



Third Quarter 2004

GROUP FINANCIAL RESULTS

10 November 2004

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Media Release

OCBC Group's Third Quarter 2004 Net Profit Increased 11% to S\$324 million

Net Profit for first nine months grew 31% to S\$883 million

Singapore, 10 November 2004 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a net profit of S\$324 million for the third quarter of 2004, an increase of 11% compared to the S\$292 million recorded in third quarter 2003. The improved performance was driven by growth in net interest income and fee income, and by larger gains from the divestment of non-core assets.

Operating profit before provisions and goodwill amortisation in the third quarter rose 38% to S\$517 million, with all the core revenue segments registering growth. Net interest income increased 7% to S\$384 million on higher loan volume and stable interest margins, while fee and commission income achieved broad-based growth of 18% to S\$118 million. The divestments of Raffles Investments Limited and Whitesands Shopping Mall during the third quarter contributed S\$132 million to other income (and S\$97 million to net profit after minority interests), compared to the S\$78 million gain (S\$72 million after tax) in third quarter 2003 from the divestment of shares in Fraser and Neave, Limited (“F&N”). The Group’s underlying operating expenses, excluding the expenses of Great Eastern Holdings Limited (“GEH”) which was consolidated as a subsidiary from June 2004, increased by 7% year-on-year. Provisions amounted to S\$36 million, similar to the level last year.

Compared to the second quarter of 2004, net profit in the third quarter rose 7% due largely to the divestment gains. The Group’s annualised return on ordinary shareholders’ funds (“ROE”) for third quarter 2004 was 12.1%, while cash ROE was 13.8%.

Nine Months’ Results

Net profit for the first nine months of 2004 was S\$883 million, an increase of 31% compared to S\$676 million in the same period last year. Profit growth was mainly driven by higher fee income, net interest income and divestment gains, coupled with lower provisions. Excluding the divestment gains from both periods, net profit increased by 30% from S\$604 million to S\$786 million.

Fee and commission income surged 30% to S\$350 million, led by a doubling in wealth management income to S\$104 million. GEH contributed S\$111 million in insurance income since being consolidated for the four months to September 2004. Net interest income grew by 6% to S\$1.13 billion, driven mainly by loan volume growth as interest margins remained stable. Operating expenses, excluding the effect of GEH’s consolidation, showed an underlying increase of 4%. Provisions in the first nine months were S\$79 million, down from S\$171 million in the same period last year, reflecting the economic recovery as well as the Group’s improved credit processes.

Annualised ROE improved to 11.8% in the first nine months of 2004 from 9.5% in the same period last year, while cash ROE increased to 13.4% from 10.9%.

Third Quarter Revenues

Total income in the third quarter was S\$768 million, up 30% compared to the same quarter last year.

Net interest income rose by 7% year-on-year to S\$384 million, in tandem with higher loan volume. Net interest margin improved slightly from 1.88% to 1.89%, as higher average yields on customer loans and interbank placements offset the increase in cost of funds.

Customer loans grew 5% over December 2003, and 7% over September 2003, to S\$55.05 billion. Housing loans increased 10% from December 2003 to S\$16.96 billion, accounting for 31% of total loans. Loans to the general commerce, manufacturing and non-bank financial institutions sectors also registered good growth of 13%, 7% and 7% respectively.

Non-interest income surged 67% to S\$384 million, contributing 50% of total income. The increase was driven by stronger fee and commission income, insurance income contribution from GEH, and larger gains from the sale of non-core assets. Fee and commission income increased 18% to S\$118 million, led by growth in wealth management, fund management, investment banking and trade-related activities, which more than offset the decline in stockbroking income.

Other income jumped 99% to S\$155 million, mainly due to the divestments of Raffles Investments and Whitesands Shopping Mall, which contributed S\$55 million and S\$77 million, respectively. Foreign exchange dealing income contributed S\$22 million, an increase of 55%. A net loss of S\$20 million in securities and derivatives dealing was recorded in the third quarter due to difficult market conditions.

Third Quarter Operating Expenses

Operating expenses increased by 17%, or S\$37 million, to S\$251 million. Excluding GEH's expenses of S\$22 million, the underlying cost increase was 7%. The increase was mainly attributable to higher staff costs, business promotion and marketing expenses, in tandem with the Group's increased headcount, growth in business volumes and new business initiatives. Excluding GEH, headcount has increased by 6% from December 2003.

With revenue growth exceeding that of expenses, the Group's cost-to-income ratio was 32.7% in the third quarter, and 35.7% in the first nine months of 2004, an improvement from 36.4% and 39.4%, respectively, for the same periods last year.

Consolidation of Great Eastern Holdings

In the third quarter of 2004, GEH contributed S\$104 million to the Group's total income (of which S\$85 million was classified under insurance income), S\$22 million to operating expenses, and S\$83 million to operating profit before provisions and goodwill amortisation. After deducting goodwill amortisation of S\$13 million, taxes, and minority interests, GEH's net contribution to the Group's third quarter net profit was S\$39 million. This was an increase of S\$8 million as compared to the contribution if GEH had remained as an associated company.

Provisions and Asset Quality

Total provisions for third quarter 2004 fell marginally to S\$36 million from S\$37 million in the same quarter last year. While specific provisions for loans increased by S\$7 million, this was more than offset by lower general provisions and lower provisions for diminution in value of investment securities and properties.

The Group's asset quality continued to strengthen in the third quarter. Total non-performing loans ("NPLs") of S\$3.13 billion as at 30 September 2004 were 18% lower compared to December 2003 and 11% lower compared to June 2004. The NPL ratio dropped to 5.4% in September 2004, from 6.9% in December 2003 and 6.1% in June 2004.

Provision coverage for NPLs remains at a comfortable level. Total cumulative specific and general provisions amounted to S\$2.4 billion, representing 76.7% of total NPLs, up from 67.0% in December 2003. Cumulative specific provisions covered 104.8% of unsecured NPLs, while cumulative general provisions were 2.2% of non-bank loans (net of specific provisions).

Capital Position

The Group's capital position remains strong, with Tier-1 and total capital adequacy ratio of 12.5% and 17.6%, respectively, as at 30 September 2004. Since the announcement of a S\$500 million share buyback programme on 11 August 2004, the Group has, as of the date of this results announcement, purchased approximately 13.5 million of its ordinary shares from the stock market for a total consideration of S\$185 million. The number of shares purchased and cancelled to-date represents 1.01% of the issued ordinary share capital at 11 August 2004.

Conclusion

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

"Our performance over the first nine months of the year showed steady improvement in all customer segments. Excluding the divestment gains, our core net profit still showed a strong 30% growth. Fee income has been particularly robust, and we managed to grow our net interest income moderately in the face of intense price competition. Our cost-to-income ratio has improved and provisions are under control. We continue to strive for sustainable growth in our key markets of Singapore and Malaysia, and we are pleased with the recent performance of both Great Eastern Holdings and Bank NISP."

About OCBC Bank

OCBC Bank is a Singapore-based financial services group with assets of S\$119 billion and operations in 14 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Japan, Australia, UK and USA, and has more than 110 branches and representative offices around the world. It offers a range of specialist financial services including consumer, corporate, investment, private and transaction banking, global treasury, asset management and stockbroking services to its customers. OCBC Bank's subsidiary, Great Eastern Holdings Limited, is the largest insurance company in both Singapore and Malaysia in terms of assets and market share. Additional information may be found at www.ocbc.com.

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FINANCIAL REVIEW

Highlights

- ◆ Net profit attributable to shareholders rose by 11% to S\$324 million in third quarter 2004 compared to third quarter 2003, largely attributable to growth in net interest income and fee income as well as higher gains from the divestment of non-core assets.
- ◆ Operating profit before provisions rose 38% to S\$517 million. Net interest income rose 7% while fee and commission income grew 18%. Divestment of non-core assets contributed S\$132 million to operating profit and S\$97 million to net profit, compared to S\$78 million and S\$72 million respectively in third quarter 2003.
- ◆ Gross loans to non-bank customers grew by 5% from December 2003 to S\$55.05 billion in September 2004, underpinned by growth in housing loans as well as loans to the general commerce, manufacturing and non-bank financial institutions sectors.
- ◆ Between December 2003 and September 2004, total NPLs declined by 18% to S\$3.13 billion, the NPL ratio improved from 6.9% to 5.4%, and total provision coverage of NPLs increased from 67% to 76.7%.
- ◆ Annualised earnings per ordinary share (“EPS”) increased by 8% to 96 cents in third quarter 2004. For the first nine months of 2004, annualised EPS grew by 29% to 89 cents.
- ◆ Annualised return on ordinary shareholders’ funds (“ROE”) for third quarter 2004 was 12.1%, unchanged from the same period last year. Annualised ROE in the first nine months of 2004 improved to 11.8% from 9.5% in the same period last year.
- ◆ Net asset value per ordinary share (“NAV”) was S\$7.74 as at 30 September 2004. Including the unrealised valuation surplus of S\$2.76 per share, NAV was S\$10.50.

Financial Summary

	9 Mths			3rd Qtr			2nd Qtr
	2004	2003	+ / (-)	2004	2003	+ / (-)	2004
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Selected profit and loss data :							
Net interest income	1,129	1,066	6	384	359	7	380
Fees and commissions	350	270	30	118	100	18	117
Dividends	73	67	10	8	36	(77)	21
Rental income	55	45	20	18	16	14	18
Income from insurance ^{1/}	111	–	n.m.	85	–	n.m.	26
Other income	223	171	31	155	78	99	84
Total income	1,941	1,618	20	768	589	30	647
Less : Operating expenses	692	638	8	251	214	17	236
Operating profit	1,248	980	27	517	375	38	411
Less : Goodwill amortisation	113	95	19	45	32	42	36
Less : Total provisions	79	171	(54)	36	37	(2)	22
Add : Share of associated companies' results	117	141	(17)	7	52	(86)	48
Profit before tax	1,173	855	37	443	358	24	401
Net profit attributable to shareholders	883	676	31	324	292	11	303
Cash basis net profit attributable to shareholders ^{2/}	996	771	29	369	324	14	340

Selected balance sheet data :

Total assets	118,799	84,342	41	118,799	84,342	41	117,988
Assets excluding life fund net assets ^{3/}	90,331	84,342	7	90,331	84,342	7	90,237
Loans to customers (net of provisions)	52,763	48,967	8	52,763	48,967	8	52,323
Deposits of non-bank customers	56,219	53,892	4	56,219	53,892	4	57,215
Ordinary shareholders' funds	10,317	8,913	16	10,317	8,913	16	10,252
Total (ordinary and preference) shareholders' funds	11,213	9,806	14	11,213	9,806	14	11,148

Key Indicators :

Return on ordinary shareholders' funds (% p.a.) ^{4/}	11.8	9.5		12.1	12.2		12.6
Return on ordinary shareholders' funds (% p.a.) – Cash basis ^{4/}	13.4	10.9		13.8	13.6		14.1
Return on total shareholders' funds (% p.a.)	11.2	9.3		11.5	11.9		11.9
Return on total shareholders' funds (% p.a.) – Cash basis	12.6	10.6		13.1	13.2		13.3
Return on assets (% p.a.) ^{3/}	1.33	1.07		1.42	1.37		1.37
Return on assets (% p.a.) – Cash basis ^{3/}	1.50	1.22		1.62	1.52		1.53
Basic earnings per ordinary share (annualised, S\$) ^{5/}	0.89	0.69	29	0.96	0.90	8	0.89
Cash earnings per ordinary share (annualised, S\$) ^{5/}	1.00	0.79	27	1.10	0.99	11	1.01
Net asset value per ordinary share (S\$)							
– Before valuation surplus	7.74	6.96	11	7.74	6.96	11	7.69
– After valuation surplus	10.50	9.75	8	10.50	9.75	8	10.44

^{1/} Comprise profit from life assurance and net earned premiums from general insurance

^{2/} Excluding goodwill amortisation charge

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

^{4/} Calculated after deducting preference share dividends paid and estimated to be due as at end of period from net profit attributable to shareholders

^{5/} Calculated after deducting declared and/or paid preference share dividends from net profit attributable to shareholders

^{6/} Some of the figures may not add up to the relevant totals due to rounding

^{7/} n.m. – Not meaningful

Net Interest Income

Net interest income rose 7% over third quarter 2003 to S\$384 million in third quarter 2004. The increase was driven by growth in interest earning assets, primarily customer loans and debt and government securities. Net interest margin improved slightly by 1 basis point to 1.89%, as higher yields on loans and interbank placements offset the increase in cost of funds.

Compared to the second quarter of 2004, net interest income grew 1%. Net interest margin fell 3 basis points as funding costs increased with the rise in interest rates, while market competition held down average loan yields.

For the first nine months of 2004, net interest income increased by 6% to S\$1,129 million largely on higher loan volume, while net interest margin improved by 1 basis point to 1.90%.

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

	3rd Quarter 2004			3rd Quarter 2003			2nd Quarter 2004		
	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	S\$m	%
Assets									
Loans and advances to non-bank customers	52,833	486	3.66	48,616	441	3.60	51,297	469	3.68
Placements with and loans to banks	13,173	78	2.37	14,511	62	1.69	14,486	71	1.98
Other interest earning assets ^{2/}	14,900	90	2.40	12,770	81	2.52	13,720	78	2.29
Total interest earning assets	80,906	655	3.22	75,897	585	3.06	79,503	619	3.13
Non-interest earning assets	37,697			8,508			13,778		
Total assets	118,603			84,405			93,281		
Liabilities									
Deposits of non-bank Customers	56,656	185	1.30	54,758	160	1.16	57,186	167	1.18
Deposits and balances of banks	14,438	58	1.59	13,039	40	1.22	13,953	47	1.35
Other borrowings ^{3/}	5,003	28	2.25	4,192	26	2.48	4,304	24	2.27
Total interest bearing liabilities	76,098	271	1.42	71,988	226	1.24	75,443	239	1.27
Non-interest bearing liabilities	30,848			2,675			7,291		
Total liabilities	106,946			74,663			82,734		
Net interest income/margin		384	1.89		359	1.88		380	1.92

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

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

^{3/} Comprise debt securities issued, including the S\$3.86 billion Upper Tier 2 subordinated debt, and bills payable

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

	9 Mths 2004			9 Mths 2003		
	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	51,384	1,411	3.67	47,915	1,340	3.74
Placements with and loans to banks	13,787	220	2.14	15,048	201	1.79
Other interest earning assets ^{2/}	14,069	240	2.28	12,512	239	2.56
Total interest earning assets	79,240	1,872	3.15	75,474	1,781	3.15
Non-interest earning assets	20,253			8,661		
Total assets	99,493			84,135		
Liabilities						
Deposits of non-bank customers	56,582	514	1.21	55,505	522	1.26
Deposits and balances of banks	13,869	151	1.46	11,957	116	1.30
Other borrowings ^{3/}	4,488	78	2.32	4,171	76	2.44
Total interest bearing liabilities	74,938	743	1.32	71,633	714	1.33
Non-interest bearing liabilities	13,750			2,784		
Total liabilities	88,688			74,417		
Net interest income/margin		1,129	1.90		1,066	1.89

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

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

^{3/} Comprise debt securities issued, including the S\$3.86 billion Upper Tier 2 subordinated debt, and bills payable

Non-Interest Income

	9 Mths 2004	9 Mths 2003	+ / (-) %	3rd Qtr 2004	3rd Qtr 2003	+ / (-) %	2nd Qtr 2004
	S\$m	S\$m		S\$m	S\$m		S\$m
Fee and commission income							
Brokerage	43	43	(1)	11	22	(49)	12
Wealth management ^{1/}	104	52	99	30	21	41	40
Fund management	26	14	84	13	5	183	8
Credit card	25	20	23	9	7	39	8
Loans-related	51	57	(11)	16	18	(11)	19
Trade-related	29	23	27	11	8	41	10
Guarantees	14	14	–	5	4	13	5
Investment banking	16	8	109	6	3	138	3
Service charges	37	35	6	13	11	14	11
Others	6	4	68	3	1	255	1
Total	350	270	30	118	100	18	117
Dividends	73	67	10	8	36*	(77)	21
Rental income	55	45	20	18	16	14	18
Income from insurance ^{2/}	111	–	n.m.	85	–	n.m.	26
Other income							
Dealing in foreign exchange	59	45	33	22	14	55	18
Dealing in securities and derivatives	(33)	(10)	n.m.	(20)	(38)	n.m.	49
Disposal of investment securities	11	85	(87)	5	82*	(94)	1
Disposal of an associated company	55	–	n.m.	55	–	n.m.	–
Disposal of properties	79	1	n.m.	78	1	n.m.	1
Others	52	49	6	16	19	(15)	15
Total	223	171	31	155	78	99	84
Total non-interest income	812	552	47	384	230	67	267
Fees and Commissions/Total Income	18.0%	16.7%		15.3%	16.9%		18.1%
Non-Interest Income/Total Income	41.8%	34.1%		50.0%	39.1%		41.2%

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

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

* Of the S\$78 million divestment gain from F&N, S\$28 million was classified under dividend income and S\$50 million under disposal of investment securities.

Total non-interest income surged 67% year-on-year to S\$384 million in third quarter 2004, boosted by the insurance income contribution of S\$85 million from GEH and by higher divestment gains. Divestment of non-core assets contributed S\$132 million in total, comprising S\$55 million from the sale of former associated company Raffles Investments and S\$77 million (S\$43 million after minority interests of 45%) from the sale of Whitesands Shopping Mall by a 55%-owned subsidiary. This was higher than the S\$78 million gain from divestment of F&N shares in third quarter 2003.

Fees and commission income rose by 18% over the same period last year, led by growth in wealth management, fund management, investment banking and trade-related income, which more than offset a 49% fall in stockbroking income. Foreign exchange dealing income also registered strong growth of 55% to S\$22 million. Dealing in securities and derivatives recorded a net loss of S\$20 million during the third quarter due to difficult market conditions. In the same period last year, a net loss of S\$38 million was recorded in this item, mainly attributed to losses from the disposal of Singapore Government Securities and corporate debt securities.

For the first nine months of 2004, total non-interest income rose 47% to S\$812 million, attributable to a 30% increase in fee income to S\$350 million, insurance income from GEH, higher divestment gains and growth in foreign exchange dealing income.

Operating Expenses

	9 Mths 2004	9 Mths 2003	+ / (-)	3rd Qtr 2004	3rd Qtr 2003	+ / (-)	2nd Qtr 2004
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Staff costs	387	359	8	136	121	12	131
Premises and equipment							
Depreciation of fixed assets	46	65	(29)	16	18	(13)	15
Amortisation of computer software costs	19	15	29	6	5	13	7
Maintenance and hire of fixed assets	24	28	(15)	9	7	31	8
Rental expenses	14	14	0	5	4	10	4
Others	53	53	0	18	18	1	19
Total	<u>156</u>	<u>174</u>	(11)	<u>53</u>	<u>52</u>	2	<u>54</u>
Other operating expenses	150	105	42	62	41	50	51
Total operating expenses	<u>692</u>	<u>638</u>	8	<u>251</u>	<u>214</u>	17	<u>236</u>
Group staff strength – period end	10,334	7,394	40	10,334	7,394	40	10,095
Group staff strength – average	8,701	7,333	19	10,210	7,347	39	8,397
Cost-to-income ratio	35.7%	39.4%		32.7%	36.4%		36.4%

Operating expenses in the third quarter of 2004 were S\$251 million, an increase of 17% over third quarter 2003 and 6% higher than second quarter 2004. A significant portion of the increases was due to the consolidation of GEH from June 2004, which contributed additional GEH expenses of S\$5 million to second quarter 2004 and S\$22 million to third quarter 2004. Excluding GEH expenses, operating expenses in the third quarter rose by 7% year-on-year and declined by 1% from second quarter 2004.

For the first nine months of 2004, operating expenses excluding GEH showed an increase of 4%. The growth in expenses was mainly attributable to higher staff costs and business promotion expenses in tandem with higher headcount, increased business volumes and new business initiatives.

With stronger growth in revenue compared to expenses, the cost-to-income ratio in the first nine months improved to 35.7% from 39.4% in the same period last year.

The Group's headcount was 10,334 in September 2004, including 2,467 headcount from GEH. Excluding GEH, headcount has increased by 6% since December 2003.

Provision Charge

	9 Mths 2004	9 Mths 2003	+ / (-)	3rd Qtr 2004	3rd Qtr 2003	+ / (-)	2nd Qtr 2004
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Specific provision for loan losses							
– Singapore	83	157	(47)	43	37	16	17
– Malaysia	4	42	(91)	1	4	(72)	7
– Other regional countries	(14)	(27)	50	(7)	(9)	28	(1)
– Others	(11)	(25)	55	(1)	(2)	71	(8)
Sub-Total	<u>62</u>	<u>147</u>	(58)	<u>37</u>	<u>30</u>	24	<u>16</u>
General provision for loan losses							
– Five regional countries ^{1/}	–	(31)	n.m.	–	–	–	–
– Singapore & others	1	3	(79)	–	2	n.m.	(1)
	<u>1</u>	<u>(28)</u>	n.m.	<u>–</u>	<u>2</u>	n.m.	<u>(1)</u>
Specific provision for diminution in value of investment securities and other assets	<u>16</u>	<u>52</u>	(68)	<u>(1)</u>	<u>5</u>	n.m.	<u>7</u>
Total provision charge	<u>79</u>	<u>171</u>	(54)	<u>36</u>	<u>37</u>	(2)	<u>22</u>

^{1/} Five regional countries comprise Malaysia, Indonesia, Thailand, South Korea and the Philippines

Total provisions for third quarter 2004 remained relatively flat at S\$36 million compared to the same quarter last year. The S\$7 million increase in specific provisions for loans was more than offset by lower general provisions and provisions for diminution in value of investment securities and properties. Compared to second quarter 2004's provisions of S\$22 million, the third quarter provisions were higher by S\$14 million because of reduced provision writebacks.

For the first nine months of 2004, total provisions were S\$79 million, a significant reduction of S\$92 million from the same period last year due primarily to lower specific provisions required for loans and for investment securities and properties.

Loans and Advances

	<u>30 Sep 2004</u>	<u>30 Jun 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2003</u>
	S\$m	S\$m	S\$m	S\$m
Loans to customers	54,551	54,227	52,159	51,083
Bills receivable	494	447	429	317
Gross loans to customers	<u>55,046</u>	<u>54,675</u>	<u>52,589</u>	<u>51,400</u>
Less Provisions:				
Specific provisions	1,099	1,166	1,251	1,250
General provisions	1,183	1,186	1,183	1,183
	<u>52,763</u>	<u>52,323</u>	<u>50,155</u>	<u>48,967</u>

Gross loans to customers rose by 5% over December 2003, and by 7% over September 2003, to S\$55.05 billion as at 30 September 2004. The growth came largely from housing loans, which expanded by 10% from December 2003 to S\$16.96 billion in September 2004, and accounted for 31% of the Group's total loans. Loans to the general commerce, manufacturing and non-bank financial institutions and investment holding sectors also registered good growth of 13%, 7% and 7% respectively compared to December 2003.

Compared to June 2004, loans increased by 1%, led by loans to the housing, commerce and manufacturing sectors.

	<u>30 Sep 2004</u>	<u>30 Jun 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2003</u>
	S\$m	S\$m	S\$m	S\$m
<u>By Maturity</u>				
Less than 7 days	7,592	7,938	8,266	8,494
1 week to 1 month	3,264	3,460	3,037	3,355
Over 1 to 3 months	3,627	3,725	3,128	3,402
Over 3 to 12 months	5,533	5,264	5,245	4,453
Over 1 to 3 years	10,088	9,898	9,686	9,211
Over 3 years	24,942	24,390	23,227	22,485
	<u>55,046</u>	<u>54,675</u>	<u>52,589</u>	<u>51,400</u>
<u>By Industry</u>				
Agriculture, mining & quarrying	647	594	519	498
Transport, storage and communication	1,432	1,649	1,525	1,500
Building and construction	6,846	7,031	7,302	7,519
Manufacturing	3,481	3,239	3,265	3,356
Financial institutions, investment and holding companies	9,506	9,575	8,924	8,605
General commerce ^{1/}	4,374	4,275	3,871	3,679
Professionals and individuals	8,278	8,203	8,129	8,380
Housing loans	16,965	16,477	15,382	14,520
Others ^{1/}	3,518	3,632	3,672	3,343
	<u>55,046</u>	<u>54,675</u>	<u>52,589</u>	<u>51,400</u>

^{1/} Gross customer loans to hotels and restaurants for prior periods were reclassified from "Others" to "General Commerce" to be in line with the revised Notice MAS 610 to Banks

Non-Performing Loans

By grading, security coverage and countries

	Total NPLs ^{1/}	Substandard NPLs	Doubtful NPLs	Loss NPLs	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans ^{2/}
	S\$m	S\$m	S\$m	S\$m	%	%
Malaysia						
30 Sep 2004	970	658	241	71	68.3	9.8
30 Jun 2004	1,028	703	251	74	67.5	10.6
31 Dec 2003	1,068	699	126	243	69.3	11.3
30 Sep 2003	1,105	729	147	229	70.2	11.9
Other Four Regional Countries						
30 Sep 2004	106	3	83	20	15.3	16.6
30 Jun 2004	128	14	93	20	21.3	24.7
31 Dec 2003	140	17	100	24	22.8	30.8
30 Sep 2003	148	18	105	24	22.5	31.7
Total Regional Countries						
30 Sep 2004	1,076	661	324	91	63.1	10.3
30 Jun 2004	1,156	717	344	95	62.4	11.4
31 Dec 2003	1,208	716	225	267	63.9	12.4
30 Sep 2003	1,253	748	252	252	64.5	13.0
Singapore						
30 Sep 2004	1,909	1,252	468	189	63.8	4.8
30 Jun 2004	2,150	1,484	459	207	63.3	5.4
31 Dec 2003	2,389	1,725	498	166	65.0	6.2
30 Sep 2003	2,388	1,706	507	176	68.2	6.3
Others						
30 Sep 2004	143	68	74	1	49.4	2.2
30 Jun 2004	206	127	78	1	62.5	3.3
31 Dec 2003	237	155	82	–	53.0	3.6
30 Sep 2003	249	165	84	–	53.5	3.9
Group Total						
30 Sep 2004	3,129	1,981	866	282	62.9	5.4
30 Jun 2004	3,512	2,328	881	303	63.0	6.1
31 Dec 2003	3,834	2,596	805	433	63.9	6.9
30 Sep 2003	3,890	2,619	842	429	66.1	7.1

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

^{2/} Excluding debt securities

Total NPLs fell by 18% from 31 December 2003 to S\$3.13 billion as at 30 September 2004. The decrease came mainly from Singapore NPLs, where the recoveries, upgrades and write-offs more than offset new NPLs classified during the period. Compared to June 2004, NPLs were 11% lower.

Singapore NPLs amounted to S\$1.91 billion and accounted for 61% of the Group's total NPLs, while Malaysia NPLs of S\$0.97 billion made up 31%. Of the total NPLs, 63.3% were in the substandard category while 62.9% were secured by collateral.

The ratio of NPLs to non-bank loans improved to 5.4% as at 30 September 2004, from 6.1% in June 2004 and 6.9% in December 2003. The Singapore NPL ratio improved from 6.2% in December 2003 to 4.8% in September 2004, while the Malaysia NPL ratio improved from 11.3% to 9.8% over the same period.

	30 Sep 2004		30 Jun 2004		31 Dec 2003	
	Amount S\$m	As % of Gross Customer Loans	Amount S\$m	As % of Gross Customer Loans	Amount S\$m	As % of Gross Customer Loans
<u>By industry</u>						
Agriculture, mining & quarrying	48	7.4	47	7.9	33	6.2
Transport, storage and communication	34	2.4	116	7.0	131	8.6
Building and construction	601	9.0	694	9.9	753	10.3
Manufacturing	438	12.6	462	14.3	497	15.2
Financial institutions, investment and holding companies	461	4.8	493	5.1	523	5.9
General commerce ^{1/}	470	10.7	540	12.6	620	16.0
Professionals and individuals	502	6.1	574	7.0	600	7.4
Housing loans	232	1.4	220	1.3	223	1.4
Others ^{1/}	183	5.1	202	5.6	246	6.7
Sub-total	2,969	5.4	3,348	6.1	3,626	6.9
Debt securities	160		164		208	
Total	3,129		3,512		3,834	

^{1/} Gross customer loans to hotels and restaurants for prior periods were reclassified from "Others" to "General Commerce" to be in line with the revised Notice MAS 610 to Banks

	30 Sep 2004		30 Jun 2004		31 Dec 2003	
	S\$m	%	S\$m	%	S\$m	%
<u>By period overdue</u>						
Over 180 days	1,862	60	2,113	61	2,223	58
Over 90 to 180 days	199	6	223	6	302	8
Over 30 to 90 days	195	6	150	4	242	6
Less than 30 days	99	3	110	3	136	4
No overdue	774	25	916	26	931	24
	3,129	100	3,512	100	3,834	100

Cumulative Provisions

	Total cumulative provisions ^{1/}	Specific provisions	General provisions	Specific provisions as % of total NPLs	Cumulative provisions as % of total NPLs	Cumulative provisions as % of unsecured NPLs
	S\$m	S\$m	S\$m	%	%	%
Malaysia						
30 Sep 2004	711	348	363	35.9	73.3	231.5
30 Jun 2004	730	365	366	35.5	71.0	218.6
31 Dec 2003	766	402	363	37.6	71.7	233.3
30 Sep 2003	769	404	366	36.5	69.6	233.2
Other Four Regional Countries						
30 Sep 2004	322	109	213	103.1	304.1	358.9
30 Jun 2004	330	118	213	91.9	258.2	328.1
31 Dec 2003	340	127	213	90.9	242.8	314.7
30 Sep 2003	342	129	213	87.4	231.6	298.9
Total Regional Countries						
30 Sep 2004	1,033	457	576	42.5	96.0	260.3
30 Jun 2004	1,061	482	578	41.7	91.8	244.0
31 Dec 2003	1,106	529	576	43.8	91.5	253.4
30 Sep 2003	1,111	532	579	42.5	88.7	250.1
Singapore						
30 Sep 2004	1,197	687	510	36.0	62.7	173.1
30 Jun 2004	1,243	731	512	34.0	57.8	157.8
31 Dec 2003	1,282	771	511	32.3	53.7	153.5
30 Sep 2003	1,282	772	509	32.3	53.7	168.6
Others						
30 Sep 2004	169	72	97	50.3	118.2	233.5
30 Jun 2004	169	74	95	35.7	82.0	218.7
31 Dec 2003	179	84	95	35.5	75.7	161.1
30 Sep 2003	181	86	95	34.5	72.6	156.0
Group Total						
30 Sep 2004	2,400	1,216	1,183	38.9	76.7	206.7
30 Jun 2004	2,473	1,287	1,186	36.6	70.4	190.3
31 Dec 2003	2,568	1,385	1,183	36.1	67.0	185.6
30 Sep 2003	2,574	1,391	1,183	35.8	66.2	194.9

^{1/} Include provisions for classified debt securities

The Group's provision coverage remains high. Total cumulative specific and general provisions amounted to S\$2.4 billion as at 30 September 2004, representing 76.7% of NPLs, a significant improvement from the coverage of 67.0% at 31 December 2003. Cumulative specific provisions covered 104.8% of unsecured NPLs (December 2003: 100.1%). Cumulative general provisions were 2.2% (December 2003: 2.3%) of total non-bank loans (net of specific provisions).

Exposure to the Five Regional Countries, Hong Kong and China

	Loans and debt securities			Investments	Gross Exposure	Less: Loans to & investments in subsidiaries/ branches	Net Exposure	
	Bank	Central Bank & Government	Non-Bank				Total	% of Group assets
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	%
Malaysia								
30 Sep 2004	3,049	3,757	8,763	666	16,235	2,649	13,586	15.1
30 Jun 2004	3,755	3,955	8,654	662	17,027	2,808	14,218	15.8
31 Dec 2003	2,954	3,210	8,164	579	14,907	2,494	12,413	14.7
30 Sep 2003	2,739	3,115	7,861	581	14,297	2,346	11,951	14.2
Indonesia								
30 Sep 2004	72	194	459	188	912	98	814	0.9
30 Jun 2004	59	133	329	187	708	76	632	0.7
31 Dec 2003	91	121	285	68	566	68	498	0.6
30 Sep 2003	98	144	303	68	613	78	536	0.6
Thailand								
30 Sep 2004	140	37	85	9	271	48	222	0.2
30 Jun 2004	111	42	77	10	239	53	186	0.2
31 Dec 2003	70	46	87	–	203	55	148	0.2
30 Sep 2003	67	36	90	–	193	46	148	0.2
Korea								
30 Sep 2004	429	63	260	23	775	28	747	0.9
30 Jun 2004	499	49	253	27	829	32	797	0.9
31 Dec 2003	387	34	111	–	532	26	505	0.6
30 Sep 2003	383	35	73	–	490	28	463	0.5
Philippines								
30 Sep 2004	40	33	43	5	121	1	120	0.1
30 Jun 2004	27	33	43	5	109	1	108	0.1
31 Dec 2003	35	16	38	1	90	1	89	0.1
30 Sep 2003	26	17	39	1	82	1	81	0.1
Total Regional Countries								
30 Sep 2004	3,729	4,083	9,611	891	18,314	2,825	15,490	17.2
30 Jun 2004	4,452	4,212	9,357	892	18,912	2,970	15,942	17.7
31 Dec 2003	3,536	3,428	8,686	648	16,298	2,646	13,652	16.2
30 Sep 2003	3,313	3,347	8,366	650	15,676	2,499	13,177	15.6
Hong Kong								
30 Sep 2004	298	11	1,309	71	1,689	9	1,680	1.9
30 Jun 2004	312	11	1,408	79	1,810	9	1,801	2.0
31 Dec 2003	421	28	1,274	19	1,742	9	1,733	2.1
30 Sep 2003	921	29	1,191	21	2,162	9	2,153	2.6
China								
30 Sep 2004	867	24	1,200	6	2,098	513	1,584	1.8
30 Jun 2004	816	13	1,246	4	2,080	525	1,555	1.7
31 Dec 2003	592	7	891	3	1,493	370	1,123	1.3
30 Sep 2003	605	9	721	4	1,339	367	972	1.2
Total								
30 Sep 2004	4,894	4,118	12,120	969	22,101	3,347	18,755	20.8
30 Jun 2004	5,580	4,236	12,011	975	22,802	3,504	19,298	21.4
31 Dec 2003	4,549	3,463	10,851	670	19,533	3,024	16,508	19.5
30 Sep 2003	4,839	3,385	10,278	675	19,178	2,875	16,303	19.3

Note: The exposure table above excludes GEH's life fund assets

Compared to 31 December 2003, Group net exposure (excluding the exposure under GEH's life fund) to the five regional countries – Malaysia, Indonesia, Thailand, South Korea and Philippines – increased by S\$1.84 billion or 13% to S\$15.49 billion as at 30 September 2004, representing 17.2% of the Group's assets excluding the life fund. The increase came mainly from Malaysia, which accounted for 15.1% of Group assets. Net exposure to Hong Kong and China increased by 14% to S\$3.26 billion and accounted for 3.7% of Group assets, due to increased exposure in China.

Deposits

	<u>30 Sep 2004</u>	<u>30 Jun 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2003</u>
	S\$m	S\$m	S\$m	S\$m
Deposits of non-bank customers	56,219	57,215	53,460	53,892
Deposits and balances of banks	14,362	13,219	12,480	12,634
	<u>70,581</u>	<u>70,433</u>	<u>65,940</u>	<u>66,526</u>
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	93.9%	91.5%	93.8%	90.9%

Compared to 31 December 2003, total deposits increased by 7% during the first nine months of 2004 to S\$70.58 billion. Non-bank customer deposits, which accounted for 79.7% of total deposits, rose by 5% to S\$56.22 billion mainly due to higher fixed deposits and current account balances.

Following the successful launch of the Bank's 3-year US Dollar floating rate notes in June 2004 and the Euro Commercial Paper ("ECP") programme in August 2004, outstanding senior debt and short-term commercial papers amounted to S\$1.03 billion as at 30 September 2004. These debt issues are part of the Group's strategy to tap into the offshore capital markets and the short-dated ECP market for alternative cost-effective funding opportunities.

The Group's loans-to-deposits ratio was 93.9% as at 30 September 2004, largely the same as at the end of 2003. Including the senior debt and commercial papers, the adjusted loans-to-deposits ratio was 92.2%.

	<u>30 Sep 2004</u>	<u>30 Jun 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2003</u>
	S\$m	S\$m	S\$m	S\$m
<u>Total Deposits By Maturity</u>				
Less than 7 days	31,806	31,389	28,489	28,454
1 week to 1 month	16,422	17,798	17,898	16,354
Over 1 to 3 months	8,922	9,933	9,420	9,651
Over 3 to 12 months	10,936	9,140	9,091	10,957
Over 1 to 3 years	792	676	617	737
Over 3 years	1,703	1,497	425	373
	<u>70,581</u>	<u>70,433</u>	<u>65,940</u>	<u>66,526</u>
<u>Non-Bank Deposits By Product</u>				
Fixed deposits	35,503	36,390	34,273	34,359
Savings deposits	11,231	11,247	11,131	11,225
Current account	6,828	6,832	6,108	6,146
Others	2,657	2,746	1,948	2,162
	<u>56,219</u>	<u>57,215</u>	<u>53,460</u>	<u>53,892</u>

Capital Adequacy Ratios

	<u>30 Sep 2004</u>	<u>30 Jun 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2003</u>
	S\$m	S\$m	S\$m	S\$m
Tier 1 Capital				
Paid-up ordinary and preference shares	1,336	1,336	1,284	1,284
Disclosed reserves/others	10,348	10,252	8,791	8,533
Less: Goodwill/Others	3,127	3,093	2,089	2,120
	<u>8,557</u>	<u>8,495</u>	<u>7,986</u>	<u>7,697</u>
Tier 2 Capital				
Cumulative general provisions	858	844	777	775
Hybrid (debt/equity) capital instruments	3,860	3,859	3,857	3,857
	<u>4,718</u>	<u>4,703</u>	<u>4,634</u>	<u>4,632</u>
Less: Capital investments in insurance subsidiary	965	929	–	–
Less: Others	194	324	1,167	1,096
Total Capital	<u>12,116</u>	<u>11,945</u>	<u>11,453</u>	<u>11,233</u>
Risk weighted assets including market risk	68,672	67,483	62,178	62,023
Tier 1 ratio	12.5%	12.6%	12.8%	12.4%
Total capital adequacy ratio	17.6%	17.7%	18.4%	18.1%

Note:

Capital adequacy ratio is calculated in accordance with the MAS Notice 637 to Banks and the ratios for prior periods have been restated accordingly

The total capital adequacy ratio (CAR) of the Group, calculated in accordance with the revised capital framework as set out in the MAS Notice 637, remained strong at 17.6% as at 30 September 2004, while the Group's Tier 1 capital ratio was 12.5%.

The Group announced on 11 August 2004 that it will set aside S\$500 million for on-market buybacks of its ordinary shares. As of the date of this results announcement, approximately 13.5 million ordinary shares have been purchased from the stock market for a total consideration of S\$185 million, of which approximately 8.6 million shares for S\$118 million were purchased during the third quarter ended 30 September 2004. The cumulative number of shares purchased and cancelled to-date represents 1.01% of the Group's issued ordinary share capital as at 11 August 2004.

Valuation Surplus

	30 Sep 2004			30 Jun 2004			31 Dec 2003		
	Net book value	Market value	Surplus	Net book value	Market value	Surplus	Net book value	Market value	Surplus
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Properties	1,155	2,492	1,337	1,244	2,614	1,370	1,274	2,664	1,390
Equity securities ^{1/}	1,205	3,397	2,192	1,173	3,371	2,198	1,466	3,499	2,033
Debt securities ^{2/}	15,295	15,436	141	14,346	14,444	98	13,438	13,587	149
Total	17,655	21,325	3,670	16,763	20,429	3,666	16,178	19,750	3,572

^{1/} Includes investment in quoted subsidiary GEH

^{2/} Includes government treasury bills and securities

The Group's unrealised valuation surplus amounted to S\$3.67 billion as at 30 September 2004, largely unchanged from 30 June 2004 and 3% higher than at 31 December 2003. Equity securities accounted for S\$2.19 billion or 60% of the surplus while properties accounted for S\$1.34 billion or 36%.

Performance by Geographical Segment

	9 Mths 2004		9 Mths 2003		3rd Qtr 2004		3rd Qtr 2003		2nd Qtr 2004	
	S\$m	%	S\$m	%	S\$m	%	S\$m	%	S\$m	%
Income before operating expenses										
Singapore	1,452	75	1,260	77	538	70	469	79	510	79
Malaysia	327	17	243	15	136	18	82	14	105	16
Other ASEAN	12	1	13	1	4	1	4	1	4	1
Asia Pacific	123	6	74	5	81	10	24	4	20	3
Rest of the world	27	1	28	2	9	1	10	2	8	1
	1,941	100	1,618	100	768	100	589	100	647	100

Profit before tax

Singapore	815	70	675	79	267	60	282	78	309	77
Malaysia	227	19	105	12	92	21	49	14	67	17
Other ASEAN	15	1	10	1	5	1	6	2	5	1
Asia Pacific	98	8	46	6	72	16	14	4	14	4
Rest of the world	18	2	19	2	6	2	7	2	6	1
	1,173	100	855	100	442	100	358	100	401	100

	30 Sep 2004		30 Jun 2004		31 Dec 2003		30 Sep 2003	
	S\$m	%	S\$m	%	S\$m	%	S\$m	%
Total assets								
Singapore	89,090	75	88,021	75	65,267	77	65,305	78
Malaysia	21,731	18	22,142	19	11,579	14	11,235	13
Other ASEAN	594	1	539	0	347	0	369	0
Asia Pacific	5,092	4	5,033	4	4,729	6	4,280	5
Rest of the world	2,292	2	2,254	2	2,575	3	3,152	4
	118,798	100	117,988	100	84,497	100	84,342	100

The geographical analysis is based on the location where the assets or transactions are booked. In the first nine months of 2004, Singapore accounted for 70% of the Group's profit before tax while Malaysia accounted for 19%. Other contributions were mainly from Greater China operations.

The S\$55 million gain from the sale of Raffles Investments in third quarter 2004 was booked in the Asia-Pacific segment as the stake in Raffles Investments was held under a Hong Kong-incorporated subsidiary. This explained the sharp increase in income and pretax profit for Asia-Pacific during the quarter.

With the consolidation of GEH, the share of Malaysia assets increased from 14% of total assets in December 2003 to 18% in September 2004.

Appendix I

Consolidated Income Statement (Unaudited)

	9 Mths 2004	9 Mths 2003	+ / (-) %	3rd Qtr 2004	3rd Qtr 2003	+ / (-) %	2nd Qtr 2004
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000
Interest income	1,871,553	1,780,687	5.1	654,638	584,680	12.0	618,635
Less: Interest expense	742,907	714,494	4.0	270,695	225,821	19.9	238,538
Net interest income	1,128,646	1,066,193	5.9	383,943	358,859	7.0	380,097
Fees and commissions	350,278	269,592	29.9	117,790	99,640	18.2	117,347
Dividends	73,390	66,698	10.0	8,203	36,286	(77.4)	20,725
Rental income	54,525	45,348	20.2	18,401	16,166	13.8	18,165
Income from insurance	111,117	–	n.m.	84,709	–	n.m.	26,408
Other income	222,783	170,624	30.6	155,197	78,136	98.6	84,202
Non-interest income	812,093	552,262	47.0	384,300	230,228	66.9	266,847
Income before operating expenses	1,940,739	1,618,455	19.9	768,243	589,087	30.4	646,944
Less: Staff costs	386,961	358,724	7.9	135,972	120,654	12.7	131,028
Other operating expenses	305,369	279,697	9.2	115,017	93,483	23.0	104,693
	692,330	638,421	8.4	250,989	214,137	17.2	235,721
Operating profit before provisions and goodwill amortisation	1,248,409	980,034	27.4	517,254	374,950	38.0	411,223
Less: Goodwill amortisation	112,968	94,980	18.9	45,130	31,682	42.4	36,175
Provision for possible loan losses and diminution in value of other assets	79,028	170,885	(53.8)	36,477	37,214	(2.0)	22,181
Operating profit after provisions and goodwill amortisation	1,056,413	714,169	47.9	435,647	306,054	42.3	352,867
Share of profits less losses of associated companies	116,591	141,214	(17.4)	7,151	52,010	(86.3)	47,902
Profit before tax	1,173,004	855,383	37.1	442,798	358,064	23.7	400,769
Less: Tax	202,587	142,685	42.0	68,077	53,413	27.5	75,584
Share of tax of associated companies	29,786	35,911	(17.1)	1,874	12,332	(84.8)	13,683
	232,373	178,596	30.1	69,951	65,745	6.4	89,267
Profit after tax	940,631	676,787	39.0	372,847	292,319	27.5	311,502
Less: Minority interests	57,420	1,219	n.m.	48,838	463	n.m.	8,082
Profit attributable to shareholders	883,211	675,568	30.7	324,009	291,856	11.0	303,420

Appendix II

Consolidated Balance Sheet (Unaudited)

	<u>30 Sep 2004</u>	<u>30 Jun 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2003</u>
	S\$'000	S\$'000	S\$'000	S\$'000
SHAREHOLDERS' EQUITY				
Share Capital				
Authorised	<u>3,014,205</u>	3,014,205	<u>2,010,838</u>	<u>2,010,841</u>
Issued and fully paid	<u>1,336,348</u>	1,336,567	1,284,084	1,283,503
Reserves				
Capital reserves	<u>3,110,261</u>	3,000,937	2,329,076	2,342,284
Statutory reserves	<u>1,925,270</u>	1,908,285	1,854,303	1,984,350
Revenue reserves	<u>4,841,275</u>	4,901,860	4,591,450	4,195,961
Total shareholders' equity	<u>11,213,154</u>	11,147,649	10,058,913	9,806,098
MINORITY INTERESTS	<u>482,091</u>	441,892	19,879	20,044
LIABILITIES				
Deposits of non-bank customers	<u>56,218,671</u>	57,214,568	53,459,680	53,892,462
Deposits and balances of banks	<u>14,362,429</u>	13,218,770	12,480,794	12,633,799
Deposits of associated companies	<u>62,985</u>	175,154	1,457,708	1,168,398
Bills payable	<u>189,827</u>	202,503	185,233	184,785
Current tax	<u>415,492</u>	497,247	327,667	284,426
Deferred tax	<u>76,039</u>	71,280	76,043	97,050
Other liabilities	<u>2,368,699</u>	2,471,605	2,421,286	2,245,819
Debt securities	<u>4,941,801</u>	4,796,415	4,010,223	4,009,408
	<u>90,331,188</u>	90,237,083	84,497,426	84,342,289
Life assurance fund	<u>28,467,681</u>	27,751,198	—	—
Total liabilities and shareholders' equity	<u>118,798,869</u>	117,988,281	84,497,426	84,342,289
ASSETS				
Cash and placements with central banks	<u>3,311,652</u>	7,869,936	4,035,863	2,371,877
Singapore government treasury bills and securities	<u>6,258,619</u>	5,636,812	6,151,111	5,866,808
Other government treasury bills and securities	<u>1,820,088</u>	1,498,280	1,054,618	1,131,420
Dealing securities	<u>336,609</u>	375,908	235,541	262,335
Placements with and loans to banks	<u>10,750,007</u>	7,593,669	9,649,818	13,381,203
Loans to customers (including bills receivable)	<u>52,763,313</u>	52,322,842	50,155,117	48,966,632
Investment securities	<u>7,794,929</u>	7,651,263	6,294,827	5,675,060
Deferred tax	<u>48,940</u>	49,481	53,670	74,204
Other assets	<u>2,574,960</u>	2,371,926	2,182,934	1,935,744
Associated companies	<u>324,424</u>	388,855	1,177,137	1,103,653
Property, plant and equipment	<u>1,309,878</u>	1,397,725	1,434,736	1,469,635
Goodwill and intangible assets	<u>3,037,769</u>	3,080,386	2,072,054	2,103,718
	<u>90,331,188</u>	90,237,083	84,497,426	84,342,289
Life fund net assets attributable to policyholders	<u>28,467,681</u>	27,751,198	—	—
Total assets	<u>118,798,869</u>	117,988,281	84,497,426	84,342,289
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	<u>6,559,979</u>	6,434,429	5,829,577	5,727,063
Commitments	<u>31,091,652</u>	30,188,720	27,261,292	28,313,662
Financial derivatives	<u>273,565,051</u>	218,365,148	191,246,606	180,109,041
	<u>311,216,682</u>	254,988,297	224,337,475	214,149,766

Appendix III

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the nine months ended 30 September

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2004	1,284,084	2,329,076	1,854,303	4,591,450	10,058,913
Profit attributable to shareholders	–	–	–	883,211	883,211
Foreign currency translation gains/(losses) not recognised in the income statements	–	–	–	(26,575)	(26,575)
Total recognised gains for the financial period	–	–	–	856,636	856,636
Transfers	–	24,363	41,264	(65,627)	–
Reserves arising from acquisition of additional interests in GEH	–	–	29,703	48,433	78,136
Class E preference dividends paid	–	–	–	(11,281)	(11,281)
Class G preference dividends paid	–	–	–	(8,335)	(8,335)
Final dividends paid to ordinary stockholders	–	–	–	(123,027)	(123,027)
Interim dividends paid to ordinary stockholders	–	–	–	(203,265)	(203,265)
Selective capital reduction	(80,192)	(785,296)	–	(126,000)	(991,488)
Share buyback	(7,603)	7,603	–	(117,709)	(117,709)
Shares issued pursuant to voluntary unconditional offer	136,207	1,501,598	–	–	1,637,805
Shares issued under Share Option Schemes	3,852	32,917	–	–	36,769
Balance at 30 September 2004	1,336,348	3,110,261	1,925,270	4,841,275	11,213,154
Comprise:					
Share of reserves of associated companies	–	1,375	–	41,572	42,947
Balance at 1 January 2003	1,290,299	1,505,515	1,936,244	4,492,164	9,224,222
Profit attributable to shareholders	–	–	–	675,568	675,568
Foreign currency translation gains/(losses) not recognised in the income statements	–	–	–	20,845	20,845
Total recognised gains for the financial period	–	–	–	696,413	696,413
Transfers	–	31,384	48,106	(79,490)	–
Class E preference shares issued for cash	50	499,950	–	–	500,000
Class E preference dividends paid	–	–	–	(8,815)	(8,815)
Class G preference shares issued in lieu of special cash dividends	2,093	206,171	–	(208,264)	–
Class G preference shares issued for cash	1,865	184,877	–	–	186,742
Expense relating to the issue of preference shares	–	(1,599)	–	–	(1,599)
Final dividends paid to ordinary stockholders	–	–	–	(151,081)	(151,081)
Interim dividends paid to ordinary stockholders	–	–	–	(110,811)	(110,811)
Special dividends paid to ordinary stockholders	–	–	–	(434,155)	(434,155)
Selective capital reduction	(12,139)	(92,620)	–	–	(104,759)
Shares issued under Share Option Schemes	1,335	8,606	–	–	9,941
Balance at 30 September 2003	1,283,503	2,342,284	1,984,350	4,195,961	9,806,098
Comprise:					
Share of reserves of associated companies	–	20,691	–	936,493	957,184

Appendix IV

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the quarter ended 30 September

	Share Capital	Capital Reserves	Statutory Reserves	Revenue Reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2004	1,336,567	3,000,937	1,908,285	4,901,860	11,147,649
Profit attributable to shareholders	–	–	–	324,009	324,009
Foreign currency translation gains/(losses) not recognised in the income statements	–	–	–	(23,297)	(23,297)
Total recognised gains for the financial period	–	–	–	300,712	300,712
Transfers	–	23,338	16,985	(40,323)	–
Interim dividends paid to ordinary stockholders	–	–	–	(203,265)	(203,265)
Share buyback	(7,603)	7,603	–	(117,709)	(117,709)
Shares issued pursuant to voluntary unconditional offer	5,360	60,557	–	–	65,917
Shares issued under Share Option Schemes	2,024	17,826	–	–	19,850
Balance at 30 September 2004	1,336,348	3,110,261	1,925,270	4,841,275	11,213,154
Comprise:					
Share of reserves of associated companies	–	1,375	–	41,572	42,947
Balance at 1 July 2003	1,291,402	2,222,344	1,963,914	4,081,313	9,558,973
Profit attributable to shareholders	–	–	–	291,856	291,856
Foreign currency translation gains/(losses) not recognised in the income statements	–	–	–	(17,747)	(17,747)
Total recognised gains for the financial period	–	–	–	274,109	274,109
Transfers	–	28,214	20,436	(48,650)	–
Class G preference shares issued in lieu of special cash dividends	2,093	(2,093)	–	–	–
Class G preference shares issued for cash	1,865	184,877	–	–	186,742
Expense relating to the issue of preference shares	–	(436)	–	–	(436)
Interim dividends paid to ordinary stockholders	–	–	–	(110,811)	(110,811)
Selective capital reduction	(12,139)	(92,620)	–	–	(104,759)
Shares issued under Share Option Schemes	282	1,998	–	–	2,280
Balance at 30 September 2003	1,283,503	2,342,284	1,984,350	4,195,961	9,806,098
Comprise:					
Share of reserves of associated companies	–	20,691	–	936,493	957,184

Appendix V

Consolidated Cash Flow Statement (Unaudited)

For the nine months ended 30 September

	Nine months ended	
	Sep 2004	Sep 2003
	S\$'000	S\$'000
Cash flows from operating activities		
Operating profit before provisions and goodwill amortisation	1,248,409	980,034
<u>Adjustments for non-cash items</u>		
Amortisation of computer software costs	18,916	14,657
Depreciation of property, plant and equipment	46,114	64,661
Gains on disposal of an associated company	(54,651)	–
Gains on disposal of investment securities	(10,972)	(85,495)
Gains on disposal of property, plant and equipment	(80,021)	(166)
Operating profit before changes in operating assets and liabilities	1,167,795	973,691
<u>Increase/(decrease) in operating liabilities</u>		
Deposits of non-bank customers	1,364,268	(341,042)
Deposits and balances of banks	1,881,635	12,650
Bills payable and other liabilities	(205,838)	115,786
<u>(Increase)/decrease in operating assets</u>		
Dealing securities	(84,099)	(89,259)
Placements with and loans to banks	(592,590)	1,077,765
Loans to customers and bills receivable	(2,117,112)	(1,706,391)
Other assets	108,230	109,891
Cash provided by operating activities	1,522,289	153,091
Income tax paid	(291,389)	(220,490)
Net cash provided by/(used in) operating activities	1,230,900	(67,399)
Cash flows from investing activities		
Acquisition of an associated company	(118,334)	–
Capital return from an associated company	–	1,000
Dividends from associated companies	62,363	43,940
Decrease/(increase) in associated companies	(326)	3,456
Net cash outflow from acquisition of additional interests in subsidiary companies	(25,307)	(288)
Purchase of investment securities	(2,049,907)	(1,416,970)
Purchase of long-term Singapore government securities	–	(543,662)
Purchase of property, plant and equipment	(48,973)	(35,085)
Proceeds from disposal of an associated company	121,728	–
Proceeds from disposal of investment securities	1,472,282	1,118,286
Proceeds from disposal of property, plant and equipment	27,230	12,874
Net cash provided by/(used in) investing activities	(559,244)	(816,449)
Cash flows from financing activities		
Increase/(decrease) in debt securities	929,133	(5,250)
Dividends paid	(345,908)	(704,862)
Net proceeds from issue of preference shares	–	685,143
Proceeds from issue of ordinary shares	36,769	9,941
Selective capital reduction	(991,488)	(104,759)
Share buyback	(117,709)	–
Change in minority interests and dividends paid to minority interests	(8,159)	(47)
Net cash provided by/(used in) financing activities	(497,362)	(119,834)
Net foreign currency translation adjustments	(26,575)	20,845
Net change in cash and cash equivalents	147,719	(982,837)
Cash and cash equivalents as at 1 January	10,697,579	9,809,280
Cash and cash equivalents as at 30 September	10,845,298	8,826,443

Appendix VI

Consolidated Cash Flow Statement (Unaudited)

For the quarter ended 30 September

	Three months ended	
	Sep 2004	Sep 2003
	S\$'000	S\$'000
Cash flows from operating activities		
Operating profit before provisions and goodwill amortisation	517,254	374,950
<u>Adjustments for non-cash items</u>		
Amortisation of computer software costs	5,679	5,017
Depreciation of property, plant and equipment	15,901	18,258
Gains on disposal of an associated company	(54,651)	–
Gains on disposal of investment securities	(4,930)	(82,433)
Gains on disposal of property, plant and equipment	(78,228)	(914)
Operating profit before changes in operating assets and liabilities	401,025	314,878
<u>Increase/(decrease) in operating liabilities</u>		
Deposits of non-bank customers	(1,108,066)	(804,054)
Deposits and balances of banks	1,143,659	(801,822)
Bills payable and other liabilities	(24,145)	(146,072)
<u>(Increase)/decrease in operating assets</u>		
Dealing securities	39,299	177,684
Placements with and loans to banks	(3,156,338)	1,309,602
Loans to customers and bills receivable	(477,188)	(196,999)
Other assets	(60,340)	(566)
Cash used in operating activities	(3,242,094)	(147,349)
Income tax paid	(136,781)	(66,467)
Net cash provided by/(used in) operating activities	(3,378,875)	(213,816)
Cash flows from investing activities		
Dividends from associated companies	3,705	14,750
Increase in associated companies	(411)	(2,711)
Capital return from an associated company	–	1,000
Net cash outflow from acquisition of additional interests in subsidiary companies	(35,204)	–
Purchase of investment securities	(605,202)	(301,691)
Purchase of long-term Singapore government securities	–	(543,662)
Purchase of property, plant and equipment	(20,324)	(9,679)
Proceeds from disposal of interests in an associated company	121,728	–
Proceeds from disposal of investment securities	471,278	400,665
Proceeds from disposal of property, plant and equipment	16,293	5,191
Net cash provided by/(used in) investing activities	(48,137)	(436,137)
Cash flows from financing activities		
Increase in debt securities	144,571	1,334
Dividends paid	(203,265)	(544,966)
Net proceeds from issue of preference shares	–	186,306
Proceeds from issue of ordinary shares	19,850	2,280
Selective capital reduction	–	(104,759)
Share buyback	(117,709)	–
Change in minority interests and dividends paid to minority interests	(8,159)	–
Net cash provided by/(used in) financing activities	(164,712)	(459,805)
Net foreign currency translation adjustments	(23,297)	(17,747)
Net change in cash and cash equivalents	(3,615,021)	(1,127,505)
Cash and cash equivalents as at 1 July	14,460,319	9,953,948
Cash and cash equivalents as at 30 September	10,845,298	8,826,443