

DBS adopts credit cycle approach with Z-Risk Engine to meet IFRS9 regulatory requirements ahead of January 2018 deadline.

Singapore, 9 October 2017 – DBS, the Singapore-based regional bank, announced today that it is deploying Z-Risk Engine® (ZRE) to generate forward-looking future credit losses on the bank's wholesale credit portfolio, as it complies with imminent IFRS9 requirements. The new financial regulations, effective from January 1, 2018, call for banks and other lenders to deliver a regular, predictive point-in-time (PIT) view of credit quality and to recognise any potential impairments to credit before a loss event occurs. ZRE technology is part of a hybrid credit risk management solution that also includes the consulting expertise of its maker Aguais and Associates (AAA).

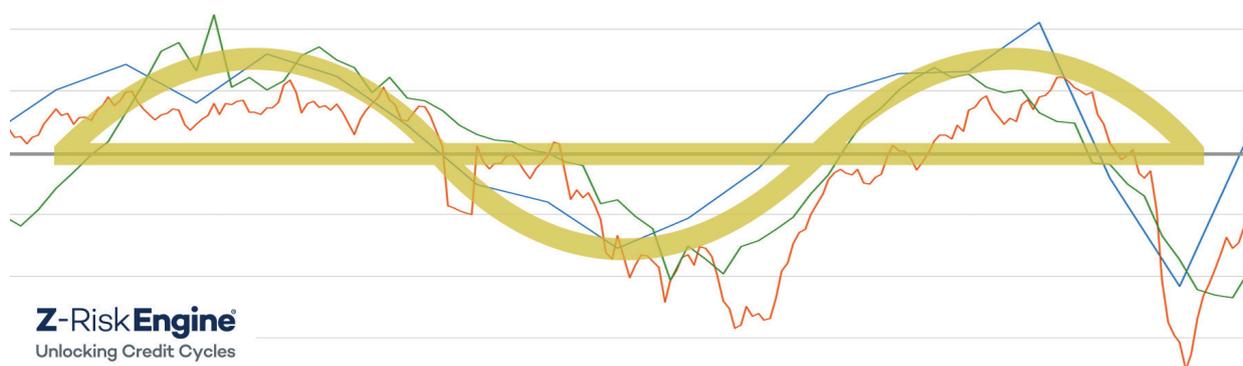
Over the last year, the Z-Risk Engine technology platform has been tested by DBS together with AAA and is now being rolled out enterprise-wide at the bank.

Capturing short term movements in risk using dual-ratings approach

The ZRE solution's innovations include applying regional and industry economic credit risk cycle scenarios to obtain point-in-time versions of through-the-cycle parameters. The result is a 'dual-ratings' system generating statistical credit estimates that can enable financial institutions to comply efficiently with IFRS 9. This is significant as credit losses generally can vary up to 5-10X across a lender's wholesale credit portfolios due to credit cycles.

"Most external and internal wholesale credit ratings are mainly through-the-cycle, so are unable to capture the substantial short-term movements in risk that are needed for the point-in-time measures IFRS 9 requires," says Sok Hui Chng, Chief Financial Officer, DBS. "Aguais and Associates have helped to resolve this challenge for DBS and delivered custom PIT and forward-looking calibrations for our credit models to capture impairments under the IFRS9 framework. We have been very impressed with the technology and consulting support Aguais and Associates has delivered."

"For nine year's running DBS has been named Asia's safest bank," says Dr Scott D Aguais, Managing Director, London-based Aguais and Associates. "We're delighted that DBS is the first Asia-headquartered company to adopt ZRE. We see this, and the concurrent ZRE adoption by a major European bank, as strong validation of the power of the ZRE platform, our innovative and robust methodology, and our collaborative, consultative approach."



Z-Risk Engine applies custom industry and regional credit cycle scenarios to deliver to lenders more accurate point-in-time measures.

About DBS

DBS is a leading financial services group in Asia, with over 280 branches across 18 markets. Headquartered and listed in Singapore, DBS has a growing presence in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings, is among the highest in the world.

DBS is at the forefront of leveraging digital technology to shape the future of banking, and has been named "World's Best Digital Bank" by Euromoney. The bank has also been recognised for its leadership in the region, having been named "Asia's Best Bank" by publications including The Banker, Global Finance, IFR Asia and Euromoney since 2012. In addition, the bank has been named "Safest Bank in Asia" by Global Finance for nine consecutive years from 2009 to 2017.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities. The bank acknowledges the passion, commitment and can-do spirit in all of our 22,000 staff, representing over 40 nationalities. For more information, please visit www.dbs.com.

About Aguais and Associates and Z-Risk Engine

Brought to you by London-based Aguais & Associates (AAA), Z-Risk Engine® (ZRE) is a substantially more accurate, purpose-built risk management solution for global banks and financial institutions tasked to comply with IFRS9, CECL and meet stress testing regulations. It is a proven, affordable and efficient route to regulatory signoff. Key customers include top regional banks in Asia and Europe.

The complete ZRE solution combines a suite of SAS®-based software with AAA's expert credit risk consultancy. The engine is a single integrated, customisable batch analytics platform for wholesale and commercial credit portfolios and works with a bank's own credit models. With innovations in 'credit cycle unlocking', ZRE is uniquely able to use industry and regional credit cycles to accurately convert existing credit models, such as through the cycle (TTC), into point in time (PIT) measures.

The ZRE solution incorporates 175 person-years of direct investment at major financial institutions in developing, validating and integrating with wholesale credit models. As pioneers of the dual PIT-TTC framework, the ZRE team has successfully achieved Basel 2 Waivers at RBS and Barclays.

Contact

Dr. Scott D. Aguais:

+44 (0)7800 736587

SAguais@Z-RiskEngine.com

Aguais And Associates Ltd
20-22 Wenlock Road, London N1 7GU, UK

Z-RiskEngine.com