



Third Quarter 2005

GROUP FINANCIAL RESULTS

9 November 2005

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Media Release

OCBC Group Reports 11% Increase in Net Profit to S\$355 million in Third Quarter 2005

Net Profit for first nine months grew 10% to S\$957 million

Singapore, 9 November 2005 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a net profit attributable to shareholders (“net profit”) of S\$355 million for the third quarter of 2005 (“3Q05”), an increase of 11% compared to the S\$319 million profit recorded in third quarter 2004 (“3Q04”). Excluding the one-time gains of S\$97 million from the divestment of Raffles Investments Limited and Whitesands Shopping Mall in 3Q04, net profit grew 60% year-on-year in 3Q05. The improved earnings were driven by higher net interest income, significant growth in non-interest income, and recoveries which more than offset allowances for loans and other assets.

The 3Q05 financials include the consolidated results of 70.7%-owned PT Bank NISP Tbk (“Bank NISP”), which became a subsidiary in April 2005, whereas in 3Q04 Bank NISP was equity accounted as a 22.5%-owned associate. Both 3Q04 and 3Q05 include the consolidated results of 82.3%-owned Great Eastern Holdings (“GEH”), which became a subsidiary in June 2004.

The Group’s operating profit before allowances for loans and other assets in 3Q05 fell by 12% to S\$449 million, but showed an increase of 18% if 3Q04 divestment gains are excluded. Net interest income increased 8% to S\$413 million, driven by growth in interest-earning assets which was partly offset by a 6 basis points decline in net interest margin from 1.89% to 1.83% due mainly to higher cost of funds and lower gapping profits. Non-interest income grew by 32% (excluding 3Q04 divestment gains) to S\$332 million, led by growth in insurance income and fee income, as well as improved results from foreign exchange, securities and derivatives dealing.

Operating expenses increased by 16% to S\$297 million due mainly to the inclusion of Bank NISP’s expenses in 3Q05. Excluding Bank NISP, underlying expenses grew 6%. Allowances for loans and other assets fell from S\$36 million in 3Q04 to a net recovery of S\$23 million in 3Q05 largely due to recoveries in impairment charges for loan-related securities. With the discontinuation of goodwill amortisation under the new Financial Reporting Standard (“FRS”) 103, amortisation of intangible assets and goodwill fell from S\$45 million in 3Q04 to S\$10 million in 3Q05.

Compared to net profit of S\$304 million in second quarter 2005 (“2Q05”), 3Q05 profit was 17% higher. Operating profit before allowances for loans and other assets increased by 6% quarter-on-quarter, with revenue growth of 6% partly offset by a 5% increase in operating expenses. Net interest income increased 2% over 2Q05 while net interest margin improved from 1.82% to 1.83%. Non-interest income grew 11% due to higher dealing income from foreign exchange, securities and derivatives, as well as higher fee income and insurance income.

Nine Months' Results

Net profit for the first nine months of 2005 ("9M05") was S\$957 million, up 10% over the same period last year. Excluding the net divestment gains of S\$97 million in 9M04, net profit rose 23%, while operating profit before allowances for loans and other assets increased by 18% to S\$1,302 million. Net interest income grew 5% to S\$1,183 million mainly due to the contribution from Bank NISP, partly offset by a decline in net interest margin from 1.90% to 1.81%. Margins were hurt by higher cost of funds and lack of gapping opportunities. Non-interest income rose 39% (excluding divestment gains) to S\$948 million. The increase was due to higher insurance income with the full nine months' consolidation of GEH's results, a 7% growth in fee and commission income, and improved results from securities and derivatives dealing as compared to losses sustained in 9M04.

Operating expenses increased 18% to S\$829 million due mainly to the consolidation effects of GEH and Bank NISP. Excluding GEH and Bank NISP, underlying operating expenses would have shown a smaller increase of 6% attributable mainly to higher staff costs and business promotion expenses. Allowances for loans and other assets fell from S\$79 million in 9M04 to a negligible amount in 9M05 due to recoveries in loans and loan-related securities.

Annualised earnings per share for 9M05 increased by 9% to 40 cents. Annualised return on ordinary shareholders' equity was 11.3%, compared to 9M04's 11.7% (10.3% excluding divestment gains).

Third Quarter Revenue

Total revenue fell from S\$768 million in 3Q04 to S\$745 million in 3Q05 due to the S\$132 million divestment gains (before minorities) in 3Q04. Without the 3Q04 divestment gains, revenues grew by 17%.

Net interest income increased 8% to S\$413 million in 3Q05, driven by an 11% growth in average interest earning assets which was partly due to the acquisition of Bank NISP. Customer loans grew by 6% year-on-year to S\$57 billion as at 30 September 2005, led by growth in loans to the general commerce, manufacturing and housing sectors. Net interest margin fell by 6 basis points from 1.89% in 3Q04 to 1.83% in 3Q05 due to higher borrowing costs which rose faster than asset yields. Deposit costs which are pegged to short-term interbank rates increased while borrowing costs on subordinated term notes and other debt papers also rose in tandem with the rising interest rates. Gapping profits continued to be depressed due to the flatter yield curve.

Non-interest income fell 14% to S\$332 million but would have increased by 32% if the divestment gains in 3Q04 are excluded. Fee and commission income grew 10% to S\$130 million, boosted by higher trade-related, stockbroking and fund management income. Insurance income from GEH rose 23% to S\$104 million. Foreign exchange dealing income jumped 74% to S\$38 million, and securities and derivatives dealing registered gains of S\$9 million compared to net losses of S\$20 million in 3Q04.

Third Quarter Operating Expenses

Total operating expenses grew by 16% year-on-year to S\$297 million in 3Q05. Excluding the consolidation effects of Bank NISP, the underlying cost increase was 6%, largely due to higher staff costs and increase in business promotion expenses. Excluding Bank NISP, staff headcount increased by 7% year-on-year. Spending on marketing and business promotions rose in tandem with new product and promotional initiatives.

The Group's cost-to-income ratio was 39.8% in 3Q05 and 38.9% in 9M05. These were largely similar to the adjusted ratios (excluding divestment gains) of 40.2% in 3Q04 and 38.8% in 9M04.

Loan Allowances and Asset Quality

Total allowances for loans and other assets fell from S\$36 million in 3Q04 to a net recovery of S\$23 million in 3Q05, underpinned by continued improvement in the Group's asset quality and successful recovery efforts for non-performing assets. Specific loan allowances fell from S\$37 million to S\$20 million, while investment securities and other assets saw a S\$43 million net recovery of impairment charges, due mainly to recoveries in loan-related securities.

Total non-performing loans ("NPLs") fell 14% from December 2004 and 5% from June 2005 to S\$2.47 billion as at 30 September 2005. The NPL ratio improved to 4.2%, from 5.0% in December 2004 and 4.3% in June 2005. Total cumulative specific and portfolio allowances amounted to S\$2.15 billion, providing coverage of 86.9% of total NPLs, unchanged from June 2005 and up from 82.9% in December 2004.

Capital Position

Total capital adequacy ratio and Tier-1 ratio of the Group stood at 16.8% and 12.8% respectively as at 30 September 2005. This was up from 14.7% and 10.7% respectively as at 30 June 2005 due to the full subscription of the one-for-five Rights Issue in July 2005 amounting to S\$1.31 billion.

On 29 June 2005, the Group announced a second S\$500 million share buyback programme, which commenced in July 2005. As at the date of this results announcement, approximately 33 million ordinary shares have been purchased under the second buyback programme, for a total consideration of S\$203 million.

Conclusion

Commenting on the Group's performance, CEO David Conner said:

"We have achieved good earnings growth for the first nine months of the year, boosted by our acquisitions of Great Eastern and Bank NISP, our strong Malaysia results and continued successes in loan recoveries. Despite Singapore interest earnings being depressed by lack of gapping opportunities, our nine-months earnings are at a record, and we continue to make good progress under our New Horizons strategy."

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$134 billion and a network of 112 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Japan, Australia, UK and USA. OCBC Bank offers a range of specialist financial services including consumer, corporate, investment, private and transaction banking, global treasury and stockbroking services to meet the needs of its customers across communities. Its subsidiary, Great Eastern Holdings, is the largest insurance group in both Singapore and Malaysia in terms of assets and market share.

In 2004, OCBC Bank was named Lafferty Group's Retail Bank of the Year in Asia-Pacific and South East Asia and Global Finance magazine's Best Bank in Singapore. Additional information may be found at www.ocbc.com.

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FINANCIAL REVIEW

Highlights

- ◆ Net profit increased by 11% to S\$355 million in 3Q05. Excluding the divestment gains of S\$97 million (S\$132 million before minorities) in 3Q04, net profit grew 60%.
- ◆ Excluding 3Q04 divestment gains, operating profit before allowances for loans and other assets increased by 18% to S\$449 million. Net interest income grew by 8% and non-interest income increased by 32%, offsetting the operating expenses growth of 16%.
- ◆ Net profit for 9M05 grew by 10% to S\$957 million. Excluding 3Q04 divestment gains, net profit for 9M05 increased by 23%, while operating profit increased by 18% to S\$1,302 million.
- ◆ Gross loans to customers grew by 6% from September 2004 to S\$56.99 billion as at 30 September 2005, led by growth in loans to the housing, general commerce and manufacturing sectors.
- ◆ NPLs declined by 14% from December 2004 to S\$2.47 billion in September 2005. The NPL ratio improved from 5.0% to 4.2%, and cumulative allowances coverage of NPLs increased from 82.9% to 86.9%.
- ◆ Annualised earnings per ordinary share were 40 cents for 9M05, an increase of 9% over the same period last year.
- ◆ Annualised return on ordinary shareholders' equity was 11.3% for 9M05, compared to 9M04's 11.7% (10.3% excluding the 3Q04 divestment gains). Cash return on ordinary shareholders' equity was 11.7% for 9M05, compared to 13.3% for 9M04 (11.9% excluding the 3Q04 divestment gains).
- ◆ Net asset value per ordinary share ("NAV") was S\$3.61 as at 30 September 2005, up from S\$3.22 as at 30 September 2004. Including the unrealised valuation surplus of S\$1.37 per share, NAV was S\$4.99.

Financial Summary

	9 Mths	9 Mths	+ / (-)	3rd Qtr	3rd Qtr	+ / (-)	2nd Qtr
	2005	2004		2005	2004		2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Selected profit and loss data :							
Net interest income	1,183	1,129	5	413	384	8	407
Fees and commissions	375	350	7	130	118	10	125
Dividends	52	73	(29)	9	8	16	23
Rental income	53	55	(2)	18	18	(3)	18
Income from insurance	304	111	174	104	85	23	95
Other income	163	223	(27)	71	155	(54)	37
Total income	2,131	1,941	10	745	768	(3)	704
Less : Operating expenses	829	702	18	297	256	16	282
Operating profit	1,302	1,239	5	449	513	(12)	423
Less : Amortisation of goodwill and intangible assets	30	113	(74)	10	45	(78)	10
Less : Allowances/(writeback) for loans and other assets	-	79	n.m.	(23)	36	n.m.	(2)
Add : Share of associated companies' results	13	87	(85)	2	5	(55)	3
Profit before tax	1,287	1,134	13	464	436	6	418
Net profit attributable to shareholders	957	874	10	355	319	11	304
Cash basis net profit attributable to shareholders ^{1/}	987	987	-	365	365	-	314

Selected balance sheet data :

Total assets	133,658	118,799	13	133,658	118,799	13	137,002
Assets excluding life fund net assets	100,396	90,331	11	100,396	90,331	11	104,943
Loans to customers (net of allowances for loan losses)	54,909	51,609	6	54,909	51,609	6	54,379
Deposits of non-bank customers	62,803	56,219	12	62,803	56,219	12	63,559
Ordinary shareholders' equity (excluding minority interests)	11,278	10,305	9	11,278	10,305	9	11,258
Total shareholders' equity (excluding minority interests)	12,174	11,201	9	12,174	11,201	9	12,154

Key Indicators :

Return on ordinary shareholders' equity (% p.a.) ^{2/}	11.3	11.7		12.1	11.9		10.7
Return on ordinary shareholders' equity (% p.a.) – Cash basis ^{2/}	11.7	13.3		12.5	13.7		11.0
Return on assets (% p.a.) ^{3/}	1.27	1.31		1.38	1.40		1.18
Return on assets (% p.a.) – Cash basis ^{3/}	1.31	1.48		1.42	1.60		1.22
Restated - Basic earnings per ordinary share (S\$) ^{4/}	0.40	0.37	9	0.45	0.40	13	0.36
- Cash earnings per ordinary share (S\$) ^{4/}	0.41	0.41	(1)	0.46	0.45	2	0.37
Previously reported - Basic earnings per ordinary share (S\$)	-	0.89	-	-	0.96	-	-
- Cash earnings per ordinary share (S\$)	-	1.00	-	-	1.10	-	-
Net asset value per ordinary share (S\$)							
Restated - Before valuation surplus ^{4/}	3.61	3.22	12	3.61	3.22	12	3.58
- After valuation surplus ^{4/}	4.99	4.37	14	4.99	4.37	14	4.84
Previously reported - Before valuation surplus	-	7.74	-	-	7.74	-	-
- After valuation surplus	-	10.50	-	-	10.50	-	-

^{1/} Excluding amortisation of goodwill and intangible assets

^{2/} Calculated after deducting preference shares dividends paid and estimated to be due as at end of period from net profit attributable to shareholders; Equity excludes minority interests

^{3/} Return on assets is calculated based on assets excluding life fund net assets attributable to policyholders

^{4/} The number of ordinary shares has been adjusted for the issue of new shares pursuant to the Rights Issue effected on 18 July 2005 and for the Sub-Division of one ordinary share of \$1 par value into two ordinary shares of \$0.50 par value effected on 5 August 2005. The comparative figures have been restated for the effects of FRS 102 adoption, the Rights Issue and Sub-Division.

Notes: (i) Return on equity, return on assets and earnings per ordinary share are annualised.

(ii) Some of the figures may not add up to the relevant totals due to rounding

(iii) n.m. – Not meaningful

(iv) Certain comparative figures have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation

Net Interest Income

Net interest income increased by 8% year-on-year to S\$413 million in 3Q05, driven by an 11% growth in average interest earning assets which was partly due to the acquisition of Bank NISP.

Average yield on interest earning assets increased by 84 basis points to 4.06% in 3Q05. However, cost of funds rose at a higher rate of 92 basis points, resulting in a decline in net interest margin from 1.89% to 1.83%. Costs of deposits that are pegged to interbank rates increased significantly while costs of subordinated term notes and other debt papers issued rose with the rising interest rates. The relatively flat yield curve also limited gapping opportunities.

For 9M05, net interest income rose 5% to S\$1,183 million due to growth in interest earning assets partly offset by a 9 basis points drop in net interest margin from 1.90% to 1.81%.

Average Balance Sheet^{1/} (Quarterly Trend)

	3rd Quarter 2005			3rd Quarter 2004			2nd Quarter 2005		
	Average Balance ^{1/}	Average Interest	Average Rate	Average Balance ^{1/}	Average Interest	Average Rate	Average Balance ^{1/}	Average Interest	Average Rate
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m	S\$m	%
Assets									
Loans and advances to non-bank customers	54,055	629	4.62	51,669	478	3.68	53,692	601	4.49
Placements with and loans to banks	17,182	128	2.95	13,173	78	2.37	17,698	124	2.81
Other interest earning assets ^{2/}	18,221	159	3.46	16,065	98	2.43	18,126	152	3.36
Total interest earning assets	<u>89,458</u>	<u>916</u>	<u>4.06</u>	<u>80,906</u>	<u>655</u>	<u>3.22</u>	<u>89,515</u>	<u>877</u>	<u>3.93</u>
Non-interest earning assets	45,514			37,697			44,204		
Total assets	<u>134,971</u>			<u>118,603</u>			<u>133,719</u>		
Liabilities									
Deposits of non-bank customers	63,183	326	2.05	56,656	185	1.30	63,058	307	1.95
Deposits and balances of banks	15,866	118	2.96	14,438	58	1.59	15,855	104	2.64
Other borrowings ^{3/}	6,133	58	3.77	5,003	28	2.25	6,579	59	3.61
Total interest bearing liabilities	<u>85,182</u>	<u>502</u>	<u>2.34</u>	<u>76,098</u>	<u>271</u>	<u>1.42</u>	<u>85,492</u>	<u>470</u>	<u>2.21</u>
Non-interest bearing liabilities	36,600			30,848			35,642		
Total liabilities	<u>121,781</u>			<u>106,946</u>			<u>121,134</u>		
Net interest income/margin		413	1.83		384	1.89		407	1.82

^{1/} Average balances are calculated based on monthly averages

^{2/} Comprise debt securities, government securities and treasury bills

^{3/} Comprise debts issued, including Upper Tier 2 subordinated debt, Floating Rate Notes and Euro Commercial Papers

Average Balance Sheet^{1/} (Nine Months Trend)

	9 Mths 2005			9 Mths 2004		
	Average Balance ^{1/}	Interest	Average Rate	Average Balance ^{1/}	Interest	Average Rate
	S\$m	S\$m	%	S\$m	S\$m	%
Assets						
Loans and advances to non-bank customers	52,952	1,726	4.36	50,218	1,388	3.69
Placements with and loans to banks	16,344	346	2.83	13,787	220	2.14
Other interest earning assets ^{2/}	17,874	433	3.24	15,235	263	2.31
Total interest earning assets	87,170	2,505	3.84	79,240	1,872	3.15
Non-interest earning assets	44,149			20,254		
Total assets	131,319			99,494		
Liabilities						
Deposits of non-bank customers	61,578	866	1.88	56,582	514	1.21
Deposits and balances of banks	14,906	292	2.62	13,869	151	1.46
Other borrowings ^{3/}	6,473	164	3.39	4,488	78	2.32
Total interest bearing liabilities	82,957	1,322	2.13	74,938	743	1.32
Non-interest bearing liabilities	35,596			13,750		
Total liabilities	118,554			88,688		
Net interest income/margin		1,183	1.81		1,129	1.90

^{1/} Average balances are calculated based on monthly averages

^{2/} Comprise debt securities, government securities and treasury bills

^{3/} Comprise debts issued, including Upper Tier 2 subordinated debt, Floating Rate Notes and Euro Commercial Papers

Non-Interest Income

	9 Mths 2005	9 Mths 2004	+ / (-)	3rd Qtr 2005	3rd Qtr 2004	+ / (-)	2nd Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Fee and commission income							
Brokerage	33	40	(19)	15	9	72	9
Wealth management ^{1/}	105	107	(2)	34	33	5	32
Fund management	48	26	84	15	13	21	19
Credit card	30	25	19	10	9	11	10
Loan-related	52	51	3	18	16	9	18
Trade and remittances	55	41	34	21	15	38	18
Guarantees	16	14	13	4	5	(11)	6
Investment banking	5	16	(66)	2	6	(72)	2
Service charges	24	24	-	8	9	(4)	9
Others	7	6	15	2	3	(42)	2
Total	<u>375</u>	<u>350</u>	7	<u>130</u>	<u>118</u>	10	<u>125</u>
Dividends	52	73	(29)	9	8	16	23
Rental income	53	55	(2)	18	18	(3)	18
Income from insurance ^{2/}	304	111	174	104	85	23	95
Other income							
Dealing in foreign exchange	62	59	5	38	22	74	17
Dealing in securities and derivatives	14	(33)	n.m.	9	(20)	n.m.	(7)
Disposal of investment securities	40	11	261	9	5	83	9
Gain on disposal of associated/ subsidiary companies	1	55	(99)	-	55	n.m.	1
Disposal of properties	2	79	(97)	1	78	(98)	1
Others	44	52	(15)	13	16	(16)	16
Total	<u>163</u>	<u>223</u>	(27)	<u>71</u>	<u>155</u>	(54)	<u>37</u>
Total non-interest income	<u>948</u>	<u>812</u>	17	<u>332</u>	<u>384</u>	(14)	<u>298</u>
Fees and Commissions/Total Income	17.6%	18.0%		17.4%	15.3%		17.7%
Non-Interest Income/Total Income	44.5%	41.8%		44.5%	50.0%		42.3%

^{1/} From sale of unit trusts, bancassurance products and structured deposits and notes

^{2/} Comprise profit from life assurance and net earned premiums from general insurance

Non-interest income fell 14% to S\$332 million as compared to 3Q04 which included one-time gains of S\$132 million (S\$97 million after minority interests) from the divestments of Raffles Investments Limited and Whitesands Shopping Mall. Excluding these divestment gains, non-interest income in 3Q05 increased by 32% year-on-year.

Fee and commission income grew 10% to S\$130 million, boosted by higher trade-related, stockbroking and fund management income. Insurance income from GEH rose 23% to S\$104 million. Foreign exchange dealing income jumped 74% to S\$38 million, while securities and derivatives dealing registered gains of S\$9 million as compared to net losses of S\$20 million in 3Q04.

Non-interest income for 9M05 grew by 17% to S\$948 million, but would have recorded a 39% jump if the divestment gains in 3Q04 are excluded. Growth was contributed by higher insurance income with the full nine months consolidation of GEH's results, higher fee and commission income and improved results from securities and derivatives dealing as compared to losses sustained in 9M04.

Operating Expenses

	9 Mths 2005	9 Mths 2004	+ / (-)	3rd Qtr 2005	3rd Qtr 2004	+ / (-)	2nd Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Staff costs ^{1/}	468	396	18	165	141	17	160
Premises and equipment							
Depreciation of fixed assets	49	46	6	18	16	14	16
Amortisation of computer software costs	14	19	(24)	5	6	(13)	5
Maintenance and hire of fixed assets	28	24	19	11	9	16	9
Rental expenses	17	14	28	6	5	26	6
Others	58	53	9	21	18	20	20
Total	167	156	7	61	53	15	56
Other operating expenses	193	150	29	70	62	14	66
Total operating expenses	829	702	18	297	256	16	282
Group staff strength – period end	14,397	10,166	42	14,397	10,166	42	14,247
Group staff strength – average	13,052	8,627	51	14,334	10,044	43	14,132
Cost-to-income ratio	38.9%	36.2%		39.8%	33.3%		40.0%

^{1/} Staff costs in 2004 periods were restated to include share-based expenses, in accordance with FRS 102

Total operating expenses grew by 16% year-on-year to S\$297 million in 3Q05. Excluding the consolidation effects of Bank NISP, expenses growth was a more moderate 6%, contributed by higher staff costs due to headcount increase as well as higher business promotion expenses. Excluding Bank NISP, staff headcount at end September 2005 stood at 10,846, an increase of 7% year-on-year. Share option expenses, which are included in staff costs, amounted to S\$3.3 million in 3Q05 compared to the restated 3Q04 expense of S\$4.6 million, pursuant to the adoption of FRS 102 on Share-Based Payment in 2005. Spending on marketing and business promotions went up in 3Q05 due to new product and promotional initiatives.

Compared to 9M04, operating expenses rose 18% to S\$829 million in 9M05. Excluding GEH and Bank NISP, operating expenses would have shown an underlying increase of 6% due to higher staff costs and business promotion expenses.

The Group's cost-to-income ratio was 39.8% in 3Q05 and 38.9% in 9M05. These are largely similar to the adjusted ratios (excluding divestment gains) of 40.2% in 3Q04 and 38.8% in 9M04.

Allowances for Loans and Other Assets

	9 Mths 2005	9 Mths 2004	+ / (-)	3rd Qtr 2005	3rd Qtr 2004	+ / (-)	2nd Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Specific allowances / (writeback) for loan losses							
– Singapore	23	83	(72)	9	43	(79)	(7)
– Malaysia	8	4	113	17	1	n.m.	(6)
– Others	3	(25)	n.m.	(6)	(7)	14	10
	<u>35</u>	<u>62</u>	<u>(44)</u>	<u>20</u>	<u>37</u>	<u>(46)</u>	<u>(3)</u>
Portfolio allowances / (writeback) for loan losses ^{1/}							
– Singapore	–	–	–	–	–	–	–
– Malaysia	–	–	–	–	–	–	–
– Others	–	1	n.m.	–	–	–	–
	<u>–</u>	<u>1</u>	<u>n.m.</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Impairment charges for investment securities and other assets							
	<u>(35)</u>	<u>17</u>	<u>n.m.</u>	<u>(43)</u>	<u>(1)</u>	<u>n.m.</u>	<u>1</u>
Total allowances / (writeback) for loans and other assets							
	<u>–</u>	<u>79</u>	<u>n.m.</u>	<u>(23)</u>	<u>36</u>	<u>n.m.</u>	<u>(2)</u>

^{1/} For 2004 periods, refers to general provision

Total allowances for loans and other assets fell from S\$36 million in 3Q04 to a net recovery of S\$23 million in 3Q05, underpinned by continued improvement in the Group's asset quality and successful recovery efforts for non-performing assets.

Specific loan allowances fell from S\$37 million to S\$20 million, while investment securities and other assets saw a net recovery of S\$43 million mainly from loan-related securities.

For 9M05, allowances for loans and other assets were negligible due to recoveries in loans and loan-related securities. No additional portfolio allowances for loans were made in the first nine months of 2005.

Loans and Advances

	30 Sep 2005	30 Jun 2005	31 Dec 2004 ^{1/}	30 Sep 2004 ^{1/}
	S\$m	S\$m	S\$m	S\$m
Loans to customers	56,109	55,879	53,541	53,397
Bills receivable	884	643	549	494
Gross loans to customers	56,993	56,522	54,090	53,891
Less Allowances:				
Specific allowances	1,118	1,178	1,116	1,099
Portfolio allowances	967	965	1,145	1,183
	54,909	54,379	51,829	51,609

Gross loans to customers grew by 5% over December 2004, and by 6% over September 2004, to S\$56.99 billion as at 30 September 2005. The growth was largely contributed by the consolidation of Bank NISP's loans and growth in the Group's housing loans. By industry, the strongest growth came from loans to the general commerce, manufacturing and housing sectors.

	30 Sep 2005	30 Jun 2005	31 Dec 2004 ^{1/}	30 Sep 2004 ^{1/}
	S\$m	S\$m	S\$m	S\$m
<u>By Maturity</u>				
Less than 7 days	6,729	7,047	7,318	7,592
1 week to 1 month	3,178	3,585	3,665	3,264
Over 1 to 3 months	3,921	4,101	3,455	3,627
Over 3 to 12 months	6,738	5,760	5,087	5,533
Over 1 to 3 years	9,088	9,239	8,722	8,933
Over 3 years	27,340	26,790	25,844	24,942
	56,993	56,522	54,090	53,891
<u>By Industry</u>				
Agriculture, mining & quarrying	745	805	718	647
Transport, storage and communication	1,806	1,612	1,568	1,432
Building and construction	7,296	7,124	7,123	6,846
Manufacturing	4,381	4,388	3,484	3,481
Financial institutions, investment and holding companies ^{1/}	7,289	7,365	7,345	8,351
General commerce	5,571	5,189	4,652	4,374
Professionals and individuals	8,421	8,438	8,575	8,278
Housing loans	18,090	18,126	17,287	16,965
Others	3,395	3,474	3,339	3,518
	56,993	56,522	54,090	53,891

^{1/} Balances as at 31 Dec 2004 and 30 Sep 2004 were restated to exclude Collateralised Debt Obligations ("CDOs") to conform to current period's presentation

Non-Performing Loans

By grading, security coverage and countries

	Total NPLs ^{1/} S\$m	Substandard NPLs S\$m	Doubtful NPLs S\$m	Loss NPLs S\$m	Secured NPLs as % of total NPLs %	Non-bank NPLs as % of non-bank loans ^{2/} %
Singapore						
30 Sep 2005	1,454	806	357	291	66.0	3.8
30 Jun 2005	1,485	860	355	270	64.8	3.9
31 Dec 2004	1,735	1,082	436	217	60.7	4.4
30 Sep 2004	1,909	1,252	468	189	63.8	4.8
Malaysia						
30 Sep 2005	745	509	157	79	66.5	7.0
30 Jun 2005	821	575	179	67	70.3	7.5
31 Dec 2004	902	580	230	93	64.8	9.0
30 Sep 2004	970	658	241	71	68.3	9.8
Others						
30 Sep 2005	267	62	156	49	39.3	2.9
30 Jun 2005	286	71	176	40	36.7	3.1
31 Dec 2004	229	57	152	21	31.4	3.6
30 Sep 2004	249	71	156	21	35.5	4.2
Group Total						
30 Sep 2005	2,467	1,377	670	419	63.3	4.2
30 Jun 2005	2,592	1,506	709	376	63.4	4.3
31 Dec 2004	2,866	1,718	818	331	59.6	5.0
30 Sep 2004	3,129	1,981	866	282	62.9	5.5

^{1/} Comprise non-bank loans, debt securities and contingent facilities

^{2/} Exclude debt securities

Total NPLs fell by 14% from December 2004 to S\$2.47 billion as at 30 September 2005. Singapore NPLs amounted to S\$1.45 billion and accounted for 59% of the Group's total NPLs, while Malaysia NPLs of S\$745 million accounted for 30% of total NPLs. Of the total NPLs, 55.8% were in the substandard category while 63.3% were secured by collateral.

The Group's NPL ratio improved from 5.0% in December 2004 to 4.2% in September 2005. The Singapore NPL ratio improved from 4.4% to 3.8%, while the Malaysia NPL ratio improved from 9.0% to 7.0% over the same period.

Non-Performing Loans *(continued)*

	30 Sep 2005		31 Dec 2004		30 Sep 2004	
	Amount	% of	Amount	% of	Amount	% of
	S\$m	Gross Loans	S\$m	Gross Loans	S\$m	Gross Loans
<u>NPLs by industry</u>						
Agriculture, mining & quarrying	29	3.9	42	5.9	48	7.4
Transport, storage and communication	20	1.1	25	1.6	34	2.4
Building and construction	468	6.4	579	8.1	601	8.8
Manufacturing	420	9.6	416	11.9	438	12.6
Financial institutions, investment and holding companies	248	3.4	360	4.9	461	5.5
General commerce	398	7.1	440	9.5	470	10.7
Professionals and individuals	343	4.1	466	5.4	501	6.1
Housing loans	361	2.0	256	1.5	232	1.4
Others	107	3.2	131	3.9	183	5.2
Sub-total	2,394	4.2	2,715	5.0	2,969	5.5
Debt securities	73		151		160	
Total	2,467		2,866		3,129	

	30 Sep 2005		31 Dec 2004		30 Sep 2004	
	S\$m	%	S\$m	%	S\$m	%
<u>NPLs by period overdue</u>						
Over 180 days	1,472	60	1,668	58	1,862	60
Over 90 to 180 days	301	12	216	7	199	6
Over 30 to 90 days	128	5	187	7	195	6
Less than 30 days	56	2	106	4	99	3
No overdue	510	21	689	24	775	25
	2,467	100	2,866	100	3,129	100

Cumulative Allowances for Loan Losses

	Total cumulative allowances ^{1/}	Specific allowances	Portfolio allowances	General provisions	Specific allowances as % of total NPLs	Cumulative allowances as % of total NPLs
	S\$m	S\$m	S\$m	S\$m	%	%
Singapore						
30 Sep 2005	1,262	602	660	n.a.	41.4	86.8
30 Jun 2005	1,283	629	654	n.a.	42.3	86.4
31 Dec 2004	1,152	680	n.a.	472	39.2	66.4
30 Sep 2004	1,197	687	n.a.	510	36.0	62.7
Malaysia						
30 Sep 2005	511	365	146	n.a.	49.0	68.5
30 Jun 2005	542	400	142	n.a.	48.7	66.0
31 Dec 2004	721	362	n.a.	359	40.2	79.9
30 Sep 2004	711	348	n.a.	363	35.9	73.3
Others						
30 Sep 2005	372	211	161	n.a.	79.0	139.2
30 Jun 2005	427	258	169	n.a.	90.0	149.0
31 Dec 2004	502	188	n.a.	314	82.1	219.5
30 Sep 2004	491	181	n.a.	310	72.8	197.3
Group Total						
30 Sep 2005	2,145	1,178	967	n.a.	47.8	86.9
30 Jun 2005	2,251	1,286	965	n.a.	49.6	86.9
31 Dec 2004	2,375	1,230	n.a.	1,145	42.9	82.9
30 Sep 2004	2,400	1,216	n.a.	1,183	38.9	76.7

^{1/} Include allowances for classified debt securities

As at 30 September 2005, the Group's total cumulative allowances for loan losses amounted to S\$2.15 billion, comprising S\$1.18 billion in cumulative specific allowances and S\$0.97 billion in cumulative portfolio allowances. The cumulative allowances represent 86.9% of total NPLs, unchanged from June 2005 and up from 82.9% in December 2004.

Deposits

	30 Sep 2005	30 Jun 2005	31 Dec 2004	30 Sep 2004
	S\$m	S\$m	S\$m	S\$m
Deposits of non-bank customers	62,803	63,559	57,287	56,219
Deposits and balances of banks	14,252	17,778	12,455	14,362
	77,055	81,337	69,742	70,581
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	87.4%	85.6%	90.5%	91.8%

Compared to 31 December 2004, total deposits increased by 10% during the first nine months of 2005 to S\$77.06 billion. Non-bank customer deposits, which accounted for 82% of total deposits, rose by 10% to S\$62.80 billion mainly due to the consolidation of Bank NISP's non-bank deposits of S\$2.67 billion as well as from growth in fixed deposits.

The Bank issued its 3-year US Dollar floating rate notes in June 2004 and launched the Euro Commercial Paper ("ECP") programme in August 2004 to tap into the offshore capital markets and the short-dated ECP market for alternative cost-effective funding. As at 30 September 2005, the outstanding senior debt and short term commercial papers amounted to S\$1.24 billion, compared to S\$1.77 billion as at 31 December 2004.

With deposits growth outstripping loans growth in the first nine months of the year, the Group's loans-to-deposits ratio fell from 90.5% in December 2004 to 87.4% in September 2005.

	30 Sep 2005	30 Jun 2005	31 Dec 2004	30 Sep 2004
	S\$m	S\$m	S\$m	S\$m
<u>Total Deposits By Maturity</u>				
Less than 7 days	34,630	36,497	31,846	31,806
1 week to 1 month	20,677	22,767	17,142	16,422
Over 1 to 3 months	9,217	11,056	9,932	8,922
Over 3 to 12 months	9,352	8,140	8,182	10,936
Over 1 to 3 years	598	611	795	792
Over 3 years	2,581	2,266	1,844	1,703
	77,055	81,337	69,742	70,581
<u>Non-Bank Deposits By Product</u>				
Fixed deposits	40,426	40,448	36,270	35,503
Savings deposits	11,373	11,353	11,178	11,231
Current account	8,555	8,234	7,159	6,828
Others	2,449	3,525	2,680	2,657
	62,803	63,559	57,287	56,219

Capital Adequacy Ratios

	30 Sep 2005	30 Jun 2005	31 Dec 2004	30 Sep 2004
	S\$m	S\$m	S\$m	S\$m
Tier 1 Capital				
Paid-up ordinary and preference shares	1,564	1,312	1,321	1,336
Disclosed reserves/others	10,994	9,853	10,209	10,348
Less: Goodwill/Others	3,371	3,312	3,088	3,127
	9,187	7,853	8,442	8,557
Tier 2 Capital				
Cumulative portfolio allowances ^{1/}	717	716	859	858
Subordinated term notes	3,873	3,855	3,860	3,860
Revaluation surplus on equity securities	157	129	–	–
	4,747	4,700	4,719	4,718
Less: Capital investments in insurance subsidiary companies	1,479	1,358	1,042	965
Less: Others	345	396	179	194
	12,110	10,799	11,940	12,116
Total Capital	12,110	10,799	11,940	12,116
Risk weighted assets including market risk	71,679	73,547	68,737	68,672
Tier 1 ratio	12.8%	10.7%	12.3%	12.5%
Total capital adequacy ratio	16.8%	14.7%	17.4%	17.6%

Note:

Capital adequacy ratio is calculated in accordance with the MAS Notice 637 to Banks

^{1/} For 2004 periods, refers to cumulative general provisions

Total capital adequacy ratio and Tier-1 ratio of the Group stood at 16.8% and 12.8% respectively as at 30 September 2005, up from 14.7% and 10.7% respectively as at 30 June 2005. The changes in the capital ratios were mainly due to the bonus dividend and rights issue exercise announced in May 2005, which contained an election option for shareholders to use the bonus dividend to pay fully for their rights subscription. For the purpose of capital computation, the total bonus dividends of S\$1.31 billion declared in 2Q05 were deducted from the Group's Tier 1 capital as at 30 June 2005. The Group's capital levels were restored by a similar amount of S\$1.31 billion in July 2005 upon completion of the rights issue.

On 29 June 2005, the Group announced a second S\$500 million share buyback programme, which commenced in July 2005. As at the date of this results announcement, approximately 33 million ordinary shares have been purchased under the second buyback programme, for a total consideration of S\$203 million.

Valuation Surplus

S\$ million	30 Sep 2005			30 Jun 2005			31 Dec 2004		
	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus
Properties	1,213	2,653	1,440	1,214	2,626	1,413	1,169	2,552	1,382
Equity securities ^{1/}	1,859	4,706	2,847	1,705	4,232	2,528	1,109	3,809	2,700
Debt securities ^{2/}	17,759	17,759	–	18,671	18,671	–	16,746	16,982	236
Total	20,831	25,118	4,287	21,589	25,529	3,940	19,025	23,343	4,318

^{1/} Includes investment in quoted subsidiary GEH

^{2/} Includes government treasury bills and securities

The Group's unrealised valuation surplus amounted to S\$4.29 billion as at 30 September 2005, an increase of 9% compared to 30 June 2005.

With the adoption of FRS 39 in 2005, most of the Group's equity and debt securities are stated at fair value on the balance sheet. The surplus of S\$2.85 billion for equity securities as at 30 September 2005 relates primarily to the Group's holding of GEH shares. The valuation surplus for properties was S\$1.44 billion, accounting for 34% of the total surplus as at 30 September 2005.

Performance by Geographical Segment

	9 Mths 2005		9 Mths 2004		3rd Qtr 2005		3rd Qtr 2004		2nd Qtr 2005	
	S\$m	%	S\$m	%	S\$m	%	S\$m	%	S\$m	%
Income before operating expenses										
Singapore	1,473	69	1,452	75	514	69	538	70	487	69
Malaysia	475	22	327	17	161	22	136	18	141	20
Other ASEAN	87	4	12	1	38	5	4	1	43	6
Asia Pacific	69	3	123	6	23	3	81	10	22	3
Rest of the world	29	1	27	1	9	1	9	1	11	2
	2,131	100	1,941	100	745	100	768	100	704	100
Profit before tax										
Singapore	832	65	781	69	299	64	263	60	275	66
Malaysia	372	29	224	20	135	29	91	21	116	28
Other ASEAN	38	3	13	1	11	2	5	1	20	5
Asia Pacific	26	2	98	9	12	3	72	16	–	–
Rest of the world	19	1	18	1	6	1	5	2	7	1
	1,287	100	1,134	100	464	100	436	100	418	100
Total assets										
	30 Sep 2005		30 Jun 2005		31 Dec 2004					
	S\$m	%	S\$m	%	S\$m	%				
Singapore	97,051	73	99,391	73	89,664	75				
Malaysia	25,553	19	25,142	18	21,426	18				
Other ASEAN	3,954	3	4,158	3	631	1				
Asia Pacific	5,265	4	5,974	4	5,720	4				
Rest of the world	1,835	1	2,337	2	2,441	2				
	133,658	100	137,002	100	119,882	100				

The geographical segment analysis is based on the location where the assets or transactions are booked. In 3Q05, Singapore accounted for 69% of total revenue and 64% of profit before tax, while Malaysia accounted for 22% of revenue and 29% of profit before tax. Bank NISP's assets, revenue and pre-tax profit contribution was included under "Other ASEAN" with effect from April 2005.

Consolidated Income Statement (Unaudited)

	9 Mths 2005	9 Mths 2004	+ / (-) %	3rd Qtr 2005	3rd Qtr 2004	+ / (-) %	2nd Qtr 2005
	S\$m	S\$m		S\$m	S\$m		S\$m
Interest income	2,505	1,872	33.8	916	655	39.9	877
Less: Interest expense	1,322	743	77.9	502	271	85.6	470
Net interest income	1,183	1,129	4.8	413	384	7.7	407
Fees and commissions	375	350	7.1	130	118	10.0	125
Dividends	52	73	(28.9)	9	8	15.8	23
Rental income	53	55	(2.2)	18	18	(2.7)	18
Income from insurance	304	111	174.0	104	85	22.8	95
Other income	163	223	(26.7)	71	155	(54.4)	37
Non-interest income	948	812	16.8	332	384	(13.7)	298
Income before operating expenses	2,131	1,941	9.8	745	768	(3.0)	704
Less: Staff costs	468	396	18.2	165	141	17.4	160
Other operating expenses	361	305	18.1	132	115	14.4	122
Total operating expenses	829	702	18.1	297	256	16.1	282
Operating profit before allowances and amortisation of goodwill and intangible Assets	1,302	1,239	5.1	449	513	(12.5)	423
Less: Amortisation of goodwill and intangible assets	30	113	(73.8)	10	45	(78.1)	10
Allowances/(writeback) for loans and other assets	#	79	n.m.	(23)	36	n.m.	(2)
Operating profit after allowances and amortisation of goodwill and intangible assets	1,273	1,047	21.6	462	431	7.1	415
Share of profit of associated companies	13	87	(84.5)	2	5	(55.0)	3
Net profit before tax	1,287	1,134	13.5	464	436	6.4	418
Less: Tax	251	203	23.8	79	68	16.5	88
Net profit after tax	1,036	931	11.2	385	368	4.5	330
Attributable to :							
- Equity holders of the Bank	957	874	9.5	355	319	11.2	304
- Minority interests	79	57	37.5	30	49	(39.1)	26
	1,036	931	11.2	385	368	4.5	330

n.m. – Not meaningful

Amount less than S\$500,000

Certain comparative figures for 2004 have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation

Consolidated Balance Sheet (Unaudited)

	30 Sep 2005	30 Jun 2005	31 Dec 2004	30 Sep 2004
	S\$m	S\$m	S\$m	S\$m
EQUITY				
Capital and reserves attributable to the Bank's equity holders				
Share Capital	1,564	1,575	1,321	1,336
Capital reserves	4,244	4,213	3,141	3,111
Statutory reserves	1,959	1,944	1,934	1,925
Fair value reserves	711	632	–	–
Revenue reserves	3,697	3,791	4,834	4,828
	<u>12,174</u>	<u>12,154</u>	<u>11,230</u>	<u>11,201</u>
Minority interests	1,144	965	489	482
Total equity	<u>13,318</u>	<u>13,119</u>	<u>11,719</u>	<u>11,683</u>
LIABILITIES				
Deposits of non-bank customers	62,803	63,559	57,287	56,219
Deposits and balances of banks	14,252	17,778	12,455	14,362
Deposits of associated companies	15	21	17	63
Derivative payables	1,683	1,817	1,664	925
Other liabilities	2,153	2,133	1,642	1,646
Current tax	341	390	425	415
Deferred tax	210	195	83	76
Debts issued	5,622	5,930	5,695	4,942
	<u>87,078</u>	<u>91,824</u>	<u>79,268</u>	<u>78,648</u>
Life assurance fund	33,262	32,059	28,895	28,468
Total equity and liabilities	<u>133,658</u>	<u>137,002</u>	<u>119,882</u>	<u>118,799</u>
ASSETS				
Cash and placements with central banks	5,131	7,656	3,617	3,312
Singapore government treasury bills and securities	7,865	7,954	6,440	6,259
Other government treasury bills and securities	2,510	2,531	1,838	1,820
Placements with and loans to banks	11,812	13,566	10,007	10,750
Loans to customers (including bills receivable)	54,909	54,379	51,829	51,609
Debt and equity securities	9,076	9,726	9,309	9,286
Derivative receivables	2,083	2,164	1,709	885
Other assets	2,063	2,060	1,565	1,690
Deferred tax	53	41	50	49
Associated companies	185	183	309	324
Property, plant and equipment	1,424	1,406	1,316	1,310
Goodwill and intangible assets	3,286	3,279	2,999	3,038
	<u>100,396</u>	<u>104,943</u>	<u>90,986</u>	<u>90,331</u>
Life fund net assets attributable to policyholders	33,262	32,059	28,895	28,468
Total assets	<u>133,658</u>	<u>137,002</u>	<u>119,882</u>	<u>118,799</u>
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	6,377	5,709	4,798	4,712
Commitments	34,933	32,984	30,256	31,092
Derivative financial instruments	266,896	279,368	271,483	275,413
	<u>308,206</u>	<u>318,060</u>	<u>306,537</u>	<u>311,217</u>

Certain comparative figures for 2004 have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the quarter ended 30 September 2005

	Attributable to the equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Balance at 1 July 2005	1,575	4,213	1,944	632	3,791	12,154	965	13,119
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	102	–	102	5	107
– Deferred tax on gains/(losses) to equity	–	–	–	(16)	–	(16)	(1)	(17)
– Transferred to income statements	–	–	–	(7)	–	(7)	(2)	(9)
Currency translation differences	–	–	–	–	(12)	(12)	8	(3)
Net gains/(losses) recognised in equity	–	–	–	79	(12)	67	11	78
Net profit after tax	–	–	–	–	355	355	30	385
Total recognised gains for the period	–	–	–	79	343	422	40	462
Transfers	–	1	15	–	(16)	–	–	–
Acquisition of PT Bank NISP Tbk	–	–	–	–	–	–	(9)	(9)
Issue preference shares by subsidiaries	–	–	–	–	–	–	179	179
Change in minority interests	–	–	–	–	–	–	(14)	(14)
Dividends paid to minority interests	–	–	–	–	–	–	(18)	(18)
Ordinary and preference dividends paid	–	–	–	–	(275)	(275)	–	(275)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback	(12)	12	–	–	(146)	(146)	–	(146)
Shares issued under Share Option Schemes and Share Purchase Plan	2	16	–	–	–	17	–	17
Rights Issue expenses	–	(1)	–	–	–	(1)	–	(1)
Balance at 30 September 2005	1,564	4,244	1,959	711	3,697	12,174	1,144	13,318
Comprise:								
Share of reserves of associated companies	–	1	–	–	44	45	–	–

Appendix III
(continued)
Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
 For the quarter ended 30 September 2004

	Attributable to the equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	
Balance at 1 July 2004 ^{1/}	1,337	2,997	1,908	–	4,893	11,135	442	11,577
Currency translation differences	–	–	–	–	(23)	(23)	#	(23)
Net profit after tax								
– As previously reported	–	–	–	–	324	324	49	373
– Effects of adopting FRS 102	–	5	–	–	(5)	–	–	–
– As restated	–	5	–	–	319	324	49	373
Total recognised gains for the period	–	5	–	–	296	301	49	350
Transfers	–	23	17	–	(40)	–	–	–
Acquisition of interests in subsidiaries	–	–	–	–	–	–	2	2
Dividends paid to minority shareholders	–	–	–	–	–	–	(11)	(11)
Ordinary and preference dividends paid	–	–	–	–	(203)	(203)	–	(203)
Share buyback	(8)	8	–	–	(118)	(118)	–	(118)
Shares issued pursuant to voluntary unconditional offer	5	61	–	–	–	66	–	66
Shares issued under Share Option Schemes	2	18	–	–	–	20	–	20
Balance at 30 September 2004	1,336	3,111	1,925	–	4,828	11,201	482	11,683
Comprise:								
Share of reserves of associated companies	–	1	–	–	42	43		

Amount less than S\$500,000

^{1/} Balance included all effects of adopting FRS 102 and revised INT FRS 12

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the nine months ended 30 September 2005

	Attributable to the equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Balance at 1 January 2005								
– As previously reported	1,321	3,136	1,934	–	4,852	11,242	489	11,731
– Effects of adopting FRS 39	–	–	–	649	12	661	25	686
– Effects of adopting FRS 102	–	18	–	–	(17)	1	–	1
– Effects of adopting INT FRS 12	–	(12)	–	–	–	(12)	–	(12)
– As restated	1,321	3,141	1,934	649	4,847	11,892	514	12,406
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	117	–	117	11	128
– Deferred tax on gains/(losses) to equity	–	–	–	(20)	–	(20)	(2)	(22)
– Transferred to income statements	–	–	–	(36)	–	(36)	(4)	(40)
Currency translation differences	–	–	–	–	10	10	2	12
Net gains/(losses) recognised in equity	–	–	–	62	10	72	7	79
Net profit after tax	–	–	–	–	957	957	79	1,036
Total recognised gains for the period	–	–	–	62	967	1,029	86	1,115
Transfers	–	(18)	25	–	(7)	–	–	–
Acquisition of PT Bank NISP Tbk	–	–	–	–	–	–	55	55
Issue of preference shares by subsidiaries	–	–	–	–	–	–	579	579
Change in minority interests	–	–	–	–	–	–	(16)	(16)
Cash distribution to minority shareholders	–	–	–	–	–	–	(38)	(38)
Dividends paid to minority interests	–	–	–	–	–	–	(37)	(37)
Bonus ordinary dividends	–	–	–	–	(1,311)	(1,311)	–	(1,311)
Ordinary and preference dividends paid	–	–	–	–	(494)	(494)	–	(494)
Shares purchased by DSP trust	–	(8)	–	–	–	(8)	–	(8)
Share-based staff costs capitalised	–	11	–	–	–	11	–	11
Share buyback	(24)	24	–	–	(305)	(305)	–	(305)
Shares issued to non-executive directors	#	#	–	–	–	#	–	#
Shares issued under Share Option Schemes and Share Purchase Plan	5	45	–	–	–	50	–	50
Shares issued pursuant to Rights Issue	262	1,048	–	–	–	1,310	–	1,310
Balance at 30 September 2005	1,564	4,244	1,959	711	3,697	12,174	1,144	13,318
Comprise:								
Share of reserves of associated companies	–	1	–	–	44	45	–	–

Amounts less than S\$500,000

Appendix IV
(continued)
Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
 For the nine months ended 30 September 2004

	Attributable to the equity holders of the Bank							Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total	Minority interests	
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	
Balance at 1 January 2004								
– As previously reported	1,284	2,329	1,854	–	4,591	10,059	20	10,079
– Effects of adopting FRS 102	–	4	–	–	(4)	–	–	–
– Effects of adopting INT FRS 12	–	(6)	–	–	–	(6)	–	(6)
– As restated	1,284	2,327	1,854	–	4,588	10,053	20	10,073
Currency translation differences	–	–	–	–	(27)	(27)	(1)	(27)
Net profit after tax								
– As previously reported	–	–	–	–	883	883	57	941
– Effects of adopting FRS 102	–	9	–	–	(9)	–	–	–
– As restated	–	9	–	–	874	883	57	941
Total recognised gains for the period	–	9	–	–	847	857	57	913
Transfers	–	24	41	–	(66)	–	–	–
Acquisition of interests in subsidiaries	–	–	30	–	48	78	416	494
Dividends paid to minority interests	–	–	–	–	–	–	(11)	(11)
Ordinary and preference dividends paid	–	–	–	–	(346)	(346)	–	(346)
Selective capital reduction	(80)	(785)	–	–	(126)	(991)	–	(991)
Share buyback	(8)	8	–	–	(118)	(118)	–	(118)
Shares issued pursuant to voluntary unconditional offer	136	1,502	–	–	–	1,638	–	1,638
Shares purchased under DSP trust	–	(7)	–	–	–	(7)	–	(7)
Shares issued under Share Option Schemes	4	33	–	–	–	37	–	37
Balance at 30 September 2004	1,336	3,111	1,925	–	4,828	11,201	482	11,683
Comprise:								
Share of reserves of associated companies	–	1	–	–	42	43	–	43

Consolidated Cash Flow Statement (Unaudited)

	Nine months ended 30 Sep		Three months ended 30 Sep	
	2005	2004	2005	2004
	S\$m	S\$m	S\$m	S\$m
Cash flows from operating activities				
Net profit before tax	1,287	1,134	464	436
<u>Adjustments for non-cash items</u>				
Amortisation of software costs	14	19	5	6
Amortisation of goodwill and intangible assets	30	113	10	45
Change in fair value of hedging transactions and trading securities	4	–	5	–
Depreciation of property, plant and equipment	49	46	18	16
Gains on disposal of an associated company	–	(55)	–	(55)
Gains on disposal of government, debt and equity securities	(40)	(11)	(9)	(5)
Gains on disposal of property, plant and equipment	#	(80)	1	(78)
Allowances/(writeback) for loans and other assets	#	79	(23)	36
Share-based staff costs	11	9	3	5
Share of profit of associated companies	(13)	(87)	(2)	(5)
Operating profit before changes in operating assets and liabilities	1,340	1,168	471	401
<u>Increase/(decrease) in operating liabilities</u>				
Deposits of non-bank customers	3,028	1,364	(652)	(1,108)
Deposits and balances of banks	1,777	1,882	(3,525)	1,144
Derivative payables and other liabilities	214	(206)	(116)	(24)
<u>(Increase)/decrease in operating assets</u>				
Government securities and treasury bills	(1,658)	(736)	6	(944)
Trading securities	139	(84)	66	39
Placements with and loans to banks	(1,725)	(593)	1,750	(3,156)
Loans to customers and bills receivable	(1,279)	(2,117)	(604)	(477)
Derivative receivables and other assets	(383)	109	(5)	(60)
Cash provided by operating activities	1,455	788	(2,609)	(4,185)
Income tax paid	(329)	(291)	(118)	(137)
Net cash provided by/(used in) operating activities	1,125	496	(2,727)	(4,322)
Cash flows from investing activities				
Acquisition of a new associated company	–	(118)	–	–
Acquisition of additional interests in subsidiary companies	(48)	–	(43)	–
Dividends from associated companies	4	62	#	4
Decrease/(increase) in associated companies	(6)	#	#	#
Net cash inflow/(outflow) from acquisition of subsidiaries	78	(163)	(18)	(35)
Purchase of debt and equity securities	(1,914)	(2,050)	(613)	(605)
Purchase of property, plant and equipment	(116)	(49)	(46)	(20)
Proceeds from disposal of an associated company	–	122	–	122
Proceeds from disposal of debt and equity securities	3,119	1,472	1,390	471
Proceeds from disposal of property, plant and equipment	6	27	3	16
Net cash provided by/(used in) investing activities	1,122	(697)	672	(48)
Cash flows from financing activities				
Increase/(decrease) in debts issued	(523)	929	(228)	145
Ordinary and preference dividends paid	(495)	(346)	(276)	(203)
Proceeds from issue preference shares by subsidiaries	579	–	179	–
Proceeds from issue of ordinary shares	50	37	17	20
Selective capital reduction	–	(991)	–	–
Share buyback	(305)	(118)	(146)	(118)
Cash distributions and dividends paid to minority interests	(75)	(8)	(18)	(8)
Net cash provided by/(used in) financing activities	(768)	(497)	(472)	(165)
Net currency translation adjustments	36	(27)	2	(23)
Net change in cash and cash equivalents	1,514	(724)	(2,525)	(4,558)
Cash and cash equivalents as at beginning of the period	3,617	4,036	7,656	7,870
Cash and cash equivalents as at end of the period	5,131	3,312	5,131	3,312

Amounts less than S\$500,000

Certain comparative figures for 2004 have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation