

Growth in core businesses offsets weaker non-interest income

April 29, 2005

DBS Group Holdings 1Q 2005 Financial Results Presentation to Media and Analysts

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

First quarter net profit at \$ 412 million

(\$ million)	1Q 2005	1Q 2004	YoY % change	4Q 2004	QoQ % change
<input type="checkbox"/> Net profit excluding goodwill amortization	412	592	(30%)	426	(3%)
<input type="checkbox"/> Net profit on GAAP basis*	412	482	(15%)	316	30%

* FRS 103 accounting change for goodwill amortization not retroactively applied to 2004 reported results

Nine consecutive quarters of loan growth; net interest income highest in ten quarters

- **Customer loans*** \$ 71 billion  22%
 \$ 13 billion

- **Net interest income** \$ 664 million

* Exclude DBS Thai Danu Bank

Sustained growth in customer franchise across the region

Net profit

□ Consumer, SME	\$ 233 million	↑ 18%
⇒ Consumer	\$ 150 million	↑ 25%
⇒ SME	\$ 83 million	↑ 6%



Consumer, SME combined accounted for 57% of DBS' total net profit for the quarter

Strong asset quality, balance sheet supports DBS' growth

- **Asset quality one of the best among Asian banks**
 - ⇒ **NPL rate of 2.4%**
 - ⇒ **Provision coverage of 90%**

- **Strong balance sheet**
 - ⇒ **Moody's Aa2 credit rating among highest of banks competing in Asia-Pacific**
 - ⇒ **Tier 1 ratio: 10.9%**
 - ⇒ **Overall CAR: 15.3%**

Delivering sustainable and progressively increasing dividends

- ❑ Instituted quarterly dividend programme
- ❑ First Quarter 2005 dividend set at 11 cents per share

Well-positioned to achieve further growth, deliver higher returns to shareholders

- ❑ More balanced and diversified business mix
- ❑ Strengthened customer franchise
- ❑ Up-to-date risk management practices, technology and operations platform
- ❑ Continue to extend business model to new geographies, grow our share in existing markets

Operating profits improve 16% on quarter from revenue growth and lower expenses

(S\$m)

	1Q 2005	1Q 2004	% change	4Q 2004	% change
Net interest income	664	634	5	636	4
Non-interest income	408	636	(36)	391	4
Operating income	1,072	1,270	(16)	1,027	4
Staff costs	265	257	3	259	2
Other operating expenses	244	257	(5)	282	(13)
Operating expenses	509	514	(1)	541	(6)
Operating profit	563	756	(26)	486	16
Provisions/(write-backs)	62	50	24	(31)	nm
Net profit before goodwill	412	592	(30)	426	(3)
Goodwill amortisation	-	110	(100)	110	(100)
Net profit	412	482	(15)	316	30

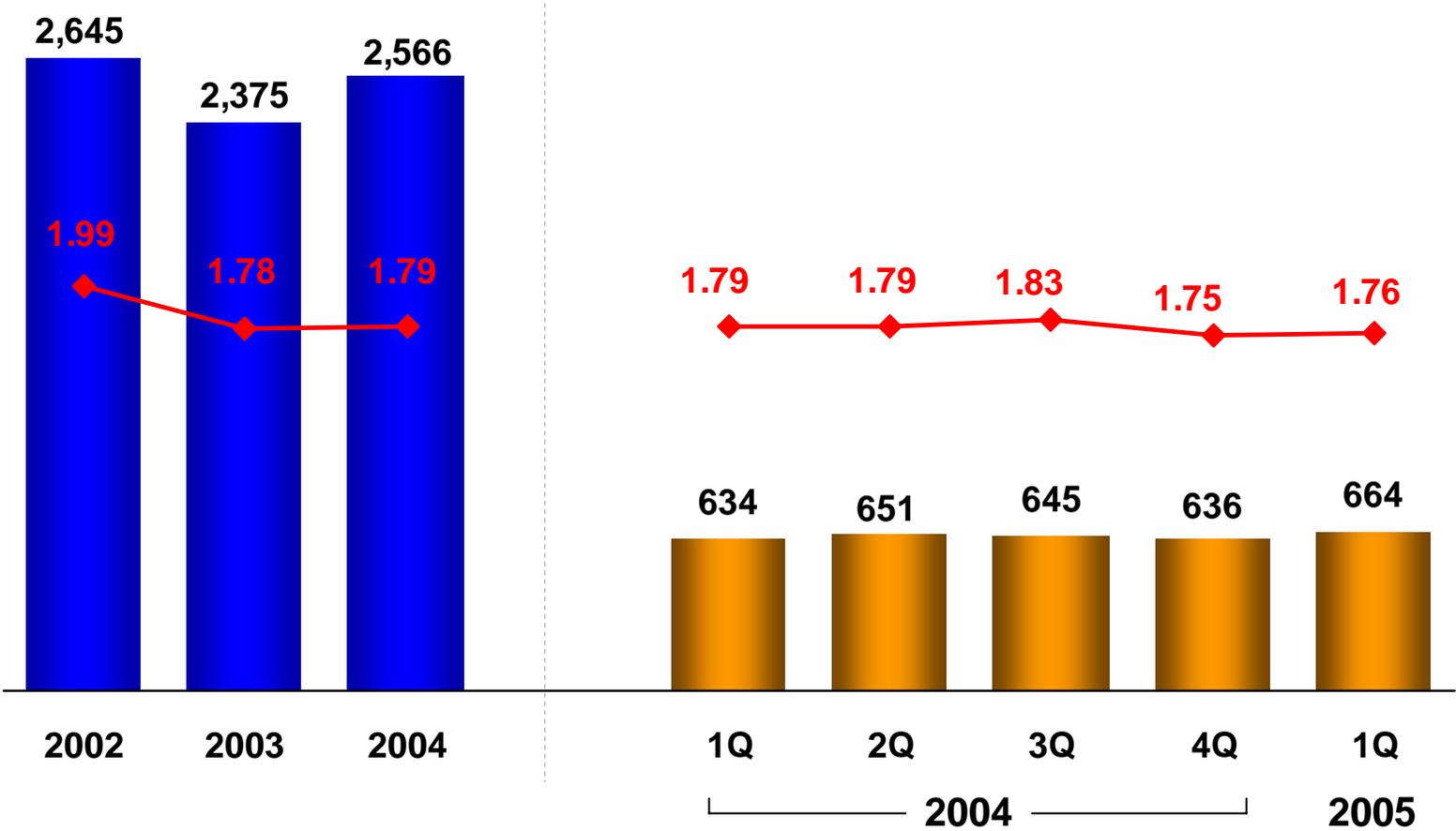
Key ratios generally unchanged on quarter

(%)	1Q 2005	4Q 2004	1Q 2004
Net interest margin	1.76	1.75	1.79
Non-interest income/total income	38	38	50
Cost/income	47	53	40
ROE	9.9	10.5	15.8
Loans/deposits	61	62	58
Loan + non-trading debt securities/ deposits	81	82	78
NPL ratio	2.4	2.5	4.6

Net interest income highest in ten quarters, margins steady

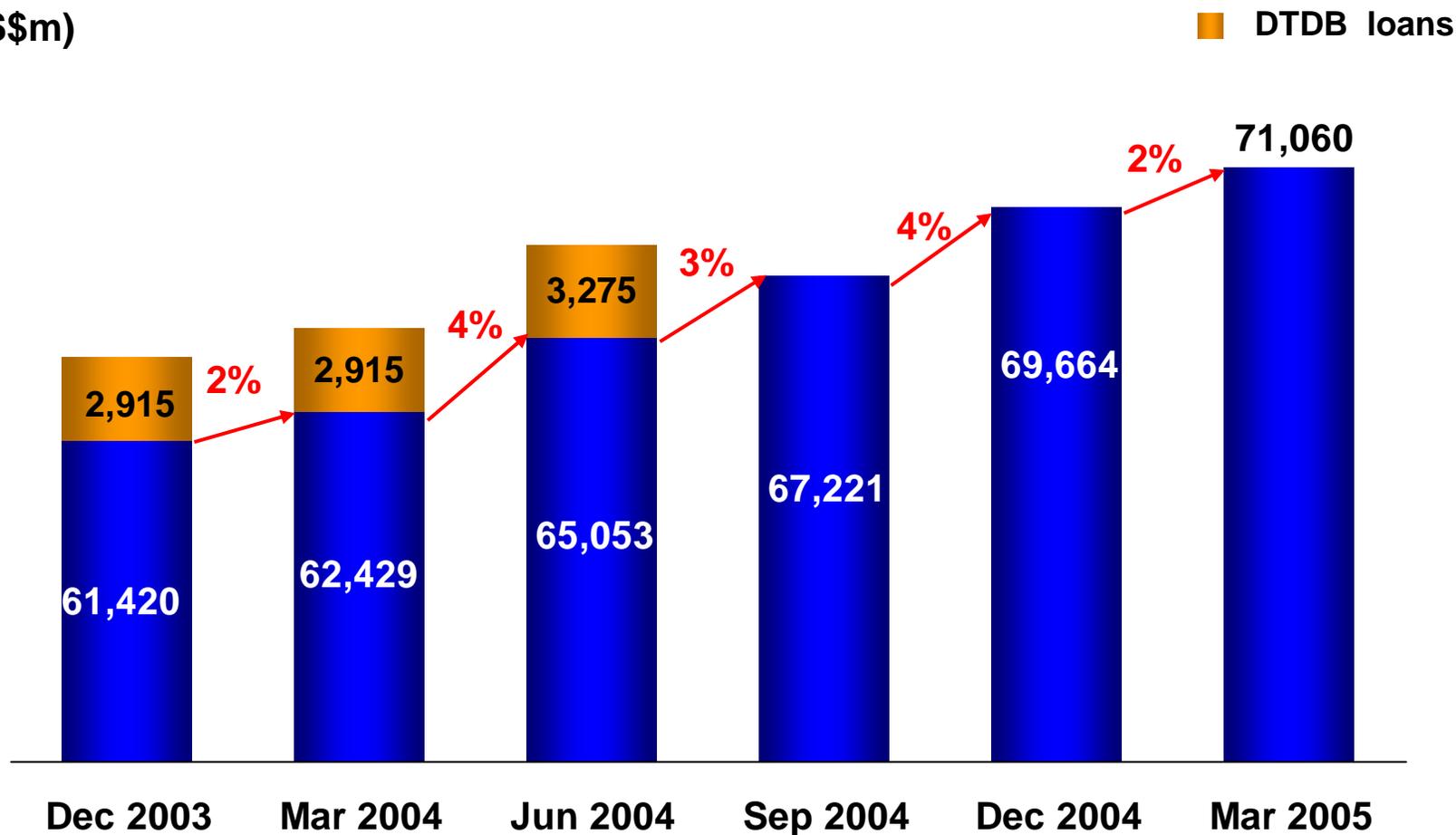
(S\$m)

—◆— Net interest margin (%)



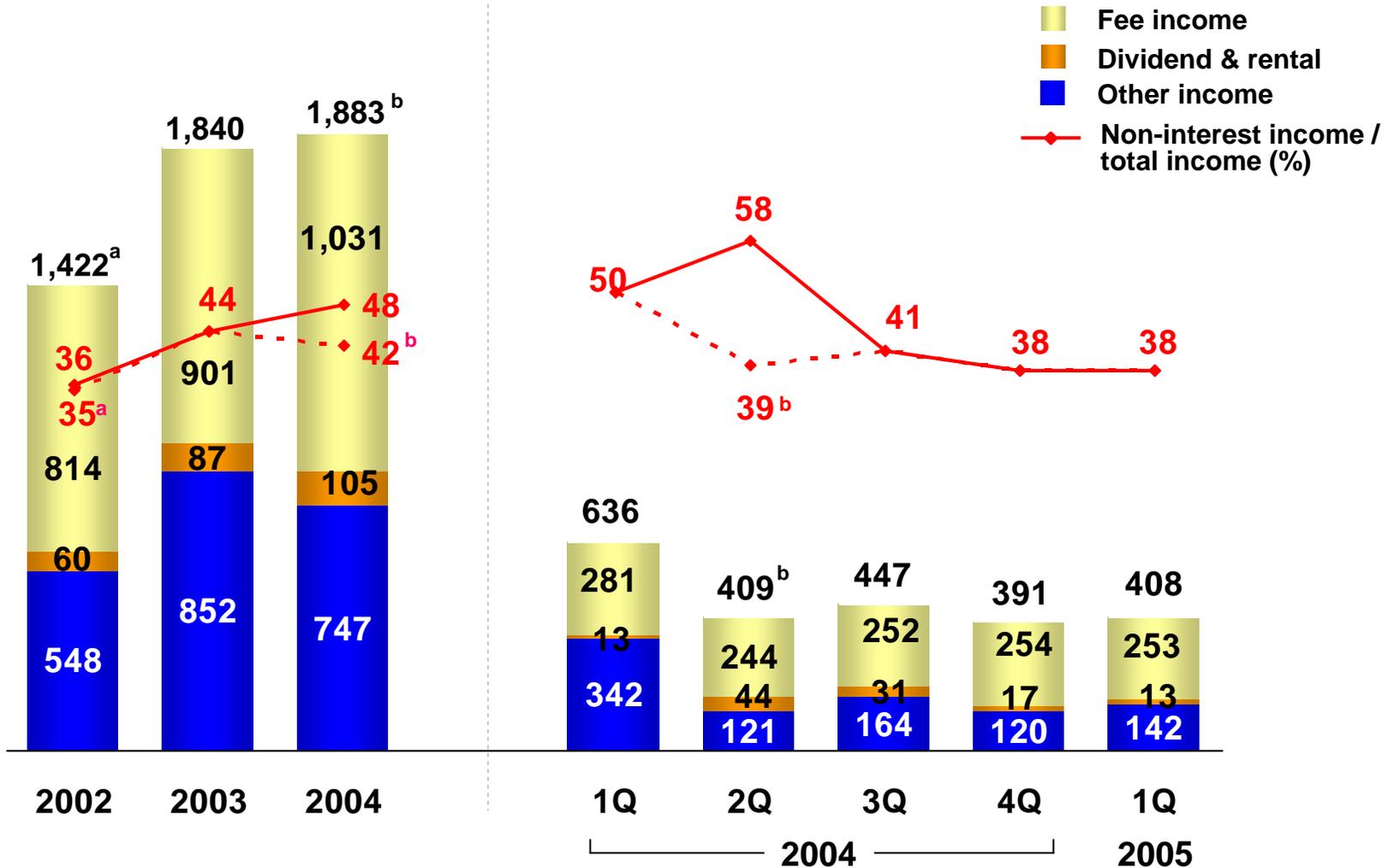
Loans expand 14% on year to record

(S\$m)



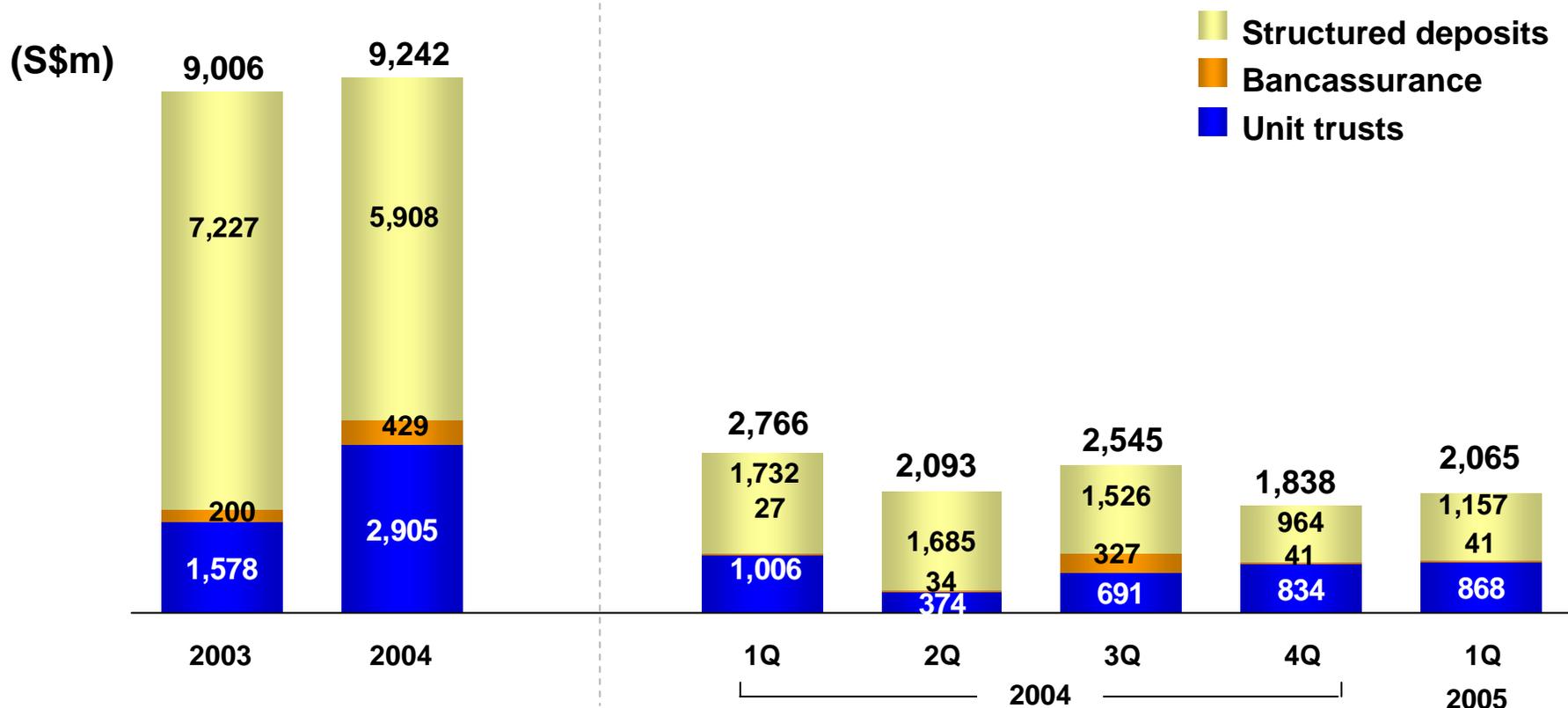
Fee income from annuity businesses remains steady

(S\$m)



(a) Excluding one-time gains of \$96m
 (b) Excluding one-time gains of \$497m

Wealth management sales improve, revenues rise 16% on quarter



Sales (all products)

S'pore	4,162	3,874	1,244	918	1,028	684	963
HK	4,844	5,368	1,522	1,175	1,517	1,154	1,102

Fees (unit trusts and bancassurance only)

S'pore + HK	90	132	34	24	42	32	37
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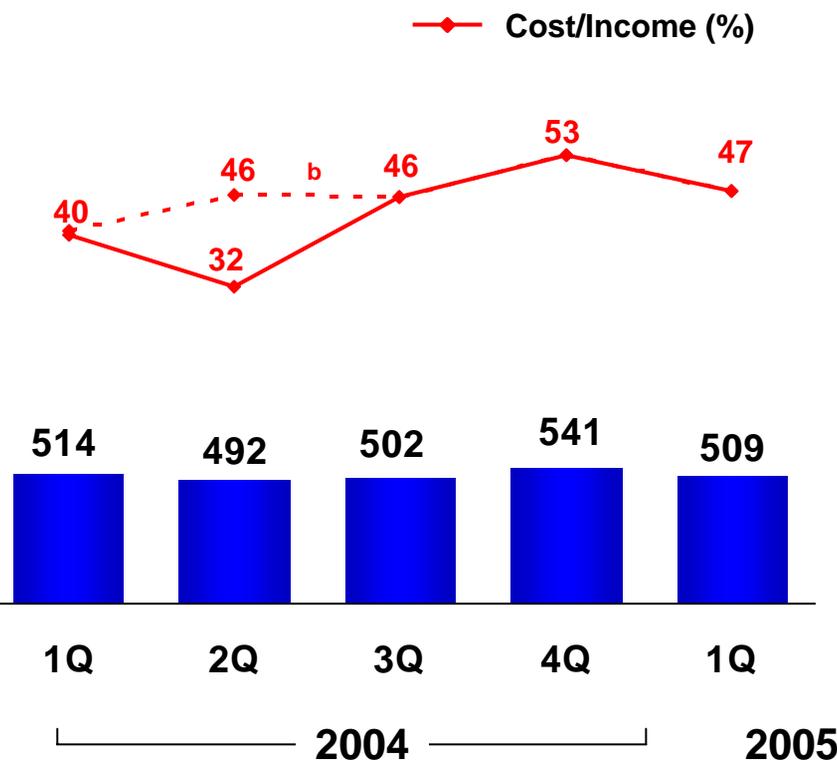
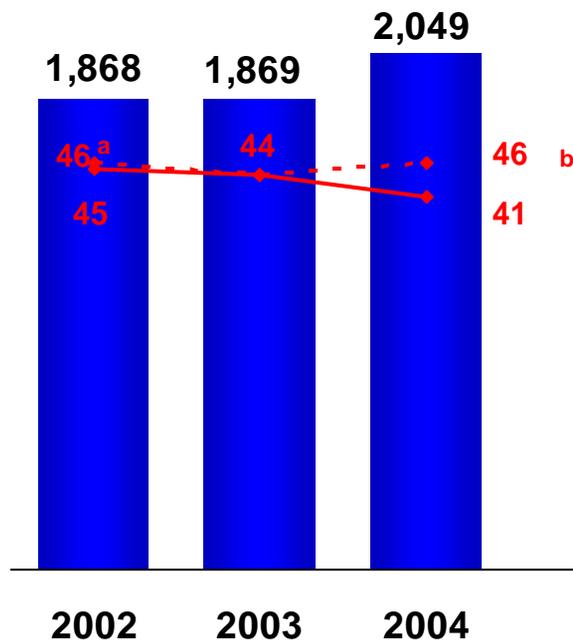
Revenues rebound on quarter, customer businesses resilient

(S\$m)

	1Q 2005	1Q 2004	Change	4Q 2004	Change
Consumer Banking	414	384	30	401	13
Enterprise Banking	182	182	0	186	(4)
Corporate and Investment Banking	174	176	(2)	162	12
Global Financial Markets	170	409	(239)	147	23
Central Treasury Unit	46	108	(62)	85	(39)
Central Operations	86	11	75	46	40
Total	1,072	1,270	(198)	1,027	45

Operating costs kept under control

(S\$m)



Annualised cost / average assets (%)

1.22 1.17 1.22

Headcount ^c

12,035 12,144 11,454

Staff costs (S\$m)

911 876 995

1.22 1.14 1.20 1.27 1.14

12,173 10,838 11,083 11,454 11,649

257 232 247 259 265

(a) Excluding one-time gains of \$96m

(b) Excluding one-time gains of \$497m

(c) At period end

Hong Kong's net profit 27% lower on year

(S\$m)	1Q 2005	1Q 2004	% change	4Q 2004	% change
Net interest income	200	219	(9)	205	(2)
Non-interest income	99	139	(29)	124	(20)
Operating income	299	358	(16)	329	(9)
Operating expenses	151	142	6	158	(4)
Op profit before provisions	148	216	(31)	171	(13)
Provisions	7	25	(72)	23	(70)
Net profit	121	165	(27)	129	(6)

Exchange rate at HK\$1 to S\$0.21160 for all periods. Based on Singapore GAAP

Key Hong Kong ratios continue to support group

(%)	1Q 2005	4Q 2004	1Q 2004
Net interest margin	1.92	1.96	2.31
Non-interest income/total income	33	38	39
Cost/income	51	48	40
ROA	1.06	1.11	1.56
Loans/deposits	75	75	73

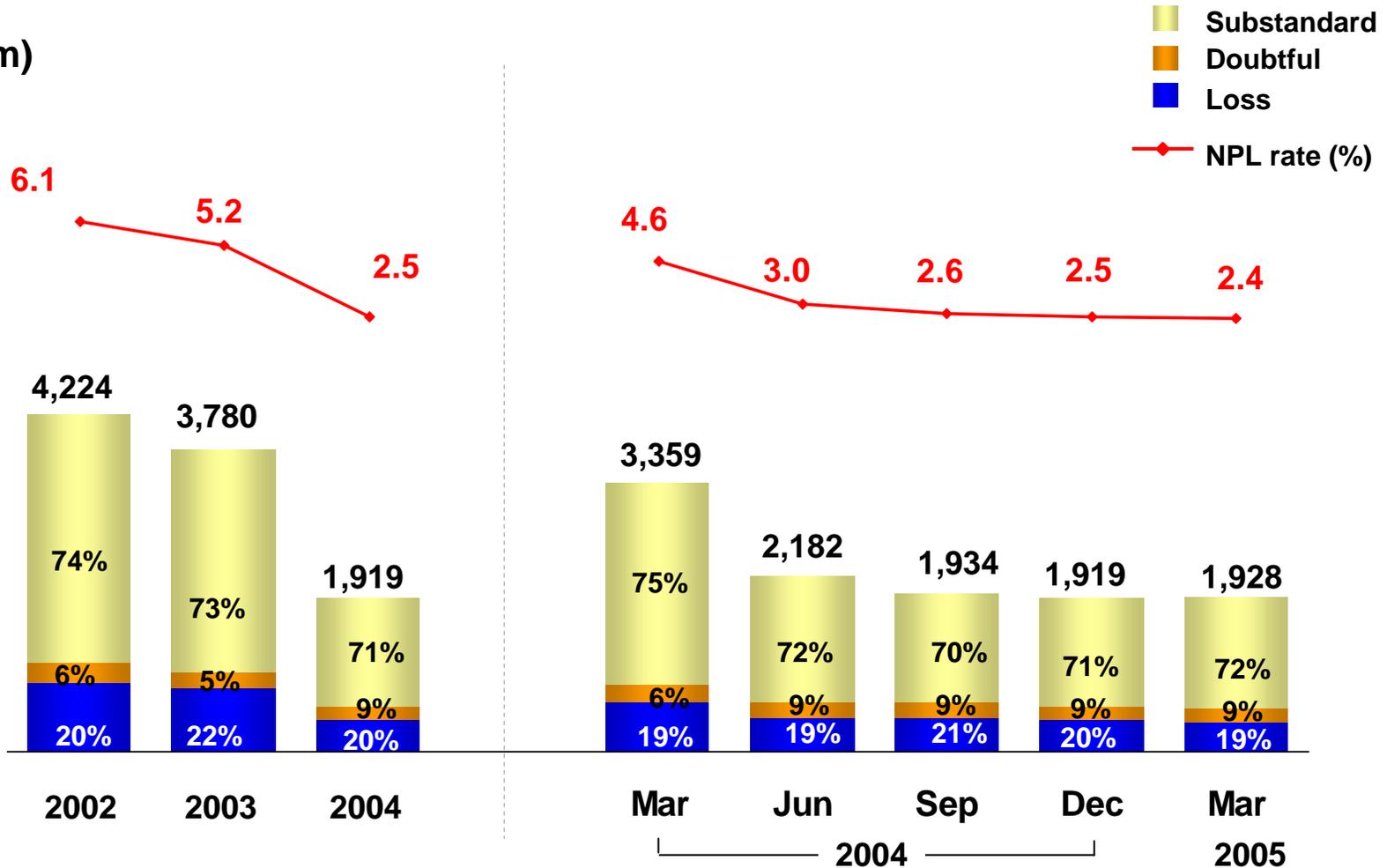
Regional revenues continue to grow at faster pace

	Amount (S\$m)		YoY change (%)
	1Q 2004	1Q 2005	
<u>Revenues</u>			
Region and rest of world ^a	60	85	42
Hong Kong	365	298	(18)
Singapore	808	689	(15)
Total	1,233	1,072	(13)
<u>Net profit ^b</u>			
Region and rest of world ^a	32	13	(59)
Hong Kong	168	124	(26)
Singapore	376	275	(27)
Total	576	412	(40)

(a) Excluding DTDB in all periods
(b) Excluding goodwill amortisation

NPL rate edges down to 2.4%

(S\$m)



Non-performing loans stable as additions offset recoveries and write-offs

(S\$m)

	1Q 2005	4Q 2004	1Q 2004
NPLs at start of period	1,919	1,934	3,780
New NPLs	185	325	150
Net recoveries of existing NPLs	(135)	(261)	(396)
Write-offs	(41)	(79)	(175)
NPLs at end of period	1,928	1,919	3,359

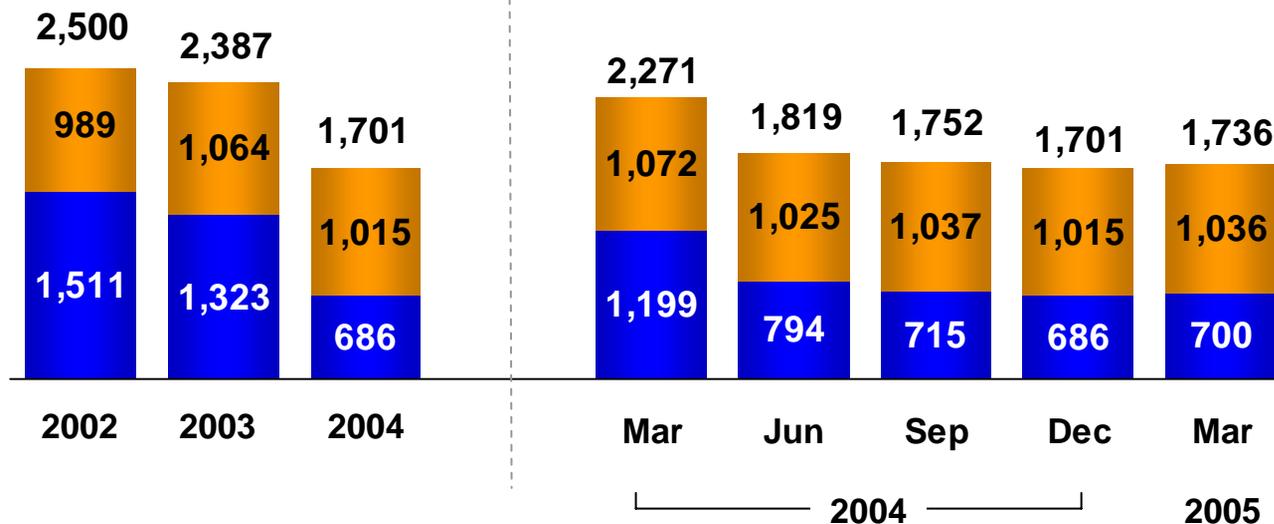
Specific provision charges remain low

(S\$m)	1Q 2005	4Q 2004	1Q 2004
<u>Add charges for</u>			
New NPLs	51	74	52
Existing NPLs	33	41	61
	85	115	113
<u>Subtract charges for</u>			
Upgrading	2	2	5
Settlements	34	63	73
Recoveries	6	13	6
	42	79	84
Total SP charges	43	36	29

Provision coverage improves to 90%

(S\$m)

GP
SP



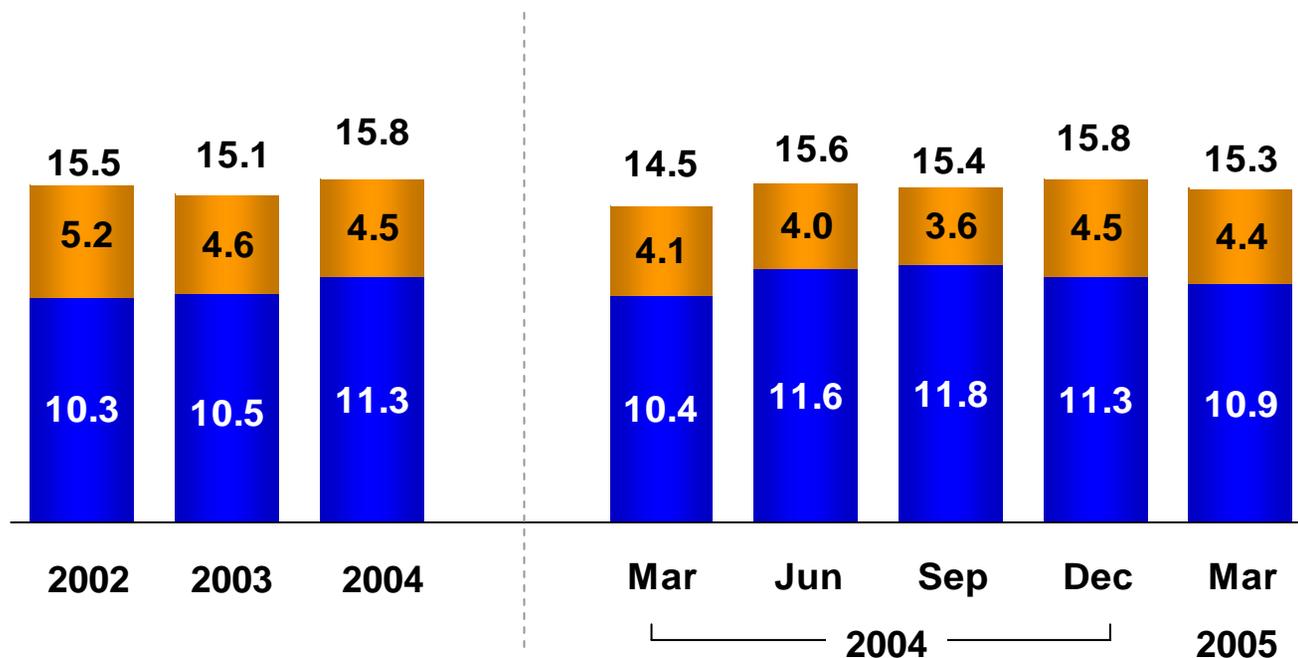
Coverage ratios (%)

SP+GP / Unsec NPAs	121	124	186	132	156	183	186	202
SP+GP / NPAs	59	63	89	68	83	91	89	90

Tier-1 CAR trimmed as RWA expands in 1Q

(%)

■ Tier-2 CAR
■ Tier-1 CAR

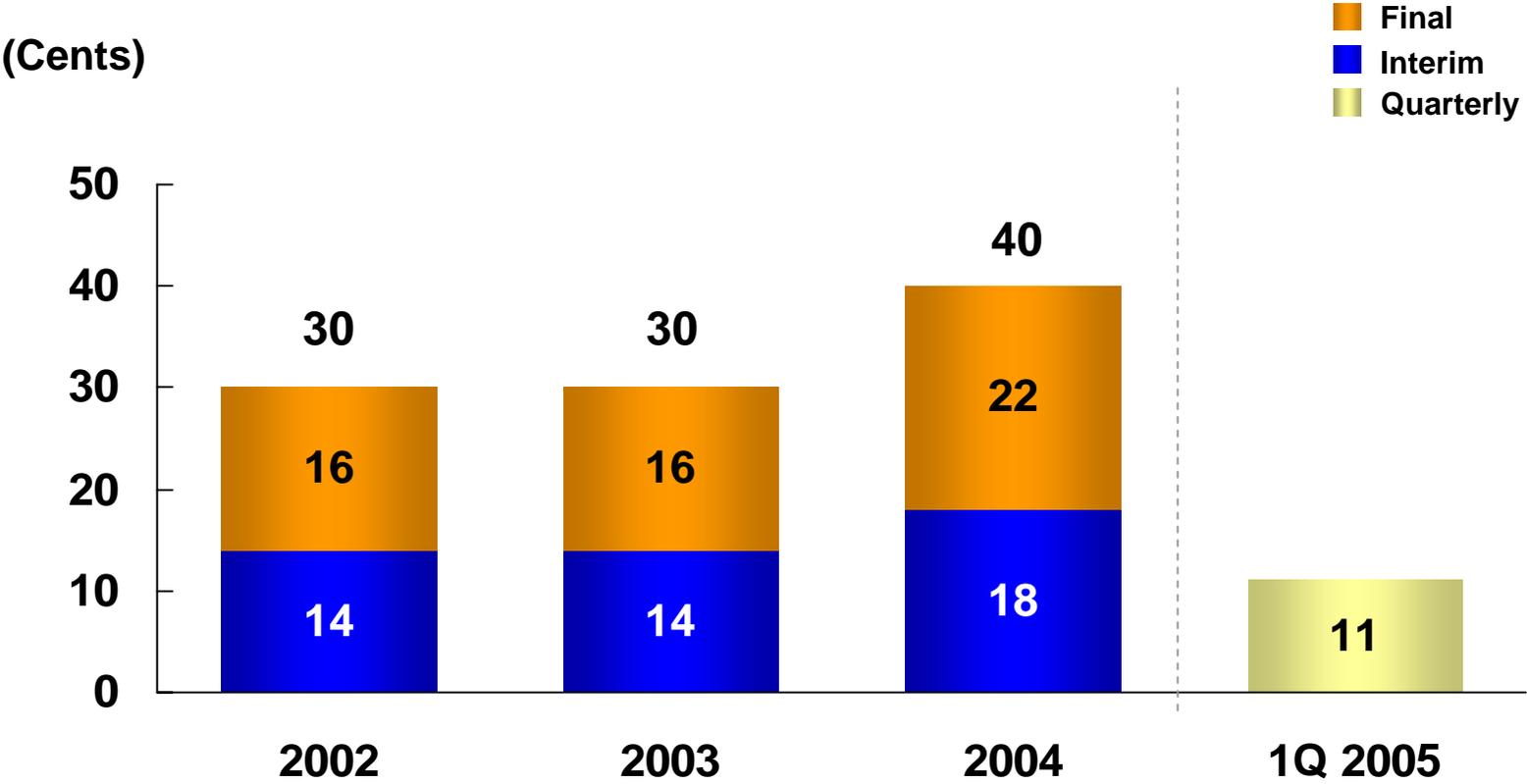


(S\$bn)

Tier-1 capital	8.4	9.6	11.8	10.2	11.2	11.5	11.8	11.8
RWA	81.2	92.1	104.0	97.8	96.6	97.5	104.0	108.8

2004 capital ratios based on MAS framework. Earlier periods based on BIS guidelines

Quarterly dividend rate of 11 cents



Growth in core businesses offsets weaker non-interest income

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