

Second half business momentum continues into the new year

February 20, 2004

DBS Group Holdings 2003 Financial Results

Presentation to Media and Analysts

This presentation is available at www.dbs.com/investor

Second half business momentum continues into the new year

- ❑ **Profits rebound in second half, after challenging first half**
- ❑ **Operating businesses gaining momentum**
- ❑ **DBS Hong Kong continues double digit growth**
- ❑ **Expenses contained**
- ❑ **Strongest asset quality since 1998, sound capital adequacy**

Achieving record operating income, up 1.3%

(S\$ million)	2003	2002 (a)	% change	4Q 2003	4Q 2002 (a)	% change
Net interest income	2,375	2,645	(10.2)	628	642	(2.2)
Non-interest income (b)	1,823	1,501	21.5	425	412	3.2
Operating income	4,198	4,146	1.3	1,053	1,054	(0.1)
Staff costs	865	911	(5.0)	217	225	(3.6)
Other operating expenses	976	940	3.8	265	246	7.7
Operating expenses	1,841	1,851	(0.5)	482	471	2.3
Operating profit (c)	2,357	2,295	2.7	571	583	(2.1)
Goodwill amortization	430	278	54.7	110	73	50.7
Provisions	541	544	(0.6)	82	181	(54.7)
NPAM	1,025	1,097	(6.6)	292	287	1.7
Cash NPAM	1,455	1,375	5.8	402	360	11.7

(a) Figures have been restated to reflect the adoption of MAS Notice 605

(b) 2002/4Q 2002: Included profit from the sale of NatSteel Ltd shares (S\$96 million)

(c) Operating profit before goodwill amortization and provisions. Excluded the one-time gain, operating profit would have

Second half net profit up 31.9%

(S\$ million)	2H 2003	1H 2003	% change
Net interest income	1,216	1,159	4.9
Non-interest income	950	873	8.8
Operating income	2,166	2,032	6.6
Staff costs	436	429	1.6
Other operating expenses	504	472	6.8
Operating expenses	940	901	4.3
Operating profit (a)	1,226	1,131	8.4
Goodwill amortization	217	213	1.9
Provisions	236	305	(22.6)
NPAM	583	442	31.9
Cash NPAM (b)	800	655	22.1

(a) Operating profit before goodwill amortization and provisions

(b) NPAM before goodwill amortization

Operating ratios improved

DBS Group Holdings Ltd	2003	2002	4Q 2003	4Q 2002
Net interest margin	1.78%	1.99%	1.81%	1.97%
Cost-to-income ratio ^(a)	43.9%	44.6%	45.8%	44.7%
Non-interest inc. / operating inc.	43.4%	36.2%	40.4%	39.1%
Cash ROA ^(b)	0.94%	0.91%	1.01%	0.97%
Cash ROE ^(b)	9.99%	9.95%	10.91%	10.20%
NPL ratio	5.2%	6.1%	5.2%	6.1%
Loan-to-deposit ratio	59.5%	59.9%	59.5%	59.9%
Loan and non trading debt securities-to-deposits ratio	79.7%	73.2%	79.7%	73.2%
Cash EPS (S\$) ^(c)	0.98	0.93	1.08	0.97

(a) Excludes goodwill amortization

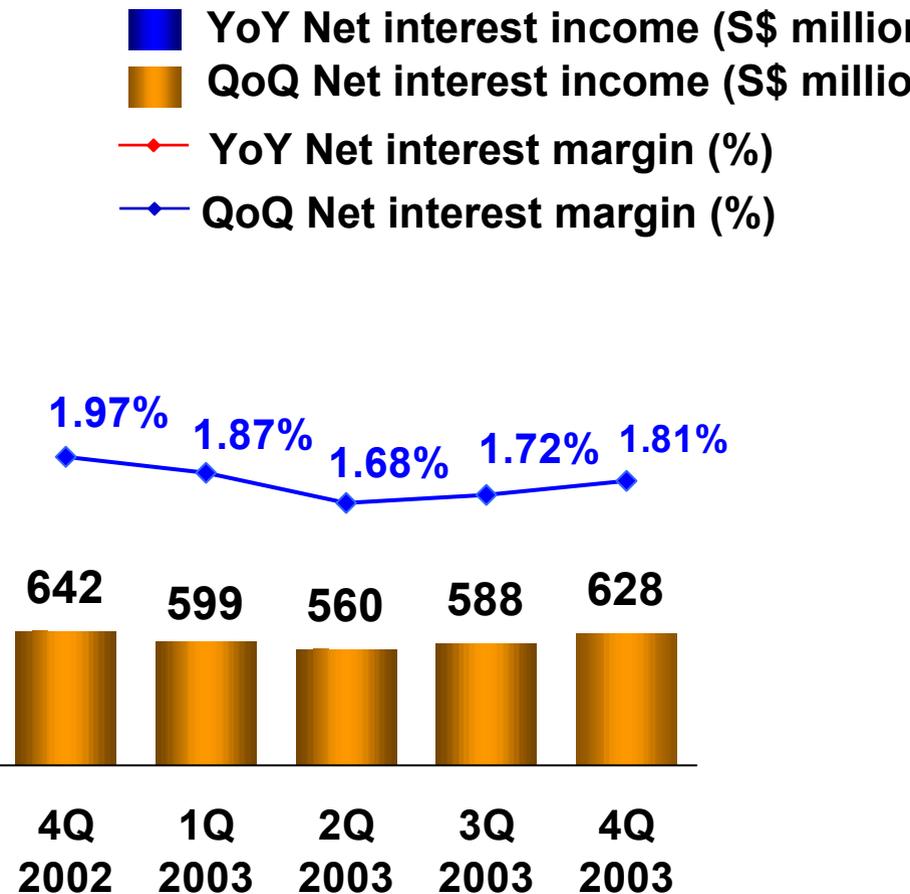
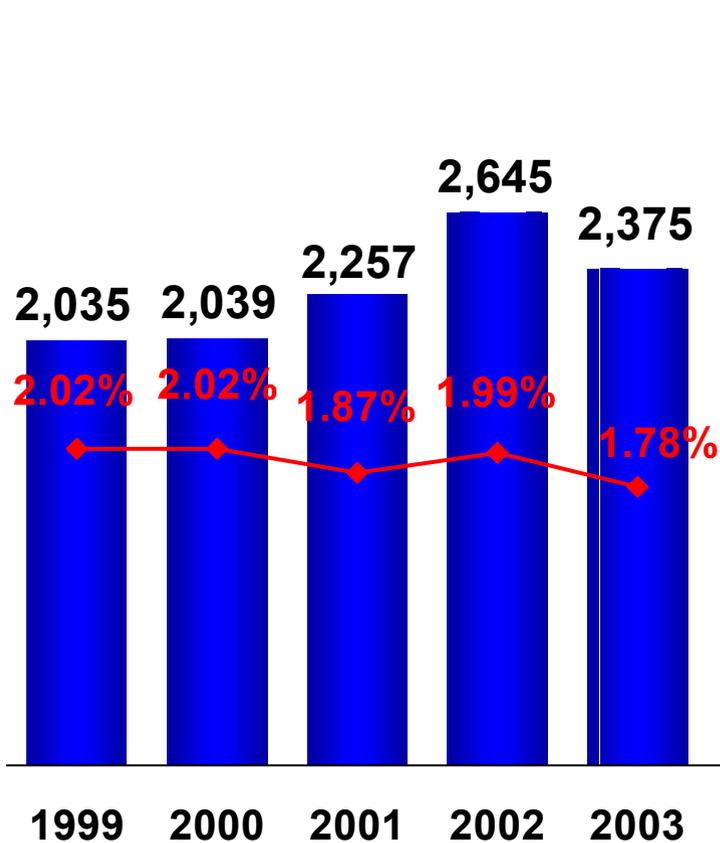
(b) Excludes goodwill amortization, annualized for quarters

(c) Earnings per share before goodwill amortization, annualized for quarters

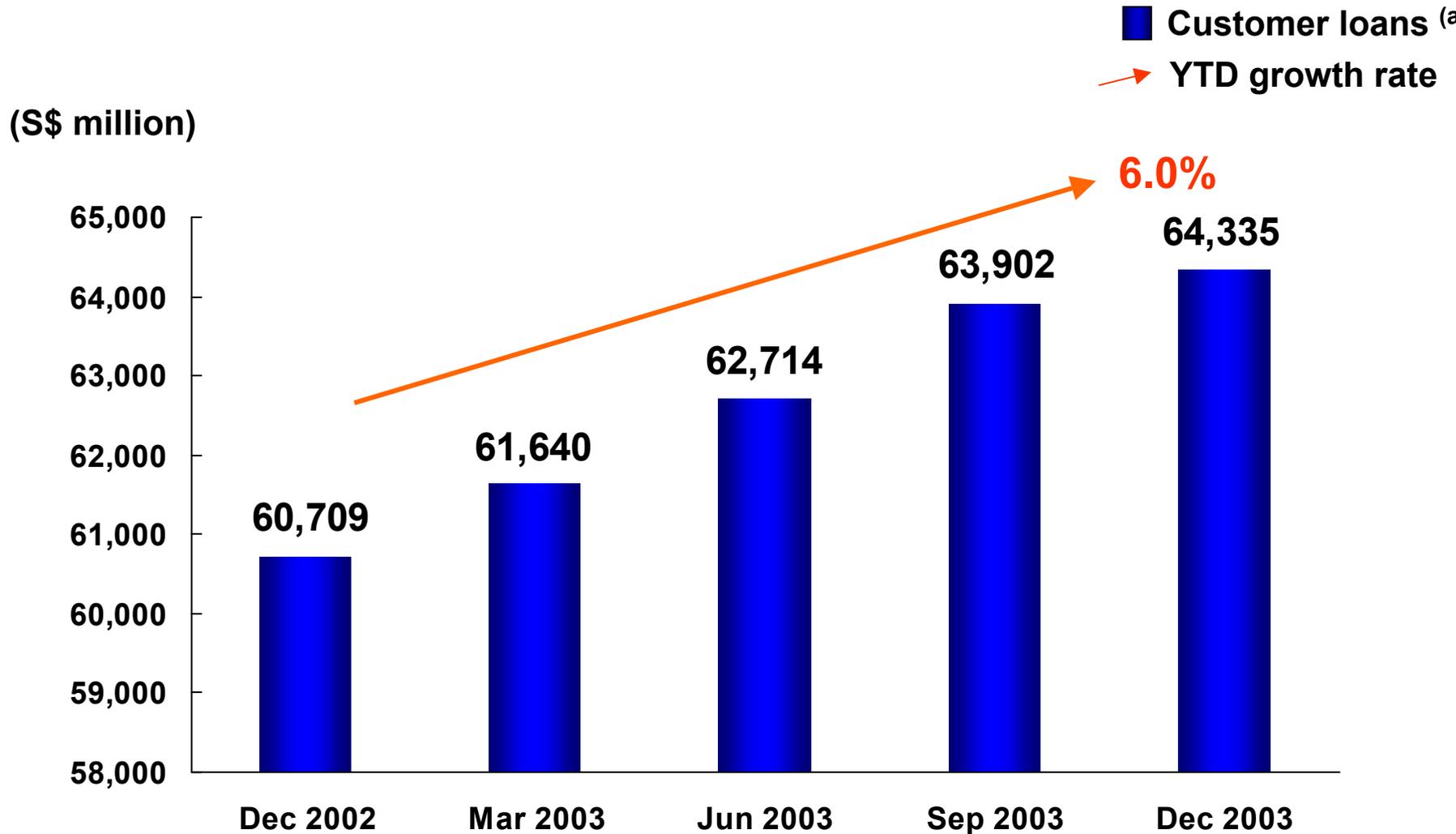
Second half business momentum continues into the new year

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Net interest margins improves for second consecutive quarter



Customer loans increase every quarter

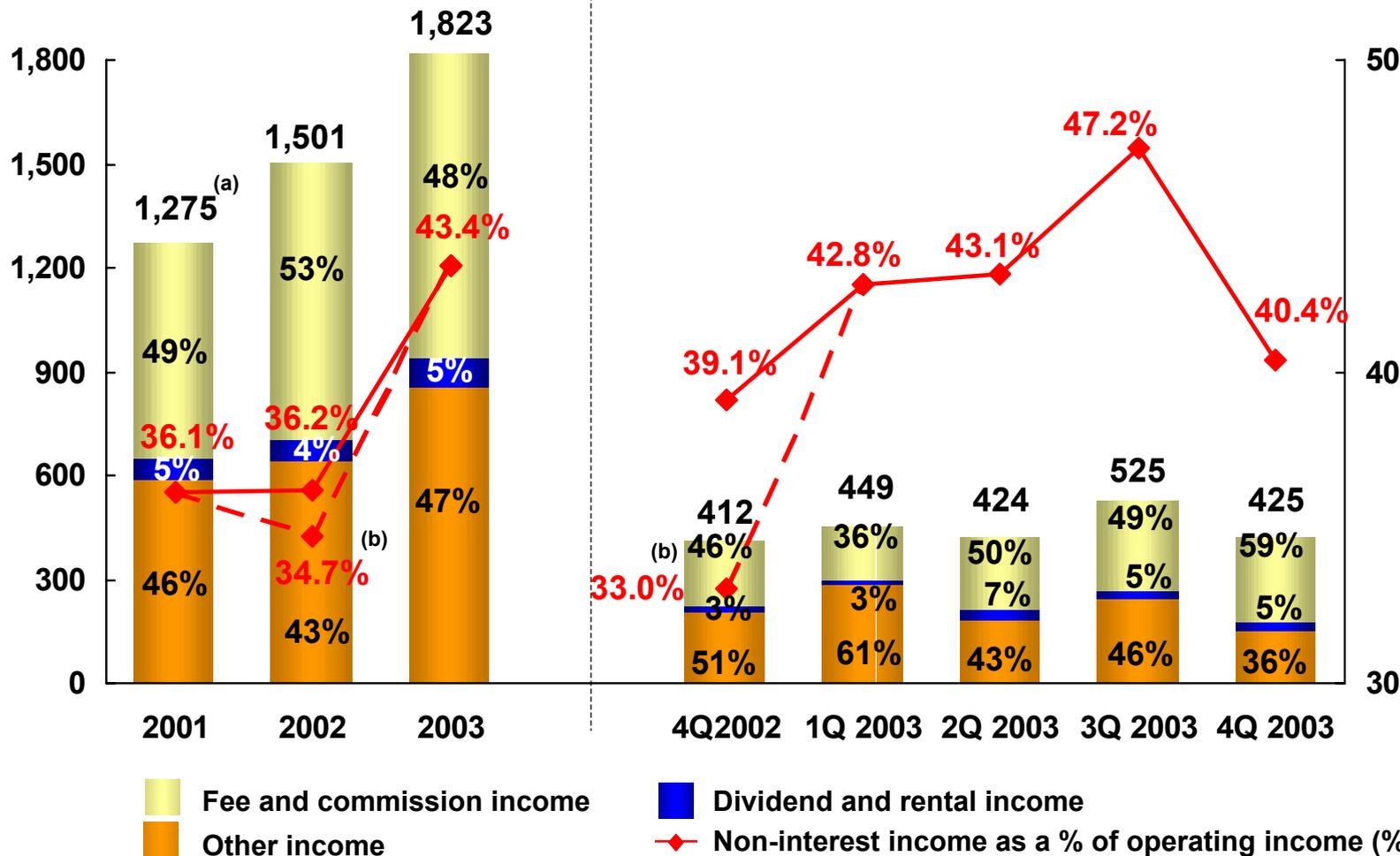


(a) Net customer loans

Non interest income strong, but lower than the peak in third quarter 2003

(S\$ million)

(%)



(a) Accounting change restatement for classification and valuations of securities not applied to this period

(b) Excluded profits from the sale of NatSteel Ltd shares (S\$96m)

Fee income constitutes 21.1% of total income

(S\$ million)	2003	2002	% change	4Q 2003	4Q 2002	% change
Stockbroking	169	119	42.0	60	20	200.0
Investment banking	83	76	9.2	24	20	20.0
Trade and remittances	111	112	(0.9)	29	28	3.6
Loan related	155	145	6.9	43	42	2.4
Deposit related	103	108	(4.6)	26	27	(3.7)
Credit card	89	93	(4.3)	24	23	4.3
Fund management	38	36	5.6	9	9	nm
Wealth management	92	76	21.1	23	11	109.1
Others	44	32	37.5	13	10	30.0
Total	884	797	10.9	251	190	32.1
Fee-to-income (%) (a)	21.1	19.2		23.8	18.0	

nm : not meaningful

(a) Excluded profits from the sale of NatSteel Ltd shares, fee-to-income ratio for full year 2002 and 4Q 2002 would have been 19.7% and 19.0% respectively.

Investment banking capabilities reaching across Asia

Singapore

- Singapore Post (S\$787 million IPO, S\$150 million 3 year-syndicated loan, S\$300 million 10 year-bond)
- Singtel Yellow Pages (S\$150 million LBO financing)
- Senoko Power (S\$200 million 10 year-bond, S\$100 million 3 year-revolving credit facilities)
- SP Power Assets (Joint arranger S\$1.6 billion, 5 and 10 year-bonds)

Malaysia

- Astro All Asia Networks (US\$534 million IPO, US\$265 million syndicated loan)
- Kumpulan Guthrie (US\$230 million syndicated term loan)
- Air Asia (RM 100 million bridging loan)

Hong Kong

- Cheung Kong (Holdings) Limited (Fortune REIT IPO, HK\$1.1 billion REIT debt financing, 1st in Hong Kong)

Taiwan

- TOM.COM, a Li Ka Shing company (NT\$1.875 billion leveraged capitalization syndicated term loan)
- NT\$10.57 billion loan for Carlyle majority-owned cable company Taiwan Broadband Communications (TBC)

India

- Bank of Baroda (US\$140 million syndicated credit facility)
- Tata Sons (US\$75 million syndicated loan)

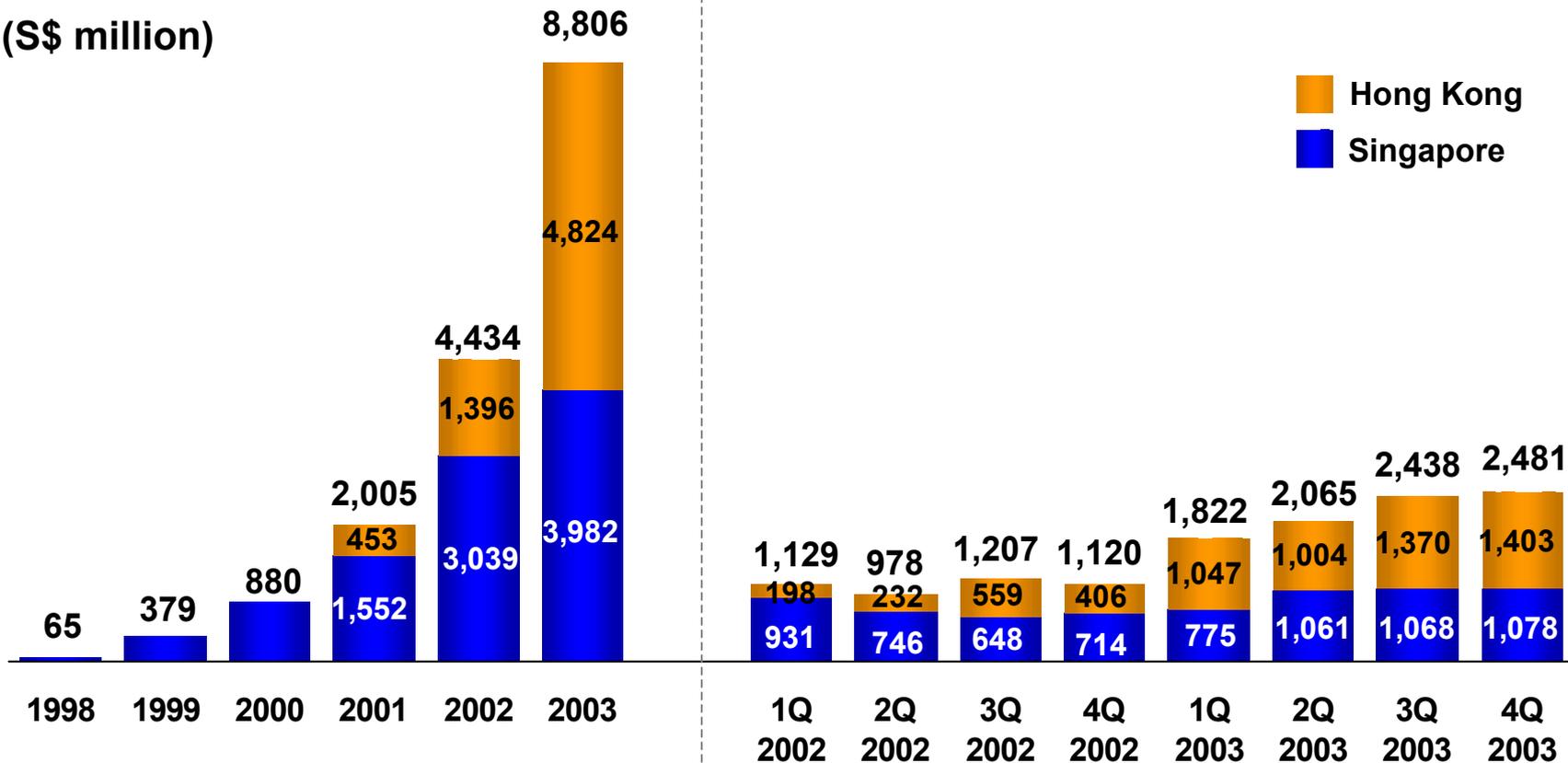
The Philippines

- Bangko Sentral ng Pilipinas, the Central Bank (US\$500 million syndicated term loan)
- Globe Telecom (US\$50 million syndicated term facility)

Retail wealth management sales double again

Sales Volume of Investment Products (a)

(S\$ million)



(a) Includes unit trusts (such as Horizon, Ei8ht, Up! and other DBSAM programmes) and treasury investment products (such as Growth, Surf, medium-term equity linked notes and structured notes)

Other income improves by 32.3%

(S\$ million)

	2003	2002	% change	4Q 2003	4Q 2002	% change
Net gain on treasury activities	648	397	63.2	120	72	66.7
Net gain on investment securities	183	214	(14.5)	28	127	(78.0)
Net gain on fixed assets	3	10	(70.0)	3	5	(40.0)
Others	18	23	(21.7)	2	5	(60.0)
Total (a)	852	644	32.3	153	209	(26.8)

(a) 2002/4Q2002: Included one-time gain from the sale of NatSteel Ltd shares (S\$96 million)

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DBS Hong Kong continues double digit growth

(S\$ million) (a)

	2003	2002	% change	4Q 2003	4Q 2002	% change
Net interest income	800	812	(1.5)	211	195	8.2
Non-interest income	384	273	40.7	106	71	49.3
Operating income	1,184	1,085	9.1	317	266	19.2
Operating expenses	476	490	(2.9)	123	125	(1.6)
Impairment of fixed assets	6	53	(88.7)	-	10	nm
Operating profit (b)	702	542	29.5	194	131	48.1
Provisions	180	164	9.8	26	62	(58.1)
Net profit after tax	440	330	33.3	146	70	108.6

nm : not meaningful

(a) Assumes exchange rate of HK\$1 to S\$0.2191. Based on Hong Kong GAAP

(b) Operating profit before provisions

DBS Hong Kong key ratios continue to support Group results

DBS Bank (Hong Kong) Limited	2003	2002	4Q 2003	4Q 2002
Net interest margin	2.38%	2.36%	2.45%	2.33%
Cost-to-income ratio ^(a)	40.2%	45.2%	38.8%	47.0%
Non-interest inc. / operating inc.	32.4%	25.2%	33.4%	26.7%
Loan-to-deposit ratio ^(b)	76.0%	76.3%	76.0%	76.3%
ROE	12.3%	9.3%	16.4%	7.7%
ROA	1.24%	1.05%	1.59%	0.88%

(a) Excludes impairment loss on properties

(b) Excludes CD issued and other debts issued

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Operating expenses were contained

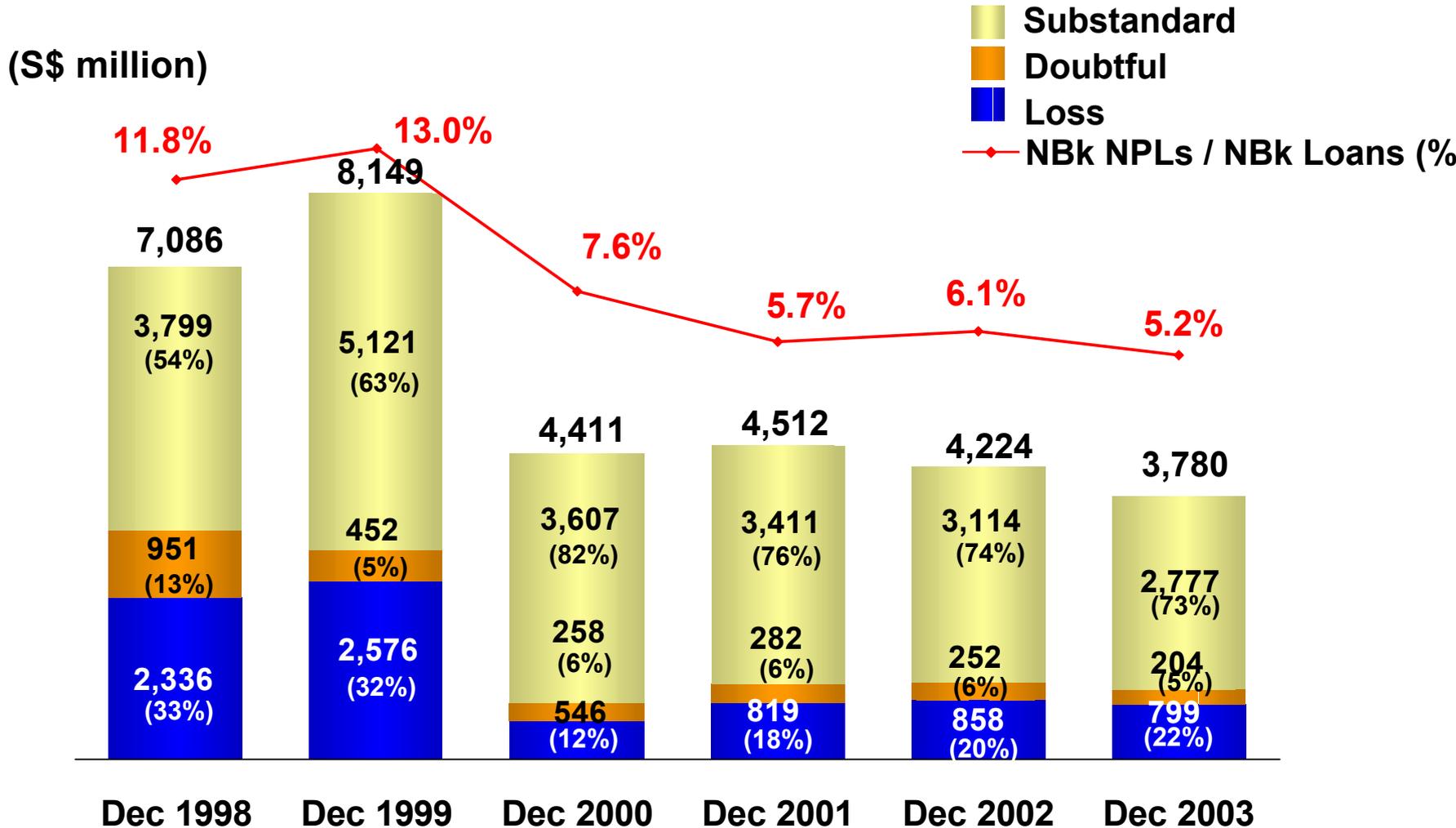
(S\$ million)

	2003	2002	% change	4Q 2003	4Q 2002	% change
Group operating expenses						
Staff costs	865	911	(5.0)	217	225	(3.6)
Occupancy expenses	203	219	(7.3)	54	58	(6.9)
Technology-related	287	228	25.9	74	66	12.1
Revenue-related	183	140	30.7	53	32	65.6
Others	303	353	(14.2)	84	90	(6.7)
Total operating expenses	1,841	1,851	(0.5)	482	471	2.3
Cost-to-income ratio (%)	43.9	44.6		45.8	44.7	
Cost-to-average assets (%)	1.19	1.23		1.21	1.27	

Second half business momentum continues into the new year

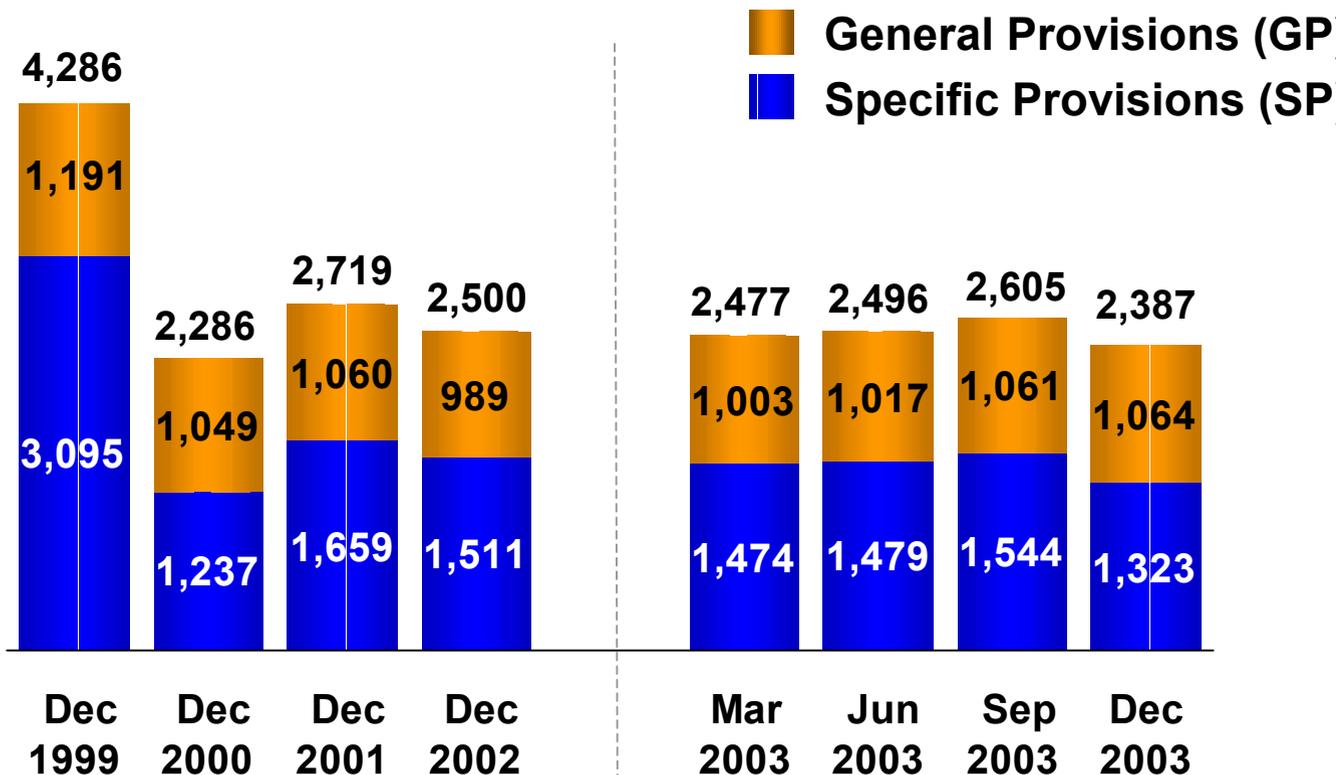
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NPL rate trending down to a record low in 6 years



Provision coverage levels up to 63%

(S\$ million)



Coverage ratios (%)

SP+GP / Unsec NPLs	118.4	129.9	142.5	120.7	120.9	118.8	121.7	124.0
SP+GP / NPLs	52.6	51.8	60.3	59.2	59.9	60.0	62.9	63.2

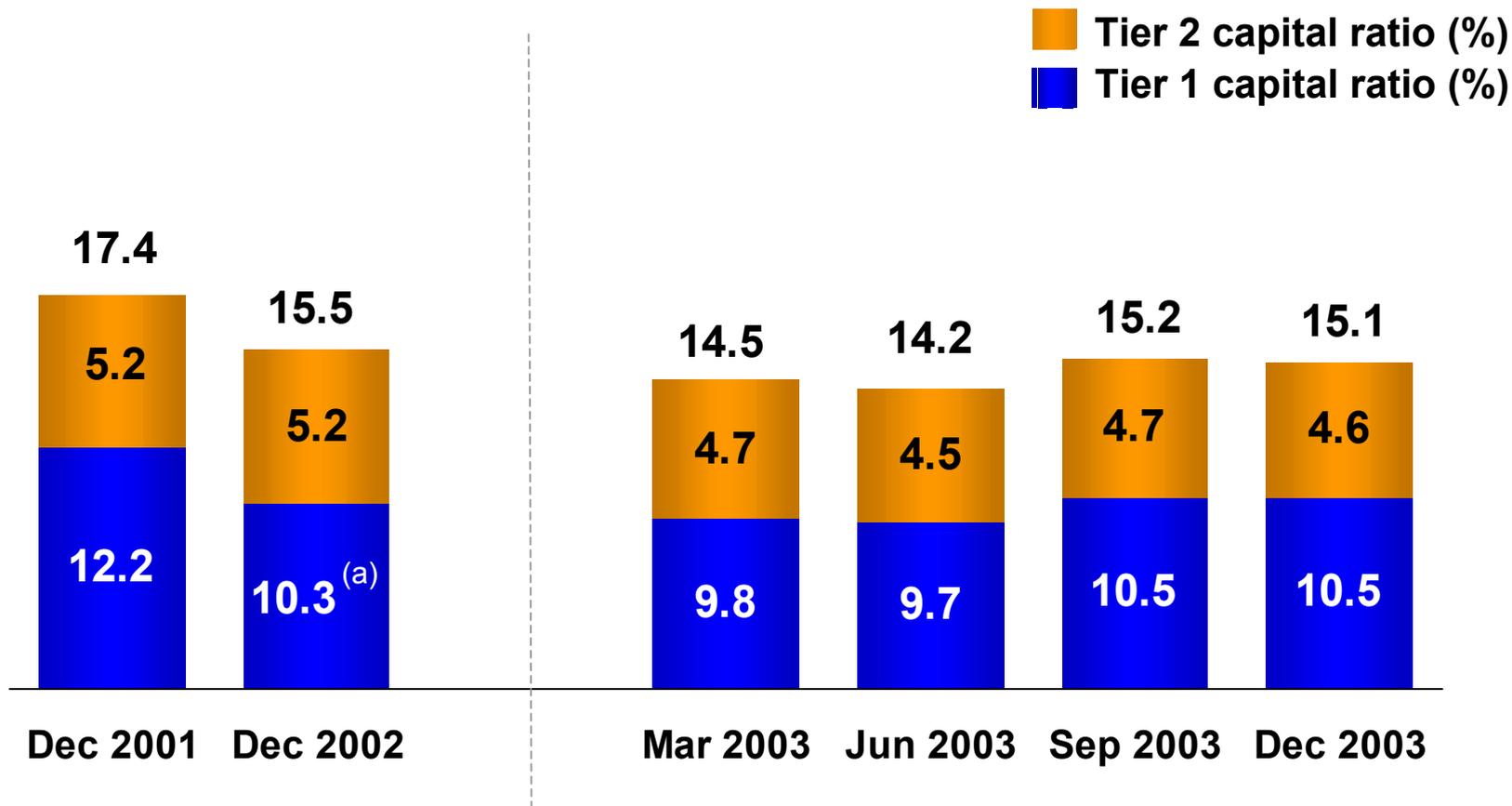
Specific provision charges down

(S\$ million)

	2003	2002	4Q 2003	4Q 2002
Loans	352	401	78	112
Securities	65	25	7	29
Properties & other assets	35	153	(14)	39
Specific provision	452	579	71	180
General provision	89	(35)	11	1
Total	541	544	82	181

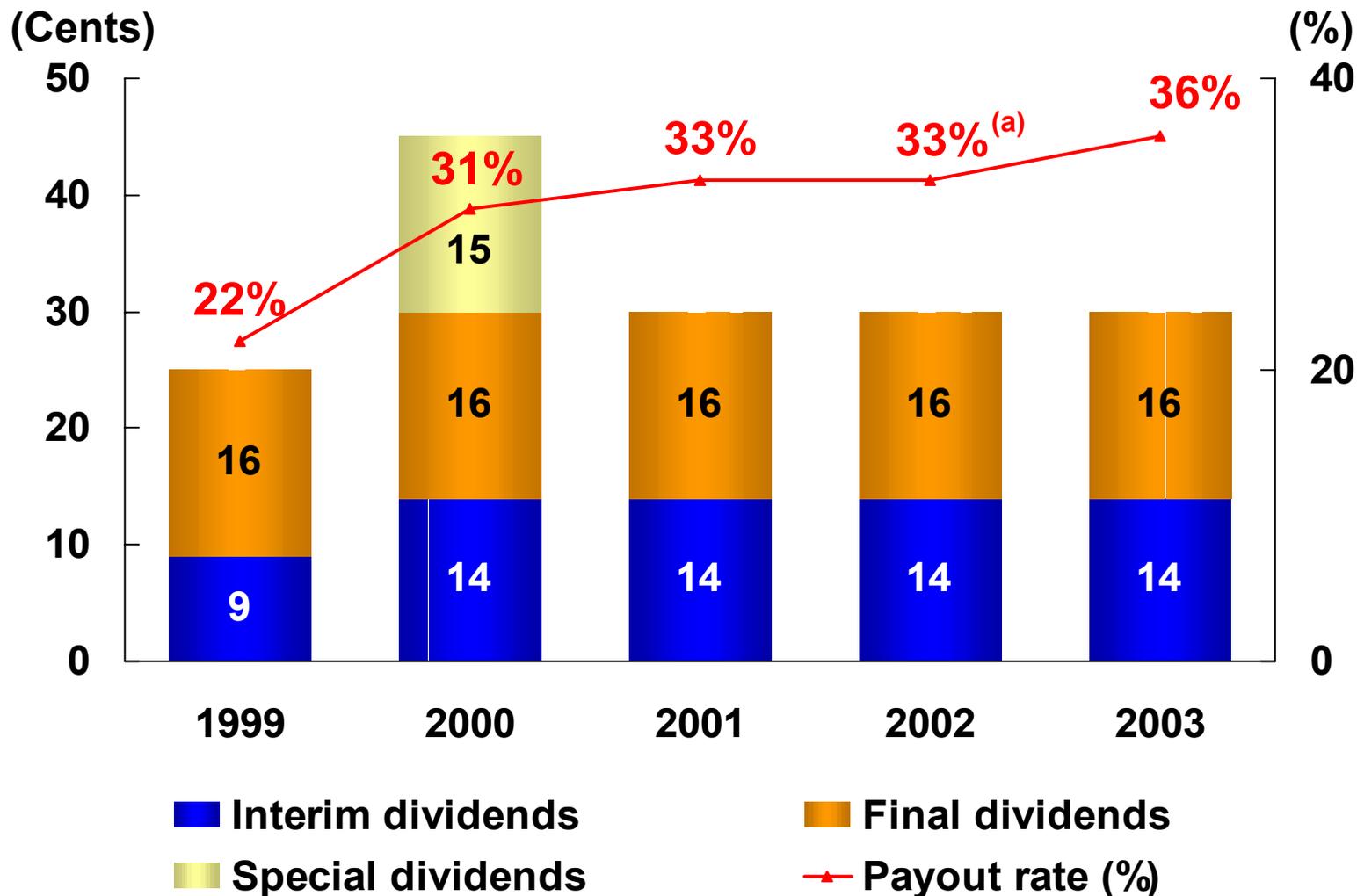
Continued strong capital position

BIS capital adequacy ratio



(a) Compared to end December 2001, the reduction in the Tier 1 CAR ratio was primarily due to the reduction of additional goodwill with DBS' purchase of the DBS Diamond Holdings Limited minority interest

Setting the dividend rate on a sustainable basis



(a) Dividend payout ratio in 2002 was restated for accounting policy changes (36% prior to restatement)

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□ Supplemental information

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Accounting policy change reduces YoY growth

(\$ million)	2003			2002		
	Post Change	Pre Change	Impact S\$ million	Post Change	Pre Change	Impact S\$ million
Net interest income	2,375	2,375		2,645	2,645	
Non-interest income	1,823	1,890	↓ 67	1,501	1,421	↑ 80
Operating income	4,198	4,265		4,146	4,066	
Operating expenses	1,841	1,841		1,851	1,851	
Operating profit ^(a)	2,357	2,424		2,295	2,215	
Goodwill amortization	430	430		278	278	
Provisions	541	615	↓ 74	544	534	↑ 10
NPAM	1,025	1,018	↑ 7	1,097	1,017	↑ 80
NPAM % YoY growth	(6.6)	0.1				

(a) Operating profit before goodwill amortization and provisions

Continuing compression in the mortgage business, lower and flattening yield curve affect 2003 margin

(S\$ million)

	2003			2002		
	Average Bal.	Interest	Average rate %	Average Bal.	Interest	Average rate %
Interest bearing assets						
Customer loans and advances	62,593	2,342	3.74	64,221	2,705	4.21
Interbank items	38,323	398	1.04	45,055	766	1.70
Securities (a)	32,883	900	2.74	23,375	935	4.00
Total interest bearing assets	133,799	3,640	2.72	132,651	4,406	3.32
Net interest income/margin		2,375	1.78		2,645	1.99
Net interest spread (b)			1.71			1.88

(a) Refers to trading and investment debt securities, including Singapore Government Securities and treasury bills

(b) Refers to the difference between the average interest rate earned on average interest-earning assets and the average

Continuing compression in the mortgage business, low interest rate environment lower fourth quarter 2003 margin

(S\$ million)

	4Q 2003			4Q 2002		
	Average Bal.	Interest	Average rate %	Average Bal.	Interest	Average rate %
Interest bearing assets						
Customer loans and advances	63,965	575	3.57	61,735	647	4.16
Interbank items	34,542	88	1.01	41,354	167	1.60
Securities (a)	38,876	262	2.67	25,418	216	3.36
Total interest bearing assets	137,383	925	2.67	128,507	1,030	3.18
Net interest income/margin		628	1.81		642	1.97
Net interest spread (b)			1.76			1.88

(a) Refers to trading and investment debt securities, including Singapore Government Securities and treasury bills

(b) Refers to the difference between the average interest rate earned on average interest-earning assets and the average

Loan provisions reduce DBS Thai Danu's net profit; no effect on the Group's results

(S\$ million) (a)

	2003	2002	% change	4Q 2003	3Q 2003	% change
Net interest income	106	102	3.4	29	25	14.7
Non-interest income	45	41	11.8	15	11	33.6
Operating income	151	143	5.8	43	36	20.4
Operating expenses	98	96	2.1	25	24	1.9
Operating profit (b)	53	47	13.1	19	12	58.2
Provisions	140	34	306.3	5	119	(95.7)
Net profit / (loss) after tax	(86)	13	nm	14	(108)	nm

nm : not meaningful

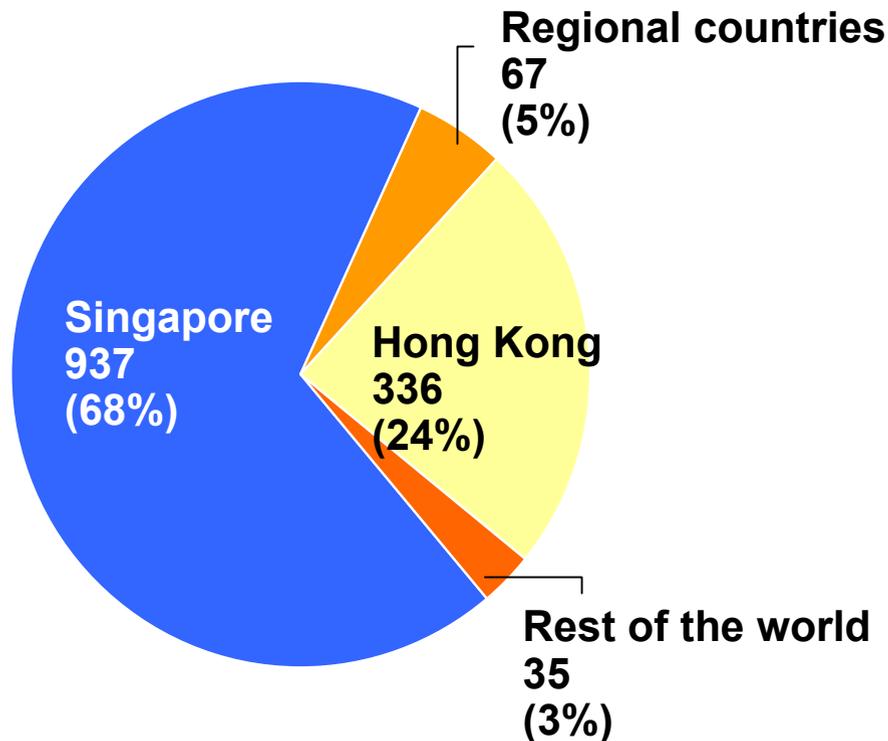
(a) Assumes exchange rate of THB1=S\$0.0429

(b) Operating profit before provisions

Group net profit more balanced

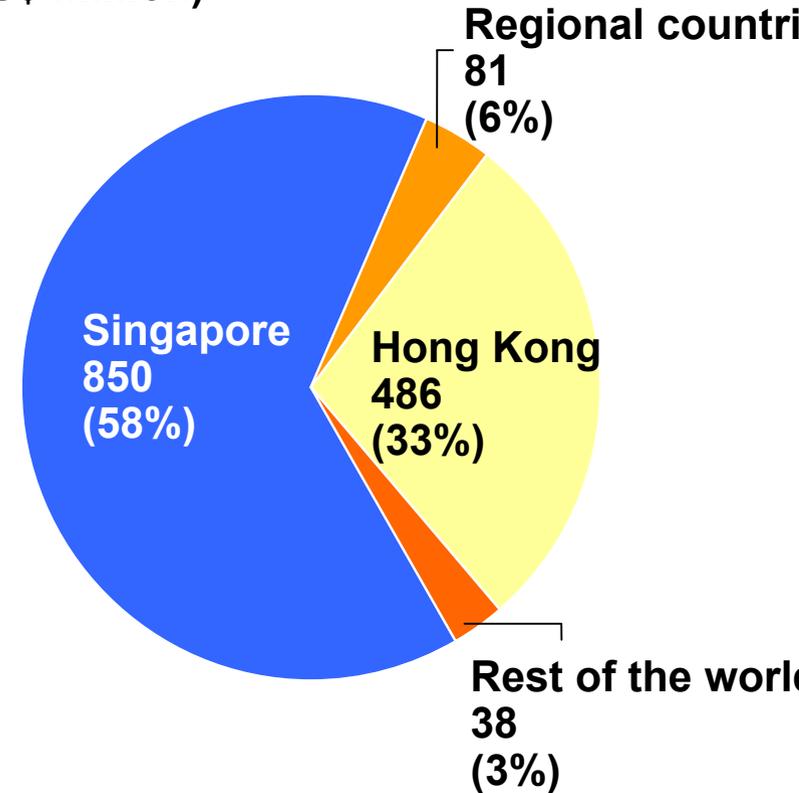
2002 Net Profit
S\$1,375 million (a)

(S\$ million)



2003 Net Profit
S\$1,455 million (a)

(S\$ million)

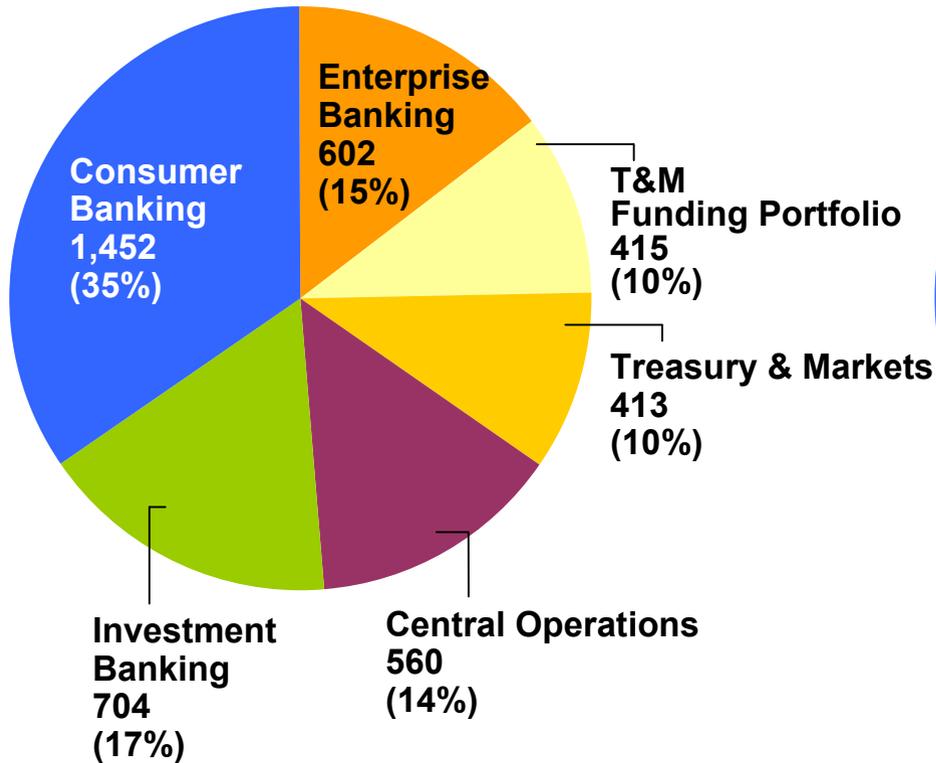


(a) Excludes goodwill amortization

DBS' earnings diversified

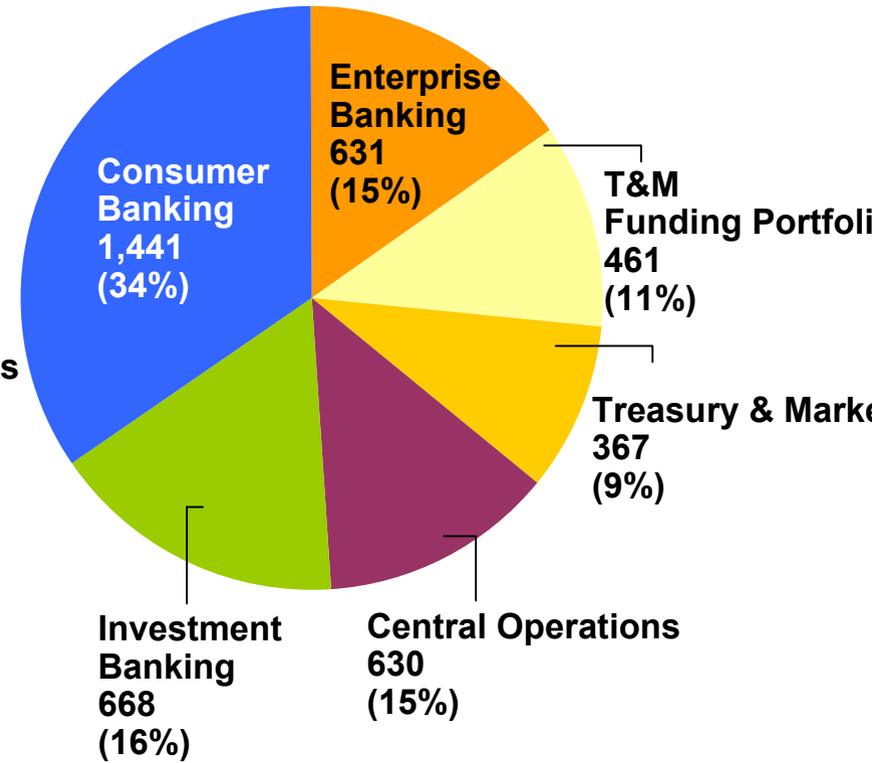
2002 Revenues
S\$4,146 million

(S\$ million)



2003 Revenues
S\$4,198 million

(S\$ million)

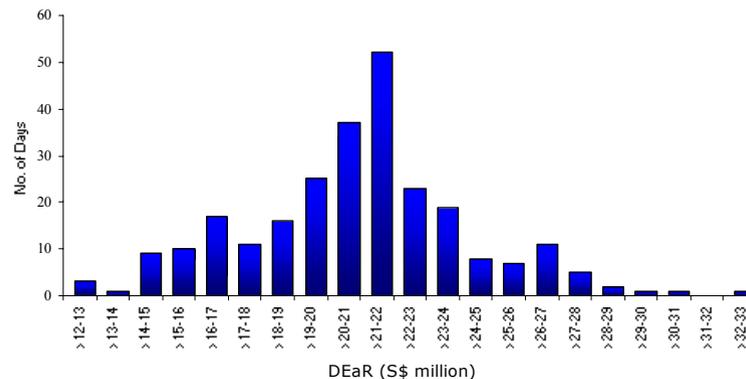


Daily earnings at risk and trading income

DEaR for Trading Book (January 1, 2003 to December 31, 2003)

(S\$ million)	At 31 Dec	Average	High ^(a)	Low ^(a)
Interest rate	22.7	23.3	33.7	15.3
FX	3.3	7.0	18.2	2.3
Equity	3.8	3.2	7.3	1.3
Diversification effect	(9.3)	(12.7)	-	-
Total	20.5	20.8	32.0	12.6

DBSH Group DEaR for Trading Book



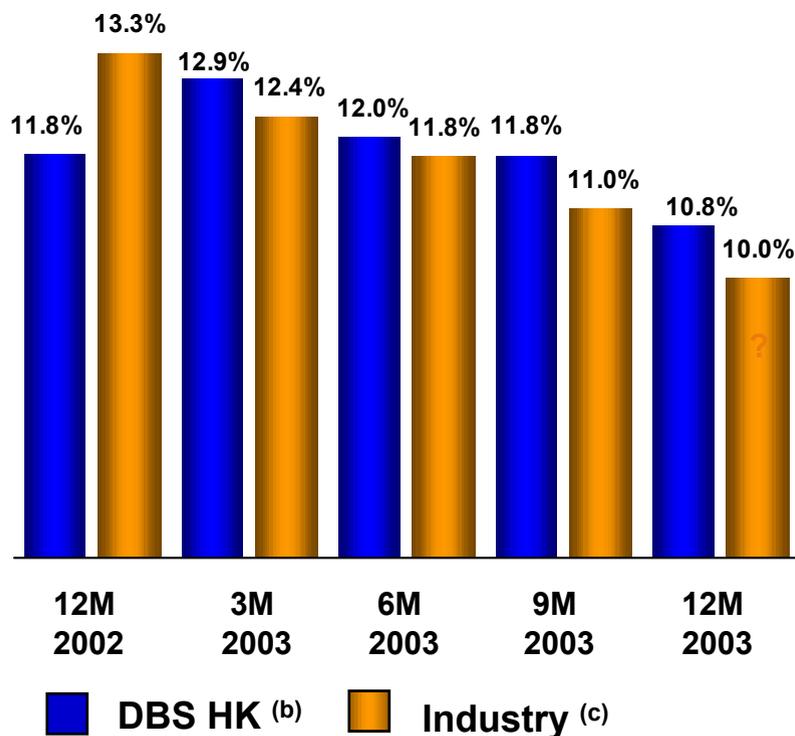
DBSH Group Daily Distribution of Trading Income



(a) The high (and low) DEaR figures reported for each risk class did not necessarily occur on the same day as the high (and low) reported for total. A corresponding diversification effect cannot be calculated and is therefore omitted from the table.

DBS Hong Kong Consumer Banking asset quality

Credit card charge-off rates



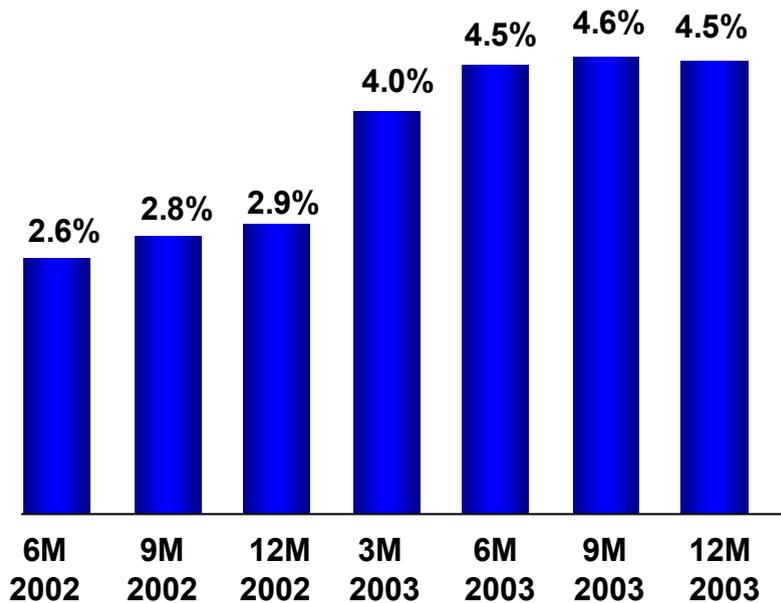
Credit card delinquency rates

90 days past due	4Q02	1Q03	2Q03	3Q03	4Q03
DBS (HK) (a)	1.2%	1.1%	1.5%	1.8%	1.5%
Industry (c)	1.3%	1.3%	1.3%	1.2%	0.9%

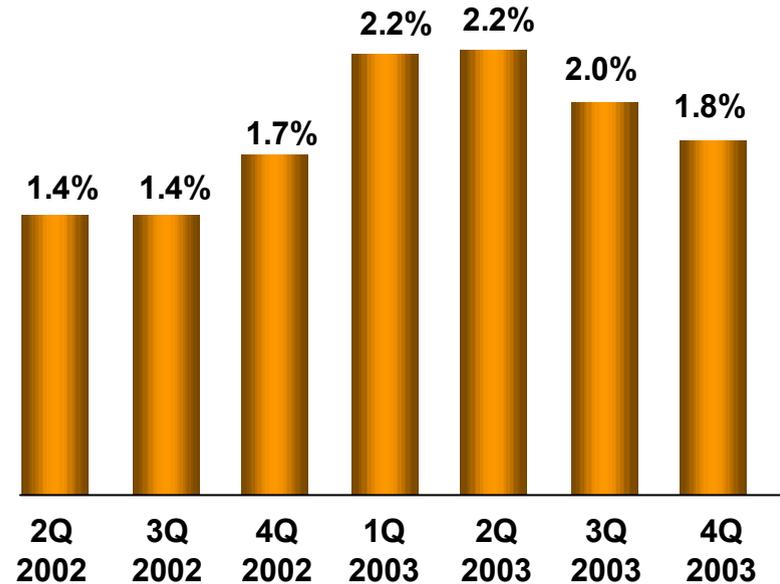
(a) Delinquency rates as at period end
 (b) YTD, annualized Credit card charge off rates using HKMA basis
 (c) Source: Hong Kong Monetary Authority

DBS Singapore Consumer Banking asset quality

Credit card charge-off rates



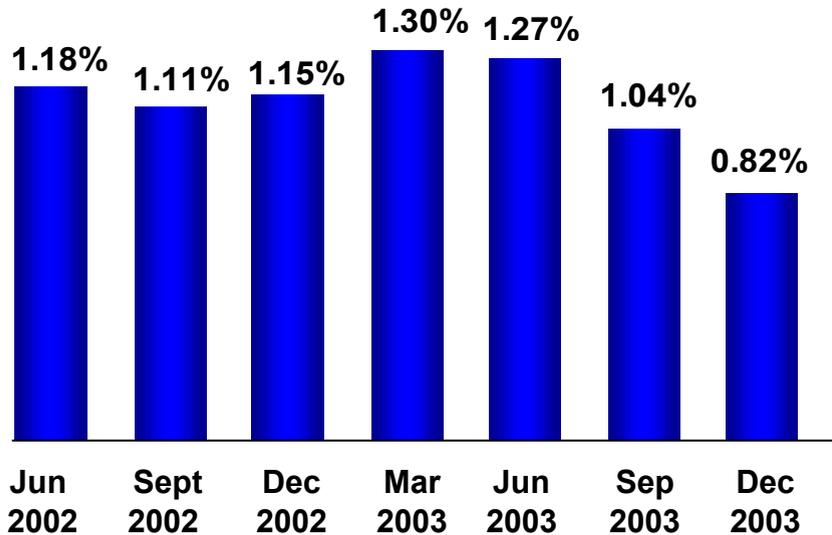
Credit Card Delinquency Rates (a)



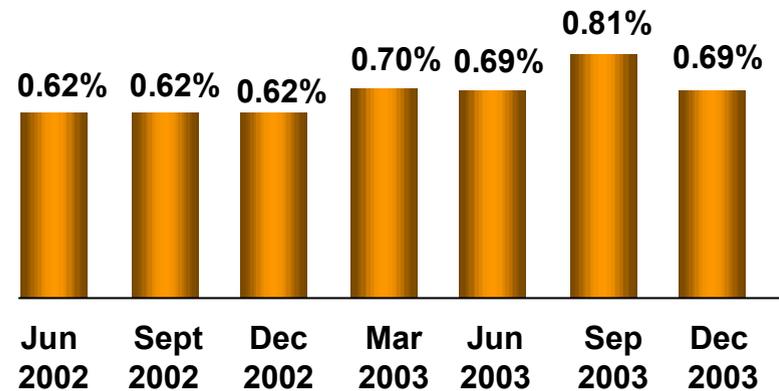
(a) 90 days past due delinquency rates as at period end

Residential mortgage delinquency rates (a)

DBS Bank (Hong Kong) Limited



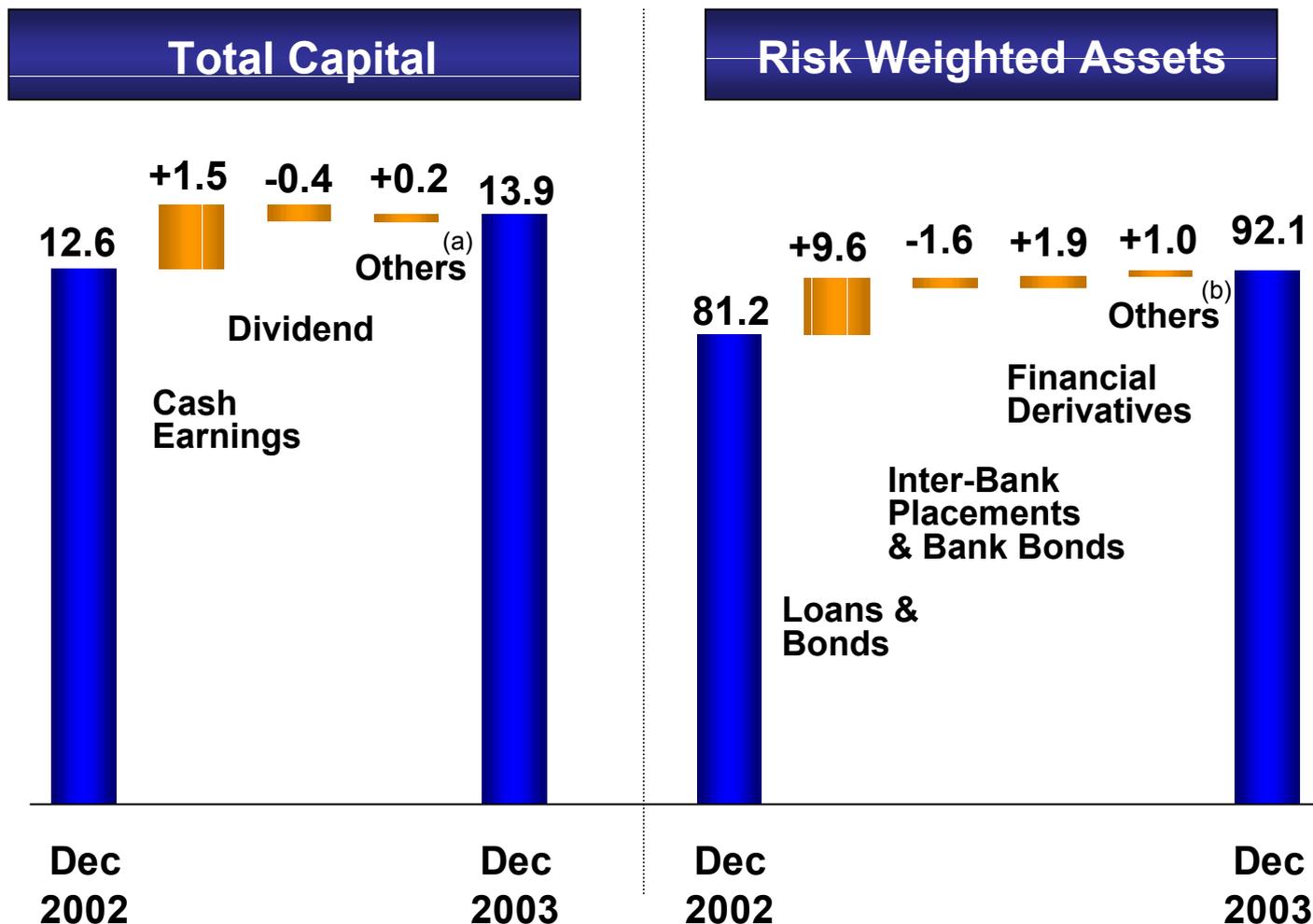
DBS Singapore Consumer Banking



(a) Residential mortgage 90 days past due delinquency rates

Total capital versus RWA

(\$ billion)

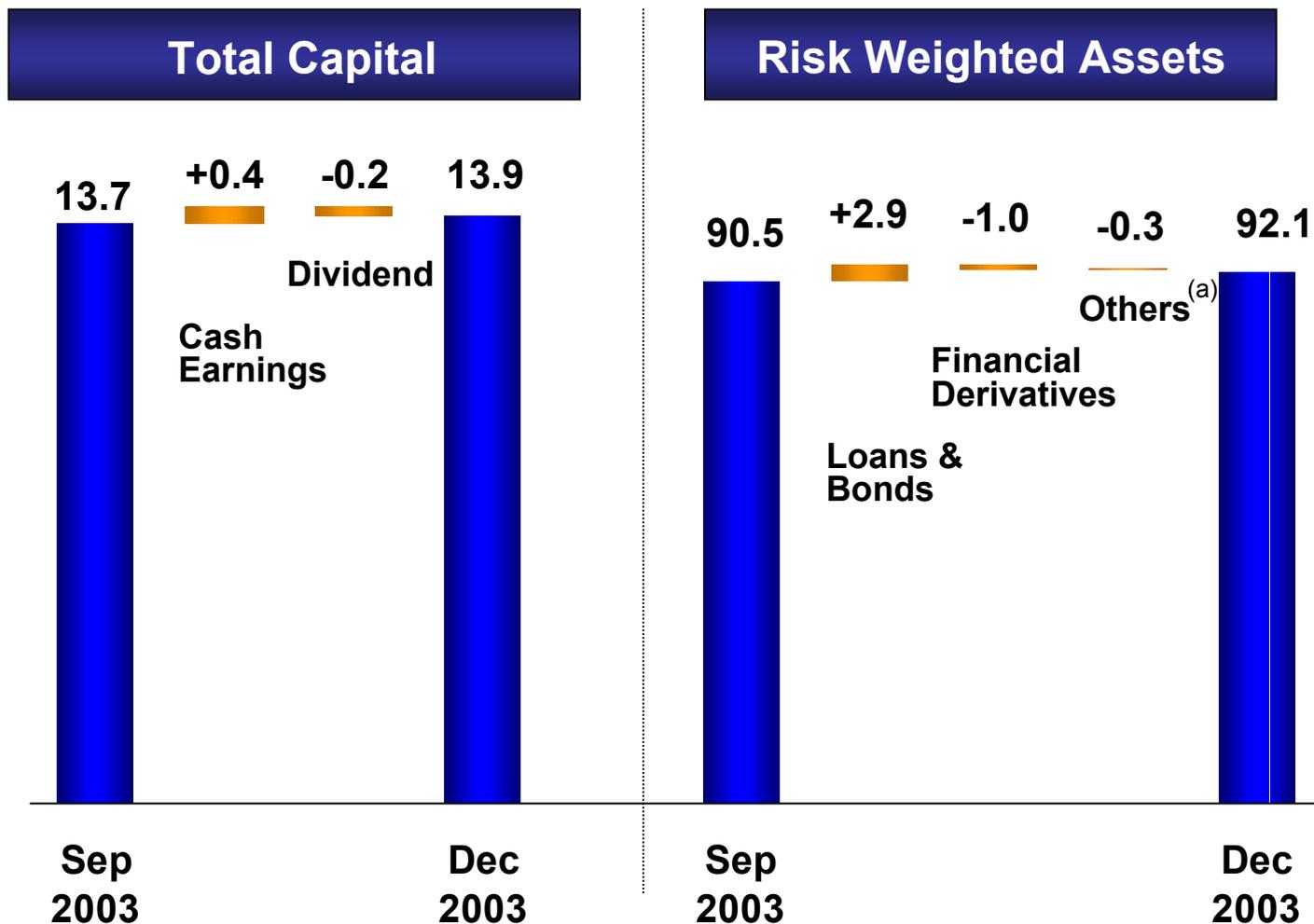


(a) Includes asset revaluation reserves for equities and general provisions

(b) Includes trade receivables from DBSV and other assets

Total capital versus RWA

(\$ billion)



(a) Includes accounts receivables and other assets

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