

Upturn across most businesses

October 31, 2003

**DBS Group Holdings
3Q 2003 Financial Results
Presentation to Media and Analysts**

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

Highlights of third quarter 2003 results

DBS Group Holdings Ltd	3Q 2003	% change from 2Q 2003
Net profit attributable to members	S\$ 291 mn	 70.2%
Operating income	S\$1.113 bn	 13.1%
Operating expenses	S\$ 458 mn	 0.2%
Operating profit (a)	S\$ 655 mn	 24.8%
Provisions	S\$ 154 mn	 17.6%

(a) Before goodwill amortization and provisions

Upturn across most businesses

- ❑ **Improved financial performance**
- ❑ **Integrated Hong Kong operations benefiting from rebound in local prospects**
- ❑ **Progress in growing non-traditional banking income**
- ❑ **Continued discipline in managing operating expenses**
- ❑ **Stronger asset quality and capital adequacy**

Stronger results quarter-on-quarter

(S\$ million)	3Q 2003	2Q 2003	% change	9M 2003	9M 2002	% change
Net interest income	588	560	5.0	1,747	2,003	(12.8)
Non-interest income	525	424	23.8	1,398	1,089	28.4
Operating income	1,113	984	13.1	3,145	3,092	1.7
Staff costs	219	210	4.3	648	685	(5.4)
Other operating expenses	239	249	(4.0)	711	693	2.6
Operating expenses	458	459	(0.2)	1,359	1,378	(1.4)
Operating profit ^(a)	655	525	24.8	1,786	1,714	4.2
Goodwill amortization	107	107	nm	320	206	55.3
Provisions	154	187	(17.6)	459	389	18.0
NPAM	291	171	70.2	733	766	(4.3)
Cash NPAM ^(b)	398	278	43.2	1,053	972	8.3

nm : not meaningful

(a) Operating profit before goodwill amortization and provisions

(b) NPAM before goodwill amortization

Operating ratios improving

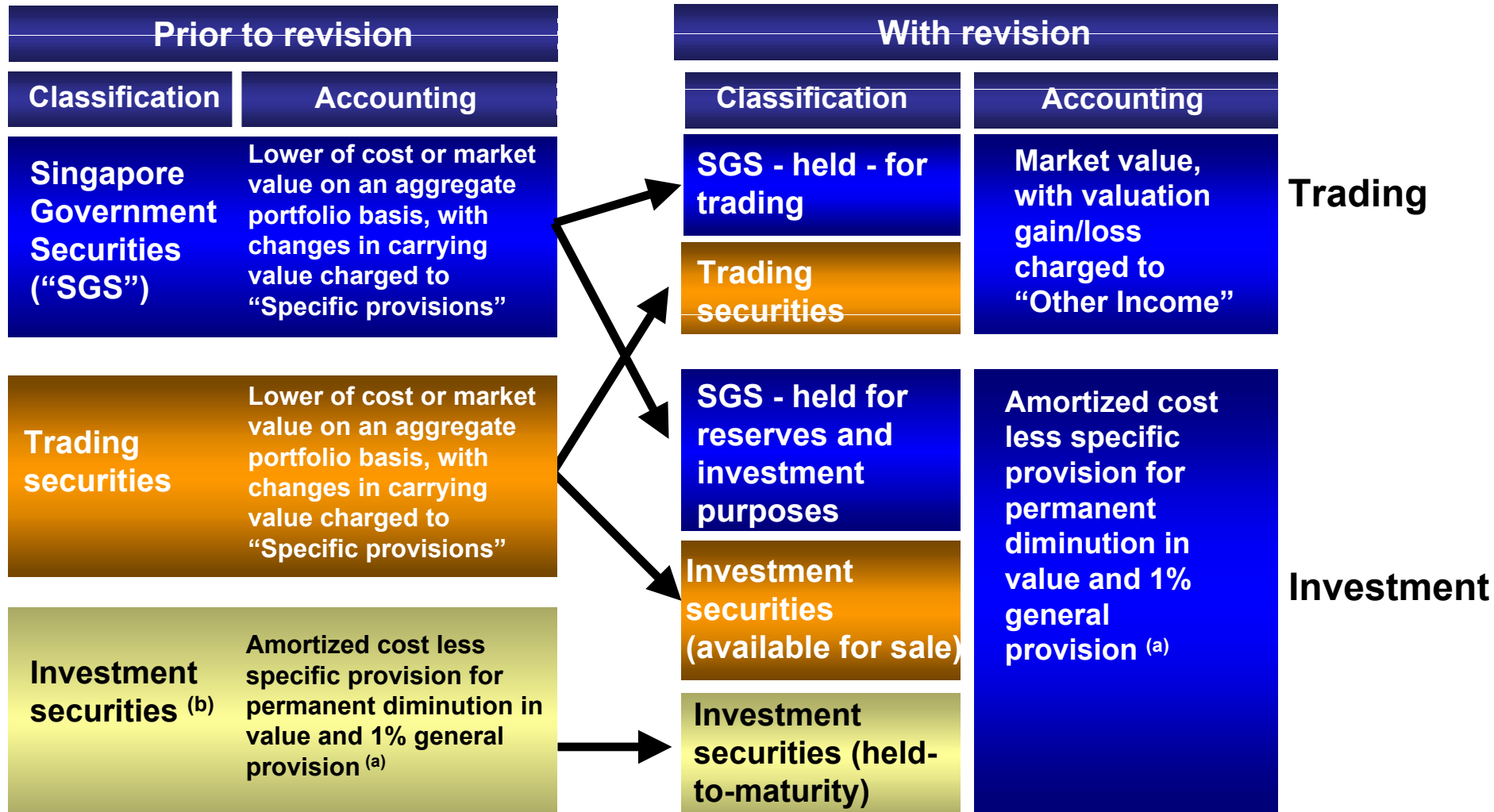
	3Q 2003	2Q 2003	9M 2003	9M 2002
Net interest margin	1.72%	1.68%	1.76%	2.00%
Cost-to-income ratio ^(a)	41.2%	46.6%	43.2%	44.6%
Non-interest inc. / operating inc.	47.2%	43.1%	44.5%	35.2%
Cash ROA ^(b)	1.00%	0.70%	0.91%	0.86%
Cash ROE ^(b)	10.74%	7.48%	9.56%	9.31%
NPL ratio	5.7%	5.9%	5.7%	5.7%
Loan-to-deposit ratio	59.7%	59.4%	59.7%	63.2%
Loan and non trading debt securities-to-deposits ratio	77.6%	76.9%	77.6%	76.3%
Cash EPS (S\$) ^(c)	1.07	0.74	0.94	0.87

(a) Excludes goodwill amortization

(b) Annualized and excludes goodwill amortization

(c) Earnings per share before goodwill amortization, annualized

Accounting policy change consistent with international practice



(a) Only applicable for non-bank corporate debt securities
 (b) Mainly unquoted securities and securities held to maturity

Accounting policy change reduces YTD profit

(S\$ million)	9M 2003			9M 2002		
	Post Change	Pre Change	Impact S\$ million	Post Change	Pre Change	Impact S\$ million
Net interest income	1,747	1,747		2,003	2,003	
Non-interest income	1,398	1,495	↓ 97	1,089	1,015	↑ 74
Operating income	3,145	3,242		3,092	3,018	
Operating expenses	1,359	1,359		1,378	1,378	
Operating profit ^(a)	1,786	1,883		1,714	1,640	
Goodwill amortization	320	320		206	206	
Provisions	459	544	↓ 85	389	353	↑ 36
NPAM	733	742	↓ 9	766	735	↑ 31
NPAM % YoY growth	(4.3)	1.0				

(a) Operating profit before goodwill amortization and provisions

Accounting policy change addresses distortion in non interest income and provisions

(\$ million)	3Q 2003			2Q 2003		
	Post Change	Pre Change	Impact S\$ million	Post Change	Pre Change	Impact S\$ million
Net interest income	588	588		560	560	
Non-interest income	525	611	↓ 86	424	428	↓ 4
Operating income	1,113	1,199		984	988	
Operating expenses	458	458		459	459	
Operating profit (a)	655	741		525	529	
Goodwill amortization	107	107		107	107	
Provisions	154	257	↓ 103	187	172	↑ 15
NPAM	291	274	↑ 17	171	187	↓ 16
NPAM % QoQ growth	70.2	46.5				

(a) Operating profit before goodwill amortization and provisions

Upturn across most businesses

- ❑ Improved financial performance
- ❑ Integrated Hong Kong operations benefiting from rebound in local prospects
- ❑ Progress in growing non-traditional banking income
- ❑ Continued discipline in managing operating expenses
- ❑ Stronger asset quality and capital adequacy

DBS Hong Kong benefits from rebound in local prospects

(S\$ million) (a)	3Q 2003	2Q 2003	% change	9M 2003	9M 2002	% change
Net interest income	203	201	1.0	600	630	(4.8)
Non-interest income	115	86	33.7	284	204	39.2
Operating income	318	287	10.8	884	834	6.0
Operating expenses	120	127	(5.5)	359	369	(2.7)
Impairment of fixed assets	3	2	50.0	5	44	(88.6)
Operating profit	195	158	23.4	520	421	23.5
Provisions	52	63	(17.5)	157	104	51.0
Net profit after tax	118	80	47.5	300	266	12.8

(a) Assumes exchange rate of HK\$1 to S\$0.2232. Based on Hong Kong GAAP

DBS Hong Kong key ratios enhances Group results

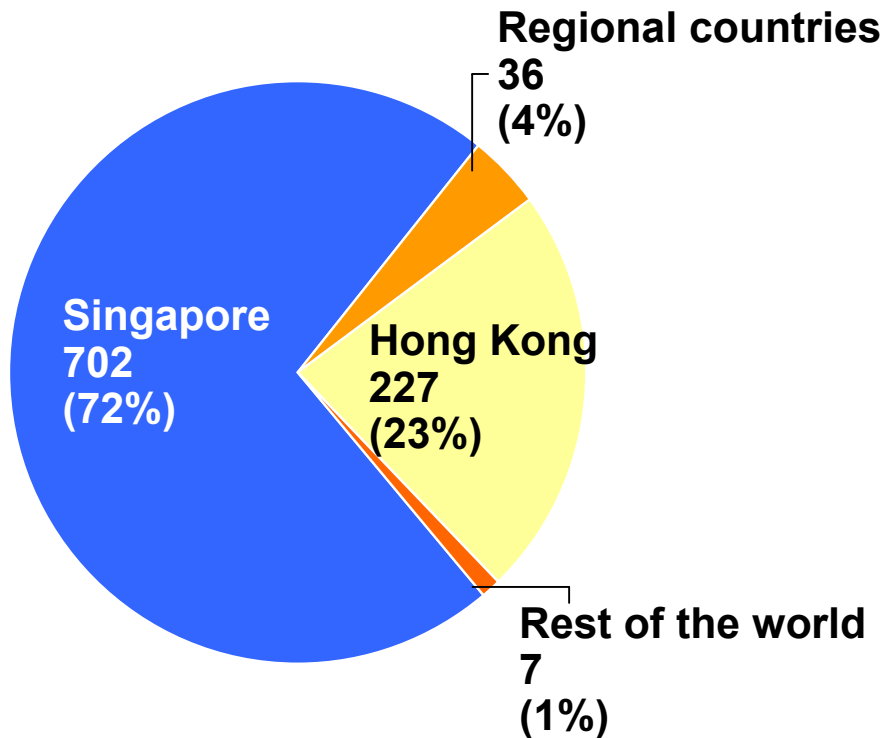
	3Q 2003	2Q 2003
Net interest margin	2.34%	2.36%
Cost-to-income ratio (a)	37.7%	44.3%
Non-interest inc. / operating inc.	36.2%	30.0%
Loan-to-deposit ratio	73.2%	74.2%
ROE	13.8%	9.2%
ROA	1.31%	0.90%

(a) Excludes goodwill amortization and impairment loss on properties

Group net profit more balanced

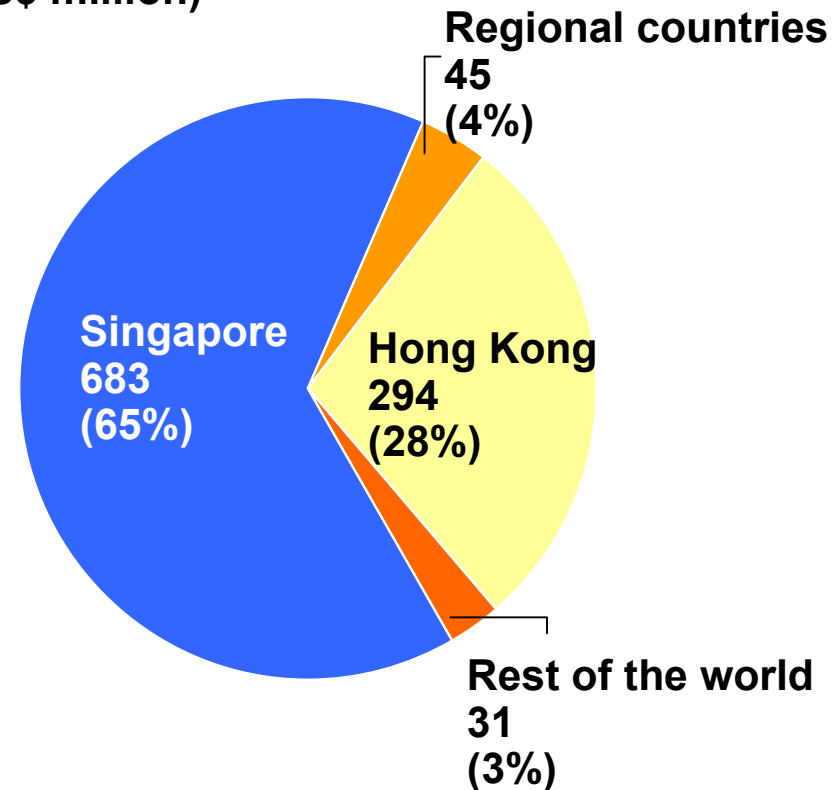
9M 2002 Net Profit
S\$972 million (a)

(S\$ million)



9M 2003 Net Profit
S\$1,053 million (a)

(S\$ million)



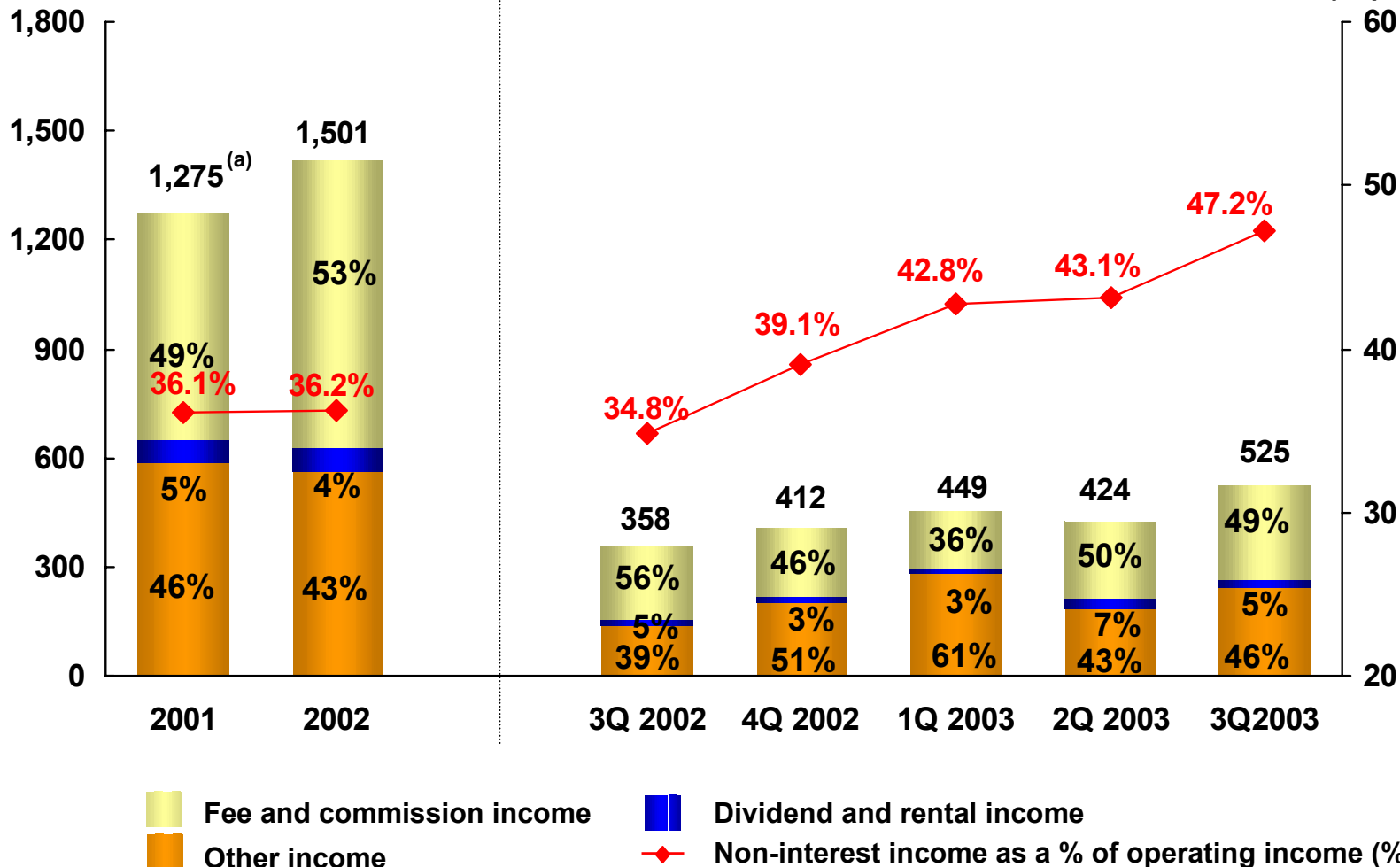
(a) Excludes goodwill amortization

Upturn across most businesses

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Non interest income ratio already exceeds medium term targets

(S\$ million)



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

Fee income reflects improving market conditions

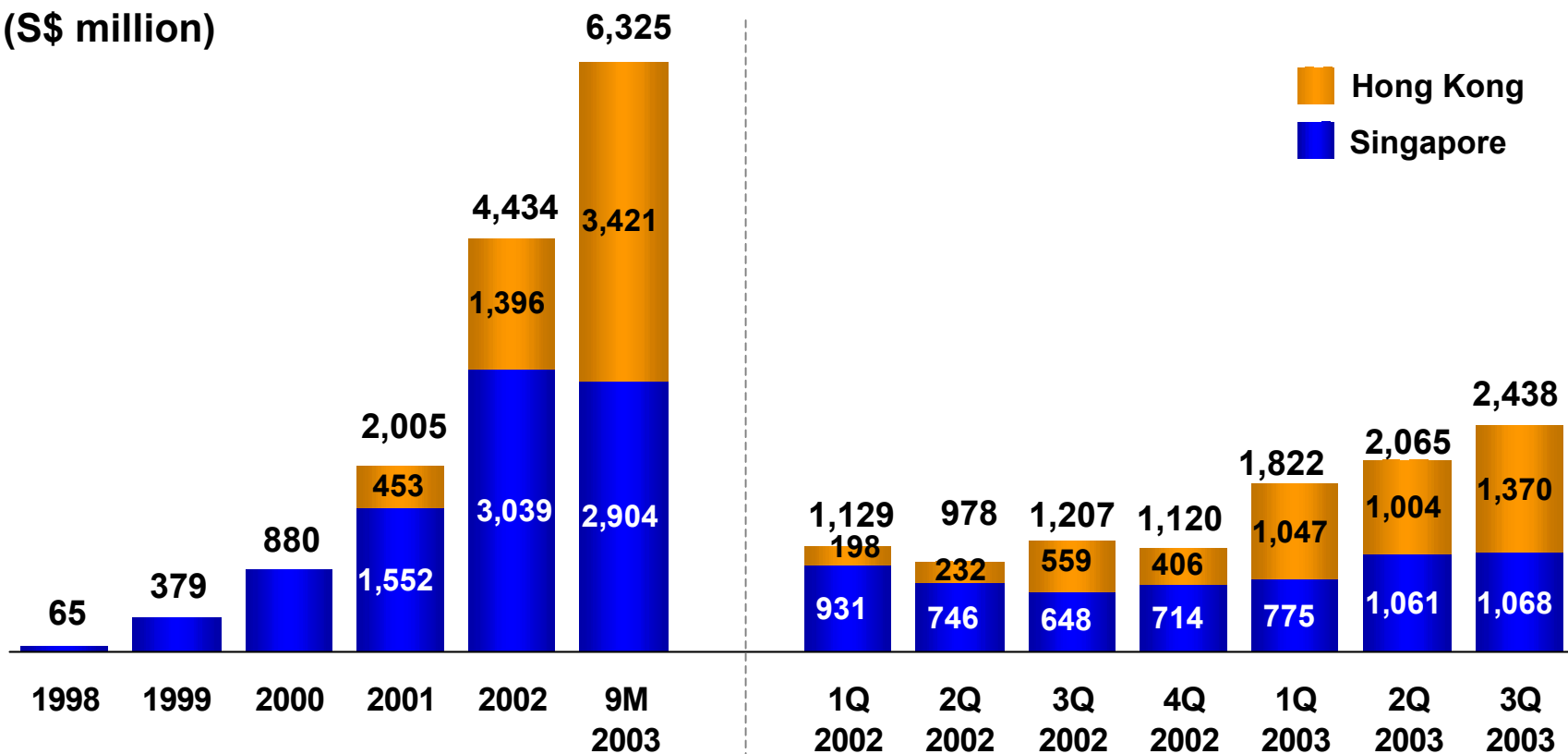
(S\$ million)	3Q 2003	2Q 2003	% change	9M 2003	9M 2002	% change
Stockbroking	59	32	84.4	110	99	11.1
Investment banking	30	23	30.4	60	56	7.1
Trade and remittances	28	27	3.7	83	84	(1.2)
Loan related	43	35	22.9	114	103	10.7
Deposit related	26	27	(3.7)	77	81	(4.9)
Credit card	24	22	9.1	66	70	(5.7)
Fund management	11	11	nm	29	27	7.4
Wealth management	27	26	3.8	68	65	4.6
Others	11	11	nm	26	22	18.2
Total	259	214	21.0	633	607	4.3
Fee-to-income ratio (%)	23.3	21.7		20.1	19.6	

nm : not meaningful

Continued progress in retail wealth management sales

Sales Volume of Investment Products (a)

(S\$ million)



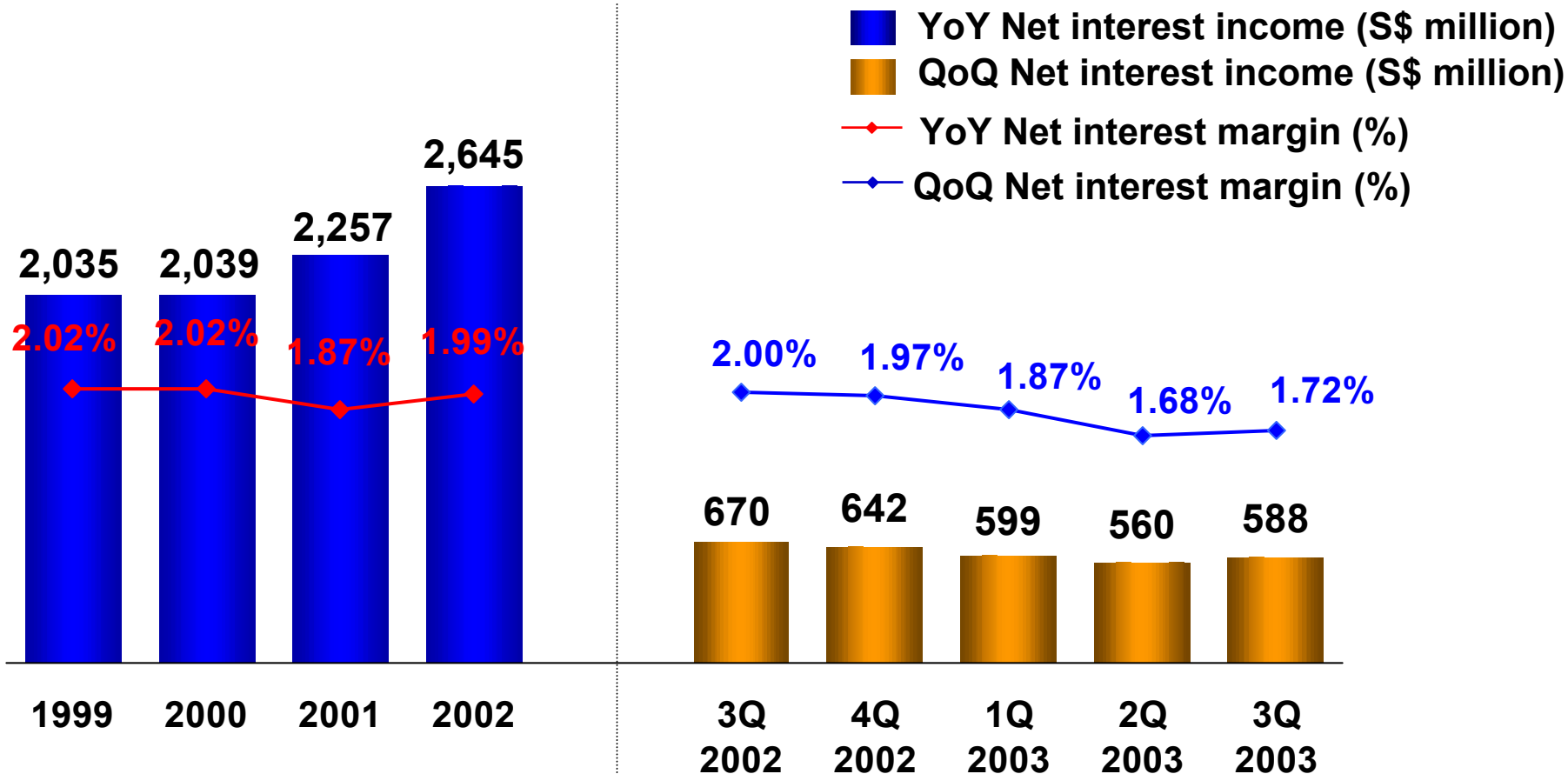
(a) Includes unit trusts (such as Horizon, Ei8ht, Up! and other DBSAM programmes) and treasury investment products (such as Growth, Surf, medium-term equity linked notes and structured notes)

Customer activity, market volatility sustain Treasury & Markets' contribution

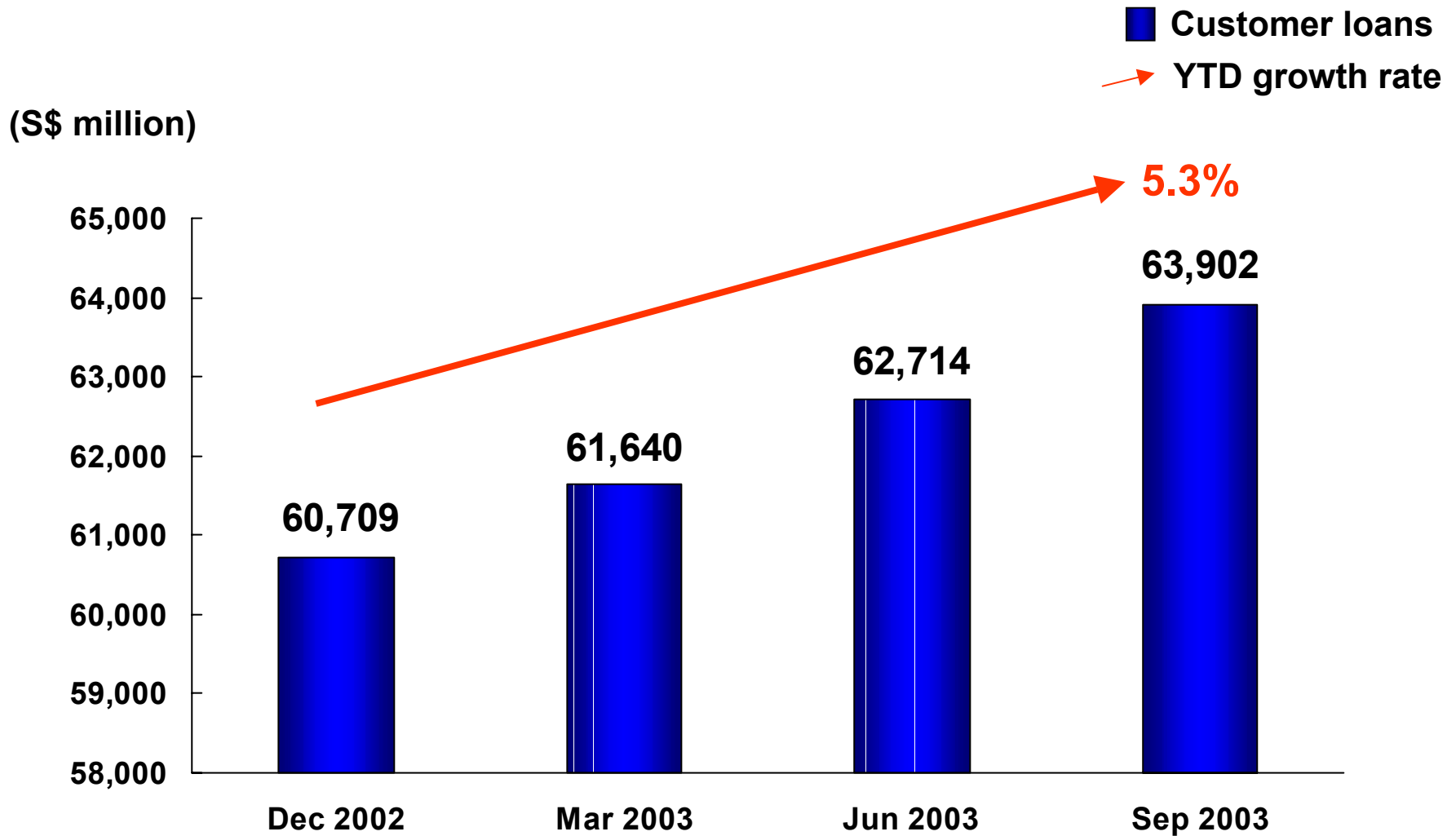
(S\$ million)	3Q 2003	2Q 2003	% change	9M 2003	9M 2002	% change
Net gain / (loss) on treasury activities						
Treasury products	336	140	140.0	604	302	100.0
Trading Singapore government securities	(135)	(4)	nm	(103)	23	nm
Net gain / (loss) on trading equities	201	136	47.8	501	325	54.2
	34	22	54.5	47	(2)	nm
Net gain / (loss) on investment securities	(1)	18	nm	135	87	55.2
Net gain / (loss) on fixed assets	1	1	nm	1	5	(80.0)
Others	6	5	20.0	15	20	(25.0)
Total	241	182	32.4	699	435	60.7

nm: not meaningful

Increase in net interest income reverses four quarter slide



Steady expansion in customer loans



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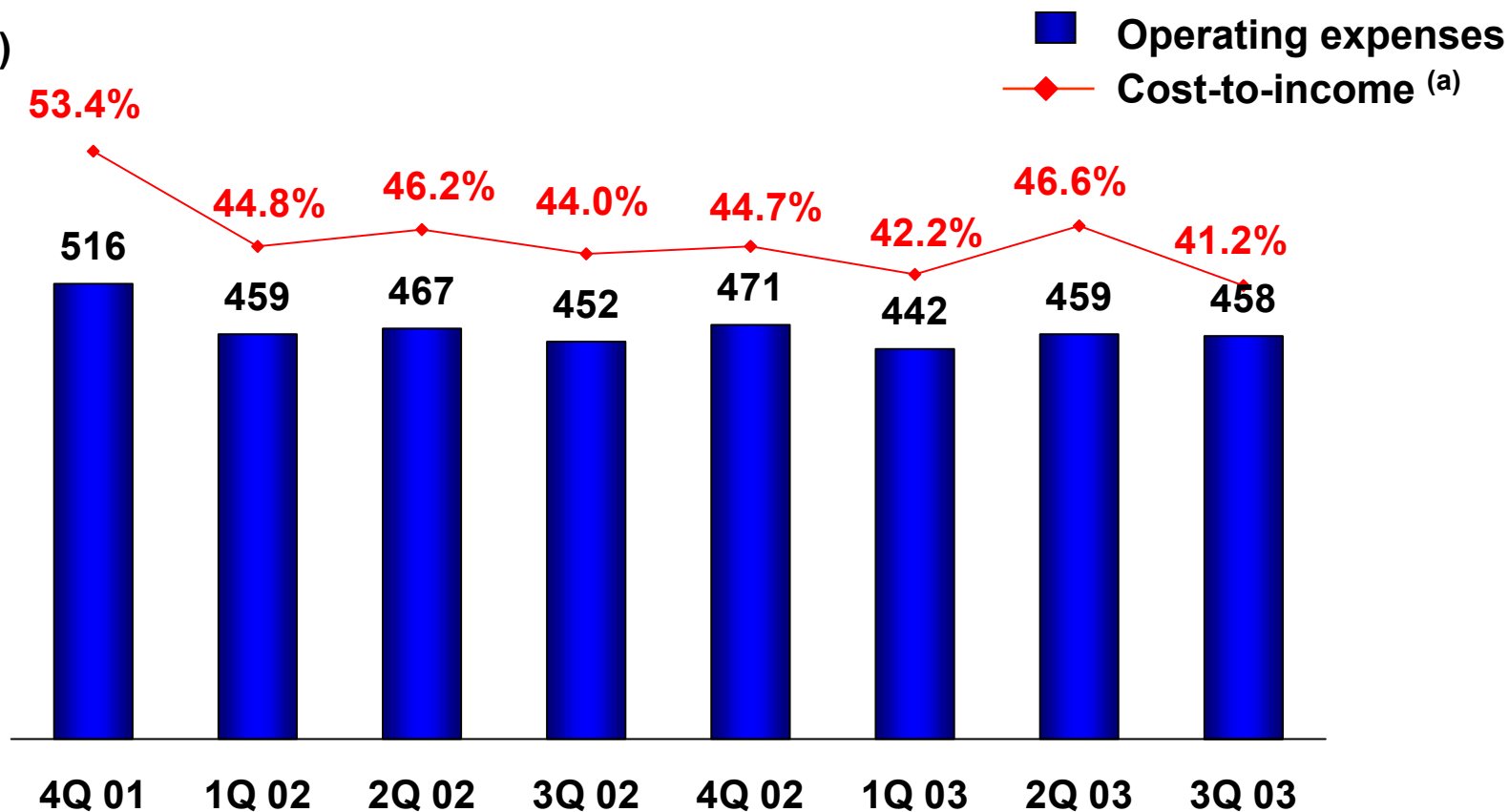
Continued discipline in managing operating expenses

(S\$ million)	3Q 2003	2Q 2003	% change	9M 2003	9M 2002	% change
Group operating expenses						
Staff costs	219	210	4.3	648	685	(5.4)
Occupancy expenses	48	51	(5.9)	147	158	(7.0)
Technology-related	68	73	(6.8)	212	162	30.9
Revenue-related	54	54	nm	148	118	25.4
Others	69	71	(2.8)	204	255	(20.0)
Total operating expenses	458	459	(0.2)	1,359	1,378	(1.4)
Cost-to-income ratio (%)	41.2	46.6		43.2	44.6	

nm: not meaningful

Expenses tightly managed during slow economic conditions

(S\$ million)



Cost/ average assets (b)	4Q 01	1Q 02	2Q 02	3Q 02	4Q 02	1Q 03	2Q 03	3Q 03
	1.38%	1.20%	1.22%	1.20%	1.27%	1.16%	1.17%	1.15%

(a) Accounting change restatement for classification and valuations of securities not applied for 4Q01, 1Q02 and 2Q02

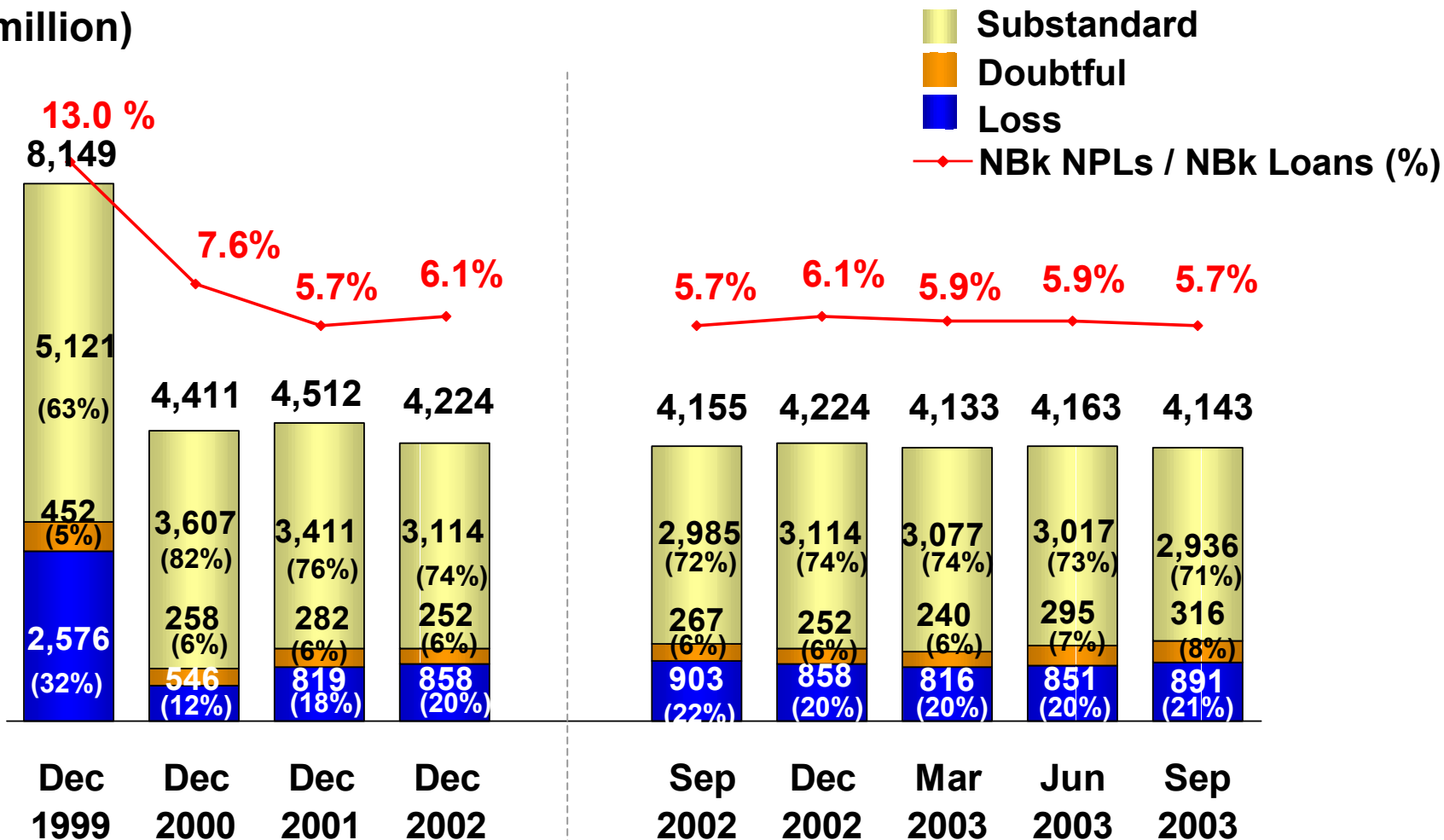
(b) Annualized

Upturn across most businesses

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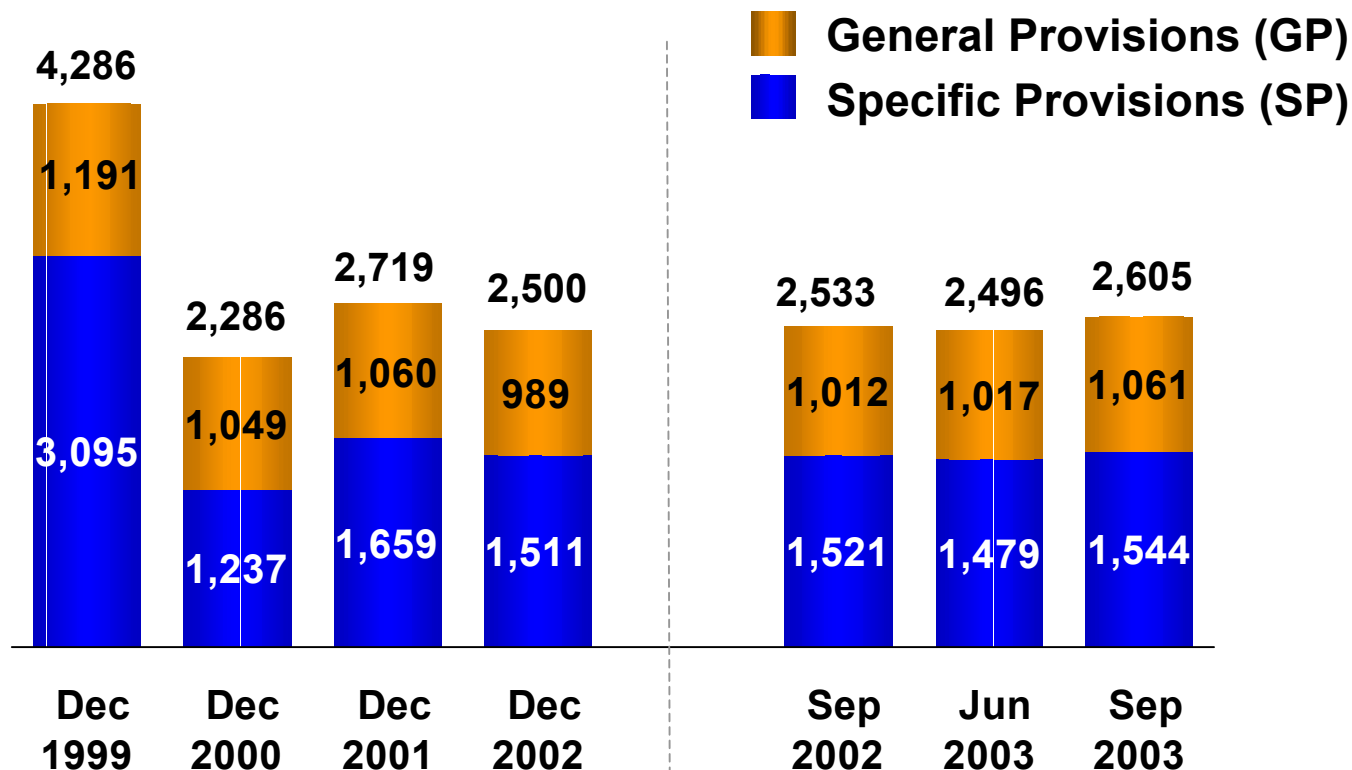
NPL rate reduced to 5.7%

(S\$ million)



Provision coverage levels prudently increased

(S\$ million)



Coverage ratios (%)

SP+GP / Unsec NPLs	118.4	129.9	142.5	120.7	124.8	118.8	121.7
SP+GP / NPLs	52.6	51.8	60.3	59.2	61.0	60.0	62.9

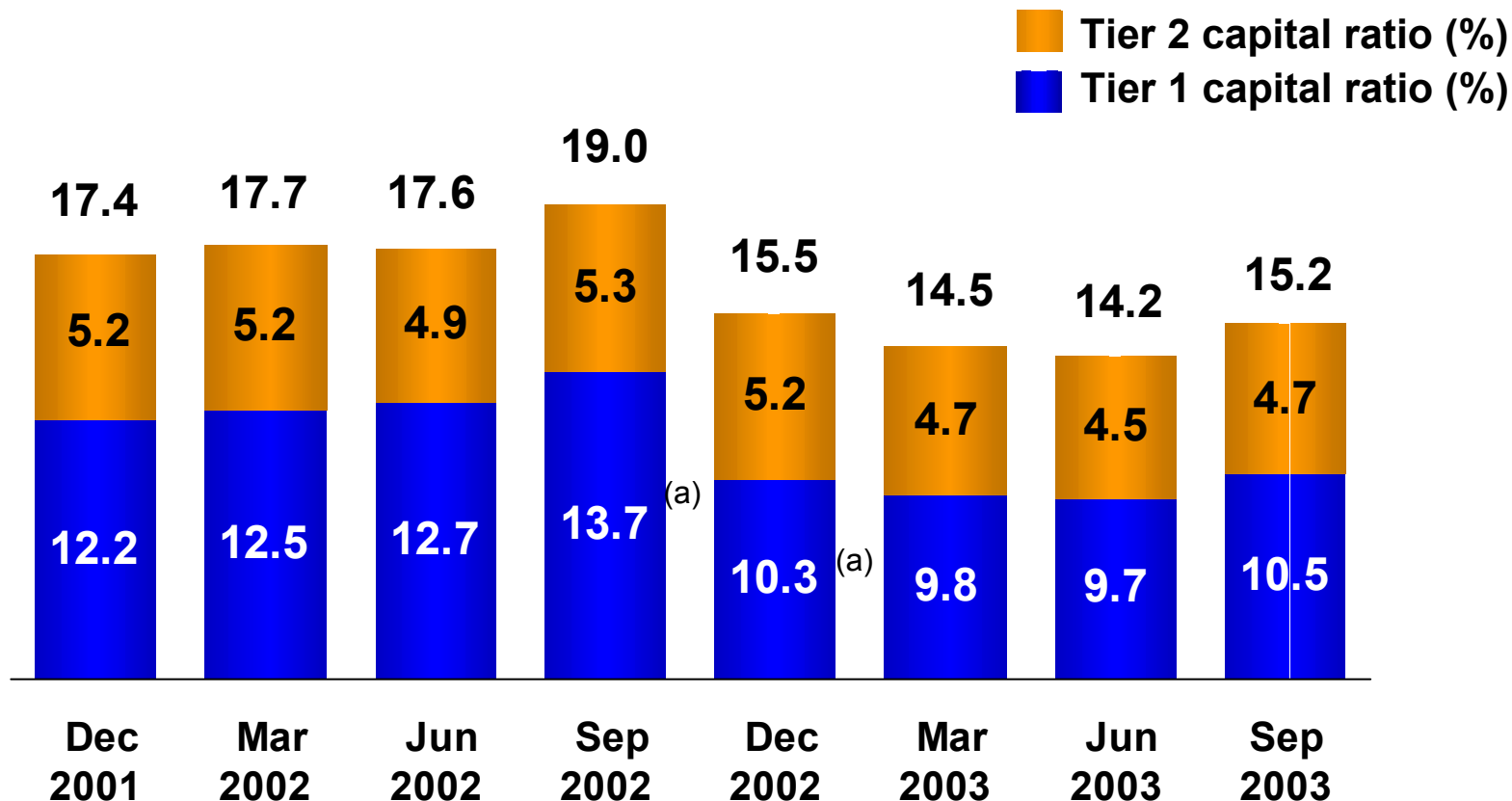
Property provision down as asset deflation eases

(S\$ million)

	3Q 2003	2Q 2003	3Q 2002	9M 2003	9M 2002
Loans	125	112	115	297	278
Equities	(5)	(3)	47	8	43
Properties & other assets	(4)	53	(3)	77	78
Specific provision	116	162	159	382	399
General provision	38	25	3	77	(10)
Total	154	187	162	459	389

Capital bolstered by strong cash earnings

BIS Capital adequacy ratio



(a) The reduction in the Tier 1 CAR ratio, from 13.7% in September 2002 to 10.3% in December 2002, was primarily due to deduction of additional goodwill with DBS' purchase of the DBS Diamond Holdings Limited minority interest in early January 2003

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Upturn across most businesses

□ Supplemental information

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□ Asset quality and Capital	34 - 37

Better interbank and securities yield improve 3Q margin

(S\$ million)

	3Q 2003			2Q 2003		
	Average Bal.	Interest	Average rate %	Average Bal.	Interest	Average rate %
Interest bearing assets						
Customer loans and advances	63,593	571	3.56	61,821	602	3.91
Interbank items	37,018	97	1.04	41,298	91	0.88
Securities ^(a)	34,761	243	2.77	30,570	199	2.61
Total interest bearing assets	135,372	911	2.67	133,689	892	2.68
Total interest bearing liabilities	127,244	323	1.01	125,026	332	1.06
Net interest income/margin		588	1.72		560	1.68

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

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

(S\$ million) ^(a)	3Q 2003	2Q 2003	% change	9M 2003	9M 2002	% change
Net interest income ^(b)	25	26	(3.0)	78	76	2.3
Non-interest income	11	8	44.8	31	31	1.3
Operating income	36	34	7.7	109	107	2.0
Operating expenses	24	24	0.1	74	72	2.5
Operating profit	12	9	27.5	35	35	1.1
Provisions	120	6	nm	135	26	430.5
Net profit after tax	(108)	4	nm	(100)	9	nm

nm : not meaningful or insignificant

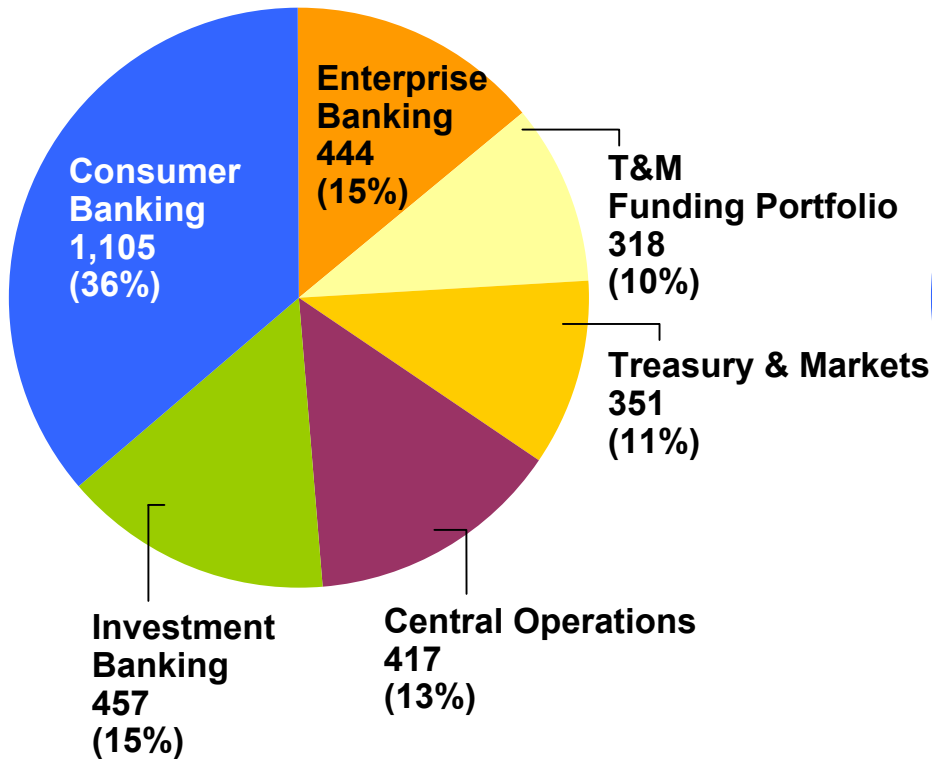
(a) Assumes exchange rate of 1 Baht to S\$0.0433. Based on Thai GAAP

(b) Includes dividend income

DBS' earnings diversified

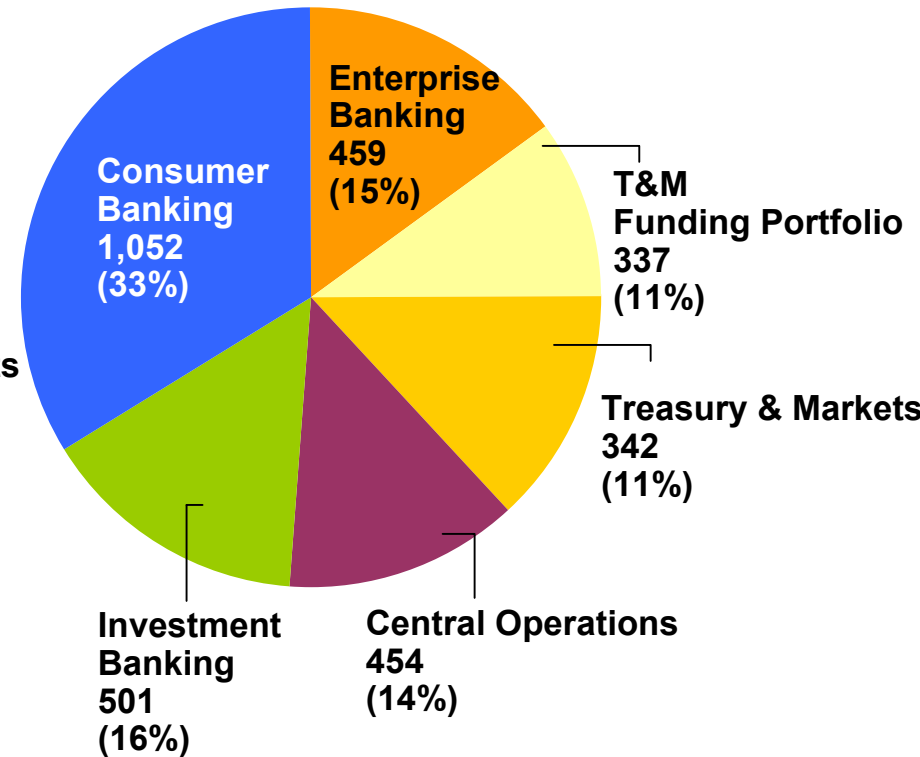
9M 2002 Total Operating Income
S\$3,092 million

(S\$ million)



9M 2003 Total Operating Income
S\$3,145 million

(S\$ million)



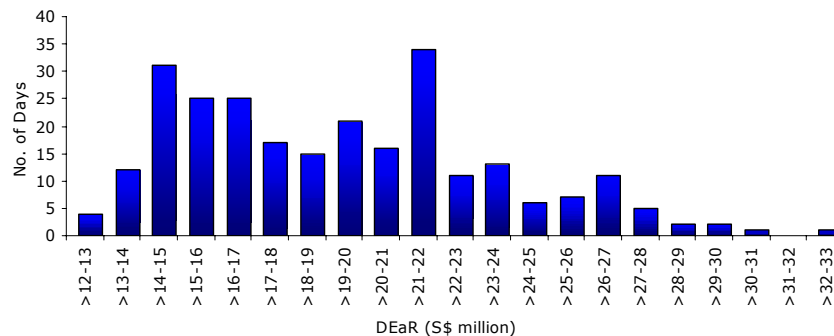
Daily earnings at risk and trading income

DEaR for Trading Book (October 1, 2002 - September 30, 2003)

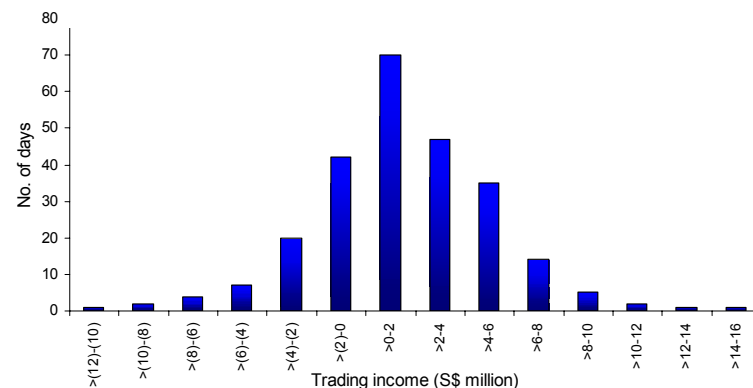
(\$ million)	At 30 Sept	Average	High ^(a)	Low ^(a)
Interest rate	21.6	21.0	33.7	10.9
FX	6.1	7.2	18.2	2.5
Equity	3.7	2.8	5.2	0.3
Diversification effect	(10.2)	(11.8)	-	-
Total	21.2	19.2	32.0	12.4

DBSH Group DEaR for Trading Book

DBSH Group DEaR for Trading Book



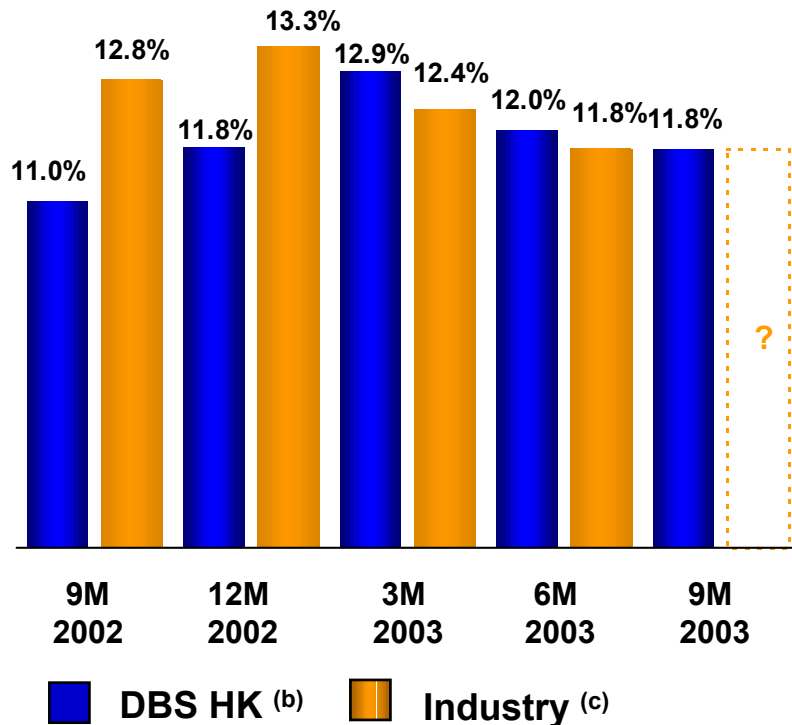
DBSH Group Daily Distribution of Trading Income



(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

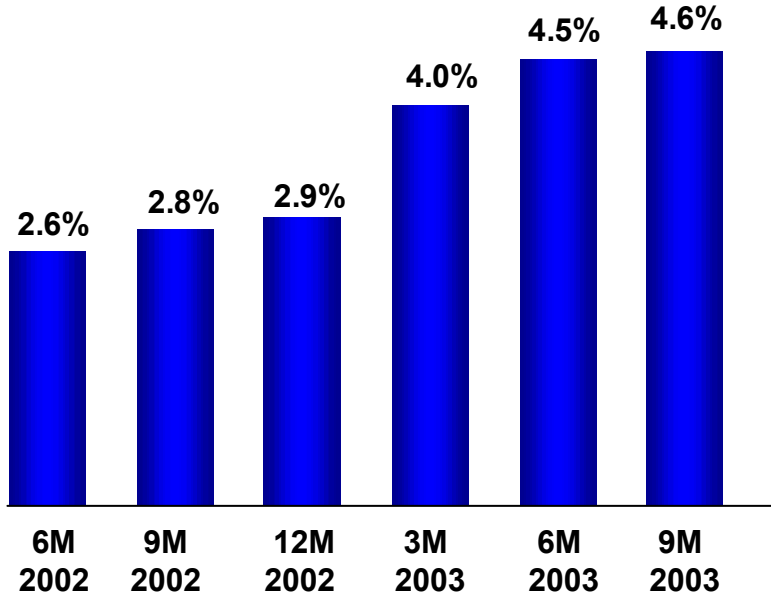
90 days past due	3Q02	4Q02	1Q03	2Q03	3Q03
DBS (HK) (a)	1.2%	1.2%	1.1%	1.5%	1.8%
Industry (c)	1.3%	1.3%	1.3%	1.3%	n.a.

n.a : not available

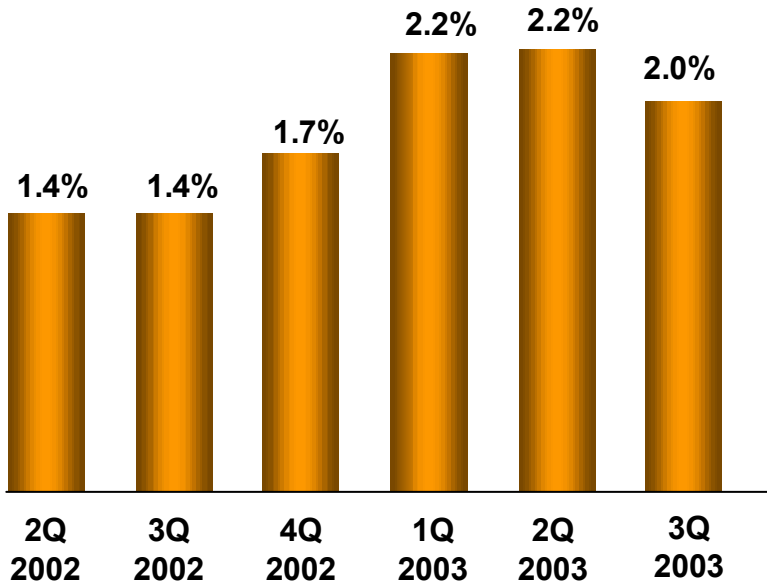
- (a) Delinquency rates as at period end
- (b) YTD, annualized credit card charge off rates using HKMA basis
- (c) Source: Hong Kong Monetary Authority

DBS Singapore Consumer Banking asset quality

Credit card charge-off rates



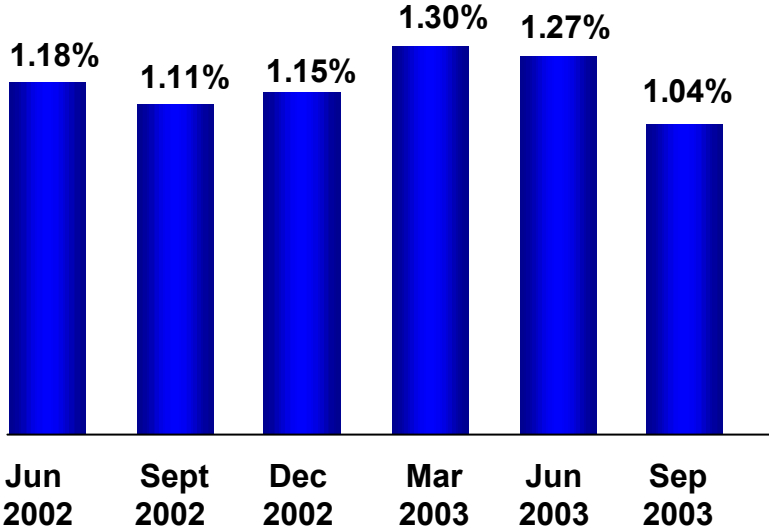
Credit Card Delinquency Rates (a)



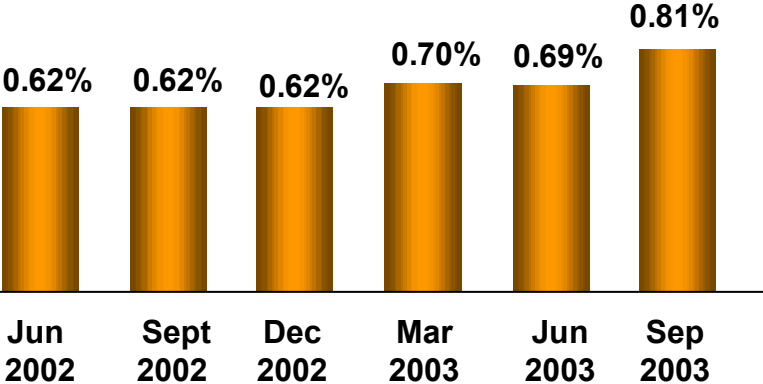
(a) 90 days past due delinquency rates as at period end

Residential mortgage delinquency rates (a)

DBS (Hong Kong) Ltd.



DBS Singapore Consumer Banking

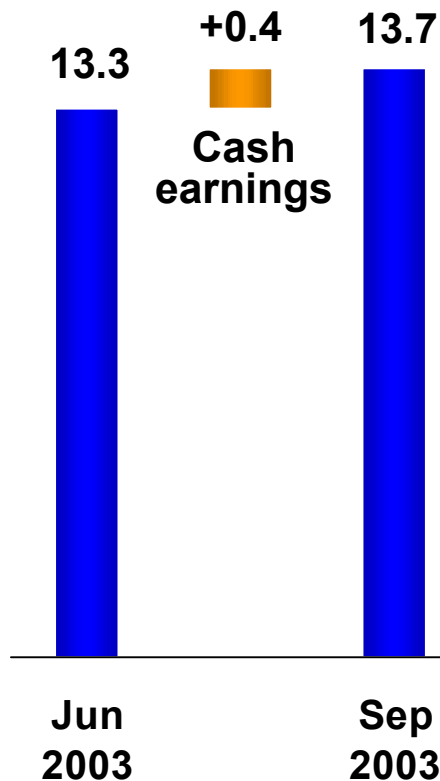


(a) Residential mortgage 90 days past due delinquency rates

Capital versus RWA

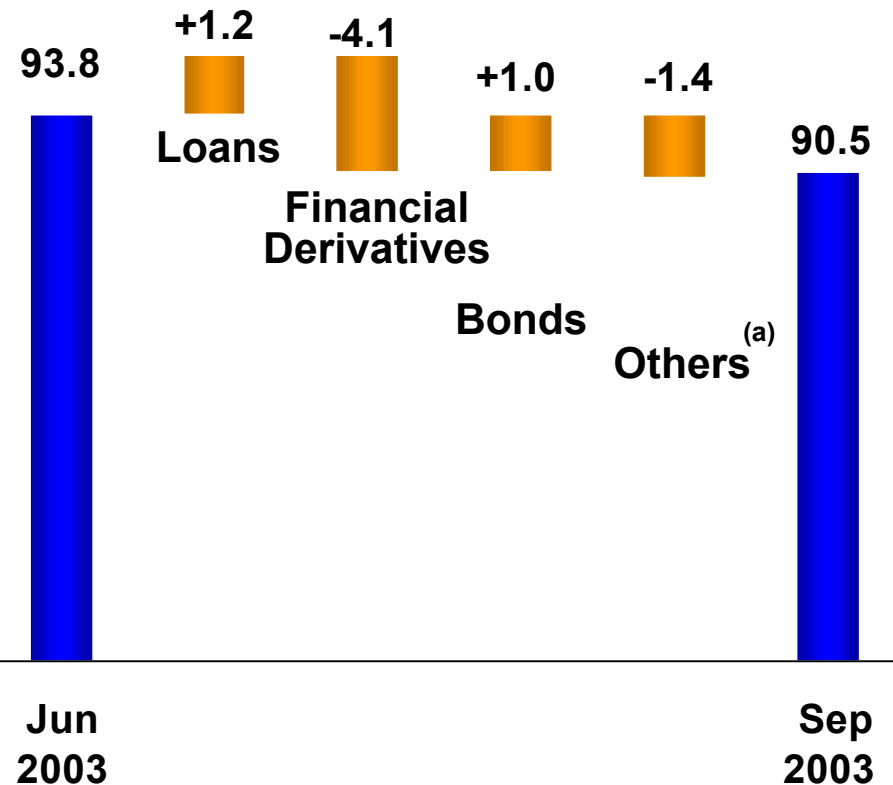
Total Capital

(S\$ billion)



Risk Weighted Assets

(S\$ billion)



(a) Including interbank placement, financial guarantees and acceptances

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