

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

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

1 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2002

	GROUP			BANK		
	1st Half 2002 S\$'000	1st Half 2001 S\$'000	+ / (-) %	1st Half 2002 S\$'000	1st Half 2001 S\$'000	+ / (-) %
Interest income	1,568,904	1,597,887	(1.8)	1,111,961	1,255,881	(11.5)
Less: Interest expense	823,911	954,279	(13.7)	638,801	805,301	(20.7)
Net interest income	744,993	643,608	15.8	473,160	450,580	5.0
Fees and commissions	180,787	135,930	33.0	104,088	85,263	22.1
Dividends	26,404	16,377	61.2	297,453	170,242	74.7
Rental income	42,597	39,110	8.9	3,971	3,961	0.3
Other income	103,286	61,028	69.2	343,240	18,904	1,715.7
Income before operating expenses	1,098,067	896,053	22.5	1,221,912	728,950	67.6
Less: Staff costs	240,047	207,797	15.5	154,383	131,168	17.7
Other operating expenses	185,681	151,931	22.2	112,196	83,251	34.8
	425,728	359,728	18.3	266,579	214,419	24.3
Operating profit before provisions and amortisation of goodwill	672,339	536,325	25.4	955,333	514,531	85.7
Less: Amortisation of goodwill	61,503	2,346	2,521.6	30,687	-	n.m.
Provisions for possible loan losses and diminution in value of other assets	288,986	125,081	131.0	211,031	95,330	121.4
Operating profit after provisions and amortisation of goodwill	321,850	408,898	(21.3)	713,615	419,201	70.2
Share of profits less losses of associated companies	103,404	157,649	(34.4)	-	-	-
Profit before tax	425,254	566,547	(24.9)	713,615	419,201	70.2
Less: Tax	93,231	107,826	(13.5)	90,036	105,198	(14.4)
Share of tax of associated companies	29,059	23,942	21.4	-	-	-
	122,290	131,768	(7.2)	90,036	105,198	(14.4)
Profit after tax	302,964	434,779	(30.3)	623,579	314,003	98.6
Less: Minority interests	1,352	1,411	(4.2)	-	-	-
Profit attributable to stockholders of the Bank	301,612	433,368	(30.4)	623,579	314,003	98.6

The Group results incorporate the financial results of the Bank and its subsidiaries. The Bank results refer to those of just the Bank itself.

2 SELECTED BALANCE SHEET DATA

	GROUP			BANK		
	30 Jun 2002 S\$'000	30 Jun 2001 S\$'000	+ / (-) %	30 Jun 2002 S\$'000	30 Jun 2001 S\$'000	+ / (-) %
(a) Assets						
Total assets	83,559,756	60,775,649	37.5	70,389,996	48,403,339	45.4
Loans to customers including bills (net of specific and general provisions)	47,493,635	34,126,058	39.2	37,960,447	26,053,893	45.7
(b) Liabilities						
Deposits of non-bank customers	55,119,089	39,536,820	39.4	44,613,357	30,233,155	47.6
Deposits and balances of banks	11,559,378	9,986,491	15.8	10,749,001	9,683,532	11.0
(c) Capital and reserves						
Issued and paid-up capital	1,290,060	1,285,363	0.4	1,290,060	1,285,363	0.4
Total shareholders' equity	8,878,728	8,423,025	5.4	6,742,175	5,730,503	17.7

3 OTHER INFORMATION

	GROUP			BANK		
	1st Half 2002	1st Half 2001	+ / (-) %	1st Half 2002	1st Half 2001	+ / (-) %
(a) Attributable net profit (annualised) as a percentage of weighted average shareholders' funds [%]	6.8	10.4		19.2	11.0	
(b) Attributable net profit (annualised) as a percentage of average total assets [%]	0.72	1.47		1.86	1.32	
(c) Earnings per S\$1 ordinary stock unit *						
- basic	0.47	0.67	(30.1)	0.97	0.49	97.5
- fully diluted	0.47	0.67	(30.3)	0.97	0.49	97.0
(d) Net tangible asset backing per S\$1 ordinary stock unit [S\$]	5.23	6.54	(20.0)	3.90	4.46	(12.4)
(e) Depreciation of property, plant and equipment [S\$'000]	34,751	30,225	15.0	15,598	10,016	55.7
(f) Amortisation of computer software [S\$'000]	4,986	4,137	20.5	4,257	2,564	66.0

* Basic earnings per share is calculated by dividing the annualised profit after tax attributable to stockholders by the weighted average number of ordinary shares in issue during the period.

For purposes of calculating diluted earnings per 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 REVIEW OF PERFORMANCE

Group net profit fell by 30.4% to S\$302 million in the first half of 2002, due to higher provision charges, goodwill amortisation arising from the acquisition of Keppel Capital Holdings (KCH) in August 2001, and the effect of a one-off associate gain recorded in the first half of 2001. However, operating profit before provisions and goodwill amortisation increased by 25.4% to S\$672 million, driven by the enlarged revenue base of the Group and the realisation of cost synergies following the integration of KCH. KCH's business and operations were fully integrated into the Group during the first quarter of 2002. The first half 2002 results reflect the performance of the merged Group, while the first half 2001 results did not contain any contribution from KCH.

With the enlarged base following the integration, total income of the Group rose by 22.5% to S\$1,098 million. Net interest income increased by 15.8% to S\$745 million, driven by the expansion in interest earning assets. Net interest margin fell by 31 basis points to 1.93% due to the lower return on surplus funds in the soft interest rate environment and the interest expense from the S\$3.88 billion subordinated debt issued in July 2001. Compared to second half 2001, net interest margin fell marginally by three basis points.

Non-interest income grew by 39.9% to S\$353 million, driven by growth in fee and commission income as well as gains from the disposal of investment securities. Fee and commission income increased by 33% to S\$181 million, led by unit trust sales, stockbroking income, trade-related fees and service charges.

Operating expenses increased by 18.3% to S\$426 million, due mainly to higher staff costs arising from an expanded workforce. Restructuring and other integration expenses amounted to S\$11 million. But compared to second half 2001, expenses have fallen by 15.2%, due to cost savings from the integration as well as tighter cost control in other areas. The cost-to-income ratio fell from 40.1% in first half 2001 to 38.8% in first half 2002.

Net provisions charged to income increased by 131% to S\$289 million due mainly to higher specific provisions for loans. The relatively high level of provision for loans was a reflection of the continuing soft economic conditions and property and equity markets in Singapore.

The share of associated companies' results decreased by 34.4% to S\$103 million as there was a one-off gain of S\$65 million in first half 2001 arising from the disposal of the banking business by PacificMas Berhad.

At the Bank level, net profit increased by 98.6% to S\$624 million, due largely to higher dividend income from subsidiaries as well as gains from the voluntary liquidation of subsidiaries. This essentially reflects the continuing process of up-streaming excess capital from the subsidiaries to the Bank for capital management purposes.

Total assets of the Group rose by 37.5% year-on-year to S\$83.56 billion. Gross customer loans increased by 39.6% to S\$50.72 billion while customer deposits grew by 39.4% to S\$55.12 billion. Compared to December 2001, customer loans declined by 4.0% while customer deposits increased by 0.4%. The Group's NPLs fell by 3.9% from December 2001 to S\$4.98 billion as at 30 June 2002, while the ratio of non-bank NPLs to non-bank loans improved from 9.7% to 9.6% over the same period. Provision coverage of NPLs increased from 64.7% in December 2001 to 67.6% as at 30 June 2002, while cumulative general provisions rose from 2.4% to 2.5% of total non-bank loans (net of specific provisions).

Group shareholders' funds increased by 5.4% to S\$8.88 billion, and the total capital adequacy ratio computed based on Bank of International Settlements guidelines was 19.9%. Earnings per share fell by 30.1% to S\$0.47, and return on equity was 6.8% compared to 10.4% in first half 2001.

With effect from 1 January 2002, OCBC adopted the revised Statement of Accounting Standard 12 on Income Taxes. There is no material impact on the Bank and Group financial statements for first half 2002.

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 June 2002 to the date of this report.

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

5 DIVIDEND

An interim dividend of 5 cents (2001: 5 cents interim) for every S\$1 ordinary stock unit less 22% (2001: 24.5%) Singapore income tax, has been declared in respect of the financial year ending 31 December 2002. The dividend rate is 5% (2001: 5% interim). The interim dividend will be paid on 3 September 2002.

	2002		2001	
	%	\$'000	%	\$'000
Interim dividend				
5 cents (2001 : 5 cents) per S\$1 stock less 22% (2001 : 24.5%) tax	5	50,312	5	48,528

6 CLOSURE OF BOOKS

Notice is hereby given that the Transfer Books and the Register of Members of the Bank will be closed from 22 August 2002 to 28 August 2002 (both dates inclusive) for the purpose of determining the entitlements of Members to the interim dividend of 5 cents less 22% 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 21 August 2002 will be registered in order to determine the entitlements of Members to the interim 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 21 August 2002 will be entitled to the interim dividend.

7 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 interim dividend.

8 SHARES ISSUED AND OUTSTANDING CONVERTIBLES

- (a) From 1 January 2002 to 30 June 2002 (both dates inclusive), the Bank issued 3,453,900 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 30 June 2002, there were 27,963,986 ordinary shares of S\$1 each (31 December 2001: 23,463,919) that may be issued on the exercise of options.

BY ORDER OF THE BOARD

Elaine Tan
Secretary

Singapore, 5 August 2002