Group announced in February 2019 that it was suspending the Scrip Dividend Scheme ("Scheme") but the Scheme was re-introduced again in 2020. As such, the Scheme was applied to the 2020 dividends but not the 2019 dividends.

As at 31 December 2020, the number of treasury shares held by the Group is 25,874,461 (2019: 10,330,656), which is 1.01% (2019: 0.40%) 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Ordinary shares								
Balance at 1 January	**2,563,936**	2,563,936	**11,205**	11,205	**2,563,936**	2,563,936	**11,205**	11,205
Shares issued pursuant to Scrip Dividend Scheme	**11,928**	–	**279**	–	**11,928**	–	**279**	–
Balance at 31 December	**2,575,864**	2,563,936	**11,484**	11,205	**2,575,864**	2,563,936	**11,484**	11,205
Treasury shares								
Balance at 1 January	**(10,331)**	(12,436)	**(257)**	(307)	**(9,815)**	(12,321)	**(244)**	(305)
Purchase of treasury shares	**(22,105)**	(4,554)	**(447)**	(114)	**(21,400)**	(4,150)	**(431)**	(104)
Draw-down of reserves upon vesting of performance shares	**6,562**	6,659	**162**	164	**–**	–	**–**	–
Transfer of treasury shares	**–**	–	**–**	–	**6,419**	6,656	**159**	165
Balance at 31 December	**(25,874)**	(10,331)	**(542)**	(257)	**(24,796)**	(9,815)	**(516)**	(244)
Issued share capital at 31 December			**10,942**	10,948			**10,968**	10,961

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**	**2020**	**2019**
Issued by the Company					
US$750m 3.60% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2021	33.1	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	33.2	12 Sep 2018	Mar/ Sep	**1,000**	1,000
US$1,000m 3.30% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	33.3	27 Feb 2020	Feb/ Aug	**1,392**	–
Total				**3,401**	2,009

33.1 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.

33.2 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.

33.3 Distributions are payable at 3.30% per annum up to 27 February 2025. Thereafter, the distribution rate resets every 5 years to the then-prevailing five-year U.S Dollar Treasury Rate plus 1.915% per annum. Distributions are paid semi-annually on 27 February and 27 August each year, unless cancelled by the Company. The capital securities are redeemable on 27 February 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 (https://www.dbs.com/investors/fixed-income/capital-instruments).

34. Other Reserves and Revenue Reserves

34.1 Other reserves

In $ millions	The Group 2020	The Group 2019	The Company 2020	The Company 2019
FVOCI revaluation reserves (bonds)	**385**	88	**–**	–
FVOCI revaluation reserves (equities)	**(141)**	(7)	**–**	–
Cash flow hedge reserves	**386**	156	**68**	51
General reserves	**95**	95	**–**	–
Capital reserves	**(688)**	(623)	**–**	–
Share plan reserves	**89**	122	**89**	122
Others	**4,271**	4,271	**–**	–
Total	**4,397**	4,102	**157**	173

Movements in other reserves during the year are as follows:

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
	The Group							
2020								
Balance at 1 January	**88**	**(7)**	**156**	**95**	**(623)**	**122**	**4,271**	**4,102**
Net exchange translation adjustments	**–**	**–**	**–**	**–**	**(65)**	**–**	**–**	**(65)**
Share of associates' reserves	**–**	**–**	**(11)**	**–**	**–**	**–**	**–**	**(11)**
Cost of share-based payments	**–**	**–**	**–**	**–**	**–**	**131**	**–**	**131**
Draw-down of reserves upon vesting of performance shares	**–**	**–**	**–**	**–**	**–**	**(164)**	**–**	**(164)**
FVOCI financial assets and others:								
– net valuation taken to equity	**788**	**(235)**	**427**	**–**	**–**	**–**	**–**	**980**
– transferred to income statement	**(476)**	**–**	**(160)**	**–**	**–**	**–**	**–**	**(636)**
– taxation relating to components of other comprehensive income	**(15)**	**10**	**(26)**	**–**	**–**	**–**	**–**	**(31)**
Transfer to revenue reserves upon disposal of FVOCI equities	**–**	**91**	**–**	**–**	**–**	**–**	**–**	**91**
Balance at 31 December	**385**	**(141)**	**386**	**95**	**(688)**	**89**	**4,271**	**4,397**
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

(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
2020			
Balance at 1 January	**51**	**122**	**173**
Cost of share-based payments	**–**	**131**	**131**
Draw-down of reserves upon vesting of performance shares	**–**	**(164)**	**(164)**
Cash flow hedge reserves:			
– net valuation taken to equity	**54**	**–**	**54**
– transferred to income statement	**(21)**	**–**	**(21)**
– taxation relating to components of other comprehensive income	**(16)**	**–**	**(16)**
Balance at 31 December	**68**	**89**	**157**
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

34.2 Revenue reserves

In $ millions	The Group 2020	2019
Balance at 1 January	**33,922**	31,634
Impact of adopting SFRS(I) 16 on 1 January 2019	**–**	(95)
Balance at 1 January after adoption of SFRS(I) 16	**33,922**	31,539
Net profit attributable to shareholders	**4,721**	6,391
Other comprehensive income attributable to shareholders	**(66)**	(75)
Sub-total	**38,577**	37,855
Less: Redemption of preference shares issued by a subsidiary	**1**	–
Less: Redemption of perpetual capital securities	**–**	2
Less: Final dividends on ordinary shares of $0.33 paid for the previous financial year (2019: $0.60 one-tier tax-exempt)	**838**	1,535
Interim dividends on ordinary shares of $0.69 paid for the current financial year (2019: $0.90 one-tier tax-exempt)	**1,752**	2,300
Dividends on other equity instruments	**100**	96
Balance at 31 December[(a)]	**35,886**	33,922

(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 (2020: Nil, 2019: $404 million)

34.3 Proposed dividends

Proposed final one-tier tax-exempt dividends on ordinary shares of $0.18 per share has not been accounted for in the financial statements for the year ended 31 December 2020. This is to be approved at the Annual General Meeting on 30 March 2021.

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.

					The Group	
In $ millions	**Note**	**Issue Date**	**Liquidation Preference**	**Distribution Payment**	**2020**	**2019**
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
Non-controlling interests in subsidiaries					**17**	18
Total					**17**	818

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 were redeemed on 23 November 2020.

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.

	The Group	
In $ millions	**2020**	**2019**
Guarantees on account of customers	**18,530**	17,280
Letters of credit and other obligations on account of customers	**10,786**	10,987
Undrawn credit commitments[(a)]	**305,141**	297,366
Forward starting transactions	**1,691**	452
Undisbursed and underwriting commitments in securities	**3**	83
Sub-total	**336,151**	326,168
Capital commitments	**15**	37
Total	**336,166**	326,205
Analysed by industry (excluding capital commitments)		
Manufacturing	**50,508**	49,677
Building and construction	**27,232**	27,877
Housing loans	**6,852**	5,674
General commerce	**50,592**	57,209
Transportation, storage and communications	**17,630**	16,669
Financial institutions, investment and holding companies	**34,284**	27,003
Professionals and private individuals (excluding housing loans)	**116,951**	108,319
Others	**32,102**	33,740
Total	**336,151**	326,168
Analysed by geography[(b)] (excluding capital commitments)		
Singapore	**136,737**	135,551
Hong Kong	**55,399**	52,326
Rest of Greater China	**38,228**	35,295
South and Southeast Asia	**31,442**	30,954
Rest of the World	**74,345**	72,042
Total	**336,151**	326,168

(a) Includes commitments that are unconditionally cancellable at any time by the Group (2020: $251,200 million; 2019: $248,258 million)
(b) Based on the location of incorporation of the counterparty or borrower

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 2020 and 2019.

	The Group					
	2020			2019		
In $ millions	**Underlying notional**	**Assets**	**Liabilities**	**Underlying notional**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
Forward rate agreements	**28,403**	**13**	**21**	16,414	3	6
Interest rate swaps	**1,040,404**	**14,599**	**13,936**	1,153,885	8,430	8,120
Interest rate futures	**2,872**	**#**	**49**	6,529	3	65
Interest rate options	**9,570**	**153**	**255**	11,630	116	144
Interest rate caps/ floors	**37,614**	**832**	**1,294**	38,481	448	935
Sub-total	**1,118,863**	**15,597**	**15,555**	1,226,939	9,000	9,270
Foreign exchange (FX) derivatives						
FX contracts	**573,763**	**7,274**	**8,480**	585,296	3,703	3,716
Currency swaps	**233,437**	**6,366**	**5,742**	210,925	3,266	2,949
Currency options	**92,783**	**606**	**772**	85,882	315	425
Sub-total	**899,983**	**14,246**	**14,994**	882,103	7,284	7,090
Equity derivatives						
Equity options	**7,732**	**143**	**282**	5,139	73	136
Equity swaps	**4,723**	**122**	**248**	4,162	105	121
Sub-total	**12,455**	**265**	**530**	9,301	178	257
Credit derivatives						
Credit default swaps and others	**29,133**	**240**	**394**	27,953	293	239
Sub-total	**29,133**	**240**	**394**	27,953	293	239
Commodity derivatives						
Commodity contracts	**2,094**	**183**	**38**	792	10	16
Commodity futures	**956**	**34**	**35**	1,521	30	43
Commodity options	**1,447**	**11**	**15**	662	8	9
Sub-total	**4,497**	**228**	**88**	2,975	48	68
Total derivatives held for trading	**2,064,931**	**30,576**	**31,561**	2,149,271	16,803	16,924
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**15,666**	**135**	**555**	16,999	158	267
Interest rate swaps held for cash flow hedge	**85**	**4**	**-**	387	#	#
FX contracts held for cash flow hedge	**5,645**	**107**	**55**	2,383	3	21
FX contracts held for hedge of net investment	**2,681**	**8**	**15**	579	3	5
Currency swaps held for fair value hedge	**1,080**	**4**	**70**	479	20	–
Currency swaps held for cash flow hedge	**18,616**	**274**	**648**	14,741	248	295
Total derivatives held for hedging	**43,773**	**532**	**1,343**	35,568	432	588
Total derivatives	**2,108,704**	**31,108**	**32,904**	2,184,839	17,235	17,512
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(19,623)**	**(19,623)**		(10,811)	(10,811)
		11,485	**13,281**		6,424	6,701

\# *Amount under $500,000*

The derivative 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.

In $ millions	Type of risk hedged	The Group Less than 1 year	1 to 5 years	More than 5 years	Total
2020					
Derivatives (notional)					
Interest rate swaps	Interest rate	**3,987**	**10,880**	**799**	**15,666**
Currency swaps	Interest rate & Foreign exchange	**917**	**163**	**–**	**1,080**
Total derivatives		**4,904**	**11,043**	**799**	**16,746**
Non-derivative instruments (e.g. borrowings, deposits)	Foreign exchange	**1,550**	**–**	**–**	**1,550**
Total non-derivative instruments		**1,550**	**–**	**–**	**1,550**
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
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

The table below provides information on hedged items relating to fair value hedges.

	The Group			
	2020		2019	
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	**1,561**	**6**	1,220	5
Government securities and treasury bills[(a)]	**2,384**	**15**	1,692	3
Bank and corporate securities[(a)]	**8,462**	**7**	7,562	5
Liabilities				
Subordinated term debts	**743**	**16**	733	9
Other debt securities	**5,751**	**142**	6,043	113
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 debt instruments

For the year ended 31 December 2020, the net losses on hedging instruments used to calculate hedge effectiveness was $312 million (2019: net losses of $147 million). The net gains on hedged items attributable to the hedged risk amounted to $307 million (2019: net gains of $140 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 from the following:

- 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 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.

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 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. 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**
2020					
Derivatives (notional)					
Interest rate swaps	Interest rate	**–**	**85**	**–**	**85**
Currency swaps	Interest rate & Foreign exchange	**1,669**	**16,267**	**680**	**18,616**
FX contracts	Foreign exchange	**5,387**	**258**	**–**	**5,645**
Total		**7,056**	**16,610**	**680**	**24,346**
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

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**
2020			
Hong Kong dollar	**11,772**	**2,261**	**9,511**
Chinese yuan	**2,730**	**283**	**2,447**
Taiwan dollar	**2,046**	**376**	**1,670**
Others	**7,001**	**–**	**7,001**
Total	**23,549**	**2,920**	**20,629**
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

(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.

38.4 Interest Rate Benchmark Reform

As described in Note 2.3, the Group adopted 'Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform' which provide temporary exceptions that allow entities to continue hedge accounting.

The table below summarises the Group's exposure in hedging relationships maturing after the expected cessation date of the benchmark[(a)], which will be impacted by the IBOR reform. The extent of the hedged risk exposure is also reflected by the notional amounts of the hedging instruments.

	The Group
In $ millions	**2020**
Derivatives (notional)	
SGD SOR	**125**
USD LIBOR	**3,962**
JPY LIBOR	**222**
Total	**4,309**

(a) The expected cessation date for USD LIBOR and SGD SOR is 30 June 2023. For other hedged expected benchmarks, the cessation date is expected to be 31 December 2021

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. The fair value of the shares granted includes an adjustment to exclude the present value of future expected dividends to be paid during the vesting period.	
• Vested and unvested shares are subject to clawback/ malus. Conditions that trigger such clawback/ malus are in the Remuneration Report section of the Annual Report.	
• Shares are awarded to non-executive directors as part of director's remuneration. Details of these awards are disclosed in the Corporate Governance section of the Annual Report.	
DBSH Employee Share Plan (ESP)	
• 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 share ownership plan for eligible employees to 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			
	2020		2019	
Number of shares	Share Plan	ESP	Share Plan	ESP
Balance at 1 January	**17,146,260**	**1,189,400**	17,189,043	2,032,520
Granted	**6,423,721**	**–**	6,333,995	–
Vested	**(5,992,525)**	**(627,270)**	(5,954,093)	(706,751)
Forfeited	**(328,670)**	**(36,127)**	(422,685)	(136,369)
Balance at 31 December	**17,248,786**	**526,003**	17,146,260	1,189,400
Weighted average fair value of the shares granted during the year	**$21.32**	**–**	$21.43	–

39.2 DBSH Employee Share Purchase Plan

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

	The Group	
Number of shares	2020	2019
Balance at 1 January	**388,686**	–
Granted	**678,428**	404,473
Vested	**(4,569)**	(198)
Forfeited	**(47,067)**	(15,589)
Balance at 31 December	**1,015,478**	388,686
Weighted average fair value of the shares granted during the year	**$18.60**	$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)	
	2020	2019	2020	2019
Balance at 1 January	**–**	7,036,093	**–**	167
Balance at 31 December	**–**	–	**–**	–

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	2020	2019
Short-term benefits[(b)]	**45**	51
Share-based payments[(c)]	**29**	30
Total	**74**	81
Of which: Company Directors' remuneration and fees	**16**	18

(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.

IBOR Transition Related Reserves

Fixings for most of the major currency IBORs would fall back to the respective Risk-Free Rates (RFR) plus a spread. Spread derivation details have been made known for most currencies. Valuation reserves have been set aside where derivation details are not known, and this leads to uncertainty in the forward rate estimation curves used for valuations.

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
2020				
Assets				
Financial assets at FVPL				
– Government securities and treasury bills	**8,901**	**3,740**	**–**	**12,641**
– Bank and corporate securities	**12,451**	**4,182**	**715**[(a)]	**17,348**
– Other financial assets	**–**	**13,501**	**–**	**13,501**
FVOCI financial assets				
– Government securities and treasury bills	**15,223**	**2,147**	**–**	**17,370**
– Bank and corporate securities	**18,518**	**2,648**	**268**[(b)]	**21,434**
– Other financial assets	**–**	**4,684**	**–**	**4,684**
Derivatives	**40**	**31,067**	**1**	**31,108**
Liabilities				
Financial liabilities at FVPL				
– Other debt securities	**–**	**8,333**	**–**	**8,333**
– Other financial liabilities	**1,483**	**2,488**	**–**	**3,971**
Derivatives	**103**	**32,712**	**89**	**32,904**

(a) ***Increase in Level 3 balance was mainly due to the purchase of a new note which is priced using proxy valuation inputs***
(b) ***Decrease in Level 3 balance was mainly due to an unquoted equity being transferred to Level 2 as the sale price was determined prior to year end***

	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 bank and corporate securities classified as Level 3 at 31 December 2020 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 2020 was a loss of $25 million (2019: loss of $67 million).

Realised losses attributable to changes in own credit risk as at 31 December 2020 was a loss of $15 million (2019: less than $500k).

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	**2020**	**2019**
On-balance sheet		
Cash and balances with central banks (excluding cash on hand)	**48,207**	24,059
Government securities and treasury bills	**51,700**	49,729
Due from banks	**50,867**	39,336
Derivatives	**31,108**	17,235
Bank and corporate debt securities	**54,109**	53,826
Loans and advances to customers	**371,171**	357,884
Other assets (excluding deferred tax assets)	**18,871**	15,111
	626,033	557,180
Off-balance sheet		
Contingent liabilities and commitments (excluding capital commitments)	**336,151**	326,168
Total	**962,184**	883,348

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 hair-cuts, 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 2020	2019
Loans and advances to customers		
Performing Loans		
– Neither past due nor impaired (i)	**369,783**	354,575
Pass	**365,354**	352,673
Special Mention	**4,429**	1,902
– Past due but not impaired (ii)	**1,928**	2,450
Non-Performing Loans		
– Impaired (iii)	**6,059**	5,402
Total gross loans	**377,770**	362,427

(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	Pass	The Group Special Mention	Total
2020			
Manufacturing	**38,414**	**576**	**38,990**
Building and construction	**96,099**	**424**	**96,523**
Housing loans	**73,535**	**-**	**73,535**
General commerce	**38,876**	**690**	**39,566**
Transportation, storage and communications	**27,829**	**934**	**28,763**
Financial institutions, investment and holding companies	**28,094**	**161**	**28,255**
Professionals and private individuals (excluding housing loans)	**32,665**	**79**	**32,744**
Others	**29,842**	**1,565**	**31,407**
Total	**365,354**	**4,429**	**369,783**
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

(ii) Past due but not impaired loans by past due period and industry

In $ millions	Less than 30 days past due (The Group)	30 to 59 days past due (The Group)	60 to 90 days past due (The Group)	Total (The Group)
2020				
Manufacturing	**118**	**16**	**5**	**139**
Building and construction	**67**	**14**	**8**	**89**
Housing loans	**370**	**53**	**27**	**450**
General commerce	**115**	**12**	**5**	**132**
Transportation, storage and communications	**80**	**3**	**123**	**206**
Financial institutions, investment and holding companies	**99**	**–**	**48**	**147**
Professionals and private individuals (excluding housing loans)	**261**	**61**	**47**	**369**
Others	**73**	**36**	**287**	**396**
Total	**1,183**	**195**	**550**	**1,928**
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

(iii) Non-performing assets (NPAs)

In $ millions	The Group 2020	The Group 2019
Balance at 1 January	**5,773**	5,684
Institutional Banking & Others		
– New NPAs	**1,945**	1,221
– Upgrades	**(24)**	(35)
– Net repayments	**(556)**	(378)
– Write-offs	**(573)**	(690)
Consumer Banking/ Wealth Management (net movement)	**(24)**	22
Amalgamation of LVB	**212**	–
Exchange differences	**(67)**	(51)
Balance at 31 December	**6,686**	5,773

Non-performing assets by grading and industry

	The Group							
	NPAs				Specific allowances			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2020								
Manufacturing	**308**	**326**	**39**	**673**	**58**	**172**	**39**	**269**
Building and construction	**242**	**12**	**98**	**352**	**28**	**12**	**98**	**138**
Housing loans	**194**	**17**	**11**	**222**	**–**	**–**	**11**	**11**
General commerce	**363**	**514**	**94**	**971**	**31**	**439**	**94**	**564**
Transportation, storage and communications	**1,346**	**400**	**902**	**2,648**	**145**	**322**	**902**	**1,369**
Financial institutions, investment and holding companies	**21**	**19**	**7**	**47**	**7**	**9**	**7**	**23**
Professional and private individuals (excluding housing loans)	**403**	**45**	**17**	**465**	**93**	**41**	**17**	**151**
Others	**388**	**256**	**37**	**681**	**15**	**115**	**37**	**167**
Total non-performing loans	**3,265**	**1,589**	**1,205**	**6,059**	**377**	**1,110**	**1,205**	**2,692**
Debt securities, contingent liabilities and others	**238**	**291**	**98**	**627**	**20**	**204**	**98**	**322**
Total	**3,503**	**1,880**	**1,303**	**6,686**	**397**	**1,314**	**1,303**	**3,014**
Of which: restructured assets	**918**	**438**	**207**	**1,563**	**220**	**253**	**207**	**680**
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

Non-performing assets by geography[a]

In $ millions	The Group NPAs	Specific allowances
2020		
Singapore	**3,624**	**1,681**
Hong Kong	**678**	**358**
Rest of Greater China	**381**	**82**
South and Southeast Asia	**1,092**	**511**
Rest of the World	**284**	**60**
Total non-performing loans	**6,059**	**2,692**
Debt securities, contingent liabilities and others	**627**	**322**
Total	**6,686**	**3,014**
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

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

Non-performing assets by past due period

In $ millions	The Group 2020	2019
Not overdue	**1,148**	1,110
Within 90 days	**515**	589
Over 90 to 180 days	**384**	601
Over 180 days	**4,639**	3,473
Total past due assets	**5,538**	4,663
Total	**6,686**	5,773

Secured non-performing assets by collateral type

In $ millions	The Group 2020	2019
Properties	**1,373**	1,004
Shares and debentures	**143**	162
Cash deposits	**8**	8
Others	**1,598**	1,757
Total	**3,122**	2,931

Past due non-performing assets by industry

In $ millions	The Group 2020	2019
Manufacturing	**545**	518
Building and construction	**289**	236
Housing loans	**182**	167
General commerce	**940**	541
Transportation, storage and communications	**2,497**	2,679
Financial institutions, investment and holding companies	**46**	49
Professional and private individuals (excluding housing loans)	**188**	221
Others	**524**	85
Total non-performing loans	**5,211**	4,496
Debt securities, contingent liabilities and others	**327**	167
Total	**5,538**	4,663

Past due non-performing assets by geography[a]

In $ millions	The Group 2020	2019
Singapore	**3,234**	3,096
Hong Kong	**612**	456
Rest of Greater China	**289**	261
South and Southeast Asia	**1,027**	632
Rest of the World	**49**	51
Total non-performing loans	**5,211**	4,496
Debt securities, contingent liabilities and others	**327**	167
Total	**5,538**	4,663

(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)
2020			
AAA	**13,608**	**5,986**	**19,953**
AA- to AA+	**–**	**11,097**	**4,541**
A- to A+	**–**	**14,257**	**9,061**
Lower than A-	**–**	**6,755**	**7,174**
Unrated	**–**	**–**	**13,427**
Total	**13,608**	**38,095**	**54,156**
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

42.4 Credit risk by geography and industry

Analysed by geography[(a)] In $ millions	Government securities and treasury bills (Gross)	Due from banks (Gross)	The Group Derivatives	Bank and corporate debt securities (Gross)	Loans and advances to customers (Gross)	Total
2020						
Singapore	**13,608**	**1,183**	**3,048**	**15,292**	**176,402**	**209,533**
Hong Kong	**3,872**	**2,333**	**1,763**	**1,212**	**59,093**	**68,273**
Rest of Greater China	**4,467**	**19,051**	**3,672**	**5,764**	**53,278**	**86,232**
South and Southeast Asia	**6,757**	**3,819**	**1,456**	**4,760**	**30,362**	**47,154**
Rest of the World	**22,999**	**24,485**	**21,169**	**27,128**	**58,635**	**154,416**
Total	**51,703**	**50,871**	**31,108**	**54,156**	**377,770**	**565,608**
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

(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	Government securities and treasury bills (Gross)	Due from banks (Gross)	Derivatives	Bank and corporate debt securities (Gross)	Loans and advances to customers (Gross)	Total
	The Group					
2020						
Manufacturing	**–**	**–**	**494**	**3,136**	**39,802**	**43,432**
Building and construction	**–**	**–**	**1,363**	**5,400**	**96,964**	**103,727**
Housing loans	**–**	**–**	**–**	**–**	**74,207**	**74,207**
General commerce	**–**	**–**	**266**	**2,438**	**40,669**	**43,373**
Transportation, storage and communications	**–**	**–**	**754**	**3,688**	**31,617**	**36,059**
Financial institutions, investment and holding companies	**–**	**50,871**	**26,372**	**25,657**	**28,449**	**131,349**
Government	**51,703**	**–**	**–**	**–**	**–**	**51,703**
Professionals and private individuals (excluding housing loans)	**–**	**–**	**528**	**–**	**33,578**	**34,106**
Others	**–**	**–**	**1,331**	**13,837**	**32,484**	**47,652**
Total	**51,703**	**50,871**	**31,108**	**54,156**	**377,770**	**565,608**
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

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**
2020									
Cash and balances with central banks	19,214	11,620	17,494	1,719	571	–	–	–	50,618
Government securities and treasury bills	292	2,771	4,324	6,505	13,111	6,888	17,809	–	51,700
Due from banks	20,497	5,859	10,238	13,322	901	50	–	–	50,867
Derivatives[(a)]	31,108	–	–	–	–	–	–	–	31,108
Bank and corporate securities	–	570	2,648	8,453	19,985	10,071	12,382	11,347	65,456
Loans and advances to customers	30,105	57,867	37,890	51,681	77,472	46,539	69,617	-	371,171
Other assets	13,232	1,216	1,413	2,338	94	17	16	1,169	19,495
Associates	–	–	–	–	–	–	–	862	862
Properties and other fixed assets	–	–	–	–	–	–	–	3,338	3,338
Goodwill and intangibles	–	–	–	–	–	–	–	5,323	5,323
Total assets	114,448	79,903	74,007	84,018	112,134	63,565	99,824	22,039	649,938
Due to banks	16,780	6,423	2,350	237	2,430	–	–	–	28,220
Deposits and balances from customers	363,707	30,737	42,340	24,192	2,174	311	1,389	–	464,850
Derivatives[(a)]	32,904	–	–	–	–	–	–	–	32,904
Other liabilities	12,435	1,087	2,111	2,077	532	331	788	2,713	22,074
Other debt securities	1,801	4,920	11,341	13,858	4,869	2,333	2,637	1,518	43,277
Subordinated term debts	–	–	–	–	–	–	3,970	–	3,970
Total liabilities	427,627	43,167	58,142	40,364	10,005	2,975	8,784	4,231	595,295
Non-controlling interests	–	–	–	–	–	–	–	17	17
Shareholders' funds	–	–	–	–	–	–	–	54,626	54,626
Total equity	–	–	–	–	–	–	–	54,643	54,643
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

(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 above table includes disclosure of the contractual maturity of financial liabilities, which approximates the same analysis on an undiscounted basis, as total future interest payments are not material relative to the principal amounts. Assets and liabilities (including non-maturing savings/current deposits) are represented on a contractual basis or in a period when it can legally be withdrawn. 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**
2020					
Guarantees, endorsements and other contingent liabilities	**29,316**	**–**	**–**	**–**	**29,316**
Undrawn credit commitments[a] and other facilities	**269,568**	**18,547**	**15,296**	**3,424**	**306,835**
Capital commitments	**14**	**1**	**–**	**–**	**15**
Total	**298,898**	**18,548**	**15,296**	**3,424**	**336,166**
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

(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 generally 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 2020 and 2019 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".

For more information, please refer to Pillar 3 disclosures at the Group's website (https://www.dbs.com/investors/default.page).

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
The Others segment encompasses the results of corporate decisions that are not attributed to business segments as well as the contribution of LVB as its activities have not been aligned with the Group's segment definitions. 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
2020					
Net interest income	**3,339**	**3,995**	**840**	**902**	**9,076**
Net fee and commission income	**1,869**	**1,160**	**–**	**29**	**3,058**
Other non-interest income	**559**	**590**	**596**	**713**	**2,458**
Total income	**5,767**	**5,745**	**1,436**	**1,644**	**14,592**
Total expenses	**3,288**	**1,987**	**634**	**249**	**6,158**
Allowances for credit and other losses	**456**	**1,485**	**14**	**1,111**	**3,066**
Profit before tax	**2,023**	**2,273**	**788**	**284**	**5,368**
Income tax expense					**612**
Net profit attributable to shareholders					**4,721**
Total assets before goodwill and intangibles	**116,845**	**292,850**	**160,638**	**74,282**	**644,615**
Goodwill and intangibles					**5,323**
Total assets					**649,938**
Total liabilities	**253,893**	**223,598**	**66,593**	**51,211**	**595,295**
Capital expenditure	**108**	**26**	**19**	**394**	**547**
Depreciation	**47**	**10**	**3**	**588**	**648**
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

45.2 Geographical segment reporting

The performance by geography is classified based on the location in which income and assets are recorded; with head office items such as centrally raised allowances reflected in Singapore. 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 (including LVB balances post-amalgamation) 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**
2020						
Net interest income	**5,751**	**1,607**	**721**	**677**	**320**	**9,076**
Net fee and commission income	**1,935**	**661**	**188**	**205**	**69**	**3,058**
Other non-interest income	**1,673**	**266**	**200**	**219**	**100**	**2,458**
Total income	**9,359**	**2,534**	**1,109**	**1,101**	**489**	**14,592**
Total expenses	**3,604**	**1,059**	**738**	**646**	**111**	**6,158**
Allowances for credit and other losses	**2,074**	**332**	**179**	**308**	**173**	**3,066**
Profit before tax	**3,681**	**1,143**	**192**	**147**	**205**	**5,368**
Income tax expense	**329**	**180**	**21**	**43**	**39**	**612**
Net profit attributable to shareholders	**3,317**	**963**	**171**	**104**	**166**	**4,721**
Total assets before goodwill and intangibles	**424,727**	**99,406**	**55,734**	**25,371**	**39,377**	**644,615**
Goodwill and intangibles	**5,133**	**29**	**–**	**161**	**–**	**5,323**
Total assets	**429,860**	**99,435**	**55,734**	**25,532**	**39,377**	**649,938**
Non-current assets[(a)]	**2,682**	**723**	**323**	**446**	**26**	**4,200**
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

(a) Includes investments in associates, properties and other fixed assets

DBS Bank Ltd

Income statement

for the year ended 31 December 2020

In $ millions	Note	Bank 2020	Bank 2019
Income			
Interest income		**9,201**	12,450
Interest expense		**2,761**	5,441
Net interest income		**6,440**	7,009
Net fee and commission income		**2,140**	2,114
Net trading income		**938**	1,053
Net income from investment securities		**858**	306
Other income	2	**387**	817
Non-interest income		**4,323**	4,290
Total income		**10,763**	11,299
Employee benefits		**2,177**	2,242
Other expenses		**1,704**	1,709
Total expenses		**3,881**	3,951
Profit before allowances		**6,882**	7,348
Allowances for credit and other losses		**2,323**	262
Profit before tax		**4,559**	7,086
Income tax expense		**408**	871
Net profit attributable to shareholders		**4,151**	6,215

(see notes on pages 185 to 187 which form part of these financial statements)

DBS Bank Ltd

Statement of comprehensive income

for the year ended 31 December 2020

	Bank	
In $ millions	**2020**	**2019**
Net profit	**4,151**	6,215
Other comprehensive income:		
Items that may be reclassified subsequently to income statement:		
Translation differences for foreign operations	**(13)**	(90)
Gains/ (losses) on debt instruments classified at fair value through other comprehensive income and others		
Net valuation taken to equity	**879**	705
Transferred to income statement	**(478)**	(321)
Taxation relating to components of other comprehensive income	**(10)**	(35)
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)	**(240)**	120
Fair value change from own credit risk on financial liabilities designated at fair value (net of tax)	**25**	(63)
Other comprehensive income, net of tax	**163**	316
Total comprehensive income attributable to shareholders	**4,314**	6,531

(see notes on pages 185 to 187 which form part of these financial statements)

DBS Bank Ltd

Balance sheet

as at 31 December 2020

In $ millions	Note	Bank 2020	Bank 2019
Assets			
Cash and balances with central banks		**39,388**	19,771
Government securities and treasury bills		**36,682**	37,142
Due from banks		**44,643**	33,933
Derivatives		**27,959**	15,255
Bank and corporate securities		**59,944**	59,560
Loans and advances to customers		**302,587**	296,906
Other assets		**14,936**	11,359
Associates		**186**	186
Subsidiaries	3	**31,860**	31,967
Due from holding company		**911**	–
Properties and other fixed assets		**1,849**	1,816
Goodwill and intangibles		**334**	334
Total assets		**561,279**	508,229
Liabilities			
Due to banks		**23,586**	18,712
Deposits and balances from customers		**350,079**	298,836
Derivatives		**29,537**	15,455
Other liabilities		**16,800**	15,113
Other debt securities		**38,081**	51,041
Due to holding company		**6,031**	4,695
Due to subsidiaries		**48,288**	57,649
Total liabilities		**512,402**	461,501
Net assets		**48,877**	46,728
Equity			
Share capital	4	**24,452**	24,452
Other equity instruments	5	**4,209**	2,813
Other reserves	6	**264**	38
Revenue reserves	6	**19,952**	19,425
Shareholders' funds		**48,877**	46,728
Total equity		**48,877**	46,728

(see notes on pages 185 to 187 which form part of these financial statements)

DBS Bank Ltd

Notes to the supplementary financial statements

for the year ended 31 December 2020

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 2020. 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	2020	2019
Dividends from subsidiaries	**341**	783
Dividends from associates	**6**	7
Total	**347**	790

3. Subsidiaries

In $ millions	2020	2019
Investment in subsidiaries[(a)]		
Ordinary shares	**12,782**	12,154
Due from subsidiaries		
Other receivables	**19,078**	19,813
Total	**31,860**	31,967

(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

	Shares ('000)		In $ millions	
	2020	2019	2020	2019
Ordinary shares				
Balance at 1 January	**2,626,196**	2,626,196	**23,653**	23,653
Redemption of preference shares	**–**	–	**799**	–
Balance at 31 December	**2,626,196**	2,626,196	**24,452**	23,653
Non-cumulative preference shares				
Balance at 1 January				
S$800m 4.70% Non-Cumulative, Non-Convertible, Non-Voting, Preference Shares Callable in 2020	**8,000**	8,000	**799**	799
Redemption of preference shares	**(8,000)**	–	**(799)**	–
Balance at 31 December	**–**	8,000	**–**	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	2020	2019
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
US$1,000m 3.30% Non-Cumulative, Non-Convertible Perpetual Capital Securities First Callable in 2025	27 Feb 2020	Feb/Aug	**1,396**	–
Total			**4,209**	2,813

6. Other Reserves and Revenue Reserves

6.1 Other reserves

In $ millions	2020	2019
FVOCI revaluation reserves (bonds)	**281**	59
FVOCI revaluation reserves (equities)	**(190)**	(38)
Cash flow hedge reserves	**245**	76
Capital reserves	**(72)**	(59)
Total	**264**	38

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
2020					
Balance at 1 January	**59**	**(38)**	**76**	**(59)**	**38**
Net exchange translation adjustments	**–**	**–**	**–**	**(13)**	**(13)**
FVOCI financial assets and others:					
– net valuation taken to equity	**611**	**(250)**	**268**	**–**	**629**
– transferred to income statement	**(378)**	**–**	**(100)**	**–**	**(478)**
– taxation relating to components of other comprehensive income	**(11)**	**10**	**1**	**–**	**-**
Transfer to revenue reserves upon disposal of FVOCI equities	**–**	**88**	**–**	**–**	**88**
Balance at 31 December	**281**	**(190)**	**245**	**(72)**	**264**
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

(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	2020	2019
Balance at 1 January	**19,425**	18,049
Impact of adopting SFRS(I) 16 on 1 January 2019	**–**	(91)
Balance at 1 January after adoption of SFRS(I) 16	**19,425**	17,958
Impact of conversion of India branch to a wholly-owned subsidiary	**–**	(188)
Redemption of preference shares	**(800)**	–
Net profit attributable to shareholders	**4,151**	6,215
Other comprehensive income attributable to shareholders	**(63)**	(77)
Sub-total	**22,713**	23,908
Less: Dividends paid to holding company	**2,723**	4,445
Dividends paid on preference shares	**38**	38
Balance at 31 December[(a)]	**19,952**	19,425

(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. The RLAR was nil as at 31 December 2020 (2019: $491 million)

DBS Group Holdings and its Subsidiaries

Five-year summary

Group	2020	2019	2018	2017	2016
Selected income statement items ($ millions)					
Total income	**14,592**	14,544	13,183	11,924	11,489
Profit before allowances	**8,434**	8,286	7,385	6,794	6,517
Allowances	**3,066**	703	710	1,544	1,434
Profit before tax	**5,368**	7,583	6,675	5,250	5,083
Net profit excluding one-time items	**4,721**	6,391	5,625	4,390	4,238
One-time items[1]	**–**	–	(48)	(19)	–
Net profit	**4,721**	6,391	5,577	4,371	4,238
Selected balance sheet items ($ millions)					
Total assets	**649,938**	578,946	550,751	517,711	481,570
Customer loans	**371,171**	357,884	345,003	323,099	301,516
Total liabilities	**595,295**	527,147	500,876	467,909	434,600
Customer deposits	**464,850**	404,289	393,785	373,634	347,446
Total shareholders' funds	**54,626**	50,981	49,045	47,458	44,609
Per ordinary share ($)					
Earnings excluding one-time items	**1.81**	2.46	2.16	1.69	1.66
Earnings	**1.81**	2.46	2.15	1.69	1.66
Net asset value	**20.08**	19.17	18.12	17.85	16.87
Dividends[2]	**0.87**	1.23	1.20	1.43	0.60
Selected financial ratios (%)					
Dividend cover for ordinary shares (number of times)[2]	**2.08**	2.00	1.79	1.17	2.78
Net interest margin	**1.62**	1.89	1.85	1.75	1.80
Cost-to-income[3]	**42.2**	43.0	44.0	43.0	43.3
Return on assets[3]	**0.75**	1.13	1.05	0.89	0.92
Return on equity[3][4]	**9.1**	13.2	12.1	9.7	10.1
Loan/ deposit ratio	**79.8**	88.5	87.6	86.5	86.8
Non-performing loan rate	**1.6**	1.5	1.5	1.7	1.4
Loss allowance coverage[5]	**110**	94	98	85	97
Capital adequacy					
Common Equity Tier 1	**13.9**	14.1	13.9	14.3	14.1
Tier 1	**15.0**	15.0	15.1	15.1	14.7
Total	**16.8**	16.7	16.9	15.9	16.2
Basel III fully phased-in Common Equity Tier 1[6]	**13.9**	14.1	13.9	13.9	13.3

(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 and ANZ integration costs
(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

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Board of Directors

as at 9 February 2021

Peter Seah Lim Huat, 74

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:	30 April 2020
Length of service as Director:	11 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
• 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
• Council of Presidential Advisers	Member

Past directorships in listed companies held over the preceding five years:

• Level 3 Communications Inc	Director
• StarHub Ltd	Director

(1) Total director's fees received for FY2020: HKD 1,010,000

Piyush Gupta, 61

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:	11 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
• 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	Co-Chairman, Global Advisory Group
• Indian Business-leaders Roundtable under Singapore Indian Development Association (SINDA)	Member, Managing Council
• Advisory Council on the Ethical Use of Artificial Intelligence (AI) and Data, Singapore	Council Member
• Council for Board Diversity, Singapore	Council Member
• Bretton Woods Committee, USA	Member, Advisory Council
• World Business Council for Sustainable Development, Switzerland	Member, Executive Committee

Past directorships in listed companies held over the preceding five years:
Nil

Bonghan Cho, 56

Non-Executive and Independent Director

Ph.D and MS in Computer Science, specialising in Artificial Intelligence
University of Southern California

Bachelor of Science in Computer Science and Statistics
Seoul National University

Date of first appointment as Director:	26 April 2018
Date of last re-election as Director:	25 April 2019
Length of service as Director:	2 years 10 months

Present directorships:

Other listed companies
Nil

Other principal commitments

• DBS Bank Ltd.	Director
• Equalkey Corporation	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, 65

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:	12 years 3 months

Present directorships:

Other listed companies

• Royal Dutch Shell PLC	Deputy Chair and Senior Independent 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 Group Limited	Chairman

Past directorships in listed companies held over the preceding five years:

• CapitaLand Limited	Director

Ho Tian Yee, 68

Non-Executive and Non-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 last re-election as Director:	30 April 2020
Length of service as Director:	9 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

Punita Lal, 58

Non-Executive and Independent Director

Master of Business Administration
Indian Institute of Management, Calcutta

Bachelor of Arts, Economics (Honours)
St. Stephen's College, Delhi

Date of first appointment as Director:	1 April 2020
Date of last re-election as Director:	Not applicable
Length of service as Director:	10 months

Present directorships:

Other listed companies

• Cipla Limited	Director

Other principal commitments

• DBS Bank Ltd.	Director
• Life Style International Private Limited	Director
• The Vedica Scholars Programme for Women	Member, Governing Council
• Aqilliz Pte. Ltd.	Board Advisor

Past directorships in listed companies held over the preceding five years:

• CEAT Limited	Director
• Entertainment Network (India) Ltd	Director

Olivier Lim Tse Ghow, 56

Non-Executive and Lead 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 appointment as Lead Independent Director:	29 April 2020
Date of last re-election as Director:	30 April 2020
Length of service as Director:	3 years 3 months

Present directorships:

Other listed companies

• Raffles Medical Group Ltd	Director

Other principal commitments

• DBS Bank Ltd.	Director
• DBS Foundation Ltd.	Director
• Certis CISCO Security Pte. 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:

• Banyan Tree Holdings Limited	Director

Anthony Lim Weng Kin, 62

Non-Executive and Independent Director

Bachelor of Science
National University of Singapore

Advanced Management Program
Harvard Business School, USA

Date of first appointment as Director:	1 April 2020
Date of last re-election as Director:	Not applicable
Length of service as Director:	10 months

Present directorships:

Other listed companies

• CapitaLand Limited	Director

Other principal commitments

• DBS Bank Ltd.	Director
• CapitaLand Hope Foundation	Director
• Institute of International Education (IIE) Scholar Rescue Fund	Member, Selection Committee

Past directorships in listed companies held over the preceding five years:

• Vista Oil & Gas S.A.B. de C.V.	Director

Andre Sekulic, 70

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:	8 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

Tham Sai Choy, 61

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:	2 years 5 months

Present directorships:

Other listed companies

• Keppel Corporation Limited	Director

Other principal commitments

• DBS Bank Ltd.	Director
• DBS Bank (China) Limited[(1)]	Director
• DBS Foundation Ltd.	Director
• Accounting and Corporate Regulatory Authority	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) Total director's fees received for FY2020: CNY 461,000

Woo Foong Pheng (Mrs Ow Foong Pheng), 57

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:	30 April 2020
Length of service as Director:	8 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 20 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. In addition, he is a member of Singapore's Advisory Council on the Ethical Use of AI and Data, and the McKinsey Advisory Council. He sits on the Bretton Woods Committee - Advisory Council, and is a member of the World Business Council for Sustainable Development - Executive Committee. 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 and a Co-Chairman of the BirdLife International Advisory Group.

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 Bank India Board, a board member of the Singapore Exchange (Chair of Risk Committee) as well as Changi Airport Group (Chair of Audit Committee). Additionally, she serves as a council member on the International Integrated Reporting Council and the CareShield Life Council.

Sok Hui previously served, for six years each, on the boards of The Inland Revenue Authority of Singapore, Housing & Development Board, and the Accounting Standards Council. She was also the Supervisor of DBS China Board for 10 years and a past board member of the Bank of the Philippine Islands.

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 in Singapore, Hong Kong and China, as well as across ASEAN markets. She also oversees the bank's award-winning securities business, DBS Vickers.

Seat Moey was instrumental in the development of the REITs industry in Singapore, having advised on numerous 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 2020, DBS was named Best Investment Bank, Asia-Pacific by Global Finance, Best REIT Adviser, Asia-Pacific by The Asset, Best Investment Bank and ECM House in Singapore by FinanceAsia and Best Equity House in Singapore by Alpha Southeast Asia, among others.

Under her leadership, the Capital Markets team stepped up to support clients in providing advisory and fund-raising solutions amid the challenges brought about by the pandemic, leading to the successful execution of mega fund-raising transactions such as the SGD 8.8 billion rights issue by Singapore Airlines, the SGD 2.1 billion rights issue by Sembcorp Marine, as well as several equity fund raisings by REITs listed on the Singapore Exchange. Likewise, in Hong Kong, the team was active on a number of IPOs and secondary fund raisings for Hong Kong Stock Exchange listed companies. 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, the rebalancing portfolio and structural FX globally. He assumed his current role 12 years ago and has in total close to 30 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. Prior to heading Corporate Treasury, Philip 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. Previously, Philip was also an adjunct associate professor at the Singapore Management University for six years, where he specialised in quantitative finance.

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 the Group Head of Audit, responsible for strengthening the bank's controls, risks and governance. Prior to this, he was head of POSB and had led the regional Treasures and Treasures Private Client wealth management business. His other previous roles at DBS include Regional CFO of the bank's Institutional Banking Group and Head of Group Finance - Planning and Analytics.

With over 28 years of experience in finance and banking, Derrick spent over a decade at American Express in senior finance roles across Singapore, Paris, London and New York. Derrick currently serves the community as a Member of Parliament for Nee Soon GRC and a board member of GovTech Singapore.

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, JPMorgan, Rajah & Tann and Allen & Gledhill. 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 Ng is Group Chief Information Officer and Head of Group Technology & Operations at DBS Bank. Managing more than 10,000 technology and operations professionals globally, he plays a leading role in the development and execution of the bank's digital strategy.

Prior to this, Jimmy was Deputy Head of Group Technology & Operations, where he oversaw the bank's first technology development centre outside Singapore, DBS Asia Hub 2 in Hyderabad. Jimmy also oversaw DBS' Middle Office Technology and Enterprise Architecture/ Site Reliability Engineering. He also worked in the bank's Consumer Banking Operations where he helped overhaul the management of ATMs and Self-Service Banking, and harnessed state-of-the-art data analytics and machine learning techniques to develop and implement new auditing approaches.

Lee Yan Hong

Human Resources

Yan Hong is Head of Group Human Resources at DBS Bank. Her human capital management experience spans over 30 years, across a spectrum of industries, specialisations, coverage and geographies. Yan Hong drives the overall strategic people agenda of the Group and is recognised for taking a proactive approach in building best practices in human resources. She sets the direction for various functions and spearheads various initiatives to further the organisational growth of the bank. Under her leadership, DBS has won a number of global and regional accolades, including Gallup's Great Workplace Award, Aon Hewitt's Top Companies for Leaders, and being named Training Academy of the Year (Hong Kong) in Bloomberg Businessweek's Financial Institution Awards. In recognition of the bank's good HR practices, DBS was also listed in Bloomberg's Gender Equality Index for three consecutive years, certified by Kincentric as Regional Best Employer in Asia Pacific and Country Best Employer in Singapore and our other markets for several years, in addition to being named one of Universum's Top 100 Most Attractive Employers by business undergraduates in China.

Yan Hong was a steering committee member for the Applied Study in Polytechnics and ITE Review (ASPIRE) which seeks to enhance career and progression prospects for tertiary students in Singapore, and currently serves as committee member at the Human Resource Skills Council for Workforce Singapore (WSG) and Human Capital Leadership Institute (HCLI) CHRO Advisory Panel.

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 sits on the boards of ST Engineering, Nikko Asset Management and Building Construction Authority of Singapore. He is also Singapore's High Commissioner (Non-Resident) to the Federal Republic of Nigeria.

Andrew Ng*

Treasury & Markets

Andrew has over 34 years of experience in the treasury business, and is the 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-Asian trading platform for 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 an Executive Director. In this role, Andrew initiated CIBC's trading platform and derivative capabilities on Asian currencies. He was also the Head of North Asia Trading and Treasurer of Chase Manhattan Bank in Taipei.

Karen Ngui

Strategic Marketing & Communications

Karen is Head of Group Strategic Marketing and Communications and is responsible for corporate communications, brand management, strategic marketing, internal communications and sponsorships. She also oversees the bank's sustainability efforts in corporate volunteerism and championing social enterprises through DBS Foundation. She leads media and issues management efforts across the DBS Group. In addition, she is responsible for managing and enhancing the bank's brand positioning as well as establishing a consistent brand identity across all businesses and markets, including Singapore, Greater China, South and Southeast Asia. Karen has over 30 years of experience in corporate branding, marketing and communications for financial institutions. She is also a board member of DBS Foundation.

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.

Shee Tse Koon*

Singapore
Shee Tse Koon is Group Executive and Country Head of DBS Singapore. Prior to this, he was Group Head of Strategy and Planning where he oversaw the regional strategy across the bank. Tse Koon has 26 years of experience in the banking industry. He started his career at Standard Chartered and had held senior positions in a diverse range of roles across various front and back office functions. He had worked in several countries in Asia, the Middle East and the United Kingdom. Prior to joining DBS, he was the CEO of Standard Chartered in Indonesia. Prior to that, he was Head of Governance (Europe, Middle East, Africa & Americas) and also Senior Executive Officer (Standard Chartered, Dubai International Financial Centre), based in the United Arab Emirates; as well as Chief Information Officer and Head of Technology and Operations for Standard Chartered in Singapore. He also held the position of Regional Head of Trade, based in Singapore and the role of the Executive Assistant to one of Standard Chartered's Group Executive Directors, based in the UK.

Tse Koon also served as non-executive director on the boards of Standard Chartered Bank Zimbabwe Limited and Standard Chartered Capital Saudi Arabia.

Tse Koon has been a member on the Board of Commissioners for PT Bank DBS Indonesia since May 2020. He is currently serving as a member of the Board of Directors for NETS Pte Ltd and Nanyang Polytechnic, as well as the Board of Governors for the Singapore International Foundation.

Tse Koon holds a bachelor's degree with Merit in Economics and Philosophy from the National University of Singapore. He also completed executive leadership programmes with the University of Oxford's Saïd Business School, Singularity University and the Asian Financial Leaders Programme.

Surojit Shome

India
Surojit is 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 Programme at The Wharton School in 2004 and the Rabobank Senior Leadership Programme at the Harvard Business School (2011).

Paulus Sutisna

Indonesia
Paulus is President Director of PT Bank DBS Indonesia with 30 years of banking experience and is responsible for driving business growth in Indonesia. Previously, he was the 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. He was also named as one of "Indonesia's Most Admired CEOs" and "Indonesia Financial Top Leader" by Warta Ekonomi in 2019 and 2020 respectively.

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 #10-01
Marina Bay Financial Centre Tower 3
Singapore 018982
Tel: (65) 6327 2288

DBSN Services Pte. Ltd.
10 Toh Guan Road, Level 4B
DBS Asia Gateway
Singapore 608838
Tel: (65) 6878 8888

DBS Digital Exchange Pte. Ltd.
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982
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) 3668 3288
Fax: (852) 2523 6055

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
17th Floor, Skyview 20 Building, M/s. Divija Commercial Properties Private Limited
Survey No: 83/1, Raidurg Village,
Serilingampally Mandal, Ranga Reddy District,
Hyderabad
Telangana
India
Tel: (91 40) 6752 2222

Indonesia

PT Bank DBS Indonesia
DBS Bank Tower
32nd – 37th Floor, Ciputra World 1
Jalan Prof. Dr. Satrio Kav. 3-5
Jakarta 12940
Indonesia
Tel: (62 21) 2988 5000
Fax: (62 21) 2988 5005

99% owned by DBS Bank

PT DBS Vickers Sekuritas Indonesia
DBS Bank Tower
32nd Floor, Ciputra World 1
Jalan Prof. Dr. Satrio Kav. 3-5
Jakarta 12940
Indonesia
Tel: (62 21) 3003 4900

Japan

DBS Bank Tokyo Branch
Otemachi First Square East Tower 15F
5-1, Otemachi 1-chome
Chiyoda-ku, Tokyo 100-0004
Japan
Tel: (81 3) 3213 4411
Fax: (81 3) 3213 4415

DBS Securities (Japan) Company Limited
Otemachi First Square East Tower 15F
5-1, Otemachi 1-chome
Chiyoda-ku, Tokyo 100-0004
Japan
Tel: (81 3) 3213 4660
Fax: (81 3) 3213 4415

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

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

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
The Philippines
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 Nos. 32 & 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 2) 857 7000

United Kingdom

DBS Bank London Branch
One London Wall
London EC2Y 5EB
UK
Tel: (44 20) 7489 6591
Fax: (44 20) 7489 5850

DBS Vickers Securities (UK) Limited
One London Wall
London EC2Y 5EB
UK
Tel: (44 20) 7489 6591
Fax: (44 20) 7489 5850

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

GLOBAL

Best Bank in the World
Global Finance

Winner, Digital Transformation
The Hackett Group

Outstanding Crisis Leadership: Overall Excellence (Bank)
Global Finance

Cash Management Survey: Best Service Overall (Global): #1 2018 - 2020
Euromoney

Innovation in Digital Banking: Winner, Open Banking
The Banker

Mobile Apps for Wealth Management: #1
Cutter Wealth

Digital Workplace of the Year
Digital Workplace Group

Responsible Business Awards: Winner, Purpose Driven Communications
Ethical Corporation/ Reuters Events

Gender Equality Index: 2017 – 2020
Bloomberg

FTSE4Good Global Index: 2017 – 2020
FTSE Russell

REGIONAL

Best Bank, Asia
Euromoney
Global Finance

Asia's Safest Bank, 2009 – 2020
Global Finance

Best Bank for Corporate Responsibility, Asia
Euromoney

Most Distinctive in Helping to Mitigate Impact of Covid-19 (Asia)
Greenwich Associates

APAC Best Employer
Kincentric

Best Investment Bank (Asia-Pacific)
Global Finance

Syndicated Loan House of the Year (Asia)
FinanceAsia

Best Transaction Bank (Asia-Pacific)
The Banker

SME Bank of the Year (Asia-Pacific)
SME Finance Forum

Best Asian Private Bank
Asiamoney

Most Innovative In-House Legal Team (Asia-Pacific)
The Financial Times

Winner, Industry Sector: Financial Services (Asia-Pacific)
PRovoke/ SABRE Awards

Dow Jones Sustainability Index (Asia-Pacific), 2018 - 2020
S&P Dow Jones Indices/ RobecoSAM

SINGAPORE

Best Bank – Singapore
Euromoney
Global Finance
The Banker
FinanceAsia
The Asset

Digital Bank of the Year – Singapore
The Asset

Best Broker – Singapore
FinanceAsia

Project Finance House – Singapore
The Asset

Best Securities House, Singapore
Asiamoney

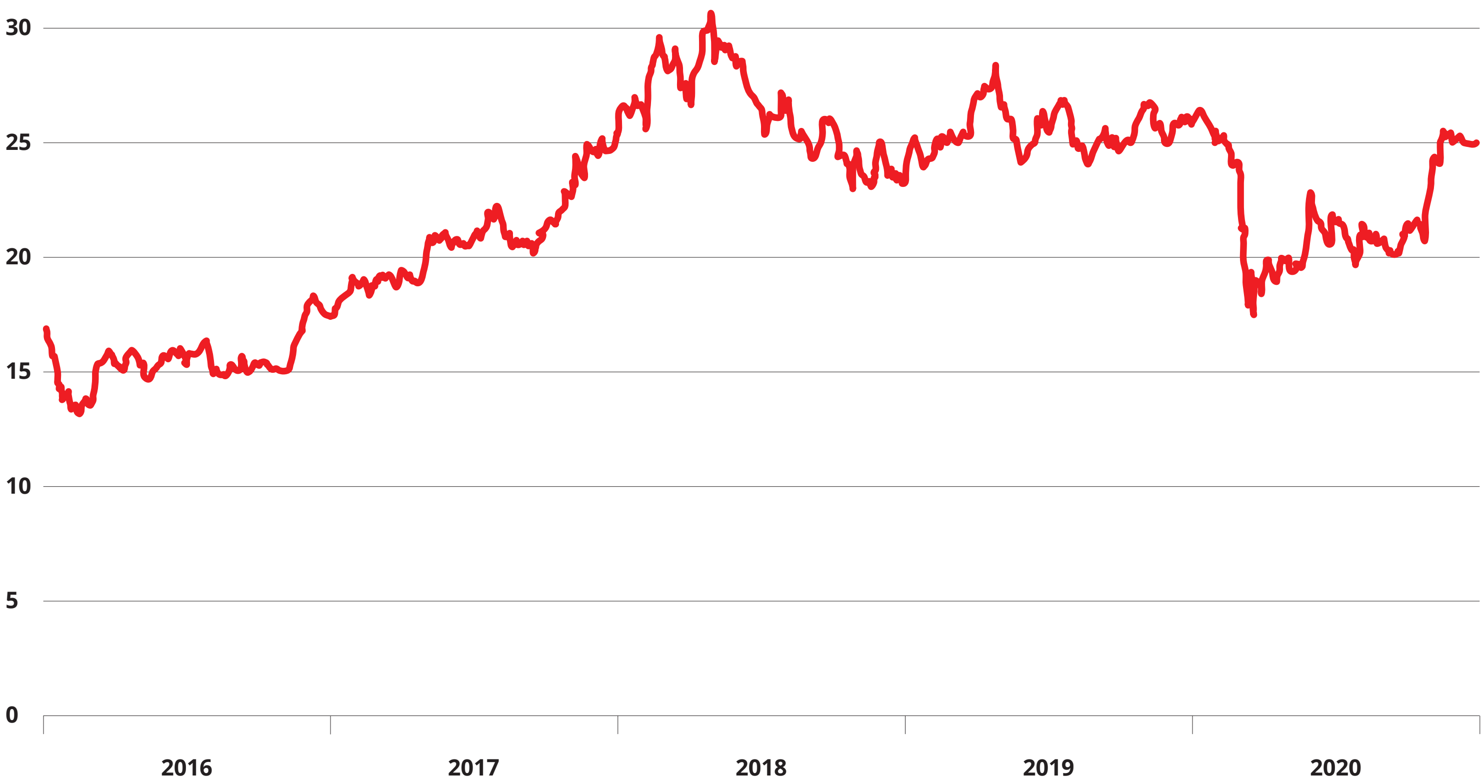
Best Consumer Digital Bank – Singapore
Global Finance

Apex Winner: Sustainable Business, Non-SME
Global Compact Network Singapore

Champion of Good
National Volunteer and Philanthropy Centre

Charity Platinum Award
Community Chest Singapore

Share price



	2016	2017	2018	2019	2020
Share Price (SGD)					
High	18.32	25.30	30.84	28.40	**26.40**
Low	13.02	17.32	22.80	23.09	**16.88**
Close	17.34	24.85	23.69	25.88	**25.04**
Average	15.44	20.80	26.36	25.42	**21.96**
Financial Ratios^					
Gross dividend yield (%)(1)	3.9	4.5	4.6	4.8	**4.0**
Price-to-earning ratio (number of times)(2)	9.3	12.3	12.2	10.3	**12.1**
Price-to-book ratio (number of times)(3)	0.9	1.2	1.5	1.3	**1.1**

(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

2021

10 February
2020 Full Year Results

30 March
22nd Annual General Meeting

30 April
2021 First Quarter trading update

On or about 24 May
Payment date of Final Dividend on Ordinary Shares for the financial year ended 31 December 2020*

5 August
2021 Second Quarter/ First Half Results

5 November
2021 Third Quarter trading update

2022

February
2021 Full Year Results

* *Subject to shareholders' approval at the 22nd Annual General Meeting*

Shareholding statistics

as at 9 February 2021

Class of Shares – Ordinary shares
Voting Rights – One vote per share
Total number of issued ordinary shares – 2,551,068,040 (excluding treasury shares)
Treasury Shares – 24,795,662 (representing 0.972% of the total number of issued ordinary shares, excluding treasury shares)

Size of Shareholdings	No. of Shareholders	%*	No. of Shares	%*
1 – 99	8,097	8.71	260,763	0.01
100 – 1,000	43,076	46.35	21,074,334	0.82
1,001 – 10,000	36,613	39.39	112,763,862	4.42
10,001 – 1,000,000	5,132	5.52	161,921,323	6.35
1,000,001 & above	30	0.03	2,255,047,758	88.40
Total	92,948	100.00	2,551,068,040	100.00
Location of Shareholders				
Singapore	89,229	96.00	2,531,939,651	99.25
Malaysia	2,420	2.60	12,887,701	0.51
Overseas	1,299	1.40	6,240,688	0.24
Total	92,948	100.00	2,551,068,040	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	507,226,956	19.88
2	MAJU HOLDINGS PTE. LTD.	459,259,376	18.00
3	DBS NOMINEES PTE LTD	438,125,577	17.17
4	TEMASEK HOLDINGS (PRIVATE) LIMITED	284,145,301	11.14
5	DBSN SERVICES PTE LTD	231,412,856	9.07
6	HSBC (SINGAPORE) NOMINEES PTE LTD	140,783,921	5.52
7	RAFFLES NOMINEES (PTE) LIMITED	83,383,130	3.27
8	BPSS NOMINEES SINGAPORE (PTE.) LTD.	22,338,651	0.88
9	LEE FOUNDATION	11,372,365	0.45
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	11,242,723	0.44
11	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	8,201,493	0.32
12	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	7,102,592	0.28
13	OCBC NOMINEES SINGAPORE PTE LTD	6,337,877	0.25
14	PHILLIP SECURITIES PTE LTD	5,946,398	0.23
15	OCBC SECURITIES PRIVATE LTD	5,526,146	0.22
16	DB NOMINEES (SINGAPORE) PTE LTD	5,050,649	0.20
17	MERRILL LYNCH (SINGAPORE) PTE LTD	4,493,031	0.18
18	UOB KAY HIAN PTE LTD	3,647,148	0.14
19	MAYBANK KIM ENG SECURITIES PTE. LTD	2,682,921	0.11
20	MRS LEE LI MING NEE ONG	2,403,670	0.09
	TOTAL	**2,240,682,781**	**87.84**

* *Percentage is calculated based on the total number of issued ordinary shares, excluding treasury shares*

Substantial shareholders

	No. of Shares			%*
	Direct	Deemed	Total	
Maju Holdings Pte. Ltd.	459,259,376	–	459,259,376	18.00
Temasek Holdings (Private) Limited	284,145,301	477,751,806	761,897,107	29.87

* ***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 18,492,430 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 9 February 2021, approximately 69.99% 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 22nd Annual General Meeting of the shareholders of DBS Group Holdings Ltd (the "Company" or "DBSH") will be convened and held by way of electronic means on Tuesday, 30 March 2021 at 2.00 p.m. (Singapore time) 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 2020 and the Auditor's Report thereon.	Resolution 1
To declare a one-tier tax exempt Final Dividend of 18 cents per ordinary share for the year ended 31 December 2020. [2019: Final Dividend of 33 cents per ordinary share, one tier tax exempt]	Resolution 2
To approve the amount of SGD 4,101,074 proposed as Directors' remuneration for the year ended 31 December 2020. [2019: SGD 4,719,707]	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 Mr Piyush Gupta, who is retiring as a Director under article 99 of the Company's Constitution and who, being eligible, offers himself for re-election. ***Key information on Mr Gupta can be found on pages 191, 214 and 216 of the 2020 Annual Report.*** ***Ms Euleen Goh Yiu Kiang and Mr Andre Sekulic will also be retiring as Directors under article 99 of the Company's Constitution at the forthcoming Annual General Meeting but will not be offering themselves for re-election. In addition, Mrs Ow Foong Pheng will step down immediately following the conclusion of the forthcoming Annual General Meeting.***	Resolution 5
To re-elect the following Directors, who are retiring under article 105 of the Company's Constitution and who, being eligible, offer themselves for re-election: (a) Ms Punita Lal (b) Mr Anthony Lim Weng Kin ***Key information on Ms Lal and Mr Lim can be found on pages 193, 194, 215 and 217 respectively of the 2020 Annual Report.***	Resolution 6 Resolution 7
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	Resolution 8

Special Business	Ordinary Resolution No.
(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.	
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 9
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; (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.	Resolution 10

<table>
<tr><th>Special Business</th><th>Ordinary Resolution No.</th></tr>
<tr><td>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.</td><td>Resolution 11</td></tr>
<tr><td>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;
(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</td><td>Resolution 12</td></tr>
</table>

Special Business	Ordinary Resolution No.
(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

8 March 2021
Singapore

Notes:

(1) The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of Annual General Meeting will accordingly be sent to members by electronic means via publication on the Company's website at the URL https://www.dbs.com/investors/agm-and-egm/default.page and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this Notice will also be sent by post to members.

(2) Alternative arrangements relating to:

(a) attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream);

(b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the Annual General Meeting, and addressing of substantial and relevant questions in advance of, or "live" at, the Annual General Meeting; and

(c) voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting,

are set out in the accompanying Company's announcement dated 8 March 2021. This announcement may be accessed at the Company's website at the URL https://www.dbs.com/investors/agm-and-egm/default.page, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

*(3) **Due to the current Covid-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/ her/ its proxy to vote on his/ her/ its behalf at the Annual General Meeting if such member wishes to exercise his/ her/ its voting rights at the Annual General Meeting.***

The accompanying proxy form for the Annual General Meeting may be downloaded from the Company's website at the URL https://www.dbs.com/investors/agm-and-egm/default.page and from the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of the proxy form will also be sent by post to members.

(4) Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/ her/ its proxy, he/ she/ it must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

(5) CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 March 2021.

(6) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(7) The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged with the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

(b) if submitted electronically:

(i) be submitted via email to the Company's Polling Agent at DBSAGM@boardroomlimited.com; or

(ii) be submitted via the pre-registration website at the URL https://go.dbs.com/agm2021,

in each case, at least 72 hours before the time appointed for holding the Annual General Meeting.

A member who wishes to submit an instrument of proxy can either use the printed copy of the proxy form which is sent to him/ her/ it by post or download a copy of the proxy form from the Company's website or the SGX website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and submitting it via email to the email address provided above or via the pre-registration website at the URL provided above.

Due to the current Covid-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms via email or via the pre-registration website.

(8) The 2020 Annual Report and the Letter to Shareholders dated 8 March 2021 (in relation to the proposed renewal of the share purchase mandate) have been published and may be accessed at the Company's website as follows:

(a) the 2020 Annual Report may be accessed at the URL https://www.dbs.com/investors/financials/group-annual-reports by clicking on the hyperlinks "Stronger Together" or "PDF" under the "2020" section of "Group Annual Reports"; and

(b) the Letter to Shareholders dated 8 March 2021 may be accessed at the URL https://www.dbs.com/investors/agm-and-egm/default.page by clicking on the hyperlink "Letter to Shareholders dated 8 March 2021" under "8 March 2021".

The above documents may also be accessed on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Members may request for printed copies of these documents by completing and submitting the Request Form accompanying the printed copies of this Notice and the proxy form sent by post to members.

Personal data privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/ or any adjournment thereof, a member of the Company 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 the appointment of the Chairman of the Meeting as proxy 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.

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 18 cents per ordinary share. Please refer to page 95 of the Capital Management and Planning section in the 2020 Annual Report for an explanation of DBSH's dividend policy.

Ordinary Resolution 3: Directors' remuneration for 2020

Resolution 3 is to approve the payment of an aggregate amount of SGD 4,101,074 as Directors' remuneration for the non-executive Directors of the Company for the year ended 31 December 2020 ("FY2020"). In a show of solidarity with the nation and our stakeholders during the Covid-19 pandemic, all the non-executive Directors who are currently in office have volunteered to take a 10% reduction in their basic retainer fees of SGD100,000 for FY2020. On top of the 10% reduction in his basic retainer fees, the Board Chairman has also volunteered to take an additional 10% reduction in his Board Chairman's fees for FY2020. Accordingly, although the non-executive Directors' fee structure for FY2020 remains unchanged from that for the year ended 31 December 2019 ("FY2019"), the amount of Directors' remuneration for FY2020 is approximately 13% lower than that for FY2019, after factoring in the aforesaid voluntary 10% reductions, as well as lower attendance fees from the holding of various Board and Board committee meetings via video-conference in 2020 due to Covid-19 restrictions.

If approved, each of the non-executive Directors (with the exception of Ms Euleen Goh Yiu Kiang, Mr Andre Sekulic 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 Singapore Exchange Securities Trading Limited ("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. Ms Euleen Goh Yiu Kiang and Mr Andre Sekulic, both of whom will be retiring from office by rotation at the forthcoming Annual General Meeting and will not be offering themselves for re-election, 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 44, 46, 47, 55 and 56 of the Corporate Governance Report in the 2020 Annual Report for more details on the non-executive Directors' remuneration for FY2020.

Ordinary Resolutions 5: Re-election of Director retiring under article 99

Mr Piyush Gupta, upon re-election as a Director of the Company, will remain as an executive Director of the Company.

Ordinary Resolutions 6 and 7: Re-election of Directors retiring under article 105

(a) Ms Punita Lal, upon re-election as a Director of the Company, will remain as a member of each of the Compensation and Management Development Committee and Nominating Committee, and will be considered independent. Ms Lal, upon re-election as a Director of the Company, will also be appointed as a member of the Audit Committee with effect from 31 March 2021.

(b) Mr Anthony Lim Weng Kin, upon re-election as a Director of the Company, will remain as a member of each of the Board Risk Management Committee and Executive Committee, and will be considered independent. Mr Lim, upon re-election as a Director of the Company, will also be appointed as the Chairman of the Compensation and Management Development Committee with effect from 31 March 2021.

Special Business

Ordinary Resolution 8: DBSH Share Plan

Resolution 8 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 9: California Sub-Plan to 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 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 10: Share Issue Mandate

Resolution 10 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 10 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 10 is passed; and (b) any subsequent bonus issue, consolidation or subdivision of shares. As at 9 February 2021 (the "Latest Practicable Date"), the Company had 24,795,662 treasury shares and no subsidiary holdings.

Ordinary Resolution 11:
DBSH Scrip Dividend Scheme
Resolution 11 is to empower 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 12:
Renewal of the Share Purchase Mandate
Resolution 12 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 51,021,360 Ordinary Shares.

Assuming that the Company purchases or acquires 51,021,360 Ordinary Shares at the Maximum Price, in the case of both market and off-market purchases, of SGD 26.70 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 2020 based on these and other assumptions are set out in paragraph 2.7 of the Letter to Shareholders dated 8 March 2021 (the "Letter").

Please refer to the Letter for further details.

Additional information on Directors seeking re-election

as at 9 February 2021

Name of Director	Piyush Gupta
Date of appointment	9 November 2009
Date of last re-appointment (if applicable)	25 April 2018
Age	61
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board (having considered the Nominating Committee's recommendation and assessment of Mr Gupta's background, experience and commitment in the discharge of his duties as a Director of DBS Group Holdings Ltd) agreed that Mr Gupta, who is currently the Group CEO, should remain as a Director to provide the Board with insights into the business.
Whether appointment is executive, and if so, the area of responsibility	Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Group Chief Executive Officer
Professional qualifications	Post Graduate Diploma in Management, Indian Institute of Management, Ahmedabad, India Bachelor of Arts, Economics University of Delhi, India
Working experience and occupation(s) during the past 10 years	Chief Executive Officer, DBS Group Holdings Ltd and DBS Bank Ltd. – 9 November 2009 to current
Shareholding interest in the listed issuer and its subsidiaries	Yes 2,217,307 ordinary shares in DBS Group Holdings Ltd (DBSH) (Deemed interest) 971,288 share awards (unvested) granted under the DBSH Share Plan
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
Conflict of interest (including any competing business)	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes

Punita Lal	**Anthony Lim Weng Kin**
1 April 2020	**1 April 2020**
Not applicable	**Not applicable**
58	**62**
Singapore	**Singapore**
The Board had considered the Nominating Committee's recommendation and assessment on Ms Lal'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.
Non-Executive	Non-Executive
Non-Executive and Independent Director Member of the Nominating Committee Member of the Compensation and Management Development Committee	Non-Executive and Independent Director Member of the Board Executive Committee Member of the Board Risk Management Committee
Master of Business Administration, Indian Institute of Management, Calcutta Bachelor of Arts, Economics (Honours), St. Stephen's College, Delhi	Bachelor of Science, National University of Singapore Advanced Management Program, Harvard Business School, USA
Co-Founder / Independent Strategy and Marketing Consultant, 8ty8 Solutions – 2013 to 2018 Chief Executive Officer, NourishCo Beverages Ltd – 2010 to 2012 VP, Marketing – India Beverages, PepsiCo India – 2005 to 2010 Ms Lal currently serves as an Independent Director of various companies. Please refer to her present directorships provided below for further information.	President (Americas), GIC Private Limited – September 2009 to December 2017 Mr Lim currently serves as an Independent Director of various companies. Please refer to his present directorships provided below for further information.
No	No
Nil	Nil
Nil	Nil
Yes	Yes

Name of Director	Piyush Gupta
Other Principal Commitments* Including Directorships * *"Principal Commitments" has the same meaning as defined in the Code of Corporate Governance 2018.*	
Past (for the last 5 years)	1. The Islamic Bank of Asia Limited, Director 2. Info Communications Development Authority of Singapore, Board Member 3. SPRING Singapore, Deputy Chairman 4. Asian Bureau of Finance and Economic Research, Council Member 5. Sim Kee Boon Institute for Financial Economics, Chairman, Advisory Board 6. Asia Society, Member, Board of Trustees 7. ASEAN Bankers Association, Council Member 8. United Nations Secretary-General's Task Force on Digital Financing of the Sustainable Development Goals, Member
Present	Other listed companies: Nil Other principal commitments: 1. DBS Bank Ltd., Chief Executive Officer and Director 2. DBS Bank (Hong Kong) Limited, Vice Chairman 3. Dr Goh Keng Swee Scholarship Fund, Director 4. Institute of International Finance, Washington, Vice Chairman 5. McKinsey Advisory Council, Council Member 6. National Research Foundation, Singapore, Board Member 7. Enterprise Singapore, Board Member 8. The Association of Banks in Singapore, Council Member 9. The Institute of Banking & Finance, Council Member 10. Singapore Indian Development Association (SINDA), Term Trustee 11. MasterCard Asia Pacific Advisory Board, Board Member 12. BirdLife International, UK, Co-Chairman, Global Advisory Group 13. Indian Business-leaders Roundtable under Singapore Indian Development Association (SINDA), Member, Managing Council 14. Advisory Council on the Ethical Use of Artificial Intelligence (AI) and Data, Singapore, Council Member 15. Council for Board Diversity, Singapore, Council Member 16. Bretton Woods Committee, USA, Member, Advisory Council 17. World Business Council for Sustainable Development, Switzerland, Member, Executive Committee
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 Piyush Gupta 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 Gupta's appointment as Director was announced on 6 November 2009. Mr Gupta was appointed as the Group CEO and an executive Director of DBS Group Holdings Ltd and DBS Bank Ltd on 9 November 2009 ("DBS Director"). DBS is a financial institution regulated in multiple jurisdictions, and may from time to time be subject to various public or non-public regulatory actions which have different degrees of materiality. These can vary from regulatory requests for information as part of normal supervisory activity, to production orders by law enforcement, to formal regulatory investigations or penalties. To the best of Mr Gupta's knowledge and belief, none of these actions which occurred since he was appointed as a DBS Director and Group CEO are material.

Punita Lal	Anthony Lim Weng Kin
1. Airtel Payments Bank Limited, Director 2. CEAT Limited, Director 3. Entertainment Network (India) Ltd, Director 4. Guardian Nutrition and Healthcare Private Limited, Director	1. Vista Oil & Gas S.A.B. de C.V., Director 2. Hedge Funds Standards Board, Trustee 3. Ripple Labs, Inc., Strategic Advisor 4. Teach For All, Member, Global Advisory Council
Other listed companies: Cipla Limited, Director Other principal commitments: 1. DBS Bank Ltd., Director 2. Life Style International Private Limited, Director 3. The Vedica Scholars Programme for Women, Member, Governing Council 4. Aqilliz Pte. Ltd., Board Advisor	Other listed companies: CapitaLand Limited, Director Other principal commitments: 1. DBS Bank Ltd., Director 2. CapitaLand Hope Foundation, Director 3. Institute of International Education (IIE) Scholar Rescue Fund, Member, Selection Committee
There is no change to the responses previously disclosed by Ms Punita Lal 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 Ms Lal's appointment as Director was announced on 23 March 2020. Ms Lal was appointed as an independent Director of DBS Group Holdings Ltd and DBS Bank Ltd on 1 April 2020 ("DBS Director"). DBS is a financial institution regulated in multiple jurisdictions, and may from time to time be subject to various public or non-public regulatory actions which have different degrees of materiality. These can vary from regulatory requests for information as part of normal supervisory activity, to production orders by law enforcement, to formal regulatory investigations or penalties. To the best of Ms Lal's knowledge and belief, none of these actions which occurred since she was appointed as a DBS Director are material.	There is no change to the responses previously disclosed by Mr Anthony 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 23 March 2020. Mr Lim was appointed as an independent Director of DBS Group Holdings Ltd and DBS Bank Ltd on 1 April 2020 ("DBS Director"). DBS is a financial institution regulated in multiple jurisdictions, and may from time to time be subject to various public or non-public regulatory actions which have different degrees of materiality. These can vary from regulatory requests for information as part of normal supervisory activity, to production orders by law enforcement, to formal regulatory investigations or penalties. To the best of Mr Lim's knowledge and belief, none of these actions which occurred since he was appointed as a DBS Director are material.

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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. *The Annual General Meeting is being convened, and will be held, by way of electronic means pursuant to the Covid-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. The Notice of Annual General Meeting will accordingly be sent to members by electronic means via publication on the Company's website at the URL https://www.dbs.com/investors/agm-and-egm/default.page and on the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of the Notice of Annual General Meeting will also be sent by post to members.*
2. *Alternative arrangements relating to:*
   (a) attendance at the Annual General Meeting via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream);
   (b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the Annual General Meeting, and addressing of substantial and relevant questions in advance of, or "live" at, the Annual General Meeting; and
   (c) voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting,
   are set out in the accompanying Company's announcement dated 8 March 2021. This announcement may be accessed at the Company's website at the URL https://www.dbs.com/investors/agm-and-egm/default.page, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
3. ***Due to the current Covid-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/ her/ its proxy to vote on his/ her/ its behalf at the Annual General Meeting if such member wishes to exercise his/ her/ its voting rights at the Annual General Meeting.***
4. *CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 March 2021.*
5. *By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 March 2021.*
6. ***Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/ her/ its behalf at the Annual General Meeting.***

*I/ We ______________________________ (*NRIC/ Passport/ Co. Reg. No. ______________________________)

of ____

being a *Member/ Members of DBS Group Holdings Ltd (the "Company") hereby appoint the Chairman of the Meeting as *my/ our proxy to vote for *me/ us and on *my/ our behalf at the 22nd Annual General Meeting of the Company to be convened and held by way of electronic means on **Tuesday, 30 March 2021** at **2.00 p.m. (Singapore time)** 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 4,101,074 for FY2020			
4	Re-appointment of PricewaterhouseCoopers LLP as Auditor and authorisation for Directors to fix its remuneration			
5	Re-election of Mr Piyush Gupta as a Director retiring under article 99			
6	Re-election of Ms Punita Lal as a Director retiring under article 105			
7	Re-election of Mr Anthony Lim Weng Kin as a Director retiring under article 105			
	Special Business			
8	Authority to grant awards and issue shares under the DBSH Share Plan			
9	Authority to grant awards and issue shares under the California Sub-Plan to the DBSH Share Plan			
10	General authority to issue shares and to make or grant convertible instruments subject to limits			
11	Authority to issue shares pursuant to the DBSH Scrip Dividend Scheme			
12	Approval of the proposed renewal of the Share Purchase Mandate			

If you wish the Chairman of the Meeting as your proxy to cast all your votes **For** or **Against** a resolution, please tick with "✓" in the **For** or **Against** box provided in respect of that resolution. Alternatively, please indicate the number of votes **For** or **Against** in the **For** or **Against** box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to **Abstain** from voting on a resolution, please tick with "✓" in the **Abstain** box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting in the **Abstain** box provided in respect of that resolution. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Voting will be conducted by poll.

Dated this __________ day of___________ 2021.

No. of Ordinary Shares held	

____
Signature or Common Seal of Member(s)

____
Contact number/ email address of Member(s)

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) ***Due to the current Covid-19 situation in Singapore, a member will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/ her/ its proxy to vote on his/ her/ its behalf at the Annual General Meeting if such member wishes to exercise his/ her/ its voting rights at the Annual General Meeting.*** *This proxy form may be downloaded from the Company's website at the URL https://www.dbs.com/investors/agm-and-egm/default.page and from the SGX website at the URL https://www.sgx.com/securities/company-announcements. For convenience, printed copies of this proxy form will also be sent by post to members. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/ her/ its proxy, he/ she/ it must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.*

(3) *CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 March 2021.*

(4) *The Chairman of the Meeting, as proxy, need not be a member of the Company.*

(5) *The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:*
   (a) *if submitted by post, be lodged with the Company's Polling Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or*
   (b) *if submitted electronically:*
      (i) *be submitted via email to the Company's Polling Agent at DBSAGM@boardroomlimited.com; or*
      (ii) *be submitted via the pre-registration website at the URL https://go.dbs.com/agm2021,*

   in each case, at least 72 hours before the time appointed for holding the Annual General Meeting.

   A member who wishes to submit an instrument of proxy can either use the printed copy of the proxy form which is sent to him/ her/ it by post or download a copy of the proxy form from the Company's website or the SGX website, and complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and submitting it via email to the email address provided above or via the pre-registration website at the URL provided above.

   Due to the current Covid-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms via email or via the pre-registration website.

(6) *The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointer or of his/ her attorney duly authorised in writing or, where it is executed by a corporation, be executed either under its seal or under the hand of an officer or attorney duly authorised.*

(7) *The Company shall be entitled to reject the instrument appointing or treated as appointing the Chairman of the Meeting as proxy 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 or treated as appointing the Chairman of the Meeting as proxy (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 the Chairman of the Meeting as proxy 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.*

2ND FOLD HERE

Postage will be paid by addressee. For posting in Singapore only.

BUSINESS REPLY SERVICE
PERMIT NO. 09452

THE COMPANY SECRETARY

DBS GROUP HOLDINGS LTD
C/O BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 RAFFLES PLACE
#32-01 SINGAPORE LAND TOWER
SINGAPORE 048623

1ST FOLD HERE

Corporate information

Board of Directors

Peter Seah
Chairman
Piyush Gupta
Chief Executive Officer
Bonghan Cho
Euleen Goh
Ho Tian Yee
Punita Lal
(appointed on 1 April 2020)
Anthony Lim
(appointed on 1 April 2020)
Olivier Lim
Lead Independent Director
Ow Foong Pheng
Andre Sekulic
Tham Sai Choy

Audit Committee

Tham Sai Choy
Chairman
Bonghan Cho
Ow Foong Pheng
Peter Seah
Andre Sekulic

Nominating Committee

Tham Sai Choy
(appointed as Chairman on 29 April 2020)
Bonghan Cho
Punita Lal
(appointed on 6 April 2020)
Olivier Lim
Lead Independent Director
(appointed as Nominating Committee member on 6 April 2020)
Ow Foong Pheng
Peter Seah

Board Risk Management Committee

Euleen Goh
Chairperson
Ho Tian Yee
Anthony Lim
(appointed on 1 April 2020)
Olivier Lim
Peter Seah
Tham Sai Choy

Board Executive Committee

Peter Seah
Chairman
Anthony Lim
(appointed on 1 April 2020)
Olivier Lim

Compensation and Management Development Committee

Andre Sekulic
Chairman
Bonghan Cho
(appointed on 1 April 2020)
Euleen Goh
Punita Lal
(appointed on 1 April 2020)
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
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

Antony Eldridge
Appointed on 2 September 2020
(DBS Group Holdings Ltd) and
2 September 2020 (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

Best Bank in the World
Global Finance

Responsible Business Awards: Purpose Driven Communications (Global)
Reuters/ Ethical Corporation

Outstanding Crisis Leadership: Overall Excellence – Bank (Global)
Global Finance

Best Bank for Corporate Responsibility, Asia
Euromoney

Excellence in Leadership in Asia (during the Covid-19 pandemic)
Euromoney

Most Distinctive in Helping to Mitigate Impact of Covid-19 (Asia)
Greenwich Associates

#1 for Sustainability among Financial Institutions in Asia
CampaignAsia

Best Bank for Corporate Responsibility, Singapore
Asiamoney

Best Bank for Corporate Responsibility, Hong Kong
Asiamoney

Sustainable Business – Non-SME (Apex Winner), Singapore Apex Corporate Sustainability Awards
Global Compact Network Singapore

Champion of Good, Singapore
National Volunteer & Philanthropy Centre

Volunteer Partner Award
Community Chest Singapore

12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

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