

# The Development Bank of Singapore Ltd

## Notes to the Supplementary Financial Statements

The supplementary financial statements of The Development Bank of Singapore Ltd ("DBS Bank") are extracted from the Audited Statutory Accounts of DBS Bank for the financial year ended December 31, 2002. The statutory accounts of DBS Bank, which contained an unqualified audit report, will be delivered to the Registrar of Companies in accordance with the Singapore Companies Act.

### 1. PRINCIPAL ACCOUNTING POLICIES

The accounting policies applied by DBS Bank are consistent with those applied on DBSH Group as disclosed in Note 2 of the "Notes to the consolidated financial statements" ("DBSH Notes") in DBSH Consolidated Financial Statements.

### 2. DIVIDENDS

In S\$ million	2002	2001
Dividends (gross) from subsidiary companies	151	282
Dividends (gross) from associated companies	28	36
Dividends (gross) from other investments	19	23
Total	198	341

### 3. SHARE CAPITAL

In S\$ million	2002	2001
<b>Authorised</b>		
2,000,000,000 ordinary shares of S\$1 each	2,000	2,000
600,000,000 non-redeemable convertible preference shares of S\$2 each	1,200	1,200
300,000,000 non-voting convertible preference shares of S\$1 each	300	300
800,000 non-cumulative redeemable non-convertible perpetual preference shares of US\$0.01 each and each with a liquidation preference of US\$1,000	#	#
17,500 non-cumulative redeemable non-convertible perpetual preference shares of S\$0.01 each and each with a liquidation preference of S\$10,000	#	#
1,100,000,000 non-cumulative non-convertible perpetual preference shares of S\$0.01 each and each with a liquidation preference of S\$100	11	11
	1,511	1,511
<b>Total Issued and Paid-up Capital</b>		
1,962,302,697 (2001: 1,636,045,569) ordinary shares of S\$1 each	1,962	1,636
11,000,000 (2001: 11,000,000) non-cumulative non-convertible perpetual preference shares S\$0.01 each	#	#
Total	1,962	1,636

# Amount under S\$500,000

**3.1** On May 7, 2002, DBS Bank issued 210,686,648 ordinary shares of par value S\$1.00 each for S\$211 million to DBSH, for general corporate purposes.

**3.2** On December 23, 2002, DBS Bank issued 115,570,480 ordinary shares of par value S\$1.00 each for S\$1,306 million to DBSH, for general corporate purposes.

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## Notes to the Supplementary Financial Statements

### 4. RESERVES

#### 4.1 SHARE PREMIUM ACCOUNT

In S\$'million	2002	2001
Balance at January 1	<b>8,944</b>	4,273
Issue of shares	<b>1,190</b>	4,673
Expenses arising from issue of shares	#	(2)
Balance at December 31	<b>10,134</b>	8,944

# Amount under S\$500,000

#### 4.2 CAPITAL RESERVE

In S\$'million	2002	2001
Balance at January 1		
– as previously reported	<b>(12)</b>	(138)
– effect of restating long term investments at historical costs	<b>(92)</b>	206
Balance at January 1 as restated	<b>(104)</b>	68
Net exchange translation adjustments during the year	<b>214</b>	(191)
Goodwill written back on disposal of subsidiary companies	–	19
Balance at December 31	<b>110</b>	(104)

#### 4.3 GENERAL RESERVE

In S\$'million	2002	2001
<b>RESERVE FUND</b>		
Balance at January 1	<b>1,728</b>	1,523
Reserves arising from folding in of subsidiary companies	–	138
Appropriation from profit and loss account (Note 4.4)	<b>223</b>	67
Balance at December 31	<b>1,951</b>	1,728

The appropriation from profit and loss account relates to the amounts transferred to the Reserve Fund to comply with the Banking Act.

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### 4.4 REVENUE RESERVE

In S\$'million	2002	2001
Balance at January 1		
– as previously reported	2,248	1,014
– effect of adopting SAS 12 in connection with deferred taxation	94	82
Balance at January 1 as restated	2,342	1,096
Net profit after taxation	891	1,356
Goodwill transferred from capital reserve on disposal of subsidiary companies	–	(19)
Transfer to general reserve (Note 4.3)	(223)	(67)
	(223)	(86)
Amount available for distribution	3,010	2,366
Less: 104 % dividends less income tax on ordinary shares paid	1,500	–
6% (2001: 6%) dividends less income tax on preference shares paid	51	24
Balance at December 31	1,459	2,342
Total reserves	13,654	12,910

### 5. DUE TO SUBSIDIARY COMPANIES

In S\$'million	2002	2001
Subordinated term debts	1,358	1,440
Amounts due to subsidiary companies	821	607
Total	2,179	2,047

**5.1** The subordinated term debts, issued on March 21, 2001 comprised the Series A Subordinated Note of US\$725 million and the Series B Subordinated Note of S\$100 million, and mature on March 15, 2051. The notes were issued by DBS Bank to DBS Capital Funding Corporation, both wholly owned subsidiary companies of DBSH.

**5.2** Interest is payable in arrears on March 15 and September 15 each year at a fixed rate of 7.657% per annum (Series A) and 5.35% per annum (Series B), up to March 15, 2011. Thereafter, interest is payable quarterly in arrears on March 15, June 15, September 15 and December 15 each year at a floating rate of three-month London Interbank Offer Rate ("LIBOR") + 3.20% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B).

### 6. ASSOCIATED AND JOINT VENTURE COMPANIES

The investment in the Bank of the Philippine Islands ("BPI") was purchased by DBS Bank in December 1999. Since then, the global stock market has remained relatively weak amidst an uncertain economy. The Philippines market exhibits no exceptional trend. In accordance to SAS 36, the Board and Management have made appropriate assessment of the investment value in BPI. Using the dividend discounted model and a terminal value based on historical price to book ratio, we have determined the value in use for the investment in BPI to be S\$718 million. As a result, an impairment loss of S\$341 million was recorded in the profit and loss account.