January 13, 2017

Mr. William Coen
Secretary General
Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland

Dear Mr Coen

Re: Comments on the Discussion Paper, Regulatory treatment of accounting provisions, and the Consultative Document, Regulatory treatment of accounting provisions - interim approach and transitional arrangements

1 DBS Bank is pleased to offer its feedback on the captioned Discussion Paper / Consultative Document.

2 The regulatory treatment of accounting provisions is an important issue that should be evaluated as banks embark on revised provisioning regimes under either IFRS or US GAAP. However, the progress of this review is inextricably linked to the outcome of the consultations on the Basel III Standardized and IRB approaches for credit risk as well as the introduction of standardised floors and capital buffers. Until then, it may be premature to look into the specific methodological issues and considerations that could arise.

3 While we await the finalisation of what the industry has termed "Basel IV" which could then facilitate a more complete review of the issues set out in the Discussion Paper / Consultative Document, it may be opportune for the BCBS to also consider focusing on finalising the consultation paper that it had issued in July 2016, where it had sought to develop internationally-aligned guidelines on the definition of non-performing and forborne exposures. The BCBS had rightfully observed in this paper that significant differences in how banks identify and report their asset quality had resulted in difficulties for supervisors and other stakeholders in identifying and comparing banks' information across jurisdictions. In particular, its analysis had "revealed varying practices across jurisdictions, as well as various layers of definitions within jurisdictions". Moreover, differences were also observed in the "definitions of terms used in the accounting and regulatory frameworks, such as the concept of impairment or the definition of default used for modelling purposes".

4 The present lack of internationally-aligned guidelines would, besides triggering the regulatory concerns already identified, have ramifications on the implementation

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of the IFRS and US GAAP provisioning approaches as well since they are intended to complement the existing accounting and regulatory framework in relation to asset categorisation. As such, to facilitate the effective implementation of the new provisioning standards, and for regulators to properly consider any contemplated regulatory adjustments that would be instituted in response, it would be important for the BCBS to also reach early resolution on the proposed guidelines.

5 We trust that our feedback will be useful to the BCBS as it seeks to complete its review in these important areas.

Yours faithfully

CHNG SOK HUI
CHIEF FINANCIAL OFFICER
DBS BANK LTD