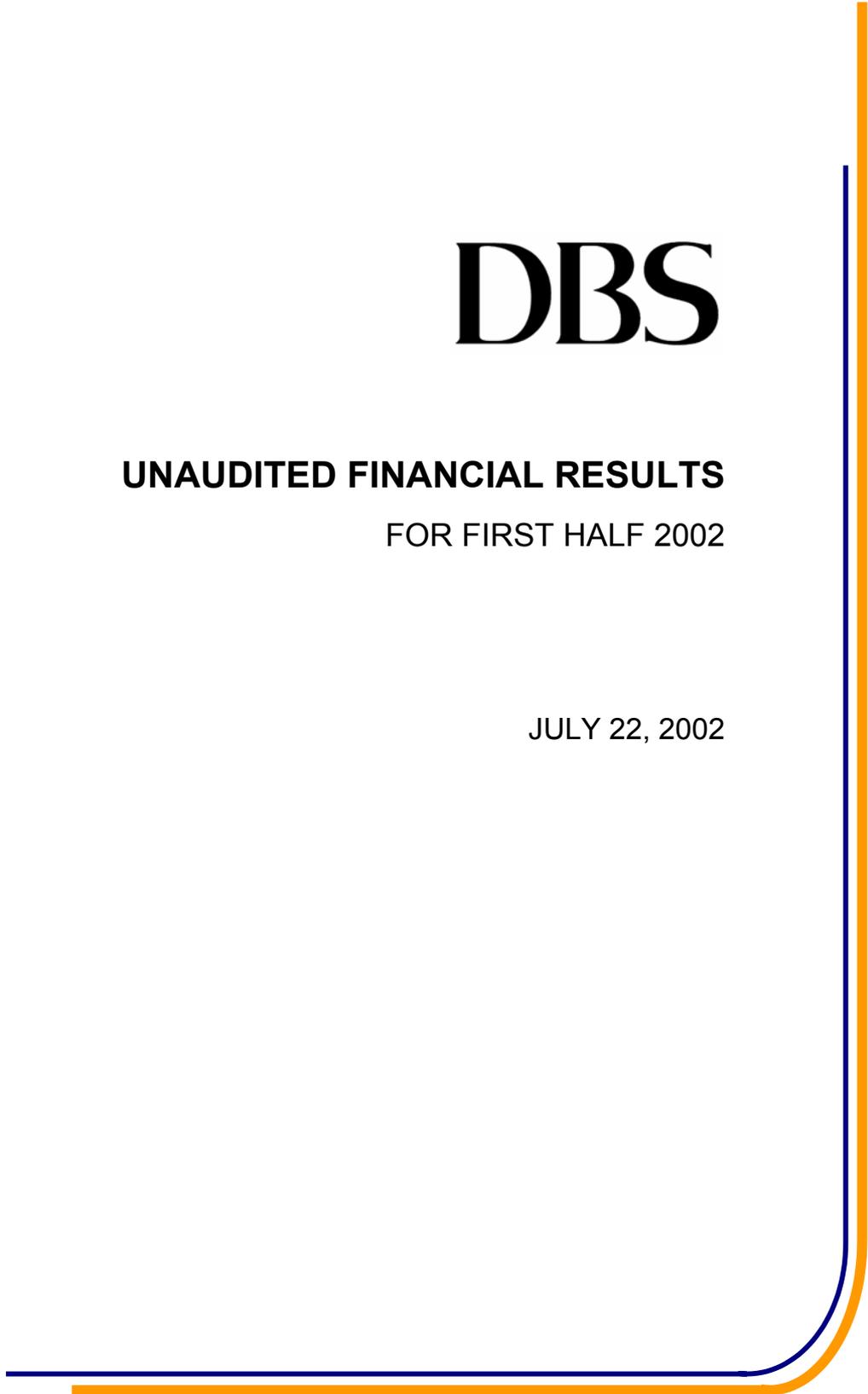


# DBS

## **UNAUDITED FINANCIAL RESULTS** FOR FIRST HALF 2002

JULY 22, 2002



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# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

## Financial Highlights

DBS prepares its financial statements in accordance with Singapore Generally Accepted Accounting Principles ("Singapore GAAP").

### Unaudited Financial Performance Summary For First Half 2002

	1st Half 2002	2nd Half 2001	1st Half 2001	2nd Qtr 2002	1st Qtr 2002
	S\$m	S\$m	S\$m	S\$m	S\$m
<b>For the period (GAAP basis)</b>					
Operating profit	963.5	892.9	779.3	466.0	497.5
Net Profit before tax	789.2	597.0	766.4	373.8	415.5
Net Profit after tax attributable to members	531.4	369.7	629.5	253.4	278.0
<b>For the period (excluding goodwill amortisation)</b>					
Operating profit	1,100.0	1,024.3	779.3	534.7	565.2
Net Profit before tax	925.7	728.4	766.4	442.5	483.2
Net Profit after tax attributable to members	667.9	501.1	629.5	322.1	345.8
<b>At period-end</b>					
Shareholders' funds	14,066.7	13,529.1	11,142.0	14,066.7	13,812.8
Customer loans	64,561.2	68,208.0	69,617.4	64,561.2	66,340.4
Customer deposits	102,984.1	106,771.3	114,851.4	102,984.1	109,585.7
Total assets	152,008.9	151,294.3	156,497.0	152,008.9	153,957.4
	S\$	S\$	S\$	S\$	S\$
<b>Per share</b>					
Earnings excluding goodwill amortisation (annualised)	0.91	0.76	1.02	0.88	0.94
Basic earnings (annualised)	0.72	0.54	1.02	0.69	0.75
Fully diluted earnings (annualised)	0.69	0.52	0.96	0.66	0.72
Interim / Final dividend	0.14	0.16	0.14	0.14	-
Net asset value at period-end	5.74	5.38	5.85	5.74	5.63

### Performance ratios (annualised)

	1st Half 2002	2nd Half 2001	1st Half 2001	2nd Qtr 2002	1st Qtr 2002
	(%)	(%)	(%)	(%)	(%)
<b>On a GAAP basis</b>					
Return on assets	0.70	0.44	1.08	0.66	0.73
Return on equity	7.73	6.44	11.36	7.26	8.14
<b>Excluding goodwill amortisation</b>					
Return on assets	0.88	0.64	1.08	0.84	0.91
Return on equity	9.71	8.78	11.36	9.22	10.12
<b>Efficiency and revenue mix ratios</b>					
Cost:income ratio (excluding goodwill amortisation)	45.5	49.2	49.0	46.3	44.8
As a percentage of total operating income:					
- Net interest income	65.4	64.2	62.9	65.5	65.4
- Non-interest income	34.6	35.8	37.1	34.5	34.6
<b>BIS Capital ratios (at period-end)</b>					
- Tier 1 capital	12.6	12.2	11.6	12.6	12.5
- Total capital	17.6	17.4	17.0	17.6	17.7

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Adoption of New Accounting Standards

Effective for financial periods beginning on or after April 1, 2001, companies in Singapore are required to adopt the revised Statement of Accounting Standard 12 on Income Taxes. As a result, DBS Group Holdings and its subsidiary companies ("DBSH Group") has applied the revised Standard with effect from January 1, 2002. There is no material impact on the Group financial statements for first half 2002 (1<sup>st</sup> Half 2002).

### Unaudited Financial Performance Summary For First Half 2002

S\$m	1st Half 2002	2nd Half 2001	1st Half 2001	2nd Qtr 2002	1st Qtr 2002
<b>Profit and Loss Account</b>					
Net interest income	1,321.4	1,295.3	961.5	651.5	670.0
Non-interest income	698.1	721.5	566.7	343.6	354.5
<b>Income before operating expenses</b>	<b>2,019.5</b>	2,016.8	1,528.2	<b>995.1</b>	1,024.4
Operating expenses	(919.6)	(992.5)	(748.9)	(460.4)	(459.2)
Goodwill amortisation	(136.5)	(131.4)	-	(68.7)	(67.7)
<b>Operating profit</b>	<b>963.5</b>	892.9	779.3	<b>466.0</b>	497.5
Provisions	(200.7)	(332.4)	(46.5)	(105.0)	(95.8)
Associated and joint venture companies	26.5	36.5	33.6	12.7	13.7
<b>Net profit before tax</b>	<b>789.2</b>	597.0	766.4	<b>373.8</b>	415.5
<b>Net profit after tax attributable to members (NPAM)</b>	<b>531.4</b>	369.7	629.5	<b>253.4</b>	278.0
<b>NPAM excluding goodwill amortisation</b>	<b>667.9</b>	501.1	629.5	<b>322.1</b>	345.8

### Profit and Loss

DBSH Group's operating profit excluding goodwill amortisation increased by 41.1% to S\$1,100.0 million in the 1<sup>st</sup> Half 2002 over the same period in 2001. Financial results of Dao Heng Bank Group Limited (DHG) and DBS Vickers Securities Holdings Pte Ltd (DBSV) were consolidated from June 29, 2001 and September 12, 2001 respectively. The consolidation of these acquisitions had contributed largely to the higher net interest and fee income.

As a result of higher provision charge in 1<sup>st</sup> Half 2002, NPAM excluding goodwill amortisation increased by a smaller percentage growth of 6.1% to S\$667.9 million over 1<sup>st</sup> Half 2001.

Compared to second half 2001 (2<sup>nd</sup> Half 2001), operating profit excluding goodwill amortisation increased by 7.4%. Both halves under comparison included the financial results of DHG and DBSV. The 7.4% increase was mainly accounted for by lower operating expenses in 1<sup>st</sup> Half 2002 compared to 2<sup>nd</sup> Half 2001. Income before operating expenses remained stable for the 2 halves under comparison.

On a GAAP basis, DBSH Group's operating profit was S\$963.5 million, increase of 23.6% and 7.9% over 1<sup>st</sup> Half 2001 and 2<sup>nd</sup> Half 2001 respectively. NPAM was S\$531.4 million, a decrease of 15.6% from 1<sup>st</sup> Half 2001 but an increase of 43.7% over 2<sup>nd</sup> Half 2001.

Compared to first quarter 2002 (1<sup>st</sup> Qtr 2002), NPAM excluding goodwill amortisation for second quarter 2002 (2<sup>nd</sup> Qtr 2002) showed a decrease of 6.8% to S\$322.1 million.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Contributions from Dao Heng Bank Group Limited and DBS Vickers Securities Holdings Pte Ltd

Excluding contributions and acquisition-related costs of DHG and DBSV, net profit of the Group would have been S\$668.5 million, an increase of 6.2% over the same period last year contributed by higher net interest income and lower operating expenses.

### Unaudited Financial Performance Summary For First Half 2002

S\$m	DBSH Group 1st Half 2002	Dao Heng 1st Half 2002	Vickers 1st Half 2002 <sup>1/</sup>	Acquisition Related Costs	Adjusted DBSH Group 1st Half 2002	Incr/ (Decr) excluding Acquisition Effects, over 1st Half 2001 <sup>1/</sup>
<b>Profit and Loss Account</b>						(%)
Net interest income	1,321.4	308.8	1.7	(47.9)	1,058.7	10.2
Non-interest income	698.1	105.5	58.0	-	534.6	(6.0)
<b>Income before operating expenses</b>	<b>2,019.5</b>	<b>414.3</b>	<b>59.7</b>	<b>(47.9)</b>	<b>1,593.4</b>	<b>4.4</b>
Operating expenses	(919.6)	(181.5)	(55.6)	-	(682.5)	(9.3)
Goodwill amortisation	(136.5)	-	(2.3)	(133.4)	(0.8)	NM
<b>Operating profit</b>	<b>963.5</b>	<b>232.8</b>	<b>1.8</b>	<b>(181.2)</b>	<b>910.1</b>	<b>16.9</b>
Provisions	(200.7)	(104.0)	3.5	-	(100.3)	114.9
Associated and joint venture companies	26.5	3.6	(3.3)	-	26.2	(21.9)
<b>Net profit before tax</b>	<b>789.2</b>	<b>132.4</b>	<b>2.0</b>	<b>(181.2)</b>	<b>836.0</b>	<b>9.2</b>
<b>Net profit after tax attributable to members (NPAM)</b>	<b>531.4</b>	<b>63.6</b>	<b>(2.4)</b>	<b>(197.4)</b>	<b>667.7</b>	<b>6.1</b>
<b>NPAM excluding goodwill amortisation</b>	<b>667.9</b>	<b>63.6</b>	<b>(0.1)</b>	<b>(64.0)</b>	<b>668.5</b>	<b>6.2</b>

Dao Heng : Dao Heng Bank Group Limited

Vickers : DBS Vickers Securities Holdings Pte Ltd

1/ Net of DBS Securities Group's contribution in 1<sup>st</sup> Half 2001

NM: Not Meaningful

Note : Appropriate adjustments have been made to Dao Heng Bank Group Limited accounts to bring them in line with the Singapore Generally Accepted Accounting Principles.

Exhibit 1

## Group Net Interest Income and Net Interest Margin

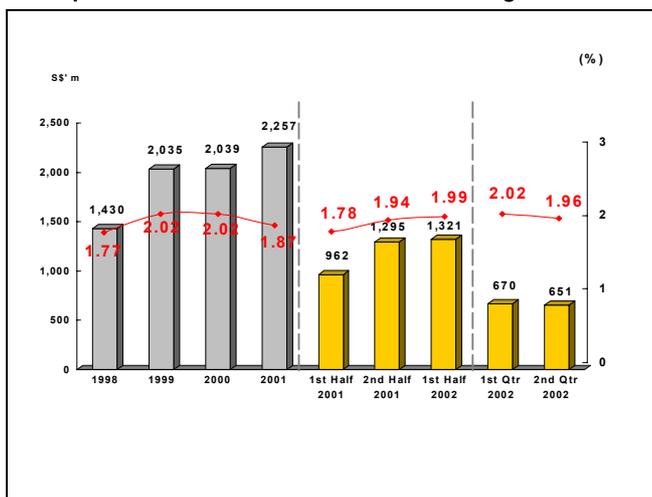


Table 1

## Group Net Interest Income and Net Interest Margin

S\$'m	1st Half 2002	2nd Half 2001	1st Half 2001
Net interest income	1,321.4	1,295.3	961.5
Average interest bearing assets	<b>133,794.8</b>	132,386.2	108,926.0
Gross interest yield (%)	<b>3.42</b>	4.26	4.49
Net interest spread <sup>1/</sup> (%)	<b>1.91</b>	1.84	1.59
Net interest margin <sup>2/</sup> (%)	<b>1.99</b>	1.94	1.78

S\$'m	2nd Qtr 2002	1st Qtr 2002
Net interest income	<b>651.5</b>	670.0
Average interest bearing assets	<b>133,293.2</b>	134,296.4
Gross interest yield (%)	<b>3.31</b>	3.52
Net interest spread <sup>1/</sup> (%)	<b>1.88</b>	1.94
Net interest margin <sup>2/</sup> (%)	<b>1.96</b>	2.02

1/ Net interest spread is the difference between the average interest rate earned on average interest-earning assets and the average interest rate paid on average interest-bearing funds.

2/ Net interest margin is net interest income expressed as a percentage of average interest-earning assets and is annualised.

## Net Interest Income and Net Interest Margin

Net interest income increased by 37.4% to S\$1,321.4 million for 1<sup>st</sup> Half 2002 largely due to the contribution from DHG. Lower Singapore dollar funding costs resulting from re-pricing of non-bank customer deposits also partially accounted for the increase in net interest income. Excluding DHG, DBSV and funding costs incurred for the acquisitions, net interest income was S\$1,058.7 million, an increase of 10.2% over 1<sup>st</sup> Half 2001.

Compared with 1<sup>st</sup> Qtr 2002, net interest income for 2<sup>nd</sup> Qtr 2002 was lower due mainly to the strengthening of the Singapore dollar against its Hong Kong counterpart. On constant currency terms, net interest income for 2<sup>nd</sup> Qtr 2002 would have been in line with 1<sup>st</sup> Qtr 2002.

For 1<sup>st</sup> Half 2002, net interest margin was 1.99% compared to 1.78% for 1<sup>st</sup> Half 2001. Excluding acquisition of DHG, net interest margin was lower, at 1.93%. The improved net interest margin for 1<sup>st</sup> Half 2002 was contributed by lower Singapore dollar funding costs.

Net interest margin weakened to 1.96% in the 2<sup>nd</sup> Qtr 2002 compared to 2.02% in 1<sup>st</sup> Qtr 2002; resulting mainly from lower benefit from deployment of excess funds, as interest rates remained low.

Average interest earning assets increased over 1<sup>st</sup> Half 2001 by S\$24.9 billion or 22.8%.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 2  
Group Non-Interest Income

S\$m	1st Half 2002	2nd Half 2001	1st Half 2001
Fee and commission income	402.8	388.4	250.8
Stockbroking	82.7	49.1	23.6
Trade finance fees	54.7	61.2	35.1
Deposit related	53.5	56.5	43.1
Credit card	48.5	52.6	16.3
Loan related	56.8	67.2	42.7
Fund management	42.9	37.1	34.7
Investment banking	33.3	33.2	39.0
Others (include insurance related commission)	30.5	31.4	16.3
Dividend and rental income	29.8	22.2	40.9
Other income	265.5	310.9	275.0
Net gain on foreign exchange, securities and derivatives	172.2	141.5	182.5
Singapore government securities	46.8	14.6	65.3
Equities	14.7	32.9	(34.2)
Disposal of investment securities	12.5	114.6	15.9
Disposal of fixed assets	4.4	(4.3)	25.9
Others	14.9	11.7	19.6
<b>Total</b>	<b>698.1</b>	<b>721.5</b>	<b>566.7</b>
Non-interest income as a percentage of Operating income (%)	34.6	35.8	37.1

S\$m	2nd Qtr 2002	1st Qtr 2002
Fee and commission income	210.3	192.6
Stockbroking	36.3	46.4
Trade finance fees	25.8	28.9
Deposit related	28.0	25.5
Credit card	24.3	24.2
Loan related	33.7	23.1
Fund management	23.7	19.2
Investment banking	19.6	13.7
Others (include insurance related commission)	18.9	11.6
Dividend and rental income	19.6	10.2
Other income	113.7	151.8
Net gain on foreign exchange, securities and derivatives	78.2	94.0
Singapore government securities	20.6	26.1
Equities	#	14.6
Disposal of investment securities	5.7	6.9
Disposal of fixed assets	4.5	(0.1)
Others	4.7	10.3
<b>Total</b>	<b>343.6</b>	<b>354.5</b>
Non-interest income as a percentage of Operating income (%)	34.5	34.6

# : Insignificant

## Non-Interest Income

Non-interest income as a percentage of total operating income for the 1<sup>st</sup> Half 2002 was 34.6%.

Compared to 1<sup>st</sup> Half 2001, the S\$152.1 million increase in fee and commission income was due mainly to the contribution of stockbroking fees of S\$55.4 million from DBSV; and credit card and trade finance fees of S\$24.7 million and S\$15.2 million respectively from DHG.

Excluding acquisitions, fee income of the Group increased by S\$11.9 million benefiting from the continued emphasis of the credit card business in Singapore and the sale of wealth management products.

Compared to 1<sup>st</sup> Qtr 2002, fee and commission income increased by S\$17.7 million or 9.2%. The increase was contributed mainly by fees received from syndicated loan and investment banking activities.

Other income decreased by 3.4% due mainly to the inclusion of S\$31.2 million profit from the sale of DBS Securities Building and higher Singapore Government Securities' profit of S\$65.3 million in 1<sup>st</sup> Half 2001.

Other income also decreased by 14.6% from 2<sup>nd</sup> Half 2001. Profits of S\$120.1 million and S\$60.6 million from sales of shares in ICS and Keppel Capital were included in 2<sup>nd</sup> Half 2001.

Compared with 1<sup>st</sup> Qtr 2002, other income for 2<sup>nd</sup> Qtr 2002 decreased by S\$38.1 million. Profits of S\$12.5 million and S\$4.0 million were received from the share divestment in CWT Distribution Limited and The Payment Solutions Company Pte Ltd in 1<sup>st</sup> Qtr 2002. Treasury profit was also lower in 2<sup>nd</sup> Qtr 2002.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 3

## Group Operating Expenses

S\$m	1st Half 2002	2nd Half 2001	1st Half 2001
DBSH Group (excluding DHG and DBSV)			
Staff costs	335.3	338.6	374.3
Occupancy expenses	74.2	92.9	72.6
Technology-related expenses	82.6	89.7	83.0
Non-interest expenses (e.g. brokerage)	30.6	25.5	21.2
Others (incl. marketing expenses)	122.8	133.4	160.8
Total (excluding DHG and DBSV)	645.4	680.1	711.9
DHG	178.1	218.4	-
DBSV/DBS Securities Group	86.4	53.6	37.0
Restructuring and integration costs	9.7	40.4	-
Total	919.6	992.5	748.9
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	45.5	49.2	49.0
Staff Head Count Number (at period-end)	12,335	13,157	14,459

S\$m	2nd Qtr 2002	1st Qtr 2002
DBSH Group (excluding DHG and DBSV)		
Staff costs	170.1	165.1
Occupancy expenses	35.5	38.7
Technology-related expenses	44.9	37.7
Non-interest expenses (e.g. brokerage)	13.9	16.6
Others (incl. marketing expenses)	68.7	54.1
Total (excluding DHG and DBSV)	333.1	312.3
DHG	81.7	96.4
DBSV/DBS Securities Group	40.0	46.4
Restructuring and integration costs	5.6	4.1
Total	460.4	459.2
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	46.3	44.8
Staff Head Count Number (at period-end)	12,335	12,675

Table 4

## Change in Group Provisions

S\$m	1st Half 2002	2nd Half 2001	1st Half 2001	2nd Qtr 2002	1st Qtr 2002
Loans	160.9	259.7	71.9	71.1	89.8
Equities	(8.6)	(0.9)	23.1	(11.8)	3.2
Properties	80.6	76.6	15.1	75.7	4.9
Specific Provision	232.9	335.4	110.1	135.0	97.9
General Provision	(32.1)	(3.0)	(63.7)	(30.0)	(2.1)
Total	200.7	332.4	46.5	105.0	95.8

## Operating Expenses

Excluding DHG and DBSV's operating expenses, restructuring and integration costs and goodwill amortisation, operating expenses declined 9.3% over same period in 2001 and 5.1% from 2<sup>nd</sup> Half 2001. Compared to 1<sup>st</sup> Half 2001, staff costs fell S\$39.0 million as a result of lower staff bonuses and headcount reduction that arose from rationalisation of workflow and businesses.

Other operating expenses also showed a decrease mainly achieved through effective cost management programs instituted. The successful integration of DHG had also yielded costs synergy that reduced operating expenses.

The Group's cost-to-income ratio (excluding goodwill amortisation) was 45.5% in the 1<sup>st</sup> Half 2002 compared with 49.0% for the same period in 2001 and 49.2% for the 2<sup>nd</sup> Half of 2001.

Compared to 1<sup>st</sup> Qtr 2002, operating expenses excluding goodwill amortisation, in absolute term remains at almost the same level.

## Change in Group Provisions

Provision charge was S\$200.7 million for 1<sup>st</sup> Half 2002. The charge was mainly due to higher specific loan provision of S\$160.9 million, arising largely from uncertain economic conditions and declining collateral values. Out of S\$160.9 million loan provision charge, S\$39.5 million was for loans booked in DHG. Besides loan provision, valuation shortfall provision of S\$80.6 million was also made for properties held by the Group. DHG's properties accounted for S\$69.5 million of the total valuation shortfall provided.

Provision charge for 2<sup>nd</sup> Qtr 2002 was S\$105.0 million, S\$9.2 million higher than 1<sup>st</sup> Qtr 2002, mainly due to provision required for valuation shortfall in the Group's properties.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Exhibit 2

## Group Non-Performing Loans

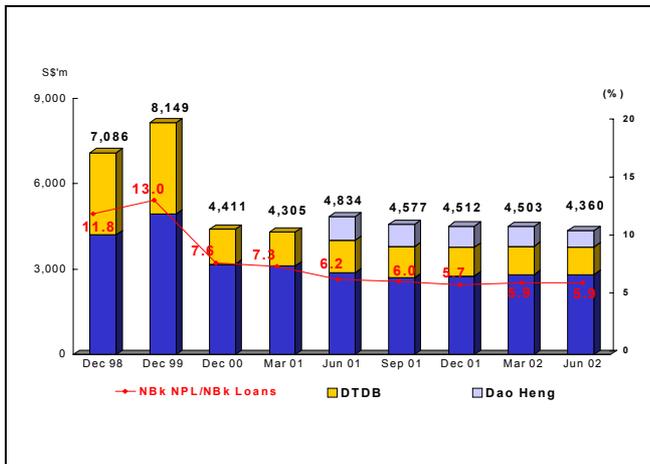


Table 5

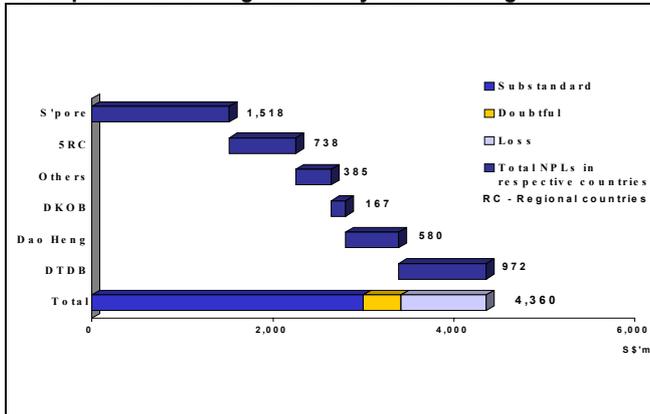
## Group Geographical NPL Rate (Based on MAS standard)

(%)	Jun 30 2002	Dec 31 2001	Jun 30 2001
Singapore	3.8	3.6	3.6
Hong Kong	3.7	4.3	5.2
Regional countries (excl. DTDB)	36.3	26.1	25.6
DTDB	27.8	29.8	38.0
Other countries	7.1	6.8	5.2

DTDB : DBS Thai Danu Bank Public Company Limited

Exhibit 3

## Group Non-Performing Loans – by Loan Grading



## Asset Quality

At end-June 2002, the volume of non-performing loans (NPLs) trended down to S\$4.4 billion as compared to S\$4.5 billion at end-December 2001. However, overall non-bank loan volume for DBSH Group in the region declined by S\$3.7 billion or 5.2% and as a result, the ratio of NPLs to the total non-bank loans (NPL rate) increased by 0.2 percentage points to 5.9%.

Comparing to end-March 2002, the NPL rate remains unchanged at 5.9%.

NPL rate for Hong Kong Operations was 3.7% at end-June 2002. Hong Kong credit card business (which includes Dao Heng Card, Compass Card and DKOB Card) managed loan delinquent rate of 1.01% for 90 days past due and 2.26% for 30 days past due. The net charge-off rate was 10.3% reflecting current economic conditions and a rise in bankruptcy filings.

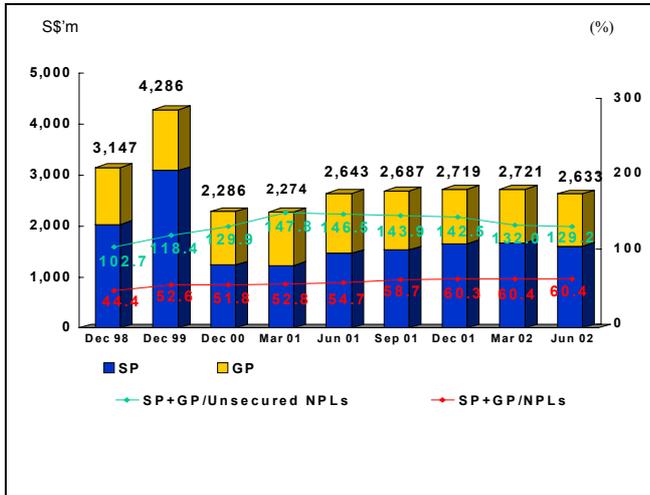
Of the total S\$4,360 million NPLs for 1<sup>st</sup> Half 2002, 69% were in the substandard category, 9% in the doubtful and the remaining 22% in the loss category.

Approximately 6% of the NPLs that had been classified as substandard were “performing” NPLs. These loans were classified due to weak financials although debt servicing was still current.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Exhibit 4

## Group Cumulative Specific and General Provisions



## Cumulative Specific and General Provisions

Total cumulative specific and general provisions at end-June 2002 was 129.2% of unsecured NPLs, and 60.4% of total NPLs (or 62.9% of total NPLs of S\$4,181 million under US SEC guidelines).

Based on MAS guidelines, Group loan loss reserve coverage for DBS Thai Danu Bank (DTDB)'s NPLs was 70.4%. Based on Bank of Thailand (BOT) new guidelines, the existing loan provision in DTDB's books is now 150.5% of BOT's requirement.

Table 6

## Group Key Balance Sheet Items

S\$m	Jun 30 2002	Dec 31 2001	Jun 30 2001
Total Assets	152,008.9	151,294.3	156,497.0
Customer Loans	64,561.2	68,208.0	69,617.4
Customer Deposits	102,984.1	106,771.3	114,851.4
Loan-to-Deposit Ratio (%)	62.7	63.9	60.6

## Balance Sheet

At end-June 2002, total assets were down 2.9% to S\$152.0 billion compared to end-June 2001. Customer loans decreased by 7.3% to S\$64.6 billion while customer deposits decreased by 10.3% to S\$103.0 billion. With active management of assets and liabilities, the Group's loan-to-deposit ratio increased to 62.7%, compared to 60.6% for 1<sup>st</sup> Half 2001.

Table 7

## Customer Deposits

S\$m	June 30 2002	December 31 2001	June 30 2001
<b>Analysed by Currency</b>			
Singapore dollar	54,138.8	55,136.6	55,415.3
US dollar	20,428.6	21,811.2	29,720.6
Hong Kong dollar	19,912.6	20,975.6	21,396.3
Thai Baht	3,288.2	3,242.4	3,066.1
Others	5,216.0	5,605.6	5,253.2
<b>Total</b>	<b>102,984.1</b>	<b>106,771.3</b>	<b>114,851.4</b>
<b>Analysed by Product</b>			
Savings accounts (include S\$ autosave)	42,370.3	43,750.0	40,973.1
Current accounts	8,950.6	9,577.4	9,039.8
Fixed deposits	50,363.0	52,337.7	63,810.4
Other deposits	1,300.1	1,106.2	1,028.1
<b>Total</b>	<b>102,984.1</b>	<b>106,771.3</b>	<b>114,851.4</b>

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 8

Customer Loans	June 30	December 31	June 30
S\$m	2002	2001	2001
Gross	66,963.6	70,648.9	72,076.6
Less:			
Specific provisions	1,419.0	1,421.9	1,325.0
General provisions	983.4	1,019.0	1,134.2
Net total	64,561.2	68,208.0	69,617.4
Including:			
Bills receivable	1,552.7	1,529.7	1,483.4
Loans	63,008.5	66,678.3	68,134.0
Net total	64,561.2	68,208.0	69,617.4
<b>Industry Breakdown</b>			
Manufacturing	6,035.6	6,383.0	6,264.5
Building and Construction	9,198.1	10,226.8	10,377.9
Housing Loans	22,978.4	24,406.7	24,619.2
General Commerce	5,378.2	5,252.8	5,281.7
Transportation, Storage and Communications	5,183.5	6,102.9	6,135.0
Financial Institutions, Investment and Holding Companies	4,215.5	4,096.5	4,759.4
Professionals and Private Individuals (except Housing Loans)	8,116.5	8,373.4	8,429.6
Others	5,857.9	5,806.8	6,209.4
Gross total	66,963.6	70,648.9	72,076.6
<b>Analysed by Currency and Fixed / Variable Rates</b>			
<u>Fixed rate</u>			
Singapore dollar	11,445.0	12,369.2	12,519.4
Hong Kong dollar	400.9	778.2	476.5
US dollar	0.9	1.3	-
Thai Baht	698.2	940.9	1,010.2
Others	158.5	2.1	224.1
Sub-total	12,703.3	14,091.6	14,230.3
<u>Variable rate</u>			
Singapore dollar	20,791.2	21,539.2	24,309.7
Hong Kong dollar	21,365.7	22,741.5	21,222.3
US dollar	7,898.5	8,334.8	8,694.3
Thai Baht	2,462.4	2,092.0	1,704.3
Others	1,742.5	1,849.9	1,915.6
Sub-total	54,260.3	56,557.3	57,846.3
Total (Gross)	66,963.6	70,648.9	72,076.6

Fixed rate loans refer to long-term loans where the interest rates are fixed for the initial 1 to 3 years for certain mortgage loans, and over the entire loan period for other loans. Variable rate loans refer to loans that are pegged to prime, short-term cost of funds or inter-bank rates, as well as fixed rate loans that have effectively been converted to variable rate loans through interest rate swaps.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 9

Group Capital	Jun 30 2002	Dec 31 2001	Jun 30 2001
<b>S\$m</b>			
<b>Tier I Capital</b>	10,778	10,474	10,645
<b>Tier II Capital</b>	4,214	4,497	5,007
<b>Total Capital</b>	14,992	14,971	15,652
Risk Weighted Assets, including Market Risks	85,400	85,892	91,972

Exhibit 5

## Group Capital Adequacy Ratio (CAR)

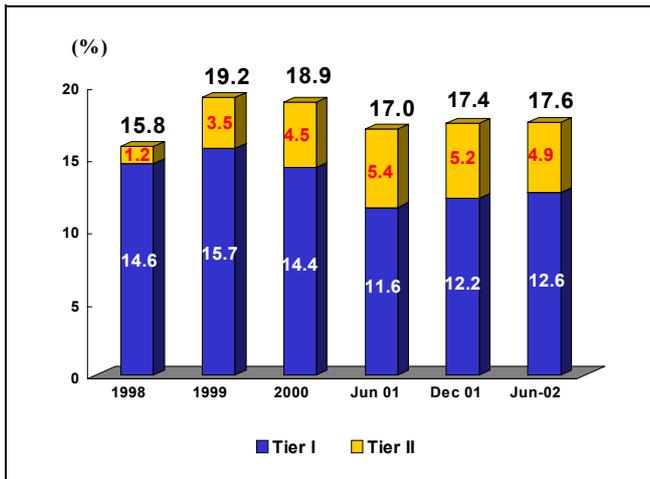
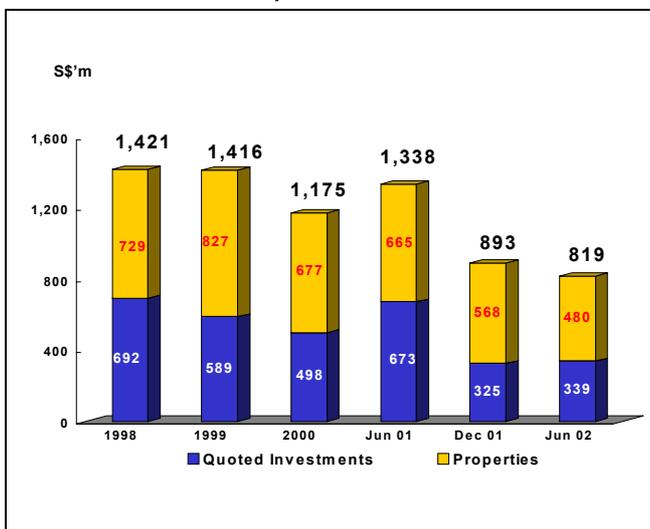


Exhibit 6

## Unrealised Valuation Surpluses



## Capital Adequacy Ratio (CAR)

Total CAR of DBSH Group, measured according to the Bank of International Settlements (BIS) guidelines was 17.6%, which is more than twice the minimum BIS requirement of 8.0%. The Tier I CAR ratio was 12.6% after deducting goodwill of S\$5.2 billion in connection with the acquisitions of DHG and DBSV. The minority interest in DHG and DBSV were excluded from the capital adequacy computations.

For DHG, there are put and call arrangements in place in respect of the DBS Diamond Shares currently held by the minority shareholders. These options are European options, which are exercisable by giving notice within a period of seven business days following December 31, 2002. Should these options be exercised, on a proforma basis at June 30, 2002, without taking into account earnings in the intervening period, the Tier I and total CAR would be 9.2% and 14.4% respectively.

## Unrealised Valuation Surpluses

Unrealised valuation surpluses in quoted investments and properties (not recognised in the accounts) amounted to S\$0.8 billion at end-June 2002.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

## Geographical Segment Analysis

The following tables analyse total assets, income before operating expenses and NPAM by geographical segments. Unless otherwise stated, the analyses of geographical segments are generally based on the location of office recording the transactions.

Table 10

### Group Geographical Segments

S\$m	Total assets <sup>(b)</sup>	Distribution (%)	Income before operating expenses	Distribution (%)	Net profit attributable to members	Distribution (%)
<b>June 30 2002</b>						
Singapore <sup>(a)</sup>	93,949.5	61.8	1,335.2	66.1	405.2	76.2
Hong Kong	47,848.8	31.5	568.8	28.2	110.4	20.8
Regional countries <sup>(a)</sup>	4,782.5	3.1	79.3	3.9	8.5	1.6
Rest of the world	5,428.1	3.6	36.3	1.8	7.4	1.4
<b>Total</b>	<b>152,008.9</b>	<b>100.0</b>	<b>2,019.5</b>	<b>100.0</b>	<b>531.4</b>	<b>100.0</b>
<b>December 31 2001</b>						
Singapore <sup>(a)</sup>	90,109.1	59.6	2,467.7	69.6	801.5	80.2
Hong Kong	49,223.1	32.5	813.2	22.9	195.0	19.5
Regional countries <sup>(a)</sup>	5,152.1	3.4	173.8	4.9	(24.8)	(2.5)
Rest of the world	6,809.9	4.5	90.3	2.5	27.4	2.7
<b>Total</b>	<b>151,294.3</b>	<b>100.0</b>	<b>3,545.0 <sup>(c)</sup></b>	<b>100.0</b>	<b>999.1 <sup>(c)</sup></b>	<b>100.0</b>
<b>June 30 2001</b>						
Singapore <sup>(a)</sup>	86,868.7	55.5	1,239.1	81.1	558.0	88.6
Hong Kong	56,734.6	36.3	167.4	11.0	40.2	6.4
Regional countries <sup>(a)</sup>	5,126.8	3.3	75.5	4.9	1.5	0.2
Rest of the world	7,766.9	5.0	46.2	3.0	29.7	4.7
<b>Total</b>	<b>156,497.0</b>	<b>100.0</b>	<b>1,528.2</b>	<b>100.0</b>	<b>629.5</b>	<b>100.0</b>

(a) Singapore includes the operations of the Asian Currency Unit. Special general provisions for regional exposure; additional provisions for DTDB's loans and amortisation of goodwill on acquisitions of DHG and DBS Kwong On Bank are booked in Singapore.

(b) Total assets exclude "Life-fund assets attributable to policyholders".

(c) Refers to full year 2001.

DBSH Group operates in four main geographical areas :

- **Singapore**, the home country of DBSH, which includes all the areas of operations in the primary business segments.
- **"Hong Kong"**, which includes branch and subsidiary operations in Hong Kong.
- **"Regional countries"**, which includes branch and subsidiary operations in Malaysia, Indonesia, Thailand, Korea and the Philippines.
- **Rest of the world**, which are mainly branch operations in China, India, Taiwan, United States, and United Kingdom.

Income before operating expenses and NPAM are based on the country in which the transactions are booked except for special general provisions for regional exposures and additional provisions for DBS Thai Danu Bank Public Company Limited's loans which are booked in Singapore. Total assets are shown by geographical area in which the assets are booked. It would not be materially different if total assets shown are based on the country in which the counterparty or assets are located. The total assets, income before operating expenses and NPAM are stated after elimination of inter-group assets and revenues.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 11

<b>Group Business Segments (1st Half 2002)</b>					
S\$m	Consumer Banking	Investment Banking	Treasury and Markets	Central Operations	Total
Income before operating expenses	1,230.1	345.3	423.9	20.2	2,019.5
Net profit before provision, taxation and goodwill amortisation	530.3	238.7	330.0	1.0	1,100.0
Taxation	(88.3)	(48.3)	(69.1)	21.3	(184.4)
Net profit before goodwill amortisation	296.2	164.0	265.6	(57.9)	667.9
Goodwill amortisation					(136.5)
Net profit attributable to members					531.4
<i>Other Information</i>					
Segment assets	49,346.9	26,673.2	48,893.6	461.2	125,374.9
Unallocated corporate assets				21,567.2	21,567.2
Total assets before goodwill and intangible assets	49,346.9	26,673.2	48,893.6	22,028.4	146,942.1
Goodwill and intangible assets					5,066.8
Total assets					152,008.9
Segment liabilities	93,340.9	15,464.0	12,812.5	1,564.5	123,181.9
Unallocated corporate liabilities				14,760.3	14,760.3
Total liabilities	93,340.9	15,464.0	12,812.5	16,324.8	137,942.2
Capital expenditure	18.0	1.8	3.7	12.9	36.4
Depreciation	45.0	3.9	9.3	33.8	92.0
<b>Group Business Segments (1st Half 2001)</b>					
S\$m	Consumer Banking	Investment Banking	Treasury and Markets	Central Operations	Total
Income before operating expenses	845.8	419.6	375.3	(112.5)	1,528.2
Net profit before provision, taxation and goodwill amortisation	348.8	309.8	301.6	(180.9)	779.3
Taxation	(72.5)	(52.4)	(54.1)	37.8	(141.2)
Net profit before goodwill amortisation	225.4	235.6	238.9	(70.4)	629.5
Goodwill amortisation					-
Net profit attributable to members					629.5
<i>Other Information</i>					
Segment assets	48,063.9	30,271.2	55,187.6	502.2	134,024.9
Unallocated corporate assets				19,053.4	19,053.4
Total assets before goodwill and intangible assets	48,063.9	30,271.2	55,187.6	19,555.6	153,078.3
Goodwill and intangible assets					3,418.7
Total assets					156,497.0
Segment liabilities	91,054.6	24,791.5	15,225.8	1,593.2	132,665.1
Unallocated corporate liabilities				12,689.9	12,689.9
Total liabilities	91,054.6	24,791.5	15,225.8	14,283.1	145,355.0
Capital expenditure	50.8	4.4	9.5	40.8	105.6
Depreciation	26.2	4.4	5.2	38.2	74.1

Restatement of business segmental results may occur in future periods to reflect further refinement of management accounting policies or changes in organisation structures among businesses.

## Business Segment Analysis

The business segmental results represent the customer segments in the respective businesses are determined by:

- Income and expenses directly attributable to each customer segment;
- Management accounting policies relating to the allocation of expenses and funds transfer pricing between the central treasury unit and the customer segments.

The financial statement presents an analysis of the results by classes of business based on the following customer segment groupings:

- **Consumer Banking**

Consumer Banking focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to customers include credit facilities (mortgage, trade, personal loans and hire purchase financing, etc.), credit cards, remittance services, deposit collection, stock brokerage and asset management products.

The increase in net profit (S\$70.8 million, 31.4%) was attributable to significant increase in income resulting from the acquisition of DHG partially offset by a corresponding increase in expenses and higher provisions.

- **Investment Banking**

Investment Banking caters to the business needs of large corporate customers and financial institutions. The products and services offered to customers include direct lending, structured financing, advisory banking services, merger and acquisition, debt restructuring advisory services, nominee and trustee services and cash management services.

The decrease in net profit (S\$71.6 million, 30.4%) was attributable to decrease in income resulting from lower business volumes and margins.

- **Treasury and Markets**

Treasury and Markets is involved in trading in treasury related products and services such as foreign exchange and derivatives, money market operations and securities trading. Income from customer business is reflected in the respective customer segments.

The increase in net profit (S\$26.7 million, 11.2%) was attributable to higher trading profits mainly from Hong Kong operations.

- **Central Operations**

Central Operations encompasses a range of activities, with corporate decisions made at the centre and the related income and expenses not attributed to business segments. These include central treasury unit, funding costs of DBSH Group's associated and subsidiary companies, goodwill and gains/ losses on properties held centrally.

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## Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in the presentation in the current period.