

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

Company Registration Number: 193200032W

The Directors of OCBC Bank wish to make the following announcement:

1(a) UNAUDITED CONSOLIDATED RESULTS

In S\$million	9 Mths 2005	9 Mths 2004 *	+ /(-) %	3 rd Qtr 2005	3 rd Qtr 2004 *	+ /(-) %
Interest income	2,504.7	1,871.5	33.8	915.9	654.6	39.9
Less: Interest expense	1,321.7	742.9	77.9	502.4	270.7	85.6
Net interest income	1,183.0	1,128.6	4.8	413.5	383.9	7.7
Fees and commissions	375.1	350.3	7.1	129.5	117.8	10.0
Dividends	52.2	73.4	(28.9)	9.5	8.2	15.8
Rental income	53.3	54.5	(2.2)	17.9	18.4	(2.7)
Income from insurance	304.4	111.1	174.0	104.1	84.7	22.8
Other income	163.3	222.8	(26.7)	70.8	155.2	(54.4)
Non-interest income	948.3	812.1	16.8	331.8	384.3	(13.7)
Income before operating expenses	2,131.3	1,940.7	9.8	745.3	768.2	(3.0)
Less: Staff costs	468.5	396.4	18.2	165.0	140.6	17.4
Other operating expenses	360.4	305.4	18.1	131.7	115.0	14.4
Total operating expenses	828.9	701.8	18.1	296.7	255.6	16.1
Operating profit before allowances and amortisation of goodwill and intangible assets	1,302.4	1,238.9	5.1	448.6	512.6	(12.5)
Less: Amortisation of goodwill and intangible assets (Writeback)/allowances for loans and other assets	29.6	113.0	(73.8)	9.9	45.1	(78.1)
	(0.4)	79.0	n.m.	(23.0)	36.5	n.m.
Operating profit after allowances and amortisation of goodwill and intangible assets	1,273.2	1,046.9	21.6	461.7	431.0	7.1
Share of profit of associated companies	13.4	86.8	(84.5)	2.4	5.3	(55.0)
Net profit before tax	1,286.6	1,133.7	13.5	464.1	436.3	6.4
Less: Tax	250.7	202.5	23.8	79.3	68.0	16.5
Net profit after tax	1,035.9	931.2	11.2	384.8	368.3	4.5
Attributable to:						
Equity holders of the Bank	956.9	873.8	9.5	355.1	319.5	11.2
Minority interests	79.0	57.4	37.5	29.7	48.8	(39.1)
	1,035.9	931.2	11.2	384.8	368.3	4.5

n.m. – Not meaningful

* 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.

1(b)(i) UNAUDITED BALANCE SHEETS

In S\$million	GROUP		BANK	
	30 September 2005	31 December 2004 *	30 September 2005	31 December 2004 *
EQUITY				
Equity attributable to the Bank's shareholders				
Share capital	1,564.0	1,320.6	1,564.0	1,320.6
Capital reserves	4,243.7	3,141.3	4,132.6	3,004.8
Statutory reserves	1,958.6	1,934.1	1,621.9	1,583.7
Fair value reserves	710.8	–	411.7	–
Revenue reserves	3,696.9	4,833.8	2,040.7	3,366.1
	12,174.0	11,229.8	9,770.9	9,275.2
Minority interests	1,144.4	489.2	–	–
Total equity	13,318.4	11,719.0	9,770.9	9,275.2
LIABILITIES				
Deposits of non-bank customers	62,802.5	57,286.8	50,456.2	48,334.8
Deposits and balances of banks	14,252.0	12,454.8	13,766.8	12,073.9
Deposits of subsidiaries	–	–	973.7	1,686.2
Deposits of associated companies	14.5	17.2	4.2	8.2
Derivative payables	1,682.5	1,663.6	1,657.0	1,655.5
Other liabilities	2,152.7	1,641.7	885.3	911.8
Current tax	341.2	425.1	277.0	300.2
Deferred tax	210.3	83.1	135.3	41.6
Debts issued	5,622.0	5,695.2	5,855.9	5,668.5
	87,077.7	79,267.5	74,011.4	70,680.7
Life assurance fund	33,262.2	28,895.2	–	–
Total equity and liabilities	133,658.3	119,881.7	83,782.3	79,955.9
ASSETS				
Cash and placements with central banks	5,130.6	3,616.6	3,925.8	2,591.0
Singapore government treasury bills and securities	7,865.2	6,439.8	7,252.0	6,150.7
Other government treasury bills and securities	2,509.5	1,837.7	135.6	613.7
Placements with and loans to banks	11,812.4	10,007.2	10,856.6	9,342.2
Loans to and bills receivable from customers	54,908.8	51,829.2	43,730.2	43,509.3
Debt and equity securities	9,076.0	9,308.8	6,680.3	7,320.3
Derivative receivables	2,083.0	1,709.2	2,065.4	1,698.9
Other assets	2,063.1	1,564.8	811.1	754.4
Deferred tax	52.8	50.0	–	–
Associated companies	185.3	308.8	96.6	97.2
Subsidiaries	–	–	5,633.2	5,281.2
Property, plant and equipment	1,423.7	1,315.8	728.3	729.8
Goodwill and intangible assets	3,285.7	2,998.6	1,867.2	1,867.2
	100,396.1	90,986.5	83,782.3	79,955.9
Life fund net assets attributable to policyholders	33,262.2	28,895.2	–	–
Total assets	133,658.3	119,881.7	83,782.3	79,955.9
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	6,377.1	4,798.2	5,226.5	3,829.4
Commitments	34,933.4	30,256.0	28,666.2	25,263.0
Derivative financial instruments	266,895.9	271,482.8	257,028.9	265,977.6
	308,206.4	306,537.0	290,921.6	295,070.0

* 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.

1(b)(ii) AGGREGATE GROUP BORROWINGS

In S\$million	30 September 2005		31 December 2004	
	Secured ⁽¹⁾	Unsecured	Secured ⁽¹⁾	Unsecured
Amount repayable in one year or less	42.3	390.7	51.7	949.9
Amount repayable after one year	–	5,189.0	–	4,693.6

⁽¹⁾ The collateralised notes are issued by Pioneer Funding Limited, a special purpose entity ("SPE") of the Group, and secured by a first fixed charge over the designated assets of the SPE.

1(c) UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

In S\$million	Nine months ended 30 September		Three months ended 30 September	
	2005	2004*	2005	2004*
Cash flows from operating activities				
Net profit before tax	1,286.6	1,133.7	464.1	436.3
<u>Adjustments for non-cash items</u>				
Amortisation of software costs	14.4	18.9	4.9	5.7
Amortisation of goodwill and intangible assets	29.6	113.0	9.9	45.1
Change in fair value of hedging transactions and trading securities	3.6	–	4.9	–
Depreciation of property, plant and equipment	49.0	46.1	18.1	15.9
Gain on disposal of an associated company	–	(54.6)	–	(54.6)
Gains on disposal of government, debt and equity securities	(40.2)	(11.0)	(9.0)	(4.9)
Gains on disposal of property, plant and equipment	(0.2)	(80.0)	0.8	(78.2)
(Writeback)/allowances for loans and other assets	(0.4)	79.0	(23.0)	36.5
Share-based staff costs	10.6	9.5	2.5	4.6
Share of profit of associated companies	(13.4)	(86.8)	(2.4)	(5.3)
Operating profit before changes in operating assets and liabilities	1,339.6	1,167.8	470.8	401.1
<u>Increase/(decrease) in operating liabilities</u>				
Deposits of non-bank customers	3,028.4	1,364.3	(652.2)	(1,108.1)
Deposits and balances of banks	1,777.4	1,881.6	(3,525.2)	1,143.7
Derivative payables and other liabilities	214.1	(205.6)	(116.0)	(24.0)
<u>(Increase)/decrease in operating assets</u>				
Government securities and treasury bills	(1,658.2)	(735.9)	6.1	(943.7)
Trading securities	139.5	(84.1)	65.7	39.3
Placements with and loans to banks	(1,724.6)	(592.6)	1,750.0	(3,156.3)
Loans to customers and bills receivable	(1,278.7)	(2,117.1)	(603.6)	(477.2)
Derivative receivables and other assets	(383.2)	109.3	(4.7)	(60.1)
Cash provided by operating activities	1,454.3	787.7	(2,609.1)	(4,185.3)
Income tax paid	(329.4)	(291.4)	(117.9)	(136.8)
Net cash provided by/(used in) operating activities	1,124.9	496.3	(2,727.0)	(4,322.1)
Cash flows from investing activities				
Acquisition of a new associated company	–	(118.3)	–	–
Acquisition of additional interests in subsidiaries	(47.9)	–	(43.2)	–
Dividends from associated companies	3.7	62.4	–	3.7
Increase in associated companies	(6.4)	(0.3)	(0.4)	(0.4)
Net cash inflow/(outflow) from acquisition of subsidiaries	77.8	(162.6)	(18.3)	(35.2)
Purchase of debt and equity securities	(1,914.0)	(2,049.9)	(613.3)	(605.2)
Purchase of property, plant and equipment	(116.2)	(49.0)	(45.8)	(20.3)
Proceeds from disposal of an associated company	–	121.7	–	121.7
Proceeds from disposal of debt and equity securities	3,118.5	1,472.3	1,390.0	471.3
Proceeds from disposal of property, plant and equipment	6.3	27.2	3.0	16.3
Net cash provided by/(used in) investing activities	1,121.8	(696.5)	672.0	(48.1)
Cash flows from financing activities				
(Decrease)/increase in debts issued	(522.9)	929.1	(228.4)	144.6
Dividends paid to equity holders of the Bank	(495.4)	(345.9)	(276.3)	(203.3)
Proceeds from issue of preference shares by subsidiaries	579.4	–	179.4	–
Proceeds from issue of ordinary shares	50.3	36.8	17.3	19.9
Selective capital reduction	–	(991.5)	–	–
Share buyback	(304.9)	(117.7)	(145.9)	(117.7)
Cash distribution and dividends paid to minority interests	(74.8)	(8.2)	(18.0)	(8.2)
Net cash used in financing activities	(768.3)	(497.4)	(471.9)	(164.7)
Net currency translation adjustments	35.6	(26.6)	1.9	(23.3)
Net change in cash and cash equivalents	1,514.0	(724.2)	(2,525.0)	(4,558.2)
Cash and cash equivalents at beginning of the period	3,616.6	4,035.9	7,655.6	7,869.9
Cash and cash equivalents at end of the period	5,130.6	3,311.7	5,130.6	3,311.7

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

1(d)(i) UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

CONSOLIDATED For nine months ended 30 September	Attributable to the Bank's equity holders					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
In S\$million								
Balance at 1 January 2005								
– As previously reported	1,320.6	3,135.7	1,934.1	–	4,851.7	11,242.1	489.2	11,731.3
– Effects of adopting FRS 39	–	–	–	648.6	12.1	660.7	25.2	685.9
– Effects of adopting FRS 102	–	17.8	–	–	(16.6)	1.2	–	1.2
– Effects of adopting INT FRS 12	–	(12.3)	–	–	–	(12.3)	–	(12.3)
– As restated	1,320.6	3,141.2	1,934.1	648.6	4,847.2	11,891.7	514.4	12,406.1
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	117.5	–	117.5	11.0	128.5
– Deferred tax on gains/(losses) to equity	–	–	–	(19.7)	–	(19.7)	(2.0)	(21.7)
– Transferred to income statements	–	–	–	(35.6)	–	(35.6)	(3.9)	(39.5)
Currency translation differences	–	–	–	–	9.7	9.7	2.2	11.9
Net gains/(losses) recognised in equity	–	–	–	62.2	9.7	71.9	7.3	79.2
Net profit after tax	–	–	–	–	956.9	956.9	79.0	1,035.9
Total recognised gains for the period	–	–	–	62.2	966.6	1,028.8	86.3	1,115.1
Transfers	–	(17.7)	24.5	–	(6.8)	–	–	–
Acquisition of subsidiary, PT Bank NISP Tbk	–	–	–	–	–	–	55.4	55.4
Issue of preference shares by subsidiaries	–	–	–	–	–	–	579.4	579.4
Change in minority interests	–	–	–	–	–	–	(16.2)	(16.2)
Cash distribution to minority shareholders	–	–	–	–	–	–	(38.3)	(38.3)
Dividends paid to minority interests	–	–	–	–	–	–	(36.6)	(36.6)
Bonus ordinary dividends	–	–	–	–	(1,310.7)	(1,310.7)	–	(1,310.7)
Ordinary and preference dividends paid	–	–	–	–	(494.5)	(494.5)	–	(494.5)
Shares purchased under DSP trust	–	(7.6)	–	–	–	(7.6)	–	(7.6)
Share-based staff costs capitalised	–	11.0	–	–	–	11.0	–	11.0
Share buyback	(23.8)	23.8	–	–	(304.9)	(304.9)	–	(304.9)
Shares issued to non-executive directors	#	0.2	–	–	–	0.2	–	0.2
Shares issued under Share Option Schemes and Share Purchase Plan	5.1	45.2	–	–	–	50.3	–	50.3
Shares issued pursuant to Rights Issue	262.1	1,047.6	–	–	–	1,309.7	–	1,309.7
Balance at 30 September 2005	1,564.0	4,243.7	1,958.6	710.8	3,696.9	12,174.0	1,144.4	13,318.4
Comprise:								
Share of reserve of associated companies	–	1.4	–	–	43.9	45.3	–	–
Balance at 1 January 2004								
– As previously reported	1,284.1	2,329.1	1,854.3	–	4,591.5	10,059.0	19.9	10,078.9
– Effects of adopting FRS 102	–	3.8	–	–	(3.8)	–	–	–
– Effects of adopting INT FRS 12	–	(5.7)	–	–	–	(5.7)	–	(5.7)
– As restated	1,284.1	2,327.2	1,854.3	–	4,587.7	10,053.3	19.9	10,073.2
Currency translation differences	–	–	–	–	(26.6)	(26.6)	(0.8)	(27.4)
Net profit after tax	–	–	–	–	883.2	883.2	57.4	940.6
– As previously reported	–	–	–	–	883.2	883.2	57.4	940.6
– Effects of adopting FRS 102	–	9.5	–	–	(9.5)	–	–	–
– As restated	–	9.5	–	–	873.7	883.2	57.4	940.6
Total recognised gains for the period	–	9.5	–	–	847.1	856.6	56.6	913.2
Transfers	–	24.3	41.3	–	(65.6)	–	–	–
Acquisition of interests in subsidiaries	–	–	29.7	–	48.4	78.1	416.3	494.4
Dividends paid to minority interests	–	–	–	–	–	–	(10.6)	(10.6)
Ordinary and preference dividends paid	–	–	–	–	(345.9)	(345.9)	–	(345.9)
Selective capital reduction	(80.2)	(785.3)	–	–	(126.0)	(991.5)	–	(991.5)
Share buyback	(7.6)	7.6	–	–	(117.7)	(117.7)	–	(117.7)
Shares issued pursuant to voluntary unconditional offer	136.2	1,501.6	–	–	–	1,637.8	–	1,637.8
Shares purchased under DSP trust	–	(6.6)	–	–	–	(6.6)	–	(6.6)
Shares issued under Share Option Schemes	3.8	32.9	–	–	–	36.7	–	36.7
Balance at 30 September 2004	1,336.3	3,111.2	1,925.3	–	4,828.0	11,200.8	482.2	11,683.0
Comprise:								
Share of reserve of associated companies	–	1.4	–	–	41.5	42.9	–	–

Amounts less than S\$50,000.

1(d)(i) UNAUDITED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

CONSOLIDATED For quarter ended 30 September	Attributable to the Bank's equity holders					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
In S\$million								
Balance at 1 July 2005	1,574.5	4,213.1	1,943.6	632.1	3,790.7	12,154.0	965.2	13,119.2
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	101.9	–	101.9	4.9	106.8
– Deferred tax on gains/(losses) to equity	–	–	–	(16.0)	–	(16.0)	(0.9)	(16.9)
– Transferred to income statements	–	–	–	(7.2)	–	(7.2)	(1.8)	(9.0)
Currency translation differences	–	–	–	–	(11.7)	(11.7)	8.3	(3.4)
Net gains/(losses) recognised in equity	–	–	–	78.7	(11.7)	67.0	10.5	77.5
Net profit after tax	–	–	–	–	355.1	355.1	29.7	384.8
Total recognised gains for the period	–	–	–	78.7	343.4	422.1	40.2	462.3
Transfers	–	0.9	15.0	–	(15.9)	–	–	–
Acquisition of subsidiary, PT Bank NISP Tbk	–	–	–	–	–	–	(8.9)	(8.9)
Issue of preference shares by subsidiaries	–	–	–	–	–	–	179.4	179.4
Change in minority interests	–	–	–	–	–	–	(13.5)	(13.5)
Dividends paid to minority interests	–	–	–	–	–	–	(18.0)	(18.0)
Ordinary and preference dividends paid	–	–	–	–	(275.4)	(275.4)	–	(275.4)
Share-based staff costs capitalised	–	2.8	–	–	–	2.8	–	2.8
Share buyback	(12.3)	12.3	–	–	(145.9)	(145.9)	–	(145.9)
Shares issued under Share Option Schemes and Share Purchase Plan	1.8	15.5	–	–	–	17.3	–	17.3
Rights Issue expenses	–	(0.9)	–	–	–	(0.9)	–	(0.9)
Balance at 30 September 2005	1,564.0	4,243.7	1,958.6	710.8	3,696.9	12,174.0	1,144.4	13,318.4
Comprise:								
Share of reserve of associated companies	–	1.4	–	–	43.9	45.3	–	–
Balance at 1 July 2004	1,336.6	2,997.3	1,908.3	–	4,893.2	11,135.4	441.9	11,577.3
Currency translation differences	–	–	–	–	(23.3)	(23.3)	0.4	(22.9)
Net profit after tax	–	–	–	–	324.0	324.0	48.8	372.8
– As previously reported	–	–	–	–	324.0	324.0	48.8	372.8
– Effects of adopting FRS 102	–	4.6	–	–	(4.6)	–	–	–
– As restated	–	4.6	–	–	319.4	324.0	48.8	372.8
Total recognised gains for the period	–	4.6	–	–	296.1	300.7	49.2	349.9
Transfers	–	23.3	17.0	–	(40.3)	–	–	–
Acquisition of interests in subsidiaries	–	–	–	–	–	–	1.7	1.7
Dividends paid to minority interests	–	–	–	–	–	–	(10.6)	(10.6)
Ordinary and preference dividends paid	–	–	–	–	(203.3)	(203.3)	–	(203.3)
Selective capital reduction	(7.6)	7.6	–	–	(117.7)	(117.7)	–	(117.7)
Shares issued pursuant to voluntary unconditional offer	5.4	60.6	–	–	–	66.0	–	66.0
Shares issued under Share Option Schemes	1.9	17.8	–	–	–	19.7	–	19.7
Balance at 30 September 2004	1,336.3	3,111.2	1,925.3	–	4,828.0	11,200.8	482.2	11,683.0
Comprise:								
Share of reserve of associated companies	–	1.4	–	–	41.5	42.9	–	–

1(d)(ii) SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

- (a) From 1 July 2005 to 30 September 2005 (both dates inclusive), the Bank issued 2,110,420⁽¹⁾ ordinary shares of S\$0.50 each upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001.
- (b) From 1 July 2005 to 30 September 2005 (both dates inclusive), the Bank issued 1,417,010⁽¹⁾ ordinary shares of S\$0.50 each pursuant to employees exercising their rights under the Employee Share Purchase Plan.
- (c) As at 30 September 2005, there were 70,447,744 ordinary shares of S\$0.50 each (30 September 2004: 32,486,188⁽²⁾) that may be issued on the exercise of options.
- (d) As at 30 September 2005, the number of ordinary shares entitled to be issued under the OCBC Employee Share Purchase Plan was 4,476,459 (30 September 2004: 2,727,040⁽²⁾).
- (e) No new preference shares were allotted and issued by the Bank in the third quarter ended 30 September 2005.
- (f) Pursuant to the stock purchase mandate approved at an extraordinary general meeting held on 30 March 2005, the Bank has purchased a total of 23,939,579 ordinary shares of S\$0.50 each⁽³⁾ in the third quarter ended 30 September 2005. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$5.70 to S\$6.35 per share⁽³⁾ and the total consideration paid was S\$145,925,391 including transaction costs.

⁽¹⁾ Number of shares issued before the stock split date (5 August 2005) have been adjusted to account for the stock split.

⁽²⁾ Number of shares is on a pre-rights, pre-stock split basis.

⁽³⁾ Number of shares purchased and share prices before the stock-split date (5 August 2005) have been adjusted to account for the stock split.

2 ACCOUNTING POLICIES

OCBC Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2004 except for the adoption of the following new and revised Financial Reporting Standards ("FRS") and Interpretation of Financial Reporting Standard ("INT FRS") effective for the financial years beginning on or after 1 January 2005.

FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment
FRS 103	Business Combinations
Revised FRS 36	Impairment of Assets
Revised FRS 38	Intangible Assets
Revised INT FRS 12	Consolidation – Special Purpose Entities

2 ACCOUNTING POLICIES *(continued)*FRS 39

The adoption of FRS 39 resulted in certain changes in the accounting policies relating to the recognition and measurement of the Group's financial assets and liabilities, application of hedge accounting criteria and loan impairment requirements. In accordance with the transitional provisions of FRS 39, there is no requirement to restate comparative figures for prior periods.

FRS 102

FRS 102 has resulted in a change in the accounting policy for share-based payments. The standard requires the Group and the Bank to recognise an expense in the income statement with a corresponding increase in equity for shares or share options granted after 22 November 2002 and not vested by 1 January 2005.

Revised INT FRS 12

With the adopting of the revised INT FRS 12, the Group consolidated the employee benefit trust set up for the purpose of the Deferred Share Plan ("DSP").

FRS 103, Revised FRS 36 and Revised FRS 38

FRS 103 requires goodwill acquired in a business combinations to be measured at cost less accumulated impairment losses. Goodwill is no longer amortised but is subject to impairment test to be conducted at least annually or when indication of impairment exists.

Apart from the above, the Group adopted various revisions in FRS, applicable from 1 January 2005. These do not result in any changes to the Group's accounting policies.

3 OTHER INFORMATION

	GROUP					
	9 Mths 2005	9 Mths 2004	+/(-) %	3 rd Qtr 2005	3 rd Qtr 2004	+/(-) %
(a) Attributable net profit to the Bank's equity holders as a percentage of weighted average total equity (%) ⁽¹⁾	10.8	11.1	(2.7)	11.6	11.3	2.1
(b) Attributable net profit to the Bank's equity holders as a percentage of average assets (%) ⁽¹⁾⁽²⁾	1.27	1.31	(2.8)	1.38	1.40	(1.3)
(c) Earnings per ordinary share (S\$) ⁽¹⁾⁽³⁾⁽⁴⁾						
<u>Restated</u>						
– Basic	0.40	0.37	8.6	0.45	0.40	13.4
– Fully diluted	0.40	0.36	8.6	0.45	0.39	13.2
<u>Previously reported</u>						
– Basic	–	0.89	n.a.	–	0.96	n.a.
– Fully diluted	–	0.89	n.a.	–	0.96	n.a.
(d) Depreciation of property, plant and equipment (S\$m)	49.0	46.1	6.3	18.1	15.9	14.1
(e) Amortisation of software costs (S\$m)	14.4	18.9	(23.7)	4.9	5.7	(12.9)

Notes:

⁽¹⁾ Return on equity, return on assets and earnings per ordinary share are annualised.

⁽²⁾ Average assets computed exclude life fund net assets.

⁽³⁾ Basic earnings per ordinary share is calculated by dividing net profit attributable to the Bank's equity holders, after deducting declared and/or paid preference dividends, by the weighted average number of ordinary shares in issue during the financial period. For purposes of calculating diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the exercise of all outstanding share options granted to employees where such shares would be issued at a price lower than the fair value (average share price during the period).

⁽⁴⁾ For compliance with FRS 33 *Earnings Per Share*, the weighted average number of ordinary shares have been adjusted to take into account the issue of 262,137,665 new rights shares pursuant to the Rights Issue effected on 18 July 2005 and the Sub-Division (or stock split) of one ordinary share of S\$1.00 par value to two ordinary shares of S\$0.50 par value effected on 5 August 2005. The comparatives have been restated for the effects of FRS 102 adoption, Rights Issue and Sub-Division.

4 NET ASSET VALUE

	GROUP		BANK	
	30 September 2005	31 December 2004 *	30 September 2005	31 December 2004 *
<u>Restated</u>				
Net asset value per ordinary share (S\$)	3.61	3.27	3.26	2.65
<u>Previously reported</u>				
Net asset value per ordinary share (S\$)	–	7.86	–	6.36

* The comparatives have been restated to take into account the effects of FRS 102 adoption, the issue of 262,137,665 new rights shares pursuant to the Rights Issue effected on 18 July 2005 and the Sub-Division (or stock split) of one ordinary share of S\$1.00 par value to two ordinary shares of S\$0.50 par value effected on 5 August 2005.

5 COMMENTS ON PERFORMANCE AND BALANCE SHEET ITEMS

- (a) OCBC Group prepares its financial statements in accordance with Singapore Financial Reporting Standards (“FRS”). The same accounting policies and methods of computation have been applied in the financial statements for the current financial period, except as disclosed in Section 2.
- (b) The financial performance of the Group for third quarter 2005 (“3Q05”) included the results of 82.3%-owned subsidiary Great Eastern Holdings (“GEH”) and 70.7%-owned subsidiary PT Bank NISP Tbk (“Bank NISP”), consolidated since June 2004 and April 2005 respectively. In 3Q 04, Bank NISP was equity accounted as a 22.5%-owned associate.
- (c) Group net profit attributable to shareholders for 3Q05 was S\$355 million, an increase of 11.2% from S\$319 million in third quarter 2004 (“3Q04”). The improved earnings was driven by higher interest income, significant growth in non-interest income, and recoveries which more than offset allowances for loans and other assets. The 3Q04 net profit included one-time gains of S\$97 million from the divestment of non-core assets, namely, Raffles Investments Limited and Whitesands Shopping Mall.
- (d) Operating profit before allowances for loans and other assets declined 12.5% year-on-year to S\$449 million in 3Q05, primarily due to the absence of the one-time gains of S\$132 million (S\$97 million after minority interests) recorded in 3Q04. Excluding these gains, operating profit increased by 18%.
- (e) Net interest income in 3Q05 increased by 7.7% to S\$413 million driven largely by an 11% growth in average interest earning assets which was partly due to the acquisition of Bank NISP. Net interest margin declined 6 basis points from 1.89% to 1.83% due mainly to higher cost of funds in a rising interest rate environment and lower gapping profits due to a flatter yield curve.
- (f) Excluding the one-time gains in 3Q04, non-interest income increased by 32% year-on-year to S\$332 million in 3Q05, led by growth in insurance income and fee and commission income, as well as improved results from foreign exchange, securities and derivatives dealing.
- (g) Total operating expenses grew by 16% year-on-year to S\$297 million in 3Q05. Excluding the consolidation effects of Bank NISP, underlying expense growth was 6% largely due to higher staff costs and business promotion expenses. The Group’s cost-to-income ratio was 39.8%, compared to 3Q04’s adjusted ratio of 40.2% (excluding the divestment gains).
- (h) Total allowances for loans and other assets fell from S\$36 million in 3Q04 to a net recovery of S\$23 million in 3Q05. There was a net recovery of S\$43 million in impairment charges for investment securities and other assets in 3Q05 arising from recoveries in loan-related securities. Specific loan allowances fell from S\$37 million allowances in 3Q04 to S\$20 million in 3Q05.

5 COMMENTS ON PERFORMANCE AND BALANCE SHEET ITEMS *(continued)*

- (i) Compared to 31 December 2004, net loans to customers and bills receivable grew by 5.9% to S\$54.9 billion as at 30 September 2005 with growth registered mainly in housing loans and loans to the manufacturing and general commerce sectors. Total non-performing loans ("NPLs") fell by 13.9% from S\$2.87 billion as at 31 December 2004 to S\$2.47 billion as at 30 September 2005. The NPL ratio improved from 5.0% to 4.2% over the same period. Total cumulative specific and portfolio allowances amounted to S\$2.15 billion, representing 86.9% of total NPLs, up from 82.9% in December 2004.
- (j) As at 30 September 2005, equity attributable to the Bank's shareholders was S\$12.2 billion, an increase of 8.4% compared to 31 December 2004. The Group's Tier 1 and total capital adequacy ratios were 12.8% and 16.8% respectively, as compared to 12.3% and 17.4% respectively as at 31 December 2004.
- (k) Annualised basic earnings per ordinary share ("EPS") for the first nine months of 2005 was 40 cents, an increase of 8.6% over the same period in 2004.

6 SUBSEQUENT EVENTS / OTHER MATTERS

- (a) The Bank announced on 11 August 2005 that it had entered into a conditional agreement ("Acquisition Agreement") with UOB Kay Hian Private Limited ("the Vendor") whereby the Vendor agreed to sell and the Bank agreed to purchase an aggregate of 5,912,135 ordinary shares ("Sale Shares") of S\$0.50 each in the capital of Great Eastern Holdings Limited ("GEH"), on the basis of 2.3424 new ordinary shares of S\$0.50 each in the capital of the Bank ("new OCBC Shares") for each Sale Share. Based on this ratio, the Vendor received 13,848,585 new OCBC Shares on 5 October 2005.

The purchase increased the Bank's shareholding in GEH from approximately 81.1% to 82.3%.

- (b) On 30 August 2005, the Bank announced that its wholly-owned subsidiary, OCBC Investments Pte Ltd had purchased an additional 1,917,500 shares in Bank NISP, a subsidiary company listed on the Jakarta Stock Exchange, at Rp 890 per share for an aggregate consideration of approximately Rp 1,707 million.

The purchase increased the Bank's shareholding in Bank NISP to 70.66%.

- (c) The Bank had on 15 September 2005 announced that Specialists' Services (Private) Limited, which is 66.67% held by the Bank and its subsidiaries, has effected the transfer of its wholly-owned subsidiary, OCBC Investment Research Private Limited, to Orient Holdings Private Limited, a wholly-owned subsidiary of the Bank, for a cash consideration of S\$338,500.
- (d) Following the Bank's announcement on 8 June 2005 relating to the merger of the asset management operations of OCBC Asset Management Limited ("OAM") and Straits Lion Asset Management Limited ("SLAM"), SLAM transferred its asset management business to OAM, and OAM was renamed Lion Capital Management Limited on 26 September 2005.

7 DIVIDENDS

Ordinary stock

No interim dividend on ordinary stock unit has been declared for the third quarter ended 30 September 2005 in respect of the financial year ending 31 December 2005.

Non-cumulative non-convertible preference shares

On 9 November 2005, the Board of Directors has declared the payment of semi-annual dividends of 4.5% per annum net of tax (2004: 4.5% net of tax) on its non-cumulative non-convertible Class E Preference Shares ("OCBC 4.5% NCPS 100") and 4.2% per annum net of tax (2004: 4.2% net of tax) on its non-cumulative non-convertible Class G Preference Shares ("OCBC 4.2% NCPS") and these dividends will be paid on 20 December 2005.

8 CLOSURE OF BOOKS – OCBC 4.5% NCPS 100 and OCBC 4.2% NCPS

Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 7 December 2005 to 8 December 2005 (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 2005 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends as follows:

	<u>OCBC 4.5% NCPS 100</u>	<u>OCBC 4.2% NCPS</u>
Dividend period	20 June 2005 to 19 December 2005 (both dates inclusive)	20 June 2005 to 19 December 2005 (both dates inclusive)
Actual No. of Days (Basis of calculation: No. of Days divided by 365 days)	183 days	183 days
Dividend Rate (on liquidation preference of each share)	4.5% per annum (net)	4.2% per annum (net)
Dividend Amount (S\$m)	11.3	8.3

In respect of both classes of Preference Shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the semi-annual dividends will be paid by the Bank to CDP which will in turn distribute the dividend entitlements to preference shareholders.

By Order of the Board

Peter Yeoh
Secretary

Singapore, 9 November 2005

More details on the results are available at the Bank's website at www.ocbc.com