

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 31 MARCH 2004

	GROUP				
	1 st Qtr	1 st Qtr	4 th Qtr		
	2004	2003	+ / (-)	2003	+ / (-)
	S\$'000	S\$'000	%	S\$'000	%
Interest income	598,280	605,159	(1.1)	599,959	(0.3)
Less: Interest expense	233,674	253,592	(7.9)	231,156	1.1
Net interest income	364,606	351,567	3.7	368,803	(1.1)
Fees and commissions	115,141	82,299	39.9	103,235	11.5
Dividends	44,462	10,532	322.2	8,080	450.3
Rental income	17,959	15,618	15.0	18,191	(1.3)
Other income	(16,616)	39,162	n.m.	76,261	n.m.
Income before operating expenses	525,552	499,178	5.3	574,570	(8.5)
Less: Staff costs	119,961	119,103	0.7	119,126	0.7
Other operating expenses	85,659	81,948	4.5	97,081	(11.8)
	205,620	201,051	2.3	216,207	(4.9)
Operating profit before provisions and goodwill amortisation	319,932	298,127	7.3	358,363	(10.7)
Less: Goodwill amortisation	31,663	31,644	0.1	31,664	(0.0)
Provisions for possible loan losses and diminution in value of other assets	20,370	63,767	(68.1)	54,074	(62.3)
Operating profit after provisions and goodwill amortisation	267,899	202,716	32.2	272,625	(1.7)
Share of profits less losses of associated companies	61,538	11,212	448.9	93,651	(34.3)
Profit before tax	329,437	213,928	54.0	366,276	(10.1)
Less: Tax	58,926	47,427	24.2	68,078	(13.4)
Share of tax of associated companies	14,229	6,767	110.3	19,226	(26.0)
	73,155	54,194	35.0	87,304	(16.2)
Profit after tax	256,282	159,734	60.4	278,972	(8.1)
Less: Minority interests	500	320	56.3	416	20.2
Profit attributable to shareholders	255,782	159,414	60.5	278,556	(8.2)

Note:⁽¹⁾ n.m. – Not Meaningful

2 SELECTED BALANCE SHEET DATA

	GROUP			BANK		
	31 Mar 2004	31 Dec 2003	31 Mar 2003	31 Mar 2004	31 Dec 2003	31 Mar 2003
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(a) Assets						
Total assets	87,114,964	84,497,426	82,967,559	76,094,866	74,055,633	69,810,708
Loans to and bills receivable from customers ⁽²⁾	50,601,105	50,155,117	47,221,137	43,412,025	42,894,198	37,844,206
(b) Liabilities						
Deposits of non-bank customers	54,278,997	53,459,680	55,333,771	46,066,327	45,673,695	45,152,785
Deposits and balances of banks	13,921,214	12,480,794	9,845,406	13,193,059	11,910,339	8,951,507
Subordinated term debts due after one year (unsecured)	3,858,288	3,857,473	3,855,171	3,883,288	3,882,473	3,855,171
Other debt securities issued due within one year (secured) ⁽³⁾	83,000	152,750	127,750	-	-	-
(c) Capital and reserves						
Issued and paid-up ordinary share capital	1,280,918	1,280,076	1,290,416	1,280,918	1,280,076	1,290,416
Ordinary shareholders' equity	9,404,991	9,163,082	9,407,395	7,614,006	7,299,342	7,177,632
Preference shareholders' equity	895,831	895,831	500,000	895,831	895,831	500,000
Total (ordinary and preference) shareholders' equity	10,300,822	10,058,913	9,907,395	8,509,837	8,195,173	7,677,632

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 designated assets of the SPE.

3 NET ASSET VALUE

	GROUP			BANK		
	31 Mar 2004	31 Dec 2003	31 Mar 2003	31 Mar 2004	31 Dec 2003	31 Mar 2003
	S\$	S\$	S\$	S\$	S\$	S\$
Net asset value per ordinary share	7.34	7.16	7.29	5.94	5.70	5.56

4 OTHER INFORMATION

	GROUP		
	1 st Qtr 2004	1 st Qtr 2003	+ / (-) %
(a) Attributable net profit as a percentage of weighted average total shareholders' equity (%) ⁽⁴⁾	10.1	6.7	50.7
(b) Attributable net profit as a percentage of average total assets (%) ⁽⁴⁾	1.18	0.77	53.2
(c) Earnings per ordinary share (S\$) ⁽⁴⁾			
– Basic ⁽⁵⁾	0.80	0.50	60.4
– Fully diluted ⁽⁵⁾	0.80	0.50	60.0
(d) Depreciation of property, plant and equipment (S\$'000)	14,827	17,288	(14.2)
(e) Amortisation of computer software costs (S\$'000)	5,763	4,777	20.6

Notes:

⁽⁴⁾ Return on equity, return on assets and earnings per share are annualised.

⁽⁵⁾ Basic earnings per ordinary share is calculated by dividing the 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 2003.
- (b) Group net profit attributable to shareholders for the first quarter ended 31 March 2004 was S\$256 million, an increase of 60.5% over the first quarter of 2003. The increase was mainly due to stronger revenue, lower provisions and higher contribution from associates. Operating profit before provisions and goodwill amortisation of S\$320 million was 7.3% higher than the same period last year, attributable mainly to the strong growth in fee and commission income.
- (c) Net interest income increased by 3.7% year-on-year to S\$365 million. This increase due to higher average loan balances and lower deposit costs. Net interest margin remained unchanged at 1.90%.
- (d) Total non-interest income rose by 9.0% to S\$161 million. The growth was mainly due to a 40% increase in fee and commission income to S\$115 million, with higher contributions from wealth management, stockbroking and investment banking activities. Dividend income increased by S\$34 million to S\$44 million due to a special dividend of S\$29 million from Robinson & Company, Limited.
- (e) Other income recorded a net loss of S\$17 million primarily due to losses of S\$62 million in derivatives and securities dealing partly offset by gains in foreign exchange dealing and various other income. The S\$62 million losses were mainly unrealised revaluation losses on interest rate swaps arising from the sustained fall in interest rates during the first quarter. These swaps were entered into primarily to mitigate the interest rate risks of the bank's assets and liabilities and are marked to market, whereas the assets and liabilities are accounted for on an accrual basis. This difference in accounting treatment results in income swings during periods of significant interest rate movements or interest rate volatility.

- (f) Total operating expenses in first quarter 2004 increased marginally by 2.3% to S\$206 million. This was mainly due to a S\$5 million write-back of un-utilised restructuring costs in first quarter 2003, which if excluded, would result in a year-on-year decrease of 1% in operating expenses. The cost-to-income ratio improved to 39.1%, from 40.3% in first quarter 2003.
- (g) Total provisions declined from S\$64 million in first quarter 2003 to S\$20 million in first quarter 2004, largely attributable to lower net specific provisions for loans which fell from S\$70 million to S\$9 million. The lower provisions reflect the ongoing benefits of improved credit processes and successful recovery efforts, as well as the improvement in the overall economic environment. Specific provisions for diminution in value of investment securities, properties and other assets also declined from S\$24 million to S\$10 million.
- (h) The share of pre-tax profits of associated companies increased from S\$11 million in first quarter 2003 to S\$62 million in first quarter 2004. The higher contribution came primarily from the Group's insurance associate Great Eastern Holdings Limited.
- (i) Compared to 31 December 2003, total assets increased by 3.1% to S\$87.1 billion as at 31 March 2004 while net loans to customers grew by 0.9% to S\$50.6 billion. Total non-performing loans ("NPLs") declined by 5.0% from S\$3.8 billion as at 31 December 2003 to S\$3.6 billion as at 31 March 2004. The ratio of non-bank NPLs to non-bank loans improved from 6.9% to 6.6% over the same period. Total cumulative specific and general provisions amounted to S\$2.5 billion as at 31 March 2004, representing a provision coverage ratio of 69.5% of NPLs, up from 67.0% as at 31 December 2003.
- (j) As at 31 March 2004, total shareholders' equity was S\$10.3 billion, an increase of 2.4% compared to 31 December 2003. The Group's Tier 1 and total capital adequacy ratios computed based on the Bank for International Settlements guidelines were 12.7% and 22.0% respectively.
- (k) Annualised earnings per ordinary share increased by 60.4% from 50 cents for first quarter 2003 to 80 cents for first quarter 2004.

The results have been reported in accordance with Rule 25 of the Singapore Code on Takeovers and Mergers.

6 DIVIDENDS

Ordinary Stock

No interim dividend on ordinary stock units has been declared for the first quarter ended 31 March 2004 in respect of the financial year ending 31 December 2004.

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 30 April 2004, 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 (2003: 4.5%) and OCBC 4.2% NCPS (2003: Not applicable) and these dividends will be paid on 21 June 2004.

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

Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 10 June 2004 to 11 June 2004 (both dates inclusive). 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 9 June 2004 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 December 2003 to 19 June 2004 (both dates inclusive)	20 December 2003 to 19 June 2004 (both dates inclusive)
Actual No. of Days (Basis of calculation: No. of Days divided by 365 days)	183 days	183 days
Dividend Rate (on liquidation preference of each preference share)	4.5% per annum (net)	4.2% per annum (net)
Dividend Amount (S\$'000)	11,281	8,335

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 SHARE OPTIONS

- (a) From 1 January 2004 to 31 March 2004 (both dates inclusive), the Bank issued 842,005 ordinary shares of S\$1 each upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes.
- (b) As at 31 March 2004, there were 32,173,544 ordinary shares of S\$1 each (31 March 2003: 26,708,687) that may be issued on the exercise of options. In addition, options to subscribe for an aggregate of 4,393,033 shares under OCBC Share Option Scheme 2001 have been accepted at the close of the offer on 13 April 2004.
- (c) No new preference shares were allotted and issued in the first quarter ended 31 March 2004.

9 SUBSEQUENT EVENTS / OTHER MATTERS

- (a) On 24 February 2004, the Bank entered into a conditional acquisition agreement with Singapore Investments (Pte) Limited pursuant to which Singapore Investments (Pte) Limited agreed to sell and the Bank (or "OCBC") agreed to purchase 10,000,000 Great Eastern Holdings Limited ("GEH") shares. The consideration for the acquisition (the "Acquisition") of the 10,000,000 GEH shares was 9,760,000 new OCBC shares. The agreement was conditional upon SGX-ST having granted its in-principle approval for the listing and quotation of the 9,760,000 new OCBC shares to be issued as consideration for the Acquisition on the Official List of SGX-ST. On 2 April 2004, in-principle approval was obtained from SGX-ST. Such approval is not to be taken as an indication of the merits of the Acquisition. The OCBC Group will own in aggregate approximately 51.01% of the issued share capital of GEH following the completion of the Acquisition, and GEH will become a subsidiary of the Bank.

- (b) Further to the announcements made by J.P. Morgan (S.E.A.) Limited ("JPMorgan") for and on behalf of the Bank on 24 February 2004, the Bank has despatched a circular dated 5 April 2004 to seek stockholders' approval on 30 April 2004 for, *inter alia*, the following:
- (1) Making the unconditional voluntary offer ("Offer") to acquire all the issued ordinary shares in the capital of GEH other than those already owned or agreed to be acquired by the Bank and its subsidiaries and the issue of new OCBC shares pursuant to the Offer, on the basis of 0.976 new OCBC share for one GEH share. Alternatively, shareholders of GEH may elect to receive, in lieu of all or any of the new OCBC shares, new irredeemable non-cumulative convertible preference shares ("INCCPS") in the capital of OCBC on the basis of 0.976 INCCPS for one GEH share;
 - (2) Increase in authorised capital of the Bank by the creation of new OCBC shares and the new INCCPS, the alterations to the Articles of Association to incorporate the terms of the INCCPS and the issue of the INCCPS; and
 - (3) Selective capital reduction to cancel all of the 80,192,220 OCBC stock units held by certain wholly-owned subsidiaries of GEH, representing approximately 6.26% of the issued ordinary share capital of the Bank, for a cash consideration of S\$12.3639 for each OCBC stock unit to be cancelled.
- (c) The Bank has despatched a circular dated 5 April 2004 to seek stockholders' approval on 30 April 2004 in relation to its proposal to increase its authorised share capital by the creation of new preference shares and to alter its articles to incorporate the terms of the new preference shares. The alteration to the articles is to facilitate a contingent capital raising exercise by way of the issuance of Tier 1 non-cumulative non-convertible preference shares via a special purpose vehicle, to be incorporated as determined by the Directors in their absolute discretion, to be wholly-owned by the Bank.
- (d) The Bank has despatched a circular dated 12 April 2004 to seek stockholders' approval on 30 April 2004 in relation to the proposed OCBC Employee Share Purchase Plan ("Share Plan"). The purpose of the Share Plan is to provide employees, who wish to be participants of the Share Plan, an opportunity to increase their personal equity interest in the Bank by subscribing for new shares to be issued by the Bank under the terms of the Share Plan.
- (e) Following the implementation of the OCBC Deferred Share Plan ("Deferred Share Plan") in April 2003, 398 executives of rank of Vice President and above have been granted a total of 432,390 deferred shares under the Deferred Share Plan in March 2004. Subsequent to this, 39,112 deferred shares have been granted to two executive directors of the Bank on 16 April 2004. The grantees of the deferred shares will only receive their shares three years from the date of grant. The Deferred Share Plan does not involve any issue of new shares as all the shares granted will be purchased from the open market.

The stockholders of the Bank have approved all resolutions as set out in the Notices of Extraordinary General Meetings (contained in the Circulars dated 5 April 2004 and the Circular dated 12 April 2004) at the Extraordinary General Meetings held on 30 April 2004.

- (f) On 22 March 2004, the Bank entered into a sale and purchase agreement with certain shareholders of P.T. Bank NISP Tbk ("Bank NISP") to purchase 22.5% of the issued and paid-up capital of Bank NISP for a cash consideration of approximately Rp 602 billion (S\$119 million), subject to regulatory approvals being received in Singapore and Indonesia. The conditions pursuant to the proposed transaction were satisfied and it was completed on 28 April 2004.

By Order of the Board

Peter Yeoh
Secretary
Singapore, 30 April 2004

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