

The supplementary financial statements of DBS Bank Ltd ("DBS Bank") (formerly known as The Development Bank of Singapore Ltd) are extracted from the Audited Statutory Accounts of DBS Bank for the financial year ended December 31, 2003. 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 \$ millions	2003	2002
Dividends (gross) from subsidiary companies	34	151
Dividends (gross) from associated companies	33	28
Dividends (gross) from other investments	42	19
Total	109	198

3. SHARE CAPITAL

In \$ millions	2003	2002
Authorised		
2,000,000,000 ordinary shares of \$1 each	2,000	2,000
600,000,000 non-redeemable convertible preference shares of \$2 each	1,200	1,200
300,000,000 non-voting convertible preference shares of \$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 \$0.01 each and each with a liquidation preference of \$10,000	#	#
1,100,000,000 non-cumulative non-convertible perpetual preference shares of \$0.01 each and each with a liquidation preference of \$100	11	11
	1,511	1,511
Total Issued and Paid-up Capital		
1,962,302,697 (2002: 1,962,302,697) ordinary shares of \$1 each	1,962	1,962
11,000,000 (2002: 11,000,000) non-cumulative non-convertible perpetual preference shares of \$0.01 each	#	#
Total	1,962	1,962
# Amount under \$500,000		

4. RESERVES

4.1 SHARE PREMIUM ACCOUNT

In \$ millions	2003	2002
Balance at January 1	10,134	8,944
Issue of shares	–	1,190
Balance at December 31	10,134	10,134

4.2 NON-DISTRIBUTABLE RESERVES

Non-distributable reserves comprise the following:

In \$ millions	DBS Bank 2003		Total
	General reserve ^(a)	Capital reserve ^(b)	
Balance at January 1, 2003	1,951	110	2,061
Appropriation from profit and loss account (Note 5)	185	–	185
Net exchange translation adjustments during the year	–	67	67
Balance at December 31, 2003	2,136	177	2,313

In \$ millions	DBS Bank 2002		Total
	General reserve ^(a)	Capital reserve ^(b)	
Balance at January 1, 2002	1,728	(104)	1,624
Appropriation from profit and loss account (Note 5)	223	–	223
Net exchange translation adjustments during the year	–	214	214
Balance at December 31, 2002	1,951	110	2,061

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

(b) The Capital reserve comprises net exchange translation adjustments arising from translation differences on opening net investments in foreign subsidiary companies and branches, and the related foreign currency borrowings designated as a hedge.

5. REVENUE RESERVE

In \$ millions	2003	2002
Balance at January 1		
– as previously reported	1,459	2,342
– effect of accounting policy change ^(a)	47	(9)
Balance at January 1 (as restated)	1,506	2,333
Net profit after taxation	742	947
Transfer to general reserve (Note 4.2)	(185)	(223)
Amount available for distribution	2,063	3,057
Less: 8.66% (2002:104.1%) ordinary dividends less income tax paid	170	1,500
6% preference dividends less income tax paid	52	51
Balance at December 31	1,841	1,506

(a) Refer to Note 2.2.1 of DBSH Notes.

6. DUE TO SUBSIDIARY COMPANIES

In \$ millions	2003	2002
Subordinated term debts	1,331	1,358
Amounts due to subsidiary companies	896	821
Total	2,227	2,179

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 \$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. 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") + 3.2% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B).

7. ASSOCIATED AND JOINT VENTURE COMPANIES

The investment in the Bank of Philippine Islands ("BPI") was purchased by DBS Bank in December 1999. In accordance to FRS 36, the Board and Management have made appropriate assessment of the investment value in BPI. Using the higher of net selling price and value in use, an impairment loss of \$309 million (2002: \$341 million) was recorded in the profit and loss account.