



UNAUDITED FINANCIAL RESULTS
FOR THIRD QUARTER 2002

OCTOBER 28, 2002

Contents	Page
Financial Highlights	2
Net Interest Income	5
Non-Interest Income	6
Operating Expenses	7
Provisions	7
Asset Quality	8
Balance Sheet	9
Capital Adequacy Ratio	10

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 Third Quarter 2002

	9 Mths 2002	9 Mths 2001	3rd Qtr 2002	2nd Qtr 2002	3rd Qtr 2001
	S\$'m	S\$'m	S\$'m	S\$'m	S\$'m
For the period (GAAP basis)					
Operating profit	1,434.1	1,289.8	462.1	474.8	510.5
Net Profit before tax	1,119.2	1,053.0	323.7	380.5	286.6
Net Profit after tax attributable to members	734.6	830.5	199.1	257.8	201.0
For the period (excluding goodwill amortisation)					
Operating profit	1,639.6	1,353.4	531.3	543.6	574.1
Net Profit before tax	1,324.7	1,116.6	392.8	449.2	350.2
Net Profit after tax attributable to members	940.2	894.0	268.2	326.5	264.6
At period-end					
Shareholders' funds	14,089.4	11,183.7	14,089.4	14,067.4	11,183.7
Customer loans	63,442.3	67,957.9	63,442.3	64,561.2	67,957.9
Customer deposits	100,418.7	105,835.2	100,418.7	102,984.1	105,835.2
Total assets	148,117.1	147,414.1	148,117.1	152,008.9	147,414.1
	S\$	S\$	S\$	S\$	S\$
Per share					
Basic earnings excluding goodwill amortisation (annualised)	0.85	0.90	0.72	0.88	0.42
Basic earnings (annualised)	0.66	0.80	0.53	0.69	0.30
Fully diluted earnings (annualised)	0.63	0.76	0.51	0.66	0.30
Net tangible asset value at period-end	5.80	4.56	5.80	5.74	4.56

Performance ratios (annualised)

	9 Mths 2002	9 Mths 2001	3rd Qtr 2002	2nd Qtr 2002	3rd Qtr 2001
	(%)	(%)	(%)	(%)	(%)
On a GAAP basis					
Return on assets	0.65	0.83	0.53	0.67	0.26
Return on equity	7.09	9.16	5.66	7.37	3.49
Excluding goodwill amortisation					
Return on assets	0.84	0.94	0.71	0.85	0.34
Return on equity	9.07	10.34	7.62	9.34	4.63
Efficiency and revenue mix ratios					
Cost to income ratio (excluding goodwill amortisation)	45.7	47.3	46.0	46.2	44.7
As a percentage of total operating income:					
- Net interest income	66.4	60.4	68.2	65.6	56.6
- Non-interest income	33.6	39.6	31.8	34.4	43.4
BIS Capital ratios (at period-end)					
- Tier 1 capital	13.7	9.1	13.7	12.6	9.1
- Total capital	19.0	14.3	19.0	17.6	14.3

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") have applied the revised Standard with effect from January 1, 2002. There is no material impact on the Group financial statements for nine months 2002.

Change of Accounting Policies

The assets and liabilities of foreign subsidiary companies and branch operations are translated into Singapore dollars at the exchange rates prevailing at the balance sheet date whilst the income and expense items are translated at the average rates for the financial period. This change was effected retrospectively from January 1, 2002.

Unaudited Financial Performance Summary For Third Quarter 2002

S\$m	9 Mths 2002	9 Mths 2001	3rd Qtr 2002	2nd Qtr 2002	3rd Qtr 2001
Profit and Loss Account					
Net interest income	2,003.3	1,549.9	670.6	663.4	588.4
Non-interest income	1,014.5	1,016.4	312.6	347.6	449.7
Income before operating expenses	3,017.8	2,566.3	983.2	1,011.0	1,038.1
Operating expenses	(1,378.1)	(1,212.9)	(452.0)	(467.5)	(464.0)
Goodwill amortisation	(205.6)	(63.6)	(69.1)	(68.7)	(63.6)
Operating profit	1,434.1	1,289.8	462.1	474.8	510.5
Provisions	(353.3)	(292.0)	(150.2)	(107.2)	(245.5)
Associated and joint venture companies	38.4	55.2	11.8	12.9	21.6
Net profit before tax	1,119.2	1,053.0	323.7	380.5	286.6
Net profit after tax attributable to members (NPAM)	734.6	830.5	199.1	257.8	201.0
NPAM excluding goodwill amortisation	940.2	894.0	268.2	326.5	264.6

Profit and Loss

DBSH Group's operating profit increased by 11.2% to S\$1,434 million in nine months 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. Consequently, the Group's financial results had the full nine-month impact of the acquisitions in 2002. The consolidation is based on current ownership interest of 71.6% for DHG and 59.5% for DBSV.

Net profit attributable to members (NPAM) decreased by 11.5% to S\$735 million as a result of the higher provision charge. Provision charge for nine months 2002 was S\$353 million reflecting the uncertain economic environment and a soft property market. Cost-to-income ratio was 45.7% compared to 47.3% for nine months 2001.

Compared to second quarter 2002 (2nd Qtr 2002), third quarter 2002 (3rd Qtr 2002) operating profit decreased by 2.7% to S\$462 million. NPAM decreased by 22.8% to S\$199 million due to a 40.1% increase in provision charge over 2nd Qtr 2002. The higher provision charge reflects the weaker equity markets and the continued softness in the economic environment. Cost-to-income ratio remained relatively unchanged between the two quarters.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Contributions from Dao Heng Bank Group Limited (DHG)

DHG's operating profit for 3rd Qtr 2002 increased by 10.3% compared to the previous quarter. Non-interest income was higher due to income from sale of investment products. The 2nd Qtr 2002 accounts included a S\$69 million provision charge for valuation shortfall in DHG owned properties.

Unaudited Financial Performance Summary For Third Quarter 2002

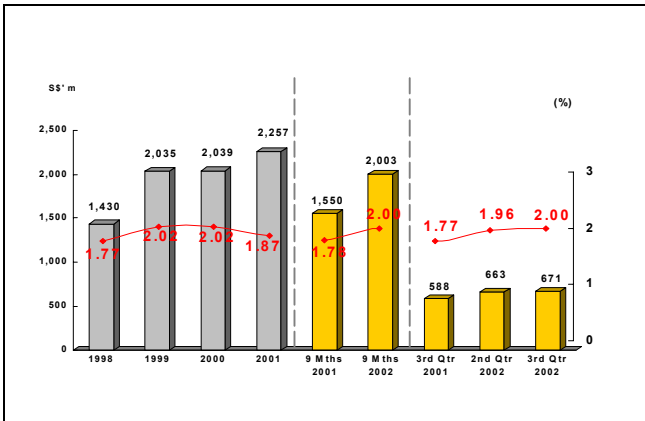
S\$m	9 Mths 2002	9 Mths 2001	3rd Qtr 2002	2nd Qtr 2002	3rd Qtr 2001
Profit and Loss Account					
Net interest income	471.3	149.8	157.1	154.4	149.8
Non-interest income	171.7	68.9	60.2	49.4	68.9
Income before operating expenses	643.0	218.7	217.3	203.8	218.7
Operating expenses	(278.8)	(100.4)	(92.3)	(90.5)	(100.4)
Operating profit	364.1	118.4	125.0	113.3	118.4
Provisions	(133.1)	(23.6)	(21.8)	(74.3)	(23.6)
Associated and joint venture companies	2.1	3.6	(1.6)	1.1	3.6
Net profit before tax	233.2	98.3	101.5	40.2	98.3
Net profit after tax	188.4	83.6	88.3	25.6	83.6

Note:

- 1/ Appropriate adjustments have been made to Dao Heng Bank Group Limited accounts to bring them in line with the Singapore Generally Accepted Accounting Principles.
- 2/ The financial results of DHG was consolidated from June 29, 2001. As a result, nine month 2001 financial results reflect DHG contributions for three months.

Exhibit 1

Group Net Interest Income and Net Interest Margin



Net Interest Income and Net Interest Margin

Nine month 2002 net interest income increased by 29.3% to S\$2,003 million. A large part of the increase was due to the inclusion of nine months of DHG's net interest income compared to three months for the same period last year. Excluding DHG, net interest income was 9.4% higher than nine months 2001, reflecting the benefit of lower funding costs.

Compared with 2nd quarter 2002, net interest income increased by 1.1% to S\$671 million.

Net interest margin was 2.00% for nine months 2002, an improvement of 0.22 percentage points over same period last year. The benefit of lower funding costs, which resulted in improved margin, was partially offset by lower lending spreads, limited lending opportunities and reduced benefits for net free funds.

For the quarter, net interest margin was 2.00% compared to 1.96% for second quarter 2002, despite highly competitive market conditions and intense interest margin pressure for both mortgage and corporate loans.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 1
Group Non-Interest Income

S\$'m	9 Mths	9 Mths
	2002	2001
Fee and commission income	606.7	418.9
Stockbroking	106.9	30.9
Investment banking	52.0	54.0
Trade finance fees	83.3	64.0
Loan related	98.5	78.2
Deposit related	82.1	72.2
Credit card	73.4	45.3
Fund management	26.5	13.7
Wealth management	63.8	43.4
Others	20.4	17.1
Dividend and rental income	47.0	55.2
Other income	360.8	542.3
Net gain on foreign exchange, securities and derivatives	229.9	298.5
Singapore government securities	85.3	77.9
Equities	1.2	(19.4)
Disposal of investment securities	19.2	134.5
Disposal of fixed assets	5.0	24.3
Others	20.1	26.5
Total	1,014.5	1,016.4
Non-interest income as a percentage of Operating income (%)	33.6	39.6

S\$'m	3rd Qtr	2nd Qtr	3rd Qtr
	2002	2002	2001
Fee and commission income	200.9	213.4	168.2
Stockbroking	24.0	36.4	7.3
Investment banking	18.5	19.8	15.0
Trade finance fees	28.0	26.4	28.9
Loan related	41.3	34.1	35.5
Deposit related	28.2	28.4	29.1
Credit card	24.2	25.1	29.0
Fund management	4.6	10.7	5.0
Wealth management	25.1	23.5	12.9
Others	7.0	9.0	5.5
Dividend and rental income	17.2	19.7	14.3
Other income	94.5	114.5	267.3
Net gain on foreign exchange, securities and derivatives	57.4	78.6	116.0
Singapore government securities	38.6	20.6	12.6
Equities	(13.6)	#	14.8
Disposal of investment securities	6.6	5.7	118.6
Disposal of fixed assets	0.6	4.5	(1.6)
Others	5.0	5.0	6.9
Total	312.6	347.6	449.7
Non-interest income as a percentage of Operating income (%)	31.8	34.4	43.4

Non-Interest Income

Fee and commission income increased by 44.8%. The increase was mainly driven by the full nine-month contributions from DHG and DBSV. Excluding the contributions from these acquisitions, fee and commission was 13.4% higher than the same period last year. The increase was due mainly to fees received from fund management, sale of wealth management products and growth in loan related fees. Credit card fees grew by S\$6 million or 20.0%, following the increase in the number of credit cards issued.

Compared to 2nd Qtr 2002, fee and commission income was 5.9% lower in the third quarter. The decline in stockbroking and fund management fees over the previous quarter was due to the less favourable conditions in the equity markets.

Other income for nine months 2002 declined 33.5%. Nine month 2001 results included a S\$181 million profit from the sale of shares in The Insurance Corporation of Singapore Limited and Keppel Capital Holdings Limited.

For third quarter 2002, the 17.5% decline in other income over second quarter 2002 was largely due to equity losses and lower profits from treasury activities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 2

Group Operating Expenses

S\$m	9 Mths 2002	9 Mths 2001
Staff costs	492.6	555.6
Occupancy expenses	114.5	114.2
Technology-related expenses	129.6	113.6
Non-interest expenses (e.g. brokerage)	57.0	32.3
Others (incl. marketing expenses)	170.3	237.2
Total (excluding DHG and DBSV)	964.0	1,052.9
DHG	278.8	100.4
DBSV/DBS Securities Group	135.3	59.7
Total	1,378.1	1,212.9
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	45.7	47.3
Staff Head Count Number (at period-end)	12,102	13,687

S\$m	3rd Qtr 2002	2nd Qtr 2002	3rd Qtr 2001
Staff costs	156.2	171.4	181.3
Occupancy expenses	38.1	37.7	41.6
Technology-related expenses	47.0	45.0	30.6
Non-interest expenses (e.g. brokerage)	26.4	14.0	11.1
Others (incl. marketing expenses)	49.3	66.9	76.4
Total (excluding DHG and DBSV)	317.0	335.0	341.0
DHG	92.3	90.5	100.4
DBSV/DBS Securities Group	42.7	42.0	22.7
Total	452.0	467.5	464.0
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	46.0	46.2	44.7
Staff Head Count Number (at period-end)	12,102	12,335	13,687

Table 3

Group Provisions Charge

S\$m	9 Mths 2002	9 Mths 2001	3rd Qtr 2002	2nd Qtr 2002	3rd Qtr 2001
Loans	275.3	191.0	111.8	73.6	119.1
Equities	43.1	139.2	46.8	(8.1)	116.1
Properties	81.0	18.8	0.4	75.7	3.7
Specific Provision	399.4	349.1	159.1	141.1	239.0
General Provision	(46.1)	(57.1)	(8.9)	(33.9)	6.6
Total	353.3	292.0	150.2	107.2	245.5

Operating Expenses

Excluding operating expenses of DHG and DBSV, and goodwill amortisation, nine month 2002 operating expenses declined 8.4% over the same period in 2001.

Staff costs were lower as a result of lower staff bonuses and headcount reduction that arose from rationalisation of workflow and businesses. Other operating expenses also declined as a result of the implementation of cost management initiatives. Last year's divestment of the Group's stake in former subsidiaries, The Insurance Corporation of Singapore Limited and DBS Bank Philippines Inc., also resulted in lower costs as their operating expenses have been excluded.

The Group's cost-to-income ratio (excluding goodwill amortisation) was 45.7% for nine months 2002 compared with 47.3% for the same period in 2001.

Compared to the second quarter, third quarter operating expenses were 5.4% lower, reflecting the Group's effort in cost discipline. Cost-to-income ratio was maintained at 46.0%.

Group Provisions Charge

Provision charge was S\$353 million for nine months 2002. Specific provisions for loans and valuation shortfall for properties in Hong Kong dominated the charge.

In the third quarter, the additional specific loan provision charge was mainly for loans outside Singapore. Recent economic conditions did not indicate an impending economic recovery. At the same time, the soft property market and volatile equity markets have weakened the value of collateral underlying some of our loans. In addition to provisions for loans, we have also set aside provisions for equities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Exhibit 2

Group Non-Performing Loans

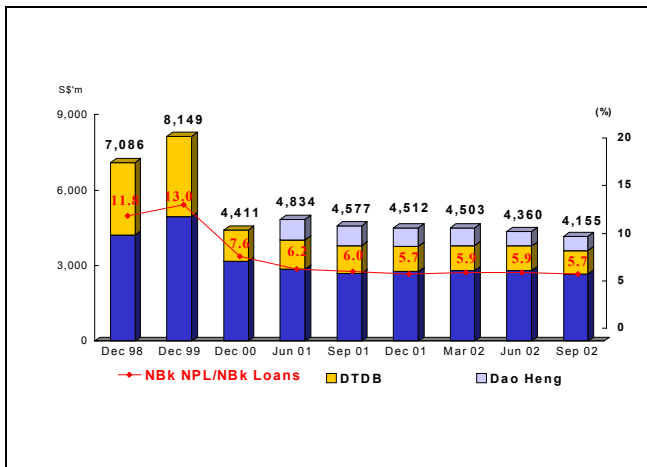


Table 4

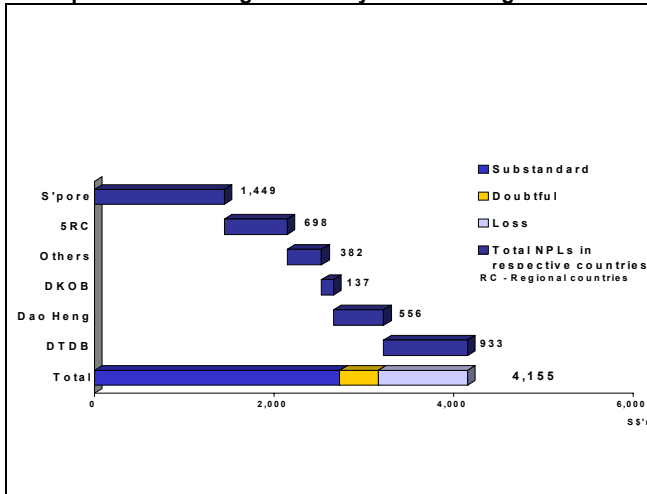
Group Geographical NPL Rate (Based on MAS standard)

(%)	Sep 30 2002	Jun 30 2002	Sep 30 2001
Singapore	3.7	3.8	3.5
Hong Kong	3.5	3.7	4.9
Regional countries (excl. DTDB)	38.8	36.3	24.9
DTDB	27.1	27.8	35.2
Other countries	7.4	7.1	4.7

DTDB : DBS Thai Danu Bank Public Company Limited

Exhibit 3

Group Non-Performing Loans – by Loan Grading



Asset Quality

The volume of non-performing loans (NPLs) declined to S\$4.2 billion at the end of September 2002. The ratio of NPLs to the total non-bank loans (NPL rate) decreased from 5.9% at the end of June 2002 to 5.7% as at the end of September 2002 due mainly to recoveries and write-off of previously provided debts.

The NPL rate for Hong Kong operations was 3.5% at the end of September 2002. Our Hong Kong credit card business recorded a 1.16% loan delinquent rate for 90 days past due. The net charge-off rate rose to 10.8%, reflecting the higher unemployment rate and increases in personal bankruptcy filings.

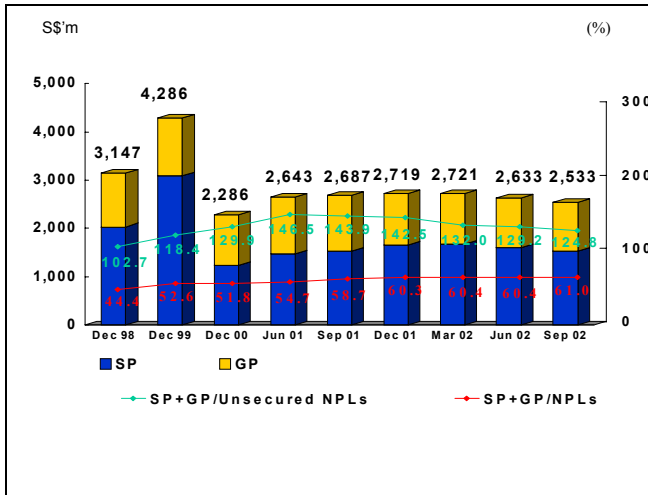
Of the total S\$4.2 billion NPLs as at the end of September 2002, 66% were in the substandard category, 10% in the doubtful category and the remaining 24% in the loss category.

Approximately 6% of the NPLs that had been classified as substandard were actually "performing" NPLs. These loans were classified as "substandard" due to weak financials even though 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 the end of September 2002 was 124.8% of unsecured NPLs, and 61.0% of total NPLs (or 63.5% of total NPLs of S\$3,989 million under US SEC guidelines).

Table 5

Group Key Balance Sheet Items

S\$m	Sep 30 2002	Jun 30 2002	Sep 30 2001
Total Assets	148,117.1	152,008.9	147,414.1
Customer Loans	63,442.3	64,561.2	67,957.9
Customer Deposits	100,418.7	102,984.1	105,835.2
Loan-to-Deposit Ratio (%)	63.2	62.7	64.2

Balance Sheet

At the end of September 2002, total assets was S\$148.1 billion. Customer loans decreased by 6.6% to S\$63.4 billion, due mainly to the limited loan demand in a highly competitive environment. Customer deposits decreased by 5.1% to S\$100.4 billion. The Group's loan-to-deposit ratio at the end of September 2002 was 63.2%.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 6

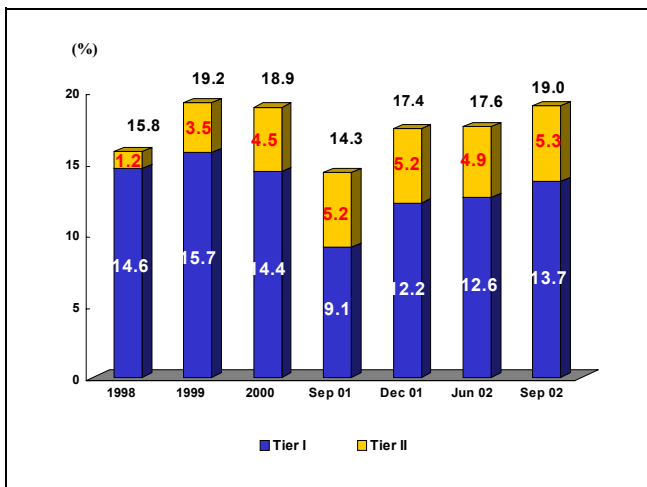
Group Capital

S\$m	Sep 30 2002	Jun 30 2002	Sep 30 2001
Tier I Capital	11,117	10,778	8,104
Tier II Capital ^{1/}	4,309	4,214	4,662
Total Capital	15,427	14,992	12,766
Risk Weighted Assets, including Market Risks	81,359	85,440	89,586

1/ Include capital deductions for investments

Exhibit 5

Group Capital Adequacy Ratio (CAR)



Capital Adequacy Ratio (CAR)

At the end of September 2002, the total CAR for the DBSH Group, measured according to the Bank for International Settlements (BIS) guidelines was 19.0%, more than twice the minimum CAR requirement of 8.0%. The Tier 1 CAR ratio was 13.7% after deducting goodwill of S\$5.0 billion in connection with the acquisitions of DHG and DBSV.

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 September 30, 2002, without taking into account earnings in the intervening period, the Tier 1 and total CAR would be 10.2% and 15.7% respectively.