

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Unaudited Consolidated Profit And Loss Account

In S\$'million	9 Mths 2003	9 Mths 2002	3rd Qtr 2003	2nd Qtr 2003	3rd Qtr 2002
Interest income	2,715	3,376	911	892	1,091
Less: Interest expense	968	1,373	323	332	421
Net interest income	<u>1,747</u>	<u>2,003</u>	<u>588</u>	<u>560</u>	<u>670</u>
Fee and commission income	633	607	259	214	201
Dividends	41	23	16	21	6
Rental income	25	24	9	7	12
Other income	699	435	241	182	139
<b>Income before operating expenses</b>	<u>3,145</u>	<u>3,092</u>	<u>1,113</u>	<u>984</u>	<u>1,028</u>
Less: Staff costs	648	685	219	210	220
Other operating expenses	711	693	239	249	232
Goodwill amortisation	320	206	107	107	69
<b>Operating expenses before provisions</b>	<u>1,679</u>	<u>1,584</u>	<u>565</u>	<u>566</u>	<u>521</u>
<b>Operating profit before provisions</b>	<u>1,466</u>	<u>1,508</u>	<u>548</u>	<u>418</u>	<u>507</u>
Less: Provision for possible loan losses and diminution in value of other assets	459	389	154	187	162
<b>Operating profit</b>	<u>1,007</u>	<u>1,119</u>	<u>394</u>	<u>231</u>	<u>345</u>
Add: Share of profits less losses of associated and joint venture companies	33	38	11	10	11
<b>Net profit before taxation</b>	<u>1,040</u>	<u>1,157</u>	<u>405</u>	<u>241</u>	<u>356</u>
Less: Taxation	257	274	96	53	94
Share of taxation of associated and joint venture companies	7	11	3	2	4
<b>Net profit after taxation</b>	<u>776</u>	<u>872</u>	<u>306</u>	<u>186</u>	<u>258</u>
Less: Minority interests	43	106	15	15	32
<b>Net profit attributable to members</b>	<u>733</u>	<u>766</u>	<u>291</u>	<u>171</u>	<u>226</u>
<b>Earnings per ordinary share</b>					
- Basic <sup>1/</sup>	65 Cents	69 Cents	78 Cents	45 Cents	60 Cents
- Diluted <sup>1/</sup>	63 Cents	66 Cents	75 Cents	44 Cents	58 Cents
<b>Earnings per ordinary share (excluding goodwill amortisation)</b>					
- Basic <sup>1/</sup>	94 Cents	87 Cents	107 Cents	74 Cents	79 Cents
- Diluted <sup>1/</sup>	90 Cents	84 Cents	102 Cents	72 Cents	76 Cents

Notes:

1/ Earnings per share for the periods are annualised.

2/ Figures for prior periods have been restated to reflect the change in accounting policy on valuation of trading securities.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Unaudited Consolidated Balance Sheet As At

In S\$'million	Sep 30 2003	Dec 31 2002	Sep 30 2002	In S\$'million	Sep 30 2003	Dec 31 2002	Sep 30 2002
<b>SHARE CAPITAL</b>				<b>ASSETS</b>			
Share capital	1,556	1,555	1,555	Cash, and balances and placements with central banks	3,645	2,187	2,947
<b>RESERVES</b>				Trading securities	8,344	4,227	4,691
Share premium account	2,168	2,163	2,162	Balances, placements with, and loans and advances to banks	31,067	38,767	39,676
Other reserve	4,271	4,271	4,271	Bills receivable from non-bank customers	1,500	1,574	1,718
Capital redemption reserve	28	28	28	Loans and advances to non-bank customers	62,402	59,135	61,724
Capital reserve	(11)	(19)	(7)	Investment securities	29,834	23,053	21,038
General reserve	2,044	2,044	1,821	Other assets	13,246	9,902	8,512
Revenue reserve	4,819	4,450	4,366	Associated and joint venture companies	506	521	528
	<u>13,319</u>	<u>12,937</u>	<u>12,641</u>	Fixed assets	2,069	2,261	2,323
<b>SHAREHOLDERS' FUNDS</b>	<b>14,875</b>	<b>14,492</b>	<b>14,196</b>	Deferred tax assets	129	125	79
<b>MINORITY INTERESTS</b>	<b>874</b>	<b>1,018</b>	<b>1,883</b>	Goodwill	7,489	7,693	5,079
<b>LIABILITIES</b>							
Subordinated term debts	5,757	5,786	5,911				
Deposits and balances of banks	8,802	4,877	7,514				
Deposits and other accounts of non-bank customers	107,056	101,315	100,419				
Other debt securities in issue	5,356	4,346	4,185				
Other borrowings	443	563	574				
Bills payable	296	522	436				
Other liabilities	16,131	15,992	12,673				
Current taxation	525	414	383				
Deferred tax liabilities	116	120	141				
<b>TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS</b>	<b><u>160,231</u></b>	<b><u>149,445</u></b>	<b><u>148,315</u></b>	<b>TOTAL ASSETS</b>	<b><u>160,231</u></b>	<b><u>149,445</u></b>	<b><u>148,315</u></b>
<b>MEMORANDUM ITEMS</b>							
Contingent liabilities	7,022	7,276	7,060				
Commitments	66,957	58,602	56,706				
	<u>73,979</u>	<u>65,878</u>	<u>63,766</u>				
Financial derivatives	<u>1,277,970</u>	<u>778,767</u>	<u>810,632</u>				
Net asset value per ordinary share (S\$)	9.74	9.48	9.27				
Net tangible asset value per ordinary share (S\$)	4.64	4.24	5.82				

Note:

1/ Figures for prior periods have been restated to reflect the change in accounting policy on valuation of trading securities.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Unaudited Consolidated Cash Flow Statement For The Nine Months Ended

In S\$'million	Sep 30 2003	Sep 30 2002
<b>Cash flows from operating activities</b>		
Net profit before taxation	1,040	1,157
<i>Adjustments for non-cash items:</i>		
Provision for possible loan losses and diminution in value of other assets	459	389
Depreciation of fixed assets	137	130
Goodwill amortisation	320	206
Share of profits of associated and joint venture companies	(33)	(38)
Net gain on fixed assets	(1)	(5)
Net gain on investment securities	(135)	(87)
Net (gain)/loss on trading securities	77	(86)
Operating profit before changes in operating assets & liabilities	<u>1,864</u>	<u>1,666</u>
<i>Increase/(Decrease) in:</i>		
Deposits and other accounts of non-bank customers	5,741	(6,352)
Deposits and balances of banks	3,925	(932)
Other liabilities including bills payable	(75)	3,399
<i>(Increase)/Decrease in:</i>		
Trading securities	(4,194)	(1,765)
Accounts receivable and other assets	(3,525)	(2,605)
Balances, placements with, and loans and advances to other banks	7,681	1,447
Loans and advances to non-bank customers including bills receivable	(3,515)	4,548
Tax paid	(160)	(162)
<b>Net cash generated from/(used in) operating activities (1)</b>	<u>7,742</u>	<u>(756)</u>
<b>Cash flows from investing activities</b>		
Dividends from associated companies	32	31
Net decrease in fixed assets	16	79
Net (increase)/decrease in investment securities	(6,562)	311
Acquisition of additional interest in subsidiary companies	(239)	-
<b>Net cash (used in)/generated from investing activities (2)</b>	<u>(6,753)</u>	<u>421</u>
<b>Cash flows from financing activities</b>		
<i>Increase/(Decrease) in:</i>		
Share capital and share premium	6	10
Subordinated debts, debt securities and borrowings	861	181
Dividends paid	(406)	(470)
<b>Net cash generated from/(used in) financing activities (3)</b>	<u>461</u>	<u>(279)</u>
Exchange translation adjustments (4)	8	(31)
<b>Net change in cash, and balances and placements with central banks (1)+(2)+(3)+(4)</b>	<u>1,458</u>	<u>(645)</u>
<b>Cash, and balances and placements with central banks as at January 1</b>	<u>2,187</u>	<u>3,592</u>
<b>Cash, and balances and placements with central banks as at September 30</b>	<u>3,645</u>	<u>2,947</u>

Note:

1/ Figures for prior periods have been restated to reflect the change in accounting policy on valuation of trading securities.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### Unaudited Consolidated Statement Of Changes In Shareholders' Equity

In S\$ million (Consolidated)	Share Capital	Share Premium	Other Reserve	Capital Redemption Reserve	Capital Reserve	General Reserve	Revenue Reserve	Total Reserves
Balance at January 1, 2003	1,555	2,163	4,271	28	(19)	2,044	4,403	12,890
Adjustment due to change in accounting policy	-	-	-	-	-	-	47	47
Balance at January 1, 2003 (restated)	1,555	2,163	4,271	28	(19)	2,044	4,450	12,937
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	1	5	-	-	-	-	-	5
Conversion of DBSH Non-voting Convertible Preference Shares	#	-	-	-	-	-	-	-
Net exchange translation adjustments during the period	-	-	-	-	8	-	-	8
Net profit attributable to members	-	-	-	-	-	-	733	733
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	-	-	-	(194)	(194)
Interim dividends paid on ordinary and preference shares for the current year	-	-	-	-	-	-	(170)	(170)
<b>Balance at September 30, 2003</b>	<b>1,556</b>	<b>2,168</b>	<b>4,271</b>	<b>28</b>	<b>(11)</b>	<b>2,044</b>	<b>4,819</b>	<b>13,319</b>
Balance at January 1, 2002	1,538	1,958	4,271	28	24	1,821	3,973	12,075
Adjustment due to change in accounting policy	-	-	-	-	-	-	(10)	(10)
Balance at January 1, 2002 (restated)	1,538	1,958	4,271	28	24	1,821	3,963	12,065
Issue of ordinary shares	15	196	-	-	-	-	-	196
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	2	8	-	-	-	-	-	8
Net exchange translation adjustments during the period	-	-	-	-	(31)	-	-	(31)
Net profit attributable to members	-	-	-	-	-	-	766	766
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	-	-	-	(193)	(193)
Interim dividends paid on ordinary and preference shares for the current year	-	-	-	-	-	-	(170)	(170)
<b>Balance at September 30, 2002</b>	<b>1,555</b>	<b>2,162</b>	<b>4,271</b>	<b>28</b>	<b>(7)</b>	<b>1,821</b>	<b>4,366</b>	<b>12,641</b>

# Insignificant

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

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

In S\$ million (Company)	Share Capital	Share Premium	Capital Redemption Reserve	Revenue Reserve	Total Reserves
Balance at January 1, 2003	1,555	2,163	28	3,201	5,392
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	1	5	-	-	5
Conversion of DBSH Non-voting Convertible Preference Shares	#	-	-	-	-
Net profit attributable to members	-	-	-	165	165
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	(194)	(194)
Interim dividends paid on ordinary and preference shares for the current year	-	-	-	(170)	(170)
<b>Balance at September 30, 2003</b>	<b>1,556</b>	<b>2,168</b>	<b>28</b>	<b>3,002</b>	<b>5,198</b>
Balance at January 1, 2002	1,538	1,958	28	2,060	4,046
Issue of ordinary shares	15	196	-	-	196
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	2	8	-	-	8
Net profit attributable to members	-	-	-	#	#
Final dividends paid on ordinary and preference shares for the previous year	-	-	-	(194)	(194)
Interim dividends paid on ordinary and preference shares for the current year	-	-	-	(170)	(170)
<b>Balance at September 30, 2002</b>	<b>1,555</b>	<b>2,162</b>	<b>28</b>	<b>1,696</b>	<b>3,886</b>

# Insignificant

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### SELECTED NOTES TO THE ACCOUNTS

#### 1. EARNINGS PER ORDINARY SHARE

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

In million	DBSH Group	
	9 Mths 2003	9 Mths 2002
Weighted average number of ordinary shares in issue (a)	1,469	1,459

In S\$ million	DBSH Group	
	9 Mths 2003	9 Mths 2002
Net profit attributable to members (annualised)	977	1,021
Less: Preference dividends (annualised)	20	20
Net profit attributable to members after adjustment of preference dividends (b)	957	1,001
Add: Goodwill amortisation (annualised)	427	275
Net profit attributable to members after adjustment of preference dividends and goodwill amortisation (c)	1,384	1,276
Basic Earnings Per Ordinary Share (Cents) (b)/(a)	65	69
Basic Earnings Per Ordinary Share (excluding goodwill amortisation) (Cents) (c)/(a)	94	87

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

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

In million	DBSH Group	
	9 Mths 2003	9 Mths 2002
Weighted average number of ordinary shares in issue	1,469	1,459
Dilutive effect of share options	-	-
Full conversion of DBSH Non-voting CPS	20	20
Full conversion of DBSH Non-voting redeemable CPS	67	67
Weighted average number of ordinary shares in issue assuming dilution (a)	1,556	1,546

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### 1. EARNINGS PER ORDINARY SHARE (Continued)

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

In S\$ million	DBSH Group	
	9 Mths 2003	9 Mths 2002
Net profit attributable to members (annualised)	977	1,021
Less: Preference dividends (annualised)	20	20
Net profit attributable to members after adjustment of preference dividends	957	1,001
Adjustment to net profit arising from:		
(i) Full conversion of DBSH Non-voting CPS	5	5
(ii) Full conversion of DBSH Non-voting redeemable CPS	15	15
Adjusted net profit attributable to members (b)	977	1,021
Add: Goodwill amortisation (annualised)	427	275
Adjusted net profit attributable to members (excluding goodwill amortisation) (c)	1,404	1,296
Diluted Earnings Per Ordinary Share (Cents) (b)/(a)	63	66
Diluted Earnings Per Ordinary Share (excluding goodwill amortisation) (Cents) (c)/(a)	90	84

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

At September 30, 2003, DBSH Group had assets in the Regional Countries amounting to S\$11,396 million (December 31, 2002: S\$8,282 million; September 30, 2002: S\$8,576 million) and in Hong Kong and China amounting to S\$27,550 million (December 31, 2002: S\$27,161 million; September 30, 2002: S\$29,052 million). The exposures are determined based on the location of the credit risk of the customers and counter parties regardless of where the transactions are booked.

In S\$ million	DBSH Group					
	September 30, 2003		December 31, 2002		September 30, 2002	
	Assets	NPLs <sup>1/</sup>	Assets	NPLs <sup>1/</sup>	Assets	NPLs <sup>1/</sup>
Malaysia	1,387	268	952	329	918	342
Indonesia	456	65	422	110	471	109
Thailand (excluding DTDB)	337	194	303	197	374	201
Korea	4,440	17	2,341	17	2,187	18
The Philippines	868	36	700	37	952	28
Sub-Total	7,488	580	4,718	690	4,902	698
DTDB	3,908	1,056	3,564	905	3,674	933
<b>Total Regional Countries</b>	<b>11,396</b>	<b>1,636</b>	<b>8,282</b>	<b>1,595</b>	<b>8,576</b>	<b>1,631</b>
Hong Kong	26,270	750	25,777	772	27,701	810
China	1,280	135	1,384	167	1,351	173
<b>Total</b>	<b>38,946</b>	<b>2,521</b>	<b>35,443</b>	<b>2,534</b>	<b>37,628</b>	<b>2,614</b>

Note:

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

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

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

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

In S\$/million	Loans and debt securities				Total	Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure	
	Bank	Central Banks & Govt. Securities	Non-Bank <sup>1/</sup>	Investments			Amount	As a % of Total Assets
Assets in	(a)	(b)	(c)	(d)	(e)= (a+b+c+d)	(f)	(g)=(e-f)	(h)
<b>Total Regional Countries</b>	<b>4,597</b>	<b>1,137</b>	<b>6,424</b>	<b>921</b>	<b>13,079</b>	<b>1,683</b>	<b>11,396</b>	<b>7.1%</b>
Malaysia	1,060	8	1,118	95	2,281	894	1,387	0.9%
Indonesia	115	36	354	75	580	124	456	0.3%
Thailand (excluding DTDB)	43	93	218	64	418	81	337	0.2%
Korea	3,330	545	1,142	2	5,019	579	4,440	2.8%
The Philippines	42	103	146	582	873	5	868	0.6%
DTDB	7	352	3,446	103	3,908	-	3,908	2.4%
Hong Kong	2,201	2,237	22,965	12,944	40,347	14,077	26,270	16.4%
China	995	22	643	-	1,660	380	1,280	0.8%
<b>Total</b>	<b>7,793</b>	<b>3,396</b>	<b>30,032</b>	<b>13,865</b>	<b>55,086</b>	<b>16,140</b>	<b>38,946</b>	<b>24.3%</b>

Note:

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

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

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

Note:

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

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

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

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

In S\$/million Assets in	Loans and debt securities				Total (e)= (a+b+c+d)	Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches (f)	Net Exposure	
	Bank (a)	Central Banks & Govt. Securities (b)	Non- Bank <sup>1/</sup> (c)	Investments (d)			Amount (g)=(e-f)	As a % of Total Assets (h)
<b>Total Regional Countries</b>	<b>2,504</b>	<b>1,002</b>	<b>5,006</b>	<b>1,006</b>	<b>9,518</b>	<b>942</b>	<b>8,576</b>	<b>5.8%</b>
Malaysia	776	4	652	88	1,520	602	918	0.6%
Indonesia	119	92	277	73	561	90	471	0.3%
Thailand (excluding DTDB)	113	23	305	87	528	154	374	0.3%
Korea	1,358	522	393	4	2,277	90	2,187	1.5%
The Philippines	75	90	123	670	958	6	952	0.7%
DTDB	63	271	3,256	84	3,674	-	3,674	2.5%
Hong Kong	1,222	3,466	23,402	10,595	38,685	10,984	27,701	18.7%
China	988	26	809	-	1,823	472	1,351	0.9%
<b>Total</b>	<b>4,714</b>	<b>4,494</b>	<b>29,217</b>	<b>11,601</b>	<b>50,026</b>	<b>12,398</b>	<b>37,628</b>	<b>25.4%</b>

Note:

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

### 3. NON-PERFORMING LOANS AND PROVISIONS

At September 30, 2003, DBSH Group's total non-performing loans amounted to S\$4,143 million (December 31, 2002: S\$4,224 million; September 30, 2002: S\$4,155 million). Out of the total NPLs of S\$4,143 million:

- S\$2,936 million (71%) [December 31, 2002: S\$3,114 million (74%); September 30, 2002: S\$2,985 million (72%)] were in the substandard category; and
- S\$2,003 million (48%) [December 31, 2002: S\$2,153 million (51%); September 30, 2002: S\$2,125 million (51%)] were secured by collateral.

Total cumulative specific and general provisions at September 30, 2003 amounted to 122% (December 31, 2002: 121%; September 30, 2002: 125%) of unsecured NPLs.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### 3. NON-PERFORMING LOANS AND PROVISIONS (Continued)

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

In S\$'million	Regional Countries					Total
	Singapore	Hong Kong	DTDB <sup>1/</sup>	Others	Other Countries	
<b>Non- Performing Loans (NPLs)</b>	1,472	750	1,056	580	285	4,143
- Substandard	932	529	893	396	186	2,936
- Doubtful	54	97	10	78	77	316
- Loss	486	124	153	106	22	891
<b>NPLs as a % of:</b>						
- Total loans in the respective countries	3.7%	3.3%	27.0%	6.3%	1.3%	4.2%
- Group total assets	0.9%	0.5%	0.7%	0.4%	0.2%	2.6%
<b>Non-bank NPLs as a % of non-bank loans in the respective countries <sup>2/</sup></b>	3.9%	3.3%	29.4%	20.7%	6.7%	5.7%
<b>Total Cumulative Provisions</b>	953	465	575	427	185	2,605
- Specific provisions	582	237	392	227	106	1,544
- General provisions	371	228	183	200	79	1,061
<b>Total Cumulative Provisions as a % of:</b>						
- Total loans in the respective countries	2.3%	2.0%	14.7%	4.6%	0.7%	2.6%
- Group total assets	0.6%	0.3%	0.4%	0.3%	0.1%	1.6%
- NPLs in the respective countries	65%	62%	54%	74%	65%	63%
- Unsecured NPLs in the respective countries	152%	164%	100%	106%	73%	122%

Notes:

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

2/ Computed based on total non-bank customer NPLs (excluding non-performing debt securities and non-cash items) divided by total gross non-bank customer loans.

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

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

Notes:

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

2/ Computed based on total non-bank customer NPLs (excluding non-performing debt securities and non-cash items) divided by total gross non-bank customer loans.

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### 3. NON-PERFORMING LOANS AND PROVISIONS (Continued)

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

In S\$'million	Singapore	Hong Kong	Regional Countries		Other Countries	Total
			DTDB <sup>1/</sup>	Others		
<b>Non- Performing Loans (NPLs)</b>	1,449	810	933	698	265	4,155
- Substandard	1,083	577	719	471	135	2,985
- Doubtful	29	67	12	98	61	267
- Loss	337	166	202	129	69	903
<b>NPLs as a % of:</b>						
- Total loans in the respective countries	3.5%	3.5%	25.4%	11.9%	0.8%	3.9%
- Group total assets	1.0%	0.5%	0.6%	0.5%	0.2%	2.8%
<b>Non-bank NPLs as a % of non-bank loans in the respective countries <sup>3/</sup></b>	3.7%	3.5%	27.1%	38.8%	7.4%	5.7%
<b>Total Cumulative Provisions</b>	850	485	561 <sup>2/</sup>	465	172	2,533
- Specific provisions	499	258	380	251	133	1,521
- General provisions	351	227	181	214	39	1,012
<b>Total Cumulative Provisions as a % of:</b>						
- Total loans in the respective countries	2.1%	2.1%	15.3%	8.0%	0.6%	2.4%
- Group total assets	0.6%	0.3%	0.4%	0.3%	0.1%	1.7%
- NPLs in the respective countries	59%	60%	60%	67%	65%	61%
- Unsecured NPLs in the respective countries	145%	171%	122%	98%	76%	125%

Notes:

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

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

3/ Computed based on total non-bank customer NPLs (excluding non-performing debt securities and non-cash items) divided by total gross non-bank customer loans.

#### Industry Analysis Of Non-Performing Loans

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

In S\$'million	DBSH Group					
	September 30, 2003		December 31, 2002		September 30, 2002	
	Outstanding	Specific Provisions	Outstanding	Specific Provisions	Outstanding	Specific Provisions
Manufacturing	911	382	947	414	903	399
Building and Construction	652	211	589	203	586	195
Housing Loans	196	60	193	49	177	42
General Commerce	719	355	742	295	772	317
Transportation, Storage and Communications	125	36	142	37	166	44
Financial Institutions, Investment and Holding Companies	352	117	455	135	447	132
Professionals and Private Individuals (except Housing Loans)	427	182	427	186	411	182
Others	761	201	729	192	693	210
<b>Total</b>	<b>4,143</b>	<b>1,544</b>	<b>4,224</b>	<b>1,511</b>	<b>4,155</b>	<b>1,521</b>

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### 4. FINANCIAL DERIVATIVES

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

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

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

In S\$'million	September 30, 2003					
	Trading			Non-Trading		
	Underlying Notional	Positive Fair Value	Negative Fair Value	Underlying Notional	Positive Fair Value	Negative Fair Value
Interest Rate Derivatives	996,792	6,832	6,295	16,842	920	234
Foreign Exchange Derivatives	237,462	1,977	1,879	8,811	80	677
Equity Derivatives	7,622	46	142	-	-	-
Credit Derivatives	7,936	60	82	2,489	64	-
Commodity Derivatives	16	1	-	-	-	-
<b>Total</b>	<b>1,249,828</b>	<b>8,916</b>	<b>8,398</b>	<b>28,142</b>	<b>1,064</b>	<b>911</b>
Balances arising from off-balance sheet financial instruments		<b>8,916</b>	<b>8,398</b>			

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

## DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

### 5. DAILY EARNINGS AT RISK ("DEaR") AND TRADING INCOME

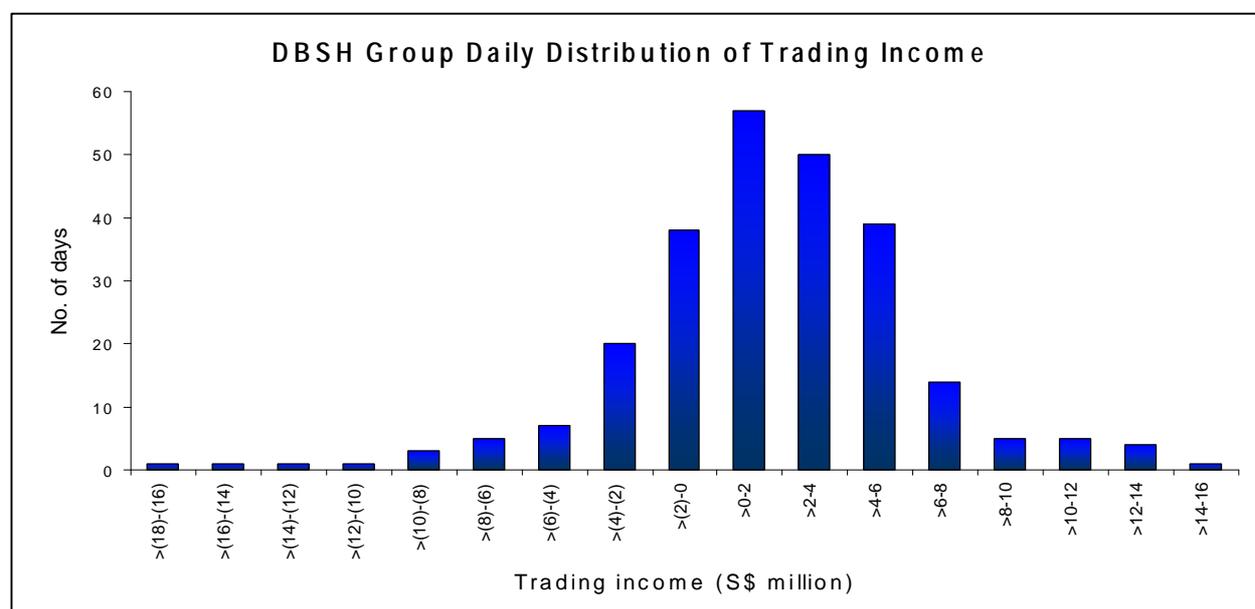
The Group uses a Daily Earnings at Risk ("DEaR") measure as one mechanism for controlling trading risk. The DEaR is calculated using a one-day time horizon and a 99% confidence interval. The following table shows the period-end, average, high and low DEaR for the trading risk exposure of the DBSH Group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

In S\$ million	As at September 30, 2003	October 1, 2002 to September 30, 2003		
		Average	High <sup>1/</sup>	Low <sup>1/</sup>
Interest rate	21.6	21.0	33.7	10.9
FX	6.1	7.2	18.2	2.5
Equity	3.7	2.8	5.2	0.3
Diversification effect	(10.2)	(11.8)	-	-
<b>Total</b>	<b>21.2</b>	<b>19.2</b>	<b>32.0</b>	<b>12.4</b>

Note:

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

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



**DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES****6. CHANGE IN ACCOUNTING POLICY**

The Monetary Authority of Singapore revised MAS 605 during the third quarter of 2003, allowing for the measurement of trading book positions at fair value. Following the revision, DBSH Group revised its classification guidelines to provide a clear classification and measurement of its trading and investment securities.

Prior to the revision, Singapore government securities and other trading securities were separately stated at cost (adjusted for amortisation of premium or discount) less provision. Provision was made based on the shortfall between cost and market value determined on an aggregate portfolio basis and recognised as a charge to the profit and loss account as they arise.

With the revision, a security is classified as held for trading if it is acquired or incurred principally for the purpose of generating a profit from short-term fluctuations in price or dealer's margin. A security is also classified as held for trading if it is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit-taking, regardless of why it was acquired. These securities are recorded at fair value on the balance sheet, with changes in fair value recorded in 'other income' in the profit and loss account.

Securities that are not classified as held for trading are classified as investment securities. These securities are stated at cost less provision. Specific provision is made for an individual investment when there has been a diminution in value, except where such diminution is temporary, and is charged to the profit and loss account as they arise. In addition, for corporate debt securities, a general provision charge in line with the Group's existing provisioning policies is also recorded in the profit and loss account.

The accounting policy change has been applied retroactively, and the comparable financial results for the Group have been restated to conform to the new accounting policy.

As a result of the change, the net profit attributable to members ("NPAM") of the Group for the 9 months ended September 30, 2003 was S\$9 million lower than it would have been had the change not been made. In addition, S\$19.4 billion of Singapore government and other securities were reclassified to investment securities. The financial statements for the 9 months ended September 30, 2002 have been restated for the accounting policy change, resulting in a S\$31 million increase in previously reported NPAM.