

## Media Release

### **OCBC Group's Third Quarter Net Profit Grew 7% to S\$379 million**

#### ***Net Profit for first nine months up 56% to S\$1,493 million***

Singapore, 14 November 2006 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a net profit attributable to shareholders (“net profit”) of S\$379 million in the third quarter of 2006 (“3Q06”). This was an increase of 7% from S\$355 million in third quarter 2005 (“3Q05”), and 21% higher than the second quarter’s S\$314 million (excluding divestment gains of S\$482 million). Return on ordinary shareholders’ equity (“ROE”) improved to 12.3%, from 12.1% a year ago and 10.4% in 2Q06 (excluding divestment gains).

Year-on-year growth in net profit was contributed by revenue growth of 13%, partially offset by a 12% increase in operating expenses and lower loan recoveries.

The Group’s operating profit before allowances for loans and other assets increased by 14% year-on-year to S\$498 million. Net interest income grew by 15% to S\$473 million on better interest margins and higher loan volumes. Net interest margin improved by 23 basis points year-on-year to 2.06%, as improved loan yields in Singapore, Malaysia and Indonesia more than offset the rise in borrowing costs. Non-interest income increased by 11% to S\$357 million, led by higher insurance income, and higher fees and commissions from investment banking, loan-related, credit card and fund management activities.

Operating expenses increased by 12% year-on-year to S\$333 million due mainly to higher staff costs and business promotion expenses. Improved asset quality and continued success in loan recovery efforts kept allowances low at S\$3 million for the quarter. In 3Q05, net recoveries of S\$23 million provided a boost to the Group’s earnings.

Compared with 2Q06, net profit grew by 21% due to higher revenues, lower expenses and increased contribution from Great Eastern Holdings (“GEH”). Net interest income grew 9% quarter-on-quarter, supported by a 6 basis-point improvement in net interest margin, while fee income rose 10%. This was offset partially by a decline in income from dealing in foreign exchange, securities and derivatives. Expenses fell 5% as the 2Q06 expenses included accelerated depreciation and write-off charges of S\$21 million. GEH’s net profit contribution to the Group increased from S\$49 million in 2Q06 (excluding divestment gains of S\$16 million) to S\$90 million in 3Q06, mainly due to the improved investment performance of its non-participating funds.

### **Third Quarter Revenue**

Total revenue grew by 13% year-on-year to S\$831 million in 3Q06.

Net interest income rose by 15% to S\$473 million, led by better interest margins and higher loan volumes. Net interest margin improved by 23 basis points from 1.83% to 2.06%, as improved loan yields in Singapore, Malaysia and Indonesia, and higher yields from inter-bank placements more than offset the rise in borrowing costs. Gross customer loans grew by 4% year-on-year to S\$59.4 billion as at 30 September 2006, driven by loans to the building and construction, transport and communications and manufacturing sectors, as well as to non-bank financial institutions, investment and holding companies. Singapore-dollar loans grew by 6% year-on-year, contributed mainly by corporate and SME loans. In Malaysia and Indonesia, the respective loan growth rates were 11% and 12% in local currency terms.

Non-interest income increased 11% to S\$357 million, accounting for 43% of the Group's total revenue. Fees and commissions rose by 19% to S\$155 million, led by higher fees from investment banking, loan-related, credit card and fund management activities. Income from insurance grew 31% to S\$121 million, while income from dealing in foreign exchange, securities and derivatives fell from S\$47 million to S\$10 million.

### **Third Quarter Operating Expenses**

Operating expenses increased 12% to S\$333 million in 3Q06, mainly due to higher staff costs and business promotion expenses. Staff costs rose 9% on higher salaries and headcount increase of 8%. The Group's cost-to-income ratio was 40.0% in 3Q06, an improvement over the 40.5% in 3Q05.

### **Loan Allowances and Asset Quality**

In 3Q06, the Group recorded a net allowance of S\$3 million for loans and other assets, as compared to a net write-back of S\$23 million in 3Q05 when there were large recoveries in loan-related securities.

Total NPLs fell 18% from December 2005 and 6% from June 2006 to S\$1.97 billion as at 30 September 2006. The NPL ratio improved to 3.3%, from 4.1% in December 2005 and 3.6% in June 2006. Total cumulative specific and portfolio allowances amounted to S\$1.91 billion, providing coverage of 97% of total NPLs, compared with 88% in December 2005 and 94% in June 2006.

### **Capital Position**

The Group's capital position remains strong, with a total capital adequacy ratio ("CAR") of 15.8% and Tier-1 ratio of 12.9% as at 30 September 2006.

In 3Q06, the Bank purchased and held as treasury shares, a total of 19.0 million shares under its third S\$500 million share buyback programme. As of the date of this results announcement, S\$210 million had been utilised and approximately 32.2 million shares purchased from the market under this buyback programme. The Bank held approximately 46.6 million treasury shares as at 30 September 2006.

### **Nine Months' Results**

The Group's results for January to September 2006 ("9M06") included nine months' consolidation of the results of 72.3%-owned Bank NISP, compared with six months' consolidation in 9M05. From January to March 2005, Bank NISP was equity accounted for as an associated company of the Group.

For 9M06, the Group achieved net profit of S\$1,493 million, up by 56% over the same period last year. Excluding the net divestment gains of S\$482 million recorded in 2Q06, net profit grew 6% to S\$1,011 million, with revenue growth of 11% partially offset by a 19% increase in expenses.

Net interest income grew 10% to S\$1,303 million, driven by an increase in net interest margin from 1.81% to 1.98% and nine months' contribution from Bank NISP. Higher income from insurance, investment banking, stock-broking, loan and trade-related commissions, and dealing in foreign exchange lifted non-interest income by 12% to S\$1,035 million (excluding divestment gains).

Operating expenses increased 19% to S\$989 million, contributed by the nine months' consolidation of Bank NISP's expenses, accelerated depreciation and write-offs of fixed assets and software applications, higher staff costs, business promotion and insurance-related expenses. Excluding Bank NISP's expenses and the accelerated depreciation charges and write-offs, operating expenses would show an increase of 11%.

Continued loan recovery efforts and higher property values resulted in a net write-back of S\$9 million in allowances for loans and other assets in 9M06, compared to a negligible allowance in 9M05.

Excluding divestment gains, annualised earnings per share for 9M06 increased by 7% to 42.7 cents, while annualised return on ordinary shareholders' equity ("ROE") was 11.2%, compared to 11.3% in 9M05.

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## Conclusion

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

“Our revenues showed steady improvement through the first three quarters of this year, led by better interest margins, higher loan volumes, and broad-based non-interest income growth. We are pleased that our core revenues, operating profit and net profit achieved record levels in the third quarter. We intend to build on this positive momentum and capitalise on continuing healthy economic growth across the region.”

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## About OCBC Bank

Singapore's longest established local bank, OCBC Bank currently has assets of S\$144 billion and a network of 343 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes 229 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to treasury and stockbroking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management is one of the largest asset management companies in Southeast Asia. Additional information may be found at [www.ocbc.com](http://www.ocbc.com).

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## To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited is pleased to announce the following:

### Unaudited Financial Results for the Third Quarter Ended 30 September 2006

For the quarter ended 30 September 2006, Group net profit grew 7% to S\$379 million. Details of the unaudited financial results are in the accompanying Group Financial Report.

### Ordinary Dividends

No interim dividend on ordinary shares has been declared for the third quarter ended 30 September 2006 in respect of the financial year ending 31 December 2006.

### Preference Dividends

The Board of Directors has declared payment of semi-annual dividends on its non-cumulative non-convertible Class E and Class G Preference Shares, at dividend rates of 4.5% (2005: 4.5%) and 4.2% (2005: 4.2%) per annum (net of tax) respectively for the period 20 June 2006 to 19 December 2006, both dates inclusive. These dividends will be paid on 20 December 2006. Total amounts of dividend payable for the Class E and Class G Preference Shares are S\$11.3 million and S\$8.3 million respectively. Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 7 December 2006 to 8 December 2006 (both dates inclusive). Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 6 December 2006 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends.

By order of the Board

Peter Yeoh

Secretary

Singapore, 14 November 2006

More details on the results are available on the Bank's website at [www.ocbc.com](http://www.ocbc.com)

**Oversea-Chinese Banking Corporation Limited**  
**Third Quarter 2006 Group Financial Report**



Incorporated in Singapore  
Company Registration Number: 193200032W

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## Financial Summary

S\$ million	9M06	9M05	+ / (-) %	3Q06	3Q05	+ / (-) %	2Q06	+ / (-) %
<b>Selected Income Statement Items</b>								
Net interest income	1,303	1,183	10	473	413	15	435	9
Non-interest income	1,550	925	68	357	321	11	845	(58)
Total income	2,854	2,108	35	831	735	13	1,280	(35)
Operating expenses	(989)	(832)	19	(333)	(298)	12	(349)	(5)
Operating profit before allowances and amortisation	1,865	1,276	46	498	437	14	931	(46)
Amortisation of intangible assets	(32)	(30)	8	(11)	(10)	14	(11)	6
Write-back/ (allowances) for loans and other assets	9	#	n.m.	(3)	23	112	5	152
Share of results of associated and joint venture companies	9	13	(32)	4	2	89	1	442
Profit before tax	1,851	1,260	47	489	453	8	927	(47)
<b>Net profit attributable to shareholders</b>	<b>1,493</b>	<b>957</b>	<b>56</b>	<b>379</b>	<b>355</b>	<b>7</b>	<b>795</b>	<b>(52)</b>
<b>Cash basis net profit attributable to shareholders<sup>1/</sup></b>	<b>1,525</b>	<b>987</b>	<b>55</b>	<b>391</b>	<b>365</b>	<b>7</b>	<b>806</b>	<b>(52)</b>
<b>Selected Balance Sheet Items</b>								
Ordinary equity	11,998	11,278	6	11,998	11,278	6	11,896	1
Total equity (excluding minority interests)	12,894	12,174	6	12,894	12,174	6	12,792	1
Total assets	144,324	137,118	5	144,324	137,118	5	138,936	4
Assets excluding life assurance fund assets	107,304	100,951	6	107,304	100,951	6	102,956	4
Loans and bills receivable (net of allowances)	57,495	54,909	5	57,495	54,909	5	56,122	2
Deposits of non-bank customers	69,623	62,803	11	69,623	62,803	11	68,693	1

### Performance ratios (% p.a.)

Return on equity <sup>2/</sup>								
GAAP basis	16.6	11.3		12.3	12.1		26.8	
Cash basis	17.0	11.7		12.7	12.5		27.2	
Return on assets <sup>3/</sup>								
GAAP basis	1.95	1.27		1.43	1.38		3.11	
Cash basis	1.99	1.31		1.47	1.42		3.16	

### Revenue mix/ efficiency ratios (%)

Net Interest Margin	1.98	1.81		2.06	1.83		2.00	
Net interest income-to-Total income <sup>4/</sup>	55.7	56.1		57.0	56.3		56.9	
Non-interest income-to-Total income <sup>4/</sup>	44.3	43.9		43.0	43.7		43.1	
Cost-to-income <sup>4/</sup>	42.3	39.5		40.0	40.5		45.6	
Loans-to-deposits	82.6	87.4		82.6	87.4		81.7	

### Per ordinary share data<sup>5/</sup>

Basic earnings per share (cents) <sup>6/</sup>	63.5	39.8		48.7	44.9		100.2	
Basic earnings per share (cash basis – cents) <sup>6/</sup>	64.9	41.1		50.1	46.2		101.6	
Diluted earnings per share (cents) <sup>6/</sup>	63.2	39.7		48.5	44.7		99.8	
Net asset value (S\$)								
Before valuation surplus	3.90	3.61		3.90	3.61		3.84	
After valuation surplus	5.34	4.99		5.34	4.99		5.22	

### Capital adequacy ratios (%)

Tier 1	12.9	12.5		12.9	12.5		13.7	
Total	15.8	16.6		15.8	16.6		17.9	

<sup>1/</sup> Excludes amortisation of intangible assets.

<sup>2/</sup> Calculated after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains), and annualised. Preference equity and minority interests are excluded from equity. Excluding divestment gains, return on equity for 9M06 would be 11.2% on a GAAP basis.

<sup>3/</sup> Calculated after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains), and annualised. Return on assets is calculated based on assets excluding life assurance fund assets.

<sup>4/</sup> For 9M06 and 2Q06, the income component of these ratios excluded the pre-tax divestment gains of S\$516 million.

<sup>5/</sup> Treasury shares are excluded from the computation of per share data.

<sup>6/</sup> The 9M05 and 3Q05 figures were adjusted for the Rights Issue and Sub-Division effected on 18 July 2005 and 5 August 2005 respectively. The weighted average number of ordinary shares was 3,103 million for 9M06 and 3,145 million (adjusted) for 9M05. Earnings per share is calculated after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains), and annualised. Excluding divestment gains, basic EPS would be 42.7 cents (annualised 9M06 earnings).

Note: Certain figures may not add up to the relevant totals due to rounding.

n.m. – not meaningful

# – Amounts less than S\$0.5 million.



## Financial Summary *(continued)*

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore. The accounting policies and methods of computation applied for the current financial period are consistent with those applied in the previous financial year.

Net profit attributable to shareholders ("net profit") was S\$379 million in the third quarter of 2006 ("3Q06"). This was an increase of 7% from S\$355 million in third quarter 2005 ("3Q05"), and 21% higher than the second quarter's S\$314 million (excluding divestment gains of S\$482 million). Return on ordinary shareholders' equity ("ROE") improved to 12.3%, from 12.1% a year ago and 10.4% in 2Q06 (excluding divestment gains).

Year-on-year growth in net profit was contributed by revenue growth of 13%, partially offset by a 12% increase in operating expenses and lower loan recoveries.

The Group's operating profit before allowances for loans and other assets increased by 14% year-on-year to S\$498 million. Net interest income grew by 15% to S\$473 million on better interest margins and higher loan volumes. Net interest margin improved by 23 basis points year-on-year to 2.06%, as improved loan yields in Singapore, Malaysia and Indonesia more than offset the rise in borrowing costs. Non-interest income increased by 11% to S\$357 million, led by higher insurance income, and higher fees and commissions from investment banking, loan-related, credit card and fund management activities.

Operating expenses increased by 12% year-on-year to S\$333 million due mainly to higher staff costs and business promotion expenses. Improved asset quality and continued success in loan recovery efforts kept allowances low at S\$3 million for the quarter. In 3Q05, net recoveries of S\$23 million provided a boost to the Group's earnings.

Compared with 2Q06, net profit grew by 21% due to higher revenues, lower expenses and increased contribution from Great Eastern Holdings ("GEH"). Net interest income grew 9% quarter-on-quarter, supported by a 6 basis-point improvement in net interest margin, while fee income rose 10%. This was offset partially by a decline in income from dealing in foreign exchange, securities and derivatives. Expenses fell 5% as the 2Q06 expenses included accelerated depreciation and write-off charges of S\$21 million. GEH's net profit contribution to the Group increased from S\$49 million in 2Q06 (excluding divestment gains of S\$16 million) to S\$90 million in 3Q06, mainly due to the improved investment performance of its non-participating funds.

## Net Interest Income

### Average Balance Sheet (Quarterly Trend)

S\$ million	3Q06			3Q05			2Q06		
	Average Balance	Average Interest	Average Rate <sup>1/</sup> %	Average Balance	Average Interest	Average Rate <sup>1/</sup> %	Average Balance	Average Interest	Average Rate <sup>1/</sup> %
<b>Assets</b>									
Loans and advances to non-bank customers	56,493	821	5.76	54,055	625	4.59	54,817	758	5.54
Placements with and loans to banks	18,290	200	4.34	17,182	128	2.95	16,805	188	4.49
Other interest earning assets <sup>2/</sup>	16,366	173	4.20	18,221	163	3.55	15,816	154	3.92
<b>Total interest earning assets</b>	<b>91,149</b>	<b>1,194</b>	<b>5.20</b>	<b>89,458</b>	<b>916</b>	<b>4.06</b>	<b>87,437</b>	<b>1,100</b>	<b>5.05</b>
<b>Liabilities</b>									
Deposits of non-bank customers	68,704	514	2.97	63,183	326	2.05	66,240	478	2.89
Deposits and balances of banks	10,952	131	4.75	15,866	118	2.96	10,338	113	4.37
Other borrowings <sup>3/</sup>	5,829	75	5.10	6,133	58	3.77	5,925	75	5.04
<b>Total interest bearing liabilities</b>	<b>85,485</b>	<b>721</b>	<b>3.34</b>	<b>85,182</b>	<b>502</b>	<b>2.34</b>	<b>82,502</b>	<b>665</b>	<b>3.23</b>
<b>Net interest income/ margin <sup>4/</sup></b>		<b>473</b>	<b>2.06</b>		<b>413</b>	<b>1.83</b>		<b>435</b>	<b>2.00</b>

Notes:

<sup>1/</sup> Average rates are computed on an annualised basis.

<sup>2/</sup> Comprise corporate debt and government securities.

<sup>3/</sup> Comprise mainly debts issued, including upper tier 2 subordinated debt, floating rate notes and Euro commercial papers.

<sup>4/</sup> Net interest margin is net interest income as a % (annualised) of total average interest earning assets.

Net interest income increased by 15% year-on-year to S\$473 million in 3Q06, attributable mainly to improved margins and a 5% growth in average loan volume. Net interest margin increased by 23 basis points from 1.83% in 3Q05 to 2.06% in 3Q06, as better loan yields in Singapore, Malaysia and Indonesia as well as higher yields from inter-bank placements more than offset the rise in borrowing costs. Compared to 2Q06, net interest margin was higher by 6 basis points.

For 9M06, net interest income increased by 10% to S\$1,303 million, driven by an increase in net interest margin from 1.81% to 1.98% and the full nine months' contribution from Bank NISP compared with six months in 9M05.

## Net Interest Income *(continued)*

### Average Balance Sheet (Nine Months Trend)

S\$ million	9M06			9M05		
	Average Balance	Interest	Average Rate <sup>1/</sup> %	Average Balance	Interest	Average Rate <sup>1/</sup> %
<b>Assets</b>						
Loans and advances to non-bank customers	55,047	2,260	5.49	52,952	1,722	4.35
Placements with and loans to banks	16,767	534	4.26	16,344	346	2.83
Other interest earning assets <sup>2/</sup>	16,000	480	4.01	17,874	437	3.27
<b>Total interest earning assets</b>	<b>87,814</b>	<b>3,274</b>	<b>4.98</b>	<b>87,170</b>	<b>2,505</b>	<b>3.84</b>
<b>Liabilities</b>						
Deposits of non-bank customers	66,539	1,426	2.87	61,578	866	1.88
Deposits and balances of banks	10,305	335	4.35	14,906	292	2.62
Other borrowings <sup>3/</sup>	5,842	209	4.79	6,473	164	3.39
<b>Total interest bearing liabilities</b>	<b>82,686</b>	<b>1,971</b>	<b>3.19</b>	<b>82,957</b>	<b>1,322</b>	<b>2.13</b>
<b>Net interest income/ margin <sup>4/</sup></b>		<b>1,303</b>	<b>1.98</b>		<b>1,183</b>	<b>1.81</b>

Notes:

<sup>1/</sup> Average rates are computed on an annualised basis.

<sup>2/</sup> Comprise corporate debt and government securities.

<sup>3/</sup> Comprise mainly debts issued, including upper tier 2 subordinated debt, floating rate notes and Euro commercial papers.

<sup>4/</sup> Net interest margin is net interest income as a % (annualised) of total average interest earning assets.

## Non-Interest Income

S\$ million	9M06	9M05	+ / (-) %	3Q06	3Q05	+ / (-) %	2Q06	+ / (-) %
<b>Fees and commissions</b>								
Brokerage	54	36	49	15	16	(3)	19	(21)
Wealth management <sup>1/</sup>	100	105	(5)	31	34	(9)	32	(4)
Fund management	50	48	5	18	15	14	16	8
Credit card	35	30	17	13	10	28	11	20
Loan-related	59	46	28	23	16	38	21	7
Trade-related and remittances	69	56	22	23	22	8	22	5
Guarantees	18	16	14	6	4	41	6	(1)
Investment banking	22	12	88	13	3	331	6	111
Service charges	22	24	(11)	9	8	10	4	115
Others	9	6	53	4	1	182	3	54
Sub-total	437	379	15	155	131	19	141	10
<b>Dividends</b>	61	52	17	17	9	82	27	(35)
<b>Rental income</b>	59	53	10	20	18	12	19	3
<b>Income from insurance <sup>2/</sup></b>	294	278	6	121	93	31	78	56
<b>Other income</b>								
Dealing in foreign exchange	99	62	59	23	38	(40)	35	(34)
Dealing in securities and derivatives	(1)	14	(108)	(13)	9	(245)	9	(245)
Disposal of government and investment securities	287	40	626	14	9	50	257	(95)
Disposal of properties	270	2	n.m.	#	1	(88)	268	(100)
Disposal of subsidiary companies	(6)	1	n.m.	-	#	(100)	(6)	(100)
Others	51	44	15	20	13	51	17	20
Sub-total	699	163	328	44	71	(38)	580	(92)
<b>Total non-interest income</b>	<b>1,550</b>	<b>925</b>	<b>68</b>	<b>357</b>	<b>321</b>	<b>11</b>	<b>845</b>	<b>(58)</b>
Fees and commissions/ Total income <sup>3/</sup>	18.7%	18.0%		18.7%	17.8%		18.5%	
Non-interest income/ Total income <sup>3/</sup>	44.3%	43.9%		43.0%	43.7%		43.1%	

### Notes:

<sup>1/</sup> Comprises unit trusts, bancassurance products and structured deposits and notes.

<sup>2/</sup> Comprises profit from life assurance and net earned premium from general insurance. Profits transferred from Singapore insurance funds were presented net of tax since Dec 05. Comparative figures for 9M05 and 3Q05 have been restated accordingly.

<sup>3/</sup> For 9M06 and 2Q06, the income components for these ratios did not include the pre-tax divestment gains of S\$516 million.

n.m. – not meaningful

# Amounts less than S\$0.5 million

Total non-interest income increased 11% year-on-year to S\$357 million in 3Q06, attributable to higher income from insurance, fees and commissions and dividend income, offset partly by lower dealing income from foreign exchange, securities and derivatives. Income from insurance rose 31% to S\$121 million due mainly to the improved investment performance of GEH's non-participating fund. Fees and commissions rose 19% to S\$155 million, led by investment banking, loan-related, credit card and fund management income. Higher interest rates and the flat yield curve environment continued to affect the demand for structured deposits and bancassurance products, resulting in lower wealth management fee income.

For 9M06, total non-interest income increased 68% to S\$1,550 million. Excluding the divestment gains of S\$516 million recorded in 2Q06, non-interest income grew 12% year-on-year to S\$1,035 million.

## Operating Expenses

S\$ million	9M06	9M05	+ / (-) %	3Q06	3Q05	+ / (-) %	2Q06	+ / (-) %
<b>Staff costs</b>								
Salaries and other costs	482	421	15	163	150	9	165	(1)
Share-based expenses	7	10	(35)	3	3	2	2	56
Employer's contribution to defined contribution plans	40	37	6	14	13	12	12	12
	<u>529</u>	<u>468</u>	13	<u>179</u>	<u>165</u>	9	<u>179</u>	-
<b>Premises and equipment</b>								
Depreciation	81	63	27	23	23	(2)	35	(35)
Maintenance and hire of property, plant and equipment	46	40	15	16	15	9	15	10
Rental expenses	18	17	3	6	6	(1)	6	5
Others	57	46	22	19	17	10	21	(12)
	<u>201</u>	<u>167</u>	21	<u>64</u>	<u>61</u>	4	<u>76</u>	(17)
<b>Other operating expenses</b>	259	197	32	89	71	25	93	(4)
<b>Total operating expenses</b>	<u>989</u>	<u>832</u>	19	<u>333</u>	<u>298</u>	12	<u>349</u>	(5)
Group staff strength – period end	15,585	14,397	8	15,585	14,397	8	15,154	3
Group staff strength – average	15,114	13,052	16	15,450	14,334	8	15,068	3
Cost-to-income ratio <sup>1/</sup>	42.3%	39.5%	7	40.0%	40.5%	(1)	45.6%	(12)

Note:

<sup>1/</sup> For 9M06 and 2Q06, the income component for this ratio did not include the pre-tax divestment gains of S\$516 million.

The Group's operating expenses increased by 12% to S\$333 million in 3Q06, attributed mainly to a 9% increase in staff costs arising from a higher headcount, and higher business promotion expenses. Group headcount was 15,585 as at 30 September 2006, an increase of 8% over 30 September 2005.

Operating expenses in 9M06 increased by 19% to S\$989 million. This was partly attributable to accelerated depreciation for fixed assets and software applications scheduled for replacement, and write-offs of decommissioned assets and software applications which amounted to S\$28 million in the first half of the year. Excluding these one-time charges, operating expenses would have shown an increase of 15% over 9M05. The increase came from a 13% increase in staff costs, and higher business promotion and insurance-related expenses.

The cost-to-income ratio was 40.0% in 3Q06, an improvement over the 40.5% in 3Q05. For 9M06, the cost-to-income ratio was 42.3% (excluding divestment gains), compared to 39.5% in 9M05.

## Allowances for Loans and Other Assets

S\$ million	<u>9M06</u>	<u>9M05</u>	<u>+ / (-)</u> %	<u>3Q06</u>	<u>3Q05</u>	<u>+ / (-)</u> %	<u>2Q06</u>	<u>+ / (-)</u> %
Specific allowances/ (write-back) for loans								
Singapore	(3)	23	(112)	(2)	9	(126)	(7)	64
Malaysia	17	8	105	5	17	(70)	12	(59)
Others	(8)	3	(370)	(2)	(6)	(66)	(11)	(81)
	<u>6</u>	<u>35</u>	<u>(82)</u>	<u>1</u>	<u>20</u>	<u>(97)</u>	<u>(5)</u>	<u>112</u>
Portfolio allowances/ (write-back) for loans	-	-	-	-	-	-	-	-
(Write-back)/ impairment charges for securities and other assets	(16)	(35)	56	2	(43)	105	#	n.m.
<b>Total allowances/ (write-back) for loans and impairment of other assets</b>	<u>(9)</u>	<u>(#)</u>	n.m.	<u>3</u>	<u>(23)</u>	112	<u>(5)</u>	152

Notes:

n.m. – not meaningful

# Amounts less than S\$0.5 million

Total allowances for loans and other assets was S\$3 million in 3Q06 compared with a net write-back of S\$23 million in 3Q05, which was due to large recoveries in loan-related securities.

Specific loan allowances for Malaysia were offset by net recoveries in Singapore and Hong Kong. No new portfolio allowances were made in 3Q06.

For 9M06, net write-back of allowances for loans and other assets amounted to S\$9 million mainly from recoveries in loans, loan-related securities and improvement in the value of properties.

## Loans and Advances

S\$ million	30 Sep 06	30 Jun 06	31 Dec 05	30 Sep 05
Loans to customers	<b>58,699</b>	57,463	56,402	56,109
Bills receivable	<b>683</b>	607	791	884
Gross loans to customers	<b>59,382</b>	58,070	57,193	56,993
Allowances:				
Specific allowances	<b>(923)</b>	(986)	(1,097)	(1,118)
Portfolio allowances	<b>(963)</b>	(962)	(962)	(967)
	<b>57,495</b>	56,122	55,134	54,909

Gross loans to customers increased by 4% year-on-year to S\$59.4 billion as at 30 September 2006. Growth was contributed by Singapore corporate and SME loans, as well as Malaysia and Indonesia loans. By industry, the increase in loans was mainly to the building and construction, transport and communications and manufacturing sectors, as well as to non-bank financial institutions, investment and holding companies. Compared with 31 December 2005, gross loans increased by 4%.

S\$ million	30 Sep 06	30 Jun 06	31 Dec 05	30 Sep 05
<b>By Maturity</b>				
Less than 7 days	<b>6,369</b>	6,314	6,973	6,729
1 week to 1 month	<b>3,877</b>	3,773	3,798	3,178
Over 1 to 3 months	<b>4,185</b>	3,799	3,941	3,921
Over 3 to 12 months	<b>6,307</b>	6,993	6,824	6,738
Over 1 to 3 years	<b>10,373</b>	6,303	8,787	9,088
Over 3 years	<b>28,270</b>	30,888	26,871	27,340
	<b>59,382</b>	58,070	57,193	56,993
<b>By Industry</b>				
Agriculture, mining & quarrying	<b>922</b>	778	791	745
Manufacturing	<b>4,893</b>	4,873	4,455	4,381
Building and construction	<b>8,876</b>	7,418	7,278	7,296
Housing loans	<b>18,149</b>	18,054	18,087	18,090
General commerce	<b>5,507</b>	5,284	5,315	5,571
Transport, storage and communications	<b>2,403</b>	2,095	1,853	1,806
Financial institutions, investment and holding companies	<b>7,974</b>	8,715	7,621	7,289
Professionals and individuals	<b>7,450</b>	7,727	8,316	8,421
Others	<b>3,206</b>	3,126	3,477	3,395
	<b>59,382</b>	58,070	57,193	56,993
<b>By Currency</b>				
Singapore Dollar	<b>36,283</b>	35,265	34,844	34,331
United States Dollar	<b>8,479</b>	8,417	8,152	8,408
Malaysian Ringgit	<b>8,440</b>	8,201	7,978	7,906
Indonesia Rupiah	<b>2,131</b>	1,950	1,856	1,816
Others	<b>4,049</b>	4,238	4,363	4,533
	<b>59,382</b>	58,070	57,193	56,993

## Non-Performing Loans

### By grading, security coverage and countries

NPLs (S\$ million)	Total <sup>1/</sup>	Substandard	Doubtful	Loss	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans <sup>2/</sup>
					%	%
<b>Singapore</b>						
<b>30 Sep 06</b>	<b>1,031</b>	<b>411</b>	<b>338</b>	<b>282</b>	<b>62.5</b>	<b>2.6</b>
30 Jun 06	1,123	435	386	302	61.1	2.9
31 Dec 05	1,416	759	352	304	66.1	3.7
30 Sep 05	1,454	806	357	291	66.0	3.8
<b>Malaysia</b>						
<b>30 Sep 06</b>	<b>673</b>	<b>408</b>	<b>145</b>	<b>121</b>	<b>57.0</b>	<b>6.4</b>
30 Jun 06	683	476	142	65	66.1	6.7
31 Dec 05	708	487	136	84	64.8	6.8
30 Sep 05	745	509	157	79	66.5	7.0
<b>Others</b>						
<b>30 Sep 06</b>	<b>262</b>	<b>96</b>	<b>108</b>	<b>58</b>	<b>52.0</b>	<b>2.5</b>
30 Jun 06	290	107	116	67	52.7	3.0
31 Dec 05	269	68	140	61	38.8	2.9
30 Sep 05	267	62	156	49	39.3	2.9
<b>Group Total</b>						
<b>30 Sep 06</b>	<b>1,966</b>	<b>914</b>	<b>590</b>	<b>461</b>	<b>59.2</b>	<b>3.3</b>
30 Jun 06	2,096	1,018	644	434	61.6	3.6
31 Dec 05	2,392	1,315	629	449	62.7	4.1
30 Sep 05	2,467	1,377	670	419	63.3	4.2

Notes:

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

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

The Group's asset quality continued to strengthen in 3Q06. As at 30 September 2006, total NPLs were S\$1.97 billion, down 6% compared to 30 June 2006 and 18% lower compared to 31 December 2005. Singapore NPLs amounted to S\$1.03 billion and accounted for 52% of the Group's total NPLs, while Malaysia NPLs of S\$0.67 billion accounted for 34% of total NPLs. Of the total NPLs, 46% were in the substandard category while 59% were secured by collateral.

The Group's NPL ratio was 3.3% in September 2006, an improvement over 3.6% in June 2006 and 4.1% in December 2005.



## Non-Performing Loans (continued)

	30 Sep 06		30 Jun 06		31 Dec 05		30 Sep 05	
	S\$ million	% of gross loans	S\$ million	% of gross loans	S\$ million	% of gross loans	S\$ million	% of gross loans
<b>NPLs by industry</b>								
Loans and advances								
Agriculture, mining & quarrying	14	1.5	15	1.9	28	3.6	29	3.9
Manufacturing	342	7.0	369	7.6	390	8.8	420	9.6
Building and construction	295	3.3	309	4.2	491	6.7	468	6.4
Housing loans	407	2.2	422	2.3	399	2.2	361	2.0
General commerce	305	5.5	338	6.4	377	7.1	398	7.1
Transport, storage and communication	54	2.2	61	2.9	19	1.0	20	1.1
Financial institutions, investment and holding companies	169	2.2	178	2.0	198	2.6	248	3.4
Professionals and individuals	259	3.5	281	3.6	322	3.9	343	4.1
Others	95	2.7	98	3.1	109	3.1	107	3.1
Sub-total	1,941	3.3	2,071	3.6	2,334	4.1	2,394	4.2
Debt securities	25		25		58		73	
	<b>1,966</b>		<b>2,096</b>		<b>2,392</b>		<b>2,467</b>	

	30 Sep 06		30 Jun 06		31 Dec 05		30 Sep 05	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>NPLs by period overdue</b>								
Over 180 days	1,179	60	1,270	61	1,463	61	1,472	60
Over 90 to 180 days	201	10	222	11	215	9	301	12
30 to 90 days	154	8	165	8	188	8	128	5
Less than 30 days	42	2	63	3	105	4	56	2
Not overdue	390	20	376	18	420	18	510	21
	<b>1,966</b>	<b>100</b>	<b>2,096</b>	<b>100</b>	<b>2,392</b>	<b>100</b>	<b>2,467</b>	<b>100</b>

## Cumulative Allowances for Loans

S\$ million	Total cumulative allowances <sup>1/</sup>	Specific allowances	Portfolio allowances	Specific allowances as % of total NPLs	Cumulative allowances as % of total NPLs
				%	%
<b>Singapore</b>					
<b>30 Sep 06</b>	<b>1,095</b>	<b>444</b>	<b>651</b>	<b>43.1</b>	<b>106.2</b>
30 Jun 06	1,174	499	675	44.4	104.5
31 Dec 05	1,251	578	673	40.8	88.3
30 Sep 05	1,262	602	660	41.4	86.8
<b>Malaysia</b>					
<b>30 Sep 06</b>	<b>479</b>	<b>325</b>	<b>154</b>	<b>48.3</b>	<b>71.1</b>
30 Jun 06	463	323	140	47.3	67.9
31 Dec 05	493	350	142	49.5	69.6
30 Sep 05	511	365	146	49.0	68.5
<b>Others</b>					
<b>30 Sep 06</b>	<b>335</b>	<b>177</b>	<b>158</b>	<b>67.6</b>	<b>128.0</b>
30 Jun 06	333	186	147	64.2	114.8
31 Dec 05	370	223	147	82.9	137.5
30 Sep 05	372	211	161	79.0	139.2
<b>Group Total</b>					
<b>30 Sep 06</b>	<b>1,909</b>	<b>946</b>	<b>963</b>	<b>48.1</b>	<b>97.1</b>
30 Jun 06	1,970	1,008	962	48.1	94.0
31 Dec 05	2,113	1,151	962	48.1	88.3
30 Sep 05	2,145	1,178	967	47.8	86.9

Note:

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

As at 30 September 2006, the Group's total cumulative allowances for loans amounted to S\$1.91 billion, comprising S\$0.95 billion in cumulative specific allowances and S\$0.96 billion in cumulative portfolio allowances. Cumulative allowances were 97.1% of total NPLs at 30 September 2006, higher than the coverage of 94.0% at 30 June 2006 and 88.3% at 31 December 2005.

## Deposits

S\$ million	<u>30 Sep 06</u>	<u>30 Jun 06</u>	<u>31 Dec 05</u>	<u>30 Sep 05</u>
Deposits of non-bank customers	<b>69,623</b>	68,693	64,088	62,803
Deposits and balances of banks	<b>12,677</b>	9,020	10,307	14,252
	<b>82,300</b>	<b>77,713</b>	<b>74,395</b>	<b>77,055</b>
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	<b>82.6%</b>	81.7%	86.0%	87.4%

As at 30 September 2006, total deposits were S\$82.3 billion, an increase of 7% year-on-year. Non-bank customer deposits increased by 11% to S\$69.6 billion, mainly from fixed and current account deposits, while deposits and balances of banks fell 11% to S\$12.7 billion. Compared with 31 December 2005, total deposits increased by 11% and customer deposits grew by 9%.

The Group's loans-to-deposits ratio was 82.6% at 30 September 2006, down from 86.0% in December 2005 and 87.4% in September 2005.

S\$ million	<u>30 Sep 06</u>	<u>30 Jun 06</u>	<u>31 Dec 05</u>	<u>30 Sep 05</u>
<b>Total Deposits By Maturity</b>				
Less than 7 days	<b>37,642</b>	36,682	34,446	34,630
1 week to 1 month	<b>18,595</b>	17,350	19,064	20,677
Over 1 to 3 months	<b>9,152</b>	10,775	8,606	9,217
Over 3 to 12 months	<b>12,808</b>	9,095	8,904	9,352
Over 1 to 3 years	<b>1,755</b>	705	677	598
Over 3 years	<b>2,349</b>	3,105	2,698	2,581
	<b>82,300</b>	<b>77,713</b>	<b>74,395</b>	<b>77,055</b>
<b>Non-Bank Deposits By Product</b>				
Fixed deposits	<b>46,726</b>	45,381	40,549	40,426
Savings deposits	<b>10,619</b>	10,774	11,043	11,373
Current account	<b>9,178</b>	9,536	9,070	8,555
Others	<b>3,101</b>	3,003	3,426	2,449
	<b>69,623</b>	<b>68,693</b>	<b>64,088</b>	<b>62,803</b>

## Capital Adequacy Ratios <sup>1/</sup>

S\$ million	30 Sep 06	30 Jun 06	31 Dec 05	30 Sep 05
<b>Tier 1 Capital</b>				
Paid-up ordinary and preference shares <sup>2/</sup>	5,528	5,629	1,561	1,564
Disclosed reserves/others	7,620	7,648	11,124	10,815
Goodwill/Others	(3,572)	(3,395)	(3,383)	(3,371)
	<b>9,575</b>	<b>9,881</b>	<b>9,302</b>	<b>9,008</b>
<b>Tier 2 Capital</b>				
Cumulative portfolio allowances	714	713	714	717
Subordinated term notes	3,110	3,886	3,872	3,873
Revaluation surplus on equity securities	208	170	157	157
	<b>4,032</b>	<b>4,770</b>	<b>4,743</b>	<b>4,747</b>
Capital investments in insurance subsidiaries	(1,798)	(1,675)	(1,466)	(1,479)
Others	(83)	(83)	(359)	(345)
	<b>11,726</b>	<b>12,893</b>	<b>12,219</b>	<b>11,930</b>
<b>Total Capital</b>	<b>11,726</b>	<b>12,893</b>	<b>12,219</b>	<b>11,930</b>
<b>Risk weighted assets including market risk</b>	<b>74,024</b>	<b>72,136</b>	<b>70,708</b>	<b>71,679</b>
<b>Tier 1 ratio</b>	<b>12.9%</b>	<b>13.7%</b>	<b>13.2%</b>	<b>12.5%</b>
<b>Total capital adequacy ratio</b>	<b>15.8%</b>	<b>17.9%</b>	<b>17.3%</b>	<b>16.6%</b>

Notes:

<sup>1/</sup> Capital adequacy ratio is calculated in accordance with the MAS Notice 637 to Banks

<sup>2/</sup> In accordance with the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, "share capital" now includes share premium and capital redemption reserves (previously included in capital reserves)

As at 30 September 2006, the Group's total capital adequacy ratio ("CAR") was 15.8% and its Tier-1 ratio was 12.9%, which were lower than the respective ratios of 17.9% and 13.7% in June 2006. The decline in these ratios was due to the reduction in Tier 1 and Tier 2 capital as well as the increase in the Group's risk weighted assets.

Tier 1 capital fell S\$306 million from June 2006 due to the Bank's share buybacks during the third quarter, payment of the interim 2006 dividends, and the deduction of additional goodwill and intangible assets relating to the Bank's increased stake in GEH. Following the completion of the voluntary cash offer for GEH in August 2006 and market purchases of GEH shares, the Bank's shareholding in GEH rose from 82.9% to 86.9% during the third quarter.

Tier 2 capital fell S\$737 million from June 2006 due to the commencement of the amortisation schedule for the Bank's outstanding S\$3.9 billion subordinated term notes which will mature in September 2011. Under the applicable capital computation rules, the eligible amount of these notes qualifying as Upper Tier 2 capital is subject to 20% amortisation per annum in the final five years to maturity.

In addition, the Group's total capital was also impacted by additional deduction for capital investments in insurance subsidiaries pertaining to the Bank's increased stake in GEH.

In 3Q06, the Bank purchased and held as treasury shares, a total of 19.0 million shares under its third S\$500 million share buyback programme (which commenced in June 2006). As of the date of this results announcement, S\$210 million had been utilised and approximately 32.2 million shares purchased from the market under this buyback programme. As at 30 September 2006, the Bank held approximately 46.6 million treasury shares.

## Valuation Surplus

S\$ million	<u>30 Sep 06</u>	<u>30 Jun 06</u>	<u>31 Dec 05</u>	<u>30 Sep 05</u>
Properties	1,444	1,433	1,522	1,440
Equity securities <sup>1/</sup>	<u>3,002</u>	<u>2,837</u>	<u>2,332</u>	<u>2,847</u>
Total	<u>4,446</u>	<u>4,270</u>	<u>3,854</u>	<u>4,287</u>

Note:

<sup>1/</sup> Comprise investments in associated companies and quoted subsidiaries.

The Group's unrealised valuation surplus amounted to S\$4.45 billion as at 30 September 2006, an increase of 15% compared to 31 December 2005. The valuation surplus of S\$3.0 billion for equity securities as at 30 September 2006 was primarily from the Group's holding of GEH shares.

## Performance by Business Segment

OCBC Group's businesses are presented in the following customer and product segments: Consumer Banking, Business Banking, Treasury and Insurance.

### Net Profit by Business Segment

S\$ million	9M06	9M05	+ / (-) %	3Q06	3Q05	+ / (-) %	2Q06	+ / (-) %
Consumer Banking	264	259	2	101	90	14	72	40
Business Banking	473	426	11	174	172	1	155	12
Treasury	122	121	1	46	46	1	38	24
Insurance <sup>1/</sup>	271	243	12	105	76	37	82	28
Others <sup>2/</sup>	430	(27)	n.m.	(22)	(1)	n.m.	465	n.m.
Net profit before equity accounting	1,560	1,023	53	404	383	6	812	(50)
Share of results of associated and joint venture companies	9	13	(32)	4	2	89	1	442
Minority interests	(76)	(79)	(3)	(29)	(30)	(1)	(18)	66
<b>Group</b>	<b>1,493</b>	<b>957</b>	<b>56</b>	<b>379</b>	<b>355</b>	<b>7</b>	<b>795</b>	<b>(52)</b>

Notes:

<sup>1/</sup> 9M06 and 2Q06 included S\$16 million net gains from divestment of non-core assets attributable to GEH.

<sup>2/</sup> 9M06 and 2Q06 included S\$466 million net gains from divestment of non-core assets.

n.m. – not meaningful

### Consumer Banking

Consumer Banking comprises the full range of products and services offered to individuals, including deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards and wealth management products (unit trusts, bancassurance products and structured deposits).

Net profit of the segment grew by 14% to S\$101 million in 3Q06, mainly due to higher net interest income largely from higher deposit spreads partly offset by higher expenses. For 9M06, net profit increased by 2% to S\$264 million with revenue growth largely offset by higher expenses arising mainly from the accelerated depreciation and write-offs of fixed assets in 2Q06, as well as higher staff costs and business promotion expenses.

### Business Banking

Business Banking provides a full range of financial services to business customers, ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, deposit accounts and fee-based services such as cash management, trustee and custodian services.

Business Banking's net profit increased by a marginal 1% in 3Q06 to S\$174 million, and by 11% to S\$473 million in 9M06, mainly due to stronger fee and net interest income.

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## Performance by Business Segment *(continued)*

### Treasury

Treasury engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and also offers structured treasury products and financial solutions to meet customers' investment and hedging needs.

Treasury's profit was flat year-on-year at S\$46 million in 3Q06. For 9M06, net profit rose marginally by 1% to S\$122 million, with higher income from dealing in foreign exchange largely offset by lower net interest income due to the flat yield curve.

### Insurance

The Group's insurance business, including its fund management activities, is carried out by subsidiary Great Eastern Holdings ("GEH"), which provides both life and general insurance products to its customers in Singapore and Malaysia.

Profit contribution before minority interests from GEH increased by 37% to S\$105 million in 3Q06 due to the improved investment performance of its non-participating fund. For 9M06, profit contribution was 12% higher year-on-year at S\$271 million.

### Others

The "Others" segment includes Bank NISP, corporate finance, capital markets, property holding, stock brokerage and investment holding, support units, other investments, items not attributed to business segments, and one-time divestment gains.

## Performance by Business Segment *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
<b>9M06</b>						
Segment income	736	834	205	450	704	2,929
Elimination						(75)
<b>Total income</b>						<b>2,854</b>
Profit before tax and allowances	390	570	142	366	397	1,865
Amortisation of intangible assets (Allowances)/ write-back for	–	–	–	(32)	–	(32)
loans and impairment of other assets	(58)	26	–	–	41	9
Income tax charge	(68)	(123)	(20)	(63)	(8)	(282)
Net profit before equity accounting	264	473	122	271	430	1,560
Share of results of associated and joint venture companies						9
Minority interests						(76)
<b>Net profit attributable to equity holders of the Bank</b>						<b>1,493</b>
<b>Other information:</b>						
Capital expenditure	4	2	–	1	88	95
Depreciation	11	5	–	1	64	81
<b>9M05</b>						
Segment income	671	745	207	384	169	2,176
Elimination						(68)
<b>Total income</b>						<b>2,108</b>
Profit/ (loss) before tax and allowances	378	502	149	320	(73)	1,276
Amortisation of intangible assets (Allowances)/ write-back for	–	–	–	(30)	–	(30)
loans and impairment of other assets	(53)	26	–	(1)	28	#
Income tax (charge)/ credit	(66)	(102)	(28)	(46)	18	(224)
Net profit/ (loss) before equity accounting	259	426	121	243	(27)	1,023
Share of results of associated and joint venture companies						13
Minority interests						(79)
<b>Net profit attributable to equity holders of the Bank</b>						<b>957</b>
<b>Other information:</b>						
Capital expenditure	3	2	1	3	107	116
Depreciation	5	5	–	1	52	63

# Amounts less than S\$0.5 million



## Performance by Business Segment *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
<b>3Q06</b>						
Segment income	263	305	74	160	51	853
Elimination						(22)
<b>Total income</b>						<b>831</b>
Profit/ (loss) before tax and allowances	144	215	53	134	(48)	498
Amortisation of intangible assets	–	–	–	(11)	–	(11)
(Allowances)/ write-back for loans and impairment of other assets	(17)	5	–	–	9	(3)
Income tax (charge)/ credit	(26)	(46)	(7)	(18)	17	(80)
Net profit/ (loss) before equity accounting	101	174	46	105	(22)	404
Share of results of associated and joint venture companies						4
Minority interests						(29)
<b>Net profit attributable to equity holders of the Bank</b>						<b>379</b>
<b>Other information:</b>						
Capital expenditure	1	1	–	–	27	29
Depreciation	1	3	–	–	19	23
<b>3Q05</b>						
Segment income	236	258	77	127	58	756
Elimination						(21)
<b>Total income</b>						<b>735</b>
Profit/ (loss) before tax and allowances	132	174	58	103	(30)	437
Amortisation of intangible assets	–	–	–	(10)	–	(10)
(Allowances)/ write-back for loans and impairment of other assets	(20)	32	–	(1)	12	23
Income tax (charge)/ credit	(23)	(34)	(12)	(16)	17	(68)
Net profit/ (loss) before equity accounting	90	172	46	76	(1)	383
Share of results of associated and joint venture companies						2
Minority interests						(30)
<b>Net profit attributable to equity holders of the Bank</b>						<b>355</b>
<b>Other information:</b>						
Capital expenditure	1	1	1	3	40	46
Depreciation	2	2	–	–	19	23
<b>2Q06</b>						
Segment income	242	281	66	149	564	1,302
Elimination						(22)
<b>Total income</b>						<b>1,280</b>
Profit before tax and allowances	110	187	44	119	471	931
Amortisation of intangible assets	–	–	–	(11)	–	(11)
(Allowances)/ write-back for loans and impairment of other assets	(19)	6	–	–	18	5
Income tax charge	(19)	(38)	(6)	(26)	(24)	(114)
Net profit before equity accounting	72	155	38	82	465	812
Share of results of associated and joint venture companies						1
Minority interests						(18)
<b>Net profit attributable to equity holders of the Bank</b>						<b>795</b>
<b>Other information:</b>						
Capital expenditure	1	–	–	1	33	35
Depreciation	9	1	–	1	23	34

## Performance by Business Segment

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
<b>At 30 September 2006</b>						
Segment assets	25,315	37,970	28,732	41,462	14,753	148,232
Unallocated assets						51
Elimination						(3,959)
<b>Total assets</b>						<b>144,324</b>
Segment liabilities	32,741	31,480	21,549	37,225	10,655	133,650
Unallocated liabilities						684
Elimination						(3,959)
<b>Total liabilities</b>						<b>130,375</b>
<b>Other information:</b>						
Gross non-bank loans	23,977	32,200	–	288	2,917	59,382
NPLs (include debt securities)	563	1,322	–	–	81	1,966
<b>At 30 June 2006</b>						
Segment assets	25,259	37,145	26,912	40,141	13,007	142,464
Unallocated assets						63
Elimination						(3,591)
<b>Total assets</b>						<b>138,936</b>
Segment liabilities	30,712	32,706	18,180	36,217	10,159	127,974
Unallocated liabilities						627
Elimination						(3,591)
<b>Total liabilities</b>						<b>125,010</b>
<b>Other information:</b>						
Gross non-bank loans	23,855	31,123	–	397	2,695	58,070
NPLs (include debt securities)	586	1,428	–	–	82	2,096
<b>At 31 December 2005</b>						
Segment assets	26,392	35,548	23,132	40,313	12,888	138,273
Unallocated assets						71
Elimination						(3,634)
<b>Total assets</b>						<b>134,710</b>
Segment liabilities	30,418	27,926	18,783	36,424	10,679	124,230
Unallocated liabilities						627
Elimination						(3,634)
<b>Total liabilities</b>						<b>121,223</b>
<b>Other information:</b>						
Gross non-bank loans	25,065	29,028	–	378	2,722	57,193
NPLs (include debt securities)	613	1,727	–	–	52	2,392
<b>At 30 September 2005</b>						
Segment assets	26,439	36,584	25,678	40,088	12,148	140,937
Unallocated assets						53
Elimination						(3,872)
<b>Total assets</b>						<b>137,118</b>
Segment liabilities	29,411	28,484	23,500	36,310	9,416	127,121
Unallocated liabilities						551
Elimination						(3,872)
<b>Total liabilities</b>						<b>123,800</b>
<b>Other information:</b>						
Gross non-bank loans	25,213	28,769	–	247	2,764	56,993
NPLs (include debt securities)	631	1,789	–	–	47	2,467

## Performance by Geographical Segment

	9M06		9M05		3Q06		3Q05		2Q06	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total income</b>										
Singapore <sup>1/</sup>	2,061	72	1,450	69	547	66	503	69	1,015	79
Malaysia	536	19	475	23	186	22	161	22	182	14
Other ASEAN	156	5	87	4	59	7	38	5	47	4
Asia Pacific	75	3	69	3	29	3	23	3	27	2
Rest of the World	26	1	29	1	10	1	9	1	9	1
	<b>2,854</b>	<b>100</b>	<b>2,108</b>	<b>100</b>	<b>831</b>	<b>100</b>	<b>735</b>	<b>100</b>	<b>1,280</b>	<b>100</b>
<b>Profit before tax</b>										
Singapore <sup>1/</sup>	1,401	76	806	64	331	68	287	64	786	85
Malaysia	351	19	372	30	119	24	135	30	114	12
Other ASEAN	41	2	38	3	18	4	11	3	12	1
Asia Pacific	41	2	26	2	14	3	12	3	10	1
Rest of the World	16	1	19	1	6	1	6	1	5	1
	<b>1,851</b>	<b>100</b>	<b>1,260</b>	<b>100</b>	<b>489</b>	<b>100</b>	<b>453</b>	<b>100</b>	<b>927</b>	<b>100</b>

	30 Sep 06		30 Jun 06		31 Dec 05		30 Sep 05	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total assets</b>								
Singapore	101,249	71	97,555	70	96,713	72	99,305	72
Malaysia	28,783	20	27,665	20	26,859	20	26,751	20
Other ASEAN	4,912	3	4,637	3	4,381	3	3,962	3
Asia Pacific	6,636	5	6,537	5	4,669	3	5,265	4
Rest of the World	2,745	2	2,542	2	2,089	2	1,835	1
	<b>144,324</b>	<b>100</b>	<b>138,936</b>	<b>100</b>	<b>134,710</b>	<b>100</b>	<b>137,118</b>	<b>100</b>

<sup>1/</sup> Total income and profit before tax for 9M06 and 2Q06 included pre-tax divestment gains of S\$516 million.

The geographical segment analysis is based on the location where the assets or transactions are booked. For 9M06, Singapore accounted for 72% of total income and 76% of profit before tax, while Malaysia accounted for 19% of both total income and profit before tax.

## Consolidated Income Statement (Unaudited)

S\$ million	9M06	9M05	+ / (-)	3Q06	3Q05	+ / (-)	2Q06	+ / (-)
			%			%		%
Interest income	3,274	2,505	31	1,194	916	30	1,100	9
Interest expense	(1,971)	(1,322)	49	(721)	(502)	43	(665)	8
<b>Net interest income</b>	<b>1,303</b>	<b>1,183</b>	<b>10</b>	<b>473</b>	<b>413</b>	<b>15</b>	<b>435</b>	<b>9</b>
Fees and commissions	437	379	15	155	131	19	141	10
Dividends	61	52	17	17	9	82	27	(35)
Rental income	59	53	10	20	18	12	19	3
Income from insurance <sup>1/</sup>	294	278	6	121	93	31	78	56
Other income	699	163	328	44	71	(38)	580	(92)
<b>Non-interest income</b>	<b>1,550</b>	<b>925</b>	<b>68</b>	<b>357</b>	<b>321</b>	<b>11</b>	<b>845</b>	<b>(58)</b>
<b>Total income</b>	<b>2,854</b>	<b>2,108</b>	<b>35</b>	<b>831</b>	<b>735</b>	<b>13</b>	<b>1,280</b>	<b>(35)</b>
Staff costs	(529)	(468)	13	(179)	(165)	9	(179)	–
Other operating expenses	(461)	(364)	27	(153)	(133)	15	(170)	(10)
<b>Total operating expenses</b>	<b>(989)</b>	<b>(832)</b>	<b>19</b>	<b>(333)</b>	<b>(298)</b>	<b>12</b>	<b>(349)</b>	<b>(5)</b>
<b>Operating profit before allowances and amortisation of intangible assets</b>	<b>1,865</b>	<b>1,276</b>	<b>46</b>	<b>498</b>	<b>437</b>	<b>14</b>	<b>931</b>	<b>(46)</b>
Amortisation of intangible assets	(32)	(30)	8	(11)	(10)	14	(11)	6
Write-back/ (allowances) for loans and impairment of other assets	9	#	n.m.	(3)	23	112	5	152
<b>Operating profit after allowances and amortisation of intangible assets</b>	<b>1,842</b>	<b>1,247</b>	<b>48</b>	<b>484</b>	<b>450</b>	<b>8</b>	<b>926</b>	<b>(48)</b>
Share of results of associated and joint venture companies	9	13	(32)	4	2	89	1	442
<b>Profit before tax</b>	<b>1,851</b>	<b>1,260</b>	<b>47</b>	<b>489</b>	<b>453</b>	<b>8</b>	<b>927</b>	<b>(47)</b>
Income tax	(282)	(224)	26	(80)	(68)	18	(114)	(30)
<b>Net profit after tax</b>	<b>1,569</b>	<b>1,036</b>	<b>51</b>	<b>409</b>	<b>385</b>	<b>6</b>	<b>813</b>	<b>(50)</b>
<b>Attributable to:</b>								
Equity holders of the Bank	1,493	957	56	379	355	7	795	(52)
Minority interests	76	79	(3)	29	30	(1)	18	66
	<b>1,569</b>	<b>1,036</b>	<b>51</b>	<b>409</b>	<b>385</b>	<b>6</b>	<b>813</b>	<b>(50)</b>
<b>Earnings per share (annualised – cents) <sup>2/ 3/</sup></b>								
Basic	63.5	39.8		48.7	44.9		100.2	
Diluted	63.2	39.7		48.5	44.7		99.8	
<b>Earnings per share (for the period – cents) <sup>3/</sup></b>								
Basic	47.5	29.8		12.3	11.3		25.0	
Diluted	47.3	29.7		12.2	11.3		24.9	

### Notes:

<sup>1/</sup> Comprises profit from life assurance and net earned premium from general insurance. Profits transferred from Singapore insurance funds were presented net of tax since Dec 05. Comparative figures for 9M05 and 3Q05 have been restated accordingly.

<sup>2/</sup> Calculated after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains), and annualised.

<sup>3/</sup> The 9M05 and 3Q05 figures were adjusted for the Rights Issue and Sub-Division effected on 18 July 2005 and 5 August 2005 respectively. The weighted average number of ordinary shares was 3,103 million for 9M06 and 3,145 million (adjusted) for 9M05. Treasury shares are excluded from the computation of per share data.

n.m. – not meaningful

# Amounts less than S\$0.5 million

## Balance Sheets (Unaudited)

S\$ million	GROUP				BANK			
	30 Sep 2006	30 Jun 2006	31 Dec 2005	30 Sep 2005	30 Sep 2006	30 Jun 2006	31 Dec 2005	30 Sep 2005
<b>EQUITY</b>								
<b>Attributable to the Bank's equity holders</b>								
Share capital <sup>1/</sup>	5,528	5,629	1,561	1,564	5,528	5,629	1,561	1,564
Capital reserves <sup>1/</sup>	100	97	4,292	4,244	80	77	4,245	4,133
Statutory reserves	2,017	2,002	1,959	1,959	1,688	1,673	1,631	1,622
Fair value reserves	603	449	618	711	327	254	396	412
Revenue reserves	4,646	4,615	3,908	3,697	2,393	2,453	2,033	2,041
	<b>12,894</b>	<b>12,792</b>	<b>12,338</b>	<b>12,174</b>	<b>10,016</b>	<b>10,088</b>	<b>9,867</b>	<b>9,771</b>
Minority interests	1,055	1,135	1,149	1,144	–	–	–	–
<b>Total equity</b>	<b>13,949</b>	<b>13,927</b>	<b>13,487</b>	<b>13,318</b>	<b>10,016</b>	<b>10,088</b>	<b>9,867</b>	<b>9,771</b>
<b>LIABILITIES</b>								
Deposits of non-bank customers	69,623	68,693	64,088	62,803	55,267	54,603	50,885	50,456
Deposits and balances of banks	12,677	9,020	10,307	14,252	12,202	8,761	10,126	13,767
Due to subsidiaries	–	–	–	–	1,551	1,099	1,095	974
Due to associated companies	72	20	21	15	3	4	4	4
Trading portfolio liabilities <sup>2/</sup>	756	366	456	555	756	366	456	555
Derivative payables	2,150	2,519	1,921	1,683	2,096	2,424	1,889	1,657
Other liabilities	2,173	2,351	2,042	2,153	939	1,110	935	885
Current tax	499	454	412	341	305	290	300	277
Deferred tax	185	173	215	210	120	114	146	135
Debts issued <sup>4/</sup>	5,219	5,433	5,519	5,622	5,534	5,748	5,781	5,856
	<b>93,355</b>	<b>89,029</b>	<b>84,981</b>	<b>87,632</b>	<b>78,771</b>	<b>74,519</b>	<b>71,617</b>	<b>74,566</b>
Life assurance fund liabilities <sup>3/</sup>	37,020	35,981	36,242	36,167	–	–	–	–
<b>Total liabilities</b>	<b>130,375</b>	<b>125,010</b>	<b>121,223</b>	<b>123,800</b>	<b>78,771</b>	<b>74,519</b>	<b>71,617</b>	<b>74,566</b>
<b>Total equity and liabilities</b>	<b>144,324</b>	<b>138,936</b>	<b>134,710</b>	<b>137,118</b>	<b>88,787</b>	<b>84,606</b>	<b>81,484</b>	<b>84,337</b>
<b>ASSETS</b>								
Cash and placements with central banks	4,063	5,106	4,182	5,131	2,443	3,185	2,752	3,926
Singapore government treasury bills and securities <sup>2/</sup>	7,585	6,944	6,948	7,624	7,044	6,395	6,389	7,011
Other government treasury bills and securities <sup>2/</sup>	2,509	1,822	1,990	2,337	289	222	194	132
Placements with and loans to banks <sup>2/</sup>	16,786	13,865	11,538	11,117	16,058	12,926	11,037	10,735
Loans and bills receivable	57,495	56,122	55,134	54,909	45,418	44,418	43,751	43,730
Debt and equity securities	7,178	6,777	7,403	9,016	4,745	4,500	5,338	6,680
Assets pledged	2,178	2,108	1,917	1,724	1,097	976	651	921
Derivative receivables	2,217	2,735	2,378	2,083	2,157	2,637	2,348	2,065
Other assets	2,123	2,478	1,948	2,063	978	1,144	929	811
Deferred tax	51	63	71	53	#	–	–	–
Associated and joint venture companies	213	215	186	185	97	97	97	97
Subsidiaries	–	–	–	–	5,885	5,535	5,402	5,633
Property, plant and equipment	1,368	1,361	1,429	1,424	710	705	729	728
Goodwill and intangible assets	3,536	3,361	3,344	3,286	1,867	1,867	1,867	1,867
	<b>107,304</b>	<b>102,956</b>	<b>98,468</b>	<b>100,951</b>	<b>88,787</b>	<b>84,606</b>	<b>81,484</b>	<b>84,337</b>
Life assurance fund assets <sup>3/</sup>	37,020	35,981	36,242	36,167	–	–	–	–
<b>Total assets</b>	<b>144,324</b>	<b>138,936</b>	<b>134,710</b>	<b>137,118</b>	<b>88,787</b>	<b>84,606</b>	<b>81,484</b>	<b>84,337</b>
<b>Net Asset Value Per Ordinary Share (before valuation surplus – in S\$)</b>	<b>3.90</b>	<b>3.84</b>	<b>3.67</b>	<b>3.61</b>	<b>2.96</b>	<b>2.97</b>	<b>2.88</b>	<b>2.84</b>
<b>OFF-BALANCE SHEET ITEMS</b>								
Contingent liabilities	6,580	6,840	6,647	6,377	4,933	5,370	5,493	5,226
Commitments	38,274	36,528	33,133	34,933	31,390	30,030	27,050	28,666
Derivative financial instruments	248,265	259,081	263,296	266,896	234,416	245,990	251,796	257,029

<sup>1/</sup> In accordance with the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, "share capital" now includes share premium and capital redemption reserves (previously included in capital reserves).

<sup>2/</sup> 2005 comparatives have been reclassified for the Bank's short sell liabilities in Singapore government treasury bills and securities, representing the full amount of the trading portfolio liabilities.

<sup>3/</sup> Prior period comparatives have been restated to reflect the reclassification of the liabilities of life assurance funds from "Life assurance fund assets" to "Life assurance fund liabilities". Amounts reclassified were S\$2,768 million, S\$2,956 million and S\$2,905 million for 30 Jun 2006, 31 Dec 2005 and 30 Sep 2005 respectively.

<sup>4/</sup> Comprises S\$1,174 million (30 Jun 2006: S\$1,464 million; 31 Dec 2005: S\$486 million; 30 Sep 2005: S\$433 million) repayable in one year or less and S\$4,045 million (30 Jun 2006: S\$3,969 million; 31 Dec 2005: S\$5,033 million; 30 Sep 2005: S\$5,189 million) repayable after one year. Of the amount repayable in one year or less, S\$Nil (30 Jun 2006: S\$Nil; 31 Dec 2005: S\$53 million; 30 Sep 2005: S\$42 million) are collateralised notes issued by Pioneer Funding Limited, a special purpose entity ("SPE") of the Group. These notes were secured by a first fixed charge over the designated assets of the SPE.

# Amounts less than S\$0.5 million

## Statement of Changes in Equity – Group (Unaudited)

For the quarter ended 30 September 2006

S\$ million	Attributable to equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
<b>Balance at 1 July 2006</b>	<b>5,629</b>	<b>97</b>	<b>2,002</b>	<b>449</b>	<b>4,615</b>	<b>12,792</b>	<b>1,135</b>	<b>13,927</b>
Movements in fair value reserves:								
Gains taken to equity	–	–	–	193	–	193	9	202
Transferred to income statements	–	–	–	(16)	–	(16)	2	(14)
Tax on net movements	–	–	–	(23)	–	(23)	(2)	(25)
Currency translation differences	–	–	–	–	6	6	#	6
Net gains recognised in equity	–	–	–	155	6	161	9	170
Net profit after tax	–	–	–	–	379	379	29	409
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>155</b>	<b>386</b>	<b>540</b>	<b>38</b>	<b>579</b>
Transfers	–	(#)	15	–	(15)	–	–	–
Change in minority interests	–	–	–	–	–	–	(100)	(100)
Dividends paid to minority interests	–	–	–	–	–	–	(18)	(18)
Ordinary and preference dividends paid	–	–	–	–	(340)	(340)	–	(340)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – held in treasury	(122)	–	–	–	–	(122)	–	(122)
Shares issued pursuant to the Bank's employees' share schemes	7	–	–	–	–	7	–	7
Transfer of treasury shares pursuant to the Bank's employees' share schemes	14	–	–	–	–	14	–	14
<b>Balance at 30 September 2006</b>	<b>5,528</b>	<b>100</b>	<b>2,017</b>	<b>603</b>	<b>4,646</b>	<b>12,894</b>	<b>1,055</b>	<b>13,949</b>
Included:								
Share of reserves of associated and joint venture companies	–	1	–	–	41	42		
<b>Balance at 1 July 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>
Movements in fair value reserves:								
Gains taken to equity	–	–	–	102	–	102	5	107
Transferred to income statements	–	–	–	(16)	–	(16)	(1)	(17)
Tax on net movements	–	–	–	(7)	–	(7)	(2)	(9)
Currency translation differences	–	–	–	–	(12)	(12)	8	(3)
Net gains/ (losses) recognised in equity	–	–	–	79	(12)	67	11	78
Net profit after tax	–	–	–	–	355	355	30	385
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>79</b>	<b>343</b>	<b>422</b>	<b>40</b>	<b>462</b>
Transfers	–	1	15	–	(16)	–	–	–
Acquisition of PT Bank NISP Tbk	–	–	–	–	–	–	(9)	(9)
Change in minority interests	–	–	–	–	–	–	(14)	(14)
Dividends paid to minority interests	–	–	–	–	–	–	(18)	(18)
Issue of preference shares by a subsidiary	–	–	–	–	–	–	179	179
Ordinary and preference dividends paid	–	–	–	–	(275)	(275)	–	(275)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – cancelled	(12)	12	–	–	(146)	(146)	–	(146)
Shares issued pursuant to the Bank's employees' share schemes	2	16	–	–	–	17	–	17
Expenses relating to Rights Issue	–	(1)	–	–	–	(1)	–	(1)
<b>Balance at 30 September 2005</b>	<b>1,564</b>	<b>4,244</b>	<b>1,959</b>	<b>711</b>	<b>3,697</b>	<b>12,174</b>	<b>1,144</b>	<b>13,318</b>
Included:								
Share of reserves of associated companies	–	1	–	–	44	45		

# Amounts less than S\$0.5 million

## Statement of Changes in Equity – Group (Unaudited)

For the nine months ended 30 September 2006

S\$ million	Attributable to equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
<b>Balance at 1 January 2006</b>	<b>1,561</b>	<b>4,292</b>	<b>1,959</b>	<b>618</b>	<b>3,908</b>	<b>12,338</b>	<b>1,149</b>	<b>13,487</b>
Movements in fair value reserves:								
Gains taken to equity	–	–	–	253	–	253	19	272
Transferred to income statements	–	–	–	(279)	–	(279)	(7)	(286)
Tax on net movements	–	–	–	11	–	11	(3)	8
Currency translation differences	–	–	–	–	(20)	(20)	(2)	(23)
Net losses recognised in equity	–	–	–	(15)	(20)	(35)	6	(29)
Net profit after tax	–	–	–	–	1,493	1,493	76	1,569
<b>Total recognised gains/ (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(15)</b>	<b>1,472</b>	<b>1,458</b>	<b>82</b>	<b>1,540</b>
Transfers	–	(24)	58	–	(34)	–	–	–
Change in minority interests	41	–	–	–	–	41	(122)	(81)
Dividends paid to minority interests	–	–	–	–	–	–	(54)	(54)
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–	–	–
Ordinary and preference dividends paid	–	–	–	–	(657)	(657)	–	(657)
Shares purchased by DSP Trust	–	(8)	–	–	–	(8)	–	(8)
Shares vested under DSP Scheme	–	5	–	–	–	5	–	5
Share-based staff costs capitalised	–	8	–	–	–	8	–	8
Share buyback – cancelled	(3)	3	–	–	(43)	(43)	–	(43)
Share buyback – held in treasury	(323)	–	–	–	–	(323)	–	(323)
Shares issued to non-executive directors	#	–	–	–	–	#	–	#
Shares issued pursuant to the Bank's employees' share schemes	52	10	–	–	–	62	–	62
Transfer of treasury shares pursuant to the Bank's employees' shares schemes	14	–	–	–	–	14	–	14
<b>Balance at 30 September 2006</b>	<b>5,528</b>	<b>100</b>	<b>2,017</b>	<b>603</b>	<b>4,646</b>	<b>12,894</b>	<b>1,055</b>	<b>13,949</b>
Included:								
Share of reserves of joint venture and associated companies	–	1	–	–	41	42	–	–
<b>Balance at 1 January 2005</b>	<b>1,321</b>	<b>3,141</b>	<b>1,934</b>	<b>649</b>	<b>4,847</b>	<b>11,892</b>	<b>514</b>	<b>12,406</b>
Movements in fair value reserves:								
Gains taken to equity	–	–	–	117	–	117	11	128
Transferred to income statements	–	–	–	(20)	–	(20)	(2)	(22)
Tax on net movements	–	–	–	(36)	–	(36)	(4)	(40)
Currency translation differences	–	–	–	–	10	10	2	12
Net gains recognised in equity	–	–	–	62	10	72	7	79
Net profit after tax	–	–	–	–	957	957	79	1,036
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>62</b>	<b>967</b>	<b>1,029</b>	<b>86</b>	<b>1,115</b>
Transfers	–	(18)	25	–	(7)	–	–	–
Acquisition of PT Bank NISP Tbk	–	–	–	–	–	–	55	55
Bonus ordinary dividends	–	–	–	–	(1,311)	(1,311)	–	(1,311)
Change in minority interests	–	–	–	–	–	–	(16)	(16)
Cash distribution to minority interests	–	–	–	–	–	–	(38)	(38)
Dividends paid to minority interests	–	–	–	–	–	–	(37)	(37)
Issue of preference shares by subsidiaries	–	–	–	–	–	–	579	579
Ordinary and preference dividends paid	–	–	–	–	(494)	(494)	–	(494)
Shares purchased by DSP Trust	–	(8)	–	–	–	(8)	–	(8)
Share-based staff costs capitalised	–	11	–	–	–	11	–	11
Share buyback – cancelled	(24)	24	–	–	(305)	(305)	–	(305)
Shares issued to non-executive directors	#	#	–	–	–	#	–	#
Shares issued pursuant to the Bank's employees' share schemes	5	45	–	–	–	50	–	50
Shares issued pursuant to Rights Issue	262	1,048	–	–	–	1,310	–	1,310
<b>Balance at 30 September 2005</b>	<b>1,564</b>	<b>4,244</b>	<b>1,959</b>	<b>711</b>	<b>3,697</b>	<b>12,174</b>	<b>1,144</b>	<b>13,318</b>
Included:								
Share of reserves of associated companies	–	1	–	–	44	45	–	–

# Amounts less than S\$0.5 million

## Statement of Changes in Equity – Bank (Unaudited)

For the quarter ended 30 September 2006

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total
<b>Balance at 1 July 2006</b>	<b>5,629</b>	<b>77</b>	<b>1,673</b>	<b>254</b>	<b>2,453</b>	<b>10,088</b>
Movements in fair value reserves:						
Gains taken to equity	–	–	–	89	–	89
Transferred to income statements	–	–	–	(13)	–	(13)
Tax on net movements	–	–	–	(4)	–	(4)
Currency translation differences	–	–	–	–	5	5
Net gains recognised in equity	–	–	–	72	5	78
Net profit after tax	–	–	–	–	289	289
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>72</b>	<b>294</b>	<b>366</b>
Transfers	–	–	14	–	(14)	–
Ordinary and preference dividends paid	–	–	–	–	(340)	(340)
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – held in treasury	(122)	–	–	–	–	(122)
Shares issued pursuant to the Bank's employees' share schemes	7	–	–	–	–	7
Transfer of treasury shares pursuant to the Bank's employees' share schemes	14	–	–	–	–	14
<b>Balance at 30 September 2006</b>	<b>5,528</b>	<b>80</b>	<b>1,688</b>	<b>327</b>	<b>2,393</b>	<b>10,016</b>
<b>Balance at 1 July 2005</b>	<b>1,575</b>	<b>4,103</b>	<b>1,607</b>	<b>400</b>	<b>2,180</b>	<b>9,865</b>
Movements in fair value reserves:						
Gains taken to equity	–	–	–	22	–	22
Transferred to income statements	–	–	–	(1)	–	(1)
Tax on net movements	–	–	–	(10)	–	(10)
Currency translation differences	–	–	–	–	1	1
Net gains recognised in equity	–	–	–	11	1	12
Net profit after tax	–	–	–	–	296	296
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11</b>	<b>297</b>	<b>308</b>
Transfers	–	–	15	–	(15)	–
Ordinary and preference dividends paid	–	–	–	–	(275)	(275)
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – cancelled	(12)	12	–	–	(146)	(146)
Shares issued pursuant to the Bank's employees' share schemes	2	16	–	–	–	17
Expenses relating to Rights Issue	–	(1)	–	–	–	(1)
<b>Balance at 30 September 2005</b>	<b>1,564</b>	<b>4,133</b>	<b>1,622</b>	<b>412</b>	<b>2,041</b>	<b>9,771</b>

# Amounts less than S\$0.5 million



## Statement of Changes in Equity – Bank (Unaudited)

For the nine months ended 30 September 2006

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total
<b>Balance at 1 January 2006</b>	<b>1,561</b>	<b>4,245</b>	<b>1,631</b>	<b>396</b>	<b>2,033</b>	<b>9,867</b>
Movements in fair value reserves:						
Gains taken to equity	–	–	–	138	–	138
Transferred to income statements	–	–	–	(228)	–	(228)
Tax on net movements	–	–	–	21	–	21
Currency translation differences	–	–	–	–	(13)	(13)
Net losses recognised in equity	–	–	–	(69)	(13)	(82)
Net profit after tax	–	–	–	–	1,130	1,130
<b>Total recognised gains/ (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(69)</b>	<b>1,117</b>	<b>1,048</b>
Transfers	–	–	57	–	(57)	–
Acquisition of additional interests in Great Eastern Holdings Limited	41	–	–	–	–	41
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–
Ordinary and preference dividends paid	–	–	–	–	(657)	(657)
Share-based staff costs capitalised	–	8	–	–	–	8
Share buyback – cancelled	(3)	3	–	–	(43)	(43)
Share buyback – held in treasury	(323)	–	–	–	–	(323)
Shares issued to non-executive directors	#	–	–	–	–	#
Shares issued pursuant to the Bank's employees' share schemes	52	10	–	–	–	62
Transfer of treasury shares pursuant to the Bank's employees' share schemes	14	–	–	–	–	14
<b>Balance at 30 September 2006</b>	<b>5,528</b>	<b>80</b>	<b>1,688</b>	<b>327</b>	<b>2,393</b>	<b>10,016</b>
<b>Balance at 1 January 2005</b>	<b>1,321</b>	<b>3,005</b>	<b>1,584</b>	<b>437</b>	<b>3,416</b>	<b>9,762</b>
Movements in fair value reserves:						
Losses taken to equity	–	–	–	(10)	–	(10)
Transferred to income statements	–	–	–	(7)	–	(7)
Tax on net movements	–	–	–	(8)	–	(8)
Currency translation differences	–	–	–	–	9	9
Net gains/ (losses) recognised in equity	–	–	–	(25)	9	(16)
Net profit after tax	–	–	–	–	764	764
<b>Total recognised gains/ (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(25)</b>	<b>773</b>	<b>748</b>
Transfers	–	–	38	–	(38)	–
Bonus ordinary dividends	–	–	–	–	(1,311)	(1,311)
Ordinary and preference dividends paid	–	–	–	–	(494)	(494)
Share-based staff costs capitalised	–	11	–	–	–	11
Share buyback – cancelled	(24)	24	–	–	(305)	(305)
Shares issued to non-executive directors	#	#	–	–	–	#
Shares issued pursuant to the Bank's employees' share schemes	5	45	–	–	–	50
Shares issued pursuant to Rights Issue	262	1,048	–	–	–	1,310
<b>Balance at 30 September 2005</b>	<b>1,564</b>	<b>4,133</b>	<b>1,622</b>	<b>412</b>	<b>2,041</b>	<b>9,771</b>

# Amounts less than S\$0.5 million

## Consolidated Cash Flow Statement (Unaudited)

For the financial period ended 30 September 2006

S\$ million	9M06	9M05	3Q06	3Q05
<b>Cash flows from operating activities</b>				
Profit before tax	1,851	1,260	489	453
<u>Adjustments for non-cash items</u>				
Depreciation	81	63	23	23
Amortisation of intangible assets	32	30	11	10
(Write-back)/ allowances for loans and impairment of other assets	(9)	(#)	3	(23)
Change in fair value of hedging transactions and trading securities	10	4	(5)	5
Net gains on disposal of government, debt and equity securities	(287)	(40)	(14)	(9)
Net (gains)/ losses on disposal of property, plant and equipment	(272)	(#)	(2)	1
Share-based staff costs	7	11	3	3
Share of results of associated and joint venture companies	(9)	(13)	(4)	(2)
Write-offs of software, plant and equipment	14	-	#	-
Operating profit before changes in operating assets and liabilities	1,418	1,315	504	461
<u>Changes in operating assets and liabilities</u>				
Deposits of non-bank customers	5,586	3,028	982	(652)
Deposits and balances of banks	2,370	1,777	3,657	(3,525)
Derivative payables and other liabilities	305	241	(554)	(105)
Trading liabilities	300	555	390	70
Government securities and treasury bills	(1,638)	(1,658)	(1,175)	6
Trading securities	(182)	(416)	(6)	(4)
Placements with and loans to banks	(5,049)	(1,725)	(2,999)	1,750
Loans and bills receivable	(2,362)	(1,279)	(1,369)	(604)
Derivative receivables and other assets	(106)	(383)	475	(5)
Cash provided by/ (used in) operating activities	642	1,455	(95)	(2,609)
Income tax paid	(196)	(329)	(36)	(118)
<b>Net cash provided by/ (used in) operating activities</b>	<b>446</b>	<b>1,125</b>	<b>(131)</b>	<b>(2,727)</b>
<b>Cash flows from investing activities</b>				
Acquisition of additional interests in a subsidiary	(302)	(48)	(284)	(43)
Capital reduction in an associated company	-	1	-	1
Dividends from associated companies	8	4	5	-
(Increase)/ decrease in associated and joint venture companies	(27)	(7)	1	(1)
Net cash inflow/ (outflow) from acquisition of a subsidiary	-	78	-	(18)
Purchases of debt and equity securities	(1,979)	(1,914)	(992)	(613)
Purchases of property, plant and equipment	(95)	(116)	(29)	(46)
Proceeds from disposal of debt and equity securities	2,626	3,119	836	1,390
Proceeds from disposal of property, plant and equipment	339	6	299	3
<b>Net cash provided by/ (used in) investing activities</b>	<b>570</b>	<b>1,122</b>	<b>(164)</b>	<b>672</b>
<b>Cash flows from financing activities</b>				
Cash distributions and dividends paid to minority interests	(54)	(75)	(18)	(18)
Decrease in debts issued	(108)	(523)	(293)	(228)
Dividends paid to equity holders of the Bank	(657)	(494)	(340)	(275)
Expenses relating to Rights Issue	-	(1)	-	(1)
Proceeds from issue of preference shares by subsidiaries	-	579	-	179
Proceeds from exercise of options and subscription rights under the Bank's employees' share schemes	76	50	21	17
Share buyback	(367)	(305)	(122)	(146)
<b>Net cash used in financing activities</b>	<b>(1,110)</b>	<b>(768)</b>	<b>(752)</b>	<b>(472)</b>
<b>Net currency translation adjustments</b>	<b>(25)</b>	<b>36</b>	<b>4</b>	<b>2</b>
<b>Net change in cash and cash equivalents</b>	<b>(119)</b>	<b>1,514</b>	<b>(1,043)</b>	<b>(2,525)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>4,182</b>	<b>3,617</b>	<b>5,106</b>	<b>7,656</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>4,063</b>	<b>5,131</b>	<b>4,063</b>	<b>5,131</b>

# Amounts less than S\$0.5 million

## Share Capital and Options on Shares in the Bank

The following table shows the movements in the issued ordinary shares of the Bank for:

Number of Shares	Nine Months ended 30 September		Quarter ended 30 September	
	2006	2005	2006	2005
<b>Issued ordinary shares</b>				
Balance as at beginning of period	<b>3,114,337,745</b>	1,316,542,601 <sup>2/</sup>	<b>3,124,921,425</b>	1,308,367,561 <sup>2/</sup>
Rights issue	–	262,137,665 <sup>3/</sup>	–	262,137,665 <sup>3/</sup>
Sub-division of shares	–	1,565,781,000 <sup>4/</sup>	–	1,565,781,000 <sup>4/</sup>
Exercise of options by officers pursuant to the Bank's Share Option Schemes	<b>11,333,946</b>	5,239,212 <sup>5/</sup>	<b>1,535,521</b>	1,923,972 <sup>5/</sup>
Exercise of subscription rights pursuant to the Bank's Employee Share Purchase Plan	<b>1,728,000</b>	1,247,392 <sup>5/</sup>	<b>2,966</b>	1,247,392 <sup>5/</sup>
Shares issued to non-executive directors	<b>48,000</b>	14,000 <sup>2/</sup>	–	–
Acquisition of additional interests in GEH	<b>6,019,968</b>	–	–	–
Share buyback – cancelled	<b>(7,007,747)</b>	(31,031,539) <sup>5/</sup>	–	(19,527,259) <sup>5/</sup>
Balance as at end of period	<b>3,126,459,912</b>	3,119,930,331	<b>3,126,459,912</b>	3,119,930,331
<b>Treasury shares <sup>1/</sup></b>				
Balance as at beginning of period	–	–	<b>(30,369,203)</b>	–
Share buyback – held as Treasury Shares	<b>(49,404,017)</b>	–	<b>(19,034,814)</b>	–
Exercise of options by officers pursuant to Share Option Schemes	<b>525,037</b>	–	<b>525,037</b>	–
Exercise of subscription rights under the OCBC Employee Share Purchase Plan	<b>2,258,382</b>	–	<b>2,258,382</b>	–
Balance as at end of period	<b>(46,620,598)</b>	–	<b>(46,620,598)</b>	–
<b>Total</b>	<b>3,079,839,314</b>	3,119,930,331	<b>3,079,839,314</b>	3,119,930,331

Notes:

- <sup>1/</sup> The Companies Act was amended to allow companies to hold Treasury Shares after 30 January 2006.
- <sup>2/</sup> Number of shares was before the Bank's rights issue and sub-division of shares in July 2005 and August 2005 respectively.
- <sup>3/</sup> Rights issue of new ordinary shares in the capital of the Bank at a price of S\$5 for each rights share, on the basis of one rights share for every five ordinary shares was effected on 18 July 2005.
- <sup>4/</sup> Adjustment for sub-division of each ordinary share of par value S\$1 in the capital of the Bank into two ordinary shares of par value S\$0.50, which was effected on 5 August 2005.
- <sup>5/</sup> Included shares issued before rights issue and sub-division of shares and shares issued (adjusted) after rights issue and sub-division of shares.
- <sup>6/</sup> Number of shares was adjusted for the rights issue and sub-division of shares effected in July 2005 and August 2005 respectively.
- <sup>7/</sup> Number of shares included Chairman's participation of 14,257 shares in the OCBC Employee Share Purchase Plan.

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 20 April 2006, the Bank purchased a total of 19,034,814 ordinary shares in the third quarter ended 30 September 2006. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$6.20 to S\$6.55 per share and the total consideration paid was S\$122,335,809 (including transaction costs).

From 1 July 2006 to 30 September 2006 (both dates inclusive), the Bank issued 1,535,521 ordinary shares, and delivered 525,037 shares by way of transfer of treasury shares, upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001. As at 30 September 2006, there were 58,791,723 ordinary shares (30 September 2005: 70,447,744 <sup>6/</sup>) that may be issued on the exercise of options.

From 1 July 2006 to 30 September 2006 (both dates inclusive), upon the close of the First Offering Period on 30 June 2006, the Bank transferred 2,258,382 ordinary shares by way of transfer of treasury shares to employees of the Group under the OCBC Employee Share Purchase Plan. As at 30 September 2006, the number of unissued ordinary shares outstanding under the OCBC Employee Share Purchase Plan (Second Offering Period) was 7,990,091 (30 September 2005: 4,476,459 <sup>6/</sup>), including 11,162 (30 September 2005: 28,514 <sup>6/ 7/</sup>) ordinary shares arising from the participation by the Chief Executive Officer of the Bank.

No new preference shares were allotted and issued by the Bank in the third quarter ended 30 September 2006.

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## Other Matters/ Subsequent Events

1. Pursuant to the offer document dated 19 July 2006 in relation to OCBC Bank's ("the Bank") voluntary unconditional cash offer (the "Offer") for all issued ordinary shares ("Shares") in the capital of Great Eastern Holdings Limited ("GEH"), not already owned or agreed to be acquired by the Bank or its subsidiaries ("Offer Shares"), on 16 August 2006 (being the closing date of the Offer), the Bank announced that it had received valid acceptances in respect of an aggregate of 14,763,369 Offer Shares, representing approximately 3.12 per cent. of the Shares in the capital of GEH.

As at 16 August 2006, the Bank (and parties acting in concert) owned approximately 87.1 per cent of the Shares of GEH.

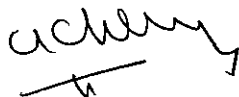
2. On 21 March 2006, the Bank announced that it had entered into an agreement to subscribe for a 10% stake in Vietnam Joint-Stock Commercial Bank for Private Enterprises ("VP Bank") of Vietnam for VND 250 billion or approximately S\$25.4 million (at VND 45,000 per share). Regulatory approvals for the transaction had been received and the transaction was completed on 31 October 2006.

OCBC Bank is now the single largest shareholder of VP Bank and will have representation on VP Bank's board.

**CONFIRMATION BY THE BOARD  
PURSUANT TO RULE 705(4) OF THE SGX-ST LISTING MANUAL**

We, Cheong Choong Kong and David Philbrick Conner, being directors of the Oversea-Chinese Banking Corporation Limited ("the Bank"), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 30 September 2006 to be false or misleading.

On behalf of the Board of Directors



Cheong Choong Kong  
Chairman



David Philbrick Conner  
Chief Executive Officer / Director

14 November 2006