

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Financial Performance Summary For The First Half Year 2001

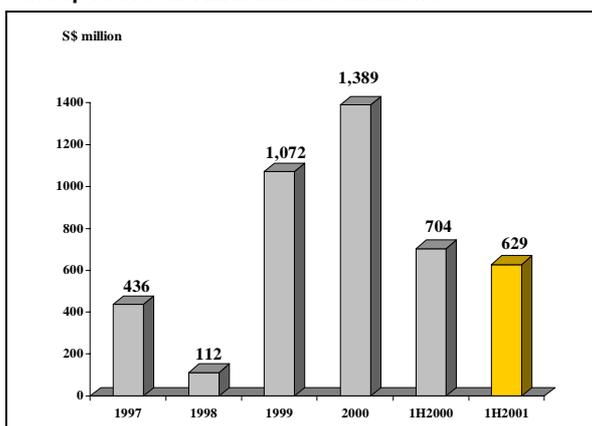
	First Half 2000	First Half 2001	Incr/ (Decr)
	S\$'m	S\$'m	%
Profit and Loss Account			
Net interest income	1,046	962	(8.1)
Non-interest income	442	566	28.2
Fee and commission income	260	251	(3.7)
Dividends	26	21	(19.0)
Rental income	16	19	20.8
Other income	139	275	97.6
Income before operating expenses	1,488	1,528	2.7
Staff costs	(281)	(389)	38.5
Other operating expenses	(313)	(360)	14.9
Operating profit	894	779	(12.9)
Provisions	(64)	(46)	(27.7)
Associated companies	22	34	51.6
Net profit before tax	852	766	(10.1)
Taxation	(160)	(141)	(12.2)
Minority interests	12	4	(65.7)
Net profit attributable to members	704	629	(10.6)
Key Balance Sheet Data			
	First Half 2000	First Half 2001	Incr/ (Decr)
	S\$'m	S\$'m	%
Total assets	107,552	156,497	45.5
Customer loans	52,429	69,617	32.8
Customer deposits	80,400	114,851	42.8
Shareholders' funds	10,720	11,142	3.9

Consolidation of Dao Heng

Following receipt of Hong Kong Monetary Authority approval on June 27, 2001, DBS Bank began its tender for shares in Dao Heng Bank Group Limited (DHG) on June 29, 2001.

At June 30, 2001, DBS Bank through DBS Diamond Holdings Ltd. (80% owned) had already obtained a 56.9% effective holding in DHG. Consequently, DHG's assets and liabilities were consolidated. Its pro-rata contribution to the DBSH Group's Profit & Loss Statement however, was deemed not material for inclusion in this reporting period.

Exhibit 1
Group Net Profit Attributable to Members

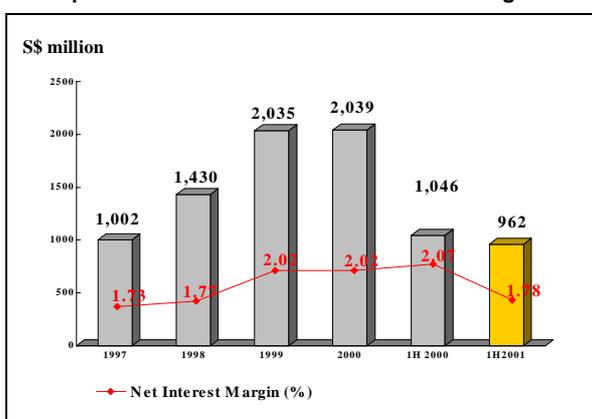


Profit and Loss

DBSH Group's net profit attributable to members in First Half 2001 decreased 10.6% to S\$629 million.

Income before operating expenses registered an increase of 2.7% amidst weaker macroeconomic conditions and an increasingly competitive environment. Operating expenses increased by 26.1% to S\$749 million. The increase was due to higher staff cost (S\$108 million), technology-related expenses (S\$24 million) and advertising expenses (S\$13 million).

Exhibit 2
Group Net Interest Income and Net Interest Margin



Net Interest Income and Net Interest Margin

Net interest income declined by 8.1% to S\$962 million in First Half 2001. Net interest margin decreased to 1.78% as compared to 2.07% in First Half 2000. The lower net interest margin was due to the shift from corporate loans to lower-yielding interbank lendings. Intensified market competition also resulted in narrower interest margin for housing loans. To a smaller extent, the temporary deployment of the proceeds from the recent capital issues in the interbank market also contributed to the reduction in net interest income.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 1

Group Fee and Commission Income			
(S\$ million)	1H00	1H01	Change
Deposit-related	23	43	20
Trade-related	38	40	2
Investment Banking	42	39	(3)
Fund Management	37	35	(2)
Loan-related	24	28	4
Stockbroking	47	24	(23)
Others	49	42	(7)
Total	260	251	(9)
Fee-to-Income Ratio (%)	17.5	16.4	

Fee and Commission Income

Fee and commission income decreased 3.7% to S\$251 million, due mainly to lower stockbroking fees (S\$23 million) resulting from weak market volumes and the deregulation of brokerage commission. The decrease was partially offset by higher deposit-related fees (S\$20 million). Fee and commission income contributed to 16.4% of the total operating income, down from 17.5% for First Half 2000.

Dividends & Rental Income

Dividends and rental income decreased marginally by 3.7% to S\$41 million.

Table 2

Group Other Income			
(S\$ million)	1H00	1H01	Change
Net gains on trading in foreign exchange	52	112	60
Net gains on sale of trading securities and derivatives trading	55	102	47
Net gains on disposal of investment securities	8	16	8
Net gains on disposal of fixed assets	4	26	22
Others	20	19	(1)
Total	139	275	136
Non-interest Income to Operating Income Ratio (%)	29.7	37.1	

Other Income

Other income increased substantially by 97.6% to S\$275 million, due to higher foreign exchange trading profits (S\$60 million) and higher profits from the sale of Singapore Government Securities (S\$45 million). Profit of S\$31 million on the disposal of DBS Securities Building was also included in the accounts.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 3

Group Operating Expenses			
(\$ million)	1H00	1H01	Change
Staff costs	281	389	108
Occupancy expenses	73	77	4
Technology-related expenses	63	87	24
Professional and consultancy fees	38	33	(5)
Others	139	163	24
Total	594	749	155
Cost-to-Income Ratio (%)	39.9	49.0	

Table 4

Group Provisions			
(\$ million)	1H00	1H01	Change
DBS Thai Danu Bank (DTDB)	11	4	(7)
Regional Countries (RC)*	24	11	(13)
Singapore	(9)	49	58
Other Countries	11	7	(4)
Non-Loan Provisions	27	30	3
Specific Provisions	64	100	36
General Provisions	(17)	(64)	(47)
Total DBSH Group's Share	47	36	(11)
Minority Interests' Share	17	10	(7)
Total DBSH Group Provisions	64	46	(18)

* Refers to Malaysia, Indonesia, Thailand, Korea and the Philippines.

Operating Expenses

DBSH Group continues to invest heavily in human resources. The 26.1% increase in operating expenses to S\$749 million was mainly due to higher staff costs of S\$108 million, of which S\$42 million can be attributed to one-time contractual payments, staff adjustments and sign-on bonuses. The balance was principally due to the recruitment of additional staff, salary increments including allowances, and higher variable bonus provisions on an enlarged pool of staff. In addition, higher technology-related (S\$24 million) and advertising expenses (S\$13 million) were incurred for various business initiatives. Cost-to-income ratio increased to 49.0% as compared to 39.9% in First Half 2000.

Provisions

Provisions decreased by 27.7% to S\$46 million. For the five regional countries, lower loan provisions of S\$11 million were required following a reduction in DBS' regional non-performing loans in the First Half 2001. In Singapore, there was a one-time transfer of provisions from general to specific in connection with the folding-in of DBS Finance Ltd to DBS Bank. This transfer accounts for part of the increase in specific provisions for Singapore borrowers.

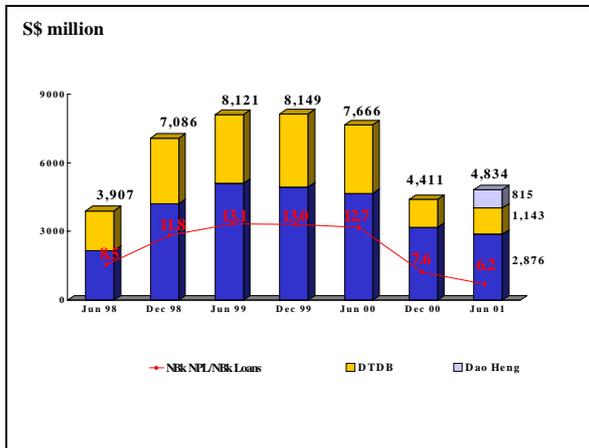
Minority Interests

DBSH Group had a positive minority interest of S\$4 million, due mainly to the loss attributable to minority shareholders of DBS China Square, a single-property holding company. Net losses were recorded in DBS China Square as provisions were made for the decline in market value of the property held by the company.

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Exhibit 3

Group Non-Performing Loans



Asset Quality

Excluding DHG, non-performing loans (NPLs) decreased 8.9% to S\$4,019 million at end-June 2001 as compared to end-December 2000. DHG's NPLs amounted to S\$815 million.

Non-bank NPLs as a percentage of total non-bank loans stood at 6.2%, an improvement compared with 7.6% at end-December 2000, reflecting DBSH's aggressive management of its NPL portfolio across the region. Excluding DHG, non-bank NPLs as a percentage of total non-bank loans would still have declined to 6.5%.

Of the total S\$4,834 million in NPLs, 73% were in the substandard category and 63% were secured by collateral.

Approximately 12% 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.

Exhibit 4

Group Non-Performing Loans – by Loan Grading

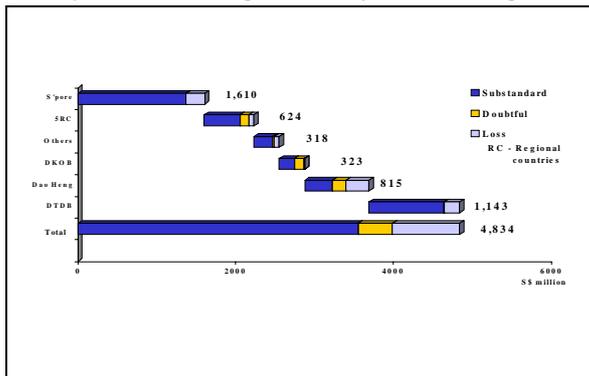
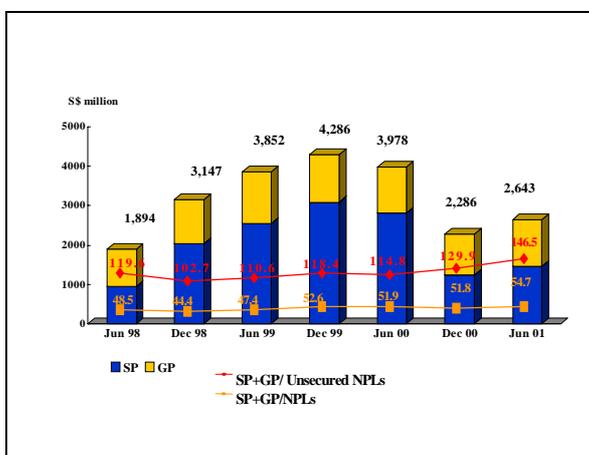


Exhibit 5

Group Cumulative Specific and General Provisions



Cumulative Specific and General Provisions

Total cumulative specific and general provisions at end-June 2001 amounted to 146.5% of unsecured NPLs, and 54.7% of total NPLs (or 59.9% of total NPLs of S\$4,410 million under US SEC guidelines).

Based on MAS guidelines, Group loan loss reserve coverage for DBS Thai Danu's NPLs was 62%.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 5

Key Balance Sheet Items

(\$ million)	Dec 31 2000	Jun 30 2000	Jun 30 2001	Change (yoy)
Total Assets	111,228	107,552	156,497	48,945
Customer Loans and Advances	52,024	52,429	69,617	17,188
Customer Deposits	80,720	80,400	114,851	34,451
Loan-to-Deposit Ratio (%)	64.5	65.2	60.6	

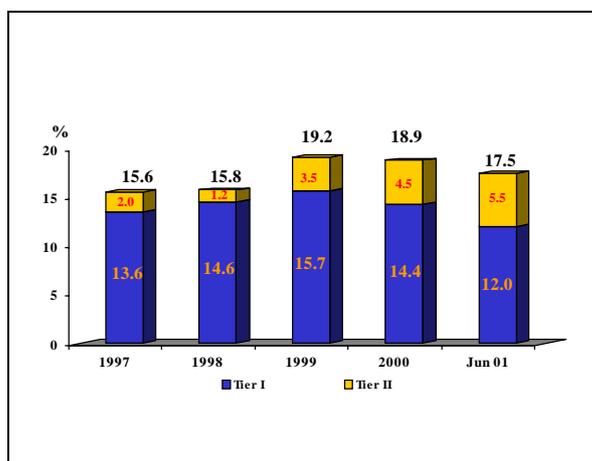
Table 6

Capital

(\$ million)	Dec 31 2000	Jun 30 2001
Tier I	10,200	11,061
Tier II	3,211	5,007
Total Capital	13,411	16,069
Risk Weighted Assets, including Market Risks	70,963	91,972

Exhibit 6

Capital Adequacy Ratio (CAR)



Balance Sheet

The consolidation of DHG contributed to the increase in DBSH Group assets. Total assets were up 45.5% to S\$156 billion. Customer loans increased by 32.8% to S\$70 billion. Excluding DHG, customer loans increased by S\$1 billion despite a weak loan market. Customer deposits registered 42.8% increase (or S\$34 billion) to S\$115 billion. Excluding DHG, the increase was S\$10 billion. This amount included a one-time placement of S\$5 billion from a customer, which had the effect of bringing down the loan-to-deposit ratio to 60.6%, as compared to 65.2% for First Half 2000.

Capital Adequacy Ratio (CAR)

Combined Tier I and II CAR, measured according to the Bank of International Settlements (BIS) guidelines, remains strong at 17.5%, which is more than twice the minimum BIS requirement of 8%. Of the total, 12.0% is in the form of Tier I capital.

In March 2001, DBS Bank through DBS Capital Funding Corporation (100% owned), issued US\$725 million and S\$100 million subordinated term debts, which qualified for Tier I capital treatment. This was followed by issuance of Tier II US\$850 million subordinated term debt in May 2001.

In May 2001, as part of the capital raising efforts to support the acquisition of DHG, DBS Bank issued S\$1,100 million preference shares. These preference shares qualify for Tier I capital treatment.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

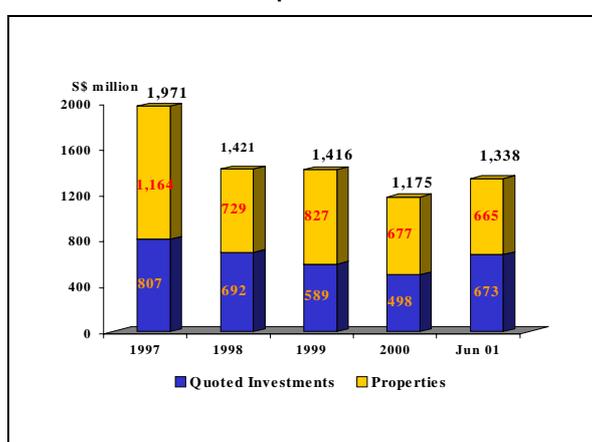
Table 7

Group Key Financial Indicators

Ratios	1997	1998	1999	2000	1H00	1H01
Return on Equity (%)	6.19	1.29	10.35	12.89	13.13	11.36
Return on Assets (%)	0.72	0.14	1.04	1.28	1.31	1.08
Earnings per Share - Basic (S\$)	0.52	0.10	0.97	1.13	1.16	1.02

Exhibit 7

Unrealised Valuation Surpluses



Financial Indicators

Return on Equity (ROE) was 11.36% compared to 13.13% achieved for First Half 2000. Return on Assets (ROA) was 1.08% compared to 1.31% registered in First Half 2000. These ratios are, however, higher than pre-crisis levels in 1997.

Unrealised Valuation Surpluses

Unrealised valuation surpluses in quoted investments and properties (not recognised in the accounts) amounted to S\$1.3 billion at end-June 2001.

DBS GROUP HOLDINGS LTD
UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED
JUNE 30 2001

In S\$'million	<u>Note</u>	<u>First Half</u> <u>2001</u>	<u>Second Half</u> <u>2000</u>	<u>First Half</u> <u>2000</u>
Interest income		2,426	2,487	2,410
Less: Interest expense		1,464	1,494	1,364
Net interest income	1	962	993	1,046
Fee and commission income	2	251	249	260
Dividends	3	21	57	26
Rental income		19	16	16
Other income	4	275	129	139
Income before operating expenses	14	1,528	1,443	1,488
Less: Staff costs		389	332	281
Other operating expenses		360	320	313
Total operating expenses	5	749	652	594
Operating profit		779	791	894
Less: Provision for possible loan losses and diminution in value of other assets		46	(10)	64
		733	802	830
Add: Share of profits less losses of associated companies		34	21	22
Net profit before taxation		766	823	852
Less: Taxation	6	132	153	156
Share of taxation of associated companies		9	2	4
Net profit after taxation		625	668	692
Minority interests		4	17	12
Net profit attributable to members	14	629	685	704
Earnings per ordinary share [@]				
- Basic		102 Cents	110 Cents	116 Cents
- Fully diluted		96 Cents	108 Cents	106 Cents

(see related notes on pages 3 to 22)

@ Annualised

Note: Some of the figures in this Appendix may not add up to the relevant totals due to rounding.

DBS GROUP HOLDINGS LTD
UNAUDITED CONSOLIDATED BALANCE SHEET AS AT

In S\$'million	Note	2001	2000	2000	Note	2001	2000	2000	
		Jun 30	Dec 31	Jun 30		Jun 30	Dec 31	Jun 30	
SHARE CAPITAL AND RESERVES					ASSETS				
Share capital		1,308	1,307	1,335		2,709	5,145	4,597	
RESERVES						9,223	8,655	8,860	
Share premium account		14	7	185					
Other reserve		4,273	4,273	4,273					
Capital redemption reserve		29	29	-					
Capital reserve		11	-	-					
General reserve		1,755	1,755	1,637					
Revenue reserve		3,752	3,124	3,290					
		9,834	9,188	9,385					
SHAREHOLDERS' FUNDS									
		11,142	10,495	10,720					
MINORITY INTERESTS									
	7	2,235	(126)	(127)					
SUBORDINATED TERM DEBTS									
	8	6,043	2,508	2,735					
LIABILITIES									
Deposits and balances of banks		11,135	12,054	9,130		3,419	-	-	
Deposits and other accounts of non-bank customers	9	114,851	80,720	80,400					
Other debt securities in issue		2,809	655	475		2,674	1,790	1,796	
Other borrowings		535	649	620					
Bills payable		399	407	393					
Other liabilities		6,938	3,144	2,250					
Current taxation		395	408	804					
Deferred taxation		15	18	13					
Dividends payable		-	296	139					
		156,497	111,228	107,552					
Life-fund liabilities to policyholders		1,583	1,289	1,053	14	156,497	111,228	107,552	
						1,583	1,289	1,053	
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS						158,080	112,517	108,605	
MEMORANDUM ITEMS									
Contingent liabilities		13,875	8,674	11,075					
Commitments		44,935	33,065	35,814					
		58,810	41,739	46,889					
Financial derivatives		350,511	176,194	76,914					
(see related notes on pages 3 to 22)									
TOTAL ASSETS						158,080	112,517	108,605	

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**1 Net Interest Income and Margin**

DBSH Group's net interest income for 1st Half 2001 was S\$31 million and S\$84 million lower than 2nd Half 2000 and 1st Half 2000, respectively. The net interest margin was 1.78% compared to 1.97% in 2nd Half 2000 and 2.07% in 1st Half 2000. The lower net interest margin was due to the shift from corporate loans to lower-yielding interbank lendings. Intensified market competition also resulted in narrower interest margin for housing loans. To a smaller extent, the temporary deployment of the proceeds from the recent capital issues in the interbank market also contributed to the reduction in net interest income.

In S\$'million	First Half 2001*			Second Half 2000			First Half 2000		
	Average balance	Interest	Average rate @ (%)	Average balance	Interest	Average rate @ (%)	Average balance	Interest	Average rate @ (%)
Interest bearing assets	108,926	2,426	4.49	101,009	2,487	4.92	101,026	2,410	4.77
Non-interest bearing assets	7,118	-	-	6,412	-	-	7,058	-	-
Total assets	116,044			107,421			108,084		
Interest bearing liabilities	101,914	1,464	2.90	93,908	1,494	3.18	94,169	1,364	2.90
Non-interest bearing liabilities	3,073	-	-	2,979	-	-	2,702	-	-
Total liabilities	104,987			96,887			96,871		
Net interest income		962			993			1,046	
Net interest income as a % of average interest bearing assets			1.78			1.97			2.07

@ Annualised

* Excluding Dao Heng Bank Group Limited's contribution

Average balances are calculated on a monthly average basis.

Interest bearing assets comprise cash, balances and placements with central banks; balances, placements with, and loans and advances to banks; loans and advances to non-bank customers including bills receivable, and debt securities held. Non-interest bearing assets comprise equity investments, fixed assets, accrued interest receivable, sundry debtors, revaluation of financial instruments, sundry deposits and prepayments.

Interest bearing liabilities comprise deposits and balances of banks, deposits and other accounts of non-bank customers, debt securities issued and other borrowings. Non-interest bearing liabilities comprise accrued operating expenses, sundry creditors, balances arising from revaluation of financial instruments, and interest and other income received in advance.

2 Fee and Commission Income

Fee and commission income comprises the following:

In S\$'million	First Half 2001	Second Half 2000	First Half 2000
Deposit-related	43	37	23
Trade-related	40	37	38
Investment banking	39	56	42
Fund management	35	25	37
Loan-related	28	27	24
Stockbroking	24	31	47
Credit card	16	18	15
Guarantees	14	12	14
Others	12	6	20
Total	251	249	260

3 Dividends

Dividend income in 2nd Half 2000 included special dividends of S\$50 million from NatSteel Limited.

4 Other Income

Other income comprises the following:

In S\$'million	First Half 2001	Second Half 2000	First Half 2000
Net gains on trading in foreign exchange	112	67	52
Net gains on sale of trading securities and derivatives trading	102	-	55
Net gains on disposal of investment securities	16	33	8
Net gains on disposal of fixed assets	26*	5	4
Other income	19	24	20
Total	275	129	139

* Included profit on disposal of DBS Securities Building (S\$31 million)

5 Other Operating Expenses

Other operating expenses comprises the following:

In S\$'million	First Half 2001	Second Half 2000	First Half 2000
Staff costs	389	332	281
Occupancy expenses	77	75	73
Technology-related expenses	87	69	63
Professional and consultancy fees	33	35	38
Others	163	141	139
Total	749	652	594

The increase in expenses in 1st Half 2001 was due to higher staff costs, technology-related expenses and advertising expenses.

- 6 DBSH Group's effective tax rate was 18.4% for 1st Half 2001. This was lower than that derived by applying the statutory income tax rate of 24.5% to the profit before taxation. The lower effective tax rate was mainly due to profit arising from the Asian Currency Unit offshore transactions which is subject to tax at a concessionary rate of 10%.
- 7 Minority interests represent the interests of third parties in the equity shares of the Group's subsidiaries. It also includes the non-cumulative, redeemable preference shares of S\$1,100 million issued by DBS Bank.
- 8 The subordinated term debts of S\$6,043 million included Tier I US\$725 million 7.657% Subordinated Notes due 2051 and S\$100 million 5.35% Subordinated Notes due 2051 issued by DBS Capital Funding Corporation on 15 March 2001; and Tier II US\$850 million 7 1/8% Subordinated Notes due 2011 issued on May 15, 2001, US\$500 million 7 7/8% Subordinated Notes due 2010 issued on April 15, 2000 and US\$750 million 7 7/8% Subordinated Notes due 2009 issued on August 10, 1999 issued by DBS Bank.

9 Deposits and Other Accounts of Non-Bank Customers

At June 30, 2001, total customer deposits of DBSH Group amounted to S\$114,851 million, of which Dao Heng Bank Group Limited (DHG) accounted for S\$24,635 million.

In S\$'million	Jun 30 2001	Distribution %	Dec 31 2000	Distribution %	Jun 30 2000	Distribution %
Analysed by Currency						
Singapore dollar	55,415	48.2	55,533	68.8	55,974	69.6
US dollar	29,721	25.9	14,573	18.0	12,860	16.0
Thai Baht	3,066	2.7	2,864	3.5	3,287	4.1
Japanese Yen	298	0.3	307	0.4	1,000	1.2
Hong Kong dollar	21,396	18.6	4,414	5.5	4,132	5.2
Others	4,955	4.3	3,029	3.8	3,147	3.9
Total	114,851	100.0	80,720	100.0	80,400	100.0
Analysed by Type						
Savings account (include S\$ autosave)	40,973	35.7	38,057	47.2	37,467	46.6
Current account	9,040	7.9	8,099	10.0	7,612	9.5
Fixed deposits	63,810	55.5	34,005	42.1	34,003	42.3
Other deposits	1,028	0.9	559	0.7	1,318	1.6
Total	114,851	100.0	80,720	100.0	80,400	100.0
Analysed by Maturity						
Repayable on demand	50,160	43.7	46,178	57.2	45,174	56.2
Due within 1 year	64,039	55.8	34,038	42.2	34,932	43.4
Due over 1 year but within 3 years	626	0.5	500	0.6	294	0.4
Due over 3 years but within 5 years	26	#	4	#	-	-
Due over 5 years	-	-	-	-	-	-
Total	114,851	100.0	80,720	100.0	80,400	100.0

#: Insignificant

10 Loans to, and Bills Receivable from Non-Bank Customers

At June 30, 2001, total customer loans, including bills receivable of DBSH Group, amounted to S\$69,617 million, of which DHG accounted for S\$15,994 million.

In S\$'million	Jun 30 2001	Dec 31 2000	Jun 30 2000
Gross	72,077	54,166	56,219
Less :			
Specific provisions	1,325	1,141	2,669
General provisions	1,135	1,002	1,121
Net	69,617	52,023	52,429

Including:

Bills receivable	1,483	992	1,144
Loans	68,134	51,031	51,285
	69,617	52,023	52,429

In S\$'million	Jun 30 2001	Distribution %	Dec 31 2000	Distribution %	Jun 30 2000	Distribution %
Industry Breakdown						
Manufacturing	6,264	8.7	5,797	10.7	5,639	10.0
Building and Construction	10,378	14.4	8,726	16.1	9,500	16.9
Housing Loans	24,619	34.2	16,304	30.1	16,192	28.8
General Commerce	5,282	7.3	3,701	6.8	4,071	7.3
Transportation, Storage and Communications	6,135	8.5	3,487	6.4	3,227	5.7
Financial Institutions, Investment and Holding Companies	4,759	6.6	4,143	7.7	4,670	8.3
Professionals and Private Individuals (except Housing Loans)	8,430	11.7	6,317	11.7	6,014	10.7
Others	6,210	8.6	5,691	10.5	6,906	12.3
Total	72,077	100.0	54,166	100.0	56,219	100.0

In S\$'million	Jun 30 2001	Distribution %	Dec 31 2000	Distribution %	Jun 30 2000	Distribution %
Analysed by Currency and Fixed/ Variable Rates						
Fixed rate						
Singapore dollar	12,519	88.0	11,331	91.7	10,790	97.2
US dollar	-	-	10	#	6	#
Thai Baht	1,010	7.1	775	6.3	113	1.0
Japanese Yen	-	-	-	-	-	-
Hong Kong dollar	477	3.3	155	1.3	131	1.2
Others	224	1.6	86	0.7	67	0.6
Sub-total	14,230	100.0	12,357	100.0	11,107	100.0
Variable rate						
Singapore dollar	24,310	42.0	24,745	59.2	25,967	57.6
US dollar	8,694	15.0	8,248	19.7	8,056	17.8
Thai Baht	1,704	3.0	1,814	4.3	3,915	8.7
Japanese Yen	754	1.3	659	1.6	858	1.9
Hong Kong dollar	21,223	36.7	5,284	12.6	4,779	10.6
Others	1,162	2.0	1,059	2.6	1,537	3.4
Sub-total	57,847	100.0	41,809	100.0	45,112	100.0
Total	72,077		54,166		56,219	
Analysed by Maturity						
Repayable on demand	6,449	8.9	4,714	8.7	4,642	8.3
Due within 1 year	21,616	30.0	16,429	30.4	16,151	28.7
Due over 1 year but within 3 years	12,238	17.0	9,771	18.0	11,088	19.7
Due over 3 years but within 5 years	7,476	10.4	5,751	10.6	5,521	9.8
Due over 5 years	24,298	33.7	17,501	32.3	18,817	33.5
Total	72,077	100.0	54,166	100.0	56,219	100.0
Analysed by Segment @						
Singapore	41,729	57.9	40,895	75.5	41,712	74.2
Other ASEAN	3,915	5.4	3,753	6.9	5,358	9.5
Other Asia Pacific	24,825	34.5	7,705	14.2	6,940	12.4
Rest of the World	1,608	2.2	1,813	3.4	2,209	3.9
Total	72,077	100.0	54,166	100.0	56,219	100.0

: Insignificant

@ : Based on the location of the bank, branch, or office booking the loan.

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 the other loans. Variable rate loans are pegged to prime, short-term cost of funds or inter-bank rates, as well as fixed rate loans that have been effectively converted to variable rate loans via interest rate swaps.

- 11** At June 30, 2001, total cumulative specific and general provisions for loan losses amounted to S\$2,460 million. Details are as follows:

In S\$'million	Specific	General	Total	Interest-in-suspense
Balance at January 1, 2001	1,141	1,002	2,143	49
On acquisition of subsidiary	230	195	425	-
Utilisation / transfers during the year	(64)	(7)	(71)	(1)
Charge to profit and loss account	19	(55)	(36)	-
Interest suspended during the year	(1)	-	(1)	14
Balance at June 30, 2001	1,325	1,135	2,460	62

12 Exposures to Malaysia, Indonesia, Thailand, Korea, the Philippines (Regional Countries), Hong Kong and China

DBSH Group has exposures to certain countries in the Asia Pacific region.

The exposures are determined based on the location of the credit risk of the customers and counterparties regardless of where the transactions are booked.

At June 30, 2001, DBSH Group had assets, both cross-border and local, in the Regional Countries, amounting to S\$7,805 million (December 31, 2000: S\$7,126 million), and in Hong Kong and China amounting to S\$32,648 million (December 31, 2000: S\$8,003 million).

The increase in exposure to Hong Kong was due to the consolidation of DHG's exposures (S\$23,694 million) at end-June 2001.

In S\$'million	<u>Jun 30 2001</u>		<u>Dec 31 2000</u>		<u>Jun 30 2000</u>	
	Assets	NPLs ^(a)	Assets	NPLs ^(a)	Assets	NPLs ^(a)
Malaysia	661	309	815	304	791	388
Indonesia	502	141	487	176	729	417
Thailand (excluding DTDB)	326	37	356	49	464	182
Korea	1,385	44	1,044	51	1,020	60
The Philippines	1,679	93	1,354	87	1,412	97
	4,553	624	4,056	667	4,416	1,144
DTDB	3,252	1,143	3,070	1,238	4,753	3,000
Total Regional NPLs	7,805	1,767	7,126	1,905	9,169	4,144
Hong Kong	31,614	1,238	6,906	541	6,183	776
China	1,034	145	1,097	153	1,106	158
Total	40,452	3,150	15,129	2,599	16,457	5,078

(a) NPLs include classified bank loans, contingent facilities and debt instruments.

The DBSH Group's exposures to these countries at June 30, 2001 were as follows:

In S\$'million Assets in	Loans and debt securities			Investments	Total	Less: Loans to/Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure	
	Central Banks & Govt. Securities	Non- Bank ^a					Amount	As a % of Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	552	-	588	51	1,192	531	661	0.4
Indonesia	210	54	306	33	603	101	502	0.3
Thailand (excluding DTDB)	31	9	293	18	351	25	326	0.2
Korea	639	254	492	14	1,398	13	1,385	0.9
The Philippines	302	177	542	903	1,925	245	1,679	1.1
SUB-TOTAL	1,734	494	2,221	1,019	5,467	915	4,553	3.0
DTDB	67	278	2,869	47	3,260	8	3,252	2.1
TOTAL REGIONAL COUNTRIES	1,801	771	5,090	1,066	8,728	924	7,805	5.0
Hong Kong	3,617	4,104	24,260	6,169	38,147	6,535	31,614	20.2
China	729	45	872	5	1,651	618	1,034	0.7
TOTAL	6,147	4,920	30,222	7,240	48,526	8,076	40,452	25.8

(a) Non-bank loans include loans to government and quasi-government entities.
DTDB: DBS Thai Danu Bank

Appendix

The DBSH Group's exposures to these countries at December 31, 2000 were as follows:

In S\$'million Assets in	Loans and debt securities			Investments	Total	Less: Loans to/Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure	
	Central Banks & Govt. Securities	Non-Bank ^a					Amount	As a % of Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	664	34	645	48	1,391	576	815	0.8
Indonesia	205	47	301	37	591	103	487	0.5
Thailand (excluding DTDB)	53	9	302	17	381	25	356	0.3
Korea	609	224	385	13	1,231	187	1,044	1.0
The Philippines	271	137	511	694	1,612	258	1,354	1.3
SUB-TOTAL	1,802	451	2,144	809	5,205	1,149	4,056	3.8
DTDB	58	231	2,748	42	3,079	9	3,070	2.8
TOTAL REGIONAL COUNTRIES	1,860	682	4,892	851	8,284	1,158	7,126	6.4
Hong Kong	783	202	6,226	1,015	8,226	1,320	6,906	6.2
China	743	27	960	9	1,738	641	1,097	1.0
TOTAL	3,386	911	12,078	1,874	18,249	3,120	15,129	13.6

(a) Non-bank loans include loans to government and quasi-government entities.
DTDB: DBS Thai Danu Bank

The DBSH Group's exposures to these countries at June 30, 2000 were as follows:

In S\$'million Assets in	Loans and debt securities			Investments	Total	Less: Loans to/Investments in Financial Subsidiaries/Overseas Branches	Net Exposure	
	Bank	Central Banks & Govt. Securities	Non-Bank ^a				Amount	As a % of Total Assets
	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
Malaysia	617	52	667	47	1,383	593	791	0.8
Indonesia	250	116	451	40	857	128	729	0.7
Thailand (excluding DTDB)	96	9	396	24	524	60	464	0.5
Korea	632	175	416	14	1,236	216	1,020	1.0
The Philippines	321	134	502	753	1,709	297	1,412	1.4
SUB-TOTAL	1,916	485	2,432	877	5,710	1,294	4,416	4.3
DTDB	73	361	4,258	78	4,771	18	4,753	4.4
TOTAL REGIONAL COUNTRIES	1,990	846	6,690	955	10,481	1,312	9,169	8.5
Hong Kong	537	142	5,606	926	7,211	1,029	6,183	5.7
China	605	14	974	10	1,603	497	1,106	1.0
TOTAL	3,132	1,003	13,269	1,892	19,295	2,838	16,457	15.3

(a) Non-bank loans include loans to government and quasi-government entities.
DTDB: DBS Thai Danu Bank

13 Non-Performing Loans and Provisions

At June 30, 2001, DBSH Group's total non-performing loans amounted to S\$4,834 million (December 31, 2000: S\$4,411 million), of which DHG's NPLs amounted to S\$815 million. Non-performing loans (NPLs) are loans, contingent facilities and debt instruments classified as "Substandard", "Doubtful" or "Loss" in accordance with MAS Notice 612.

Out of the total NPLs of S\$4,834 million:

- S\$3,554 million (73%) [December 31, 2000: S\$3,508 million (80%)] were in the substandard category; and
- S\$3,030 million (63%) [December 31, 2000: S\$2,651 million (60%)] were secured by collateral.

Total cumulative specific and general provisions at June 30, 2001 amounted to 146% (December 31, 2000: 130%) of unsecured NPLs.

DBSH Group, in consultation with the Monetary Authority of Singapore, made special general provisions on the performing loans to Regional Countries over and above the normal specific and general provisions. Total cumulative specific and general provisions for regional exposure amounted to S\$1,206 million at June 30, 2001 (December 31, 2000: S\$1,197 million).

Details of DBSH Group's NPLs and provisions at June 30, 2001 were as follows:

In S\$'million	Regional Countries		Singapore	Other Countries	Total
	DTDB ^(a)	Others			
June 30 2001					
Non- Performing Loans (NPLs)	1,143	624	1,610	1,457	4,834
- Substandard	943	450	1,369	791	3,554
- Doubtful	7	111	8	309	435
- Loss	193	63	232	356	844
NPLs as a % of:					
- Total loans in the respective countries	35.1%	11.4%	3.4%	2.3%	4.0%
- Group total assets	0.7%	0.4%	1.0%	0.9%	3.1%
Non-bank NPLs as a % of non-bank loans in the respective countries					
	38.0%	25.6%	3.6%	5.2%	6.2%
Total Cumulative Provisions					
- Specific provisions	538	196	340	390	1,463
- General provisions	174	298	400	307	1,180
Total Cumulative Provisions as a % of:					
- Total loans in the respective countries	21.8%	9.0%	1.6%	1.1%	2.2%
- Group total assets	0.5%	0.3%	0.5%	0.4%	1.7%
- NPLs in the respective countries	62%	79%	46%	48%	55%
- Unsecured NPLs in the respective countries	132%	157%	182%	128%	146%

Details of DBSH Group's NPLs and provisions at December 31, 2000 were as follows:

In S\$'million	Regional Countries		Singapore	Other Countries	Total
	DTDB ^(a)	Others			
December 31 2000					
Non- Performing Loans (NPLs)	1,238	667	1,735	770	4,411
- Substandard	956	501	1,544	507	3,508
- Doubtful	32	98	29	198	358
- Loss	250	68	163	65	545
NPLs as a % of:					
- Total loans in the respective countries	40.2%	12.8%	3.5%	2.3%	4.8%
- Group total assets	1.1%	0.6%	1.6%	0.7%	4.0%
Non-bank NPLs as a % of non-bank loans in the respective countries					
	42.7%	28.2%	4.2%	7.5%	7.6%
Total Cumulative Provisions					
- Specific provisions	545	191	307	194	1,237
- General provisions	174	286	480	108	1,049
Total Cumulative Provisions as a % of:					
- Total loans in the respective countries	23.4%	9.2%	1.6%	0.9%	2.5%
- Group total assets	0.6%	0.4%	0.7%	0.3%	2.1%
- NPLs in the respective countries	58%	72%	45%	39%	52%
- Unsecured NPLs in the respective countries	119%	132%	155%	106%	130%

Details of DBSH Group's NPLs and provisions at June 30, 2000 were as follows:

In S\$'million	Regional Countries		Singapore	Other Countries	Total
	DTDB ^(a)	Others			
June 30 2000					
Non- Performing Loans (NPLs)	2,999	1,144	2,452	1,071	7,666
- Substandard	1,235	825	2,171	712	4,943
- Doubtful	96	115	43	325	579
- Loss	1,669	205	237	33	2,144
NPLs as a % of:					
- Total loans in the respective countries	62.9%	20.0%	5.2%	3.2%	8.4%
- Group total assets	2.8%	1.1%	2.3%	1.0%	7.1%
Non-bank NPLs as a % of non-bank loans in the respective countries					
	68.7%	42.0%	5.7%	10.6%	12.7%
Total Cumulative Provisions					
	1,832	794	876	477	3,978
- Specific provisions	1,693	427	406	279	2,804
- General provisions	138	367	470	198	1,174
Total Cumulative Provisions as a % of:					
- Total loans in the respective countries	38.4%	13.9%	1.8%	1.4%	4.4%
- Group total assets	1.7%	0.8%	0.8%	0.4%	3.7%
- NPLs in the respective countries	61%	69%	36%	45%	52%
- Unsecured NPLs in the respective countries	126%	101%	106%	121%	115%

(a) 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.

13.1 Industry Analysis of Non-Performing Loans

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

In S\$'million	Jun 30 2001	Distribution %	Dec 31 2000	Distribution %	Jun 30 2000	Distribution %
Manufacturing	895	18.5	917	20.8	1,786	23.3
Building and Construction	946	19.6	878	19.9	1,767	23.1
Housing Loans	299	6.2	254	5.8	470	6.1
General Commerce	890	18.4	847	19.2	1,445	18.8
Transportation, Storage and Communications	280	5.8	234	5.3	337	4.4
Financial Institutions, Investment and Holding Companies	503	10.4	433	9.8	682	8.9
Professionals and Private Individuals (except Housing Loans)	415	8.6	285	6.5	366	4.8
Others	606	12.5	563	12.7	813	10.6
Total	4,834	100.0	4,411	100.0	7,666	100.0

13.2 Accrual, Past Due and Restructured Loans

The following table shows an analysis of non-performing loans in accordance with United States Securities and Exchange Commission (SEC) guidelines. The DBSH credit risk management procedures are based on MAS Notice 612 loan gradings. The information included, which is not derived from those procedures, is presented to enable users to compare DBSH with other international institutions. This information is not required under the Singapore Companies Act.

In S\$'million	Jun 30 2001	Dec 31 2000	Jun 30 2000
Singapore			
Non accrual loans	1,431	1,403	1,888
Non – Restructured	1,071	897	1,572
Restructured	360	506	317
Regional Countries			
Non accrual loans	1,670	1,784	3,954
Non – Restructured	546	698	2,419
Restructured	1,124	1,087	1,535
Other Countries			
Non accrual loans	1,309	537	701
Non – Restructured	1,096	417	624
Restructured	213	120	78
Total	4,410	3,724	6,544

NB: There are no non-accruing loans which are contractually past due 90 days or more with regard to principal or interest payments. These loans are classified as NPLs under MAS guidelines for which the practice is not to recognise interest income until received.

14 Segment Analysis

Geographical Segmental Analysis (Secondary segment information)

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.
- **“Other ASEAN countries”**, which includes business activities in Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Thailand and Vietnam. The main activities for other Asean countries comprise mainly branch and subsidiary operations.
- **“Other Asia Pacific countries”**, which includes business activities Australia, Bangladesh, China, Hong Kong, India, Japan, Korea, New Zealand, Pakistan, Papua New Guinea, Russia, Sri Lanka and Taiwan. The main activities for other Asia Pacific countries comprise mainly branch and subsidiary operations.
- **Rest of the World-** the main activities are branch operations.

Income before operating expenses and net profit attributable to members are based on the country in which the transactions are booked except for special general provisions for regional exposures and additional specific 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 net profit attributable to members are stated after elimination of inter-group assets and revenues.

Appendix

In S\$'million	Total assets (b)	Distribution %	Income before operating expenses	Distribution %	Net profit Attributable to members	Distribution %
<u>June 30 2001</u>						
Singapore ^(a)	86,869	55.5	1,239	81.2	558	88.7
Other ASEAN ^(a)	4,736	3.0	71	4.6	(2)	(0.3)
Other Asia Pacific	58,475	37.4	194	12.7	57	9.1
Rest of the World	6,417	4.1	24	1.5	16	2.5
Total	156,497	100.0	1,528	100.0	629	100.0
<u>December 31 2000</u>						
Singapore ^(a)	89,888	80.8	2,406	82.1	1,207	86.9
Other ASEAN ^(a)	4,491	4.0	124	4.2	5	0.4
Other Asia Pacific	11,715	10.6	345	11.8	136	9.8
Rest of the World	5,134	4.6	56	1.9	41	2.9
Total	111,228	100.0	2,931	100.0	1,389	100.0
<u>June 30 2000</u>						
Singapore ^(a)	86,053	80.0	1,199	80.5	604	85.8
Other ASEAN ^(a)	5,171	4.8	93	6.3	10	1.4
Other Asia Pacific	11,192	10.4	165	11.1	66	9.4
Rest of the World	5,136	4.8	31	2.1	24	3.4
Total	107,552	100.0	1,488	100.0	704	100.0

(a) Singapore includes the operations of the Asian Currency Unit. Special general provisions for regional exposures and additional specific provisions for DTDB's loans are booked in Singapore.

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