



UNAUDITED FINANCIAL RESULTS  
FOR FIRST HALF 2003

**PERFORMANCE SUMMARY**

August 1, 2003

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# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

## Financial Highlights

DBS prepares its financial statements in accordance with Financial Reporting Standards ("FRS").

	1st Half 2003 S\$m	1st Half 2002 S\$m	2nd Qtr 2003 S\$m	1st Qtr 2003 S\$m	2nd Qtr 2002 S\$m
<b>For the period</b>					
Income before operating expenses	2,043	2,034	988	1,055	1,011
Operating profit before goodwill amortisation and provisions	1,142	1,108	529	613	544
Operating profit before provisions	928	972	422	506	475
Net profit before tax	663	796	260	403	381
Net profit attributable to members	466	536	187	279	258
Net profit attributable to members (excluding goodwill amortisation)	680	672	294	386	327
<b>At period-end</b>					
Shareholders' funds	14,745	14,152	14,745	14,742	14,152
Interest bearing assets	134,165	133,921	134,165	133,746	133,921
Customer loans <sup>1/</sup>	62,714	64,561	62,714	61,640	64,561
Customer deposits	105,514	102,984	105,514	105,629	102,984
Total assets	158,447	152,173	158,447	155,981	152,173
<b>Per share</b>					
	S\$	S\$	S\$	S\$	S\$
Basic earnings excluding goodwill amortisation <sup>2/</sup>	0.91	0.91	0.78	1.04	0.88
Basic earnings <sup>2/</sup>	0.62	0.72	0.50	0.75	0.69
Diluted earnings <sup>2/</sup>	0.60	0.70	0.48	0.72	0.66
Net asset value at period-end	9.65	9.25	9.65	9.64	9.25
Net tangible asset value at period-end	4.55	5.74	4.55	4.47	5.74

## Performance ratios

	1st Half 2003 (%)	1st Half 2002 (%)	2nd Qtr 2003 (%)	1st Qtr 2003 (%)	2nd Qtr 2002 (%)
<b>On a GAAP basis</b>					
Return on assets <sup>2/</sup>	0.61	0.71	0.48	0.73	0.69
Return on equity <sup>2/</sup>	6.38	7.74	5.07	7.65	7.40
<b>Excluding goodwill amortisation</b>					
Return on assets <sup>2/</sup>	0.88	0.89	0.75	1.01	0.87
Return on equity <sup>2/</sup>	9.31	9.71	7.95	10.59	9.37
Return on tangible equity <sup>2/ 3/</sup>	19.40	15.44	16.28	22.24	14.70
<b>Efficiency and revenue mix ratios</b>					
Cost-to-income ratio (excluding goodwill amortisation)	44.1	45.5	46.5	41.9	46.2
As a percentage of total operating income:					
- net interest income	56.7	65.5	56.7	56.8	65.6
- non-interest income	43.3	34.5	43.3	43.2	34.4
<b>BIS Capital ratios (at period-end)</b>					
- Tier 1 capital	9.7	12.7	9.7	9.8	12.7
- Total capital	14.2	17.6	14.2	14.5	17.6

Notes:

1/ After deducting cumulative provisions.

2/ Earnings per share, return on assets, return on equity and return on tangible equity for the periods are computed on an annualised basis.

3/ Computed based on net profit attributable to members excluding goodwill divided by average shareholders' funds after deduction of average goodwill.

**Financial Review**

DBSH Group's operating profit before goodwill amortisation and provisions in the first half of 2003 ("1st Half 2003") was S\$1,142 million, an increase of 3.1% over the same period in 2002. The improved year-on-year performance was mainly due to a 2.7% reduction in operating expenses. After goodwill amortisation of S\$214 million and higher provision charges of S\$287 million, net profit attributable to members declined by 13.1% to S\$466 million.

Cost-to-income ratio (excluding goodwill amortisation) improved to 44.1% compared to 45.5% for the same period last year.

Compared to first quarter 2003 ("1st Qtr 2003"), operating profit before goodwill amortisation and provisions decreased by 13.7% mainly due to lower income earned and higher operating expenses incurred in second quarter 2003 ("2nd Qtr 2003"). After taking into account provision of S\$172 million, net profit attributable to members showed a decrease of 33%.

Cost-to-income ratio (excluding goodwill amortisation) increased to 46.5% in 2nd Qtr 2003 from 41.9% in 1st Qtr 2003.

**Profit and Loss Account**

	1st Half 2003 S\$m	1st Half 2002 S\$m	2nd Qtr 2003 S\$m	1st Qtr 2003 S\$m	2nd Qtr 2002 S\$m
Net interest income	1,159	1,333	560	599	663
Non-interest income	884	701	428	456	348
<b>Income before operating expenses</b>	<b>2,043</b>	2,034	<b>988</b>	1,055	1,011
Operating expenses	(901)	(926)	(459)	(442)	(467)
<b>Operating profit before goodwill amortisation and provisions</b>	<b>1,142</b>	1,108	<b>529</b>	613	544
Goodwill amortisation	(214)	(136)	(107)	(107)	(69)
<b>Operating profit before provisions</b>	<b>928</b>	972	<b>422</b>	506	475
Provisions	(287)	(203)	(172)	(115)	(107)
<b>Operating profit</b>	<b>641</b>	769	<b>250</b>	391	368
Share of profit and loss of associates	22	27	10	12	13
<b>Net profit before taxation</b>	<b>663</b>	796	<b>260</b>	403	381
Taxation	(169)	(186)	(58)	(111)	(86)
Minority interests	(28)	(74)	(15)	(13)	(37)
<b>Net profit attributable to members ("NPAM")</b>	<b>466</b>	536	<b>187</b>	279	258
<b>NPAM excluding goodwill amortisation</b>	<b>680</b>	672	<b>294</b>	386	327

**DBS Bank (Hong Kong) Limited**

The banking licenses for DBS' wholly-owned Hong Kong subsidiaries, including Dao Heng Bank Group and DBS Kwong On Bank, were legally merged on July 21, 2003 following the receipt of local regulatory and legislative approvals. The following table reflects the performance of the merged entity prepared under Hong Kong Generally Accepted Accounting Principles.

Operating profit for 1st Half 2003 showed a 13.3% year-on-year increase contributed by higher non-interest income and lower impairment loss of fixed assets. Non-interest income rose by 30.5% due to higher sales of wealth management products and trading income. This was partly offset by lower net interest income and higher loan provisions. The reduction in net interest income was mainly attributable to sluggish loan demand. Provisions rose because of significant write-back in loan provisions in 1st Half 2002. Operating expenses declined by 2.4% mainly achieved through further streamlining of operations.

Operating profit in 2nd Qtr 2003 was lower than the preceding quarter by 22.4% due to higher provision charge and operating expenses. Expenses were incurred in the preparation for the legal merger. The provision charge in 2nd Qtr 2003 was primarily due to loan-related provisions.

<b>Profit and Loss Account</b>					
	<b>1st Half 2003 S\$m</b>	<b>1st Half 2002 S\$m</b>	<b>2nd Qtr 2003 S\$m</b>	<b>1st Qtr 2003 S\$m</b>	<b>2nd Qtr 2002 S\$m</b>
Net interest income	402	419	203	199	209
Non-interest income	171	131	87	84	65
<b>Income before operating expenses</b>	<b>573</b>	550	<b>290</b>	283	274
Operating expenses	(242)	(248)	(128)	(114)	(120)
Impairment of fixed assets	(3)	(44)	(2)	(1)	(44)
<b>Operating profit before provisions</b>	<b>328</b>	258	<b>160</b>	168	110
Provisions	(106)	(62)	(63)	(43)	(41)
<b>Operating profit</b>	<b>222</b>	196	<b>97</b>	125	69
<b>Net profit before taxation</b>	<b>222</b>	204	<b>97</b>	125	74
<b>Net profit after taxation</b>	<b>184</b>	164	<b>81</b>	103	54

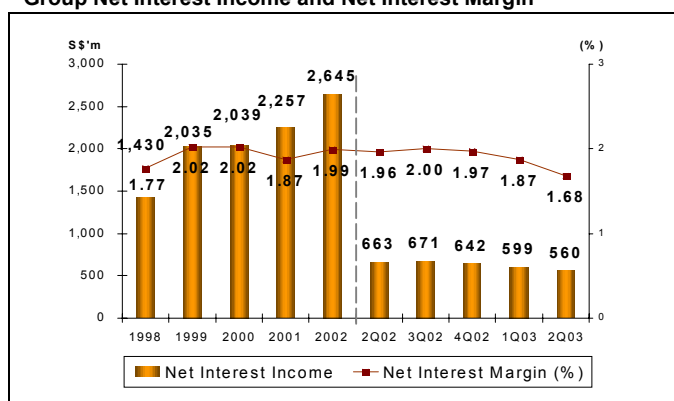
**Notes:**

- 1/ The exchange rate used for all comparative periods is based on HK\$1 = S\$0.2258.
- 2/ In the preparation of the consolidated accounts of DBSH Group, appropriate adjustments have been made to bring them in line with Financial Reporting Standards ("FRS") in Singapore. Under FRS, the contribution from DBS Bank (Hong Kong) Limited was as follows:

	<b>1st Half 2003 S\$m</b>	<b>1st Half 2002 S\$m</b>	<b>2nd Qtr 2003 S\$m</b>	<b>1st Qtr 2003 S\$m</b>	<b>2nd Qtr 2002 S\$m</b>
<b>Net profit before taxation</b>	<b>203</b>	182	<b>85</b>	119	62
<b>Net profit after taxation</b>	<b>173</b>	141	<b>78</b>	96	42

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Exhibit 1  
Group Net Interest Income and Net Interest Margin



## Net Interest Income and Net Interest Margin

Net interest income in 1st Half 2003 decreased by 13.1% to S\$1,159 million over the same period in 2002. The decrease was mainly due to narrower spread on loans and reduced benefits from deployment of net free funds in the prevailing low interest rate environment.

Net interest margin was 1.78% for 1st Half 2003 compared to 1.97% in 1st Half 2002.

Compared to 1st Qtr 2003, the decrease in net interest income to S\$560 million in 2nd Qtr 2003 was mainly due to continuing interest spread compression in a low interest rate environment.

Net interest margin was 1.68% for 2nd Qtr 2003.

Table 1  
Group Net Interest Income and Net Interest Margin

S\$m	1st Half 2003			1st Half 2002		
	Ave balance	Interest	Ave rate (%)	Ave balance	Interest	Ave rate (%)
Customer loans and advances	61,424	1,210	3.97	65,938	1,486	4.54
Interbank items	40,783	202	1.00	47,988	443	1.86
Securities <sup>1/</sup>	28,909	393	2.74	22,448	357	3.21
<b>Total interest bearing assets</b>	<b>131,116</b>	<b>1,805</b>	<b>2.78</b>	<b>136,374</b>	<b>2,286</b>	<b>3.38</b>
<b>Total interest bearing liabilities</b>	<b>122,387</b>	<b>646</b>	<b>1.06</b>	<b>126,502</b>	<b>953</b>	<b>1.52</b>
<b>Net interest income/margin</b>		<b>1,159</b>	<b>1.78</b>		<b>1,333</b>	<b>1.97</b>

S\$m	2nd Qtr 2003			1st Qtr 2003			2nd Qtr 2002		
	Ave balance	Interest	Ave rate (%)	Ave balance	Interest	Ave rate (%)	Ave balance	Interest	Ave rate (%)
Customer loans and advances	61,821	602	3.91	61,225	608	4.03	65,326	726	4.46
Interbank items	41,298	91	0.88	40,751	111	1.10	47,797	219	1.84
Securities <sup>1/</sup>	30,570	199	2.61	27,718	194	2.83	22,620	175	3.10
<b>Total interest bearing assets</b>	<b>133,689</b>	<b>892</b>	<b>2.68</b>	<b>129,694</b>	<b>913</b>	<b>2.86</b>	<b>135,743</b>	<b>1,120</b>	<b>3.31</b>
<b>Total interest bearing liabilities</b>	<b>125,026</b>	<b>332</b>	<b>1.06</b>	<b>121,318</b>	<b>314</b>	<b>1.05</b>	<b>125,775</b>	<b>457</b>	<b>1.46</b>
<b>Net interest income/margin</b>		<b>560</b>	<b>1.68</b>		<b>599</b>	<b>1.87</b>		<b>663</b>	<b>1.96</b>

Notes:

1/ Refers to Singapore Government securities and treasury bills, trading and investment debt securities.

2/ Ave: Average

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 2  
Group Non-Interest Income

S\$m	1st Half 2003	1st Half 2002
Fee and commission income	374	406
Stockbroking	51	83
Investment banking	33	32
Trade and remittances	54	55
Loan related	71	62
Deposit related	52	53
Credit card	41	46
Fund management	18	21
Wealth management	38	37
Others	16	17
Dividend and rental income	41	29
Other income	469	266
Net gain on treasury products including structured investment products	282	177
Net gain on Singapore government securities	135	47
Net gain on equities	11	13
Net gain on investment securities	32	10
Net gain on fixed assets	-	4
Others	9	15
<b>Total</b>	<b>884</b>	<b>701</b>
Non-interest income as a percentage of Operating income (%)	43.3	34.5

S\$m	2nd Qtr 2003	1st Qtr 2003	2nd Qtr 2002
Fee and commission income	214	160	213
Stockbroking	33	18	36
Investment banking	26	7	19
Trade and remittances	27	27	26
Loan related	35	36	36
Deposit related	26	26	27
Credit card	21	20	25
Fund management	11	7	9
Wealth management	24	14	24
Others	11	5	11
Dividend and rental income	28	13	20
Other income	186	283	115
Net gain on treasury products including structured investment products	129	153	83
Net gain on Singapore government securities	33	102	21
Net gain/(loss) on equities	12	(1)	(2)
Net gain on investment securities	5	27	3
Net gain/(loss) on fixed assets	1	(1)	4
Others	6	3	6
<b>Total</b>	<b>428</b>	<b>456</b>	<b>348</b>
Non-interest income as a percentage of Operating income (%)	43.3	43.2	34.4

### Non-interest Income

Fee and commission income in 1st Half 2003 decreased by 7.9% to S\$374 million over the same period in 2002. The decrease was mainly due to lower stockbroking fees resulting from less favourable conditions in the equity market. Credit card fees and fund management income were also lower given the economic uncertainty in 1st Half 2003.

Other income for 1st Half 2003 increased significantly by 76.3% to S\$469 million as compared to 1st Half 2002. The increase was due to higher net gains from treasury operations and investment securities.

Compared to 1st Qtr 2003, fee and commission income rose 33.8% to S\$214 million in 2nd Qtr 2003. Most categories of fee and commission income registered increases reflecting the improvement in equity market and the success in sale of wealth management products.

Other income for 2nd Qtr 2003 was S\$97 million lower than 1st Qtr 2003. This was due to higher earnings from treasury operations in 1st Qtr 2003.

Table 3

**Group Operating Expenses**

<b>S\$'m</b>	<b>1st Half 2003</b>	<b>1st Half 2002</b>
Staff costs	429	466
Occupancy expenses	99	104
Technology-related expenses	144	104
Others	229	252
<b>Total</b>	<b>901</b>	<b>926</b>
Cost-to-income ratio (%) (excluding goodwill amortisation)	44.1	45.5
Staff headcount number (at period-end)	11,948	12,749

<b>S\$'m</b>	<b>2nd Qtr 2003</b>	<b>1st Qtr 2003</b>	<b>2nd Qtr 2002</b>
Staff costs	210	219	230
Occupancy expenses	51	48	49
Technology-related expenses	73	71	53
Others	125	104	135
<b>Total</b>	<b>459</b>	<b>442</b>	<b>467</b>
Cost-to-income ratio (%) (excluding goodwill amortisation)	46.5	41.9	46.2
Staff headcount number (at period-end)	11,948	12,036	12,749

**Operating Expenses**

Excluding goodwill amortisation, year-on-year ("YOY") operating expenses declined by 2.7%.

Staff costs showed a decrease of S\$37 million or 7.9%, of which approximately S\$21 million was due to staff reduction resulting from outsourcing certain technology-related functions in the Group. The remaining S\$16 million decrease in staff costs was the result of headcount reduction arising from rationalisation of workflow and businesses. Technology-related expenses showed a significant increase mainly due to payment of outsourcing fees.

YOY, the Group's cost-to-income ratio (excluding goodwill amortisation) was 44.1% for 1st Half 2003 compared to 45.5% for the same period in 2002.

Compared to 1st Qtr 2003, second quarter operating expenses (excluding goodwill amortisation) was 3.8% higher. The increase was partially contributed by higher revenue-related expenses of approximately S\$14 million. Cost-to-income ratio (excluding goodwill amortisation) was 46.5% in 2nd Qtr 2003.

**Goodwill Amortisation**

On January 10, 2003, DBS Bank exercised its Call Option on the minority shareholders of DBS Diamond Holdings Ltd ("DDH") to acquire approximately 28.4% of the remaining issued share capital of DDH. DDH owns 100% of Dao Heng Bank Group Limited ("DHG"). Goodwill arising from the acquisition of the remaining 28.4% interest in DDH is amortised over a period of 19 years from January 2003. As a result, goodwill amortisation in 1st Half 2003 showed an increase compared to 1st Half 2002.



# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 4  
Group Provision Charge

S\$'m	1st Half 2003	1st Half 2002
Loans	172	163
Equities	7	(4)
Properties and other assets	81	81
Specific provision	260	240
General provision	27	(37)
<b>Total</b>	<b>287</b>	<b>203</b>

S\$'m	2nd Qtr 2003	1st Qtr 2003	2nd Qtr 2002
Loans	112	60	73
Equities	(9)	16	(7)
Properties and other assets	53	28	76
Specific provision	156	104	142
General provision	16	11	(35)
<b>Total</b>	<b>172</b>	<b>115</b>	<b>107</b>

## Provision Charge

Provision charge was S\$287 million for 1st Half 2003. Approximately 69% of the total charge were loan-related.

Higher general provision was made in 1st Half 2003 following an increase in customer loan outstanding. This was in contrast with 1st Half 2002 where customer loan outstanding declined from year-end and general provision reserve was released.

In 2nd Qtr 2003, higher provision charge was set aside for customers both in Singapore and Hong Kong following the weak economic environment prevailing for most part of the quarter. The property market continues to be soft and additional provision was made for properties held by the Group.

## Taxation

Tax expenses were lower in 1st Half 2003. This was mainly due to a lower income earned during this period as compared to 1st Half 2002.

Exhibit 2  
Group Non-Performing Loans

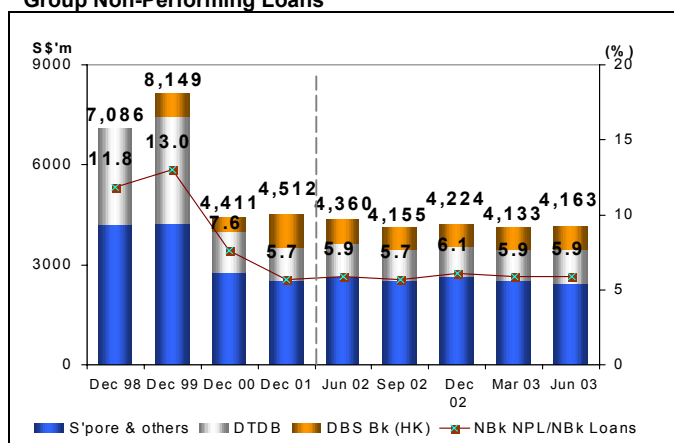


Table 5  
Group Geographical NPL Rate  
(Based on MAS standard)

(%)	Jun 30 2003	Dec 31 2002	Jun 30 2002
Singapore	3.9	4.2	3.8
Hong Kong	3.5	3.5	3.7
Regional countries (excl. DTDB)	26.5	40.6	36.3
DTDB	29.2	27.0	27.8
Other countries	8.7	8.7	7.1

Notes:

1/ DTDB : DBS Thai Danu Bank Public Company Limited

2/ Regional countries (RC) include Malaysia, Indonesia, Thailand, Korea and the Philippines

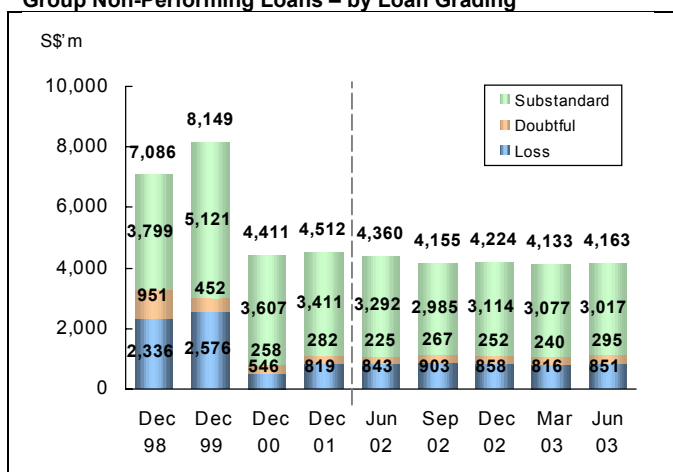
## Asset Quality

The volume of non-performing loans ("NPLs") was S\$4.2 billion at the end of June 2003. This includes S\$1.6 billion of restructured NPLs.

The ratio of NPLs to the total non-bank loans ("NPL rate") decreased from 6.1% at the end of December 2002 to 5.9% at the end of June 2003 due to lower non-performing loans and higher non-bank loan base.

The NPL rate for Hong Kong operations was 3.5% at the end of June 2003. The Group's Hong Kong credit card business recorded a 1.5% loan delinquent rate for 90 days past due. The net charge-off rate for 1st Half 2003 rose to 12% from 11.8% reported for full year 2002. The increased charge-off rate continued to reflect the high unemployment rate and the increase in personal bankruptcy filings.

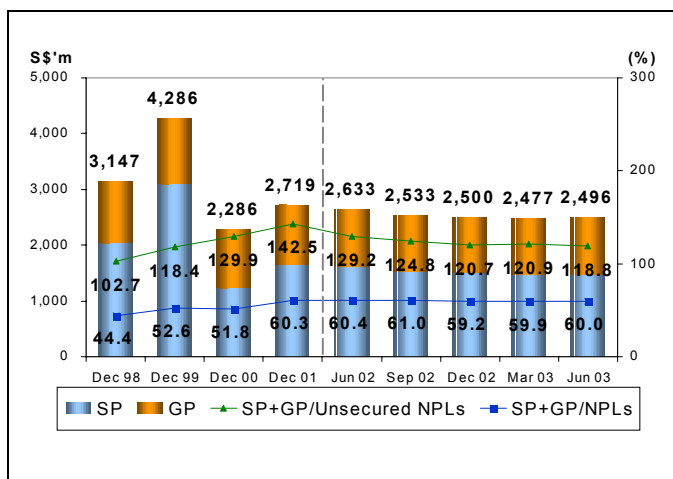
**Exhibit 3**  
**Group Non-Performing Loans – by Loan Grading**



## Loan Grading

As at end June 2003, non-performing loans' profile remains stable compared to end December 2002.

**Exhibit 4**  
**Group Cumulative Specific and General Provisions**



## Cumulative Specific and General Provisions

Total cumulative specific and general provisions at the end of June 2003 was 119% of unsecured NPLs, and 60% of total NPLs.

**Table 6**  
**Group Key Balance Sheet Items**

S\$m	Jun 30 2003	Dec 31 2002	Jun 30 2002
Total assets	158,447	149,375	152,173
Customer loans <sup>1/</sup>	62,714	60,709	64,561
Customer deposits	105,514	101,315	102,984
Loan-to-deposit ratio (%)	59.4	59.9	62.7
Loan and investment debt securities-to-deposit ratio (%)	68.5	68.3	65.8

Note:

<sup>1/</sup> After deducting cumulative provisions.

## Balance Sheet

At the end of June 2003, total assets was S\$158.4 billion. Compared to end December 2002, customer loans increased by 3.3% to S\$62.7 billion despite limited loan demand in a highly competitive environment. The increase in loans was mainly attributed to "manufacturing", and "financial institutions, investment & holding companies" sectors. Customer deposits increased by 4.1% to S\$105.5 billion. The Group's loan-to-deposit ratio at the end of June 2003 was 59.4%.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 7  
Group Customer Deposits

S\$m	Jun 30 2003	Dec 31 2002	Jun 30 2002
<b>Analysed by Currency</b>			
Singapore dollar	55,360	53,655	54,139
US dollar	20,840	20,096	20,429
Hong Kong dollar	18,770	18,731	19,912
Thai Baht	3,658	3,164	3,288
Others	6,886	5,669	5,216
<b>Total</b>	<b>105,514</b>	<b>101,315</b>	<b>102,984</b>
<b>Analysed by Product</b>			
Savings accounts (include S\$ autosave)	44,452	43,047	42,370
Current accounts	9,301	8,975	8,951
Fixed deposits	48,261	46,026	50,363
Other deposits	3,500	3,267	1,300
<b>Total</b>	<b>105,514</b>	<b>101,315</b>	<b>102,984</b>

Table 8  
Group Customer Loans

S\$m	Jun 30 2003	Dec 31 2002	Jun 30 2002
Gross	64,905	62,901	66,964
Less:			
Specific provisions	1,273	1,288	1,419
General provisions	918	904	984
<b>Net total</b>	<b>62,714</b>	<b>60,709</b>	<b>64,561</b>
Including:			
Bills receivable	1,459	1,574	1,553
<b>Loans</b>	<b>61,255</b>	<b>59,135</b>	<b>63,008</b>
<b>Net total</b>	<b>62,714</b>	<b>60,709</b>	<b>64,561</b>
<b>Industry Breakdown</b>			
Manufacturing	6,791	5,856	6,036
Building & Construction	7,780	8,057	9,198
Housing Loans	21,857	21,910	22,978
General Commerce	6,057	5,707	5,378
Transportation, Storage & Communications	4,869	4,617	5,183
Financial Institutions, Investment & Holding Companies	4,547	3,626	4,216
Professionals & Private Individuals (except Housing Loans)	7,320	7,784	8,117
Others	5,684	5,344	5,858
<b>Total (Gross)</b>	<b>64,905</b>	<b>62,901</b>	<b>66,964</b>
<b>Analysed by Currency and Fixed / Variable Rates</b>			
<b>Fixed rate <sup>1/</sup></b>			
Singapore dollar	8,381	8,359	11,445
Hong Kong dollar	479	460	401
US dollar	3	1	1
Thai Baht	785	862	698
Others	67	1	158
<b>Sub-total</b>	<b>9,715</b>	<b>9,683</b>	<b>12,703</b>
<b>Variable rate <sup>2/</sup></b>			
Singapore dollar	21,305	21,673	20,791
Hong Kong dollar	20,478	20,238	21,366
US dollar	8,773	7,333	7,899
Thai Baht	2,395	2,128	2,462
Others	2,239	1,846	1,743
<b>Sub-total</b>	<b>55,190</b>	<b>53,218</b>	<b>54,261</b>
<b>Total (Gross)</b>	<b>64,905</b>	<b>62,901</b>	<b>66,964</b>

Notes:

1/ 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.

2/ 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

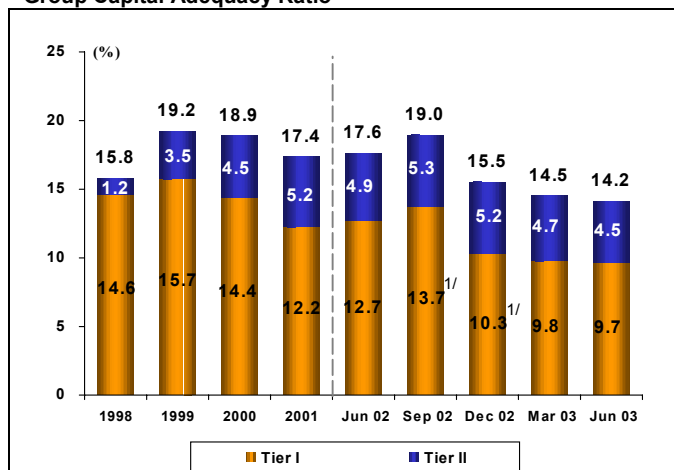
Table 9  
Group Capital

S\$'m	Jun 30 2003	Dec 31 2002	Jun 30 2002
Tier I Capital	9,068	8,393	10,778
Tier II Capital	4,215	4,233	4,214
Total Capital	13,283	12,626	14,992
<b>Risk Weighted Assets</b>	<b>93,865</b>	81,239	85,400

## Capital Adequacy Ratio

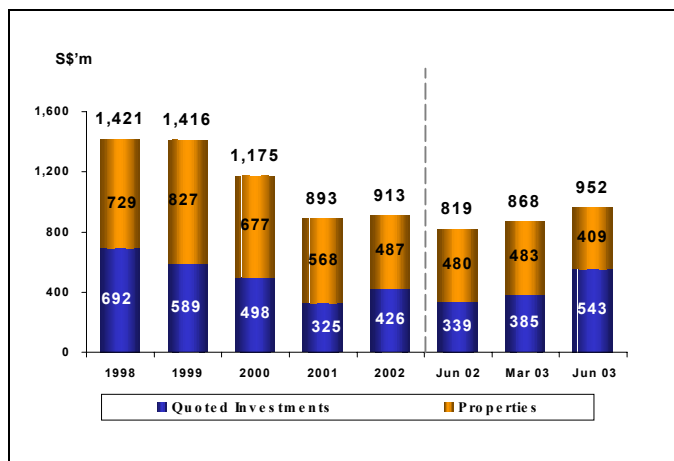
At the end of June 2003, the total Capital Adequacy Ratio ("CAR") for the DBSH Group, measured according to the Bank for International Settlements ("BIS") guidelines was 14.2%.

Exhibit 5  
Group Capital Adequacy Ratio



Note:  
1/ The reduction in the Tier 1 CAR ratio, from 13.7% in September 2002 to 10.3% in December 2002, was primarily due to the deduction of additional goodwill with DBS' purchase of the DDH minority interest in early January 2003.

Exhibit 6  
Group Unrealised Valuation Surpluses



## Unrealised Valuation Surpluses

Unrealised valuation surpluses in quoted investments and properties (not recognised in the accounts) amounted to S\$952 million at the end of June 2003.

**Geographical Segment Analysis**

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

Table 10  
Group Geographical Segments

S\$m	Total assets		Income before operating expenses		Net profit attributable to members	
		Distribution (%)		Distribution (%)		Distribution (%)
<b>Jun 30, 2003</b>						
Singapore <sup>1/</sup>	98,544	62	1,289	63	250	54
Hong Kong	46,745	30	601	29	161	34
Regional countries <sup>1/</sup>	6,703	4	112	6	35	8
Rest of the world	6,455	4	41	2	20	4
<b>Total</b>	<b>158,447</b>	<b>100</b>	<b>2,043</b>	<b>100</b>	<b>466</b>	<b>100</b>
<b>Dec 31, 2002</b>						
Singapore <sup>1/</sup>	93,855	63	2,487	61	605	59
Hong Kong	45,607	31	1,292	32	335	33
Regional countries <sup>1/</sup>	5,003	3	199	5	42	4
Rest of the world	4,910	3	88	2	35	4
<b>Total</b>	<b>149,375</b>	<b>100</b>	<b>4,066 <sup>2/</sup></b>	<b>100</b>	<b>1,017 <sup>2/</sup></b>	<b>100</b>
<b>Jun 30, 2002</b>						
Singapore <sup>1/</sup>	94,032	62	1,335	66	405	76
Hong Kong	47,930	31	584	28	115	21
Regional countries <sup>1/</sup>	4,783	3	79	4	9	2
Rest of the world	5,428	4	36	2	7	1
<b>Total</b>	<b>152,173</b>	<b>100</b>	<b>2,034</b>	<b>100</b>	<b>536</b>	<b>100</b>

Notes:

1/ Special general provisions for regional exposure, additional provisions for DTDB's loans and amortisation of goodwill on acquisitions of DBS Bank (Hong Kong) Limited are booked in Singapore.

2/ Refers to the full year 2002.

DBSH Group operates in four main geographical areas :

- **"Singapore"**, which includes the operations of the Asian Currency Unit.
- **"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. The total assets, income before operating expenses and NPAM are stated after elimination of inter-group assets and revenues.

**Business Segment Analysis**

The business segment results represent the customer segments of the respective businesses and are determined by:

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

The various customer segments are:

- **Consumer Banking**

Consumer Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgage, personal loans, etc.), credit cards, deposit collection, remittance services and asset management products.

The decrease in net profit after taxation (S\$31 million, 18.1%) was mainly attributable to lower interest income and higher provisions partly offset by lower expenses.

- **Enterprise Banking**

Enterprise Banking focuses on providing products and services to small and medium enterprises. The product and services offered to customers include credit facilities (overdraft, factoring/accounts receivable purchase, trade financing, commercial/industrial property financing, hire purchase and government financing and assistance schemes), deposit, payment and collection services.

The decrease in net profit after taxation (S\$3 million, 2.7%) was mainly attributable to higher provisions partly offset by higher fee income from trade services.

- **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, advisory banking services, bond issuance, equity financing, syndicated financing, mergers and acquisitions advisory services, debt restructuring advisory services, nominee and trustee services and cash management services.

The increase in net profit after taxation (S\$20 million, 14.9%) was mainly attributable to lower provisions and expenses.

- **Treasury and Markets**

Treasury and Markets is primarily involved in market making, structuring and trading of financial products including foreign exchange, securities, interest rate, credit, equity and foreign exchange derivatives. Income from treasury products and services relating to customers of other segments is reflected in the respective customer segments.

The increase in net profit after taxation (S\$49 million, 38.9%) was mainly attributable to higher income from trading of securities, foreign exchange and derivatives.

The other segments of the analysis are:

- **Funding Portfolio**

The Funding Portfolio managed by Treasury and Markets is the net aggregate of the Group's interest earning assets and interest bearing liabilities. The income generated from this portfolio is predominantly interest rate in nature.

The increase in net profit after taxation (S\$12 million, 8.9%) was mainly attributable to higher net interest income from interest rate products in Singapore and lower taxation.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### • Central Operations

Central Operations encompass 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 and gains/losses on properties as well as certain subsidiaries including stock brokerage and asset management.

The following table analyses the results, total assets and total liabilities by business segments:

<b>Table 11</b>							
<b>Group Business Segments (1st Half 2003)</b>							
<b>S\$m</b>	<b>Consumer Banking</b>	<b>Enterprise Banking</b>	<b>Investment Banking</b>	<b>Treasury and Markets<sup>1/</sup></b>	<b>Funding Portfolio<sup>1/</sup></b>	<b>Central Operations</b>	<b>Total</b>
Income before operating expenses	688	302	310	271	214	258	2,043
Operating profit before provisions, taxation and goodwill amortisation	266	188	207	204	161	116	1,142
Net profit before taxation and goodwill amortisation	176	134	176	208	173	10	877
Taxation	(36)	(27)	(22)	(31)	(25)	(28)	(169)
Net profit after taxation and before goodwill amortisation	140	107	154	175	147	(43)	680
Goodwill amortisation							(214)
Net profit attributable to members							466
<i>Other Information</i>							
Total assets before goodwill	27,220	14,002	26,281	8,911	45,801	28,743	150,958
Goodwill							7,489
Total assets							158,447
Total liabilities	66,146	13,736	16,042	8,635	19,085	19,064	142,708
Capital expenditure	8	3	5	2	2	11	31
Depreciation	22	9	2	6	5	47	91
<b>Group Business Segments (1st Half 2002)</b>							
<b>S\$m</b>	<b>Consumer Banking</b>	<b>Enterprise Banking</b>	<b>Investment Banking</b>	<b>Treasury and Markets<sup>1/</sup></b>	<b>Funding Portfolio<sup>1/</sup></b>	<b>Central Operations</b>	<b>Total</b>
Income before operating expenses	740	289	306	204	212	283	2,034
Operating profit before provisions, taxation and goodwill amortisation	296	178	199	153	159	123	1,108
Net profit before taxation and goodwill amortisation	232	159	163	162	174	42	932
Taxation	(45)	(27)	(27)	(33)	(34)	(20)	(186)
Net profit after taxation and before goodwill amortisation	171	110	134	126	135	(4)	672
Goodwill amortisation							(136)
Net profit attributable to members							536
<i>Other Information</i>							
Total assets before goodwill	31,139	15,017	23,907	4,739	49,876	22,347	147,025
Goodwill							5,148
Total assets							152,173
Total liabilities	69,088	14,914	13,322	4,532	15,465	18,851	136,172
Capital expenditure	9	4	1	2	2	18	36
Depreciation	24	9	3	5	6	45	92

Note:

1/ Operating expenses and provisions have been determined by prorating between Treasury and Markets and the Funding Portfolio based on the share of income before operating expenses.

### Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period, or extended to take into account the requirements of revised FRS.