

DBS GROUP HOLDINGS LTD
AUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2001

In S\$'million	<u>Note</u>	<u>Year 2000</u>	<u>Year 2001</u>
Interest income		4,897	5,271
Less: Interest expense		2,858	3,014
Net interest income		<u>2,039</u>	<u>2,257</u>
Fee and commission income		508	639
Dividends		83	27
Rental income		32	36
Other income		268	586
Income before operating expenses		<u>2,931</u>	<u>3,545</u>
Less: Staff costs		613	865
Other operating expenses (excluding goodwill amortisation)		633	876
Goodwill amortisation	1, 2	-	131
Total operating expenses		<u>1,246</u>	<u>1,873</u>
Operating profit		1,685	1,672
Less: Provision for possible loan losses and diminution in value of other assets		54	379
		1,632	1,293
Add: Share of profits less losses of associated and joint venture companies		43	70
Net profit before taxation		1,675	1,363
Less: Taxation		309	257
Share of taxation of associated and joint venture companies		6	16
Net profit after taxation		1,360	1,090
Less: Minority interests			
- Equity		(29)	61
- Non-Equity		-	30
Net profit attributable to members		<u>1,389</u>	<u>999</u>
Earnings per ordinary share			
- Basic	3	113 Cents	78 Cents
- Fully diluted		107 Cents	74 Cents
Cash Basis ^(a) Earnings per ordinary share			
- Basic	3	113 Cents	89 Cents
- Fully diluted		107 Cents	84 Cents

(see related notes on pages 3 to 32)

(a) "Cash Basis" for the purpose of these financial statements is defined as net profit attributable to members before goodwill amortisation.

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

DBS GROUP HOLDINGS LTD
AUDITED CONSOLIDATED BALANCE SHEET AS AT

In S\$'million	Note	2000	2001		2000	2001
		Dec 31	Dec 31		Dec 31	Dec 31
SHARE CAPITAL AND RESERVES				ASSETS		
Share capital		1,307	1,538	Cash, and balances and placements with central banks	5,145	3,592
RESERVES				Singapore Government securities and treasury bills	8,655	9,186
Share premium account		7	1,958	Trading securities	4,849	10,778
Other reserve		4,273	4,271	Balances, placements with, and loans and advances to banks	34,569	41,123
Capital redemption reserve		29	29	Bills receivable from non-bank customers	8 992	1,530
Capital reserve		-	24	Loans and advances to non-bank customers	8 51,031	66,678
General reserve		1,755	1,821	Investment securities	341	4,400
Revenue reserve		3,124	3,888	Other assets	3,278	5,666
		<u>9,188</u>	<u>11,991</u>			
SHAREHOLDERS' FUNDS						
		10,495	13,529			
MINORITY INTERESTS – EQUITY						
	4	(126)	978			
MINORITY INTERESTS – NON-EQUITY						
	5	-	1,100			
LIABILITIES						
Subordinated term debts	6	2,508	6,147	Associated and joint venture companies	558	558
Deposits and balances of banks		12,054	8,446	Goodwill and intangible assets	2 -	5,124
Deposits and other accounts of non-bank customers	7	80,720	106,771	Fixed assets	1,790	2,660
Other debt securities in issue		655	3,518			
Other borrowings		649	825			
Bills payable		407	395			
Other liabilities		3,124	9,277			
Current taxation		408	271			
Deferred taxation		18	37			
Proposed dividends		296	-			
		<u>111,208</u>	<u>151,294</u>		<u>111,208</u>	<u>151,294</u>
Life-fund liabilities to policyholders		1,289	-	Life-fund assets attributable to policyholders	1,289	-
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS				TOTAL ASSETS		
		<u>112,497</u>	<u>151,294</u>		<u>112,497</u>	<u>151,294</u>
MEMORANDUM ITEMS						
Contingent liabilities		8,674	10,283			
Commitments		33,065	49,375			
		<u>41,739</u>	<u>59,658</u>			
Financial derivatives	9	<u>176,194</u>	<u>412,154</u>			

(see related notes on pages 3 to 32)

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

SUPPLEMENTARY INFORMATION TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1 ACQUISITION OF SUBSIDIARY COMPANIES

1.1 Dao Heng Bank Group Limited

On April 11, 2001, DBS Bank announced its intention to acquire Dao Heng Bank Group Limited (“DHG”), a banking group incorporated in Bermuda.

The acquisition was achieved via a Voluntary Conditional Offer (the “Offer”) whereby DBS Diamond Holdings Ltd (“DDH”), a subsidiary company of DBS Bank, made an offer to the shareholders of DHG of either (i) HK\$60.01 for each DHG share (Option A), or (ii) cash of HK\$43.13 and a new share of DDH (Option B). The results of this offer were:

Offer	DDH shares taken up	Consideration (HK\$ million)	Consideration (S\$ million)	%
DBS	1,777,955,236	HK\$30,568	S\$7,124	71.57
Other shareholders	706,318,084	HK\$11,825		28.43
Total	2,484,273,320	HK\$42,393		100.00

Following the completion of the Offer, DBS Bank has 71.57% effective control of DDH and a cash consideration of S\$7,124 million was paid for the acquisition. DBSH Group determines parent and minority interests in preparing consolidated financial statements based on present ownership interests. The acquisition was accounted for under the purchase method of accounting.

The DBSH Group financial statements include the results of DHG from June 29, 2001, the date when DBS Bank gained control of DHG through DDH.

At June 29, 2001, the fair value of the identifiable assets and liabilities of DHG were S\$2,810 million, and comprised the following:

In S\$'million	June 29, 2001
Fixed assets	897
Government, trading and investment securities	10,671
Cash and balances, placements with, and loans to banks, loans to and bills receivable from non-bank customers	23,130
Other assets	658
Deposits and balances of banks, deposits and other accounts of non-bank customers, debt securities in issue and other borrowings	(27,847)
Other liabilities	(4,699)
	2,810
Less: Minority interests	799
Adjusted net attributable assets	2,011
Add: Goodwill (Note 2)	5,147
Cost of acquisition (including transaction costs of S\$33.9 million)	7,158
Less: Cash and bank balances in subsidiary companies acquired	143
Net cash outflow for acquisition of subsidiary companies	7,015

Goodwill arising from the acquisition of DHG amounted to S\$5,147 million. This has been computed based on the difference between the cost of acquisition of S\$7,158 million and DBS Bank's interest in the estimated fair value of identifiable assets and liabilities of DHG of S\$2,011 million. Goodwill will be amortised over a period of 20 years from the date of acquisition. The amortisation charge taken to the profit and loss account for the year ended December 31, 2001 was S\$129 million, leaving a balance of S\$5,018 million in goodwill.

The carrying value of goodwill from consolidation is reviewed when circumstances or events indicate that there may be uncertainty over the carrying amount. Goodwill will be written down for impairment when the net present value of the forecast future cash flows of the business are insufficient to support the carrying value. No write down of goodwill was made at December 31, 2001.

At December 31, 2001, the total assets of DDH under Singapore Statements of Accounting Standard included in the consolidated balance sheet of DBSH Group were S\$39,046 million. The net interest income of DDH included in the results of DBSH Group for the year ended December 31, 2001 was S\$321 million. The profit after taxation of DDH included in the results of DBSH Group for the year ended December 31, 2001 was S\$198 million, before deducting goodwill amortisation of S\$129 million and minority interest of S\$56 million.

DBSH Group determines parent and minority interests in preparing consolidated financial statements on present ownership interests. The following arrangements have been put in place in respect of the shares held by the minority at DDH.

Under a Call Option, DBS Bank has the right to require each DDH minority shareholder to sell his shares by giving a notice within a period of seven business days following December 31, 2002, at a purchase price of HK\$21.70 per share.

Under a Put Option, each DDH minority shareholder has the right to require DBS Bank to purchase his shares by giving a notice within a period of seven business days following December 31, 2002, at a purchase price of HK\$21.70 per share.

DBSH Group accounts for the above as derivative contracts, and the options will be accounted for as such until any settlement date when the physical shares would be acquired. Further details are disclosed in Notes 4 and 9.

When an acquisition involves more than one exchange transaction, each transaction is treated separately for the purpose of determining the fair value of the identifiable assets and liabilities acquired and for determining the amount of goodwill. As such, the actual goodwill in respect of the options, should either be exercised, is only determinable on the exercise date. Should either of the options be exercised by DBS Bank or the DDH minority interest, on a proforma basis, DBS Bank would be required to pay an amount of HK\$15,327 million (S\$3,637 million) within 5 days of the exercise date of the options.

Goodwill in connection with this transaction will be computed based on the fair value of the identifiable assets and liabilities of DHG effective December 31, 2002. Based on the fair value of identifiable assets and liabilities of DHG at June 29, 2001, the additional goodwill would have been S\$2,828 million, and the incremental annual amortisation charge to the profit and loss account would have been S\$142 million. Under these circumstances, the effective interest of DBS Bank in DHG would increase to 100% at December 31, 2002. As such, there will be no minority interest in DDH, and the annualised impact on DBSH Group's profit and loss account based on the 2001 results would have been S\$112 million.

1.2 Vickers Ballas Holdings Limited

On February 13, 2001, DBS Bank announced its intention to acquire Vickers Ballas Holdings Limited ("VB"), a securities broking firm incorporated in Singapore. The DBSH Group financial statements include the results of VB from September 12, 2001, the date when DBS Bank gained control of VB. The transaction was accounted for under the purchase method of accounting, and VB became a subsidiary company of DBS Bank from September 12, 2001.

The cash consideration paid for the acquisition was S\$418 million for a 59.5% interest in VB.

At the date of acquisition, the fair value of the identifiable assets and liabilities of VB was S\$538 million and comprised the following:

In S\$'million	September 12, 2001
Fixed assets	7
Government, trading and investment securities	96
Cash and balances, placements with, and loans to banks, loans to and bills receivable from non-bank customers	587
Other assets	574
Deposits and balances of banks, deposits and other accounts of non-bank customers, debt securities in issue and other borrowings	(29)
Other liabilities	(697)
	538
Less: Minority interests	218
Adjusted net attributable assets	320
Add: Goodwill (Note 2)	98
Cost of acquisition	418

On September 28, 2001, DBS Securities Holding Pte Ltd and DBS Trading Pte Ltd, both wholly-owned subsidiary companies of DBS Bank, were sold 100% to VB for a cash consideration of S\$306 million. On completion of the sale, DBSH's effective equity interests in DBS Securities Holding Pte Ltd and DBS Trading Pte Ltd were reduced from 100% to 59.5%. VB was subsequently renamed DBS Vickers Securities Holdings Pte Ltd ("DBSV").

Goodwill arising from the acquisition of DBSV amounted to S\$98 million. This has been computed based on the difference between the total purchase consideration of S\$418 million and DBS Bank's effective interest in the estimated fair value of identifiable assets and liabilities of DBSV of S\$320 million. The goodwill will be amortised over a period of 10 years from the date of acquisition. The amortisation charge taken to the profit and loss account for the year ended December 31, 2001 was S\$2 million, leaving a balance of S\$96 million in goodwill.

The carrying value of goodwill from consolidation is reviewed when circumstances or events indicate that there may be uncertainty over the carrying amount. Goodwill will be written down for impairment when the net present value of the forecast future cash flows of the business are insufficient to support the carrying value.

At December 31, 2001 the total assets of DBSV under Singapore Statements of Accounting Standards included in the consolidated balance sheet of DBSH Group were S\$1,199 million. The net interest income of DBSV included in the results of DBSH Group for the year ended December 31, 2001 was S\$6 million. The profit after taxation of DBSV included in the results of DBSH Group for the year ended December 31, 2001 was S\$12 million, before deducting goodwill amortisation of S\$2 million and minority interest of S\$5 million.

DBSH Group determines parent and minority interests in preparing consolidated financial statements on present ownership interests. The minority interest have a Put Option exercisable on September 12, 2003 at a price of S\$0.90 per Option Share and 3.1 per cent per annum on the option price compounded annually. DBSH Group accounts for the above as derivative contracts, and the options will be accounted for as such until any settlement date when the physical shares are acquired. Further details are disclosed in Notes 4 and 9.

When an acquisition involves more than one exchange transaction, each transaction is treated separately for the purpose of determining the fair value of the identifiable assets and liabilities acquired and for determining the amount of goodwill. As such, the actual goodwill in respect of the Put Option, should the Put Option be exercised is determined only on the exercise date. Should the Put Option be exercised by the minority interest, on a proforma basis, DBS Bank would be required to pay an amount of S\$322 million on September 12, 2003.

The additional goodwill would have been S\$104 million, and the incremental annual amortisation charge to the profit and loss account would have been S\$10 million. Under these circumstances, the effective interest of DBS Bank in DBSV would increase to 100% at September 12, 2003. As such, there will be no minority interest in DBSV, and the annualised impact on DBSH Group's profit and loss account based on the 2001 results of DBSV would have been S\$20 million.

2 GOODWILL AND INTANGIBLE ASSETS

The carrying value of goodwill from consolidation is reviewed when circumstances or events indicate that there may be uncertainty over the carrying amount. Goodwill will be written down for impairment when the net present value of the forecast future cash flows of the business are insufficient to support the carrying value.

Set out below is the carrying value after an assessment for impairment of goodwill has been performed:

In S\$'million	DBSH Group 2001
<u>Goodwill arising on consolidation</u>	
Unamortised balance at January 1	-
Acquisition of new subsidiary companies*	5,255
Amortisation for the financial year	(131)
Unamortised balance at December 31	5,124

Comprising :			Unamortised balance at December 31, 2001	Charge to Profit and Loss Account
S\$'million	Date of Acquisition	Amortisation Period		
<u>At the DBS Bank level</u>				
Dao Heng Bank Group Limited	June 29, 2001	20 years	5,018	129
DBS Vickers Securities Holdings Pte Ltd	September 12, 2001	5 / 10 years	106	2
			5,124	131
<u>Included in the DBS Vickers Securities Holding Pte Ltd</u>				
Lum Chang Securities Pte Ltd		5 years	11	#
DBS Securities Holding Pte Ltd**		5 years	12	#
			23	#

* Include the goodwill on acquisition of Dao Heng Bank Group Limited (S\$5,147 million) and Vickers Ballas Holdings Limited (S\$98 million).

** Eliminated at Group's level.

Insignificant

The Board of Directors have assessed the carrying values of the goodwill of S\$5,124 million at December 31, 2001 to be appropriate, taking into account the expected future cash flows and revenue streams from the businesses acquired.

3 EARNINGS PER ORDINARY SHARE

3.1 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 year. For "Cash Basis" earnings per share, the impact of goodwill amortisation was excluded from net profit attributable to members.

	DBSH Group	
	2000	2001
Weighted average number of ordinary shares in issue (In million) (a)	1,204	1,249

In S\$'million	DBSH Group	
	2000	2001
Net profit attributable to members	1,389	999
Less: Preference dividends	25	21
Net profit attributable to members after adjustment of preference dividends (b)	1,364	978
Add: Goodwill amortisation	-	131
Net profit attributable to members after adjustment of preference dividends and goodwill amortisation (cash basis) (c)	1,364	1,109
Basic Earnings Per Ordinary Share (Cents) (b)/(a)	113	78
Cash Basis - Basic Earnings Per Ordinary Share (Cents) (c)/(a)	113	89

- 3.2** 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 financial year) 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	
	2000	2001
Weighted average number of ordinary shares in issue	1,204	1,249
Dilutive effect of share options	3	1
Full conversion of DBSH Non-voting CPS	25	25
Full conversion of DBSH Non-voting redeemable CPS	66	66
Weighted average number of ordinary shares in issue assuming dilution (a)	1,298	1,341

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	
	2000	2001
Net profit attributable to members	1,389	999
Less: Preference dividends	24	21
Net profit attributable to members after adjustment of preference dividends	1,364	978
Adjustment to net profit arising from:		
(i) Full conversion of DBSH Non-voting CPS	7	6
(ii) Full conversion of DBSH Non-voting redeemable CPS	18	15
Adjusted net profit attributable to members (b)	1,389	999
Add: Goodwill amortisation	-	131
Cash Basis - Adjusted net profit attributable to members (c)	1,389	1,130
Diluted Earnings Per Ordinary Share (Cents) (b)/(a)	107	74
Cash Basis - Diluted Earnings Per Ordinary Share (Cents) (c)/(a)	107	84

4 MINORITY INTERESTS - EQUITY

The equity minority interests of DBSH Group represent the interest of third parties in the equity shares of the Group's subsidiary companies and are as follows:

In S\$'million	Note	DBSH Group	
		2000	2001
DBS Diamond Holdings Ltd	4.1	-	870
DBS Group Holdings (Hong Kong) Ltd		117	130
DBS Thai Danu Bank Public Company Limited	4.2	(278)	(277)
DBS Vickers Securities Holdings Pte Ltd	4.1	-	228
Other subsidiaries		35	27
		(126)	978

The balances above included the effect of foreign exchange fluctuations.

- 4.1** DBSH Group determines parent and minority interests in preparing consolidated financial statements on present ownership interests. Further details are disclosed in Notes 1 and 9.

DBS Diamond Holdings Ltd

As noted in Note 1, the DBSH Group financial statements include the results of Dao Heng Bank Group Limited (“DHG”) from June 29, 2001, the date when DBS Bank gained control of DHG via its subsidiary company, DBS Diamond Holdings Ltd (“DDH”).

Under the Cash and Share Option (Option B) offered by DBS Bank to the shareholders of DHG, DBS Bank has a Call Option which gives DBS Bank the right to require each DDH minority shareholder to sell his shares by giving a notice within a period of seven business days following December 31, 2002, at a purchase price of HK\$21.70 per share.

Under the Cash and Share Option (Option B), DBS Bank is subject to a Put Option provision. Under the Put Option, each DDH minority shareholder has the right to require DBS Bank to purchase his shares by giving a notice within a period of seven business days following December 31, 2002 at a purchase price of HK\$21.70 per share.

All shareholders of DDH are entitled to receive a dividend of not less than 45% of the net profits earned by DDH for each six month period ended June 30 or December 31 except where DHG may breach the liquidity or capital adequacy requirements imposed on it under the Hong Kong Banking Ordinance. The dividend is to be calculated based on earnings (applying the same accounting principles of DHG before the date of the Joint Announcement) from carrying on of business in the ordinary course with practice applicable prior to the date of the Joint Announcement, and disregarding the effect of any changes attributable to restructuring adjustments or other exceptional matters, including goodwill and transfer pricing. Holders of the options do not receive any other shareholder rights.

Should either of the options be exercised by DBS Bank or the DDH minority interest, DBS Bank would be required to pay an amount of HK\$15,327 million (S\$3,637 million) within 5 days of the exercise date of the options.

DBS Vickers Securities Holdings Pte Ltd

As noted in Note 2, the DBSH Group financial statements include the results of DBS Vickers Securities Holdings Pte Ltd (“DBSV”) from September 12, 2001.

The minority interest of DBSV have a Put Option exercisable on September 12, 2003 at a price of S\$0.90 per Option Share and 3.1 per cent per annum on the value of the option compounded annually. Subject to an amount which the Board of DBSV may consider necessary for (i) the appropriation of prudent and proper reserves, (ii) the retention out of profits of funds to meet the working capital requirements and to finance growth of the DBSV Group, and (iii) the requirements as to capital adequacy, solvency or otherwise of the DBSV Group, DBSV shall distribute to shareholders 35% of the net profits after tax for each year ended December 31. The holder of the Put Option does not receive any other shareholder rights.

Should the Put Option be exercised by the minority interest, DBS Bank would be required to pay an amount of S\$322 million on September 12, 2003.

DBS Bank accounts for the above options as derivative contracts, and the options will be accounted for as such until any settlement date when the physical shares are acquired. The financial impact of these options being exercised is set forth in Note 9.

- 4.2** The balance in respect of DBS Thai Danu Bank Public Company Limited (“DTDB”) is a debit balance. A debit minority interest balance arises where the losses applicable to the minority in the consolidated subsidiary company exceed the minority’s share of the equity of that company.

The published financial statements of DTDB are prepared under Thai Generally Accepted Accounting Principles (“GAAP”) and show that DTDB has positive net assets. However, the amounts consolidated in the DBSH accounts for DTDB are prepared under Singapore GAAP. There are significant differences in accounting for loan provisions* and certain equity instruments under Thai and Singapore regulatory guidelines and consequently, when Singapore guidelines are applied to the minority’s share of DTDB’s net assets, a debit balance arises. Such debit balance continue to exist although DTDB has posted a profit for the year as such profits are insufficient to offset the translation loss arising on consolidation of DTDB’s results.

The Board of Directors and management has determined that it has no legal or commercial obligation to provide financing in respect of any accumulated losses attributable to the minority interest of DTDB. They have also considered the DTDB minority interest’s ability to contribute capital as and when such requirements are appropriate.

Singapore Statement of Accounting Standard 26 (“SAS 26”), “Consolidated Financial Statements and Accounting for Investments in Subsidiaries” prescribes conditions for debit minority interest balances. In addition to the above considerations, the company is required to obtain a binding obligation from the minority. In this case, this condition is not applicable, as the circumstances which create the minority interest debit balance do not apply to the published financial statements of DTDB under Thai GAAP, which show a positive net asset position.

* There is a difference in regulatory guidelines for recording bad and doubtful debt provisions in DTDB in Thailand and DBSH Group in Singapore. The higher debt provisions carried in DBSH Group’s accounts are not represented by actual crystallized losses or provisions at DTDB at this point in time. But it reflects the losses which would also be borne by the minority should the provisions recorded in DBSH’s accounts crystallize as losses in DTDB’s accounts.

5 MINORITY INTERESTS – NON-EQUITY

Non-equity minority interests are preference shares held by third parties in a subsidiary company of DBSH Group.

Non-equity minority interests comprise S\$1,100 million 6% non-cumulative redeemable preference shares, of par value of S\$0.01 and a liquidation preference of S\$100 each, issued by its subsidiary company, DBS Bank, on May 28, 2001. This qualifies as Tier I capital for the calculation of DBSH Group’s capital adequacy ratios. Dividends, if declared by the Board of Directors of DBS Bank, are payable semi-annually on May 15 and November 15 at a fixed rate of 6% gross of the liquidation preference per annum, ending on or prior to May 15, 2011, and thereafter on February 15, May 15, August 15 and November 15 in each year at a floating rate per annum equal to the three-month Singapore Swap Offer Rate plus 2.28%.

6 SUBORDINATED TERM DEBTS

Subordinated term debts issued by subsidiary companies of DBSH Group are classified as liabilities in accordance with SAS 32. Certain of these instruments qualify as Hybrid Tier I or Tier II capital for capital adequacy purposes.

Subordinated term debts relate to junior or secondary long-term debts that have a lower priority claim on the Group's assets in the case of a default or liquidation.

6.1 UNDATED SUBORDINATED TERM DEBTS

The following is a summary of the undated subordinated term debts outstanding at December 31:

In S\$'million		Issue Date	Note	DBSH Group	
				2000	2001
<i>Face Value</i>		<i>Issue Date</i>			
<u>Issued by DBS Capital Funding Corporation</u>					
US\$725m	7.657% Non-Cumulative Guaranteed Preference Shares, Series A	Mar 21, 2001	(a)	-	1,340
S\$100m	5.35% Non-Cumulative Guaranteed Preference Shares, Series B	Mar 21, 2001	(a)	-	100
<u>Issued by DBS Thai Danu Bank Public Company Limited</u>					
THB5,000m	Fixed Rate Perpetual Subordinated Debentures No.1	Jun 3, 1999	(b)	200	210
Total Undated Subordinated Term Debts				200	1,650

- (a) Singapore Statement of Accounting Standard 32, "Financial Instruments : Disclosures and Presentation" which is effective for financial statements covering periods beginning on or after October 1, 2000, requires the issuer of a financial instrument to classify the instrument either as a liability or equity in accordance with the substance of the contractual arrangement on initial recognition. As a consequence, these preference shares, which will convert into a floating coupon at the end of 10 years that is considered sufficiently higher than market rate would indirectly cause the Group to redeem these preference shares. As such, they have been accounted for as long-term liabilities under such circumstances. The dividends on these preference shares are recognised in the income statement as interest expense.

These preference shares have two series; Series A and Series B each has a liquidation preference of US\$1,000 and S\$10,000 respectively. Dividends,

when declared by the Board of Directors of DBS Capital Funding Corporation, are payable in arrears on March 15 and September 15 each year at a fixed rate of 7.657% per annum (Series A) and 5.35% per annum (Series B), up to March 15, 2011. Thereafter, dividends are payable quarterly in arrears on March 15, June 15, September 15 and December 15 each year at a floating rate of three-month London Interbank Offer Rate (“LIBOR”) + 3.2% per annum (Series A) and three-month Singapore Swap Offer Rate + 2.52% per annum (Series B). The fixed rate funding for Series A has been converted to floating rate at three-month LIBOR + 1.9364%. In computing DBSH Group’s capital adequacy ratio, these guaranteed preference shares qualify as Tier I capital.

- (b) DBS Thai Danu Bank Public Company Limited (“DTDB”) issued 50,000 Class A Preference Shares at par value of Baht 10 each together with non-detachable 50,000 perpetual Subordinated Debentures (“Subordinated Debenture No. 1”) at par value of Baht 100,000 each. The Subordinated Debenture No. 1 carries a coupon rate of 15% per annum. Interest is payable semi-annually subject to dividends being paid on the Class A Preference Shares. DTDB has an option to pay the full or part of the interest. Interest not paid in any year shall not be accrued for the succeeding year. The Subordinated Debenture No. 1 is perpetual and will be due upon liquidation of DTDB.

6.2 DATED SUBORDINATED TERM DEBTS

The following is a summary of the dated subordinated term debts outstanding at December 31:

In S\$'million				Note	DBSH Group	
					2000	2001
<i>Face Value</i>		<i>Issue Date</i>	<i>Maturity Date</i>			
<u>Issued by DBS Bank</u>						
US\$750m	7 7/8% Subordinated Notes	Aug 10, 1999	Aug 10, 2009	(a)	1,300	1,388
US\$500m	7 7/8% Subordinated Notes	Apr 15, 2000	Apr 15, 2010	(b)	867	925
US\$850m	7 1/8% Subordinated Notes	May 15, 2001	May 15, 2011	(c)		1,572
<u>Issued by DBS Thai Danu Bank Public Company Limited</u>						
THB500m	Floating Rate Subordinated term debt	Jan 29, 1993	Jan 29, 2001	(d)	20	-
THB6,791m	Subordinated Debentures No.2	Jun 3, 1999	May 28, 2006	(e)	69	72
THB1,077m	4.25% Fixed Rate Subordinated term debt	Jan 18, 2000	Jan 17, 2010	(f)	43	45
THB260m	3.50% Fixed Rate Subordinated term debt	Dec 28, 2000	Dec 27, 2010	(g)	10	11
<u>Issued by Dao Heng Bank Limited</u>						
US\$350m	7.75% Fixed Rate Subordinated term debt	Jan 24, 1997	Jan 24, 2007	(h)	-	484
Total					2,309	4,497
Repayable :						
- Less than one year					44	24
- Over one year					2,265	4,473
Total Dated Subordinated Term Debts					2,309	4,497
Total Subordinated Term Debts					2,508	6,147

- (a) Interest is payable semi-annually on February 10 and August 10 commencing February 10, 2000. The fixed rate funding has been converted to floating rate at three-month London Interbank Offered Rate (“LIBOR”) + 1.0475% via interest rate swaps. In computing DBSH Group’s capital adequacy ratio, these notes qualify as Tier II capital.
- (b) Interest is payable semi-annually on April 15 and October 15 commencing October 15, 2000. The fixed rate funding has been converted to floating rate at six-month LIBOR + 0.485%, fixing in arrears via interest rate swaps. In computing DBSH Group’s capital adequacy ratio, these notes qualify as Tier II capital.
- (c) Interest is payable semi-annually on May 15 and November 15 commencing November 15, 2001. The fixed rate funding has been converted to floating rate at three-month LIBOR + 1.252% via interest rate swaps. In computing DBSH Group’s capital adequacy ratio, these notes qualify as Tier II capital.
- (d) Interest was payable semi-annually at DTDB’s six month average minimum overdraft rate.
- (e) DTDB issued Subordinated Debenture No 2/1 to 2/29 (“Subordinated Debenture No. 2”) at par value of Baht 100,000 each with varying maturity dates. A series of Subordinated Debenture No. 2 will mature every 3 months on the respective dates stated in the prospectus until May 28, 2006. The face value of the Subordinated Debentures No. 2 totalled Baht 6,791 million and was issued at a discount.
- (f) Interest is payable annually at a fixed rate of 4.25%.
- (g) Interest is payable annually at a fixed rate of 3.5%.
- (h) Interest is payable semi-annually on January 24 and July 24, commencing July 24, 1997. Subsequent to the issue, Dao Heng Bank Limited repurchased and cancelled part of the Fixed Rate Subordinated term debt. At December 31, 2001, the outstanding amount of the term debt is US\$262 million.

7 DEPOSITS AND OTHER ACCOUNTS OF NON-BANK CUSTOMERS

In S\$'million	DBSH Group	
	2000	2001
Analysed by Currency		
Singapore dollar	55,533	55,137
US dollar	14,572	21,811
Hong Kong dollar	4,414	20,976
Thai Baht	2,864	3,242
Others	3,337	5,605
Total	80,720	106,771
Analysed by Product		
Savings accounts (include S\$ autosave)	38,057	43,750
Current accounts	8,098	9,577
Fixed deposits	34,005	52,338
Other deposits	560	1,106
Total	80,720	106,771

8 LOANS TO, AND BILLS RECEIVABLE FROM NON-BANK CUSTOMERS

In S\$'million	DBSH Group	
	2000	2001
Gross	54,166	70,649
Less :		
Specific provisions	1,141	1,422
General provisions	1,001	1,019
Net total	52,024	68,208
Including :		
Bills receivable	992	1,530
Loans	51,031	66,678
Net total	52,023	68,208
Industry Breakdown		
Manufacturing	5,797	6,383
Building and Construction	8,726	10,227
Housing Loans	16,304	24,407
General Commerce	3,701	5,253
Transportation, Storage and Communications	3,487	6,103
Financial Institutions, Investment and Holding Companies	4,143	4,096
Professionals and Private Individuals (except Housing Loans)	6,317	8,373
Others	5,691	5,807
Gross total	54,166	70,649
Analysed by Currency and Fixed/ Variable Rates		
<u>Fixed rate</u>		
Singapore dollar	11,331	12,370
Hong Kong dollar	155	778
US dollar	9	1
Thai Baht	775	941
Others	86	2
Sub-total	12,356	14,092
<u>Variable rate</u>		
Singapore dollar	24,746	21,539
Hong Kong dollar	5,284	22,741
US dollar	8,248	8,335
Thai Baht	1,814	2,092
Others	1,718	1,850
Sub-total	41,810	56,557
Total (Gross)	54,166	70,649

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.

Included in loans and advances of DBSH Group is a loan of S\$45 million (2000: S\$337 million) extended to a company which is wholly-owned by a substantial shareholder of DBSH.

9 FINANCIAL DERIVATIVES

9.1 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 outlines the nature and terms of the most common types of derivatives used by DBSH Group:

Exchange rate contracts

Forward foreign exchange contracts are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Cross currency swaps are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies. Cross currency swaps may involve the exchange of interest payments in one specified currency for interest payments in another specified currency for a specified period.

Currency futures are typically exchange-traded agreements to buy or sell standard amounts of a specified currency at an agreed exchange rate on a standard future date.

Currency options give the buyer on payment of a premium the right, but not the obligation, to buy or sell specified amounts of currency at agreed rates of exchange on or before a specified future date.

Interest rate contracts

Interest rate swaps involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

Interest rate caps and floors give the buyer the ability to fix the maximum or minimum rate of interest. There is no facility to deposit or draw down funds; instead the writer pays to the buyer the amount by which the market rate exceeds

or is less than the cap rate or the floor rate respectively. A combination of an interest rate cap and floor is known as an interest rate collar.

Forward rate agreements give the buyer the ability to determine the underlying rate of interest for a specified period commencing on a specified future date (the settlement date). There is no exchange of principal and settlement is effected on the settlement date. The settlement amount is calculated by reference to the difference between the contracted rate and the market rate prevailing on the settlement date.

Swaptions give the buyer the right, but not the obligation, to enter an interest rate swap as either the payer or receiver of the fixed side of the swap.

Credit related contracts

Credit derivatives are off-balance sheet instruments that allow for the isolation and transfer of credit risk from one party (the “Protection Buyer”) to another (the “Protection Seller”) without necessarily effecting an upfront exchange of physical assets. The pay-off under a credit derivative contract is linked to the credit performance of an underlying reference credit.

Equity related contracts

Equity derivatives

DBSH Group’s principal equity related contracts are equity and stock index swaps and options (including warrants, which are options listed on an exchange). An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other paying based on the actual return of the stock or stock index. No principal amounts are exchanged. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

9.2 The tables below analyse the contractual or underlying principal amounts of derivative financial instruments held or issued for trading and non-trading purposes. In addition, they also set out the corresponding gross positive and negative balance sheet fair values of the derivative financial instruments by counterparties to reflect the underlying credit risk of these counterparties. In the financial statements, trading and non-trading (excluding those non-trading derivative financial instruments which are held for hedging and are accounted for on an accrual basis) derivative financial instruments are revalued on a gross position basis and the unrealised gains or losses are reflected in “Other assets” or “Other liabilities”.

In S\$ million	2001					
	Trading			Non-Trading		
	Underlying Notional	Year-end Positive Fair Value	Year-end Negative Fair Value	Underlying Notional	Year-end Positive Fair Value	Year-end Negative Fair Value
Foreign Exchange Derivatives						
FX Forwards	20,428	155	244	664	2	3
FX Swaps	138,561	881	861	5,807	78	121
Currency swaps	15,156	94	156	119	#	#
Currency options purchased (a)	11,447	148	1	-	-	-
Currency options written (b)	12,145	1	174	-	-	-
Sub-total	197,737	1,279	1,436	6,590	81	124
Interest Rate Derivatives						
Forward rate agreements bought	6,349	3	11	-	-	-
Forward rate agreements sold	5,871	9	1	-	-	-
Interest rate swaps	164,209	1,507	1,288	10,972	383	142
Financial futures purchased	530	1	#	-	-	-
Financial futures sold	1	-	#	-	-	-
Swaptions purchased	943	#	-	-	-	-
Swaptions sold	1,674	10	#	-	-	-
Interest rate futures options purchased	925	1	#	-	-	-
Interest rate futures options written	1,123	-	20	-	-	-
Interest rate caps / floor written	2,291	4	38	-	-	-
Interest rate caps / floor purchased	913	34	5	9	-	-
Sub-total	184,829	1,570	1,364	10,981	383	142
Equity Derivatives						
OTC Equity options purchased	447	5	#	3,792	-	1
OTC Equity options sold	530	13	21	4,114	1	2
Sub-total	977	18	21	7,906	1	3
Credit Derivatives						
Credit default swaps	-	-	-	3,134	3	24
Sub-total	-	-	-	3,134	3	24
Total	383,543	2,867	2,821	28,611	468	293
Balances arising from off-balance sheet financial instruments		2,867*	2,821			2

* These gross position fair value are subject to certain valuation adjustments to reflect possible price adjustments to the market value to liquidate certain material positions held by the Group.

Insignificant

(a) Included in the underlying principal is an amount of S\$7 million which reflects the actual payout for the purchase of “Touch Rebates”. These are derivatives which require a fixed payment as a result of some future event that have no notional amount.

- (b) Included in the underlying principal is an amount of S\$15 million which reflects the actual payout required for "Touch Rebates" sold. These are derivatives which require a fixed payment as a result of some future event that have no notional amount.

The contractual or underlying principal amounts of derivative financial instruments of bank and non-bank counterparties amounted to S\$330,902 million and S\$81,252 million respectively.

DBSH Group accounts for options on shares held by the minority as derivative contracts, and the options will be accounted for as such until any settlement date when the physical shares would be acquired.

Dao Heng Bank Group Limited

Call Option

Under the Cash and Share Option (Option B) offered by DBS Bank to the shareholders of DHG, the minority shareholders of DBS Diamond Holdings Ltd ("DDH") are subject to a Call Option provision. Under the Call Option, DBS Bank has the right to require each DDH minority shareholder to sell his shares by giving a notice within a period of seven business days following December 31, 2002 at a purchase price of HK\$21.70 per share.

The notional value of the Call Option at December 31, 2001 is S\$3,637 million. This amount would be payable in full if DBS Bank exercises the Call Option at maturity.

DBSH Group has determined the fair value of the Call Option at December 31, 2001 and has taken the difference between their value on the date on which they were written and December 31, 2001, through its profit and loss account. At December 31, 2001 the fair value of the Call Option was not materially different from the fair value of the Call Option at inception. The fair value was determined based on a discounted cashflow methodology approved by DBS Bank's Group Risk Department.

Put Option

Under the Cash and Share Option (Option B) offered by DBS Bank to the shareholders of DHG, DBS Bank is subject to a Put Option provision. Under the Put Option, each DDH minority shareholder has the right to require DBS Bank to purchase his shares by giving a notice within a period of seven business days following December 31, 2002 at a purchase price of HK\$21.70 per share.

The notional value of the Put Options at December 31, 2001 is S\$3,637 million. This amount would be payable in full should all minority shareholders exercise their Put Options at maturity.

DBSH Group has determined the fair value of the Put Options at December 31, 2001 and has taken the difference between their value on the date on which they were written and December 31, 2001, through its profit and loss account. At December 31, 2001 the fair value of the Put Options was not materially different from the fair value of the Put Option at inception. The fair value was determined based on a discounted cashflow methodology approved by DBS Bank's Group Risk department.

Should either of the options be exercised by DBS Bank or the DDH minority interest, on a proforma basis, DBS Bank would be required to pay an amount of HK\$15,327 million (S\$3,637 million) within 5 days of the exercise date of the options.

DBS Vickers Securities Holdings Pte Ltd

Under the Shareholders' Agreement in relation to the sale and purchase of Vickers Ballas Holdings Limited, DBS Bank is subject to a Put Option provision. The minority interest may exercise a Put Option exercisable on September 12, 2003 at an Option Price of S\$0.90 per Option Share and 3.1 per cent per annum compounded annually.

The notional value of the Put Option at December 31, 2001 is S\$322 million. This amount would be payable in full should the minority shareholder exercises its Put Option at maturity.

DBS Bank has determined the fair value of the Put Option at December 31, 2001 and has taken the difference between its value on the date on which it was written and December 31, 2001, through its profit and loss account. At December 31, 2001 the fair value of the Put Option included in "Other liabilities" was an unrealised loss of S\$3 million. The fair value was determined based on discounted cash flow methodology as approved by DBS Bank's Group Risk Department.

Should the Put Option be exercised by the minority interest, on a proforma basis, DBS Bank would be required to pay an amount of S\$322 million on September 12, 2003.

The following table shows an analysis of DBSH Group's derivatives financial instruments at December 31, 2000:

In S\$'million	2000			
	Non Trading	Trading		
	Underlying Principal	Underlying Principal	Year-end Positive Fair Value	Year-end Negative Fair Value
Foreign Exchange (FX) Derivatives				
FX Forwards	4,086	5,036	112	153
FX swaps	19,421	70,896	469	518
Currency swaps	269	4,878	28	41
Currency options purchased	2	2,989 (a)	32	#
Currency options written	3	3,359 (b)	#	25
Sub-total	23,781	87,158	642	737
Interest Rate Derivatives				
Forward rate agreements bought	-	901	-	1
Forward rate agreements sold	-	218	#	-
Interest rate swaps	4,997	33,906	280	220
Financial futures purchased	-	5,789	1	#
Financial futures sold	-	6,678	1	4
Swaption purchased	-	111	2	-
Swaption sold	-	111	-	2
Interest rate futures option written	-	1,646	-	2
Interest rate caps/floor purchased	-	463	4	#
Interest rate caps/floor written	-	1,566	1	10
Sub-total	4,997	51,389	290	239
Equity Derivatives				
OTC Equity options purchased	-	4,435	#	3
OTC Equity options sold	-	4,434	3	#
Sub-total	-	8,869	3	3
Total	28,778	147,416	936	979
Balances arising from off-balance sheet financial instruments			936	979

- (a) Included in the underlying principal is an amount of S\$3 million which reflects the actual payout for the purchase of "Touch Rebates". These are derivatives which require a fixed payment as a result of some future event that have no notional amount.
- (b) Included in the underlying principal is an amount of S\$1 million which reflects the actual payout required for "Touch Rebates" sold. These are derivatives which require a fixed payment as a result of some future event that have no notional amount.

10 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 December 31, 2001, DBSH Group had assets in the Regional Countries, amounting to S\$7,790 million (2000: S\$7,126 million) and in Hong Kong and China amounting to S\$32,721 million (2000: S\$8,003 million).

In S\$'million	<u>Dec 31, 2000</u>		<u>Dec 31, 2001</u>	
	Assets	NPLs ^(a)	Assets	NPLs ^(a)
Malaysia	815	304	854	409
Indonesia	487	176	445	105
Thailand (excluding DTDB)	356	49	302	59
Korea	1,044	51	1,551	28
The Philippines	1,354	87	1,011	30
	4,056	667	4,163	631
DTDB	3,070	1,238	3,627	1,004
Total Regional NPLs	7,126	1,905	7,790	1,635
Hong Kong ^(b)	6,906	541	31,602	1,085
China	1,097	153	1,119	118
Total	15,129	2,599	40,511	2,838

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

(b) Includes DHG, DBS Group Holdings (Hong Kong) Ltd and Hong Kong Branch operations.

The DBSH Group's exposures to these countries at December 31, 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	
	Bank	Central Banks & Govt. Securities	Non- Bank ^(a)				Amount	As a % of Total Assets
	(1)	(2)	(3)	(4)	(5)= (1+2+3+4)	(6)	(7)=(5-6)	(8)
Malaysia	730	-	727	95	1,552	698	854	0.6%
Indonesia	161	31	291	38	521	76	445	0.3%
Thailand (excluding DTDB)	64	9	271	78	422	120	302	0.2%
Korea	1,002	194	464	7	1,667	116	1,551	1.1%
The Philippines	74	99	124	720	1,017	6	1,011	0.7%
SUB-TOTAL	2,031	333	1,877	938	5,179	1,016	4,163	2.8%
DTDB	61	286	3,186	95	3,628	1	3,627	2.4%
TOTAL REGIONAL COUNTRIES	2,092	619	5,063	1,033	8,807	1,017	7,790	5.1%
Hong Kong ^(b)	1,737	4,374	25,491	10,808	42,410	10,808	31,602	20.9%
China	746	28	930	2	1,706	587	1,119	0.7%
TOTAL	4,575	5,021	31,484	11,843	52,923	12,412	40,511	26.8%

(a) Non-bank loans include loans to government and quasi-government entities.

(b) Includes DHG, DBS Group Holdings (Hong Kong) Ltd and Hong Kong Branch operations.

DTDB: DBS Thai Danu Bank

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

In S\$ million	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
Assets in	(1)	(2)	(3)	(4)	(5)= (1+2+3+4)	(6)	(7)=(5-6)	(8)
Malaysia	664	34	645	48	1,391	576	815	0.8%
Indonesia	205	47	301	37	590	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	1,613	258	1,354	1.3%
SUB-TOTAL	1,802	451	2,144	809	5,206	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 ^(b)	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.

(b) Includes, DBS Group Holdings (Hong Kong) Ltd and Hong Kong Branch operations.

DTDB: DBS Thai Danu Bank

11 Non-Performing Loans and Provisions

At December 31, 2001, DBSH Group's total non-performing loans amounted to S\$4,512 million (December 31, 2000: S\$4,411 million), of which DHG's NPLs amounted to S\$744 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\$4,512 million:

- S\$3,086 million (68%) [December 31, 2000: S\$3,508 million (80%)] were in the substandard category; and
- S\$2,604 million (58%) [December 31, 2000: S\$2,651 million (60%)] were secured by collateral.

Total cumulative specific and general provisions at December 31, 2001 amounted to 143% (December 31, 2000: 130%) of unsecured NPLs.

Details of DBSH Group's NPLs and provisions at December 31, 2001 were as follows:

In S\$*million	Singapore	Hong Kong ^(b)	Regional Countries		Other Countries	Total
			DTDB ^(a)	Others		
December 31, 2001						
Non- Performing Loans (NPLs)	1,528	1,085	1,004	631	264	4,512
- Substandard	1,175	530	810	379	191	3,085
- Doubtful	27	344	17	112	21	521
- Loss	326	211	177	140	52	906
NPLs as a % of:						
- Total loans in the respective countries	3.7%	4.1%	27.7%	12.2%	0.8%	4.0%
- Group total assets	1.0%	0.7%	0.7%	0.4%	0.2%	3.0%
Non-bank NPLs as a % of non-bank loans in the respective countries						
	3.6%	4.3%	29.8%	26.1%	6.8%	5.7%
Total Cumulative Provisions						
- Specific provisions	465	304	545	244	101	1,659
- General provisions	373	249	182	216	40	1,060
Total Cumulative Provisions as a % of:						
- Total loans in the respective countries	2.0%	2.1%	20.0%	8.9%	0.4%	2.4%
- Group total assets	0.6%	0.4%	0.5%	0.3%	0.1%	1.8%
- NPLs in the respective countries	55%	51%	72%	73%	53%	60%
- Unsecured NPLs in the respective countries	151%	150%	162%	124%	86%	143%

(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.

(b) Includes DHG, DBS Group Holdings (Hong Kong) Ltd and Hong Kong Branch operations.

(c) Includes provisions of S\$145 million (2000 : S\$136 million) in respect of foreclosed properties in DTDB.

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

In S\$ million	Regional Countries					Total
	Singapore	Hong Kong ^(b)	DTDB ^(a)	Others	Other Countries	
December 31, 2000						
Non- Performing Loans (NPLs)	1,735	542	1,238	667	229	4,411
- Substandard	1,544	358	956	501	149	3,508
- Doubtful	28	174	32	98	25	357
- Loss	163	10	250	68	55	546
NPLs as a % of:						
- Total loans in the respective countries	3.5%	8.3%	40.2%	12.8%	0.8%	4.8%
- Group total assets	1.6%	0.5%	1.1%	0.6%	0.2%	4.0%
Non-bank NPLs as a % of non-bank loans in the respective countries						
	4.2%	8.3%	42.7%	28.2%	6.1%	7.6%
Total Cumulative Provisions	787	181	719 (c)	478	121	2,286
- Specific provisions	307	110	545	191	84	1,237
- General provisions	480	71	174	287	37	1,049
Total Cumulative Provisions as a % of:						
- Total loans in the respective countries	1.6%	2.8%	23.4%	9.2%	0.4%	2.5%
- Group total assets	0.7%	0.2%	0.6%	0.4%	0.1%	2.1%
- NPLs in the respective countries	45%	33%	58%	72%	53%	52%
- Unsecured NPLs in the respective countries	155%	113%	119%	132%	97%	130%

(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.

(b) Includes DBS Group Holdings (Hong Kong) Ltd and Hong Kong Branch operations.

(c) Includes provision of S\$136 million in respect of foreclosed properties in DTDB.

12 Industry Analysis of Non-Performing Loans

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

In S\$'million	Dec 31 2000	Distribution %	Dec 31 2001	Distribution %
Manufacturing	917	20.8	891	19.8
Building and Construction	878	19.9	772	17.1
Housing Loans	254	5.8	311	6.9
General Commerce	847	19.2	755	16.7
Transportation, Storage and Communications	234	5.3	237	5.3
Financial Institutions, Investment and Holding Companies	433	9.8	497	11.0
Professionals and Private Individuals (except Housing Loans)	285	6.5	417	9.2
Others	563	12.7	632	14.0
Total	4,411	100.0	4,512	100.0

13 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	Dec 31 2000	Dec 31 2001
Singapore		
Non accrual loans	1,403	1,444
Non – Restructured	897	955
Restructured	506	489
Regional Countries		
Non accrual loans	1,784	1,583
Non – Restructured	698	585
Restructured	1,087	998
Other Countries		
Non accrual loans	537	1,214
Non – Restructured	417	1,030
Restructured	120	184
Total	3,724	4,241

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.