

# Franchise delivering higher returns

**DBS Group Holdings full-year 2006 financial results**  
**February 15, 2007**

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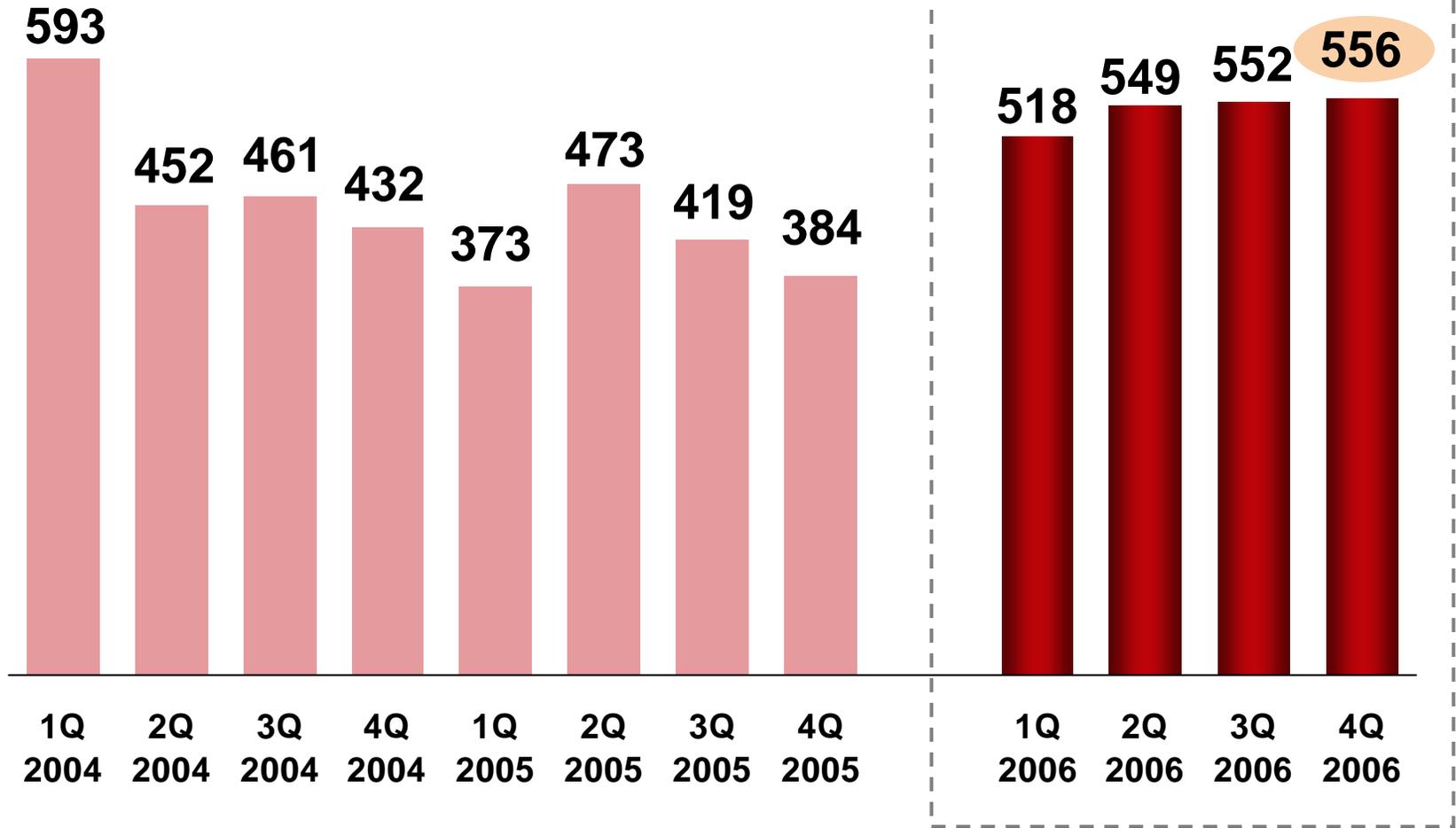
# Full-Year 2006 net profit up 32%, highest group net profit in DBS' 38-year history

<b>(S\$ billion)</b>	<b>FY 2006</b>	<b>FY 2005</b>
<b>Net profit</b>	<b>2.175</b>	<b>1.649</b>
<b>Return on equity</b>	<b>12.3%</b>	<b>9.7%</b>
<b>Return on assets</b>	<b>1.15%</b>	<b>0.93%</b>

Excludes one-off gains and goodwill charge

# Consistent, sustained quarterly earnings throughout 2006

(S\$ million) (a)



(a) Net profit excludes one-off gains, goodwill charge

# We broke records in several areas

**Net interest  
income  
\$3.591 billion**

**3-Year CAGR: 14%**

**Eight consecutive quarters of growth**

**4Q 2004  
\$665 million**



**4Q 2006  
\$932 million**

# We broke records in several areas

Net interest  
income  
\$3.591 billion

**Customer loans  
\$86.6 billion**

**4-Year CAGR: 10.5%**

**Loans grew 50% over four years**

December  
2002  
\$58.1 billion



December  
2006  
\$86.6 billion

# We broke records in several areas

Net interest  
income  
\$3.591 billion

Customer loans  
\$86.6 billion

**Net interest  
margin  
2.20%**

**Surpassed previous high  
of 2.10% in 2002**

# We broke records in several areas

Net interest  
income  
\$3.591 billion

Customer loans  
\$86.6 billion

Net interest margin  
2.20%

**Fee income**  
**\$1.155 billion**

**8-Year CAGR: 20%**

1998  
\$274 million

More than four times  
amount earned in 1998



2006  
\$1,155 million

## **Dividend policy: paying progressively rising, sustainable dividends**

- **Fourth-quarter and final dividend of 20 cents per share**
- **Total dividends declared for Full-Year 2006 of 71 cents per share, 22% higher than 58 cents paid for Full-Year 2005**
- **In addition, special dividend of 5 cents per share**

- **Extend, deepen customer franchise in Singapore, Hong Kong and throughout Asia**
- **Broad-based, disciplined results encouraging sign of DBS' competitiveness in the region**
- **Set new records in net interest income, net interest margins, fee income**
- **Highest group net profit in DBS' 38-year history**



**Strong results brought better returns to shareholders; point to sustainable growth as an Asia-banking specialist**

# Franchise delivering higher returns

**DBS Group Holdings 4Q 2006, full year 2006 financial results**  
**February 15, 2007**

# Franchise delivering higher returns

- Operating trends sustained**
- Improved performance in Hong Kong**
- Balance sheet remains strong**

# 4Q profit before allowances up 37% on year and 5% on quarter

(S\$m)

	4Q 2006	YoY %	QoQ %
<b>Net interest income</b>	<b>932</b>	<b>17</b>	<b>2</b>
Fee income	304	26	4
Trading income	29	>100	(62)
Other income	135	88	>100
<b>Non-interest income</b>	<b>468</b>	<b>49</b>	<b>15</b>
<b>Income</b>	<b>1,400</b>	<b>26</b>	<b>6</b>
Staff expenses	306	10	(3)
Other expenses	321	18	20
<b>Expenses</b>	<b>627</b>	<b>14</b>	<b>7</b>
<b>Profit before allowances</b>	<b>773</b>	<b>37</b>	<b>5</b>
<b>Allowances for credit &amp; other losses</b>	<b>1</b>	<b>(98)</b>	<b>(98)</b>
<b>Net profit</b>	<b>556</b>	<b>45</b>	<b>1</b>

Excluding one-time gains

# Full-year net profit up 32%

(S\$m)

	2006	YoY %
<b>Net interest income</b>	<b>3,591</b>	<b>22</b>
Fee income	1,155	17
Trading income	330	59
Other income	268	33
<b>Non-interest income</b>	<b>1,753</b>	<b>26</b>
<b>Income</b>	<b>5,344</b>	<b>23</b>
Staff expenses	1,244	18
Other expenses	1,125	16
<b>Expenses</b>	<b>2,369</b>	<b>17</b>
<b>Profit before allowances</b>	<b>2,975</b>	<b>29</b>
<b>Allowances for credit &amp; other losses</b>	<b>135</b>	<b>(33)</b>
<b>Net profit</b>	<b>2,175</b>	<b>32</b>

Excluding one-time gains

# Key ratios improve on year

(%)

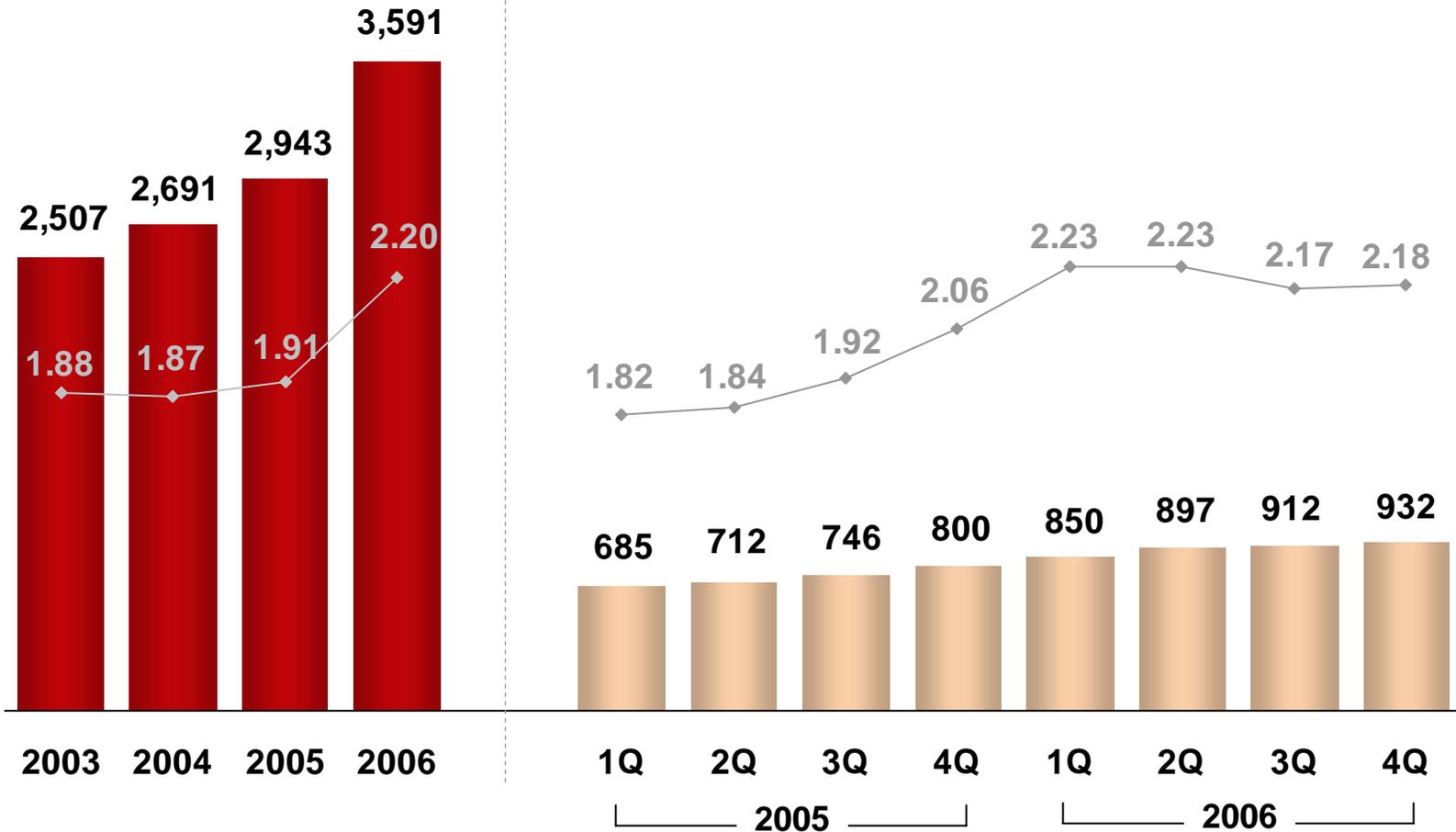
	4Q 2006	3Q 2006	4Q 2005	2006	2005
Net interest margin	2.18	2.17	2.06	2.20	1.91
Fee income/ total income	22	22	22	22	23
Non-interest / total income	33	31	28	33	32
Cost/income ratio	45	44	49	44	47
ROE	12.2	12.3	8.8	12.3	9.7
Loans/deposit	66	67	68	66	68
NPL ratio	1.7	1.8	2.1	1.7	2.1

Excluding one-time gains

# Interest income at annual and quarterly record

(S\$m)

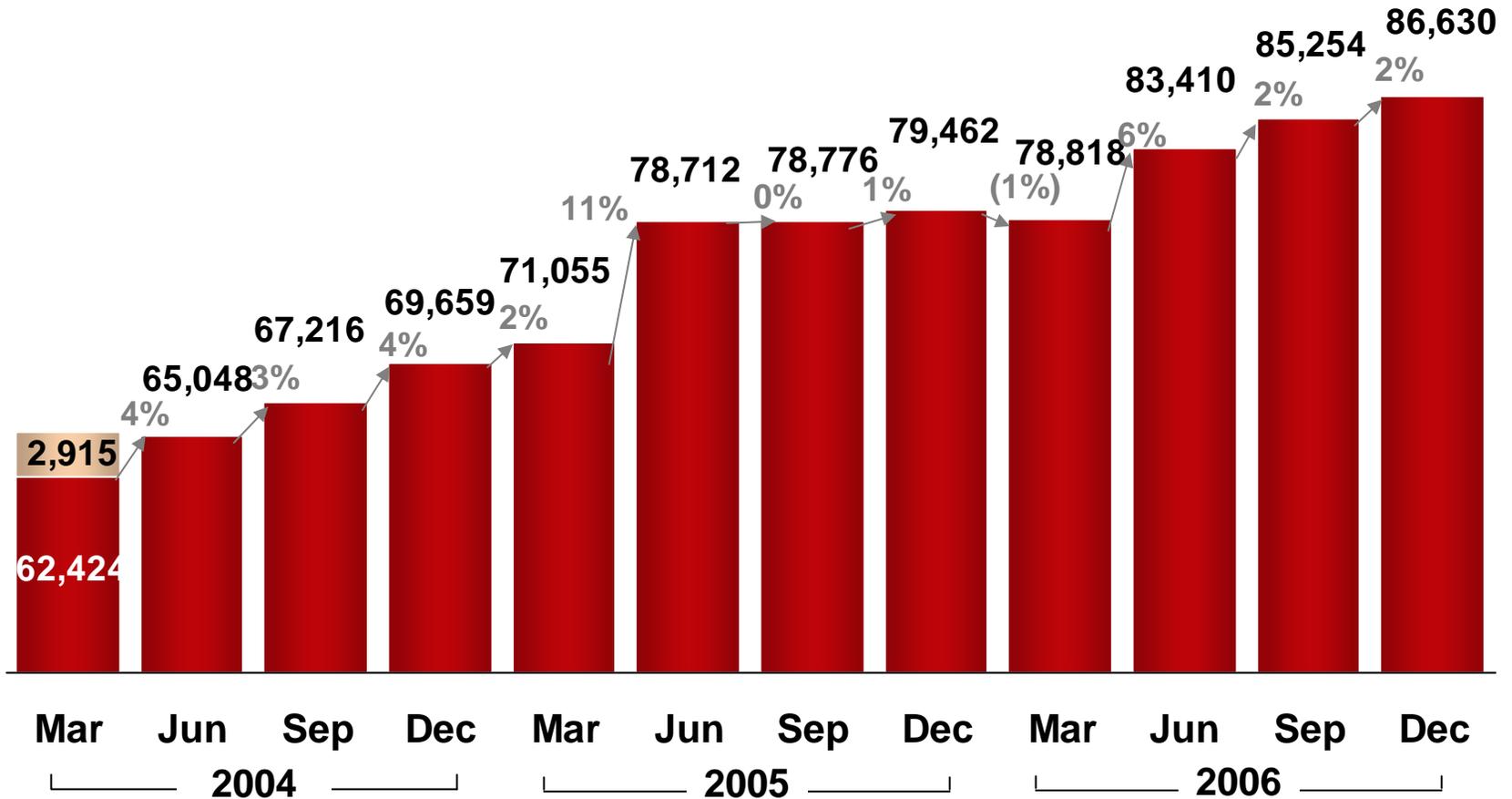
—◆— Net interest margin (%)



# Loans up 9% on year

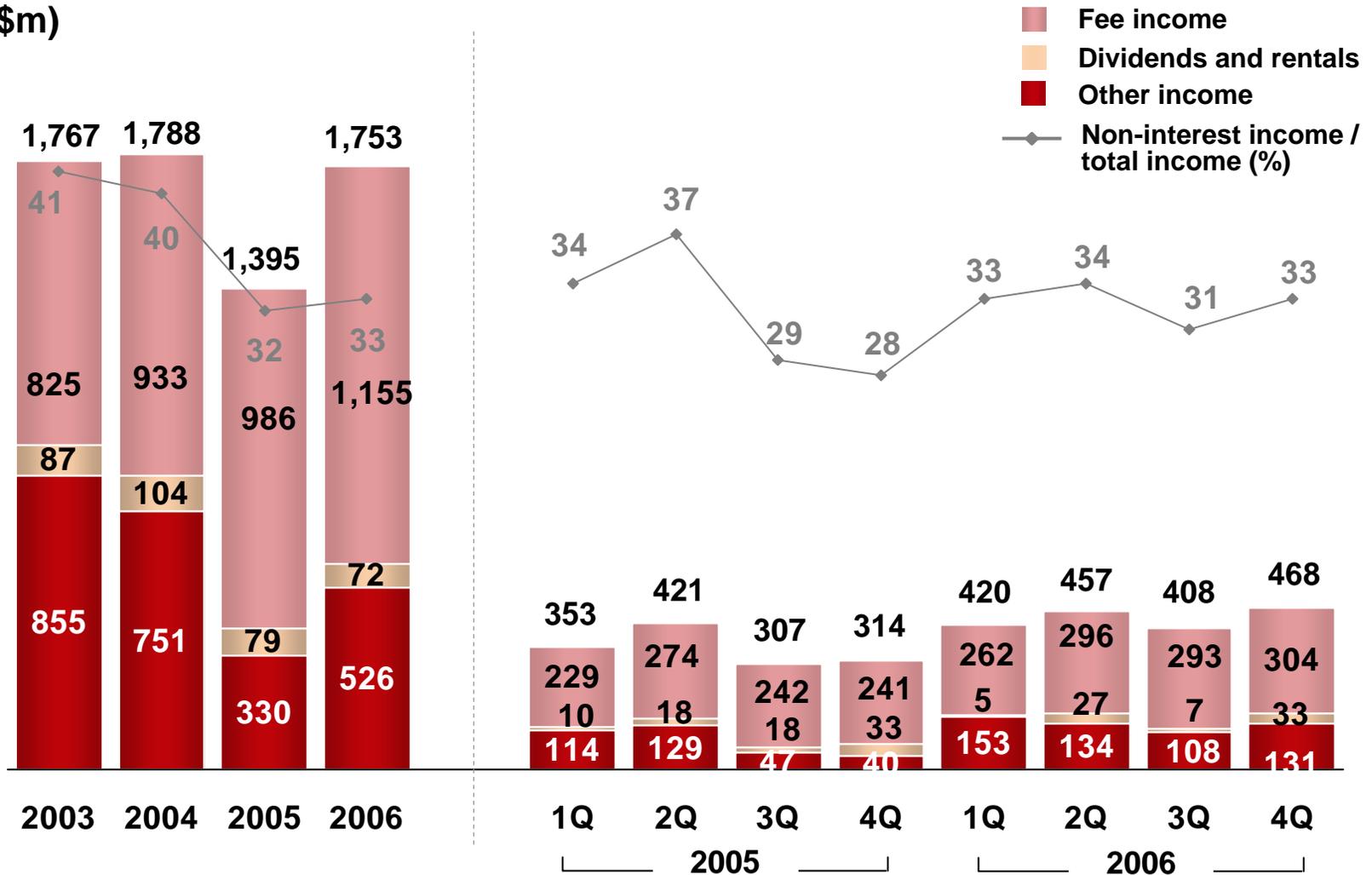
(S\$m)

DTDB loans



# Full-year fee income up 17% on broad-based growth

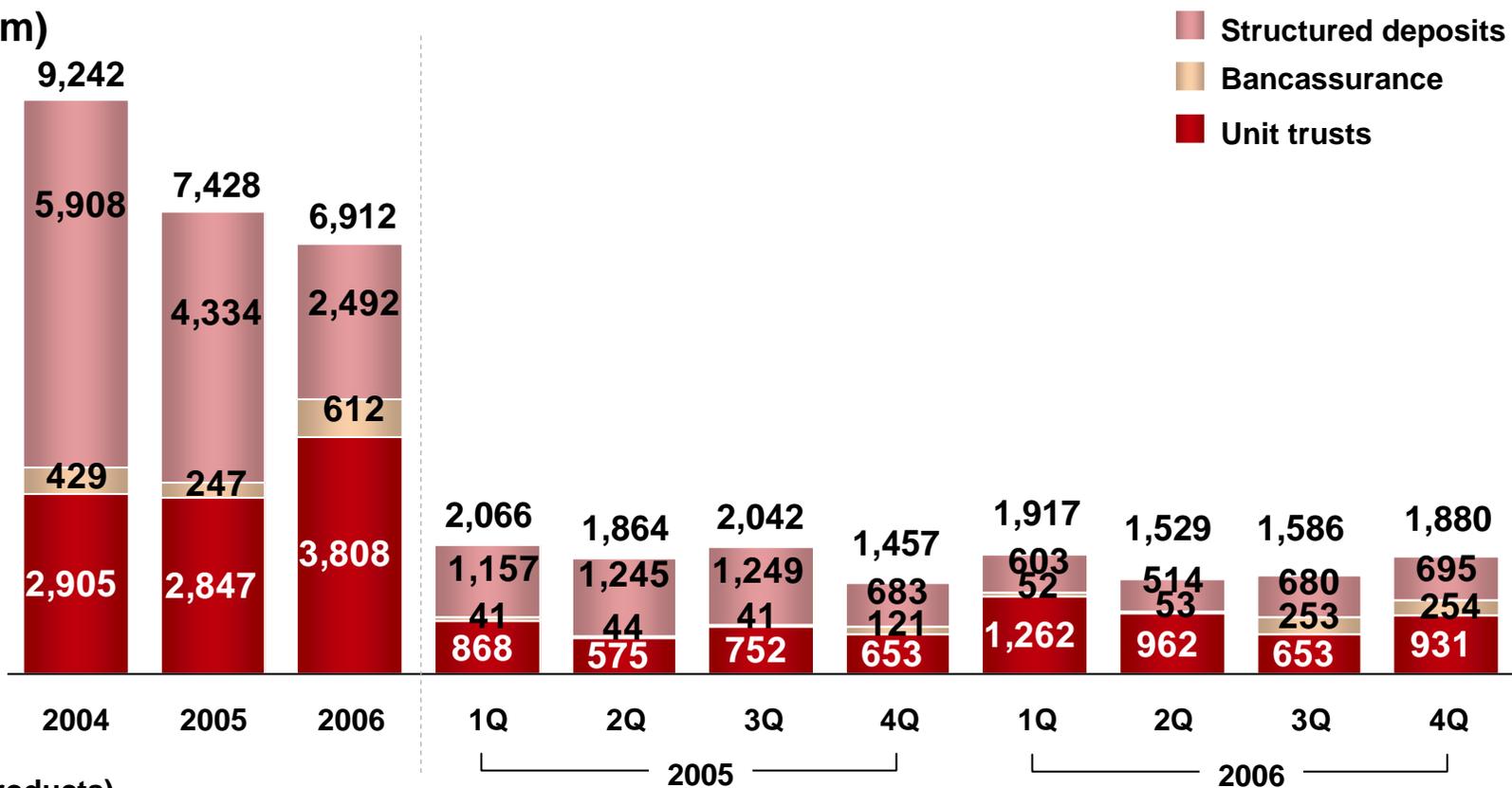
(S\$m)



Excluding one-time gains

# Wealth management fees improve on year as unit trust sales rise

(S\$m)



## Sales (all products)

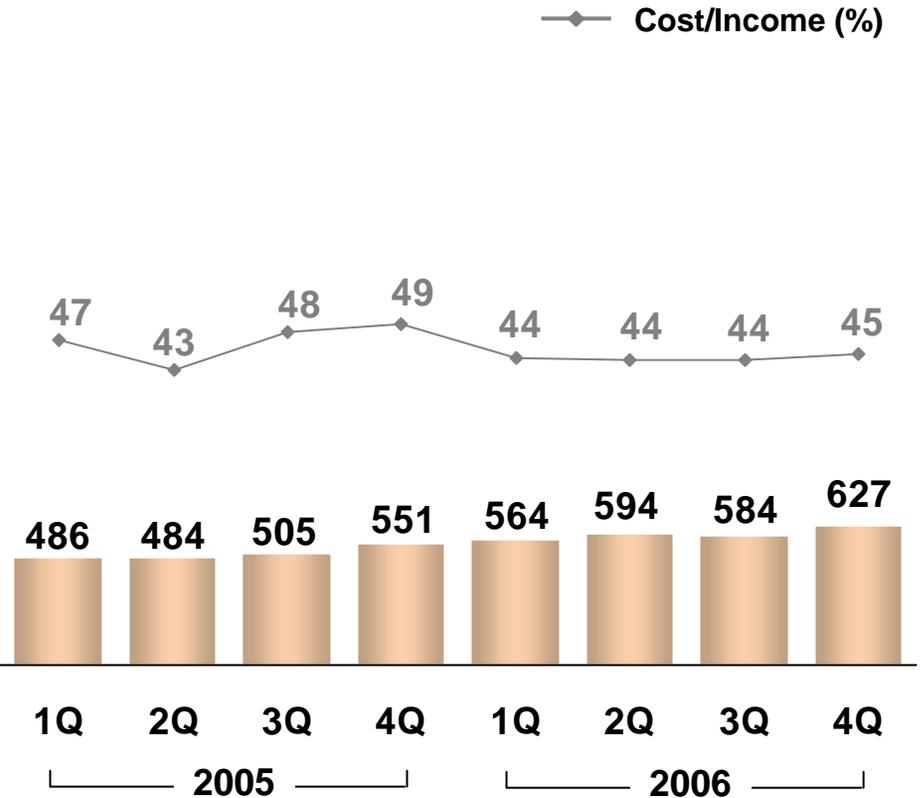
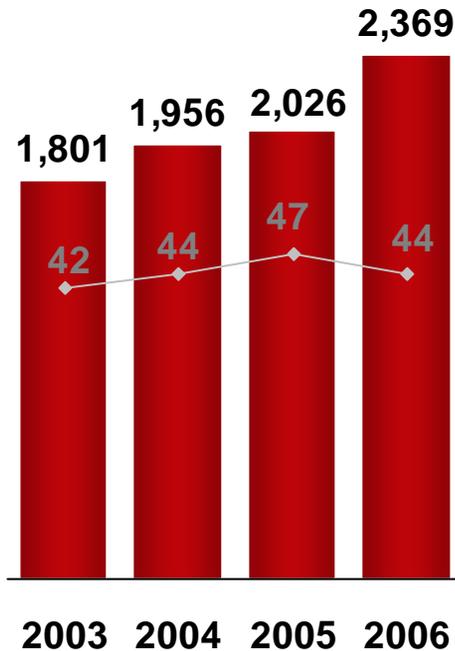
	2004	2005	2006	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
S'pore	3,874	3,560	3,476	963	794	1,128	675	1,031	786	718	942
HK	5,368	3,868	3,436	1,103	1,070	914	782	886	743	868	938

## Fees (unit trusts and bancassurance only)

	2004	2005	2006	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
S'pore + HK	119	129	170	32	35	30	32	42	38	53	37

# Full-year cost-income ratio at 44%

(S\$m)



Headcount	12,144	11,454	12,728	12,907
Staff expenses (S\$m)	876	993	1,052	1,244

11,649	12,090	12,562	12,728	12,673	12,453	12,670	12,907
265	253	255	279	300	321	317	306

Cost-income ratio excluding one-time gains

# All business units record strong growth in profit before allowances

(S\$m)	2006	YoY %
Consumer Banking	1,294	50
Enterprise Banking	728	42
Corporate and Investment Banking	801	30
Global Financial Markets	458	98

Profit before allowances is total income excluding one-time gains less expenses

# Franchise delivering higher returns

- ❑ Operating trends sustained
- ❑ Improved performance in Hong Kong
- ❑ Balance sheet remains strong

# Hong Kong's 4Q profit before allowances up 39% on year and 4% on quarter

(S\$m)

	4Q 2006	YoY %	QoQ %
Net interest income	290	5	0
Non-interest income	105	62	11
Income	395	16	2
Expenses	171	(4)	0
Profit before allowances	224	39	4
Allowances for credit & other losses	29	16	7
Net profit	163	39	4

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 full-year net profit up 30%

(S\$m)

	2006	YoY %
Net interest income	1,145	21
Non-interest income	377	18
Income	1,522	20
Expenses	668	2
Profit before allowances	854	39
Allowances for credit & other losses	100	>100
Net profit	626	30

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 better on year

(%)	4Q 2006	3Q 2006	4Q 2005	2006	2005
Net interest margin	2.44	2.49	2.42	2.53	2.18
Non-interest / total income	27	25	20	25	25
Cost/income ratio	43	44	53	44	52
ROA	1.27	1.22	0.94	1.26	1.00
Loans/deposit	73	74	79	73	79

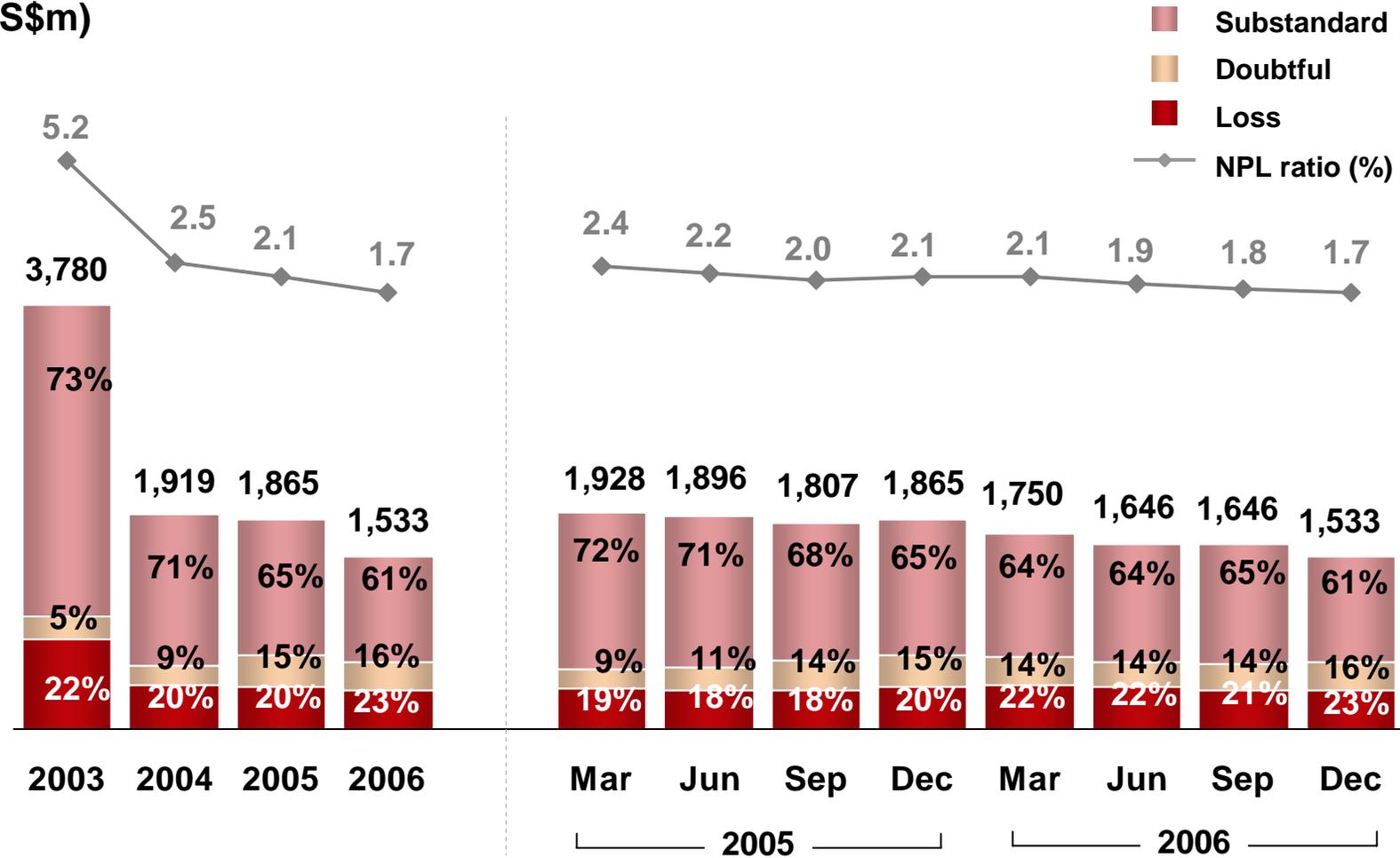
Excluding one-time gains

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# NPL rate improves to 1.7%

(S\$m)



# Non-performing assets down 7% on quarter as recoveries rise

(S\$m)

	4Q 2006	3Q 2006	4Q 2005
NPAs at start of period	1,646	1,646	1,807
New NPAs	121	160	250
Net recoveries of existing NPAs	(201)	(99)	(150)
Write-offs	(33)	(61)	(43)
<b>NPAs at end of period</b>	<b>1,533</b>	<b>1,646</b>	<b>1,865</b>

# Specific allowances for loans remain low

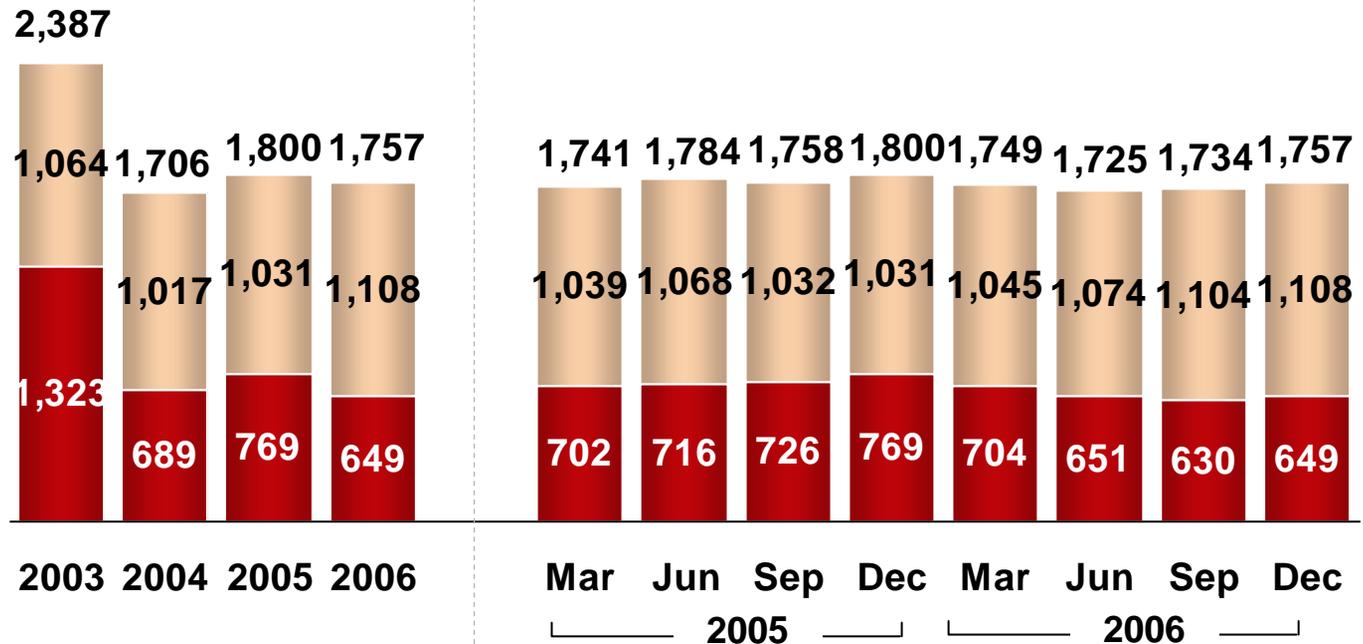
(S\$m)

	4Q 2006	3Q 2006	4Q 2005
<u>Add charges for</u>			
New NPLs	42	43	86
Existing NPLs	56	22	33
	98	65	119
<u>Subtract charges for</u>			
Upgrading	1	2	1
Settlements	22	32	41
Recoveries	16	4	6
	39	38	48
<b>Total specific allowances</b>	<b>59</b>	<b>27</b>	<b>71</b>

# Cumulative allowances reach 115% of non-performing assets

(S\$m)

■ General allowances  
■ Specific allowances



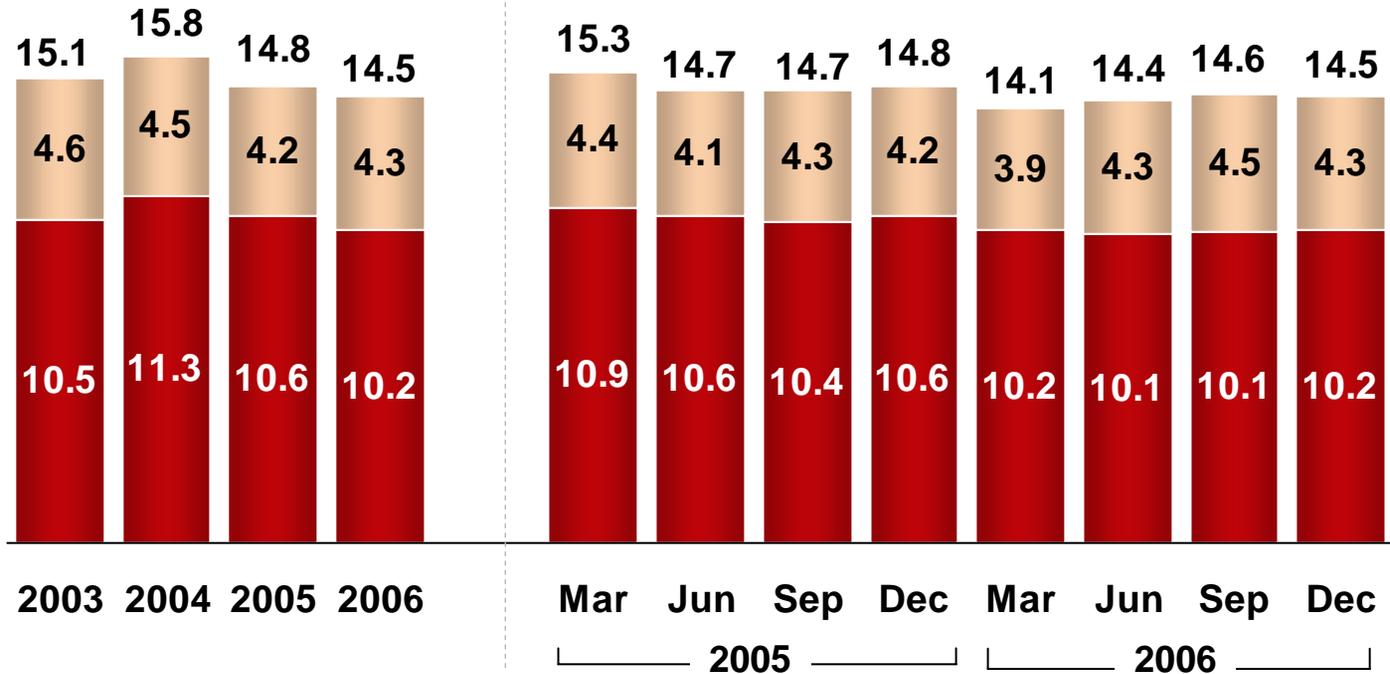
## General and specific allowances as % of:

NPAs	63	89	97	115	90	94	97	97	100	105	105	115
Unsecured NPAs	124	187	198	237	202	201	207	198	218	234	237	237

# CAR little changed on quarter

(%)

■ Tier-2  
■ Tier-1

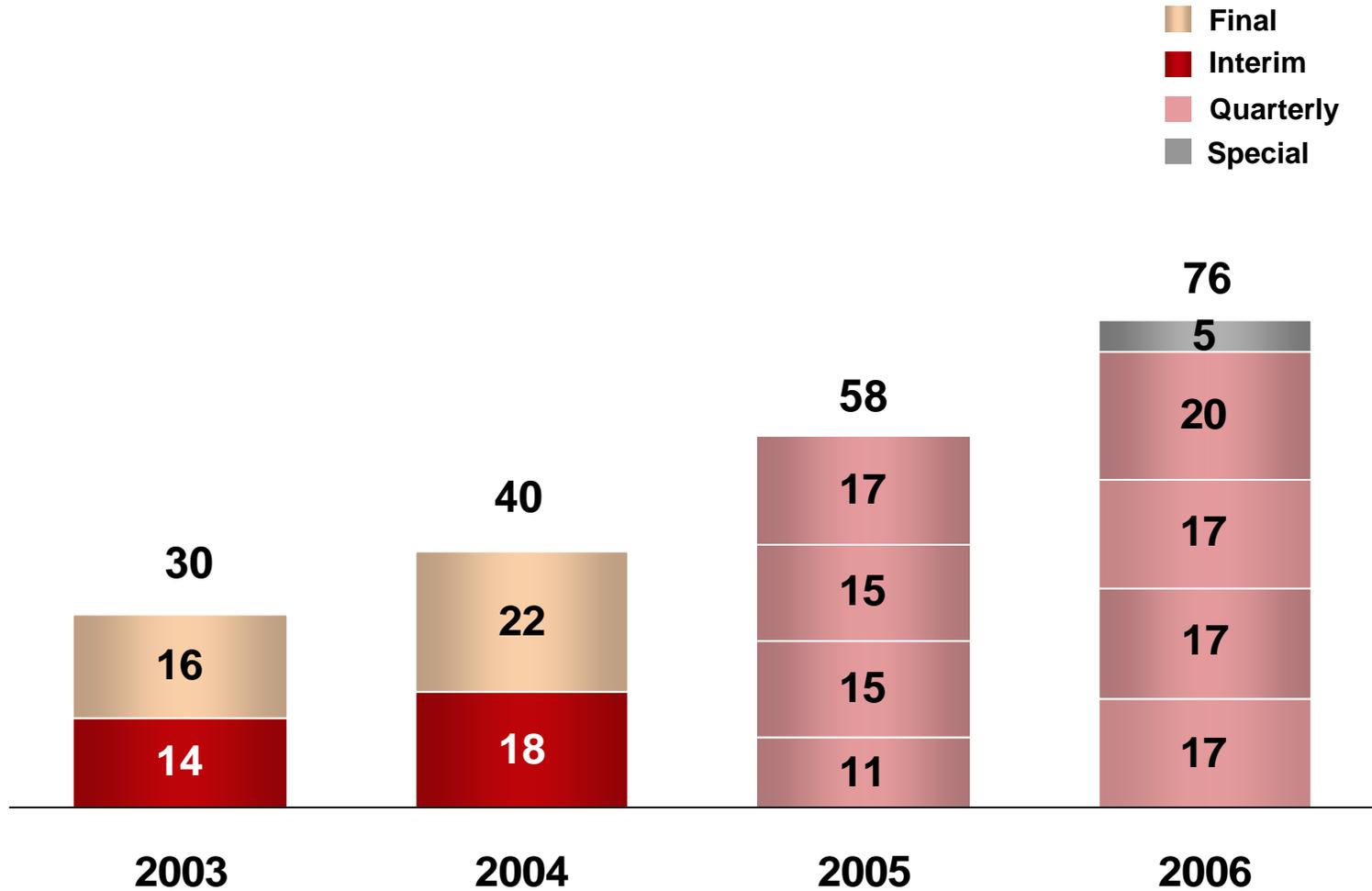


(S\$bn)

Tier-1 capital	9.6	11.8	13.1	14.8	11.8	12.2	12.6	13.1	13.5	13.8	14.2	14.8
RWA	92.1	104.0	123.8	144.1	108.8	114.8	121.2	123.8	131.8	137.4	140.3	144.1

# Full-year ordinary dividends up 22% to 71 cents per share

(S¢)



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