

Sustained growth in recurring income businesses

July 29, 2005

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

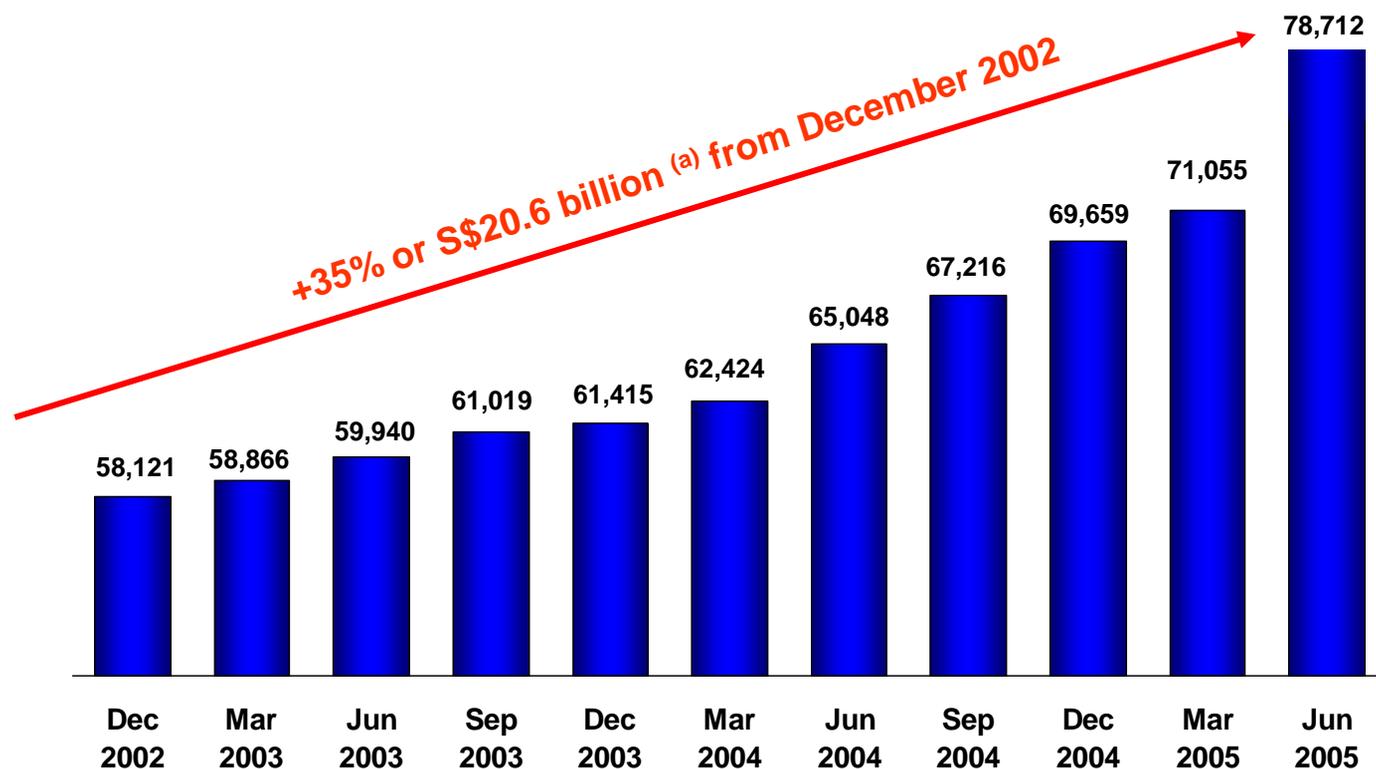
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Second-quarter earnings up 28%

(\$ million)	2005	2004	YoY % change
▪ Net profit (2Q)	441	344	 28%
▪ Net profit (1H)	853	826	 3%
▪ Outcome vindicates our determination over the past three years to change our asset mix, grow recurring income and repair asset quality			

Ten consecutive quarters of loan growth; net interest income highest in fourteen quarters

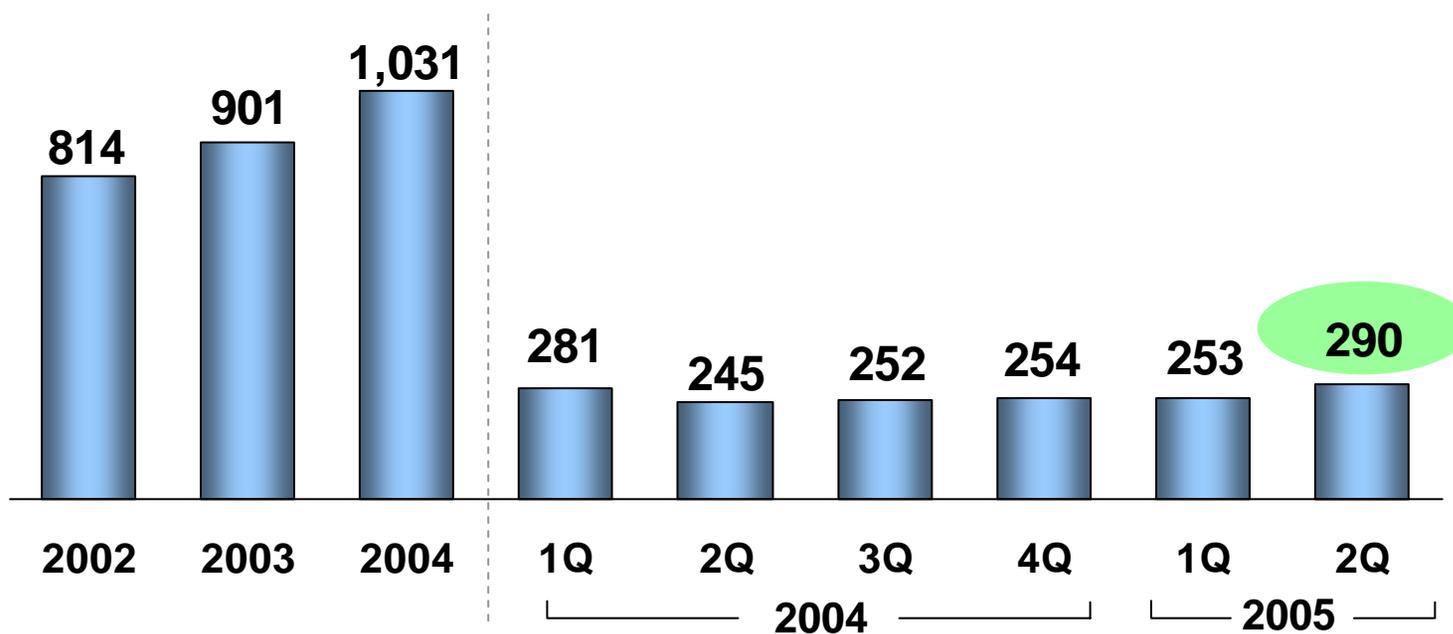
- Net interest income \$ 695 million  10%^(a)
- Net interest margin 1.80%



(a) Exclude DBS Thai Danu Bank loans and net interest income in prior comparative periods

Fee income at highest quarterly level

- Fee income  18%, to a record \$290 million
- Fee income ratio at 27%, a new record



Sustained growth in customer franchise across the region

		Net profit	
▪ Consumer, SME, Corporate	\$ 335 million	↑	18%
▪ Consumer	\$ 159 million	↑	43%
▪ Consumer, SME	\$ 227 million	↑	27%



**Consumer, SME together accounted for
51% of DBS' total net profit**

Asset quality, credit ratings among the best in Asia; DBS well-positioned for continued growth

- **Asset quality one of the best among Asian banks**
 - **2.2% NPL rate**
 - **94% Provision coverage**
- **Strong credit ratings, balance sheet**
 - **Moody's Aa2, S&P's and Fitch's AA- credit ratings among highest of banks competing in Asia-Pacific**
 - **Tier 1 ratio: 10.6%**
 - **Overall CAR: 14.7%**

Board of Directors reaffirmed policy of sustainable, progressively increasing dividends

- **Second Quarter 2005 dividend of 15 cents per share, up from 11 cents for First Quarter 2005**
- **Total dividends of 26 cents per share for First Half 2005, up 44% from 18 cents per share a year-ago**
- **Dividend policy reflects confidence in earnings prospects, ability to fund future growth, expansion**

Business strategy delivering sustained growth

- **Improved asset mix, growing recurring income, repaired asset quality**
 - **Ten consecutive quarters of loan growth**
 - **Net interest income highest in 14 quarters**
 - **Record quarterly fee income**
- **Customer franchise across the region delivering stronger bottom-line results**
- **Rebalanced, more diversified business mix and earnings helped offset lower treasury earnings**

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Sustained growth in recurring income businesses

- ❑ **Strong, broad-based growth in customer businesses**
- ❑ **Mixed regional performance**
- ❑ **Asset quality and capital efficiency further enhanced**

Higher operating profit as income rises faster than expenses

(S\$m)

	2Q 2005	2Q 2004 ^a	% change	1Q 2005	% change
Net interest income	695	659	5	670	4
Non-interest income	397	410	(3)	408	(3)
Operating income	1,092	1,069	2	1,078	1
Staff costs	253	232	9	265	(5)
Other operating expenses	247	262	(6)	246	0
Operating expenses	500	494	1	511	(2)
Operating profit	592	575	3	567	4
Provisions	81	14	479	63	29
Net profit before goodwill	441	454	(3)	412	7
Goodwill amortisation	-	110	(100)	-	-
Net profit	441	344	28	412	7

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

Half-year operating profit up 7% from 2H04

(S\$m)	1H 2005	1H 2004 ^a	% change	2H 2004	% change
Net interest income	1,365	1,299	5	1,293	6
Non-interest income	805	1,046	(23)	836	(4)
Operating income	2,170	2,345	(7)	2,129	2
Staff costs	518	488	6	506	2
Other operating expenses	493	522	(6)	540	(9)
Operating expenses	1,011	1,010	0	1,046	(3)
Operating profit	1,159	1,335	(13)	1,083	7
Provisions	144	65	122	(2)	nm
Net profit before goodwill	853	1,046	(18)	884	(4)
Goodwill amortisation	-	220	(100)	220	(100)
Net profit	853	826	3	664	28

nm : not meaningful

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

Key quarterly ratios improve from 1Q

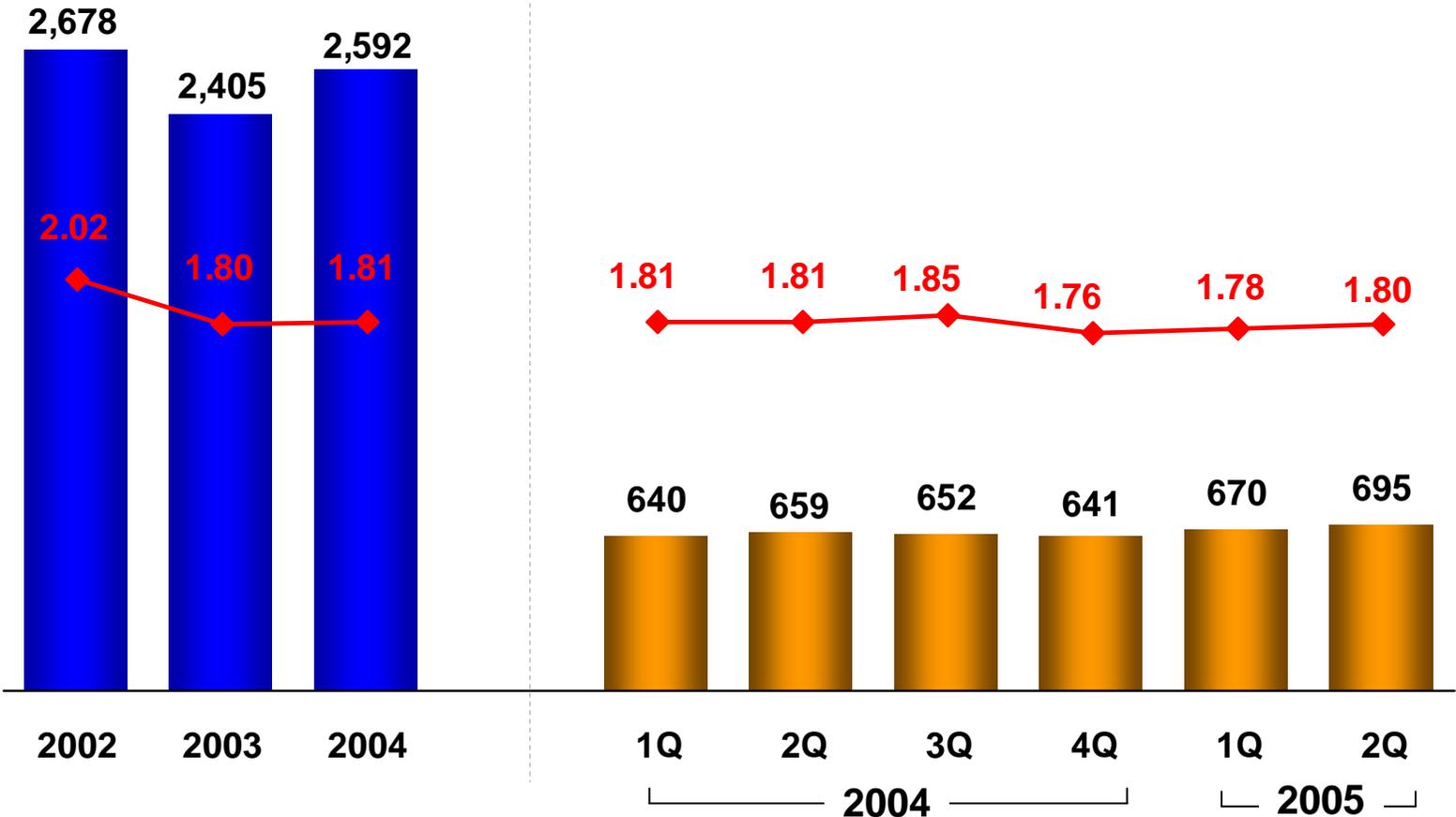
(%)	2Q 2005	1Q 2005	2Q 2004 ^a	1H 2005	2H 2004	1H 2004 ^a
Net interest margin	1.80	1.78	1.81	1.79	1.80	1.81
Non-interest income/total income	36	38	38	37	39	45
Cost/income	46	47	46	47	49	43
ROE	10.4	9.9	11.8	10.2	11.3	13.8
Loans/deposits	68	61	60	68	62	60
Loan + non-trading debt securities/ deposits	89	81	81	89	82	81
NPL ratio	2.2	2.4	3.0	2.2	2.5	3.0

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

Net interest income highest in 14 quarters, margins rise

(S\$m)

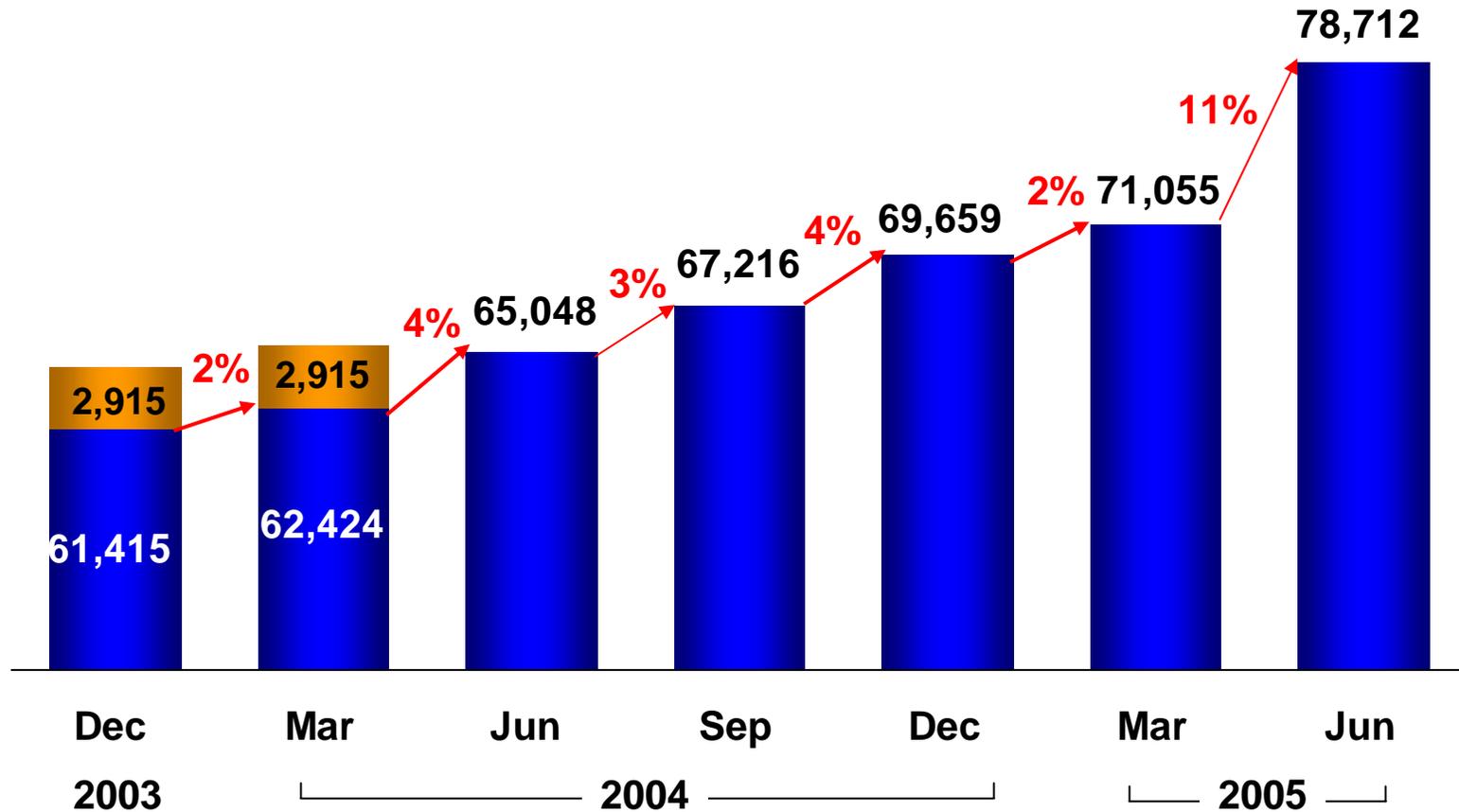
—◆— Net interest margin (%)



Loans expand 21% on year, boosting asset mix

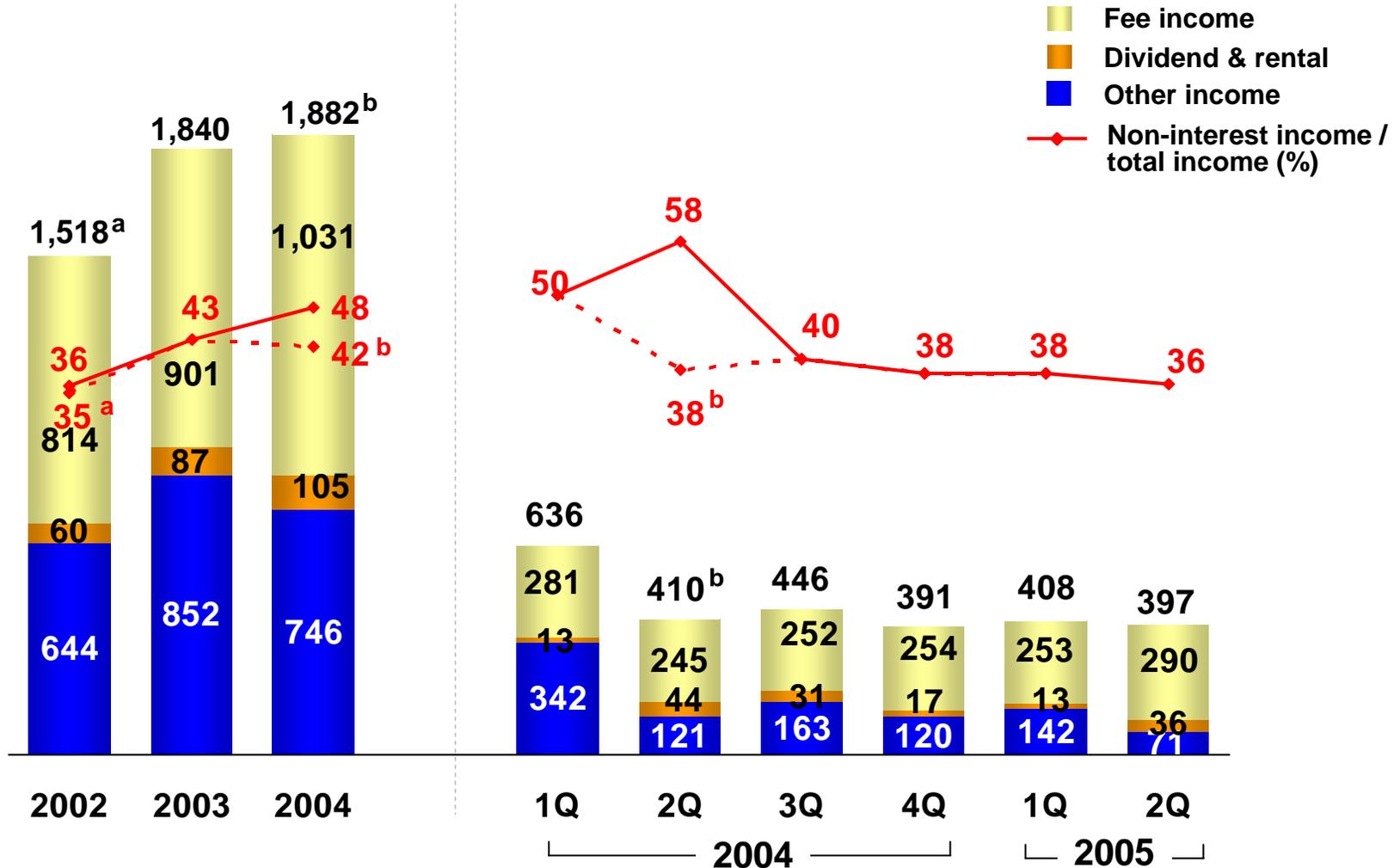
(S\$m)

■ DTDB loans



Fee income rises to quarterly record, offsetting lower treasury gains

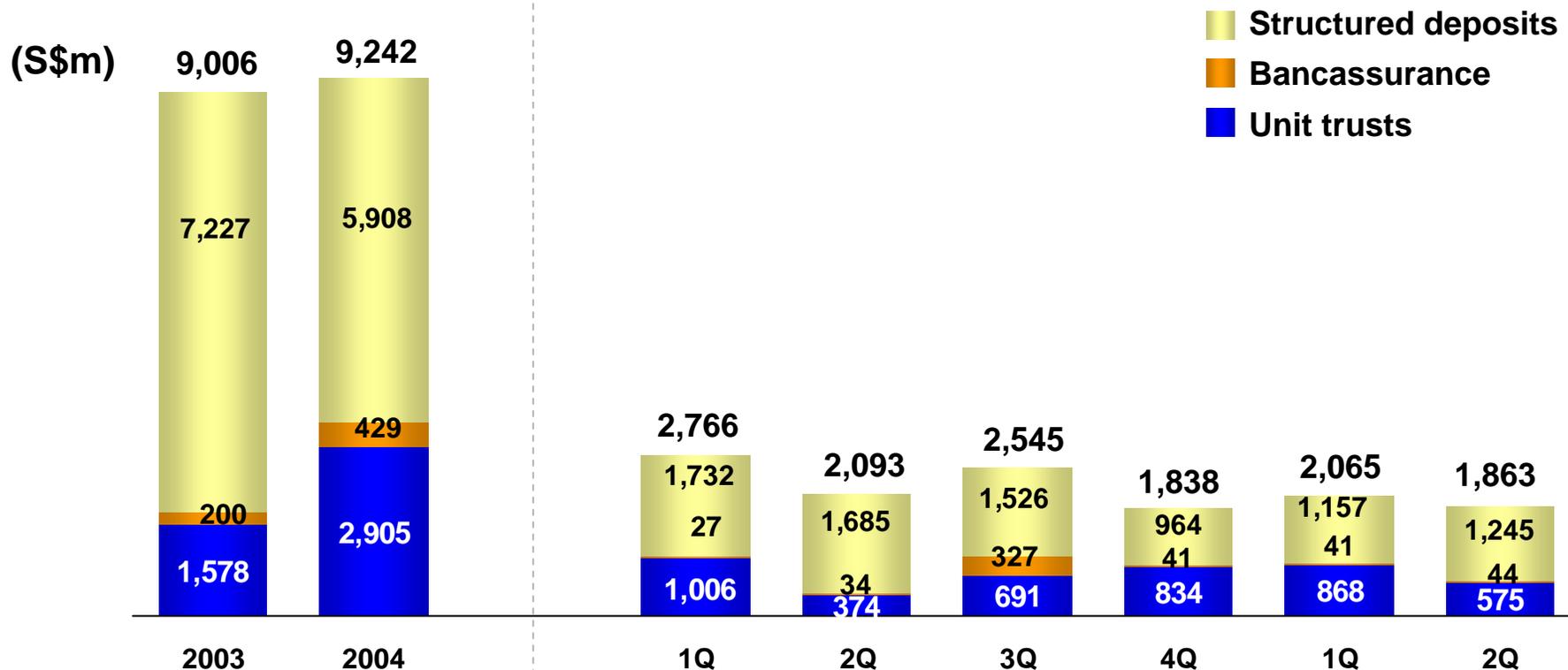
(S\$m)



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

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

Wealth management fees climb 54% on year as unit trust and bancassurance sales rise



Sales (all products)

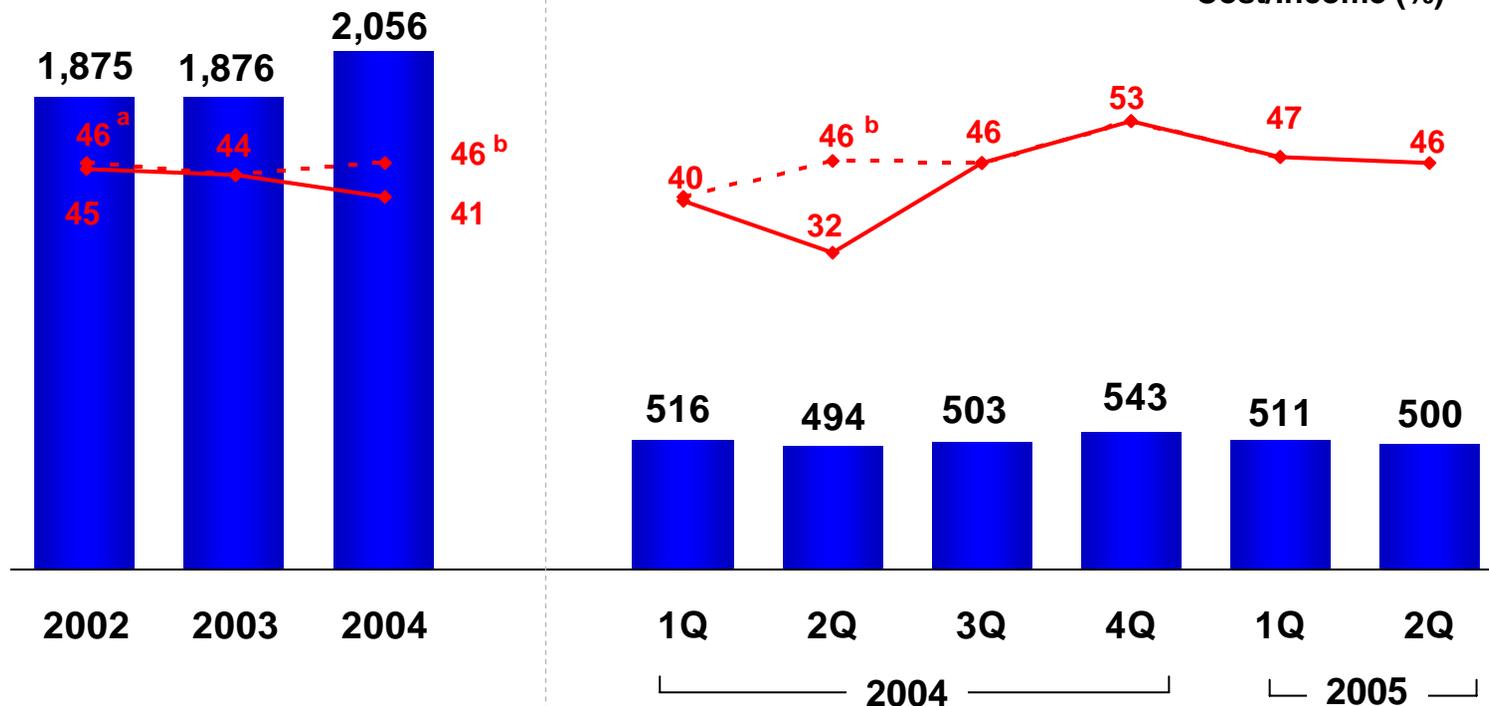
S'pore	4,162	3,874	1,244	918	1,028	684	963	794
HK	4,844	5,368	1,522	1,175	1,517	1,154	1,102	1,069

Fees (unit trusts and bancassurance only)

S'pore + HK	90	132	34	24	42	32	37	37
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Cost-income ratio falls to 46% as expenses contained

(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

1.26

1.18

1.22

1.30

1.14

1.11

12,173

10,838

11,083

11,454

11,649

12,090

257

232

247

259

265

253

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

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

(c) At period end

Operating profit by business segments

(S\$m)	2Q 2005	2Q 2004 ^a	Change	1Q 2005	Change
Consumer Banking	203	156	47	194	9
Enterprise Banking	109	121	(12)	115	(6)
Corporate and Investment Banking	153	127	26	102	51
Global Financial Markets	49	71	(22)	62	(13)
Central Treasury Unit	47	86	(39)	39	8
Central Operations ^b	31	14	17	55	(24)
Total	592	575	17	567	25

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

(b) Comprising Private Banking, Asset Management and other subsidiaries and associates

Sustained growth in recurring income businesses

- ❑ Strong, broad-based growth in customer businesses
- ❑ Mixed regional performance
- ❑ Asset quality and capital efficiency further enhanced

Hong Kong's operating profit falls 5% on quarter from weaker non-interest income

(S\$m)	2Q 2005	2Q 2004	% change	1Q 2005	% change
Net interest income	220	231	(5)	205	7
Non-interest income	80	106	(25)	98	(18)
Operating income	300	337	(11)	303	(1)
Operating expenses	156	145	8	152	3
Operating profit	144	192	(25)	151	(5)
Provisions	4	30	(87)	8	(50)
Net profit after tax	118	142	(17)	121	(2)

Figures on Hong Kong geographical basis and converted to S\$ using monthly closing rates. Based on Singapore GAAP

Hong Kong's half-year performance dampened by weak operating income

(S\$m)	1H 2005	1H 2004	% change	2H 2004	% change
Net interest income	425	464	(8)	436	(2)
Non-interest income	178	247	(28)	241	(26)
Operating income	603	711	(15)	677	(11)
Operating expenses	308	292	5	312	(1)
Operating profit	295	419	(29)	365	(19)
Provisions	12	58	(79)	46	(74)
Net profit after tax	239	311	(23)	275	(13)

Figures on Hong Kong geographical basis and converted to S\$ using monthly closing rates. Based on Singapore GAAP

Hong Kong ratios mixed on quarter, weaker on year

(%)	2Q 2005	1Q 2005	2Q 2004	1H 2005	2H 2004	1H 2004
Net interest margin	2.05	1.98	2.34	2.02	2.08	2.35
Non-interest income/total income	27	32	31	30	35	35
Cost/income	52	50	43	51	46	41
ROA	0.99	1.07	1.26	1.03	1.17	1.41
Loans/deposits	79	75	78	79	75	78

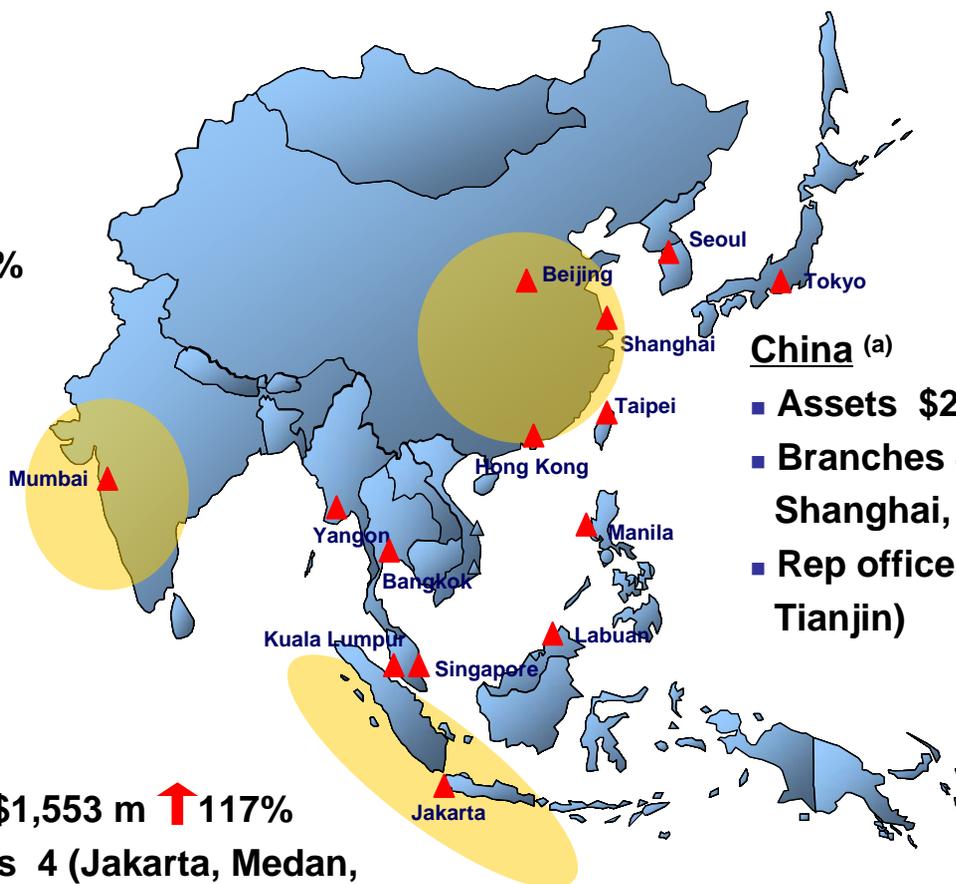
Strong organic regional growth through branch network

India

- Assets \$656 m ↑ 249%
- Branches 2 (Mumbai, New Delhi)

Indonesia

- Assets \$1,553 m ↑ 117%
- Branches 4 (Jakarta, Medan, Semarang, Surabaya)



China (a)

- Assets \$2,729 m ↑ 40%
- Branches 4 (Beijing, Guangzhou, Shanghai, Shenzhen)
- Rep offices 3 (Dongguan, Fuzhou, Tianjin)

Assets as at June 30, 2005. Growth rates are year-on-year

(a) Mainland China operations (Overseas branches - Beijing, Guangzhou and Shanghai)

Investment banking activity in 2Q05



Singapore

- Arindo Global (total acquisition cost of US\$950m: US\$570m senior syndicated debt, US\$330m mezzanine debt, US\$50m equity, mandated lead arranger, facility and security agent)
- Royal Vopak (Euro 500m syndicated 5-year facility, mandated lead arranger)
- Times Properties (S\$650m syndicated term loan, sole mandated arranger)

Greater China

- China Development Financial Holding Corp (US\$100m term-loan)
- China Eastern Airlines (US\$70m syndicated loan, lead arranger)
- Yue Yuen Industrial (US\$420m syndicated term loan, joint co-ordinating arranger)

Indonesia

- PT Bank International Indonesia (US\$150m sub-debt issue, sole lead manager, bookrunner)
- PT Bank Danamon (US\$100m floating rate certificates of deposits)
- PT Pertamina Persero (US\$100m trade finance transaction)

Malaysia

- Titan Chemicals Corporation (US\$210m IPO, joint bookrunner for international institutional offering)
- Guthrie International Investments (L) Ltd (US\$480m syndicated loan, mandated lead arranger, facility agent, bookrunner)

India

- Bharti Televentures (JPY equivalent US\$225m syndicated loan, mandated arranger)

Korea

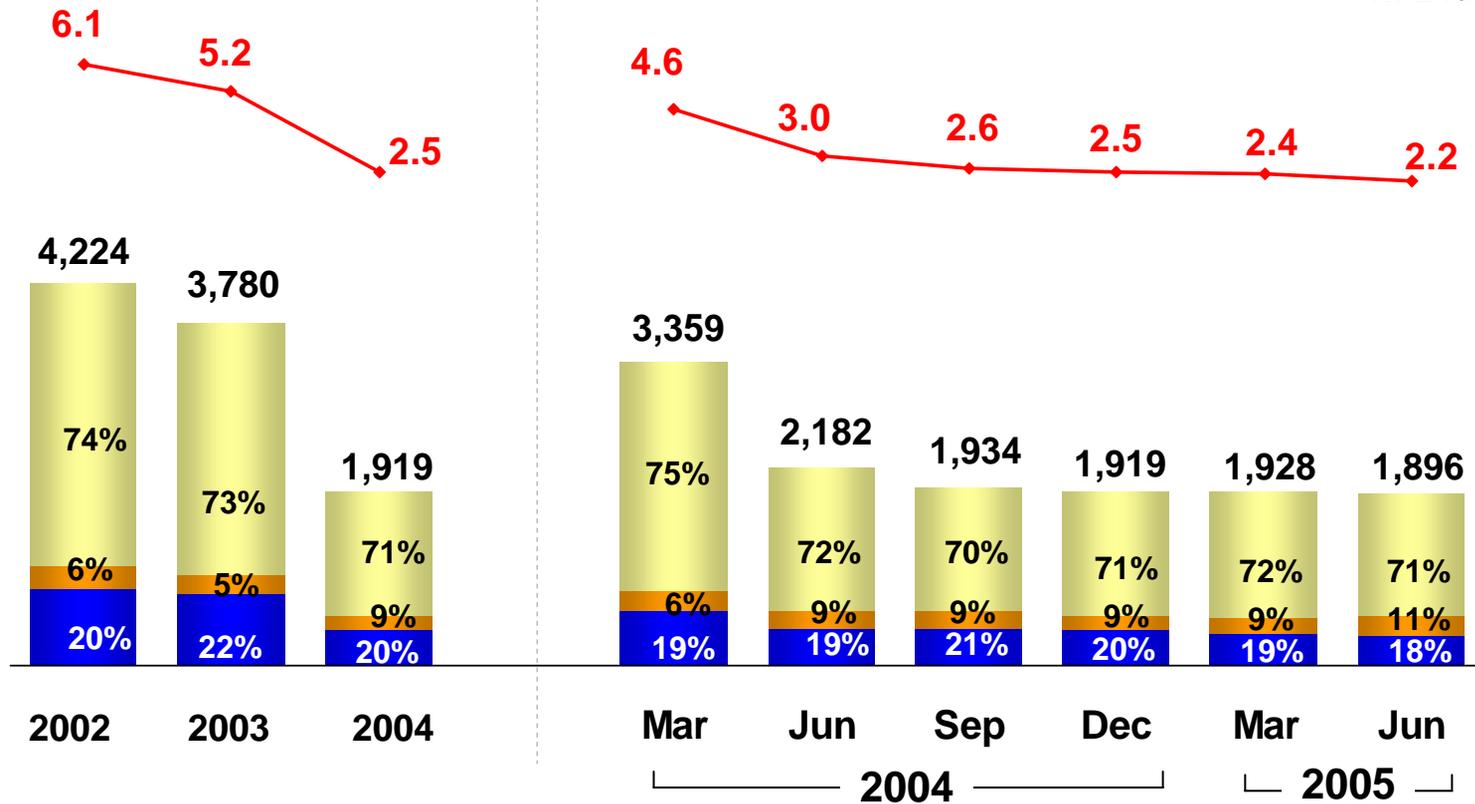
- Hanaro Telecom Inc (US\$720m syndicated loan, lead arranger)
- Samsung Heavy Industries (US\$285m syndicated loan, sole lead arranger)

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NPLs fall 2% on quarter

(S\$m)



NPL recoveries exceed additions

(S\$m)

	2Q 2005	1Q 2005	2Q 2004
NPLs at start of period	1,928	1,919	3,359
New NPLs	224	185	99
Net recoveries of existing NPLs	(194)	(135)	(229)
Write-offs	(62)	(41)	(100)
DTDB deconsolidation	–	–	(947)
NPLs at end of period	1,896	1,928	2,182

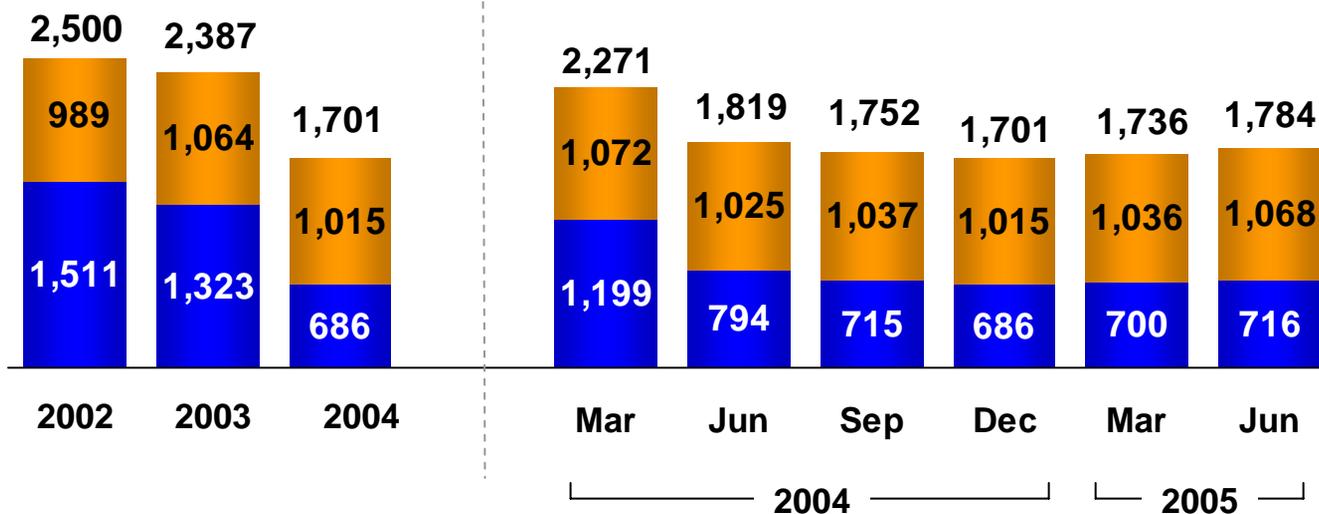
Specific provision charges higher as write-backs fall

(S\$m)	2Q 2005	1Q 2005	2Q 2004
<u>Add charges for</u>			
New NPLs	46	53	41
Existing NPLs	53	33	49
	99	86	90
<u>Subtract charges for</u>			
Upgrading	4	2	14
Settlements	39	34	42
Recoveries	5	6	7
	48	42	63
Total SP charges	51	44	27

Provision coverage reaches record 94%

(S\$m)

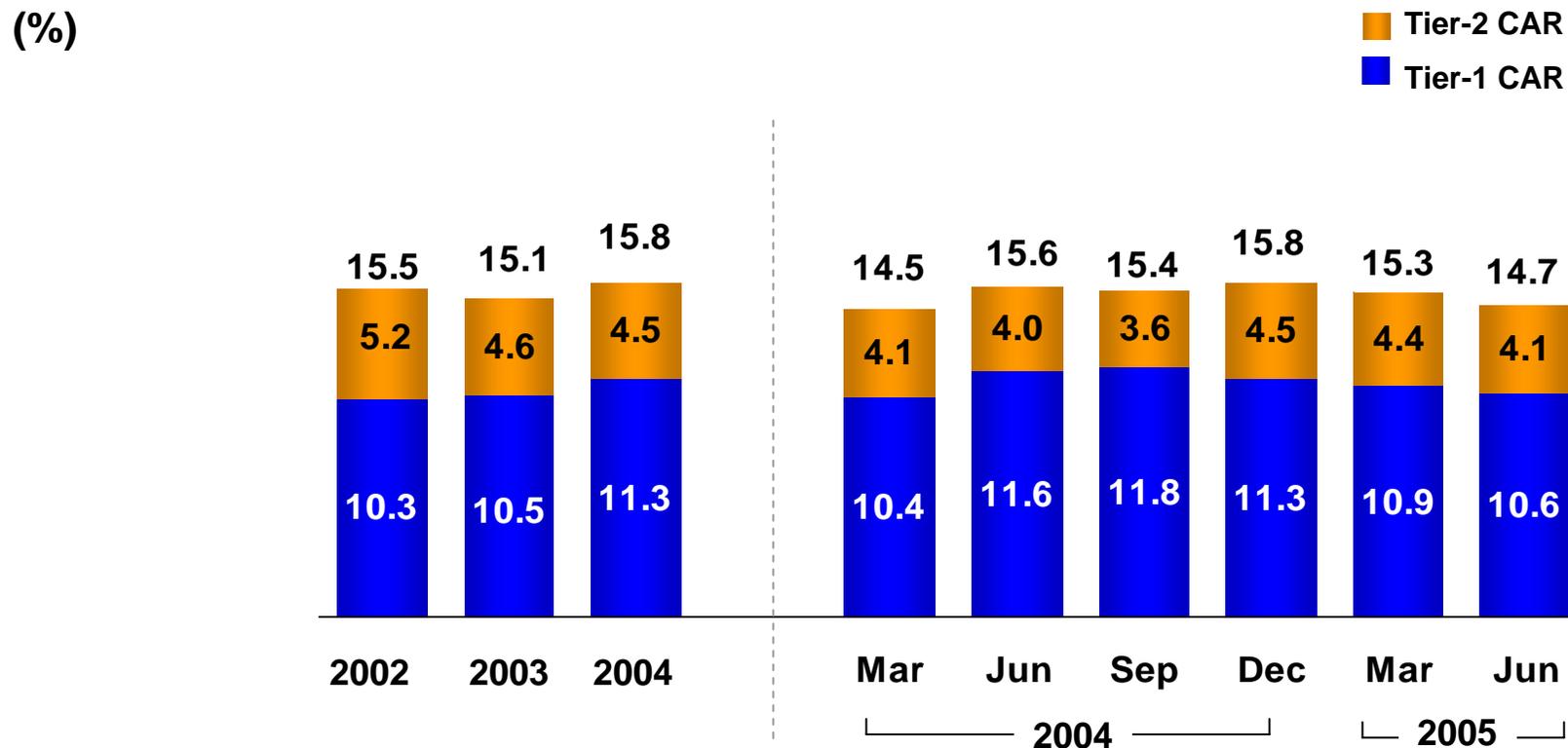
GP
SP



Coverage ratios (%)

SP+GP / Unsec NPLs	121	124	186	132	156	183	186	202	201
SP+GP / NPLs	59	63	89	68	83	91	89	90	94

CAR dips as RWA expands further



(S\$bn)

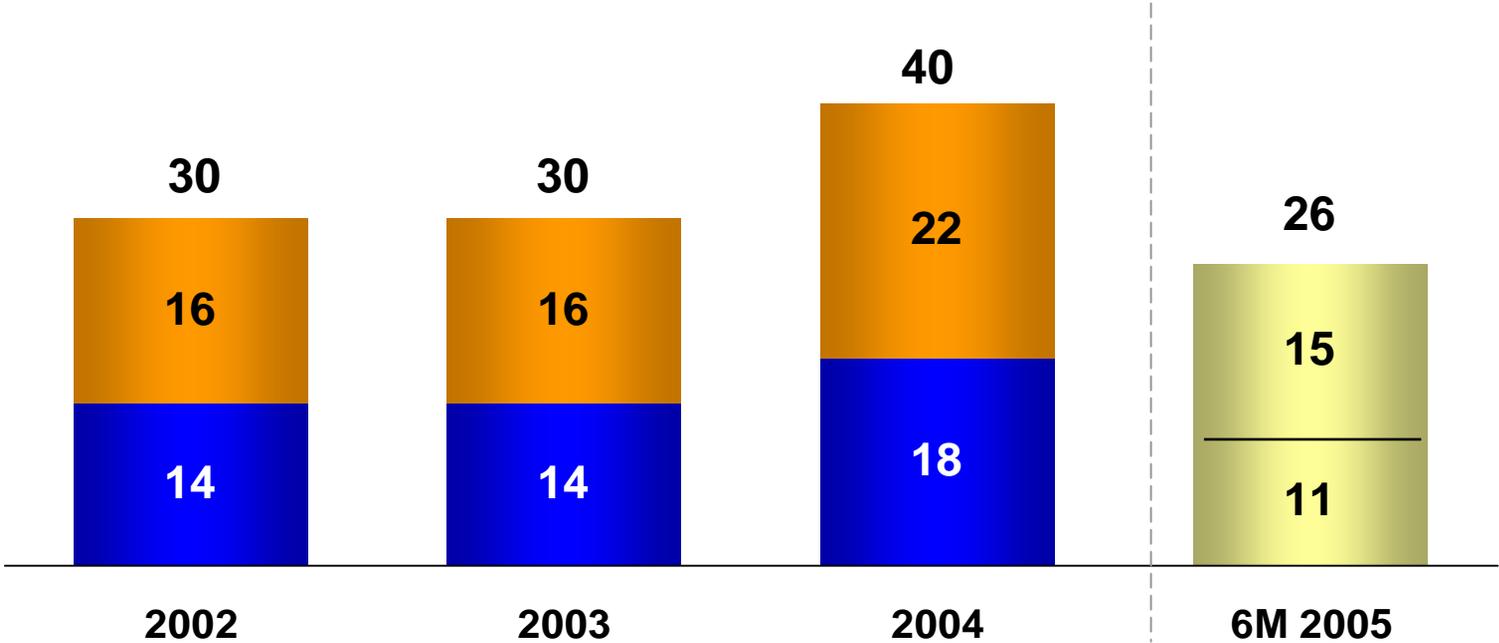
	2002	2003	2004	2004 Mar	2004 Jun	2004 Sep	2004 Dec	2005 Mar	2005 Jun
Tier-1 capital	8.4	9.6	11.8	10.2	11.2	11.5	11.8	11.8	12.2
RWA	81.2	92.1	104.0	97.8	96.6	97.5	104.0	108.8	114.8

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

Quarterly dividend rate raised to 15 cents

(Cents)

- Final
- Interim
- Quarterly



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