DBS. Living, Breathing Asia

DBS

To: Shareholders

The Board of Directors of DBS Group Holdings Ltd ("DBSH" or "the Company") reports the following:

Audited Financial Results for the Year/ Fourth Quarter Ended 31 December 2016

Details of the financial results are in the accompanying performance summary.

Dividends

For the financial year ended 31 December 2016, the Directors have recommended a final one-tier tax exempt dividend of 30.0 cents for each DBSH ordinary share.

Details of the proposed dividends, along with interim ones paid during the course of the financial year, are as follows:

In $ millions	2016	2015
DBSH Ordinary share		
Interim one-tier tax exempt dividend* of 30.0 cents (2015: 30.0 cents)	757	753
Final one-tier tax exempt dividend of 30.0 cents (2015: 30.0 cents)	761	751
	1,518	1,504

* Interim dividends were paid to entitled shareholders during the year

The 2016 final one-tier tax exempt dividend, to which the DBSH Scrip Dividend Scheme will be applicable, will be subject to shareholders' approval at the Annual General Meeting to be held on 27 April 2017. The DBSH shares will be quoted ex-dividend on 4 May 2017. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 9 May 2017. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 80 Robinson Road, #02-00, Singapore 068898 up to 5.00 p.m. on 8 May 2017 will be registered to determine shareholders' entitlement to the 2016 final one-tier tax exempt dividend. The issue price for new shares to be allotted to shareholders who have elected to receive the final dividend in scrip shall be the average of the last dealt prices of each DBSH ordinary share on the SGX-ST for each of 4, 5 and 8 May 2017.

The payment date for cash dividends / crediting of shares is expected to be in June 2017. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited ("CDP"), the 2016 final one-tier tax exempt dividend will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders, either in cash or by crediting the securities accounts of shareholders with the relevant shares.

By order of the Board

Goh Peng Fong
Group Secretary

15 February 2017
Singapore

More information on the above announcement is available at www.dbs.com/investor

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Co. Reg. No. 199901152M

Performance Summary

Financial Results
For the Fourth Quarter ended
31 December 2016 and For the Year 2016

DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
Company Registration Number: 199901152M

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OVERVIEW

DBS Group Holdings Ltd ("DBSH") prepares its consolidated DBSH Group ("Group") financial statements in accordance with Singapore Financial Reporting Standard ("FRS"), as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore. The accounting policies and methods of computation applied for the current financial periods are consistent with those applied for the financial year ended 31 December 2015, with the exception of the adoption of new or revised FRS.

On 1 January 2016, the Group adopted the following revised FRS that are issued by the Accounting Standards Council and relevant for the Group. The adoption has no significant impact on the Group's financial statements.

- Amendments to FRS 1: Disclosure Initiatives
- Amendments to FRS 27: Equity Method in Separate Financial Statements
- Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations
- Improvements to FRSs (issued in November 2014)

	4th Qtr 2016	4th Qtr 2015	% chg	3rd Qtr 2016	% chg	Year 2016	Year 2015	% chg
Selected income statement items ($m)								
Net interest income	**1,824**	1,854	(2)	1,815	-	**7,305**	7,100	3
Net fee and commission income	**515**	485	6	614	(16)	**2,331**	2,144	9
Other non-interest income	**437**	313	40	500	(13)	**1,853**	1,557	19
Total income	**2,776**	2,652	5	2,929	(5)	**11,489**	10,801	6
Expenses	**1,223**	1,242	(2)	1,199	2	**4,972**	4,900	1
Profit before allowances	**1,553**	1,410	10	1,730	(10)	**6,517**	5,901	10
Allowances for credit and other losses	**462**	247	87	436	6	**1,434**	743	93
Profit before tax	**1,091**	1,163	(6)	1,294	(16)	**5,083**	5,158	(1)
Net profit	**913**	1,002	(9)	1,071	(15)	**4,238**	4,318	(2)
One-time item[1]	**-**	-	-	-	-	**-**	136	(100)
Net profit including one-time item	**913**	1,002	(9)	1,071	(15)	**4,238**	4,454	(5)
Selected balance sheet items ($m)								
Customer loans	**301,516**	283,289	6	290,207	4	**301,516**	283,289	6
Constant-currency change			*6*		*1*			*6*
Total assets	**481,570**	457,834	5	465,480	3	**481,570**	457,834	5
Customer deposits	**347,446**	320,134	9	324,310	7	**347,446**	320,134	9
Constant-currency change			*8*		*4*			*8*
Total liabilities	**434,600**	415,038	5	418,953	4	**434,600**	415,038	5
Shareholders' funds	**44,609**	40,374	10	44,138	1	**44,609**	40,374	10
Key financial ratios (%) (excluding one-time item)[2]								
Net interest margin	**1.71**	1.84		1.77		**1.80**	1.77	
Non-interest/total income	**34.3**	30.1		38.0		**36.4**	34.3	
Cost/income ratio	**44.1**	46.8		40.9		**43.3**	45.4	
Return on assets	**0.77**	0.87		0.93		**0.92**	0.96	
Return on equity[3]	**8.4**	10.1		10.0		**10.1**	11.2	
Loan/deposit ratio	**86.8**	88.5		89.5		**86.8**	88.5	
NPL ratio	**1.4**	0.9		1.3		**1.4**	0.9	
Specific allowances (loans)/average loans (bp)	**57**	17		30		**38**	19	
Common Equity Tier 1 capital adequacy ratio	**14.1**	13.5		14.4		**14.1**	13.5	
Tier 1 capital adequacy ratio	**14.7**	13.5		14.9		**14.7**	13.5	
Total capital adequacy ratio	**16.2**	15.4		16.5		**16.2**	15.4	
Leverage ratio[4]	**7.7**	7.3		7.8		**7.7**	7.3	
Average all-currency liquidity coverage ratio[5]	**133**	122		115		**121**	127	

	4th Qtr 2016	4th Qtr 2015	3rd Qtr 2016	Year 2016	Year 2015
Per share data ($)					
Per basic and diluted share					
– earnings excluding one-time item	**1.40**	1.57	1.67	**1.66**	1.71
– earnings	**1.40**	1.57	1.67	**1.66**	1.77
– net book value[6]	**16.87**	15.82	16.68	**16.87**	15.82

Notes:
1 Relates to gain from disposal of a property investment.
2 Return on assets, return on equity, specific allowances (loans)/average loans and per share data for the quarters are computed on an annualised basis.
3 Calculated based on net profit attributable to the shareholders net of dividends on other equity instruments. Non-controlling interests and other equity instruments are not included as equity in the computation of return on equity.
4 Leverage ratio is computed based on MAS Notice 637.
5 Liquidity coverage ratio (LCR) is computed based on MAS Notice 649. For average SGD LCR and other disclosures required under MAS Notice 651, refer to https://www.dbs.com/investor/index.html.
6 Non-controlling interests are not included as equity in the computation of net book value per share.

Net profit fell 9% from a year ago to $913 million as a stronger operating performance was more than offset by a doubling of total allowances. Total income rose 5% to $2.78 billion from higher non-interest income while expenses fell 2% to $1.22 billion due to faster productivity gains from digitalisation and cost management initiatives. The positive jaw resulted in a 10% increase in profit before allowances to $1.55 billion.

Compared to the previous quarter, net profit was 15% lower as seasonal factors contributed to a 5% decline in total income and a 2% increase in expenses. Total allowances were also higher.

Net interest income fell 2% from a year ago to $1.82 billion as a lower net interest margin was partially offset by the impact of loan growth. Net interest margin fell 13 basis points to 1.71% due to lower Singapore-dollar interest rates. Loans rose 6% from growth in regional corporate loans and Singapore housing loans. Compared to the previous quarter, net interest income was stable.

Net fee income rose 6% from a year ago to $515 million, led by higher wealth management and cards fees. It was 16% lower than the previous quarter as higher cards fees were more than offset by declines in other fee activities.

Other non-interest income increased 40% from a year ago to $437 million due to higher trading income and wealth management treasury customer sales. Compared to the previous quarter, other non-interest income was 13% lower due to a decline in gains on investment securities. There had also been property disposal gains in the previous quarter.

Expenses were 2% lower than a year ago at $1.22 billion as a result of productivity gains from digitisation and cost management initiatives. Underlying headcount fell 1%. Expenses were 2% higher than the previous quarter due to seasonal marketing expenses.

Profit before allowances of $1.55 billion were 10% higher than a year ago and 10% below the previous quarter.

The non-performing loan rate rose moderately from the previous quarter to 1.4% while total allowances of $462 million were 6% higher. Compared to a year ago, total allowances doubled, largely due to stresses in the oil and gas support services sector.

Liquidity and capital ratios were above regulatory requirements. The average liquidity coverage ratio during the quarter was 133% and the loan-deposit ratio was at 87%. The Common Equity Tier 1 ratio was at 14.1% while the leverage ratio was at 7.7%.

For the full year, net profit was 2% lower at $4.24 billion if the one-time item a year ago was excluded. Total income rose 6% from loan growth, higher net interest margin and broad-based non-interest income growth. Productivity gains from digitalisation and cost management initiatives contained expense growth to 1%. The positive jaw resulted in a 10% increase in profit before allowances to a new high of $6.52 billion. The stronger operating performance was offset by a doubling of total allowances. Return on equity was 10.1%.

QUARTERLY BREAKDOWN

($m)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
Net interest income					
2015	1,690	1,743	1,813	1,854	7,100
2016	1,833	1,833	1,815	1,824	7,305
% chg	8	5	-	(2)	3
Non-interest income					
2015	1,050	957	896	798	3,701
2016	1,032	1,086	1,114	952	4,184
% chg	(2)	13	24	19	13
Total income					
2015	2,740	2,700	2,709	2,652	10,801
2016	2,865	2,919	2,929	2,776	11,489
% chg	5	8	8	5	6
Expenses					
2015	1,181	1,218	1,259	1,242	4,900
2016	1,265	1,285	1,199	1,223	4,972
% chg	7	6	(5)	(2)	1
Allowances for credit and other losses					
2015	181	137	178	247	743
2016	170	366	436	462	1,434
% chg	(6)	>100	>100	87	93
Profit before tax					
2015	1,378	1,345	1,272	1,163	5,158
2016	1,430	1,268	1,294	1,091	5,083
% chg	4	(6)	2	(6)	(1)
Net profit					
2015	1,133	1,117	1,066	1,002	4,318
2016	1,203	1,051	1,071	913	4,238
% chg	6	(6)	-	(9)	(2)
One-time item					
2015	136	-	-	-	136
2016	-	-	-	-	-
% chg	(100)	-	-	-	(100)
Net profit including one-time item					
2015	1,269	1,117	1,066	1,002	4,454
2016	1,203	1,051	1,071	913	4,238
% chg	(5)	(6)	-	(9)	(5)

Total income for every quarter was higher than a year ago.

The percentage increase in net interest income decelerated during the course of the year as net interest margin peaked in the first half and declined in the second half. Loan volumes grew consistently during the course of the year. Non-interest income growth was stronger in the second half due to a high-base effect in the first half.

Expense growth decelerated during the course of the year and there was a positive jaw between income and expense growth from the second quarter. The cost containment was due to faster productivity gains from past investments to digitalise the bank and from cost management initiatives.

Other than in the first quarter, total allowances were significantly higher compared to a year ago due to stresses in the oil and gas support services sector.

Compared to a year ago, net profit before one-time item was higher for the first quarter but lower in the second and fourth quarters. Net profit for first quarter 2016 was a quarterly record.

NET INTEREST INCOME

Average balance sheet	4th Qtr 2016 Average balance ($m)	4th Qtr 2016 Interest ($m)	4th Qtr 2016 Average rate (%)	4th Qtr 2015 Average balance ($m)	4th Qtr 2015 Interest ($m)	4th Qtr 2015 Average rate (%)	3rd Qtr 2016 Average balance ($m)	3rd Qtr 2016 Interest ($m)	3rd Qtr 2016 Average rate (%)
Interest-bearing assets									
Customer non-trade loans	**259,449**	**1,681**	**2.58**	241,838	1,638	2.69	250,407	1,632	2.59
Trade assets	**41,833**	**248**	**2.36**	49,087	270	2.18	44,827	242	2.15
Interbank assets[1]	**44,280**	**105**	**0.94**	32,681	96	1.17	35,031	87	0.99
Securities and others	**78,932**	**443**	**2.23**	75,644	441	2.31	78,809	445	2.25
Total	**424,494**	**2,477**	**2.32**	399,250	2,445	2.43	409,074	2,406	2.34
Interest-bearing liabilities									
Customer deposits	**335,352**	**470**	**0.56**	314,881	435	0.55	318,073	411	0.51
Other borrowings	**57,118**	**183**	**1.27**	57,158	156	1.08	57,127	180	1.25
Total	**392,470**	**653**	**0.66**	372,039	591	0.63	375,200	591	0.63
Net interest income/margin[2]		**1,824**	**1.71**		1,854	1.84		1,815	1.77

Average balance sheet	Year 2016 Average balance ($m)	Year 2016 Interest ($m)	Year 2016 Average rate (%)	Year 2015 Average balance ($m)	Year 2015 Interest ($m)	Year 2015 Average rate (%)
Interest-bearing assets						
Customer non-trade loans	**248,865**	**6,628**	**2.66**	234,748	6,126	2.61
Trade assets	**42,424**	**958**	**2.26**	54,597	1,294	2.37
Interbank assets[1]	**36,397**	**371**	**1.02**	37,577	466	1.24
Securities and others	**79,167**	**1,791**	**2.26**	75,081	1,758	2.34
Total	**406,853**	**9,748**	**2.40**	402,003	9,644	2.40
Interest-bearing liabilities						
Customer deposits	**318,712**	**1,726**	**0.54**	315,942	1,940	0.61
Other borrowings	**58,099**	**717**	**1.23**	59,720	604	1.01
Total	**376,811**	**2,443**	**0.65**	375,662	2,544	0.68
Net interest income/margin[2]		**7,305**	**1.80**		7,100	1.77

Notes:
1 Includes non-restricted balances with central banks.
2 Net interest margin is net interest income expressed as a percentage of average interest-bearing assets.

Net interest income declined 2% from a year ago to $1.82 billion. Net interest margin fell 13 basis points to 1.71% as Singapore-dollar interest rates were lower compared to a year ago.

Compared to the previous quarter, net interest income was little changed as a decline in net interest margin was partially offset by the impact of higher asset volumes. Net interest margin was six basis points lower at 1.71% as Singapore-dollar loans continued to be re-priced in line with lower average interest rates and a more liquid balance sheet was maintained.

For the full year, net interest income rose 3% to $7.31 billion as asset volumes were higher and net interest margin increased three basis points to 1.80%.

Volume and rate analysis ($m) Increase/(decrease) due to change in	4th Qtr 2016 vs 4th Qtr 2015			4th Qtr 2016 vs 3rd Qtr 2016		
	Volume	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income						
Customer non-trade loans	119	(76)	43	59	(10)	49
Trade assets	(40)	18	(22)	(16)	22	6
Interbank assets	34	(25)	9	23	(5)	18
Securities and others	19	(17)	2	1	(3)	(2)
Total	132	(100)	32	67	4	71
Interest expense						
Customer deposits	28	7	35	22	37	59
Other borrowings	-	27	27	-	3	3
Total	28	34	62	22	40	62
Net impact on net interest income	104	(134)	(30)	45	(36)	9
Due to change in number of days			-			-
Net Interest Income			(30)			9

Volume and rate analysis ($m) Increase/(decrease) due to change in	Year 2016 vs Year 2015		
	Volume	**Rate**	**Net change**
Interest income			
Customer non-trade loans	368	115	483
Trade assets	(289)	(50)	(339)
Interbank assets	(15)	(81)	(96)
Securities and others	96	(67)	29
Total	160	(83)	77
Interest expense			
Customer deposits	17	(236)	(219)
Other borrowings	(16)	127	111
Total	1	(109)	(108)
Net impact on net interest income	159	26	185
Due to change in number of days			20
Net Interest Income			205

NET FEE AND COMMISSION INCOME

($m)	4th Qtr 2016	4th Qtr 2015	% chg	3rd Qtr 2016	% chg	Year 2016	Year 2015	% chg
Brokerage	**37**	34	9	39	(5)	**155**	180	(14)
Investment banking	**30**	56	(46)	54	(44)	**189**	165	15
Transaction services[1]	**148**	139	6	147	1	**585**	556	5
Loan-related	**80**	88	(9)	110	(27)	**434**	442	(2)
Cards[2]	**138**	120	15	123	12	**483**	434	11
Wealth management	**158**	120	32	201	(21)	**714**	599	19
Others	**11**	23	(52)	28	(61)	**86**	76	13
Fee and commission income	**602**	580	4	702	(14)	**2,646**	2,452	8
Less: Fee and commission expense	**87**	95	(8)	88	(1)	**315**	308	2
Total	**515**	485	6	614	(16)	**2,331**	2,144	9

Notes:
1 Includes trade & remittances, guarantees and deposit-related fees.
2 Net of interchange fees paid.

Net fee income rose 6% from a year ago to $515 million. The increase was led by a 32% increase in wealth management fees to $158 million from higher bancassurance contributions. Cards fees were higher as credit and debit card transactions in Singapore continued to rise. The increases were partially offset by lower investment banking fees as fixed income issuance activities declined.

Compared to the previous quarter, net fee income was 16% lower partly due to seasonal factors. Higher cards fees were more than offset by declines in other fee activities.

For the full year, net fee income rose 9% to $2.33 billion. The growth was broad-based.

OTHER NON-INTEREST INCOME

($m)	4th Qtr 2016	4th Qtr 2015	% chg	3rd Qtr 2016	% chg	Year 2016	Year 2015	% chg
Net trading income[1]	**397**	289	37	338	17	**1,357**	1,204	13
Net income from investment securities[2]	**25**	18	39	103	(76)	**330**	203	63
Net gain on fixed assets	**-**	1	(100)	41	(100)	**54**	90	(40)
Others (include rental income and share of profits or losses of associates)	**15**	5	>100	18	(17)	**112**	60	87
Total	**437**	313	40	500	(13)	**1,853**	1,557	19

Notes:
1 Net trading income includes valuation adjustments such as bid-offer valuation adjustment, credit valuation adjustment and funding valuation adjustment.
2 Excludes one-time item.

Other non-interest income of $437 million was 40% higher than a year ago as trading income and gains from investment securities rose. Compared to the previous quarter, other non-interest income was 13% lower as an increase in trading income was more than offset by a decline in gains on investment securities. There had also been a gain from the disposal of a property in the previous quarter.

For the full year, other non-interest income rose 19% to $1.85 billion as higher trading income and gains from investment securities were partially offset a decline in gains on fixed assets.

EXPENSES

($m)	4th Qtr 2016	4th Qtr 2015	% chg	3rd Qtr 2016	% chg	Year 2016	Year 2015	% chg
Staff	**664**	643	3	672	(1)	**2,725**	2,651	3
Occupancy	**107**	104	3	100	7	**402**	398	1
Computerisation	**183**	237	(23)	211	(13)	**877**	883	(1)
Revenue-related	**82**	78	5	61	34	**273**	301	(9)
Others	**187**	180	4	155	21	**695**	667	4
Total	**1,223**	1,242	(2)	1,199	2	**4,972**	4,900	1
Staff headcount at period-end	**22,194**	22,017	1	22,180	-	**22,194**	22,017	1
Staff headcount at period-end excluding insourcing staff	***21,689***	*21,996*	*(1)*	*21,880*	*(1)*	***21,689***	*21,996*	*(1)*
Included in the above table were:								
Depreciation of properties and other fixed assets	**74**	66	12	67	10	**275**	251	10

Expenses declined 2% from a year ago to $1.22 billion due to productivity gains from digitisation and cost management initiatives. Underlying staff headcount, which excluded certain technology functions that were insourced as part of strategic cost management efforts, was slightly lower by 1% from a year ago and the previous quarter.

Compared to the previous quarter, expense growth was contained to 2% as declines in computerisation and staff expenses were more than offset by higher revenue-related, occupancy and other expenses.

For the full year, expense growth was similarly contained to 1% from productivity gains. The cost-income ratio was two percentage points lower at 43%.

ALLOWANCES FOR CREDIT AND OTHER LOSSES

($m)	4th Qtr 2016	4th Qtr 2015	% chg	3rd Qtr 2016	% chg	Year 2016	Year 2015	% chg
General allowances	**-**	67	(100)	169	(100)	**(59)**	121	NM
Specific allowances for loans & other credit exposures								
Specific allowances for loans[1]	**432**	126	>100	220	96	**1,111**	551	>100
Singapore	**184**	34	>100	44	>100	**477**	99	>100
Hong Kong	**53**	16	>100	51	4	**165**	70	>100
Rest of Greater China	**23**	35	(34)	29	(21)	**107**	123	(13)
South and Southeast Asia	**83**	43	93	55	51	**225**	234	(4)
Rest of the World	**89**	(2)	NM	41	>100	**137**	25	>100
Specific allowances for other credit exposures	**15**	58	(74)	41	(63)	**343**	65	>100
	447	184	>100	261	71	**1,454**	616	>100
Specific allowances for securities, properties and others	**15**	(4)	NM	6	>100	**39**	6	>100
Total	**462**	247	87	436	6	**1,434**	743	93

Notes:
1 Specific allowances for loans are classified according to where the borrower is incorporated.
NM Not Meaningful

Total allowances for the full year and for the fourth quarter doubled from a year ago to $1.43 billion and $462 million respectively. A significant part of the increase was due to stresses in oil and gas support services sector.

PERFORMANCE BY BUSINESS SEGMENTS

($m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Selected income statement items					
4th Qtr 2016					
Net interest income	**703**	**896**	**157**	**68**	**1,824**
Non-interest income	**378**	**359**	**107**	**108**	**952**
Total income	**1,081**	**1,255**	**264**	**176**	**2,776**
Expenses	**656**	**460**	**145**	**(38)**	**1,223**
Allowances for credit and other losses	**35**	**504**	**-**	**(77)**	**462**
Profit before tax	**390**	**291**	**119**	**291**	**1,091**
3rd Qtr 2016					
Net interest income	690	867	149	109	1,815
Non-interest income	416	443	138	117	1,114
Total income	1,106	1,310	287	226	2,929
Expenses	584	429	136	50	1,199
Allowances for credit and other losses	39	233	-	164	436
Profit before tax	483	648	151	12	1,294
4th Qtr 2015					
Net interest income	602	909	127	216	1,854
Non-interest income	301	366	124	7	798
Total income	903	1,275	251	223	2,652
Expenses	620	460	150	12	1,242
Allowances for credit and other losses	38	158	2	49	247
Profit before tax	245	657	99	162	1,163
Year 2016					
Net interest income	**2,715**	**3,487**	**578**	**525**	**7,305**
Non-interest income	**1,564**	**1,729**	**551**	**340**	**4,184**
Total income	**4,279**	**5,216**	**1,129**	**865**	**11,489**
Expenses	**2,384**	**1,737**	**564**	**287**	**4,972**
Allowances for credit and other losses	**129**	**1,499**	**-**	**(194)**	**1,434**
Profit before tax	**1,766**	**1,980**	**565**	**772**	**5,083**
Year 2015[1]					
Net interest income	2,157	3,538	694	711	7,100
Non-interest income	1,390	1,752	446	113	3,701
Total income	3,547	5,290	1,140	824	10,801
Expenses	2,261	1,722	572	345	4,900
Allowances for credit and other losses	116	558	(38)	107	743
Profit before tax	1,170	3,010	606	372	5,158

($m)	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
Selected balance sheet and other items[2]					
31 Dec 2016					
Total assets before goodwill and intangibles	**96,405**	**231,929**	**102,701**	**45,418**	**476,453**
Goodwill and intangibles					**5,117**
Total assets					**481,570**
Total liabilities	**187,387**	**167,598**	**47,836**	**31,779**	**434,600**
Capital expenditure for 4th Qtr 2016	**32**	**7**	**5**	**83**	**127**
Depreciation for 4th Qtr 2016	**10**	**10**	**1**	**53**	**74**
30 Sep 2016					
Total assets before goodwill and intangibles	95,026	223,872	96,022	45,445	460,365
Goodwill and intangibles					5,115
Total assets					465,480
Total liabilities	180,858	152,279	51,042	34,774	418,953
Capital expenditure for 3rd Qtr 2016	24	4	5	40	73
Depreciation for 3rd Qtr 2016	10	4	1	52	67
31 Dec 2015					
Total assets before goodwill and intangibles	90,685	224,196	91,257	46,579	452,717
Goodwill and intangibles					5,117
Total assets					457,834
Total liabilities	172,723	155,231	43,354	43,730	415,038
Capital expenditure for 4th Qtr 2015	26	9	3	71	109
Depreciation for 4th Qtr 2015	10	2	1	53	66

Notes:
1 Non-interest income and profit before tax exclude one-time item.
2 Refer to sections on Customer Loans and Non-Performing Assets and Loss Allowance Coverage for more information on business segments.

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 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.

Compared to a year ago, profit before tax increased 59% to $390 million. Total income rose 20% to $1.08 billion as net interest income increased 17% to $703 million from growth in loan and deposit volumes and a higher net interest margin. Non-interest income grew 26% to $378 million as bancassurance, investment product and cards fees were higher. Expenses rose 6% to $656 million due to investments to enhance customer experience and higher marketing costs. Total allowances were $3 million lower at $35 million.

Compared to the previous quarter, total income declined 2% and profit before tax fell 19%. Net interest income increased 2% from higher loan and deposit volumes, partly offset by lower net interest margin. Non-interest income declined 9% as financial market volatility during the quarter affected investment sales. Expenses were 12% higher as investment and marketing costs rose. Allowances were $4 million lower.

For the full year, profit before tax grew 51% to $1.77 billion. Net-interest income rose 26% to $2.72 billion from higher loan volumes and an improved net interest margin. Non-interest income increased 13% to $1.56 billion from higher bancassurance, investment product and cards fees. Expenses rose 5% to $2.38 billion as investments, marketing and advertising activities were higher. Total allowances increased $13 million to $129 million.

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 of 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.

Compared to a year ago, profit before tax declined 56% to $291 million due to higher allowances. Total income declined 2% to $1.26 billion as lower treasury customer and trade activities were partially offset by higher cash management contributions. Allowances rose from $158 million to $504 million due to stresses in the oil and gas support services sector. Expenses were flat at $460 million.

Compared to the previous quarter, profit before tax fell 55% mainly from higher allowances. Income declined 4% as there were lower contributions from treasury customer and investment banking activities. These were partially offset by higher cash management contributions. Expenses were 7% higher while allowances more than doubled.

For the full year, profit before tax fell 34% to $1.98 billion from higher allowances. Total income declined marginally by 1% to $5.22 billion. Record income in cash management and higher investment banking contributions were offset by lower trade and treasury customer activities due to less favourable market conditions. Expenses increased marginally by 1% to $1.74 billion while allowances more than doubled.

Treasury

Treasury provides treasury services to corporations, institutional and private investors, financial institutions and other market participants. It is primarily involved in sales, structuring, market-marking and trading across a broad range of financial products including foreign exchange, interest rate, debt, credit, equity and other structured derivatives. Income from these financial products and services offered to the customers of Consumer Banking/Wealth Management (CBG) and Institutional Banking (IBG) is reflected in the respective segments. Treasury is also responsible for managing surplus funds.

Compared to a year ago, profit before tax rose 20% to $119 million as income grew and expenses declined. Total income rose 5% to $264 million as higher income from foreign exchange products was partially offset by lower credit product income. Expenses declined 3% to $145 million from lower staff and business-related expenses.

Compared to the previous quarter, profit before tax was 21% lower. Total income declined 8% due to lower contributions from credit and equity products, partially offset by higher contributions from interest rate products. Expenses rose 7% due to higher business-related expenses.

For the full year, profit before tax declined 7% to $565 million largely due to a write-back of general allowances a year ago. Total income was little changed at $1.13 billion as lower income from foreign exchange and equity products was offset by higher interest rate and credit product contributions.

Income from treasury customer activities, which is reflected in CBG and IBG, rose 2% from a year ago to $255 million as increases in sales of foreign exchange and equity products were offset by lower contributions from fixed income products. Compared to the previous quarter, income from customer activities declined 17% as contributions from fixed income and interest rate products fell. For the full year, income from treasury customer flows was 3% lower at $1.19 billion. The decline was due to lower contributions from foreign exchange products, partially offset by higher contributions from interest rate and credit products.

Others

Others encompasses a range of activities from corporate decisions and includes income and expenses not attributed to other business segments, including capital and balance sheet management, funding and liquidity. DBS Vickers Securities and Islamic Bank of Asia are also included in this segment.

PERFORMANCE BY GEOGRAPHY[1]

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Selected income statement items						
4th Qtr 2016						
Net interest income	**1,189**	**342**	**118**	**117**	**58**	**1,824**
Non-interest income	**595**	**170**	**103**	**61**	**23**	**952**
Total income	**1,784**	**512**	**221**	**178**	**81**	**2,776**
Expenses	**640**	**273**	**173**	**112**	**25**	**1,223**
Allowances for credit and other losses	**197**	**107**	**83**	**68**	**7**	**462**
Profit before tax	**947**	**132**	**(35)**	**(2)**	**49**	**1,091**
Income tax expense	**93**	**21**	**10**	**(6)**	**28**	**146**
Net profit	**822**	**111**	**(45)**	**4**	**21**	**913**
3rd Qtr 2016						
Net interest income	1,211	325	115	108	56	1,815
Non-interest income	678	241	93	80	22	1,114
Total income	1,889	566	208	188	78	2,929
Expenses	691	228	152	103	25	1,199
Allowances for credit and other losses	241	70	35	55	35	436
Profit before tax	957	268	21	30	18	1,294
Income tax expense	136	36	5	7	8	192
Net profit	790	232	16	23	10	1,071
4th Qtr 2015						
Net interest income	1,238	344	125	98	49	1,854
Non-interest income	468	180	80	47	23	798
Total income	1,706	524	205	145	72	2,652
Expenses	705	251	173	89	24	1,242
Allowances for credit and other losses	148	28	44	17	10	247
Profit before tax	853	245	(12)	39	38	1,163
Income tax expense	76	43	(7)	15	9	136
Net profit	752	202	(5)	24	29	1,002

($m)	S'pore	Hong Kong	Rest of Greater China	South and South-east Asia	Rest of the World	Total
Year 2016						
Net interest income	**4,888**	**1,317**	**464**	**425**	**211**	**7,305**
Non-interest income	**2,652**	**785**	**370**	**292**	**85**	**4,184**
Total income	**7,540**	**2,102**	**834**	**717**	**296**	**11,489**
Expenses	**2,871**	**961**	**645**	**399**	**96**	**4,972**
Allowances for credit and other losses	**658**	**302**	**191**	**196**	**87**	**1,434**
Profit before tax	**4,011**	**839**	**(2)**	**122**	**113**	**5,083**
Income tax expense	**494**	**126**	**19**	**29**	**55**	**723**
Net profit	**3,396**	**713**	**(21)**	**92**	**58**	**4,238**
Year 2015[2]						
Net interest income	4,658	1,330	547	382	183	7,100
Non-interest income	2,015	959	485	179	63	3,701
Total income	6,673	2,289	1,032	561	246	10,801
Expenses	2,816	951	699	343	91	4,900
Allowances for credit and other losses	320	58	140	181	44	743
Profit before tax	3,537	1,280	193	37	111	5,158
Income tax expense	469	189	26	5	38	727
Net profit	2,955	1,091	167	32	73	4,318
Selected balance sheet items						
31 Dec 2016						
Total assets before goodwill and intangibles	**316,908**	**73,338**	**40,436**	**21,613**	**24,158**	**476,453**
Goodwill and intangibles	**5,083**	**34**	**-**	**-**	**-**	**5,117**
Total assets	**321,991**	**73,372**	**40,436**	**21,613**	**24,158**	**481,570**
Non-current assets[3]	**1,941**	**382**	**80**	**53**	**6**	**2,462**
Gross customer loans	**198,037**	**54,222**	**22,852**	**13,976**	**16,328**	**305,415**
30 Sep 2016						
Total assets before goodwill and intangibles	308,730	70,166	37,603	21,000	22,866	460,365
Goodwill and intangibles	5,083	32	-	-	-	5,115
Total assets	313,813	70,198	37,603	21,000	22,866	465,480
Non-current assets[3]	1,919	359	77	50	7	2,412
Gross customer loans	191,199	52,647	22,053	13,414	14,504	293,817
31 Dec 2015						
Total assets before goodwill and intangibles	303,530	73,013	41,784	16,304	18,086	452,717
Goodwill and intangibles	5,083	34	-	-	-	5,117
Total assets	308,613	73,047	41,784	16,304	18,086	457,834
Non-current assets[3]	2,022	386	85	46	8	2,547
Gross customer loans	190,540	53,327	21,817	10,602	10,585	286,871

Notes:
1 The geographical segment analysis is based on the location where transactions and assets are booked.
2 Non-interest income and net profit exclude one-time item.
3 Includes investments in associates, properties and other fixed assets.

The performance by geography is classified based on the location in which income and assets are recorded.

Singapore

Net profit rose 9% to $822 million from a year ago. Total income was 5% higher at $1.78 billion. Net interest income declined 4% to $1.19 billion from lower net interest margin, partially offset by higher loan volumes. Non-interest income rose 27%, led by higher contributions from wealth management and cards, as well as higher trading income and gains on investment securities. Expenses declined 9% to $640 million as computerisation expenses fell. Profit before allowances rose 14% to $1.14 billion. Total allowances rose $49 million from higher specific allowances.

Compared to the previous quarter, net profit rose 4%.Total income was 6% lower. Net interest income fell 2% as the impact of a lower net interest margin was partially offset by higher loan volumes. Non-interest income declined 12% as wealth management, loan-related and investment banking fees fell. Expenses were 7% lower and profit before allowances fell 5%. Total allowances declined $44 million from lower general allowances.

For the full year, net profit grew 15% to $3.40 billion. Total income increased 13% to $7.54 billion from higher net interest margin, fee income, trading income and gains on investment securities. Expenses were slightly higher by 2% at $2.87 billion. Total allowances doubled to $658 million due to stresses in the oil and gas services sector, partially offset by a write-back of general allowances.

Hong Kong

Currency effects were minimal compared to a year ago. Compared to the previous quarter, there was a 4% appreciation of the Hong Kong dollar against the Singapore dollar.

Net profit fell 45% to $111 million from a year ago. Net interest income declined slightly by 1% to $342 million as net interest margin fell 15 basis points to 1.64% while average interest-bearing assets rose 7%. Non-interest income declined 6% to $170 million due to lower trading income, partially offset by higher fee income from bancassurance and cash management activities. Expenses were 9% higher at $273 million. Allowances rose $79 million to $107 million as additional allowances were made for existing non-performing loans.

Compared to the previous quarter, total income declined 10% and net profit fell 52%. Net interest income was little changed in constant-currency terms as an increase in average interest-bearing assets was offset by the impact of a lower net interest margin. Non-interest income fell 29% from lower trading income and a broad-based decline in fee income due to seasonal factors and uncertainties in market sentiment. There had also been a property disposal gain in the previous quarter. Expenses were 20% higher. Total allowances increased $37 million to $107 million from higher specific allowances.

For the full year, net profit fell 35% to $713 million. Total income declined 8% to $2.10 billion. Net interest income was 1% lower at $1.32 billion as lower average trade loan volumes were offset by higher net interest margin from lower deposit costs and an improved deposit mix. Non-interest income fell 18% to $785 million mainly due to the high base in first-half 2015 from strong wealth management and treasury customer activities. These were partially offset by higher bancassurance and cash management contributions. Expenses rose slightly by 1% to $961 million, while allowances rose from $58 million to $302 million as higher specific allowances were made for customers with exposures to RMB hedging derivatives and for existing non-performing loans.

Rest of Greater China

Net loss increased to $45 million from $5 million a year ago. Net interest income fell 6% to $118 million from a lower net interest margin. Non-interest income rose 29% to $103 million due to higher trading income. Total income rose 8% to $221 million while expenses were flat at $173 million. Total allowances rose from $44 million to $83 million as specific allowances for existing non-performing loans and general allowances were higher.

Compared to the previous quarter, net profit fell from $16 million to a net loss of $45 million. Total income was 6% higher. Net interest income rose 3% while non-interest income rose 11% from higher trading income, partially offset by lower fee income and treasury customer activities. Expenses increased 14% from staff and non-staff costs. Total allowances were $48 million higher at $83 million as higher specific allowances were partially offset by lower general allowances.

For the full year, net profit fell from $167 million a year ago to a net loss of $21 million. Total income declined 19% to $834 million as net interest income fell from lower net interest margin. Non-interest income also declined as fee income, trading income and treasury customer activities were lower. There had also been a property disposal gain a year ago. Expenses were 8% lower at $645 million. Total allowances rose from $140 million to $191 million as specific and general allowances rose.

South and Southeast Asia

Net profit fell to $4 million from $24 million a year ago. Total income rose 23% to $178 million as net interest income grew 19% to $117 million from higher loan volumes, while non-interest income rose 30% to $61 million from higher trading income. Expenses increased 26% to $112 million. Total allowances rose $51 million to $68 million from higher specific allowances for existing non-performing loans.

Compared to the previous quarter, total income was 5% lower as a decline in treasury customer and trading income was partially offset by higher net interest income. Expenses were 9% higher. Total allowances rose from $55 million to $68 million from higher specific allowances, which were partially offset by a write-back of general allowances.

For the full year, net profit rose from $32 million a year ago to $92 million. Total income was 28% higher at $717 million as net interest income rose 11% to $425 million, and non-interest income rose 63% to $292 million from higher trading and fee income and gains on investment securities. Expenses rose at a slower pace of 16% to $399 million. Total allowances rose $15 million to $196 million from higher general allowances, partially offset by lower specific allowances.

Rest of the World

Net profit declined to $21 million from $29 million a year ago. Total income rose 13% to $81 million as net interest income increased from higher loan volumes. Expenses were little changed at $25 million. Total allowances fell from $10 million to $7 million due to lower general allowances.

Compared to the previous quarter, total income rose 4% from higher net interest income. Expenses were stable, while total allowances fell from $35 million to $7 million as both specific and general allowances declined. Net profit doubled to $21 million from the previous quarter.

For the full year, net profit declined 21% from a year ago to $58 million. Total income was 20% higher at $296 million while expenses rose 5% to $96 million. Total allowances rose from $44 million to $87 million from higher general and specific allowances.

CUSTOMER LOANS

($m)	31 Dec 2016	30 Sep 2016	31 Dec 2015
Gross	**305,415**	293,817	286,871
Less:			
Specific allowances	**1,270**	925	821
General allowances	**2,629**	2,685	2,761
Net total	**301,516**	290,207	283,289
By business unit			
Consumer Banking/ Wealth Management	**95,085**	93,267	88,853
Institutional Banking	**207,282**	198,917	196,412
Others	**3,048**	1,633	1,606
Total (Gross)	**305,415**	293,817	286,871
By geography[1]			
Singapore	**145,025**	139,351	135,860
Hong Kong	**50,223**	49,109	50,976
Rest of Greater China	**43,060**	41,811	45,129
South and Southeast Asia	**27,389**	28,619	26,443
Rest of the World	**39,718**	34,927	28,463
Total (Gross)	**305,415**	293,817	286,871
By industry			
Manufacturing	**31,235**	30,872	30,874
Building and construction	**58,358**	55,881	55,584
Housing loans	**64,465**	62,692	58,569
General commerce	**46,881**	45,559	48,249
Transportation, storage & communications	**31,964**	28,591	26,357
Financial institutions, investment & holding companies	**16,742**	15,525	13,725
Professionals & private individuals (excluding housing loans)	**25,091**	24,663	24,105
Others	**30,679**	30,034	29,408
Total (Gross)	**305,415**	293,817	286,871
By currency			
Singapore dollar	**123,733**	121,203	117,587
US dollar	**102,120**	95,509	89,283
Hong Kong dollar	**35,588**	33,415	34,386
Chinese yuan	**11,577**	12,296	19,516
Others	**32,397**	31,394	26,099
Total (Gross)	**305,415**	293,817	286,871

Note:
1 Loans by geography are classified according to the country of incorporation of the borrower, or the issuing bank in the case of bank-backed export financing.

Gross customer loans rose 4% from the previous quarter due mainly to currency effects. In constant-currency terms, the increase was 1%. The increase was driven by corporate non-trade loan growth and market share gains in Singapore housing loans. Trade loans were stable.

Compared to a year ago, loans were 6% higher. An 8% increase in regional non-trade corporate loans as well as market share gains in Singapore housing loans was partially offset by a 5% decline in trade loans.

NON-PERFORMING ASSETS AND LOSS ALLOWANCE COVERAGE

	31 Dec 2016			30 Sep 2016			31 Dec 2015		
	NPA ($m)	NPL (% of loans)	SP ($m)	NPA ($m)	NPL (% of loans)	SP ($m)	NPA ($m)	NPL (% of loans)	SP ($m)
By business unit									
Consumer Banking/ Wealth Management	**430**	**0.5**	**76**	400	0.4	74	330	0.4	65
Institutional Banking and Others	**3,986**	**1.9**	**1,194**	3,479	1.7	851	2,282	1.2	756
Total non-performing loans (NPL)	**4,416**	**1.4**	**1,270**	3,879	1.3	925	2,612	0.9	821
Debt securities, contingent liabilities & others	**440**	**-**	**271**	451	-	287	180	-	94
Total non-performing assets (NPA)	**4,856**	**-**	**1,541**	4,330	-	1,212	2,792	-	915
By geography									
Singapore	**1,725**	**1.2**	**383**	1,282	0.9	208	506	0.4	115
Hong Kong	**687**	**1.4**	**187**	700	1.4	170	433	0.8	99
Rest of Greater China	**432**	**1.0**	**136**	420	1.0	108	387	0.9	96
South and Southeast Asia	**1,188**	**4.3**	**425**	1,171	4.1	399	856	3.2	415
Rest of the World	**384**	**1.0**	**139**	306	0.9	40	430	1.5	96
Total non-performing loans	**4,416**	**1.4**	**1,270**	3,879	1.3	925	2,612	0.9	821
Debt securities, contingent liabilities & others	**440**	**-**	**271**	451	-	287	180	-	94
Total non-performing assets	**4,856**	**-**	**1,541**	4,330	-	1,212	2,792	-	915
Loss Allowance Coverage									
Specific allowances			**1,541**			1,212			915
General allowances			**3,166**			3,128			3,222
Total allowances			**4,707**			4,340			4,137
Total allowances/ NPA			**97%**			100%			148%
Total allowances/ unsecured NPA			**210%**			204%			303%

($m)	31 Dec 2016		30 Sep 2016		31 Dec 2015	
	NPA	SP	NPA	SP	NPA	SP
By industry						
Manufacturing	**904**	**298**	898	262	560	224
Building and construction	**381**	**136**	374	122	334	120
Housing loans	**134**	**8**	119	7	122	7
General commerce	**880**	**271**	914	207	705	157
Transportation, storage & communications	**1,427**	**316**	959	139	307	94
Financial institutions, investment & holding companies	**83**	**15**	79	6	100	60
Professionals & private individuals (excluding housing loans)	**280**	**71**	266	67	203	58
Others	**327**	**155**	270	115	281	101
Total non-performing loans	**4,416**	**1,270**	3,879	925	2,612	821
Debt securities, contingent liabilities & others	**440**	**271**	451	287	180	94
Total non-performing assets	**4,856**	**1,541**	4,330	1,212	2,792	915

($m)	31 Dec 2016		30 Sep 2016		31 Dec 2015	
	NPA	SP	NPA	SP	NPA	SP
By grading						
Non-performing assets						
Substandard	**3,439**	**338**	3,079	256	1,924	206
Doubtful	**792**	**578**	843	548	594	435
Loss	**625**	**625**	408	408	274	274
Total	**4,856**	**1,541**	4,330	1,212	2,792	915
Of which: restructured assets						
Substandard	**467**	**91**	410	88	236	30
Doubtful	**139**	**93**	95	48	142	82
Loss	**7**	**7**	5	5	8	8
Total	**613**	**191**	510	141	386	120

($m)	31 Dec 2016	30 Sep 2016	31 Dec 2015
	NPA	NPA	NPA
By collateral type			
Unsecured non-performing assets	**2,242**	2,131	1,366
Secured non-performing assets by collateral type			
Properties	**973**	934	670
Shares and debentures	**312**	323	268
Fixed deposits	**11**	11	21
Others	**1,318**	931	467
Total	**4,856**	4,330	2,792

($m)	31 Dec 2016 NPA	30 Sep 2016 NPA	31 Dec 2015 NPA
By period overdue			
Not overdue	**705**	858	520
<90 days overdue	**698**	1,103	508
91-180 days overdue	**1,215**	531	424
>180 days overdue	**2,238**	1,838	1,340
Total	**4,856**	4,330	2,792

Non-performing assets rose 12% from the previous quarter and 74% from a year ago to $4.86 billion. The increase was due largely to stresses in the oil and gas support services sector.

CUSTOMER DEPOSITS

($m)	31 Dec 2016	30 Sep 2016	31 Dec 2015
By currency and product			
Singapore dollar	**152,115**	149,661	140,772
Fixed deposits	**15,814**	18,283	11,245
Savings accounts	**108,761**	104,539	104,541
Current accounts	**27,455**	26,744	24,887
Others	**85**	95	99
US dollar	**112,107**	99,299	101,298
Fixed deposits	**63,855**	55,357	59,381
Savings accounts	**16,793**	14,560	13,160
Current accounts	**29,731**	27,618	27,354
Others	**1,728**	1,764	1,403
Hong Kong dollar	**36,234**	33,451	31,849
Fixed deposits	**17,933**	16,953	15,872
Savings accounts	**9,155**	8,366	8,436
Current accounts	**8,630**	7,547	7,052
Others	**516**	585	489
Chinese yuan	**9,822**	9,616	14,500
Fixed deposits	**7,096**	6,897	10,962
Savings accounts	**753**	1,139	1,076
Current accounts	**1,818**	1,551	2,408
Others	**155**	29	54
Others	**37,168**	32,283	31,715
Fixed deposits	**25,480**	22,299	22,809
Savings accounts	**5,155**	4,282	3,852
Current accounts	**6,350**	4,846	4,288
Others	**183**	856	766
Total	**347,446**	324,310	320,134
Fixed deposits	**130,178**	119,789	120,269
Savings accounts	**140,617**	132,886	131,065
Current accounts	**73,984**	68,306	65,989
Others	**2,667**	3,329	2,811

Customer deposits rose 4% in constant-currency terms from the previous quarter to $347 billion as a more liquid balance sheet was maintained.

Compared to a year ago, overall deposits rose 9% from higher Singapore dollar and US dollar deposits.

DEBTS ISSUED

($m)	31 Dec 2016	30 Sep 2016	31 Dec 2015
Subordinated term debts[1]	**3,102**	3,064	4,026
Senior medium term notes[1]	**6,410**	6,219	9,870
Commercial papers[1]	**11,586**	12,239	19,174
Negotiable certificates of deposit[1]	**2,137**	2,349	1,200
Other debt securities[1]	**5,385**	6,528	6,422
Covered bonds[2]	**2,227**	2,152	1,412
Total	**30,847**	32,551	42,104
Due within 1 year	**18,405**	18,312	27,452
Due after 1 year	**12,442**	14,239	14,652
Total	**30,847**	32,551	42,104

Note:
1 Unsecured
2 Secured

TRADING INCOME AND RISK

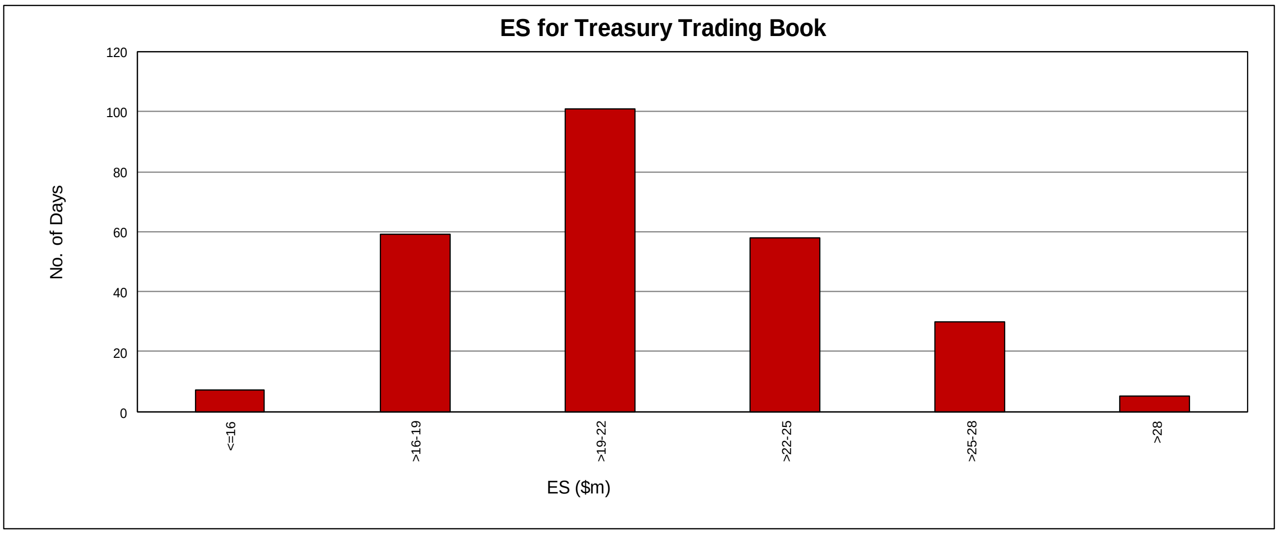
The Group's market risk appetite framework leverages on the Expected Shortfall (ES) metric to monitor and limit market risk exposures. ES is calculated using the historical simulation value-at-risk (VaR) approach and averaging the losses beyond the 97.5% confidence interval over a one-day holding period.

The ES for Treasury's trading portfolios is shown in the following table.

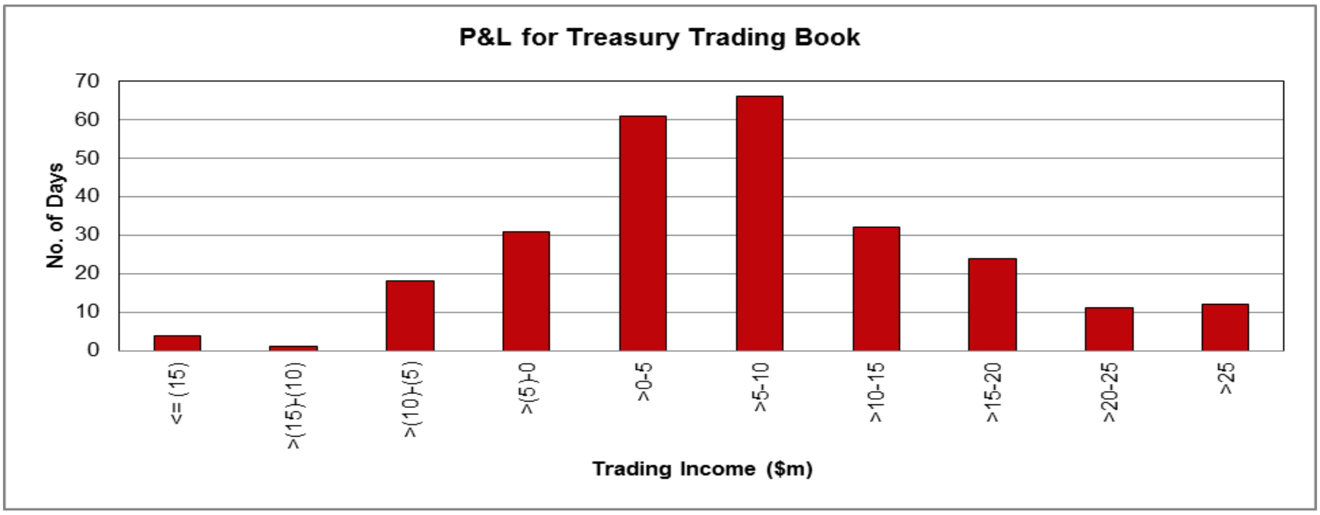
		1 Jan 2016 to 31 Dec 2016		
($m)	**As at 31 Dec 2016**	**Average**	**High**	**Low**
Total	26	21	31	14

Treasury's trading portfolio experienced five back-testing exceptions from 1 January 2016 to 31 December 2016. The exceptions occurred in January, February, March, September and December.

The chart below provides the histogram of ES for the Group's trading book for the period from 1 January 2016 to 31 December 2016.



The chart below shows the frequency distribution of daily trading income of Treasury's trading portfolio for the period from 1 January 2016 to 31 December 2016.



CAPITAL ADEQUACY

($m)	31 Dec 2016	30 Sep 2016	31 Dec 2015
Share capital	**10,899**	10,898	10,391
Disclosed reserves and others	**31,930**	31,457	29,269
Total regulatory adjustments to Common Equity Tier 1 capital	**(3,413)**	(3,399)	(2,219)
Regulatory adjustments due to insufficient Additional Tier 1 capital	**-**	-	(373)
Common Equity Tier 1 capital	**39,416**	38,956	37,068
Additional Tier 1 capital instruments[1]	**3,761**	3,764	2,941
Total regulatory adjustments to Additional Tier 1 capital	**(2,268)**	(2,252)	(2,941)
Tier 1 capital	**40,909**	40,468	37,068
Provisions eligible as Tier 2 capital	**1,263**	1,369	1,408
Tier 2 capital instruments[1]	**2,857**	2,821	3,639
Total regulatory adjustments to Tier 2 capital	**(2)**	(2)	(2)
Total capital	**45,027**	44,656	42,113
Risk-Weighted Assets ("RWA")			
Credit RWA	**226,014**	216,846	216,380
Market RWA	**34,037**	36,423	40,212
Operational RWA	**18,567**	18,182	17,437
Total RWA	**278,618**	271,451	274,029
Capital Adequacy Ratios ("CAR") (%)			
Basel III fully phased-in Common Equity Tier 1[2]	**13.3**	13.5	12.4
Common Equity Tier 1	**14.1**	14.4	13.5
Tier 1	**14.7**	14.9	13.5
Total	**16.2**	16.5	15.4
Minimum CAR including Buffer Requirements (%)[3]			
Common Equity Tier 1	**7.2**	7.2	6.5
Effective Tier 1	**8.7**	8.7	8.0
Effective Total	**10.7**	10.7	10.0
Of which: Buffer Requirements (%)			
Capital Conservation Buffer	**0.625**	0.625	-
Countercyclical Buffer	**0.1**	0.1	-

Notes:
1 As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Additional Tier 1 and Tier 2 capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% in 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base is not reduced.
2 Calculated by dividing Common Equity Tier 1 capital after all regulatory adjustments (e.g. goodwill and capital investments exceeding certain thresholds) applicable from 1 January 2018 by RWA as at each reporting date.
3 Includes minimum Common Equity Tier 1, Tier 1 and Total CAR of 6.5%, 8.0% and 10.0% respectively.

Capital adequacy ratios as at 31 December 2016 are lower as compared to 30 September 2016. Common Equity Tier 1 capital was higher as reserves increased due to higher retained earnings which was partially offset by a decline in available-for-sale revaluation reserves. Total risk-weighted assets increased mainly due to changes in exchange rates and asset growth. The Group's leverage ratio stood at 7.7%, well above the minimum 3% envisaged by the Basel Committee.

ADDITIONAL PILLAR 3 DISCLOSURES

The Pillar 3 Disclosures encompassing Composition of Capital, Main Features of Capital Instruments, Leverage Ratio and Quantitative disclosures required pursuant to the Monetary Authority of Singapore's Notice to Banks No. 637 "Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore" ("MAS Notice 637") is published in the Investor Relations section of the Group website: (http://www.dbs.com/investor/index.html).

Credit Risk-Weighted Assets ("RWA")

The following table analyses credit RWA by risk-weighting approach and asset class:

($m)	RWA[1]
Advanced IRBA	
Retail exposures	
Residential mortgage exposures	4,910
Qualifying revolving retail exposures	5,680
Other retail exposures	295
Foundation IRBA	
Wholesale exposures	
Sovereign exposures	5,709
Bank exposures	17,947
Corporate exposures[2]	108,340
Specialised lending exposures	32,552
IRBA for equity exposures	6,422
IRBA for securitisation exposures	#
Total IRBA	181,855
Standardised Approach	
Residential mortgage exposures	2,674
Regulatory retail exposures	1,816
Multilateral development bank exposures	3
Corporate exposures	10,987
Commercial real estate exposures	1,290
Other exposures	
Real estate, premises, equipment and other fixed assets	1,575
Exposures to individuals	12,242
Others	2,663
Securitisation exposures	481
Total Standardised Approach	33,731
Exposures to Central Counterparties	889
Credit Valuation Adjustment	7,339
RWA arising from Regulatory Adjustment[3]	2,200
Total	**226,014**

Key: IRBA: Internal Ratings-Based Approach

Note:
1 RWA under IRBA are stated inclusive of the IRBA scaling factor of 1.06 where applicable.
2 Includes corporate small business exposures.
3 Relates to investments in unconsolidated major stake companies which are below the threshold amount for deduction and are risk-weighted pursuant to paragraph 6.1.3(p)(iii) of MAS Notice 637.
Amount below $0.5m.

Geographical Distribution of RWA relating to Credit Exposures used in the Countercyclical Capital Buffer

The table below sets out the geographical breakdown of the RWA of private sector credit exposures relevant for the computation of the countercyclical capital buffer.

	31 Dec 2016		
Country	**Country-specific requirement (%) (A)**	**Proportion of relevant Group RWA (%) (B)**	**Applicable countercyclical buffer requirement (%) (A) x (B)**
Hong Kong	0.625	16.3	0.1
Sweden	0.625	0.1	#

Less than 0.1%

Capital Adequacy of Significant Banking Subsidiaries

The capital adequacy ratios of each banking subsidiary are calculated in accordance with the regulatory requirements applicable in the country of incorporation, using the approaches available under those requirements. DBS Bank (Hong Kong) Limited and DBS Bank (China) Limited are deemed to be significant banking subsidiaries for the purposes of Pillar 3 disclosures under MAS Notice 637 paragraph 11.3.7.

	31 Dec 2016			
		CAR (%)		
($m)	**Total risk-weighted assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
DBS Bank (Hong Kong) Limited	38,107	15.6	16.2	18.3
DBS Bank (China) Limited	16,852	12.9	12.9	15.9

UNREALISED PROPERTY VALUATION SURPLUS[1]

($m)	31 Dec 2016	30 Sep 2016	31 Dec 2015
Properties	**909**	837	881

Note:
1 Unrealised valuation surplus represents the excess of market value over the carrying value of the properties. The market values of the properties were based on valuation at year-end.

AUDITED CONSOLIDATED INCOME STATEMENT

In $ millions	4th Qtr 2016[2]	4th Qtr 2015[2]	+/(-) %	3rd Qtr 2016[2]	+/(-) %	Year 2016	Year 2015	+/(-) %
Income								
Interest income	**2,477**	2,445	1	2,406	3	**9,748**	9,644	1
Interest expense	**653**	591	10	591	10	**2,443**	2,544	(4)
Net interest income	**1,824**	1,854	(2)	1,815	-	**7,305**	7,100	3
Net fee and commission income	**515**	485	6	614	(16)	**2,331**	2,144	9
Net trading income	**397**	289	37	338	17	**1,357**	1,204	13
Net income from investment securities	**25**	18	39	103	(76)	**330**	339	(3)
Other income	**15**	6	>100	59	(75)	**166**	150	11
Non-interest income	**952**	798	19	1,114	(15)	**4,184**	3,837	9
Total income	**2,776**	2,652	5	2,929	(5)	**11,489**	10,937	5
Employee benefits	**664**	643	3	672	(1)	**2,725**	2,651	3
Other expenses	**559**	599	(7)	527	6	**2,247**	2,249	-
Total expenses	**1,223**	1,242	(2)	1,199	2	**4,972**	4,900	1
Profit before allowances	**1,553**	1,410	10	1,730	(10)	**6,517**	6,037	8
Allowances for credit and other losses	**462**	247	87	436	6	**1,434**	743	93
Profit before tax	**1,091**	1,163	(6)	1,294	(16)	**5,083**	5,294	(4)
Income tax expense	**146**	136	7	192	(24)	**723**	727	(1)
Net profit	**945**	1,027	(8)	1,102	(14)	**4,360**	4,567	(5)
Attributable to:								
Shareholders	**913**	1,002	(9)	1,071	(15)	**4,238**	4,454	(5)
Non-controlling interests	**32**	25	28	31	3	**122**	113	8
	945	1,027	(8)	1,102	(14)	**4,360**	4,567	(5)

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In $ millions	4th Qtr 2016[2]	4th Qtr 2015[2]	+/(-) %	3rd Qtr 2016[2]	+/(-) %	Year 2016	Year 2015	+/(-) %
Net profit	**945**	1,027	(8)	1,102	(14)	**4,360**	4,567	(5)
Other comprehensive income[1]:								
Foreign currency translation differences for foreign operations	**112**	(24)	NM	123	(9)	**27**	29	(7)
Share of other comprehensive income of associates	**2**	3	(33)	(1)	NM	**(6)**	2	NM
Available-for-sale financial assets and others								
Net valuation taken to equity	**(549)**	(39)	(>100)	137	NM	**129**	(218)	NM
Transferred to income statement	**(19)**	44	NM	(74)	74	**(187)**	61	NM
Tax on items taken directly to or transferred from equity	**6**	(2)	NM	20	(70)	**12**	7	71
Other comprehensive income, net of tax	**(448)**	(18)	(>100)	205	NM	**(25)**	(119)	79
Total comprehensive income	**497**	1,009	(51)	1,307	(62)	**4,335**	4,448	(3)
Attributable to:								
Shareholders	**463**	981	(53)	1,276	(64)	**4,214**	4,327	(3)
Non-controlling interests	**34**	28	21	31	10	**121**	121	-
	497	1,009	(51)	1,307	(62)	**4,335**	4,448	(3)

Notes:
1 Items recorded in “Other Comprehensive Income” above will be reclassified to the income statement when specific conditions are met (e.g. when foreign operations or available-for-sale financial assets are disposed).
2 Unaudited
NM Not Meaningful

AUDITED BALANCE SHEETS

In $ millions	The Group 31 Dec 2016	The Group 30 Sep 2016[1]	The Group 31 Dec 2015	The Company 31 Dec 2016	The Company 30 Sep 2016[1]	The Company 31 Dec 2015
Assets						
Cash and balances with central banks	**26,840**	25,704	18,829			
Government securities and treasury bills	**33,401**	37,729	34,501			
Due from banks	**30,018**	31,632	38,285	**18**	18	10
Derivatives	**25,757**	20,339	23,631	**29**	77	46
Bank and corporate securities	**45,417**	41,539	40,073			
Loans and advances to customers	**301,516**	290,207	283,289			
Other assets	**11,042**	10,803	11,562			
Associates	**890**	895	1,000			
Subsidiaries	**-**	-	-	**22,285**	22,254	19,547
Properties and other fixed assets	**1,572**	1,517	1,547			
Goodwill and intangibles	**5,117**	5,115	5,117			
Total assets	**481,570**	465,480	457,834	**22,332**	22,349	19,603
Liabilities						
Due to banks	**15,915**	23,035	18,251			
Deposits and balances from customers	**347,446**	324,310	320,134			
Derivatives	**24,497**	20,273	22,145	**22**	17	
Other liabilities	**15,895**	18,784	12,404	**50**	38	24
Other debt securities	**27,745**	29,487	38,078	**2,400**	2,428	1,884
Subordinated term debts	**3,102**	3,064	4,026	**645**	666	
Total liabilities	**434,600**	418,953	415,038	**3,117**	3,149	1,908
Net assets	**46,970**	46,527	42,796	**19,215**	19,200	17,695
Equity						
Share capital	**10,670**	10,670	10,114	**10,690**	10,690	10,144
Other equity instruments	**1,812**	1,814	803	**1,812**	1,814	803
Other reserves	**4,322**	7,104	6,705	**168**	140	168
Revenue reserves	**27,805**	24,550	22,752	**6,545**	6,556	6,580
Shareholders' funds	**44,609**	44,138	40,374	**19,215**	19,200	17,695
Non-controlling interests	**2,361**	2,389	2,422			
Total equity	**46,970**	46,527	42,796	**19,215**	19,200	17,695
Other Information						
Net book value per share ($)						
(i) Basic and diluted	**16.87**	16.68	15.82	**6.86**	6.85	6.75

Note:
1 Unaudited

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

The Group

In $ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 January 2016	**10,114**	**803**	**6,705**	**22,752**	**40,374**	**2,422**	**42,796**
Purchase of treasury shares	**(60)**				**(60)**		**(60)**
Draw-down of reserves upon vesting of performance shares	**108**		**(108)**		**-**		**-**
Issue of shares pursuant to Scrip Dividend Scheme	**508**				**508**		**508**
Issue of perpetual capital securities		**1,009**			**1,009**		**1,009**
Cost of share-based payments			**109**		**109**		**109**
Dividends paid to shareholders[1]				**(1,545)**	**(1,545)**		**(1,545)**
Dividends paid to non-controlling interests					**-**	**(124)**	**(124)**
Transfers			**(2,360)**	**2,360**	**-**	**-**	**-**
Change in non-controlling interests					**-**	**(58)**	**(58)**
Total comprehensive income			**(24)**	**4,238**	**4,214**	**121**	**4,335**
Balance at 31 December 2016	**10,670**	**1,812**	**4,322**	**27,805**	**44,609**	**2,361**	**46,970**
Balance at 1 January 2015	10,171	803	6,894	19,840	37,708	2,498	40,206
Purchase of treasury shares	(258)				(258)		(258)
Draw-down of reserves upon vesting of performance shares	86		(86)		-		-
Issue of shares upon exercise of share options	4				4		4
Reclassification of reserves upon exercise of share options	1		(1)		-		-
Issue of shares pursuant to Scrip Dividend Scheme	110				110		110
Cost of share-based payments			103		103		103
Acquisition of non-controlling interests			(78)		(78)	(72)	(150)
Dividends paid to shareholders[1]				(1,542)	(1,542)		(1,542)
Dividends paid to non-controlling interests					-	(125)	(125)
Total comprehensive income			(127)	4,454	4,327	121	4,448
Balance at 31 December 2015	10,114	803	6,705	22,752	40,374	2,422	42,796

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

The Group

In $ millions	Share Capital	Other equity instruments	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 October 2016	**10,670**	**1,814**	**7,104**	**24,550**	**44,138**	**2,389**	**46,527**
Issue of perpetual capital securities		**(2)**			**(2)**		**(2)**
Cost of share-based payments			**28**		**28**		**28**
Dividends paid to shareholders[1]				**(18)**	**(18)**		**(18)**
Dividends paid to non-controlling interests					**-**	**(62)**	**(62)**
Transfers			**(2,360)**	**2,360**	**-**		**-**
Total comprehensive income			**(450)**	**913**	**463**	**34**	**497**
Balance at 31 December 2016	**10,670**	**1,812**	**4,322**	**27,805**	**44,609**	**2,361**	**46,970**
Balance at 1 October 2015	10,132	803	6,701	21,768	39,404	2,457	41,861
Purchase of treasury shares	(18)				(18)		(18)
Cost of share-based payments			25		25		25
Dividends paid to shareholders[1]				(18)	(18)		(18)
Dividends paid to non-controlling interests					-	(63)	(63)
Total comprehensive income			(21)	1,002	981	28	1,009
Balance at 31 December 2015	10,114	803	6,705	22,752	40,374	2,422	42,796

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

AUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

The Company

In $ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
Balance at 1 January 2016	**10,144**	**803**	**168**	**6,580**	**17,695**
Purchase of treasury shares	**(60)**				**(60)**
Transfer of treasury shares	**98**				**98**
Draw-down of reserves upon vesting of performance shares			**(108)**		**(108)**
Issue of shares pursuant to Scrip Dividend Scheme	**508**				**508**
Issue of perpetual capital securities		**1,009**			**1,009**
Cost of share-based payments			**109**		**109**
Dividends paid to shareholders[1]				**(1,546)**	**(1,546)**
Total comprehensive income			**(1)**	**1,511**	**1,510**
Balance at 31 December 2016	**10,690**	**1,812**	**168**	**6,545**	**19,215**
Balance at 1 January 2015	10,194	803	152	6,616	17,765
Purchase of treasury shares	(246)				(246)
Transfer of treasury shares	81				81
Draw-down of reserves upon vesting of performance shares			(86)		(86)
Issue of shares upon exercise of share options	4				4
Reclassification of reserves upon exercise of share options	1		(1)		-
Issue of shares pursuant to Scrip Dividend Scheme	110				110
Cost of share-based payments			103		103
Dividends paid to shareholders[1]				(1,542)	(1,542)
Total comprehensive income				1,506	1,506
Balance at 31 December 2015	10,144	803	168	6,580	17,695

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 DECEMBER 2016

The Company

In $ millions	Share capital	Other equity instruments	Other reserves	Revenue reserves	Total equity
Balance at 1 October 2016	**10,690**	**1,814**	**140**	**6,556**	**19,200**
Issue of perpetual capital securities		**(2)**			**(2)**
Cost of share-based payments			**28**		**28**
Dividends paid to shareholders[1]				**(19)**	**(19)**
Total comprehensive income				**8**	**8**
Balance at 31 December 2016	**10,690**	**1,812**	**168**	**6,545**	**19,215**
Balance at 1 October 2015	10,162	803	143	6,097	17,205
Purchase of treasury shares	(18)				(18)
Cost of share-based payments			25		25
Dividends paid to shareholders[1]				(18)	(18)
Total comprehensive income				501	501
Balance at 31 December 2015	10,144	803	168	6,580	17,695

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

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED CASH FLOW STATEMENT

In $ millions	Year 2016	Year 2015
Cash flows from operating activities		
Net profit	**4,360**	4,567
Adjustments for non-cash items:		
Allowances for credit and other losses	**1,434**	743
Depreciation of properties and other fixed assets	**275**	251
Share of profits or losses of associates	**47**	(14)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(47)**	(82)
Net income from investment securities	**(330)**	(339)
Cost of share-based payments	**109**	103
Interest expense on subordinated term debts	**107**	116
Income tax expense	**723**	727
Profit before changes in operating assets and liabilities	**6,678**	6,072
Increase/(Decrease) in:		
Due to banks	**(2,354)**	1,858
Deposits and balances from customers	**25,659**	(1,592)
Other liabilities	**4,282**	1,624
Other debt securities and borrowings	**(10,426)**	5,958
(Increase)/Decrease in:		
Restricted balances with central banks	**17**	960
Government securities and treasury bills	**1,616**	(4,350)
Due from banks	**8,243**	4,361
Bank and corporate securities	**(5,265)**	(1,911)
Loans and advances to customers	**(17,363)**	(4,076)
Other assets	**(841)**	(5,192)
Tax paid	**(809)**	(730)
Net cash generated from operating activities (1)	**9,437**	2,982
Cash flows from investing activities		
Dividends from associates	**36**	32
Proceeds from disposal of interest in associates	**3**	-
Acquisition of interest in associate	**-**	(21)
Proceeds from disposal of properties and other fixed assets	**76**	140
Purchase of properties and other fixed assets	**(321)**	(334)
Acquisition of non-controlling interests	**-**	(150)
Net cash used in investing activities (2)	**(206)**	(333)
Cash flows from financing activities		
Issue of subordinated term debts	**630**	-
Interest paid on subordinated term debts	**(114)**	(108)
Redemption/ purchase of subordinated term debts	**(1,586)**	(743)
Increase in share capital	**-**	4
Purchase of treasury shares	**(60)**	(258)
Issue of perpetual capital securities	**1,009**	-
Dividends paid to shareholders of the Company, net of scrip dividends[1]	**(1,037)**	(1,432)
Change in non-controlling interests	**(58)**	-
Dividends paid to non-controlling interests	**(124)**	(125)
Net cash used in financing activities (3)	**(1,340)**	(2,662)
Exchange translation adjustments (4)	**163**	240
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**8,054**	227
Cash and cash equivalents at 1 January	**12,078**	11,851
Cash and cash equivalents at 31 December	**20,132**	12,078

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

OTHER FINANCIAL INFORMATION

1. Fair Value of Financial Instruments

The following table presents financial assets and liabilities measured at fair value according to the fair value hierarchy:

In $ millions	The Group							
	31 Dec 2016				31 Dec 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Financial assets at fair value through profit or loss (FVPL)								
- Government securities and treasury bills	**7,713**	**1,285**	**-**	**8,998**	4,897	2,672	-	7,569
- Bank and corporate securities	**5,022**	**2,743**	**42**	**7,807**	4,416	3,858	838	9,112
- Other financial assets	**-**	**9,133**	**-**	**9,133**	-	6,471	-	6,471
Available-for-sale (AFS) financial assets								
- Government securities and treasury bills	**21,352**	**1,089**	**-**	**22,441**	24,094	1,173	-	25,267
- Bank and corporate securities[1]	**14,510**	**1,598**	**115**	**16,223**	10,364	2,487	156	13,007
- Other financial assets	**-**	**4,417**	**-**	**4,417**	-	4,977	-	4,977
Derivatives	**57**	**25,699**	**1**	**25,757**	76	23,535	20	23,631
Liabilities								
Financial liabilities at fair value through profit or loss (FVPL)								
- Other debt securities	**-**	**5,045**	**4**	**5,049**	-	5,521	17	5,538
- Other financial liabilities	**2,290**	**1,881**	**-**	**4,171**	886	2,226	73	3,185
Derivatives	**66**	**24,415**	**16**	**24,497**	181	21,841	123	22,145

Note:
1 Excludes unquoted equities stated at cost of $242 million (2015: $574 million).

The following table presents the changes in Level 3 instruments for the financial period ended 31 December 2016:

In $ millions	Financial assets			Financial liabilities		
	FVPL	AFS	Derivatives	FVPL		Derivatives
	Bank and corporate securities	Bank and corporate securities		Other debt securities	Other financial liabilities	
Balance at 1 January 2016	838	156	20	(17)	(73)	(123)
Purchases/ Issues	68	20	-	(4)	-	-
Settlements	(747)	(35)	(24)	16	-	137
Transfers:						
- Transfers into Level 3	14	1	3	-	-	(16)
- Transfers out of Level 3	(127)	(20)	(4)	1	72	2
Gains/(losses) recorded in the income statement[1]	(4)	6	6	-	1	(16)
Gains/(losses) recognised in other comprehensive income	-	(13)	-	-	-	-
Balance at 31 December 2016	42	115	1	(4)	-	(16)

Note:
1 Gains or losses for FVPL financial assets and liabilities are presented under ‘Net trading income’. Gains or losses for AFS financial assets are presented under ‘Net income from investment securities’. Included in the full year 2016 income was a loss of $7 million for Level 3 financial assets and liabilities, of which the unrealised loss amounted to $8 million.

2. Off-balance Sheet Items

In $ millions	31 Dec 2016	30 Sep 2016	31 Dec 2015
Contingent liabilities	**22,714**	19,188	19,901
Commitments[1]	**235,951**	232,351	220,491
Financial Derivatives	**2,070,543**	1,995,519	2,069,594

Note:
1 Includes commitments that are unconditionally cancellable at any time of $193,016 million (Sep'16: $188,170 million, Dec'15: $183,125 million).

3. Subsequent Events

On 10 February 2017, DBSH announced that its wholly-owned subsidiary, DBS Bank Ltd., had agreed to sell its entire equity interest in DBS China Square Limited, whose main asset is PWC Building, to an indirect subsidiary of Manulife Financial Corporation. The sale is expected to be completed by the end of March 2017 and will result in a net gain of approximately $350 million to be recognised in first quarter 2017. The divestment gain will be set aside as general allowances, raising general allowance reserves to $3.52 billion and allowance coverage to 104%.

ADDITIONAL INFORMATION

SHARE CAPITAL

(a) The movement in the number of issued and fully paid-up ordinary shares is as follows:

	Number of shares	
Ordinary shares	**2016**	**2015**
Balance at 1 January	**2,514,780,749**	2,479,126,459
Shares issued pursuant to Scrip Dividend Scheme	**34,181,336**	5,292,246
Shares issued on exercise of share options pursuant to the DBSH Share Option Plan	**-**	350,623
Conversion of non-voting redeemable CPS	**-**	30,011,421
Balance at 30 September/ 31 December [a]	**2,548,962,085**	2,514,780,749
Treasury shares held by DBSH		
Balance at 1 January	**13,000,000**	5,109,000
Shares transferred to trust holding shares pursuant to DBSH Share Plan / DBSH Employee Share Plan	**(5,282,000)**	(5,109,000)
Purchase of treasury shares	**4,009,700**	11,900,000
Balance at 30 September	**11,727,700**	11,900,000
Purchase of treasury shares	**-**	1,100,000
Balance at 31 December [b]	**11,727,700**	13,000,000
Ordinary shares net of treasury shares [a] – [b]	**2,537,234,385**	2,501,780,749

(b) The weighted average number of ordinary shares (both basic and fully diluted) for the full year of 2016 is 2,517,280,612.

INTERESTED PARTY TRANSACTIONS PURSUANT TO LISTING RULE 920(1)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

CONFIRMATION OF DIRECTORS AND EXECUTIVE OFFICERS’ UNDERTAKINGS PURSUANT TO LISTING RULE 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

REPORT OF PERSONS OCCUPYING MANAGERIAL POSITIONS WHO ARE RELATED TO A DIRECTOR, CEO OR SUBSTANTIAL SHAREHOLDER

Pursuant to Rule 704(13) of the SGX Listing Manual, DBSH wishes to advise that there are no persons occupying a managerial position in DBSH, DBS Bank Ltd or any of the principal subsidiaries of DBSH who are relatives of a director or chief executive officer or substantial shareholder of DBSH.

The extract of the auditor's report dated 15 February 2017, on the financial statements of DBS Group Holdings Ltd and its subsidiaries for the year ended 31 December 2016, is as follows:

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 statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs"), including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore ("MAS 612") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group, as set out on pages 1 to 73, comprise:

- the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2016;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows 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.

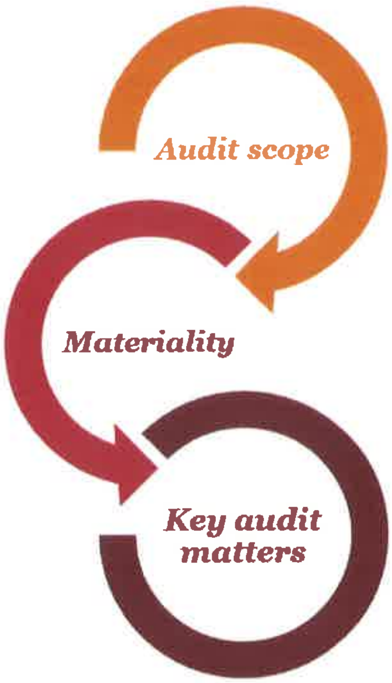
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") 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



Audit scope

- Audit procedures were performed over the Singapore Operations of DBS Bank Ltd and DBS Group (HK) Limited.
- We identified DBS Bank Ltd Hong Kong Branch, DBS Bank (China) Limited, PT Bank DBS Indonesia, DBS Bank (Taiwan) Limited and DBS Bank Ltd India Branch as component entities where certain account balances were considered to be significant in size in relation to the Group. Consequently, specific audit procedures for these components were performed to obtain sufficient appropriate audit evidence.

Materiality

- We determined the overall Group materiality based on 5% of the Group's profit before tax.

Key audit matters

- Specific and general allowances for loans and advances to customers
- Goodwill and intangibles
- Complex or illiquid financial instruments

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated 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. We set certain quantitative thresholds for materiality together with qualitative considerations to help us 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as set out in the table below:

How we determined overall Group materiality	5% of the Group's profit before tax
Rationale for benchmark applied	We chose 'profit before tax' as it is a commonly used benchmark for materiality. 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 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 consolidated 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.

In establishing the overall Group audit approach, we determined the extent of audit procedures that are needed to be performed across the Group by us, or by other PwC network firms operating under our instruction who are familiar with the local laws and regulations in each of these territories (the "component auditors"). Where the work was performed by component auditors, we determined the level of involvement we needed to have in the procedures to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

In addition, we visited several of the Group's key locations and held a Group audit planning meeting. We also held regular conference calls with the component auditors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the financial year ended 31 December 2016. 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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>
Specific and general allowances for loans and advances to customers

At 31 December 2016, the specific allowances for loans and advances to customers of the Group was S$1,270 million, the majority of which related to Institutional Banking Group ("IBG") customers. Apart from specific allowances, the Group also recognised general allowances for loans and advances to customers in accordance to the transitional provision set out in MAS 612 ("general provision") of S$2,629 million at that date.

We focused on this area because of the subjective judgements by management in determining the necessity for, and then 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 involve significant judgement over both 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; and
• how impairment events that have not yet resulted in a payment default are identified and measured.

In view of the current difficult economic conditions, we focused on borrowers with exposures to China, India and Indonesia, and
</td><td>
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 Credit Risk Committee;
• timely review of credit risk;
• watch-list 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 we agreed with the classification of loans and advances in line with MAS 612 and, where there is evidence of an impairment loss, whether it had been identified in a timely manner including, where relevant, how forbearance had been considered.

Where impairment had been identified, for a sample, we considered the latest developments in relation to the borrower; examined the forecasts of future cash flows prepared by management, the collateral valuation and other sources of repayment to support the calculation of the impairment; challenged the assumptions; tested the calculation; and compared estimates against external evidence where available.

For a sample of performing loans and advances to IBG customers which had not been identified
</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
to the oil and gas support services and other commodities sectors. (Refer also to Note 18 to the financial statements)	by management as potentially impaired, considering the latest developments in relation to the borrower, we challenged management's assumptions on whether management's classification was appropriate, using external evidence where available in respect of the relevant borrower. In addition to the controls detailed above on the specific allowances for loans and advances to IBG customers, we also tested the key reconciliations of the underlying data used for the general loan loss provisioning. We determined that we could rely on these controls for the purposes of our audit. The key considerations used by management in assessing the general provision are historical data and management's assessment of the current economic and credit environment, country and portfolio risks as well as industry practices. We reviewed management's assessment of the overall calculation of the general provision, including testing management's calculation of the general provision as at 31 December 2016 in accordance with MAS 612. The amount of the general provision exceeded the minimum MAS 612 requirements.
Goodwill and intangibles As at 31 December 2016, the Group had S$5,117 million of goodwill and intangibles as a result of acquisitions in previous years. We focused on this area as management makes significant judgements when estimating future cash flows and growth rates in undertaking its annual goodwill impairment testing. We specifically focused on the following key assumptions used in the discounted cash flow analyses: • Cash flow forecasts;	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. There were no significant issues noted. For DBS Bank (Hong Kong) Limited's franchise (goodwill of S$4,631 million as at 31 December 2016), we evaluated management's cash flow forecasts and the process by which they were developed, including verifying the mathematical accuracy of the underlying calculations. Valuation specialists in our team critically assessed the assumptions and methodologies used to forecast the value-in-use and compared key inputs (such as the discount rates and long-term growth rates) to the Group's own historical

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

Key audit matter	How our audit addressed the key audit matter
• Discount rate; and • Growth rate. (Refer also to Note 27 to the financial statements)	data, performance and external available trend analysis, industry and economic indicators. Based on the evidence obtained, we found that the estimates used by management were within a reasonable range of expectations in the context of the value-in-use calculations. We reviewed management's stress test over the key assumptions to determine whether any reasonably possible change in these assumptions would not cause an impairment. Additionally, we considered whether the Group's disclosure of the application of judgement in estimating cash flow projections and the sensitivity of the results of those estimates adequately reflects the uncertainties and risks associated with goodwill impairment.
Complex or illiquid financial instruments At 31 December 2016, the Group had financial assets of S$158 million and financial liabilities of S$20 million carried at fair value which are classified as Level 3. We focused on the valuation of Level 3 financial assets and financial liabilities, as management makes significant judgements and assumptions (using valuation models) when valuing these financial instruments, as they are complex or illiquid and the external evidence supporting the Group's valuations is limited due to the lack of a liquid market. Management also makes significant judgements when calculating derivative valuation adjustments, including those made to reflect the cost of funding of uncollateralised derivatives and counterparty credit risk. The methods for calculating some of the adjustments continue to evolve across the banking industry. (Refer also to Note 40 to the financial statements)	We assessed the design and tested the operating effectiveness of the controls over the Group's complex or illiquid financial instrument valuation processes. These included the controls over: • the completeness and accuracy of the data feeds and other inputs into valuation models; • management's testing and approval of new models or revalidation of existing models; and • follow-up on collateral disputes to identify possibly inappropriate valuations. We determined that we could rely on the controls for the purposes of our audit. We assessed the reasonableness of the methodologies used and the assumptions made for a sample of financial instrument valuations with significant unobservable valuation inputs. We determined that the methodologies and assumptions made were appropriate. In addition, we assessed the appropriateness of the methodologies for the derivative valuation adjustments and did not note any exception.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in pages 74 to 77 (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 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 FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS GROUP HOLDINGS LTD (continued)

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 Karen Loon.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 15 February 2017