

OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in Singapore)

Company Registration Number: 193200032W

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

1(a) UNAUDITED CONSOLIDATED RESULTS

| | 9 Mths 2004 | 9 Mths 2003 | + / (-) | 3 rd Qtr 2004 | 3 rd Qtr 2003 | + / (-) |
|--|------------------|------------------|---------------|-----------------------------|-----------------------------|---------------|
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Interest income | 1,871,553 | 1,780,687 | 5.1 | 654,638 | 584,680 | 12.0 |
| Less: Interest expense | 742,907 | 714,494 | 4.0 | 270,695 | 225,821 | 19.9 |
| Net interest income | 1,128,646 | 1,066,193 | 5.9 | 383,943 | 358,859 | 7.0 |
| Fees and commissions | 350,278 | 269,592 | 29.9 | 117,790 | 99,640 | 18.2 |
| Dividends | 73,390 | 66,698 | 10.0 | 8,203 | 36,286 | (77.4) |
| Rental income | 54,525 | 45,348 | 20.2 | 18,401 | 16,166 | 13.8 |
| Income from insurance | 111,117 | – | n.m. | 84,709 | – | n.m. |
| Other income | 222,783 | 170,624 | 30.6 | 155,197 | 78,136 | 98.6 |
| Non-interest income | 812,093 | 552,262 | 47.0 | 384,300 | 230,228 | 66.9 |
| Income before operating expenses | 1,940,739 | 1,618,455 | 19.9 | 768,243 | 589,087 | 30.4 |
| Less: Staff costs | 386,961 | 358,724 | 7.9 | 135,972 | 120,654 | 12.7 |
| Other operating expenses | 305,369 | 279,697 | 9.2 | 115,017 | 93,483 | 23.0 |
| Total operating expenses | 692,330 | 638,421 | 8.4 | 250,989 | 214,137 | 17.2 |
| Operating profit before provisions and goodwill amortisation | 1,248,409 | 980,034 | 27.4 | 517,254 | 374,950 | 38.0 |
| Less: Goodwill amortisation | 112,968 | 94,980 | 18.9 | 45,130 | 31,682 | 42.4 |
| Provisions for possible loan losses and diminution in value of other assets | 79,028 | 170,885 | (53.8) | 36,477 | 37,214 | (2.0) |
| Operating profit after provisions and goodwill amortisation | 1,056,413 | 714,169 | 47.9 | 435,647 | 306,054 | 42.3 |
| Share of profits less losses of associated companies | 116,591 | 141,214 | (17.4) | 7,151 | 52,010 | (86.3) |
| Profit before tax | 1,173,004 | 855,383 | 37.1 | 442,798 | 358,064 | 23.7 |
| Less: Tax | 202,587 | 142,685 | 42.0 | 68,077 | 53,413 | 27.5 |
| Share of tax of associated companies | 29,786 | 35,911 | (17.1) | 1,874 | 12,332 | (84.8) |
| | 232,373 | 178,596 | 30.1 | 69,951 | 65,745 | 6.4 |
| Profit after tax | 940,631 | 676,787 | 39.0 | 372,847 | 292,319 | 27.5 |
| Less: Minority interests | 57,420 | 1,219 | n.m. | 48,838 | 463 | n.m. |
| Profit attributable to shareholders | 883,211 | 675,568 | 30.7 | 324,009 | 291,856 | 11.0 |

n.m. – Not meaningful

1(b)(i) UNAUDITED BALANCE SHEET

| | GROUP | | BANK | |
|--|----------------------|---------------------|----------------------|---------------------|
| | 30 September 2004 | 31 December 2003 | 30 September 2004 | 31 December 2003 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| SHAREHOLDERS' EQUITY | | | | |
| Share Capital | | | | |
| Authorised | 3,014,205 | 2,010,838 | 3,014,205 | 2,010,838 |
| Issued and fully paid | 1,336,348 | 1,284,084 | 1,336,348 | 1,284,084 |
| Reserves | | | | |
| Capital reserves | 3,110,261 | 2,329,076 | 2,962,155 | 2,205,333 |
| Statutory reserves | 1,925,270 | 1,854,303 | 1,573,310 | 1,528,700 |
| Revenue reserves | 4,841,275 | 4,591,450 | 3,422,937 | 3,177,056 |
| Total shareholders' equity | 11,213,154 | 10,058,913 | 9,294,750 | 8,195,173 |
| MINORITY INTERESTS | 482,091 | 19,879 | - | - |
| LIABILITIES | | | | |
| Deposits of non-bank customers | 56,218,671 | 53,459,680 | 47,223,351 | 45,673,695 |
| Deposits and balances of banks | 14,362,429 | 12,480,794 | 13,710,254 | 11,910,339 |
| Deposits of subsidiary companies | - | - | 1,501,571 | 1,268,267 |
| Deposits of associated companies | 62,985 | 1,457,708 | 42,863 | 878,968 |
| Bills payable | 189,827 | 185,233 | 96,909 | 102,478 |
| Current tax | 415,492 | 327,667 | 280,677 | 292,216 |
| Deferred tax | 76,039 | 76,043 | 37,812 | 55,482 |
| Other liabilities | 2,368,699 | 2,421,286 | 1,620,697 | 1,796,542 |
| Debt securities | 4,941,801 | 4,010,223 | 4,915,801 | 3,882,473 |
| | 90,331,188 | 84,497,426 | 78,724,685 | 74,055,633 |
| Life assurance fund | 28,467,681 | - | - | - |
| Total liabilities and shareholders' equity | 118,798,869 | 84,497,426 | 78,724,685 | 74,055,633 |
| ASSETS | | | | |
| Cash and placements with central banks | 3,311,652 | 4,035,863 | 1,949,062 | 2,604,863 |
| Singapore government treasury bills and securities | 6,258,619 | 6,151,111 | 6,025,868 | 6,002,069 |
| Other government treasury bills and securities | 1,820,088 | 1,054,618 | 638,110 | 203,599 |
| Dealing securities | 336,609 | 235,541 | 170,860 | 134,929 |
| Placements with and loans to banks | 10,750,007 | 9,649,818 | 9,896,723 | 8,874,153 |
| Bills receivable | 493,229 | 428,195 | 269,262 | 218,965 |
| Loans to customers | 52,270,084 | 49,726,922 | 44,311,288 | 42,675,233 |
| Investment securities | 7,794,929 | 6,294,827 | 5,900,448 | 5,310,599 |
| Deferred tax | 48,940 | 53,670 | - | - |
| Other assets | 2,574,960 | 2,182,934 | 1,593,049 | 1,759,742 |
| Associated companies | 324,424 | 1,177,137 | 99,428 | 107,617 |
| Subsidiary companies | - | - | 5,256,578 | 3,427,270 |
| Property, plant and equipment | 1,309,878 | 1,434,736 | 716,589 | 748,439 |
| Goodwill and intangible assets | 3,037,769 | 2,072,054 | 1,897,420 | 1,988,155 |
| | 90,331,188 | 84,497,426 | 78,724,685 | 74,055,633 |
| Life fund net assets attributable to policyholders | 28,467,681 | - | - | - |
| Total assets | 118,798,869 | 84,497,426 | 78,724,685 | 74,055,633 |
| OFF-BALANCE SHEET ITEMS | | | | |
| Contingent liabilities | 6,559,979 | 5,829,577 | 5,598,228 | 5,010,352 |
| Commitments | 31,091,652 | 27,261,292 | 26,235,800 | 23,637,732 |
| Financial derivatives | 273,565,051 | 191,246,606 | 270,377,648 | 189,829,605 |
| | 311,216,682 | 224,337,475 | 302,211,676 | 218,477,689 |

1(b)(ii) AGGREGATE GROUP BORROWINGS AND DEBT SECURITIES

| | 30 September 2004 | | 31 December 2003 | |
|--------------------------------------|------------------------|-----------|------------------------|-----------|
| | Secured ⁽¹⁾ | Unsecured | Secured ⁽¹⁾ | Unsecured |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Amount repayable in one year or less | 51,000 | 186,207 | 152,750 | - |
| Amount repayable after one year | - | 4,704,594 | - | 3,857,473 |

⁽¹⁾ The collateralised 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.

1(c) UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

| | Nine months ended | | Three months ended | |
|---|-------------------|------------------|--------------------|--------------------|
| | 30 September | | 30 September | |
| | 2004 | 2003 | 2004 | 2003 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash flows from operating activities | | | | |
| Operating profit before provisions and goodwill amortisation | 1,248,409 | 980,034 | 517,254 | 374,950 |
| <u>Adjustments for non-cash items</u> | | | | |
| Amortisation of computer software costs | 18,916 | 14,657 | 5,679 | 5,017 |
| Depreciation of property, plant and equipment | 46,114 | 64,661 | 15,901 | 18,258 |
| Gains on disposal of an associated company | (54,651) | – | (54,651) | – |
| Gains on disposal of investment securities | (10,972) | (85,495) | (4,930) | (82,433) |
| Gains on disposal of property, plant and equipment | (80,021) | (166) | (78,228) | (914) |
| Operating profit before changes in operating assets and liabilities | 1,167,795 | 973,691 | 401,025 | 314,878 |
| <u>Increase/(decrease) in operating liabilities</u> | | | | |
| Deposits of non-bank customers | 1,364,268 | (341,042) | (1,108,066) | (804,054) |
| Deposits and balances of banks | 1,881,635 | 12,650 | 1,143,659 | (801,822) |
| Bills payable and other liabilities | (205,838) | 115,786 | (24,145) | (146,072) |
| <u>(Increase)/decrease in operating assets</u> | | | | |
| Dealing securities | (84,099) | (89,259) | 39,299 | 177,684 |
| Placements with and loans to banks | (592,590) | 1,077,765 | (3,156,338) | 1,309,602 |
| Loans to customers and bills receivable | (2,117,112) | (1,706,391) | (477,188) | (196,999) |
| Other assets | 108,230 | 109,891 | (60,340) | (566) |
| Cash provided by/(used in) operating activities | 1,522,289 | 153,091 | (3,242,094) | (147,349) |
| Income tax paid | (291,389) | (220,490) | (136,781) | (66,467) |
| Net cash provided by/(used in) operating activities | 1,230,900 | (67,399) | (3,378,875) | (213,816) |
| Cash flows from investing activities | | | | |
| Acquisition of an associated company | (118,334) | – | – | – |
| Capital return from an associated company | – | 1,000 | – | 1,000 |
| Dividends from associated companies | 62,363 | 43,940 | 3,705 | 14,750 |
| Decrease/(increase) in associated companies | (326) | 3,456 | (411) | (2,711) |
| Net cash outflow from acquisition of additional interests in subsidiary companies | (25,307) | (288) | (35,204) | – |
| Purchase of investment securities | (2,049,907) | (1,416,970) | (605,202) | (301,691) |
| Purchase of long-term Singapore government securities | – | (543,662) | – | (543,662) |
| Purchase of property, plant and equipment | (48,973) | (35,085) | (20,324) | (9,679) |
| Proceeds from disposal of an associated company | 121,728 | – | 121,728 | – |
| Proceeds from disposal of investment securities | 1,472,282 | 1,118,286 | 471,278 | 400,665 |
| Proceeds from disposal of property, plant and equipment | 27,230 | 12,874 | 16,293 | 5,191 |
| Net cash used in investing activities | (559,244) | (816,449) | (48,137) | (436,137) |
| Cash flows from financing activities | | | | |
| Increase/(decrease) in debt securities | 929,133 | (5,250) | 144,571 | 1,334 |
| Dividends paid | (345,908) | (704,862) | (203,265) | (544,966) |
| Net proceeds from issue of preference shares | – | 685,143 | – | 186,306 |
| Proceeds from issue of ordinary shares | 36,769 | 9,941 | 19,850 | 2,280 |
| Selective capital reduction | (991,488) | (104,759) | – | (104,759) |
| Share buyback | (117,709) | – | (117,709) | – |
| Change in minority interests and dividends paid to minority interests | (8,159) | (47) | (8,159) | – |
| Net cash used in financing activities | (497,362) | (119,834) | (164,712) | (459,805) |
| Net foreign currency translation adjustments | (26,575) | 20,845 | (23,297) | (17,747) |
| Net change in cash and cash equivalents | 147,719 | (982,837) | (3,615,021) | (1,127,505) |
| Cash and cash equivalents as at beginning of the period | 10,697,579 | 9,809,280 | 14,460,319 | 9,953,948 |
| Cash and cash equivalents as at end of the period | 10,845,298 | 8,826,443 | 10,845,298 | 8,826,443 |

1(d)(i) UNAUDITED STATEMENT OF CHANGES IN EQUITY

| CONSOLIDATED For the nine months ended 30 September | Share Capital | Capital Reserves | Statutory Reserves | Revenue Reserves | Total |
|--|--------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2004 | 1,284,084 | 2,329,076 | 1,854,303 | 4,591,450 | 10,058,913 |
| Profit attributable to shareholders | – | – | – | 883,211 | 883,211 |
| Foreign currency translation losses not recognised in the income statement | – | – | – | (26,575) | (26,575) |
| Total recognised gains for the financial period | – | – | – | 856,636 | 856,636 |
| Transfers | – | 24,363 | 41,264 | (65,627) | – |
| Reserves arising from acquisition of additional interests in GEH | – | – | 29,703 | 48,433 | 78,136 |
| Class E preference dividends paid | – | – | – | (11,281) | (11,281) |
| Class G preference dividends paid | – | – | – | (8,335) | (8,335) |
| Final dividends paid to ordinary stockholders | – | – | – | (123,027) | (123,027) |
| Interim dividends paid to ordinary stockholders | – | – | – | (203,265) | (203,265) |
| Selective capital reduction | (80,192) | (785,296) | – | (126,000) | (991,488) |
| Share buyback | (7,603) | 7,603 | – | (117,709) | (117,709) |
| Shares issued pursuant to voluntary unconditional offer | 136,207 | 1,501,598 | – | – | 1,637,805 |
| Shares issued under Share Option Schemes | 3,852 | 32,917 | – | – | 36,769 |
| Balance at 30 September 2004 | 1,336,348 | 3,110,261 | 1,925,270 | 4,841,275 | 11,213,154 |
| Comprise: | | | | | |
| Share of reserves of associated companies | – | 1,375 | – | 41,572 | 42,947 |
| Balance at 1 January 2003 | 1,290,299 | 1,505,515 | 1,936,244 | 4,492,164 | 9,224,222 |
| Profit attributable to shareholders | – | – | – | 675,568 | 675,568 |
| Foreign currency translation gains not recognised in the income statement | – | – | – | 20,845 | 20,845 |
| Total recognised gains for the financial period | – | – | – | 696,413 | 696,413 |
| Transfers | – | 31,384 | 48,106 | (79,490) | – |
| Class E preference shares issued for cash | 50 | 499,950 | – | – | 500,000 |
| Class E preference dividends paid | – | – | – | (8,815) | (8,815) |
| Class G preference shares issued in lieu of special cash dividends | 2,093 | 206,171 | – | (208,264) | – |
| Class G preference shares issued for cash | 1,865 | 184,877 | – | – | 186,742 |
| Expenses relating to the issue of preference shares | – | (1,599) | – | – | (1,599) |
| Final dividends paid to ordinary stockholders | – | – | – | (151,081) | (151,081) |
| Interim dividends paid to ordinary stockholders | – | – | – | (110,811) | (110,811) |
| Special dividends paid to ordinary stockholders | – | – | – | (434,155) | (434,155) |
| Selective capital reduction | (12,139) | (92,620) | – | – | (104,759) |
| Shares issued under Share Option Schemes | 1,335 | 8,606 | – | – | 9,941 |
| Balance at 30 September 2003 | 1,283,503 | 2,342,284 | 1,984,350 | 4,195,961 | 9,806,098 |
| Comprise: | | | | | |
| Share of reserves of associated companies | – | 20,691 | – | 936,493 | 957,184 |

1(d)(i) UNAUDITED STATEMENT OF CHANGES IN EQUITY (continued)

| BANK For the nine months ended 30 September | Share Capital | Capital Reserves | Statutory Reserves | Revenue Reserves | Total |
|--|--------------------------|-----------------------------|-------------------------------|-----------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2004 | 1,284,084 | 2,205,333 | 1,528,700 | 3,177,056 | 8,195,173 |
| Profit attributable to shareholders | – | – | – | 892,007 | 892,007 |
| Foreign currency translation losses not recognised in the income statement | – | – | – | (11,899) | (11,899) |
| Total recognised gains for the financial period | – | – | – | 880,108 | 880,108 |
| Transfers | – | – | 44,610 | (44,610) | – |
| Class E preference dividends paid | – | – | – | (11,281) | (11,281) |
| Class G preference dividends paid | – | – | – | (8,335) | (8,335) |
| Final dividends paid to ordinary stockholders | – | – | – | (123,027) | (123,027) |
| Interim dividends paid to ordinary stockholders | – | – | – | (203,265) | (203,265) |
| Selective capital reduction | (80,192) | (785,296) | – | (126,000) | (991,488) |
| Share buyback | (7,603) | 7,603 | – | (117,709) | (117,709) |
| Shares issued pursuant to voluntary unconditional offer | 136,207 | 1,501,598 | – | – | 1,637,805 |
| Shares issued under Share Option Schemes | 3,852 | 32,917 | – | – | 36,769 |
| Balance at 30 September 2004 | 1,336,348 | 2,962,155 | 1,573,310 | 3,422,937 | 9,294,750 |
| Balance at 1 January 2003 | 1,290,299 | 1,395,457 | 1,464,200 | 2,865,742 | 7,015,698 |
| Profit attributable to shareholders | – | – | – | 773,239 | 773,239 |
| Foreign currency translation gains not recognised in the income statement | – | – | – | 21,391 | 21,391 |
| Total recognised gains for the financial period | – | – | – | 794,630 | 794,630 |
| Transfers | – | – | 38,720 | (38,720) | – |
| Class E preference shares issued for cash | 50 | 499,950 | – | – | 500,000 |
| Class E preference dividends paid | – | – | – | (8,815) | (8,815) |
| Class G preference shares issued in lieu of special cash dividends | 2,093 | 206,171 | – | (208,264) | – |
| Class G preference shares issued for cash | 1,865 | 184,877 | – | – | 186,742 |
| Expenses relating to the issue of preference shares | – | (1,599) | – | – | (1,599) |
| Final dividends paid to ordinary stockholders | – | – | – | (151,081) | (151,081) |
| Interim dividends paid to ordinary stockholders | – | – | – | (110,811) | (110,811) |
| Special dividends paid to ordinary stockholders | – | – | – | (434,155) | (434,155) |
| Selective capital reduction | (12,139) | (92,620) | – | – | (104,759) |
| Shares issued under Share Option Schemes | 1,335 | 8,606 | – | – | 9,941 |
| Balance at 30 September 2003 | 1,283,503 | 2,200,842 | 1,502,920 | 2,708,526 | 7,695,791 |

1(d)(i) UNAUDITED STATEMENT OF CHANGES IN EQUITY (continued)

| CONSOLIDATED For quarter ended 30 September | Share Capital | Capital Reserves | Statutory Reserves | Revenue Reserves | Total |
|---|--------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2004 | 1,336,567 | 3,000,937 | 1,908,285 | 4,901,860 | 11,147,649 |
| Profit attributable to shareholders | – | – | – | 324,009 | 324,009 |
| Foreign currency translation losses not recognised in the income statement | – | – | – | (23,297) | (23,297) |
| Total recognised gains for the financial period | – | – | – | 300,712 | 300,712 |
| Transfers | – | 23,338 | 16,985 | (40,323) | – |
| Interim dividends paid to ordinary stockholders | – | – | – | (203,265) | (203,265) |
| Share buyback | (7,603) | 7,603 | – | (117,709) | (117,709) |
| Shares issued pursuant to voluntary unconditional offer | 5,360 | 60,557 | – | – | 65,917 |
| Shares issued under Share Option Schemes | 2,024 | 17,826 | – | – | 19,850 |
| Balance at 30 September 2004 | 1,336,348 | 3,110,261 | 1,925,270 | 4,841,275 | 11,213,154 |
| Comprise: | | | | | |
| Share of reserves of associated companies | – | 1,375 | – | 41,572 | 42,947 |
| Balance at 1 July 2003 | 1,291,402 | 2,222,344 | 1,963,914 | 4,081,313 | 9,558,973 |
| Profit attributable to shareholders | – | – | – | 291,856 | 291,856 |
| Foreign currency translation losses not recognised in the income statement | – | – | – | (17,747) | (17,747) |
| Total recognised gains for the financial period | – | – | – | 274,109 | 274,109 |
| Transfers | – | 28,214 | 20,436 | (48,650) | – |
| Class G preference shares issued in lieu of special cash dividends | 2,093 | (2,093) | – | – | – |
| Class G preference shares issued for cash | 1,865 | 184,877 | – | – | 186,742 |
| Expenses relating to the issue of preference shares | – | (436) | – | – | (436) |
| Interim dividends paid to ordinary stockholders | – | – | – | (110,811) | (110,811) |
| Selective capital reduction | (12,139) | (92,620) | – | – | (104,759) |
| Shares issued under Share Option Schemes | 282 | 1,998 | – | – | 2,280 |
| Balance at 30 September 2003 | 1,283,503 | 2,342,284 | 1,984,350 | 4,195,961 | 9,806,098 |
| Comprise: | | | | | |
| Share of reserves of associated companies | – | 20,691 | – | 936,493 | 957,184 |

1(d)(i) UNAUDITED STATEMENT OF CHANGES IN EQUITY (continued)

| BANK For quarter ended 30 September | Share Capital | Capital Reserves | Statutory Reserves | Revenue Reserves | Total |
|---|--------------------------|-----------------------------|-------------------------------|-----------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2004 | 1,336,567 | 2,876,169 | 1,556,100 | 3,425,796 | 9,194,632 |
| Profit attributable to shareholders | - | - | - | 344,112 | 344,112 |
| Foreign currency translation losses not recognised in the income statement | - | - | - | (8,787) | (8,787) |
| Total recognised gains for the financial period | - | - | - | 335,325 | 335,325 |
| Transfers | - | - | 17,210 | (17,210) | - |
| Interim dividends paid to ordinary stockholders | - | - | - | (203,265) | (203,265) |
| Share buyback | (7,603) | 7,603 | - | (117,709) | (117,709) |
| Shares issued pursuant to voluntary unconditional offer | 5,360 | 60,557 | - | - | 65,917 |
| Shares issued under Share Option Schemes | 2,024 | 17,826 | - | - | 19,850 |
| Balance at 30 September 2004 | 1,336,348 | 2,962,155 | 1,573,310 | 3,422,937 | 9,294,750 |
| Balance at 1 July 2003 | 1,291,402 | 2,109,116 | 1,486,460 | 2,508,820 | 7,395,798 |
| Profit attributable to shareholders | - | - | - | 329,174 | 329,174 |
| Foreign currency translation losses not recognised in the income statement | - | - | - | (2,197) | (2,197) |
| Total recognised gains for the financial period | - | - | - | 326,977 | 326,977 |
| Transfers | - | - | 16,460 | (16,460) | - |
| Class G preference shares issued in lieu of special cash dividends | 2,093 | (2,093) | - | - | - |
| Class G preference shares issued for cash | 1,865 | 184,877 | - | - | 186,742 |
| Expenses relating to the issue of preference shares | - | (436) | - | - | (436) |
| Interim dividends paid to ordinary stockholders | - | - | - | (110,811) | (110,811) |
| Selective capital reduction | (12,139) | (92,620) | - | - | (104,759) |
| Shares issued under Share Option Schemes | 282 | 1,998 | - | - | 2,280 |
| Balance at 30 September 2003 | 1,283,503 | 2,200,842 | 1,502,920 | 2,708,526 | 7,695,791 |

1(d)(ii) SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

- (a) The Bank has on 9 July 2004 issued a total of 5,359,176 ordinary shares of S\$1 each in respect of its final settlement of valid acceptances of the voluntary unconditional offer for Great Eastern Holdings Limited ("GEH"). In addition, 976 ordinary shares of S\$1 each were issued on 10 August 2004 following the Bank's decision to convert 976 irredeemable non-cumulative convertible Class H Preference Shares ("INCCPS") held by a GEH shareholder who had elected for the INCCPS alternative.
- (b) From 1 July 2004 to 30 September 2004 (both dates inclusive), the Bank issued 2,023,831 ordinary shares of S\$1 each upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001.
- (c) As at 30 September 2004, there were 32,486,188 ordinary shares of S\$1 each (30 September 2003: 34,592,421) that may be issued on the exercise of options.
- (d) As at 30 September 2004, the number of shares entitled to be issued under the OCBC Employee Share Purchase Plan was 2,727,040 (including 11,880 shares arising from the participation by two executive directors).
- (e) No new preference shares were allotted and issued in the third quarter ended 30 September 2004.
- (f) Pursuant to the share purchase mandate approved at an extraordinary general meeting held on 15 April 2004, the Bank has purchased a total of 8,648,401 ordinary shares of S\$1 each for the third quarter ended 30 September 2004. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$12.90 to S\$14.10 per share and the total consideration paid was S\$117,713,715 including transaction costs.

2 OTHER INFORMATION

| | GROUP | | | | | |
|---|--------------------------|--------------------------|----------------------|------------------------------------|------------------------------------|----------------------|
| | 9 Months 2004 | 9 Months 2003 | + / (-) % | 3rd Qtr 2004 | 3rd Qtr 2003 | + / (-) % |
| (a) Attributable net profit as a percentage of weighted average total equity (%) ⁽²⁾ | 11.2 | 9.3 | 20.0 | 11.5 | 11.9 | (3.8) |
| (b) Attributable net profit as a percentage of average assets (%) ^{(1) (2)} | 1.33 | 1.07 | 23.6 | 1.42 | 1.37 | 3.8 |
| (c) Earnings per ordinary share (S\$) ^{(2) (3)} | | | | | | |
| – Basic | 0.89 | 0.69 | 28.6 | 0.96 | 0.90 | 7.6 |
| – Fully diluted | 0.89 | 0.69 | 28.4 | 0.96 | 0.89 | 7.5 |
| (d) Depreciation of property, plant and equipment (S\$'000) | 46,114 | 64,661 | (28.7) | 15,901 | 18,258 | (12.9) |
| (e) Amortisation of computer software costs (S\$'000) | 18,916 | 14,657 | 29.1 | 5,679 | 5,016 | 13.2 |

Note:

⁽¹⁾ Average assets computed exclude life fund net assets.

⁽²⁾ Return on equity, return on assets and earning per ordinary share are annualised.

⁽³⁾ 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).

3 NET ASSET VALUE

| | GROUP | | BANK | |
|--|----------------------|---------------------|----------------------|---------------------|
| | 30 September 2004 | 31 December 2003 | 30 September 2004 | 31 December 2003 |
| Net asset value per ordinary share (S\$) | 7.74 | 7.16 | 6.30 | 5.70 |

4 COMMENTS ON PERFORMANCE AND BALANCE SHEET ITEMS

- (a) OCBC Group prepares its financial statements in accordance with the Singapore 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 third quarter of 2004 was S\$324 million, an increase of 11.0% over the same period in 2003. The improved performance was mainly due to growth in net interest income and fee income, and larger gains from the divestment of non-core assets.

Net profit for the first nine months of 2004 was S\$883 million, an increase of 30.7% compared to S\$676 million in the same period last year. Profit growth was driven mainly by higher fee income, net interest income and divestment gains, coupled with lower provisions.

- (c) Operating profit before provisions and goodwill amortisation grew by 38.0% to S\$517 million in the third quarter, with all core revenue segments registering growth. Net interest income rose 7.0% while fee and commission income grew 18.2%. Divestment of non-core assets contributed S\$132 million to operating profit (S\$97 million to net profit after minority interests) compared to S\$78 million (S\$72 million after tax) in third quarter 2003. Operating profit for the first nine months of 2004 was S\$1,248 million, 27.4% higher compared to the same period a year ago.
- (d) Net interest income rose by 7.0% to S\$384 million in third quarter 2004. The increase was driven by growth in interest earning assets, primarily customer loans and debt and government securities. Net interest margin was relatively stable, increasing marginally by 1 basis point to 1.89% as higher average yield on customer loans and interbank placements offset the increase in cost of funds. Net interest income in the first nine months of 2004 grew by 5.9% to S\$1,129 million, while net interest margin improved by 1 basis point to 1.90%.
- (e) Total non-interest income surged 66.9% in third quarter 2004 to S\$384 million, boosted by stronger fee and commission income, insurance income contribution from Great Eastern Holdings Limited ("GEH") and higher divestment gains. Fee and commission income increased 18.2% to S\$118 million, led by growth in wealth management, fund management, investment banking and trade-related income. GEH contributed S\$85 million in insurance income during the third quarter.

Other income rose 98.6% to S\$155 million, mainly due the divestments of Raffles Investments Limited and Whitesands Shopping Mall, which contributed S\$55 million and S\$77 million, respectively. Foreign exchange dealing income also registered strong growth of 55.2% to S\$22 million. Dealing in securities and derivatives recorded a net loss of S\$20 million during the third quarter due to difficult market conditions. In the same period last year, a net loss of S\$38 million was recorded, mainly attributed to losses from the disposal of government securities and corporate debt securities.

For the first nine months of 2004, total non-interest income grew by 47.0% to S\$812 million.

4 COMMENTS ON PERFORMANCE AND BALANCE SHEET ITEMS *(continued)*

- (f) Total operating expenses increased by 17.2% to S\$251 million in third quarter 2004. A significant portion of the increases was due to the consolidation of GEH from June 2004. Excluding GEH expenses, operating expenses in the third quarter rose by 7% year-on-year. For the first nine months of 2004, operating expenses excluding GEH showed an increase of 4%.

The growth in expenses was mainly attributable to higher staff costs and business promotion expenses in tandem with higher headcount, increased business volumes and new business initiatives. The Group's cost-to-income ratio improved to 35.7% in the first nine months from 39.4% last year as revenue growth outpaced that of expenses.

- (g) Total provisions for third quarter 2004 remained relatively flat at S\$36 million compared to the same quarter last year. For the first nine months of 2004, total provisions fell to S\$79 million from S\$171 million due primarily to lower specific provisions required for loans and for investment securities and properties.
- (h) The share of pre-tax profits of associated companies declined by 86.3% to S\$7 million in third quarter 2004 as GEH's profit has been consolidated in the Group's income statement and no longer equity accounted.
- (i) Compared to 31 December 2003, net loans to customers and bill receivables grew by 5.2% to S\$52.8 billion as at 30 September 2004. Total non-performing loans ("NPLs") declined by 18.4% from S\$3.8 billion as at 31 December 2003 to S\$3.1 billion as at 30 September 2004. The ratio of non-bank NPLs to non-bank loans improved from 6.9% to 5.4% over the same period. Total cumulative specific and general provisions amounted to S\$2.4 billion as at 30 September 2004, representing a provision coverage ratio of 76.7% of total NPLs, up from 67.0% as at 31 December 2003.
- (j) As at 30 September 2004, total shareholders' equity was S\$11.2 billion, an increase of 11.5% compared to 31 December 2003. The Group's Tier 1 and total capital adequacy ratios, computed in accordance with the revised capital adequacy framework set out in MAS Notice 637, were 12.5% and 17.6% respectively.
- (k) Annualised basic earnings per ordinary share ("EPS") for the third quarter of 2004 was 96 cents, compared to 90 cents for the third quarter of 2003. For the first nine months of 2004, annualised basic EPS was 89 cents, up from 69 cents in first nine months of 2003.

5 SUBSEQUENT EVENTS / OTHER MATTERS

- (a) The Bank has on 8 October 2004 announced that Guangzhou YangYi Property Technology Co., Ltd ("YangYi"), ceased to be a subsidiary of the Bank on 28 September 2004. YangYi is a subsidiary of iPropertyNet Pte Ltd ("iProp"), which in turn is a subsidiary of the Bank. iProp is currently in members' voluntary liquidation. By an Order of Court, the High Court of the Republic of Singapore had granted leave to the liquidators of iProp to disclaim iProp's shareholdings in YangYi. The disclaimer of iProp's shareholdings in YangYi was effective on 28 September 2004 and accordingly, YangYi ceased to be a subsidiary of iProp and the Bank.
- (b) On 12 October 2004, the Bank announced that OCBC Holdings Private Limited has entered into an agreement for the sale of its 3,185,000 shares, representing 49% in OCBC-Perdana Futures Sdn. Bhd. ("OCBC-Perdana") to Villasuria Sdn. Bhd. for a cash consideration of RM\$678,653. The sale was completed on 21 October 2004 and upon completion, OCBC-Perdana ceased to be an associated company of the Bank.
- (c) Subsequent to 30 September 2004 and up to the date of this announcement, the Bank has purchased, in aggregate, 4,879,179 ordinary shares by way of market acquisition amounting to S\$67,325,080. This was pursuant to the stock purchase mandate approved by shareholders at an extraordinary general meeting on 15 April 2004.

6 DIVIDENDS

Ordinary stock

No interim dividend on ordinary stock units has been declared for the third quarter ended 30 September 2004 in respect of the financial year ending 31 December 2004.

Non-cumulative non-convertible preference shares

On 10 November 2004, the Board of Directors has declared the payment of semi-annual dividends of 4.5% per annum net of tax (2003: 4.5% net of tax) on its non-cumulative non-convertible Class E Preference Shares ("OCBC 4.5% NCPS 100") and 4.2% per annum net of tax (2003: 4.2% net of tax) on its non-cumulative non-convertible Class G Preference Shares ("OCBC 4.2% NCPS") and these dividends will be paid on 20 December 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 7 December 2004 to 8 December 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 p.m. on 6 December 2004 will be registered to determine the entitlement 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 2004 to 19 December 2004 (both dates inclusive) | 20 June 2004 to 19 December 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 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.

By Order of the Board

Peter Yeoh
Secretary

Singapore, 10 November 2004

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