



FINANCIAL RESULTS  
FOR YEAR 2002

**PERFORMANCE SUMMARY**

February 21, 2003

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## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Financial Highlights

DBS prepares its financial statements in accordance with Singapore Statements of Accounting Standard ("SAS").

	Year 2002	Year 2001	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
	S\$m	S\$m	S\$m	S\$m	S\$m
<b>For the period</b>					
Income before operating expenses	<b>4,066</b>	3,532	<b>1,048</b>	983	966
Operating profit before provisions	<b>1,937</b>	1,670	<b>504</b>	462	380
Net profit before tax	<b>1,448</b>	1,361	<b>329</b>	324	308
Net profit attributable to members	<b>1,017</b>	997	<b>282</b>	199	167
Net profit attributable to members (excluding goodwill amortisation)	<b>1,295</b>	1,130	<b>355</b>	268	237
<b>At period-end</b>					
Shareholders' funds	<b>14,445</b>	13,613	<b>14,445</b>	14,089	13,613
Interest bearing assets	<b>127,529</b>	131,516	<b>127,529</b>	129,086	131,516
Customer loans	<b>60,709</b>	68,208	<b>60,709</b>	63,442	68,208
Customer deposits	<b>101,315</b>	106,771	<b>101,315</b>	100,419	106,771
Total assets	<b>149,375</b>	151,462	<b>149,375</b>	148,117	151,462
	S\$	S\$	S\$	S\$	S\$
<b>Per share</b>					
Basic earnings excluding goodwill amortisation 2/	<b>0.87</b>	0.89	<b>0.95</b>	0.72	0.69
Basic earnings 2/	<b>0.68</b>	0.78	<b>0.75</b>	0.53	0.59
Diluted earnings 2/	<b>0.66</b>	0.74	<b>0.73</b>	0.51	0.57
Dividend	<b>0.30</b>	0.30	<b>0.16</b>	-	0.16
Net asset value at period-end	<b>9.45</b>	8.98	<b>9.45</b>	9.20	8.98

### Performance ratios

	Year 2002	Year 2001	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
	(%)	(%)	(%)	(%)	(%)
<b>On a GAAP basis</b>					
Return on assets 2/	<b>0.68</b>	0.76	<b>0.76</b>	0.53	0.55
Return on equity 2/	<b>7.23</b>	8.81	<b>7.91</b>	5.66	6.49
<b>Excluding goodwill amortisation</b>					
Return on assets 2/	<b>0.86</b>	0.86	<b>0.95</b>	0.71	0.64
Return on equity 2/	<b>9.21</b>	9.99	<b>9.95</b>	7.62	7.56
<b>Efficiency and revenue mix ratios</b>					
Cost-to-income ratio (excluding goodwill amortisation)	<b>45.5</b>	48.9	<b>45.0</b>	46.0	53.4
As a percentage of total operating income:					
- net interest income	<b>65.1</b>	63.9	<b>61.3</b>	68.2	73.2
- non-interest income	<b>34.9</b>	36.1	<b>38.7</b>	31.8	26.8
<b>BIS Capital ratios (at period-end)</b>					
- Tier 1 capital	<b>10.3</b>	12.2	<b>10.3<sup>3/</sup></b>	13.7 <sup>3/</sup>	12.2
- Total capital	<b>15.5</b>	17.4	<b>15.5</b>	19.0	17.4

Notes:

1/ Figures for Year 2001 have been restated to reflect the adoption of Statement of Accounting Standard 12 "Income Taxes". Details of which are set out in Appendix V Note 3.

2/ Earnings per share, return on assets and return on equity for the Quarters are annualised.

3/ Reduction from 13.7% in September 2002 to 10.3% in December 2002 was due primarily to the additional goodwill arising from DBS' purchase of DBS Diamond Holdings Ltd minority interest in early January 2003.

### **Adoption of New Accounting Standard**

Effective for financial periods beginning on or after April 1, 2001, companies in Singapore are required to adopt the revised Statement of Accounting Standard ("SAS") 12 on Income Taxes. As a result, DBS Group Holdings and its subsidiary companies ("DBSH Group") have applied the revised Standard in the preparation of the Group financial statements. The impact on the Group financial statements is summarised in Appendix V Note 3.

The comparative figures for Year 2001 have been restated accordingly to conform with SAS 12.

### **Consolidation of Dao Heng Bank Group Limited ("DHG")**

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"). Each outstanding DDH share was acquired at call option price of HK\$ 21.70 per share in cash.

At December 31, 2002, the financial statements of DBSH Group took into account the effect of the exercise of the Call Option, and reflected an increase in DBS Bank's equity interest in DDH from 71.6% to 100%. Goodwill arising from the acquisition of the remaining 28.4% interest in DDH was S\$2,684 million. The goodwill will be amortised over a period of 19 years from January 2003. Dao Heng's contribution to the DBSH Group's Profit & Loss Statement for Year 2002 was based on 71.6% ownership interest held by the Group during the year.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Financial Review

Financial results of Dao Heng Bank Group Limited (“DHG”) and DBS Vickers Securities Holdings Pte Ltd (“DBSV”) were consolidated from June 29, 2001 and September 12, 2001 respectively. Consequently, the Group’s financial results had the full year impact of the acquisitions in Year 2002. The consolidation of Group Profit & Loss Statement is based on ownership interest of 71.6% for DDH (See note above on Consolidation of DHG) and 59.5% for DBSV.

DBSH Group’s operating profit before goodwill amortisation and provisions increased by 22.9% to S\$2,215 million in Year 2002 over 2001 contributed by higher net interest income and fee and commission income. However, due to the higher goodwill amortisation (full year impact) and provision charge (reflecting the uncertain economic environment and a soft property market), net profit attributable to members (“NPAM”) increased by 1.9% to S\$1,017 million. Cost-to-income ratio (excluding goodwill amortisation) improved to 45.5% compared to 48.9% for Year 2001.

Compared to third quarter 2002 (“3rd Qtr 2002”), fourth quarter 2002 (“4th Qtr 2002”) operating profit before goodwill amortisation and provisions increased by 8.5% to S\$577 million. Gain of S\$96 million on sale of shares in NatSteel Ltd was received in 4th Qtr 2002. Tax charges were lower in 4th Qtr 2002 and this had partially contributed to the 41.6% increase in NPAM to S\$282 million. Cost-to-income ratio (excluding goodwill amortisation) decreased from 46.0% in 3rd Qtr 2002 to 45.0% in 4th Qtr 2002.

### Financial Performance Summary

S\$m	Year 2002	Year 2001	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
<b>Profit and Loss Account</b>					
Net interest income	2,645	2,257	642	671	707
Non-interest income	1,421	1,275	406	312	259
<b>Income before operating expenses</b>	<b>4,066</b>	<b>3,532</b>	<b>1,048</b>	<b>983</b>	<b>966</b>
Operating expenses	(1,851)	(1,729)	(471)	(452)	(516)
<b>Operating profit before goodwill amortisation and provisions</b>	<b>2,215</b>	<b>1,803</b>	<b>577</b>	<b>531</b>	<b>450</b>
Goodwill amortisation	(278)	(133)	(73)	(69)	(70)
<b>Operating profit before provisions</b>	<b>1,937</b>	<b>1,670</b>	<b>504</b>	<b>462</b>	<b>380</b>
Provisions	(534)	(379)	(181)	(150)	(87)
<b>Operating profit</b>	<b>1,403</b>	<b>1,291</b>	<b>323</b>	<b>312</b>	<b>293</b>
Share of profit and loss of associates	45	70	6	12	15
<b>Net profit before taxation</b>	<b>1,448</b>	<b>1,361</b>	<b>329</b>	<b>324</b>	<b>308</b>
Taxation	(298)	(266)	(20)	(93)	(83)
Minority interests	(133)	(98)	(27)	(32)	(58)
<b>Net profit attributable to members</b>	<b>1,017</b>	<b>997</b>	<b>282</b>	<b>199</b>	<b>167</b>
<b>NPAM excluding goodwill amortisation</b>	<b>1,295</b>	<b>1,130</b>	<b>355</b>	<b>268</b>	<b>237</b>

Note:

1/ Figures for Year 2001 have been restated to reflect the adoption of Statement of Accounting Standard 12 “Income Taxes”. Details of which are set out in Appendix V Note 3.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Contributions from Dao Heng Bank Group Limited (“DHG”)

DHG’s operating profit before provision for Year 2002 showed an increase of 115.3%. Financial result of DHG was consolidated from June 29, 2001. As a result, Year 2001 financial results reflect DHG’s contribution for six months.

DHG’s operating profit for 4th Qtr 2002 was lower by 39.8% compared to the previous quarter due to higher provision charge. The provision charge was higher in the 4th Qtr 2002 due primarily to loan-related provisions.

### Financial Performance Summary

S\$m	Year 2002	Year 2001	4th Qtr 2002 #	3rd Qtr 2002 #	4th Qtr 2001 #
<b>Profit and Loss Account</b>					
Net interest income	622	321	151	157	171
Non-interest income	231	126	60	60	57
<b>Income before operating expenses</b>	<b>853</b>	446	<b>210</b>	218	228
Operating expenses	(375)	(224)	(96)	(92)	(124)
<b>Operating profit before provisions</b>	<b>478</b>	222	<b>114</b>	125	104
Provisions	(185)	(22)	(52)	(22)	2
<b>Operating profit</b>	<b>293</b>	200	<b>62</b>	103	106
<b>Net profit before taxation</b>	<b>294</b>	203	<b>61</b>	102	105
<b>Net profit after taxation</b>	<b>272</b>	208	<b>84</b>	88	124

Notes:

- 1/ Appropriate adjustments have been made to Dao Heng Bank Group Limited accounts to bring them in line with the Singapore Statements of Accounting Standard (“SAS”).
- 2/ Figures for Year 2001 have been restated to reflect the adoption of SAS 12 “Income Taxes”.
- 3/ #: Unaudited

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Exhibit 1  
Group Net Interest Income and Net Interest Margin

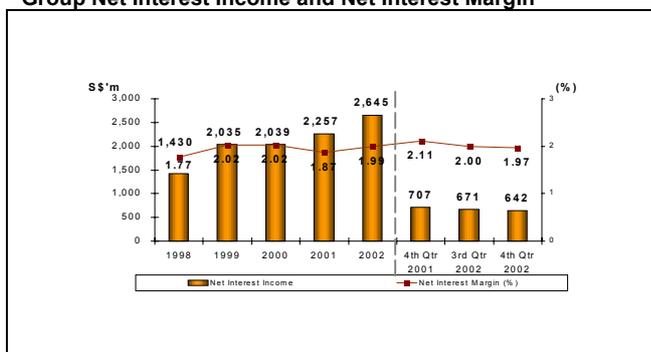


Table 1  
Group Net Interest Income and Net Interest Margin

S\$m	Year 2002	Year 2001
Net interest income	<b>2,645</b>	2,257
Average interest bearing assets	<b>132,651</b>	120,656
Gross interest yield (%)	<b>3.32</b>	4.37
Net interest spread (%) <sup>1/</sup>	<b>1.89</b>	1.74
Net interest margin (%) <sup>2/</sup>	<b>1.99</b>	1.87

S\$m	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
Net interest income	<b>642</b>	671	707
Average interest bearing assets	<b>128,506</b>	132,621	132,765
Gross interest yield (%)	<b>3.18</b>	3.26	4.21
Net interest spread (%) <sup>1/</sup>	<b>1.89</b>	1.90	2.02
Net interest margin (%) <sup>2/</sup>	<b>1.97</b>	2.00	2.11

Notes:

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

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

### Net Interest Income and Net Interest Margin

Net interest income for Year 2002 increased by 17.2% to S\$2,645 million. The increase was due primarily to the inclusion of DHG's full year net interest income compared to six months in Year 2001. Excluding DHG, net interest income was 5.3% higher than Year 2001.

Compared with 3rd Qtr 2002, net interest income decreased by 4.3% to S\$642 million due to re-pricing of housing loans, flatter S\$ interbank yield curve and as a result, reduced benefits from deployment of net free funds.

Net interest margin was 1.99% for Year 2002, an improvement of 12 basis points over same period last year reflecting the benefit of lower funding costs.

For the quarter, net interest margin was 1.97% compared to 2.00% for third quarter 2002, due to highly competitive market conditions and intense interest margin pressure for both mortgage and corporate loans.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 2  
Group Non-Interest Income

S\$'m	Year 2002	Year 2001
Fee and commission income	<b>797</b>	626
Stockbroking	<b>126</b>	73
Investment banking	<b>72</b>	72
Trade and remittances	<b>111</b>	96
Loan related	<b>138</b>	110
Deposit related	<b>109</b>	100
Credit card	<b>95</b>	69
Fund management	<b>35</b>	20
Wealth management	<b>77</b>	65
Others	<b>34</b>	21
Dividend and rental income	<b>61</b>	63
Other income	<b>563</b>	586
Net gains on foreign exchange, securities and derivatives	<b>307</b>	324
Singapore government securities	<b>103</b>	80
Equities	<b>100</b>	(1)
Disposal of investment securities	<b>18</b>	130
Disposal of fixed assets	<b>10</b>	22
Others	<b>25</b>	31
<b>Total</b>	<b>1,421</b>	1,275
Non-interest income as a percentage of Operating income (%)	<b>34.9</b>	36.1

S\$'m	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
Fee and commission income	<b>191</b>	201	207
Stockbroking	<b>20</b>	24	42
Investment banking	<b>22</b>	19	18
Trade and remittances	<b>27</b>	28	32
Loan related	<b>39</b>	41	32
Deposit related	<b>27</b>	28	27
Credit card	<b>22</b>	24	24
Fund management	<b>9</b>	5	6
Wealth management	<b>13</b>	20	21
Others	<b>12</b>	12	5
Dividend and rental income	<b>13</b>	17	8
Other income	<b>203</b>	95	44
Net gains on foreign exchange, securities and derivatives	<b>77</b>	57	25
Singapore government securities	<b>17</b>	39	2
Equities	<b>98</b>	(14)	18
Disposal of investment securities	<b>(1)</b>	7	(4)
Disposal of fixed assets	<b>5</b>	1	(3)
Others	<b>7</b>	5	6
<b>Total</b>	<b>406</b>	312	259
Non-interest income as a percentage of Operating income (%)	<b>38.7</b>	31.8	26.8

### Non-Interest Income

Fee and commission income increased by 27.3%. The increase was partially driven by the full year contributions from DHG and DBSV. Excluding the contributions from these acquisitions, fee and commission was 10.3% higher than Year 2001. The increase was due mainly to fees received from fund management, credit card operations and loan related fees.

Compared to 3rd Qtr 2002, fee and commission income was 5.0% lower in the fourth quarter. The decline in stockbroking and wealth management fees over the previous quarter was due to the less favourable conditions in the equity markets.

Other income for Year 2002 decreased 3.8%. Higher profits from sales of shares were included in Year 2001 compared to Year 2002. Profits of S\$181 million from the sale of shares in The Insurance Corporation of Singapore Limited and Keppel Capital Holdings Limited and profit of S\$96 million from sale of shares in NatSteel Ltd were included in Year 2001 and Year 2002 respectively.

For 4th Qtr 2002, the increase in other income over 3rd Qtr 2002 was largely due to profit from sale of shares in NatSteel Ltd.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 3  
**Group Operating Expenses**

S\$m	Year 2002	Year 2001
Staff costs	654	714
Occupancy expenses	156	166
Technology-related expenses	183	173
Others	303	340
<b>Sub-total</b>	<b>1,296</b>	<b>1,393</b>
DHG	371	205
DBSV/DBS Securities Group	162	91
Restructuring and integration costs	22	40
<b>Total</b>	<b>1,851</b>	<b>1,729</b>
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	45.5	48.9
Staff Head Count Number (at year-end)	12,035	13,536

S\$m	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
Staff costs	226	219	232
Occupancy expenses	58	55	68
Technology-related expenses	66	58	75
Others	112	117	101
<b>Sub-total</b>	<b>462</b>	<b>449</b>	<b>476</b>
Restructuring and integration costs	9	3	40
<b>Total</b>	<b>471</b>	<b>452</b>	<b>516</b>
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	45.0	46.0	53.4
Staff Head Count Number (at period-end)	12,035	12,510	13,536

Table 4  
**Group Provisions Charge**

S\$m	Year 2002	Year 2001	4th Qtr 2002	3rd Qtr 2002	4th Qtr 2001
Loans	397	332	121	112	141
Equities	61	25	18	47	(114)
Properties & Other assets	117	89	36	-	70
Specific Provision	575	446	176	159	96
General Provision	(41)	(67)	5	(9)	(10)
<b>Total</b>	<b>534</b>	<b>379</b>	<b>181</b>	<b>150</b>	<b>87</b>

### Operating Expenses

Excluding operating expenses of DHG and DBSV, goodwill amortisation and restructuring and integration costs, Year 2002 operating expenses declined 7.0% over the same period in Year 2001.

Staff costs were 8.4% lower as a result of a 11.1% headcount reduction that arose from rationalisation of workflow and businesses. Other operating expenses also declined as a result of the implementation of cost management initiatives. Last year's divestment of the Group's stake in former subsidiaries, The Insurance Corporation of Singapore Limited and DBS Bank Philippines Inc., also resulted in lower costs as their operating expenses have been excluded.

The Group's cost-to-income ratio (excluding goodwill amortisation) was 45.5% for Year 2002 compared with 48.9% for the same period in Year 2001.

Compared to 3rd Qtr 2002, fourth quarter operating expenses (excluding goodwill amortisation) was 4.4% higher. The increase was contributed by expenses incurred for restructuring exercise and one-time write off of assets related to discontinued projects. Cost-to-income ratio (excluding goodwill amortisation) was 45.0%.

### Provisions Charge

Provision charge was S\$534 million for Year 2002. Approximately 33% of the total charge was due to valuation shortfall for properties as well as equity investments held by the Group.

In 4th Qtr 2002, uncertain economic environment and weak property market resulted in a higher level of specific and general provisions than that in 3rd Qtr 2002.

# DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

## Taxation

DBSH Group's tax expenses were lower in 4th Qtr 2002. This was partially accounted for by the adoption of SAS 12, which requires deferred tax to be recognised on all temporary differences with certain limited exceptions.

Exhibit 2

### Group Non-Performing Loans

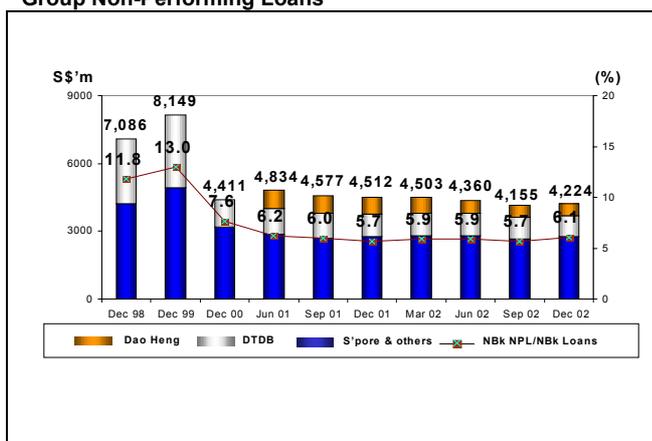


Table 5

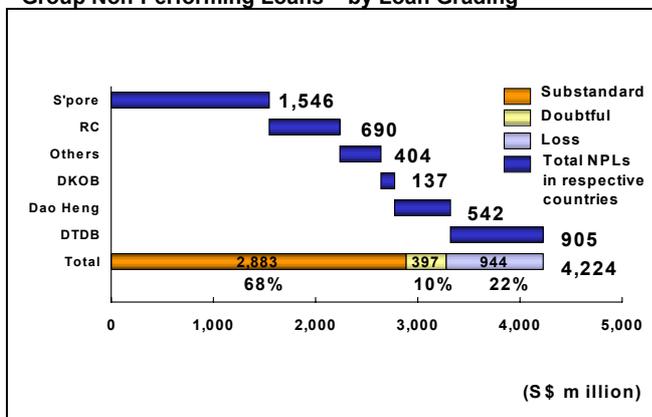
### Group Geographical NPL Rate (Based on MAS standard)

(%)	Dec 31 2002	Dec 31 2001
Singapore	4.2	3.6
Hong Kong	3.5	4.3
Regional countries (excl. DTDB)	40.6	26.1
DTDB	27.0	29.8
Other countries	8.7	6.8

DTDB - DBS Thai Danu Bank Public Company Limited  
Regional countries (RC) include Malaysia, Indonesia, Thailand, Korea and the Philippines

Exhibit 3

### Group Non-Performing Loans – by Loan Grading



## Asset Quality

The volume of non-performing loans ("NPLs") was S\$4.2 billion at the end of December 2002. This includes S\$1.5 billion of restructured NPLs. (A loan is considered restructured when concessions are granted to the original terms of the loan for reasons that related to the financial difficulties of the borrower).

The ratio of NPLs to the total non-bank loans ("NPL rate") increased from 5.7% at the end of September 2002 to 6.1% as at the end of December 2002 due mainly to higher NPLs and a lower non-bank loan base. If the loan base had remained unchanged, the NPL rate would have been 5.9%.

The NPL rate for Hong Kong operations was 3.5% at the end of December 2002. Our Hong Kong credit card business recorded a 1.16% loan delinquent rate for 90 days past due. The net charge-off rate rose to 11.6%, reflecting the higher unemployment rate and increases in personal bankruptcy filings.

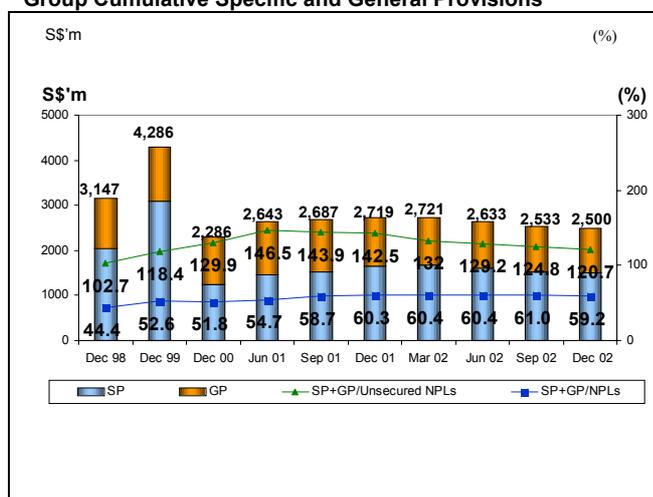
Of the total S\$4.2 billion NPLs as at the end of December 2002, 68% were in the substandard category, 10% in the doubtful category and the remaining 22% in the loss category.

Approximately 22.7% of the NPLs that had been classified as substandard had not defaulted. These loans were classified as "substandard" due to weak financials even though debt servicing was still current.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Exhibit 4

### Group Cumulative Specific and General Provisions



### Cumulative Specific and General Provisions

Total cumulative specific and general provisions at the end of December 2002 was 120.7% of unsecured NPLs, and 59.2% of total NPLs (or 61.2% of total NPLs of S\$4,081 million under US SEC guidelines).

Table 6

### Group Key Balance Sheet Items

S\$m	Dec 31 2002	Dec 31 2001
Total Assets	149,375	151,462
Interest Bearing Assets	127,529	131,516
Customer Loans	60,709	68,208
Customer Deposits	101,315	106,771
Loan-to-Deposit Ratio (%)	59.9	63.9

Note:

1/ Figures for Year 2001 have been restated to reflect the adoption of Statement of Accounting Standard 12 "Income Taxes". Details of which are set out in Appendix V Note 3.

### Balance Sheet

At the end of 2002, total assets was S\$149.4 billion. Customer loans decreased by 11.0% to S\$60.7 billion, due mainly to the low loan demand in a highly competitive environment. Customer deposits decreased by 5.1% to S\$101.3 billion. The Group's loan-to-deposit ratio at the end of 2002 was 59.9%.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 7		
<b>Customer Deposits</b>		
<b>S\$'m</b>	<b>December 31 2002</b>	<b>December 31 2001</b>
<b>Analysed by Currency</b>		
Singapore dollar	53,655	55,137
US dollar	20,096	21,811
Hong Kong dollar	18,731	20,976
Thai Baht	3,164	3,242
Others	5,669	5,605
<b>Total</b>	<b>101,315</b>	<b>106,771</b>
<b>Analysed by Product</b>		
Savings accounts (include S\$ autosave)	43,047	43,750
Current accounts	8,975	9,577
Fixed deposits	46,026	52,338
Other deposits	3,267	1,106
<b>Total</b>	<b>101,315</b>	<b>106,771</b>

Table 8		
<b>Customer Loans</b>		
<b>S\$'m</b>	<b>December 31 2002</b>	<b>December 31 2001</b>
Gross	62,901	70,649
Less:		
Specific provisions	1,288	1,422
General provisions	904	1,019
<b>Net total</b>	<b>60,709</b>	<b>68,208</b>
Including:		
Bills receivable	1,574	1,530
<b>Loans</b>	<b>59,135</b>	<b>66,678</b>
<b>Net total</b>	<b>60,709</b>	<b>68,208</b>
<b>Industry Breakdown</b>		
Manufacturing	5,856	6,383
Building and Construction	8,057	10,227
Housing Loans	21,910	24,407
General Commerce	5,707	5,253
Transportation, Storage and Communications	4,617	6,103
Financial Institutions, Investment and Holding Companies	3,626	4,096
Professionals and Private Individuals (except Housing Loans)	7,784	8,373
Others	5,344	5,807
<b>Gross total</b>	<b>62,901</b>	<b>70,649</b>
<b>Analysed by Currency and Fixed / Variable Rates</b>		
<u>Fixed rate</u>		
Singapore dollar	8,359	12,370
Hong Kong dollar	460	778
US dollar	1	1
Thai Baht	862	941
Others	1	2
<b>Sub-total</b>	<b>9,683</b>	<b>14,092</b>
<u>Variable rate</u>		
Singapore dollar	21,673	21,539
Hong Kong dollar	20,238	22,741
US dollar	7,333	8,335
Thai Baht	2,128	2,092
Others	1,846	1,850
<b>Sub-total</b>	<b>53,218</b>	<b>56,557</b>
<b>Total (Gross)</b>	<b>62,901</b>	<b>70,649</b>

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

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

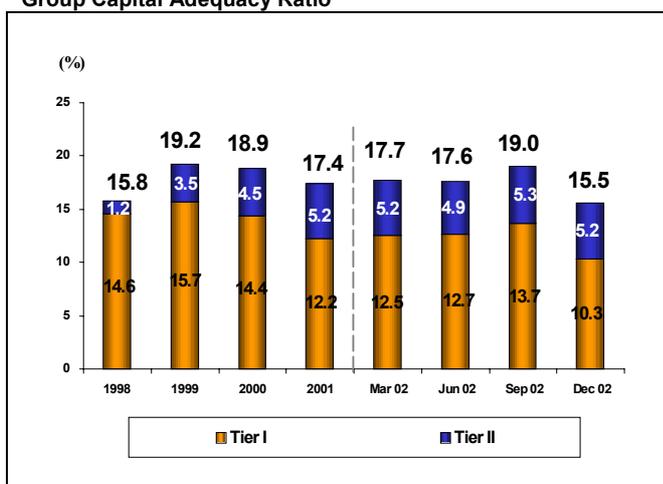
Table 9  
**Group Capital**

S\$'m	Dec 31 2002	Dec 31 2001
Tier I Capital	8,393	10,474
Tier II Capital <sup>1/</sup>	4,233	4,497
<b>Total Capital</b>	<b>12,626</b>	<b>14,971</b>
Risk Weighted Assets, including Market Risks	<b>81,239</b>	85,892

<sup>1/</sup>Includes capital deductions for investments

Exhibit 5

### Group Capital Adequacy Ratio



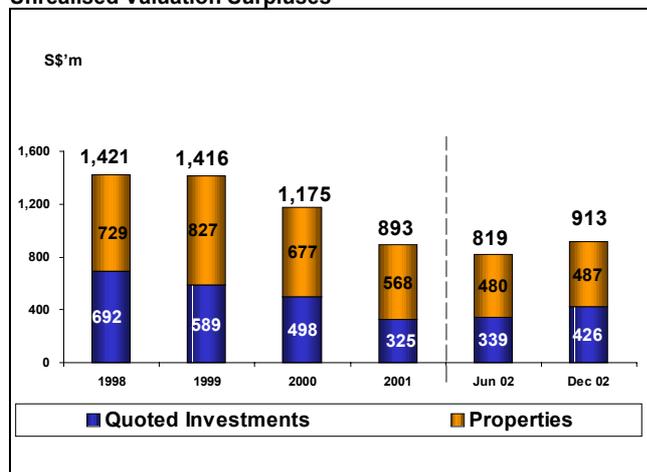
### Capital Adequacy Ratio

For Year 2002, the total Capital Adequacy Ratio ("CAR") for the DBSH Group, measured according to the Bank for International Settlements ("BIS") guidelines was 15.5%, which is above the minimum CAR requirement of 8.0%.

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

Exhibit 6

### Unrealised Valuation Surpluses



### Unrealised Valuation Surpluses

Unrealised valuation surpluses in quoted investments and properties (not recognised in the accounts) amounted to S\$0.91 billion at the end of Year 2002.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Geographical Segment Analysis

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

Table 10  
Group Geographical Segments

S\$m	Total assets <sup>2/</sup>	Distribution (%)	Income before operating expenses	Distribution (%)	Net profit attributable to members <sup>2/</sup>	Distribution (%)
<b>December 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</b>	<b>100</b>	<b>1,017</b>	<b>100</b>
<b>December 31, 2001</b>						
Singapore <sup>1/</sup>	91,205	60	2,468	70	795	80
Hong Kong	48,499	32	800	22	209	20
Regional countries <sup>1/</sup>	5,064	4	174	5	(34)	(3)
Rest of the world	6,694	4	90	3	27	3
<b>Total</b>	<b>151,462</b>	<b>100</b>	<b>3,532</b>	<b>100</b>	<b>997</b>	<b>100</b>

Notes:

<sup>1/</sup> Special general provisions for regional exposure, additional provisions for DTDB's loans and amortisation of goodwill on acquisitions of DDH and DBS Group Holdings (Hong Kong) Ltd are booked in Singapore.

<sup>2/</sup> Figures for Year 2001 have been restated to reflect the adoption of Statement of Accounting Standard 12 "Income Taxes". Details of which are set out in Appendix V Note 3.

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. It would not be materially different if total assets shown are based on the country in which the counterparty or assets are located. The total assets, income before operating expenses and NPAM are stated after elimination of inter-group assets and revenues.

## 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.

In Year 2001, contributions from DHG and DBSV were included in DBSH Group financials from June 29, 2001 and September 12, 2001 respectively. The full year financials of these subsidiary companies have been included in Year 2002.

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, stock brokerage and asset management products.

The decline in net profit after taxation (S\$59 million, 16.7%) was mainly attributable to the increase in provisions in Year 2002.

### • **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 increase in net profit after taxation (S\$69 million, 46.6%) was attributable to lower provisions in Year 2002, in addition to the full year impact of the acquisition of DHG.

### • **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\$121 million, 47.3%) was mainly attributable to lower provisions in Year 2002.

### • **Treasury and Markets**

Treasury and Markets is primarily involved in market making 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\$32 million, 21.8%) was mainly attributable to Hong Kong Branch, in addition to the full year impact of the acquisition of DHG.

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.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

The increase in net profit after taxation (S\$73 million, 38.8%) was mainly attributable to higher net interest income from interest rate trading activities in Singapore and Hong Kong, in addition to the full year impact of the acquisition of DHG.

### • Central Operations

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

### Comparatives

Where necessary, comparative figures have been restated to conform to current presentation.

The following tables analyse the results, total assets and total liabilities by business segments:

**Table 11**  
**Group Business Segments (Year 2002)**

S\$'m	Consumer Banking	Enterprise Banking	Investment Banking	Treasury and Markets <sup>1/</sup>	Funding Portfolio <sup>1/</sup>	Central Operations	Total
Income before operating expenses	1,830	614	788	310	450	74	4,066
Operating profit before provisions, taxation and goodwill amortisation	653	394	566	230	334	38	2,215
Net profit before taxation and goodwill amortisation	414	313	456	238	346	(41)	1,726
Taxation	(103)	(58)	(74)	(46)	(67)	50	(298)
Net profit after taxation and before goodwill amortisation	295	217	377	179	261	(34)	1,295
Goodwill amortisation							(278)
Net profit attributable to members							1,017
<i>Other Information</i>							
Total assets before goodwill	29,309	13,964	21,583	12,808	44,346	19,672	141,682
Goodwill							7,693
Total assets							149,375
Total liabilities	75,602	14,000	12,073	6,915	8,850	16,472	133,912
Capital expenditure	54	12	6	8	11	21	112
Depreciation	54	18	6	9	14	71	172

**Group Business Segments (Year 2001)**

S\$'m	Consumer Banking	Enterprise Banking	Investment Banking	Treasury and Markets	Funding Portfolio	Central Operations	Total
Income before operating expenses	1,543	502	824	269	346	48	3,532
Operating profit before provisions, taxation and goodwill amortisation	598	306	600	196	252	(149)	1,803
Net profit before taxation and goodwill amortisation	489	207	357	188	242	12	1,495
Taxation	(120)	(42)	(99)	(34)	(43)	72	(266)
Net profit after taxation and before goodwill amortisation	354	148	256	147	188	37	1,130
Goodwill amortisation							(133)
Net profit attributable to members							997
<i>Other Information</i>							
Total assets before goodwill	33,579	13,613	24,492	9,141	49,657	15,775	146,257
Goodwill							5,205
Total assets							151,462
Total liabilities	78,594	13,152	14,662	2,824	15,135	11,435	135,802
Capital expenditure	100	9	9	8	11	47	184
Depreciation	52	14	8	9	11	75	169

Notes:

- 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.
- 2/ Figures for Year 2001 have been restated to reflect the adoption of Statement of Accounting Standard 12 "Income Taxes". Details of which are set out in Appendix V Note 3.