

## Media Release

### **OCBC Group's First Quarter 2006 Net Profit Grew 7% to S\$318 million**

Singapore, 15 May 2006 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a net profit attributable to shareholders (“net profit”) of S\$318 million for the first quarter 2006 (“1Q06”), an increase of 7% from S\$298 million in first quarter 2005 (“1Q05”). Earnings growth was driven by growth in interest and non-interest income as well as net recoveries in allowances. Annualised return on ordinary shareholders’ funds (“ROE”) was 10.8% in 1Q06, up from 10.6% in 1Q05, while annualised earnings per ordinary share increased by 8% to 41.4 cents.

The first quarter results included three months’ consolidated results of 72.3%-owned PT Bank NISP Tbk (“Bank NISP”), which became a subsidiary in April 2005. Prior to that, Bank NISP was equity accounted as a 22.5%-owned associate from May 2004 to March 2005.

The Group’s operating profit before allowances for loans and other assets rose 3% to S\$435 million in 1Q06, with revenue growth of 10% partly offset by expenses growth of 22%. Net interest income grew 9% and net interest margin increased from 1.78% to 1.89%, attributed mainly to the inclusion of Bank NISP as well as improved contributions from Malaysia. Non-interest income grew by 11%, mainly due to higher fees and commissions from stockbroking, trade-related and fund management activities, as well as higher gains from dealing in foreign exchange. The increase in operating expenses was largely attributable to the consolidation effects of Bank NISP, higher staff costs and write-offs of certain decommissioned software systems.

In 1Q06, the Group registered a net write-back of S\$7 million in allowances for loans and other assets, compared with allowances of S\$24 million in 1Q05. This was mainly a result of recoveries in loans and loan-related securities.

Group net profit was 7% lower when compared to the fourth quarter of 2005 (“4Q05”), which included a special dividend of S\$63 million (S\$57 million net of tax) from Raffles Holdings Limited. Excluding this special dividend, net profit grew by 12% over 4Q05, mainly due to higher fees and commissions, insurance income and gains from dealing in foreign exchange.

#### **Revenue**

Total income grew by 10% to S\$743 million in 1Q06.

Net interest income rose by 9% to S\$395 million, driven to a large extent by growth in interest-earning assets arising from the consolidation of Bank NISP. Gross customer loans were up by 6% year-on-year, to S\$56.6 billion at 31 March 2006, with increase in loans primarily to the manufacturing, transport and communications, and general commerce sectors. Net interest margin improved by 11

basis points from 1.78% in 1Q05 to 1.89% in 1Q06, largely due to the consolidation of Bank NISP as well as better margins in Malaysia.

Non-interest income increased by 11% to S\$348 million in 1Q06, contributed mainly by the Singapore operations. Non-interest income accounted for 47% of the Group's total income. Fee and commission income increased by 15% to S\$140 million, led by higher fees from brokerage, trade-related and fund management activities. Dealing in foreign exchange registered gains of S\$41 million, a significant jump compared to S\$7 million in 1Q05, as income from commercial and trading activities increased.

### **Operating Expenses**

Operating expenses increased by 22% to S\$308 million in 1Q06, with the consolidation of Bank NISP's expenses accounting for half the increase. Excluding Bank NISP, operating expenses rose by 11%, attributable largely to higher staff costs due to an increased staff strength (up by 4% from 1Q05), write-offs of S\$8 million mainly for certain software applications which have been decommissioned or replaced, and GEH's expenses growth of 25% to S\$26 million. Excluding Bank NISP's and GEH's expenses as well as the S\$8 million write-offs, operating expenses would have shown an increase of 6% over 1Q05.

The Group's cost-to-income ratio was 41.5% in 1Q06, up from 1Q05's 37.3%.

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

The Group registered a net write-back of S\$7 million in allowances for loans and other assets for 1Q06, compared with allowances of S\$24 million in 1Q05. This was mainly due to write-back in allowances following appreciation in property value, and recovery of loans and loan-related securities in tandem with continued improvement in the Group's asset quality. Specific loan allowances declined from S\$18 million to S\$11 million, while loan-related securities and property assets registered a net write-back of S\$18 million. No new portfolio allowances were made in 1Q06.

The Group's non-performing loans ("NPLs") fell marginally, by 2% from S\$2.39 billion in December 2005 to S\$2.35 billion in March 2006, while the NPL ratio remained at 4.1%. Total cumulative allowances of S\$2.06 billion were 87.6% of total NPLs, slightly lower than the coverage of 88.3% at 31 December 2005.

### **Capital Ratios**

The Group's capital position remains strong, with a total capital adequacy ratio ("CAR") of 17.0% and Tier-1 ratio of 13.1% as at 31 March 2006.

In the first quarter of 2006, the Bank bought back 15.7 million shares as part of its second S\$500 million share buyback programme announced in July 2005. Of these, 6.4 million shares were cancelled, while 9.3 million shares bought back after the Companies (Amendment) Act 2005 came into effect on 30 January 2006 were held as treasury shares. As of the date of this results announcement, S\$458 million had been utilised under the second buyback programme and 71 million shares had been purchased.

## **Conclusion**

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

"The healthy growth in our Malaysia business, additional contribution from Great Eastern Holdings and Bank NISP, and stronger overall non-interest income performance in Singapore have helped to offset low loan growth and margin pressure in Singapore. Overall we're quite satisfied with the first quarter results."

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## **About OCBC Bank**

Singapore's longest established local bank, OCBC Bank currently has assets of S\$134 billion and a network of 313 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 200 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.

In 2005, OCBC Bank was named *Global Finance* magazine's Best Trade Finance Bank and *FinanceAsia*'s Best Bond House. 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 First Quarter Ended 31 March 2006**

For the quarter ended 31 March 2006, Group net profit grew 7% to S\$318 million, while annualised earnings per ordinary share increased by 8% to 41.4 cents. 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 First Quarter 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 December 2005 to 19 June 2006, both dates inclusive. These dividends will be paid on 20 June 2006. Total amounts of dividend payable for the Class E and Class G Preference Shares are S\$11.2 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 8 June 2006 to 9 June 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 7 June 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, 15 May 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**  
**First Quarter 2006 Group Financial Report**



Incorporated in Singapore  
Company Registration Number: 193200032W

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## Financial Summary

S\$ million	1Q06	1Q05	+ / (-) %	4Q05	+ / (-) %
<b>Selected Income Statement Items</b>					
Net interest income	395	363	9	414	(5)
Non-interest income	348	312	11	364	(4)
Total income	743	675	10	779	(5)
Operating expenses	(308)	(252)	22	(312)	(1)
Operating profit before allowances and amortisation	435	423	3	467	(7)
Amortisation of intangible assets	(10)	(10)	5	(10)	1
(Allowances)/ Write-back for loans and other assets	7	(24)	(128)	(12)	(156)
Share of results of associated and joint venture companies	4	8	(51)	1	177
Profit before tax	435	397	10	446	(2)
<b>Net profit attributable to shareholders</b>	<b>318</b>	298	7	341	(7)
<b>Cash basis net profit attributable to shareholders <sup>1/</sup></b>	<b>328</b>	308	7	351	(7)
<b>Selected Balance Sheet Items</b>					
Ordinary shareholders' equity	11,821	10,976	8	11,442	3
Total shareholders' equity (excluding minority interests)	12,717	11,872	7	12,338	3
Total assets	133,757	127,930	5	131,754	2
Assets excluding life fund net assets	99,982	96,918	3	98,468	2
Loans to and bills receivable from customers (net of allowances)	54,561	51,393	6	55,134	(1)
Deposits of non-bank customers	64,506	59,664	8	64,088	1
<b>Performance ratios (% p.a.) <sup>2/</sup></b>					
Return on shareholders' equity – GAAP basis <sup>3/</sup>	10.8	10.6	2	11.6	(6)
Return on shareholders' equity – Cash basis <sup>3/</sup>	11.2	11.0	2	11.9	(6)
Return on assets – GAAP basis <sup>4/</sup>	1.30	1.26	3	1.36	(4)
Return on assets – Cash basis <sup>4/</sup>	1.34	1.30	3	1.40	(4)
<b>Revenue mix/efficiency ratios (%)</b>					
Net interest income-to-Total income	53.2	53.7	(1)	53.2	-
Non-interest income-to-Total income	46.8	46.3	1	46.8	-
Cost-to-income	41.5	37.3	11	40.1	3
Loans-to-deposits	84.6	86.1	(2)	86.0	(2)
<b>Per ordinary share data <sup>2/</sup></b>					
Basic earnings (cents) <sup>5/</sup>	41.4	38.3	8	40.9	1
Basic earnings (cash basis – cents) <sup>5/</sup>	42.8	39.6	8	42.2	1
Diluted earnings (cents) <sup>5/</sup>	41.2	38.2	8	40.7	1
Net asset value (S\$) – Before valuation surplus <sup>5/</sup>	3.80	3.48	9	3.67	3
Net asset value (S\$) – After valuation surplus <sup>5/</sup>	4.97	4.70	6	4.91	1
<b>Capital adequacy ratios (%)</b>					
Tier 1	13.1	13.3		13.2	
Total	17.0	17.7		17.3	

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

<sup>2/</sup> Calculated on an annualised basis. Preference equity and minority interests are excluded from equity.

<sup>3/</sup> Calculated after deducting preference share dividends paid and estimated to be due as at end of period from net profit attributable to shareholders.

<sup>4/</sup> Return on assets is calculated based on assets excluding life fund net assets attributable to policyholders.

<sup>5/</sup> The 1Q05 figures have been restated 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 3,114 million for 1Q06 and 3,153 million (adjusted) for 1Q05.

## 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.

Group net profit attributable to shareholders ("net profit") for 1Q06 was S\$318 million, an increase of 7% from S\$298 million in 1Q05. Earnings growth was driven by growth in interest and non-interest income as well as net recoveries in allowances. Annualised return on ordinary shareholders' funds ("ROE") was 10.8% in 1Q06, up from 10.6% in 1Q05, while annualised earnings per ordinary share increased by 8% to 41.4 cents.

The first quarter results included three months' consolidated results of 72.3%-owned Bank NISP, which became a subsidiary in April 2005. Prior to that, Bank NISP was equity accounted as a 22.5%-owned associate from May 2004 to March 2005.

The Group's operating profit before allowances for loans and other assets rose 3% to S\$435 million in 1Q06, with revenue growth of 10% partly offset by expenses growth of 22%. Net interest income grew 9% and net interest margin increased from 1.78% to 1.89%, attributed mainly to the inclusion of Bank NISP as well as improved contributions from Malaysia. Non-interest income grew by 11%, mainly due to higher fees and commissions from stockbroking, trade-related and fund management activities, as well as higher gains from dealing in foreign exchange. The increase in operating expenses was attributable mainly to the consolidation effects of Bank NISP, higher staff costs and write-offs of certain decommissioned software systems.

In 1Q06, the Group registered a net write-back of S\$7 million in allowances for loans and other assets, compared with allowances of S\$24 million in 1Q05. This was mainly a result of recoveries in loans and loan-related securities.

Group net profit was 7% lower when compared to 4Q05, which included a special dividend of S\$63 million (S\$57 million net of tax) from Raffles Holdings Limited. Excluding this special dividend, net profit grew by 12% over 4Q05, mainly due to higher fees and commissions, insurance income and gains from dealing in foreign exchange.



## Net Interest Income

### Average Balance Sheet

S\$ million	1Q06			1Q05			4Q05		
	Average Balance <sup>1/</sup>	Interest	Average Rate %	Average Balance <sup>1/</sup>	Interest	Average Rate %	Average Balance <sup>1/</sup>	Interest	Average Rate %
<b>Assets</b>									
Loans and advances to non-bank customers	53,801	682	5.14	51,078	496	3.94	54,880	679	4.91
Placements with and loans to banks	15,171	146	3.90	14,120	94	2.71	14,448	122	3.34
Other interest earning assets <sup>2/</sup>	15,812	152	3.90	17,264	122	2.86	16,986	165	3.84
<b>Total interest earning assets</b>	<b>84,785</b>	<b>980</b>	<b>4.69</b>	<b>82,461</b>	<b>712</b>	<b>3.50</b>	<b>86,314</b>	<b>966</b>	<b>4.44</b>
<b>Liabilities</b>									
Deposits of non-bank customers	64,627	434	2.72	58,442	233	1.62	63,536	386	2.41
Deposits and balances of banks	9,612	92	3.86	12,965	69	2.17	12,572	111	3.51
Other borrowings <sup>3/</sup>	5,770	60	4.22	6,712	47	2.83	5,823	54	3.68
<b>Total interest bearing liabilities</b>	<b>80,009</b>	<b>585</b>	<b>2.97</b>	<b>78,120</b>	<b>349</b>	<b>1.81</b>	<b>81,930</b>	<b>551</b>	<b>2.67</b>
<b>Net interest income/margin<sup>4/</sup></b>		<b>395</b>	<b>1.89</b>		<b>363</b>	<b>1.78</b>		<b>414</b>	<b>1.90</b>

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

<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 % of total average interest earning assets.

Net interest income increased by 9% to S\$395m in 1Q06, mainly attributable to the consolidation of Bank NISP and higher contributions from Malaysia. Average interest earning assets grew by 3% while net interest margin improved by 11 basis points from 1.78% to 1.89%.

Compared to 4Q05, net interest income fell by 5% due to lower average loan balances and increase in costs of customer deposits arising from competition for deposits. Net interest margin fell marginally by 1 basis point.

## Non-Interest Income

S\$ million	1Q06	1Q05	+/(-) %	4Q05	+/(-) %
<b>Fees and commissions</b>					
Brokerage	19	11	83	12	63
Wealth management <sup>1/</sup>	36	39	(7)	32	12
Fund management	16	13	26	16	1
Credit card	11	9	14	12	(10)
Loan-related	16	17	(4)	21	(25)
Trade-related and remittances	22	16	43	20	11
Guarantees	7	5	20	4	60
Investment banking	2	2	(12)	3	(44)
Service charges	8	7	19	6	32
Others	3	3	(13)	1	85
<b>Total</b>	<b>140</b>	<b>122</b>	<b>15</b>	<b>128</b>	<b>9</b>
<b>Dividends</b>	<b>17</b>	<b>20</b>	<b>(14)</b>	<b>77</b>	<b>(78)</b>
<b>Rental income</b>	<b>19</b>	<b>17</b>	<b>10</b>	<b>19</b>	<b>4</b>
<b>Income from insurance <sup>2/</sup></b>	<b>96</b>	<b>98</b>	<b>(2)</b>	<b>64</b>	<b>49</b>
<b>Other income</b>					
Dealing in foreign exchange	41	7	525	17	140
Dealing in securities and derivatives	3	12	(77)	2	18
Disposal of government and investment securities	17	21	(21)	43	(61)
Disposal of properties	1	#	n.m.	#	n.m.
Others	14	15	(8)	14	(4)
<b>Total</b>	<b>76</b>	<b>55</b>	<b>37</b>	<b>76</b>	<b>1</b>
<b>Total non-interest income</b>	<b>348</b>	<b>312</b>	<b>11</b>	<b>364</b>	<b>(4)</b>
Fees and commissions/ Total income	<b>18.9%</b>	18.0%		16.5%	
Non-interest income/ Total income	<b>46.8%</b>	46.3%		46.8%	

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

<sup>2/</sup> Comprise profit from life assurance and net earned premium from general insurance. Profits transferred from Singapore insurance funds are presented net of tax. Comparative figures for the first quarter of 2005 have been restated accordingly.

# Amounts less than S\$500,000

n.m. Not meaningful

Total non-interest income increased by 11% to S\$348 million in 1Q06, mainly due to higher fees and commissions and foreign exchange dealing income. Fees and commissions increased by 15% to S\$140 million, driven mainly by higher brokerage fees in tandem with increased trading activity; increased commissions from trade-related & remittances activities, and higher fees from fund management. Insurance income fell by 2% to S\$96 million, while other non-interest income increased by 37% to S\$76 million, largely due to gains of S\$41 million from dealing in foreign exchange, partially offset by lower gains from dealing in securities and derivatives.

Compared to 4Q05, total non-interest income fell by 4%, mainly due to the special dividend of S\$63 million from Raffles Holdings Limited in 4Q05. Excluding the special dividend, non-interest income increased by 16% quarter-on-quarter, led by higher insurance income, fees and commissions and dealing in foreign exchange.

## Operating Expenses

S\$ million	<u>1Q06</u>	<u>1Q05</u>	<u>+/(-) %</u>	<u>4Q05</u>	<u>+/(-) %</u>
<b>Staff costs</b>					
Salaries	140	117	19	131	7
Employer's contribution to defined contribution plans	13	12	8	13	6
Share option expenses	3	4	(37)	3	2
Others	15	10	58	18	(24)
	<u>170</u>	<u>143</u>	19	<u>165</u>	3
<b>Premises and equipment</b>					
Amortisation and depreciation	24	20	22	24	(2)
Maintenance and hire of fixed assets	11	9	26	12	(8)
Rental expenses	6	5	13	6	10
Others	20	17	23	24	(14)
	<u>61</u>	<u>50</u>	22	<u>66</u>	(8)
<b>Other operating expenses</b>	<b>78</b>	<b>59</b>	<b>32</b>	<b>81</b>	<b>(5)</b>
<b>Total operating expenses</b>	<b><u>308</u></b>	<b><u>252</u></b>	<b>22</b>	<b><u>312</u></b>	<b>(1)</b>
Group staff strength – period end	14,934	10,696	40	14,662	2
Group staff strength – average	14,825	10,691	39	14,579	2
Cost-to-income ratio	41.5%	37.3%		40.1%	

The Group's operating expenses increased by 22% to S\$308 million in 1Q06, the result largely of the consolidation of Bank NISP, which was accounted for as a subsidiary from April 2005. Excluding the consolidation effects of Bank NISP, operating expenses increased by 11%, attributable mainly to higher staff costs due to increased headcount (up by 4% from 1Q05), write-offs of S\$8 million mainly for certain software applications which have been decommissioned or replaced, and a 25% increase in GEH's expenses to S\$26 million. Excluding Bank NISP's and GEH's expenses as well as the S\$8 million write-offs, operating expenses would have shown an increase of 6% over 1Q05.

Compared with 4Q05, total operating expenses decreased by 1%, due mainly to lower consultancy fees and business promotion expenses.

The cost-to-income ratio was 41.5% in 1Q06, up from 37.3% in 1Q05 and 40.1% in 4Q05.

## Allowances for Loans and Other Assets

S\$ million	<u>1Q06</u>	<u>1Q05</u>	<u>+ / (-)</u> %	<u>4Q05</u>	<u>+ / (-)</u> %
<b>Specific allowances/(write-back) for loans</b>					
Singapore	6	22	(72)	1	n.m.
Malaysia	-	(3)	(88)	3	(111)
Others	5	(1)	464	12	(57)
	<u>11</u>	<u>18</u>	<u>(38)</u>	<u>16</u>	<u>(33)</u>
<b>Portfolio allowances/(write-back) for loans</b>					
Singapore	-	-	-	-	-
Malaysia	-	-	-	-	-
Others	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>(Write-back)/ impairment charges for securities and other assets</b>	<b>(18)</b>	6	(370)	(4)	(318)
<b>Total allowances / (write-back) for loans and impairment of other assets</b>	<b><u>(7)</u></b>	<b><u>24</u></b>	<b><u>(128)</u></b>	<b><u>12</u></b>	<b><u>(156)</u></b>

n.m. – not meaningful

The Group registered a net write-back of S\$7 million in allowances for loans and other assets in 1Q06, compared with allowances of S\$24 million in 1Q05. This was mainly due to write-back arising from recoveries in loans and loan-related securities, in tandem with continued improvement in the Group's asset quality.

Specific loan allowances declined from S\$18 million in 1Q05 to S\$11 million for the current quarter. Loan-related securities and property assets registered a net write-back of S\$18 million in 1Q06, compared with a net charge of S\$6 million in 1Q05. No new portfolio allowances were made in 1Q06.

For 4Q05, total allowances for loans and other assets amounted to S\$12 million, comprising mainly specific loan allowances.

## Loans and Advances

S\$ million	31 Mar 06	31 Dec 05	31 Mar 05
Loans to customers	55,947	56,402	53,045
Bills receivable	647	791	521
Gross loans to customers	56,594	57,193	53,566
Allowances:			
Specific allowances	(1,067)	(1,097)	(1,229)
Portfolio allowances	(966)	(962)	(944)
	54,561	55,134	51,393

Gross loans to customers increased by 6% year-on-year to S\$56.6 billion as at 31 March 2006, due largely to the consolidation of Bank NISP, as well as growth in Malaysia loans. By industry, the increase in loans was mainly from loans to the manufacturing, transport and communications and general commerce sectors. Compared with December 2005, gross loans decreased marginally by 1%.

S\$ million	31 Mar 06	31 Dec 05	31 Mar 05
<b>By Maturity</b>			
Less than 7 days	7,016	6,973	6,933
1 week to 1 month	3,184	3,798	2,704
Over 1 to 3 months	4,360	3,941	3,538
Over 3 to 12 months	6,418	6,824	5,280
Over 1 to 3 years	6,021	8,787	8,736
Over 3 years	29,595	26,871	26,375
	56,594	57,193	53,566
<b>By Industry</b>			
Agriculture, mining & quarrying	767	791	853
Transport, storage and communications	2,211	1,853	1,510
Building and construction	7,163	7,278	6,897
Manufacturing	4,492	4,455	3,574
Financial institutions, investment and holding companies	7,346	7,621	7,245
General commerce	5,084	5,315	4,450
Professionals and individuals	7,983	8,316	8,280
Housing loans	18,076	18,087	17,687
Others	3,472	3,477	3,070
	56,594	57,193	53,566
<b>By Currency</b>			
Singapore Dollar	34,562	34,844	35,180
United States Dollar	8,141	8,152	7,264
Malaysian Ringgit	8,099	7,978	7,059
Indonesia Rupiah	1,908	1,856	12
Others	3,884	4,363	4,051
	56,594	57,193	53,566

## Non-Performing Loans

By grading, security coverage and countries

S\$ million	Total NPLs <sup>1/</sup>	Substandard NPLs	Doubtful NPLs	Loss NPLs	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans <sup>2/</sup>
					%	%
<b>Singapore</b>						
<b>31 Mar 06</b>	<b>1,387</b>	<b>732</b>	<b>336</b>	<b>319</b>	<b>67.1</b>	<b>3.6</b>
31 Dec 05	1,416	759	352	304	66.1	3.7
31 Mar 05	1,596	992	325	279	63.9	4.3
<b>Malaysia</b>						
<b>31 Mar 06</b>	<b>701</b>	<b>498</b>	<b>138</b>	<b>65</b>	<b>67.2</b>	<b>7.0</b>
31 Dec 05	708	487	136	84	64.8	6.8
31 Mar 05	886	611	208	67	69.2	8.5
<b>Others</b>						
<b>31 Mar 06</b>	<b>258</b>	<b>57</b>	<b>136</b>	<b>65</b>	<b>43.7</b>	<b>2.9</b>
31 Dec 05	269	68	140	61	38.8	2.9
31 Mar 05	224	60	142	22	30.9	2.9
<b>Group Total</b>						
<b>31 Mar 06</b>	<b>2,346</b>	<b>1,287</b>	<b>610</b>	<b>449</b>	<b>64.6</b>	<b>4.1</b>
31 Dec 05	2,392	1,315	629	449	62.7	4.1
31 Mar 05	2,705	1,663	674	368	62.9	4.8

Notes:

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

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

The Group's asset quality remained strong in 1Q06. As at 31 March 2006, total NPLs were S\$2.35 billion, 13% lower than the level in March 2005. Singapore NPLs amounted to S\$1.39 billion and accounted for 59% of the Group's total NPLs, while Malaysia NPLs of S\$0.70 billion accounted for 30% of total NPLs. Of the total NPLs, 55% were in the substandard category while 65% were secured by collateral. The Group's NPL ratio was 4.1%, an improvement over the 4.8% in March 2005.

Compared with 31 December 2005, total NPLs were 2% lower, while the Group's NPL ratio remained unchanged.

## Non-Performing Loans (continued)

	31 Mar 06		31 Dec 05		31 Mar 05	
	S\$ million	% of gross loans	S\$ million	% of gross loans	S\$ million	% of gross loans
<b>NPLs by industry</b>						
Agriculture, mining & quarrying	31	4.0	28	3.6	41	4.9
Transport, storage and communication	15	0.7	19	1.0	21	1.4
Building and construction	485	6.8	491	6.7	532	7.7
Manufacturing	390	8.7	390	8.8	406	11.4
Financial institutions, investment and holding companies	196	2.7	198	2.6	345	4.8
General commerce	372	7.3	377	7.1	423	9.5
Professionals and individuals	296	3.7	322	3.9	409	4.9
Housing loans	425	2.3	399	2.2	289	1.6
Others	110	3.2	109	3.1	95	3.1
Sub-total	2,320	4.1	2,334	4.1	2,560	4.8
Debt securities	26		58		145	
	<b>2,346</b>		<b>2,392</b>		<b>2,705</b>	

	31 Mar 06		31 Dec 05		31 Mar 05	
	S\$ million	%	S\$ million	%	S\$ million	%
<b>NPLs by period overdue</b>						
Over 180 days	1,459	62	1,463	61	1,641	61
Over 90 to 180 days	257	11	215	8	215	8
Over 30 to 90 days	192	8	188	8	154	6
Less than 30 days	68	3	105	4	66	2
Not overdue	370	16	420	18	630	23
	<b>2,346</b>	<b>100</b>	<b>2,392</b>	<b>100</b>	<b>2,705</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>31 Mar 06</b>	<b>1,231</b>	<b>545</b>	<b>686</b>	<b>39.3</b>	<b>88.8</b>
31 Dec 05	1,251	578	673	40.8	88.3
31 Mar 05	1,363	711	652	44.6	85.4
<b>Malaysia</b>					
<b>31 Mar 06</b>	<b>464</b>	<b>323</b>	<b>141</b>	<b>46.1</b>	<b>66.2</b>
31 Dec 05	493	350	142	49.5	69.6
31 Mar 05	568	429	139	48.4	64.1
<b>Others</b>					
<b>31 Mar 06</b>	<b>360</b>	<b>221</b>	<b>139</b>	<b>85.8</b>	<b>139.6</b>
31 Dec 05	370	223	147	82.9	137.5
31 Mar 05	348	195	153	87.1	155.3
<b>Group Total</b>					
<b>31 Mar 06</b>	<b>2,056</b>	<b>1,090</b>	<b>966</b>	<b>46.4</b>	<b>87.6</b>
31 Dec 05	2,113	1,151	962	48.1	88.3
31 Mar 05	2,278	1,335	944	49.3	84.2

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

As at 31 March 2006, the Group's total cumulative allowances for loans amounted to S\$2.06 billion, comprising S\$1.09 billion in cumulative specific allowances and S\$0.97 billion in cumulative portfolio allowances. The cumulative allowances represent 87.6% of total NPLs at 31 March 2006, higher than the coverage of 84.2% at 31 March 2005, but slightly lower than the coverage of 88.3% at 31 December 2005.



## Deposits

S\$ million	31 Mar 06	31 Dec 05	31 Mar 05
Deposits of non-bank customers	<b>64,506</b>	64,088	59,664
Deposits and balances of banks	<b>10,448</b>	10,307	13,645
	<b>74,954</b>	74,395	73,309
<b>Loans-to-deposits ratio</b> (net non-bank loans/non-bank deposits)	<b>84.6%</b>	86.0%	86.1%

Compared to 31 March 2005, total deposits increased by 2% to S\$75.0 billion as at 31 March 2006. Non-bank customer deposits, which accounted for 86% of total deposits, rose by 8% to S\$64.5 billion, while deposits and balances of banks decreased by 23% to S\$10.4 billion. The Group's loans-to-deposits ratio fell from 86.1% in March 2005 to 84.6% in March 2006.

Total deposits increased marginally by 1%, compared with December 2005, while the loans-to-deposits ratio decreased from 86.0% to 84.6%.

S\$ million	31 Mar 06	31 Dec 05	31 Mar 05
<b>Total Deposits By Maturity</b>			
Less than 7 days	<b>34,245</b>	34,446	35,745
1 week to 1 month	<b>17,827</b>	19,064	17,215
Over 1 to 3 months	<b>9,871</b>	8,606	8,716
Over 3 to 12 months	<b>9,341</b>	8,904	9,189
Over 1 to 3 years	<b>512</b>	677	560
Over 3 years	<b>3,158</b>	2,698	1,884
	<b>74,954</b>	74,395	73,309
<b>Non-Bank Deposits By Product</b>			
Fixed deposits	<b>41,079</b>	40,549	38,857
Savings deposits	<b>11,014</b>	11,043	11,219
Current account	<b>9,018</b>	9,070	6,982
Others	<b>3,395</b>	3,426	2,606
	<b>64,506</b>	64,088	59,664

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

S\$ million	31 Mar 2006	31 Dec 2005	31 Mar 2005
<b>Tier 1 Capital</b>			
Paid-up ordinary and preference shares <sup>2/</sup>	5,739	1,561	1,317
Disclosed reserves/others	6,939	11,124	10,893
Goodwill/Others	(3,411)	(3,383)	(3,072)
	<b>9,268</b>	<b>9,302</b>	<b>9,138</b>
<b>Tier 2 Capital</b>			
Cumulative portfolio allowances	716	714	704
Subordinated term notes	3,885	3,872	3,854
Revaluation surplus on equity securities	194	157	126
	<b>4,796</b>	<b>4,743</b>	<b>4,684</b>
Capital investments in insurance subsidiary companies	(1,632)	(1,466)	(1,293)
Others	(413)	(359)	(409)
<b>Total Capital</b>	<b>12,019</b>	<b>12,219</b>	<b>12,120</b>
<b>Risk weighted assets including market risk</b>	<b>70,545</b>	<b>70,708</b>	<b>68,546</b>
<b>Tier 1 ratio</b>	<b>13.1%</b>	<b>13.2%</b>	<b>13.3%</b>
<b>Total capital adequacy ratio</b>	<b>17.0%</b>	<b>17.3%</b>	<b>17.7%</b>

Notes:

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

<sup>2/</sup> Paid up ordinary and preference shares for 31 Mar 06 included amounts previously classified as share premium and capital redemption reserves, following the Companies (Amendment) Act 2005

The total capital adequacy ratio (CAR) of the Group remained strong at 17.0% as at 31 March 2006, while Tier 1 capital ratio was 13.1%.

In the first quarter of 2006, the Bank bought back 15,718,584 shares. Of these, 6,407,103 shares were cancelled, while 9,311,481 shares bought back after the Companies (Amendment) Act 2005 came into effect on 30 January 2006 were held as Treasury shares.

As of the date of this results announcement, the Bank had utilised S\$458 million of its second S\$500 million share buyback programme, and 71 million shares had been purchased from the market.

## Valuation Surplus

S\$ million	31 Mar 06			31 Dec 05			31 Mar 05		
	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus
Properties <sup>1/</sup>	<b>1,225</b>	<b>2,878</b>	<b>1,653</b>	1,209	2,731	1,522	1,170	2,575	1,405
Equity securities <sup>2/</sup>	<b>1,901</b>	<b>3,881</b>	<b>1,980</b>	1,721	4,053	2,332	1,771	4,198	2,427
<b>Total</b>	<b>3,126</b>	<b>6,759</b>	<b>3,633</b>	2,930	6,784	3,854	2,941	6,773	3,832

Notes:

<sup>1/</sup> Includes properties classified as assets held for sale

<sup>2/</sup> Includes investment in quoted subsidiaries GEH and Bank NISP

The Group's unrealised valuation surplus amounted to S\$3.63 billion as at 31 March 2006, a decrease of 6% compared to 31 December 2005. The valuation surplus of S\$1.98 billion for equity securities as at 31 March 2006 relates primarily to the Group's holding of GEH shares.

## Performance by Business Segment

OCBC Group's businesses are presented under the following main segments representing the key customer and product groups: Consumer Banking, Business Banking, Treasury and Insurance.

### Net Profit by Business Segment

S\$ million	1Q06	1Q05	+ / (-) %
Consumer Banking	91	91	-
Business Banking	145	118	23
Treasury	32	35	(9)
Insurance	85	82	4
Others	(10)	(13)	(23)
Net profit before equity accounting	343	313	10
Share of results of associated and joint venture companies	4	8	(50)
Minority interests	(29)	(23)	27
<b>Group</b>	<b>318</b>	<b>298</b>	<b>7</b>

#### 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 was flat at S\$91 million in 1Q06, with higher operating profit largely offset by higher loan allowances.

#### 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 23% to S\$145 million mainly due to writeback in allowances from loan-related securities and higher operating profit as a result of stronger fee income and net interest income.

## 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 recorded a decline of 9% in net profit to S\$32 million. Net interest income was affected by the flat yield curve which limited gapping opportunities, partly offset by higher income from dealing in foreign exchange.

### Insurance

Insurance business, including its fund management activities, is carried out by the Bank's 82.9%-owned 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 4% to S\$85 million primarily due to higher gains from disposal of investment securities.

### Others

The "Others" segment include 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, if any.

## Performance by Business Segment *(continued)*

S\$ million	Consumer Business					Group
	Banking	Banking	Treasury	Insurance	Others	
<b>Financial period ended 31 March 2006</b>						
Segment income	232	248	66	141	86	773
Elimination						(30)
<b>Total income</b>						<b>743</b>
Profit/ (loss) before tax and allowances	135	168	45	114	(28)	435
Amortisation of intangible assets	–	–	–	(10)	–	(10)
(Allowances)/writeback for loans and impairment of other assets	(21)	15	–	–	13	7
Income tax (charge)/credit	(23)	(38)	(13)	(19)	5	(88)
Net profit before equity accounting	91	145	32	85	(10)	343
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>318</b>
<b>Other information</b>						
Capital expenditure	2	1	–	–	28	31
Amortisation and depreciation of software, property, plant and equipment	1	1	–	–	22	24
<b>At 31 March 2006</b>						
Segment assets	25,391	35,595	24,817	38,023	13,326	137,152
Unallocated assets						57
Elimination						(3,452)
<b>Total assets</b>						<b>133,757</b>
Segment liabilities	30,473	28,379	19,473	34,020	10,337	122,682
Unallocated liabilities						647
Elimination						(3,452)
<b>Total liabilities</b>						<b>119,877</b>
<b>Other information</b>						
Non-bank loans <i>(gross)</i>	24,133	29,250	–	448	2,763	56,594
NPLs and debt securities <i>(gross)</i>	609	1,670	–	–	67	2,346

## Performance by Business Segment *(continued)*

S\$ million	Consumer Business					Group
	Banking	Banking	Treasury	Insurance	Others	
<b>Financial period ended 31 March 2005</b>						
Segment income	222	234	65	127	55	703
Elimination						(28)
<b>Total income</b>						<b>675</b>
Profit/ (loss) before tax and allowances	129	157	45	106	(13)	423
Amortisation of intangible assets	–	–	–	(10)	–	(10)
(Allowances)/writeback for loans and impairment of other assets	(14)	(6)	–	–	(4)	(24)
Income tax (charge)/credit	(24)	(33)	(10)	(14)	4	(76)
Net profit before equity accounting	91	118	35	82	(13)	313
Share of results of associated companies						8
Minority interests						(23)
<b>Net profit attributable to equity holders of the Bank</b>						<b>298</b>
<b>Other information</b>						
Capital expenditure	1	–	–	–	34	35
Amortisation and depreciation of software, property, plant and equipment	1	2	–	–	17	20
<b>At 31 December 2005</b>						
Segment assets	26,392	35,548	23,132	37,357	12,888	135,317
Unallocated assets						71
Elimination						(3,634)
<b>Total assets</b>						<b>131,754</b>
Segment liabilities	30,418	27,926	18,783	33,468	10,679	121,274
Unallocated liabilities						627
Elimination						(3,634)
<b>Total liabilities</b>						<b>118,267</b>
<b>Other information</b>						
Non-bank loans ( <i>gross</i> )	25,065	29,028	–	378	2,722	57,193
NPLs and debt securities ( <i>gross</i> )	613	1,727	–	–	52	2,392





## Consolidated Income Statement (Unaudited)

S\$ million	1Q06	1Q05	+ / (-) %	4Q05	+ / (-) %
Interest income	980	712	38	966	2
Less: Interest expense	585	349	68	551	6
<b>Net interest income</b>	<b>395</b>	<b>363</b>	9	<b>414</b>	(5)
Fees and commissions	140	122	15	128	9
Dividends	17	20	(14)	77	(78)
Rental income	19	17	10	19	4
Income from insurance	96	98	(2)	64	49
Other income	76	55	37	76	1
<b>Non-interest income</b>	<b>348</b>	<b>312</b>	11	<b>364</b>	(4)
<b>Total income</b>	<b>743</b>	<b>675</b>	10	<b>779</b>	(5)
Less:					
Staff costs	170	143	19	165	3
Other operating expenses	138	109	27	147	(6)
<b>Total operating expenses</b>	<b>308</b>	<b>252</b>	22	<b>312</b>	(1)
<b>Operating profit before allowances and amortisation of intangible assets</b>	<b>435</b>	<b>423</b>	3	<b>467</b>	(7)
Less:					
Amortisation of intangible assets	10	10	5	10	1
(Write-back)/ allowances for loans and impairment of other assets	(7)	24	(128)	12	(156)
<b>Operating profit after allowances and amortisation of intangible assets</b>	<b>432</b>	<b>389</b>	11	<b>445</b>	(3)
Share of results of associated and joint venture companies	4	8	(51)	1	177
<b>Profit before tax</b>	<b>435</b>	<b>397</b>	10	<b>446</b>	(2)
Less income tax	88	76	15	84	5
<b>Net profit after tax</b>	<b>347</b>	<b>321</b>	8	<b>362</b>	(4)
<b>Attributable to:</b>					
Equity holders of the Bank	318	298	7	341	(7)
Minority interests	29	23	27	21	43
	<b>347</b>	<b>321</b>	8	<b>362</b>	(4)

## Balance Sheets (Unaudited)

S\$ million	GROUP			BANK		
	31 Mar 2006	31 Dec 2005	31 Mar 2005	31 Mar 2006	31 Dec 2005	31 Mar 2005
<b>EQUITY</b>						
<b>Capital and reserves attributable to the Bank's equity holders</b>						
Share capital <sup>1/</sup>	5,739	1,561	1,317	5,739	1,561	1,317
Capital reserves <sup>1/</sup>	90	4,292	3,151	75	4,245	3,022
Statutory reserves	1,975	1,959	1,950	1,647	1,631	1,599
Fair value reserves	702	618	572	432	396	372
Revenue reserves	4,211	3,908	4,882	2,272	2,033	3,395
	<b>12,717</b>	<b>12,338</b>	<b>11,872</b>	<b>10,165</b>	<b>9,867</b>	<b>9,705</b>
<b>Minority interests</b>	<b>1,163</b>	<b>1,149</b>	<b>937</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total equity</b>	<b>13,880</b>	<b>13,487</b>	<b>12,809</b>	<b>10,165</b>	<b>9,867</b>	<b>9,705</b>
<b>LIABILITIES</b>						
Deposits of non-bank customers	64,506	64,088	59,664	50,498	50,885	49,945
Deposits and balances of banks	10,448	10,307	13,645	10,216	10,126	13,014
Due to subsidiaries	–	–	–	1,172	1,095	1,473
Due to associated companies	14	21	17	4	4	8
Trading portfolio liabilities <sup>2/</sup>	367	456	342	367	456	342
Derivative payables	2,608	1,921	1,702	2,545	1,889	1,669
Other liabilities	2,310	2,042	1,840	903	935	982
Current tax	416	412	443	303	300	361
Deferred tax	231	215	190	163	146	127
Debts issued <sup>3/</sup>	5,202	5,519	6,266	5,460	5,781	6,631
	<b>86,102</b>	<b>84,981</b>	<b>84,109</b>	<b>71,631</b>	<b>71,617</b>	<b>74,552</b>
Life assurance fund	33,775	33,286	31,012	–	–	–
<b>Total liabilities</b>	<b>119,877</b>	<b>118,267</b>	<b>115,121</b>	<b>71,631</b>	<b>71,617</b>	<b>74,552</b>
<b>Total equity and liabilities</b>	<b>133,757</b>	<b>131,754</b>	<b>127,930</b>	<b>81,796</b>	<b>81,484</b>	<b>84,257</b>
<b>ASSETS</b>						
Cash and placements with central banks	4,862	4,182	4,864	3,448	2,752	3,206
Singapore government treasury bills and securities	6,632	6,948	6,804	6,083	6,389	6,500
Other government treasury bills and securities	2,034	1,990	1,084	252	194	271
Placements with and loans to banks	12,110	11,538	12,458	11,243	11,037	12,004
Loans to and bills receivable from customers	54,561	55,134	51,393	43,015	43,751	42,883
Debt and equity securities	7,357	7,403	9,525	5,101	5,338	7,553
Assets pledged	2,288	1,917	2,364	1,124	651	1,035
Assets held for sale	60	–	–	–	–	–
Derivative receivables	2,934	2,378	2,009	2,869	2,348	2,002
Other assets	2,113	1,948	1,734	786	929	710
Deferred tax	57	71	48	–	–	–
Associated and joint venture companies	219	186	318	97	97	97
Subsidiaries	–	–	–	5,193	5,402	5,403
Property, plant and equipment	1,380	1,429	1,333	718	729	726
Goodwill and intangible assets	3,375	3,344	2,984	1,867	1,867	1,867
	<b>99,982</b>	<b>98,468</b>	<b>96,918</b>	<b>81,796</b>	<b>81,484</b>	<b>84,257</b>
Life fund net assets attributable to policyholders	33,775	33,286	31,012	–	–	–
<b>Total assets</b>	<b>133,757</b>	<b>131,754</b>	<b>127,930</b>	<b>81,796</b>	<b>81,484</b>	<b>84,257</b>
<b>Net Asset Value Per Ordinary Share (before valuation surplus – in S\$)</b>	<b>3.80</b>	<b>3.67</b>	<b>3.48</b>	<b>2.98</b>	<b>2.88</b>	<b>2.80</b>
<b>OFF-BALANCE SHEET ITEMS</b>						
Contingent liabilities	6,692	6,647	5,234	5,339	5,493	4,177
Commitments	34,252	33,133	33,102	27,803	27,050	27,466
Derivative financial instruments	274,477	263,296	277,633	262,898	251,796	271,555

<sup>1/</sup> As at 31 Mar 2006, share capital includes share premium and capital redemption reserves (previously included in capital reserves) in accordance with the Companies (Amendment) Act 2005 which came into effect on 30 January 2006.

<sup>2/</sup> 2005 comparatives are restated for the Bank's short sell liabilities in Singapore government treasury bills and securities.

<sup>3/</sup> Includes S\$345 million (31 Dec 2005: S\$486 million; 31 Mar 2005: S\$1,237 million) repayable in one year or less and S\$4,857 million (31 Dec 2005: S\$5,033 million; 31 Mar 2005: S\$5,029 million) repayable after one year. Of the amount repayable in one year or less, S\$53 million (31 Dec 2005: S\$53 million; 31 Mar 2005: S\$35 million) are collateralised notes issued by Pioneer Funding Limited, a special purpose entity ("SPE") of the Group, which is secured by a first fixed charge over the designated assets of the SPE.

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

For the financial period ended 31 March 2006

S\$ million	Attributable to the 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>3,907</b>	<b>12,338</b>	<b>1,149</b>	<b>13,487</b>
Movements in fair value reserves :								
Gains/(losses) taken to equity	-	-	-	119	-	119	11	130
Transferred to income statements	-	-	-	(12)	-	(12)	(3)	(15)
Deferred tax on net movements	-	-	-	(23)	-	(23)	(2)	(25)
Currency translation differences	-	-	-	-	19	19	5	24
Net gains/(losses) recognised in equity	-	-	-	84	19	103	11	114
Net profit after tax	-	-	-	-	318	318	29	347
<b>Total recognised gains for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>337</b>	<b>421</b>	<b>40</b>	<b>461</b>
Transfers	-	(25)	16	-	9	-	-	-
Change in minority interests	40	-	-	-	-	40	(14)	26
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	-	-	-	-	-	-
Dividends paid to minority interests	-	-	-	-	-	-	(12)	(12)
Shares purchased by DSP Trust	-	(7)	-	-	-	(7)	-	(7)
Share-based staff costs capitalised	-	3	-	-	-	3	-	3
Share buyback - cancelled	(3)	3	-	-	(43)	(43)	-	(43)
Share buyback - held in treasury	(63)	-	-	-	-	(63)	-	(63)
Shares issued under Share Option Schemes and Share Purchase Plan	18	10	-	-	-	28	-	28
<b>Balance at 31 March 2006</b>	<b>5,739</b>	<b>90</b>	<b>1,975</b>	<b>702</b>	<b>4,211</b>	<b>12,717</b>	<b>1,163</b>	<b>13,880</b>
Included:								
Share of reserves of associated and joint venture companies	-	1	-	-	46	47		
<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/(losses) taken to equity	-	-	-	(62)	-	(62)	1	(61)
Transferred to income statements	-	-	-	(20)	-	(20)	(1)	(21)
Deferred tax on net movements	-	-	-	5	-	5	#	5
Currency translation differences	-	-	-	-	11	11	#	12
Net gains/(losses) recognised in equity	-	-	-	(77)	11	(65)	#	(65)
Net profit after tax	-	-	-	-	298	298	23	321
<b>Total recognised gains/(losses) for the financial period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(77)</b>	<b>309</b>	<b>232</b>	<b>23</b>	<b>256</b>
Transfers	-	#	16	-	(16)	-	-	-
Issue of preference shares by subsidiary	-	-	-	-	-	-	400	400
Dividends paid to minority interests	-	-	-	-	(2)	(2)	#	(2)
Ordinary and preference dividends paid	-	-	-	-	(200)	(200)	#	(200)
Shares purchased by DSP Trust	-	(7)	-	-	-	(7)	-	(7)
Share-based staff costs capitalised	-	4	-	-	-	4	-	4
Share buyback - cancelled	(5)	5	-	-	(56)	(56)	-	(56)
Share issued to non-executive directors	#	#	-	-	-	#	-	#
Shares issued under Share Option Schemes	1	8	-	-	-	9	-	9
<b>Balance at 31 March 2005</b>	<b>1,317</b>	<b>3,151</b>	<b>1,950</b>	<b>572</b>	<b>4,882</b>	<b>11,872</b>	<b>937</b>	<b>12,809</b>
Included:								
Share of reserves of associated companies	-	1	-	-	45	46		

# Amounts less than S\$500,000

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

For the financial period ended 31 March 2006

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total
<b>Balance at 1 January 2006</b>	1,561	4,246	1,631	396	2,033	9,867
Movements in fair value reserves :						
Gains/(losses) taken to equity	–	–	–	49	–	49
Transferred to income statements	–	–	–	6	–	6
Deferred tax on net movements	–	–	–	(19)	–	(19)
Currency translation differences	–	–	–	–	(14)	(14)
Net gains/(losses) recognised in equity	–	–	–	36	(14)	22
Net profit after tax	–	–	–	–	311	311
<b>Total recognised gains for the financial period</b>	–	–	–	36	297	332
Transfers	–	–	16	–	(16)	–
Acquisition of additional interests in Great Eastern Holdings Limited	40	–	–	–	–	40
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback - cancelled	(3)	3	–	–	(43)	(43)
Share buyback - held in treasury	(63)	–	–	–	–	(63)
Shares issued under Share Option Schemes and Share Purchase Plan	18	10	–	–	–	28
<b>Balance at 31 March 2006</b>	<b>5,739</b>	<b>75</b>	<b>1,647</b>	<b>432</b>	<b>2,272</b>	<b>10,165</b>
<b>Balance at 1 January 2005</b>	1,321	3,005	1,583	436	3,417	9,762
Movements in fair value reserves :						
Gains/(losses) taken to equity	–	–	–	(63)	–	(63)
Transferred to income statements	–	–	–	(2)	–	(2)
Deferred tax on net movements	–	–	–	1	–	1
Currency translation differences	–	–	–	–	2	2
Net gains/(losses) recognised in equity	–	–	–	(64)	2	(62)
Net profit after tax	–	–	–	–	248	248
<b>Total recognised gains/(losses) for the financial period</b>	–	–	–	(64)	250	186
Transfers	–	–	16	–	(16)	–
Ordinary and preference dividends paid	–	–	–	–	(200)	(200)
Share-based staff costs capitalised	–	4	–	–	–	4
Share buyback - cancelled	(5)	5	–	–	(56)	(56)
Share issued to non-executive directors	#	#	–	–	–	#
Shares issued under Share Option Schemes	1	8	–	–	–	9
<b>Balance at 31 March 2005</b>	<b>1,317</b>	<b>3,022</b>	<b>1,599</b>	<b>372</b>	<b>3,395</b>	<b>9,705</b>

# Amounts less than S\$500,000

## Consolidated Cash Flow Statement (Unaudited)

For the financial period ended 31 March 2006

S\$ million	2006	2005
<b>Cash flows from operating activities</b>		
Profit before tax	435	397
<u>Adjustments for non-cash items</u>		
Amortisation and depreciation of software, property, plant and equipment	24	20
Amortisation of intangible assets	10	10
(Writeback)/allowances for loans and impairment of other assets	(7)	24
Change in fair value of hedging transactions & trading securities	13	12
Net gains on disposal of government, debt and equity securities	(17)	(21)
Net gains on disposal of property, plant and equipment	(2)	#
Share-based staff costs	3	4
Share of results of associated and joint venture companies	(4)	(8)
Operating profit before changes in operating assets and liabilities	456	438
<u>Changes in operating assets and liabilities</u>		
Deposits of non-bank customers	411	2,378
Deposits and balances of banks	141	1,190
Derivative payables and other liabilities	836	38
Government securities and treasury bills	(408)	(1,129)
Trading securities	(102)	128
Placements with and loans to banks	(498)	(2,838)
Loans to and bills receivable from customers	561	424
Derivative receivables and other assets	(778)	(123)
Cash provided by operating activities	619	506
Income tax paid	(81)	(78)
<b>Net cash provided by operating activities</b>	<b>538</b>	<b>428</b>
<b>Cash flows from investing activities</b>		
Dividends from associated companies	#	#
Increase in associated and joint venture companies	(29)	#
Purchases of debt and equity securities	(386)	(805)
Purchases of property, plant and equipment	(31)	(35)
Proceeds from disposal of debt and equity securities	807	1,054
Proceeds from disposal of property, plant and equipment	10	1
<b>Net cash provided by investing activities</b>	<b>372</b>	<b>214</b>
<b>Cash flows from financing activities</b>		
Cash distributions and dividends paid to minority interests	(12)	(2)
(Decrease)/increase in debts issued	(142)	244
Proceeds from issue of preference shares by subsidiaries	-	400
Proceeds from issue of ordinary shares under Share Option Schemes and Share Purchase Plan	28	9
Share buyback	(106)	(56)
<b>Net cash (used in)/provided by financing activities</b>	<b>(232)</b>	<b>594</b>
<b>Net currency translation adjustments</b>	<b>1</b>	<b>11</b>
<b>Net change in cash and cash equivalents</b>	<b>680</b>	<b>1,247</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>4,182</b>	<b>3,617</b>
<b>Cash and cash equivalents as at 31 March</b>	<b>4,862</b>	<b>4,864</b>

# Amounts less than S\$500,000

## Share Capital and Options on Shares in the Bank

The following table shows the movement in the issued ordinary share capital of the Bank for the quarters ended:

	<b>Number of ordinary shares</b>	
	<b>2006</b>	<b>2005 <sup>1/</sup></b>
Balance as at 1 January	3,114,337,745	1,316,542,601
Exercise of options by officers pursuant to Share Option Schemes	5,115,566	900,266
Exercise of subscription rights under the OCBC Employee Share Purchase Plan	553,713	–
Shares issued to non-executive directors	–	14,000
Acquisition of additional interests in GEH	6,019,968	–
Share buyback - held as Treasury Shares <sup>2/</sup>	(9,311,481)	–
Share buyback - cancelled	(7,007,747)	(4,649,576)
<b>Balance as at 31 March</b>	<b>3,109,707,764</b>	<b>1,312,807,291</b>

**Notes:**

<sup>1/</sup> Number of shares is before the Bank's Rights Issue and Sub-division of shares in July 2005 and August 2005 respectively.

<sup>2/</sup> The Companies Act was amended to provide for companies to hold Treasury Shares after 30 January 2006.

Pursuant to the stock purchase mandate approved at an extraordinary general meeting held on 30 March 2005, the Bank purchased a total of 15,718,584 ordinary shares in the first quarter ended 31 March 2006. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$6.65 to S\$6.85 per share and the total consideration paid was S\$106,288,427 (including transaction costs).

From 1 January 2006 to 31 March 2006 (both dates inclusive), the Bank issued 5,115,566 ordinary shares upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001. As at 31 March 2006, there were 60,633,915 ordinary shares (31 March 2005: 29,010,863<sup>1/</sup>) that may be issued on the exercise of options. In addition, options to subscribe for an aggregate of 4,455,046 shares under the OCBC Share Option Scheme 2001 have been accepted by eligible staff of the Group at the close of the offer on 12 April 2006.

From 1 January 2006 to 31 March 2006 (both dates inclusive), the Bank issued 553,713 ordinary shares upon the exercise of subscription rights by employees of the Group under the OCBC Employee Share Purchase Plan. As at 31 March 2006, the number of ordinary shares entitled to be issued under the OCBC Employee Share Purchase Plan was 3,472,318 (31 March 2005: 2,595,385<sup>1/</sup>), including 28,514 (31 March 2005: 11,880<sup>1/</sup>) ordinary shares arising from the participation by the Chairman and the Chief Executive Officer of the Bank.

On 16 January 2006, the Bank announced that it had entered into a conditional share purchase agreement with certain individuals ("the Vendors"), pursuant to which the Vendors agreed to sell and the Bank agreed to purchase an aggregate of 2,570,000 ordinary shares ("Sale Shares") in the capital of Great Eastern Holdings Limited ("GEH"). The consideration for the purchase of the Sale Shares was satisfied by the issue of 6,019,968 OCBC shares. The transaction was completed on 24 February 2006 and the Bank now holds 82.9% of GEH.

No new preference shares were allotted and issued by the Bank in the first quarter ended 31 March 2006.

## Other Matters/Subsequent Events

- (a) The following dormant wholly-owned subsidiaries of the Bank were dissolved, and ceased to be subsidiaries, on the dates set out below :-

<u>Name of Subsidiary</u>	<u>Date of Dissolution</u>
Mount Emily Properties Private Limited	5 January 2006
OCBC Securities Research Sdn Bhd	5 January 2006
OCBC Nominees (London) Limited	6 January 2006

- (b) The Bank announced on 10 January 2006 that it had entered into an agreement to subscribe for a 12.2% stake in China's Ningbo Commercial Bank Co., Ltd ("NCB") for RMB 570 million or approximately S\$120 million. Subject to regulatory approvals, completion of the proposed transaction is expected in the first half of 2006.

Upon completion, OCBC Bank will become the second largest shareholder of NCB after the Ningbo Financial Bureau and will have representation on NCB's board.

- (c) The Bank had, on 24 February 2006, launched the sale of its residential development site located on Kim Seng Road by way of tender. The 159,074-square feet freehold site is located along Kim Seng Road off River Valley Road and opposite Great World City. It is zoned for residential use with a maximum plot ratio of 2.8. Written permission had been obtained for a full-facility condominium development with 248 units, in two blocks of 29-storeys each.

The tender, which closed on 30 March 2006, was awarded to Lippo Karawaci Corporation for S\$329,105,000. Completion of the transaction is expected to take place within 12 weeks from 30 March 2006, subject to certain regulatory approvals being obtained.

- (d) 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). Completion of the transaction, which is subject to regulatory approval in Vietnam, is expected in the third quarter of 2006. OCBC Bank will become the single largest shareholder of VP Bank and will have representation on VP Bank's Board of Directors.

As part of the agreement, the Bank has been granted an option to increase its shareholding, subject to regulatory approvals, to 20% of the enlarged issued and paid-up capital of VP Bank, by subscribing for new shares at the same price of VND 45,000 per share, if the current single foreign shareholder limit of 10% is relaxed.

## Other Matters/Subsequent Events *(continued)*

- (e) On 13 April 2006, it was announced that the Bank and its wholly-owned subsidiary, Orient Holdings Private Limited, together with certain wholly-owned subsidiaries of Great Eastern Holdings Limited (collectively, the "Vendors") had entered into a conditional sale and purchase agreement with Red Oasis Pte. Ltd. (the "Purchaser") pursuant to which the Vendors have agreed to sell to the Purchaser 25,705,481 ordinary shares in the capital of Robinson and Company, Limited ("Robinsons"). This represents approximately 29.9% of the total number of issued shares in Robinsons, and the total cash consideration is S\$203,073,300 (equivalent to S\$7.90 per share).

The Purchaser is a subsidiary of Auric Pacific Group Limited ("APGL"), a company incorporated in Singapore and whose shares are listed on the SGX-ST. The completion of the transaction is conditional upon the approval of the shareholders of APGL in general meeting having been obtained.

Following the completion of the sale and purchase agreement, the Bank would be in compliance with the legal and regulatory requirements relating to the segregation of financial and non-financial businesses in respect of its shareholding interest in Robinsons.

- (f) The Bank had on 30 December 2005 announced that the Bank and its subsidiary, The Overseas Assurance Corporation Limited ("OAC") would be divesting respectively 27,003,000 and 3,500,000 shares held in The Straits Trading Company Limited ("STC") by way of selective capital reduction. The selective capital reduction by STC was completed on 24 April 2006 and a cash distribution of S\$2.966 for each STC share cancelled, or approximately S\$90.5 million in aggregate, was received. Following the completion of the transaction, the Group will recognise a gain of approximately S\$78 million in the second quarter of 2006.