IMPORTANT NOTICE

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

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

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

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

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

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

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

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

DBS Bank Ltd.

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

U.S.$10,000,000,000 Global Covered Bond Programme unconditionally and irrevocably guaranteed as to payments of interest and principal by Bayfront Covered Bonds Pte. Ltd.

(incorporated with limited liability under the laws of the Republic of Singapore)
(registered in Singapore under registration number 201509506G)

Under its Global Covered Bond Programme (the "**Programme**") described in this Offering Circular, DBS Bank Ltd. (a limited liability company incorporated in Singapore) ("**DBS Bank**" or the "**Issuer**"), in accordance with the Monetary Authority of Singapore (the "**MAS**") Notice 648 on the Issuance of Covered Bonds by Banks incorporated in Singapore ("**MAS Notice 648**") and subject to compliance with all other relevant laws, regulations and directives, may from time to time issue covered bonds (the "**Covered Bonds**"). The aggregate nominal amount of Covered Bonds outstanding will not at any time exceed U.S.$10,000,000,000 (or the equivalent in other currencies and subject to increase as provided herein). Bayfront Covered Bonds Pte. Ltd. (the "**CBG**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over the Portfolio (as defined below) and its other assets (the "**Covered Bond Guarantee**"). Recourse against the CBG under the Covered Bond Guarantee is limited to the Portfolio and any other assets of the CBG.

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

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

The issuing entity will be relying on an exclusion or exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") contained in Section 3(c)(5)(C) of the Investment Company Act, although there may be additional exclusions or exemptions available to the issuing entity. The issuing entity is being structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd-Frank Act.

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

Each Series of Covered Bonds (as defined in "*Summary of the Programme*") to be issued in registered form ("**Registered Covered Bonds**") will be represented by registered certificates (each a "**Certificate**"), without interest coupons, and Registered Covered Bonds which are sold in an "offshore transaction" within the meaning of Regulation S ("**Unrestricted Covered Bonds**") will initially be represented by a permanent registered global certificate (each an "**Unrestricted Global Certificate**") without interest coupons, which may be either: (i) deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") (the "**Common Depositary**"), with The Central Depository (Pte) Limited ("**CDP**"), with a sub-custodian for the Central Moneymarkets Units Service ("**CMU**") operated by the Hong Kong Monetary Authority or with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**"); or (ii) delivered outside a clearing system, as agreed between the Issuer, the Agents, the Bond Trustee, the Security Trustee and the relevant Dealer (all as defined herein), if any, or purchaser. Registered Covered Bonds which are sold in the United States to "qualified institutional buyers" (each, a "**QIB**") within the meaning of Rule 144A ("**Rule 144A**") under the Securities Act ("**Restricted Covered Bonds**") will initially be represented by a permanent registered global certificate (each a "**Restricted Global Certificate**" and, together with the "**Unrestricted Global Certificate**", the "**Global Certificates**"), without interest coupons, which may be deposited on the relevant issue date with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co. as nominee for, DTC. Beneficial interests in Global Covered Bonds or Certificates held in book-entry form through Euroclear or Clearstream, Luxembourg will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg, as the case may be. Beneficial interests in Global Covered Bonds or Certificates held in book-entry form through CDP will be shown on, and transfers thereof will be effected only through, records maintained by CDP. Beneficial interests in Global Covered Bonds or Certificates held in book-entry form through the CMU will be shown on, and transfers thereof will be effected only through, records maintained by the CMU. Beneficial interests in Registered Covered Bonds represented by Global Certificates held through DTC will be shown on, and transfers thereof will be effected only through, records maintained by DTC. The provisions governing the exchange of interests in Global Covered Bonds for other Global Covered Bonds and Definitive Covered Bonds are described in "*Summary of Provisions Relating to the Covered Bonds while in Global Form*". Certain provisions governing restrictions on transfer of Registered Covered Bonds are described in "*Transfer Restrictions*".

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

The Covered Bonds issued under the Programme are expected on issue to be assigned an "AAA" rating by Fitch Australia Pty Ltd ("**Fitch**") and an "Aaa" rating by Moody's Investors Service Limited ("**Moody's**"). Each Tranche of Covered Bonds issued under the Programme may be rated. The rating of an issue of Covered Bonds will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

Joint Arrangers and Initial Dealers

DBS Bank Ltd. **Barclays**

Initial Dealers

Citigroup **Deutsche Bank** **J.P. Morgan** **Société Générale Corporate & Investment Banking** **UniCredit Bank**

The date of this Offering Circular is 16 June 2015

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IMPORTANT

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

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

The Issuer accepts responsibility for the information contained in this Offering Circular. The CBG only accepts responsibility for the information contained in the section entitled "*The Covered Bond Guarantor*" of this Offering Circular. To the best of the knowledge and belief of the Issuer and the CBG, only in relation to the information for which it is responsible (each having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts as at the date of this Offering Circular and does not omit any material information likely to affect the import of such information. No person has been authorised to give any information or to make any representation other than as contained in this Offering Circular in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CBG, the Joint Arrangers, any Dealers, the Bond Trustee, the Security Trustee or the Agents (as defined in "*Summary of the Programme*"). Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and/or the CBG since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer and/or the CBG since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as at any time after the date on which it is supplied or, if different, the date indicated in the document containing the same.

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

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

THE COVERED BONDS AND THE COVERED BOND GUARANTEE HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING

AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF COVERED BONDS OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

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

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

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

By receiving this Offering Circular, investors acknowledge that (i) they have been afforded an opportunity to request and to review, and have received, all information that investors consider necessary to verify the accuracy of, or to supplement, the information contained in this Offering Circular, (ii) they have not relied on any Joint Arranger, any Dealer (as defined herein), the CBG (other than in respect of the section entitled "*The Covered Bond Guarantor*"), the Bond Trustee, the Security Trustee nor any Agent nor any person affiliated with any Joint Arranger, any Dealer, the CBG (other than in respect of the section entitled "*The Covered Bond Guarantor*"), the Bond Trustee, the Security Trustee or any Agent in connection with their investigation of the accuracy of any information in this Offering Circular or their investment decision and (iii) no person has been authorised to give any information or to make any representation concerning the issue or sale of the Covered Bonds or the Issuer other than as contained in this Offering Circular and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the CBG, the Joint Arrangers, the Dealers, the Bond Trustee, the Security Trustee or the Agents. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the CBG, the Joint Arrangers, the Dealers, the Bond Trustee, the Security Trustee and the Agents do not

represent that this Offering Circular may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the CBG, the Joint Arrangers, the Dealers, the Bond Trustee, the Security Trustee or the Agents which would permit a public offering of any Covered Bonds or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Covered Bonds in the United States, the European Economic Area, the United Kingdom, Hong Kong, Japan, Singapore, Indonesia and Taiwan, Republic of China ("**Taiwan**"), see "*Subscription and Sale*" below.

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

ADDITIONAL U.S. INFORMATION

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

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

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**Singapore dollars**", "**SGD**" and "**S$**" are to the lawful currency of Singapore, all references to "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States of America, all references to "**€**" are to the lawful currency of the member states of the European Union that have adopted or may adopt the single currency in accordance with the treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the treaty on European Union, all references to "**Hong Kong dollars**" and "**HK$**" are to the lawful currency of Hong Kong, all references to "**RMB**" and "**Renminbi**" are to the lawful currency of China, all references to "**Indonesian Rupiah**" and "**IDR**" are to the lawful currency of the Republic of Indonesia, all references to "**MYR**" and "**Malaysian Ringgit**" are to the lawful currency of Malaysia and all references to "**Sterling**" and "**GBP**" are to the lawful currency of the United Kingdom. References to "**Greater China**" are to the People's Republic of China, Macau, Taiwan and Hong Kong. References to "**Rest of Greater China**" are to the People's Republic of China, Macau and Taiwan. References to "**China**" are to the People's Republic of China.

As used in this Offering Circular, "**DBSHK**" refers to DBS Bank (Hong Kong) Limited, "**DBSH**" refers to DBS Group Holdings Ltd, "**DBS Bank**" refers to DBS Bank Ltd., which is a wholly-owned subsidiary of DBSH and "**DBS Group**" refers to DBS Bank and its consolidated subsidiaries. The DBS Group does not publish audited consolidated financial information otherwise than on an annual basis. References in this Offering Circular to "2012", "2013" and "2014" refer to the DBS Group's fiscal years ended 31 December 2012, 2013 and 2014, respectively. Unless specified otherwise or the context otherwise requires, all references to "loans" refer to loans net of cumulative allowances.

In this Offering Circular, all of the DBS Group's financial information is presented on a consolidated basis, unless stated otherwise. The audited and unaudited consolidated financial statements of the DBS Group are prepared in accordance with the Singapore Financial Reporting Standards ("**Singapore FRS**"), including the modifications of the requirements of Singapore Financial Reporting Standard 39 ("**FRS 39**") Financial Instruments: Recognition and Measurement in respect of loans loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the MAS ("**MAS Notice 612**"). The Singapore FRS differ in certain material respects from generally accepted accounting principles in the United States ("**U.S. GAAP**"). Accordingly, these financial statements and reported earnings could be different from those which would be reported under U.S. GAAP. Such differences may be material. This Offering Circular does not contain a reconciliation of the DBS Group's consolidated financial statements to U.S. GAAP nor does it contain any information in relation to the differences between Singapore FRS and U.S. GAAP. Had the consolidated financial statements and other financial information been prepared in accordance with U.S. GAAP, the results of operations and financial position of the DBS Group may have been materially different. Investors should consult their own professional advisers for an understanding of the differences between Singapore FRS, U.S. GAAP, International Financial Reporting Standards ("**IFRS**") and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular. The DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2014 and the unaudited condensed consolidated financial information of the DBS Group as at and for the three months ended 31 March 2015 are included in this Offering Circular, beginning on page F-2. This Offering Circular incorporates by reference the DBS Group's audited consolidated financial statements as at and for the years ended 31 December 2013 and 2012 and DBSH's unaudited consolidated financial results for the first quarter ended 31 March 2015. See "*Documents Incorporated by Reference*" below.

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with the audited consolidated financial statements of the DBS Group as at and for the years ended 31 December 2013 and 2012, which have been previously published and filed with the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**"). The DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2014 and the unaudited condensed consolidated financial information of the DBS Group as at and for the three months ended 31 March 2015 are included in this Offering Circular, beginning on page F-2.

This Offering Circular should also be read and construed in conjunction with DBSH's unaudited consolidated financial results for the first quarter ended 31 March 2015 which are available at www.dbs.com and any audited consolidated financial statements of the DBS Group which are also available at www.dbs.com subsequent to the date of this Offering Circular and any unaudited interim consolidated financial statements of the DBS Group published subsequent to such audited consolidated financial statements, each of which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents.

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

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

SUPPLEMENTAL OFFERING CIRCULAR

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

AVAILABLE INFORMATION

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

ENFORCEABILITY OF JUDGMENTS

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

FORWARD-LOOKING STATEMENTS

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

(a) the actual growth in demand for banking and other financial products and services in the countries that the Issuer operates or where a material number of its customers reside;

(b) its ability to successfully implement its strategy;

(c) future levels of impaired loans;

(d) its growth and expansion in domestic and overseas markets;

(e) the adequacy of its allowance for credit and investment losses;

(f) technological changes;

(g) investment and other non-interest income;

(h) the future impact of new accounting standards;

(i) the impact of changes in banking regulations and other regulatory changes in Singapore and other jurisdictions on the Issuer and/or the CBG;

(j) the bond and loan market conditions and availability of liquidity amongst the investor community in these markets;

(k) the nature of credit spreads and interest spreads from time to time, including the possibility of increasing credit spreads or interest rates;

(l) the Issuer's ability to roll over its short-term funding sources and its exposure to credit; and

(m) market and liquidity risks.

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

SUMMARY — DBS GROUP

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

The DBS Group is the largest banking group in Southeast Asia by total assets and is engaged in a range of commercial banking and financial services, principally in Asia. As at 31 March 2015, the DBS Group had S$457 billion in total assets, S$281 billion in customer loans and advances, S$324 billion in customer deposits and S$38 billion in total shareholders' funds; as at 31 December 2014, the DBS Group had S$441 billion in total assets, S$276 billion in customer loans and advances, S$317 billion in customer deposits and S$36 billion in total shareholders' funds.

The DBS Group is headquartered in Singapore and has a growing presence in the three key Asian axes of growth: Greater China, South Asia and Southeast Asia. In Singapore, the DBS Group has leading positions in consumer banking, wealth management, institutional banking, treasury and capital markets. As at, and for the three months ended, 31 March 2015, Singapore accounted for 65% and 62% of the DBS Group's assets (excluding goodwill and intangibles) and total income (excluding one-time items), respectively. As at, and for the year ended, 31 December 2014, Singapore accounted for 66% and 62% of the DBS Group's assets (excluding goodwill and intangibles) and total income (excluding one-time items), respectively.

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

DBS Bank is one of the highest rated commercial banks in Asia with a long-term issuer rating of "AA-" from Fitch Ratings Ltd. ("**Fitch**"), a long-term issuer rating of "Aa1" from Moody's Investors Services Inc. ("**Moody's**") and a long-term counterparty credit rating of "AA-" from Standard & Poor's Rating Services ("**Standard & Poor's**"). DBS Bank's credit ratings by Fitch, Moody's and Standard & Poor's have a stable outlook.

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

As at 31 May 2015, DBSH had a market capitalisation of approximately S$50.9 billion based on the closing price per ordinary share on the Main Board of the SGX-ST. As at 31 May 2015, Temasek Holdings (Private) Limited, directly or indirectly, held approximately 29.6% of DBSH's outstanding ordinary shares.

Strengths

Strong credit profile and resilient capital base

The DBS Group has consistently maintained robust capital ratios and, as at 31 March 2015, had a Common Equity Tier I ("**CETI**") capital adequacy ratio ("**CAR**") of 12.5%, a Tier I CAR of 12.5% and a total CAR of 14.5%. The DBS Group's capital position is above the new MAS Basel III capital requirements that have been effective from 1 January 2013. The DBS Group has adopted a prudent dividend policy to ensure that strong capital ratios are maintained while it executes its growth strategy.

The DBS Group was awarded "Safest Bank in Asia" for six consecutive years from 2009 to 2014 by Global Finance. Singapore, the DBS Group's core market, is the only sovereign in Asia with a "Aaa" credit rating from Moody's, and a "AAA" credit rating from Standard & Poor's and Fitch.

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

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

In terms of funding, the DBS Group's strong domestic deposit base and leading market position in low cost Singapore dollar deposits have enabled it to maintain a favourable loan-to-deposit ratio of 87% as at 31 March 2015. The DBS Group also diversifies its funding sources through its wholesale funding business.

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

The DBS Group is the largest banking group in Southeast Asia by total assets. Over the past three years, the DBS Group has delivered consistent financial performance underpinned by increased strategic clarity and disciplined execution of its strategy. Total income (excluding one-time items) grew at a compound annual growth rate ("**CAGR**") of 9% between 2012 and 2014 while net profit (excluding one-time items) recorded CAGR of 6% over the same period.

Prudent and comprehensive risk management framework focused on asset quality

The DBS Group has a robust risk management framework in place to address key risk areas. Its risk management approach is based on (i) strong risk governance, (ii) robust and comprehensive processes to identify, measure, monitor, control and report risks, (iii) sound assessments of capital adequacy relative to risks, and (iv) a rigorous system of internal control reviews involving internal and external auditors. The DBS Group's prudent approach to risk management has enabled it to maintain low non-performing loan ("**NPL**") ratios and high coverage ratios, even during economic downturns. The DBS Group's ratio of NPLs to total non-bank loans ("**NPL ratio**") was 0.9% as at 31 March 2015 and 31 December 2014, and 1.1% and 1.2% as at 31 December 2013 and 2012, respectively, and the DBS Group's coverage ratio (defined as total allowances as a percentage of non-performing assets ("**NPAs**")) was 161%, 163%, 135% and 142% as at 31 March 2015, 31 December 2014, 2013 and 2012, respectively.

Strategy

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

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

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

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

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

General Information

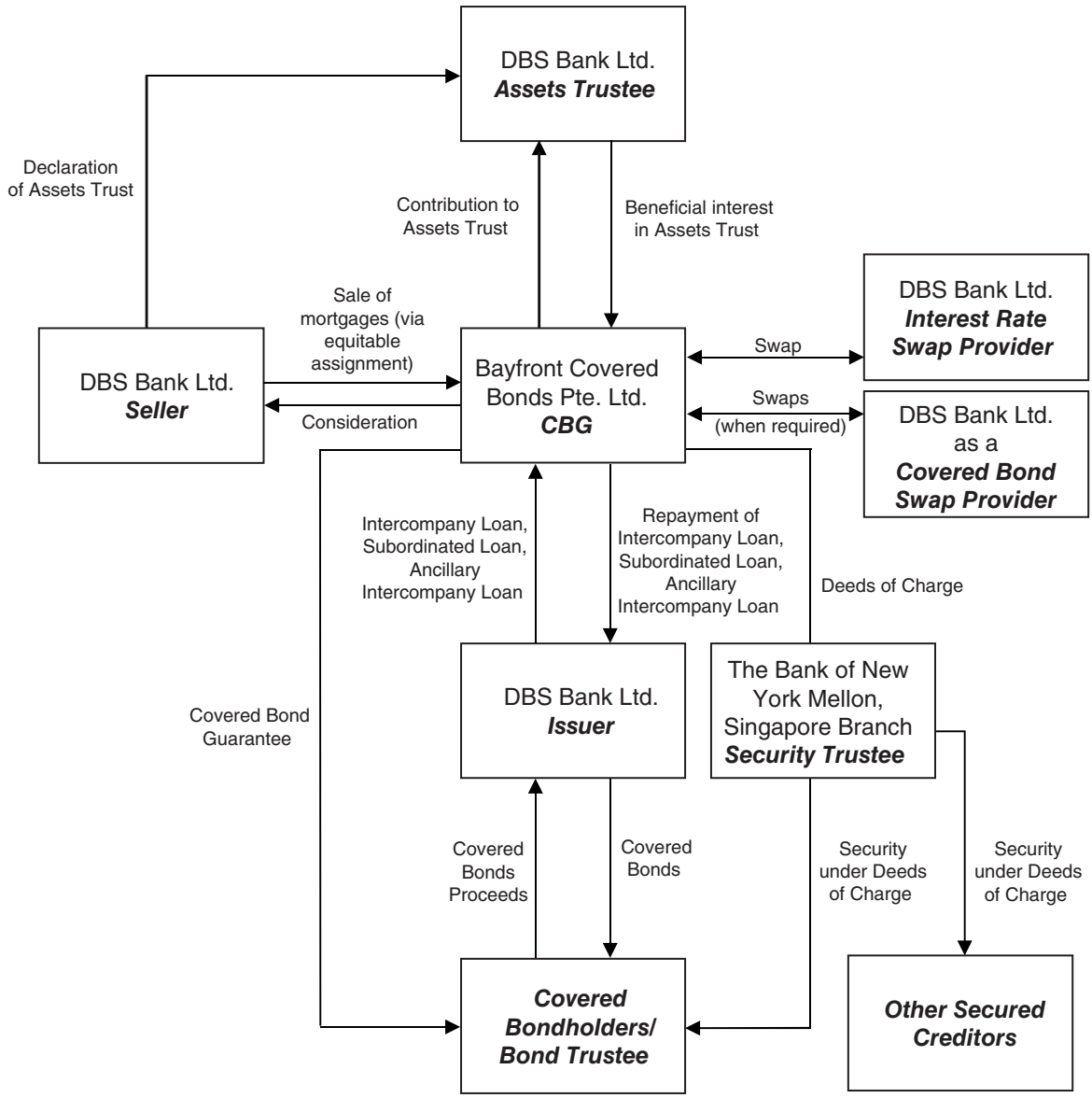
DBS Bank is a limited liability company incorporated in the Republic of Singapore. The registered and principal office of DBS Bank is 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982 (telephone number +65 6878 8888). The Issuer's website is located at www.dbs.com.

STRUCTURE OVERVIEW

This Structure Overview describes the Programme, including the Covered Bonds, the Covered Bond Guarantee and related documents, in general terms only and does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Series or Tranche of Covered Bonds, the applicable Pricing Supplement. This Structure Overview must be read as an introduction to this Offering Circular and any decision to invest in any Covered Bonds should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference.

Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this Structure Overview. A glossary of certain defined terms used in this document is contained at the end of this Offering Circular.

Structure Diagram



Structure Overview

(a) *Programme*: Under the terms of the Programme, the Issuer will issue Covered Bonds to the Covered Bondholders on each Issue Date. The Covered Bonds will be direct, unsecured and unsubordinated obligations of the Issuer.

(b) *Covered Bond Guarantee*: Under the terms of the Trust Deed, the CBG has provided a guarantee as to payments of interest and principal under the Covered Bonds. The CBG has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment (but which would otherwise be unpaid by the Issuer). The obligations of the CBG under the Covered Bond Guarantee constitute direct, unsubordinated and (following the service of a Notice to Pay on the CBG or, if earlier, the service on the Issuer and the CBG of a CBG Acceleration Notice) unconditional obligations of the CBG, secured as provided in the Deeds of Charge. Subject as provided in the Trust Deed, the Bond Trustee must serve a Notice to Pay on the CBG following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice. Following the service of a Notice to Pay but prior to the service of a CBG Acceleration Notice, payments made by the CBG under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. A CBG Acceleration Notice may be served by the Bond Trustee on the Issuer and the CBG following the occurrence of a CBG Event of Default.

If a CBG Acceleration Notice is served, the Covered Bonds will become immediately due and payable as against the Issuer and the CBG's obligations under the Covered Bond Guarantee will be accelerated. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments. The recourse of the Covered Bondholders to the CBG under the Covered Bond Guarantee will be limited to the assets of the CBG from time to time.

(c) *Intercompany Loan Agreement*: Under the terms of the Intercompany Loan Agreement, the Issuer in its capacity as lender under the Intercompany Loan Agreement (the "**Intercompany Loan Provider**") has agreed to make available to the CBG the Intercompany Loan in an amount up to the Intercompany Loan Facility Amount. The Intercompany Loan comprises the Guarantee Loan and the Demand Loan and is denominated in Singapore dollars.

The interest rate on each Advance under the Intercompany Loan is a Singapore dollar floating rate to be determined by the Intercompany Loan Provider from time to time. Interest payments due and accruing under the Intercompany Loan will not exceed the aggregate of the income of the CBG less certain expenses.

The Guarantee Loan, at any relevant time, is in an amount equal to (A) (a) the SGD Equivalent of the outstanding nominal amount of the Covered Bonds at that time, plus (b) an amount equal to the aggregate principal amount outstanding (or, in the case of assets in the form of Loans (other than Converted Loans), the True Balance) of additional assets in excess of (a) above, as required to satisfy (and determined in accordance with) the Asset Coverage Test, plus (only if the Asset Coverage Test is satisfied) (c) an amount equal to the aggregate principal amount outstanding (or, in the case of assets in the form of Loans (other than Converted Loans), the True Balance) of additional assets in excess of (a) and (b) above (if any) which were required to satisfy the Interest Rate Shortfall Test as of the most recent CBG Calculation Date (or were required to be provided (and have been so provided) to the CBG following the Interest Rate Shortfall Test not being satisfied as of the most recent CBG Calculation Date), minus (B) the outstanding principal amount

of the Subordinated Loan (excluding, for the avoidance of doubt, interest and other non-principal amounts thereunder). See "*Summary of the Principal Documents — Intercompany Loan Agreement*" and "*Summary of the Principal Documents — Establishment Deed — Asset Coverage Test*".

The Demand Loan at any relevant time is in an amount equal to the difference between the outstanding principal amount of the Intercompany Loan and the principal amount of the Guarantee Loan at that time. Except as described below, the respective balances of the Guarantee Loan and the Demand Loan will fluctuate with the issuances and redemptions of Covered Bonds and the requirements of the Asset Coverage Test and the Interest Rate Shortfall Test.

If a Notice to Pay or a CBG Acceleration Notice is served on the CBG, the amount of the Demand Loan and the Guarantee Loan will be fixed as at the date on which the Asset Percentage is fixed and thereafter only adjusted to reflect permitted repayments (which will be deducted first from the Demand Loan), further Advances or Deemed Advances (which will be added to the Guarantee Loan) and any reduction in the Set-off Amount as a result of the occurrence of any of the events set out in paragraph (c) of the definition of "Set-off Amount" (which will be deducted from the Guarantee Loan and added to, and constitute, the Demand Loan).

At any time prior to an Issuer Event of Default, a CBG Event of Default or a Demand Loan Repayment Event, the CBG may re-borrow any amount repaid by the CBG under the Intercompany Loan for a permitted purpose.

Payments by the Issuer of amounts due under the Covered Bonds are not conditional upon receipt by the Intercompany Loan Provider of payments from the CBG pursuant to the Intercompany Loan Agreement. Amounts owed by the CBG under the Guarantee Loan will be subordinated to amounts owed by the CBG under the Demand Loan and, following the service of a Notice to Pay or a CBG Acceleration Notice, the Covered Bond Guarantee. In all cases, repayment of the Demand Loan will be provided for in priority to amounts owed by the CBG to the other Secured Creditors (including the Covered Bondholders). Repayment of such Demand Loan may (at the discretion of the Intercompany Loan Provider) (and, following the service of a Notice to Pay or a CBG Acceleration Notice, shall only) be made by payment in kind, by the Servicer and the Cash Manager randomly selecting, on behalf of the CBG, but in accordance with the terms of the Intercompany Loan Agreement, Loans and their Related Security and/or Authorised Investments and/or Substitution Assets (other than cash) which will be transferred to the Intercompany Loan Provider or, if the Seller and the Intercompany Loan Provider are the same entity and title to the Loans and their Related Security has not been perfected, the equitable rights, interests, title and benefits of the CBG in such Loans and their Related Security, Authorised Investments and Substitution Assets (as the case may be) will be reassigned, released and surrendered to the Intercompany Loan Provider, and the Security granted over such Loans and their Related Security will be automatically released. See "*Summary of the Principal Documents — Intercompany Loan Agreement — Repayment of the Demand Loan*".

(d) *Proceeds of the Intercompany Loan*: The CBG will use the Advances made to it from time to time under the Intercompany Loan to purchase the Portfolio consisting of Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Agreement and to acquire an interest in the Assets Trust in accordance with the terms of the Declaration of Assets Trust and will use additional Advances:

(i) to purchase New Loans (which are Non-CPF Loans) and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement;

(ii) towards Additional Contributions to the Assets Trustee to acquire New Loans (which are CPF Loans) and their Related Security from the Seller pursuant to the terms of the Declaration of Assets Trust;

(iii) to invest in Authorised Investments and/or Substitution Assets, in each case in accordance with the Establishment Deed;

(iv) subject to written confirmation from the Cash Manager that the Asset Coverage Test is met on the relevant drawdown date (both before and immediately following the making of the relevant Advance), to repay Subordinated Advances, if any, under the Subordinated Loan Agreement; and/or

(v) to make a deposit of the proceeds in the Transaction Account (including, without limitation, to fund the Reserve Fund and/or the Pre-Maturity Liquidity Ledger and/or in relation to the Interest Rate Shortfall Test, in each case in accordance with the Establishment Deed).

For a description of "CPF Loans" and "Non-CPF Loans" please see the section "*The Loans and the Portfolio — CPF Loans and Non-CPF Loans*".

(e) *Subordinated Loan Agreement*: Under the terms of the Subordinated Loan Agreement, the Issuer in its capacity as lender under the Subordinated Loan Agreement (being defined as the "**Subordinated Loan Provider**" for the purposes of this Offering Circular) may make Subordinated Advances available to the CBG.

Except for Deemed Subordinated Advances, the Subordinated Loan Facility is uncommitted and the Subordinated Loan Provider is not obliged to make Subordinated Advances to the CBG. The Subordinated Loan Provider will be obliged to make a Deemed Subordinated Advance where the conditions required to be met in order for the Intercompany Loan Provider to make a Deemed Advance under the Intercompany Loan Agreement are not met. See "*Summary of the Principal Documents — Intercompany Loan Agreement*" for these conditions.

The Subordinated Loan is subordinated to, *inter alia*, payments of principal and interest on the Covered Bonds, and all other payments or provisions ranking in priority to payments to be made to the Subordinated Loan Provider, in each case in accordance with the applicable Priority of Payments. See "*Summary of the Principal Documents — Subordinated Loan Agreement*".

(f) *Mortgage Sale Agreement*: Under the terms of the Mortgage Sale Agreement, between the Seller, the CBG, the CBG Beneficiary, the Assets Trustee, the All Monies Trustee and the Security Trustee, the Seller has agreed to sell certain Non-CPF Loans and their Related Security to the CBG from time to time. Non-CPF Loans and their Related Security shall be transferred to the CBG by way of equitable assignment under the Mortgage Sale Agreement. The CBG will fund the purchase of Non-CPF Loans and their Related Security using Advances made to it from time to time under the Intercompany Loan.

(g) *Declaration of Assets Trust*: Under the terms of the Declaration of Assets Trust between the Assets Trustee, the Seller, the CBG, the CBG Beneficiary, the All Monies Trustee and the Security Trustee, the Assets Trustee established the Assets Trust. The Assets Trust is a trust formed under Singapore law with the Assets Trustee as trustee holding all of the Trust Assets as to both capital and income on trust absolutely for the benefit of the CBG (as trust beneficiary, the "**CBG Beneficiary**"). The trust assets shall consist of the CPF Loans and their Related Security (and any related Top-up Loans) sold by the Seller to the CBG from time to time and which are subject to the Assets Trust, as identified in the Declaration of Assets Trust, and all such rights, title, benefits, interests and remedies in

and to any monies currently owed or to be owed in the future by a Borrower and/or Mortgagor, all monies paid by any Borrower and/or Mortgagor from time to time for the purposes of discharging amounts owed, any receipts from the enforcement of any Related Security received from time to time (including but not limited to the Seller's benefit in and to any rights to receive payments under any Insurance Policy) and the Seller's benefit in and to all Related Security and any rights relating to such CPF Loans (the "**Trust Assets**"). The beneficial interest of the CBG Beneficiary is an absolute interest in the Trust Assets. The CBG will use part of the initial Advance to pay to the Seller as consideration for acquiring an interest in the CPF Loans and their Related Security contributed by the Seller to the Assets Trust in accordance with the terms of the Declaration of Assets Trust.

The CBG will use additional Advances to make Additional Contributions to the Assets Trustee to acquire New Loans which are CPF Loans and their Related Security from the Seller.

(h) *Ancillary Intercompany Loan Agreement*: Under the terms of the Ancillary Intercompany Loan Agreement, the Issuer in its capacity as lender under the Ancillary Intercompany Loan Agreement (being defined as the "**Ancillary Intercompany Loan Provider**" for the purposes of this Offering Circular) may make Deemed Ancillary Intercompany Loan Advances available to the CBG.

An advance under the Ancillary Intercompany Loan Agreement will be deemed to arise under the Ancillary Intercompany Loan Agreement (a "**Deemed Ancillary Intercompany Loan Advance**") if the CBG acquires an interest in a Top-up Loan and/or as at any Calculation Date, there is an increase in the outstanding balance of a Top-up Loan.

Deemed Ancillary Intercompany Loan Advances will be repayable outside the Priorities of Payments in priority to amounts owed by the CBG to the other Secured Creditors (including the Covered Bondholders). See "*Summary of the Principal Documents — Ancillary Intercompany Loan Agreement*".

(i) *Consideration*: Under the terms of the Mortgage Sale Agreement and the Declaration of Assets Trust, the consideration payable to the Seller for the sale of Non-CPF Loans and their Related Security to the CBG or declaration of trust over CPF Loans and their Related Security (and any related Top-up Loans) on any Closing Date will be a combination of (i) a cash payment paid by the CBG to the Seller (ii) Deferred Consideration and/or Deferred Contribution Consideration and/or (iii) Early Repayment Charges in respect of the Loans in the Initial Portfolio.

(j) *Security*: To secure its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party, the CBG has granted security over the Charged Property (which consists principally of the CBG's interest in the portfolio of Loans and their Related Security (and any related Top-up Loans), the Trust Assets, the Substitution Assets, the Transaction Documents to which it is a party, the CBG Accounts, any Insurance Policy, any Excess Proceeds and any Authorised Investments it holds) in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) pursuant to the Deeds of Charge.

(k) *Cashflows*: Prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice and/or the realisation of the Security, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such functions) on behalf of the CBG will:

(i) apply Available Revenue Receipts to paying, among other things, fees and expenses payable or to become payable by the CBG, interest due to the Intercompany Loan

Provider under the Intercompany Loan, certain expenses and amounts due to any Interest Rate Swap Provider, the Pre-Maturity Liquidity Ledger and the Reserve Ledger and interest and (if the Cash Manager or the Subordinated Loan Provider so elects) principal due to the Subordinated Loan Provider under the Subordinated Loan, in each case in accordance with the Pre-Acceleration Revenue Priority of Payments. For further details of the Pre-Acceleration Revenue Priority of Payments, see "*Cashflows and Priorities of Payments*"; and

(ii) apply Available Principal Receipts to acquiring New Loans and their Related Security offered by the Seller to the CBG, acquiring Substitution Assets or Authorised Investments, making deposits in the Transaction Account, repaying principal due to the Intercompany Loan Provider and funding any liquidity that may be required in respect of any Hard Bullet Covered Bonds (as described below) following any breach of the Pre-Maturity Test and to paying principal due to the Subordinated Loan Provider under the Subordinated Loan, in each case in accordance with and subject to the Pre-Acceleration Principal Priority of Payments. For further details of the Pre-Acceleration Principal Priority of Payments, see "*Cashflows and Priorities of Payments*".

Following service on the CBG of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay or a CBG Acceleration Notice, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such functions) on behalf of the CBG will continue to apply Available Revenue Receipts and Available Principal Receipts as described above, except that, while any Covered Bonds remain outstanding:

(i) in respect of Available Revenue Receipts, no further amounts will be paid to the Intercompany Loan Provider under the Intercompany Loan, to the Subordinated Loan Provider under the Subordinated Loan Agreement or the Seller in respect of Deferred Consideration or Deferred Contribution Consideration (but payments will, for the avoidance of doubt, continue to be made under the Interest Rate Swap), see "*Cashflows and Priorities of Payments*"; and

(ii) in respect of Available Principal Receipts, no payments will be made other than into the Transaction Account or credited to the Pre-Maturity Liquidity Ledger or to acquire New Loans and their Related Security offered by the Seller to the CBG or Substitution Assets and/or Authorised Investments, and, while the Intercompany Loan Provider may demand the repayment of any Demand Loan, such Demand Loan will be ineligible for repayment for so long as the Asset Coverage Test is not able to be satisfied, see "*Cashflows and Priorities of Payments*".

Following service of a Notice to Pay on the CBG (but prior to service of a CBG Acceleration Notice), the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such functions) on behalf of the CBG will apply Available Revenue Receipts and Available Principal Receipts to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment in accordance with the Guarantee Priority of Payments. In such circumstances, the Intercompany Loan Provider will only be entitled to receive payment of any amount owing in respect of the Guarantee Loan and the Subordinated Loan Provider will only be entitled to receive payment of any amounts owing in respect of the Subordinated Loan after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for, see "*Cashflows and Priorities of Payments*".

Following service of a CBG Acceleration Notice on the CBG, the Covered Bonds will become immediately due and repayable (if not already due and repayable following

service of an Issuer Acceleration Notice) and the Bond Trustee will then have a claim against the CBG under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds and the security created by the CBG over the Charged Property will become enforceable. Any monies received or recovered (other than any amounts standing to the credit of the CBG Retained Amount Ledger, any Tax Credits, Third Party Amounts, Accrued Interest Adjustment Amounts, All Monies Trust Property which the Seller is entitled to, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets (including certain principal amounts in respect of the Demand Loan Repayment Assets), Top-up Receipts, proceeds from the sale of an interest in Top-up Loans, certain other amounts received in respect of the Loans and payable to parties other than the CBG and certain other amounts payable to third parties, premium received by the CBG from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the CBG with respect to the Swap being replaced (including any Excluded Swap Termination Amount) and termination payment received from a Swap Provider which is applied to acquire a replacement for the relevant terminated Swap) and certain other amounts received in respect of the loans and payable to parties other than the CBG and certain other amounts payable to third parties) by the Security Trustee from realisation of the Charged Property following enforcement of the Security created by the CBG in accordance with the Deeds of Charge will be distributed according to the Post-Enforcement Priority of Payments. See "*Cashflows and Priorities of Payments*".

(l) *Asset Coverage Test*: The Programme provides that the assets of the CBG are subject to an Asset Coverage Test in respect of the Covered Bonds. Accordingly, for so long as Covered Bonds remain outstanding, as of each Calculation Date, the Adjusted Aggregate Loan Amount must be equal to or in excess of the aggregate SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as at such date. The Asset Coverage Test will be tested by the Cash Manager on each Test Date as of the immediately preceding Calculation Date. A breach of the Asset Coverage Test as of a Calculation Date which is not remedied as of the immediately succeeding Calculation Date will require the Bond Trustee to serve an Asset Coverage Test Breach Notice on the CBG (subject to the Bond Trustee having actual knowledge or express notice of the same). The Asset Coverage Test Breach Notice will be revoked if, as of the Calculation Date immediately succeeding the date on which an Asset Coverage Test Breach Notice is served, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a CBG Acceleration Notice has been served. See "*Summary of the Principal Documents — Establishment Deed — Asset Coverage Test*".

If an Asset Coverage Test Breach Notice has been served and has not been revoked:

(i) the application of Available Revenue Receipts and Available Principal Receipts will be restricted;

(ii) the CBG may sell Selected Loans; and

(iii) the Issuer will not be permitted to issue any further Series of Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and is not revoked on or before the first Test Date immediately succeeding service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled (and in certain circumstances may be required), in each case subject to being indemnified, pre-funded and/or secured to its satisfaction, to serve an Issuer Acceleration Notice on the Issuer. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the CBG.

(m) *Amortisation Test*: Following the service of a Notice to Pay (but prior to service of a CBG Acceleration Notice) and, for so long as Covered Bonds remain outstanding, as of each following Calculation Date, the Amortisation Test Aggregate Loan Amount must be at least equal to the aggregate SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as at such date. The Amortisation Test will be carried out by the Cash Manager on each Test Date as of the immediately preceding Calculation Date following service of a Notice to Pay. A breach of the Amortisation Test will constitute a CBG Event of Default. Following the occurrence of a CBG Event of Default, the Bond Trustee shall be entitled (and in certain circumstances may be required), in each case subject to being indemnified, pre-funded and/or secured to its satisfaction, by service of a CBG Acceleration Notice, accelerate the obligations of the CBG under the Covered Bond Guarantee and require all amounts under the Covered Bond Guarantee to become immediately due and payable. Thereafter, the Security Trustee may enforce the Security over the Charged Property.

(n) *Interest Rate Shortfall Test*: The Interest Rate Shortfall Test applies prior to an Issuer Event of Default and tests the income the CBG is entitled to in respect of each CBG Payment Period. If the income the CBG is entitled to (including under the Interest Rate Swap) is insufficient to meet the CBG's obligations (other than obligations in respect of principal) under the Covered Bond Swaps in respect of the Covered Bonds and prior-ranking expenses for such CBG Payment Period (on the assumption that a Notice to Pay has been served and the Guarantee Priority of Payments is applicable), the Seller is obliged to use all reasonable endeavours to ensure that the CBG has sufficient income and/or resources to meet such obligations and avoid future breach of the Interest Rate Shortfall Test. The Seller may, among other means, do so by selling further Loans and their Related Security or making advances under the Intercompany Loan Agreement and/or Subordinated Loan Agreement.

(o) *Interest Rate Swap Agreement*: To provide a hedge against possible variances between the interest revenues received by the CBG, being primarily linked to the rates of interest payable on the Loans in the Portfolio (which may, for instance, include fixed/floating and/or variable rates of interest), and the interest amounts payable on the Intercompany Loan and (following the service of a Notice to Pay on the CBG) the Covered Bond Swap Agreement or, if no Covered Bond Swap is in place, the Covered Bonds, the CBG has entered into the Interest Rate Swap with the Interest Rate Swap Provider on the terms set out in the Interest Rate Swap Agreement. The CBG and the Interest Rate Swap Provider have agreed to swap the amount of interest received by the CBG in respect of the Loans in the Portfolio (excluding Revenue Receipts received in respect of (i) all Defaulted Loans, (ii) all Loans in respect of which there have been missed payments (unless such missed payments have been remedied or waived or otherwise cured), (iii) all Top-up Loans and (iv) for the avoidance of doubt, those Selected Loans which have been disposed of with effect from such a date) and interest received by the CBG on the Transaction Account, including any Authorised Investments and Substitution Assets in exchange for an amount sufficient to pay the interest payable on the Intercompany Loan and, following service of a Notice to Pay on the CBG, the amounts payable by the CBG under the Covered Bond Swap Agreement or, if no Covered Bond Swap is in place, the Covered Bonds, and plus, in each case, a certain amount for expenses.

(p) *Covered Bond Swap Agreement*: To provide a hedge against currency and/or interest rate risks in respect of amounts received by the CBG under the Interest Rate Swap and amounts payable or that may become payable in respect of its obligations under the Covered Bond Guarantee, the CBG has entered into the Covered Bond Swap Agreement with the Covered Bond Swap Provider, and may enter into one or more new schedules and confirmations thereunder for each Series and/or Tranche of Covered Bonds at the time such Covered Bonds are issued. To the extent required by the terms of the Covered Bond Swaps, the Covered Bond Swap Provider and the CBG will agree to swap Singapore

dollar floating rate amounts received by the CBG under the Interest Rate Swap into foreign currency amounts reflecting the amounts payable under a relevant Series of Covered Bonds (the "**relevant Series of Covered Bonds**"). No cashflows will be exchanged under the Covered Bond Swap Agreement (and the swaps thereunder will not become effective) unless and until the service of a Notice to Pay on the CBG.

(q) *Hard Bullet Covered Bonds*: Any series of Covered Bonds which are scheduled to be redeemed in full on their relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date (the "**Hard Bullet Covered Bonds**").

(r) *Extendable obligations under the Covered Bond Guarantee*: An Extended Due for Payment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Pricing Supplement. This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the date falling two Business Days after the expiry of 14 days starting on (and including) the Maturity Date (the "**Extension Determination Date**") (for example because, following the service of a Notice to Pay on the CBG, the CBG has insufficient monies available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds), then payment of the unpaid amount pursuant to the Covered Bond Guarantee shall be automatically deferred (without a CBG Event of Default occurring as a result of such non-payment) and shall be due and payable on the Extended Due for Payment Date (subject to any applicable grace periods). However, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the CBG on any Interest Payment Date thereafter, up to (and including) the relevant Extended Due for Payment Date. Interest will continue to accrue on any unpaid amount during such extended period and be payable on the Original Due for Payment Date and on the Extended Due for Payment Date in accordance with Condition 4 (*Interest and other Calculations*).

(s) *Servicing*: In its capacity as Servicer, DBS Bank has entered into the Servicing Agreement with the CBG, the CBG Beneficiary, the Assets Trustee and the Security Trustee, pursuant to which the Servicer has agreed to provide administrative services in respect of the Loans and their Related Security sold by DBS Bank (in its capacity as Seller) to the CBG.

(t) *Regulated Covered Bonds*: The Issuer will issue Covered Bonds under the Programme in accordance with MAS Notice 648.

(u) *Further Information*: For a more detailed description of the transactions summarised above relating to the Covered Bonds, see, amongst other relevant sections of this Offering Circular, "*Summary of the Programme*", "*Terms and Conditions of the Covered Bonds*", "*Summary of the Principal Documents*", "*Credit Structure including Asset Tests*", "*Cashflows and Priorities of Payments*" and "*The Loans and the Portfolio*" below.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche or Series of Covered Bonds, the applicable Pricing Supplement. Words and expressions defined elsewhere in this Offering Circular shall have the same meanings in this summary. A glossary of certain defined terms is contained at the end of this Offering Circular.

Issuer of Covered Bonds	DBS Bank Ltd. ("**DBS Bank**" or the "**Issuer**").
CBG or Covered Bond Guarantor	Bayfront Covered Bonds Pte. Ltd., a limited exempt private company incorporated in Singapore (registration number 201509506G). The shares in the CBG are held by Intertrust (Singapore) Ltd. on trust for charitable, benevolent or philanthropic purposes. The CBG is a special purpose vehicle whose business is to acquire, *inter alia*, Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and the Declaration of Assets Trust and to guarantee certain payments in respect of the Covered Bonds. The CBG will hold the Portfolio and the other Charged Property in accordance with the terms of the Transaction Documents. The CBG has provided a guarantee covering all Guaranteed Amounts when the same shall become Due for Payment, but only following: (i) an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the CBG; or (ii) a CBG Event of Default and the service by the Bond Trustee of a CBG Acceleration Notice on the Issuer and the CBG (copied to the Security Trustee). The obligations of the CBG under such guarantee and the other Transaction Documents to which it is a party are secured by the assets from time to time of the CBG and recourse against the CBG is limited to such assets.
CBG Beneficiary	The CBG as beneficiary of the Assets Trust.
Assets Trustee	DBS Bank, as trustee of the Assets Trust.
Seller	DBS Bank, which is in the business of originating and acquiring residential mortgage loans and conducting other banking-related activities.
Servicer	Pursuant to the terms of the Servicing Agreement, DBS Bank has been appointed to service, on behalf of the CBG, the CBG Beneficiary and the Assets Trustee, the Loans and their Related Security sold by the Seller.
Cash Manager	DBS Bank has been appointed, *inter alia*, to provide cash management services to the CBG, the CBG Beneficiary and the Assets Trustee and to monitor compliance by the CBG with the Asset Coverage Test and the Amortisation Test pursuant to the terms of the Cash Management Agreement.

Intercompany Loan Provider	DBS Bank.
Ancillary Intercompany Loan Provider	DBS Bank.
Subordinated Loan Provider	DBS Bank.
Paying Agent	The Bank of New York Mellon, London Branch in respect of each Series of Covered Bonds (other than Covered Bonds cleared through the CMU ("**CMU Covered Bonds**"), Covered Bonds cleared through the CDP ("**CDP Covered Bonds**") and Covered Bonds cleared through the DTC ("**DTC Covered Bonds**")).
CDP Paying Agent	The Bank of New York Mellon, Singapore Branch in respect of each Series of CDP Covered Bonds.
CMU Lodging and Paying Agent	The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds.
DTC Paying Agent	The Bank of New York Mellon in respect of DTC Covered Bonds.
Calculation Agent	The Bank of New York Mellon, London Branch or any other entity appointed by the Issuer as indicated in the relevant Pricing Supplement.
Issuing and Paying Agent and Exchange Agent	The Bank of New York Mellon, London Branch in respect of each Series of Covered Bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each Series of CDP Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds as Issuing and Paying Agent and Exchange Agent under the Agency Agreement (or such other Issuing and Paying Agent or Exchange Agent as may be appointed from time to time under the Agency Agreement).
Transfer Agent	The Bank of New York Mellon (Luxembourg) S.A. in respect of each Series of Covered bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each series of CDP Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds.
Registrar	The Bank of New York Mellon (Luxembourg) S.A. in respect of each Series of Covered bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each series of CDP

	Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds. The Issuing and Paying Agent, the Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the DTC Paying Agent, the Calculation Agent, the Exchange Agent, the Transfer Agent, Registrar and such further or other Paying Agent or Agents as may be appointed from time to time are together referred to as the "**Agents**".
Bond Trustee	The Bank of New York Mellon, London Branch has been appointed to act as Bond Trustee on behalf of the Covered Bondholders in respect of the Covered Bonds and holds the benefit of, *inter alia*, the Covered Bond Guarantee on behalf of the Covered Bondholders pursuant to the terms of the Trust Deed.
Security Trustee	The Bank of New York Mellon, Singapore Branch has been appointed to act as Security Trustee to hold the benefit of the security granted by the CBG to the Security Trustee (for itself, the Bond Trustee (for itself and on behalf of the Covered Bondholders) and other Secured Creditors) under the Deeds of Charge.
Asset Monitor	PricewaterhouseCoopers LLP (or such other replacement Asset Monitor appointed from time to time) appointed in accordance with the terms of the Asset Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test and the Amortisation Test when required.
Covered Bond Swap Providers	Each swap provider which agrees to act as Covered Bond Swap Provider to the CBG to hedge certain currency and/or interest rate risks in respect of amounts received by the CBG under the Loans and the Interest Rate Swap and amounts payable or that may become payable in respect of its obligations under the Covered Bond Guarantee by entering into the Covered Bond Swaps with the CBG under the Covered Bond Swap Agreement. No cashflows will be exchanged under the Covered Bond Swap Agreement (and the swaps thereunder will not become effective) unless and until the service of a Notice to Pay on the CBG. A Covered Bond Swap Provider will be required to obtain a guarantee of its obligations or put in place some other arrangement in the event that its ratings cease to meet certain specified levels.
Interest Rate Swap Provider	DBS Bank (in its capacity as the Interest Rate Swap Provider) has agreed to act as a swap provider to the CBG to hedge possible variances between the interest revenues received by the CBG, the interest amounts

	payable on the Intercompany Loan and (if applicable) the Covered Bond Swap Agreement or the Covered Bonds by entering into the Interest Rate Swap with the CBG under the Interest Rate Swap Agreement. The Interest Rate Swap Provider will be required to obtain a guarantee of its obligations or put in place some other arrangement in the event that its ratings cease to meet certain specified levels.
Account Bank	DBS Bank has agreed to act as Account Bank to the CBG pursuant to the terms of the Bank Account Agreement.
Corporate Services Provider	Intertrust Singapore Corporate Services Pte. Ltd. has been appointed to provide certain corporate services to the CBG, pursuant to the Corporate Services Agreement.
Description	Global Covered Bond Programme.
Programme Limit	Up to U.S.$10,000,000,000 (or its equivalent in other currencies at the date of issue) aggregate nominal amount of Covered Bonds outstanding at any one time. The Issuer may increase this amount in accordance with the terms of the Programme Agreement.
Joint Arrangers	DBS Bank and Barclays Bank PLC, Singapore Branch.
Dealers	DBS Bank, Barclays Bank PLC, Singapore Branch, Citigroup Global Markets Limited, Citigroup Global Markets Singapore Pte. Ltd., Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc, Société Générale and UniCredit Bank AG. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "**Initial Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Initial Dealers and all persons appointed as a dealer in respect of one or more Tranches. The Covered Bonds are being offered from time to time by the Issuer through the Dealers. The Issuer may sell Covered Bonds to the Dealers acting as principals for resale to investors or other purchasers and the Issuer may also sell Covered Bonds directly to investors. Covered Bonds may be distributed on a syndicated or non-syndicated basis. See "*Subscription and Sale*".
Currencies	Subject to compliance with all relevant laws, regulations and directives, Covered Bonds may be issued in U.S. dollars, Euro, Sterling, Swiss francs, Hong Kong dollars, Singapore dollars, Japanese yen, Renminbi or in such other currencies as may be agreed.

Renminbi Fallback

If by reason of inconvertibility, non-transferability or illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Covered Bonds when due in Renminbi, the Issuer may settle such payment in U.S. Dollars (in the case of CMU Covered Bonds) or in Singapore dollars (in the case of CDP Covered Bonds).

Denomination

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

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

Form of Covered Bonds

The Covered Bonds may be issued in bearer form ("**Bearer Covered Bonds**") or in registered form ("**Registered Covered Bonds**") only. Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and *vice versa*.

Each Tranche of Covered Bonds in bearer form will be represented on issue by a temporary global Covered Bond in bearer form (each a "**Temporary Global Covered Bond**") or a permanent global Covered Bond in bearer form (each a "**Permanent Global Covered Bond**" and, together with the Temporary Global Covered Bonds, the "**Global Covered Bonds**"), as specified in the applicable Pricing Supplement. Interests in Temporary Global Covered Bonds generally will be exchangeable for interests in Permanent Global Covered Bonds, or, if so stated in the relevant Pricing Supplement, definitive Covered Bonds ("**Definitive Covered Bonds**"), after the date falling 40 days after the later of the commencement of the offering and the relevant issue date of such

	Tranche upon certification as to non-U.S. beneficial ownership. Interests in Permanent Global Covered Bonds will be exchangeable for Definitive Covered Bonds in whole but not in part (see "*Summary of Provisions Relating to the Covered Bonds while in Global Form*").
	Registered Covered Bonds will be represented by Certificates, one Certificate being issued in respect of each Covered Bondholder's entire holding of Registered Covered Bonds of one Series. Certificates representing Registered Covered Bonds that are registered in the name of a nominee for one or more clearing systems are referred to as "**Global Certificates**". Registered Covered Bonds sold in an "offshore transaction" within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate. Registered Covered Bonds sold in the United States in reliance on Rule 144A within the meaning of Rule 144A will initially be represented by a Restricted Global Certificate.
Clearing Systems	Clearstream, Luxembourg, Euroclear, the CMU and/or CDP for Bearer Covered Bonds and Clearstream, Luxembourg, Euroclear, the CMU, CDP and/or DTC for Registered Covered Bonds and, in relation to any Tranche, such other clearing system as agreed.
Maturities	Subject to compliance with all relevant laws, regulations and directives, the Covered Bonds may have any maturity that is one month or greater.
Method of Issue	Covered Bonds may be distributed by way of private placement on a syndicated or non-syndicated basis.
	The Covered Bonds will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Covered Bonds of each Series being intended to be interchangeable with all other Covered Bonds of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Offering Circular (a "**Pricing Supplement**").
Issue Price	Covered Bonds may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Fixed Rate Covered Bonds	Interest on Fixed Rate Covered Bonds will be payable in arrear on such day(s) as may be agreed (as specified in the relevant Pricing Supplement).

Floating Rate Covered Bonds

Floating Rate Covered Bonds will bear interest determined separately for each Series as follows:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc.; or

(ii) by reference to SOR, SIBOR, LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Covered Bonds

Zero Coupon Covered Bonds may be issued at their nominal amount or at a discount to it and will not bear interest.

Other Covered Bonds

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

Change of Interest Basis

Covered Bonds may be converted from one interest basis to another in the manner set out in the relevant Pricing Supplement.

Redemption

The applicable Pricing Supplement will indicate either that the Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or if it becomes unlawful for any Advance to remain outstanding or following an Issuer Event of Default or a CBG Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer and/or the Covered Bondholders upon giving notice to the Covered Bondholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Pricing Supplement.

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

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

Extendable Obligations under the Covered Bond Guarantee

The applicable Pricing Supplement may also provide that the CBG's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts corresponding to the Final Redemption Amount of the

	applicable Series of Covered Bonds on their Maturity Date (subject to applicable grace periods) may be deferred until the Extended Due for Payment Date. In such case, such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds are not paid in full by the CBG by the Extension Determination Date (for example, because the CBG has insufficient monies to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments). To the extent that the CBG has received a Notice to Pay in sufficient time and has sufficient monies to pay in part the Final Redemption Amount, such partial payment shall be made by the CBG on any Interest Payment Date up to and including the relevant Extended Due for Payment Date as described in Condition 5(a) (*Redemption by Instalments and Final Redemption*). Interest will continue to accrue and be payable on the unpaid amount up to the Extended Due for Payment Date in accordance with Condition 4 (*Interest and other Calculations*) and the CBG will make payments of Guaranteed Amounts constituting Scheduled Interest on each relevant Due for Payment Date and Extended Due for Payment Date. The Extended Due for Payment Date if applicable in respect of a Series of Covered Bonds will be specified in the relevant Pricing Supplement.
Withholding Tax	All payments of principal and interest in respect of the Covered Bonds, the Receipts and the Coupons will be made free and clear of withholding taxes of Singapore and certain other jurisdictions unless required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Covered Bondholders, Receiptholders or Couponholders (after the withholding or deduction) of such amount as would have been received by them in the absence of the withholding or deduction, subject to customary exceptions. Under the Covered Bond Guarantee, the CBG will not be obliged to pay any such additional amounts payable by the Issuer. The Issuer or the CBG will not be obliged to pay any additional amount in respect of deductions or withholdings arising under or in connection with FATCA.
Status of the Covered Bonds	The Covered Bonds will constitute direct unsecured and unsubordinated obligations of the Issuer.
Covered Bond Guarantee	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the CBG. The obligations of the CBG to make payment in respect of the Guaranteed Amounts

	when Due for Payment are subject to the condition that an Issuer Event of Default occurs, an Issuer Acceleration Notice is served on the Issuer and a Notice to Pay is served on the CBG or a CBG Event of Default occurs and a CBG Acceleration Notice is served by the Bond Trustee on the Issuer and the CBG (copied to the Security Trustee). The obligations of the CBG under the Covered Bond Guarantee will accelerate against the CBG upon the service of a CBG Acceleration Notice. The obligations of the CBG under the Covered Bond Guarantee constitute direct obligations of the CBG secured against the assets from time to time of the CBG and recourse against the CBG is limited to such assets.
Negative Pledge	None.
Cross Default	If a CBG Acceleration Notice is served in respect of any Series of Covered Bonds, then the obligation of the CBG to pay Guaranteed Amounts in respect of all Series of Covered Bonds outstanding will be accelerated.
Issuer Events of Default	As set out in Condition 9(a) (*Issuer Events of Default*).
CBG Events of Default	As set out in Condition 9(b) (*CBG Events of Default*).
Rating	Each Tranche of Covered Bonds issued under the Programme may be rated. When a Tranche of Covered Bonds is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision, downgrade or withdrawal at any time by the assigning rating agency.
Listing	Application has been made for Covered Bonds issued under the Programme which are agreed at the time of issue to be so listed, to be listed on the SGX-ST. For so long as any Covered Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, such Covered Bonds will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) or such other amount as may be allowed or required from time to time. The Covered Bonds may also be listed on such other or further stock exchange(s) as may be agreed in relation to each Series. Unlisted Covered Bonds may also be issued.
Covered Bond Regulation	The Issuer will issue Covered Bonds under the Programme in accordance with MAS Notice 648.
Governing Law	English law: Covered Bonds, Trust Deed (including the Covered Bond Guarantee), Programme Agreement, Agency Agreement, Swap Agreements and English Security Deed (save that defined terms incorporated by reference from the Master Definitions Agreement shall be governed by and construed in accordance with Singapore law).

	Singapore law: All Transaction Documents other than those specified as being governed by English law above.
Selling Restrictions	United States, EEA, United Kingdom ("**UK**"), Japan, Singapore, Hong Kong, Indonesia, Taiwan and other restrictions as may be required in connection with a particular issue of Covered Bonds. See "*Subscription and Sale*". Bearer Covered Bonds will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Covered Bonds are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**C Rules**") or (ii) the Covered Bonds are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Covered Bonds will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.
Transfer Restrictions	There are restrictions on the transfer of Covered Bonds sold pursuant to Regulation S prior to the expiration of the relevant distribution compliance period and on the transfer of Registered Covered Bonds sold pursuant to Rule 144A. See "*Transfer Restrictions*".
ERISA Considerations	Unless otherwise provided in the relevant Pricing Supplement, the Covered Bonds may be purchased and held by an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), by an individual retirement account or other plan subject to Section 4975 of the Code or by an entity whose underlying assets include, or are deemed for purposes of the ERISA or the Code to include, plan assets by reason of such plan's investment in the entity. A fiduciary of an employee benefit plan subject to ERISA must determine that the purchase and holding of a Covered Bond is consistent with its fiduciary duties under ERISA. The fiduciary of an ERISA plan, as well as any other prospective investor subject to Section 4975 of the Code or any applicable similar law, must also determine that its purchase and holding of the Covered Bonds does not constitute or result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code or any applicable similar law. Each purchaser and transferee of a Covered Bond who is subject to ERISA and/or Section 4975 of the Code or a similar law will be deemed to have represented by its acquisition and holding of the Covered Bond that its acquisition and holding of the Covered Bonds does not constitute or give rise to a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or any applicable similar law. See "*ERISA and Certain Other Considerations*".

Risk Factors	There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand, a non-exhaustive summary of which is set out under "*Risk Factors*".
N-Bonds	The Issuer may from time to time consider issuing German law governed registered bonds (*Namensschuldverschreibungen*) ("**N-Bonds**") which would rank *pari passu* among themselves and with all Covered Bonds issued under the Programme. Certain amendments to the Transaction Documents would be needed to facilitate this.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table presents selected consolidated financial information for the DBS Group which has been extracted or derived from the audited consolidated financial statements of the DBS Group for the years ended 31 December 2014, 2013 and 2012 and from the unaudited condensed consolidated financial information of the DBS Group as at and for the three months ended 31 March 2015 and 2014. Such presentation differs in certain respects from the DBS Group's audited consolidated financial statements and from Singapore Financial Reporting Standards ("**Singapore FRS**"). The following information should be read in conjunction with the sections entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations of the DBS Group*" and "*Description of the Assets and Liabilities of the DBS Group*" included herein; the DBS Group's audited consolidated financial statements as at and for the year ended 31 December 2014 and the related notes thereto, and the unaudited condensed consolidated financial information of the DBS Group as at and for the three months ended 31 March 2015, which are set forth beginning on page F-2 of this Offering Circular; and the audited consolidated financial statements as at and for the years ended 31 December 2013 and 31 December 2012 and the related notes thereto, which are incorporated by reference in this Offering Circular. The audited and unaudited consolidated financial statements of the DBS Group are prepared in accordance with the Singapore FRS, including the modifications of the requirements of FRS 39 in respect of loan loss provisioning by MAS Notice 612. These financial statements differ in certain material respects from U.S. GAAP. Investors should consult their own professional advisers for an understanding of the differences between Singapore FRS and U.S. GAAP, IFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

	For the years ended 31 December			For the three months ended 31 March	
	2012	**2013**	**2014**	**2014**	**2015**
		(audited)		*(unaudited)*	
			(S$ in millions)		
Selected income statement items					
Net interest income	5,285	5,569	6,322	1,488	1,687
Net fee and commission income	1,579	1,885	2,027	510	560
Other non-interest income	1,200	1,473	1,270	453	486
Total income	**8,064**	**8,927**	**9,619**	**2,451**	**2,733**
Expenses	3,608	3,911	4,323	1,040	1,180
Profit before allowances	4,456	5,016	5,296	1,411	1,553
Allowances for credit and other losses	417	770	667	151	181
Profit before tax	4,163	4,325	4,708	1,273	1,376
Net profit	**3,482**	**3,622**	**3,900**	**1,053**	**1,141**
One-time items[(1)]	450	171	198	198	136
Net profit including one-time items	**3,932**	**3,793**	**4,098**	**1,251**	**1,277**

Note:

(1) One-time items include gains on sale of investments of S$450 million, S$221 million, S$223 million and S$136 million in 2012, 2013 and the three months ended 31 March 2014 and 2015 respectively, less S$50 million set aside to establish the DBS Foundation in 2013 and S$25 million donated to the National Gallery Singapore in the three months ended 31 March 2014.

	As at and for the years ended 31 December			As at and for the three months ended 31 March	
	2012	2013	2014	2014	2015
		(audited)		*(unaudited)*	
	(S$ in millions, except percentages)				
Selected balance sheet items					
Customer loans	210,519	248,654	275,588	253,229	280,808
Total assets	**353,090**	**402,023**	**440,667**	**418,990**	**456,648**
Customer deposits	253,464	292,365	317,173	301,490	324,480
Total liabilities	**317,891**	**365,716**	**402,884**	**383,000**	**417,013**
Shareholders' funds	33,456	34,560	36,088	34,222	37,564
			(unaudited)		
Key financial ratios (excluding one-time items) [(1)]					
Return on assets[(2)]	1.00%	0.96%	0.93%	1.04%	1.03%
Cost-to-income ratio[(3)]	44.7%	43.8%	44.9%	42.4%	43.2%
Net interest margin[(4)]	1.70%	1.62%	1.68%	1.66%	1.69%
As % of total income:					
Net interest income	65.5%	62.4%	65.7%	60.7%	61.7%
Non-interest income	34.5%	37.6%	34.3%	39.3%	38.3%
Customer NPL[(5)] as % of gross customer loans and advances	1.2%	1.1%	0.9%	1.0%	0.9%
Total NPAs[(6)] as % of total assets	0.8%	0.7%	0.6%	0.7%	0.6%
Total cumulative loss allowances as % of:					
Total assets	1.1%	1.0%	0.9%	1.0%	0.9%
Total NPAs	142%	135%	163%	148%	161%
CARs [(7)]					
CETI ratio	N/A	13.0%	12.2%	12.5%	12.5%
Tier I ratio	13.6%	13.0%	12.2%	12.5%	12.5%
Total ratio	16.7%	15.6%	14.4%	14.8%	14.5%

Notes:

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

(2) Net profit attributable to shareholders divided by average total assets, computed on an annualised basis.

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

(4) Net interest income expressed as a percentage of average interest bearing assets, computed on an annualised basis. Average interest bearing assets are computed based on monthly closing balances for the relevant period.

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

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

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

RISK FACTORS

Each of the Issuer and the CBG believe that the following factors may affect its business (as applicable) and/or its ability to fulfil its obligations under the Covered Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer, nor the CBG, is in a position to express a view on the likelihood of any such contingency occurring.

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

RISKS RELATING TO THE ISSUER

The Issuer is liable to make payments when due on the Covered Bonds.

The Issuer is liable to make payments when due on the Covered Bonds issued by it. The obligations of the Issuer under the Covered Bonds are direct, unsecured and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and (subject to applicable law) equally with its other direct, unsecured and unsubordinated obligations (save for any obligations to be preferred by law).

The obligations of the CBG under the Covered Bond Guarantee will be secured by the Security created under the Deeds of Charge. However, the CBG has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the CBG of a Notice to Pay or, if earlier, following the occurrence of a CBG Event of Default and service by the Bond Trustee of a CBG Acceleration Notice. The occurrence of an Issuer Event of Default does not constitute a CBG Event of Default. However, failure by the CBG to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute a CBG Event of Default, which would entitle the Bond Trustee to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the CBG under the Covered Bond Guarantee and the Security Trustee to enforce the Security.

RISKS RELATING TO THE DBS GROUP

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

The DBS Group has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation, and the availability and cost of capital and credit. Since the second half of 2008, the global financial system experienced difficult credit and liquidity conditions and disruptions leading to less liquidity, greater volatility, general widening of spreads and, in some cases, lack of price transparency on interbank lending rates. Beginning in 2010, there was a slight recovery in global economic growth led by emerging markets. However, concerns about sovereign debt in Europe and the continued slow growth in the United States have continued to have a negative impact on global financial

markets. More recently, the continued high degree of uncertainty in Europe has been further exacerbated by subdued market conditions in the global economy, with a recovery in the United States that has remained tepid at best and declining rates of growth in emerging economies, including China.

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

The current state of the global economy is also significantly affected by the state of the U.S. and European economies. Due to limited growth in domestic demand and weak export activity, growth of the U.S. economy has been modest. In March 2015, the U.S. Federal Reserve predicted GDP growth of 2.3% to 2.7% for 2015, but risks such as a global economic downturn, falling oil prices and a threat of Greece's exit from the Euro-zone remain. Additionally, during October 2014 the U.S. Federal Reserve concluded its quantitative easing programme whereby long-term interest rates were kept low in order to stimulate the U.S. economy. There have been discussions surrounding an eventual rise in interest rates by the U.S. Federal Reserve in 2015, which may disrupt global markets and dampen the pace of growth in the U.S. economy. The European Central Bank has also announced plans to commence a €60 billion-a-month bond-buying programme to revitalise the Euro-zone economy.

Momentum in the global economy is shifting to the developed world, away from the emerging economies that led the growth since the financial crisis as the economies in China and other emerging markets have shown signs of slowing down. First, the Chinese economy has experienced a slowdown in growth due to industrial over-capacity, a downturn in the real estate market and structural reforms. Second, falling oil prices may weaken the growth prospects of emerging market countries that are reliant on oil exports, if oil prices remain low for a sustained period. Third, emerging markets have also experienced heightened market volatility since July 2013 as a result of changes in expectations on the U.S. Federal Reserve quantitative easing programme which concluded recently; with an expected interest rate rise on the horizon, emerging market countries with weak external balances and high dependence on capital inflows are at risk of exposure and further volatility.

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

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

With 82% of its total assets (excluding goodwill and intangibles) in Singapore and Hong Kong as at 31 March 2015 and 31 December 2014, and 82% of its total income (excluding one-time items) in Singapore and Hong Kong for the three months ended 31 March 2015 and year ended 31 December 2014, on a geographical basis, the DBS Group's performance and the quality and growth of its assets are substantially dependent on the health of the Singapore and Hong Kong economies. The economic environment in Singapore and Hong Kong, economies which are dependent on trade and investment, may be significantly affected by a variety of external factors, including economic developments throughout Asia, the United States, Europe and other markets.

If there is another global or regional financial crisis or a downturn in the economic condition of the DBS Group's primary markets, this would likely have a material adverse effect on the DBS Group's business, financial condition or results of operations. Further, in light of the interconnectivity between Singapore's economy and other economies, Singapore's economy is increasingly exposed to economic and market conditions in other countries. As a result, an economic downturn or recession in the United States, Europe and other countries in the developed world or a slowdown in economic growth in major emerging markets such as China or India could have an adverse effect on economic growth in Singapore. In addition, recent press reports have suggested that a "credit bubble" is developing in Singapore and other emerging markets as loans to the private sector and household debt to GDP ratio have increased dramatically in the last three years. A slowdown in the rate of growth in Singapore's economy could result in lower demand for credit and other financial products and services, and higher defaults among corporate and retail customers, which could adversely affect the DBS Group's business, financial performance, shareholders' equity, ability to implement its strategy and the price of the Covered Bonds.

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

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

The NPAs of the DBS Group were S$2.6 billion, S$2.5 billion, S$3.0 billion and S$2.7 billion as at 31 March 2015, 31 December 2014, 31 December 2013 and 31 December 2012, respectively. As a percentage of gross customer loans, the DBS Group's NPLs were 0.9% as at 31 March 2015 and 31 December 2014, and 1.1% and 1.2% as at 31 December 2013 and 2012, respectively. Various factors such as a rise in unemployment, a sustained rise in interest rates, developments in the economies in which the DBS Group lends money, movements in global commodities markets and exchange rates and global competition could have a material adverse effect on the quality of the DBS Group's loan portfolio. Following the 2008 financial crisis, the DBS Group saw an increase in the volume of restructured corporate loans. Economic developments in Europe and the United States could present further economic challenges globally which could result in some borrowers not being able to meet their restructured debt obligations, resulting in loans to such borrowers being classified as non-performing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

manage fraud-related risks. As the DBS Group outsources some of its systems management functions to external vendors, it is further exposed to the risk that such external vendors could be unable to fulfil their contractual obligations, or could be subject to fraud or operational errors by their employees.

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

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

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

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

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

As of 1 January 2013, the MAS has incorporated Basel III capital adequacy provisions into Singapore prudential regulation. Singapore-incorporated banks were required to comply with a minimum CETI CAR of 4.5%, Tier I CAR of 6% and total CAR of 10% from 1 January 2013, rising to 6.5%, 8% and 10%, respectively, from 1 January 2015. These minimum ratios are two percentage points higher than those established by the Basel Committee. As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier I and Tier II capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% with effect from 1 January 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base will not be reduced. The DBS Group's preference shares and subordinated term debts issued prior to

1 January 2013 are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial recognition under the Basel III transition arrangements.

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

The countercyclical buffer is not an ongoing requirement, and is only applied as and when specified by the relevant banking supervisors. The Basel Committee expects jurisdictions to require the countercyclical buffer during periods of excessive aggregate credit growth.

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments are being phased in from 1 January 2013 to 1 January 2018 and are for items such as goodwill and investments exceeding certain thresholds.

On 28 November 2014, the MAS issued the new MAS Notice 649 on Minimum Liquid Assets and Liquidity Coverage Ratio ("**MAS Notice 649**"). MAS Notice 649, which took effect on 1 January 2015 for a bank incorporated and headquartered in Singapore, introduced a new liquidity requirement framework to implement the Basel III liquidity coverage ratio ("**LCR**") rules. Under MAS Notice 649, a bank incorporated and headquartered in Singapore must maintain at all times, a Singapore Dollar LCR ("**Singapore Dollar LCR requirement**") of at least 100% and an all currency LCR ("**all currency LCR requirement**") of at least 60% by 1 January 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019. As at 31 March 2015, the DBS Group was well-positioned to meet the new liquidity requirements.

As at 31 March 2015, the DBS Group had a CETI CAR of 12.5%, a Tier I CAR of 12.5% and a total CAR of 14.5% calculated according to Basel III standards, which will be fully implemented by 2019. However if the regulatory capital requirements, liquidity requirements or ratios applied to the DBS Group continue to increase in the future, the DBS Group's return on capital and profitability could be materially and adversely affected. In addition, any failure by the DBS Group to satisfy such increased regulatory capital ratios or liquidity requirements within the applicable timeline could result in administrative actions or sanctions or significant reputational harm, which in turn may have a material adverse effect on the DBS Group's business, financial condition and results of operations. As at 31 March 2015, the DBS Group was in compliance with the regulatory capital requirements of each of the jurisdictions in which it operates subsidiaries.

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

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

Reputational risk is the potential for damage to the DBS Group's franchise as a result of stakeholders taking a negative view of the DBS Group or its actions. Reputational risk could arise from the failure by the DBS Group to effectively mitigate the risks in its businesses,

including one or more of country, credit, liquidity, market, regulatory, operational, environmental, litigation and social risk. Damage to the DBS Group's reputation could cause existing clients to reduce or cease to do business with the DBS Group and prospective clients to be reluctant to do business with the DBS Group. Any such event could result in a loss of earnings and have a material adverse effect on the business of the DBS Group. A failure to manage reputational risk effectively could also materially affect the DBS Group's business, financial condition and results of operations.

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

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

In June 2013, the MAS censured 20 banks (including DBS Bank) for deficiencies in their benchmark submissions for Singapore dollar interest rate and foreign exchange spot benchmarks, and directed them to adopt measures to address their deficiencies. These banks were to report their progress to the MAS quarterly, and conduct independent reviews to ensure the robustness of their remedial measures. They were also required to set aside additional statutory reserves with the MAS at zero interest for a period of one year. The supervisory actions taken depended on the severity of the attempts by traders from the banks to inappropriately influence the benchmarks. There are five categories of additional statutory reserves (ranging from S$0 to S$1.2 billion). DBS Bank is in the third category (S$400—600 million). The additional statutory reserves have since been returned to DBS Bank, and the requirement to submit quarterly progress reports was removed effective 3 July 2014.

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

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

The DBS Group's overseas operations are subject to fluctuations in foreign currency exchange rates against the Singapore dollar. In addition, a portion of the DBS Group's income, expenses, assets and liabilities in Singapore are denominated in foreign currencies. To the extent that the DBS Group's foreign currency denominated income, expenses, assets and liabilities are not matched in the same currency or appropriately hedged, fluctuations in foreign currency exchange rates against the Singapore dollar may adversely affect the DBS Group's

business, financial condition and results of operations. In particular, in January 2015, the MAS announced changes in its monetary policy aimed at slowing the appreciation of the Singapore dollar. There can be no assurance that such policy changes will not adversely affect the DBS Group's business, financial condition and results of operations.

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

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

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

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

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

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

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

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

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

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

The DBS Group's primary competitors consist of other Singapore banks and major international banks licensed in Singapore, other Hong Kong banks and major international banks licensed in Hong Kong, major international banks licensed elsewhere and other financial institutions in other markets in which the DBS Group operates. See "*Description of the Business of the DBS Group — Additional Information about the DBS Group — Competition*".

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

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

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

DBS Bank is incorporated under the laws of Singapore and substantially all of its subsidiaries, associates, Directors and Executive Officers are incorporated outside or reside outside the United States of America. All or substantially all of the assets of such persons, and all of DBS Bank's assets, are located outside or are organised outside the United States. As a result, it may be difficult for investors to enforce judgments against DBS Bank or such persons in U.S. courts predicated upon the civil liability provisions of U.S. federal securities laws. In particular, investors should be aware that judgments of United States courts based upon the civil liability

provisions of the federal securities laws of the United States are not enforceable in Singapore courts and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States.

RISKS RELATING TO THE CBG

The CBG is only obliged to pay Guaranteed Amounts when the same are Due for Payment.

Subsequent to a failure by the Issuer to make a payment in respect of one or more Series of Covered Bonds, the Bond Trustee may, but is not obliged to, serve an Issuer Acceleration Notice unless and until requested or directed by the holders of at least one-quarter in nominal amount of such Series of Covered Bonds together with the Covered Bonds of any other Series then outstanding as if they were a single Series or if so directed by an Extraordinary Resolution of all the Covered Bondholders in accordance with Condition 9(a) (*Issuer Events of Default*). Pursuant to the terms of the Trust Deed, following service of an Issuer Acceleration Notice on the Issuer, a Notice to Pay will be served forthwith by the Bond Trustee on the CBG. Following service of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the CBG, under the terms of the Covered Bond Guarantee the CBG will be obliged to pay Guaranteed Amounts as and when the same are Due for Payment. In these circumstances, the CBG will not be obliged to pay any other amounts which become payable to the Covered Bondholders for any other reason.

Payments by the CBG will be made subject to any applicable withholding or deduction and the CBG will not be obliged to pay any additional amounts as a consequence. The attention of Covered Bondholders is drawn to the section headed "*Taxation — Singapore Taxation — Payments by the CBG under the Covered Bond Guarantee*" below. Prior to service on the CBG of a CBG Acceleration Notice, the CBG will not be obliged to make any payments in respect of broken funding indemnities, penalties, premiums, default interest or interest on interest which may accrue on or in respect of the Covered Bonds. In addition, the CBG will not be obliged at any time to make any payments in respect of additional amounts which may become payable by the Issuer under Condition 7 (*Taxation*).

Subject to any grace period, if the CBG fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other CBG Event of Default occurs, then the Bond Trustee may accelerate the obligations of the CBG under the Covered Bond Guarantee by service of a CBG Acceleration Notice, whereupon the Bond Trustee will have a claim under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds (other than additional amounts payable under Condition 7 (*Taxation*)), although in such circumstances the CBG will not be obliged to gross up in respect of any withholding which may be required in respect of any payment. Following service of a CBG Acceleration Notice and/or the commencement of winding-up proceedings against the CBG, the Security Trustee may enforce the Security over the Charged Property. The proceeds of enforcement and realisation of the Security shall be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments in the Deeds of Charge, and the Covered Bondholders will receive amounts from the CBG on an accelerated basis. However, the proceeds of enforcement and realisation of the Security may not be sufficient to repay the Covered Bondholders in full (see further "*Limited resources are available to the CBG to make payments due under the Covered Bond Guarantee*" below).

Excess Proceeds received by the Bond Trustee will be paid to the CBG and will not reduce or discharge the CBG's obligations.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. The Excess Proceeds will be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the CBG for

its own account, as soon as practicable, and will be held by the CBG in the Transaction Account and the Excess Proceeds will thereafter form part of the Security and will be used by the CBG in the same manner as all other monies from time to time standing to the credit of the Transaction Account. Any Excess Proceeds received by the Bond Trustee and held by it or under its control will discharge, to that extent, the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons (subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the CBG). However, the obligations of the CBG under the Covered Bond Guarantee are unconditional and irrevocable (following service on the CBG of a Notice to Pay) and the receipt by the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CBG in the manner as described above.

Limited resources are available to the CBG to make payments due under the Covered Bond Guarantee.

Subject as provided in Condition 9 (*Events of Default*) and the Trust Deed, following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice on the Issuer, all amounts payable under the Covered Bonds will be accelerated by the Bond Trustee as against the Issuer following which a Notice to Pay will be served by the Bond Trustee on the CBG. The CBG's ability to meet its obligations under the Covered Bond Guarantee will depend on: (i) the realisable value of Selected Loans in the Portfolio; (ii) the amount of Revenue Receipts and Principal Receipts generated by the Portfolio and the timing thereof; (iii) amounts received from the Swap Providers; (iv) the realisable value of Authorised Investments and Substitution Assets held by it; and (v) the receipt by it of credit balances and interest on credit balances on the Transaction Account and the other CBG Accounts. Recourse against the CBG under the Covered Bond Guarantee is limited to the aforementioned assets and the CBG will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a CBG Event of Default occurs and the Security created by or pursuant to the Deeds of Charge is enforced, the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders.

The Covered Bonds will be limited recourse obligations of the CBG. If, and to the extent that, after the Charged Property has been as fully as practicable realised and the proceeds thereof have been applied in accordance with the applicable Priority of Payments the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the CBG to the Secured Creditors in full for any reason, the CBG will have no liability to pay or otherwise make good any such insufficiency.

If, following enforcement of the Security constituted by or pursuant to the Deeds of Charge, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Covered Bondholders should note that the Asset Coverage Test has been structured to test whether the Adjusted Aggregate Loan Amount is at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as calculated on the relevant Calculation Date, which should reduce the risk of there ever being a shortfall (although there is no assurance of this — in particular, the sale of further Non-CPF Loans and their Related Security by the Seller to the CBG or a declaration of trust over further CPF Loans and their Related Security (and any related Top-up Loans) may be required to avoid or remedy a breach of the Asset Coverage Test). The CBG must ensure that following the occurrence of an Issuer Event of Default, the Amortisation Test is met on each Calculation Date and a breach of the

Amortisation Test will constitute a CBG Event of Default and will entitle the Bond Trustee to serve a CBG Acceleration Notice on the CBG (see "*Summary of the Principal Documents — Establishment Deed — Asset Coverage Test*" and "*Credit Structure including Asset Tests — Asset Coverage Test*"). The Asset Coverage Test (see "*Summary of the Principal Documents — Establishment Deed — Asset Coverage Test*") and the Interest Rate Shortfall Test (see "*Summary of the Principal Documents — Establishment Deed — Interest Rate Shortfall Test*") have been structured to ensure that the Asset Pool is sufficient to pay amounts due on the Covered Bonds and senior ranking expenses which will include costs relating to the maintenance, administration and winding-up of the Asset Pool whilst the Covered Bonds are outstanding. However, no assurance can be given that the Asset Pool will yield sufficient amounts for such purpose.

Prior to the occurrence of an Issuer Event of Default, the Interest Rate Shortfall Test is intended to ensure that there are sufficient funds available to pay amounts (other than in respect of principal) due under the Covered Bond Swaps in respect of the Covered Bonds and prior-ranking expenses (see "*Summary of the Principal Documents — Establishment Deed — Interest Rate Shortfall Test*"). However, no assurance can be given that the Asset Pool will yield sufficient amounts for such purpose.

There is no guarantee that the proceeds of realisation of the Charged Property following the occurrence of a CBG Event of Default will be in an amount sufficient to repay all amounts due to the Secured Creditors.

If a CBG Event of Default occurs and is continuing and a CBG Acceleration Notice is served on the CBG and the Issuer, then the Security Trustee will be entitled to enforce the Security created under and pursuant to the Deeds of Charge and the proceeds from the realisation of the Charged Property will be applied by the Security Trustee towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments described in "*Cashflows and Priorities of Payments*" below.

There is no guarantee that the proceeds of realisation of the Charged Property will be in an amount sufficient to repay all amounts due to the Secured Creditors (including the Covered Bondholders) under the Covered Bonds and the Transaction Documents.

If a CBG Acceleration Notice is served on the CBG and the Issuer, then the Covered Bonds may be repaid sooner or later than expected or not at all.

The CBG will not gross up payment of Guaranteed Amounts for withholding or similar taxes.

The holders of Covered Bonds may not receive any payments from the CBG to compensate for any tax withheld by the CBG on behalf of a public taxing authority of any jurisdiction.

If withholding of, or deduction on account of, any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of a public authority of any jurisdiction having power to tax, the CBG will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Covered Bondholders, as the case may be. The CBG will not be obliged to pay any additional amounts as a consequence.

The CBG is reliant on third parties for the performance of certain services.

The CBG has entered into agreements with a number of third parties, which have agreed to perform services for the CBG. In particular, but without limitation, the Servicer has been appointed to service Loans in the Portfolio sold to the CBG, the Cash Manager has been appointed to calculate and monitor compliance with the Asset Coverage Test, the Amortisation Test and (with assistance from the Servicer) the Interest Rate Shortfall Test and to provide certain cash management services to the CBG (some of which have been delegated on the Closing Date to the Corporate Services Provider) and the Transaction Account will be held with

the Account Bank. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof or pending such realisation (if the Portfolio or any part thereof cannot be sold) the ability of the CBG to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed to adequately administer the Loans, this may lead to higher incidences of non-payment or default by Borrowers. The CBG is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Intercompany Loan Agreement and the Covered Bond Guarantee, as described below.

If a Servicer Event of Default occurs pursuant to the terms of the Servicing Agreement, then the CBG and/or the Security Trustee will be entitled to terminate the appointment of the Servicer and appoint a new servicer in its place. There can be no assurance that a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Loans on the terms of the Servicing Agreement. In addition, as described below, any substitute servicer will be required to be authorised under applicable legislation and regulation. The ability of a substitute servicer to fully perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute servicer may affect the realisable value of the Portfolio or any part thereof, and/or the ability of the CBG to make payments under the Covered Bond Guarantee.

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

Neither the Security Trustee nor the Bond Trustee is obliged in any circumstances to act as a servicer or to monitor the performance by the Servicer of its obligations.

The CBG is reliant on Swap Providers in order to hedge certain currency and/or interest rate risks connected with the Covered Bond Guarantee.

If the CBG fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated. Further, a Swap Provider is only obliged to make payments to the CBG as long as and to the extent that the CBG complies with its payment obligations under the relevant Swap Agreement. If a Swap Agreement terminates or the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the CBG on the payment date under the Swap Agreements, the CBG will be exposed to changes in the relevant currency exchange rates to Singapore dollars (where relevant) and to any changes in the relevant rates of interest. Unless a replacement swap is entered into, the CBG may have insufficient funds to make payments under the Covered Bond Guarantee. This may affect an investor in a Series or Tranche of Covered Bonds even if the non-paying Swap Provider relates to a different Series or Tranche of Covered Bonds, since the failure to pay on the affected Series or Tranche of Covered Bonds may affect all of the Covered Bonds under the Programme.

If a Swap Agreement terminates, then the CBG may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the CBG will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the CBG will be able to find a replacement swap counterparty which has sufficiently high ratings as may be expected by any of the Rating Agencies and which agrees to enter into a replacement swap agreement.

If the CBG is obliged to pay a termination payment under any Swap Agreement, such termination payment will rank (A) ahead of amounts due on the Covered Bonds in respect of the Interest Rate Swap prior to the service of a CBG Acceleration Notice, the commencement of winding-up proceedings against the CBG and/or realisation of the Security and (B) ahead

of amounts due on the Covered Bonds in respect of (i) the Covered Bond Swaps and (ii) the Interest Rate Swap, in each case following service of a CBG Acceleration Notice, the commencement of winding-up proceedings against the CBG and/or realisation of the Security, except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swaps to terminate. The obligation to pay a termination payment may adversely affect the ability of the CBG to meet its obligations under the Covered Bond Guarantee.

There can be no assurance that the Interest Rate Swap and/or the Covered Bond Swaps will hedge all currency and/or interest rate risks associated with a Series or Tranche of Covered Bonds.

There is uncertainty as to the validity and/or enforceability of subordination provisions in insolvency proceedings.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Excluded Swap Termination Amounts.

The UK Supreme Court has held that such a subordination provision is valid under English law. It is likely that a Singapore court would also consider such a subordination provision to be valid under Singapore law. Contrary to the determination of the UK Supreme Court, the U.S. Bankruptcy Court recently held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed. However, there remains a stayed action in the U.S. commenced by the Lehman Brothers Chapter 11 debtors concerning the enforceability of such flip clauses and, in addition, in February 2012, a complaint was filed by certain parties seeking recognition and enforcement of the Belmont decision (and corresponding lower court decisions) and other declaratory relief with respect to the flip clause in question in the case described above. It is not yet known when the complaint will be addressed by the U.S. Bankruptcy Court.

If a creditor of the CBG (such as the Swap Providers) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or Singapore (including, but not limited to, the U.S.), and it is owed a payment by the CBG, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts). In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Providers, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or Singapore and any relevant foreign

judgment or order was recognised by the English courts or Singapore courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the CBG to satisfy its obligations under the Covered Bonds.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction Documents will include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts or Singapore courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may reduce.

Differences in timings of obligations of the CBG and the Covered Bond Swap Provider under the Covered Bond Swaps may affect the CBG's ability to make payments under the Covered Bond Guarantee.

The CBG will, following service of a Notice to Pay on the CBG (when each relevant Covered Bond Swap becomes effective), pay or provide for payment of an amount to the Covered Bond Swap Provider on a monthly or quarterly basis (or another basis specified therein) based on the relevant Singapore dollar rate. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the CBG under a Covered Bond Swap until amounts are Due for Payment under the Covered Bond Guarantee (for example, being on an annual basis if the relevant Series of Covered Bonds provide for payment of an annual interest coupon). If the Covered Bond Swap Provider does not meet its payment obligations to the CBG under the Covered Bond Swap Agreement or the Covered Bond Swap Provider does not make a termination payment that has become due from it to the CBG under the Covered Bond Swap Agreement, the CBG may have a larger shortfall in funds with which to make payments under the Covered Bond Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the CBG's payment obligations under the Covered Bond Swaps. Hence, the difference in timing between the obligations of the CBG and the obligations of the Covered Bond Swap Provider under the Covered Bond Swaps may affect the CBG's ability to make payments, following service of a Notice to Pay on the CBG, under the Covered Bond Guarantee with respect to the Covered Bonds. The Covered Bond Swap Provider may be required, pursuant to the terms of the Covered Bond Swap Agreement, to post collateral with the CBG if the CBG's net exposure to the Covered Bond Swap Provider under the Covered Bond Swap Agreement exceeds a certain threshold level.

Counterparties to the Transaction Documents may be required to transfer their rights if they cease to satisfy applicable criteria.

The parties to the Transaction Documents who receive and hold monies pursuant to the terms of such documents (such as the Account Bank) are required to satisfy certain criteria in order that they can continue to receive and hold monies.

These criteria include requirements in relation to the ratings in respect of short-term and long-term unsecured and unsubordinated debt obligations ascribed to such party by Fitch and Moody's. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the CBG) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Transaction Documents.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Covered Bondholders may not be required in relation to such amendments and/or waivers.

Changes may occur to the current law and/or regulations with respect to covered bonds and/or the Singapore mortgage market.

No assurance can be given that changes to regulations, laws or guidance, or additional regulations, laws or guidance from regulatory authorities in Singapore will not arise with regard to the mortgage market in Singapore generally, the Seller's particular sector in that market, specifically in relation to the Seller, itself, or in relation to the issuance of covered bonds. Any such action, developments or associated compliance costs may have a material adverse effect on the Loans, their Related Security, the Seller, the CBG, the Issuer, the Assets Trustee and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the CBG to dispose of the Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio or any part thereof and accordingly affect the ability of the CBG to meet its obligations under the Covered Bond Guarantee when due.

The constitution of the Portfolio will frequently change.

The Covered Bondholders will not receive detailed statistics or information in relation to the Loans in the Portfolio because it is expected that the constitution of the Portfolio will frequently change due to, for instance:

(a) the Seller selling Loans and their Related Security (or New Loan Types and their Related Security) to the CBG;

(b) (in respect of Non-CPF Loans and their Related Security) the Seller repurchasing Non-CPF Loans and their Related Security in accordance with the Mortgage Sale Agreement and the CBG's equitable rights, interests, title and benefits in the relevant Loans and their Related Security being reassigned, released and surrendered and (in respect of CPF Loans and their Related Security) the Assets Trustee accepting surrender of the Trust Assets relating to the CPF Loans and their Related Security (and any related Top-up Loans) by the CBG Beneficiary;

(c) payments by the Borrowers or the Mortgagors, as the case may be, on the Loans; and

(d) the Seller repurchasing Loans and their Related Security in accordance with the Mortgage Sale Agreement and Declaration of Assets Trust (and the Assets Trustee making a corresponding Distribution in accordance with the terms of the Declaration of Assets Trust).

There is no assurance that the characteristics of the New Loans assigned to the CBG by the Seller or held on trust by the Assets Trustee (in favour of the CBG Beneficiary) on a Closing Date will be the same as those of the Loans in the Portfolio as at that Closing Date, save that the New Loans will be secured by a first ranking mortgage over a residential property situated in Singapore (subject to any charge registered or notified by the Central Provident Fund Board constituted under section 3 of the CPF Act (the "**CPF Board**") in respect of the withdrawal of funds from the Mortgagor's account(s) with the CPF Board and certain statutory charges). However, although each Loan will be required to meet the Eligibility Criteria and the Representations and Warranties set out in the Mortgage Sale Agreement (see "*Summary of the Principal Documents — Mortgage Sale Agreement — Sale by the Seller of Loans and their Related Security*"), the Eligibility Criteria and Representations and Warranties may change in certain circumstances (see "*The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent*"). If New Loan Types are to be sold to the CBG, then the Representations and Warranties in the Mortgage Sale Agreement will be waived or modified as required to accommodate these New Loan Types provided that certain conditions have been met, including that a Rating Agency Confirmation has been received in respect of any such modification and the Cash Manager has certified that such waiver or amendment will not have a material adverse effect on the interests of the CBG or the Security Trustee in the New Loans and their Related Security, or on the ability of the CBG (or the Servicer on the CBG's behalf) to collect the amounts due under the New Loans and their Related Security or on the ability of the Security Trustee to enforce the Security (as described in "*Summary of the Principal Documents — Mortgage Sale Agreement — Representations and Warranties*").

Fixed security interests may take effect under Singapore law as floating charges.

Pursuant to the terms of the Singapore Deed of Charge, each of the CBG and the Assets Trustee on behalf of the CBG Beneficiary has purported to grant fixed charges over, amongst other things, its interests in the Loans and their Related Security, its rights and benefits in the CBG Accounts and all Authorised Investments and Substitution Assets purchased from time to time.

The fixed charges purported to be granted by the CBG and the Assets Trustee on behalf of the CBG Beneficiary may instead take effect under Singapore law as floating charges, if, for example, it is determined that the Security Trustee does not exert sufficient control over the Charged Property for the security to be said to constitute fixed security interest. If the fixed charges take effect as floating charges instead of fixed charges, then, as a matter of law, certain claims would have priority over the claims of the Security Trustee in respect of the floating charge assets. In particular, the remuneration, debts, liabilities and expenses of or incurred by any judicial manager or liquidator and/or winding up and the claims of certain preferential creditors would rank ahead of the claims of the Security Trustee in this regard. Certain employee claims (in respect of wages/salary and retrenchment benefits/ex gratia payments (up to five months' salary, or S$7,500, whichever is lesser), employer contributions to certain superannuation or provident funds and remuneration in respect of vacation leave) and workers' compensation due in respect of injury compensation under the Work Injury Compensation Act of Singapore also have preferential status. In this regard, it should be noted that the CBG has agreed in the Transaction Documents not to have any employees. Outside winding up or judicial management, creditors who would have priority in the case of winding up over the claims of a floating charge would continue to have such priority preserved if a receiver (which would include a receiver and manager) were appointed over the assets that are subject to the floating charge.

Certain claims rank ahead of a fixed charge.

Under Singapore law, certain claims rank ahead of a fixed charge. Such claims include:

(a) any statutory charge in favour of the tax authority in respect of unpaid property tax;

(b) any charge in favour of the relevant management corporation of the estate comprising the residential property in respect of unpaid amounts or contributions;

(c) any statutory charge in favour of the tax authority in respect of unpaid estate duty (where applicable); and

(d) any charge in favour of workmen whose salary does not exceed S$4,500 a month and employees (other than workmen) who are in receipt of a salary not exceeding S$2,500 a month arising by virtue of section 33 of the Employment Act, Chapter 91 of Singapore.

In this regard, if any of the abovementioned charges take effect, they will rank ahead of the fixed charges granted under the Singapore Deed of Charge.

Certain rights of the Mortgagee rank after those of the CPF Board.

If CPF Funds were withdrawn by the Mortgagor in connection with a Property, the proceeds from any sale (or compulsory acquisition) of such Property will, under the present regime, have to be applied towards repayment of the Mortgagee (being DBS Bank or, as the case may be, the CBG) and the CPF Board in the order of priority more particularly described in the section "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — CPF Board*". The Mortgagee's right to repayment in respect of principal and any interest accruing on a Loan up

to the date of default under that Loan will rank ahead of the right of the CPF Board to recover such CPF Funds withdrawn from the Mortgagor's Central Provident Fund ("**CPF**") account(s). However, any interest accrued on that Loan on and from the date of default by the Mortgagor and certain non-sale related costs (including, but not limited to, costs incurred in the payment of insurance premiums in the event that the Mortgagor fails to pay) and expenses which the Mortgagee is entitled to receive under the Mortgage will only be paid to the Mortgagee after the refund of the withdrawn CPF Funds is made to the Mortgagor's CPF account(s).

The CPF Board and other creditors/third parties may have a statutory preference in priority to the Mortgage.

A Mortgagor may, *inter alia*, finance or refinance the purchase of a Property or repay his housing loan taken up for the purchase of such Property using the funds in his CPF account(s). When such funds are withdrawn, a charge in favour of the CPF Board to secure the repayment by the Mortgagor of such withdrawn funds (together with interest that would have accrued if the withdrawal had not been made) will be registered against the title of the Property, ranking in priority to any Mortgage. Under the Central Provident Fund Act, Chapter 36 of Singapore (the "**CPF Act**"), upon registration of the charge, the CPF Board has the power of sale and all other powers relating or incidental thereto as if it is a registered mortgagee. Notwithstanding CPF Board's prior ranking charge, the proceeds from the realisation of the Property will be applied in accordance with the priority of payments (see "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — CPF Board*").

Further, charges on land under any written law or regulations may have priority over a Mortgage including charges in favour of the statutory authorities in respect of any money owing to such statutory authorities, and charges in favour of the management corporation (where the Property is a strata sub-divided unit) (see "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — Other Statutory Charges, Property Tax and Estate Duty*").

For example, where there are arrears in the payment of property tax, the tax authority has the power to recover such arrears in full by selling the Property in respect of which arrears are due. The proceeds of sale may be applied by the tax authority towards the payment of such arrears, the interest thereon at such rate as the tax authority may prescribe and all costs and expenses incurred in the recovery of such arrears, before paying to any other person who has a right to such proceeds. In the case where there are arrears in the payment of estate duty, proceedings may be instituted for recovery of such estate duty by, *inter alia*, the sale of such Property.

Similarly for a Property which is a strata sub-divided unit within a development where the owner is obliged to contribute towards the maintenance and sinking funds of the development, the management corporation has the power to sue the owner or a mortgagee in possession for any arrears in contributions and may lodge an instrument of charge against the Property. Upon registration of such instrument of charge, the charge will secure *inter alia* all the outstanding amounts owing to the management corporation (including interest thereon) and all legal costs and expenses incurred by the management corporation in connection with its collection of such unpaid amount, and the management corporation has the power of sale and all other powers over the relevant property as if it is a registered mortgagee. Notwithstanding that the charge in favour of the management corporation may be registered subsequent to a Mortgage, under the Building Maintenance and Strata Management Act, Chapter 30C of Singapore such charge cannot be over-reached by the prior registered mortgagee's exercise of its power of sale under the Mortgage and the charge will continue to be in force until all amounts secured by the charge have been paid.

If the value of the Portfolio has not been maintained in accordance with the terms of the Asset Coverage Test and, if applicable, the Amortisation Test, then that may affect the realisable value of the Portfolio.

The Asset Coverage Test is met if the Adjusted Aggregate Loan Amount is at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as calculated on the relevant Calculation Date.

If a breach of the Asset Coverage Test occurs as of any Calculation Date (as tested on the relevant Test Date) and is not cured as of the following Calculation Date, the Bond Trustee will serve an Asset Coverage Test Breach Notice on the CBG which (unless and until it is revoked) may result, *inter alia*, in the sale of Selected Loans (see "*Summary of the Principal Documents — Establishment Deed — Sale of Selected Loans following service of an Asset Coverage Test Breach Notice*"). If an Asset Coverage Test Breach Notice has been served and is not revoked on or before the first Test Date immediately succeeding service of such Asset Coverage Test Breach Notice on the CBG, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled (and, in certain circumstances, may be required) to serve an Issuer Acceleration Notice on the Issuer. Following service of an Issuer Acceleration Notice, the Bond Trustee must forthwith serve a Notice to Pay on the CBG.

Pursuant to the Establishment Deed, following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice), the Amortisation Test will be satisfied if the Amortisation Test Aggregate Loan Amount is in an amount at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds on each Calculation Date. The Amortisation Test is intended to test whether the assets of the CBG fall below a certain threshold, and therefore whether the assets of the CBG are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds.

If the value of the Portfolio has not been maintained in accordance with the terms of the Asset Coverage Test and, if applicable, the Amortisation Test, then that may affect the realisable value of the Portfolio or any part thereof (both before and after the occurrence of a CBG Event of Default) and/or the ability of the CBG to make payments under the Covered Bond Guarantee.

Prior to service of a Notice to Pay or a CBG Acceleration Notice, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, test the calculations performed by the Cash Manager in respect of the Asset Coverage Test. Following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice), the Asset Monitor will be required to test the calculations performed by the Cash Manager in respect of the Amortisation Test. In addition, the Asset Monitor will be required to assess compliance by the Issuer with certain statutory obligations under MAS Notice 648. See "*Summary of the Principal Documents — Asset Monitor Agreement*".

Neither the Bond Trustee, the Security Trustee nor the CBG shall be responsible for monitoring compliance with the Asset Coverage Test, the Amortisation Test or any other test (including, for completeness, the Pre-Maturity Test and the Interest Rate Shortfall Test), or for supervising the performance by any other party of its obligations under any Transaction Document.

There is no guarantee that sufficient cash would be generated on a sale of Selected Loans by the CBG following service of an Asset Coverage Test Breach Notice or a Notice to Pay.

If an Asset Coverage Test Breach Notice or a Notice to Pay is served on the CBG (and, in the case of an Asset Coverage Test Breach Notice, for as long as such notice has not been revoked), the CBG may offer to sell Selected Loans in order to remedy a breach of the Asset Coverage Test or to make payments to the CBG's creditors, including payments under the Covered Bond Guarantee, as appropriate, subject to (in respect of Selected Loans which are

CPF Loans and their Related Security) the Requisite CPF Loan Legal Title Transfer Approvals being obtained. See the sections headed "*Summary of the Principal Documents — Establishment Deed — Sale of Selected Loans following service of an Asset Coverage Test Breach Notice*", "*Summary of the Principal Documents — Establishment Deed — Sale of Selected Loans following service of a Notice to Pay" and* "*Summary of the Principal Documents — Establishment Deed — Method of Sale of Selected Loans*" below.

There is no guarantee that:

(i) (in respect of a Selected Loan which is a CPF Loan) the Requisite CPF Loan Legal Title Transfer Approval (if required) may be obtained (see the risk factor headed "*The appointment of a Replacement Assets Trustee in respect of CPF Loans and their Related Security (and any related Top-up Loans) or the sale of Selected Loans (which are CPF Loans) to a Purchaser will require the prior consent of the CPF Board or an order of the court to implement*" below); or

(ii) (in respect of any Selected Loan) a buyer will be found to acquire Selected Loans at the times required and there can be no guarantee or assurance as to the price which the CBG may be able to obtain,

which may affect the ability of the CBG to make payments under the Covered Bond Guarantee.

In the event that the CBG Beneficiary and the Assets Trustee fail to obtain any one of the Requisite CPF Loan Legal Title Transfer Approvals, the Declaration of Assets Trust sets out certain provisions enabling the CBG Beneficiary to sell its beneficial interest in all or any selected CPF Loan(s) and its Related Security (and any related Top-up Loans) to a third party purchaser. There can be no guarantee or assurance as to the price which the CBG may be able to obtain, which may affect the ability of the CBG to make payments under the Covered Bond Guarantee.

Similarly, if a Notice to Pay has been served, the Selected Loans may not be sold by the CBG for less than an amount equal to the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds until six months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Pricing Supplement) the Extended Due for Payment Date in respect of such Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Due for Payment Date, the CBG may sell the Selected Loans for the best price reasonably available, notwithstanding that such price may be less than the Adjusted Required Redemption Amount. In this respect investors should note that there is not, at present, an active and liquid secondary market for secured residential mortgage loans in Singapore (or beneficial interests in respect thereof), which may impact the price at which the CBG is able to sell the Selected Loans.

There is no guarantee that sufficient cash would be generated on a sale of Selected Loans by the CBG prior to maturity of Hard Bullet Covered Bonds where there is a breach of the Pre-Maturity Test.

If there is a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds prior to service of a Notice to Pay on the CBG, the CBG may (unless the Intercompany Loan Provider makes sufficient Advances under the Intercompany Loan Agreement or the Subordinated Loan Provider chooses to make sufficient Subordinated Advances under the Subordinated Loan Agreement or there are sufficient Available Principal Receipts) offer to sell Selected Loans to seek to generate sufficient cash to enable the CBG to pay the Final Redemption Amount on any Hard Bullet Covered Bond, should the Issuer fail to pay such amounts. See "*Summary of the Principal Documents — Establishment Deed — Sale of Selected Loans following a breach of the Pre-Maturity Test*".

There is no guarantee that a buyer will be found to acquire Selected Loans at the times required and there can be no guarantee or assurance as to the price which the CBG may be able to obtain, which may affect payments under the Covered Bond Guarantee.

The transferee of legal title to the Loans and their Related Security may need to be licensed under the Moneylenders Act of Singapore and there is no guarantee that such transferee will be available at a time when legal title needs to be passed.

In the event legal title to any of the Loans and their Related Security are to be transferred to the Replacement Assets Trustee, a Purchaser or a Relevant Purchaser, the transferee which becomes the lender of record may need to satisfy the relevant licensing requirements under the Moneylenders Act or be exempted from such licensing requirements. The ability of the Seller or, as the case may be, the Assets Trustee to transfer the legal title to the Loans and their Related Security is dependent on various factors, including whether the transferee satisfies such licensing requirements or is exempted therefrom, and there is no guarantee that such suitable transferee would be readily available at the time legal title to the Loans and their Related Security needs to be transferred, and this may adversely affect the interests of the Covered Bondholders.

The appointment of a Replacement Assets Trustee in respect of CPF Loans and their Related Security (and any related Top-up Loans) or the sale of Selected Loans (which are CPF Loans) to a Purchaser will require the prior consent of the CPF Board or an order of the court to implement.

In the event a Replacement Assets Trustee is to be appointed in respect of CPF Loans and their Related Security (and any related Top-up Loans) following the occurrence of a Replacement Assets Trustee Event or in the event of a sale of Selected Loans (which are CPF Loans) to a Purchaser, a transfer of legal title to such CPF Loans and their Related Security (and any related Top-up Loans) to such Replacement Assets Trustee or a Purchaser requires the Requisite CPF Loan Legal Title Transfer Approval (as defined in section "*Summary of the Principal Documents — Declarations of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*") (unless the consent of the CPF Board to the transfer of the Mortgages relating to CPF Loans is not required in order for the transferee of such Mortgages to be accorded the priority of payments over the CPF Board in relation to the application of any proceeds from the realisation of the relevant Property). Prior to any Requisite CPF Loan Legal Title Transfer Approvals being obtained and unless the consent of the CPF Board to the transfer of Mortgages relating to CPF Loans is not required, the CBG Beneficiary and the Assets Trustee shall use reasonable endeavours to concurrently seek all of the Requisite CPF Loan Legal Title Transfer Approvals necessary to effect such transfer, which are (in summary):

(a) where the proposed transferee is an entity licensed to carry on banking business in Singapore, obtaining a Section 55B/C Court Order approving the transfer of that part of the Assets Trustee's banking business that comprises legal title to such CPF Loans (without any requirement to obtain prior consent from the CPF Board prior to implementing such court-sanctioned Section 55B/C Transfer);

(b) (whether or not the proposed transferee is an entity licensed to carry on banking business in Singapore) the prior consent from the CPF Board to effect such transfer of the Mortgages relating to such CPF Loans; and

(c) where the proposed transferee is not an entity licensed to carry on banking business in Singapore, (1) a Sections 210/212 Court Order approving a Sections 210/212 Scheme, and (2) the prior consent from the CPF Board to such transfer of the Mortgages relating to such CPF Loans,

"Section 55B/C Court Order", "Section 55B/C Transfer", "Sections 210/212 Court Order" are each defined and more particularly described in the section "*Summary of the Principal Documents — Declaration of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*" below).

Whilst the CBG Beneficiary and the Assets Trustee are under an obligation to use reasonable endeavours to concurrently seek all of the Requisite CPF Loan Legal Title Transfer Approvals necessary to effect such transfer until any one of the Requisite CPF Loan Legal Title Transfer Approvals is obtained, there is no guarantee that any such approval would be obtained and the timeframe within which any such approval will be received is also not certain.

Sale of beneficial interest

In the event that the CBG Beneficiary and the Assets Trustee fail to obtain any one of the Requisite CPF Loan Legal Title Transfer Approvals in respect of a proposed transfer of the legal title to all or any selected CPF Loan(s) and its Related Security (and any related Top-up Loans) to a Relevant Purchaser, the Declaration of Assets Trust sets out certain provisions for the CBG Beneficiary to assign absolutely its beneficial interest in all or any selected CPF Loan(s) and its Related Security (and any related Top-up Loans) to a third party purchaser. Each such assignee shall have all rights and remedies in relation to such selected CPF Loan(s) and its Related Security (and any related Top-up Loans) under the Assets Trust which are beneficially owned by it (including, but not limited to, the right to sell its beneficial interest to such other party as it may select).

The Assets Trustee or, as the case may be, the Replacement Assets Trustee, shall at all times segregate and keep separately identifiable the CPF Loans and their Related Security (and any related Top-up Loans) held by the CBG Beneficiary and any such assignees to the extent of each of their respective beneficial interests in the CPF Loan(s) and Related Security (and any related Top-up Loans) under the Assets Trust.

Section 55B/C Transfer

A Section 55B/C Transfer procedure may be undertaken by DBS Bank itself (in its capacity as Assets Trustee) or, be effected by the CBG Beneficiary acting in the name of DBS Bank as the Assets Trustee under the Assets Trustee Power of Attorney (including in a post-insolvency situation of DBS Bank) after the occurrence of any Replacement Assets Trustee Event (see "*Summary of the Principal Documents — Declaration of Assets Trust — Transfer of Title to the CPF Loans and appointment of a Replacement Assets Trustee*").

Third parties who may have an interest in the Trust Assets (including the CPF Loans and their Related Security (and any related Top-up Loans)) such as the MAS, the CPF Board, the relevant Borrowers and/or the relevant Mortgagors of the CPF Loans, may be entitled to file objections and supporting evidence thereof in advance of the relevant Section 55B/C Transfer decision hearing by the High Court of Singapore.

Sections 55B and 55C of the Banking Act Chapter 19 of Singapore (the "**Banking Act**") have previously been used to effect a transfer of businesses between banks (see *"Summary of the Principal Documents — Declaration of Assets Trust — Transfer of Title to the CPF Loans and appointment of a Replacement Assets Trustee — Section 55B of the Banking Act"*), although there is no precedent for the use of a Section 55B/C Transfer in relation to covered bonds. Nonetheless, it would be possible to obviate the requirement to seek the prior consent of the CPF Board to such transfer by the High Court of Singapore granting an order to that effect pursuant to Sections 55B and 55C of the Banking Act for a transfer to the Replacement Assets Trustee or a Purchaser of the legal title to the CPF Loans and their Related Security (and any related Top-up Loans) under the Assets Trust. Such powers of the High Court of Singapore in relation to Sections 55B and 55C of the Banking Act are broad enough to (a) enable the High Court of Singapore (if it is prepared to) to grant an order which would entitle the Replacement

Assets Trustee to the same rights and priorities as the Assets Trustee would have been entitled to in relation to the CPF Loans and their Related Security (and any related Top-up Loans) if the transfer had not taken place and (b) enable a transfer to be made in the absence of the consent of the CPF Board.

While a Section 55B/C Transfer provides a credible solution to obviate the need to obtain the consent of the CPF Board for the transfer of the Mortgages related to the CPF Loans, the following should, however, be noted:

(a) although Sections 55B and 55C of the Banking Act have previously been used in Singapore to effect a transfer of businesses between banks, there is no precedent for the use of a Section 55B/C Transfer in relation to covered bonds;

(b) there is no guarantee that the consent of the Minister (who is charged by the Prime Minister of Singapore with responsibility for banking matters) or certification that his consent is not required will be given; and

(c) there is no guarantee that the requisite court order will be granted.

Consent of the CPF Board

The prior consent of the CPF Board may be sought for the transfer of the Mortgages related to the CPF Loans to a proposed transferee of a CPF Loan (whether or not such transferee is an entity licensed to carry on a banking business in Singapore). In deciding whether to consent to such a transfer, the CPF Board may consider the following factors. First, there are statutory provisions that facilitate the transfer from the Assets Trustee to the Replacement Assets Trustee of the legal title to the CPF Loans and their Related Security (and, where applicable, any related Top-up Loans) under the Assets Trust. Section 41 of the Trustees Act, Chapter 337 of Singapore (the "**Trustees Act**") provides, generally, for vesting of trust property in new or continuing trustees appointed by deed. Section 41 of the Trustees Act, however, does not obviate the need for the CPF Board's consent. Second, where the Replacement Assets Trustee or the Purchaser is a financial institution, the CPF Board may consider that the Replacement Assets Trustee or such Purchaser has the ability to manage the CPF Loans and their Related Security (and any related Top-up Loans), which may be preferable to the management of the CPF Loans and their Related Security (and any related Top-up Loans) by the Seller which is in a distressed situation (such as following an Insolvency Event). There is, however, no guarantee that the CPF Board will approve such transfer.

Sections 210/212 Scheme

The proposed transferee (that is a Singapore-incorporated company) under a Sections 210/212 Scheme does not need to be an entity licensed to carry on a banking business in Singapore (though it may need to satisfy the relevant licensing requirements under the Moneylenders Act or be exempt from such licensing requirements (see the risk factor headed " *— The transferee of legal title to the Loans and their Related Security may need to be licensed under the Moneylenders Act of Singapore and there is no guarantee that such transferee will be available at a time when legal title needs to be passed*" above)). A Sections 210/212 Scheme may not obviate the contractual requirement to obtain the CPF Board's consent to the transfer of Mortgages related to any CPF Loans held under the Assets Trust, and hence (following the procurement of the requisite court and other approvals to the Sections 210/212 Scheme) consent from the CPF Board to its implementation will also need to be obtained. A Sections 210/212 Scheme procedure may be undertaken by DBS Bank itself (in its capacity as Assets Trustee) or, be effected by the CBG Beneficiary acting in the name of DBS Bank as the Assets Trustee under the Assets Trustee Power of Attorney (including in a post-insolvency situation of DBS Bank) after the occurrence of any Replacement Assets Trustee Event (see "*Summary of the Principal Documents — Declaration of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*").

Whether an order will be made approving the Sections 210/212 Scheme will depend on the circumstances of the case and there is no guarantee that such an order will be made. In broad terms, the requirements for a Sections 210/212 Scheme are:

(1) obtaining the consent of the Minister (who is charged by the Prime Minister of Singapore with responsibility for banking matters) or certification that his consent is not required;

(2) obtaining a court order (by a summary application) to summon a meeting of the Covered Bondholders;

(3) obtaining the approval of a requisite majority of Covered Bondholders voting (a majority in number representing three-fourths (75%) in value of the outstanding nominal amount of all Covered Bonds) voting at the meeting either in person or by proxy; and

(4) based on the Covered Bondholder approval above, obtaining a Sections 210/212 Court Order. In considering whether to approve the scheme, the court is likely to consider, *inter alia*, (a) whether the scheme is fair and reasonable to the Covered Bondholders as a whole, (b) whether the applicant (DBS Bank or the CBG Beneficiary acting under the Assets Trustee Power of Attorney) and the majority Covered Bondholders who granted their approval to the scheme are acting *bona fide*, and (c) whether the minority of Covered Bondholders are being coerced to promote the interest of the majority Covered Bondholders who granted their approval to the scheme.

There is no guarantee that (a) the consent of the Minister (who is charged by the Prime Minister of Singapore with responsibility for banking matters) or certification that his consent is not required will be given, (b) the relevant voting thresholds will be met, (c) the High Court of Singapore will approve such Sections 210/212 Scheme and (d) the consent of the CPF Board will be forthcoming. Although Sections 210 (and 212) of the Companies Act have previously been used to effect a transfer of businesses (see *"Summary of the Principal Documents — Declaration of Assets Trust — Transfer of Title to the CPF Loans and appointment of a Replacement Assets Trustee — Sections 210 (and 212) of the Companies Act"*), there is no precedent for the use of a Sections 210/212 Scheme in relation to covered bonds.

If the Requisite CPF Loan Legal Title Transfer Approvals cannot be obtained, it may not be possible to liquidate or realise the CPF Loans and their Related Security (and any related Top-up Loans) to enable the CBG Beneficiary to meet its maturing obligations under the Covered Bond Guarantee. In such circumstances, the CBG (i) will rely on receiving interest, principal and other receipts under such CPF Loans and then apply these under the Covered Bond Guarantee which may result in a delay in making scheduled payments and repayments to the Covered Bondholders and (ii) could seek to carry out a sale of its beneficial interest in all or any selected CPF Loan(s) and its Related Security (and any related Top-up Loans) to a third party purchaser (see "*Risk Factors — Risks Relating to the CBG — The appointment of a Replacement Assets Trustee in respect of CPF Loans and their Related Security (and any related Top-up Loans) or the sale of Selected Loans to a purchaser will require the prior consent of the CPF Board or an order of the court to implement — Sale of beneficial interest*" above). A delay in obtaining one of the Requisite CPF Loan Legal Title Transfer Approvals could result in a deterioration of the realisable value of the Portfolio.

Certain factors may affect the realisable value of the Portfolio or any part thereof or the ability of the CBG to make payments under the Covered Bond Guarantee.

The Asset Coverage Test, the Amortisation Test, the Interest Rate Shortfall Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Loans in the Portfolio and monies standing to the credit of the Transaction Account to enable the CBG to

repay the Covered Bonds following an Issuer Event of Default, service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the CBG. However, whilst it is expected that Selected Loans could be realised for sufficient value to enable the CBG to meet its obligations under the Covered Bond Guarantee, there is no assurance that this will be the case and it should be noted that the realisable value of Selected Loans comprised in the Portfolio may be reduced at any time due to various factors including:

(a) representations or warranties not being given by the CBG or (unless otherwise agreed with the Seller) the Seller;

(b) default by Borrowers and/or Mortgagors of amounts due on their Loans;

(c) changes to the Lending Criteria or Seller's Policy;

(d) the Seller not having legal title to the Loans and their Related Security in the Portfolio prior to any transfer of title to the Loans and their Related Security to the CBG;

(e) the state of the Singapore economy and/or residential property market (which may impact potential buyers);

(f) risks in relation to some types of Loans which may adversely affect the value of the Portfolio or any part thereof;

(g) (in respect of a Property subject to compulsory acquisition by the State (see "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — Land Acquisition Act*" below)) any proceeds awarded for the compulsory acquisition of a relevant Property being insufficient to discharge the relevant Loan;

(h) limited recourse to the Seller;

(i) the presence of other secured liabilities relating to the All Monies Trust;

(j) possible regulatory changes by the MAS and other regulatory authorities; and

(k) regulations or other issues in Singapore that could lead to some terms of the Loans being unenforceable, such as the Banking Act, the Banking Regulations, of Singapore (the "**Banking Regulations**"), and notices and directives issued under the Banking Act by the MAS.

If there is deterioration in the realisable value of the Portfolio so that Selected Loans cannot be realised for sufficient values to enable the CBG to meet its obligations under the Covered Bond Guarantee, the holders of the Covered Bonds may be adversely affected.

No representations or warranties will be given by the CBG or the Seller on a sale of Selected Loans.

Following the service of an Asset Coverage Test Breach Notice (which has not been revoked) or the service of a Notice to Pay on the CBG (but in each case prior to the service of a CBG Acceleration Notice and/or the commencement of winding-up proceedings against the CBG and/or realisation of the Security), the CBG will be obliged to sell Selected Loans to third party purchasers, subject to a right of pre-emption in favour of the Seller pursuant to the terms of the Mortgage Sale Agreement and/or the Declaration of Assets Trust (see "*Summary of the Principal Documents — Establishment Deed — Method of Sale of Selected Loans*"). In respect of any sale of Selected Loans to third parties, however, the CBG will not give warranties or indemnities in respect of those Selected Loans. The Security Trustee will not be required to release the Selected Loans from the Security unless the conditions relating to release of the

Security as set out in the Deeds of Charge are satisfied. There is no assurance that the Seller would give any warranties or representations in respect of the Selected Loans. Any Representations or Warranties previously given by the Seller in respect of the Loans in the Portfolio may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Loans could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the CBG to meet its obligations under the Covered Bond Guarantee.

The geographic concentration of the Loans may exacerbate the effect of changes to Singapore's economic conditions and housing markets.

To the extent that Singapore's economic conditions and housing markets may be affected by domestic and international economic events, political events, natural disasters or by movements and events that occur in global financial markets, the effect of such events on Singapore's economic conditions and housing markets may be exacerbated due to the fact that the Loans and their Related Security are located in a single geographic market. The CBG can predict neither when nor where such events may occur nor to what extent and for how long such conditions may continue but if the timing and payment of the Loans in the Portfolio is adversely affected as described above, the ability of the CBG to make payments under the Covered Bond Guarantee could be reduced or delayed.

Borrowers and/or Mortgagors may default in paying amounts due on their Loans.

Borrowers and/or Mortgagors may default on their obligations due under the Loans. Defaults may occur for a variety of reasons. The Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal. Examples of such factors include changes in the national or international economic climate, regional economic or housing conditions, tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in the Borrowers' and the Mortgagors' individual, personal or financial circumstances may affect the ability of Borrowers or the Mortgagors to repay the Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers or Mortgagors, and could ultimately have an adverse impact on the ability of Borrowers or Mortgagors to repay the Loans. In addition, the ability of a Mortgagor to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

The True Balance of any Defaulted Loans in the Portfolio will be given a reduced weighting for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

There is a risk that consumers may be able to bring an action under consumer protection legislation in Singapore.

Consumer protection legislation in Singapore is set out under three main statutes: the Unfair Contracts Terms Act, Chapter 396 of Singapore (the "**UCTA**"), the Misrepresentation Act, Chapter 390 of Singapore (the "**Misrepresentation Act**") and the Consumer Protection (Fair Trading) Act, Chapter 52A of Singapore (the "**CPFTA**"). The application of such consumer protection legislation may have an impact on the loans in the Portfolio.

The UCTA prohibits a supplier that is contracting with a counterparty who is dealing as a consumer or on the supplier's written standard terms of business from, by reference to a contract term:

(a) excluding or restricting its liability for breach of contract; or

(b) claiming to be entitled:

(i) to render a contractual performance substantially different from that which was reasonably expected of it; or

(ii) in respect of the whole or any part of its contractual obligation, to render no performance at all,

unless, in each case, the contract term satisfies the requirement of reasonableness (that is, the contract term must have been a fair and reasonable one to be included having regard to the circumstances which were, or ought reasonably to have been, known to or in the contemplation of the parties when the contract was made). Similarly, contract terms requiring the consumer to indemnify the supplier in respect of liability incurred by the supplier's negligence or breach of contract are also prohibited unless they satisfy the requirement of reasonableness.

The UCTA also provides that a person cannot exclude or restrict his liability for negligence except insofar as the term satisfies the requirement of reasonableness. This requirement applies regardless of whether parties are contracting as consumer and supplier or not.

The Misrepresentation Act applies this requirement of "reasonableness" to terms which would exclude or restrict any liability to which a party to a contract may be subject by reason of any misrepresentation made by him before the contract was made, or any remedy available to another party to the contract by reason of such a misrepresentation.

Accordingly, there is a risk that a consumer may be able to challenge a term in the loan documentation (including terms relating to interest rates) on the basis that it does not pass the "reasonableness test" under the UCTA or the Misrepresentation Act and is therefore not binding on the consumer. In this case, the contract should still continue to bind the consumer if it is capable of continuing in existence without the unfair term.

The CPFTA (which applies to transactions involving financial services from 15 April 2009) prohibits "unfair practices". "Unfair practices" means, for a supplier in relation to a consumer transaction:

(a) doing or saying anything, or omitting to do or say anything, if as a result a consumer might reasonably be deceived or misled;

(b) making a false claim;

(c) taking advantage of a consumer if the supplier knows or ought reasonably to know that the consumer is not in a position to protect his own interests or is not reasonably able to understand the character, nature, language or effect of the transaction or any matter related to the transaction; or

(d) without limiting the generality of paragraphs (a) to (c), to do anything specified in the Second Schedule of the CPFTA — in particular, taking advantage of a consumer by including in an agreement terms or conditions that are harsh, oppressive or excessively one-sided so as to be unconscionable may be considered an unfair practice.

A consumer who has entered a consumer transaction involving an unfair practice may commence an action against the supplier under the CPFTA for a claim of up to S$30,000. This may potentially include challenges to interest rates. Singapore courts may order restitution of any money, property or other consideration given or furnished by the consumer, award the consumer damages in the amount of any loss or damage suffered by the consumer as a result of the unfair practice, make an order of specific performance against the supplier or make an order varying the contract between the supplier and the consumer.

Accordingly, there is a risk that a consumer may be able to bring an action against DBS Bank as the provider of the Loan, or (in the case of Non-CPF Loans) where title has passed to the CBG, against the CBG. Apart from the consumer having a claim in damages, it is also open to Singapore courts to vary the loan contract, which may have an impact on other terms under the loan.

If any of the risks highlighted above were to occur, then the realisable value of the Portfolio or any part thereof and/or the ability of the CBG to make payments under the Covered Bond Guarantee may be affected.

The Lending Criteria may be revised by the Seller.

Each of the Loans originated by the Seller will have been originated in accordance with its Lending Criteria at the time of origination. It is expected that the Seller's Lending Criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio ("**LTV%**"), status of applicant and credit history. In the event of the sale of any Non-CPF Loans and their Related Security to the CBG or the declaration of trust over any CPF Loans and their Related Security in favour of the CBG Beneficiary, the Seller will warrant only that such Loans and their Related Security were originated in accordance with the Seller's Lending Criteria applicable at the time of origination. The Seller retains the right to revise its Lending Criteria from time to time. If the Lending Criteria change in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and/or the Mortgagors and may affect the realisable value of the Portfolio, or part thereof, and the ability of the CBG to make payments under the Covered Bond Guarantee. As noted above, however, Defaulted Loans in the Portfolio will be given a zero weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

The CBG does not have legal title to the Loans and their Related Security in the Portfolio on the relevant Closing Date.

In respect of Non-CPF Loans and their Related Security, on the relevant Closing Date, the sale by the Seller to the CBG of Non-CPF Loans and their Related Security has taken or will take effect by way of an equitable assignment and legal title to the Non-CPF Loans and each of their Related Security will remain with the Seller. Transfer of the legal title to the Non-CPF Loans and their Related Security to the CBG would only occur in the limited circumstances described in "*Summary of the Principal Documents — Mortgage Sale Agreement — Transfer of Title to the Non-CPF Loans to the CBG or a Purchaser*" and until such right arises the CBG will not give notice of the sale of the Non-CPF Loans and their Related Security to any Borrower, Mortgagor, surety, guarantor or relevant counterparty or lodge or register caveats/instruments with the Land Titles Registry in respect of its equitable interest in the Non-CPF Loans and their Related Security.

In respect of CPF Loans and their Related Security, on the relevant Closing Date, the Assets Trustee will declare a trust over all of the Seller's present and future rights, estate, title, interests, benefits and remedies in and to the CPF Loans and their Related Security in favour of the CBG Beneficiary. Transfer of the legal title to the CPF Loans and their Related Security to a Replacement Assets Trustee would only occur in the limited circumstances following the occurrence of a Replacement Assets Trustee Event (see "*Summary of the Principal Documents — Declaration of Assets Trust — Transfer of Title to the CPF Loans to the CBG and appointment of a Replacement Assets Trustee*"). The CBG Beneficiary has covenanted in the Singapore Deed of Charge that it shall not call, request or act in any manner to transfer legal title in any of the Trust Assets from the Assets Trustee to itself without the prior written consent of the Security Trustee. The Security Trustee has covenanted in the Singapore Deed of Charge that it shall not consent to any such transfer of legal title in the Trust Assets to the CBG Beneficiary in any circumstances.

Since the CBG has not obtained legal title to the Loans or their Related Security and has not protected its interest in the Loans and their Related Security by notifying any Borrower, Mortgagor, surety, guarantor or relevant counterparty nor lodging/registering any caveat or instrument with the Land Titles Registry or otherwise perfected its legal title to the Loans or their Related Security, the following risks exist:

(a) *first*, if the Seller wrongly sells a Loan and its Related Security (whether a CPF Loan or a Non-CPF Loan), which has already been sold to the CBG, to another person, then such person might obtain good title to the Loan and its Related Security, free from the interests of the CBG. If this occurred, then the CBG would not have good title to the affected Loan and its Related Security and it would not be entitled to payments by a Borrower or Mortgagor in respect of that Loan. However, the risk of third party claims obtaining priority to the interests of the CBG would be likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or the CBG or their respective personnel or agents;

(b) *second*, the rights of the CBG (in respect of either the CPF Loans and/or the Non-CPF Loans) may be subject to the rights of the Borrowers and/or the Mortgagors against the Seller, such as rights of set-off, which occur in relation to transactions or deposits made between Borrowers, Mortgagors or other security providers on the one hand and the Seller on the other, and the rights of Borrowers and/or Mortgagors to redeem the Mortgages by repaying the Loans directly to the Seller;

(c) *third*, unless the CBG has perfected the assignment of the Non-CPF Loans and their Related Security (which it is only entitled to do in certain limited circumstances), the CBG would not be able to enforce any obligations of the Borrower, Mortgagor, surety, guarantor and/or any other relevant counterparty under a Non-CPF Loan or any of their Related Security (including the Mortgage itself) but would have to join the Seller as a party to any legal proceedings; and

(d) *fourth*, in the case of CPF Loans and their Related Security held under the Assets Trust, any action to enforce such CPF Loans and their Related Security will have to be taken through the Assets Trustee or in the name of the Assets Trustee (see "*Summary of the Principal Documents — Declaration of Assets Trust — Assets Trustee Power of Attorney*").

If any of the risks described above were to occur, then the realisable value of the Portfolio or any part thereof and/or the ability of the CBG to make payments under the Covered Bond Guarantee may be affected.

Once notice has been given to the Borrowers, the Mortgagors, the sureties, the guarantors and the relevant counterparties of the assignment or transfer of the Loans and their Related Security to the CBG, the Replacement Assets Trustee or a Relevant Purchaser (as the case may be), independent set-off rights which a Borrower and/or a Mortgagor has against the Seller (such as, for example, set-off rights associated with Borrowers and/or Mortgagors holding deposits with the Seller) will crystallise and further rights of independent set-off would cease to accrue from that date and no new rights of independent set-off could be asserted following that notice. Set-off rights arising under "transaction set-off" (which are set-off claims arising out of a transaction connected with the Loan) will not be affected by that notice and will continue to exist. There is also uncertainty as to whether certain rights of set-off in relation to deposit accounts that a Borrower or Mortgagor may hold with the Seller would have to be first set off against the Loans, and in particular in the situation where a liquidator of the Issuer is or is to be appointed (see further "*Set-off risk, including Set-off risk arising under section 62A of the Banking Act may adversely affect the value of the Portfolio or any part thereof*" below).

Set-off risk, including set-off risk arising under Section 62A of the Banking Act may adversely affect the value of the Portfolio or any part thereof.

Section 62A of the Banking Act ("**Section 62A**") provides that notwithstanding any written law or rule of law relating to the winding-up of companies, in the event of the winding-up of a bank in Singapore, a liquidator shall first set-off a depositor's liabilities to the bank (whether or not incurred in the Asian Currency Unit of the bank) against any deposit of the depositor placed with the bank other than the Asian Currency Unit of the bank. As such, the amount owing by the depositor under the Loans could then be set-off against any deposit of the depositor placed with the bank other than the Asian Currency Unit of the Seller, possibly reducing the amount recoverable under the Loans. This section is intended to protect depositors. Without such set-off, the depositor would have to pay the full extent of its liabilities to the bank and may possibly only receive a dividend or partial payment in respect of deposits of the depositor placed with the bank, in the case of insolvency of the Seller where a liquidator is appointed.

There has not been any failure of any major bank in Singapore in the history of modern Singapore. The scope of Section 62A has not been tested in the Singapore courts. It is likely that from the moment (in respect of Non-CPF Loans and their Related Security) notice of the sale and assignment or (in respect of CPF Loans and their Related Security (and any related Top-up Loans)) notice of the transfer to the Replacement Assets Trustee is given to the Borrowers and/or Mortgagors, and provided such notices are given sufficiently early and at a time when the Seller is a going concern and is able to pay its debts in the ordinary course of business as they fall due, that the liabilities of the Borrowers and/or the Mortgagors are then owed to the CBG (where the notice of the sale and assignment is concerned) or the Replacement Assets Trustee (where the notice of transfer is concerned) and not the Seller. On a literal reading of Section 62A, if such notice is given before a liquidator is appointed for the Seller, there would be no liabilities to the Seller to which Section 62A may apply. Hence, there would be no Section 62A set-off. If Section 62A does not apply, this may mean that Borrowers and/or Mortgagors may not have sufficient time to react, e.g. by transferring their deposits to another bank, and may well lose the benefit of Section 62A, the moment notice is given. At the minimum, it is likely that if the sale and assignment of the Non-CPF Loans and their Related Security, or the transfer of the legal title to the CPF Loans and their Related Security (and any related Top-up Loans) to the Replacement Assets Trustee happen prior to the insolvency of the Seller and the Borrowers and/or the Mortgagors are given notice of the sale and assignment well before any commencement of winding up of the Seller and appointment of a liquidator, the likelihood is that Singapore courts would uphold the sale and assignment and hold that set-off pursuant to Section 62A will not apply.

While the scope of Section 62A remains untested in the Singapore courts, it is likely that if the notice of assignment or notice of transfer is given to the Borrowers and/or the Mortgagors (i) well before the commencement of winding-up of the Seller or the appointment of any liquidator of the Seller, and (ii) when the Seller is a going concern and is able to pay its debts in the ordinary course of business as they fall due, a Singapore court may respect the sale and assignment of the Non-CPF Loans and their Related Security and the sale of and declaration of trust over the CPF Loans and their Related Security (and any related Top-up Loans) respectively, and hold that set-off pursuant to Section 62A will not apply. The property of the CBG and/or the Replacement Assets Trustee should not be utilised to meet the Seller's liabilities. It is possible that where the depositors have been given sufficiently early notice of assignment or notice of transfer, the depositors would have the means and opportunity to make necessary arrangements in relation to their deposits if there are any concerns relating to the insolvency of the Seller. There is no certainty that this is the position the Singapore courts will adopt and in any event, there has not been any definitive statement or indication to date as to what constitutes an acceptable interval between (in the case of Non-CPF Loans and their Related Security) the sale and assignment and (in the case of CPF Loans and their Related Security (and any related Top-up Loans)) the transfer of legal title under the Assets Trust, and the insolvency of the Seller, such that Section 62A will not apply.

As described above, the sale of Non-CPF Loans by the Seller to the CBG will be effected by an equitable assignment and in respect of CPF Loans and their Related Security (and any related Top-up Loans), a trust will be declared by the Assets Trustee in favour of the CBG Beneficiary. As a result, legal title to the Loans and their Related Security will remain with the Seller. Therefore, the rights of the CBG and the CBG Beneficiary may be subject to the direct rights of the Borrowers and/or the Mortgagors against the Seller, including rights of set-off which occur in relation to transactions or deposits made between the Borrowers and/or the Mortgagors and the Seller existing prior to notification to the Borrowers and/or Mortgagors of the assignment of the Loans and their Related Security (and any related Top-up Loans).

There may also be significant delays in transferring the legal title to the CPF Loans and their Related Security (and any related Top-up Loans) subject to the Assets Trust (see further "*Risk Factors — Risks relating to the CBG — The appointment of a Replacement Assets Trustee in respect of CPF Loans and their Related Security (and any related Top-up Loans) or the sale of Selected Loans (which are CPF Loans) to a Purchaser will require the prior consent of the CPF Board or an order of the court to implement*" above). There is no guarantee that the transfer of the legal title to the CPF Loans and their Related Security (and any related Top-up Loans) under the Assets Trust to the Replacement Assets Trustee will complete prior to the application of Section 62A.

The exercise of set-off rights by Borrowers and/or Mortgagors may adversely affect the realisable value of the Portfolio and/or the ability of the CBG to make payments under the Covered Bond Guarantee. The Asset Coverage Test has been structured to mitigate the potential set-off risk (although there is no assurance that such risks will be accounted for) (see "*Summary of the Principal Documents — Establishment Deed — Asset Coverage Test*").

Delays may result from an insolvency of the Seller.
There has not been any failure of any major bank in Singapore in the history of modern Singapore, and there is no certainty or precedent as to how a major bank insolvency will be conducted or dealt with. Under various powers conferred on the MAS, the MAS may issue directions or orders that may, amongst other things, impact the running and management of a bank, including the Seller, for example by directing that there be a change of management. There are also insolvency procedures that may come into play when a bank becomes insolvent. In the case of insolvency of the Seller, an insolvency practitioner, e.g. a liquidator could be appointed who would take over the management of the Seller.

The change of management or imposition of safeguards and other implications arising from insolvency of the Seller could delay actual recovery by the CBG from the Seller of the Loans and their Related Security that had been sold by the Seller to the CBG. For instance, if there is a need for CBG to sue the Seller to recover the Loans and their Related Security, there may be moratoriums which may prohibit the commencement of legal proceedings for obtaining a Section 55B/C Court Order or a Sections 210/212 Court Order until such moratoriums are lifted. Such moratoriums may be lifted with the permission of the court but securing such permission may take some time and cause some delays. Costs may also have to be incurred in respect of the procedures described above.

Delays may result from an insolvency of the CBG.
Where the CBG is insolvent and undergoes certain insolvency procedures, there may be delays on the part of the Security Trustee to enforce security provided by the CBG. For one, there would be a moratorium against the enforcement of security once a judicial management application is made, and this moratorium may be extended if a judicial management order is made. The permission of the court or the judicial manager would be required to lift the moratorium and this may result in delays in enforcement of security. In addition, there is also a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding up in relation to the CBG. This moratorium can be lifted with court permission and in the case of judicial management, with

the permission of the judicial manager. Accordingly, if there is any need for the Security Trustee to sue CBG in connection with the enforcement of the security, the need to obtain court permission may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

If a judicial manager is appointed, the judicial manager would be able to dispose of security that is the subject of a floating charge and with the permission of the court, security that is the subject of a fixed charge. The costs and expenses of judicial management rank ahead of the claims of the floating chargee.

The Security Trustee would have security in the form of fixed and floating charges over all the assets of the CBG and would be entitled to appoint a receiver and manager of all the assets of CBG. With such rights, the Security Trustee would have the right to veto the appointment of any judicial manager, save only in the case where public interest so requires.

Potential reform to Singapore's insolvency law may affect the Security Trustee's ability to enforce the security.

The Law Reform Committee in Singapore on 7 October 2013 issued a consultation paper on the Insolvency Law Review Committee's Report ("**ILRC Report**"). This consultation paper called for public responses on certain law reform recommendations to amend Singapore's ILRC Report. See further http://www.mlaw.gov.sg/news/public-consultations/public-consultation-on-ILRC-report.html.

The Ministry of Law has accepted most of the recommendations set out in the ILRC Report, but it is uncertain when the relevant changes will take effect.

Without being exhaustive, some recommendations to amend Singapore's insolvency law include:

(1) Currently, the moratorium that could be imposed in relation to scheme of arrangement proceedings ("**SOA**") only relates to actions and proceedings and not out of court self-help remedies in relation to the enforcement of security. The Insolvency Law Review Committee has recommended an expanded moratorium to the scheme of arrangement regime, the scope of which is similar to that in judicial management, with the court having discretionary powers to alter the scope of the moratorium. See pages 139-143 and 157 of the ILRC Report. If this recommendation is carried through, the expanded moratorium could affect the Security Trustee's enforcement of security in a SOA, where enforcement is by means of out of court self-help remedies; and

(2) Currently, a creditor who holds a floating charge over the whole or substantially the whole of the company's assets can veto the making of a judicial management order, save only in the case where public interest so requires. The Insolvency Law Review Committee has recommended that the court be given overriding discretion to grant a judicial management order notwithstanding that a secured creditor who may appoint a receiver over the whole or substantially the whole of the company's assets objects to such an appointment.

If this recommendation is carried through, the Security Trustee may lose its ability to veto the making of a judicial management order against the Seller, which in turn may adversely affect the Security Trustee's ability to enforce the security.

All land in Singapore may be acquired by the State under the Land Acquisition Act of Singapore.

All land in Singapore may be acquired by the State under the Land Acquisition Act, Chapter 152 of Singapore (the "**Land Acquisition Act**"), including Property the subject of Mortgages in the Portfolio. Generally, a public purpose or a certain specified purpose, such as the building of transportation, infrastructure or public housing, must be present before the State may

exercise its rights of compulsory acquisition in respect of such land. The declaration for the acquisition of land for such purpose is usually published by way of notification in the Government Gazette and such notification is conclusive evidence that the land is needed for the purpose specified in the notification.

Upon the publication of the notification, the Collector of Land Revenue will be directed to take proceedings for the acquisition of land. A notice will be published in the daily local newspapers circulating in Singapore stating, *inter alia*, that the State intends to acquire the land and that claims to compensation for all interests in the land may be made to the Collector of Land Revenue. Notices will also be served on every person known or believed to be interested in the land or any person known or believed to be entitled to act for a person so interested, to inform them of the same.

Thereafter, the Collector of Land Revenue shall proceed to inquire into any objections and as soon as possible after the conclusion of the inquiry make an award of the area of the land to be acquired, the compensation which in his opinion should be allowed for the land and the apportionment of compensation among all persons known or believed to be interested in the land. Compensation will be based on the market value of the land to be acquired under the Land Acquisition Act.

There is no guarantee or assurance that the amount of compensation paid for the acquired Property will be of sufficient value to enable the CBG to meet its obligations under the Covered Bond Guarantee.

Covered Bondholders will have limited recourse to the Seller and the Issuer in respect of a breach of Representation and Warranty.

The CBG, the Bond Trustee and the Security Trustee will not undertake any investigations, searches or other actions on any Loan or its Related Security and will rely instead on the Representations and Warranties given in the Mortgage Sale Agreement by the Seller in respect of the Loans and their Related Security sold by it to the CBG.

If any Loan or its Related Security sold by the Seller does not materially comply with any of the Representations and Warranties made by the Seller as at the Closing Date of that Loan or that Related Security, then the Seller will be required to notify the CBG and the Security Trustee as soon as reasonably practical after becoming aware of the fact and, upon receipt of a request to do the same from the CBG, remedy the breach within 30 days of receipt by it of the request.

If the Seller fails to remedy the breach of a Representation and Warranty within 30 days, then the Seller will be required (but only prior to the occurrence of an Issuer Event of Default and after the service of a Loan Repurchase Notice) to repurchase or accept surrender on such date that the CBG may direct in the Loan Repurchase Notice the relevant Loan and its Related Security and any other Loans of the relevant Borrower and/or the relevant Mortgagor that are included in the Portfolio.

The repurchase price payable upon the repurchase of any Non-CPF Loan and its Related Security or surrender of the Trust Assets relating to any CPF Loan and its Related Security (and any related Top-up Loans) by the CBG Beneficiary is an amount equal to the True Balance of such Loan as of the date of repurchase. There shall be an adjustment made to the purchase price on or before the second CBG Payment Date falling after the relevant repurchase date to take account of, *inter alia*, arrears of interest and accrued interest and amounts received by the Seller under such Loan or Loans in the period up to (but excluding) the relevant repurchase date in respect of such Loan or Loans.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase a Non-CPF Loan or Non-CPF Loans and its or their Related Security or accept surrender of the Trust Assets relating to any CPF Loan and its Related Security (and any related Top-up Loans) by the CBG Beneficiary and make the required Distribution. However, if the Seller does not repurchase or accept surrender those Loans and their Related Security which are in breach of the Representations and Warranties, then the True Balance of those Loans will be excluded from the calculation of the Asset Coverage Test. There is no further recourse to the Seller or the Issuer in respect of a breach of a Representation or Warranty.

The repayment of the Demand Loan will rank ahead of payments under the Covered Bond Guarantee.

The Demand Loan at any relevant time will be equal to the difference between the outstanding principal balance of the Intercompany Loan and the amount of the Guarantee Loan at that time. The Guarantee Loan, at any relevant time, is in an amount equal to (A) (a) the SGD Equivalent of the outstanding nominal amount of the Covered Bonds at that time, plus (b) an amount equal to the aggregate principal amount outstanding (or, in the case of assets in the form of Loans (other than Converted Loans), the True Balance) of additional assets in excess of (a) above as required to satisfy (and determined in accordance with) the Asset Coverage Test, plus (only if the Asset Coverage Test is satisfied) (c) an amount equal to the aggregate principal amount outstanding (or, in the case of assets in the form of Loans (other than Converted Loans), the True Balance) of additional assets in excess of (a) and (b) above (if any) which were required to satisfy the Interest Rate Shortfall Test as of the most recent CBG Calculation Date (or were required to be provided (and have been so provided) to the CBG following the Interest Rate Shortfall Test not being satisfied as of the most recent CBG Calculation Date), minus (B) the Subordinated Loan. The Demand Loan is therefore a voluntary level of overcollateralisation above what is strictly required under the Asset Coverage Test and (if applicable) the Interest Rate Shortfall Test. For this reason, the Intercompany Loan Provider may demand the repayment of that Demand Loan at any point in time prior to service of a Notice to Pay or a CBG Acceleration Notice, provided that, following the repayment of that Demand Loan, the Asset Coverage Test and the Interest Rate Shortfall Test will continue to be complied with. Following a Demand Loan Repayment Notice or service of a Notice to Pay or a CBG Acceleration Notice, the Demand Loan must be repaid. In all circumstances, repayment of the Demand Loan will rank ahead of payments under the Covered Bond Guarantee. Repayment of principal on the Demand Loan may (at the discretion of the Intercompany Loan Provider) (and, following the service of a Notice to Pay or a CBG Acceleration Notice, shall only) be made by payment in kind with the transfer of Demand Loan Repayment Assets, in each case in accordance with the terms of the Intercompany Loan Agreement, to the Intercompany Loan Provider, or by the reassignment, release and surrender of the CBG's equitable rights, interests, title and benefits in such Loans and their Related Security to the Intercompany Loan Provider where a legal title perfection has not yet occurred in respect of those Loans. The repayment of the Demand Loan will be made in priority to amounts owed to other Secured Creditors, including the Covered Bondholders.

Further, the Demand Loan Repayment Assets (and certain principal collections in respect of the Demand Loan Repayment Assets) will not form part of the assets that are applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments following the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice.

In order to provide sufficient time to the Servicer and the Cash Manager to select and transfer or reassign, release and surrender the CBG's rights, interests, title and benefits in respect of the relevant Demand Loan Repayment Assets to or in favour of, as the case may be, the Intercompany Loan Provider in accordance with the terms of the Intercompany Loan

Agreement, the terms of the Singapore Deed of Charge provide that the Security Trustee may only apply amounts in accordance with the Post-Enforcement Priority of Payments on and after the first CBG Payment Date following the earlier of:

(a) 30 days following the service of a CBG Acceleration Notice on the CBG; and

(b) the date the Asset Percentage is fixed following the service of a CBG Acceleration Notice in accordance with the Intercompany Loan Agreement.

Covered Bondholders should therefore include such analysis of the Demand Loan in their review of the level of overcollateralisation in the Portfolio from time to time. Payments to Secured Creditors, including the Covered Bondholders, may also be delayed in respect of the Post-Enforcement Priority of Payments.

RISKS RELATING TO THE COVERED BONDS

Limitations on further issuances of Covered Bonds issued under the Programme.
Save in respect of the first issue of Covered Bonds issued under the Programme, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms from an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects and will share in the security granted by the CBG under the Deeds of Charge. If an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, the Covered Bonds of all Series outstanding will accelerate at the same time against the Issuer (following service of an Issuer Acceleration Notice) but will be subject to, and have the benefit of, payments made by the CBG under the Covered Bond Guarantee (following service of a Notice to Pay). Subject as provided in Condition 9 (*Events of Default*) and the Trust Deed, if a CBG Event of Default occurs, following service of a CBG Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate against the Issuer (if not already accelerated following an Issuer Event of Default) and the obligations of the CBG under the Covered Bond Guarantee will accelerate.

There can be no assurance that further issuances will not adversely affect existing holders of the Covered Bonds.

Security Trustee's and Bond Trustee's powers may affect the interests of the Covered Bondholders.
In the exercise of its duties, powers, trusts, authorities and discretions, the Security Trustee shall only have regard to the interests of the Covered Bondholders. In the exercise of its duties, powers, trusts, authorities and discretions, the Security Trustee shall not act on behalf of the Seller.

In having regard to the interests of the Covered Bondholders, the Security Trustee shall be entitled to rely solely on a written confirmation from the Bond Trustee as to whether, in the opinion of the Bond Trustee, any matter, action or omission is or is not in the interests of or is not prejudicial or materially prejudicial to the interests of, the Covered Bondholders. The Bond Trustee shall have sole responsibility for resolving conflicts of interest as between the Covered Bondholders or any Series or class of them, subject to and in accordance with the provisions of the Trust Deed and the Conditions of the Covered Bonds.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Bond Trustee is of the opinion that the interests of the Covered Bondholders of any one or more Series would be materially prejudiced thereby, the Bond Trustee shall not exercise such power, trust, authority or discretion without the approval of such Series of Covered Bondholders by

Extraordinary Resolution or by a direction in writing of such Covered Bondholders of not less than one-quarter of the outstanding notional amount of the Covered Bonds of the relevant Series then outstanding. There can be no assurance that the view taken by the Bond Trustee as to what is materially prejudicial to the interests of the Covered Bondholders will accord with the views of any Covered Bondholder.

The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent.

Pursuant to Condition 10 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*), and certain provisions of the Trust Deed and the Deeds of Charge, the Bond Trustee has the ability to agree to or direct the Security Trustee to agree to certain modifications, waivers and authorisations under the Covered Bonds and the Transaction Documents (including the waiver of any Issuer Event of Default and/or CBG Event of Default) without consultation with, or the consent or sanction of, the Covered Bondholders or the other Secured Creditors.

In addition, the rating criteria used by the Rating Agencies to assign a rating to the Covered Bonds may be amended by the Rating Agencies from time to time. Following amendments to the relevant rating criteria by the Rating Agency applicable to a Swap Agreement, the CBG, each relevant Swap Provider, the Bond Trustee and Security Trustee may agree to amend and restate the relevant Swap Agreements in order to implement the new rating criteria so as to maintain the ratings then assigned to the Covered Bonds. Such amendments may be prejudicial to the interest of the Covered Bondholders.

Subject as provided in Condition 10 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) and the Trust Deed, the Bond Trustee must, or must direct the Security Trustee to, agree to modifications, waivers and authorisations as referred to above if so directed by (a) an Extraordinary Resolution of the Covered Bondholders or (b) the holders of not less than one-quarter of the nominal amount of the Covered Bonds of the relevant Series then outstanding.

Further, in respect of a Transaction Document to which the Bond Trustee or the Security Trustee is a party, the Bond Trustee or the Security Trustee (as the case may be) may agree without the consent of the Covered Bondholders, Receiptholders or Couponholders to the amendment to such Transaction Document for the purpose of making any amendment (including, without limitation, adding, changing or removing parties and correcting or rectifying any ambiguity, defective provisions, errors, omissions or inconsistencies) to the Transaction Document, provided that, following the first Issue Date, the Cash Manager has delivered a Rating Agency Confirmation to the CBG, the Agent, the Security Trustee and the Bond Trustee in respect of such amendment and the Cash Manager has confirmed in writing to the Agent, the Security Trustee and the Bond Trustee (as the case may be) and to the CBG that in its opinion such amendment will not have an adverse effect on the amount and timing of any payment to the Covered Bondholders. Any such amendment shall be binding on all Covered Bondholders, Receiptholders and all Couponholders and, if the Bond Trustee or the Security Trustee, as applicable, so requires, shall be notified to the Covered Bondholders as soon as possible. The Security Trustee and the Bond Trustee (as the case may be) may in its discretion (but shall not be obliged to) rely on the Rating Agency Confirmation delivered to them. Investors should note the risk factor entitled "*Risks relating to Rating Agency Confirmations in respect of Covered Bonds*" as well as the definition of "Rating Agency Confirmation" set out in the glossary of defined terms at the end of this Offering Circular.

Certain decisions of the Covered Bondholders must be taken at Programme level.

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default or to direct the Bond Trustee to serve a CBG Acceleration Notice following a CBG Event of Default and any direction to the Bond Trustee to take any

enforcement action or to direct the Security Trustee to take any enforcement action must be passed at a single meeting of the Covered Bondholders of all Series then outstanding. Therefore the holders of a single Series of Covered Bonds may not be able to give any directions to the Bond Trustee or the Security Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

Obligations under the Covered Bond Guarantee may be extended beyond the Maturity Date of the Covered Bonds.

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their Maturity Date (subject to applicable grace periods) and if, following the service of an Issuer Acceleration Notice on the Issuer and of a Notice to Pay on the CBG (by no later than the date which falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds are not paid in full, then the payment of such Guaranteed Amounts may be automatically deferred. The Issuer is not required to notify Covered Bondholders of such deferral. This will occur (subject to no CBG Event of Default having occurred) if the Pricing Supplement for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Due for Payment Date.

To the extent that the CBG has received a Notice to Pay in sufficient time and has sufficient monies available to pay in whole or in part the Guaranteed Amounts corresponding to the relevant unpaid portion of the Final Redemption Amount in respect of the relevant Series of Covered Bonds, the CBG shall make such payment in accordance with the Guarantee Priority of Payments and as described in Condition 5(a) (*Redemption by Instalments and Final Redemption*) on any Interest Payment Date up to and including the relevant Extended Due for Payment Date. Payment of the unpaid amount shall be deferred automatically until the applicable Extended Due for Payment Date (where the relevant Series of Covered Bonds are subject to an Extended Due for Payment Date). The Covered Bondholders should be aware that the Extended Due for Payment Date will be the date specified in the applicable Pricing Supplement, interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 (*Interest and other Calculations*) and the CBG will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the CBG has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the CBG to make payment in respect of the Final Redemption Amount on the Maturity Date (or such later date within any applicable grace period) shall not constitute a CBG Event of Default. However, failure by the CBG to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date or the Extended Due for Payment Date will (subject to any applicable grace period) be a CBG Event of Default.

The Maturity Dates for different Series of Covered Bonds may not be the same. In the case of a Series of Covered Bonds which are subject to an Extended Due for Payment Date (as specified in the applicable Pricing Supplement), if the principal amounts have not been repaid in full, as described in more detail above, by the Extension Determination Date, then the repayment of unpaid principal amounts shall be deferred until the Extended Due for Payment Date. This means that a Series of Covered Bonds having an earlier Maturity Date than such Extended Due for Payment Date may start receiving principal repayments in advance of the Series of Covered Bonds in respect of which unpaid principal amounts have been deferred until such Extended Due for Payment Date.

The Extended Due for Payment Dates for different Series of Covered Bonds to which an Extended Due for Payment Date applies may not be the same. On each CBG Payment Date following the service of a Notice to Pay on the CBG (but prior to the service of a CBG Acceleration Notice and/or the commencement of winding-up proceedings against the CBG

and/or the realisation of the Security), the CBG will apply Available Revenue Receipts and Available Principal Receipts in accordance with the Guarantee Priority of Payments. To the extent that the amount available for distribution under the Guarantee Priority of Payments would be insufficient to pay the Scheduled Interest, the Scheduled Principal or the Final Redemption Amount of any Series of Covered Bonds to which an Extended Due for Payment Date applies, the shortfall will be divided amongst all such Series of Covered Bonds on a *pro rata* and *pari passu* basis.

General volatility in the wholesale funding markets may affect the ability of the Issuer to fulfil its ongoing obligations under the Programme.

Since the second half of 2007, disruption in the global markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States and elsewhere, have created difficult conditions in the financial markets. These conditions have resulted in historic volatility, less liquidity or no liquidity, widening of credit spreads and a lack of price transparency in certain markets, both primary and secondary, including with respect to the mortgage-backed securities and covered bond markets. These adverse market conditions have resulted in the failures of a number of financial institutions in the United States and Europe and unprecedented action by governmental authorities, regulators and central banks around the world. While market conditions have shown signs of improvement in certain sectors of the global credit markets, it is difficult to predict whether, or to what extent, such market improvement will continue and/or how long the adverse market conditions will continue to exist. Additionally, there can be no assurance that the market for covered bonds will continue to recover, or to the same degree as other recovering global credit market sectors.

If wholesale funding markets do not continue to improve, or deteriorate further, it may have an adverse effect on the ability of the Issuer (acting in its various capacities under the Programme) to fulfil its ongoing obligations under the Programme and, as a result, the performance of the Covered Bonds may be adversely affected.

U.S. Foreign Account Tax Compliance Withholding may apply in certain limited circumstances.

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

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE COVERED BONDS AND THE COVERED BONDHOLDERS IS UNCERTAIN AT THIS TIME. EACH COVERED BONDHOLDER SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH COVERED BONDHOLDER IN ITS PARTICULAR CIRCUMSTANCE.

The Issuer may issue Covered Bonds which may give rise to particular risks for potential investors.

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

(a) An optional redemption feature is likely to limit the market value of Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

(b) The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment. Covered Bonds with floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

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

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest bearing securities with comparable maturities.

(d) In the case of Covered Bonds which have denominations consisting of a minimum denomination or denominations of such Covered Bonds as specified in the applicable Pricing Supplement (the "**Specified Denomination**") plus one or more higher integral multiples of another smaller amount, it is possible that Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds a nominal

amount of less than the minimum Specified Denomination will not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase a nominal amount of Covered Bonds such that it holds an amount equal to one or more Specified Denominations.

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

There are risks associated with modifying or amending the terms and conditions of the Covered Bonds by way of a meeting of Covered Bondholders.

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

The Issuer and Covered Bondholders may face certain risks associated with any changes to English law or Singapore law or administrative practice after the date of the issue of the relevant Covered Bonds.

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

Limited liquidity of the Covered Bonds may affect the market price of the Covered Bonds.

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

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

The Covered Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Covered Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency, credit or market risks, and/or are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have an adverse effect on the market value of the Covered Bonds. Even if the Covered Bonds are traded, they may trade at a discount from their initial issue price, depending on prevailing interest rates, the market for similar securities, the DBS Group's performance and other factors.

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

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

The DBS Group is subject to Singapore's accounting standards and requirements that differ in certain material respects from those applicable to banks in certain other countries. This Offering Circular does not include a reconciliation of the financial statements of DBS Bank or the DBS Group to U.S. GAAP and there can be no assurance that such reconciliation would not identify material quantitative differences.

Investors should consult their own professional advisers for an understanding of the differences between Singapore FRS and U.S. GAAP, IFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

Covered Bondholders may be subject to Singapore taxation.

The Covered Bonds to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2018 are, pursuant to the Income Tax Act, chapter 134 of Singapore (the "**Income Tax Act**") and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the Income Tax Act, subject to the fulfilment of certain conditions more particularly described in the section "*Taxation — Singapore Taxation*". However, there is no assurance that such Covered Bonds will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

The Covered Bonds may be subject to the EU Directive on the Taxation of Savings Income.

EC Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**") requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established within its jurisdiction to (or secured by such a person for the benefit of) an individual resident, or to (or secured for) certain other types of entity established, in that other EU Member State, except that Austria will instead impose a withholding system for a transitional period (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period it elects otherwise.

The Council of the European Union has adopted a Directive (the "**Amending Savings Directive**") which will, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above. The Amending Savings Directive will expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. The Amending Savings Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The European Commission has published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Savings Directive.

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

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

Investors who are in any doubt as to their position or would like to know more should consult their professional advisers.

Risks relating to the ratings of the Covered Bonds.

The ratings assigned to the Covered Bonds address:

(a) the likelihood of full and timely payment to holders of the Covered Bonds of all payments of interest on each Interest Payment Date; and

(b) the likelihood of ultimate payment of principal in relation to Covered Bonds on (i) the Maturity Date thereof, or (ii) if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee in accordance with the applicable Pricing Supplement, on the Extended Due for Payment Date thereof.

Any Rating Agency may lower its rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may be reduced.

In addition, at any time any Rating Agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to the Covered Bonds may be lowered.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension or withdrawal (or, as noted above, revision) at any time. A credit rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Covered Bonds. Any downgrade in the rating of the Issuer by the Rating Agencies may have a negative impact on the ratings of the Covered Bonds.

Credit ratings assigned to the Covered Bonds do not necessarily mean that they are a suitable investment. Similar ratings on different types of covered bonds do not necessarily mean the same thing. The ratings do not address the marketability of the Covered Bonds or any market

practice. Any change in the credit ratings of the Covered Bonds or the DBS Group could adversely affect the price that a subsequent purchaser will be willing to pay for the Covered Bonds. The significance of each rating should be analysed independently from any other rating.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings referred to in this Offering Circular, is set out in "*Overview of the Programme — Ratings"* of this Offering Circular. The list of registered and certified rating agencies (which includes Moody's and Fitch Ratings Ltd.) published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Fitch Australia Pty Limited is not established in the European Union and has not applied for registration under the CRA Regulation. However, the credit ratings of Fitch Australia Pty Limited are endorsed on an ongoing basis by Fitch Ratings Ltd. pursuant to and in accordance with the CRA Regulation.

Risks relating to Rating Agency Confirmations in respect of Covered Bonds.

A written Rating Agency Confirmation that any action proposed to be taken by the Issuer, the CBG, the Bond Trustee, the Security Trustee or any other of the parties to the Transaction Documents will not have an adverse effect on the then current rating of the Covered Bonds does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or not prejudicial to, the Covered Bondholders. While entitled to have regard to the fact that the Rating Agencies may have confirmed that the then current rating of the relevant Series of Covered Bonds would not be adversely affected, the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Covered Bondholders), the Issuer, the CBG, the Bond Trustee, the Security Trustee, the other parties to the Transaction Documents or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Covered Bondholders), the Issuer, the CBG, the Bond Trustee, the Security Trustee, the other parties to the Transaction Documents or any other person, whether by way of contract or otherwise.

Any such written Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a written Rating Agency Confirmation in the time available or at all, and the Rating Agency should not be responsible for the consequences thereof. A written Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A written Rating Agency Confirmation represents only a restatement of the opinions given, and is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

Certain Rating Agencies have indicated that they will no longer provide Rating Agency Confirmations as a matter of policy. Therefore, an authorised signatory of the Issuer or, following the occurrence of an Issuer Event of Default, the CBG, may certify in writing to the Security Trustee and the Bond Trustee that, in its opinion (and where a Rating Agency was prepared to consult with the Issuer or the CBG, as applicable, this opinion is based on consultation with that Rating Agency), such action would not cause the ratings of the Covered Bonds to be reduced or withdrawn by the Rating Agencies. To the extent that no written Rating Agency Confirmation or certification can be obtained, any action to be taken will be determined in accordance with the provisions of the relevant Transaction Documents, specifically the relevant modification and waiver provisions.

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

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

The general effects of the Volcker Rule remain uncertain.

The issuing entity will be relying on an exclusion or exemption under the Investment Company Act contained in Section 3(c)(5)(C), although there may be additional exclusions or exemptions available to the issuing entity. The issuing entity is being structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**"). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations is required by 21 July 2015 (subject to the possibility of up to two one-year extensions). In the interim, banking entities must make good-faith efforts to conform their activities and investments to the Volcker Rule. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Covered Bonds may not be a suitable investment for all investors.
Each potential investor in any Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

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

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

(d) understand thoroughly the terms of the relevant Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

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

Some Covered Bonds are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of such Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio. A potential investor should ensure that it has sufficient knowledge and experience (either alone or with the help of a financial adviser) to make its own legal, tax, accounting and financial evaluation of the merits and risks of investing in the Covered Bonds and that it considers the suitability of the Covered Bonds as an investment in light of its own circumstances and financial condition.

Legal investment considerations may restrict certain investments.
The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Covered Bonds are legal investments for it, (ii) Covered Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

RISKS RELATING TO THE MARKET GENERALLY

The Issuer may face certain risks associated with exchange rate fluctuations and any modifications to exchange controls.
The Issuer will pay principal and interest on the Covered Bonds in the currency specified (the "**Settlement Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Settlement Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Settlement Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An

appreciation in the value of the Investor's Currency relative to the Settlement Currency would decrease (i) the Investor's Currency-equivalent yield on the Covered Bonds, (ii) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (iii) the Investor's Currency equivalent market value of the Covered Bonds.

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

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

The Basel Committee approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as Basel III). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the Net Stable Funding Ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation.

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

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

RISKS RELATED TO RENMINBI-DENOMINATED COVERED BONDS

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

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

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

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

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

On 3 December 2013, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the *Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment* (商務部關於跨境人民幣直接投資有關問題的公告) (the "**MOFCOM Circular**"), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify "Renminbi Foreign Direct Investment" and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

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

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

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

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

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

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

Investment in RMB Covered Bonds is subject to exchange rate risks.

The value of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and other factors. All payments of interest and principal will be made with respect to RMB Covered Bonds in Renminbi save as provided in the terms and conditions in accordance with Condition 6(j). As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the RMB Covered Bonds in that foreign currency will decline. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the RMB Covered Bonds entails foreign exchange related risks, including possible significant changes in the value of RMB relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of the RMB Covered Bonds below their stated coupon rates and could result in a loss when the return on the RMB Covered Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in RMB Covered Bonds.

Investment in the RMB Covered Bonds is subject to currency risk.

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

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

All payments to investors in respect of RMB Covered Bonds will be made solely (i) when RMB Covered Bonds are represented by global certificates, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore, as the case may be, in accordance with prevailing CMU rules and procedures or CDP rules, as the case may be, or (ii) when RMB Covered Bonds are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or Singapore in accordance with prevailing rules and regulations. In the event that a holder of RMB Covered Bonds fails to maintain a valid Renminbi account with a bank in Hong Kong or Singapore, as the case may be, and, accordingly, payments are unsuccessful, it is possible that such amounts may be settled in a currency other than Renminbi. The Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by check or draft or by transfer to a bank account in the PRC).

EXCHANGE RATES

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

	Singapore Dollars per U.S.$1.00 Mid-Day Rate			
	Average	Low	High	Period End
Year ended 31 December				
2010	1.3630	1.2847	1.4217	1.2875
2011	1.2577	1.2009	1.3166	1.3007
2012	1.2496	1.2183	1.2994	1.2221
2013	1.2513	1.2208	1.2846	1.2653
2014	1.2671	1.2377	1.3253	1.3213

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

	Singapore Dollars per U.S.$1.00 Mid-Day Rate			
	Average	Low	High	Period End
Month ended				
31 December 2014	1.3155	1.3043	1.3253	1.3213
31 January 2015	1.3374	1.3246	1.3533	1.3512
28 February 2015	1.3544	1.3449	1.3617	1.3568
31 March 2015	1.3771	1.3626	1.3925	1.3765
30 April 2015	1.3500	1.3204	1.3686	1.3230
31 May 2015	1.3347	1.3209	1.3508	1.3476
1 June through 12 June 2015	1.3504	1.3440	1.3603	1.3444

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

Exchange Controls

Currently, there are no exchange control restrictions in Singapore.

TERMS AND CONDITIONS OF THE COVERED BONDS

The following is the text of the terms and conditions that, save for the words in italics and, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable Pricing Supplement, shall be applicable to the Covered Bonds in definitive form (if any) issued in exchange for the Global Covered Bond(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the applicable Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Covered Bonds or on the Certificates relating to such Registered Covered Bonds. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the applicable Pricing Supplement or the Master Definitions Agreement. Those definitions will be endorsed on the Definitive Covered Bonds or Certificates, as the case may be. References in the Conditions to "Covered Bonds" are to the Covered Bonds of one Series only, not to all Covered Bonds that may be issued under the Programme.

The Covered Bonds are constituted by a Trust Deed (as amended or supplemented as at the date of issue of the Covered Bonds (the "**Issue Date**"), the "**Trust Deed**") dated on or about 16 June 2015 (the "**Programme Date**") between the Issuer, Bayfront Covered Bonds Pte. Ltd. as guarantor (the "**CBG**"), The Bank of New York Mellon, London Branch as bond trustee for the Covered Bondholders (as defined below) (the "**Bond Trustee**", which expression shall include all persons for the time being the bond trustee or bond trustees under the Trust Deed) and The Bank of New York Mellon, Singapore Branch as security trustee (the "**Security Trustee**", which expression shall include all persons for the time being the security trustee or the security trustees).

These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Covered Bonds, Certificates, Receipts, Coupons and Talons referred to below. The Issuer, the Bond Trustee, the Security Trustee, The Bank of New York Mellon as initial issuing and paying agent and the other agents named therein have entered into an Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated on or about 16 June 2015 in relation to the Covered Bonds to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU Service**"), The Bank of New York Mellon, Singapore Branch as paying agent for Covered Bonds to be cleared through the computerised system (the "**CDP System**") operated by The Central Depositary (Pte) Limited ("**CDP**"), The Bank of New York Mellon as issuing and paying agent for the Covered Bonds to be cleared through The Depository Trust Company ("**DTC**") and the other agents named in it. The paying agent in respect of each Series of Covered Bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), the CMU lodging and paying agent, the CDP paying agent, the DTC paying agent, the other paying agents, the exchange agent, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the "**Paying Agent**", the "**CMU Lodging and Paying Agent**", the "**CDP Paying Agent**", the "**DTC Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent, the Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the DTC Paying Agent and such further or other Paying Agent or Agents as may be appointed from time to time under the Agency Agreement), the "**Exchange Agent**", the "**Registrar**", the "**Transfer Agent**" (which expression shall include the Registrars) and the "**Calculation Agent(s**)"). The Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent and the DTC Paying Agent are referred to below, collectively as the "**Issuing and Paying Agent**". For the purposes of these Conditions, all references (other than in relation to the determination of interest and other amounts payable in respect of the Covered Bonds) to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Covered Bonds to be held in the CMU Service, be deemed to be a reference to the CMU

Lodging and Paying Agent and all such references shall be construed accordingly. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, unless provided otherwise, with respect to a Series of Covered Bonds to be held in the CDP, be deemed to be a reference to the CDP Paying Agent and all such references shall be construed accordingly. Copies of the Trust Deed, the Agency Agreement and each other Transaction Document (as defined in the Master Definitions Agreement) are available for inspection free of charge during usual business hours at the principal office of the Bond Trustee (presently at One Canada Square, 40th Floor, London E14 5AL, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agent.

The Covered Bondholders, the holders of the interest coupons (the "**Coupons**") relating to interest bearing Covered Bonds in bearer form and, where applicable in the case of such Bearer Covered Bonds, talons for further Coupons (the "**Talons**") (the "**Couponholders**") and the holders of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Bearer Covered Bonds of which the principal is payable in instalments (the "**Receiptholders**") are entitled to the benefit of, are bound by, and are deemed to have notice of, these Conditions, all the provisions of the Trust Deed and the applicable Pricing Supplement, the Agency Agreement and all other Transaction Documents. The Pricing Supplement for this Covered Bond (or the relevant provisions thereof) is attached to or endorsed on this Covered Bond. References to "**applicable Pricing Supplement**" are to the Pricing Supplement (or relevant provisions thereof) attached to or endorsed on this Covered Bond.

As used in these Conditions, "**Tranche**" means Covered Bonds which are identical in all respects and "**Series**" means a series of Covered Bonds comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number.

The CBG has, in the Trust Deed, irrevocably and unconditionally guaranteed the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds as and when the same shall become due for payment on certain dates in accordance with the Trust Deed ("**Due for Payment**"), but only after service of a Notice to Pay on the CBG following (a) an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer or (b) the occurrence of a CBG Event of Default and service by the Bond Trustee of a CBG Acceleration Notice on the CBG.

The security for the obligations of the CBG under the Covered Bond Guarantee has been created pursuant to, and on the terms set out in, a Singapore deed of charge and a supplemental English law governed security deed (such deeds as amended and/or supplemented and/or restated from time to time, the "**Deeds of Charge**"), each dated on or about the Programme Date and made between, *inter alios*, the CBG, the Bond Trustee and the Security Trustee.

Capitalised terms used but not defined in these Conditions have the meanings given to them in (i) the applicable Pricing Supplement or (ii) the master definitions agreement dated the Programme Date between, *inter alios*, the Issuer, the Bond Trustee and the Security Trustee (the "**Master Definitions Agreement**") or (iii) the Trust Deed. These Conditions shall be construed and interpreted in accordance with the principles of construction and interpretation set out in the Trust Deed.

1 Form, Denomination and Title

The Covered Bonds are issued in bearer form ("**Bearer Covered Bonds**") or in registered form ("**Registered Covered Bonds**"), in each case in the Specified Denomination(s) shown hereon.

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

Each Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond, or a combination of any of the foregoing or any other kind of Covered Bond, depending upon the Interest and Redemption/Payment Basis shown thereon and subject, in the case of a Covered Bond which is a Zero Coupon Covered Bond, to confirmation from the Rating Agencies that the then current ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

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

Registered Covered Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Covered Bonds*), each Certificate shall represent the entire holding of Registered Covered Bonds by the same holder.

Title to the Bearer Covered Bonds and to Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Covered Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar (the "**Register**"). The Issuer may appoint a registrar (the "**Alternative Registrar**") in accordance with the provisions of the Agency Agreement other than the Registrar in relation to any Series comprising Registered Covered Bonds. In these Conditions, "**Registrar**" includes, if applicable, in relation to any Series comprising Registered Covered Bonds, the Registrar or, as the case may be, the Alternative Registrar, as specified hereon. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Covered Bond, Receipt, Coupon or Talon shall be deemed to be and may be treated as

its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Covered Bondholder**" means the bearer of any Bearer Covered Bond and the Receipts relating to it or the person in whose name a Registered Covered Bond is registered (as the case may be), "**holder**" (in relation to a Covered Bond, Receipt, Coupon or Talon) means the bearer of any Bearer Covered Bond, Receipt, Coupon or Talon or the person in whose name a Registered Covered Bond is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Covered Bonds.

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

2 No Exchange of Covered Bonds and Transfers of Registered Covered Bonds

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

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

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

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Conditions 2(b) (*Transfer of Registered Covered Bonds*) or (c) (*Exercise of Options or Partial Redemption in Respect of Registered Covered Bonds*) shall be available for delivery within five business days of receipt of the request for exchange or form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

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

(f) **Closed Periods**: No Covered Bondholder may require the transfer of a Registered Covered Bond to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Covered Bond, (ii) during the period of 15 days prior to any date on which Covered Bonds may be called for redemption by the Issuer at its option pursuant to Condition 5(d) (*Redemption at the option of the Issuer*), (iii) after any such Covered Bond has been called for redemption or (iv) during the period of 15 days ending on (and including) any date on which payment is due.

3 Status of the Covered Bonds; the Covered Bond Guarantee

(a) **Status of Covered Bonds**: The Covered Bonds and the Receipts and Coupons relating to them constitute direct, unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Covered Bonds and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, respectively, present and future.

(b) **The Covered Bond Guarantee**:

(i) The CBG has irrevocably and unconditionally guaranteed the payment of Guaranteed Amounts (as defined in the Trust Deed) (the "**Covered Bond Guarantee**"). However, the CBG shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until (x) the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and of a Notice to Pay on the CBG or (y) the occurrence of a CBG Event of Default and service by the Bond Trustee of a CBG Acceleration Notice on the Issuer and the CBG (copied to the Security Trustee).

(ii) The obligations of the CBG in respect of the Covered Bond Guarantee are contained in the Trust Deed. Any payment made by the CBG under the Covered Bond Guarantee shall (unless such obligation shall have been discharged as a result of the payment of Excess Proceeds to the Bond Trustee pursuant to Condition 9 (*Events of Default*)) to that extent discharge the obligations of the Issuer in respect of such payment under the Covered Bonds, Receipts and Coupons except where such payment by the CBG has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders.

(iii) As security for the CBG's obligations under the Covered Bond Guarantee and the other Transaction Documents to which it is a party, the CBG has granted fixed and floating security over all of its assets under the Deeds of Charge in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors).

4 Interest and other Calculations

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

(b) **Interest on Floating Rate Covered Bonds**:

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

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

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

(A) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

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

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

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

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

(i) the offered quotation; or

(ii) the arithmetic mean of the offered quotations,

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

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

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

(z) If sub-paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London interbank market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, or if the Reference Rate is HIBOR, the Hong Kong interbank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or if the Reference Rate is HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Bond Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London interbank

market or, if the Reference Rate is EURIBOR, the Euro-zone interbank market, or if the Reference Rate is HIBOR, the Hong Kong interbank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

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

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

(y) The Rate of Interest payable from time to time in respect of each Floating Rate Covered Bond under this Condition 4(b)(iii)(C) (*Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate is specified as being SIBOR or SOR*) will be determined by the Calculation Agent on the basis of the following provisions:

I in the case of Floating Rate Covered Bonds which are SIBOR Covered Bonds:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX — SIBOR AND SWAP OFFER RATES — RATES AT 11:00 HRS SINGAPORE TIME" and the column headed "SGD SIBOR" (or such other Relevant Screen Page);

(bb) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or, if no rate appears, on such other Relevant Screen Page) or if Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Relevant Screen Page) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount

comparable to the aggregate nominal amount of the relevant Floating Rate Covered Bonds. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of such offered quotations, as determined by the Calculation Agent;

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

(dd) if on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate nominal amount of the relevant Floating Rate Covered Bonds for such Interest Period by whatever means they determine to be most appropriate or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the rate per annum which the Calculation Agent determines to be arithmetic mean (rounded up, if necessary, to the nearest 1/16%) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date;

II in the case of Floating Rate Covered Bonds which are Swap Rate Covered Bonds:

(aa) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11.00 a.m. London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period;

(bb) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, such Calculation Agent will determine the Rate of Interest for such Interest Period as being the rate (or, if there is

more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest 1/16%)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as such Calculation Agent may select;

(cc) if on any Interest Determination Date such Calculation Agent is otherwise unable to determine the Rate of Interest under paragraphs (aa) and (bb) above, the Rate of Interest shall be determined by such Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to such Calculation Agent at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Covered Bonds for such Interest Period by whatever means they determine to be most appropriate, or if on such day one only or none of the Reference Banks provides such Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date; and

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

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

(d) **Accrual of Interest**: Interest shall cease to accrue on each Covered Bond on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7 (*Taxation*)).

(e) **Interest following a Notice to Pay**: If a Notice to Pay or a CBG Acceleration Notice is served on the CBG, the CBG shall, in accordance with the terms of the Covered Bond Guarantee, pay Guaranteed Amounts corresponding to the amounts of interest described under this Condition 4 (as the case may be) under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates and, if applicable, the Extended Due for Payment Date.

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

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

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

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

(g) **Calculations**: The amount of interest payable per calculation amount specified hereon (or, if no such amount is so specified, the Specified Denomination) (the "**Calculation Amount**") in respect of any Covered Bond for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Covered Bond for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**: The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the

Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Bond Trustee, the Issuer, each of the Paying Agents, the Covered Bondholders, any other Calculation Agent appointed in respect of the Covered Bonds that is to make a further calculation upon receipt of such information and, if the Covered Bonds are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period End Date is subject to adjustment pursuant to Condition 4(b)(ii) (*Business Day Convention*), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Covered Bonds become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Covered Bonds shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

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

"**Business Day**" means:

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

(ii) in the case of Euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of Covered Bonds denominated in Renminbi:

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

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

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

(iv) in the case of Covered Bonds denominated in Singapore dollar:

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

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

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

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

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

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

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

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

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

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

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

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

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

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

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

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

where:

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s)

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

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

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

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

"**Interest Amount**" means:

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

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

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

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

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

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

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

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

"**Reference Banks**" means:

(i) in the case of a determination of LIBOR, the principal London office of four major banks in the London interbank market;

(ii) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market;

(iii) in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong interbank market; and

(iv) in the case of a determination of SIBOR or SOR, the principal Singapore office of three major banks in the Singapore interbank market,

in each case selected by the Calculation Agent or as specified hereon.

"**Reference Rate**" means the rate specified as such hereon or such other page, section, caption, column or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

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

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

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

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

(k) **Calculation Agent**: The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Covered Bond is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Covered Bonds, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other

requirement, the Issuer shall (with the prior approval of the Bond Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Redemption, Purchase and Options

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

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5, each Covered Bond that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Covered Bond shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Covered Bond, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

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

(iii) Without prejudice to Condition 9 (*Events of Default*), if an Extended Due for Payment Date is specified hereon and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date (after expiry of the grace period set out in Condition 9(a)(i) (*Non-Payment*)) and, following the service of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the CBG by no later than the date falling one Business Day prior to the Extension Determination Date, the CBG has insufficient monies available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the Covered Bonds on the date falling on the earlier of (A) the date which falls two Business Days after service of such Notice to Pay on the CBG or, if later, the Maturity Date (in each case, after the expiry of the grace period set out in Condition 9(a)(i) (*Non-Payment*)) under the terms of the Covered Bond Guarantee and (B) the Extension Determination Date, then (subject as provided below) payment of the unpaid amount by the CBG under the Covered Bond Guarantee shall be deferred until the Extended Due for Payment Date, provided that the CBG may pay any amount representing the Final Redemption Amount on the Maturity Date and any amount representing all or part of the Final Redemption Amount due and remaining unpaid until the earlier of (A) and (B) above may, subject to the Guarantee Priority of Payments, also be paid by the CBG on any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date.

(iv) The Issuer shall confirm to the Issuing and Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date whether (A) payment will be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date or (B) payment will not be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date. Any failure by the Issuer to notify the Issuing and Paying Agent shall not affect the validity of effectiveness of the extension.

(v) The CBG shall notify the relevant Covered Bondholders (in accordance with Condition 15 (*Notices*)), the Rating Agencies, the Bond Trustee, the Security Trustee, the Issuing and Paying Agent and the Registrar (in the case of Registered Covered Bonds) as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in paragraphs (iii)(A) and (B) above of any inability of the CBG to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount pursuant to the Covered Bond Guarantee. Any failure by the CBG to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

(vi) In the circumstances outlined in paragraph (iii) above, the CBG shall on the earlier of (A) the date falling two Business Days after the service of a Notice to Pay on the CBG or, if later, the Maturity Date (in each case, after expiry of the grace period set out in Condition 9(b)(i) (*Non-Payment*)) and (B) the Extension Determination Date, under the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond and shall pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the CBG to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the CBG shall not constitute a CBG Event of Default.

(vii) Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee shall be disregarded for the purposes of determining the amounts to be paid by the CBG under the Covered Bond Guarantee in connection with this Condition 5(a).

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

"**Extended Due for Payment Date**" means the date, if any, specified hereon to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date.

"**Extension Determination Date**" means the date falling two Business Days after the expiry of 14 days starting on (and including) the Maturity Date.

"**Guarantee Priority of Payments**" means the priority of payments relating to monies standing to the credit of the Payment Ledger of the Transaction Account to be paid on each CBG Payment Date in accordance with the Trust Deed.

"**Rating Agency**" means any one of Moody's Investors Service Limited and Fitch Australia Pty Limited (together, the "**Rating Agencies**") or their affiliates or successors, to the extent any of them provide(s) ratings in respect of the Covered Bonds.

(b) **Early Redemption**:

(i) *Zero Coupon Covered Bonds*:

(A) The Early Redemption Amount payable in respect of any Zero Coupon Covered Bond, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Covered Bond pursuant to Condition 5(c) (*Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Covered Bond unless otherwise specified hereon.

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

(C) If the Early Redemption Amount payable in respect of any such Covered Bond upon its redemption pursuant to Condition 5(c) (*Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Covered Bond shall be the Amortised Face Amount of such Covered Bond as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Covered Bond becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Covered Bond on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d) (*Accrual of Interest*).

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

(ii) *Other Covered Bonds*: The Early Redemption Amount payable in respect of any Covered Bond (other than Covered Bonds described in paragraph (i) above), upon redemption of such Covered Bond pursuant to Condition 5(c) (*Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons**: The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, (the "**Optional Tax Redemption**") on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond) or, if so specified thereon, at any time (if this Covered Bond is not a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 5(b) (*Early Redemption*)) (together with interest accrued to the date fixed for redemption and any Additional Amounts then due or which will become due on or before the date fixed for redemption), if (i) the Issuer has or will become obliged to pay Additional Amounts (as described under Condition 7 (*Taxation*)) as a result of any change in, or amendment to, the laws, treaties or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws, treaties or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Covered Bonds then due.

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

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

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

In the case of a partial redemption, the notice to Covered Bondholders shall also contain the certificate numbers of the Bearer Covered Bonds, or in the case of Registered Covered Bonds shall specify the nominal amount of Registered Covered Bonds drawn and the holder(s) of such Registered Covered Bonds, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

(e) **Redemption due to illegality**: The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders (which notice shall be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that it has, or will before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Issuer to make, fund or allow to remain outstanding any Advance made by it to the CBG pursuant to the Intercompany Loan Agreement, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 5(e) will be redeemed at their Early Redemption Amount referred to in Condition 5(b) (*Early Redemption*) together (if appropriate) with interest accrued to the date of redemption.

(f) **Purchases**: The Issuer and any of its subsidiaries or the CBG may at any time purchase Covered Bonds (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(g) **Cancellation**: All Covered Bonds purchased by or on behalf of the Issuer or any of its subsidiaries may be (and any Covered Bonds purchased or otherwise acquired by the CBG shall be) surrendered for cancellation, in the case of Bearer Covered Bonds, by surrendering each such Covered Bond together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Covered Bonds, by surrendering the Certificate representing such Covered Bonds to the Registrar and, in each case, if so surrendered, shall, together with all Covered Bonds redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Covered Bonds so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the CBG in respect of any such Covered Bonds shall be discharged.

(h) **No Obligation to Monitor**: The Bond Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 and will not be responsible to the Covered Bondholders, Receiptholders or Couponholders for any loss arising from any failure by it to do so. Unless and until the Bond Trustee has notice in writing of the occurrence of any event or circumstance within this Condition 5, it shall be entitled to assume that no such event or circumstance exists.

6 Payments and Talons

(a) **Bearer Covered Bonds not held in the CMU**: Payments of principal and interest in respect of Bearer Covered Bonds not held in the CMU shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Covered Bond), Covered Bonds (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(g)(vi) (*Unmatured Coupons and*

Receipts and unexchanged Talons)) or Coupons (in the case of interest, save as specified in Condition 6(g)(ii) (*Unmatured Coupons and Receipts and unexchanged Talons*)), as the case may be:

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

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

In this Condition:

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

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

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

(ii) in the case of Covered Bonds cleared through the CDP System, a bank in Singapore or Hong Kong.

(b) **Registered Covered Bonds not held in the CMU**:

(i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Covered Bonds shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Covered Bonds shall be paid to the person shown on the Register at the close of business: (A) in the case of a currency other than Renminbi, on the fifteenth day before the due date for payment thereof; and (B) in the case of Covered Bonds denominated in Renminbi, on the fifth business day before the due date for payment (the "**Record Date**"). Payments of interest on each Registered Covered Bond shall be made:

(A) in the case of a currency other than Renminbi, in the relevant currency upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank; and

(B) in the case of Renminbi, by transfer to the registered account of the Covered Bondholder. If a holder does not maintain a registered account in respect of a payment to be made under the Covered Bonds, the Issuer

reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, provided that the Issuer shall not have any obligation to make any such arrangements.

In this Condition 6(b):

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

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

(b) in the case of Covered Bonds cleared through the CDP System, a bank in Singapore or Hong Kong,

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

(c) **Registered Covered Bonds held in the CMU**: Payments of principal and interest in respect of Registered Covered Bonds held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Covered Bond are credited as being held with the CMU in accordance with the CMU Rules (as defined in the Agency Agreement) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Agency Agreement) or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

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

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

(e) **Payments subject to fiscal laws**: Save as provided in Condition 7 (*Taxation*), all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or the CBG or its Agents agree to be subject and neither the Issuer nor the CBG will be liable for (i) any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements or (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Section 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Covered Bondholders or Couponholders in respect of such payments.

(f) **Appointment of Agents**: The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the CBG and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the CBG and do not assume any obligation or relationship of agency or trust for or with any Covered Bondholder or Couponholder. The Issuer and the CBG reserve the right at any time, with the approval of the Bond Trustee, to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the DTC Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Covered Bonds, (iii) a Transfer Agent in relation to Registered Covered Bonds, (iv) a CMU Lodging and Paying Agent in relation to Covered Bonds accepted for clearance through the CMU Service, (v) a CDP Paying Agent in relation to Covered Bonds cleared through the CDP System, (vi) one or more Calculation Agent(s) where the Conditions so require, (vii) such other agents as may be required by any other stock exchange on which the Covered Bonds may be listed, in each case as approved by the Bond Trustee and (viii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

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

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

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

(i) Unless the Covered Bonds provide that the relative Coupons are to become void upon the due date for redemption of those Covered Bonds, Bearer Covered Bonds which comprise Fixed Rate Covered Bonds should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to

the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8 (*Prescription*)).

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

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

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

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

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

(h) **Talons**: On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Covered Bond, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8 (*Prescription*)).

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

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

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

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

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

(j) **Renminbi fallback**: Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not, in its sole and absolute discretion, able to satisfy payments of principal or interest in respect of the Covered Bonds when due in Renminbi (in the case of Covered Bonds cleared through the CMU Service) in Hong Kong, or (in the case of Covered Bonds cleared through the CDP System) in Singapore, the Issuer shall, on giving not less than five nor more than 30 days' irrevocable notice to the Covered Bondholders prior to the due date for payment, settle any such payment (in the case of Covered Bonds cleared through the CMU Service) in U.S. dollars, or (in the case of Covered Bonds cleared through the CDP System) in Singapore dollars, on the due date at (in the case of Covered Bonds cleared through the CMU Service) the U.S. Dollar Equivalent, or (in the case of Covered Bonds cleared through the CDP System) the Singapore Dollar Equivalent, of any such Renminbi denominated amount. The due date for payment shall be the originally scheduled due date or such postponed due date as shall be specified in the notice referred to above, which postponed due date may not fall more than 20 days after the originally scheduled due date. Interest on the Covered Bonds will continue to accrue up to but excluding any such date for payment of principal.

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

(i) in the case of Covered Bonds cleared through the CMU Service, transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, or, at the option of the holder, by transfer to a U.S. dollar account maintained by the holder with, a bank in New York City; and the definition of "**business day**" for the purpose of this Condition 6(j) shall mean any day on which banks and foreign exchange markets are open for general business in the relevant place of presentation, and New York City; or

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(j) by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agents and all Covered Bondholders.

In this Condition:

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

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

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

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

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

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

"**Governmental Authority**" means:

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

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

"**Illiquidity**" means:

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

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

"**Inconvertibility**" means the occurrence of any event that makes it impossible (where it had been previously possible) for the Issuer to convert any amount due in respect of the Covered Bonds in the general Renminbi exchange market, in the case of Covered Bonds cleared through the CMU Service, Hong Kong, or, in the case of Covered Bonds cleared through the CDP System, Singapore, other than where such

impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

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

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

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

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

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

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

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

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

"**Spot Rate**" means:

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

If neither of the above rates is available, the Calculation Agent will determine the Spot Rate at or around 11.00 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the

Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; or

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(j) by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the CBG, the Agents and all Covered Bondholders; and

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

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Covered Bonds, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Singapore or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Receiptholders, Covered Bondholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Covered Bond, Receipt or Coupon:

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

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

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

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

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

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

All payments of Guaranteed Amounts by or on behalf of the CBG will be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Singapore or any authority therein or thereof having the power to tax. If any such withholding or deduction is required, the CBG will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The CBG will not be obliged to pay any additional amount (including, but not limited to, the Additional Amounts) to the Bond Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction. If any withholding or deduction arises under or in connection with FATCA, the CBG will not be required to pay any additional amount (including, but not limited to, the Additional Amounts) under the Covered Bond Guarantee on account of such withholding or deduction.

Notwithstanding any other provision of the Terms and Conditions, any amounts to be paid on the Covered Bonds by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise

imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

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

8 Prescription

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

9 Events of Default

(a) Issuer Events of Default

If any of the following events (each an "**Issuer Event of Default**") occurs and is continuing, the Bond Trustee at its discretion may but is not obliged to do so, and if so requested by holders of at least one-quarter in nominal amount of the Covered Bonds of this Series together with the Covered Bonds of any other Series then outstanding as if they were a single Series or if so directed by an Extraordinary Resolution of all the Covered Bondholders of all Series then outstanding as if they were a single Series shall (but in respect of the events in paragraphs (ii) to (v) (inclusive) below, only if the Bond Trustee certifies that the occurrence of such event is materially prejudicial to the interests of the Covered Bondholders of any Series) (subject in each case to the Bond Trustee being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion) give notice to the Issuer (an "**Issuer Acceleration Notice**") that, as against the Issuer (but not, for the avoidance of doubt, as against the CBG under the Covered Bond Guarantee) the Covered Bonds are, and they shall immediately become, due and payable at their Early Redemption Amount together (if applicable) with accrued interest:

(i) **Non-Payment**: default is made by the Issuer for more than 14 days in the payment on the due date of principal or of interest in respect of any of the Covered Bonds;

(ii) **Breach of Other Obligations**: the Issuer does not perform or comply with any one or more of its other obligations under the Covered Bonds, the Trust Deed (other than any obligation for the payment of interest or principal in respect of any of the Covered Bonds) or any other Transaction Document to which the Issuer is a party (other than the Programme Agreement and any Subscription

Agreement) but excluding any obligation of the Issuer to comply with the Asset Coverage Test or the Pre-Maturity Test or any representation or warranty given by the Issuer in respect of the Asset Coverage Test or the Pre-Maturity Test, which default has not been remedied within 30 days (or such longer period as the Bond Trustee may permit) after notice of such default shall have been given to the Issuer by the Bond Trustee;

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

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

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

(vi) **Breach of Asset Coverage Test**: if an Asset Coverage Test Breach Notice has been served and is not revoked (in accordance with the terms of the Transaction Documents) on or before the first Test Date immediately succeeding service of such Asset Coverage Test Breach Notice on the CBG; or

(vii) **Breach of Pre-Maturity Test**: if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached less than six months prior to the Maturity Date of such Series of Hard Bullet Covered Bonds and the CBG has not funded the Pre-Maturity Liquidity Ledger in accordance with the Establishment Deed before the earlier of:

(A) 20 Business Days from the date that the Seller and the Issuer are notified of the breach of the Pre-Maturity Test; and

(B) the Maturity Date of such Series of Hard Bullet Covered Bonds.

Upon the Covered Bonds becoming immediately due and payable against the Issuer pursuant to this Condition 9(a) (*Issuer Events of Default*), the Bond Trustee shall forthwith serve a notice to pay (the "**Notice to Pay**") on the CBG pursuant to the Covered Bond Guarantee and the CBG shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or shall take such proceedings or other action against the Issuer in accordance with Condition 11 (*Enforcement in respect of Covered Bonds*).

The Trust Deed provides that all monies received by the Bond Trustee from the Issuer or any receiver, liquidator, judicial manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the "**Excess Proceeds**") shall be paid by the Bond Trustee on behalf of the Covered Bondholders to the CBG for its own account, as soon as practicable, and shall be held by the CBG in the Transaction Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the CBG in the same manner as all other monies from time to time standing to the credit of the Transaction Account pursuant to the Deeds of Charge and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee shall discharge, to that extent, the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds, Receipts and Coupons. However, the obligations of the CBG under the Covered Bond Guarantee are (following service of a Notice to Pay) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds and payment to the CBG of such Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CBG in the manner as described above.

(b) **CBG Events of Default**

If any of the following events (each a "**CBG Event of Default**") occurs and is continuing, the Bond Trustee at its discretion may but is not obliged to do so, and if so requested by holders of at least one-quarter in nominal amount of the Covered Bonds of this Series together with the Covered Bonds of any other Series then outstanding as if they were a single Series or if so directed by an Extraordinary Resolution of all the Covered Bondholders shall (but in respect of the events in paragraphs (ii) to (v) (inclusive) below, only if the Bond Trustee certifies that the occurrence of such event is materially prejudicial to the interests of the Covered Bondholders of any Series) (subject in each case to the Bond Trustee being indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion) give notice to the CBG and the Issuer (a "**CBG Acceleration Notice**"), that (A) the Covered Bonds shall, as against the Issuer (if not already due and repayable against it following an Issuer Event of Default), immediately become due and repayable at their Early Redemption Amount (if applicable) together with accrued interest and (B) all amounts payable by the CBG under the Covered Bond Guarantee shall immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount together (if applicable) with accrued interest, in each case as provided in the Trust Deed and thereafter the Security shall become enforceable:

(i) **Non-Payment**: default is made by the CBG for more than 10 Business Days in the payment of any Guaranteed Amounts when Due for Payment in respect of any of the Covered Bonds except in the case of payments of a Guaranteed Amount when Due for Payment under Condition 5(a) (*Redemption by Instalments and Final Redemption*) where the CBG shall be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein;

(ii) **Breach of Other Obligations**: the CBG does not perform or comply with any one or more of its obligations (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds) under the Trust Deed or any other Transaction Document to which the CBG is a party (other than the

Programme Agreement or any Subscription Agreement), which default has not been remedied within 30 days (or such longer period as the Bond Trustee may permit) after notice of such default shall have been given to the CBG by the Bond Trustee;

(iii) **Enforcement Proceedings**: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or a material part of the property, assets or revenues of the CBG and is not discharged or stayed within 30 days (unless the same is being contested in good faith);

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

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

(vi) **Amortisation Test**: a failure to satisfy the Amortisation Test (as set out in the Establishment Deed) on any Test Date following the service of a Notice to Pay; or

(vii) **Covered Bond Guarantee**: the Covered Bond Guarantee is not, or is claimed by the CBG not to be, in full force and effect.

Following the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice on the CBG, the Bond Trustee may or if so requested by holders of at least one quarter in nominal amount of the Covered Bonds then outstanding or if so directed by an Extraordinary Resolution of all the Covered Bondholders shall and the Security Trustee may or if so directed by the Bond Trustee shall take such proceedings or steps in accordance with Condition 11 (*Enforcement in respect of Covered Bonds*) and the Covered Bondholders shall have a claim against the CBG, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount together (if applicable) with accrued interest and any other amount due under the Covered Bonds (other than Additional Amounts payable under Condition 7 (*Taxation*)) as provided in the Trust Deed in respect of the Covered Bonds.

10 Meetings of Covered Bondholders, Modification, Waiver and Substitution

(a) **Meetings of Covered Bondholders**: The Trust Deed contains provisions for convening meetings of Covered Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provision of the Trust Deed. Such a meeting may be convened by Covered Bondholders holding not less than 10% in nominal amount of the Covered Bonds of any Series for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in

nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Covered Bonds, any Instalment Date or any date for payment of interest or Interest Amounts on the Covered Bonds, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Covered Bonds, (iii) to reduce the rate or rates of interest in respect of the Covered Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Covered Bonds, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Covered Bonds, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to amend the Covered Bond Guarantee or the Deeds of Charge (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the Covered Bondholders), (ix) to sanction the exchange or substitution for the Covered Bonds of, or the conversion of the Covered Bonds into, shares, bonds or other obligations or securities of the Issuer, the CBG or any other entity or (x) to modify the provisions concerning the quorum required at any meeting of Covered Bondholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in nominal amount of the Covered Bonds of any Series for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Covered Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders and Receiptholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 90% in nominal amount of the Covered Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Covered Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Covered Bondholders.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default*) or to direct the Bond Trustee or the Security Trustee to take any enforcement action (each a "**Programme Resolution**") shall only be capable of being passed at a single meeting of the Covered Bondholders of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the CBG, the Bond Trustee or by the Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing a clear majority in nominal amount of the Covered Bonds for the time being outstanding or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds of any Series held or represented. Any Programme Resolution duly passed shall be binding on Covered Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders and Receiptholders.

The Trust Deed provides that, for the purposes of determining the votes a Covered Bondholder is entitled to cast, each Covered Bondholder shall have one vote in respect of each SGD1.00 in nominal amount of Covered Bonds held (converted into Singapore dollars, if such Covered Bonds are not denominated in Singapore dollars, at the relevant Covered Bond Swap Rate).

These Conditions may be amended, modified or varied in relation to any Series of Covered Bonds by the terms of the applicable Pricing Supplement in relation to such Series.

(b) **Modification of the Trust Deed and the Transaction Documents**: The Bond Trustee (and the Security Trustee) may agree, without the consent of the Covered Bondholders, Receiptholders or Couponholders and without the consent of the other Secured Creditors, to (i) any modification of any of the provisions of the Trust Deed, the Conditions or any Transaction Document which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law or as required by Euroclear and/or Clearstream, Luxembourg and/or CMU and/or CDP or regulation or any requirement of any governmental authority which applies to the CBG, the Issuer or any Transaction Document or the transactions under them and (ii) any other modification of any of the provisions of the Trust Deed, the Conditions or any Transaction Document that is in the opinion of the Bond Trustee not materially prejudicial to the interests of the Covered Bondholders. Any such modification shall be binding on the Covered Bondholders, Receiptholders and the Couponholders and, if the Bond Trustee so requires, shall be notified to the Covered Bondholders as soon as practicable.

Further, in respect of a Transaction Document to which the Bond Trustee or the Security Trustee is a party, the Bond Trustee or the Security Trustee (as the case may be) may agree, without the consent of the Covered Bondholders, Receiptholders or Couponholders to any amendment to such Transaction Document for the purpose of making any amendment (including, without limitation, adding, changing or removing parties and correcting or rectifying any ambiguity, defective provisions, errors, omissions or inconsistencies) to the Transaction Document provided that, following the first Issue Date, the Cash Manager has delivered a Rating Agency Confirmation to the CBG, the Security Trustee and the Bond Trustee in respect of such amendment and the Cash Manager has confirmed in writing to the Security Trustee and the Bond Trustee (as the case may be) and to the CBG that in its opinion such amendment will not have an adverse effect on the amount and timing of any payment to the Covered Bondholders. Any such amendment shall be binding on all Covered Bondholders, Receiptholders and all Couponholders and, if the Bond Trustee or Security Trustee, as applicable, so requires, shall be notified to the Covered Bondholders as soon as possible. The Security Trustee or the Bond Trustee (as the case may be) may in its discretion (but shall not be obliged to) rely on the Rating Agency Confirmation delivered to them.

(c) **Modification to Pricing Supplements**: Notwithstanding paragraph (b) above, the Issuer, the CBG and the Issuing and Paying Agent may agree, without the consent of the Bond Trustee, the Security Trustee, the Covered Bondholders, Receiptholders or Couponholders or any of the other Secured Creditors, to any modification of any of the provisions of any Pricing Supplements which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of the law.

(d) **Waiver**: The Bond Trustee may also agree (but is not obliged to do so), without the consent of the Covered Bondholders, Receiptholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of the provisions of

the Covered Bonds of any Series, or determine that any Issuer Event of Default or CBG Event of Default or Potential Issuer Event of Default or Potential CBG Event of Default shall not be treated as such, provided that, in any such case, it is not, in the opinion of the Bond Trustee, materially prejudicial to the interests of the Covered Bondholders of any Series. Save as otherwise provided in the Deeds of Charge, the Security Trustee shall agree to the waiver or authorisation of any breach or proposed breach of any of the provisions of any Transaction Document only if so directed by (i) the Bond Trustee, so long as there are any Covered Bonds outstanding or (ii) all of the other Secured Creditors, if there are no Covered Bonds outstanding.

Any such authorisation or waiver shall be binding on the Covered Bondholders, Receiptholders and the Couponholders and, if the Bond Trustee so requires, such waiver or authorisation shall be notified to the Covered Bondholders as soon as practicable.

(e) **Entitlement of the Bond Trustee**: In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition) the Bond Trustee and the Security Trustee shall have regard to the interests of the Covered Bondholders, Receiptholders or Couponholders of each Series as a class and shall not have regard to the consequences of such exercise for individual Covered Bondholders, Receiptholders or Couponholders and the Bond Trustee and the Security Trustee shall not be entitled to require, nor shall any Covered Bondholder, Receiptholders or Couponholder be entitled to claim, from the Issuer, the CBG, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Covered Bondholders, Receiptholders or Couponholders.

(f) **Substitution**: The Trust Deed contains provisions permitting the Bond Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Bond Trustee may require, but without the consent of the Covered Bondholders or the Couponholders, to the substitution of the Issuer's successor in business or any Subsidiary of the Issuer or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Covered Bonds.

(g) For the purpose of this Condition 10:

(i) "**Potential CBG Event of Default**" means an event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9(b) (*CBG Events of Default*) become a CBG Event of Default; and

(ii) "**Potential Issuer Event of Default**" means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9(a) (*Issuer Events of Default*) become an Issuer Event of Default.

11 Enforcement in respect of Covered Bonds

(a) In the case of Covered Bonds, at any time after the Covered Bonds become due and payable, the Bond Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the CBG as it may think fit to enforce the terms of the Trust Deed, the Covered Bonds, the Receipts and the Coupons, but it need not take any such proceedings unless (i) it shall have been so directed by an

Extraordinary Resolution or so requested in writing by Covered Bondholders holding at least one-quarter in nominal amount of the Covered Bonds then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.

In exercising any of its powers, trusts, authorities and discretions under this Condition 11 in respect of any Series, the Bond Trustee shall only have regard to the interests of the holders of the Covered Bonds of such Series as a Class and shall not have regard to the interests of any other Secured Creditors.

(b) The Bond Trustee may at any time, at its discretion and without further notice, direct the Security Trustee to take such steps or proceedings against the CBG and/or any other person as it may think fit to enforce the provisions of the Deeds of Charge or any other Transaction Document and may, at any time after the Security has become enforceable, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but it shall not be bound to give any such direction and the Security Trustee shall not be bound to take any such steps or proceedings unless (i) the Bond Trustee shall have been so directed by an Extraordinary Resolution or so requested in writing by Covered Bondholders holding at least one-quarter in nominal amount of the Covered Bonds of all Series then outstanding and (ii) each of the Bond Trustee and the Security Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion.

In exercising any of its powers, trusts, authorities and discretions under this Condition 11 in respect of any Series, each of the Bond Trustee and the Security Trustee shall only have regard to the interests of the holders of the Covered Bonds of such Series as a Class and shall not have regard to the interests of any other Secured Creditors.

(c) No Covered Bondholder, Receiptholder or Couponholder in respect of Covered Bonds may proceed directly against the Issuer or the CBG unless the Bond Trustee or the Security Trustee (as the case may be) having become bound so to proceed (in accordance with the terms of the Trust Deed and the Conditions), fails to do so within a reasonable time and such failure is continuing, in which case such Covered Bondholder, Receiptholder or Couponholder shall have only such rights against the Issuer or the CBG as those which the Bond Trustee or the Security Trustee (as the case may be) is entitled to exercise.

12 Indemnification of the Bond Trustee and the Security Trustee

The Trust Deed and the Deeds of Charge contain provisions for the indemnification of each of the Bond Trustee and the Security Trustee, respectively, and for their relief from responsibility. Each of the Bond Trustee and the Security Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer or the CBG without accounting for any profit.

Each of the Bond Trustee and the Security Trustee may accept and rely without liability to Covered Bondholders, Receiptholders or Couponholders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Bond Trustee or the Security Trustee, respectively, or in any other manner) by reference to a monetary cap, methodology or otherwise. Each of the Bond Trustee and the Security

Trustee may conclusively (without liability) accept and shall be entitled to rely on such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Bond Trustee, the Security Trustee, the Covered Bondholders, Receiptholders and the Couponholders.

13 Replacement of Covered Bonds, Certificates, Receipts, Coupons and Talons

If a Covered Bond, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Covered Bonds, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Covered Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Covered Bond, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Covered Bonds, Certificates, Receipts, Coupons or further Coupons) or Talons and otherwise as the Issuer and/or Agent may require in their sole discretion. Mutilated or defaced Covered Bonds, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Covered Bondholders, Couponholders or Receiptholders create and issue further securities either having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Covered Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Covered Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Covered Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Covered Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Bond Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Covered Bondholders and the holders of securities of other series where the Bond Trustee so decides.

15 Notices

Notices to the holders of Registered Covered Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Covered Bonds shall be valid if published in a daily newspaper of general circulation in Singapore (which is expected to be the Business Times) or, so long as Covered Bonds are listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), published on the website of the SGX-ST www.sgx.com. If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Singapore. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Covered Bonds in accordance with this Condition.

So long as the Covered Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of:

(i) DTC, Euroclear or Clearstream, Luxembourg, the Alternative Clearing System (as defined in the form of the Global Certificate) or CDP, notices to Covered Bondholders shall be given by delivery of the relevant notice to DTC, Euroclear or Clearstream, Luxembourg, the Alternative Clearing System or (subject to the agreement of CDP) CDP, for communication by it to entitled accountholders in substitution for notification as required by the Conditions; or

(ii) the CMU, notices to the holders of Covered Bonds of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the Hong Kong Monetary Authority on the business day preceding the date of despatch of such notice,

except that if the Covered Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, notice will in any event be published as provided above.

16 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Covered Bond, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Covered Bondholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Covered Bond, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Covered Bond, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Covered Bondholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Covered Bondholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Covered Bond, Coupon or Receipt or any other judgment or order.

17 Limited Recourse

(a) **Limited Recourse**:

(i) **Enforcement of Security**: The Security Trustee and only the Security Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deeds of Charge.

(ii) **Insufficient Recoveries**: If, or to the extent that, after the Charged Property has been as fully as practicable realised and the proceeds thereof have been

applied in accordance with the applicable Priority of Payments, the amounts recovered on realisation of the Charged Property are insufficient to pay or discharge amounts due from the CBG to the Secured Creditors in full for any reason, the CBG will have no liability to pay or otherwise make good any such insufficiency.

(b) **Non-Petition**: No Secured Creditor may take any corporate action or other steps or legal proceedings for the winding-up, judicial management, dissolution, arrangement, reconstruction or reorganisation of the CBG or for the appointment of a liquidator, receiver (including receiver and manager), administrator, trustee, judicial manager or similar officer in respect of the CBG or over any or all of its assets or undertaking.

18 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Covered Bonds under the Contracts (Rights of Third Parties) Act 1999 except and to the extent (if any) that the Covered Bonds expressly provide for such Act to apply to any of their terms.

19 Governing Law and Jurisdiction

(a) Governing Law: The Trust Deed, the Covered Bonds, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, save that defined terms incorporated by reference from the Master Definitions Agreement shall be governed by and construed in accordance with Singapore law.

(b) **Jurisdiction**: The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Covered Bonds, Receipts, Coupons or Talons or the Covered Bond Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Covered Bonds, Receipts, Coupons or Talons or the Covered Bond Guarantee ("**Proceedings**") may be brought in such courts. The Issuer and the CBG irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Covered Bonds, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) **Service of Process**: Each of the Issuer and the CBG has in the Trust Deed agreed that the Issuer's branch in England shall accept service of process on its behalf in respect of any Proceedings in England. If such branch ceases to be able to accept service of process in England, each of the Issuer and the CBG shall immediately appoint a new agent to accept such service of process in England.

20 Headings

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

SUMMARY OF PROVISIONS RELATING TO THE COVERED BONDS WHILE IN GLOBAL FORM

Initial Issue of Covered Bonds

The Covered Bonds will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Covered Bonds of each Series being intended to be interchangeable with all other Covered Bonds of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a Pricing Supplement to this Offering Circular.

Global Covered Bonds and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

Upon the initial deposit of a Global Covered Bond with a Common Depositary, CDP or a sub-custodian of the CMU or registration of Registered Covered Bonds in the name of any nominee for Euroclear and Clearstream, Luxembourg, CDP or the HKMA as operator of the CMU and delivery of the relative Global Certificate to the Common Depositary CDP or the CMU (as the case may be) will credit each subscriber with a nominal amount of Covered Bonds equal to the nominal amount thereof for which it has subscribed and paid. Upon the initial deposit of a Global Certificate in respect of, and registration of, Registered Covered Bonds in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Covered Bonds equal to the nominal amount thereof for which it has subscribed and paid.

Covered Bonds that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with CDP and/or the CMU and/or Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Covered Bonds that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with CDP, the CMU, Euroclear, Clearstream, Luxembourg or other clearing systems.

Whilst any Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Covered Bonds due prior to the Exchange Date will be made against presentation of the Temporary Global Covered Bond only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the CMU Lodging and Paying Agent and/or CDP and/or Euroclear and/or Clearstream, Luxembourg and (in the case of a Temporary Global Covered Bond delivered to a Common Depositary for Euroclear and Clearstream, Luxembourg) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent or (in the case of Covered Bonds cleared through CDP) CDP have given a like certificate (based on the certification it has received) to the CDP Paying Agent.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Covered Bond represented by a Global Covered Bond or a Global Certificate must look solely to

Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Covered Bond or the holder of the underlying Registered Covered Bonds, as the case may be, and in relation to all other rights arising under the Global Covered Bonds or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Covered Bonds for so long as the Covered Bonds are represented by such Global Covered Bond or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Covered Bond or the holder of the underlying Registered Covered Bonds, as the case may be, in respect of each amount so paid.

If a Global Covered Bond or Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Covered Bond or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or, in the case of Registered Covered Bonds, directed or deemed by the CMU as entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Covered Bond or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Covered Bond or Global Certificate.

Exchange

1 Temporary Global Covered Bonds

Each Temporary Global Covered Bond will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Covered Bond is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "*Summary of the Programme — Selling Restrictions*"), in whole, but not in part, for the Definitive Covered Bonds defined and described below; and

(ii) otherwise, in whole or in part, upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Covered Bond or, if so provided in the relevant Pricing Supplement, for Definitive Covered Bonds.

The CMU may require that any such exchange for a Permanent Global Covered Bond is made in whole and not in part and, in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

2 Permanent Global Covered Bonds

Each Permanent Global Covered Bond will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.3 below, in part for Definitive Covered Bonds:

(i) if the Permanent Global Covered Bond is held on behalf of Euroclear or Clearstream, Luxembourg or the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so;

(ii) if the Permanent Global Covered Bond is held on behalf of CDP, (a) an Issuer Event of Default, enforcement event or analogous event entitling an accountholder or the Bond Trustee to declare the Covered Bonds due and payable as provided in the Conditions has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), (c) CDP announces an intention permanently to cease business and no Alternative Clearing System is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Covered Bonds and to continue performing its duties and no Alternative Clearing System is available; or

(iii) if principal in respect of any Covered Bonds is not paid when due, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Covered Bond is exchanged for Definitive Covered Bonds, such Definitive Covered Bonds shall be issued in Specified Denomination(s) only. A Covered Bondholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Covered Bond in respect of such holding and would need to purchase a nominal amount of Covered Bonds such that it holds an amount equal to one or more Specified Denominations.

Covered Bonds which are represented by a Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg.

3 Global Certificates

3.1 Unrestricted Global Certificates

If the Pricing Supplement states that the Covered Bonds are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Covered Bonds held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Covered Bonds within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Covered Bonds may be withdrawn from the relevant clearing system. Transfers of the holding of Covered Bonds represented by any Unrestricted Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Covered Bonds*) may only be made:

(a) in part, if the Unrestricted Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so;

(b) in part, if the Unrestricted Global Certificate is held on behalf of CDP, (i) an Issuer Event of Default, enforcement event or analogous event entitling an accountholder or the Bond Trustee to declare the Covered Bonds due and payable as provided in the Conditions has occurred and is continuing, (ii) CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise), (iii) CDP announces an intention permanently to cease business and no Alternative Clearing System is available or (iv) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Covered Bonds and to continue performing its duties and no Alternative Clearing System is available;

(c) in whole but not in part, if such Covered Bonds are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Unrestricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(d) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (a) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.2 Restricted Global Certificates

If the Pricing Supplement states that the Restricted Covered Bonds are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Covered Bonds held in DTC. These provisions will not prevent the trading of interests in the Covered Bonds within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Covered Bonds may be withdrawn from DTC. Transfers of the holding of Covered Bonds represented by that Restricted Global Certificate pursuant to Condition 2(b) (*Transfer of Registered Covered Bonds*) may only be made:

(a) in whole but not in part, if such Covered Bonds are held on behalf of a Custodian for DTC and if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and this Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or

(b) in whole or in part, with the Issuer's consent,

provided that, in the case of any transfer pursuant to paragraph (a) above, the relevant Registered Holder has given the relevant Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Covered Bonds as set out in "*Transfer Restrictions*".

3.3 Partial Exchange of Permanent Global Covered Bonds

For so long as a Permanent Global Covered Bond is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Covered Bond will be exchangeable in part on one or more occasions for Definitive Covered Bonds if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly-paid Covered Bonds.

4 Delivery of Covered Bonds

On or after any due date for exchange, the holder of a Global Covered Bond may surrender such Global Covered Bond or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Covered Bond, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond, deliver, or procure the delivery of, a Permanent Global Covered Bond in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Covered Bond that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Covered Bond to reflect such exchange or (ii) in the case of a Global Covered Bond exchangeable for Definitive Covered Bonds, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Covered Bonds. Global Covered Bonds and Definitive Covered Bonds will be delivered outside the United States and its possessions. In this Offering Circular, "**Definitive Covered Bonds**" means, in relation to any Global Covered Bond, the definitive Bearer Covered Bonds for which such Global Covered Bond may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Covered Bond and, if applicable, a Talon). Definitive Covered Bonds will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Covered Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Covered Bonds.

5 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Covered Bond, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Covered Bond, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

6 Amendment to Conditions

The Global Covered Bonds and Global Certificates contain provisions that apply to the Covered Bonds that they represent, some of which modify the effect of the terms and conditions of the Covered Bonds set out in this Offering Circular. The following is a summary of certain of those provisions:

1 Payments

No payment falling due after the Exchange Date will be made on any Global Covered Bond unless exchange for an interest in a Permanent Global Covered Bond or for Definitive Covered Bonds is improperly withheld or refused. Payments on any Temporary Global Covered Bond issued in compliance with the D Rules before the

Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Covered Bonds represented by a Global Covered Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Covered Bonds, surrender of that Global Covered Bond to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Covered Bondholders for such purpose. A record of each payment so made will be endorsed on each Global Covered Bond, which endorsement will be prima facie evidence that such payment has been made in respect of the Covered Bonds. Conditions 6(f) (*Appointment of Agents*) and 7(e) (*Payment by another Paying Agent*) will apply to Definitive Covered Bonds only. For the purpose of any payments made in respect of a Global Covered Bond, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 6(i) (*Non-Business Days*).

All payments made in respect of Covered Bonds represented by a Global Certificate held on behalf of Euroclear or Clearstream, Luxembourg will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

All payments made in respect of Covered Bonds represented by a Global Certificate held by CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day prior to the date of payment.

2 Prescription

Claims against the Issuer in respect of Covered Bonds that are represented by a Permanent Global Covered Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7 (*Taxation*)).

3 Meetings

The holder of a Permanent Global Covered Bond or of the Covered Bonds represented by a Global Certificate shall (unless such Permanent Global Covered Bond or Global Certificate represents only one Covered Bond) be treated as being two persons for the purposes of any quorum requirements of a meeting of Covered Bondholders and, at any such meeting, the holder of a Permanent Global Covered Bond shall be treated as having one vote in respect of each SGD1.00 in nominal amount of Covered Bonds held, converted into Singapore dollars, if such Covered Bonds are not denominated in Singapore dollars, at the relevant Covered Bond Swap Rate. (All holders of Registered Covered Bonds are entitled to one vote in respect of each SGD1.00 in nominal amount of Covered Bonds held, converted into Singapore dollars, if such Covered Bonds are not denominated in Singapore dollars, at the relevant Covered Bond Swap Rate, whether or not represented by a Global Certificate.)

4 Cancellation

Cancellation of any Covered Bond represented by a Permanent Global Covered Bond that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Covered Bond.

5 Purchase

Covered Bonds represented by a Permanent Global Covered Bond may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Covered Bonds while such Covered Bonds are represented by a Permanent Global Covered Bond shall be exercised by the Issuer giving notice to the Covered Bondholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Bearer Covered Bonds drawn, or, in the case of Registered Covered Bonds, shall not be required to specify the nominal amount of Registered Covered Bonds drawn and the holder(s) of such Registered Covered Bond, in the case of a partial exercise of an option and accordingly no drawing of Covered Bonds shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Covered Bonds of any Series, the rights of accountholders with a clearing system in respect of the Covered Bonds will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), DTC or any other clearing system (as the case may be).

7 Covered Bondholders' Options

Any option of the Covered Bondholders provided for in the Conditions of any Covered Bonds while such Covered Bonds are represented by a Permanent Global Covered Bond or a Global Certificate may be exercised by the holder of the Permanent Global Covered Bond or Global Certificate giving notice to the Issuing and Paying Agent (or, in the case of Covered Bonds lodged with the CMU, the CMU Lodging and Paying Agent and, in the case of Covered Bonds cleared through CDP, the CDP Paying Agent) within the time limits relating to the deposit of Covered Bonds with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Bearer Covered Bonds, or, in the case of Registered Covered Bonds, shall not be required to specify the nominal amount of Registered Covered Bonds and the holder(s) of such Registered Covered Bonds, in respect of which the option has been exercised, and stating the nominal amount of Covered Bonds in respect of which the option is exercised and at the same time presenting the Permanent Global Covered Bond or a Global Certificate to the Issuing and Paying Agent, or, in the case of Covered Bonds lodged with the CMU, the CMU Lodging and Paying Agent and, in the case of Covered Bonds cleared through CDP, the CDP Paying Agent or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

8 Bond Trustee's Powers

In considering the interests of Covered Bondholders while any Global Covered Bond is held on behalf of, or Registered Covered Bonds are registered in the name of any nominee for, a clearing system, the Bond Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Covered Bond or Global Certificate and may consider such interests as if such accountholders were the holders of the Covered Bonds represented by such Global Covered Bond or Global Certificate.

9 Direct Rights in respect of Covered Bonds cleared through CDP

If any Issuer Event of Default has occurred and is continuing, the Bond Trustee may state in a notice given to the Issuing and Paying Agent and the Issuer (the "**default notice**") the nominal amount of Covered Bonds (which may be less than the outstanding nominal amount of the Global Covered Bond or Global Certificate) which is being declared due and payable. Following the giving of the default notice, the holder of the Covered Bonds represented by the Global Covered Bond or Global Certificate, as the case may be, cleared through CDP may (subject as provided below) elect that direct rights ("**Direct Rights**") under the provisions of the deeds of covenant executed as a deed by DBS Bank on 16 June 2015 (the "**CDP Deed of Covenant**") shall come into effect in respect of a nominal amount of Covered Bonds up to the aggregate nominal amount in respect of which such default notice has been given. Such election shall be made by notice to the Issuing and Paying Agent and the Registrar in the case of the Global Certificate and presentation of the Global Covered Bond or Global Certificate, as the case may be, to or to the order of the Issuing and Paying Agent for reduction of the nominal amount of Covered Bonds represented by the Global Covered Bond or Global Certificate, as the case may be, by such amount as may be stated in such notice and by endorsement of the appropriate Schedule hereto of the nominal amount of Covered Bonds in respect of which Direct Rights have arisen under the CDP Deed of Covenant. Upon each such notice being given, the Global Covered Bond or Global Certificate, as the case may be, shall become void to the extent of the nominal amount stated in such notice, save to the extent that the appropriate Direct Rights shall fail to take effect.

No such election may however be made on or before the Exchange Date or the date of transfer in respect of a Global Certificate unless the holder elects in such notice that the exchange for such Covered Bonds shall no longer take place.

10 Notices

So long as any Covered Bonds are represented by a Global Covered Bond or Global Certificate and such Global Covered Bond or Global Certificate is held on behalf of a clearing system, notices to the holders of Covered Bonds of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Covered Bond or Global Certificate except that if the Covered Bonds are listed on the SGX-ST, and the rules of the SGX-ST so require, notice will in any event be published in accordance with the Conditions.

11 Partly-paid Covered Bonds

The provisions relating to Partly-paid Covered Bonds are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Covered Bonds or Global Certificate. While any instalments of the subscription monies due from the holder of Partly-paid Covered Bonds are overdue, no interest in a Global Covered Bond representing such Covered Bonds may be exchanged for an interest in a Permanent Global Covered Bond or for Definitive Covered Bonds (as the case may be). If any Covered Bondholder fails to pay any instalment due on any Partly-paid Covered Bonds within the time specified, the Issuer may forfeit such Covered Bonds and shall have no further obligation to their holder in respect of them.

12 Electronic Consent and Written Resolution

For so long as the Covered Bonds are in the form of a Global Covered Bond held on behalf of, or any Global Certificate registered in the name of any nominee for, one or more of Euroclear, Clearstream, Luxembourg or another clearing system, then, in respect of any resolution proposed by the Issuer, the CBG or the Bond Trustee:

(a) where the terms of the proposed resolution have been notified to the Covered Bondholders through the relevant clearing system(s), each of the Issuer, the CBG and the Bond Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer, the CBG or the Bond Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90% in nominal amount of the Covered Bonds outstanding (an "**Electronic Consent**" as defined in the Trust Deed). None of the Issuer, the CBG or the Bond Trustee shall be liable or responsible for such reliance.; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer, the CBG and the Bond Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the CBG and/or the Bond Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Covered Bonds or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer, the CBG and the Bond Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Covered Bondholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Covered Bonds. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Covered Bonds is clearly identified together with the amount of such holding. The Issuer and/or the CBG shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Covered Bondholders and holders of Coupons, Talons and Receipts, whether or not they participated in such Written Resolution and/or Electronic Consent.

CLEARING AND SETTLEMENT

*The following is a summary of the rules and procedures of Euroclear, Clearstream, Luxembourg, CDP, the CMU and DTC (together, the "**Clearing Systems**"), currently in effect, as they relate to clearing and settlement of transactions involving the Covered Bonds. The rules and procedures of these systems are subject to change at any time. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Joint Arrangers, any Dealer nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The applicable Pricing Supplement will specify the Clearing System(s) applicable for each Series.*

The Clearing Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds and provides asset servicing securities that its participants ("**Participants**") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants ("**Direct Participants**"), which include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("**Indirect Participants**").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Registered Covered Bonds among Direct Participants on whose behalf it acts with respect to Covered Bonds accepted into DTC's book-entry settlement system ("**DTC Covered Bonds**") as described below and receives and transmits distributions of principal and interest on DTC Covered Bonds. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Covered Bonds ("**Owners**") have accounts with respect to the DTC Covered Bonds similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Covered Bonds through Direct Participants or Indirect Participants will not possess Registered Covered Bonds, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Covered Bonds.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Covered Bond ("**Beneficial Owner**") is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the

Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other nominee as may be requested by an authorised representative of DTC. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC If less than all of the DTC Covered Bonds unless authorised by a Direct Participant in accordance with DTC's MMI Procedures, within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Covered Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal and interest payments on the DTC Covered Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Issuer Event of Default under the Covered Bonds, DTC will exchange the DTC Covered Bonds for definitive Registered Covered Bonds, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Distributions of principal with respect to book-entry interests in the Covered Bonds held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

THE CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "**HKMA**") for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Service Reference Manual as capable of being held within the CMU. The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear and Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Covered Bonds held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

CDP

In respect of Covered Bonds which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Covered Bonds that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Covered Bonds which are accepted for clearance by CDP, the entire issue of the Covered Bonds is to be held by CDP in the form of a Global Covered Bond for persons holding the Covered Bonds in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Covered Bonds between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Covered Bonds through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") to maintain securities sub-accounts and to hold the Covered Bonds in such securities sub-accounts for themselves and their clients. Accordingly, Covered Bonds for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Covered Bonds in direct securities accounts with CDP, and who wish to trade Covered Bonds through the Depository System, must transfer the Covered Bonds to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Covered Bonds in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Book-Entry Ownership

Bearer Covered Bonds

The Issuer will make applications to Clearstream, Luxembourg and Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Covered Bonds. The Issuer may also apply to have Bearer Covered Bonds accepted for clearance through the CMU and CDP. In respect of Bearer Covered Bonds, a Temporary Global Covered Bond and/or a Permanent Global Covered Bond in bearer form without coupons will be deposited with a Common Depositary for Clearstream, Luxembourg and Euroclear and/or sub-custodian for the CMU or CDP. Transfers of interests in a Temporary Global Covered Bond or a Permanent

Global Covered Bond will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or the CMU or CDP. Each Global Covered Bond will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

Registered Covered Bonds

The Issuer will make applications to Clearstream, Luxembourg and Euroclear and the Issuer may also make applications to the CMU and CDP, for acceptance in their respective book-entry systems in respect of the Unrestricted Covered Bonds to be represented by each Unrestricted Global Certificate. Each Unrestricted Global Certificate will have an ISIN and a Common Code or, if lodged with a sub-custodian for the CMU, will have a CMU Instrument Number.

The Issuer may make application to DTC for acceptance in its book-entry settlement system of the Unrestricted Covered Bonds and/or the Restricted Covered Bonds represented by each Global Certificate. Each Global Certificate accepted for clearance in DTC will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Certificate, as set out under "*Transfer Restrictions*". In certain circumstances transfers of interests in a Restricted Global Certificate may be made as a result of which such legend is no longer applicable (see "*Transfers of Registered Covered Bonds*").

The custodian with whom the Global Certificates are deposited (the "**Custodian**") and DTC will electronically record the nominal amount of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Global Certificate will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Certificate, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Global Certificate accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments of the principal of, and interest on, each Global Certificate registered in the name of DTC's nominee will be to or to the order of its nominee as the registered owner of such Global Certificate. The Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Global Certificate as shown on the records of DTC or the nominee. The Issuer also expects that payments by DTC participants to owners of beneficial interests in such Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. None of the Issuer nor any Paying Agent or any Transfer Agent (each an "**Agent**") will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Covered Bonds will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual definitive Registered Covered Bonds will only be available, in the case of Unrestricted Covered Bonds, in amounts specified in the applicable Pricing Supplement, and, in the case of Restricted Covered Bonds, in amounts of U.S.$200,000 (or its equivalent in other currencies), or higher integral multiples of U.S.$1,000 (or its equivalent in other currencies), in certain limited circumstances described below.

Individual Certificates

Registration of title to Registered Covered Bonds in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear a sub-custodian for the CMU or CDP or for DTC will not be permitted unless (i) in the case of Restricted Covered Bonds, DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Restricted Global Certificate, or ceases to be a "clearing agency" registered under the Exchange Act, or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC, or (ii) in the case of Unrestricted Covered Bonds, Clearstream, Luxembourg or Euroclear is or sub-custodian for the CMU is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does, in fact, do so or, if such Global Certificate is held on behalf of CDP, and there shall have occurred and be continuing an Issuer Event of Default or CDP is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or CDP announces an intention permanently to cease business and no Alternative Clearing System is available or CDP has notified the Issuer that is unable or unwilling to act as depository for the Covered Bonds and to continue performing its duties under the Master Depository Services Agreement and no Alternative Clearing System is available. In such circumstances, the Issuer will cause sufficient individual definitive Registered Covered Bonds to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Covered Bondholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

(i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Registered Covered Bonds; and

(ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or, in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual definitive Registered Covered Bonds issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

Transfers of Registered Covered Bonds

Transfers of interests in Global Certificates within DTC, the CMU, CDP, Clearstream, Luxembourg, and Euroclear will be effected in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may be held only through CDP, Clearstream, Luxembourg or Euroclear. Transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through the Restricted Global Certificate for the same Series of Covered Bonds, provided that any such transfer made on or prior to the expiration of the distribution compliance period relating to the Covered Bonds represented by such Unrestricted Global Certificate will only be made upon receipt by the Registrar or any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be (based on a written certificate from the transferor of such interest), to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting

the requirements of Rule 144A and in accordance with any applicable securities law of any state of the United States or any other jurisdiction. Any such transfer made thereafter of the Covered Bonds represented by such Unrestricted Global Certificate will only be made upon request through Clearstream, Luxembourg or Euroclear by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent and receipt by the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to the Registrar or any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in the relevant Global Certificates.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described above and under "*Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series of Registered Covered Bonds, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Series between participants in DTC will generally have a settlement day three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Global Registered Certificates will be effected through the Issuing and Paying Agent, the Custodian and the Registrar receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Registered Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Covered Bonds, see "*Transfer Restrictions*".

DTC will take any action permitted to be taken by a holder of Registered Covered Bonds (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described above, DTC will surrender the relevant Restricted Global Certificates for exchange for individual definitive Registered Covered Bonds (which will, in the case of Restricted Covered Bonds, bear the legend applicable to transfers pursuant to Rule 144A).

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer or any Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg, Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Covered Bonds represented by individual definitive Registered Covered Bonds will not be eligible for clearing or settlement through DTC, Clearstream, Luxembourg or Euroclear.

Pre-issue Trades Settlement for Registered Covered Bonds

It is expected that delivery of Covered Bonds will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T+3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Covered Bonds in the United States on the date of pricing or the next succeeding business days until the relevant Issue Date will be required, by virtue of the fact that the Covered Bonds initially will settle beyond T+3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Covered Bonds may be affected by such local settlement practices and purchasers of Covered Bonds who wish to trade Covered Bonds between the date of pricing and the relevant issue date should consult their own adviser.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Covered Bonds will be used for the general business purposes of the DBS Group.

CAPITALISATION AND INDEBTEDNESS OF THE DBS GROUP

The following table sets forth the capitalisation and indebtedness of the DBS Group as at 31 December 2014 and 31 March 2015, based on or derived from the audited and unaudited consolidated financial statements of the DBS Group unless otherwise indicated.

	As at 31 December 2014	As at 31 March 2015
	(audited)	*(unaudited)*
	(S$ in millions)	
Short-term liabilities		
Customer deposits	317,173	324,480
Interbank liabilities	16,176	15,901
Other debt securities	23,193	22,573
Subordinated term debts[(1)]	726	—
Other liabilities	34,568	41,621
Total short-term liabilities	**391,836**	**404,575**
Long-term liabilities		
Other debt securities	7,109	8,448
Non-controlling interests		
Preference shares[(2)] and non-controlling interests in subsidiaries.	1,695	2,071
Loan capital		
Subordinated term debts[(1)]	3,939	3,990
Shareholders' funds		
Share capital	22,096	22,096
Other reserves	2,471	2,670
Revenue reserves	11,521	12,798
Total shareholders' funds	**36,088**	**37,564**
Total capitalisation [(3)]	**440,667**	**456,648**
Contingent liabilities	22,231	20,857

Notes:

(1) Includes U.S.$900 million floating rate subordinated notes callable with step-up in 2016, of which U.S.$550 million was purchased and cancelled on 8 January 2015, S$500 million 4.47% subordinated notes callable with step-up in 2016, S$1,000 million 3.30% subordinated notes callable in 2017, U.S.$750 million 3.625% subordinated notes callable in 2017 and S$1,000 million 3.10% subordinated notes callable in 2018. These partially qualify for Tier II capital treatment.

(2) Includes S$1,500 million 5.75% non-cumulative, non-convertible, non-voting guaranteed preference shares callable with step-up in 2018 issued by DBS Capital Funding II Corporation which partially qualify for Tier I capital treatment. March 2015 also includes NT$8 billion non-cumulative and perpetual preferred shares issued by DBS Bank (Taiwan) Ltd.

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

DESCRIPTION OF THE BUSINESS OF THE DBS GROUP

The DBS Group is the largest banking group in Southeast Asia by total assets and is engaged in a range of commercial banking and financial services, principally in Asia. As at 31 March 2015, the DBS Group had S$457 billion in total assets, S$281 billion in customer loans and advances, S$324 billion in customer deposits and S$38 billion in total shareholders' funds and as at 31 December 2014, the DBS Group had S$441 billion in total assets, S$276 billion in customer loans and advances, S$317 billion in customer deposits and S$36 billion in total shareholders' funds.

The DBS Group is headquartered in Singapore and has a growing presence in the three key Asian axes of growth: Greater China, South Asia and Southeast Asia. In Singapore, the DBS Group has leading positions in consumer banking, wealth management, institutional banking, treasury and capital markets. As at, and for the three months ended 31 March 2015, Singapore accounted for 65% and 62% of the DBS Group's assets (excluding goodwill and intangibles) and total income (excluding one-time items), respectively. As at, and for the year ended, 31 December 2014, Singapore accounted for 66% and 62% of the DBS Group's assets (excluding goodwill and intangibles) and total income (excluding one-time items), respectively.

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

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

DBS Bank was incorporated in July 1968 by the Singapore Government as a financial institution to support Singapore's economic development and industrialisation. In June 1969, DBS Bank began commercial banking operations. In September 1999, DBS Bank was restructured to become a wholly-owned subsidiary of DBSH, which is listed on the SGX-ST. DBS Bank's parent company, DBSH, is one of the largest listed companies in Singapore, with a market capitalisation of approximately S$52.9 billion based on the closing price per ordinary share on the Main Board of the SGX-ST, as at 30 April 2015. On 21 July 2003, DBS Bank changed its legal name from The Development Bank of Singapore Limited to DBS Bank Ltd.

Strengths

Strong credit profile and resilient capital base

The DBS Group has consistently maintained robust capital ratios and as at 31 March 2015, had a CETI CAR of 12.5%, a Tier I CAR of 12.5% and a total CAR of 14.5%. The DBS Group's capital position is above the new MAS Basel III capital requirements that have been effective from 1 January 2013. The DBS Group has adopted a prudent dividend policy to ensure that strong capital ratios are maintained while it executes its growth strategy.

The DBS Group was awarded "Safest Bank in Asia" for six consecutive years from 2009 to 2014 by Global Finance. Singapore, the DBS Group's core market, is the only sovereign in Asia with a "Aaa" credit rating from Moody's and a "AAA" credit rating from Standard & Poor's and Fitch.

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

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

In terms of funding, the DBS Group's strong domestic deposit base and leading market position in low cost Singapore dollar deposits have enabled it to maintain a favourable loan-to-deposit ratio of 87% as at 31 March 2015. The DBS Group also diversifies its funding sources through its wholesale funding business.

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

The DBS Group is the largest banking group in Southeast Asia by total assets. Over the past three years, the DBS Group has delivered consistent financial performance underpinned by increased strategic clarity and disciplined execution of its strategy. Total income (excluding one-time items) grew at a CAGR of 9% between 2012 and 2014 while net profit (excluding one-time items) recorded CAGR of 6% over the same period.

Prudent and comprehensive risk management framework focused on asset quality

The DBS Group has a robust risk management framework in place to address key risk areas. Its risk management approach is based on (i) strong risk governance, (ii) robust and comprehensive processes to identify, measure, monitor, control and report risks, (iii) sound assessments of capital adequacy relative to risks, and (iv) a rigorous system of internal control reviews involving internal and external auditors. The DBS Group's prudent approach to risk management has enabled it to maintain low NPL ratios and high coverage ratios, even during economic downturns. The DBS Group's NPL ratio was 0.9% as at 31 March 2015 and 31 December 2014, 1.1% and 1.2% as at 31 December 2013 and 2012, respectively, and the DBS Group's coverage ratio (defined as total allowances as a percentage of non-performing assets) was 161%, 163%, 135% and 142% as at 31 March 2015, 31 December 2014, 2013 and 2012, respectively.

Strategy

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

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

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

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

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

Key Businesses

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

Consumer Banking/Wealth Management ("CBGWM")

The DBS Group serves approximately 5.4 million retail customers in Singapore, Hong Kong, China, Taiwan, Indonesia and India. It offers a comprehensive range of financial products and services, including savings and current accounts, fixed deposits, payment services, credit and debit cards, home loans and auto finance, wealth management, investment and insurance products. In the three months ended 31 March 2015 and the years ended 31 December 2014, 2013 and 2012, CBGWM contributed 23%, 19%, 16% and 15%, respectively, of the DBS Group's profit before tax.

CBGWM has built a differentiated wealth proposition across its six key markets with its Treasures platform, where dedicated relationship managers and specialists deliver personalised products and services to affluent customers. In Singapore and Hong Kong, the

wealth offering reflects a greater segmentation of affluent customers with specific offerings such as Treasures, Treasures Private Clients and Private Bank. In Treasures Private Client and Private Bank, more personalised services and bespoke solutions are tailored to specific client needs.

In Singapore, the DBS Group holds leading positions in savings and deposits, investments and insurance distribution. As at 31 December 2014, it had over 4.6 million retail customers in the country and more than 50% share of the market in Singapore-dollar denominated savings accounts. It also had the country's largest retail distribution network with 94 branches and more than 1,500 self-service banking facilities such as ATMs, cash and check deposit machines as at 31 March 2015. DBS Bank has also entered into an agreement with Singapore Post Limited to provide basic banking services to DBS Bank's customers at its outlets. Additionally, DBS has agreements with key retail stores, including 7-Eleven, Guardian and Sheng Shiong Supermarket, to enable DBS Bank's customers to make cash withdrawals at their stores island-wide for a more convenient banking experience. The DBS Group is one of the largest mortgage lenders for public and private housing in Singapore.

In Hong Kong, the DBS Group provides wealth management services to the affluent segments and is also a key player in retail deposits and unsecured loans. As at 31 March 2015, it had 49 branches (including dedicated Treasures Centres, retail and consumer finance branches) and 67 ATMs in Hong Kong and served almost one million retail customers.

In China, Taiwan, India and Indonesia, the DBS Group's consumer banking operations are also focused on serving the affluent segments.

eBusiness

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

Credit Cards

As at 31 December 2014, the DBS Group had approximately 2.8 million credit cards in circulation in Singapore and Hong Kong. The DBS Group charges fees for the use of its credit cards, earns interest from customers and earns commissions from merchants for transactions processed. The DBS Group believes it is one of the market leaders in the credit card business for Singapore and Hong Kong.

Consumer Lending

The DBS Group offers housing loans, automobile loans and other consumer lending services. Other consumer lending products offered by the DBS Group include standby credit lines, personal loans, education loans and renovation loans. In Singapore, the DBS Group is one of the largest mortgage lenders for public and private housing.

Investments, Insurance and Treasury Products

The DBS Group offers a wide range of investment, insurance and treasury products, including structured deposits, unit trusts, insurance products, structured notes, treasury products such as bonds, currency linked investments and equity linked notes. As at 31 December 2014, the DBS Group is a distributor of life insurance and general insurance products through its respective preferred partners Aviva and MSIG in Singapore and Hong Kong.

On 8 April 2015, DBS Bank and Manulife Financial Asia Limited ("**Manulife**") entered into a fifteen year regional distribution agreement covering four markets, namely Singapore, Hong Kong, China and Indonesia. Under the agreement, there will be a payment by Manulife to DBS Bank of SGD 1.6 billion, which will be amortised over fifteen years. There will also be ongoing variable payments by Manulife to DBS Bank based on the success of the partnership. The agreement will take effect on 1 January 2016.

Wealth Management

The DBS Group believes that wealth is being created at a rapid pace in Asia and has made becoming a leading wealth manager in Asia a key strategic priority. Rated the "Safest Bank in Asia" by Global Finance for six consecutive years from 2009 to 2014, the DBS Group is recognised for its financial strength and stability. The DBS Group offers distinct wealth management platforms (i.e., Treasures, Treasures Private Clients and Private Bank) to cater to a full range of affluent clients with various wealth management needs. The segmentation of clients helps the DBS Group to target and manage customer relationships effectively.

Institutional Banking ("IBG")

The DBS Group serves over 200,000 corporate and institutional and SME clients across Asia and provides a comprehensive range of products and services, including syndicated finance, transaction services, treasury products, capital raising through debt and equity markets, and strategic advisory. The DBS Group utilises its regional network, product expertise and local market knowledge to connect corporate, institutional and SME clients with opportunities in Asia to help them expand across borders. In the three months ended 31 March 2015 and the years ended 31 December 2014, 2013 and 2012, IBG contributed 58%, 61%, 64% and 64%, respectively, of the DBS Group's profit before tax.

Lending to corporate, institutional and SME clients

The DBS Group provides financing to corporate, institutional and SME clients. The DBS Group originates, arranges, underwrites and distributes loan and loan-related products for corporate and institutional clients across the region to support a diverse range of financing needs, including leveraged finance, acquisition finance and project finance. The Syndicated Finance team has been ranked consistently by Thomson Reuters LPC among the top five arrangers in Asia (excluding Japan and Australia) for the past several years, including 2014. The DBS Group also provides financing to SMEs across the region, in line with one of its strategic priorities. In Singapore, the DBS Group participates in government programmes to extend loans to small newly-formed companies.

Transaction Services

The DBS Group provides cash management, trade finance services, securities services and fiduciary services, enabling its clients to create cashflow for their operations, reduce balance sheet and counterparty risk, and realise operational efficiencies. These activities carry high returns on equity and provide a high degree of recurring income.

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

Capital Markets

Through its Capital Markets unit, the DBS Group advises and enables its corporate clients across the region to raise equity funds through initial public offerings ("**IPOs**"), rights issues and share placements.

In Singapore, the DBS Group has been a leader in managing equity issuances over the past five years. For 2014, it lead-managed or joint-lead-managed equity offerings amounting to S$2.7 billion, representing over 33% of the total equity funds raised in public offerings in Singapore during that year.

Strategic Advisory

The DBS Group's Strategic Advisory unit supports key corporate clients by rendering advice on corporate strategy, corporate structure, capital structure design and shareholder value creation. In addition, the Strategic Advisory unit is responsible for originating, structuring and executing merger and acquisition transactions, including leveraged buy-outs, demergers and divestitures. Strategic Advisory advises clients across Southeast Asia, North Asia and West Asia.

Treasury and Markets ("T&M")

The DBS Group offers foreign exchange, money market and fixed income products, including derivative and structured products in foreign exchange, interest rates, equity, credit and commodities, as well as structured financing solutions. The DBS Group has a leading market share in Singapore dollar treasury products by volume and is an active market marker in regional currencies. As a primary dealer of Singapore Government Securities, the DBS Group is one of the largest participants in the Singapore Government Securities market and an active market maker in Singapore dollar swaps. The DBS Group is a specialist and a leading provider of Asian currency treasury products. In Hong Kong, it is an active market maker in Hong Kong dollar and offshore RMB derivatives. T&M works closely with CBGWM and IBG to structure and cross sell treasury products to corporate and individual customers. The DBS Group also helps customers raise funds through debt issuances.

Fixed Income Group ("FI Group")

The DBS Group is a key player in the Asian debt capital markets. Its FI Group provides corporates, financial institutions, supranationals and sovereigns with customised solutions involving debt products, including straight and equity-linked debt capital, structured debt products, hybrid capital, ratings advisory services and liability management and debt advisory services.

The DBS Group is a market leader in the Singapore dollar denominated bond market, and has consistently led the league tables in this market. In 2014, DBS Bank acted as bookrunner on 74 transactions, representing a 35% share of over S$23.5 billion in total market issuances. The DBS Group is also active in the offshore Renminbi, G3 straight investment grade, high yield bond and certificate of deposit markets. In 2014, DBS Bank acted as bookrunner on 77 offshore Renminbi bond issues, moving up to fourth in the Bloomberg league tables. The number of Asian G3 bond issues arranged by the DBS Group almost doubled in 2014, while that of Indonesian Rupiah bond issues increased eight-fold.

Others

DBS Vickers Securities

The DBS Group provides brokerage services for individual, corporate and institutional clients through DBS Vickers Securities, which has stockbroking licences in Singapore, Hong Kong, Thailand and Indonesia, as well as sales offices in London and New York and a research representative office in Shanghai. Its research analysts based in Singapore, Hong Kong, China, Thailand, Indonesia and Malaysia cover approximately 500 listed companies in Asia.

Regional Presence

As at 31 March 2015, the DBS Group had more than 280 branches, sub-branches, loan centres and representative offices across Asia, including key markets in Singapore, Hong Kong, China, Taiwan, India and Indonesia. In addition, it has operations in other locations such as the Middle East, the UK and the United States. The DBS Group has fully-owned subsidiaries in Hong Kong, China and Taiwan and a 99%-owned subsidiary in Indonesia. It also has a 50% stake in the Islamic Bank of Asia. In addition, it has affiliates in Malaysia and China through its 27.7%-owned Hwang Capital (Malaysia) Berhad and 33%-owned Changsheng Fund Management Company.

The number of branches, sub-branches, loan centres and representative offices operated by the DBS Group as at 31 March 2015 are set forth below.

Bahrain	1
China	33
Hong Kong	49
India	12
Indonesia	41
Japan	1
Korea	1
Macau	1
Malaysia	2
Myanmar	1
Singapore	94
The Philippines	1
Taiwan	43
Thailand	1
United Arab Emirates	1
United Kingdom	1
United States	1
Vietnam	2

As at 31 March 2015, gross loans booked in overseas branches and subsidiaries accounted for approximately 35% of the DBS Group's total customer loans and advances. The DBS Group's main overseas operations are in Hong Kong, China, Taiwan, India and Indonesia.

Hong Kong

Hong Kong is the largest of the DBS Group's operations outside Singapore, accounting for approximately 23% of the DBS Group's earnings in 2014. The DBS Group had 49 branches and loan centres in Hong Kong as at 31 March 2015. A large part of the DBS Group's Hong Kong operations is conducted through DBSHK, a wholly-owned subsidiary of DBS Bank. DBSHK provides a wide range of banking services to corporate, SME and affluent individuals, including wealth management, investment banking, foreign exchange and treasury services, as well as internet banking and online services. DBS Bank also operates a branch in Hong Kong.

As at 31 March 2015, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$76.4 billion, gross customer loans and advances of S$56.8 billion, and customer deposits of S$59.2 billion. The DBS Group seeks to leverage its regional experience, marketing and product expertise to continue to introduce new products and expand Hong Kong's operation and reach.

China

The DBS Group was the first Singapore bank to incorporate a wholly-owned subsidiary in China, DBS Bank (China) Limited ("**DBS China**"). DBS China was incorporated in May 2007 and is headquartered in Shanghai.

The DBS Group has 32 branches and a representative office in China, of which 10 branches and 22 sub-branches of DBS China were in Beijing, Chongqing, Dongguan, Guangzhou, Hangzhou, Nanning, Shanghai, Shenzhen, Suzhou and Tianjin as at 31 March 2015. DBS China offers RMB and foreign currency banking products and services to large corporates, SMEs and affluent individuals.

As at 31 March 2015, DBS China had total assets of S$27 billion, gross customer loans and advances of S$12.4 billion and customer deposits of S$13.2 billion. The DBS Group also holds a 33% interest in Changsheng Fund Management Company, a sizable fund management company in China, through DBS Bank.

Taiwan

As at 31 March 2015, the DBS Group had 43 branches in Taiwan. A large part of the DBS Group's Taiwan operations are conducted through DBS Bank (Taiwan) Limited ("**DBS Taiwan**"), a wholly-owned subsidiary of DBS Bank. DBS Taiwan offers a wide range of banking products and services to large corporates, SMEs and affluent individuals. DBS Bank also operates a branch in Taiwan. As at 31 March 2015, the DBS Group's Taiwan operations had total assets of S$19.7 billion, gross customer loans and advances of S$9.6 billion and customer deposits of S$11.0 billion.

India

As at 31 March 2015, the DBS Group had 12 branches across India in Bengaluru, Chennai, Cuddalore, Kolhapur, Kolkata, Moradabad, Mumbai, Nashik, New Delhi, Pune, Salem and Surat (collectively "**DBS India**").

DBS India offers a comprehensive suite of banking products and services to corporate, SMEs and affluent individuals. As at 31 March 2015, DBS India had total assets of S$8.3 billion, gross customer loans and advances of S$4.1 billion and customer deposits of S$3.9 billion.

Indonesia

As at 31 March 2015, DBS Bank owned 99% of PT Bank DBS Indonesia ("**DBS Indonesia**"). DBS Indonesia offers a wide range of banking products and services to large corporates, SMEs and affluent individuals. As at 31 March 2015, DBS Indonesia was a leading foreign bank in trade finance and wealth management, with 41 branches, sub-branches and loan centres in 11 major cities in Indonesia.

As at 31 March 2015, DBS Indonesia had total assets of S$7.7 billion, gross customer loans and advances of S$4.4 billion and customer deposits of S$5.1 billion.

Technology and Operations Unit ("T&O") and Information Technology

T&O's key areas of responsibility include technology strategy, architecture and engineering, technology delivery services, business process re-engineering, strategic sourcing, call centre and processing operations for loans, custodial services, payments, cards, treasury and trade. T&O is organised to provide in-depth support to the DBS Group's key businesses, as well as to ensure group-wide consistency, best practice and efficiency.

The DBS Group has significantly increased its investment in T&O in recent years to enhance stability and resiliency of its systems and processes as it expands in the region. T&O has played a major role in the DBS Group's strategic cost management initiatives to achieve optimisation of processes and resources.

The DBS Group's information technology ("**IT**") systems are critical to its business operations and are essential to supporting effectively the expansion of its business operations, increasing efficiencies, co-ordinating and enhancing risk management and control systems, and meeting the needs of its customers. With the DBS Group's growing business across Asia, it recognises the need for a strong technology and infrastructure platform. To increase consistency and efficiency in its IT systems, the DBS Group has put in place a business-driven technology roadmap and is rolling out standardised software applications across the DBS Group. The DBS Group is implementing a resiliency improvement plan to enhance the availability of services to its customers.

All of the DBS Group's IT systems comply with stringent business and continuity planning standards and undergo periodic testing.

Additional Information about the DBS Group

Competition

In Singapore, the DBS Group believes it has captured leading market shares in loans, mortgages and customer deposits. It competes with other Singapore banks across the full range of banking activities and customer segments. Foreign banks have been able to operate in corporate banking, investment banking and capital market activities over the years. Selected foreign banks, in particular those with QFB licences, are able to compete in the consumer banking segment. In Hong Kong, the DBS Group competes with local and foreign banks in the corporate, SME and affluent retail banking segments.

In other markets, where the DBS Group is building up its presence, it competes with local and foreign banks in the full range of corporate banking and treasury market activities. In the consumer banking segment, the DBS Group is focused on the affluent segment and competes with other banks operating in this space.

Properties

The DBS Group owns some of the properties used for carrying out its banking business. These properties are located mainly in Singapore, Hong Kong and Taiwan and include office and retail branch premises. For some of these properties, surplus space is leased to third party tenants for additional income.

Employees

The DBS Group had 21,460, 21,096, 19,393 and 18,433 employees, as at 31 March 2015 and 31 December 2014, 2013 and 2012, respectively.

Employees' remuneration is based on total compensation. An employee's total compensation is benchmarked to the market and consists of three components: fixed pay, cash bonuses and long-term incentives such as share grants.

Insurance

The DBS Group has taken out a group insurance policy that is customary for financial institutions of a comparable size and scope. Management is of the opinion that this insurance, including banker's blanket and professional indemnity, is of an adequate level.

Legal Proceedings

The DBS Group is involved in litigation and arbitration proceedings in Singapore and in foreign jurisdictions involving claims by and against the DBS Group which arise in the ordinary course of its business. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened litigation and arbitration proceedings, the DBS Group believes that the ultimate outcome of the various litigation and arbitration proceedings already commenced will not have a material adverse effect on the DBS Group's financial condition, liquidity or profitability.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE DBS GROUP

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements of the DBS Group as at and for the year ended 31 December 2014, including the notes thereto, as well as the unaudited condensed consolidated financial statements of the DBS Group as at and for the three months ended 31 March 2015, which are set forth beginning on page F-2 of this Offering Circular, and as at and for the years ended 31 December 2013 and 2012, including the notes thereto, which are incorporated by reference in this Offering Circular. These financial statements have been prepared in accordance with Singapore FRS, which differs in certain material respects from U.S. GAAP and IFRS. Investors should consult their own professional advisers for an understanding of the differences between Singapore FRS, U.S. GAAP, IFRS and the generally accepted accounting principles of other jurisdictions and how those differences might affect the financial information contained in this Offering Circular.

The presentation of certain financial statement line items in this document has been aligned to the presentation used by key management personnel to analyse and assess the business performance of the DBS Group from period to period. Such presentation may differ in certain respects from the audited consolidated financial statements of the DBS Group as at and for the year ended 31 December 2014, including the notes thereto, and the unaudited condensed consolidated financial statements of the DBS Group as at and for the three months ended 31 March 2015, which are set forth beginning on page F-2 of this Offering Circular and as at and for the years ended 31 December 2013 and 2012 incorporated by reference in this Offering Circular and may also differ in certain respects from Singapore FRS.

Except as otherwise noted, financial and statistical information presented in this Offering Circular is presented for the DBS Group on a consolidated basis.

Overview

The DBS Group is headquartered in Singapore and has a growing presence in the three key Asian axes of growth: Greater China, South Asia and Southeast Asia. In Singapore, the DBS Group has leading positions in consumer banking, wealth management, institutional banking, treasury and capital markets.

As at 31 March 2015, the DBS Group had S$457 billion in total assets, S$281 billion in customer loans and advances, S$324 billion in customer deposits and S$38 billion in total shareholders' funds; as at 31 December 2014, the DBS Group had S$441 billion in total assets, S$276 billion in customer loans and advances, S$317 billion in customer deposits and S$36 billion in total shareholders' funds. As at 31 March 2015, approximately 65% of the DBS Group's total assets (excluding goodwill and intangibles) and 65% of gross customer loans were accounted for in Singapore. As at 31 December 2014, approximately 66% of the DBS Group's total assets (excluding goodwill and intangibles) and 65% of gross customer loans were accounted for in Singapore. As at 31 December 2013 and 2012, 65% of the DBS Group's total assets (excluding goodwill and intangibles) were accounted for in Singapore; 17% and 16%, respectively, in Hong Kong; and 18% and 19%, respectively, in other countries.

Singapore

The DBS Group is one of the largest banking and financial services providers in Singapore by total assets and is a market leader in Singapore dollar denominated customer loans and advances, housing loans, internet banking services and Singapore dollar denominated customer deposits. As at 31 March 2015, the DBS Group had 94 branches and more than 1,500 self-service banking facilities such as ATMs, cash and cheque deposit machines in Singapore, serving over 4.6 million retail customers. As at 31 March 2015, the DBS Group in Singapore

had total assets (excluding goodwill and intangibles) of S$296 billion, gross customer loans and advances of S$186 billion and customer deposits of S$224 billion. As at 31 December 2014, the DBS Group in Singapore had total assets (excluding goodwill and intangibles) of S$287 billion, gross customer loans and advances of S$183 billion, and customer deposits of S$220 billion. The DBS Group recorded net profit (before one-time items) for its Singapore operations of S$810 million in the three months ended 31 March 2015, S$2.6 billion in 2014, S$2.4 billion in 2013 and S$2.2 billion in 2012.

Hong Kong

Hong Kong is the second principal operation of the DBS Group after Singapore. A large part of the DBS Group's Hong Kong operations is conducted through DBSHK, a wholly-owned subsidiary of DBS Bank. DBS Bank also operates a branch in Hong Kong. As at 31 March 2015, the DBS Group had 49 branches in Hong Kong. As at 31 March 2015, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$76.4 billion, gross customer loans and advances of S$56.8 billion and customer deposits of S$59.2 billion. As at 31 December 2014, the DBS Group's Hong Kong operations had total assets (excluding goodwill and intangibles) of S$72.5 billion, gross customer loans and advances of S$54.8 billion, and customer deposits of S$56.6 billion. The DBS Group recorded net profit for its Hong Kong operations of S$240 million in the three months ended 31 March 2015, S$882 million in 2014, S$851 million in 2013 and S$716 million in 2012.

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

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

International Presence Outside of Singapore and Hong Kong

Outside of its primary markets, the DBS Group has a growing presence in China, Taiwan, India and Indonesia. For the three months ended 31 March 2015, the DBS Group's operations in Rest of Greater China reported a net profit of S$70 million and total income of S$282 million. In 2014, the DBS Group's operations in Rest of Greater China reported a net profit of S$237 million and total income of S$950 million. In 2013, the DBS Group's operations in Rest of Greater China reported a net profit of S$92 million and total income of S$743 million. In 2012, the DBS Group's operations in Rest of Greater China reported a net profit of S$110 million and total income of S$663 million. The increase in 2014 net profit was mainly due to higher net interest income from higher volumes and margins, and higher fees and commissions. The decline in 2013 net profit was mainly due to a decline in net interest income from lower net interest margin, higher expenses and higher specific allowances. The impact was partially offset by increased fee income and treasury income from customer flows.

For the three months ended 31 March 2015, the DBS Group's operations in South and Southeast Asia, which includes its India and Indonesia franchises, recorded net profit of S$7 million and total income of S$156 million. In 2014, the DBS Group's operations in South and Southeast Asia recorded net profit of S$44 million and total income of S$552 million. In 2013, the DBS Group's operations in South and Southeast Asia recorded net profit of S$198 million

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

Factors Affecting Financial Condition and Results of Operations

The DBS Group's financial condition and results of operations are affected by various factors, including the ones described below.

Economic Conditions in Singapore and Hong Kong

The DBS Group's financial performance is dependent on the general economic and political developments in Singapore and Hong Kong.

In the first quarter of 2015, economies across Asia, including both Singapore and Hong Kong, experienced only moderate growth due to uncertainty in the global economic environment. According to the Singapore Department of Statistics, Singapore's real GDP growth was 2.6% in the first quarter of 2015, slower than 4.6% in the first quarter of 2014, due to lower growth in services-producing industries. According to the MAS, Domestic Banking Unit ("**DBU**") loan growth in Singapore was 2.3% for the twelve months ended 31 March 2015, slower than the 6% growth for the twelve months ended 31 December 2014. According to the Hong Kong Monetary Authority, loan growth in Hong Kong was 11.7% for the twelve months ended 31 March 2015.

In 2014, economies across Asia, including both Singapore and Hong Kong, experienced lower growth against a backdrop of slower regional growth caused by increased economic uncertainties and lower commodity prices. According to the Singapore Department of Statistics, Singapore's real GDP growth was 2.9% in 2014, slower than 4.4% in 2013, due to lower growth in services-producing industries, and, according to the MAS, DBU loan growth in Singapore was 6.0% in 2014, slower than the growth in 2013. According to the Census and Statistics Department of Hong Kong, Hong Kong's real GDP growth was 2.5% in 2014, down from 3.1% in 2013 and, according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 8.0% in 2014 down from 16% in 2013.

In 2013, economies across Asia, including both Singapore and Hong Kong, experienced higher growth against a backdrop of improved growth in the United States and a reduced economic contraction in Europe due to easing of the drag on growth from fiscal consolidation and reduced policy uncertainty. According to the Singapore Department of Statistics, Singapore's real GDP growth was 4.4% in 2013, up from 3.4% in 2012, due to growth in construction and services-producing industries, and, according to the MAS, DBU loan growth in Singapore was 17% in 2013, unchanged from the growth in 2012. According to the Census and Statistics Department of Hong Kong, Hong Kong's real GDP growth was 3.1% in 2013, up from 1.7% in 2012 and, according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 16% in 2013, up from 10% in 2012.

In 2012, economies across Asia, including both Singapore and Hong Kong, experienced slower growth against a backdrop of continued low growth in the United States and a European economy that contracted amid ongoing fiscal consolidation and continued concerns over European sovereign debt, including the downgrade of the sovereign debt rating of the United Kingdom by Moody's from "Aaa" to "Aa1". According to the Singapore Department of Statistics, Singapore's real GDP growth was 3.4% in 2012, down from 6.2% in 2011, due to weaknesses

in externally-oriented sectors, and, according to the MAS, DBU loan growth in Singapore was 17% in 2012, down from 30% in 2011. According to the Census and Statistics Department of Hong Kong, Hong Kong's real GDP growth was 1.7% in 2012 and, according to the Hong Kong Monetary Authority, loan growth in Hong Kong was 10% in 2012.

Interest Rate Environment

Interest rate movements have a significant impact on the DBS Group's results of operations. The magnitude and timing of interest rate changes, as well as differences in the magnitude of such interest rate changes between the DBS Group's assets and liabilities, have a significant impact on its net interest margins and its profitability. Movements in short and long-term interest rates affect the DBS Group's interest income and interest expense as well as the level of gains and losses on its securities portfolio.

The DBS Group's net interest income accounted for 62%, 66%, 62% and 66% of its total income in the three months ended 31 March 2015 and the years ended 31 December 2014, 2013 and 2012, respectively. Net interest income is principally affected by yields on interest earning assets, costs of interest bearing liabilities and the volumes of interest earning assets and interest bearing liabilities. The DBS Group's yields and costs are functions of its lending and deposit rates, interbank rates, yields on government and other debt securities, and costs of term debts and other borrowings, which are generally linked to the interest rate environment. In addition, lending and deposit rates are significantly influenced by competition in the markets in which the DBS Group operates.

Liquidity

Liquidity obligations arise from withdrawals of deposits, repayments of purchased funds at maturity, and extensions of credit and working capital needs. The DBS Group seeks to project, monitor and manage its liquidity needs under normal as well as adverse circumstances. Adverse market and economic conditions may limit or adversely affect the DBS Group's access to funding. Adverse economic conditions may also limit or negatively affect the DBS Group's ability to attract deposits, replace maturing liabilities in a timely manner and at commercially acceptable rates, satisfy statutory liquidity requirements and access the capital markets.

Approximately 78%, 79%, 80% and 80% of the DBS Group's total liabilities were attributable to customer deposits and 4%, 4%, 4% and 5% were attributable to interbank liabilities as at 31 March 2015 and 31 December 2014, 2013 and 2012, respectively. As at 31 March 2015 and 31 December 2014, 2013 and 2012, the DBS Group had total customer deposits and interbank liabilities of S$340 billion, S$333 billion, S$306 billion and S$269 billion, respectively, and a loan to deposit ratio of 87%, 87%, 85% and 83%, respectively. The DBS Group's funding is also supplemented by debt issuances, including medium-term notes, commercial papers, certificates of deposit and subordinated term debts. As at 31 March 2015 and 31 December 2014, 2013 and 2012, the DBS Group had total debt issuances of S$35.0 billion, S$35.0 billion, S$28.7 billion and S$19.3 billion, respectively, representing 8%, 9%, 8% and 6% of total liabilities, respectively.

Critical Accounting Estimates

The DBS Group's accounting policies and use of estimates are integral to the reported results. Certain accounting estimates require management's judgement in determining the appropriate methodology for valuation of assets and liabilities. Procedures are in place to ensure that methodologies are reviewed and revised as appropriate. The DBS Group believes its estimates for determining the valuation of its assets and liabilities are appropriate. The following is a brief description of the DBS Group's critical accounting estimates involving

management's valuation judgement. The DBS Group's significant accounting policies are described in more detail in Note 2 to the DBS Group's audited consolidated financial statements for the year ended 31 December 2014, which are set forth beginning on page F-2 of this Offering Circular.

Impairment Allowances

It is the DBS Group's policy to recognise, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio.

In estimating specific allowances, the DBS Group assesses the gap between borrowers' obligations to the DBS Group and their repayment ability. The assessment takes into account various factors, including the economic or business outlook, the future profitability of the borrowers and the liquidation value of collateral. Such assessment requires considerable judgement.

Another area requiring judgement is the calculation of general allowances, which are determined after taking into account historical data and management's assessment of the current economic and credit environment, country and portfolio risks, as well as industry practices.

Fair Value of Financial Instruments

The majority of the DBS Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters.

The fair value of financial instruments without an observable market price in an active market may be determined using valuation models. The choice of model requires significant judgement for complex products, especially those in the "Treasury" segment.

Policies and procedures have been established to facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cashflows and other factors used in the valuation process.

Goodwill

The DBS Group performs an impairment review to ensure that the carrying amount of the cash-generating unit ("**CGU**"), to which goodwill is allocated, does not exceed the recoverable amount of the CGU.

The recoverable amount represents the present value of the estimated future cashflows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cashflows, growth rate and discount rate.

Income Taxes

The DBS Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the DBS Group's provision for income taxes. The DBS Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where uncertainty exists around the DBS Group's tax position, including resolution of any related appeals or litigation processes, appropriate provisions are provided based on the technical merits of the positions with the same tax authority.

Results of Operations for the three months ended 31 March 2015 and 2014

The DBS Group's net profit (excluding one-time items) increased by 8% to S$1.14 billion in the three months ended 31 March 2015 from S$1.05 billion in the three months ended 31 March 2014.

Return on assets was 1.03% and 1.04% as at 31 March 2015 and 2014, respectively. The DBS Group's CAR was 14.5% and 14.8% as at 31 March 2015 and 2014, respectively. The DBS Group's Tier I CAR was 12.5% as at 31 March 2015 and 2014.

Net Interest Income and Net Interest Margin

The DBS Group's net interest income increased by 13% to S$1.69 billion in the three months ended 31 March 2015, from S$1.49 billion in the three months ended 31 March 2014, due to higher loan volumes and higher net interest margin. Net interest income represented 62% of total income in the three months ended 31 March 2015 compared to 61% in the three months ended 31 March 2014. The DBS Group's net interest margin increased three basis points to 1.69% in the three months ended 31 March 2015 from 1.66% in the three months ended 31 March 2014.

The following table sets forth the components of the DBS Group's net interest income for the periods indicated:

	For the three months ended 31 March	
	2014	**2015**
	(unaudited, S$ in millions)	
Interest Income		
Customer non-trade loans	1,244	1,439
Trade assets	404	370
Interbank assets[(1)]	144	146
Securities[(2)]	337	425
Total	**2,129**	**2,380**
Interest Expense		
Customer deposits	517	543
Other borrowings[(3)]	124	150
Total	**641**	**693**
Net interest income	**1,488**	**1,687**

Notes:

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

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

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

Non-Interest Income

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

	For the three months ended 31 March	
	2014	2015
	(unaudited, S$ in millions)	
Net fee and commission income[1]	510	560
Other non-interest income		
Net trading income[2]	362	356
Net income from investment securities[3][4]	38	103
Net gain from fixed assets	43	15
Others[4][5]	10	12
Total	**963**	**1,046**

Notes:

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

(2) Includes income from trading businesses through foreign exchange, interest rates, credit and equities and other businesses and gains or losses from changes in the value of financial assets and financial liabilities designated at fair value.

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

(4) Excludes one-time items.

(5) Includes rental income and others.

Total non-interest income increased by 9% to S$1.05 billion in the three months ended 31 March 2015 from S$0.96 billion in the three months ended 31 March 2014. In the three months ended 31 March 2015 and 2014, total non-interest income accounted for 38% and 39%, respectively, of the DBS Group's total income. The increase was due to higher fee income led by growth in wealth management and credit card contributions and higher income from investment securities.

Net Fee and Commission Income

The following table shows information with respect to the DBS Group's net fee and commission income for the periods indicated:

	For the three months ended 31 March	
	2014	2015
	(unaudited, S$ in millions)	
Brokerage	43	45
Investment banking[1]	37	26
Trade and transaction services[1][2]	146	145
Loan-related	118	123
Cards[3]	83	102
Wealth management	117	167
Others	23	18
Fee and commission income	567	626
Less: Fee commission expense	57	66
Net fee and commission income	**510**	**560**

Notes:

(1) Fees from fiduciary services are reclassified from investment banking to trade and transaction services.

(2) Includes trade and remittances, guarantees, deposit-related fees and fees from fiduciary services.

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

In the three months ended 31 March 2015, net fee and commission income increased by 10% to S$560 million from S$510 million in the three months ended 31 March 2014 due to higher contributions from wealth management as unit trust and insurance sales rose. Credit card fees were also higher. Fees from trade and transaction services remained relatively stable as higher income from cash management was offset by lower contributions from trade finance.

Net fee and commission income accounted for 20% and 21% of the DBS Group's total income in the three months ended 31 March 2015 and 2014, respectively.

Other Non-interest Income

Other non-interest income increased by 7% to S$486 million in the three months ended 31 March 2015 from S$453 million in the three months ended 31 March 2014 mainly due to higher net income from investment securities.

Net trading income decreased slightly to S$356 million in the three months ended 31 March 2015 from S$362 million in the three months ended 31 March 2014.

Expenses

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

	For the three months ended 31 March	
	2014	**2015**
	(unaudited, S$ in millions, except percentages)	
Staff[1]	557	672
Computerisation[2]	187	207
Occupancy[3]	98	92
Revenue-related	59	62
Others[4]	139	147
Total	**1,040**	**1,180**
Cost-to-income ratio[5]	42.4%	43.2%

Notes:

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

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

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

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

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

In the three months ended 31 March 2015, expenses (excluding allowances for credit and other losses) increased 13% to S$1.18 billion from S$1.04 billion in the three months ended 31 March 2014, mainly due to higher staff expenses from headcount growth.

Allowances for Credit and Other Losses

The following table shows information with respect to the DBS Group's allowances for credit and other losses for the periods indicated:

	For the three months ended 31 March	
	2014	**2015**
	(unaudited, S$ in millions)	
General allowances	56	21
Specific allowances for loans[(1)]	93	151
Singapore	15	18
Hong Kong	10	30
Rest of Greater China	3	39
South and Southeast Asia	97	74
Rest of the World	(32)	(10)
Specific allowances for securities, properties and other assets	2	9
Total	**151**	**181**

Note:

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

In the three months ended 31 March 2015, total allowances increased by 20% to S$181 million from S$151 million in the three months ended 31 March 2014 as specific allowances for loans increased 62% to S$151 million in line with the normalisation of credit costs. General allowances decreased 63% to S$21 million in line with loan growth.

Profit before tax (excluding one-time items)

Profit before tax (excluding one-time items) increased by 8% to S$1.38 billion in the three months ended 31 March 2015 from S$1.27 billion in the three months ended 31 March 2014.

Taxation

The DBS Group's taxation expense increased by 8% to S$215 million in the three months ended 31 March 2015 from S$199 million in the three months ended 31 March 2014. This resulted in effective tax rates ("taxation expenses" divided by "profit before tax" (excluding one-off items) and share of profits of associates and joint venture) of 16% in the three months ended 31 March 2015 and 16% in the three months ended 31 March 2014. Taxation for the DBS Group is determined on an entity by entity basis. The statutory corporate income tax rate in Singapore was 17% for 2014 and 17% in the three months ended 31 March 2015.

Net Profit (excluding one-time items)

The DBS Group's net profit (excluding one-time items) increased by 8% to S$1.14 billion in the three months ended 31 March 2015 from S$1.05 billion in the three months ended 31 March 2014.

Results of Operations for 2014, 2013 and 2012

The DBS Group's net profit (excluding one-time items) increased by 8% to S$3.90 billion in 2014 from S$3.62 billion in 2013, and by 4% in 2013 from S$3.48 billion in 2012.

Return on assets was 0.93%, 0.96% and 1.00% as at 31 December 2014, 2013 and 2012, respectively. The DBS Group's CAR was 14.4%, 15.6% and 16.7% as at 31 December 2014, 2013 and 2012, respectively. The DBS Group's Tier I CAR was 12.2%, 13.0% and 13.6% as at 31 December 2014, 2013 and 2012, respectively.

Net Interest Income and Net Interest Margin

The DBS Group's net interest income increased by 14% to S$6.32 billion in 2014, from S$5.57 billion in 2013, as both loan volumes and net interest margin increased. Net interest income represented 66% of total income in 2014 compared to 62% in 2013. The DBS Group's net interest margin increased six basis points to 1.68% in 2014 from 1.62% in 2013.

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

Average Balance Sheets and Interest Rates

The following table sets forth the monthly average balances of the DBS Group's interest earning assets and interest bearing liabilities, the related interest income or expense and average interest rates for the periods indicated. Calculation of these average balances on a daily basis could yield materially different average results.

	Years ended 31 December								
	2012			2013			2014		
	Average Balance[1]	Interest	Average Rate	Average Balance[1]	Interest	Average Rate	Average Balance[1]	Interest	Average Rate
	(unaudited, S$ in millions, except percentages)								
Interest earning assets									
Customer non-trade loans	164,576	4,341	2.64%	186,661	4,710	2.52%	209,743	5,256	2.51%
Trade assets	46,284	1,303	2.82%	58,796	1,458	2.48%	61,977	1,583	2.55%
Interbank assets[2]	40,256	496	1.23%	34,720	460	1.32%	37,958	577	1.52%
Securities[3]	60,129	1,481	2.46%	64,392	1,358	2.11%	66,613	1,532	2.30%
Total	**311,245**	**7,621**	**2.45%**	**344,569**	**7,986**	**2.32%**	**376,291**	**8,948**	**2.38%**
Interest bearing liabilities									
Customer deposits	244,417	1,782	0.73%	272,901	1,926	0.71%	298,659	2,086	0.70%
Other borrowings[4]	43,487	554	1.27%	48,216	491	1.02%	51,696	540	1.04%
Total	**287,904**	**2,336**	**0.81%**	**321,117**	**2,417**	**0.75%**	**350,355**	**2,626**	**0.75%**
Net interest income		5,285			5,569			6,322	
Net interest spread[5]			**1.64%**			**1.57%**			**1.63%**
Net interest margin[6]			**1.70%**			**1.62%**			**1.68%**

Notes:

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

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

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

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

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

(6) Net interest income expressed as a percentage of average interest earning assets.

Volume and Rate Analysis

The following table allocates changes in interest income and interest expense between changes in volume and changes in rate for 2014 compared with 2013, and 2013 compared with 2012. Information is provided with respect to (i) effects attributable to changes in volume (changes in volume multiplied by prior rate) and (ii) effects attributable to changes in rate (changes in rate multiplied by current volume). Volume and rate variances have been calculated based on movements in average balances over the period indicated and changes in interest rates based on monthly average interest bearing assets and liabilities. Variances caused by changes in both volume and rate have been allocated to both volume and rate based on the proportional change in either volume or rate.

	Increase/(Decrease) for 2013/2012			Increase/(Decrease) for 2014/2013		
	Volume	Rate	Net Change	Volume	Rate	Net Change
	(unaudited, S$ in millions)					
Interest Income						
Customer non-trade loans	582	(201)	381	583	(37)	546
Trade assets	352	(193)	159	79	46	125
Interbank assets	(68)	33	(35)	43	74	117
Securities	106	(225)	(119)	46	128	174
Total	**972**	**(586)**	**386**	**751**	**211**	**962**
Interest expense						
Customer deposits	208	(59)	149	181	(21)	160
Other borrowings	60	(122)	(62)	35	14	49
Total	**268**	**(181)**	**87**	**216**	**(7)**	**209**
Net impact on net interest income	704	(405)	299	535	218	753
Due to change in number of days			(15)			—
Net Interest income			**284**			**753**

Non-Interest Income

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

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

Notes:

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

(2) Includes income from trading businesses through foreign exchange, interest rates, credit and equities and other businesses and gains or losses from changes in the value of financial assets and financial liabilities designated at fair value.

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

(4) Excludes one-time items.

(5) Includes rental income and others.

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

Net Fee and Commission Income

The following table shows information with respect to the DBS Group's net fee and commission income for the periods indicated:

	Years ended 31 December		
	2012	**2013**	**2014**
	(audited, S$ in millions)		
Brokerage	179	214	173
Investment banking[1]	131	171	219
Trade and transaction services[1] [2]	490	551	539
Loan-related	333	367	385
Cards[3]	299	337	369
Wealth management	300	412	507
Others	43	69	83
Fee and commission income	1,775	2,121	2,275
Less: Fee commission expense	196	236	248
Net fee and commission income	**1,579**	**1,885**	**2,027**

Notes:

(1) Fees from fiduciary services are reclassified from investment banking to trade and transaction services.

(2) Include trade and remittances, guarantees, deposit-related fees and fees from fiduciary services.

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

In 2014, net fee and commission income increased by 8% to S$2.03 billion in 2014 from S$1.89 billion in 2013. Fee and commission income growth was broad-based, with wealth management fees rising 23%, and investment banking fees rising 28% from increased capital market activities.

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

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

Other Non-interest Income

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

In 2014, the decrease from 2013 was primarily due to a decline in trading gains, partially offset by higher customer income for treasury products. In 2013, the increase from 2012 was primarily due to higher customer-driven treasury income.

Expenses

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

	Years ended 31 December		
	2012	**2013**	**2014**
	(audited, S$ in millions, except percentages)		
Staff[(1)]	1,888	2,065	2,294
Computerisation[(2)]	622	678	776
Occupancy[(3)]	330	365	369
Revenue-related	222	231	238
Others[(4)]	546	572	646
Total	**3,608**	**3,911**	**4,323**
Cost-to-income ratio[(5)]	44.7%	43.8%	44.9%

Notes:

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

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

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

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

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

In 2014, expenses (excluding allowances for credit and other losses) increased 11% to S$4.32 billion from S$3.91 billion in 2013, mainly due to higher staff costs from headcount growth and higher computerisation costs.

In 2013, expenses (excluding allowances for credit and other losses) increased 8% to S$3.91 billion from S$3.61 billion in 2012, mainly due to higher staff costs from headcount growth and higher computerisation costs.

Allowances for Credit and Other Losses

The following table shows information with respect to the DBS Group's allowances for credit and other losses for the periods indicated:

	Years ended 31 December		
	2012	**2013**	**2014**
	(audited, S$ in millions)		
General allowances	211	340	160
Specific allowances for loans [(1)]	198	416	478
Singapore	39	77	80
Hong Kong	20	45	54
Rest of Greater China	11	39	70
South and Southeast Asia	44	148	343
Rest of the World	84	107	(69)
Specific allowances for securities, properties and other assets	8	14	29
Total	**417**	**770**	**667**

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

In 2014, total allowances decreased by 13% to S$667 million from S$770 million in 2013 as general allowances decreased 53% to S$160 million as full-year loan growth was less than the previous year. Specific allowances for loans rose 15% to S$478 million with India accounting for a significant portion of the increase.

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

Profit before Tax (excluding one-time items)

Profit before tax (excluding one-time items) increased by 9% to S$4.71 billion in 2014, from S$4.33 billion in 2013, after a 4% increase in 2013 from S$4.16 billion in 2012.

Taxation

The DBS Group's taxation expense was S$716 million in 2014, S$615 million in 2013 and S$588 million in 2012. This resulted in effective tax rates ("taxation expenses" divided by "profit before tax" (excluding one-off items) and share of profits of associates and joint venture) of 15% in 2014, 14% in 2013 and 15% in 2012. Taxation for the DBS Group is determined on an entity by entity basis. The statutory corporate income tax rate in Singapore was 17% from 2012 to 2014.

Net Profit (excluding one-time items)

The following table shows the reconciliation of management's view of net profit (excluding one-time items) with the presentation of "net profit for the year attributable to shareholders" in the DBS Group's audited consolidated financial statements.

	Years ended 31 December		
	2012	**2013**	**2014**
	(audited, S$ in millions)		
Net Profit	3,482	3,622	3,900
One-time items	450	171	198
Net Profit for the year attributable to shareholders [(1)]	3,932	3,793	4,098

Note:

(1) As shown in the DBS Group's audited consolidated income statements which are set forth beginning on page F-2 of this Offering Circular.

The DBS Group's net profit (excluding one-time items) increased by 8% to S$3.90 billion in 2014 from S$3.62 billion in 2013 as total income grew 8% to S$9.62 billion from higher net interest margin, loan volumes and fee income. Including one-time items, comprising a gain of S$223 million from the divestment of a stake in the Bank of the Philippine Islands less a donation of S$25 million to the National Gallery Singapore, net profit was S$4.10 billion.

In 2013, the DBS Group's net profit (excluding one-time items) rose 4% to S$3.62 billion as total income rose 11% to S$8.93 billion, but the impact was partially offset by an 85% increase in allowances. In 2013, one-time items of S$171 million comprised a gain of S$221 million from the partial divestment of a stake in the Bank of the Philippine Islands less a sum of S$50 million set aside to establish the DBS Foundation.

In Singapore, the DBS Group's net profit increased 10% to S$2.62 billion in 2014, from S$2.38 billion in 2013, after an 8% increase in 2013 from S$2.20 billion in 2012. Income rose 10% to S$5.95 billion from higher loan volumes and margins, increased fee contributions from wealth management, investment banking and cards, partially offset by lower trading income. Expenses were 10% higher at S$2.51 billion compared to S$2.28 billion in 2013. The increase in 2013 from 2012 was largely due to higher income which increased 9% to S$5.42 billion from higher loan volumes and broad-based non-interest income growth, partially offset by lower income from investment securities and higher expenses.

In Hong Kong, the DBS Group's net profit increased by 4% to S$882 million in 2014 from S$851 million in 2013, after a 19% increase in 2013 from S$716 million in 2012. In 2014, total income was 2% higher at S$1.90 billion compared to S$1.86 million in 2013 as net interest income rose from higher average loan volumes and net interest margin. Non-interest income (excluding property disposal gains) was flat as a broad-based increase in fee income was more than offset by lower trading and treasury customer income. Expenses were higher from the acquisition of Société Générale's private banking business in Asia, the consolidation of a credit card joint venture and the increase in headcount to support business growth. Allowances fell due to lower general provision as total loan growth, including trade bills, was moderate. In 2013, total income was 22% higher at S$1.86 billion, as net interest income was higher from loan growth and improved net interest margin while non-interest income was higher from broad-based fee income growth and higher treasury customer flows and trading gains. These were partially offset by higher expenses and higher general allowances taken in line with loan growth.

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

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

In the Rest of the World, the DBS Group's net profit increased by 17% to S$117 million in 2014 from S$100 million in 2013, after a 38% decrease in 2013 from S$161 million in 2012. The increase in 2014 was mainly due to lower allowances which fell to S$21 million from S$91 million from lower specific allowances, partially offset by higher general allowances. Total income declined as non-interest income fell due to lower trading income, while expenses rose 7% to S$88 million. The decrease in 2013 was mainly due to lower income, while expenses and specific allowances were higher.

Financial Condition

Total Assets

The DBS Group's total assets as at 31 March 2015 were S$457 billion compared to S$441 billion as at 31 December 2014, S$402 billion as at 31 December 2013 and S$353 billion as at 31 December 2012. The increase in total assets between 31 March 2015 and 31 December 2014 was primarily due to customer loan growth and higher balances of government securities and treasury bills. The increase in total assets between 31 December 2014 and 31 December 2013 was primarily due to customer loan growth. The increase in total assets between 31 December 2013 and 31 December 2012 was primarily due to customer loan growth.

The following table sets forth the principal components of the DBS Group's total assets as at the dates indicated.

	As at 31 December			As at 31 March
	2012	2013	2014	2015
		(audited)		*(unaudited)*
		(S$ in millions)		
Cash and balances with central banks	17,767	18,719	19,505	22,640
Government securities and treasury bills	36,426	27,497	29,694	36,528
Due from banks	29,406	39,817	42,250	36,927
Derivatives	17,280	17,426	16,995	20,079
Bank and corporate securities	25,448	33,546	37,763	37,907
Loans and advances to customers	210,519	248,654	275,588	280,808
Other assets[(1)]	8,764	8,947	11,275	14,164
Associates and joint venture	1,236	1,166	995	996
Properties and other fixed assets	1,442	1,449	1,485	1,481
Goodwill and intangibles	4,802	4,802	5,117	5,118
Total	**353,090**	**402,023**	**440,667**	**456,648**

Note:

(1) Includes accrued interest receivable, deposits and prepayments, clients' monies receivable from securities business, deferred tax assets and sundry debtors and others.

Customer Loans

Customer loans are the largest component of the DBS Group's total assets, having accounted for 61%, 63%, 62% and 60% of total assets as at 31 March 2015 and as at 31 December 2014, 2013 and 2012, respectively. The DBS Group's customer loans net of allowances for loan impairment were S$281 billion as at 31 March 2015, a 2% increase from S$276 billion as at 31 December 2014. The DBS Group's customer loans net of allowances for loan impairment

were S$276 billion as at 31 December 2014, an 11% increase from S$249 billion as at 31 December 2013. The DBS Group's customer loans net of allowances for loan impairment as at 31 December 2013 represented an 18% increase from S$211 billion as at 31 December 2012.

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

	As at 31 December			As at 31 March
	2012	2013	2014	2015
		(audited)		*(unaudited)*
		(S$ in millions)		
Gross customer loans	213,828	252,181	279,154	284,498
Specific allowances	(1,217)	(1,129)	(983)	(1,020)
General allowances	(2,092)	(2,398)	(2,583)	(2,670)
Net total customer loans	210,519	248,654	275,588	280,808
Gross customer loans by geography [(1)]				
Singapore	137,318	164,117	182,823	186,116
Hong Kong	41,124	51,116	54,763	56,822
Rest of Greater China	18,278	19,866	21,737	22,390
South and Southeast Asia	9,251	9,581	10,709	11,142
Rest of the World	7,857	7,501	9,122	8,028
Gross customer loans	213,828	252,181	279,154	284,498
Gross customer loans by currency				
Singapore dollar	90,503	101,456	109,493	112,367
U.S. dollar	67,156	84,998	96,552	94,523
Hong Kong dollar	29,443	29,463	32,476	34,767
Renminbi	10,563	18,401	20,399	21,006
Others	16,163	17,863	20,234	21,835
Gross customer loans	**213,828**	**252,181**	**279,154**	**284,498**

Note:

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

Gross customer loans increased by 2% to S$284 billion as at 31 March 2015 from S$279 billion as at 31 December 2014 due to currency effects as the US dollar and HK dollar appreciated against the Singapore dollar in the three months ended 31 March 2015. In constant-currency terms, gross customer loans remained relatively stable over the same period.

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

Gross loans booked in Singapore, comprising both Singapore-dollar and foreign currency loans, increased 2% to S$186 billion for the three months ended 31 March 2015 from S$183

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

Gross loans booked in Hong Kong increased 4% to S$56.8 billion for the three months ended 31 March 2015 from S$54.8 billion as at 31 December 2014. Gross loans booked in Hong Kong increased by 7% to S$54.8 billion as at 31 December 2014 from S$51.1 billion as at 31 December 2013, after a 24% increase in 2013 from S$41.1 billion as at 31 December 2012. The increase in 2014 was primarily due to growth in corporate loans. The increase in 2013 was primarily due to trade loan growth.

Gross loans booked in the Rest of Greater China increased 3% to S$22.4 billion for the three months ended 31 March 2015 from S$21.7 billion as at 31 December 2014. Gross loans booked in the Rest of Greater China increased by 9% to S$21.7 billion as at 31 December 2014 from S$19.9 billion as at 31 December 2013, after a 9% increase in 2013 from S$18.3 billion as at 31 December 2012.

Gross loans booked in South and Southeast Asia (excluding Singapore) increased 4% to S$11.1 billion for the three months ended 31 March 2015 from S$10.7 billion as at 31 December 2014. Gross loans booked in South and Southeast Asia (excluding Singapore) increased by 12% to S$10.7 billion as at 31 December 2014 from S$9.6 billion as at 31 December 2013 after a 4% increase in 2013 from S$9.3 billion as at 31 December 2012. The increase in 2014 was primarily due to loan growth in Malaysia and Indonesia, partially offset by lower loan balances in India. The increase in 2013 was primarily due to loan growth in Indonesia.

Cash and Balances with Central Banks

Cash and balances with central banks (excluding cash on hand) was S$20.8 billion as at 31 March 2015, a S$3.2 billion increase from S$17.6 billion as at 31 December 2014. The DBS Group's cash on hand was S$1.8 billion and S$1.9 billion as at 31 March 2015 and as at 31 December 2014, respectively.

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

Government securities and treasury bills

As at 31 March 2015, the DBS Group had S$36.5 billion in Government securities and treasury bills, a 23% increase from S$29.7 billion as at 31 December 2014.

As at 31 December 2014, the DBS Group had S$29.7 billion in Government securities and treasury bills, an 8% increase from S$27.5 billion as at 31 December 2013. As at 31 December 2014, S$21.6 billion of the DBS Group's Government securities and treasury bills were classified as available-for-sale, representing a 4% increase from 2013 and S$6.9 billion were classified as held for trading, which represented a 12% increase from 2013 and S$1.2 billion classified as loans and receivables and held to maturity.

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

Bank and corporate securities

The DBS Group's bank and corporate securities were S$37.9 billion, S$37.8 billion, S$33.5 billion and S$25.4 billion as at 31 March 2015 and 31 December 2014, 2013 and 2012, respectively.

Total Liabilities

The DBS Group's total liabilities increased by 4% to S$417 billion as at 31 March 2015 from S$403 billion as at 31 December 2014. The increase in total liabilities as at 31 March 2015 was primarily due to higher customer deposits.

The DBS Group's total liabilities increased by 10% to S$403 billion as at 31 December 2014 from S$366 billion as at 31 December 2013. The increase in total liabilities in 2014 was primarily due to higher customer deposits and other debt securities. The DBS Group's total liabilities as at 31 December 2013 represented a 15% increase from S$318 billion as at 31 December 2012. The increase in total liabilities in 2013 was primarily due to higher customer deposits and other debt securities.

The following table sets forth the principal components of the DBS Group's total liabilities as at the dates indicated.

	As at 31 December			As at 31 March
	2012	2013	2014	2015
		(audited)		*(unaudited)*
		(S$ in millions)		
Due to banks	15,351	13,572	16,176	15,901
Deposits and balances from customers	253,464	292,365	317,173	324,480
Derivatives	17,532	18,132	18,769	20,990
Other liabilities[(1)]	11,463	11,582	11,711	16,812
Other debt securities	13,754	23,115	30,302	31,021
Due to holding company	822	1,406	4,088	3,819
Subordinated term debts	5,505	5,544	4,665	3,990
Total	**317,891**	**365,716**	**402,884**	**417,013**

Note:

(1) Includes sundry creditors and others, cash collaterals received in respect of derivative portfolios, accrued interest payable, bills payable, current tax liabilities, deferred tax liabilities, provision for loss in respect of off-balance sheet credit exposures and clients' monies payable in respect of securities business.

Due to Banks

The DBS Group's due to banks were S$15.9 billion, S$16.2 billion, S$13.6 billion and S$15.4 billion as at 31 March 2015 and 31 December 2014, 2013 and 2012, respectively.

Deposits and balances from customers

Customer deposits were the largest component of the DBS Group's total liabilities, having accounted for 78% of total liabilities as at 31 March 2015, 79% of total liabilities as at 31 December 2014, and 80% as at 31 December 2013 and 2012. The DBS Group's customer deposits were S$324 billion as at 31 March 2015, representing an increase of 2% from S$317 billion as at 31 December 2014. The increase was due to Singapore dollar savings accounts and US dollar and Hong Kong dollar fixed deposits. The DBS Group's customer deposits were S$317 billion as at 31 December 2014, representing an increase of 8% from S$292 billion as at 31 December 2013. This increase was primarily due to U.S. dollar deposits. By deposit type, the increase was primarily due to fixed deposits, savings accounts and current accounts which increased by 7%, 7% and 25%, respectively, between 31 December 2014 and 31 December 2013. As at 31 December 2013, the DBS Group's customer deposits increased by 15% from S$253 billion as at 31 December 2012. This increase was primarily due to U.S. dollar deposits. By deposit type, the increase was primarily due to fixed deposits, savings accounts and current accounts which increased by 19%, 9% and 14%, respectively, between 31 December 2013 and 31 December 2012.

The loan-to-deposit ratio was 87%, 87%, 85% and 83% as at 31 March 2015 and 31 December 2014, 2013 and 2012, respectively.

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

	As at 31 December			As at 31 March
	2012	**2013**	**2014**	**2015**
		(audited)		*(unaudited)*
		(S$ in millions)		
Customer deposits	253,464	292,365	317,173	324,480
Customer deposits by currency				
Singapore dollar	131,000	134,758	138,332	144,066
U.S. dollar	52,607	75,023	93,445	92,374
Hong Kong dollar	27,339	29,840	31,450	37,410
Renminbi	15,848	22,647	20,463	18,968
Others	26,670	30,097	33,483	31,662
Customer deposits	253,464	292,365	317,173	324,480
Customer deposits by product				
Fixed deposits	102,516	122,500	130,904	133,950
Savings accounts	103,512	112,429	119,753	123,867
Current accounts	42,841	48,809	60,876	63,858
Others	4,595	8,627	5,640	2,805
Customer deposits	**253,464**	**292,365**	**317,173**	**324,480**

Other Debt Securities

As at 31 March 2015, the DBS Group's other debt securities, which consisted of negotiable certificates of deposit issued by subsidiaries and other debt securities issued by DBS Bank and its subsidiaries, totalled S$31.0 billion as compared with S$30.3 billion, S$23.1 billion and S$13.8 billion as at 31 December 2014, 2013 and 2012, respectively. Of the DBS Group's other debt securities in issue as at 31 December 2014, 2013 and 2012, S$23.2 billion, S$17.1 billion and S$8.5 billion, respectively, were due within one year.

Subordinated Term Debts

As at 31 March 2015 and 31 December 2014, 2013 and 2012, the DBS Group's subordinated term debts issued by DBS Bank totalled S$4.0 billion, S$4.7 billion, S$5.5 billion and S$5.5 billion, respectively. As at 31 December 2014, subordinated term debts due within one year amounted to S$726 million, compared to nil as at 31 December 2013 and 2012.

Non-controlling Interests

Non-controlling interests mainly comprised preference shares issued by DBS Bank's subsidiaries. As at 31 March 2015, the non-controlling interests of the DBS Group amounted to S$2.07 billion, as compared with S$1.70 billion as at 31 December 2014, S$1.75 billion as at 31 December 2013 and S$1.74 billion as at 31 December 2012. Further details regarding the assets and liabilities of the DBS Group are set forth under the heading "*Description of the Assets and Liabilities of the DBS Group*".

Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Quarterly updates on the DBS Group's capital position are provided to the Board of Directors (the "**Board**" or "**Board of Directors**"), which is responsible for the Group's capital management objective and capital structure. The DBS Group's capital management objective is to maintain a strong capital position consistent with regulatory requirements under MAS Notice 637 and the expectations of various stakeholders, e.g., customers, investors and rating agencies. This objective is pursued while delivering returns to shareholders and ensuring adequate capital resources are available for business growth and investment opportunities as well as adverse situations. The DBS Group seeks to pay sustainable dividends over time, in line with its capital management objective, long-term growth prospects and the need to maintain prudent capital levels in view of forthcoming regulatory changes. The DBS Group's capital management objective is articulated concretely as capital targets that are consistent with the need to support organic and inorganic business growth in line with its strategic plans and risk appetite.

A key tool for capital planning is the annual Internal Capital Adequacy Assessment Process ("**ICAAP**"). Through ICAAP, the DBS Group assesses its forecast capital supply and demand relative to its regulatory and internal capital targets, under various scenarios, including stress scenarios of differing scope and severity, over a three-year horizon. The DBS Group allocates capital capacity based on two dimensions: by business line and by entity. Capital allocations by business line are set as part of the budget process and monitored during the year. Return on regulatory capital is one of several metrics used to measure business performance. Capital allocations by entity seek to optimise the distribution of capital resources across the DBS Group's entities, taking into account the capital adequacy requirements imposed on each subsidiary in its respective jurisdiction. Capital is allocated to ensure that each subsidiary is able to comply with regulatory requirements as it executes its business strategies in line with the DBS Group strategy. During the course of the year, these subsidiaries did not experience any impediments to the distribution of dividends.

The DBS Group manages the structure of its capital resources within regulatory norms in order to optimise the cost and flexibility offered by various capital resources. In order to achieve this, the DBS Group assesses the need and the opportunity to raise capital from the financial markets.

The DBS Group's CETI CAR, Tier I CAR and Total CAR as at 31 March 2015 were well above the MAS' minimum requirements of 5.5%, 7.0% and 10.0%, respectively. The following table sets out details of capital resources and CARs of the DBS Group as defined under MAS Notice 637 and calculated according to (prior to 1 January 2013) Basel II standards or (from 1 January 2013 onwards) Basel III standards.

	As at 31 December[1]			As at 31 March
	2012	2013	2014	2015
	(unaudited)			
	(S$ in millions, except percentages)			
Share capital	N/A	14,597	21,297	21,297
Disclosed reserves and others	N/A	17,711	14,151	15,607
Total regulatory adjustments to Common Equity Tier I	N/A	(1)	(1,080)	(2,156)
Regulatory adjustments due to insufficient Additional Tier I Capital	N/A	(1,422)	(2,020)	(931)
Common Equity Tier I	N/A	30,885	32,348	33,817
Additional Tier I capital instruments[2]	N/A	3,599	2,302	2,302
Total regulatory adjustments to Additional Tier I capital	N/A	(3,599)	(2,302)	(2,302)
Tier I capital	**29,397**	**30,885**	**32,348**	**33,817**
Provisions eligible as Tier II capital	N/A	1,217	1,354	1,374
Tier II capital instruments[2]	N/A	4,955	4,408	3,857
Total regulatory adjustments to Tier II capital	N/A	(1)	(1)	(1)
Total capital	**36,032**	**37,056**	**38,109**	**39,047**
Risk-Weighted Assets ("**RWA**")				
Credit RWA	173,969	188,124	206,425	210,052
Market RWA	27,827	35,092	41,813	43,355
Operational RWA	13,795	14,865	15,950	16,225
Total RWA	**215,591**	**238,081**	**264,188**	**269,632**
CARs (%)				
CETI ratio	N/A	13.0%	12.2%	12.5%
Tier I ratio	13.6%	13.0%	12.2%	12.5%
Total	16.7%	15.6%	14.4%	14.5%
Minimum CAR (%)				
CETI	N/A	4.5%	5.5%	6.5%
Tier I	6.0%	6.0%	7.0%	8.0%
Total	10.0%	10.0%	10.0%	10.0%

Notes:

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

(2) As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier I and Tier II capital instruments that no longer meet the minimum criteria are gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition was capped at 90% with effect from 1 January 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base will not be reduced.

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

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

The countercyclical buffer is not an ongoing requirement and is only applied as and when specified by the relevant banking supervisors. The applicable magnitude will be a weighted average of the country-specific countercyclical buffer requirements that are required by national authorities in jurisdictions to which Singapore-incorporated banks have private sector credit exposures. The Basel Committee expects jurisdictions to implement the countercyclical buffer during periods of excessive credit growth.

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

From 1 January	2013	2014	2015	2016	2017	2018	2019
Minimum CAR %							
CETI (a)	4.5	5.5	6.5	6.5	6.5	6.5	6.5
CCB (b)	—	—	—	0.625	1.25	1.875	2.5
CETI including CCB (a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier I	6.0	7.0	8.0	8.625	9.25	9.875	10.5
Total	10.0	10.0	10.0	10.625	11.25	11.875	12.5
Maximum Countercyclical Buffer	—	—	—	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments are being phased in from 1 January 2013 to 1 January 2018 and are for items such as goodwill and investments exceeding certain thresholds.

As part of the Basel III transition arrangements, regulatory capital recognition of outstanding Tier I and Tier II capital instruments that no longer meet the minimum criteria is gradually being phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 90% with effect from 1 January 2013, with this cap decreasing by 10 percentage points in each subsequent year. To the extent a capital instrument is redeemed or amortised after 1 January 2013, the nominal amount serving as the base will not be reduced. The Group's preference shares and subordinated term debts issued prior to 1 January 2013 are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial recognition under the Basel III transition arrangements.

The CETI CAR of DBSH and its subsidiaries on a consolidated basis (the "**DBSH Group**") as at 31 March 2015 was 13.4%. On a pro forma "look-through" basis, i.e. after all adjustments that will eventually be taken against CETI by 1 January 2018, the DBSH Group's CETI CAR was 12.2%. This comfortably exceeded the eventual effective minimum CETI CAR requirements under MAS Notice 637 of 9.0%, effective on 1 January 2019. The DBSH Group

is also well-positioned to comply with the leverage ratio requirements. As at 31 March 2015, the DBSH Group's leverage ratio stood at 7.1%. This was well above the minimum 3% level being tested during the Basel Committee's 2013 to 2017 leverage ratio parallel run.

Off Balance Sheet Items

As at 31 March 2015, the DBS Group's contingent liabilities, commitments and financial derivatives notional were S$21 billion, S$200 billion and S$2,050 billion, respectively, of which commitments that were unconditionally cancellable at any time amounted to S$163 billion. As at 31 December 2014, the DBS Group's contingent liabilities, commitments and financial derivatives notional were S$22 billion, S$188 billion and S$1,878 billion, respectively; of which commitments that were unconditionally cancellable at any time amounted to S$152 billion. As at 31 December 2013 and 2012, respectively, the DBS Group's contingent liabilities and commitments were S$180 billion and S$158 billion, of which commitments that were unconditionally cancellable at any time amounted to S$124 billion and S$104 billion, respectively, and financial derivatives notional of S$1,559 billion and S$1,426 billion, respectively.

Business Segment Analysis

The following table sets out the DBS Group's results, total assets and total liabilities by business segments for the periods indicated.

	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
		(audited, S$ in millions)			
As at and for the year ended 31 December 2014					
Net interest income	1,689	3,258	996	379	6,322
Non-interest income	1,193	1,709	106	289	3,297
Total income	2,882	4,967	1,102	668	9,619
Total expenses	1,920	1,536	510	357	4,323
Allowances for credit and other losses	89	540	(1)	39	667
Share of profits of associates and joint venture	3	—	—	76	79
Profit before tax	876	2,891	593	348	4,708
Total assets before goodwill and intangibles	84,451	225,504	90,586	35,009	435,550
Goodwill and intangibles					5,117
Total assets					440,667
Total liabilities	162,146	164,788	36,229	39,721	402,884

	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
		(audited, S$ in millions)			
As at and for the year ended 31 December 2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	328	3,358
Total income	2,538	4,676	1,034	679	8,927
Total expenses	1,740	1,377	478	316	3,911
Allowances for credit and other losses	88	544	(3)	141	770
Share of profits of associates and joint venture	—	—	—	79	79
Profit before tax	710	2,755	559	301	4,325
Total assets before goodwill and intangibles	72,887	207,264	83,049	34,021	397,221
Goodwill and intangibles					4,802
Total assets					402,023
Total liabilities	143,325	147,171	60,384	14,836	365,716
As at and for the year ended 31 December 2012					
Net interest income	1,427	2,747	692	419	5,285
Non-interest income	873	1,405	427	74	2,779
Total income	2,300	4,152	1,119	493	8,064
Total expenses	1,602	1,269	462	275	3,608
Allowances for credit and other losses	93	215	(3)	112	417
Share of profits of associates and joint venture	—	—	—	124	124
Profit before tax	605	2,668	660	230	4,163
Total assets before goodwill and intangibles	63,232	175,329	75,434	34,293	348,288
Goodwill and intangibles					4,802
Total assets					353,090
Total liabilities	136,639	110,400	66,997	3,855	317,891

The business segment results are prepared based on the DBS Group's internal management reporting which reflects the organisation management structure. As the activities of the DBS Group are highly integrated, internal allocation has been made in preparing the segment information. Amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate.

Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Consumer Banking/Wealth Management

Consumer Banking/Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Institutional Banking

Institutional Banking provides financial services and products to institutional clients, including bank and non-bank financial institutions, government linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; and corporate finance and advisory banking as well as capital markets solutions.

Treasury

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

Others

Others encompasses a range of activities not attributed to the three business segments, including capital and balance sheet management, funding and liquidity activities, DBS Vickers Securities and Islamic Bank of Asia Limited.

Risk Management

Risk Governance

Governance Structure

Under the DBS Group's risk management frameworks, the Board of Directors, through the Board Risk Management Committee ("**BRMC**"), sets risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the DBS Group.

The BRMC sets out the overall approaches for identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, risk management committees have been established as follows.

Risk Management Committees

Risk Executive Committee ("**Risk ExCo**")	The Risk ExCo provides comprehensive group-wide oversight and direction relating to the management of all risk types and is the overall executive body mandated by the BRMC on risk matters.
Product Approval Committee*	The Product Approval Committee provides comprehensive group-wide oversight and direction relating to new product approvals — an important risk mitigation element within the DBS Group.
Group Credit Risk Models Committee* Group Credit Policy Committee* Group Credit Risk Committee Group Market and Liquidity Risk Committee Group Operational Risk Committee	Each of these committees reporting to the Risk ExCo are broadly mandated — within the specific risk areas — to serve as an executive forum for discussion and decisions on all aspects of risk and its management. Key responsibilities: • Assess risk-taking • Maintain oversight on effectiveness of the DBS Group's risk management infrastructure, including frameworks, decision criteria, authorities, policies, people, processes, information, systems and methodologies • Approve risk model governance standards, stress testing scenarios, risk models and assessing performance of the risk models • Assess the risk-return trade-offs across the DBS Group • Identify specific concentrations of risk The members in these committees comprise representatives from RMG as well as key business and support units.

The above committees (excluding those marked with an asterisk) are supported by local risk committees in all major locations. The local risk committees provide oversight of local risk positions across all businesses and support units and ensure compliance with limits set by the group risk committees. They also approve location-specific risk policies and ensure compliance with local regulatory risk limits and requirements.

The Chief Risk Officer ("**CRO**") has been appointed to oversee the risk management function. The CRO is a member of the DBS Group Executive Committee and reports to the Chairman of the BRMC and the Chief Executive Officer. The CRO is independent of business lines and is actively involved in key decision making processes.

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

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

- management of the risks in the DBS Group, including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks;

- engagement of senior management on material matters relating to the various types of risks and development of risk controls and mitigation processes; and

- ensuring the effectiveness of risk management and adherence to the risk appetite established by the Board of Directors.

Credit Risk

Credit risk arises from the DBS Group's daily activities in various areas of business — lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is one of the most significant measurable risks faced by the DBS Group.

Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent undertakings that the DBS Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans even though they are contingent in nature. Pre-settlement Credit Exposures ("**PCE**") for trading and securities transactions are measured taking into account collateral and netting arrangements. Settlement risk is the risk of loss due to the counterparty's failure to perform its obligation after the DBS Group has performed its obligation under an exchange of cash or securities.

Credit Risk Management

The DBS Group's framework for credit risk management comprises the following building blocks:

- *Policies*

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

- *Risk Methodologies*

  Managing credit risk is performed through the DBS Group's deep understanding of its customers, the businesses they are in and the economies in which they operate. This is facilitated through the use of credit ratings and lending limits. The DBS Group uses an array of rating models in both the corporate and retail portfolios. Most are built internally using the DBS Group's own loss data. Limits and "rules for the business" are driven from the DBS Group's Risk Appetite Statement and Target Market and Risk Acceptance Criteria respectively. Significant deals are also reviewed and approved by the DBS Group Credit Committee which is chaired by the Deputy CRO and comprises representatives from RMG and Institutional Banking Group.

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

Wholesale exposures are assessed using approved credit models, reviewed and analysed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the small and medium enterprise segment, the DBS Group also uses a programme-based approach for a balanced management of risks and rewards. Credit extensions are proposed by the business unit and are approved by the credit risk function based on independent credit assessment, while also taking into account the business strategies determined by senior management.

Derivatives pre-settlement credit risk arising from a counterparty's default is quantified by its current mark-to-market plus an appropriate add-on factor for potential future exposure. This methodology is used to calculate the DBS Group's regulatory capital under the Current Exposure Method ("**CEM**") and is included under the DBS Group's overall credit limits to counterparties for internal risk management.

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

The DBS Group actively monitors and manages its exposure to counterparties in over-the-counter ("**OTC**") derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of transactions with the counterparty. The DBS Group has a policy to guide the handling of specific wrong-way risk transactions and its risk measurement metric takes into account the higher risks associated with such transactions.

Concentration Risk Management

The DBS Group's risk management processes aim to ensure that an acceptable level of risk diversification is maintained across the DBS Group in line with Risk Appetite. For credit risk, the DBS Group uses use Economic Capital ("**EC**") as the measurement tool, since it combines the individual risk factors of Probability of Default ("**PD**"), Loss Given Default ("**LGD**") and Exposure at Default ("**EAD**") as well as portfolio concentration factors. The DBS Group set granular EC thresholds to ensure that the allocated EC stays within the Risk Appetite. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. In addition, the DBS Group set notional limits for country exposures. Governance processes exist to ensure that exposures are regularly monitored against these thresholds and appropriate actions are taken if thresholds are breached. The DBS Group continually monitors and assesses the need to enhance the scope of thresholds.

Country Risk

Country risk is the risk of loss which is specifically attributed to events in a specific country (or a group of countries). It includes political, exchange rate, economic, sovereign and transfer risks. Country risk is managed as part of concentration risk management under the Risk Appetite Framework.

Transfer risk is the risk that capital and foreign exchange controls may be imposed by government authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer funds to non-residents. A transfer risk event could therefore lead to a default of an otherwise solvent borrower. The principles and approach in the management of transfer risk are set out in the DBS Group's Country Risk Management Framework. The framework includes an internal transfer risk and sovereign risk rating system where the assessments are made independent of business decisions. Transfer risk limits are set in accordance to the DBS Group's Risk Appetite Framework. Limits for non-strategic countries are set using a model-based approach. Limits for strategic countries are set based on country-specific strategic business considerations and acceptable potential loss versus the Risk Appetite. There are active discussions among the senior management and credit management in right-sizing transfer risk exposures to take into account not only risks and rewards, but also whether such exposures are in line with the DBS Group's strategic intent. All country limits are subject to approval by the BRMC.

Stress Testing

The DBS Group performs various types of credit stress tests which are directed by the regulators or driven by internal requirements and management. Credit stress tests are performed at a portfolio or sub-portfolio level and are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity.

A credit stress test working group is responsible for developing and maintaining a robust stress testing programme to include the execution of the stress testing process and effective analysis of programme results. Stress test results are reported and discussed in the GCRC, the Risk ExCo and the BRMC.

The stress testing programme is comprehensive in nature spanning all major functions and areas of business. It brings together an expert view of the macro-economics, market, and portfolio information with the specific purpose of driving model and expert oriented stress testing results.

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

Pillar 1 Credit Stress Testing	The DBS Group conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, the DBS Group assesses the impact of a mild stress scenario (at least two consecutive quarters of zero GDP growth) on Internal Ratings-Based ("**IRB**") estimates (i.e. Probability of Default, Loss Given Default and Exposure at Default) and the impact on regulatory capital. The purpose of the Pillar 1 credit stress test is to assess the robustness of internal credit risk models and the cushion above minimum regulatory capital.
Pillar 2 Credit Stress Testing	The DBS Group conducts Pillar 2 credit stress testing once a year as part of the ICAAP. Under Pillar 2 credit stress testing, the DBS Group assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance, internal and regulatory capital. The results of the credit stress tests

	form an input to the capital planning process under ICAAP. The purpose of the Pillar 2 credit stress testing is to examine, in a rigorous and forward-looking manner, the possible events or changes in market conditions that could adversely impact the DBS Group.
Industry- Wide Stress Testing	The DBS Group participates in the industry-wide stress test ("**IWST**") undertaken annually. This is a supervisory driven stress test conducted as part of the supervisory process and ongoing assessment of financial stability by the regulator. Under the IWST, the DBS Group has to assess the impact of adverse scenarios, provided by the regulator, on asset quality, earnings performance, and capital adequacy.
Scenario Analysis	The DBS Group also conducts multiple independent credit stress tests and sensitivity analyses on its portfolio or a sub-portfolio to evaluate the impact of the economic environment or specific risk factors. The purpose of these tests and analyses is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

Processes, Systems and Reports

The DBS Group continues to invest in systems to support risk monitoring and reporting for both the wholesale and consumer businesses. The end-to-end credit process is constantly subject to review and improvement through various front-to-back initiatives involving the business units, RMG, Operations and other key stakeholders.

Day-to-day monitoring of credit exposures, portfolio performance and the external environment that may have an impact on credit risk profiles is key to the DBS Group's philosophy of effective credit risk management. Risk reporting on credit trends, which may include industry analysis, early warning alerts and key weak credits, is provided to the various credit committees, and key strategies and action plans are formulated and tracked.

Credit control functions ensure that credit risks taken comply with DBS Group-wide credit policies and guidelines. These functions ensure proper activation of approved limits and appropriate endorsement of excesses and policy exceptions, and monitor compliance with credit standards and credit covenants established by management and regulators.

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

Non-performing assets

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

Classification grade	Description
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the DBS Group.
Classified or Non-Performing Assets	
Substandard	Indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

Credit facilities are classified as restructured assets when the DBS Group grants concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and concessions granted/restructured terms are considered as non-commercial. A restructured credit facility is classified into the appropriate non-performing grade depending on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

Other than the above, the DBS Group does not grant concession to borrowers in the normal course of business. In any restructuring of credit facilities, such borrowers are reviewed on a case by case basis and only on commercial terms.

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

Refer to Note 2.10 for the DBS Group's accounting policies on the assessment of specific and general allowances for credit losses. In general, specific allowances are recognised for defaulting credit exposures rated sub-standard and below. The breakdown of non-performing assets for the DBS Group according to MAS Notice 612 requirements by loan grading and industry and the related amounts of specific allowances recognised can be found in Note 41.2. A breakdown of the DBS Group's past due loans can also be found in the same note.

When required, the DBS Group will take possession of the collateral it holds as securities and will dispose of them as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. A breakdown of collateral held for non-performing assets is shown in Note 41.2. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2014 and 2013 were not material.

Credit Risk Mitigants

Collateral received

Where possible, the DBS Group takes collateral as a secondary recourse to the borrower. Collateral includes cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The DBS Group may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collateral to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for exposures arising from derivative, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, these are covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association Inc. ("**ISDA**") Agreements). Collateral received is marked to market on a frequency mutually agreed with the counterparties. These are governed by internal guidelines with respect to the eligibility of collateral. In the event of a default, the credit risk exposure is reduced by master netting arrangements where the DBS Group is allowed to offset what it owe to a counterparty against what is due from that counterparty in a netting- eligible jurisdiction.

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

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

Other Risk Mitigants

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

Market Risk

The DBS Group's exposure to market risk is categorised into:

- **Trading portfolios**: Arising from positions taken for (i) market-making (ii) client-facilitation and (iii) benefiting from market opportunities.

- **Non-trading portfolios**: Arising from (i) positions taken to manage the interest rate risk of the DBS Group's retail and commercial banking assets and liabilities (ii) equity investments comprising of investments held for yield and/or long-term capital gains (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from the DBS Group's strategic investments which are denominated in currencies other than SGD.

Market Risk Management

The DBS Group's framework for market risk management comprises the following building blocks:

- *Policies*

  The Market Risk Framework sets out the DBS Group's overall approach towards market risk management. The Core Market Risk Policy ("**CMRP**") establishes the base standards for market risk management within the DBS Group. The Policy Implementation Guidance and Requirements ("**PIGR**") complement the CMRP and sets out guidance and requirements with more details for specific subject matters. Both CMRP and PIGR facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner within the DBS Group. The Market Risk Stress Test Framework sets out the overall approach, standards and controls governing market risk stress testing across the DBS Group. The criteria for determining the positions to be included in the trading book are stipulated in the Trading Book Policy Statement.

- *Risk Methodologies*

  Value-at-Risk ("**VaR**") is a method that computes the potential losses on risk positions as a result of movements in market rates and prices, over a specified time horizon and to a given level of confidence. The DBS Group's VaR model is based on historical simulation with a one-day holding period and a 95 per cent. level of confidence. Tail VaR ("**TVaR**"), which is an average of the potential losses beyond the given 95 per cent. level of confidence, is used by the DBS Group to monitor and limit market risk exposures. The market risk economic capital that is allocated by the BRMC is linked to TVaR by a multiplier. TVaR is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

  The DBS Group conducts backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the Profit and Loss ("**P&L**") which actually arise on those positions on the following business day. The backtesting P&L exclude fees and commissions, and revenues from intra-day trading. For backtesting, VaR at the 99 per cent. level of confidence and over a one-day holding period is used. The DBS Group adopts the standardised approach to compute the market risk regulatory capital under MAS Notice 637 for the trading book positions. Given the above, VaR backtesting would not impact the regulatory capital for market risk.

  VaR models such as historical simulation VaR permit the estimation of the aggregate portfolio market risk potential loss due to a range of market risk factors and instruments. VaR models have limitations which include but are not limited to: (i) past changes in market risk factors may not provide accurate predictions of the future market movements and (ii) may understate the risk arising from severe market risk related events.

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

  TVaR is the key risk metric used to manage the DBS Group's assets and liabilities except for credit spread risk under Loans and Receivables where it is under the credit framework. The DBS Group manages banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges),

including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality. Behavioural assumptions are applied in managing the interest rate risk of banking book deposits with indeterminate maturities. The DBS Group measures interest rate risk in the banking book on a weekly basis.

Credit derivatives are used in the trading book with single name or index underlyings to support business strategy in building a regional Fixed Income franchise. The DBS Group actively monitors its counterparty credit risk in credit derivative contracts. More than 90 per cent. of the gross notional value of the DBS Group's credit derivative positions as at 31 December 2014 is to 17 large, established names with which the DBS Group maintains collateral agreements.

- *Processes, Systems and Reports*

  Robust internal control processes and systems are designed and implemented to support the DBS Group's approach for market risk management. Additionally, regular reviews of these control processes and systems are conducted. These reviews provide senior management with objective and timely assessments of the control processes and systems' appropriateness and effectiveness.

  The day-to-day market risk monitoring, control and analysis is managed by the RMG Market and Liquidity Risk unit — an independent market risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

Market Risk in 2014

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

	DBS Group			
	As at 31 December 2014	1 January 2014 to 31 December 2014		
		Average	High	Low
		(audited, S$ in millions)		
Total	68	85	124	49

	DBS Group			
	As at 31 December 2013	1 January 2013 to 31 December 2013		
		Average	High	Low
		(audited, S$ in millions)		
Total	87	66	89	31

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

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

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

	DBS Group			
	As at 31 December 2013	1 January 2014 to 31 December 2013		
		Average	High	Low
		(audited, S$ in millions)		
Diversified	11	10	14	8
Interest Rates	9	9	11	7
Foreign Exchange	4	6	9	3
Equity	1	1	1	#
Credit Spread	4	4	5	3
Commodity	1	1	1	#

Amount under S$500,000.

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

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

The key market risk drivers of the DBS Group's non-trading portfolios are SGD and USD interest rate positions. The economic value impact of changes in interest rates is simulated under various assumptions for the non-trading risk portfolio. The economic value changes are negative S$275 million and S$489 million (2013: negative S$288 million and S$532 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse case of an upward or downward parallel shift in the yield curves.

Liquidity Risk

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

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

Liquidity Risk Management

Liquidity Management and Funding Strategy

The DBS Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The DBS Group's funding strategy is anchored on strengthening core deposit franchise, which constituted 91 per cent. of total funding sources as at 31 December 2014. Strong and sustainable growth of the DBS Group's customer deposit base in retail, wealth management, corporate and institutional segments across the markets that the DBS Group operates in, is key to extending its long-term funding advantage.

With increasing diversification of funding sources, optimising the mismatch in fund deployment against sources with respect to pricing, size, currency and tenor remains challenging. To this end, where practicable and transferable without loss in value, the DBS Group actively makes use of the swap markets in the conversion of funds across currencies to deploy surplus funds across locations. As the swaps are typically shorter in contractual maturity than the deployment in loans, the DBS Group is exposed to potential cashflow mismatches arising from the risk that counterparties may not roll over maturing swaps to support the continual funding of loans. This risk is mitigated by the setting of triggers on the amount of swaps transacted with the market and conservative assumptions on the cashflow treatment of swaps under the behavioural profiling of the DBS Group's cashflow maturity gap analysis.

Overseas entities are encouraged but not required to centralise majority of their borrowing and deployment of funds with Head Office, taking into account the relevant regulatory restrictions while maintaining a commensurate level of presence and participation in the local funding markets. These intra-group funding transactions are priced on an arm's length basis with reference to prevailing market rates and parameters set within the DBS Group Funds Transfer Pricing policy.

During the DBS Group's annual budget and planning process, each overseas location conducts an in-depth review on their projected loan and deposit growth as well as their net funding and liquidity profile for the next year. The consolidated DBS Group funding and liquidity profiles are reviewed and revised as necessary by senior management. Each overseas location is required to provide justification if Head Office funding support is required.

The DBS Group Assets and Liabilities Committee and respective Location Assets and Liabilities Committee regularly review balance sheet composition, growth in loans and deposits, utilisation of wholesale funding, momentum in business activities, market competition, economic outlook, market conditions and other factors that may affect liquidity in the continual refinement of the DBS Group's funding strategy.

Approach to Liquidity Risk Management

The DBS Group's framework for liquidity risk management comprises the following building blocks:

- *Policies*

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

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

- *Risk Methodologies*

  The primary measure used to manage liquidity within the tolerance defined by the Board is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios, and assesses the adequacy of the counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. To ensure that liquidity is managed in line with the Risk Appetite, core parameters underpinning the performance of the analysis, such as the types of scenarios, the survival period and the minimum level of liquid assets, are pre-specified for monitoring and control on a group-wide basis. Any occurrences of forecasted shortfalls that cannot be covered by the counterbalancing capacity would be escalated to the relevant committees for deliberation and actions.

  Stress testing is performed mainly under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature to assess the vulnerability when run-offs in liabilities increase, rollovers of assets and/or liquidity assets buffers reduce. In addition, ad-hoc stress tests are performed as part of the DBS Group's recovery planning and ICAAP exercises.

  Liquidity risk control measures, such as liquidity-related ratios and balance sheet analysis, are complementary tools to the cashflow maturity mismatch analysis and are performed regularly to obtain deeper insights and finer control over the liquidity profile across locations.

- *Processes and systems*

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

The day-to-day liquidity risk monitoring, control reporting and analysis are managed by the RMG Market and Liquidity Risk unit — an independent liquidity risk management function that reports to the CRO. This group comprises of risk control, risk analytics, production and reporting teams.

Operational Risk

Operational risk includes processing errors, fraudulent acts, inappropriate behaviour of staff, vendors' misperformance, system failure and natural disasters. Operational risk is inherent in most of the DBS Group's businesses and activities.

The DBS Group's objective is to keep operational risk at appropriate levels, taking into account the markets the DBS Group operates in, the characteristics of the businesses as well as the competitive and regulatory environment the DBS Group is subject to.

Operational Risk Management

The DBS Group's framework for operational risk management comprises the following building blocks:

Policies

To govern Operational Risk Management ("**ORM**") practices in a consistent manner, the DBS Group Operational Risk Management Framework includes a set of Core Operational Risk Standards which provides guidance on the baseline controls to ensure a controlled and sound operating environment. There are also corporate operational risk policies which are owned by the respective corporate oversight functions and include key subject-specific policies such as Technology Risk Management Framework, DBS Group Compliance Policy, Fraud Management Policy and DBS Group Anti-Money Laundering, Countering the Financing of Terrorism and Sanctions Policy, New Product Approval Policy and Outsourcing Risk Policy.

Risk Methodologies

The DBS Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, there are various tools including risk and control self-assessment, operational risk event management and key risk indicators monitoring. Risk and control self-assessment is used by each business or support unit to identify key operational risk and assess the degree of effectiveness of the internal controls. For those control issues identified, the units are responsible for developing action plans and tracking the timely resolution of these issues. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the DBS Group's reputation, are required to be reported based on certain established thresholds. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward- looking manner.

Additional methodologies are in place to address subject-specific risks, including but not limited to the following:

Technology Risk

Information Technology risk is managed in accordance with a Technology Risk Management Framework (which covers risk governance, communication, monitoring, assessment, mitigation and acceptance), supported by a set of IT policies and standards, control processes and risk mitigation programmes. The DBS Group has also established policies and standards to manage and address cyber security risk.

Compliance Risk

Compliance risk is the risk of impairment to the DBS Group's ability to successfully conduct business as a result of any failure to comply with law, regulatory requirement, industry code or standard of professional conduct applicable to the conduct of business in the financial sector. This includes in particular laws and regulations applicable to the licensing and conduct of banking or other financial businesses, financial crime such as anti-money laundering and countering the financing of terrorism, fraud, and bribery/corruption.

The DBS Group maintains a compliance programme designed to identify, assess and mitigate such risks through a combination of policy, and relevant systems and controls, coupled with the provision of relevant training and the execution of assurance processes. The DBS Group also strongly believes in the need to promote a strong compliance culture. This is established through the leadership of the Board and senior management and aims to comply with the letter and spirit of the laws and regulatory standards in the environment in which the DBS Group operates.

Fraud Risk

The DBS Group has established minimum standards for its businesses and support units to prevent, detect, investigate and remediate against fraud and related events. This includes the components, key roles and the framework of the Fraud Management Programme through which the standards are to be implemented on a unit and geographical level. These standards aim to provide end-to-end management of fraud and related issues within the DBS Group.

Money Laundering, Financing of Terrorism and Sanctions Risks

There are minimum standards for the DBS Group's business and support units to mitigate and manage the DBS Group's actual and/or potential exposure to money laundering, terrorist financing, sanctions, corruption, or other illicit financial activity. Accountabilities have also been established for the protection of the assets and reputation of the DBS Group and the interests of customers and shareholders.

New Product Approval and Outsourcing Risks

Each new product or service introduced or outsourcing initiative is subject to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subject to a similar process.

Mitigation Programmes

Business Continuity Management plays an integral role in the DBS Group's risk mitigation programme to manage business disruptions. A robust crisis management and business continuity management programme is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via Business Impact Analysis as well as the documentation and maintenance of Business Continuity Plan ("**BCP**"). Overall BCP objectives are aimed at minimising the impact of business interruption arising from severe loss scenarios and to provide a reasonable level of service until normal business operations are resumed. The Crisis Management structure encompasses the incident management process from the point of incident to crisis declaration and activation of the relevant committees or teams to manage the crisis. Exercises are conducted annually to test the BCPs and crisis management protocol simulating varying scenarios. Scenarios include incidents such as technology incidents having enterprise-wide impact on essential banking services, natural disasters with wide geographical area impact, safety-at-risk incidents (e.g. terrorism) and other events leading to significant business disruption. Senior management provides an attestation to the BRMC on an annual basis including the state of business continuity readiness, extent of alignment to regulatory guidelines and disclosure of residual risks.

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

Processes, Systems and Reports

Robust internal control process and system are integral to identifying, monitoring, managing and reporting operational risk. The DBS Group has implemented a web-based system that supports multiple operational risk management processes and tools including operational risk event reporting, risk and control self-assessment, key risk indicators, tracking of issues or action plans and operational risk reporting.

Units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities in accordance with the various frameworks and policies. RMG Operational Risk and other corporate oversight functions provide oversight and monitor the effectiveness of operational risk management, assess key operational risk issues with the units to determine the impact across the DBS Group, report and/or escalate key operational risks to relevant senior management and Board-level committees with recommendations on appropriate risk mitigation strategies.

DESCRIPTION OF THE ASSETS AND LIABILITIES OF THE DBS GROUP

Customer Loan Portfolio

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

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

As at 31 December 2014, loans to Singapore borrowers accounted for approximately 46% of the DBS Group's gross customer loans and advances, while loans to Hong Kong borrowers accounted for 18% and other overseas locations accounted for 36% of the DBS Group's gross customer loans and advances.

Customer Loan Concentrations

The DBS Group's top five groups of borrowers (based on outstanding amounts) accounted for 5% of its total customer loans and advances portfolio as at 31 December 2014, while the top 20 groups of borrowers accounted for 11% of the total customer loans and advances portfolio at that date. Of the top 20 groups of borrowers as at 31 December 2014, none were classified as non-performing.

The DBS Group's policy is to maintain a diversified loan portfolio without significant concentrations of exposure to any single customer or group of customers. Gross loans to manufacturing, building and construction, and general commerce companies accounted for 12%, 17% and 20%, respectively, of the DBS Group's gross total customer loans and advances portfolio as at 31 December 2014. Total gross consumer loans, which consist of housing loans and loans to professionals and private individuals, accounted for 27% of the gross total loans and advances portfolio as at 31 December 2014.

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

	Customer Loan Concentrations as at 31 December[(1)]					
	2012		**2013**		**2014**	
	S$	*%*	*S$*	*%*	*S$*	*%*
	(S$ in millions, except percentages)					
Manufacturing	27,037	12.7	30,034	11.9	33,024	11.8
Building and construction	36,179	16.9	43,016	17.1	48,712	17.4
Housing loans	45,570	21.3	49,147	19.5	52,866	19.0
General commerce	38,230	17.9	51,803	20.5	56,658	20.3
Transportation, storage and communications	17,745	8.3	21,265	8.4	23,650	8.5
Financial institutions, investment and holding companies	11,155	5.2	11,013	4.4	16,168	5.8
Professionals and private individuals (excluding housing loans)	14,969	7.0	19,180	7.6	23,849	8.5
Others	22,943	10.7	26,723	10.6	24,227	8.7
Total	**213,828**	**100.0**	**252,181**	**100.0**	**279,154**	**100.0**

Housing Loans

As at 31 December 2014 and 2013, the DBS Group's gross housing loans accounted for 19% of its total gross customer loans and advances portfolio as compared to 21% as at 31 December 2012. Housing loans are the DBS Group's main consumer lending products. In Singapore, housing loans are granted to purchasers of both public and private residential properties. Housing loans are typically amortising loans and priced at a mix of fixed and floating rates. These loans are typically secured by a mortgage on the underlying property, with a maximum tenor capped at 35 years. The housing loan is subject to a first charge in favour of the CPF Board if a borrower had used his CPF savings to partially finance the property before September 2002. The first charge for housing loans made after 2002 resides with the lending bank. The MAS last revised MAS Notice 632 on Residential Property Loans on 10 February 2014. As it stands, the loan-to-value ("**LTV**") limit of housing loans is reduced to 50% (for individual borrowers with one outstanding housing loan) and 40% (for individual borrowers with two or more outstanding housing loans), together with an increase of the minimum cash payment from 10% to 25%. The aforesaid LTV limits are further lowered to 30% and 20%, respectively, where the loan tenure exceeds 30 years or extends beyond the borrower's age of 65 years. Individuals with no outstanding housing loan are subject to a LTV limit of 80% or (where the loan tenure exceeds 30 years or extends beyond the borrower's age of 65 years) 60%, with minimum cash payments of 5% and 10%, respectively.

In addition, on 29 June 2013, the MAS implemented a Total Debt Servicing Ratio ("**TDSR**") framework for property loans that aims to promote financial prudence and prevent over-leveraging by property purchasers. Subject to certain exemptions, the TDSR threshold restricts the borrower's monthly total debt obligations to not more than 60% of his gross monthly income.

Further, the Inland Revenue Authority of Singapore (the "**IRAS**") introduced higher additional buyer stamp duties for certain groups of property buyers.

Building and Construction

As at 31 December 2014, 2013 and 2012, gross loans to the building and construction sector accounted for 17% of the DBS Group's total gross loans and advances portfolio. The DBS Group provides funding, mainly on a secured basis, for a variety of projects, such as office buildings and complexes, residential developments, industrial developments and retail developments.

The DBS Group follows a set of internal guidelines for determining the suitability of any particular building and construction project. For example, it will typically analyse, among other things, information such as the projected cashflows, the developer's track record, financial condition and reputation, the quality of the proposed construction and the location of the project, and will require the borrower to submit business plans and feasibility studies. The DBS Group tends to enter into repeat transactions with those developers with which it has had previous experience.

Financial Institutions, Investment and Holding Companies

As at 31 December 2014, gross loans to the financial institution, investments and holding company sectors accounted for 6% of the DBS Group's total gross loans and advances portfolio as compared to 4% as at 31 December 2013 and 5% as at 31 December 2012. Major customers include a variety of financial institutions, insurance companies, securities companies, leasing and credit companies and investment companies. The DBS Group's current lending policy in this sector is to focus on the industry's top tier global institutions, as well as selected local and regional players in its strategic markets.

Manufacturing

As at 31 December 2014 and 2013, gross loans to the manufacturing sectors accounted for 12% of the DBS Group's total gross loans and advances portfolio, as compared to 13% as at 31 December 2012. The DBS Group's manufacturing customers represent a broad range of businesses. Key industries in the manufacturing sector include electronics, transport equipment, downstream petrochemical and engineering industries. The DBS Group's manufacturing customers range from small to large corporations and include many of the major manufacturing companies and groups in Singapore, several large multi-national groups and smaller companies which are suppliers for large global organisations.

General Commerce

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

Others

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

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

Loans classified as "others" accounted for 9% of total gross loans and advances portfolio as at 31 December 2014 as compared to 11% as at 31 December 2013 and 2012. Loans classified as "others" comprise mainly lending to government-linked corporations, statutory boards, hotels and other SMEs.

Limits on Exposures to Specified Groups of Persons

Section 29 of the Banking Act provides that a bank in Singapore shall limit its exposure to certain groups of persons, including a substantial shareholder group, a director group of the bank and the financial group of the bank.

See "*Regulation and Supervision — Regulation and Supervision in Singapore — The Regulatory Environment — Other Key Prudential Provisions*".

Credit Exposures outside Singapore — by Country of Incorporation

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

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

Note:

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

Customer Loans and Advances Maturity Profile

As at 31 December 2014, customer loans and advances (net of allowances) repayable on demand and loans and advances maturing in less than seven days constituted 7%, loans and advances maturing in between one week and a month constituted 12%, loans and advances maturing between one month and three months constituted 11% and between three months and one year constituted 17%, while customer loans and advances maturing in one year or more accounted for the remainder of total customer loans and advances. Loans and advances with maturities of less than one year include revolving credit and overdraft facilities, which are typically renewed upon rollover and actual repayment patterns are of a longer-term nature.

The following table sets forth an analysis of the DBS Group's customer loans and advances (net of loss allowances) by maturity:

	Less than 7 days	1 Week to 1 Month	1 to 3 Months	3 to 12 Months	Over 1 Year	Total
			(S$ in millions)			
2014	20,650	34,324	31,291	48,010	141,313	275,588
2013	16,115	29,755	27,852	47,190	127,742	248,654
2012	14,566	23,445	21,014	34,295	117,199	210,519

Credit Quality Information

Classification of Loans

The DBS Group classifies its loans in accordance with guidelines adopted by the MAS and seeks to use international best practices in its approach where possible and applicable. The MAS guidelines require banks to classify their loan portfolios to take into account the risks inherent in a portfolio. These classifications, and underlying collateral valuations, are used to determine minimum levels of loan loss reserves which banks are required to maintain.

The MAS guidelines require banks to categorise their loan portfolios into five categories — two for performing loans (Pass and Special Mention) and three for classified, or NPAs (Substandard, Doubtful and Loss). Banks are required to set minimum reserves based on these categories.

Loans categorised as Pass indicate that timely repayment of an outstanding credit facility is not in doubt, repayment is expected to be prompt and no potential weaknesses have been identified. The Special Mention category is appropriate when there is potential weakness in the borrower's creditworthiness, but such weakness does not warrant a Substandard or other inferior classification. Special Mention loans generally have adequate debt service capacity but require close and active supervision because the potential weaknesses, if not corrected, may adversely affect repayment prospects.

Substandard, Doubtful or Loss classifications are appropriate when there are well-defined weakness(es) in a borrower's position that may jeopardise repayment of principal or interest from normal sources.

The following table sets forth the various categories of classified loans:

Classification Assigned to Loans	Criteria
Substandard	Indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardize repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the credit facilities weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

The DBS Group may also apply a split classification in appropriate cases. Where an NPA is partially secured, the portion covered by collateral may be classified as Substandard while the unsecured portion of the loan may be classified as Doubtful or Loss, as appropriate.

For rated loans, the DBS Group conducts regular reviews, in the form of supervision reports, on a yearly basis for loans classified as Pass. For loans classified as Special Mention or lower, more frequent reviews are done.

The DBS Group uses an internal rating system for its bank counterparties based on the capital, assets, management, earnings, liquidity and sensitivity framework. The DBS Group's overseas branches and subsidiaries generally follow classification guidelines required by the respective local banking regulations but utilise DBS Bank's classification guidelines for the purposes of consolidation at the holding company and/or bank level.

The DBS Group submits regular reports on its classified loans to the MAS. As part of its review, the MAS determines compliance with applicable regulations and may require banks to classify a particular loan or to change an existing classification.

When concessions are granted to the original terms of a loan for reasons relating to the financial difficulties of the borrower, the loan is considered a Restructured Loan. A Restructured Loan is generally graded as Substandard, Doubtful or Loss. Restructured Loans are not returned to performing status until specific conditions have been met, including that there is no longer any reasonable doubt regarding the timely collection of principal and interest and that there has been a reasonable period of sustained performance under the restructured terms. The DBS Group currently has a number of NPAs which it has restructured or is in the process of restructuring. As part of the restructuring process, the particular business unit will work with the borrower to implement the most appropriate restructuring plan.

The DBS Group's total NPAs were S$2.51 billion as at 31 December 2014, compared with S$3.00 billion as at 31 December 2013 and S$2.73 billion as at 31 December 2012. Of the total NPAs as at 31 December 2014, 63% were classified as Substandard, 26% were classified as Doubtful and 11% were classified as Loss. Of the total NPAs as at 31 December 2014, S$432 million (or 17%) originated in Singapore. Of these, 69% were classified as Substandard. NPAs originated in Hong Kong, Rest of Greater China, South and Southeast Asia and the Rest of the World totalled S$269 million, S$361 million, S$948 million and S$503 million, respectively. As at 31 December 2014, approximately 18% of the DBS Group's total NPAs had been restructured and continued to be included in the total volume of NPAs. The DBS Group's top 20 NPAs amounted to S$1.1 billion, or 43% of its total NPAs, while 69% of the top 20 NPAs were in the Substandard category as at 31 December 2014.

The NPL ratio decreased slightly to 0.9% as at 31 December 2014 compared to 31 December 2013. The NPL ratio was 1.1% as at 31 December 2013 and 1.2% as at 31 December 2012. The NPL ratios for Singapore and Hong Kong were 0.3% and 0.5%, as at 31 December 2014 compared with NPL ratios of 0.4% and 0.6%, respectively, as at 31 December 2013 and 2012. The net write-offs for NPLs amounted to S$687 million in 2014, S$552 million in 2013 and to S$149 million in 2012, which were 0.2%, 0.2% and 0.1% of total customer loans as at 31 December 2014, 2013 and 2012, respectively.

Loan Loss Provisioning and Reserve, Interest Accrual and Write-Off Policies

The DBS Group has adopted provisioning policies in accordance with the Singapore FRS as modified by the requirements of the Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the MAS.

Specific allowance for an individual credit exposure is made when existing facts, conditions or valuations indicate that the DBS Group is not likely to collect the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that led to an improvement in the collectability of the claim. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or untimely liquidation. Overdue unsecured consumer loans which are homogenous in nature, such as credit card receivables, are pooled according to their delinquency behaviour and evaluated for impairment collectively as a group, taking into account the historical loss experience of such loans.

The DBS Group maintains a level of general allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). In determining the level of general allowances, the DBS Group considers country and portfolio risks, as well as industry practices. The DBS Group maintains general allowances of at least 1% of credit exposures arising from both on and off-balance sheet items (against which specific allowances have not been made), adjusted for collateral held.

Under applicable tax regulations in Singapore first issued by the IRAS on 30 December 2005 and revised on 29 June 2012, banks are allowed to claim deductions on individual and collective impairment loss allowances for assets in revenue accounts (such as loans). In circumstances where banks are unable to provide for collective impairment in the initial years of FRS 39 implementation but continue to maintain general allowances in accordance with the MAS requirements, tax deductions calculated based on current tax rules for general allowances will apply until 31 December 2015 or until the collective impairment allowance according to FRS 39 can be provided. Under the current tax rules for general allowances, the maximum tax-deductible general allowances that could be claimed each year are restricted to the lower of 25% of qualifying profits and 0.5% of the prescribed value of qualifying loans and investments in securities and subject to a cumulative limit of 3% of the prescribed value of qualifying loans and investments in securities for the aggregate capping. Where a tax deduction on general allowances was claimed under current tax rules, the corresponding write-back is taxable.

Non-Performing Assets and Provisioning Data

The following tables set forth various statistics with respect to the DBS Group's NPAs and loss allowances:

	Non-Performing Assets and Provisioning Data as at 31 December 2014[1]					
	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
	(S$ in millions, except percentages)					
Non-performing assets (NPAs)	432	269	361	948	503	2,513
Substandard	296	170	240	585	301	1,592
Doubtful	30	73	108	281	160	652
Loss	106	26	13	82	42	269
Customer NPLs as a % of gross customer loans in the respective countries[2]	0.3%	0.5%	0.7%	3.6%	2.0%	0.9%
Specific allowances	147	107	137	445	194	1,030
General allowances						3,054
Total cumulative loss allowances						4,084
Total cumulative loss allowances as a % of:						
Total assets						0.9%
NPAs in the respective countries[3]						163%
Unsecured NPAs in the respective countries[4]						296%

Notes:

(1) Classified according to where the borrower is incorporated.

(2) Calculated based on total customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross customer loans.

(3) Calculated based on total cumulative loss allowances divided by NPAs.

(4) Calculated based on total cumulative loss allowances divided by unsecured NPAs.

	Non-Performing Assets and Provisioning Data as at 31 December 2013[1]					
	Singapore	Hong Kong	Rest of Greater China	South and Southeast Asia	Rest of the World	Total
	(S$ in millions, except percentages)					
Non-performing assets (NPAs)	440	235	284	638	1,399	2,996
Substandard	330	123	136	506	886	1,981
Doubtful	69	68	112	63	441	753
Loss	41	44	36	69	72	262
Customer NPLs as a % of gross customer loans in the respective countries[2]	0.4%	0.6%	0.6%	2.6%	6.6%	1.1%
Specific allowances	113	117	146	227	579	1,182
General allowances						2,865
Total cumulative loss allowances						4,047
Total cumulative loss allowances as a % of:						
Total assets						1.0%
NPAs in the respective countries[3]						135%
Unsecured NPAs in the respective countries[4]						204%

Notes:

(1) Classified according to where the borrower is incorporated.

(2) Calculated based on total customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross customer loans.

(3) Calculated based on total cumulative loss allowances divided by NPAs.

(4) Calculated based on total cumulative loss allowances divided by unsecured NPAs.

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

Notes:

(1) Classified according to where the borrower is incorporated.

(2) Calculated based on total customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross customer loans.

(3) Calculated based on total cumulative loss allowances divided by NPAs.

(4) Calculated based on total cumulative loss allowances divided by unsecured NPAs.

Industry Classification of Non-Performing Assets

The DBS Group's NPAs are spread across various industrial sectors, such as manufacturing, building and construction, general commerce and housing loans.

The following tables show the breakdown by industry classification of NPAs and specific allowances for the DBS Group as at the dates indicated:

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

Aging of Non-Performing Assets

The following table sets forth information with respect to the aging of the DBS Group's NPAs as at the periods indicated:

	Non-Performing Assets				
		Past due			
	Not overdue	<90 days	91-180 days	>180 days	Total
	(S$ in millions)				
2014	597	273	162	1,481	2,513
2013	1,281	275	272	1,168	2,996
2012	1,245	297	193	991	2,726

Movements in Impairment Allowances

The following table shows changes in the DBS Group's specific and general loan loss allowances for the periods indicated:

	Balance at 1 January 2014	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2014
			(S$ in millions)		
Specific allowances					
Manufacturing	240	151	(80)	20	331
Building and construction	42	156	(91)	8	115
Housing loans	9	1	(2)	—	8
General commerce	142	49	(61)	10	140
Transportation, storage and communications	465	(32)	(290)	10	153
Financial institutions, investment and holding companies	146	19	(80)	5	90
Professionals and private individuals (excluding housing loans)	48	76	(76)	5	53
Others	37	58	(7)	5	93
Total specific allowances	**1,129**	**478**	**(687)**	**63**	**983**
Total general allowances	**2,398**	**142**	**—**	**43**	**2,583**
Total allowances	**3,527**	**620**	**(687)**	**106**	**3,566**

	Balance at 1 January 2013	Charge/ (Write back) to income statement	Net write-off during the year	Exchange and other movements	Balance at 31 December 2013
			(S$ in millions)		
Specific allowances					
Manufacturing	222	108	(100)	10	240
Building and construction	34	30	(23)	1	42
Housing loans	10	(2)	—	1	9
General commerce	149	139	(154)	8	142
Transportation, storage and communications	501	(54)	(3)	21	465
Financial institutions, investment and holding companies	232	13	(105)	6	146
Professionals and private individuals (excluding housing loans)	45	166	(166)	3	48
Others	24	16	(1)	(2)	37
Total specific allowances	**1,217**	**416**	**(552)**	**48**	**1,129**
Total general allowances	**2,092**	**310**	**—**	**(4)**	**2,398**
Total allowances	**3,309**	**726**	**(552)**	**44**	**3,527**

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

Securities Portfolio

The DBS Group classifies its securities portfolio in line with the requirements under FRS 39. Its securities are classified into the following:

- fair value through profit or loss — these securities are either acquired for the purpose of short-term selling (held for trading) or designated by management on initial recognition (under the fair value option). Securities at fair value through profit and loss are carried at fair value with the realised or unrealised gains or losses taken to the income statement;

- loans and receivables — these securities are managed for longer term holding and collection of payments. They are not quoted in an active market and they are carried at amortised cost using the effective interest method;

- available-for-sale ("**AFS**") — these securities are held for the purpose of investment or satisfying regulatory liquidity requirements. Such securities are held for an indefinite period and may be sold in response to needs for liquidity or changes in interest rates, credit spreads, exchange rates or equity prices. They are carried at fair value with the unrealised gains or losses recognised in the AFS revaluation reserves. When these AFS securities are sold or impaired, the accumulated fair value adjustments in the AFS revaluation reserves are taken to the income statement. Unquoted equity classified as AFS for which fair value cannot be reliably determined is carried at cost less impairment; and

- held to maturity — the DBS Group intends to hold these securities to maturity. These are Singapore Government securities that the DBS Group holds for satisfying regulatory liquidity requirements and are held within the "Others" segment.

The DBS Group's securities are disclosed as follows on its balance sheet:

- government securities and treasury bills; and
- bank and corporate securities.

The DBS Group's total securities portfolio accounted for 15% of total assets as at 31 December 2014 and 2013, compared with 18% as at 31 December 2012. Government securities and treasury bills accounted for 7% of total assets as at 31 December 2014 and 2013, compared with 10% as at 31 December 2012.

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

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

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

Funding Sources

Historically, the DBS Group has raised most of its funding requirements from deposit-taking activities. The percentage of total liabilities attributable to customer deposits was 79% as at 31 December 2014, 80% as at 31 December 2013 and 80% as at 31 December 2012. As at 31 December 2014, the DBS Group had a customer loan-to-deposit ratio of 87%, reflecting that deposits obtained were in excess of loan requirements.

The DBS Group's deposits are diversified, with retail customers providing a substantial portion of total deposits. These deposits have provided a low cost and stable funding source.

The DBS Group has also obtained funds from public offerings and private placements of debt instruments. Borrowings from commercial banks and other financial institutions have accounted for a relatively minor portion of the DBS Group's total domestic borrowings. However, the borrowings make up a more significant portion of the DBS Group's foreign currency requirements.

The DBS Group raises foreign currency funding, mainly in U.S. dollars. Major sources of foreign currency funds include offshore currency markets and domestic money markets in countries in which the DBS Group operates. DBS Bank also established a Debt Issuance Programme in 2010, which has been amended as at the date of this Offering Circular, under which the Issuer may issue senior or subordinated debt securities in various currencies.

The following table sets forth details as at 31 December 2014 of securities issued by the DBS Group which qualify as capital for regulatory capital adequacy purposes.

Year of issue	Face value	
	(in millions)	
Issued by DBS Bank, which qualify for Tier II capital treatment [1]		
June 2006	U.S.$900	Floating Rate Subordinated Notes Callable with Step-up in 2016[2]
July 2006	S$500	4.47% Subordinated Notes Callable with Step-up in 2016
February 2012	S$1,000	3.30% Subordinated Notes Callable in 2017
March 2012	U.S.$750	3.625% Subordinated Notes Callable in 2017
August 2012	S$1,000	3.10% Subordinated Notes Callable in 2018
Issued by DBS Bank, which qualify for Tier I capital treatment [1]		
November 2010	S$800	4.70% Non-Cumulative, Non-Convertible, Non-Voting Preference Shares Callable in 2020
Issued by DBS Capital Funding Corporation II, which qualify for Tier I capital treatment [1]		
May 2008	S$1,500	5.75% Non-Cumulative, Non-Voting Guaranteed Preference Shares, Callable with Step-up in 2018

Notes:

(1) As these securities do not meet, in full, the requirements set out in MAS Notice 637, their recognition as Additional Tier I capital instruments and Tier II capital instruments, as the case may be, has, in total, been subject to caps under the Basel III transition arrangements. These caps are calculated as percentages of the amounts of Additional Tier I capital instruments and Tier II capital instruments outstanding on 1 January 2013, beginning with 90% from 1 January 2013 and decreasing by 10% in each subsequent year.

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

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

	As at 31 December		
	2012	2013	2014
	(S$ in millions)		
Subordinated term debts	5,505	5,544	4,665
Senior medium-term notes	3,168	5,635	9,196
Commercial papers	5,820	12,142	14,561
Negotiable certificates of deposit	1,149	1,235	1,072
Other debt securities	3,617	4,103	5,473
Total	**19,259**	**28,659**	**34,967**
Due within 1 year	8,498	17,108	23,919
Due after 1 year	10,761	11,551	11,048
Total	**19,259**	**28,659**	**34,967**

Deposits

The DBS Group offers a variety of deposit accounts, including non-interest bearing current accounts as well as interest bearing savings, current and fixed deposit accounts. The DBS Group generally sets the deposit interest rates according to market conditions. For fixed deposits, the interest rates offered vary according to the maturity and size of the deposit. When a fixed deposit matures and rolls over, the prevailing interest rate will be used.

The DBS Group's customer deposits increased by 8% to S$317 billion as at 31 December 2014 from S$292 billion as at 31 December 2013, with U.S. dollar deposits accounting for most of the growth.

Deposits Maturity Profile

The following table sets forth a breakdown of the DBS Group's customer deposits by the remaining maturity and not the original maturity category as at the periods indicated:

	Deposits Maturity Profile					
	Less than 7 Days	1 Week to 1 Month	1 to 3 Months	3 to 12 Months	Over 1 Year	Total
	(S$ in millions)					
2014	207,405	49,032	32,720	25,279	2,737	317,173
2013	187,914	40,730	34,087	26,196	3,438	292,365
2012	159,738	34,136	28,735	26,609	4,246	253,464

Although the DBS Group's deposit funding consists primarily of contractually short-term deposits, these deposits are mainly in statistically stable savings and current deposits, which account for 57% of the DBS Group's deposits as at 31 December 2014, and retail fixed deposits that are often rolled over at maturity. These provide the DBS Group with a stable source of long-term funds.

Interbank Funding

The DBS Group is a leading participant in domestic and foreign interbank markets and maintains money market lines with a large number of domestic and foreign banks. The DBS Group is a net provider of Singapore dollar interbank funds. As at 31 December 2014, the DBS Group had total interbank liabilities of S$16.2 billion (or 4% of total liabilities and shareholders' funds) and interbank assets of S$42.3 billion (or 10% of total assets). As at 31 December 2013, the DBS Group had total interbank liabilities of S$13.6 billion (or 3% of total liabilities and shareholders' funds) and interbank assets of S$39.8 billion (or 10% of total assets).

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

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

The Boards of Directors of DBS Bank

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

Name	Title
Mr Peter Seah Lim Huat	Chairman
Mr Piyush Gupta	Chief Executive Officer
Dr Bart Joseph Broadman	Director
Ms Euleen Goh Yiu Kiang	Director
Mr Ho Tian Yee	Director
Mr Nihal Vijaya Devadas Kaviratne CBE	Director
Mr Andre Sekulic	Director
Mr Danny Teoh Leong Kay	Director
Ms Woo Foong Pheng (Mrs Ow Foong Pheng)	Director

Peter Seah Lim Huat

Chairman

Mr Seah, 68, joined the Board of Directors of DBSH and DBS Bank on 16 November 2009 and assumed the role of Chairman on 1 May 2010. He is Chairman of the Compensation and Management Development Committee, Executive Committee and Nominating Committee, as well as a member of the Audit Committee and Board Risk Management Committee. In addition, he is Chairman of DBS Bank (Hong Kong) Limited and chairs its Board Risk Management Committee. He is also a member of the Audit Committee of DBS Bank (Hong Kong) Limited.

Mr Seah is the present Chairman of Singapore Health Services Pte Ltd and LaSalle College of the Arts Limited. Mr Seah was a banker for 33 years before retiring as Vice Chairman and Chief Executive Officer ("**CEO**") of the former Overseas Union Bank in 2001.

He also serves on the boards of StarHub Ltd, STATS ChipPAC Ltd, GIC Private Limited, Level 3 Communications Inc, Asia Mobile Holdings Pte Ltd, STT Communications Ltd, Fullerton Financial Holdings Pte Ltd, National Wages Council and International Monetary Conference.

Piyush Gupta

Chief Executive Officer

Mr Gupta, 55, was appointed CEO and to the Board of Directors of DBSH and DBS Bank on 9 November 2009. He is a member of the Executive Committee. In addition, he is also Vice Chairman of DBS Bank (Hong Kong) Limited as well as member of its Board Risk Management Committee. He is also a Director of The Islamic Bank of Asia Limited.

Prior to joining the DBS Group, Mr Gupta was Citigroup's CEO for Southeast Asia, Australia and New Zealand.

Mr Gupta's external appointments include serving as the Deputy Chairman of SPRING Singapore, as a council member of the Asian Bureau of Finance and Economic Research, and on the boards of the Institute of International Finance, Washington, The Institute of Banking and Finance, Dr Goh Keng Swee Scholarship Fund and the MasterCard Asia/Pacific, Middle East and Africa Regional Advisory Board. He is also Chairman of Sim Kee Boon Institute for Financial Economics Advisory Board, a council member of The Association of Banks in Singapore and a Managing Council member of Indian Business-leaders' Roundtable (under SINDA).

Bart Joseph Broadman

Director

Dr Broadman, 54, was appointed to the Board of Directors of DBSH and DBS Bank on 17 December 2008. He is a member of the Board Risk Management Committee and Compensation and Management Development Committee.

Dr Broadman is a co-founder and Director of Alphadyne Asset Management based in Singapore. Prior to forming Alphadyne, Dr Broadman spent 14 years in Asia working for J.P. Morgan, where he held the post of Vice Chairman of Asia and Head of Markets (Credit, Rates and Equities) in Asia.

Dr Broadman is a Director of Alphadyne (UK) Holdings Limited and Alphadyne Asset Management Pte Ltd and is a managing member of Alphadyne Asset Management LLC and Alphadyne Capital, LLC. He is also a member of the Investment Committee of Nanyang Technological University.

Euleen Goh Yiu Kiang

Director

Ms Goh, 60, was appointed to the Board of Directors of DBSH and DBS Bank on 1 December 2008. She chairs the Board Risk Management Committee and is a member of the Compensation and Management Development Committee, Executive Committee and Nominating Committee.

Ms Goh is currently the Chairperson of the Board of Directors of DBS Foundation Ltd and is a Trustee of the Singapore Institute of International Affairs Endowment Fund. She is also a Director of CapitaLand Limited, SATS Ltd, Singapore Health Services Pte Ltd and the Royal Dutch Shell, plc. She was previously the Chairperson of the Accounting Standards Council. Ms Goh was CEO of Standard Chartered Bank, Singapore from 2001 to March 2006. She held various senior management positions in Standard Chartered Bank, retiring in March 2006 after some 21 years.

Ho Tian Yee

Director

Mr Ho, 63, was appointed to the Board of Directors of DBSH and DBS Bank on 29 April 2011. He is a member of the Board Risk Management Committee and Nominating Committee.

Mr Ho has over 30 years' experience in managing and investing in global financial markets. As principal shareholder and Managing Director of Pacific Asset Management (S) Pte Ltd, he oversees the management of the company and assumes responsibilities for all investment decisions and risks.

Mr Ho spent 19 years with Bankers Trust Company, Singapore where his last position was as General Manager and Regional Head of Southeast Asian operations. He was responsible for the Singapore branch operations and the strategic direction of the Bankers Trust global trading business in Asia.

Currently, Mr Ho serves as a Director of AusNet Services. He also serves on the boards of Fullerton Fund Management Co. Ltd and Singapore Power Ltd, and is an investment adviser to Blue Edge Advisors Pte. Ltd.

NIHAL VIJAYA DEVADAS KAVIRATNE CBE

Director

Mr Kaviratne, 71, was appointed to the Board of Directors of DBSH and DBS Bank on 29 April 2011. He is a member of the Audit Committee and Board Risk Management Committee. In addition, he is a Director of DBS Foundation Ltd. Mr Kaviratne had a 40-year career with the Unilever Group during which he held various senior level management positions until his retirement in March 2005.

Mr Kaviratne is currently Chairman of Akzo Nobel India Limited, President Commissioner of PT TVS Motor Company and serves on the board of GlaxoSmithKline Pharmaceuticals Ltd in India. He currently serves on the boards of SATS Ltd, StarHub Ltd, Olam International Limited, Caraway Pte. Ltd. and TVS Motor (Singapore) Pte Limited. He is also a member of the advisory board for Southeast Asia/Indonesia of Bain & Company SE Asia. Inc. and a member of the UK Government's Department for International Development Private Sector Portfolio Advisory Committee for India.

Andre Sekulic

Director

Mr Sekulic, 64, was appointed to the Board of Directors of DBSH and DBS Bank on 26 April 2012. He is a member of the Audit Committee and Compensation and Management Development Committee.

Mr Sekulic is a business leader with 35 years of experience in banking and financial services in Asia/Pacific, Africa, the Middle East and the United States. He started his career as General Manager at Citicorp Inc. with regional responsibilities in Asia/Pacific, then as General Manager for Citibank in Australia where he participated in its consumer bank business.

From 1986 to 2009, Mr Sekulic rose from Senior Vice President and General Manager of MasterCard Asia Pacific to President of MasterCard Asia Pacific, the Middle East and Africa, where he led the building of the brand across the region.

He is currently Chairman of comGateway (S) Pte Ltd, a global internet shopping platform. He also serves on the boards of Hussar Pty Ltd, Insourcing International Pty Ltd, Optal Limited (formerly known as PSP International (Europe) Limited), Queenstar Pty Ltd and Royal Motor Yacht Club Broken Bay (NSW Australia).

Danny Teoh Leong Kay

Director

Mr Teoh, 59, was appointed to the Board of Directors of DBSH and DBS Bank on 1 October 2010. He is Chairman of the Audit Committee, as well as a member of the Board Risk Management Committee and Nominating Committee. In addition, Mr Teoh is a Director of DBS China and also chairs its Audit Committee and is a member of its Connected Transaction Control Committee.

Mr Teoh spent 27 years in KPMG LLP, Singapore and was the Managing Partner of the firm from 2005 until he retired in September 2010. Mr Teoh is a Chartered Accountant and an associate member of the Institute of Chartered Accountants in England and Wales.

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

Woo Foong Pheng (Mrs Ow Foong Pheng)

Director

Mrs Ow, 51, was appointed to the Board of Directors of DBSH and DBS Bank on 26 April 2012. She is a member of the Audit Committee and Nominating Committee.

Mrs Ow is currently the Permanent Secretary of the Ministry of Trade and Industry and serves as a board member of Mapletree Greater China Commercial Trust Management Ltd (the Manager of Mapletree Greater China Commercial Trust). She started her career in the Administrative Service in the Ministry of Education and subsequently served in several ministries, including National Development, Finance and Defence. In 2001, Mrs Ow became Deputy Secretary, Ministry of Home Affairs and in 2004 she became Deputy Secretary, Ministry of Manpower. Mrs Ow was appointed Chief Executive Officer, Jurong Town Corporation in 2006.

Board Responsibility

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

The Board's key areas of focus include:

(i) The DBS Group's strategic and business plans.

(ii) Monitoring the responsibilities delegated to the Board committees to ensure proper and effective oversight and control of the DBS Group's activities.

(iii) Establishing a framework for risks to be assessed and managed.

(iv) Reviewing management performance.

(v) Determining the DBS Group's values and standards (including ethical standards) and ensuring that obligations to its stakeholders are understood and met.

(vi) Developing succession plans for the Board and the CEO.

(vii) Considering sustainability issues (including environmental and social factors) as part of the DBS Group's strategy.

To discharge its stewardship and fiduciary responsibilities effectively, the Board delegates authority to Board committees to enable them to oversee specific responsibilities based on clearly defined terms of reference. The Board committees have been constituted in accordance with the Banking (Corporate Governance) Regulations 2005, of Singapore (the "**Banking (CG) Regulations**"). The terms of reference for each Board committee stipulate the responsibilities of the committee, conduct of meetings, including quorum and voting requirements, as well as the qualifications for Board committee membership. Each Board committee has direct access to management and has full discretion to invite any director or executive to attend its meetings. Each Board committee also has the power to hire independent advisers as it deems necessary. In accordance with the Group Approving Authority ("**GAA**"), any change to the terms of reference for any Board committee requires Board approval.

Board Committees of the DBS Group

The Board of Directors has established five Board committees to increase its effectiveness.

Nominating Committee

The Nominating Committee (the "**NC**") is chaired by Mr Peter Seah (Chairman) and comprises Ms Euleen Goh, Mr Ho Tian Yee, Mrs Ow Foong Pheng and Mr Danny Teoh. In accordance with the requirements of the Guidelines and Banking (CG) Regulations, a majority (four out of five members of the NC, including the NC Chairperson) are independent Directors. All NC members are non-executive Directors, and are subject to an annual assessment of their independence as prescribed by the Guidelines and the Banking (CG) Regulations. This assessment takes into account the NC members' business relationships with the Group, relationships with members of management, relationships with the Company's substantial shareholder as well as the NC members' length of service.

The NC's responsibilities include:

(i) Regularly reviewing the composition of the Board and Board committees.

(ii) Identifying, reviewing and recommending Board appointments for approval by the Board, taking into account the experience, expertise, knowledge and skills of the candidate and the needs of the Board.

(iii) Conducting on an annual basis an evaluation of the performance of the Board, the Board committees and the Directors.

(iv) Determining the independence of proposed and existing Directors, and assessing if each proposed and/or existing Director is a fit and proper person and is qualified for the office of Director.

(v) Exercising oversight of the induction programme and continuous development programme for Board members.

(vi) Reviewing and recommending to the Board the re-appointment of any non-executive Director having regard to their performance, commitment and ability to contribute to the Board as well as his or her skill set.

(vii) Making an annual assessment of whether each Director has sufficient time to discharge his or her responsibilities, taking into consideration multiple board representations and other principal commitments.

(viii) Reviewing the Board's succession plans for Directors, in particular the Chairman and the CEO.

(ix) Reviewing key staff appointments, including the Chief Financial Officer and CRO.

Board Executive Committee

The Board Executive Committee (the "**Exco**") is chaired by Mr Peter Seah and comprises Ms Euleen Goh and Mr Piyush Gupta. In accordance with the requirements of the Guidelines and Banking (CG) Regulations, a majority (two out of three members of the Exco, including the Exco Chairperson) are independent Directors.

The Exco's responsibilities include:

(i) Reviewing and providing recommendations on matters that would require Board approval, including:

(a) strategic matters such as country and business strategies;

(b) business plans, annual budget, capital structure and dividend policy;

(c) strategic investments or divestments;

(d) delegation of authority stipulated by the GAA; and

(e) weak credit cases.

(ii) Approving certain matters specifically delegated by the Board such as non-strategic investments and divestments, credit transactions, investments, capital expenditure and expenses that exceed the limits that can be authorised by the CEO.

Audit Committee

The Audit Committee (the "**AC**") is chaired by Mr Danny Teoh and comprises Mr Nihal Kaviratne, Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic. In accordance with the requirements of the Guidelines and Banking (CG) Regulations, a majority (four out of five members of the AC, including the AC Chairperson) are independent Directors. Mr Teoh possesses an accounting qualification and was the managing partner of KPMG, Singapore. All members of the AC are non-executive Directors, and have recent and relevant accounting or related financial management expertise or experience.

The AC's responsibilities in relation to financial reporting include:

(i) Monitoring the financial reporting process and ensuring the integrity of the DBS Group's consolidated financial statements.

(ii) Reviewing the DBS Group's consolidated financial statements prior to submission to the Board and in particular reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the consolidated financial statements of the DBS Group and any announcements relating to the DBS Group's financial performance.

(iii) Ensuring that the consolidated financial statements of the DBS Group are prepared in accordance with Singapore Financial Reporting Standards.

The AC's responsibilities in relation to internal controls include:

(i) Reviewing the adequacy and effectiveness of internal controls, such as financial, operational, compliance and information technology controls, as well as accounting policies and systems.

(ii) Reviewing the policy and arrangements by which staff of the DBS Group or any other person may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are also in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken.

(iii) Approving changes to the Group Disclosure Policy.

The AC's responsibilities in relation to the internal audit function ("**Group Audit**") include:

(i) Reviewing the adequacy and effectiveness of the DBS Group's internal audit function and processes, as well as ensuring that Group Audit is adequately resourced and set up to carry out its functions, including approving its budget.

(ii) Overseeing Group Audit.

(iii) Reviewing the Group Audit's plans, the scope and results of audits, and effectiveness of the Group Audit.

(iv) Approving the hiring, removal, resignation, evaluation and compensation of the Head of Group Audit.

The AC's responsibilities in relation to the external auditor include:

(i) Determining the criteria for selecting, monitoring and assessing the external auditor. Making recommendations to the Board on the proposals to shareholders on the appointment, re-appointment and removal of the external auditor of the DBS Group and approving the remuneration and terms of engagement of the external auditor.

(ii) Reviewing the scope and results of the external audits and the independence and objectivity of the external auditor, and ensuring that the external auditor promptly communicates to the AC any information regarding internal control weaknesses or deficiencies, and that significant findings and observations regarding weaknesses are promptly rectified.

(iii) Reviewing the assistance given by management to the external auditor.

The AC's responsibilities in relation to the related party transactions include:

(i) Reviewing all material-related party transactions (including interested person transactions) and keeping the Board informed of such transactions, and the findings and conclusions from its review.

Board Risk Management Committee

The BRMC is chaired by Ms Euleen Goh and comprises Dr Bart Broadman, Mr Ho Tian Yee, Mr Nihal Kaviratne, Mr Peter Seah and Mr Danny Teoh. All BRMC members (including the BRMC Chairperson) are independent Directors. The number of independent Directors exceeds the requirements of the Guidelines and Banking (CG) Regulations. All BRMC members are appropriately qualified to discharge their responsibilities, and have the relevant technical financial expertise in risk disciplines or business.

The BRMC's responsibilities include:

(i) Establishing risk appetite for the various types of risk and exercise oversight of how this is operationalised into individual risk appetite limits.

(ii) Monitoring risk exposures and profile against risk limits and risk strategy in accordance with approved risk appetite and/or guidelines.

(iii) Reviewing the risk dashboard to keep track of major risk positions and risk developments.

(iv) Monitoring the quarterly portfolio reviews of total exposures as well as large exposures and asset quality.

(v) Discussing large risk events and subsequent remedial action plans.

(vi) Monitoring market developments, such as macroeconomic, credit, industry, country risk and stress tests related to these developments.

(vii) Approving the DBS Group's overall and specific risk governance frameworks.

(viii) Having direct oversight of the Chief Risk Officer.

(ix) Reviewing (in parallel with the AC) the adequacy and effectiveness of the DBS Group's internal control framework.

(x) Approving risk models which are used for capital computation and monitoring the performance of previously approved models.

(xi) Overseeing an independent DBS Group-wide risk management system and adequacy of resources to monitor risks.

(xii) Exercising oversight of ICAAP, including approval of stress scenarios and commensurate results for capital, risk-weighted assets, profit and loss and liquidity.

(xiii) Approving the Business Continuity Management attestation and the Group-wide Recovery Plan.

Compensation and Management Development Committee

The Compensation and Management Development Committee (the "**CMDC**") is chaired by Mr Peter Seah and comprises Dr Bart Broadman, Ms Euleen Goh and Mr Andre Sekulic. All CMDC members (including the CMDC Chairperson) are independent Directors. The number of independent Directors exceeds the requirements of the Guidelines and Banking (CG) Regulations. The CMDC has direct access to senior management and works closely with the BRMC and the AC when performing its role. Dr Bart Broadman, Ms Euleen Goh and Mr Peter Seah are also members of the BRMC while Mr Peter Seah and Mr Andre Sekulic are members of the AC. As a result of their membership in other Board committees, the members of the CMDC are able to make strategic remuneration decisions in an informed and holistic manner.

The CMDC's responsibilities include:

(i) Overseeing the governance of the DBS Group's remuneration policy (including design, implementation and ongoing review) and the annual bonus pool (Board endorsement also required) in accordance with the corporate governance practices as stipulated under the Guidelines and the Banking (CG) Regulations.

(ii) Overseeing the remuneration of senior executives, including reviewing and approving the remuneration of the Executive Director/CEO.

(iii) Overseeing the DBS Group's principles and framework of compensation to ensure their alignment with prudent risk-taking principles (deferral mechanism is adequate as a risk management process) in order to build a sustainable business in the long term.

(iv) Ensure alignment between reward and the Group Talent Management initiatives with particular focus on attraction and retention of talent, including current and future leaders of the DBS Group.

Organisation Structure of the DBS Group

General

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

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

The Group Executive Committee, together with the Group Management Committee, is responsible for setting the strategy and direction of the DBS Group, driving business performance and achieving synergies across the organisation and thereafter facilitating the execution of these decisions to deliver on planned outcomes and results. The Group Management Committee is also responsible for all matters of corporate governance and for protecting and enhancing the DBS Group's brand and corporate reputation. Other committees include (i) the Risk Executive Committee, (ii) the Group Credit Risk Committee, (iii) the Group Market and Liquidity Risk Committee, (iv) the Group Operational Risk Committee, (v) the Group Asset Liability Committee and (vi) the Group Capital and Balance Sheet Committee, among others.

Each committee comprises senior managers from across the DBS Group's business and functional units. Meeting frequencies range from weekly to quarterly for these committees.

Group Executive Committee and Group Management Committee of the DBS Group

The following table sets forth the senior management who are members of the Group Executive Committee and Group Management Committee of the DBS Group.

Name	Responsibility
Mr Piyush Gupta[(1)]	Chief Executive Officer
Mrs Chng Sok Hui[(1)]	Chief Financial Officer
Ms Jeanette Wong[(1)]	Institutional Banking Group
Ms Tan Su Shan[(1)]	Consumer Banking Group/Wealth Management Group
Mr Andrew Ng[(1)]	Treasury & Markets
Mr Elbert Pattijn[(1)]	Chief Risk Officer
Mr David Gledhill[(1)]	Group Technology & Operations
Mr Sim S. Lim[(1)]	Country Head, DBS Singapore
Mr Sebastian Paredes[(1)]	Country Head, DBS Bank (Hong Kong) Limited
Ms Eng-Kwok Seat Moey	Capital Markets
Mr Sanjiv Bhasin[(2)]	Country Head, DBS Bank, India
Mr Surojit Shome [(2)]	Country Head, DBS Bank, India
Mr Jerry Chen	Country Head, DBS Taiwan
Ms Sue Lynn Koo	Group Legal and Secretariat
Mr Lam Chee Kin	Group Compliance
Mr Neil Ge	Country Head, DBS China
Ms Lee Yan Hong	Group Human Resources
Mr Jimmy Ng	Group Audit
Ms Karen Ngui	Group Strategic Marketing and Communications
Mr Paulus Sutisna	President Director of PT Bank DBS Indonesia
Mr Domenic Fuda	Consumer Banking Group/Wealth Management Group

Note:

(1) Members of the Group Executive Committee.

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

Mr Piyush Gupta

Mr Gupta is CEO and Director of the DBS Group, as well as Director of the DBS Group's subsidiary companies, The Islamic Bank of Asia Limited and DBS Bank (Hong Kong) Limited. Prior to joining the DBS Group, he was Citigroup's CEO for Southeast Asia, Australia and New Zealand. His external appointments include serving as the Deputy Chairman of SPRING Singapore, as a council member of the Asian Bureau of Finance and Economic Research and on the boards of the Institute of International Finance, Washington, The Institute of Banking and Finance, Dr Goh Keng Swee Scholarship Fund, and the MasterCard Asia-Pacific, Middle East and Africa Regional Advisory Board.

Mrs Chng Sok Hui

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

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

Ms Jeanette Wong

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

Ms Tan Su Shan

Ms Tan is responsible for growing the DBS Group's regional wealth management and consumer banking business. Prior to joining the DBS Group in 2010, she was Morgan Stanley's Head of Private Wealth Management for Southeast Asia. She has also worked at Citi Private Bank, responsible for Singapore, Malaysia and Brunei. In October 2014, Ms Tan became the first Singaporean to be recognised as the world's "Best Leader in Private Banking" by PWM and The Banker, which are leading wealth publications by the Financial Times Group.

Mr Andrew Ng

Mr Ng joined the DBS Group in 2000 and has over 29 years of experience in the treasury business. Prior to joining the DBS Group, he was Executive Director at Canadian Imperial Bank of Commerce ("**CIBC**") from 1995 to 1999. He set up CIBC's trading platform and derivative capabilities on Asian currencies. Between 1986 and 1995, Mr Ng was Head of North Asia Trading and Treasurer of Chase Manhattan Bank in Taipei. He is currently President of ACI Singapore — The Financial Markets Association.

Mr Elbert Pattijn

Mr Pattijn joined the DBS Group in 2007 as Head of Specialised Corporate and Investment Banking, responsible for the DBS Group's corporate and investment banking activities in the region. He was appointed CRO in 2008. Prior to this, he was Head of Debt Products Origination, Asia for ING Bank, where he was in charge of overseeing the Debt Capital Markets, Securitisation and Syndicated Lending product groups. Previously, Mr Pattijn held progressively senior positions at Barclays Bank, ABN Amro and ING Group. A Dutch national, Mr Patiijn holds a Master of Law from the University of Leiden in The Netherlands.

Mr David Gledhill

Mr Gledhill brings with him over 25 years of experience in the financial services industry and has spent over 20 years in Asia. Prior to joining the DBS Group in 2008, he held progressively senior positions with regional responsibilities in JP Morgan. Mr Gledhill is a Director of Singapore Clearing House Pte Ltd and an adviser to IBM, Singapore Management University School of Information Systems, National University of Singapore School of Computing and Singapore Sports Council's Spex Business Network.

Mr Sim S. Lim

Mr Lim is the first DBS country head with dedicated oversight for Singapore. He is responsible for helping the bank to deliver greater synergy and value across the Singapore franchise. He is also the Chairman of DBS Vickers Securities Holdings Pte Ltd. He spent the bulk of his 32-year banking career in Asia, where he assumed a wide variety of roles. Prior to joining the DBS Group, Mr Lim was the President and CEO of Citigroup Global Markets Japan Inc. He is Chairman of Singapore Land Authority and Vice Chairman of ASEAN Business Group, Singapore Business Federation. He also sits on the Board of Nikko Asset Management Co., Ltd in Japan.

Mr Sebastian Paredes

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

Ms Eng-Kwok Seat Moey

Ms Eng-Kwok is an experienced banker with over 20 years of experience. As Group Head of Capital Markets, she oversees and supervises several teams responsible for advisory and capital markets, including structuring and executing equity fund raising activities for companies, REITs and Business Trusts. Under her leadership, the DBS Group is a market leader in Singapore and Asia ex Japan. DBS also launched Singapore's first REIT and Business Trust.

Mr Sanjiv Bhasin

Mr Bhasin is the country head of DBS Bank, India, a role he has held since 2008. A seasoned banker, he started his career with HSBC India in 1979 where he was previously Chief Operating Officer. Mr Bhasin has worked in various capacities spanning corporate, investment banking, credit and risk management in India, London and Mauritius. Before joining the DBS Group, he was the CEO and Managing Director of Rabo India Finance.

Mr Surojit Shome

Mr Shome is the country head of DBS Bank, India, a role he has held since 15 April 2015. A seasoned banker, he was most recently the CEO and country head of Rabobank India. Prior to this, he was Head of Investment Banking at Lehman Brothers, and before that held numerous leadership roles in Citibank, of which the last was Head of Corporate Banking for the India sub-continent. He has a breadth of experience in consumer and corporate banking. Mr Shome has a risk management grounding and was previously a Senior Credit Officer at Citibank.

Mr Jerry Chen

Mr Chen is the country head of DBS Bank, Taiwan. Prior to joining the DBS Group in 2008, he was the President of Ta Chong Bank for four years, during which he significantly improved the bank's asset quality to attract foreign investments. Mr Chen has extensive experience in corporate banking, consumer banking and treasury businesses and spent over 25 years in Citibank Taiwan.

Ms Sue Lynn Koo

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

Mr Lam Chee Kin

Mr Lam is the Group Head of Compliance with more than 20 years of experience in financial services regulation. Prior to joining the DBS Group, he held various roles in Standard Chartered Bank, JP Morgan Chase, Rajah & Tann Singapore LLP and Allen & Gledhill LLP. Mr Lam also serves on the Disciplinary Committee of SGX, on the Advisory Panel to the NUS Centre for Banking and Finance Law, and the Data Protection Advisory Committee of Singapore.

Mr Neil Ge
Mr Ge is the country head of DBS China. A seasoned banker, he has over 20 years of international experience spanning Beijing, Shanghai, Hong Kong, Tokyo and New York. Formerly Managing Director at Credit Suisse's Shanghai office, Mr Ge played an instrumental role in building up the joint venture between Credit Suisse and Founder Securities.

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

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

Ms Karen Ngui
Ms Ngui is responsible for corporate communications, brand management, strategic marketing and corporate social responsibility. She has over 25 years of experience in corporate branding, marketing and communications for financial institutions. Prior to joining the DBS Group, she was the Global Head of Brand Management and Strategic Marketing for Standard Chartered Bank. She is also a board member of the DBS Foundation and governor of the Singapore International Foundation.

Mr Paulus Sutisna
Mr Sutisna is President Director of PT Bank DBS Indonesia and responsible for driving business growth in Indonesia. Prior to that, he was HSBC Indonesia's head of client management for global banking and co-head of cash management. Mr Sutisna also spent 23 years in various functions in Citibank, including the role of head of the multinational franchise in Indonesia.

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

Remuneration

DBS Group's remuneration policy, which is applicable to DBS Bank and all its subsidiaries and overseas offices, seeks to ensure that the DBS Group is able to attract, motivate and retain employees to deliver long-term shareholder returns, taking into consideration risk management principles and standards set out by the Financial Stability Board and the Code of Corporate Governance.

When formulating the remuneration strategy, consideration was given to align the DBS Group's approach with "DBS PRIDE!" values in order to drive desired behaviours and results set out in the balanced scorecard.

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

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

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

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

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

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

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

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

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

(i) paying for performance, taking into account the DBS Group's strong performance and assessing the quality of execution against the balanced scorecard;

(ii) competitiveness of Mr Piyush Gupta's compensation package, taking into account the DBS Group's sustained performance despite external market headwinds; and

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

Remuneration of Non-executive Directors

The Board of Directors of DBS Bank and DBSH are comprised of the same persons. The non-executive Directors receive fees for acting as directors of DBSH; no additional fees are payable to the Directors for acting as directors of DBS Bank.

The remuneration of non-executive Directors, including the Chairman, has been benchmarked against global, regional and local financial institutions. Non-executive Directors will receive 70% of their fees in cash and the remaining 30% in share awards. The share awards are not subject to a vesting period, but are subject to a selling moratorium whereby each non-executive Director is required to hold the equivalent of one year's basic retainer fees for his or her tenure as a Director and for one year after the date he or she steps down. The fair value of share grants to the non-executive Directors shall be based on the volume-weighted average price of DBSH ordinary shares over the 10 trading days immediately following the AGM. The actual number of ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. Other than these share awards, the non-executive Directors did not receive and are not entitled to receive any other share incentives pursuant to any of the DBS Group's share plans during the financial year.

There is no change to the annual fee structure for the Board for 2014 from the fee structure in 2013. As per previous years, remuneration of non-executive Directors does not include any variable component. The table below sets out the annual fee structure for the non-executive Directors for 2014. The payment of remuneration to non-executive Directors for 2014 was subject to shareholders' approval at the Annual General Meeting of DBSH held on 23 April 2015 (the "**2015 AGM**").

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

Annual Fees for the Board

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

Additional Fees for Membership in Board Committees

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

Breakdown of Directors' Remuneration

The following table shows the composition of Directors' remuneration for 2014. The payment of remuneration to non-executive Directors for 2014 has been approved by DBSH shareholders at the 2015 AGM.

Name of Director	Salary Remuneration	Cash Bonus[1]	Share Plan	Directors' Fees[2]	Share-based Remuneration[3]	Others	Total
				(S$)			
Peter Seah Lim Huat	—	—	—	1,246,350	534,150	41,887[4]	1,822,387
Piyush Gupta	1,200,000	3,791,000	5,074,000[5]	—	—	55,545[6]	10,120,545[7]
Bart Joseph Broadman	—	—	—	147,700	63,300	—	211,000
Euleen Goh Yiu Kiang	—	—	—	237,650	101,850	—	339,500
Ho Tian Yee	—	—	—	135,800	58,200	—	194,000
Nihal Vijaya Devadas Kaviratne CBE	—	—	—	172,550	73,950	—	246,500
Andre Sekulic	—	—	—	185,500	79,500	—	265,000
Danny Teoh Leong Kay	—	—	—	198,800	85,200	—	284,000
Woo Foong Pheng (Mrs Ow Foong Pheng)[8]	—	—	—	191,500	—	—	191,500

Notes:

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

(2) Fees payable in cash, in 2015, for being a director of DBSH in 2014. This has been approved by DBSH shareholders at the 2015 AGM. Directors are also paid attendance fees for Board and Board Committee meetings, as well as for attending the Annual General Meeting of DBSH held on 28 April 2014 and the annual Board offsite.

(3) This is to be granted in the form of DBSH ordinary shares, for being a Director in 2014. The actual number of DBSH ordinary shares to be awarded will be rounded down to the nearest share, and any residual balance will be paid in cash. This has been approved by DBSH shareholders at the 2015 AGM.

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

(5) At the DBS Group, dividends on unvested shares do not accrue to employees. For better comparability with other listed companies, this figure excludes the estimated value of retention shares amounting to S$1,014,800 which is similar in nature to the accrued dividends for deferred awards in those companies.

(6) Represents non-cash component and comprises club, car and driver.

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

(8) Director's remuneration payable to Mrs Ow Foong Pheng has been fully paid in cash to a government agency, the Directorship & Consultancy Appointments Council.

In 2014, there was one employee of DBS Bank, Ms Lesley Teoh, who is an immediate family member (daughter) of a Director, Mr Danny Teoh. Ms Lesley Teoh's remuneration for 2014 falls within the band of S$50,000 to S$100,000. Mr Teoh is not involved in the determination of his family member's remuneration. Apart from Ms Lesley Teoh, none of the DBS Group's employees was an immediate family member of a Director in 2014.

Key executives' remuneration

Although the Code of Corporate Governance 2012 and the Guidelines recommend that at least the top five key executives' remuneration be disclosed within bands of S$250,000 and in aggregate, the Board believes that such disclosure would be disadvantageous to the DBS Group's business interests, given the highly competitive conditions in the banking industry where poaching of executives is commonplace. Nevertheless, the aggregate total remuneration for our Senior Management (excluding the CEO) in 2014 amounted to S$53 million.

Long-term share incentives

PLAN OBJECTIVES

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

AWARD TYPES

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

AWARD ELEMENTS

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

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

VESTING SCHEDULE

Main Award

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

Retention Award

- 100% vest four years after grant date

CLAWBACK OF UNVESTED AWARDS

Clawback will be triggered by

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

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

REGULATION AND SUPERVISION

Regulation and Supervision in Singapore

Introduction

Singapore-licensed banks come within the ambit of the Banking Act and the MAS, as the administrator of the Banking Act, supervises and regulates the banks and their operations. In addition to provisions in the Banking Act and the subsidiary legislation issued thereunder, banks have to comply with notices, circulars and guidelines issued by the MAS from time to time.

A licensed bank's operations may include the provision of capital markets services and financial advisory services. A bank licensed under the Banking Act is exempt from holding a capital markets services licence under the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**") and from holding a financial adviser's license under the Financial Advisers Act, Chapter 110 of Singapore (the "**FAA**"). However, the bank will nonetheless have to comply with the SFA and the FAA and the subsidiary legislation issued thereunder, as well as notices, circulars, guidelines, practice notes and codes issued by the MAS from time to time, as may be applicable to it in respect of these regulated activities, and its conduct of any other activities that fall within the ambit of the SFA and FAA.

The holding company of a Singapore-licensed bank could also be subject to regulation if required to be approved as a financial holding company under Section 28 of the Monetary Authority of Singapore Act, Chapter 186 of Singapore (the "**MAS Act**"). The requirements pertaining to financial holding companies will be enhanced when the Financial Holding Companies Bill 2013 ("**FHC Bill**") becomes effective. The FHC Bill was passed in Parliament on 8 April 2013. The FHC Bill was introduced to establish the regulatory framework for designated Singapore-incorporated financial holding companies with one or more Singapore-incorporated bank or insurance subsidiaries. The salient provisions in the FHC Bill relate to:

(a) a requirement to provide the MAS with information requested by the MAS for supervision purposes;

(b) restrictions on the use of the name, logo and trademark of a designated financial holding company;

(c) restrictions on the activities of a designated financial holding company;

(d) restrictions on the shareholding and control of a designated financial holding company;

(e) limits on exposures and investments;

(f) minimum asset requirements;

(g) minimum capital and capital adequacy requirements;

(h) leverage ratio requirements;

(i) supervision and reporting requirements; and

(j) approval requirements for the appointment of directors and chief executives.

Some of these requirements remain to be specified in subsidiary legislation or notices to be issued by the MAS, for instance minimum liquid assets, capital adequacy and leverage ratio.

The FHC Bill provides for transition periods for designated financial holding companies to comply with various provisions in the specific provisions and a general power for the Minister for Finance to prescribe by regulations for a period of two years from the commencement of operation of any provision, transitional provisions consequent on the enactment of that provision.

The Monetary Authority of Singapore

The MAS is banker and financial agent to the Singapore Government and is the central bank of Singapore. Following its merger with the Board of Commissioners of Currency, Singapore on 1 October 2002, the MAS has also assumed the functions of currency issuance. The MAS' functions include: (a) to act as the central bank of Singapore, including the conduct of monetary policy, the issuance of currency, the oversight of payment systems and serving as banker to and financial agent of the Singapore Government; (b) to conduct integrated supervision of financial services and financial stability surveillance; (c) to manage the official foreign reserves of Singapore; and (d) to develop Singapore as an international financial centre.

The Regulatory Environment

Financial Holding Company

DBSH is approved as a financial holding company under Section 28 of the MAS Act and is subject to requirements imposed by the MAS. The FHC Bill will be applicable to DBSH when it comes into operation.

Capital Adequacy Ratios

In 2007, the MAS approved DBS Bank's application to adopt the Basel II Internal Ratings-Based Approach ("**IRBA**"), with effect from 1 January 2008, for computing part of its regulatory capital requirements.

In December 2010, the Basel Committee published Basel III, which presents the details of global regulatory standards on bank capital adequacy and liquidity, aimed at strengthening global capital standards and promoting a more resilient banking sector.

Basel III sets out higher capital standards for banks, and introduced two global liquidity standards: the "Liquidity Coverage Ratio", intended to promote resilience to potential liquidity disruptions over a 30-day horizon and the "Net Stable Funding Ratio", which requires a minimum amount of stable sources of funding at banks relative to the liquidity profiles of their assets and potential for contingent liquidity needs arising from off-balance sheet commitments over a one-year horizon. In January 2011, the Basel Committee published requirements for all classes of capital instruments issued on or after 1 January 2013 to be loss absorbing at the point of non-viability.

MAS Notice 637 implements Basel III capital standards for Singapore-incorporated banks and sets out the current requirements relating to the minimum CARs for Singapore-incorporated banks and the methodology such banks shall use for calculating these ratios. MAS Notice 637 also sets out the expectations of the MAS in respect of the internal capital adequacy assessment process of Singapore-incorporated banks under the supervisory review process, as well as the minimum disclosure requirements for Singapore-incorporated banks in relation to its capital adequacy. MAS Notice 637 was amended on 31 December 2013 to, among other things, incorporate disclosure and submission requirements for assessing global systemically important banks and requirements to ensure loss absorbency at the point of non-viability. It was amended again with effect from 1 January 2015 to implement the Basel III leverage ratio disclosure requirements. Leverage ratio supervisory reporting requirements will be implemented from 31 December 2015.

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

Pursuant to MAS Notice 637, the MAS has imposed CAR requirements on a Singapore-incorporated bank at two levels:

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

(b) the consolidated ("**Group**") level CAR requirements, which measure the capital adequacy of a Singapore-incorporated bank based on its capital strength and risk profile after consolidating the assets and liabilities of its subsidiaries and any other entities which are treated as part of the bank's group of entities according to Singapore FRS (collectively called "banking group entities"), taking into account any exclusions of certain banking group entities or any adjustments pursuant to securitisation required under MAS Notice 637.

Where a Singapore-incorporated bank issues covered bonds (as defined in MAS Notice 648), the Singapore-incorporated bank must continue to hold capital against its exposures in respect of the assets included in a cover pool (as defined in MAS Notice 648) in accordance with MAS Notice 637. In the case where the Singapore-incorporated bank uses a special purpose entity to issue covered bonds or where the cover pool is held by a special purpose entity, the Singapore-incorporated bank is required to apply a "look through" approach for the purpose of computing its risk-based capital requirements under MAS Notice 637. Under the "look through" approach, the Singapore-incorporated bank and the special purpose entity will be treated as a single entity for the purposes of MAS Notice 637.

In addition to complying with the above CAR requirements in MAS Notice 637, a Singapore-incorporated banks should consider as part of its internal capital adequacy assessment process whether it has adequate capital at both the Solo and Group levels to cover its exposure to all risks.

Under the requirements of the Basel Committee, banks are required to maintain minimum CETI, Tier I and Total CARs of 3.5%, 4.5%, and 8.0%, respectively, from 1 January 2013, and CETI, Tier I and Total CARs of 4.5%, 6.0% and 8.0%, respectively, from 1 January 2015. Under MAS Notice 637, Singapore-incorporated banks will be required to meet capital adequacy requirements that are higher than the Basel Committee's requirements. MAS Notice 637 sets out a minimum CETI CAR of 4.5% and a minimum Tier I CAR of 6.0% with effect from 1 January 2013. These were increased progressively to 6.5% and 8.0%, respectively, from 1 January 2015. MAS' existing requirement for Total CAR will remain unchanged at 10.0%. The minimum capital requirements under MAS Notice 637, when fully implemented, will hence be two percentage points higher than the Basel III minima specified by the Basel Committee.

In addition, banks are required under Basel III to hold a CCB of 2.5% above the minimum capital adequacy requirements to weather periods of high stress. This CCB is to be met with CETI capital and will begin at 0.625% on 1 January 2016, increasing by an additional 0.625 percentage points in each subsequent year, to reach 2.5% on 1 January 2019.

Furthermore, banks are subject to a countercyclical buffer ranging from 0% to 2.5% which will be implemented by each country when there is excessive credit growth in their systems, with discretion on the implementation according to their national circumstances. The countercyclical buffer will be phased in from 1 January 2016 to 1 January 2019. This countercyclical buffer is to be met with CETI or possibly other forms of loss absorbing capital, subject to further guidance from the Basel Committee. It is not an ongoing requirement but only applied as and when specified by the relevant banking supervisors. These two buffers are to be maintained in the form of CETI capital.

In line with Basel III, the MAS has introduced in MAS Notice 637 a CCB of 2.5% above the minimum capital adequacy requirements. The CCB will be met with CETI capital and begins at 0.625% on 1 January 2016, increasing by an additional 0.625% in each subsequent year, to reach its final level of 2.5% on 1 January 2019. Including the CCB, Singapore-incorporated banks will be required to meet CETI, Tier I, and total CARs of 9.0% 10.5% and 12.5%, respectively, from 1 January 2019. The MAS has likewise introduced the countercyclical buffer in MAS Notice 637.

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

From 1 January	2013	2014	2015	2016	2017	2018	2019
Minimum CAR %							
CETI (a)	4.5	5.5	6.5	6.5	6.5	6.5	6.5
CCB (b)	—	—	—	0.625	1.25	1.875	2.5
CETI including CCB (a) + (b)	4.5	5.5	6.5	7.125	7.75	8.375	9.0
Tier I	6.0	7.0	8.0	8.625	9.25	9.875	10.5
Total	10.0	10.0	10.0	10.625	11.25	11.875	12.5
Maximum Countercyclical Buffer	—	—	—	0.625	1.25	1.875	2.5

In addition to changes in minimum capital requirements, Basel III also mandates various adjustments in the calculation of capital resources. These adjustments have been phased in from 1 January 2013 and are for items such as goodwill and investments exceeding certain thresholds.

Lastly, Basel III has revised the criteria for the eligibility of capital instruments. The DBS Group's existing preference shares and subordinated term debts are ineligible in the first instance as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the MAS, but are accorded partial recognition under the Basel III transition arrangements.

The MAS has also revised MAS Notice 637 to implement the Basel III leverage ratio disclosure requirements issued by the Basel Committee. The revisions, which took effect on 1 January 2015 in line with the Basel Committee's timeline for implementation of the leverage ratio disclosure requirements, will enhance the transparency and comparability of disclosures relating to the composition of leverage ratio across banks. The minimum leverage ratio will be decided and announced at a later date, as the Basel Committee is monitoring and assessing the appropriate calibration of the ratio for internationally active banks. Leverage ratio supervisory reporting requirements will be implemented from 31 December 2015.

Other Key Prudential Provisions

A bank is also required to hold minimum liquid assets as specified in Section 38 of the Banking Act. On 28 November 2014, the MAS issued the new MAS Notice 649. MAS Notice 649, which took effect on 1 January 2015 for a bank incorporated and headquartered in Singapore, introduces a new liquidity requirement framework to implement the Basel III LCR rules. Under MAS Notice 649, a bank incorporated and headquartered in Singapore shall maintain at all times a Singapore Dollar LCR requirement of at least 100% and an all currency LCR requirement of at least 60% by 1 January 2015, with the all currency LCR requirement increasing by 10% each year to 100% by 2019.

Under MAS Notice 758 on Minimum Cash Balance dated 13 February 2008 and last revised on 6 March 2014 ("**MAS Notice 758**"), a bank is also required to maintain in its current account and custody cash account, during a maintenance period, an aggregate minimum cash balance with the MAS of at least an average of 3% of its average Qualifying Liabilities (as defined in MAS Notice 613 on Minimum Liquid Assets (last revised on 30 March 2011) ("**MAS Notice 613**")) computed during the relevant computation period. The MAS has stated that MAS Notice 758 will be amended to include the definition of Qualifying Liabilities under MAS Notice 649 instead of referencing MAS Notice 613, which will be cancelled with effect from 1 January 2016. The "computation period" means any two-week period beginning on a Thursday and ending on a Wednesday and "maintenance period" means the relevant two-week period beginning on the third Thursday immediately following the end of a computation period and ending on a Wednesday.

Under Section 29 of the Banking Act, the MAS may, by notice in writing to any bank, impose such requirements as may be necessary or expedient for the purposes of limiting the exposure of the bank to: (a) a substantial shareholder group of the bank (where the bank is incorporated in Singapore); (b) the financial group of the bank; (c) a director group of the bank; and (d) any other person or class of persons as may be prescribed. For the purposes of this paragraph: (a) "substantial shareholder group" means a group of persons comprising any substantial shareholder (i.e. holding or having an interest in not less than 5% of the total voting rights) of the bank, every affiliate of such substantial shareholder of the bank, and, where the bank is a subsidiary of a financial holding company or a parent bank ("**Holding Company**"), any substantial shareholder of the Holding Company and every affiliate of such substantial shareholder. Where a "substantial shareholder" is an individual, this term shall include a reference to a family member of the substantial shareholder; (b) "financial group" means a group of companies comprising (in the case of a Singapore-incorporated bank) every company in which the bank acquires or holds, directly or indirectly, a major stake (as defined below); and (c) "director group" means a group of persons comprising any director of the bank, every firm or limited liability partnership in which the director is a partner, a manager, an agent, a guarantor or a surety, every individual of whom, and every company in which, the director is a guarantor or surety and every company in which the director: (i) is an executive officer; (ii) owns more than half of the total number of issued shares (whether legally or beneficially); (iii) controls more than half of the voting power; or (iv) controls the composition of the board of directors. In this paragraph, a reference to "director" includes the spouse, parent and child of a director of the bank.

Regulation 24 of the Banking Regulations, as amended, has prescribed that the MAS may also impose requirements for the purpose of limiting the exposure of the bank to: (a) any officer (other than a director) or employee of the bank or other person who receives remuneration from the bank other than for services rendered to the bank or any company that is treated as part of the bank's group of companies according to Singapore FRS; and (b) a group of persons who are financially dependent on one another or where one person (the controlling person) controls every other person in that group, and where at least one of the persons is a counterparty to the bank. For these purposes, a person is controlled by the controlling person if the person is: (i) a person in which the controlling person holds more than half of the total number of issued shares (whether legally or beneficially); (ii) a person in which the controlling person controls more than half of the voting power; (iii) a person in which the controlling person controls the composition of the board of directors; (iv) a subsidiary of a person described in (i) to (iii) above; or (v) a person the policies of which the controlling person is in a position to determine.

The MAS issued MAS Notice 639 on Exposures to Single Counterparty Groups (last revised on 17 February 2014) ("**MAS Notice 639**") pursuant to Section 29 of the Banking Act. MAS Notice 639 sets out the limits on a bank in Singapore's exposures to a single counterparty group, the types of exposures to be included in or excluded from those limits, the basis for computation of exposures, the approach for aggregating exposures to counterparties that pose a single risk to the bank, the recognition of credit risk mitigation and aggregating of exposures at the bank group level. MAS Notice 639 sets out requirements on "large exposures limit" and "substantial exposures limit" to a "single counterparty group" (as respectively defined in MAS Notice 639) on a Solo level and a Group level. Pursuant to MAS Notice 639, the MAS has set out that:

(a) at Solo level, a Singapore-incorporated bank shall not permit: (i) the aggregate of its exposures to a single counterparty group to exceed 25% or such other percentage of its eligible total capital as may be approved by the MAS; and (ii) the aggregate of exposures exceeding 10% of its eligible total capital to any single counterparty group to exceed 50% or such other percentage of its total exposures as may be approved by the MAS; and

(b) at Group level, a Singapore-incorporated bank shall aggregate its exposures to a single counterparty group (other than the exposures to the financial group of the bank) with the exposures of its subsidiaries and the exposures of all other companies treated as part of the bank group to the same counterparty group and shall not permit: (i) the aggregate of the exposures of the bank group to a single counterparty group to exceed 25% or such other percentage of the eligible total capital of the bank group as may be approved by MAS; and (ii) the aggregate of the exposures of the bank group exceeding 10% of the eligible total capital of the bank group to any single counterparty group, to exceed 50% or such other percentage of the bank group's total exposures as may be approved by MAS. The term "eligible total capital", in relation to a Singapore-incorporated bank, has the same meaning as "Eligible Total Capital" in MAS Notice 637, on a Solo level and in relation to a bank group, has the same meaning as "Eligible Total Capital" in MAS Notice 637, on a Group level.

Exposures would have to be calculated based on the maximum loss that a bank may incur as a result of the failure of a specified counterparty to meet any of its obligations.

Every bank in Singapore shall make adequate provisions for bad and doubtful debts and, before any profit or loss is declared, ensure that the provision is adequate.

MAS Notice 643 on Transactions with Related Parties (dated 2 April 2013 and last revised on 30 June 2014) ("**MAS Notice 643**") was issued by the MAS pursuant to Section 55(1) of the Banking Act. MAS Notice 643 sets out requirements relating to transactions of banks in Singapore with related parties, which seek to minimise the risk of abuses arising from conflicts of interest. MAS Notice 643 was initially scheduled to take effect from 1 July 2014, but on 30 June 2014, the MAS amended it such that its effective date will be separately specified by the MAS. To date the MAS has not specified the effective date of MAS Notice 643. On 5 December 2013, the MAS issued a Consultation Paper on "Related Party Transaction Requirements for Banks". This consultation paper sets out proposed changes to the MAS' requirements on banks' transactions with their related parties, which are set out in MAS Notice 643 and in the Banking Act. The proposed changes are intended to address the industry feedback that the MAS has received, as well as to ensure oversight and controls over related party transactions and to minimise the risk of abuses arising from conflicts of interest. The proposed changes, as discussed in the consultation paper, are also intended to rationalise the related party transactions requirements in the Banking Act with those in MAS Notice 643, while ensuring appropriate oversight and controls over banks' related party transactions. In a Consultation Paper on Proposed Amendments to the Banking Act released by the MAS in January 2015 (the "**Banking Act CP**"), the MAS proposed to amend the Banking Act to enable to the MAS to terminate, prohibit or impose restrictions on transactions with related persons that are detrimental to depositors' interests.

A bank in Singapore is prohibited from carrying on or entering into any partnership, joint venture or other arrangement with any person to carry on any business except: (a) banking business; (b) business which is, or (if carried on in Singapore) would be, regulated or authorised by the MAS or if carried on in Singapore, would be regulated or authorised by the MAS under any written law; (c) business which is incidental to (a) or (b); (d) business or a class of business prescribed by the MAS; or (e) any other business approved by the MAS (Section 30 of the Banking Act).

A bank in Singapore, either directly or through any subsidiary of the bank or any other company in the bank group, can hold any beneficial interest in the share capital of a company (and such other investment, interest or right as may be prescribed by the MAS) ("**equity investment**"), whether involved in financial business or not, so long as such equity investment does not exceed in the aggregate 2% of the capital funds of the bank or such other percentage as the MAS may prescribe. Such a restriction on a bank's equity investment does not apply to any interest held by way of security in the ordinary course of the bank's business or to any shareholding or interest acquired or held by a bank in the course of satisfaction of debts due to the bank, where such interest is disposed of at the earliest suitable opportunity. In addition,

any major stake approved by the MAS under Section 32 of the Banking Act and any equity investment in a single company acquired or held by a bank when acting as a stabilising manager in relation to an offer of securities issued by the company will not be subject to the restrictions on equity investment described above.

A bank in Singapore cannot hold or acquire, directly or indirectly, a major stake in any company without first obtaining the approval of the MAS (Section 32 of the Banking Act). A "major stake" means: (a) any beneficial interest exceeding 10% of the total number of issued shares in a company; (b) control over more than 10% of the voting power in a company; or (c) any interest in a company, where directors of the company are accustomed or under an obligation, whether formal or informal, to act in accordance with the bank's directions, instructions or wishes, or where the bank is in a position to determine the policy of the company. In the Banking Act CP, the MAS proposed to amend the Banking Act to clarify that the requirement for banks to seek approval for their major stakes includes holdings in non-companies such as Singapore partnerships, co-operative societies and trusts.

No bank in Singapore shall hold or acquire, directly or through a subsidiary of the bank or any other company in the banking group, interests in or rights over immovable property, wherever situated, the value of which exceeds in the aggregate 20% of the capital funds of the bank or such other percentage as the MAS may prescribe (Section 33 of the Banking Act). The Banking Regulations further provide that the property sector exposure of a bank in Singapore shall not exceed 35% of the total eligible assets of that bank. Under the Banking Act and the Banking Regulations, a bank can invest in properties subject to an aggregate of 20% of its capital funds, but it is not allowed to engage in property development or management. However, a bank is permitted to carry on property management services in relation to investment properties that are owned by the bank or any company in which the bank has acquired or holds a major stake (in this paragraph, "**banking group**"), properties that have been foreclosed by the banking group in satisfaction of debts owed to it and properties occupied and used in the business of the banking group.

With effect from 31 December 2013, Singapore-incorporated banks are permitted to issue covered bonds subject to conditions under MAS Notice 648. The aggregate value of assets in the cover pools for all covered bonds issued by the bank and special purpose vehicles on behalf of the bank and residential mortgage loans and assets eligible for inclusion in cover pools (but which have not been included) and which are transferred to the special purpose vehicles, must not exceed 4% of the value of the total assets of the bank at all times. The total assets of the bank include the assets of the overseas branches of the bank incorporated in Singapore but not its subsidiaries, whether in Singapore or overseas.

DBS Bank was designated as a D-SIB on 30 April 2015. The framework for D-SIBs is set out the MAS' information paper on the MAS' Framework for Impact and Risk Assessment of Financial Institutions (revised in April 2015) (the "**D-SIB Information Paper**"), which builds on the proposals set out in the MAS Consultation Paper on the Proposed Framework for Systemically Important Banks in Singapore dated 25 June 2014. The MAS has not published any further detailed requirements applicable to D-SIBs.

Broadly, D-SIBs will be subject to more intensive supervision by the MAS than banks which are not so designated, and in particular certain HLA requirements and LCR requirements. However, designation as a D-SIB should not affect DBS Bank's HLA and LCR requirements. The proposed HLA and LCR requirements in respect of D-SIBs (which include the requirement to maintain minimum CETI CAR requirements that are two percentage points higher than those already established by the Basel Committee) are already incorporated in existing capital and liquidity requirements applicable to Singapore incorporated banks under MAS Notice 637 and MAS Notice 649. Accordingly, DBS Bank is already subject to these requirements.

Corporate Governance Regulations and Guidelines

The Guidelines comprises the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines from the MAS. The Guidelines and the Banking (Corporate Governance) Regulations 2005 define what is meant by an independent director and set out the requirements for the composition of the board of directors

and board committees, such as the Nominating Committee, Remuneration Committee and Audit Committee. The Guidelines also set out, *inter alia*, the principle that there should be a clear division of responsibilities between the leadership of the board of directors of a bank and the executives of a bank, as well as the principle that there should be a strong and independent element on the board of directors of a bank, which is able to exercise objective judgement on corporate affairs independently, in particular from the management of the bank and 10% shareholders of the bank (as defined in the Guidelines). The Guidelines also encourage the separation of the roles of Chairman and Chief Executive Officer and outline how this is to be applied. The Guidelines further set out the principle that the board of directors of a bank should ensure that the bank's related party transactions are undertaken on an arm's length basis.

Under the Banking Act CP, the MAS proposed to move the existing requirement for banks to obtain MAS' prior approval for the appointment of their key appointment holders from the Banking (Corporate Governance) Regulations to the Banking Act. Under the proposed changes, the MAS would also be able to impose conditions on approvals granted and prescribe the responsibilities of key appointment holders. The MAS will also require banks to immediately notify MAS as soon as they become aware of any material information that may negatively affect the fitness and propriety of any officer whose appointment was previously approved by MAS.

Other Requirements

The MAS issues licences under the Banking Act to banks to transact banking business in Singapore. Such licences may be revoked if the MAS is satisfied, among other things, that the bank: (a) is carrying on its business in a manner likely to be detrimental to the interests of the depositors of the bank or has insufficient assets to cover its liabilities to its depositors or the public; (b) is contravening the provisions of the Banking Act; or (c) has been convicted of any offence under the Banking Act or any of its directors or officers holding a managerial or executive position has been convicted of any offence under the Banking Act.

In the event of the winding-up of a bank, the following liabilities in Singapore of the bank shall, amongst themselves, rank in the following order of priority: (a) firstly, any premium contributions due and payable by the bank under the Deposit Insurance and Policy Owners' Protection Schemes Act, Chapter 77B of Singapore (the "**Deposit Insurance and Policy Owners' Protection Schemes Act**"); (b) secondly, liabilities incurred by the bank in respect of insured deposits, up to the amount of compensation paid or payable out of the Deposit Insurance Fund by the Singapore Deposit Insurance Corporation Limited under the Deposit Insurance and Policy Owners' Protection Schemes Act in respect of such insured deposits; (c) thirdly, deposit liabilities incurred by the bank with non-bank customers, other than those specified in (b) above and (d) below; and (d) fourthly, deposit liabilities incurred by the bank with non-bank customers when operating an Asian Currency Unit approved under the Banking Act. As between liabilities of the same class referred to in each of the paragraphs (a) to (d) above, such liabilities shall rank equally between themselves. The liabilities specified above shall have priority over all unsecured liabilities of the bank other than the preferential debts specified in section 328(1) of the Companies Act, Chapter 50 of Singapore.

Unless otherwise expressly provided in the Banking Act, a bank in Singapore and its officers may not disclose customer information to any other person without the written consent of the customer.

In a consultation paper on the Review of the Banking Act issued by the MAS on 28 November 2013, the MAS proposed changes to the Banking Act which aims to strengthen its supervisory oversight and codify the MAS' expectations about the information that banks should provide to the MAS and the risk management practices which the banks should implement. In the Banking Act CP, the MAS proposed the legislative amendments to effect these changes. The MAS also stated that it will consult on the regulations setting out the risk management requirements in due course.

Examinations and Reporting Arrangements for Banks

The MAS conducts on-site examinations of banks. Banks are also subject to annual audit by an external auditor approved by the MAS, who, aside from the annual balance sheet and profit and loss account, must report to the MAS immediately if, in the course of the performance of his duties as an auditor of the bank, he is satisfied that:

(a) there has been a serious breach or non-observance of the provisions of the Banking Act or that otherwise a criminal offence involving fraud or dishonesty has been committed;

(b) losses have been incurred which reduce the capital funds of the bank by 50%;

(c) serious irregularities have occurred, including irregularities that jeopardise the security of the creditors; or

(d) he is unable to confirm that the claims of creditors are still covered by the assets.

Banks incorporated in Singapore shall not, except with the prior written approval of the MAS, appoint the same audit firm for more than five consecutive financial years.

All banks in Singapore are required to submit periodic statistical returns and financial reports to the MAS, including returns covering minimum cash balances and liquid assets, statements of assets and liabilities and total foreign exchange business transacted.

The MAS may also require ad hoc reports to be submitted.

Directors and Executive Officers of Banks

A bank incorporated in Singapore must not permit a person who is subject to certain circumstances set out in Section 54(1) of the Banking Act (for example where the person is an undischarged bankrupt, whether in Singapore or elsewhere) to act as its executive officer or director without the prior written consent of the MAS. The MAS may also direct the removal of a director or executive officer of a bank incorporated in Singapore on the basis of three grounds set out in Section 54(2) of the Banking Act (one of which is where the executive officer or director wilfully contravened or wilfully caused the bank to contravene any provision of the Banking Act) where MAS thinks that such removal is necessary in the public interest or for the protection of the depositors of the bank. Similar provisions apply to financial holding companies by virtue of the MAS Act.

In a consultation paper on the Review of the Banking Act issued by the MAS on 28 November 2013 and the Banking Act CP, the MAS proposed to replace the three existing grounds in Section 54(2) for removal of directors and executive officers with "ceasing to be fit and proper" (which encompasses the existing grounds for removal) and to include "interest of the Singapore financial system" as an additional premise for such removals.

Financial Benchmarks

The MAS announced proposals for a new regulatory framework for financial benchmarks on 14 June 2013. The proposals include (a) introducing specific criminal and civil sanctions under the SFA for manipulation of any financial benchmark (including Singapore Interbank Offer Rates, Swap Offer Rates and Foreign Exchange spot benchmarks), and (b) subjecting the setting of key financial benchmarks to regulatory oversight. The MAS will license administrators and submitters of key financial benchmarks and such persons will be subject to regulatory requirements. This was followed by a separate consultation paper issued by the MAS on 29 July 2014 on Proposed Amendments to the Securities and Futures Act on Regulation of Financial Benchmarks, which sets out the proposed legislative changes to give effect to these proposals.

Supervision by Other Agencies

The DBS Group's overseas operations are also supervised by the regulatory agencies in their respective jurisdictions — in particular DBSHK is supervised by the Hong Kong Monetary Authority, PT Bank DBS Indonesia is supervised by the Financial Services Authority (the "**OJK**"), DBS Bank's Indian branches are supervised by the Reserve Bank of India, DBS Bank (China) Ltd. is supervised by the China Banking Regulatory Commission and DBS Bank (Taiwan) Ltd is supervised by the Financial Supervisory Commission.

Apart from being supervised by the MAS, the Singapore stockbroking and futures trading arms of the DBS Group are also supervised by the Singapore Exchange Securities Trading Limited, The Central Depository (Pte) Limited, the Singapore Exchange Derivatives Trading Limited and the Singapore Exchange Derivatives Clearing Limited.

RELATED PARTY TRANSACTIONS

The DBS Group conducts banking transactions with a number of related parties. Related parties of the DBS Group as defined under Singapore FRS include associated companies, joint venture companies, directors and management personnel of the DBS Group. Related party transactions include deposit taking, loans and credit card facilities. All of the related party transactions undertaken by the DBS Group parties are made in the ordinary course of business and are carried out on arm's length terms. For a more detailed description, see the DBS Group's most recent annual consolidated financial statements which are set forth beginning on page F-2 of this Offering Circular.

THE COVERED BOND GUARANTOR

Introduction

The CBG was incorporated in Singapore on 9 April 2015 as a limited exempt private company (registration number 201509506G). The shares in the CBG are held by Intertrust (Singapore) Ltd. on trust for charitable, benevolent or philanthropic purposes. The principal place of business of the CBG is at 3 Anson Road #27-01, Springleaf Tower, Singapore 079909 (telephone number: +65 6438 6221). The CBG has no subsidiaries.

Directors

The following table sets out the directors of the CBG and their respective business addresses and occupations.

Name	Business Address
Chow Hong Luen Irwin	3 Anson Road #27-01, Springleaf Tower, Singapore 079909
Tang Edmund Koon Kay	3 Anson Road #27-01, Springleaf Tower, Singapore 079909

The secretary of the CBG is Tan Cheng Siew @ Nur Farah Tan.

No potential conflicts of interest exist between any duties owed to the CBG by the Directors listed above, and their private interests or other duties.

Principal Activities

The CBG has been established as a special purpose vehicle and Its principal activities are set out in the Establishment Deed and include, *inter alia*, the business of acquiring the Loans and their Related Security (and any related Top-up Loans) from the Seller pursuant to the terms of the Mortgage Sale Agreement, acquiring the beneficial interest in the Declaration of Assets Trust, making Additional Contributions from time to time in accordance with the provisions of the Declaration of Assets Trust and to guarantee certain payments in respect of the Covered Bonds. The CBG will hold the Portfolio and the other Charged Property in accordance with the terms of the Transaction Documents.

Since its incorporation, the CBG has not produced any accounts and has not engaged in any material activities other than those incidental to the matters contemplated in this Offering Circular, the authorisation of the Transaction Documents (including the Covered Bond Guarantee) referred to in this Offering Circular in connection with the issue of the Covered Bonds and other matters which are incidental or ancillary to those activities. The CBG has no employees.

Auditors

The independent auditor of the CBG is PricewaterhouseCoopers LLP whose office is located at 8 Cross Street #17-00, PWC Building, Singapore 048424.

The CBG's accounting reference date is 31 December of each year, with the first accounting reference date being 31 December 2015.

MACROECONOMIC CONDITIONS AND HOUSING MARKET IN SINGAPORE

The following is a brief summary of the macroeconomic conditions and the housing market of Singapore derived from publicly available information. While the Issuer is not aware of any misstatements in the information relied on in the preparation of this summary, this summary is not and does not purport to be a complete representation of the macroeconomic conditions and housing market of Singapore. The information (which includes estimates and projections) is also subject to change based on various factors, including those discussed under the section headed "*Risk Factors*" in this Offering Circular.

Singapore Macroeconomic Conditions

	2009	2010	2011	2012	2013	2014
			(%)			
Real GDP growth[(1)]	(0.6)	15.2	6.2	3.4	4.4	2.9
Consumer price index growth[(2)]	0.6	2.8	5.2	4.6	2.4	1.0
Unemployment rate[(3)]	3.0	2.2	2.0	2.0	1.9	2.0

Source: Department of Statistics Singapore, Ministry of Manpower Singapore

(1) Annual GDP at 2010 market prices, expressed as a percentage change from the previous year.

(2) Expressed as a percentage change from the previous year.

(3) Refers to the unemployed as a percentage of the labour force.

GDP growth

According to the financial stability review and macroeconomic review reports published by the MAS in November 2014 and April 2015 respectively, Singapore's economy recorded a real GDP growth of 2.9% in 2014, a step-down from the 4.4% in 2013. The moderation in growth largely reflected a more modest outturn in external-oriented industries amid a still-uneven global recovery and softer regional demand, even as growth within domestic-oriented industries remained firm. Looking ahead, a firmer recovery in the G3 is expected to provide a boost to Singapore's external-oriented sectors, though the extent of the uplift will be capped by developments in specific markets and industries. Uncertainties include a slowdown in China, corporate realignments in the IT industry and continued weakness in the oil-related transport engineering sectors due to a downshift in oil and gas exploration. Domestic-oriented industries are expected to be supported by firm demand and a temporary reprieve from a deferment in foreign worker levy hikes. Against this backdrop, GDP growth is projected to be between 2-4% in 2015.

Inflation

In 2014, consumer prices in Singapore rose by 1.0% due to domestic cost pressures from a tight labour market. The domestic labour market is expected to remain tight in 2015 amid restrictions on foreign labour supply. While aggregate wage growth is expected to rise modestly in 2015, the degree of labour cost pass-through is expected to be tempered by a moderate economic environment. External sources of inflation are likely to remain benign given ample supply buffers for major commodities, global oil prices that are likely to remain below 2014 levels and only a modest pickup expected for global economic activity. Taking the various influences into account, core inflation is expected to average 0.5—1.5% in 2015, compared to 1.9% in 2014. Overall inflation is projected to come in lower at −0.5—0.5% for 2015, reflecting falling car prices, housing rentals, and costs of oil-related items. Along with some pickup in global oil prices and the dissipation of the effects of government budgetary measures, inflation is expected to rise going into 2016.

Unemployment

The unemployment rate in Singapore was stable at 2.0% in 2014, compared to 1.9% in 2013. Total employment expanded at a slower pace through the year as inflows of foreign labour eased. Job creation was led by domestic-oriented sectors, while the external facing sectors saw uneven employment growth. Overall, the labour market remained tight and continued to exert upward pressure on wages. Hiring sentiment is firm, but labour demand will continue to come up against supply constraints in 2015. Overall wage growth in 2015 is likely to stay around its historical average.

Monetary policy

Singapore has an exchange rate-centred monetary policy, where the Singapore dollar is managed against a basket of currencies of Singapore's major trading partners and competitors under a managed float regime. In January 2015, the MAS announced changes to its monetary policy stance aimed at slowing the appreciation of the Singapore dollar in view of a more benign inflation outlook. In its April 2015 policy statement, the MAS maintained its overall policy stance, stating it to be consistent with its objectives of ensuring medium-term price stability and keeping the economy on a path of restructuring towards sustainable growth.

Singapore Private Residential Property Market

The following is a summary of the private segment of residential properties and their buyers in Singapore.

Housing stock

The overall residential housing stock in Singapore is skewed towards public housing. There are an estimated 1.3 million units of housing in Singapore, around a million units are public flats built by the Singapore Housing Development Board ("**HDB**") and slightly over 300,000 units are private residential properties.

Private residential property prices

The 1Q 2015 statistics from the Urban Development Authority ("**URA**") showed a marginal quarter-on-quarter decline of 1.0% in private residential property prices against a longer-term market upcycle which started in the first quarter of 2004, notwithstanding a short-lived correction during the 2008/2009 height of the global financial crisis. This was the sixth straight quarter of price decline. Between March 2004 and June 2008 private residential property prices rose by approximately 58%, during the second half of 2008 and the first half of 2009 decreased by approximately 25% and stimulated by a rebound in the economy, lower interest rates and tight supply-to-demand conditions started to rise again in mid-2009. The growth in private residential properties prices has slowed in recent quarters, with 2014 dipping 4% against a year ago, compared with an increase of 1.1% in 2013. 2014 was the first year of overall price decline since 2008, which has followed a number of measures instituted by Singapore policy makers to cool the private residential property market.

Financial situation of households

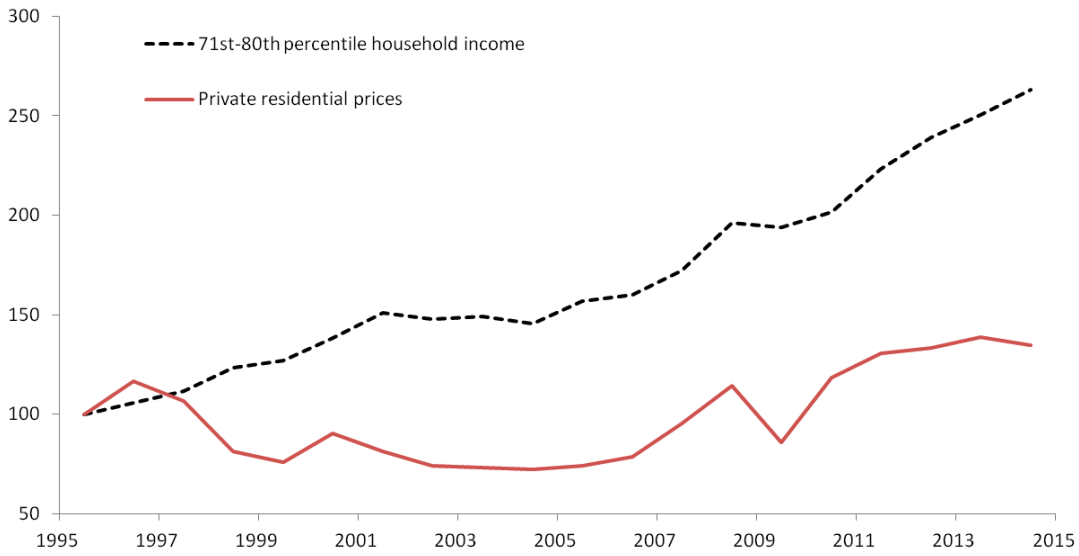
Household income growth has outpaced the growth in the price of private residential properties, as illustrated in the graph below.

According to the MAS, in its financial stability review released in November 2014, Singapore's aggregate household balance sheet remains healthy. Household net wealth continues to grow, and stands at approximately four times GDP. Household asset holdings have diversified away from property towards other financial assets, mitigating risks from over-concentration in any

one asset class. The pace of growth in household debt has slowed markedly as MAS' policies to encourage financial prudence took effect. The growth in outstanding housing loans has moderated, alongside an improvement in the risk profile of such loans, with new loans having lower LTV ratios and shorter loan tenures. Wary of household leverage increasing in a low interest rate environment, and the potential vulnerability of higher-leveraged households to adverse interest rate shocks, the MAS had introduced measures to encourage prudent borrowing and help keep household debt in check.

Private residential property prices and household income

Index (1995 = 100)



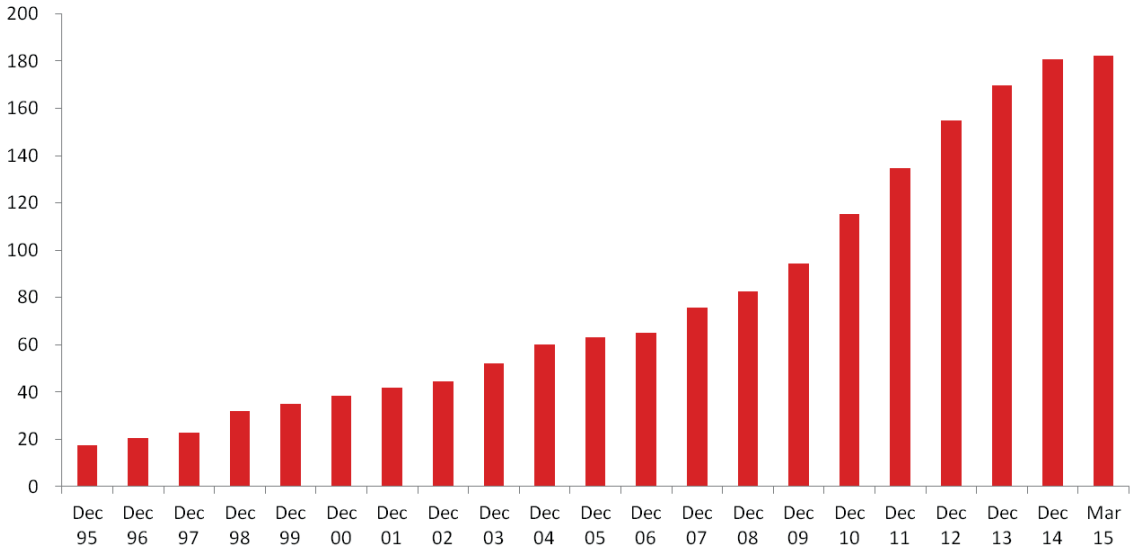
Source: URA, Singapore Department of Statistics, DBS Bank

The chart uses the household income of the 71st to 80th percentile of the resident population as a rough representation of the income of the marginal buyers of private property. Using the median household income would show a similar, though less, marked outcome.

The residential mortgage market in Singapore

Bank mortgage lending activities have increased due to the housing boom in recent years. According to the MAS, mortgage loans by banks stood at S$182 billion at the end of March 2015, 1% higher than the outstanding mortgage loans as at the end of 2014, and 6% higher than a year ago. These loans are secured by either mortgages over HDB flats or private residential properties, the latter of which form the majority. Separately, HDB provides concessionary mortgage financing directly to qualifying buyers of its HDB flats who meet certain eligibility criteria, which, according to HDB in its annual report ended 31 March 2014, amounted to approximately S$37 billion.

Singapore bank industry housing loans (S$ billions)



Source: MAS, DBS Bank

Cash-out Loans

A borrower has the option to apply for cash-out loans that are secured against the same mortgage granted to secure a housing loan in respect of private residential properties, provided the additional loans are within applicable LTV limits and the relevant borrower's debt servicing capability.

REGULATION/LEGAL ASPECTS OF THE SINGAPORE RESIDENTIAL MORTGAGE MARKET

Regulation Aspects of the Singapore Residential Mortgage Market

Residential property loans are loans in respect of property in Singapore which is permitted under the Planning Act, Chapter 232 of Singapore for use solely or partly for residential purposes, including a HDB flat, or in accordance with its zoning in the Urban Redevelopment Authority Master Plan is permissible for use solely or partly for residential property ("**Residential Property**"). Residential Property loans issued by banks in Singapore are subject to regulation under the Banking Act, the Banking Regulations, and notices, circulars and guidelines issued by the MAS thereunder. In particular, Residential Property loans are subject to MAS Notice 632 on Residential Property Loans, which was issued by the MAS on 27 August 2013 and last revised on 10 February 2014 ("**MAS Notice 632**"). MAS Notice 632 sets out criteria in respect of any credit facility for the purchase of Residential Property or any credit facility otherwise secured by Residential Property extended to a borrower or, in the case where the borrower is a vehicle set up solely for the purchase of Residential Property, the vehicle, and any credit facility otherwise secured by Residential Property extended to a borrower who is an individual or, in the case where the borrower is a vehicle set up solely for the purchase of Residential Property in Singapore, the vehicle. MAS Notice 632 prescribes, amongst other things, LTV% applicable to Residential Property loans, the proportion of the borrower's minimum cash contribution towards the purchase of the Residential Property and prohibits interest-only loans and interest absorption schemes. Below is a summary of some of the more significant requirements of MAS Notice 632.

In addition, the MAS introduced a TDSR framework for all property loans granted by banks to individuals (including sole proprietorships and vehicles set up solely for the purchase of property) pursuant to MAS Notice 645 on Computation of Total Debt Servicing Ratio for Property Loans and the Guidelines thereto, each dated 28 June 2013 and last revised on 10 February 2014. The TDSR framework requires banks to take into consideration borrowers' other outstanding debt obligations when granting property loans. Banks are required to compute the TDSR, or the percentage of monthly total debt obligations to gross monthly income, on a consistent basis. The MAS expects property loans granted by a bank to not exceed a TDSR threshold of 60%, that is to say, the individual's monthly total debt obligations must not exceed 60% of his gross monthly income. Property loans in excess of the TDSR threshold of 60% should only be granted on an exceptional basis and banks should clearly document the basis for such loans. In addition, processes should be in place to subject exceptional cases to enhanced credit evaluation and reporting to the MAS. The MAS has stated that it will monitor and review the 60% threshold over time. The MAS has also capped the mortgage servicing ratio for housing loans granted by banks for the purchase of HDB flats and executive condominium units bought directly from property developers at 30% of a borrower's gross monthly income.

Loan-to-value ratios and borrower's contribution

MAS Notice 632 sets out the maximum LTV% and the minimum amount to be paid in cash by the borrower ("**Cash%**") in respect of Residential Property loans. These figures vary depending on a number of factors, which include the date on which the option to purchase the Residential Property was granted (or the date of the sale and purchase agreement), whether the borrower is an individual and whether he or she has any other outstanding credit facility for the purchase of another Residential Property, as well as the tenure of the credit facility. MAS Notice 632 provides that banks may not grant:

(a) credit facilities for the purchase of Residential Property to a borrower (individual or non-individual) or, in the case where the borrower is a vehicle set up solely for the purchase of Residential Property, the vehicle; and

(b) credit facilities otherwise secured by Residential Property to a borrower who is an individual or, in the case where the borrower is a vehicle set up solely for the purchase of Residential Property, the vehicle,

where the aggregate of (i) the amount granted under the credit facility, (ii) the balance outstanding under any other credit facility granted by any MAS-regulated financial institution or moneylender in respect of that Residential Property or secured by that Residential Property and (iii) the balance outstanding under any loan granted by the vendor to the borrower for the purchase of that Residential Property exceeds the "Relevant Amount" as defined in MAS Notice 632 (which is derived from a formula which takes into account, amongst other things, the adjusted purchase price or current market valuation of the property, the LTV% and/or the Cash%).

Restrictions on tenure

Generally, MAS Notice 632 also prohibits banks from granting any credit facility for the purchase of Residential Property, any credit facility secured by Residential Property or any refinancing facility for a credit facility otherwise secured by Residential Property, where the tenure of the relevant credit facility exceeds 35 years. This is subject to the prohibition against the granting of any credit facility for the purchase of a HDB flat to any borrower where the tenure of the credit facility exceeds 30 years except where the borrower provides the bank with a letter from the HDB, inviting the borrower to select a HDB flat from a sales exercise launched before July 2013, in which case the bank may grant a credit facility for the purchase of a HDB flat where the tenure of such credit facility does not exceed 35 years.

There are also restrictions on the tenure of refinancing facilities for the purchase of Residential Property.

Prohibition on interest-only loans and interest absorption schemes.

Further, banks in Singapore are also prohibited from:

(a) granting any credit facility for the purchase of Residential Property, or a refinancing facility (subject to certain exceptions), on terms where only the interest under the credit facility is payable and none of the principal amount is repayable for a certain period during the term of the facility;

(b) granting any credit facility for the purchase of Residential Property where the vendor of the Residential Property, its agent, nominee or any other party by arrangement with the vendor has, under an interest absorption scheme, agreed to pay any of the interest which is payable in respect of the credit facility; and

(c) entering into any agreement or arrangement with a vendor for the purposes of giving effect to an interest absorption scheme.

Borrower to be Mortgagor

There are also restrictions in MAS Notice 632 on granting credit facilities (including refinancing facilities) for the purchase of Residential Property or otherwise secured by Residential Property where the borrower is not the mortgagor, either by himself or jointly, of the Residential Property.

Legal Aspects of the Singapore Residential Mortgage Market

The following discussion is a summary of the material legal aspects of the Singaporean residential mortgage market and is not an exhaustive analysis of the relevant law.

Singapore Land Registration System

In Singapore, most of the lands are governed by the Torrens title system, and administered in accordance with the Land Titles Act, and, in the case of land which has been strata subdivided, the Land Titles (Strata) Act (together with the Land Titles Act, the "**Land Related Acts**").

One of the key features of the Land Titles Act is the principle of "title by registration", which means that no instrument is effectual to pass any estate or interest in registered land until it is registered in accordance with the Land Titles Act. Further, under the said Act, interests appearing in the land register have priority only in accordance with their order of their registration or notification, without any regard to the dates of the instruments by which these interests were created.

The Singapore Land Authority, a statutory board under the Ministry of Law, is given the duty and power to administer the systems for the recording and registration of transactions relating to land in Singapore in accordance with the Land Related Acts. Presently, for private land, an electronic land register is maintained, and registration and public searches may be conducted electronically.

Torrens Title

The title to each type of interest or estate in a parcel of land (whether freehold or leasehold, and including any strata subdivided unit) is comprised in and represented by a specific folio created in the land register and each folio has a distinct reference allocated to it. The folio records, *inter alia*, the particulars of the land and the interest created, the name(s) of the registered owner(s) for the time being of that interest, and such other estates or interests that affect the land. The Registrar of Titles may, if he thinks fit, issue a certificate of title ("**CT**") (in the case of landed property), a subsidiary strata certificate of title ("**SSCT**") (in the case of a strata subdivided property), or a subsidiary certificate of title ("**SCT**") (in the case of certain sublease interests), each bearing a serial number which shows clearly the distinctive reference allocated to the relevant folio. Where the CT, SCT or SSCT has been issued by the Land Titles Registry, a print-out of such title document will be delivered to the registered owner(s) or the registered mortgagee or chargee (as the case may be) in accordance with the Land Related Acts.

As part of the ongoing efforts to progress towards a fully electronic environment, the Singapore Land Authority is now working towards a paperless electronic title system, whereby the CT, SCT or SSCT (as the case may be) will not be printed by the Land Titles Registry after the registration of instruments, thereby dispensing with the need for print-outs of the relevant title documents to be safekept. Presently, the paperless title scheme is extended to all properties with mortgages granted to financial institutions licensed by the MAS, including DBS. Under the paperless title scheme, a prescribed online form of authorisation which has been digitally signed by an authorised officer of the mortgagee which is entitled to be in possession of the relevant title document is to be submitted electronically to the Land Titles Registry to authorise the registration of an instrument against the title of the relevant property (instead of producing the print out of the title document).

Only instruments or forms approved by the Registrar of Titles may be used to register any dealings affecting the registered land. Where the CT, SSCT or SCT has been issued, the relevant print-out of the title document (where such title document has been printed) or the prescribed authorisation form digitally signed by the relevant party (where such title document has not been printed) must be produced for the purpose of effecting the registration of any instrument lodged with the Land Titles Registry.

Under this Torrens registration system, the State guarantees the title to the registered land and an assurance fund is maintained pursuant to the Land Titles Act for the purposes of compensating any person who is deprived of land or sustains loss or damage through any omission, mistake or misfeasance of the Registrar of Titles or any member of his staff.

Strata Title

A building can be subdivided into different lots of delineated parcels of airspace and such parcels may be dealt with individually. For such strata subdivided airspaces or units, the Singapore Land Authority maintains a separate subsidiary strata land-register in accordance with the Land Titles (Strata) Act and the provisions of the Land Titles Act are applicable in all respects (unless they are inconsistent) to such land and strata subdivided airspaces or units. A folio is created in the land-register for the land pursuant to the Land Titles Act and a separate folio is created in the subsidiary strata land-register pursuant to the Land Titles (Strata) Act in respect of the interest created for each strata subdivided airspace or unit.

For those parts of the land and the building which are outside the strata subdivided airspaces or units, such as the open space, lifts, lobbies, corridors, carparks and stairways, these are considered "common property" under the Land Titles (Strata) Act and are held by the owners for the time being of all the strata subdivided airspaces or units as tenants in common. Each owner is assigned a certain share value and the share value in turn determines, *inter alia*, the proportionate share of the common property owned by such owner.

The interest of the owner in the relevant strata subdivided airspace or unit and his share in the "common property" in accordance with the allotted share value are recorded in the relevant folio.

Under the Land Titles (Strata) Act, the owners of all the strata subdivided airspaces or units registered from time to time constitute the management corporation for that estate. The management corporation has the duty and power under the Building Maintenance and Strata Management Act to control, manage and administer the common property for the benefit of all owners.

Under the Building Maintenance and Strata Management Act, a management fund and a sinking fund are to be established and maintained by the management corporation, and the contributions by owners of the strata subdivided airspaces or units towards these funds are to be determined at general meetings of the management corporation from time to time. The management fund is generally for the purpose of discharging liabilities relating to the regular maintenance and upkeep of the common property and the sinking fund is generally for the purpose of meeting actual and future capital expenditures such as painting of the external façade of the buildings, major repairs and improvements of common property and boundary walls. Generally, the management corporation may levy such contributions by serving notices to the owners, and the contributions in respect of each unit must be in shares proportional to the share value of that unit. The foregoing general position is subject to certain exceptions set out in Section 41 of the Building Maintenance and Strata Management Act. If a mortgagee is in possession of the strata subdivided airspace or unit, the mortgagee is jointly and severally liable with the owner for such contributions.

Generally, the management corporation has the right to sue an owner or a mortgagee in possession for any unpaid contributions or levies. Under the Building Maintenance and Strata Management Act, if any contribution remains unpaid for a period of 30 days after the management corporation has served a written demand for the amount, the management corporation may also lodge an instrument of charge against the unit and the outstanding amount (including interest, if any) constitutes a charge on the unit. Upon registration of such a charge, the management corporation has the power to sell the strata subdivided airspace or unit as if such management corporation is a registered mortgagee, to recover such outstanding contributions. Further, it is provided in the Building Maintenance and Strata Management Act that such charge in favour of the management corporation cannot be over-reached by the exercise of the power of sale by a prior registered mortgagee or chargee of that unit.

Once the whole amount or contribution due (including interest thereon) and any necessary or incidental charges (including legal costs) are paid to the management corporation, the owner of such unit shall be entitled to an instrument of discharge executed and acknowledged by the management corporation as to the receipt of such payment. Upon registration of the instrument of charge, the unit shall be freed from the charge constituted under the Building Maintenance and Strata Management Act.

State Lands Act

Title to private residential properties in Singapore may be freehold or leasehold. Freehold interests may be in the form of an estate in fee simple or an estate in perpetuity, the latter being an interest granted by the State under the State Lands Act. As for leasehold interests, these may be comprised, *inter alia*, in a private lease or a State lease granted by the Government pursuant to the State Lands Act.

A grant or lease pursuant to the State Lands Act must be in form prescribed under the State Lands Act and signed by the Collector of Land Revenue, setting out the terms of such grant or lease, including the rent payable, if any. For a grant issued under the State Lands Act, certain covenants are implied by virtue of the said Act to be included in the grant (unless there is an express provision to the contrary) and one of these covenants is that the relevant land may not be assigned or demised "in parcels or otherwise than the entirety thereof except in the case of a lease for a term not exceeding 7 years". Further, such grant or lease is subject to certain agreements and conditions stipulated in the State Lands Act (unless there is an express provision to the contrary), for example, the right of the officers of the Government and their workmen to have free access to the land for laying of drains, sewers, water pipes, electric and telecommunication wires and the right of the State to re-enter the land upon the breach of covenants by the owner.

Land Acquisition Act

All land in Singapore may be acquired by the State under the Land Acquisition Act. Generally, a public purpose or a certain specified purpose, such as the building of transportation, infrastructure or public housing, must be present before the State may exercise its rights of compulsory acquisition in respect of such land. The declaration for the acquisition of land for such purpose is usually published by way of notification in the Government Gazette and such notification is conclusive evidence that the land is needed for the purpose specified in the notification.

Upon the publication of the notification, the Collector of Land Revenue will be directed to take proceedings for the acquisition of land. A notice will be published in the daily local newspapers circulating in Singapore stating, *inter alia*, that the State intends to acquire the land and that claims to compensation for all interests in the land may be made to the Collector of Land Revenue. Notices will also be served on every person known or believed to be interested in the land or any person known or believed to be entitled to act for a person so interested, to inform them of the same.

Thereafter, the Collector of Land Revenue shall proceed to inquire into any objections and as soon as possible after the conclusion of the inquiry make an award of the area of the land to be acquired, the compensation which in his opinion should be allowed for the land and the apportionment of compensation among all persons known or believed to be interested in the land. Presently, compensation will be based on the market value of the land to be acquired under the Land Acquisition Act.

After the award has been made, the Collector of Land Revenue may take possession of the land by serving a copy of the appropriate notice of taking possession on every person interested in the land or any person known or believed to be entitled to act for a person so interested.

Mortgages over Registered Land

Registered land may be mortgaged to secure payment of a debt. Typically, there are two parties to a mortgage. The first is the mortgagor, who is the property owner who grants the mortgage. The mortgagor may also be the borrower. Where the mortgagor is not the borrower, the borrower will be joined as a party to the mortgage. The second party is the mortgagee, who is the lender or security trustee of a lender. Generally, for private residential property, a housing loan is granted on the basis that it be secured by a mortgage, which mortgage has a first ranking priority over all other mortgages or charges granted by the mortgagor and over all unsecured creditors of the borrower, except for the statutory charges created in favour of the CPF Board and certain other statutory rights which are granted priority, for example a claim against the owner of a mortgaged property for property tax, etc.

For the mortgages over a property to be enforceable and conferred the requisite priority, such mortgage must be granted by way of an approved form of instrument of mortgage and registered with the Land Titles Registry. Where the CT, SCT or SSCT has been issued, the print-out of the title document of the relevant interest in the property must be produced to the Land Titles Registry for registration of such mortgage. Upon registration, a statement on the registration of the mortgage will be recorded on the folio and a new edition of the CT, SCT or SSCT (as the case may be) with the relevant memorial of registration of the mortgage will be issued. A print-out of that new edition title document will be delivered to the mortgagee of a first ranking mortgage, unless such first ranking mortgagee agrees to some other arrangement. Under the paperless electronic title system, a prescribed online form of authorisation will have to be completed and submitted electronically by the holder of the title document to the Land Titles Registry (instead of producing the physical print-out of the title document) for registration of the mortgage. Upon registration, instead of a print-out of that new edition title document being issued, the Land Titles Registry will issue a land register search print-out which will show, *inter alia*, the relevant memorial of registration of the mortgage.

Under the Land Titles Act, a registered mortgage has effect as a security only and does not operate as a transfer of the title to the mortgaged land. The mortgagor remains the legal owner of the relevant estate or interest in the relevant mortgaged land. The mortgagee is given certain rights and powers under the Land Titles Act, such as (1) to effect the transfer of title to the mortgaged land by the mortgagee in exercising the power of sale, (2) the right to enter into possession of the mortgaged land after one month's written notice is given and (3) the right to foreclose the relevant mortgaged land. Except for the right of foreclosure, the rights in (1) and (2) are generally exercisable without the assistance of the court.

When the secured obligations under the mortgage are fulfilled, the mortgagor is entitled to obtain from the mortgagee an instrument of discharge of mortgage in the approved form prescribed by the Land Titles Act. Once the discharge instrument is registered, the land which is the subject of the mortgage will be freed from the mortgage and from all rights and powers of the mortgagee, either absolutely or to any lesser extent as expressed in the discharge.

Transfer of Registered Mortgages

A mortgagee of a registered mortgage may effect the transfer of its interest in the mortgage by registering an instrument of transfer of mortgage in the approved form with the Land Titles Registry. The particulars required for such instrument include the registration number of the relevant registered mortgage, the distinctive reference number of the CT, SSCT or SCT (as the case may be), and the particulars of the mortgaged land.

Once the instrument is registered with the Land Titles Registry, the transferee will be entitled to all of the mortgagee's rights, powers and remedies (both express or implied) in the mortgage. However, as a mortgagor is not bound under the Land Titles Act to account to the transferee if, *inter alia*, the mortgagor is not notified in writing of such transfer, it would be necessary for the transferee to ensure that appropriate written notice is given to the mortgagor as soon as possible.

Mortgagee's Power of Sale

When a registered mortgagee exercises its power to sell mortgaged land, the Land Titles Act specifically permits the Registrar of Titles to register any transfer of title to the mortgaged land by the registered mortgagee without having to inquire whether default has occurred, whether notice has been given or whether the power was otherwise properly or regularly exercised. Upon registration of such a transfer, it is expressly provided in the Land Titles Act that the interest of the mortgagor will pass to and vest in the transferee freed and discharged from all liability on account, *inter alia*, of that mortgage or any other interest registered or notified subsequent to the mortgage and which is not binding on the mortgagee.

Upon sale of the mortgaged land, the monies received by a mortgagee must first be applied towards discharge of all prior interests and encumbrances to which the sale is not made subject (if any) and all other statutory liabilities. Under the Land Titles Act, the mortgagee is required to apply the balance of such proceeds, firstly towards payment of all costs and expenses properly incurred as incidental to the sale or any attempted sale of the mortgaged land, secondly towards discharge of the mortgage money, interest and costs and other money and liability (if any) secured by the mortgage, thirdly towards payment of subsequent mortgages and charges (if any) in the order of their priority, and the residue to be paid to the person appearing on the land-register to be entitled to the mortgaged land.

Residential Property Act

In Singapore, non-Singapore citizens, companies, limited liability partnerships and societies ("**Foreign Persons**" and each a "**Foreign Person**") are prohibited under the Residential Property Act, Chapter 274 of Singapore to purchase or acquire (whether by creation of a trust, by gift *inter vivos* or otherwise, or for consideration) certain types of residential properties or any interest therein without the prior approval of the Minister of Law, except by way of a mortgage or charge, and such dealings in contravention of the Residential Property Act shall be null and void. Under the Residential Property Act, a "Singapore company" means, *inter alia*, a Singapore incorporated company where all its directors and members are Singapore citizens, and where any of its members is a company or limited liability partnership, such members must be a Singapore company or a Singapore limited liability partnership, and so must each of its direct and indirect holding entities.

These restricted residential properties include vacant residential land, landed property such as detached houses, semi-detached houses, terrace houses and landed dwelling houses within strata developments which development is not approved by the relevant competent authority as a "condominium".

Therefore, in respect of mortgaged land which is a restricted residential property under the Residential Property Act, a mortgagee when exercising its power of sale will similarly be prohibited from selling and transferring such mortgaged land to a Foreign Person unless the approval of the Minister of Law is obtained. Further, in the event the estate or interest in the mortgaged land (other than security interest) is vested in the mortgagee who is a non-Singapore company or entity (whether pursuant to an order of foreclosure or otherwise), the mortgagee must sell the restricted mortgaged land within a period of three years of the date of the order of foreclosure or of the date of the vesting of such interest in the mortgagee (unless an extension of time is granted by the Minister of Law), failing which the Minister of Law may issue a notice of attachment and sell the mortgagee's estate or interest in that restricted mortgaged land.

CPF Board

In Singapore, the CPF was established in 1955 pursuant to the CPF Act, primarily as a compulsory comprehensive savings plan for working Singapore citizens and permanent residents to fund their retirement, healthcare and housing needs. The CPF is administered by the CPF Board, a statutory board established under the CPF Act. All working Singapore citizens and permanent residents ("**CPF members**" and each a "**CPF member**") and their

employers are required to contribute varying percentages of their monthly wages to the fund. Each monthly contribution will be credited into the three accounts of that employee, namely the ordinary account, the special account and the medisave account. The savings in each of the accounts earn interest at different rates guaranteed by the Singapore Government.

Subject to certain terms and conditions, under the present approved schemes, a CPF member may apply to use monies standing to his credit in the CPF ordinary account (or in certain cases the CPF special account), *inter alia*, to buy a private residential property or to repay (whether on a monthly basis or otherwise) the housing loan taken up for the acquisition of such private residential property and/or (where applicable and approved by the CPF Board) the loan taken up to finance the costs of construction of a new dwelling house on the property. On withdrawal of such monies, a charge over the private residential property is automatically created under the CPF Act to secure the repayment of the withdrawn CPF Funds together with interest that would have accrued if the withdrawal had not been made. For private residential property, the CPF Board requires a charge instrument to be registered against the title of the property before the registration of any mortgage, or, in the case of a mortgage which is already registered, such mortgage interest to be postponed after the charge in favour of CPF Board. On registration of such a charge, the CPF Board will have the power of sale and all other powers relating or incidental thereto as if it is a registered mortgagee.

Under the present regime, for a residential property bought on or after 1 September 2002 or where a contract or agreement for housing loan is signed with the mortgagee on or after 1 September 2002, when the property is sold (whether by the exercise of power of sale by the mortgagee or the CPF Board), or when the property is compulsorily acquired by the State, the proceeds (after deducting all costs and expenses incurred directly in connection with the sale of the property or in connection with the proceedings relating to the compulsory acquisition) are to be applied to repay the mortgagee (which in the case of the CPF Loans (as defined below in the section "*The Loans and the Portfolio — CPF Loans and Non-CPF Loans*") is the Seller or the transferee of the relevant Mortgage, as the case may be) and the CPF Board in the following order of priority:

(i) *first*, in payment to the mortgagee of an amount equivalent to the balance of the housing loan outstanding and remaining unpaid as at the date the borrower or mortgagor defaulted in the repayment of the housing loan or as at the date of publication of the gazette notification relating to such compulsory acquisition (as the case may be and whichever is earlier) together with the interest on the housing loan calculated on a day to day basis up to and remaining unpaid as at the date of such default or the date of such publication (as the case may be and whichever is earlier);

(ii) *second*, in payment to the CPF Board of an amount equivalent to the aggregate of (i) the monies withdrawn from time to time up to 100% of the value of the property at the time of the agreement for purchase of the property by the mortgagor and (ii) the monies withdrawn from time to time to pay the fees (including valuation and survey fees), stamp duties, charges and legal costs in connection, *inter alia*, with the purchase of the property, the CPF Board's charge and the mortgage in favour of the mortgagee;

(iii) *third*, in payment, *pro rata* and *pari passu*, to:

  (a) the CPF Board of an amount equivalent to the aggregate of (A) the monies withdrawn from time to time in excess of amount paid or payable under paragraph (ii) above and (B) the interest on the total amount of monies withdrawn that would have been payable if the withdrawal had not been made; and

  (b) the mortgagee of the balance amount of interest on the housing loan still owing under the mortgage after taking into consideration the interest payments made under paragraph (i) above;

(iv) *fourth*, in payment, *pro rata* and *pari passu*, to:

(a) the CPF Board towards satisfaction of all costs and expenses and other monies which the CPF Board is entitled to receive under the CPF Board's charge; and

(b) the mortgagee of all costs and expenses which the mortgagee is entitled to receive under the mortgage; and

(v) *fifth*, in payment to the mortgagee of all other monies owing and payable to the mortgagee under the mortgage, including such principal sums, interests and fees in connection with other credit or banking facilities granted by the mortgagee and which are not payable to the mortgagee under the paragraphs above.

For the avoidance of doubt, the amount equivalent to the True Balance of a CPF Loan (together with interest on the CPF Loan calculated on a day to day basis up to and remaining unpaid as at the date of the Borrower's or the Mortgagor's default in the repayment of the CPF Loan, or as at the date of publication of the relevant gazette notification relating to compulsory acquisition of the relevant Property) due to the CBG ranks in priority to payments to the CPF Board (as described in paragraphs (i) and (ii) above). Any interest accrued on that CPF Loan on and from the date of default by the Borrower and/or the Mortgagor and certain non-sale related costs and expenses (such as insurance premiums payable in respect of the property) which the CBG is entitled to receive under the Mortgage will only be paid to the CBG after the refund of the withdrawn CPF Funds is made to the Mortgagor's CPF account(s). See also the section titled "*Risk Factors — Risks relating to the Covered Bonds — The CPF Board and other creditors/third parties may have a statutory preference in priority to the Mortgage*".

The withdrawal of CPF Funds is subject to certain terms and conditions of the CPF Board and these include the following:

(i) the instrument to notify the CPF Board's charge must be registered before the registration of any mortgage in favour of the financier;

(ii) if a default by the borrower or the mortgagor occurs for a continuous period of more than seven days, the mortgagee must notify the CPF Board by registered post of such default within three months and seven days from the occurrence of such default;

(iii) the mortgagee must not exercise its power of sale without the prior written consent of the CPF Board (such consent not to be unreasonably withheld);

(iv) the mortgagee must not create any sub-mortgage or effect a transfer or assignment of the mortgage or make any application to Court for a foreclosure order without the prior written consent of the CPF Board;

(v) the mortgagee shall ensure that every sub-mortgagee or transferee or assignee of the mortgagee has notice of the various requirements and agrees with the CPF Board to observe and comply with and be bound by such tems; and

(vi) the mortgagee is entitled to have possession of the documents of title relating to the mortgaged property and is obliged to produce the same when required by the CPF Board.

Under the current policy of the CPF Board, if the property is sold at or above the fair market value and the proceeds are insufficient to (1) repay the outstanding housing loan together with interest calculated up to the date of default under the mortgage (or, if there is no such default, the date of disposal of the property) owing to the mortgagee and (2) refund such sums withdrawn from the mortgagor's CPF account(s) for the acquisition or financing of the property, the CPF Board does not require any top up of such shortfall owing to the CPF Board.

Other Statutory Charges, Property Tax and Estate Duty

Other statutory charges may exist in respect of the private residential properties, and these statutory charges have priority over the registered mortgage.

Property Tax

In Singapore, a yearly property tax is payable by the owner of a private residential property (which includes a mortgagee in possession who is entitled to receive rent from the property) in advance in January each year (unless the tax authority permits extension of time or payment by instalments). The amount of such yearly property tax is calculated based on a rate specified by the tax authority yearly upon the annual value of such property as assessed by the tax authority. Under the Property Tax Act, Chapter 254 of Singapore (the "**Property Tax Act**") such property tax constitutes a first charge on the relevant property.

The tax authority has several remedies against the owner under the Property Tax Act for failure to pay such property tax, including the power to impose a penalty for non-payment of such tax and the right to sue for the recovery of the tax and the penalty levied. For recovery of arrears, the tax authority is entitled to seize and sell by public auction any movable properties found on the property in respect of which the arrears are due. If the value of the movable properties as estimated by the tax authority is insufficient to realise the sum required to satisfy the arrears and costs, the tax authority may also sell by public auction the property in respect of which the arrears are due after having served or published notice of his intention to sell and after the expiration of three months from the date of such notice. Under the Property Tax Act, the title conferred on a purchaser acquiring the property from the tax authority is deemed to be free from all encumbrances and from all subordinate interests deriving from it, including the registered mortgage, unless expressly reserved by the Comptroller of Property Tax at the time of the sale.

If the property is sold, the arrears of property tax together with interest thereon at such rate as may be prescribed by the tax authority and the costs of recovery will be satisfied first. The tax authority will pay any surplus remaining thereafter to all such persons who have made claims on such surplus if the tax authority is satisfied as to the right of each such person.

However, the tax authority must desist from proceeding further with the sale of the property if a person who has interest in the property settles all arrears with interests and costs with the tax authority.

Estate Duty

Singapore abolished the levy of estate duty with effect from 15 February 2008, and the Estate Duty Act, Chapter 96 of Singapore (the "**Estate Duty Act**") will apply only in relation to persons who died before 15 February 2008.

Under the Estate Duty Act, estate duty is payable in respect of any property passing on the death of a person and such duty constitutes a first charge on the immovable properties of such deceased person. However, after the expiration of 12 years from the death of the deceased person, such immovable property will not be charged with such estate duty as against a purchaser for valuable consideration or a mortgagee.

The tax authority is empowered under the said Act to impose interest and penalty in respect of any outstanding estate duty and is entitled to recover the same under the Estate Duty Act. Upon full settlement of the estate duty, the tax authority must when required by the person accounting for the estate duty give a certificate confirming the full settlement of such duty, which certificate shall discharge the property from any further claim of estate duty.

DESCRIPTION OF THE SINGAPORE COVERED BOND REGIME

The issuance of covered bonds is subject to requirements prescribed by the MAS, as set out in MAS Notice 648, which was issued on 31 December 2013 and revised on 4 June 2015.

MAS Notice 648 prescribes various requirements relating to, among other things, pool assets, cover pool monitors and risk management processes. In this regard, banks have various initial and ongoing obligations under MAS Notice 648 and are responsible for ensuring they comply with them.

In particular, MAS Notice 648 includes requirements:

(i) that the aggregate value of assets in cover pools for all covered bonds issued by a bank (or a special purpose vehicle (an "**SPV**") on behalf of that bank) and assets transferred to the SPV that are capable of being included in the cover pool but do not in fact form part of the cover pool shall not exceed 4% of the value of the total assets (subject to certain deductions) of that bank at all times;

(ii) that the cover pool asset class may only include (a) residential mortgage loans, (b) any other loans secured by the same residential property as the residential mortgage loans, (c) assets, including intangible properties that form part of all the security provided for the residential mortgage loans (such as guarantees and indemnities), (d) any interest held by the bank as trustee or replacement trustee for the SPV in relation to the residential mortgage loans or the assets referred to in (ii)(b) to (ii)(c), (e) derivatives held for the purpose of hedging risks arising from the particular issuance of covered bonds, (f) cash (including foreign currency), (g) Singapore Government Securities (as defined in MAS Notice 648) and (h) MAS Bills (as defined in MAS Notice 648). The Notice also provides that the aggregate value of the cash (including foreign currency), Singapore Government Securities and MAS Bills in the cover pool cannot exceed 15% of the aggregate value of all the assets in the cover pool (subject to certain exceptions for example where such cash and securities are held in view of payment obligations due and payable within the next 12 months). A bank incorporated in Singapore is also required to use only its own assets, and not that of other entities in the banking group, to form the cover pool;

(iii) on minimum overcollateralisation (the aggregate value of assets in a cover pool must be at least 103% of the outstanding nominal amount of the covered bonds secured by the assets at all times). The Notice specifies certain haircuts on valuation of residential mortgage loans included in the cover pool when calculating such overcollateralisation;

(iv) on the bank to conduct valuations on the residential properties used to secure the loans, on an annualised basis at the minimum;

(v) on the bank to put in place adequate risk management processes and internal controls to manage the risks arising from the issuance of covered bonds. This includes:

  (a) having in place appropriate governance arrangements (such as identifying the approval authority within the bank (or the SPV, where the bank uses an SPV to issue covered bonds) with respect to the covered bond programme), performing regular (and in any case, annually) asset coverage tests to ensure collateral quality and the proper level of overcollateralisation, conducting regular stress tests on risks arising from issuing covered bonds such as default, pre-payment, currency, interest rate, counterparty and liquidity risks. The bank is required to ensure that its board and senior management are responsible for conducting due diligence in assessing the risks associated with issuing covered bonds and ensuring that risk management processes that are put in place for covered bonds are adhered to. The bank or the SPV is required to disclose to the covered bondholders results of the asset coverage tests performed and cover pool characteristics on a regular basis (and in any event, quarterly); and

(b) appointing a cover pool monitor (being a qualified external auditor) for the programme to, among other things, verify annually that the bank or the SPV has complied with the requirements on the composition of the assets in the cover pool and keeps an accurate register of the assets in the cover pool, assess the adequacy of the bank's or the SPV's risk management process and internal controls relating to the covered bond programme annually, submit a certified report annually to the MAS and report to the MAS immediately if it becomes aware that the bank or the SPV has breached any of the conditions imposed by the MAS;

(c) obtaining a legal opinion that the assets in the cover pool are beyond the bank's reach and the reach of the bank's creditors, even in insolvency; and

(d) when transferring the legal right to, or perfecting the assignment of assets comprising the cover pool, disclosing the consequences of such transfer or assignment to each borrower whose residential mortgage loan or asset is transferred.

Covered bond issuers are also subject to various information requirements *vis-à-vis* the MAS.

THE LOANS AND THE PORTFOLIO

The Loans sold to the CBG pursuant to the Mortgage Sale Agreement or, as the case may be, the Declaration of Assets Trust will consist of Loans originated by the Seller. The types of Loans, their key features and the origination, approval, underwriting and enforcement processes of the Seller are summarised below. The features of the Loans and these processes may change from time to time. See also the sections "*Risk Factors — Risks Relating to the CBG — The constitution of the Portfolio will frequently change" and "Risk Factors — Risks Relating to the CBG — The Lending Criteria may be revised by the Seller* ".

Types of Loans offered by the Seller to Borrowers and/or Mortgagors

The Seller offers a variety of Loans to Borrowers and/or Mortgagors. Subject to the Loan satisfying, *inter alia*, the Eligibility Criteria (as defined below), the Seller may assign to the CBG any of the following types of Loans which have been previously offered or are currently on offer, as well as any New Loan Types (subject to obtaining a Rating Agency Confirmation) that may be offered in future:

(a) Loans which interest rates are indexed to any of the Singapore Interbank Offer Rate ("**SIBOR**"), the Singapore dollar Swap Offer Rate ("**SOR**"), the Singapore Central Provident Fund Ordinary Account Rate ("**CPF-OA Rate**") or one of several internally-set rates, including but not limited to rates referencing the Seller's fixed deposit rates (collectively "**Board Rates**"), with a spread over the index rate which may be fixed or varying over the life of the Loan ("**Standard Variable Rate Loans**");

(b) Loans which interest rates are indexed to any of the rates referred to in paragraph (a) above, with a spread over the index rate which may be fixed or varying over the life of the Loan, and further subject to a cap on the interest rate (which may be fixed or otherwise) for a specified period of time (usually the first three years);

(c) Loans which are subject to a fixed interest rate for a specified period of time (usually a period of one, two, three or five years) and at the expiration of that period are generally subject to an interest rate indexed to the rates referred to in paragraph (a) above, with a spread over the index rate which may be fixed or varying over the remaining life of the Loan ("**Standard Fixed Rate Loans**"); and

(d) Loans which are subject to a fixed interest rate for a specified period of time (usually a period of one or two years) following which the Borrower and/or the Mortgagor has the choice of extending the same fixed interest rate for another specified period of time (usually another one or two years). The Loan is converted to a Standard Variable Rate Loan if the extension option is not taken up, or, if the extension option is taken, after the second fixed rate period expires.

Certain Loans have a combination of features of Standard Variable Rate Loans and Standard Fixed Rate Loans, that is, flexible payment plans that allow the Borrower and/or the Mortgagor to opt for the periods or amounts on which variable rates and fixed rates apply. Certain Loans are also bundled with deposit accounts which offer a higher interest rate.

Key features of the Loans

The key commercial features of the Loans are as follows:

(a) they may be advanced or granted by the Seller to the Borrower and/or the Mortgagor for financing or refinancing the purchase or acquisition of a Property and/or (where applicable and approved by the CPF Board) the costs of construction of a new dwelling house thereon;

(b) they are available to owner occupiers or investors;

(c) they are each secured by a mortgage over a private residential property only (which includes bungalows, detached houses, semi-detached houses, terrace houses, apartments, cluster housing, town houses and other types of residential properties that are not managed by HDB);

(d) certain Loans enable a Borrower and/or a Mortgagor to take out a further advance up to the then-permitted LTV% (when aggregated with the then True Balance of the Loan), subject to the Seller's discretion and evaluation of the Borrower's and/or the Mortgagor's status, lending and product criteria;

(e) for certain types of Loans, Early Repayment Charges may be applicable;

(f) overpayments may be made on any portion of a Loan either regularly or as a lump sum;

(g) some Loans allow for lump sum payments to be made which may be capped at a specific annual amount or multiple amounts, depending on the type of Loan;

(h) interest on the Loans accrues daily; and

(i) the Seller reserves the right to amend the Mortgage Conditions from time to time.

Repayment terms of the Loans

Borrowers and/or Mortgagors typically make monthly payments of interest and repay principal on their Loans so that the Loan will be fully repaid on its maturity date. The Seller does not currently offer interest-only Loans, but has done so in the past. For interest-only Loans, Borrowers and/or Mortgagors make monthly payments of interest but not of principal for a certain stipulated period after which the outstanding principal amount of the Loan is amortised and payable in monthly instalments (together with interest accrued therein) over the remaining period of the Loan.

The required payment due on each monthly payment date in respect of a Loan may vary from month to month for various reasons, including changes in interest rates.

Early Repayment Charges

Certain Loans in the Portfolio have a specified time period in the applicable Mortgage Conditions, during which if a Loan is partially or fully repaid, the relevant Borrower and/or Mortgagor will be subject to an Early Repayment Charge.

Security in respect of the Loans

Each Loan is secured by a charge by way of a first ranking legal mortgage (save for (a) any charge registered or notified by the CPF Board in respect of the withdrawal of CPF Funds from the relevant Mortgagor's account(s) with the CPF Board, (b) any statutory charge in favour of the tax authority in respect of unpaid property taxes, (c) any charge registered in favour of the relevant management corporation in connection with the Property in respect of unpaid amounts or contributions, (d) any statutory charge in favour of the tax authority in respect of unpaid estate duty (where applicable) and (e) any other charges arising under any written law) over a private residential property located in Singapore and is governed by a Loan Agreement which is subject to Singapore law.

Insurance policies relating to the Loans

The Mortgage Conditions require that a fire and home contents insurance policy or, as the case may be, a Mortgage Interest Policy be arranged by or on behalf of the Borrower or (if different) the Mortgagor for each Property. If the Borrower or Mortgagor fails to take up or maintain such insurance as required by the Seller, or fails to pay the premium of any such insurance, the Seller may at its discretion effect, take up or maintain such insurance at the cost and expense of the Borrower or Mortgagor.

The Seller may apply any monies received under any such insurance in or towards the repair or reinstatement of the Property, as the case may be, or towards payment of the Loan secured by the Mortgage whether or not due.

Investment Properties

As stated above (see "*The Loans and the Portfolio — Key Features of the Loans*" above), the Loans are available to owner occupiers or investors. Pursuant to the terms of the relevant Mortgage Conditions (which are applicable to Loans in respect of both owner-occupied and investment Properties), Borrowers or Mortgagors may, with the consent of the Seller and subject to conditions as may be imposed by the Seller, lease out the relevant Property or part thereof. In the event the Seller (i.e. the mortgagee) exercises its power of sale in respect of such Property, the sale may be subject to such tenancies and the Property may therefore have to be sold without vacant possession.

The following are examples of conditions which may be imposed (as of the date of this Offering Circular) by the Seller in respect of any proposed leasing of an investment Property:

(a) The tenant of the Property uses the Property for residential use only; or, in the case where the tenant is a company, the Property is used as residence of the tenant's employees only;

(b) The Property is not used for running a business as a boarding house, and that borrowers or mortgagors comply with all applicable laws and regulations relating to the leasing of the Property by them; and

(c) The term of the lease not exceeding three years, with no automatic right of renewal by the tenant.

Origination of the Loans

The Seller currently derives its mortgage lending business from the following sources:

(a) mortgage intermediaries; and

(b) directly from Borrowers or Mortgagors.

In both cases, the Seller performs the relevant evaluations on a potential Borrower or Mortgagor based on, *inter alia*, the Lending Criteria to determine whether or not to offer a Loan.

The Seller competes mainly in the private residential and resale HDB mortgage market. The Seller has no particular segment targets within these markets, though it continuously reviews its business strategy to suit economic or regulatory changes in the Singapore residential mortgage market and the broader economic environment. For the avoidance of doubt, Loans that are secured by a mortgage over HDB Property do not meet the Eligiblity Criteria and are excluded from the Portfolio.

Approval and Underwriting

The Seller uses an automated rule-based loan origination system for all Loan applications to facilitate its loan approval processing. Loan applications are also reviewed manually by the Seller's credit risk managers for applications that do not strictly qualify under the Seller's standard acceptance criteria, and may be approved if doing so does not breach regulatory guidelines. The level of approval authority is established according to each credit risk manager's rank and experience. Applications that are referred for manual review are assessed by credit risk managers with delegated approving authority, including the authority to approve deviations from the Seller's standard acceptance criteria.

The Seller continually reviews the way in which it conducts its loan origination business in order to ensure that it remains up to date and cost effective in a highly competitive market. The Seller may therefore change its origination processes from time to time. However, the Seller will retain exclusive control over the approval and underwriting polices and the Lending Criteria to be applied to the origination of each Loan. The Seller's approval, underwriting and processing of Loans are independent from the process by which the Seller's Loans are originated.

Lending Criteria

Each Loan was, or as the case may be will be, originated according to the Seller's Lending Criteria applicable at the time the Loan was offered or will be offered. The Lending Criteria as of the date of this Offering Circular are the same as, or substantially similar to, the criteria described in this section. However, the Seller retains the right to revise its Lending Criteria from time to time as a Reasonable, Prudent Mortgage Lender would. Accordingly, the criteria applicable to future Loans may not be the same as those used as of the date of this Offering Circular.

When applying for a Loan, the applicant is required to provide certain information to the Seller, including information about the applicant's income, current employment details, current mortgage information, if any, and certain other personal information. In addition to credit checks against its own internal database, the Seller completes a credit bureau search (as at the date of this Offering Circular, provided by Credit Bureau (Singapore) Pte Ltd) in all cases against each applicant, which gives details of the relevant applicant's payment and delinquency history, if any.

Some of the factors currently used in making a lending decision are as follows:

Income details

In determining an applicant's income, the applicant's basic salary along with performance or profit related pay, allowances, mortgages subsidies, pensions, annuities, overtime, bonuses and commission may be included.

Evidence of an applicant's income such as pay slips, tax form 8E, bank statements showing salary crediting or income tax notice of assessments are generally obtained to assess an applicant's debt-servicing ability. Where necessary or appropriate, information such as the assets-under-management of the applicant and/or know-your-client checks on the applicant's other source(s) of repayments are also obtained. In general, assessment of an applicant's repayment ability includes a review of the debt burden and income of a single borrower, or combined income of joint borrowers.

Valuation

A valuation of the property to be mortgaged is required from independent valuation companies selected from the Seller's panel of approved valuers. The Seller gets two indicative valuations for each loan application and the lower of the two is used. Upon acceptance of a Loan offer,

the Seller obtains a formal valuation report from the valuer. This valuation report is required to have evidence of on-site inspection, and derivation of the current market value is to be based on the direct comparison method, with a minimum number of sales comparables required specified. A revaluation of the property generally does not occur after origination.

Property types
Under the criteria applied in determining the eligibility of properties to serve as security for Loans, both freehold and leasehold properties are included. In the case of leasehold properties, the unexpired term of the lease must generally be for at least 20 years after the end of the agreed mortgage term.

Loan-to-value limits
Please refer to the section titled "*Regulation/legal aspects of the Singapore residential mortgage market — Loan-to-value ratios and borrower's contribution*".

Term
A Loan term of up to 35 years, subject to regulatory requirements, may be extended.

Age of applicant
All borrowers must be (for Loans completed prior to 1 March 2009) 21 years old or over or (for Loans completed on or after 1 March 2009) 18 years old or over, at the time of completion of the Loan.

Status of applicant(s)
When assessing a Loan application, the Seller's key requirement is to establish that the applicant can afford to repay the proposed Loan. The Seller ensures that the proposed monthly payments are affordable from the applicant's income, or other resources, and takes into account the applicant's other financial commitments. The maximum loan amount is determined by a number of factors, including the total debt servicing ratio of the applicant (i.e. the ratio of the application's total debt to the applicant's income) and the LTV% of the Loan. The detailed requirements on the total debt servicing ratios and the LTV% are set out in MAS Notice 645 and MAS Notice 632 respectively. MAS Notice 632 also sets out tenure restrictions on Residential Property loans. For further information, see "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — Regulation Aspects of the Singapore Residential Mortgage Market*", "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — Loan-to-value ratios and borrower's contribution*" and "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — Restrictions on tenure*" above.

Seller's discretion to lend outside its Lending Criteria
On a case-by-case basis, and within approved limits as detailed in the "*Approval and Underwriting*" section above, the Seller may have determined an applicant that did not strictly qualify under its Lending Criteria at that time warranted an underwriting deviation. The Seller will take into account the extent of the deviation as well as compensating factors such as, but not limited to, LTV%, available assets-under-management of the applicant, the applicant's profile and repayment history and the applicant's past relationship with the Seller.

Collection and enforcement procedures

Pursuant to the terms of the Loan Agreements, Borrowers and/or Mortgagors must make the minimum repayment due on each monthly payment date applicable to the relevant Loan. A Loan is subject to collection action when the monthly repayment is not paid by the monthly payment date.

The Seller's automated retail loan system identifies all Loan Accounts which are in arrears. These accounts are sent to the Seller's collection system which allocates overdue loans to the Seller's designated collection officers who take action in relation to the arrears.

Actions taken by the Seller in relation to delinquent accounts will vary depending on the number of days the Loan is in arrears. Initially, if a Borrower or a Mortgagor has not made a payment on the due date, that Borrower or that Mortgagor will receive a reminder letter from the Seller. If such arrears remain unpaid the Seller will attempt to contact the relevant Borrower by telephone and letter to establish the Borrower's or the Mortgagor's circumstances and to agree on an arrangement to return the Borrower's or the Mortgagor's account to order, where possible. Where a satisfactory arrangement cannot be reached or maintained, possession proceedings may be instigated to enable the Seller to enforce its security. This is typically initiated at the 120th day of delinquency. Recovery action is arranged by experienced collections staff in conjunction with external legal advisers. A number of sources of recovery are pursued, including a voluntary sale of the Property by the Mortgagor, a repossession and subsequent sale of the property by the Seller (as mortgagee) and action against the Borrower and/or the Mortgagor personally.

Seller's historical Loan performance

The following table summarises, in respect of the Seller's private residential property mortgage portfolio, the loans in arrears for 90 days and over as at the dates indicated. Loans sold into the Portfolio must meet the Eligibility Criteria (see "*Summary of the Principal Documents — Mortgage Sale Agreement*") on the Relevant Closing Date, including that such Loan must not be in arrears of 30 days or more.

	End-2012	End-2013	End-2014	End March-2015
Overall portfolio (S$ million) . . .	26,899	30,511	33,121	33,720
Delinquent loans (S$ million) . .	28	22	20	21
Delinquent as % of portfolio . . .	0.10%	0.07%	0.06%	0.06%

CPF Loans and Non-CPF Loans

"**CPF Loan**" means all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in respect of which:

(a)

(i) the CPF Withdrawal Approval has been obtained prior to the Closing Date in respect of such loans; or

(ii) such Borrower or Mortgagor (as the case may be) has indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; and

(b) the CPF Board's consent to the transfer or assignment of the Mortgage over such Property securing such loans is required (and such CPF Board's consent is not obtained prior to the Closing Date in respect of such loans) in order for the CBG and any transferee of such Mortgage (as may be contemplated under the terms of the Transaction Documents) to be accorded the priority of payments over the CPF Board in relation to the application of any proceeds from the realisation of such Property (including, for the avoidance of doubt, any loan in respect of which the CBG has assigned absolulely its beneficial interest pursuant to the Declaration of Assets Trust),

and which are sold by the Seller and purchased by the CBG from time to time and which are held on trust by the Assets Trustee under the terms of the Declaration of Assets Trust for the CBG Beneficiary, and comprise the aggregate of all principal sums, interest, costs, charges,

expenses and other monies due or owing with respect to or apportioned to such loans under the relevant Mortgage Conditions by such Borrower or Mortgagor (as the case may be) on the security of the Mortgage over such Property from time to time outstanding, or, as the context may require, such Borrower's or Mortgagor's obligations in respect of the same but excluding any loan which is repurchased by the Seller or otherwise sold by the CBG and no longer beneficially owned by the CBG Beneficiary (including, for the avoidance of doubt, any loan in respect of which the CBG Beneficiary has assigned absolutely its beneficial interest pursuant to the provisions of the Declaration of Assets Trust). For the avoidance of doubt, no loan referred to above shall be construed or deemed to be a Top-up Loan.

"**Non-CPF Loan**" means:

(a) all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in each case, in respect of which:

    (i) there is no CPF Withdrawal Approval; and

    (ii) such Borrower or Mortgagor (as the case may be) has not indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; or

(b) all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in respect of which:

    (i) the CPF Withdrawal Approval has been obtained prior to the Closing Date in respect of such loans, or where the Borrower or Mortgagor (as the case may be) has indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; and

    (ii) the CPF Board's consent to the transfer or assignment of the Mortgage over such Property securing such loans is not required (as at the Closing Date in respect of such loans) in order for the CBG and any transferee of such Mortgage (as may be contemplated under the terms of the Transaction Documents) to be accorded the priority of payment over the CPF Board in relation to the application of any proceeds from the realisation of such Property; or

(c) all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in respect of which:

    (i) the CPF Withdrawal Approval has been obtained prior to the Closing Date in respect of such loans, or where such Borrower or Mortgagor (as the case may be) has indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; and

    (ii) the CPF Board's consent to the transfer or assignment of the Mortgage over such Property securing such loans is required (and such CPF Board's consent is obtained prior to the Closing Date in respect of such loans) in order for the CBG and any transferee of such Mortgage (as may be contemplated under the terms of the Transaction Documents) to be accorded the priority of payments over the CPF Board in relation to the application of any proceeds from the realisation of such Property,

which, in each case, is sold and assigned by the Seller to the CBG from time to time under the terms of the Mortgage Sale Agreement and is purchased by the CBG, and comprises the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to or apportioned to that loan under the relevant Mortgage Conditions by a Borrower or a Mortgagor (as the case may be) on the security of the Mortgage over such

Property from time to time outstanding, or, as the context may require, the Borrower's or the Mortgagor's obligations in respect of the same but excluding any loan which is repurchased by the Seller or otherwise sold by the CBG and no longer beneficially owned by it. For the avoidance of doubt no loan referred to under limbs (a), (b) and (c) above shall be construed or deemed to be a Top-up Loan. Converted Loans shall be deemed to continue to be Non-CPF Loans, subject to certain provisions of the Transaction Documents dealing with such Converted Loans only.

SUMMARY OF THE PRINCIPAL DOCUMENTS

Introduction

The principal Transaction Documents described in this section are the:

(a) Trust Deed;

(b) Intercompany Loan Agreement;

(c) Mortgage Sale Agreement;

(d) Declaration of Assets Trust;

(e) Servicing Agreement;

(f) Asset Monitor Agreement;

(g) Establishment Deed;

(h) Cash Management Agreement;

(i) Subordinated Loan Agreement;

(j) Ancillary Intercompany Loan Agreement;

(k) Interest Rate Swap Agreement;

(l) Covered Bond Swap Agreement;

(m) Bank Account Agreement;

(n) Corporate Services Agreement; and

(o) Deeds of Charge.

Trust Deed

The Trust Deed, made between the Issuer, the CBG, the Bond Trustee and the Security Trustee on the Programme Date, is the principal agreement governing the Covered Bonds. The Trust Deed contains provisions relating to, *inter alia*:

(a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under Terms and Conditions of the Covered Bonds above);

(b) the covenants of the Issuer and the CBG;

(c) the terms of the Covered Bond Guarantee (as described below);

(d) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and

(e) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign, retire or be removed.

Covered Bond Guarantee

Under the terms of the Covered Bond Guarantee, if the Issuer defaults in the payment on the due date of any monies due and payable under or pursuant to the Trust Deed or the Covered Bonds or any Receipts or Coupons (subject to certain grace periods), if any other Issuer Event of Default occurs (other than by reason of non-payment) or if a CBG Event of Default occurs, the CBG has agreed (subject as described below) to pay or procure to be paid (following service of an Issuer Acceleration Notice and Notice to Pay or, if applicable, a CBG Acceleration Notice) unconditionally and irrevocably to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to that portion of the Guaranteed Amounts which shall become Due for Payment but would otherwise be unpaid, as of any Original Due for Payment Date or, if applicable, Extended Due for Payment Date, by the Issuer. Under the Covered Bond Guarantee, the Guaranteed Amounts will become due and payable on any earlier date on which a CBG Acceleration Notice is served.

Following the occurrence of an Issuer Event of Default and after the Covered Bonds have been declared due and payable by the Bond Trustee as against the Issuer following service of an Issuer Acceleration Notice, the Bond Trustee will serve a Notice to Pay on the CBG. Payment by the CBG of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the later of: (i) the day which is two Business Days following service of a Notice to Pay on the CBG; or (ii) the day on which the Guaranteed Amounts are otherwise Due for Payment.

All payments of Guaranteed Amounts by or on behalf of the CBG will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges of whatever nature, unless the withholding or deduction of such taxes, assessments or other governmental charges is required by law or regulation or administrative practice of Singapore or any political subdivision thereof or any authority therein or thereof having the power to tax. If any such withholding or deduction is required, the CBG will pay the Guaranteed Amounts net of such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted. The CBG will not be obliged to pay any amount to the Bond Trustee or any holder of Covered Bonds in respect of the amount of such withholding or deduction. If any withholding or deduction arises under or in connection with FATCA, the CBG will not be required to pay any amount under the Covered Bond Guarantee on account of such withholding or deduction. Under the terms of the Covered Bond Guarantee, the CBG agrees that its obligations under the Covered Bond Guarantee shall be as principal debtor and not merely as surety and shall be absolute and unconditional, irrespective of, and unaffected by, any invalidity, irregularity or unenforceability of, or defect in, any provisions of the Trust Deed or the Covered Bonds or Receipts or Coupons or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee or any of the Covered Bondholders, Receiptholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Subject to the grace period specified in Condition 9(b) (*CBG Events of Default*), failure by the CBG to pay the Guaranteed Amounts when Due for Payment will result in a CBG Event of Default.

The Trust Deed provides that the Excess Proceeds shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the CBG for its own account, as soon as practicable, and shall be held by the CBG in the Transaction Account and the Excess Proceeds shall thereafter form part of the Security and shall be used by the CBG in the same manner as all other monies from time to time standing to the credit of the Transaction Account. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds, Receipts and Coupons. However, the obligations of

the CBG under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and Notice to Pay or, if earlier, service of a CBG Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CBG in the manner as described above.

The Trust Deed is governed by English law, save that defined terms incorporated by reference from the Master Definitions Agreement shall be governed by and construed in accordance with Singapore law.

Fees and expenses

The Issuer and, after the service of a Notice to Pay on the CBG, the CBG, will pay certain fees to the Bond Trustee and the Security Trustee and will reimburse them for all their costs and expenses properly incurred in acting as Bond Trustee or Security Trustee (as the case may be) and in addition shall indemnify them in respect of all claims, actions, proceedings, demands, liabilities, losses, damages, costs and expenses suffered as a result of the Issuer (or, following service of a Notice to Pay on the CBG, the CBG) failing to perform any of its obligations under the Transaction Documents.

Any remuneration, costs and expenses paid by the CBG to the Bond Trustee and the Security Trustee shall be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

The Security Trustee may, in certain circumstances undertake duties of an exceptional nature or otherwise outside the scope of its normal duties as set out in the Deeds of Charge, in which case the Issuer or the CBG shall pay to the Security Trustee such additional remuneration as shall be agreed between the Security Trustee and the CBG.

Neither the Issuer nor the CBG will be responsible under the Deeds of Charge or the Trust Deed to the Bond Trustee or the Security Trustee for any liabilities, losses, damages, costs or expenses resulting from the fraud, gross negligence or wilful default on the part of the Bond Trustee or the Security Trustee or any of its officers and employees.

Intercompany Loan Agreement

General

Under the terms of the Intercompany Loan Agreement, the Issuer as intercompany loan provider (the "**Intercompany Loan Provider**") agrees to make available to the CBG, on a secured basis, an intercompany loan facility for a maximum amount equal to the Intercompany Loan Facility Amount, subject to increases and decreases as described below. The initial Advance will be an amount sufficient to acquire the Non-CPF Loans and their Related Security in the Initial Portfolio and an interest in the Assets Trust consisting of the CPF Loans and their Related Security in the Initial Portfolio. The Intercompany Loan comprises a guarantee loan portion (the "**Guarantee Loan**") and a demand loan portion (the "**Demand Loan**") and is denominated in Singapore dollars. The interest rate on each Advance under the Intercompany Loan is a Singapore dollar floating rate to be determined by the Intercompany Loan Provider from time to time. The aggregate amount of interest payable under the Intercompany Loan in respect of any interest period will not exceed: (a) the aggregate of (i) the gross amount payable by the Interest Rate Swap Provider to the CBG under the Interest Rate Swap Agreement (prior to any netting or set-off), (ii) all Revenue Receipts received by the CBG in respect of Defaulted Loans and Loans in respect of which there have been missed payments (which have not been paid by the CBG to the Interest Rate Swap Provider) and (iii) the interest received on the CBG

Accounts, Authorised Investments and Substitution Assets (which have not been paid by the CBG to the Interest Rate Swap Provider); less (b) an amount equal to the amount of the CBG expenses, other than: (i) the gross amount payable by the CBG to the Interest Rate Swap Provider (prior to any netting or set off) pursuant to the Interest Rate Swap Agreement; (ii) interest payable under the Intercompany Loan; and (iii) any interest amounts due and payable in respect of the Subordinated Advances to the Intercompany Loan Provider, pursuant to the terms of the Subordinated Loan Agreement, for the corresponding calendar month.

Calculation of the Demand Loan and Guarantee Loan

The Guarantee Loan, at any relevant time, is in an amount equal to (A) (a) the SGD Equivalent of the outstanding nominal amount of the Covered Bonds at that time, plus (b) an amount equal to the aggregate principal amount outstanding (or, in the case of assets in the form of Loans (other than Converted Loans), the True Balance) of additional assets in excess of (a) above, as required to satisfy (and determined in accordance with) the Asset Coverage Test, plus (only if the Asset Coverage Test is satisfied) (c) an amount equal to the aggregate principal amount outstanding (or, in the case of Loans (other than Converted Loans), the True Balance) of additional assets in excess of (a) and (b) above (if any) which were required to satisfy the Interest Rate Shortfall Test as of the most recent CBG Calculation Date (or were required to be provided (and have been so provided) to the CBG following the Interest Rate Shortfall Test not being satisfied as of the most recent CBG Calculation Date), minus (B) the outstanding principal amount of the Subordinated Loan (excluding, for the avoidance of doubt, interest and other non-principal amounts thereunder). The Guarantee Loan will be repaid in accordance with the applicable Priority of Payments and at all times repayment of the Demand Loan is provided for in priority to repayment of the Guarantee Loan, as described below. Following service of a Notice to Pay or CBG Acceleration Notice, repayment of the Guarantee Loan is subordinated in the applicable Priority of Payments to payments in respect of the Covered Bond Guarantee in accordance with such Priority of Payments.

The Demand Loan at any relevant time will be equal to the difference between the outstanding principal amount of the Intercompany Loan and the principal amount of the Guarantee Loan at that time. Except as described below, the respective balances of the Guarantee Loan and the Demand Loan will fluctuate according to the requirements of the Asset Coverage Test and the Interest Rate Shortfall Test (see "*Establishment Deed — Asset Coverage Test*" and "*— Interest Rate Shortfall Test*" below) and with the issuances and redemptions of Covered Bonds.

If a Notice to Pay or a CBG Acceleration Notice is served on the CBG, then the amount of the Demand Loan and the Guarantee Loan will be fixed as described in "*Summary of the Principal Documents — Intercompany Loan Agreement — Repayment of the Demand Loan*" below.

Purpose

The CBG will use the initial Advance to acquire (i) the Non-CPF Loans and their Related Security in the Initial Portfolio from the Seller in accordance with the terms of the Mortgage Sale Agreement and (ii) an interest in the Assets Trust consisting of the CPF Loans and their Related Security in the Initial Portfolio contributed by the Seller in accordance with the Declaration of Assets Trust, and will use additional Advances:

(a) to purchase New Loans which are Non-CPF Loans and their Related Security from the Seller, from time to time, in accordance with the terms of the Mortgage Sale Agreement; and/or

(b) towards Additional Contributions to the Assets Trustee to acquire New Loans which are CPF Loans and their Related Security from the Seller pursuant to the terms of the Declaration of Assets Trust; and/or

(c) to invest in Authorised Investments and/or Substitution Assets, in each case in accordance with the Establishment Deed; and/or

(d) subject to written confirmation from the Cash Manager that the Asset Coverage Test is met on the relevant drawdown date (both before and immediately following the making of the relevant Advance), to repay Subordinated Advances, if any, under the Subordinated Loan Agreement; and/or

(e) to make a deposit of the proceeds in the Transaction Account (including, without limitation, to fund the Reserve Fund and/or the Pre-Maturity Liquidity Ledger and/or in relation to the Interest Rate Shortfall Test, in each case in accordance with the Establishment Deed).

At any time prior to an Issuer Event of Default, a CBG Event of Default or a Demand Loan Repayment Event, the CBG may re-borrow any amount repaid by the CBG under the Intercompany Loan for a permitted purpose.

Deemed advances ("**Deemed Advances**") will also arise under the Intercompany Loan if, as at any Calculation Date:

(a) the True Balance of a Loan in the Portfolio increases as a result of Capitalised Interest or any other increase in the True Balance of that Loan; or

(b) there is a Deemed Subordinated Advance outstanding,

and, in each case, the Deemed Advance Preconditions are satisfied on the relevant Calculation Date.

The "**Deemed Advance Preconditions**" are:

(a) the aggregate outstanding principal amount of Advances after giving effect to such Deemed Advance does not exceed the Intercompany Loan Facility Amount; and

(b) no Issuer Event of Default, CBG Event of Default or Demand Loan Repayment Event has occurred and is outstanding on the relevant Calculation Date or CBG Payment Date (as applicable) or would result from the Deemed Advance.

If any of the Deemed Advance Preconditions are not satisfied on the relevant Calculation Date, then the relevant amount will constitute a Deemed Subordinated Advance under the Subordinated Loan Agreement. If, however, as of a subsequent Calculation Date, any Deemed Subordinated Advance(s) satisfies the Deemed Advance Preconditions as of that Calculation Date, such Deemed Subordinated Advance(s) will be deemed to be a Deemed Advance(s) under the Intercompany Loan.

Unless otherwise agreed by the Intercompany Loan Provider, no Advances will be made to the CBG following the occurrence of an Issuer Event of Default, a CBG Event of Default or a Demand Loan Repayment Event.

The Servicer and the Cash Manager shall maintain accurate and up-to-date registers (collectively, the "**Asset Registers**") in respect of:

(a) assets in the cover pool (as defined in MAS Notice 648) of the CBG (including, for the avoidance of doubt, its interest in the Assets Trust); and

(b) other assets of the CBG securing the liabilities of the CBG to the Secured Creditors,

and such other registers as the Intercompany Loan Provider may request from time to time.

The Servicer and the Cash Manager will notionally allocate the assets of the CBG to the Asset Registers, at such times as the Servicer and the Cash Manager determine is necessary or as may be required for the purposes of any determination, calculation or repayment of the Demand Loan, on the following basis:

(a) Loans and their Related Security will be allocated on a Random Basis; and

(b) all other assets of the CBG (including Authorised Investments and Substitution Assets) will be allocated on such basis as the Servicer and the Cash Manager shall determine.

The Servicer and the Cash Manager have agreed that, upon request from the Intercompany Loan Provider and at the cost of the Intercompany Loan Provider, it will provide the Intercompany Loan Provider with copies of the Asset Registers and such other information in respect of the Asset Registers as the Intercompany Loan Provider may require.

Repayment of the Demand Loan

The repayment of principal in respect of the Demand Loan may (at the discretion of the Intercompany Loan Provider) (and, following the service of a Notice to Pay or a CBG Acceleration Notice, shall only) be satisfied by payment in kind to the Intercompany Loan Provider of Loans and their Related Security, Authorised Investments and/or Substitution Assets (other than cash) held by the CBG. Upon the CBG being required to repay all or part of the Demand Loan, the Servicer will deliver a notice (the "**Demand Loan Repayment Notice**") to the CBG, the Security Trustee and the Intercompany Loan Provider which (if the Demand Loan is being repaid prior to a Notice to Pay or a CBG Acceleration Notice) will specify (at the discretion of the Intercompany Loan Provider) whether the Demand Loan is to be repaid in cash or in kind, and if the Demand Loan is to be repaid in kind, will specify the Loans and their Related Security, Authorised Investments and/or Substitution Assets (other than cash) (collectively, the "**Demand Loan Repayment Assets**") that will satisfy the repayment obligation. Where the Demand Loan is to be repaid in kind, such Loans and their Related Security which are to comprise the relevant Demand Loan Repayment Assets will be selected by the Servicer and the Cash Manager on a Random Basis, subject to the following:

(a) no Loans and their Related Security shall form part of the Demand Loan Repayment Assets to the extent necessary to ensure that the Asset Coverage Test is satisfied and, if necessary to satisfy or cure a breach of the Asset Coverage Test, Loans and their Related Security forming the Demand Loan Repayment Assets shall be selected by the Servicer and the Cash Manager on a Random Basis and be so removed, such that, the aggregate True Balance of such Loans as at the relevant Demand Loan Repayment Date together with the aggregate principal amount of such Authorised Investments and/or Substitution Assets (other than cash) forming part of the Demand Loan Repayment Assets is as close as reasonably possible to, and in any event less than or equal to, the principal amount of the Demand Loan requested or required to be repaid under the Intercompany Loan Agreement; and

(b) to the extent there are any Converted Loans in the Portfolio, the portion of the Demand Loans equal to the aggregate True Balance thereof may only be repaid in kind by way of such Converted Loans (and may not be repaid in cash).

On the CBG Payment Date immediately following the delivery of the Demand Loan Repayment Notice, or, in the case of service of a Notice to Pay or a CBG Acceleration Notice, the CBG Payment Date following the date on which the Asset Percentage was fixed (as described below) (the "**Demand Loan Repayment Date**"), the Demand Loan will be repaid and/or, as the case may be in respect of any Loans and their Related Security comprising the relevant Demand Loan Repayment Assets:

(i) (in the case of Non-CPF Loans and their Related Security) where the Seller and the Intercompany Loan Provider are the same entity and if the sale of such Non-CPF Loans and their Related Security has not been perfected:

    (A) the CBG's rights, interests, title and benefits in such Non-CPF Loans and their Related Security will be reassigned, released and surrendered and will vest completely in favour of the Intercompany Loan Provider, free from the Security Interest created by the Singapore Deed of Charge; and

    (B) the CBG shall cease to have any interest in, or right to, such Non-CPF Loans and their Related Security;

(ii) (in the case of Non-CPF Loans and their Related Security) if sale of such Non-CPF Loans and their Related Security has been perfected, the CBG shall transfer its rights, interests, title and benefits in such Non-CPF Loans and their Related Security to the Intercompany Loan Provider;

(iii) (in the case of CPF Loans and their Related Security which are subject to an Assets Trust) where the Assets Trustee and the Intercompany Loan Provider are the same entity and the CBG Beneficiary has not surrendered its beneficial interest in such CPF Loans and their Related Security:

    (A) the CBG Beneficiary's rights, interests, title and benefits in such CPF Loans and their Related Security (which are subject to an Assets Trust) shall be released and surrendered such that they vest completely in favour of the Intercompany Loan Provider, free from the Security Interest created by the Singapore Deed of Charge; and

    (B) the CBG Beneficiary shall cease to have any interest in, or right to, such CPF Loans and their Related Security, and such CPF Loans and their Related Security shall cease to be Trust Assets; and/or

(iv) (in the case of CPF Loans and their Related Security which are subject to an Assets Trust) if legal title to such CPF Loans and their Related Security has been transferred to a Replacement Assets Trustee (such transfer to be subject to any one of the Requisite CPF Loan Legal Title Transfer Approvals being obtained), the CBG Beneficiary shall transfer its rights, interests, title and benefits in, and the Replacement Assets Trustee shall transfer the legal title to, such CPF Loans and their Related Security to the Intercompany Loan Provider (provided all relevant consents required thereto are obtained).

On or before the second CBG Payment Date following the relevant Demand Loan Repayment Date (where applicable), the Intercompany Loan Provider shall pay to the CBG an amount equal to the Arrears of Interest and Accrued Interest on the relevant Loans and their Related Security comprising the relevant Demand Loan Repayment Assets in respect of which the CBG's (or, as the case may be the CBG Beneficiary's) rights, interests, title and benefits are reassigned, transferred, released and/or surrendered (as applicable) on that Demand Loan Repayment Date, as at (but excluding) that Demand Loan Repayment Date.

All payments in respect of principal in respect of any Demand Loan Repayment Assets (whether as all or part of a payment on a Loan) which are received immediately following service of a Demand Loan Repayment Notice will belong to the Intercompany Loan Provider and are not Principal Receipts and the Cash Manager on behalf of the CBG agrees to remit such amounts to the Intercompany Loan Provider on or before the second CBG Payment Date following such receipt.

Prior to service of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice, or following revocation of an Asset Coverage Test Breach Notice, the Intercompany Loan Provider may demand repayment of the Demand Loan (or any part thereof) either in cash or in kind with Demand Loan Repayment Assets (and, in the case of Demand Loan Repayment Assets, outside the Priorities of Payments) on each CBG Payment Date immediately following the last day of the Calculation Period in which the demand is made.

Prior to service of a Notice to Pay or a CBG Acceleration Notice, no principal amount of the Demand Loan will be repaid in cash or in kind as required above unless the Cash Manager has determined that the Asset Coverage Test will continue to be met after giving effect to the repayment in question.

Following the service of a Notice to Pay or a CBG Acceleration Notice, the Asset Percentage shall be fixed at a percentage number equal to the number previously calculated and previously applied for the purposes of determining the Adjusted Aggregate Loan Amount and the amount of the Demand Loan calculated on such basis will be repayable by the CBG in kind with Demand Loan Repayment Assets (and outside the Priorities of Payments).

As soon as possible following service of a Notice to Pay or a CBG Acceleration Notice, the Servicer and the Cash Manager will select the initial Demand Loan Repayment Assets ("**Initial Demand Loan Repayment Assets**") in respect of which the CBG's rights, interests, title and benefits are to be reassigned, released and surrendered in favour of or transferred (as applicable) to the Intercompany Loan Provider with an aggregate True Balance ("**Initial Demand Loan Repayment Asset Amount**") as close as reasonably possible to the principal amount of the Demand Loan (as most recently calculated by the Cash Manager and notified to the Servicer). The Cash Manager will specify such Demand Loan Repayment Assets in an initial Demand Loan Repayment Notice (the "**Initial Demand Loan Repayment Notice**") delivered to the CBG, the Intercompany Loan Provider and the Security Trustee.

On the first CBG Payment Date after the Asset Percentage has been fixed, the CBG's rights, interest, title and benefits in the Demand Loan Repayment Assets specified in the Initial Demand Loan Repayment Notice will be transferred to the Intercompany Loan Provider or, (in respect of Non-CPF Loans and their Related Security) where the Seller and the Intercompany Loan Provider are the same entity and the sale of the Loans and their Related Security has not been perfected, reassigned, released and surrendered in favour of the Intercompany Loan Provider or (in respect of CPF Loans and their Related Security) where the Assets Trustee and the Intercompany Loan Provider are the same entity and the CBG has not surrendered its beneficial interest in such CPF Loans and their Related Security (and any related Top-up Loans) to the Intercompany Loan Provider, in repayment of the Demand Loan.

The Demand Loan Repayment Assets will not form part of the assets that are applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments following delivery of a CBG Acceleration Notice.

In order to provide sufficient time to the Cash Manager to select and transfer or reassign, release and surrender the CBG's rights, interests, title and benefits in the relevant Demand

Loan Repayment Assets to the Intercompany Loan Provider in accordance with the terms of the Intercompany Loan Agreement, the terms of the Singapore Deed of Charge provide that the Security Trustee may only apply amounts in accordance with the Post-Enforcement Priority of Payments on and after the first CBG Payment Date following the earlier of:

(a) 30 days following the service of a CBG Acceleration Notice on the CBG; and

(b) the date the Asset Percentage is fixed as described above following the service of a CBG Acceleration Notice.

If:

(i) the Intercompany Loan Provider (in its capacity as the Interest Rate Swap Provider) is required to novate any Interest Rate Swap Agreement to a third party; or

(ii) the Intercompany Loan Agreement is terminated,

(each of paragraphs (i) and (ii) above, a "**Demand Loan Repayment Event**"), the Asset Percentage shall be fixed at a percentage number equal to the number previously calculated and previously applied for the purposes of determining the Adjusted Aggregate Loan Amount and the amount of the Demand Loan calculated on the basis of such Asset Percentage will be repayable in kind with Demand Loan Repayment Assets selected by the Servicer and the Cash Manager. The Demand Loan will be repayable by the CBG on the first CBG Payment Date following the first Calculation Date after the fixing of the Asset Percentage.

If a Notice to Pay or a CBG Acceleration Notice is served on the CBG, then the amount of the Guarantee Loan and the Demand Loan will be fixed as at the date on which the Asset Percentage is fixed and will thereafter only be adjusted to reflect permitted repayments (which will be deducted first from the Demand Loan), further Advances or Deemed Advances (which will be added to the Guarantee Loan) and any reduction in the Set-off Amount as a result of the occurrence of any event as set out in paragraph (c) of the definition of "Set-off Amount" (which will be deducted from the Guarantee Loan and added to, and constitute, the Demand Loan on the CBG Payment Date following written notification from the Cash Manager to the CBG and the Security Trustee of any of the events set out in paragraph (c) of the definition of "Set-off Amount").

Other

The Issuer will not be relying on repayment of the Intercompany Loan in order for it to meet its repayment obligations under the Covered Bonds.

Any failure by the CBG to pay any amounts due on the Intercompany Loan will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds.

The Intercompany Loan Agreement is governed by Singapore law.

Mortgage Sale Agreement

General

Non-CPF Loans and their Related Security will be sold to the CBG from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on the Programme Date between the Issuer (in its capacity as Seller and Assets Trustee), the CBG, the CBG Beneficiary, the All Monies Trustee and the Security Trustee.

Sale by the Seller of Loans and their Related Security

The Portfolio will consist of Non-CPF Loans and their Related Security sold from time to time by the Seller to the CBG in accordance with the terms of the Mortgage Sale Agreement and

an interest in the Assets Trust held by the Assets Trustee in favour of the CBG Beneficiary, and which Trust Assets include CPF Loans and their Related Security (and any related Top-up Loans) in accordance with the terms of the Declaration of Assets Trust as described below (and in respect of such CPF Loans, please see the section "*Summary of the Principal Documents — Declaration of Assets Trust"* below). The types of Loans forming part of the Portfolio will vary over time, provided that, at the time the relevant Loans are sold (or a trust is declared over, as applicable) to the CBG, the Eligibility Criteria (as described below) in respect of such Loans are met on the relevant Closing Date. Accordingly, the Portfolio may, at any time, include Loans with characteristics that were not being offered to Borrowers or Mortgagors (as the case may be) on previous Closing Dates.

Prior to the occurrence of an Issuer Event of Default or a CBG Event of Default, the CBG will acquire Loans and their Related Security (or an interest in the Assets Trust thereto) from the Seller in the four circumstances described below.

(a) *First*, in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the Issuer may make Advances under the Intercompany Loan Agreement to the CBG, the proceeds of which may be applied in whole or in part by the CBG to acquire Loans and their Related Security (or an interest in the Assets Trust thereto) from the Seller. In exchange for the sale of the Non-CPF Loans and their Related Security to the CBG or a declaration of trust in respect of the CPF Loans and their Related Security in favour of the CBG Beneficiary, the Seller will receive an amount equal to the True Balance of those Loans sold by it as at the Closing Date, which will be satisfied by a combination of:

    (i) a cash payment to be made by the CBG from the proceeds of the relevant Advance and/or Subordinated Loan Advance and/or from Available Principal Receipts (unless an Asset Coverage Test Breach Notice has been served and remains outstanding);

    (ii) Deferred Consideration (in respect of Non-CPF Loans) and Deferred Contribution Consideration (in respect of CPF Loans); and/or

    (iii) Early Repayment Charges received by the CBG in respect of the Non-CPF Loans included in the Initial Portfolio.

(b) *Second*, prior to service of an Asset Coverage Test Breach Notice on the CBG or following the revocation of an Asset Coverage Test Breach Notice, the CBG will use the Available Principal Receipts to acquire New Loans (which are Non-CPF Loans) and their Related Security from the Seller or make an Additional Contribution to the Assets Trustee to acquire New Loans (which are CPF Loans) and their Related Security (and any related Top-up Loans) from the Seller pursuant to the terms of the Declaration of Assets Trust on any Singapore Business Day (including a CBG Payment Date).

(c) *Third*, the CBG and the Seller are required to ensure that the Portfolio is maintained at all times in compliance with the Asset Coverage Test (as determined by the Cash Manager on each Calculation Date). If as of any Calculation Date there is a breach of the Asset Coverage Test, the CBG shall at its sole discretion within three Singapore Business Days of receiving notice that the Adjusted Aggregate Loan Amount does not comply with the Asset Coverage Test, request the Seller to offer to sell to the CBG sufficient New Loans and their Related Security (and any related Top-up Loans) on or before the next Calculation Date so that the Adjusted Aggregate Loan Amount is in compliance with the Asset Coverage Test. If any New Loans are Non-CPF Loans, the Seller undertakes to use all reasonable endeavours to offer to sell to the CBG by complying with the procedure in the Mortgage Sale Agreement and the CBG undertakes to use all reasonable endeavours to acquire from the Seller sufficient New Loans (which are Non-CPF Loans) and their Related Security (and any related Top-up Loans) in accordance with the provisions of the

Mortgage Sale Agreement together with any New Loans (which are CPF Loans) and their Related Security (and any related Top-up Loans) offered to be sold by the Seller to the CBG under the Declaration of Assets Trust, so that the Adjusted Aggregate Loan Amount is maintained at all times in compliance with the Asset Coverage Test as determined by the Cash Manager as of each Calculation Date. Provided that the Seller shall not be obliged to sell to the CBG New Loans and their Related Security (and any related Top-up Loans) if in the reasonable opinion of the Seller the sale to the CBG of such New Loans and their Related Security (and any related Top-up Loans) would adversely affect the business or financial condition of the Seller. In the case of a sale of CPF Loans and their Related Security (and any related Top-up Loans) by the Seller to the CBG pursuant to the Declaration of Assets Trust, the relevant CPF Loans and their Related Security (and any related Top-up Loans) shall become Trust Assets (and be subject to the Assets Trust made in favour of the CBG Beneficiary) and the CBG Beneficiary shall make an Additional Contribution (which shall be funded in accordance with the terms of the Declaration of Assets Trust) to the Assets Trustee which shall be applied by the Assets Trustee towards payment to the Seller of the purchase consideration for the acquisition of the relevant CPF Loans and their Related Security (and any related Top-up Loans).

(d) *Fourth*, upon the occurrence of an Interest Rate Shortfall in respect of a CBG Payment Period (and completion of certain other procedural requirements), the Seller is obliged to use all reasonable endeavours to ensure that the CBG has sufficient income and/or resources to meet its obligations (other than obligations in respect of principal) under the Covered Bond Swaps in respect of the Covered Bonds and prior-ranking expenses for such CBG Payment Period and avoid future breach of the Interest Rate Shortfall Test. The Seller may, among other means, do so by selling further Loans and their Related Security or making advances pursuant to the Intercompany Loan Agreement and/or the Subordinated Loan Agreement.

If Selected Loans are sold by or on behalf of the CBG (see "*Establishment Deed — Sale of Selected Loans following service of a Notice to Pay and following service of a CBG Acceleration Notice*"), the obligations of the Seller insofar as they relate to those Selected Loans will cease to apply.

The Seller will also be required to (in the case of Non-CPF Loans) repurchase Non-CPF Loans and their Related Security or (in the case CPF Loans) accept surrender of the Trust Assets relating to such CPF Loans and their Related Security (and any related Top-up Loans) sold to the CBG or to which a trust had been declared in favour of the CBG Beneficiary in the circumstances described below under "*Repurchase or Surrender of Loans*".

Adjustment of the purchase price

In respect of a Closing Date and after receipt thereof, the CBG (or in the case of Trust Assets, the Assets Trustee on behalf of the CBG Beneficiary) shall pay to the Seller the Accrued Interest Adjustment Amount as of such Closing Date in respect of the Loans and their Related Security comprised in the relevant Portfolio sold to the CBG or the Assets Trustee on behalf of the CBG Beneficiary on that Closing Date outside the Priorities of Payments and, if there is a shortfall in funds available to pay such Accrued Interest Adjustment Amount, the shortfall will be applied towards payment of the Accrued Interest Adjustment Amount prior to being applied as Revenue Receipts and will be payable on subsequent CBG Payment Dates outside the Priorities of Payments until such Accrued Interest Adjustment Amount is paid in full.

In respect of an acquisition of Top-up Loans by the CBG, the CBG or the Assets Trustee on its behalf shall pay to the Seller, after receipt thereof, any Accrued Interest Adjustment Amount in respect of the Top-up Loans outside the Priorities of Payments.

Conditions to Sale of Non-CPF Loans and their Related Security or declaration of trust in respect of CPF Loans and their Related Security and Eligibility Criteria

The sale of Non-CPF Loans and their Related Security to the CBG or a declaration of trust in respect of CPF Loans and their Related Security in favour of the CBG Beneficiary will be subject to various conditions and eligibility requirements (the "**Eligibility Criteria**") being satisfied on the relevant Closing Date. The sale conditions include:

(a) no Issuer Event of Default or CBG Event of Default or Insolvency Event in respect of the Seller under the Transaction Documents shall have occurred which is continuing as at the relevant Closing Date;

(b) such sale or declaration of trust is not contrary to any direction given by the MAS;

(c) the CBG, acting on the advice of the Cash Manager, is not aware, and could not reasonably be expected to be aware, that the purchase of the Loans and their Related Security would adversely affect the then current ratings of the Covered Bonds; and

(d) notice of the sale and purchase or declaration of trust in respect of the New Portfolio to be given to the Rating Agencies on or prior to the relevant Closing Date, in each case, as certified by an authorised signatory of the Issuer;

(e) each New Loan is in compliance with the Eligibility Criteria; and

(f) (i) the Issuer having furnished or caused to be furnished to the Relevant Dealer or Lead Manager(s), as the case may be, the Bond Trustee and the Security Trustee a solvency certificate of two authorised signatories of the Issuer in the agreed form; (ii) the CBG having furnished or caused to be furnished to the Relevant Dealer or Lead Manager(s), as the case may be, the Bond Trustee and the Security Trustee a solvency certificate of a duly authorised signatory of the CBG in the agreed form and (iii) the Seller having furnished or caused to be furnished to the Relevant Dealer or Lead Manager(s), as the case may be, the Bond Trustee and the Security Trustee a solvency certificate of two authorised signatories of the Seller in the agreed form.

The Eligibility Criteria require that each Loan:

(a) is originated and booked after 1 January 2008;

(b) is denominated and repayable in SGD;

(c) is a mortgage loan which has been fully drawn (and where the Borrower or the Mortgagor (as the case may be) has no right to re-borrow any amount prepaid or repaid);

(d) is secured by a mortgage over a residential property situated in Singapore and (1) title of the Mortgagor to such residential property must (i) have been separately issued and (ii) not be comprised in lease(s) granted by HDB, the Jurong Town Corporation or such other authorities/vendors as lessor, whereby consent of such lessor and/or such other relevant third party is required for the sale of such residential property or for the creation, assignment or transfer of such mortgage and (2) (if applicable) the leasehold interest of the Mortgagor in such residential property must not be for a term of less than 20 years after the latest maturity date of the relevant Loans secured by that Mortgage;

(e) is repayable by the relevant Borrower and/or the relevant Mortgagor within 40 years of the relevant Closing Date;

(f) has a True Balance not greater than SGD4,000,000;

(g) is a loan under which the Borrower or the Mortgagor (as the case may be) has made at least one monthly payment in respect thereof;

(h) is not in arrears for more than 30 days;

(i) is not a construction loan which has not been fully drawn down, renovation loan, overdraft or such other revolving facility;

(j) is secured by a mortgage that constitutes a first ranking mortgage, save for (i) any charge registered or notified by the CPF Board in respect of the withdrawal of CPF Funds from the Mortgagor's account(s) with the CPF Board, (ii) any statutory charge in favour of the tax authority in respect of unpaid property tax, (iii) any charge registered in favour of the relevant management corporation of the estate comprising the property in respect of unpaid amounts or contributions, (iv) any statutory charge in favour of the tax authority in respect of unpaid estate duty (where applicable) and (v) any other charges arising under any written law; and

(k) is not a Staff Mortgage Loan.

On the relevant Closing Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the CBG.

Transfer of title to the Non-CPF Loans to the CBG or a Purchaser

Non-CPF Loans and their Related Security will be sold by the Seller to the CBG pursuant to the terms of the Mortgage Sale Agreement. Such Non-CPF Loans and their Related Security will be sold by way of equitable assignment. As a result, legal title to all of the Non-CPF Loans and their Related Security will remain with the Seller until a notice of assignment is given by the Seller to the Borrower, Mortgagor, surety, guarantor and/or any other relevant counterparty and the Non-CPF Loans and their Related Security are transferred by the Seller to the CBG (see below in relation to Converted Loans) and, where applicable, registered with the appropriate authority(ies). Legal assignment of the Non-CPF Loans and their Related Security (including, where appropriate, their registration or recording in the relevant property register) to the CBG will be deferred and will only take place in the limited circumstances described below.

The Seller shall, within 30 days of the earliest to occur of the following, submit or deliver all relevant documents, notifications, forms, instruments and applications to the relevant parties as may be necessary to effect the transfer of the legal title of the Non-CPF Loans and their Related Security (or, where specified, the Selected Loans) to (i) the CBG, or (ii) (where applicable) the Relevant Purchaser:

(a) the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Acceleration Notice and the service on the CBG of a Notice to Pay (or, if earlier, following the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice) unless, in respect of Selected Loans described in a Selected Loans Offer Notice, the Seller has notified the CBG that it will accept the offer set out in the Selected Loans Offer Notice within the prescribed time;

(b) in respect of Selected Loans only, at the request of the CBG following the acceptance of any offer to sell the Selected Loans to any Purchaser who is not the Seller;

(c) the Seller and/or the CBG being required: (i) by law; (ii) by an order of a court of competent jurisdiction; (iii) by a regulatory authority which has jurisdiction over the Seller; or (iv) by any organisation of which the Seller is a member, or whose members comprise, but are not necessarily limited to, mortgage lenders and with whose instructions it is customary for the Seller to comply, to transfer legal title to the Non-CPF Loans;

(d) the occurrence of an Insolvency Event in respect of the Seller;

(e) the termination or resignation of the Seller as Servicer under the Servicing Agreement unless:

    (i) at the relevant date of termination or resignation, any substitute servicer is a member of the DBS Group; or

(ii) the Security Trustee otherwise consents (such consent to be given if a Rating Agency Confirmation has been delivered by the Issuer to the CBG and the Security Trustee in respect of the termination or resignation of the Seller as Servicer);

(f) the Seller requesting a transfer of legal title (i) to the CBG or (ii) (where applicable) the Relevant Purchaser, by giving notice in writing to the CBG and the Security Trustee; or

(g) the Seller's long-term unsecured and unsubordinated debt obligations cease to be rated at least Baa3 by Moody's or BBB- by Fitch,

such events set out in (a) to (g) above the "**Perfection Events**".

Where transfer of legal title is to be effected in respect of Non-CPF Loans and their Related Security (see below in relation to Converted Loans), a notice of assignment will be given by the Seller to the Borrower, Mortgagor, surety, guarantor and/or any other relevant counterparty and the Non-CPF Loans and their Related Security will be transferred by the Seller to the CBG and, where applicable, registered with the appropriate authority(ies).

In respect of the transfer of title to CPF Loans and their Related Security (and any related Top-up Loans), please see the section "*Declaration of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*" below.

Pending completion of the transfer, the right of the CBG to exercise the powers of the legal owner of the Mortgages will be secured by an irrevocable power of attorney granted by the Seller in favour of the CBG and the Security Trustee.

Except where any registration or recording may be pending at the Land Titles Registry, the Title Deeds and Loan Files relating to the Loans in the Portfolio will be held or controlled by or to the order of the Seller or the Servicer, as the case may be, or by solicitors acting for the Seller in connection with the creation of the Loans and their Related Security. The Seller or the Servicer, as the case may be, will undertake that all the Title Deeds and Loan Files relating to the Loans in the Portfolio which are at any time in their possession or under their control or held to their order will be held to the order of the Security Trustee or as the Security Trustee may direct.

Representations and Warranties

None of the CBG, the Security Trustee or the Bond Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Loans and their Related Security to be sold to the CBG. Instead, each is relying entirely on the Representations and Warranties by the Seller contained in the Mortgage Sale Agreement. The parties to the Mortgage Sale Agreement may, with the prior written consent of the Security Trustee (which shall be given if a Rating Agency Confirmation has been received), amend the Representations and Warranties in the Mortgage Sale Agreement. The Representations and Warranties include the following and are given on the relevant Closing Date in respect of the Loans and their Related Security to be sold to the CBG only on that date:

(a) at the time the Seller entered into any Loan, it did so in good faith and for the purpose of carrying on its business and at the time it did so there were reasonable grounds for believing that the transaction would benefit the Seller, and made substantially on the terms of the Standard Documentation without any material variation (subject only to exceptions as would be acceptable to a Reasonable, Prudent Mortgage Lender);

(b) each Loan and its Related Security was originated in the Seller's ordinary course of business and, in all material respects, in accordance with the Seller's Lending Criteria in force at the time of its origination;

(c) at the time the Seller entered into any Loan, it complied in all material respects with its internal "know your customer" requirements as applicable at the time of entry into such Loan;

(d) if the Loan is a variable interest rate Loan, the terms of the Loan allow the Seller to change the applicable variable interest rate in accordance with the applicable Mortgage Conditions;

(e) the Seller is under no obligation to make further amounts available under each Loan or its Related Security to any Borrower and/or any Mortgagor other than as required by applicable laws;

(f) at the time the Seller entered into the Mortgage relating to each Loan, it complied in all material respects with MAS Notice 632 in effect at that point in time issued by MAS to banks (as defined under the Banking Act);

(g) each Loan is valid, binding and enforceable against the relevant Borrower(s), (if different) the relevant Mortgagor(s) and (if applicable) the relevant surety(ies) (except that enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws of general application relating to or affecting the rights of creditors and the court's discretion in relation to equitable remedies);

(h) each Related Security secures the repayment of all advances, interest, costs and expenses payable by the relevant Borrower and/or Mortgagor in respect of the related Loan;

(i) interest on each Loan is charged in accordance with the Mortgage Conditions applicable to the Loan;

(j) prior to making a Loan, the Seller instructed or required to be instructed on its behalf solicitors to carry out all investigations and searches in relation to the relevant Property that would have been undertaken by the Seller acting in accordance with standards consistent with those of a Reasonable, Prudent Mortgage Lender lending to borrowers in Singapore;

(k) prior to disbursing a Loan, an independent valuation may have been carried out or instructed by one of the then Seller's current panel managers (or, as applicable, an automated valuation was carried out as permitted under the lending criteria) on the relevant Property, and the results of any such obtained valuation would have been acceptable to a Reasonable, Prudent Mortgage Lender;

(l) the Mortgage Conditions in respect of each Loan and Related Security require that a policy of fire insurance be arranged by or on behalf of the Borrower and (if different) the Mortgagor for each Property and such policy has actually been arranged;

(m) at the time when a Loan was approved, to the best of the Seller's knowledge, the Seller had not received written notice of the bankruptcy, proceedings for bankruptcy, voluntary arrangement or similar insolvency process of the relevant Borrower, (if different) the relevant Mortgagor and/or the (if applicable) relevant surety(ies);

(n) the Loans comply with the Eligibility Criteria;

(o) no Loan constitutes a New Loan Type in respect of which no Rating Agency Confirmation has been received that such New Loan Type may be sold to the CBG;

(p) each of the Borrowers is an individual and was (for Loans completed prior to 1 March 2009) 21 years of age or (for Loans completed on or after 1 March 2009) 18 years of age at the time of completion of the Loan;

(q) each of the Mortgagors is an individual and was 21 years of age at the time of completion of the Loan;

(r) each of the guarantor(s) of the Loan is an individual and was (for Loans completed prior to 1 March 2009) 21 years of age or (for Loans completed on or after 1 March 2009) 18 years of age at the time of completion of the Loan;

(s) the Seller is the sole legal and beneficial owner of each Loan and its Related Security and no prior ranking security interest over any Loan or its Related Security exists other than the Seller's, save for (i) any charge registered or notified by the CPF Board in respect of the withdrawal of CPF Funds from the Mortgagor's account(s) with the CPF Board, (ii) any statutory charge in favour of the tax authority in respect of unpaid property tax, (iii) any charge registered in favour of the relevant management corporation of the estate comprising the Property in respect of unpaid amounts or contributions, (iv) any statutory charge in favour of the tax authority in respect of unpaid estate duty (where applicable) and (v) any other charges arising under any written law;

(t) all approvals and consents necessary to permit an equitable or beneficial transfer of, or a declaration of trust over (i) the Loans and (ii) their Related Security to be sold under the Mortgage Sale Agreement (or in the case of CPF Loans and their Related Security, to be subject to the terms of the Assets Trust) have been obtained (including consents of insurers for assignment of rights and interests under relevant insurance policies), save for the consent from the CPF Board to the transfer of CPF Loans, Converted Loans and their Related Security to the Replacement Assets Trustee or a Relevant Purchaser;

(u) the Seller holds in its possession or control the Title Deed in relation to the Property, the relevant Loan File and the Mortgage;

(v) the Seller has, since the making of each Loan, kept or procured the keeping of full and proper accounts, books and records showing all material transactions and all material notices relating to such Loan;

(w) all authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or perform its material obligations under the Mortgage Sale Agreement have been obtained, save for the consent from the CPF Board to the transfer of CPF Loans, Converted Loans and their Related Security to a Purchaser(s) or the Replacement Assets Trustee;

(x) the Seller has only agreed to revise the Loans interest rates to the extent that a Reasonable, Prudent Mortgage Lender would do so in similar circumstances; and

(y) each of the Mortgages has been duly stamped.

If New Loan Types are to be sold to the CBG, then the Representations and Warranties in the Mortgage Sale Agreement will be waived or modified as required to accommodate these New Loan Types, provided that a Rating Agency Confirmation has been received in respect of any such modification and the Cash Manager has certified that such waiver or amendment will not have a material adverse effect. The prior consent of the Covered Bondholders to the requisite amendments will not be required to be obtained. In relation to the sale of New Loan Types to the CBG, the Seller shall also procure that legal opinions opining on, amongst other things, the "true-sale" of New Loan Types be provided to the CBG and the Security Trustee in such form as may be reasonably required by the Security Trustee.

Repurchase or Surrender of Loans

If the Seller receives a Loan Repurchase Notice from the CBG or the Cash Manager on behalf of the CBG identifying a Loan or its Related Security in the Portfolio which does not, as at the relevant Closing Date, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement, then the Seller will be required to (i) (in the case of Non-CPF Loans) repurchase such Non-CPF Loan and its Related Security (and any related Top-up Loans) of the relevant Borrower and/or Mortgagor (as the case may be) that are included in the Portfolio, or (ii) (in the case of CPF Loans) accept surrender of the Trust Assets relating to such CPF Loans (including, for the avoidance of doubt, where legal title to such CPF Loans have been transferred to a Replacement Assets Trustee) and their Related Security (and any related Top-up Loans) of the relevant Borrower and/or Mortgagor (as the case may be) that are included in the Portfolio. The repurchase price (or, in the case of Trust Assets, the amount of Distribution) payable upon the repurchase of any Non-CPF Loan or surrender of Trust Assets (or, as the case may be, Defaulted Loan and/or Converted Loan) is an amount (not less than zero) equal to the True Balance and expenses as at the relevant repurchase date, such repurchase price to be subsequently adjusted to take into account Arrears of Interest and Accrued Interest received by the Seller under such Loan in the period up to (but excluding) the relevant repurchase date in respect of such Loan (see "*Repurchase adjustment in respect of Non-CPF Loans*" and "*Summary of the Principal Documents — Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*" below). Any repurchase proceeds received from (in the case of Non-CPF Loans and their Related Security) the sale of such Non-CPF Loan and its Related Security by the CBG or (in the case of CPF Loans and their Related Security (and any related Top-up Loans)) surrender of the Trust Assets relating to such CPF Loans and their Related Security (and any related Top-up Loans) by the CBG Beneficiary will be applied in accordance with the relevant Priority of Payment. See "*Cashflows and Priorities of Payments*". The amount of Distribution payable upon the surrender of any Trust Asset consisting of a related Top-up Loan is an amount (not less than zero) equal to the outstanding balance of such Top-up Loan as at the relevant repurchase date, such Distribution to be subsequently adjusted to take into account any accrued interest and any other amounts due in respect of such Top-up Loan received by the Seller under such Top-up Loan in the period up to (but excluding) the relevant repurchase date in respect of such Top-up Loan (see "*Summary of the Principal Documents — Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*" below). Any repurchase proceeds received from the surrender of the Trust Assets relating to such Top-up Loan shall be applied outside the Priorities of Payments towards the repayment of the Ancillary Intercompany Loan.

Upon completion of the purchase or repurchase by the Seller of any CPF Loan and its Related Security (and any related Top-up Loans) in accordance with the Mortgage Sale Agreement and Declaration of Assets Trust, such CPF Loan and its Related Security (and any related Top-up Loans) shall thereupon be released and shall cease to form part of the Trust Assets.

General ability to repurchase

Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to (in the case of Non-CPF Loans) repurchase a Non-CPF Loan and its Related Security from the CBG for a purchase price of not less than the aggregate True Balance of the relevant Loan. The CBG may accept such offer at its discretion.

The repurchase price payable upon the repurchase of any related Top-up Loan is an amount (not less than zero) equal to the outstanding balance of the Top-up Loan plus accrued interest and any other amounts due in respect thereof as at the relevant repurchase date. Any repurchase proceeds received from the sale of such Top-up Loan shall be applied outside the Priorities of Payments towards the repayment of the Ancillary Intercompany Loan.

Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to (in the case of CPF Loans) repurchase a CPF Loan and its Related Security, as more particularly described in "*Summary of the Principal Documents — Declaration of Assets Trust — General Ability to Repurchase*".

Defaulted Loans

If a Seller receives a Defaulted Loans Notice from the Cash Manager identifying any Defaulted Loan, then that Defaulted Loan will be attributed a reduced weighting in the calculation of the Asset Coverage Test and the Amortisation Test as at the relevant Calculation Date. In addition, the Seller may, at its option, (in the case of Non-CPF Loans) repurchase a Defaulted Loan and its Related Security or (in the case of CPF Loans) accept surrender of the Trust Assets relating to such CPF Loans and their Related Security (and any related Top-up Loans) from the CBG for an amount equal to the True Balance of the Defaulted Loan and the outstanding balance of any related Top-up Loans as at the date of repurchase, such repurchase price to be subsequently adjusted to take into account, *inter alia*, arrears of interest and accrued interest received by the Seller under such Loan or Top-up Loan in the period up to (but excluding) the relevant repurchase date of such Loan (see "*Repurchase adjustment in respect of Non-CPF Loans*" and "*Summary of the Principal Documents — Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*" below).

Converted Loans

A Non-CPF Loan becomes a Converted Loan in circumstances where a Mortgagor of a Non-CPF Loan has obtained the CPF Withdrawal Approval after the Closing Date but prior to the service of a Notice to Pay or a CBG Acceleration Notice (whichever is earlier). The Seller (as legal mortgagee) is entitled to notice of such approval and may, at its option, offer to repurchase such Converted Loan and its Related Security from the CBG prior such withdrawal. No consent from the CPF Board is required for such repurchase prior to withdrawal of CPF Funds (and the Seller is entitled to participate in the documentary process which is a pre-requisite for the Mortgagor making such withdrawal). The repurchase price shall be equal to the True Balance of the Converted Loan as at the date of repurchase, such repurchase price to be subsequently adjusted to take into account, *inter alia*, Arrears of Interest and Accrued Interest received by the Seller under such Loan in the period up to (but excluding) the relevant repurchase date of such Loan (see "*Repurchase adjustment in respect of Non-CPF Loans*" and "*Summary of the Principal Documents — Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*" below).

If the Seller does not repurchase such Converted Loan and its Related Security prior to such withdrawal of CPF Funds, the prior approval of the CPF Board would be required for a transfer of the legal title to a Purchaser or third party. As described below, Converted Loans are excluded from the Asset Coverage Test and the Amortisation Test.

Right of pre-emption

Under the terms of the Mortgage Sale Agreement, the Seller has a right of pre-emption in respect of any sale, in whole or in part, of Selected Loans (and any related Top-up Loans).

The CBG (in respect of Non-CPF Loans and their Related Security) and/or the Assets Trustee (in respect of CPF Loans and their Related Security (and any related Top-up Loans)) will serve on the Seller a Selected Loans Offer Notice offering to sell (or surrender as the case may be) Selected Loans for an offer price, in the case of the Selected Loans, equal to: (a) where the Selected Loans Offer Notice is given following a breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, the greater of the then True Balance of the Selected Loans and the Adjusted Required Redemption Amount; (b) where the Selected Loans Offer Notice is given following the service of an Asset Coverage Test Breach Notice but prior to the service of a Notice to Pay, the True Balance of the Selected Loans; or (c) where the Selected Loans Offer Notice is given following the service of a Notice to Pay, the greater of the True Balance of the Selected Loans and the Adjusted Required Redemption Amount, in each case

subject to the offer being accepted by the Seller within 20 Singapore Business Days. The related Top-up Loans, if any, will be offered for an offer price equal to the outstanding balance of the related Top-up Loans, such offer price to be subsequently adjusted to take into account any accrued interest and any other amounts due in respect of such Top-up Loans received by the Seller under such Top-up Loans in the period up to (but excluding) the relevant transfer date in respect of such Top-up Loans (see "*Summary of the Principal Documents — Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*" below).

If an Issuer Event of Default has occurred but no liquidator or judicial administrator has been appointed to the Seller, the Seller's right to accept the offer (and therefore its right of pre-emption) will be conditional upon the delivery by the Seller of a solvency certificate to the CBG and the Security Trustee. If the Seller rejects the CBG's offer or fails to accept it in accordance with the foregoing, the CBG will offer to sell the Selected Loans to other Purchasers (see "*Establishment Deed — Method of Sale of Selected Loans*" below).

If a Seller validly accepts the CBG's and/or the Assets Trustee's (as the case may be) offer to sell (or surrender as the case may be) the Selected Loans, the CBG and/or the Assets Trustee (as the case may be) shall within three Singapore Business Days of receipt of such acceptance, serve a Selected Loans Repurchase Notice on that Seller. The Seller will sign and return a duplicate copy of the Selected Loans Repurchase Notice and shall repurchase or accept surrender (as the case may be) from the CBG and/or the Assets Trustee (as the case may be), free from the Security created by and pursuant to the Singapore Deed of Charge, the relevant Selected Loans referred to in the relevant Selected Loans Repurchase Notice. The CBG shall direct the Assets Trustee to accept surrender of the beneficial interest of the CBG Beneficiary in the related Trust Assets in accordance with the Declaration of Assets Trust. Completion of the purchase of the Selected Loans by the Seller shall take place on the CBG Payment Date next occurring after receipt by the Seller of such Selected Loans Repurchase Notice or such date as the CBG and/or the Assets Trustee (as the case may be) may direct in the Selected Loans Repurchase Notice (provided that such date shall not be later than the earlier to occur of the date which is: (a) 10 Singapore Business Days after receipt by the CBG and/or the Assets Trustee (as the case may be) of the returned Selected Loans Repurchase Notice; and (b) the Maturity Date, as applicable, of the relevant Series of Hard Bullet Covered Bonds or of the Earliest Maturing Covered Bonds).

For the purposes hereof:

(a) "**Adjusted Required Redemption Amount**" means the SGD Equivalent of:

(i) the Required Redemption Amount,

plus (if an amount is payable by the CBG) or minus (if an amount is payable to the CBG)

(ii) any swap termination amounts (other than Excluded Swap Termination Amounts) payable to or by the CBG under the relevant Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds,

plus (if an amount is payable by the CBG) or minus (if an amount is payable to the CBG)

(iii) any swap termination amounts (other than Excluded Swap Termination Amounts) payable to or by the CBG under the Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds,

minus

(iv) amounts standing to the credit of the Transaction Account and any Authorised Investments and/or Substitution Assets (excluding all amounts to be applied on the next following CBG Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); and

(b) "**Required Redemption Amount**" means, in respect of a Series of Covered Bonds, the amount calculated as follows:

the outstanding nominal amount of the relevant Series of Covered Bonds	x	1+ Negative Carry Factor x (days to maturity of the relevant Series of Covered Bonds/365)

Repurchase adjustment in respect of Non-CPF Loans

On or before the second CBG Payment Date falling after the relevant date of completion of any repurchase by the Seller of any Non-CPF Loans and their Related Security (such date, the "**Non-CPF Loans Repurchase Completion Date**"), the Seller shall pay to the CBG an amount equal to all the Arrears of Interest and Accrued Interest on the Non-CPF Loans and their Related Security, and any accrued interest and other amounts due in respect of the related Top-up Loans, repurchased from the CBG up to (but excluding) the relevant Non-CPF Loan Repurchase Completion Date. To the extent the Seller receives less interest in respect of the repurchased Non-CPF Loans and their Related Security than is scheduled to be received, the Seller shall apply the funds received first towards payment of Arrears of Interest and Accrued Interest on such repurchased Non-CPF Loans and their Related Security, and any accrued interest and other amounts due in respect of the related Top-up Loans, to the CBG ahead of distributing such funds for its own account.

Repurchase adjustments in respect of CPF Loans are more particularly described in "*Summary of the Principal Documents — Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*".

The Mortgage Sale Agreement is governed by Singapore law.

All Monies Mortgages and the CBG Declaration of Trusts

Some of the Mortgages for the Loans to be included in the Portfolio may constitute "all monies security" in that they stand as security for Associated Debt as well as for a Loan and any related Top-up Loans extended by the Seller to the Borrower or the Mortgagor (as the case may be) (each, an "**All Monies Mortgage**" and together, the "**All Monies Mortgages**"). An All Monies Mortgage will be enforceable on the occurrence of a default by a Borrower or a Mortgagor either under a Loan, Top-up Loan or any Associated Debt secured by the relevant All Monies Mortgage.

Pursuant to the terms of the Mortgage Sale Agreement, the Seller will transfer to the CBG all its rights under each of the All Monies Mortgages relating to Non-CPF Loans by way of equitable assignment and will procure that the proceeds of enforcement of each of the All Monies Mortgages are paid to the CBG by payment into an account to be specified by the CBG. Pursuant to the terms of the Declaration of Assets Trust, the Seller will transfer to the CBG Beneficiary all its rights under each of the All Monies Mortgages relating to the CPF Loans by way of declaration of trust and will procure that the proceeds of enforcement of each All Monies Mortgage are paid to the CBG Beneficiary by payment into an account to be specified by the CBG Beneficiary. The CBG and the CBG Beneficiary, pursuant to the declaration of trusts (the "**CBG Declaration of Trusts**"), will declare a separate trust over the All Monies Trust Property (as defined below) in favour of itself (or the CBG Beneficiary) and the Seller absolutely as to both capital and income, as beneficial tenants in common.

"**All Monies Trust Property**" means (in respect of each All Monies Trust):

(a) all rights, estate, title, interests, benefits and remedies of the CBG or, as the case may be, the CBG Beneficiary (both present and future) in and under the All Monies Mortgage acquired under the terms of the Mortgage Sale Agreement or, as the case may be, the Declaration of Assets Trust;

(b) the proceeds of enforcement of the All Monies Mortgage referred to in (a) above and the Related Security referred to in (d) below which secures sums due by the relevant Borrower and/or the relevant Mortgagor under the relevant Loan(s), the relevant Top-up Loan(s) and/or the relevant Associated Debt;

(c) all amounts referable to the proceeds of enforcement of the relevant All Monies Mortgage and Related Security referred to in (b) above standing to the credit of the CBG Trust Account from time to time;

(d) all rights, estate, title, interests, benefits and remedies of the All Monies Trustee (both present and future) in and under any Related Security acquired under the terms of the Mortgage Sale Agreement and the Declaration of Assets Trust which may respond to all liabilities of the relevant Borrower and/or Mortgagor incurred or to be incurred in relation to the relevant Loan(s), relevant Top-up Loans and/or the relevant Associated Debt;

(e) any additions to the All Monies Trust Property acquired after the date of the CBG Declaration of Trusts; and

(f) all assets representing the above from time to time or derived therefrom or created or acquired by the All Monies Trustee in that capacity from time to time.

"**All Monies Trust**" means the separate trust of each All Monies Mortgage (and other All Monies Trust Property representing, derived from or relating to that All Monies Mortgage) declared by the All Monies Trustee in favour of the All Monies Beneficiaries pursuant to the CBG Declaration of Trusts.

"**All Monies Beneficiaries**" means in relation to an All Monies Trust, the CBG (or, as the case may be, the CBG Beneficiary) and the Seller as beneficiaries of such All Monies Trust.

The CBG Share of the principal of each separate All Monies Trust will be an amount of All Monies Trust Property equal to the True Balance of the Loan(s) plus any Accrued Interest and Arrears of Interest on those Loans and the outstanding balance of any related Top-up Loan(s), plus accrued interest on those Top-up Loan(s), secured by the relevant All Monies Mortgage and any other Related Security held on that All Monies Trust and any other amounts due in respect thereof. The Seller Share of the principal of each separate All Monies Trust will be an amount of All Monies Trust Property equal to the outstanding balance of any relevant Associated Debt which the Seller is entitled to, plus any amount recoverable in respect of such Associated Debt (including but not limited to any accrued interest on such Associated Debt), secured by the relevant All Monies Mortgage and any other Related Security held on that All Monies Trust. The CBG Share and the Seller Share of any income of each All Monies Trust shall be in the same proportions which their respective shares of the principal of the relevant All Monies Trust bear to the total principal of the relevant All Monies Trust. In applying the proceeds of enforcement of the All Monies Trust Property, the All Monies Trustee shall ensure that (to the extent that a Mortgagor has utilised CPF Funds in connection with the Property) the relevant amount will be refunded to that Mortgagor's CPF account(s) in accordance with the priority of distributions set out in the section "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — CPF Board*". In any case, the Seller's share of the All Monies Trust Property in respect of each All Monies Mortgage will be subordinated to the CBG's share of the All Monies Trust Property in respect of each All Monies Mortgage.

The Seller may direct the Servicer in respect of the enforcement of the All Monies Mortgage relating to the Associated Debt. If in the reasonable opinion of the Seller it is necessary for any of the Associated Debt to be assigned or transferred to the CBG so as to enable recovery of such Associated Debt under or in connection with the All Monies Mortgage and/or any other Related Security, the Seller may request and the CBG shall, subject to applicable laws and regulations (including MAS Notice 648), agree to purchase such Associated Debt. The purchase of an Associated Debt shall be funded by the CBG using Deemed Ancillary Intercompany Loan Advances and after such purchase, the Associated Debt shall be deemed to be a Top-up Loan and (if such Associated Debt is related to a CPF Loan) shall constitute new Trust Assets and the CBG Beneficiary shall on the completion date of such purchase make an Additional Contribution.

For the avoidance of doubt, All Monies Mortgages are administered by the Servicer in the same manner as are all other Mortgages.

The CBG Declaration of Trusts is governed by Singapore law.

Declaration of Assets Trust

Pursuant to the terms of the Declaration of Assets Trust between the Assets Trustee, the Security Trustee, the Seller, the CBG, CBG Beneficiary and the All Monies Trustee, the Assets Trustee established the Assets Trust. The Assets Trust is a trust formed under Singapore law with the Assets Trustee as trustee for the benefit of the CBG Beneficiary.

Trust Property

In accordance with and pursuant to the terms of the Declaration of Assets Trust, the Assets Trustee declares itself as trustee and agrees to hold:

(a) (in respect of the Initial Portfolio) all the Seller's present and future rights, estate, title, interests, benefits and remedies in and to each and every CPF Loan and Related Security (and any related Top-up Loans) comprised in the Initial Portfolio; and

(b) (in respect of each New Portfolio) all the Seller's present and future rights, estate, title, interests, benefits and remedies in and to each and every CPF Loan and Related Security (and any related Top-up Loans) comprised in such New Portfolio,

on and from the First Closing Date absolutely as to both capital and income for the CBG Beneficiary, upon, with and subject to the trusts, powers and provisions of the Declaration of Assets Trust (such trust, the "**Assets Trust**") and the Assets Trustee and the CBG Beneficiary agree that the Assets Trustee shall deal with all Principal Receipts and Revenue Receipts in respect of the CPF Loans and their Related Security (and any related Top-up Loans) comprised in the Portfolios and/or, as the case may be, receipts from the enforcement of any Related Security related to a CPF Loan and/or any other receipts from the Trust Assets in accordance with the terms of the Declaration of Assets Trust.

The CBG Beneficiary has covenanted in the Singapore Deed of Charge that it shall not call, request or act in any manner to transfer legal title in any of the Trust Assets from the Assets Trustee to itself without the prior written consent of the Security Trustee. The Security Trustee has covenanted in the Singapore Deed of Charge that it shall not consent to any such transfer of legal title in the Trust Assets to the CBG Beneficiary in any circumstances.

In respect of any CPF Loan and any Top-up Loan which is at such time part of the Trust Assets, upon and after any increase in the True Balance in respect of such CPF Loan and/or any increase in the outstanding balance of such Top-up Loan after the relevant Closing Date, the increase in such True Balance of such CPF Loan and/or any increase in the outstanding balance of such Top-up Loan (and, for the avoidance of doubt, the rights to receive increased

payment amounts from Borrowers, Mortgagors, sureties, guarantors and/or any other relevant persons as a result thereof) shall automatically be added to and form part of the Trust Assets and be held on trust by the Assets Trustee. The CBG Beneficiary shall on each CBG Payment Date and by way of consideration in respect of such increase in the True Balance of such CPF Loan and/or any increase in the outstanding balance of such Top-up Loan during the immediately preceding Calculation Period, pay on such CBG Payment Date (as calculated on the immediately Calculation Date by the Cash Manager) to the Assets Trustee an Additional Contribution equal to the amount of such increase in the True Balance or increase in the outstanding balance. The Seller, the Assets Trustee and the CBG Beneficiary acknowledge that in accordance with and subject to the fulfilment of the conditions set out in the Intercompany Loan Agreement, an increase in the True Balance of a CPF Loan comprised in the Portfolio shall be deemed to constitute a Deemed Advance. If the Deemed Advance Preconditions set out in the Intercompany Loan Agreement have not been satisfied on the relevant Calculation Date or CBG Payment Date (as applicable) then, in accordance with the terms of the Subordinated Loan Agreement, the amount that would otherwise have constituted a Deemed Advance will, instead, constitute a Deemed Subordinated Advance.

Contributions to the Assets Trust

Subject to compliance with the Eligibility Criteria (as defined in "*Summary of the Principal Documents — Mortgage Sale Agreement — Conditions to Sale of Non-CPF Loans and their Related Security or declaration of trust in respect of CPF Loans and their Related Security and Eligibility Criteria*" above), the CBG will use part of the initial Advance to pay to the Seller as consideration for acquiring an interest in the CPF Loans and their Related Security contributed by the Seller on the First Closing Date to the Assets Trust in accordance with the terms of the Declaration of Assets Trust.

Subject to compliance with the Eligibility Criteria, the CBG will use additional Advances to make Additional Contributions to the Assets Trustee to acquire New Loans which are CPF Loans and their Related Security from the Seller. The Additional Contribution shall be an amount equal to the True Balance of such CPF Loans and the outstanding balance of such Top-up Loans comprising the New Portfolio. Any Additional Contributions shall be funded by the CBG Beneficiary from (i) Available Principal Receipts subject to and in accordance with the applicable Priority of Payments and/or (ii) (if applicable) the proceeds of any Advance pursuant to the Intercompany Loan Agreement and/or (iii) (if applicable) the proceeds of any Subordinated Advance pursuant to the Subordinated Loan Agreement and/or (iv) (if applicable due to the inclusion of any Top-up Loans (or any increase in the outstanding balance thereof)) the proceeds of any Deemed Ancillary Intercompany Loan Advances pursuant to the Ancillary Intercompany Loan Agreement, in each case subject to and in accordance with the provisions of the Declaration of Assets Trust and the Establishment Deed.

Pursuant to the terms of the Declaration of Assets Trust, the CBG has agreed from time to time to pay a Deferred Contribution to the Assets Trustee subject to Deferred Contribution Consideration being paid to the Seller in accordance with the applicable Priorities of Payment. Such Deferred Contributions shall be deemed to be paid to the Assets Trustee if Deferred Contribution Consideration is made to the Seller by the CBG (or the Assets Trustee on its behalf) in accordance with the relevant Priorities of Payments. Deferred Contributions will not form part of the Trust Assets.

Prior to the occurrence of a CBG Event of Default, in connection with the acquisition of CPF Loans and their Related Security, the CBG may acquire an interest in any related Top-up Loans from the Seller (such interest to form part of the Trust Property and to take effect as of a subsequent Calculation Date, as agreed between the Seller and the CBG), such Top-up Loans to be funded by the Deemed Ancillary Intercompany Loan Advances under the Ancillary Intercompany Loan Agreement.

A Top-up Loan may be used by the Borrower and/or the Mortgagor for purposes other than the financing or refinancing the acquisition of a residential property the repayment of which is subordinated to such Loan and any CPF Funds withdrawn to finance or service such Loan in terms of priorities of repayment. Top-up Loans will not be taken into account in the calculation of the Asset Coverage Test.

The Assets Trustee makes the Representations and Warranties set out in the section above headed "*Summary of the Principal Documents — Mortgage Sale Agreement — Representations and Warranties*" as at each Closing Date to the CBG Beneficiary and the Security Trustee, and all subject to the repurchase and surrender provisions (see "*Summary of the Principal Documents — Mortgage Sale Agreement — Repurchase or Surrender of Loans*").

In respect of a Closing Date and after receipt thereof, the Assets Trustee (on behalf of the CBG Beneficiary) shall make certain adjustments to the purchase price, (see "*Summary of the Principal Documents — Mortgage Sale Agreement — Adjustment of the purchase price*").

The Seller will also be required to accept surrender of the Trust Assets relating to such CPF Loans and their Related Security (and any related Top-up Loans) sold to the CBG or to which a trust had been declared in favour of the CBG Beneficiary in the circumstances described above under "*Summary of the Principal Documents — Mortgage Sale Agreement — Repurchase or Surrender of Loans*".

Distributions of principal and interest

Pursuant to the terms of the Cash Management Agreement, the Cash Manager will be responsible for providing cash management services to the Assets Trustee in respect of the Assets Trust and the calculations and payments to be made pursuant to, and in accordance with, the Declaration of Assets Trust and shall be responsible for, *inter alia*, determining and distributing interest amounts, principal amounts and Top-up Receipts on behalf of the Assets Trustee on each CBG Payment Date.

General ability to repurchase

Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to (in the case of CPF Loans) repurchase a CPF Loan and its Related Security (and any related Top-up Loans). The CBG may accept such offer at its discretion, and if it does so, the CBG shall accordingly release and surrender to the Assets Trustee and shall direct the Assets Trustee to accept surrender, free from the Security created by or pursuant to the Deeds of Charge, its interest in the relevant CPF Loan (or, as the case may be, the relevant Defaulted Loan and/or Top-up Loan) and its Related Security (and any related Top-up Loans). For the avoidance of doubt, such CPF Loan (or, as the case may be, the relevant Defaulted Loan and/or Top-up Loan) and its Related Security (and any related Top-up Loans) shall only cease to be Trust Assets upon receipt by the CBG Beneficiary of the Distribution in accordance with the Declaration of Assets Trust and the Mortgage Sale Agreement. For the avoidance of doubt, the consent of the Security Trustee shall not be required in respect of any such repurchase.

Repurchase adjustment in respect of CPF Loans and Top-up Loans

On or before the second CBG Payment Date falling after the relevant date of completion of any (a) repurchase by the Seller of any CPF Loans and their Related Security and/or (b) surrender by the CBG to the Assets Trustee of its beneficial interest to any CPF Loans and their Related Security (and any related Top-up Loans) (such date, the "**CPF Loans Repurchase Completion Date**"), the Seller shall pay to the CBG an amount equal to all the Arrears of Interest and Accrued Interest on the CPF Loans and their Related Security and any accrued interest and any other amounts due in respect of the related Top-up Loans repurchased from the CBG, in each case up to (but excluding) the relevant CPF Loans Repurchase Completion Date. To the extent the Seller receives less interest in respect of the repurchased CPF Loans and their Related Security and any related Top-up Loans than is scheduled to be received, the

Seller shall apply the funds received first towards payment of Arrears of Interest and Accrued Interest on such repurchased CPF Loans and their Related Security and any accrued interest and any other amounts due in respect of the related Top-up Loans to the CBG ahead of distributing such funds for its own account.

Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee

In certain limited circumstances following the occurrence of a Replacement Assets Trustee Event (as defined below), legal title to the CPF Loans and their Related Security (and any related Top-up Loans) may be required to be transferred to effect an appointment of a Replacement Assets Trustee. In the case of the transfer of Mortgages relating to CPF Loans and their Related Security or Selected Loans (which are CPF Loans) to the Replacement Assets Trustee or a Relevant Purchaser, the transfer of such Mortgages, such CPF Loans and their Related Security or such Selected Loans (which are CPF Loans) shall be subject to the Assets Trustee or the CBG Beneficiary having procured or caused to be procured any one of the Requisite CPF Loan Legal Title Transfer Approvals (unless the consent of the CPF Board to the transfer of the Mortgages relating to CPF Loans is not required in order for the transferee of such Mortgages to be accorded the priority of payments over the CPF Board in relation to the application of any proceeds from the realisation of the relevant Property). Prior to any one of the Requisite CPF Loan Legal Title Transfer Approvals being obtained and unless the consent of the CPF Board to the transfer of the Mortgages relating to CPF Loans is not required the CBG Beneficiary and the Assets Trustee shall use reasonable endeavours to concurrently seek all of the Requisite CPF Loan Legal Title Transfer Approvals necessary to effect such transfer set out in paragraphs (a) to (c) of the definition of such term and for this purpose, the party procuring a Requisite CPF Loan Legal Title Transfer Approval relating to a Section 55B/C Transfer, and/or a Sections 210/212 Scheme shall use reasonable endeavours to:

(i) obtain such consents and/or certifications (including ministerial consents and/or certifications) or waiver of the requirement for such consents and/or certifications;

(ii) prepare, file, publish, submit, lodge, register and/or serve such reports, notices, summaries, supporting documents and court applications; and

(iii) convene or arrange for such creditors meeting(s),

in each case, as may be required to obtain such Requisite CPF Loan Legal Title Transfer Approval.

Prior to any Requisite CPF Loan Legal Title Transfer Approval being obtained, such CPF Loans and their Related Security (and any related Top-up Loans) shall continue to be held by the Assets Trustee pursuant to the terms of the Declaration of Assets Trust and subject to the terms of the Transaction Documents (including, but not limited to, the Servicing Agreement).

In the event that the CBG Beneficiary and the Assets Trustee fails to obtain any one of the Requisite CPF Loan Legal Title Transfer Approvals in respect of a proposed transfer of the legal title to all or any selected CPF Loan(s) and its Related Security (and any related Top-up Loans) to a Relevant Purchaser, the Declaration of Assets Trust sets out certain provisions for the CBG Beneficiary to assign absolutely its beneficial interest in all or any Selected Loans (which are CPF Loans) to a purchaser. Each such assignee shall have all rights and remedies in relation to such Selected Loans (which are CPF Loans) under the Assets Trust which are beneficially owned by it (including, but not limited to, the right to sell its beneficial interest to such other party as it may select).

The Assets Trustee or, as the case may be, the Replacement Assets Trustee, shall at all times segregate and keep separately identifiable the CPF Loans and their Related Security (and any related Top-up Loans) held by the CBG Beneficiary and any such assignees to the extent of each of their respective beneficial interests in the CPF Loan(s) and Related Security (and any related Top-up Loans) under the Assets Trust.

In respect of a sale of Selected Loans which are CPF Loans and their Related Security (and any related Top-up Loans) to a Purchaser, please see the section "*Summary of the Principal Documents — Establishment Deed — Method of Sale of Selected Loans*" below.

The Assets Trustee and the CBG Beneficiary shall, upon the occurrence of any of the events set out in paragraphs (a) to (f) below, use reasonable endeavours to appoint a Replacement Assets Trustee:

(a) the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Acceleration Notice and the service on the CBG of a Notice to Pay (or, if earlier, following the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice) unless, in respect of Selected Loans (which are CPF Loans) described in a Selected Loans Offer Notice, the Seller has notified the CBG and/or the Assets Trustee that it will accept the offer set out in the Selected Loans Offer Notice within the prescribed time;

(b) the Assets Trustee and/or the CBG Beneficiary being required (i) by law; (ii) by an order of a court of competent jurisdiction; (iii) by a regulatory authority which has jurisdiction over the Seller; or (iv) by any organisation of which the Seller is a member, or whose members comprise, but are not necessarily limited to, mortgage lenders and with whose instructions it is customary for the Seller to comply, to transfer legal title to the CPF Loans;

(c) the occurrence of an Insolvency Event in respect of the Assets Trustee;

(d) the termination or resignation of the Seller as Servicer under the Servicing Agreement unless:

    (i) at the relevant date of termination or resignation any substitute servicer is a member of the DBS Group; or

    (ii) the Security Trustee otherwise consents (such consent to be given if a Rating Agency Confirmation has been delivered by the Issuer to the CBG and the Security Trustee in respect of the termination or resignation of the Seller as Servicer);

(e) the Assets Trustee requesting a transfer of legal title to the Replacement Assets Trustee by giving notice in writing to the CBG Beneficiary and the Security Trustee; or

(f) the Assets Trustee's long-term unsecured and unsubordinated debt obligations cease to be rated at least Baa3 by Moody's or BBB- by Fitch,

the events in (a) to (f) above, together, "**Replacement Assets Trustee Events**".

The Assets Trustee shall within 30 days after the appointment of the Replacement Assets Trustee, submit or deliver all relevant documents, notifications, forms, instruments and applications to the relevant parties as may be necessary to effect the transfer of the legal title to the CPF Loans and their Related Security (and any related Top-up Loans) (or, where specified below, the Selected Loans (which are CPF Loans)) to (A) the Replacement Assets Trustee or (B) (where applicable) the Relevant Purchaser.

"**Requisite CPF Loan Legal Title Transfer Approval**" means, in relation to a proposed transfer of the legal title to any CPF Loans and their Related Security (and any related Top-up Loans) held by the Assets Trustee under the Declaration of Assets Trust either to a Replacement Assets Trustee or as part of a sale of Selected Loans to a Purchaser, any one of the following:

(a) where the proposed transferee is an entity licensed to carry on banking business in Singapore, obtaining a Section 55B/C Court Order (as defined below) approving the transfer of that part of the Assets Trustee's banking business that comprises legal title to such CPF Loans and their Related Security (including any related Top-up Loans) (without any requirement to obtain prior consent from the CPF Board prior to implementing such court-sanctioned Section 55B/C Transfer);

(b) (whether or not the proposed transferee is an entity licensed to carry on banking business in Singapore) the prior consent of the CPF Board to effect such transfer of the Mortgages relating to such CPF Loans; and

(c) where the proposed transferee is not an entity licensed to carry on banking business in Singapore, (1) a Sections 210/212 Court Order (as defined below) approving the transfer of that part of the Assets Trustee's banking business that comprises legal title to such CPF Loans and their Related Security (including any related Top-up Loans), and (2) the prior consent from the CPF Board to such transfer of the Mortgages relating to such CPF Loans (or a confirmation from the CPF Board that such consent is not required).

Section 55B of the Banking Act

Section 55B of the Banking Act provides a mechanism for a bank to voluntarily transfer the whole or part of its business (including its non-banking business) to a transferee which is licensed by the MAS to carry on banking business in Singapore, and such business that may be transferred by a bank under this section includes a transfer of the legal title to any of the CPF Loans and their Related Security (and any related Top-up Loans) held in the Assets Trust. Under such section, a transferor would seek an order of the High Court of Singapore (which the court has the power to grant) which would transfer that part of the Assets Trustee's banking business that comprises legal title to such CPF Loans and their Related Security (and, where applicable, any related Top-up Loans) pursuant to Sections 55A to C of Part VIIA of the Banking Act (a "**Section 55B/C Transfer**") and which is sufficiently wide to obviate any requirement to seek the prior consent of the CPF Board to the transfer of Mortgages related to any CPF Loans held under the Declaration of Assets Trust. Such powers of the High Court of Singapore in relation to Sections 55B and 55C of the Banking Act are broad enough to (a) enable the High Court of Singapore (if it is prepared to) to grant an order which would entitle the Replacement Assets Trustee to the same rights and priorities as the Assets Trustee would have been entitled to in relation to the CPF Loans and their Related Security (and any related Top-up Loans) if the transfer had not taken place and (b) enable a transfer to be made in the absence of the consent of the CPF Board.

A Section 55B/C Transfer procedure may be undertaken by DBS Bank itself (in its capacity as Assets Trustee) or, be effected by the CBG Beneficiary acting in the name of DBS Bank as the Assets Trustee under the Assets Trustee Power of Attorney (including in a post-insolvency situation of DBS Bank) after the occurrence of any Replacement Assets Trustee Event.

Whether an order will be made approving the Section 55B/C Transfer will depend on the circumstances of the case and there is no guarantee that such an order will be made. In summary, the procedural requirements for a Section 55B/C Transfer are as follows:

(1) before an application is made to the High Court of Singapore for a Section 55B/C Court Order:

    (a) the transferor obtaining the consent of the Minister (who is charged by the Prime Minister of Singapore with responsibility for banking matters) or his certification that such consent is not required. In this regard, such Minister will consider whether the MAS has been satisfied that the transferee is a fit and proper person who will conduct the business prudently and comply with the provisions of the Banking Act, and whether it is in the national interest to grant such consent. Such Minister is entitled, in considering such grant of consent, to appoint a party to independently assess and produce a report on the proposed Section 55B/C Transfer;

    (b) the transferor lodging a report with the MAS ("**Section 55B MAS Report**") setting out details of the transfer (with supporting documentation);

    (c) (if the transferor and the transferee intend to serve on their respective customers a summary of the transfer) the transferor and the transferee filing a summary ("**Section 55B Customer Summary**") of the proposed transfer which is to be sent to the affected customers (i.e. the Borrowers and/or Mortgagors, as the case may be, under the relevant CPF Loans) for prior approval by the MAS;

    (d) the transferor publishing in the Gazette and in such newspapers as MAS requires, a notice of its intention to make such application together with such other particulars as may be prescribed by MAS (such notice to be published not less than fifteen days before such application is made and not earlier than one month after the Section 55B MAS Report is lodged with the MAS);

    (e) the transferor and the transferee keeping at their respective offices in Singapore a copy of the Section 55B MAS Report for a period of fifteen days after the publication of the notice in the Gazette, for the inspection by any person who may be affected by the transfer; and

    (f) the transferor and the transferee serving a copy of the Section 55B MAS Report and the Section 55B Customer Summary (as approved by the MAS) on the Borrowers of the relevant CPF Loans at least 15 days before such application;

(2) the transferor obtaining an order made by the High Court of Singapore approving a Section 55B/C Transfer and which is sufficiently wide to obviate any requirement to obtain the consent of the CPF Board to the transfer of the Mortgages related to such CPF Loans held under the Declaration of Assets Trust (a "**Section 55B/C Court Order**");

(3) the transferor and the transferee each lodging within seven days of the Section 55B/C Court Order:

    (a) a copy of the Section 55B/C Court Order with the Registrar of Companies;

    (b) a copy of the Section 55B/C Court Order with the MAS; and

    (c) a copy of the Section 55B/C Court Order certified true by the High Court of Singapore with the Singapore Land Authority; and

(4) the transferor and the transferee executing, stamping, lodging and registering appropriate instruments with the Singapore Land Authority for the transfer and/or vesting of the mortgages.

Third parties who may have an interest in the Trust Assets (including the CPF Loans and their Related Security (and any related Top-up Loans)) such as the MAS, the CPF Board and relevant Borrowers and/or Mortgagors of the CPF Loans, may be entitled to file objections and supporting evidence thereof in advance of the relevant decision hearing.

Sections 55B and 55C of the Banking Act have previously been used in Singapore to effect a transfer of businesses between banks. For example, they were used in the transfer of business of (1) The Royal Bank of Scotland N.V., Singapore Branch (formally known as ABN AMRO Bank N.V., Singapore Branch) to ABN AMRO II N.V., Singapore Branch in 2010, (2) HSBC Private Bank (Suisse) SA, Singapore Branch to The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch in 2013 and (3) Société Générale Bank & Trust, Singapore Branch to DBS Bank Ltd. in 2014.

Consent of the CPF Board

In the absence of a Section 55B/C Court Order approving a Section 55B/C Transfer, the prior consent of the CPF Board will be required for the transfer of the Mortgages related to the CPF Loans to a proposed transferee of a CPF Loan and its Related Security (and any related Top-up Loans) (whether or not such transferee is an entity licensed to carry on banking business in Singapore). In deciding whether to consent to such a transfer, the CPF Board may consider the following factors. First, there are statutory provisions that facilitate the transfer from the Assets Trustee to the Replacement Assets Trustee of the legal title to the CPF Loans and their Related Security (and, where applicable, any related Top-up Loans) under the Assets Trust. Section 41 of the Trustees Act provides, generally, for vesting of trust property in new or continuing trustees appointed by deed. Section 41, however, does not obviate the need for the CPF Board's consent. Second, where the Replacement Assets Trustee or the Purchaser is a financial institution, the CPF Board may consider that the Replacement Assets Trustee or such Purchaser has the ability to manage the CPF Loans and their Related Security (and any related Top-up Loans), which may be preferable to the management of the CPF Loans and their Related Security (and any related Top-up Loans) by the Seller which is in a distressed situation (such as an Insolvency Event).

Sections 210 and 212 of the Companies Act

Sections 210 and 212 of the Companies Act provide a mechanism for the whole or any part of the undertaking or the property of a banking corporation incorporated in Singapore to be transferred to any transferee, which includes a transfer of the legal title to any of the CPF Loans and their Related Security (and any related Top-up Loans) held in the Assets Trust (a "**Sections 210/212 Scheme**"). The proposed transferee (that is a Singapore-incorporated company) does not need to be an entity licensed to carry on a banking business in Singapore (though it may need to satisfy the relevant licensing requirements under the Moneylenders Act or be exempt from such licensing requirements). A Sections 210/212 Scheme may not obviate the contractual requirement to obtain the CPF Board's consent to the transfer of legal title of the Mortgages related to any CPF Loans held under the Declaration of Assets Trust, and hence (following the procurement of the requisite court and other approvals to the Sections 210/212 Scheme) consent from the CPF Board will also need to be obtained prior to the implementation of such Sections 210/212 Scheme. A Sections 210/212 Scheme procedure may be undertaken by DBS Bank itself (in its capacity as Assets Trustee) or, be effected, by the CBG Beneficiary acting in the name of DBS Bank as the Assets Trustee under the Assets Trustee Power of Attorney (including in a post-insolvency situation of DBS Bank) after the occurrence of any Replacement Assets Trustee Event.

Whether an order will be made approving the Sections 210/212 Scheme will depend on the circumstances of the case and there is no guarantee that such an order will be made. In broad terms, the requirements for a Sections 210/212 Scheme are:

(1) obtaining the consent of the Minister (who is charged by the Prime Minister of Singapore with responsibility for banking matters) or certification that his consent is not required;

(2) obtaining a court order (by a summary application) to summon a meeting of the Covered Bondholders;

(3) obtaining the approval of a requisite majority of Covered Bondholders (a majority in number representing three-fourths (75%) in value of the outstanding nominal amount of all Covered Bonds) voting at the meeting either in person or by proxy;

(4) based on the Covered Bondholder approval above, obtaining an order made by the High Court of Singapore sanctioning a Sections 210/212 Scheme pursuant to Sections 210 and 212 of the Companies Act whereby that part of the Assets Trustee's banking business which comprises legal title to the CPF Loans and their Related Security (and any related Top-up Loans) is approved to be transferred (a "**Sections 210/212 Court Order**"). In considering whether to approve the scheme, the court is likely to consider, *inter alia*, (A) whether the scheme is fair and reasonable to the Covered Bondholders as a whole, (B) whether the applicant (DBS Bank or the CBG acting under the Assets Trustee Power of Attorney) and the majority Covered Bondholders who granted their approval to the scheme are acting *bona fide*, and (C) whether the minority of Covered Bondholders are being coerced to promote the interest of the majority Covered Bondholders who granted their approval to the scheme;

(5) the transferor or the transferee lodging within seven days of the Sections 210/212 Court Order:

    (a) a copy of the Sections 210/212 Court Order with the Registrar of Companies of Singapore; and

    (b) a copy of the Sections 210/212 Court Order certified true by the High Court of Singapore with the Land Title Registry of the Singapore Land Authority; and

(6) the transferor and the transferee executing, stamping, lodging and registering appropriate instruments with the Singapore Land Authority for the transfer and/or vesting of the Mortgages.

The consent of the CPF Board to implement such Sections 210/212 Court Order will also be required (see "*Consent of the CPF Board*" above). Further, if the transfer of legal title to the CPF Loans and their Related Security (and any related Top-up Loans) is effected by way of a Sections 210/212 Court Order, this will weigh in favour of the CPF Board granting its consent to the transfer of the Mortgages related to such CPF Loans, as the presence of the relevant Sections 210/212 Court Order means the CPF Board would not be called on to make any decision with regard to who is the rightful party to the CPF Loans and their Related Security (and any related Top-up Loans).

Sections 210 (and 212) of the Companies Act have previously been used in Singapore to effect a transfer of businesses. For example, they were used in the integration of banking businesses between (1) DBS Finance Limited and DBS Bank Ltd in 2001, (2) Keppel TatLee Finance Limited and OCBC Finance Limited in 2002, (3) OCBC Finance Limited and Oversea-Chinese Banking Corporation Limited in 2003, and (4) Overseas Union Trust Limited and United Overseas Bank Limited in 2003.

Assets Trustee Power of Attorney

The Assets Trustee has, in connection with the creation of the Assets Trust, granted by way of deed poll to the CBG Beneficiary a power of attorney (the "**Assets Trustee Power of Attorney**") to, following the occurrence of a Replacement Assets Trustee Event, permit the

CBG Beneficiary to take certain actions in the name of the Assets Trustee to ensure the performance by the Assets Trustee of its obligations under the Declaration of Assets Trust, including, among other things:

(a) to exercise the Assets Trustee's rights, powers and discretions under the Declaration of Assets Trust, in relation to the Trust Assets and/or the CPF Loans and their Related Security (and any related Top-up Loans);

(b) to demand, sue for, enforce and receive all monies due and payable under the Assets Trust; and

(c) to open and maintain new account or accounts (including directing Borrowers and/or Mortgagors to pay into, withdraw from or close any such account) relating to any monies due and payable under the Assets Trust or any other related rights thereunder or (without double counting) under the Loans and their Related Security comprising the Trust Assets.

Under the terms of the Assets Trustee Power of Attorney, the CBG Beneficiary may appoint a delegate to exercise its rights, powers and discretions under the Assets Trustee Power of Attorney.

Any Replacement Assets Trustee appointed following the occurence of a Replacement Assets Trustee Event will grant a power of attorney, equivalent to the Assets Trustee Power of Attorney, to the CBG Beneficiary as part of its appointment.

CPF consent no longer required in future

In circumstances where the approval of the CPF Board is no longer required for the transfer or assignment of the Mortgage over a Property in order for the CBG (and any subsequent transferees as contemplated under the Transaction Documents) to be accorded the priority of payments over the CPF Board, the Transaction Documents envisage mechanics for such CPF Loans to be surrendered by the CBG Beneficiary from the Assets Trust and equitably assigned to the CBG under the Mortgage Sale Agreement. Following such surrender and re-assignment, such loan will be considered a "Non-CPF Loan". The defined terms "CPF Loans", "Non-CPF Loans" and "Top-up Loans", and the Transaction Documents generally, have been structured to cater for such possibility.

The Declaration of Assets Trust is governed by Singapore law.

Servicing Agreement

Pursuant to the terms of the Servicing Agreement entered into on the Programme Date between the CBG, the CBG Beneficiary, DBS Bank (in its capacity as the Seller, the Servicer and the Assets Trustee) and the Security Trustee, the Servicer has agreed to provide services for the CBG (in the case of Non-CPF Loans and their Related Security) and the Assets Trustee and CBG Beneficiary (in the case of CPF Loans and their Related Security (and any related Top-up Loans)).

The Seller in its capacity as Servicer will be required to administer the Loans in accordance with the Servicing Agreement and:

(a) as if the Loans and their Related Security (and any related Top-up Loans) sold by the Seller to the CBG (or, as the case may be, contributed to the Assets Trust) had not been, or were not to be, sold or contributed but had remained, or were to remain, on the books of the Seller;

(b) to the extent not otherwise provided for in the Servicing Agreement, in accordance with the Seller's Policy; and

(c) exercise the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender.

The Servicer's actions in administering the Loans in accordance with its procedures will be binding on the CBG, the CBG Beneficiary, the Assets Trustee and the Secured Creditors.

The Servicer will have the power to exercise the rights, powers and discretions and to perform the duties of the CBG, the CBG Beneficiary and the Assets Trustee in relation to such Loans and their Related Security pursuant to the terms of the Servicing Agreement, and to do anything which it reasonably considers necessary or convenient or incidental to the administration of those Loans and their Related Security, provided that at any time after the service of a Notice to Pay or a CBG Acceleration Notice, the Servicer will not agree to any request by a Borrower or a Mortgagor (as the case may be) to apply for CPF Withdrawal Approval without the prior consent of the CBG.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Agreement, the Servicer will undertake in relation to such Loans and their Related Security, *inter alia*, to:

(a) keep records and accounts on behalf of the CBG, the Assets Trustee and the CBG Beneficiary in relation to the Loans, the Top-up Loans and their Related Security comprised in the Portfolio (including, for the avoidance of doubt, CPF Loans and their Related Security (and any related Top-up Loans) held under the Assets Trust);

(b) keep the Loan Files and Title Deeds in its possession or under its control in safe custody and clearly identified and maintain records necessary to enforce each Mortgage and, subject to applicable laws and regulations, to provide the CBG, the CBG Beneficiary, the Assets Trustee and the Security Trustee with access to the Title Deeds and other records relating to the administration of the Loans and their Related Security;

(c) maintain a register in respect of the Portfolio;

(d) subject to applicable laws and regulations, make available, upon request and upon transfer of the legal title of the Loans and their Related Security, to the CBG, the CBG Beneficiary, the Assets Trustee and the Security Trustee a report on a monthly basis containing information about the Loans and their Related Security comprised in the Portfolio;

(e) comply with any notices issued by the MAS;

(f) assist the Cash Manager in the preparation of a monthly asset coverage report in accordance with the Cash Management Agreement;

(g) take all reasonable steps to recover all sums due to the CBG, the CBG Beneficiary and the Assets Trustee, including without limitation instituting proceedings and enforcing any relevant Loan or its Related Security using the discretion of a Reasonable, Prudent Mortgage Lender in applying the enforcement procedures forming part of the Seller's Policy; and

(h) enforce any Loan which is in default in accordance with the Seller's enforcement procedures or, to the extent that such enforcement procedures are not applicable having regard to the nature of the default in question, with the usual procedures undertaken by a Reasonable, Prudent Mortgage Lender on behalf of the CBG, the CBG Beneficiary and the Assets Trustee.

Right of delegation by the Servicer

The Servicer may from time to time sub-contract or delegate the performance of its duties under the Servicing Agreement, provided that it will nevertheless remain liable at all times for servicing the Loans and their Related Security (and any related Top-up Loans) comprised in the Portfolio and for the acts or omissions of any delegate or sub-contractor. Any such sub-contracting or delegation may be varied or terminated at any time by the Servicer.

Arrears management and handling of complaints

Pursuant to the terms of the Mortgage Sale Agreement and in accordance with Mortgage Conditions applicable to certain Loans, the Seller has prescribed policies relating to arrears management and handling of complaints which the CBG, the CBG Beneficiary, the Assets Trustee (and any subsequent purchaser thereof) will be required to adhere to following the transfer of Loans and their Related Security. Such arrears management and handling of complaints policies are consistent with those to be applied by the Servicer under the terms of the Servicing Agreement.

Remittances

If the Servicer has a Servicer's Remittance Rating or undertakes any other action which is notified to the Rating Agencies which otherwise satisfies the criteria of each of the Rating Agencies and would not cause a downgrading or withdrawal of the then current rating of any of the Covered Bonds, the Servicer shall pay an amount equal to the aggregate of (i) the Principal Receipts and Revenue Receipts received during the Calculation Period relating to that Remittance Date and (ii) an amount equal to the interest that would have been earned on such Principal Receipts and Revenue Receipts received by it if they had been deposited into the Transaction Account three Singapore Business Days following receipt by the Servicer, less an amount equal to any Taxes payable in relation to those Principal Receipts and Revenue Receipts and any other amount the Seller may retain in accordance with any Transaction Document, as received from Borrowers and/or Mortgagors during a Calculation Period on the Remittance Date for that Calculation Period into the Transaction Account.

If the Servicer does not have a Servicer's Remittance Rating and does not undertake any other action which otherwise satisfies the criteria of each of the Rating Agencies and would avoid a downgrading or withdrawal of the then current rating of any of the Covered Bonds, then the Servicer must pay all Principal Receipts and Revenue Receipts in its possession or control into the Transaction Account no later than the later of (i) two Singapore Business Days following receipt of such Principal Receipts and Revenue Receipts and (ii) two Singapore Business Days following the date upon which the Servicer does not have a Servicer's Remittance Rating if, by that date, the Servicer has not undertaken action which otherwise satisfies the criteria of each of the Rating Agencies and avoids a downgrading or withdrawal of the then current rating of the Covered Bonds.

If the Transaction Account is not maintained with the Account Bank or a member of the DBS Group, all Principal Receipts and Revenue Receipts must be deposited by the Servicer into the Transaction Account no later than two Singapore Business Days following receipt of them by the Servicer.

Re-pricing options

The Servicer may offer a re-pricing option to a Borrower or Mortgagor (in circumstances, *inter alia*, where the Borrower or the Mortgagor is able to refinance its Loan on cheaper terms in the market) during the life of a Loan. The Servicer has covenanted only to make such offers to the extent that a Reasonable, Prudent Mortgage Lender would do so in similar circumstances.

Compensation

As full compensation for its servicing duties and activities and as reimbursement for any expense incurred by it in connection therewith, the Servicer is entitled to receive the fees (exclusive of the Goods and Service Tax of Singapore ("**GST**")) from the CBG as set out in the Servicing Agreement.

Removal or resignation of the Servicer

The CBG, the CBG Beneficiary and the Assets Trustee (subject to the prior written consent of the Security Trustee) may, upon written notice (and in the case of (e) below, not less than 60 days' written notice) to the Servicer, terminate the Servicer's rights and obligations if any of the following events (each a "**Servicer Termination Event**" and, each of the first four events set out below, a "**Servicer Event of Default**") occurs:

(a) the Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 10 Singapore Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Security Trustee, the CBG, the CBG Beneficiary or the Assets Trustee requiring the same to be remedied;

(b) the Servicer fails to comply with any of its other obligations under the Servicing Agreement which failure in the reasonable opinion of the Security Trustee is materially prejudicial to the Covered Bondholders and either (i) does not remedy that failure within the earlier of 20 Singapore Business Days after becoming aware of the failure and receipt by the Servicer of written notice from the Security Trustee, the CBG, the CBG Beneficiary or the Assets Trustee requiring the same to be remedied or (ii) the Servicer has not paid satisfactory compensation to the CBG, the CBG Beneficiary and the Assets Trustee for its loss from such breach;

(c) the Servicer's long-term unsecured and unsubordinated debt obligations cease to be rated at least Baa3 from Moody's or at least BBB- from Fitch;

(d) an Insolvency Event occurs in relation to the Servicer; or

(e) the CBG, the Assets Trustee and the CBG Beneficiary resolve, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than 12 months' written notice to the Security Trustee, the CBG, the CBG Beneficiary and the Assets Trustee, provided that a substitute servicer qualified to act as such under the applicable law and regulation and with a management team with experience in administering mortgages in Singapore has been appointed and enters into a servicing agreement with the CBG, the CBG Beneficiary and the Assets Trustee substantially on the same terms as the Servicing Agreement. The resignation of the Servicer is conditional on the resignation having no adverse effect on the then current ratings of the Covered Bonds unless the Covered Bondholders agree otherwise by Extraordinary Resolution.

If the appointment of the Servicer is terminated, the Servicer must deliver the Title Deeds or the control thereof and Loan Files relating to the Loans administered by it to, or to the order of, the CBG, the Assets Trustee and the CBG Beneficiary, as applicable. The Servicing Agreement will terminate at such time as the CBG, the CBG Beneficiary, the Assets Trustee and the Replacement Assets Trustee have no further interest in any of the Loans or their Related Security sold to the CBG and the CBG Beneficiary (and held on trust by the Assets Trustee) and serviced under the Servicing Agreement that have been comprised in the Portfolio.

Pursuant to the terms of the Servicing Agreement, the Servicer is not liable for a failure to perform its obligations if it is rendered unable to do so due to circumstances beyond its control, such as electricity power cuts, earthquakes, storms or acts of God.

Neither the Bond Trustee nor the Security Trustee is obliged to act as servicer in any circumstances.

The Servicing Agreement is governed by Singapore law.

Asset Monitor Agreement

Under the terms of the Asset Monitor Agreement entered into on or about the Programme Date between the Asset Monitor, the CBG, the CBG Beneficiary, the Seller, the Cash Manager, the Issuer, the Assets Trustee, the Bond Trustee and the Security Trustee, the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Cash Manager to the Asset Monitor, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Cash Manager in relation to the Asset Coverage Test, prior to service of a Notice to Pay or a CBG Acceleration Notice, as soon as reasonably practicable following each Calculation Date immediately preceding the half yearly and yearly anniversary of the Programme Date (and in any event not later than 20 Singapore Business Days following receipt of such information from the Cash Manager) with a view to confirmation of the arithmetic accuracy or inaccuracy of such calculations. If and for so long as the ratings in respect of the long-term unsecured and unsubordinated debt obligations of the Cash Manager (or if the Cash Manager is not independently rated and, as the case may be, is an affiliate of the Issuer, the ratings in respect of the long-term unsecured and unsubordinated debt obligations of the Issuer, such ratings, the "**Deemed Ratings**") cease to meet the levels specified in the Asset Monitor Agreement or following the service of an Asset Coverage Test Breach Notice (which has not been revoked), the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, be required to conduct such tests following each Calculation Date. Following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice), the Asset Monitor will also be required to test the arithmetical accuracy of the calculations performed by the Cash Manager in respect of the Amortisation Test with a view to confirmation of the arithmetic accuracy or inaccuracy of such calculations.

Following a determination by the Asset Monitor of any errors in the arithmetic accuracy of the calculations performed by the Cash Manager such that the Asset Coverage Test or the Amortisation Test has been failed on the applicable Calculation Date (where the Cash Manager had recorded it as being satisfied) or the Adjusted Aggregate Loan Amount or the Amortisation Test Aggregate Loan Amount was misstated by an amount exceeding 1% of the actual Adjusted Aggregate Loan Amount or the actual Amortisation Test Aggregate Loan Amount, as applicable (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests in respect of each Calculation Date occurring during the period ending six months thereafter.

The Asset Monitor is entitled, except in certain limited circumstances, to assume that all information provided to it by the Cash Manager for the purpose of conducting such tests is true and correct and is complete and not misleading. The Asset Monitor Report will be delivered to the Cash Manager, the Servicer, the CBG, the Issuer, the Bond Trustee, the Security Trustee and the Rating Agencies.

The Asset Monitor has also been appointed as the cover pool monitor in respect of the CBG and the Programme for purposes of MAS Notice 648. In respect of each date falling six months after the first Issue Date (or such other date as may be agreed between the Cash Manager and

the Asset Monitor) (each, an "**Assessment Date**") and subject to receipt of certain information to be provided to the Asset Monitor by the Cash Manager and the Servicer, including the Asset Registers, the Investments Ledger, account statements and copies of New Portfolio Notices, Loan Repurchase Notices and Selected Loans Offer Notices, the Asset Monitor will:

(a) assess the keeping by the Cash Manager and the Servicer on behalf of the CBG of an accurate register of the assets in the Asset Pool; and

(b) assess compliance by the Issuer with MAS Notice 648.

The Asset Monitor may perform its obligations by sampling in accordance with applicable Singaporean auditing standards. In the event that the Asset Monitor is unable to perform any such functions as prescribed by MAS Notice 648, it shall immediately notify the Issuer and the CBG.

The CBG will pay to the Asset Monitor a fee for the tests to be performed by the Asset Monitor.

The Cash Manager may, at any time, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor or immediately upon providing the Asset Monitor written notice where the Asset Monitor ceases to be an Eligible Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Cash Manager in accordance with the replacement terms described below.

The Asset Monitor may, at any time, resign by giving at least 60 days' prior written notice to the CBG and the Security Trustee (copied to the Rating Agencies), and may resign by giving immediate notice in the event of a professional conflict of interest under the rules of the professional and/or regulatory bodies regulating the activities of the Asset Monitor and such professional conflict of interest is caused by the action of any recipient of its reports. The Asset Monitor will inform the recipients of its reports as soon as reasonably practicable of any action of which the Asset Monitor is aware that may cause a professional conflict of interest for the Asset Monitor which could result in such termination.

Upon the Asset Monitor giving notice of resignation or termination of the Asset Monitor's appointment, the Cash Manager shall immediately use all reasonable endeavours to appoint a substitute Asset Monitor, provided such substitute is an Eligible Asset Monitor that enters into an agreement substantially on the same terms as the terms of the Asset Monitor Agreement and the substitute Asset Monitor is a party that has been notified to the Rating Agencies by the Cash Manager and a Rating Agency Confirmation has been provided by the Cash Manager in respect of the appointment of the substitute Asset Monitor.

Neither the Bond Trustee nor the Security Trustee will be obliged to act as Asset Monitor in any circumstances.

The Asset Monitor Agreement is governed by Singapore law.

Establishment Deed

Pursuant to the terms of the Establishment Deed entered into on the Programme Date between the Seller, the Assets Trustee, the Servicer, the Cash Manager, the CBG, CBG Beneficiary, the Security Trustee and the Bond Trustee the parties agree the terms upon which the business of the CBG will be operated.

Asset Coverage Test

Under the terms of the Establishment Deed, for so long as any Covered Bonds remain outstanding, the Asset Coverage Test will be satisfied as of a Calculation Date if on that

Calculation Date, the Adjusted Aggregate Loan Amount is at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of all Covered Bonds as calculated on the relevant Calculation Date (the "**Asset Coverage Test**"). For a further discussion of the Asset Coverage Test, see "*Credit Structure including Asset Tests — Asset Coverage Test*".

On or prior to each Test Date, the Cash Manager must calculate the Adjusted Aggregate Loan Amount and the aggregate SGD Equivalent of the outstanding nominal amount of all Covered Bonds as of the immediately preceding Calculation Date.

If on any Test Date, the Adjusted Aggregate Loan Amount is less than the SGD Equivalent of the aggregate outstanding nominal amount of all Covered Bonds, all calculated as of the relevant Calculation Date immediately preceding that Test Date, then the Cash Manager shall notify the CBG, the Seller, the Issuer, the Rating Agencies, the Bond Trustee and the Security Trustee thereof and the CBG (at the direction of the Cash Manager) will use all commercially reasonable endeavours to acquire further Loans and their Related Security from the Seller and/or obtain an Advance or a Subordinated Advance to ensure that the Asset Coverage Test is met as of the next Calculation Date.

If on the next following Test Date, the Adjusted Aggregate Loan Amount is less than the SGD Equivalent of the aggregate outstanding nominal amount of all Covered Bonds (all calculated as of the Calculation Date immediately preceding that Test Date), the Asset Coverage Test will be breached and the Cash Manager shall notify the CBG, the Seller, the Issuer, the Bond Trustee and the Security Trustee promptly, whereupon the Bond Trustee shall serve an Asset Coverage Test Breach Notice on the CBG. The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if, on the first Test Date immediately succeeding service of an Asset Coverage Test Breach Notice, the Asset Coverage Test (as of the immediately preceding Calculation Date) is satisfied and neither a Notice to Pay nor a CBG Acceleration Notice has been served.

Following service of an Asset Coverage Test Breach Notice on the CBG (which has not been revoked) but prior to the service of a Notice to Pay:

(a) the CBG or the Cash Manager (on behalf of the CBG) may be required to sell Selected Loans and/or Authorised Investments and remit the proceeds to the Transaction Account (see in "*Sale of Selected Loans following service of an Asset Coverage Test Breach Notice*" below);

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments will be modified (see "*Cashflows and Priorities of Payments — Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service on the CBG of an Asset Coverage Test Breach Notice (which has not been revoked)*"); and

(c) the Issuer will not be permitted to issue any further Series of Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and is not revoked by the Bond Trustee on or before the first Test Date immediately succeeding service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default will occur and the Bond Trustee will be entitled to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the CBG.

For the purposes hereof:

The "**Adjusted Aggregate Loan Amount**" in respect of a Calculation Date means:

A + B + C + D + E – Y – Z

where,

A = the lower of (a) and (b), where:

(a) = the sum of the "**LTV Adjusted True Balance**" of each Loan (excluding, for the avoidance of doubt, all Top-up Loans) which is not a Converted Loan in the Portfolio as at the relevant Calculation Date, which shall be the lower of:

(i) the actual True Balance of the relevant Loan (excluding, for the avoidance of doubt, all Top-up Loans) which is not a Converted Loan in the Portfolio as calculated as of the relevant Calculation Date; and

(ii) the aggregate of the Indexed Valuation of each Property subject to a Related Security relating to that Loan, in each case multiplied by M:

(A) where, for all Loans that are not Defaulted Loans, M = 0.80, or such other greater amount determined by the Cash Manager and notified to the CBG and the Rating Agencies and in respect of which a Rating Agency Confirmation has been delivered by the Cash Manager; and

(B) where, for all Loans that are Defaulted Loans, M = 0 (zero),

minus

the aggregate sum of the following deemed reductions to the aggregate LTV Adjusted True Balance of the Loans in the Portfolio if either of the following occurred during the Calculation Period ending on such Calculation Date:

(1) the Seller was, in the immediately preceding Calculation Period, in respect of a Loan or its Related Security, in breach of any of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Non-CPF Loan and its Related Security (and any related Top-up Loans) and/or the Assets Trustee is subject to an obligation to accept surrender of the Trust Assets relating to the CPF Loans and their Related Security (and any related Top-up Loans) and made a corresponding Distribution to the CBG Beneficiary, and in each case the Seller has not repurchased the Non-CPF Loan or Non-CPF Loans of the relevant Borrower and/or the relevant Mortgagor and its or their Related Security (and any related Top-up Loans) to the extent required by the terms of the Mortgage Sale Agreement and/or the Assets Trustee has not accepted surrender of the Trust Assets and made a corresponding Distribution to the CBG Beneficiary in relation to the CPF Loans and their Related Security (and any related Top-up Loans) in accordance with the terms of the Declaration of Assets Trust. In this event, the aggregate LTV Adjusted True Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the LTV Adjusted True Balance of the relevant Loan or Loans (as calculated as of the relevant Calculation Date) of the relevant Borrower and/or the relevant Mortgagor; and/or

(2) the Seller was, in any preceding Calculation Period, in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate LTV Adjusted True Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the CBG, in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting (including in respect of amounts under (1) above) and to be reduced by any amount paid (in cash or in kind) to the CBG by the Seller to indemnify the CBG for such financial loss);

AND

(b) = the sum of the "**Asset Percentage Adjusted True Balance**" of each Loan (excluding, for the avoidance of doubt, all Top-up Loans) which is not a Converted Loan in the Portfolio as at the relevant Calculation Date which shall be the lower of:

(i) the actual True Balance of the relevant Loan (excluding, for the avoidance of doubt, all Top-up Loans) which is not a Converted Loan in the Portfolio as calculated as of the relevant Calculation Date; and

(ii) the aggregate of the Valuation of each Property subject to a Related Security relating to that Loan, in each case multiplied by N:

(A) where, for all Loans that are not Defaulted Loans, N = 1.00; and

(B) where, for all Loans that are Defaulted Loans, N = 0 (zero),

minus

the aggregate sum of the following deemed reductions to the aggregate Asset Percentage Adjusted True Balance of the Loans in the Portfolio if either of the following occurred during the Calculation Period ending on such Calculation Date:

(1) the Seller was, in the immediately preceding Calculation Period, in respect of a Loan or its Related Security, in breach of any of the Representations and Warranties contained in the Mortgage Sale Agreement or subject to any other obligation of the Seller to repurchase the relevant Non-CPF Loan and its Related Security (and any related Top-up Loans) and/or the Assets Trustee is subject to an obligation to accept surrender of the Trust Assets relating to the CPF Loans and their Related Security (and any related Top-up Loans) and make a corresponding Distribution to the CBG Beneficiary, and in each case the Seller has not repurchased the Non-CPF Loan or Non-CPF Loans of the relevant Borrower and/or the relevant Mortgagor and its or their Related Security (and any related Top-up Loans) to the extent required by the terms of the Mortgage Sale Agreement and/or the Assets Trustee has not accepted surrender of the Trust Assets and made a corresponding Distribution to the CBG Beneficiary in relation to the CPF Loans and their Related Security (and any related Top-up Loans) in accordance with the terms of the Declaration of Assets Trust. In this event, the aggregate Asset Percentage Adjusted True Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Asset Percentage Adjusted True Balance of the relevant Loan or Loans (as calculated as of the relevant Calculation Date) of the relevant Borrower and/or the relevant Mortgagor; and/or

(2) the Seller was, in any preceding Calculation Period, in breach of any other material warranty under the Mortgage Sale Agreement and/or the Servicer was, in the immediately preceding Calculation Period, in breach of a material term of the Servicing Agreement. In this event, the aggregate Asset Percentage Adjusted True Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the CBG in the immediately preceding Calculation Period (such financial loss to be calculated by the Cash Manager without double counting (including in respect of amounts under (1) above) and to be reduced by any amount paid (in cash or in kind) to the CBG by the Seller to indemnify the CBG for such financial loss),

the result of the calculation in this paragraph (b) being multiplied by the Asset Percentage (as determined below);

B = the aggregate amount of any Principal Receipts on the Loans in the Portfolio (excluding Principal Receipts in respect of Top-up Loans) which are not Converted Loans up to the end of the Calculation Period ending on such Calculation Date (as recorded in the Principal Ledger) which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with the Establishment Deed and/or the other Transaction Documents (including amounts standing to the credit of the Reserve Ledger and the Pre-Maturity Liquidity Ledger but excluding amounts representing Revenue Receipts) (but without double counting);

C = the aggregate amount of Advances under the Intercompany Loan Agreement and Subordinated Advances under the Subordinated Loan Agreement which have not been applied as at the relevant Calculation Date either (a) by the CBG Beneficiary to make a contribution into the Assets Trust to acquire further Loans or (b) to acquire further Loans and their Related Security or otherwise applied in accordance with the Establishment Deed and/or the other Transaction Documents (but without double counting);

D = any Authorised Investments and Substitution Assets standing to the credit of the Transaction Account as at the relevant Calculation Date (but without double counting);

E = the amount of any Sale Proceeds standing to the credit of the Transaction Account and credited to the Pre-Maturity Liquidity Ledger as at the relevant Calculation Date (but without double counting);

Y = 0 (zero), or, if the long-term unsecured and unsubordinated debt obligations of the Seller cease to be rated at least A- by Fitch or A3 by Moody's, the Set-Off Amount; and

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding *multiplied by* the aggregate SGD Equivalent of the outstanding nominal amount of all Covered Bonds *multiplied by* the Negative Carry Factor where the "**Negative Carry Factor**" is: (i) zero, for so long as the Interest Rate Swap is in effect in accordance with the terms thereof; or (ii) if the Interest Rate Swap is not in effect, X plus the Covered Bond Weighted Average Margin (provided that, if the weighted average remaining maturity is less than one, the weighted average shall be deemed, for the purposes of this calculation, to be one), and X is 0.5 per cent. or such percentage figure that the CBG (or the Cash Manager acting on its behalf) may from time to time determine and which is promptly notified to the Rating Agencies, the Bond Trustee and the Security Trustee.

The "**Asset Percentage**" shall be determined in accordance with the following:

(a) The "Asset Percentage" on any date shall be the lowest of:

(i) 95 per cent. or such other amount determined by the Cash Manager (acting on behalf of the CBG) and notified to the CBG and the Rating Agencies and in respect of which a Rating Agency Confirmation has been delivered by the Cash Manager;

(ii) such percentage figure as selected by the Cash Manager (acting on behalf of the CBG) from time to time and notified to the CBG, Fitch, the Bond Trustee and the Security Trustee in accordance with the Establishment Deed, being the asset percentage that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch, subject to the restriction in paragraph (b) below; and

(iii) the percentage figure most recently selected by the Cash Manager (acting on behalf of the CBG) and notified to the CBG, Moody's, the Bond Trustee and the Security Trustee in accordance with the Establishment Deed, as the percentage figure that is necessary to ensure the Covered Bonds maintain the then current ratings assigned to them by Moody's using Moody's expected loss methodology (regardless of the actual Moody's rating of the Covered Bonds at the time of determination of the Asset Percentage on such date), subject to the restriction in paragraph (b) below.

The Asset Percentage determined in accordance with these terms shall be published in the Investor Report for the relevant period.

(b) Notwithstanding paragraph (a) above, the CBG is not obliged to ensure that the Covered Bonds maintain an AAA rating by Fitch or an Aaa rating by Moody's (as the case may be). For the avoidance of doubt, the CBG (or the Cash Manager acting on its behalf) is not obliged to maintain the level of credit enhancement required to ensure that the Covered Bonds maintain an AAA rating by Fitch or an Aaa rating by Moody's using Moody's expected loss methodology (as the case may be) by exercising its option to select any such percentage figure pursuant to paragraphs (a)(ii) and (a)(iii) above.

(c) Where there is more than one Loan in the Portfolio secured on the same Property subject to a Related Security, the calculation of the Asset Coverage Test will be calculated in respect of such Loans on a consolidated basis as if all Loans in the Portfolio secured on the same Property subject to a Related Security were a single Loan.

(d) Following any downgrade of the Covered Bonds by Moody's, the percentage figure in paragraph (a)(iii) above may not exceed the Asset Percentage that applied as of the last time the Covered Bonds were rated Aaa by Moody's.

"**Covered Bond Weighted Average Margin**" means the weighted average of (i) where a Series of Covered Bonds does not have a Covered Bond Swap in place, the margin payable on such Covered Bonds of each Series and (ii) where a Series of Covered Bonds does have a Covered Bond Swap in place, the margin payable by the CBG to the relevant Covered Bond Swap Provider in respect of each such Series of Covered Bonds.

The Asset Coverage Test seeks to take account of the potential set-off risk (through factor Y (as defined above)) associated with Borrowers and/or Mortgagors holding deposits with the Seller (see "*Risk Factors — Risks relating to the CBG — Set-off risk, including set-off risk arising under Section 62A of the Banking Act may adversely affect the value of the Portfolio or any part thereof*") (although there is no assurance that all such risks therein will be

accounted for). Further, for so long as the CBG does not have legal title, the Seller will undertake for the benefit of the CBG and the Secured Creditors that it will lend its name to, and take such other steps as may be reasonably required by the CBG and/or the Security Trustee in relation to, any legal proceedings in respect of the Loans and their Related Security.

Amortisation Test

The Amortisation Test will be satisfied as of each Calculation Date following service of a Notice to Pay on the CBG (but prior to service of a CBG Acceleration Notice) and, for so long as Covered Bonds remain outstanding, if, on that Calculation Date, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as calculated on or before the relevant Test Date (the "**Amortisation Test**"). For a further discussion of the Amortisation Test, see "*Credit Structure including Asset Tests — Amortisation Test*".

The Cash Manager must calculate the Amortisation Test Aggregate Loan Amount (as of each Calculation Date) on or prior to each Test Date following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice).

If, on any Test Date following service of a Notice to Pay on the CBG, the Amortisation Test Aggregate Loan Amount is less than the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds, each calculated as of the Calculation Date immediately preceding that Test Date, then the Amortisation Test will be deemed to be breached and a CBG Event of Default will occur. The Cash Manager shall immediately notify the CBG, the Seller, the Issuer, the Rating Agencies, the Security Trustee and the Bond Trustee of any breach of the Amortisation Test and the Bond Trustee shall be entitled to serve a CBG Acceleration Notice on the CBG in accordance with the Conditions.

The "**Amortisation Test Aggregate Loan Amount**" will be calculated as at each Calculation Date as follows:

A + B + C – Y – Z

where,

A = the sum of the "**Amortisation Test True Balance**" of each Loan (excluding, for the avoidance of doubt, Top-up Loans) which is not a Converted Loan, which balance will be the lower of:

(a) the actual True Balance of the relevant Loan as calculated on the relevant Calculation Date; and

(b) the aggregate of the Indexed Valuation of each Property subject to a Related Security relating to such Loan multiplied by M,

where for all Loans that are not Defaulted Loans, M = 0.80 or such other amount determined by the Cash Manager and notified to the CBG and the Rating Agencies and in respect of which a Rating Agency Confirmation has been delivered by the Cash Manager, and for all the Loans that are Defaulted Loans, M = 0 (zero);

B = the sum of the amount of any cash standing to the credit of the Transaction Account (excluding any Revenue Receipts received in the Calculation Period ending on such Calculation Date);

C = any Authorised Investments and Substitution Assets standing to the credit of the Transaction Account as at the relevant Calculation Date (but without double counting);

Y = 0 (zero), or, if the long-term unsecured and unsubordinated debt obligations of the Seller cease to be rated at least A- by Fitch or A3 by Moody's, the Set-Off Amount; and

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding *multiplied by* the aggregate SGD Equivalent of the aggregate outstanding nominal amount of all Covered Bonds *multiplied by* the Negative Carry Factor.

Where there is more than one Loan in the Portfolio secured on the same Property subject to a Related Security, the calculation of the Amortisation Test will be calculated in respect of such Loans on a consolidated basis as if all Loans in the Portfolio secured on the same Property subject to a Related Security were a single Loan.

Interest Rate Shortfall Test

The Interest Rate Shortfall Test below shall apply at all times until the occurrence of an Issuer Event of Default.

For as long as the Interest Rate Shortfall Test applies, the Cash Manager (with assistance from the Servicer) shall determine on or before each Test Date (as of the immediately preceding Calculation Date), whether:

(a) all income whatsoever which the CBG is entitled to receive from any of its assets (including, but not limited to its beneficial interest in the Assets Trust, the Interest Rate Swap prior to any termination event) (but excluding Top-up Loans) during the next succeeding CBG Payment Period (the "**relevant CBG Payment Period**"); and

(b) the other resources and funds available to the CBG and the funds to the credit of the Transaction Account (including the Reserve Fund) but excluding for the avoidance of doubt receipts derived from Top-up Loans,

(together, the "**Relevant CBG IRST Income**"), is less than the aggregate of the following (the "**Relevant CBG IRST Expenditure**"):

(1) the scheduled amount (other than in respect of principal or a termination payment) which would have been due and payable (or provisioned to be paid) by the CBG (had a Notice to Pay been served and the Guarantee Priority of Payments been applicable at such time) to the relevant Covered Bond Swap Provider under each Covered Bond Swap (which has not been terminated) (after giving effect to any applicable netting provisions thereof) during the relevant CBG Payment Period; and

(2) the other senior payments which would have been due and payable by the CBG in priority to such amounts referred to in paragraph (1) above in accordance with the Guarantee Priority of Payments (had a Notice to Pay been served and had that been applicable at such time),

(together, the "**Interest Rate Shortfall Test**" and any such shortfall, the "**Interest Rate Shortfall**").

If the Interest Rate Shortfall Test applies and the Cash Manager (with assistance from the Servicer) determines that there will be an Interest Rate Shortfall in respect of the relevant CBG Payment Period, it will give written notice to the CBG and the Security Trustee, within three Singapore Business Days, of the amount of such Interest Rate Shortfall. If the CBG or the Security Trustee so requests of the Seller (with notification to the Cash Manager and the Servicer), the Seller shall use all reasonable endeavours to ensure that the CBG has sufficient income and/or resources to (A) meet payment of the Relevant CBG IRST Expenditure in respect of the relevant CBG Payment Period, and (B) avoid such Interest Rate Shortfall on future Test Dates. To this end, the Seller may offer to sell to the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) and the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) may acquire from the Seller in accordance with the provisions of the Mortgage Sale Agreement (or, in the case of CPF Loans, the Declaration of Assets Trust) sufficient New Loans and their Related Security (and any related Top-up Loans) provided that the Seller shall not be obliged to offer to sell to the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary), and the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) shall not be obliged to acquire, New Loans and their Related Security (and any related Top-up Loans) if in the reasonable opinion of the Seller the sale to the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) of such New Loans and their Related Security would adversely affect the business or financial condition of the Seller. In the case of a sale of CPF Loans and their Related Security (and any related Top-up Loans) by the Seller to the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) pursuant to the Establishment Deed, the relevant CPF Loans and their Related Security (and any related Top-up Loans) shall become Trust Assets (and be subject to the Assets Trust made in favour of the CBG Beneficiary) and the CBG Beneficiary shall make an Additional Contribution (which shall be funded in accordance with the terms of the Declaration of Assets Trust) to the Assets Trust which shall be applied by the Assets Trustee towards payment to the Seller of the purchase consideration for the acquisition of the relevant CPF Loans and their Related Security (and any related Top-up Loans). Corresponding advance(s) will be granted to the CBG by the Seller as lender under (subject to applicable facility limits) the Intercompany Loan Agreement and/or, if the Seller as Subordinated Loan Provider so elects, under the Subordinated Loan Agreement) (at all times subject to applicable law, regulation and guidance or decision from any governmental or regulatory authority or court, any MAS notices, in each case including such relating to applicable limits on covered bond cover pools) granting advance(s) thereunder.

Pre-Maturity Test

Certain Series of Covered Bonds are scheduled to be redeemed in full on their relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date (the "**Hard Bullet Covered Bonds**"). The applicable Pricing Supplement will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. The "**Pre-Maturity Test**" is intended to provide liquidity for the Hard Bullet Covered Bonds when the Issuer's credit ratings cease to meet specified ratings levels. On each Singapore Business Day (each a "**Pre-Maturity Test Date**") prior to the occurrence of an Issuer Event of Default or the occurrence of a CBG Event of Default, the CBG or the Cash Manager on its behalf will determine if the Pre-Maturity Test has been breached and, if so, the CBG or the Cash Manager on its behalf shall immediately notify the CBG, the Seller, the Issuer, the Rating Agencies and the Security Trustee thereof.

The Issuer will fail and be in breach of the Pre-Maturity Test in relation to a Series of Hard Bullet Covered Bonds on a Pre-Maturity Test Date if:

(a) the rating from Fitch of the Issuer's short-term unsecured and unsubordinated debt obligations cease to be at least F1+ (or if the Issuer's long-term unsecured and unsubordinated debt obligations cease to be rated at least A by Fitch) and the Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date; or

(b) the rating from Moody's of the Issuer's unsecured and unsubordinated debt obligations cease to be at least P-1 and the Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date.

Following a failure of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the CBG will as soon as practicable offer to sell Selected Loans to Purchasers (subject to the Seller's right of pre-emption pursuant to the Mortgage Sale Agreement and/or the Declaration of Assets Trust) with the intention that there will be an amount standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds). See "*Summary of the Principal Documents —Establishment Deed — Method of Sale of Selected Loans*".

In addition to the sale of Loans (including Selected Loans) and their Related Security, the Pre-Maturity Liquidity Ledger may be funded by:

(a) Advances and/or Subordinated Advances; and/or

(b) to the extent permitted by the Priorities of Payments, Available Revenue Receipts and Available Principal Receipts.

Failure by the Issuer to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Maturity Date thereof (subject to applicable cure periods) will constitute an Issuer Event of Default.

Following service of a Notice to Pay on the CBG in relation to a Series of Hard Bullet Covered Bonds but prior to the service of a CBG Acceleration Notice, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) must on behalf of the CBG apply funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds but shall cease to further fund the Pre-Maturity Liquidity Ledger in relation to that Series of Hard Bullet Covered Bonds. Following service of a CBG Acceleration Notice on the CBG, all amounts standing to the credit of the Pre-Maturity Liquidity Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

If the Issuer and/or the CBG fully repay the relevant Series of Hard Bullet Covered Bonds on the Maturity Date thereof or the breach of the Pre-Maturity Test is remedied, the amount standing to the credit of the Pre-Maturity Liquidity Ledger on the Transaction Account shall be applied by the CBG in accordance with the Pre-Acceleration Principal Priority of Payments and Pre-Acceleration Revenue Priority of Payments or (after service of a Notice to Pay on the CBG) the Guarantee Priority of Payments, unless the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case amounts shall remain credited on the Pre-Maturity Liquidity Ledger to the extent required to provide liquidity for such other Series of Hard Bullet Covered Bonds.

Failure to satisfy the Pre-Maturity Test will result in the occurrence of an Issuer Event of Default — see Condition 9(a)(vii) (*Breach of Pre-Maturity Test*).

Sale of Selected Loans following a breach of the Pre-Maturity Test

The Pre-Maturity Test will be breached if, prior to the service on the CBG of a Notice to Pay, the ratings of the Issuer's unsecured and unsubordinated debt obligations cease to meet specified levels and a Hard Bullet Covered Bond is due for repayment within a specified period of time thereafter, see "*Credit Structure including Asset Tests — Pre-Maturity Liquidity*". If the Pre-Maturity Test is breached prior to service of a Notice to Pay, the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) shall, taking into account amounts standing to the credit of the Pre-Maturity Liquidity Ledger, offer to sell Selected Loans (and any related Top-up Loans) in the Portfolio in accordance with the Establishment Deed (see "*Method of Sale of Selected Loans*") with the intention that the amount standing to the credit of the Pre-Maturity Liquidity Ledger will at least be equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds), subject to the rights of pre-emption in favour of the Seller to buy the Selected Loans (and any related Top-up Loans) pursuant to the terms of the Mortgage Sale Agreement and/or the Declaration of Assets Trust. In connection with any such sale of Selected Loans (which are CPF Loans), the CBG Beneficiary shall direct the Assets Trustee to accept surrender by the CBG Beneficiary of its beneficial interest in such Selected Loans (which are CPF Loans) which are subject to the Assets Trust to the Seller. If the Issuer fails to repay any Series of Hard Bullet Covered Bonds on the Maturity Date thereof (after expiry of the relevant grace periods), then following service of a Notice to Pay on the CBG, the proceeds from any sale of Selected Loans (other than Top-up Loans) standing to the credit of the Pre-Maturity Liquidity Ledger will be applied to repay the relevant Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in "*Credit Structure including Asset Tests — Pre-Maturity Liquidity*". The proceeds from any sale of Selected Loans (which are Top-up Loans) will be used to repay any Deemed Ancillary Intercompany Loan Advances outside the Priorities of Payments.

Sale of Selected Loans following service of an Asset Coverage Test Breach Notice

After service of an Asset Coverage Test Breach Notice (which has not been revoked) on the CBG but prior to service of a Notice to Pay (if the CBG has not obtained an Advance or a Subordinated Advance in order to meet the Asset Coverage Test), the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) (or the Cash Manager on their behalf) shall offer to sell Selected Loans in the Portfolio in accordance with the Establishment Deed (see "*Method of Sale of Selected Loans*"), subject to the rights of pre-emption in favour of the Seller to (i) buy the Selected Loans pursuant to the Mortgage Sale Agreement and/or the Declaration of Assets Trust and (ii) (in relation to Trust Assets) make a cash payment to the Assets Trustee in consideration for the surrender by the CBG Beneficiary of its beneficial interest in the Trust Assets pursuant to the Declaration of Assets Trust. The proceeds from any sale of Selected Loans (other than Top-up loans) will be credited to the Transaction Account and applied as set out in "*Cashflows and Priorities of Payments — Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service on the CBG of an Asset Coverage Test Breach Notice (which has not been revoked)*". The proceeds from any sale of Selected Loans (which are Top-up Loans) will be used to repay any Deemed Ancillary Intercompany Loan Advances outside the Priorities of Payments.

Sale of Selected Loans following service of a Notice to Pay and following service of a CBG Acceleration Notice

After service of a Notice to Pay on the CBG, but prior to service of a CBG Acceleration Notice, in order to meet its obligations, the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) may, or to the extent necessary to meet those obligations will, offer to sell Selected Loans in the Portfolio in accordance with the Establishment Deed (see "*Method of Sale of Selected Loans*"), subject to the rights of pre-emption in favour of the Seller to buy the Selected Loans pursuant to the Mortgage Sale Agreement and/or the Declaration of Assets Trust. The proceeds from any sale of Selected Loans (other than Top-up Loans) will be

credited to the Transaction Account and applied as set out in "*Cashflows and Priorities of Payments — Allocation and Distribution of Funds following service of a Notice to Pay*". The proceeds from any sale of Selected Loans (which are Top-up Loans) will be used to repay any Deemed Ancillary Intercompany Loan Advances outside the Priorities of Payments.

Following service of a CBG Acceleration Notice on the CBG, all amounts standing to the credit of the Pre-Maturity Liquidity Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Method of Sale of Selected Loans

Following a breach of the Pre-Maturity Test, the service of an Asset Coverage Test Breach Notice (which has not been revoked) or a Notice to Pay, the CBG or, as the case may be, the Assets Trustee on behalf of the CBG Beneficiary (or the Cash Manager on behalf of the CBG or CBG Beneficiary as the case may be), shall ensure that before offering Selected Loans for sale the Selected Loans have an aggregate True Balance in an amount (the "**Required True Balance Amount**") which is as close as possible to the amount calculated as follows:

(a) following the service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay, such amount that would ensure that, if the Selected Loans were sold at their True Balance plus the Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied as of the next Calculation Date (as calculated on the related Test Date following such Calculation Date) taking into account the payment obligations of the CBG on the CBG Payment Date following that Calculation Date (assuming for this purpose that the Asset Coverage Test Breach Notice is not revoked on or before the related Test Date following the next Calculation Date); or

(b) following a breach of the Pre-Maturity Test, an amount which is not less than the amount calculated as follows:

$$A = N \times \frac{O-D}{E}$$

where:

A is the Required True Balance Amount of the Selected Loans;

N is an amount equal to the SGD Equivalent of the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds (in respect of which the Pre-Maturity Test has been breached) less amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;

O is the True Balance of all the Loans in the Portfolio;

D is the outstanding balance of the Demand Loan; and

E is the aggregate SGD Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding.

For the avoidance of doubt, if A is zero or a negative number, then no Selected Loans in the Portfolio and their Related Securities need be sold; or

(c) following service of a Notice to Pay but prior to service of a CBG Acceleration Notice, in relation to a sale to meet the CBG's obligations other than in respect of the repayment of the Demand Loan, an amount which is not less than the amount calculated as follows:

$$A = N \times \frac{O-D}{E}$$

where:

A is the Required True Balance Amount of the Selected Loans;

N is an amount equal to the SGD Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less:

(i) amounts standing to the credit of the Transaction Account and any Authorised Investments or Substitution Assets (excluding all amounts to be applied on the next following CBG Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which have a Maturity Date prior to or on the same date as the relevant Series of Covered Bonds); and

(ii) if the Earliest Maturing Covered Bonds are Hard Bullet Covered Bonds, any amount standing to the credit of the Pre-Maturity Liquidity Ledger in respect of those Hard Bullet Covered Bonds;

O is the True Balance of all the Loans in the Portfolio;

D is the outstanding balance of the Demand Loan calculated pursuant to the Intercompany Loan Agreement following the final determination of the Asset Percentage; and

E is the aggregate SGD Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding.

For the avoidance of doubt, if A is zero or a negative number, then no Selected Loans in the Portfolio and their Related Security need be sold.

The CBG (in the case of Selected Loans which are Non-CPF Loans) and the Assets Trustee on behalf of the CBG Beneficiary (in the case of Selected Loans which are CPF Loans) will offer the Selected Loans for sale to Purchasers for the best price reasonably available but in any event:

(a) following (x) the service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay or (y) a breach of the Pre-Maturity Test but prior to service of a Notice to Pay, in each case, for an amount not less than the sum of the aggregate True Balance of the Selected Loans; and

(b) following service of a Notice to Pay, in relation to a sale to meet the CBG's obligations other than in respect of the repayment of the Demand Loan, for an amount not less than the sum of the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds.

In respect of any sale of Selected Loans in the Portfolio and their Related Security (except where the Seller is buying the Selected Loans in accordance with its right of pre-emption in accordance with the Mortgage Sale Agreement and/or the Declaration of Assets Trust), the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) or the Cash Manager on behalf of the CBG or the CBG Beneficiary, as the case may be will either:

(i) prior to service of a Notice to Pay, appoint any member of the DBS Group; or

(ii) following service of a Notice to Pay, through a tender process appoint a portfolio manager, investment bank, bank or other institution or adviser of recognised standing on a basis intended to incentivise it to achieve the best price for the sale of the Selected Loans (if such terms are commercially available in the market),

(in each case, the "**Sale Adviser**") to advise it in relation to the sale of the Selected Loans to Purchasers (except where the Seller is buying the Selected Loans, in accordance with its right of pre-emption in the Mortgage Sale Agreement and/or the Declaration of Assets Trust).

Following service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay, if the CBG determines (taking into account any advice or recommendations of the Sale Adviser) that it is unlikely that the Selected Loans will be able to be sold for such an amount, or that it is unlikely that a sale of the Selected Loans for such an amount will be able to be effected in time to enable the Asset Coverage Test to be satisfied as of the next Calculation Date, then the CBG and/or the Assets Trustee may:

(i) sell additional Selected Loans; and/or

(ii) offer the Selected Loans and the additional Selected Loans for the best price possible (in accordance with the recommendations of the Sale Adviser).

Following a breach of the Pre-Maturity Test but prior to service of a Notice to Pay, if Selected Loans have not been sold (in whole or in part) for an amount not less than the price described in (a) above by the date which is three months prior to the date by which the Pre-Maturity Liquidity Ledger must be funded in order to prevent an Issuer Event of Default in accordance with Condition 9(a)(vii) (*Breach of Pre-Maturity Test*), and the Pre-Maturity Liquidity Ledger is not otherwise funded (see "*Credit Structure including Asset Tests — Pre-Maturity Liquidity*" below), then the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) or the Cash Manager on behalf of the CBG or the CBG Beneficiary, as the case may be will offer the Selected Loans for sale at the best price reasonably obtainable in accordance with the advice of the Sale Adviser (if applicable).

Following service of a Notice to Pay, if the Selected Loans have not been sold (in whole or in part) for an amount not less than the amount described in paragraph (b) above by the date which is six months prior to, as applicable: (i) in respect of Earliest Maturing Covered Bonds that are Hard Bullet Covered Bonds in respect of the Covered Bond Guarantee, the Maturity Date of the Earliest Maturing Covered Bonds; or (ii) in respect of Earliest Maturing Covered Bonds that are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) or the Cash Manager on behalf of the CBG or the CBG Beneficiary, as the case may be will offer the Selected Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Following service of a Notice to Pay, in addition to offering Selected Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, as applicable, the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) or the Cash Manager on behalf of the CBG or the CBG Beneficiary, as the case may be may (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Agreement and/or the Declaration of Assets Trust) offer for sale a portfolio of Selected Loans in respect of other Series of Covered Bonds.

The CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) or the Cash Manager on behalf of the CBG or the CBG Beneficiary, as the case may be is permitted to offer for sale to Purchasers part of any portfolio of Selected Loans (a "**Partial Portfolio**"). Where a Notice to Pay has been served, except in circumstances where the portfolio of Selected Loans is being sold for a price less than the price described in (a) or (b) above, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Loans.

The terms of any sale and purchase agreement with respect to the sale of Selected Loans (except where the Seller is buying the Selected Loans in accordance with its right of pre-emption under the Mortgage Sale Agreement and/or the Declaration of Assets Trust) will be subject to obtaining a Rating Agency Confirmation in respect of such sale and the relevant sale and purchase agreement will:

(i) not include any representations and warranties from the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) or the Seller unless expressly agreed by the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) and the Seller, as the case may be (each acting in its discretion); and

(ii) require a cash payment from the Relevant Purchasers in immediately available funds on or prior to the date of sale of the Selected Loans.

The sale of Selected Loans which are Non-CPF Loans and their Related Security (see above in relation to Converted Loans) will require a notice of assignment to be given by the Seller to the Borrower, Mortgagor, surety, guarantor and/or any other relevant counterparty and the Non-CPF Loans and their Related Security are transferred by the Seller to the CBG and, where applicable, registered with the appropriate authority(ies).

In respect of Selected Loans which are CPF Loans, where legal title is required to be transferred to a Purchaser, the CBG Beneficiary and the Assets Trustee will use reasonable endeavours to obtain the Requisite CPF Loan Legal Title Transfer Approvals (unless the consent of the CPF Board to the transfer of the Mortgages relating to CPF Loans is not required). Prior to any Requisite CPF Loan Legal Title Transfer Approvals being obtained and unless the consent of the CPF Board to the transfer of the Mortgages relating to CPF Loans is not required the CBG Beneficiary and the Assets Trustee shall use reasonable endeavours to concurrently seek all of the Requisite CPF Loan Legal Title Transfer Approvals set out in paragraphs (a) to (c) of the definition of such term to the extent necessary to effect such transfer. Please see the section "*Declaration of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*" above.

Following any sale of Selected Loans which are CPF Loans and surrender to the Seller of the CBG Beneficiary's beneficial interest therein, the Assets Trustee shall also, in accordance with the terms and conditions of the Declaration of Assets Trust, make a Distribution to the CBG Beneficiary. Following such Distribution, the relevant Selected Loans will, pursuant to and in accordance with the terms of the Declaration of Assets Trust, cease to be Trust Assets. Converted Loans shall be excluded from any sale of Selected Loans.

Sale of Top-up Loans

In the event of any sale (or surrender of its interest, as the case may be) of Loans (including Defaulted Loans and Selected Loans) and their Related Security by the CBG or the Assets Trustee on behalf of the CBG Beneficiary, any related Top-up Loans shall be offered for sale as part of the same offer (such Loans, Related Security and related Top-up Loans being referred to as the "**Single Mortgage Bundle**"). The CBG or the Assets Trustee (on behalf of the CBG Beneficiary) will identify any such related Top-up Loans in the relevant Loan Repurchase Notice, Defaulted Loans Notice or Selected Loans Offer Notice.

Where such Top-up Loans are sold (or interest surrendered, as the case may be) to the Seller, the purchase price for such Top-up Loans will be an amount equal to the outstanding balance of the Top-up Loans, such amount to be subsequently adjusted to take into account any accrued interest and any other amounts due in respect of such Top-up Loans received by the Seller under such Top-up Loans in the period up to (but excluding) the relevant purchase date in respect of such Top-up Loans (see "*Declaration of Assets Trust — Repurchase adjustment in respect of CPF Loans and Top-up Loans*" above). Where the Seller and the Ancillary Intercompany Loan Provider are the same entity and title to the Top-up Loans has not been perfected, the CBG's equitable rights, estate, interests, title, benefits and remedies or the CBG Beneficiary's rights, estate, interests, title, benefits and remedies (as the case may be) to such Top-up Loans will be reassigned or released and surrendered (as the case may be) such that they vest completely in favour of the Ancillary Intercompany Loan Provider, in each case, free from the Security Interest created by the Singapore Deed of Charge.

Where such Top-up Loans are sold to a Purchaser who is not the Seller, the purchase price for such Top-up Loans will be an amount equal to the purchase price for the Single Mortgage Bundle less the purchase price for the Loans comprised in the Single Mortgage Bundle as agreed between the CBG or, as the case may be, the Assets Trustee (on behalf of the CBG Beneficiary) and the Purchaser at the point of sale.

The proceeds from any sale of Top-up Loans will be used to repay Deemed Ancillary Intercompany Loan Advances outside the Priorities of Payments.

Limit on investing in Substitution Assets and Authorised Investments

Prior to the service of an Asset Coverage Test Breach Notice (which has not been revoked) or a Notice to Pay or CBG Acceleration Notice on the CBG or following revocation of an Asset Coverage Test Breach Notice, the Cash Manager on behalf of the CBG will be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Advances and Subordinated Advances in Substitution Assets, provided that such investments are made in accordance with the terms of the Cash Management Agreement and do not contravene or result in the contravention of MAS Notice 648, as amended from time to time and/or such other notices, regulations and rules which may be introduced by the MAS from time to time. Depositing such amounts in any CBG Account will not constitute an investment in Substitution Assets for these purposes.

Following service of an Asset Coverage Test Breach Notice (which has not been revoked) or a Notice to Pay on the CBG, all Substitution Assets may be sold by the CBG (or the Cash Manager on its behalf) for the best price possible taking into account market conditions at that time and the nature of the Substitution Assets and the proceeds credited to the Transaction Account.

The Cash Manager on behalf of the CBG may at any time (including both prior to and following service of a Notice to Pay) invest all available funds in Authorised Investments, provided that such investments are made in accordance with the terms of the Cash Management Agreement and do not contravene or result in the contravention of MAS Notice 648, as amended from time to time and/or such other notices, regulations and rules which may be introduced by the MAS from time to time.

Other provisions

The allocation and distribution of Revenue Receipts, Principal Receipts and all other amounts received by the CBG is described under "*Cashflows and Priorities of Payments*".

The Establishment Deed is governed by Singapore law.

Cash Management Agreement

The Cash Manager will provide certain cash management services to the CBG, the CBG Beneficiary, the Assets Trustee and the Security Trustee pursuant to the terms of the Cash Management Agreement entered into on the Programme Date between, *inter alios*, the CBG, the CBG Beneficiary, the Corporate Services Provider, the Issuer in its capacities as the Seller, the Assets Trustee, the Servicer and the Cash Manager and the Security Trustee and Bond Trustee.

The Cash Manager's services include, but are not limited to:

(a) maintaining the Ledgers on behalf of the CBG and the Assets Trustee;

(b) making an Additional Contribution to the Assets Trustee to acquire New Loans (which are CPF Loans) and their Related Security (and any related Top-up Loans) from the Seller pursuant to the terms of the Declaration of Assets Trust;

(c) maintaining records of all Authorised Investments and/or Substitution Assets, as applicable;

(d) distributing the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payments (described under "*Cashflows and Priorities of Payments*");

(e) determining whether the Asset Coverage Test is satisfied on each Test Date (as of the immediately preceding Calculation Date) in accordance with the Establishment Deed, as more fully described under "*Credit Structure including Asset Tests — Asset Coverage Test*";

(f) determining whether the Amortisation Test is satisfied on each Test Date (as of the immediately preceding Calculation Date) following an Issuer Event of Default in accordance with the Establishment Deed, as more fully described under "*Credit Structure including Asset Tests — Amortisation Test*";

(g) on each Singapore Business Day, determining whether the Pre-Maturity Test for each Series of Hard Bullet Covered Bonds is satisfied, as more fully described under "*Credit Structure including Asset Tests — Pre-Maturity Liquidity*";

(h) providing the Asset Monitor with all necessary information to allow it to comply with its obligations under the Asset Monitor Agreement;

(i) making the calculations and determinations required by the Intercompany Loan Agreement; and

(j) preparation of Investor Reports for the Covered Bondholders, the Rating Agencies and the Bond Trustee.

Pursuant to the terms of the Cash Management Agreement, the Cash Manager has delegated the performance of certain of its duties to the Corporate Services Provider.

In the performance of such duties, the Corporate Services Provider shall act in accordance with the standards applicable to the Cash Manager and shall be liable for the performance of such duties in accordance with the same standard of liability applicable to the Cash Manager. The Cash Manager shall not be liable for the performance of such duties by the Corporate Services Provider. Such delegation may be varied or terminated at any time by the Cash Manager.

In certain circumstances, the CBG, the Assets Trustee (with the consent of or as directed by the CBG Beneficiary), the CBG Beneficiary, the All Monies Trustee and the Security Trustee will each have the right to terminate the appointment of the Cash Manager in which event each of the CBG, the Assets Trustee (with the consent of or as directed by the CBG Beneficiary), the CBG Beneficiary and the All Monies Trustee will use its reasonable endeavours to appoint a substitute. The termination will only take effect once the substitute has been appointed. Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher).

Pursuant to the terms of the Cash Management Agreement, the Cash Manager is not liable for a failure to perform its obligations and shall be relieved from its obligations if it is rendered unable to carry out its obligations due to circumstances beyond its control, such as electricity power cuts, earthquakes, storms or acts of God.

The Cash Management Agreement is governed by Singapore law.

The CBG will pay an annual fee to the Cash Manager and will reimburse the Cash Manager for all its costs and expenses properly incurred in acting as Cash Manager, as applicable. Any remuneration, costs and expenses paid by the CBG to the Cash Manager shall be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

Subordinated Loan Agreement

From time to time, the Issuer as subordinated loan provider (the "**Subordinated Loan Provider**") may make Subordinated Advances to the CBG (the "**Subordinated Loan Facility**").

Except for Deemed Subordinated Advances (see below), the Subordinated Loan Facility is uncommitted and the Subordinated Loan Provider is not obliged to make Subordinated Advances to the CBG and may elect to make or decline the requested Subordinated Advances in its absolute discretion.

Each Subordinated Advance (except for Deemed Subordinated Advances) must be used by the CBG:

(a) to purchase New Loans which are Non-CPF Loans and their Related Security from the Seller, from time to time in accordance with the terms of the Mortgage Sale Agreement;

(b) towards Additional Contributions to the Assets Trustee to acquire New Loans which are CPF Loans and their Related Security from the Seller pursuant to the terms of the Declaration of Assets Trust;

(c) to invest in Authorised Investments and/or Substitution Assets in each case in accordance with the Establishment Deed; and/or

(d) to make a deposit of the proceeds in the Transaction Account (including, without limitation, to fund the Reserve Fund and/or the Pre-Maturity Liquidity Ledger and/or in relation to the Interest Rate Shortfall Test, in each case in accordance with the Establishment Deed).

Where amounts are not able to constitute Deemed Advances under the Intercompany Loan Agreement because the Deemed Advance Preconditions are not satisfied, they will constitute "**Deemed Subordinated Advances**".

The Cash Manager may request Subordinated Advances on behalf of the CBG in order to enable the CBG to meet its obligations under the Transaction Documents.

The Subordinated Loan will bear interest as set out in the Subordinated Loan Agreement.

The CBG will make repayments to the Subordinated Loan Provider on each CBG Payment Date if, and to the extent that, no Asset Coverage Test Breach Notice has been served on it (or, if such notice has been served, it has been revoked) and there are sufficient Available Principal Receipts and Available Revenue Receipts to make such payment in accordance with the applicable Priority of Payments. The Subordinated Loan will be subordinated to, *inter alia*, payments of principal and interest on the Intercompany Loan and the Covered Bond Guarantee, and all other payments or provisions ranking in priority to payments to be made to the Subordinated Loan Provider, in each case in accordance with the applicable Priorities of Payments.

The Subordinated Loan Agreement is governed by Singapore law.

Ancillary Intercompany Loan Agreement

Deemed Ancillary Intercompany Loan Advances will arise under the Ancillary Intercompany Loan Agreement if:

(i) the CBG Beneficiary acquires an interest in a Top-up Loan in connection with a CPF Loan in the Portfolio or in connection with the acquisition of a CPF Loan and its Related Security and the Assets Trust is declared over such Top-up Loan in accordance with the terms of the Declaration of Assets Trust;

(ii) a Top-up Loan is sold and assigned by the Seller to the CBG in connection with a Non-CPF Loan in the Portfolio or in connection with the acquisition of a Non-CPF Loan and its Related Security in accordance with the terms of the Mortgage Sale Agreement; and/or

(iii) as at any Calculation Date, there is an increase in the outstanding balance of a Top-up loan referred to in (i) or (ii) above.

Top-up Loans (and proceeds from the sale thereof) and Top-up Receipts will not form part of the cashflows or assets that are applied by the CBG or the Security Trustee in accordance with any Priorities of Payments.

Repayment of the Ancillary Intercompany Loan

The outstanding principal amount of the Ancillary Intercompany Loan at any time will equal the aggregate amount of Deemed Ancillary Intercompany Loan Advances minus the sum of any repayments. The CBG will make repayments to the Ancillary Intercompany Loan Provider on each CBG Payment Date. The Ancillary Intercompany Loan will be repayable (from Top-up Receipts and/or proceeds from the sale of Top-up Loans) outside the Priorities of Payments.

The Ancillary Intercompany Loan Agreement is governed by Singapore law.

Interest Rate Swap Agreement

To provide a hedge against possible variances between the interest revenues received by the CBG, being primarily linked to the rates of interest payable on the Loans in the Portfolio (which

may, for instance, include variable rates of interest or fixed rates of interest), and the interest amounts payable on the Intercompany Loan and (following the service of a Notice to Pay on the CBG) the Covered Bond Swap Agreement (or, if no Covered Bond Swap is in place, the Covered Bonds), the CBG entered into the Interest Rate Swap Agreement on the Programme Date with the Interest Rate Swap Provider (and entered into the Interest Rate Swap pursuant thereto) on the first Closing Date. Under the terms of the Interest Rate Swap, the CBG and the Interest Rate Swap Provider agree to swap the amount of interest received by the CBG in respect of the Loans in the Portfolio (other than interest received in respect of Defaulted Loans, Top-up Loans and Loans with unremedied or unwaived missed payments) and interest received by the CBG on the Transaction Account, Substitution Assets and any Authorised Investments in exchange for payment of one-month SOR plus a margin on the notional amount of the Interest Rate Swap to use towards paying the interest payable on the Intercompany Loan and, following the service of a Notice to Pay on the CBG, the amounts payable by the CBG under the Covered Bond Swap Agreement (or, if no Covered Bond Swap is in place, the Covered Bonds), plus, in each case, a certain amount for expenses.

The notional amount of the Interest Rate Swap entered into under the Interest Rate Swap Agreement will be the aggregate outstanding principal amount in the Portfolio comprising the aggregate outstanding principal amount of any Non-CPF Loans and their Related Security and all interests in the Assets Trust including the aggregate outstanding principal amount of any CPF Loans and their Related Security, all amounts standing to the credit of the Transaction Account and any Authorised Investments and Substitution Assets (excluding Defaulted Loans, Selected Loans which have been disposed of by the CBG, Top-up Loans and Loans with unremedied or unwaived missed payments) in respect of the Calculation Period ending immediately prior to the relevant Interest Rate Swap payment date. The scheduled termination date of the Interest Rate Swap is the date on which the aggregate principal balance of the Portfolio is reduced to zero.

In the event that the relevant rating(s) of the Interest Rate Swap Provider, or any guarantor, as applicable, is or are, as applicable, downgraded by a Rating Agency below the rating(s) specified in the Interest Rate Swap Agreement (in accordance with the expectations of that Rating Agency) for the Interest Rate Swap Provider, and, where applicable, as a result of the downgrade, the then current rating(s) of the Covered Bonds would or may, as applicable, be adversely affected, the Interest Rate Swap Provider will be required to take certain remedial measures which may include providing collateral for its obligations, arranging for its obligations to be transferred to an entity with the ratings expected by the relevant Rating Agency to ensure that the then current rating(s) of the Covered Bonds would not be downgraded or procuring another entity with the ratings expected by the relevant Rating Agency to become co-obligor in respect of its obligations under the Interest Rate Swap Agreement. Such remedial actions will be notified to the relevant Rating Agency. A failure to take such steps will allow the CBG to terminate the Interest Rate Swap.

Additionally, the Interest Rate Swap may also be terminated in the following circumstances (each referred to as an "**Interest Rate Swap Early Termination Event**"):

(a) at the option of either party to the Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under the Interest Rate Swap and such failure is not remedied on or before the third Business Day after notice of such failure is given to the party;

(b) at the option of the CBG, if there is a failure by the Interest Rate Swap Provider to perform any agreement or obligation (other than an obligation under (a) above) in accordance with the Interest Rate Swap Agreement and such failure is not remedied within 30 days of a notice of such failure being given to the CBG;

(c) at the option of the CBG, if there is a misrepresentation by the Interest Rate Swap Provider as set out in the Interest Rate Swap Agreement;

(d) if there is a change in law which results in the illegality of the obligations to be performed by either party under the Interest Rate Swap Agreement;

(e) at the option of the Interest Rate Swap Provider, if any of the Priorities of Payments is amended (other than in accordance with the Transaction Documents) without the consent of the Interest Rate Swap Provider such that the CBG's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the CBG's obligations to any other Secured Creditor than they were as of the date of the Interest Rate Swap Agreement;

(f) upon the occurrence of the insolvency of the Interest Rate Swap Provider, or any guarantor and certain insolvency-related events in respect of the CBG;

(g) upon the merger of the Interest Rate Swap Provider without an assumption of all of its obligations under the Interest Rate Swap Agreement;

(h) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under the Interest Rate Swap; or

(i) upon the service by the Bond Trustee of a CBG Acceleration Notice on the CBG.

Upon the termination of the Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the CBG or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement.

Any Swap Collateral Excluded Amounts will be paid to the Interest Rate Swap Provider directly and not via the Priorities of Payments.

If withholding taxes are imposed on payments made by the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the Interest Rate Swap Provider shall always be obliged to gross up these payments. If withholding taxes are imposed on payments made by the CBG to the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the CBG shall not be obliged to gross up those payments.

The notional amount of the Interest Rate Swap Agreement will be adjusted to correspond to any sale of any Loans, including any sale of Selected Loans (or transfer of Demand Loan Repayment Assets, as applicable) in accordance with the Transaction Documents following any of (i) a breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, (ii) the service of an Asset Coverage Test Breach Notice (which has not been revoked), (iii) the service of a Notice to Pay, (iv) the occurrence of a Demand Loan Repayment Event or (v) the Intercompany Loan Provider otherwise demanding that the Demand Loan be repaid, and swap termination payments (being a partial termination payment), calculated in accordance with the terms of the Interest Rate Swap, may be due and payable in accordance with the terms of the Interest Rate Swap as a consequence thereof.

Any termination payment made by the Interest Rate Swap Provider to the CBG in respect of the Interest Rate Swap will first be used to the extent necessary to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap Agreement with the CBG, unless a replacement Interest Rate Swap Agreement has already been entered into on behalf of the CBG. Any premium received by the CBG from a replacement Interest Rate Swap

Provider in respect of a replacement Interest Rate Swap Agreement will first be used to make any termination payment due and payable by the CBG with respect to the previous Interest Rate Swap under the Interest Rate Swap Agreement, unless such termination payment has already been made on behalf of the CBG.

Under the Interest Rate Swap Agreement, the CBG's obligations are limited in recourse to the Charged Property.

The Interest Rate Swap Agreement is governed by English law.

Covered Bond Swap Agreement

To provide a hedge against currency and/or interest rate risks in respect of amounts received by the CBG under the Interest Rate Swap and amounts payable or that may become payable in respect of its obligations under the Covered Bond Guarantee, the CBG will enter into the Covered Bond Swap Agreement (prior to the first issuance of Covered Bonds under the Programme in respect of which the CBG is required to enter into such a swap) with the Covered Bond Swap Provider and may enter into one or more new schedules and confirmations thereunder for each Series and/or Tranche of Covered Bonds at the time such Covered Bonds are issued. To the extent required by the terms of the Covered Bond Swaps, the Covered Bond Swap Provider and the CBG will agree to swap Singapore dollar floating rate amounts received by the CBG under the Interest Rate Swap into foreign currency amounts reflecting the amounts payable under the relevant Series and/or Tranche of Covered Bonds. No cashflows will be exchanged under the Covered Bond Swap Agreement (and the swaps thereunder will not become effective) unless and until the service of a Notice to Pay on the CBG.

If, prior to the Maturity Date in respect of the relevant Series and/or Tranche of Covered Bonds or (if an Extended Due for Payment Date is specified as applicable in the Pricing Supplement for a Series of Covered Bonds and the payment of the amount corresponding to the Final Redemption Amount or any part of it by the CBG under the Covered Bond Guarantee is deferred until the relevant Extended Due for Payment Date pursuant to Condition 5(a) (*Redemption by Instalments and Final Redemption*) of the Covered Bonds) any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date, the CBG notifies (pursuant to the terms of the Covered Bond Swap) the relevant Covered Bond Swap Provider of the amount in the Specified Currency to be paid by the Covered Bond Swap Provider on such Maturity Date or Interest Payment Date (such amount being equal to the Final Redemption Amount or the relevant portion thereof payable by the CBG on such Maturity Date or Interest Payment Date under the Covered Bond Guarantee in respect of the relevant Series and/or Tranche of Covered Bonds), the Covered Bond Swap Provider will pay the CBG such amount and the CBG will pay the Covered Bond Swap Provider the SGD Equivalent of such amount. Further, if on any day an Early Redemption Amount is payable pursuant to Condition 5(b) (*Early Redemption*), (if required) the Covered Bond Swap Provider will pay the CBG such amount (or the relevant portion thereof) and the CBG will pay the Covered Bond Swap Provider the SGD Equivalent thereof, following which the notional amount of the relevant Covered Bond Swaps will reduce accordingly.

Each Covered Bond Swap will terminate on the Maturity Date of the related Series and/or Tranche of Covered Bonds or, if the CBG is unable to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount (whether or not it has notified the Covered Bond Swap Provider), on the final Interest Payment Date on which an amount representing the Final Redemption Amount of the related Series and/or Tranche of Covered Bonds is paid (but in any event not later than the Extended Due for Payment Date).

Under the terms of each Covered Bond Swap Agreement, in the event that the relevant rating(s) of the Covered Bond Swap Provider, or any guarantor, as applicable, is or are, as

applicable, downgraded by a Rating Agency below the rating(s) specified in the relevant Covered Bond Swap Agreement (in accordance with the expectations of that Rating Agency) for the Covered Bond Swap Provider, and, where applicable, as a result of the downgrade, the then current rating(s) of the Covered Bonds would or may, as applicable, be adversely affected, the Covered Bond Swap Provider will, in accordance with the relevant Covered Bond Swap Agreement, be required to take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swap Agreement, arranging for its obligations under the Covered Bond Swap Agreement to be transferred to an entity with the ratings expected by the relevant Rating Agency to ensure that the then current rating(s) of the Covered Bonds would not be downgraded or procuring another entity with the ratings expected by the relevant Rating Agency to become co-obligor in respect of its obligations under the Covered Bond Swap Agreement. Such remedial actions will be notified to the relevant Rating Agency. A failure to take such steps will allow the CBG to terminate the Covered Bond Swaps entered into under that Covered Bond Swap Agreement.

A Covered Bond Swap may also be terminated in certain other circumstances (each referred to as a "**Covered Bond Swap Early Termination Event**"), including:

(a) at the option of either party to the Covered Bond Swap Agreement, if there is a failure by the other party to pay any amounts due under such Covered Bond Swap and such failure is not remedied on or before the third Business Day after notice of such failure is given to the party;

(b) at the option of the CBG, if there is a failure by the Covered Bond Swap Provider to perform any agreement or obligation (other than an obligation under (a) above) in accordance with the Covered Bond Swap Agreement and such failure is not remedied within 30 days of a notice of such failure being given to the CBG;

(c) at the option of the CBG, if there is a misrepresentation by the Covered Bond Swap Provider as set out in the Covered Bond Swap Agreement;

(d) if there is a change in law which results in the illegality of the obligations to be performed by either party under the Covered Bond Swap Agreement;

(e) at the option of the Covered Bond Swap Provider, if any of the Priorities of Payments is amended (other than in accordance with the Transaction Documents) without the consent of the Covered Bond Swap Provider such that the CBG's obligations to the Covered Bond Swap Provider under the Covered Bond Swap Agreement are further contractually subordinated to the CBG's obligations to any other Secured Creditor than they were as of the date of the Covered Bond Swap Agreement;

(f) upon the occurrence of the insolvency of the relevant Covered Bond Swap Provider or any guarantor, and certain insolvency-related events in respect of the CBG;

(g) upon the merger of the Covered Bond Swap Provider without an assumption of all of its obligations under the relevant Covered Bond Swap Agreement;

(h) in certain circumstances, if a deduction or withholding for or on account of taxes is imposed on payments under a Covered Bond Swap;

(i) upon the service by the Bond Trustee of a CBG Acceleration Notice on the CBG; or

(j) upon the redemption and/or cancellation, in whole or in part, of the related Series of Covered Bonds.

Upon the termination of a Covered Bond Swap Agreement, the CBG or the relevant Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the relevant Covered Bond Swap Agreement. The amount of this termination payment will be calculated and made in Singapore dollars.

Any termination payment made by the Covered Bond Swap Provider to the CBG in respect of a Covered Bond Swap Agreement will first be used to the extent necessary (prior to the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice and/or the commencement of winding-up proceedings against the CBG and/or realisation of the Security) to pay a replacement Covered Bond Swap Provider (or replacement Covered Bond Swap Providers) to enter into a replacement Covered Bond Swap with the CBG, unless a replacement Covered Bond Swap (or replacement Covered Bond Swaps) has already been entered into on behalf of the CBG. Any premium received by the CBG from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap will first be used to make any termination payment due and payable by the CBG with respect to the previous Covered Bond Swap under the relevant Covered Bond Swap Agreement, unless such termination payment has already been made on behalf of the CBG.

Any Swap Collateral Excluded Amounts will be paid to the Covered Bond Swap Provider directly and not via the Priorities of Payments.

If withholding taxes are imposed on payments made by any Covered Bond Swap Provider to the CBG under a Covered Bond Swap Agreement, such Covered Bond Swap Provider shall always be obliged to gross up those payments. If withholding taxes are imposed on payments made by the CBG to the Covered Bond Swap Provider under a Covered Bond Swap Agreement, the CBG shall not be obliged to gross up those payments.

In the event that the Covered Bonds are redeemed and/or cancelled in accordance with the Conditions (other than in accordance with Condition 5(a) (*Redemption by Instalments and Final Redemption*)), the Covered Bond Swap(s) in connection with such Covered Bonds will terminate or partially terminate, as the case may be. Swap termination payments (or partial termination payments) calculated in accordance with the terms of the Covered Bond Swap(s) may be due and payable in accordance with the terms of the relevant Covered Bond Swap(s) as a consequence thereof.

Under the Covered Bond Swap Agreement, the CBG's obligations are limited in recourse to the Charged Property.

The Covered Bond Swap Agreement will be governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on the Programme Date between, *inter alios*, the CBG, the Account Bank, the Cash Manager and the Security Trustee, the CBG will maintain with the Account Bank the Transaction Account, which will be operated in accordance with the Bank Account Agreement, the Cash Management Agreement, the Establishment Deed and the Singapore Deed of Charge. On each CBG Payment Date, as applicable, amounts required to meet the CBG's various creditors will be transferred to the Payment Ledger on the Transaction Account and applied by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) in accordance with the Priorities ofPayments (see "*Cashflows and Priorities of Payments*"). The CBG or the Cash Manager (with the prior written consent of the Security Trustee) may, upon

written notice to the Account Bank, terminate the appointment of the Account Bank if any of the following matters occur:

(a) if a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on any CBG Account; or

(b) if the Account Bank breaches its obligations under the Bank Account Agreement, the Singapore Deed of Charge or any other Transaction Document to which the Account Bank is a party, provided that termination for such breach would not adversely affect the then ratings of the Covered Bonds,

and the CBG or the Cash Manager (with the prior written consent of the Security Trustee) must, upon written notice to the Account Bank, terminate the appointment of the Account Bank if any of the following matters occur:

(i) if the Account Bank ceases to be rated the Account Bank Required Ratings and, within 30 days of such occurrence, (A) the CBG does not close the Transaction Account, the Swap Collateral Account and the CBG Trust Account and open replacement accounts with a financial institution (x) having the Account Bank Required Ratings and (y) being a person which holds all requisite licences or authorisations to perform the obligations of the Account Bank under the Bank Account Agreement, including, without limitation, a bank licence under the Banking Act; or (B) the Account Bank does not obtain a guarantee of its obligations under the Bank Account Agreement from a financial institution having equal to or above the Account Bank Required Ratings (in each case, provided that a Rating Agency Confirmation is obtained); or

(ii) if an Insolvency Event occurs in respect of the Account Bank.

In the event the Transaction Account, the Swap Collateral Account and/or the CBG Trust Account is closed and a replacement account or accounts are opened with a replacement account bank, the Account Bank will use reasonable endeavours to ensure that the replacement Transaction Account, Swap Collateral Account and/or CBG Trust Account is an interest bearing account yielding a commercially reasonable rate of return. No termination of the appointment of the Account Bank pursuant to (a), (b), (i) or (ii) above shall take effect until a financial institution (x) having the Account Bank Required Ratings and (y) being a person which holds all requisite licences or authorisations to perform the obligations of the Account Bank under the Bank Account Agreement, including, without limitation, a bank licence under the Banking Act enter into an agreement in form and substance similar to the Bank Account Agreement.

The Account Bank is not liable for a failure to perform its obligations if it is unable to do so due to circumstances beyond its control, such as strike, computer failure or power cuts.

The Bank Account Agreement will be governed by Singapore law.

Corporate Services Agreement

The CBG has entered into a Corporate Services Agreement with, *inter alios*, Intertrust Singapore Corporate Services Pte. Ltd. (as Corporate Services Provider) on the Programme Date, pursuant to which the Corporate Services Provider has agreed to provide to the CBG certain corporate services and such other services as the Cash Manager may delegate to it from time to time.

The Corporate Services Agreement is governed by Singapore law.

The CBG will pay certain fees to the Corporate Services Provider and will reimburse the Corporate Services Provider for all its costs and expenses properly incurred in acting as Corporate Services Provider, as applicable. Any remuneration, costs and expenses paid by the CBG to the Corporate Services Provider shall be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

Deeds of Charge

Pursuant to the terms of the Deeds of Charge entered into on the Programme Date by the CBG, the Assets Trustee, the CBG Beneficiary, the Security Trustee and the other Secured Creditors, the secured obligations of the CBG and the CBG Beneficiary and all other obligations of the CBG and the CBG Beneficiary under or pursuant to the Transaction Documents to which it is a party are secured, *inter alia*, by the following security (the "**Security**") over the following property, assets and rights (the "**Charged Property**"):

(a) a first fixed charge (which may take effect as a floating charge) over the CBG's and (on behalf of the CBG Beneficiary) the Assets Trustee's rights, estate, title, interests, benefits and remedies, present and future, in, to and under the Portfolio in respect of the Loans and its Related Security (and any related Top-up Loans) and all other related rights under the same;

(b) a first fixed charge (which may take effect as a floating charge) over the CBG Beneficiary's rights, estate, title, interests, benefits and remedies, present and future, in, to and under the Trust Assets (to the extent not charged under (a) above and all other related rights under the same;

(c) a valid assignment by way of first fixed security over all of the rights, estate, title, interests, benefits and remedies, present and future, of each of the CBG and the Assets Trustee on behalf of the CBG Beneficiary in, to and under the Insurance Policies;

(d) a valid assignment by way of first fixed security (which may take effect as a floating charge over) all of the CBG's and (on behalf of the CBG Beneficiary) the Assets Trustee's rights, estate, title, interests, benefits and remedies, present and future, in, to and under any Transaction Document to which it is a party (and, in respect of the Interest Rate Swap Agreement and Covered Bond Swap Agreement, after giving effect to all applicable netting provisions therein) (created under, in respect of Transaction Documents governed by Singapore law, the Singapore Deed of Charge or, in respect of the Transaction Documents governed by English law, the English Security Deed);

(e) a first fixed charge (which may take effect as a floating charge) over the rights, estate, title, interests, benefits and remedies, present and future, of the CBG in, to and under all monies standing to the credit of the Transaction Account (including any Excess Proceeds), the Swap Collateral Account and any other account of the CBG;

(f) a first fixed charge (which may take effect as a floating charge) over the rights, estate, title, interests, benefits and remedies of the CBG in, to and under or in respect of all Authorised Investments and Substitution Assets purchased from time to time from using monies standing to the credit of the Transaction Account; and

(g) a first floating charge over all the property, assets, rights and revenues and the whole of the undertaking of the CBG and the Assets Trustee on behalf of the CBG Beneficiary (including over the assets of the CBG governed by English law).

The CBG Beneficiary has covenanted in the Singapore Deed of Charge that it shall not call, request or act in any manner to transfer legal title in any of the Trust Assets from the Assets Trustee to itself without the prior written consent of the Security Trustee. The Security Trustee has covenanted in the Singapore Deed of Charge that it shall not consent to any such transfer of legal title in the Trust Assets to the CBG Beneficiary in any circumstances.

Release of Security

In the event of any sale of Loans (including Selected Loans) and their Related Security (and any related Top-up Loans) (and any other related rights under the same) by or on behalf of the CBG or the surrender by the CBG Beneficiary of its interest in all or part of the Trust Assets, in each case pursuant to and in accordance with the Transaction Documents, the Security Trustee shall, if so requested in writing by the CBG or the Assets Trustee on behalf of the CBG Beneficiary release, reassign or discharge those Loans and their Related Security (and any related Top-up Loans) (and any other related rights under the same) from the Security Interests created by and pursuant to the Singapore Deed of Charge on the date of such sale provided that:

(a) the CBG provides to the Security Trustee a certificate confirming that such sale has been made in accordance with the terms of the Transaction Documents and, in the case of Selected Loans only, that the Selected Loans being sold have been selected on a Random Basis; and

(b) the Security Trustee provides its prior written consent to the terms of such sale as described under "*Establishment Deed — Method of Sale of Selected Loans*" above.

In the event of any sale of related Top-up Loans by the CBG pursuant to and in accordance with the Transaction Documents, the Security Trustee will (subject to the written request of the CBG) release those Top-up Loans from the Security created by and pursuant to the Singapore Deed of Charge on the date of such sale.

In the event of any reassignment, release and surrender or transfer (as applicable) of the CBG's equitable rights, estate, interests, title, benefits and remedies to the Demand Loan Repayment Assets by or on behalf of the CBG pursuant to and in accordance with the Transaction Documents, such Loans and their Related Security (and any other related rights under the same) (or, in the case of Trust Assets, the CBG Beneficiary's interest therein) shall be automatically deemed reassigned, released or discharged from the Security Interests pursuant to the terms of the Singapore Deed of Charge on the date of such repayment of the Demand Loan.

The Security Trustee shall not be responsible for monitoring or ascertaining whether or not (i) in the event of any sale of Loans (including Selected Loans) and their Related Security (and any related Top-up Loans) by the CBG (or, in the case of Trust Assets, the surrender by the CBG Beneficiary of its interest therein) as described above, such sale and/or surrender is made or has been made in accordance with the terms of the Transaction Documents, (ii) the Loans and their Related Security (and any related Top-up Loans) which are the subject of such sale and/or surrender have been so released, reassigned and/or discharged from the security interests under the Singapore Deed of Charge, (iii) in the case of Selected Loans only, such Loans have been selected on a Random Basis, (iv) in the event of the repurchase of a Non-CPF Loan and its Related Security (and any related Top-up Loans) and/or the surrender of the Trust Assets in relation to the CPF Loans and their Related Security (and any related Top-up Loans) by the Seller as described above, any such repurchase and/or surrender has been made or completed in accordance with the terms of the Transaction Documents and such Loan and its Related Security (and any related Top-up Loans) have been so released, reassigned and/or discharged from the Security Interests under the Singapore Deed of Charge and/or (v) whether or not any such sale and/or surrender has been effected on terms commercially available in the market or effected in a timely manner. The Security Trustee shall not be liable to any person for any loss occasioned thereby.

Enforcement

If a CBG Acceleration Notice is served on the CBG, the Bond Trustee will be entitled to direct the Security Trustee to appoint a receiver, and/or enforce the Security constituted by the Deeds of Charge (including selling all or part of the Portfolio), and/or take such steps as it may think fit to enforce the Security, subject in each case to the Bond Trustee and the Security Trustee each being indemnified and/or secured and/or prefunded to its satisfaction. All proceeds received by the Security Trustee from the enforcement or realisation of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows and Priorities of Payments*".

The Singapore Deed of Charge is governed by Singapore law. The English Security Deed (creating security over the Transaction Documents which are governed by English law) is governed by English law, save that defined terms incorporated by reference from the Master Definitions Agreement shall be governed by and construed in accordance with Singapore law.

GST

Sums payable by the CBG deemed to be exclusive of any GST

Any sum payable by the CBG which constitutes the consideration for any supply for GST purposes is deemed to be exclusive of any GST which is chargeable on that supply. If GST is or becomes chargeable on any supply made by a party to the CBG under a Transaction Document, the CBG must pay to such party (in addition and at the same time as paying the consideration for such supply) an amount equal to the amount of such GST.

CREDIT STRUCTURE INCLUDING ASSET TESTS

The Covered Bonds will be direct, unsecured and unsubordinated obligations of the Issuer. The CBG has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the CBG of a Notice to Pay or, if earlier, following the occurrence of a CBG Event of Default and service by the Bond Trustee of a CBG Acceleration Notice. The Issuer will not be relying on payments by the CBG in respect of the Advances or receipt of Revenue Receipts or Principal Receipts from the Portfolio in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to the Covered Bondholders, as follows:

(a) the Covered Bond Guarantee provides credit support to the Issuer;

(b) the Asset Coverage Test is intended to test the asset coverage of the CBG's assets in respect of the Covered Bonds at all times;

(c) the Pre-Maturity Test is intended to provide liquidity to the CBG in respect of principal due on the Maturity Date of Hard Bullet Covered Bonds;

(d) the Amortisation Test is intended to test the asset coverage of the CBG's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the CBG;

(e) a Reserve Fund (unless the Issuer's short-term unsecured and unsubordinated debt obligations are rated at least F1 by Fitch and P-1 by Moody's) will be established in the Transaction Account to trap Available Revenue Receipts; and

(f) under the terms of the Bank Account Agreement, the Account Bank has agreed to pay a variable rate of interest on all amounts held by the CBG in the Transaction Account.

Certain of these factors are considered more fully in the remainder of this section.

Covered Bond Guarantee

The Covered Bond Guarantee provided by the CBG under the Trust Deed guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme. The Covered Bond Guarantee will not guarantee any amount becoming payable for any other reason, including any accelerated payment pursuant to Condition 9 (*Events of Default*) following the occurrence of an Issuer Event of Default. In this circumstance (and until a CBG Event of Default occurs and a CBG Acceleration Notice is served), the CBG's obligations will only be to pay the Guaranteed Amounts as they fall Due for Payment.

See further "*Summary of the Principal Documents — Trust Deed*" as regards the terms of the Covered Bond Guarantee. See further "*Cashflows and Priorities of Payments — Allocation and Distribution of Funds following service of a Notice to Pay*" as regards the payment of amounts payable by the CBG to the Covered Bondholders and other Secured Creditors following the occurrence of an Issuer Event of Default.

Pre-Maturity Liquidity

Certain Series of Covered Bonds are Hard Bullet Covered Bonds. The applicable Pricing Supplement will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test is intended to provide liquidity for the Hard Bullet Covered Bonds when the Issuer's credit ratings cease to meet specified ratings levels. On each Pre-Maturity Test Date, the CBG or the Cash Manager on its behalf will determine if the Pre-Maturity Test has been breached and, if so, the CBG or the Cash Manager on its behalf shall immediately notify the CBG, the Seller, the Issuer, the Rating Agencies and the Security Trustee thereof.

The Issuer will fail and be in breach of the Pre-Maturity Test in relation to a Series of Hard Bullet Covered Bonds on a Pre-Maturity Test Date if:

(a) the rating from Fitch of the Issuer's short-term unsecured and unsubordinated debt obligations cease to be at least F1+ (or if the Issuer's long-term unsecured and unsubordinated debt obligations cease to be rated at least A by Fitch) and the Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date; or

(b) the rating from Moody's of the Issuer's unsecured and unsubordinated debt obligations cease to be at least P-1 and the Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date.

Following a failure of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the CBG will as soon as practicable offer to sell Selected Loans to Purchasers (subject to the Seller's right of pre-emption pursuant to the Mortgage Sale Agreement and/or the Declaration of Assets Trust) with the intention that there will be an amount standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds). See "*Summary of the Principal Documents — Establishment Deed — Method of Sale of Selected Loans*".

In addition to the sale of Loans (including Selected Loans) and their Related Security, the Pre-Maturity Liquidity Ledger may be funded by:

(a) Advances and/or Subordinated Advances; and/or

(b) to the extent permitted by the Priorities of Payments, Available Revenue Receipts and Available Principal Receipts.

Failure by the Issuer to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Maturity Date thereof (subject to applicable cure periods) will constitute an Issuer Event of Default.

Following service of a Notice to Pay on the CBG in relation to a Series of Hard Bullet Covered Bonds but prior to the service of a CBG Acceleration Notice, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) must on behalf of the CBG apply funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds but shall cease to further fund the Pre-Maturity Liquidity Ledger in relation to that Series of Hard Bullet Covered Bonds. Following service of a CBG Acceleration Notice on the CBG, all amounts standing to the credit of the Pre-Maturity Liquidity Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

If the Issuer and/or the CBG fully repay the relevant Series of Hard Bullet Covered Bonds on the Maturity Date thereof or the breach of the Pre-Maturity Test is remedied, the amount standing to the credit of the Pre-Maturity Liquidity Ledger on the Transaction Account shall be applied by the CBG in accordance with the Pre-Acceleration Principal Priority of Payments and Pre-Acceleration Revenue Priority of Payments or (after service of a Notice to Pay on the CBG) the Guarantee Priority of Payments, unless the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case amounts shall remain credited on the Pre-Maturity Liquidity Ledger to the extent required to provide liquidity for such other Series of Hard Bullet Covered Bonds.

Failure to satisfy the Pre-Maturity Test will result in the occurrence of an Issuer Event of Default — see Condition 9(a)(vii) (*Breach of Pre-Maturity Test*).

Asset Coverage Test

The Asset Coverage Test is intended to test whether the CBG can meet its obligations under the Covered Bond Guarantee prior to the service of a Notice to Pay or a CBG Acceleration Notice.

The Asset Coverage Test is a formula which calculates the Adjusted Aggregate Loan Amount by adjusting the True Balance of the Loans in the Portfolio based on the methodologies and cashflow models as set out in the Establishment Deed, and has further adjustments to take into account, among other things, the failure by the Seller, in accordance with the Mortgage Sale Agreement, to repurchase Non-CPF Loans or accept surrender of the Trust Assets relating to CPF-Loans that do not materially comply with the Representations and Warranties (in respect of Loans and their Related Security in the Initial Portfolio) on the First Closing Date and (in respect of New Loans and their Related Security in a New Portfolio) on the date of the service of the relevant New Portfolio Notice and on the relevant Closing Date, and the value of any Authorised Investments and/or Substitution Assets. See "*Summary of the Principal Documents — Establishment Deed — Asset Coverage Test*".

Under the Establishment Deed, the Cash Manager will on or prior to each Test Date test whether, as of the immediately preceding Calculation Date, the Adjusted Aggregate Loan Amount is in an amount equal to or in excess of the aggregate SGD Equivalent of the outstanding nominal amount of the Covered Bonds. If the Adjusted Aggregate Loan Amount is less than the aggregate SGD Equivalent of the outstanding nominal amount of the Covered Bonds as of such Calculation Date, the CBG (at the direction of the Cash Manager) will use all commercially reasonable endeavours to ensure that the Adjusted Aggregate Loan Amount is in compliance with the Asset Coverage Test by purchasing additional Loans and their Related Security from the Seller and/or requesting an Advance under the Intercompany Loan Agreement or a Subordinated Advance under the Subordinated Loan Agreement to satisfy the shortfall.

If on the next following Test Date the Adjusted Aggregate Loan Amount is less than the aggregate SGD Equivalent of the outstanding nominal amount of all Covered Bonds (as calculated as of the Calculation Date immediately preceding that Test Date) as of the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the CBG.

An Asset Coverage Test Breach Notice will be deemed to be revoked by the Bond Trustee if, as of the Calculation Date following service of the Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a CBG Acceleration Notice has been served.

If an Asset Coverage Test Breach Notice has been served and is not revoked by the Bond Trustee on or before the first Test Date immediately succeeding service of an Asset Coverage Test Breach Notice, then an Issuer Event of Default will occur and the Bond Trustee will be entitled to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the CBG.

Amortisation Test

The Amortisation Test is intended to test whether, following service of a Notice to Pay on the CBG (but prior to service on the CBG of a CBG Acceleration Notice), the assets of the CBG available to meet its obligations under the Covered Bond Guarantee have fallen to a level where Covered Bondholders may not be repaid, in which case a CBG Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated.

Under the Establishment Deed, the Amortisation Test will be satisfied as of each Calculation Date following service of a Notice to Pay on the CBG (but prior to service on the CBG of a CBG Acceleration Notice) if, on that Calculation Date, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate SGD Equivalent of the outstanding nominal amount of the Covered Bonds. The Amortisation Test is a formula which adjusts the True Balance of the Loans in the Portfolio based on the methodologies and cashflow models as set out in the Establishment Deed, and has further adjustments to take account of Defaulted Loans. See "*Summary of the Principal Documents — Establishment Deed — Amortisation Test*".

Failure to satisfy the Amortisation Test will result in the occurrence of a CBG Event of Default — see Condition 9(b) (*CBG Events of Default*).

Interest Rate Shortfall Test

The Interest Rate Shortfall Test applies prior to an Issuer Event of Default and tests the income the CBG is entitled to in respect of each CBG Payment Period. If the income the CBG is entitled to (including under the Interest Rate Swap) is insufficient to meet the CBG's obligations (other than obligations in respect of principal) under the Covered Bond Swaps in respect of the Covered Bonds and prior-ranking expenses for such CBG Payment Period, the Seller is obliged to use all reasonable endeavours to ensure that the CBG has sufficient income and/or resources to meet such obligations and avoid future breach of the Interest Rate Shortfall Test. The Seller may, among other means, do so by selling further Loans and their Related Security or making advances under the Intercompany Loan Agreement and/or Subordinated Loan Agreement.

Reserve Fund

If, on any Singapore Business Day prior to the service on the CBG of a Notice to Pay or a CBG Acceleration Notice, the Reserve Fund Required Amount (if applicable) exceeds the balance on the Reserve Ledger on that Singapore Business Day, the Cash Manager on behalf of the CBG will within five Singapore Business Days of such day (i) request an Advance (under the Intercompany Loan) or (ii) if such an Advance is not available for utilisation because the conditions precedent required to be satisfied before such an Advance can be made cannot be met, request a Subordinated Advance, in either case, for an amount equal to the difference between the Reserve Fund Required Amount and the balance on the Reserve Ledger for the purpose of depositing the proceeds of the Advance or the Subordinated Advance in the Transaction Account to fund the Reserve Fund.

"**Reserve Fund Required Amount**" means:

(a) if, and for so long as, the Issuer's short-term unsecured and unsubordinated debt obligations are rated at least P-1 by Moody's and F1 by Fitch (and where the Issuer's long-term unsecured and unsubordinated debt obligations are rated at least A by Fitch), nil or such other amount as the Issuer will direct the CBG from time to time;

(b) if, and for so long as, the Issuer's short-term unsecured and unsubordinated debt obligations cease to be rated at least P-1 by Moody's but are rated at least F1 by Fitch (and where the Issuer's long-term unsecured and unsubordinated debt obligations are rated at least A by Fitch), an amount equal to the SGD Equivalent of amounts of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place, the aggregate amounts due to the relevant Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and (iii) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (b) to (f) of the Pre-Acceleration Revenue Priority of Payments and, if applicable, paragraph (g) of the Pre-Acceleration Revenue Priority of Payments, provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated;

(c) if, and for so long as, the Issuer's short-term unsecured and unsubordinated debt obligations cease to be rated at least F1 by Fitch (or if the Issuer's long-term unsecured and unsubordinated debt obligations cease to be rated at least A by Fitch) but are rated at least P-1 by Moody's, an amount equal to the SGD Equivalent of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place and is provided by a party other than the Issuer (or a related party), the aggregate amounts due to the relevant Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place and/or a Covered Bond Swap is provided by the Issuer (or a related party), the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and (iii) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (b) to (f) of the Pre-Acceleration Revenue Priority of Payments and, if applicable, paragraph (g) of the Pre-Acceleration Revenue Priority of Payments, provided that, in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

(d) if, and for so long as, the Issuer's short-term unsecured and unsubordinated debt obligations cease to be rated at least P-1 by Moody's and F1 by Fitch (or if the Issuer's long-term unsecured and unsubordinated debt obligations cease to be rated at least A by Fitch), the higher of the amounts determined in accordance with paragraphs (b) and (c) above.

A Reserve Ledger will be maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) to record the balance from time to time of the Reserve Fund. Following the service of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund will be added to certain other income of the CBG in calculating Available Revenue Receipts.

Unless otherwise funded under the Intercompany Loan Agreement or the Subordinated Loan Agreement (at the option of the Lender thereunder), the Reserve Fund will be funded up to the Reserve Fund Required Amount from Available Revenue Receipts in accordance with the Pre-Acceleration Revenue Priority of Payments on each CBG Payment Date.

The balance on the Reserve Ledger in excess of the Reserve Fund Required Amount will form part of Available Principal Receipts (up to an amount equal to the amount drawn under the Intercompany Loan Agreement or the Subordinated Loan Agreement to fund the Reserve Fund) and (in respect of the remaining balance) Available Revenue Receipts and be applied accordingly.

CASHFLOWS AND PRIORITIES OF PAYMENTS

As described under "*Credit Structure including Asset Tests*", until a Notice to Pay or a CBG Acceleration Notice is served on the CBG, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has ultimately received any corresponding payment from the CBG.

This section summarises the Priorities of Payments of the CBG as to the allocation and distribution of amounts standing to the credit of the CBG Accounts and their order of priority:

(a) prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice and/or realisation of the Security;

(b) following service of an Asset Coverage Test Breach Notice (which has not been revoked);

(c) following service of a Notice to Pay; and

(d) following service of a CBG Acceleration Notice and/or realisation of the Security.

Calculation and Transfer of Available Revenue Receipts and Available Principal Receipts

(a) On or prior to the Test Date immediately prior to each CBG Payment Date, the Cash Manager shall calculate:

    (i) the amount of Available Revenue Receipts available for distribution; and

    (ii) the amount of Available Principal Receipts available for distribution,

    in all cases, as of the Calculation Date immediately preceding that Test Date.

(b) Unless the section headed "*Cashflows and Priorities of Payments — Allocation and Distribution of Funds following service of a Notice to Pay*" below applies, on each CBG Payment Date, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such functions) on behalf of the CBG will transfer:

    (i) Available Revenue Receipts from the Revenue Ledger and the Reserve Ledger to the Payment Ledger on the Transaction Account, in an amount equal to the amount of Available Revenue Receipts standing to the credit of the Transaction Account; and

    (ii) funds from the Principal Ledger to the Payment Ledger on the Transaction Account, in an amount equal to the amount of Available Principal Receipts standing to the credit of the Transaction Account.

Allocation and Distribution of Available Revenue Receipts prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice.

Prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice, Available Revenue Receipts shall be applied as described below.

On each CBG Payment Date, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG will apply Available Revenue Receipts standing to the credit of the Payment Ledger on the Transaction Account as

set out in paragraph (b)(i) above, to pay or provide for the following obligations of the CBG in the following order of priority (except for amounts under paragraph (e)(ii) below which shall be paid when due) (the "**Pre-Acceleration Revenue Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, in or towards payment of all amounts (other than principal) then due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(b) *next*, in or towards payment of any liability of the CBG for Taxes;

(c) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) the Bond Trustee's fees and any Costs then due and payable or to become due and payable to the Bond Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(ii) the Security Trustee's fees and any Costs then due and payable or to become due and payable to the Security Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(iii) the Agents' fees and any Costs then due and payable or to become due and payable to the Agents under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(iv) the Corporate Services Provider's fees and any Costs then due and payable or to become due and payable to the Corporate Services Provider under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(v) the Assets Trustee's fees and any Costs then due and payable or to become due and payable to the Assets Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(vi) the Replacement Assets Trustee's fees and any Costs then due and payable or to become due and payable to the Replacement Assets Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(d) *next*, in or towards payment of the Servicer's fees and any Costs then due and payable or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the CBG Payment Period commencing on that CBG Payment Date;

(e) *next*, in or towards payment *pro rata* and *pari passu* of:

(i) any fees and Costs then due and payable or to become due and payable in connection with the seeking of any Requisite CPF Loan Legal Title Transfer Approval under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(ii) any fees and Costs then due and payable by the CBG to any person (other than a party to a Transaction Document) and incurred without breach by the CBG of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Pre-Acceleration Revenue Priority of Payments) and any such amounts expected to become due and payable by the CBG in the CBG Payment Period commencing on that CBG Payment Date;

(f) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) the Cash Manager's fees and any costs, charges, liabilities and expenses then due and payable or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the CBG Payment Period commencing on that CBG Payment Date;

(ii) amounts (if any) then due and payable to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement; and

(iii) amounts then due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement;

(g) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of all amounts then due and payable to the relevant Interest Rate Swap Provider (including any termination payment due and payable by the CBG under the Interest Rate Swap, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Interest Rate Swap;

(h) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of all amounts then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the relevant Covered Bond Swap Providers (other than in respect of principal or, in respect of cross-currency swaps, exchange amounts) in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CBG under the Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the relevant Covered Bond Swap Agreement;

(i) *next*, in or towards a credit to the Transaction Account (with a corresponding credit to the Reserve Ledger) of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount (if applicable) exceeds the existing balance on the Reserve Ledger as calculated as of the immediately preceding Calculation Date;

(j) *next*, if the Issuer is in breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Transaction Account (with a corresponding credit to the Pre-Maturity Liquidity Ledger) of an amount up to but not exceeding the difference between:

(i) the Required Redemption Amount as calculated as of the immediately preceding Calculation Date for all Series of Hard Bullet Covered Bonds which mature within 12 months of that Calculation Date; and

(ii) all amounts standing to the credit of the Pre-Maturity Liquidity Ledger as of the immediately preceding Calculation Date,

taking into account amounts to be applied to the Pre-Maturity Liquidity Ledger in accordance with the Establishment Deed on that CBG Payment Date;

(k) *next,* in or towards crediting the CBG Retained Amount Ledger of the CBG in an amount equal to the CBG Retained Amount;

(l) *next*, in or towards payment *pro rata* and *pari passu* of any amounts due and payable or to become due and payable in the immediately succeeding CBG Payment Period (excluding principal amounts) in respect of each relevant Advance under the Guarantee Loan to the Issuer pursuant to the terms of the Intercompany Loan Agreement;

(m) *next*, if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be credited to the Transaction Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event is either remedied by the Servicer or waived by the Security Trustee or a new servicer is appointed to service the Portfolio (or the relevant part thereof);

(n) *next*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the CBG under the Covered Bond Swap Agreement and the Interest Rate Swap Agreement, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;

(o) *next*, in or towards payment of all amounts then due and payable or to become due and payable (excluding principal amounts) in the CBG Payment Period commencing on that CBG Payment Date in respect of the Subordinated Advances pursuant to the terms of the Subordinated Loan Agreement;

(p) *next*, if the Cash Manager or the Subordinated Loan Provider so elects, in or towards repayment of the Subordinated Loan; and

(q) *next*, in or towards payment to the Seller of (a) the then Deferred Consideration Amount due to the Seller (in respect of Non-CPF Loans) and (b) the then Deferred Contribution Consideration Amount due to the Seller (in respect of CPF Loans).

All amounts, other than Swap Collateral Excluded Amounts, received by the CBG under the Interest Rate Swap Agreement on or after the CBG Payment Date but prior to the next following CBG Payment Date will be applied in the following order of priority:

(i) *first*, to the extent that any amounts were not able to be paid or provided for as described in the Pre-Acceleration Revenue Priority of Payments on the relevant CBG Payment Date due to the late receipt of payment by the CBG from the Interest Rate Swap Provider, promptly to pay or provide for those amounts in the order of priority specified in the Pre-Acceleration Revenue Priority of Payments; and

(ii) *next*, *as* a credit to the Transaction Account (with a corresponding credit to the Revenue Ledger) and applied as Available Revenue Receipts on the next succeeding CBG Payment Date.

If any Swap Collateral Available Amounts are received by the CBG on a CBG Payment Date, such amounts shall be applied by the CBG or by the Cash Manager on its behalf on that CBG Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

If any amount of interest in respect of a Series of Covered Bonds is due but unpaid by the Issuer on a CBG Payment Date, the amount of Available Revenue Receipts that would otherwise be distributed in accordance with paragraphs (l), (o), (p) and (q) above shall be set aside and retained in the Transaction Account by the Cash Manager on behalf of the CBG and shall be credited by the Cash Manager to the Accrued Payments Ledger. If:

(a) at any time prior to a Notice to Pay being served on the CBG, the Issuer pays such unpaid amounts of interest in respect of the relevant Series of Covered Bonds (and no amount

of interest in respect of any other Series of Covered Bonds is then due but unpaid by the Issuer), the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG shall promptly thereafter apply the Available Revenue Receipts previously set aside in accordance with this paragraph towards payment of the relevant amounts under paragraph (l), (o), (p) or (q) above (as applicable) in respect of which such amounts were set aside; or

(b) a Notice to Pay is served on the CBG, all Available Revenue Receipts previously set aside in accordance with this paragraph (which have not otherwise been previously paid under paragraph (a) above) shall be transferred from the Accrued Payments Ledger to the Payment Ledger on the Transaction Account in accordance with the Establishment Deed.

Allocation and Distribution of Available Principal Receipts prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice

Prior to the service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following the revocation of an Asset Coverage Test Breach Notice, Available Principal Receipts shall be applied as described below.

On each CBG Payment Date, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG will apply all Available Principal Receipts then standing to the credit of the Payment Ledger on the Transaction Account in making the following payments or provisions or credits in the following order of priority (the "**Pre-Acceleration Principal Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

(a) *first*, if the Issuer is in breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, in or towards a credit to the Transaction Account (with a corresponding credit to the Pre-Maturity Liquidity Ledger) of an amount up to but not exceeding the difference (if positive) between:

  (i) the Required Redemption Amount calculated as of the immediately preceding Calculation Date for all Series of Hard Bullet Covered Bonds which mature within 12 months of that Calculation Date; and

  (ii) all amounts standing to the credit of the Pre-Maturity Liquidity Ledger as of the immediately preceding Calculation Date;

(b) *next*, in or towards repayment of the principal amount (to the extent repayable in cash) of the Demand Loan;

(c) *next*, in or towards the acquisition of New Loans and their Related Security offered to the CBG or, as the case may be, the Assets Trustee on behalf of the CBG Beneficiary by the Seller in accordance with the terms of the Mortgage Sale Agreement (and, in the case of CPF Loans and their Related Security, becoming Trust Assets and the CBG Beneficiary being required to make an Additional Contribution pursuant to the terms of the Declaration of Assets Trust), or to provide for such acquisition or Additional Contribution in the CBG Payment Period commencing on that CBG Payment Date;

(d) *next*, as a credit to the Transaction Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the CBG, the CBG is in compliance with the Asset Coverage Test (which amounts may be invested by the CBG in Authorised Investments and/or Substitution

Assets, subject to the terms of the Establishment Deed and the Cash Management Agreement) and, if the Cash Manager so elects, towards acquisition of additional Authorised Investments and/or Substitution Assets in accordance with the Establishment Deed;

(e) *next*, in or towards repayment of the principal amount of the Guarantee Loan;

(f) *next*, in or towards repayment of the principal amount of the Subordinated Loan; and

(g) *next*, as a credit to the Transaction Account (with a corresponding credit to the Principal Ledger).

If any amount of interest in respect of a Series of Covered Bonds is due but unpaid by the Issuer on a CBG Payment Date, the amount of Available Principal Receipts that would otherwise be distributed in accordance with paragraph (e) and (f) above shall be set aside and retained in the Transaction Account by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG and shall be credited by the Cash Manager to the Accrued Payments Ledger. If:

(a) at any time prior to a Notice to Pay being served on the CBG, the Issuer pays such unpaid amounts of interest in respect of the relevant Series of Covered Bonds (and no amount of interest in respect of any other Series of Covered Bonds is then due but unpaid by the Issuer), the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG shall promptly thereafter apply the Available Principal Receipts previously set aside in accordance with this paragraph towards payment of the relevant amounts under paragraph (e) or (f) above (as applicable) in respect of which such amounts were set aside; or

(b) a Notice to Pay is served on the CBG, all Available Principal Receipts previously set aside in accordance with this paragraph (which have not otherwise been previously paid under paragraph (a) above) shall be transferred from the Accrued Payments Ledger to the Payment Ledger on the Transaction Account in accordance with the Establishment Deed.

Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service on the CBG of an Asset Coverage Test Breach Notice (which has not been revoked)

At any time after the service on the CBG of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the CBG of a Notice to Pay or a CBG Acceleration Notice, and for so long as any Covered Bonds remain outstanding, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG will apply:

(a) Available Revenue Receipts in accordance with Pre-Acceleration Revenue Priority of Payments save that no funds will be applied under paragraph (a), (l), (o), (p) or (q) of the Pre-Acceleration Revenue Priority of Payments, and any remaining amounts shall be credited to the Transaction Account (with a corresponding credit to the Revenue Ledger); and

(b) Available Principal Receipts in accordance with Pre-Acceleration Principal Priority of Payments save that no funds will be applied under paragraph (b), (e) or (f) of the Pre-Acceleration Principal Priority of Payments.

Allocation and Distribution of Monies following service of a Notice to Pay

On and from the service of a Notice to Pay on the CBG, but prior to service on the CBG of a CBG Acceleration Notice, all Available Revenue Receipts and Available Principal Receipts standing to the credit of the CBG Accounts will be applied as described below.

On each CBG Payment Date following the service of a Notice to Pay, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG will transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Principal Ledger, the Accrued Payments Ledger and the Reserve Ledger, as the case may be, to the Payment Ledger on the Transaction Account, in an amount equal to the amount of all Available Revenue Receipts and all Available Principal Receipts standing to the credit of such ledgers on the Transaction Account.

If a Notice to Pay is served on the CBG, the CBG shall on the relevant Maturity Date apply (to the extent required) all moneys standing to the credit of the Pre-Maturity Liquidity Ledger (and transferred to the Transaction Account in accordance with the provisions of the Establishment Deed) to repay the Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger was established that is then due for payment. Thereafter, any remaining monies standing to the credit of the Pre-Maturity Liquidity Ledger shall be debited from the Pre-Maturity Liquidity Ledger and shall be available for distribution in accordance with the Guarantee Priority of Payment as described below.

The Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) shall create and maintain ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraph (h), (i), (j) or (k) of the Guarantee Priority of Payments, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Covered Bond Swap in respect of the relevant Series of Covered Bonds on the Scheduled Payment Dates therefor.

On each CBG Payment Date on and from the date that a Notice to Pay is served on the CBG, but prior to service on the CBG of a CBG Acceleration Notice, the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on behalf of the CBG will apply all Available Revenue Receipts and all Available Principal Receipts then standing to the credit of the Payment Ledger on the Transaction Account in accordance with the above to pay or provide for the following obligations of the CBG in the following order of priority (except for amounts under paragraph (f) below which shall be paid when due) (the "**Guarantee Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

(a) *first*, in or towards payment *pro rata* and *pari passu* of all amounts of interest then due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(b) *next*, in or towards payment of any liability of the CBG for Taxes;

(c) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

    (i) the Bond Trustee's fees and any Costs then due and payable or to become due and payable to the Bond Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(ii) the Security Trustee's fees and any Costs then due and payable or to become due and payable to the Security Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(iii) the Agents' fees and any Costs then due and payable or to become due and payable to the Agents by the CBG under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(iv) the Corporate Services Provider's fees and any Costs then due and payable or to become due and payable to the Corporate Services Provider under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(v) the Assets Trustee's fees and any Costs then due and payable or to become due and payable to the Assets Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(vi) the Replacement Assets Trustee's fees and any Costs then due and payable or to become due and payable to the Replacement Assets Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(d) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of the Servicer's fees and any Costs then due and payable or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the CBG Payment Period commencing on that CBG Payment Date;

(e) *next*, in or towards payment *pro rata* and *pari passu* of:

(i) any fees and Costs then due and payable or to become due and payable in connection with the seeking of any Requisite CPF Loan Legal Title Transfer Approval under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(ii) any fees and costs then due and payable to any person (other than a party to a Transaction Document) and incurred without breach by the CBG of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and any such amounts expected to become due and payable by the CBG in the CBG Payment Period commencing on that CBG Payment Date;

(f) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) the Cash Manager's fees and any costs, charges, liabilities and expenses then due and payable or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement in the CBG Payment Period commencing on that CBG Payment Date;

(ii) amounts (if any) then due and payable to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement; and

(iii) amounts then due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement;

(g) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of all amounts then due and payable to the relevant Interest Rate Swap Provider (including any termination payment due and payable or to become due and payable by the CBG under the Interest Rate Swap, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Interest Rate Swap;

(h) *next*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof (and without double counting), of:

(i) the amounts then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the Covered Bond Swap Provider (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CBG under the Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account all amounts received or receivable from the Covered Bond Swap Provider (other than in respect of principal) and available to make payments in respect thereof) Scheduled Interest that is Due for Payment (or that will become Due for Payment in the CBG Payment Period commencing on that CBG Payment Date) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Issuing and Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (h) (excluding all amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the SGD Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (h)(ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the CBG to the Covered Bond Swap Provider under the Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (h)(i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(i) *next*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof and after allowing for any payments made or to be made in respect of any Series of Covered Bonds pursuant to the terms of the Establishment Deed, of:

(i) the amounts (in respect of principal) then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CBG under the Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) in accordance with the terms of the Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account all amounts in respect of principal received or receivable from the Covered Bond Swap Provider and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that

will become Due for Payment in the CBG Payment Period commencing on that CBG Payment Date) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Issuing and Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (i) (excluding all amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the SGD Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (i)(ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the CBG to the Covered Bond Swap Provider under the Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (i)(i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(j) *next*, in or towards payment on the CBG Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the next following CBG Payment Date of the Final Redemption Amount (or portion thereof remaining unpaid) of any Series of Covered Bonds to which (x) an Extended Due for Payment Date applies and (y) whose Final Redemption Amount was not paid in full by the Extension Determination Date and (z) for the avoidance of doubt, to whom paragraph (i) above does not apply, by making the following payments:

(i) the amounts then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the Covered Bond Swap Provider (whether or not in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CBG under the Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) in accordance with the terms of the Covered Bond Swap Agreement; and

(ii) the Final Redemption Amount or the relevant proportion thereof *pro rata* and *pari passu* under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Issuing and Paying Agent on behalf of the Covered Bondholders,

provided that if the amount available for distribution under this paragraph (j) (excluding all amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the SGD Equivalent of the Final Redemption Amount in respect of the relevant Series of Covered Bonds under paragraph (j)(ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the CBG to the Covered Bond Swap Provider under the Covered Bond Swap Agreement in respect of each Series of Covered Bonds under paragraph (j)(i) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(k) *next*, to deposit the remaining funds in the Transaction Account for application on the next following CBG Payment Date in accordance with the Guarantee Priority of Payments described in paragraphs (a) to (j) above (inclusive), until the Covered Bonds have been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(l) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts then due and payable by the CBG under the Covered Bond Swap Agreement and the Interest Rate Swap Agreement, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;

(m) *next*, in or towards crediting the CBG Retained Amount Ledger of the CBG in an amount equal to the CBG Retained Amount;

(n) *next*, in or towards payment of all amounts (other than principal) then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date under the Intercompany Loan Agreement;

(o) *next*, in or towards repayment of the outstanding principal balance of the Intercompany Loan;

(p) *next*, in or towards payment of all amounts (other than principal) then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date under the Subordinated Loan Agreement;

(q) *next*, in or towards repayment of the outstanding principal balance of the Subordinated Loan;

(r) *next*, in or towards payment of or provision for any current or future obligation of the CBG, as determined by the Cash Manager; and

(s) *next*, in or towards payment to the Seller of (a) the then Deferred Consideration Amount due to the Seller (in respect of Non-CPF Loans) and (b) the then Deferred Contribution Consideration Amount due to the Seller (in respect of CPF Loans).

Any late amounts, other than Swap Collateral Excluded Amounts, received by the CBG under the Interest Rate Swap Agreement on or after the CBG Payment Date but prior to the next following CBG Payment Date will be applied by the CBG to the extent that any amounts were not able to be paid or provided for under the Guarantee Priority of Payments on the relevant CBG Payment Date due to the CBG receiving a late payment from the Interest Rate Swap Provider, promptly to pay or provide for those amounts in the order of priority specified in the Guarantee Priority of Payments.

Any late amounts, other than Swap Collateral Excluded Amounts, received by the CBG under any Covered Bond Swap on or after the CBG Payment Date but prior to the next following CBG Payment Date will be applied by the CBG, promptly to make the corresponding payment or provision in respect of the relevant Series of Covered Bonds in accordance with, as applicable, paragraphs (h), (i) and/or (j) of the Guarantee Priority of Payments.

If the CBG requires any available funds to be exchanged into a currency other than Singapore dollars, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap Agreement, then the CBG (or the Cash Manager on its behalf) shall perform all necessary currency conversions at the then prevailing spot rate of exchange.

If any Swap Collateral Available Amounts are received by the CBG on a CBG Payment Date, such amounts shall be applied by the CBG (or by the Cash Manager on its behalf) on that CBG Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

If a Notice to Pay is served on the CBG and, prior to the first CBG Payment Date thereafter, any Scheduled Interest and/or Scheduled Principal is Due for Payment under the Covered Bond Guarantee, then the CBG (or the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) on its behalf) shall, out of Available Revenue Receipts and Available Principal Receipts then standing to the credit of the Revenue Ledger, the Principal Ledger, the Accrued Payments Ledger and the Reserve Ledger on the Transaction Account, pay such Scheduled Interest and/or Scheduled Principal, together with any amounts, other than Swap Collateral Excluded Amounts, then due and payable under the relevant Covered Bond Swap, in accordance with paragraphs (h) and (i) of the Guarantee Priority of Payments, as applicable, as if the relevant date was a CBG Payment Date and after providing for such portion (if any) of the payments and provisions to be made under paragraphs (a) to (g) of the Guarantee Priority of Payments on the first CBG Payment Date following service of the Notice to Pay on the CBG as the CBG (or the Cash Manager on its behalf) shall determine in its sole discretion.

Termination payments received in respect of Swaps, premiums received in respect of replacement Swaps and Tax Credits received in respect of Swaps

(a) If at any time the CBG receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used (to the extent necessary) (prior to the occurence of a CBG Event of Default and service of a CBG Acceleration Notice and/or the commencement of winding up proceedings against the CBG and/or the realisation of the Security) to pay a replacement Swap Provider to enter into a replacement Swap with the CBG, unless a replacement Swap has already been entered into on behalf of the CBG.

(b) If at any time the CBG receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will first be used to make any termination payment due and payable by the CBG with respect to the previous Swap (including any Excluded Swap Termination Amount), unless such termination payment has already been made on behalf of the CBG.

(c) If at any time the CBG receives or obtains any Tax Credits in respect of a Swap, the cash benefit relating to such Tax Credits (as determined in accordance with the relevant Swap Agreement) shall be paid by the CBG to the relevant Swap Provider as soon as practicable after receipt of the same from the relevant taxing authority in accordance with the terms of the relevant Swap Agreement and shall not be applied in accordance with the relevant Priorities of Payment.

(d) Any termination payments received by the CBG which are not applied to pay a premium to a replacement Swap Provider(s) to enter into a replacement Swap Agreement(s) will be credited to the Revenue Ledger and applied as Available Revenue Receipts on the next succeeding CBG Payment Date.

(e) Any premium received by the CBG from a replacement Swap Provider(s) to enter into a replacement Swap Agreement(s) which are not applied to pay a termination payment to the replaced Swap Provider(s) will be credited to the Revenue Ledger and applied as Available Revenue Receipts on the next succeeding CBG Payment Date.

Payment of funds following service of CBG Acceleration Notice

Following the occurrence of a CBG Event of Default and service by the Bond Trustee on the CBG of a CBG Acceleration Notice, the Security shall become enforceable. All monies received or recovered by the Security Trustee or any receiver (other than any amounts standing to the credit of the CBG Retained Amount Ledger, any Tax Credits, Third Party Amounts, Accrued Interest Adjustment Amounts, All Monies Trust Property which the Seller is entitled to, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets (including

certain principal amounts in respect of the Demand Loan Repayment Assets), Top-up Receipts, proceeds from the sale of an interest in Top-up Loans, certain other amounts received in respect of the Loans and payable to parties other than the CBG and certain other amounts payable to third parties, premium received by the CBG from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the CBG with respect to the Swap being replaced (including any Excluded Swap Termination Amount) and termination payment received from a Swap Provider which is applied to acquire a replacement for the relevant terminated Swap) will be applied, following enforcement of the Security, in accordance with the Post-Enforcement Priority of Payments (as described below).

Post-Enforcement Priority of Payments

From and including the time when the Bond Trustee serves a CBG Acceleration Notice on the CBG, no amount may be withdrawn from the CBG Accounts (other than the CBG Trust Account but only to the extent of the Seller Share and any amount required to be returned to the relevant Mortgagor pursuant to the terms of the CBG Declaration of Trusts) without the prior written consent of the Security Trustee.

On and from the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice by the Bond Trustee to the Security Trustee (or if there are no Covered Bonds outstanding, following the occurrence of a default in the payment or discharge of any of the other Secured Obligations on its due date (subject to any applicable grace period)), the Security Trustee must distribute any net amount that it receives or recovers in respect of the Security (other than any amounts standing to the credit of the CBG Retained Amount Ledger, any Tax Credits, Third Party Amounts, Accrued Interest Adjustment Amounts, All Monies Trust Property which the Seller is entitled to, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets (including certain principal amounts in respect of the Demand Loan Repayment Assets), Top-up Receipts, proceeds from the sale of an interest in Top-up Loans, certain other amounts received in respect of the Loans and payable to parties other than the CBG and certain other amounts payable to third parties, premium received by the CBG from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the CBG with respect to the Swap being replaced (including any Excluded Swap Termination Amount) and termination payment received from a Swap Provider which is applied to acquire a replacement for the relevant terminated Swap) (in each case to be applied in accordance with the Transaction Documents)) in the following order (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been fully paid or otherwise provided for in full):

(a) *first*, in or towards payment *pro rata* and *pari passu* of all amounts of interest due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(b) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts (including fees and Costs) due and payable or to become due and payable to the Bond Trustee (except amounts referred to in paragraph (f)(iii) below);

(ii) all amounts (including fees and Costs) due and payable or to become due and payable to the Security Trustee or any receiver acting under the Security Trust Deed;

(iii) all amounts (including fees and Costs) due and payable or to become due and payable to the Agents; and

(iv) all amounts (including fees and Costs) due and payable or to become due and payable to the Corporate Services Provider;

(c) *next*, in or towards payment of any remuneration due and payable to the Servicer and any Costs due and payable or to become due and payable to the Servicer under the provisions of the Servicing Agreement;

(d) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration due and payable to the Cash Manager and any Costs due and payable or to become due and payable to the Cash Manager under the provisions of the Cash Management Agreement;

(ii) amounts (if any) due and payable to the Account Bank (including any Costs) pursuant to the terms of the Bank Account Agreement; and

(iii) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement, together with any applicable Taxes thereon;

(e) *next*, in or towards payment of all amounts due and payable or to become due and payable to each Interest Rate Swap Provider *pro rata* and *pari passu* in respect of each Interest Rate Swap Provider (including any termination payment due and payable or to become due and payable by the CBG under the Interest Rate Swap, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the relevant Interest Rate Swap;

(f) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all termination payments due and payable or to become due and payable to the Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each Covered Bond Swap (excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Covered Bond Swap Agreement;

(ii) (without double counting) all other amounts due and payable or to become due and payable to the Covered Bond Swap Provider (excluding any Excluded Swap Termination Amount) pursuant to the terms of the Covered Bond Swap Agreement; and

(iii) (where appropriate, after taking into account all amounts received or receivable from the Covered Bond Swap Provider and available to make payments in respect thereof) of all Guaranteed Amounts that are Due for Payment under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Issuing and Paying Agent on behalf of the Covered Bondholders pro rata and *pari passu* in respect of each Series of Covered Bonds, provided that if the amount available for distribution under this paragraph (f)(iii) (excluding all amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the SGD Equivalent of the Guaranteed Amounts that are Due for Payment in respect of each Series of Covered Bonds under this paragraph (f)(iii), then the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis;

(g) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts then due and payable by the CBG under the Covered Bond Swap Agreement and the Interest Rate Swap Agreement, except to the extent that such amounts have been paid out of any premium received from the relevant replacement Swap Providers;

(h) *next*, in or towards crediting the CBG Retained Amount Ledger of the CBG in an amount equal to the CBG Retained Amount;

(i) *next*, in or towards payment of all amounts due and payable under the Intercompany Loan Agreement;

(j) *next*, in or towards payment of all amounts then due and payable under the Subordinated Loan Agreement; and

(k) *next*, in or towards payment to the Seller of (a) the then Deferred Consideration Amount due to the Seller (in respect of Non-CPF Loans) and (b) the then Deferred Contribution Consideration Amount due to the Seller (in respect of CPF Loans).

For the avoidance of doubt, items described in paragraphs (g) to (k) inclusive above shall be paid only after all Guaranteed Amounts have been fully repaid or otherwise provided for.

Notwithstanding any other provision of a Transaction Document, the Security Trustee may only apply amounts in accordance with the Post-Enforcement Priority of Payments on and after the first CBG Payment Date following the earlier of:

(a) 30 days following the service of a CBG Acceleration Notice on the CBG; and

(b) the date the Asset Percentage is fixed following the service of a CBG Acceleration Notice in accordance with the Intercompany Loan Agreement.

Any Tax Credits, Third Party Amounts, Accrued Interest Adjustment Amounts, All Monies Trust Property to which the Seller is entitled, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets (including certain principal amounts in respect of the Demand Loan Repayment Assets), Top-up Receipts, proceeds received from the sale of an interest in Top-up Loans, certain other amounts received in respect of the Loans and payable to parties other than the CBG and certain other amounts payable to third parties will be applied in accordance with the terms of the relevant Transaction Documents and shall not be applied in accordance with the Post-Enforcement Priority of Payments.

Top-up Receipts and proceeds received from the sale of Top-up Loans

Top-up Receipts or proceeds from the sale of an interest in Top-up Loans received by the CBG will be used to repay Deemed Ancillary Intercompany Loan Advances in accordance with the terms of the Ancillary Intercompany Loan Agreement outside the Priorities of Payments.

TAXATION

The following summary of certain United States and Singapore income tax and certain EU Directives on the taxation of savings income consequences of the purchase, ownership and disposition of the Covered Bonds is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Covered Bonds and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Covered Bonds should consult their own tax advisers concerning the application of Singapore income tax laws and certain EU Directives on the taxation of savings income to their particular situations as well as any consequences of the purchase, ownership and disposition of the Covered Bonds arising under the laws of any other taxing jurisdiction.

United States Taxation

The following is a summary of certain U.S. federal income tax consequences of the acquisition, ownership and disposition of Covered Bonds by, in the case of paragraph (a) below, a U.S. Holder (as defined below) and, in the case of paragraph (b) below, by all holders. This summary does not address the U.S. federal income tax consequences of every type of Covered Bond which may be issued under the Programme, and the relevant Pricing Supplement may contain additional or modified disclosure concerning the U.S. federal income tax consequences relevant to such type of Covered Bond as appropriate. This summary deals only with initial purchasers of the Covered Bonds that are U.S. Holders and that will hold the Covered Bonds as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Covered Bonds by particular investors (including consequences under the alternative minimum tax or Medicare tax on net investment income), and does not address state, local, foreign or other tax laws. In particular, this summary does not address tax considerations applicable to investors that own (directly or indirectly) 5% or more of the voting stock of the Issuer, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Covered Bonds as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, investors holding the Covered Bonds in connection with a trade or business conducted outside of the United States, U.S. expatriates or U.S. Holders whose functional currency is not the U.S. dollar). Moreover, the summary deals only with Covered Bonds with a term of 30 years or less. The U.S. federal income tax consequences of owning Covered Bonds with a longer term will be discussed in the applicable Pricing Supplement.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Covered Bonds that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any State thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Covered Bonds will depend on the status of the partner and the activities of the partnership. Prospective purchasers that are entities treated as partnerships for U.S. federal income tax purposes and their partners should consult their tax adviser concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Covered Bonds by the partnership.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

Bearer Covered Bonds are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Covered Bond may be subject to limitations under United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the United States Internal Revenue Code.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY AND DOES NOT ADDRESS THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF EVERY TYPE OF COVERED BONDS WHICH MAY BE ISSUED UNDER THE PROGRAMME. IT IS NOT INTENDED TO BE RELIED UPON BY PURCHASERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE U.S. INTERNAL REVENUE CODE. ADDITIONAL U.S. FEDERAL INCOME TAX CONSEQUENCES, IF ANY, APPLICABLE TO A PARTICULAR ISSUANCE OF COVERED BONDS WILL BE SET FORTH IN THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING THE COVERED BONDS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

(a) U.S. Holders

Characterisation of the Covered Bonds

The characterisation of a Series and/or Tranche of Covered Bonds may be uncertain and will depend on the terms of those Covered Bonds. The determination of whether an obligation represents debt, equity, or some other instrument or interest is based on all the relevant facts and circumstances. There may be no statutory, judicial or administrative authority directly addressing the characterisation of some of the types of Covered Bonds that are anticipated to be issued under the Programme or of instruments similar to the Covered Bonds.

Depending on the terms of a particular Series and/or Tranche of Covered Bonds, the Covered Bonds may not be characterised as debt for U.S. federal income tax purposes despite the form of the Covered Bonds as debt instruments. For example, Covered Bonds of a Series and/or Tranche may be more properly characterised as notional principal contracts, collateralised put options, prepaid forward contracts, or some other type of financial instrument. Alternatively, the Covered Bonds may be characterised as equity, or as representing an undivided proportionate ownership interest in the assets of, and share of the liabilities of the Issuer. Additional alternative characterisations may also be possible. Further possible characterisations, if applicable, may be discussed in the relevant Pricing Supplement.

No rulings will be sought from the Internal Revenue Service ("**IRS**") regarding the characterisation of any of the Covered Bonds issued hereunder for U.S. federal income tax purposes. Each U.S. Holder should consult its own tax adviser about the proper characterisation of the Covered Bonds for U.S. federal income tax purposes and consequences to the U.S. Holder of acquiring, owning or disposing of the Covered Bonds.

The following summary assumes that the Covered Bonds are properly treated as debt for U.S. federal income tax purposes.

Payments of Interest

General

Interest on a Covered Bond, whether payable in U.S. dollars or a currency, composite currency or basket of currencies other than U.S. dollars (a "**foreign currency**"), other than interest on a "Discount Covered Bond" that is not "qualified stated interest" (each as defined below under "*Original Issue Discount — General*"), will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuer on the Covered Bonds and original issue discount, if any, accrued with respect to the Covered Bonds (see "*Original Issue Discount*" below) generally will constitute income from sources outside the United States and will generally be treated as "passive category income" for U.S. foreign tax credit purposes. Prospective purchasers should consult their tax advisers concerning the applicability of the foreign tax credit and source of income rules to income attributable to the Covered Bonds.

Original Issue Discount

General

The following is a summary of the principal U.S. federal income tax consequences of the ownership of Covered Bonds issued with original issue discount ("**OID**").

A Covered Bond, other than a Covered Bond with a term of one year or less (a "**Short-Term Covered Bond**"), will be treated as issued with OID (a "**Discount Covered Bond**") if the excess of the Covered Bond's "stated redemption price at maturity" over its issue price is equal to or more than a *de minimis* amount (0.25% of the Covered Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity). An obligation that provides for the payment of amounts other than qualified stated interest before maturity (an "**instalment obligation**") will be treated as a Discount Covered Bond if the excess of the Covered Bond's stated redemption price at maturity over its issue price is equal to or greater than 0.25% of the Covered Bond's stated redemption price at maturity multiplied by the weighted average maturity of the Covered Bond. A Covered Bond's weighted average maturity is the sum of the following amounts determined for each payment on a Covered Bond (other than a payment of qualified stated interest): (i) the number of complete years from the issue date until the payment is made multiplied by (ii) a fraction, the numerator of which is the amount of the payment and the denominator of which is the Covered Bond's stated redemption price at maturity. Generally, the issue price of a Covered Bond will be the first price at which a substantial amount of Covered Bonds included in the issue of which the Covered Bond is a part is sold to persons other than bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. The stated redemption price at maturity of a Covered Bond is the total of all payments provided by the Covered Bond that are not payments of "qualified stated interest". A qualified stated interest payment is generally any one of a series of stated interest payments on a Covered Bond that are unconditionally payable at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods), or a variable rate (in the circumstances described below under "*Variable Interest Rate Covered Bonds*"), applied to the outstanding principal amount of the Covered Bond. Solely for the purposes of determining whether a Covered Bond has OID, the Issuer will be deemed to exercise any call option that has the effect of decreasing the yield on the Covered Bond, and the U.S. Holder will be deemed to exercise any put option (if any) that has the effect of increasing the yield on the Covered Bond.

U.S. Holders of Discount Covered Bonds must include OID in income calculated on a constant-yield method before the receipt of cash attributable to the income, and generally will have to include in income increasingly greater amounts of OID over the life of the Discount Covered Bonds. The amount of OID includible in income by a U.S. Holder of a Discount Covered Bond is the sum of the daily portions of OID with respect to the Discount Covered Bond for each day during the taxable year or portion of the taxable year on which the U.S. Holder holds the Discount Covered Bond. The daily portion is determined by allocating to each day in any "accrual period" a *pro rata* portion of the OID allocable to that accrual period. Accrual periods with respect to a Covered Bond may be of any length selected by the U.S. Holder and may vary in length over the term of the Covered Bond as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Covered Bond occurs on either the final or first day of an accrual period. The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Covered Bond's adjusted issue price at the beginning of the accrual period and the Discount Covered Bond's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of the payments of qualified stated interest on the Covered Bond allocable to the accrual period. The "**adjusted issue price**" of a Discount Covered Bond at the beginning of any accrual period is the issue price of the Covered Bond increased by (x) the amount of accrued OID for each prior accrual period and decreased by (y) the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

Acquisition Premium

A U.S. Holder that purchases a Discount Covered Bond for an amount less than or equal to the sum of all amounts payable on the Covered Bond after the purchase date, other than payments of qualified stated interest, but in excess of its adjusted issue price (any such excess being "**acquisition premium**") and that does not make the election described below under "*Election to Treat All Interest as Original Issue Discount*", is permitted to reduce the daily portions of OID by a fraction, the numerator of which is the excess of the U.S. Holder's adjusted basis in the Covered Bond immediately after its purchase over the Covered Bond's adjusted issue price, and the denominator of which is the excess of the sum of all amounts payable on the Covered Bond after the purchase date, other than payments of qualified stated interest, over the Covered Bond's adjusted issue price.

Short-Term Covered Bonds

In general, an individual or other cash basis U.S. Holder of a Short-Term Covered Bond is not required to accrue OID (as specially defined below for the purposes of this paragraph) for U.S. federal income tax purposes unless it elects to do so (but may be required to include any stated interest in income as the interest is received). Accrual basis U.S. Holders and certain other U.S. Holders are required to accrue OID on Short-Term Covered Bonds on a straight-line basis or, if the U.S. Holder so elects, under the constant-yield method (based on daily compounding). In the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of the Short-Term Covered Bond will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant-yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to accrue OID on Short-Term Covered Bonds will be required to defer deductions for interest on borrowings allocable to Short-Term Covered Bonds in an amount not exceeding the deferred income until the deferred income is realised.

For purposes of determining the amount of OID subject to these rules, all interest payments on a Short-Term Covered Bond are included in the Short-Term Covered Bond's stated redemption price at maturity. A U.S. Holder may elect to determine OID on a Short-Term Covered Bond as if the Short-Term Covered Bond had been originally issued to the U.S. Holder

at the U.S. Holder's purchase price for the Short-Term Covered Bond. This election will apply to all obligations with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Market Discount

A Covered Bond, other than a Short-Term Covered Bond, generally will be treated as purchased at a market discount (a "**Market Discount Covered Bond**") if the Covered Bond's stated redemption price at maturity or, in the case of a Discount Covered Bond, the Covered Bond's "revised issue price" exceeds the amount for which the U.S. Holder purchased the Covered Bond by at least 0.25% of the Covered Bond's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Covered Bond's maturity (or, in the case of a Covered Bond that is an instalment obligation, the Covered Bond's weighted average remaining maturity). If this excess is not sufficient to cause the Covered Bond to be a Market Discount Covered Bond, then the excess constitutes "*de minimis* market discount". For this purpose, the "revised issue price" of a Covered Bond generally equals its issue price, increased by the amount of any OID that has accrued on the Covered Bond and decreased by the amount of any payments previously made on the Covered Bond that were not qualified stated interest payments.

Any gain recognised on the maturity or disposition of a Market Discount Covered Bond (including any payment on a Covered Bond that is not qualified stated interest) will be treated as ordinary income to the extent that the gain does not exceed the accrued market discount on the Covered Bond. Alternatively, a U.S. Holder of a Market Discount Covered Bond may elect to include market discount in income currently over the life of the Covered Bond. This election will apply to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. A U.S. Holder of a Market Discount Covered Bond that does not elect to include market discount in income currently will generally be required to defer deductions for interest on borrowings incurred to purchase or carry a Market Discount Covered Bond that is in excess of the interest and OID on the Covered Bond includible in the U.S. Holder's income, to the extent that this excess interest expense does not exceed the portion of the market discount allocable to the days on which the Market Discount Covered Bond was held by the U.S. Holder.

Market discount will accrue on a straight-line basis unless the U.S. Holder elects to accrue the market discount on a constant-yield method. This election applies only to the Market Discount Covered Bond with respect to which it is made and is irrevocable.

Election to Treat All Interest as Original Issue Discount

A U.S. Holder may elect to include in gross income all interest that accrues on a Covered Bond using the constant-yield method described above under "*Original Issue Discount — General*" with certain modifications. For purposes of this election, interest includes stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium (described below under "*Covered Bonds Purchased at a Premium*") or acquisition premium. This election will generally apply only to the Covered Bond with respect to which it is made and may not be revoked without the consent of the IRS. If the election to apply the constant-yield method to all interest on a Covered Bond is made with respect to a Market Discount Covered Bond, the electing U.S. Holder will be treated as having made the election discussed above under "*Market Discount*" to include market discount in income currently over the life of all debt instruments with market discount held or thereafter acquired by the U.S. Holder. U.S. Holders should consult their tax advisers concerning the propriety and consequences of this election.

Variable Interest Rate Covered Bonds

Covered Bonds that provide for interest at variable rates ("**Variable Interest Rate Covered Bonds**") generally will bear interest at a "qualified floating rate" and thus will be treated as "variable rate debt instruments" under Treasury regulations governing accrual of OID. A Variable Interest Rate Covered Bond will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total non-contingent principal payments due under the Variable Interest Rate Covered Bond by more than a specified *de minimis* amount, (b) it provides for stated interest, paid or compounded at least annually, at (i) one or more qualified floating rates, (ii) a single fixed rate and one or more qualified floating rates, (iii) a single objective rate, or (iv) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (c) it does not provide for any principal payments that are contingent (other than as described in (a) above).

A "**qualified floating rate**" is any variable rate where variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Variable Interest Rate Covered Bond is denominated. A fixed multiple of a qualified floating rate will constitute a qualified floating rate only if the multiple is greater than 0.65 but not more than 1.35. A variable rate equal to the product of a qualified floating rate and a fixed multiple that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate, will also constitute a qualified floating rate. In addition, two or more qualified floating rates that can reasonably be expected to have approximately the same values throughout the term of the Variable Interest Rate Covered Bond (e.g., two or more qualified floating rates with values within 25 basis points of each other as determined on the Variable Interest Rate Covered Bond's issue date) will be treated as a single qualified floating rate. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to one or more restrictions such as a maximum numerical limitation (i.e., a cap) or a minimum numerical limitation (i.e., a floor) may, under certain circumstances, fail to be treated as a qualified floating rate.

An "**objective rate**" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based on objective financial or economic information (e.g., one or more qualified floating rates or the yield of actively traded personal property). A rate will not qualify as an objective rate if it is based on information that is within the control of the Issuer (or a related party) or that is unique to the circumstances of the Issuer (or a related party), such as dividends, profits or the value of the Issuer's stock (although a rate does not fail to be an objective rate merely because it is based on the credit quality of the Issuer). Other variable interest rates may be treated as objective rates if so designated by the IRS in the future. Despite the foregoing, a variable rate of interest on a Variable Interest Rate Covered Bond will not constitute an objective rate if it is reasonably expected that the average value of the rate during the first half of the Variable Interest Rate Covered Bond's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Variable Interest Rate Covered Bond's term. A "qualified inverse floating rate" is any objective rate where the rate is equal to a fixed rate minus a qualified floating rate, as long as variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. If a Variable Interest Rate Covered Bond provides for stated interest at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period and if the variable rate on the Variable Interest Rate Covered Bond's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

A qualified floating rate or objective rate in effect at any time during the term of the instrument must be set at a "current value" of that rate. A "current value" of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

If a Variable Interest Rate Covered Bond that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument" then any stated interest on the Covered Bond which is unconditionally payable in cash or property (other than debt instruments of the Issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Variable Interest Rate Covered Bond that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" will generally not be treated as having been issued with OID unless the Variable Interest Rate Covered Bond is issued at a "true" discount (i.e., at a price below the Covered Bond's stated principal amount) in excess of a specified *de minimis* amount. OID on a Variable Interest Rate Covered Bond arising from "true" discount is allocated to an accrual period using the constant-yield method described above by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Covered Bond.

In general, any other Variable Interest Rate Covered Bond that qualifies as a "variable rate debt instrument" will be converted into an "equivalent" fixed rate debt instrument for purposes of determining the amount and accrual of OID and qualified stated interest on the Variable Interest Rate Covered Bond. Such a Variable Interest Rate Covered Bond must be converted into an "equivalent" fixed rate debt instrument by substituting any qualified floating rate or qualified inverse floating rate provided for under the terms of the Variable Interest Rate Covered Bond with a fixed rate equal to the value of the qualified floating rate or qualified inverse floating rate, as the case may be, as of the Variable Interest Rate Covered Bond's issue date. Any objective rate (other than a qualified inverse floating rate) provided for under the terms of the Variable Interest Rate Covered Bond is converted into a fixed rate that reflects the yield that is reasonably expected for the Variable Interest Rate Covered Bond. In the case of a Variable Interest Rate Covered Bond that qualifies as a "variable rate debt instrument" and provides for stated interest at a fixed rate in addition to either one or more qualified floating rates or a qualified inverse floating rate, the fixed rate is initially converted into a qualified floating rate (or a qualified inverse floating rate, if the Variable Interest Rate Covered Bond provides for a qualified inverse floating rate). Under these circumstances, the qualified floating rate or qualified inverse floating rate that replaces the fixed rate must be such that the fair market value of the Variable Interest Rate Covered Bond as of the Variable Interest Rate Covered Bond's issue date is approximately the same as the fair market value of an otherwise identical debt instrument that provides for either the qualified floating rate or qualified inverse floating rate rather than the fixed rate. Subsequent to converting the fixed rate into either a qualified floating rate or a qualified inverse floating rate, the Variable Interest Rate Covered Bond is converted into an "equivalent" fixed rate debt instrument in the manner described above.

Once the Variable Interest Rate Covered Bond is converted into an "equivalent" fixed rate debt instrument pursuant to the foregoing rules, the amount of OID and qualified stated interest, if any, are determined for the "equivalent" fixed rate debt instrument by applying the general OID rules to the "equivalent" fixed rate debt instrument and a U.S. Holder of the Variable Interest Rate Covered Bond will account for the OID and qualified stated interest as if the U.S. Holder held the "equivalent" fixed rate debt instrument. In each accrual period, appropriate

adjustments will be made to the amount of qualified stated interest or OID assumed to have been accrued or paid with respect to the "equivalent" fixed rate debt instrument in the event that these amounts differ from the actual amount of interest accrued or paid on the Variable Interest Rate Covered Bond during the accrual period.

If a Variable Interest Rate Covered Bond, such as a Covered Bond the payments on which are determined by reference to an index, does not qualify as a "variable rate debt instrument" then the Variable Interest Rate Covered Bond will be treated as a contingent payment debt obligation (see "*Contingent Payment Debt Instruments*" below for a discussion of the U.S. federal income tax treatment of such Covered Bonds).

Covered Bonds Purchased at a Premium

A U.S. Holder that purchases a Covered Bond for an amount in excess of its principal amount, or for a Discount Covered Bond, its stated redemption price at maturity, may elect to treat the excess as "amortisable bond premium", in which case the amount required to be included in the U.S. Holder's income each year with respect to interest on the Covered Bond will be reduced by the amount of amortisable bond premium allocable (based on the Covered Bond's yield to maturity) to that year.

Any election to amortise bond premium will apply to all bonds (other than bonds the interest on which is excludable from gross income for U.S. federal income tax purposes) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and is irrevocable without the consent of the IRS. See also "*Original Issue Discount — Election to Treat All Interest as Original Issue Discount*".

Contingent Payment Debt Instruments

Certain Series and/or Tranches of Covered Bonds may be treated as "contingent payment debt instruments" for U.S. federal income tax purposes ("**Contingent Covered Bonds**"). Under applicable U.S. Treasury regulations, interest on Contingent Covered Bonds will be treated as OID, and must be accrued on a constant-yield basis based on a yield to maturity that reflects the rate at which the Issuer would issue a comparable fixed rate non-exchangeable instrument (the "**comparable yield**"), in accordance with a projected payment schedule. This projected payment schedule must include each non-contingent payment on the Contingent Covered Bonds and an estimated amount for each contingent payment, and must produce the comparable yield.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on Contingent Covered Bonds. This schedule must produce the comparable yield.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE WILL NOT BE DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF CONTINGENT COVERED BONDS FOR UNITED STATES FEDERAL INCOME TAX PURPOSES AND WILL NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF COVERED BONDS.

The use of the comparable yield and the calculation of the projected payment schedule will be based upon a number of assumptions and estimates and will not be a prediction, representation or guarantee of the actual amounts of interest that may be paid to a U.S. Holder or the actual yield of the Contingent Covered Bonds. A U.S. Holder will generally be bound by the comparable yield and the projected payment schedule determined by the Issuer, unless the U.S. Holder determines its own comparable yield and projected payment schedule and

explicitly discloses such schedule to the IRS, and explains to the IRS the reason for preparing its own schedule. The Issuer's determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other comparable yield or projected payment schedule should be used instead.

A U.S. Holder of a Contingent Covered Bond will generally be required to include OID in income pursuant to the rules discussed in the third paragraph under "*Original Issue Discount — General*" above applied to the projected payment schedule. The "**adjusted issue price**" of a Contingent Covered Bond at the beginning of any accrual period is the issue price of the Covered Bond increased by the amount of accrued OID for each prior accrual period, and decreased by the projected amount of any payments on the Covered Bond. No additional income will be recognised upon the receipt of payments of stated interest in amounts equal to the annual payments included in the projected payment schedule described above. Any differences between actual payments received by the U.S. Holder on the Covered Bond in a taxable year and the projected amount of those payments will be accounted for as additional interest (in the case of a positive adjustment) or as an offset to interest income in respect of the Covered Bond (in the case of a negative adjustment), for the taxable year in which the actual payment is made. If the negative adjustment for any taxable year exceeds the amount of OID on the Contingent Covered Bonds for that year, the excess will be treated as an ordinary loss, but only to the extent the U.S. Holder's total OID inclusions on the Contingent Covered Bonds exceed the total amount of any ordinary loss in respect of the Contingent Covered Bonds claimed by the U.S. Holder under this rule in prior taxable years. Any negative adjustment that is not allowed as an ordinary loss for the taxable year is carried forward to the next taxable year, and is taken into account in determining whether the U.S. Holder has a net positive or negative adjustment for that year. However, any negative adjustment that is carried forward to a taxable year in which the Contingent Covered Bond is sold, exchanged or retired, to the extent not applied to OID accrued for such year, reduces the U.S. Holder's amount realised on the sale, exchange or retirement.

Purchase, Sale and Retirement of Covered Bonds

Covered Bonds other than Contingent Covered Bonds

A U.S. Holder's tax basis in a Covered Bond will generally be its cost, increased by the amount of any OID or market discount included in the U.S. Holder's income with respect to the Covered Bond and the amount, if any, of income attributable to *de minimis* OID and *de minimis* market discount included in the U.S. Holder's income with respect to the Covered Bond, and reduced by (i) the amount of any payments that are not qualified stated interest payments, and (ii) the amount of any amortisable bond premium applied to reduce interest on the Covered Bond.

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a Covered Bond equal to the difference between the amount realised on the sale or retirement and the tax basis of the Covered Bond. Except to the extent described above under "*Original Issue Discount — Market Discount*" or "*Original Issue Discount — Short-Term Covered Bonds*" or attributable to accrued but unpaid interest or changes in exchange rates (as discussed below), gain or loss recognised on the sale or retirement of a Covered Bond will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period in the Covered Bonds exceeds one year. The deductibility of capital losses is subject to limitations. Gain or loss realised by a U.S. Holder on the sale or retirement of a Covered Bond generally will constitute income or loss from sources within the United States.

Contingent Covered Bonds.
Gain from the sale or retirement of a Contingent Covered Bond will be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total interest inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Contingent Covered Bond will generally be foreign source.

A U.S. Holder's tax basis in a Contingent Covered Bond will generally be equal to its cost, increased by the amount of interest previously accrued with respect to the Covered Bond (determined without regard to any positive or negative adjustments reflecting the difference between actual payments and projected payments), increased or decreased by the amount of any positive or negative adjustment that the U.S. Holder is required to make to account for the difference between the U.S. Holder's purchase price for the Covered Bond and the adjusted issue price of the Covered Bond at the time of the purchase, and decreased by the amount of any projected payments scheduled to be made on the Covered Bond to the U.S. Holder through such date (without regard to the actual amount paid).

Foreign Currency Covered Bonds

Interest
If an interest payment is denominated in, or determined by reference to, a foreign currency, the amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars.

An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year).

Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year).

Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Covered Bond) denominated in, or determined by reference to, a foreign currency, the U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

OID
OID for each accrual period on a Discount Covered Bond that is denominated in, or determined by reference to, a foreign currency will be determined in the foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis

U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment on the Covered Bond or a sale or disposition of the Covered Bond), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Market Discount

Market discount on a Covered Bond that is denominated in, or determined by reference to, a foreign currency will be accrued in the foreign currency. If the U.S. Holder elects to include market discount in income currently, the accrued market discount will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the U.S. Holder's taxable year). Upon the receipt of an amount attributable to accrued market discount, the U.S. Holder may recognise U.S. source exchange gain or loss (which will be taxable as ordinary income or loss) determined in the same manner as for accrued interest or OID. A U.S. Holder that does not elect to include market discount in income currently will recognise, upon the disposition or maturity of the Covered Bond, the U.S. dollar value of the amount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Bond Premium

Bond premium (including acquisition premium) on a Covered Bond that is denominated in, or determined by reference to, a foreign currency will be computed in units of the foreign currency, and any such bond premium that is taken into account currently will reduce interest income in units of the foreign currency. On the date bond premium offsets interest income, a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the amount offset multiplied by the difference between the spot rate in effect on the date of the offset, and the spot rate in effect on the date the Covered Bonds were acquired by the U.S. Holder. A U.S. Holder that does not elect to take bond premium (other than acquisition premium) into account currently will recognise a capital loss when the Covered Bond matures.

Foreign Currency Contingent Covered Bond

Special rules apply to determine the accrual of OID, and the amount, timing, source and character of any gain or loss on a Contingent Covered Bond that is denominated in, or determined by reference to, a foreign currency (a "**Foreign Currency Contingent Covered Bond**"). The rules applicable to Foreign Currency Contingent Covered Bonds are complex, and U.S. Holders are urged to consult their tax advisers concerning the application of these rules.

Under these rules, U.S. Holders of a Foreign Currency Contingent Covered Bond will generally be required to accrue OID in the foreign currency in which the Foreign Currency Contingent Covered Bond is denominated (i) at a yield at which the Issuer would issue a fixed rate debt instrument denominated in the same foreign currency with terms and conditions similar to those of the Foreign Currency Contingent Covered Bond, and (ii) in accordance with a projected payment schedule determined by the Issuer, under rules similar to those described above under "*Contingent Payment Debt Instruments*". The amount of OID on a Foreign Currency Contingent Covered Bond that accrues in any accrual period will be the product of the comparable yield of the Foreign Currency Contingent Covered Bond (adjusted to reflect the length of the accrual period) and the adjusted issue price of the Foreign Currency Contingent Covered Bond. The adjusted issue price of a Foreign Currency Contingent Covered Bond will generally be determined under the rules described above, and will be denominated in the foreign currency of the Foreign Currency Contingent Covered Bond.

OID on a Foreign Currency Contingent Covered Bond will be translated into U.S. dollars under translation rules similar to those described above under "*Foreign Currency Covered Bond — Interest*". Any positive adjustment (i.e. the excess of actual payments over projected

payments) in respect of a Foreign Currency Contingent Covered Bond for a taxable year will be translated into U.S. dollars at the spot rate on the last day of the taxable year in which the adjustment is taken into account, or if earlier, the date on which the Foreign Currency Contingent Covered Bond is disposed of. The amount of any negative adjustment on a Foreign Currency Contingent Covered Bond (i.e. the excess of projected payments over actual payments) that is offset against accrued but unpaid OID will be translated into U.S. dollars at the same rate at which the OID was accrued. To the extent a net negative adjustment exceeds the amount of accrued but unpaid OID, the negative adjustment will be treated as offsetting OID that has accrued and been paid on the Foreign Currency Contingent Covered Bond, and will be translated into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Covered Bond was issued. Any net negative adjustment carry forward will be carried forward in the relevant foreign currency.

Sale or Retirement of Covered Bonds other than Foreign Currency Contingent Covered Bonds

As discussed above under "*Purchase, Sale and Retirement of Covered Bonds*" a U.S. Holder will generally recognise gain or loss on the sale or retirement of a Covered Bond equal to the difference between the amount realised on the sale or retirement and its tax basis in the Covered Bond. A U.S. Holder's tax basis in a Covered Bond that is denominated in a foreign currency will be determined by reference to the U.S. dollar cost of the Covered Bond. The U.S. dollar cost of a Covered Bond purchased with foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase or, in the case of Covered Bonds traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the purchase.

The amount realised on a sale or retirement for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or retirement or, in the case of Covered Bonds traded on an established securities market, as defined in the applicable U.S. Treasury Regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS.

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale or retirement of a Covered Bond equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the Covered Bond (i) on the date of sale or retirement and (ii) the date on which the U.S. Holder acquired the Covered Bond. Any such exchange rate gain or loss will be realised only to the extent of total gain or loss realised on the sale or retirement (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest).

Sale or Retirement of Foreign Currency Contingent Covered Bonds

Upon a sale, exchange or retirement of a Foreign Currency Contingent Covered Bond, a U.S. Holder will generally recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder's tax basis in the Foreign Currency Contingent Covered Bond, both translated into U.S. dollars as described below. A U.S. Holder's tax basis in a Foreign Currency Contingent Covered Bond will equal (i) the cost thereof (translated into U.S. dollars at the spot rate on the issue date), (ii) increased by the amount of OID previously accrued on the Foreign Currency Contingent Covered Bond (disregarding any positive or negative adjustments and translated into U.S. dollars using the exchange rate applicable to such OID) and (iii) decreased by the projected amount of all prior payments in respect of the Foreign Currency Contingent Covered Bond. The U.S. dollar amount of the projected payments described in clause (iii) of the preceding sentence is determined by (i) first allocating the payments to the most recently accrued OID to which prior amounts have not already been allocated and translating those amounts into U.S. dollars at

the rate at which the OID was accrued and (ii) then allocating any remaining amount to principal and translating such amount into U.S. dollars at the spot rate on the date the Foreign Currency Contingent Covered Bond was acquired by the U.S. Holder. For this purpose, any accrued OID reduced by a negative adjustment carry forward will be treated as principal.

The amount realised by a U.S. Holder upon the sale, exchange or retirement of a Foreign Currency Contingent Covered Bond will equal the amount of cash and the fair market value (determined in foreign currency) of any property received. If a U.S. Holder holds a Foreign Currency Contingent Covered Bond until its scheduled maturity, the U.S. dollar equivalent of the amount realised will be determined by separating such amount realised into principal and one or more OID components, based on the principal and OID comprising the U.S. Holder's basis, with the amount realised allocated first to OID (and allocated to the most recently accrued amounts first) and any remaining amounts allocated to principal. The U.S. dollar equivalent of the amount realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Covered Bond will be determined in a similar manner, but will first be allocated to principal and then any accrued OID (and will be allocated to the earliest accrued amounts first). Each component of the amount realised will be translated into U.S. dollars using the exchange rate used with respect to the corresponding principal or accrued OID. The amount of any gain realised upon a sale, exchange or unscheduled retirement of a Foreign Currency Contingent Covered Bond will be equal to the excess of the amount realised over the holder's tax basis, both expressed in foreign currency, and will be translated into U.S. dollars using the spot rate on the payment date. Gain from the sale or retirement of a Foreign Currency Contingent Covered Bond will generally be treated as interest income taxable at ordinary income (rather than capital gains) rates. Any loss will be ordinary loss to the extent that the U.S. Holder's total OID inclusions to the date of sale or retirement exceed the total net negative adjustments that the U.S. Holder took into account as ordinary loss, and any further loss will be capital loss. Gain or loss realised by a U.S. Holder on the sale or retirement of a Foreign Currency Contingent Covered Bond will generally be foreign source. Prospective purchasers should consult their tax advisers as to the foreign tax credit implications of the sale or retirement of Foreign Currency Contingent Covered Bond.

A U.S. Holder will also recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the receipt of foreign currency in respect of a Foreign Currency Contingent Covered Bond if the exchange rate in effect on the date the payment is received differs from the rate applicable to the principal or accrued OID to which such payment relates.

Disposition of Foreign Currency

Foreign currency received on a payment on a Covered Bond or on the sale or other disposition of a Covered Bond will have a tax basis equal to its U.S. dollar value at the time the foreign currency is received. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Covered Bonds or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Backup Withholding and Information Reporting

In general, payments of interest and accruals of OID on, and the proceeds of a sale, redemption or other disposition of, the Covered Bonds payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments, including payments of OID, if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Reportable Transactions

A U.S. taxpayer that participates in a "reportable transaction" will be required to disclose its participation to the IRS. The scope and application of these rules is not entirely clear. A U.S. Holder may be required to treat a foreign currency exchange loss from the Covered Bonds as a reportable transaction if the loss exceeds U.S.$50,000 in a single taxable year, if the U.S. Holder is an individual or trust, or higher amounts for other non-individual U.S. Holders. In the event the acquisition, holding or disposition of Covered Bonds constitutes participation in a "reportable transaction" for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS.

A penalty in the amount of U.S.$10,000 in the case of a natural person and U.S.$50,000 in all other cases is generally imposed on any taxpayer that fails to file an information return with the IRS in a timely manner with respect to a transaction resulting in a loss that is treated as a reportable transaction. Prospective purchasers are urged to consult their tax advisers regarding the application of these rules.

Foreign Financial Asset Reporting

Certain holders are required to report the holding of certain foreign financial assets, including debt or equity of foreign entities, if the aggregate value of all of these assets exceeds S$50,000 at the end of the taxable year or S$75,000 at any time during the taxable year. The thresholds are higher for individuals living outside of the United States and married couples filing jointly. The Covered Bonds are expected to constitute foreign financial assets subject to these requirements unless the Covered Bonds are regularly traded on an established securities market and held in an account at a domestic financial institution. U.S. Holders should consult their tax advisers regarding the application of this reporting requirement.

(b) All Holders

FATCA Withholding

FATCA may impose a withholding tax of 30% on payments made to certain holders of Covered Bonds that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the IRS ("**IRS Agreements**") (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law ("**IGA legislation**") intended to implement an intergovernmental agreement entered into pursuant to FATCA ("**IGAs**"), may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30% from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions have entered into, or, like Singapore, have announced their intention to enter into, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. FATCA withholding may be applied on or after 1 January 2017 (at the earliest) in respect of

obligations that pay only "foreign passthru payments", and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register. It is not yet certain how the United States and the jurisdictions which enter into IGAs will address withholding on "foreign passthru payments" or if such withholding will be required at all.

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

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

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

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

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Covered Bonds or of any person acquiring, selling or otherwise dealing with the Covered Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Covered Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Covered Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Covered Bonds are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Covered Bonds, including the effect of any foreign,

state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the CBG, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Covered Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17%. The applicable rate for non-resident individuals is currently 20%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties. Pursuant to the Singapore Budget Statement 2015, it was announced that the highest marginal tax rate for individuals resident in Singapore will be increased to 22% with effect from the year of assessment 2017. It is therefore possible that the above-mentioned withholding tax rate for non-resident individuals may similarly be increased from 20% to 22%.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

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

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

As the Programme as a whole is arranged by DBS Bank and Barclays Bank PLC, Singapore Branch, and on the basis that each of them is a Financial Sector Incentive (Bond Market) Company, Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the Income Tax Act) at such time, any tranche of the Covered Bonds ("**Relevant Covered Bonds**") which are debt securities issued under the Programme from the date of this Offering Circular to 31 December 2018 would be, pursuant

to the Income Tax Act and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the Income Tax Act, to which the following treatment shall apply:

(a) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Relevant Covered Bonds in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Covered Bonds as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed and the inclusion by the Issuer in all offering documents relating to the Relevant Covered Bonds of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Covered Bonds is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Covered Bonds using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively the "**Qualifying Income**") from the Relevant Covered Bonds paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Covered Bonds are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax. "**Funds from Singapore operations**" means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;

(b) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the Relevant Covered Bonds in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Covered Bonds as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), Qualifying Income paid by the Issuer and derived by any company or a body of persons (as defined in the Income Tax Act) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

(i) the Issuer including in all offering documents relating to the Relevant Covered Bonds a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Covered Bonds is not exempt from tax shall include such income in a return of income made under the Income Tax Act; and

(ii) the furnishing of a return on debt securities in respect of the Relevant Covered Bonds in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Covered Bonds as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Relevant Covered Bonds are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(a) if during the primary launch of any tranche of Relevant Covered Bonds, the Relevant Covered Bonds of such tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Covered Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Covered Bonds would not qualify as QDS; and

(b) even though a particular tranche of Relevant Covered Bonds are QDS, if, at any time during the tenure of such tranche of Relevant Covered Bonds, 50% or more of the issue of such Relevant Covered Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Covered Bonds held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire such Relevant Covered Bonds are obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the Income Tax Act as follows:

(a) "**break cost**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;

(b) "**prepayment fee**", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and

(c) "**redemption premium**", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meanings as defined in the Income Tax Act.

Where interest, discount income, prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) is derived from any of the Relevant Covered Bonds by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the Income Tax Act (as mentioned above) shall not apply if such person acquires such Relevant Covered Bonds using funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Covered Bonds is not exempt from tax (including for the reasons described above) is required to include such income in a return of income made under the Income Tax Act.

Under the Qualifying Debt Securities Plus Scheme (the "**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the submission of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be "re-opened" with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of Relevant Covered Bonds are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Covered Bonds, 50% or more of such Relevant Covered Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Covered Bonds derived by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Relevant Covered Bonds are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. The MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

The MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within 10 years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Covered Bonds will not be taxable in Singapore. However, any gains derived by any person from the sale of the Covered Bonds as part of a trade or business carried on by that person in Singapore may be taxable as such gains are considered revenue in nature.

Holders of the Covered Bonds who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") for Singapore income tax purposes may be required to recognise gains or losses (not being gains or losses in the nature of capital) for tax purposes in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of the Covered Bonds is made. See also "*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*" below.

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). The Income Tax Act has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Covered Bonds who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Covered Bonds.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

Payments by the CBG under the Covered Bond Guarantee

The Issuer has obtained a specific tax remission from the Ministry of Finance on payments that the CBG is liable to pay under the Covered Bond Guarantee to the holders of any Relevant Covered Bonds issued on or before 31 December 2018, as if the tax exemption or concessionary tax rate (as the case may be) for Qualifying Income under the QDS scheme applies to such payments made by the CBG under the Covered Bond Guarantee, subject to the following conditions being fulfilled:

(a) payments made by the CBG to holders of the Relevant Covered Bonds under the Covered Bond Guarantee would be the same as if such payments were made directly by the Issuer (i.e. holders of the Relevant Covered Bonds would derive the same income, both in terms of amount and timing, from the CBG under the Covered Bond Guarantee as they would have received from the Issuer in the absence of default); and

(b) the Relevant Covered Bonds are QDS under the QDS scheme, and all the conditions for the tax exemption or concessionary tax rate under the QDS scheme (as described above) are met.

EU Information Reporting and Withholding

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

The Council of the European Union has adopted the Amending Savings Directive which would, when implemented, amend and broaden the scope of the requirements of the Savings Directive described above, including by expanding the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities, and by expanding the circumstances in which payments must be reported or paid subject to withholding. The Amending Savings Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The Council of the European Union has also adopted a Directive (the "**Amending Cooperation Directive**") amending Council Directive 2011/16/EU on administrative cooperation in the field of taxation so as to introduce an extended automatic exchange of information regime in accordance with the Global Standard released by the OECD Council in July 2014. The Amending Cooperation Directive requires EU Member States to adopt national legislation necessary to comply with it by 31 December 2015, which legislation must apply from 1 January 2016 (1 January 2017 in the case of Austria). The Amending Cooperation Directive is generally broader in scope than the Savings Directive, although it does not impose withholding taxes, and provides that to the extent there is overlap of scope, the Amending Cooperation Directive prevails. The European Commission has therefore published a proposal for a Council Directive repealing the Savings Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Savings Directive. Information reporting and exchange will however still be required under Council Directive 2011/16/EU (as amended).

Investors who are in any doubt as to their position or would like to know more should consult their professional advisers.

ERISA AND CERTAIN OTHER CONSIDERATIONS

The Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and Section 4975 of the Code prohibit a broad range of transactions involving (i) the assets of employee benefit plans and other plans, accounts and arrangements subject to such provisions (collectively, "**Plans**"), including individual retirement accounts and certain entities whose underlying assets are treated under ERISA as "plan assets" of a Plan which owns an equity interest in the entity, and (ii) any fiduciary and other persons having certain relationships to such Plans (referred to as "**parties in interest**" under ERISA or "**disqualified persons**" under Section 4975 of the Code, collectively "**Parties in Interest**"), unless a statutory or administrative exemption applies to the transaction. A Party in Interest who engages in a non-exempt prohibited transaction may be subject to excise taxes, and such Party in Interest and any Plan fiduciary who causes the Plan to enter into a prohibited transaction that the fiduciary knows or has reason to know is not exempt may be subject to other penalties and liabilities under ERISA and Section 4975 of the Code, and the transaction may need to be rescinded or otherwise corrected. Each of the Issuer, CBG, Account Bank, Asset Monitor, Assets Trustee, CBG Beneficiary, Bond Trustee, Security Trustee, Cash Manager, Corporate Services Provider, Joint Arrangers, Initial Dealers, Seller, Servicer, Swap Providers, Issuing Agent, Paying Agent, CDP Paying Agent, CMU Lodging and Paying Agent, DTC Paying Agent, Calculation Agent, Transfer Agent, Exchange Agent, and Registrar directly or through their affiliates, may be a Party in Interest with respect to Plans. Accordingly, each original or subsequent purchaser or transferee of a Covered Bond that is a Plan is responsible for determining and is required to represent that its purchase and holding of such Covered Bond will not constitute or result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code.

In addition to other exemptions which may apply to the purchase or holding of Covered Bonds by a Plan, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a limited exemption (the "service provider exemption") for the purchase and sale of securities and related lending transactions by a Plan if, among other conditions, (i) the Plan pays no more than, and receives no less than, "adequate consideration" (as defined in such exemption and (ii) the Party in Interest and its affiliates do not, directly or indirectly, exercise any discretionary authority or control, or render investment advice, with respect to the assets of the Plan being used to purchase or hold any Covered Bonds. Any person proposing to acquire any Covered Bonds on behalf of a Plan should consult with counsel regarding the applicability of the prohibited transaction rules and the applicable exemptions thereto and all other relevant considerations. There are no assurances that any administrative or statutory exemptions under ERISA or Section 4975 of the Code will be available and apply with respect to transactions involving the Covered Bonds.

Subject to certain exceptions, if a Plan invests in an equity interest or indebtedness having substantial equity features of an entity, then the Plan's assets include both such equity interest or indebtedness and an undivided interest in the entity's underlying assets. The application of ERISA to the Issuer's underlying assets and activities would adversely affect the operations of the Issuer and its affiliates, and could result in violations of ERISA in connection therewith.

Unless otherwise provided in the relevant Pricing Supplement, the Issuer will proceed based on the position that the Covered Bonds should not be considered to be "equity interests" or "indebtedness having substantial equity features" of the Issuer for purposes of ERISA (see also "*Taxation — Characterisation of the Covered Bonds*") and subject to the requirements discussed herein, the Covered Bonds may generally be purchased and held by Benefit Plan Investors. As such, each purchaser or transferee of a Covered Bond will be deemed to have represented and agreed that either (a) it is neither an employee benefit plan or other plan, account or arrangement subject to Title I of ERISA or Section 4975 of the Code, including any entity whose underlying assets are deemed for purposes of ERISA to include, "plan assets" by reason of any investment in the entity by any such plan, account or arrangement, nor a

governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to such provisions of ERISA or the Code or (b) its purchase, holding and disposition of a Covered Bond (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Title I of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any substantially similar law). Any purported transfer of a Covered Bond, or any interest therein to a purchaser or transferee that does not comply with the above requirements will be of no force and effect and shall be null and void *ab initio*.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA AND OTHER U.S. IMPLICATIONS OF AN INVESTMENT IN THE SECURITIES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISERS PRIOR TO INVESTING TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an amended and restated programme agreement dated 16 June 2015 (the "**Programme Agreement**") between the Issuer, the Initial Dealers and the Joint Arrangers, the Covered Bonds will be offered on a continuous basis by the Issuer to the Initial Dealers. However, the Issuer has reserved the right to issue Covered Bonds directly on its own behalf to Dealers that are not Initial Dealers. The Covered Bonds may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Covered Bonds may also be sold by the Issuer through Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Covered Bonds to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between the Issuer and the Dealer in respect of Covered Bonds subscribed by it. The Issuer has agreed to reimburse the Joint Arrangers for certain of their expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The Issuer may also from time to time agree with the relevant Dealer(s) that it may pay certain third parties commissions (including, without limitation, rebates to private banks).

The Issuer and the CBG have agreed to jointly and severally indemnify the Dealers against certain liabilities in connection with the offer and sale of the Covered Bonds. The Programme Agreement entitles the Dealers to terminate any agreement that they may make to subscribe Covered Bonds in certain circumstances prior to payment for such Covered Bonds being made to the Issuer.

In order to facilitate the offering of any Tranche of the Covered Bonds, one or more Dealers named as Stabilising Managers (or persons acting on behalf of any Stabilising Manager) in the relevant Pricing Supplement, to the extent permitted by applicable laws and regulations, may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Covered Bonds during and after the offering of the relevant Tranche. Specifically, such persons may over-allot or create a short position in the Covered Bonds for their own account by selling more Covered Bonds than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Covered Bonds in the open market. In addition, such persons may stabilise or maintain the price of the Covered Bonds by bidding for or purchasing Covered Bonds in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Covered Bonds are reclaimed if Covered Bonds previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Covered Bonds at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Covered Bonds to the extent that it discourages resales thereof. No representation is made as to whether such stabilisation activities will take place at all or the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilisation activities are subject to certain prescribed time limits in certain jurisdictions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds.

See "*Clearing and Settlement — Book-Entry Ownership — Pre-issue Trades Settlement for Registered Covered Bonds*" with respect to the settlement of any Covered Bonds issued.

Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to further agree, that it will not directly or indirectly offer, sell, resell, re-offer or deliver Covered Bonds to any entity listed under "*Related Parties of the Issuer*" below or in any such list being updated in writing by the Issuer and delivered to the Dealers in accordance with the Programme Agreement.

Related Parties of the Issuer

(A) Holding company:

1. DBS Group Holdings Ltd

(B) Main operating subsidiaries and associated companies:

2. DBS Bank (China) Ltd
3. DBS Bank (Hong Kong) Limited
4. DBS Bank (Taiwan) Ltd
5. DBS Vickers Securities Holdings Pte Ltd
6. PT Bank DBS Indonesia
7. The Islamic Bank of Asia Limited
8. Central Boulevard Development Pte. Ltd.
9. Changsheng Fund Management Company Ltd.
10. Hwang Capital (Malaysia) Berhad (formerly known as Hwang-DBS (Malaysia) Berhad)
11. Network for Electronic Transfers (Singapore) Pte Ltd

(C) Others:

12. AXS Pte. Ltd.
13. Carrollton Pte. Ltd.
14. Dao Heng Finance Limited
15. DBS Asia Capital Limited
16. DBS Capital Funding Corporation
17. DBS Capital Funding II Corporation
18. DBS Capital Investments Ltd
19. DBS China Square Limited
20. DBS Compass Limited (formerly known as Hutchison DBS Card Limited)
21. DBS Diamond Holdings Ltd.
36. DBS Vickers Securities (Singapore) Pte Ltd
37. DBS Vickers Securities Nominees (Hong Kong) Limited
38. DBS Vickers Securities Nominees (Singapore) Pte Ltd
39. DBSN Services Pte. Ltd.
40. DHB Limited
41. Hang Lung Bank (Nominee) Limited
42. Heedum Pte. Ltd.
43. Kendrick Services Limited
44. Lushington Investments Limited
45. Overseas Trust Bank Nominees Limited

22. DBS Group (HK) Limited
23. DBS Group Holdings (Hong Kong) Ltd.
24. DBS Insurance Agency (Taiwan) Limited
25. DBS Investment & Financial Advisory Co., Ltd.
26. DBS Kwong On (Nominees) Limited
27. DBS Kwong On Limited
28. DBS Nominees (Private) Limited
29. DBS Vickers Securities (USA) Inc.
30. DBS Trustee H.K. (New Zealand) Limited
31. DBS Trustee Limited
32. DBS Vickers (Hong Kong) Limited
33. DBS Vickers Securities (Hong Kong) Limited
34. DBS Vickers Securities (Thailand) Co Ltd
35. DBS Vickers Securities (UK) Limited
46. Primefield Company Pte Ltd
47. PT DBS Vickers Securities (Indonesia)
48. Quickway Limited
49. Ting Hong Nominees Limited
50. Vickers Ballas Consultancy Services Limited
51. Vickers Ballas Investment Management Limited
52. Century Horse Group Limited
53. DBS Trustee (Hong Kong) Limited
54. Clearing and Payment Services Pte Ltd
55. AllianceDBS Research Sdn Bhd (formerly known as HwangDBS Vickers Research Sdn Bhd)
56. Investment and Capital Corporation of the Philippines
57. Orix Leasing Singapore Limited
58 Raffles Fund 1 Limited
59. The Asian Entrepreneur Legacy One, L.P.

Declaration of Interest

DBS Bank is the Issuer and is also acting as a Joint Arranger and an Initial Dealer in respect of the Programme.

The Initial Dealers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Each of the Initial Dealers and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Initial Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and

securities activities may involve securities and/or instruments of the Issuer. The Initial Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and the Covered Bonds and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or in the case of Bearer Covered Bonds, deliver Covered Bonds of any Tranche (a) as part of their distribution at any time and (b) otherwise until the expiration of 40 days after the completion of the distribution of such Tranche as determined and certified to each relevant Dealer by the Issuing and Paying Agent or the lead manager of a syndicated issue of Covered Bonds, as the case may be, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer also has agreed that, at or prior to confirmation of a sale of Covered Bonds, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until the expiration of 40 days after completion of the distribution of all Covered Bonds of the Tranche of which such Covered Bonds are a part as determined and certified by the relevant Dealer, in the case of a non-Syndicated Issue, or the Lead Manager, in the case of a Syndicated Issue, and except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

The Covered Bonds are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Covered Bonds within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Covered Bonds, an offer or sale of Covered Bonds within the United States by any dealer that is not participating in the offering of such tranche of Covered Bonds may violate the registration requirements of the Securities Act.

Any resale or other transfer, or attempted resale or other transfer of Covered Bonds sold as part of a private placement in the United States made other than in compliance with the restrictions set out above shall not be recognised by the Issuer or any agent of the Issuer and shall be void. The certificates for the Covered Bonds sold in the United States shall bear a legend to this effect.

Each issue of other types of Covered Bonds may be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Covered Bonds, which additional selling restrictions shall be set out in the applicable Pricing Supplement. The relevant Dealer agrees that it shall offer, sell and deliver such Covered Bonds only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

(i) if the relevant Pricing Supplement in relation to the Covered Bonds specifies that an offer of those Covered Bonds may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Covered Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the relevant Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(iii) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in paragraphs (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "**offer of Covered Bonds to the public**" in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC(as amended, including by Directive 2010/73/EC), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) in relation to any Covered Bonds which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer or the CBG;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the CBG; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Covered Bonds issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds, except for Covered Bonds which are a structured product as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") other than: (a) to "professional investors" as defined in the SFO and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "**Financial Instruments and Exchange Act**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Covered Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other relevant laws and regulations of Japan.

Singapore

Each Dealer has acknowledged that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Covered Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Covered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Indonesia

Each Dealer has acknowledged that the Covered Bonds have not been and will not be registered with the OJK and therefore may not be offered or sold in Indonesia or to Indonesian citizens in a manner which constitutes a public offering within the meaning of Law No. 8 Year 1995 regarding the Capital Markets (10 November 1995) and its implementing regulations. Each Dealer has represented and agreed that, in any offering of Covered Bonds, the Dealers in aggregate will not, directly or indirectly, expressly or implicitly:

(i) offer Covered Bonds to more than 100, or sell Covered Bonds to more than 50, persons in Indonesia and/or citizens of Indonesia; or

(ii) offer Covered Bonds by way of any mass media, including any newspaper, magazine, film, television, radio or other electronic media or any letter, brochure or other printed matter, distributed to more than 100 persons in Indonesia and/or citizens of Indonesia,

unless the offering is for Covered Bonds the value of which is less than IDR 1,000,000,000 in aggregate. For purposes of these restrictions, as required by applicable regulations in Indonesia, offers of the same securities occurring in offerings that are not separated by a period of at least 12 months will be aggregated.

Taiwan

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Covered Bonds may be made available outside Taiwan for purchase outside Taiwan by investors resident or domiciled in Taiwan but are not permitted to be offered or sold in Taiwan. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no person or entity in Taiwan has been authorised to offer or sell the Covered Bonds in Taiwan.

General

These selling restrictions may be supplemental or modified by the agreement of the Issuer and any Dealers, following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Covered Bonds to which it relates or in a supplement to this Offering Circular.

No representation is made that any action has been or will be taken in any jurisdiction that would permit a public offering of any of the Covered Bonds, or possession or distribution of the Offering Circular or any other offering material or any supplemental Offering Circular or Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge and belief, comply with all relevant securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or has in its possession or distributes this Offering Circular, any other offering material or any Pricing Supplement and neither the Issuer nor any other Dealer shall have responsibility therefor.

None of the Issuer nor any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

FORM OF PRICING SUPPLEMENT

Pricing Supplement dated [●]

DBS BANK LTD.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Covered Bonds]

under the U.S.$10,000,000,000 Global Covered Bond Programme

This document constitutes the Pricing Supplement relating to the issue of Covered Bonds described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [●] [and the supplemental [Offering Circular] dated [●]]. This Pricing Supplement contains the final terms of the Covered Bonds and must be read in conjunction with such Offering Circular [as so supplemented].

[*The following language applies if any tranche of the Covered Bonds is intended to be "qualifying debt securities" (as defined in the Income Tax Act, Chapter 134 of Singapore):*

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

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Covered Bonds and must be read in conjunction with the Offering Circular dated [current date] [and the supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto.]

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Note directions for completing the Pricing Supplement.]

1	Issuer:	DBS Bank Ltd.
2	Covered Bond Guarantor:	Bayfront Covered Bonds Pte. Ltd.
3	Calculation Agent:	[●]

4	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
		(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)	
5		Specified Currency or Currencies:	[●]
6		Aggregate Nominal Amount:	[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
7	(i)	Issue Price:	[●]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date] (in the case of fungible issues only, if applicable)]*
	(ii)	Net proceeds:	[●] *(Required only for listed issues)*
8	(i)	Specified Denominations:	*If the Specified Denomination is expressed to be €100,000 or its equivalent and multiples of a lower nominal amount (for example €1,000), insert the following: "€100,000 and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000]"* *Notes (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the issuer in the United Kingdom or whose issue is otherwise contravention of Section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies)*
	(ii)	Calculation Amount:	[●]
	(iii)	Issue Date:	[●]
9		Interest Commencement Date:	[*Specify*/Issue date/Not Applicable]
10	(i)	Maturity Date:	[*specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and* year/None]
	(ii)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	[*specify date or (for [Floating Rate Covered Bonds]) Interest Payment Date falling in or nearest to the relevant month and year, in each case falling [one year] after the Maturity Date*/None]

11	Interest Basis:		[●]% Fixed Rate [from [●] to [●]] [[*specify reference rate*] +/- [●]% Floating Rate [from [●] to [●]] [Zero Coupon] [Other (*specify*)] (further particulars specified below)
12	Redemption/Payment Basis:		[Redemption at par] [Partly-paid] [Instalment] [Other *(specify)]*
13	Change of Interest or Redemption:		[*Specify details of any Payment Basis: provision for convertibility of Covered Bonds into another interest or redemption/payment basis*]
14	Put/Call Options:		[Issuer Call] [(further particulars specified below)]
15	(i)	Status of the Covered Bonds:	The Covered Bonds will constitute direct, unsecured and unsubordinated obligations of the Issuer
	(ii)	Status of the Covered Bond Guarantee:	The Covered Bond Guarantee is secured and unsubordinated
16	Listing:		[SGX-ST/(specify)/None]
17	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

18	Fixed Rate Covered Bond Provisions:		[Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●] to but excluding the [Interest Payment Date falling on [●]/Maturity Date] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear] *(N.B. If an Extended Due for Payment Date is specified, interest following the Maturity Date will continue to accrue and be payable on any unpaid amount at a Rate of Interest determined in accordance with Condition 4)*
	(ii)	Interest Payment Date(s):	[●] in each year [commencing on the [Issue Date/ Interest Payment Date falling on [●] and ending on the [Interest Payment Date falling on [●]/Maturity Date, or the Extended Due for Payment Date, if applicable]] [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]. [(provided however that after the Extension Determination Date, the Interest Payment Date shall be monthly)]

	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount *For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification, the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure, in the case of Renminbi denominated Fixed Rate Notes, to the nearest CNY0.01, CNY0.005 being rounded upwards or, in the case of Hong Kong dollar denominated Fixed Rate Notes, to the nearest HK$0.01, HK$0.005 being rounded upwards"*
	(iv) Broken Amount(s):	[●]] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[30/360/Actual/Actual (ICMA/ISDA)/other]
	(vi) [Determination Dates:	[●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds:	[Not Applicable/*give details*]
19	Floating Rate Covered Bond Provisions:	[Applicable/Not Applicable/Applicable from and including the [Issue Date/Interest Payment Date falling on [●] to but excluding the [Interest Payment Date falling on [●]/Maturity Date] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[Not Applicable/[●], subject to adjustment in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted] [(provided however that after the Extension Determination Date, the Interest Payment Date shall be monthly)]
	(iii) Interest Period End Date:	(*Not applicable unless different from Interest Payment Date*)
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ other (*give details*)]

	(v) Business Centre(s):	[●]] *(insert New York City for U.S. dollar denominated Covered Bonds to be held through DTC and for non-U.S. dollar denominated Covered Bonds where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream, Luxembourg)*
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other *(give details)*]
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Agent]):	[●]
	(viii) Screen Rate Determination:	[●]
	— Reference Rate:	[●]
	— Interest Determination Date(s):	[●]
	— Relevant Screen Page:	[●]
	(ix) ISDA Determination:	[●]
	— Floating Rate Option:	[●]
	— Designated Maturity:	[●]
	— Reset Date:	[●]
	(x) Margin(s):	[+/-][●]% per annum
	(xi) Minimum Rate of Interest:	[●]% per annum
	(xii) Maximum Rate of Interest:	[●]% per annum
	(xiii) Day Count Fraction:	[●]
	(xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	[●]
20	Zero Coupon Covered Bond Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Amortisation Yield:	[●]% per annum

	(ii) Any other formula/basis of determining amount payable:	[●]

PROVISIONS RELATING TO REDEMPTION

21	Call Option:	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Optional Redemption Date(s):	[●]
	(ii) Optional Redemption Amount(s) of each Covered Bond and specified denomination method, if any, of calculation of such amount(s):	[●] per Calculation Amount
	(iii) If redeemable in part:	
	— Minimum Redemption Amount:	[●] per Calculation Amount
	— Maximum Redemption Amount:	[●] per Calculation Amount
	(iv) Notice period:	[●]
22	Final Redemption Amount of each Covered Bond:	[●] per Calculation Amount
23	Early Redemption Amount Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/ or the method of calculating the same (if required or if different from that set out in the Conditions):	[●]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24	Form of Covered Bonds:	**Bearer Covered Bonds:** [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Definitive Covered Bonds in the limited circumstances specified in the Permanent Global Covered Bond] [Temporary Global Covered Bond exchangeable for Definitive Covered Bonds on [●] days' notice] [Permanent Global Covered Bond exchangeable for Definitive Covered Bonds in the limited circumstances specified in the Permanent Global Covered Bond] *(N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Covered*

		Bonds in paragraph 8 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Global Covered Bond exchangeable for Definitive Covered Bonds.) **Registered Covered Bonds:** [Regulation S Global Covered Bond (U.S.$/€[[●]] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] [Rule 144A Global Covered Bond (U.S.$[[●]] nominal amount) registered in the name of a nominee for DTC/a common depository for Euroclear and Clearstream, Luxembourg]
25	Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details. Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 20 (ii) and 21(iii) relate] *(insert New York City for U.S. dollar denominated Covered Bonds to be held through DTC)*
26	Talons for future Coupons or Receipts to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
27	Details relating to Partly-Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:	[Not Applicable/*give details*]
28	Details relating to Instalment Covered Bonds: amount of each instalment ("**Instalment Amount**"), date on which each payment is to be made ("**Instalment Date**"):	[Not Applicable/*give* details]
29	Other terms or special conditions:	[Not Applicable/*give details*]

DISTRIBUTION

30	(i) If syndicated, names of Managers:	[Not Applicable/*give names*]
	(ii) Stabilising Manager (if any):	[Not Applicable/*give name*]
31	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
32	Whether TEFRA D or TEFRA C was applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable] *(TEFRA not applicable for Bearer Covered Bonds with a maturity of one year or less or Registered Covered Bonds)* *(Where TEFRA D is applicable, a Bearer Covered Bond must be issued in the form of a temporary Global Covered Bond exchangeable upon a U.S. tax certification for a Permanent Global Covered Bond or a Definitive Covered Bond)*
33	Additional Selling Restrictions:	[Not Applicable/*give details*]

OPERATIONAL INFORMATION

34	ISIN Code:	[●]
35	Common Code:	[●]
36	CUSIP:	[●]
37	Any clearing system(s) other than Euroclear Bank SA/N.V. and Clearstream Banking, *société anonyme* and/or DTC and the relevant identification number(s):	[Not Applicable/give *name(s) and number(s)*]
38	Delivery:	Delivery [against/free of] payment
39	Additional Paying Agent(s) (if any):	[●]

GENERAL

40	Applicable Governing Document:	[Trust Deed dated [●]]
41	Governing Law:	[English law, save that defined terms incorporated by reference from the Master Definitions Agreement shall be governed by and construed in accordance with Singapore law]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for issue and admission to trading on the Singapore Exchange Securities Trading Limited of the Covered Bonds described herein pursuant to the U.S.$10,000,000,000 Global Covered Bond Programme of DBS Bank Ltd.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of DBS Bank Ltd.:

By: .....
Duly authorised

SCHEDULE TO THE PRICING SUPPLEMENT

Statistical information relating to the Portfolio

*[The statistical and other information contained in this section has been compiled by reference to the Loans comprised in the Portfolio as at [●] (the "**Cut-off Date**"). Except as otherwise indicated, these tables have been prepared using the True Balance as at the Cut-off Date and may no longer be a true reflection of the Loans comprised in the Portfolio. The following information does [not] include any Loans sold into the Portfolio since the Cut-off Date, including any sale in connection with this Series [●] issuance and it does not reflect any redemption or sales out of the Portfolio since the Cut-off Date.]*

The characteristics of the Loans comprised in the Portfolio as at the relevant Issue Date are not expected to differ materially from the characteristics of the Loans comprised in the Portfolio as at the Cut-off Date; however, it should be noted that Loans may be removed from the Portfolio in the event that any such Loans do not comply with the terms of the Mortgage Sale Agreement or Declaration of Assets Trust on the relevant Closing Date. The Seller may also choose, in certain circumstances, to repurchase any of the Non-CPF Loans in accordance with the terms of the Mortgage Sale Agreement or accept surrender of Trust Assets relating to any of the CPF Loans in accordance with the terms of the Declaration of Assets Trust. Additionally, New Loans may be sold into the Portfolio from time to time. Any such sales will be made in accordance with the Mortgage Sale Agreement or Declaration of Assets Trust and subject to compliance with the Eligibility Criteria and the Representations and Warranties. This information is provided for information purposes only.

The tables below show details of the Loans included in the Portfolio, and stratify the Portfolio by reference to a Loan. Columns stating percentage amounts may not add up to 100% due to rounding.

1 Summary

Reporting Date	
Portfolio Cut Off date	
Gross outstanding Principal balance	
Value of Deposits	
Net Outstanding Principal balance	
Number of loans	
Maximum Principal outstanding	
Average Principal balance	
Loan to Value Ratio (LTV%):	
Weighted average	
Highest individual LTV%	
Percentage of investment property loans*	
Interest rates:	
Weighted average (%) (loan parts)	
Minimum (%) (loan parts)	
Maximum (%) (loan parts)	
Seasoning (months): Weighted average	
Remaining tenor (years):	
Weighted average	
Maximum remaining tenor	

* Based on information provided by the borrowers to DBS at the time the loans were granted

2 Outstanding Principal Balances

	True Balance (SGD)	%	Number of Loans	%
Up to and including $500,000				
>$500,000 Up to and including $1,000,000				
>$1,000,000 Up to and including $1,500,000				
>$1,500,000 Up to and including $2,000,000				
>$2,000,000 Up to and including $2,500,000				
>$2,500,000 Up to and including $3,000,000				
>$3,000,000 Up to and including $3,500,000				
>$3,500,000 Up to and including $4,000,000				
>$4,000,000				
Total				

3 Loan to Value %

	True Balance (SGD)	%	Number of Loans	%
Less than equal TO 5%				
>5% up to and including 10%				
>10% up to and including 15%				
>15% up to and including 20%				
>20% up to and including 25%				
>25% up to and including 30%				
>30% up to and including 35%				
>35% up to and including 40%				
>40% up to and including 45%				
>45% up to and including 50%				
>50% up to and including 55%				
>55% up to and including 60%				
>60% up to and including 65%				
>65% up to and including 70%				
>70% up to and including 75%				
>75% up to and including 80%				
>80% up to and including 85%				
>85% up to and including 90%				
>90% up to and including 95%				
>95% up to and including 100%				
>100%				
Total				

4 Current Interest Rates (loan parts)

	True Balance (SGD)	%	Number of Loans	%
Up to and including 0.5%				
>0.5% up to and including 1%				
>1% up to and including 1.5%				
>1.5% up to and including 2%				
>2% up to and including 2.5%				
>2.5% up to and including 3%				
>3% up to and including 3.5%				
>3.5% up to and including 4%				
>4% up to and including 4.5%				
>4.5%				
Total				

5 Repayment method

	True Balance (SGD)	%	Number of Loans	%
Principal + Interest				
Interest Only				
Total				

6 Documentation

	True Balance (SGD)	%	Number of Loans	%
Full documentation				
Partial documentation				
Total				

7 Type of Property

	True Balance (SGD)	%	Number of Loans	%
Semi-Detached House				
Terrace House				
Apartments / Condominium				
Bungalow / Detached House				
Cluster Housing / Townhouse				
Total				

8 Purpose of property*

	True Balance (SGD)	%	Number of Loans	%
Owner Occupied				
Investment				
Total				

* Based on information provided by the borrowers to DBS at the time the loans were granted

9 Location of Property

	True Balance (SGD)	%	Number of Loans	%
Core Central Region				
Rest of Central Region				
Outside Central Region				
Total				

10 Loans in arrears

	True Balance (SGD)	%	Number of Loans	%
Current				
01 — 29 days				
30 — 59 days				
60 — 89 days				
90 days and above				
Total				

11 Year of last disbursement

	True Balance (SGD)	%	Number of Loans	%
2008				
2009				
2010				
2011				
2012				
2013				
2014				
Total				

12 Remaining tenure

	True Balance (SGD)	%	Number of Loans	%
Up to and including 3 years				
>3 years up to and including 5 years				
>5 years up to and including 10 years				
>10 years up to and including 15 years				
>15 years up to and including 20 years				
>20 years up to and including 25 years				
>25 years up to and including 30 years				
>30 years up to and including 35 years				
>35 years up to and including 40 years				
>40 years				
Total				

13 Seasoning of loans

	True Balance (SGD)	%	Number of Loans	%
Up to AND including 6 months				
>6 months up to and including 12 months				
>12 months up to and including 18 months				
>18 months up to and including 24 months				
>24 months up to and including 30 months				
>30 months up to and including 36 months				
>36 months up to and including 42 months				
>42 months up to and including 48 months				
>48 months up to and including 54 months				
>54 months up to and including 60 months				
>60 months up to and including 66 months				
>66 months up to and including 72 months				
>72 months up to and including 78 months				
>78 months up to and including 84 months				
>84 months up to and including 90 months				
>90 months up to and including 96 months				
>96 months up to and including 102 months				
>102 months up to and including 108 months				
>108 months up to and including 114 months				
>114 months up to and including 120 months				
>120 months				
Total				

TRANSFER RESTRICTIONS

Restricted Covered Bonds

Each purchaser of Restricted Covered Bonds within the United States, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

(i) it is (a) a QIB, (b) acquiring such Restricted Covered Bonds for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Restricted Covered Bonds has been advised, that the sale of such Restricted Covered Bonds to it may be being made in reliance on Rule 144A;

(ii) it understands that the Restricted Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act and any other applicable U.S. state securities laws and (a) may not be offered, sold, pledged or otherwise transferred except (i) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (ii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States, (b) the purchaser will, and each subsequent purchaser is required to, notify any subsequent purchaser of such Restricted Covered Bonds from it of the resale restrictions referred to in (a) above and (c) no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the Restricted Covered Bonds. If it is a person other than a person outside the United States, it agrees that if it should resell or otherwise transfer the Restricted Covered Bonds, it will do so only:

(a) to the Issuer or any of our respective affiliates;

(b) inside the United States to a qualified institutional buyer in compliance with Rule 144A;

(c) outside the United States in compliance with Rules 903 or 904 under the Securities Act;

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

(e) pursuant to an effective registration statement under the Securities Act;

(iii) it understands that such Restricted Covered Bonds, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS COVERED BOND AND THE COVERED BOND GUARANTEE REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR

RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS COVERED BOND. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS COVERED BOND AND COVERED BOND GUARANTEE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A;

(iv) it understands that any Restricted Covered Bonds, unless the Issuer determines otherwise in compliance with applicable law or as otherwise provided in the relevant Pricing Supplement, will bear a legend to the following effect:

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS COVERED BOND WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD IT HOLDS SUCH COVERED BOND (OR ANY INTEREST HEREIN), EITHER (X) IT IS NOT (1) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), AND SUBJECT TO TITLE I OF ERISA, (2) A PLAN AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AND SUBJECT TO SECTION 4975 OF THE CODE (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, "PLAN ASSETS" BY REASON OF INVESTMENT BY ANY OF THE FOREGOING IN THE ENTITY, OR (4) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (Y) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY SUBSTANTIALLY SIMILAR LAW). ANY PURPORTED TRANSFER OF THIS COVERED BOND, OR ANY INTEREST HEREIN TO A PURCHASER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS WILL BE OF NO FORCE AND EFFECT AND SHALL BE NULL AND VOID *AB INITIO*;

(v) either (a) it is neither an "employee benefit plan" as defined in ERISA, and subject to Title I of ERISA, a "plan" as defined in Section 4975(e)(1) of the Code, and subject to Section 4975 of the Code or any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, "plan assets" by reason of such plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of a Covered Bond (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any substantially similar law). Any purported transfer of a Covered Bond, or any interest therein to a purchaser or transferee that does not comply with the above requirements will be of no force and effect and shall be null and void *ab initio*;

(vi) it understands that the Restricted Covered Bond offered in reliance on Rule 144A will be represented by a Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(vii) it acknowledges that the Issuer, the Registrar, any Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Restricted Covered Bonds for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Additional transfer restrictions may be set forth in the applicable Pricing Supplement with respect to a particular Tranche of a Registered Series.

Unrestricted Covered Bonds

Each purchaser of Unrestricted Covered Bonds outside the United States pursuant to Regulation S and each subsequent purchaser of such Unrestricted Covered Bonds in resales prior to the expiration of the distribution compliance period (as defined in Regulation S), by accepting delivery of this Offering Circular and the Unrestricted Covered Bonds, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time the Unrestricted Covered Bonds are purchased will be, the beneficial owner of such Unrestricted Covered Bonds and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) it understands that such Unrestricted Covered Bonds have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Unrestricted Covered Bonds except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;

(iii) it understands that the Unrestricted Covered Bonds, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

THIS COVERED BOND AND THE COVERED BOND GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT;

(iv) it understands that any Covered Bonds, unless the Issuer determines otherwise in compliance with applicable law or as otherwise provided in the relevant Pricing Supplement, will bear a legend to the following effect:

EACH PURCHASER AND SUBSEQUENT TRANSFEREE OF THIS COVERED BOND WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT, AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD IT HOLDS SUCH COVERED BOND (OR ANY INTEREST HEREIN), EITHER (X) IT IS NOT (1) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**"), AND SUBJECT TO TITLE I OF ERISA, (2) A PLAN AS DEFINED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), AND SUBJECT TO SECTION 4975 OF THE CODE (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, "PLAN ASSETS" BY REASON OF INVESTMENT BY ANY OF THE FOREGOING IN THE ENTITY, OR (4) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR (Y) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN, A NON-EXEMPT VIOLATION OF ANY SUBSTANTIALLY SIMILAR LAW). ANY PURPORTED TRANSFER OF THIS COVERED BOND, OR ANY INTEREST HEREIN TO A PURCHASER OR TRANSFEREE THAT DOES NOT COMPLY WITH THE ABOVE REQUIREMENTS WILL BE OF NO FORCE AND EFFECT AND SHALL BE NULL AND VOID *AB INITIO*;

(v) either (a) it is neither an "employee benefit plan" as defined in ERISA, and subject to Title I of ERISA, a "plan" as defined in Section 4975(e)(1) of the Code, and subject to Section 4975 of the Code or any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, "plan assets" by reason of such plan's investment in the entity, nor a governmental, church, non-U.S. or other plan which is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or (b) its purchase, holding and disposition of a Covered Bond (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, non-U.S. or other plan, a non-exempt violation of any substantially similar law). Any purported transfer of a Covered Bond, or any interest therein to a purchaser or transferee that does not comply with the above requirements will be of no force and effect and shall be null and void ab initio;

(vi) it understands that the Unrestricted Covered Bonds offered in reliance on Regulation S may be represented by an Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in the Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws; and

(vii) the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Additional transfer restrictions may be set forth in the applicable Pricing Supplement with respect to a particular Tranche of a Registered Series.

LEGAL MATTERS

Legal matters in connection with the issue and sale of the Covered Bonds offered hereby will be passed upon for DBS Bank (i) by Allen & Gledhill LLP, legal adviser to DBS Bank, with respect to certain matters of Singapore law and (ii) by Linklaters, legal advisers to DBS Bank, with respect to certain matters of English law and the federal laws of the United States. The Joint Arrangers are being represented by Clifford Chance LLP and Clifford Chance Pte Ltd. as to certain matters of English law, the federal securities laws of the United States and Singapore law.

INDEPENDENT AUDITORS

The consolidated financial statements of the DBS Group (i) as at and for the years ended 31 December 2013 and 2012 incorporated by reference in this Offering Circular and (ii) as at and for the year ended 31 December 2014 which are set forth beginning on page F-2 of this Offering Circular have been audited by PricewaterhouseCoopers LLP, independent public auditors, as stated in their report for the year ended 31 December 2014 included on page F-99 and their reports for the years ended 31 December 2013 and 2012 incorporated by reference herein, respectively. The condensed consolidated financial statements of the DBS Group as at and for the three months ended 31 March 2015 are unaudited.

GENERAL INFORMATION

1. Application may be made to the SGX-ST for permission to deal in, and for quotation of, any Covered Bonds which are agreed at the time of issue to be listed on the SGX-ST. There can be no assurance that an application to the SGX-ST will be approved.

2. The Issuer has obtained all necessary consents, approvals and authorisations in Singapore in connection with the issue and performance of the Covered Bonds to be issued by it. The establishment and update of the Programme was authorised by resolutions of the Issuer's Board of Directors passed on 9 June 2015.

3. There has been no material adverse change in the financial position of the DBS Group since 31 March 2015.

4. The DBS Group is not, and has not been, involved in any litigation or arbitration proceedings that may have, or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the financial position of the DBS Group and the DBS Group is not aware of any such litigation or arbitration pending or threatened.

5. Each Bearer Covered Bond, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

6. Covered Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are entities in charge of keeping the records). The Issuer may also apply to have Covered Bonds accepted for clearance through the CMU and CDP. The relevant CMU Instrument Number will be set out in the applicable Pricing Supplement. The Common Code and the International Securities Identification Number (ISIN) for each Series of Covered Bonds will be set out in the relevant Pricing Supplement. In addition, the Issuer will make an application with respect to each Series of Registered Covered Bonds intended to be eligible for sale pursuant to Rule 144A for such Covered Bonds to be accepted for trading in book entry form by DTC. Acceptance of each Series and the relevant Committee on the Uniform Security Identification Procedure (CUSIP) number applicable to a Series will be set out in the relevant Pricing Supplement.

7. The issue price and the amount of the relevant Covered Bonds will be determined based on then prevailing market conditions before filing of the relevant Pricing Supplement of each Tranche with the SGX-ST (with respect to Covered Bonds listed on the SGX-ST). The Issuer does not intend to provide any post-issuance information in relation to any issues of Covered Bonds.

8. From the date of this Offering Circular and for so long as any Covered Bonds are outstanding under the Programme, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and at the office of the Bond Trustee:

   (i) the Trust Deed;

   (ii) the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Receipts, the Coupons and the Talons;

(iii) the audited consolidated financial statements of DBS Group for the years ended 31 December 2012, 31 December 2013 and 31 December 2014 and the unaudited condensed consolidated finanical information of the DBS Group as at and for the three months ended 31 March 2015;

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

(v) any unaudited consolidated condensed interim financial information of the DBS Group which has been published by the DBS Group after the date of this Offering Circular;

(vi) each Pricing Supplement (save that each Pricing Supplement relating to a Covered Bond which is not listed on a stock exchange will only be available for inspection by a holder of such Covered Bond and such holder must provide evidence satisfactory to the Bond Trustee as to its holding and its identity); and

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

9. Copies of the latest annual report and financial statements of the DBS Group may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Covered Bonds is outstanding.

2015 AGM	The Annual General Meeting of DBS Bank held on 23 April 2015;
Account Bank	DBS Bank or such other replacement bank or financial institution with the Account Bank Required Ratings;
Account Bank Required Ratings	In respect of the Account Bank, a short-term unsecured and unsubordinated debt obligation rating that is at least P-1 from Moody's and F1 from Fitch and a long-term unsecured and unsubordinated debt obligation rating that is at least A from Fitch or such other lower rating as is expected by Moody's or, as the case may be, Fitch to maintain the then current rating of the Covered Bonds;
Accrual Period	The relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date;
Accrued Interest	In respect of a Loan as at any date the aggregate of all interest accrued but not yet due and payable on the Loan from (and including) the Monthly Payment Date immediately preceding the relevant date to (but excluding) the relevant date;
Accrued Interest Adjustment Amount(s)	An amount equal to: (a) in respect of a Loan: (i) Arrears of Interest and Accrued Interest on the Loans and their Related Security comprised in any Portfolio as of (but excluding) the Closing Date of that Portfolio; and (ii) all amounts received by the Seller under those Loans and their Related Security applied by the Servicer or the Seller to payment of interest and fees under those Loans and their Related Security for the period up to (but excluding) the Closing Date; and (b) in respect of a Top-up Loan: (i) any accrued interest and any other amounts due in respect of Top-up Loans which are transferred to the CBG in connection with the acquisition of Loans and their Related Security by the CBG as of (but excluding) the date of transfer of such Top-up Loans; and (ii) all amounts received by the Seller under those Top-up Loans applied by the Servicer or the Seller to payment of interest and fees under those Top-up Loans for the period up to (but excluding) the date of transfer of such Top-up Loans, but without double counting or recovery for any such amounts;

Accrued Payments Ledger

The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement, to record the credits and debits of certain Available Revenue Receipts and certain Available Principal Receipts set aside and retained, and which would otherwise be distributed to *inter alios*, the Intercompany Loan Provider and the Subordinated Loan Provider, in accordance with the terms of the Establishment Deed;

Additional Contribution

The contribution payable by the CBG Beneficiary to the Assets Trustee (i) for the purchase from the Seller of Trust Assets (which shall form part of the relevant New Portfolio) on each Closing Date after the First Closing Date, which shall be equal to the True Balance of the CPF Loans constituting such Trust Assets sold as at the relevant Closing Date and funded in accordance with the Declaration of Assets Trust or (ii) on each CBG Payment Date which shall be equal to any increase in the True Balance of any CPF Loans or increase in the outstanding balance in any Top-up Loans in the Portfolio;

Adjusted Aggregate Loan Amount

The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Asset Coverage Test"*;

Adjusted Required Redemption Amount

The SGD Equivalent of:

(i) the Required Redemption Amount,

plus (if an amount is payable by the CBG) or minus (if an amount is payable to the CBG)

(ii) any swap termination amounts (other than Excluded Swap Termination Amounts) payable to or by the CBG under the relevant Covered Bond Swap Agreement in respect of the relevant Series of Covered Bonds,

plus (if an amount is payable by the CBG) or minus (if an amount is payable to the CBG)

(iii) any swap termination amounts (other than Excluded Swap Termination Amounts) payable to or by the CBG under the Interest Rate Swap Agreement in respect of the relevant Series of Covered Bonds,

minus

(iv) amounts standing to the credit of the Transaction Account and any Authorised Investments (excluding all amounts to be applied on the next following CBG Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds);

Advance	An amount advanced, or to be advanced, by the Intercompany Loan Provider to the CBG under the Intercompany Loan Agreement, including Deemed Advances;
Agency Agreement	The agency agreement (as amended, restated, supplemented or novated from time to time) dated the Programme Date and made between the Issuer, the CBG, the Bond Trustee, the Security Trustee, the Issuing and Paying Agent and the Agents;
Agent	Each of the Paying Agents, the Registrar, the Exchange Agent, the Calculation Agent and the Transfer Agent;
All Monies Mortgage	A Mortgage that secures or purports to secure the repayment of a Loan (and/or any related Top-up Loans) as well as any Associated Debt extended by the Seller to the Borrower or the Mortgagor (as the case may be);
All Monies Trust	The separate trust of each All Monies Mortgage (and other All Monies Trust Property representing, derived from or relating to that All Monies Mortgage) declared by the All Monies Trustee in favour of the All Monies Beneficiaries pursuant to the CBG Declaration of Trusts;
All Monies Trust Property	(In respect of each All Monies Trust): (a) all rights, estate, title, interests, benefits and remedies of the CBG or, as the case may be, the CBG Beneficiary (both present and future) in and under the All Monies Mortgage acquired under the terms of the Mortgage Sale Agreement or, as the case may be, the Declaration of Assets Trust; (b) the proceeds of enforcement of the All Monies Mortgage referred to in (a) above and the Related Security referred to in (d) below which secures sums due by the relevant Borrower and/or the relevant Mortgagor under the relevant Loan(s), the relevant Top-up Loan(s) and/or the relevant Associated Debt; (c) all amounts referable to the proceeds of enforcement of the relevant All Monies Mortgage and Related Security referred to in (b) above standing to the credit of the CBG Trust Account from time to time; (d) all rights, estate, title, interests, benefits and remedies of the All Monies Trustee (both present and future) in and under any Related Security acquired under the terms of the Mortgage Sale Agreement and the Declaration of Assets Trust which may respond to all liabilities of the relevant Borrower and/or Mortgagor incurred or to be incurred in relation to the relevant Loan(s), relevant Top-up Loans and/or the relevant Associated Debt;

	(e) any additions to the All Monies Trust Property acquired after the date of the CBG Declaration of Trusts; and (f) all assets representing the above from time to time or derived therefrom or created or acquired by the All Monies Trustee in that capacity from time to time;
All Monies Trustee	The CBG in its capacity as trustee of an All Monies Trust;
Amortisation Test	The test as to whether the Amortisation Test Aggregate Loan Amount is at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as calculated on the relevant Calculation Date;
Amortisation Test Aggregate Loan Amount	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Amortisation Test"*;
Ancillary Intercompany Loan	The aggregate outstanding principal amount of the Deemed Ancillary Intercompany Loan Advances made pursuant to the Ancillary Intercompany Loan Agreement;
Ancillary Intercompany Loan Agreement	The ancillary intercompany loan agreement dated the Programme Date between the Ancillary Intercompany Loan Provider, the CBG, the CBG Beneficiary, the Assets Trustee, the Cash Manager and the Security Trustee;
Ancillary Intercompany Loan Ledger	The ledger of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record all payments of interest and repayments of principal on each of the Deemed Ancillary Intercompany Loan Advances;
Ancillary Intercompany Loan Provider	DBS Bank;
Arrears of Interest	As at any date in respect of any Loan, interest (other than Capitalised Interest or Accrued Interest) on that Loan which is currently due and payable and unpaid on that date;
Asian Currency Unit	An operational unit that has been approved by the MAS to operate in the Asian dollar market subject to such conditions as the MAS may determine;
Asset Coverage Test	The test as to whether the Adjusted Aggregate Loan Amount is at least equal to the SGD Equivalent of the aggregate outstanding nominal amount of the Covered Bonds as calculated on the relevant Calculation Date;

Asset Coverage Test Breach Notice	The notice required to be served by the Bond Trustee if the Asset Coverage Test has not been met on two consecutive Calculation Dates (subject to the Bond Trustee having actual knowledge or express notice of the same);
Asset Monitor	PricewaterhouseCoopers LLP whose registered office is at 8 Cross Street #17-00, PWC Building, Singapore 048424 (or such other replacement Asset Monitor appointed from time to time) appointed in accordance with the terms of the Asset Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test and the Amortisation Test when required;
Asset Monitor Agreement	The asset monitor agreement entered into on the Programme Date between the Asset Monitor, the CBG, the CBG Beneficiary, the Cash Manager, the Issuer, the Seller, the Assets Trustee, the Bond Trustee and the Security Trustee;
Asset Monitor Report	The results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Cash Manager, the CBG, the Issuer, the Bond Trustee and the Security Trustee;
Asset Percentage	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Asset Coverage Test"*;
Asset Percentage Adjusted True Balance	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Asset Coverage Test"*;
Asset Pool	All assets of the CBG from time to time, including, but not limited to, the Portfolio, any Authorised Investments, any Substitution Assets, the rights of the CBG in the Transaction Documents, the Transaction Account and all amounts standing to the credit thereto and any other asset falling within the definition of "cover pool" in MAS Notice 648 other than any Swap Collateral, Top-up Loans or Associated Debt (if applicable) which, for the avoidance of doubt, shall not be recorded as forming part of the Asset Pool;
Asset Registers	The registers maintained by the Servicer and the Cash Manager in respect of: (a) assets in the cover pool (as defined in MAS Notice 648) of the CBG (including, for the avoidance of doubt, its interest in the Assets Trust); and (b) other assets of the CBG to the Secured Creditors, and such other registers as the Intercompany Loan Provider may request from time to time;

Assets Trust	The trust declared in accordance with and pursuant to the terms of the Declaration of Assets Trust, whereby the Assets Trustee declares itself as trustee and agrees to hold: (a) (in respect of the Initial Portfolio) all the Seller's present and future rights, estate, title, interests, benefits and remedies in and to each and every CPF Loan and Related Security (and any related Top-up Loans) comprised in the Initial Portfolio; and (b) (in respect of each New Portfolio) all the Seller's present and future rights, estate, title, interests, benefits and remedies in and to the each and every CPF Loan and Related Security (and any related Top-up Loans) comprised in such New Portfolio, on and from the Programme Date on trust absolutely as to both capital and income, for the CBG Beneficiary, upon, with and subject to the trusts, powers and provisions of the Declaration of Assets Trust;
Assets Trust Ledger	The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement, to record all credits and debits of Available Revenue Receipts, Available Principal Receipts and Deferred Contribution Consideration in respect of CPF Loans in the Portfolio;
Assets Trustee	DBS Bank, as trustee of the Assets Trust;
Assets Trustee Power of Attorney	The power of attorney made by the Assets Trustee in favour of the CBG Beneficiary and the Security Trustee in accordance with the Declaration of Assets Trust;
Associated Debt	The indebtedness which (i) a Borrower or a Mortgagor (as the case may be) owes or may owe to the Seller from time to time which is secured on the same Mortgage securing a Loan granted by the Seller to that Borrower or that Mortgagor (as the case may be) and (ii) which is not purchased by the CBG under the Mortgage Sale Agreement or (as the case may be) the Declaration of Assets Trust;
Authorised Investments	Cash or other authorised investments permitted to be held by the CBG under MAS Notice 648, provided that: (a) the rating of the short-term unsecured and unsubordinated debt obligations of the entity with which the investments are made is at least F1 by Fitch (and, to the extent such long-term rating from Fitch is publicly available, a long-term unsecured and unsubordinated debt obligation rating of A by Fitch) and P-1 by Moody's;

(b) the relevant investments have a residual maturity of not more than 30 calendar days and are rated at least F1 by Fitch (and, to the extent such long-term rating from Fitch is publicly available, a long-term unsecured and unsubordinated debt obligation rating A by Fitch) and A2 or P-1 by Moody's; and

(c) in the case of money market funds, they are rated at least P-1 by Moody's and AAAmmf by Fitch or, in the absence of a Fitch rating, the highest rating from at least two other global rating agencies;

Available Principal Receipts

As of a Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Principal Receipts received (whether by the CBG, the Servicer on its behalf or otherwise) during the immediately preceding Calculation Period;

(b) any other amount standing to the credit of the Principal Ledger;

(c) the proceeds of any Advances or Subordinated Advances (other than Deemed Advances or Deemed Subordinated Advances) (where such proceeds have not been applied to acquire New Portfolios, refinance an existing Advance or Subordinated Advance, invest in Authorised Investments or Substitution Assets or as a credit to the Pre-Maturity Liquidity Ledger or the Reserve Ledger);

(d) the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the Establishment Deed, the Mortgage Sale Agreement or the Declaration of Assets Trust to the extent that such proceeds represent principal;

(e) the proceeds from the sale of Substitution Assets or Authorised Investments pursuant to the terms of the Establishment Deed to the extent such proceeds represent principal;

(f) the amount of any Excess Proceeds standing to the credit of the Transaction Account;

(g) the amount standing to the credit of the Reserve Ledger in excess of the Reserve Fund Required Amount to the extent such amount represents the amount drawn under the Intercompany Loan Agreement or the Subordinated Loan Agreement to fund the Reserve Fund;

(h) following the service of a Notice to Pay, the relevant amount standing to the credit of the Accrued Payments Ledger which is to be applied on the immediately following CBG Payment Date in accordance with the Establishment Deed; and

(i) following repayment of any Hard Bullet Covered Bonds by the Issuer or the CBG on the Maturity Date thereof or if the Issuer is no longer failing the Pre-Maturity Test, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except where the CBG is required to retain such amounts on the Pre-Maturity Liquidity Ledger under the Transaction Documents) and which are not Available Revenue Receipts, as of that Calculation Date,

less or excluding (as applicable and without double counting) any:

(A) Swap Collateral Excluded Amounts;

(B) Swap Collateral;

(C) principal (or, in respect of cross-currency swaps, exchange amounts) received under the Covered Bond Swap Agreement;

(D) any termination premium under any Swap required to be used to purchase a replacement Swap;

(E) any All Monies Trust Property which the Seller is entitled to;

(F) Third Party Amounts; and

(G) Tax Credits;

Available Revenue Receipts

As of a Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Revenue Receipts received (whether by the CBG or the Servicer on its behalf or otherwise) during the immediately preceding Calculation Period;

(b) other net income of the CBG received during the immediately preceding Calculation Period including:

(i) all interest received by the CBG on the CBG Accounts (including, but not limited to, in respect of amounts representing Authorised Investments or Substitution Assets) (other than the Swap Collateral Accounts, but including Swap Collateral Available Amounts);

(ii) all amounts received by the CBG representing income on any Substitution Assets and Authorised Investments in the preceding Calculation Period;

(iii) the proceeds received from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the Establishment Deed, the Mortgage Sale Agreement or the Declaration of Assets Trust to the extent that such proceeds comprise interest or fee amounts (including, for the avoidance of doubt but without double counting, Accrued Interest and Arrears of Interest other than the Accrued Interest and Arrears of Interest as at the relevant Closing Date of a Loan which belong to the Seller);

(iv) amounts received by the CBG under the Interest Rate Swap Agreement (excluding any termination payment received from the relevant Interest Rate Swap Provider to the extent applied to acquire a replacement Interest Rate Swap); and

(v) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;

(c) prior to the service of a Notice to Pay or an Asset Coverage Test Breach Notice (or, if such notice has been served, it has been revoked), amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount and which are not part of Available Principal Receipts in each case as of that Calculation Date;

(d) following the service of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund in each case as of that Calculation Date;

(e) following the service of a Notice to Pay, the relevant amount standing to the credit of the Accrued Payments Ledger which is to be applied on the immediately following CBG Payment Date in accordance with the Establishment Deed;

(f) (i) the amount of any premium received by the CBG from a new Swap Provider as consideration for the entry by the CBG into a new Swap during the immediately preceding Calculation Period, except to the extent applied to pay any termination payment under the relevant Swap being replaced and/or (ii)

the amount of any termination payment received by the CBG from a Swap Provider, except to the extent applied to pay a premium to a replacement Swap Provider to enter into a replacement Swap Agreement;

(g) prior to the service of a Notice to Pay or an Asset Coverage Test Breach Notice (or, if such notice has been served, it has been revoked), following repayment of any Hard Bullet Covered Bonds by the Issuer on the Maturity Date thereof or if the Issuer is no longer failing the Pre-Maturity Test, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except where the CBG is required to retain such amounts on the Pre-Maturity Liquidity Ledger under the Transaction Documents) to the extent funded through Revenue Receipts; and

(h) any other revenue receipts not referred to in paragraphs (a) to (g) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger,

less or excluding (as applicable and without double counting) any:

(A) Third Party Amounts;

(B) Tax Credits;

(C) Swap Collateral Excluded Amounts;

(D) All Monies Trust Property which the Seller is entitled to; and

(E) amounts in respect of interest received by the CBG under each Covered Bond Swap Agreement;

For the avoidance of doubt, Available Revenue Receipts shall not include any amounts standing to the credit of the CBG Retained Amount Ledger;

Bank Account Agreement — The bank account agreement entered into on the Programme Date between, *inter alios*, the CBG, the Account Bank, the Cash Manager and the Security Trustee;

Banking Act — Banking Act, Chapter 19 of Singapore;

Banking (CG) Regulations — Banking (Corporate Governance) Regulations 2005, of Singapore;

Banking Regulations — Banking Regulations, of Singapore;

Basel Committee — Basel Committee on Banking Supervision;

Basel III	*Basel III: A global regulatory framework for more resilient banks and banking systems* published on 16 December 2010 by the Basel Committee on Banking Supervision;
Board	The Board of Directors of DBS Bank;
Board of Directors	The Board of Directors of DBS Bank;
Bond Trustee	The Bank of New York Mellon, London Branch in its capacity as bond trustee under the Trust Deed together with any successor bond trustee or additional bond trustees appointed from time to time;
Borrower	In relation to a Loan, the individual or individuals specified as such in the relevant Mortgage Instrument together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part of it;
Building Maintenance and Strata Management Act	Building Maintenance and Strata Management Act, Chapter 30C of Singapore;
Business Day	The meaning given in the Conditions;
Business Day Convention	The meaning given in the Conditions;
Calculation Agent	In relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the CBG pursuant to the Agency Agreement or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds;
Calculation Date	The first day after the end of the immediately preceding Calculation Period. The first Calculation Date shall be 10 July 2015;
Calculation Period	The period from, and including, the 10th day of each month to, and including, the ninth day of the following month except that the first Calculation Period means the period from and including the First Closing Date to and including the ninth day of the month in which the First Closing Date falls (or, if the First Closing Date falls after the ninth day of that month, the ninth day of the following month);
Capitalised Expenses	In relation to a Loan, the amount of any expense, charge, fee, premium or payment (excluding, however, any Arrears of Interest) capitalised and added to the principal balance of that Loan (to which the Servicer applies the relevant interest rate at which interest on that Loan accrues) of that Loan in accordance with the relevant Mortgage Conditions;

Capitalised Interest	For any Loan at any date, interest which is overdue in respect of that Loan and which as at that date has been added to the principal balance of that Loan (to which the Servicer applies the relevant interest rate at which interest on that Loan accrues) in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower or the relevant Mortgagor (as the case may be) (excluding, for the avoidance of doubt, any Arrears of Interest which have not been so capitalised on that date);
CAR	Capital adequacy ratio;
Cash%	The minimum amount to be paid in cash by the borrower;
Cash Management Agreement	The cash management agreement entered into on the Programme Date between, *inter alios*, the CBG, the CBG Beneficiary, the Seller, the Assets Trustee, the Servicer, the Cash Manager, the Corporate Services Provider, the Bond Trustee and the Security Trustee;
Cash Manager	DBS Bank, in its capacity as cash manager under the Cash Management Agreement together with any successor cash manager appointed from time to time;
CBG	Bayfront Covered Bonds Pte. Ltd. (UEN/Company Registration No. 201509506G);
CBG Acceleration Notice	A notice in writing given by the Bond Trustee to the Issuer and the CBG (copied to the Security Trustee), that each Covered Bond of each Series is, and each Covered Bond of each Series will as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and as against the CBG, thereupon immediately become due and repayable at its Early Redemption Amount together with accrued interest as provided in and in accordance with the Trust Deed and thereafter the Security shall become enforceable if any of the CBG Events of Default shall occur and be continuing;
CBG Accounts	The Transaction Account and any additional or replacement accounts opened in the name of the CBG, including a Swap Collateral Account and the CBG Trust Account;
CBG Beneficiary	Bayfront Covered Bonds Pte. Ltd. (UEN/Company Registration No. 201509506G);
CBG Declaration of Trusts	The declaration of trust entered into on the Programme Date between the CBG, the CBG Beneficiary, the Seller, the All Monies Trustee and the All Monies Beneficiaries;
CBG Event of Default	The meaning given in Condition 9(b) (*CBG Events of Default*);

CBG Payment Date	The 22nd day of each month or if not a Singapore Business Day the next following Singapore Business Day and the first CBG Payment Date will be 22 July 2015;
CBG Payment Period	The period from (and including) a CBG Payment Date to (but excluding) the next following CBG Payment Date and the first CBG Payment Period will commence on the First Closing Date;
CBG Retained Amount	S$850, which the CBG may use as it shall deem fit;
CBG Retained Amount Ledger	The ledger of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record payments of the CBG Retained Amount;
CBG Share	The part of the All Monies Trust Property comprised in each All Monies Trust to which the CBG or, as the case may be, CBG Beneficiary is entitled as determined and calculated in accordance with the CBG Declaration of Trusts;
CBG Trust Account	The account in the name of the CBG held with the Account Bank into which the proceeds of enforcement of each of the All Monies Mortgages and any other Related Security are credited;
CBGWM	Consumer Banking/Wealth Management services of the DBS Group;
CCB	The capital conservation buffer as required by Singapore prudential regulation in line with Basel III requirements;
CDP	The Central Depository (Pte) Limited;
CDP Covered Bonds	The Covered Bonds which are cleared or, as applicable, to be cleared through CDP;
CDP Paying Agent	The agent appointed by the Issuer in relation to CDP Covered Bonds only, pursuant to the Agency Agreement for lodgement and payment services with CDP, which at the Programme Date is The Bank of New York Mellon, Singapore Branch;
CETI	Common Equity Tier I;
Charged Property	The property charged by the CBG pursuant to the Deeds of Charge;
Clearing Systems	DTC, Euroclear, Clearstream, Luxembourg, the CMU and/or CDP for Bearer Covered Bonds and Clearstream, Luxembourg, Euroclear, DTC, the CMU and/or CDP for Registered Covered Bonds and shall be deemed to include references to any additional or alternative system as is approved by the Issuer, the Issuing and Paying Agent and the Bond Trustee or as may otherwise be specified in the applicable Pricing Supplement;

Clearstream, Luxembourg	Clearstream Banking, *société anonyme*;
Closing Date	Each of the First Closing Date and the closing date of the sale of any New Portfolio to the CBG in accordance with the Mortgage Sale Agreement or the Declaration of Assets Trust;
CMU	The Central Moneymarkets Unit Service operated by the HKMA;
CMU Covered Bonds	Each Series of Covered Bonds cleared through the CMU;
CMU Instrument Position Report	The meaning specified in the CMU Rules;
CMU Lodging and Paying Agent	The agent appointed by the Issuer pursuant to the Agency Agreement for lodgement services with the CMU, which as at the Programme Date is The Bank of New York Mellon, Hong Kong Branch or any successor CMU lodging and paying agent;
CMU Manual	The reference manual relating to the operation of the CMU issued by the HKMA to CMU Members, as amended from time to time;
CMU Member	Any member of the CMU;
CMU Rules	All requirements of the CMU for the time being applicable to a CMU Member and includes (a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU and the CMU Manual, (b) all the operating procedures as set out in the CMU Manual for the time being in force insofar as such procedures are applicable to a CMU Member and (c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Manual;
Common Depositary	The common depositary for Euroclear and Clearstream, Luxembourg;
Companies Act	Companies Act, Chapter 50 of Singapore, as amended, and any regulations made pursuant to it;
Conditions	Terms and conditions of the Covered Bonds (as set out in Schedule 2 Part C to the Trust Deed);
Converted Loan	A Non-CPF Loan in the Portfolio in respect of which CPF Withdrawal Approval is obtained after the Closing Date in respect of such Non-CPF Loan but prior to the service of a Notice to Pay or a CBG Acceleration Notice (whichever is earlier);
Corporate Services Agreement	The corporate services agreement entered into by the Corporate Services Provider, the CBG, the Bond Trustee and the Security Trustee dated the Programme Date (as may be amended, supplemented and/or restated from time to time);

Corporate Services Provider	Intertrust Singapore Corporate Services Pte. Ltd., together with any successor corporate services provider appointed from time to time;
Costs	Any loss, damage, cost, charge, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever, including, without limitation, in respect of: (a) Taxes; (b) in the case of the Bond Trustee and the Agents only, any amounts in respect of GST or other similar Tax; (c) in the case of all parties other than the Bond Trustee and the Agents, any amounts in respect of GST, VAT or other similar Tax to the extent not recoverable from a government, Tax, revenue or other similar authority; and (d) legal fees and expenses on a full indemnity basis;
Couponholders	The holders of the Coupons and the Talons;
Coupons	Interest coupons relating to interest bearing Covered Bonds in bearer form;
Covered Bond	Covered bonds issued or to be issued pursuant to the Programme Agreement and which are or are to be constituted under the Trust Deed, which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements or a Covered Bond issued pursuant to Condition 13 (*Replacement of Covered Bonds, Certificates, Receipts, Coupons and Talons*) (each a "**Covered Bond**");
Covered Bond Guarantee	An unconditional and irrevocable guarantee by the CBG in the Trust Deed for the payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment;
Covered Bondholders	The bearer of any Bearer Covered Bond and the Receipts relating to it or the person in whose name a Registered Covered Bond is registered (as the case may be);
Covered Bond Swap Agreement	The agreement between the CBG and the Covered Bond Swap Provider governing Covered Bond Swaps in the form of an ISDA Master Agreement, including a schedule, a credit support annex and confirmations in relation to each such Covered Bond Swap;
Covered Bond Swap Early Termination Event	The meaning given in the section *"Summary of the Principal Documents — Covered Bond Swap Agreement"*;
Covered Bond Swap Provider	The provider of a Covered Bond Swap under the Covered Bond Swap Agreement;

Covered Bond Swap Rate	In relation to a Tranche or Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap(s) relating to such Tranche or Series of Covered Bonds or, if the Covered Bond Swap(s) have been terminated, the applicable spot rate;
Covered Bond Swaps	Swap transactions governed by the Covered Bond Swap Agreement;
Covered Bond Weighted Average Margin	The weighted average of (i) where a Series of Covered Bonds does not have a Covered Bonds Swap in place, the margin payable on such Covered Bonds of each Series and (ii) where a Series of Covered Bonds does have a Covered Bond Swap in place, the margin payable by the CBG to the relevant Covered Bond Swap Provider in respect of each such Series of Covered Bonds;
CPF	Central Provident Fund;
CPF Act	Central Provident Fund Act, Chapter 36 of Singapore;
CPF Board	The Central Provident Fund Board constituted under section 3 of the CPF Act;
CPF Funds	The monies standing to the credit of a Mortgagor's account(s) maintained with the CPF Board which may be used for financing or refinancing the purchase or acquisition of a Property or the repayment and/or servicing of the loan obtained for (i) the purchase or acquisition of a Property, and/or (ii) (where applicable and approved by the CPF Board) the costs of construction of a new dwelling house thereon;
CPF Loan	all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in respect of which: (a) (i) the CPF Withdrawal Approval has been obtained prior to the Closing Date in respect of such loans; or (ii) such Borrower or Mortgagor (as the case may be) has indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; and (b) the CPF Board's consent to the transfer or assignment of the Mortgage over such Property securing such loans is required (and such CPF Board's consent is not obtained prior to the Closing Date in respect of such loans) in order for the CBG and any transferee (as may be contemplated under the terms of the Transaction Documents) to be accorded the priority of payments over the CPF Board in relation to the application of any proceeds from the realisation of such Property,

	and which are sold by the Seller and purchased by the CBG from time to time and which are held on trust by the Assets Trustee under the terms of the Declaration of Assets Trust for the CBG Beneficiary, and comprise the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to or apportioned to such loans under the relevant Mortgage Conditions by such Borrower or Mortgagor (as the case may be) on the security of the Mortgage over such Property from time to time outstanding, or, as the context may require, such Borrower's or Mortgagor's obligations in respect of the same but excluding any loan which is repurchased by the Seller or otherwise sold by the CBG and no longer beneficially owned by the CBG Beneficiary (including, for the avoidance of doubt, any loan in respect of which the CBG has assigned absolutely its beneficial interest pursuant to the Declaration of Assets Trust). For the avoidance of doubt, no loan referred to above shall be construed or deemed to be a Top-up Loan;
CPF Loans Repurchase Completion Date	The second CBG Payment Date falling after the relevant date of completion of any: (a) repurchase by the Seller of any CPF Loans and their Related Security (and any related Top-up Loans); and/or (b) surrender by the CBG Beneficiary to the Assets Trustee of its beneficial interest to any CPF Loans and their Related Security (and any related Top-up Loans);
CPF Withdrawal Approval	The approval of the CPF Board for the utilisation of CPF Funds by a Borrower or a Mortgagor (as the case may be) towards: (i) the financing or refinancing of the purchase or acquisition of a Property by the Borrower or the Mortgagor (as the case may be); and/or (ii) the repayment and/or servicing of the loans obtained by the Borrower or the Mortgagor (as the case may be) for financing or refinancing the purchase of the Property by the Borrower or the Mortgagor (as the case may be) and/or (where applicable and approved by the CPF Board) the costs of construction of a new dwelling house on that property;
CPFTA	Consumer Protection (Fair Trading) Act, Chapter 52A of Singapore;
DBS Bank	DBS Bank Ltd.;
DBS Group	DBS Bank Ltd. and its consolidated subsidiaries collectively;
DBSH	DBS Group Holdings Ltd;
DBSH Group	DBSH and its subsidiaries collectively;

Dealers	All Initial Dealers and all persons appointed as a dealer in respect of one or more Tranches;
Declaration of Assets Trust	The declaration of trust entered into on the Programme Date between, *inter alios*, the Seller, the Assets Trustee, the Security Trustee, the CBG, the CBG Beneficiary and the All Monies Trustee;
Declaration of Bayfront Covered Bonds Trust	The declaration of trust executed as a deed by the Share Trustee pursuant to which the issued share capital of the CBG are held on trust by the Share Trustee for the benefit of one or more organisation established for charitable, benevolent or philanthropic purposes;
Deed of Assignment	An assignment of, *inter alia*, Non-CPF Loans, their Related Security (and any related Top-up Loans) and rights of action against third parties substantially in the form set out in the Mortgage Sale Agreement;
Deeds of Charge	The Singapore Deed of Charge together with the English Security Deed;
Deemed Advances	Deemed advances will arise under the Intercompany Loan if, as at any Calculation Date: (a) the True Balance of a Loan in the Portfolio increases as a result of Capitalised Interest or any other increase in the True Balance of that Loan; or (b) there is a Deemed Subordinated Advance outstanding, and, in each case, the Deemed Advance Preconditions are satisfied on the relevant Calculation Date;
Deemed Advance Preconditions	(a) the aggregate outstanding principal amount of Advances after giving effect to the Deemed Advance does not exceed the Intercompany Loan Facility Amount; and (b) no Issuer Event of Default, CBG Event of Default or Demand Loan Repayment Event has occurred and is outstanding on the relevant Calculation Date or CBG Payment Date (as applicable) or would result from the Deemed Advance;
Deemed Ancillary Intercompany Loan Advance	An amount advanced, or to be advanced, by the Ancillary Intercompany Loan Provider to the CBG under the Ancillary Intercompany Loan Agreement;
Deemed Subordinated Advances	Amounts which are not able to constitute Deemed Advances under the Intercompany Loan Agreement because the Deemed Advance Preconditions are not satisfied;
Defaulted Loan	Any Loan in the Portfolio which is more than 90 days in arrears;

Defaulted Loans Notice	A notice from the Cash Manager to the Seller identifying any Defaulted Loan;
Deferred Consideration	The consideration payable to the Seller in respect of the Non-CPF Loans and their Related Security in the Portfolio sold to the CBG from time to time, which is payable after making payments of a higher order of priority as set out in the relevant Priorities of Payments and ranks *pari passu* with Deferred Contribution Consideration (if any);
Deferred Consideration Amount	Such amount calculated in accordance with the formula below to determine the amount of Deferred Consideration that is payable on a CBG Payment Date: **DC x (A/C)** Where: **DC** = the amount of (i) Available Revenue Receipts on such CBG Payment Date after payment of all other amounts set out in paragraphs (a) to (p) of the Pre-Acceleration Revenue Priority of Payments or (ii) Available Revenue Receipts and Available Principal Receipts on such CBG Payment Date after payment of all other amounts set out in paragraphs (a) to (r) of the Guarantee Priority of Payments or (iii) proceeds distributable by the Security Trustee in accordance with the Singapore Deed of Charge after payment of all other amounts set out in paragraphs (a) to (j) of the Post-Enforcement Priority of Payments, as the case may be; **A** = the aggregate outstanding balance of Non-CPF Loans; and **C** = the aggregate outstanding balance of all Loans;
Deferred Contribution	The contribution payable by the CBG Beneficiary to the Assets Trustee in respect of the Trust Assets in the Portfolio which shall be deemed to be made each time Deferred Contribution Consideration is paid by the CBG Beneficiary (or the Assets Trustee on its behalf) to the Seller;
Deferred Contribution Consideration	The consideration payable by the CBG Beneficiary (or the Assets Trustee on its behalf) to the Seller in respect of the Trust Assets in the Portfolio sold by the Seller to the CBG from time to time, which is payable after making payments of a higher order of priority as set out in the relevant Priorities of Payments, such amount to be calculated by the Cash Manager pursuant to the terms of the Cash Management Agreement and, for the avoidance of doubt, shall not form part of the Trust Assets;

Deferred Contribution Consideration Amount	Such amount calculated in accordance with the formula below to determine the amount of Deferred Contribution Consideration that is payable on a CBG Payment Date: **DC x (B/C)** Where: **DC** = the amount of (i) Available Revenue Receipts on such CBG Payment Date after payment of all other amounts set out in paragraphs (a) to (p) of the Pre-Acceleration Revenue Priority of Payments or (ii) Available Revenue Receipts and Available Principal Receipts on such CBG Payment Date after payment of all other amounts set out in paragraphs (a) to (r) of the Guarantee Priority of Payments or (iii) proceeds distributable by the Security Trustee in accordance with the Singapore Deed of Charge after payment of all other amounts set out in paragraphs (a) to (j) of the Post-Enforcement Priority of Payments, as the case may be; **B** = the aggregate outstanding balance of CPF Loans; and **C** = the aggregate outstanding balance of all Loans;
Demand Loan	The demand loan portion of the Intercompany Loan;
Demand Loan Repayment Assets	(a) payment in cash held by the CBG to the Intercompany Loan Provider PROVIDED THAT to the extent there are any Converted Loans in the Portfolio, the portion of the Demand Loan equal to the aggregate True Balance thereof may only be repaid in kind by way of such Converted Loans (and may not be repaid in cash); and/or (b) (I) (i) (in respect of Non-CPF Loans and their Related Security) where the Seller and the Intercompany Loan Provider are the same entity and the sale of the relevant Non-CPF Loans and their Related Security has not been perfected, the reassignment, release and surrender of the CBG's rights, interests, title and benefits to such Non-CPF Loans and their Related Security such that they vest completely in favour of the Intercompany Loan Provider and (ii) (in respect of CPF Loans and their Related Security) where the Assets Trustee and the Intercompany Loan Provider are the same entity and the CBG Beneficiary has not surrendered its beneficial interest in such CPF Loans and their Related

Security to the Intercompany Loan Provider, the CBG Beneficiary directing the Assets Trustee to accept the surrender of its beneficial interest the relevant CPF Loans and their Related Security (which are subject to an Assets Trust) such that they vest completely in favour of the Assets Trustee in its capacity as the Intercompany Loan Provider (and, "in kind" shall be construed accordingly depending on whether the relevant Loans are Non-CPF Loans or CPF Loans);

(II) if the legal title to the relevant Loans and their Related Security has been transferred to (in respect of Non-CPF Loans) the CBG or, as the case may be, (in respect of CPF Loans) the Replacement Assets Trustee, transferring such Loans and their Related Security to the Intercompany Loan Provider (and, in respect of CPF Loans, such transfer to be subject to any one of the Requisite CPF Loan Legal Title Transfer Approvals being obtained); and/or

(III) transferring the Authorised Investments and/or Substitution Assets (other than cash);

Demand Loan Repayment Date — The CBG Payment Date immediately following the delivery of the Demand Loan Repayment Notice, or, in the case of service of a Notice to Pay or a CBG Acceleration Notice, the CBG Payment Date following the date on which the Asset Percentage was fixed;

Demand Loan Repayment Event

(i) the Intercompany Loan Provider (in its capacity as the Interest Rate Swap Provider) is required to novate any Interest Rate Swap Agreement to a third party; or

(ii) the Intercompany Loan Agreement is terminated;

Demand Loan Repayment Notice — The notice to be delivered upon the CBG being required to repay all or part of the Demand Loan;

Direct Participants — The meaning given in *"Clearing and Settlement — The Clearing Systems — DTC"*;

Distribution — Any distribution made by the Assets Trustee from the Trust Assets in consideration of the surrender by the CBG Beneficiary of its interest in the relevant CPF Loans and its Related Security (and includes any distribution of Principal Receipts, Revenue Receipts and Top-up Receipts by the Assets Trustee to the CBG Beneficiary pursuant to the terms of the Declaration of Assets Trust);

DTC — The Depository Trust Company;

DTC Covered Bonds — Covered Bonds accepted into DTC's book-entry settlement system;

DTC Paying Agent

The Bank of New York Mellon or any successor appointed as DTC Paying Agent under the Programme pursuant to the relevant Agency Agreement;

Due for Payment

The requirement by the CBG to pay any Guaranteed Amounts following the delivery of a Notice to Pay on the CBG:

(a) prior to the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice, on the later of:

(i) the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts is reached, or, if later, the day which is two Business Days following service of a Notice to Pay on the CBG in respect of such Guaranteed Amounts or if the applicable Pricing Supplement specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Interest Payment Date (as set out in the applicable Pricing Supplement) that would have applied if the Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date or such other Interest Payment Date(s) specified in the applicable Pricing Supplement (the "**Original Due for Payment Date**"); and

(ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Maturity Date for a Series of Covered Bonds only, the Extended Due for Payment Date, but only (A) if in respect of the relevant Series of Covered Bonds the Covered Bond Guarantee is subject to an Extended Due for Payment Date pursuant to the terms of the applicable Pricing Supplement and (B) to the extent that the CBG having received a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date because the CBG has insufficient monies available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (1) the date which falls two Business Days after service of such Notice to Pay on the CBG or, if later, the Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i) (*Non-Payment*)) under the terms of the Covered Bond Guarantee or (2) the Extension Determination Date,

	or, if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise save as provided in paragraph (b) below; or (b) following the occurrence of a CBG Event of Default, the date on which a CBG Acceleration Notice is served on the Issuer and the CBG;
D-SIB	Domestic systemically important bank;
D-SIB Information Paper	MAS information paper on the MAS' Framework for Impact on Risk Assessment of Financial Institutions (revised April 2015);
Earliest Maturing Covered Bonds	At any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the Transaction Account) that has or have the earliest Maturity Date as specified in the applicable Pricing Supplement (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a CBG Event of Default);
Early Redemption Amount	The Early Redemption Amount specified in the relevant Pricing Supplement;
Early Repayment Charge	Any charge or fee, including, without limitation, prepayment penalty, legal fee subsidy claw back, insurance premium claw back, which the Mortgage Conditions applicable to a Loan require the relevant Borrower or the relevant Mortgagor (as the case may be) to pay in the event that all or part of that Loan is repaid before a certain date;
Eligibility Criteria	The requirement that each Loan: (a) is originated and booked after 1 January 2008; (b) is denominated and repayable in SGD; (c) is a mortgage loan which has been fully drawn (and where the Borrower or the Mortgagor (as the case may be) has no right to re-borrow any amount prepaid or repaid); (d) is secured by a mortgage over a residential property situated in Singapore and (1) title of the Mortgagor to such residential property must (i) have been separately issued and (ii) not be comprised in lease(s) granted by HDB, the Jurong Town Corporation or such other authorities/vendors as lessor, whereby consent of such lessor and/or such

other relevant third party is required for the sale of such residential property or for the creation, assignment or transfer of such mortgage and (2) (if applicable) the leasehold interest of the Mortgagor in such residential property must not be for a term of less than 20 years after the latest maturity date of the relevant Loans secured by that Mortgage;

(e) is repayable by the relevant Borrower and/or the relevant Mortgagor within 40 years of the relevant Closing Date;

(f) has a True Balance not greater than SGD4,000,000;

(g) is a loan under which the Borrower or the Mortgagor (as the case may be) has made at least one monthly payment in respect thereof;

(h) is not in arrears for more than 30 days;

(i) is not a construction loan which has not been fully drawn down, renovation loan, overdraft or such other revolving facility;

(j) is secured by a mortgage that constitutes a first ranking mortgage, save for (i) any charge registered or notified by the CPF Board in respect of the withdrawal of funds from the Mortgagor's account(s) with the CPF Board, (ii) any statutory charge in favour of the tax authority in respect of unpaid property tax, (iii) any charge registered in favour of the relevant management corporation of the estate comprising the Property in respect of unpaid amounts or contributions, (iv) any statutory charge in favour of the tax authority in respect of unpaid Estate Duty (where applicable) and (v) any other charges arising under any written law; and

(k) is not a Staff Mortgage Loan;

Eligible Asset Monitor — An asset monitor which satisfies the requirements as set out in the Asset Monitor Agreement which are broadly as follows:

(i) is qualified to be an auditor under the Companies Act; and

(ii) is registered as an auditor under the Companies Act;

English Security Deed — The English security deed dated the Programme Date between the CBG, the Assets Trustee, the CBG Beneficiary, the Seller, the Issuer, the Intercompany Loan Provider, the Ancillary Intercompany Loan Provider, the Subordinated Loan Provider, the Servicer, the Account Bank, the Cash Manager, the Covered Bond Swap Provider, the Interest Rate Swap Provider, the Corporate Services Provider, the Agents, the Bond Trustee and the Security Trustee;

Establishment Deed	The deed entered into on the Programme Date between the CBG, the CBG Beneficiary, the Seller, the Assets Trustee, the Servicer, the Cash Manager, the Bond Trustee and the Security Trustee;
Estate Duty Act	Estate Duty Act, Chapter 96 of Singapore;
Euroclear	Euroclear Bank S.A/N.V.;
Excess Proceeds	Monies received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any liquidator, receiver (including receiver and manager), administrator, trustee, judicial manager or similar official that is appointed in relation to the Issuer or its assets or undertaking;
Exchange Act	U.S. Securities Exchange Act of 1934;
Exchange Agent	The Bank of New York Mellon, London Branch in respect of each Series of Covered Bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each Series of CDP Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds each in its capacity as exchange agent (which expression shall include any successor exchange agent);
Excluded Swap Termination Amount	In relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider;
Extended Due for Payment Date	In relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Pricing Supplement to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date or the Extension Determination Date;
Extension Determination Date	In respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of 14 days from (and including) the Maturity Date of such Series of Covered Bonds;
Extraordinary Resolution	A resolution of the Covered Bondholders passed as such under the terms of the Trust Deed;
FATCA	Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986;

Final Redemption Amount	The Final Redemption Amount specified in the relevant Pricing Supplement;
First Closing Date	The date on which the Initial Portfolio is sold to the CBG pursuant to the Mortgage Sale Agreement and the Declaration of Assets Trust;
Fitch	Fitch Australia Pty Limited or Fitch Ratings Ltd., and their affiliates as the case may be;
GST	Any goods and services tax payable pursuant to the Goods and Services Tax Act, Chapter 117A of Singapore, and the regulations gazetted thereunder, as amended from time to time;
Guarantee Loan	The guarantee loan portion of the Intercompany Loan;
Guarantee Priority of Payments	The meaning given in the section "*Cashflows and Priorities of Payment — Allocation and Distribution of Monies following Service of a Notice to Pay*";
Guaranteed Amounts	Prior to the service of a CBG Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or after service of a CBG Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the CBG under the Trust Deed;
Guidelines	Guidelines on Corporate Governance for Financial Holding Companies, Banks, Direct Insurers, Reinsurers and Captive Insurers which are Incorporated in Singapore (dated 3 April 2013) comprising the Code of Corporate Governance 2012 for companies listed on the SGX-ST and supplementary principles and guidelines from the MAS;
Hard Bullet Covered Bonds	Covered Bonds which are scheduled to be redeemed in full on their relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date;
HDB	The Housing and Development Board established under section 3 of the Housing and Development Act, Chapter 129, of Singapore;
HKMA	The Hong Kong Monetary Authority;
ICAAP	Internal Capital Adequacy Assessment Process;
ICSDs	Euroclear and Clearstream, Luxembourg;

Income Tax Act	Income Tax Act, Chapter 134 of Singapore;
Indexed Valuation	At any date in relation to a Property; (a) where the Valuation of that Property is equal to or greater than the Reference Indexed Valuation as at that date, the Reference Indexed Valuation; or (b) where the Valuation of that Property is less than the Reference Indexed Valuation as at that date, the Valuation plus 85 per cent. of the difference between the Valuation and the Reference Indexed Valuation;
Indirect Participants	The meaning given in the section *"Clearing and Settlement — The Clearing Systems — DTC"*;
Initial Advance	In respect of any loan, the original principal amount (together with the amount of any retention) advanced by the Seller to the relevant Borrower and/or relevant Mortgagor;
Initial Dealers	DBS Bank, Barclays Bank PLC, Singapore Branch, Citigroup Global Markets Limited, Citigroup Global Markets Singapore Pte. Ltd., Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc, Société Générale, UniCredit Bank AG and such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated);
Initial Portfolio	The Loans and their Related Security, particulars of which will be delivered on the First Closing Date pursuant to the Mortgage Sale Agreement and the Declaration of Assets Trust (other than any Loans and their Related Security which have been redeemed in full prior to the First Closing Date), and includes all rights, estate, title, interests, benefits and remedies of the Seller in and to: (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Interest and Capitalised Expenses) (but excluding Accrued Interest and Arrears of Interest as at the First Closing Date) and other sums due or to become due in respect of such Loans and Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and any undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions; (b) subject where applicable to the subsisting rights of redemption of Borrowers and/or the Mortgagors (as the case may be), any collateral security for the repayment of the relevant Loans;

(c) the right to exercise all the powers of the Seller in relation thereto;

(d) all the rights, estate and interests in the Properties vested in the Seller; and

(e) the proceeds of all claims made by or on behalf of the Seller or to which the Seller is entitled any Insurance Policy in relation to any such Loan;

Insolvency Event — In respect of the Seller, the Assets Trustee, the Servicer or the Cash Manager:

(a) an order is made or an effective resolution passed for the winding-up of the relevant entity;

(b) the relevant entity stops or threatens to stop payment to its creditors generally or the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business;

(c) an encumbrancer takes possession or a receiver, judicial manager, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days; or

(d) the relevant entity is unable to pay its debts as they fall due;

Insurance Policy — Any insurance policy in favour of the Seller in relation to the Loans and any endorsements or extensions thereto as issued from time to time (and "**Insurance Policies**" shall be construed accordingly);

Intercompany Loan — All Advances made by the Intercompany Loan Provider to the CBG under the Intercompany Loan Agreement;

Intercompany Loan Agreement — The loan agreement dated the Programme Date between the Intercompany Loan Provider, the Assets Trustee, the Cash Manager, the Servicer, the CBG, the CBG Beneficiary and the Security Trustee;

Intercompany Loan Facility Amount — S$20,000,000,000 or such other amount as the Intercompany Loan Provider and the CBG (at the direction of the Cash Manager) agree from time to time;

Intercompany Loan Ledger — The ledger of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record all payments of interest and repayments of principal on each of the Advances under the Intercompany Loan;

Intercompany Loan Provider	DBS Bank;
Interest Payment Date	Such date(s) as may be specified in the relevant Pricing Supplement in accordance with the Conditions;
Interest Rate Shortfall	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Interest Rate Shortfall Test"*;
Interest Rate Shortfall Test	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Interest Rate Shortfall Test"*;
Interest Rate Swap	The interest rate swap transaction entered into between the CBG and the Issuer (in its capacity as Interest Rate Swap Provider) dated the Programme Date;
Interest Rate Swap Agreement	The agreement between the CBG and the Interest Rate Swap Provider dated the Programme Date governing the Interest Rate Swap in the form of an ISDA Master Agreement, including a schedule, a credit support annex and confirmation thereto;
Interest Rate Swap Early Termination Event	The meaning given in the section "*Summary of the Principal Documents — Interest Rate Swap Agreement*";
Interest Rate Swap Provider	DBS Bank, in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any successor interest rate swap provider;
Investment Company Act	Investment Company Act of 1940;
Investments Ledger	The ledger maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement in respect of Authorised Investments and Substitution Assets acquired and disposed of by or on behalf of the CBG;
Investor Report	The monthly report made available to the Covered Bondholders, the Security Trustee, the Bond Trustee and the Rating Agencies detailing, *inter alia*, compliance with the Asset Coverage Test and which are posted on the Issuer's website at www.dbs.com;
ISDA	International Swaps and Derivatives Association, Inc.;
ISDA Definitions	2006 ISDA Definitions, as published by ISDA;
ISDA Master Agreement	The 1992 ISDA Master Agreement (Multicurrency Cross Border), as published by ISDA;
Issue Date	Each date on which the Issuer issues Covered Bonds to the Covered Bondholders;
Issuer	DBS Bank;
Issuer Acceleration Notice	The meaning given in Condition 9(a) (*Issuer Events of Default*);

Issuer Event of Default	The meaning given in Condition 9(a) (*Issuer Events of Default*);
Issuing and Paying Agent	The Bank of New York Mellon, London Branch in respect of each Series of Covered Bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each Series of CDP Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds (or such other Issuing and Paying Agent as may be appointed from time to time under the Agency Agreement);
Joint Arrangers	DBS Bank and Barclays Bank PLC, Singapore Branch;
Land Acquisition Act	Land Acquisition Act, Chapter 152 of Singapore;
Land Titles Registry	The Land Titles Registry of the Singapore Land Authority established under the Land Titles Act and administered by the Registrar of Titles;
Land Titles Act	Land Titles Act, Chapter 157 of Singapore, and shall include where applicable the Land Titles (Strata) Act, Chapter 158 of Singapore;
Land Titles (Strata) Act	Land Titles (Strata) Act, Chapter 158 of Singapore;
LCR	Liquidity coverage ratio;
Ledger	Each of the Revenue Ledger, the Principal Ledger, the Pre-Maturity Liquidity Ledger, the Accrued Payments Ledger, the Subordinated Loan Ledger, the Intercompany Loan Ledger, the Ancillary Intercompany Loan Ledger, the Investments Ledger, the Payment Ledger, the Reserve Ledger, the CBG Retained Amount Ledger, the Swap Collateral Account Ledger and the Assets Trust Ledger;
Lending Criteria	The lending criteria of the Seller from time to time, or such other criteria as would be acceptable to a Reasonable, Prudent Mortgage Lender;
Loan Account	The loan account in the Seller's records relating to one or more loans secured by a Mortgage;
Loan Agreement	In relation to a Loan, the loan agreement (including, without limitation, the relevant letter of offer and the relevant letter of variation) entered into between the relevant Borrower, the relevant Mortgagor (if different from the relevant Borrower) and the Seller, as revised, amended, restated, supplemented, superseded or novated from time to time;

Loan Files	The file or files relating to each Loan (including files kept in microfiche format or similar electronic data retrieval system or the substance of which is transcribed and held on an electronic data retrieval system) containing, *inter alia*, the application form, the Loan Agreement, the Valuation Report (if applicable) and, to the extent available, the solicitor's Report on Title, relevant to that Loan;
Loan Repurchase Notice	A notice from the Cash Manager to the Seller identifying a Loan or its Related Security in the Portfolio which does not, as at the relevant Closing Date or relevant Calculation Date, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement or (as the case may be) the Declaration of Assets Trust;
Loans	(i) CPF Loans and (ii) Non-CPF Loans, and each a "**Loan**";
LTV	Loan-to-value;
LTV%	Loan-to-value ratio;
LTV Adjusted True Balance	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Asset Coverage Test"*;
MAS	Monetary Authority of Singapore established under section 3 of the MAS Act;
MAS Act	Monetary Authority of Singapore Act, Chapter 186 of Singapore;
MAS Notice 612	MAS Notice 612 on Credit Files, Grading and Provisioning;
MAS Notice 613	MAS Notice 613 on Minimum Liquid Assets;
MAS Notice 632	MAS Notice 632 on Residential Property Loans;
MAS Notice 637	MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore;
MAS Notice 639	MAS Notice 639 on Exposures to Single Counterparty Groups;
MAS Notice 643	MAS Notice 643 on Transactions with Related Parties;
MAS Notice 648	MAS Notice 648 on the Issuance of Covered Bonds by Banks incorporated in Singapore;
MAS Notice 649	MAS Notice 649 on Minimum Liquid Assets and Liquidity Coverage Ratio;
MAS Notice 758	MAS Notice 758 on Minimum Cash Balance;

Master Definitions Agreement	The master definitions agreement (as amended, restated, supplemented or novated from time to time) made between the parties to the Transaction Documents on or about the Programme Date;
Maturity Date	The Interest Payment Date on which each Series of Covered Bonds will be redeemed at their nominal amount then outstanding in accordance with the Conditions;
Misrepresentation Act	Misrepresentation Act, Chapter 390 of Singapore;
Moneylenders Act	Moneylenders Act, Chapter 188 of Singapore, as amended, and any regulations made pursuant to it;
Monthly Payment Date	In relation to a Loan, the date in each month on which the relevant Borrower or Mortgagor (as the case may be) is required to make a payment of interest and, if applicable, principal for that Loan, as required by the applicable Mortgage Conditions;
Moody's	Moody's Investors Service Inc.;
Mortgage	In respect of any Loan, each first charge by way of legal mortgage (save for (a) any charge registered or notified by the CPF Board in respect of the withdrawal of funds from the Mortgagor's account(s) maintained with the CPF Board, (b) any statutory charge in favour of the tax authority in respect of unpaid property taxes, (c) any charged registered in favour of the relevant management corporation in connection with the Property in respect of unpaid amounts or contributions, (d) any statutory charge in favour of the tax authority in respect of unpaid estate duty (where applicable) and (e) any other changes arising under any written law) which secures the repayment of the relevant Loan and includes the Mortgage Conditions applicable to it;
Mortgage Conditions	All the terms and conditions applicable to a Loan, including, without limitation, those set out in the Seller's relevant standard terms and conditions and the Seller's relevant general conditions each as varied from time to time by the relevant Loan Agreement and the relevant Mortgage Instrument;
Mortgage Instrument	In respect of any Mortgage, the instrument of mortgage in the form approved by the Registrar of Titles and registered with the Land Titles Registry under the provisions of the Land Titles Act, creating that Mortgage;
Mortgage Sale Agreement	The mortgage sale agreement (as amended, restated, supplemented or novated from time to time) entered into on the Programme Date between the Seller, the CBG, the Assets Trustee, the CBG Beneficiary, the All Monies Trustee and the Security Trustee;

Mortgagee	In respect of any Mortgage, the person named and described as the mortgagee/bank in the relevant Mortgage Instrument for the time being entitled to exercise the rights of the mortgagee/bank under that Mortgage;
Mortgagor	In relation to a Loan, the individual or individuals named and described as the mortgagor in the relevant Mortgage Instrument together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part of it;
Negative Carry Factor	(i) zero, for so long as the Interest Rate Swap is in effect in accordance with the terms thereof; or (ii) if the Interest Rate Swap is not in effect, X plus the Covered Bond Weighted Average Margin (provided that, if the weighted average remaining maturity is less than one, the weighted average shall be deemed, for the purposes of this calculation, to be one), and X is 0.5 per cent. or such percentage figure that the CBG (or the Cash Manager acting on its behalf) may from time to time determine and which is promptly notified to the Rating Agencies, the Bond Trustee and the Security Trustee;
New Loan Types	New types of mortgage loans originated or acquired by the Seller which are secured by first-ranking mortgages over residential properties situated in Singapore, and which the Seller intends to transfer to the CBG, the terms and conditions of which are materially different (in the opinion of the Seller, acting reasonably) from the Loans comprised in the Initial Portfolio. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from the Loans comprised in the Initial Portfolio due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate, tracker rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees;
New Loans	Loans, other than the Loans comprised in the Initial Portfolio, which the Seller may sell to the CBG pursuant to the Mortgage Sale Agreement or contribute new Trust Assets pursuant to the Declaration of Assets Trust (as the case may be), after the First Closing Date;
New Portfolio	Portfolio of New Loans and their Related Security (other than any New Loans and their Related Security which have been redeemed in full prior to the Closing Date or which do not otherwise comply with the terms of the Mortgage Sale Agreement as at the Closing Date), particulars of which are set out in the relevant New Portfolio Notice or in a document stored upon electronic media, and all rights, estate, title, interests, benefits and remedies of the Seller in and to the rights and assets set out in paragraphs (a) to (e) in the definition of Initial Portfolio;

New Portfolio Notice

A notice in the form set out in Schedule 6 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement or (as the case may be) the Declaration of Assets Trust;

Non-CPF Loan

(a) All loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in each case, in respect of which:

(i) there is no CPF Withdrawal Approval; and

(ii) such Borrower or Mortgagor (as the case may be) has not indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; or

(b) all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in respect of which:

(i) the CPF Withdrawal Approval has been obtained prior to the Closing Date in respect of such loans, or where such Borrower or Mortgagor (as the case may be) has indicated to the Seller prior to the Closing Date in respect of such loans that he intends to utilise CPF Funds in connection with the Property; and

(ii) the CPF Board's consent to the transfer or assignment of the Mortgage over such Property securing such loans is not required (as at the Closing Date in respect of such loans) in order for the CBG and any transferee of such Mortgage (as may be contemplated under the terms of the Transaction Documents) to be accorded the priority of payment over the CPF Board in relation to the application of any proceeds from the realisation of such Property; or

(c) all loans granted by the Seller to a Borrower or a Mortgagor (as the case may be) which are secured by the same Mortgage over a Property, in respect of which:

(i) the CPF Withdrawal Approval has been obtained prior to the Closing Date in respect of such loans, or where such Borrower or Mortgagor (as the case may be) has indicated to the Seller prior to the Closing Date in respect of such loan that he intends to utilise CPF Funds in connection with the Property; and

(ii) the CPF Board's consent to the transfer or assignment of the Mortgage over such Property securing such loans is required (and such CPF Board's consent is obtained prior to the Closing Date in respect of such loans) in order for the CBG and any transferee of such Mortgage (as may be contemplated under the terms of the Transaction Documents) to be accorded the priority of payments over the CPF Board in relation to the application of any proceeds from the realisation of such Property,

which, in each case, is sold and assigned by the Seller to the CBG from time to time under the terms of the Mortgage Sale Agreement and is purchased by the CBG, and comprises the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to or apportioned to that loan under the relevant Mortgage Conditions by a Borrower or a Mortgagor (as the case may be) on the security of the Mortgage over such Property from time to time outstanding, or, as the context may require, the Borrower's or the Mortgagor's obligations in respect of the same but excluding any loan which is repurchased by the Seller or otherwise sold by the CBG and no longer beneficially owned by it. For the avoidance of doubt no loan referred to under limbs (a), (b) or (c) above shall be construed or deemed to be a Top-up Loan. Converted Loans shall be deemed to continue to be Non-CPF Loans, subject to certain provisions of the Transaction Documents dealing with such Converted Loans only;

Non-CPF Loans Repurchase Completion Date — The second CBG Payment Date falling after the relevant date of completion of any repurchase by the Seller of any Non-CPF Loans and their Related Security;

Notice of Trust Assets — A notice in substantially the form set out in the Declaration of Assets Trust;

Notice to Pay — The meaning given in Condition 9(a)(*Issuer Events of Default*);

NPAs — Non-performing assets;

NPL — Non-performing loan;

NPL ratio — Ratio of NPLs to total non-bank loans;

Offering Circular — This offering circular;

OID — The meaning given to it in the section "*Taxation*";

Original Due for Payment Date — The meaning given in paragraph (a)(i) of the definition of Due for Payment;

outstanding — In relation to the Covered Bonds, all the Covered Bonds issued except (a) those that have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption monies (including all interest accrued on such Covered Bonds to the date for such redemption and any interest payable after such date) have been duly paid to the Bond Trustee or to the Issuing and Paying Agent as provided in the Trust Deed and remain available for payment against presentation and surrender of Covered Bonds, Certificates, Receipts and/or Coupons, as the case may be, (c) those that have become void or in respect of which claims have become prescribed, (d) those that have been purchased and cancelled as provided in the Conditions, (e) those mutilated or defaced Bearer Covered Bonds that have been surrendered in exchange for replacement Bearer Covered Bonds, (f) (for the purpose only of determining how many Covered Bonds are outstanding and without prejudice to their status for any other purpose) those Bearer Covered Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Covered Bonds have been issued and (g) any Temporary Global Covered Bond to the extent that it shall have been exchanged for a Permanent Global Covered Bond and any Global Covered Bond to the extent that it shall have been exchanged for one or more Definitive Covered Bonds, in either case pursuant to its provisions, provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Covered Bondholders, (2) the determination of how many Covered Bonds are outstanding for the purposes of Conditions 9 (*Event of Default*) and 10 (*Meetings of Covered Bondholders, Modification and Waiver*) and the Trust Deed, and (3) the exercise of any discretion, power or authority that the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Covered Bondholders, those Covered Bonds that are beneficially held by or on behalf of the Issuer, the Issuer's affiliates or the CBG and not cancelled shall (unless no longer so held) be deemed not to remain outstanding;

Paying Agents — The Issuing and Paying Agent, the Paying Agent, the CMU Lodging and Paying Agent, the CDP Paying Agent, the DTC Paying Agent and such further or other Paying Agent or Agents as may be appointed from time to time under the Agency Agreement);

Payment Ledger — The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record the credits and debits of the Available Revenue Receipts and Available Principal Receipts for application in accordance with the relevant Priority of Payments;

Perfection Events

(a) the occurrence of an Issuer Event of Default and service on the Issuer of an Issuer Acceleration Notice and the service on the CBG of a Notice to Pay (or, if earlier, following the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice) unless, in respect of Selected Loans described in a Selected Loans Offer Notice, the Seller has notified the CBG that it will accept the offer set out in the Selected Loans Offer Notice within the prescribed time;

(b) in respect of Selected Loans only, at the request of the CBG following the acceptance of any offer to sell the Selected Loans to any Purchaser who is not the Seller;

(c) the Seller and/or the CBG being required: (i) by law; (ii) by an order of a court of competent jurisdiction; (iii) by a regulatory authority which has jurisdiction over the Seller; or (iv) by any organisation of which the Seller is a member, or whose members comprise, but are not necessarily limited to, mortgage lenders and with whose instructions it is customary for the Seller to comply, to transfer legal title to the Non-CPF Loans;

(d) the occurrence of an Insolvency Event in respect of the Seller;

(e) the termination or resignation of the Seller as Servicer under the Servicing Agreement unless:

(i) at the relevant date of termination or resignation, any substitute servicer is a member of the DBS Group; or

(ii) the Security Trustee otherwise consents (such consent to be given if a Rating Agency Confirmation has been delivered by the Issuer to the CBG and the Security Trustee in respect of the termination or resignation of the Seller as Servicer);

(f) the Seller requesting a transfer of legal title (i) to the CBG or (ii) (where applicable) the Relevant Purchaser, by giving notice in writing to the CBG and the Security Trustee; or

(g) the Seller's long-term unsecured and unsubordinated debt obligations cease to be rated at least Baa3 by Moody's or BBB- by Fitch;

Portfolio

The Initial Portfolio and each New Portfolio acquired by the CBG;

Post-Enforcement Priority of Payments

The meaning given in the section "*Cashflows and Priorities of Payments — Post-Enforcement Priority of Payments*";

Potential CBG Event of Default	An event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9(b) (*CBG Events of Default*) become a CBG Event of Default;
Potential Issuer Event of Default	An event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9(a) (*Issuer Events of Default*) become an Issuer Event of Default;
Pre-Acceleration Principal Priority of Payments	The meaning given in the section "*Cashflows and Priorities of Payments — Allocation and Distribution of Available Principal Receipts prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice*";
Pre-Acceleration Revenue Priority of Payments	The meaning given in the section "*Cashflows and Priorities of Payments — Allocation and Distribution of Available Principal Receipts prior to service on the CBG of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice*";
Pre-Maturity Liquidity Ledger	The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record the credits and debits of monies available to repay any series of Hard Bullet Covered Bonds on the Maturity Date thereof if the Pre-Maturity Test has been breached;
Pre-Maturity Test	The meaning given in the section "*Credit Structure including Asset Tests — Pre-Maturity Liquidity*";
Pre-Maturity Test Date	Each Singapore Business Day prior to the occurrence of an Issuer Event of Default or the occurrence of a CBG Event of Default;
Principal Ledger	The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record the credits and debits of Principal Receipts in accordance with the terms of the Establishment Deed;
Principal Receipts	(a) Principal repayments under the Loans (including payments of arrears, Capitalised Interest and Capitalised Expenses); (b) recoveries of principal from defaulting Borrowers and/or Mortgagors (as the case may be) under Loans being enforced (including the proceeds of sale of the relevant Property);

(c) any payment pursuant to any insurance policy in respect of a Property in connection with a Loan in the Portfolio; and

(d) the proceeds, if any, of the repurchase of any Loan by the Seller from the CBG pursuant to the Mortgage Sale Agreement and the Declaration of Assets Trust (excluding, for the avoidance of doubt, amounts attributable to Accrued Interest and Arrears of Interest thereon as at the relevant repurchase date),

and, for the avoidance of doubt, excludes all payments in respect of All Monies Trust Property which the Seller is entitled to, principal amounts referred to in the Intercompany Loan Agreement and principal repayments in respect of Top-up Loans. Principal repayments in respect of Demand Loan Repayment Assets and Top-up Loans shall not constitute Available Principal Receipts;

Priorities of Payments — The Post-Enforcement Priority of Payments, the Guarantee Priority of Payments, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments (each a "**Priority of Payment**");

Programme — The U.S.$10,000,000,000 Covered Bond programme established by, or otherwise contemplated in, the Programme Agreement and the Trust Deed;

Programme Agreement — The agreement dated the Programme Date between the Issuer, the Seller, the CBG, the Joint Arrangers and the Dealers named therein (or deemed named therein) concerning the purchase of Covered Bonds to be issued pursuant to the Programme together with any accession letters and/or agreements supplemental thereto;

Programme Date — 16 June 2015;

Property — A freehold or leasehold residential property located in Singapore which is subject to a Mortgage;

Property Tax Act — Property Tax Act, Chapter 254 of Singapore;

Purchaser — Any third party or the Seller to whom the CBG offers to sell Selected Loans and (in the case of a third party) which is an "excluded money lender" or "exempt moneylender" within the meaning given under the Moneylenders Act;

QIB — A qualified institutional buyer within the meaning of Rule 144A;

Random Basis — Any process which selects Loans and their Related Security on a basis that is not designed to favour the selection of any identifiable class or type or quality of Loans and their Related Security over all the Loans and their Related Security in the Portfolio;

Rating Agencies	Moody's and Fitch, and each a "**Rating Agency**";
Rating Agency Confirmation	(i) a written confirmation from each Rating Agency that the relevant amendment, action, determination or appointment will not result in the reduction, qualification, suspension or withdrawal of the then current ratings assigned to any outstanding Covered Bonds rated by that Rating Agency; or (ii) a certification in writing by an authorised signatory of the Issuer or, following the occurrence of an Issuer Event of Default, the CBG to the Security Trustee and the Bond Trustee stating that the relevant amendment, action, determination or appointment has been notified to the Rating Agencies and, in its opinion, would not cause the then current ratings assigned to any outstanding Covered Bonds to be reduced, qualified, suspended or withdrawn by any Rating Agency and, where a Rating Agency was prepared to consult with the Issuer or the CBG, as applicable, on its behalf, such opinion is based on such consultation with the relevant Rating Agency; provided however that it is understood that the Rating Agencies shall be under no obligation to provide a Rating Agency Confirmation;
Reasonable, Prudent Mortgage Lender	The Seller and/or the Servicer, as applicable, acting in accordance with the standards of a reasonably prudent residential mortgage lender lending to borrowers in Singapore who generally satisfy the lending criteria of traditional sources of residential mortgage capital;
Reference Index	Any index of house prices in Singapore that a Reasonable, Prudent Mortgage Lender would use for valuation purposes;
Reference Indexed Valuation	In relation to a Property at any date, the Valuation of the Property increased or decreased as appropriate by the increase or decrease in the Reference Index since the date of that Valuation;
Registrar	The Bank of New York Mellon (Luxembourg) S.A. in respect of each Series of Covered Bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each Series of CDP Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds (or such other Registrar as may be appointed under the Agency Agreement either generally or in relation to a specific Series of Covered Bonds);
Registrar of Titles	The Registrar of Titles appointed under section 5 of the Land Titles Act;
Regulation S	Regulation S under the Securities Act;

Related Security

In relation to a Loan, the security for the repayment of that Loan including (i) the relevant Mortgage and (ii) all other matters applicable thereto acquired as part of the Portfolio sold to the CBG pursuant to the Mortgage Sale Agreement, and the Declaration of Assets Trust, including (without limitation):

(a) the benefit of all consents, guarantees, indemnities and postponements from persons having an interest in or rights in connection with the relevant Property or third parties;

(b) each right of action of the Seller against any person (including, without limitation, any valuer, solicitor and any registrar or registry) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Valuation Report) given or received in connection with all or part of that Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of that Loan;

(c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, returns of premium and proceeds of claims under) insurance and assurance policies deposited, charged, obtained, or held in connection with that Loan, Mortgage and/or Property and Loan File; and

(d) the Seller's present and future rights, estate, title, interests, benefits and remedies in and to:

(1) the Loan Agreement in relation to that Loan which for the avoidance of doubt, does not include the Seller's present and future rights, estate, title, interests, benefits and remedies in respect of the Associated Debt or any other loans or facilities made or to be made to the relevant Borrower or Mortgagor;

(2) (in the case of a Loan in respect of which the CPF Withdrawal Approval has been obtained prior to the Closing Date of such Loan) the relevant deeds of arrangements, deeds/ instruments of postponement, confirmations of priority arrangement, confirmation letters and/or such other written agreements, confirmations and letters in respect of the priority accorded to the Seller in the application of the sale proceeds realised upon the sale of the relevant Properties pursuant to the Central Provident Fund (Residential Properties Scheme) Regulations of Singapore, if any; and

(3) all monies which may at any time from the date of the relevant Deed of Assignment, the Declaration of Assets Trusts or the relevant Notice of Trust Assets (as the case may be) be received by or payable to the Seller under or in connection with the relevant Mortgage in respect of that Loan and the relevant Top-up Loans, whether on account of any claims, awards and judgments made or given under or in connection with the relevant Mortgage in respect of that Loan and the relevant Top-up Loans or otherwise howsoever;

Relevant CBG IRST Expenditure

(a) The scheduled amount (other than in respect of principal or a termination payment) which would have been due and payable (or provisioned to be paid) by the CBG (had a Notice to Pay been served and the Guarantee Priority of Payments been applicable at such time) to the relevant Covered Bond Swap Provider under each Covered Bond Swap (which has not been terminated) (after giving effect to any applicable netting provisions thereof) during the relevant CBG Payment Period; and

(b) the other senior payments which would have been due and payable by the CBG in priority to such amounts referred to in paragraph (a) above in accordance with the Guarantee Priority of Payments (had a Notice to Pay been served and had that been applicable at such time);

Relevant CBG IRST Income

(a) All income whatsoever which the CBG is entitled to receive from any of its assets (including, but not limited to its beneficial interest in the Assets Trust, the Interest Rate Swap prior to any termination event) (but excluding Top-up Loans) during the relevant CBG Payment Period; and

(b) the other resources and funds available to the CBG and the funds to the credit of the Transaction Account (including the Reserve Fund) but excluding for the avoidance of doubt receipts derived from Top-up Loans;

Relevant Purchaser

In relation to a Loan and its Related Security (and any related Top-up Loans), any person (i) who is an "excluded moneylender" or "exempt moneylender" within the meaning given under the Moneylenders Act and (ii) who, in accordance with the terms of the Transaction Documents, purchases such Loan and its Related Security (and any related Top-up Loans) from the CBG and any subsequent purchaser thereof, where such person has acceded to the Mortgage Sale Agreement and the Declaration of Assets Trust in accordance with the terms thereunder;

relevant Series of Covered Bonds

The meaning given in the section "*Structure Overview — Structure Overview*";

Remittance Date	In relation to a Calculation Period, the date which is two Singapore Business Days prior to the CBG Payment Date following the end of that Calculation Period;
Replacement Assets Trustee	Such entity or financial institution (i) as may be selected by the CBG Beneficiary and the Security Trustee to act as the Assets Trustee under the Assets Trust and (ii) which is an "excluded moneylender" or "exempt moneylender" within the meaning given under the Moneylenders Act;
Replacement Assets Trustee Events	The meaning given to it in the section "*Summary of the Principal Documents — Declaration of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*";
Report on Title	A solicitor's report of title obtained by or on behalf of the Seller in respect of each Property substantially in the form of the pro-forma set out in the Standard Documentation;
Representations and Warranties	The representations and warranties as set out in the section "*Summary of the Principal Documents — Mortgage Sale Agreement — Representations and Warranties*";
Required Redemption Amount	The meaning given in the section *"Summary of the Principal Documents — Mortgage Sale Agreement — Right of Pre-emption"*;
Required True Balance Amount	The meaning given in the section *"Summary of the Principal Documents — Establishment Deed — Method of Sale of Selected Loans"*;
Requisite CPF Loan Legal Title Transfer Approval	The meaning given in the section "*Summary of the Principal Documents — Declarations of Assets Trust — Transfer of title to the CPF Loans and appointment of a Replacement Assets Trustee*";
Reserve Fund	The reserve fund that the CBG will be required to establish in the Transaction Account up to an aggregate amount equal to the Reserve Fund Required Amount;
Reserve Fund Required Amount	The meaning given in the section "*Credit Structure including Asset Tests — Reserve Fund*";
Reserve Ledger	The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement, to record the crediting of Advances or Subordinated Advances (to the extent such amount represents the amount drawn under the Intercompany Loan Agreement or the Subordinated Loan Agreement to fund the Reserve Fund) and Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund each in accordance with the terms of the Establishment Deed;

Reset Date	The meaning given in the ISDA Definitions;
Residential Property	The meaning given in the section "*Regulation/Legal Aspects of the Singapore Residential Mortgage Market — Regulation Aspects of the Singapore Residential Mortgage Market*";
Revenue Ledger	The ledger on the Transaction Account of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record credits and debits of Revenue Receipts in accordance with the terms of the Establishment Deed;
Revenue Receipts	(a) payments of interest (including Accrued Interest and Arrears of Interest but excluding Accrued Interest and Arrears of Interest as at the relevant Closing Date of a Loan which belong to the Seller) and other fees due from time to time under the Loans and other amounts received by the CBG in respect of the Loans other than the Principal Receipts; (b) recoveries of interest from defaulting Borrowers and/or Mortgagors (as the case may be) under Loans being enforced; and (c) recoveries of interest from defaulting Borrowers and/or Mortgagors (as the case may be) under Loans in respect of which enforcement procedures have been completed, and for the avoidance of doubt, excludes all payments in respect of Third Party Amounts and Top-up Loans;
RMB Covered Bonds	Covered Bonds denominated in Renminbi issued under the Programme;
Rule 144A	Rule 144A under the Securities Act;
Sale Proceeds	The cash proceeds realised from the sale of Selected Loans;
Scheduled Interest	An amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 (*Interest and other Calculations*) (but excluding any additional amounts relating to premiums, default interest or interest upon interest ("**Excluded Scheduled Interest Amounts**") payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a CBG Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Maturity Date and, if the Pricing Supplement specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the

	maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*);
Scheduled Payment Date	In relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Maturity Date as if the Covered Bonds had not become due and repayable prior to their Maturity Date;
Scheduled Principal	An amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Maturity Date (as the case may be) as specified in Condition 5(a) (*Redemption by Instalments and Final Redemption*), Condition 5(c) (*Redemption for Taxation Reasons*), Condition 5(d) (*Redemption at the option of the Issuer*) and Condition 5(e) (*Redemption due to illegality*) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest ("**Excluded Scheduled Principal Amounts**") payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a CBG Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Maturity Date and, if the Pricing Supplement specifies that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date;
Section 55B/C Court Order	The meaning given to it in the section "*Summary of the Principal Documents — Declaration of Assets Trust — Section 55B/C of the Banking Act*";
Section 55B/C Transfer	The meaning given to it in the section "*Summary of the Principal Documents — Declaration of Assets Trust — Section 55B/C of the Banking Act*";
Sections 210/212 Court Order	The meaning given to it in the section "*Summary of the Principal Documents — Declaration of Assets Trust — Sections 210 (and 212) of the Companies Act*";
Sections 210/212 Scheme	The meaning given to it in the section "*Summary of the Principal Documents — Declaration of Assets Trust — Sections 210 (and 212) of the Companies Act*";
Secured Creditors	The Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Covered Bondholders, the Receiptholders, the Couponholders, the Issuer, the Seller, the Intercompany

	Loan Provider, the Ancillary Intercompany Loan Provider, the Subordinated Loan Provider, the Servicer, the Account Bank, the Cash Manager, the Swap Providers, the Corporate Services Provider, the Paying Agents and any other person which becomes a Secured Creditor pursuant to the Deeds of Charge;
Secured Obligations	Any and all monies, obligations and liabilities and all other amounts due, owing, payable or owed by the CBG which the CBG covenants and undertakes to pay and discharge pursuant to the Deeds of Charge and all claims, demands or damages for breach of any such covenant, and references to Secured Obligations includes references to any of the same;
Securities Act	U.S. Securities Act of 1933;
Security	The meaning given in the section "*Summary of the Principal Documents — Deeds of Charge*";
Security Interest	Any mortgage, sub mortgage, charge, sub charge, pledge, lien (other than a lien arising in the ordinary course of business or by operation of law) or other encumbrance or security interest howsoever created or arising in any jurisdiction;
Security Trustee	The Bank of New York Mellon, Singapore Branch in its capacity as security trustee under the Trust Deed and the Deeds of Charge together with any successor security trustee or additional security trustees appointed from time to time;
Selected Loans	Loans and their Related Security (and, where applicable, any related Top-up Loans) to be sold by the CBG pursuant to the terms of the Establishment Deed having in aggregate the Required True Balance Amount;
Selected Loans Offer Notice	A notice substantially in the form set out in Schedule 7 (*Selected Loans Offer Notice*) to the Mortgage Sale Agreement, and served in accordance with the terms of the Mortgage Sale Agreement;
Selected Loans Repurchase Notice	A notice substantially in the form set out in Schedule 8 (*Selected Loans Repurchase Notice*) to the Mortgage Sale Agreement, and served in accordance with the terms of the Mortgage Sale Agreement;
Seller	DBS Bank;
Seller Share	The part of the All Monies Trust Property comprised in each All Monies Trust to which the Seller is entitled as determined and calculated in accordance with the CBG Declaration Trusts;

Seller's Policy

The originating, underwriting, administration, arrears and enforcement policy applied by the Seller from time to time to loans and the security for their repayment which are beneficially owned solely by the Seller or, at any time when the Servicer is not also the Seller, the policies and procedures from time to time which would be adopted by a Reasonable, Prudent Mortgage Lender;

Series

A series of Covered Bonds comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number;

Servicer

DBS Bank in its capacity as servicer under the Servicing Agreement together with any successor servicer appointed from time to time;

Servicer Event of Default

(a) The Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 10 Singapore Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Security Trustee, the CBG, the CBG Beneficiary or the Assets Trustee requiring the same to be remedied;

(b) the Servicer fails to comply with any of its other obligations under the Servicing Agreement which failure in the reasonable opinion of the Security Trustee is materially prejudicial to the Covered Bondholders and either (i) does not remedy that failure within the earlier of 20 Singapore Business Days after becoming aware of the failure and receipt by the Servicer of written notice from the Security Trustee, the CBG, the CBG Beneficiary or the Assets Trustee requiring the same to be remedied or (ii) the Servicer has not paid satisfactory compensation to the CBG, the CBG Beneficiary and the Assets Trustee for its loss from such breach;

(c) the Servicer's long-term unsecured and unsubordinated debt obligations cease to be rated at least Baa3 from Moody's or at least BBB- from Fitch; or

(d) an Insolvency Event occurs in relation to the Servicer;

Servicer's Remittance Rating

In respect of the Servicer, a short-term unsecured and unsubordinated debt obligation rating that is at least F1 from Fitch and P-1 from Moody's and a long-term unsecured and unsubordinated debt obligation rating that is at least A from Fitch;

Servicer Termination Event

(a) The Servicer defaults in the payment on the due date of any payment due and payable by it under the Servicing Agreement and such default continues unremedied for a period of 10 Singapore Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Security Trustee, the CBG, the CBG Beneficiary or the Assets Trustee requiring the same to be remedied;

(b) the Servicer fails to comply with any of its other obligations under the Servicing Agreement which failure in the reasonable opinion of the Security Trustee is materially prejudicial to the Covered Bondholders and either (i) does not remedy that failure within the earlier of 20 Singapore Business Days after becoming aware of the failure and receipt by the Servicer of written notice from the Security Trustee, the CBG, the CBG Beneficiary or the Assets Trustee requiring the same to be remedied or (ii) the Servicer has not paid satisfactory compensation to the CBG, the CBG Beneficiary and the Assets Trustee for its loss from such breach;

(c) the Servicer's long-term unsecured and unsubordinated debt obligations cease to be rated at least Baa3 from Moody's or at least BBB- from Fitch;

(d) an Insolvency Event occurs in relation to the Servicer; or

(e) the CBG, the Assets Trustee and the CBG Beneficiary resolve, after due consideration and acting reasonably, that the appointment of the Servicer should be terminated;

Servicing Agreement

The servicing agreement (as amended, restated, supplemented and novated from time to time) entered into on the Programme Date between, *inter alios*, the CBG, the CBG Beneficiary, the Seller, the Servicer, the Assets Trustee and the Security Trustee;

Set-off Amount

The aggregate as at the relevant Calculation Date of all deposits (placed with the Seller) of each Borrower or each Mortgagor (as the case may be) having a Loan or Loans (whether the Borrower or the Mortgagor (as the case may be) has assumed the obligation to repay any such Loan or any part of it jointly, severally or otherwise) in the Portfolio as at the relevant Calculation Date, provided that:

(a) where a Borrower or a Mortgagor (as the case may be) has more than one Loan in the Portfolio, any such deposits shall only be counted and aggregated once;

(b) there shall be excluded and not aggregated any deposits of the Borrower or the Mortgagor (as the case may be) placed with the Asian Currency Unit of the Seller and all references to deposits in relation to this definition shall not include any deposits of the Borrower or the Mortgagor (as the case may be) placed with the Asian Currency Unit of the Seller;

(c) there shall be excluded and not aggregated any deposits of the Borrower or the Mortgagor (as the case may be) placed with the Seller, where:

(i) a court of competent jurisdiction in Singapore issues a judgment, order or direction; or

(ii) the MAS or any other body having for the time being the power to regulate banks and financial institutions in Singapore directs or notifies the Seller in writing or issues a specific or applicable directive or notice in writing; or

(iii) the Security Trustee agrees; or

(iv) the statutory manager, statutory adviser, the liquidator, judicial manager, trustee, administrator or similar officer (including in each case, such provisional and interim officers) of the Seller opines or determines, with any such judgement being final and non-appealable; or

(v) a law or regulation is passed or made in Singapore to the effect,

that all and any applicable legislation, law and/or regulation conferring priority in insolvency to set-off rights of depositors liabilities against bank deposits in respect of banks in Singapore:

(A) has no application at all or is abrogated or replaced; or

(B) has no application in any particular circumstances and such circumstance or circumstances exist as at the relevant Calculation Date;

(d) there shall be excluded and not aggregated:

(i) in the case where any Loan or Loans have the same Borrower or Borrowers, or the same Mortgagor or Mortgagors (as the case may be) such amount of total deposit(s) of the Borrower or Borrowers, or the same Mortgagor or Mortgagors (as the case may be) in relation to such Loan(s) in excess of such Loan(s) as at the Calculation Date; or

(ii) in the case of Loans with multiple Borrowers or multiple Mortgagors (as the case may be) where at least one of the Borrowers or one of the Mortgagors is common across the Loans, such amount of the total deposits of all the Borrowers and/or the Mortgagors (as the case may be) in excess of the maximum amount of such Loans that could be appropriated against deposits held by such Borrower(s) or such Mortgagor(s) (as the case may be) as at the Calculation Date;

SFA — Securities and Futures Act, Chapter 289 of Singapore;

SGD/Singapore dollars — The lawful currency of Singapore;

SGD Equivalent — In relation to a Covered Bond which is denominated in (i) a currency other than Singapore dollars, the Singapore dollar equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Covered Bond and (ii) Singapore dollars, the applicable amount in Singapore dollars;

Share Trustee — Intertrust (Singapore) Ltd. (UEN/Company Registration No. 200301038K);

Singapore Business Day — A day (other than Saturday and Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Singapore;

Singapore Deed of Charge — The Singapore deed of charge (as amended, restated, supplemented or novated from time to time) dated the Programme Date and made between the CBG, the CBG Beneficiary, the Issuer, the Seller, the Assets Trustee, the Cash Manager, the Servicer, the Account Bank, the Intercompany Loan Provider, the Ancillary Intercompany Loan Provider, the Subordinated Loan Provider, the Covered Bond Swap Provider, the Interest Rate Swap Provider, the Agents, the Corporate Services Provider, the Bond Trustee, the Security Trustee and certain other Secured Creditors (and governed by Singapore law);

Singapore Dollar LCR Requirement — Singapore Dollar liquidity cover ratio to be maintained by a bank incorporated and headquartered in Singapore as required under MAS Notice 649;

Singapore Land Authority — The Singapore Land Authority established under the Singapore Land Authority Act, Chapter 301 of Singapore;

Single Mortgage Bundle — The Loans (including Defaulted Loans and Selected Loans) and their Related Security (and any related Top-up Loans) sold by the CBG or the Assets Trustee on behalf of the CBG as part of the same offer;

Specified Currency	Subject to any applicable legal or regulatory restrictions, Singapore dollars, euro, Sterling, U.S. dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Issuing and Paying Agent and the Bond Trustee and specified in the applicable Pricing Supplement;
Specified Denomination	In respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Pricing Supplement;
Staff Mortgage Loan	A loan recorded by the Seller as being a loan to its employee;
Standard & Poor's	Standard & Poor's Rating Services Inc.;
Standard Documentation	The standard documentation, annexed to the relevant exhibit of the Mortgage Sale Agreement or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender;
State Lands Act	State Lands Act, Chapter 314 of Singapore;
Subordinated Advance	An amount advanced, or to be advanced, by the Subordinated Loan Provider to the CBG under the Subordinated Loan Agreement, including Deemed Subordinated Advances;
Subordinated Loan	The aggregate outstanding principal amount of the Subordinated Advances pursuant to the Subordinated Loan Agreement;
Subordinated Loan Agreement	The subordinated loan agreement dated the Programme Date between the Subordinated Loan Provider, the CBG, the CBG Beneficiary, the Cash Manager and the Security Trustee;
Subordinated Loan Facility	The facility made available by the Subordinated Loan Provider to the CBG under the Subordinated Loan Agreement;
Subordinated Loan Ledger	The ledger of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record all payments of interest and repayments of principal on each of the Subordinated Advances and the Deemed Subordinated Advances;
Subordinated Loan Provider	DBS Bank;
Subscription Agreement	An agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in the Programme Agreement or in such other form as may be agreed between the Issuer, the CBG and the Lead Manager or one or more Dealers (as the case may be);

Subsidiary	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act);
Substitution Assets	(a) cash in any currency; (b) any securities issued by the MAS under the MAS Act; (c) any security or equivalent instrument issued under the Singapore Government Securities Act, Chapter 121A of Singapore and any Treasury bill or equivalent instrument issued under the Singapore Local Treasury Bills Act, Chapter 167 of Singapore; or (d) any other substitution asset which satisfies the requirements for eligible assets pursuant to MAS Notice 648;
Swap Agreements	The Covered Bond Swap Agreement together with the Interest Rate Swap Agreement, each a "**Swap Agreement**";
Swap Collateral	At any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the CBG as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed;
Swap Collateral Account	Any account in the name of the CBG held with the Account Bank into which Swap Collateral in respect of the Interest Rate Swap or a Covered Bond Swap may be deposited in accordance with the terms of any applicable Swap Agreement;
Swap Collateral Account Ledger	The ledger of such name maintained by the Cash Manager (or the Corporate Services Provider to which the Cash Manager has delegated such function) pursuant to the Cash Management Agreement to record the credits and debits of Swap Collateral in accordance with the terms of the Swap Agreements;
Swap Collateral Available Amounts	At any time, the amount of Swap Collateral which under the terms of the relevant Swap Agreement may be applied at that time in satisfaction of the relevant Swap Provider's obligations to the CBG to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Revenue Priority of Payments or the Guarantee Priority of Payments;
Swap Collateral Excluded Amounts	At any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the CBG, including Swap

	Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement;
Swap Provider Default	The occurrence of an Event of Default or Termination Event (each as defined in each of the Swap Agreements) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in the relevant Swap Agreement), as applicable, other than a Swap Provider Downgrade Event;
Swap Provider Downgrade Event	The occurrence of an Additional Termination Event or an Event of Default (each as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement;
Swap Providers	The Covered Bond Swap Provider and the Interest Rate Swap Provider, and each a "**Swap Provider**";
Swaps	The Covered Bond Swaps together with the Interest Rate Swap;
Tax Credit	A credit against any Tax or any relief or remission for Tax (or its repayment);
Taxes	All present and future taxes, levies, imposts, duties (including stamp and transaction duties), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, except if imposed on, or calculated having regard to the net income of the relevant party, but including, without limitation, income tax, company tax, corporation tax, goods and services tax or value added tax or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency, together with any penalties, fines or interest, and "**Tax**" and "**Taxation**" shall be construed accordingly;
TDSR	Total Debt Servicing Ratio framework for property loans implemented by the MAS;
Test Date	The 20th day of each month or if not a Singapore Business Day the next following Singapore Business Day;
Third Party Amounts	Each of: (a) amounts under an unpaid direct debit which are repaid by the Seller to the bank making such payment if such bank is unable to recoup that amount itself from its customer's account;

(b) payments by the Borrower and/or the Mortgagor (as the case may be) of any fees and other charges which are due to the Seller;

(c) any amounts due or arising from any overpayment by any person or arising from any reimbursement by any person of any such overpayment (including, for the avoidance of doubt, where arising from the failure of a direct debit);

(d) (subject to any right to refuse or withhold payment or of set-off that has arisen by reason of the Borrower's and/or the Mortgagor's breach of the terms of the relevant Mortgage or Loan) any amount payable to a Borrower or a Mortgagor (as the case may be) under the terms of the Mortgage or the Loan to which that Borrower and/or that Mortgagor (as the case may be) is a party (other than a Top-up Loan);

(e) any amounts owed to the Seller pursuant to the Mortgage Sale Agreement and the Declaration of Assets Trust; and

(f) any amount received from a Borrower or a Mortgagor (as the case may be) for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or any of that Mortgagor or the Seller or the CBG,

which amounts may be paid daily from monies on deposit in the CBG Accounts;

Title Deeds — In relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents or evidence of title which make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower and/or Mortgagor of the related Mortgage;

Top-up Loan — A loan:

(a) which is sold by the Seller to the CBG from time to time under the terms of the Mortgage Sale Agreement or the Declaration of Assets Trust (as the case may be);

(b) which is secured by the same Mortgage over a Property as the Loan to which such Top-up Loan relates; and

(c) the repayment of which is subordinated to such Loan and any CPF Funds withdrawn in connection with the Property in terms of priorities of repayment,

	and comprises the aggregate of all principal sums, interest, costs, charges, expenses and other monies due or owing with respect to or apportioned to that Top-up Loan from time to time outstanding, or, as the context may require, the Borrower's or the Mortgagor's (as the case may be) obligations in respect of the same but excluding any such Top-up Loan which is repurchased by the Seller or otherwise sold by the CBG and no longer beneficially owned by it;
Top-up Receipts	All amounts received from a Borrower or a Mortgagor (as the case may be) in respect of a Top-up Loan (including any receipts of interest and principal and proceeds of enforcement of the relevant Mortgage allocable to such Top-up Loan);
Tranche	In relation to a Series, those Covered Bonds of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical;
Transaction Account	The account designated as such in the name of the CBG held with the Account Bank and maintained subject to the terms of the Bank Account Agreement and the Singapore Deed of Charge or such other account as may for the time being be in place with the prior consent of the Security Trustee and designated as such;
Transaction Documents	(a) Mortgage Sale Agreement; (b) Servicing Agreement; (c) Asset Monitor Agreement; (d) Intercompany Loan Agreement; (e) Subordinated Loan Agreement; (f) Ancillary Intercompany Loan Agreement; (g) Establishment Deed; (h) Cash Management Agreement; (i) Interest Rate Swap Agreement; (j) Covered Bond Swap Agreement; (k) Declaration of Assets Trust; (l) Bank Account Agreement; (m) CBG Declaration of Trusts; (n) Corporate Services Agreement; (o) Declaration of Bayfront Covered Bonds Trust;

(p) Singapore Deed of Charge (and any documents entered into pursuant to the Singapore Deed of Charge);

(q) English Security Deed;

(r) Trust Deed;

(s) Agency Agreement;

(t) Programme Agreement;

(u) each Pricing Supplement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(v) each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(w) Master Definitions Agreement;

(x) each document, agreement or indenture ancillary or supplemental to any of the documents specified in paragraphs (a) to (w) (inclusive) above; and

(y) any other agreement or document from time to time designated as such by the Issuer, the CBG, the Bond Trustee and the Security Trustee;

Transfer Agent — The Bank of New York Mellon (Luxembourg) S.A. in respect of each Series of Covered Bonds (other than CMU Covered Bonds, CDP Covered Bonds and DTC Covered Bonds), The Bank of New York Mellon, Singapore Branch in respect of each Series of CDP Covered Bonds, The Bank of New York Mellon, Hong Kong Branch in respect of each Series of CMU Covered Bonds and The Bank of New York Mellon in respect of each Series of DTC Covered Bonds or, if applicable, any successor transfer agent in relation to all or any series of the Covered Bonds;

True Balance — For any Loan as at any given date, the aggregate principal balance of such Loan at such date (but avoiding double counting) including the following:

(a) the Initial Advance and any further amount advanced on or before the given date to the relevant Borrower or Mortgagor (as the case may be) secured or intended to be secured by the related Mortgage;

(b) the Capitalised Expenses; and

(c) the Capitalised Interest,

	as at the end of the Singapore Business Day immediately preceding that given date less any repayment, prepayment or payment of any of the foregoing made on or before the end of the Singapore Business Day immediately preceding that given date and excluding (x) any retentions made but not released, (y) any Accrued Interest and Arrears of Interest and (z) any Top-up Loans;
Trust Assets	The CPF Loans and their Related Security (and any related Top-up Loans) sold by the Seller to the CBG from time to time and which are subject to the Assets Trust, as identified in the Declaration of Assets Trust, and all such rights, estate, title, interests, benefits and remedies in and to any monies currently owed or to be owed in the future by a Borrower and/or Mortgagor, all monies paid by any Borrower and/or Mortgagor from time to time for the purposes of discharging amounts owed, any receipts from the enforcement of any Related Security received from time to time, each in respect of each CPF Loan and their Related Security (and any related Top-up Loans) (including but not limited to the Seller's benefit in and to any rights to receive payments under any Insurance Policy) and the Seller's benefit in and to all Related Security and any rights relating to such CPF Loans (and any related Top-up Loans);
Trust Deed	The Trust Deed dated the Programme Date (as amended, restated, varied or supplemented from time to time) between the Issuer, the CBG, the Security Trustee and the Bond Trustee under which Covered Bonds will, on issue, be constituted and which sets out the terms and conditions on which the Bond Trustee has agreed to act as bond trustee and includes any trust deed or other document executed by the Issuer, the CBG, the Security Trustee and the Bond Trustee in accordance with the provisions of the Trust Deed and expressed to be supplemental to the Trust Deed;
Trustees Act	Trustees Act, Chapter 337 of Singapore;
UCTA	Unfair Contracts Terms Act, Chapter 396 of Singapore;
unsecured and unsubordinated	Where applicable to Fitch only, "unsecured and unsubordinated" debt obligation ratings shall be construed as references to the relevant issuer default rating by Fitch;
Valuation	In relation to any Property at any date, the value given to that Property by reference to either (a) the latest Valuation Report (if obtained) in respect of that Property, or (b) if no such Valuation Report has been obtained, such valuation of that Property as determined by the Seller or the Servicer in accordance with the Seller's Policy from time to time, or, if the Seller's Policy is no longer applicable, using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender;

Valuation Report	The valuation report or reports for mortgage purposes, in the form of one of the pro-forma contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each Property or a valuation report in respect of a valuation made using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender and which has been approved by the relevant officers of the Seller;
Valuer	An independent valuation company selected from the Seller's panel of approved valuers;
VAT	Within the European Union, such tax as may be levied in accordance with (but subject to derogations from) Directive 2006/112/EC and, outside the European Union, any taxation levied by reference to added value or sales or similar tax;
Volcker Rule	Section 619 of the Dodd-Frank Act and the regulations adopted to implement such statutory provision; and
Written Resolution	A resolution in writing signed by the holders of not less than 90% in nominal amount of the Covered Bonds outstanding.

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DBS BANK LTD.
AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2015

DBS BANK LTD AND ITS SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the Three Months Ended 31 March

	2015	2014
	In S$ millions	
Income		
Interest income	2,380	2,129
Interest expense	693	641
Net interest income	1,687	1,488
Net fee and commission income	560	510
Net trading income	356	362
Net income from investment securities	239	38
Other income	27	251
Total income	2,869	2,649
Expenses		
Employee benefits	672	557
Other expenses	508	483
Allowances for credit and other losses	181	151
Total expenses	1,361	1,191
Operating profit after allowances	1,508	1,458
Share of profits of associates and joint venture	4	13
Profit before tax	1,512	1,471
Income tax expense	215	199
Net profit for the period	1,297	1,272
Attributable to:		
Shareholders	1,277	1,251
Non-controlling interests	20	21
	1,297	1,272

DBS BANK LTD AND ITS SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Three Months Ended 31 March

	2015	2014
	In S$ millions	
Net profit	1,297	1,272
Other comprehensive income		
Foreign currency translation differences for foreign operations	127	23
Share of other comprehensive income of associates and joint venture	1	13
Available-for-sale financial assets and others		
Net valuation taken to equity	144	124
Transferred to income statement	(62)	(14)
Tax on items taken directly to or transferred from equity	(7)	(2)
Other comprehensive income, net of tax	203	144
Total comprehensive income	1,500	1,416
Attributable to:		
Shareholders	1,476	1,395
Non-controlling interests	24	21
	1,500	1,416

DBS BANK LTD AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	31 March 2015	31 December 2014
	(unaudited)	*(audited)*
	In S$ millions	
ASSETS		
Cash and balances with central banks	22,640	19,505
Government securities and treasury bills	36,528	29,694
Due from banks	36,927	42,250
Derivatives	20,079	16,995
Bank and corporate securities	37,907	37,763
Loans and advances to customers	280,808	275,588
Other assets	14,164	11,275
Associates and joint venture	996	995
Properties and other fixed assets	1,481	1,485
Goodwill and intangibles	5,118	5,117
TOTAL ASSETS	456,648	440,667
LIABILITIES		
Due to banks	15,901	16,176
Deposits and balances from customers	324,480	317,173
Derivatives	20,990	18,769
Other liabilities	16,812	11,711
Other debt securities	31,021	30,302
Due to holding company	3,819	4,088
Subordinated term debts	3,990	4,665
TOTAL LIABILITIES	417,013	402,884
NET ASSETS	39,635	37,783
EQUITY		
Share capital	22,096	22,096
Other reserves	2,670	2,471
Revenue reserves	12,798	11,521
SHAREHOLDERS' FUNDS	37,564	36,088
Non-controlling interests	2,071	1,695
TOTAL EQUITY	39,635	37,783

DBS BANK LTD AND ITS SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Three Months Ended 31 March

	Share Capital	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
			In S$ millions			
2015						
Balance at 1 January	22,096	2,471	11,521	36,088	1,695	37,783
Issue of preference shares by a subsidiary	352	352				
Total comprehensive income		199	1,277	1,476	24	1,500
Balance at 31 March	22,096	2,670	12,798	37,564	2,071	39,635
2014						
Balance at 1 January	17,096	2,085	15,379	34,560	1,747	36,307
Redemption of preference shares			(1,700)	(1,700)		(1,700)
Dividends paid on preference shares			(33)	(33)		(33)
Total comprehensive income		144	1,251	1,395	21	1,416
Balance at 31 March	17,096	2,229	14,897	34,222	1,768	35,990

DBS BANK LTD AND ITS SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Three Months Ended 31 March

	2015	2014
	In S$ millions	
Cash flows from operating activities		
Net profit	1,297	1,272
Adjustments for non-cash items:		
Allowances for credit and other losses	181	151
Depreciation of properties and other fixed assets	60	53
Share of profits of associates and joint venture	(4)	(13)
Net gain on disposal (net of write-off) of properties and other fixed assets	(14)	(43)
Net income from investment securities	(239)	(38)
Net gain on disposal of associate	—	(223)
Income tax expense	215	199
Profit before changes in operating assets & liabilities	1,496	1,358
Increase/(Decrease) in:		
Due to banks	(275)	4,949
Deposits and balances from customers	7,307	9,125
Other liabilities	6,872	1,133
Other debt securities and borrowings	1,140	1,213
Due to holding company	(269)	779
(Increase)/Decrease in:		
Restricted balances with central banks	182	(11)
Government securities and treasury bills	(6,778)	(2,933)
Due from banks	5,323	(4,523)
Loans and advances to customers	(5,386)	(4,719)
Bank and corporate securities	111	342
Other assets	(5,996)	(561)
Tax paid	(130)	(108)
Net cash generated from operating activities (1)	3,597	6,044
Cash flows from investing activities		
Dividends from associates	11	—
Purchase of properties and other fixed assets	(57)	(43)
Proceeds from disposal of properties and other fixed assets	34	56
Proceeds from disposal of interest in associate	—	426
Net cash (used in)/generated from investing activities (2)	(12)	439
Cash flows from financing activities		
Purchase of subordinated term debts	(743)	—
Issue of preference shares by a subsidiary	352	—
Dividends paid to non-controlling interests	—	(33)
Redemption of preference shares of a subsidiary	—	(1,700)
Net cash used in financing activities (3)	(391)	(1,733)
Exchange translation adjustments (4)	123	23
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	3,317	4,773
Cash and cash equivalents at 1 January	11,839	10,942
Cash and cash equivalents at 31 March	15,156	15,715

DBS BANK LTD
(Incorporated in Singapore. Registration Number: 196800306E)
AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS
For the financial year ended 31 December 2014

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DBS BANK LTD AND ITS SUBSIDIARIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Bank	
In $ millions	**Note**	**2014**	2013	**2014**	2013
Income					
Interest income		**8,948**	7,986	**6,282**	5,614
Interest expense		**2,626**	2,417	**1,617**	1,502
Net interest income	4	**6,322**	5,569	**4,665**	4,112
Net fee and commission income	5	**2,027**	1,885	**1,431**	1,276
Net trading income	6	**901**	1,095	**312**	491
Net income from investment securities	7	**274**	276	**233**	248
Other income	8	**293**	273	**456**	372
Total income		**9,817**	9,098	**7,097**	6,499
Expenses					
Employee benefits	9	**2,294**	2,065	**1,464**	1,298
Other expenses	10	**2,029**	1,846	**1,304**	1,177
Allowances for credit and other losses	11	**667**	770	**547**	556
Total expenses		**4,990**	4,681	**3,315**	3,031
Share of profits of associates and joint venture		**79**	79	**-**	-
Profit before tax		**4,906**	4,496	**3,782**	3,468
Income tax expense	12	**716**	615	**533**	463
Net profit		**4,190**	3,881	**3,249**	3,005
Attributable to:					
Shareholders		**4,098**	3,793	**3,249**	3,005
Non-controlling interests		**92**	88	**-**	-
		4,190	3,881	**3,249**	3,005

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Bank	
In $ millions	**2014**	2013	**2014**	2013
Net profit	**4,190**	3,881	**3,249**	3,005
Other comprehensive income:				
Foreign currency translation differences for foreign operations	**96**	(87)	**19**	(52)
Share of other comprehensive income of associates and joint venture	**7**	(4)	**-**	-
Available-for-sale financial assets and others:				
Net valuation taken to equity	**467**	(542)	**427**	(530)
Transferred to income statement	**(165)**	(176)	**(134)**	(163)
Tax on items taken directly to or transferred from equity	**(14)**	41	**(14)**	40
Other comprehensive income, net of tax	**391**	(768)	**298**	(705)
Total comprehensive income	**4,581**	3,113	**3,547**	2,300
Attributable to:				
Shareholders	**4,484**	3,021	**3,547**	2,300
Non-controlling interests	**97**	92	**-**	-
	4,581	3,113	**3,547**	2,300

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
BALANCE SHEETS AT 31 DECEMBER 2014

		Group		Bank	
In $ millions	**Note**	**2014**	2013	**2014**	2013
Assets					
Cash and balances with central banks	14	**19,505**	18,719	**12,395**	11,652
Government securities and treasury bills	15	**29,694**	27,497	**24,034**	23,640
Due from banks		**42,250**	39,817	**35,716**	31,686
Derivatives	36	**16,995**	17,426	**16,488**	16,764
Bank and corporate securities	16	**37,763**	33,546	**33,686**	30,481
Loans and advances to customers	17	**275,588**	248,654	**218,232**	191,887
Other assets	19	**11,275**	8,947	**8,000**	4,997
Associates and joint venture	22	**995**	1,166	**205**	431
Subsidiaries	21	**-**	-	**18,641**	18,222
Properties and other fixed assets	25	**1,485**	1,449	**569**	567
Goodwill and intangibles	26	**5,117**	4,802	**281**	-
Total assets		**440,667**	402,023	**368,247**	330,327
Liabilities					
Due to banks		**16,176**	13,572	**14,310**	12,276
Deposits and balances from customers	27	**317,173**	292,365	**244,669**	224,649
Derivatives	36	**18,769**	18,132	**18,383**	17,535
Other liabilities	28	**11,711**	11,582	**7,062**	6,031
Other debt securities	29	**30,302**	23,115	**28,835**	21,476
Due to holding company		**4,088**	1,406	**3,373**	1,406
Due to subsidiaries	30	**-**	-	**14,341**	9,391
Subordinated term debts	31	**4,665**	5,544	**4,665**	5,544
Total liabilities		**402,884**	365,716	**335,638**	298,308
Net assets		**37,783**	36,307	**32,609**	32,019
Equity					
Share capital	32	**22,096**	17,096	**22,096**	17,096
Other reserves	33	**2,471**	2,085	**2,572**	2,274
Revenue reserves	33	**11,521**	15,379	**7,941**	12,649
Shareholders' funds		**36,088**	34,560	**32,609**	32,019
Non-controlling interests	34	**1,695**	1,747	**-**	-
Total equity		**37,783**	36,307	**32,609**	32,019

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Group In $ millions	Share Capital	Other reserves	Revenue reserves	Total	Non-controlling interests	Total equity
2014						
Balance at 1 January	**17,096**	**2,085**	**15,379**	**34,560**	**1,747**	**36,307**
Issue of ordinary shares during the year	**5,000**			**5,000**		**5,000**
Redemption of preference shares			**(1,700)**	**(1,700)**		**(1,700)**
Dividends paid to holding company			**(6,197)**	**(6,197)**		**(6,197)**
Dividends paid on preference shares			**(59)**	**(59)**		**(59)**
Dividends paid to non-controlling interests					**(86)**	**(86)**
Change in non-controlling interests					**(63)**	**(63)**
Total comprehensive income		**386**	**4,098**	**4,484**	**97**	**4,581**
Balance at 31 December	**22,096**	**2,471**	**11,521**	**36,088**	**1,695**	**37,783**
2013						
Balance at 1 January	**17,096**	**2,857**	**13,503**	**33,456**	**1,743**	**35,199**
Dividends paid to holding company			**(1,800)**	**(1,800)**		**(1,800)**
Dividends paid on preference shares			**(117)**	**(117)**		**(117)**
Dividends paid to non-controlling interests				**-**	**(88)**	**(88)**
Total comprehensive income		**(772)**	**3,793**	**3,021**	**92**	**3,113**
Balance at 31 December	**17,096**	**2,085**	**15,379**	**34,560**	**1,747**	**36,307**

(see notes on pages 6 to 85, which form part of these financial statements)

DBS BANK LTD AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

Bank

In $ millions	Share Capital	Other reserves	Revenue reserves	Total equity
2014				
Balance at 1 January	**17,096**	**2,274**	**12,649**	**32,019**
Issue of ordinary shares during the year	**5,000**			**5,000**
Redemption of preference shares			**(1,700)**	**(1,700)**
Remeasurement of defined benefit plan			**(1)**	**(1)**
Dividends paid to holding company			**(6,197)**	**(6,197)**
Dividends paid on preference shares			**(59)**	**(59)**
Total comprehensive income		**298**	**3,249**	**3,547**
Balance at 31 December	**22,096**	**2,572**	**7,941**	**32,609**
2013				
Balance at 1 January	**17,096**	**2,979**	**11,561**	**31,636**
Dividends paid to holding company			**(1,800)**	**(1,800)**
Dividends paid on preference shares			**(117)**	**(117)**
Total comprehensive income		**(705)**	**3,005**	**2,300**
Balance at 31 December	**17,096**	**2,274**	**12,649**	**32,019**

(see notes on pages 6 to 85, which form part of these financial statements)

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

Group

In $ millions	**2014**	2013
Cash flows from operating activities		
Net profit	**4,190**	3,881
Adjustments for non-cash items:		
Allowances for credit and other losses	**667**	770
Depreciation of properties and other fixed assets	**220**	214
Share of profits of associates and joint venture	**(79)**	(79)
Net gain on disposal (net of write-off) of properties and other fixed assets	**(35)**	(44)
Net income from investment securities	**(274)**	(276)
Net gain on disposal of associate	**(223)**	(221)
Income tax expense	**713**	615
Fair value gain on acquisition of interest in joint venture	**(3)**	-
Profit before changes in operating assets and liabilities	**5,176**	4,860
Increase/(Decrease) in:		
Due to banks	**2,604**	(1,779)
Deposits and balances from customers	**24,808**	38,901
Other liabilities	**1,314**	671
Other debt securities and borrowings	**6,982**	9,323
Due to holding company	**2,682**	584
(Increase)/Decrease in:		
Restricted balances with central banks	**111**	(998)
Government securities and treasury bills	**(1,986)**	8,540
Due from banks	**(2,433)**	(10,427)
Loans and advances to customers	**(27,558)**	(38,845)
Bank and corporate securities	**(3,865)**	(8,117)
Other assets	**(2,172)**	(348)
Tax paid	**(731)**	(563)
Net cash generated from operating activities (1)	**4,932**	1,802
Cash flows from investing activities		
Proceeds from disposal of interest in associate	**435**	425
Acquisition of interest in associate and joint venture	**(88)**	(65)
Dividends from associates	**98**	52
Purchase of properties and other fixed assets	**(263)**	(227)
Proceeds from disposal of properties and other fixed assets	**55**	63
Acquisition of business (Note 24)	**(281)**	
Net cash (used in)/generated from investing activities (2)	**(44)**	248
Cash flows from financing activities		
Increase in share capital	**5,000**	-
Payment upon maturity of subordinated term debts	**(977)**	-
Dividends paid to non-controlling interests	**(86)**	(88)
Dividends paid to shareholders of the Bank	**(6,256)**	(1,917)
Redemption of preference shares	**(1,700)**	-
Change in non-controlling interests	**(63)**	-
Net cash used in financing activities (3)	**(4,082)**	(2,005)
Exchange translation adjustments (4)	**91**	(91)
Net change in cash and cash equivalents (1)+(2)+(3)+(4)	**897**	(46)
Cash and cash equivalents at 1 January	**10,942**	10,988
Cash and cash equivalents at 31 December (Note 14)	**11,839**	10,942

(see notes on pages 6 to 85, which form part of these financial statements)

These Notes are integral to the financial statements.

The consolidated financial statements for the year ended 31 December 2014 were authorised for issue by the Directors on 9 February 2015.

1 Domicile and Activities

DBS Bank Ltd (the Bank) is incorporated and domiciled in the Republic of Singapore and has its registered office at 12 Marina Boulevard, Marina Bay Financial Centre Tower Three, Singapore 018982. It is a wholly-owned subsidiary of DBS Group Holdings Ltd (DBSH).

The Bank is principally engaged in a range of commercial banking and financial services, principally in Asia.

The financial statements relate to the Bank and its subsidiaries (the Group) and the Group's interests in associates and joint venture.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

Compliance with Singapore Financial Reporting Standards (FRS)
The financial statements of the Bank and the consolidated financial statements of the Group are prepared in accordance with Singapore Financial Reporting Standards (FRS) and related Interpretations promulgated by the Accounting Standards Council (ASC). In accordance with Section 201(19) of the Companies Act (the Act), the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning are modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" (MAS Notice 612) issued by the Monetary Authority of Singapore.

The financial statements are presented in Singapore dollars and rounded to the nearest million, unless otherwise stated.

Differences between International Financial Reporting Standards (IFRS) and FRS
Beyond the above modification to FRS related to MAS Notice 612, there are no significant differences between IFRS and FRS in terms of their application to the Group. The consolidated financial statements and the notes thereon satisfy all necessary disclosures under IFRS and FRS.

2.2 Significant estimates and judgement

The preparation of financial statements requires management to exercise judgement, use estimates and make assumptions in the application of policies and in reporting the amounts in the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgem ent and complexity, are disclosed in Note 3.

2.3 Adoption of new and revised accounting standards

On 1 January 2014, the Group adopted the following new or revised FRS that are issued by the ASC and relevant for the Group. The adoption of these FRS has no significant impact on the financial statements of the Group.

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

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

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

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

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

In addition to the above, a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014. The Group has not applied these standards or amended standards in preparing these financial statements. None of them is expected to have a significant effect on the financial statements of the Group and the Bank other than FRS 109.

FRS 109: Financial Instruments
FRS 109 replaces the existing guidance in *FRS 39 Financial Instruments: Recognition and Measurement.* It includes revised guidance on the classification and measurement of financial instruments, and introduces a new expected credit loss model for impairment of financial assets as well as new requirements for general hedge accounting. The standard is effective for annual reporting periods beginning on or after 1 January 2018. Early adoption is permitted.

A summary of the most significant group accounting policies is described further below starting with those relating to the entire financial statements followed by those relating to the income statement, the balance sheet and other specific topics. This does not reflect the relative importance of these policies to the Group.

A) General Accounting Policies

2.4 Group Accounting

Subsidiaries
Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date control is transferred to the Group to the date control ceases.

The acquisition method is used to account for business combinations. Refer to Note 2.12 for the Group's accounting policy on goodwill.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

Associates
Associates are entities over which the Group has significant influence, but no control, where the Group generally holds a shareholding of between and including 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

2.5 Foreign currency treatment

Functional and presentation currency
Items in the financial statements are measured using the functional currency of each entity in the Group, this being the currency of the primary economic environment in which the entity operates. The Group's financial statements are presented in Singapore dollars, which is the functional currency of the Bank.

Foreign currency transactions and balances
Transactions in foreign currencies are measured using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency of the entity undertaking the transaction at the exchange rates at the balance sheet date. Foreign exchange differences arising from this translation are recognised in the income statement.

Non-monetary assets and liabilities measured at cost in a foreign currency are translated using the exchange rates at the date of the transaction.

Non-monetary assets and liabilities measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined, which is generally the balance sheet date.

Unrealised foreign exchange differences arising from non-monetary financial assets and liabilities classified as fair value through profit or loss are recognised in the income statement as trading income. For non-monetary financial assets such as equity investments classified as available-for-sale, unrealised foreign exchange differences are recorded in other comprehensive income and accumulated in equity until the assets are disposed of or become impaired, upon which they are reclassified to the income statement.

Subsidiaries and branches
The results and financial position of subsidiaries and branches whose functional currency is not Singapore dollars ("foreign operations") are translated into Singapore dollars in the following manner:

- Assets and liabilities are translated at the exchange rates at the balance sheet date;
- Income and expenses in the income statement are translated at exchange rates prevailing at each month-end, approximating the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated under capital reserves in equity. When a foreign operation is disposed of, exchange differences are recognised in the income statement as part of the gain or loss on disposal.

For acquisitions prior to 1 January 2005, the foreign exchange rates at the respective dates of acquisition

were used. Please refer to Note 26 for an overview of goodwill recorded. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management.

In preparing the segment information, amounts for each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Please refer to Note 46 for further details on business and geographical segment reporting.

B) Income Statement

2.7 Income recognition

Interest income and interest expense
Interest income and interest expense as presented in Note 4 arise from all interest-bearing financial assets and financial liabilities regardless of their classification and measurement, with the exception of the Group's structured investment deposits which are carried at fair value through profit or loss. Interest expense on such structured investment deposits are presented together with other fair value changes in trading income.

Interest income and interest expense are recognised on a time-proportionate basis using the effective interest method. The calculation includes significant fees and transaction costs that are integral to the effective interest rate, as well as premiums or discounts.

Fee and commission income
The Group earns fee and commission income from a diverse range of products and services provided to its customers.

Fee and commission income is generally recognised on the completion of a transaction. Such fees include underwriting fees, brokerage fees and fees related to completion of corporate finance transactions.

For a service that is provided over a period of time, fee and commission income is recognised over the period during which the related service is provided or credit risk is undertaken. Such fees include the income from issuance of financial guarantees.

Fee and commission income is recorded net of expenses directly related to it. These expenses typically include brokerage fees paid, card-related expenses and sales commissions, but do not include expenses for services delivered over a period (such as service contracts) and other expenses that are not specifically related to fee and commission income transactions.

Dividend income
Dividend income is recognised when the right to receive payment is established. This is generally the ex-dividend date for listed equity securities, and the date when shareholders approve the dividend for unlisted equity securities. Dividend income arising from held-for-trading financial assets is recognised in "Net trading income", while those arising from available-for-sale financial assets is recognised in "Net income from investment securities".

Allowances for credit and other losses
Please refer to Note 2.10 for the accounting policy on impairment of financial assets.

C) Balance Sheet

2.8 Financial assets

Initial recognition
Purchases and sales of all financial assets, even if their classification and measurement are subsequently changed, are recognised on the date that the Group enters into the contractual arrangements with counterparties. When the Group acts as a trustee or in a fiduciary capacity for assets it does not directly control or benefit from, the assets and the corresponding income belonging to a customer are excluded from the financial statements.

Financial assets are initially recognised at fair value, which is generally the transaction price.

Classification and subsequent measurement
The Group classifies and measures financial assets based on their nature and the purpose for which they are acquired. This generally corresponds to the business models in which they are applied and how management monitors performance, as follows:

- Financial assets (other than derivatives) that are managed mainly for longer-term holding and collection of payments are classified as **loans and receivables.** These assets have fixed or determinable payments, are not quoted in an active market and are mainly in the segments "Consumer Banking/Wealth Management" and "Institutional Banking". Loans and receivables are carried at amortised cost using the effective interest method.

- Financial assets that are managed on a fair value basis, which are mainly in the "Treasury" segment, are classified as **financial assets at fair value through profit or loss**. Such assets include instruments held for the purpose of short-term selling and market making ("***held for trading***"), or designated under the fair value option if doing so

eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise, or if the financial asset contains an embedded derivative that would otherwise need to be separately recorded (***"Designated at fair value through profit or loss"***).

Realised or unrealised gains or losses on such financial assets, except interest income, are taken to "Net trading income" in the income statement in the period they arise.

Derivatives (including derivatives embedded in other contracts but separated for accounting purposes) are also categorised as **held for trading** unless they are designated as hedges in accordance with Note 2.18. Derivatives are classified as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives other than those designated as hedges are included in "Net trading income".

- Financial assets that the Group intends to hold to maturity are classified as **held to maturity**. These are Singapore Government securities that the Group holds for satisfying regulatory liquidity requirements and are held within the "Others" segment.

- The Group also holds other financial assets for the purpose of investment or satisfying regulatory liquidity requirements. Such assets are held for an indefinite period and may be sold in response to needs for liquidity or changes in interest rates, credit spreads, exchange rates or equity prices. Financial assets in this category are held in all business segments as well as the liquidity management unit in the "Others" segment. These assets are classified as **available-for-sale** and initially and subsequently measured at fair value.

  Unrealised gains or losses arising from changes in fair value are recognised in other comprehensive income and accumulated in available-for-sale revaluation reserves. When sold or impaired, the accumulated fair value adjustments in the available-for-sale revaluation reserves are reclassified to the income statement. Unquoted equity investments classified as available-for-sale for which fair values cannot be reliably determined are carried at cost, less impairment (if any).

Where the classification and measurement of financial assets do not reflect the management of the financial assets (or financial liabilities), the Group may apply hedge accounting where permissible and relevant to better reflect the management of the financial assets. Please refer to Note 2.18 for details on hedging and hedge accounting.

Please refer to Note 13 for further details on the types of financial assets classified and measured as above.

Reclassification
When the purpose for holding a financial asset changes, or when FRS otherwise requires it, non-derivative financial assets are reclassified accordingly. Financial assets may be classified out of the fair value through profit or loss or available-for-sale categories only in particular circumstances as prescribed by FRS 39. In 2008 and 2009, the Group reclassified certain financial assets between categories as a result of a change in its holding intention. The reclassifications did not have a material impact on the income statement and statement of comprehensive income for the current year.

Determination of fair value
The fair value of financial assets is the price that would be received if the asset is sold in an orderly transaction between market participants at the measurement date. Fair value is generally estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Where applicable, a valuation reserve or pricing adjustment is applied to arrive at the fair value. The determination of fair value is considered a significant accounting policy for the Group and further details are disclosed in Note 39.

Offsetting
Financial assets and liabilities are presented net when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle them on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition
Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when they have been transferred together with substantially all the risks and rewards of ownership.

The Group enters into certain transactions where it transfers financial assets recognised on its balance sheet but retains either all or a portion of the risks and rewards of the transferred financial assets. In such cases, the transferred financial assets are not derecognised from the balance sheet. Such transactions include repurchase transactions described in Note 2.11. They also include transactions where control over the financial asset is retained, for example, by a simultaneous transaction (such as options) with the same counterparty to which the asset is transferred. These are mainly transacted in the "Treasury" segment. In such cases the Group continues to recognise the asset to the extent of its continuing involvement which is the extent to which it is exposed to changes in the value of the transferred asset.

Please refer to Note 18 for disclosures on transferred financial assets.

2.9 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and non-restricted balances with central banks which are readily convertible into cash.

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether there is evidence that a financial asset or a group of financial assets is impaired.

(a) Financial assets classified as loans and receivables and held to maturity

The Group carries out regular and systematic reviews of all credit facilities extended to customers.

The criteria that the Group uses to determine whether there is evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor, including breach of covenants and/or financial conditions.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- Granting of a concession to the borrower, for economic or legal reasons relating to the borrower's financial difficulty, that the Group would not otherwise consider.
- High probability of bankruptcy or other financial reorganisation of the borrower.

Specific allowances for credit losses
A specific allowance for credit losses is recognised if there is evidence that the Group will be unable to collect all amounts due under a claim according to the original contractual terms or the equivalent value. A "claim" means a loan, debt security or a commitment such as financial guarantees and letters of credit.

A specific allowance for credit losses is recorded as a reduction in the carrying value of a claim on the balance sheet. For an off-balance sheet item such as a commitment, a specific allowance for credit loss is recorded as "provision for loss in respect of off-balance sheet credit exposures" within "Other liabilities".

Specific allowances for credit losses are evaluated either individually or collectively for a portfolio.

Specific allowance for an individual credit exposure is made when existing facts, conditions or valuations indicate that the Group is not likely to collect the principal and interest due contractually on the claim. An allowance is reversed only when there has been an identifiable event that has led to an improvement in the collectability of the claim. The amount of specific allowance also takes into account the collateral value, which may be discounted to reflect the impact of a forced sale or untimely liquidation.

Overdue unsecured consumer loans which are homogenous in nature, such as credit card receivables, are pooled according to their delinquency behaviour and evaluated for impairment collectively as a group, taking into account the historical loss experience of such loans.

When a loan is uncollectible, it is written off against the related allowance for loan impairment. Such loans are written off after all the recovery procedures have been exhausted and the amount of the loss has been determined. Recoveries in full or in part of amounts previously written off are credited to the income statement in "Allowances for credit and other losses".

General allowances for credit losses
Apart from specific allowances, the Group also recognises general allowances for credit losses. The Group maintains a level of allowances that is deemed sufficient to absorb the estimated credit losses inherent in its loan portfolio (including off-balance sheet credit exposures). The Group maintains general allowances of at least 1% of credit exposures arising from both on and off-balance sheet items (against which specific allowances have not been made), adjusted for collateral held. This is in accordance with the transitional arrangements under MAS Notice 612.

(b) Financial assets classified as available-for-sale

The Group assesses at each balance sheet date whether there is evidence that an available-for-sale financial asset is impaired.

In the case of an equity investment, a significant or prolonged decline in the fair value of the security below its cost is a factor in determining whether the asset is impaired.

When there is evidence of an impairment of an available-for-sale financial asset, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is reclassified from the revaluation reserve within equity to the income statement.

For equity investments, impairment losses are not reversed until they are disposed of. For impaired debt instruments that subsequently recover in value, the impairment losses are reversed through the income statement if there has been an identifiable event that led to the recovery.

2.11 Repurchase agreements

Repurchase agreements (***Repos***) are treated as collateralised borrowings. The amount borrowed is reflected as a financial liability either as "Due to banks" or "Deposits and balances from customers". The securities sold under repos are treated as pledged

assets and remain on the balance sheet at amortised cost or fair value depending on their classification.

Reverse repurchase agreements (***Reverse repos***) are treated as collateralised lending. The amount lent is reflected as a financial asset as "Cash and balances with central banks", "Due from banks" or "Loans and advances to customers".

Amounts paid and received in excess of the amounts borrowed and lent on the repos and reverse repos are amortised as interest expense and interest income respectively using the effective interest method.

2.12 Goodwill

Goodwill arising from business combinations generally represents the excess of the acquisition cost over the fair value of identifiable assets acquired and liabilities and contingent liabilities assumed on the acquisition date. Goodwill is stated at cost less impairment losses and is tested at least annually for impairment.

At the acquisition date, any goodwill acquired is allocated to each of the cash-generating units (CGU) or group of CGUs expected to benefit from the combination's synergies.

An impairment loss is recognised when the carrying amount of a CGU, or group of CGUs, including the goodwill, exceeds the applicable recoverable amount. The recoverable amount of a CGU or CGU group is the higher of the CGU's or CGU group's fair value less cost to sell and its value-in-use. An impairment loss on goodwill is recognised in the income statement and cannot be reversed in subsequent periods.

2.13 Properties and other fixed assets

Properties (including investment properties) and other fixed assets are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Generally, the useful lives are as follows:

Buildings	50 years or over the remaining lease period, whichever is shorter.
Leasehold land	100 years or over the remaining lease period, whichever is shorter. Leasehold land where the unexpired lease period is more than 100 years is not depreciated.
Computer software	3 - 5 years
Office equipment, furniture and fittings	5 - 10 years

Please refer to Note 25 for the details of properties and other fixed assets and their movements during the year.

2.14 Financial liabilities

Initial recognition, classification and subsequent measurement
Financial liabilities are initially recognised at fair value. The Group generally classifies and measures its financial liabilities in accordance with the purpose for which the financial liabilities are incurred and managed. Accordingly:

- Financial liabilities are classified as **financial liabilities at fair value through profit or loss** if they are incurred for the purpose of repurchasing in the near term ("***held for trading***"), and this may include debt securities issued and short positions in securities for the purpose of ongoing market-making or trading. Financial liabilities at fair value through profit or loss can also be designated by management on initial recognition (***"designated at fair value through profit or loss"***). Financial liabilities in this classification are usually within the "Treasury" segment.

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

  Realised or unrealised gains or losses on financial liabilities held for trading and financial liabilities designated under the fair value option, except interest expense, are taken to "Net trading income" in the income statement in the period they arise. Interest expense on structured investment deposits at fair value through profit or loss are also presented together with other fair value changes in "Net trading income."

- Derivative liabilities are treated consistently with derivative assets. Please refer to Note 2.8 for the accounting policy on derivatives.

- Other financial liabilities are carried at **amortised cost** using the effective interest method. These comprise predominantly the Group's "Deposits and balances from customers", "Due to banks" and "Other debt securities".

Please refer to Note 13 for further details on the types of financial liabilities classified and measured as above.

Determination of fair value
The fair value of financial liabilities is the price that would be paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Please refer also to Note 39 for further fair value disclosures.

Derecognition
A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

2.15 Loan commitments, Letters of credit and Financial guarantees

Loan commitments
Loan commitments are typically not financial instruments and are not recognised on the balance sheet. They are disclosed in accordance with FRS 37 and form part of the disclosures in Note 35. Upon a loan draw-down, the amount of the loan is accounted for under "loans and receivables" as described in Note 2.8.

Letters of credit
Letters of credit are recorded off-balance sheet as contingent liabilities upon issuance, and the corresponding payables to the beneficiaries and receivables from the applicants are recognised on-balance sheet upon acceptance of the underlying documents.

Financial guarantees
A financial guarantee is initially recognised in the financial statements at fair value on the date the guarantee is given. This is generally the amount (fee) paid by the counterparty. Subsequently, the fee is recognised over time as income in accordance with the principles in Note 2.7.

Off-balance sheet credit exposures are managed for credit risk in the same manner as financial assets. Please refer to Note 2.10 on the Group's accounting policies on specific allowances for credit losses.

2.16 Provisions and other liabilities

Provisions for other liabilities of uncertain timing and amounts are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.17 Share capital and other instruments classified as equity

Ordinary shares, preference shares and other instruments which do not result in the Group having a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities with the holder under conditions that are potentially unfavourable to the Group, are classified as equity. Distributions arising from such instruments are recognised in equity as there is no contractual obligation to pay distributions on these instruments. Incremental external costs directly attributable to the issuance of such instruments are accounted for as a deduction from equity.

For ordinary and preference shares, interim dividends are recorded during the financial year in which they are declared payable. Final dividends are recorded during the financial year in which the dividends are approved by the Board of Directors.

D) Other Specific Topics

2.18 Hedging and hedge accounting

The Group uses derivative contracts mainly as part of its risk management strategies for hedging interest rate risk arising from maturity mismatches or for hedging currency risk arising from currency mismatches and cash flows in foreign currencies.

In some cases, where the strict criteria in FRS 39 are met, hedge accounting is applied as set out in subsequent paragraphs. At the inception of each hedging relationship, the Group documents the relationship between the hedging instrument and the hedged item; the risk management objective for undertaking the hedge transaction; and the methods used to assess the effectiveness of the hedge. At inception and on an on-going basis, the Group also documents its assessment of whether the hedging instrument is highly effective in offsetting changes in the fair value or cash flows of the hedged item.

Fair value hedge
The Group's fair value hedges consist principally of interest rate swaps used for managing the interest rate gaps that naturally arise from its purchases or issues of debt securities, and where a mismatch in the measurement between the hedging derivative and the hedged item exists. Such hedges are mainly used in the "Treasury" and "Others" segments.

For a qualifying fair value hedge, the changes in the fair value of the hedging derivatives are recorded in the income statement, together with any changes in the fair value of the hedged item attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to the income statement over its remaining maturity, using the effective interest method.

Cash flow hedge
For transactions with highly probable cash flows, derivatives are used to hedge against cash flow variability due to exchange rate movements in certain situations. Cash flow hedge accounting is principally applied in such cases.

The effective portion of changes in the fair value of a derivative designated and qualifying as a cash flow hedge is recognised in other comprehensive income and accumulated under the cash flow hedge reserve in equity. This amount is reclassified to the income statement in the periods when the hedged forecast cash flows affect the income statement. The ineffective portion of the gain or loss is recognised immediately in the income statement under "Net trading income".

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in the cash flow hedge reserve remains until the forecast transaction is recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in the cash flow hedge reserve is reclassified from equity to the income statement.

Net investment hedge
Net investment hedge accounting is applied to hedged investments in foreign operations which comprise certain subsidiaries, branches, associates and joint ventures with a functional currency different from that of the Bank. Under the Group's hedging strategy, the carrying amount of these investments could be fully hedged, partially hedged or not hedged at all.

Hedges of net investments in the Group's foreign operations are accounted for in a manner similar to cash flow hedges. On disposal of the foreign operations, the cumulative gain or loss in the capital reserves is reclassified to the income statement as part of the gain or loss on disposal.

Economic hedges which do not qualify for hedge accounting
Some derivatives may be transacted as economic hedges as part of the Group's risk management but do not qualify for hedge accounting under FRS 39. These include swaps and other derivatives (e.g. futures and options) that the Group transacts to manage interest rate, foreign exchange or other risks. Such derivatives are treated in the same way as derivatives held for trading purposes, i.e. realised and unrealised gains and losses are recognised in "Net trading income". In some cases, the hedged exposures are designated at fair value through profit or loss, thereby achieving some measure of offset in the income statement.

Please refer to Note 36.2 for disclosures on hedging derivatives.

2.19 Employee benefits

Employee benefits, which include base pay, cash bonuses, share-based compensation, contribution to defined contribution plans such as the Central Provident Fund and other staff-related allowances, are recognised in the income statement when incurred. For defined contribution plans, contributions are made to publicly or privately administered funds on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations.

Employee entitlement to annual leave is recognised when they accrue to employees. A provision is made for the estimated liability for annual unutilised leave as a result of services rendered by employees up to the balance sheet date.

2.20 Share-based compensation

Employee benefits also include share-based compensation, namely the DBSH Share Ownership Scheme (the Scheme), the DBSH Share Option Plan, the DBSH Share Plan and the DBSH Employee Share Plan (the Plans). The details of the Scheme and Plans are described in Note 37.

Equity instruments granted and ultimately vested under the Plans are recognised in the income statement based on the fair value of the equity instrument at the date of grant. The expense is amortised over the vesting period of each award. Monthly contributions to the Scheme are expensed off when incurred.

2.21 Current and deferred taxes

Current income tax for current and prior periods is recognised as the amount expected to be paid or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Group considers uncertain tax positions generally at the level of the total tax liability to each tax authority for each period. The liability is determined based on the total amount of current tax expected to be paid, taking into account all tax uncertainties, using either an expected value approach or a single best estimate of the most likely outcome.

Tax assets and liabilities of the same type (current or deferred) are offset when a legal right of offset exist and settlement in this manner is intended. This applies generally when they arise from the same tax reporting group and relate to the same tax authority.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the balance sheet date.

The amount of deferred tax assets recognised takes into account the likelihood the amount that can be used to offset payable taxes on future profits.

Deferred tax related to fair value re-measurement of available-for-sale investments, which are recognised outside profit or loss, is also recognised outside profit or loss, i.e. in other comprehensive income and accumulated in the available-for-sale revaluation reserves.

3 Critical Accounting Estimates

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

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

3.1 Impairment allowances

It is the Group's policy to recognise, through charges against profit, specific and general allowances in respect of estimated and inherent credit losses in its portfolio as described in Note 2.10.

In estimating specific allowances, the Group assesses the gap between borrowers' obligations to the Group and their repayment ability. The assessment takes into account various factors, including the economic or business outlook, the future profitability of the borrowers and the liquidation value of collateral. Such assessment requires considerable judgement.

Another area requiring judgement is the calculation of general allowances, which are determined after taking into account historical data and management's assessment of the current economic and credit environment, country and portfolio risks, as well as industry practices. Please refer to Note 41 for a further description of the Group's credit risk management.

3.2 Fair value of financial instruments

The majority of the Group's financial instruments reported at fair value are based on quoted and observable market prices or on internally developed models that are based on independently sourced market parameters.

The fair value of financial instruments without an observable market price in an active market may be determined using valuation models. The choice of model requires significant judgement for complex products especially those in the "Treasury" segment. Policies and procedures have been established to facilitate the exercise of judgement in determining the risk characteristics of various financial instruments, discount rates, estimates of future cash flows and other factors used in the valuation process.

Please refer to Note 39 for details on fair valuation and fair value hierarchy of the Group's financial instruments measured at fair value.

3.3 Goodwill

The Group performs an impairment review to ensure that the carrying amount of a CGU to which goodwill is allocated does not exceed the recoverable amount of the CGU. Note 26 provides details of goodwill at the reporting date.

The recoverable amount represents the present value of the estimated future cash flows expected to arise from continuing operations. Therefore, in arriving at the recoverable amount, management exercises judgement in estimating the future cash flows, growth rate and discount rate.

3.4 Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where uncertainty exists around the Group's tax position including resolution of any related appeals or litigation processes, appropriate provisions are provided based on technical merits of the positions with the same tax authority. Note 20 provides details of the Group's deferred tax assets/liabilities. In general, determination of the value of assets/liabilities relating to carry forward tax losses requires judgement.

4 Net Interest Income

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Cash and balances with central banks and Due from banks	**577**	460	**398**	323
Customer non-trade loans	**5,256**	4,710	**3,604**	3,268
Trade assets	**1,583**	1,458	**953**	833
Debt securities	**1,532**	1,358	**1,327**	1,190
Total interest income	**8,948**	7,986	**6,282**	5,614
Deposits and balances from customers	**2,086**	1,926	**1,000**	911
Other borrowings	**540**	491	**617**	591
Total interest expense	**2,626**	2,417	**1,617**	1,502
Net interest income	**6,322**	5,569	**4,665**	4,112
Comprising:				
Interest income for financial assets at fair value through profit or loss	**595**	329	**474**	277
Interest income for financial assets not at fair value through profit or loss	**8,353**	7,657	**5,808**	5,337
Interest expense for financial liabilities at fair value through profit or loss	**(142)**	(107)	**(133)**	(103)
Interest expense for financial liabilities not at fair value through profit or loss	**(2,484)**	(2,310)	**(1,484)**	(1,399)
Total	**6,322**	5,569	**4,665**	4,112

5 Net Fee and Commission Income

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Brokerage	**173**	214	**28**	5
Investment banking	**243**	191	**210**	158
Trade and transaction services[(b)]	**515**	531	**338**	347
Loan-related	**385**	367	**303**	287
Cards[(c)]	**369**	337	**283**	260
Wealth management	**507**	412	**361**	284
Others	**83**	69	**52**	49
Fee and commission income	**2,275**	2,121	**1,575**	1,390
Less: fee and commission expense	**248**	236	**144**	114
Net fee and commission income[(a)]	**2,027**	1,885	**1,431**	1,276

(a) Includes net fee and commission income of $35 million (2013: $28 million) and $21 million (2013: $15 million) for the Group and Bank respectively, which was derived from the provision of trust and other fiduciary services during the year
Net fee and commission income earned from financial assets or liabilities not at fair value through profit or loss was $687 million (2013: $671 million) and $555 million (2013: $540 million) during the year for the Group and Bank respectively
(b) Includes trade & remittances, guarantees and deposit-related fees
(c) Card fees are net of interchange fees paid

6 Net Trading Income

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Net trading income				
- Foreign exchange	**558**	981	**47**	442
- Interest rates, credit, equities and others[(a)]	**346**	138	**263**	58
Net gain/(loss) from financial assets designated at fair value	**9**	(24)	**8**	(25)
Net (loss)/gain from financial liabilities designated at fair value	**(12)**	#	**(6)**	16
Total	**901**	1,095	**312**	491

Amount under $500,000
(a) Includes dividend income of $19 million (2013: $14 million) for the Group; and $19 million (2013: $14 million) for the Bank

7 Net Income from Investment Securities

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Debt securities				
- Available-for-sale	**122**	89	**101**	87
- Loans and receivables	**4**	5	**3**	1
Equity securities[(a)]	**148**	182	**129**	160
Total[(b)]	**274**	276	**233**	248
Comprising net gains transferred from:				
Available-for-sale revaluation reserves	**212**	197	**182**	184

(a) Includes dividend income of $57 million (2013: $69 million) for the Group; and $49 million (2013: $60 million) for the Bank
(b) Includes fair value impact of hedges for the investment securities

8 Other Income

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Rental income	**35**	29	**10**	12
Net gain on disposal of properties and other fixed assets	**43**	44	**43**	#
Others [(a) (b)]	**215**	200	**403**	360
Total	**293**	273	**456**	372

Amount under $500,000
(a) 2014 includes an amount of $198 million gain for the Group and $153 million for the Bank, comprising a gain of $223 million (2013: $221 million) for the Group and $178 million (2013: $153 million) for the Bank for the divestment of a remaining stake in the Bank of the Philippine Islands (BPI) less a sum of $25 million donated to National Gallery Singapore in 2014 and an amount of $50 million set aside to establish the DBS Foundation to further the Group's commitment to social and community development in 2013 respectively. Refer to Note 22
(b) Includes dividend income from subsidiaries and associates of $262 million for the Bank (2013: $234 million)

9 Employee Benefits

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Salaries and bonuses	**1,887**	1,689	**1,204**	1,064
Contributions to defined contribution plans	**111**	98	**73**	66
Share-based expenses	**85**	76	**71**	59
Others	**211**	202	**116**	109
Total	**2,294**	2,065	**1,464**	1,298

10 Other Expenses

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Computerisation expenses[(a)]	**776**	678	**602**	523
Occupancy expenses[(b)]	**369**	365	**201**	202
Revenue-related expenses	**238**	231	**127**	128
Others[(c)]	**646**	572	**374**	324
Total	**2,029**	1,846	**1,304**	1,177

(a) Includes hire and maintenance costs of computer hardware and software
(b) Includes rental expenses of office and branch premises of $220 million (2013: $216 million) for the Group, and $129 million (2013: $129 million) for the Bank and amounts incurred in the maintenance and service of buildings
(c) Includes office administration expenses (e.g. printing, stationery, telecommunications, etc), and legal and professional fees

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Depreciation expenses	**220**	214	**147**	137
Hire and maintenance of fixed assets, including building-related expenses	**388**	355	**245**	219
Expenses on investment properties	**7**	7	**#**	#
Audit fees payable to external auditors[(a)]				
- Auditors of the Bank	**3**	3	**3**	3
- Associated firms of Auditors of the Bank	**4**	4	**1**	#
Non audit fees payable to external auditors[(a)]				
- Auditors of the Bank	**1**	1	**1**	1
- Associated firms of Auditors of the Bank	**1**	1	**1**	#

Amount under $500,000
(a) PricewaterhouseCoopers network firms

11 Allowances for Credit and Other Losses

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Loans and advances to customers (Note 17)	**620**	726	**483**	511
Investment securities				
- Available-for-sale	**15**	8	**14**	7
- Loans and receivables	**2**	8	**-**	8
Investment in subsidiaries (Note 21)	**-**	-	**29**	5
Properties and other fixed assets	**-**	(1)	**-**	(1)
Off-balance sheet credit exposures	**23**	23	**20**	17
Others (bank loans and sundry debtors)	**7**	6	**1**	9
Total	**667**	770	**547**	556

12 Income Tax Expense

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Current tax expense				
- Current year	**761**	704	**585**	528
- Prior years' provision	**17**	(28)	**8**	(26)
Deferred tax expense				
- Prior years' provision	**(10)**	(3)	**(10)**	(4)
- Origination of temporary differences	**(52)**	(58)	**(50)**	(35)
Total	**716**	615	**533**	463

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

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Accelerated tax depreciation	**12**	3	**4**	2
Allowances for loan losses	**(67)**	(51)	**(65)**	(34)
Other temporary differences	**(7)**	(13)	**1**	(7)
Deferred tax credit to income statement	**(62)**	(61)	**(60)**	(39)

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

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Profit	**4,827**	4,417	**3,782**	3,468
Prima facie tax calculated at a tax rate of 17% (2013: 17%)	**821**	751	**643**	590
Effect of different tax rates in other countries	**(5)**	23	**(21)**	11
Net income not subject to tax	**(107)**	(97)	**(86)**	(74)
Net income taxed at concessionary rate	**(117)**	(74)	**(117)**	(72)
Others	**124**	12	**114**	8
Income tax expense charged to income statement	**716**	615	**533**	463

Deferred income tax relating to available-for-sale financial assets and others of $14 million was charged directly to equity (2013: $41 million credited to equity) for the Group. Deferred income tax relating to available-for-sale financial assets and others of $13 million was charged to equity (2013: $40 million credited to equity) for the Bank.

Refer to Note 20 for further information on deferred tax assets/liabilities.

13 Classification of Financial Instruments

	The Group 2014						
In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables /amortised cost	Available-for-sale	Held to maturity	Hedging derivatives	Total
Assets							
Cash and balances with central banks	**841**	**-**	**14,452**	**4,212**	**-**	**-**	**19,505**
Government securities and treasury bills	**6,943**	**-**	**27**	**21,551**	**1,173**	**-**	**29,694**
Due from banks	**6,127**	**-**	**34,911**	**1,212**	**-**	**-**	**42,250**
Derivatives	**16,800**	**-**	**-**	**-**	**-**	**195**	**16,995**
Bank and corporate securities	**10,631**	**70**	**13,346**	**13,716**	**-**	**-**	**37,763**
Loans and advances to customers	**-**	**1,228**	**274,360**	**-**	**-**	**-**	**275,588**
Other financial assets	**-**	**-**	**11,019**	**-**	**-**	**-**	**11,019**
Total financial assets	**41,342**	**1,298**	**348,115**	**40,691**	**1,173**	**195**	**432,814**
Other asset items outside the scope of FRS 39[(a)]							**7,853**
Total assets							**440,667**
Liabilities							
Due to banks	**567**	**-**	**15,609**	**-**	**-**	**-**	**16,176**
Deposits and balances from customers	**369**	**742**	**316,062**	**-**	**-**	**-**	**317,173**
Derivatives	**18,585**	**-**	**-**	**-**	**-**	**184**	**18,769**
Other financial liabilities	**1,189**	**-**	**9,477**	**-**	**-**	**-**	**10,666**
Other debt securities	**3,674**	**1,297**	**25,331**	**-**	**-**	**-**	**30,302**
Due to holding company	**-**	**-**	**4,088**	**-**	**-**	**-**	**4,088**
Subordinated term debts	**-**	**-**	**4,665**	**-**	**-**	**-**	**4,665**
Total financial liabilities	**24,384**	**2,039**	**375,232**	**-**	**-**	**184**	**401,839**
Other liability items outside the scope of FRS 39 [(b)]							**1,045**
Total liabilities							**402,884**

	The Group 2013						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
Assets							
Cash and balances with central banks	-	-	14,782	3,937	-	-	18,719
Government securities and treasury bills	6,220	-	39	20,689	549	-	27,497
Due from banks	2,375	-	35,745	1,697	-	-	39,817
Derivatives	17,174	-	-	-	-	252	17,426
Bank and corporate securities	8,713	75	11,907	12,851	-	-	33,546
Loans and advances to customers	-	883	247,771	-	-	-	248,654
Other financial assets	-	-	8,742	-	-	-	8,742
Total financial assets	34,482	958	318,986	39,174	549	252	394,401
Other asset items outside the scope of FRS 39[(a)]							7,622
Total assets							402,023
Liabilities							
Due to banks	82	-	13,490	-	-		13,572
Deposits and balances from customers	569	1,374	290,422	-	-	-	292,365
Derivatives	17,914	-	-	-	-	218	18,132
Other financial liabilities	1,353	-	9,001	-	-	-	10,354
Other debt securities	2,651	965	19,499	-	-	-	23,115
Due to holding company	-	-	1,406	-	-	-	1,406
Subordinated term debts	-	-	5,544	-	-	-	5,544
Total financial liabilities	22,569	2,339	339,362	-	-	218	364,488
Other liability items outside the scope of FRS 39 [(b)]							1,228
Total liabilities							365,716

(a) Includes associates and joint venture, goodwill and intangibles, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of off-balance sheet credit exposures

	Bank 2014						
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables /amortised cost**	**Available-for-sale**	**Held to maturity**	**Hedging derivatives**	**Total**
Assets							
Cash and balances with central banks	**841**	**-**	**9,901**	**1,653**	**-**	**-**	**12,395**
Government securities and treasury bills	**5,256**	**-**	**-**	**17,605**	**1,173**	**-**	**24,034**
Due from banks	**5,580**	**-**	**28,924**	**1,212**	**-**	**-**	**35,716**
Derivatives	**16,332**	**-**	**-**	**-**	**-**	**156**	**16,488**
Bank and corporate securities	**8,927**	**70**	**12,844**	**11,845**	**-**	**-**	**33,686**
Loans and advances to customers	**-**	**1,228**	**217,004**	**-**	**-**	**-**	**218,232**
Other financial assets	**-**	**-**	**7,835**	**-**	**-**	**-**	**7,835**
Due from subsidiaries	**-**	**-**	**6,795**	**-**	**-**	**-**	**6,795**
Total financial assets	**36,936**	**1,298**	**283,303**	**32,315**	**1,173**	**156**	**355,181**
Other asset items outside the scope of FRS 39[(a)]							**13,066**
Total assets							**368,247**
Liabilities							
Due to banks	**88**	**-**	**14,222**	**-**	**-**	**-**	**14,310**
Deposits and balances from customers	**369**	**-**	**244,300**	**-**	**-**	**-**	**244,669**
Derivatives	**18,217**	**-**	**-**	**-**	**-**	**166**	**18,383**
Other financial liabilities	**553**	**-**	**5,593**	**-**	**-**	**-**	**6,146**
Other debt securities	**3,674**	**1,297**	**23,864**	**-**	**-**	**-**	**28,835**
Due to holding company	**-**	**-**	**3,373**	**-**	**-**	**-**	**3,373**
Due to subsidiaries	**-**	**-**	**14,341**	**-**	**-**	**-**	**14,341**
Subordinated term debts	**-**	**-**	**4,665**	**-**	**-**	**-**	**4,665**
Total financial liabilities	**22,901**	**1,297**	**310,358**	**-**	**-**	**166**	**334,722**
Other liability items outside the scope of FRS 39 [(b)]							**916**
Total liabilities							**335,638**

In $ millions	Held for trading	Designated at fair value through profit or loss	Loans and receivables /amortised cost	Available-for-sale	Held to maturity	Hedging derivatives	Total
				Bank 2013			
Assets							
Cash and balances with central banks	-	-	10,460	1,192	-	-	11,652
Government securities and treasury bills	4,974	-	-	18,117	549	-	23,640
Due from banks	1,772	-	28,512	1,402	-	-	31,686
Derivatives	16,544	-	-	-	-	220	16,764
Bank and corporate securities	7,698	75	11,529	11,179	-	-	30,481
Loans and advances to customers	-	883	191,004	-	-	-	191,887
Other financial assets	-	-	4,880	-	-	-	4,880
Due from subsidiaries	-	-	6,382	-	-	-	6,382
Total financial assets	30,988	958	252,767	31,890	549	220	317,372
Other asset items outside the scope of FRS 39[(a)]							12,955
Total assets							330,327
Liabilities							
Due to banks	82	-	12,194	-	-	-	12,276
Deposits and balances from customers	569	-	224,080	-	-	-	224,649
Derivatives	17,343	-	-	-	-	192	17,535
Other financial liabilities	844	-	4,097	-	-	-	4,941
Other debt securities	2,651	945	17,880	-	-	-	21,476
Due to holding company	-	-	1,406	-	-	-	1,406
Due to subsidiaries	-	-	9,391	-	-	-	9,391
Subordinated term debts	-	-	5,544	-	-	-	5,544
Total financial liabilities	21,489	945	274,592	-	-	192	297,218
Other liability items outside the scope of FRS 39 [(b)]							1,090
Total liabilities							298,308

(a) Includes investments in subsidiaries, associates and joint venture, properties and other fixed assets and deferred tax assets
(b) Includes current tax liabilities, deferred tax liabilities and provision for loss in respect of-balance sheet credit exposures

Financial assets and liabilities are presented net when there is a legally enforceable right to set off the recognised amounts, and there is intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets and liabilities offset on the balance sheet

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

Financial assets and liabilities subject to netting agreement but not offset on the balance sheet

The Group enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to set off the transactions is conditional upon default.

These agreements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement), global master repurchase agreements and global securities lending agreements. The collateral received and placed under these agreements is generally conducted under terms that are in accordance with normal market practice. In these agreements, the counterparty is typically allowed to sell or re-pledge those non-cash collateral (i.e. securities) lent or transferred, but has an obligation to return the securities at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral, and typically the counterparty has recourse only to the securities.

In addition, the Group receives cash and other collateral such as marketable securities to reduce its credit exposure. The Group also engages in a variety of counterparty credit mitigation arrangements in addition to netting and collateral arrangements.

The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the understanding of both the gross and net amounts, as well as provide additional information on how such credit risk is mitigated.

				The Group		
				Related amounts not set off on balance sheet		
Types of financial assets/liabilities **In $ millions**	**Carrying amounts on balance sheet (A)**	**Financial instruments not in scope of offsetting disclosures (B)**	**Gross recognised financial instruments in scope (A - B= C + D +E)**	**Financial instruments (C)**	**Cash collateral received/ placed (D)**	**Net amounts in scope (E)**
2014						
Financial Assets						
Derivatives	**16,995**	**7,421**[(a)]	**9,574**	**8,884**[(a)]	**493**	**197**
Reverse repurchase agreements	**4,025**[(b)]	**441**	**3,584**	**3,580**	**-**	**4**
Securities borrowings	**78**[(c)]	**-**	**78**	**74**	**-**	**4**
Total	**21,098**	**7,862**	**13,236**	**12,538**	**493**	**205**
Financial Liabilities						
Derivatives	**18,769**	**6,667**[(a)]	**12,102**	**8,729**[(a)]	**2,867**	**506**
Repurchase agreements	**1,821**[(d)]	**480**	**1,341**	**1,328**	**13**	**-**
Payable in respect of short sale of securities	**1,189**[(e)]	**553**	**636**	**635**	**-**	**1**
Securities lendings	**4**[(f)]	**-**	**4**	**4**	**-**	**-**
Total	**21,783**	**7,700**	**14,083**	**10,696**	**2,880**	**507**

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

(a) Related amounts under "Financial instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637 (unaudited), which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial instruments not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR
(b) Reverse repurchase agreements are presented under separate line items on the balance sheet, namely "Cash and balances with central banks", "Due from banks" and "Loans and advances to customers"
(c) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet
(d) Repurchase agreements are presented under separate line items on the balance sheet, namely "Due to banks" and "Deposits and balances from customers"
(e) Payable in respect of short sale of securities are presented under "Other liabilities" on the balance sheet
(f) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet

Types of financial assets/liabilities In $ millions	Bank Carrying amounts on balance sheet (A)	Financial instruments not in scope of offsetting disclosures (B)	Gross recognised financial instruments in scope (A - B= C + D +E)	Related amounts not set off on balance sheet Financial instruments (C)	Cash collateral received/ placed (D)	Net amounts in scope (E)
2014						
Financial Assets						
Derivatives	**16,488**	**5,969**[(a)]	**10,519**	**9,276**[(a)]	**493**	**750**
Reverse repurchase agreements	**3,595**[(b)]	**11**	**3,584**	**3,580**	**-**	**4**
Securities borrowings	**78**[(c)]	**-**	**78**	**74**	**-**	**4**
Total	**20,161**	**5,980**	**14,181**	**12,930**	**493**	**758**
Financial Liabilities						
Derivatives	**18,383**	**5,889**[(a)]	**12,494**	**9,122**[(a)]	**2,876**	**496**
Repurchase agreements	**1,341**[(d)]	**-**	**1,341**	**1,328**	**13**	**-**
Securities lendings	**4**[(e)]	**-**	**4**	**4**	**-**	**-**
Total	**19,728**	**5,889**	**13,839**	**10,454**	**2,889**	**496**
2013						
Financial Assets						
Derivatives	16,764	5,627[(a)]	11,137	10,633[(a)]	309	195
Reverse repurchase agreements	4,183[(b)]	-	4,183	4,171	-	12
Securities borrowings	35[(c)]	-	35	34	-	1
Total	20,982	5,627	15,355	14,838	309	208
Financial Liabilities						
Derivatives	17,535	4,596[(a)]	12,939	10,676[(a)]	1,660	603
Repurchase agreements	1,501[(d)]	39	1,462	1,462	-	-
Securities lendings	-	-	-	-	-	-
Total	19,036	4,635	14,401	12,138	1,660	603

(a) Related amounts under "Financial instruments" are prepared on the same basis as netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) as set out under MAS Notice 637 (unaudited), which incorporates a conservative stance on enforceable netting. Accordingly, the amounts shown under "Financial instruments not in scope of offsetting disclosures" are those where either no netting agreement exists or where the netting agreement has not been recognised for computation of CAR

(b) Reverse repurchase agreements are presented under separate line items on the balance sheet, namely "Cash and balances with central banks", "Due from banks" and "Loans and advances to customers"

(c) Cash collateral placed under securities borrowings are presented under "Other assets" on the balance sheet

(d) Repurchase agreements are presented under separate line items on the balance sheet, namely "Due to banks" and "Deposits and balances from customers"

(e) Cash collateral received under securities lendings are presented under "Other liabilities" on the balance sheet

14 Cash and Balances with Central Banks

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Cash on hand	**1,924**	1,796	**1,749**	1,618
Non-restricted balances with central banks	**9,915**	9,146	**6,087**	5,211
Cash and cash equivalents	**11,839**	10,942	**7,836**	6,829
Restricted balances with central banks[(a)]	**7,666**	7,777	**4,559**	4,823
Total	**19,505**	18,719	**12,395**	11,652

(a) Mandatory balances with central banks

15 Government Securities and Treasury Bills

The Group

In $ millions	**Held for trading**	**Loans and receivables [(c)]**	**Available-for-sale**	**Held to maturity [(d)]**	**Total**
2014					
Singapore Government securities and treasury bills [(a)]	**1,963**	**-**	**6,357**	**1,173**	**9,493**
Other government securities and treasury bills [(b)]	**4,980**	**27**	**15,194**	**-**	**20,201**
Total	**6,943**	**27**	**21,551**	**1,173**	**29,694**
2013					
Singapore Government securities and treasury bills [(a)]	2,013	-	7,332	549	9,894
Other government securities and treasury bills [(b)]	4,207	39	13,357	-	17,603
Total	6,220	39	20,689	549	27,497

(a) Includes financial assets transferred of $522 million (2013: $564 million) (See Note 18)
(b) Includes financial assets transferred of $1,571 million (2013: $1,450 million) (See Note 18)
(c) The fair value of securities classified as loans and receivables amounted to $27 million (2013: $39 million)
(d) The fair value of securities classified as held to maturity amounted to $1,189 million (2013: $537 million)

Bank

In $ millions	**Held for trading**	**Loans and receivables**	**Available-for-sale**	**Held to maturity [(c)]**	**Total**
2014					
Singapore Government securities and treasury bills [(a)]	**1,963**	**-**	**6,357**	**1,173**	**9,493**
Other government securities and treasury bills [(b)]	**3,293**	**-**	**11,248**	**-**	**14,541**
Total	**5,256**	**-**	**17,605**	**1,173**	**24,034**
2013					
Singapore Government securities and treasury bills [(a)]	2,013	-	7,332	549	9,894
Other government securities and treasury bills [(b)]	2,961	-	10,785	-	13,746
Total	4,974	-	18,117	549	23,640

(a) Includes financial assets transferred of $522 million (2013: $564 million) (See Note 18)
(b) Includes financial assets transferred of $919 million (2013: $927 million) (See Note 18)
(c) The fair value of securities classified as held to maturity amounted to $1,189 million (2013: $537 million)

16 Bank and Corporate Securities

	The Group				
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables[a]**	**Available-for-sale**	**Total**
2014					
Bank and corporate debt securities [b]	**9,851**	**70**	**13,503**	**12,257**	**35,681**
Less: impairment allowances	**-**	**-**	**(157)**	**-**	**(157)**
Equity securities	**780**	**-**	**-**	**1,459**	**2,239**
Total	**10,631**	**70**	**13,346**	**13,716**	**37,763**
2013					
Bank and corporate debt securities [b]	8,129	75	12,036	11,551	31,791
Less: impairment allowances	-	-	(129)	-	(129)
Equity securities	584	-	-	1,300	1,884
Total	8,713	75	11,907	12,851	33,546

(a) The fair value of securities classified as loans and receivables amounted to $13,567 million (2013: $11,992 million)
(b) Includes financial assets transferred of $623 million(2013: $902 million) (See Note 18)

	Bank				
In $ millions	**Held for trading**	**Designated at fair value through profit or loss**	**Loans and receivables[a]**	**Available-for-sale**	**Total**
2014					
Bank and corporate debt securities [b]	**8,147**	**70**	**12,999**	**10,478**	**31,694**
Less: impairment allowances	**-**	**-**	**(155)**	**-**	**(155)**
Equity securities	**780**	**-**	**-**	**1,367**	**2,147**
Total	**8,927**	**70**	**12,844**	**11,845**	**33,686**
2013					
Bank and corporate debt securities [b]	7,114	75	11,657	10,021	28,867
Less: impairment allowances	-	-	(128)	-	(128)
Equity securities	584	-	-	1,158	1,742
Total	7,698	75	11,529	11,179	30,481

(a) The fair value of securities classified as loans and receivables amounted to $13,065 million (2013: $11,613 million)
(b) No financial assets were transferred in 2014 (2013: $62 million) (See Note 18)

17 Loans and Advances to Customers

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Gross	**279,154**	252,181	**220,912**	194,564
Less: Specific allowances	**983**	1,129	**584**	762
General allowances	**2,583**	2,398	**2,096**	1,915
	275,588	248,654	**218,232**	191,887
Analysed by product				
Long-term loans	**116,633**	100,950	**93,414**	79,314
Short-term facilities	**58,819**	51,896	**48,000**	42,620
Housing loans	**52,866**	49,147	**44,123**	40,327
Trade loans	**50,836**	50,188	**35,375**	32,303
Gross total	**279,154**	252,181	**220,912**	194,564
Analysed by currency				
Singapore dollar	**109,493**	101,456	**109,427**	100,910
Hong Kong dollar	**32,476**	29,463	**11,197**	9,277
US dollar	**96,552**	84,998	**81,802**	67,145
Chinese yuan	**20,399**	18,401	**7,948**	8,260
Others	**20,234**	17,863	**10,538**	8,972
Gross total	**279,154**	252,181	**220,912**	194,564

Refer to Note 41.4 for breakdown of loans and advances to customers by geography and by industry.

The table below shows the movements in specific and general allowances for loans and advances to customers during the year:

	The Group				
In $ millions	**Balance at 1 January**	**Charge/(Write-back) to income statement**	**Net write-off during the year**	**Exchange and other movements**	**Balance at 31 December**
2014					
Specific allowances					
Manufacturing	**240**	**151**	**(80)**	**20**	**331**
Building and construction	**42**	**156**	**(91)**	**8**	**115**
Housing loans	**9**	**1**	**(2)**	**-**	**8**
General commerce	**142**	**49**	**(61)**	**10**	**140**
Transportation, storage and communications	**465**	**(32)**	**(290)**	**10**	**153**
Financial institutions, investment and holding companies	**146**	**19**	**(80)**	**5**	**90**
Professionals and private individuals (excluding housing loans)	**48**	**76**	**(76)**	**5**	**53**
Others	**37**	**58**	**(7)**	**5**	**93**
Total specific allowances	**1,129**	**478**	**(687)**	**63**	**983**
Total general allowances	**2,398**	**142**	**-**	**43**	**2,583**
Total allowances	**3,527**	**620**	**(687)**	**106**	**3,566**
2013					
Specific allowances					
Manufacturing	222	108	(100)	10	240
Building and construction	34	30	(23)	1	42
Housing loans	10	(2)	-	1	9
General commerce	149	139	(154)	8	142
Transportation, storage and communications	501	(54)	(3)	21	465
Financial institutions, investment and holding companies	232	13	(105)	6	146
Professionals and private individuals (excluding housing loans)	45	166	(166)	3	48
Others	24	16	(1)	(2)	37
Total specific allowances	1,217	416	(552)	48	1,129
Total general allowances	2,092	310	-	(4)	2,398
Total allowances	3,309	726	(552)	44	3,527

	Bank				
In $ millions	**Balance at 1 January**	**Charge/(Write-back) to income statement**	**Net write-off during the year**	**Exchange and other movements**	**Balance at 31 December**
2014					
Specific allowances					
Manufacturing	**121**	**86**	**(16)**	**14**	**205**
Building and construction	**19**	**152**	**(90)**	**6**	**87**
Housing loans	**6**	**(1)**	**(1)**	**-**	**4**
General commerce	**48**	**9**	**(21)**	**3**	**39**
Transportation, storage and communications	**450**	**(41)**	**(291)**	**9**	**127**
Financial institutions, investment and holding companies	**83**	**15**	**(63)**	**3**	**38**
Professionals and private individuals (excluding housing loans)	**21**	**39**	**(40)**	**2**	**22**
Others	**14**	**50**	**(6)**	**4**	**62**
Total specific allowances	**762**	**309**	**(528)**	**41**	**584**
Total general allowances	**1,915**	**174**	**-**	**7**	**2,096**
Total allowances	**2,677**	**483**	**(528)**	**48**	**2,680**
2013					
Specific allowances					
Manufacturing	86	85	(55)	5	121
Building and construction	17	23	(22)	1	19
Housing loans	7	(1)	-	-	6
General commerce	78	99	(131)	2	48
Transportation, storage and communications	498	(64)	(3)	19	450
Financial institutions, investment and holding companies	174	10	(104)	3	83
Professionals and private individuals (excluding housing loans)	21	129	(130)	1	21
Others	8	7	(2)	1	14
Total specific allowances	889	288	(447)	32	762
Total general allowances	1,687	223	-	5	1,915
Total allowances	2,576	511	(447)	37	2,677

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

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

Changes in fair value arising from changes in credit risk are determined as the amount of change in fair value that is not attributable to changes in market conditions that give rise to market risk. These changes in market conditions include changes in a benchmark interest rate, foreign exchange rate or index of prices or rates.

During the year, the amount of change in the fair value of the loans and advances attributable to credit risk was a loss of $56 million (2013: loss of $77 million) for both the Group and Bank. During the year, the amount of change in the fair value of the related credit derivatives/enhancements was a gain of $56 million for both the Group and Bank (2013: gain of $77 million).

18 Financial Assets Transferred

The Group transfers financial assets to third parties or structured entities in the course of business, for example when it pledges securities as collateral for repurchase agreements or when it undertakes securities lending arrangements.

Transferred assets are derecognised in the Group's financial statements when substantially all of their risks and rewards are also transferred. Among them is pledged collateral (mainly cash) for derivative transactions under credit support annexes agreements. Derecognised assets that were subject to the Group's partial continuing involvement were not material in 2014 and 2013.

Where the Group retains substantially all the risks and rewards of the transferred assets, they continue to be recognised in the Group's financial statements. These assets are described below.

Securities

Securities transferred under repurchase agreements and securities lending arrangements are generally conducted under terms in line with normal market practice. The counterparty is typically allowed to sell or re-pledge the securities but has an obligation to return them at maturity. If the securities decrease in value, the Group may, in certain circumstances, be required to place additional cash collateral. The counterparty typically has no further recourse to the Group's other assets beyond the transferred securities.

For repurchase agreements, the securities transferred are either classified as "fair value through profit or loss" or "available-for-sale". The Group receives cash in exchange and records a financial liability for the cash received. The Group also pledged assets to secure its short position in securities and to facilitate settlement operations. The fair value of the associated liabilities approximates the carrying amount of $2,457 million (2013: $2,010 million) for the Group and $1,341 million (2013: $1,501 million) for the Bank, which are recorded under "Due to banks", "Deposits and balances from customers" and "Other liabilities" on the balance sheet.

For securities lending transactions, the securities lent are classified as "available-for-sale" or "loans and receivables" on the balance sheet, and the carrying amount approximates the fair value. As the Group mainly receives other financial assets in exchange, the associated liabilities recorded are not material.

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Securities pledged and transferred				
Singapore Government securities and treasury bills	**522**	564	**522**	564
Other government securities and treasury bills	**1,571**	1,450	**919**	927
Bank and corporate debt securities	**623**	902	**-**	62
Total securities pledged and transferred	**2,716**	2,916	**1,441**	1,553

The Group also enters into structured funding transactions where it retains the contractual rights to receive cash flows of financial assets extended to third parties, but assumes a contractual obligation to pay these cash flows under the issued notes. The carrying amounts and fair values of these financial assets and liabilities of the Group and the Bank both amount to $1,317 million (2013: $883 million).

19 Other Assets

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Accrued interest receivable	**1,194**	941	**875**	683
Deposits and prepayments	**268**	290	**186**	230
Clients' monies receivable from securities business	**636**	633	**-**	-
Sundry debtors and others	**8,921**	6,878	**6,774**	3,967
Deferred tax assets (Note 20)	**256**	205	**165**	117
Total	**11,275**	8,947	**8,000**	4,997

20 Deferred Tax Assets/Liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The deferred tax assets and liabilities are determined after appropriate offsetting, as shown in "Other assets" (Note 19) and "Other liabilities" (Note 28) respectively.

Deferred tax assets and liabilities comprise the following temporary differences:

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Deferred income tax assets				
Allowances for loan losses	**254**	187	**180**	115
Other temporary differences	**137**	85	**97**	46
	391	272	**277**	161
Amounts offset against deferred tax liabilities	**(135)**	(67)	**(112)**	(44)
Total	**256**	205	**165**	117
Deferred income tax liabilities				
Accelerated tax depreciation	**104**	92	**48**	44
Available-for-sale financial assets and others	**20**	6	**19**	6
Other temporary differences	**56**	11	**56**	4
	180	109	**123**	54
Amounts offset against deferred tax assets	**(135)**	(67)	**(112)**	(44)
Total	**45**	42	**11**	10
Net deferred tax assets	**211**	163	**154**	107

21 Subsidiaries and Consolidated Structured Entities

	Bank	
In $ millions	**2014**	**2013**
Unquoted equity shares[(a)(b)]	**11,846**	11,837
Due from subsidiaries	**6,795**	6,382
Total	**18,641**	18,219

(a) The carrying amounts of certain investments which are designated as hedged items in a fair value hedge are adjusted for fair value changes attributable to the hedged risks
(b) The carrying amounts presented are net of impairment allowances

21.1 Main operating subsidiaries

The main operating subsidiaries within the Group are listed below:

		Effective shareholding %	
Name of subsidiary	**Country of incorporation**	**2014**	**2013**
Commercial Banking			
DBS Bank (Hong Kong) Limited*	Hong Kong	**100**	100
DBS Bank (China) Limited*	China	**100**	100
DBS Bank (Taiwan) Limited*	Taiwan	**100**	100
PT Bank DBS Indonesia*	Indonesia	**99**	99
Merchant Banking			
The Islamic Bank of Asia Limited	Singapore	**50**	50
Stockbroking			
DBS Vickers Securities Holdings Pte Ltd	Singapore	**100**	100

* Audited by PricewaterhouseCoopers network firms outside Singapore

The Group's main subsidiaries are regulated banks and non-bank financial institutions. Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests may restrict the ability of the Bank to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group. Since the Group did not have any material non-controlling interests as at the balance sheet dates, any protective rights associated with these did not give rise to significant restrictions in 2013 and 2014.

Refer to Note 34 for information on non-controlling interests.

21.1.1 Acquisition of interest in joint venture

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

On 16 June 2014, DBS Bank (Hong Kong) Limited, an indirect wholly-owned subsidiary, acquired the remaining 50% stake it did not own in Hutchison DBS Card Limited (since renamed as DBS Compass Limited) for a cash consideration of $88 million (HKD 546 million) from Whampoa Limited (refer to Note 22). The acquisition resulted in the recognition of goodwill amounting to $27 million and intangible assets of $6 million. The Group equity accounted the profits of DBS Compass Limited up to 30 June 2014. With effect from 1 July 2014, DBS Compass Limited was consolidated as a subsidiary.

21.2 Consolidated structured entities

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

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

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

22 Associates and Joint Venture

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

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

	Bank	
In $ millions	**2014**	**2013**
Quoted equity securities at cost [(a)]	**10**	232
Unquoted equity securities, at cost	**195**	199
Sub-total	**205**	431

(a) The market value of quoted associates amounted to $8 million (2013: $427 million)

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

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

Amount under $500,000

22.1 Main associates and joint venture

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

Name of associate or joint venture	Country of incorporation	Effective shareholding % 2014	2013
Quoted			
Bank of the Philippine Islands [(a)] *	The Philippines	**-**	5.0
Hwang Capital (Malaysia) Bhd[(b)]* (previously known as Hwang - DBS (Malaysia) Bhd)	Malaysia	**27.7**	27.7
Unquoted			
Central Boulevard Development Pte Ltd	Singapore	**33.3**	33.3
Network for Electronic Transfers (Singapore) Pte Ltd	Singapore	**33.3**	33.3
Changsheng Fund Management Company**	China	**33.0**	33.0
DBS Compass Limited*	British Virgin Islands	**100.0**[(c)]	50.0

* Audited by PricewaterhouseCoopers network firms outside Singapore
** Audited by other auditors
(a) The Group's effective interest in Bank of the Philippine Islands (BPI) was held via Ayala DBS Holdings Inc.(ADHI). BPI is an associate of ADHI
(b) Shareholding includes 4.15% held through the Bank
(c) Refer to Note 21

As of 31 December 2014 and 31 December 2013, no associate or joint venture was individually material to the Group. As a non-controlling shareholder, the Group's ability to receive dividends is subject to agreement with other shareholders. The associates and joint venture may also be subject to statutory, contractual or regulatory requirements restricting dividend payments or to repay loans or advances made.

The Group's share of commitments and contingent liabilities of the associates and joint venture as well as its commitments to finance or otherwise provide resources to them are not material.

22.2 Disposal of interests in associates

Divestment of Bank of the Philippine Islands (BPI)

On 11 November 2013, the Group entered into an agreement to divest its shares in ADHI for a total consideration of $850 million (PHP 29.6 billion). ADHI was a joint venture through which the Group held an effective interest of 9.9% in BPI. The transaction was completed in two equal tranches. After the first tranche was completed in November 2013, the Group was left with an effective stake of 5.0% in BPI. The remaining tranche was completed on 8 January 2014 and a net gain of $198 million was recorded (Note 8) for the Group and $153 million for the Bank for the year ended 31 December 2014.

Divestment of operating business by Hwang Capital (Malaysia) Berhad

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

23 Unconsolidated Structured Entities

"Unconsolidated structured entities" are those structured entities as defined by FRS 112 and are not controlled by the Group. To facilitate customer transactions and for specific investment opportunities, the Group in the normal course of business enters into transactions with a range of counterparties, some of which would be defined as unconsolidated structured entities.

While the economic exposures may be the same as those to other type of entities, FRS 112 specifically requires companies to disclose such exposures arising from transactions with unconsolidated structured entities. The table below reflects exposures to third party securitisation structures where the Group holds an interest in the normal course of business.

As is the case with other types of counterparties, the carrying amount from transactions with unconsolidated structured entities have been included in the Group's financial statements.

The risks arising from such transactions are subject to the Group's risk management practices.

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

The table above represents the Group's maximum exposure to loss for which on-balance sheet assets and liabilities are represented by the carrying amount and does not reflect mitigating effects from the availability of netting and financial instruments that the Group may utilise to economically hedge the risks inherent in third party structured entities or risk-reducing effects of collateral or other credit enhancements.

The Group also sponsors third party structured entities, primarily by acting as lead arranger; underwriter or book runner for the issuance of securities by clients or by providing nominee services. Income, in the nature of fees from and assets transferred by all parties to sponsored structured entities, was not material.

The total assets of the third party structured entities are not considered meaningful for the purposes of understanding the related risks since they are neither representative of the Group's exposure nor the income earned, and so have not been presented.

The Group has not provided any specific non-contractual financial support during the year and does not expect to provide non-contractual support to these third party structured entities in the future.

24 Acquisitions

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

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

25 Properties and Other Fixed Assets

The Group leases out investment properties under operating leases. The leases typically run for an initial period of one to five years, and may contain an option to renew the lease after that date at which time all terms will be renegotiated.

The minimum lease receivables as at the balance sheet date are as follows:

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Minimum lease receivable				
Not later than 1 year	**32**	30	**3**	2
Later than 1 year but not later than 5 years	**49**	66	**2**	2
Later than 5 years	**#**	-	**-**	-
Total	**81**	96	**5**	4

Amount under $500,000

	The Group				
In $ millions	**Investment properties**	**Owner-occupied properties**	**Other fixed assets[(a)]**	**Subtotal of non-investment properties and other fixed assets**	**Total**
	(1)	**(2)**	**(3)**	**(4)=(2+3)**	**(5)=(1+4)**
2014					
Cost					
Balance at 1 January	**663**	**513**	**1,382**	**1,895**	**2,558**
Additions	**-**	**5**	**258**	**263**	**263**
Disposals	**(17)**	**(3)**	**(105)**	**(108)**	**(125)**
Transfers	**(4)**	**4**	**-**	**4**	**-**
Exchange differences	**2**	**19**	**18**	**37**	**39**
Balance at 31 December	**644**	**538**	**1,553**	**2,091**	**2,735**
Less: Accumulated depreciation					
Balance at 1 January	**169**	**96**	**796**	**892**	**1,061**
Depreciation charge	**7**	**13**	**200**	**213**	**220**
Disposals	**(5)**	**(3)**	**(97)**	**(100)**	**(105)**
Transfers	**(2)**	**2**	**-**	**2**	**-**
Exchange differences	**1**	**12**	**14**	**26**	**27**
Balance at 31 December	**170**	**120**	**913**	**1,033**	**1,203**
Less: Allowances for impairment	**-**	**47**	**-**	**47**	**47**
Net book value at 31 December	**474**	**371**	**640**	**1,011**	**1,485**
Market value at 31 December	**913**	**817**			
2013					
Cost					
Balance at 1 January	654	514	1,234	1,748	2,402
Additions	-	10	217	227	227
Disposals	-	(18)	(77)	(95)	(95)
Transfers	7	(7)	-	(7)	-
Exchange differences	2	14	8	22	24
Balance at 31 December	663	513	1,382	1,895	2,558
Less: Accumulated depreciation					
Balance at 1 January	157	89	664	753	910
Depreciation charge	8	13	193	206	214
Disposals	-	(9)	(67)	(76)	(76)
Transfers	3	(3)	-	(3)	-
Exchange differences	1	6	6	12	13
Balance at 31 December	169	96	796	892	1,061
Less: Allowances for impairment	-	48	-	48	48
Net book value at 31 December	494	369	586	955	1,449
Market value at 31 December	793	756			

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

In $ millions	Bank				
	Investment properties	Owner-occupied properties	Other fixed assets[a]	Subtotal of non-investment properties and other fixed assets	Total
	(1)	(2)	(3)	(4)=(2+3)	(5)=(1+4)
2014					
Cost					
Balance at 1 January	**57**	**151**	**957**	**1,108**	**1,165**
Additions	**-**	**2**	**168**	**170**	**170**
Disposals	**(17)**	**(2)**	**(47)**	**(49)**	**(66)**
Transfers	**(4)**	**4**	**-**	**4**	**-**
Exchange differences	**-**	**-**	**1**	**1**	**1**
Balance at 31 December	**36**	**155**	**1,079**	**1,234**	**1,270**
Less: Accumulated depreciation					
Balance at 1 January	**24**	**57**	**517**	**574**	**598**
Depreciation charge	**1**	**4**	**142**	**146**	**147**
Disposals	**(5)**	**(1)**	**(40)**	**(41)**	**(46)**
Transfers	**(2)**	**2**	**-**	**2**	**-**
Exchange differences	**-**	**-**	**2**	**2**	**2**
Balance at 31 December	**18**	**62**	**621**	**683**	**701**
Less: Allowances for impairment	**-**	**-**	**-**	**-**	**-**
Net book value at 31 December	**18**	**93**	**458**	**551**	**569**
Market value at 31 December	**68**	**276**			
2013					
Cost					
Balance at 1 January	69	138	825	963	1,032
Additions	-	1	160	161	161
Disposals	-	-	(26)	(26)	(26)
Transfers	(12)	12	-	12	-
Exchange differences	-	-	(2)	(2)	(2)
Balance at 31 December	57	151	957	1,108	1,165
Less: Accumulated depreciation					
Balance at 1 January	26	49	404	453	479
Depreciation charge	2	4	131	135	137
Disposals	-	-	(17)	(17)	(17)
Transfers	(4)	4	-	4	-
Exchange differences	-	-	(1)	(1)	(1)
Balance at 31 December	24	57	517	574	598
Less: Allowances for impairment	-	-	-	-	-
Net book value at 31 December	33	94	440	534	567
Market value at 31 December	85	235			

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

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

25.2 The market values of investment properties are determined using an investment method, or using a combination of comparable sales and investment methods. The properties are classified under Level 3 of the fair value hierarchy and the significant unobservable input used for valuation is market yields. As at 31 December 2014, there were no transfers into or out of Level 3.

26 Goodwill and Intangibles

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

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
DBS Bank (Hong Kong) Limited	**4,631**	4,631	**-**	-
Wealth Management Business[(a)] (see Note 24)	**281**	-	**281**	-
DBS Vickers Securities Holdings Pte Ltd	**154**	154	**-**	-
Others	**51**	17	**-**	-
Total	**5,117**	4,802	**281**	-

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

The carrying amounts of the CGUs are reviewed at least once a year to determine if the goodwill associated with them should be impaired. If a CGU's carrying amount exceeds its recoverable value, a goodwill impairment charge is recognised in the income statement.

The recoverable value is determined based on a value-in-use calculation. The CGU's five-year projected cash flows, taking into account projected regulatory capital requirements, are discounted by its cost of capital to derive their present value. To derive the value beyond the fifth year, a long-term growth rate is imputed to the fifth-year cash flow and then discounted by the cost of capital to derive the terminal value. The long-term growth rate used does not exceed the historical long-term growth rate of the market the CGU operates in. The recoverable value is the sum of the present value of the five-year cash flows and the terminal value

A growth rate of 4.5% (2013: 4.5%) and discount rate of 9.0% (2013: 9.0%) were assumed in the value-in-use calculation for DBS Bank (Hong Kong) Limited.

The process of evaluating goodwill impairment involves management judgement and prudent estimates of various factors including future cash flows as well as the cost of capital and long-term growth rates. The results can be highly sensitive to the assumptions used. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating unit to exceed its recoverable amount at 31 December 2014. However, if conditions in Hong Kong and the banking industry deteriorate and turn out to be significantly worse than anticipated in the Group's performance forecast, the goodwill may be further impaired in future periods.

27 Deposits and Balances from Customers

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Analysed by currency				
Singapore dollar	**138,332**	134,758	**138,031**	134,459
US dollar	**93,445**	75,023	**76,204**	61,189
Hong Kong dollar	**31,450**	29,840	**7,296**	5,694
Chinese yuan	**20,463**	22,647	**2,770**	5,841
Others	**33,483**	30,097	**20,368**	17,466
Total	**317,173**	292,365	**244,669**	224,649
Analysed by product				
Savings accounts	**119,753**	112,429	**102,316**	98,049
Current accounts	**60,876**	48,809	**53,310**	42,999
Fixed deposits	**130,904**	122,500	**84,449**	76,206
Other deposits	**5,640**	8,627	**4,594**	7,395
Total	**317,173**	292,365	**244,669**	224,649

28 Other Liabilities

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Cash collateral received in respect of derivative portfolios	**734**	695	**734**	695
Accrued interest payable	**574**	623	**255**	264
Provision for loss in respect of off-balance sheet credit exposures	**322**	249	**292**	224
Clients' monies payable in respect of securities business	**570**	564	**-**	-
Sundry creditors and others	**7,390**	6,853	**4,451**	2,974
Bills payable	**209**	266	**153**	164
Current tax liabilities	**678**	937	**613**	856
Payable in respect of short sale of securities	**1,189**	1,353	**553**	844
Deferred tax liabilities (Note 20)	**45**	42	**11**	10
Total	**11,711**	11,582	**7,062**	6,031

29 Other Debt Securities

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Negotiable certificates of deposit (Note 29.1)	**1,072**	1,235	**-**	-
Senior medium term notes (Note 29.2)	**9,196**	5,635	**9,196**	5,635
Commercial papers (Note 29.3)	**14,561**	12,142	**14,561**	12,142
Other debt securities (Note 29.4)	**5,473**	4,103	**5,078**	3,699
Total	**30,302**	23,115	**28,835**	21,476
Due within 1 year	**23,193**	17,108	**22,740**	16,534
Due after 1 year	**7,109**	6,007	**6,095**	4,942
Total	**30,302**	23,115	**28,835**	21,476

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

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

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

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

In $ millions		The Group		Bank	
Currency	Interest Rate and Repayment Terms	2014	2013	2014	2013
Issued by the Bank					
AUD	Floating rate note, payable quarterly	**108**	-	**108**	-
GBP	Floating rate note, payable quarterly	**4,079**	2,398	**4,079**	2,398
USD	2.35%, payable half yearly	**1,327**	1,265	**1,327**	1,265
USD	2.375%, payable half yearly	**1,331**	1,298	**1,331**	1,298
USD	Floating rate note, payable quarterly	**2,133**	569	**2,133**	569
USD	1.454%, payable yearly	**132**	-	**132**	-
HKD	2.24%, payable quarterly	**86**	82	**86**	82
IDR	7.25%, payable yearly	**-**	23	**-**	23
Total		**9,196**	5,635	**9,196**	5,635

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

29.3 The zero-coupon commercial papers which are payable on maturity were issued by the Bank under its USD 5 billion Euro Commercial Paper Programme and USD 15 billion US Commercial Paper Programme. The outstanding notes as at 31 December 2014 were issued between 4 February 2014 and 16 December 2014 (2013: 21 March 2013 and 6 December 2013) and mature between 13 January 2015 and 1 July 2015 (2013: 3 January 2014 and 11 December 2014).

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

In $ millions	The Group		Bank	
Type	2014	2013	2014	2013
Issued by the Bank and other subsidiaries				
Equity linked notes	**1,381**	708	**1,381**	707
Credit linked notes	**1,914**	1,525	**1,914**	1,504
Interest linked notes	**1,413**	800	**1,413**	800
Foreign exchange linked notes	**264**	585	**264**	585
Fixed rate bonds	**501**	485	**106**	103
Total	**5,473**	4,103	**5,078**	3,699

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

30 Due to Subsidiaries

	Bank	
In $ millions	2014	2013
Subordinated term debts issued to DBS Capital Funding Corporation II (Note 30.1)	**1,500**	1,500
Due to subsidiaries	**12,841**	7,891
Total	**14,341**	9,391

30.1 The $1,500 million 5.75% subordinated note was issued on 27 May 2008 by the Bank to DBS Capital Funding II Corporation, both wholly-owned subsidiaries of DBSH. Interest is payable in arrears on 15 June and 15 December each year at a fixed rate of 5.75% per annum up to 15 June 2018. Thereafter, interest is payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December each year at a floating rate of three-month Singapore Dollar Swap Offer Rate + 3.415% per annum.

31 Subordinated Term Debts

Subordinated term debts issued by a subsidiary of the Group are classified as liabilities in accordance with FRS 32. These are long term debt instruments that have a junior or lower priority claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 2 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions					The Group		Bank	
Instrument	**Note**	**Issue Date**	**Maturity Date**	**Interest payment**	**2014**	**2013**	**2014**	**2013**
Issued by the Bank								
US$750m 5.00% Subordinated Notes Callable with Step-up in 2014 *The instrument was called on 15 Nov 2014*	31.1	1 Oct 2004	15 Nov 2019	May/Nov	**-**	966	**-**	966
US$900m Floating Rate Subordinated Notes Callable with Step-up in 2016 *Interest rate equal to 3-month LIBOR plus 0.61% until call date.* *Interest rate resets to 3-month LIBOR plus 1.61% thereafter if not called.*	31.2	16 Jun 2006	15 Jul 2021	Jan/Apr/ Jul/Oct	**1,189**	1,139	**1,189**	1,139
S$500m 4.47% Subordinated Notes Callable with Step-up in 2016 *Interest rate resets to 6-month Singapore Dollar Swap Offer Rate plus 1.58% if not called.*		11 Jul 2006	15 Jul 2021	Jan/Jul	**500**	500	**500**	500
S$1,000m 3.30% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.147% if not called.*	31.3	21 Feb 2012	21 Feb 2022	Feb/Aug	**999**	1,004	**999**	1,004
US$750m 3.625% Subordinated Notes Callable in 2017 *Interest rate resets to 5-year US Dollar Swap Offer Rate plus 2.229% if not called.*	31.4	21 Mar 2012	21 Sep 2022	Mar/Sep	**994**	953	**994**	953
S$1,000m 3.10% Subordinated Notes Callable in 2018 *Interest rate resets to 5-year Singapore Dollar Swap Offer Rate plus 2.085% if not called.*	31.5	14 Aug 2012	14 Feb 2023	Feb/Aug	**983**	982	**983**	982
Total					**4,665**	5,544	**4,665**	5,544
Due within 1 year					**726**	-	**726**	-
Due after 1 year					**3,939**	5,544	**3,939**	5,544
Total					**4,665**	5,544	**4,665**	5,544

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

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

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

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

31.5 The fixed rate funding has been converted to floating rate at six-month Singapore Dollar Swap Offer Rate + 2.16% via interest rate swaps.

For more information on each instrument, please refer to "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

32 Share Capital

	The Group and Bank			
	Shares ('000)		In $ millions	
	2014	**2013**	**2014**	**2013**
Ordinary shares				
Balance at 1 January	**2,233,103**	2,233,103	**14,597**	14,597
Issue of shares (Note 32.1)	**256,278**	-	**5,000**	-
Redemption of preference shares (Note 32.2)	**-**	-	**1,700**	-
Balance at 31 December	**2,489,381**	2,233,103	**21,297**	14,597
Non-cumulative preference shares				
Balance at 1 January				
4.7% non-cumulative non-convertible perpetual preference shares (Note 32.2)	**7**	7	**1,700**	1,700
4.7% non-cumulative non-convertible perpetual preference shares (Note 32.3)	**8,000**	8,000	**799**	799
	8,007	8,007	**2,499**	2,499
Redemption of preference shares (Note 32.2)	**(7)**	-	**(1,700)**	-
Balance at 31 December	**8,000**	8,007	**799**	2,499
Issued share capital at 31 December			**22,096**	17,096

32.1 The ordinary shares are fully paid-up and do not have par value. In 2014, the Bank issued 256 million ordinary shares for a total cash consideration of $5 billion. The newly issued shares rank pari passu in all respect with the previously issued shares. There was no new issuance of shares in 2013.

32.2 $1,700 million 4.7% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $250,000 each, was issued on 22 October 2010 by the Bank to third parties. Prior to redemption, they qualified as Tier 1 capital for the calculation of the Group's capital adequacy ratios. Dividends, if declared by the Board of Directors of the Bank, were payable semi-annually on 22 April and 22 October at a fixed rate of 4.7% of the liquidation preference per annum. The preference shares were fully redeemed, out of distributable profits, on 21 March 2014. The redemption amount (Note 33) was credited to ordinary share capital.

32.3 $800 million 4.7% non-cumulative non-convertible perpetual preference shares and a liquidation preference of $100 each, was issued on 22 November 2010 by the Bank to third parties. They qualify as Tier 1 capital for the calculation of the Group's capital adequacy ratios. Dividends, if declared by the Board of Directors of the Bank, are payable semi-annually on 22 May and 22 November at a fixed rate of 4.7% of the liquidation preference per annum.

For more information on each instrument, please refer to "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

33 Other Reserves and Revenue Reserves

33.1 Other reserves

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Available-for-sale revaluation reserves	**284**	(30)	**288**	(10)
Cash flow hedge reserves	**(33)**	(14)	**(33)**	(14)
General reserves	**2,453**	2,453	**2,360**	2,360
Capital reserves	**(233)**	(324)	**(43)**	(62)
Total	**2,471**	2,085	**2,572**	2,274

Movements in other reserves for the Group during the year are as follows:

In $ millions	Available-for-sale revaluation reserves	Cash flow hedge reserves	General reserves[(a)]	Capital reserves[(b)]	Total
2014					
Balance at 1 January	**(30)**	**(14)**	**2,453**	**(324)**	**2,085**
Net exchange translation adjustments	**-**	**-**	**-**	**91**	**91**
Share of associates and joint venture's reserves	**7**	**-**	**-**	**-**	**7**
Available-for-sale financial assets and others:					
- net valuation taken to equity	**534**	**(67)**	**-**	**-**	**467**
- transferred to income statement	**(212)**	**47**	**-**	**-**	**(165)**
- tax on items taken directly to or transferred from equity	**(15)**	**1**	**-**	**-**	**(14)**
Balance at 31 December	**284**	**(33)**	**2,453**	**(233)**	**2,471**
2013					
Balance at 1 January	634	(1)	2,453	(229)	2,857
Net exchange translation adjustments	-	-	-	(91)	(91)
Share of associates and joint venture's reserves	-	-	-	(4)	(4)
Available-for-sale financial assets and others:					
- net valuation taken to equity	(507)	(35)	-	-	(542)
- transferred to income statement	(197)	21	-	-	(176)
- tax on items taken directly to or transferred from equity	40	1	-	-	41
Balance at 31 December	(30)	(14)	2,453	(324)	2,085

(a) General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign subsidiaries, joint venture, associates and branches, and the related foreign currency financial instruments designated as a hedge

Movements in other reserves for the Bank during the year are as follows:

In $ millions	Available-for-sale revaluation reserves	Cash flow hedge reserves	General reserves[(a)]	Capital reserves[(b)]	Total
2014					
Balance at 1 January	**(10)**	**(14)**	**2,360**	**(62)**	**2,274**
Net exchange translation adjustments	**-**	**-**	**-**	**19**	**19**
Available-for-sale financial assets and others:	**-**	**-**	**-**	**-**	**-**
- net valuation taken to equity	**494**	**(67)**	**-**	**-**	**427**
- transferred to income statement	**(182)**	**47**	**-**	**-**	**(135)**
- tax on items taken directly to or transferred from equity	**(14)**	**1**	**-**	**-**	**(13)**
Balance at 31 December	**288**	**(33)**	**2,360**	**(43)**	**2,572**
2013					
Balance at 1 January	630	(1)	2,360	(10)	2,979
Net exchange translation adjustments	-	-	-	(52)	(52)
Available-for-sale financial assets and others:					
- net valuation taken to equity	(495)	(35)	-	-	(530)
- transferred to income statement	(184)	21	-	-	(163)
- tax on items taken directly to or transferred from equity	39	1	-	-	40
Balance at 31 December	(10)	(14)	2,360	(62)	2,274

(a) General reserves are maintained in accordance with the provisions of applicable laws and regulations. These reserves are non distributable unless otherwise approved by the relevant authorities. Under the Banking (Reserve Fund) (Transitional Provision) regulations 2007, which came into effect on 11 June 2007, the Bank may distribute or utilise its statutory reserves provided that the amount distributed or utilised for each financial year does not exceed 20% of the reserves as at 30 March 2007

(b) Capital reserves include net exchange translation adjustments arising from translation differences on net investments in foreign branches and the related foreign currency instruments designated as a hedge

33.2 Revenue reserves

In $ millions	The Group		Bank	
	2014	**2013**	**2014**	**2013**
Balance at 1 January	**15,379**	13,503	**12,649**	11,561
Redemption of preference shares	**(1,700)**	-	**(1,700)**	-
Remeasurement of defined benefit plan	**-**	-	**(1)**	-
Net profit attributable to shareholders	**4,098**	3,793	**3,249**	3,005
Amount available for distribution	**17,777**	17,296	**14,197**	14,566
Less: Dividends paid to holding company	**6,197**	1,800	**6,197**	1,800
Dividends paid on preference shares	**59**	117	**59**	117
Balance at 31 December	**11,521**	15,379	**7,941**	12,649

34 Non-controlling Interests

The following preference shares issued by subsidiaries of the Group are classified as non-controlling interests. These instruments have a deeply subordinated claim on the issuing entity's assets in the event of a default or liquidation. These instruments are in the first instance ineligible as capital instruments under Basel III rules as they lack provisions for conversion to ordinary shares or write-down at the point of non-viability as determined by the Monetary Authority of Singapore, but are accorded partial eligibility as Tier 1 capital for calculating capital adequacy ratios under the Basel III transitional arrangements for capital instruments issued prior to 1 January 2013.

In $ millions					The Group	
Instrument	**Note**	**Issuance Date**	**Liquidation preference**	**Dividend payment**	**2014**	**2013**
Issued by DBS Capital Funding II Corporation						
S$1,500m 5.75% Non-Cumulative, Non-Convertible, Non-Voting, Guaranteed Preference Shares Callable with Step-up in 2018	34.1	27 May 2008	$250,000	Jun/Dec	**1,500**	1,500
Non-controlling interests in subsidiaries					**195**	247
Total					**1,695**	1,747

34.1 Dividends are payable if declared by the Board of Directors of DBS Capital Funding II Corporation. They are payable semi-annually in arrears each year at a fixed rate of 5.75% per annum up to 15 June 2018 and in arrears on 15 June, and 15 December. If these are not redeemed at the tenth year, dividends will be payable quarterly in arrears on 15 March, 15 June, 15 September and 15 December at a floating rate of three-month Singapore Dollar Swap Offer Rate plus a stepped-up spread of 3.415% per annum.

For more information on each instrument, please refer to "Capital Instruments" section at the Group's website (http://www.dbs.com/investor/preferenceshares/default.aspx) (unaudited).

35 Contingent Liabilities and Commitments

The Group issues guarantees, performance bonds and indemnities in the ordinary course of business. The majority of these facilities are offset by corresponding obligations of third parties.

Guarantees and performance bonds are generally written by the Group to support the performance of a customer to third parties. As the Group will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amount.

Endorsements are residual liabilities of the Group in respect of bills of exchange, which have been paid and subsequently rediscounted.

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Guarantees on account of customers	**15,672**	14,921	**16,115**	14,668
Endorsements and other obligations on account of customers	**6,559**	5,998	**4,522**	4,057
Undrawn loan commitments[(a)]	**187,423**	158,027	**150,309**	125,188
Undisbursed and underwriting commitments in securities	**53**	22	**53**	24
Sub-total	**209,707**	178,968	**170,999**	143,937
Operating lease commitments (Note 35.2)	**729**	772	**418**	506
Capital commitments	**22**	18	**7**	5
Total	**210,458**	179,758	**171,424**	144,448

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Analysed by industry (excluding operating lease and capital commitments)				
Manufacturing	**34,642**	28,994	**26,393**	21,792
Building and construction	**17,594**	12,940	**15,767**	11,156
Housing loans	**9,980**	11,547	**9,837**	11,446
General commerce	**46,191**	38,337	**34,038**	27,217
Transportation, storage and communications	**10,153**	10,018	**8,814**	8,993
Financial institutions, investment and holding companies	**18,081**	15,965	**17,556**	15,688
Professionals and private individuals (excluding housing loans)	**53,362**	43,020	**40,353**	31,557
Others	**19,704**	18,147	**18,241**	16,088
Total	**209,707**	178,968	**170,999**	143,937
Analysed by geography (excluding operating lease and capital commitments) [(b)]				
Singapore	**90,622**	79,779	**90,170**	79,824
Hong Kong	**43,428**	37,644	**18,844**	14,832
Rest of Greater China	**14,413**	10,834	**4,207**	3,169
South and Southeast Asia	**20,285**	18,366	**18,782**	15,598
Rest of the World	**40,959**	32,345	**38,996**	30,514
Total	**209,707**	178,968	**170,999**	143,937

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group (2014: $151,854 million, 2013: $124,031 million) and by the Bank (2014: $115,961 million, 2013: $92,624 million)
(b) Based on the country of incorporation of the counterparty or borrower

35.1 The Group has existing outsourcing agreements for the provision of information technology and related support to the Group's operations. There are various termination clauses in the agreements that could require the Group to pay termination fees on early termination of the contract or part thereof. The termination fees are stipulated in the agreements and are determined based on the year when the agreements or part thereof are terminated.

35.2 The Group has existing significant operating lease commitments including the leasing of office premises in Changi Business Park and Marina Bay Financial Centre in Singapore; and One Island East in Hong Kong. These include lease commitments for which the payments will be determined in the future based on the prevailing market rates in accordance with the lease agreements, of which the related amounts have not been included. The leases have varying terms, escalation clauses and renewal rights.

36 Financial Derivatives

Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options. The following sections outline the nature and terms of the most common types of derivatives used by the Group.

Interest rate derivatives

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is the difference between the contracted rate and the market rate prevailing on the settlement date.

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate futures are exchange-traded agreements to buy or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a standard future date.

Interest rate options give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period and commencing on a specified future date.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds, instead the writer pays to the buyer the amount by which the market rate exceeds or is less than the cap rate or the floor rate respectively. This category includes combinations of interest rate caps and floors, which are known as interest rate collars.

Foreign exchange derivatives

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency options give the buyer, on payment of a premium, the right but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Equity derivatives

Equity options provide the buyer, on payment of a premium, the right but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Equity swaps involve the exchange of a set of payments whereby one of these payments is based on an equity-linked return while the other is typically based on an interest reference rate.

Credit derivatives

Credit default swaps involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for an undertaking by the seller to make a payment to the buyer upon the occurrence of a predefined credit event.

Commodity derivatives

Commodity contracts are agreements between two parties to exchange cash flows which are dependent on the price of the underlying physical assets.

Commodity futures are exchange-traded agreements to buy or sell a standard amount of a commodity at an agreed price on a standard future date.

Commodity options give the buyer the right, but not the obligation, to buy or sell a specific amount of commodity at an agreed contract price on or before a specified date.

36.1 Trading derivatives

Most of the Group's derivatives relate to sales and trading activities. Sales activities include the structuring and marketing of derivatives to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities are entered into principally for dealer's margin or for the purpose of generating a profit from short-term fluctuations in price.

Trading includes mainly market-making and warehousing to facilitate customer orders. Market-making involves quoting bid and offer prices to other market participants with the intention of generating revenues based on spread and volume. Warehousing involves holding on to positions in order to liquidate in an orderly fashion with timing of unwinding determined by market conditions and traders' views of markets as they evolve.

36.2 Hedging derivatives

The accounting treatment of the hedge derivative transactions varies according to the nature of the hedge and whether the hedge meets the specified criteria to qualify for hedge accounting. Derivatives transacted as economic hedges but do not qualify for

hedge accounting are treated in the same way as derivative instruments held for trading purposes.

Fair value hedges

The Group's fair value hedges consist principally of interest rate swaps used for managing interest rate gaps. For the year ended 31 December 2014, the gain on hedging instruments was $13 million (2013: $59 million). The total loss on hedged items attributable to the hedged risk amounted to $13 million (2013: $59 million).

At the Bank, for the year ended 31 December 2014, the gain on hedging instruments was $3 million (2013: $43 million). The total loss on hedged items attributable to the hedged risk amounted to $3 million (2013: loss of $43 million).

Cash flow hedges

The Group's cash flow hedges consist principally of currency forwards and currency swaps transacted to hedge highly probable forecast transactions expected to occur at various future dates against variability in exchange rates. The currency forwards and currency swaps have maturity dates that coincide within the expected occurrence of these transactions. The forecast transactions are expected to occur within four years from the balance sheet date, and are expected to affect income statement in the same period these cash flows occur.

The ineffectiveness arising from these hedges was insignificant.

Net investment hedges

The Group hedges part of the currency translation risk of investments through financial derivatives and borrowings. The ineffectiveness arising from hedging of investments was insignificant. The Group regularly reviews its hedging strategy and rebalance based on long-term outlook of the currency fundamentals.

The tables below analyses the currency exposure of Group by functional currency at 31 December:

	The Group		
In $ millions	**Net investments in foreign operations[(a)]**	**Financial instruments which hedge the net investments**	**Remaining unhedged currency exposures**
2014			
Hong Kong dollar	**7,158**	**7,150**	**8**
US dollar	**939**	**938**	**1**
Others	**5,668**	**1,703**	**3,965**
Total	**13,765**	**9,791**	**3,974**
2013			
Hong Kong dollar	6,236	6,156	80
US dollar	885	880	5
Others	5,414	1,639	3,775
Total	12,535	8,675	3,860

(a) Refer to net tangible assets of subsidiaries, associates and joint venture, and overseas operations

The following table summarises the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and hedging purposes outstanding at balance sheet date. They do not represent amounts at risk.

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected as derivative assets or derivative liabilities. Derivative assets and liabilities arising from different transactions are only offset if the transactions are done with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis. There was no offset of derivative assets and liabilities in 2014 and 2013.

	The Group					
	2014			2013		
In $ millions	**Underlying notional**	**Assets**	**Liabilities**	**Underlying notional**	**Assets**	**Liabilities**
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**723,251**	**5,251**	**5,089**	604,785	6,445	6,626
Financial futures	**8,606**	**3**	**1**	8,057	7	3
Interest rate options	**6,655**	**66**	**83**	7,621	74	98
Interest rate caps/floors	**21,879**	**277**	**644**	22,544	309	448
Sub-total	**760,391**	**5,597**	**5,817**	643,007	6,835	7,175
Foreign exchange (FX) derivatives						
FX contracts	**641,978**	**4,838**	**5,810**	555,055	5,341	5,925
Currency swaps	**169,772**	**4,137**	**4,619**	134,668	3,319	3,151
Currency options	**227,440**	**1,346**	**1,225**	146,913	1,048	986
Sub-total	**1,039,190**	**10,321**	**11,654**	836,636	9,708	10,062
Equity derivatives						
Equity options	**2,458**	**31**	**142**	1,861	42	56
Equity swaps	**706**	**9**	**10**	286	4	6
Sub-total	**3,164**	**40**	**152**	2,147	46	62
Credit derivatives						
Credit default swaps and others	**52,288**	**425**	**608**	53,890	481	520
Sub-total	**52,288**	**425**	**608**	53,890	481	520
Commodity derivatives						
Commodity contracts	**2,016**	**303**	**203**	2,376	41	45
Commodity futures	**3,274**	**79**	**107**	3,081	48	39
Commodity options	**1,801**	**35**	**44**	1,178	15	11
Sub-total	**7,091**	**417**	**354**	6,635	104	95
Total derivatives held for trading	**1,862,124**	**16,800**	**18,585**	1,542,315	17,174	17,914
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**9,003**	**84**	**151**	8,824	129	163
FX contracts held for cash flow hedge	**1,093**	**12**	**16**	853	-	8
FX contracts held for hedge of net investment	**1,472**	**47**	**4**	1,578	6	4
Currency swaps held for fair value hedge	**1,532**	**34**	**6**	1,322	-	43
Currency swaps held for cash flow hedge	**623**	**16**	**7**	2,690	116	-
Currency swaps held for hedge of net investment	**2,301**	**2**	**-**	1,075	1	-
Total derivatives held for hedging	**16,024**	**195**	**184**	16,342	252	218
Total derivatives	**1,878,148**	**16,995**	**18,769**	1,558,657	17,426	18,132
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(8,729)**	**(8,729)**		(9,746)	(9,746)
		8,266	**10,040**		7,680	8,386
Of which derivatives with parent company	**991**	**-**	**14**	-	-	-

	Bank					
	2014			2013		
In $ millions	Underlying notional	Assets	Liabilities	Underlying notional	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
Interest rate swaps	**672,085**	**5,161**	**5,002**	575,973	6,288	6,451
Financial futures	**7,992**	**3**	**1**	8,048	7	3
Interest rate options	**6,655**	**66**	**83**	7,621	74	98
Interest rate caps/floors	**21,882**	**278**	**644**	22,549	309	448
Sub-total	**708,614**	**5,508**	**5,730**	614,191	6,678	7,000
Foreign exchange (FX) derivatives						
FX contracts	**593,107**	**4,627**	**5,627**	517,249	5,079	5,597
Currency swaps	**169,773**	**3,988**	**4,534**	134,248	3,117	3,065
Currency options	**229,199**	**1,326**	**1,212**	149,395	1,043	995
Sub-total	**992,079**	**9,941**	**11,373**	800,892	9,239	9,657
Equity derivatives						
Equity options	**2,400**	**31**	**142**	1,871	36	65
Equity swaps	**706**	**9**	**10**	286	6	6
Sub-total	**3,106**	**40**	**152**	2,157	42	71
Credit derivatives						
Credit default swaps and others	**52,288**	**425**	**608**	53,934	481	520
Sub-total	**52,288**	**425**	**608**	53,934	481	520
Commodity derivatives						
Commodity contracts	**2,016**	**304**	**203**	2,379	41	45
Commodity futures	**3,274**	**79**	**107**	3,080	48	39
Commodity options	**1,815**	**35**	**44**	1,178	15	11
Sub-total	**7,105**	**418**	**354**	6,637	104	95
Total derivatives held for trading	**1,763,192**	**16,332**	**18,217**	1,477,811	16,544	17,343
Derivatives held for hedging						
Interest rate swaps held for fair value hedge	**8,198**	**52**	**137**	7,960	99	138
FX contracts held for fair value hedge	**1,261**	**42**	**#**	1,405	5	3
FX contracts held for cash flow hedge	**1,093**	**12**	**16**	853	-	8
FX contracts held for hedge of net investment	**9**	**#**	**-**	55	-	-
Currency swaps held for fair value hedge	**1,719**	**34**	**6**	1,322	-	43
Currency swaps held for cash flow hedge	**623**	**16**	**7**	2,690	116	-
Currency swaps held for hedge of net investment	**455**	**#**	**-**	-	-	-
Total derivatives held for hedging	**13,358**	**156**	**166**	14,285	220	192
Total derivatives	**1,776,550**	**16,488**	**18,383**	1,492,096	16,764	17,535
Impact of netting arrangements recognised for computation of Capital Adequacy Ratio (CAR) (unaudited)		**(9,122)**	**(9,122)**		(10,577)	(10,577)
		7,366	**9,261**		6,187	6,958
Of which derivatives with subsidiaries and parent company	**112,029**	**1,034**	**436**	93,981	1,026	865

Amount less than $500,000

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to $1,198 billion (2013: $1,122 billion) and $679 billion (2013: $437 billion) respectively for the Group and $1,207 billion (2013: $1,055 billion) and $569 billion (2013: $437 billion) respectively for the Bank. These positions are mainly booked in Singapore. For purpose of managing its credit exposures, the Group maintains collateral agreements and enters into master netting agreements with most of these counterparties. For those arrangements that comply with the regulatory requirements as set out in MAS Notice 637, the Group recognises the netting arrangements in the computation of its Capital Adequacy Ratios.

37 Share-based Compensation Plans

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

Main Scheme/ Plan	Note
DBSH Share Plan (Share Plan) • Share Plan is granted to Group executives as determined by the Committee appointed to administer the Share Plan from time to time. • Participants are awarded shares of DBSH, their equivalent cash value or a combination. • Awards consist of main award and retention award (20% of main awards). • The vesting of main award is staggered between 2 – 4 years after grant i.e. 33% will vest 2 years after grant. Another 33% will vest on the third year and the remaining 34% plus the retention award will vest 4 years after grant. • The fair value of the shares awarded is computed based on the market price of the ordinary shares at the time of the award.	37.1
DBSH Employee Share Plan (ESP) • ESP caters to employees not eligible to participate in the above listed Share Plan. Eligible employees are awarded ordinary shares of DBSH, their equivalent cash value or a combination of both (at the discretion of the Committee), when time-based conditions are met. • The awards structure and vesting conditions are similar to DBSH Share Plan. • There are no additional retention awards for shares granted to top performers and key employees. • However, in specific cases where the award forms part of an employee's annual performance remuneration, the retention award which constitutes 20% of the shares given in the main award will be granted. The shares in the retention award will vest 4 years after the date of grant.	37.1
DBSH Share Ownership Scheme • All Singapore based employees with at least one year of service who hold the rank of Assistant Vice President and below are eligible. • Participants contribute up to 10% of monthly salary and the Group will match up to 5% of monthly base salary to buy units of the DBSH's ordinary shares.	37.2
DBSH Share Option Plan (Option Plan) • The Option Plan expired on 19 June 2009. Its termination does not affect the rights of holders of outstanding existing options. • Option Plan is granted to eligible Group executives who hold the rank of Vice President (or equivalent) and above and selected employees below the rank of Vice President (or equivalent). • The exercise price is equal to the average of the last dealt prices for the DBSH's share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Ltd, for the three consecutive trading days immediately preceding the date of the grant. • The options vest over a period in accordance to vesting schedule and are exercisable after the first anniversary of the date of the grant up to the date of expiration of the options. • The fair value of options granted is determined using the Binomial model.	37.3

37.1 DBSH Share Plan and DBSH Employee Share Plan

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

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

Number of shares	Bank 2014		2013	
	Share Plan	**ESP**	**Share Plan**	**ESP**
Balance at 1 January	**13,124,486**	**853,015**	10,991,357	631,006
Granted	**4,617,644**	**448,453**	4,586,539	378,987
Vested	**(3,680,492)**	**(219,240)**	(1,992,641)	(127,743)
Transferred	**61,685**	**(500)**	153,063	30,086
Forfeited	**(95,916)**	**(87,430)**	(613,832)	(59,321)
Balance at 31 December	**14,027,407**	**994,298**	13,124,486	853,015
Weighted average fair value of the shares granted during the year	**$16.66**	**$16.65**	$15.09	$15.07

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

37.2 DBSH Share Ownership Scheme

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

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

37.3 DBSH Share Option Plan

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

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

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

	Bank			
	2014		2013	
	Unissued number of ordinary shares under outstanding options	**Weighted average exercise price ($)**	**Unissued number of ordinary shares under outstanding options**	**Weighted average exercise price ($)**
Balance at 1 January	**1,076,548**	**12.65**	2,425,021	11.23
Movements during the year:				
- Exercised	**(826,963)**	**12.59**	(1,370,459)	10.17
- Transferred	**61,072**	**12.65**	99,241	10.29
- Forfeited/Expired	**(3,455)**	**12.57**	(77,255)	8.87
Balance at 31 December	**307,202**	**12.81**	1,076,548	12.65
Weighted average remaining contractual life of options outstanding at 31 December	**0.16 years**		0.59 years	
Exercise price of options outstanding at 31 December	**$12.81**		$12.53 to $12.81	

In 2014, 826,963 options (2013: 1,370,459) were exercised at their contractual exercise prices. During the year, the corresponding weighted average market price of the DBSH's shares was $16.73 (2013: $15.40).

38 Related Party Transactions

38.1 Transactions between the Bank and its subsidiaries, including consolidated structured entities, associates and joint venture, which are related parties of the Bank, are disclosed in Notes 38.4 to 38.6.

38.2 During the financial year, the Group had banking transactions with key management personnel of the Group. These included the taking of deposits and extension of credit card and other loan facilities. These transactions were made in the ordinary course of business and carried out at arms-length commercial terms, and are not material. In addition, key management personnel received remuneration for services rendered during the financial year. Non-cash benefits including performance shares were also granted.

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

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Short-term benefits [(b)]	**41**	39	**32**	30
Share-based payments [(c)]	**24**	20	**22**	18
Total	**65**	59	**54**	48
Of which: Bank Directors' remuneration and fees	**11**	10	**11**	10

(a) Includes Bank Directors and members of the Management Committee who have authority and responsibility in planning the activities and direction of the Group. The composition and number of Directors and Management Committee members may differ from year to year
(b) Includes cash bonus based on amount accrued during the year, to be paid in the following year
(c) Share-based payments are expensed over the vesting period in accordance with FRS102

38.4 Income received and expenses paid to related parties

	Bank	
In $ millions	**2014**	**2013**
Income received from:		
-Subsidiaries	**387**	332
-Associates	**44**	41
Total	**431**	373
Expenses paid to:		
-Subsidiaries	**184**	170
-Associates	**10**	6
Total	**194**	176

38.5 Amounts due to and from related parties

	Bank	
In $ millions	**2014**	**2013**
Amounts due from:		
-Subsidiaries	**6,795**	6,385
-Associates	**991**	38
Total	**7,786**	6,423
Amounts due to:		
-DBSH	**3,373**	1,406
-Subsidiaries	**14,341**	9,391
-Associates	**95**	69
Total	**17,809**	10,866

38.6 Guarantees to related parties

Guarantees granted to and from subsidiaries amounted to $2,045 million (2013: $1,666 million) and $1,617 million (2013: $1,325 million) respectively.

The Bank also finances customer through discounting bills issued by related parties. As at 31 Dec 2014, outstanding amount of such bills was $3,968 million (2013: $4,287 million).

39 Fair Value of Financial Instruments

39.1 Valuation Process

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

The Rates framework governs the daily revaluation of all financial assets and liabilities that are measured at fair value, covering both market prices as well as model inputs. Financial assets and liabilities are marked directly using reliable and independent market prices or by using reliable and independent market parameters (as model inputs) in conjunction with a valuation model. Products with a liquid market or those traded via an exchange will fall under the former while most over-the-counter (OTC) exotic products will form the latter. Market parameters include interest rate yield curves, credit spreads, exchange prices, dividend yields, option volatilities and foreign exchange rates.

Valuation models go through an assurance process carried out by the Risk Management Group (RMG), independent of the model developers. This assurance process covers the review of the underlying methodology including its logic and conceptual soundness together with the model inputs and outputs. Model assurances are conducted prior to implementation and subject to regular review or when there are significant changes arising from market or portfolio changes. Where necessary, the Group also imposes model reserves and other adjustments in determining fair value. Models are approved by the Group Market and Liquidity Risk Committee.

The majority of OTC derivatives are traded in active markets. Valuations are determined using generally accepted models (for example discounted cash flows, Black-Scholes model, interpolation techniques) based on quoted market prices for similar instruments or underlyings.

A process of independent price verification (IPV) is in place to establish the accuracy of the market parameters used when the marking is performed by the Front Office. The IPV process entails independent checks to compare traders' marks to independent sources such as broker/dealer sources or market consensus providers. The results of the IPV are reviewed by independent control functions on a monthly basis.

For illiquid complex financial instruments where mark-to-market is not possible, the Group will value these products using an approved valuation model. Prices and parameters used as inputs to the model or to any intermediate technique involving a transformation process must be derived from approved market sources. Where possible, the inputs must be checked against multiple sources for reliability and accuracy. Reliance will be placed on the model assurance framework established by RMG for assurance of valuation models as fit for purpose.

The Group uses various market accepted benchmark interest rates such as LIBOR and Swap Offer Rates to determine the fair value of the financial instruments.

Where unobservable inputs are used in these models, the financial instruments are classified as Level 3 in the fair value hierarchy and valuation adjustments or reserves are taken to provide for any uncertainty in valuations. Valuation adjustment or reserve methodologies are also used to substantiate the significance of unobservable inputs. Such methodologies are governed by the Reserve Framework and require approval by the Group Market and Liquidity Risk Committee.

The main valuation adjustments and reserves are described below:

Model and Parameter Uncertainty adjustments
Valuation uncertainties may occur during fair value measurement either due to uncertainties in the required input parameters or uncertainties in the modeling methods used in valuation process. In such situations, adjustments may be necessary to take these factors into account.

For example, where market data such as prices or rates for an instrument are no longer observable after an extended period of time, these inputs used to value the financial instruments may no longer be relevant in the current market conditions. In such situations, adjustments may be necessary to address the pricing uncertainty arising from the use of stale market data inputs.

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

Day 1 profit or loss (P&L) reserve
In situations where the market for an instrument is not active and its fair value is established using a valuation model based on significant unobservable market parameters, the Day 1 P&L arising from the difference in transacted price and end-of-day model valuation is set aside as reserves. A market parameter is defined as being significant when its impact on the Day 1 P&L is greater than an internally determined threshold. The Day 1 P&L reserve is released to the income statement when the parameters become observable or when the transaction closed out or amortised over the duration of the transaction. At year end, the unamortised Day 1 P&L was not material.

Bid Offer adjustment
The Group often holds, at varying points in time, both long or short positions in financial instruments which are valued using mid market levels. Bid offer adjustments are then made to adjust net open position valuations to the respective bid or offer levels as appropriate.

39.2 Fair Value Hierarchy

The fair value hierarchy accords the highest level to observable inputs such as unadjusted quoted prices in active markets for identical assets or liabilities and the lowest level to unobservable inputs. The fair value measurement of each financial instrument is categorised in accordance with the same level of the fair value hierarchy as the input with the lowest level that is significant to the entire measurement. If unobservable inputs are deemed significant, the financial instrument will be categorised as Level 3.

Financial instruments that are valued using quoted prices in active markets are classified as Level 1 within the fair value hierarchy. These would include government and sovereign securities, listed equities and corporate debt securities which are actively traded. Derivatives contracts which are traded in an active exchange market are also classified as Level 1 of the valuation hierarchy.

Where fair value is determined using quoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group will determine the fair value based on valuation techniques that use market parameters as inputs including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data so that reliability of the fair value measurement is high. These would include corporate debt securities, repurchase, reverse repurchase agreements and most of the Group's over-the-counter derivatives.

The Group classifies financial instruments as Level 3 when there is reliance on unobservable inputs to the valuation model attributing to a significant contribution to the instrument value. These would include all input parameters which are derived from historical data such as correlation or volatilities as well as unquoted equity securities. The fair value of unquoted equity securities is measured based on net asset value of the investments. Level 3 inputs also include all quoted security prices that have not been updated for more than 3 months, quoted proxies in active markets for non-similar asset classes (e.g. bonds marked over credit default swap spreads), as well as prices/valuations that are obtained from counterparties. Valuation reserves or pricing adjustments where applicable are used to converge to fair value.

The following table presents assets and liabilities measured at fair value, classified by level within the fair value hierarchy:

	The Group			
In $ millions	**Level 1**	**Level 2**	**Level 3**	**Total**
2014				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	**1,963**	**-**	**-**	**1,963**
- Other government securities and treasury bills	**3,056**	**1,924**	**-**	**4,980**
- Bank and corporate debt securities	**5,675**	**3,554**	**692**	**9,921**
- Equity securities	**769**	**11**	**-**	**780**
- Other financial assets	**-**	**8,196**	**-**	**8,196**
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	**6,357**	**-**	**-**	**6,357**
- Other government securities and treasury bills	**14,522**	**672**	**-**	**15,194**
- Bank and corporate debt securities	**10,257**	**1,973**	**27**	**12,257**
- Equity securities[(a)]	**1,081**	**2**	**117**	**1,200**
- Other financial assets	**-**	**5,424**	**-**	**5,424**
Derivatives	**82**	**16,902**	**11**	**16,995**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	**-**	**4,963**	**8**	**4,971**
- Other financial liabilities	**1,189**	**1,678**	**-**	**2,867**
Derivatives	**110**	**18,524**	**135**	**18,769**

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

(a) Excludes unquoted equities stated at cost of $259 million (2013: $278 million)

In $ millions	Bank Level 1	Level 2	Level 3	Total
2014				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	**1,963**	**-**	**-**	**1,963**
- Other government securities and treasury bills	**2,071**	**1,222**	**-**	**3,293**
- Bank and corporate debt securities	**5,206**	**2,319**	**692**	**8,217**
- Equity securities	**769**	**11**	**-**	**780**
- Other financial assets	**-**	**7,649**	**-**	**7,649**
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	**6,357**	**-**	**-**	**6,357**
- Other government securities and treasury bills	**11,108**	**140**	**-**	**11,248**
- Bank and corporate debt securities	**8,949**	**1,502**	**27**	**10,478**
- Equity securities[(a)]	**1,024**	**-**	**117**	**1,141**
- Other financial assets	**-**	**2,865**		**2,865**
Derivatives	**82**	**16,395**	**11**	**16,488**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	**-**	**4,963**	**8**	**4,971**
- Other financial liabilities	**553**	**457**	**-**	**1,010**
Derivatives	**110**	**18,138**	**135**	**18,383**

In $ millions	Level 1	Bank Level 2	Level 3	Total
2013				
Assets				
Financial assets at fair value through profit or loss				
- Singapore Government securities and treasury bills	2,013	-	-	2,013
- Other government securities and treasury bills	2,961	-	-	2,961
- Bank and corporate debt securities	5,795	855	539	7,189
- Equity securities	437	147	-	584
- Other financial assets	-	2,655	-	2,655
Available-for-sale financial assets				
- Singapore Government securities and treasury bills	7,332	-	-	7,332
- Other government securities and treasury bills	10,785	-	-	10,785
- Bank and corporate debt securities	7,456	2,539	26	10,021
- Equity securities[(a)]	793	1	131	925
- Other financial assets	-	2,594	-	2,594
Derivatives	50	16,693	21	16,764
Liabilities				
Financial liabilities at fair value through profit or loss				
- Other debt securities	-	3,575	21	3,596
- Other financial liabilities	844	651	-	1,495
Derivatives	40	17,444	51	17,535

(a) Excludes unquoted equities stated at cost of $226 million (2013: $233 million)

The following table presents the changes in Level 3 instruments for the financial year ended for the Group and the Bank:

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2014									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	**539**	**80**	**-**	**148**	**-**	**(101)**	**26**	**-**	**692**
Available-for-sale financial assets									
- Bank and corporate debt securities	**26**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**27**
- Equity securities	**131**	**20**	**(18)**	**-**	**-**	**(16)**	**-**	**-**	**117**
Derivatives	**21**	**1**	**-**	**-**	**-**	**-**	**10**	**(21)**	**11**
Total	**717**	**102**	**(18)**	**148**	**-**	**(117)**	**36**	**(21)**	**847**
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	**21**	**-**	**-**	**-**	**-**	**(13)**	**-**	**-**	**8**
Derivatives	**51**	**56**	**-**	**17**	**-**	**-**	**11**	**-**	**135**
Total	**72**	**56**	**-**	**17**	**-**	**(13)**	**11**	**-**	**143**

In $ millions	Balance at 1 January	Fair value gains or losses		Pur-chases	Issues	Settle-ments	Transfers in	Transfers out	Balance at 31 December
		Income statement	Other compre-hensive income						
2013									
Assets									
Financial assets at fair value through profit or loss									
- Bank and corporate debt securities	97	(23)	-	477	-	(12)	-	-	539
Available-for-sale financial assets									
- Bank and corporate debt securities	36	-	1	-	-	(11)	-	-	26
- Equity securities	126	8	16	3	-	(22)	-	-	131
Derivatives	22	2	-	-	-	-	6	(9)	21
Total	281	(13)	17	480	-	(45)	6	(9)	717
Liabilities									
Financial liabilities at fair value through profit or loss									
- Other debt securities	25	-	-	-	-	(4)	-	-	21
- Other financial liabilities	1	-	-	-	-	-	-	(1)	-
Derivatives	11	(4)	-	51	-	-	-	(7)	51
Total	37	(4)	-	51	-	(4)	-	(8)	72

Economic hedges entered into for Level 2 exposures may be classified within a different category (i.e. Level 1) and similarly, hedges entered for Level 3 exposures may also be classified within a different category (i.e. Level 1 and/or Level 2). The effects are presented gross in the table.

During the year, the Group transferred financial assets and liabilities from Level 1 to Level 2 due to reduced market activity and from Level 2 to Level 1 arising from increased market activity.

Gains and losses on Level 3 financial assets and liabilities measured at fair value for the Group and the Bank

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

Fair value gains or losses taken to other comprehensive income are reported in the Statement of Comprehensive Income as “Net valuation taken to equity”.

Effect of changes in significant unobservable inputs to reflect reasonably possible alternatives

As at 31 December 2014, financial instruments measured with valuation techniques using significant unobservable inputs (Level 3) included unquoted equity investments, bank and corporate debt securities, interest rate and credit derivatives and financial liabilities from structured product issuances.

There are limited inter-relationships between unobservable inputs as the financial instruments are usually categorised into Level 3 because of a single unobservable input.

In estimating significance, the Group performed sensitivity analysis based on methodologies applied for fair value adjustments. These adjustments reflect the values which the Group estimates to be appropriate to reflect uncertainties in the inputs used (e.g. based on stress testing methodologies on the unobservable input). The methodologies used can be statistical or based on other relevant approved techniques.

The movement in fair value arising from reasonably possible changes to the significant unobservable inputs is assessed as not significant.

In $ millions	2014	2013	Classification	Valuation technique	Unobservable Input
Assets					
Bank and corporate debt securities	**692**	539	FVPL[(a)]	Discounted cashflows	Credit spreads
Bank and corporate debt securities	**27**	26	AFS[(b)]	Discounted cashflows	Credit spreads
Equity securities (Unquoted)	**117**	131	AFS[(b)]	Net asset value	Net asset value of securities
Derivatives	**11**	21	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads / Correlations
Total	**847**	717			
Liabilities					
Other debt securities	**8**	21	FVPL[(a)]	Discounted cashflows	Credit spreads
Derivatives	**135**	51	FVPL[(a)]	CDS models / Option & interest rate pricing model	Credit spreads / Correlations
Total	**143**	72			

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

39.3 Financial assets & liabilities not carried at fair value

For financial assets and liabilities not carried at fair value on the financial statements, the Group has ascertained that their fair values were not materially different from their carrying amounts at year-end.

For cash and balances with central banks, due from banks, loans and advances to customers, as well as due to banks and deposits and balances from customers, the basis of arriving at fair values is by discounting cash flows using the relevant market interest rates for the respective currencies.

For investment debt securities and subordinated term debts issued, fair values are determined based on independent market quotes, where available. Where market prices are not available, fair values are estimated using discounted cash flow method.

For unquoted equities not carried at fair value, fair values have been estimated by referencing to the net tangible asset backing of the investee. Unquoted equities of $259 million as at 31 December 2014 (2013: $278 million) for the Group and $226 million as at 31 December 2014 (2013: $233 million) for the Bank were stated at cost less accumulated impairment losses because the fair value cannot be reliably estimated using valuation techniques supported by observable market data. The Group intends to dispose of such instruments through public listing or trade sale.

The fair value of variable interest-bearing as well as short-term financial instruments accounted for at amortised cost is assumed to be approximated by their carrying amounts.

40 Risk Governance

Under the Group's risk management frameworks, the Board of Directors, through the Board Risk Management Committee (BRMC), sets risk appetite, oversees the establishment of robust enterprise-wide risk management policies and processes, and sets risk limits to guide risk-taking within the Group.

The BRMC sets out the overall approaches for identification, monitoring, management and reporting of credit, market, liquidity, operational and reputational risks. To facilitate the BRMC's risk oversight, risk management committees have been established as follows:

1. Risk Executive Committee (Risk ExCo)
2. Product Approval Committee (PAC)*
3. Group Credit Risk Models Committee (GCRMC)*
4. Group Credit Policy Committee (GCPC)*
5. Group Credit Risk Committee (GCRC)
6. Group Market and Liquidity Risk Committee (GMLRC)
7. Group Operational Risk Committee (GORC)

The Risk ExCo provides comprehensive group-wide oversight and direction relating to the management of all risk types and is the overall executive body mandated by the BRMC on risk matters.

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

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

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

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

The above committees (excluding those marked with an asterisk) are supported by local risk committees in all major locations. The local risk committees provide oversight of local risk positions across all businesses and support units and ensure compliance with limits set by the group risk committees. They also approve location-specific risk policies and ensure compliance with local regulatory risk limits and requirements.

The Chief Risk Officer (CRO) has been appointed to oversee the risk management function. The CRO is a member of the Group Executive Committee and reports to the Chairman of the BRMC and to the CEO. The CRO is independent of business lines and is actively involved in key decision making processes.

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

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

- Management of the risks in the Group; including developing and maintaining systems and processes to identify, approve, measure, monitor, control and report risks
- Engagement of senior management on material matters relating to the various types of risks and development of risk controls and mitigation processes
- Ensuring the effectiveness of risk management and adherence to the Risk Appetite established by the Board

41 Credit Risk

Credit risk arises from the Group's daily activities in various areas of business – lending to retail, corporate and institutional customers; trading activities such as foreign exchange, derivatives and debt securities; and settlement of transactions. Credit risk is one of the most significant measurable risks faced by the Group.

Lending exposures are typically represented by the notional value or principal amount of on-balance sheet financial instruments. Financial guarantees and standby letters of credit, which represent undertakings that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans even though they are contingent in nature. Pre-settlement Credit Exposures (PCE) for trading and securities transactions are measured taking into account collateral and netting arrangements. Settlement risk is the risk of loss due to the counterparty's failure to perform its obligation after the Group has performed its obligation under an exchange of cash or securities.

Credit Risk Management
The Group's framework for credit risk management comprises the following building blocks:

- **Policies**
  As established in the Group Credit Risk Management Framework, the dimensions of credit risk and the scope of its application are defined. Senior management sets the overall direction and policy for managing credit risk at the enterprise level. The Group Core Credit Risk Policy (CCRP) sets forth the principles by which the Group conducts its credit risk management and control activities. This policy, supplemented by a number of operational policies, ensures consistency in credit risk underwriting across the Group and provides guidance in the formulation of business-specific and/or location-specific credit risk policies. These latter policies are established to provide greater details on the implementation of the credit principles within the Group CCRP and are adapted to reflect different credit environments and portfolio risk profiles. The Group CCRP is considered and approved by the Risk ExCo based on recommendations from the GCPC.

- **Risk Methodologies**
  Managing credit risk is performed through the Group's deep understanding of its customers, the businesses they are in and the economies in which they operate. This is facilitated through the use of credit ratings and lending limits. The Group uses an array of rating models in both the corporate and retail portfolios. Most are built internally using the Group's own loss data. Limits and "rules for the business" are driven from the Group's Risk Appetite Statement and Target Market and Risk Acceptance Criteria respectively. Significant deals are also reviewed and approved by the Group Credit Committee which is chaired by the Deputy CRO and comprises representatives from RMG and Institutional Banking Group.

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

  Wholesale exposures are assessed using approved credit models, reviewed and analysed by experienced credit risk managers taking into consideration the relevant credit risk factors. For portfolios within the small and medium enterprise segment, the Group also uses a programme-based approach for a balanced management of risks and rewards. Credit extensions are proposed by the business unit and are approved by the credit risk function based on independent credit assessment, while also taking into account the business strategies determined by senior management.

  Derivatives pre-settlement credit risk arising from a counterparty's default is quantified by its current mark-to-market plus an appropriate add-on factor for potential future exposure. This methodology is used to calculate the Group's regulatory capital under the Current Exposure Method (CEM) and is included under the Group's overall credit limits to counterparties for internal risk management.

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

  The Group actively monitors and manages its exposure to counterparties in over-the-counter (OTC) derivative trades to protect its balance sheet in the event of a counterparty default. Counterparty risk exposures which may be materially and adversely affected by market risk events are identified, reviewed and acted upon by management and highlighted to the appropriate risk committees. Specific wrong-way risk arises when the exposure to a particular counterparty is positively correlated with the probability of default of the counterparty due to the nature of transactions with the counterparty. The Group has a policy to guide the handling of specific wrong-way risk transactions and its risk measurement metric takes into account the higher risks associated with such transactions.

Concentration Risk Management
The Group's risk management processes aim to ensure that an acceptable level of risk diversification is maintained across the Group in line with Risk Appetite. For credit risk, we use Economic Capital (EC) as the measurement tool, since it combines the individual risk factors of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) as well as portfolio concentration factors. We set granular EC thresholds to ensure that the allocated EC stays within the Risk Appetite. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. These thresholds are regularly monitored in respect of major industry groups and single counterparty exposures. In addition, we set notional limits for country exposures. Governance processes exist to ensure that exposures are regularly monitored against these thresholds and appropriate actions are taken if thresholds are breached. The Group continually monitors and assesses the need to enhance the scope of thresholds.

Country Risk
Country risk is the risk of loss which is specifically attributed to events in a specific country (or a group of countries). It includes political, exchange rate, economic, sovereign and transfer risks. Country risk is managed as part of concentration risk management under the Risk Appetite Framework.

Transfer risk is the risk that capital and foreign exchange controls may be imposed by government authorities that would prevent or materially impede the conversion of local currency into foreign currency and/or transfer funds to non-residents. A transfer risk event could therefore lead to a default of an otherwise solvent borrower. The principles and approach in the management of transfer risk are set out in the Group's Country Risk

Management Framework. The framework includes an internal transfer risk and sovereign risk rating system where the assessments are made independent of business decisions. Transfer risk limits are set in accordance to the Group's Risk Appetite Framework. Limits for non-strategic countries are set using a model-based approach. Limits for strategic countries are set based on country-specific strategic business considerations and acceptable potential loss versus the Risk Appetite. There are active discussions among the senior management and credit management in right-sizing transfer risk exposures to take into account not only risks and rewards, but also whether such exposures are in line with the Group's strategic intent. All country limits are subject to approval by the BRMC.

Stress Testing
The Group performs various types of credit stress tests which are directed by the regulators or driven by internal requirements and management. Credit stress tests are performed at a portfolio or sub-portfolio level and are generally meant to assess the impact of changing economic conditions on asset quality, earnings performance, capital adequacy and liquidity.

A credit stress test working group is responsible for developing and maintaining a robust stress testing programme to include the execution of the stress testing process and effective analysis of programme results. Stress test results are reported and discussed in the GCRC, the Risk ExCo and the BRMC.

The stress testing programme is comprehensive in nature spanning all major functions and areas of business. It brings together an expert view of the macro-economics, market, and portfolio information with the specific purpose of driving model and expert oriented stress testing results.

The Group generally performs the following types of credit stress testing at a minimum and others as necessary:

Pillar 1 Credit Stress Testing	The Group conducts Pillar 1 credit stress testing regularly as required by regulators. Under Pillar 1 credit stress testing, the Group assesses the impact of a mild stress scenario (at least two consecutive quarters of zero GDP growth) on Internal Ratings-Based (IRB) estimates (i.e. Probability of Default, Loss Given Default and Exposure at Default) and the impact on regulatory capital. The purpose of the Pillar 1 credit stress test is to assess the robustness of internal credit risk models and the cushion above minimum regulatory capital.
Pillar 2 Credit Stress Testing	The Group conducts Pillar 2 credit stress testing once a year as part of the internal capital adequacy assessment process (ICAAP). Under Pillar 2 credit stress testing, the Group assesses the impact of stress scenarios, with different levels of severity, on asset quality, earnings performance, internal and regulatory capital. The results of the credit stress tests form an input to the capital planning process under ICAAP. The purpose of the Pillar 2 credit stress testing is to examine, in a rigorous and forward-looking manner, the possible events or changes in market conditions that could adversely impact the Group.
Industry-Wide Stress Testing	The Group participates in the industry-wide stress test (IWST) undertaken annually. This is a supervisory driven stress test conducted as part of the supervisory process and ongoing assessment of financial stability by the regulator. Under the IWST, the Group has to assess the impact of adverse scenarios, provided by the regulator, on asset quality, earnings performance, and capital adequacy.
Scenario Analysis	The Group also conducts multiple independent credit stress tests and sensitivity analyses on its portfolio or a sub-portfolio to evaluate the impact of the economic environment or specific risk factors. The purpose of these tests and analyses is to identify vulnerabilities for the purpose of developing and executing mitigating actions.

- **Processes, Systems and Reports**
  The Group continues to invest in systems to support risk monitoring and reporting for both the wholesale and consumer businesses. The end-to-end credit process is constantly subject to review and improvement through various front-to-back initiatives involving the business units, RMG, Operations and other key stakeholders.

  Day-to-day monitoring of credit exposures, portfolio performance and the external environment that may have an impact on credit risk profiles is key to the Group's philosophy of effective credit risk management. Risk reporting on credit trends, which may include industry analysis, early warning alerts and key weak credits, is provided to the various credit committees, and key strategies and action plans are formulated and tracked.

  Credit control functions ensure that credit risks taken comply with Group-wide credit policies and guidelines. These functions ensure proper activation of approved limits and appropriate endorsement of excesses and policy exceptions, and monitor compliance with credit standards and credit covenants established by management and regulators.

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

Non-performing assets

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

Classification grade	Description
Performing Assets	
Pass	Indicates that the timely repayment of the outstanding credit facilities is not in doubt.
Special mention	Indicates that the credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments and warrant close attention by the Group.
Classified or Non-Performing Assets	
Substandard	Indicates that the credit facilities exhibit definable weaknesses either in respect of business, cash flow or financial position of the borrower that may jeopardise repayment on existing terms. These credit facilities may be non-defaulting.
Doubtful	Indicates that the credit facilities exhibit severe weaknesses such that the prospect of full recovery of the outstanding credit facilities is questionable and the prospect of a loss is high, but the exact amount remains undeterminable.
Loss	Indicates that the amount of recovery is assessed to be insignificant.

Credit facilities are classified as restructured assets when the Group grants concessions to a borrower because of deterioration in the financial position of the borrower or the inability of the borrower to meet the original repayment schedule, and concessions granted/restructured terms are considered as non-commercial. A restructured credit facility is classified into the appropriate non-performing grade depending on the assessment of the financial condition of the borrower and the ability of the borrower to repay based on the restructured terms. Such credit facilities are not returned to the performing status until there are reasonable grounds to conclude that the borrower will be able to service all future principal and interest payments on the credit facility in accordance with the restructured terms.

Other than the above, the Group does not grant concession to borrowers in the normal course of business. In any restructuring of credit facilities, such borrowers are reviewed on a case by case basis and only on commercial terms.

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

Refer to Note 2.10 for the Group's accounting policies on the assessment of specific and general allowances for credit losses. In general, specific allowances are recognised for defaulting credit exposures rated sub-standard and below. The breakdown of non-performing assets for the Group according to MAS Notice 612 requirements by loan grading and industry and the related amounts of specific allowances recognised can be found in Note 41.2. A breakdown of the Group's past due loans can also be found in the same note.

When required, the Group will take possession of the collateral it holds as securities and will dispose of them as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. A breakdown of collateral held for non-performing assets is shown in Note 41.2. Repossessed collateral is classified in the balance sheet as other assets. The amounts of such other assets for 2014 and 2013 were not material.

Credit Risk Mitigants

Collateral received

Where possible, the Group takes collateral as a secondary recourse to the borrower. Collateral includes cash, marketable securities, properties, trade receivables, inventory and equipment and other physical and financial collateral. The Group may also take fixed and floating charges on the assets of borrowers. It has put in place policies to determine the eligibility of collateral for credit risk mitigation, which include requiring specific collateral to meet minimum operational requirements in order to be considered as effective risk mitigants.

When a collateral arrangement is in place for exposures arising from derivative, repurchase agreements (repo) and other repo-style transactions with financial market counterparties, these are covered under market standard documentation (such as Master Repurchase Agreements and International Swaps and Derivatives Association (ISDA) Agreements). Collateral received is marked to market on a frequency mutually agreed with the counterparties. These are governed by internal guidelines with respect to the eligibility of collateral. In the event of a default, the credit risk exposure is reduced by master netting arrangements where the Group is allowed to offset what it owe to a counterparty against what is due from that counterparty in a netting- eligible jurisdiction.

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

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

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

41.1 Maximum exposure to credit risk

The following table shows the exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, before taking into account any collateral held, other credit enhancements and netting arrangements. For on-balance sheet financial assets, the maximum credit exposure is the carrying amounts. For contingent liabilities, the maximum exposure to credit risk is the amount the Group would have to pay if the instrument is called upon. For undrawn facilities, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Cash and balances with central banks (excluding cash on hand)	**17,581**	16,923	**10,646**	10,034
Government securities and treasury bills	**29,694**	27,497	**24,034**	23,640
Due from banks	**42,250**	39,817	**35,716**	31,686
Derivatives	**16,995**	17,426	**16,488**	16,764
Bank and corporate debt securities	**35,524**	31,662	**31,539**	28,739
Loans and advances to customers	**275,588**	248,654	**218,232**	191,887
Other assets (excluding deferred tax assets)	**11,019**	8,742	**7,835**	4,880
Credit exposure	**428,651**	390,721	**344,490**	307,630
Contingent liabilities and commitments (excluding operating lease and capital commitments)	**209,707**	178,968	**170,999**	143,937
Total credit exposure	**638,358**	569,689	**515,489**	451,567

The Group's exposures to credit risk, measured using the expected gross credit exposures that will arise upon a default of the end obligor are as shown in the Group's Basel II Pillar 3 Disclosures. These exposures, which include both on-balance sheet and off-balance sheet financial instruments, are shown without taking into account any collateral held or netting arrangements.

Analysis of Collateral

Whilst the Group's maximum exposure to credit risk is the carrying amount of the assets or, in the case of off-balance sheet instruments, the amount guaranteed, committed, accepted or endorsed, the likely exposure may be lower due to offsetting collateral, credit guarantees and other actions taken to mitigate the Group's exposure.

The description of collateral for each class of financial asset is set out below:

Balances with central banks, government securities and treasury bills, due from banks and bank and corporate debt securities
Collateral is generally not sought for these assets.

Derivatives
The Group maintains collateral agreements and enters into master netting agreements with most of the counterparties for derivative transactions. Please refer to Note 36 for the impact of netting arrangements recognised for the computation of Capital Adequacy Ratio (CAR).

Loans and advances to customers, contingent liabilities and commitments
Certain loans and advances to customers, contingent liabilities and commitments are typically collateralised to a substantial extent. In particular, residential mortgage exposures are generally fully secured by residential properties. Income-producing real estate, which is a sub-set of the Specialised Lending exposure, is fully secured by the underlying assets financed.

The extent to which credit exposures are covered by Basel II-eligible collateral, besides real estate, after the application of the requisite regulatory hair-cuts, is shown in the DBSH Group's Basel II Pillar 3 Disclosures. The amounts are a sub-set of the actual collateral arrangements entered by the DBSH Group as Basel II imposes strict legal and operational standards before collateral can be admitted as credit risk mitigants. As a result, certain

collateral arrangements which do not meet its criteria will not be included. Certain collateral types which are not permitted as credit risk mitigants for credit exposures under the Standardised Approach are also excluded.

41.2 Loans and advances to customers

In $ millions	The Group		Bank	
	2014	**2013**	**2014**	**2013**
Loans and advances to customers				
Performing Loans				
- Neither past due nor impaired (i)	**275,436**	247,811	**218,681**	191,423
- Past due but not impaired (ii)	**1,299**	1,488	**731**	962
Non-Performing Loans				
- Impaired (iii)	**2,419**	2,882	**1,500**	2,179
Total gross loans (Note 17)	**279,154**	252,181	**220,912**	194,564

(i) Loans and advances neither past due nor impaired, analysed by loan grading and industry

The credit quality of the portfolio of loans and advances that are neither past due nor impaired can be assessed by reference to the loan gradings in MAS Notice 612:

In $ millions	The Group		
	Pass	**Special mention**	**Total**
2014			
Manufacturing	**31,241**	**1,009**	**32,250**
Building and construction	**47,650**	**594**	**48,244**
Housing loans	**52,393**	**-**	**52,393**
General commerce	**54,358**	**1,686**	**56,044**
Transportation, storage and communications	**22,866**	**381**	**23,247**
Financial institutions, investment and holding companies	**16,061**	**-**	**16,061**
Professionals and private individuals (excluding housing loans)	**23,237**	**29**	**23,266**
Others	**23,552**	**379**	**23,931**
Total	**271,358**	**4,078**	**275,436**
2013			
Manufacturing	28,664	771	29,435
Building and construction	42,206	341	42,547
Housing loans	48,611	-	48,611
General commerce	50,304	1,023	51,327
Transportation, storage and communications	19,744	350	20,094
Financial institutions, investment and holding companies	10,585	90	10,675
Professionals and private individuals (excluding housing loans)	18,544	22	18,566
Others	26,205	351	26,556
Total	244,863	2,948	247,811

In $ millions	Bank		
	Pass	Special mention	Total
2014			
Manufacturing	**21,805**	**480**	**22,285**
Building and construction	**41,118**	**373**	**41,491**
Housing loans	**43,847**	**-**	**43,847**
General commerce	**38,769**	**395**	**39,164**
Transportation, storage and communications	**20,133**	**278**	**20,411**
Financial institutions, investment and holding companies	**13,183**	**-**	**13,183**
Professionals and private individuals (excluding housing loans)	**18,214**	**17**	**18,231**
Others	**19,891**	**178**	**20,069**
Total	**216,960**	**1,721**	**218,681**
2013			
Manufacturing	19,606	331	19,937
Building and construction	35,448	192	35,640
Housing loans	40,035	-	40,035
General commerce	32,552	260	32,812
Transportation, storage and communications	16,892	251	17,143
Financial institutions, investment and holding companies	9,082	89	9,171
Professionals and private individuals (excluding housing loans)	14,589	11	14,600
Others	21,835	250	22,085
Total	190,039	1,384	191,423

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

In $ millions	The Group			
	Less than 30 days past due	30 - 59 days past due	60 - 90 days past due	Total
2014				
Manufacturing	**51**	**26**	**37**	**114**
Building and construction	**106**	**4**	**1**	**111**
Housing loans	**300**	**39**	**21**	**360**
General commerce	**153**	**11**	**16**	**180**
Transportation, storage and communications	**36**	**28**	**1**	**65**
Financial institutions, investment and holding companies	**1**	**-**	**-**	**1**
Professionals and private individuals (excluding housing loans)	**351**	**52**	**14**	**417**
Others	**27**	**3**	**21**	**51**
Total	**1,025**	**163**	**111**	**1,299**
2013				
Manufacturing	79	29	3	111
Building and construction	133	87	23	243
Housing loans	354	43	27	424
General commerce	65	10	4	79
Transportation, storage and communications	20	4	2	26
Financial institutions, investment and holding companies	73	-	-	73
Professionals and private individuals (excluding housing loans)	373	71	15	459
Others	63	7	3	73
Total	1,160	251	77	1,488

In $ millions	Bank Less than 30 days past due	30 - 59 days past due	60 - 90 days past due	Total
2014				
Manufacturing	**21**	**17**	**24**	**62**
Building and construction	**45**	**2**	**1**	**48**
Housing loans	**138**	**27**	**18**	**183**
General commerce	**30**	**4**	**1**	**35**
Transportation, storage and communications	**9**	**27**	**-**	**36**
Financial institutions, investment and holding companies	**1**	**-**	**-**	**1**
Professionals and private individuals (excluding housing loans)	**267**	**46**	**11**	**324**
Others	**25**	**1**	**16**	**42**
Total	**536**	**124**	**71**	**731**
2013				
Manufacturing	31	9	2	42
Building and construction	76	84	24	184
Housing loans	145	34	20	199
General commerce	23	1	-	24
Transportation, storage and communications	1	2	-	3
Financial institutions, investment and holding companies	73	-	-	73
Professionals and private individuals (excluding housing loans)	291	67	14	372
Others	57	7	1	65
Total	697	204	61	962

(iii) Non-performing assets (NPAs)

Non-performing assets by loan grading and industry

In $ millions	The Group NPAs Sub-standard	Doubtful	Loss	Total	Specific allowances Sub-standard	Doubtful	Loss	Total
2014								
Customer loans								
Manufacturing	**366**	**203**	**91**	**660**	**60**	**180**	**91**	**331**
Building and construction	**289**	**47**	**21**	**357**	**57**	**37**	**21**	**115**
Housing loans	**101**	**6**	**6**	**113**	**-**	**2**	**6**	**8**
General commerce	**293**	**116**	**25**	**434**	**25**	**90**	**25**	**140**
Transportation, storage and communications	**182**	**113**	**43**	**338**	**3**	**107**	**43**	**153**
Financial institutions, investment and holding companies	**-**	**83**	**23**	**106**	**-**	**67**	**23**	**90**
Professional and private individuals (excluding housing loans)	**139**	**14**	**13**	**166**	**26**	**14**	**13**	**53**
Others	**167**	**53**	**25**	**245**	**29**	**39**	**25**	**93**
Total customer loans	**1,537**	**635**	**247**	**2,419**	**200**	**536**	**247**	**983**
Debt securities	**5**	**1**	**1**	**7**	**2**	**-**	**1**	**3**
Contingent liabilities and others	**50**	**16**	**21**	**87**	**10**	**13**	**21**	**44**
Total	**1,592**	**652**	**269**	**2,513**	**212**	**549**	**269**	**1,030**
Of which: restructured loans	**317**	**120**	**25**	**462**	**32**	**111**	**25**	**168**

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

	Bank							
	NPAs				Specific allowances			
In $ millions	Sub-standard	Doubtful	Loss	Total	Sub-standard	Doubtful	Loss	Total
2014								
Customer loans								
Manufacturing	**211**	**109**	**75**	**395**	**42**	**88**	**75**	**205**
Building and construction	**223**	**26**	**21**	**270**	**47**	**19**	**21**	**87**
Housing loans	**89**	**-**	**4**	**93**	**-**	**-**	**4**	**4**
General commerce	**106**	**32**	**16**	**154**	**11**	**12**	**16**	**39**
Transportation, storage and communications	**168**	**107**	**22**	**297**	**3**	**102**	**22**	**127**
Financial institutions, investment and holding companies	**-**	**38**	**10**	**48**	**-**	**28**	**10**	**38**
Professional and private individuals (excluding housing loans)	**80**	**9**	**3**	**92**	**11**	**8**	**3**	**22**
Others	**112**	**17**	**22**	**151**	**26**	**14**	**22**	**62**
Total customer loans	**989**	**338**	**173**	**1,500**	**140**	**271**	**173**	**584**
Debt securities	**5**	**1**	**1**	**7**	**2**	**-**	**1**	**3**
Contingent liabilities and others	**34**	**23**	**2**	**59**	**5**	**16**	**2**	**23**
Total	**1,028**	**362**	**176**	**1,566**	**147**	**287**	**176**	**610**
Of which: restructured loans	**217**	**79**	**17**	**313**	**16**	**73**	**17**	**106**
2013								
Customer loans								
Manufacturing	228	50	23	301	54	44	23	121
Building and construction	139	18	1	158	4	14	1	19
Housing loans	87	-	6	93	-	-	6	6
General commerce	130	33	29	192	11	8	29	48
Transportation, storage and communications	825	295	4	1,124	163	283	4	450
Financial institutions, investment and holding companies	31	99	47	177	-	36	47	83
Professional and private individuals (excluding housing loans)	75	9	3	87	10	8	3	21
Others	36	1	10	47	3	1	10	14
Total customer loans	1,551	505	123	2,179	245	394	123	762
Debt securities	5	1	3	9	-	-	3	3
Contingent liabilities and others	60	15	5	80	11	15	5	31
Total	1,616	521	131	2,268	256	409	131	796
Of which: restructured loans	798	302	39	1,139	156	288	39	483

Non-performing assets by region[(a)]

	The Group		Bank	
In $ millions	**NPAs**	**Specific allowances**	**NPAs**	**Specific allowances**
2014				
Singapore	**432**	**147**	**445**	**146**
Hong Kong	**269**	**107**	**-**	**-**
Rest of Greater China	**361**	**137**	**-**	**-**
South and Southeast Asia	**948**	**445**	**727**	**347**
Rest of the World	**503**	**194**	**394**	**117**
Total	**2,513**	**1,030**	**1,566**	**610**
2013				
Singapore	440	113	437	111
Hong Kong	235	117	-	-
Rest of Greater China	284	146	5	5
South and Southeast Asia	638	227	526	165
Rest of the World	1,399	579	1,300	515
Total	2,996	1,182	2,268	796

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

Non-performing assets by past due period

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Not overdue	**597**	1,281	**373**	1,214
< 90 days past due	**273**	275	**237**	204
91-180 days past due	**162**	272	**66**	189
> 180 days past due	**1,481**	1,168	**890**	661
Total past due assets	**1,916**	1,715	**1,193**	1,054
Total	**2,513**	2,996	**1,566**	2,268

Collateral value for non-performing assets

	The Group		Bank	
In $ millions	**2014**	**2013**	**2014**	**2013**
Properties	**441**	351	**233**	227
Shares and debentures	**316**	323	**305**	322
Fixed deposits	**11**	33	**5**	13
Others	**367**	303	**276**	218
Total	**1,135**	1,010	**819**	780

41.3 Credit quality of Government securities and treasury bills and Bank and corporate debt securities

The table below presents an analysis of Government securities and treasury bills and Bank and corporate debt securities by rating agency designation as at 31 December:

The Group External rating In $ millions	Singapore Government securities and treasury bills	Other government securities and treasury bills	Bank and corporate debt securities
2014			
AAA	**9,493**	**6,696**	**8,713**
AA- to AA+	**-**	**10,050**	**3,850**
A- to A+	**-**	**625**	**6,501**
Lower than A-	**-**	**2,830**	**4,333**
Unrated	**-**	**-**	**12,127**
Total	**9,493**	**20,201**	**35,524**
2013			
AAA	9,894	560	8,108
AA- to AA+	-	13,376	2,064
A- to A+	-	430	6,419
Lower than A-	-	3,237	3,589
Unrated	-	-	11,482
Total	9,894	17,603	31,662

Bank External Rating In $ millions	Singapore Government securities and treasury bills	Other government securities and treasury bills	Bank and corporate debt securities
2014			
AAA	**9,493**	**6,160**	**7,933**
AA- to AA+	**-**	**5,498**	**2,405**
A- to A+	**-**	**625**	**5,969**
Lower than A-	**-**	**2,258**	**4,150**
Unrated	**-**	**-**	**11,082**
Total	**9,493**	**14,541**	**31,539**
2013			
AAA	9,894	237	7,543
AA- to AA+	-	10,162	1,539
A- to A+	-	429	5,947
Lower than A-	-	2,918	3,461
Unrated	-	-	10,249
Total	9,894	13,746	28,739

41.4 Credit risk by Geography and Industry

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

	The Group					
Analysed by geography **In $ millions**	**Government securities and treasury bills**	**Due from banks**	**Derivatives**	**Bank and corporate debt securities**	**Loans and advances to customers (Gross)**	**Total**
2014						
Singapore	**9,493**	**89**	**2,194**	**13,192**	**129,167**	**154,135**
Hong Kong	**2,958**	**1,176**	**1,637**	**1,730**	**49,881**	**57,382**
Rest of Greater China	**3,012**	**19,706**	**1,114**	**3,258**	**50,865**	**77,955**
South and Southeast Asia	**2,816**	**4,973**	**1,052**	**5,018**	**25,446**	**39,305**
Rest of the World	**11,415**	**16,319**	**10,998**	**12,326**	**23,795**	**74,853**
Total	**29,694**	**42,263**	**16,995**	**35,524**	**279,154**	**403,630**
2013						
Singapore	9,894	856	2,095	14,214	119,463	146,522
Hong Kong	2,452	3,027	1,565	1,122	41,418	49,584
Rest of Greater China	2,594	20,337	1,248	1,971	47,910	74,060
South and Southeast Asia	2,780	4,217	1,136	3,008	23,004	34,145
Rest of the World	9,777	11,380	11,382	11,347	20,386	64,272
Total	27,497	39,817	17,426	31,662	252,181	368,583

	Bank					
Analysed by geography **In $ millions**	**Government securities and treasury bills**	**Due from banks**	**Derivatives**	**Bank and corporate debt securities**	**Loans and advances to customers (Gross)**	**Total**
2014						
Singapore	**9,493**	**4**	**2,194**	**12,883**	**128,943**	**153,517**
Hong Kong	**597**	**878**	**1,709**	**1,430**	**23,651**	**28,265**
Rest of Greater China	**1,671**	**14,430**	**828**	**1,311**	**25,639**	**43,879**
South and Southeast Asia	**2,258**	**4,656**	**902**	**4,609**	**20,415**	**32,840**
Rest of the World	**10,015**	**15,748**	**10,855**	**11,306**	**22,264**	**70,188**
Total	**24,034**	**35,716**	**16,488**	**31,539**	**220,912**	**328,689**
2013						
Singapore	9,894	855	2,093	13,913	118,727	145,482
Hong Kong	425	2,440	1,697	708	17,017	22,287
Rest of Greater China	1,607	13,551	635	827	21,296	37,916
South and Southeast Asia	2,474	4,122	975	2,874	18,505	28,950
Rest of the World	9,240	10,718	11,364	10,417	19,019	60,758
Total	23,640	31,686	16,764	28,739	194,564	295,393

	The Group					
Analysed by industry **In $ millions**	**Government securities and treasury bills**	**Due from banks**	**Derivatives**	**Bank and corporate debt securities**	**Loans and advances to customers (Gross)**	**Total**
2014						
Manufacturing	**-**	**-**	**641**	**2,350**	**33,024**	**36,015**
Building and construction	**-**	**-**	**174**	**2,983**	**48,712**	**51,869**
Housing loans	**-**	**-**	**-**	**-**	**52,866**	**52,866**
General commerce	**-**	**-**	**646**	**947**	**56,658**	**58,251**
Transportation, storage and communications	**-**	**-**	**591**	**2,467**	**23,650**	**26,708**
Financial institutions, investment and holding companies	**-**	**42,263**	**14,017**	**16,688**	**16,168**	**89,136**
Government	**29,694**	**-**	**-**	**-**	**-**	**29,694**
Professionals and private individuals (excluding housing loans)	**-**	**-**	**266**	**-**	**23,849**	**24,115**
Others	**-**	**-**	**660**	**10,089**	**24,227**	**34,976**
Total	**29,694**	**42,263**	**16,995**	**35,524**	**279,154**	**403,630**
2013						
Manufacturing	-	-	454	1,770	30,034	32,258
Building and construction	-	-	137	2,641	43,016	45,794
Housing loans	-	-	-	-	49,147	49,147
General commerce	-	-	568	1,115	51,803	53,486
Transportation, storage and communications	-	-	545	2,524	21,265	24,334
Financial institutions, investment and holding companies	-	39,817	14,699	13,542	11,013	79,071
Government	27,497	-	-	-	-	27,497
Professionals and private individuals (excluding housing loans)	-	-	145	-	19,180	19,325
Others	-	-	878	10,070	26,723	37,671
Total	27,497	39,817	17,426	31,662	252,181	368,583

Analysed by industry In $ millions	Government securities and treasury bills	Due from banks	Derivatives	Bank Bank and corporate debt securities	Loans and advances to customers (Gross)	Total
2014						
Manufacturing	**-**	**-**	**173**	**1,943**	**22,742**	**24,858**
Building and construction	**-**	**-**	**119**	**2,412**	**41,809**	**44,340**
Housing loans	**-**	**-**	**-**	**-**	**44,123**	**44,123**
General commerce	**-**	**-**	**133**	**766**	**39,353**	**40,252**
Transportation, storage and communications	**-**	**-**	**583**	**2,362**	**20,744**	**23,689**
Financial institutions, investment and holding companies	**-**	**35,716**	**14,661**	**14,286**	**13,232**	**77,895**
Government	**24,034**	**-**	**-**	**-**	**-**	**24,034**
Professionals and private individuals (excluding housing loans)	**-**	**-**	**234**	**-**	**18,647**	**18,881**
Others	**-**	**-**	**585**	**9,770**	**20,262**	**30,617**
Total	**24,034**	**35,716**	**16,488**	**31,539**	**220,912**	**328,689**
2013						
Manufacturing	-	-	76	1,310	20,280	21,666
Building and construction	-	-	106	2,065	35,982	38,153
Housing loans	-	-	-	-	40,327	40,327
General commerce	-	-	119	939	33,028	34,086
Transportation, storage and communications	-	-	541	2,469	18,270	21,280
Financial institutions, investment and holding companies	-	31,686	15,052	12,280	9,421	68,439
Government	23,640	-	-	-	-	23,640
Professionals and private individuals (excluding housing loans)	-	-	81	-	15,059	15,140
Others	-	-	789	9,676	22,197	32,662
Total	23,640	31,686	16,764	28,739	194,564	295,393

42 Market Risk

The Group's exposure to market risk is categorised into:

- Trading portfolios: Arising from positions taken for (i) market-making (ii) client-facilitation and (iii) benefiting from market opportunities.

- Non-trading portfolios: Arising from (i) positions taken to manage the interest rate risk of the Group's retail and commercial banking assets and liabilities (ii) equity investments comprising of investments held for yield and/or long-term capital gains (iii) strategic stakes in entities and (iv) structural foreign exchange risk arising mainly from the Group's strategic investments which are denominated in currencies other than the Singapore dollar (SGD).

Market Risk Management

The Group's framework for market risk management comprises the following building blocks:

- **Policies**
  The Market Risk Framework sets out the Group's overall approach towards market risk management. The Core Market Risk Policy (CMRP) establishes the base standards for market risk management within the Group. The Policy Implementation Guidance and Requirements (PIGR) complement the CMRP and sets out guidance and requirements with more details for specific subject matters. Both CMRP and PIGR facilitate the identification, measurement, control, monitoring and reporting of market risk in a consistent manner within the Group. The Market Risk Stress Test Framework sets out the overall approach, standards and controls governing market risk stress testing across the Group. The criteria for determining the positions to be included in the trading book are stipulated in the Trading Book Policy Statement.

- **Risk Methodologies**
  Value-at-Risk (VaR) is a method that computes the potential losses on risk positions as a result of movements in market rates and prices, over a specified time horizon and to a given level of confidence. The Group's VaR model is based on historical simulation with a one-day holding period and a 95% level of confidence. Tail VaR (TVaR), which is an average of the potential losses beyond the given 95% level of confidence, is used by the Group to monitor and limit market risk exposures. The market risk economic capital that is allocated by the BRMC is linked to TVaR by a multiplier. TVaR is supplemented by risk control metrics such as sensitivities to risk factors and loss triggers for management action.

  The Group conducts backtesting to verify the predictiveness of the VaR model. Backtesting compares VaR calculated for positions at the close of each business day with the Profit and Loss (P&L) which actually arise on those positions on the following business day. The backtesting Profit and Loss (P&L) exclude fees and commissions, and revenues from intra-day trading. For backtesting, VaR at the 99% level of confidence and over a one-day holding period is used. The Group adopts the standardised approach to compute the market risk regulatory capital under MAS Notice 637 for the trading book positions. Given the above, VaR backtesting would not impact the regulatory capital for market risk.

  VaR models such as historical simulation VaR permit the estimation of the aggregate portfolio market risk potential loss due to a range of market risk factors and instruments. VaR models have limitations which include but are not limited to: (i) past changes in market risk factors may not provide accurate predictions of the future market movements and (ii) may understate the risk arising from severe market risk related events.

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

  TVaR is the key risk metric used to manage the Group's assets and liabilities except for credit spread risk under Loans and Receivables where it is under the credit framework. The Group manages banking book interest rate risk arising from mismatches in the interest rate profile of assets, liabilities and capital instruments (and associated hedges), including basis risk arising from different interest rate benchmarks, interest rate re-pricing risk, yield curve risk and embedded optionality. Behavioural assumptions are applied in managing the interest rate risk of banking book deposits with indeterminate maturities. The Group measures interest rate risk in the banking book on a weekly basis.

  Credit derivatives are used in the trading book with single name or index underlyings to support business strategy in building a regional Fixed Income franchise. The Group actively monitors its counterparty credit risk in credit derivative contracts. More than 90% of the gross notional value of the Group's credit derivative positions as at 31 December 2014 is to 17 large, established names with which the Group maintains collateral agreements.

- **Processes, Systems and Reports**
  Robust internal control processes and systems are designed and implemented to support the Group's approach for market risk management. Additionally, regular reviews of these control processes and systems are conducted. These reviews provide senior management with objective and timely assessments of the control processes and systems' appropriateness and effectiveness.

  The day-to-day market risk monitoring, control and analysis is managed by the RMG Market and Liquidity Risk unit – an independent market risk management function that reports to the CRO. This group comprises risk control, risk analytics, production and reporting teams.

Market Risk

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

	The Group			
		1 Jan 2014 to 31 Dec 2014		
In $ millions	As at 31 Dec 2014	Average	High	Low
Total	**68**	**85**	**124**	**49**

		1 Jan 2013 to 31 Dec 2013		
In $ millions	As at 31 Dec 2013	Average	High	Low
Total	87	66	89	31

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

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

	The Group			
		1 Jan 2014 to 31 Dec 2014		
In $ millions	As at 31 Dec 2014	Average	High	Low
Diversified	16	12	19	8
Interest Rates	9	10	17	7
Foreign Exchange	5	5	8	2
Equity	2	1	3	1
Credit Spread	14	6	14	4
Commodity	#	1	2	#

		1 Jan 2013 to 31 Dec 2013		
In $ millions	As at 31 Dec 2013	Average	High	Low
Diversified	11	10	14	8
Interest Rates	9	9	11	7
Foreign Exchange	4	6	9	3
Equity	1	1	1	#
Credit Spread	4	4	5	3
Commodity	1	1	1	#

Amount under $500,000

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

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

The key market risk drivers of the Group's non-trading portfolios are SGD and USD interest rate positions. The economic value impact of changes in interest rates is simulated under various assumptions for the non-trading risk portfolio. The economic value changes are negative $275 million and $489 million (2013: negative $288 million and $532 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse case of an upward or downward parallel shift in the yield curves.

For the Bank, the economic value changes are negative $195 million and $330 million (2013: negative $245 million and $447 million) based on parallel shifts to all yield curves of 100 basis points and 200 basis points respectively. The reported figures are based on the worse case of an upward or downward parallel shift in the yield curves.

43 Liquidity Risk

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

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

Liquidity Risk Management

Liquidity Management and Funding Strategy
The Group strives to develop a diversified funding base with access to funding sources across retail and wholesale channels. The Group's funding strategy is anchored on strengthening core deposit franchise, which constituted 91% of total funding sources as at 31 December 2014. Strong and sustainable growth of the Group's customer deposit base in retail, wealth management, corporate and institutional segments across the markets that the Group operates in, is key to extending its long-term funding advantage.

With increasing diversification of funding sources, optimising the mismatch in fund deployment against sources with respect to pricing, size, currency and tenor remains challenging. To this end, where practicable and transferable without loss in value, the Group actively makes use of the swap markets in the conversion of funds across currencies to deploy surplus funds across locations. As the swaps are typically shorter in contractual maturity than the deployment in loans, the Group is exposed to potential cashflow mismatches arising from the risk that counterparties may not roll over maturing swaps to support the continual funding of loans. This risk is mitigated by the setting of triggers on the amount of swaps transacted with the market and conservative assumptions on the cashflow treatment of swaps under the behavioural profiling of the Group's cashflow maturity gap analysis.

Overseas entities are encouraged but not required to centralise majority of their borrowing and deployment of funds with Head Office, taking into account the relevant regulatory restrictions while maintaining a commensurate level of presence and participation in the local funding markets. These intra-group funding transactions are priced on an arm's length basis with reference to prevailing market rates and parameters set within the Group Funds Transfer Pricing policy.

During the Group's annual budget and planning process, each overseas location conducts an in-depth review on their projected loan and deposit growth as well as their net funding and liquidity profile for the next year. The consolidated Group funding and liquidity profiles are reviewed and revised as necessary by senior management. Each overseas location is required to provide justification if Head Office funding support is required.

The Group Assets and Liabilities Committee and respective Location Assets and Liabilities Committee regularly review balance sheet composition, growth in loans and deposits, utilisation of wholesale funding, momentum in business activities, market competition, economic outlook, market conditions and other factors that may affect liquidity in the continual refinement of the Group's funding strategy.

Approach to Liquidity Risk Management
The Group's framework for liquidity risk management comprises the following building blocks:

- **Policies**
  The Liquidity Risk Framework sets out the Group's overall approach towards liquidity risk management. The Framework describes the range of strategies employed by the Group to manage its liquidity. These include maintaining an adequate counterbalancing capacity (comprising liquid assets, the capacity to borrow from the money markets as well as forms of managerial interventions that improve liquidity) to address potential cashflow shortfalls and maintaining diversified sources of liquidity. In the event of a potential or actual crisis, the Group has in place a set of liquidity contingency and recovery plans to ensure that decisive actions are taken to ensure the Group maintains adequate liquidity.

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

- **Risk Methodologies**
  The primary measure used to manage liquidity within the tolerance defined by the Board is the cashflow maturity mismatch analysis. The analysis is performed on a regular basis under normal and adverse scenarios, and assesses the adequacy of the counterbalancing capacity to fund or mitigate any cashflow shortfalls that may occur as forecasted in the cashflow movements across successive time bands. To ensure that liquidity is managed in line with the Risk Appetite, core parameters underpinning the performance of the analysis, such as the types of scenarios, the survival period and the minimum level of liquid assets, are pre-specified for monitoring and control on a group-wide basis. Any occurrences of forecasted shortfalls that cannot be covered by the counterbalancing capacity would be escalated

to the relevant committees for deliberation and actions.

Stress testing is performed mainly under the cashflow maturity mismatch analysis, and covers adverse scenarios involving shocks that are general market and/or name-specific in nature to assess the vulnerability when run-offs in liabilities increase, rollovers of assets and/or liquidity assets buffers reduce. In addition, ad-hoc stress tests are performed as part of the Group's recovery planning and ICAAP exercises.

Liquidity risk control measures, such as liquidity-related ratios and balance sheet analysis, are complementary tools to the cashflow maturity mismatch analysis and are performed regularly to obtain deeper insights and finer control over the liquidity profile across locations.

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

  The day-to-day liquidity risk monitoring, control reporting and analysis are managed by the RMG Market and Liquidity Risk unit – an independent liquidity risk management function that reports to the CRO. This group comprises of risk control, risk analytics, production and reporting teams.

43.1 Contractual maturity profile of assets and liabilities

The table below analyses assets and liabilities of the Group as at 31 December based on the remaining period as at balance sheet date to the contractual maturity date:

In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	More than 3 years	No specific maturity	Total
2014								
Cash and balances with central banks	**11,663**	**1,894**	**2,742**	**2,152**	**1,054**	**-**	**-**	**19,505**
Government securities and treasury bills	**67**	**746**	**2,595**	**4,690**	**11,266**	**10,330**	**-**	**29,694**
Due from banks	**14,685**	**4,865**	**11,308**	**10,974**	**418**	**-**	**-**	**42,250**
Derivatives[(a)]	**16,995**	**-**	**-**	**-**	**-**	**-**	**-**	**16,995**
Bank and corporate securities	**61**	**457**	**2,981**	**5,186**	**10,376**	**16,463**	**2,239**	**37,763**
Loans and advances to customers	**20,650**	**34,324**	**31,291**	**48,010**	**54,794**	**86,519**	**-**	**275,588**
Other assets	**5,258**	**491**	**791**	**3,522**	**488**	**4**	**721**	**11,275**
Associates and joint venture	**-**	**-**	**-**	**-**	**-**	**-**	**995**	**995**
Properties and other fixed assets	**-**	**-**	**-**	**-**	**-**	**-**	**1,485**	**1,485**
Goodwill and intangibles	**-**	**-**	**-**	**-**	**-**	**-**	**5,117**	**5,117**
Total assets	**69,379**	**42,777**	**51,708**	**74,534**	**78,396**	**113,316**	**10,557**	**440,667**
Due to banks	**10,205**	**3,401**	**2,501**	**3**	**66**	**-**	**-**	**16,176**
Deposits and balances from customers	**207,405**	**49,032**	**32,720**	**25,279**	**2,429**	**308**	**-**	**317,173**
Derivatives[(a)]	**18,769**	**-**	**-**	**-**	**-**	**-**	**-**	**18,769**
Other liabilities	**2,548**	**522**	**2,483**	**3,943**	**517**	**434**	**1,264**	**11,711**
Other debt securities	**37**	**2,569**	**9,236**	**11,351**	**3,602**	**3,507**	**-**	**30,302**
Due to holding company	**4,088**	**-**	**-**	**-**	**-**	**-**	**-**	**4,088**
Subordinated term debts	**-**	**726**	**-**	**-**	**-**	**3,939**	**-**	**4,665**
Total liabilities	**243,052**	**56,250**	**46,940**	**40,576**	**6,614**	**8,188**	**1,264**	**402,884**
Non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**1,695**	**1,695**
Shareholders' funds	**-**	**-**	**-**	**-**	**-**	**-**	**36,088**	**36,088**
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**37,783**	**37,783**
2013								
Cash and balances with central banks	15,233	586	671	2,007	222	-	-	18,719
Government securities and treasury bills	94	1,803	4,284	9,739	4,453	7,124	-	27,497
Due from banks	14,134	5,124	9,143	11,013	403	-	-	39,817
Derivatives[(a)]	17,426	-	-	-	-	-	-	17,426
Bank and corporate securities	83	1,548	4,267	3,800	6,956	15,008	1,884	33,546
Loans and advances to customers	16,115	29,755	27,852	47,190	48,153	79,589	-	248,654
Other assets	3,900	470	584	2,826	392	161	614	8,947
Associates and joint venture	-	-	-	-	-	-	1,166	1,166
Properties and other fixed assets	-	-	-	-	-	-	1,449	1,449
Goodwill and intangibles	-	-	-	-	-	-	4,802	4,802
Total assets	66,985	39,286	46,801	76,575	60,579	101,882	9,915	402,023
Due to banks	6,414	2,268	2,566	1,285	1,039	-	-	13,572
Deposits and balances from customers	187,914	40,730	34,087	26,196	2,992	446	-	292,365
Derivatives[(a)]	18,132	-	-	-	-	-	-	18,132
Other liabilities	1,508	1,083	141	3,711	555	3,253	1,331	11,582
Other debt securities	682	2,512	5,939	7,975	2,779	3,228	-	23,115
Due to holding company	1,406	-	-	-	-	-	-	1,406
Subordinated term debts	-	-	-	-	-	5,544	-	5,544
Total liabilities	216,056	46,593	42,733	39,167	7,365	12,471	1,331	365,716
Non-controlling interests	-	-	-	-	-	-	1,747	1,747
Shareholders' funds	-	-	-	-	-	-	34,560	34,560
Total equity	-	-	-	-	-	-	36,307	36,307

The above table includes disclosure of the contractual maturity of financial liabilities, which approximates the same analysis on an undiscounted basis as total future interest payments are not material relative to the principal amounts. Assets and liabilities (including non-maturing savings/ current deposits) are represented on a contractual basis or in a period when it can legally be withdrawn. On a behavioural basis for liquidity risk analysis, the assets and liabilities cashflows may differ from contractual basis.

43.2 Derivatives

The table below shows the contractual undiscounted cash flows for derivatives settled on net and gross settlement basis.

	The Group					
In $ millions	Less than 7 days	1 week to 1 month	1 to 3 months	3 to 12 months	More than 1 year	Total
2014						
Derivatives settled on a net basis[(a)]	**(490)**	**13**	**20**	**142**	**449**	**134**
Derivatives settled on a gross basis						
- outflow	**51,476**	**92,575**	**165,570**	**307,689**	**155,044**	**772,354**
- inflow	**51,768**	**92,889**	**165,736**	**307,503**	**155,025**	**772,921**
2013						
Derivatives settled on a net basis[(a)]	(407)	(7)	44	7	(379)	(742)
Derivatives settled on a gross basis						
- outflow	33,741	58,422	92,906	182,712	102,481	470,262
- inflow	34,051	58,514	93,062	182,626	102,036	470,289

(a) Positive indicates inflow and negative indicates outflow of funds

43.3 Contingent liabilities and commitments

The tables below show the Group's contingent liabilities and commitments. Commitments are shown below based on the remaining period to contractual expiry date as at the balance sheet date:

	The Group				
In $ millions	Less than 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
2014					
Guarantees, endorsements and other contingent liabilities	**22,231**	**-**	**-**	**-**	**22,231**
Undrawn loan commitments[(a)] and other facilities	**166,719**	**8,345**	**9,637**	**2,775**	**187,476**
Operating lease commitments	**207**	**308**	**158**	**56**	**729**
Capital commitments	**22**	**-**	**-**	**-**	**22**
Total	**189,179**	**8,653**	**9,795**	**2,831**	**210,458**
2013					
Guarantees, endorsements and other contingent liabilities	20,919	-	-	-	20,919
Undrawn loan commitments[(a)] and other facilities	139,109	8,261	8,037	2,642	158,049
Operating lease commitments	184	277	244	67	772
Capital commitments	18	-	-	-	18
Total	160,230	8,538	8,281	2,709	179,758

(a) Undrawn loan commitments are recognised at activation stage and include commitments that are unconditionally cancellable at any time by the Group

The Group expects that not all of the contingent liabilities and undrawn loan commitments will be drawn before expiry.

44 Operational Risk

Operational risk includes processing errors, fraudulent acts, inappropriate behaviour of staff, vendors' misperformance, system failure and natural disasters. Operational risk is inherent in most of the Group's businesses and activities.

The Group's objective is to keep operational risk at appropriate levels, taking into account the markets the Group operates in, the characteristics of the businesses as well as the competitive and regulatory environment the Group is subject to.

Operational Risk Management

The Group's framework for operational risk management comprises the following building blocks:

- **Policies**
  To govern Operational Risk Management (ORM) practices in a consistent manner, the Group Operational Risk Management Framework includes a set of Core Operational Risk Standards which provides guidance on the baseline controls to ensure a controlled and sound operating environment. There are also corporate operational risk policies which are owned by the respective corporate oversight functions and include key subject-specific policies such as Technology Risk Management Framework, Group Compliance Policy, Fraud Management Policy and Group Anti-Money Laundering, Countering the Financing of Terrorism and Sanctions Policy, New Product Approval Policy and Outsourcing Risk Policy.

- **Risk Methodologies**
  The Group adopts the standardised approach to compute operational risk regulatory capital. To manage and control operational risk, there are various tools including risk and control self-assessment, operational risk event management and key risk indicators monitoring. Risk and control self-assessment is used by each business or support unit to identify key operational risk and assess the degree of effectiveness of the internal controls. For those control issues identified, the units are responsible for developing action plans and tracking the timely resolution of these issues. Operational risk events are classified in accordance with Basel standards. Such events, including any significant incidents that may impact the Group's reputation, are required to be reported based on certain established thresholds. Key risk indicators with pre-defined escalation triggers are employed to facilitate risk monitoring in a forward-looking manner.

  Additional methodologies are in place to address subject-specific risks, including but not limited to the following:

  Technology Risk
  Information Technology (IT) risk is managed in accordance with a Technology Risk Management Framework (which covers risk governance, communication, monitoring, assessment, mitigation and acceptance), supported by a set of IT policies and standards, control processes and risk mitigation programmes. The Group has also established policies and standards to manage and address cyber security risk.

  Compliance Risk
  Compliance risk is the risk of impairment to the Group's ability to successfully conduct business as a result of any failure to comply with law, regulatory requirement, industry code or standard of professional conduct applicable to the conduct of business in the financial sector. This includes in particular laws and regulations applicable to the licensing and conduct of banking or other financial businesses, financial crime such as anti-money laundering and countering the financing of terrorism, fraud, and bribery/corruption.

  The Group maintains a compliance programme designed to identify, assess and mitigate such risks through a combination of policy, and relevant systems and controls, coupled with the provision of relevant training and the execution of assurance processes. The Group also strongly believes in the need to promote a strong compliance culture. This is established through the leadership of the Board and senior management and aims to comply with the letter and spirit of the laws and regulatory standards in the environment in which the Group operates.

  Fraud Risk
  The Group has established minimum standards for its businesses and support units to prevent, detect, investigate and remediate against fraud and related events. This includes the components, key roles and the framework of the Fraud Management Programme through which the standards are to be implemented on a unit and geographical level. These standards aim to provide end-to-end management of fraud and related issues within the Group.

  Money Laundering, Financing of Terrorism and Sanctions Risks
  There are minimum standards for the Group's business and support units to mitigate and manage the Group's actual and/or potential exposure to money laundering, terrorist financing, sanctions, corruption, or other illicit financial activity. Accountabilities have also been established for the protection of the assets and reputation of the Group and the interests of customers and shareholders.

  New Product Approval and Outsourcing Risks
  Each new product or service introduced or outsourcing initiative is subject to a risk review and sign-off process where relevant risks are identified and assessed by departments independent of the risk-taking unit proposing the product or service. Variations of existing products or services and outsourcing initiatives are also subject to a similar process.

Mitigation Programmes
Business Continuity Management plays an integral role in the Group's risk mitigation programme to manage business disruptions. A robust crisis management and business continuity management programme is in place within essential business services during unforeseen events. Planning for business resilience includes identification of key business processes via Business Impact Analysis as well as the documentation and maintenance of Business Continuity Plan (BCP). Overall BCP objectives are aimed at minimising the impact of business interruption arising from severe loss scenarios and to provide a reasonable level of service until normal business operations are resumed. The Crisis Management structure encompasses the incident management process from the point of incident to crisis declaration and activation of the relevant committees or teams to manage the crisis. Exercises are conducted annually to test the BCPs and crisis management protocol simulating varying scenarios. Scenarios include incidents such as technology incidents having enterprise-wide impact on essential banking services, natural disasters with wide geographical area impact, safety-at-risk incidents (e.g. terrorism) and other events leading to significant business disruption. Senior management provides an attestation to the BRMC on an annual basis including the state of business continuity readiness, extent of alignment to regulatory guidelines and disclosure of residual risks.

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

- **Processes, Systems and Reports**
Robust internal control process and system are integral to identifying, monitoring, managing and reporting operational risk. The Group has implemented a web-based system that supports multiple operational risk management processes and tools including operational risk event reporting, risk and control self-assessment, key risk indicators, tracking of issues or action plans and operational risk reporting.

  Units are responsible for the day-to-day management of operational risk in their products, processes, systems and activities in accordance with the various frameworks and policies. RMG Operational Risk and other corporate oversight functions provide oversight and monitor the effectiveness of operational risk management, assess key operational risk issues with the units to determine the impact across the Group, report and/or escalate key operational risks to relevant senior management and Board-level committees with recommendations on appropriate risk mitigation strategies.

45 Capital Management

The capital management and planning process is overseen by the Capital Committee which is chaired by the Chief Financial Officer. Quarterly updates on the Group's capital position are provided to the Board of Directors, who hold ultimate responsibility for the Group's capital management objective and capital structure. The Group's capital management objective is to maintain a strong capital position consistent with regulatory requirements and the expectations of customers, investors and rating agencies. This objective is pursued while ensuring that adequate returns are delivered to shareholders and there is adequate capital for business growth, investment opportunities and meeting contingencies.

The Group is subject to the capital adequacy requirements set out in the Monetary Authority of Singapore's Notice to Banks No. 637 (Notice on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore), which effects the Basel Committee on Banking Supervision's capital adequacy framework in Singapore. The Group has complied with all externally-imposed capital requirements (whether prescribed by regulation or by contract) throughout the financial year (unaudited).

46 Segment Reporting

46.1 Business segment reporting

The Group's various business segments are described below:

Consumer Banking/ Wealth Management
Consumer Banking/ Wealth Management provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, loans and home finance, cards, payments, investment and insurance products.

Institutional Banking
Institutional Banking provides financial services and products to institutional clients including bank and non-bank financial institutions, government- linked companies, large corporates and small and medium-sized businesses. The business focuses on broadening and deepening customer relationships. Products and services comprise the full range of credit facilities from short-term working capital financing to specialised lending. It also provides global transactional services such as cash management, trade finance and securities and fiduciary services; treasury and markets products; corporate finance and advisory banking as well as capital markets solutions.

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

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

The following table analyses the results, total assets and total liabilities of the Group by business segments:

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2014					
Net interest income	**1,689**	**3,258**	**996**	**379**	**6,322**
Non-interest income	**1,193**	**1,709**	**106**	**487**	**3,495**
Total income	**2,882**	**4,967**	**1,102**	**866**	**9,817**
Expenses	**1,920**	**1,536**	**510**	**357**	**4,323**
Allowances for credit and other losses	**89**	**540**	**(1)**	**39**	**667**
Share of profits of associates and joint venture	**3**	**-**	**-**	**76**	**79**
Profit before tax	**876**	**2,891**	**593**	**546**	**4,906**
Income tax expense					**716**
Net profit attributable to shareholders					**4,190**
Total assets before goodwill and intangibles	**84,451**	**225,504**	**90,586**	**35,009**	**435,550**
Goodwill and intangibles					**5,117**
Total assets					**440,667**
Total liabilities	**162,146**	**164,788**	**36,229**	**39,721**	**402,884**
Capital expenditure	**72**	**25**	**13**	**153**	**263**
Depreciation[(a)]	**32**	**13**	**7**	**168**	**220**

In $ millions	Consumer Banking/ Wealth Management	Institutional Banking	Treasury	Others	Total
2013					
Net interest income	1,500	3,024	694	351	5,569
Non-interest income	1,038	1,652	340	499	3,529
Total income	2,538	4,676	1,034	850	9,098
Expenses	1,740	1,377	478	316	3,911
Allowances for credit and other losses	88	544	(3)	141	770
Share of profits of associates and joint venture	-	-	-	79	79
Profit before tax	710	2,755	559	472	4,496
Income tax expense					615
Net profit attributable to shareholders					3,793
Total assets before goodwill and intangibles	72,887	207,264	83,049	34,021	397,221
Goodwill and intangibles					4,802
Total assets					402,023
Total liabilities	143,325	147,171	60,384	14,836	365,716
Capital expenditure	63	30	15	119	227
Depreciation[(a)]	32	9	8	165	214

(a) Amounts for each business segment are shown before allocation of centralised cost

The following table analyses the results, total assets and total liabilities of the Bank by business segments:

In $ millions	Consumer Banking/Wealth Management	Institutional Banking	Treasury	Others	Total
2014					
Net interest income	**1,317**	**2,345**	**859**	**144**	**4,665**
Non-interest income	**891**	**1,138**	**42**	**361**	**2,432**
Total income	**2,208**	**3,483**	**901**	**505**	**7,097**
Expenses	**1,228**	**906**	**413**	**221**	**2,768**
Allowances for credit and other losses	**48**	**393**	**(2)**	**108**	**547**
Profit before tax	**932**	**2,184**	**490**	**176**	**3,782**
Income tax expense					**533**
Net profit attributable to shareholders					**3,249**
Total assets before goodwill and intangibles	**69,149**	**175,001**	**70,615**	**53,201**	**367,966**
Goodwill and intangibles					**281**
Total assets					**368,247**
Total liabilities	**131,735**	**116,804**	**31,768**	**55,331**	**335,638**
Capital expenditure	**47**	**21**	**12**	**90**	**170**
Depreciation[(a)]	**14**	**9**	**7**	**117**	**147**
2013					
Net interest income	1,161	2,185	662	104	4,112
Non-interest income	773	1,061	224	329	2,387
Total income	1,934	3,246	886	433	6,499
Expenses	1,109	800	390	176	2,475
Allowances for credit and other losses	47	402	(3)	110	556
Profit before tax	778	2,044	499	147	3,468
Income tax expense					463
Net profit attributable to shareholders					3,005
Total assets before goodwill and intangibles	59,400	158,543	60,551	51,833	330,327
Goodwill and intangibles					-
Total assets	59,400	158,543	60,551	51,833	330,327
Total liabilities	112,335	104,629	57,343	24,001	298,308
Capital expenditure	41	20	11	89	161
Depreciation[(a)]	14	5	7	111	137

(a) Amounts for each business segment are shown before allocation of centralised cost

46.2 Geographical segment reporting

Income and net profit attributable to shareholders (Net profit) are based on the country in which the transactions are booked. Total assets are shown by geographical area in which the assets are booked. The total assets, income and net profit are stated after elimination of inter-group assets and revenues.

	The Group					
In $ millions	**Singapore**	**Hong Kong**	**Rest of Greater China[a]**	**South and Southeast Asia[b]**	**Rest of the World[c]**	**Total**
2014						
Net interest income	**4,019**	**1,098**	**598**	**404**	**203**	**6,322**
Non-interest income	**2,130**	**802**	**352**	**148**	**63**	**3,495**
Total income	**6,149**	**1,900**	**950**	**552**	**266**	**9,817**
Expenses	**2,514**	**789**	**622**	**310**	**88**	**4,323**
Allowances for credit and other losses	**254**	**52**	**68**	**272**	**21**	**667**
Share of profits of associates and joint venture	**18**	**3**	**8**	**50**	**-**	**79**
Profit before tax	**3,399**	**1,062**	**268**	**20**	**157**	**4,906**
Income tax expense	**490**	**180**	**31**	**(25)**	**40**	**716**
Net profit attributable to shareholders	**2,818**	**882**	**237**	**44**	**117**	**4,098**
Total assets before goodwill and intangibles	**286,634**	**72,487**	**44,637**	**17,254**	**14,538**	**435,550**
Goodwill and intangibles	**5,083**	**34**	**-**	**-**	**-**	**5,117**
Total assets	**291,717**	**72,521**	**44,637**	**17,254**	**14,538**	**440,667**
Non-current assets[d]	**1,959**	**382**	**96**	**41**	**2**	**2,480**
2013						
Net interest income	3,487	1,016	456	405	205	5,569
Non-interest income	2,099	847	287	195	101	3,529
Total income	5,586	1,863	743	600	306	9,098
Expenses	2,281	717	548	283	82	3,911
Allowances for credit and other losses	335	142	76	126	91	770
Share of profits of associates and joint venture	13	-	8	58	-	79
Profit before tax	2,983	1,004	127	249	133	4,496
Income tax expense	344	153	35	50	33	615
Net profit attributable to shareholders	2,552	851	92	198	100	3,793
Total assets before goodwill and intangibles	258,595	65,783	43,132	16,466	13,245	397,221
Goodwill and intangibles	4,802	-	-	-	-	4,802
Total assets	263,397	65,783	43,132	16,466	13,245	402,023
Non-current assets[d]	2,124	355	103	31	2	2,615

(a) Rest of Greater China includes branch, subsidiary and associate operations in Mainland China and Taiwan
(b) South and Southeast Asia includes branch, subsidiary and associate operations in India, Indonesia, Malaysia, Vietnam and the Philippines
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America and United Kingdom
(d) Includes investments in associates and joint venture, properties and other fixed assets

In $ millions	Singapore	Hong Kong	Bank Rest of Greater China[a]	South and Southeast Asia[b]	Rest of the World[c]	Total
2014						
Net interest income	**3,924**	**342**	**24**	**172**	**203**	**4,665**
Non-interest income	**2,032**	**219**	**33**	**90**	**58**	**2,432**
Total income	**5,956**	**561**	**57**	**262**	**261**	**7,097**
Expenses	**2,455**	**95**	**8**	**129**	**81**	**2,768**
Allowances for credit and other losses	**278**	**21**	**-**	**227**	**21**	**547**
Profit before tax	**3,223**	**445**	**49**	**(94)**	**159**	**3,782**
Income tax expense	**462**	**77**	**2**	**(49)**	**41**	**533**
Net profit attributable to shareholders	**2,761**	**368**	**47**	**(45)**	**118**	**3,249**
Total assets before goodwill and intangibles	**307,635**	**31,209**	**4,430**	**10,171**	**14,521**	**367,966**
Goodwill and intangibles	**281**	**-**	**-**	**-**	**-**	**281**
Total assets	**307,916**	**31,209**	**4,430**	**10,171**	**14,521**	**368,247**
Non-current assets[d]	**12,607**	**-**	**-**	**11**	**2**	**12,620**
2013						
Net interest income	3,394	290	15	208	205	4,112
Non-interest income	1,995	207	13	79	93	2,387
Total income	5,389	497	28	287	298	6,499
Expenses	2,198	71	7	124	75	2,475
Allowances for credit and other losses	333	55	-	77	91	556
Profit before tax	2,858	371	21	86	132	3,468
Income tax expense	339	59	10	23	32	463
Net profit attributable to shareholders	2,519	312	11	63	100	3,005
Total assets before goodwill and intangibles	277,416	25,842	3,283	10,596	13,190	330,327
Goodwill and intangibles	-	-	-	-	-	-
Total assets	277,416	25,842	3,283	10,596	13,190	330,327
Non-current assets[d]	12,821	1	-	11	2	12,835

(a) Rest of Greater China includes branch operations in Mainland China and Taiwan
(b) South and Southeast Asia includes branch operations in India, Malaysia, Vietnam and the Philippines
(c) Rest of the World includes branch operations in South Korea, Japan, Dubai, United States of America and United Kingdom
(d) Includes investment in subsidiaries, investment in associates and joint venture, properties and other fixed assets

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DBS Bank Ltd and its subsidiaries

Directors' Report

The Directors are pleased to submit their report to the Member together with the audited consolidated financial statements of DBS Bank Ltd (the Bank) and its subsidiaries (the Group) and the financial statements of the Bank for the financial year ended 31 December 2014, which have been prepared in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act) and the Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by the Monetary Authority of Singapore.

Board of Directors

The Directors in office at the date of this report are:

Peter Seah Lim Huat	-	Chairman
Piyush Gupta	-	Chief Executive Officer
Bart Joseph Broadman		
Euleen Goh Yiu Kiang		
Ho Tian Yee		
Nihal Vijaya Devadas Kaviratne CBE		
Andre Sekulic		
Danny Teoh Leong Kay		
Woo Foong Pheng (Mrs Ow Foong Pheng)		

Mr Peter Seah, Mrs Ow Foong Pheng and Mr Andre Sekulic will retire in accordance with Article 95 of the Bank's Articles of Association at the forthcoming annual general meeting (AGM) and will offer themselves for re-election at the AGM.

Mr Nihal Vijaya Devadas Kaviratne CBE, who is over the age of 70 years, is required to retire at the forthcoming AGM pursuant to Section 153 of the Companies Act. As such, Mr Kaviratne has to be re-appointed by the Member at the forthcoming AGM to continue in office as a Director.

Arrangements to enable Directors to acquire shares or debentures

Neither at the end of, nor at any time during the financial year, was the Bank a party to any arrangement, the object of which is to enable the Directors to acquire benefits through the acquisition of shares in or debentures of the Bank or any other body corporate, save as disclosed in this report.

Directors' interest in shares or debentures

The following Directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares of the Bank and related corporations as stated below:

	Holdings in which Directors have a direct interest		Holdings in which Directors are deemed to have an interest	
	As at 31 Dec 2014	As at 1 Jan 2014	As at 31 Dec 2014	As at 1 Jan 2014
DBS Group Holdings Ltd (DBSH) ordinary shares				
Peter Seah	84,838	38,532	-	-
Piyush Gupta	403,849	200,140	118,000	118,000
Bart Broadman	22,515	15,449	-	-
Euleen Goh	24,123	12,545	-	-
Ho Tian Yee	7,973	3,444	-	-
Nihal Kaviratne CBE	5,014	4,767	-	-
Andre Sekulic	7,539	2,693	-	-
Danny Teoh	19,254	11,540	18,723	18,723
Ow Foong Pheng	4,403	4,257	-	-
Share awards (unvested) granted under the DBSH Share Plan				
Peter Seah	20,245	32,697	-	-
Piyush Gupta[(1)]	1,059,968	937,553	-	-
Bart Broadman	4,973	8,248	-	-
Euleen Goh	8,222	13,410	-	-
Ho Tian Yee	1,984	2,960	-	-
Nihal Kaviratne CBE	2,686	4,008	-	-
Danny Teoh	4,902	7,534	-	-
DBS Bank 4.7% non-cumulative non-convertible redeemable perpetual preference shares				
Euleen Goh	3,000	3,000	-	-

(1) Mr Gupta's share awards form part of his remuneration. Details of the DBSH Share Plan are set out in Note 38 of the Notes to the 2014 Group's financial statements

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2015.

Directors' contractual benefits

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit under a contract which is required to be disclosed by Section 201(8) of the Companies Act save as disclosed in this report or in the financial statements of the Bank and of the Group.

DBSH Share Option Plan

Particulars of the share options granted under the DBSH Share Option Plan in 2004 and 2005 have been set out in the Directors' Reports for the years ended 31 December 2004 and 2005 respectively. No grants were made under the DBSH Share Option Plan since 2006.

The movements of the unissued ordinary shares of DBSH in outstanding DBSH options granted under the DBSH Share Option Plan were as follows:

DBSH Options	Number of unissued ordinary shares	During the year		Number of unissued ordinary shares	Exercise price per share	Expiry date
	1 January 2014	Exercised	Forfeited/Expired	31 December 2014		
March 2004	880,631	855,615	25,016	-	$12.53	02 March 2014
March 2005	554,244	195,841	3,526	354,877	$12.81	01 March 2015
	1,434,875	1,051,456	28,542	354,877		

The DBSH Share Option Plan expired on 19 June 2009 and it was not extended or replaced. Therefore, no further options were granted by DBSH during the financial year. The termination of the DBSH Share Option Plan will not affect the rights of holders of any outstanding existing options.

The persons to whom the DBSH options have been granted do not have any right to participate by virtue of the DBSH options in any share issue of any other company. No Director has received any DBSH option under the DBSH Share Option Plan.

DBSH Share Plan

During the financial year, time-based awards in respect of an aggregate of 5,789,096 ordinary shares were granted pursuant to the DBSH Share Plan to selected employees of the Group. This included 326,124 ordinary shares comprised in awards granted to the executive Director, Mr Piyush Gupta, which formed part of his remuneration. During the financial year, certain non-executive Directors received an aggregate of 59,569 share awards, which formed part of their directors' fees for acting as Directors of DBSH. Details are set out below.

Directors of the Bank	Share awards granted during the financial year under review	Share awards vested during the financial year under review
Peter Seah [(2)]	31,845	44,297
Piyush Gupta	326,124[(1)]	203,709
Bart Broadman[(2)]	3,791	7,066
Euleen Goh [(2)]	6,080	11,268
Ho Tian Yee[(2)]	3,553	4,529
Nihal Kaviratne CBE[(2)]	4,490	5,812
Andre Sekulic[(2)]	4,728	4,728
Danny Teoh [(2)]	5,082	7,714

(1) Mr Gupta's awards formed part of his remuneration for 2013
(2) The awards of these non-executive Directors formed part of their directors' fees for acting as Directors of DBSH in 2013. All the awards granted to these non-executive Directors during the financial year under review vested immediately upon grant.

Information on the DBSH Share Plan is as follows:

(i) Awards over DBSH's ordinary shares may be granted to Group executives who hold such rank as may be determined by the Compensation and Management Development Committee of DBSH from time to time. Awards may also be granted to (amongst others) executives of associated companies of the Bank who hold such rank as may be determined by the Compensation and Management Development Committee from time to time, and non-executive Directors of DBSH.

The participants of the DBSH Share Plan shall not be eligible to participate in the DBSH Employee Share Plan or other equivalent plans.

(ii) Where time-based awards are granted, participants are awarded ordinary shares of DBSH, their equivalent cash value or a combination of both as part of their deferred bonus, at the end of the prescribed vesting periods. Awards are granted under the DBSH Share Plan at the absolute discretion of the Compensation and Management Development Committee.

(iii) The DBSH Share Plan shall continue to be in force at the discretion of the Compensation and Management Development Committee, subject to a maximum period of ten years. At an Extraordinary General Meeting of DBSH held on 8 April 2009, the DBSH Share Plan was extended for another ten years, from 18 September 2009 to 17 September 2019, provided always that the DBSH Share Plan may continue beyond the above stipulated period with the approval of the shareholders of DBSH by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(iv) Awards under the DBSH Share Plan may be granted at any time in the course of a financial year, and may lapse by reason of cessation of service of the participant, or the retirement, redundancy, ill health, injury, disability, death, bankruptcy or misconduct of the participant, or by reason of the participant, being a non-executive Director, ceasing to be a Director, or in the event of a take-over, winding up or reconstruction of DBSH.

(v) Subject to the prevailing legislation and the rules of the Singapore Exchange, DBSH will have the flexibility to deliver ordinary shares of DBSH to participants upon vesting of their awards by way of an issue of new ordinary shares and/or the transfer of existing ordinary shares (which may include ordinary shares held by DBSH in treasury).

(vi) The class and/or number of ordinary shares of DBSH comprised in an award to the extent not yet vested, and/or which may be granted to participants, are subject to adjustment by reason of any variation in the ordinary share capital of DBSH (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, or distribution) or if DBSH makes a capital distribution or a declaration of a special dividend (whether in cash or in specie), upon the written confirmation of the auditor of DBSH that such adjustment (other than in the case of a capitalisation issue) is fair and reasonable.

Independent Auditor

PricewaterhouseCoopers LLP has expressed its willingness to accept re-appointment as independent external auditor.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

9 February 2015
Singapore

Statement by the Directors

We, Peter Seah Lim Huat and Piyush Gupta, being two of the Directors of DBS Bank Ltd ("the Bank"), state that, in the opinion of the Directors, the consolidated financial statements of the Bank Group, consisting of the Bank and its subsidiaries, and the financial statements of the Bank, together with the notes thereon as set out on pages 1 to 85, are drawn up so as to give a true and fair view of the state of affairs of the Bank and Bank Group as at 31 December 2014, and the results and changes in equity of the Bank and Bank Group, and cash flow statement of the Bank Group for the financial year ended on that date and there are reasonable grounds to believe that the Bank and the Bank Group will be able to pay their debts as and when they fall due.

On behalf of the Directors

Peter Seah Lim Huat

Piyush Gupta

9 February 2015
Singapore

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DBS BANK LTD (INCORPORATED IN SINGAPORE)

Report on the Financial Statements

We have audited the accompanying financial statements of DBS Bank Ltd (the "Bank") and its subsidiaries (the "Bank Group") set out on pages 1 to 85, which comprise the consolidated balance sheet of the Bank Group and balance sheet of the Bank as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Bank Group and the income statement, the statement of comprehensive income and statement of changes in equity of the Bank for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the consolidated financial statements of the Bank Group and the balance sheet, the income statement, the statement of comprehensive income and statement of changes in equity of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 "Credit Files, Grading and Provisioning" issued by Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Bank Group and of the Bank as at 31 December 2014, and the results, changes in equity and cash flows of the Bank Group and the results and changes in equity of the Bank for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 9 February 2015

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