



# Second Quarter 2005

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## GROUP FINANCIAL RESULTS

10 August 2005

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## Media Release

**OCBC Group Reports \$304 million Net Profit  
In Second Quarter 2005*****First Half 2005 Net Profit rose 9% to S\$602 million******Interim dividend of 11 cents per share, up 39%***

Singapore, 10 August 2005 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a net profit attributable to shareholders of S\$304 million for the second quarter of 2005 (“2Q05”), an increase of 1% from the S\$300 million profit recorded in second quarter 2004 (“2Q04”). An interim gross dividend of 11 cents per share (based on the enlarged share capital after the recent Rights Issue and Sub-Division) has been declared, an increase of 39% over the first half 2004 gross dividend of 7.9 cents per share (adjusted<sup>1</sup>).

The 2Q05 results reflected the enlarged operations of the Group following the consolidation of 81%-owned subsidiary Great Eastern Holdings (“GEH”) from June 2004, and subsidiary PT Bank NISP Tbk (“Bank NISP”) from April 2005 (the Group’s shareholding in Bank NISP was 51% in April 2005, rising to 70.6% in June 2005). By comparison, the 2Q04 results contained two months’ contribution from GEH as a 49%-owned associate and one month’s contribution from GEH as a subsidiary, as well as two months’ contribution from Bank NISP as a 22.5%-owned associate. GEH contributed S\$62 million to the Group’s net profit in 2Q05, up from S\$35 million in 2Q04. Bank NISP contributed a net S\$11 million in 2Q05 as compared to S\$1 million in 2Q04.

The Group’s operating profit before allowances for loans and other assets grew 4% year-on-year to S\$423 million in 2Q05, with revenue growth of 9% partly offset by expenses growth of 18%. Net interest income increased 7% to S\$407 million, driven largely by growth in interest earning assets and the consolidation of Bank NISP. However, net interest margin declined 10 basis points from 1.92% to 1.82% due mainly to higher cost of funds in a rising interest rate environment and limited gapping opportunities given the relatively flat yield curve.

Non-interest income grew 12% to S\$298 million due to the consolidation of GEH’s insurance income and 7% increase in fees and commissions, partly offset by significantly lower dealing income as 2Q04 recorded substantially higher gains from securities and derivatives dealing. Allowances for loans and other assets fell from S\$22 million in 2Q04 to a net reversal of S\$2 million in 2Q05. Amortisation of intangible assets and goodwill fell from S\$36 million in 2Q04 to S\$10 million in 2Q05 due to the discontinuation of goodwill amortisation under the new Financial Reporting Standard (“FRS”) 103.

<sup>1</sup> “Adjusted” shares and per share data throughout this announcement refer to the equivalent shares / per share numbers after adjustment for the 1-for-5 Rights Issue effected on 18 July 2005 and the 2-for-1 Sub-Division (or stock split) effected on 5 August 2005.

Compared to first quarter 2005's ("1Q05") net profit of S\$298 million, net profit in 2Q05 was higher by 2%. Net interest income grew 12% over the previous quarter and net interest margin improved from 1.78% to 1.82%, while non-interest income fell by 7% due to lower insurance income and other income. Operating expenses increased by 12%, faster than overall revenue growth of 3%, resulting in a 2% decline in operating profit before allowances.

### **First Half 2005 Results**

For the first half of 2005 ("1H05"), the Group achieved net profit of S\$602 million, up 9% over the same period last year. Operating profit before allowances rose 18% to S\$854 million. Total revenue grew by 18% to S\$1,386 million, led by 44% jump in non-interest income to S\$617 million due largely to the inclusion of insurance income from GEH and 6% growth in fee and commission income. Net interest income grew 3% to S\$770 million, driven by a 10% growth in average interest-earning assets which was partly offset by an 11 basis points drop in net interest margin from 1.91% to 1.80%.

Operating expenses increased 19% to S\$532 million, attributable to higher staff costs and business promotion and marketing expenses. Excluding GEH and Bank NISP, operating expenses would have shown an increase of 6%. Allowances for loans and other assets fell from S\$43 million in first half 2004 to S\$23 million in first half 2005, as specific allowances for loans and impairment charges for property assets were reduced.

Annualised earnings per share for 1H05 increased by 6% to 37 cents. Annualised return on ordinary shareholders' equity in 1H05 was 10.6%, compared to 11.5% in 1H04.

### **Acquisition of Bank NISP**

In April 2005, Bank NISP became a 51%-owned subsidiary after the Group acquired an additional 28.5% stake in the Indonesian bank. The Group's shareholding increased to 70.6% in June 2005 following the completion of a public tender offer for the remaining shares in Bank NISP.

Bank NISP's reported results for 2Q05 showed a net profit of Rp 1.3 billion (S\$0.2 million), down 98% year-on-year largely due to unrealised losses incurred in securities dealing. However, for purposes of consolidation, these results were adjusted by virtue of the fair value adjustments already made by the Group upon the acquisition in April 2005. The consolidated results showed a net contribution of S\$11 million from Bank NISP in 2Q05, higher than Bank NISP's reported results.

### **Second Quarter Revenue**

The Group's revenue grew 9% from S\$647 million in 2Q04 to S\$704 million in 2Q05.

Net interest income increased 7% to S\$407 million, boosted by 13% growth in average interest earning assets. Customer loans grew by 6% year-on-year to S\$56.52 billion as at 30 June 2005, with growth registered mainly in loans to the housing, manufacturing and general commerce sectors. Net interest margin however fell by 10 basis points from 1.92% to 1.82% in an environment marked by rising cost of funds and

intense competition. Deposit cost increases were led by large deposits which are primarily pegged to interbank rates. Gapping profits continued to be depressed due to limited gapping opportunities.

Non-interest income rose by 12% to S\$298 million with higher contribution from insurance income and 7% growth in fees and commissions led by higher fund management, trade and remittances and credit card income. Securities and derivatives dealing however recorded losses of S\$7 million as adverse market conditions impacted the Group's portfolio.

## **Second Quarter Operating Expenses**

With the enlarged Group operations, total operating expenses grew by 18% year-on-year to S\$282 million in 2Q05. Excluding the consolidation effects of GEH and Bank NISP, expenses growth was a marginal 2% as higher staff costs were largely offset by lower premises and equipment costs and lower other operating expenses. With the adoption of FRS 102 on Share-Based Payment, effective 1 January 2005, share option expenses amounted to S\$4 million in both 2Q05 and the restated 2Q04 expenses.

The Group's cost-to-income ratio increased from 37% in 2Q04 to 40% in 2Q05. For 1H05, the cost-to-income ratio was 38.4%, marginally higher than the 38.1% in 1H04.

## **Loan Allowances and Asset Quality**

Total allowances for loans and other assets fell from S\$22 million in 2Q04 to a net reversal of S\$2 million in 2Q05, underpinned by continued improvement in the Group's asset quality. There was a net reversal of S\$3 million in specific loan allowances that were no longer required, as compared to S\$16 million allowances in 2Q04. Allowances for other assets fell from S\$7 million in 2Q04 to S\$1 million in 2Q05, as property values were stable.

Total non-performing loans ("NPLs") amounted to S\$2.59 billion in June 2005, representing declines of 10% from December 2004 and 4% from March 2005. The NPL ratio improved to 4.3%, from 5.0% in December 2004 and 4.8% in March 2005. Total cumulative specific and portfolio allowances amounted to S\$2.25 billion, representing 86.9% of total NPLs, up from 82.9% in December 2004 and 84.1% in March 2005.

## **Capital Position**

Total capital adequacy ratio and Tier-1 ratio of the Group stood at 14.7% and 10.7% respectively as at 30 June 2005, down from 17.4% and 12.3% respectively as at 31 December 2004. In May 2005, a bonus cash dividend of S\$1.25 per share (S\$1 net) and a one-for-five Rights Issue at S\$5 per rights share was announced, with an election option to use the dividend to subscribe for the rights shares. The Rights Issue closed on 6 July 2005 with full subscription through the rights acceptances and excess rights applications. For the purpose of capital computation, the dividends of S\$1.31 billion declared in 2Q05 were deducted from Group Tier 1 capital as at 30 June 2005, thereby reducing the Group's Tier 1 and total capital ratios. On completion of the Rights Issue, the Group's capital levels were restored by S\$1.31 billion in July 2005.

Continuing with its capital management initiatives, the Group announced an additional S\$500 million on-market share buyback programme on 29 June 2005. The earlier S\$500 million buyback programme, announced on 11 August 2004, was completed in July 2005. A total of approximately 37.2 million ordinary shares (unadjusted basis) were purchased and cancelled under the first programme, representing approximately 2.8% of the Bank's issued share capital as at 11 August 2004. As at the date of this results announcement, the Group has purchased approximately 3.7 million ordinary shares (unadjusted basis) under the second buyback programme, for a total consideration of approximately S\$43 million.

### **Interim Dividend**

An interim gross dividend of 11 cents per share has been declared, based on the enlarged share capital after the one-for-five Rights Issue and the two-for-one Sub-Division. This is in addition to the one-off bonus cash dividend of S\$1.25 per share (S\$1 net) announced in May 2005.

The interim dividend of 11 cents represents an increase of 39% over the adjusted 7.9 cents dividend for 1H04. The dividend payout will amount to an estimated S\$276 million (net), or approximately 46% of the Group's core net profit in 1H05.

### **Conclusion**

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

"We delivered satisfactory results in an environment of slower economic growth in Singapore along with continued pressure from higher cost of funds and price competition. The acquisition of Bank NISP has added further diversity to our earnings profile and will provide us with better long term growth opportunities outside Singapore. Our overseas operations now account for 31% of revenue and 34% of pretax profit, compared to 21% and 23% respectively in second quarter 2004."

## About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$137 billion and a network of 112 branches and representative offices in 14 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, asset management 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](http://www.ocbc.com).

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# FINANCIAL REVIEW

## Highlights

- ◆ Net profit attributable to shareholders increased by 1% to S\$304 million in 2Q05.
- ◆ Total income rose 9% to S\$704 million in 2Q05, driven by higher net interest income and non-interest income. Operating expenses grew 18% to S\$282 million, and operating profit before allowances for loans and other assets increased by 4% to S\$423 million.
- ◆ Net profit for 1H05 improved by 9% to S\$602 million. Total income grew 18% to S\$1.39 billion, propelled by a 44% jump in non-interest income while net interest income grew 3%.
- ◆ Gross loans to customers grew by 6% from June 2004, and 4% from December 2004, to S\$56.52 billion as at 30 June 2005. Growth was led by loans to the housing, manufacturing and commerce sectors.
- ◆ NPLs declined by 10% from December 2004 to S\$2.59 billion in June 2005. The NPL ratio improved from 5.0% to 4.3%, and cumulative allowances coverage of NPLs increased from 82.9% to 86.9%.
- ◆ Annualised earnings per ordinary share, on an adjusted basis, was 37 cents for 1H05, an increase of 6% over 1H04.
- ◆ Annualised return on ordinary shareholders' equity was 10.6% in 1H05, compared to 11.5% in 1H04.
- ◆ Net asset value per ordinary share ("NAV"), on an adjusted basis, was S\$3.58 as at 30 June 2005, up from S\$3.20 as at 30 June 2004. Including the unrealised valuation surplus of S\$1.26 per share, NAV was S\$4.84.



## Financial Summary

	1st Half	1st Half	2nd Qtr		2nd Qtr		1st Qtr
	2005	2004	+/(-) %	2005	2004	+/(-) %	2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
<b>Selected profit and loss data :</b>							
Net interest income	770	745	3	407	380	7	363
Fees and commissions	246	232	6	125	117	7	121
Dividends	43	65	(34)	23	21	10	20
Rental income	35	36	(2)	18	18	-	18
Income from insurance	200	26	n.m.	95	26	n.m.	105
Other income	93	68	37	37	84	(56)	55
Total income	1,386	1,172	18	704	647	9	682
Less : Operating expenses	532	446	19	282	239	18	251
Operating profit	854	726	18	423	408	4	431
Less : Amortisation of goodwill and intangible assets	20	68	(71)	10	36	(73)	10
Less : Allowances for loans and other assets	23	43	(47)	(2)	22	n.m.	24
Add : Share of associated companies' results	11	82	(86)	3	34	(90)	8
Profit before tax	823	697	18	418	383	9	405
Net profit attributable to shareholders	602	554	9	304	300	1	298
Cash basis net profit attributable to shareholders <sup>1/</sup>	622	622	-	314	336	(7)	308

### Selected balance sheet data :

Total assets	137,002	117,988	16	137,002	117,988	16	127,591
Assets excluding life fund net assets	104,943	90,237	16	104,943	90,237	16	96,579
Loans to customers (net of allowances for loan losses)	54,379	51,155	6	54,379	51,155	6	51,398
Deposits of non-bank customers	63,559	57,215	11	63,559	57,215	11	59,664
Ordinary shareholders' equity (excluding minority interests)	11,258	10,240	10	11,258	10,240	10	10,976
Total shareholders' equity (excluding minority interests)	12,154	11,135	9	12,154	11,135	9	11,872

### Key Indicators :

Return on ordinary shareholders' equity (% p.a.) <sup>2/</sup>	10.6	11.5		10.7	12.4		10.6
Return on ordinary shareholders' equity (% p.a.) – Cash basis <sup>2/</sup>	11.0	13.0		11.0	14.0		11.0
Return on assets (% p.a.) <sup>3/</sup>	1.22	1.27		1.18	1.35		1.26
Return on assets (% p.a.) – Cash basis <sup>3/</sup>	1.26	1.42		1.22	1.51		1.30
Restated - Basic earnings per ordinary share (S\$) <sup>4/</sup>	0.37	0.35	6	0.36	0.37	(1)	0.38
- Cash earnings per ordinary share (S\$) <sup>4/</sup>	0.39	0.39	(2)	0.37	0.41	(10)	0.39
Previously reported - Basic earnings per ordinary share (S\$)	-	0.85	-	-	0.89	-	0.91
- Cash earnings per ordinary share (S\$)	-	0.95	-	-	1.01	-	0.94
Net asset value per ordinary share (S\$)							
Restated - Before valuation surplus <sup>4/</sup>	3.58	3.20	12	3.58	3.20	12	3.72
- After valuation surplus <sup>4/</sup>	4.84	4.35	11	4.84	4.35	11	5.03
Previously reported - Before valuation surplus	-	7.69	-	-	7.69	-	8.35
- After valuation surplus	-	10.44	-	-	10.44	-	11.27

<sup>1/</sup> Excluding amortisation of goodwill and intangible assets

<sup>2/</sup> 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

<sup>3/</sup> Return on assets is calculated based on assets excluding life fund net assets attributable to policyholders

<sup>4/</sup> 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 7% over 2Q04 to S\$407 million in 2Q05, underpinned by 13% growth in average interest earning assets. The assets growth was partly due to the consolidation of assets from GEH and Bank NISP.

While loan yield improved, cost of funds rose sharply year-on-year in a rising interest rate environment. Deposit costs increased significantly led by large deposits which are primarily pegged to interbank rates. Net interest income was also affected by a lack of gapping opportunities due to the flatter yield curve. As a result, net interest margin fell by 10 basis points from 1.92% in 2Q04 to 1.82% in 2Q05. However, when compared to 1Q05, net interest margin improved marginally by 4 basis points from 1.78% due to the consolidation of Bank NISP's portfolio.

For 1H05, net interest income rose 3% to S\$770 million while net interest margin fell 11 basis points to 1.80%.

### Average Balance Sheet<sup>1/</sup> (Quarterly Trend)

	2nd Quarter 2005			2nd Quarter 2004			1st Quarter 2005		
	Average Balance <sup>1/</sup> S\$m	Average Interest S\$m	Average Rate %	Average Balance <sup>1/</sup> S\$m	Average Interest S\$m	Average Rate %	Average Balance <sup>1/</sup> S\$m	Average Interest S\$m	Average Rate %
<b>Assets</b>									
Loans and advances to non-bank customers	53,692	601	4.49	50,135	462	3.71	51,457	496	3.91
Placements with and loans to banks	17,698	124	2.81	14,486	71	1.98	13,878	94	2.76
Other interest earning assets <sup>2/</sup>	18,126	152	3.36	14,882	85	2.31	17,264	122	2.86
Total interest earning assets	89,515	877	3.93	79,503	619	3.13	82,599	712	3.50
Non-interest earning assets	44,204	–	–	13,778	–	–	42,559	–	–
Total assets	133,719	–	–	93,281	–	–	125,158	–	–
<b>Liabilities</b>									
Deposits of non-bank customers	63,058	307	1.95	57,186	167	1.18	58,442	233	1.62
Deposits and balances of banks	15,855	104	2.64	13,953	47	1.35	12,965	69	2.17
Other borrowings <sup>3/</sup>	6,579	59	3.61	4,304	24	2.27	6,712	47	2.83
Total interest bearing liabilities	85,492	470	2.21	75,443	239	1.27	78,120	349	1.81
Non-interest bearing liabilities	35,642	–	–	7,291	–	–	34,525	–	–
Total liabilities	121,134	–	–	82,734	–	–	112,645	–	–
<b>Net interest income/margin</b>		<b>407</b>	<b>1.82</b>		<b>380</b>	<b>1.92</b>		<b>363</b>	<b>1.78</b>

<sup>1/</sup> Average balances are calculated based on monthly averages

<sup>2/</sup> Comprise debt securities, government securities and treasury bills

<sup>3/</sup> Comprise debt issued, including Upper Tier 2 subordinated debt, Floating Rate Notes and Euro Commercial Papers

## Average Balance Sheet<sup>1/</sup> (Half Yearly Trend)

	1st Half 2005			1st Half 2004		
	Average Balance <sup>1/</sup>	Interest	Average Rate	Average Balance <sup>1/</sup>	Interest	Average Rate
	S\$m	S\$m	%	S\$m	S\$m	%
<b>Assets</b>						
Loans and advances to non-bank customers	52,392	1,097	4.22	49,484	910	3.70
Placements with and loans to banks	15,919	218	2.77	14,098	142	2.03
Other interest earning assets <sup>2/</sup>	17,697	274	3.12	14,816	165	2.24
Total interest earning assets	86,008	1,589	3.73	78,398	1,217	3.12
Non-interest earning assets	43,455	–	–	11,437	–	–
Total assets	129,463	–	–	89,835	–	–
<b>Liabilities</b>						
Deposits of non-bank customers	60,763	540	1.79	56,544	329	1.17
Deposits and balances of banks	14,418	174	2.43	13,581	94	1.39
Other borrowings <sup>3/</sup>	6,645	106	3.22	4,227	49	2.35
Total interest bearing liabilities	81,826	819	2.02	74,352	472	1.28
Non-interest bearing liabilities	35,087	–	–	5,106	–	–
Total liabilities	116,913	–	–	79,459	–	–
<b>Net interest income/margin</b>		<b>770</b>	<b>1.80</b>		<b>745</b>	<b>1.91</b>

<sup>1/</sup> Average balances are calculated based on monthly averages

<sup>2/</sup> Comprise debt securities, government securities and treasury bills

<sup>3/</sup> Comprise debt issued, including Upper Tier 2 subordinated debt, Floating Rate Notes and Euro Commercial Papers

## Non-Interest Income

	1st Half 2005	1st Half 2004	+ / (-)	2nd Qtr 2005	2nd Qtr 2004	+ / (-)	1st Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
<b>Fee and commission income</b>							
Brokerage	18	31	(42)	9	12	(25)	9
Wealth management <sup>1/</sup>	71	74	(4)	32	40	(20)	39
Fund management	33	13	154	19	8	138	13
Credit card	19	16	19	10	8	25	9
Loan-related	34	35	(3)	18	19	(5)	17
Trade and remittances	34	26	31	18	14	29	16
Guarantees	12	9	33	6	5	20	5
Investment banking	4	9	(56)	2	3	(33)	2
Service charges	16	16	–	9	7	29	7
Others	5	3	67	2	1	n.m.	3
Total	246	232	6	125	117	7	121
<b>Dividends</b>	43	65	(34)	23	21	10	20
<b>Rental income</b>	35	36	(2)	18	18	–	18
<b>Income from insurance</b> <sup>2/</sup>	200	26	n.m.	95	26	n.m.	105
<b>Other income</b>							
Dealing in foreign exchange	24	37	(37)	17	18	(6)	7
Dealing in securities and derivatives	5	(13)	n.m.	(7)	49	n.m.	12
Disposal of investment securities	32	6	n.m.	10	1	n.m.	21
Disposal of properties	1	1	–	1	1	–	–
Others	31	36	(14)	16	15	5	15
Total	93	68	37	37	84	(56)	55
<b>Total non-interest income</b>	<b>617</b>	<b>428</b>	<b>44</b>	<b>298</b>	<b>267</b>	<b>12</b>	<b>319</b>
Fees and Commissions/Total Income	17.7%	19.8%		17.7%	18.1%		17.7%
Non-Interest Income/Total Income	44.5%	36.5%		42.3%	41.2%		46.8%

<sup>1/</sup> From sale of unit trusts, bancassurance products and structured deposits and notes

<sup>2/</sup> Comprise profit from life assurance and net earned premiums from general insurance

Total non-interest income rose by 12% year-on-year to S\$298 million in 2Q05 due mainly to increased contribution from insurance income and higher fees and commissions. Securities and derivatives dealing however recorded losses of S\$7 million as compared to substantially higher gains of S\$49 million in 2Q04.

Fees and commissions rose by 7% to S\$125 million in 2Q05, boosted by fund management income which more than doubled to S\$19 million. Income from trade and remittances, credit cards and service charges also registered healthy growth, while stockbroking and wealth management income declined.

Compared to 1H04, non-interest income rose by 44% to S\$617 million in 1H05 driven primarily by insurance income from GEH, higher disposal gains on investment securities and 6% growth in fees and commissions. Dividend income however fell 34% from S\$65 million to S\$43 million as 1Q04 included special dividends of S\$29 million from Robinson & Company, Limited.

## Operating Expenses

	1st Half 2005	1st Half 2004	+ / (-)	2nd Qtr 2005	2nd Qtr 2004	+ / (-)	1st Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
<b>Staff costs <sup>1/</sup></b>	<b>303</b>	256	18	<b>160</b>	135	19	143
<b>Premises and equipment</b>							
Depreciation of fixed assets	31	30	3	16	15	7	15
Amortisation of computer software costs	10	13	(23)	5	7	(29)	5
Maintenance and hire of fixed assets	18	15	20	9	8	13	9
Rental expenses	11	9	22	6	4	50	5
Others	36	35	3	20	19	5	17
Total	<u>106</u>	<u>102</u>	4	<u>56</u>	<u>53</u>	6	<u>51</u>
<b>Other operating expenses</b>	<b>123</b>	88	40	<b>66</b>	51	29	57
<b>Total operating expenses</b>	<u><b>532</b></u>	<u>446</u>	19	<u><b>282</b></u>	<u>239</u>	18	<u>251</u>
Group staff strength – period end	<b>14,247</b>	9,926	44	<b>14,247</b>	9,926	44	10,696
Group staff strength – average	<b>12,412</b>	7,918	57	<b>14,132</b>	8,341	69	10,691
Cost-to-income ratio	<b>38.4%</b>	38.1%		<b>40.0%</b>	37.0%		36.8%

<sup>1/</sup> Staff costs in 2004 periods were restated to include share-based expenses, in accordance with FRS 102

Total operating expenses increased by 18% to S\$282 million in 2Q05 largely due to the consolidation of GEH's and Bank NISP's expenses, as 2Q04 contained only one month of GEH's expenses and none of Bank NISP's expenses. Excluding the consolidation effects of GEH and Bank NISP, operating expenses would have shown a marginal 2% year-on-year increase, as higher staff costs due to higher headcount and increased salaries were largely offset by lower premises and equipment costs and lower other operating expenses. Expensing of share options compensation was introduced this year with the adoption of FRS 102 on Share-Based Payment, and such compensation amounted to S\$4 million in both 2Q05 and the 2Q04 restated expenses.

Compared to 1H04, operating expenses rose 19% to S\$532 million in 1H05. Excluding GEH and Bank NISP, operating expenses would have shown an increase of 6%.

The Group's cost-to-income ratio increased from 37% in 2Q04 to 40% in 2Q05, as expenses grew at a faster rate than revenue. For 1H05, the cost-to-income ratio was 38.4%, marginally higher than the 38.1% in 1H04.

Group headcount stood at 14,247 as at 30 June 2005, including 3,393 from Bank NISP. Excluding Bank NISP, headcount increased by 9% from June 2004.

## Allowances for Loans and Other Assets

	1st Half 2005	1st Half 2004	+ / (-)	2nd Qtr 2005	2nd Qtr 2004	+ / (-)	1st Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
<b>Specific allowances / (write-back) for loan losses</b>							
– Singapore	14	40	(65)	(7)	17	n.m.	22
– Malaysia	(8)	3	n.m.	(6)	7	n.m.	(3)
– Others	9	(18)	n.m.	10	(8)	n.m.	(1)
	<u>15</u>	<u>25</u>	(40)	<u>(3)</u>	<u>16</u>	n.m.	<u>18</u>
<b>Portfolio allowances / (write-back) for loan losses <sup>1/</sup></b>							
– Singapore	–	–	–	–	(1)	n.m.	–
– Malaysia	–	–	–	–	–	–	–
– Others	–	1	n.m.	–	–	n.m.	–
	<u>–</u>	<u>1</u>	n.m.	<u>–</u>	<u>(1)</u>	n.m.	<u>–</u>
<b>Impairment charges for investment securities and other assets</b>							
	8	17	(53)	1	7	(86)	6
<b>Total allowances / (write-back) for loans and other assets</b>							
	<u>23</u>	<u>43</u>	(47)	<u>(2)</u>	<u>22</u>	n.m.	<u>24</u>

<sup>1/</sup> For 2004 periods, refers to general provision

Allowances for loans and other assets fell from S\$22 million in 2Q04 to a net reversal of S\$2 million in 2Q05.

With the adoption of FRS 39 on Financial Instruments: Recognition and Measurement, allowances for loan losses comprise specific allowances and portfolio allowances. A net reversal S\$3 million in specific allowances for loan losses was made in 2Q05, compared to allowances of S\$16 million in 2Q04, as recoveries and writebacks of previous allowances more than offset the allowances for new NPLs. No additional portfolio allowances for loans were made in 2Q05.

An impairment charge of S\$1 million was made for investment securities and other assets in 2Q05, down from S\$7 million charge in 2Q04 which was mainly for properties.

For 1H05, allowances for loans and other assets were S\$23 million, down from S\$43 million in 1H04. Specific allowances for loans as well as impairment charges for other assets declined.

## Loans and Advances

	30 Jun 2005	31 Mar 2005	31 Dec 2004 <sup>1/</sup>	30 Jun 2004 <sup>1/</sup>
	S\$m	S\$m	S\$m	S\$m
Loans to customers	55,879	53,045	53,541	53,060
Bills receivable	643	521	549	447
Gross loans to customers	56,522	53,566	54,090	53,507
Less Allowances:				
Specific allowances	1,178	1,218	1,116	1,166
Portfolio allowances	965	950	1,145	1,186
	54,379	51,398	51,829	51,155

<sup>1/</sup> Balance as at 31 Dec 2004 and 30 Jun 2004 were restated to exclude Collateralised Debt Obligations ("CDOs") to conform to current period's presentation

Gross loans to customers rose by S\$3.02 billion or 6% year-on-year to S\$56.52 billion as at 30 June 2005. Of the S\$3.02 billion increase, S\$2.0 billion was contributed by the consolidation of Bank NISP's loans, while the balance of S\$1.02 billion came largely from growth in the Group's housing loans. By industry, the strongest growth came from loans to the housing, manufacturing and commerce sectors. Compared to 31 December 2004, loans grew by 4%.

	30 Jun 2005	31 Mar 2005	31 Dec 2004	30 Jun 2004
	S\$m	S\$m	S\$m	S\$m
<b><u>By Maturity</u></b>				
Less than 7 days	7,047	6,933	7,318	7,937
1 week to 1 month	3,585	2,704	3,665	3,460
Over 1 to 3 months	4,101	3,538	3,455	3,725
Over 3 to 12 months	5,760	5,280	5,087	5,264
Over 1 to 3 years	9,239	8,736	8,722	8,731
Over 3 years	26,790	26,375	25,844	24,390
	56,522	53,566	54,090	53,507
<b><u>By Industry</u></b>				
Agriculture, mining & quarrying	805	853	718	594
Transport, storage and communication	1,612	1,510	1,568	1,649
Building and construction	7,124	6,897	7,123	7,031
Manufacturing	4,388	3,574	3,484	3,239
Financial institutions, investment and holding companies <sup>1/</sup>	7,365	7,245	7,345	8,408
General commerce	5,189	4,450	4,652	4,275
Professionals and individuals	8,438	8,280	8,575	8,203
Housing loans	18,126	17,687	17,287	16,477
Others	3,474	3,070	3,339	3,632
	56,522	53,566	54,090	53,507

<sup>1/</sup> Balances as at 31 Dec 2004 and 30 Jun 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 <sup>1/</sup>	Substandard NPLs	Doubtful NPLs	Loss NPLs	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans <sup>2/</sup>
	S\$m	S\$m	S\$m	S\$m	%	%
<b>Singapore</b>						
<b>30 Jun 2005</b>	<b>1,485</b>	<b>860</b>	<b>355</b>	<b>270</b>	<b>64.8</b>	<b>3.9</b>
31 Mar 2005	1,596	992	325	279	63.9	4.3
31 Dec 2004	1,735	1,082	436	217	60.7	4.4
30 Jun 2004	2,150	1,484	459	207	63.4	5.4
<b>Malaysia</b>						
<b>30 Jun 2005</b>	<b>821</b>	<b>575</b>	<b>179</b>	<b>67</b>	<b>70.3</b>	<b>7.5</b>
31 Mar 2005	886	611	207	68	69.2	8.5
31 Dec 2004	902	580	230	93	64.8	9.0
30 Jun 2004	1,028	703	251	74	67.5	10.6
<b>Others</b>						
<b>30 Jun 2005</b>	<b>286</b>	<b>71</b>	<b>176</b>	<b>40</b>	<b>36.7</b>	<b>3.1</b>
31 Mar 2005	224	60	142	22	30.9	2.9
31 Dec 2004	229	57	152	21	31.4	3.6
30 Jun 2004	334	141	171	22	46.6	5.9
<b>Group Total</b>						
<b>30 Jun 2005</b>	<b>2,592</b>	<b>1,506</b>	<b>709</b>	<b>376</b>	<b>63.4</b>	<b>4.3</b>
31 Mar 2005	2,705	1,663	674	368	62.9	4.8
31 Dec 2004	2,866	1,718	818	331	59.6	5.0
30 Jun 2004	3,512	2,328	881	303	63.0	6.3

<sup>1/</sup> Comprise non-bank loans, debt securities and contingent facilities

<sup>2/</sup> Exclude debt securities

As at 30 June 2005, the Group's total NPLs stood at S\$2.59 billion, a reduction of S\$274 million or 10% from December 2004. The decline came mainly from Singapore NPLs, which amounted to S\$1.49 billion and accounted for 57% of the Group's total NPLs. Malaysia NPLs of S\$821 million accounted for 32% of total NPLs. Of the total NPLs, 58.1% were in the substandard category while 63.4% were secured by collateral.

The Group's NPL ratio improved from 5.0% in December 2004 to 4.3% in June 2005. The Singapore NPL ratio improved from 4.4% to 3.9%, while the Malaysia NPL ratio improved from 9.0% to 7.5% over the same period.



**Non-Performing Loans** *(continued)*

	<b>30 Jun 2005</b>		<b>31 Dec 2004</b>		<b>30 Jun 2004</b>	
	Amount	% of	Amount	% of	Amount	% of
	S\$m	Gross Loans	S\$m	Gross Loans	S\$m	Gross Loans
<b><u>NPLs by industry</u></b>						
Agriculture, mining & quarrying	31	3.8	42	5.9	47	7.9
Transport, storage and communication	20	1.2	25	1.6	116	7.0
Building and construction	497	7.0	579	8.1	694	9.9
Manufacturing	428	9.8	416	11.9	462	14.3
Financial institutions, investment and holding companies	254	3.4	360	4.9	493	5.9
General commerce	414	8.0	440	9.5	540	12.6
Professionals and individuals	371	4.4	466	5.4	574	7.0
Housing loans	330	1.8	256	1.5	220	1.3
Others	103	3.0	131	3.9	202	5.6
Sub-total	2,448	4.3	2,715	5.0	3,348	6.3
Debt securities	144		151		164	
Total	2,592		2,866		3,512	

	<b>30 Jun 2005</b>		<b>31 Dec 2004</b>		<b>30 Jun 2004</b>	
	S\$m	%	S\$m	%	S\$m	%
<b><u>NPLs by period overdue</u></b>						
Over 180 days	1,512	58	1,668	58	2,113	61
Over 90 to 180 days	187	7	216	7	223	6
Over 30 to 90 days	223	9	187	7	150	4
Less than 30 days	98	4	106	4	110	3
No overdue	571	22	689	24	916	26
Total	2,592	100	2,866	100	3,512	100

## Cumulative Allowances for Loan Losses

	Total cumulative allowances <sup>1/</sup>	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	%	%
<b>Singapore</b>						
<b>30 Jun 2005</b>	<b>1,283</b>	<b>629</b>	<b>654</b>	<b>n.a.</b>	<b>42.3</b>	<b>86.4</b>
31 Mar 2005	1,369	711	659	n.a.	44.6	85.8
31 Dec 2004	1,152	680	n.a.	472	39.2	66.4
30 Jun 2004	1,243	731	n.a.	512	34.0	57.8
<b>Malaysia</b>						
<b>30 Jun 2005</b>	<b>542</b>	<b>400</b>	<b>142</b>	<b>n.a.</b>	<b>48.7</b>	<b>66.0</b>
31 Mar 2005	557	418	139	n.a.	47.2	62.8
31 Dec 2004	721	362	n.a.	359	40.2	79.9
30 Jun 2004	730	365	n.a.	366	35.5	71.0
<b>Others</b>						
<b>30 Jun 2005</b>	<b>427</b>	<b>258</b>	<b>169</b>	<b>n.a.</b>	<b>90.0</b>	<b>149.0</b>
31 Mar 2005	349	196	153	n.a.	87.5	155.8
31 Dec 2004	502	188	n.a.	314	82.1	219.5
30 Jun 2004	499	191	n.a.	308	57.2	149.3
<b>Group Total</b>						
<b>30 Jun 2005</b>	<b>2,251</b>	<b>1,286</b>	<b>965</b>	<b>n.a.</b>	<b>49.6</b>	<b>86.9</b>
31 Mar 2005	2,275	1,324	950	n.a.	49.0	84.1
31 Dec 2004	2,375	1,230	n.a.	1,145	42.9	82.9
30 Jun 2004	2,473	1,287	n.a.	1,186	36.6	70.4

<sup>1/</sup> Include allowances for classified debt securities

As at 30 June 2005, the Group's total cumulative allowances for loan losses amounted to S\$2.25 billion, comprising \$1.29 billion in cumulative specific allowances and S\$965 million in cumulative portfolio allowances. The cumulative allowances represent 86.9% of total NPLs, up from 84.1% in March 2005 and 82.9% in December 2004.

## Deposits

	<u>30 Jun 2005</u>	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>	<u>30 Jun 2004</u>
	S\$m	S\$m	S\$m	S\$m
Deposits of non-bank customers	<b>63,559</b>	59,664	57,287	57,215
Deposits and balances of banks	<b>17,778</b>	<u>13,645</u>	<u>12,455</u>	<u>13,219</u>
	<b>81,337</b>	<b>73,309</b>	<b>69,742</b>	<b>70,434</b>
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	<b>85.6%</b>	86.1%	90.5%	89.4%

Total deposits as at 30 June 2005 stood at S\$81.34 billion, an increase of 17% compared to 31 December 2004, while non-bank customer deposits increased by 11% over the same period. The increase in customer deposits came primarily from the consolidation of Bank NISP's non-bank deposits of S\$2.66 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 June 2005, the outstanding senior debt and short term commercial papers amounted to S\$1.45 billion, compared to S\$1.77 billion as at 31 December 2004.

With deposits growth outstripping loans growth in the first half of the year, the Group's loans-to-deposits ratio fell from 90.5% in December 2004 to 85.6% in June 2005.

	<u>30 Jun 2005</u>	<u>31 Mar 2005</u>	<u>31 Dec 2004</u>	<u>30 Jun 2004</u>
	S\$m	S\$m	S\$m	S\$m
<b><u>Total Deposits By Maturity</u></b>				
Less than 7 days	<b>36,497</b>	35,745	31,846	31,388
1 week to 1 month	<b>22,767</b>	17,215	17,142	17,798
Over 1 to 3 months	<b>11,056</b>	8,716	9,932	9,934
Over 3 to 12 months	<b>8,140</b>	9,189	8,182	9,140
Over 1 to 3 years	<b>611</b>	560	795	676
Over 3 years	<b>2,266</b>	<u>1,884</u>	<u>1,844</u>	<u>1,498</u>
	<b>81,337</b>	<b>73,309</b>	<b>69,742</b>	<b>70,434</b>
<b><u>Non-Bank Deposits By Product</u></b>				
Fixed deposits	<b>37,597</b>	36,305	34,107	34,728
Savings deposits	<b>11,353</b>	11,219	11,179	11,247
Current account	<b>8,234</b>	6,982	7,159	6,832
Others	<b>6,375</b>	<u>5,158</u>	<u>4,842</u>	<u>4,408</u>
	<b>63,559</b>	<b>59,664</b>	<b>57,287</b>	<b>57,215</b>

## Capital Adequacy Ratios

	30 Jun 2005	31 Mar 2005	31 Dec 2004	30 Jun 2004
	S\$m	S\$m	S\$m	S\$m
<b>Tier 1 Capital</b>				
Paid-up ordinary and preference shares	1,312	1,317	1,321	1,337
Disclosed reserves/others	9,853	10,893	10,209	10,252
Less: Goodwill/Others	3,312	3,072	3,088	3,093
	<b>7,853</b>	<b>9,138</b>	<b>8,442</b>	<b>8,496</b>
<b>Tier 2 Capital</b>				
Cumulative portfolio allowances <sup>1/</sup>	716	704	859	844
Subordinated term notes	3,855	3,854	3,860	3,859
Revaluation surplus on equity securities	129	126	–	–
	<b>4,700</b>	<b>4,684</b>	<b>4,719</b>	<b>4,703</b>
Less: Capital investments in insurance subsidiary companies	1,358	1,293	1,042	929
Less: Others	396	409	179	327
	<b>10,799</b>	<b>12,120</b>	<b>11,940</b>	<b>11,943</b>
<b>Risk weighted assets including market risk</b>	<b>73,547</b>	<b>68,536</b>	<b>68,737</b>	<b>67,483</b>
<b>Tier 1 ratio</b>	<b>10.7%</b>	<b>13.3%</b>	<b>12.3%</b>	<b>12.6%</b>
<b>Total capital adequacy ratio</b>	<b>14.7%</b>	<b>17.7%</b>	<b>17.4%</b>	<b>17.7%</b>

Note:

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

<sup>1/</sup> For 2004 periods, refers to cumulative general provisions

Total capital adequacy ratio and Tier-1 ratio of the Group stood at 14.7% and 10.7% respectively as at 30 June 2005, down from 17.4% and 12.3% respectively as at 31 December 2004. In May 2005, a bonus cash dividend of S\$1.25 per share (S\$1 net) and a one-for-five Rights Issue at S\$5 per rights share was announced, with an election option to use the dividend to subscribe for the rights shares. The Rights Issue closed on 6 July 2005 with full subscription through the rights acceptances and excess rights applications. For the purpose of capital computation, the dividends of S\$1.31 billion declared in 2Q05 were deducted from Group Tier 1 capital as at 30 June 2005, thereby reducing the Group's Tier 1 and total capital ratios as at 30 June 2005. On completion of the Rights Issue, the Group's capital levels were restored by S\$1.31 billion in July 2005.

The Group's S\$500 million buyback programme, first announced on 11 August 2004, was completed in July 2005. A total of approximately 37.2 million ordinary shares (unadjusted basis) were purchased and cancelled under this programme, representing approximately 2.8% of the Bank's issued share capital as at 11 August 2004. On 29 June 2005, the Group announced an additional S\$500 million share buyback programme, which commenced in July 2005. As at the date of this results announcement, approximately 3.7 million ordinary shares (unadjusted basis) have been purchased under the second buyback programme, for a total consideration of S\$43 million.

## Valuation Surplus

S\$ million	30 Jun 2005			31 Dec 2004			30 Jun 2004		
	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus
Properties	1,214	2,626	1,413	1,169	2,552	1,382	1,244	2,614	1,370
Equity securities <sup>1/</sup>	1,705	4,232	2,528	1,109	3,809	2,700	1,173	3,371	2,198
Debt securities <sup>2/</sup>	18,671	18,671	–	16,746	16,982	236	15,514	15,612	98
<b>Total</b>	<b>21,589</b>	<b>25,529</b>	<b>3,940</b>	<b>19,025</b>	<b>23,343</b>	<b>4,318</b>	<b>17,931</b>	<b>21,597</b>	<b>3,666</b>

<sup>1/</sup> Includes investment in quoted subsidiary GEH

<sup>2/</sup> Includes government treasury bills and securities

The Group's unrealised valuation surplus amounted to S\$3.94 billion as at 30 June 2005, a decline of 9% compared to 31 December 2004. The decline was primarily due to the adoption of FRS 39 in 2005 whereby the Group's equity and debt securities are stated at fair value on the balance sheet.

The surplus of S\$2.53 billion for equity securities as at 30 June 2005 relates primarily to the Group's holding of GEH shares. The valuation surplus for properties was S\$1.41 billion, accounting for 36% of the total surplus as at 30 June 2005.



## Consolidated Income Statement (Unaudited)

	1st Half 2005	1st Half 2004	+ / (-) %	2nd Qtr 2005	2nd Qtr 2004	+ / (-) %	1st Qtr 2005
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Interest income	1,589	1,217	30.6	877	619	41.7	712
Less: Interest expense	819	472	73.5	470	239	97.1	349
<b>Net interest income</b>	<b>770</b>	<b>745</b>	<b>3.3</b>	<b>407</b>	<b>380</b>	<b>7.0</b>	<b>363</b>
Fees and commissions	246	232	5.6	125	117	6.6	121
Dividends	43	65	(34.5)	23	21	9.7	20
Rental income	35	36	(2.0)	18	18	(1.8)	18
Income from insurance	200	26	n.m.	95	26	n.m.	105
Other income	93	68	36.9	37	84	(56.1)	55
<b>Non-interest income</b>	<b>617</b>	<b>428</b>	<b>44.1</b>	<b>298</b>	<b>267</b>	<b>11.6</b>	<b>319</b>
<b>Income before operating expenses</b>	<b>1,386</b>	<b>1,172</b>	<b>18.2</b>	<b>704</b>	<b>647</b>	<b>8.9</b>	<b>682</b>
Less: Staff costs	303	256	18.6	160	135	19.0	143
Other operating expenses	229	190	20.3	122	105	16.1	107
	<b>532</b>	<b>446</b>	<b>19.3</b>	<b>282</b>	<b>239</b>	<b>17.7</b>	<b>251</b>
<b>Operating profit before allowances and amortisation of goodwill and intangible assets</b>	<b>854</b>	<b>726</b>	<b>17.6</b>	<b>423</b>	<b>408</b>	<b>3.7</b>	<b>431</b>
Less: Amortisation of goodwill and intangible assets	20	68	(70.9)	10	36	(72.7)	10
Allowances/(writeback) for loans and other assets	23	43	(47.0)	(2)	22	n.m.	24
<b>Operating profit after allowances and amortisation of goodwill and intangible assets</b>	<b>811</b>	<b>616</b>	<b>31.8</b>	<b>415</b>	<b>349</b>	<b>18.7</b>	<b>397</b>
Share of profit of associated companies	11	82	(86.4)	3	34	(90.3)	8
<b>Net profit before tax</b>	<b>823</b>	<b>697</b>	<b>17.9</b>	<b>418</b>	<b>383</b>	<b>9.0</b>	<b>405</b>
Less: Tax	171	135	27.4	88	76	15.9	84
<b>Net profit after tax</b>	<b>651</b>	<b>563</b>	<b>15.7</b>	<b>330</b>	<b>308</b>	<b>7.3</b>	<b>321</b>
Attributable to :							
- Equity holders of the Bank	602	554	8.6	304	300	1.4	298
- Minority interests	49	9	n.m.	26	8	n.m.	23
	<b>651</b>	<b>563</b>	<b>15.7</b>	<b>330</b>	<b>308</b>	<b>7.3</b>	<b>321</b>

n.m. – Not meaningful

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 Jun 2005	31 Mar 2005	31 Dec 2004	30 Jun 2004
	S\$m	S\$m	S\$m	S\$m
<b>EQUITY</b>				
<b>Capital and reserves attributable to the Bank's equity holders</b>				
Share Capital	1,575	1,317	1,321	1,337
Capital reserves	4,213	3,151	3,141	2,997
Statutory reserves	1,944	1,950	1,934	1,908
Fair value reserves	632	572	–	–
Revenue reserves	3,791	4,882	4,834	4,893
	<b>12,154</b>	<b>11,872</b>	<b>11,230</b>	<b>11,135</b>
<b>Minority interests</b>	<b>965</b>	<b>937</b>	<b>489</b>	<b>442</b>
<b>Total equity</b>	<b>13,119</b>	<b>12,809</b>	<b>11,719</b>	<b>11,577</b>
<b>LIABILITIES</b>				
Deposits of non-bank customers	63,559	59,664	57,287	57,215
Deposits and balances of banks	17,778	13,645	12,455	13,219
Deposits of associated companies	21	17	17	175
Derivative payables	1,817	1,702	1,664	864
Other liabilities	2,133	1,840	1,642	1,822
Current tax	390	446	425	497
Deferred tax	195	190	83	71
Debt issued	5,930	6,266	5,695	4,796
	<b>91,824</b>	<b>83,770</b>	<b>79,268</b>	<b>78,660</b>
Life assurance fund	32,059	31,012	28,895	27,751
<b>Total equity and liabilities</b>	<b>137,002</b>	<b>127,591</b>	<b>119,882</b>	<b>117,988</b>
<b>ASSETS</b>				
Cash and placements with central banks	7,656	4,864	3,617	7,870
Singapore government treasury bills and securities	7,954	7,384	6,440	5,637
Other government treasury bills and securities	2,531	1,940	1,838	1,498
Placements with and loans to banks	13,566	12,845	10,007	7,594
Loans to customers (including bills receivable)	54,379	51,398	51,829	51,155
Debt and equity securities	9,726	9,725	9,309	9,195
Derivative receivables	2,164	2,009	1,709	830
Other assets	2,060	1,731	1,565	1,542
Deferred tax	41	49	50	49
Associated companies	183	318	309	389
Property, plant and equipment	1,406	1,333	1,316	1,398
Goodwill and intangible assets	3,279	2,984	2,999	3,080
	<b>104,943</b>	<b>96,580</b>	<b>90,986</b>	<b>90,237</b>
Life fund net assets attributable to policyholders	32,059	31,012	28,895	27,751
<b>Total assets</b>	<b>137,002</b>	<b>127,591</b>	<b>119,882</b>	<b>117,988</b>
<b>OFF-BALANCE SHEET ITEMS</b>				
Contingent liabilities	5,709	5,234	4,798	4,631
Commitments	32,984	33,102	30,256	30,189
Financial derivatives	279,368	277,633	271,483	220,169
	<b>318,060</b>	<b>315,968</b>	<b>306,537</b>	<b>254,988</b>

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



## Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the quarter ended 30 June 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
<b>Balance at 1 April 2005<sup>1/</sup></b>	<b>1,317</b>	<b>3,151</b>	<b>1,950</b>	<b>572</b>	<b>4,882</b>	<b>11,872</b>	<b>937</b>	<b>12,809</b>
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	77	–	77	5	83
– Deferred tax on gains/(losses) to equity	–	–	–	(9)	–	(9)	(1)	(10)
– Transferred to income statements	–	–	–	(8)	–	(8)	(1)	(9)
Currency translation differences	–	–	–	–	10	10	(7)	3
Net gains/(losses) recognised in equity	–	–	–	60	10	70	(3)	67
Net profit after tax	–	–	–	–	304	304	26	330
<b>Total recognised gains/ (losses) for the period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>60</b>	<b>314</b>	<b>374</b>	<b>23</b>	<b>397</b>
Transfers	–	(19)	(6)	–	26	–	–	–
Acquisition of PT Bank NISP Tbk	–	–	–	–	–	–	64	64
Dividends paid to shareholders of a subsidiary reclassified to profits attributable to minority interests	–	–	–	–	2	2	–	2
Change in minority interests	–	–	–	–	–	–	(3)	(3)
Liquidation distribution to minority shareholders	–	–	–	–	–	–	(38)	(38)
Dividends paid to minority interests	–	–	–	–	–	–	(19)	(19)
Bonus ordinary dividends	–	–	–	–	(1,311)	(1,311)	–	(1,311)
Final dividends paid	–	–	–	–	#	#	–	#
Preference dividends paid	–	–	–	–	(20)	(20)	–	(20)
Share-based staff costs capitalised	–	4	–	–	–	4	–	4
Share buyback	(7)	7	–	–	(103)	(103)	–	(103)
Shares issued under Share Option Schemes	2	22	–	–	–	24	–	24
Shares to be issued pursuant to Rights Issue	262	1,049	–	–	–	1,311	–	1,311
<b>Balance at 30 June 2005</b>	<b>1,575</b>	<b>4,213</b>	<b>1,944</b>	<b>632</b>	<b>3,791</b>	<b>12,154</b>	<b>965</b>	<b>13,119</b>
Comprise:								
Share of reserves of associated companies	–	1	–	–	40	42	–	–

# Amount less than S\$500,000

<sup>1/</sup> Balance included all effects of adopting FRS 39 and FRS 102

**Appendix III**  
*(continued)*
**Consolidated Statement of Changes in Shareholders' Equity (Unaudited)**  
 For the quarter ended 30 June 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	S\$m
<b>Balance at 1 April 2004</b>	1,285	2,329	1,870	–	4,805	10,289	20	10,309
Currency translation differences	–	–	–	–	18	18	(1)	17
Net profit after tax								
– As previously reported	–	–	–	–	303	303	8	312
– Effect of adopting FRS 102	–	4	–	–	(4)	–	–	–
– As restated	–	4	–	–	300	303	8	312
<b>Total recognised gains for the period</b>	–	4	–	–	318	321	7	329
Transfers	–	1	9	–	(10)	–	–	–
Acquisition of interests in subsidiaries	–	–	30	–	48	78	415	493
Final ordinary dividends paid	–	–	–	–	(123)	(123)	–	(123)
Preference dividends paid	–	–	–	–	(20)	(20)	–	(20)
Selective capital reduction	(80)	(785)	–	–	(126)	(991)	–	(991)
Shares issued pursuant to voluntary unconditional offer	131	1,441	–	–	–	1,572	–	1,572
Shares issued under Share Option Schemes	1	8	–	–	–	9	–	9
<b>Balance at 30 June 2004</b>	<b>1,337</b>	<b>2,997</b>	<b>1,908</b>	<b>–</b>	<b>4,893</b>	<b>11,135</b>	<b>442</b>	<b>11,577</b>
Comprise:								
Share of reserves of associated companies	–	21	–	–	87	107	–	–

## Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the half year ended 30 June 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
<b>Balance at 1 January 2005</b>								
– As previously reported	1,321	3,136	1,934	–	4,852	11,242	489	11,731
– Effect of adopting FRS 39	–	–	–	649	12	661	25	686
– Effect of adopting FRS 102	–	18	–	–	(17)	1	–	1
– Effect 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	–	–	–	16	–	16	6	22
– Deferred tax on gains/(losses) to equity	–	–	–	(4)	–	(4)	(1)	(5)
– Transferred to income statements	–	–	–	(28)	–	(28)	(2)	(31)
Currency translation differences	–	–	–	–	21	21	(6)	15
Net gains/(losses) recognised in equity	–	–	–	(17)	21	5	(3)	2
Net profit after tax	–	–	–	–	602	602	49	651
<b>Total recognised gains/ (losses) for the period</b>	–	–	–	(17)	623	607	46	653
Transfers	–	(19)	9	–	9	–	–	–
Acquisition of PT Bank NISP Tbk	–	–	–	–	–	–	64	64
Issue of OCBC-OCC A preference shares	–	–	–	–	–	–	400	400
Change in minority interests	–	–	–	–	–	–	(3)	(3)
Liquidation distribution to minority shareholders	–	–	–	–	–	–	(38)	(38)
Dividends paid to minority interests	–	–	–	–	–	–	(19)	(19)
Bonus ordinary dividends	–	–	–	–	(1,311)	(1,311)	–	(1,311)
Final dividends paid	–	–	–	–	(200)	(200)	–	(200)
Preference dividends paid	–	–	–	–	(20)	(20)	–	(20)
Shares purchased by DSP trust	–	(8)	–	–	–	(8)	–	(8)
Share-based staff costs capitalised	–	8	–	–	–	8	–	8
Share buyback	(12)	12	–	–	(159)	(159)	–	(159)
Shares issued to Non-executive directors	#	#	–	–	–	#	–	#
Shares issued under Share Option Schemes	3	30	–	–	–	33	–	33
Shares to be issued pursuant to Rights Issue	262	1,049	–	–	–	1,311	–	1,311
<b>Balance at 30 June 2005</b>	1,575	4,213	1,944	632	3,791	12,154	965	13,119
Comprise:								
Share of reserves of associated companies	–	1	–	–	40	42	–	–

# Amount less than S\$500,000

**Appendix IV**  
*(continued)*
**Consolidated Statement of Changes in Shareholders' Equity (Unaudited)**  
 For the half year ended 30 June 2004

	Attributable to the equity holders of the Bank						Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total		
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
<b>Balance at 1 January 2004</b>								
– As previously reported	1,284	2,329	1,854	–	4,591	10,059	20	10,079
– Effect of adopting FRS 102	–	4	–	–	(4)	–	–	–
– Effect of adopting INT FRS 12	–	(6)	–	–	–	(6)	–	(6)
– As restated	1,284	2,327	1,854	–	4,588	10,053	–	10,073
Currency translation differences	–	–	–	–	(3)	(3)	(1)	(4)
Net profit after tax								
– As previously reported	–	–	–	–	559	559	9	568
– Effect of adopting FRS 102	–	5	–	–	(5)	–	–	–
– As restated	–	5	–	–	554	559	9	568
<b>Total recognised gains for the period</b>	–	5	–	–	551	556	7	563
Transfers	–	1	24	–	(25)	–	–	–
Acquisition of interests in Subsidiaries	–	–	30	–	48	78	415	493
Final ordinary dividends paid	–	–	–	–	(123)	(123)	–	(123)
Preference dividends paid	–	–	–	–	(20)	(20)	–	(20)
Selective capital reduction	(80)	(785)	–	–	(126)	(991)	–	(991)
Shares issued pursuant to voluntary unconditional offer	131	1,441	–	–	–	1,572	–	1,572
Shares purchased under DSP trust	–	(7)	–	–	–	(7)	–	(7)
Shares issued under Share Option Schemes	2	15	–	–	–	17	–	17
<b>Balance at 30 June 2004</b>	1,337	2,997	1,908	–	4,893	11,135	442	11,577
Comprise:								
Share of reserves of associated companies	–	21	–	–	87	107		

## Appendix V

## Consolidated Cash Flow Statement (Unaudited)

	Six months ended 30 June		Three months ended 30 June	
	2005	2004	2005	2004
	S\$m	S\$m	S\$m	S\$m
<b>Cash flows from operating activities</b>				
Net profit before tax	823	697	418	383
<u>Adjustments for non-cash items</u>				
Amortisation of software costs	9	13	5	7
Amortisation of goodwill and intangible assets	20	68	10	36
Change in fair value of hedged transactions and trading securities	(1)	–	(14)	–
Depreciation of property, plant and equipment	31	30	16	15
Gains on disposal of government, debt and equity securities	(31)	(6)	(10)	(1)
Gains on disposal of property, plant and equipment	(1)	(2)	(1)	(2)
Allowances/(writeback) for loans and other assets	23	43	(2)	22
Shared-based staff costs	8	5	4	4
Share of profit of associated companies	(11)	(82)	(3)	(34)
Operating profit before changes in operating assets and liabilities	869	767	423	432
<u>Increase/(decrease) in operating liabilities</u>				
Deposits of non-bank customers	3,681	2,472	1,302	1,553
Deposits and balances of banks	5,303	738	4,113	(702)
Derivative and other payables	330	(182)	299	(242)
<u>(Increase)/decrease in operating assets</u>				
Government securities and treasury bills	(1,664)	208	(535)	104
Trading securities	74	(123)	(54)	(37)
Placements with and loans to banks	(3,475)	2,564	(637)	2,273
Loans to customers and bills receivable	(675)	(1,640)	(1,099)	(1,183)
Derivative receivables and other assets	(378)	169	(256)	210
Cash provided by operating activities	4,064	4,973	3,557	2,408
Income tax paid	(212)	(155)	(134)	(122)
<b>Net cash provided by/(used in) operating activities</b>	<b>3,852</b>	<b>4,818</b>	<b>3,423</b>	<b>2,286</b>
<b>Cash flows from investing activities</b>				
Acquisition of a new associated company	–	(118)	–	(118)
Dividends from associated companies	4	59	4	36
Decrease/(increase) in associated companies	(6)	#	(6)	(4)
Net cash inflow/(outflow) from acquisition of additional interests in subsidiaries	91	(127)	91	(127)
Purchase of debt and equity securities	(1,301)	(1,445)	(496)	(836)
Purchase of property, plant and equipment	(70)	(29)	(36)	(22)
Proceeds from disposal of debt and equity securities	1,729	1,001	675	335
Proceeds from disposal of property, plant and equipment	3	11	3	1
<b>Net cash provided by/(used in) investing activities</b>	<b>450</b>	<b>(648)</b>	<b>235</b>	<b>(735)</b>
<b>Cash flows from financing activities</b>				
Increase/(decrease) in debt issued	(295)	785	(538)	854
Dividends paid	(219)	(143)	(217)	(143)
Proceeds from issue of OCBC-OCC A preference shares	400	–	–	–
Proceeds from issue of ordinary shares	33	17	24	9
Selective capital reduction	–	(991)	–	(991)
Share buyback	(159)	–	(103)	–
Cash distributions and dividends paid to minority interests	(57)	–	(57)	–
<b>Net cash provided by/(used in) financing activities</b>	<b>(296)</b>	<b>(333)</b>	<b>(890)</b>	<b>(270)</b>
<b>Net currency translation adjustments</b>	<b>34</b>	<b>(3)</b>	<b>23</b>	<b>18</b>
<b>Net change in cash and cash equivalents</b>	<b>4,039</b>	<b>3,834</b>	<b>2,791</b>	<b>1,298</b>
<b>Cash and cash equivalents as at beginning of the period</b>	<b>3,617</b>	<b>4,036</b>	<b>4,864</b>	<b>6,572</b>
<b>Cash and cash equivalents as at end of the period</b>	<b>7,656</b>	<b>7,870</b>	<b>7,656</b>	<b>7,870</b>

# 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