

Sustained growth, better returns

DBS Group Holdings 2Q 2006 financial results

July 28, 2006

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Second quarter net profit up 16%, first half up 26%

(S\$ million)	2Q 2006	2Q 2005	1Q 2006
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2Q 06 Net profit	549	473	518
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(S\$ million)	1H 2006	1H 2005
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1H 06 Net profit	1,067	846
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Return on equity	12.6%	10.1%
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Return on assets	1.15%	0.94%
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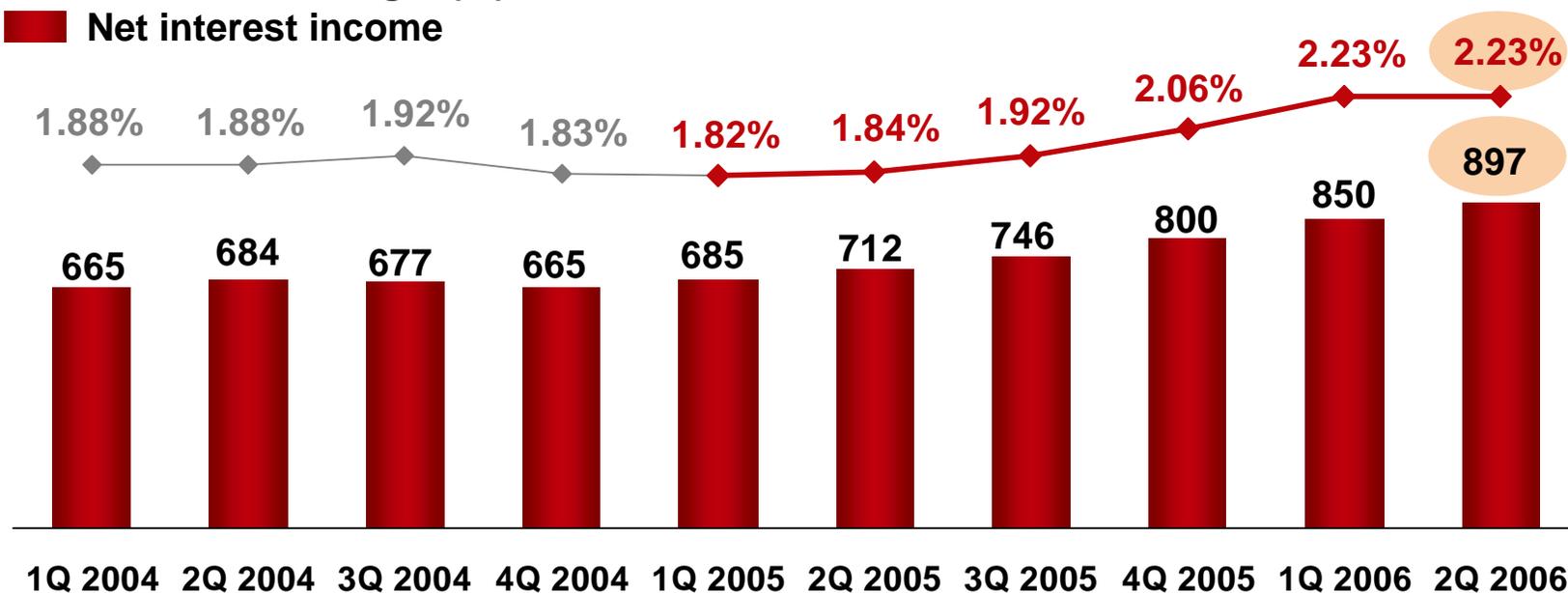
Sustained growth: DBS customer franchise benefited from higher rates, captured market opportunities

- Net interest income rose six consecutive quarters to \$897 million, a new record
- Net interest margin at 2.23%, sustained first quarter

(S\$ million)

—◆— Net interest margin (%)

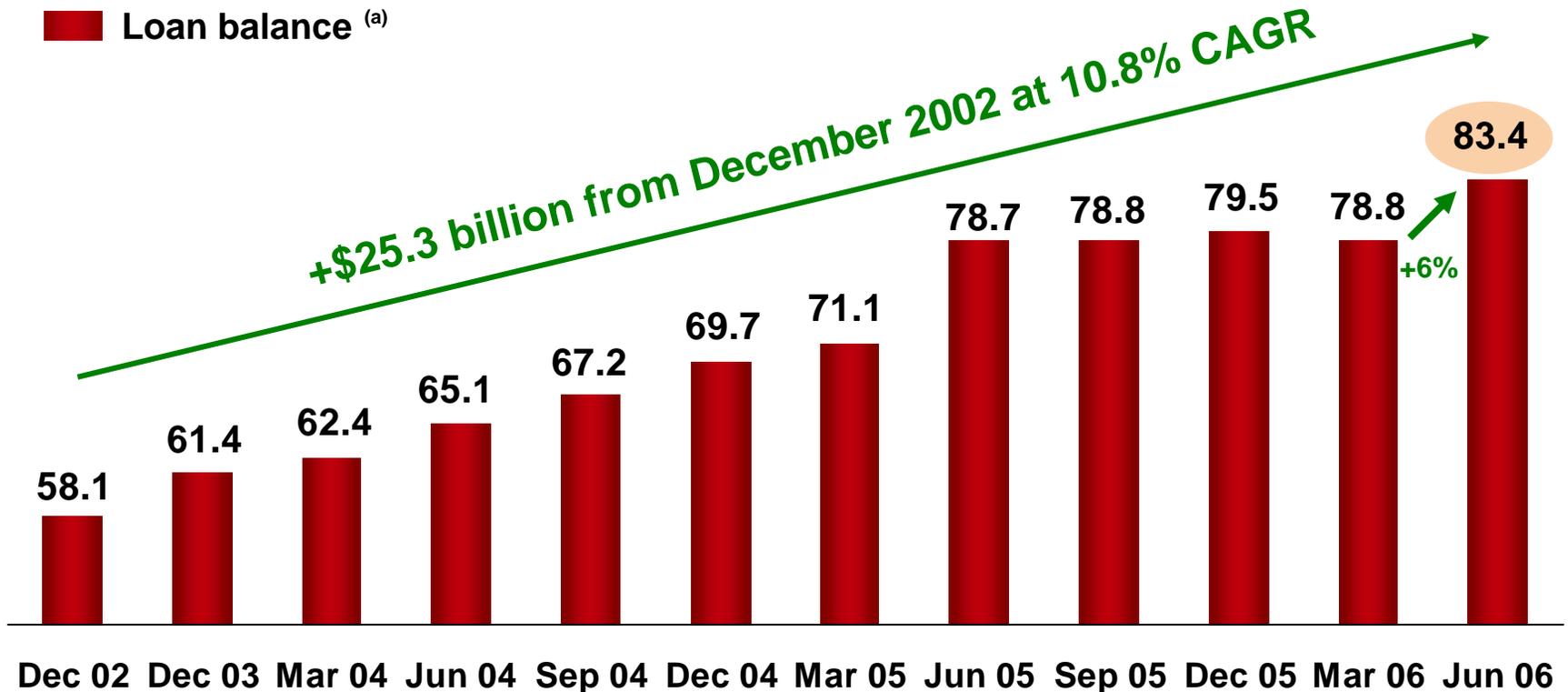
■ Net interest income



Sustained growth: DBS customer loans grew \$25 billion, or at 10.8% annually, since December 2002

(S\$ billion)

■ Loan balance ^(a)



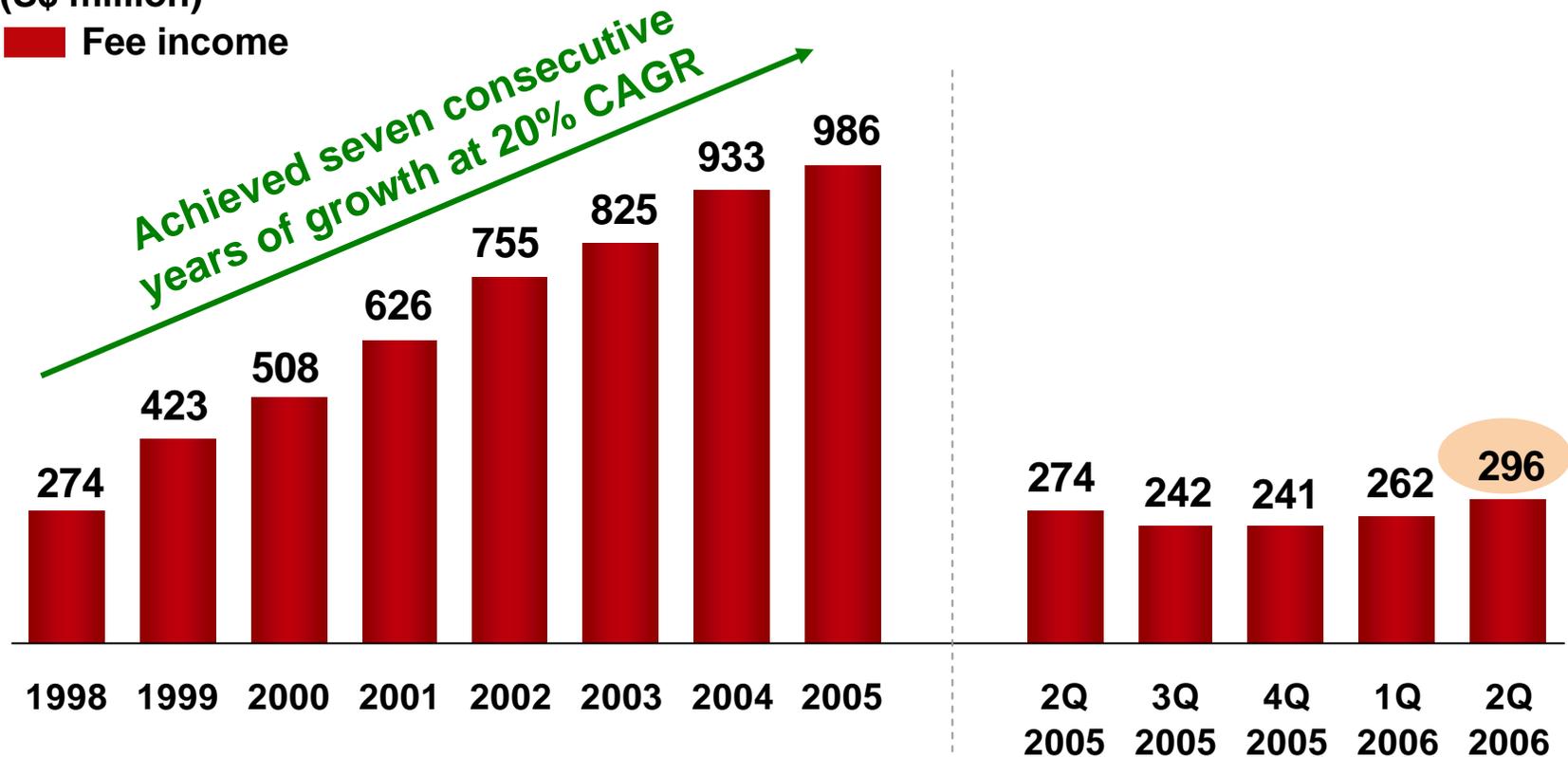
(a) Loan balance excludes DBS Thai Danu Bank's loans (deconsolidated in June 2004)

Sustained growth: fee income at new quarterly record

- Fee income: \$296 million, a record high

(S\$ million)

■ Fee income

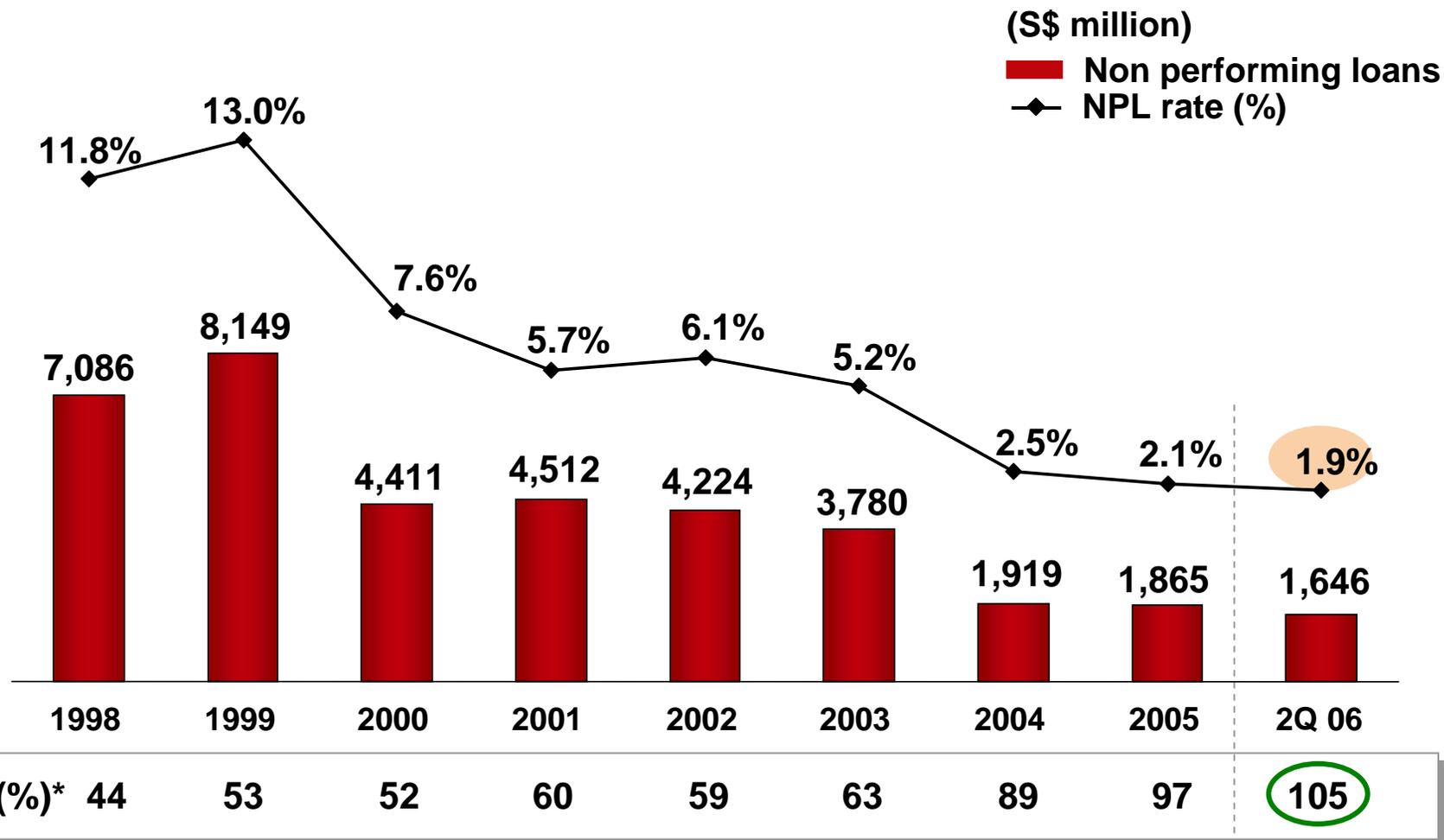


DBS' customer franchise capturing market opportunities

	<u>2Q 2006 Operating profit</u>	<u>YoY % change</u>
▪ Customer franchise		
Consumer	\$311 million	↑ 58%
SME	\$149 million	↑ 80%
Corporate and Investment Banking	\$165 million	↑ 27%
Total	\$625 million	↑ 52%

Operating profit is operating income excluding one-time gains less operating expenses and provisions

Asset quality, one of the best among Asian banks; 105% provision coverage



* Provision coverage ratio (%)

Dividend policy: paying progressively rising, sustainable dividends

- **Second-quarter dividend of 17 cents per share**
- **Total dividends declared for first half 2006 of 34 cents per share, 31% higher than 26 cents paid in first half 2005**

Customer franchise across Asia produced another quarter of growth, better returns to shareholders

- **Recorded new highs in net interest income, fees in highly competitive markets**
- **Dogged commitment over many quarters to grow loan book, change business mix, strengthen asset quality**

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Sustained growth, better returns

- Operating trends maintained**
- Better performance in Hong Kong**
- Balance sheet remains strong**

Operating income and operating profit up on record interest and fee incomes

(S\$m)

	2Q 2006	YoY %	QoQ %
Net interest income	897	26	6
Fee income	296	8	13
Trading income	105	12	(3)
Other income	56	6	12
Non-interest income	457	9	9
Operating income	1,354	20	7
Staff costs	321	27	7
Other expenses	273	18	3
Operating expenses	594	23	5
Operating profit	760	17	8
Provisions	62	(23)	100
Net profit	549	16	6

Excluding one-time gains

First-half operating profit up 22% on year

(S\$m)	1H 2006	YoY %	HoH %
Net interest income	1,747	25	13
Fee income	558	11	16
Trading income	213	21	nm
Other income	106	12	(32)
Non-interest income	877	13	41
Operating income	2,624	21	21
Staff costs	621	20	16
Other expenses	537	19	3
Operating expenses	1,158	19	10
Operating profit	1,466	22	32
Provisions	93	(35)	58
Net profit	1,067	26	33

Excluding one-time gains

Key second-quarter and first-half ratios improve

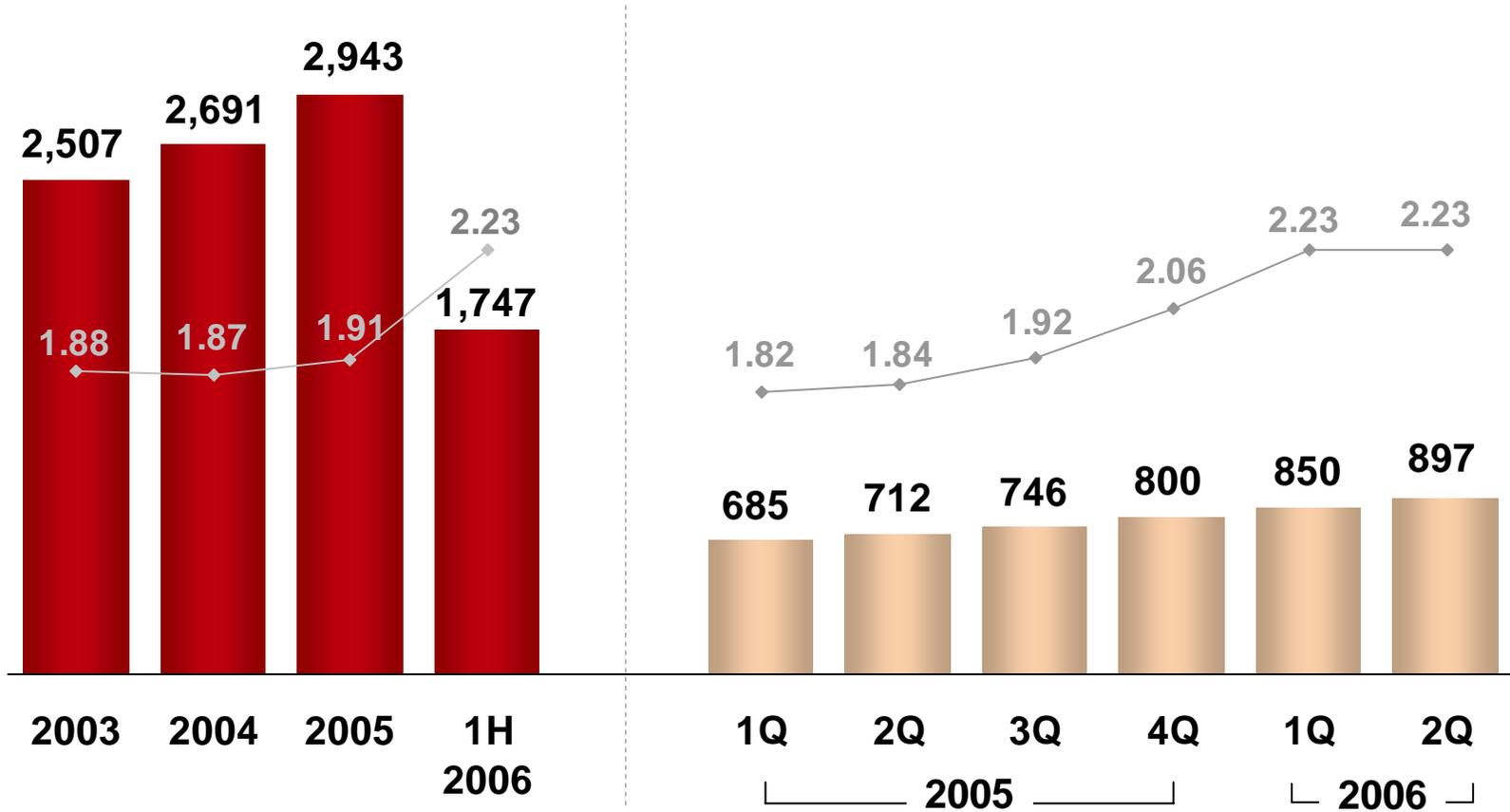
(%)	2Q 2006	1Q 2006	2Q 2005	1H 2006	2H 2005	1H 2005
Net interest margin	2.23	2.23	1.84	2.23	1.99	1.83
Fee income/total income	22	21	24	21	22	23
Non-interest income/total income	34	33	37	33	29	36
Cost/income	44	44	43	44	49	45
ROE	12.7	12.2	11.1	12.6	8.9	10.1
Loans/deposits	69	66	68	69	68	68
NPL ratio	1.9	2.1	2.2	1.9	2.1	2.2

Excluding one-time gains

Interest income at quarterly record

(S\$m)

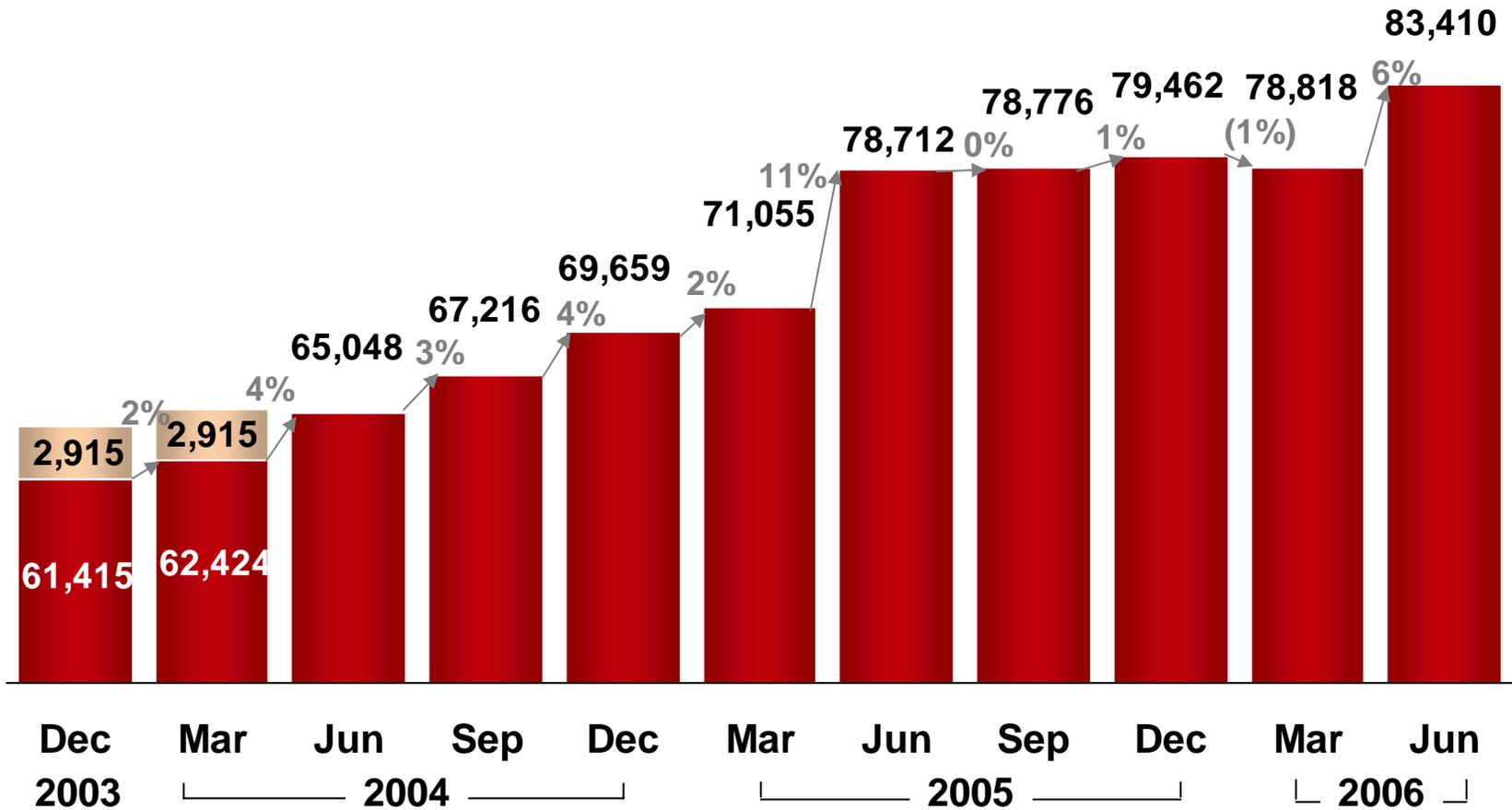
—◆— Net interest margin (%)



Loans expand 6% on year

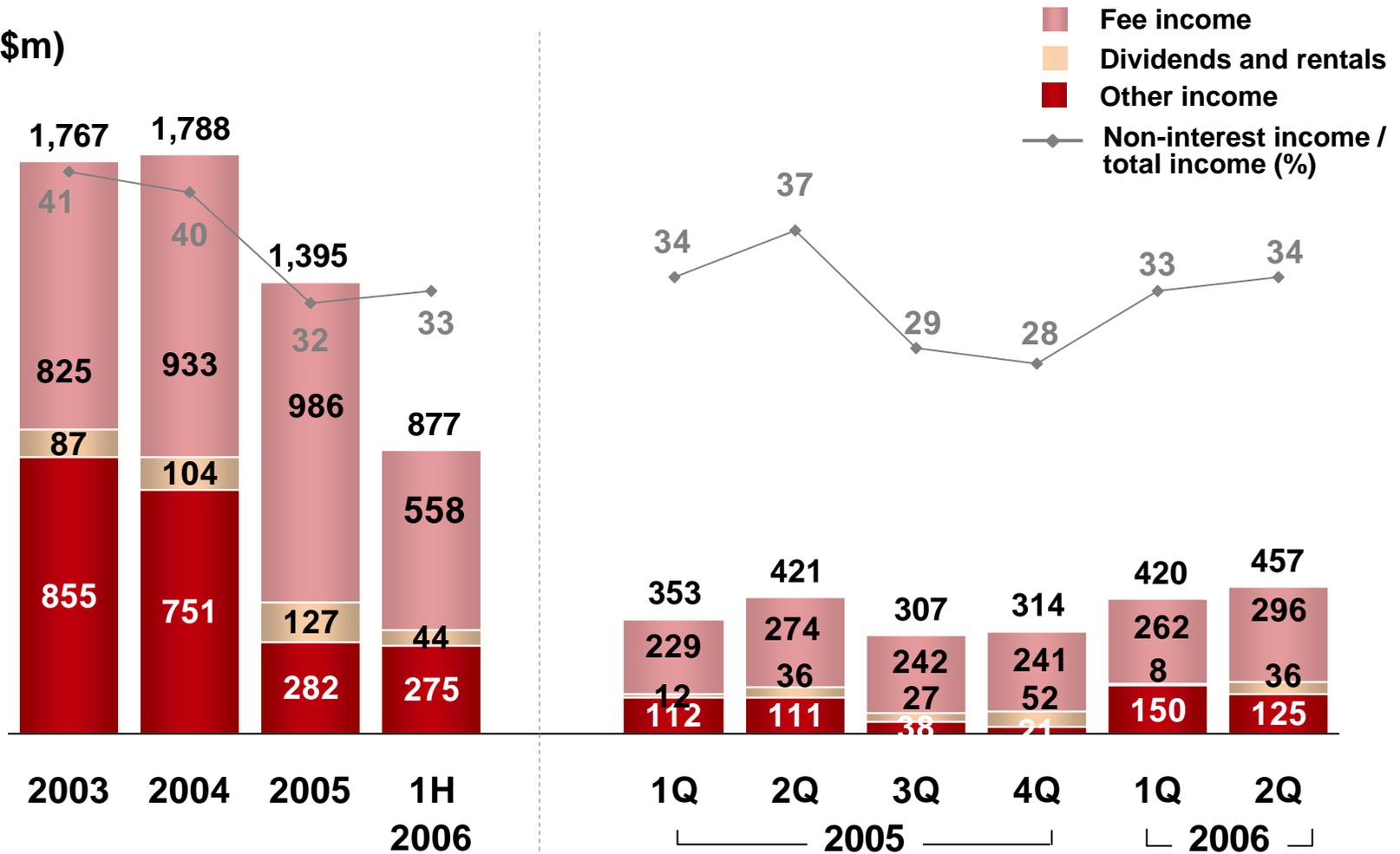
(S\$m)

DTDB loans



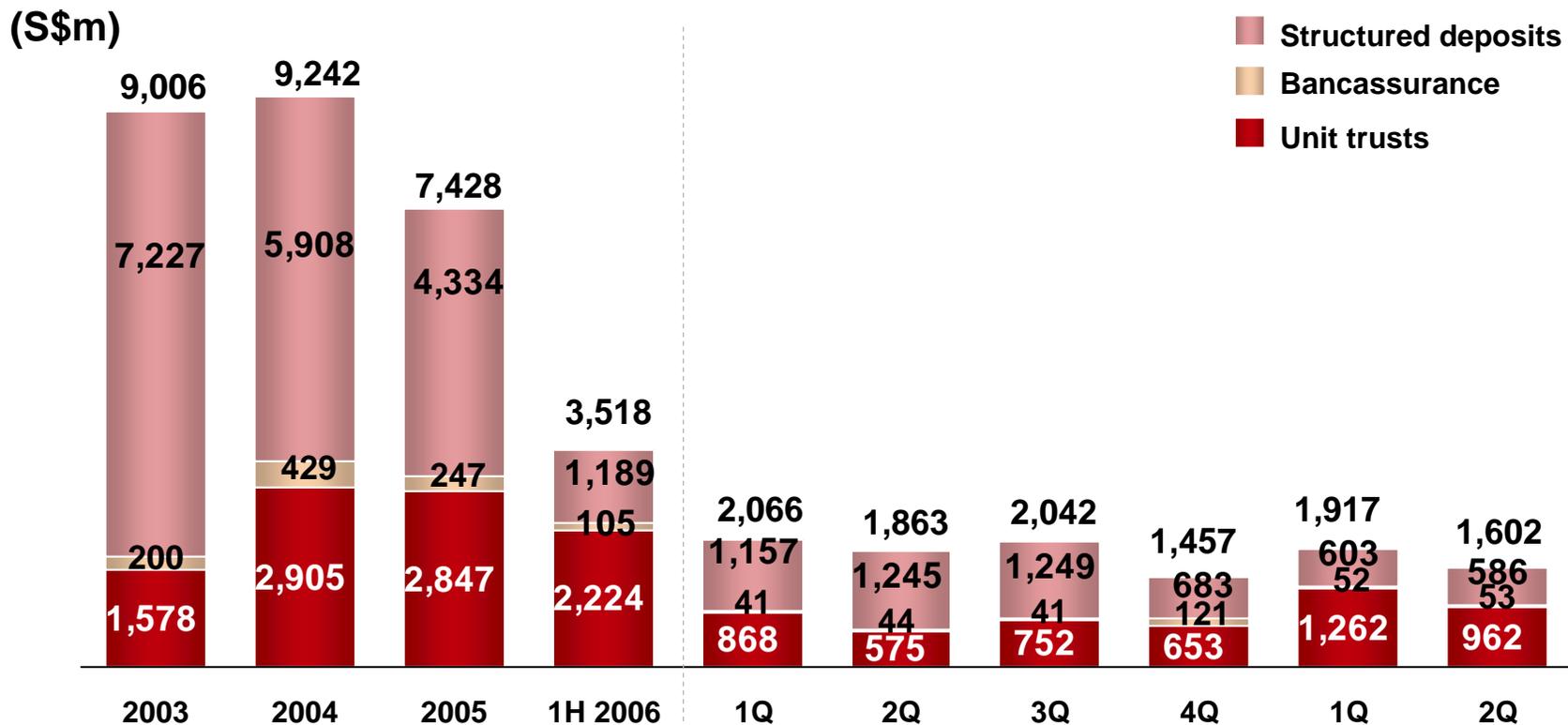
Fee income up 8% on year from growth in wide range of activities

(S\$m)



Excluding one-time gains

Wealth management sales lower on quarter



Sales (all products)

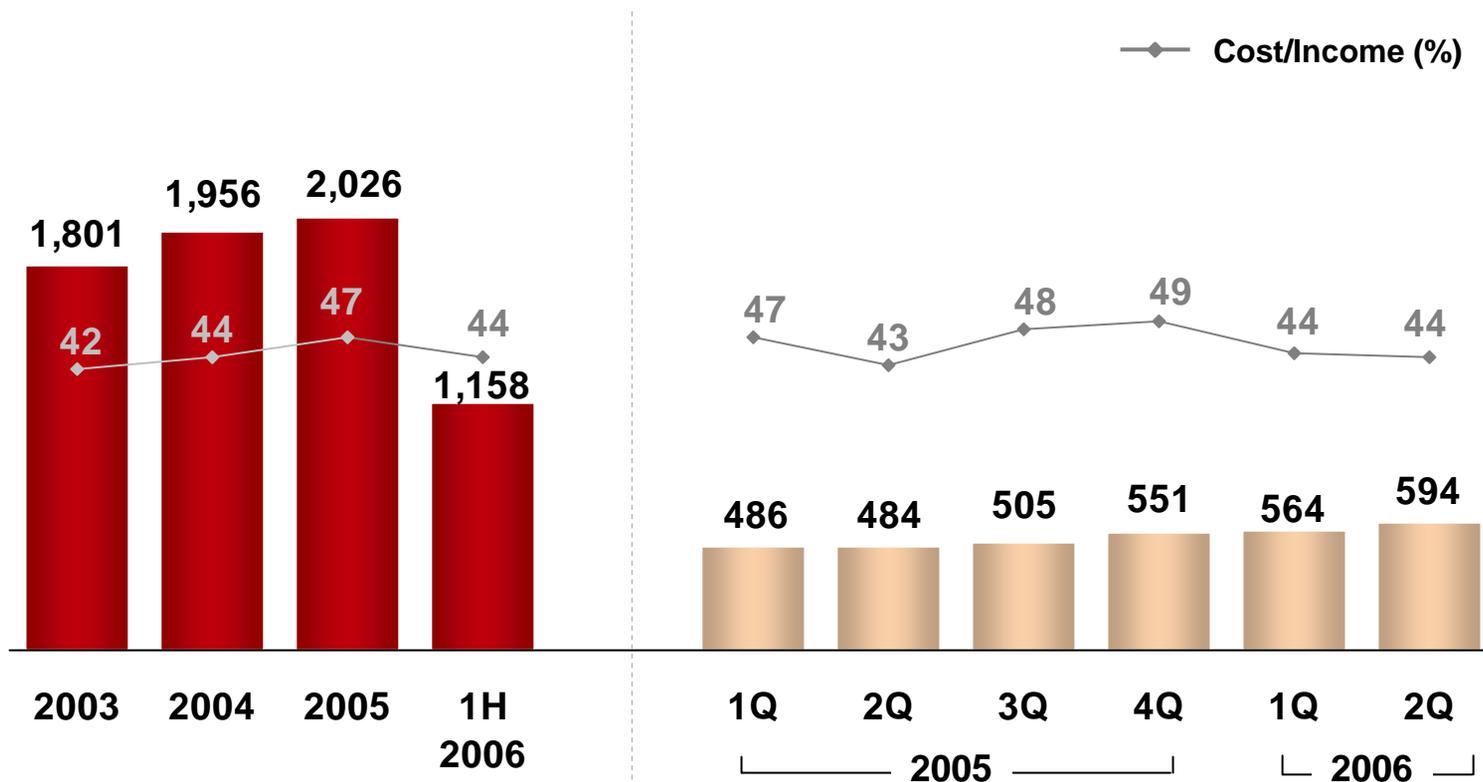
	2003	2004	2005	1H 2006	2005 1Q	2005 2Q	2005 3Q	2005 4Q	2006 1Q	2006 2Q
S'pore	4,162	3,874	3,560	1,889	963	794	1,128	675	1,031	858
HK	4,844	5,368	3,868	1,629	1,103	1,069	914	782	886	743

Fees (unit trusts and bancassurance only)

	2003	2004	2005	1H 2006	2005 1Q	2005 2Q	2005 3Q	2005 4Q	2006 1Q	2006 2Q
S'pore + HK	90	119	140	80	35	38	33	34	42	38

Cost-income ratio maintained at 44%

(S\$m)



Headcount	12,144	11,454	12,728	12,453	11,649	12,090	12,562	12,728	12,673	12,453
Staff costs (S\$m)	876	993	1,052	621	265	253	255	279	300	321

Excluding one-time gains

Sustained growth, better returns

- ❑ Operating trends maintained
- ❑ Better performance in Hong Kong
- ❑ Balance sheet remains strong

Hong Kong's operating profit up 45% on year

(S\$m)	2Q 2006	YoY %	QoQ %
Net interest income	286	30	3
Non-interest income	87	9	(3)
Operating income	373	24	1
Operating expenses	164	5	1
Operating profit	209	45	1
Provisions	25	>100	32
Net profit after tax	151	28	(3)

Figures for Hong Kong geographical basis and converted to S\$ using monthly closing rates.
Based on Singapore GAAP. Excluding one-time gains

Hong Kong's first-half operating profit up 41% on year

(S\$m)

	1H 2006	YoY %	HoH %
Net interest income	564	33	8
Non-interest income	177	(1)	22
Operating income	741	23	11
Operating expenses	326	6	(7)
Operating profit	415	41	31
Provisions	44	>100	38
Net profit after tax	307	28	27

Figures for Hong Kong geographical basis and converted to S\$ using monthly closing rates.
Based on Singapore GAAP. Excluding one-time gains

Hong Kong's key ratios improve on year

(%)	2Q 2006	1Q 2006	2Q 2005	1H 2006	2H 2005	1H 2005
Net interest margin	2.56	2.64	2.05	2.58	2.34	2.02
Non-interest income/total income	23	24	27	24	21	29
Cost/income	44	44	52	44	52	51
ROA	1.23	1.34	0.99	1.28	0.98	1.03
Loans/deposits	76	77	79	76	78	79

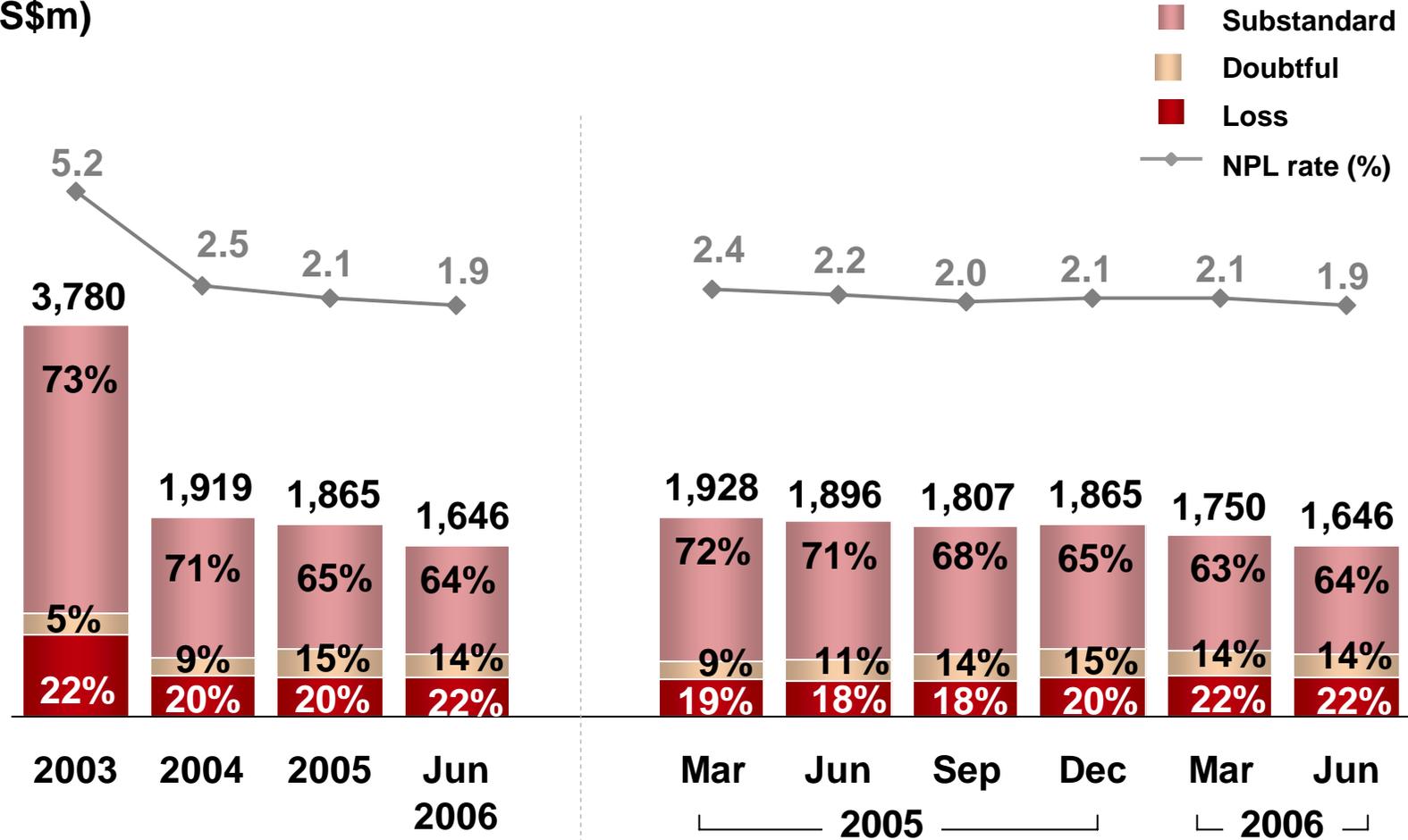
Excluding one-time gains

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NPL rate improves to 1.9%

(S\$m)



Non-performing assets decline as recoveries exceed additions

(S\$m)

	2Q 2006	1Q 2006	2Q 2005
NPAs at start of period	1,750	1,865	1,928
New NPAs	132	170	224
Net recoveries of existing NPAs	(163)	(210)	(194)
Write-offs	(73)	(75)	(62)
NPAs at end of period	1,646	1,750	1,896

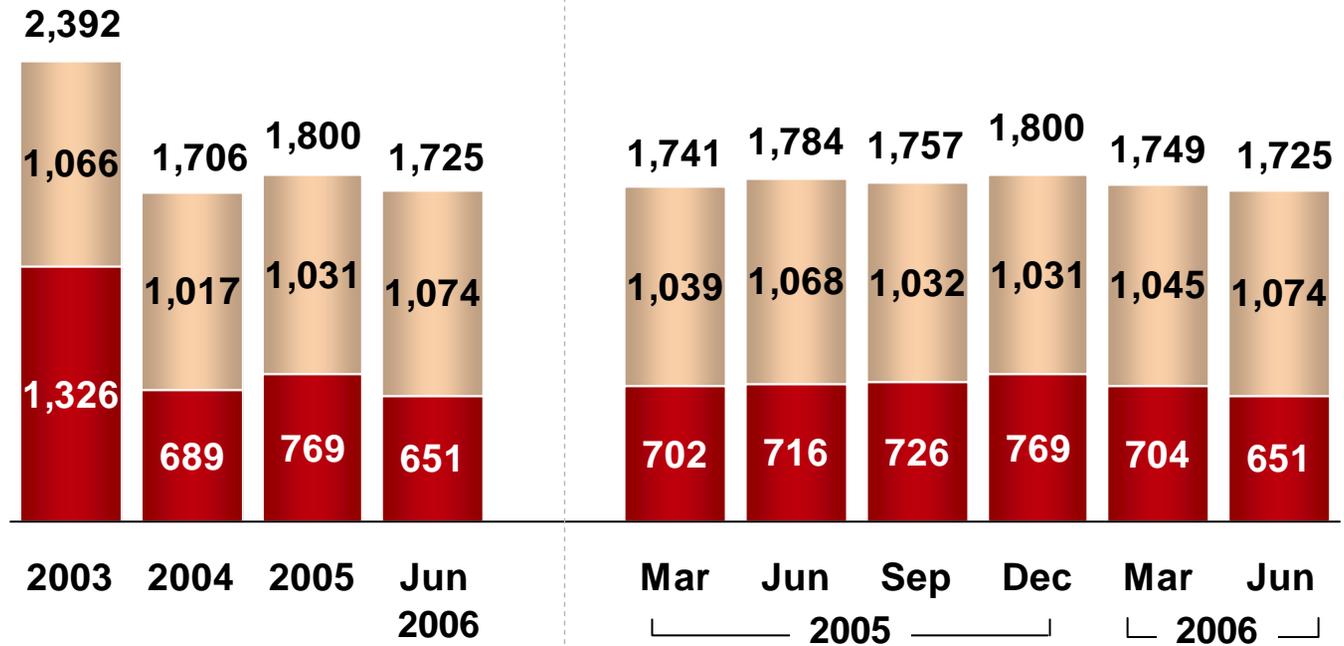
Specific provision charges fall

(S\$m)	2Q 2006	1Q 2006	2Q 2005
<u>Add charges for</u>			
New NPLs	34	39	46
Existing NPLs	25	33	53
	59	72	99
<u>Subtract charges for</u>			
Upgrading	2	3	4
Settlements	19	22	39
Recoveries	5	7	5
	26	32	48
Total SP charges	33	40	51

Provision coverage rises to 105%

(S\$m)

GP
SP



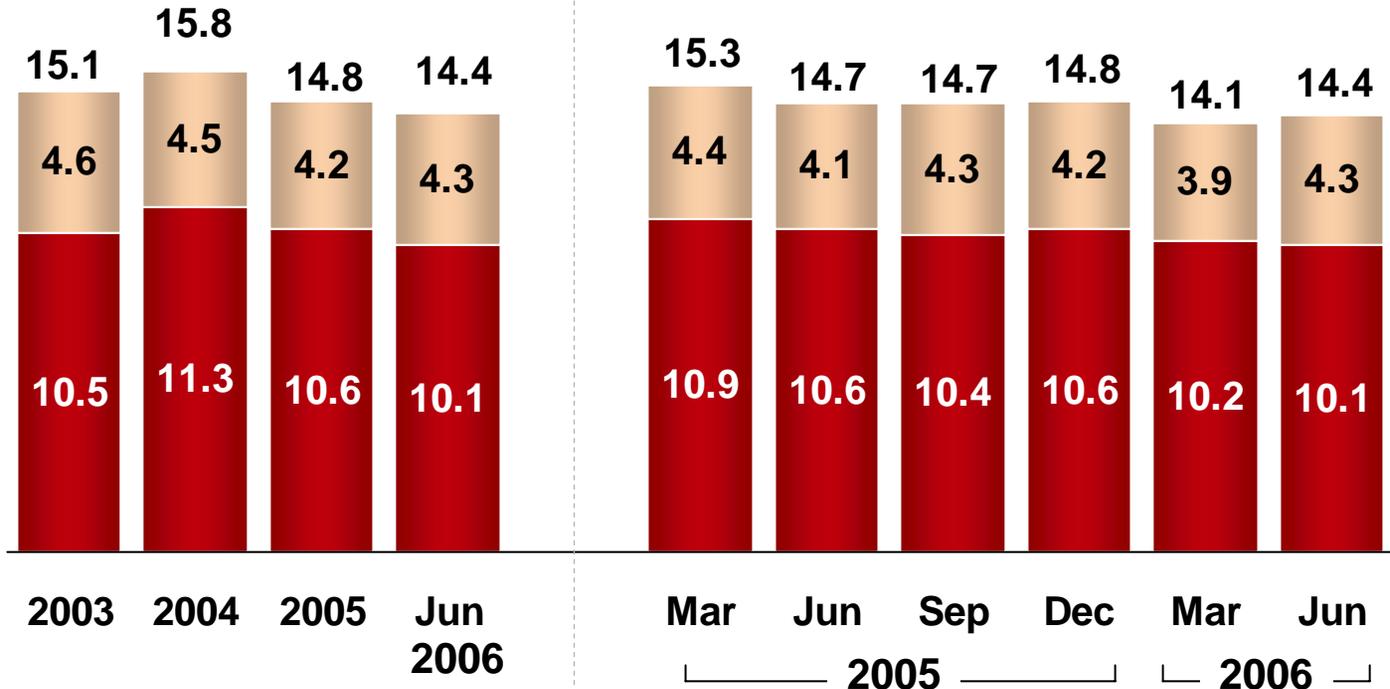
Coverage ratios (%)

SP+GP / Unsec NPAs	124	187	198	234	202	201	207	198	218	234
SP+GP / NPAs	63	89	97	105	90	94	97	97	100	105

CAR rises marginally on quarter from new tier-2 issue

(%)

Tier-2
Tier-1



(S\$bn)

	2003	2004	2005	Jun 2006	Mar 2005	Jun 2005	Sep 2005	Dec 2005	Mar 2006	Jun 2006
Tier-1 capital	9.6	11.8	13.1	13.8	11.8	12.2	12.6	13.1	13.5	13.8
RWA	92.1	104.0	123.8	137.4	108.8	114.8	121.2	123.8	131.8	137.4

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