DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Financial Performance Summary For Year 2001

For the year	2000	**2001**	Incr/ (Decr)	Incr/ (Decr) excluding Dao Heng and Vickers
Profit and Loss Account	S$'m	**S$'m**	%	%
Net interest income	2,039.4	**2,256.8**	10.7	(5.3)
Non-interest income	891.6	**1,288.2**	44.5	23.3
Fee and commission income	508.5	**639.2**	25.7	(2.8)
Dividends	82.9	**27.0**	(67.5)	(69.1)
Rental income	32.1	**36.1**	12.7	11.3
Other income	268.1	**585.9**	118.5	102.7
Income before operating expenses	2,931.0	**3,545.0**	20.9	3.4
Operating expenses	(1,245.7)	**(1,872.8)**	50.4	16.0
Staff costs	(613.2)	**(865.4)**	41.1	19.7
Other operating expenses (excluding Goodwill amortisation)	(632.5)	**(876.0)**	38.5	12.4
Goodwill amortisation	-	**(131.4)**	NM	NM
Operating profit	1,685.3	**1,672.2**	(0.8)	(13.8)
Provisions	(53.6)	**(378.9)**	606.2	574.3
Associated and joint venture companies	43.1	**70.1**	62.4	55.1
Net profit before tax	1,674.8	**1,363.4**	**(18.6)**	**(30.8)**
Taxation	(315.1)	**(272.8)**	(13.4)	(15.5)
Minority interests	29.1	**(91.5)**	NM	NM
Equity	29.1	(61.3)	NM	NM
Non-equity	-	(30.2)	NM	NM
Net profit attributable to members	1,388.8	**999.1**	(28.1)	(37.9)
Cash basis profit attributable to members	1,388.8	**1,130.5**	(18.6)	(28.5)
At year-end				
Key Balance Sheet Data				
Total assets	111,208.1	**151,294.3**	36.0	0.9
Customer loans	52,023.8	**68,208.0**	31.1	(1.7)
Customer deposits	80,720.5	**106,771.3**	32.3	4.7
Shareholders' funds	10,494.8	**13,529.1**	28.9	28.9
Goodwill	-	**5,124.2**	NM	NM
Ratios (GAAP basis)				
Return on Assets (%)	1.28	**0.76**		
Return on Equity (%)	12.89	**8.90**		
Ratios (Cash basis)				
Return on Assets (%)	1.28	**0.86**		
Return on Equity (%)	12.89	**10.07**		
Cost-to-Income (excluding goodwill amortisation)	42.5	**49.1**		
Cash Earnings Per Share (Cents)	113	**89**		
Basic Earnings Per Share (Cents)	113	**78**		
Diluted Earnings Per Share (Cents)	107	**74**		
Capital ratios				
- Tier I	14.4	**12.2**		
- Total	18.9	**17.4**		

Dao Heng : Dao Heng Bank Group Limited
Vickers : DBS Vickers Securities Holdings Pte Ltd
NM: Not meaningful

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Financial Performance Summary For 4th Quarter 2001

	4th Qtr 2000	**4th Qtr 2001**	Incr/ (Decr)	3rd Qtr 2001	Incr/ (Decr)	Vickers 4th Qtr 2001	Dao Heng 4th Qtr 2001	Dao Heng 3rd Qtr 2001
Profit and Loss Account	S$'m	**S$'m**	%	S$'m	%	S$'m	S$'m	S$'m
Net interest income	480.1	**706.9**	47.3	588.4	20.2	5.6	170.7	149.8
Non-interest income	239.2	**265.8**	11.1	455.7	(41.7)	50.1	64.0	74.9
Fee and commission income	116.9	**214.2**	83.3	174.2	23.0	37.2	56.6	51.1
Dividends	52.7	**-**	NM	5.8	NM	(0.3)	0.4	1.2
Rental income	7.4	**8.0**	8.0	8.4	(5.4)	-	0.2	0.2
Other income	62.2	**43.6**	(29.9)	267.3	(83.7)	13.2	6.8	22.4
Income before operating expenses	719.3	**972.7**	35.2	1,044.1	(6.8)	55.7	234.7	224.7
Operating expenses	(311.4)	**(590.4)**	89.6	(533.6)	10.7	(47.7)	(130.8)	(106.3)
Staff costs	(153.3)	**(231.7)**	51.1	(244.4)	(5.2)	(18.1)	(57.2)	(56.1)
Other operating expenses	(158.1)	**(290.9)**	84.0	(225.6)	28.9	(29.6)	(73.6)	(50.2)
Goodwill amortisation	-	**(67.8)**	NM	(63.6)	6.7	(0.1)	-	-
Operating profit	407.9	**382.3**	(6.3)	510.5	(25.1)	8.0	103.9	118.4
Provisions	(16.1)	**(86.8)**	438.2	(245.5)	(64.6)	5.0	1.5	(23.6)
Associated and joint venture companies	14.2	**14.9**	4.9	21.6	(30.9)	0.2	(0.6)	3.5
Net profit before tax	406.0	**310.4**	(23.5)	286.6	8.3	13.1	104.8	98.3
Taxation	(78.0)	**(89.4)**	14.7	(42.2)	112.1	(1.0)	9.2	(14.7)
Net profit after tax	328.0	**221.0**	(32.6)	244.4	(9.6)	12.2	114.0	83.6
Minority interests								
Equity	19.2	**(39.7)**	NM	(25.8)	54.0	-	-	-
Non-equity	-	**(12.6)**	NM	(17.6)	(28.7)	-	-	-
Net profit attributable to members	347.2	**168.7**	(51.4)	201.0	(16.1)	NA	NA	NA
Key Balance Sheet Data								
Total assets	111,208.1	**151,294.3**	36.0	147,414.1	2.6	1,199.4	39,045.9	40,044.0
Customer loans	52,023.8	**68,208.0**	31.1	67,957.9	0.4	106.9	16,967.9	16,076.3
Customer deposits	80,720.5	**106,771.3**	32.3	105,835.2	0.9	330.2	21,958.6	21,823.8
Shareholders' funds	10,494.8	**13,529.1**	28.9	11,183.7	21.0	-	-	-

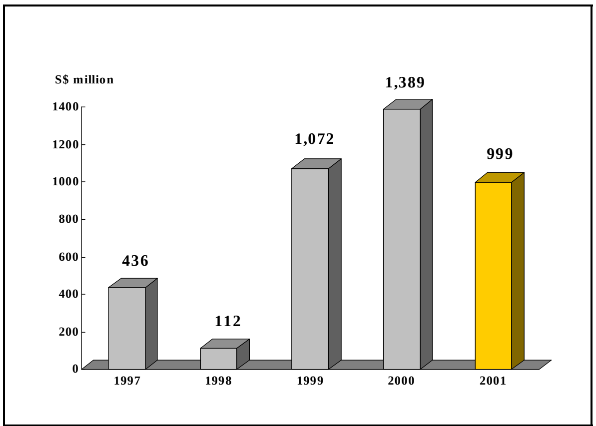
Dao Heng : Dao Heng Bank Group Limited
Vickers : DBS Vickers Securities Holdings Pte Ltd
NM : Not meaningful
NA : Not applicable

Consolidation of Dao Heng and DBS Vickers

At December 31, 2001, DBS Bank through DBS Diamond Holdings Ltd (DDH) had effective holding of 71.6% in Dao Heng Bank Group Limited (DHG). DHG's contribution was included in DBSH Group's Profit & Loss Statement from July 1, 2001. DBS Bank holds 59.5% of DBS Vickers Securities Holdings Pte Ltd (DBSV) and the financial statements were consolidated from September 12, 2001. In preparing the consolidated financial statements, DBSH Group determines parent and minority interests based on present ownership interests.

Exhibit 1

Group Net Profit Attributable to Members



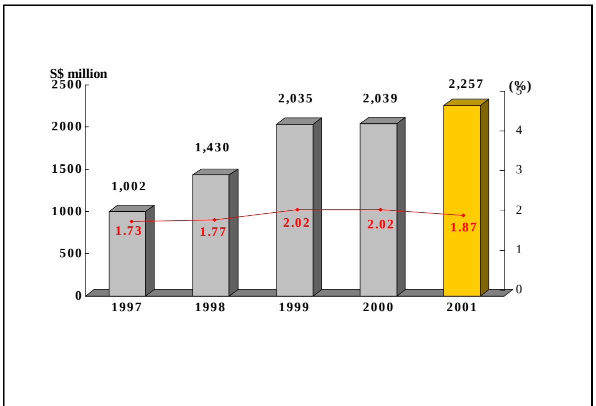
Profit and Loss

DBSH Group's operating profit for Year 2001 decreased by 0.8% to S$1,672.2 million compared to the prior year. Net profit attributable to members (NPAM) decreased 28.1% to S$999.1 million largely due to higher loan provision. When measured on a cash basis, operating profit increased 7.0% to S$1,803.6 million while NPAM decreased by 18.6% to S$1,130.5 million.

The quarter to quarter decline in operating profit in 4th quarter was due to the inclusion of profits from the sale of shares in The Insurance Corporation of Singapore (ICS) (S$120.1 million gain) and Keppel Capital (S$60.6 million gain) in 3rd quarter.

Exhibit 2

Group Net Interest Income and Net Interest Margin



Net Interest Income and Net Interest Margin

Net interest income increased by 10.7% to S$2,256.8 million for Year 2001 largely due to the acquisition of DHG. Excluding acquisitions of DHG and DBSV, net interest income was S$1,930.7 million, a decrease of 5.3% from Year 2000. Loan demand was weak and intense competition in the residential mortgage market reduced interest earned on mortgages.

The increase in net interest income to S$706.9 million for 4Q01 of 20.2% over previous quarter was due to the positive impact of the repricing of non-bank customer deposits in the 4Q01 and higher gapping income.

Table 1

Group Net Interest Income and Net Interest Margin

(S$ million)	2000	2001
Net interest income	2,039	2,257
Average interest bearing assets	101,020	120,656
Gross interest yield (%)	4.85	4.37
Net interest spread (%)	1.81	1.74
Net interest margin (%)	2.02	1.87

For the year, net interest margin decreased to 1.87% as compared to 2.02% for Year 2000. A very liquid balance sheet, mortgage repricing and the carrying cost of funding acquisitions all led to a lower net interest margin.

Table 2

Group Fee and Commission Income

(S$ million)	2000	2001	% Change
Trade finance fees	75.1	109.6	45.8
Deposit-related	60.3	93.5	55.0
Credit Card	33.3	82.3	147.0
Loan-related	50.8	80.8	59.0
Investment Banking	97.9	78.3	(20.0)
Stockbroking	77.3	72.7	(5.9)
Fund Management	61.8	71.8	16.3
Others	52.0	50.2	(3.4)
Total	508.5	639.2	25.7
Fee-to-Income Ratio (%)	17.3	18.0	

Fee and Commission Income

Fee and commission income increased 25.7% to S$639.2 million, largely the result of the acquisitions of DHG and DBSV. DHG accounted for S$107.7 million of the S$130.7 million increase, mainly from trade finance and credit card fees. Excluding contribution from DBSV, stockbroking income would have shown a steeper decline to 54.1%**.** The lower investment banking and stockbroking fees reflect the weak stock market and capital market condition prevailing for most of 2001.

Dividends

Dividend income decreased by 67.5% to S$27.0 million. In Year 2000, a special dividend of S$49.6 million was received from NatSteel Limited.

Table 3

Group Other Income

(S$ million)	2000	2001	% Change
Net gains on			
– foreign exchange	119.0	229.8	93.1
– securities and derivatives	23.0	94.1	308.7
– Singapore government securities	32.9	79.9	142.5
Net loss on trading equities	(0.6)	(1.2)	121.8
Net gains on disposal of investment securities:			
– Sale of The Insurance Corporation of Singapore shares	-	120.1	NM
– Others	40.8	10.4	(74.6)
Net gains on disposal of fixed assets	9.2	21.6	135.4
Others	43.7	31.3	(28.5)
Total	268.1	585.9	118.5
Non-interest Income to Operating Income Ratio (%)	30.4	36.3	

Other Income

Other income increased substantially by 118.5% to S$585.9 million, due to higher net gains on foreign exchange (S$110.8 million), securities and derivatives activities (S$71.1 million) and profits from sales of shares in ICS (S$120.1 million) and Keppel Capital (S$60.6 million). These increases were partially offset by losses from trading equity investments (S$59.4 million).

Non-interest income to operating income ratio increased from 30.4% to 36.3% for Year 2001.

Table 4

Group Operating Expenses

(S$ million)	2000	2001	% Change
DBSH Group (excluding DHG and DBSV)			
Staff costs	613.2	734.0	19.7
Occupancy expenses	147.4	171.5	16.3
Technology-related expenses	132.4	180.0	36.0
Office administration expenses	53.4	64.3	20.5
Revenue-related expenses	68.0	57.8	(15.1)
Professional and consultancy fees	72.5	48.5	(33.1)
Others (incl. marketing expenses)	158.8	189.0	19.0
Total (excluding DHG and DBSV)	1,245.7	1,445.1	16.0
DHG	-	218.4	NM
DBSV	-	37.6	NM
Restructuring & integration costs	-	40.4	NM
Goodwill amortisation	-	131.4	NM
Total	1,245.7	1,872.9	50.4
Cost-to-Income Ratio (%) (excluding Goodwill amortisation)	42.5	49.1	

Operating Expenses

Operating expenses, excluding goodwill amortisation, increased 39.8% to S$1,741.5 million. The increase was mainly due to higher staff costs of S$120.8 million and the consolidation of DHG (S$218.4 million) and DBSV (S$37.6 million). The increase in staff costs was contributed by salary increments and the full year effect of staff recruited in Year 2000. In addition, severance payment of S$12.8 million was incurred in August 2001 for the staff rightsizing exercise carried out at DBS Bank. Technology-related expenses increased by S$47.6 million accounted for by the various business initiatives undertaken by the Group. Restructuring & integration costs of S$40.4 million were incurred for integrating the operations and processes of DHG (S$18.7 million), DBS Kwong On Bank (S$4.9 million) and DBSV (S$16.8 million).

Excluding DHG's and DBSV's operating expenses, restructuring & integration costs and goodwill amortisation, operating expenses showed a smaller increase of 16.0%.

The Group's cost-to-income ratio (excluding goodwill amortisation) was 49.1%, higher than 42.5% in 2000, partially accounted for by the cost structures of new acquisitions.

Table 5

Change in Group Provisions

(S$ million)	2000	2001	% Change
Loans	26.8	331.6	1,139.4
Equities	26.4	22.3	(15.8)
Properties	57.9	88.6	53.1
Other Provisions	-	3.1	NM
Specific Provisions	111.1	445.5	301.1
General Provisions	(57.4)	(66.6)	16.1
Total	53.6	378.9	606.2

Provisions

Provisions increased to S$378.9 million. The increase was mainly due to higher specific provision for loans (S$331.6 million) and properties held by the Group (S$88.6 million), driven largely by uncertain economic conditions. In addition, general provision was released against exposure in Indonesia, Philippines and Thailand resulting from continuing progress in loan workouts.

Specific provisions amounting to S$96.4 million were made in 4Q01 compared to S$239.0 million in 3Q01.

Taxation

DBSH Group's effective tax rate was 20.0% for Year 2001. This was lower than the statutory income tax rate of 24.5%. The lower effective tax rate was mainly due to profit arising from the Asian Currency Unit offshore transactions which is subject to tax at a concessionary rate of 10%.

Minority Interest

Equity minority interest represents the earnings attributable to third parties' interest in the equity shares of the Group's subsidiaries. Profit attributable to non-equity minority interest includes dividend paid/payable to investors of the non-cumulative, redeemable preference shares issued by DBS Bank of S$1,100 million in May 2001.

Exhibit 3

Group Non-Performing Loans

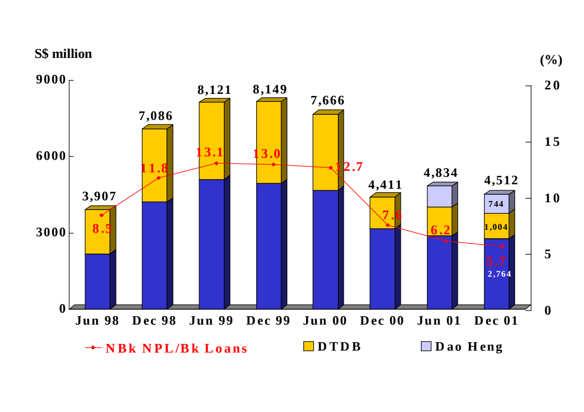
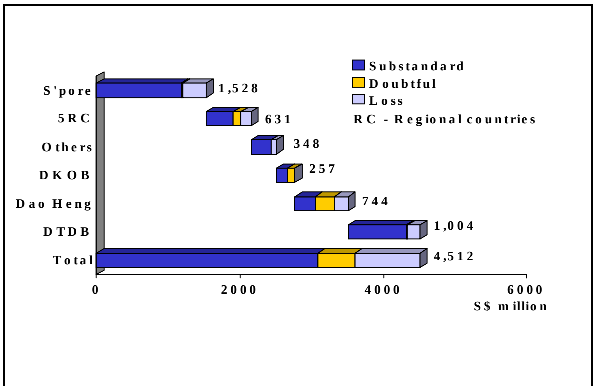


Exhibit 4

Group Non-Performing Loans – by Loan Grading



Asset Quality

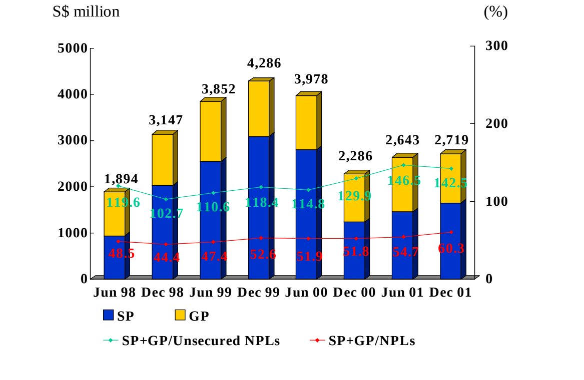
At end-December 2001, non-bank non-performing loans (NPLs) as a percentage of total non-bank loans stood at 5.7% compared to 7.6% at end-December 2000. Excluding DHG, non-bank NPLs as a percentage of total non-bank loans would have been 6.2%. This improvement reflects DBSH's continuous effort in managing its NPLs through combination of NPL resolution, recoveries, sales and write-offs.

Although the Group NPLs to total non-bank loans fell by 1.9%, the percentage of NPLs classified in the loss category increased to 21% compared to 12% a year ago. This was mainly due to a weaker property market which affected the value of customer loan collateral value, as well as the deterioration in the credit quality of some loans given the general slowdown in the Singapore economy. Of the total S$4,512 million in NPLs for Year 2001, 68% were in the substandard category, 11% in the doubtful and the remaining 21% in the loss category.

Approximately 9% of the NPLs that had been classified as substandard were "performing" NPLs. These loans were classified due to weak financials although debt servicing was still current.

Exhibit 5

Group Cumulative Specific and General Provisions



Cumulative Specific and General Provisions

Total cumulative specific and general provisions at end-December 2001 amounted to 143% of unsecured NPLs, and 60% of total NPLs (or 64% of total NPLs of S$4,241 million under US SEC guidelines). Compared to end-December 2000, total provisions had increased by 19%. The provision coverage at end-December 2000 was 130% of unsecured NPLs and 52% of total NPLs.

Based on MAS guidelines, Group loan loss reserve coverage for DBS Thai Danu (DTDB)'s NPLs was 72%. Included in the loan loss reserve is an amount of S$145 million set aside for possible valuation losses from foreclosure of properties taken in satisfaction of certain loan arrangement of DTDB. At end-December 2001, the foreclosed properties of DTDB amounted to S$324 million.

Based on Bank of Thailand (BOT) guidelines, the existing loan provision in DTDB's books is now 140% of BOT's requirement.

Table 6

Key Balance Sheet Items

(S$ million)	Sep 30 2001	Dec 31 2000	Dec 31 2001	% Change (yoy)
Total Assets	147,414.1	111,208.1	151,294.3	36.0
Customer Loans and Advances	67,957.9	52,023.8	68,208.0	31.1
Customer Deposits	105,835.2	80,720.5	106,771.3	32.3
Loan-to-Deposit Ratio (%)	64.2	64.5	63.9	

Balance Sheet

At end-December 2001, the consolidation of DHG contributed to the increase in DBSH Group assets. Total assets were up 36.0% to S$151.3 billion. Customer loans increased by 31.1% to S$68.2 billion while customer deposits increased by 32.3% to $106.8 billion. Excluding DHG, customer loans decreased marginally by S$0.8 billion while customer deposits increased by S$4.1 billion. The loan-to-deposit ratio was 63.9%, as compared to 64.5% for Year 2000 reflecting a relatively liquid balance sheet with muted credit demand.

Table 7

Group Key Financial Indicators

	2000	2001
Ratios (GAAP basis)		
- Return on Equity (%)	12.89	8.90
- Return on Assets (%)	1.28	0.76
Ratios (Cash basis)		
- Return on Equity (%)	12.89	10.07
- Return on Assets (%)	1.28	0.86
Earnings per Share		
- Cash basis - Basic (Cents)	113	89
- Basic (Cents)	113	78
- Fully diluted (Cents)	107	74

Financial Indicators

On a cash basis, Return on Equity (ROE) was 10.07% compared to 12.89% achieved for Year 2000. Return on Assets (ROA) was 0.86% compared to 1.28% registered for Year 2000. On a non-cash basis, ROE and ROA would be 8.90% and 0.76% respectively for Year 2001.

Table 8

Capital

(S$ million)	Sep 30 2001	Dec 31 2001
Tier I	8,104	10,474
Tier II	4,662	4,497
Total Capital	12,766	14,971
Risk Weighted Assets, including Market Risks	89,586	85,892

Exhibit 6

Capital Adequacy Ratio (CAR)

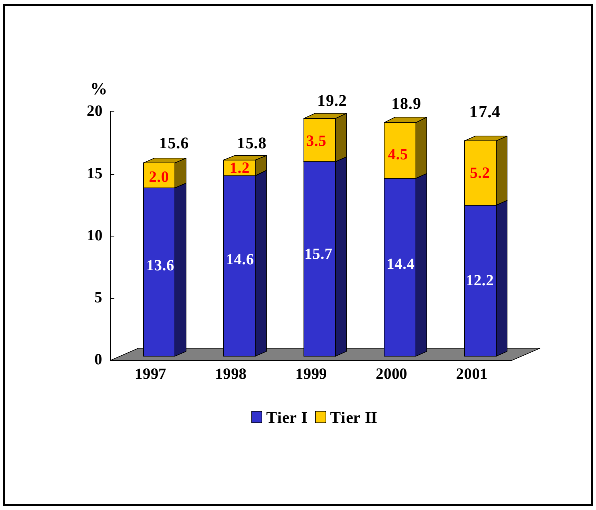
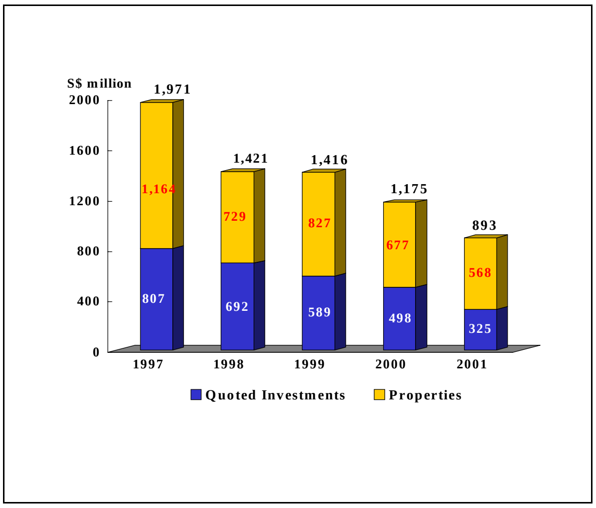


Exhibit 7

Unrealised Valuation Surpluses



Capital Adequacy Ratio (CAR)

Total CAR of DBSH Group, measured according to the Bank of International Settlements (BIS) guidelines was 17.4%, which is more than twice the minimum BIS requirement of 8.0%. The Tier I CAR ratio was 12.2% after deducting goodwill of S$5.2 billion in connection with the acquisitions of DHG and DBSV. However, the minority interest in DHG and DBSV were excluded from the capital adequacy computations.

Subordinated term debts and preference shares were issued in Year 2001 as part of the capital raising efforts to support the acquisitions strategy of the Group. In March 2001, DBS Bank through DBS Capital Funding Corporation (100% owned), issued US$725 million and S$100 million subordinated term debts, which qualified for Tier I capital treatment. This was followed by the issuance of Tier II US$850 million subordinated term debt and Tier I S$1,100 million preference shares in May 2001 by DBS Bank.

To further strengthen the CAR, DBS Bank had synthetically securitized S$2.8 billion notional amount of corporate loans. The synthetic collateralized loan obligation allows DBS Bank to reduce the credit risk on the reference portfolio of corporate loans thereby reducing its risk weighted assets.

For DHG, there are Put and Call arrangements in place in respect of the shares currently held by the minority. These options are European options, which are exercisable by giving a notice within a period of seven business days following December 31, 2002. Should these options be exercised, on a proforma basis at December 31, 2001, without taking into account earnings in the intervening period, the Tier I and total CAR would be 8.5% and 14.1% respectively.

Unrealised Valuation Surpluses

Unrealised valuation surpluses in quoted investments and properties (not recognised in the accounts) amounted to S$893 million at end-December 2001.

Table 9

Group Geographical Segments

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

(S$ million)	Total assets [b]	Distribution (%)	Income before Operating Expenses	Distribution (%)	Net profit Attributable to Members	Distribution (%)
December 31, 2001						
Singapore [a]	90,109	59.6	2,468	69.6	802	80.3
Hong Kong	49,223	32.5	813	22.9	195	19.5
Regional Countries [a]	5,152	3.4	174	4.9	(25)	(2.5)
Rest of the world	6,810	4.5	90	2.6	27	2.7
Total	151,294	100.0	3,545	100.0	999	100.0
September 30, 2001						
Singapore [a]	84,619	57.4	1,899	73.8	678	81.7
Hong Kong	51,871	35.2	484	18.8	121	14.6
Regional Countries [a]	5,233	3.5	121	4.7	(1)	(0.1)
Rest of the world	5,691	3.9	68	2.7	32	3.8
Total	147,414	100.0	2,572	100.0	830	100.0
December 31, 2000						
Singapore [a]	89,868	80.8	2,406	82.1	1,207	86.8
Hong Kong	10,193	9.2	290	9.9	122	8.8
Regional Countries [a]	4,861	4.4	134	4.6	12	0.9
Rest of the world	6,286	5.6	101	3.4	48	3.5
Total	111,208	100.0	2,931	100.0	1,389	100.0

(a) Singapore includes the operations of the Asian Currency Unit. Special general provisions for regional exposure; additional provisions for DTDB's loans and amortisation of goodwill on acquisition of DHG are booked in Singapore.
(b) Total assets exclude "Life-fund assets attributable to policyholders".

Geographical Segmental Analysis

DBSH Group operates in four main geographical areas :

- **Singapore,** the home country of DBSH, which includes all the areas of operations in the primary business, segments.
- "**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 activities in China, India, Taiwan, United States, and United Kingdom.

Income before operating expenses and net profit attributable to members are based on the country in which the transactions are booked except for special general provisions for regional exposures and additional provisions for DBS Thai Danu Bank Public Company Limited's loans which are booked in Singapore. Total assets are shown by geographical area in which the assets are booked. It would not be materially different if total assets shown are based on the country in which the counterparty or assets are located. The total assets, income before operating expenses and net profit attributable to members are stated after elimination of inter-group assets and revenues.

Table 10

Group Business Segments (2001)

(S$ million)	Consumer Banking	Investment Banking	Treasury and Markets	Central Operations	Total
Income before operating expenses	1,983	852	561	149	3,545
Net profit before taxation and goodwill amortisation	710	396	410	(21)	1,495
Taxation	(167)	(99)	(73)	66	(273)
Net profit before goodwill amortisation	511	295	318	6	1,130
Goodwill amortisation					(131)
Net profit attributable to members					999
Other Information					
Segment assets	44,018	28,344	45,940	471	118,773
Unallocated corporate assets	-	-	-	27,397	27,397
Total assets before goodwill and intangible assets	44,018	28,344	45,940	27,868	146,170
Goodwill and intangible assets					5,124
Total assets					151,294
Segment liabilities	95,830	14,751	10,964	1,614	123,159
Unallocated corporate liabilities	-	-	-	12,528	12,528
Total liabilities	95,830	14,751	10,964	14,142	135,687
Capital expenditure	112	6	14	52	184
Depreciation	61	3	8	97	169
Group Business Segments (2000)					
Income before operating expenses	1,528	883	372	148	2,931
Net profit before taxation	679	710	281	5	1,675
Taxation	(156)	(169)	(59)	69	(315)
Net profit attributable to members	518	549	211	111	1,389
Other Information					
Segment assets	27,579	33,114	31,236	2,163	94,092
Unallocated corporate assets	-	-	-	17,116	17,116
Total assets	27,579	33,114	31,236	19,279	111,208
Segment liabilities	70,979	15,994	6,158	1,803	94,934
Unallocated corporate liabilities	-	-	-	5,905	5,905
Total liabilities	70,979	15,994	6,158	7,708	100,839
Capital expenditure	94	10	14	129	247
Depreciation	39	10	5	82	136

The 2000 segment numbers as disclosed in the Table 10 above have been re-presented to reflect a change in the revenue and cost allocation methodologies introduced in Year 2001 and to allocate DTDB's results into the appropriate business segments.

The 2000 segment numbers as disclosed in the 2000 financial statements are as follows:

– Income before operating expenses for Consumer Banking and Central Operations were S$1,623 million and S$4 million, respectively; and
– Net profit attributable to members for Consumer Banking and Central Operations were S$620 million and S$19 million, respectively.

Business Segmental Analysis

The business segment results are prepared based on internal financial reporting system. The worldwide activities of DBSH Group are highly integrated and accordingly, segment information is presented with assumptions on internal cost allocations. Financial results of each business segment are shown after the allocation of certain centralised costs, funding income and the application of transfer pricing, where appropriate. Transactions between segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

The financial statement presents an analysis of the results by classes of business based on the following business groupings:

- **Consumer Banking**
  Consumer Banking focuses on providing products and services to individual customers and small and medium enterprises. The products and services offered to customers include credit facilities (mortgage, trade, personal loans and hire purchase financing, etc), credit cards, remittance services, deposit collection, stock brokerage and asset management products.

  The increase in income before operating expenses was offset by higher provision charge.

- **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, structured financing, advisory bankers services, merger and acquisition and debt restructuring advisory services, nominee and trustee services and cash management services.

  Net profit before taxation for Year 2001 was 44% lower than Year 2000 essentially on account of significantly higher loan provisions in Year 2001.

- **Treasury and Markets**
  Treasury and Markets is involved in proprietary trading in treasury related products and services such as foreign exchange and derivatives, money market operations and securities trading. Income from customer trading is reflected in Consumer Banking and Investment Banking.

  Net profit before taxation for Year 2001 was 46% higher than Year 2000 on account of higher trading profits and income from an expanded range of treasury products.

- **Central Operations**
  Central Operations are a variety of activities, which support the operating business. It includes corporate income and expense items that are not allocated to individual business segments.

  Net loss before taxation for Year 2001 was mainly due to corporate projects and integration costs for the Group. In addition, the funding cost of DBSH Group's associated and subsidiary companies are included in this category.

  Goodwill is presently not allocated to business segments.