

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Profit And Loss Account

In S\$'million	1st Half 2003	1st Half 2002	2nd Qtr 2003	1st Qtr 2003	2nd Qtr 2002
Interest income	1,805	2,286	892	913	1,120
Less: Interest expense	646	953	332	314	457
Net interest income	<u>1,159</u>	<u>1,333</u>	<u>560</u>	<u>599</u>	<u>663</u>
Fee and commission income	374	406	214	160	213
Dividends	25	17	21	4	16
Rental income	16	12	7	9	4
Other income	469	266	186	283	115
Income before operating expenses	<u>2,043</u>	<u>2,034</u>	<u>988</u>	<u>1,055</u>	<u>1,011</u>
Less: Staff costs	429	466	210	219	230
Other operating expenses	472	460	249	223	237
Goodwill amortisation	214	136	107	107	69
Operating expenses before provisions	<u>1,115</u>	<u>1,062</u>	<u>566</u>	<u>549</u>	<u>536</u>
Operating profit before provisions	<u>928</u>	<u>972</u>	<u>422</u>	<u>506</u>	<u>475</u>
Less: Provision for possible loan losses and diminution in value of other assets	287	203	172	115	107
Operating profit	<u>641</u>	<u>769</u>	<u>250</u>	<u>391</u>	<u>368</u>
Add: Share of profits less losses of associated and joint venture companies	22	27	10	12	13
Net profit before taxation	<u>663</u>	<u>796</u>	<u>260</u>	<u>403</u>	<u>381</u>
Less: Taxation	165	179	56	109	82
Share of taxation of associated and joint venture companies	4	7	2	2	4
Net profit after taxation	<u>494</u>	<u>610</u>	<u>202</u>	<u>292</u>	<u>295</u>
Less: Minority interests	28	74	15	13	37
Net profit attributable to members	<u>466</u>	<u>536</u>	<u>187</u>	<u>279</u>	<u>258</u>
Earnings per ordinary share					
- Basic ^{1/}	62 Cents	72 Cents	50 Cents	75 Cents	69 Cents
- Diluted ^{1/}	60 Cents	70 Cents	48 Cents	72 Cents	66 Cents
Earnings per ordinary share (excluding goodwill amortisation)					
- Basic ^{1/}	91 Cents	91 Cents	78 Cents	104 Cents	88 Cents
- Diluted ^{1/}	87 Cents	87 Cents	75 Cents	99 Cents	84 Cents

Note:

1/ Earnings per share for the periods are annualised.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Balance Sheet As At

In S\$'million	Jun 30 2003	Dec 31 2002 ^{1/}	Jun 30 2002	In S\$'million	Jun 30 2003	Dec 31 2002 ^{1/}	Jun 30 2002
SHARE CAPITAL				ASSETS			
Share capital	1,556	1,555	1,555	Cash, and balances and placements with central banks	2,671	2,187	3,001
RESERVES				Singapore Government securities and treasury bills	10,121	8,997	8,596
Share premium account	2,168	2,163	2,161	Trading securities	13,854	9,248	13,447
Other reserve	4,271	4,271	4,271	Balances, placements with, and loans and advances to banks	36,132	38,767	42,948
Capital redemption reserve	28	28	28	Bills receivable from non-bank customers	1,459	1,574	1,553
Capital reserve	3	(19)	1	Loans and advances to non-bank customers	61,255	59,135	63,008
General reserve	2,044	2,044	1,821	Investment securities	10,143	8,965	3,597
Revenue reserve	4,675	4,403	4,315	Other assets	12,570	9,902	7,887
	<u>13,189</u>	<u>12,890</u>	<u>12,597</u>	Associated and joint venture companies	493	521	547
SHAREHOLDERS' FUNDS				Fixed assets	2,138	2,261	2,358
	14,745	14,445	14,152	Deferred tax assets	122	125	83
MINORITY INTERESTS				Goodwill	7,489	7,693	5,148
	994	1,018	1,849				
LIABILITIES							
Subordinated term debts	5,845	5,786	5,877				
Deposits and balances of banks	7,512	4,877	10,233				
Deposits and other accounts of non-bank customers	105,514	101,315	102,984				
Other debt securities in issue	5,191	4,337	3,647				
Other borrowings	520	563	720				
Bills payable	373	522	431				
Other liabilities	17,152	15,990	11,761				
Current taxation	489	402	371				
Deferred tax liabilities	112	120	148				
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS				TOTAL ASSETS			
	<u>158,447</u>	<u>149,375</u>	<u>152,173</u>		<u>158,447</u>	<u>149,375</u>	<u>152,173</u>
MEMORANDUM ITEMS							
Contingent liabilities	7,165	7,276	6,522				
Commitments	62,570	58,602	57,755				
	<u>69,735</u>	<u>65,878</u>	<u>64,277</u>				
Financial derivatives	1,227,075	778,767	694,730				
Net asset value per ordinary share (S\$)	9.65	9.45	9.25				
Net tangible asset value per ordinary share (S\$)	4.55	4.21	5.74				

Note:

1/ Audited

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Cash Flow Statement For The Half Year Ended

In S\$'million	June 30 2003	June 30 2002
Cash flows from operating activities		
Net profit before taxation	663	796
<i>Adjustments for non-cash items:</i>		
Provision for possible loan losses and diminution in value of other assets	287	203
Depreciation of fixed assets	91	92
Goodwill amortisation	214	136
Share of profits less losses of associated and joint venture companies	(22)	(27)
Net gain on fixed assets	-	(4)
Net gain on investment securities	(32)	(10)
Operating profit before changes in operating assets & liabilities	1,201	1,186
<i>Increase/(Decrease) in:</i>		
Deposits and other accounts of non-bank customers	4,199	(3,787)
Deposits and balances of banks	2,635	1,787
Other liabilities including bills payable	102	1,166
<i>(Increase)/Decrease in:</i>		
Government securities and trading securities	(5,715)	(2,070)
Accounts receivable and other assets	(1,973)	(796)
Balances, placements with, and loans and advances to other banks	2,635	(1,824)
Loans and advances to non-bank customers including bills receivable	(2,203)	3,490
Tax paid	(71)	(78)
Net cash used in operating activities (1)	810	(926)
Cash flows from investing activities		
Dividends from associated companies	23	15
Purchase of fixed assets	(31)	(36)
Purchase of investment securities	(2,047)	(1,313)
Proceeds from sale of fixed assets	29	68
Proceeds from sale of investment securities	1,038	1,927
Acquisition of additional interest in subsidiary companies	-	(1)
Net cash used in investing activities (2)	(988)	660
Cash flows from financing activities		
<i>Increase/(Decrease) in:</i>		
Share capital and share premium	6	15
Debt securities and borrowings	870	(33)
Dividends paid	(194)	(194)
Dividends paid to minority shareholders of subsidiary companies	(42)	(90)
Net cash (used in)/generated from financing activities (3)	640	(302)
Exchange translation adjustments (4)	22	(23)
Net change in cash, and balances and placements with central banks (1)+(2)+(3)+(4)	484	(591)
Cash, and balances and placements with central banks as at January 1	2,187	3,592
Cash, and balances and placements with central banks as at June 30	2,671	3,001

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Statement Of Changes In Shareholders' Equity

In S\$ million (Consolidated)	Share Capital	Share Premium	Other Reserve	Capital Redemption Reserve	Capital Reserve	General Reserve	Revenue Reserve	Total Reserves
Balance at January 1, 2003	1,555	2,163	4,271	28	(19)	2,044	4,403	12,890
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	1	5	-	-	-	-	-	5
Net exchange translation adjustments during the period	-	-	-	-	22	-	-	22
Net profit attributable to members	-	-	-	-	-	-	466	466
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	-	-	-	(194)	(194)
Balance at June 30, 2003	1,556	2,168	4,271	28	3	2,044	4,675	13,189
Balance at January 1, 2002 (restated)	1,539	1,958	4,271	28	24	1,821	3,973	12,075
Issue of ordinary shares	15	195	-	-	-	-	-	195
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	1	8	-	-	-	-	-	8
Net exchange translation adjustments during the period	-	-	-	-	(23)	-	-	(23)
Net profit attributable to members	-	-	-	-	-	-	536	536
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	-	-	-	(194)	(194)
Balance at June 30, 2002	1,555	2,161	4,271	28	1	1,821	4,315	12,597

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Statement Of Changes In Shareholders' Equity Of DBS Group Holdings Ltd

In S\$' million (Company)	Share Capital	Share Premium	Capital Redemption Reserve	Revenue Reserve	Total Reserves
Balance at January 1, 2003	1,555	2,163	28	3,201	5,392
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	1	5	-	-	5
Net profit attributable to members	-	-	-	-	-
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	(194)	(194)
Balance at June 30, 2003	1,556	2,168	28	3,007	5,203
Balance at January 1, 2002	1,539	1,958	28	2,060	4,046
Issue of ordinary shares	15	195	-	-	195
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	1	8	-	-	8
Net profit attributable to members	-	-	-	-	-
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	(194)	(194)
Balance at June 30, 2002	1,555	2,161	28	1,866	4,055

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

SELECTED NOTES TO THE ACCOUNTS

1. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share ("EPS") is calculated by dividing the DBSH Group's net profit attributable to members and after preference dividends by the weighted average number of ordinary shares in issue during the period.

In million	DBSH Group	
	1st Half 2003	1st Half 2002
Weighted average number of ordinary shares in issue (a)	1,469	1,454

In S\$'million	DBSH Group	
	1st Half 2003	1st Half 2002
Net profit attributable to members (annualised)	932	1,071
Less: Preference dividends (annualised)	20	20
Net profit attributable to members after adjustment of preference dividends (b)	912	1,051
Add: Goodwill amortisation (annualised)	427	273
Net profit attributable to members after adjustment of preference dividends and goodwill amortisation (c)	1,339	1,324
Basic Earnings Per Ordinary Share (Cents) (b)/(a)	62	72
Basic Earnings Per Ordinary Share (excluding goodwill amortisation) (Cents) (c)/(a)	91	91

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the exercise of all outstanding share options granted to employees where such shares would be issued at a price lower than fair value (average share price during the period) and the full conversion of DBSH Non-voting Convertible Preference Shares ("CPS") and DBSH Non-voting redeemable CPS to ordinary shares.

The effect of the exercise of DBSH share options and conversion of DBSH Non-voting CPS and DBSH Non-voting redeemable CPS on the weighted average number of ordinary shares in issue is as follows:

In million	DBSH Group	
	1st Half 2003	1st Half 2002
Weighted average number of ordinary shares in issue	1,469	1,454
Dilutive effect of share options	-	-
Full conversion of DBSH Non-voting CPS	20	20
Full conversion of DBSH Non-voting redeemable CPS	66	67
Weighted average number of ordinary shares in issue assuming dilution (a)	1,555	1,541

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

1. EARNINGS PER ORDINARY SHARE (Continued)

The effect of the exercise of DBSH share options and conversion of DBSH Non-voting CPS and DBSH Non-voting redeemable CPS on DBSH Group's net profit attributable to members is as follows:

In S\$'million	DBSH Group	
	1st Half 2003	1st Half 2002
Net profit attributable to members (annualised)	932	1,071
Less: Preference dividends (annualised)	20	20
Net profit attributable to members after adjustment of preference dividends	912	1,051
Adjustment to net profit arising from:		
(i) Full conversion of DBSH Non-voting CPS	5	5
(ii) Full conversion of DBSH Non-voting redeemable CPS	15	15
Adjusted net profit attributable to members (b)	932	1,071
Add: Goodwill amortisation (annualised)	427	273
Adjusted net profit attributable to members (excluding goodwill amortisation) (c)	1,359	1,344
Diluted Earnings Per Ordinary Share (Cents) (b)/(a)	60	70
Diluted Earnings Per Ordinary Share (excluding goodwill amortisation) (Cents) (c)/(a)	87	87

2. LOAN AND INVESTMENT EXPOSURES TO MALAYSIA, INDONESIA, THAILAND, KOREA, THE PHILIPPINES (REGIONAL COUNTRIES), HONG KONG AND CHINA

At June 30, 2003, DBSH Group had assets in the Regional Countries amounting to S\$11,068 million (December 31, 2002: S\$8,282 million; June 30, 2002: S\$8,315 million) and in Hong Kong and China amounting to S\$27,849 million (December 31, 2002: S\$27,161 million; June 30, 2002: S\$31,294 million). The exposures are determined based on the location of the credit risk of the customers and counter parties regardless of where the transactions are booked.

In S\$' million	DBSH Group					
	June 30, 2003		December 31, 2002		June 30, 2002	
	Assets	NPLs ^{1/}	Assets	NPLs ^{1/}	Assets	NPLs ^{1/}
Malaysia	1,211	276	952	329	974	370
Indonesia	459	75	422	110	435	105
Thailand (excluding DTDB)	260	188	303	197	338	215
Korea	4,375	18	2,341	17	1,927	20
The Philippines	897	36	700	37	860	28
Sub-Total	7,202	593	4,718	690	4,534	738
DTDB	3,866	1,021	3,564	905	3,781	972
Total Regional Countries	11,068	1,614	8,282	1,595	8,315	1,710
Hong Kong	26,440	795	25,777	772	30,032	878
China	1,409	148	1,384	167	1,262	160
Total	38,917	2,557	35,443	2,534	39,609	2,748

Note:

1/ Non-performing loans ("NPLs") include classified bank loans, contingent facilities and debt instruments.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

2. LOAN AND INVESTMENT EXPOSURES TO MALAYSIA, INDONESIA, THAILAND, KOREA, THE PHILIPPINES (REGIONAL COUNTRIES), HONG KONG AND CHINA (Continued)

The DBSH Group's exposures to these countries at June 30, 2003 are as follows:

In S\$'million	Loans and debt securities			Investments	Total	Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure	
	Central Banks & Govt. Securities	Non-Bank ^{1/}					Amount	As a % of Total Assets
Assets in	Bank	Securities	Bank ^{1/}		(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	1,010	8	863	91	1,972	761	1,211	0.7%
Indonesia	108	149	238	78	573	114	459	0.3%
Thailand (excluding DTDB)	76	9	216	74	375	115	260	0.2%
Korea	3,426	697	966	2	5,091	716	4,375	2.8%
The Philippines	48	52	151	651	902	5	897	0.6%
Sub-Total	4,668	915	2,434	896	8,913	1,711	7,202	4.6%
DTDB	7	409	3,351	99	3,866	-	3,866	2.4%
Total Regional Countries	4,675	1,324	5,785	995	12,779	1,711	11,068	7.0%
Hong Kong	2,309	2,429	23,130	12,996	40,864	14,424	26,440	16.7%
China	1,076	10	664	-	1,750	341	1,409	0.9%
Total	8,060	3,763	29,579	13,991	55,393	16,476	38,917	24.6%

Note:

1/ Non-bank loans include loans to government and quasi-government entities.

The DBSH Group's exposures to these countries at December 31, 2002 are as follows:

In S\$'million	Loans and debt securities			Investments	Total	Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure	
	Central Banks & Govt. Securities	Non-Bank ^{1/}					Amount	As a % of Total Assets
Assets in	Bank	Securities	Bank ^{1/}		(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	743	4	677	89	1,513	561	952	0.6%
Indonesia	109	73	247	72	501	79	422	0.3%
Thailand (excluding DTDB)	98	23	244	73	438	135	303	0.2%
Korea	1,724	249	418	4	2,395	54	2,341	1.6%
The Philippines	20	49	143	493	705	5	700	0.5%
Sub-Total	2,694	398	1,729	731	5,552	834	4,718	3.2%
DTDB	59	282	3,141	82	3,564	-	3,564	2.3%
Total Regional Countries	2,753	680	4,870	813	9,116	834	8,282	5.5%
Hong Kong	1,830	2,372	22,303	10,346	36,851	11,074	25,777	17.3%
China	1,001	27	718	-	1,746	362	1,384	0.9%
Total	5,584	3,079	27,891	11,159	47,713	12,270	35,443	23.7%

Note:

1/ Non-bank loans include loans to government and quasi-government entities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

2. LOAN AND INVESTMENT EXPOSURES TO MALAYSIA, INDONESIA, THAILAND, KOREA, THE PHILIPPINES (REGIONAL COUNTRIES), HONG KONG AND CHINA (Continued)

The DBSH Group's exposures to these countries at June 30, 2002 are as follows:

In S\$'million	Loans and debt securities			Investments	Total	Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure	
	Bank	Central Banks & Govt. Securities	Non-Bank ^{1/}				Amount	As a % of Total Assets
Assets in	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	807	28	828	31	1,694	720	974	0.7%
Indonesia	124	59	273	44	500	65	435	0.3%
Thailand (excluding DTDB)	100	22	277	85	484	146	338	0.2%
Korea	1,161	426	410	4	2,001	74	1,927	1.3%
The Philippines	65	78	128	595	866	6	860	0.6%
Sub-Total	2,257	613	1,916	759	5,545	1,011	4,534	3.1%
DTDB	58	288	3,346	90	3,782	1	3,781	2.5%
Total Regional Countries	2,315	901	5,262	849	9,327	1,012	8,315	5.5%
Hong Kong	2,790	3,872	23,618	10,526	40,806	10,774	30,032	19.8%
China	920	13	881	-	1,814	552	1,262	0.8%
Total	6,025	4,786	29,761	11,375	51,947	12,338	39,609	26.1%

Note:

1/ Non-bank loans include loans to government and quasi-government entities.

3. NON-PERFORMING LOANS AND PROVISIONS

At June 30, 2003, DBSH Group's total non-performing loans amounted to S\$4,163 million (December 31, 2002: S\$4,224 million; June 30, 2002: S\$4,360 million). Out of the total NPLs of S\$4,163 million:

- S\$3,017 million (73%) [December 31, 2002: S\$3,114 million (74%); June 30, 2002: S\$3,292 million (76%)] were in the substandard category; and
- S\$2,062 million (50%) [December 31, 2002: S\$2,153 million (51%); June 30, 2002: S\$2,322 million (53%)] were secured by collateral.

Total cumulative specific and general provisions at June 30, 2003 amounted to 119% (December 31, 2002: 121%; June 30, 2002: 129%) of unsecured NPLs.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. NON-PERFORMING LOANS AND PROVISIONS (Continued)

Details of DBSH Group's NPLs and provisions at June 30, 2003 are as follows:

In S\$'million	Regional Countries					Total
	Singapore	Hong Kong	DTDB ^{1/}	Others	Other Countries	
Non- Performing Loans (NPLs)	1,449	795	1,021	593	305	4,163
- Substandard	942	591	865	414	205	3,017
- Doubtful	32	92	9	81	81	295
- Loss	475	112	147	98	19	851
NPLs as a % of:						
- Total loans in the respective countries	3.7%	3.5%	26.4%	6.6%	1.1%	4.1%
- Group total assets	0.9%	0.5%	0.6%	0.4%	0.2%	2.6%
Non-bank NPLs as a % of non-bank loans in the respective countries	3.9%	3.5%	29.2%	26.5%	8.7%	5.9%
Total Cumulative Provisions	897	462	565	416	156	2,496
- Specific provisions	536	227	383	225	108	1,479
- General provisions	361	235	182	191	48	1,017
Total Cumulative Provisions as a % of:						
- Total loans in the respective countries	2.3%	2.0%	14.6%	4.6%	0.6%	2.4%
- Group total assets	0.6%	0.3%	0.4%	0.3%	0.1%	1.6%
- NPLs in the respective countries	62%	58%	55%	70%	51%	60%
- Unsecured NPLs in the respective countries	150%	171%	101%	102%	59%	119%

Note:

1/ Includes special general provisions for regional exposures and additional specific provisions for DBS Thai Danu Public Company Limited ("DTDB")'s loans which are booked in Singapore.

Details of DBSH Group's NPLs and provisions at December 31, 2002 are as follows:

In S\$'million	Regional Countries					Total
	Singapore	Hong Kong	DTDB ^{1/}	Others	Other Countries	
Non- Performing Loans (NPLs)	1,546	772	905	690	311	4,224
- Substandard	1,051	574	815	466	208	3,114
- Doubtful	23	59	7	96	67	252
- Loss	472	139	83	128	36	858
NPLs as a % of:						
- Total loans in the respective countries	4.0%	3.4%	25.4%	12.4%	1.0%	4.1%
- Group total assets	1.0%	0.5%	0.6%	0.5%	0.2%	2.8%
Non-bank NPLs as a % of non-bank loans in the respective countries	4.2%	3.5%	27.0%	40.6%	8.7%	6.1%
Total Cumulative Provisions	879	449	553	458	161	2,500
- Specific provisions	527	227	372	273	112	1,511
- General provisions	352	222	181	185	49	989
Total Cumulative Provisions as a % of:						
- Total loans in the respective countries	2.2%	2.0%	15.5%	8.2%	0.5%	2.4%
- Group total assets	0.6%	0.3%	0.4%	0.3%	0.1%	1.7%
- NPLs in the respective countries	57%	58%	61%	66%	52%	59%
- Unsecured NPLs in the respective countries	149%	170%	119%	95%	59%	121%

Note:

1/ Includes special general provisions for regional exposures and additional specific provisions for DBS Thai Danu Public Company Limited ("DTDB")'s loans which are booked in Singapore.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. NON-PERFORMING LOANS AND PROVISIONS (Continued)

Details of DBSH Group's NPLs and provisions at June 30, 2002 are as follows:

In S\$'million	Singapore	Hong Kong	Regional Countries		Other Countries	Total
			DTDB ^{1/}	Others		
Non- Performing Loans (NPLs)	1,518	878	972	738	254	4,360
- Substandard	1,176	643	778	517	178	3,292
- Doubtful	33	72	14	90	16	225
- Loss	309	163	180	131	60	843
NPLs as a % of:						
- Total loans in the respective countries	3.7%	3.5%	25.7%	13.3%	0.7%	3.9%
- Group total assets	1.0%	0.6%	0.6%	0.5%	0.2%	2.9%
Non-bank NPLs as a % of non-bank loans in the respective countries	3.8%	3.7%	27.8%	36.3%	7.1%	5.9%
Total Cumulative Provisions	822	504	684 ^{2/}	476	147	2,633
- Specific provisions	456	274	502	261	109	1,602
- General provisions	366	230	182	215	38	1,031
Total Cumulative Provisions as a % of:						
- Total loans in the respective countries	2.0%	2.0%	18.1%	8.6%	0.4%	2.4%
- Group total assets	0.5%	0.3%	0.5%	0.3%	0.1%	1.7%
- NPLs in the respective countries	54%	57%	70%	64%	58%	60%
- Unsecured NPLs in the respective countries	147%	171%	145%	94%	71%	129%

Notes:

1/ Includes special general provisions for regional exposures and additional specific provisions for DBS Thai Danu Public Company Limited ("DTDB")'s loans which are booked in Singapore.

2/ Includes provision of S\$145 million in respect of foreclosed properties in DTDB.

Industry Analysis Of Non-Performing Loans

The following table shows the industry breakdown of the non-performing loans of DBSH Group:

In S\$'million	DBSH Group					
	June 30, 2003		December 31, 2002		June 30, 2002	
	Outstanding	Specific Provisions	Outstanding	Specific Provisions	Outstanding	Specific Provisions
Manufacturing	940	366	947	414	1,006	447
Building and Construction	562	191	589	203	650	212
Housing Loans	198	58	193	49	199	44
General Commerce	741	340	742	295	747	309
Transportation, Storage and Communications	129	36	142	37	187	46
Financial Institutions, Investment and Holding Companies	427	133	455	135	434	129
Professionals and Private Individuals (except Housing Loans)	438	175	427	186	423	195
Others	728	180	729	192	714	220
Total	4,163	1,479	4,224	1,511	4,360	1,602

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

4. FINANCIAL DERIVATIVES

Financial derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forwards, swaps, futures and options.

The following tables summarise the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and non-trading purposes. The notional or contractual amounts of these instruments indicate the volume of transactions outstanding at the balance sheet date; they do not represent amounts at risk.

In the financial statements, trading derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in "Other assets" or "Other liabilities". Non-trading derivative financial instruments are accounted for on an accrual basis.

In S\$'million	June 30, 2003					
	Trading			Non-Trading		
	Underlying Notional	Positive Fair Value	Negative Fair Value	Underlying Notional	Positive Fair Value	Negative Fair Value
Interest Rate Derivatives	988,636	6,991	6,483	16,438	1,319	274
Foreign Exchange Derivatives	196,028	1,833	1,986	7,614	108	539
Equity Derivatives	8,832	42	104	238	-	-
Credit Derivatives	6,732	44	61	2,542	64	-
Commodity Derivatives	15	-	-	-	-	-
Total	1,200,243	8,910	8,634	26,832	1,491	813
Balances arising from off-balance sheet financial instruments		8,910	8,634			

In S\$'million	December 31, 2002					
	Trading			Non-Trading		
	Underlying Notional	Positive Fair Value	Negative Fair Value	Underlying Notional	Positive Fair Value	Negative Fair Value
Interest Rate Derivatives	530,523	5,202	4,672	16,189	1,127	173
Foreign Exchange Derivatives	210,638	2,121	2,182	12,642	189	588
Equity Derivatives	2,981	33	40	359	-	-
Credit Derivatives	2,993	27	21	2,427	63	-
Commodity Derivatives	15	-	-	-	-	-
Total	747,150	7,383	6,915	31,617	1,379	761
Balances arising from off-balance sheet financial instruments		7,383	6,915			

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

5. DAILY EARNINGS AT RISK (“DEaR”) AND TRADING INCOME

The Group uses a Daily Earnings at Risk (“DEaR”) measure as one of the mechanisms for controlling trading risk. The DEaR is calculated using a one-day time horizon and a 99% confidence interval. The following table shows the period-end, average, high and low DEaR for the trading risk exposure of the DBSH Group for the period from July 1, 2002 to June 30, 2003.

In S\$ million	As at June 30, 2003	July 1, 2002 to June 30, 2003		
		Average	High ^{1/}	Low ^{1/}
Interest rate	21.8	15.5	14.1	8.9
FX	9.4	6.0	14.0	2.2
Equity	3.7	2.3	4.9	0.3
Diversification effect	(12.9)	(6.7)		
Total	22.0	17.1	26.2	12.4

Note:

^{1/} The high (& low) DEaR figures reported for each risk class did not necessarily occur on the same day as the high (& low) reported for total. A corresponding diversification effect cannot be calculated and is therefore omitted from the table.

The charts below provide the range of DEaR and the daily distribution of trading income in the trading portfolio for the period from July 1, 2002 to June 30, 2003.

