

Notes to the Supplementary Financial Statements

The supplementary financial statements of DBS Bank Ltd ("DBS Bank") are extracted from the Audited Statutory Accounts of DBS Bank for the financial year ended December 31, 2004. The statutory accounts of DBS Bank, which contained an unqualified audit report, will be delivered to the Accounting & Corporate Regulatory Authority 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. DIVIDEND INCOME

In \$ millions	2004	2003
Dividends (gross) from subsidiary companies	26	34
Dividends (gross) from associated companies	32	33
Dividends (gross) from other investments	63	42
Total	121	109

3. SHARE CAPITAL

In \$ millions	2004	2003
Authorised		
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
Total Issued and Paid-up Capital		
1,962,302,697 (2003: 1,962,302,697) ordinary shares of S\$1 each	1,962	1,962
11,000,000 (2003: 11,000,000) non-cumulative non-convertible perpetual preference shares S\$0.01each	#	#
Total	1,962	1,962

Amount under \$500,000

4. RESERVES

4.1 SHARE PREMIUM ACCOUNT

In \$ millions	2004	2003
Balance at January 1 and December 31	10,134	10,134

4.2 NON-DISTRIBUTABLE RESERVES

Non-distributable reserves comprise the following:

In \$ millions	DBS Bank 2004		Total
	General reserve ^(a)	Capital reserve ^(b)	
Balance at January 1, 2004	2,136	177	2,313
Appropriation from profit and loss account (Note 5)	97	-	97
Net exchange translation adjustments during the year	-	44	44
Balance at December 31, 2004	2,233	221	2,454

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

(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 included net exchange translation adjustments arising from translation differences on opening net investments in foreign subsidiary companies, associated companies and branches, and the related foreign currency borrowings designated as a hedge.

5. REVENUE RESERVE

In \$ millions	2004	2003
Balance at January 1	1,841	1,506
Net profit after taxation	1,937	742
Transfer to general reserve (Note 4.2)	(97)	(185)
Amount available for distribution	3,681	2,063
Less: 21.58% (2003: 8.66%) tax exempt ordinary dividends	423	170
6% on preference dividends of net of 20% (2003: 22%) tax paid	53	52
Balance at December 31	3,205	1,841

6. DUE TO SUBSIDIARY COMPANIES

In \$ millions	2004	2003
Subordinated term debts	1,283	1,331
Amounts due to subsidiary companies	1,137	896
Total	2,420	2,227

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. 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. In 2004, no impairment loss was recorded in the profit and loss account (2003: S\$309 million).