



Operating growth trends continue

DBS Group Holdings 4Q 2005 financial results
February 17, 2006

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Full-year net profit excluding one-time gains and goodwill charges declined 15%

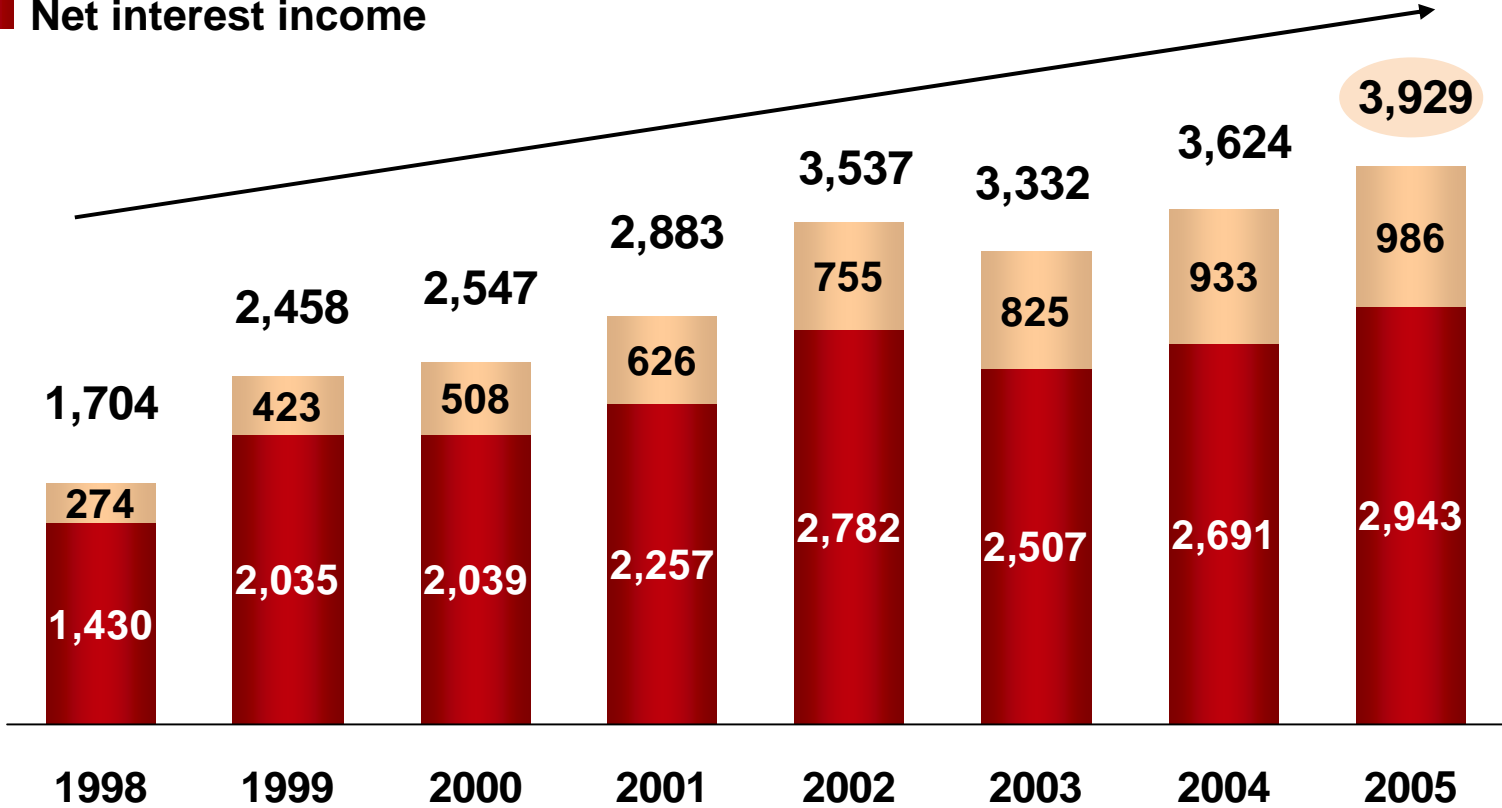
(S\$m)	2005	2004	% change
Full-year 2005 net profit	1,649	1,938	 15%
4Q05 net profit	384	432	 11%

All figures exclude one-time gains and goodwill charges

Net interest and fee income reached a record high

(S\$m)

Fee income
 Net interest income

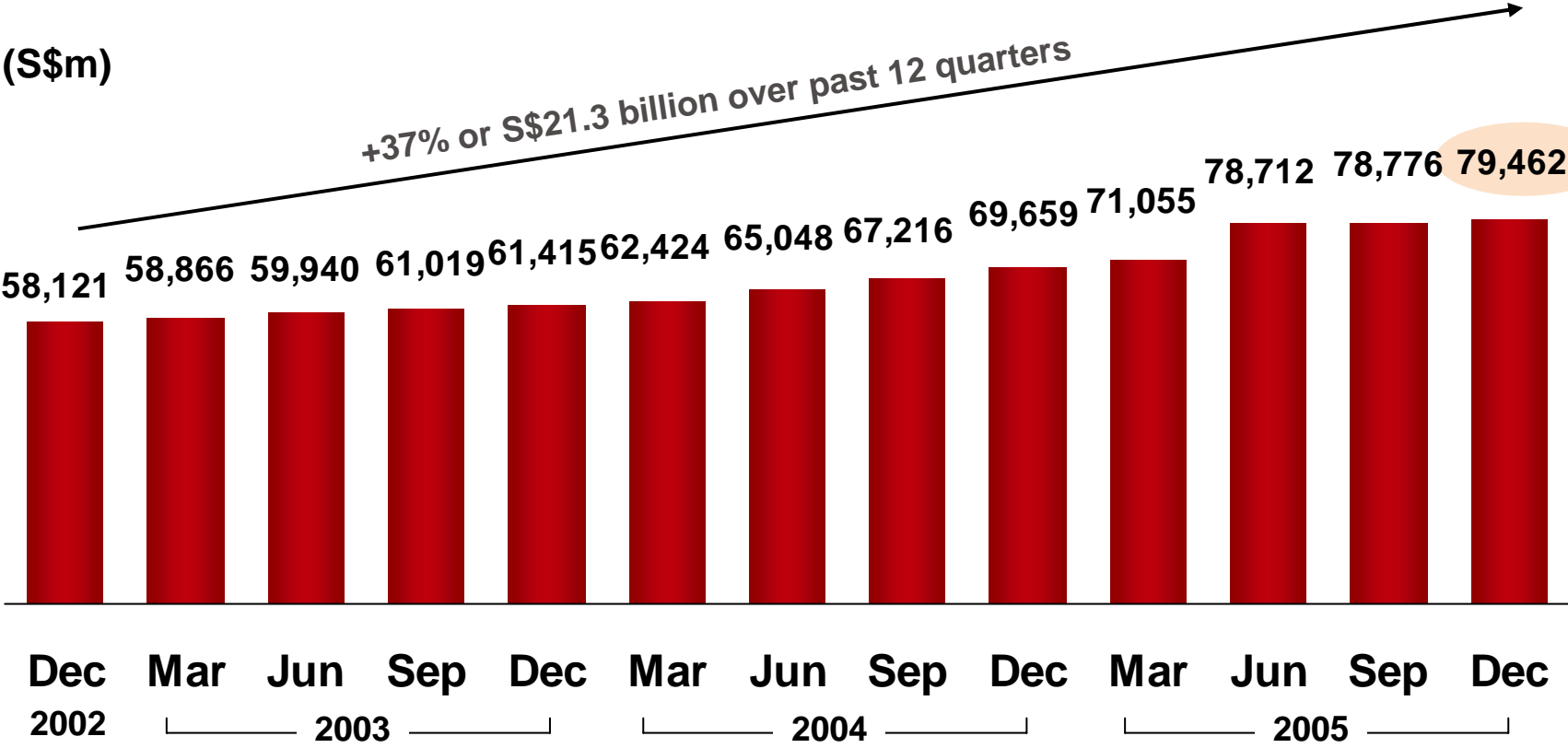


Operating income on this chart shows net interest income and fee income



Customer loans grew 14% in 2005

- Net interest income  9% to \$2,943 million
- Net interest margin  from 1.87% in 2004 to 1.91% in 2005
- Fourth Quarter 2005 net interest margin  to 2.06%, boosting net interest income to quarterly record

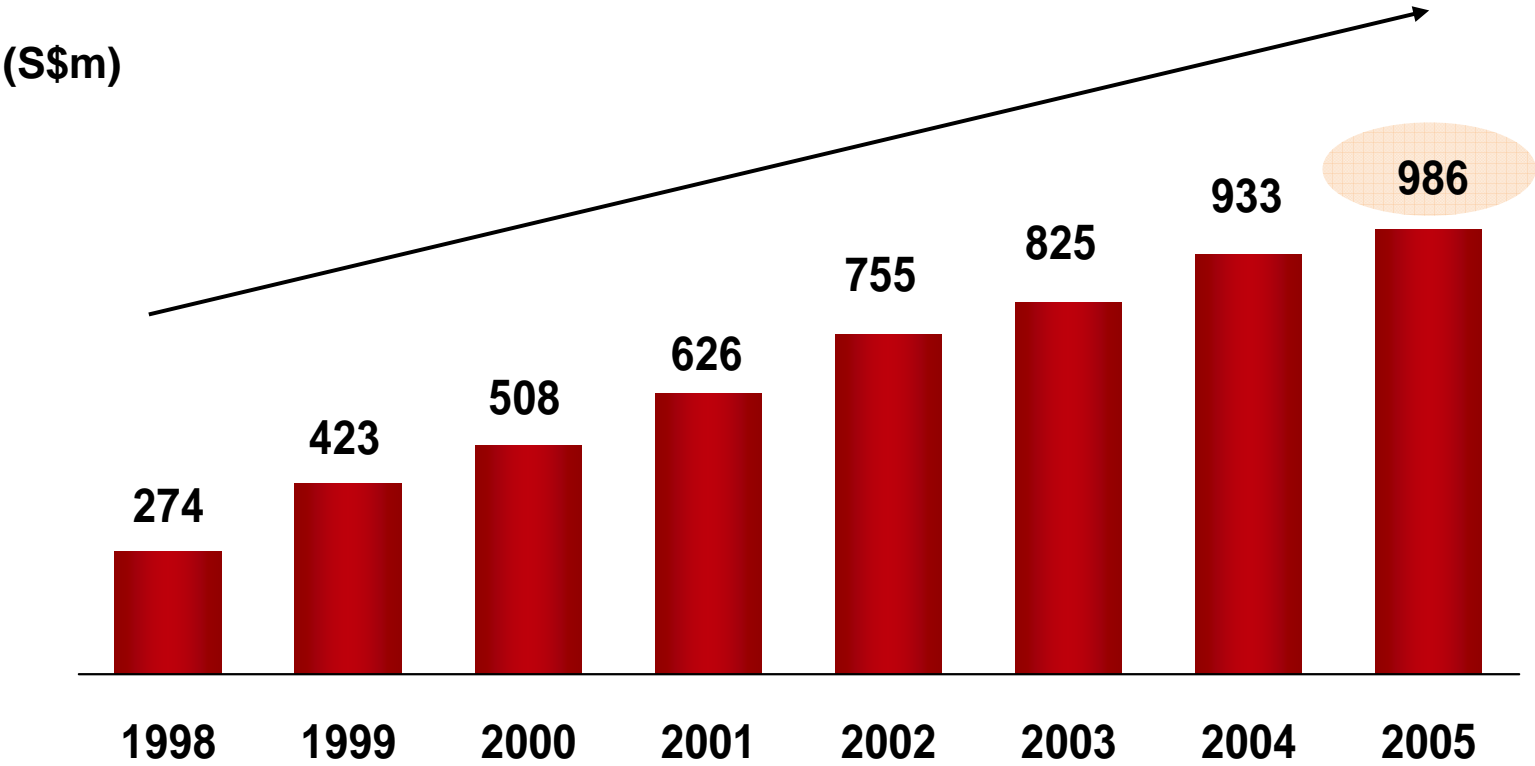


Loans exclude DBS Thai Danu in all periods





Fee income rose for the seventh consecutive year

- Fee income up 6% to \$986 million
- Fee income ratio at record 23%



Larger contribution from higher-return consumer, SME businesses

- Consumer, SME operating profit before tax: S\$1,165 million  24%
- Consumer, SME together accounted for 54% of DBS Group operating profit,  from 37% last year

Asset quality, credit ratings remain strong

- **One of the best asset quality among Asian banks**
 - ⇒ **NPL rate of 2.1%**
 - ⇒ **Provision coverage of 97%**
- **Strong capital ratios**
 - ⇒ **Tier 1: 10.6%**
 - ⇒ **Overall: 14.8%**
- **One of the highest credit ratings among Asian banks**
 - ⇒ **DBS Bank: Moody's Aa2, S&P's AA- , Fitch's AA-**
 - ⇒ **DBS Hong Kong (Limited): Moody's A2, S&P's AA-, Fitch's AA-**

Committed to providing higher returns to shareholders

- Fourth-quarter dividend of 17 cents per share,  from 15 cents per share in previous quarter
- Total dividends of 58 cents per share for full year 2005,  45% from 2004's 40 cents per share
- Dividend policy reflects our policy of rewarding shareholders with sustainable, progressively rising dividends

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Operating growth trends continue

- **GAAP earnings affected by non-operating items**
- **Sustained growth in customer businesses**
- **Better sequential operating performance in Hong Kong**
- **Asset quality remains benign**

Earnings affected by non-operating items

- **One-time gains of S\$303 million from sale of office buildings in Singapore**
- **Goodwill impairment charge of S\$1,128 million for DBS Hong Kong**
- **Change in accounting treatment for US\$725m and S\$100m of non-cumulative non-convertible preference shares from debt to equity reduced full-year earnings by S\$48 million**

Earnings affected by non-operating items

Goodwill impairment charge for DBS Hong Kong – summary (S\$m)

Carrying value (before impairment)

as at December 31, 2005 10,765

NTA 3,988

Unamortised goodwill 6,777

Recoverable value as at December 31, 2005 9,637

Goodwill impairment charge 1,128

Earnings affected by non-operating items

Goodwill impairment charge for DBS Hong Kong – methodology

- Discounted cash flow method
- Detailed five-year projections with 2006 - 2010 net earnings Cagr of 8.7%
- Long-term growth rate of 4.5% from 2011
- Discount rate of 9.5%

Earnings affected by non-operating items

Change in accounting treatment for non-cumulative non-convertible perpetual preference shares (NCPS)

- Under revised FRS 32, NCPS now accounted for as an equity instrument, not debt. Applied retrospectively
- Under FRS 39, interest rate swap (from fixed to floating) for NCPS now does not qualify as hedge. Applied prospectively from January 1, 2005
- Shareholders' equity as at January 1, 2005 adjusted upwards by S\$95 million due to reversal of hedge accounting
- During course of 2005, marked to market value of swap declined S\$48 million, taken to profit and loss account

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4Q operating income and operating profit improve on year and on quarter

(S\$m)

	4Q 2005	4Q 2004	% change	3Q 2005	% change
Net interest income	800	665	20	746	7
Non-interest income	314	372	(16)	307	2
Operating income	1,114	1,037	7	1,053	6
Staff costs	279	257	9	255	9
Other operating expenses	272	263	3	250	9
Operating expenses	551	520	6	505	9
Operating profit	563	517	9	548	3
Provisions / (write-back)	55	(30)	nm	4	>100
Net profit before:	384	432	(11)	419	(8)
Goodwill charges	1,128	110	>100	-	nm
One-time gains	303	-	-	-	-
Net profit / (loss)	(441)	322	nm	419	nm

Full-year interest and fee income rise, operating profit dampened by market-related activities

(S\$m)

	2005	2004	% change
Net interest income	2,943	2,691	9
Non-interest income	1,395	1,788	(22)
Operating income	4,338	4,479	(3)
Staff costs	1,052	993	6
Other operating expenses	974	963	1
Operating expenses	2,026	1,956	4
Operating profit	2,312	2,523	(8)
Provisions	203	63	>100
Net profit before:	1,649	1,938	(15)
Goodwill charges	1,128	440	>100
One-time gains	303	497	(39)
Net profit	824	1,995	(59)

Interest income drivers improve, other ratios affected by lower non-interest income contribution

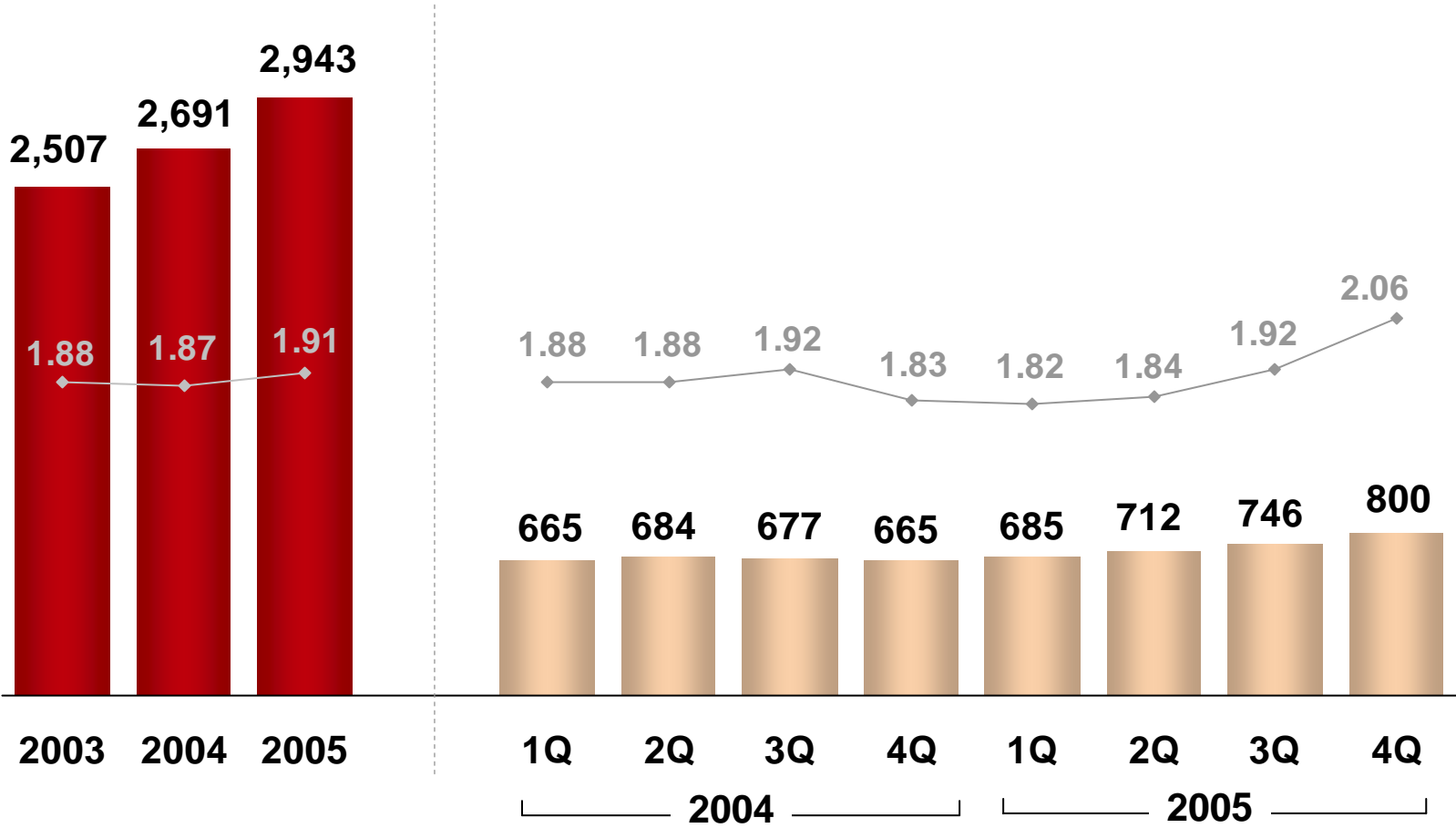
(%)	4Q 2005	3Q 2005	4Q 2004	2005	2004
Net interest margin	2.06	1.92	1.83	1.91	1.87
Fee income/total income	22	23	22	23	21
Non-interest income/total income	28	29	36	32	40
Cost/income	49	48	50	47	44
ROE	8.8	9.7	10.6	9.7	12.6
Loans/deposits	68	69	62	68	62
NPL ratio	2.1	2.0	2.5	2.1	2.5

All data excluding one-time gains and goodwill charges

Loan growth and higher margins boost interest income to annual and quarterly record

(S\$m)

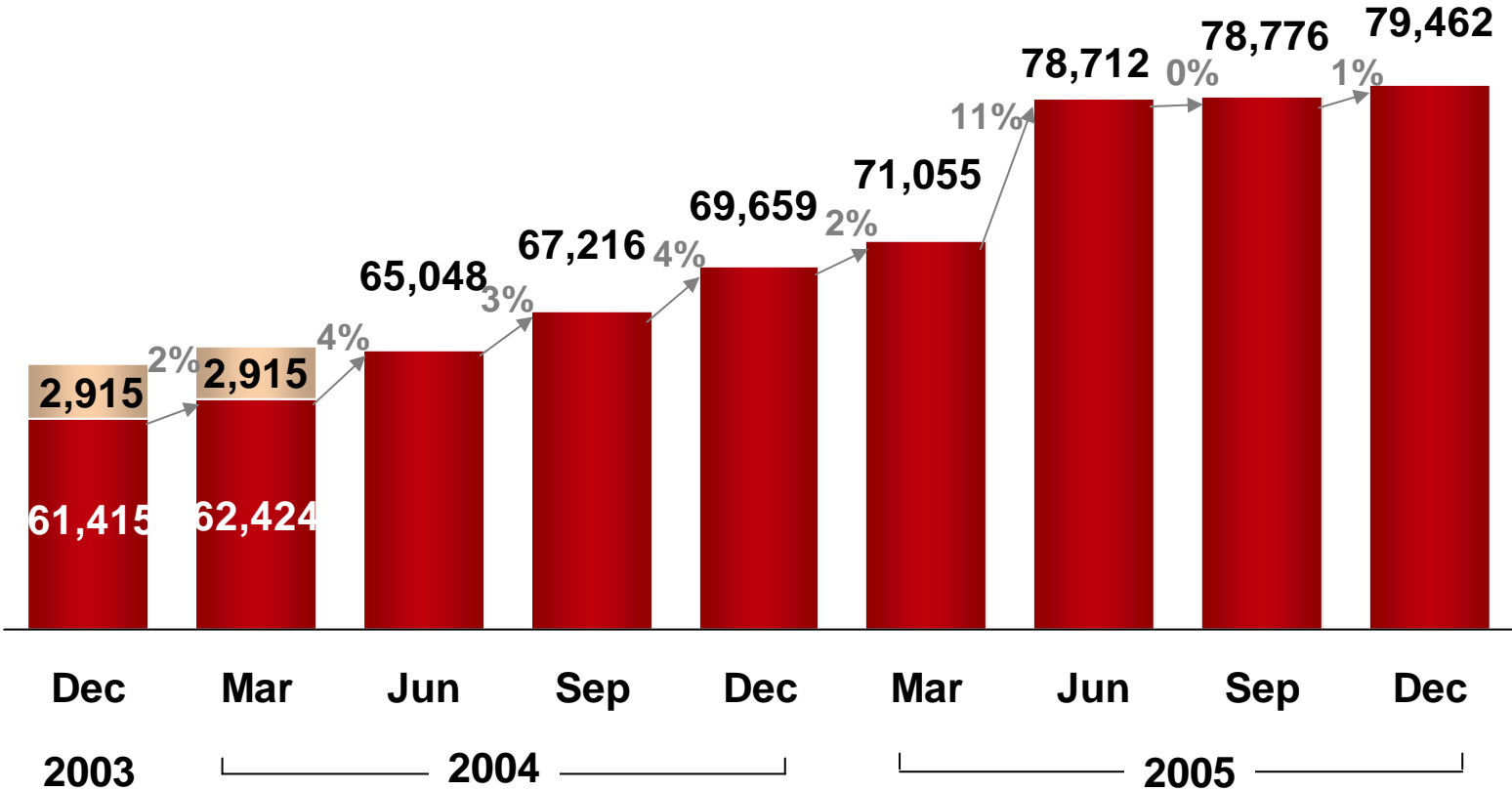
—◆— Net interest margin (%)



Loans expand 14% on year, improving asset mix

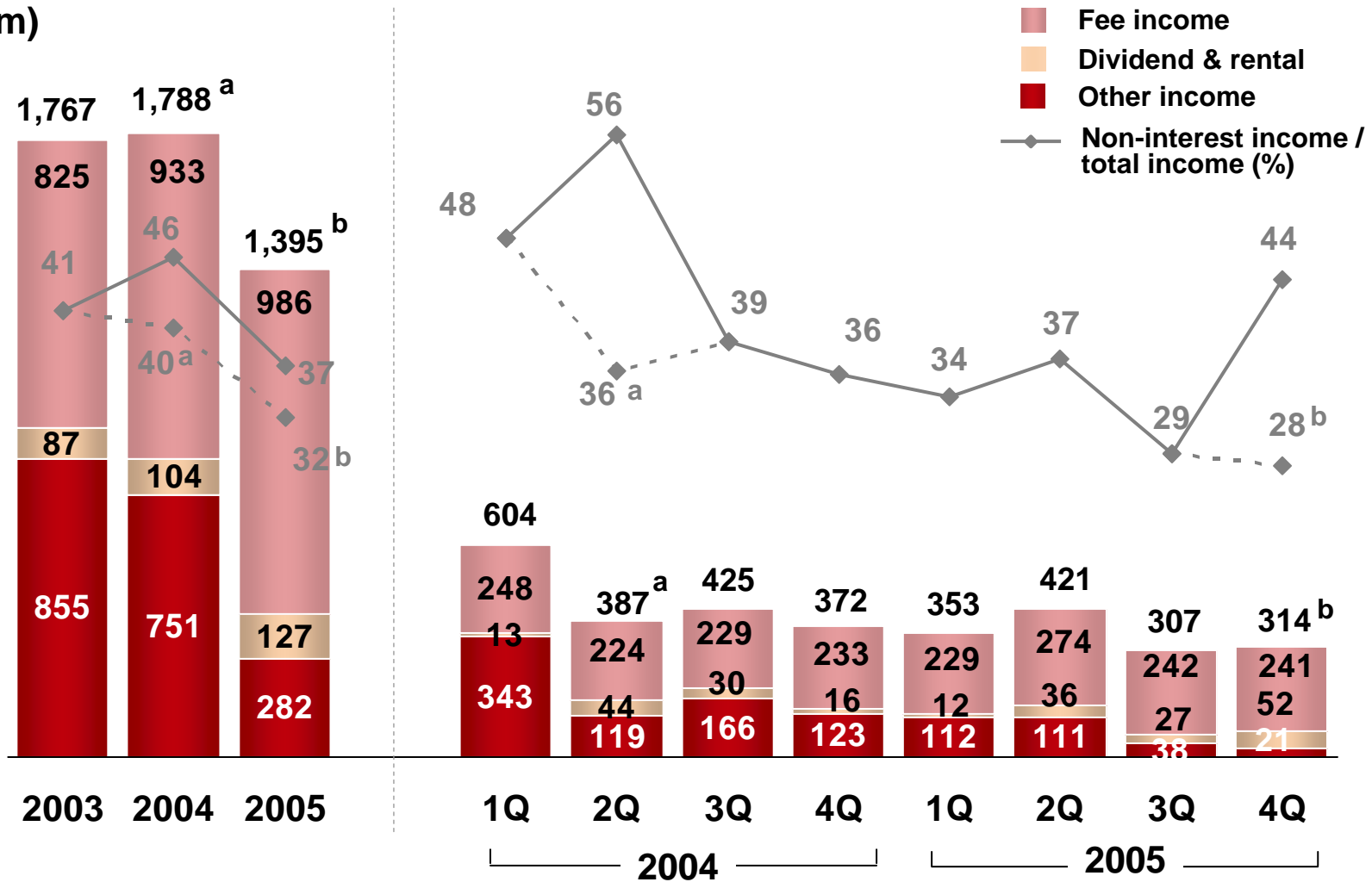
(S\$m)

DTDB loans



Fee incomes rise for seventh year

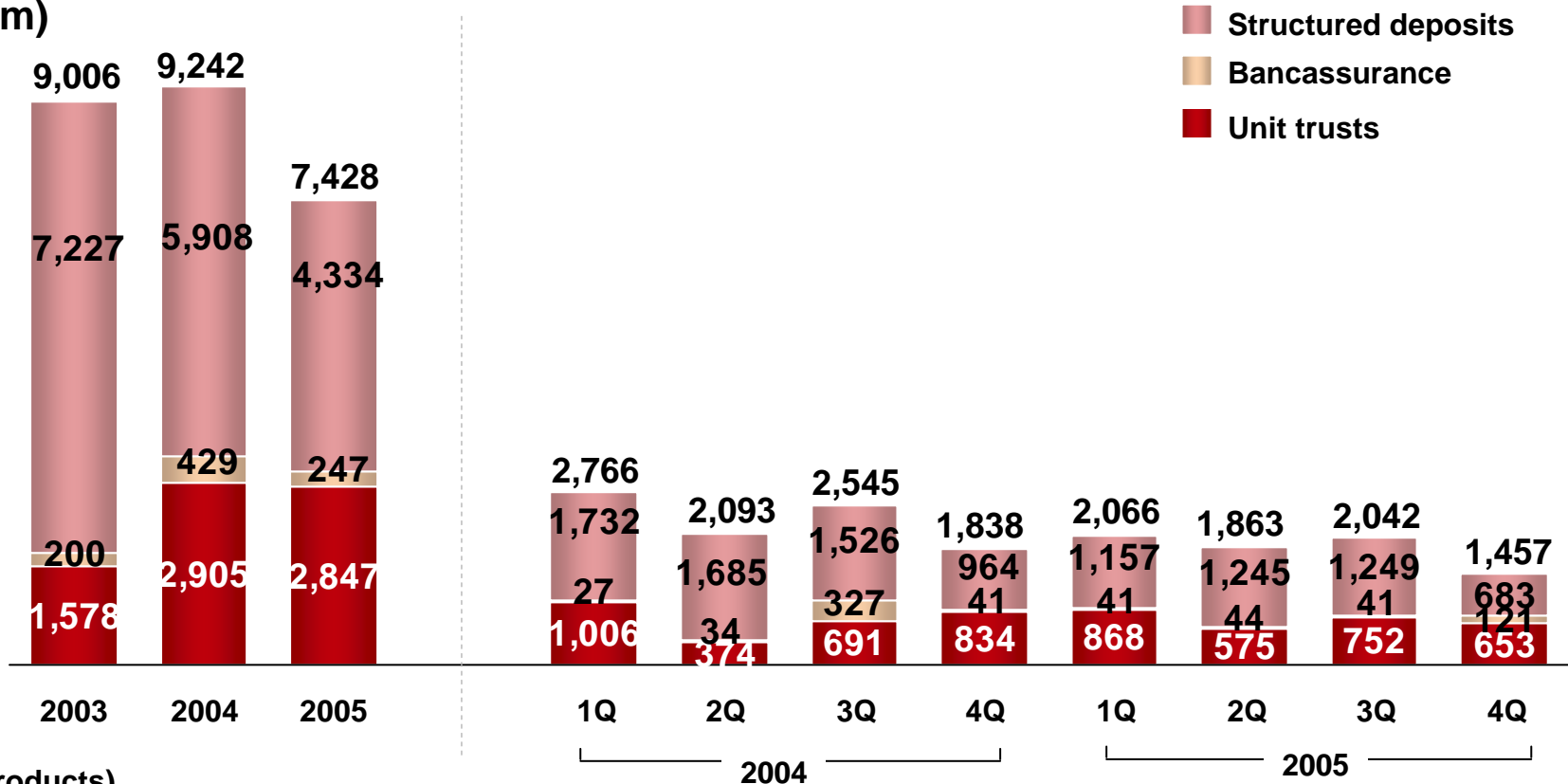
(S\$m)



(a) Excluding one-time gains of S\$497m
 (b) Excluding one-time gains of S\$303m

4Q and full-year wealth management revenues increase

(S\$m)



Sales (all products)

	2003	2004	2005	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
S'pore	4,162	3,874	3,560	1,244	918	1,028	684	963	794	1,128	675
HK	4,844	5,368	3,868	1,522	1,175	1,517	1,154	1,103	1,069	914	782

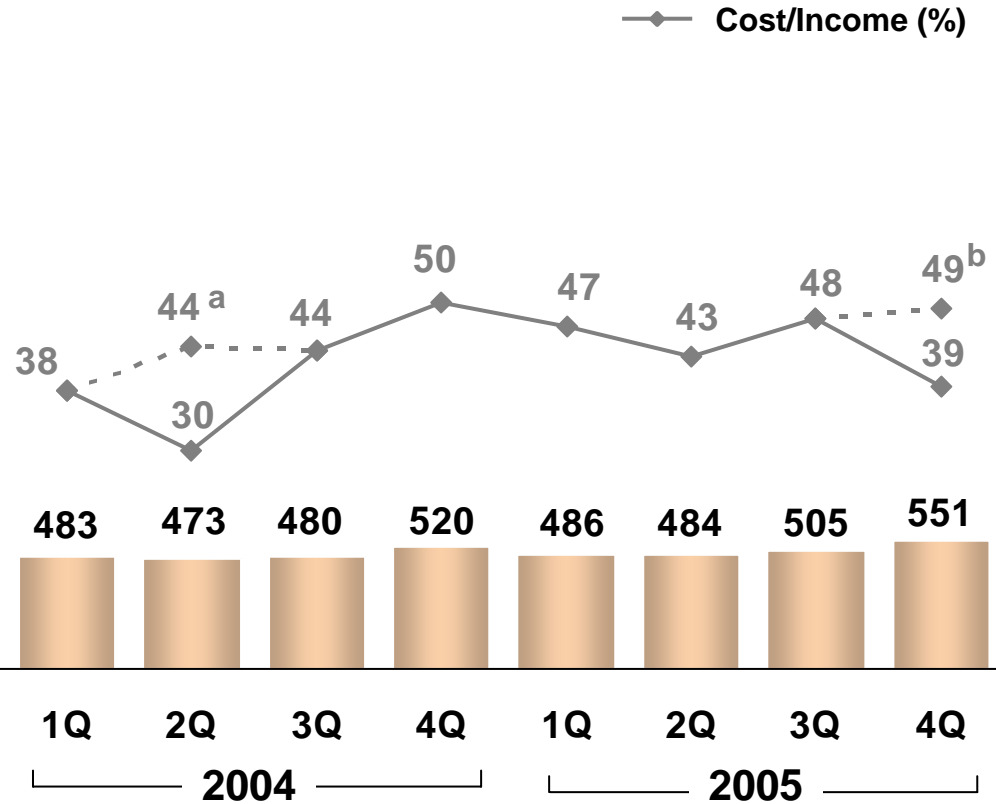
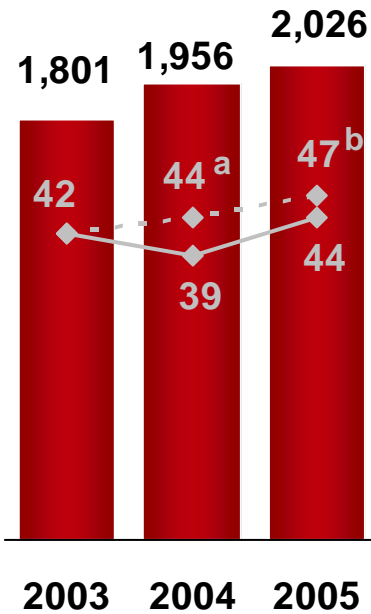
Fees (unit trusts and bancassurance only)

	2003	2004	2005	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
S'pore + HK	90	119	129	31	22	36	30	32	35	30	32



Full-year cost-income ratio within target range

(S\$m)



Annualised cost / average assets (%)	1.15	1.16	1.12
Headcount ^c	12,144	11,454	12,728
Staff costs (S\$m)	876	993	1,052

1.18	1.13	1.17	1.24	1.09	1.07	1.14	1.23
12,173	10,838	11,083	11,454	11,649	12,090	12,562	12,728
257	232	247	257	265	253	255	279

- (a) Excluding one-time gains of S\$497m
- (b) Excluding one-time gains of S\$303m
- (c) At period end



Full-year operating profit contribution of customer businesses increase

(S\$m)

	2005	2004	% change
Consumer Banking	804	671	20
Enterprise Banking	450	484	(7)
Corporate and Investment Banking	498	450	11
Customer business sub-total	1,752	1,605	9
Global Financial Markets	186	553	(66)
Central Treasury Unit	155	327	(53)
Central Operations ^a	219	38	>100
Total	2,312	2,523	(8)

Operating profit is operating income excluding one-time gains less operating expenses
(a) Comprising Private Banking, Asset Management and other subsidiaries and associates



Operating growth trends continue

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Hong Kong's operating profit continues to improve on quarter

(S\$m)

	4Q 2005	4Q 2004	% change	3Q 2005	% change
Net interest income	275	212	30	247	11
Non-interest income	65	121	(46)	77	(16)
Operating income	340	333	2	324	5
Operating expenses	179	156	15	167	7
Operating profit	161	177	(9)	157	3
Provisions	25	24	4	7	>100
Net profit after tax	117	132	(11)	125	(6)

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



Hong Kong's full-year performance lower as operating income falls

(S\$m)	2005	2004	% change
Net interest income	947	899	5
Non-interest income	319	485	(34)
Operating income	1,266	1,384	(9)
Operating expenses	653	598	9
Operating profit	613	786	(22)
Provisions	44	104	(58)
Net profit after tax	481	588	(18)

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



Hong Kong full-year ratios less favourable, 4Q margins improve on quarter

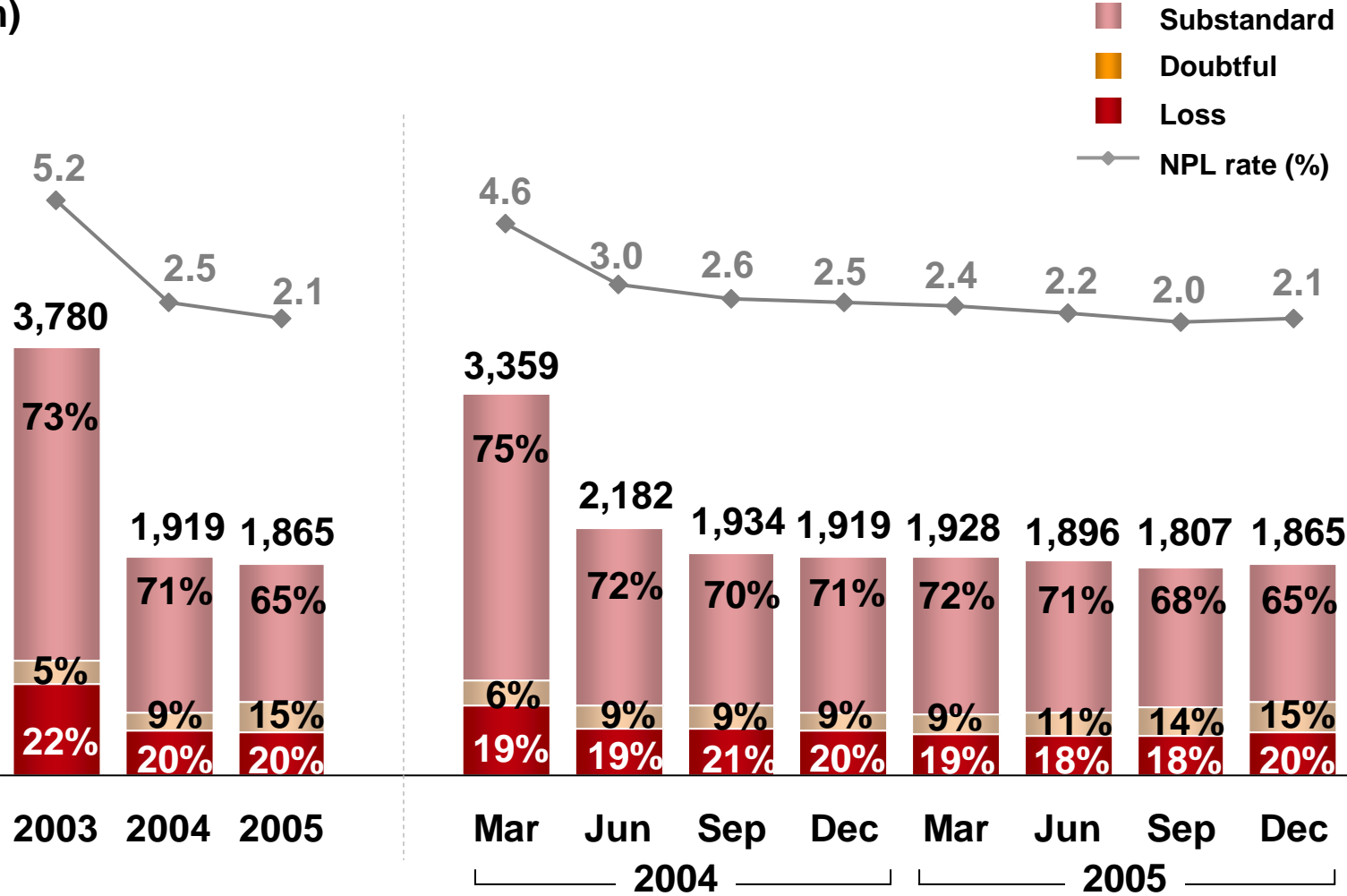
(%)	4Q 2005	3Q 2005	4Q 2004	2005	2004
Net interest margin	2.42	2.26	2.03	2.18	2.22
Non-interest income/total income	20	24	37	25	35
Cost/income	53	52	48	52	43
ROA	0.94	1.02	1.13	1.00	1.29
Loans/deposits	78	77	75	78	75

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NPL rate at 2.1%

(S\$m)



Non-performing assets increase slightly in 4Q

(S\$m)

	4Q 2005	4Q 2004	3Q 2005
NPAs at start of period	1,807	2,182	1,896
New NPAs	250	114	180
Net recoveries of existing NPAs	(150)	(283)	(225)
Write-offs	(42)	(79)	(44)
NPAs at end of period	1,865	1,934	1,807

Specific provision charges higher in 4Q from lower write-backs

(S\$m)

	4Q 2005	4Q 2004	3Q 2005
<u>Add charges for</u>			
New NPLs	86	74	40
Existing NPLs	33	42	49
	119	116	89
<u>Subtract charges for</u>			
Upgrading	1	2	1
Settlements	41	64	40
Recoveries	6	13	18
	48	79	59
Total SP charges	71	37	30

Specific provision charges for 2005 higher from lower write-backs

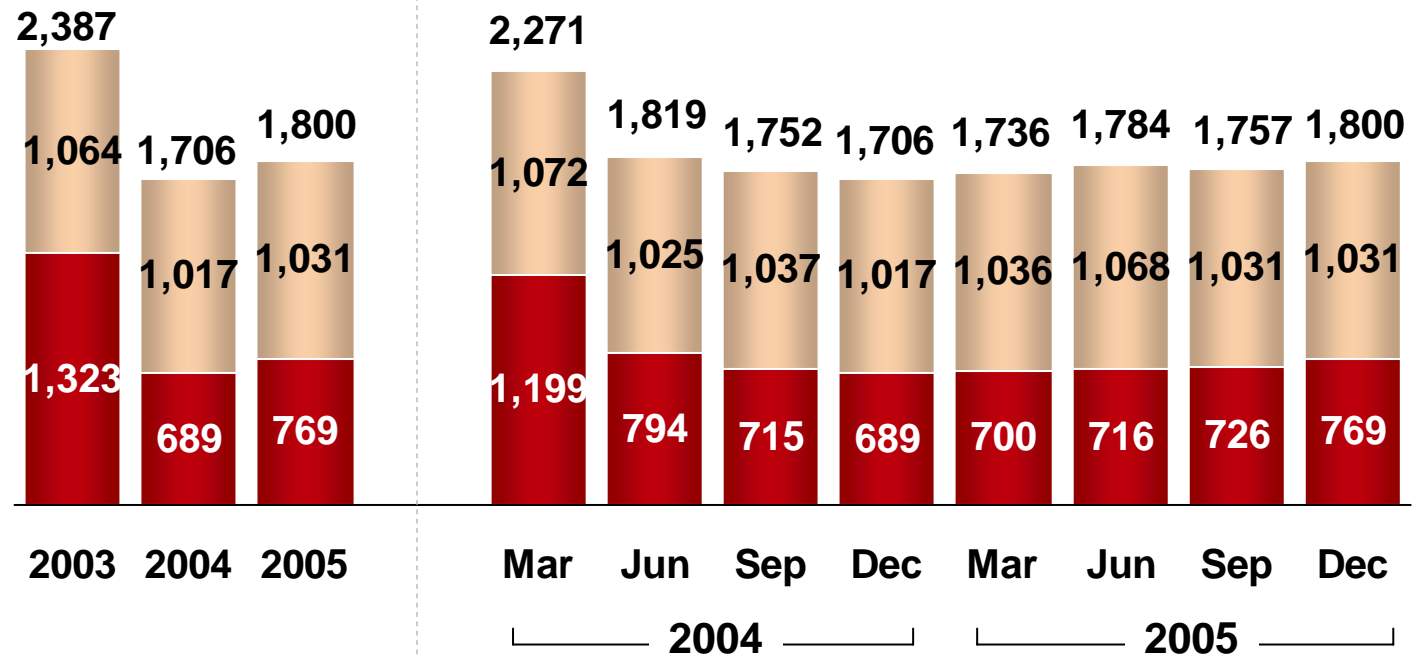
(S\$m)

	2005	2004
<u>Add charges for</u>		
New NPLs	223	217
Existing NPLs	169	179
	392	396
<u>Subtract charges for</u>		
Upgrading	7	24
Settlements	154	245
Recoveries	35	34
	196	303
Total SP charges	196	93

Provision coverage maintained at 97%

(S\$m)

GP
SP



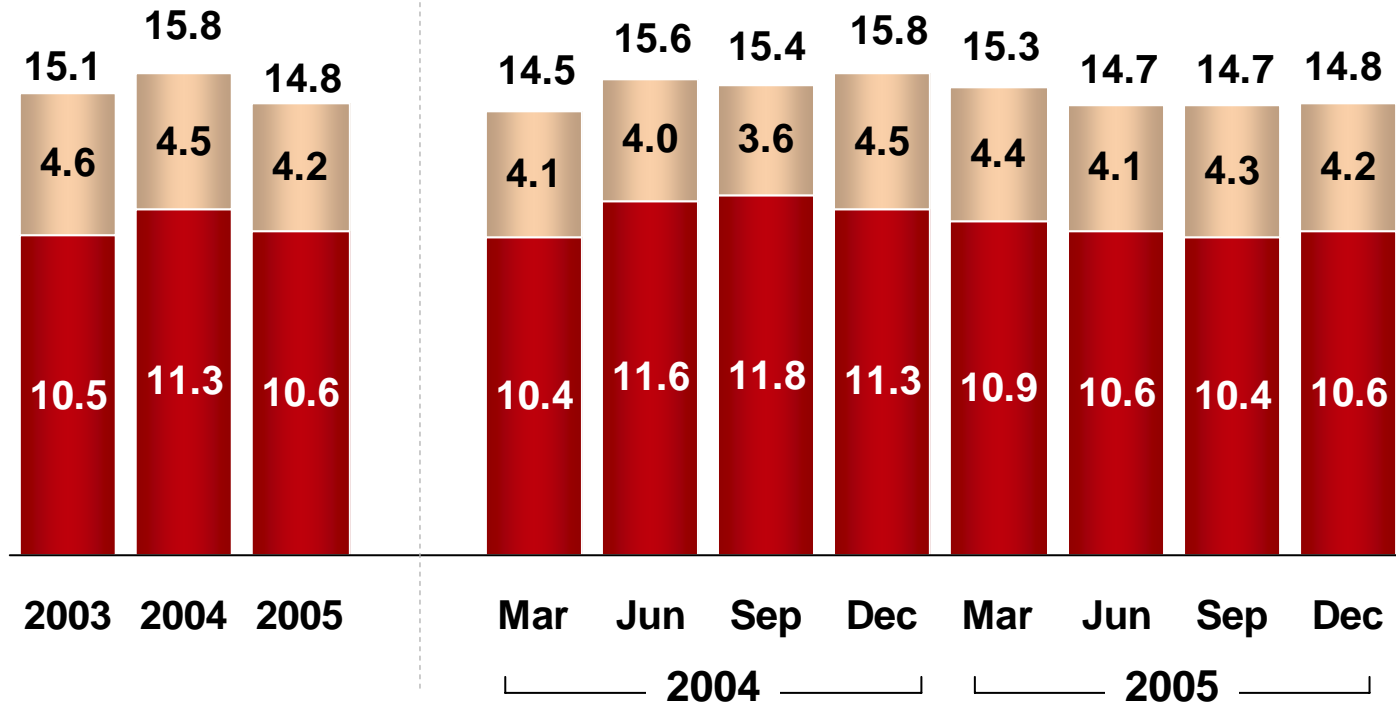
Coverage ratios (%)

SP+GP / Unsec NPAs	124	187	198	132	156	183	187	202	201	207	198
SP+GP / NPAs	63	89	97	68	83	91	89	90	94	97	97

CAR unchanged on quarter, lower on year as RWA expands

(%)

Tier-2
Tier-1



(S\$bn)

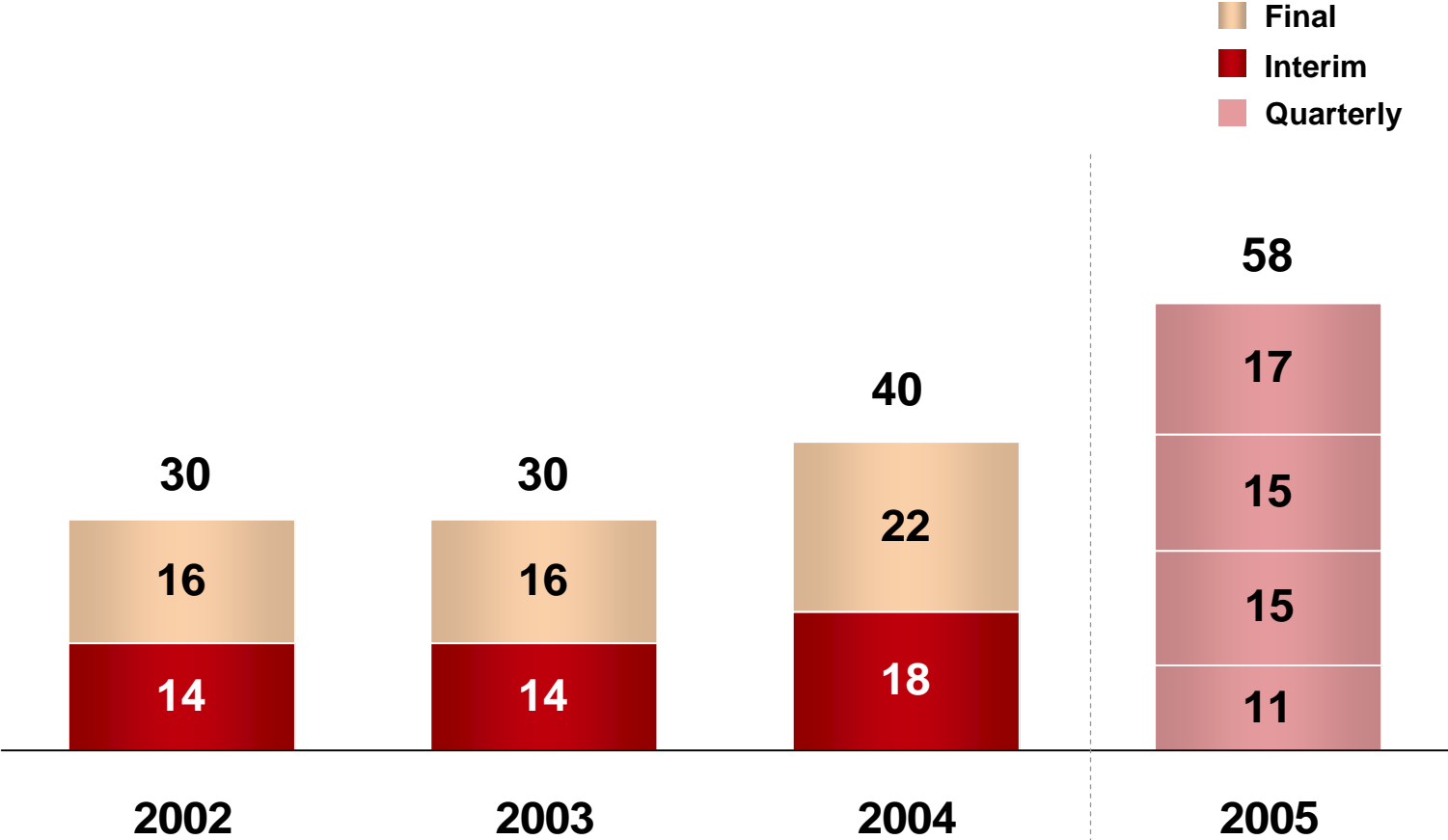
Tier-1 capital	9.6	11.8	13.1	10.2	11.2	11.5	11.8	11.8	12.2	12.6	13.1
RWA	92.1	104.0	123.8	97.8	96.6	97.5	104.0	108.8	114.8	121.2	123.8

2005 capital ratios based on MAS framework. Earlier periods based on BIS guidelines



4Q dividend rate of 17 cents raises full-year payout by 45% to 58 cents

(S¢)



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