

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

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

1 UNAUDITED RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2003

	GROUP					
	9 Mths	9 Mths	+/(-)	3rd Qtr	3 rd Qtr	+/(-)
	2003	2002		2003	2002	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	1,780,687	2,064,570	(13.8)	584,680	678,296	(13.8)
Less: Interest expense	714,494	931,501	(23.3)	225,821	290,220	(22.2)
Net interest income	1,066,193	1,133,069	(5.9)	358,859	388,076	(7.5)
Fees and commissions	269,592	282,635	(4.6)	99,640	98,790	0.9
Dividends	66,698	29,260	127.9	36,286	2,856	1,170.5
Rental income	45,348	59,497	(23.8)	16,166	16,900	(4.3)
Other income	170,624	148,407	15.0	78,136	38,686	102.0
Income before operating expenses	1,618,455	1,652,868	(2.1)	589,087	545,308	8.0
Less: Staff costs	358,724	351,973	1.9	120,654	111,926	7.8
Other operating expenses	279,697	280,676	(0.3)	93,483	91,937	1.7
	638,421	632,649	0.9	214,137	203,863	5.0
Operating profit before provisions and goodwill amortisation	980,034	1,020,219	(3.9)	374,950	341,445	9.8
Less: Goodwill amortisation	94,980	95,244	(0.3)	31,682	30,644	3.4
Provisions for possible loan losses and diminution in value of other assets	170,885	370,595	(53.9)	37,214	75,154	(50.5)
Operating profit after provisions and goodwill amortisation	714,169	554,380	28.8	306,054	235,647	29.9
Share of profits less losses of associated companies	141,214	114,101	23.8	52,010	10,697	386.2
Profit before tax	855,383	668,481	28.0	358,064	246,344	45.4
Less: Tax	142,685	138,182	3.3	53,413	63,723	(16.2)
Share of tax of associated companies	35,911	31,168	15.2	12,332	2,109	484.7
	178,596	169,350	5.5	65,745	65,832	(0.1)
Profit after tax	676,787	499,131	35.6	292,319	180,512	61.9
Less/(add): Minority interests	1,219	1,291	(5.6)	463	(61)	n.m.
Profit attributable to shareholders	675,568	497,840	35.7	291,856	180,573	61.6

Note:⁽¹⁾ n.m. – Not Meaningful

2 SELECTED BALANCE SHEET DATA

	GROUP			BANK		
	30 Sep 2003	31 Dec 2002	30 Sep 2002	30 Sep 2003	31 Dec 2002	30 Sep 2002
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(a) Assets						
Total assets	84,342,289	84,051,388	83,092,675	71,725,263	71,285,546	69,956,783
Loans to and bills receivable from customers ⁽²⁾	48,966,632	47,367,213	47,110,161	39,676,394	38,126,244	37,540,934
(b) Liabilities						
Deposits of non-bank customers	53,892,462	53,947,536	53,466,875	43,693,051	43,944,085	43,001,859
Deposits and balances of banks	12,633,799	12,621,149	13,217,320	12,372,865	12,076,240	12,617,946
Subordinated term debts due after one year (unsecured)	3,856,658	3,879,214	3,878,355	3,881,658	3,879,214	3,878,355
Other debt securities issued due within one year (secured) ⁽³⁾	152,750	133,000	-	-	-	-
(c) Capital and reserves						
Issued and paid-up ordinary share capital	1,279,495	1,290,299	1,290,210	1,279,495	1,290,299	1,290,210
Ordinary shareholders' equity	8,912,691	9,224,222	9,100,896	6,802,384	7,015,698	6,884,317
Preference shareholders' equity (net of issue expenses)	893,407	-	-	893,407	-	-
Total shareholders' equity	9,806,098	9,224,222	9,100,896	7,695,791	7,015,698	6,884,317

Notes:

⁽²⁾ Net of cumulative specific and general provisions.

⁽³⁾ The other debt securities are issued by Pioneer Funding Limited, a special purpose entity ("SPE") of the Group, and secured by a first fixed charge over the assets of the SPE.

3 NET ASSET VALUE

	GROUP			BANK		
	30 Sep 2003	31 Dec 2002	30 Sep 2002	30 Sep 2003	31 Dec 2002	30 Sep 2002
	S\$	S\$	S\$	S\$	S\$	S\$
Net asset value per ordinary share	6.96	7.15	7.05	5.31	5.44	5.34

4 OTHER INFORMATION

	GROUP					
	9 Mths 2003	9 Mths 2002	+ /(-) %	3 rd Qtr 2003	3 rd Qtr 2002	+ /(-) %
(a) Annualised net profit as a percentage of weighted average total shareholders' equity (%)	9.3	7.4	25.9	11.9	7.9	50.5
(b) Annualised net profit as a percentage of average total assets (%)	1.07	0.79	35.1	1.37	0.86	59.0
(c) Annualised earnings per ordinary share (S\$) ⁽⁴⁾						
– Basic	0.69	0.52	33.8	0.90	0.56	61.5
– Fully diluted	0.69	0.52	33.9	0.89	0.55	61.4
(d) Depreciation of property, plant and equipment (S\$'000)	64,661	53,109	21.8	18,258	18,358	(0.5)
(e) Amortisation of computer software costs (S\$'000)	14,657	7,773	88.6	5,016	2,787	80.0

Note:

⁽⁴⁾ Basic earnings per ordinary share is calculated by dividing the annualised net profit attributable to shareholders 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).

5 COMMENTS ON PERFORMANCE AND BALANCE SHEET ITEMS

- (a) OCBC Group prepares its financial statements in accordance with Financial Reporting Standards ("FRS"). The same accounting policies and methods of computation have been applied in the financial statements for the current reporting period and the audited financial statements for the year ended 31 December 2002.
- (b) Group net profit attributable to shareholders for the third quarter of 2003 was S\$292 million, an increase of 61.6% over the same period last year, mainly due to gains from the divestment of part of the Group's holdings in Fraser & Neave, Limited ("F&N"), lower provisions as well as higher contribution from associates. Net profit for the first nine months of 2003 rose 35.7% to S\$676 million largely driven by a 53.9% fall in provisions.
- (c) Operating profit before provisions and goodwill amortisation of S\$375 million in the third quarter of 2003 was 9.8% higher than the same quarter last year. The profit included a pretax gain of S\$78 million (net of tax: S\$72 million) from the divestment of F&N shares through a selective capital reduction by F&N. Operating profit for the first nine months of 2003 fell 3.9% to S\$980 million as revenue in the first half of the year was affected by the generally weak economic and investment environment.
- (d) Net interest income for third quarter 2003 declined by 7.5% to S\$359 million, compared to third quarter 2002, due to a weaker net interest margin. Net interest margin contracted by 19 basis points to 1.88% as a result of narrower customer spreads and lower contributions from net available funds due to the lower prevailing interest rates. Net interest income in the first nine months of 2003 was 5.9% lower than the same period last year, similarly due to lower interest margins.
- (e) Total non-interest income rose sharply by 46.4% to S\$230 million in the third quarter of 2003, as dividend and other income was boosted by the F&N gains. Fee and commission income rose 0.9% to S\$100 million with higher income from stockbroking, credit cards and fund management offsetting lower loan-related fees, service charges and unit trust distribution income. Included in third quarter 2003's other income was a net loss of S\$38 million in securities and derivatives dealing, largely due to the unexpected sharp rise in long term interest rates in July. Non-interest income for the first nine months of 2003 grew by 6.2% to S\$552 million.

- (f) Total operating expenses for third quarter 2003 increased by 5.0% to S\$214 million due mainly to higher staff costs. For the nine-month period, total expenses amounted to S\$638 million, a slight increase of 0.9% over the same period last year. The cost-to-income ratio for the first nine months rose marginally from 38.3% last year to 39.4% in 2003 due to the lower income base.
- (g) Total provisions declined by 50.5% to S\$37 million in the third quarter of 2003. Efforts undertaken since the second half of 2002 to strengthen the Group's credit processes and overall asset quality, coupled with a gradually improving economic environment during the third quarter, have resulted in lower specific provisions for non-performing loans ("NPLs"). Provisions for diminution in value of investment securities were also lower due to higher market valuations. For the first nine months of 2003, total provisions fell 53.9% to S\$171 million. Total cumulative specific and general provisions amounted to S\$2.6 billion as at 30 September 2003, reflecting provision coverage of 66.2% of NPLs.
- (h) The share of pre-tax profits of associated companies increased from S\$11 million in third quarter 2002 to S\$52 million in third quarter 2003. The higher contribution came primarily from the Group's insurance associate Great Eastern Holdings Limited.
- (i) Compared to 31 December 2002, total assets increased by 0.3% to S\$84.3 billion as at 30 September 2003 while net loans to customers grew by 3.4% to S\$49.0 billion. Total NPLs declined by 10.7% from December 2002 to S\$3.9 billion as at 30 September 2003. The ratio of non-bank NPLs to non-bank loans improved from 8.1% to 7.1% over the same period.
- (j) As at 30 September 2003, total shareholders' equity was S\$9.8 billion, an increase of 6.3% compared to end December 2002. The Tier 1 and total capital adequacy ratios computed based on the Bank for International Settlements guidelines were 12.3% and 21.5% respectively.
- (k) Annualised earnings per ordinary share (EPS) for third quarter 2003 was 90 cents, an increase of 61.5% over third quarter last year. For the first nine months of 2003, annualised EPS rose 33.8% year-on-year to 69 cents.

6 DIVIDENDS

Ordinary Stock

No interim dividend on ordinary stock units has been declared for the third quarter ended 30 September 2003.

4.5% Non-Cumulative, Non-Convertible Class E Preference Shares (OCBC 4.5% NCPS 100) and 4.2% Non-Cumulative, Non-Convertible Class G Preference Shares (OCBC 4.2% NCPS)

On 14 November 2003, the Board of Directors has declared the payment of semi-annual dividends (net of Singapore income tax) to holders of OCBC 4.5% NCPS 100 (2002: Nil) and OCBC 4.2% NCPS (2002: Nil) and these dividends will be paid on 22 December 2003.

7 CLOSURE OF BOOKS- OCBC 4.5% NCPS 100 and OCBC 4.2% NCPS

Notice is hereby given that the Transfer Books and Registers of Preference Shareholders will be closed from 11 to 12 December 2003. Duly completed transfers received by the Bank's Share Registrar, KPMG of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 pm on 10 December 2003 will be registered in order to determine the entitlements of the following Preference Shares to the semi-annual dividends:

	<u>OCBC 4.5% NCPS 100</u>	<u>OCBC 4.2% NCPS</u>
Dividend Period	20 June 2003 to 19 December 2003 (both dates inclusive)	14 July 2003 to 19 December 2003 (both dates inclusive)
Actual No. of Days (Basis of calculation: No. of Days divided by 365 days)	183 days	159 days
Dividend Rate (on liquidation preference of each preference share)	4.5% per annum (net)	4.2% per annum (net)
Dividend Amount (S\$'000)	11,281	7,242

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.

8 SHARES ISSUED AND OUTSTANDING CONVERTIBLES

- (a) From 1 July 2003 to 30 September 2003 (both dates inclusive), the Bank issued 281,635 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 and were immediately converted into ordinary stock units of S\$1 each.
- (b) As at 30 September 2003, there were 34,592,421 ordinary shares of S\$1 each (30 September 2002: 27,508,973) that may be issued on the exercise of share options.
- (c) On 6 August 2003, the Bank issued 150 million OCBC 4.2% NCPS at S\$1.0027 per share for cash by way of placement to investors.
- (d) On 17 September 2003, the selective capital reduction exercise approved by the Bank's stockholders on 28 July 2003 was completed and 12,138,915 ordinary stock units of S\$1 each held by Fraser and Neave, Limited was cancelled for cash consideration of \$8.63 per stock unit.

9 SUBSEQUENT EVENT

The merger of the business of OCBC Finance Limited into the Bank (the Merger) by way of a Scheme of Arrangement and Amalgamation pursuant to Sections 210 and 212 of the Companies Act, Chapter 50 (the Scheme) became effective on 3 November 2003 (the Effective Date). This followed the lodgement of a copy of the Order of Court approving and confirming the Scheme with the Registrar of Companies and Businesses in Singapore.

On the Effective Date, all of the assets, rights, property (real and personal), business, debts, liabilities and obligations of OCBC Finance Limited save for certain excluded assets and liabilities as provided in the Scheme were transferred to and vested in the Bank. Following the Merger, OCBC Finance Limited ceased to carry on business as a licensed finance company.

BY ORDER OF THE BOARD

Peter Yeoh
Secretary

Singapore, 14 November 2003

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