

To: Shareholders

The DBS Group Holdings Ltd (“DBSH” or “the Company”) Board of Directors report unaudited financial results for the second quarter ended June 30, 2004.

The Directors have declared a gross interim dividend of 18 cents for each DBSH non-voting convertible preference share (“CPS”), each DBSH non-voting redeemable CPS, and for each DBSH ordinary share. All interim dividends will be paid less 20% Singapore income tax. Details of the interim dividends in respect of the first half of the financial year ended June 30 are as follows:

<u>In \$ millions</u>	<u>2004</u>	<u>2003</u>
DBSH Non-voting CPS		
Interim dividend of 18 cents less 20% tax (2003: 14 cents less 22% tax)	(a)	2
DBSH Non-voting redeemable CPS		
Interim dividend of 18 cents less 20% tax (2003: 14 cents less 22% tax)	10	7
DBSH Ordinary share		
Interim dividend of 18 cents less 20% tax (2003: 14 cents less 22% tax)	215	161

(a) Amounts under \$500,000

The interim dividends will be payable on August 27, 2004. Notice is hereby given that the Share Transfer Books and Register of Members of the Company for ordinary shares will be closed from August 17, 2004 to August 18, 2004, both dates inclusive. Duly completed transfers received by the Company's Registrar, Barbinder & Co Pte Ltd of 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 p.m. on August 16, 2004 will be registered to determine shareholders' entitlement to the interim dividends. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited (“CDP”), the interim dividends will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders.

By order of the Board

Heng Lee Cheng (Ms)
Group Secretary

July 30, 2004
Singapore

More information on the above announcement is available at www.dbs.com/investor



Performance Summary

Unaudited Financial Results
for Second Quarter ended
June 30, 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”).

On June 25, 2004, DBS Bank Ltd, a wholly owned subsidiary company of DBSH, disposed its 59% equity stake in DBS Thai Danu Bank Public Company Limited (“DTDB”) in exchange for a 16% interest in the Thai Military Bank Public Company Limited (“TMB”). At June 30, 2004, the financial statements of DBSH Group took into account the effect of this transaction and DTDB ceased to be consolidated as a subsidiary company of DBS Bank Ltd. The impact on the Group financial statements is summarised in Appendix VI Note 6.

In \$ millions	2nd Qtr 2004	2nd Qtr 2003	+/(-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+/(-) %
For the period							
Operating income	1,553	984	58	1,266	2,819	2,032	39
Operating profit before goodwill amortisation and provisions	1,071	525	104	763	1,834	1,131	62
Net profit before taxation	972	241	303	621	1,593	635	151
Net profit attributable to members	847	171	395	488	1,335	442	202
Net profit attributable to members (excluding goodwill amortisation)	957	278	244	598	1,555	655	137
At period-end							
Shareholders' funds	16,047	14,513	11	15,383	16,047	14,513	11
Interest bearing assets	141,290	134,165	5	147,542	141,290	134,165	5
Customer loans ^{1/}	65,053	62,714	4	65,344	65,053	62,714	4
Customer deposits	108,179	105,514	3	111,938	108,179	105,514	3
Total assets	168,182	158,501	6	176,574	168,182	158,501	6
Per share (in \$)							
Basic earnings excluding goodwill amortisation ^{2/}	1.56	0.74	111	1.60	1.75	0.88	99
Basic earnings ^{2/}	1.26	0.45	180	1.31	1.45	0.59	146
Diluted earnings ^{2/}	1.22	0.44	177	1.26	1.40	0.57	146
Net asset value at period-end							
(i) based on existing ordinary share capital	10.47	9.49	10	10.03	10.47	9.49	10
(ii) assuming non-voting convertible preference shares (“CPS”) and non-voting redeemable CPS are converted to ordinary shares	10.31	9.33	11	9.88	10.31	9.33	11
Performance ratios							
(%)	2nd Qtr 2004	2nd Qtr 2003		1st Qtr 2004	1st Half 2004	1st Half 2003	
On a GAAP basis							
Return on assets ^{2/}	1.09	0.43		1.16	1.31	0.57	
Return on equity ^{2/}	12.08	4.71		12.89	14.04	6.15	
Excluding goodwill amortisation							
Return on assets ^{2/}	1.34	0.70		1.42	1.57	0.85	
Return on equity ^{2/}	14.87	7.63		15.80	16.89	9.12	
Efficiency and revenue mix ratios							
Cost-to-income ratio (excluding goodwill amortisation)	31.0	46.6		39.7	34.9	44.3	
As a percentage of total operating income:							
- net interest income	41.9	56.9		50.1	45.6	57.0	
- non-interest income	58.1	43.1		49.9	54.4	43.0	
Capital adequacy ratios (at period-end) ^{3/}							
- Tier 1 capital	11.6	9.7		10.4	11.6	9.7	
- Total capital	15.6	14.2		14.5	15.6	14.2	

Notes:

1/ After deducting cumulative provisions.

2/ Earnings per share, return on assets and return on equity were computed on an annualised basis (gains from the sale of investments in Wing Lung Bank and DBS Thai Danu Bank Public Company Limited were not annualised).

3/ Ratios for 2004 were computed based on the revised MAS capital framework issued on May 28, 2004. Comparatives for 2003 were not restated to the new basis and were computed using Bank for International Settlements (“BIS”) guidelines.

Financial Review

DBSH Group's net profit attributable to members ("NPAM") was \$847 million for second quarter 2004, up 395% over second quarter 2003 and 74% over first quarter 2004. The results included a \$187 million gain from sale of the Group's 10% stake in Wing Lung Bank and a \$310 million gain from the sale of the Group's 59% stake in DTDB. Excluding these one-time gains totalling \$497 million, Group NPAM was \$350 million, an increase of 105% over second quarter 2003. This increase was driven by growth in operating income combined with a decline in provision charge. Compared to first quarter 2004, Group NPAM, excluding the one-time gains, declined 28% due to lower non-interest income.

- Operating income of \$1.056 billion (excluding one-time gains) rose 7% over second quarter 2003 led by 16% growth in net interest income from higher loan volumes, increased investment in debt securities and a rise in interbank interest rates. Compared to first quarter 2004, operating income (excluding one-time gains) declined 17%, largely due to lower treasury income and fees from stockbroking activities.
- Operating expenses rose 5% over second quarter 2003 but declined 4% from first quarter 2004. Changes in expenses were mainly due to variable staff costs, which varied in tandem with revenue generation activity. Second quarter 2004 also saw increases in other expenses from higher promotion and marketing activities.
- Cost-to-income ratio (excluding goodwill amortisation and one-time gains) was 45.6% for second quarter 2004. Compared to second quarter 2003, cost-to-income ratio was lower by 1 percentage point. Compared to first quarter 2004, cost-to-income ratio was higher as the decline in operating expenses was smaller than the decline in operating income.
- Provision charge of \$11 million was 94% lower compared to second quarter 2003, and 78% lower compared to first quarter 2004. The lower provision charge was mainly due to improving credit quality and property valuation. It also included partial release of special general provision following the sale and de-consolidation of DTDB.

Profit and Loss Account ^{1/}

In \$ millions	2nd Qtr 2004	2nd Qtr 2003	+ / (-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+ / (-) %
Net interest income	651	560	16	634	1,285	1,159	11
Non-interest income	902	424	113	632	1,534	873	76
Operating income	1,553	984	58	1,266	2,819	2,032	39
Operating expenses	(482)	(459)	5	(503)	(985)	(901)	9
Operating profit before goodwill amortisation and provisions	1,071	525	104	763	1,834	1,131	62
Goodwill amortisation	(110)	(107)	3	(110)	(220)	(213)	3
Operating profit before provisions	961	418	130	653	1,614	918	76
Provisions	(11)	(187)	(94)	(50)	(61)	(305)	(80)
Operating profit	950	231	311	603	1,553	613	153
Share of profits less losses of associated and joint venture companies	22	10	120	18	40	22	82
Net profit before taxation	972	241	303	621	1,593	635	151
Taxation	(112)	(55)	104	(120)	(232)	(165)	41
Minority interests	(13)	(15)	(13)	(13)	(26)	(28)	(7)
Net profit attributable to members	847	171	395	488	1,335	442	202
NPAM excluding goodwill amortisation	957	278	244	598	1,555	655	137

Note:

1/ Excluding one-time gains of \$497 million, the following profit and loss items would have been:

In \$ millions	2nd Qtr 2004	2nd Qtr 2003	+ / (-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+ / (-) %
Non-interest income	405	424	(4)	632	1,037	873	19
Operating profit before goodwill amortisation and provisions	574	525	9	763	1,337	1,131	18
Net profit attributable to members	350	171	105	488	838	442	90

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

DBS Bank (Hong Kong) Limited

For second quarter 2004, net profit after taxation for DBS Bank (Hong Kong) Limited grew 80% over second quarter 2003 to \$142 million. The increase was mainly due to higher operating income and lower provision charge. Compared to first quarter 2004, net profit after taxation declined 7% mainly due to lower operating income and an increase in provision charge.

- Net interest income was up 9% over second quarter 2003 mainly attributable to the wider spread between the Prime rate and HIBOR^{1/}. Gross loans increased 8% or HK\$7 billion. Compared to first quarter 2004, net interest income decreased 1% due to a narrowing of the Prime-HIBOR^{1/} spread, despite a 4% increase in gross loans.
- Non-interest income in second quarter 2004 rose 14% over second quarter 2003 due to stronger sales of treasury investment products, unit trusts and higher loan related fees. Non-interest income decreased 12% from first quarter 2004 mainly due to lower sales of treasury investment products.
- Compared to second quarter 2003 and first quarter 2004, operating expenses were marginally lower.
- Provision charge decreased 53% compared to a year ago, following the rebound in Hong Kong's economy. But provision charge was 16% higher than first quarter 2004. Higher general provision was made on increased loan outstanding while lower write-backs and recoveries led to a higher specific provision charge.

Profit and Loss Account (Based on Hong Kong Generally Accepted Accounting Principles) ^{2/3/}							
In \$ millions	2nd Qtr 2004	2nd Qtr 2003	+/(-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+/(-) %
Net interest income	215	198	9	218	433	392	10
Non-interest income	97	85	14	110	207	167	24
Operating income	312	283	10	328	640	559	14
Operating expenses	(125)	(126)	(1)	(126)	(251)	(238)	5
Operating profit before provisions	187	157	19	202	389	321	21
Provisions	(29)	(62)	(53)	(25)	(54)	(104)	(48)
Operating profit	158	95	66	177	335	217	54
Net profit before taxation	163	95	72	180	343	217	58
Net profit after taxation	142	79	80	153	295	179	65

Notes:

1/ HIBOR: Hong Kong Interbank Offer Rate

2/ The exchange rate used for all comparative periods is HK\$1 = S\$0.2204586.

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	2nd Qtr 2004	2nd Qtr 2003	+/(-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+/(-) %
Net profit before taxation	171	77	122	175	346	195	77
Net profit after taxation	150	69	117	148	298	165	81

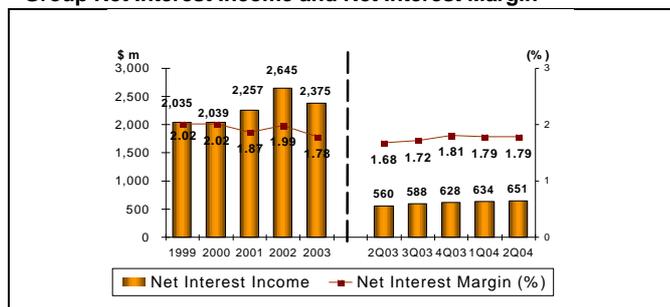
Certain aspects of DBSH Group's accounting policies differ from those under Hong Kong Generally Accepted Accounting Principles. In second quarter 2003, additional provisions for valuation shortfall were set aside in accordance with the Group's accounting policies for properties held by DBS Bank (Hong Kong) Limited. The comparison of second quarter 2004 over the same quarter last year therefore shows a higher positive change as compared to the accounts presented under Hong Kong Generally Accepted Accounting Principles.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Net Interest Income and Net Interest Margin

Exhibit 1

Group Net Interest Income and Net Interest Margin



Net interest income grew 16% over second quarter 2003 and 3% over first quarter 2004 to \$651 million in second quarter 2004.

- The increase in net interest income was largely due to growth in interest bearing assets and continuing efforts in re-balancing the Group's asset composition by deploying funds away from the lower yielding interbank market to higher yielding customer loans and debt securities. Excluding DTDB in comparative periods, gross customer loans rose 8% over end June 2003 and 4% over end March 2004 to \$67 billion.
- Net interest margin for second quarter 2004 was 1.79%, higher than 1.68% in second quarter 2003 and virtually unchanged compared to first quarter 2004. Average interest margins on interbank assets and securities improved but customer loan margins remained under pressure.

Table 1

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

In \$ millions	2nd Qtr 2004			2nd Qtr 2003			1st Qtr 2004		
	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)
Customer loans and advances	67,112	567	3.40	61,821	602	3.91	65,631	560	3.43
Interbank items	32,906	100	1.22	41,298	91	0.88	33,821	90	1.07
Securities ^{2/}	46,292	330	2.87	30,570	199	2.61	42,744	302	2.84
Total interest bearing assets	146,310	997	2.74	133,689	892	2.68	142,196	952	2.69
Total interest bearing liabilities	137,031	346	1.01	125,026	332	1.06	134,388	318	0.95
Net interest income/margin		651	1.79		560	1.68		634	1.79

In \$ millions	1st Half 2004			1st Half 2003		
	Average balance	Interest	Average rate (%)	Average balance	Interest	Average rate (%)
Customer loans and advances	66,518	1,128	3.41	61,424	1,210	3.97
Interbank items	32,936	189	1.16	40,783	202	1.00
Securities ^{2/}	44,329	632	2.87	28,909	393	2.74
Total interest bearing assets	143,783	1,949	2.73	131,116	1,805	2.78
Total interest bearing liabilities	135,326	664	0.99	122,387	646	1.06
Net interest income/margin		1,285	1.79		1,159	1.78

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	2nd Qtr 2004	2nd Qtr 2003	+/()%	1st Qtr 2004	1st Half 2004	1st Half 2003	+/()%
Fee and commission income							
Stockbroking	44	32	38	69	113	51	122
Investment banking	22	23	(4)	26	48	29	66
Trade and remittances	32	27	19	30	62	54	15
Loan related	47	33	42	52	99	69	43
Deposit related	26	27	(4)	25	51	52	(2)
Credit card	21	21	-	22	43	41	5
Fund management	13	11	18	11	24	18	33
Wealth management (unit trust distribution and bancassurance)	24	28	(14)	34	58	41	41
Others	11	11	-	8	19	19	-
Total	240	213	13	277	517	374	38
Dividend and rental income	44	28	57	13	57	41	39
Other income							
Net gain on treasury activities (including structured investment products)	101	158	(36)	252	353	313	13
Net gain on investment securities	512	19	NM	86	598	138	333
Net gain on fixed assets	3	1	200	2	5	-	NM
Others	2	5	(60)	2	4	7	(43)
Total	618	183	238	342	960	458	110
Total non-interest income	902	424	113	632	1,534	873	76
Non-interest income as a percentage of operating income (%)	58.1	43.1		49.9	54.4	43.0	

NM: Not meaningful

Non-interest income increased 113%, boosted by a \$187 million gain from the sale of investment in Wing Lung Bank and a \$310 million gain from the sale of a controlling stake in DTDB. These one-time gains were included under "Net gain on investment securities". Excluding the \$497 million gain, non-interest income for second quarter 2004 was 4% lower compared to second quarter 2003 and 36% below first quarter 2004 mainly due to lower Other Income.

- Compared to same quarter last year, fee and commission income rose 13% to \$240 million in second quarter 2004, principally due to higher stockbroking fees following recovery in regional equity markets, and strong growth in loan related fees from increased volume of loan syndication activity. Compared to first quarter 2004, fee and commission income was lower mainly due to market uncertainty prevailing in second quarter 2004, resulting in a decline in equity market volumes and wealth management sales.
- Other income (excluding one-time gains) declined to \$121 million in second quarter 2004, a fall of 34% from same quarter last year and 65% from previous quarter. Net gain from treasury activities was lower, including bonds and interest rate derivatives trading, as interest rate uncertainty resulted in a difficult trading environment. The first quarter 2004 net gain on investment securities included \$46 million gain from the redemption of investment funds previously managed by third parties.
- The ratio of non-interest income to total operating income increased to 58.1% for the quarter. Should one-time gains be excluded, the ratio would have been 38.4%.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Operating Expenses

Table 3
Group Operating Expenses

In \$ millions	2nd Qtr 2004	2nd Qtr 2003	+/(-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+/(-) %
Staff costs	226	210	8	250	476	429	11
Occupancy expenses	46	51	(10)	46	92	99	(7)
Technology-related expenses	79	74	7	77	156	145	8
Revenue-related expenses	48	49	(2)	54	102	82	24
Others	83	75	11	76	159	146	9
Total operating expenses	482	459	5	503	985	901	9
Cost-to-income ratio (%) (excluding goodwill amortisation)	31.0	46.6		39.7	34.9	44.3	
Staff headcount number (at period-end)	10,838	11,948		12,173	10,838	11,948	

- Excluding goodwill amortisation, operating expenses for second quarter 2004 increased 5% to \$482 million over second quarter 2003. Staff costs increased 8% to \$226 million due to higher bonus accrual in line with the stronger bottom-line performance this year. Other expenses rose 11% on increased investment spending on advertising and marketing for retail products and higher travelling expenses.
- Compared to first quarter 2004, operating expenses declined 4% mainly due to lower bonus accruals. Revenue-related expenses, which include commission paid to remisiers and sales commissions, fell 11% following lower business volumes and revenue-related activity.
- The staff headcount at end June 2004 was 10,838. The de-consolidation of DTDB reduced headcount by 1,611 in second quarter 2004.

Provision Charge

Table 4
Group Provision Charge

In \$ millions	2nd Qtr 2004	2nd Qtr 2003	+/(-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+/(-) %
Specific provision							
Loans							
Singapore	3	49	(94)	17	20	67	(70)
Hong Kong	21	63	(67)	17	38	108	(65)
Other countries	-	-	-	(5)	(5)	(2)	150
Sub-Total	24	112	(79)	29	53	173	(69)
Securities, properties and other assets	14	51	(73)	1	15	93	(84)
Total Specific Provision	38	163	(77)	30	68	266	(74)
General provision	(27)	24	(213)	20	(7)	39	(118)
Total provision charge	11	187	(94)	50	61	305	(80)
SP + GP (loans) / Average loan (basis point)	22	80		25	23	62	

Provision charge was \$11 million for second quarter 2004, down 94% from second quarter 2003 and 78% from first quarter 2004.

- Specific provision for loan losses fell 79% to \$24 million due to an improvement in the overall credit quality of the portfolios. Specific provision for properties and other assets was 73% lower as additional provision for valuation shortfall was set aside for properties in Hong Kong in second quarter 2003.
- With the de-consolidation of DTDB, \$148 million special general provision that was previously booked in DBS Bank Ltd for the exposure to Thailand was no longer required. Of the \$148 million, \$108 million was set aside to cater for the Group's growing franchise outside Singapore. The remaining \$40 million was written back through the profit and loss account. After setting aside general provision for the increase in customer loan outstanding in second quarter 2004, net general provision released was \$27 million.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Balance Sheet

Table 5
Group Key Balance Sheet Items

In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003	Jun 30 2003
Total assets	168,182	176,574	159,595	158,501
Customer loans ^{1/}	65,053	65,344	64,335	62,714
Customer deposits	108,179	111,938	108,041	105,514
Loan-to-deposit ratio (%)	60.1	58.4	59.5	59.4
Loan and non-trading debt securities-to-deposit ratio (%)	81.0	78.4	79.7	76.9

Note:

1/ After deducting cumulative provisions.

At the end of June 2004, total assets were \$168 billion.

- Compared to end March 2004, customer loans were virtually unchanged. Excluding DTDB in comparative periods, customer loans grew 4% over end March 2004, arising from increases across all industry sectors, including a 3% growth in housing loans. Customer deposits decreased to \$108 billion.
- The Group's loan-to-deposit ratio at the end of June 2004 improved to 60.1%. Including DBS Group's portfolio of non-trading debt securities, the ratio of loan and non-trading debt securities to deposits was 81%.

Asset Quality

Exhibit 2
Group Non-Performing Loans

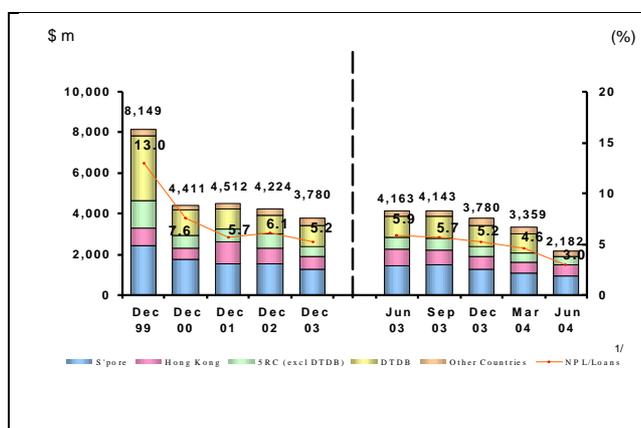


Table 6
Group Geographical NPL Rate
(Based on MAS standard)

(%)	Jun 30 2004	Mar 31 2004	Dec 31 2003	Jun 30 2003
Singapore	2.4	2.7	3.3	3.9
Hong Kong	2.3	2.6	2.9	3.5
Regional countries ^{2/} (excl. DTDB)	12.5	14.7	19.0	26.5
DTDB	NA	26.1	28.8	29.2
Other countries	6.9	7.8	8.5	8.7

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

NA : Not applicable

- The volume of non-performing loans ("NPLs") declined 35% from end of March 2004 to \$2.2 billion at the end of June 2004. Excluding DTDB's NPLs, the Group's NPLs was 10% lower. Out of the \$2.2 billion NPLs, \$0.5 billion or 23% were restructured NPLs.
- Singapore's NPLs was \$1 billion and accounted for 44% of the Group's NPLs, while Hong Kong's NPLs of \$0.5 billion accounted for 25%.
- The ratio of NPLs to the total non-bank loans ("NPL rate") further improved from 4.6% at the end of March 2004 to 3% at the end of June 2004. The NPL rates for Singapore, Hong Kong and regional countries operations improved to 2.4%, 2.3% and 12.5% respectively, at the end of June 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 \$2.2 billion NPLs at the end of June 2004, 72% were classified as substandard, 9% as doubtful and the remaining 19% in the loss category. 47% of the NPLs were secured by collateral.

Cumulative Specific and General Provisions

Total cumulative specific and general provisions at the end of June 2004 were 156% of unsecured NPLs, and 83% of total NPLs.

Exhibit 3
Group Non-Performing Loans – by Loan Grading

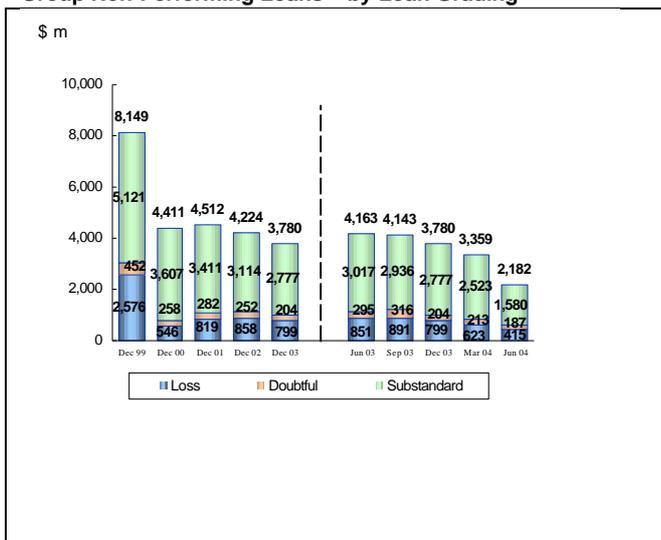
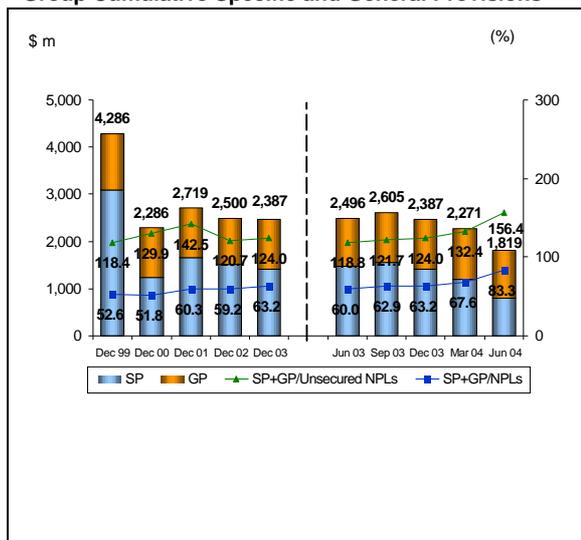


Exhibit 4
Group Cumulative Specific and General Provisions



Restructured Loans

Table 7
Loans that were restructured and classified

In \$ millions	Jun 30, 2004		Mar 31, 2004		Dec 31, 2003		Jun 30, 2003	
	NPLs	Specific provisions						
Substandard	416	41	991	116	1,094	125	1,260	138
Doubtful	19	17	70	54	70	54	73	56
Loss	77	76	188	188	245	243	301	301
Total	512	134	1,249	358	1,409	422	1,634	495

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 8
Group Customer Loans

In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003	Jun 30 2003
Gross	66,588	67,298	66,414	64,905
Less:				
Specific provisions	652	1,019	1,151	1,273
General provisions	883	935	928	918
Net total	65,053	65,344	64,335	62,714

Excluding DTDB:

Gross		63,842	62,938	61,566
Less:				
Specific provisions		660	773	890
General provisions		753	745	736
Net total		62,429	61,420	59,940

Analysed by Industry

Manufacturing	6,262	6,912	6,434	6,791
Building & Construction	7,847	7,941	7,907	7,555
Housing Loans	23,089	22,888	22,603	22,082
General Commerce	6,547	7,069	6,634	6,057
Transportation, Storage & Communications	5,122	5,090	4,821	4,869
Financial Institutions, Investment & Holding Companies	5,038	4,771	5,020	4,547
Professionals & Private Individuals (except Housing Loans)	7,240	7,305	7,393	7,320
Others	5,443	5,322	5,602	5,684
Total (Gross)	66,588	67,298	66,414	64,905

Excluding DTDB:

Manufacturing		5,993	5,423	5,760
Building & Construction		7,680	7,679	7,341
Housing Loans		22,523	22,232	21,739
General Commerce		6,353	5,927	5,368
Transportation, Storage & Communications		4,917	4,658	4,716
Financial Institutions, Investment & Holding Companies		4,710	4,940	4,479
Professionals & Private Individuals (except Housing Loans)		6,943	7,054	7,038
Others		4,723	5,025	5,125
Total (Gross)		63,842	62,938	61,566

Analysed by Currency and Fixed / Variable Rates

Fixed rate^{1/}

Singapore dollar	9,424	8,961	8,867	8,381
Hong Kong dollar	245	353	262	479
US dollar	1	1	4	3
Thai Baht	-	930	945	785
Others	187	85	96	67
Sub-total	9,857	10,330	10,174	9,715

Variable rate^{2/}

Singapore dollar	21,577	20,935	21,026	21,305
Hong Kong dollar	21,434	20,216	20,089	20,478
US dollar	10,028	9,147	8,658	8,773
Thai Baht	21	2,354	2,393	2,395
Others	3,671	4,316	4,074	2,239
Sub-total	56,731	56,968	56,240	55,190
Total (Gross)	66,588	67,298	66,414	64,905

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.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Table 9
Total Group Deposits

In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003	Jun 30 2003
Deposits of non-bank customers	108,179	111,938	108,041	105,514
Deposits and balances of banks	10,286	14,062	7,497	7,512
Total	118,465	126,000	115,538	113,026
Excluding DTDB:				
Deposits of non-bank customers		108,584	104,509	101,887
Deposits and balances of banks		13,869	7,458	7,491
Total		122,453	111,967	109,378

Table 10
Group Customer Deposits

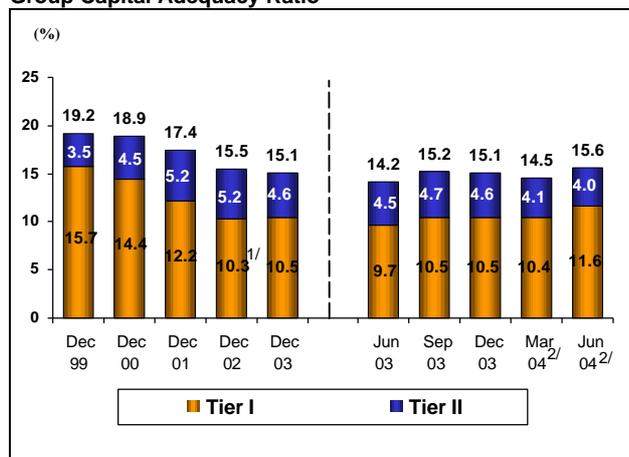
In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003	Jun 30 2003
Analysed by Currency				
Singapore dollar	59,654	61,254	56,641	55,360
US dollar	22,490	21,909	23,309	20,840
Hong Kong dollar	16,828	17,150	17,241	18,770
Thai Baht	19	3,382	3,539	3,658
Others	9,188	8,243	7,311	6,886
Total	108,179	111,938	108,041	105,514
Analysed by Product				
Savings accounts (include S\$ autosave)	48,659	49,361	48,028	44,452
Current accounts	11,506	12,890	10,486	9,301
Fixed deposits	42,264	44,403	45,130	48,261
Other deposits	5,750	5,284	4,397	3,500
Total	108,179	111,938	108,041	105,514

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Capital Adequacy Ratio

Exhibit 5

Group Capital Adequacy Ratio



The new MAS capital framework (MAS Notice 637) was issued on May 28, 2004. Under this new framework, the total Capital Adequacy Ratio ("CAR") for the DBSH Group at end of June 2004 was 15.6%, of which Tier 1 CAR was 11.6%.

Table 11
Group Capital

In \$ millions	Jun 30 2004 ^{2/}	Mar 31 2004 ^{2/}	Dec 31 2003	Jun 30 2003
Tier I Capital				
Paid ordinary/preference shares	1,557	1,557	1,556	1,556
Disclosed reserves/others	16,806	15,862	15,439	15,118
Goodwill	(7,152)	(7,261)	(7,371)	(7,606)
	11,211	10,158	9,624	9,068
Tier II Capital				
Cumulative general provisions	914	968	768	709
Subordinated debts	3,571	3,486	3,531	3,659
Others	(657)	(471)	(38)	(153)
	3,828	3,983	4,261	4,215
Total Capital	15,039	14,141	13,885	13,283
Risk Weighted Assets	96,641	97,764	92,067	93,865

Notes:

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.

2/ Ratios for 2004 were computed based on the revised MAS capital framework issued on May 28, 2004. Comparatives for 2003 were not restated to the new basis and were computed using Bank for International Settlements ("BIS") guidelines.

Unrealised Valuation Surpluses

Table 12
Group Unrealised Valuation Surpluses

In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003	Jun 30 2003
Properties	538	438	424	409
Quoted investments	182	672	436	442
Total	720	1,110	860	851

Unrealised valuation surpluses in properties and quoted investment securities not recognised in the accounts amounted to \$0.7 billion at the end of June 2004.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Geographical Segment Analysis

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

Table 13
Group Geographical Segments

In \$ millions	Total assets	Distribution (%)	Year-to-date Operating income	Distribution (%)	Year-to-date Net profit attributable to members	Distribution (%)
Jun 30, 2004						
Singapore	108,193	67	1,916	68	1,135	73
Hong Kong	40,069	25	703	25	324	21
Regional countries	3,276	2	136	5	69	4
Rest of the world	9,492	6	64	2	27	2
Sub-total	161,030	100	2,819	100	1,555	100
Goodwill	7,152		-		(220)	
Total	168,182		2,819		1,335	
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	
Jun 30, 2003						
Singapore ^{1/}	98,514	65	1,278	63	439	67
Hong Kong	39,340	26	601	30	161	25
Regional countries ^{1/}	6,703	5	112	5	35	5
Rest of the world	6,455	4	41	2	20	3
Sub-total	151,012	100	2,032	100	655	100
Goodwill	7,489		-		(213)	
Total	158,501		2,032		442	

Note:

1/ Special general provisions for exposures outside Singapore 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, South Korea and the Philippines.
- **"Rest of the world"**, which are mainly branch operations in China, India, Taiwan, United States and United Kingdom.

Approximately 93% of the Group's operating income were derived from Singapore and Hong Kong operations.

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 second quarter 2004 over second 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 (\$45 million, 68%) was largely due to higher interest income, fee income from cards and sales of investment products, and lower provisions as a result of improving credit quality and asset valuation.

• **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 (\$22 million, 48%) 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 (\$21 million, 25%) was due to higher fee income principally from strong growth in loan related fees from increased volume of loan syndication activity 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.

The decrease in net profit after taxation (\$49 million, 91%) was mainly due to less favourable bonds and interest rate derivatives trading.

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.

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 net profit after taxation for second quarter 2004 included a \$187 million gain from sale of the Group's 10% stake in Wing Lung Bank, a \$310 million gain from the sale of the Group's 59% stake in DTDB and write-back of special general provision amounting to \$40 million.

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

Table 14

Group Business Segments (2nd Qtr 2004)

In \$ millions	Consumer Banking	Enterprise Banking	Investment Banking	Treasury and Markets ^{1/}	Funding Portfolio ^{1/}	Central Operations	Total
Operating income	386	183	189	13	104	678	1,553
Operating profit before provisions, taxation and goodwill amortisation	154	121	127	6	53	610	1,071
Net profit before taxation and goodwill amortisation	137	79	125	6	54	681	1,082
Taxation	(23)	(15)	(20)	(1)	(10)	(43)	(112)
Net profit after taxation and before goodwill amortisation	111	68	106	5	45	622	957
Goodwill amortisation							(110)
Net profit attributable to members							847
<i>Other Information</i>							
Total assets before goodwill	27,433	15,227	28,867	27,713	33,168	28,622	161,030
Goodwill							7,152
Total assets							168,182
Total liabilities	64,039	13,962	14,716	18,607	16,599	23,088	151,011
Capital expenditure	4	3	-	-	1	18	26
Depreciation	8	3	2	-	1	24	38

Group Business Segments (2nd Qtr 2003)

In \$ millions	Consumer Banking	Enterprise Banking	Investment Banking	Treasury and Markets ^{1/}	Funding Portfolio ^{1/}	Central Operations	Total
Operating income	348	153	169	88	81	145	984
Operating profit before provisions, taxation and goodwill amortisation	140	93	114	58	53	67	525
Net profit before taxation and goodwill amortisation	84	58	95	58	58	(5)	348
Taxation	(18)	(12)	(10)	(3)	(3)	(9)	(55)
Net profit after taxation and before goodwill amortisation	66	46	85	54	54	(27)	278
Goodwill amortisation							(107)
Net profit attributable to members							171
<i>Other Information</i>							
Total assets before goodwill	27,217	13,999	25,972	16,395	39,250	28,179	151,012
Goodwill							7,489
Total assets							158,501
Total liabilities	65,955	13,736	14,007	12,661	12,022	24,359	142,740
Capital expenditure	4	2	5	1	1	5	18
Depreciation	11	5	1	2	2	25	46

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.

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	2nd Qtr 2004	2nd Qtr 2003	+/(-) %	1st Qtr 2004	1st Half 2004	1st Half 2003	+/(-) %
Interest income	997	892	12	952	1,949	1,805	8
Less: Interest expense	346	332	4	318	664	646	3
Net interest income	651	560	16	634	1,285	1,159	11
Fee and commission income	240	213	13	277	517	374	38
Dividends	36	21	71	5	41	25	64
Rental income	8	7	14	8	16	16	-
Other income	618	183	238	342	960	458	110
Operating income	1,553	984	58	1,266	2,819	2,032	39
Less: Staff costs	226	210	8	250	476	429	11
Depreciation	38	46	(17)	44	82	91	(10)
Other operating expenses	218	203	7	209	427	381	12
Goodwill amortisation	110	107	3	110	220	213	3
Operating expenses	592	566	5	613	1,205	1,114	8
Operating profit before provisions	961	418	130	653	1,614	918	76
Less: Provision for possible loan losses and diminution in value of other assets	11	187	(94)	50	61	305	(80)
Operating profit	950	231	311	603	1,553	613	153
Add: Share of profits less losses of associated and joint venture companies	22	10	120	18	40	22	82
Net profit before taxation	972	241	303	621	1,593	635	151
Less: Taxation	106	53	100	116	222	161	38
Share of taxation of associated and joint venture companies	6	2	200	4	10	4	150
Net profit after taxation	860	186	362	501	1,361	470	190
Less: Minority interests	13	15	(13)	13	26	28	(7)
Net profit attributable to members	847	171	395	488	1,335	442	202

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Balance Sheet as at

In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003 ^{1/}	Jun 30 2003	In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003 ^{1/}	Jun 30 2003
SHARE CAPITAL					ASSETS				
Share capital	1,557	1,557	1,556	1,556	Cash, and balances and placements with central banks	7,088	11,987	5,007	2,671
RESERVES					Singapore Government securities and treasury bills	13,627	13,192	11,438	10,143
Share premium account	2,181	2,178	2,171	2,168	Trading securities	11,502	11,142	6,433	4,507
Other reserve	4,271	4,271	4,271	4,271	Balances, placements with, and loans and advances to banks	24,829	26,977	27,472	36,132
Capital redemption reserve	28	28	28	28	Bills receivable from non-bank customers	1,939	2,185	1,481	1,459
Capital reserve	(8)	(39)	(30)	3	Loans and advances to non-bank customers	63,114	63,159	62,854	61,255
General reserve	2,230	2,230	2,230	2,044	Investment securities	23,667	23,711	22,828	19,522
Revenue reserve	5,788	5,158	4,670	4,443	Associated and joint venture companies	548	543	547	493
	<u>14,490</u>	<u>13,826</u>	<u>13,340</u>	<u>12,957</u>	Goodwill	7,152	7,261	7,371	7,489
SHAREHOLDERS' FUNDS	16,047	15,383	14,896	14,513	Fixed assets	1,856	1,958	2,016	2,138
MINORITY INTERESTS	1,124	1,138	1,125	1,248	Deferred tax assets	118	119	129	122
LIABILITIES					Other assets	12,742	14,340	12,019	12,570
Deposits and balances of banks	10,286	14,062	7,497	7,512					
Deposits and other accounts of non-bank customers	108,179	111,938	108,041	105,514					
Bills payable	357	738	363	373					
Current taxation	618	605	500	497					
Deferred tax liabilities	72	94	104	112					
Other liabilities	19,392	20,904	15,772	17,148					
Other borrowings and debt securities in issue ^{2/}	6,731	6,089	5,604	5,714					
- due within one year	2,259	2,051	1,882	2,383					
- due after one year	4,472	4,038	3,722	3,331					
Subordinated term debts (unsecured)	5,376	5,623	5,693	5,870					
- due within one year	-	25	25	25					
- due after one year	5,376	5,598	5,668	5,845					
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	168,182	176,574	159,595	158,501	TOTAL ASSETS	168,182	176,574	159,595	158,501
OFF BALANCE SHEET ITEMS									
Contingent liabilities	7,468	7,296	6,984	7,165					
Commitments	67,870	68,612	60,173	62,570					
Financial derivatives	1,549,064	1,413,541	1,256,240	1,227,074					

Notes:

1/ Audited.

2/ Includes secured amount of \$1,497 million as at June 30, 2004 (March 31, 2004: \$1,385 million; December 31, 2003: \$1,106 million; June 30, 2003: \$1,660 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	Jun 30 2004	Mar 31 2004	Dec 31 2003 ^{1/}	Jun 30 2003	In \$ millions	Jun 30 2004	Mar 31 2004	Dec 31 2003 ^{1/}	Jun 30 2003
SHARE CAPITAL					ASSETS				
Share capital	1,557	1,557	1,556	1,556	Balances, placements with, and loans and advances to non-bank customers	3	3	3	3
RESERVES					Investment in subsidiary companies	6,772	6,770	6,762	6,760
Share premium account	2,181	2,178	2,171	2,168					
Capital redemption reserve	28	28	28	28					
Revenue reserve	3,000	3,001	3,001	3,002					
	<u>5,209</u>	<u>5,207</u>	<u>5,200</u>	<u>5,198</u>					
SHAREHOLDERS' FUNDS	6,766	6,764	6,756	6,754					
LIABILITIES									
Current liabilities	9	9	9	9					
Deferred tax liabilities	#	#	#	#					
	<u> </u>	<u> </u>	<u> </u>	<u> </u>					
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS	<u>6,775</u>	<u>6,773</u>	<u>6,765</u>	<u>6,763</u>	TOTAL ASSETS	<u>6,775</u>	<u>6,773</u>	<u>6,765</u>	<u>6,763</u>
Other Information									
Net asset value per ordinary share (\$)									
(i) Based on existing ordinary share capital									
	4.49	4.49	4.53	4.53					
(ii) Assuming non-voting convertible preference shares ("CPS") and non-voting redeemable CPS are converted to ordinary shares									
	4.35	4.34	4.34	4.34					

Notes:

1/ Audited.
2/ #: 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	10						10
Net exchange translation adjustments during the period					4			4
Net profit attributable to members							1,335	1,335
Final dividends paid on ordinary and preference shares for the previous year							(199)	(199)
Goodwill transferred on disposal of subsidiary company					18		(18)	-
Balance at June 30, 2004	1,557 ^{1/}	2,181	4,271	28	(8)	2,230	5,788	14,490
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 Plan	1	5						5
Net exchange translation adjustments during the period					22			22
Net profit attributable to members							442	442
Final dividends paid on ordinary and preference shares for the previous year							(194)	(194)
Balance at June 30, 2003	1,556	2,168	4,271	28	3	2,044	4,443	12,957

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	5,200
Exercise of share options pursuant to the DBSH Share Option Plan	1	10			10
Net profit after taxation				198	198
Final dividends paid on ordinary and preference shares for the previous year				(199)	(199)
Balance at June 30, 2004	1,557 ^{1/}	2,181	28	3,000	5,209
Balance at January 1, 2003	1,555	2,163	28	3,201	5,392
Exercise of share options pursuant to the DBSH Share Option Plan	1	5			5
Net profit after taxation				(5)	(5)
Final dividends paid on ordinary and preference shares for the previous year				(194)	(194)
Balance at June 30, 2003	1,556	2,168	28	3,002	5,198

Note:

1/ During the financial period ended June 30, 2004, DBSH issued 19,475,169 ordinary shares upon the conversion of the non-voting convertible preference shares and 994,880 ordinary shares upon the exercise of options granted pursuant to the DBSH Share Option Plan.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

Unaudited Consolidated Cash Flow Statement

In \$ millions	1st Half 2004	1st Half 2003
Cash flows from operating activities		
Net profit before taxation	1,593	635
<i>Adjustments for non-cash items:</i>		
Provision for possible loan losses and diminution in value of other assets	61	305
Depreciation of fixed assets	82	91
Goodwill amortisation	220	213
Share of profits of associated and joint venture companies	(40)	(22)
Net gain on disposal of fixed assets	(5)	-
Net gain on disposal of investment securities	(598)	(138)
Operating profit before changes in operating assets & liabilities	1,313	1,084
<i>Increase in:</i>		
Deposits and other accounts of non-bank customers	3,572	4,199
Deposits and balances of banks	2,937	2,635
Other liabilities including bills payable	3,650	1,007
<i>(Increase)/Decrease in:</i>		
Singapore Government securities and treasury bills	(2,189)	(1,126)
Trading securities	(5,069)	(835)
Accounts receivable and other assets	(553)	(2,721)
Balances, placements with, and loans and advances to other banks	2,524	2,620
Loans and advances to non-bank customers including bills receivable	(4,029)	(2,169)
Tax paid	(104)	(78)
Net cash generated from operating activities (1)	2,052	4,616
Cash flows from investing activities		
Dividends from associated companies	9	23
Purchase of fixed assets	(42)	(31)
Net increase in investment securities	(852)	(4,834)
Cash of subsidiary company disposed	(69)	-
Proceeds from disposal of fixed assets	27	29
Net cash used in investing activities (2)	(927)	(4,813)
Cash flows from financing activities		
<i>Increase/(Decrease) in:</i>		
Share capital and share premium	11	6
Debt securities and borrowings	1,148	889
Dividends paid to shareholders of DBSH	(199)	(194)
Dividends paid to minority shareholders of subsidiary companies	(26)	(42)
Net cash generated from financing activities (3)	934	659
Exchange translation adjustments (4)	22	22
Net change in cash, and balances and placements with central banks (1)+(2)+(3)+(4)	2,081	484
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 June 30	7,088	2,671

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 at December 31, 2003. During the first half 2004, 20,470,049 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 1,490,435,644 at June 30, 2004. The weighted average number of ordinary shares was 1,485,394,591 for the first half 2004.

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

Particulars	Number of new ordinary shares issued between April 1, 2004 and June 30, 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		
		Jun 30, 2004	Dec 31, 2003	Jun 30, 2003
Conversion of non-voting CPS	-	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	262,280	50,936,683	46,155,436	47,602,266

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

At June 30, 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 Group's net exposure in the 5 Regional Countries was \$9 billion at June 30, 2004, a decline of 28% compared to March 31, 2004. Exposure to the 5 Regional Countries amounted to 5% of the Group's Total Assets.

The DBSH Group's exposures (assets and non-performing loans) to the Regional Countries, Hong Kong and China at June 30, 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	4,927	1,064	3,779	1,138	1,896	9,012	5.3%	370
Malaysia	1,404	50	1,662	88	1,140	2,064	1.2%	146
Indonesia	272	206	555	67	247	853	0.5%	32
Thailand	58	17	210	412	44	653	0.4%	188
Korea	3,126	573	1,266	6	463	4,508	2.7%	-
The Philippines	67	218	86	565	2	934	0.5%	4
Hong Kong	4,676	3,091	24,735	11,989	14,954	29,537	17.5%	544
China	2,549	18	1,075	65	1,418	2,289	1.4%	120
TOTAL	12,152	4,173	29,589	13,192	18,268	40,838	24.2%	1,034

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.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

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

The DBSH Group's exposures (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/ DBS Thai Danu Bank Public Company Limited ("DTDB") was deconsolidated at June 30, 2004.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

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

The DBSH Group's exposures (assets and non-performing loans) to the Regional Countries, Hong Kong and China at June 30, 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	4,675	1,324	5,785	995	1,711	11,068	7.0%	1,614
Malaysia	1,010	8	863	91	761	1,211	0.7%	276
Indonesia	108	149	238	78	114	459	0.3%	75
Thailand (excluding DTDB)	76	9	216	74	115	260	0.2%	188
Korea	3,426	697	966	2	716	4,375	2.8%	18
The Philippines	48	52	151	651	5	897	0.6%	36
DTDB ^{3/}	7	409	3,351	99	-	3,866	2.4%	1,021
Hong Kong	2,309	2,429	23,130	12,996	14,424	26,440	16.7%	795
China	1,076	10	664	-	341	1,409	0.9%	149
TOTAL	8,060	3,763	29,579	13,991	16,476	38,917	24.6%	2,558

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/ DBS Thai Danu Bank Public Company Limited ("DTDB") was deconsolidated at June 30, 2004.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. Non-Performing Loans and Provisions

At June 30, 2004, DBSH Group's total non-performing loans ("NPLs") amounted to \$2.182 billion. Out of the total NPLs of \$2.182 billion, \$1.020 billion (47%) were secured by collateral.

Details of DBSH Group's NPLs and provisions at June 30, 2004 are as follows:

In \$ millions	Singapore	Hong Kong	Regional Countries ^{2/}	Other Countries	Total
Non-Performing Loans	965	544	370	303	2,182
- Substandard	672	389	274	245	1,580
- Doubtful	97	46	6	38	187
- Loss	196	109	90	20	415
NPLs as a % of Group total assets	0.6%	0.3%	0.2%	0.2%	1.3%
Non-bank NPLs as a % of non-bank loans in the respective countries ^{1/}	2.4%	2.3%	12.5%	6.9%	3.0%
Total Cumulative Provisions	773	425	391	230	1,819
- Specific provisions	382	182	148	82	794
- General provisions	391	243	243	148	1,025
Total Cumulative Provisions as a % of:					
- Group total assets	0.5%	0.3%	0.2%	0.1%	1.1%
- NPLs in the respective countries	80%	78%	106%	76%	83%
- Unsecured NPLs in the respective countries	188%	214%	146%	81%	156%

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

In \$ millions	Singapore	Hong Kong	Regional Countries ^{2/}		Other Countries	Total
			DTDB ^{3/}	Others		
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 ^{1/}	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%

Notes:

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

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. Non-Performing Loans and Provisions (Continued)

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

In \$ millions	Singapore	Hong Kong	Regional Countries ^{2/}		Other Countries	Total
			DTDB ^{3/}	Others		
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^{1/}	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%

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

In \$ millions	Singapore	Hong Kong	Regional Countries ^{2/}		Other Countries	Total
			DTDB ^{3/}	Others		
Non-Performing Loans	1,449	795	1,021	593	305	4,163
- Substandard	942	591	865	414	205	3,017
- Doubtful	32	92	9	81	81	295
- Loss	475	112	147	98	19	851
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^{1/}	3.9%	3.5%	29.2%	26.5%	8.7%	5.9%
Total Cumulative Provisions	897	462	565	416	156	2,496
- Specific provisions	536	227	383	225	108	1,479
- General provisions	361	235	182	191	48	1,017
Total Cumulative Provisions as a % of:						
- Group total assets	0.6%	0.3%	0.4%	0.3%	0.1%	1.6%
- NPLs in the respective countries	62%	58%	55%	70%	51%	60%
- Unsecured NPLs in the respective countries	150%	171%	101%	102%	59%	119%

Notes:

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

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

3. Non-Performing Loans and Provisions (Continued)

Analysis of Non-Performing Loans by Industry

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

In \$ millions	June 30, 2004		March 31, 2004		December 31, 2003		June 30, 2003	
	NPLs	Specific Provisions	NPLs	Specific Provisions	NPLs	Specific Provisions	NPLs	Specific Provisions
Customer loans								
Manufacturing	583	234	802	324	894	360	898	356
Building and Construction	251	57	354	87	414	98	405	121
Housing Loans	253	74	307	83	333	90	373	101
General Commerce	187	93	500	254	573	287	724	333
Transportation, Storage and Communications	45	4	73	9	98	25	128	34
Financial Institutions, Investment and Holding Companies	128	45	145	51	199	65	298	83
Professionals and Private Individuals (except Housing Loans)	219	100	280	127	276	133	273	139
Others	351	103	635	153	695	165	722	178
Sub-total	2,017	710	3,096	1,088	3,482	1,223	3,821	1,345
Debt securities	145	65	172	78	184	73	214	108
Contingent items	20	19	91	33	114	27	128	26
Total	2,182	794	3,359	1,199	3,780	1,323	4,163	1,479

Analysis of Non-Performing Loans by Period Overdue

In \$ millions	June 30, 2004	March 31, 2004	December 31, 2003	June 30, 2003
Non-default	682	1,427	1,695	1,691
Default loans	1,500	1,932	2,085	2,472
Less than 3 months	387	477	448	463
3 to 6 months	172	223	256	582
Over 6 months	941	1,232	1,381	1,427
Total	2,182	3,359	3,780	4,163

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

4. Financial Derivatives

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

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

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

June 30, 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	1,218,099	6,159	5,581	20,545	644	158
Foreign Exchange Derivatives	281,060	1,753	1,969	1,079	-	36
Equity Derivatives	12,766	104	355	-	-	-
Credit Derivatives	13,090	90	114	2,425	77	-
Total	1,525,015	8,106	8,019	24,049	721	194

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

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

5. Daily Earnings at Risk and Trading Income

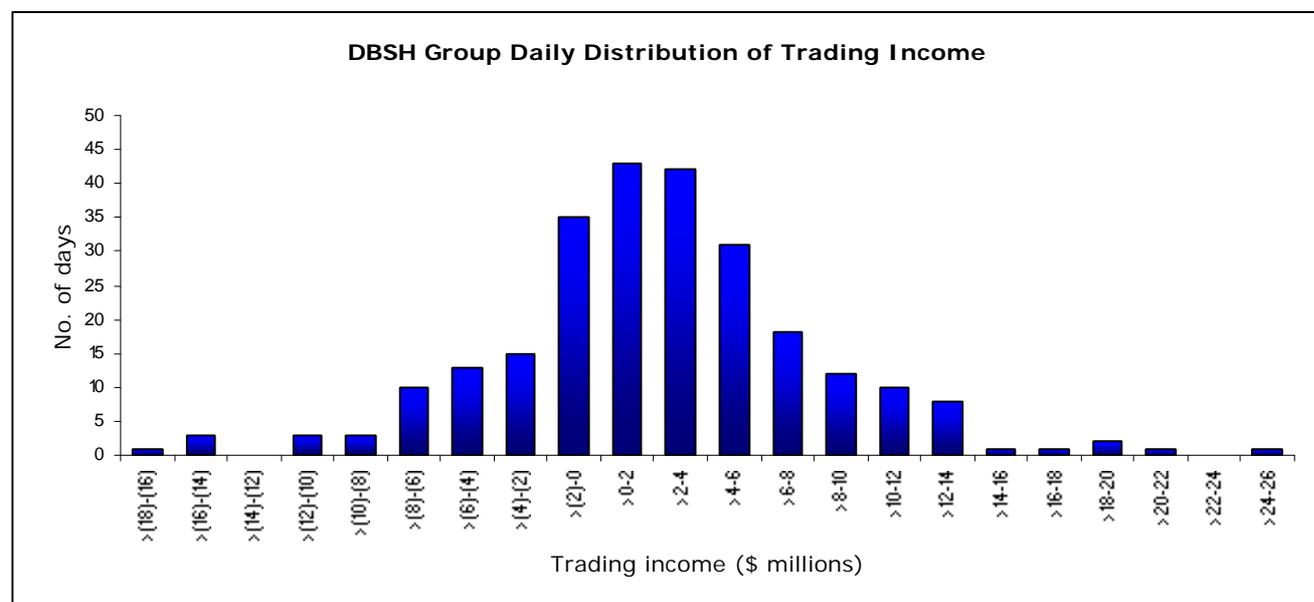
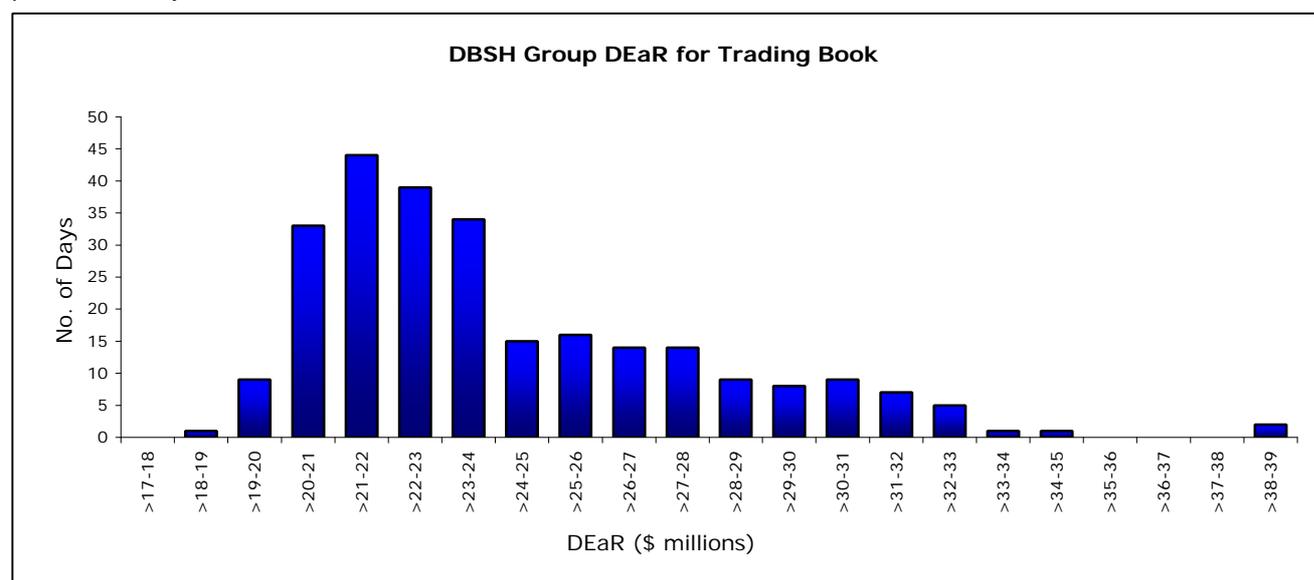
The Group uses a Daily Earnings at Risk ("DEaR") measure as one mechanism for controlling trading risk. The DEaR is calculated using a one-day time horizon and a 99% confidence interval. The following table shows the period-end, average, high and low DEaR for the trading risk exposure of the DBSH Group for the period from July 1, 2003 to June 30, 2004.

In \$ millions	As at June 30, 2004	July 1, 2003 to June 30, 2004		
		Average	High ^{1/}	Low ^{1/}
Interest rate	39.8	26.1	39.8	20.8
FX	6.7	6.9	18.2	2.3
Equity	6.2	4.6	7.4	2.3
Diversification effect	(14.3)	(13.3)	-	-
Total	38.4	24.3	38.4	19.0

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 July 1, 2003 to June 30, 2004.



DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARY COMPANIES

6. Disposal of a Subsidiary Company

DBS Bank Ltd's 59%^{1/} equity stake in DBS Thai Danu Bank Public Company Limited ("DTDB") was disposed on June 25, 2004 in consideration of 16% interest in the Thai Military Bank Public Company Limited ("TMB"). The 16% interest represents 2,460,078,607 ordinary shares of THB10 (S\$ 0.42) each. Profit after taxation for DTDB amounted to THB609 million (S\$26 million) and THB975 million (S\$42 million) for first half 2004 and Year 2003 respectively. The fair values of total assets and liabilities of DTDB at the date of disposal were THB101 billion (S\$4 billion) and THB100 billion (S\$4 billion) respectively.

Profit on disposal of DTDB amounted to S\$310 million after adjusting for net attributable assets disposed and transaction costs as follows:

In S\$ millions	June 25, 2004
<i>Proceeds on disposal of DTDB:</i>	
Equity stake in TMB	349
<i>Less: Net attributable assets of DTDB</i>	
Cash, and balances and placements with central banks	69
Securities	476
Balances, placements with, and loans and advances to banks	116
Loans and advances to non-bank customers (net of provision)	3,275
Fixed assets	99
Other assets	208
Deposits and balances of banks	(148)
Deposits and other accounts of non-bank customers	(3,434)
Other liabilities	(292)
Subordinated term debts	(338)
Minority interests	-
Adjusted net attributable assets	31
<i>Less: Transaction costs</i>	
	8
Profit on disposal of DTDB	310

In addition, S\$148 million special general provision that was previously booked in DBS Bank for the exposure to Thailand was no longer required. Of the S\$148 million, S\$108 million was set aside to cater for the Group's growing franchise outside Singapore and the remaining S\$40 million was written back through the profit and loss account.

Note:

1/ On April 16, 2004, DBS Bank Ltd converted its 13,943 preferred shares and 13,943 convertible subordinated debentures in DTDB into a total of 348,588,943 ordinary shares in DTDB. Shareholding in DTDB increased from 52% to 59% after the conversion.