

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

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

1 AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2001

	GROUP			BANK		
	2001 S\$'000	2000 S\$'000	+ / (-) %	2001 S\$'000	2000 S\$'000	+ / (-) %
Interest income	3,578,454	3,158,066	13.3	2,502,531	2,467,695	1.4
Less: Interest expense	2,186,553	1,897,594	15.2	1,689,092	1,617,394	4.4
Net interest income	1,391,901	1,260,472	10.4	813,439	850,301	(4.3)
Fees and commissions	287,762	255,535	12.6	163,749	141,137	16.0
Dividends	36,229	26,297	37.8	863,749	263,120	228.3
Rental income	80,839	78,019	3.6	7,591	7,780	(2.4)
Other income	412,319	106,569	286.9	103,317	31,465	228.4
Income before operating expenses	2,209,050	1,726,892	27.9	1,951,845	1,293,803	50.9
Less: Staff costs	475,925	350,286	35.9	279,602	226,783	23.3
Other operating expenses	386,056	305,341	26.4	205,335	187,293	9.6
	861,981	655,627	31.5	484,937	414,076	17.1
Operating profit before provisions and amortisation of goodwill	1,347,069	1,071,265	25.7	1,466,908	879,727	66.7
Less: Amortisation of goodwill	48,987	-	-	-	-	-
Provisions for possible loan losses and diminution in value of other assets	517,530	139,206	271.8	352,298	64,832	443.4
Operating profit after provisions and amortisation of goodwill	780,552	932,059	(16.3)	1,114,610	814,895	36.8
Share of profits less losses of associated companies	198,472	220,828	(10.1)	-	-	-
Profit before tax	979,024	1,152,887	(15.1)	1,114,610	814,895	36.8
Less: Tax	151,386	238,934	(36.6)	263,816	212,147	24.4
Share of tax of associated companies	39,351	66,236	(40.6)	-	-	-
	190,737	305,170	(37.5)	263,816	212,147	24.4
Profit after tax	788,287	847,717	(7.0)	850,794	602,748	41.2
Less: Minority interests	3,265	7,683	(57.5)	-	-	-
Profit attributable to stockholders of the Bank	785,022	840,034	(6.5)	850,794	602,748	41.2

2 SELECTED BALANCE SHEET DATA

	GROUP			BANK		
	2001	2000	+ / (-)	2001	2000	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Assets						
Total assets	85,225,568	59,709,600	42.7	59,036,917	48,395,680	22.0
Loans to customers including bills (net of specific and general provisions)	49,609,375	32,936,035	50.6	27,764,813	25,263,281	9.9
(b) Liabilities						
Deposits of non-bank customers	54,903,996	37,942,375	44.7	32,078,928	29,540,796	8.6
Deposits and balances of banks	14,050,998	10,092,546	39.2	11,493,725	9,743,850	18.0
(c) Capital and reserves						
Issued and paid-up capital	1,286,606	1,285,968	0.0	1,286,606	1,285,968	0.0
Total shareholders' equity	8,762,861	8,155,216	7.5	6,240,307	5,634,722	10.7

3 OTHER INFORMATION

	GROUP			BANK		
	2001	2000	+ / (-)	2001	2000	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Attributable net profit [S\$'000]						
(i) First half year	433,368	445,243	(2.7)	314,003	381,189	(17.6)
(ii) Second half year	351,654	394,791	(10.9)	536,791	221,559	142.3
(b) Attributable net profit as a percentage of weighted average shareholders' funds [%]	9.36	10.66		14.62	10.84	
(c) Attributable net profit as a percentage of average total assets [%]	1.12	1.53		1.94	1.39	
(d) Earnings per S\$1 ordinary stock unit [S\$]						
- Based on existing issued share capital	0.61	0.65	(6.6)	0.66	0.47	41.1
- On a fully diluted basis, assuming all outstanding employees' share options are exercised and converted to ordinary stock units	0.61	0.65	(6.4)	0.66	0.47	41.4
(e) Net tangible asset backing per S\$1 ordinary stock unit [S\$]	5.10	6.34	(19.6)	4.85	4.38	10.7
(f) Depreciation of property, plant and equipment [S\$'000]	71,031	52,506	35.3	19,620	19,637	(0.1)
(g) Amortisation of computer software costs [S\$'000]	10,028	5,578	79.8	6,338	3,511	80.5

4 REVIEW OF PERFORMANCE

Group net profit fell by 6.5% to S\$785 million in 2001, due largely to higher provisions which more than offset a 25.7% growth in operating profit. The results include an after-tax profit contribution of S\$81 million from Keppel Capital Holdings Ltd (KCH), which was acquired in August 2001, as well as total acquisition-related costs (including debt funding costs) of S\$134 million. On a proforma basis⁽¹⁾, Group net profit was S\$838 million, on par with 2000's net profit of S\$840 million.

Net interest income expanded by 10.4% to S\$1,392 million and fee and commission income rose by 12.6% to S\$288 million. On a proforma basis, net interest income grew by 0.9%, with higher loan volume compensating for a lower net interest margin, while fee and commission income rose by 1.5%, driven by double-digit growth from bancassurance, loan-related fees, unit trust distribution and credit cards. Other income rose by 287% to S\$412 million, largely due to a gain of S\$260 million from the disposal of shares in Overseas Union Bank Limited (OUB).

Operating expenses rose 31.5% to S\$862 million. On a proforma basis, expenses grew by 13.0%, mainly from higher staff costs and depreciation of investments in new computer systems over the past two years. While the Group continued to strengthen its capabilities in a number of areas, effective cost control measures had resulted in a significant moderation in the year-on-year cost increase from 24.8% in the first half to 3.6% in the second half.

The Group's operating profit rose 25.7% to S\$1,347 million. Excluding the gain from disposal of OUB shares, operating profit rose 1.5%.

The weaker economic environment, especially during the second half of 2001, necessitated an increase in specific provisions to ensure a comfortable level of coverage. The Group's provision charge rose by S\$379 million to S\$518 million. Of this increase, S\$236 million was due to higher specific provisions, largely to cover declines in collateral value of existing non-performing loans (NPLs) and to a lesser extent, to provide for new NPLs. The remaining S\$143 million of the provision increase was due to a general provision charge of S\$2 million in 2001 compared to a write-back of S\$141 million in 2000.

The share of associated companies' results fell by 10.1% to S\$199 million. Excluding the effects of one-off items of S\$53 million in 2001 and S\$45 million in 2000, the underlying decline in associates' contributions was largely due to lower profits from Great Eastern Holdings Limited/Overseas Assurance Corporation Limited and PacificMas Berhad.

Total assets rose by 42.7% to S\$85,226 million and gross customer loans expanded by 50.0% to S\$52,849 million. On a proforma basis, loan growth was 8.2%, derived mainly from housing loans, loans to the transport and communication sector and loans to non-bank financial institutions.

Non-performing loans were S\$5,183 million as at 31 December 2001, but excluding KCH, NPLs had fallen by 12.6% to S\$3,575 million. The ratio of non-bank NPLs to non-bank loans fell from 11.5% as at 31 December 2000 to 9.7% as at 31 December 2001. As a result of the higher provisioning charge for 2001 and the fall in NPLs, provision coverage of NPLs rose from 58.8% to 64.7% of total NPLs.

Group shareholders' equity increased by 7.5% to S\$8,763 million. The total capital adequacy ratio computed based on Bank of International Settlements guidelines was 18.8%. Earnings per share declined by 6.6% to S\$0.61 and return on equity was 9.4% compared to 10.7% in 2000.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which would substantially affect the results of the operations of the Group during the period under review and the period from the end of the financial year to the date of this report.

More details on the results are available at the Bank's website: <http://www.ocbc.com>

⁽¹⁾ All references to "proforma basis" in this announcement refer to OCBC Group excluding KCH's contribution and excluding the acquisition-related costs.

5 DIVIDEND

A final dividend of 13 cents for every S\$1 ordinary stock unit, less 24.5% Singapore income tax, has been recommended by the Directors in respect of the financial year ended 31 December 2001. If approved by the Members of the Bank at the Annual General Meeting to be held on 15 May 2002 the final dividend will be paid on 13 June 2002.

	2001		2000	
	%	S\$'000	%	S\$'000
Interim				
5 cents (2000 : 5 cents) per S\$1 stock less 24.5% (2000 : 25.5%) tax	5	48,528	5	47,880
2000 special interim dividend of 12 cents per S\$1 stock less 25.5% tax	-	-	12	114,912
Final				
13 cents (2000 : 13 cents) per S\$1 stock less 24.5% (2000 : 24.5%) tax	13	126,281	13	126,147
2000 special final dividend of 10 cents per S\$1 stock less 24.5% tax	-	-	10	97,036
Total	18	174,809	40	385,975

6 ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 15 May 2002.

7 CLOSURE OF BOOKS

Notice is hereby given that subject to the approval of the Members of the Bank at the Annual General Meeting to be held on 15 May 2002 of the payment of the final dividend of 13 cents for every S\$1 ordinary stock unit, less 24.5% Singapore income tax, in respect of the financial year ended 31 December 2001, the Transfer Books and the Register of Members of the Bank will be closed from 29 May 2002 to 1 June 2002 (both dates inclusive) for the purpose of determining the entitlements of Members to the final dividend of 13 cents less 24.5% Singapore income tax for every S\$1 ordinary stock unit held. Duly completed registrable transfers of stock units received by the Bank's Share Registrar, KPMG of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 28 May 2002 will be registered in order to determine the entitlements of Members to the final dividend. Subject as aforesaid, Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with stock units as at 5.00 p.m. on 28 May 2002 will be entitled to the final dividend.

8 SCRIP DIVIDEND SCHEME

The Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme, which was approved by the Members of the Bank at the Extraordinary General Meeting on 8 June 1996, will not be applicable to the final dividend.

9 SHARES ISSUED AND OUTSTANDING CONVERTIBLES

- (a) From 1 July 2001 to 31 December 2001 (both dates inclusive), the Bank issued 1,243,330 ordinary shares of S\$1 each upon the exercise of options by officers of the Bank pursuant to the OCBC Executives' Share Option Scheme 1994.

- (b) As at 31 December 2001, there were 23,463,919 ordinary shares of S\$1 each (30 June 2001: 25,042,465) that may be issued on the exercise of options.

10 SUBSEQUENT EVENTS

Subsequent to the financial year end, the following events took place :

- (a) On 2 January 2002, a Scheme of Arrangement and Amalgamation pursuant to sections 210 and 212 of the Companies Act, Cap. 50, for the merger of Keppel TatLee Finance Limited ("KTF") and OCBC Finance Limited ("OCF"), was sanctioned by the High Court and became effective on that date. Pursuant to the scheme, the business, assets and liabilities of KTF, save and except for certain excluded assets and liabilities were transferred to and vested in OCF. Following the merger, KTF changed its name to KTF Limited.
- (b) On 2 January 2002, a Scheme of Arrangement and Amalgamation pursuant to sections 210 and 212 of the Companies Act, Cap. 50, for the merger of Keppel Bullion & Futures Pte Ltd ("KBFPL") and OCBC Bullion & Futures Limited ("OBFL"), was sanctioned by the High Court and became effective on that date. Pursuant to the scheme, the business, assets and liabilities of KBFPL, save and except for certain excluded assets and liabilities were transferred to and vested in OBFL. Following the merger, KBFPL changed its name to KBF Pte Ltd.
- (c) On 28 January 2002, a Scheme of Arrangement and Amalgamation pursuant to sections 210 and 212 of the Companies Act, Cap. 50, for the merger of Keppel Securities Pte Ltd ("KSPL") and OCBC Securities Private Limited ("OSPL"), was sanctioned by the High Court and became effective on that date. Pursuant to the scheme, the business, assets and liabilities of KSPL, save and except for certain excluded assets and liabilities were transferred to and vested in OSPL. Following the merger, KSPL changed its name to KS Pte Ltd.
- (d) On 31 January 2002, Keppel Capital Holdings Ltd ("KCH"), a wholly-owned subsidiary of the Bank, completed the sale (the "Sale") of its entire shareholdings of 510,000 ordinary shares of par value S\$1 each fully paid in the capital of Keppel American Express Foreign Exchange Services Pte Ltd ("KAEFES"), representing 51.0% of the issued and paid-up capital of KAEFES, at an aggregate sale consideration of S\$725,000 to American Express International Inc ("AMEX").

In connection with the Sale, KCH and AMEX also entered into a termination and release agreement to terminate the joint venture agreement dated 30 June 1999 relating to KAEFES. Following the completion of the Sale, KAEFES ceased to be a subsidiary of the Bank. The Sale will not have any material impact on the net tangible assets and earnings per share of the Group.

- (e) On 25 February 2002, Keppel TatLee Bank Limited ("KTB") was merged with the Bank ("OCBC") pursuant to the provisions of sections 14A to 14C and the Fifth Schedule of the Banking Act, Chapter 19. The certificate of approval issued by the Deputy Prime Minister of Singapore on 18 December 2001, and the merger agreement signed between KTB and the Bank on 30 November 2001, were lodged with the Registrar of Companies on 25 February 2002, and the merger became effective on that date. As a consequence of the merger, all the undertakings of KTB were, by operation of law, transferred to and vested in the Bank. Following the merger, KTB surrendered its banking licence and changed its name to KTB Limited .

BY ORDER OF THE BOARD

Elaine Tan
Secretary

Singapore, 27 February 2002