

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

In S\$million	1 st Half 2005	1 st Half 2004 *	+ / (-) %	2 nd Qtr 2005	2 nd Qtr 2004 *	+ / (-) %
Interest income	1,588.8	1,216.9	30.6	876.8	618.6	41.7
Less: Interest expense	819.3	472.2	73.5	470.2	238.5	97.1
Net interest income	769.5	744.7	3.3	406.6	380.1	7.0
Fees and commissions	245.6	232.5	5.6	125.0	117.3	6.6
Dividends	42.7	65.2	(34.5)	22.7	20.7	9.7
Rental income	35.4	36.1	(2.0)	17.8	18.2	(1.8)
Income from insurance	200.4	26.4	n.m.	95.4	26.4	n.m.
Other income	92.5	67.6	36.9	37.0	84.3	(56.1)
Non-interest income	616.6	427.8	44.1	297.9	266.9	11.6
Income before operating expenses	1,386.1	1,172.5	18.2	704.5	647.0	8.9
Less: Staff costs	303.5	255.9	18.6	160.2	134.7	19.0
Other operating expenses	228.9	190.3	20.3	121.6	104.7	16.1
Total operating expenses	532.4	446.2	19.3	281.8	239.4	17.7
Operating profit before allowances and amortisation of goodwill and intangible assets	853.7	726.3	17.6	422.7	407.6	3.7
Less: Amortisation of goodwill and intangible assets	19.8	67.8	(70.9)	9.9	36.1	(72.7)
Allowances/(writeback) for loans and other assets	22.5	42.6	(47.0)	(1.7)	22.2	n.m.
Operating profit after allowances and amortisation of goodwill and intangible assets	811.4	615.9	31.8	414.5	349.3	18.7
Share of profit of associated companies	11.1	81.5	(86.4)	3.4	34.2	(90.3)
Net profit before tax	822.5	697.4	17.9	417.9	383.5	9.0
Less: Tax	171.4	134.5	27.4	87.6	75.6	15.9
Net profit after tax	651.1	562.9	15.7	330.3	307.9	7.3
Attributable to:						
Equity holders of the Bank	601.9	554.3	8.6	304.1	299.8	1.4
Minority interests	49.2	8.6	n.m.	26.2	8.1	n.m.
	651.1	562.9	15.7	330.3	307.9	7.3

n.m. – Not meaningful

* Certain comparative figures have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation.

1(b)(i) UNAUDITED BALANCE SHEETS

In S\$million	GROUP		BANK	
	30 June 2005	31 December 2004 *	30 June 2005	31 December 2004 *
EQUITY				
Equity attributable to the Bank's shareholders				
Share capital	1,574.5	1,320.6	1,574.5	1,320.6
Capital reserves	4,213.1	3,141.3	4,102.9	3,004.8
Statutory reserves	1,943.6	1,934.1	1,607.1	1,583.7
Fair value reserves	632.1	–	400.2	–
Revenue reserves	3,790.7	4,833.8	2,180.3	3,366.1
	12,154.0	11,229.8	9,865.0	9,275.2
Minority interests	965.2	489.2	–	–
Total equity	13,119.2	11,719.0	9,865.0	9,275.2
LIABILITIES				
Deposits of non-bank customers	63,559.2	57,286.8	50,713.9	48,334.8
Deposits and balances of banks	17,778.1	12,454.8	17,117.9	12,073.9
Deposits of subsidiaries	–	–	1,043.2	1,686.2
Deposits of associated companies	20.7	17.2	3.7	8.2
Derivative payables	1,817.4	1,663.6	1,785.1	1,655.5
Other liabilities	2,133.1	1,641.7	962.3	911.8
Current tax	390.4	425.1	318.9	300.2
Deferred tax	194.6	83.1	124.5	41.6
Debt issued	5,930.0	5,695.2	6,060.7	5,668.5
	91,823.5	79,267.5	78,130.2	70,680.7
Life assurance fund	32,059.2	28,895.2	–	–
Total equity and liabilities	137,001.9	119,881.7	87,995.2	79,955.9
ASSETS				
Cash and placements with central banks	7,655.6	3,616.6	5,523.7	2,591.0
Singapore government treasury bills and securities	7,953.6	6,439.8	7,484.8	6,150.7
Other government treasury bills and securities	2,530.7	1,837.7	149.9	613.7
Placements with and loans to banks	13,565.9	10,007.2	12,807.1	9,342.2
Loans to and bills receivable from customers	54,378.6	51,829.2	43,607.2	43,509.3
Debt and equity securities	9,725.8	9,308.8	7,322.5	7,320.3
Derivative receivables	2,163.5	1,709.2	2,153.4	1,698.9
Other assets	2,060.1	1,564.8	921.2	754.4
Deferred tax	41.1	50.0	–	–
Associated companies	182.8	308.8	97.6	97.2
Subsidiaries	–	–	5,335.9	5,281.2
Property, plant and equipment	1,405.6	1,315.8	724.7	729.8
Goodwill and intangible assets	3,279.4	2,998.6	1,867.2	1,867.2
	104,942.7	90,986.5	87,995.2	79,955.9
Life fund net assets attributable to policyholders	32,059.2	28,895.2	–	–
Total assets	137,001.9	119,881.7	87,995.2	79,955.9
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	5,708.6	4,798.2	4,445.9	3,829.4
Commitments	32,983.8	30,256.0	26,952.3	25,263.0
Financial derivatives	279,367.6	271,482.8	271,734.2	265,977.6
	318,060.0	306,537.0	303,132.4	295,070.0

* Certain comparative figures have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation.

1(b)(ii) AGGREGATE GROUP BORROWINGS

In S\$million	30 June 2005		31 December 2004	
	Secured ⁽¹⁾	Unsecured	Secured ⁽¹⁾	Unsecured
Amount repayable in one year or less	54.8	609.8	51.7	949.9
Amount repayable after one year	–	5,265.4	–	4,693.6

⁽¹⁾ The collateralised notes 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

In S\$million	Six months ended 30 June		Three months ended 30 June	
	2005	2004*	2005	2004*
Cash flows from operating activities				
Net profit before tax	822.5	697.4	417.9	383.5
<u>Adjustments for non-cash items</u>				
Amortisation of software costs	9.5	13.2	4.8	7.4
Amortisation of goodwill and intangible assets	19.8	67.8	9.9	36.2
Change in fair value of hedging transactions and trading securities	(1.3)	–	(13.6)	–
Depreciation of property, plant and equipment	30.9	30.2	16.0	15.3
Gains on disposal of government, debt and equity securities	(31.1)	(6.0)	(9.9)	(0.6)
Gains on disposal of property, plant and equipment	(1.0)	(1.8)	(0.5)	(1.6)
Allowances/(writeback) for loans and other assets	22.5	42.6	(1.7)	22.2
Share-based staff costs	8.1	4.9	3.8	3.6
Share of profit of associated companies	(11.1)	(81.5)	(3.3)	(34.2)
Operating profit before changes in operating assets and liabilities	868.8	766.8	423.4	431.8
<u>Increase/(decrease) in operating liabilities</u>				
Deposits of non-bank customers	3,680.6	2,472.3	1,302.5	1,553.2
Deposits and balances of banks	5,302.7	738.0	4,112.9	(702.4)
Derivative and other payables	330.2	(181.6)	299.3	(241.5)
<u>(Increase)/decrease in operating assets</u>				
Government securities and treasury bills	(1,664.3)	207.8	(535.3)	103.8
Trading securities	73.7	(123.4)	(54.0)	(36.7)
Placements with and loans to banks	(3,474.6)	2,563.7	(637.0)	2,273.4
Loans to customers and bills receivable	(675.0)	(1,639.9)	(1,099.1)	(1,183.3)
Derivative receivables and other assets	(378.4)	169.3	(255.5)	209.9
Cash provided by operating activities	4,063.7	4,973.0	3,557.2	2,408.2
Income tax paid	(211.6)	(154.6)	(133.6)	(122.4)
Net cash provided by operating activities	3,852.1	4,818.4	3,423.6	2,285.8
Cash flows from investing activities				
Acquisition of a new associated company	–	(118.3)	–	(118.3)
Dividends from associated companies	3.7	58.6	3.5	36.1
(Increase)/decrease in associated companies	(6.0)	0.1	(5.6)	(4.2)
Net cash inflow/(outflow) from acquisition of additional interests in subsidiary companies	91.3	(127.4)	91.3	(127.4)
Purchase of debt and equity securities	(1,300.8)	(1,444.7)	(495.6)	(836.1)
Purchase of property, plant and equipment	(70.4)	(28.6)	(35.6)	(21.9)
Proceeds from disposal of debt and equity securities	1,728.6	1,001.0	674.6	335.4
Proceeds from disposal of property, plant and equipment	3.3	10.9	2.7	1.1
Net cash provided by/(used in) investing activities	449.7	(648.4)	235.3	(735.3)
Cash flows from financing activities				
(Decrease)/increase in debt issued	(294.6)	784.5	(538.0)	854.2
Dividends paid	(219.1)	(142.6)	(217.2)	(142.6)
Proceeds from issue of OCBC-OCC A preference shares	400.0	–	–	–
Proceeds from issue of ordinary shares	33.0	16.9	24.1	9.4
Selective capital reduction	–	(991.5)	–	(991.5)
Share buyback	(159.0)	–	(102.5)	–
Cash distribution and dividends paid to minority interests	(56.8)	–	(56.8)	–
Net cash used in financing activities	(296.5)	(332.7)	(890.4)	(270.5)
Net currency translation adjustments	33.7	(3.3)	23.0	18.1
Net change in cash and cash equivalents	4,039.0	3,834.0	2,791.5	1,298.1
Cash and cash equivalents at beginning of the period	3,616.6	4,035.9	4,864.1	6,571.8
Cash and cash equivalents at end of the period	7,655.6	7,869.9	7,655.6	7,869.9

* Certain comparative figures have been restated with the adoption of FRS 102 and INT FRS 12, as well as to conform to current period's presentation.

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

CONSOLIDATED For half year ended 30 June	Attributable to the Bank's equity holders					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
In S\$million								
Balance at 1 January 2005								
– As previously reported	1,320.6	3,135.7	1,934.1	–	4,851.7	11,242.1	489.2	11,731.3
– Effect of adopting FRS 39	–	–	–	648.6	12.1	660.7	25.2	685.9
– Effect of adopting FRS 102	–	17.8	–	–	(16.6)	1.2	–	1.2
– Effect of adopting INT FRS 12	–	(12.3)	–	–	–	(12.3)	–	(12.3)
– As restated	1,320.6	3,141.2	1,934.1	648.6	4,847.2	11,891.7	514.4	12,406.1
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	15.7	–	15.7	6.0	21.7
– Deferred tax on gains/(losses) to equity	–	–	–	(3.7)	–	(3.7)	(1.1)	(4.8)
– Transferred to income statements	–	–	–	(28.5)	–	(28.5)	(2.1)	(30.6)
Currency translation differences	–	–	–	–	21.3	21.3	(6.0)	15.3
Net gains/(losses) recognised in equity	–	–	–	(16.5)	21.3	4.8	(3.2)	1.6
Net profit after tax	–	–	–	–	601.9	601.9	49.2	651.1
Total recognised gains/(losses) for the period	–	–	–	(16.5)	623.2	606.7	46.0	652.7
Transfers	–	(18.6)	9.5	–	9.1	–	–	–
Acquisition of subsidiary, PT Bank NISP Tbk	–	–	–	–	–	–	64.3	64.3
Issue of OCBC-OCC A preference shares	–	–	–	–	–	–	400.0	400.0
Change in minority interests	–	–	–	–	–	–	(2.7)	(2.7)
Cash distribution to minority shareholders	–	–	–	–	–	–	(38.3)	(38.3)
Dividends paid to minority interests	–	–	–	–	–	–	(18.5)	(18.5)
Bonus ordinary dividends	–	–	–	–	(1,310.7)	(1,310.7)	–	(1,310.7)
Final dividends paid	–	–	–	–	(199.6)	(199.6)	–	(199.6)
Preference dividends paid	–	–	–	–	(19.5)	(19.5)	–	(19.5)
Shares purchased under DSP trust	–	(7.6)	–	–	–	(7.6)	–	(7.6)
Share-based staff costs capitalised	–	8.1	–	–	–	8.1	–	8.1
Share buyback	(11.5)	11.5	–	–	(159.0)	(159.0)	–	(159.0)
Shares issued to non-executive directors	#	0.2	–	–	–	0.2	–	0.2
Shares issued under Share Option Schemes	3.3	29.7	–	–	–	33.0	–	33.0
Shares to be issued pursuant to Rights Issue	262.1	1,048.6	–	–	–	1,310.7	–	1,310.7
Balance at 30 June 2005	1,574.5	4,213.1	1,943.6	632.1	3,790.7	12,154.0	965.2	13,119.2
Comprise:								
Share of reserve of associated companies	–	1.4	–	–	40.3	41.7	–	–
Balance at 1 January 2004								
– As previously reported	1,284.1	2,329.1	1,854.3	–	4,591.5	10,059.0	19.9	10,078.9
– Effect of adopting FRS 102	–	3.8	–	–	(3.8)	–	–	–
– Effect of adopting INT FRS 12	–	(5.7)	–	–	–	(5.7)	–	(5.7)
– As restated	1,284.1	2,327.2	1,854.3	–	4,587.7	10,053.3	19.9	10,073.2
Currency translation differences	–	–	–	–	(3.3)	(3.3)	(1.1)	(4.4)
Net profit after tax	–	–	–	–	559.2	559.2	8.6	567.8
– As previously reported	–	–	–	–	559.2	559.2	8.6	567.8
– Effect of adopting FRS 102	–	4.9	–	–	(4.9)	–	–	–
– As restated	–	4.9	–	–	554.3	559.2	8.6	567.8
Total recognised gains for the period	–	4.9	–	–	551.0	555.9	7.5	563.4
Transfers	–	1.0	24.3	–	(25.3)	–	–	–
Reserves arising from acquisition of additional interests in GEH	–	–	29.7	–	48.4	78.1	414.5	492.6
Final dividends paid	–	–	–	–	(123.0)	(123.0)	–	(123.0)
Preference dividends paid	–	–	–	–	(19.6)	(19.6)	–	(19.6)
Selective capital reduction	(80.2)	(785.3)	–	–	(126.0)	(991.5)	–	(991.5)
Shares issued pursuant to voluntary unconditional offer	130.8	1,441.0	–	–	–	1,571.8	–	1,571.8
Shares purchased under DSP trust	–	(6.6)	–	–	–	(6.6)	–	(6.6)
Shares issued under Share Option Schemes	1.9	15.1	–	–	–	17.0	–	17.0
Balance at 30 June 2004	1,336.6	2,997.3	1,908.3	–	4,893.2	11,135.4	441.9	11,577.3
Comprise:								
Share of reserve of associated companies	–	20.6	–	–	86.8	107.4	–	–

Amounts less than S\$50,000.

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

CONSOLIDATED For quarter ended 30 June	Attributable to the Bank's equity holders					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
In S\$million								
Balance at 1 April 2005 ⁽¹⁾	1,316.8	3,151.4	1,950.0	572.2	4,881.8	11,872.2	937.5	12,809.7
Movements in fair value reserves:								
– Gains/(losses) taken to equity	–	–	–	77.4	–	77.4	5.1	82.5
– Deferred tax on gains/(losses) to equity	–	–	–	(9.0)	–	(9.0)	(1.0)	(10.0)
– Transferred to income statements	–	–	–	(8.5)	–	(8.5)	(0.8)	(9.3)
Currency translation differences	–	–	–	–	9.8	9.8	(6.6)	3.2
Net gains/(losses) recognised in equity	–	–	–	59.9	9.8	69.7	(3.3)	66.4
Net profit after tax	–	–	–	–	304.1	304.1	26.2	330.3
Total recognised gains/(losses) for the period	–	–	–	59.9	313.9	373.8	22.9	396.7
Transfers	–	(19.4)	(6.4)	–	25.8	–	–	–
Acquisition of subsidiary, PT Bank NISP Tbk	–	–	–	–	–	–	64.3	64.3
Dividends paid to shareholders of a subsidiary reclassified to profits attributable to minority interests	–	–	–	–	2.0	2.0	–	2.0
Change in minority interests	–	–	–	–	–	–	(2.7)	(2.7)
Cash distribution to minority shareholders	–	–	–	–	–	–	(38.3)	(38.3)
Dividends paid to minority interests	–	–	–	–	–	–	(18.5)	(18.5)
Bonus ordinary dividends	–	–	–	–	(1,310.7)	(1,310.7)	–	(1,310.7)
Final ordinary dividends paid	–	–	–	–	(0.1)	(0.1)	–	(0.1)
Preference dividends paid	–	–	–	–	(19.5)	(19.5)	–	(19.5)
Share-based staff costs capitalised	–	4.1	–	–	–	4.1	–	4.1
Share buyback	(6.9)	6.9	–	–	(102.5)	(102.5)	–	(102.5)
Shares issued under Share Option Schemes	2.5	21.5	–	–	–	24.0	–	24.0
Shares to be issued pursuant to Rights Issue	262.1	1,048.6	–	–	–	1,310.7	–	1,310.7
Balance at 30 June 2005	1,574.5	4,213.1	1,943.6	632.1	3,790.7	12,154.0	965.2	13,119.2
Comprise:								
Share of reserve of associated companies	–	1.4	–	–	40.3	41.7	–	–
Balance at 1 April 2004	1,284.9	2,328.5	1,869.8	–	4,805.3	10,288.5	20.4	10,308.9
Currency translation differences	–	–	–	–	18.1	18.1	(1.1)	17.0
Net profit after tax								
– As previously reported	–	–	–	–	303.4	303.4	8.1	311.5
– Effect of adopting FRS 102	–	3.6	–	–	(3.6)	–	–	–
– As restated	–	3.6	–	–	299.8	303.4	8.1	311.5
Total recognised gains for the period	–	3.6	–	–	317.9	321.5	7.0	328.5
Transfers	–	1.0	8.8	–	(9.8)	–	–	–
Acquisition of additional interests in GEH	–	–	29.7	–	48.4	78.1	414.5	492.6
Final ordinary dividends paid	–	–	–	–	(123.0)	(123.0)	–	(123.0)
Preference dividends paid	–	–	–	–	(19.6)	(19.6)	–	(19.6)
Selective capital reduction	(80.2)	(785.3)	–	–	(126.0)	(991.5)	–	(991.5)
Shares issued pursuant to voluntary unconditional offer	130.8	1,441.1	–	–	–	1,571.9	–	1,571.9
Shares issued under Share Option Schemes	1.1	8.4	–	–	–	9.5	–	9.5
Balance at 30 June 2004	1,336.6	2,997.3	1,908.3	–	4,893.2	11,135.4	441.9	11,577.3
Comprise:								
Share of reserve of associated companies	–	20.6	–	–	86.8	107.4	–	–

(1) Balance included all effects of adopting FRS 39 and FRS 102.

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

- (a) From 1 April 2005 to 30 June 2005 (both dates inclusive), the Bank issued 2,414,974 ordinary shares of S\$1 each⁽¹⁾ upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001.
- (b) As at 30 June 2005, there were 30,581,910 ordinary shares of S\$1 each (30 June 2004: 35,013,199)⁽¹⁾ that may be issued on the exercise of options.
- (c) As at 30 June 2005, the number of ordinary shares entitled to be issued under the OCBC Employee Share Purchase Plan was 2,156,625 (30 June 2004: 2,807,587)⁽¹⁾.
- (d) No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 2005.
- (e) Pursuant to the stock purchase mandate approved at an extraordinary general meeting held on 30 March 2005, the Bank has purchased a total of 7,899,374 ordinary shares of S\$1 each⁽²⁾ for the second quarter ended 30 June 2005. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$11.30 (trades executed after ex-rights entitlement) to S\$14.30 (trades executed cum-rights entitlement) per share and the total consideration paid was S\$102,548,340 including transaction costs.

⁽¹⁾ Number of shares is on a pre-rights, pre-stock split basis.

⁽²⁾ Number of shares is a combination of purchases before and after the ex-rights entitlement date, but before the stock split.

2 ACCOUNTING POLICIES

OCBC Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2004 except for the adoption of the following new and revised Financial Reporting Standards ("FRS") and Interpretation of Financial Reporting Standard ("INT FRS") effective for the financial years beginning on or after 1 January 2005.

FRS 39	Financial Instruments: Recognition and Measurement
FRS 102	Share-based Payment
FRS 103	Business Combinations
Revised FRS 36	Impairment of Assets
Revised FRS 38	Intangible Assets
Revised INT FRS 12	Consolidation – Special Purpose Entities

FRS 39

The adoption of FRS 39 resulted in certain changes in the accounting policies relating to the recognition and measurement of the Group's financial assets and liabilities, application of hedge accounting criteria and loan impairment requirements. In accordance with the transitional provisions of FRS 39, there is no requirement to restate comparative figures for prior periods.

2 ACCOUNTING POLICIES (continued)

FRS 102

FRS 102 has resulted in a change in the accounting policy for share-based payments. The standard requires the Group and the Bank to recognise an expense in the income statement with a corresponding increase in equity for shares or share options granted after 22 November 2002 and not vested by 1 January 2005.

Revised INT FRS 12

With the adopting of the revised INT FRS 12, the Group consolidated the employee benefit trust set up for the purpose of the Deferred Share Plan ("DSP").

FRS 103, Revised FRS 36 and Revised FRS 38

FRS 103 requires goodwill acquired in a business combinations to be measured at cost less accumulated impairment losses. Goodwill is no longer amortised but is subject to impairment test to be conducted at least annually or when indication of impairment exists.

Apart from the above, the Group adopted various revisions in FRS, applicable from 1 January 2005. These do not result in any changes to the Group's accounting policies.

3 OTHER INFORMATION

	GROUP					
	1 st Half 2005	1 st Half 2004	+/(-) %	2 nd Qtr 2005	2 nd Qtr 2004	+/(-) %
(a) Attributable net profit to the Bank's equity holders as a percentage of weighted average total equity (%) ⁽¹⁾	10.1	10.9	(7.0)	10.2	11.7	(13.2)
(b) Attributable net profit to the Bank's equity holders as a percentage of average assets (%) ⁽¹⁾⁽²⁾	1.22	1.27	(3.7)	1.18	1.35	(12.7)
(c) Earnings per ordinary share (S\$) ⁽¹⁾⁽³⁾⁽⁴⁾						
<u>Restated</u>						
– Basic	0.37	0.35	6.4	0.36	0.37	(1.3)
– Fully diluted	0.37	0.35	6.4	0.36	0.37	(1.3)
<u>Previously reported</u>						
– Basic	–	0.85	n.a.	–	0.89	n.a.
– Fully diluted	–	0.85	n.a.	–	0.89	n.a.
(d) Depreciation of property, plant and equipment (S\$m)	30.9	30.2	2.3	16.0	15.3	(4.3)
(e) Amortisation of software costs (S\$m)	9.5	13.2	(28.4)	4.8	7.4	(35.2)

Notes:

⁽¹⁾ Return on equity, return on assets and earnings per ordinary share are annualised.

⁽²⁾ Average assets computed exclude life fund net assets.

⁽³⁾ Basic earnings per ordinary share is calculated by dividing net profit attributable to the Bank's equity holders, 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).

⁽⁴⁾ For compliance with FRS 33 *Earnings Per Share*, the weighted average number of ordinary shares have been adjusted to take into account the issue of 262,137,665 new rights shares pursuant to the Rights Issue effected on 18 July 2005 and the Sub-Division (or stock split) of one ordinary share of S\$1.00 par value to two ordinary shares of S\$0.50 par value effected on 5 August 2005. The comparatives have been restated for the effects of FRS 102 adoption, Rights Issue and Sub-Division.

4 NET ASSET VALUE

	GROUP		BANK	
	30 June 2005	31 December 2004 *	30 June 2005	31 December 2004 *
<u>Restated</u>				
Net asset value per ordinary share (S\$)	3.58	3.27	3.27	2.65
<u>Previously reported</u>				
Net asset value per ordinary share (S\$)	–	7.86	–	6.36

* The comparatives have been restated to take into account the effects of FRS 102 adoption, the issue of 262,137,665 new rights shares pursuant to the Rights Issue effected on 18 July 2005 and the Sub-Division (or stock split) of one ordinary share of S\$1.00 par value to two ordinary shares of S\$0.50 par value effected on 5 August 2005.

5 COMMENTS ON PERFORMANCE AND BALANCE SHEET ITEMS

- (a) OCBC Group prepares its financial statements in accordance with Singapore Financial Reporting Standards (“FRS”). The same accounting policies and methods of computation have been applied in the financial statements for the current financial period, except as disclosed in Section 2.
- (b) The financial performance of the Group for second quarter 2005 (“2Q05”) reflected the enlarged operations of the Group following the consolidation of 81%-owned subsidiary Great Eastern Holdings (“GEH”) from June 2004, and subsidiary PT Bank NISP Tbk (“Bank NISP”) from April 2005 (the Group’s shareholding in Bank NISP was 51% in April 2005, rising to 70.6% in June 2005).
- (c) Group net profit attributable to shareholders for 2Q05 was S\$304 million, an increase of 1.4% from S\$300 million in second quarter 2004 (“2Q04”). Operating profit before allowances for loans and other assets grew 3.7% year-on-year to S\$423 million in 2Q05, with revenue growth of 8.9% partly offset by expenses growth of 17.7%.
- (d) Net interest income in 2Q05 increased by 7.0% to S\$407 million driven largely by growth in interest earning assets and the consolidation of Bank NISP. However, net interest margin declined 10 basis points from 1.92% to 1.82% due mainly to higher cost of funds in a rising interest rate environment and limited gapping opportunities given the relatively flat yield curve.
- (e) Non-interest income grew by 11.6% to S\$298 million due to the consolidation of GEH’s insurance income and 6.6% increase in fees and commissions, partly offset by lower dealing income as 2Q04 recorded substantially higher gains from securities and derivatives dealing.
- (f) With the enlarged Group operations, operating expenses grew by 17.7% year-on-year to S\$282 million in 2Q05. Excluding the consolidation effects of GEH and Bank NISP, expenses growth was a marginal 2% for 2Q05. With the adoption of FRS 102 on Share-Based Payment, effective 1 January 2005, share option expenses amounted to S\$4 million in both 2Q05 and the restated 2Q04 expenses. The Group’s cost-to-income ratio increased from 37.0% in 2Q04 to 40.0% in 2Q05.
- (g) Total allowances for loans and other assets fell from S\$22 million in 2Q04 to a net reversal of S\$2 million in 2Q05. There was a net reversal of S\$3 million in specific loan allowances that were no longer required, as compared to S\$16 million allowances in 2Q04. Impairment charges for investment securities and other assets fell from S\$7 million in 2Q04 to S\$1 million in 2Q05.

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

- (h) Compared to 31 December 2004, net loans to customers and bills receivable grew by 4.9% to S\$54.4 billion as at 30 June 2005 with growth registered mainly in housing loans and loans to the manufacturing and general commerce sectors. Total non-performing loans ("NPLs") amounted to S\$2.59 billion in June 2005, representing declines of 10% from December 2004 and 4% from March 2005. The NPL ratio improved to 4.3%, from 5.0% in December 2004 and 4.8% in March 2005. Total cumulative specific and portfolio allowances amounted to S\$2.25 billion, representing 86.9% of total NPLs, up from 82.9% in December 2004 and 84.1% in March 2005.
- (i) As at 30 June 2005, equity attributable to the Bank's shareholders was S\$12.2 billion, an increase of 8.2% compared to 31 December 2004. In May 2005, the Group proposed a bonus cash dividend of S\$1.25 per share (S\$1 net) and a one-for-five Rights Issue at S\$5 per rights share, with an election option to use the dividend to subscribe for the rights shares. The Rights Issue closed on 6 July 2005 with full subscription through the rights acceptances and excess rights applications. For the purpose of capital computation, the dividends of S\$1.31 billion declared in 2Q05 were deducted from Group Tier 1 capital as at 30 June 2005, thereby reducing the Group's Tier 1 and total capital adequacy ratios to 10.7% and 14.7% respectively, from 12.3% and 17.4% respectively as at 31 December 2004. On completion of the Rights Issue, the Group's capital levels were restored by S\$1.31 billion in July 2005.
- (j) Annualised basic earnings per ordinary share ("EPS") for first half 2005 was 37 cents, an increase of 6.4% over first half 2004.

6 SUBSEQUENT EVENTS / OTHER MATTERS

- (a) On 29 June 2005, Bank announced that it would set aside an additional S\$500 million for on-market purchases of its ordinary shares for cancellation, pursuant to the stock purchase mandate approved by shareholders' general meeting held on 30 March 2005. The first S\$500 million share buyback program was completed on 5 July 2005, with a total of 37,199,954 OCBC Bank shares purchased under this program.

Subsequent to 30 June 2005 and up to the date of this announcement, the Bank has purchased, in aggregate, 4,035,622 ordinary shares by way of on-market acquisitions amounting to S\$47,092,398.

- (b) Following the Bank's announcement in respect of the renounceable non-underwritten rights issue ("Rights Issue") of new ordinary shares of S\$1.00 each ("Rights Shares") in the capital of OCBC Bank, with the availability of an election option to use the net bonus dividend of S\$1 per share to subscribe for the Rights Shares, the Bank has allotted and issued 262,137,665 new Rights Shares pursuant to the Rights Issue on 18 July 2005. The Rights Shares were listed and quoted on the Official List of the SGX-ST on 19 July 2005.

In connection with the Sub-Division (or stock split), which was approved by shareholders of the Bank on 30 March 2005, each ordinary share of par value S\$1.00 has been sub-divided into two ordinary shares of par value S\$0.50 each on 5 August 2005 at 5.00 pm.

6 SUBSEQUENT EVENTS / OTHER MATTERS *(continued)*

- (c) The Bank has on 25 July 2005 announced that OCBC Bullion & Futures Limited ("OBF"), a wholly-owned and dormant subsidiary of the Bank, has been dissolved on the same day and that OBF has ceased to be a wholly-owned subsidiary of the Bank with effect from 25 July 2005.

7 DIVIDENDS

Ordinary stock

An interim dividend of 11 cents for every S\$0.50 ordinary stock unit less 20% Singapore income tax (2004: 19 cents for every S\$1.00 ordinary stock unit⁽¹⁾ less 20% Singapore income tax) has been declared for the financial year ending 31 December 2005, and will be paid on 13 September 2005.

In S\$million	2005	2004
Interim dividend		
11 cents per S\$0.50 ordinary stock unit, less 20% tax (2004: 19 cents per S\$1.00 ordinary stock unit ⁽¹⁾ , less 20% tax)	276.4	203.3

⁽¹⁾ With adjustments for the Rights Issue and Sub-Division, the interim dividend for 2004 is 7.9 cents for every S\$0.50 ordinary stock unit.

Non-cumulative non-convertible preference shares

On 20 June 2005, the Bank paid the semi-annual dividends of 4.5% per annum net of tax (2004: 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 (2004: 4.2% net of tax) on its non-cumulative non-convertible Class G Preference Shares ("OCBC 4.2% NCPS").

In S\$million	2005	2004
Class E (OCBC 4.5% NCPS 100) – 1 st semi-annual dividend	11.2	11.3
Class G (OCBC 4.2% NCPS) – 1 st semi-annual dividend	8.3	8.3
	19.5	19.6

8 SCRIP DIVIDEND SCHEME

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

9 CLOSURE OF BOOKS

Notice is hereby given that the Transfer Books and the Register of Stockholders of the Bank will be closed from 31 August 2005 to 1 September 2005 (both dates inclusive) for the purpose of determining the entitlement of Stockholders to the interim dividend of 11 cents less 20% Singapore income tax for every S\$0.50 ordinary stock unit held. Duly completed registrable transfers of stock units received by the Bank's Share Registrar, M & C Services Private Limited of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 30 August 2005 will be registered to determine the entitlement of Stockholders to the interim dividend. Stockholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with stock units as at 5.00 p.m. on 30 August 2005 will be entitled to the interim dividend.

By Order of the Board

Peter Yeoh
Secretary

Singapore, 10 August 2005

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