



Performance Summary

Unaudited Financial Results
for the First Quarter ended
March 31, 2004

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DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Financial Highlights

DBS Group Holdings Ltd ("DBSH") prepares its consolidated DBSH Group ("Group") financial statements in accordance with Singapore Financial Reporting Standards ("FRS").

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
For the period					
Operating income	1,266	1,047	20.9	1,053	20.2
Operating profit before goodwill amortisation and provisions	763	605	26.1	571	33.6
Operating profit before provisions	653	498	31.1	461	41.6
Net profit before taxation	621	392	58.4	397	56.4
Net profit attributable to members	488	271	80.1	292	67.1
Net profit attributable to members (excluding goodwill amortisation)	598	378	58.2	402	48.8
At period-end					
Shareholders' funds	15,383	14,526	5.9	14,896	3.3
Interest bearing assets	147,542	133,627	10.4	133,451	10.6
Customer loans ^{1/}	65,344	61,640	6.0	64,335	1.6
Customer deposits	111,938	105,629	6.0	108,041	3.6
Total assets	176,574	156,040	13.2	159,595	10.6
Per share (in \$)					
Basic earnings excluding goodwill amortisation ^{2/}	1.60	1.02	56.9	1.08	48.1
Basic earnings ^{2/}	1.31	0.72	81.9	0.78	67.9
Diluted earnings ^{2/}	1.26	0.70	80.0	0.75	68.0
Net asset value at period-end					
(i) based on existing ordinary share capital	10.03	9.50	5.6	9.75	2.9
(ii) assuming non-voting convertible preference shares ("CPS") and non-voting redeemable CPS are converted to ordinary shares	9.88	9.34	5.8	9.58	3.1
Net tangible asset value at period-end ^{3/}	5.16	4.33	19.2	4.73	9.1
Performance ratios					
(%)	1st Qtr 2004	1st Qtr 2003		4th Qtr 2003	
On a GAAP basis					
Return on assets ^{2/}	1.16	0.71		0.73	
Return on equity ^{2/}	12.89	7.54		7.93	
Excluding goodwill amortisation					
Return on assets ^{2/}	1.42	0.99		1.01	
Return on equity ^{2/}	15.80	10.52		10.91	
Return on tangible equity ^{2/ 4/}	30.58	22.47		21.98	
Efficiency and revenue mix ratios					
Cost-to-income ratio (excluding goodwill amortisation)	39.7	42.2		45.8	
As a percentage of total operating income:					
- net interest income	50.1	57.2		59.6	
- non-interest income	49.9	42.8		40.4	
BIS Capital ratios (at period-end)					
- Tier 1 capital	10.7	9.8		10.5	
- Total capital	15.2	14.5		15.1	

Notes:

1/ After deducting cumulative provisions.

2/ Earnings per share, return on assets, return on equity and return on tangible equity are computed on an annualised basis.

3/ Computed based on total ordinary shareholders' funds after deduction of goodwill divided by total number of outstanding ordinary shares as at each period-end.

4/ Computed based on net profit attributable to members excluding goodwill amortisation divided by average shareholders' funds after deduction of average goodwill.

Financial Review

DBSH Group's net profit attributable to members ("NPAM") was \$488 million for the first quarter 2004, up 80.1% over first quarter 2003 and 67.1% over fourth quarter 2003. The strong performance was driven by growth in operating income combined with a decline in provision charge.

- Operating income was \$1.266 billion, up 20.9% over first quarter 2003 and 20.2% over fourth quarter 2003. The increase was due to higher net interest income from a higher volume of interest bearing assets, strong growth in fees and commissions and better trading income.
- Operating expenses rose 13.8% over first quarter 2003 and 4.4% over fourth quarter 2003, to \$503 million. The increase occurred mainly in variable staff costs and revenue-related expenses, which rose in tandem with higher business volumes and higher levels of revenue-related activity.
- As operating income growth outpaced the operating expenses increase, Group cost-to-income ratio (excluding goodwill amortisation) improved to 39.7% compared to 42.2% for first quarter 2003 and 45.8% for fourth quarter 2003.
- Provision charge of \$50 million was 57.6% lower compared to first quarter 2003, and 39% lower compared to fourth quarter 2003. The lower provision charge reflects improving economic conditions in Singapore and Hong Kong, and further strengthening of the Group's asset quality.

Profit and Loss Account

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Net interest income	634	599	5.8	628	1.0
Non-interest income	632	448	41.1	425	48.7
Operating income	1,266	1,047	20.9	1,053	20.2
Operating expenses	(503)	(442)	13.8	(482)	4.4
Operating profit before goodwill amortisation and provisions	763	605	26.1	571	33.6
Goodwill amortisation	(110)	(107)	2.8	(110)	-
Operating profit before provisions	653	498	31.1	461	41.6
Provisions	(50)	(118)	(57.6)	(82)	(39.0)
Operating profit	603	380	58.7	379	59.1
Share of profits less losses of associated and joint venture companies	18	12	50.0	18	-
Net profit before taxation	621	392	58.4	397	56.4
Taxation	(120)	(108)	11.1	(85)	41.2
Minority interests	(13)	(13)	-	(20)	(35.0)
Net profit attributable to members	488	271	80.1	292	67.1
NPAM excluding goodwill amortisation	598	378	58.2	402	48.8

DBS Bank (Hong Kong) Limited

Net profit after taxation for DBS Bank (Hong Kong) Limited grew 52% over first quarter 2003 and 3.5% over fourth quarter 2003 to \$149 million. The increase was mainly due to higher operating income and lower provision charge.

- Year-on-year (“YoY”), net interest income was 12.1% higher mainly attributable to the wider spread between the Prime rate and HIBOR^{1/}. Gross loans increased HK\$4.5 billion or 4.9%. Compared to fourth quarter 2003, net interest income increased 2.4% benefiting from the further widening of the Prime-HIBOR^{1/} spread and a 2.8% increase in gross loans.
- For both YoY and last quarter comparison, the increase in non-interest income was due to stronger sales of treasury investment products, higher unit trusts and securities fees and loan related fees.
- Operating expenses increased 11.9% YoY, reflecting higher staff costs and advertising and promotion expenses.
- Provision charge decreased 41.5% compared to a year ago, following the rebound in Hong Kong’s economy. Similarly, provision was 4% lower than fourth quarter 2003.

Profit and Loss Account (Based on Hong Kong Generally Accepted Accounting Principles)^{2/3/}

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Net interest income	213	190	12.1	208	2.4
Non-interest income	107	80	33.8	104	2.9
Operating income	320	270	18.5	312	2.6
Operating expenses	(122)	(109)	11.9	(121)	0.8
Impairment of fixed assets	-	(1)	NM	-	-
Operating profit before provisions	198	160	23.8	191	3.7
Provisions	(24)	(41)	(41.5)	(25)	(4.0)
Operating profit	174	119	46.2	166	4.8
Net profit before taxation	176	119	47.9	165	6.7
Net profit after taxation	149	98	52.0	144	3.5

NM: Not meaningful

Notes:

1/ HIBOR: Hong Kong Interbank Offer Rate

2/ The exchange rate used for all comparative periods is HK\$1 = S\$0.215356.

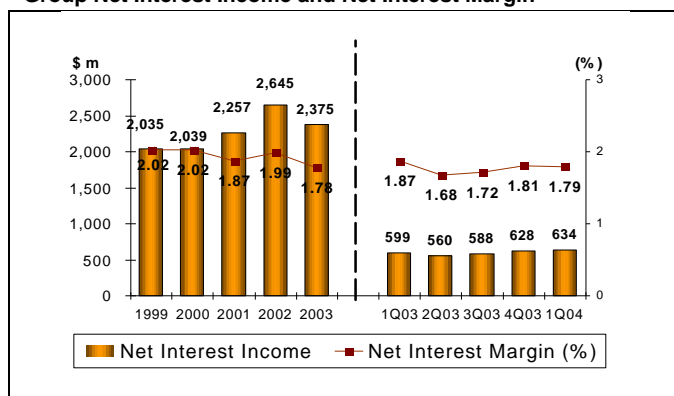
3/ In the preparation of the consolidated DBSH Group accounts, appropriate adjustments were made to bring DBS Bank (Hong Kong) Limited accounts in line with Singapore Financial Reporting Standards (“FRS”). Under FRS, the contribution from DBS Bank (Hong Kong) Limited was as follows:

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Net profit before taxation	175	119	47.1	179	(2.2)
Net profit after taxation	148	96	54.2	158	(6.3)

Certain aspects of DBSH Group’s accounting policies differ from those under Hong Kong Generally Accepted Accounting Principles. In the first half of 2003, additional provisions were set aside in accordance with the Group’s accounting policies for properties held by DBS Bank (Hong Kong) Limited. Following an improvement in market conditions in the fourth quarter 2003, these provisions were written back, resulting in a positive impact for DBS Bank (Hong Kong) Limited results for the fourth quarter 2003. The comparison of first quarter 2004 and fourth quarter 2003 net profit (before and after taxation), therefore, shows a negative change as compared to the positive change under the accounts presented under Hong Kong Generally Accepted Accounting Principles.

Net Interest Income and Net Interest Margin

Exhibit 1
Group Net Interest Income and Net Interest Margin



Net interest income for first quarter 2004 at \$634 million was up 5.8% over first quarter 2003. Compared to fourth quarter 2003, net interest income increased 1%.

- The increase in net interest income resulted from growth in interest bearing assets and efforts in re-balancing the Group's asset composition by deploying funds away from the lower yielding inter-bank market to higher yielding customer loans and debt securities.
- Net interest margin was 1.79% for the first quarter 2004, marginally higher than 1.78% for the full year 2003. First quarter 2004 net interest margin compares to 1.87% for the first quarter 2003, and 1.81% for the fourth quarter 2003. The decline in net interest margin was due to the compression of interest spreads on customer loans.

Table 1
Group Net Interest Income and Net Interest Margin ^{1/}

In \$ millions	1st Qtr 2004			1st Qtr 2003			4th Qtr 2003		
	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)
Customer loans and advances	65,631	560	3.43	61,225	608	4.03	63,965	575	3.57
Interbank items	33,821	90	1.07	40,751	111	1.10	34,542	88	1.01
Securities ^{2/}	42,744	302	2.84	27,718	194	2.83	38,876	262	2.67
Total interest bearing assets	142,196	952	2.69	129,694	913	2.86	137,383	925	2.67
Total interest bearing liabilities	134,388	318	0.95	121,318	314	1.05	129,029	297	0.91
Net interest income/margin		634	1.79		599	1.87		628	1.81

Notes:

1/ Net interest margin is net interest income expressed as a percentage of average interest-earning assets. It is computed on an annualised basis.

2/ Refers to Singapore Government securities and treasury bills, trading and investment debt securities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Non-Interest Income

Table 2
Group Non-Interest Income

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Fee and commission income	277	160	73.1	251	10.4
Stockbroking	69	18	283.3	60	15.0
Investment banking	26	7	271.4	24	8.3
Trade and remittances	30	27	11.1	29	3.4
Loan related	52	36	44.4	43	20.9
Deposit related	25	26	(3.8)	26	(3.8)
Credit card	22	20	10.0	24	(8.3)
Fund management	11	7	57.1	9	22.2
Wealth management (unit trust distribution and bancassurance)	34	13	161.5	23	47.8
Others	8	6	33.3	13	(38.5)
Dividend and rental income	13	13	-	21	(38.1)
Other income	342	275	24.4	153	123.5
Net gain on treasury activities (including structured investment products)	252	155	62.6	120	110.0
Net gain on investment securities	86	119	(27.7)	28	207.1
Net gain on fixed assets	2	(1)	NM	3	(33.3)
Others	2	2	-	2	-
Total	632	448	41.1	425	48.7
Non-interest income as a percentage of Operating income (%)	49.9	42.8		40.4	

NM: Not meaningful

Non-interest income was \$632 million for the first quarter 2004, a 41.1% increase over first quarter 2003, and a 48.7% increase over fourth quarter 2003.

- Fee and commission income was \$277 million for first quarter 2004, up 73.1% over first quarter 2003 and 10.4% over fourth quarter 2003. The increase arose from higher stockbroking fees following recoveries in regional equity markets, as well as from strong growth in fees for investment banking, loan syndications, and wealth management sales.
- Other income grew 24.4% over the same period last year to \$342 million. The increase for first quarter 2004 was due to higher earnings from treasury activities, including the sale of structured investment products for retail and corporate customers. The first quarter 2004 net gain on investment securities included \$46 million of gain from the redemption of investment funds previously managed by third parties. By comparison, first quarter 2003 included \$90 million from the sale of investment Singapore Government securities. Compared to fourth quarter 2003, other income rose 123.5% in first quarter 2004 due to strong treasury income and realised gains from the sale of investment securities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Operating Expenses

Table 3
Group Operating Expenses

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Staff costs	250	219	14.2	217	15.2
Occupancy expenses	46	48	(4.2)	54	(14.8)
Technology-related expenses	77	71	8.5	74	4.1
Revenue-related expenses	54	33	63.6	53	1.9
Others	76	71	7.0	84	(9.5)
Total	503	442	13.8	482	4.4
Cost-to-income ratio (%) (excluding goodwill amortisation)	39.7	42.2		45.8	
Staff headcount number (at period-end)	12,173	12,036		12,144	

Excluding goodwill amortisation, year-on-year operating expenses rose 13.8%.

- Staff costs increased 14.2% to \$250 million due to higher accruals for performance-related incentive pay to reflect the stronger bottom-line performance. The increase in technology-related expenses was related to investments in new systems, capacity enhancements to meet customer demands and payment of outsourcing fees. Revenue-related expenses, which include commission paid to remisers and brokerage expenses, increased as a result of higher transaction volumes.

Compared to fourth quarter 2003, operating expenses (excluding goodwill amortisation) rose 4.4%.

- Similar to the year-on-year comparison, operating expenses rose due to higher variable staff costs and revenue-related expenses, which rose in tandem with higher business volumes and higher levels of revenue-related activity. However, the increase was smaller than that for the year-on-year comparison, as the fourth quarter 2003 included higher professional fees for technology-related projects, relocation and advertising expenses.

Provision Charge

Table 4
Group Provision Charge

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Loans	29	79	(63.3)	78	(62.8)
Singapore	17	18	(5.6)	53	(67.9)
Hong Kong	17	45	(62.2)	24	(29.2)
Other countries	(5)	16	NM	1	NM
Securities, properties and other assets	1	24	(95.8)	(7)	NM
Specific provision	30	103	(70.9)	71	(57.7)
General provision	20	15	33.3	11	81.8
Total	50	118	(57.6)	82	(39.0)
SP + GP (loans) / Average loan (basis point)	25	56		52	

NM: Not meaningful

Provision charge was \$50 million for first quarter 2004, 57.6% lower than first quarter 2003.

- Specific provision for loans losses fell 63.3% to \$29 million due to an improvement in the overall credit quality of the portfolios and an increase in loan recoveries, reflecting the improving economic conditions in Singapore and Hong Kong.
- Specific provision for investment securities and other assets declined 95.8%, as a lower provision charge was required following improving asset valuations.

Compared to fourth quarter 2003, provision charge was 39% lower largely from higher loan recoveries in first quarter 2004.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Balance Sheet

Table 5
Group Key Balance Sheet Items

In \$ millions	Mar 31, 2004	Dec 31, 2003	Mar 31, 2003
Total assets	176,574	159,595	156,040
Customer loans ^{1/}	65,344	64,335	61,640
Customer deposits	111,938	108,041	105,629
Loan-to-deposit ratio (%)	58.4	59.5	58.4
Loan and non-trading debt securities-to-deposit ratio (%)	78.4	79.7	72.3

Note:

1/ After deducting cumulative provisions.

At the end of March 2004, total assets were \$176.6 billion.

- Compared to end December 2003, customer loans increased 1.6% to \$65.3 billion despite a highly competitive environment. The increase in loans was mainly accounted for by loans granted to the “housing”, “manufacturing” and “general commerce” sectors. Customer deposits increased 3.6% to \$111.9 billion.
- The Group’s loan-to-deposit ratio at the end of March 2004 was 58.4%. Including DBSH Group’s portfolio of non-trading debt securities, the ratio of loan and non-trading debt securities to deposits was 78.4%.

Asset Quality

Exhibit 2
Group Non-Performing Loans

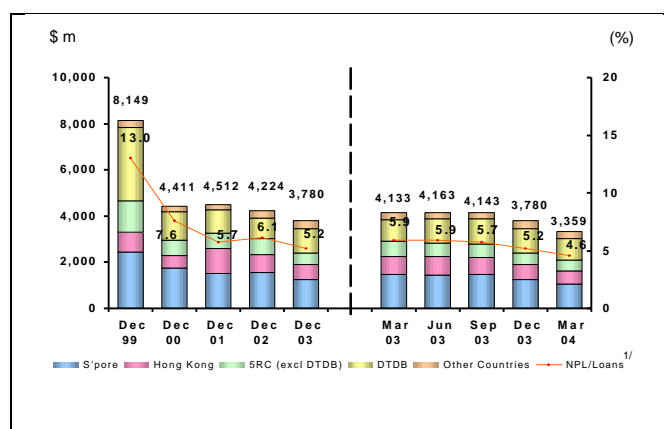


Table 6
Group Geographical NPL Rate
(Based on MAS standard)

(%)	Mar 31 2004	Dec 31 2003	Mar 31 2003
Singapore	2.7	3.3	4.0
Hong Kong	2.6	2.9	3.4
Regional countries ^{2/} (excl. DTDB ^{3/})	14.7	19.0	34.8
DTDB	26.1	28.8	26.4
Other countries	7.8	8.5	8.5

Notes:

1/ NPL rate is computed based on total non-bank customer NPLs (excluding non-performing debt securities and contingent items) divided by total gross non-bank customer loans.

2/ Regional countries (“RC”) include Malaysia, Indonesia, Thailand, Korea and the Philippines

3/ DTDB : DBS Thai Danu Bank Public Company Limited

- The volume of non-performing loans (“NPLs”) declined 11.1% to \$3.4 billion at the end of March 2004. Of the total NPLs of \$3.4 billion, Thailand and Singapore NPLs accounted for 34% and 32% respectively. Approximately \$1.25 billion of restructured NPLs (or 37.2% of all NPLs) continues to be included in the total volume of NPLs.
- The ratio of NPLs to the total non-bank loans (“NPL rate”) further improved from 5.2% at the end of December 2003 to 4.6% at the end of March 2004. The NPL rates for Singapore, Hong Kong and regional countries operations (excluding DTDB) improved to 2.7%, 2.6% and 14.7% respectively, at the end of March 2004 due to a reduction in non-bank NPLs and a higher loan base.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Loan Grading

Of the total \$3.4 billion NPLs as at the end of March 2004, 75% were classified as substandard, 6% as doubtful and the remaining 19% in the loss category. 49% of the NPLs were secured by collateral.

Cumulative Specific and General Provisions

Total cumulative specific and general provisions at the end of March 2004 was 132.4% of unsecured NPLs, and 67.6% of total NPLs.

Exhibit 3
Group Non-Performing Loans – by Loan Grading

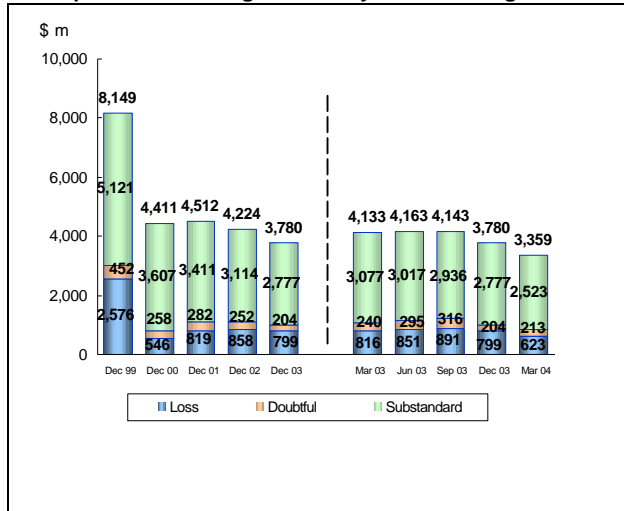
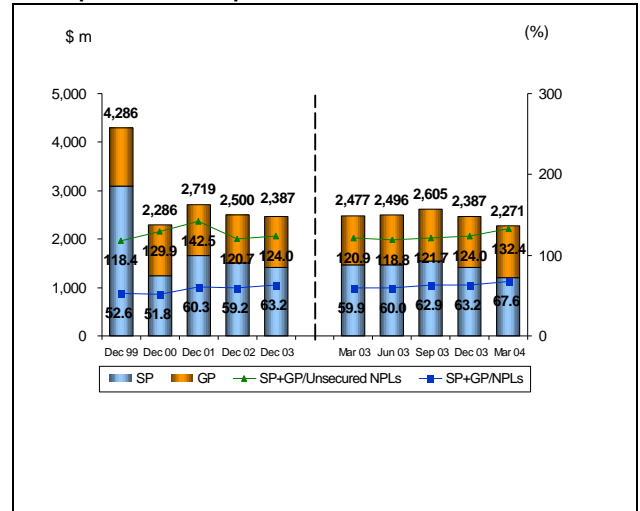


Exhibit 4
Group Cumulative Specific and General Provisions



Restructured Loans

Table 7
Loans that were restructured and classified

In \$ millions	Mar 31, 2004		Dec 31, 2003		Mar 31, 2003	
	NPLs	Specific provisions	NPLs	Specific provisions	NPLs	Specific provisions
Substandard	991	116	1,094	125	1,310	172
Doubtful	70	54	70	54	89	47
Loss	188	188	245	243	306	294
Total	1,249	358	1,409	422	1,705	513

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 8
Group Customer Deposits

In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003
Analysed by Currency			
Singapore dollar	61,254	56,641	56,081
US dollar	21,909	23,309	20,309
Hong Kong dollar	17,150	17,241	18,983
Thai Baht	3,382	3,539	3,625
Others	8,243	7,311	6,631
Total	111,938	108,041	105,629
Analysed by Product			
Savings accounts (include S\$ autosave)	49,361	48,028	44,179
Current accounts	12,890	10,486	9,626
Fixed deposits	44,403	45,130	48,442
Other deposits	5,284	4,397	3,382
Total	111,938	108,041	105,629

Table 9
Group Customer Loans

In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003
Gross	67,298	66,414	63,801
Less:			
Specific provisions	1,019	1,151	1,258
General provisions	935	928	903
Net total	65,344	64,335	61,640

Industry Breakdown

Manufacturing	6,912	6,434	6,082
Building & Construction	7,395	7,682	8,064
Housing Loans	22,888	22,289	21,798
General Commerce	7,069	6,634	5,879
Transportation, Storage & Communications	5,090	4,821	4,784
Financial Institutions, Investment & Holding Companies	5,317	5,559	4,504
Professionals & Private Individuals (except Housing Loans)	7,305	7,393	7,373
Others	5,322	5,602	5,317
Total (Gross)	67,298	66,414	63,801

Analysed by Currency and Fixed / Variable Rates

Fixed rate^{1/}

Singapore dollar	8,961	8,867	8,315
Hong Kong dollar	353	262	440
US dollar	1	4	-
Thai Baht	930	945	624
Others	85	96	11
Sub-total	10,330	10,174	9,390

Variable rate^{2/}

Singapore dollar	20,935	21,026	20,990
Hong Kong dollar	20,216	20,089	20,632
US dollar	9,147	8,658	8,232
Thai Baht	2,354	2,393	2,511
Others	4,316	4,074	2,046
Sub-total	56,968	56,240	54,411
Total (Gross)	67,298	66,414	63,801

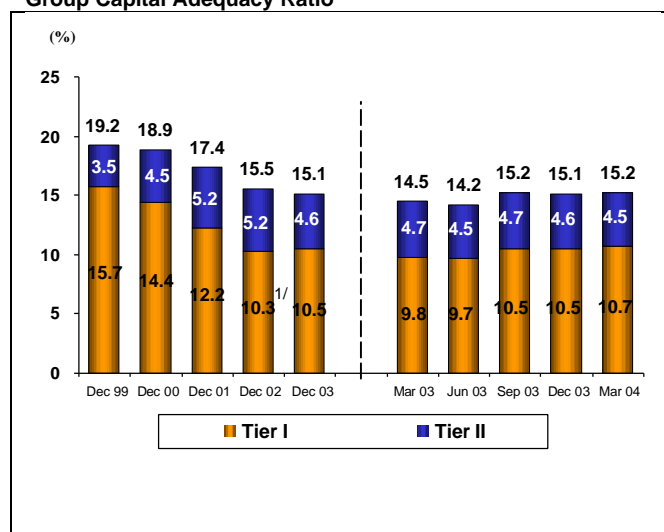
Notes:

1/ 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.

2/ 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.

Capital Adequacy Ratio

Exhibit 5
Group Capital Adequacy Ratio



Note:
1/ Compared to end December 2001, the reduction in the Tier I CAR ratio was primarily due to the deduction of additional goodwill with DBS' purchase of the DBS Diamond Holdings Limited minority interest.

Table 10
Group Capital

In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003
Tier I Capital			
Paid ordinary/preference shares	1,557	1,556	1,555
Disclosed reserves/others	15,939	15,439	15,054
Goodwill	(7,261)	(7,371)	(7,718)
	10,235	9,624	8,891
Tier II Capital			
Asset revaluation reserves	208	209	99
Cumulative general provisions	785	768	688
Subordinated debts	3,486	3,531	3,694
Deductions against capital	(245)	(247)	(234)
	4,234	4,261	4,247
Total Capital	14,469	13,885	13,138
Risk Weighted Assets	95,490	92,067	90,836

At end of March 2004, the total Capital Adequacy Ratio ("CAR") for the DBSH Group, measured according to the Bank for International Settlements guidelines was 15.2%, of which Tier I CAR was 10.7%.

Unrealised Valuation Surpluses

Table 11
Group Unrealised Valuation Surpluses

In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003
Properties	438	424	483
Quoted investments	672	436	358
Total	1,110	860	841

Unrealised valuation surpluses in properties and quoted investment securities not recognised in the accounts amounted to \$1.11 billion at the end of March 2004.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Geographical Segment Analysis

The following table analyses total assets, operating income and NPAM by geographical segments. Unless otherwise stated, the analysis of geographical segments is generally based on the location of the office recording the transactions.

Table 12
Group Geographical Segments

In \$ millions	Total assets	Distribution (%)	Operating income	Distribution (%)	Net profit attributable to members	Distribution (%)
Mar 31, 2004						
Singapore ^{1/}	112,282	66	809	64	407	68
Hong Kong	40,646	24	351	28	152	26
Regional countries ^{1/}	7,761	5	77	6	25	4
Rest of the world	8,624	5	29	2	14	2
Sub-total	169,313	100	1,266	100	598	100
Goodwill	7,261		-		(110)	
Total	176,574		1,266		488	
Dec 31, 2003						
Singapore ^{1/}	97,655	64	2,496	60	850	58
Hong Kong	39,101	26	1,335	32	486	33
Regional countries ^{1/}	6,813	4	271	6	81	6
Rest of the world	8,655	6	96	2	38	3
Sub-total	152,224	100	4,198	100	1,455	100
Goodwill	7,371		-		(430)	
Total	159,595		4,198		1,025	
Mar 31, 2003						
Singapore ^{1/}	97,287	66	664	63	253	67
Hong Kong	39,370	26	311	30	100	26
Regional countries ^{1/}	5,938	4	52	5	15	4
Rest of the world	5,846	4	20	2	10	3
Sub-total	148,441	100	1,047	100	378	100
Goodwill	7,599		-		(107)	
Total	156,040		1,047		271	100

Note:

1/ Special general provisions for regional exposures and additional provisions for DTDB's loans are booked in Singapore.

DBSH Group operates in four main geographical areas :

- **"Singapore"**, which includes the operations of the Asian Currency Unit.
- **"Hong Kong"**, which includes branch and subsidiary operations in Hong Kong.
- **"Regional countries"**, which includes branch and subsidiary operations in Malaysia, Indonesia, Thailand, Korea and the Philippines.
- **"Rest of the world"**, which are mainly branch operations in China, India, Taiwan, United States and United Kingdom.

The geographical breakdown for operating income and NPAM is 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 the geographical area in which the assets are booked.

Business Segment Analysis

The business segment results represent the customer segments of the respective businesses and are determined by:

- Income and direct expenses attributable to each customer and other segment; and
- Management accounting policies relating to the allocation of indirect expenses and funds transfer pricing between the central treasury unit and the customer/other segments.

The various customer segments are described below, along with a description of the change in net profit after taxation for first quarter 2004 over first quarter 2003.

• Consumer Banking

Consumer Banking focuses on providing products and services to individual customers. The products and services offered to customers include credit facilities (mortgage, personal loans, etc.), credit cards, deposit collection, remittance services and asset management products.

The increase in net profit after taxation (\$46 million, 62.2%) was largely due to higher interest income and fee income from cards and sales of investment products.

• Enterprise Banking

Enterprise Banking focuses on providing products and services to small and medium enterprises. The products and services offered to customers include credit facilities (overdraft, factoring/accounts receivable purchase, trade financing, commercial/industrial property financing, hire purchase and government financing and assistance schemes), deposit, payment and collection services and treasury products.

The increase in net profit after taxation (\$17 million, 27.9%) was mainly attributable to higher interest income resulting from increased volumes, fee income from treasury product sales, loan and trade related activities, capital markets and transactional activities.

• Investment Banking

Investment Banking caters to the business needs of large corporate customers and financial institutions. The products and services offered to customers include direct lending, advisory banking services, bond issuance, equity financing, syndicated financing, mergers and acquisitions advisory services, debt restructuring advisory services, private equity, nominee and trustee services and cash management services.

The increase in net profit after taxation (\$46 million, 75.4%) was due to higher fee income from capital markets activities and lower provisions.

• Treasury and Markets

Treasury and Markets is primarily involved in market making, structuring and trading of financial products including foreign exchange, securities and interest rate/ credit/ equity/ foreign exchange derivatives. Income from treasury products and services relating to customers of other segments is reflected in the respective customer segments.

Net profit after taxation is in line with first quarter 2003.

The other segments of the analysis are:

• Funding Portfolio

The Funding Portfolio managed by Treasury and Markets is the net aggregate of the Group's interest earning assets and interest bearing liabilities. The income generated from this portfolio is predominantly interest in nature.

The increase in net profit after taxation (\$22 million, 30.1%) was mainly attributable to higher net interest income from interest rate related activities in Singapore.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

• Central Operations

Central Operations encompasses a range of activities resulting from central corporate decisions and the related income and expenses not attributed to business segments. These include the central treasury unit, funding costs of DBSH Group's associated and subsidiary companies and gains/losses on properties as well as certain subsidiaries including stock brokerage and asset management.

The following table analyses the results, total assets and total liabilities by business segments:

Table 13							
Group Business Segments (1st Qtr 2004)							
In \$ millions	Consumer Banking	Enterprise Banking	Investment Banking	Treasury and Markets^{1/}	Funding Portfolio^{1/}	Central Operations	Total
Operating income	384	182	176	202	131	191	1,266
Operating profit before provisions, taxation and goodwill amortisation	177	122	118	163	106	77	763
Net profit before taxation and goodwill amortisation	149	94	127	163	110	88	731
Taxation	(28)	(18)	(20)	(22)	(15)	(17)	(120)
Net profit after taxation and before goodwill amortisation	120	78	107	140	95	58	598
Goodwill amortisation							(110)
Net profit attributable to members							488
<i>Other Information</i>							
Total assets before goodwill	27,520	14,534	29,512	26,947	41,091	29,709	169,313
Goodwill							7,261
Total assets							176,574
Total liabilities	65,933	14,063	16,808	17,616	21,317	24,316	160,053
Capital expenditure	4	2	1	2	2	4	15
Depreciation	9	5	1	4	3	22	44
Group Business Segments (1st Qtr 2003)							
In \$ millions	Consumer Banking	Enterprise Banking	Investment Banking	Treasury and Markets^{1/}	Funding Portfolio^{1/}	Central Operations	Total
Operating income	340	149	142	203	102	111	1,047
Operating profit before provisions, taxation and goodwill amortisation	126	95	94	162	81	47	605
Net profit before taxation and goodwill amortisation	92	76	72	162	85	12	499
Taxation	(18)	(15)	(11)	(23)	(11)	(30)	(108)
Net profit after taxation and before goodwill amortisation	74	61	61	137	73	(28)	378
Goodwill amortisation							(107)
Net profit attributable to members							271
<i>Other Information</i>							
Total assets before goodwill	27,360	13,820	23,816	13,953	42,656	26,836	148,441
Goodwill							7,599
Total assets							156,040
Total liabilities	66,419	14,196	13,709	10,405	11,918	23,587	140,234
Capital expenditure	4	1	-	1	1	6	13
Depreciation	11	4	1	5	2	22	45

Note:

1/ Operating expenses have been determined by pro-rating between Treasury and Markets and the Funding Portfolio based on the share of operating income.

Dividend

Dividends are declared semi-annually by the Board following the financial results announcement for the half year and full year. No dividend has been declared for the first quarter ended March 31, 2004.

Subsequent Event

On April 6, 2004, DBS Bank announced it has entered into an agreement to sell its entire 10% equity interest in Wing Lung Bank Limited to Wu Jieh Yee Company Limited. Under the agreement, DBS Bank will sell 23,219,010 ordinary shares at HK\$53 per share for a total consideration of HK\$1.231 billion (S\$265 million). The sale and purchase is subject to regulatory approvals. Upon completion of the sale and purchase, DBS Bank is expected to recognise a gain of approximately S\$185 million.

Comparatives

Where necessary, comparative figures were adjusted in order to provide proper comparison with current year's presentation.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Profit and Loss Account

In \$ millions	1st Qtr 2004	1st Qtr 2003	Change %	4th Qtr 2003	Change %
Interest income	952	913	4.3	925	2.9
Less: Interest expense	318	314	1.3	297	7.1
Net interest income	<u>634</u>	<u>599</u>	<u>5.8</u>	<u>628</u>	<u>1.0</u>
Fee and commission income	277	160	73.1	251	10.4
Dividends	5	4	25.0	10	(50.0)
Rental income	8	9	(11.1)	11	(27.3)
Other income	342	275	24.4	153	123.5
Operating income	<u>1,266</u>	<u>1,047</u>	<u>20.9</u>	<u>1,053</u>	<u>20.2</u>
Less: Staff costs	250	219	14.2	217	15.2
Depreciation	44	45	(2.2)	40	10.0
Other operating expenses	209	178	17.4	225	(7.1)
Goodwill amortisation	110	107	2.8	110	-
Operating expenses	<u>613</u>	<u>549</u>	<u>11.7</u>	<u>592</u>	<u>3.5</u>
Operating profit before provisions	<u>653</u>	<u>498</u>	<u>31.1</u>	<u>461</u>	<u>41.6</u>
Less: Provision for possible loan losses and diminution in value of other assets	50	118	(57.6)	82	(39.0)
Operating profit	<u>603</u>	<u>380</u>	<u>58.7</u>	<u>379</u>	<u>59.1</u>
Add: Share of profits less losses of associated and joint venture companies	18	12	50.0	18	-
Net profit before taxation	<u>621</u>	<u>392</u>	<u>58.4</u>	<u>397</u>	<u>56.4</u>
Less: Taxation	116	107	8.4	80	45.0
Share of taxation of associated and joint venture companies	4	1	300.0	5	(20.0)
Net profit after taxation	<u>501</u>	<u>284</u>	<u>76.4</u>	<u>312</u>	<u>60.6</u>
Less: Minority interests	13	13	-	20	(35.0)
Net profit attributable to members	<u>488</u>	<u>271</u>	<u>80.1</u>	<u>292</u>	<u>67.1</u>

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Balance Sheet as at

In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003	In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003
SHARE CAPITAL				ASSETS			
Share capital	1,557	1,556	1,555	Cash, and balances and placements with central banks	11,987	5,007	4,313
RESERVES				Singapore Government securities and treasury bills	13,192	11,438	9,837
Share premium account	2,178	2,171	2,166	Trading securities	11,142	6,433	4,987
Other reserve	4,271	4,271	4,271	Balances, placements with, and loans and advances to banks	26,977	27,472	38,609
Capital redemption reserve	28	28	28	Bills receivable from non-bank customers	2,185	1,481	1,505
Capital reserve	(39)	(30)	(4)	Loans and advances to non-bank customers	63,159	62,854	60,135
General reserve	2,230	2,230	2,044	Investment securities	23,711	22,828	15,592
Revenue reserve	5,158	4,670	4,466	Associated and joint venture companies	543	547	529
	<u>13,826</u>	<u>13,340</u>	<u>12,971</u>	Goodwill	7,261	7,371	7,599
SHAREHOLDERS' FUNDS				Fixed assets	1,958	2,016	2,211
	15,383	14,896	14,526	Deferred tax assets	119	129	111
MINORITY INTERESTS				Other assets	14,340	12,019	10,612
	1,138	1,125	1,280				
LIABILITIES							
Deposits and balances of banks	14,062	7,497	7,625				
Deposits and other accounts of non-bank customers	111,938	108,041	105,629				
Bills payable	738	363	413				
Current taxation	605	500	498				
Deferred tax liabilities	94	104	124				
Other liabilities	20,904	15,772	14,849				
Other borrowings and debt securities in issue ^{1/}	6,089	5,604	5,223				
- due within one year	2,051	1,882	2,123				
- due after one year	4,038	3,722	3,100				
Subordinated term debts (unsecured)	5,623	5,693	5,873				
- due within one year	25	25	24				
- due after one year	5,598	5,668	5,849				
	<u>176,574</u>	<u>159,595</u>	<u>156,040</u>				
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS				TOTAL ASSETS			
	<u>176,574</u>	<u>159,595</u>	<u>156,040</u>		<u>176,574</u>	<u>159,595</u>	<u>156,040</u>
OFF BALANCE SHEET ITEMS							
Contingent liabilities	7,296	6,984	6,844				
Commitments	68,612	60,173	60,832				
Financial derivatives	1,413,541	1,256,240	1,233,989				

Note:

1/ Includes secured amount of \$1,385 million as at March 31, 2004 (December 31, 2003: \$1,106 million; March 31, 2003: \$1,538 million). These are mainly secured by properties and securities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Balance Sheet of DBS Group Holdings Ltd as at

In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003	In \$ millions	Mar 31 2004	Dec 31 2003	Mar 31 2003
SHARE CAPITAL				ASSETS			
Share capital	1,557	1,556	1,555	Trading securities	-	-	#
RESERVES				Balances, placements with, and loans and advances to non-bank customers	3	3	3
Share premium account	2,178	2,171	2,166	Investment in subsidiary companies	6,770	6,762	6,951
Capital redemption reserve	28	28	28				
Revenue reserve	3,001	3,001	3,201				
	<u>5,207</u>	<u>5,200</u>	<u>5,395</u>				
SHAREHOLDERS' FUNDS	6,764	6,756	6,950				
LIABILITIES							
Current liabilities	9	9	4				
Deferred tax liabilities	#	#	#				
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	<u>6,773</u>	<u>6,765</u>	<u>6,954</u>	TOTAL ASSETS	<u>6,773</u>	<u>6,765</u>	<u>6,954</u>
Other Information							
Net asset value per ordinary share (\$)							
(i) Based on existing ordinary share capital	4.49	4.53	4.67				
(ii) Assuming non-voting convertible preference shares ("CPS") and non- voting redeemable CPS are converted to ordinary shares	<u>4.34</u>	<u>4.34</u>	<u>4.47</u>				

Note:

1/ #: Insignificant

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Statement of Changes in Shareholders' Equity

In \$ millions	Share Capital	Share Premium	Other Reserve	Capital Redemption Reserve	Capital Reserve	General Reserve	Revenue Reserve	Total Reserves
Balance at January 1, 2004	1,556	2,171	4,271	28	(30)	2,230	4,670	13,340
Exercise of share options pursuant to the DBSH Share Option Plan	1	7	-	-	-	-	-	7
Net exchange translation adjustments during the period	-	-	-	-	(9)	-	-	(9)
Net profit attributable to members	-	-	-	-	-	-	488	488
Balance at March 31, 2004	1,557^{2/}	2,178	4,271	28	(39)	2,230	5,158	13,826
Balance at January 1, 2003	1,555	2,163	4,271	28	(19)	2,044	4,195	12,682
Exercise of share options pursuant to the DBSH Share Option Scheme/DBSH Share Option Plan	#	3	-	-	-	-	-	3
Net exchange translation adjustments during the period	-	-	-	-	15	#	-	15
Net profit attributable to members	-	-	-	-	-	-	271	271
Balance at March 31, 2003	1,555	2,166	4,271	28	(4)	2,044	4,466	12,971

Unaudited Statement of Changes in Shareholders' Equity of DBS Group Holdings Ltd

In \$ millions	Share Capital	Share Premium	Capital Redemption Reserve	Revenue Reserve	Total Reserves
Balance at January 1, 2004	1,556	2,171	28	3,001	5,207
Exercise of share options pursuant to the DBSH Share Option Plan	1	7	-	-	7
Net profit after taxation	-	-	-	#	#
Balance at March 31, 2004	1,557^{2/}	2,178	28	3,001	5,207
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	#	3	-	-	3
Net profit after taxation	-	-	-	#	#
Balance at March 31, 2003	1,555	2,166	28	3,201	5,395

Notes:

1/ #: Insignificant

2/ During the financial period ended March 31, 2004, DBSH issued 19,475,169 and 732,600 ordinary shares upon the conversion of the non-voting convertible preference shares and upon the exercise of options granted pursuant to the DBSH Share Option Plan respectively. The shares, of par value \$1.00 each, are fully paid in cash.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Cash Flow Statement

In \$ millions	1st Qtr 2004	1st Qtr 2003
Cash flows from operating activities		
Net profit before taxation	621	392
<i>Adjustments for non-cash items:</i>		
Provision for possible loan losses and diminution in value of other assets	50	118
Depreciation of fixed assets	44	45
Goodwill amortisation	110	107
Share of profits of associated and joint venture companies	(18)	(12)
Net (gain)/loss on disposal of fixed assets	(2)	1
Net gain on disposal of investment securities	(86)	(119)
Operating profit before changes in operating assets & liabilities	719	532
<i>Increase/(Decrease) in:</i>		
Deposits and other accounts of non-bank customers	3,897	4,314
Deposits and balances of banks	6,565	2,748
Other liabilities including bills payable	5,475	(1,152)
<i>(Increase)/Decrease in:</i>		
Singapore Government securities and treasury bills	(1,754)	(820)
Trading securities	(4,709)	(1,315)
Accounts receivable and other assets	(2,062)	(854)
Balances, placements with, and loans and advances to other banks	493	158
Loans and advances to non-bank customers including bills receivable	(1,041)	(1,008)
Net cash generated from operating activities (1)	7,583	2,603
Cash flows from investing activities		
Dividends from associated companies	9	10
Purchase of fixed assets	(15)	(13)
Net increase in investment securities	(1,033)	(885)
Proceeds from disposal of fixed assets	22	8
Net cash used in investing activities (2)	(1,017)	(880)
Cash flows from financing activities		
<i>Increase/(Decrease) in:</i>		
Share capital and share premium	8	3
Debt securities and borrowings	415	398
Dividends paid	-	(13)
Net cash generated from financing activities (3)	423	388
Exchange translation adjustments (4)	(9)	15
Net change in cash, and balances and placements with central banks (1)+(2)+(3)+(4)	6,980	2,126
Cash, and balances and placements with central banks as at January 1	5,007	2,187
Cash, and balances and placements with central banks as at March 31	11,987	4,313

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Selected Notes to the Accounts

1. Issuance of Ordinary Shares

There were 1,469,965,595 issued and fully paid-up ordinary shares as at December 31, 2003. During the first quarter 2004, 20,207,769 ordinary shares were issued upon the conversion of non-voting convertible preference shares and the exercise of executive share options, bringing the total outstanding number of ordinary shares to 1,490,173,364 as at March 31, 2004. The weighted average number of ordinary shares was 1,480,464,986 for the first quarter 2004.

Details of issue of new ordinary shares of \$1.00 each are as follows:

Particulars	Number of new ordinary shares issued between January 1, 2004 and March 31, 2004	Number of new ordinary shares that would have been issued upon the conversion/exercise of all outstanding non-voting convertible preference shares ("CPS")/ non-voting redeemable CPS/executive share options		
		<u>Mar 31, 2004</u>	<u>Dec 31, 2003</u>	<u>Mar 31, 2003</u>
Conversion of non-voting CPS	19,475,169	120,436	19,595,605	19,608,841
Conversion of non-voting redeemable CPS	-	66,475,374	66,475,374	66,475,374
Exercise of executive share options	732,600	52,018,883	46,155,436	48,829,959

2. Earnings Per Ordinary Share

Basic earnings per ordinary share 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 millions	DBSH Group	
	1st Qtr 2004	1st Qtr 2003
Weighted average number of ordinary shares in issue (a)	1,480	1,469

In \$ millions	DBSH Group	
	1st Qtr 2004	1st Qtr 2003
Net profit attributable to members (annualised)	1,951	1,084
Less: Preference dividends (annualised)	16	20
Net profit attributable to members after adjustment of preference dividends (b)	1,935	1,064
Add: Goodwill amortisation (annualised)	441	429
Net profit attributable to members after adjustment of preference dividends and goodwill amortisation (c)	2,376	1,493
Basic Earnings Per Ordinary Share (Cents) (b)/(a)	131	72
Basic Earnings Per Ordinary Share (excluding goodwill amortisation) (Cents) (c)/(a)	160	102

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

2. Earnings Per Ordinary Share (Continued)

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 full conversion of DBSH non-voting CPS and DBSH non-voting redeemable CPS to ordinary shares. In addition, where applicable, the calculation would take into account 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).

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 millions	DBSH Group	
	1st Qtr 2004	1st Qtr 2003
Weighted average number of ordinary shares in issue	1,480	1,469
Dilutive effect of share options	1	#
Full conversion of DBSH non-voting CPS	#	20
Full conversion of DBSH non-voting redeemable CPS	66	66
Weighted average number of ordinary shares in issue assuming dilution (a)	1,547	1,555

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 \$ millions	DBSH Group	
	1st Qtr 2004	1st Qtr 2003
Net profit attributable to members (annualised)	1,951	1,084
Less: Preference dividends (annualised)	16	20
Net profit attributable to members after adjustment of preference dividends	1,935	1,064
Adjustment to net profit arising from:		
(i) Full conversion of DBSH non-voting CPS	#	5
(ii) Full conversion of DBSH non-voting redeemable CPS	16	15
Adjusted net profit attributable to members (b)	1,951	1,084
Add: Goodwill amortisation (annualised)	441	429
Adjusted net profit attributable to members (excluding goodwill amortisation) (c)	2,392	1,513
Diluted Earnings Per Ordinary Share (Cents) (b)/(a)	126	70
Diluted Earnings Per Ordinary Share (excluding goodwill amortisation) (Cents) (c)/(a)	154	97

Note:

1/ #: Amount under 500,000

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. Loan and Investment Exposures to Malaysia, Indonesia, Thailand, Korea, The Philippines (Regional Countries), Hong Kong and China

At March 31, 2004, 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 counter-parties regardless of where the transactions are booked.

The DBSH Group's exposures (assets and non-performing loans) to the Regional Countries, Hong Kong and China at March 31, 2004 are as follows:

In \$ millions	Loans and debt securities				Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure		
	Bank	Central Banks & Govt. Securities	Non- Bank ^{1/}	Investments		Amount	As a % of Total Assets	NPLs ^{2/}
Assets in	(a)	(b)	(c)	(d)	(e)	(f)=(a+b +c+d-e)	(g)	
Total Regional Countries	4,885	1,585	6,909	933	1,762	12,550	7.1%	1,386
Malaysia	1,154	35	1,362	88	1,015	1,624	0.9%	212
Indonesia	223	181	524	71	202	797	0.4%	36
Thailand (excluding DTDB)	265	17	143	63	217	271	0.2%	186
Korea	3,185	834	1,294	2	327	4,988	2.8%	-
The Philippines	43	184	96	561	1	883	0.5%	5
DTDB ^{3/}	15	334	3,490	148	-	3,987	2.3%	947
Hong Kong	3,742	3,006	23,668	11,796	13,724	28,488	16.1%	584
China	1,202	32	991	56	502	1,779	1.0%	118
TOTAL	9,829	4,623	31,568	12,785	15,988	42,817	24.2%	2,088

The DBSH Group's exposures (assets and non-performing loans) to the Regional Countries, Hong Kong and China at December 31, 2003 are as follows:

In \$ millions	Loans and debt securities				Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure		
	Bank	Central Banks & Govt. Securities	Non- Bank ^{1/}	Investments		Amount	As a % of Total Assets	NPLs ^{2/}
Assets in	(a)	(b)	(c)	(d)	(e)	(f)=(a+b +c+d-e)	(g)	
Total Regional Countries	5,016	1,104	6,395	955	1,954	11,516	7.3%	1,545
Malaysia	1,280	13	1,356	90	1,034	1,705	1.1%	233
Indonesia	126	56	365	73	128	492	0.3%	55
Thailand (excluding DTDB)	231	9	221	63	214	310	0.2%	188
Korea	3,326	531	885	1	577	4,166	2.6%	17
The Philippines	46	149	103	604	1	901	0.6%	8
DTDB ^{3/}	7	346	3,465	124	-	3,942	2.5%	1,044
Hong Kong	2,457	2,013	23,235	11,935	13,238	26,402	16.5%	643
China	965	24	692	21	393	1,309	0.8%	130
TOTAL	8,438	3,141	30,322	12,911	15,585	39,227	24.6%	2,318

Notes:

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

2/ Non-performing loans ("NPLs") include classified bank loans, debt securities and contingent items.

3/ DTDB: DBS Thai Danu Bank Public Company Limited

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. Loan and Investment Exposures to Malaysia, Indonesia, Thailand, Korea, The Philippines (Regional Countries), Hong Kong and China (Continued)

The DBSH Group's exposures (assets and non-performing loans) to the Regional Countries, Hong Kong and China at March 31, 2003 are as follows:

In \$ millions	Loans and debt securities				Less: Intercompany Loans/ Investments in Financial Subsidiaries/ Overseas Branches	Net Exposure		
	Bank	Central Banks & Govt. Securities	Non- Bank ^{1/}	Investments		Amount	As a % of Total Assets	NPLs ^{2/}
Assets in	(a)	(b)	(c)	(d)	(e)	(f)=(a+b +c+d-e)	(g)	
Total Regional Countries	4,074	1,128	5,152	829	1,578	9,605	6.1%	1,557
Malaysia	823	4	737	91	651	1,004	0.6%	290
Indonesia	152	119	240	73	112	472	0.3%	98
Thailand (excluding DTDB)	61	15	204	74	107	247	0.2%	195
Korea	2,926	625	480	12	703	3,340	2.1%	17
The Philippines	37	40	158	485	5	715	0.5%	38
DTDB ^{3/}	75	325	3,333	94	-	3,827	2.4%	919
Hong Kong	1,108	2,140	22,890	13,713	13,994	25,857	16.6%	780
China	993	13	704	-	344	1,366	0.9%	153
TOTAL	6,175	3,281	28,746	14,542	15,916	36,828	23.6%	2,490

Notes:

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

2/ Non-performing loans ("NPLs") include classified bank loans, debt securities and contingent items.

3/ DTDB: DBS Thai Danu Bank Public Company Limited

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4. Non-Performing Loans and Provisions

At March 31, 2004, DBSH Group's total non-performing loans ("NPLs") amounted to \$3.359 billion. Out of the total NPLs of \$3.359 billion, \$1.644 billion (49%) were secured by collateral.

Details of DBSH Group's NPLs and provisions at March 31, 2004 are as follows:

In \$ millions	Regional Countries					Total
	Singapore	Hong Kong	DTDB ^{1/}	Others	Other Countries	
Non-Performing Loans	1,060	584	947	439	329	3,359
- Substandard	766	432	761	302	262	2,523
- Doubtful	68	37	22	46	40	213
- Loss	226	115	164	91	27	623
NPLs as a % of Group total assets	0.6%	0.3%	0.5%	0.3%	0.2%	1.9%
Non-bank NPLs as a % of non-bank loans in the respective countries ^{2/}	2.7%	2.6%	26.1%	14.7%	7.8%	4.6%
Total Cumulative Provisions	765	413	541	383	169	2,271
- Specific provisions	388	180	359	184	88	1,199
- General provisions	377	233	182	199	81	1,072
Total Cumulative Provisions as a % of:						
- Group total assets	0.5%	0.2%	0.3%	0.2%	0.1%	1.3%
- NPLs in the respective countries	72%	71%	57%	87%	51%	68%
- Unsecured NPLs in the respective countries	191%	197%	118%	116%	54%	132%

Details of DBSH Group's NPLs and provisions at December 31, 2003 are as follows:

In \$ millions	Regional Countries					Total
	Singapore	Hong Kong	DTDB ^{1/}	Others	Other Countries	
Non-Performing Loans	1,255	643	1,044	501	337	3,780
- Substandard	842	475	839	352	269	2,777
- Doubtful	42	66	20	49	27	204
- Loss	371	102	185	100	41	799
NPLs as a % of Group total assets	0.8%	0.4%	0.7%	0.3%	0.2%	2.4%
Non-bank NPLs as a % of non-bank loans in the respective countries ^{2/}	3.3%	2.9%	28.8%	19.0%	8.5%	5.2%
Total Cumulative Provisions	851	418	561	389	168	2,387
- Specific provisions	475	190	378	193	87	1,323
- General provisions	376	228	183	196	81	1,064
Total Cumulative Provisions as a % of:						
- Group total assets	0.5%	0.3%	0.4%	0.2%	0.1%	1.5%
- NPLs in the respective countries	68%	65%	54%	78%	50%	63%
- Unsecured NPLs in the respective countries	173%	180%	105%	111%	53%	124%

Notes:

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

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

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4. Non-Performing Loans and Provisions (Continued)

Details of DBSH Group's NPLs and provisions at March 31, 2003 are as follows:

In \$ millions	Singapore	Hong Kong	Regional Countries		Other Countries	Total
			DTDB ^{1/}	Others		
Non-Performing Loans	1,486	780	919	638	310	4,133
- Substandard	1,017	582	821	445	212	3,077
- Doubtful	23	67	7	79	64	240
- Loss	446	131	91	114	34	816
NPLs as a % of Group total assets	0.9%	0.5%	0.6%	0.4%	0.2%	2.6%
Non-bank NPLs as a % of non-bank loans in the respective countries ^{2/}	4.0%	3.4%	26.4%	34.8%	8.5%	5.9%
Total Cumulative Provisions	866	462	559	428	162	2,477
- Specific provisions	513	231	378	242	110	1,474
- General provisions	353	231	181	186	52	1,003
Total Cumulative Provisions as a % of:						
- Group total assets	0.5%	0.3%	0.4%	0.3%	0.1%	1.6%
- NPLs in the respective countries	58%	59%	61%	67%	52%	60%
- Unsecured NPLs in the respective countries	153%	171%	112%	96%	61%	121%

Notes:

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

2/ Computed based on total non-bank customer NPLs (excluding non-performing debt securities and contingent 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 \$ millions	DBSH Group					
	March 31, 2004		December 31, 2003		March 31, 2003	
	Outstanding	Specific Provisions	Outstanding	Specific Provisions	Outstanding	Specific Provisions
Customer loans						
Manufacturing	802	324	894	360	900	383
Building and Construction	354	87	414	98	404	135
Housing Loans	196	64	198	63	188	50
General Commerce	501	254	576	289	703	283
Transportation, Storage and Communications	73	9	98	25	117	34
Financial Institutions, Investment and Holding Companies	153	51	208	66	326	83
Professionals and Private Individuals (except Housing Loans)	382	146	399	157	430	182
Others	635	153	695	165	711	171
Sub-total	3,096	1,088	3,482	1,223	3,779	1,321
Debt securities	172	78	184	73	225	115
Contingent items	91	33	114	27	129	38
Total	3,359	1,199	3,780	1,323	4,133	1,474

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5. 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" respectively. Non-trading derivative financial instruments are accounted for on an accrual basis.

March 31, 2004						
In \$ millions	Trading			Non-Trading		
	Underlying Notional	Positive Fair Value	Negative Fair Value	Underlying Notional	Positive Fair Value	Negative Fair Value
Interest Rate Derivatives	1,113,197	8,319	7,763	20,369	963	296
Foreign Exchange Derivatives	253,111	2,123	1,818	4,609	6	139
Equity Derivatives	9,723	54	310	-	-	-
Credit Derivatives	10,112	87	107	2,420	78	-
Total	1,386,143	10,583	9,998	27,398	1,047	435

December 31, 2003						
In \$ millions	Trading			Non-Trading		
	Underlying Notional	Positive Fair Value	Negative Fair Value	Underlying Notional	Positive Fair Value	Negative Fair Value
Interest Rate Derivatives	994,037	6,733	6,118	24,114	852	237
Foreign Exchange Derivatives	211,723	2,014	1,822	5,664	34	137
Equity Derivatives	8,444	36	196	544	#	-
Credit Derivatives	9,292	82	109	2,422	77	-
Total	1,223,496	8,865	8,245	32,744	963	374

Note:

1/ #: Insignificant

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6. Daily Earnings at Risk 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 April 1, 2003 to March 31, 2004.

In \$ millions	As at March 31, 2004	April 1, 2003 to March 31, 2004		
		Average	High ^{1/}	Low ^{1/}
Interest rate	24.3	24.5	33.7	19.6
FX	9.4	6.9	18.2	2.3
Equity	4.1	3.8	7.3	1.3
Diversification effect	(12.8)	(12.9)	-	-
Total	25.0	22.3	32.0	16.5

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 April 1, 2003 to March 31, 2004.

