CEO's Report At the start of 2004, Asian economies surged ahead toward recovery and favourable market conditions prevailed.

Jackson Tai
Vice Chairman & Chief Executive Officer

DBS in Singapore
Singapore, as well as Hong Kong, is DBS' springboard from which our successful business models, expertise and processes will be exported across the region.

As the year progressed, capital-raising activities and investment sales languished in a market rattled by an uncertain outlook for US interest rates, concerns over China's overheated economy, rising oil prices and a demand slowdown for technology-related products. Trading volumes suffered and conditions became particularly difficult when bond yields fell sharply against widespread expectations.

Against this uneven 2004 operating environment, DBS chalked up record earnings and delivered the strongest bottom-line numbers in its 36-year history. Our net profit rose 97% to $2.02 billion, including $497 million in one-time gains from sales of stakes in affiliate banks. Excluding these gains, net profit of $1.52 billion was up 48% from the year before and surpassed the record of $1.39 billion set in 2000.

Net interest income grew 8% last year to $2.57 billion with net interest margin arresting previous year's decline to stabilise at 1.79%. Non interest income increased 30% to $2.36 billion but excluding one-time gains, the increase was 2% to $1.87 billion.

The stronger performance can be traced to our dogged determination over the past three years to growing annuity income from our core customer businesses across segments and geography.

- For the year, our loan book grew 13% to $69.7 billion, excluding our deconsolidated Thailand operations.
- But the larger trend is more revealing: our loan book grew over eight consecutive quarters. During this period, loan assets increased 20% or $11.6 billion.
- Our success in diversifying our income streams by growing recurring income across all customer segments significantly reduced our past reliance on market-related income.

Although loan margins have contracted in Asia's ocean of excess liquidity, our lending operations generate not only recurring interest income, but also the opportunity for us to garner franchise-building fee business. Thus, our loan book's net interest income must be juxtaposed against our fee income which has climbed to 22.9% of total income (excluding one-time gains). Importantly, fee income has grown at a compound annual growth rate of 24% over six consecutive years, from $274 million in 1998 to $1.013 billion in 2004.

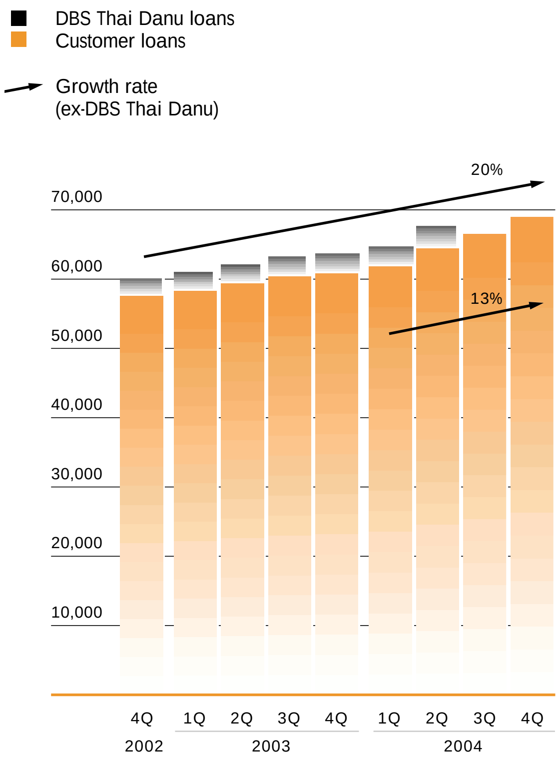
Our higher earnings boosted our capital resources to a 15.8% group total capital adequacy ratio under the MAS capital framework. Our strong profitability placed us on a new level of operating strength and toughened our resolve to become a leader among Asian financial institutions.

Fundamentally, we owe our improved performance to a customer-centric approach that puts customers at the core of our business strategy.

In this regard, we failed in one spectacular instance last year when operational lapses during the renovation of our Mei Foo branch in Hong Kong led to the accidental destruction of 83 customers' safe deposit boxes. While others might have deftly side-stepped the blame to contractors, we chose to promptly acknowledge our responsibility for the incident, and took steps to fairly compensate our customers without delay.

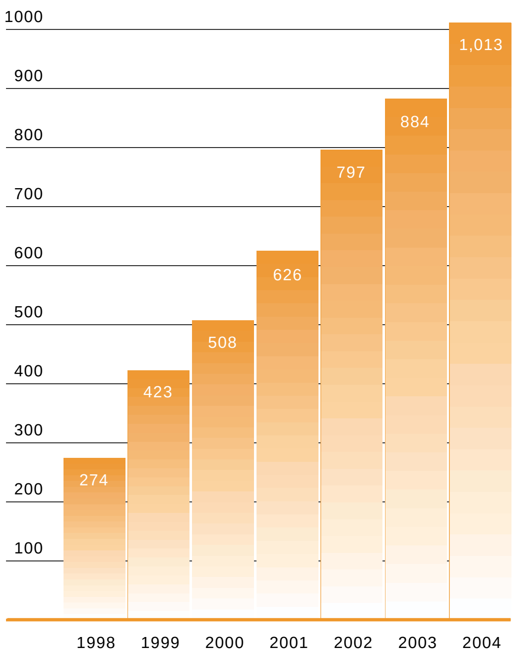
Eight Consecutive Quarters of Loan Growth

($ millions)



Six Consecutive Years of Fee Income Growth

($ millions)



To date we have settled in full with all but seven customers. The incident had no material financial impact on our Hong Kong operations, but nonetheless set back our efforts to establish our brand in our second biggest market in Asia. We deeply regret this incident, have since taken remedial action to ensure that such lapses do not recur, and pledge to regain the trust of our customers.

The unfortunate incident was a reminder of the continuous need to improve the quality of our business as we expand in scale and scope. Business achievements are of no consequence if we let our customers down. Arising from the incident, all DBS employees were reminded that producing strong financial results alone does not make DBS a well-managed bank. Since then, we have taken steps to reinforce a company culture that places customers first and upholds the highest business standards and practices.

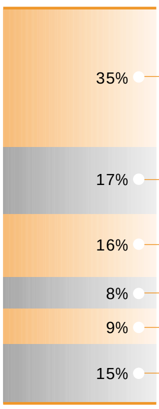
2004 Highlights

We completed in 2004 a range of notable achievements, a reflection of DBS' growing diversity and depth of talent.

- We won standout investment banking mandates, including lead manager for the biggest IPO in Singapore, the $830.3 million Suntec REIT; the first global bond in Asia after the 1997 Asian financial crisis, a US$270 million bond financing for Indonesia's PT MGTI; and a HK$609 million IPO for Li-Ning Co. Ltd, the consumer goods company founded by the namesake Olympic gymnast and three-time gold medalist.
- We embarked on a programme of organic growth to underpin our continued search for appropriate mergers and acquisitions opportunities. We opened new branches and offices in China, Indonesia and India, and saw double-digit growth in assets and revenues in these countries.
- We completed the merger of DBS Thai Danu, Thai Military Bank and The Industrial Finance Corporation of Thailand in September. The new entity now operates under the Thai Military Bank name and is the fifth largest bank in Thailand with combined assets in excess of Bt677 billion ($29 billion). DBS' 16.1% ownership is second only to the 31.2% stake of the Thai Ministry of Finance.
- During the year, we took advantage of favourable market conditions to raise US$750 million of Upper Tier 2 capital for DBS Bank through a 15-year, 5% subordinated notes issue. The financing supplements maturing subordinated notes, was in line with our policy of proactively managing our capital base, and positions DBS to pursue business and strategic initiatives as suitable opportunities arise.
- We maintained our wealth management sales despite intense competition and in the face of sluggish market conditions in the second half of the year. Total sales of investment products in Singapore and Hong Kong amounted to $8.812 billion.
- We divested our long-held 10% stake in Hong Kong's Wing Lung Bank Ltd in April to Wing Lung Bank's controlling Wu family. We also took initial steps in November to divest our 12.7% stake in Banco D'Oro to the controlling Sy family of the Philippines, which was completed in January this year. Although neither stake fits into our program for highly integrated banking operations in the region, we value the relationship and trust with the lead shareholders of these institutions and look forward to continued business collaboration.

To achieve scale, we embrace a multi-pronged approach of pursuing organic growth, acquisitions, and hybrid strategies of joint-ventures and alliances.

DBS Revenues by Business Segments in 2004



Group's distribution mix:	$ millions
Consumer Banking	1,566
Enterprise Banking	735
Investment Banking	703
T&M Funding Portfolio	346
Treasury & Markets	394
Central Operations	687
Total Group's revenue (excludes one-time gains)	4,431

Embracing our Roots as we Build Diversity and Depth

DBS is an Asian bank of the 21st century. We live, breathe and work in the most exciting and fastest-growing region of the world. Our prospects are inextricably tied to the fortunes of Asia; for us, there is no running away when storm clouds gather over the horizon and returning when blue skies reappear. We are firmly rooted here to serve our Asian clients, in good times and bad.

Our Asian origin and orientation have endowed us with the advantage of local knowledge and insight while our commitment to international best practices have helped us build profitable operating models and leadership in product and service quality. We embrace good governance, transparency, as well as timely and full disclosure.

Our strategy has been the same regardless of market cycles. We strive to build scale, diversity and depth as we expand further into the region to serve our customers.

- We must grow the scale of our operations to harness lower per unit cost for our customers, and to remain relevant to our customers and shareholders.
- We seek diversity in business mix and product offerings to address our customers' growth across Asia, as well as to achieve better balance in shareholder returns.
- We are increasing our business depth to anchor our market penetration and dominance, and to capture higher returns from our more developed products and services.

We adopt this strategy on top of an unwavering commitment to sound risk and credit management, as well as a culture of strong internal controls, compliance and transparency.

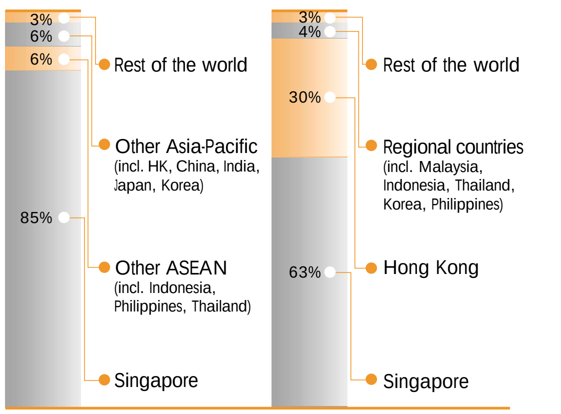
To achieve scale, we embrace a multi-pronged approach of pursuing organic growth, acquisitions, and hybrid strategies of joint-ventures and alliances. What form we adopt, and how fast, depends very much on business opportunities at hand as well as changing local regulatory policies and forbearance.

Outside of our twin hubs of Singapore and Hong Kong, organic growth has driven top-line numbers in countries like China, Indonesia, India and Malaysia. In the coming years, we will be channelling more resources to significantly reinforce our presence in these countries. Asset growth in these countries swelled more than 14% last year.

We will pursue acquisitions only when the right opportunities arise, and only if they extend our regional reach and add significant value to our existing businesses.

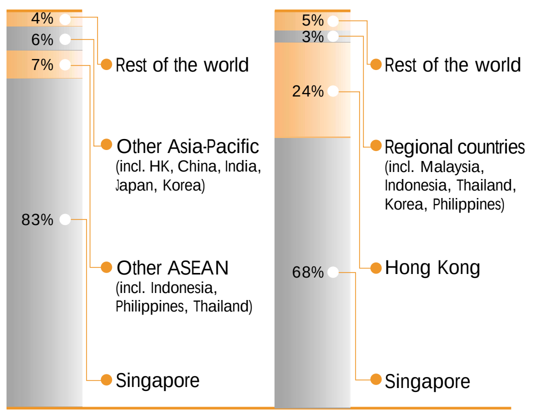
Thus far, our regionalisation efforts have helped us achieve a more balanced geographical distribution of our income and assets in 2004. In 1998, only 17% of our assets were sourced outside Singapore. Last year, that share was 32%. Operations outside of Singapore contributed 37% in revenues last year, compared to 15% six years ago when we started to map out our pan-Asian ambitions.

Operating Income



1998: $1.876 million 2004: $4.431 million[a]

Total Assets



1998: $100 billion 2004: $176 billion[b]

a) Excludes S$497 million one-time gains
b) Includes goodwill assets; distribution of assets by geography excludes goodwill assets

Replicating Singapore Strengths in the Region

As we expand our operations, we seek to replicate the capabilities we have built up over three decades in Singapore, and more recently in Hong Kong, in the rest of Asia. Notwithstanding regulatory constraints that sometimes slow our agenda, we made headway last year in markets beyond Singapore and Hong Kong.

Momentum is building in our operations in China, Indonesia, India, Malaysia, and South Korea. Growth in revenues from the region and the rest of the world outside Singapore and Hong Kong outpaced that of the twin hubs last year, increasing 14% against 10% and 2% for Singapore and Hong Kong respectively.

As we grow in these countries, we will be using Singapore and Hong Kong as springboards, exporting from these two markets successful business models, expertise and processes, and extending a common technology and operations infrastructure across the region.

Most of the business growth outside our two key markets has thus far been in wholesale banking since local regulations continue to impose varying degrees of restrictions on foreign banks' presence in the retail market. We have, for example, been a new and aggressive challenger in the syndicated loans markets in India, Malaysia and South Korea. In Malaysia, where we have an offshore branch in Labuan and a marketing office in Kuala Lumpur, we were lead arranger of numerous high profile syndicated loans. They included a US$250 million term loan for YTL Power International Bhd, a US$300 million term loan for Astro, a US$700 million floating rate facility for Titan Capital (L) Ltd, and a US$400 million revolving credit facility for Star Cruises.

In India, we emerged as the number two bookrunner for syndicated lending as ranked by the Thomson Financial League Tables 2004, capturing 9.7% share from 13 issues totalling US$444.4 million.

Looking forward, we are focused on opportunities to accelerate client coverage across geographies, and to offer the same full suite of services we already have in our twin hubs of Singapore and Hong Kong. These include capital markets and advisory, treasury and markets, structured finance, private banking, stockbroking, asset management and transaction services. There is no reason, for example, for us not to replicate abroad our asset securitisation capabilities which have seen us pioneer and dominate the Real Estate Investment Trusts (REIT) business in Singapore.

We also look for an enhanced presence in the regional derivatives market, particularly in China where we were awarded a licence to conduct derivatives business last year. This approval will help us expand the modest scale of wealth management business we have already developed through our "white labelling" collaboration with Chinese banks.

In most of the markets in greater China and South and Southeast Asia, we aim to capitalise on our track record in corporate and SME banking to target mid-cap customers. We will take full advantage of our on-site presence, local insight, and Asian commitment to build an enduring mid-cap franchise, one that weathers cycles and is not affected by competing demands from other parts of the world. We must do so before global bank competitors finally demonstrate a long-term willingness to invest in Asian mid-cap customers. We must also

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Regional Revenues Grow at a Faster Pace

	Amount ($m) 2003	Amount ($m) 2004	YoY change (%)
Revenues			
Region and rest of world[a]	199	227	14
Hong Kong[b]	1,337	1,361	2
Singapore[c]	2,520	2,773	10
Total	4,056	4,361	8

a) Excludes DBS Thai Danu in all periods
b) Includes non-DBS Bank (HK) operations
c) Excludes one-time gains of $497 million in 2004

differentiate ourselves from some global banks who still find it more compelling at their remote headquarters to book trophy transactions with large high-profile customers in their episodic view of Asia.

An Integrated Approach to Serving our Customers

As we extend our geographical reach and product offerings, we will make evolutionary organisational adjustments that will allow us to offer our customers a seamless experience of high level of service and quality of products across the region. Early in 2005, we placed all of our client-facing businesses under Frank Wong, who was appointed Chief Operating Officer in recognition of his success in forging the agendas and priorities of different businesses. He will help ensure that we harness DBS' resources across functions and geographies to serve our customers with integrated, innovative and timely solutions.

Another evolutionary organisation change took place two years ago and is now beginning to take hold. We grouped six businesses – Investment Banking, Treasury & Markets, DBS Vickers Securities, Private Banking, Asset Management as well as some of the functions within Central Treasury Unit – into a new integrated Wholesale Banking team. By hard-wiring product manufacturers, relationship managers and distribution specialists who serve corporates and institutions closer together, we were able to leverage product capabilities and sector expertise across the DBS Group, facilitating closer teamwork and more efficient cross-selling of products and services.

In our SMEs business, we have set up a Regional Enterprise Banking Management Team comprising senior managers from Singapore and Hong Kong, to consolidate and drive regional plans and ensure alignment of policies and practices in credit, processes and systems.

Expanding Distribution to Serve Retail Customers

Our consumer banking franchise in Singapore and Hong Kong registered a 37% increase in earnings in 2004 to become the largest net profit contributor within the Group. But beyond the bookkeeping of profit, our regional consumer banking franchise is addressing the challenge that banking is increasingly about access to customers and distribution.

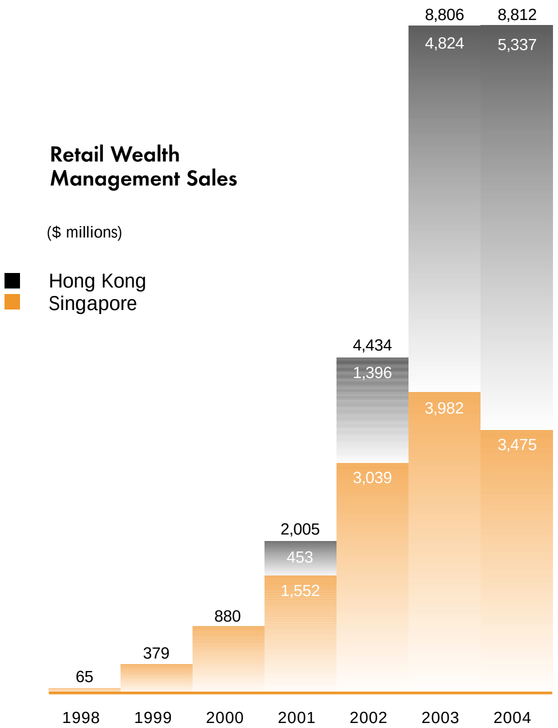
DBS retained its dominant position as the largest distributor of investment and insurance products to the mass market, with the bulk of the treasury products engineered in-house and insurance products sourced from Aviva, our strategic bancassurance partner.

Sharing a common wealth management business model with Singapore, Hong Kong reported yet another year of robust sales in investment and bancassurance products, particularly in unit trusts where it now commands at least a 5% market share. Fees from sale of bancassurance and unit trust products rose 47% despite uncertainties in the financial markets.

DBS' retail distribution network is the largest in Singapore, with 86 branches and 768 ATMs located conveniently at consumer hotspots across the island. We opened a new branch for POSB in Jurong East in July. In 2004, our ATMs in Singapore processed an average of 17 million transactions a month from a total of about 3.7 million ATM cards in circulation.

Retail Wealth Management Sales

($ millions)



Excludes bancassurance

Regional Customer Franchise Underpin Record 2004 Results

$ millions	2003 NPAM[b]	2003 Proportion	2004[a] NPAM[b]	2004[a] Proportion	%growth
Consumer Banking	337	23%	462	24%	+37%
Enterprise Banking	231	16%	303	15%	+31%
Investment Banking	320	22%	415	21%	+30%
Treasury & Markets + Funding Portfolio	506	35%	436	22%	-14%
Central Operations	61	4%	345	18%	nm
Total	1,455	100%	1,961	18%	+35%

a) Excludes $497 million one-off gains
b) Cash NPAM; excludes goodwill amortisation
nm: not meaningful

DBS Woman's Card

In May 2004, DBS Bank, in partnership with MasterCard International, unveiled the DBS Woman's Card in Singapore. Designed specially for the busy, discerning woman, the new card offers platinum privileges and concierge services at no cost. The success of the Woman's Card led to a similar launch in Hong Kong seven months later.

In addition to being able to access our combined network of 151 branches and 848 ATMs in Singapore and Hong Kong, DBS customers are also able to use their ATM cards at over 500,000 ATMs in 120 countries that are part of the PLUS/Cirrus network. From last year, they could also carry out transactions at the cash machines of four partner banks in the region following the signing of ATM alliances with the HDFC Bank in India, Bank Internasional Indonesia and Bank Danamon in Indonesia and BPI in The Philippines.

The number of credit cards issued by DBS in Hong Kong crossed the one million mark in July, making the bank the fourth largest credit card issuer in the Chinese Special Administrative Region. The success of the Woman's Card in Singapore, which debuted in May, led to a similar launch in Hong Kong seven months later. We are now the second largest issuer of credit cards in Singapore, with more than 750,000 cards in circulation, including the successful Black Card and the Woman's Card.

In Singapore, we defended our traditional strongholds in housing loans which grew 13% year-on-year, making headway in the public housing market with an innovative HDB Loyalty Programme. We started rebuilding our auto loans portfolio towards the end of 2003 and have been fast gaining market share with packages designed to provide attractive pricing, convenience and simplicity to our customers. Compared to 2003, auto loans in Singapore grew even stronger at 90% to $1.12 billion.

Bottom-line growth in Hong Kong consumer banking was impressive. Concerted efforts to build relationships with Treasures Priority Banking customers, and to target the emerging affluent with a new DBS Wealth Account, were well received, resulting in higher customer acquisition and retention, and higher profitability. During the year, six branches with full Treasures Priority Banking services were renovated and expanded, while a new branch was opened in the new Tseung Kwan O residential district.

During the year, we also launched a new Internet banking platform to deliver online products and services faster, to more users, and across the region in a seamless manner.

Helping SMEs Flourish in Asia

With our origins in development financing of heavy industries, it is no surprise that DBS was a relative late-comer to serving SMEs. To make up for lost time, we stepped up investments in people and infrastructure over the last two years as we set our sights on building an enduring SME franchise in this higher risk-adjusted return business.

These investments are beginning to pay off. In 2004, our Enterprise Banking business in the region registered record earnings with double digit growth in loans to customers in Hong Kong, China and Singapore. Overall, Enterprise Banking's earnings rose 31% in 2004. Increasingly, DBS' products and services, including capital markets, trade finance, and strong local credit knowledge, make us an attractive financing partner for growth-bound SMEs.

In Hong Kong, where our more mature SME business commands a 12% market share, we continued to outperform the industry in loan growth, registering a 17% increase compared to the

In 2004, our Enterprise Banking business in the region registered record earnings with double digit growth in loans to customers in Hong Kong, China and Singapore.

DBS' Distribution Network in the Region

	Singapore	Hong Kong
Branches	86	65
Treasures Priority Counters	18	22
ATMs	768	80
Cash Deposit & Passbook Updating Machines	228	53
Internet Banking Users	600,000	70,000
Phone Banking Users	1,025,000	978,000

industry average of 1%. Our SME portfolio in Hong Kong expanded for eight straight quarters, with notable growth in factoring and equipment finance. We also maintained a number two position in trade finance in a very competitive environment. The Hong Kong team extended their coverage in southern China last year with a flurry of activity, including the award of a Domestic Enterprise Licence to the Shanghai Branch in April and the Shenzhen Branch in July, the commencement of business in Guangzhou Branch in July and the opening of the Dongguan Representative Office in November.

In Singapore, our Enterprise Banking asset base grew 28% in a market facing marginal growth and narrowing lending spreads. A structured finance team was set up to provide customers with a comprehensive suite of products and services ranging from term loans to risk management and cash management products. We also upgraded the credit turnaround and selection process, and introduced more rigorous risk assessment and monitoring.

Our capabilities were recognised in September when DBS was selected by the Singapore Government to pioneer the nation's first loan securitisation programme for SMEs, scheduled for launch this year. This programme is intended to help SMEs tap funding through the capital markets.

Providing Financial Solutions to Leading Asian Corporates

DBS aims to be the top financial solutions partner of leading corporate and institutional clients in Asia. Towards this end, we are accelerating the expansion of our regional client coverage and the roll out of product origination capabilities. We will continue to leverage our unique institutional and retail investor distribution capabilities as well as our dominant position in local currency capital market financings. As Asia grows and becomes the centre of capital formation, DBS is well-positioned to intermediate regional capital flows.

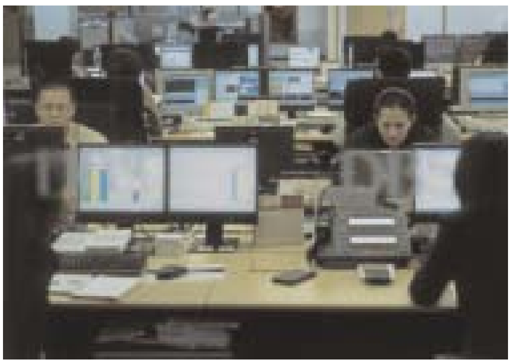
Corporate and investment banking contributed $415 million in net profit, up 30% over 2003. The sterling performance was due to higher fee income principally from capital market activities, and strong growth in loan-related fees from higher volume of loan syndication transactions.

We were involved in many of the year's major transactions in Asia, demonstrating our distinctive capabilities across debt and equity capital markets. We again led in the value of Initial Public Offerings in Singapore, accounting for 20% of the total $3.4 billion raised in 2004. In November, we assisted Ascendas-MGM Funds Management Limited offer 37.5 million units of their Ascendas Real Estate Investment Trust ("A-REIT"). The retail investor portion of that A-REIT was sold out at our ATMs within 25 minutes of launch. We were also underwriter for Meghmani Organics, the first Indian company to seek a listing on the Singapore Exchange.

In another deal that showcased our unique cross-functional capabilities involving the mergers & acquisitions, debt capital market, and equity capital market teams, we worked with CapitaLand Limited on the creation and distribution-in-specie of CapitaCommercial Trust (CCT), which became the first commercial REIT to be listed on the Singapore Exchange.

DBS Indonesia
With the forming of ATM alliances, DBS customers can now carry out transactions at the cash machines of four partner banks in the region, namely Bank Internasional Indonesia and Bank Danamon in Indonesia, HDFC Bank in India, and BPI in The Philippines.

DBS Dealing Room
One of DBS' core strengths is our ability to manage risk arising from volatility in financial markets for our clients.



In Hong Kong, DBS Asia Capital kept its focus on the mid-cap segment and clinched two significant transactions during the year – the IPO for Li-Ning Co. Ltd, which was more than 11 times subscribed, and for China Force, an edible oil manufacturer which sold HK$295 million worth of shares to the public.

In syndicated finance, DBS was sole arranger for a US$215 million syndicated term loan facility for Hebei Pan Asia Long-teng Paper Co Ltd, as well as a HK$7 billion syndicated credit facility for Kerry Properties.

In addition, we raised our profile in South Korea's loan syndication market by completing the US$230 million syndicated loan facility for Kookmin Bank, a US$200 million floating rate notes issue for Hyundai Motor Finance Company and a JPY10 billion floating rate notes issue for Samsung Corning.

Our debt capital markets team was selected by Pan Asia Paper Co Ltd as the sole arranger for its US$500 million multi-currency debt issuance programme and sole lead manager for its inaugural debt issues. Other deals included being mandated lead manager for Yellow Pages (Singapore) Pte Ltd's $130 million bond issue.

In mergers & acquisitions, we successfully advised Titan (Holdings) Ltd, a Hong Kong-listed oil group, on its US$103 million acquisition of Neptune Associated Shipping Pte Ltd and two other oil tankers in Singapore. We were also financial adviser to China Merchant Holdings (Pacific) Limited, a company listed on the Singapore Exchange, on its HK$2.8 billion acquisition of five toll roads in China. Supporting our investment banking team, our award-winning custody and trust services expanded its product offerings and geographical coverage during the year. In the ADR (American Depository Receipt) custody business, we were awarded several mandates for the ADR programmes of major Chinese companies and appointed administration agent for a major debt restructuring.

Managing Risks amid Volatility

One of DBS' core strengths is our ability to manage risks arising from volatility in financial markets. The compounded annual growth rate of revenue from our treasury and markets operations since 1999 has exceeded 30%. This growth reflects our commitment to building a treasury centre of excellence in Singapore that will supply a growing pipeline of interest rate, currency and equity products to the rest of the region. We aim to extend our dominance in Singapore dollar instruments to other Asian currencies, and to expand our sales capabilities in derivatives across multiple asset classes.

A major synthetic collateralised debt obligation transaction during the year involved the US$1.65 billion securitisation of DBS Bank's Asian loan portfolio, one of the largest securitisation deals in Asia outside Japan.

Making Headway in Managing Wealth

In another intensely competitive segment, DBS Asset Management retained its lead position as the largest retail fund manager in Singapore and in Malaysia through Hwang-DBS during 2004.

Treasury & Markets' growth reflects our commitment to building a treasury centre of excellence in Singapore that will supply a growing pipeline of interest rate, currency and equity products to the rest of the region.

DBS Hong Kong
The number of credit cards issued by DBS in Hong Kong reached one million in July, making DBS the fourth largest credit card issuer in the Chinese SAR.

Our flagship Shenton Income Fund was awarded best Global Bond Fund over three and five years by Standard & Poor's and Lipper. Our Malaysian joint venture, Hwang-DBS Securities, saw strong growth in 2004 with eleven distributors selling our retail funds there, making us the fastest growing fund management company in Malaysia in terms of total assets under management.

Full-service brokerage DBS Vickers Securities benefited from a buoyant stock market in the first half of the year but saw volumes decline in the second half because of more sluggish conditions. It reported 11% increase in fees and commission to $240.6 million, another record contribution to the Group. DBS Vickers remains one of the top three brokers in Singapore by market share and among the leading players in Hong Kong and Thailand.

Our private banking business in Singapore and Hong Kong continues to work closely with other wholesale banking units within the Group to offer clients tailored solutions for their financial needs. Joining forces with DBS Asset Management and one of the world's largest fund managers, the private banking team launched the first Singapore dollar leveraged fund of hedged funds, the Sentinel II Enhanced Opportunity Fund.

Strong Asset Quality Allows DBS to Grow with our Customers

In the aftermath of the 1997 Asian financial crisis, our non-performing loans reached an embarrassing 13.1% in 1999, as a result of our limited credit risk management and a lending discipline that did not match our regional ambitions at the time.

Our resolve to put right our asset quality never wavered over the past five years, despite setbacks and disruption from economic recession, asset deflation, terrorism and the SARS episode. Our year-end 2.5% non-performing loan rate is now among the best of Asian banks and reflects our willingness to disclose our mistakes through early classification of problem loans, the readiness to take precautionary and sizeable provisions despite the profit and loss consequences, and the courage to write off or sell non-performing loans notwithstanding the impact on our regulatory capital.

Today, our provision coverage of non-performing loans stands at 89%, up significantly from the 44% in 1998. We now have sufficient provision cushion to weather economic shocks to our loan book. More importantly, our asset quality and provision cushion give us the leeway and confidence to grow with our customers as they expand their operations throughout Asia.

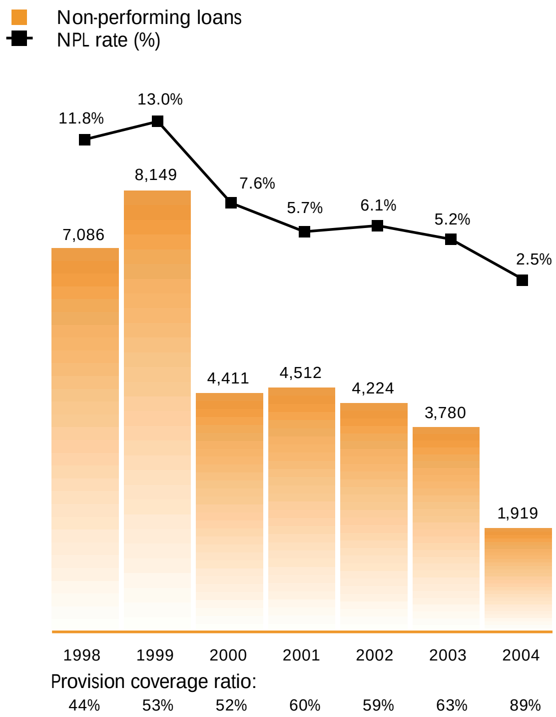
Integrating Technology and Operations for Productivity

We integrated our technology and operations teams nearly two years ago and are building on the foundation laid in 2003. Unit costs declined by 7%, productivity increased by 11%, while quality, measured in both customer satisfaction and six sigma terms, continued to improve.

Our IT outsourcing program is now two years into its planned ten-year cycle and we are reaping the benefits of increased focus on adding business value, and access to the global competencies of our partner, IBM. As the relationship progresses, we are moving away from capital investments in technology towards a pay-as-you-use model of operation. We are also

Non-Performing Loan Rate at 2.5% Among Best of Asian Banks

($ millions)



beginning to deploy other advanced technologies from IBM as part of our joint technology planning process.

With our strategic partners, we achieved a number of significant milestones in 2004. We relocated, consolidated and upgraded our core data centres in Singapore and Hong Kong, implemented new Internet Banking systems for both our retail and corporate customers and completed the standardisation of our unsecured lending platform.

Recruiting and Retaining Talent as Economy Recovers

Even as we invest millions in hardware and software we never lose sight of the fact that our people are our most important asset.

The talent of our people – their drive, intelligence and curiosity – differentiate DBS in a crowded market of financial service providers. In our recruitment and retention policies, we search for the best and brightest and reward them on a meritocratic basis that directly links reward with performance.

As economies in Asia recover and competition intensifies in the banking industry, attracting, retaining and motivating talent across the region is a clear and present challenge for DBS, as it is for other Asian banks. To address this challenge, we are undertaking different initiatives in the area of career development and progression, talent management, leadership development and remuneration review.

We continue to embrace family-friendly policies that help employees strike a better work-life balance. Last year, DBS became the first major corporation in Singapore to grant all employees two days paid family/childcare leave, exceeding the statutory requirement which confines the benefit to employees with children less than seven years of age. We also extended maternity for any childbirth, again going beyond the new legislated benefit for the fourth childbirth.

During the year, we won the Family Friendly Employer Award given by a tripartite body comprising government, union and employers for our efforts in building harmonious industrial relations. For our commitment to staff welfare and training and development, we received the NTUC Plaque of Commendation in Singapore.

Giving Back to the Communities

Beyond providing financial products and services, creating wealth, generating jobs and paying taxes, DBS recognises our larger civic and social responsibilities to the communities in which we operate. We continue to champion thoughtful philanthropic and volunteer work.

The Indian Ocean tsunami, unleashed by an earthquake off Indonesia's Sumatra island on Boxing Day, devastated coastal communities in South Asia, causing death and destruction on an unprecedented scale. Although the economic impact from the terrible tragedy is expected to be modest, the toll it exacted on human life was staggering. As a bank firmly rooted in Asia, DBS shares in the grief of the communities affected by the disaster. We have contributed to relief efforts through our own donations and through facilitating donations from our staff and

Suntec REIT
2004 was a banner year for DBS' investment banking team. Among the marquee deals was the $830.3 million Suntec REIT, the biggest IPO in Singapore.

business partners in Singapore and Hong Kong. Importantly, DBS raised almost $5.6 million through our internet banking and ATM channels for the Singapore Red Cross Tidal Waves Asia Fund in slightly under a month, a testament to the power of our retail distribution channels.

After the lull following the 2003 SARS outbreak, our staff stepped up their volunteerism work for various causes in Singapore and Hong Kong. During the year, they escorted underprivileged children to the theatre, conducted a museum tour for the physically handicapped, cooked for low income families, built homes for the poor on Batam island, and celebrated the mooncake festival with residents of an old folks home. DBS supports its staff in their community work by giving every employee two days of paid voluntary leave each year.

DBS was once again conferred the "Distinguished Patron of the Arts" award by the Ministry of Information, Communications & the Arts in Singapore for its contributions to various arts causes.

We Share Asia's Future and Confidence

DBS is an Asian bank focused on Asia.

We have emerged from the Asian crisis stronger, tougher, more agile, and more determined to be a leader among Asian banks. Our portfolio of businesses is more diversified and geographically balanced, and will be further calibrated to improve shareholders' returns. Our capital and asset quality are among the strongest of our peers, and we are exceptionally well-placed to grow with our customers as they expand throughout Asia. Our commitment to good corporate governance, transparency and timely disclosure – together with our investments in people, products and systems – differentiate us as Asia surges ahead.

We are proud of our record achievements for 2004 and are quietly confident of DBS' future. For this, I offer my personal and heart-felt thanks to our shareholders, customers, business partners and employees for their support.

Jackson Tai
Vice Chairman and Chief Executive Officer
DBS Group Holdings

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Share A Hope
DBS champions philanthropic and volunteer works, raising funds for charities, including the Community Chest's "Give a Hand, Share a Hope" campaign.