

To: Shareholders

The DBS Group Holdings Ltd (“DBSH” or “the Company”) Board of Directors report unaudited financial results for the second quarter ended June 30, 2006.

For the second quarter of 2006, the Directors have declared an interim gross dividend of 17 cents (second quarter 2005: 15 cents) for each DBSH ordinary share; and 13 cents (second quarter 2005: 15 cents) for each DBSH non-voting convertible preference share (“CPS”) and for each DBSH non-voting redeemable CPS.

The second quarter 2006 dividends will be paid less 20% Singapore income tax.

The second quarter 2006 dividends will be payable on August 25, 2006. DBS shares will be quoted ex-dividend on August 10, 2006. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on August 15, 2006. Duly completed transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services of 8 Cross Street #11-00 PWC Building, Singapore 048424 up to 5.00 p.m. on August 14, 2006 will be registered to determine shareholders' entitlement to the second quarter 2006 dividends. In respect of ordinary shares in the securities accounts with The Central Depository (Pte) Limited (“CDP”), the second quarter 2006 dividends will be paid by DBSH to CDP, which will in turn distribute the dividend entitlements to shareholders.

By order of the Board

Heng Lee Cheng (Ms)
Group Secretary

July 28, 2006
Singapore

More information on the above announcement is available at www.dbs.com/investor



Performance Summary

Unaudited Financial Results
for the Second Quarter ended
June 30, 2006

DBS Group Holdings Ltd
Incorporated in the Republic of Singapore
Company Registration Number: 199901152M

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DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

OVERVIEW

DBS Group Holdings Ltd (“DBSH”) prepares its consolidated DBSH Group (“Group”) financial statements in accordance with Singapore Financial Reporting Standards (“FRS”), as modified by the requirements of Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

| | 2nd Qtr 2006 | 2nd Qtr 2005 ^{1/} | % chg | 1st Qtr 2006 | 1st Half 2006 | 1st Half 2005 ^{1/} | % chg |
|---|-----------------|-------------------------------|-------|-----------------|------------------|--------------------------------|-------|
| Selected profit and loss items (\$m) | | | | | | | |
| Net interest income | 897 | 712 | 26 | 850 | 1,747 | 1,397 | 25 |
| Net fee and commission income | 296 | 274 | 8 | 262 | 558 | 503 | 11 |
| Net trading income | 105 | 94 | 12 | 108 | 213 | 176 | 21 |
| Net gain from non-trading investments | 12 | 12 | - | 38 | 50 | 37 | 35 |
| Other income | 44 | 41 | 7 | 12 | 56 | 58 | (3) |
| Operating income | 1,354 | 1,133 | 20 | 1,270 | 2,624 | 2,171 | 21 |
| Less: Operating expenses | 594 | 484 | 23 | 564 | 1,158 | 970 | 19 |
| Operating profit before provisions | 760 | 649 | 17 | 706 | 1,466 | 1,201 | 22 |
| Less: Provisions | 62 | 81 | (23) | 31 | 93 | 144 | (35) |
| Associates | 20 | 17 | 18 | 12 | 32 | 26 | 23 |
| Operating profit before tax | 718 | 585 | 23 | 687 | 1,405 | 1,083 | 30 |
| Net profit attributable to shareholders (“Net profit”) | 549 | 473 | 16 | 518 | 1,067 | 846 | 26 |
| Add: One-time gain ^{2/} | 54 | - | NM | - | 54 | - | NM |
| Net profit | 603 | 473 | 27 | 518 | 1,121 | 846 | 33 |
| Selected balance sheet items (\$m) | | | | | | | |
| Customer loans | 83,410 | 78,712 | 6 | 78,818 | 83,410 | 78,712 | 6 |
| Interbank loans | 20,411 | 17,529 | 16 | 22,647 | 20,411 | 17,529 | 16 |
| Total assets | 189,589 | 183,674 | 3 | 183,870 | 189,589 | 183,674 | 3 |
| Customer deposits | 120,875 | 115,933 | 4 | 119,067 | 120,875 | 115,933 | 4 |
| Total liabilities | 169,780 | 164,051 | 3 | 164,104 | 169,780 | 164,051 | 3 |
| Shareholders’ funds | 17,408 | 17,147 | 2 | 17,348 | 17,408 | 17,147 | 2 |
| Key financial ratios (%) (excluding one-time gain) | | | | | | | |
| Net interest margin | 2.23 | 1.84 | | 2.23 | 2.23 | 1.83 | |
| Non-interest/total income | 33.8 | 37.2 | | 33.1 | 33.4 | 35.7 | |
| Cost/income ratio | 43.9 | 42.7 | | 44.4 | 44.1 | 44.7 | |
| Return on assets | 1.18 | 1.03 | | 1.14 | 1.15 | 0.94 | |
| Return on equity ^{3/} | 12.70 | 11.12 | | 12.15 | 12.55 | 10.09 | |
| Loan/deposit ratio | 69.0 | 67.9 | | 66.2 | 69.0 | 67.9 | |
| NPL ratio | 1.9 | 2.2 | | 2.1 | 1.9 | 2.2 | |
| Specific provisions (loan)/average loan (bp) | 16 | 27 | | 20 | 18 | 25 | |
| Tier 1 capital adequacy ratio | 10.1 | 10.6 | | 10.2 | 10.1 | 10.6 | |
| Total capital adequacy ratio | 14.4 | 14.7 | | 14.1 | 14.4 | 14.7 | |
| Per share data (\$) | | | | | | | |
| Per basic share | | | | | | | |
| – earnings excluding one-time gain | 1.46 | 1.26 | | 1.37 | 1.42 | 1.12 | |
| – earnings | 1.50 | 1.26 | | 1.37 | 1.45 | 1.12 | |
| – net book value ^{3/} | 11.29 | 11.18 | | 11.27 | 11.29 | 11.18 | |
| Per diluted share | | | | | | | |
| – earnings excluding one-time gain | 1.40 | 1.20 | | 1.32 | 1.36 | 1.08 | |
| – earnings | 1.44 | 1.20 | | 1.32 | 1.40 | 1.08 | |
| – net book value ^{3/} | 11.08 | 10.98 | | 11.07 | 11.08 | 10.98 | |

NM: Not meaningful

Notes:

1/ Figures for 2005 have been restated to make them consistent with the current year’s presentation.

2/ One-time gain of \$54 million from the sale of an office building in Hong Kong was recorded in 2nd Quarter 2006.

3/ Minority interests are not included as equity in the computation of net asset value and return on equity.

4/ Return on assets, return on equity, specific provisions (loan)/average loan and per share data for the quarters are computed on an annualised basis.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Net profit before one-time items amounted to \$549 million in second quarter 2006, up 16% from second quarter 2005 and 6% from first quarter 2006.

A one-time gain of \$54 million from the sale of an office building in Hong Kong was recorded during the quarter. If the item was included, net profit amounted to \$603 million in the second quarter. The commentary that follows excludes the effects of this non-operating item.

Operating trends underpinning the performance in first quarter 2006 were sustained in the second quarter. Operating income increased 20% from a year ago and 7% from the previous quarter to \$1.35 billion.

Interest income and fee income reached a record during the quarter, reflecting DBS' customer franchise and its ability to capture the benefits of rising interest rates and higher non-interest income activities as economic conditions strengthened from a year ago.

Net interest income rose 26% from a year ago and 6% from the previous quarter to \$897 million as both interest spreads and asset volumes improved. Fee income grew 8% from a year ago and 13% from the previous quarter to \$296 million as contributions from investment banking and other segments increased. Net trading income from trading businesses was higher than a year ago but little changed from the previous quarter at \$112 million.

Cost pressures continued to be felt during the quarter. Operating expenses rose 23% from a year ago and 5% from the previous quarter to \$594 million as a result of higher staff costs and computerisation expenses. The cost-income ratio of 44% was slightly higher than the 43% a year ago but similar to the previous quarter.

Asset quality continued to be healthy. The non-performing loan ratio improved from 2.2% a year ago and 2.1% in the previous quarter to 1.9%. Total provision charges of \$62 million were lower than a year ago, although they were higher than the previous quarter mainly as a result of more general provisions being set aside for this quarter's loan growth. Specific provisions for loans fell to 16 basis points this quarter from 27 basis points a year ago and 20 basis points in the previous quarter.

The Group's return on assets improved to 1.18% compared to 1.03% a year ago and 1.14% in the previous quarter, while return on equity rose to 12.7% compared to 11.1% a year ago and 12.2% in the previous quarter.

For first half 2006, net profit rose 26% from a year ago to \$1.07 billion as a result of operating income growing at a slightly faster pace than operating costs, and provision charges being lower. The key drivers of the first half performance were similar to the second quarter's.

NET INTEREST INCOME

| Average balance sheet | 2nd Qtr 2006 | | | 2nd Qtr 2005 | | | 1st Qtr 2006 | | |
|---|-----------------------|----------------|------------------|-----------------------|----------------|------------------|-----------------------|----------------|------------------|
| | Average balance (\$m) | Interest (\$m) | Average rate (%) | Average balance (\$m) | Interest (\$m) | Average rate (%) | Average balance (\$m) | Interest (\$m) | Average rate (%) |
| Interest-bearing assets | | | | | | | | | |
| Customer loans | 80,794 | 1,134 | 5.63 | 74,336 | 724 | 3.91 | 79,042 | 1,038 | 5.33 |
| Interbank assets | 30,966 | 249 | 3.23 | 30,806 | 170 | 2.20 | 27,216 | 194 | 2.89 |
| Securities | 49,934 | 548 | 4.40 | 49,479 | 425 | 3.45 | 48,604 | 503 | 4.20 |
| Total | 161,694 | 1,931 | 4.79 | 154,621 | 1,319 | 3.42 | 154,862 | 1,735 | 4.54 |
| Interest-bearing liabilities | | | | | | | | | |
| Customer deposits | 120,945 | 665 | 2.20 | 116,310 | 335 | 1.16 | 117,495 | 568 | 1.96 |
| Other borrowings | 32,484 | 369 | 4.56 | 31,998 | 272 | 3.41 | 30,142 | 317 | 4.27 |
| Total | 153,429 | 1,034 | 2.70 | 148,308 | 607 | 1.64 | 147,637 | 885 | 2.43 |
| Net interest income/margin ^{1/} | | 897 | 2.23 | | 712 | 1.84 | | 850 | 2.23 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

| Average balance sheet | 1st Half 2006 | | | 1st Half 2005 | | |
|---|-----------------------|----------------|------------------|-----------------------|----------------|------------------|
| | Average balance (\$m) | Interest (\$m) | Average rate (%) | Average balance (\$m) | Interest (\$m) | Average rate (%) |
| Interest-bearing assets | | | | | | |
| Customer loans | 80,075 | 2,172 | 5.47 | 72,828 | 1,339 | 3.71 |
| Interbank assets | 28,992 | 443 | 3.09 | 32,829 | 350 | 2.15 |
| Securities | 49,355 | 1,051 | 4.29 | 48,064 | 806 | 3.38 |
| Total | 158,422 | 3,666 | 4.67 | 153,721 | 2,495 | 3.27 |
| Interest-bearing liabilities | | | | | | |
| Customer deposits | 119,242 | 1,233 | 2.08 | 115,589 | 598 | 1.04 |
| Other borrowings | 31,502 | 686 | 4.39 | 31,908 | 500 | 3.16 |
| Total | 150,744 | 1,919 | 2.57 | 147,497 | 1,098 | 1.50 |
| Net interest income/margin ^{1/} | | 1,747 | 2.23 | | 1,397 | 1.83 |

Note:

^{1/} Net interest margin is net interest income expressed as a percentage of average interest-earning assets.

Net interest income rose 26% from a year ago from higher asset volumes, a better asset mix and improved interest spreads.

Average interest-earning asset volumes rose 5% from a year ago to \$161.7 billion with an improving asset mix. Most of the increase was due to customer loans.

At the same time, asset yields rose faster than funding costs across the board from a year ago. In Singapore, floating-rate corporate and SME loan yields rose in line with higher interbank rates, while housing loan yields benefited from higher board rates. Funding costs also increased but to a lesser extent, reflecting the strength of DBS' deposit franchise in Singapore. In Hong Kong, the spread between prime lending rates and funding costs continued to widen since bottoming in second quarter 2005.

The improved asset mix and the higher interest spreads resulted in interest margins rising to 2.23% from 1.84% a year ago. The rate and volume analysis below indicates that improving interest spreads played a larger role than higher asset volumes in net interest income growth from a year ago.

Compared to the previous quarter, net interest income rose 6%, the result of higher asset volumes and improved interest spreads, but partially offset by a slightly less favourable asset mix.

Average interest-earning asset volumes grew 4% from the previous quarter.

Interest spreads continued to improve from the previous quarter, but the increase was smaller. In Singapore, interest spreads improved as asset yields, led by rising housing loan yields, rose faster than deposit costs. However, the impact was partially offset by a decline in spreads between Hong Kong prime lending rates and funding costs compared to the previous quarter.

The small increase in overall interest spreads was offset by the effects of the slightly weaker asset mix, resulting in interest margins remaining at the previous quarter's level.

The rate and volume analysis below indicates that higher asset volumes and better interest spreads played an equal role in growing net interest income from the previous quarter.

For first half 2006, net interest income grew 25% from a year ago to \$1.75 billion while interest margins improved from 1.83% to 2.23%.

Net interest costs from a recent US\$900 million subordinated debt issue were reflected for the latter part of June, while net interest costs from a S\$500 million subordinated debt issue were not included as it was raised in July. The full-period inclusion of net interest costs from both issues is expected to have a slight negative impact on interest margins in the third quarter of around 3 basis points.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

| Volume and rate analysis (\$m) Increase/(decrease) due to change in | 2nd Qtr 2006 versus 2nd Qtr 2005 | | | 2nd Qtr 2006 versus 1st Qtr 2006 | | |
|--|----------------------------------|------------|---------------|----------------------------------|------------|---------------|
| | Volume | Rate | Net change | Volume | Rate | Net change |
| Interest income | | | | | | |
| Customer loans | 63 | 347 | 410 | 23 | 60 | 83 |
| Interbank assets | 1 | 79 | 80 | 27 | 26 | 53 |
| Securities | 4 | 118 | 122 | 13 | 25 | 38 |
| Total | 68 | 544 | 612 | 63 | 111 | 174 |
| Interest expense | | | | | | |
| Customer deposits | 13 | 317 | 330 | 17 | 72 | 89 |
| Other borrowings | 4 | 93 | 97 | 27 | 21 | 48 |
| Total | 17 | 410 | 427 | 44 | 93 | 137 |
| Net impact on interest income | 51 | 134 | 185 | 19 | 18 | 37 |
| Due to change in number of days | | | - | | | 10 |
| Net interest income | | | 185 | | | 47 |

| Volume and rate analysis (\$m) Increase/(decrease) due to change in | 1st Half 2006 versus 1st Half 2005 | | |
|--|------------------------------------|--------------|---------------|
| | Volume | Rate | Net change |
| Interest income | | | |
| Customer loans | 133 | 700 | 833 |
| Interbank assets | (41) | 134 | 93 |
| Securities | 22 | 223 | 245 |
| Total | 114 | 1,057 | 1,171 |
| Interest expense | | | |
| Customer deposits | 19 | 616 | 635 |
| Other borrowings | (6) | 192 | 186 |
| Total | 13 | 808 | 821 |
| Net impact on interest income | 101 | 249 | 350 |
| Due to change in number of days | | | - |
| Net interest income | | | 350 |

NET FEE AND COMMISSION INCOME

| (\$m) | 2nd Qtr 2006 | 2nd Qtr 2005 | % chg | 1st Qtr 2006 | 1st Half 2006 | 1st Half 2005 | % chg |
|-----------------------|-----------------|-----------------|----------|-----------------|------------------|------------------|-----------|
| Stockbroking | 33 | 19 | 74 | 37 | 70 | 44 | 59 |
| Investment banking | 44 | 37 | 19 | 19 | 63 | 59 | 7 |
| Trade and remittances | 47 | 46 | 2 | 44 | 91 | 85 | 7 |
| Loan related | 50 | 55 | (9) | 34 | 84 | 100 | (16) |
| Guarantees | 7 | 6 | 17 | 8 | 15 | 14 | 7 |
| Deposit related | 21 | 19 | 11 | 19 | 40 | 38 | 5 |
| Credit card | 28 | 25 | 12 | 24 | 52 | 42 | 24 |
| Fund management | 15 | 19 | (21) | 22 | 37 | 29 | 28 |
| Wealth management | 38 | 38 | - | 42 | 80 | 73 | 10 |
| Others | 13 | 10 | 30 | 13 | 26 | 19 | 37 |
| Total | 296 | 274 | 8 | 262 | 558 | 503 | 11 |

Net fee and commission income rose 8% from a year ago and 13% from the previous quarter as contributions from a wide range of activities grew.

Active equity markets resulted in stockbroking commissions making the biggest contribution from a year ago. However, they were less buoyant in the second quarter compared to the previous quarter as more cautious market sentiment affected retail activity, a mainstay of DBS Vickers' business.

Investment banking fees were higher compared to a year ago and the previous quarter. Deal activities during the quarter included IPOs for Banyan Tree, Allco REIT and Pacific Shipping Trust. Greater loan syndication in

the region boosted fees compared to the previous quarter.

Fees from credit cards, trade and remittances, and deposit-related activities were also higher compared to a year ago and the previous quarter.

For first half 2006, net fee and commission income rose 11% from a year ago to reach \$558 million. The growth was led by stockbroking commissions, fund management fees and credit card fees, reflecting higher equity market activity and greater retail spending as economic conditions strengthened.

OTHER NON-INTEREST INCOME

| (\$m) | 2nd Qtr 2006 | 2nd Qtr 2005 | % chg | 1st Qtr 2006 | 1st Half 2006 | 1st Half 2005 | % chg |
|---|-----------------|-----------------|-----------|-----------------|------------------|------------------|-----------|
| Net trading income | 105 | 94 | 12 | 108 | 213 | 176 | 21 |
| From trading businesses | 112 | 52 | >100 | 113 | 225 | 125 | 80 |
| From other businesses | (7) | 42 | NM | (5) | (12) | 51 | NM |
| Net gain on non-trading investments | 12 | 12 | - | 38 | 50 | 37 | 35 |
| Net gain on fixed assets ^{1/} | 2 | 1 | 100 | - | 2 | 4 | (50) |
| Others (include dividend and rental income) | 42 | 40 | 5 | 12 | 54 | 54 | - |
| Total | 161 | 147 | 10 | 158 | 319 | 271 | 18 |

Note:

^{1/} Exclude one-time gain of \$54 million from the sale of an office building in Hong Kong in 2nd Quarter 2006.

Net trading income from trading businesses amounted to \$112 million compared to \$52 million a year ago and was little changed from the previous quarter. During the quarter, there was demand from corporate customers for foreign exchange and interest rate products, while trading gains were made in interest and credit spreads as well as regional currencies.

Net trading income from trading businesses was better for the first six months this year, rising 80% from a year ago.

Higher dividend income accounted for most of the \$30 million increase in Other income from the previous quarter. Other income, which amounted to \$42 million, was little changed from a year ago.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

OPERATING EXPENSES

| (\$m) | 2nd Qtr 2006 | 2nd Qtr 2005 | % chg | 1st Qtr 2006 | 1st Half 2006 | 1st Half 2005 | % chg |
|-------------------------------|-----------------|-----------------|-----------|-----------------|------------------|------------------|-----------|
| Staff | 321 | 253 | 27 | 300 | 621 | 518 | 20 |
| Occupancy | 45 | 44 | 2 | 46 | 91 | 86 | 6 |
| Computerisation | 97 | 70 | 39 | 92 | 189 | 145 | 30 |
| Revenue-related | 26 | 28 | (7) | 23 | 49 | 50 | (2) |
| Others | 105 | 89 | 18 | 103 | 208 | 171 | 22 |
| Total | 594 | 484 | 23 | 564 | 1,158 | 970 | 19 |
| Staff headcount at period-end | 12,453 | 12,090 | 3 | 12,673 | 12,453 | 12,090 | 3 |

Operating expenses increased 23% from a year ago to \$594 million from higher staff, computerisation and other costs.

Staff costs rose 27% from a year ago. With headcount increasing by 3%, a large part of the increase was attributable to a higher salary base due to a tight labour market and to higher bonus accruals in line with the Group's better financial performance.

Computerisation expenses were higher than a year ago due to IT depreciation as well as expenses for ongoing

major projects. Other expenses were higher mainly because of professional fees.

Compared to the previous quarter, operating expenses rose 5% with higher base salaries and bonus accruals accounting for most of the increase.

For first half 2006, operating expenses increased 19% from a year ago to \$1.16 billion. As the rise was slightly below the increase in operating income, the cost-income ratio improved marginally from 45% a year ago to 44% for the first six months.

PROVISION CHARGES

| (\$m) | 2nd Qtr 2006 | 2nd Qtr 2005 | % chg | 1st Qtr 2006 | 1st Half 2006 | 1st Half 2005 | % chg |
|---|-----------------|-----------------|-------------|-----------------|------------------|------------------|-------------|
| General provisions | 34 | 21 | 62 | 14 | 48 | 36 | 33 |
| Specific provisions for loans | 33 | 51 | (35) | 40 | 73 | 95 | (23) |
| Singapore | 23 | 26 | (12) | 13 | 36 | 48 | (25) |
| Hong Kong | 19 | 10 | 90 | 18 | 37 | 22 | 68 |
| Other countries | (9) | 15 | NM | 9 | - | 25 | (100) |
| Specific provisions for securities, properties and other assets | (5) | 9 | NM | (23) | (28) | 13 | NM |
| Total | 62 | 81 | (23) | 31 | 93 | 144 | (35) |

Total provision charges for second quarter 2006 decreased 23% to \$62 million from a year ago. Specific provisions for loans decreased 35% to \$33 million as charges for new and existing NPLs fell.

Compared to first quarter 2006, total provisions were higher as there had been a significant write-back of a corporate debt security in the previous quarter. In addition,

a higher charge of \$34 million was set aside for general provisions this quarter for loan growth and higher loan commitments compared with \$14 million in the previous quarter.

For first half 2006, total provision charges fell 35% from a year ago to \$93 million as a result of lower specific provisions and a net write-back for securities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

PERFORMANCE BY BUSINESS UNIT

| (\$m) | CBG | EB | CIB | GFM | CTU | Central Ops | Total |
|---|--------|--------|--------|--------|--------|----------------|---------|
| Selected profit and loss items | | | | | | | |
| 2nd Qtr 2006 ^{1/} | | | | | | | |
| Net interest income | 436 | 176 | 142 | 152 | 81 | (90) | 897 |
| Non-interest income | 130 | 75 | 161 | 95 | (28) | 24 | 457 |
| Operating expenses | 244 | 86 | 94 | 111 | 9 | 50 | 594 |
| Provisions | 11 | 16 | 44 | 0 | 0 | (9) | 62 |
| Operating profit before tax | 311 | 149 | 165 | 137 | 44 | (88) | 718 |
| 1st Qtr 2006 | | | | | | | |
| Net interest income | 421 | 172 | 132 | 145 | 68 | (88) | 850 |
| Non-interest income | 121 | 84 | 113 | 68 | 11 | 23 | 420 |
| Operating expenses | 232 | 81 | 88 | 96 | 9 | 58 | 564 |
| Provisions | 7 | 25 | (12) | 1 | (1) | 11 | 31 |
| Operating profit before tax | 303 | 150 | 169 | 118 | 71 | (124) | 687 |
| 2nd Qtr 2005 | | | | | | | |
| Net interest income | 308 | 134 | 117 | 97 | 103 | (47) | 712 |
| Non-interest income | 129 | 59 | 140 | 47 | (47) | 93 | 421 |
| Operating expenses | 220 | 70 | 76 | 81 | 8 | 29 | 484 |
| Provisions | 20 | 40 | 51 | (3) | 8 | (35) | 81 |
| Operating profit before tax | 197 | 83 | 130 | 66 | 40 | 69 | 585 |
| 1st Half 2006 ^{1/} | | | | | | | |
| Net interest income | 857 | 348 | 274 | 297 | 149 | (178) | 1,747 |
| Non-interest income | 251 | 159 | 274 | 163 | (17) | 47 | 877 |
| Operating expenses | 476 | 167 | 182 | 207 | 18 | 108 | 1,158 |
| Provisions | 18 | 41 | 32 | 1 | (1) | 2 | 93 |
| Operating profit before tax | 614 | 299 | 334 | 255 | 115 | (212) | 1,405 |
| 1st Half 2005 | | | | | | | |
| Net interest income | 618 | 267 | 219 | 190 | 174 | (71) | 1,397 |
| Non-interest income | 243 | 116 | 231 | 124 | (76) | 136 | 774 |
| Operating expenses | 440 | 137 | 148 | 169 | 15 | 61 | 970 |
| Provisions | 40 | 64 | 87 | (5) | 8 | (50) | 144 |
| Operating profit before tax | 381 | 182 | 215 | 151 | 75 | 79 | 1,083 |
| Selected balance sheet and other items | | | | | | | |
| Jun 30, 2006 | | | | | | | |
| Total assets before goodwill | 28,985 | 18,988 | 38,164 | 67,242 | 28,482 | 1,895 | 183,756 |
| Total liabilities | 71,977 | 17,660 | 16,707 | 42,402 | 1,240 | 19,794 | 169,780 |
| Capital expenditure for 2nd Qtr 2006 | 12 | 5 | 1 | 5 | 2 | 27 | 52 |
| Depreciation for 2nd Qtr 2006 | 6 | 4 | 1 | 3 | 2 | 14 | 30 |
| Mar 31, 2006 | | | | | | | |
| Total assets before goodwill | 29,397 | 18,782 | 32,673 | 70,794 | 24,068 | 2,322 | 178,036 |
| Total liabilities | 70,922 | 18,192 | 17,816 | 35,929 | 1,749 | 19,496 | 164,104 |
| Capital expenditure for 1st Qtr 2006 | 3 | 2 | 2 | 6 | 1 | 25 | 39 |
| Depreciation for 1st Qtr 2006 | 6 | 3 | 1 | 5 | 2 | 16 | 33 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

| (\$m) | CBG | EB | CIB | GFM | CTU | Central Ops | Total |
|--------------------------------------|--------|--------|--------|--------|--------|----------------|---------|
| Dec 31, 2005 | | | | | | | |
| Total assets before goodwill | 29,518 | 18,396 | 32,824 | 68,758 | 24,047 | 858 | 174,401 |
| Total liabilities | 68,415 | 17,862 | 17,953 | 32,980 | 1,417 | 22,387 | 161,014 |
| Capital expenditure for 4th Qtr 2005 | 22 | 12 | 3 | 11 | 6 | 75 | 129 |
| Depreciation for 4th Qtr 2005 | 7 | 3 | 1 | 5 | 1 | 18 | 35 |
| Jun 30, 2005 | | | | | | | |
| Total assets before goodwill | 30,068 | 18,303 | 32,881 | 68,758 | 23,225 | 3,508 | 176,743 |
| Total liabilities | 66,995 | 16,888 | 16,480 | 45,686 | 2,122 | 15,880 | 164,051 |
| Capital expenditure for 2nd Qtr 2005 | 3 | 3 | 2 | 6 | 2 | 10 | 26 |
| Depreciation for 2nd Qtr 2005 | 7 | 4 | 1 | 5 | 2 | 20 | 39 |

Note:
1/ 2nd Quarter 2006 income and profits exclude one-time gain.

Consumer Banking's (CBG) net interest income rose 4% from the previous quarter as a result of higher housing loan yields in Singapore and higher deposit volumes in Hong Kong. It was 42% higher than a year ago due to better interest spreads and higher deposit volumes in both locations. Non-interest income was stable compared to a year ago and the previous quarter. Operating expenses rose from both comparative periods due to higher staff costs as well as investments in branch upgrading in Singapore. Provisions in Singapore fell from a year ago.

Enterprise Banking's (EB) net interest income rose slightly from the previous quarter as volume growth was partially offset by lower margins. Higher volumes and margins contributed to the 31% increase in net interest income from a year ago. Non-interest income was 27% better than a year ago from higher sales of treasury-related products in Hong Kong, but declined 11% from the previous quarter, which had benefited from corporate demand for foreign exchange hedging products in Hong Kong. The higher operating expenses against both comparative periods were due mainly to salary increase and bonus accruals, while there was a decline in provision charges in Singapore.

Corporate and Investment Banking's (CIB) net interest income rose 8% from the previous quarter and 21% from a year ago as a result of loan and deposit growth. Non-interest income was 42% higher than the previous quarter

from a wide range of investment banking activities, as well as higher dividend income. The 24% increase in operating expenses from a year ago was due to higher wages and support costs. Provision charges were higher than the previous quarter as a result of general provisions being set aside for loan growth, while they were lower than a year ago because of a net write-back of specific provisions during the current quarter.

Global Financial Markets (GFM) earned higher net interest income from bonds in Singapore compared to a year ago. Non-interest income rose 40% from the previous quarter due to higher trading gains in credit and other markets. Compared to a year ago, non-interest income was also boosted by higher stockbroking commissions. Higher wage costs accounted for the rise in operating expenses.

Central Treasury's (CTU) net interest income rose 19% from the previous quarter as lower-yielding assets matured and new positions were taken. Net interest income fell 21% from a year ago due to lower gapping opportunities.

Central Operations encompasses a range of activities from corporate decisions and income and expenses not attributed to other business segments. Asset management and private banking activities are also included in this segment.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

PERFORMANCE BY GEOGRAPHY

| (\$m) | S'pore | Hong Kong | Rest of Greater China | South and South-east Asia | Rest of world | Total |
|---------------------------------------|---------|-----------|-----------------------|---------------------------|---------------|---------|
| Selected profit and loss items | | | | | | |
| 2nd Qtr 2006 ^{1/} | | | | | | |
| Net interest income | 563 | 286 | 10 | 24 | 14 | 897 |
| Non-interest income | 299 | 87 | 30 | 26 | 15 | 457 |
| Operating expenses | 375 | 164 | 20 | 20 | 15 | 594 |
| Provisions | 48 | 25 | (1) | (5) | (5) | 62 |
| Operating profit before tax | 444 | 184 | 21 | 50 | 19 | 718 |
| 1st Qtr 2006 | | | | | | |
| Net interest income | 526 | 278 | 9 | 22 | 15 | 850 |
| Non-interest income | 290 | 90 | 19 | 14 | 7 | 420 |
| Operating expenses | 355 | 162 | 14 | 22 | 11 | 564 |
| Provisions | (3) | 19 | 4 | (1) | 12 | 31 |
| Operating profit before tax | 461 | 187 | 10 | 30 | (1) | 687 |
| 2nd Qtr 2005 | | | | | | |
| Net interest income | 447 | 220 | 7 | 22 | 16 | 712 |
| Non-interest income | 300 | 80 | 16 | 15 | 10 | 421 |
| Operating expenses | 290 | 156 | 12 | 14 | 12 | 484 |
| Provisions | 46 | 4 | 9 | (3) | 25 | 81 |
| Operating profit before tax | 412 | 140 | 2 | 42 | (11) | 585 |
| 1st Half 2006 ^{1/} | | | | | | |
| Net interest income | 1,089 | 564 | 19 | 46 | 29 | 1,747 |
| Non-interest income | 589 | 177 | 49 | 40 | 22 | 877 |
| Operating expenses | 730 | 326 | 34 | 42 | 26 | 1,158 |
| Provisions | 45 | 44 | 3 | (6) | 7 | 93 |
| Operating profit before tax | 905 | 371 | 31 | 80 | 18 | 1,405 |
| 1st Half 2005 | | | | | | |
| Net interest income | 884 | 425 | 15 | 41 | 32 | 1,397 |
| Non-interest income | 517 | 178 | 27 | 30 | 22 | 774 |
| Operating expenses | 592 | 308 | 20 | 26 | 24 | 970 |
| Provisions | 75 | 12 | 20 | - | 37 | 144 |
| Operating profit before tax | 736 | 283 | 2 | 69 | (7) | 1,083 |
| Total assets before goodwill | | | | | | |
| Jun 30, 2006 | 124,078 | 38,820 | 7,258 | 4,487 | 9,113 | 183,756 |
| Mar 31, 2006 | 116,690 | 42,831 | 5,806 | 4,383 | 8,326 | 178,036 |
| Dec 31, 2005 | 116,087 | 41,393 | 5,861 | 3,781 | 7,279 | 174,401 |
| Jun 30, 2005 | 117,839 | 42,187 | 4,791 | 3,456 | 8,470 | 176,743 |

Note:

^{1/} 2nd Quarter 2006 income and profits exclude one-time gain .

Singapore

Operating profit before tax grew 8% from a year ago as a result of a 26% increase in net interest income partially offset by higher operating expenses. It was 4% lower than the previous quarter as first quarter 2006 had the benefit of a net provision write-back.

Net interest income continued to improve from both comparative periods as a result of higher interest spreads and higher asset volumes. Non-interest income was steady against both comparative periods.

Operating expenses were higher as a result of higher staff and computerisation expenses. Provision charges were similar to a year ago as a decline in specific provisions was offset by higher general provisions for new loans.

Hong Kong

The current quarter's results incorporate an appreciation of the Singapore dollar against the Hong Kong dollar of 2% from first quarter 2006 and 6% from second quarter 2005.

Operating profit before tax was 31% higher than a year ago as a result of improved net interest income partially offset by higher provision charges. It was similar to the previous quarter.

Net interest income increased 30% from a year ago due to higher interest spreads and an increase in loan and deposit volumes. It grew 3% from the previous quarter as the impact of loan and deposit growth was offset by lower interest spreads.

Non-interest income rose 9% from a year ago from higher sales of wealth management and foreign exchange products, and was little changed from the previous quarter.

Operating expenses were higher than both comparative periods due mainly to higher wage costs. Provision charges were substantially higher than a year ago as there had been a general provision write-back in second quarter 2005. Specific provision charges were also higher in the current quarter than a year ago.

Other regions

DBS' operations outside Singapore and Hong Kong are in their build-up phase and do not yet have a significant impact on the Group. The largest earnings contributions are currently from Indonesia (through a 99%-owned subsidiary) and the Philippines (through a 20% associate stake in Bank of Philippines Islands).

CUSTOMER LOANS

| (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|--|--------------|--------------|--------------|--------------|
| Gross | 84,835 | 80,267 | 80,949 | 80,172 |
| Less: | | | | |
| Specific provisions ("SP") | 574 | 611 | 636 | 576 |
| General provisions ("GP") | 851 | 838 | 851 | 884 |
| Net total | 83,410 | 78,818 | 79,462 | 78,712 |
| By business unit | | | | |
| Consumer Banking | 28,509 | 28,914 | 29,686 | 29,871 |
| Enterprise Banking | 19,488 | 19,123 | 19,234 | 18,397 |
| Corporate and Investment Banking | 30,937 | 26,542 | 26,478 | 25,831 |
| Others | 5,901 | 5,688 | 5,551 | 6,073 |
| Total (Gross) | 84,835 | 80,267 | 80,949 | 80,172 |
| By geography | | | | |
| Singapore | 47,267 | 44,381 | 45,280 | 46,657 |
| Hong Kong | 26,505 | 26,198 | 26,669 | 25,720 |
| Rest of Greater China | 4,086 | 3,120 | 2,953 | 2,524 |
| South and South-east Asia | 2,662 | 2,492 | 2,287 | 1,938 |
| Rest of the world | 4,315 | 4,076 | 3,760 | 3,333 |
| Total (Gross) | 84,835 | 80,267 | 80,949 | 80,172 |
| By industry | | | | |
| Manufacturing | 10,506 | 9,010 | 8,536 | 8,275 |
| Building and construction | 10,500 | 9,772 | 8,958 | 9,009 |
| Housing loans | 23,994 | 24,388 | 25,005 | 25,291 |
| General commerce | 8,835 | 8,343 | 8,639 | 8,383 |
| Transportation, storage & communications | 7,560 | 6,717 | 6,884 | 6,636 |
| Financial institutions, investment & holding companies | 10,112 | 9,734 | 9,785 | 9,226 |
| Professionals & private individuals (except housing loans) | 7,502 | 7,340 | 7,204 | 7,090 |
| Others | 5,826 | 4,963 | 5,938 | 6,262 |
| Total (Gross) | 84,835 | 80,267 | 80,949 | 80,172 |
| By currency | | | | |
| Singapore dollar | 34,694 | 33,395 | 33,571 | 35,981 |
| Hong Kong dollar | 24,213 | 24,187 | 24,721 | 24,103 |
| US dollar | 15,737 | 14,714 | 16,214 | 14,999 |
| Others | 10,191 | 7,971 | 6,443 | 5,089 |
| Total (Gross) | 84,835 | 80,267 | 80,949 | 80,172 |

Customer loans rose 6% from the previous quarter. Most of the growth was from corporate loans in Singapore and Greater China, which included a few large loan drawdowns. SME loans increased marginally as growth in Hong Kong was narrowed by exchange translation effects. Consumer loans fell slightly, with most of the decline accounted for in Hong Kong.

In Singapore, both Singapore-dollar and foreign-currency borrowing contributed to the growth in corporate loans during the quarter. Housing loans were little changed

compared to a decline in the previous quarter. Mortgage applications and loan drawdowns improved from the previous quarter, while the volume of early repayments eased.

In Hong Kong, loans rose 3% in local currency terms during the quarter, with all of the growth accounted for by corporates and SMEs. Housing loans fell 2% in Hong Kong dollar terms during the quarter.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

NON-PERFORMING ASSETS AND PROVISION COVERAGE

| By business unit | NPA (\$m) | SP (\$m) | GP (\$m) | NPL (% of loans) | (GP+SP)/NPA (%) | (GP+SP)/ unsecured NPA (%) |
|--|--------------|-------------|-------------|---------------------|--------------------|-------------------------------------|
| Jun 30, 2006 | | | | | | |
| Consumer Banking | 331 | 110 | 284 | 1.2 | 119 | 320 |
| Enterprise Banking | 721 | 300 | 192 | 3.7 | 68 | 144 |
| Corporate and Investment Banking | 438 | 189 | 308 | 1.4 | 113 | 228 |
| Others | 98 | 28 | 108 | 1.7 | 141 | 443 |
| Total non-performing loans ("NPL") | 1,588 | 627 | 892 | 1.9 | 96 | 213 |
| Debt securities | 37 | 15 | 75 | - | 243 | 611 |
| Contingent liabilities | 21 | 9 | 107 | - | 552 | 1,104 |
| Total non-performing assets ("NPA") | 1,646 | 651 | 1,074 | - | 105 | 234 |
| Mar 31, 2006 | | | | | | |
| Consumer Banking | 339 | 110 | 288 | 1.2 | 117 | 322 |
| Enterprise Banking | 740 | 294 | 189 | 3.9 | 65 | 144 |
| Corporate and Investment Banking | 509 | 235 | 263 | 1.9 | 98 | 184 |
| Others | 80 | 32 | 140 | 1.4 | 214 | 521 |
| Total non-performing loans | 1,668 | 671 | 880 | 2.1 | 93 | 204 |
| Debt securities | 37 | 18 | 71 | - | 239 | 490 |
| Contingent liabilities | 45 | 15 | 94 | - | 244 | 714 |
| Total non-performing assets | 1,750 | 704 | 1,045 | - | 100 | 218 |
| Dec 31, 2005 | | | | | | |
| Consumer Banking | 344 | 111 | 296 | 1.2 | 118 | 326 |
| Enterprise Banking | 691 | 283 | 190 | 3.6 | 68 | 144 |
| Corporate and Investment Banking | 573 | 267 | 262 | 2.2 | 92 | 155 |
| Others | 83 | 32 | 132 | 1.5 | 196 | 480 |
| Total non-performing loans | 1,691 | 693 | 880 | 2.1 | 93 | 190 |
| Debt securities | 130 | 57 | 71 | - | 99 | 209 |
| Contingent liabilities | 44 | 19 | 80 | - | 227 | 451 |
| Total non-performing assets | 1,865 | 769 | 1,031 | - | 97 | 198 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

By business unit

| | NPA (\$m) | SP (\$m) | GP (\$m) | NPL (% of loans) | (GP+SP)/NPA (%) | (GP+SP)/ unsecured NPA (%) |
|-------------------------------------|--------------|-------------|-------------|---------------------|--------------------|-------------------------------------|
| Jun 30, 2005 | | | | | | |
| Consumer Banking | 336 | 108 | 298 | 1.1 | 121 | 327 |
| Enterprise Banking | 637 | 232 | 182 | 3.5 | 65 | 150 |
| Corporate and Investment Banking | 631 | 255 | 256 | 2.4 | 81 | 144 |
| Others | 131 | 52 | 173 | 2.2 | 172 | 417 |
| Total non-performing loans | 1,735 | 647 | 909 | 2.2 | 90 | 192 |
| Debt securities | 127 | 51 | 73 | - | 97 | 243 |
| Contingent liabilities | 34 | 18 | 86 | - | 311 | 405 |
| Total non-performing assets | 1,896 | 716 | 1,068 | - | 94 | 201 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

| By geography | NPA (\$m) | SP (\$m) | GP (\$m) | NPL (% of loans) | (GP+SP)/NPA (%) | (GP+SP)/ unsecured NPA (%) |
|-----------------------------|--------------|-------------|-------------|---------------------|--------------------|-------------------------------------|
| Jun 30, 2006 | | | | | | |
| Singapore | 851 | 341 | 442 | 1.9 | 92 | 218 |
| Hong Kong | 394 | 144 | 281 | 1.5 | 108 | 243 |
| Rest of Greater China | 87 | 36 | 44 | 2.1 | 93 | 230 |
| South and South-east Asia | 125 | 68 | 69 | 2.8 | 110 | 183 |
| Rest of the World | 131 | 38 | 56 | 2.5 | 71 | 135 |
| Total non-performing loans | 1,588 | 627 | 892 | 1.9 | 96 | 213 |
| Debt securities | 37 | 15 | 75 | - | 243 | 611 |
| Contingent liabilities | 21 | 9 | 107 | - | 552 | 1,104 |
| Total non-performing assets | 1,646 | 651 | 1,074 | - | 105 | 234 |
| Mar 31, 2006 | | | | | | |
| Singapore | 903 | 375 | 440 | 2.2 | 90 | 201 |
| Hong Kong | 396 | 139 | 278 | 1.5 | 105 | 258 |
| Rest of Greater China | 89 | 38 | 35 | 2.9 | 82 | 191 |
| South and South-east Asia | 123 | 68 | 61 | 3.1 | 104 | 178 |
| Rest of the World | 157 | 51 | 66 | 3.2 | 75 | 140 |
| Total non-performing loans | 1,668 | 671 | 880 | 2.1 | 93 | 204 |
| Debt securities | 37 | 18 | 71 | - | 239 | 490 |
| Contingent liabilities | 45 | 15 | 94 | - | 244 | 714 |
| Total non-performing assets | 1,750 | 704 | 1,045 | - | 100 | 218 |
| Dec 31, 2005 | | | | | | |
| Singapore | 883 | 382 | 449 | 2.1 | 94 | 203 |
| Hong Kong | 395 | 139 | 291 | 1.5 | 109 | 263 |
| Rest of Greater China | 91 | 36 | 23 | 3.2 | 65 | 88 |
| South and South-east Asia | 131 | 68 | 60 | 3.7 | 98 | 166 |
| Rest of the World | 191 | 68 | 57 | 3.7 | 65 | 92 |
| Total non-performing loans | 1,691 | 693 | 880 | 2.1 | 93 | 190 |
| Debt securities | 130 | 57 | 71 | - | 99 | 209 |
| Contingent liabilities | 44 | 19 | 80 | - | 227 | 451 |
| Total non-performing assets | 1,865 | 769 | 1,031 | - | 97 | 198 |
| Jun 30, 2005 | | | | | | |
| Singapore | 909 | 341 | 429 | 2.1 | 85 | 196 |
| Hong Kong | 466 | 143 | 283 | 1.8 | 91 | 239 |
| Rest of Greater China | 61 | 36 | 24 | 2.8 | 98 | 111 |
| South and South-east Asia | 157 | 82 | 50 | 4.6 | 84 | 128 |
| Rest of the World | 142 | 45 | 123 | 2.7 | 118 | 207 |
| Total non-performing loans | 1,735 | 647 | 909 | 2.2 | 90 | 192 |
| Debt securities | 127 | 51 | 73 | - | 97 | 243 |
| Contingent liabilities | 34 | 18 | 86 | - | 311 | 405 |
| Total non-performing assets | 1,896 | 716 | 1,068 | - | 94 | 201 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

| By industry (\$m) | Jun 30, 2006 | | Mar 31, 2006 | | Dec 31, 2005 | | Jun 30, 2005 | |
|--|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | NPA | SP | NPA | SP | NPA | SP | NPA | SP |
| Manufacturing | 349 | 178 | 358 | 186 | 434 | 225 | 449 | 190 |
| Building and construction | 119 | 39 | 125 | 42 | 103 | 37 | 161 | 38 |
| Housing loans | 246 | 68 | 257 | 68 | 256 | 66 | 248 | 65 |
| General commerce | 339 | 133 | 405 | 165 | 367 | 150 | 245 | 110 |
| Transportation, storage & communications | 31 | 14 | 31 | 14 | 30 | 13 | 33 | 11 |
| Financial institutions, investment & holding companies | 189 | 47 | 176 | 46 | 164 | 47 | 189 | 53 |
| Professionals & private individuals (except housing loans) | 181 | 75 | 193 | 81 | 204 | 84 | 237 | 111 |
| Others | 134 | 73 | 123 | 69 | 133 | 71 | 173 | 69 |
| Total non-performing loans | 1,588 | 627 | 1,668 | 671 | 1,691 | 693 | 1,735 | 647 |
| Debt securities | 37 | 15 | 37 | 18 | 130 | 57 | 127 | 51 |
| Contingent liabilities | 21 | 9 | 45 | 15 | 44 | 19 | 34 | 18 |
| Total non-performing assets | 1,646 | 651 | 1,750 | 704 | 1,865 | 769 | 1,896 | 716 |

| By loan classification (\$m) | Jun 30, 2006 | | Mar 31, 2006 | | Dec 31, 2005 | | Jun 30, 2005 | |
|---------------------------------|--------------|------------|--------------|------------|--------------|------------|--------------|------------|
| | NPA | SP | NPA | SP | NPA | SP | NPA | SP |
| Non-performing assets | | | | | | | | |
| Substandard | 1,053 | 82 | 1,109 | 94 | 1,220 | 156 | 1,337 | 197 |
| Doubtful | 224 | 200 | 249 | 223 | 276 | 244 | 216 | 176 |
| Loss | 369 | 369 | 392 | 387 | 369 | 369 | 343 | 343 |
| Total | 1,646 | 651 | 1,750 | 704 | 1,865 | 769 | 1,896 | 716 |
| Restructured assets | | | | | | | | |
| Substandard | 318 | 41 | 345 | 45 | 429 | 85 | 503 | 96 |
| Doubtful | 48 | 34 | 79 | 50 | 26 | 27 | 19 | 19 |
| Loss | 39 | 39 | 44 | 44 | 41 | 41 | 45 | 45 |
| Total | 405 | 114 | 468 | 139 | 496 | 153 | 567 | 160 |

| By collateral type (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|---|--------------|--------------|--------------|--------------|
| | NPA | NPA | NPA | NPA |
| Unsecured non-performing assets | 738 | 803 | 911 | 886 |
| Secured non-performing assets by collateral type | | | | |
| Properties | 666 | 683 | 675 | 817 |
| Shares and debentures | 35 | 51 | 68 | 55 |
| Fixed deposits | 38 | 33 | 36 | 10 |
| Others | 169 | 180 | 175 | 128 |
| Total | 1,646 | 1,750 | 1,865 | 1,896 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

By period overdue

| (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|---------------------|--------------|--------------|--------------|--------------|
| | NPA | NPA | NPA | NPA |
| Not overdue | 447 | 519 | 697 | 675 |
| <90 days overdue | 381 | 377 | 353 | 411 |
| 91-180 days overdue | 138 | 205 | 157 | 169 |
| >180 days overdue | 680 | 649 | 658 | 641 |
| Total | 1,646 | 1,750 | 1,865 | 1,896 |

The Group's NPLs fell 5% from March 2006 and 8% from a year ago to \$1,588 million. As a percentage of loans, the NPL rate improved to 1.9% from 2.1% in the previous quarter and 2.2% a year ago.

NPL rates for most customer and geographical segments fell during the quarter. The exceptions were NPL rates for consumer loans and Hong Kong loans, which were unchanged from the previous quarter.

Including debt securities and contingent liabilities, the amount of NPAs fell 6% from March 2006 and 13% from a year ago to \$1,646 million. The proportion of NPAs in the substandard category was at 64% compared to 63% in the previous quarter and 71% a year ago. Most of the loan recoveries over the past year were in the substandard category.

Provision coverage improved to 105% of NPAs from 100% in the previous quarter and 94% at a year ago.

FUNDING SOURCES

| (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|----------------------------------|----------------|----------------|----------------|----------------|
| Customer deposits | 120,875 | 119,067 | 116,884 | 115,933 |
| Interbank liabilities | 11,769 | 10,674 | 8,959 | 12,053 |
| Other borrowings and liabilities | 39,537 | 36,781 | 37,637 | 38,541 |
| Shareholders' funds | 17,408 | 17,348 | 16,724 | 17,147 |
| Total | 189,589 | 183,870 | 180,204 | 183,674 |

CUSTOMER DEPOSITS

| (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|--------------------|----------------|----------------|----------------|----------------|
| By currency | | | | |
| Singapore dollar | 66,055 | 65,400 | 64,112 | 62,916 |
| US dollar | 22,436 | 21,838 | 22,676 | 23,527 |
| Hong Kong dollar | 21,203 | 20,521 | 19,736 | 18,540 |
| Others | 11,181 | 11,308 | 10,360 | 10,950 |
| Total | 120,875 | 119,067 | 116,884 | 115,933 |
| By product | | | | |
| Savings accounts | 44,991 | 45,402 | 45,409 | 46,817 |
| Current accounts | 13,127 | 13,945 | 14,004 | 12,470 |
| Fixed deposits | 60,403 | 57,145 | 54,585 | 50,640 |
| Other deposits | 2,354 | 2,575 | 2,886 | 6,006 |
| Total | 120,875 | 119,067 | 116,884 | 115,933 |

The Group's total funding rose 3% from March 2006 and a year ago to \$189.6 billion, contributed by higher customer deposits and a US\$900 million subordinated debt issued in June 2006. Compared to March 2006, interbank liabilities were also higher.

Customer deposits rose 2% from March 2006 and 4% from a year ago to \$120.9 billion. Singapore-dollar

deposits increased 1% from March 2006 and 5% from a year ago, while Hong Kong-dollar deposits rose 3% from March 2006 and 14% from a year ago. The proportion of fixed deposits continued to increase as customers sought higher yields in a rising interest rate environment.

VALUE AT RISK AND TRADING INCOME

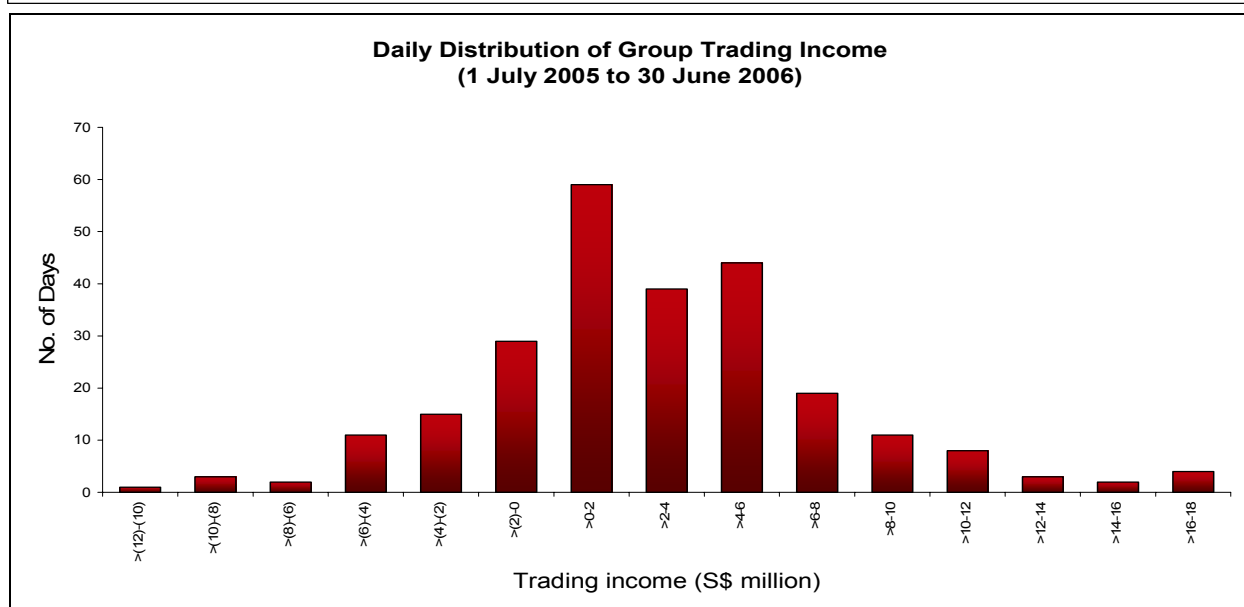
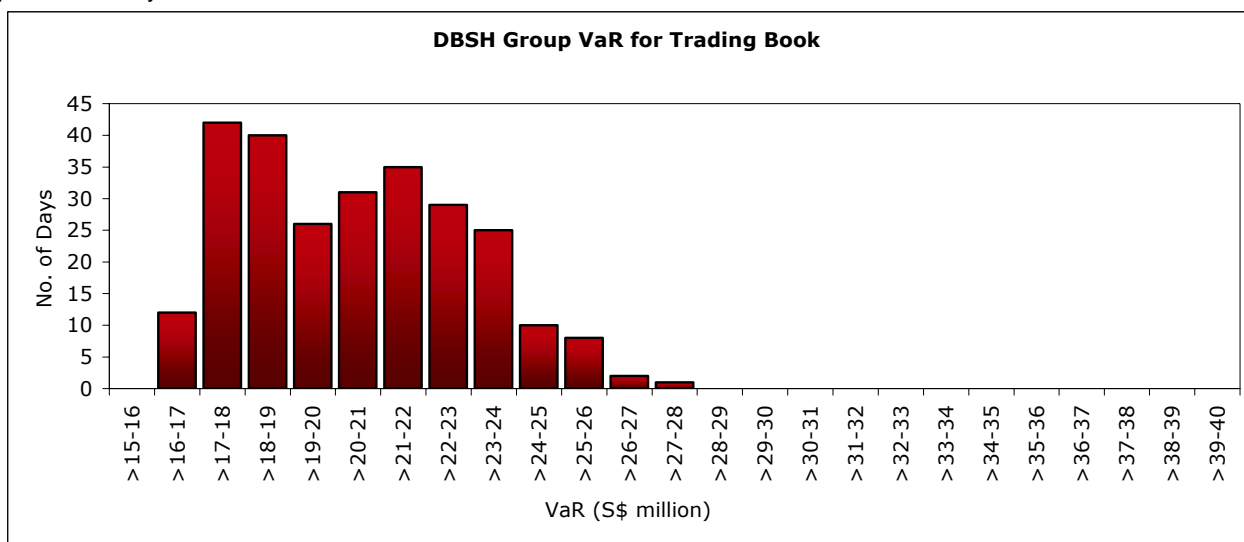
The Group uses a Value at Risk ("VaR") measure as one mechanism for controlling trading risk. The VaR is calculated using a one-day time horizon and a 99% confidence interval. The following table shows the period-end, average, high and low VaR for the trading risk exposure of the DBSH Group for the period from July 1, 2005 to June 30, 2006.

| (\$m) | As at June 30, 2006 | July 1, 2005 to June 30 2006 | | |
|------------------------|---------------------|------------------------------|--------------------|-------------------|
| | | Average | High ^{1/} | Low ^{1/} |
| Interest rate | 17.3 | 21.4 | 26.7 | 17.3 |
| FX | 8.6 | 6.8 | 11.1 | 3.7 |
| Equity | 2.6 | 4.8 | 7.6 | 2.6 |
| Diversification effect | (11.8) | (12.6) | | |
| | 16.7 | 20.4 | 27.5 | 16.1 |

Note:

1/ The high (& low) VaR figures reported for each risk class did not necessarily occur on the same day as the high (& low) reported for total. A corresponding diversification effect cannot be calculated and is therefore omitted from the table.

The charts below provide the range of VaR and the daily distribution of trading income in the trading portfolio for the period from July 1, 2005 to June 30, 2006.



DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

CAPITAL ADEQUACY

| (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|--|----------------|----------------|----------------|----------------|
| Tier 1 | | | | |
| Paid-up ordinary and preference shares | 1,571 | 1,567 | 1,564 | 1,561 |
| Disclosed reserves and others | 18,081 | 17,728 | 17,377 | 17,563 |
| Less: Goodwill | (5,833) | (5,834) | (5,823) | (6,931) |
| Total | 13,819 | 13,461 | 13,118 | 12,193 |
| Tier 2 | | | | |
| Cumulative general provisions | 1,001 | 976 | 963 | 1,002 |
| Subordinated debts | 4,893 | 4,034 | 4,222 | 4,343 |
| Others | 19 | 84 | 13 | (624) |
| Total | 5,913 | 5,094 | 5,198 | 4,721 |
| Total capital | 19,732 | 18,555 | 18,316 | 16,914 |
| Risk-weighted assets | 137,375 | 131,810 | 123,847 | 114,845 |
| Capital adequacy ratio (%) | | | | |
| Tier I ratio | 10.1 | 10.2 | 10.6 | 10.6 |
| Tier II ratio | 4.3 | 3.9 | 4.2 | 4.1 |
| Total (Tier I & II) ratio | 14.4 | 14.1 | 14.8 | 14.7 |

Based on regulatory guidelines, the Group's total capital adequacy ratio increased from 14.1% in March 2006 to 14.4% in June 2006. The increase was due to the inclusion of a US\$900 million tier-2 subordinated debt

issued in June 2006, offset by higher risk-weighted assets and the amortisation of US\$270 million of existing tier-2 subordinated debts during the quarter.

UNREALISED VALUATION SURPLUS

| (\$m) | Jun 30, 2006 | Mar 31, 2006 | Dec 31, 2005 | Jun 30, 2005 |
|-------------------------|--------------|--------------|--------------|--------------|
| Properties | 415 | 425 | 416 | 751 |
| Non-trading investments | 16 | 15 | 25 | 40 |
| Total | 431 | 440 | 441 | 791 |

The amount of unrealised valuation surpluses fell slightly from \$440 million in March 2006 to \$431 million as the sale of an office building in Hong Kong during the

quarter was offset by an increase in the valuation surplus from other properties.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Unaudited Consolidated Income Statement

| In \$ millions | 2nd Qtr 2006 | 2nd Qtr 2005 | +/(%) | 1st Qtr 2006 | 1st Half 2006 | 1st Half 2005 | +/(%) |
|---|-----------------|-----------------|-----------|-----------------|------------------|------------------|-----------|
| Operating income | | | | | | | |
| Interest income | 1,931 | 1,318 | 47 | 1,735 | 3,666 | 2,495 | 47 |
| Interest expense | 1,034 | 606 | 71 | 885 | 1,919 | 1,098 | 75 |
| Net interest income | 897 | 712 | 26 | 850 | 1,747 | 1,397 | 25 |
| Net fee and commission income | 296 | 274 | 8 | 262 | 558 | 503 | 11 |
| Net trading income | 105 | 94 | 12 | 108 | 213 | 176 | 21 |
| Net gain from non-trading investments | 12 | 12 | - | 38 | 50 | 37 | 35 |
| Other income | 98 | 41 | >100 | 12 | 110 | 58 | 90 |
| Total operating income | 1,408 | 1,133 | 24 | 1,270 | 2,678 | 2,171 | 23 |
| Operating expenses | | | | | | | |
| Personnel expenses | 321 | 253 | 27 | 300 | 621 | 518 | 20 |
| General and administrative expenses | 243 | 192 | 27 | 231 | 474 | 375 | 26 |
| Depreciation of properties and other fixed assets | 30 | 39 | (23) | 33 | 63 | 77 | (18) |
| Provisions for credit and other losses | 62 | 81 | (23) | 31 | 93 | 144 | (35) |
| Total operating expenses | 656 | 565 | 16 | 595 | 1,251 | 1,114 | 12 |
| Operating profit | 752 | 568 | 32 | 675 | 1,427 | 1,057 | 35 |
| Share of profits of associates | 20 | 17 | 18 | 12 | 32 | 26 | 23 |
| Operating profit before tax | 772 | 585 | 32 | 687 | 1,459 | 1,083 | 35 |
| Income tax expense | 131 | 74 | 77 | 133 | 264 | 162 | 63 |
| Net profit | 641 | 511 | 25 | 554 | 1,195 | 921 | 30 |
| Attributable to: | | | | | | | |
| Shareholders | 603 | 473 | 27 | 518 | 1,121 | 846 | 33 |
| Minority interests | 38 | 38 | - | 36 | 74 | 75 | (1) |
| | 641 | 511 | 25 | 554 | 1,195 | 921 | 30 |

NM: Not meaningful

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Unaudited Balance Sheet as at

| In \$ millions | GROUP | | | | COMPANY | | | |
|--|----------------|----------------|------------------------------|----------------|----------------|----------------|------------------------------|----------------|
| | Jun 30 2006 | Mar 31 2006 | Dec 31 2005 ^{1/} | Jun 30 2005 | Jun 30 2006 | Mar 31 2006 | Dec 31 2005 ^{1/} | Jun 30 2005 |
| ASSETS | | | | | | | | |
| Cash and balances with central banks | 8,103 | 9,210 | 4,986 | 10,080 | | | | |
| Singapore Government securities and treasury bills | 14,416 | 10,999 | 9,846 | 11,527 | | | | |
| Due from banks | 20,411 | 22,647 | 23,816 | 17,529 | | | | |
| Other financial securities at fair value through profit or loss | 15,172 | 15,574 | 14,989 | 14,999 | | | | |
| Positive replacement values | 9,955 | 9,608 | 8,792 | 9,618 | | | | |
| Loans and advances to customers | 83,410 | 78,818 | 79,462 | 78,712 | - | - | - | 3 |
| Non-trading investments | 22,258 | 22,452 | 23,102 | 22,484 | | | | |
| Securities pledged | 3,125 | 2,548 | 2,380 | 4,775 | | | | |
| Subsidiaries | - | - | - | - | 6,822 | 6,822 | 6,790 | 6,780 |
| Investments in associates | 551 | 550 | 585 | 520 | | | | |
| Goodwill on consolidation | 5,833 | 5,834 | 5,803 | 6,931 | | | | |
| Properties and other fixed assets | 1,556 | 1,638 | 1,662 | 1,786 | | | | |
| Deferred tax assets | 56 | 38 | 51 | 70 | | | | |
| Other assets | 4,743 | 3,954 | 4,730 | 4,643 | | | | |
| TOTAL ASSETS | 189,589 | 183,870 | 180,204 | 183,674 | 6,822 | 6,822 | 6,790 | 6,783 |
| LIABILITIES | | | | | | | | |
| Due to banks | 11,769 | 10,674 | 8,959 | 12,053 | | | | |
| Negative replacement values | 9,703 | 9,570 | 8,537 | 9,308 | | | | |
| Due to non-bank customers | 120,875 | 119,067 | 116,884 | 115,933 | | | | |
| Bills payable | 373 | 362 | 378 | 491 | | | | |
| Current tax liabilities | 660 | 589 | 557 | 641 | | | | |
| Deferred tax liabilities | 51 | 81 | 58 | 56 | - | - | - | - |
| Other liabilities | 12,131 | 10,728 | 12,274 | 12,424 | 6 | 5 | 6 | 6 |
| Other debt securities in issue ^{2/} | 7,812 | 7,956 | 8,002 | 7,555 | | | | |
| - due within one year | 2,584 | 2,756 | 2,664 | 2,985 | | | | |
| - due after one year | 5,228 | 5,200 | 5,338 | 4,570 | | | | |
| Subordinated term debts | 6,406 | 5,077 | 5,365 | 5,590 | | | | |
| TOTAL LIABILITIES | 169,780 | 164,104 | 161,014 | 164,051 | 6 | 5 | 6 | 6 |
| NET ASSETS | 19,809 | 19,766 | 19,190 | 19,623 | 6,816 | 6,817 | 6,784 | 6,777 |
| EQUITY | | | | | | | | |
| Share capital | 8,213 | 8,165 | 8,132 | 8,088 | 3,942 | 3,894 | 3,861 | 3,817 |
| Treasury shares | (111) | (117) | (117) | (117) | - | - | - | - |
| Other reserves | 2,434 | 2,615 | 2,542 | 2,568 | 51 | 50 | 49 | 41 |
| Revenue reserve | 6,872 | 6,685 | 6,167 | 6,608 | 2,823 | 2,873 | 2,874 | 2,919 |
| SHAREHOLDERS' FUNDS | 17,408 | 17,348 | 16,724 | 17,147 | 6,816 | 6,817 | 6,784 | 6,777 |
| Minority interests | 2,401 | 2,418 | 2,466 | 2,476 | - | - | - | - |
| TOTAL EQUITY | 19,809 | 19,766 | 19,190 | 19,623 | 6,816 | 6,817 | 6,784 | 6,777 |
| OFF BALANCE SHEET ITEMS | | | | | | | | |
| Contingent liabilities | 11,124 | 10,002 | 8,769 | 8,552 | | | | |
| Commitments | 77,982 | 76,401 | 75,804 | 67,455 | | | | |
| Financial derivatives | 1,403,137 | 1,444,019 | 1,359,935 | 1,588,306 | | | | |
| OTHER INFORMATION | | | | | | | | |
| Net asset value per ordinary share (\$) | | | | | | | | |
| (i) Based on existing ordinary share capital | | | | | 4.49 | 4.50 | 4.48 | 4.49 |
| (ii) Assuming conversion of outstanding preference shares to ordinary shares | | | | | 4.34 | 4.35 | 4.34 | 4.34 |

Notes:

1/ Audited

2/ Includes secured amount of \$2,384 million as at June 30, 2006 (March 31, 2006: \$2,204 million; December 31, 2005: \$2,018 million; June 30, 2005: \$1,927 million). These are mainly secured by properties and securities.

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Unaudited Statement of Changes in Equity

| GROUP In \$ millions | Attributable to Shareholders | | | | | Total equity |
|---|------------------------------|-----------------|----------------|-----------------|--------------------|---------------|
| | Share capital ^{1/} | Treasury shares | Other reserves | Revenue reserve | Minority interests | |
| Balance at January 1, 2006 | 8,132 | (117) | 2,542 | 6,167 | 2,466 | 19,190 |
| Exercise of share options | 81 | | | | | 81 |
| Net exchange translation adjustments | | | (24) | | (60) | (84) |
| Share of associates' capital reserves | | | (5) | | | (5) |
| Cost of share-based payments | | | 15 | | | 15 |
| Draw-down of reserves upon vesting of performance shares | | 6 | (6) | | | - |
| Available-for-sale investments/Cash flow hedge: | | | | | | |
| - Net valuation taken to equity | | | (66) | | | (66) |
| - Transferred to income statement on sale | | | (25) | | | (25) |
| - Tax on items taken directly to or transferred from equity | | | 3 | | | 3 |
| Net profit for the period | | | | 1,121 | 74 | 1,195 |
| Final dividends paid for previous year | | | | (212) | | (212) |
| Interim dividends paid for current year | | | | (204) | | (204) |
| Dividends paid to minority interests | | | | | (74) | (74) |
| Change in minority interests | | | | | (5) | (5) |
| Balance at June 30, 2006 | 8,213 | (111) | 2,434 | 6,872 | 2,401 | 19,809 |
| Balance at January 1, 2005 | 8,066 | (126) | 2,328 | 6,176 | 2,431 | 18,875 |
| On adoption of FRS 39 at January 1, 2005 | | | 292 | (9) | | 283 |
| Exercise of share options | 20 | | | | | 20 |
| Net exchange translation adjustments | | | 3 | | 42 | 45 |
| Share of associates' capital reserves | | | 2 | | | 2 |
| Cost of share-based payments | | | 21 | | | 21 |
| Draw-down of reserves upon vesting of performance shares | | 9 | (9) | | | - |
| Reclassification of reserves upon exercise of share options | 2 | | (2) | | | - |
| Available-for-sale investments/Cash flow hedge: | | | | | | |
| - Net valuation taken to equity | | | 51 | | | 51 |
| - Transferred to income statement on sale | | | (110) | | | (110) |
| - Tax on items taken directly to or transferred from equity | | | (8) | | | (8) |
| Net profit for the period | | | | 846 | 75 | 921 |
| Final dividends paid for previous year | | | | (268) | | (268) |
| Interim dividends paid for current year | | | | (137) | | (137) |
| Dividends paid to minority interests | | | | | (76) | (76) |
| Change in minority interests | | | | | 4 | 4 |
| Balance at June 30, 2005 | 8,088 | (117) | 2,568 | 6,608 | 2,476 | 19,623 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Unaudited Statement of Changes in Equity

| COMPANY | Share capital | Other | Revenue | Total equity |
|---|---------------|-----------|--------------|--------------|
| In \$ millions | ^{1/} | reserves | reserve | |
| Balance at January 1, 2006 | 3,861 | 49 | 2,874 | 6,784 |
| Exercise of share options | 81 | | | 81 |
| Cost of share-based payments | | 2 | | 2 |
| Net profit for the period | | | 365 | 365 |
| Final dividends paid for previous year | | | (212) | (212) |
| Interim dividends paid for current year | | | (204) | (204) |
| Balance at June 30, 2006 | <u>3,942</u> | <u>51</u> | <u>2,823</u> | <u>6,816</u> |
| Balance at January 1, 2005 | 3,795 | 35 | 3,000 | 6,830 |
| Exercise of share options | 20 | | | 20 |
| Cost of share-based payments | | 8 | | 8 |
| Reclassification of reserves upon exercise of share options | 2 | (2) | | - |
| Net loss for the period | | | 324 | 324 |
| Final dividends paid for previous year | | | (268) | (268) |
| Interim dividends paid for current year | | | (137) | (137) |
| Balance at June 30, 2005 | <u>3,817</u> | <u>41</u> | <u>2,919</u> | <u>6,777</u> |

Note:

1/ Share capital included Capital redemption reserves and Share premium of DBS Bank prior to restructuring of DBS Bank under a financial services holding company, DBSH, pursuant to a scheme of arrangement under Section 210 of Singapore Companies Act on 26 June 1999 (previously disclosed under Non-distributable reserves).

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Unaudited Consolidated Statement of Cash Flows

| In \$ millions | 1st Half 2006 | 1st Half 2005 |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Operating profit before tax | 1,459 | 1,083 |
| <i>Adjustments for non-cash items:</i> | | |
| Provisions for credit and other losses | 93 | 144 |
| Depreciation of properties and other fixed assets | 63 | 77 |
| Share of profits of associates | (32) | (26) |
| Net gain on disposal of properties and other fixed assets | (2) | (4) |
| Net gain on disposal of non-trading investments | (50) | (37) |
| Operating profit before changes in operating assets & liabilities | 1,531 | 1,237 |
| <i>Increase/(Decrease) in:</i> | | |
| Change in restricted balances with central banks | 28 | (296) |
| Due to non-bank customers | 3,991 | 2,727 |
| Due to banks | 2,810 | 1,114 |
| Other liabilities including bills payable | 1,058 | 2,463 |
| <i>(Increase)/Decrease in:</i> | | |
| Singapore Government securities and treasury bills | (4,655) | 1,075 |
| Other financial securities at fair value through profit or loss | 2,224 | (2,204) |
| Other assets | (2,130) | (146) |
| Due from banks | 3,396 | 7,640 |
| Loans and advances to customers | (4,033) | (9,217) |
| Tax paid | (63) | (187) |
| Net cash generated from operating activities (1) | 4,157 | 4,206 |
| Cash flows from investing activities | | |
| Dividends from associates | 15 | 24 |
| Purchase of properties and other fixed assets | (91) | (47) |
| Net increase/(decrease) in non-trading investments | 919 | (797) |
| Proceeds from disposal of properties and other fixed assets | 91 | 18 |
| Net cash generated from/(used in) investing activities (2) | 934 | (802) |
| Cash flows from financing activities | | |
| Increase in share capital | 81 | 22 |
| Net (decrease)/increase in debt securities and borrowings | (616) | 940 |
| Proceeds from issue of subordinated term debts | 1,428 | - |
| Dividends paid to shareholders of the Company | (416) | (405) |
| Dividends paid to minority interests | (74) | (76) |
| Net cash generated from financing activities (3) | 403 | 481 |
| Exchange translation adjustments (4) | (27) | 6 |
| Net change in cash and cash equivalents (1)+(2)+(3)+(4) | 5,467 | 3,891 |
| Cash and cash equivalents at January 1 | 9,408 | 14,900 |
| Cash and cash equivalents at June 30 | 14,875 | 18,791 |

DBS GROUP HOLDINGS LTD AND ITS SUBSIDIARIES

Selected Notes to the Accounts

Issuance of Ordinary Shares

(a) The movement in the number of issued and fully paid-up ordinary shares for the first half ended June 30, 2006 is as follows:

| | |
|--|----------------------|
| At January 1, 2006 | 1,497,857,345 |
| Exercise of share options pursuant to the DBSH Share Option Plan | 6,100,557 |
| At June 30, 2006 | <u>1,503,957,902</u> |
| | |
| Weighted average number of shares for first half 2006 | |
| - ordinary shares | 1,500,660,561 |
| - fully diluted | 1,570,799,702 |

The fully diluted shares took into account the effect of a full conversion of non-voting convertible preference shares ("CPS") and non-voting redeemable CPS, and the exercise of all outstanding share options granted to employees when such shares would be issued to a price lower than the average share price during the period.

(b) New ordinary shares that would have been issued on conversion of preference shares and exercise of share option are as follows:

| (Number) | <u>Jun 30, 2006</u> | <u>Mar 31, 2006</u> | <u>Dec 31, 2005</u> | <u>Jun30, 2005</u> |
|--|---------------------|---------------------|---------------------|--------------------|
| Conversion of non-voting CPS | 120,436 | 120,436 | 120,436 | 120,436 |
| Conversion of non -voting redeemable CPS | 66,475,374 | 66,475,374 | 66,475,374 | 66,475,374 |
| Exercise of share options | 32,392,048 | 36,506,393 | 39,474,281 | 46,156,505 |