

OFFER DOCUMENT DATED 17 MAY 2004

THIS OFFER DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt about this Offer, you should consult your stockbroker, bank manager, solicitor or other professional adviser immediately.

J.P. Morgan (S.E.A.) Limited is acting for and on behalf of Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**") and does not purport to advise the shareholders of Great Eastern Holdings Limited ("**GEH**"). The views of the independent directors and independent financial adviser to the independent directors of GEH on the Offer will be made available to you in due course. You may wish to consider their views before taking any decision on the Offer.

Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offer Document.

If you have sold or transferred all your ordinary shares of S\$0.50 each in the share capital of GEH ("**GEH Shares**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Offer Document and the accompanying Form of Acceptance and Authorisation ("**FAA**") to the purchaser or transferee, as CDP will arrange for a separate Offer Document and FAA to be sent to the purchaser or transferee. If you have sold or transferred all your GEH Shares not held through CDP, you should immediately hand this Offer Document and the accompanying Form of Acceptance and Transfer ("**FAT**") to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or transferee.

VOLUNTARY UNCONDITIONAL OFFER

by



J.P. MORGAN (S.E.A.) LIMITED

(Incorporated in the Republic of Singapore)

for and on behalf of



OVERSEA-CHINESE BANKING CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

**to acquire all the issued ordinary shares
of S\$0.50 each in the share capital of**



GREAT EASTERN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

other than those already owned or agreed to be acquired by OCBC Bank or its subsidiaries

ACCEPTANCES SHOULD BE RECEIVED BY 3.30 P.M. ON 16 JUNE 2004 OR SUCH LATER DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF OCBC BANK. The procedures for acceptance are set out in Appendix 2 of this Offer Document and in the accompanying FAA and FAT.

IMPORTANT NOTICE TO OVERSEAS SHAREHOLDERS

General

The availability of the Offer to GEH shareholders whose addresses are outside Singapore, as shown on the Register of Members of GEH may be affected by the laws of relevant overseas jurisdictions. Accordingly, any GEH shareholder not resident in Singapore should inform himself about and observe any applicable legal requirements. This Offer Document, the FAA and the FAT have not been and will not be mailed, distributed or sent to certain jurisdictions including Malaysia due to potential restrictions on sending such documents to such jurisdictions. For the avoidance of doubt, the Offer is made to all GEH shareholders, including those to whom this Offer Document, the FAA and the FAT have not been, or will not be, sent.

It is the responsibility of any GEH shareholder outside Singapore who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. If any GEH shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction. Overseas Shareholders should read Section 16 of this Offer Document.

Australia

This Offer Document, FAA and FAT have been prepared for the purpose of compliance with the statutory and regulatory requirements applicable in respect of such offers in Singapore. Accordingly, this Offer Document, FAA and FAT may not contain all the information required to be contained in disclosure documents under the laws of Australia. Further, OCBC Bank and its subsidiaries are not subject to the continuous disclosure requirements of the Corporations Act 2001 that apply in Australia.

Hong Kong

This Offer Document has not been registered by the Registrar of Companies in Hong Kong. Accordingly, the OCBC Shares and the INCCPS may not be offered or sold in Hong Kong other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or as agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong). In addition, this Offer Document may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, to any person unless such person is outside Hong Kong, such person is a professional investor within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) or as otherwise may be permitted by that Ordinance.

The contents of this Offer Document have neither been reviewed nor endorsed by any regulatory authority in Hong Kong. Any GEH shareholder resident in Hong Kong is advised to exercise caution in relation to the Offer. If any GEH shareholder resident in Hong Kong is in any doubt about any of the contents of this Offer Document, he should obtain independent professional advice.

United States

The Offer is being made for the securities of GEH, a Singapore company. The Offer is subject to disclosure requirements of Singapore that are different from those of the United States. Financial statements included in this Offer Document have been prepared in accordance with Singapore accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located outside the US, and all of its officers and directors are residents of a country other than the US. You may not be able to sue or effect service of process upon a non-US company or its officers or directors in a non-US court for violations of US securities laws. It may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment or to enforce a judgment obtained from a US court against OCBC Bank.

You should be aware that OCBC Bank may purchase securities otherwise than under the Offer, such as in open market or privately negotiated purchases.

This Offer Document has not been reviewed by any federal or state securities commission or regulatory authority in the US, nor has any such commission or authority passed upon the accuracy or adequacy of this document. Any representation to the contrary is unlawful and may be a criminal offence.

CONTENTS

	Page
DEFINITIONS	3
LETTER TO THE SHAREHOLDERS OF GREAT EASTERN HOLDINGS LIMITED	7
1. Introduction	7
2. The Offer	8
3. Unconditional Offer	10
4. Irrevocable Undertaking	10
5. Warranty	10
6. Details of the Offer.	10
7. Procedures for Acceptance	11
8. GEH Options and the Options Proposal	11
9. Information on OCBC Bank	11
10. Information on GEH	11
11. Rationale for the Offer and OCBC Bank's Intention for GEH.	12
12. Evaluation of the Offer.	13
13. Listing and Compulsory Acquisition	15
14. Disclosures of Holdings and Dealings in GEH Securities and OCBC Securities	16
15. Shareholding Limits and Take-over Implications	17
16. Overseas Shareholders	18
17. The Other Related Transactions	19
18. General Information	20
19. Responsibility Statement.	21
APPENDICES	
1. Details of the Offer.	22
2. Procedures for Acceptance	24
3. Terms of the INCCPS	30
4. The Options Proposal	46
5. Financial Effects of the Offer.	47

	Page
6. Proforma Balance Sheet and Income Statement Before and After the Offer	49
7. Additional Information on the OCBC Group	52
8. Audited Consolidated Financial Statements of the OCBC Group for FY2003	71
9. OCBC Group's Unaudited First Quarter Results for FY2004	154
10. Letter from PricewaterhouseCoopers in relation to OCBC Group's Unaudited First Quarter Results for FY2004	183
11. Letter from JPMorgan in relation to OCBC Group's Unaudited First Quarter Results for FY2004	184
12. Disclosures — Holdings and Dealings in GEH Securities and OCBC Securities	185
13. Additional Information on the GEH Group	198
14. General Information	199

DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Offer Document, the FAA and the FAT:

“Acquisition”	:	The acquisition of the 10,000,000 GEH Shares by OCBC Bank from the Vendor pursuant to the Acquisition Agreement
“Acquisition Agreement”	:	The agreement dated 24 February 2004 made between OCBC Bank and the Vendor in relation to the Acquisition
“Announcement Date”	:	24 February 2004, being the date of announcements of (a) the Acquisition and (b) the Offer and the Selective Capital Reduction
“Articles”	:	The Articles of Association of OCBC Bank
“Banking Act”	:	The Banking Act, Chapter 19 of Singapore
“CAR”	:	Capital Adequacy Ratio based on the Bank for International Settlements (BIS) guidelines
“CDP”	:	The Central Depository (Pte) Limited
“Closing Date”	:	16 June 2004 (or such later date(s) as may be announced from time to time by or on behalf of OCBC Bank), being the last day for the lodgement of acceptances for the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore
“Directors”	:	The directors of OCBC Bank as at the date of this Offer Document, unless otherwise stated
“EPS”	:	Earnings per OCBC Stock Unit
“FAA”	:	Form of Acceptance and Authorisation
“FAT”	:	Form of Acceptance and Transfer
“FY”	:	Financial year ended 31 December
“GE Life”	:	The Great Eastern Life Assurance Company Limited
“GEH”	:	Great Eastern Holdings Limited
“GEH Dividend”	:	The final dividend of S\$0.144 (declared final dividend of S\$0.18 less 20 per cent. tax) per GEH Share that was announced by GEH on 9 February 2004 and 19 March 2004
“GEH ESOS”	:	Great Eastern Holdings Executives’ Share Option Scheme
“GEH Group”	:	GEH and its subsidiaries
“GEH Group Companies”	:	GE Life, OAC and GELM, being wholly-owned subsidiaries of GEH
“GEH Optionholders”	:	Holders of GEH Options

“GEH Options”	:	Options to subscribe for new GEH Shares granted under the GEH ESOS
“GEH Shares”	:	Ordinary shares of S\$0.50 each in the capital of GEH
“GELM”	:	Great Eastern Life Assurance (Malaysia) Berhad
“INCCPS”	:	Irredeemable non-cumulative convertible preference shares in the capital of OCBC Bank, the terms and conditions of which are set out in Article 7H of the Articles of OCBC Bank
“Income Tax Act”	:	Income Tax Act, Chapter 134 of Singapore
“JPMorgan”	:	J.P. Morgan (S.E.A.) Limited
“Latest Practicable Date”	:	11 May 2004, being the latest practicable date prior to the printing of this Offer Document
“Listing Manual”	:	The Listing Manual of SGX-ST, as amended up to the Latest Practicable Date
“Market Day”	:	A day on which SGX-ST is open for trading in securities
“MAS”	:	Monetary Authority of Singapore
“NAV”	:	Net asset value
“NTA”	:	Net tangible asset
“OAC”	:	The Overseas Assurance Corporation Limited
“OCBC Bank” or the “Bank”	:	Oversea-Chinese Banking Corporation Limited
“OCBC Dividend”	:	The final dividend of S\$0.096 (declared final dividend of S\$0.12 less 20 per cent. tax) per OCBC Stock Unit that was announced by OCBC Bank on 11 February 2004 and 19 March 2004
“OCBC ESOS”	:	OCBC Executives’ Share Option Scheme 1994 and the OCBC Share Option Scheme 2001
“OCBC Group”	:	OCBC Bank and its subsidiaries
“OCBC Options”	:	Options to subscribe for new OCBC Shares granted pursuant to the OCBC ESOS
“OCBC Shares”	:	Ordinary shares of S\$1.00 each in the capital of OCBC Bank, which on issue, will be converted into OCBC Stock Units
“OCBC Stock Units”	:	Units of ordinary stock transferable in amounts and multiples of S\$1.00 each in the capital of OCBC Bank into which issued and fully-paid OCBC Shares are converted
“OCBC Stockholders”	:	Registered holders of OCBC Stock Units except that where the registered holder is CDP, the term “OCBC Stockholders” shall, in relation to such OCBC Stock Units and where the context admits, mean the Depositors whose Securities Accounts are credited with OCBC Stock Units

“Offer”	:	The unconditional voluntary offer made by JPMorgan, for and on behalf of OCBC Bank, to acquire the Offer Shares on the terms and conditions set out in this Offer Document, the FAA and the FAT
“Offer Document”	:	This document and any other document which may be issued for and on behalf of OCBC Bank to amend, revise supplement or update this document from time to time
“Offer Shares”	:	Issued GEH Shares to which the Offer relates, as more particularly defined in Sections 2.1 and 2.4 of this Offer Document
“Options Proposal”	:	The proposal to be made by OCBC Bank to the GEH Optionholders, as more particularly set out in Appendix 4 of this Offer Document
“Overseas Shareholders”	:	The persons defined as “Overseas Shareholders” in Section 16 of this Offer Document
“Receiving Agent”	:	M & C Services Private Limited
“ROE”	:	Return on equity
“Securities Accounts”	:	Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent
“Selective Capital Reduction”	:	The selective capital reduction of OCBC Bank for the cancellation of 80,192,220 OCBC Stock Units held by the GEH Group Companies under Section 73 of the Companies Act
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SIC”	:	Securities Industry Council
“S\$”, “\$” and “cents”	:	Singapore dollars and cents, respectively
“%” or “per cent.”	:	Per centum or percentage
“United States” or “US”	:	United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US\$”	:	United States dollars
“Vendor”	:	Singapore Investments (Pte) Limited

Acting in Concert; Associates. The terms **“acting in concert”** and **“associates”** shall have the meanings ascribed to them, respectively, in the Code.

Announcement, Notice, etc. References to the making of an announcement or the giving of notice by OCBC Bank shall include the release of an announcement by JPMorgan or advertising agents, for and on behalf of OCBC Bank, to the press or the delivery of or transmission by telephone, telex, facsimile, MASNET or otherwise of an announcement to SGX-ST.

Depositors, etc. The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in the Companies Act.

Genders. Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Headings. The headings in this Offer Document are inserted for convenience only and shall be ignored in construing this Offer Document.

GEH shareholders. References to “**you**”, “**your**” and “**yours**” in this Offer Document are to the GEH shareholders.

Offer Document. References to “**Offer Document**” shall include the FAA and FAT.

Rounding. Any discrepancies in the tables in this Offer Document between the listed amounts and the totals thereof are due to rounding.

Statutes. Any reference in this Offer Document to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Code or any modification thereof and used in this Offer Document shall, where applicable, have the meaning assigned to that word under the Companies Act, the Code or that modification, as the case may be.

Time; Date. Any reference to a time of day and date in this Offer Document shall be a reference to Singapore time and date, unless otherwise specified.

References. Unless otherwise stated, all references in this Offer Document to the “issued ordinary share capital of OCBC Bank” are based on the issued ordinary share capital of OCBC Bank of S\$1,281,656,751 comprising 1,281,656,751 OCBC Shares, which on issue had been converted into OCBC Stock Units, as at the Latest Practicable Date, and all references in this Offer Document to the “issued share capital of GEH” are based on the issued share capital of GEH of S\$235,855,434.50 comprising 471,710,869 GEH Shares, as at the Latest Practicable Date.

17 May 2004

To: Shareholders of Great Eastern Holdings Limited

Dear Sir/Madam

VOLUNTARY UNCONDITIONAL OFFER FOR THE OFFER SHARES

1. INTRODUCTION

- 1.1 **Announcement.** On 24 February 2004, JPMorgan announced, for and on behalf of OCBC Bank, *inter alia* that subject to the fulfillment of certain pre-conditions to the Offer, OCBC Bank will make a voluntary unconditional offer for all the GEH Shares, other than those already owned or agreed to be acquired by OCBC Bank and its subsidiaries.

A copy of the announcement dated 24 February 2004 released by JPMorgan, for and on behalf of OCBC Bank, is available on the website of SGX-ST at www.sgx.com.

- 1.2 **Pre-Conditions.** The pre-conditions (“**Pre-Conditions**”) to the Offer were:

- (a) **MAS Approval:** such approvals as may be required from the MAS for or in connection with the Offer and/or the acquisition of control of GEH or any of its subsidiaries by OCBC Bank having been obtained;
- (b) **Listing Approval:** SGX-ST having granted its approval in-principle for the listing and quotation of the new OCBC Shares on the Official List of SGX-ST; and
- (c) **Stockholders’ Approval:** all resolutions as may be necessary or incidental to approve the Offer and the issue of new OCBC Shares pursuant to the Offer having been passed at an extraordinary general meeting of OCBC Stockholders (or any adjournment thereof).

- 1.3 **MAS Approval and Listing Approval.** As stated in OCBC Bank’s circular dated 5 April 2004 containing the Notice of Extraordinary General Meeting to the stockholders of OCBC Bank convening the extraordinary general meeting (“**EGM**”) of OCBC Bank that was held on 30 April 2004 at 10.00 a.m, the following Pre-Conditions have been fulfilled as at 31 March 2004:

- (a) the MAS has granted its in-principle approval for OCBC Bank’s proposed offer to obtain control of GEH, pursuant to Section 28(1) of the Insurance Act, Chapter 142 of Singapore; and
- (b) the SGX-ST has granted its in-principle approval for the listing and quotation of up to 251,500,000 new OCBC Shares arising from the Offer and arising from the possible conversion of the INCCPS and up to 251,500,000 INCCPS arising from the Offer. Such approval is not to be taken as an indication of the merits of the Offer, or the issue of the new OCBC Shares and the INCCPS.

- 1.4 **EGM.** On 30 April 2004, the following resolutions proposed at the EGM were approved by the OCBC Stockholders:

- (a) the making of the Offer, the Options Proposal and the authority to the Directors to issue the new OCBC Shares pursuant to the Offer and the Options Proposal;

- (b) the increase in the authorised share capital of OCBC Bank, by the creation of the new OCBC Shares, the creation of the INCCPS, the alterations to the Articles of OCBC Bank to incorporate the terms of the INCCPS and the authority to the Directors to issue the INCCPS; and
 - (c) the Selective Capital Reduction.
- 1.5 **Offer.** Accordingly, all the Pre-Conditions were fulfilled as at 30 April 2004 and on the same day, JPMorgan announced (the “**Formal Announcement**”), for and on behalf of OCBC Bank, the firm intention to make the Offer.
- 1.6 **OCBC Bank.** As at the Latest Practicable Date, OCBC Bank and its subsidiaries held 230,563,810 GEH Shares, representing approximately 48.88 per cent. of the issued share capital of GEH and OCBC Bank had agreed to purchase 10,000,000 GEH Shares, representing approximately 2.12 per cent. of the issued share capital of GEH pursuant to the Acquisition Agreement. On completion of the Acquisition Agreement, GEH will become a 51.00 per cent. subsidiary of OCBC Bank.
- 1.7 **Offer Document.** This Offer Document contains the formal Offer by JPMorgan, for and on behalf of OCBC Bank, to acquire the Offer Shares, being all the issued GEH Shares other than the GEH Shares already owned or agreed to be acquired by OCBC Bank or its subsidiaries.

2. THE OFFER

- 2.1. **Offer Terms.** For and on behalf of OCBC Bank, JPMorgan hereby makes the Offer to acquire all the Offer Shares as of the date of the Offer on the basis of the following share exchange ratio (“**Share Exchange Ratio**”):

For each Offer Share : 0.976 new OCBC Shares

As an alternative to the new OCBC Shares which would otherwise be receivable under the Offer, accepting GEH shareholders may elect to receive in lieu of all or any of the new OCBC Shares, INCCPS for each Offer Share (the “**INCCPS Alternative**”) on the following basis:

For each Offer Share : 0.976 INCCPS

OCBC Bank has no intention of revising the Share Exchange Ratio and/or the INCCPS Alternative.

Further details of the INCCPS are set out in Section 2.7 below. OCBC Bank reserves the right not to issue any INCCPS if the total number of INCCPS in respect of which the INCCPS Alternative has been elected is less than 1,000,000. In this event, GEH shareholders who had elected to receive INCCPS will be issued an equivalent number of new OCBC Shares.

The Offer Shares will be acquired without the right to the GEH Dividend. Accordingly, GEH shareholders who accept the Offer will be able to retain the GEH Dividend in respect of their Offer Shares tendered pursuant to the Offer. The new OCBC Shares to be issued to such GEH shareholders who have elected to receive new OCBC Shares pursuant to their acceptance of the Offer will not carry the right to the OCBC Dividend.

- 2.2 **Illustrative Example.** A GEH shareholder who holds 1,000 Offer Shares and who accepts the Offer will receive 976 new OCBC Shares, fractions of a new OCBC Share to be disregarded. If he accepts the INCCPS Alternative, he will receive, for every 1,000 Offer Shares tendered in respect of the Offer, 976 INCCPS, fractions of an INCCPS to be disregarded.
- 2.3 **Fractional Entitlements.** Fractions of a new OCBC Share or an INCCPS will not be issued to any holder of Offer Shares who accepts the Offer and will be disregarded.

2.4 **Offer Shares.** The Offer is extended to:

- (a) all the issued GEH Shares owned, controlled or agreed to be acquired by parties acting or deemed to be acting in concert with OCBC Bank in connection with the Offer (other than subsidiaries of OCBC Bank); and
- (b) all new GEH Shares unconditionally issued or to be issued pursuant to the valid exercise, prior to the close of the Offer, of any GEH Options.

For the purposes of the Offer, the expression “**Offer Shares**” shall include all such GEH Shares.

2.5 **No Encumbrances.** The Offer Shares will be acquired (a) fully-paid, (b) free from all liens, equities, charges, encumbrances, rights of pre-emption and any other third party rights or interests of any nature whatsoever (each, an “**Encumbrance**”), and (c) together with all rights attached thereto as of the Announcement Date and thereafter attaching thereto, including the right to all dividends, rights and other distributions (if any) declared, paid or made after the Announcement Date, but excluding the GEH Dividend.

2.6 **New OCBC Stock Units.** Pursuant to the Offer, OCBC Bank will issue:

- (a) approximately 231.4 million new OCBC Shares, representing approximately 16.0 per cent. of the enlarged issued ordinary share capital of OCBC Bank (assuming (i) full acceptance of the Offer, (ii) all GEH Options that are outstanding as at the Latest Practicable Date are exercised, (iii) no GEH shareholder accepts the INCCPS Alternative in respect of any of his GEH Shares and (iv) the Selective Capital Reduction is effected); or
- (b) approximately 231.4 million INCCPS, which on conversion into new OCBC Shares, on the basis of one new OCBC Share for every one INCCPS, will represent approximately 16.0 per cent. of the enlarged issued share capital of OCBC Bank (assuming (i) full acceptance of the Offer, (ii) all GEH Options that are outstanding as at the Latest Practicable Date are exercised, (iii) all GEH shareholders accept the INCCPS Alternative in respect of all of their GEH Shares and (iv) the Selective Capital Reduction is effected).

The new OCBC Shares will be issued credited as fully-paid and free from all Encumbrances and will rank *pari passu* in all respects with the existing OCBC Stock Units as of the date of their issue, except only that the new OCBC Shares will not carry the right to the OCBC Dividend.

2.7 **INCCPS.** The INCCPS are not redeemable and are convertible into new OCBC Shares, on the basis of one new OCBC Share for every one INCCPS, at any time, provided that the INCCPS are mandatorily convertible into new OCBC Shares on a date (the “**Final Conversion Date**”) to be determined by the Directors of OCBC Bank, which will fall on a date not earlier than 24 months and not later than 36 months from the date of their issue. Further, if the aggregate number of INCCPS in issue is 1,000,000 or less, the Directors of OCBC Bank may in their absolute discretion require all INCCPS not already converted to be converted into new OCBC Shares prior to the Final Conversion Date. The INCCPS shall rank as regards participation in profits *pari passu* with all other shares in OCBC Bank to the extent that they are expressed to rank *pari passu* therewith and in priority to the OCBC Stock Units. It is intended that the INCCPS will have the same rights to dividend as the OCBC Stock Units and will have the same economic benefits as the OCBC Stock Units, except that the INCCPS will not carry voting rights other than in limited circumstances. For the avoidance of doubt, the INCCPS will not carry the right to the OCBC Dividend.

The terms and conditions of the INCCPS are set out in detail in Article 7H of the Articles of OCBC Bank (“**Article 7H**”). Article 7H is reproduced in **Appendix 3** of this Offer Document. The INCCPS are also known as “**Class H Preference Shares**”.

3. UNCONDITIONAL OFFER

The Offer is unconditional in all respects.

4. IRREVOCABLE UNDERTAKING

OCBC Bank has obtained an irrevocable undertaking from Mr Lee Seng Wee, Mrs Vicky Lee, Dr Lee Chien Shih, Dr Lee Tih Shih, Selat (Pte) Limited, the Vendor, Island Investment Company (Private) Limited, Lee Latex (Pte) Limited, Kota Trading Company Sdn. Berhad and Lee Rubber Company (Pte) Limited (the “**Lee Family Parties**”) to accept the Offer in respect of their respective shareholdings in GEH, in relation to an aggregate of 73,980,374 GEH Shares representing approximately 15.68 per cent. of the issued share capital of GEH, upon the terms and subject to the conditions of the irrevocable undertaking.

In view of the Acquisition by OCBC Bank from the Vendor, OCBC Bank has agreed to release the Vendor from its obligations only in respect of the 10,000,000 GEH Shares that are the subject of the Acquisition under the terms of the irrevocable undertaking. Accordingly, as at the Latest Practicable Date, the Lee Family Parties have irrevocably undertaken to accept the Offer in relation to an aggregate of 63,980,374 GEH Shares, representing approximately 13.56 per cent. of the issued share capital of GEH, upon the terms and subject to the conditions of the irrevocable undertaking. Further details of the Acquisition are set out in Section 17 below.

Mr Lee Seng Wee and Dr Lee Tih Shih are Directors of OCBC Bank. The shareholdings of the Lee Family Parties are set out in paragraph 1.3 of Part 1 of **Appendix 12** of this Offer Document.

The irrevocable undertaking to accept the Offer by the Lee Family Parties in respect of their GEH Shares is subject to either the INCCPS Alternative being offered as an alternative consideration to the new OCBC Shares which would otherwise be receivable under the Offer or OCBC Bank releasing an announcement confirming that the Selective Capital Reduction is made effective on a date prior to the closing date of the Offer. As the INCCPS Alternative will be offered as an alternative consideration to the new OCBC Shares which would otherwise be receivable under the Offer, the irrevocable undertaking has become unconditional in all respects.

The INCCPS Alternative allows the Lee Family Parties, prior to the completion of the Selective Capital Reduction or the sale of the approximate 6.26 per cent. shareholding in OCBC Bank by GEH, to accept the Offer without the risk of triggering a take-over offer for OCBC Bank.

Save as disclosed in this Offer Document, neither OCBC Bank nor any party presumed to be acting in concert with it has received any irrevocable undertaking from any party to accept or reject the Offer.

5. WARRANTY

Acceptance of the Offer will be deemed to constitute an unconditional and irrevocable warranty by the accepting GEH shareholder(s) that the Offer Shares tendered in acceptance of the Offer are sold by that accepting GEH shareholder(s), as or on behalf of the beneficial owner(s) thereof, (a) fully-paid, (b) free from all Encumbrances and (c) together with all rights attached thereto as of the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by GEH on or after the Announcement Date, but excluding the GEH Dividend.

6. DETAILS OF THE OFFER

Appendix 1 of this Offer Document sets out further details on (a) the duration of the Offer, (b) the settlement of the new OCBC Shares and/or the INCCPS to be issued to accepting GEH shareholders, (c) the requirements relating to the announcement of level of acceptances of the Offer and (d) the right of withdrawal of acceptances.

7. PROCEDURES FOR ACCEPTANCE

Appendix 2 of this Offer Document sets out the procedures for acceptance of the Offer.

8. GEH OPTIONS AND THE OPTIONS PROPOSAL

- 8.1 **GEH Options.** Under the rules of the GEH ESOS, GEH Options are not transferable by holders thereof. In view of this restriction, OCBC Bank will not make an offer to acquire the GEH Options (although for the avoidance of doubt, the Offer will be extended to all new GEH Shares to be issued pursuant to the valid exercise of the GEH Options on or prior to the close of the Offer).
- 8.2 **GEH Options Proposal.** In addition to extending the Offer to all new GEH Shares to be issued pursuant to the valid exercise of the GEH Options on or prior to the close of the Offer, OCBC Bank will make the Options Proposal to the GEH Optionholders. The terms of the Options Proposal are set out in **Appendix 4** of this Offer Document.

9. INFORMATION ON OCBC BANK

OCBC Bank was incorporated in Singapore in October 1932 to carry on the business of banking and finance. OCBC Bank is the successor to The Chinese Commercial Bank Limited, The Ho Hong Bank Limited and Oversea-Chinese Bank Limited.

OCBC Bank offers a comprehensive range of banking services and financial solutions in consumer banking, business banking, international banking, global treasury and investment management. The OCBC Group has diverse subsidiaries that are involved in stockbroking and futures broking, trustee, nominee and custodian services, and property investment. In August 2001, OCBC Bank acquired Keppel Capital Holdings Ltd and all its subsidiaries, including Keppel TatLee Bank Limited, Keppel Securities Pte Limited and Keppel TatLee Finance Limited.

The OCBC Group has total assets of S\$84 billion as at 31 December 2003, with more than 110 branches and representative offices in 13 countries, including Singapore, Malaysia, Indonesia, China, Hong Kong, Japan, Australia, UK and US. In Asia, it has one of the most extensive networks among regional banks. In Malaysia, OCBC Bank (Malaysia) Berhad is one of the largest foreign banks by loans and total assets.

Additional information on OCBC Bank is set out in **Appendix 7** of this Offer Document.

10. INFORMATION ON GEH

The principal activity of GEH is that of a financial holding company. The principal subsidiaries of GEH engaged in the insurance business are GE Life (established in 1908), and OAC (established in 1920) in Singapore, GELM and Overseas Assurance Corporation (Malaysia) Berhad (“**OACM**”) in Malaysia. The life insurance business is undertaken by GE Life, OAC and GELM and the general insurance business by OAC and OACM.

GEH, which is listed in Singapore, is one of the largest public listed insurers in Southeast Asia, with two successful distribution channels, namely, the tied agency force (of about 20,000 strong for the GEH Group) and bancassurance. The GEH Group is the market leader in the life insurance industry in both Singapore and Malaysia. Through its subsidiary Straits Lion Asset Management Limited, GEH also engages in the business of asset management.

Additional information on GEH is set out in **Appendix 13** of this Offer Document.

11. RATIONALE FOR THE OFFER AND OCBC BANK'S INTENTION FOR GEH

11.1 Rationale. The rationale for the Offer is set out below:

- (a) **GEH.** As at the Latest Practicable Date, OCBC Group owns approximately 48.88 per cent. of the issued share capital of GEH and has agreed to acquire approximately 2.12 per cent. of the issued share capital of GEH pursuant to the Acquisition. The Directors of OCBC Bank believe that increasing the shareholding in GEH is beneficial to the OCBC Group. The Acquisition will enable OCBC Group to own approximately 51.00 per cent. in GEH and is the first step in the process. The Offer is intended to increase OCBC Group's shareholding in GEH further, as the next step. The economic terms of the Acquisition and the terms of the Offer are similar.

OCBC Bank has a long and successful relationship with GEH Group, which is an integral part of OCBC Bank's core financial services business. GEH Group has a leading market share in the life insurance business and is one of the best-known financial services brands in Singapore. OCBC Bank has worked closely with GEH as its partner in the bancassurance market in Singapore.

Increasing OCBC Group's current stake in GEH is a strategic step aimed at enhancing the value from this partnership by capturing a larger share of the value from the integrated and collaborative delivery of all banking, insurance and wealth management products to clients. A higher share of GEH Group's earnings also adds diversity to OCBC Group's earnings profile.

- (b) **New Horizons Strategy.** The Offer is in line with the New Horizons Strategy of OCBC Bank. The combination of OCBC Bank and GEH has the following benefits:

- (i) This will create a comprehensive product marketing and delivery platform across all financial asset classes — banking, insurance, investment and other wealth management products. This will facilitate product innovation by closer collaboration of teams from various areas.
- (ii) This will allow OCBC Bank to be well positioned to meet any changes in consumer preferences across the different asset classes with time and under different market conditions. OCBC Bank will be geared to offer and retain value across the entire spectrum of asset classes. This will position OCBC Bank to increase its share of the consumer "wallet" across investment and wealth management products.
- (iii) In addition, OCBC Bank and GEH can pursue a regional growth strategy and align strategic direction based on their combined strengths. Cross-border expansion is a focus area for the OCBC Group and being able to approach this jointly with the GEH Group will be more effective and efficient. Specifically, substantial strategic benefits are expected for both OCBC Bank and GEH to work together in Malaysia by leveraging on each other's resources, network and licences. Similar strategic advantages will be available as OCBC Bank and GEH venture into other countries, in particular China and Indonesia.

- (c) **Diversity of earnings.** GEH Group has a significantly higher proportion of their assets in Malaysia (33 per cent.) as compared with OCBC Group (14 per cent.). 71 per cent. of GEH Group's profit before expenses is derived from profit from insurance operations (predominantly from life insurance).

Increasing its share of GEH Group's earnings allows OCBC Group to increase its exposure to Malaysia and to diversify its earnings with a larger component of income from the life insurance business. Upon full consolidation, OCBC Group's non-interest income, including fees and commission, profit from insurance and other income, as a share of total operating revenues, will reach 46 per cent., on a proforma basis for the financial year ended 31 December 2003.

- (d) **Increased Scale.** The combination of OCBC Group and GEH Group will create a financial institution with:
- (i) a bank sales force of over 600 and an insurance agency sales force of approximately 20,000 in Singapore and Malaysia;
 - (ii) over four million customer accounts in Singapore and Malaysia;
 - (iii) total assets of approximately S\$117 billion and proforma net income in excess of S\$1 billion after amortisation of goodwill from the acquisition of the increased stake, and the largest asset base in the combined Singapore and Malaysia market of approximately S\$109 billion (in each assuming that the number of GEH Shares tendered for acceptance of the Offer results in OCBC Group holding in aggregate 100 per cent. of the issued share capital of GEH, all accepting GEH shareholders elect to receive new OCBC Shares and the Selective Capital Reduction is effected);¹ and
 - (iv) one of the largest investment managers, in terms of assets under management, in Singapore.

11.2 OCBC Bank's Intention for GEH. The Offer is made by OCBC Bank for the purpose of increasing its ownership in GEH. GEH shareholders should note that in the event that OCBC Bank acquires not less than 90 per cent. of the Offer Shares pursuant to the Offer, OCBC Bank will be entitled to, and intends to, exercise its rights of compulsory acquisition of the remaining Offer Shares under Section 215(1) of the Companies Act.

OCBC Bank views the increase of its shareholding in GEH as an investment that will yield attractive returns in the long-term. It is also a strategic step aimed at achieving more collaborative delivery of all wealth management products to clients, and capturing a larger share of the value across the entire spectrum of financial products and services. OCBC Bank has no plans for any redeployment of GEH Group's fixed assets or to introduce any major changes to GEH Group's business. However, OCBC Bank intends to review all relevant business areas where incremental revenues could be generated from closer partnership between GEH and OCBC Bank, and to implement decisions aimed at improving the marketing and distribution of products, and the provision of services to customers to meet their needs. OCBC Bank recognises that the employees and agency sales force of GEH Group are amongst its most important assets, and is committed to ensuring talent retention and business continuity at GEH Group.

12. EVALUATION OF THE OFFER²

12.1 The Offer. Based on the last transacted price per OCBC Stock Unit of S\$12.40 on SGX-ST as of 20 February 2004 (being the last full trading day of OCBC Stock Units on SGX-ST prior to the Announcement Date), the Offer:

- (a) values each issued GEH Share at S\$12.15;
- (b) values all the issued GEH Shares at approximately S\$5,733 million, assuming that none of the GEH Options is exercised;
- (c) values all the issued GEH Shares at approximately S\$5,805 million, assuming that all the GEH Options are exercised;
- (d) represents a discount of approximately 2.8 per cent. to the last transacted price per GEH Share on SGX-ST of S\$12.50 as of 20 February 2004 (the last full trading day of GEH Shares on SGX-ST prior to the Announcement Date);

¹ The figures shown above are as at 31 December 2003.

² The share prices of OCBC Bank and GEH on 20 February 2004 are shown on a cum-OCBC Dividend basis and a cum-GEH Dividend basis respectively.

- (e) represents a premium of approximately 5.9 per cent. to the average of the last transacted prices per GEH Share on SGX-ST of S\$11.48 over the 30 Market Day period from 7 January 2004 to 20 February 2004 (the last full trading day of GEH Shares on SGX-ST prior to the Announcement Date);
- (f) represents a premium of approximately 9.1 per cent. to the average of the last transacted prices per GEH Share on SGX-ST of S\$11.14 over the 60 Market Day period from 21 November 2003 to 20 February 2004 (the last full trading day of GEH Shares on SGX-ST prior to the Announcement Date);
- (g) represents a premium of approximately 9.1 per cent. to the average of the last transacted prices per GEH Share on SGX-ST of S\$11.14 over the 90 Market Day period from 9 October 2003 to 20 February 2004 (the last full trading day of GEH Shares on SGX-ST prior to the Announcement Date);
- (h) represents a multiple of approximately 2.83 times the audited net tangible asset value per GEH Share as of 31 December 2003; and
- (i) represents a multiple of approximately 1.30 times the embedded value³ per GEH Share as of 31 December 2003.

12.2 Latest Practicable Date. Based on the last transacted price per OCBC Stock Unit of S\$12.30 on SGX-ST as of the Latest Practicable Date, the Offer:

- (a) values each issued GEH Share at S\$12.00. The last transacted price per GEH Share as of the Latest Practicable Date is S\$12.00;
- (b) values all the issued GEH Shares at approximately S\$5,663 million, assuming that none of the GEH Options is exercised;
- (c) values all the issued GEH Shares at approximately S\$5,734 million, assuming that all the GEH Options are exercised;
- (d) represents a multiple of approximately 2.80 times the audited NTA per GEH Share as of 31 December 2003; and
- (e) represents a multiple of approximately 1.28 times the embedded value per GEH Share as of 31 December 2003.

12.3 Contribution Analysis. Based on the audited consolidated financial statements of the OCBC Group for FY2003 and the audited consolidated financial statements of the GEH Group for FY2003, the relative figures for the acquisition of the Offer Shares pursuant to the Offer computed on:

- (a) the net profits⁴ attributable to the Offer Shares of approximately S\$202.4 million⁵ compared with the OCBC Group's net profits of approximately S\$1,221.7 million is approximately 16.6 per cent.; and

³ The embedded value is an estimate of the economic value of a life insurance company. It is calculated as the sum of (1) the value of the life insurance in-force business (an estimate of the economic value of projected distributable profits from the in-force business) of GEH and (2) the value of its adjusted Shareholders' Funds (the value of Shareholders' Funds from various entities within GEH).

⁴ The term "net profits" refers to profit before income tax, minority interests and extraordinary items.

⁵ The net profits attributable to the Offer Shares is calculated assuming that none of the GEH Options are exercised into new GEH Shares.

- (b) the aggregate value of the new OCBC Shares to be issued in consideration for the acquisition of the Offer Shares based on the volume-weighted average of the transacted prices of OCBC Stock Units on SGX-ST as of 20 February 2004 (the last full trading day of OCBC Stock Units on SGX-ST prior to the Announcement Date) compared with OCBC Bank's market capitalisation based on the volume-weighted average of the transacted prices of S\$12.33 per OCBC Stock Unit on SGX-ST as of 20 February 2004 (the last full trading day of OCBC Stock Units on SGX-ST prior to the Announcement Date) is approximately 18.1 per cent⁶.

12.4 **GEH Share Price.** During the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date:

- (a) the highest last transacted price per GEH Share was S\$13.00 on 23 February 2004; and
- (b) the lowest last transacted price per GEH Share was S\$10.00 on 26 and 27 August 2003.

12.5 **Financial Effects of the Offer.** An analysis of the financial effects of the Offer on the OCBC Group is set out in **Appendix 5** of this Offer Document.

13. LISTING AND COMPULSORY ACQUISITION

13.1 **Trading Suspension.** Under Clause 1105 of the Listing Manual, in the event that OCBC Bank and its parties acting in concert with it should, as a result of the Offer or otherwise, own or control more than 90 per cent. of the issued share capital of GEH, SGX-ST may suspend the listing of the GEH Shares until such time when SGX-ST is satisfied at least ten per cent, of the GEH Shares are held by at least 500 shareholders who are members of the public.

13.2 **Compulsory Acquisition; Delisting.** Pursuant to Section 215 of the Companies Act, in the event that OCBC Bank receives acceptances pursuant to the Offer⁷ in respect of not less than 90 per cent. of the Offer Shares, OCBC Bank would have the right to compulsorily acquire all GEH Shares of the GEH shareholders who have not accepted the Offer. It should be noted that GEH shareholders who have not accepted the Offer have a corresponding right, pursuant and subject to Section 215(3) of the Companies Act, to require OCBC Bank to acquire their GEH Shares in the event that OCBC Bank acquires, pursuant to the Offer, such number of GEH Shares which, together with GEH Shares held by it, comprise 90 per cent. or more of the issued share capital of GEH. GEH shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

If OCBC Bank receives acceptances pursuant to the Offer in respect of not less than 90 per cent. of the Offer Shares, it is the intention of OCBC Bank to exercise its rights under Section 215(1) of the Companies Act to acquire compulsorily those Offer Shares not acquired by OCBC Bank pursuant to the Offer. OCBC Bank will then proceed to delist GEH from SGX-ST.

In the event that OCBC Bank exercises its rights of compulsory acquisition to acquire compulsorily those Offer Shares not acquired by OCBC Bank pursuant to the Offer under Section 215(1) of the Companies Act, such remaining Offer Shares will be acquired on the basis of the Share Exchange Ratio only and the holders of the Offer Shares in the compulsory acquisition will not have the option of electing the INCCPS Alternative.

⁶ This was calculated based on taking (1) approximately 231.4 million new OCBC Shares to be issued pursuant to the Offer multiplied by the volume-weighted average of the transacted prices of OCBC Stock Units of S\$12.33 per OCBC Stock Unit on SGX-ST as of 20 February 2004, and divided by (2) the market capitalisation of OCBC Bank, which is computed based on the issued ordinary share capital of OCBC Bank as at the Latest Practicable Date multiplied by the volume-weighted average of the transacted prices of OCBC Stock Units of S\$12.33 per OCBC Stock Unit on SGX-ST as of 20 February 2004.

⁷ For the avoidance of doubt, acceptances pursuant to the Offer will include acquisitions or contracts of acquisitions of the Offer Shares pursuant to Section 215(11) of the Companies Act.

14. DISCLOSURES OF HOLDINGS AND DEALINGS IN GEH SECURITIES AND OCBC SECURITIES

14.1 Holdings and Dealings in GEH Securities

- (a) **OCBC Bank and Concert Parties.** Part 1 of **Appendix 12** of this Offer Document sets out:
- (i) the number of GEH Shares and GEH Options (collectively, “**GEH Securities**”) owned, controlled or agreed to be acquired by OCBC Bank and parties acting or presumed to be acting in concert with OCBC Bank as at the Latest Practicable Date; and
 - (ii) the dealings in GEH Securities by OCBC Bank and parties acting or presumed to be acting in concert with OCBC Bank during the period commencing three months prior to the Announcement Date and ending on the Latest Practicable Date (“**Reference Period**”);
- (b) **No Other Holdings and Dealings.** Save as disclosed in this Offer Document, none of OCBC Bank and parties acting or presumed to be acting in concert with OCBC Bank (i) owns, controls or has agreed to acquire any GEH Securities as of the Latest Practicable Date or (ii) has dealt for value in any GEH Securities during the Reference Period.

14.2 Holdings and Dealings in OCBC Securities

- (a) **OCBC Bank and Concert Parties.** Part 2 of **Appendix 12** of this Offer Document sets out:
- (i) the number of OCBC Stock Units and OCBC Options (collectively, “**OCBC Securities**”) owned, controlled or agreed to be acquired by OCBC Bank and parties acting or presumed to be acting in concert with OCBC Bank as at the Latest Practicable Date; and
 - (ii) the dealings in OCBC Securities by OCBC Bank and parties acting or presumed to be acting in concert with OCBC Bank during the Reference Period.
- (b) **No Other Holdings and Dealings.** Save as disclosed in this Offer Document, none of OCBC Bank and parties acting or presumed to be acting in concert with OCBC Bank (i) owns, controls or has agreed to acquire any OCBC Securities as of the Latest Practicable Date or (ii) has dealt for value in any OCBC Securities during the Reference Period.

14.3 **Interests of Directors.** As at the Latest Practicable Date, the interests of the Directors in the OCBC Stock Units, as extracted from Register of Directors’ Stockholdings, were as follows:

Name	Number of OCBC Stock Units			% of Issued Ordinary Share Capital of OCBC Bank ⁽¹⁾
	Direct Interest	Deemed Interest	Total Interest	
Cheong Choong Kong	30,923	3,629 ⁽²⁾	34,552	nm ⁽⁸⁾
Michael Wong Pakshong	45,053	22,958 ⁽³⁾	68,011	0.01
David Conner	121,000	106,009 ⁽⁴⁾	227,009	0.02
Fong Weng Phak	29,782	—	29,782	nm ⁽⁸⁾
Lee Seng Wee	1,338,157	1,185,710 ⁽⁵⁾	2,523,867	0.20
Lee Tih Shih	461,232	—	461,232	0.04
Nasruddin Bin Bahari	—	—	—	—
Tsao Yuan	—	390 ⁽⁶⁾	390	nm ⁽⁸⁾
David Wong Cheong Fook	3,000	—	3,000	nm ⁽⁸⁾
Wong Nang Jang	76,432	42,743 ⁽⁷⁾	119,175	0.01
Patrick Yeoh Khwai Hoh	—	—	—	—

	Number of OCBC Shares Comprised in OCBC Options Held
Cheong Choong Kong	48,000
David Conner	930,000
Wong Nang Jang	394,796

Notes:

- (1) Based on 1,281,656,751 issued OCBC Stock Units as of the Latest Practicable Date.
- (2) This represents Cheong Choong Kong's deemed interest over 3,629 OCBC Shares arising pursuant to an award granted under the OCBC Deferred Share Plan.
- (3) This represents Michael Wong Pakshong's deemed interest in the OCBC Stock Units held by his wife.
- (4) This represents David Conner's deemed interest over 64,009 OCBC Shares arising pursuant to awards granted under the OCBC Deferred Share Plan and a contractual entitlement to 42,000 OCBC Stock Units pursuant to his employment contract.
- (5) This represents Lee Seng Wee's deemed interest in the OCBC Stock Units held by his wife.
- (6) This represents Tsao Yuan's deemed interest in the OCBC Stock Units held by her husband.
- (7) This represents Wong Nang Jang's deemed interest in the OCBC Stock Units held by his wife.
- (8) "nm" means not meaningful.

As at the Latest Practicable Date, Mr Lee Seng Wee, a Director of OCBC Bank, is also a Director of GEH. Dr Lee Tih Shih is the son of Mr Lee Seng Wee and a Director of OCBC Bank. Mr Lee Seng Wee and certain of his close relatives and companies affiliated with them (the "**Lee Group**") hold in aggregate 75,894,294 GEH Shares, representing approximately 16.09 per cent. of the issued share capital of GEH, and in aggregate 273,874,688 OCBC Stock Units, representing approximately 21.37 per cent. of the issued ordinary share capital of OCBC Bank. On the completion of the Acquisition, the Lee Group will hold in aggregate 65,894,294 GEH Shares, representing approximately 13.97 per cent. of the issued share capital of GEH.

Assuming that (a) the number of GEH Shares tendered in acceptance of the Offer results in OCBC Bank holding in aggregate 100 per cent. of the issued share capital of GEH, (b) all accepting GEH shareholders (including the Lee Group) elect to receive new OCBC Shares in respect of their GEH Shares in issue as at the Latest Practicable Date, (c) none of the outstanding GEH Options are exercised into new GEH Shares and (d) the Selective Capital Reduction becomes effective, the Lee Group will receive in aggregate 74,072,821 new OCBC Shares pursuant to the Offer, representing approximately 5.16 per cent. of the enlarged issued ordinary share capital of OCBC Bank following completion of the Acquisition, the Offer and the Selective Capital Reduction. Accordingly, the Lee Group will hold approximately 24.22 per cent. of the enlarged issued ordinary share capital of OCBC Bank following completion of the Acquisition, the Offer and the Selective Capital Reduction.

The shareholdings of the Directors of OCBC Bank in GEH Shares and GEH Options are set out in paragraph 1.2 of Part 1 of **Appendix 12** to this Offer Document.

Mr Michael Wong Pakshong is the Chairman and Director of GEH and certain other subsidiaries of GEH and Datuk Fong Weng Phak is a Director of certain subsidiaries of GEH.

Save as disclosed in this Offer Document, none of the Directors of OCBC Bank has any interest in the Offer.

15. SHAREHOLDING LIMITS AND TAKE-OVER IMPLICATIONS

15.1 **Banking Act.** The Banking Act provides, *inter alia*, that on or after 18 July 2001:

- (a) no person shall enter into any agreement or arrangement, whether oral or in writing and whether express or implied, to act together with any person with respect to the acquisition, holding or disposal of, or the exercise of rights in relation to, their interests in voting shares of an aggregate of 5% or more of the nominal amount of all voting shares in a designated financial institution, without first obtaining the approval of the Minister designated for the purposes of the Banking Act (the "**Minister**") (the "**5% Limit**"); and

- (b) no person shall be a 12% controller or a 20% controller of a designated financial institution without first obtaining the approval of the Minister.

For the purposes of the Banking Act:

“designated financial institution” means (i) a bank incorporated in Singapore; or (ii) a financial holding company;

“12% controller” means a person, not being a 20% controller, who alone or together with his associates, (i) holds not less than 12% of the shares in the designated financial institution; or (ii) is in a position to control voting power of not less than 12% in the designated financial institution; and

“20% controller” means a person who, alone or together with his associates, (i) holds not less than 20% of the shares in the designated financial institution; or (ii) is in a position to control voting power of not less than 20% in the designated financial institution.

- 15.2 **Shareholding Limits.** OCBC Bank wishes to draw the attention of GEH shareholders that the acquisition of new OCBC Shares pursuant to the Offer may cause an accepting GEH shareholder's interests in OCBC Stock Units to reach or exceed the 5% Limit. The acquisition of new OCBC Shares or the INCCPS (as the case may be) pursuant to the Offer may also cause an accepting GEH shareholder to become a 12% Controller or a 20% Controller. GEH shareholders who are in doubt as to the action they should take should consult their professional adviser immediately.

- 15.3 **Take-over Implications.** The Code regulates the acquisition of ordinary shares of public companies including OCBC Bank. Unless exempted, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30 per cent. or more of the voting rights in OCBC Bank or if such person holds, either on his own or together with parties acting in concert with him, between 30 per cent. and 50 per cent. (both inclusive) of the voting rights in OCBC Bank, and acquires additional shares representing more than one per cent. in OCBC Bank in any six-month period, must extend a take-over offer for the remaining voting shares in OCBC Bank in accordance with the provisions of the Code.

GEH shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Code as a result of any acquisition of new OCBC Shares pursuant to the Offer should consult the Securities Industry Council and/or their professional advisers immediately.

16. OVERSEAS SHAREHOLDERS

- 16.1 **Overseas Shareholders.** The availability of the Offer to GEH shareholders whose addresses are outside Singapore, as shown on the Register of Members of GEH (each, an **“Overseas Shareholder”**) may be affected by the laws of relevant overseas jurisdictions. Accordingly, any GEH shareholder not resident in Singapore should inform himself about and observe any applicable legal requirements. This Offer Document, the FAA and the FAT have not been and will not be mailed, distributed or sent to certain jurisdictions including Malaysia due to potential restrictions on sending such documents to such jurisdictions. Overseas Shareholders accepting the Offer should note that if they have, in the FAT, provided addresses in such jurisdictions (including Malaysia) for the receipt of the share certificate(s) representing the new OCBC Shares and/or INCCPS that may be issued to such Overseas Shareholders and/or any other documents which may be returned to them (including share certificates), such acceptances will be rejected. Accepting GEH shareholders should also not provide addresses in Malaysia in the FAT for the receipt of the share certificate(s) representing the new OCBC Shares and/or INCCPS that may be issued to such accepting GEH shareholders. For the avoidance of doubt, the Offer is made to all GEH shareholders, including those to whom this Offer Document, the FAA and the FAT have not been, or will not be, sent.

16.2 **Copies of Offer Document.** Overseas Shareholders may obtain copies of this Offer Document, the FAAs, the FATs and any related documents, during normal business hours and up to the Closing Date at M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 or The Central Depository (Pte) Limited, 4 Shenton Way #02-01, SGX Centre 2, Singapore 068807. Alternatively, an Overseas Shareholder may write to OCBC Bank c/o M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 to request for this Offer Document, the FAA, the FAT and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the Closing Date.

16.3 **Notice.** OCBC Bank and JPMorgan each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all GEH shareholders with a registered address outside Singapore by announcement or paid advertisement in a daily newspaper published and circulated in Singapore, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any GEH shareholder to receive or see such announcement or advertisement.

16.4 **Overseas Jurisdiction.** It is the responsibility of any GEH shareholder outside Singapore who wishes to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements. If any GEH shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

17. THE OTHER RELATED TRANSACTIONS

17.1 **Transactions.** In connection with the Offer, on 24 February 2004, JPMorgan had announced, for and on behalf of OCBC Bank, that the following transactions were entered into or announced:

- (a) On 24 February 2004, OCBC Bank entered into the Acquisition Agreement with the Vendor pursuant to which the Vendor agreed to sell and OCBC Bank agreed to purchase an aggregate of 10,000,000 GEH Shares, The consideration for the Acquisition Agreement is based on the same Share Exchange Ratio as the Offer; and
- (b) OCBC Bank proposed the Selective Capital Reduction to cancel all of the 80,192,220 OCBC Stock Units held by the GEH Group Companies, representing approximately 6.26 per cent. of the issued share capital of OCBC Bank.

The Acquisition, the Offer and the Selective Capital Reduction are independent transactions and are not inter-conditional upon one another.

17.2 **The Acquisition.** The key terms of the Acquisition Agreement are set out below:

- (a) The Vendor has agreed to sell and OCBC Bank has agreed to purchase the 10,000,000 GEH Shares, representing approximately 2.12 per cent. of the issued share capital of GEH. The consideration for the Acquisition is based on the same Share Exchange Ratio as the Offer. The Vendor will receive 9,760,000 new OCBC Shares, representing approximately 0.76 per cent. of the issued ordinary share capital of OCBC Bank following the completion of the Acquisition.
- (b) The 10,000,000 GEH Shares are acquired (i) fully-paid, (ii) free from all Encumbrances, and (iii) together with all rights attached thereto as at the date of the Acquisition Agreement, including the right to all dividends, rights and other distributions (if any) declared, paid or made after the date of the Acquisition Agreement, but excluding the GEH Dividend.
- (c) The new OCBC Shares, when issued pursuant to the Acquisition (i) will be credited as fully-paid and free from all Encumbrances whatsoever; and (ii) will rank *pari passu* in all respects with the issued OCBC Stock Units, except that such new OCBC Shares will not carry the right to the OCBC Dividend.

- (d) The Acquisition Agreement is conditional upon SGX-ST having granted its approval in-principle for the listing and quotation of the new OCBC Shares, that are issued pursuant to or in connection with the Acquisition Agreement, on the Official List of SGX-ST.

On 2 April 2004, SGX-ST granted its in-principle approval for the listing and quotation of 9,760,000 new OCBC Shares to be issued as consideration for the Acquisition. Such approval is not to be taken as an indication of the merits of the Acquisition. The OCBC Group will own in aggregate approximately 51.00 per cent. of the issued share capital of GEH following the completion of the Acquisition, and GEH will become a subsidiary of OCBC Bank.

17.3 The Selective Capital Reduction. The terms of the Selective Capital Reduction are set out below:

- (a) OCBC Bank and GEH have entered into a conditional agreement pursuant to which OCBC Bank is proposing the Selective Capital Reduction to cancel all of the 80,192,220 OCBC Stock Units held by the GEH Group Companies, representing approximately 6.26 per cent. of the issued ordinary share capital of OCBC Bank.

The Selective Capital Reduction will be effected under Section 73 of the Companies Act, and pursuant thereto, OCBC Bank will cancel the 80,192,220 OCBC Stock Units held by the GEH Group Companies and make a cash distribution to the GEH Group Companies of S\$12.3639 for each OCBC Stock Unit cancelled.

- (b) OCBC Bank and GEH have agreed that part of the cash distribution to be made by OCBC Bank will be effected by way of a cancellation of the bonus shares to be allotted and issued to the GEH Group Companies from the capitalisation of the retained earnings of OCBC Bank as at 31 December 2003 so as to enable OCBC Bank to treat a cash distribution of not more than S\$126,000,000 as a deemed Singapore tax exempt dividend under the Income Tax Act, and OCBC Bank has agreed to effect the balance of the cash distribution out of its contributed capital.

On 22 April 2004, the GEH shareholders approved the Selective Capital Reduction at the extraordinary general meeting of GEH and on 30 April 2004, the OCBC Stockholders approved the Selective Capital Reduction at the EGM. The High Court of the Republic of Singapore has given its approval and confirmation of the Selective Capital Reduction on 12 May 2004. The Selective Capital Reduction will become effective upon the lodgment of the Order of Court by way of electronic filing with the Registrar of Companies and Businesses.

18. GENERAL INFORMATION

- 18.1 Governing Law and Jurisdiction.** The Offer, this Offer Document, the FAAs and the FATs and all acceptances of the Offer and all contracts made pursuant thereto and action taken or made or deemed to be taken under any of the foregoing shall be governed by, and construed in accordance with, the laws of Singapore. OCBC Bank and accepting GEH shareholders submit to the non-exclusive jurisdiction of the Singapore Courts.

- 18.2 Valid Acceptances.** OCBC Bank and JPMorgan reserve the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as stated herein or in the FAAs or the FATs, or if made otherwise than in accordance with the provisions herein and instructions printed on the FAAs and the FATs.

- 18.3 Accidental Omission.** Accidental omission to despatch this Offer Document, the FAA and FAT or any notice or announcement required to be given under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made or should be made shall not invalidate the Offer in any way.

18.4 Facilitation of Trading of Odd Lots of OCBC Stock Units. Accepting GEH shareholders who receive odd lots of OCBC Stock Units (i.e. other than board lots of 1,000 OCBC Stock Units) should note that they can trade their odd lots of OCBC Stock Units in SGX-ST's Unit Share Market which allows trading of odd lots with a minimum of one OCBC Stock Unit. OCBC Bank will also seek to make special arrangements for the trading of odd lots. An announcement will be made by OCBC Bank in relation to such arrangements.

18.5 General Information. Additional general information is provided in **Appendix 14** of this Offer Document.

18.6 No Third Party Rights. Unless expressly provided to the contrary in this Offer Document, the FAA and the FAT, a person who is not a party to any contracts made pursuant to the Offer, this Offer Document, the FAA and the FAT has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.

19. RESPONSIBILITY STATEMENT

The Directors of OCBC Bank (including any who may have delegated detailed supervision of this Offer Document) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offer Document are fair and accurate and that no material facts have been omitted from this Offer Document (the omission of which would render any statement in this Offer Document misleading in any material respect), and they jointly and severally accept responsibility accordingly.

Where any information relating to GEH has been extracted or reproduced from published or otherwise publicly available sources or obtained from GEH, the sole responsibility of the Directors of OCBC Bank has been to ensure that such information has been accurately and correctly extracted from these sources or, as the case may be, reflected or reproduced in this Offer Document. The Directors of OCBC Bank (including those who may have delegated detailed supervision of this Offer Document) jointly and severally accept responsibility accordingly.

Yours faithfully
for and on behalf of
J.P. Morgan (S.E.A) Limited

Philip Lee
Managing Director

Rohit Chatterji
Vice President

DETAILS OF THE OFFER

1. DURATION OF OFFER

- 1.1 **First Closing Date.** The Offer is open for acceptance by the GEH shareholders for at least 28 days after the date on which this Offer Document is posted unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at **3.30 p.m. on 16 June 2004 (or such later date(s) as may be announced from time to time by or on behalf of OCBC Bank).**
- 1.2 **Subsequent Closing Date(s).** If the Offer is extended, the announcement of the extension need not state the next Closing Date but may state that the Offer will remain open until further notice. In such a case, OCBC Bank must give GEH shareholders at least 14 days' prior notice in writing before it may close the Offer.
- 1.3 **Shut-Off Notice.** The Offer will remain open for a period of not less than 14 days after the date on which it would otherwise have closed, unless OCBC Bank has given GEH shareholders at least 14 days' notice in writing ("**Shut-Off Notice**") that the Offer will not be open for acceptance beyond a specified Closing Date, provided that:
 - (a) OCBC Bank may not give a Shut-Off Notice in a competitive situation; and
 - (b) OCBC Bank may not enforce a Shut-Off Notice, if already given, in a competitive situation.
- 1.4 **Final Day Rule.** The Offer (whether revised or not) will not be capable of being kept open after 3.30 p.m. on the 60th day after the date this Offer Document is initially posted, provided that OCBC Bank may extend the Offer beyond such 60-day period with SIC's prior permission.
- 1.5 **No Revision.** OCBC Bank has no intention of revising the Share Exchange Ratio and/or the INCCPS Alternative.

2. SETTLEMENT

- 2.1 **Accepting GEH shareholders whose Offer Shares are deposited with CDP.** Subject to the receipt by OCBC Bank from accepting GEH shareholders of all documents required by it which are complete in all respects and are in accordance with the requirements set out in the Offer Document and the relevant form(s) of acceptance of the Offer (the "**Forms of Acceptance**") (including, without limitation, confirmation satisfactory to OCBC Bank that the number of Offer Shares tendered by the accepting GEH shareholders in acceptance of the Offer stands to the credit of the "Free Balance" of their respective securities accounts with CDP at the relevant time), share certificates in respect of the new OCBC Shares or the INCCPS (as the case may be) for the appropriate number of new OCBC Shares or the INCCPS will be sent to CDP.

CDP will debit the respective securities accounts of the accepting GEH shareholders with the number of Offer Shares tendered by them in acceptance of the Offer and will credit those securities accounts with the appropriate number of new OCBC Shares or INCCPS (as the case may be) as soon as practicable and in any event in respect of acceptances of the Offer which are complete in all respects and are received before the Offer closes, within 21 days of date of such receipt.

CDP will send by ordinary post to accepting GEH shareholders at their respective addresses as they appear in the records of CDP, and at their own risk, notification letters showing the number of Offer Shares which have been debited against their respective securities accounts and the number of new OCBC Shares or INCCPS (as the case may be) which have been credited to those securities accounts.

2.2 Accepting GEH shareholders whose Offer Shares are represented by Share Certificates.

Subject to the receipt by OCBC Bank from the accepting GEH shareholders of all relevant documents required by it which are complete in all respects and are in accordance with the requirements set out in the Offer Document and the relevant Forms of Acceptance (including, without limitation, the share certificates relating to the Offer Shares tendered by accepting GEH shareholders in acceptance of the Offer), share certificates in respect of the new OCBC Shares and INCCPS (as the case may be) for the appropriate number of new OCBC Shares or the INCCPS (as the case may be) will be despatched by ordinary post to the accepting GEH shareholders (or their designated agents, as they may direct), and at their own risk, at their respective addresses as they may appear in the Register of Members of GEH (or to such different names and addresses as may be specified by the accepting GEH shareholders in the relevant Forms of Acceptance), as soon as practicable and in any event in respect of acceptances of the Offer which are complete in all respects and are received before the Offer closes, within 21 days of the date of such receipt.

The attention of Overseas Shareholders is drawn to section 16 of this Offer Document.

Share certificates in respect of the new OCBC Shares or the INCCPS will not be valid for delivery pursuant to trades done on SGX-ST although they will constitute good evidence of legal title.

3. ANNOUNCEMENTS

3.1 Timing and Contents. By 8.00 a.m. on the Market Day immediately after the day on which the Offer is due to expire or is revised or extended, OCBC Bank will announce and simultaneously inform SGX-ST the total number of GEH Shares (as nearly as practicable):

- (a) for which acceptances of the Offer have been received;
- (b) held by OCBC Bank and any party acting in concert with it prior to the commencement of the offer period (as defined in the Code); and
- (c) acquired or agreed to be acquired by OCBC Bank and parties acting in concert with it during the offer period (as so defined),

and will specify the percentages of the issued share capital of GEH (including the GEH Shares issued or to be issued pursuant to the valid exercise of GEH Options prior to the close of the Offer) represented by such numbers.

3.2 Suspension. If OCBC Bank is unable, within the time limit, to comply with any of the requirements of Section 3.1 (“**Timing and Contents**”) of this Appendix, the SIC will consider requesting SGX-ST to suspend dealings in the GEH Shares until the relevant information is given.

3.3 Valid Acceptances. In computing the number of Offer Shares represented by acceptances, OCBC Bank will at the time of making an announcement take into account:

- (a) acceptances which are valid in all respects; and
- (b) acceptances which are duly completed and accompanied by the relevant original contract statements, validly issued by a member company of SGX-ST in the name of the accepting GEH Shareholder, in respect of the purchase by the accepting GEH Shareholder of Offer Shares which are deposited with CDP (subject to the “**Free Balance**” of the Securities Account of the accepting GEH Shareholder being credited with the relevant number of such Offer Shares within five Market Days of the date of the contract statement(s)).

4. RIGHT OF WITHDRAWAL

Subject to Section 1.1 of this **Appendix 1**, and the procedures for acceptance of the Offer set out in **Appendix 2**, acceptances of the Offer shall be irrevocable.

PROCEDURES FOR ACCEPTANCE

1. DEPOSITORS

- 1.1 **Depositors whose Securities Accounts are credited with Offer Shares.** If you have Offer Shares standing to the credit of the “Free Balance” of your Securities Account, you should receive this Offer Document together with a FAA.

Acceptance For New OCBC Shares. If you wish to accept the Offer and receive new OCBC Shares in respect of all or any of your Offer Shares, you should:

- (a) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Box A1 of the FAA the number of Offer Shares in respect of which you wish to accept the Offer and receive the new OCBC Shares.

Except as expressly provided in paragraph 1.2 below, if you specify a number in Box A1 of the FAA which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the date of receipt of the FAA by CDP (“**Date of Receipt**”), you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt and you will receive the new OCBC Shares;

- (b) sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and
- (c) deliver the completed and signed FAA:
- (i) by hand to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or
 - (ii) by post, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, Robinson Road, P.O. Box 1597, Singapore 903147,

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

INCCPS Alternative. If you wish to accept the Offer and elect for the INCCPS Alternative in respect of all or any of your Offer Shares, you should:

- (a) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Box A2 of the FAA the number of Offer Shares in respect of which you wish to accept the Offer and receive the INCCPS in lieu of OCBC Shares.

Except as expressly provided in paragraph 1.2 below, if you do not specify a number in Box A1 of the FAA and you specify a number in Box A2 of the FAA which exceeds the number of Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt, you shall be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt and you will receive the INCCPS;

- (b) sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and
- (c) deliver the completed and signed FAA:
- (i) by hand to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or

- (ii) by post, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, Robinson Road, P.O. Box 1597, Singapore 903147,

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

The number inserted in Box A2 of the FAA will indicate the number of Offer Shares for which you wish to receive the INCCPS in lieu of the new OCBC Shares which you would otherwise be entitled in respect of those Offer Shares.

Part OCBC Shares and Part INCCPS. If you wish to receive INCCPS in lieu of new OCBC Shares in respect of a specified number of Offer Shares (but not all your Offer Shares), you must insert the number of Offer Shares in Box A1 of the FAA as to those Offer Shares which you wish to receive the new OCBC Shares and in Box A2 of the FAA as to those Offer Shares which you wish to receive the INCCPS.

Except as expressly provided in paragraph 1.2 below, if the aggregate number of Offer Shares inserted in Boxes A1 and A2 for acceptance exceeds the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt, you will be deemed to have accepted the Offer in respect of all the Offer Shares already standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt, and (1) you will receive new OCBC Shares in respect of your acceptance of the number of Offer Shares specified in Box A1 or the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt, whichever is lower, and (2) in the event that the number of Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt exceeds the number specified in Box A1, you will receive INCCPS in respect of your deemed acceptance for the balance of Offer Shares in excess of the number specified in Box A1.

Except as expressly provided in paragraph 1.2 below, if you do not specify any number in Box A1 and in Box A2 of the FAA, you will be deemed to have accepted the Offer in respect of all the Offer Shares standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt and receive new OCBC Shares only.

- 1.2 **Depositors whose Securities Accounts will be credited with Offer Shares.** If you purchase Offer Shares on SGX-ST and such Offer Shares are in the process of being credited to the "Free Balance" of your Securities Account, you should also receive this Offer Document together with a FAA.

Acceptance For New OCBC Shares. If you wish to accept the Offer and receive the new OCBC Shares in respect of all or any of your Offer Shares, you should:

- (a) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Box B1 of the FAA the number of Offer Shares in respect of which you wish to accept the Offer.

If you specify a number in Box B1 of the FAA which exceeds the number of Offer Shares represented by the original "bought" contract statement, issued by a member company of SGX-ST in your name, in respect of such Offer Shares, you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the contract statement and you will receive new OCBC Shares, or if you do not attach a contract statement, you shall be deemed to have accepted the Offer in respect of all the Offer Shares as may be standing to the credit of the "Free Balance" of your Securities Account as at 5.00 p.m. on the Date of Receipt and you will receive new OCBC Shares;

- (b) sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and
- (c) deliver the completed and signed FAA and the contract statement:
 - (i) by hand to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or

- (ii) by post, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, Robinson Road, P.O. Box 1597, Singapore 903147,

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

INCCPS Alternative. If you wish to accept the Offer and elect for the INCCPS Alternative in respect of all or any of your Offer Shares, you should:

- (a) complete the FAA in accordance with this Offer Document and the instructions printed on the FAA. In particular, you must state in Box B2 of the FAA the number of Offer Shares in respect of which you wish to accept the Offer.

If you do not specify a number in Box B1 of the FAA and you specify a number in Box B2 of the FAA which exceeds the number of Offer Shares represented by the original “bought” contract statement, issued by a member company of SGX-ST in your name, in respect of such Offer Shares, you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the contract statement and will receive the INCCPS, or if you do not attach a contract statement, you shall be deemed to have accepted the Offer in respect of all the Offer Shares as may be standing to the credit of the “Free Balance” of your Securities Account as at 5.00 p.m. on the Date of Receipt, and you will receive INCCPS;

- (b) sign the FAA in accordance with this Offer Document and the instructions printed on the FAA; and
- (c) deliver the completed and signed FAA and the contract statement:
 - (i) by hand to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, 4 Shenton Way, #02-01 SGX Centre 2, Singapore 068807; or
 - (ii) by post, in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited, c/o The Central Depository (Pte) Limited, Robinson Road, P.O. Box 1597, Singapore 903147,

in each case so as to arrive not later than 3.30 p.m. on the Closing Date.

The number inserted in Box B2 of the FAA will indicate the number of Offer Shares for which you wish to receive the INCCPS in lieu of the new OCBC Shares which you would otherwise be entitled in respect of those Offer Shares.

Part OCBC Shares and Part INCCPS. If you wish to receive INCCPS instead of new OCBC Shares in respect of a specified number of Offer Shares (but not all your Offer Shares), you must insert the number of Offer Shares in Box B1 of the FAA as to those Offer Shares which you wish to receive the new OCBC Shares and in Box B2 of the FAA as to those Offer Shares which you wish to receive the INCCPS.

If the aggregate number of Offer Shares inserted in Boxes B1 and B2 for acceptance exceeds the number of Offer Shares represented by the original “bought” contract statement, you will be deemed to have accepted the Offer in respect of all the Offer Shares represented by the original “bought” contract statement, and (1) you will receive new OCBC Shares in respect of your acceptance of the number of Offer Shares specified in Box B1 or the number of Offer Shares represented by the original “bought” contract statement, whichever is lower, and (2) in the event the number of Offer Shares represented by the original “bought” contract statement exceeds the number specified in Box B1, you will receive INCCPS in respect of your deemed acceptance of the balance of the Offer Shares in excess of the number specified in Box B1.

If you do not specify any number in Box B1 and in Box B2 of the FAA, you will be deemed to have accepted the Offer in respect of all the Offer Shares represented by the original “bought” contract statement and you will receive new OCBC Shares.

Credit into “Free Balance”. By accepting the Offer in respect of the Offer Shares represented by the contract statement, you undertake to procure that the “Free Balance” of your Securities Account will be credited with the number of Offer Shares in respect of which you wish to accept the Offer by 5.00 p.m. on the fifth Market Day after the date of the contract statement. If by such time, your “Free Balance” is not credited with, or is credited with less than, the relevant number of Offer Shares, your acceptance is liable to be rejected and none of CDP, JPMorgan and OCBC Bank accept any responsibility or liability for the consequences of such a rejection.

Rejection. If it is established that the Offer Shares represented by the contract statement will not be credited (as, for example, where you sell or have sold such Offer Shares), your acceptance is liable to be rejected and none of CDP, JPMorgan and OCBC Bank accept any responsibility or liability for the consequences of such a rejection.

- 1.3 **Depositors whose Securities Accounts are and will be credited with Offer Shares.** If you have Offer Shares credited to your Securities Account, and have purchased additional Offer Shares on SGX-ST which are in the process of being credited to your Securities Account, you may accept the Offer in respect of both Offer Shares. The provisions set out above shall apply *mutatis mutandis* to your acceptance of the Offer.
- 1.4 **General.** CDP will acknowledge receipt of FAA if it is submitted by hand to CDP. No acknowledgement will be given for FAA deposited into boxes located at CDP’s premises. For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Offer Shares credited to your Securities Account. You can verify such number by e-mail if you have registered for the CDP e-mail service. Alternatively, you may call personally at CDP with your identity card or passport to verify such number.

Communications. All communications, notices, documents and remittances to be delivered or sent to you will be sent by ordinary post to your address as it appears in the records of CDP at your own risk.

Suspense Account. Upon receipt of the FAA (and the contract statement, if applicable), CDP will transfer the Offer Shares in respect of which you have accepted the Offer from the “Free Balance” of your Securities Account to a “Suspense Account”. Such Offer Shares will be held in the “Suspense Account” until the consideration for such Offer Shares has been despatched to you.

2. NON-DEPOSITORS

FAT. If you hold Offer Shares which are not deposited with CDP (“**in scrip form**”), you should receive this Offer Document together with a FAT.

Acceptance For New OCBC Shares. If you wish to accept the Offer and receive the new OCBC Shares in respect of all or any of your Offer Shares, you should:

- (a) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular, you must state in Part A1 of the FAT the number of Offer Shares in respect of which you wish to accept the Offer and receive new OCBC Shares.

If you specify a number in Part A1 of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s), you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the attached share certificate(s) and you will receive the new OCBC Shares;
- (b) sign the FAT in accordance with this Offer Document and the instructions printed on the FAT; and
- (c) deliver:
 - (i) the completed and signed FAT;

- (ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by OCBC Bank relating to the Offer Shares in respect of which you wish to accept the Offer; and
- (iii) where such Offer Shares are not registered in your name, a transfer form, duly completed and executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by OCBC Bank or a person authorised by it),

in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited, c/o M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, **so as to arrive not later than 3.30 p.m. on the Closing Date.**

INCCPS Alternative. If you wish to accept the Offer and elect for the INCCPS Alternative in respect of all or any of your Offer Shares, you should:

- (a) complete the FAT in accordance with this Offer Document and the instructions printed on the FAT. In particular, you must state in Part A2 of the FAT the number of Offer Shares in respect of which you wish to accept the Offer and receive INCCPS in lieu of OCBC Shares.

If you do not specify a number in Part A1 of the FAT and you specify a number in Part A2 of the FAT which exceeds the number of Offer Shares represented by the attached share certificate(s), you shall be deemed to have accepted the Offer in respect of all the Offer Shares represented by the attached share certificate(s) and you will receive INCCPS;

- (b) sign the FAT in accordance with this Offer Document and the instructions printed on the FAT; and
- (c) deliver:
 - (i) the completed and signed FAT;
 - (ii) the share certificate(s), other document(s) of title and/or other relevant document(s) required by OCBC Bank relating to the Offer Shares in respect of which you wish to accept the Offer; and
 - (iii) where such Offer Shares are not registered in your name, a transfer form, duly completed and executed by the person in whose name such share certificate(s) is/are registered and stamped, with the particulars of transferee left blank (to be completed by OCBC Bank or a person authorised by it),

in the enclosed pre-addressed envelope at your own risk, to Oversea-Chinese Banking Corporation Limited, c/o M & C Services Private Limited, 138 Robinson Road #17-00 The Corporate Office, Singapore 068906, **so as to arrive not later than 3.30 p.m. on the Closing Date.**

Part OCBC Shares and Part INCCPS. If you wish to receive INCCPS instead of new OCBC Shares in respect of a specified number of Offer Shares (but not all your Offer Shares), you must insert the number of Offer Shares in Part A1 of the FAT as to those Offer Shares which you wish to receive the new OCBC Shares and in Part A2 of the FAT as to those Offer Shares which you wish to receive the INCCPS.

If the aggregate number of Offer Shares inserted in Parts A1 and A2 for acceptance exceeds the number of Offer Shares represented by the attached share certificate(s), you will be deemed to have accepted the Offer in respect of all the Offer Shares represented by the attached share certificate(s), and (1) you will receive new OCBC Shares in respect of your acceptance of the number specified in Part A1 or the number of Offer Shares represented by the attached share certificate(s), whichever is lower, and (2) in the event the number of Offer Shares represented by the attached share certificate(s) exceeds the number specified in Part A1, you will receive INCCPS for your deemed acceptance of the balance of the Offer Shares in excess of the number specified in Part A1.

If you do not specify any number in Parts A1 and A2 of the FAT, you will be deemed to have accepted the Offer in respect of all the Offer Shares represented by the attached share certificate(s) and you will receive new OCBC Shares.

Receipt. No acknowledgement of receipt of any FAT, share certificate or any other document will be given.

Communications. All communications, notices, documents and remittances to be delivered or sent to you will be sent to you (or your designated agent or, in the case of joint accepting GEH shareholders who have not designated any agent, to the one first named in the Register of Members of GEH) by ordinary post to your address as it appears in the Register of Members of GEH at your own risk (or, for the purpose of remittances only, to such different name and address as may appear in the FAT and at your own risk).

3. GENERAL

Disclaimer. OCBC Bank will be entitled to reject any acceptance which does not comply with this Offer Document or which is otherwise incomplete, incorrect or invalid in any respect. If you wish to accept the Offer, it is your responsibility to ensure that the FAA or FAT is properly completed in all respects and all required documents are provided. Any decision to reject any acceptance will be final and binding and none of OCBC Bank, JPMorgan, Receiving Agent and CDP accepts any responsibility or liability for the consequences of such a decision.

Scrip and Scripless Offer Shares. If you hold some Offer Shares “in scrip form” and others with CDP, you should complete a FAT for the former and a FAA for the latter in accordance with the respective procedures set out in this Appendix if you wish to accept the Offer in respect of all such Offer Shares.

Deposit Time. If you hold Offer Shares “in scrip form”, the Offer Shares may not be credited into your Securities Account in time for you to accept the Offer if you were to deposit your share certificate with CDP after the date of this Offer Document. If you wish to accept the Offer in respect of such Offer Shares, you should complete a FAT and follow the procedures set out in Section 2 (“**Non-Depositors**”) of this Appendix 2.

TERMS OF THE INCCPS

The terms of the INCCPS are contained in Article 7H of the Articles of Association of OCBC Bank, which is reproduced in its entirety below:

“7H. Class H Preference Shares

The Class H Preference Shares shall have the following rights and be subject to the following restrictions.

(1) Denomination

The par value of each Class H Preference Share shall be S\$0.01, with a liquidation preference of S\$0.01 (“**Liquidation Preference**”).

(2) Dividends

(a) **Non-Cumulative Preferential Dividends.** Subject to **Articles 7H(2)(d), (f) and (g)** below, the Class H Preference Shares shall entitle the holder thereof (each, a “**Class H Preference Shareholder**”) to receive a non-cumulative preferential cash dividend (“**Dividend**”) in accordance with **Articles 7H(2)(b) and 7H(2)(c)** below.

(b) **Declaration of Dividend.** The Dividend shall be payable when, as and if declared by the Board of Directors of the Company (or an authorised committee thereof) (“**Board**”).

No Class H Preference Shareholders shall have any claim in respect of any Dividend or part thereof not due or payable pursuant to **Articles 7H(2)(d), (f) and (g)** below. Accordingly, such amount shall not accumulate for the benefit of the Class H Preference Shareholders or entitle the Class H Preference Shareholders to any claim in respect thereof against the Company.

(c) **Dividend Amount.** Each Class H Preference Share in issue shall entitle the holder thereof to receive on such date as may be determined by the Board (each such date, a “**Dividend Date**”) a Dividend (when, as and if declared by the Board) payable in Singapore dollars of an amount equal to the amount of any dividend (interim, final or otherwise) payable for one ordinary share of the Company, subject to the maximum of S\$2.00 per annum.

(d) **Dividends at Board’s Discretion.** Any decision regarding the declaration or payment of any Dividend on the Class H Preference Shares shall be at the sole discretion of the Board. Nothing herein contained shall impose on the Board any requirement or duty to resolve to distribute, declare or pay in respect of any fiscal year or period the whole or any part of the profits of the Company available for distribution. No Dividend or any part thereof shall become due or payable on any Dividend Date for the purposes of this **Article 7H** unless the Board has declared or resolved to distribute such Dividend or part thereof with respect to that Dividend Date.

(e) **Ranking.** The Class H Preference Shares shall rank as regards participation in profits *pari passu* with all other shares to the extent that they are expressed to rank *pari passu* therewith and in priority to the Company’s ordinary shares. The Company may from time to time and at any time create or issue any other shares ranking, as to participation in the profits or the assets of the Company, *pari passu* with or junior to:

- (i) the Class H Preference Shares; or
- (ii) any other Parity Obligations (as defined below),

in each case without the prior approval of the Class H Preference Shareholders and the holders of all other Parity Obligations and the creation or issue by the Company of such shares (regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable) shall be deemed not to constitute a variation of the rights attached to the Class H Preference Shares.

The Company shall not create or issue any other shares ranking, as to participation in the profits or the assets of the Company, senior or in priority to:

(aa) the Class H Preference Shares; or

(bb) any other Parity Obligations,

unless approved by the Class H Preference Shareholders and the holders of all other Parity Obligations, acting as a single class in accordance with **Article 7H(5)** below.

“Parity Obligations” means any preference shares or other similar obligations of the Company that constitute Tier 1 capital of the Company on an unconsolidated basis (including, without limitation, the Class A Preference Shares, the Class B Preference Shares, the Class C Preference Shares, the Class D Preference Shares, the Class E Preference Shares, the Class F Preference Shares and the Class G Preference Shares) or any preference shares or other similar obligations of any subsidiary of the Company that constitute Tier 1 capital of the Company on an unconsolidated basis.

(f) **Dividend Restrictions.** Dividends may only be declared and paid out of Distributable Reserves (as defined below). Notwithstanding that the Board may have declared or resolved to distribute any Dividend on any Dividend Date, the Company shall not be obligated to pay, and shall not pay, such Dividend on that Dividend Date (and such Dividend shall not be considered to be due or payable for the purposes of this **Article 7H**) if:

- (i) the Company is prevented by applicable Singapore banking regulations or other requirements of the Monetary Authority of Singapore (**“MAS”**) from making payment in full of dividends or other distributions when due on Parity Obligations; or
- (ii) the Company is unable to make such payment of dividends or other distributions on Parity Obligations without causing a breach of the MAS’ published capital adequacy requirements from time to time applicable to the Company; or
- (iii) the aggregate of the amount of such Dividend (if paid in full), together with the sum of any other dividends and other distributions originally scheduled to be paid (whether or not paid in whole or part) during the Company’s then-current fiscal year on the Class H Preference Shares or Parity Obligations, would exceed the Distributable Reserves as of the relevant Dividend Date.

“Distributable Reserves” means, at any time, the amounts for the time being available to the Company for distribution as a dividend in compliance with Section 403 of the Companies Act, Chapter 50 of Singapore (**“Available Amounts”**) as of the date of the Company’s latest audited balance sheet; *provided* that if the Board reasonably believes that the Available Amounts as of any Dividend Date are lower than the Available Amounts as of the date of the Company’s latest audited balance sheet and are insufficient to pay the Dividend and for payments on Parity Obligations on such Dividend Date, then two Directors of the Company shall be required to provide a certificate, on or prior to such Dividend Date, to the Class H Preference Shareholders accompanied by a certificate of the Company’s auditors for the time being of the Available Amounts as of such Dividend Date (which certificate of the two Directors shall be binding absent manifest error) and **“Distributable Reserves”** as of such Dividend Date for purposes of such Dividend shall mean the Available Amounts as set forth in such certificate.

- (g) **Dividend Limitation Notice.** Without prejudice to the discretion of the Board under **Article 7H(2)(d)** above, if the Company does not propose or intend to pay and will not pay its next normal dividend (whether interim or final) on its ordinary shares, the Company shall give, on or before the relevant Dividend Date, a notice (“**Dividend Limitation Notice**”) to the share registrar of the Company for the time being (“**Registrar**”) and the Class H Preference Shareholders that the Company will pay no dividends or less than full dividends on such Dividend Date, in which case no dividends or less than full dividends as set out in the Dividend Limitation Notice shall become due and payable on such Dividend Date. The Dividend Limitation Notice shall include a statement to the effect that the Company does not propose or intend to pay and will not pay its next normal dividend (whether interim or final) on its ordinary shares and identify the specific dividend on the ordinary shares that will not be paid.

Each Dividend Limitation Notice shall be given in writing by mail to each Class H Preference Shareholder, and so long as the Class H Preference Shares are listed on one or more stock exchanges and the rules of such stock exchange(s) so require, notices shall also be published in such manner as the rules of such stock exchange(s) may require. In addition, for so long as the Class H Preference Shares are listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the rules of SGX-ST so require, each Dividend Limitation Notice shall be published in accordance with **Article 7H(10)(b)** below.

- (h) **Pro Rata Dividend Payment.** If, whether by reason of the provisions of **Article 7H(2)(f)** above or the terms of a Parity Obligation, on the relevant Dividend Date, a Dividend is not paid in full on the Class H Preference Shares or dividends or other distributions are not paid in full on any Parity Obligations, but on such Dividend Date there are Distributable Reserves, then each Class H Preference Shareholder shall be entitled to receive the Relevant Proportion (as defined below) of any such Dividend if the Company shall have declared and paid dividends or other distributions on any Parity Obligations during the Company’s then-current fiscal year.

“**Relevant Proportion**” means:

- (i) in relation to any partial payment of a Dividend, the amount of Distributable Reserves as of the relevant Dividend Date divided by the sum of:
- (aa) the full amount originally scheduled to be paid by way of Dividend (whether or not paid in whole or part) during the Company’s then-current fiscal year; and
 - (bb) the sum of any dividends or other distribution or payments in respect of Parity Obligations originally scheduled to be paid (whether or not paid in whole or part) during the Company’s then-current fiscal year,
- converted where necessary into the same currency in which Distributable Reserves are calculated by the Company; and
- (ii) in relation to any partial payment of any Liquidation Distribution (as defined below), the total amount available for any such payment and for making any liquidation distribution on any Parity Obligations divided by the sum of:
- (aa) the full Liquidation Distribution before any reduction or abatement hereunder; and
 - (bb) the amount (before any reduction or abatement hereunder) of the full liquidation distribution on any Parity Obligations,
- converted where necessary into the same currency in which liquidation payments are made to creditors of the Company.

- (i) **Payments; No Further Rights to Participate in Profits.** Payments of Dividends shall, if due and payable under this **Article 7H**, be made to the Class H Preference Shareholders on the register at any date selected by the Board not less than six Business Days prior to the relevant Dividend Date. Save as set out in this **Article 7H**, the Class H Preference

Shares shall not confer any right or claim as regards participation in the profits of the Company.

(j) **Dividend Stopper.** In the event any Dividend is not paid in full for any reason on any Dividend Date, the Company shall not:

- (i) declare or pay any dividends or other distributions in respect of, or (if permitted) repurchase or redeem, its ordinary shares or any other security of the Company ranking *pari passu* or junior to the Class H Preference Shares (or contribute any moneys to a sinking fund for the redemption of any such shares or securities); or
- (ii) declare or pay any dividends or other distributions in respect of, or (if permitted) repurchase or redeem, any Parity Obligations (or contribute any moneys to a sinking fund for the redemption of any such obligations),

in each case until it has paid such Dividend in full.

(k) **Prescription.** Any Dividend unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and revert to the Company. No Dividends shall bear interest against the Company.

(l) **Net Dividends.** For the avoidance of doubt, nothing in these Articles obliges the Company (whether during or after the Transition Period (as defined below)):

- (i) to pay, or make available to any Class H Preference Shareholders, any Tax Credits in respect of any Dividends or otherwise to compensate any Class H Preference Shareholders for not paying or not making available such Tax Credits;
- (ii) to remain on the imputation system of taxation, regardless of whether the Company has any Tax Credits; or
- (iii) to ensure that it has any Tax Credits at any time, regardless of whether any Class H Preference Shares are outstanding as of such time.

“**Tax Credits**” means the amounts representing tax paid by the Company which is imputed to, and deemed to be paid on behalf of, the Class H Preference Shareholders when the Company distributes taxed income as dividends or other moneys payable on or in respect of a Class H Preference Share.

“**Transition Period**” means the five-year transitional period from 1 January 2003 to 31 December 2007 allowed by the Inland Revenue Authority of Singapore in its circular of 15 August 2002 for Singapore resident companies with unutilised Section 44 of the Income Tax Act balances as of 31 December 2002 to remain on the imputation system (before moving to the new one-tier corporate tax system) for the purpose of paying franked dividends (that is, dividends that carry tax credit).

(3) Liquidation Distributions

(a) **Rights Upon Liquidation.** In the event of the commencement of any dissolution or winding up of the Company (other than pursuant to a Permitted Reorganisation (as defined below)) before any conversion of the Class H Preference Shares, the Class H Preference Shares (other than those in respect of which the right of election mentioned in **Article 7H(4)(b)(vii)(aa)** has been duly exercised) shall rank:

- (i) junior to depositors and all other creditors (including the holders of subordinated debt) of the Company;
- (ii) *pari passu* with all Parity Obligations; and
- (iii) senior to the holders of the Company’s ordinary shares and any other securities or obligations of the Company that are subordinated to the Class H Preference Shares,

in respect of the Liquidation Distribution and shall rank *pari passu* with the holders of the Company’s ordinary shares in respect of the Liquidation Payment.

On such a dissolution or winding up, each Class H Preference Share shall be entitled to receive in Singapore dollars an amount equal to the Liquidation Distribution (as defined below) and the Liquidation Payment, except that Class H Preference Shares in respect of which the right of election mentioned in **Article 7H(4)(b)(vii)(aa)** has been duly exercised shall be entitled to the sums mentioned in that sub-Article.

“**Liquidation Distribution**” means, upon a dissolution or winding up of the Company, the Liquidation Preference together with, subject to the restrictions in **Article 7H(2)(f)** above and unless a Dividend Limitation Notice is in effect, any declared but unpaid Dividend.

“**Liquidation Payment**” means, upon a dissolution or winding up of the Company, the sum of S\$0.99.

“**Permitted Reorganisation**” means a solvent reconstruction, amalgamation, reorganisation, merger or consolidation whereby all or substantially all the business, undertaking and assets of the Company are transferred to a successor entity which assumes all the obligations of the Company under the Class H Preference Shares.

- (b) **Pro Rata Liquidation Distribution.** If, upon any such dissolution or winding up, the amounts available for payment are insufficient to cover the Liquidation Distribution and any liquidation distributions of any Parity Obligation, but there are funds available for payment so as to allow payment of part of the Liquidation Distribution, then each Class H Preference Shareholder shall be entitled to receive the Relevant Proportion of the Liquidation Distribution.
- (c) **No Further Rights to Participate in Assets.** Save as set out in this **Article 7H**, the Class H Preference Shares shall not confer any right or claim as regards participation in the assets of the Company.
- (d) **Substitution Securities.** In the event of a winding up or dissolution of the Company pursuant to reconstruction, amalgamation, merger or consolidation, the resultant corporate entity responsible for the liabilities of the Company with respect to the Class H Preference Shares shall issue such securities in substitution and replacement of the Class H Preference Shares and on such terms as shall be approved by Class H Preference Shareholders in accordance with **Article 7H(8)** unless the terms of such securities in substitution are no less favourable than the terms of the Class H Preference Shares. As a condition to any such winding up or dissolution, the Company shall procure that the resultant corporate entity shall (in favour of the Class H Preference Shareholders) undertake to comply with the provisions of **Articles 7H(1) to 7H(10)** (both inclusive).

(4) Conversion

(a) Mandatory Conversion

- (i) Unless earlier converted, each Class H Preference Share shall be converted into the Company's ordinary shares on the Final Conversion Date (as defined below). The Conversion Number (as defined below) of the Company's ordinary shares to be issued upon such conversion shall be the quotient of the Conversion Value (as defined below) (as the numerator) and the Conversion Price (as defined below) (as the denominator). The Company shall (on or about the 30th day prior to the Final Conversion Date) send to each Class H Preference Shareholder a notice specifying the Final Conversion Date.
- (ii) If the aggregate number of Class H Preference Shares in issue is 1,000,000 or less, the Board may in its absolute discretion require all Class H Preference Shares not already converted to be converted into the Company's ordinary shares prior to the Final Conversion Date. The Board shall give notice to all Class H Preference Shareholders of the date of conversion of the Class H Preference Shares pursuant to this **Article 7H(4)(a)(ii)**, which shall be a date falling not earlier than 30 days after the date of such notice. The Conversion Number of the Company's ordinary shares to be

issued upon such conversion shall be the quotient of the Conversion Value (as the numerator) and the Conversion Price (as the denominator).

(b) Optional Conversion

Each Class H Preference Shareholder shall have the Conversion Right (as defined below) in relation to his Class H Preference Shares and shall be entitled to exercise the Conversion Right in respect of all or any of his Class H Preference Shares to convert such Class H Preference Shares into fully-paid ordinary shares of the Company. The Conversion Number of the Company's ordinary shares to be issued upon such conversion shall be the quotient of the Conversion Value (as the numerator) and the Conversion Price (as the denominator). The Conversion Right shall be exercisable upon and subject to the following terms:

- (i) The Conversion Right shall be exercisable on any Business Day (as defined below) falling during the Conversion Period (as defined below) by completing the Conversion Notice (as defined below) and delivering the same to the Conversion Agent (as defined below) together with (aa) the share certificates in respect of such Class H Preference Shares or such other documents or evidence (if any) as the Directors may require to prove the title and claim of the person exercising such right (or, if such certificates have been lost or destroyed, such evidence of title and such indemnity as the Directors may require) or (bb) at the election of a holder of any global certificate representing Class H Preference Shares, an appropriate notation on such global certificate indicating a reduction in the number of Class H Preference Shares represented by such global certificate by the number of Class H Preference Shares to be converted. A Conversion Notice once given may not be withdrawn without the consent in writing of the Company. The Company may from time to time specify a period during which the Class H Preference Shares will not be convertible, Provided always that the aggregate of the periods during which the Class H Preference Shares are not convertible shall not exceed 30 days in any calendar year. When a duly completed Conversion Notice is received during a period in which the Class H Preference Shares are not convertible, the Conversion Date (as defined below) shall be the Business Day immediately following the expiry of such period.
- (ii) Upon conversion, such Class H Preference Shares shall become the Company's ordinary shares credited as fully-paid and, from the Conversion Date, such Class H Preference Shares shall cease to have any preference or priority set out in this **Article 7H** and shall rank *pari passu* in all respects with the Company's ordinary shares then in issue (save for any dividends, rights or other distributions the record date for which is before the relevant Conversion Date).
- (iii) Conversion of such Class H Preference Shares as are due to be converted as aforesaid on any Conversion Date (the "**Relevant Shares**") shall be effected in such manner as the Directors shall, subject to these Articles and as the Act or other applicable laws or regulations may allow, from time to time determine.
- (iv) If more than one Class H Preference Share is converted at any one time by the same Class H Preference Shareholder, the Conversion Number of the Company's ordinary shares to be issued upon such conversion shall be calculated on the basis of the aggregate number of Class H Preference Shares to be converted. Fractions of the Company's ordinary shares shall not be issued on conversion and no cash adjustments or payment shall be made in respect thereof. If a Conversion Notice is given in respect of part only of a holding of Class H Preference Shares so that there would, following conversion, remain a number of Class H Preference Shares in that holding smaller than that required to convert into one ordinary share of the Company at the Conversion Price then applicable, then all the Class H Preference Shares in that holding shall be converted notwithstanding the figures inserted in the Conversion Notice.

- (v) Conversion of the Relevant Shares into fully-paid ordinary shares of the Company (however converted) shall be effected as follows:
 - (aa) the holder of the Relevant Shares may elect either to receive physical share certificates in respect of the Company's ordinary shares into which such Relevant Shares are converted (in which event the Company shall forward to such holder share certificates in respect of the requisite number of the Company's ordinary shares registered in his name within five Business Days of the relevant Conversion Date or such later date as the Company may find practicable) or to have the Company's ordinary shares into which the Relevant Shares are converted credited to his Securities Account (as defined below) (in which event the Company shall forward to the Depository a share certificate in respect of the requisite number of the Company's ordinary shares registered in the name of the Depository within three Business Days of the relevant Conversion Date or such later date as the Company may find practicable); and
 - (bb) the Company shall, in exchange for the certificates in respect of the Relevant Shares (except where, at the election of a holder of any global certificate representing Class H Preference Shares, an appropriate notation is made by such holder on such global certificate indicating a reduction in the number of Class H Preference Shares represented by such global certificate by the number of the Relevant Shares) and contemporaneously with the despatch of the share certificates in respect of the Company's ordinary shares, deliver any balancing certificate for any Class H Preference Shares which remain unconverted to the holder of the Relevant Shares.

Any certificates to be despatched by the Company pursuant to this **Article 7H(4)(b)(v)** shall be sent by ordinary post at the risk of the holder of the Relevant Shares.

All certificates relating to Class H Preference Shares which have been delivered for conversion shall upon issue of the Company's ordinary shares into which such Class H Preference Shares are converted be cancelled forthwith.

- (vi) So long as the Company's ordinary shares in issue are listed on the SGX-ST, the Company shall use all reasonable endeavours to procure that all the Company's ordinary shares into which Class H Preference Shares are converted are admitted for listing on the SGX-ST at the earliest practicable date following conversion.
- (vii) So long as any Class H Preference Shares remain capable of being converted into the Company's ordinary shares, then, save with such consent or sanction on the part of the Class H Preference Shareholders as is required for a variation of the rights attached to such shares:
 - (aa) If the Company is placed in liquidation, the Company shall forthwith give notice thereof in writing to all Class H Preference Shareholders and each Class H Preference Shareholder shall in respect of all or any of his Class H Preference Shares be entitled within 42 days after the date of the resolution for winding up the Company or (as the case may be) after the date of the order of the Court for such winding up by notice in writing to the Company to elect to be treated as if his Conversion Rights had been exercisable and had been exercised prior to the commencement of such winding up and as if the Conversion Date for such conversion had been the date immediately preceding the date of such commencement, and in that event he shall be entitled to be paid in satisfaction of the amount due in respect of such of his Class H Preference Shares as are to be treated as if converted into a sum equal to the amount to which he would have become entitled in such winding up if he had been the holder of the Company's ordinary shares to which he would have become entitled by virtue of such conversion, fractions being disregarded for this purpose (and in respect of his entitlement to receive such sum he shall rank *pari passu* with the holders of the Company's ordinary shares) and he shall not be entitled to be paid any arrears, deficiency or accrual of the Preference Dividend on such Class H Preference Shares, whether or not such Preference Dividend has been earned or declared or has become due and payable. At the expiration of the said

period of 42 days, any outstanding Class H Preference Shares shall cease to be capable of conversion or of being treated as if converted.

- (bb)** The Company shall not make any issue, offer or distribution or take any other action the effect thereof would be that, on the conversion of any Class H Preference Shares, the Company would be required to issue ordinary shares at a discount to their par value.
- (cc)** The Company shall procure that there shall be sufficient authorised but unissued share capital available for the purposes of satisfying the requirements of any Conversion Notice as may be given by any Class H Preference Shareholder and the terms of any other securities for the time being in issue which are convertible into or have the right to subscribe for shares in the Company.

(c) Adjustments to Conversion Price

The Conversion Price shall be adjusted as follows:

- (i)** The Conversion Price shall from time to time be adjusted as provided in all or any of the following cases:
 - (aa)** an alteration of the par value of the Company's ordinary shares by reason of any consolidation, subdivision or conversion;
 - (bb)** an issue by the Company of ordinary shares to members (whether holders of the Company's ordinary shares and/or Class H Preference Shareholders) of the Company (the "**Shareholders**") credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund) other than an issue of the Company's ordinary shares to Shareholders who elect to receive ordinary shares in lieu of cash or other dividend;
 - (cc)** a Capital Distribution (as defined in **Article 7H(4)(c)(iii)(cc)**) made by the Company to Shareholders whether on a reduction of capital or otherwise;
 - (dd)** an offer or invitation made by the Company to Shareholders whereunder they may acquire or subscribe for ordinary shares by way of rights; or
 - (ee)** an issue (otherwise than pursuant to a rights issue available to all Shareholders, requiring an adjustment under sub-paragraph (dd) above and other than an issue of ordinary shares to Shareholders who elect to receive ordinary shares in lieu of cash or other dividend) by the Company of ordinary shares if the Total Effective Consideration of each ordinary share (as defined in **Article 7H(4)(c)(iii)(ff)**) is less than 90 per cent. of the Current Market Price (as defined in **Article 7H(4)(c)(iii)(cc)**) of each ordinary share.
- (ii)** Notwithstanding any other provisions of this **Article 7H**, no adjustment to the Conversion Price will be required in respect of:
 - (aa)** an issue by the Company of ordinary shares to officers, including Directors or employees of the Company or any of its subsidiaries pursuant to any purchase or option scheme approved by the Shareholders in general meeting;
 - (bb)** an issue by the Company of ordinary shares in consideration or part consideration for the acquisition of any assets, business or other securities;
 - (cc)** an issue by the Company of ordinary shares arising from the conversion of any of the Class H Preference Shares; or
 - (dd)** an issue by the Company of securities convertible into ordinary shares or of options, warrants or other rights to acquire or subscribe for ordinary shares.
- (iii)** Subject to this **Article 7H(4)(c)**, the Conversion Price shall from time to time be adjusted in accordance with the following provisions (but so that if the event giving rise to any such adjustment shall be capable of falling within any two or more of sub-paragraphs (aa) to (ee) of **Article 7H(4)(c)(i)** or if such event is capable of giving

rise to more than one adjustment, the adjustment shall be made in such manner or order as the Approved Bank (as defined below) shall determine):

(aa) If and whenever an ordinary share of the Company by reason of any consolidation, subdivision or conversion shall have a different par value, the Conversion Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value. Each such adjustment will be effective from the close of the Market Day (as defined below) immediately preceding the date on which the consolidation, subdivision or conversion becomes effective.

(bb) If and whenever the Company shall make any issue of ordinary shares to Shareholders (other than an issue of ordinary shares to Shareholders who elect to receive ordinary shares in lieu of cash or other dividend) credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

where:

A = the aggregate number of issued and fully paid up ordinary shares of the Company immediately before such capitalisation issue; and

B = the aggregate number of ordinary shares of the Company to be issued pursuant to any allotment to Shareholders (other than an issue of ordinary shares to Shareholders who elect to receive ordinary shares in lieu of cash or other dividend) credited as fully paid by way of capitalisation of profits or reserves (including any share premium account and capital redemption reserve fund).

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the day next following the record date for such issue.

For the purpose of this **Article 7H(4)(c)**, “**record date**” in relation to the relevant transaction means the date as at the close of business on which Shareholders must be registered as such to participate therein.

(cc) If and whenever the Company shall make a Capital Distribution (as defined below) to Shareholders whether on reduction of capital or otherwise, then the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

where:

C = the Current Market Price (as defined below) of each ordinary share of the Company on the Market Day immediately preceding the date on which the Capital Distribution is publicly announced to the SGX-ST or (failing any such announcement) immediately preceding the date of the Capital Distribution; and

D = the fair market value, as determined (with the concurrence of the Auditors (as defined below)) by an Approved Bank, of the portion of the Capital Distribution attributable to one ordinary share of the Company.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the record date for such transaction.

For the purpose of this **Article 7H(4)(c)**:

“Capital Distribution” shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of the Company’s ordinary shares (not falling under sub-paragraph (bb) above) or other securities (other than an issue of ordinary shares to Shareholders who elect to receive ordinary shares in lieu of cash or other dividend) credited as fully or partly paid up by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund). Any distribution out of profits or reserves (including any share premium account or capital redemption reserve fund) made after 31 December 2003 shall not be deemed to be a Capital Distribution unless the profits or reserves are attributable to profits or gains arising from the sale of assets owned by the Company or any of its subsidiaries on or before that date and any cancellation of capital which is lost or unrepresented by available assets shall not be deemed to be a Capital Distribution;

“Current Market Price” in relation to each ordinary share of the Company for any relevant day shall be the average of the Last Dealt Prices for each ordinary share on the SGX-ST for the five consecutive Market Days (on which ordinary shares are traded on the SGX-ST) before such date for one or more board lots of ordinary shares on the SGX-ST; and

“Last Dealt Price” in relation to each ordinary share of the Company shall be the last transacted price per ordinary share on any relevant Market Day for one or more board lots of ordinary shares traded on the SGX-ST.

- (dd) If and whenever the Company shall make any offer or invitation to Shareholders whereunder they may acquire or subscribe for the Company’s ordinary shares by way of rights, then the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the Current Market Price of each ordinary share of the Company on the Market Day immediately preceding the date on which the offer or invitation is publicly announced to the SGX-ST or (failing such announcement) immediately preceding the date of the offer or invitation; and

F = the value of rights attributable to one ordinary share of the Company which shall be calculated in accordance with the formula:

$$\frac{E - G}{H + 1}$$

where:

E = as in E above;

G = the subscription price for one additional ordinary share of the Company under the offer or invitation to acquire or subscribe for ordinary shares under the terms of such offer or invitation;

H = the number of ordinary shares of the Company which it is necessary to hold in order to be offered or invited to acquire or subscribe for one additional ordinary share under the terms of such offer or invitation; and

1 = one.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation. For the purpose of sub-paragraphs (dd) and (ee), “**closing date**” means the date by which acceptance of and payment for the Company’s ordinary shares is to be made under the terms of such offer or invitation.

- (ee) If and whenever the Company makes any allotment to Shareholders as provided in sub-paragraph (bb) above and also makes any offer or invitation to Shareholders as provided in sub-paragraph (dd) above and the record date for the purposes of the allotment is also the record date for the purpose of the offer or invitation, the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(I \times E) + (J \times G)}{(I + J + B) \times E}$$

where:

B = as in B above;

E = as in E above;

G = as in G above;

I = the aggregate number of issued and fully paid up ordinary shares of the Company on the record date; and

J = the aggregate number of new ordinary shares of the Company under an offer or invitation to acquire or subscribe for ordinary shares by way of rights.

Such adjustment will be effective (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

- (ff) If and whenever (otherwise than pursuant to a rights issue available to all Shareholders and requiring an adjustment under sub-paragraph (dd) or sub-paragraph (ee) above and other than an issue of the Company’s ordinary shares to Shareholders who elect to receive ordinary shares in lieu of cash or other dividend), the Company shall issue any ordinary shares and the Total Effective Consideration per ordinary share (as defined below) is less than 90 per cent. of the Current Market Price of each ordinary share, the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{K + L}{K + M}$$

where:

K = the number of the Company’s ordinary shares in issue at the close of business on the SGX-ST on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;

L = the number of the Company’s ordinary shares which the Total Effective Consideration (as defined below) would have purchased at such Current Market Price (exclusive of expenses); and

M = the aggregate number of the Company’s ordinary shares so issued.

Such adjustment will be effective (if appropriate, retroactively) from the close of business on the SGX-ST on the Market Day immediately preceding the date on which the issue is announced publicly, or (failing any such announcement) immediately preceding the date on which the Company determines the offering price of such ordinary shares.

For the purpose of this **Article 7H(4)(c)**, “**Total Effective Consideration**” shall be determined by the Directors with the concurrence of an Approved Bank and

shall be the aggregate consideration receivable by the Company on payment in full for such ordinary shares without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**Total Effective Consideration per Ordinary Share**” shall be the Total Effective Consideration divided by the number of ordinary shares issued as aforesaid.

- (iv) Any adjustment to the Conversion Price will be rounded upwards to the nearest one cent and subject as hereafter provided in this **Article 7H(4)(c)(iv)**, in no event shall any adjustment (otherwise than as provided in **Article 7H(4)(c)(v)** or upon the consolidation of the Company’s ordinary shares into shares of a larger par value) involve an increase in the Conversion Price or a reduction in the Conversion Price below the par value of the Company’s ordinary shares for the time being. No adjustment to the Conversion Price shall be made unless it has been certified to be in accordance with this **Article 7H(4)(c)** by the Auditors. No adjustment will be made to the Conversion Price in any case in which the amount by which the same would be reduced would be less than one cent and any adjustment which would otherwise then be required will be carried forward and taken into account appropriately in any subsequent adjustment.
- (v) If, for any reason, an event giving rise to an adjustment (the “**first adjustment**”) made to the Conversion Price pursuant to this **Article 7H(4)(c)** is cancelled, revoked or not completed, the Conversion Price shall be re-adjusted to the amount prevailing immediately prior to the first adjustment with effect from such date and in such manner as an Approved Bank may consider appropriate.
- (vi) Notwithstanding the provisions of this **Article 7H(4)(c)**, in any circumstances where the Directors consider that adjustments to the Conversion Price provided under the said provisions should not be made or should be calculated on a different basis or date or should take effect on a different date or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions, the Company may appoint an Approved Bank to consider whether for any reason whatever the adjustment to be made (or the absence of an adjustment) or the adjustment to be made in accordance with the provisions of this **Article 7H(4)(c)** is appropriate or inappropriate, as the case may be, and, if such Approved Bank shall consider the adjustment to be inappropriate, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner as shall be considered by such Approved Bank to be in its opinion appropriate.
- (vii) Without prejudice to the generality of **Article 7H(4)(c)(vi)**, if the Company shall in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire or subscribe for, ordinary shares of the Company, the Company shall appoint an Approved Bank to consider whether any adjustment is appropriate and if such Approved Bank shall determine that any adjustment is appropriate, the Conversion Price shall be adjusted accordingly.
- (viii) Whenever there is an adjustment to the Conversion Price as herein provided, the Company shall give notice to the Class H Preference Shareholders within 14 Business Days of the adjustment that the Conversion Price has been adjusted and setting forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment and shall at all times thereafter so long as any of the Class H Preference Shares remains convertible make available for inspection at its registered office a signed copy of the certificate of the Auditors certifying the adjustment to the Conversion Price and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment

and shall, on request and at the expense of any Class H Preference Shareholder, send a copy thereof to such Class H Preference Shareholder.

- (ix) In giving any certificate or making any adjustment under this **Article 7H(4)(c)**, the Auditors and the Approved Bank shall be deemed to be acting as experts and not as arbitrators and accordingly the provisions of the Arbitration Act, Chapter 10 (the “**Arbitration Act**”) shall not apply. In the absence of manifest error, their decision shall be conclusive and binding on the Company, the Class H Preference Shareholders and all persons having an interest in the Class H Preference Shares.
- (x) If the Directors, the Auditors and (if applicable) the Approved Bank are unable to agree upon any adjustment required under the provisions of this **Article 7H(4)(c)**, the Directors shall refer the adjustment to the decision of another Approved Bank acting as expert and not arbitrator and whose decision as to such adjustment shall be final and conclusive and no certification by the Auditors shall in such circumstances be necessary.
- (xi) Notwithstanding anything contained in this **Article 7H**, any adjustment to the Conversion Price other than in accordance with the provisions of this **Article 7H(4)(c)** shall be agreed to by the Company, the Auditors and the Approved Bank.

“**Approved Bank**” means a reputable bank, investment bank or merchant bank or other financial institution as may be selected by the Company;

“**Auditors**” means the auditors for the time being of the Company;

“**Business Day**” means a day other than a Saturday or Sunday on which commercial banks are open for business in Singapore;

“**Conversion Agent**” means the share registrars of the Company for the time being and/or such other conversion agent(s) in respect of the Class H Preference Shares as may from time to time be appointed by the Company;

“**Conversion Date**” means a date during the Conversion Period on which a duly completed Conversion Notice relating to any Class H Preference Shares and the share certificates in respect of such Class H Preference Shares or such other documents or evidence (if any) relating to such Class H Preference Shares as the Directors may require to prove the title and claim of the person exercising the right of conversion in respect of such Class H Preference Shares are received by the Conversion Agent;

“**Conversion Notice**” means a notice (in the form for the time being approved by the Company) available from the Company or the Conversion Agent to be given by a Class H Preference Shareholder to the Company for the conversion of one or more Class H Preference Shares;

“**Conversion Number**” means, in relation to a Class H Preference Share, such number of the Company’s ordinary shares as may be converted from such Class H Preference Share at the Conversion Price prevailing on the relevant Conversion Date with the Liquidation Preference;

“**Conversion Period**” means the period during which the Class H Preference Shares may be converted into fully-paid ordinary shares of the Company commencing on and including the Issue Date up to 5 p.m. (Singapore time) on the Final Conversion Date, but excluding such period(s) during which the register of Class H Preference Shareholders may be closed or during which (as may be specified by the Company in accordance with **Article 7H(4)(b)(i)**) the Class H Preference Shares are not convertible;

“**Conversion Price**” means, in relation to a Class H Preference Share, the sum of S\$12.3639 (or such other amount as the Board may prescribe prior to the allotment of the

Class H Preference Shares), subject to adjustment from time to time in certain circumstances in accordance with **Article 7H(4)(c)**;

“**Conversion Right**” means the right of each Class H Preference Shareholder, subject to the provisions of this **Article 7H**, the Act and any other applicable law or regulation, to convert during the Conversion Period any Class H Preference Shares held by him into the Conversion Number of the Company’s ordinary shares;

“**Conversion Value**” means, in relation to a Class H Preference Share, the sum of S\$12.3639 (or such other amount as the Board may prescribe prior to the allotment of the Class H Preference Shares);

“**Final Conversion Date**” means such date as may be determined by the Board, being a date falling not earlier than 24 months and not later than 36 months from the Issue Date (or, if such date is not a Business Day, the next following Business Day in the same calendar month (if there is one) or the immediately preceding Business Day (if there is not));

“**Issue Date**” means the date on which the Class H Preference Shares are allotted;

“**Market Day**” means a day on which the SGX-ST is open for trading in securities; and

“**Securities Account**” means a securities account maintained by a Depositor with the Depository.

(5) Voting

- (a) General.** Except as provided in this **Article 7H(5)**, the Class H Preference Shareholders shall not be entitled to attend and vote at general meetings of the Company.
- (b) Class Meetings.** The Class H Preference Shareholders shall be entitled to attend class meetings of the Class H Preference Shareholders. Every Class H Preference Shareholder who is present in person at such class meetings shall have on a show of hands one vote and on a poll one vote for every Class H Preference Share of which he is the holder.
- (c) General Meetings.** If any Dividend with respect to the Class H Preference Shares has not been paid in full more than 12 months after the relevant Dividend Date, then the Class H Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Company on all matters, including the winding up of the Company, and such right shall continue until all Dividends in respect of the Class H Preference Shares are paid in full (or an amount equivalent to all the unpaid Dividends has been paid or irrevocably set aside in a separately designated trust account for payment to the Class H Preference Shareholders). Every Class H Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class H Preference Share of which he is the holder.

(6) Purchases

The Company may at any time and from time to time exercise any powers conferred by applicable Singapore law in purchasing the Class H Preference Shares. No repurchase of any Class H Preference Shares shall be made without the prior consent of the MAS (for so long as the Company is required to obtain such consent).

(7) Taxation

All payments in respect of the Class H Preference Shares shall be made after deducting or withholding all amounts for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax and which are required by applicable law to be deducted or withheld.

The Company shall not pay any additional amounts in respect of any such deduction or withholding from payments in respect of the Class H Preference Shares for or on account of any such present or future taxes, duties, assessments or governmental charges.

No payment in respect of the Class H Preference Shares shall be made by the Company to any Class H Preference Shareholder without deduction or withholding for or on account of any such present or future taxes, duties, assessments or governmental charges unless such Class H Preference Shareholder shall have provided a statutory declaration or other evidence satisfactory to the Company that the beneficial owner of such payment:

- (a) is a resident in Singapore for tax purposes; or
- (b) is otherwise entitled to receive such payment free of any such deduction or withholding.

If requested by a Class H Preference Shareholder, the Company shall procure that such person shall be furnished with a certificate specifying the gross amount of such payment, the amount of tax deducted or withheld and the net amount of such payment.

For the avoidance of doubt, this **Article 7H(7)** shall not apply in respect of any deduction of tax made or deemed to be made under Section 44 of the Income Tax Act (which gives effect to the imputation system referred to in **Article 7H(2)(l)** above).

(8) Variations of Rights and Further Issues

Unless otherwise required by applicable law, any variation or abrogation of the rights, preferences and privileges of the Class H Preference Shares by way of amendment of these Articles or otherwise (including, without limitation, the authorisation or creation of any securities or ownership interests of the Company ranking, as to participation in the profits or assets of the Company, senior to the Class H Preference Shares) shall require:

- (a) the consent in writing of the holders of at least 75 per cent. of the outstanding Class H Preference Shares; or
- (b) the sanction of a special resolution passed at a separate class meeting of the Class H Preference Shareholders (the quorum at such class meeting to be such number of Class H Preference Shareholders holding or representing not less than two-thirds of the outstanding Class H Preference Shares),

provided that:

- (i) no such consent or sanction shall be required if the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity (but such change shall not reduce the amounts payable to the Class H Preference Shareholders, impose any material obligation on the Class H Preference Shareholders or materially adversely affect their voting rights);
- (ii) no such consent or sanction shall be required for the creation or issue of further shares ranking *pari passu* with or junior to the Class H Preference Shares (the creation or issue of such other shares, regardless of the dividends and other amounts payable in respect of such shares and whether and when such dividends and other amounts may be so payable, shall not be deemed to be a variation or abrogation of the rights, preferences and privileges of the Class H Preference Shares);
- (iii) no such consent or sanction shall be required for the conversion, purchase or cancellation of the Class H Preference Shares in accordance with these Articles; and
- (iv) no provision of the Class H Preference Shares may be amended without the prior written consent of the MAS if such amendment would result in the Class H Preference Shares not being treated as Tier 1 capital of the Company on a consolidated or unconsolidated basis.

The Company shall cause a notice of any meeting at which any Class H Preference Shareholder is entitled to vote, and any voting forms, to be mailed to each Class H Preference Shareholder, in accordance with **Article 7H(10)** below. Each such notice shall include a statement setting forth (i)

the date, time and place of such meeting, (ii) a description of any resolution to be proposed for adoption at such meeting on which such holders are entitled to vote and (iii) instructions for the delivery of proxies.

(9) Transfer of Preference Shares

An instrument of transfer of a share which is in certificated form must be in writing in any usual form or other form approved by the Directors of the Company and must be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor shall remain the holder of the shares transferred until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Directors of the Company may, in the case of transfers of Class H Preference Shares in certificated form, at their absolute discretion and without assigning any reason therefor, refuse to register:

- (a) any transfer of a Class H Preference Share (not being a fully paid Class H Preference Share); *provided that* where any Class H Preference Shares are listed on the SGX-ST or any other stock exchange or quotation system, such discretion may not be exercised in such a way as to prevent dealings in the Class H Preference Shares from taking place on an open and proper basis; and
- (b) any transfer of a Class H Preference Share on which the Company has a lien.

The Directors of the Company may also decline to register a transfer unless the instrument of transfer is duly stamped (if so required).

The Class H Preference Shares are in registered form. The registration of share transfers may be suspended at such times and for such periods as the Directors of the Company may determine not exceeding 30 days in any year.

(10) Notices or Other Documents

- (a) **Delivery of Notice.** Any notice or other document may be served by the Company upon any holder of the Class H Preference Shares in the manner provided in these **Articles**. Any such notice or document shall be deemed to be served and delivered in accordance with these **Articles**.
- (b) **Newspaper Publication.** For so long as the Class H Preference Shares are listed on the SGX-ST and the SGX-ST so requires, notice shall also be published in a leading English language daily newspaper having general circulation in Singapore.”

THE OPTIONS PROPOSAL

In addition to extending the Offer to all new GEH Shares to be issued pursuant to the valid exercise of the GEH Options on or prior to the close of the Offer, OCBC Bank will make the Options Proposal to the GEH Optionholders. The terms of the Options Proposal are set out below:

1. In consideration of a GEH Optionholder agreeing:
 - (a) not to exercise the GEH Options held by him in relation to his acceptance of the Options Proposal ("Relevant GEH Options") into new GEH Shares; and
 - (b) not to exercise any of his rights as a holder of the Relevant GEH Options,

in each case from the date of his acceptance of the Options Proposal to the respective dates of expiry of the respective Relevant GEH Options, such GEH Optionholder will receive such number of new OCBC Shares, for each GEH Option, based on the "see-through" price over the exercise price of such GEH Options. The new OCBC Shares will be issued credited as fully-paid and free from all Encumbrances and will rank *pari passu* in all respects with existing OCBC Stock Units as of the date of their issue, except only that the new OCBC Shares will not carry the right to the OCBC Dividend.

2. The number of new OCBC Shares to be received by a GEH Optionholder for each GEH Option pursuant to the Options Proposal will be computed based on the following manner:

$$\frac{(A \times B) - C}{A}$$

Where:

A = S\$12.35, being the simple average market price (i.e. the arithmetic average of the highest and lowest traded prices) of OCBC Stock Units on 20 February 2004, the last full trading day of OCBC Stock Units on SGX-ST prior to the Announcement Date;

B = Share Exchange Ratio; and

C = the exercise price per GEH Share under the Relevant GEH Option concerned.

Fractions of a new OCBC Share will not be issued to any GEH Optionholder who accepts the Options Proposal and will be disregarded.

Further details of the Options Proposal will be set out in the letter to be despatched to GEH Optionholders.

FINANCIAL EFFECTS OF THE OFFER

1. ANALYSIS

For illustrative purposes only, set out below is an analysis of the financial effects of the Offer on:

- (a) the EPS of the OCBC Group, before and after goodwill amortisation;
- (b) the ROE of the OCBC Group, on a cash and reported basis;
- (c) the NAV per OCBC Stock Unit;
- (d) the NTA per OCBC Stock Unit; and
- (e) the CAR of the OCBC Group, both Tier 1 and Total CAR.

2. SCENARIOS

The analysis considers the scenarios where the Acquisition is completed in all cases and:

- **Scenario 1.** (a) The number of GEH Shares tendered in acceptance of the Offer results in OCBC Bank holding in aggregate 65 per cent. of the issued share capital of GEH (“**65 per cent. Acceptance**”), (b) all accepting GEH shareholders elect to receive new OCBC Shares and (c) the Selective Capital Reduction is effected; and
- **Scenario 2.** (a) The number of GEH Shares tendered in acceptance of the Offer results in OCBC Bank holding in aggregate 100 per cent. of the issued share capital of GEH (“**Full Acceptance**”), (b) all accepting GEH shareholders elect to receive new OCBC Shares and (c) the Selective Capital Reduction is effected.

3. BASES AND ASSUMPTIONS

The analysis of the financial effects has been prepared on the following bases and assumptions:

- (a) based on the audited financial statements of OCBC Group and unaudited financial information of GEH Group, in each case for the year ended 31 December 2003;
- (b) assuming the Offer and the Selective Capital Reduction had each been completed as of 1 January 2003;
- (c) assuming that none of the outstanding OCBC Options or GEH Options have been exercised after 31 December 2003 and that the effects of any issue of new OCBC Shares and new GEH Shares after 31 December 2003 and up to and including the Latest Practicable Date have not been taken into account;
- (d) assuming that the goodwill arising from the acquisition of GEH Group (taken to be purchase consideration less net assets of GEH Group) is to be amortised over 20 years in accordance with the Singapore Financial Reporting Standard 22 on Business Combinations;
- (e) the purchase consideration for the Selective Capital Reduction is funded by OCBC Bank from excess funds hitherto deployed in the interbank market with an average effective yield of 0.57 per cent. before tax and that the tax rate is assumed to be 22 per cent.;
- (f) share issue expenses are estimated at S\$3.2 million and will be taken against the share premium account;
- (g) CAR is computed based on the Bank for International Settlements method with the assumption that the risk weighting of assets of an insurance subsidiary are only on assets directly attributable to the subsidiary’s Shareholders’ Funds and thus does not include the assets in the Life Assurance Funds;
- (h) assuming no synergies arising from the Offer; and

- (i) ignoring any provisions or adjustments for funding costs, restructuring costs and merger expenses for the acquisition of GEH Group.

In setting out the analysis, no account has been taken of and no adjustments have been made in respect of, among other things, the differences in the accounting standards, principles and practices used in the preparation of the financial statements of the OCBC Group and the GEH Group and no adjustments have been made for any inter-company transactions. Had account been taken of, and adjustments made to reflect such differences, there can be no assurance that there would be no material differences to the financial effects analysis presented below.

On the bases and assumptions set out above, the following table illustrates the financial effects of the Offer under the two scenarios outlined earlier, in each case on the following ratios of the OCBC Group:

4. **EPS**

	FY2003	Scenario 1	Scenario 2
Profit after tax (S\$'000)	954,124	977,828	1,023,995
Average issued OCBC Shares ('000)	1,287,986	1,281,857	1,442,850
EPS (S\$)	0.72	0.74	0.69
Cash EPS (S\$)	0.82	0.86	0.84

5. **ROE**

	FY2003	Scenario 1	Scenario 2
Cash ROE (% per annum)	11.09	11.68	10.61
Reported ROE (% per annum)	9.79	10.07	8.73

6. **NAV per ordinary share**

	FY2003	Scenario 1	Scenario 2
NAV (S\$)	7.16	7.17	7.77

7. **NTA per ordinary share**

	FY2003	Scenario 1	Scenario 2
NTA (S\$)	5.54	5.08	5.02

8. **CAR**

	FY2003	Scenario 1	Scenario 2
Tier 1 (%)	12.58	12.67	12.70
Total (%)	21.77	20.66	20.68

PROFORMA BALANCE SHEET AND INCOME STATEMENT BEFORE AND AFTER THE OFFER

This Appendix sets out the proforma balance sheet and income statement of the OCBC Group for FY2003.

The proforma balance sheet and income statement have been prepared on the same bases and assumptions as set out in **Appendix 5**.

PROFORMA BALANCE SHEET

	OCBC Group As At 31 Dec 2003 S\$'000	OCBC Group ProForma As At 31 Dec 2003 Scenario 1 S\$'000	Scenario 2 S\$'000
SHAREHOLDERS' EQUITY			
Share Capital			
Issued and fully paid	1,284,084	1,277,955	1,438,948
Reserves			
Capital reserves	2,329,076	2,299,895	4,152,911
Statutory reserves	1,854,303	1,854,303	1,854,303
Revenue reserves	4,591,450	4,593,560	4,594,138
Total shareholders' equity	10,058,913	10,025,713	12,040,300
MINORITY INTERESTS	19,879	810,787	96,464
LIABILITIES			
Deposits of non-bank customers	53,459,680	54,851,971	54,851,971
Deposits and balances of banks	12,480,794	12,480,794	12,480,794
Deposits of associated companies	1,457,708	65,417	65,417
Bills payable	185,233	185,233	185,233
Current tax	327,667	329,145	329,145
Deferred tax	76,043	76,082	76,082
Other liabilities	2,421,286	2,779,854	2,779,854
Debt securities	4,010,223	4,010,223	4,010,223
General Insurance Fund	—	144,800	144,800
	74,418,634	74,923,519	74,923,519
Life Assurance liabilities attributable to policyholders	—	29,815,800	29,815,800
Total liabilities and shareholders' equity	84,497,426	115,575,819	116,876,083

	OCBC Group As At 31 Dec 2003	OCBC Group ProForma As At 31 Dec 2003	
	S\$'000	Scenario 1 S\$'000	Scenario 2 S\$'000
ASSETS			
Cash and placements with central banks	4,035,863	4,028,255	4,028,255
Singapore Government treasury bills and securities	6,151,111	6,151,111	6,151,111
Other government treasury bills and securities	1,054,618	1,054,618	1,054,618
Dealing securities	235,541	235,541	235,541
Placements with and loans to banks	9,649,818	9,580,843	9,604,355
Bills receivable	428,195	428,195	428,195
Loans to customers	49,726,922	49,726,922	49,726,922
Investment securities	6,294,827	7,550,825	7,542,773
Deferred tax	53,670	53,662	53,662
Other assets	2,182,934	2,677,570	2,677,570
	79,813,499	81,487,542	81,503,002
Life Assurance assets attributable to policyholders	—	29,815,800	29,815,800
	79,813,499	111,303,342	111,318,802
Associated companies	1,177,137	171,807	174,094
Property, plant and equipment	1,434,736	1,438,604	1,438,604
Goodwill	2,072,054	2,662,066	3,944,583
Total assets	84,497,426	115,575,819	116,876,083

Note:

1. The assets and liabilities belonging to GEH's Life Assurance Fund is derived from GEH Group's announced unaudited segmental information as at 31 December 2003.

PROFORMA INCOME STATEMENT

	OCBC Group For Year Ended 31 Dec 2003	OCBC Group ProForma For Year Ended 31 Dec 2003	
		Scenario 1	Scenario 2
	S\$'000	S\$'000	S\$'000
Interest income	2,380,646	2,380,646	2,380,646
Less: Interest expense	945,650	945,650	945,650
Net interest income	1,434,996	1,434,996	1,434,996
Fees and commissions	372,827	401,127	401,127
Dividends	74,778	74,778	74,778
Rental income	63,539	63,539	63,539
Profit from insurance operations	—	305,900	305,900
Other income	246,885	367,479	367,494
Non-interest income	758,029	1,212,823	1,212,838
Income before operating expenses	2,193,025	2,647,819	2,647,834
Less: Staff costs	477,850	477,850	477,850
Other operating expenses	376,778	392,078	392,078
Total operating expenses	854,628	869,928	869,928
Operating profit before provisions and amortisation of goodwill	1,338,397	1,777,891	1,777,906
Less: Amortisation of goodwill	126,644	156,145	220,270
Provisions for possible loan losses and diminution in value of other assets	224,959	224,959	224,959
Operating profit after provisions and amortisation of goodwill	986,794	1,396,787	1,332,677
Add: Share of profits less losses of associated companies	234,865	16,034	16,658
Profit before tax	1,221,659	1,412,820	1,349,335
Less: Tax	210,763	307,051	307,071
Share of tax of associated companies	55,137	4,111	4,212
	265,900	311,162	311,283
Profit after tax	955,759	1,101,658	1,038,053
Less: Minority interests	1,635	123,830	14,058
Profit attributable to shareholders	954,124	977,828	1,023,995

Note:

- The ProForma Income Statement is consolidated based on GEH Group's announced unaudited income statement for the year ended 31 December 2003

ADDITIONAL INFORMATION ON THE OCBC GROUP

1. DIRECTORS

The names, addresses and descriptions of the Directors of OCBC Bank as at the Latest Practicable Date are as follows:

Name	Address	Description
Cheong Choong Kong	10 Maryland Drive Singapore 277506	Chairman
Michael Wong Pakshong	12 Swiss Club Road Singapore 288105	Vice Chairman
David Conner	1 Draycott Park #07-00 Singapore 259385	Chief Executive Officer
Fong Weng Phak	6 Lorong Taban Dua Lucky Garden Bangsar 59100 Kuala Lumpur Malaysia	Director
Lee Seng Wee	17 Rochalie Drive Singapore 248248	Director
Lee Tih Shih	17 Rochalie Drive Singapore 248248	Director
Nasruddin Bin Bahari	5 Lorong Limau Manis Dua Bangsar Park 59000 Kuala Lumpur Malaysia	Director
Tsao Yuan, also known as Lee Tsao Yuan	151G King's Road #24-26 Farrer Court Singapore 268164	Director
David Wong Cheong Fook	14 Joan Road Singapore 298892	Director
Wong Nang Jang	21 Peck Hay Road #14-21 Singapore 228314	Director
Patrick Yeoh Khwai Hoh	10 Seletar Close Singapore 807218	Director

2. SHARE CAPITAL AND SHARE OPTIONS

2.1 **Share Capital.** As at the Latest Practicable Date, OCBC Bank has an authorised share capital of S\$3,013,775,000 and US\$250,000 divided into:

- (a) 3,000,000,000 OCBC Shares;
- (b) 12,500,000 non-cumulative non-convertible Class A preference shares of par value S\$0.01 each (“**Class A Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7A of the Articles of Association of OCBC Bank);
- (c) 12,500,000 non-cumulative non-convertible Class B preference shares of par value S\$0.01 each (“**Class B Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7B of the Articles of Association of OCBC Bank);
- (d) 12,500,000 non-cumulative non-convertible Class C preference shares of par value S\$0.01 each (“**Class C Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7C of the Articles of Association of OCBC Bank);
- (e) 12,500,000 non-cumulative non-convertible Class D preference shares of par value US\$0.01 each (“**Class D Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7D of the Articles of Association of OCBC Bank);
- (f) 12,500,000 non-cumulative non-convertible Class E preference shares of par value S\$0.01 each (“**Class E Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7E of the Articles of Association of OCBC Bank);
- (g) 12,500,000 non-cumulative non-convertible Class F preference shares of par value S\$0.01 each (“**Class F Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7F of the Articles of Association of OCBC Bank);
- (h) 1,000,000,000 non-cumulative non-convertible Class G preference shares of par value S\$0.01 each (“**Class G Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7G of the Articles of Association of OCBC Bank);
- (i) 300,000,000 irredeemable non-cumulative convertible Class H preference shares of par value S\$0.01 each (“**Class H Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7H of the Articles of Association of OCBC Bank);
- (j) 15,000,000 non-cumulative non-convertible Class I preference shares of par value S\$0.01 each (“**Class I Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7I of the Articles of Association of OCBC Bank); and
- (k) 12,500,000 non-cumulative non-convertible Class J preference shares of par value US\$0.01 each (“**Class J Preference Shares**”) (having the rights and subject to the restrictions set out in Article 7J of the Articles of Association of OCBC Bank).

As at the Latest Practicable Date, OCBC Bank has an issued and paid-up share capital of S\$1,285,665,059.84 comprising 1,281,656,751 OCBC Shares, 5,000,000 Class E Preference Shares and 395,830,884 Class G Preference Shares.

- 2.2 **OCBC Options.** As at the Latest Practicable Date, the outstanding OCBC Options which were granted, the periods during which such OCBC Options are exercisable, the exercise prices at which such OCBC Options may be exercised are set out below:

	Exercise Price per OCBC Share (S\$)	Exercise Period
1995 Replacement Options	7.810	25/5/1999 to 1/2/2005
1996 Replacement Options	8.150	25/5/1999 to 29/1/2006
1997 Replacement Options	7.603	30/1/2000 to 29/1/2007
1998 Replacement Options	6.419	22/1/2001 to 21/1/2008
1999 Replacement Options	7.533	10/12/2001 to 9/12/2008
2000 Options	10.900	6/12/2002 to 5/12/2009
2001 Options	12.880	5/12/2003 to 4/12/2010
2002 Options	13.780	9/4/2003 to 8/4/2012
2002A Options	13.660	23/4/2003 to 22/4/2012
2002B Options	10.480	24/10/2003 to 23/10/2012
2003 Options	9.76	28/3/2004 to 26/3/2008
2003 Options	9.76	28/3/2004 to 26/3/2013
2004 Options	12.34	16/3/2005 to 14/3/2014

Save as disclosed in this Offer Document, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, OCBC Shares which carry voting rights affecting the OCBC Shares.

- 2.3 **OCBC Shares.** The rights and privileges attached to the OCBC Shares are stated in the Memorandum and Articles of Association of OCBC Bank. For ease of reference, selected texts of the Articles have been reproduced in this Section 2.3 of this Appendix and in this Section 2.3 of this Appendix, the “**Company**” refers to OCBC Bank. The following provisions of the Articles relate to:

- (a) the rights, preferences and restrictions attaching to OCBC Shares:

Article 61

Notice of Meetings Subject to the provisions of the Act as to Special Resolutions and special notice, at least fourteen days’ notice in writing (exclusive both of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every General Meeting shall be given in the manner hereinafter mentioned to such persons (including the Auditors) as are under the provisions herein contained entitled to receive notice from the Company and at least fourteen days’ notice of such Meeting shall be given by advertisement in the daily press and in writing to any Stock Exchange upon which the Company may be listed. Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:—

- (a) in the case of an Ordinary Meeting by all the Members entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary Meeting by that number or majority in number of the Members having a right to attend and vote thereat as is required by the Act:

Provided also that the accidental omission to give notice to, or the non-receipt by any person entitled thereto shall not invalidate the proceedings at any General Meeting.

Article 73

Resolutions in writing Subject to the provisions of the Act, a resolution in writing signed by every Member of the Company entitled to vote or being a corporation by its duly authorised representative shall have the same effect and validity as an Ordinary Resolution of the Company passed at a General Meeting duly convened, held and constituted, and may consist of several documents in the like form, each signed by one or more of such Members.

Article 168

Distribution of assets If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as near as may be the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital which at the commencement of the winding up has been paid up, or which ought to have been paid up on the shares held by them respectively, but this Article is to be without prejudice to the rights of the holders of any shares issued upon special terms and conditions.

Article 169

Distribution of assets in specie (1) If the Company shall be wound up, whether voluntarily or otherwise, the Liquidator may, with the sanction of a Special Resolution, divide among the Members, in specie or kind, any part of the assets of the Company, and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the Members or any of them as the Liquidator with the like sanction, thinks fit. If thought expedient any such division may be otherwise than in accordance with the legal rights of the Members (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part; but in case any division otherwise than in accordance with the legal rights of the Members shall be determined on, any Member who would be prejudiced thereby shall have a right to dissent and ancillary rights, as if such determination had been a Special Resolution passed pursuant to Section 306 of the Act. And in case any of the assets to be divided as aforesaid consist of shares which involve a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the Special Resolution by notice in writing direct the Liquidator to sell his proportion, and pay him the net proceeds, and the Liquidator shall, if practicable, act accordingly.

Liquidator's
Commission

- (2) On a voluntary winding up of the Company no commission or fee shall be paid to a Liquidator without the prior approval of the Members in General Meeting. The amount of such commission or fee shall be notified to all Members not less than seven days prior to the Meeting at which it is to be considered.

(b) any change in capital:

Article 53

Power to increase
capital

The Company may from time to time by Special Resolution increase its capital by the creation and issue of new shares of such amount as may be deemed expedient and such new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and if no directions be given, as the Directors shall determine, and, in particular, such shares may be issued with a preferential, qualified or postponed right to dividends and in the distribution of assets of the Company, and, subject to the provisions of the Act, with a special or without any right of voting.

Article 54

When new shares to
be offered to
existing Members

The Company in General Meeting may, before the issue of any new shares, determine that the same or any of them shall be offered in the first instance and either at par or at a premium to all the then Members in proportion as nearly as may be to the amount of the capital held by them, or make any other provisions as to the issue and allotment of the new shares, but in default of any such determination, or so far as the same shall not extend, the new shares may be dealt with as if they formed part of the shares in the original capital, and shall be subject to the provisions in these Articles contained with reference to issue, the payment of calls, instalments, transfer and transmission, forfeiture, lien, surrender or otherwise.

Article 55

Offers of new shares

- (1) If the Company determines that any new shares shall be offered to Members in proportion to the amount of capital held by them, such offer may be made by notice in writing specifying the number of shares to which each Member is entitled and a time within which the offer if not accepted will be deemed to be declined and after the expiration of such time or on receipt of an intimation from a Member to whom such notice shall or should have been given that he declines to accept the shares offered or any of them the Directors may subject to the Act dispose of such shares or those not accepted in such manner as they think most beneficial to the Company and the Directors may subject to the Act dispose of any new shares which by reason of the proportion borne by them to the number of holders entitled to any such offer or by reason of any other difficulty in apportioning the same cannot in the opinion of the Directors, be conveniently offered under this Article.

(2) Notwithstanding Articles 54 and 55(1), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:-

- (a) (i) issue ordinary shares in the capital of the Company ("ordinary shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares; and
- (b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,

provided that:-

- (1) the aggregate number of ordinary shares to be issued pursuant to the Ordinary Resolution (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 50 per cent. (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the issued ordinary share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of ordinary shares to be issued other than on a pro rata basis to shareholders of the Company (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) does not exceed 20 per cent. (or such other limit as may be prescribed by the Singapore Exchange Securities Trading Limited) of the issued ordinary share capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of ordinary shares that may be issued under sub-paragraph (1) above, the percentage of issued ordinary share capital shall be based on the issued ordinary share capital of the Company at the time that the Ordinary Resolution is passed, after adjusting for:
 - (i) new ordinary shares arising upon the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time the Ordinary Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of ordinary shares;

- (3) in exercising the authority conferred by the Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and
 - (4) (unless revoked or varied by the Company in general meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).
- (3) Notwithstanding Articles 54 and 55(1), the Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:
- (a) issue preference shares or non-voting shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or
 - (b) make or grant offers, agreements or options that might or would require preference shares or non-voting shares to be issued and (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue preference or non-voting shares, as the case may be, in pursuance of any offers, agreements or options made or granted by the Directors while the Ordinary Resolution was in force,

provided that (unless revoked or varied by the Company in general meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of the Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of the Company is required by law to be held, or the expiration of such other period as may be prescribed by the Act (whichever is the earliest).

Article 56

Power to reduce capital

The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and subject to any incident authorized and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by the Company pursuant to these Articles and the Act, the nominal amount of the issued share capital of the Company shall be diminished by the nominal amount of the share so cancelled.

Article 57

Power to
consolidate, cancel
and subdivide shares

The Company may by Ordinary Resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled;
- (c) subdivide its shares or any of them into shares of a smaller amount than is fixed by the Memorandum of Association (subject nevertheless to the provisions of the Act) provided always that in such subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and
- (d) subject to the provisions of these Articles and the Act, convert any class of shares into any other class of shares.

- (c) dividends:

Article 141

Declaration of
dividend

The Company in General Meeting by Ordinary Resolution may declare a dividend to be paid to the Members according to their rights and interests in the profits. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

Article 142

Apportionment of
dividends

Subject to the rights of holders of shares with special rights as to dividend (if any), all dividends shall be declared and paid according to the amounts paid on the shares in respect whereof the dividend is paid, but (for the purposes of this Article only) no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

Article 143

Dividend payable
only out of profits

No dividend shall be payable except out of the profits of the year or any other undistributed profits, and no dividend shall carry interest against the Company.

Article 144

Declaration of
Directors as
to profits

The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Article 145

Interim Dividend

The Directors may from time to time pay to the Members such interim dividend as in their judgment the position of the Company justifies.

Article 146

Payment of call in advance

If money be paid up in advance of calls upon the footing that the same shall carry interest, such money shall carry interest accordingly and shall not confer a right to participate in profits.

Article 147

Dividend and call together

Any General Meeting declaring a dividend may make a call on the Members of such amount as the Meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the Member, be set off against the call. The making of a call under this Article shall be deemed ordinary business of an Ordinary Meeting which declares a dividend.

Article 148

Debts may be deducted

The Directors may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

Article 149

Power to retain dividends of persons entitled under the Transmission Article

The Directors may retain the dividends payable upon shares in respect of which any person is, under the Transmission Article, entitled to become a Member, or which any person under that Article is entitled to transfer, until such person shall become a Member in respect of such shares, or shall duly transfer the same.

Article 150

Effect of transfer

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Article 151

Payment of dividend in specie

The Company may, upon the recommendation of the Directors, by Ordinary Resolution direct payment of a dividend in whole or in part by the distribution of specific assets and in particular of paid up shares or debentures of any other company or in any one or more of such ways; and the Directors shall give effect to such resolution and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Directors.

Article 151A

- (1) Whenever the Directors or the Company in General Meeting have resolved or proposed that a dividend (including an interim, final, special or other dividend) be paid or declared on the ordinary share capital of the Company, the Directors may further resolve that Members entitled to such dividend be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of the dividend as the Directors may think fit. In such case, the following provisions shall apply:–
 - (a) the basis of any such allotment shall be determined by the Directors;
 - (b) the Directors shall determine the manner in which Members shall be entitled to elect to receive an allotment of ordinary shares credited as fully paid in lieu of cash in respect of the whole or such part of any dividend in respect of which the Directors shall have passed such a resolution as aforesaid, and the Directors may make such arrangements as to the giving of notice to Members, providing for forms of election for completion by Members (whether in respect of a particular dividend or dividends or generally), determining the procedure for making such elections or revoking the same and the place at which and the latest date and time by which any forms of election or other documents by which elections are made or revoked must be lodged, and otherwise make all such arrangements and do all such things, as the Directors consider necessary or expedient in connection with the provisions of this Article;
 - (c) the right of election may be exercised in respect of the whole of that portion of the dividend in respect of which the right of election has been accorded provided that the Directors may determine, either generally or in any specific case, that such right shall be exercisable in respect of the whole or any part of that portion; and
 - (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable in cash on ordinary shares in respect whereof the share election has been duly exercised (the “elected ordinary shares”) and in lieu and in satisfaction thereof ordinary shares shall be allotted and credited as fully paid to the holders of the elected ordinary shares on the basis of allotment determined as aforesaid and for such purpose and notwithstanding the provisions of Article 155, the Directors shall capitalise and apply the amount standing to the credit of any of the Company’s reserve accounts as the Directors may determine, such sum as may be required to pay up in full (to the nominal value thereof) the appropriate number of ordinary shares for allotment and distribution to and among the holders of the elected ordinary shares on such basis.

- (2) (a) The ordinary shares allotted pursuant to the provisions of paragraph (1) of this Article shall rank *pari passu* in all respects with the ordinary shares then in issue save only as regards participation in the dividend which is the subject of the election referred to above (including the right to make the election referred to above) or any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneous with the payment or declaration of the dividend which is the subject of the election referred to above, unless the Directors shall otherwise specify.
 - (b) The Directors may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (1) of this Article, with full power to make such provisions as they think fit in the case of shares becoming distributable in fractions (including, notwithstanding any provision to the contrary in these Articles, provisions whereby, in whole or in part, fractional entitlements are disregarded or rounded up or down).
- (3) The Directors may on any occasion when they resolve as provided in paragraph (1) of this Article determine that rights of election under that paragraph shall not be made available to the persons who are registered as holders of ordinary shares in the Register or (as the case may be) in the Depository Register, or in respect of ordinary shares the transfer of which is registered, after such date as the Directors may fix subject to such exceptions as the Directors think fit, and in such event the provisions of this Article shall be read and construed subject to such determination.
- (4) The Directors may on any occasion when they resolve as provided in paragraph (1) of this Article further determine that:-
 - (a) no allotment of shares or rights of election for shares under that paragraph shall be made available or made to Members whose registered addresses entered in the Register or (as the case may be) the Depository Register is outside the Territory or to such other Members or class of Members as the Directors may in their sole discretion decide and in such event the only entitlement of the Members aforesaid shall be to receive in cash the relevant dividend resolved or proposed to be paid or declared; and
 - (b) no allotment of shares or rights of election for shares under that paragraph shall be made available or made to person, or any persons and its associates (as defined in the Banking Act, Chapter 19) (the "Banking Act"), if such allotment or rights of election, would in the opinion of the Directors cause such person, or such persons and its associates, to hold or control voting shares in excess of any shareholding limits prescribed by the Banking Act from time to time, without the approval of the Minister for purposes of the Banking Act.

- (5) Notwithstanding the foregoing provisions of this Article, if at any time after the Directors' resolution to apply the provisions of paragraph (1) of this Article in relation to any dividend but prior to the allotment of ordinary shares pursuant thereto, the Directors shall consider that by reason of any event or circumstance (whether arising before or after such resolution) or by reason of any matter whatsoever it is no longer expedient or appropriate to implement that proposal, the Directors may at their discretion and without assigning any reason therefor, cancel the proposed application of paragraph (1) of this Article.

Article 152

Dividends payable
by cheque

Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register or (as the case may be) the Depository Register of a Member or person entitled thereto (or, if two or more persons are registered in the Register or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such Member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby. Notwithstanding the foregoing provisions of this Article, the payment by the Company to the Depository of any dividend payable to a Depositor shall, to the extent of the payment made to the Depository, discharge the Company from any liability to the Depositor in respect of that payment.

Article 153

Company not
responsible for loss
of cheque or warrant

The Company shall not be responsible for the loss of any cheque or warrant which shall be sent by post duly addressed to the Member or person entitled thereto.

Article 154

Unclaimed dividends

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company, and if any such dividends shall remain unclaimed for six years after having been declared, the same shall become forfeited to and be the property of the Company, but the Directors may at any time at their absolute discretion annul any such forfeiture, and pay any dividends forfeited to the person entitled thereto prior to the forfeiture thereof.

- (d) voting rights:

Article 76

What Members not entitled to vote

No Member shall be entitled to be present, or to vote on any question either personally or by proxy, or as attorney or proxy for another Member, at any General Meeting, or upon a poll, or be reckoned in a quorum, whilst any call or any other sum shall be overdue and unpaid to the Company in respect of any of the shares of such Member, and no Member who shall have become bankrupt, shall, while his bankruptcy continues, be entitled on his own behalf to exercise the rights of a Member, or to attend, vote, or act at any General Meeting of the Company, but this Article shall not preclude such Member from exercising as an attorney or by proxy the rights of another Member or Members. A Depositor shall not be regarded as a Member of the Company entitled to attend any General Meeting of the Company and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the time of the relevant General Meeting.

Article 77

How Members may vote

- (1) Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of the Company each Member entitled to vote may vote in person or by attorney or proxy or being a corporation, by a representative duly authorised under Section 179 of the Act. Every Member who is present in person or by attorney or proxy or being a corporation by a representative duly authorised as aforesaid shall, on a show of hands, have one vote, and on a poll, one vote for every share which he holds or represents. For the purpose of determining the number of votes which a Member, being a Depositor, or his attorney or proxy or being a corporation, by a representative duly authorised as aforesaid may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company.
- (2) A Member may appoint not more than two proxies to attend and vote at the same General Meeting provided that if the Member is a Depositor, the Company shall be entitled and bound:-
 - (a) to reject any instrument of proxy lodged if the Depositor is not shown to have any shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company; and
 - (b) to accept as the maximum number of votes which in aggregate the proxy or proxies appointed by the Depositor is or are able to cast on a poll a number which is the number of shares entered against the name of that Depositor in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to the Company, whether that number is greater or smaller than the number

specified in any instrument of proxy executed by or on behalf of that Depositor.

- (3) The Company shall be entitled and bound, in determining rights to vote and other matters in respect of a completed instrument of proxy submitted to it, to have regard to the instructions (if any) given by and the notes (if any) set out in the instrument of proxy.
- (4) In any case where a form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

Article 78

Votes in respect of shares of persons entitled under the Transmission Article

Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that such evidence as the Director may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time appointed for holding the Meeting.

Article 79

Joint Holders

Where there are joint registered holders of any share, any one of such persons may vote at any Meeting, either personally or by attorney or proxy, in respect of such shares as if he were solely entitled thereto; and if more than one of such joint holders be present at any Meeting personally or by attorney or proxy, that one of the said persons whose name stands first in the Register or (as the case may be) the Depository Register in respect of such shares shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose sole name any shares stand shall for the purpose of this clause be deemed joint holders.

Article 80

Execution of powers of attorney and proxies

The power of attorney appointing an attorney shall be under the hand and seal of the appointor, or, if such appointor is a corporation, under its common seal, or otherwise in proper legal form, and shall be attested by one or more witnesses. An instrument appointing a proxy shall be in writing and:—

- (a) in the case of an individual shall be signed by the appointor or his attorney; and
- (b) in the case of a corporation shall be either given under its common seal or signed on its behalf by a director or an attorney or a duly authorized officer of the corporation.

The signature of such instrument need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 82, failing which the instrument may be treated as invalid. An instrument appointing a proxy to vote at a meeting shall be deemed to confer the power to demand or join in demanding a poll.

Article 81

Who may be proxies
and form of proxy

Any person may be appointed a proxy though not a Member of the Company, and not qualified to vote, and a proxy may be appointed generally, or for a specified period, or for a specified Meeting, or otherwise, and the instrument of proxy whether general or for a specified period, Meeting, or otherwise, shall, as far as the circumstances admit, be in any usual or common form or in any other form which the Directors may accept.

Article 82

Powers and proxies
to be deposited
at Office

The power of attorney, or the instrument appointing a proxy, and the power of attorney (if any) under which it is signed, shall be deposited at the Office or such other place (if any) as is specified for the purpose in the notice convening the Meeting, not less than 48 hours before the time for holding the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the person named in such power of attorney or instrument proposes to vote and unless so deposited, any vote tendered by an attorney or proxy may be disallowed.

Article 83

Intervening death or
insanity of principal
not to revoke proxy

A vote given in accordance with the terms of an instrument of proxy (which for the purposes of these Articles shall also include a power of attorney) shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office (or such other place as may be specified for the deposit of instruments appointing proxies) before the commencement of the Meeting or adjourned Meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used.

Article 84

When objection to
vote may be made

No objection shall be raised to the qualification of any voter except at the Meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such Meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting whose decision shall be final and conclusive.

Article 85

Corporation acting
by representatives

Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any Meeting of the Company or of any class of Members of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation would exercise if it were an individual Member of the Company.

- 2.4 **Preference Shares.** The terms and conditions of all classes of preference shares in the capital of OCBC Bank are stated in the Memorandum and Articles of Association of OCBC Bank. A summary of the terms of the preference shares in the capital of OCBC Bank, other than Class H Preference Shares (that is, Class A Preference Shares, Class B Preference Shares, Class C Preference Shares, Class D Preference Shares, Class E Preference Shares, Class F Preference Shares, Class G Preference Shares, Class I Preference Shares and Class J Preference Shares (collectively, “**Preference Shares**”)) is as follows:

Class of Preference Shares	Dividend	Liquidation Preference	Denomination
Class A	Fixed rate for first ten years Floating rate thereafter	S\$100	S\$
Class B	Fixed rate throughout	S\$100	S\$
Class C	Fixed rate throughout	S\$100	S\$
Class D	Fixed rate throughout	US\$100	US\$
Class E	Fixed rate throughout	S\$100	S\$
Class F	Fixed rate for first ten years Floating rate thereafter	S\$100	S\$
Class G	Fixed rate throughout	S\$1.00	S\$
Class I	Non-cumulative, fixed rate until the dividend re-set date (if any) and floating thereafter, such dividend re-set date (if any), to be determined by the Directors in their absolute discretion on or prior to the date of issue of the Tier 1 non-cumulative non-convertible preference shares (the “ Issuer Preference Shares ”) via a special purpose vehicle to be incorporated as determined by the Directors in their absolute discretion, relating to the Class I Preference Shares, such date to be a dividend payment date in respect of such Issuer Preference Shares falling on or after the tenth anniversary of the date of issue of such Issuer Preference Shares	S\$100	S\$
Class J	Non-cumulative, fixed rate until the dividend re-set date (if any) and floating thereafter, such dividend re-set date (if any), to be determined by the Directors in their absolute discretion on or prior to the date of the Issuer Preference Shares relating to the Class J Preference Shares, such date to be a dividend payment date in respect of such Issuer Preference Shares falling on or after the tenth anniversary of the date of issue of such Issuer Preference Shares	US\$100	US\$

Each class of Preference Shares ranks *pari passu* with one another (and in priority to OCBC Shares). In the event of the commencement of any dissolution or winding up of the OCBC Bank, each class of Preference Shares ranks *pari passu* with one another and the Preference Shares rank senior to the holders of OCBC Shares and any other securities or obligations of the OCBC Bank that are subordinated to the Preference Shares. Each class of Preference Shares does not carry voting rights at the general meetings of OCBC Bank other than in limited circumstances. The terms and conditions of each class of Preference Shares are set out in detail in Articles 7A to 7G, 7I and 7J respectively.

2.5 **Changes to the Share Capital.** In the three years immediately preceding the Latest Practicable Date, the material changes to the issued share capital of OCBC Bank had been as follows:

- (a) During FY2001, OCBC Bank purchased, in aggregate, 2,541,000 OCBC Shares at an average price of S\$10.45 per share by way of market acquisition, totalling S\$26.5 million and such OCBC Shares were deemed to be cancelled immediately on such purchase. During FY2001, an aggregate of 3,179,723 OCBC Shares were issued for cash upon the exercise of the OCBC Options pursuant to the OCBC ESOS.
- (b) During FY2002, an aggregate of 3,692,988 OCBC Shares were issued for cash upon the exercise of the OCBC Options pursuant to the OCBC ESOS.
- (c) On 28 January 2003, OCBC Bank issued 5,000,000 Class E Preference Shares at an issue price of S\$100 each for cash, amounting to S\$498,836,506 of net proceeds. The issue was for working capital purpose, including the maintenance of required minimum CARs. The Class E Preference Shares have a fixed dividend rate of 4.5 per cent per annum (net), payable semi-annually in arrears on 20 June and 20 December, subject to the Directors' approval.
- (d) On 14 July 2003, OCBC Bank issued 209,310,207 Class G Preference Shares to OCBC Stockholders who elected to receive Class G Preference Shares in lieu of the one-off special cash dividend of S\$0.4975 (net) per OCBC Stock Unit. On the same day, OCBC Bank issued 36,520,677 Class G Preference Shares to OCBC Stockholders who applied for excess Class G Preference Shares at an issue price of S\$0.995 each for cash, amounting to S\$36,338,074. The Class G Preference Shares have a fixed dividend rate of 4.2 per cent per annum (net), payable semi-annually in arrears on 20 June and 20 December, subject to the Directors' approval.

On 6 August 2003, OCBC Bank issued 150,000,000 additional Class G Preference Shares of par value S\$0.01 each at an issue price of S\$1.0027 each for cash, amounting to S\$149,919,054 of net proceeds. The issue was for working capital purpose, including the maintenance of required minimum CARs.
- (e) On 17 September 2003, pursuant to a selective capital reduction exercise approved at an extraordinary general meeting of OCBC Stockholders held on 28 July 2004, OCBC Bank cancelled 12,138,915 OCBC Shares held by Fraser and Neave, Limited ("F&N") and made a cash distribution of S\$104,758,836 or S\$8.63 per OCBC Share to F&N.
- (f) During FY2003, an aggregate of 1,915,516 OCBC Shares were issued for cash upon the exercise of the OCBC Options pursuant to the OCBC ESOS.

3. SUMMARY FINANCIAL INFORMATION

Set out below are certain financial information extracted from the published OCBC Bank's Annual Reports for FY2003, FY2002 and FY2001. The financial information were based on, and should be read in conjunction with, the consolidated financial statements of the OCBC Group for those years. Copies of OCBC Bank's Annual Reports for FY2003, FY2002 and FY2001 can be obtained from the registered office of OCBC Bank at 65 Chulia Street #29-02/04, OCBC Centre, Singapore 049513.

	FY 2003	FY 2002	FY 2001
	S\$'000	S\$'000	S\$'000
Income before operating expenses	2,193,025	2,221,631	2,213,635
Profit before tax	1,221,659	905,592	976,525
Profit after tax	955,759	668,838	781,265
Minority interests	1,635	2,130	3,265
Basic earnings per ordinary share (cents)	72	52	60

The above similar information of the OCBC Group for the first quarter ended 31 March 2004 and the consolidated balance sheet as at 31 March 2004 can also be found in **Appendix 9**. The consolidated balance sheet of the OCBC Group as at 31 December 2003 can also be found in Appendix 8.

Set out below is also a summary of the dividend per ordinary share (net of tax) declared in respect of each of the financial years ended 31 December 2003, 2002 and 2001 by OCBC Bank. This information was also extracted from the aforesaid published Annual Reports of the OCBC Group.

	Cents
In respect of the financial year ended 31 December 2003	
— Special dividend for every \$1 ordinary stock unit less Singapore income tax at 22%	63.78
— Interim dividend for every \$1 ordinary stock unit less Singapore income tax at 22%	11
— Final dividend for every \$1 ordinary stock unit less Singapore income tax at 20%*	12
In respect of the financial year ended 31 December 2002	
— Interim dividend for every \$1 ordinary stock unit less Singapore income tax at 22%	5
— Final dividend for every \$1 ordinary stock unit less Singapore income tax at 22%	15
In respect of the financial year ended 31 December 2001	
— Interim dividend for every \$1 ordinary stock unit less Singapore income tax at 24.5%	5
— Special Dividend for every \$1 ordinary stock less Singapore income tax at 24.5%	10
— Final Dividend for every \$1 ordinary stock unit less Singapore income tax at 24.5%	13

* The final dividend was approved at the OCBC Annual General Meeting on 15 April 2004. The financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as a distribution of unappropriated profit for the year ending 31 December 2004.

4. MATERIAL CHANGES IN FINANCIAL POSITION

Save as disclosed in the unaudited consolidated financial results of the OCBC Group for the first quarter ended 31 March 2004 as announced on 30 April 2004 and save as disclosed in the announcements by OCBC Bank, there have been no material changes to the financial position of OCBC Bank since 31 December 2003, being the date of the last audited accounts of OCBC Bank laid before the stockholders of OCBC Bank in general meeting.

A copy of the audited consolidated financial statements of the OCBC Group for FY2003 is set out in **Appendix 8** of this Offer Document. A copy of the unaudited consolidated financial results of the OCBC Group for the first quarter ended 31 March 2004 is set out in **Appendix 9** of this Offer Document.

5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of OCBC Bank are set out in Note 2 of the audited consolidated financial statements of the OCBC Group for FY2003.

6. CHANGES IN ACCOUNTING POLICIES

The changes in the significant accounting policies of OCBC Bank are set out in Note 2 of the audited consolidated financial statements of the OCBC Group for FY2003.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors of OCBC Bank are not aware of any litigation, claims or proceedings pending or threatened against OCBC Bank or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which, in the opinion of the Directors of OCBC Bank, might materially and adversely affect the financial position of OCBC Group taken as a whole.

8. INDEBTEDNESS

Save as disclosed in the audited consolidated financial statements of the OCBC Group for FY2003 and in the unaudited consolidated financial results of the OCBC Group for the first quarter ended 31 March 2004 as announced on 30 April 2004 as to the indebtedness of the OCBC Group, there is no other material indebtedness (including contingent indebtedness) of the OCBC Group.

9. MATERIAL CONTRACTS WITH INTERESTED PERSONS

Save as disclosed in this Offer Document, there are no material contracts which are not in the ordinary course of business which have been entered into by OCBC Bank or members of the OCBC Group and an interested person (within the meaning of the Note to Rule 23.12 of the Code) during the period from 24 February 2001 to the Latest Practicable Date.

10. REGISTERED OFFICE

The registered office of OCBC Bank is at 65 Chulia Street #29-02/04, OCBC Centre, Singapore 049513.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE OCBC GROUP FOR FY2003

The auditors' report and audited consolidated financial statements of the OCBC Group for FY2003 have been reproduced from the Annual Report of OCBC Bank for FY2003 and save for references to page numbers which have been altered to conform with the pagination of this Offer Document, are set out below.

AUDITORS' REPORT TO THE MEMBERS OF OVERSEA-CHINESE BANKING CORPORATION LIMITED

We have audited the balance sheet of Oversea-Chinese Banking Corporation Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2003 set out on pages 72 to 153. These financial statements are the responsibility of the Bank's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accompanying balance sheet of the Bank and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards, so as to give a true and fair view of the state of affairs of the Bank and of the Group as at 31 December 2003, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The subsidiaries audited by other member firms of the PricewaterhouseCoopers Global Organisation are stated in Note 34 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 11 February 2004

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2003

	Note	2003 \$'000	2002 \$'000
Interest income	3	2,380,646	2,729,376
Less: Interest expense	4	945,650	1,219,889
Net interest income		1,434,996	1,509,487
Fees and commissions	5	372,827	374,022
Dividends	6	74,778	33,684
Rental income		63,539	76,605
Other income	7	246,885	227,833
Non-interest income		758,029	712,144
Income before operating expenses		2,193,025	2,221,631
Less: Staff costs		477,850	464,765
Other operating expenses		376,778	384,493
Total operating expenses	8	854,628	849,258
Operating profit before provisions and amortisation of goodwill		1,338,397	1,372,373
Less: Amortisation of goodwill	36	126,644	126,995
Provisions for possible loan losses and diminution in value of other assets	9	224,959	500,608
Operating profit after provisions and amortisation of goodwill		986,794	744,770
Add: Share of profits less losses of associated companies		234,865	160,822
Profit before tax		1,221,659	905,592
Less: Tax	10	210,763	199,726
Share of tax of associated companies		55,137	37,028
		265,900	236,754
Profit after tax		955,759	668,838
Less: Minority interests		1,635	2,130
Profit attributable to shareholders		954,124	666,708
Earnings per ordinary share (cents)	11		
Basic		72	52
Diluted		72	52

The accompanying notes form an integral part of these financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

BALANCE SHEETS

As at 31 December 2003

		GROUP		BANK	
	Note	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
SHAREHOLDERS' EQUITY					
Share Capital					
Authorised	13	<u>2,010,838</u>	2,000,000	<u>2,010,838</u>	2,000,000
Issued and fully paid	13	<u>1,284,084</u>	1,290,299	<u>1,284,084</u>	1,290,299
Reserves					
Capital reserves	14	<u>2,329,076</u>	1,505,515	<u>2,205,333</u>	1,395,457
Statutory reserves	15	<u>1,854,303</u>	1,936,244	<u>1,528,700</u>	1,464,200
Revenue reserves	16	<u>4,591,450</u>	4,492,164	<u>3,177,056</u>	2,865,742
Total shareholders' equity		<u>10,058,913</u>	9,224,222	<u>8,195,173</u>	7,015,698
MINORITY INTERESTS		19,879	18,928	-	-
LIABILITIES					
Deposits of non-bank customers	17, 38.5	<u>53,459,680</u>	53,947,536	<u>45,673,695</u>	43,944,085
Deposits and balances of banks	17, 38.5	<u>12,480,794</u>	12,621,149	<u>11,910,339</u>	12,076,240
Deposits of subsidiary companies		-	-	<u>1,268,267</u>	1,168,228
Deposits of associated companies		<u>1,457,708</u>	1,454,366	<u>878,968</u>	976,602
Bills payable		<u>185,233</u>	177,164	<u>102,478</u>	115,698
Current tax	18	<u>327,667</u>	321,765	<u>292,216</u>	244,671
Deferred tax	18	<u>76,043</u>	133,498	<u>55,482</u>	106,206
Other liabilities	19	<u>2,421,286</u>	2,140,546	<u>1,796,542</u>	1,758,904
Debt securities	20	<u>4,010,223</u>	4,012,214	<u>3,882,473</u>	3,879,214
Total liabilities and shareholders' equity		<u>84,497,426</u>	84,051,388	<u>74,055,633</u>	71,285,546
ASSETS					
Cash and placements with central banks	21	<u>4,035,863</u>	2,858,403	<u>2,604,863</u>	1,453,919
Singapore government treasury bills and securities	22	<u>6,151,111</u>	5,966,732	<u>6,002,069</u>	5,636,843
Other government treasury bills and securities	23	<u>1,054,618</u>	984,145	<u>203,599</u>	131,026
Dealing securities	24	<u>235,541</u>	173,076	<u>134,929</u>	147,950
Placements with and loans to banks	25, 38.5	<u>9,649,818</u>	14,458,968	<u>8,874,153</u>	13,875,891
Bills receivable	26-29, 38.5	<u>428,195</u>	296,562	<u>218,965</u>	119,762
Loans to customers	26-29, 38.5	<u>49,726,922</u>	47,070,651	<u>42,675,233</u>	38,006,482
Investment securities	30	<u>6,294,827</u>	5,310,085	<u>5,310,599</u>	4,489,327
Deferred tax	18	<u>53,670</u>	70,416	-	-
Other assets	31	<u>2,182,934</u>	2,044,580	<u>1,759,742</u>	1,767,475
		<u>79,813,499</u>	79,233,618	<u>67,784,152</u>	65,628,675
Associated companies	33	<u>1,177,137</u>	1,047,441	<u>107,617</u>	101,238
Subsidiary companies	34	-	-	<u>3,427,270</u>	2,957,443
Property, plant and equipment	35	<u>1,434,736</u>	1,571,646	<u>748,439</u>	823,053
Goodwill	36	<u>2,072,054</u>	2,198,683	<u>1,988,155</u>	1,775,137
Total assets		<u>84,497,426</u>	84,051,388	<u>74,055,633</u>	71,285,546
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	40				
Commitments	41	<u>5,829,577</u>	5,848,394	<u>5,010,352</u>	4,968,375
	42	<u>27,261,292</u>	28,288,944	<u>23,637,732</u>	24,174,734
Financial derivatives	43	<u>191,246,606</u>	184,769,732	<u>189,829,605</u>	182,644,281
		<u>224,337,475</u>	218,907,070	<u>218,477,689</u>	211,787,390

The accompanying notes form an integral part of these financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the financial year ended 31 December 2003

	Share capital \$'000	Capital reserves \$'000	Statutory reserves \$'000	Revenue reserves \$'000	Total \$'000
Balance at 1 January 2003	1,290,299	1,505,515	1,936,244	4,492,164	9,224,222
Profit attributable to shareholders	-	-	-	954,124	954,124
Foreign currency translation gains not recognised in the income statement	-	-	-	8,555	8,555
Total recognised gains for the financial year	-	-	-	962,679	962,679
Transfers	-	13,685	(81,941)	68,256	-
Class E preference shares issued for cash	50	499,950	-	-	500,000
Class E preference dividends paid	-	-	-	(20,096)	(20,096)
Class G preference shares issued for cash	1,865	184,877	-	-	186,742
Class G preference shares issued in lieu of special cash dividends	2,093	206,171	-	(208,264)	-
Class G preference dividends paid	-	-	-	(7,242)	(7,242)
Expenses relating to the issue of preference shares	-	(1,648)	-	-	(1,648)
Final dividends paid to ordinary stockholders	-	-	-	(151,081)	(151,081)
Interim dividends paid to ordinary stockholders	-	-	-	(110,811)	(110,811)
Special dividends paid in cash to ordinary stockholders	-	-	-	(434,155)	(434,155)
Selective capital reduction	(12,139)	(92,620)	-	-	(104,759)
Shares issued under Share Option Schemes	1,916	13,146	-	-	15,062
Balance at 31 December 2003	1,284,084	2,329,076	1,854,303	4,591,450	10,058,913
Comprise:					
Share of reserves of associated companies	-	20,691	-	1,021,463	1,042,154
Balance at 1 January 2002	1,286,606	1,911,490	1,889,924	3,744,204	8,832,224
Profit attributable to shareholders	-	-	-	666,708	666,708
Foreign currency translation losses not recognised in the income statement	-	-	-	(96,834)	(96,834)
Total recognised gains for the financial year	-	-	-	569,874	569,874
Transfers	-	(429,693)	46,320	383,373	-
Adjustment in reserves of an associated company	-	-	-	(24,167)	(24,167)
Final dividends paid to ordinary stockholders	-	-	-	(130,803)	(130,803)
Interim dividends paid to ordinary stockholders	-	-	-	(50,317)	(50,317)
Shares issued under Share Option Schemes	3,693	23,718	-	-	27,411
Balance at 31 December 2002	1,290,299	1,505,515	1,936,244	4,492,164	9,224,222
Comprise:					
Share of reserves of associated companies	-	19,232	-	877,250	896,482

Analysis of the movements in each component within 'Share capital', 'Capital reserves', 'Statutory reserves' and 'Revenue reserves' is presented in Notes 12 to 16.

The accompanying notes form an integral part of these financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2003

	Note	2003 \$'000	2002 \$'000
Cash flows from operating activities			
Operating profit before provisions and amortisation of goodwill		1,338,397	1,372,373
<u>Adjustments for non-cash items</u>			
Amortisation of computer software costs		20,248	10,863
Depreciation of property, plant and equipment		81,421	72,890
Gains on disposal of investment securities		(92,406)	(46,709)
Gains on disposal of a subsidiary company		-	(305)
Gains on disposal of interests in associated companies		-	(9,677)
(Gains)/losses on disposal of property, plant and equipment		(45,883)	991
Operating profit before changes in operating assets and liabilities		1,301,777	1,400,426
<u>Increase/(decrease) in operating liabilities</u>			
Deposits of non-bank customers		(484,514)	(513,908)
Deposits and balances of banks		(140,355)	(1,429,849)
Bills payable and other liabilities		292,678	94,723
<u>(Increase)/decrease in operating assets</u>			
Dealing securities		(62,269)	180,451
Placements with and loans to banks		4,809,150	(31,700)
Loans to customers and bills receivable		(2,944,192)	2,091,613
Other assets		(140,762)	(249,455)
Cash provided by operating activities		2,631,513	1,542,301
Income tax paid		(246,041)	(226,991)
Net cash provided by operating activities		2,385,472	1,315,310
Cash flows from investing activities			
Acquisition of additional interest in subsidiary companies		(288)	(10,148)
Capital return from an associated company		1,000	9,000
Dividends from associated companies		51,170	35,837
Decrease in associated companies		5,727	5,173
Purchase of investment securities		(2,435,285)	(2,064,132)
Purchase of long-term Singapore government securities		(544,013)	-
Purchase of property, plant and equipment		(46,536)	(67,053)
Net cash outflow from disposal of a subsidiary company		-	(1,980)
Proceeds from disposal of interests in associated companies		-	2,806
Proceeds from disposal of investment securities		1,526,826	1,370,992
Proceeds from disposal of property, plant and equipment		69,444	8,143
Net cash used in investing activities		(1,371,955)	(711,362)
Cash flows from financing activities			
(Decrease)/increase in debt securities		(5,250)	133,000
Dividends paid		(723,385)	(181,120)
Net proceeds from issue of preference shares		685,094	-
Proceeds from issue of ordinary shares		15,062	27,411
Selective capital reduction		(104,759)	-
Change in minority interests and dividends paid to minority interests		(535)	(1,659)
Net cash used in financing activities		(133,773)	(22,368)
Net foreign currency translation adjustments		8,555	(96,834)
Net change in cash and cash equivalents		888,299	484,746
Cash and cash equivalents as at 1 January		9,809,280	9,324,534
Cash and cash equivalents as at 31 December	45	10,697,579	9,809,280

The accompanying notes form an integral part of these financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Bank is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of its registered office is 65 Chulia Street #29-02/04, OCBC Centre, Singapore 049513.

The Bank is principally engaged in the business of banking including the operation of an Asian Currency Unit under the terms and conditions specified by the Monetary Authority of Singapore.

2. Principal accounting policies

2.1 Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain treasury instruments to market value.

Pursuant to the Singapore Companies (Amendment) Act 2002, with effect from financial year commencing on or after 1 January 2003, Singapore-incorporated companies are required to prepare and present their statutory accounts in accordance with the Singapore Financial Reporting Standards ("FRS"). Hence, these financial statements, including the comparative figures, have been prepared in accordance with FRS.

Previously, the Bank and the Group prepared their statutory accounts in accordance with Singapore Statements of Accounting Standard. The adoption of FRS does not have material impact on the accounting policies and figures presented in the statutory accounts for financial year ended 31 December 2002.

2.2 Recognition of income

2.2.1 Interest income is recognised on an accrual basis.

2.2.2 Fee income relating to loans and guarantees is recognised over the period during which the related service is provided or credit risk is undertaken. When a fee is charged in lieu of interest, such fee is amortised over the same period as the related interest income is recognised.

2.2.3 Dividends from dealing securities are recognised when received. Dividends from investment securities are recognised when the right to receive dividends is established.

2.2.4 Rental income on tenanted areas of the buildings owned by the Group is recognised on an accrual basis in accordance with the substance of the relevant agreements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

2. Principal accounting policies (continued)

2.3 Basis of consolidation

2.3.1 Subsidiary companies

Subsidiary companies are entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiary companies. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus cost directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the net assets of the subsidiary company acquired is recorded as goodwill. Please refer to Note 2.8 for the accounting policy on goodwill.

Intercompany balances, transactions and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiary companies to ensure consistency with those of the Group.

2.3.2 Associated companies

Associated companies are entities in which the Group generally has between 20% and 50% of the voting rights, and over which the Group has significant influence, but which it does not control. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting.

Equity accounting involves recognising the Group's share of the results of associated companies in the consolidated income statement and the Group's share of post-acquisition movements in reserves in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of investment. Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency with those of the Group. The results of associated companies are taken from audited financial statements or unaudited management accounts of the companies concerned, made up to dates not more than six months prior to the financial year end of the Group.

The Group's investments in associated companies are stated in the balance sheet at an amount that reflects its share of the net assets of the associated companies and includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has assumed obligations or guaranteed obligations in respect of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

2. Principal accounting policies (continued)

2.3 Basis of consolidation (continued)

2.3.3 Special purpose entities

Special Purpose Entities ("SPE") are consolidated when the substance of the relationship between the Group and the SPE indicates that the Group controls the SPE, in accordance with the Interpretation of Financial Reporting Standard ("INT FRS") 12 on "Consolidation – Special Purpose Entities". The details of a SPE included in the consolidated financial statements are disclosed in Note 34.2.

2.3.4 Transaction costs

External costs directly attributable to an acquisition is included as part of the cost of acquisition.

2.4 Foreign currency translation

2.4.1 Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity ("the measurement currency"). The consolidated financial statements and balance sheet of the Bank are presented in Singapore dollars, which is the measurement currency of the Bank.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign currency monetary assets and liabilities are translated into Singapore dollars at exchange rates prevailing at the balance sheet date. Exchange differences arising from such translation are taken to income statement.

2.4.3 Consolidated accounts

The assets and liabilities of foreign branch operations and subsidiary companies are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date whilst the income and expense items are translated at the average exchange rates for the financial year. Exchange differences arising from such translation are taken directly to reserves. Similarly, the net assets of foreign associated companies are translated into Singapore dollar at the rates of exchange prevailing at the balance sheet date whilst the share of the results of the associated companies are translated at the average exchange rates for the financial year. Exchange differences arising from such translation are taken directly to reserves. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

2. Principal accounting policies (continued)

2.5 Basis of valuation of assets

2.5.1 Loans

Loans are stated net of unearned interest and provision for loan losses. Provision for loan losses comprise specific provision against certain loans, interest-in-suspense and general provision. Specific provision and suspension of interest are based on the borrower's debt servicing ability and adequacy of security. Known bad debts are written off. In addition, an allowance of general provision is made in respect of possible losses which, although not specifically identified, is known from experience to be present in the portfolio of loans.

2.5.2 Government securities

Singapore government securities, other than those held as long-term investments, are stated at the lower of cost and market value on a portfolio basis. Long-term government securities are stated at cost adjusted for the amortisation of premium or discount less provision for diminution in value considered to be other than temporary on a line-by-line basis.

Other government securities are stated at the lower of cost and market value on a portfolio basis.

2.5.3 Dealing securities

Dealing securities are stated at the lower of cost and market value on a portfolio basis.

2.5.4 Investment securities

Investment securities include equity and debt securities intended to be held for long term or to maturity. Equity securities are stated at cost and a provision is made for any diminution in value considered to be other than temporary on a line-by-line basis. Debt securities are stated at cost adjusted for the amortisation of premium or discount less provision for diminution in value considered to be other than temporary on a line-by-line basis.

2.5.5 Other assets

Specific provisions are made against other assets not covered above so as to write them down to their estimated net realisable values.

2.6 Computer software costs

Computer software costs are capitalised and recognised as an asset when it is probable that the costs will generate economic benefits beyond one year and the costs are associated with identifiable software products controlled by the Group. Computer software costs are amortised on the straight-line basis over the estimated useful lives of the software ranging from 3 to 5 years. Where an indication of impairment exists, the carrying amount is assessed and written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

2. Principal accounting policies (continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. When an indication of impairment exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

Property, plant and equipment are depreciated or amortised on the straight-line basis over their estimated useful lives. Freehold land and leasehold land, with leases of more than 100 years to expiry, are not amortised. Other leasehold land are amortised over 50 years or the period of the lease, whichever is shorter. The estimated useful lives of property, plant and equipment are:

Freehold and leasehold buildings	–	50 years or less
Furniture and fixtures	–	5 to 10 years
Office equipment	–	5 to 10 years
Computer equipment	–	3 to 5 years
Renovation	–	3 to 5 years
Motor vehicles	–	5 years

Costs incurred in developing properties, including interest on borrowings to finance the development of such properties during the period of time that is required to complete and prepare each property for its intended use or sale, are capitalised and included in the carrying amount of the asset. All other borrowing costs are expensed.

Repair and maintenance are taken to the income statement during the financial period in which they are incurred. The costs of major renovation and restorations is included in the carrying amount of an asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the asset will flow to the Group, and depreciated over the remaining life of the asset.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and recognised in the income statement.

2.8 Goodwill

Goodwill represents the excess of cost of acquisition over the fair value of the Group's share of identifiable net assets of business, subsidiaries or associated companies at the date of acquisition. Goodwill is amortised on the straight-line basis, through the income statement (in the case of acquisition of business) and consolidated income statement (in the case of acquisition of subsidiaries and associated companies), over its estimated economic useful life up to a maximum of 20 years. Goodwill assessed as having no continuing economic value is written off to the income statement.

In the consolidated income statement, the gain or loss on disposal of a subsidiary or associated company is determined by comparing the proceeds with the carrying value of net assets of the subsidiary or associated company disposed of. The carrying value includes the unamortised balance of goodwill relating to the subsidiary or associated company disposed of and, for pre 1 January 2001 acquisitions, the goodwill taken to offset against reserves.

At each balance sheet date, the Group assesses whether there is an indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of goodwill is recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

2. Principal accounting policies (continued)

2.9 Financial derivatives

Off-balance sheet financial derivatives including forwards, swaps, futures and options are valued at market prices if they are for trading purposes and the resultant gains and losses are taken to the income statement. Transactions entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the item being hedged.

Offsetting financial instruments

Financial assets and liabilities are offset and stated on a net basis on the balance sheet when there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, provisions for loan losses, provisions for pensions and other retirement benefits and tax losses carried forward; and in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiary companies and associated companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2.11 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received.

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

These provisions do not include provisions for loan losses and diminution in value of other assets which, despite the use of the term "provisions", are in the nature of adjustments to the carrying value of assets.

2.12 Employee benefits

Compensation package for staff comprises basic salary, allowances, variable cash performance bonus, contractual entitlement of shares, long-term share option schemes and deferred share plan. Further details of the share option schemes and deferred share plan are disclosed in Note 13.3 and Note 13.4 respectively.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

2. Principal accounting policies (continued)

2.12 Employee benefits (continued)

Under the OCBC Share Option Scheme 2001 ("2001 Scheme"), share options are granted to Group executives of the rank of Assistant Manager and above as well as to non-executive directors. Under the 2001 Scheme, the Compensation Committee has the discretion to grant share options to non-executive directors in recognition of their contributions. Options granted to Group executives have a validity period of up to 10 years from the date of grant, while options granted to non-executive directors have a validity period of 5 years. If the options granted are exercisable at the market price of the shares at the date of the grant, no compensation cost is recognised. If the options granted are exercisable at a price reflecting a discount to the market price at the date of the grant, a compensation cost is recognised in the income statement based on that discount. When the options are exercised, the proceeds received net of any transaction costs are taken to share capital (par value) and share premium.

Under the OCBC Deferred Share Plan, shares of the Bank are granted to executive directors and officers of the rank of Vice President and above. A trust is set up to administer the shares purchased under the plan. Shares granted under the Plan will vest three years from the grant date and will lapse when the staff ceases employment during the vesting period. The remuneration expense is amortised and recognised in the income statement on the straight-line basis over the vesting period.

2.13 Repurchase and reverse repurchase agreements ("Repos" and "reverse repos")

Repos are treated as collateralised borrowing and the amount borrowed is shown as a liability, included in deposits and balances of banks (Note 17). The securities sold under repos are treated as pledged assets and continue to be recognised as an asset, included in Singapore Government treasury bills and securities (Note 22), other government treasury bills and securities (Note 23), placements with and loans to banks (Note 25) and investment securities (Note 30). Reverse repos are treated as collateralised lending and the amount lent is shown as an asset, included in cash and placements with central banks (Note 21) and placements with and loans to banks (Note 25). The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

3. Interest income

	GROUP	
	2003 \$'000	2002 \$'000
Loans to customers	1,791,417	2,046,318
Placements with and loans to banks	267,055	320,535
Other interest-earning assets	322,174	362,523
	<u>2,380,646</u>	<u>2,729,376</u>

4. Interest expense

	GROUP	
	2003 \$'000	2002 \$'000
Deposits of non-bank customers	681,294	895,500
Deposits and balances of banks	158,330	209,685
Other borrowings	106,026	114,704
	<u>945,650</u>	<u>1,219,889</u>

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

5. Fees & commissions

	GROUP	
	2003	2002
	\$'000	\$'000
Fee and commission income	414,049	401,829
Fee and commission expense	(41,222)	(27,807)
Net fees and commissions	<u>372,827</u>	<u>374,022</u>
Analysed by major sources:		
Bancassurance	32,846	35,177
Credit card	29,603	26,774
Fund management	19,246	17,247
Futures broking and stockbroking	62,126	57,342
Guarantees	17,578	18,219
Investment banking	11,734	13,706
Loans-related	73,525	68,014
Service charges	53,231	50,087
Trade-related	30,308	31,704
Unit trust distribution	35,023	44,292
Others	7,607	11,460
	<u>372,827</u>	<u>374,022</u>

6. Dividends

	GROUP	
	2003	2002
	\$'000	\$'000
Quoted investments	66,729	29,041
Unquoted investments	8,049	4,643
	<u>74,778</u>	<u>33,684</u>

7. Other income

	GROUP	
	2003	2002
	\$'000	\$'000
Net (losses)/gains arising from:		
Dealing in securities and derivatives		
– Net proceeds less cost	(19,175)	55,384
– (Provisions)/writeback (Note 32)	(212)	5,716
	<u>(19,387)</u>	<u>61,100</u>
Dealing in foreign exchange	60,903	48,030
Disposal of investment securities	92,406	46,709
Disposal of a subsidiary company	-	305
Disposal of interests in associated companies	-	9,677
Disposal of plant and equipment	(1,314)	(1,146)
Disposal of property	47,197	155
Computer-related services income	30,733	31,528
Property-related income	14,524	11,422
Hotel-related income	3,050	3,233
Others	18,773	16,820
	<u>246,885</u>	<u>227,833</u>

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

8. Staff costs and other operating expenses

	GROUP	
	2003 \$'000	2002 \$'000
8.1 Staff costs		
Salaries and other costs	422,391	412,282
Provident fund contributions	45,904	42,386
	468,295	454,668
Directors' emoluments:		
– Remuneration of Bank's directors	4,337	4,861
– Remuneration of directors of subsidiaries	4,419	4,537
– Fees of Bank's directors	669	630
– Fees of directors of subsidiaries	130	69
	9,555	10,097
Total staff costs	477,850	464,765
8.2 Other operating expenses		
Property, plant and equipment:		
Depreciation		
– Bank premises and other property	25,056	23,219
– Computer and office equipment, furniture and fixtures	56,365	49,671
	81,421	72,890
Amortisation of computer software costs	20,248	10,863
Maintenance and hire of property, plant and equipment	36,264	24,360
Rental expenses	18,229	22,023
Others	68,537	62,158
	224,699	192,294
Auditors' remuneration:		
– Payable to PwC [@] Singapore	1,260	1,344
– Payable to other member firms of the PwC Global Organisation	976	1,039
– Payable to non-PwC firms	6	3
	2,242	2,386
Other fees:		
– Payable to PwC Singapore	136	202
– Payable to other member firms of the PwC Global Organisation	-	-
	136	202
Other integration costs	175	14,068
Others	149,526	175,543
Total other operating expenses	376,778	384,493
Staff costs and other operating expenses	854,628	849,258

[@] PricewaterhouseCoopers

8.3 Number of employees

	GROUP	
	2003	2002
Average for the year	7,350	7,777
End of the year	7,424	7,477

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

9. Provisions for possible loan losses and diminution in value of other assets

	GROUP	
	2003	2002
	\$'000	\$'000
Specific provision for loan losses (Note 28)	193,682	364,704
Writeback of general provision for loan losses (Note 29)	(25,603)	(27,372)
Specific provision for diminution in value of investment securities and other assets (Note 32)	56,880	163,276
Charge to income statements	224,959	500,608

10. Tax

	GROUP	
	2003	2002
	\$'000	\$'000
Current tax (Note 18)	255,050	242,042
Deferred tax (Note 18)	(41,002)	(36,753)
	214,048	205,289
Over provision in prior years (Note 18)	(3,285)	(5,563)
Charge to income statements	210,763	199,726

The tax on the operating profit differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

	GROUP	
	2003	2002
	\$'000	\$'000
Operating profit after provisions and amortisation of goodwill	986,794	744,770
Prima facie tax calculated at a tax rate of 22.0% (2002: 22.0%)	217,095	163,849
Effect of different tax rates in other countries	6,457	11,016
Losses of subsidiaries and foreign branches not offset against taxable income of other entities	2,109	19,057
Income not assessable for tax	(24,593)	(25,245)
Income taxed at concessionary rate	(22,558)	(13,760)
Non-deductible expenses and provisions:		
– Amortisation of goodwill	27,862	27,737
– Others	7,676	19,371
Tax on foreign income to be remitted to Singapore	-	3,264
	214,048	205,289

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

11. Earnings per ordinary share

	GROUP	
	2003	2002
<u>\$'000</u>		
Profit attributable to shareholders	954,124	666,708
Less: Preference dividends paid	(27,338)	-
Profit attributable to shareholders after adjustment of preference dividends	926,786	666,708
 <u>Weighted average number of ordinary shares in issue ('000)</u>		
For basic earnings per ordinary share	1,287,986	1,289,331
Adjustment for assumed conversion of share options	2,138	2,873
For diluted earnings per ordinary share	1,290,124	1,292,204
 Earnings per ordinary share (cents)		
- Basic	72	52
- Diluted	72	52

Basic earnings per ordinary share is calculated by dividing the profit attributable to shareholders after preference dividends by the weighted average number of ordinary shares in issue during the financial year.

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 financial year). The difference between the number of ordinary shares to be issued at the exercise prices under the options and the number of ordinary shares that would have been issued at the fair value based on the assumed proceeds from the issue of these ordinary shares is treated as ordinary shares issued for no consideration. The number of such shares issued for no consideration is added to the number of ordinary shares outstanding in the computation of diluted earnings per ordinary share.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

12. Unappropriated profit

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Profit attributable to shareholders	954,124	666,708	1,281,699	951,496
Add: Unappropriated profit				
At 1 January	3,059,474	1,838,020	1,966,383	1,244,007
Total amount available for appropriation	4,013,598	2,504,728	3,248,082	2,195,503
Dealt with as follows:				
In respect of the financial year ended				
31 December 2001:				
– Final dividend of 13 cents for every \$1	-	(130,803)	-	(130,803)
ordinary stock less Singapore income tax at 22%				
In respect of the financial year ended				
31 December 2002:				
– Interim dividend of 5 cents for every \$1	-	(50,317)	-	(50,317)
ordinary stock less Singapore income tax at 22%				
– Final dividend of 15 cents for every \$1	(151,081)	-	(151,081)	-
ordinary stock less Singapore income tax at 22%				
In respect of the financial year ended				
31 December 2003: *				
– Special dividend of 63.78 cents for every \$1	(642,419)	-	(642,419)	-
ordinary stock less Singapore income tax at 22%				
– Class E preference dividends of	(20,096)	-	(20,096)	-
4.5 per cent per annum (net of tax)				
– Class G preference dividends of	(7,242)	-	(7,242)	-
4.2 per cent per annum (net of tax)				
– Interim dividend of 11 cents for every \$1	(110,811)	-	(110,811)	-
ordinary stock less Singapore income tax at 22%				
Transfer from/(to):				
Capital reserves (Note 14)	(13,685)	262,668	-	-
Statutory reserves (Note 15)	81,941	(44,450)	(64,500)	(48,000)
General reserves (Note 16)	93,064	517,648	-	-
	(770,329)	554,746	(996,149)	(229,120)
At 31 December (Note 16)	3,243,269	3,059,474	2,251,933	1,966,383

* At the Annual General Meeting to be held, a final dividend of 12 cents per \$1 ordinary stock unit less Singapore income tax at 22% in respect of 2003, amounting to a total dividend of \$119.8 million will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for in shareholders' equity as a distribution of unappropriated profit in the year ending 31 December 2004.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

13. Share capital of Oversea-Chinese Banking Corporation Limited

13.1 Authorised share capital

	GROUP AND BANK	
	2003 \$'000	2002 \$'000
2,000,000,000 ordinary shares of \$1 each	2,000,000	2,000,000
1,075,000,000 preference shares comprising:		
- 12,500,000 non-cumulative non-convertible Class A shares of \$0.01 each	125	-
- 12,500,000 non-cumulative non-convertible Class B shares of \$0.01 each	125	-
- 12,500,000 non-cumulative non-convertible Class C shares of \$0.01 each	125	-
- 12,500,000 non-cumulative non-convertible Class D shares of US\$0.01 each	213	-
- 12,500,000 non-cumulative non-convertible Class E shares of \$0.01 each	125	-
- 12,500,000 non-cumulative non-convertible Class F shares of \$0.01 each	125	-
- 1,000,000,000 non-cumulative non-convertible Class G shares of \$0.01 each	10,000	-
	2,010,838	2,000,000

On 8 January 2003, the Bank increased its authorised share capital from \$2,000,000,000 to \$2,000,625,000 and US\$125,000 through the creation of Class A to Class F non-cumulative non-convertible preference shares of 62,500,000 shares of \$0.01 par value each and 12,500,000 shares of US\$0.01 par value each.

On 14 May 2003, the Bank increased its authorised share capital from \$2,000,625,000 and US\$125,000 to \$2,010,625,000 and US\$125,000 through the creation of Class G non-cumulative non-convertible preference shares of 1,000,000,000 shares of \$0.01 par value each.

13.2 Issued share capital

	GROUP AND BANK	
	2003 \$'000	2002 \$'000
1,280,075,893 (2002: 1,290,299,292) ordinary shares of \$1 each	1,280,076	1,290,299
5,000,000 (2002: Nil) non-cumulative non-convertible Class E preference shares of \$0.01 each and with a liquidation preference of \$100 each	50	-
395,830,884 (2002: Nil) non-cumulative non-convertible Class G preference shares of \$0.01 each and with a liquidation preference of \$1 each	3,958	-
	1,284,084	1,290,299
	Number of shares	
	2003	2002
Shares held by associated companies of the Group		
Ordinary shares	85,701,610	85,701,610
Class E preference shares	752,500	-
Class G preference shares	29,092,653	-
	115,546,763	85,701,610

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

13. Share capital of Oversea-Chinese Banking Corporation Limited (continued)

13.2 Issued share capital (continued)

- (a) On 28 January 2003, the Bank issued 5,000,000 non-cumulative non-convertible Class E preference shares ("Class E Preference Shares") of par value \$0.01 each at an issued price of \$100 each for cash, amounting to \$498,836,506 net proceeds. The issue is for working capital purpose, including the maintenance of required minimum capital adequacy ratios. The Class E Preference Shares have a fixed dividend rate of 4.5 per cent per annum (net), payable semi-annually in arrears on 20 June and 20 December, subject to the directors' approval. The preference shares may be redeemed at the option of the Bank.
- (b) On 14 July 2003, the Bank issued 209,310,207 non-cumulative non-convertible Class G preference shares ("Class G Preference Shares") of par value \$0.01 each to stockholders who have elected to receive Class G Preference Shares in lieu of the one-off special cash dividend of \$0.4975 (net) per stock unit. On the same day, the Bank issued 36,520,677 Class G Preference Shares to stockholders who applied for excess shares at par value \$0.01 each at an issued price of \$0.995 each for cash, amounting to \$36,338,074. The Class G Preference Shares have a fixed dividend rate of 4.2 per cent per annum (net), payable semi-annually in arrears on 20 June and 20 December, subject to the directors' approval. The preference shares may be redeemed at the option of the Bank.

On 6 August 2003, the Bank issued 150,000,000 additional new Class G Preference Shares of par value \$0.01 each at an issued price of \$1.0027 each for cash, amounting to \$149,919,054 net proceeds. The issue is for working capital purpose, including the maintenance of required minimum capital adequacy ratios.

- (c) On 17 September 2003, pursuant to a selective capital reduction exercise proposal ("OCBC Selective Capital Reduction") approved at an Extraordinary General Meeting held on 28 July 2003, the Bank cancelled 12,138,915 ordinary shares of \$1 each held by Fraser and Neave, Limited ("F&N") and made a cash distribution of \$104,758,836 or \$8.63 per share to F&N.
- (d) During the financial year, pursuant to the Bank's Share Option Schemes, the Bank issued 1,915,516 (2002: 3,692,988) ordinary shares of \$1 each for cash, upon the exercise of the options granted.

All issued shares are fully paid and newly issued shares rank *pari passu* in all respects with the previously issued shares, except for the Class E and Class G preference shares' voting rights which are set out in the Articles of Association of the Bank.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

13. Share capital of Oversea-Chinese Banking Corporation Limited (continued)

13.3 Share option schemes

The Bank offers share options under the OCBC Share Option Scheme 1994 and 2001 to Group executives, of the rank of Assistant Manager and above, including executive directors and to non-executive directors. Movements in the number of options to subscribe for ordinary shares of \$1 each exercisable at any time up to their respective expiration dates were as follows:

2003	At 1 January	Granted	Exercised	Lapsed	Offering At 31 price per December \$1 share	Date of expiration
1995 RO *	365,997	-	(150,872)	(17,647)	197,478	\$7.810 1 February 2005
1996 RO *	838,017	-	(119,707)	(30,051)	688,259	\$8.150 29 January 2006
1997 RO *	1,451,881	-	(305,233)	(6,913)	1,139,735	\$7.603 29 January 2007
1998 Options	33,700	-	(33,600)	(100)	-	\$6.419 21 January 2003
1998 RO *	1,543,458	-	(395,112)	(600)	1,147,746	\$6.419 21 January 2008
1999 Options	29,240	-	(11,600)	(17,640)	-	\$7.533 9 December 2003
1999 RO *	2,705,862	-	(611,031)	(6,829)	2,088,002	\$7.533 9 December 2008
2000 Options	5,170,450	-	(288,361)	(318,300)	4,563,789	\$10.900 5 December 2009
2001 Options	6,586,411	-	-	(672,313)	5,914,098	\$12.880 4 December 2010
2002 Options	8,211,433	-	-	(717,733)	7,493,700	\$13.780 8 April 2012
* 2002A Options	300,000	-	-	-	300,000	\$13.660 22 April 2012
2002B Options	100,000	-	-	-	100,000	\$10.480 23 October 2012
@ 2003 Options	-	75,000	-	-	75,000	\$9.760 26 March 2008
2003 Options	-	10,348,167	-	(531,000)	9,817,167	\$9.760 26 March 2013
	27,336,449	10,423,167	(1,915,516)	(2,319,126)	33,524,974	

2002	At 1 January	Granted	Exercised	Lapsed	Offering At 31 price per December \$1 share	Date of expiration
1995 RO *	534,334	-	(164,743)	(3,594)	365,997	\$7.810 1 February 2005
1996 RO *	1,256,406	-	(418,389)	-	838,017	\$8.150 29 January 2006
1997 Options	46,384	-	(46,384)	-	-	\$7.603 29 January 2002
1997 RO *	2,019,686	-	(567,525)	(280)	1,451,881	\$7.603 29 January 2007
1998 Options	53,500	-	(19,800)	-	33,700	\$6.419 21 January 2003
1998 RO *	2,202,887	-	(659,429)	-	1,543,458	\$6.419 21 January 2008
1999 Options	49,715	-	(20,475)	-	29,240	\$7.533 9 December 2003
1999 RO *	4,509,765	-	(1,796,243)	(7,660)	2,705,862	\$7.533 9 December 2008
2000 Options	5,629,850	-	-	(459,400)	5,170,450	\$10.900 5 December 2009
2001 Options	7,161,392	-	-	(574,981)	6,586,411	\$12.880 4 December 2010
2002 Options	-	8,538,961	-	(327,528)	8,211,433	\$13.780 8 April 2012
* 2002A Options	-	300,000	-	-	300,000	\$13.660 22 April 2012
2002B Options	-	100,000	-	-	100,000	\$10.480 23 October 2012
	23,463,919	8,938,961	(3,692,988)	(1,373,443)	27,336,449	

* Replacement Options

Share options granted to an executive director of the Bank

@ Share options granted to a non-executive director of the Bank

During the financial year ended 31 December 2003, the number of share options that was granted to the directors of the Bank was 375,000 (2002: 300,000). The share options were granted on the same terms and conditions as those offered to other employees of the Group, except for options granted to a non-executive director, which will expire on 26 March 2008. As at 31 December 2003, the aggregate outstanding number of share options granted to the directors of the Bank was 994,796 (2002: 619,796).

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

13. Share capital of Oversea-Chinese Banking Corporation Limited (continued)

13.4 Deferred share plan

The Group implemented the OCBC Deferred Share Plan ("DSP"), a stock-based plan, during the financial year. The DSP is a discretionary incentive and retention award program that provides eligible officers of the rank of Vice President and above with an award of deferred ordinary shares of the Bank. During the financial year, 466,777 deferred ordinary shares were granted free to eligible staff as part of their performance bonus, of which 28,526 deferred ordinary shares were granted to an executive director of the Bank.

14. Capital reserves

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Share premium	2,160,782	1,350,906	2,160,782	1,350,906
Capital redemption reserve	3,721	3,721	3,721	3,721
Other capital reserves	164,573	150,888	40,830	40,830
	2,329,076	1,505,515	2,205,333	1,395,457

14.1 Share premium

	GROUP AND BANK	
	2003	2002
	\$'000	\$'000
At 1 January	1,350,906	1,327,188
Issue of Class E Preference Shares [Note 13.2(a)]	499,950	-
Issue of Class G Preference Shares [Note 13.2(b)]	391,048	-
OCBC Selective Capital Reduction [Note 13.2(c)]	(92,620)	-
Ordinary shares issued under Share Option Schemes [Note 13.2(d)]	13,146	23,718
Expenses relating to the issue of preference shares	(1,648)	-
At 31 December	2,160,782	1,350,906

14.2 Other capital reserves

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	150,888	580,581	40,830	40,830
Transfer from/(to)				
unappropriated profit (Note 12)	13,685	(262,668)	-	-
Transfer to general reserves (Note 16)	-	(167,025)	-	-
At 31 December	164,573	150,888	40,830	40,830

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

15. Statutory reserves

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,936,244	1,889,924	1,464,200	1,416,200
Transfer (to)/from unappropriated profit (Note 12)	(81,941)	44,450	64,500	48,000
Transfer from general reserves (Note 16)	-	1,870	-	-
At 31 December	1,854,303	1,936,244	1,528,700	1,464,200

The statutory reserves represent reserves, which are required by laws and regulations to be set aside by the banking and stockbroking corporations within the Group. These reserves are non-distributable.

16. Revenue reserves

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Unappropriated profit (Note 12)	3,243,269	3,059,474	2,251,933	1,966,383
General reserves	1,579,715	1,672,779	976,000	976,000
Foreign currency translation reserves	(231,534)	(240,089)	(50,877)	(76,641)
	4,591,450	4,492,164	3,177,056	2,865,742

16.1 General reserves

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,672,779	2,049,439	976,000	976,000
Transfer to unappropriated profit (Note 12)	(93,064)	(517,648)	-	-
Transfer from capital reserves (Note 14)	-	167,025	-	-
Transfer to statutory reserves (Note 15)	-	(1,870)	-	-
Adjustment in reserves of an associated company	-	(24,167)	-	-
At 31 December	1,579,715	1,672,779	976,000	976,000

16.2 Foreign currency translation reserves

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	(240,089)	(143,255)	(76,641)	(54,245)
Net adjustment	8,555	(96,834)	25,764	(22,396)
At 31 December	(231,534)	(240,089)	(50,877)	(76,641)

The foreign currency translation reserves relate to translation differences arising from the use of exchange rates as at balance sheet date versus historical rates in translating the net assets of overseas branches, subsidiaries and associated companies.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

17. Deposits and balances of non-bank customers and banks

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<u>Deposits of non-bank customers</u>				
Current accounts	6,108,421	5,293,790	5,214,109	4,602,311
Savings deposits	11,131,117	10,801,597	10,425,679	10,151,654
Term deposits	34,272,427	36,175,794	28,987,562	28,173,672
Certificate of deposits issued	392,099	553,090	378,447	534,141
Other deposits	1,555,616	1,123,265	667,898	482,307
	53,459,680	53,947,536	45,673,695	43,944,085
Deposits and balances of banks	12,480,794	12,621,149	11,910,339	12,076,240
	65,940,474	66,568,685	57,584,034	56,020,325

Analysed by currency

17.1 Deposits of non-bank customers

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	33,981,763	34,159,178	33,901,387	31,608,408
US dollar	7,441,154	8,167,228	7,310,414	7,999,882
Malaysian ringgit	7,495,563	7,138,478	-	-
Japanese yen	77,175	125,085	75,764	64,829
Hong Kong dollar	309,063	425,788	309,063	424,233
British pound	1,082,474	1,028,513	1,077,343	1,022,099
Australian dollar	1,923,499	1,625,895	1,906,649	1,606,222
Euro	512,242	662,592	510,941	658,919
Others	636,747	614,779	582,134	559,493
	53,459,680	53,947,536	45,673,695	43,944,085

17.2 Deposits and balances of banks

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	2,846,247	5,041,676	2,837,242	5,014,586
US dollar	6,691,858	6,149,478	6,445,965	5,736,644
Malaysian ringgit	293,222	85,289	-	-
Japanese yen	160,926	135,465	160,713	135,363
Hong Kong dollar	528,156	488,342	528,156	488,342
British pound	378,944	291,061	377,690	291,061
Australian dollar	681,451	113,886	680,692	113,386
Euro	368,812	86,176	368,812	85,941
Others	531,178	229,776	511,069	210,917
	12,480,794	12,621,149	11,910,339	12,076,240

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

18. Current tax and deferred tax

18.1 Current tax

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	321,765	315,404	244,671	102,730
Foreign currency translation adjustments	(522)	(3,127)	825	1,210
Arising from scheme/merger with subsidiaries	-	-	28,078	105,206
Income tax paid	(246,041)	(226,991)	(374,603)	(169,428)
Charge to income statements (Note 10)	255,050	242,042	394,654	206,067
Over provision in prior years (Note 10)	(3,285)	(5,563)	(1,409)	(1,114)
Transfer from deferred tax	700	-	-	-
At 31 December	327,667	321,765	292,216	244,671

18.2 Deferred tax

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	63,082	98,649	106,206	27,603
Foreign currency translation adjustments	993	1,186	-	-
Arising from scheme/merger with subsidiaries	-	-	(18,736)	103,200
Credit to income statements (Note 10)	(41,002)	(36,753)	(31,988)	(24,597)
Transfer to current tax	(700)	-	-	-
At 31 December	22,373	63,082	55,482	106,206

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheets. The deferred tax assets and liabilities are to be recovered and settled after one year.

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities	76,043	133,498	55,482	106,206
Deferred tax assets	(53,670)	(70,416)	-	-
	22,373	63,082	55,482	106,206

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

18. Current tax and deferred tax (continued)

18.3 Analysis of deferred tax balance

The movements in the Group's and Bank's deferred tax assets and liabilities (prior to offsetting within the same tax jurisdiction) are attributable to the following items:

GROUP	Accelerated	Unremitted		
Deferred tax liabilities	tax depreciation	income	Others	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2003	133,275	24,263	2,722	160,260
Foreign currency translation adjustments	(28)	-	(34)	(62)
Credit/(charge) to income statement	(16,002)	(24,263)	1,586	(38,679)
Reclassification	(185)	-	(774)	(959)
Transfer to current tax	(700)	-	-	(700)
At 31 December 2003	116,360	-	3,500	119,860

GROUP	Provisions	Pension and other retirement benefits	Tax losses	Total
Deferred tax assets	for assets	benefits	losses	Total
	\$'000	\$'000	\$'000	\$'000
At 1 January 2003	(97,093)	(26)	(59)	(97,178)
Foreign currency translation adjustments	1,056	(1)	-	1,055
Credit to income statement	(2,389)	66	-	(2,323)
Reclassification	1,047	(88)	-	959
At 31 December 2003	(97,379)	(49)	(59)	(97,487)

BANK	Accelerated	Unremitted	
Deferred tax liabilities	tax depreciation	income	Total
	\$'000	\$'000	\$'000
At 1 January 2003	103,029	24,263	127,292
Arising from scheme with a subsidiary company	874	-	874
Credit to income statement	(7,725)	(24,263)	(31,988)
At 31 December 2003	96,178	-	96,178

BANK	Provisions	Others	Total
Deferred tax assets	for assets	Others	Total
	\$'000	\$'000	\$'000
At 1 January 2003	(21,017)	(69)	(21,086)
Arising from scheme with a subsidiary company	(19,368)	(242)	(19,610)
At 31 December 2003	(40,385)	(311)	(40,696)

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. Unutilised tax losses carried forward for which no deferred income tax has been recognised as at 31 December 2003 of the Group amounted to \$161.9 million (31 December 2002: \$156.6 million) and that for the Bank amounted to \$139.7 million (31 December 2002: \$134.6 million).

Deferred income tax liabilities are not established for the withholding tax and other taxes that would be payable on the remittance of earnings retained at certain overseas entities as such amounts are permanently reinvested. Such unremitted earnings including amounts permanently reinvested totalled \$1,482.7 million for the Group (31 December 2002: \$1,305.8 million) and \$1,129.0 million for the Bank (31 December 2002: \$807.9 million) as at 31 December 2003.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

19. Other liabilities

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Financial derivatives at fair value (Note 43)	1,101,163	1,008,212	1,101,968	1,006,945
Interest payable	351,199	434,233	301,958	372,124
Sundry creditors	719,242	486,467	159,000	184,044
Others	249,682	211,634	233,616	195,791
	2,421,286	2,140,546	1,796,542	1,758,904

20. Debt securities

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Subordinated term notes (unsecured)	3,857,473	3,879,214	3,882,473	3,879,214
Collateralised debt securities (secured)	152,750	133,000	-	-
	4,010,223	4,012,214	3,882,473	3,879,214

20.1 Subordinated term notes (unsecured)

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
EUR 400 million 7.25% fixed rate note 2011	615,070	614,428	615,070	614,428
SGD 975 million (Bank: SGD 1 billion) 5% fixed rate note 2011	969,968	994,311	994,968	994,311
USD 1.25 billion 7.75% fixed rate note 2011	2,272,435	2,270,475	2,272,435	2,270,475
	3,857,473	3,879,214	3,882,473	3,879,214

The subordinated fixed rate term notes are long-term debts that have a lower priority claim over the Group's assets in the event of default or liquidation. These notes were issued on 6 July 2001 and mature on 6 September 2011. Interest is payable semi-annually in arrears at the fixed interest rates for the SGD and USD notes and annually in arrears at the fixed interest rate for the EUR notes. For the purpose of capital adequacy ratio computation, these notes are included as Tier 2 capital.

In January 2003, KTF Limited, a wholly-owned subsidiary of the Bank, purchased \$25 million of the SGD fixed rate subordinated term note.

The Bank has entered into interest rate and currency swaps to manage the interest rate and exchange rate risks of the subordinated term notes. The average interest rate for the notes incorporating the effects of these derivative instruments was 2.68% (2002: 2.94%).

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

20. Debt securities (continued)

20.2 Collateralised debt securities (secured)

The collateralised debt securities issued are short-dated fixed rate notes issued by Pioneer Funding Ltd, a special purpose entity (details are disclosed in Note 34.2). Details of the short-dated fixed rate notes issued are:

GROUP	Issue date	Maturity date	Interest rate	Amount \$'000
31 December 2003				
Commercial mortgaged backed series 1 notes	24/11/2003	23/02/2004	1.300%	42,750
	01/12/2003	23/02/2004	1.300%	11,750
	22/12/2003	26/01/2004	1.100%	23,250
Commercial mortgaged backed series 2 notes	26/11/2003	25/02/2004	1.300%	21,000
Premium series 1 notes	08/12/2003	08/03/2004	0.875%	13,750
Premium series 3 notes	29/12/2003	29/03/2004	1.250%	15,750
Premium series 6 notes	29/12/2003	27/01/2004	1.100%	9,250
	29/12/2003	29/03/2004	1.250%	15,250
				152,750
31 December 2002				
Commercial mortgaged backed series 1 notes	22/11/2002	24/02/2003	1.300%	50,000
	05/12/2002	24/02/2003	1.300%	4,500
	23/12/2002	22/01/2003	1.375%	23,250
Commercial mortgaged backed series 2 notes	23/11/2002	25/02/2003	1.250%	10,000
	03/12/2002	25/02/2003	1.350%	5,000
Premium series 1 notes	09/12/2002	10/03/2003	1.000%	14,500
Premium series 3 notes	27/12/2002	27/03/2003	1.550%	6,500
	27/12/2002	27/01/2003	1.420%	8,000
Premium series 6 notes	27/12/2002	27/03/2003	1.550%	11,250
				133,000

21. Cash and placements with central banks

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cash in hand	250,798	262,823	212,045	216,569
Balances with central banks	1,533,762	1,635,395	1,162,580	1,237,350
Money market placements and reverse repos	2,251,303	960,185	1,230,238	-
	4,035,863	2,858,403	2,604,863	1,453,919

Balances with central banks include mandatory reserve deposits of \$1,277.6 million (31 December 2002: \$1,390.1 million) and \$1,011.4 million (31 December 2002: \$1,079.7 million) for the Group and Bank respectively. These funds are not available to finance the day-to-day operations of the Group and Bank.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

22. Singapore government treasury bills and securities

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Long-term investments, at cost				
adjusted for premium and discount	544,013	-	394,972	-
Others	5,607,098	5,966,732	5,607,097	5,636,843
	6,151,111	5,966,732	6,002,069	5,636,843
<u>Market value</u>				
Long-term investments	508,125	-	358,950	-
Others	5,644,256	6,056,152	5,644,256	5,710,950
	6,152,381	6,056,152	6,003,206	5,710,950

23. Other government treasury bills and securities

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Cost, adjusted for premium and discount	1,054,697	984,240	203,678	131,121
Less: Provision for diminution in value (Note 32)	(79)	(95)	(79)	(95)
Net book value	1,054,618	984,145	203,599	131,026
<u>Market value</u>	1,071,319	1,020,418	215,833	145,038

24. Dealing securities

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Equity	14,728	13,292	2,740	626
Debt	220,969	166,347	132,301	154,011
	235,697	179,639	135,041	154,637
Less: Provision for diminution in value (Note 32)	(156)	(6,563)	(112)	(6,687)
Net book value	235,541	173,076	134,929	147,950
<u>Market value</u>	237,572	173,298	136,202	147,950
<u>Analysed by issuer</u>				
Public sector	35,530	35,600	35,530	35,600
Banks	26,652	7,122	26,652	7,122
Corporations	173,515	136,917	72,859	111,915
	235,697	179,639	135,041	154,637

Dealing securities comprise securities which are listed on stock exchanges and those quoted over the counter.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

25. Placements with and loans to banks

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Placements with and loans to banks	7,994,386	11,660,400	7,649,820	11,281,843
Negotiable certificates of deposit purchased	1,338,304	1,365,779	1,107,790	1,273,601
Market bills purchased	200,831	112,714	246	372
Reverse repos	116,297	1,320,075	116,297	1,320,075
	9,649,818	14,458,968	8,874,153	13,875,891

Analysed by currency

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	2,357,453	3,318,135	2,342,945	3,301,203
US dollar	3,723,622	7,973,713	3,674,030	7,779,417
Malaysian ringgit	667,995	248,104	140	250
Japanese yen	621,212	757,851	605,936	706,662
Hong Kong dollar	116,176	118,643	105,200	111,834
British pound	898,264	665,498	898,018	664,806
Australian dollar	346,272	546,084	339,619	542,048
Euro	321,581	364,359	318,519	307,806
Others	597,243	466,581	589,746	461,865
	9,649,818	14,458,968	8,874,153	13,875,891

26. Loans to and bills receivable from customers

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Gross loans	52,588,876	49,884,031	44,886,775	39,990,481
Less: Specific provision (Note 28)	(1,250,762)	(1,306,276)	(955,667)	(940,383)
General provision (Note 29)	(1,182,997)	(1,210,542)	(1,036,910)	(923,854)
Net loans	50,155,117	47,367,213	42,894,198	38,126,244
Net loans comprise:				
Bills receivable	428,195	296,562	218,965	119,762
Loans	49,726,922	47,070,651	42,675,233	38,006,482
	50,155,117	47,367,213	42,894,198	38,126,244

Included in loans is an amount of \$1.17 billion (31 December 2002: \$1.14 billion) pledged as collateral for credit default swaps where the Bank acts as the protection seller. The obligations arising from such credit default swaps are included in Note 41.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

26. Loans to and bills receivable from customers (continued)

26.1 Analysed by currency

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore dollar	34,575,493	32,465,426	34,365,583	29,424,667
US dollar	7,489,594	7,255,041	6,445,819	6,433,181
Malaysian ringgit	6,248,176	5,984,153	27	30
Japanese yen	793,046	789,500	653,547	777,630
Hong Kong dollar	776,815	948,110	774,984	947,489
British pound	601,924	617,050	601,458	616,896
Australian dollar	1,504,247	1,177,808	1,478,389	1,161,867
Euro	264,944	278,333	243,198	276,522
Others	334,637	368,610	323,770	352,199
	52,588,876	49,884,031	44,886,775	39,990,481

26.2 Analysed by industry

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Agriculture, mining and quarrying	519,058	437,235	150,317	139,152
Manufacturing	3,264,701	3,454,693	1,963,463	1,949,148
Building and construction	7,302,389	7,452,586	6,516,386	6,523,120
Housing	15,382,054	12,312,729	13,299,913	9,841,655
General commerce	3,065,039	3,208,119	2,686,970	2,525,088
Transport, storage and communication	1,525,285	1,753,468	1,271,074	1,604,263
Financial institutions, investment and holding companies	8,923,914	9,047,463	8,427,179	8,144,913
Professionals and individuals	8,128,668	7,612,563	7,561,311	6,146,900
Others	4,477,768	4,605,175	3,010,162	3,116,242
	52,588,876	49,884,031	44,886,775	39,990,481

26.3 Analysed by product

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Overdrafts	5,685,842	6,994,335	4,028,539	5,132,963
Short term loans	3,497,612	3,837,045	3,496,113	3,779,257
Revolving credit	3,584,424	3,522,714	2,969,412	2,855,629
Long term loans	12,817,987	12,649,834	10,393,354	10,511,252
Housing loans	15,278,244	12,380,022	13,257,121	9,781,727
Commercial property loans	2,365,971	2,459,365	2,365,971	2,091,841
Car loans	2,955,112	2,220,962	2,955,112	1,263,356
Syndicated loans	2,543,065	2,240,890	2,372,691	2,039,486
Transferable loan certificates	977,851	979,395	977,851	979,395
Trade finance	830,780	889,183	571,325	662,895
Credit card receivables	401,318	384,233	320,024	308,196
Loans under government loan schemes	191,882	264,172	167,493	81,236
Block discounting, leasing and factoring receivables	223,760	199,457	212,903	-
Hire purchase loans (exclude car loans)	70,533	72,426	15,239	-
Share margin financing	203,724	115,944	-	-
Staff loans	102,809	115,205	54,648	66,417
Others	857,962	558,849	728,979	436,831
	52,588,876	49,884,031	44,886,775	39,990,481

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

26. Loans to and bills receivable from customers (continued)

26.4 Analysed by geographical sector

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Singapore	38,243,682	36,097,765	38,012,998	33,035,715
Malaysia	7,978,457	7,001,332	608,160	295,214
Other ASEAN	398,628	493,411	297,568	368,029
Greater China	1,881,821	2,100,623	1,881,761	2,100,623
Other Asia Pacific	1,118,293	1,520,924	1,118,293	1,520,924
North America	1,747,334	1,502,340	1,747,334	1,502,340
Rest of the World	1,220,661	1,167,636	1,220,661	1,167,636
	52,588,876	49,884,031	44,886,775	39,990,481

Loans to and bills receivable from customers by geographical sector risk concentration are determined based on where the credit risk resides regardless of where the transactions are booked.

26.5 Analysed by interest rate sensitivity

	2003		2002	
	Fixed	Variable	Fixed	Variable
	\$'000	\$'000	\$'000	\$'000
GROUP				
Singapore	16,067,115	24,189,371	13,735,091	24,759,827
Malaysia	686,921	7,139,230	610,831	6,283,650
Other ASEAN	696	166,285	1,452	208,016
Greater China	725	1,466,419	967	1,722,501
Other Asia Pacific	84,804	1,327,144	212,524	1,025,397
North America	-	882,170	-	803,326
Rest of the World	2,863	575,133	3,474	516,975
	16,843,124	35,745,752	14,564,339	35,319,692
BANK				
Singapore	16,065,549	23,928,311	11,699,943	23,725,388
Malaysia	27	487,612	30	195,823
Other ASEAN	378	65,640	1,233	82,900
Greater China	725	1,466,419	967	1,722,501
Other Asia Pacific	84,804	1,327,144	212,524	1,025,397
North America	-	882,170	-	803,326
Rest of the World	2,863	575,133	3,474	516,975
	16,154,346	28,732,429	11,918,171	28,072,310

The analysis by interest rate sensitivity is based on where the loans and bills receivable are booked.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

27. Non-performing loans ("NPLs") and debt securities

Non-performing loans and debt securities are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Total classified loans to customers				
Substandard	2,502,030	2,814,060	1,912,451	1,916,858
Doubtful	728,627	863,132	697,356	766,098
Loss	395,460	364,854	168,784	117,345
	3,626,117	4,042,046	2,778,591	2,800,301
Total classified debt securities				
Substandard	94,118	138,975	76,486	96,371
Doubtful	76,752	73,198	76,752	73,198
Loss	37,485	101,709	-	54,036
	208,355	313,882	153,238	223,605
Total classified assets	3,834,472	4,355,928	2,931,829	3,023,906
Specific provision made for classified assets				
Substandard	240,591	166,972	223,651	151,618
Doubtful	724,784	795,449	692,920	718,751
Loss	387,063	484,446	119,101	183,615
	1,352,438	1,446,867	1,035,672	1,053,984

27.1 Analysed by period overdue

	GROUP		BANK	
	2003	2002	2003	2002
	\$ million	\$ million	\$ million	\$ million
Over 180 days	2,223	2,339	1,680	1,585
Over 90 days to 180 days	302	567	263	439
30 days to 90 days	242	267	188	173
Less than 30 days	136	208	132	200
No overdue	931	975	669	627
	3,834	4,356	2,932	3,024

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

27. Non-performing loans ("NPLs") and debt securities (continued)

27.2 Analysed by collateral type

	GROUP		BANK	
	2003	2002	2003	2002
	\$ million	\$ million	\$ million	\$ million
Property				
– Residential	553	618	460	485
– Commercial/Industrial	1,258	1,593	828	916
– Hotel	204	163	155	149
– Budget Hotel/Boarding School	14	3	14	3
	2,029	2,377	1,457	1,553
Fixed deposit				
– In same currency as loan	18	37	18	33
– In different currency	5	1	5	1
	23	38	23	34
Stock and shares	188	309	168	219
Motor vehicles	70	33	70	13
Others	141	102	116	87
Unsecured				
– Clean	763	846	478	555
– Corporate and other guarantees	620	651	620	563
	1,383	1,497	1,098	1,118
	3,834	4,356	2,932	3,024

27.3 Analysed by industry

	GROUP		BANK	
	2003	2002	2003	2002
	\$ million	\$ million	\$ million	\$ million
Agriculture, mining and quarrying	33	39	15	21
Manufacturing	517	736	312	449
Building and construction	783	761	584	516
Housing	223	227	193	162
General commerce	463	539	372	432
Transport, storage and communication	133	92	121	81
Financial institutions,				
investment and holding companies	684	965	579	693
Professionals and individuals	600	581	575	491
Others	398	416	181	179
	3,834	4,356	2,932	3,024

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

27. Non-performing loans ("NPLs") and debt securities (continued)

27.4 Analysed by geographical sector

GROUP \$ million	Singapore	Malaysia	Other ASEAN	Greater China	Rest of the World	Total
31 December 2003						
Substandard	1,725	699	17	50	105	2,596
Doubtful	498	126	100	70	11	805
Loss	166	243	24	-	-	433
	2,389	1,068	141	120	116	3,834
Specific provisions	(767)	(397)	(110)	(70)	(8)	(1,352)
	1,622	671	31	50	108	2,482
31 December 2002						
Substandard	1,952	831	23	97	50	2,953
Doubtful	502	183	156	72	23	936
Loss	192	186	28	7	54	467
	2,646	1,200	207	176	127	4,356
Specific provisions	(774)	(374)	(147)	(78)	(74)	(1,447)
	1,872	826	60	98	53	2,909

Non-performing loans ("NPLs") and debt securities by geographical sector risk concentration are determined based on where the credit risk resides regardless of where the transactions are booked.

27.5 Restructured loans

The table below is an analysis of restructured loans into loan classification and the related specific provisions. The restructured NPLs as a percentage of total NPLs is 23.8% (31 December 2002: 18.8%) and 26.6% (31 December 2002: 23.3%) for the Group and the Bank respectively.

GROUP	2003		2002	
	Amount \$ million	Provision \$ million	Amount \$ million	Provision \$ million
Substandard	580	79	507	78
Doubtful	329	247	256	135
Loss	2	1	56	57
	911	327	819	270
BANK				
Substandard	509	78	450	78
Doubtful	270	227	247	131
Loss	2	1	7	7
	781	306	704	216

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

28. Specific provision for loan losses and interest-in-suspense

Movements in specific provision for loan losses and interest-in-suspense are as follows:

	2003			2002		
	Specific provision \$'000	Interest-in-suspense \$'000	Total \$'000	Specific provision \$'000	Interest-in-suspense \$'000	Total \$'000
GROUP						
At 1 January	1,131,721	174,555	1,306,276	1,608,705	384,568	1,993,273
Foreign currency translation adjustments	(4,044)	(1,259)	(5,303)	(37,360)	(1,301)	(38,661)
Bad debts written off	(230,497)	(78,619)	(309,116)	(724,372)	(249,807)	(974,179)
Recovery of amounts previously provided	(38,983)	-	(38,983)	(19,804)	-	(19,804)
Provision made	232,665	-	232,665	384,508	-	384,508
Net charge to income statement (Note 9)	193,682	-	193,682	364,704	-	364,704
Net interest suspended	-	65,590	65,590	-	88,408	88,408
Transfer from/(to) other assets	8,461	2,939	11,400	-	(41,379)	(41,379)
Transfer from general provisions (Note 29)	25	-	25	-	-	-
Transfer to provision for diminution in value of investment securities and other assets (Note 32)	(11,792)	-	(11,792)	(79,956)	(5,934)	(85,890)
At 31 December (Note 26)	1,087,556	163,206	1,250,762	1,131,721	174,555	1,306,276
BANK						
At 1 January	827,234	113,149	940,383	787,503	211,079	998,582
Foreign currency translation adjustments	1,593	(14)	1,579	(19,260)	(81)	(19,341)
Bad debts written off	(157,877)	(40,915)	(198,792)	(574,053)	(205,231)	(779,284)
Recovery of amounts previously provided	(26,920)	-	(26,920)	(14,284)	-	(14,284)
Provision made	146,906	-	146,906	245,848	-	245,848
Net charge to income statement	119,986	-	119,986	231,564	-	231,564
Net interest suspended	-	37,531	37,531	-	51,901	51,901
Transfer from/(to) other assets	8,461	-	8,461	-	(14,099)	(14,099)
Transfer from general provisions (Note 29)	25	-	25	-	-	-
Transfer to provision for diminution in value of investment securities and other assets (Note 32)	(11,420)	-	(11,420)	(70,882)	(5,117)	(75,999)
Arising from scheme/merger with subsidiaries	43,752	14,162	57,914	472,362	74,697	547,059
At 31 December (Note 26)	831,754	123,913	955,667	827,234	113,149	940,383

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

29. General provisions

Movements in general provisions including provisions for possible loan losses and other banking risks are as follows:

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
At 1 January	1,210,542	1,250,043	923,854	602,801
Foreign currency translation adjustments	(2,085)	(9,593)	664	(629)
Writeback to income statements (Note 9)	(25,603)	(27,372)	(29,780)	(29,029)
Transfer to specific provision for loan losses (Note 28)	(25)	-	(25)	-
Transfer to provision for diminution in value of investment securities and other assets (Note 32)	-	(2,536)	-	(2,536)
Transfer from other provisions	168	-	168	-
Arising from scheme/merger with subsidiaries	-	-	142,029	353,247
At 31 December (Note 26)	1,182,997	1,210,542	1,036,910	923,854

30. Investment securities

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Quoted debt securities:				
Cost, adjusted for premium and discount	3,438,900	2,714,372	2,567,507	2,059,299
Less: Provision for diminution in value	(103)	(33,460)	(103)	(33,460)
Net book value	3,438,797	2,680,912	2,567,404	2,025,839
Quoted equity securities:				
Cost	322,884	402,184	249,344	306,289
Less: Provision for diminution in value	(76,496)	(83,798)	(73,578)	(69,664)
Net book value	246,388	318,386	175,766	236,625
Unquoted debt securities:				
Cost, adjusted for premium and discount	2,706,459	2,424,622	2,636,228	2,313,262
Less: Provision for diminution in value	(133,669)	(166,643)	(87,967)	(111,547)
Net book value	2,572,790	2,257,979	2,548,261	2,201,715
Unquoted equity securities:				
Cost	120,038	151,505	37,569	38,436
Less: Provision for diminution in value	(83,186)	(98,697)	(18,401)	(13,288)
Net book value	36,852	52,808	19,168	25,148
Total investment securities				
Cost or cost, adjusted for premium and discount	6,588,281	5,692,683	5,490,648	4,717,286
Less: Provision for diminution in value (Note 32)	(293,454)	(382,598)	(180,049)	(227,959)
Net book value	6,294,827	5,310,085	5,310,599	4,489,327
Market value of quoted securities				
Debt securities	3,499,804	2,749,596	2,640,014	2,090,698
Equity securities	691,694	657,266	535,204	483,137
	4,191,498	3,406,862	3,175,218	2,573,835

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

30. Investment securities (continued)

Included in unquoted debt securities is an amount of \$0.60 billion (31 December 2002: \$0.49 billion) relating to credit linked notes pledged as collateral for credit default swaps where the Bank acts as the protection seller. The obligations under the credit default swaps are included in Note 41.

Included in quoted debt securities is an amount of \$153.4 million (31 December 2002: \$167.4 million) relating to Pioneer Funding Ltd, a special purpose entity (Note 34.2). These investment securities are pledged as collaterals for the debt securities issued by Pioneer Funding Ltd (Note 20.2).

30.1 Analysed by issuer

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Public sector	173,096	561,801	159,461	547,894
Banks	1,140,639	750,187	1,140,639	749,338
Corporations	5,274,546	4,380,695	4,190,548	3,420,054
	6,588,281	5,692,683	5,490,648	4,717,286

30.2 Analysed by industry

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Agriculture, mining and quarrying	16,145	14,977	15,309	-
Manufacturing	539,348	535,669	536,255	516,348
Building and construction	559,544	670,057	330,538	482,337
General commerce	34,045	105,734	18,242	90,065
Transport, storage and communication	594,992	527,143	458,453	428,431
Financial institutions, investment and holding companies	3,533,583	2,596,582	2,998,090	2,129,160
Others	1,310,624	1,242,521	1,133,761	1,070,945
	6,588,281	5,692,683	5,490,648	4,717,286

30.3 Analysed by geographical sector

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore	2,218,554	2,068,981	1,983,150	1,801,662
Malaysia	1,210,613	924,209	411,378	319,523
Other ASEAN	27,146	37,932	27,073	23,762
Greater China	222,153	215,388	221,906	215,136
Other Asia Pacific	764,926	453,296	764,926	453,296
North America	834,626	761,751	801,799	717,671
Rest of the World	1,310,263	1,231,126	1,280,416	1,186,236
	6,588,281	5,692,683	5,490,648	4,717,286

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

31. Other assets

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Financial derivatives at fair value (Note 43)	1,114,806	1,148,523	1,113,341	1,148,523
Interest receivable (net of interest-in-suspense)	377,835	481,224	344,264	436,026
Sundry debtors (net)	415,684	209,886	63,717	23,502
Others	274,609	204,947	238,420	159,424
	2,182,934	2,044,580	1,759,742	1,767,475

32. Provisions for diminution in value of dealing and investment securities and other assets

Movements in provisions for diminution in value of dealing and investment securities and other assets are as follow:

GROUP	Singapore government securities	Other government securities	Dealing securities	Investment securities	Property	Other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2003							
At 1 January	-	95	6,563	382,598	132,882	43,270	565,408
Foreign currency translation adjustments	-	-	41	(2,079)	7	191	(1,840)
Amounts written off	-	-	(6,464)	(103,189)	(2,939)	(1,838)	(114,430)
Provisions for dealing securities for the year (Note 7)	-	-	212	-	-	-	212
(Writeback)/provisions for the year (Note 9)	-	(16)	-	684	49,054	7,158	56,880
Transfers from specific provisions for loan losses (Note 28)	-	-	-	11,792	-	-	11,792
Transfers from other assets	-	-	-	3,452	-	1,856	5,308
Transfers	-	-	(196)	196	-	-	-
At 31 December	-	79	156	293,454	179,004	50,637	523,330
		(Note 23)	(Note 24)	(Note 30)	(Note 35)		
2002							
At 1 January	7,148	58	25,747	221,490	49,403	46,601	350,447
Foreign currency translation adjustments	-	(4)	(636)	(10,168)	(303)	(1,073)	(12,184)
Amounts written off	-	-	(221)	(32,516)	-	(2,646)	(35,383)
Writeback of provisions for dealing securities for the year (Note 7)	-	-	(5,716)	-	-	-	(5,716)
(Writeback)/provisions for the year (Note 9)	(7,148)	41	-	87,044	83,782	(443)	163,276
Transfers from specific provisions for loan losses (Note 28)	-	-	-	85,890	-	-	85,890
Transfers from general provisions (Note 29)	-	-	488	1,217	-	831	2,536
Transfers from other assets	-	-	-	16,542	-	-	16,542
Transfers	-	-	(13,099)	13,099	-	-	-
At 31 December	-	95	6,563	382,598	132,882	43,270	565,408
		(Note 23)	(Note 24)	(Note 30)	(Note 35)		

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

32. Provisions for diminution in value of dealing and investment securities and other assets
(continued)

BANK	Other government securities	Dealing securities	Investment securities	Associated companies	Subsidiary companies	Property	Other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2003								
At 1 January	95	6,687	227,959	37,298	107,789	102,316	39,535	521,679
Foreign currency translation adjustments	-	42	(622)	-	-	106	-	(474)
Amounts written off	-	(6,464)	(63,193)	(22,285)	(18)	-	(805)	(92,765)
Provisions for dealing securities	-	(153)	-	-	-	-	-	(153)
(Writeback)/provisions for the year	(16)	-	837	(8,519)	(19,664)	38,914	762	12,314
Transfers from specific provisions for loan losses (Note 28)	-	-	11,420	-	-	-	-	11,420
Transfers from other assets	-	-	3,452	-	-	-	-	3,452
Arising from scheme with a subsidiary company	-	-	196	-	-	301	-	497
At 31 December	79	112	180,049	6,494	88,107	141,637	39,492	455,970
	(Note 23)	(Note 24)	(Note 30)	(Note 33)	(Note 34)	(Note 35)		
2002								
At 1 January	58	19,497	63,341	30,291	42,579	4,773	716	161,255
Foreign currency translation adjustments	(4)	(492)	(5,383)	-	-	(68)	3	(5,944)
Amounts written off	-	(61)	(15,419)	-	-	-	(1,546)	(17,026)
Writeback of provisions for dealing securities	-	(2,705)	-	-	-	-	-	(2,705)
(Writeback)/provisions for the year	(331)	-	34,993	5,867	62,630	59,873	282	163,314
Transfers from specific provisions for loan losses (Note 28)	-	-	75,999	-	-	-	-	75,999
Transfers from general provisions (Note 29)	-	488	1,217	-	-	-	831	2,536
Transfers from subsidiary companies	372	(25)	53,128	1,140	2,580	37,738	39,249	134,182
Transfers from other assets	-	-	10,068	-	-	-	-	10,068
Transfers	-	(10,015)	10,015	-	-	-	-	-
At 31 December	95	6,687	227,959	37,298	107,789	102,316	39,535	521,679
	(Note 23)	(Note 24)	(Note 30)	(Note 33)	(Note 34)	(Note 35)		

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

33. Associated companies

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
Quoted equity securities, at cost	97,429	97,455	94,843	94,843
Unquoted equity securities, at cost	28,757	52,570	19,268	43,068
	126,186	150,025	114,111	137,911
Less: Provision for diminution in value (Note 32)	-	-	(6,494)	(37,298)
Net book value	126,186	150,025	107,617	100,613
Share of post-acquisition reserves	1,042,154	896,482	-	-
	1,168,340	1,046,507	107,617	100,613
Amounts due from associated companies	8,797	934	-	625
	1,177,137	1,047,441	107,617	101,238
Market value of quoted associated companies	2,599,547	2,029,330	2,469,728	1,933,348

33.1 The principal activities of associated companies of the Group, their places of incorporation and the extent of the Group's interest in the associated companies are as follows:

	Principal activities	Country/ Place of incorporation	Group's interest		Cost of investment	
			2003	2002	2003	2002
			%	%	\$'000	\$'000
<u>Quoted</u>						
1. British and Malayan Trustees Limited	Trustee services	Singapore	43	43	591	591
2. Great Eastern Holdings Limited	Insurance	Singapore	49	49	9,774	9,774
3. PacificMas Berhad	Investment holding	Malaysia	28	28	87,064	87,090
					97,429	97,455
<u>Unquoted</u>						
4. Ace Net Financial Services Pte Ltd	Marketing and management services	Singapore	50	50	2,841	2,841
5. Alverdine Private Limited (In voluntary liquidation)	Dormant	Singapore	50	50	-	20,000
6. Asfinco Singapore Ltd	Investment holding	Singapore	26	26	5,100	5,100
7. Central China International Leasing Company Limited	Leasing	People's Republic of China	25	25	2,648	2,648
8. Clearing & Payment Services Pte Ltd	Utility services [Note 33.3]	Singapore	33	33	4,040	5,040
9. IQB Pte Ltd	Application service provider	Singapore	49	49	5,000	5,000

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

33. Associated companies (continued)

	Principal activities	Country/ Place of Incorporation	Group's interest		Cost of investment	
			2003 %	2002 %	2003 \$'000	2002 \$'000
10. Malaysian Trustees Berhad	Trustee services	Malaysia	20	20	148	151
11. Network For Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfers	Singapore	33	33	5,718	5,718
12. OCBC-Perdana Futures Sendirian Berhad	Futures and options broking	Malaysia	49	49	2,107	2,108
13. OCBC Wearnes & Walden Management (S) Pte Ltd	Venture capital fund management	Singapore	25	25	45	45
14. Raffles Investments Limited	Investment holding	Singapore	50	50	638	647
15. Singapore Consortium Investment Management Limited	Unit trust fund management	Singapore	33	33	388	388
16. Specialists' Services (Private) Limited	Management services	Singapore	40	40	84	84
17. TX123 Pte Ltd	e-Procurement hub [Note 33.2]	Singapore	-	39	-	2,800
					28,757	52,570
At 31 December					126,186	150,025

33.2 On 16 June 2003, the Bank disposed of its entire stake of 39% equity interest or 2,800,000 ordinary shares, in TX123 Pte Ltd ("TX123") to Singapore Computer Systems Limited, for a nominal cash consideration of \$1. Following the completion of the sale, TX123 ceased to be an associated company of the Bank.

33.3 On 1 September 2003, Clearing & Payment Services Pte Ltd ("CLS") gave notice to the Bank for the redemption of 10,000 Redeemable Preference Shares ("RPS") of \$100 each held by the Bank in CLS. Subsequent to the redemption of RPS, the Bank's investment in CLS was reduced by \$1,000,000 to \$4,040,000.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies

	BANK	
	2003 \$'000	2002 \$'000
Unquoted equity securities, at cost	1,991,733	2,534,270
Less: Provision for diminution in value (Note 32)	(88,107)	(107,789)
Net book value	1,903,626	2,426,481
Amount due from subsidiary companies	1,523,644	530,962
	3,427,270	2,957,443

34.1 The principal activities of subsidiaries of the Group, their places of incorporation and the extent of the Group's interest in the subsidiaries are as follows:

	Principal activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's Investment	
			2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000
1.	Asia Commercial Enterprise Pte Ltd	Dissolved [Note 34.4(a)]	Singapore	-	100	-	-	952
2.	Asia Commercial Investment (Private) Limited	Investment Holding	Singapore	67	67	33	33	2,000
3.	Asia Commercial Realty Co. Pte. Ltd.	Property holding	Singapore	100	100	-	-	1,383
@ 4.	Associated Investments & Securities Private Limited (In voluntary liquidation)	Dormant	Singapore	100 100 ^(Pref)	100 100 ^(Pref)	-	-	1,006 2,979
5.	Bank of Singapore Limited	e-financial services	Singapore	98	98	2	2	93,287
6.	Bank of Singapore Nominees Private Limited	Nominee services	Singapore	100	100	-	-	10
7.	Banking Computer Services Private Limited	Computer banking services	Singapore	100 100 ^(Pref)	100 100 ^(Pref)	-	-	5,160 4,000
+ 8.	Bathurst Enterprises Limited	Investment holding	Hong Kong SAR, China	-	-	100	100	-
9.	BCS Information Systems Private Limited	Computer consultancy services	Singapore Malaysia #	100	100	-	-	105
@ 10.	BOS Venture Management Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

		Principal activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's investment	
				2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000
@	11.	BOSA Limited (In voluntary liquidation)	Dormant	Australia	100	-	-	3,283	3,283
@	12.	Bukit Investments Limited (In voluntary liquidation)	Dormant	Hong Kong SAR, China	-	-	100	-	-
	13.	Church Street Properties Private Limited	Property development	Singapore	-	-	100 100 ^(Pref)	-	-
	14.	Eastern Developers Private Limited	Property development and rental	Singapore	-	-	100 100 ^(Pref)	-	-
+	15.	Eastern Holdings Limited	Investment holding	Hong Kong SAR, China	100	100	-	75,399	76,558
	16.	Eastern Realty Company Limited	Investment holding and property development	Singapore Malaysia #	100	100	-	27,704	27,704
	17.	Excel Holdings Private Limited	Investment holding and property rental	Singapore	100	100	-	200	200
	18.	Federal Securities Private Limited	Investment holding	Singapore	100	100	-	9,000	9,000
	19.	Focal Nominees Private Limited (formerly Focal Finance Nominees Private Limited)	Nominee services	Singapore	-	-	100	-	-
+	20.	Four Seas Nominees (Hong Kong) Limited	Nominee services	Hong Kong SAR, China	-	-	100	-	-
	21.	Four Seas Nominees Private Limited	Nominee services	Singapore	100	100	-	10	10
	22.	FSB Holdings Limited	Dormant	Singapore	100	100	-	-	-
	23.	General & Commercial Holdings Private Limited	Dissolved [Note 34.4(a)]	Singapore	-	100	-	-	155
++	24.	Guangzhou Yangyi Property Technology Co Ltd	Dormant	People's Republic of China	-	-	60	-	-
	25.	Hotel Phoenix Singapore Private Limited	Hotel	Singapore	-	-	100	-	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2003
34. Subsidiary companies (continued)

		Principal activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's Investment		
				2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000	
@	26.	iPropertyNet Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	57	57	-	-
	27.	IP Technology Solutions Pte Ltd	Dormant [Note 34.4(b)]	Singapore	-	-	-	100	-	-
	28.	KAC Holdings Limited	Investment holding	Singapore	100	100	-	-	19,028	19,028
	29.	KB Nominees Pte Ltd	Nominee services	Singapore	100	100	-	-	*	*
@	30.	KBF Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-	-
	31.	Keppel Capital Holdings Ltd	Investment holding [Note 34.3(c)]	Singapore	100	100	-	-	319,877	866,117
@	32.	Keppel Factors Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-	-
	33.	KF Nominees Pte Ltd	Nominee services	Singapore	-	-	100	100	-	-
	34.	KIM Limited	Investment holding	Singapore	-	-	100	100	-	-
+	35.	Keppel Securities Hong Kong Ltd	Stockbroking	Hong Kong SAR, China	-	-	100	100	-	-
@	36.	Keppel Securities Nominees Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-	-
@	37.	KS Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-	-
	38.	KTB Limited	Dormant	Singapore	100	100	-	-	-	-
	39.	KTF Limited	Investment holding [Note 34.3(c)]	Singapore	100	100	-	-	199,989	##
	40.	Keppel TatLee Nominee (HK) Limited	Dissolved [Note 34.4(a)]	Hong Kong SAR, China	-	100	-	-	-	*
	41.	KF Limited	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-	-
	42.	KTB Investments Ltd	Dissolved [Note 34.4(a)]	Singapore	-	100	-	-	-	4,606

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

		Principal activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's investment	
				2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000
	43.	Kim Seng Properties Private Limited	Property development	Singapore	-	-	100 100 ^(Pref)	-	-
	44.	Kismis Properties Private Limited	Property development	Singapore	-	-	100 100 ^(Pref)	-	-
+	45.	Malaysia Nominees (Asing) Sendirian Berhad	Nominee services	Malaysia	-	-	100	-	-
+	46.	Malaysia Nominees (Tempatan) Sendirian Berhad	Nominee services	Malaysia	-	-	100	-	-
	47.	Mount Emily Properties Private Limited	Has not commenced operations	Singapore	-	-	100 100 ^(Pref)	-	-
	48.	Myanmar Capital Management Private Limited	Dissolved [Note 34.4(a)]	Singapore	-	-	-	73	-
	49.	OCBC Asset Management Limited	Investment management	Singapore	-	-	100	100	-
+	50.	OCBC Bank (Malaysia) Berhad	Banking	Malaysia	100	100	-	-	427,730
@	51.	OCBC Bullion & Futures Limited (In voluntary liquidation)	Dormant [Note 34.3(a)]	Singapore	100	100	-	-	9,000
	52.	OCBC Capital Investment Private Limited	Investment holding	Singapore	-	-	100	100	-
@	53.	OCBC Capital Management Singapore Private Limited (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-
	54.	OCBC Centre Private Limited	Investment holding and property rental	Singapore	100 100 ^(Pref)	100 100 ^(Pref)	-	-	20,000 40,000
+	55.	OCBC Credit Berhad	Leasing company	Malaysia	-	-	100	100	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2003
34. Subsidiary companies (continued)

		Principal Activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's investment	
				2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000
56.	OCBC eVenture Fund I Pte Ltd	Investment holding	Singapore	-	-	100	100	-	-
57.	OCBC eVenture Fund II Pte Ltd	Investment holding	Singapore	-	-	100	100	-	-
58.	OCF Limited (formerly OCBC Finance Limited)	Investment holding [Note 34.3(c)]	Singapore	100	63	-	37	14,726	190,842
59.	OCF Nominees Pte. Ltd. (formerly OCBC Finance Nominees Private Limited)	Nominee services	Singapore	-	-	100	100	-	-
60.	OCBC Holdings Private Limited	Investment holding	Singapore	100	100	-	-	3,000	3,000
61.	OCBC Land Private Limited	Investment holding	Singapore	-	-	100	100	-	-
62.	OCBC Management Services Private Limited	Management services	Singapore	100	100	-	-	200	200
+	63. OCBC Nominees (Australia) Pty. Limited	Nominee services	Australia	100	100	-	-	*	*
+	64. OCBC Nominees (Hong Kong) Limited	Nominee services	Hong Kong SAR, China	100	100	-	-	2	2
+	65. OCBC Nominees (London) Limited	Nominee services	United Kingdom	100	100	-	-	3	3
66.	OCBC Nominees (Malaysia) Sendirian Berhad	Dissolved [Note 34.4(a)]	Malaysia	-	100	-	-	-	10
67.	OCBC Nominees Singapore Private Limited	Nominee services	Singapore	100	100	-	-	10	10
68.	OCBC Properties Private Limited	Investment holding	Singapore	100 100 ^(Pref)	100 100 ^(Pref)	- -	- -	71,000 15,000	71,000 15,000
69.	OCBC Property Services Private Limited	Property management	Singapore	100	100	-	-	50	50
+	70. OCBC Provident (Australia) Pty. Limited	Trustee	Australia	100	100	-	-	*	*

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

		Principal activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's investment		
				2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000	
	71.	OCBC Realty Private Limited	Investment holding	Singapore	100 100 ^(Pref)	100 100 ^(Pref)	- -	124,993 60,000	124,993 60,000	
+	72.	OCBC Securities (Hong Kong) Limited	Stockbroking	Hong Kong SAR, China	-	-	100	100	-	
+	73.	OCBC Securities Philippines, Inc.	Dormant	Philippines	-	-	100	100	-	
	74.	OCBC Securities Private Limited	Futures broking & stockbroking [Note 34.3(a)]	Singapore	-	-	100	100	-	
+	75.	OCBC Securities Research Sendirian Berhad	Has not commenced operations	Malaysia	-	-	100	100	-	
	76.	OCBC Square Private Limited	Real estate owners and Property rental	Singapore	100 100 ^(Pref) 69 <small>(Series 2 Pref)</small>	100 100 ^(Pref) 69 <small>(Series 2 Pref)</small>	- - 31 <small>(Series 2 Pref)</small>	- - 31 <small>(Series 2 Pref)</small>	20,000 10,000 59,100	20,000 10,000 59,100
	77.	OCBC Trustee Limited	Trustee Services	Singapore Malaysia #	20	20	80	80	184	184
	78.	OCF Investments Limited	Investment holding	Singapore	15	15	85	85	19	19
	79.	Orient Holdings Private Limited	Investment holding	Singapore	100 100 ^(Pref)	100 100 ^(Pref)	- -	- -	3,400 132,000	3,400 132,000
+	80.	OSPL Holdings Sendirian Berhad	Investment holding	Malaysia	-	-	100	100	-	-
	81.	OSPL Nominees Private Limited	Nominee services	Singapore	-	-	100	100	-	-
	82.	Oversea-Chinese Bank Nominees Private Limited	Nominee services	Singapore	100	100	-	-	10	10
+	83.	PT Bank Keppel TatLee Buana	Dissolved [Note 34.3(b); Note 34.4(a)]	Indonesia	-	99	-	-	-	4,046
+	84.	PT Bank OCBC Indonesia (formerly PT Bank OCBC-NISP)	Banking [Note 34.3(b)]	Indonesia	99	99	-	-	87,123	82,835
@	85.	PT OCBC Sikap Securities (In voluntary liquidation)	Dormant	Indonesia	-	-	70	70	-	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

		Principal Activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's investment	
				2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000
	86.	Pasir Ris Properties Private Limited	Real estate owners and property rental	Singapore	-	-	55 55 ^(Pref)	-	-
@	87.	Phoenix Holdings Limited (In voluntary liquidation)	Dormant	Hong Kong SAR, China	-	-	100	100	-
	88.	Premier Investment Private Limited	Investment dealing	Singapore	100	100	-	9,243	9,243
	89.	Provident Securities Private Limited	Investment holding	Singapore	100	100	-	72,350	72,350
	90.	Reliable Credit Company Sendirian Berhad	Dissolved [Note 34.4(a)]	Malaysia	-	100	-	-	*
	91.	Select Executives Sendirian Berhad	Dissolved [Note 34.4(a)]	Malaysia	-	100	-	-	24
+	92.	Select Securities Limited	Investment holding	Hong Kong SAR, China	100	100	-	438	445
	93.	Seletar Properties Private Limited	Property development	Singapore	-	-	100	-	-
	94.	Singapore Building Corporation Limited	Investment holding and property rental	Singapore	100	100	-	19,384	19,384
	95.	Singapore Polyclinic Private Limited	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-
	96.	Specialists' Centre Private Limited	Investment holding and property rental	Singapore	-	-	100 100 ^(Pref)	100 100 ^(Pref)	-
	97.	Tat Lee Asset Management Limited	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-
	98.	Tat Lee Finance Nominees Pte Ltd	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-
	99.	Tat Lee Property Development Pte Ltd	Property investment and development	Singapore	100	100	-	13,648	13,648
	100.	Tat Lee Securities Holdings Ltd	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

			Principal Activities	Country/ Place of incorporation	Bank		Subsidiaries		Cost of Bank's Investment	
					2003 %	2002 %	2003 %	2002 %	2003 \$'000	2002 \$'000
@	101.	Tat Lee Securities Pte Ltd (In voluntary liquidation)	Dormant	Singapore	-	-	100	100	-	-
	102.	Tat Lee Thomson Development Pte. Ltd.	Property investment and development	Singapore	100	100	-	-	12,599	12,869
	103.	Tat Lee Warehousing Pte Ltd	Property investment	Singapore	-	-	100	100	-	-
@	104.	TL Nominees Pte Ltd (In voluntary liquidation)	Dormant	Singapore	100	100	-	-	667	667
@	105.	TL Provident Ltd (In voluntary liquidation)	Dormant	Singapore	100	100	-	-	13,600	13,600
	106.	TLB Bullion & Futures Pte Ltd	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-	-
	107.	TLB Management Services Pte. Ltd.	Dissolved [Note 34.4(a)]	Singapore	-	100	-	-	-	-
	108.	TLF Limited	Dissolved [Note 34.4(a)]	Singapore	-	-	-	100	-	-
	109.	Tanjong Rhu Properties Private Limited	Property development and rental	Singapore	- -	- -	100 100 ^(Pref)	100 100 ^(Pref)	- -	- -
	110.	The Ho Hong Steamship Company (1932) Limited	Dissolved [Note 34.4(a)]	Singapore	-	100	-	-	-	-
++	111.	Walden Malaysia Co II Ltd	Investment holding	British Virgin Islands	73	73	-	-	819	946
At 31 December									1,991,733	2,534,270

Notes:

* Amounts under \$500

Country/place of business in addition to the company's country/place of incorporation

The cost of investment in the subsidiary is included as part of the cost of investment in Keppel Capital Holdings Ltd

+ Audited by other member firms of the PwC Global Organisation

++ Not required to be audited by law in country of incorporation

@ Not required to be audited as these companies are in voluntary liquidation or to be dissolved

Pref Preference shares

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

34.2 Special purpose entities

The Group has consolidated the financial statements of a special purpose entity, Pioneer Funding Ltd ("PFL"). PFL was incorporated in Singapore in July 2001 as a special purpose company which issues notes and purchases designated assets and enters into agreements and other arrangements relating to the issuance of such notes and purchase of such assets. PFL is owned by a charitable trust.

The Bank was involved in the setting up of PFL and acts as an Arranger, Dealer and Manager to certain transactions carried out by PFL. Accordingly, the assets and liabilities of PFL have been included in the Group's consolidated financial statements in accordance with the Interpretation of Financial Reporting Standard ("INT FRS") 12: Consolidation - Special Purpose Entities. The assets and liabilities of PFL that have been included in the Group's consolidated financial statements are as follow:

GROUP	2003	2002
	\$'000	\$'000
Assets		
Cash	-	413
Investment securities	153,398	167,377
Other assets	831	307
Liabilities		
Secured notes issued	152,750	133,000
Bank borrowings	-	20,000
Other liabilities	729	15,097

34.3 Group restructuring

(a) On 2 January 2003, a Scheme of Arrangement and Amalgamation ("Scheme") pursuant to sections 210 and 212 of the Companies Act, Cap. 50, for the merger of the Bank's subsidiary companies, OCBC Bullion & Futures Limited ("OBFL") and OCBC Securities Private Limited ("OSPL"), was sanctioned by the High Court and became effective on that date. Under the Scheme, the following events took place:

- All business undertakings, assets and liabilities, except for certain excluded assets and liabilities, were transferred to OSPL at their respective book values as at 2 January 2003. The consideration pursuant to the Scheme was satisfied wholly by a cash payment of \$25,192,124 to OBFL.
- As part of the Scheme, the capital of OBFL was reduced from \$10,000,000 to \$500,000, by the cancellation of 9,500,000 ordinary shares of \$1 each, held by the Bank.
- OBFL ceased operations as a licensed future broker on 2 January 2003 and will remain inactive.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

34.3 Group restructuring (continued)

- (b) On 6 March 2003, pursuant to a sale and purchase agreement dated 30 August 2002, the Bank acquired the remaining 10 shares of Rp1000 each or 1% equity stake in PT Bank Keppel TatLee Buana ("PKTL") from PT Bank Buana Indonesia for a cash consideration of Rp1,239,035,460. On completion of the acquisition, PKTL became a wholly-owned subsidiary of the Bank.

On 6 March 2003, approval was obtained from the Ministry of Justice and Human Rights for the merger of the Bank's subsidiaries, PT Bank OCBC-NISP ("PTON") and PKTL. Pursuant to the merger, the following events took place:

- All business undertakings, assets and liabilities were transferred to PTON at their respective book values as at 17 March 2003 using the pooling of interest method of accounting. Total assets, liabilities and off-balance sheet items of PKTL as at 14 March 2003 amounting to Rp720,844.884 million, Rp606,518.293 million and Rp544,867.695 million were transferred to PTON as of that date.
 - Following the merger, PKTL was legally dissolved without liquidation and PTON changed its name to PT Bank OCBC Indonesia on 17 March 2003.
- (c) On 3 November 2003, a Scheme of Arrangement and Amalgamation ("Scheme") pursuant to sections 210 and 212 of the Companies Act, Cap. 50, for the merger of the Bank's finance subsidiary, OCBC Finance Limited ("OFL") and the Bank, was sanctioned by the High Court and became effective on that date. Under the Scheme, the following events took place:
- All business undertakings, assets and liabilities, except for certain excluded assets and liabilities, were transferred to the Bank at their respective book values as at 3 November 2003. Total assets, liabilities and off-balance sheet items of \$2,683,111,375, \$2,067,175,878 and \$335,458,166 were transferred to the Bank. The consideration pursuant to the Scheme was satisfied wholly by a cash payment of \$615,935,497 to OFL.
 - As part of the Scheme, the capital of OFL was reduced from \$136,685,843 to \$7,850,000, by the cancellation of 128,835,843 ordinary shares of \$1 each, held by the Bank and its wholly-owned subsidiary company, Eastern Realty Company Limited. Total consideration of \$319,512,891 or \$2.48 per ordinary share was returned to the shareholders for each share cancelled.
 - OFL ceased to operate as a licensed finance company on 3 November 2003 and will remain inactive, except for the holding of investments in properties and subsidiary companies. Following the Scheme, OFL changed its name to OCF Limited.

Following the integration of the finance business into the Bank under the Scheme, the goodwill relating to the finance business from the acquisition of Keppel Capital Holdings Limited at 16 August 2001 of \$312,610,222 was transferred to the Bank.

On 24 December 2003, Eastern Realty Company Limited, a wholly-owned subsidiary of the Bank, transferred 2,926,198 ordinary shares of \$1 each in OFL at a book value of \$3,765,534 to the Bank. Following the transfer, OFL became a wholly-owned subsidiary of the Bank.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

34. Subsidiary companies (continued)

34.4 Disposal and dissolution of subsidiary companies

- (a) During the financial year, the following companies (in voluntary liquidation) were dissolved and ceased to be subsidiary companies of the Group:

<u>Name of subsidiary company</u>	<u>Date of dissolution</u>
Tat Lee Securities Holdings Ltd	29 January 2003
TLB Management Services Pte. Ltd.	29 January 2003
Singapore Polyclinic Private Limited	1 February 2003
The Ho Hong Steamship Company (1932) Limited	9 March 2003
TLB Bullion & Futures Pte Ltd	16 March 2003
PT Bank Keppel TatLee Buana	17 March 2003
KTB Investments Ltd	2 July 2003
Tat Lee Asset Management Limited	2 July 2003
TLF Limited	2 July 2003
General & Commercial Holdings Private Limited	10 October 2003
Tat Lee Finance Nominees Limited	10 October 2003
OCBC Nominees (Malaysia) Sendirian Berhad	4 December 2003
Reliable Credit Company Sendirian Berhad	4 December 2003
Select Executives Sendirian Berhad	4 December 2003
Myanmar Capital Management Private Limited	12 December 2003
Asia Commercial Enterprise Pte Ltd	15 December 2003
KF Limited	15 December 2003
Keppel TatLee Nominees (HK) Limited	17 December 2003

- (b) On 24 March 2003, iPropertyNet Pte Ltd ("iProp"), a subsidiary of the Bank, disposed of its 100% stake in IP Technology Solutions Pte Ltd ("ITS") for a nominal cash consideration of \$1. The disposal is part of iProp's ongoing winding-up process. Following the disposal, ITS ceased to be a subsidiary of the Bank.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

35. Property, plant and equipment

GROUP	2003			2002		
	Property \$'000	Others \$'000	Total \$'000	Property \$'000	Others \$'000	Total \$'000
<u>Cost</u>						
At 1 January	1,704,501	555,424	2,259,925	1,707,534	519,717	2,227,251
Foreign currency translation adjustments	(1,809)	(1,128)	(2,937)	(18,637)	(6,778)	(25,415)
Additions, at cost	7,586	38,950	46,536	17,273	69,576	86,849
Disposals, at cost	(29,396)	(41,713)	(71,109)	(2,584)	(26,176)	(28,760)
Transfers	(163)	163	-	915	(915)	-
At 31 December	<u>1,680,719</u>	<u>551,696</u>	<u>2,232,415</u>	<u>1,704,501</u>	<u>555,424</u>	<u>2,259,925</u>
<u>Accumulated depreciation</u>						
At 1 January	(211,711)	(343,686)	(555,397)	(189,280)	(307,306)	(496,586)
Foreign currency translation adjustments	214	987	1,201	820	4,496	5,316
Disposals	8,744	28,446	37,190	659	18,967	19,626
Depreciation charge (Note 8)	(25,056)	(76,613)	(101,669)	(23,219)	(60,534)	(83,753)
Transfers	127	(127)	-	(691)	691	-
At 31 December	<u>(227,682)</u>	<u>(390,993)</u>	<u>(618,675)</u>	<u>(211,711)</u>	<u>(343,686)</u>	<u>(555,397)</u>
<u>Provision for diminution in value</u>						
At 1 January	(132,882)	-	(132,882)	(49,403)	-	(49,403)
Foreign currency translation adjustments	(7)	-	(7)	303	-	303
Amount written off	2,939	-	2,939	-	-	-
Provisions charged to income statements	(49,054)	-	(49,054)	(83,782)	-	(83,782)
At 31 December (Note 32)	<u>(179,004)</u>	<u>-</u>	<u>(179,004)</u>	<u>(132,882)</u>	<u>-</u>	<u>(132,882)</u>
Net book value, at 31 December	<u>1,274,033</u>	<u>160,703</u>	<u>1,434,736</u>	<u>1,359,908</u>	<u>211,738</u>	<u>1,571,646</u>
<u>Net book value</u>						
Freehold property	413,232			455,298		
Leasehold property	<u>860,801</u>			<u>904,610</u>		
	<u>1,274,033</u>			<u>1,359,908</u>		
Current valuation of property	<u>2,663,641</u>			<u>2,901,444</u>		

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

35. Property, plant and equipment (continued)

	2003			2002		
	Property \$'000	Others \$'000	Total \$'000	Property \$'000	Others \$'000	Total \$'000
BANK						
<u>Cost</u>						
At 1 January	839,412	304,455	1,143,867	149,635	233,191	382,826
Foreign currency translation adjustments	167	795	962	(1,252)	(519)	(1,771)
Additions, at cost	7,134	30,281	37,415	1,572	45,457	47,029
Disposals, at cost	(4,670)	(32,906)	(37,576)	(770)	(8,467)	(9,237)
Arising from scheme/ merger with subsidiaries	3,968	427	4,395	690,227	34,793	725,020
At 31 December	846,011	303,052	1,149,063	839,412	304,455	1,143,867
<u>Accumulated depreciation</u>						
At 1 January	(54,189)	(164,309)	(218,498)	(20,096)	(132,077)	(152,173)
Foreign currency translation adjustments	51	(694)	(643)	234	584	818
Disposals	-	21,579	21,579	201	7,038	7,239
Depreciation charge	(12,268)	(47,792)	(60,060)	(10,435)	(32,234)	(42,669)
Arising from scheme/ merger with subsidiaries	(1,014)	(351)	(1,365)	(24,093)	(7,620)	(31,713)
At 31 December	(67,420)	(191,567)	(258,987)	(54,189)	(164,309)	(218,498)
<u>Provision for diminution in value</u>						
At 1 January	(102,316)	-	(102,316)	(4,773)	-	(4,773)
Foreign currency translation adjustments	(106)	-	(106)	68	-	68
Provisions charged to income statements	(38,914)	-	(38,914)	(59,873)	-	(59,873)
Arising from scheme/ merger with subsidiaries	(301)	-	(301)	(37,738)	-	(37,738)
At 31 December (Note 32)	(141,637)	-	(141,637)	(102,316)	-	(102,316)
Net book value, at 31 December	636,954	111,485	748,439	682,907	140,146	823,053
<u>Net book value</u>						
Freehold property	107,129			108,058		
Leasehold property	529,825			574,849		
	636,954			682,907		
Current valuation of property	964,046			1,077,910		

As at 31 December 2003, included in property are investment property with net book value of \$928.5 million (31 December 2002: \$890.8 million) and \$390.3 million (31 December 2002: \$348.3 million) for the Group and Bank respectively. Based on valuations carried out by independent professional valuers, the estimated market values of these investment property as at 31 December 2003 were \$1,725.6 million (31 December 2002: \$1,811.7 million) and \$602.8 million (31 December 2002: \$596.3 million) for the Group and Bank respectively. The excess of the market value over the net book value of property was not recognised in the financial statements.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

36. Goodwill

	GROUP		BANK	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
<u>Cost</u>				
At 1 January	2,377,164	2,376,009	1,855,392	-
Arising from Scheme with OFL [Note 34.3(c)]	-	-	312,610	-
Arising from merger with a subsidiary	-	-	-	1,855,392
Acquisition of additional interests in subsidiaries	15	1,155	-	-
At 31 December	2,377,179	2,377,164	2,168,002	1,855,392
<u>Accumulated amortisation</u>				
At 1 January	(178,481)	(51,486)	(80,255)	-
Amortisation charged to income statements	(126,644)	(126,995)	(99,592)	(80,255)
At 31 December	(305,125)	(178,481)	(179,847)	(80,255)
Net book value, at 31 December	2,072,054	2,198,683	1,988,155	1,775,137

The goodwill related to the finance business in the acquisition of Keppel Capital Holdings Limited ("KCH") on 16 August 2001 was transferred from the cost of investment in KCH to the goodwill account upon integration of the finance business into the Bank under a Scheme of Arrangement and Amalgamation sanctioned by the High Court and effective on 3 November 2003.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

37. Segmental information

37.1 Business segments

\$ million	Consumer Banking	Business Banking	Global Treasury	Others	Group
Financial year ended 31 December 2003					
Segment income before operating expenses	832	903	238	308	2,281
Elimination					(88)
Income before operating expenses					2,193
Profit before tax and goodwill amortisation	310	599	183	22	1,114
Less: Tax	(65)	(117)	(45)	16	(211)
Net profit before goodwill amortisation	245	482	138	38	903
Less: Goodwill amortisation					(127)
Profit after tax					776
Add: Share of profits of associated companies (net of tax)					180
Less: Minority interests					(2)
Profit attributable to shareholders					954
31 December 2003					
Segment assets	25,781	35,236	17,888	5,546	84,451
Associated companies' assets					1,042
Unallocated assets					2,124
Elimination					(3,120)
Total assets					84,497
Segment liabilities	30,346	28,552	13,292	4,945	77,135
Unallocated liabilities					404
Elimination					(3,120)
Total liabilities					74,419
Other information					
Loans	24,400	28,033	-	156	52,589
Investment securities:					
- Debt	6	5,460	500	179	6,145
- Equity	6	28	-	409	443
	12	5,488	500	588	6,588
NPLs and debt securities:					
- Substandard	543	2,053	-	-	2,596
- Doubtful	168	637	-	-	805
- Loss	171	262	-	-	433
	882	2,952	-	-	3,834
Specific provision	(274)	(1,078)	-	-	(1,352)
	608	1,874	-	-	2,482
Financial year ended 31 December 2003					
Capital expenditure	12	3	-	32	47
Depreciation of property, plant and equipment	12	9	1	59	81
Amortisation of software	5	1	-	14	20

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

37. Segmental information (continued)

37.1 Business segments (continued)

\$ million	Consumer Banking	Business Banking	Global Treasury	Others	Group
Financial year ended 31 December 2002					
Segment income before operating expenses	872	950	273	187	2,282
Elimination					(60)
Income before operating expenses					2,222
Profit before tax and goodwill amortisation	430	380	235	(173)	872
Less: Tax	(99)	(97)	(37)	33	(200)
Net profit before goodwill amortisation	331	283	198	(140)	672
Less: Goodwill amortisation					(127)
Profit after tax					545
Add: Share of profits of associated companies (net of tax)					124
Less: Minority interests					(2)
Profit attributable to shareholders					667
31 December 2002					
Segment assets	22,756	35,969	19,311	5,054	83,090
Associated companies' assets					896
Unallocated assets					2,269
Elimination					(2,204)
Total assets					84,051
Segment liabilities	30,892	27,258	11,240	7,167	76,557
Unallocated liabilities					455
Elimination					(2,204)
Total liabilities					74,808
Other information					
Loans	21,342	28,413	1	128	49,884
Investment securities:					
– Debt	-	4,949	-	190	5,139
– Equity	6	28	-	520	554
	6	4,977	-	710	5,693
NPLs and debt securities:					
– Substandard	623	2,330	-	-	2,953
– Doubtful	153	783	-	-	936
– Loss	100	367	-	-	467
	876	3,480	-	-	4,356
Specific provision	(260)	(1,187)	-	-	(1,447)
	616	2,293	-	-	2,909
Financial year ended 31 December 2002					
Capital expenditure	15	3	2	67	87
Depreciation of property, plant and equipment	14	4	1	54	73
Amortisation of software	4	1	-	5	10

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

37. Segmental information (continued)

37.1 Business segments (continued)

OCBC Group is organised along four groupings covering customers, products, support functions and geography. Customer, product and support function heads have global responsibility for their respective areas, while geographic heads have stewardship responsibility.

For the purpose of financial reporting of business segment results, the Group's businesses are presented under four main segments representing the key customer and product groups: Consumer Banking, Business Banking, Global Treasury and Others.

Consumer Banking

- Consumer Banking comprises the full range of products and services offered to individuals, including savings and fixed deposits, checking accounts, consumer loans such as housing loans and other personal loans, unit trusts, bancassurance products and credit cards.

Business Banking

- Business Banking provides a full range of financial services to business customers, ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, and fee-based services such as cash management, capital markets, corporate finance, trustee and custodian services.

Global Treasury

- Global Treasury engages and assists customers in foreign exchange activities, financial futures trading and money market operations, as well as customer-driven derivatives business.

Others

- The "Others" segment include asset management, property development and investment holding, support units, other investments and unallocated items including one-time divestment gains and provisions for diminution in value of investments and other assets.

The business segment information is prepared based on internal management reports, which are used by senior management for decision-making and performance management.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES**NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 31 December 2003***37. Segmental information (continued)****37.1 Business segments (continued)**

The following management reporting methodologies are adopted:

- (a) revenues and expenses are attributable to each segment based on the internal management reporting policies,
- (b) in determining the segment results, balance sheet items are internally transfer priced, and
- (c) transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability.

There are no material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet and excluding items such as corporate tax and borrowings.

Capital expenditure comprises additions to property, plant and equipment.

37.2 Geographical segments

\$ million	Income before operating expenses	Profit before tax	Capital expenditure	Total assets	Total liabilities
2003					
Singapore	1,706	983	43	65,267	58,723
Malaysia	332	150	4	11,579	8,921
Other ASEAN	18	12	-	347	160
Greater China	70	35	-	2,954	2,733
Other Asia Pacific	30	16	-	1,775	1,227
North America	19	14	-	961	777
Rest of the World	18	12	-	1,614	1,878
	2,193	1,222	47	84,497	74,419
2002					
Singapore	1,710	692	72	66,552	60,119
Malaysia	332	103	13	10,016	8,316
Other ASEAN	21	2	2	353	173
Greater China	101	71	-	3,035	2,703
Other Asia Pacific	25	16	-	1,476	966
North America	16	11	-	817	707
Rest of the World	17	11	-	1,802	1,824
	2,222	906	87	84,051	74,808

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

37. Segmental information (continued)

37.2 Geographical segments (continued)

The Group's operations are in six main geographical areas:

- (a) Singapore, the home country of the Bank where the primary business segments are located.
- (b) Malaysia, mainly comprise the operations of the Group's banking subsidiary, OCBC Bank (Malaysia) Berhad.
- (c) Other ASEAN, include business activities of branches and subsidiaries in Indonesia, the Philippines, Thailand and Vietnam.
- (d) Greater China, include business activities of branches and subsidiaries in Hong Kong, China and Taiwan.
- (e) Other Asia Pacific, includes business activities of branches and subsidiaries in Australia, Japan, Korea and India.
- (f) North America, comprise branch operations in United States.
- (g) Rest of the World, comprise mainly branch operations in United Kingdom.

With the exception of Singapore and Malaysia, no other individual country contributed more than 10% of consolidated income before operating expenses and total assets.

The geographical information is prepared based on the country in which the transactions are booked. It would not be materially different if it is based on the country in which the counterparty or assets are located.

Income before operating expenses, profit before tax, total assets and total liabilities are stated after elimination of intra-group transactions and balances.

38. Risk management information

38.1 Strategy in using financial instruments

Managing risks is central to the Group's business strategy. The Group's activities involve the extensive use of financial instruments including derivatives, which expose the Group to the risk of loss due to change in the values of these financial instruments.

The Group adopts a comprehensive approach to risk management that seeks to manage its risk profile within pre-defined limits, limit earnings volatility and to protect the Group against severe losses from unlikely but plausible stress events. Various risk management committees have been set up to manage specific areas of risks as outlined in the sections below.

38.2 Credit risk management

Credit risk is the risk of loss due to borrower or counterparty default on payment. Such risk arises from lending, underwriting, trading and other activities undertaken by the Group. The Credit Risk Management Committee ("CRMC") is the principal senior management committee that supports the Chief Executive Officer ("CEO") and the Board in general credit risk management oversight. The CRMC reviews and recommends credit risk policies for the approval by the CEO or the Board. It is also responsible for ensuring that sound credit risk methodologies and effective credit risk management processes are established and adhered to.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.2 Credit risk management (continued)

The CRMC includes representatives from major business units, where credit risk is generated, as well as independent credit risk controlling units. This joint effort in setting risk policy seeks to ensure understanding of, and commitment to, the credit risk management process.

The CRMC is supported by the Credit Risk Management ("CRM") departments within Group Risk Management Division. Dedicated CRM units perform the roles of developing risk policies, guidelines and procedures and putting in place the monitoring, reporting and control systems.

New Product Approval

A New Product Approving Committee ("NPAC") has been formed in 2003 to review and approve all new products including credit programmes. The NPAC consists of senior representatives from the Bank's business, support and risk management units. The representation of key stakeholders in the membership of the NPAC is to ensure objectivity and independence in, and to inject functional expertise into, the decision-making process. The NPAC is also reviewing existing programmes on a regular basis.

Country risk

A framework for managing country risk is in place, covering the assessment and rating of countries, country review frequency, as well as the maximum cross-border transfer risk limit that can be granted to any one country based on its risk rating. Cross-border transfer risk covers all cross-border transactions including onshore non-local currency transactions. Limits are allocated into maturity time bands and vary according to the risks rating of the country concerned and the political and economic outlook.

Credit concentration

Limits are set on specific customer or industry segments to avoid over-concentration of credit risks. Prudent limits have also been placed on exposures to single customer groups.

Problem loans

(a) Loan classification

The Group classifies its loans in accordance with MAS Notice 612 and internal loan classification policies. Performing loans are categorised as 'Passed' or 'Special Mention', while non-performing loans are categorised as 'Substandard', 'Doubtful' or 'Loss' based on the following guidelines:

- Passed – Interest and principal payments are fully up-to-date, and orderly repayment and/or timely settlement in the future is without doubt.
- Special Mention – Currently protected but potentially weak. Borrower exhibits some deteriorating trends which, if not addressed or corrected, could jeopardise the timely repayment of interest and principal.
- Substandard – Timely repayment and/or settlement is at risk. Well-defined weakness is evident.
- Doubtful – Full repayment and/or settlement is improbable.
- Loss – The outstanding debt is regarded as uncollectable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.2 Credit risk management (continued)

Problem loans (continued)

(b) Restructured loans

A restructured loan refers to one where the original contractual terms and conditions have been modified upon mutual agreement between the Group and the borrower. Where a loan is restructured because a borrower is facing severe financial difficulties and where it is probable that the account will have to be downgraded to non-performing status without the restructuring, the restructured loan will be classified as NPL. Once classified as an NPL, a restructured loan can only be upgraded after a reasonable period (typically six months) of sustained performance under the restructured terms.

(c) Provisioning policies

Provision for estimated loan losses in the loan book is made up of two parts which are a specific provision against each NPL and a general provision that cannot be specifically applied and reflects the potential risk embodied in the loan portfolio. In determining the level of general provision, reference is made to country conditions, the composition of the portfolio and industry practices.

The specific provision against each NPL is based on the individual circumstances of each account after considering:

- The underlying business and financial viability of the borrower
- The cash flow sources of the borrower
- The quality and realisable value of the collateral and guarantee supporting the loan
- The existence of a valid and enforceable legal right of recourse against the borrower

(d) Write-offs

Write-offs of debts are made when recovery action has been instituted and the loss can be reasonably determined. For unsecured consumer loan programmes, the general policy is to write-off overdue debts after 180 days after the first default.

(e) Interest accrual on non-performing loans

Interest accrual on non-performing loans is not recognised as income in the income statement until received. It is reported as interest-in-suspense and is netted against interest receivable under other assets (Note 31) for all loans except for overdrafts where interest is capitalised due to the nature of the product.

(f) Value and nature of collateral held against NPLs

The major type of collateral backing for the Group's NPLs is real estate in Singapore. The realisable value of the real estate collateral is used to evaluate the adequacy of the collateral coverage. Proceeds from sale of collateral pledged for a particular loan cannot be applied to other classified loans unless the accounts are related and cross-collateralisation of the facilities is contractually provided for.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.2 Credit risk management (continued)

Credit risk information

Credit risk-related information is set out in the following notes:

- Note 26 Loans to and bills receivable from customers
- Note 27 Non-performing loans and debt securities
- Note 28 Specific provision for loan losses and interest-in-suspense
- Note 30 Investment securities
- Note 37 Segmental information
- Note 39 Country risk

38.3 Market risk management

Market risk refers to the risk arising from uncertainty in the future values of financial instruments, resulting from movements in factors such as interest rates, foreign exchange rates, and equity prices. The Group's primary exposure to market risk is associated with the maturity and re-pricing mismatches of assets and liabilities arising from its core banking business. Trading activities, involving both derivative and non-derivative instruments, are used to complement the banking business. To manage the market risk from its trading activities, a framework of market risk policies and operational limits is in place. A Value-at-Risk (VaR) methodology is adopted to quantify the risk arising from the trading activities. VaR measures the potential losses that could arise from adverse movements in interest rates, foreign exchange rates, equity prices and volatility that could affect the value of the financial instruments over a specific period. In addition to VaR limits, factor sensitivity measures, such as present value per basis point and Greeks, are used as risk monitoring mechanism on a daily basis. To manage abnormal market behaviour, stress tests and scenario analyses are used to quantify the market risk arising from low probability, abnormal market movements.

The Market Risk Management Committee ("MRMC") is the principal senior management group that supports the Board and Chief Executive Officer in managing market risk. The committee comprises senior managers from both the business and support units.

38.4 Operational risk management

Operational risk is the potential risk arising from a breakdown in internal processes and systems, deficiencies in people and management, or operational failure arising from external events. The objective of managing operational risk is to minimise unexpected and catastrophic losses and manage expected losses. This enables new business opportunities to be pursued in a risk controlled manner.

The Bank has an overall framework with the required environment and organisational components for managing operational risk in a structured, systematic and consistent manner.

A comprehensive strategy has been formulated to provide a group-wide integrated solution encompassing the roll-out of qualitative and quantitative tools and methodologies which will position the Group to qualify for the more proactive risk management approaches recommended by the Basel Committee.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability management

Asset and liability management involves managing funding liquidity, interest rate and foreign exchange rate risks arising from the core banking business. The Group's policy is to manage the earnings volatility arising from the effects of movements in interest rates and foreign exchange rates which are inherent in the Group's non-trading activities, while maintaining a prudent level of liquidity to meet financial obligations at all times. A senior management forum, the Asset and Liability Management Committee ("ALCO"), reviews these risks on a monthly basis.

Interest rate risk

The Group's main market risk is the interest rate risks arising from the maturity and re-pricing mismatches of its assets and liabilities from its banking business. The Group's lending activities are funded largely by demand, savings and fixed deposits, resulting in natural mismatch positions. A system is in place to manage the interest rate mismatches arising from these activities. The mismatches are monitored against defined sensitivity limits and net interest income changes.

The table below summarises the Group's exposure to interest rate re-pricing risks. Included in the tables are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

31 December 2003 \$ million	Less than 7 days	1 week to 1 month	Over 1 month to 3 months	Over 3 months to 12 months	Over 1 year to 3 years	Over 3 years	Non- interest sensitive	Total
Assets								
Cash and placement with central banks	824	941	314	432	-	-	1,525	4,036
Singapore government treasury bills and securities	159	784	1,828	1,486	564	1,330	-	6,151
Other government treasury bills and securities	96	-	84	310	314	251	-	1,055
Dealing securities	87	-	-	16	24	93	15	235
Placement with and loans to banks	2,078	1,955	3,491	2,046	60	-	20	9,650
Loans to customers ⁽¹⁾	13,806	10,337	6,690	9,080	8,454	2,964	(1,176)	50,155
Investment securities	70	500	1,401	453	1,818	1,817	236	6,295
Deferred tax	-	-	-	-	-	-	54	54
Other assets	-	-	-	-	-	-	2,182	2,182
Associated companies	-	9	-	-	-	-	1,168	1,177
Property, plant and equipment	-	-	-	-	-	-	1,435	1,435
Goodwill	-	-	-	-	-	-	2,072	2,072
Total assets	17,120	14,526	13,808	13,823	11,234	6,455	7,531	84,497
Liabilities								
Deposits of non-bank customers	21,339	14,306	5,796	7,704	601	312	3,402	53,460
Deposits and balances of banks	3,897	3,434	3,638	1,496	16	-	-	12,481
Deposits of associated companies	419	406	197	220	85	-	131	1,458
Bills payable	-	-	-	-	-	-	185	185
Current tax	-	-	-	-	-	-	327	327
Deferred tax	-	-	-	-	-	-	76	76
Other liabilities	-	-	-	-	-	-	2,421	2,421
Debt securities	-	33	120	-	-	3,857	-	4,010
Total liabilities	25,655	18,179	9,751	9,420	702	4,169	6,542	74,418
Minority interests	-	-	-	-	-	-	20	20
Equity	-	-	-	-	-	-	10,059	10,059
Total liabilities and equity	25,655	18,179	9,751	9,420	702	4,169	16,621	84,497
On-balance sheet								
interest sensitivity gap	(8,535)	(3,653)	4,057	4,403	10,532	2,286	(9,090)	-
Off-balance sheet								
interest sensitivity gap	355	(519)	3,664	(848)	(3,970)	1,318	-	-
Net interest sensitivity gap	(8,180)	(4,172)	7,721	3,555	6,562	3,604	(9,090)	-

⁽¹⁾ The negative balance represents mainly general provisions for possible loan losses.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability management (continued)

Interest rate risk (continued)

31 December 2002 \$ million	Less than 7 days	1 week to 1 month	Over 1 month to 3 months	Over 3 months to 12 months	Over 1 year to 3 years	Over 3 years	Non- interest sensitive	Total
Assets								
Cash and placement with central banks	278	673	131	7	-	-	1,769	2,858
Singapore government treasury bills and securities	109	677	1,914	516	1,654	1,097	-	5,967
Other government treasury bills and securities	108	29	59	150	504	134	-	984
Dealing securities	12	-	-	5	4	139	13	173
Placement with and loans to banks	2,126	3,185	4,087	5,018	38	2	3	14,459
Loans to customers ⁽¹⁾	12,839	10,138	7,038	6,876	8,515	3,172	(1,211)	47,367
Investment securities	84	362	1,133	560	1,112	1,632	427	5,310
Deferred tax	-	-	-	-	-	-	70	70
Other assets	-	-	-	-	-	-	2,045	2,045
Associated companies	-	-	-	-	-	-	1,047	1,047
Property, plant and equipment	-	-	-	-	-	-	1,572	1,572
Goodwill	-	-	-	-	-	-	2,199	2,199
Total assets	15,556	15,064	14,362	13,132	11,827	6,176	7,934	84,051
Liabilities								
Deposits of non-bank customers	19,630	13,733	7,480	8,737	689	436	3,243	53,948
Deposits and balances of banks	2,863	4,592	4,429	712	25	-	-	12,621
Deposits of associated companies	118	665	250	273	14	-	134	1,454
Bills payable	-	-	-	-	-	-	177	177
Current tax	-	-	-	-	-	-	322	322
Deferred tax	-	-	-	-	-	-	133	133
Other liabilities	-	-	-	-	-	-	2,141	2,141
Debt securities	-	31	102	-	-	3,879	-	4,012
Total liabilities	22,611	19,021	12,261	9,722	728	4,315	6,150	74,808
Minority interests	-	-	-	-	-	-	19	19
Equity	-	-	-	-	-	-	9,224	9,224
Total liabilities and equity	22,611	19,021	12,261	9,722	728	4,315	15,393	84,051
On-balance sheet interest sensitivity gap	(7,055)	(3,957)	2,101	3,410	11,099	1,861	(7,459)	-
Off-balance sheet interest sensitivity gap	81	103	(1,398)	856	(1,053)	1,411	-	-
Net interest sensitivity gap	(6,974)	(3,854)	703	4,266	10,046	3,272	(7,459)	-

⁽¹⁾ The negative balance represents general provisions for possible loan losses.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability management (continued)

Interest rate risk (continued)

The table below summarises the effective average interest rate by major currencies for financial assets and liabilities:

31 December 2003	SGD	USD	MYR
	%	%	%
Assets			
Placement with central banks	0.77	0.01	2.87
Placement with and loans to banks	0.71	1.27	2.96
Loans to customers	3.23	2.14	5.78
Securities and other interest-earning assets	1.52	4.04	3.76
Liabilities			
Deposits and balances of banks	0.60	1.17	2.89
Deposits and other accounts of non-bank customers	0.55	0.80	2.85
Debt securities	2.68	-	-
31 December 2002	SGD	USD	MYR
	%	%	%
Assets			
Placement with central banks	-	0.63	2.91
Placement with and loans to banks	0.84	1.91	2.56
Loans to customers	4.17	2.61	6.78
Securities and other interest-earning assets	2.86	4.22	3.76
Liabilities			
Deposits and balances of banks	0.79	1.58	2.07
Deposits and other accounts of non-bank customers	0.72	1.14	3.04
Debt securities	2.94	-	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability risk management (continued)

Liquidity risk

The Group's policy of liquidity management is to ensure that there are sufficient funds to meet the Group's financial obligations as they become due.

Liquidity risk is managed through a combination of static financial ratios, cash flow projections and stress tests. Static ratios monitor and ensure adequate diversification in the Group's funding sources. This restricts the dependency on particular sources of funds and exposure to any particular group of lenders. Projections for each of the next 30 days are closely monitored based on the contractual and actuarial patterns of the cash flow. The movements are analysed under both a business-as-usual and stressed scenarios and monitored against a set of cumulative maximum outflow limits. Stress tests assumptions are applied to ensure that the Group has the ability to withstand sudden and heavy cash outflows.

The table below analyses assets and liabilities of the Group into maturity time bands based on the remaining time to contractual maturity as at balance sheet date.

31 December 2003 \$ million	Less than 7 days	1 week to 1 month	Over 1 month to 3 months	Over 3 months to 12 months	Over 1 year to 3 years	Over 3 years	Total
Assets							
Cash and placement with central banks	2,088	941	314	432	-	261	4,036
Singapore government treasury bills and securities	159	784	1,828	1,486	564	1,330	6,151
Other government treasury bills and securities	96	-	84	310	314	251	1,055
Dealing securities	102	-	-	16	24	93	235
Placement with and loans to banks	2,095	1,941	3,386	2,077	151	-	9,650
Loans to customers	7,015	3,037	3,128	5,245	9,686	22,044	50,155
Investment securities	12	20	432	514	2,897	2,420	6,295
Deferred tax	-	-	-	-	54	-	54
Other assets	1,463	518	51	125	22	3	2,182
Associated companies	-	9	-	-	-	1,168	1,177
Property, plant and equipment	-	-	-	-	-	1,435	1,435
Goodwill	-	-	-	-	-	2,072	2,072
Total assets	13,030	7,250	9,223	10,205	13,712	31,077	84,497
Liabilities							
Deposits of non-bank customers	24,591	14,460	5,793	7,590	601	425	53,460
Deposits and balances of banks	3,900	3,438	3,627	1,500	16	-	12,481
Deposits of associated companies	550	406	197	220	85	-	1,458
Bills payable	123	62	-	-	-	-	185
Current tax	1	4	-	320	2	-	327
Deferred tax	-	-	-	-	76	-	76
Other liabilities	1,592	550	36	127	110	6	2,421
Debt securities	-	33	120	-	-	3,857	4,010
Total liabilities	30,757	18,953	9,773	9,757	890	4,288	74,418
Minority interests	-	-	-	-	-	20	20
Equity	-	-	-	-	-	10,059	10,059
Total liabilities and equity	30,757	18,953	9,773	9,757	890	14,367	84,497
Net liquidity gap	(17,727)	(11,703)	(550)	448	12,822	16,710	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability management (continued)

Liquidity risk (continued)

31 December 2002 \$ million	Less than 7 days	1 week to 1 month	Over 1 month to 3 months	Over 3 months to 12 months	Over 1 year to 3 years	Over 3 years	Total
Assets							
Cash and placement with central banks	1,814	673	131	7	-	233	2,858
Singapore government treasury bills and securities	109	677	1,914	516	1,654	1,097	5,967
Other government treasury bills and securities	108	29	59	150	504	134	984
Dealing securities	25	-	-	5	4	139	173
Placement with and loans to banks	2,130	3,108	4,006	4,819	355	41	14,459
Loans to customers	7,982	3,630	3,077	5,026	8,206	19,446	47,367
Investment securities	-	18	75	573	2,515	2,129	5,310
Deferred tax	-	-	-	-	70	-	70
Other assets	1,344	487	54	52	108	-	2,045
Associated companies	-	-	1	-	-	1,046	1,047
Property, plant and equipment	-	-	-	-	-	1,572	1,572
Goodwill	-	-	-	-	-	2,199	2,199
Total assets	13,512	8,622	9,317	11,148	13,416	28,036	84,051
Liabilities							
Deposits of non-bank customers	22,872	13,734	7,478	8,739	689	436	53,948
Deposits and balances of banks	2,843	4,592	4,302	859	25	-	12,621
Deposits of associated companies	252	665	250	273	14	-	1,454
Bills payable	131	46	-	-	-	-	177
Current tax	2	2	13	305	-	-	322
Deferred tax	-	-	-	-	133	-	133
Other liabilities	1,293	662	78	99	7	2	2,141
Debt securities	-	31	102	-	-	3,879	4,012
Total liabilities	27,393	19,732	12,223	10,275	868	4,317	74,808
Minority interests	-	-	-	-	-	19	19
Equity	-	-	-	-	-	9,224	9,224
Total liabilities and equity	27,393	19,732	12,223	10,275	868	13,560	84,051
Net liquidity gap	(13,881)	(11,110)	(2,906)	873	12,548	14,476	-

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability management (continued)

Currency risk

The banking activities of providing financial products and services to corporate and retail customers expose the Group to foreign exchange risk. Foreign exchange risk is centrally managed by Group Treasury against delegated limits. The Group's policy is to ensure, where appropriate and practical, that its capital is protected from foreign exchange exposures. Hedging against foreign exchange exposures is to protect the real economic value, rather than to avoid the short-term accounting impact.

The table below analyses the net foreign exchange positions of the Group by major currencies, which are mainly in the Singapore dollar, the US dollar and the Malaysian ringgit. The "Others" foreign exchange risks include mainly exposure to the Australian dollar, the Euro, the Japanese yen, the Sterling pound and the Hong Kong dollar.

31 December 2003 \$ million	SGD	USD	MYR	Others	Total
Assets					
Cash and placement with central banks	2,445	8	1,321	262	4,036
Singapore government treasury bills and securities	6,151	-	-	-	6,151
Other government treasury bills and securities	-	86	851	118	1,055
Dealing securities	85	61	89	-	235
Placement with and loans to banks	2,358	3,724	668	2,900	9,650
Loans to customers	32,851	7,257	5,869	4,178	50,155
Investment securities	1,852	2,729	787	927	6,295
Deferred tax	5	-	49	-	54
Other assets	1,625	422	54	81	2,182
Associated companies	1,063	-	114	-	1,177
Property, plant and equipment	1,210	-	83	142	1,435
Goodwill	2,072	-	-	-	2,072
Total assets	51,717	14,287	9,885	8,608	84,497
Liabilities					
Deposits of non-bank customers	33,983	7,441	7,496	4,540	53,460
Deposits and balances of banks	2,847	6,692	293	2,649	12,481
Deposits of associated companies	776	32	567	83	1,458
Bills payable	97	5	82	1	185
Current tax	313	1	9	4	327
Deferred tax	76	-	-	-	76
Other liabilities	1,277	908	98	138	2,421
Debt securities	4,010	-	-	-	4,010
Total liabilities	43,379	15,079	8,545	7,415	74,418
On-balance sheet open position	8,338	(792)	1,340	1,193	10,079
Off-balance sheet open position	(158)	948	(441)	(349)	-
Net open position	8,180	156	899	844	10,079
Of which:					
Net investments in overseas operations	-	129	905	823	1,857

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.5 Asset and liability management (continued)

Currency risk (continued)

31 December 2002					
\$ million	SGD	USD	MYR	Others	Total
Assets					
Cash and placement with central banks	1,485	9	1,239	125	2,858
Singapore government treasury bills and securities	5,967	-	-	-	5,967
Other government treasury bills and securities	-	36	853	95	984
Dealing securities	150	11	12	-	173
Placement with and loans to banks	3,318	7,974	248	2,919	14,459
Loans to customers	30,664	6,978	5,628	4,097	47,367
Investment securities	1,692	2,439	606	573	5,310
Deferred tax	23	-	47	-	70
Other assets	1,562	348	63	72	2,045
Associated companies	939	-	108	-	1,047
Property, plant and equipment	1,349	-	95	128	1,572
Goodwill	2,199	-	-	-	2,199
Total assets	49,348	17,795	8,899	8,009	84,051
Liabilities					
Deposits of non-bank customers	34,159	8,167	7,138	4,484	53,948
Deposits and balances of banks	5,042	6,149	85	1,345	12,621
Deposits of associated companies	982	27	413	32	1,454
Bills payable	110	6	61	-	177
Current tax	300	1	18	3	322
Deferred tax	133	-	-	-	133
Other liabilities	1,529	437	83	92	2,141
Debt securities	4,012	-	-	-	4,012
Total liabilities	46,267	14,787	7,798	5,956	74,808
On-balance sheet open position	3,081	3,008	1,101	2,053	9,243
Off-balance sheet open position	4,327	(2,831)	(61)	(1,435)	-
Net open position	7,408	177	1,040	618	9,243
Of which:					
Net investments in overseas operations	-	131	1,044	614	1,789

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.6 Fair values of financial assets and liabilities

Financial instruments comprise financial assets, financial liabilities and also off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. The information presented herein represents estimates of fair values as at the balance sheet date.

Quoted and observable market prices, where available, are used as the measure of fair values. However, for a significant portion of the Group's financial instruments, including loans and advances to customers, where such market prices are not available, various methodologies are used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's financial instruments, including loans and advances to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amounts that the Group could realise in a sales transaction at the balance sheet date. The fair value information presented herein should also in no way be construed as representative of the underlying value of the Group as a going concern.

Fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of Financial Reporting Standard 32 ("FRS 32") which requires fair value information to be disclosed. These include property, plant and equipment, intangibles such as long-term relationships with depositors and insurance contracts.

Except for loans to and bills receivable from customers, the following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Group's balance sheet at their fair values. In respect of loans to and bills receivable from customers, the Group has computed the fair values taking into account the relevant market interest rates and credit spread and noted that the total fair value is not materially different from the total carrying amount at year end.

\$ million	2003		2002	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Assets for which fair value approximates carrying value	15,868	15,868	19,460	19,460
Dealing securities	235	238	173	173
Government securities	7,206	7,223	6,951	7,076
Investment securities	6,295	6,911	5,310	5,814
Financial liabilities				
Liabilities for which fair value approximates carrying value	35,668	35,668	33,934	33,934
Non-bank customer term deposits	34,273	34,272	36,176	36,380
Debt securities issued and other borrowed funds	4,402	5,032	4,565	5,026

Note:

The fair value is determined without deducting the transaction costs that would be incurred to exchange or settle the underlying financial instrument. The costs are expected to be insignificant and will not have any material impact on the fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

38. Risk management information (continued)

38.6 Fair values of financial assets and liabilities (continued)

The fair values are based on the following methodologies and assumptions:

Assets for which fair value approximates carrying value

Fair value of certain financial assets carried at cost, including cash and placements with central banks, placements with and loans to banks, interest and other short term receivables are expected to approximate their carrying value due to their short tenor.

Loans and advances to non-bank customers

The carrying value of loans and advances is the principal outstanding net of specific and other provisions for impairment. Fair value of loans and advances are computed after taking into account the relevant market interest rates and credit spread by product types as at balance sheet date.

Securities

Fair value of securities that are actively traded is determined by quoted bid prices. For non-actively traded securities, independent broker quotations are obtained. Fair value of equity securities are estimated using a number of methods, including earnings multiples and discounted cash flow analysis. These securities may be subjected to restrictions, for example, consent of other investors that, may limit the Group's ability to realise the estimated fair value. Accordingly, current estimates of fair value and the ultimate realisation of these instruments may differ.

Liabilities for which fair value approximates carrying value

Fair value of certain financial liabilities, which include mainly customer deposits with no stated maturity, interbank borrowings and borrowings under repurchase agreements, are expected to approximate their carrying value due to their short tenor.

Non-bank customer term deposits

For non-bank customer deposits with maturities of less than three months, the carrying amount is a reasonable estimate of their fair value. For deposits with maturities of three months or more, fair values are estimated using discounted cash flows based on market rates.

Debt securities issued and other borrowed funds

The aggregate fair values of the Bank's fixed rate subordinated term notes are based on quoted market prices. The difference between the fair value and the carrying amount of the subordinated term notes will be largely offset by the corresponding fair value of the hedging interest rate and currency swaps entered into by the Bank. Fair values of other borrowed funds are obtained from independent broker offer prices.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

39. Country risk

At 31 December 2003, the countries where OCBC's cross-border transfer risk exceeded 1% of assets were Malaysia, Hong Kong SAR, United Kingdom, Cayman Islands, China and Japan and consisted mainly of placements with banks due within one year. Cross-border transfer risk covers all cross-border transactions including onshore non-local currency transactions. In this context, total assets amounted to \$84,497 million (2002: \$84,051 million) as shown in the consolidated balance sheet at 31 December 2003.

Cross-border transfer risk exposure exceeding 1% of assets:

	Banks	Government and official institutions	Financial institutions, private sector and individuals	Total	As % of total assets
	\$ million	\$ million	\$ million	\$ million	%
2003					
Malaysia	3,034	615	1,095	4,744	5.61
Hong Kong SAR	1,099	-	753	1,852	2.19
United Kingdom	1,312	-	55	1,367	1.62
Cayman Islands	-	-	1,090	1,090	1.29
China	644	-	360	1,004	1.19
Japan	927	-	19	946	1.12
2002					
Malaysia	2,220	416	604	3,240	3.85
United Kingdom	2,250	-	158	2,408	2.86
Hong Kong SAR	1,339	48	664	2,051	2.44
Japan	1,533	-	34	1,567	1.86
Germany	1,517	-	-	1,517	1.80
Cayman Islands	-	-	1,075	1,075	1.28
United States	350	-	715	1,065	1.27
Indonesia	285	16	573	874	1.04
China	451	-	415	866	1.03

40. Off-balance sheet items

Off-balance sheet items comprise contingent liabilities, commitments and financial derivative instruments which are matched by corresponding obligations of counter-parties that are banks and other financial institutions and customers.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

41. Contingent liabilities

The banking and finance corporations in the Group conduct businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on bills of exchange drawn on customers. Guarantees are issued by the Group to guarantee the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on production of documents.

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Acceptances and endorsements	544,211	587,465	56,450	87,577
Guarantees and standby letters of credit	4,724,914	4,808,521	4,520,851	4,565,514
Documentary credits and other short term trade-related transactions	505,923	393,567	433,051	315,284
Others	54,529	58,841	-	-
	5,829,577	5,848,394	5,010,352	4,968,375

Included in guarantees and standby letters of credit is an amount of \$1.17 billion (31 December 2002: \$1.14 billion) relating to credit default swaps entered into by the Bank which are collateralised on long-term loans granted by the Bank of an equivalent amount (Note 26) and an amount of \$0.60 billion (31 December 2002: \$0.49 billion) relating to credit default swaps entered into by the Bank which are collateralised on credit linked notes held by the Bank of an equivalent amount (Note 30).

41.1 Analysed by geographical sector

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore	4,503,965	4,665,317	4,567,257	4,614,153
Malaysia	1,054,941	851,570	174,241	51,048
Other ASEAN	14,760	34,192	5,022	6,292
Greater China	124,794	154,876	132,502	154,443
Other Asia Pacific	25,314	41,153	25,314	41,153
North America	41,507	41,476	41,720	41,476
Rest of the World	64,296	59,810	64,296	59,810
	5,829,577	5,848,394	5,010,352	4,968,375

41.2 Analysed by industry

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Agriculture, mining and quarrying	25,049	31,241	213	2,187
Manufacturing	751,404	850,326	321,862	370,291
Building and construction	835,420	1,010,761	898,693	946,872
Housing	18	47	-	-
General commerce	608,143	676,128	488,611	522,165
Transport, storage and communication	211,368	188,886	196,123	155,923
Financial institutions, investment and holding companies	2,343,431	2,464,687	2,339,452	2,416,308
Professionals and individuals	89,896	129,138	89,777	125,187
Others	964,848	497,180	675,621	429,442
	5,829,577	5,848,394	5,010,352	4,968,375

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

42. Commitments

Commitments comprise mainly agreements to provide credit facilities to customers. Such commitments can either be made for a fixed period, or have no specific maturity but are cancellable by the Group, subject to notice requirements.

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
42.1 Credit commitments				
Undrawn credit facilities:				
- Original term to maturity of one year or less	20,146,688	22,809,389	18,114,455	20,356,982
- Original term to maturity of more than one year	5,705,254	4,205,886	4,229,772	2,597,118
	<u>25,851,942</u>	<u>27,015,275</u>	<u>22,344,227</u>	<u>22,954,100</u>
Undrawn note issuance and revolving underwriting facilities	270,070	90,269	191,740	72,005
Forward asset purchases/sales	1,065,179	1,096,962	1,065,179	1,096,962
	<u>27,187,191</u>	<u>28,202,506</u>	<u>23,601,146</u>	<u>24,123,067</u>
42.2 Other commitments				
Operating lease commitments:				
- Within 1 year	13,528	9,640	12,370	7,335
- After 1 year but within 5 years	13,980	17,095	13,801	16,582
- Over 5 years	813	1,415	813	1,415
	<u>28,321</u>	<u>28,150</u>	<u>26,984</u>	<u>25,332</u>
Capital expenditure authorised and contracted	45,780	58,288	9,602	26,335
	<u>74,101</u>	<u>86,438</u>	<u>36,586</u>	<u>51,667</u>
42.3 Total commitments	<u>27,261,292</u>	<u>28,288,944</u>	<u>23,637,732</u>	<u>24,174,734</u>
42.4 Analysed by geographic sector				
	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore	21,496,521	23,071,237	21,904,793	22,539,119
Malaysia	4,412,789	3,539,163	404,326	16,899
Other ASEAN	120,898	141,208	73,495	79,951
Greater China	447,370	594,530	471,076	595,959
Other Asia Pacific	275,553	231,359	275,881	231,359
North America	382,951	397,764	382,951	397,764
Rest of the World	125,210	313,683	125,210	313,683
	<u>27,261,292</u>	<u>28,288,944</u>	<u>23,637,732</u>	<u>24,174,734</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

43. Financial derivatives

Financial derivatives are off-balance sheet financial instruments, which include forward contracts for the purchase and sale of foreign currencies, interest rate and currency swaps, financial futures and option contracts. These instruments allow the Group and its customers to transfer, modify or reduce their foreign exchange and interest rate risks. The following outlines the nature and terms of the most common types of derivatives used:

Foreign exchange derivatives are exchange rate related contracts, mainly forward foreign exchange contracts, currency swaps and currency options.

Forward foreign exchange contracts are agreements to exchange a specified amount of one currency for another on a future date at an agreed rate.

Currency swaps are agreements that involve the exchange or notional exchange of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date.

Currency options are contracts that give the purchaser the right, but not the obligation, to buy or sell an underlying currency at a certain price on or before an agreed future date. As the seller (option writer) has a duty to buy or sell at the agreed price should the purchaser exercise his right, he generally receives a premium payable at the start of the option period. Some currency options purchased from customers are usually embedded in deposits for an enhanced yield return.

Interest rate derivatives are interest rate related contracts undertaken by the Group, which include interest rate swaps, forward rate agreement ('FRA'), caps, floors, collars, futures and swaptions.

An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract.

In a forward rate agreement, two parties agree to fix the interest rate on a specified notional principal amount for a defined period commencing at a specified date in the future. The buyer of a FRA is the party wishing to protect itself against a future rise in the relevant interest rate. The seller is the party wishing to protect itself against a future fall in the relevant interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

43. Financial derivatives (continued)

Caps, floors and collars are different types of interest rate options transactions designed to hedge interest rate exposures. A cap is a contract whereby the seller agrees to pay to the purchaser, in return for an upfront premium or a series of annuity payments, the difference between a reference rate and an agreed strike rate when the reference rate exceeds the strike rate. A floor is a contract whereby the seller agrees to pay to the purchaser, in return for an upfront premium, the difference between a reference rate and an agreed strike rate should the strike rate exceed the reference rate. A collar is the simultaneous purchase of an out-of-the-money cap and sale of an out-of-the-money floor. The seller of the collar agrees to limit the buyer's floating interest rate to a band limited by a specified cap rate and floor rate.

A futures contract is an agreement to buy or sell a standard quantity of a specific financial instrument at a pre-determined future date and at a price agreed between the parties on an organised exchange.

Swaptions are over-the-counter options on swap contracts, which give the buyer the right, but not the obligation, to enter into an interest rate swap as either the payer or receiver of the fixed side of the swap. An interest rate call swaption gives the purchaser the right to receive a specified fixed rate, the strike rate, in a swap and to pay the floating rate for a stated time period. An interest rate put swaption gives the buyer the right to pay a specific fixed interest rate in a swap, and to receive the floating rate for a stated time period.

Equity derivatives are equity convertible deposits whereby an equity option is embedded in deposits placed with the Bank. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

Credit derivatives are contracts between a holder of an asset (the buyer of protection) and a third party called the seller of credit. It is an arrangement whereby the reference credit, credit risk of a risky asset (the reference asset, could be a loan or bond issued by a company) is transferred from the buyer to the seller of protection. The term credit risk refers to the failure of the borrower to perform his part of the contract, which can arise due to a variety of reasons ranging from bankruptcy, losses, distress or other events.

The financial derivatives shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these financial derivatives and their corresponding gross positive (assets) and negative (liabilities) fair values at balance sheet date are analysed below. Changes in fair values of futures contracts below which are exchange traded are subject to daily settlement and the margins relating to these futures contracts are included in balances with banks and other financial institutions.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

43. Financial derivatives (continued)

GROUP	Contractual or principal notional amount \$'000	Fair value – assets \$'000	Fair value – liabilities \$'000
31 December 2003			
<u>Foreign exchange derivatives</u>			
Forwards	3,206,356	34,054	25,595
Swaps	53,374,342	709,772	596,079
OTC options – bought and sold	759,216	3,065	6,462
	<u>57,339,914</u>	<u>746,891</u>	<u>628,136</u>
<u>Interest rate derivatives</u>			
Forwards	18,703,100	6,419	6,085
Swaps	107,645,204	966,529	763,192
OTC options – bought and sold	1,985,168	2,793	6,397
Exchange traded futures – bought and sold	5,534,326	1,532	2,036
	<u>133,867,798</u>	<u>977,273</u>	<u>777,710</u>
<u>Equity derivatives</u>			
Futures	218	-	4
Options bought	10,785	1	81
	<u>11,003</u>	<u>1</u>	<u>85</u>
<u>Credit derivatives</u>			
Credit default swaps	8,505	-	1,234
<u>Other derivatives</u>			
Gold forwards – bought and sold	19,105	28	274
Silver forwards – bought and sold	281	9	10
	<u>19,386</u>	<u>37</u>	<u>284</u>
Total	<u>191,246,606</u>	<u>1,724,202</u>	<u>1,407,449</u>
Fair value of trading derivatives included in other assets and other liabilities		<u>1,114,806</u> (Note 31)	<u>1,101,163</u> (Note 19)
31 December 2002			
<u>Foreign exchange derivatives</u>			
Forwards	3,272,815	28,922	27,299
Swaps	64,013,947	824,813	632,044
OTC options – bought and sold	305,570	716	484
	<u>67,592,332</u>	<u>854,451</u>	<u>659,827</u>
<u>Interest rate derivatives</u>			
Forwards	30,674,000	17,812	18,139
Swaps	85,642,770	1,012,072	732,108
OTC options – bought and sold	326,096	1,172	839
Exchange traded futures – bought and sold	446,073	14	228
	<u>117,088,939</u>	<u>1,031,070</u>	<u>751,314</u>
<u>Equity derivatives</u>			
Futures	824	-	6
Options bought	759	15	2
	<u>1,583</u>	<u>15</u>	<u>8</u>
<u>Credit derivatives</u>			
Credit default swaps	86,760	984	250
<u>Other derivatives</u>			
Gold forwards – bought and sold	118	1	1
Total	<u>184,769,732</u>	<u>1,886,521</u>	<u>1,411,400</u>
Fair value of trading derivatives included in other assets and other liabilities		<u>1,148,523</u> (Note 31)	<u>1,008,212</u> (Note 19)

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

43. Financial derivatives (continued)

BANK	Contractual or principal notional amount \$'000	Fair value – assets \$'000	Fair value – liabilities \$'000
<u>31 December 2003</u>			
<u>Foreign exchange derivatives</u>			
Forwards	2,238,855	26,077	15,386
Swaps	52,596,517	708,458	596,875
OTC options – bought and sold	759,216	3,065	6,462
	<u>55,594,588</u>	<u>737,600</u>	<u>618,723</u>
<u>Interest rate derivatives</u>			
Forwards	18,703,100	6,419	6,085
Swaps	107,986,006	977,131	763,241
OTC options – bought and sold	1,985,168	2,793	6,397
Exchange traded futures – bought and sold	5,534,326	1,532	2,036
	<u>134,208,600</u>	<u>987,875</u>	<u>777,759</u>
<u>Equity derivatives</u>			
Options bought	10,785	1	81
<u>Credit derivatives</u>			
Credit default swaps	8,505	-	1,234
<u>Other derivatives</u>			
Gold forwards – bought and sold	7,025	-	-
Silver forwards – bought and sold	102	-	-
	<u>7,127</u>	<u>-</u>	<u>-</u>
Total	189,829,605	1,725,476	1,397,797
Fair value of trading derivatives included in other assets and other liabilities		<u>1,113,341</u> (Note 31)	<u>1,101,968</u> (Note 19)
<u>31 December 2002</u>			
<u>Foreign exchange derivatives</u>			
Forwards	1,774,160	15,585	9,520
Swaps	63,205,159	825,880	632,044
OTC options – bought and sold	305,570	716	484
	<u>65,284,889</u>	<u>842,181</u>	<u>642,048</u>
<u>Interest rate derivatives</u>			
Forwards	30,674,000	17,812	18,139
Swaps	85,825,704	1,021,774	732,119
OTC options – bought and sold	326,096	1,172	839
Exchange traded options – bought and sold	446,073	14	228
	<u>117,271,873</u>	<u>1,040,772</u>	<u>751,325</u>
<u>Equity derivatives</u>			
Options bought	759	15	2
<u>Other derivatives</u>			
Credit default swaps	86,760	984	250
Total	182,644,281	1,883,952	1,393,625
Fair value of trading derivatives included in other assets and other liabilities		<u>1,148,523</u> (Note 31)	<u>1,006,945</u> (Note 19)

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

43. Financial derivatives (continued)

As noted in the above tables, the notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instrument and, therefore, do not indicate the Group's exposure to credit or price risks. The fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which the instruments are favourable and unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

44. Assets pledged

In addition to the information shown elsewhere in these financial statements, the assets of the Group and the Bank that have been mortgaged or pledged to secure the borrowings are:

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Singapore government treasury bills and securities	150,658	272,775	150,658	272,775
Other government treasury bills and securities	268,847	209,809	-	-
Investment securities	345,497	298,733	-	-
Total securities pledged	765,002	781,317	150,658	272,775
Others	391,782	86,316	149,033	-
	<u>1,156,784</u>	<u>867,633</u>	<u>299,691</u>	<u>272,775</u>

45. Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash equivalents are liquid assets readily convertible into cash.

	GROUP	
	2003 \$'000	2002 \$'000
Cash and placements with central banks	4,035,863	2,858,403
Singapore government securities excluding long-term investments (Note 22)	5,607,098	5,966,732
Other government securities	1,054,618	984,145
	<u>10,697,579</u>	<u>9,809,280</u>

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

46. Minimum lease rental receipts

The future minimum lease rental receipts under non-cancellable operating leases by remaining period to lease expiry are as follows:

	GROUP	
	2003 \$'000	2002 \$'000
Less than 1 year	44,083	35,629
Over 1 year to 5 years	45,685	58,040
Over 5 years	3,876	4,300
	93,644	97,969

47. Current assets and liabilities

	GROUP		BANK	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Current Assets				
Cash and placements with central banks	4,035,863	2,858,403	2,604,863	1,453,919
Singapore government treasury bills and securities	4,257,739	3,215,984	4,257,739	3,094,386
Other government treasury bills and securities	490,017	345,553	86,424	28,902
Dealing securities	235,541	173,076	134,929	147,950
Placements with and loans to banks	9,499,071	14,062,719	8,723,406	13,481,643
Loans to and bills receivable from customers	18,425,319	19,715,453	15,359,378	15,832,861
Investment securities	978,047	666,422	781,176	455,066
Other assets	2,157,499	1,936,667	1,757,988	1,528,103
Loans to associated companies	8,799	935	-	625
Loans to subsidiary companies	-	-	1,353,544	530,963
	40,087,895	42,975,212	35,059,447	36,554,418
Current Liabilities				
Deposits of non-bank customers	52,434,245	52,822,722	45,162,854	43,566,611
Deposits and balances of banks	12,464,856	12,595,995	11,910,339	12,076,240
Deposits of associated companies	1,372,440	1,440,527	878,968	976,479
Deposits of subsidiary companies	-	-	1,268,267	1,168,228
Bills payable	185,233	177,164	102,478	115,698
Current tax	327,667	321,765	292,216	244,671
Other liabilities	2,305,308	2,132,181	1,699,097	1,574,362
Debt securities	152,750	133,000	-	-
	69,242,499	69,623,354	61,314,219	59,722,289

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

48. Related party transactions

In addition to the related party information shown elsewhere in the financial statements, the related party balances and transactions during the financial year are as follows:

	2003 \$ million	2002 \$ million
(a) Loans and advances		
– Associated companies engaged in financial activities	9	-
– Associated companies engaged in non-financial activities	#	1
– Directors-related parties	2,240	2,598
(b) Deposits		
– Associated companies engaged in financial activities	1,417	1,372
– Associated companies engaged in non-financial activities	41	82
– Directors-related parties	910	1,006
(c) Off-balance sheet credit facilities ⁽¹⁾		
– Associated companies engaged in financial activities	1	5
– Associated companies engaged in non-financial activities	-	-
– Directors-related parties	340	284
(d) Interest income		
– Associated companies engaged in financial activities	#	#
– Associated companies engaged in non-financial activities	-	-
– Directors-related parties	51	54
(e) Interest expense		
– Associated companies engaged in financial activities	12	9
– Associated companies engaged in non-financial activities	#	1
– Directors-related parties	4	3
(f) Rental income		
– Associated companies engaged in financial activities	#	#
– Associated companies engaged in non-financial activities	#	#
– Directors-related parties	4	4
(g) Fee and commission income and other income		
– Associated companies engaged in financial activities	26	31
– Associated companies engaged in non-financial activities	#	#
– Directors-related parties	3	2

⁽¹⁾ Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies.

⁽²⁾ # refers to amount less than \$500,000.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2003

48. Related party transactions (continued)

Related parties included in this note are:

- (a) Associated companies in which the Group holds interest of between 20% and 50% in the entities and includes subsidiary companies of these entities.
- (b) Directors-related parties:
 - (i) Immediate family members of the Bank's directors, being individuals who may be influenced by or be influenced by the directors of the Bank in their dealings with the Group;
 - (ii) Companies that are majority-owned by the Director or family members;
 - (iii) Companies in which the Director or family members control the composition of the board of directors;
 - (iv) Associated companies of the Director;
 - (v) Any individual, company or firm guaranteed by the Director; and
 - (vi) Companies, other than group-related companies, in which the Bank's directors serve as directors.

All transactions with related parties are conducted on an arm's length basis. Loans to and deposits from related parties are not treated any differently from loans to and deposits from other customers of the Bank and Group. Credit facilities granted are subject to the same credit evaluation, approval, monitoring and reporting processes. Credit exceptions, if any, pertaining to the conduct of related parties' accounts are reported to the Board of Directors at regular intervals.

49. Subsequent events

Subsequent to the financial year end, on 9 February 2004, OCBC Securities (Hong Kong) Limited, held through the Bank's wholly-owned subsidiary company, Provident Securities Private Limited, ceased its securities business activities. This will not have any material impact on the Group's results.

50. Authorisation of financial statements

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 11 February 2004.

OCBC GROUP'S UNAUDITED FIRST QUARTER RESULTS FOR FY2004

The announcement dated 30 April 2004 on OCBC Group's unaudited first quarter results for FY2004 together with the media release dated 30 April 2004 entitled "First Quarter 2004 Group Financial Results" are reproduced below, except that the contents page for the media release dated 30 April 2004 has been deleted.

First Quarter 2004 Financial Results

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	97,061	(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

- 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.
- As at 31 March 2004, there were 32,173,544 ordinary shares of S\$1 each (31 March 2003: 26,706,687) 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.
- No new preference shares were allotted and issued in the first quarter ended 31 March 2004.

9 SUBSEQUENT EVENTS / OTHER MATTERS

- 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



First Quarter 2004

GROUP FINANCIAL RESULTS

30 April 2004



Media Release

**OCBC'S FIRST QUARTER 2004 NET PROFIT
INCREASED 61% TO S\$256 MILLION*****Operating Profit Rose 7%, Driven by 40% Surge in Fee Income***

Singapore, 30 April 2004 – Oversea-Chinese Banking Corporation Limited ("OCBC Bank") today reported a net profit of S\$256 million for the first quarter of 2004, an increase of 61% compared to S\$159 million in first quarter 2003. The better performance was driven by stronger revenue, lower provisions and higher contributions from associates.

Operating profit before provisions and goodwill amortisation was S\$320 million, an increase of 7% over the same period last year, propelled by a 40% jump in fee and commission income. Net interest income grew by 4% in line with higher average loan volume, while operating expenses were stable.

Provisions fell from S\$64 million in first quarter 2003 to S\$20 million in first quarter 2004, largely attributable to lower specific provision for loans. This reflects the ongoing benefits of improved credit processes and successful recovery efforts, as well as the improvement in the overall economic environment.

Pre-tax contributions from associates increased from S\$11 million in first quarter 2003 to S\$62 million in first quarter 2004, mainly due to a higher contribution from insurance associate Great Eastern Holdings Limited.

Compared to the fourth quarter of 2003, the Group's net profit fell by 8%, as the fourth quarter included exceptional gains of S\$54 million from the divestment of non-core assets. Excluding these gains, the Group's net profit for first quarter 2004 would show a growth of 14% compared to fourth quarter 2003.

Revenue

Total income in the first quarter was S\$526 million, up 5% compared to the same period last year.

Net interest income was 4% higher year-on-year, contributed by higher average loan volume and lower deposit costs. Net interest margin remained unchanged at 1.90%.

Customer loan balances grew by 7% from 31 March 2003 to S\$53.01 billion as at 31 March 2004. The growth was derived mainly from consumer loans, with housing loans and loans to professionals and private individuals recording year-on-year expansion of 26% and 7% respectively.

Total non-interest income rose by 9% year-on-year to S\$161 million in the first quarter of 2004, driven by stronger fee and commission income.

Fee and commission income jumped 40% to S\$115 million reflecting the growth in wealth management activities as well as higher stockbroking and investment banking income. Wealth management activities, comprising sales of unit trusts, bancassurance and structured deposits, benefited from increased cross-selling efforts and the improved investment climate.

Dividend income increased by S\$34 million compared to first quarter 2003, mainly due to a special dividend of S\$29 million from Robinson & Company, Limited.

Other income however recorded a loss of S\$17 million, as higher income from foreign exchange dealing and other items were offset by losses of S\$62 million in derivatives and securities dealing. 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.

Operating Expenses

Operating expenses of S\$206 million for the first quarter were up 2% over first quarter 2003, mainly due to the S\$5 million write back of un-utilised restructuring costs in first quarter 2003. Excluding the restructuring related expenses, operating expenses were 1% lower year-on-year. The Group's cost-to-income ratio for first quarter 2004 improved to 39.1% from 40.3% in first quarter 2003, as growth in revenue outpaced that of expenses.

Provisions and Asset Quality

Total provisions in the first quarter amounted to S\$20 million, down from S\$64 million in first quarter 2003. Specific provisions for loans, net of recoveries, fell sharply from S\$70 million to S\$9 million, while specific provisions for diminution in value of investment securities and other assets declined from S\$24 million to S\$10 million. In addition, general provisions of S\$2 million were made in this quarter compared to a write-back of S\$30 million in first quarter 2003.

Compared to 31 December 2003, the Group's non-performing loans ("NPLs") declined by 5% or S\$190 million to S\$3.64 billion as at 31 March 2004. The decrease was mainly in Singapore NPLs as recoveries, repayments and write-offs of fully provided "loss" loans more than offset new NPLs in the first quarter of 2004. Correspondingly, the ratio of NPLs to non-bank loans improved from 6.9% to 6.6% over the three-month period.

The Group's overall provision coverage remained at a comfortable level of 69.5% of total NPLs, up from 67.0% as at end-2003. Cumulative specific provisions coverage over the unsecured NPLs was largely unchanged at 99.9%.

Conclusion

Commenting on the Group's performance, David Conner, CEO of OCBC Bank, said:

"This set of results marks a good start for 2004, and we will build on the revenue momentum in a steadily improving economic environment. We will continue to pursue strategic initiatives that will strengthen OCBC's longer term growth prospects, as exemplified by our recent moves pertaining to Great Eastern Holdings and Bank NISP."

About OCBC Bank

OCBC Bank is a Singapore-based financial services group with assets of S\$87 billion and operations in 13 countries including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Japan, Australia, UK and USA, and has more than 110 branches and representative offices around the world. OCBC Bank offers a range of specialist financial services including consumer, corporate, investment, private and transaction banking, global treasury, asset management and stockbroking services to its customers. Additional information may be found at www.ocbc.com.

For more information, please contact:

Peter Zheng
Head Group Corporate Communications
Tel : (65) 6530 1531
Fax : (65) 6535 7477
Duty Handphone: 9620 2336

Kelvin Quek
Head Investor Relations
Tel: (65) 6530 4205
Fax: (65) 6532 6001

FINANCIAL REVIEW

Highlights

- Net profit attributable to shareholders rose 61% to S\$256 million in first quarter 2004 due to stronger revenue, lower provisions and higher contributions from associates.
- Operating profit before provisions and goodwill amortisation rose 7% to S\$320 million, underpinned by 40% growth in fee and commission income and 4% growth in net interest income. Operating expenses were stable.
- Gross loans to non-bank customers grew by 7% year-on-year to S\$53.01 billion as at 31 March 2004, led by growth in consumer loans.
- NPLs declined 5% from 31 December 2003 to S\$3.64 billion as at 31 March 2004. The ratio of NPLs to total non-bank loans improved from 6.9% to 6.6%. Provision coverage of NPLs increased from 67.0% to 69.5%.
- Group Tier 1 and total capital adequacy ratios strengthened to 12.7% and 22.0% respectively (March 2003: 12.5% and 21.8% respectively).
- Annualised earnings per ordinary share rose from 50 cents to 80 cents. Annualised return on ordinary shareholders' funds improved from 6.8% to 10.7%.
- Net asset value per ordinary share was S\$7.34 as at 31 March 2004. Including the unrealised valuation surplus of S\$3.14 per share, net asset value per share was S\$10.48.

Financial Summary

	1st Quarter	1st Quarter		4th Quarter
	2004	2003	+ / (-)	2003
	S\$m	S\$m	%	S\$m
Selected profit and loss data :				
Net interest income	365	352	4	369
Fees and commissions	115	82	40	103
Dividends	44	11	322	8
Rental income	18	16	15	18
Other income	(17)	39	n.m.	76
Total income	526	499	5	575
Less : Operating expenses	206	201	2	216
Operating profit	320	298	7	358
Less : Goodwill amortisation	32	32	0	32
Less : Total provisions	20	64	(68)	54
Add : Share of associated companies' results	62	11	449	94
Profit before tax	329	214	54	366
Net profit attributable to shareholders	256	159	61	279
Cash basis net profit attributable to shareholders ^{1/}	287	191	50	310
Selected balance sheet data :				
Total assets	87,115	82,968	5	84,497
Loans to non-bank customers (net of provisions)	50,601	47,221	7	50,155
Deposits of non-bank customers	54,279	55,334	(2)	53,460
Ordinary shareholders' funds	9,405	9,407	0	9,163
Total shareholders' funds	10,301	9,907	4	10,059
Key Indicators :				
Return on ordinary shareholders' funds ^{2/} (% p.a.)	10.7	6.8		11.8
Return on ordinary shareholders' funds ^{2/} (% p.a.) - Cash basis ^{1/}	12.1	8.2		13.2
Return on total shareholders' funds (% p.a.)	10.1	6.7		11.2
Return on total shareholders' funds (% p.a.) - Cash basis ^{1/}	11.4	8.1		12.4
Return on assets (% p.a.)	1.18	0.77		1.30
Return on assets (% p.a.) - Cash basis ^{1/}	1.33	0.93		1.45
Basic Earnings per ordinary share (annualised, S\$) ^{3/}	0.80	0.50	60.4	0.81
Cash Earnings per ordinary share (annualised, S\$) ^{1/3/}	0.90	0.60	50.4	0.90
Net asset value per ordinary share (S\$)				
- Before valuation surplus	7.34	7.29	0.7	7.16
- After valuation surplus	10.48	9.94	5.4	9.95

^{1/} Excluding goodwill amortisation charge

^{2/} Calculated after deducting preference shares dividends paid and estimated to be due as at end of the quarter from net attributable profit attributable to shareholders

^{3/} Calculated after deducting preference shares dividends paid from net attributable profit attributable to shareholders

^{4/} Some of the figures may not add up to the relevant totals due to rounding

^{5/} n.m. - Not meaningful

Net Interest Income

Net interest income grew 4% year-on-year to S\$365 million in the first quarter of 2004, contributed by growth in average loan balances and lower deposit costs. Net interest margin was maintained at 1.90% as lower cost of funds largely cushioned the impact of lower yielding assets.

Compared to fourth quarter 2003, net interest income was marginally lower by 1% due mainly to competitive market pressures on margins partly offset by growth in asset volume.

Average Balance Sheet^{1/}

	1st Quarter 2004			1st Quarter 2003			4th Quarter 2003		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m	S\$m	%
Assets									
Loans and advances to non-bank customers	50,005	455	3.66	46,907	452	3.91	49,477	452	3.62
Placements with and loans to banks	13,708	71	2.08	15,857	73	1.88	12,977	66	2.00
Other interest earning assets ^{2/}	13,577	72	2.13	12,120	80	2.67	12,903	83	2.55
Total interest earning assets	77,291	598	3.11	74,885	605	3.28	75,357	600	3.16
Non-interest earning assets	9,099			8,892			9,502		
Total assets	86,389			83,777			84,859		
Liabilities									
Deposits of non-bank customers and floating rate negotiable certificates of deposits	55,902	162	1.16	55,960	189	1.37	55,295	159	1.14
Deposits and balances of banks	13,209	47	1.42	11,198	39	1.40	12,665	42	1.33
Other borrowings ^{3/}	4,150	25	2.44	4,155	26	2.57	4,188	30	2.82
Total interest bearing liabilities	73,261	234	1.28	71,313	254	1.44	72,147	231	1.27
Non-interest bearing liabilities	2,924			2,676			2,770		
Total liabilities	76,185			74,010			74,917		
Net interest income/margin		365	1.90		352	1.90		369	1.94

^{1/} Average balances are based on monthly averages

^{2/} Comprise debt securities, government securities and treasury bills

^{3/} Comprise debt securities issued, including the S\$3.88 billion Upper Tier 2 subordinated debt issued in July 2001, and bills payable

Non-Interest Income

	1st Quarter 2004 S\$m	1st Quarter 2003 S\$m	+ / (-) %	4th Quarter 2003 S\$m
Fee and commission income				
Brokerage	20	8	137	19
Wealth management*	34	14	139	27
Fund management	6	5	29	5
Credit card	7	7	5	9
Loans-related	15	22	(29)	16
Trade-related	8	7	5	8
Guarantees	4	5	(18)	4
Investment Banking	7	2	209	4
Service charges	12	10	20	11
Others	2	2	21	0
Total	115	82	40	103
Dividends	44	11	322	8
Rental income	18	16	15	18
Other income				
Dealing in foreign exchange	19	14	42	16
Dealing in securities and derivatives	(62)	12	n.m.	(10)
Disposal of investment securities	5	(1)	n.m.	7
Disposal of properties	0	0	-	46
Others	21	14	50	17
Total	(17)	39	n.m.	76
Total non-interest income	161	148	9	206
Fees and Commissions/Total Income	21.9%	16.5%		18.0%
Non-Interest Income/Total Income	30.6%	29.6%		35.8%

* Sales of unit trusts, bancassurance products and structured deposits and notes

Total non-interest income rose by 9% to S\$161 million in first quarter 2004, mainly from higher fee and commission income and dividend income. Fee and commission income grew by 40% to S\$115 million, boosted by higher wealth management income (sale of unit trusts, bancassurance and structured deposits) as well as stockbroking and investment banking income. Dividend income increased by S\$34 million due to the special dividend from Robinson & Company, Limited.

Other income recorded a loss of S\$17 million due to losses of S\$62 million from dealing in securities and derivatives, which offset gains in foreign exchange dealing and other items. 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.

Operating Expenses

	1st Quarter 2004 S\$m	1st Quarter 2003 S\$m	+ / (-) %	4th Quarter 2003 S\$m
Staff costs	120	119	1	119
Premises and equipment				
Depreciation of fixed assets	15	17	(14)	17
Amortisation of computer software costs	6	5	21	6
Maintenance and hire of fixed assets	7	8	(11)	8
Rental expenses	4	5	(11)	4
Others	16	16	3	15
Total	48	51	(5)	50
Other operating expenses	35	36	(2)	47
	204	206	(1)	216
Restructuring and other integration costs	2	(5)	n.m.	0
Total operating expenses	206	201	2	216
Group staff strength – period end	7,525	7,314	3	7,424
Group staff strength – average	7,495	7,334	2	7,398
Cost-to-income ratio	39.1%	40.3%		37.6%

The Group's operating expenses remained largely stable. Total operating expenses showed a year-on-year increase of 2% to S\$206 million, but excluding the effect of a write-back in restructuring expenses in the first quarter of 2003, operating expenses were 1% lower year-on-year and 6% lower compared to fourth quarter 2003.

The cost-income ratio improved from 40.3% in first quarter 2003 to 39.1% in first quarter 2004, as growth in revenue outpaced that of expenses.

Provision Charge

	1st Quarter 2004 S\$m	1st Quarter 2003 S\$m	+ / (-) %	4th Quarter 2003 S\$m
Specific provision for loan losses				
- Singapore	22	55	(60)	34
- Malaysia	(4)	32	n.m.	12
- Other regional countries	(6)	(3)	n.m.	(0)
- Others	(3)	(14)	n.m.	1
Sub-Total	<u>9</u>	<u>70</u>	(87)	<u>47</u>
General provision for loan losses				
- Five regional countries ^v	0	(30)	n.m.	0
- Singapore & others	2	(0)	n.m.	2
Sub-Total	<u>2</u>	<u>(30)</u>	n.m.	<u>2</u>
Specific provision for diminution in value of investment securities and other assets	10	24	(60)	5
Total provision charge	<u>20</u>	<u>64</u>	(68)	<u>54</u>

^v Five regional countries comprise Malaysia, Indonesia, Thailand, South Korea and the Philippines

Total provisions in first quarter 2004 were S\$20 million, representing a reduction of S\$44 million from first quarter 2003.

The decrease came primarily from lower specific provisions for loans, which declined from S\$70 million to S\$9 million. This reflects 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 investments, properties and other assets also registered a decline from S\$24 million to S\$10 million in the first quarter of 2004 mainly due to improved market valuation for investment securities.

A general provision of S\$2 million was made in the quarter compared to a write-back of S\$30 million in the same quarter last year.

Loans and Advances

	31 Mar 2004	31 Dec 2003	+ / (-)	31 Mar 2003
	S\$m	S\$m	%	S\$m
Loans to customers	52,594	52,159	1	49,436
Bills receivable	411	429	(4)	284
Gross loans to customers	53,005	52,589	1	49,720
Less Provisions:				
Specific provisions	1,221	1,251	(2)	1,316
General provisions	1,183	1,183	(0)	1,183
Net loans to customers	50,601	50,155	1	47,221

Loans to customers grew by 7% year-on-year from S\$49.72 billion to S\$53.01 billion as at 31 March 2004. Housing loans grew by 26% while loans to professionals and private individuals grew by 7%. Compared to 31 December 2003, customer loans grew by S\$416 million or 1%.

	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	S\$m	%	S\$m	%	S\$m	%
By Maturity						
Less than 7 days	7,800	15	8,267	16	8,567	17
1 week to 1 month	3,261	6	3,037	6	3,318	7
Over 1 to 3 months	2,965	6	3,128	6	3,133	6
Over 3 to 12 months	5,458	10	5,245	10	4,455	9
Over 1 to 3 years	9,628	18	9,686	18	9,031	18
Over 3 years	23,894	45	23,227	44	21,215	43
	53,005	100	52,589	100	49,720	100

	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	S\$m	%	S\$m	%	S\$m	%
By Industry						
Agriculture, mining & quarrying	557	1	519	1	476	1
Transport, storage and communication	1,382	3	1,525	3	1,424	3
Building and construction	7,163	14	7,302	14	7,611	15
Manufacturing	3,090	6	3,265	6	3,375	7
Financial institutions, investment and holding companies	8,896	17	8,924	17	8,875	18
General commerce	3,411	6	3,065	6	2,912	6
Professionals and individuals	8,205	15	8,129	15	7,662	15
Housing loans	15,936	30	15,382	29	12,688	26
Others	4,365	8	4,478	9	4,696	9
	53,005	100	52,589	100	49,720	100

Non-Performing Loans

By grading, security coverage and countries

	Total NPLs ^{1/}	Sub- standard NPLs	Doubtful NPLs	Loss NPLs	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans ^{2/}
Malaysia	S\$m	S\$m	S\$m	S\$m	%	%
31 Mar 2004	1,040	689	252	99	67.6	11.2
31 Dec 2003	1,068	699	126	243	69.3	11.3
31 Mar 2003	1,250	833	198	219	69.9	14.7
Other Four Regional Countries						
31 Mar 2004	127	14	93	20	22.2	29.8
31 Dec 2003	140	17	100	24	22.8	30.8
31 Mar 2003	202	21	152	29	28.2	34.4
Total Regional Countries						
31 Mar 2004	1,167	703	345	119	62.7	12.1
31 Dec 2003	1,208	716	225	267	63.9	12.4
31 Mar 2003	1,453	854	351	248	64.1	16.2
Singapore						
31 Mar 2004	2,266	1,589	482	194	63.3	5.8
31 Dec 2003	2,389	1,725	498	166	65.0	6.2
31 Mar 2003	2,559	1,784	595	180	70.7	7.1
Others						
31 Mar 2004	212	138	73	0	59.8	3.7
31 Dec 2003	237	155	82	0	53.0	3.6
31 Mar 2003	278	143	98	38	39.2	3.4
Group Total						
31 Mar 2004	3,644	2,431	901	313	62.9	6.6
31 Dec 2003	3,834	2,596	805	433	63.9	6.9
31 Mar 2003	4,290	2,781	1,044	465	66.4	8.0

^{1/} Comprise non-bank loans, debt securities and contingent facilities

^{2/} Excluding debt securities

The Group's NPLs fell by S\$190 million or 5% from 31 December 2003 to S\$3.64 billion as at 31 March 2004. Compared to 31 March 2003, NPLs were lower by S\$646 million or 15%.

Singapore NPLs amounted to S\$2.27 billion and accounted for 62% of the Group's total NPLs, while Malaysia NPLs of S\$1.04 billion accounted for 29%. Of the total NPLs, 66.7% were in the substandard category while 62.9% were secured by collateral.

The ratio of NPLs to non-bank loans was 6.6% as at 31 March 2004, down from 6.9% in December 2003 and 8.0% in March 2003. The Singapore NPL ratio improved from 6.2% in December 2003 to 5.8% as at 31 March 2004, while the Malaysia NPL ratio was stable at 11.2%.

	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	Amount	As % of	Amount	As % of	Amount	As % of
	S\$m	Gross Customer Loans	S\$m	Gross Customer Loans	S\$m	Gross Customer Loans
By industry						
Agriculture, mining & quarrying	32	5.7	33	6.4	44	9.2
Transport, storage and communication	114	8.2	131	8.6	82	5.8
Building and construction	709	9.9	763	10.4	752	9.9
Manufacturing	468	15.1	497	15.2	615	18.2
Financial institutions, investment and holding companies	518	5.8	524	5.9	724	8.2
General commerce	443	13.0	463	15.1	551	18.9
Professionals and individuals	579	7.1	600	7.4	603	7.9
Housing loans	224	1.4	223	1.4	227	1.8
Others	387	8.9	393	8.8	397	8.5
Sub-total	3,474	6.6	3,627	6.9	3,995	8.0
Debt securities	170		207		295	
Total	3,644	6.9	3,834	7.3	4,290	8.6

	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	Amount	As % of	Amount	As % of	Amount	As % of
	S\$m	Total NPLs	S\$m	Total NPLs	S\$m	Total NPLs
By period overdue						
Over 180 days	2,255	62	2,224	58	2,530	59
Over 90 to 180 days	222	6	302	8	356	8
30 to 90 days	224	6	242	6	228	5
Less than 30 days	140	4	136	4	150	4
No overdue	803	22	931	24	1,026	24
	3,644	100	3,834	100	4,290	100

Cumulative Provisions

	Total cumulative provisions ^{1/}	Specific provisions	General provisions	Specific provisions as % of total NPLs	Cumulative provisions as % of total NPLs	Cumulative provisions as % of unsecured NPLs
	S\$m	S\$m	S\$m	%	%	%
Malaysia						
31 Mar 2004	754	392	362	37.6	72.4	223.9
31 Dec 2003	766	402	363	37.6	71.7	233.3
31 Mar 2003	792	423	369	33.8	63.3	210.5
Other Four Regional Countries						
31 Mar 2004	329	116	213	91.6	259.5	333.7
31 Dec 2003	340	127	213	90.9	242.8	314.7
31 Mar 2003	383	170	213	83.9	189.1	263.2
Total Regional Countries						
31 Mar 2004	1,083	508	575	43.5	92.8	248.8
31 Dec 2003	1,106	529	576	43.8	91.5	253.4
31 Mar 2003	1,174	592	582	40.8	80.8	225.2
Singapore						
31 Mar 2004	1,276	763	513	33.7	56.3	153.3
31 Dec 2003	1,282	771	511	32.3	53.7	153.5
31 Mar 2003	1,278	771	507	30.1	49.9	170.5
Others						
31 Mar 2004	175	80	95	38.0	82.7	205.5
31 Dec 2003	179	84	95	35.5	75.7	161.1
31 Mar 2003	243	149	94	53.6	87.4	143.8
Group Total						
31 Mar 2004	2,534	1,351	1,183	37.1	69.5	187.3
31 Dec 2003	2,568	1,385	1,183	36.1	67.0	185.6
31 Mar 2003	2,695	1,513	1,183	35.3	62.8	187.2

^{1/} Include provisions for debt securities

Total cumulative specific and general provisions were S\$2.53 billion as at 31 March 2004, representing 69.5% of NPLs, an improvement from the coverage of 67.0% as at 31 December 2003. Cumulative specific provisions covered 99.9% of unsecured NPLs, largely unchanged from December 2003. Cumulative general provisions remained at 2.3% of total non-bank loans (net of specific provisions).

Exposure to the Five Regional Countries, Hong Kong and China

	Loans and debt securities			Investments	Total Gross Exposure	Less: Loans to and investments in subsidiaries /branches	Net Exposure	
	Bank	Central Bank and Government	Non-bank				Total	% of Group assets
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	%
Malaysia								
31 Mar 2004	2,853	4,115	8,092	579	15,640	2,371	13,269	15.2
31 Dec 2003	2,954	3,210	8,164	579	14,907	2,494	12,413	14.7
31 Mar 2003	2,009	3,002	7,231	615	12,857	1,554	11,303	13.6
Indonesia								
31 Mar 2004	98	137	274	68	577	70	506	0.6
31 Dec 2003	91	121	285	68	566	68	498	0.6
31 Mar 2003	196	123	352	46	717	59	658	0.8
Thailand								
31 Mar 2004	50	38	76	0	164	47	118	0.1
31 Dec 2003	70	46	87	0	203	55	148	0.2
31 Mar 2003	41	34	111	0	186	38	148	0.2
Korea								
31 Mar 2004	500	34	132	0	665	27	638	0.7
31 Dec 2003	387	34	111	0	532	26	505	0.6
31 Mar 2003	229	42	105	0	376	26	350	0.4
Philippines								
31 Mar 2004	17	16	34	1	68	1	67	0.1
31 Dec 2003	35	16	38	1	90	1	89	0.1
31 Mar 2003	41	17	0	1	59	1	58	0.1
Total Regional Countries								
31 Mar 2004	3,519	4,339	8,608	649	17,114	2,516	14,599	16.8
31 Dec 2003	3,536	3,428	8,686	648	16,298	2,646	13,652	16.2
31 Mar 2003	2,516	3,218	7,798	663	14,195	1,678	12,517	15.1
Hong Kong								
31 Mar 2004	262	17	1,241	19	1,539	9	1,530	1.8
31 Dec 2003	421	28	1,274	19	1,742	9	1,733	2.1
31 Mar 2003	857	29	1,217	22	2,126	9	2,117	2.6
China								
31 Mar 2004	624	11	960	3	1,598	435	1,163	1.3
31 Dec 2003	592	7	891	3	1,493	370	1,123	1.3
31 Mar 2003	535	8	872	8	1,424	331	1,093	1.3
Total								
31 Mar 2004	4,404	4,367	10,809	671	20,251	2,960	17,291	19.8
31 Dec 2003	4,549	3,463	10,851	670	19,533	3,024	16,508	19.5
31 Mar 2003	3,909	3,256	9,887	693	17,745	2,018	15,727	19.0

The Group's net exposure to the five regional countries – Malaysia, Indonesia, Thailand, South Korea and the Philippines – was S\$14.60 billion as at 31 March 2004, an increase of 7% compared to 31 December 2003. This exposure amounted to 16.8% of the Group's total assets. The increase was primarily from Malaysia, which accounted for 15.2% of Group assets.

Deposits

	31 Mar 2004	31 Dec 2003	+ / (-)	31 Mar 2003
	S\$m	S\$m	%	S\$m
Deposits of non-bank customers	54,279	53,460	2	55,334
Deposits and balances of banks	13,921	12,481	12	9,845
	68,200	65,940	3	65,179
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	93.2%	93.8%		85.3%

Compared to 31 December 2003, total deposits increased by S\$2.26 billion or 3% to S\$68.20 billion as at 31 March 2004, with S\$1.44 billion of the increase coming from bank borrowings and S\$0.82 billion from non-bank customer deposits. Non-bank customer deposits rose by 2% and accounted for 80% of total deposits.

The Group's loans-to-deposits ratio was 93.2% as at 31 March 2004, largely unchanged from the end of 2003.

	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	S\$m	%	S\$m	%	S\$m	%
Total Deposits By Maturity						
Less than 7 days	29,272	43	28,490	42	26,646	40
1 week to 1 month	16,830	25	17,899	27	17,824	27
Over 1 to 3 months	11,078	16	9,420	14	9,217	14
Over 3 to 12 months	9,567	14	9,091	14	10,162	16
Over 1 to 3 years	585	1	617	1	902	1
Over 3 years	867	1	425	1	428	1
	68,200	100	65,940	100	65,179	100

	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	S\$m	%	S\$m	%	S\$m	%
Non-Bank Deposits By Product						
Fixed deposits	34,602	64	34,272	64	36,918	67
Savings deposits	11,358	21	11,131	21	11,086	20
Current account	6,180	11	6,108	11	5,571	10
Others	2,140	4	1,948	4	1,760	3
	54,279	100	53,460	100	55,334	100

Capital Adequacy Ratios

	31 Mar 2004	31 Dec 2003	31 Mar 2003
	S\$m	S\$m	S\$m
Tier 1 Capital			
Paid-up ordinary and preference shares	1,285	1,284	1,290
Disclosed reserves/others	8,843	8,681	8,429
Less: Goodwill	2,040	2,072	2,167
	8,088	7,893	7,552
Tier 2 Capital			
Asset revaluation reserves ¹¹	1,493	1,301	1,171
Cumulative general provisions	608	607	597
Hybrid (debt / equity) capital instruments	3,858	3,857	3,855
	5,960	5,766	5,624
Less: Capital deductions for private equity and venture capital investments	2	2	4
Total Capital	14,045	13,657	13,171
 Risk weighted assets including market risk	 63,901	 62,723	 60,452
 Tier 1 ratio	 12.7%	 12.6%	 12.5%
Total capital adequacy ratio	22.0%	21.8%	21.8%

¹¹ After discount of 55% based on Bank for International Settlements (BIS) guidelines

Note: Capital adequacy ratio is calculated in accordance with the BIS guidelines

The Group's total capital adequacy ratio ("CAR"), computed in accordance with the Bank for International Settlements ("BIS") guidelines, remained strong at 22% as at 31 March 2004. The Tier 1 capital ratio was 12.7%.

Valuation Surplus

	31 Mar 2004			31 Dec 2003			31 Mar 2003		
	Net book value S\$m	Market value S\$m	Surplus S\$m	Net book value S\$m	Market value S\$m	Surplus S\$m	Net book value S\$m	Market value S\$m	Surplus S\$m
Properties	1,252	2,649	1,397	1,274	2,664	1,390	1,342	2,859	1,517
Equity securities	1,499	3,892	2,393	1,466	3,499	2,033	1,421	3,058	1,637
Debt securities ^{1/}	13,361	13,592	231	13,438	13,587	149	11,977	12,249	272
Total investments	16,111	20,133	4,021	16,178	19,750	3,571	14,740	18,165	3,426

^{1/} Includes government treasury bills and securities

The Group's unrealised valuation surplus amounted to S\$4.02 billion as at 31 March 2004, an increase of 13% compared to 31 December 2003. The increase was due largely to the appreciation in market valuations of equity securities. Properties accounted for S\$1.40 billion or 35% of the surplus while equity securities accounted for S\$2.39 billion or 60%.

Performance by Geographical Segment

	1st Quarter 2004		1st Quarter 2003		4th Quarter 2003	
	S\$m	%	S\$m	%	S\$m	%
Income before operating expenses						
Singapore	403	77	384	77	446	78
Malaysia	87	16	81	16	90	16
Other ASEAN	4	1	5	1	4	1
Asia Pacific	23	4	21	4	26	5
Rest of the world	9	2	9	2	9	2
	<u>526</u>	<u>100</u>	<u>499</u>	<u>100</u>	<u>575</u>	<u>100</u>
Profit before tax						
Singapore	239	72	172	81	308	84
Malaysia	68	21	21	10	45	12
Other ASEAN	5	1	1	0	2	1
Asia Pacific	12	4	14	7	4	1
Rest of the world	5	2	6	3	7	2
	<u>329</u>	<u>100</u>	<u>214</u>	<u>100</u>	<u>366</u>	<u>100</u>
	31 Mar 2004		31 Dec 2003		31 Mar 2003	
	S\$m	%	S\$m	%	S\$m	%
Total assets						
Singapore	67,583	78	65,267	77	64,250	77
Malaysia	12,014	14	11,579	13	10,871	13
Other ASEAN	357	0	347	0	369	0
Asia Pacific	4,987	6	4,729	5	4,322	5
Rest of the world	2,174	2	2,575	4	3,155	4
	<u>87,115</u>	<u>100</u>	<u>84,497</u>	<u>100</u>	<u>82,968</u>	<u>100</u>

The analysis by geographical segment is based on the location where the assets or transactions are booked. 93% of the Group's profit before tax in the first quarter of 2004 was derived from Singapore and Malaysia operations. Other contributions were mainly from Greater China operations.

Appendix I

Group Income Statement (Unaudited)

For the quarter ended 31 March 2004

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

Appendix II

Group Balance Sheet (Unaudited)

As at 31 March 2004

	31 Mar 2004	31 Dec 2003	31 Mar 2003
	S\$'000	S\$'000	S\$'000
SHAREHOLDERS' EQUITY			
Share Capital			
Authorised	2,010,835	2,010,838	2,000,845
Issued and fully paid	1,284,926	1,284,084	1,290,466
Reserves			
Capital reserves	2,335,742	2,329,076	2,006,264
Statutory reserves	1,869,783	1,854,303	1,946,605
Revenue reserves	4,810,371	4,591,450	4,664,060
Total shareholders' equity	10,300,822	10,058,913	9,907,395
MINORITY INTERESTS	20,347	19,879	19,189
LIABILITIES			
Deposits of non-bank customers	54,278,997	53,459,680	55,333,771
Deposits and balances of banks	13,921,214	12,480,794	9,845,406
Deposits of associated companies	1,557,512	1,457,708	1,168,966
Bills payable	238,702	185,233	142,127
Current tax	363,640	327,667	339,286
Deferred tax	65,738	76,043	128,770
Other liabilities	2,426,704	2,421,286	2,099,728
Debt securities	3,941,288	4,010,223	3,982,921
Total liabilities and shareholders' equity	87,114,964	84,497,426	82,967,559
ASSETS			
Cash and placements with central banks	6,571,753	4,035,863	2,138,863
Singapore Government treasury bills and securities	5,609,303	6,151,111	5,580,768
Other government treasury bills and securities	1,492,398	1,054,618	1,147,800
Dealing securities	322,274	235,541	266,491
Placements with and loans to banks	9,359,509	9,649,818	14,737,162
Loans to customers (including bills receivable)	50,601,105	50,155,117	47,221,137
Investment securities	6,246,497	6,294,827	5,356,132
Deferred tax	52,240	53,670	70,546
Other assets	2,217,641	2,182,934	1,684,303
	82,472,720	79,813,499	78,203,202
Associated companies	1,199,182	1,177,137	1,046,968
Property, plant and equipment	1,402,671	1,434,736	1,550,288
Goodwill	2,040,391	2,072,054	2,167,101
Total assets	87,114,964	84,497,426	82,967,559
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	6,079,710	5,829,577	5,762,638
Commitments	28,365,997	27,261,292	30,322,485
Financial derivatives	199,881,316	191,246,606	175,274,756
	234,327,023	224,337,475	211,359,879

Appendix III

Statement of Changes in Shareholders' Equity – Group (Unaudited)

For the quarter ended 31 March 2004

	Share capital	Capital reserves	Statutory reserves	Revenue reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'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	-	-	-	255,782	255,782
Foreign currency translation gains / (losses) not recognised in the income statements	-	-	-	(21,357)	(21,357)
Total recognised gains for the financial period	-	-	-	234,425	234,425
Transfers	-	24	15,480	(15,504)	-
Shares issued under Share Option Schemes	842	6,642	-	-	7,484
Balance at 31 March 2004	1,284,926	2,335,742	1,869,783	4,810,371	10,300,822
Include:					
Share of reserves of associated companies	-	20,715	-	1,041,978	1,062,693
Balance at 1 January 2003	1,290,299	1,505,515	1,936,244	4,492,164	9,224,222
Profit attributable to shareholders	-	-	-	159,414	159,414
Foreign currency translation gains / (losses) not recognised in the income statements	-	-	-	23,926	23,926
Total recognised gains for the financial period	-	-	-	183,340	183,340
Transfers	-	1,083	10,361	(11,444)	-
Class E preference shares issued for cash	50	499,950	-	-	500,000
Expenses relating to the issue of preference shares	-	(998)	-	-	(998)
Shares issued under Share Option Schemes	117	714	-	-	831
Balance at 31 March 2003	1,290,466	2,006,264	1,946,605	4,664,060	9,907,395
Include:					
Share of reserves of associated companies	-	19,240	-	877,374	896,614

Appendix IV

Consolidated Cash Flow Statement (Unaudited)

For the quarter ended 31 March 2004

	31 Mar 2004	31 Mar 2003
	S\$'000	S\$'000
Cash flows from operating activities		
Operating profit before provisions and amortisation of goodwill	319,932	298,127
Adjustments for :		
Amortisation of computer software costs	5,763	4,777
Depreciation of property, plant and equipment	14,827	17,288
(Gains)/losses on disposal of investment securities	(5,400)	616
(Gains)/losses on disposal of property, plant and equipment	(156)	703
Operating profit before changes in operating assets and liabilities	334,966	321,511
Increase/(decrease) in operating liabilities :		
Deposits of non-bank customers	919,121	1,100,835
Deposits and balances of banks	1,440,420	(2,775,743)
Bills payable and other liabilities	59,957	(74,370)
(Increase)/decrease in operating assets :		
Dealing securities	(86,733)	(93,415)
Placements with and loans to banks	290,309	(278,194)
Loans to customers and bills receivable	(456,625)	114,278
Other assets	(41,007)	368,163
Cash provided by/(used in) operating activities	2,460,408	(1,316,935)
Income tax paid	(32,172)	(33,004)
Net cash provided by/(used in) operating activities	2,428,236	(1,349,939)
Cash flows from investing activities		
Acquisition of additional interest in subsidiary companies	-	(288)
Dividends from associated companies	22,519	51
Net (increase)/decrease in associated companies	4,296	4,221
Purchase of investment securities	(608,663)	(440,884)
Purchase of property, plant and equipment	(6,758)	(18,189)
Proceeds from disposal of investment securities	665,632	371,123
Proceeds from disposal of property, plant and equipment	9,875	685
Net cash provided by/(used in) investing activities	86,901	(83,281)
Cash flows from financing activities		
Decrease in debt securities	(69,750)	(32,398)
Net proceeds from issue of preference shares	-	499,002
Proceeds from issue of ordinary shares	7,484	831
Change in minority interests in subsidiaries and dividends paid to minority interests	-	10
Net cash (used in)/provided by financing activities	(62,266)	467,445
Net foreign currency translation adjustments	(21,357)	23,926
Net change in cash and cash equivalents	2,431,514	(941,849)
Cash and cash equivalents as at 1 January	10,697,579	9,809,280
Cash and cash equivalents as at 31 March	13,129,093	8,867,431

LETTER FROM PRICEWATERHOUSECOOPERS IN RELATION TO OCBC GROUP'S UNAUDITED FIRST QUARTER RESULTS FOR FY2004

30 April 2004

The Board of Directors
Oversea-Chinese Banking Corporation Limited
65 Chulia Street #29-02/04
OCBC Centre
Singapore 049513

Dear Sirs

1. On 24 February 2004, J.P. Morgan (S.E.A.) Limited announced, for and on behalf of Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**"), *inter alia*, that subject to the fulfillment of certain pre-conditions, OCBC Bank will make a voluntary unconditional offer for all ordinary shares of S\$0.50 each in the capital of Great Eastern Holdings Limited, other than those already owned or agreed to be acquired by OCBC Bank and its subsidiaries (the "**Offer**").
2. This letter is prepared in connection with the Offer.

Review of OCBC Group's unaudited results for the quarter ended 31 March 2004

3. We have reviewed the profit of the OCBC Group for the quarter ended 31 March 2004 (the "**Profit of the OCBC Group**") as set out in the announcement, to be dated 30 April 2004, on the unaudited results of the Group for the quarter ended 31 March 2004 ("**Announcement**").
4. The Profit of the OCBC Group is based on unaudited management accounts for the quarter ended 31 March 2004, prepared in accordance with the accounting policies adopted by the OCBC Group, which are in accordance with the Singapore Financial Reporting Standards, as set out on pages 84 to 88 of the Annual Report of OCBC Bank for the financial year ended 31 December 2003, and is the responsibility of the Directors of OCBC Bank. Our responsibility is to issue a report on the Profit of the OCBC Group based on our review.
5. We conducted our review in accordance with Singapore Standards on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information is free of material misstatement. A review is limited primarily to inquiries of OCBC Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, do not express an audit opinion.
6. Based on our review, nothing has come to our attention that causes us to believe that the Profit of the OCBC Group, as set out in the Announcement, has not been prepared in accordance with the accounting policies adopted by the OCBC Group, which are in accordance with the Singapore Financial Reporting Standards, as set out on pages 84 to 88 of the Annual Report of OCBC Bank for the financial year ended 31 December 2003.

Yours faithfully

PricewaterhouseCoopers
Certified Public Accountants
Singapore
Partner: Deborah Ong

**LETTER FROM JPMORGAN IN RELATION TO OCBC GROUP'S UNAUDITED
FIRST QUARTER RESULTS FOR FY2004**

30 April 2004

The Board of Directors
Oversea-Chinese Banking Corporation Limited
65 Chulia Street #29-02/04
OCBC Centre
Singapore 049513

Dear Sirs

On 24 February 2004, we announced, for and on behalf of Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**"), *inter alia*, that subject to the fulfillment of certain pre-conditions, OCBC Bank will make a voluntary unconditional offer for all ordinary shares of S\$0.50 each in the capital of Great Eastern Holdings Limited, other than those already owned or agreed to be acquired by OCBC Bank and its subsidiaries (the "**Offer**").

This letter is prepared in connection with the Offer.

We have examined the profit of the OCBC Bank and its subsidiaries ("**OCBC Group**" or "**Group**") for the first quarter ended 31 March 2004 (the "**Interim Results**") and have discussed with certain senior management of OCBC Bank who is responsible for its preparation. We have also considered the letter dated 30 April 2004 addressed to the Directors of OCBC Bank by PricewaterhouseCoopers ("**PwC**"), the auditors of OCBC Bank.

We have relied upon the accuracy and completeness of all financial and other information provided and discussed with us by the senior management of OCBC Bank and have assumed such accuracy and completeness for the purposes of rendering this letter. Save as provided in this letter, we do not express any other opinion on the financial statements.

Based on the above, we are of the opinion that the Interim Results (for which you as Directors are solely responsible) have been prepared and made after due and careful enquiry.

We have provided this letter solely to you, as Directors of OCBC Bank, in compliance with Rule 25 of the Singapore Code of Take-Overs and Mergers and for no other purpose. We do not accept responsibility to any other person(s), other than to the Directors of OCBC Bank, in respect of arising out of, or in connection with this letter.

Yours faithfully
For and on behalf of
J.P. Morgan (S.E.A.) Limited

Philip Lee
Managing Director
Head of Investment Banking
Southeast Asia

DISCLOSURES — HOLDINGS AND DEALINGS IN GEH SECURITIES AND OCBC SECURITIES

Part 1

Details of Holdings in GEH Securities

1. Holdings in GEH Securities of OCBC Bank and Parties Acting or Presumed to be Acting in Concert with OCBC Bank as at the Latest Practicable Date

1.1 OCBC Bank and its Subsidiaries

As at the Latest Practicable Date, the holdings in GEH Shares of OCBC Bank and its subsidiaries are set out below:

Name	Number of GEH Shares ⁽¹⁾
OCBC Bank ⁽²⁾	220,504,591
Eastern Realty Company Limited	9,425,619
Singapore Building Corporation Limited	633,600
OCBC Asset Management Limited ⁽³⁾	181,000

Notes:

⁽¹⁾ Direct shareholdings.

⁽²⁾ The holdings of OCBC Bank do not include the 10,000,000 GEH Shares agreed to be acquired by OCBC Bank from Singapore Investments (Pte) Limited as the Acquisition has not been completed as at the Latest Practicable Date.

⁽³⁾ The holdings of OCBC Asset Management Limited ("OAM") are held by the discretionary funds managed by OAM.

1.2 Directors of OCBC Bank

As at the Latest Practicable Date, the interests in GEH Securities of the Directors of OCBC Bank are set out below:

Name	Number of GEH Shares		Number of GEH Options
	Direct Interest	Deemed Interest	
Cheong Choong Kong	—	—	—
Michael Wong Pakshong	72,160	36,000	—
David Conner	—	—	—
Fong Weng Phak	—	—	—
Lee Seng Wee	1,463,465	450,560	—
Lee Tih Shih	529,969	—	—
Nasruddin Bin Bahari	—	—	—
Tsao Yuan	—	—	—
David Wong Cheong Fook	—	—	—
Wong Nang Jang	—	8,000	—
Patrick Yeoh Khwai Hoh	—	—	—

1.3 Lee Group

As at the Latest Practicable Date, the holdings in GEH Securities of the Lee Group (including the Lee Family Parties) are set out below:

Name	Number of GEH Shares⁽¹⁾	Number of GEH Options
Lee Seng Wee	1,463,465	—
Vicky Lee	450,560	—
Lee Chien Shih	548,209	—
Lee Tih Shih	529,969	—
Selat (Pte) Limited	38,565,456	—
Singapore Investments (Pte) Limited ⁽²⁾	26,062,800	—
Island Investment Company (Private) Limited	1,416,960	—
Lee Latex (Pte) Limited	633,600	—
Kota Trading Company Sdn. Berhad	2,759,021	—
Lee Rubber Company (Pte) Limited	1,550,334	—
Lee Seng Gee	696,960	—
Lee Seng Tee	506,880	—
Lee Seok Chee	348,480	—
Lee Seok Keng	361,600	—

Notes:

⁽¹⁾ Direct shareholdings.

⁽²⁾ The holdings of Singapore Investments (Pte) Limited include the 10,000,000 GEH Shares which Singapore Investments (Pte) Limited has agreed to sell to OCBC Bank on 24 February 2004 pursuant to the Acquisition Agreement as the Acquisition Agreement has not been completed as at the Latest Practicable Date.

1.4 Directors of Subsidiaries and Associated Companies of OCBC Bank

As at the Latest Practicable Date, the holdings in GEH Securities of the directors of subsidiaries and associated companies of OCBC Bank who are presumed to be acting in concert with OCBC Bank are set out below:

Name	Number of GEH Shares⁽¹⁾	Number of GEH Options
Sng Koon San	4,000	—
Ng Yoke Kian	7,000	—
Chua Ngoh Chuan	345,648	—
Shaw Vee Meng	1,208,000	—
Peter Norskov Husum	19,000	—

Note:

⁽¹⁾ Direct shareholdings except for Chua Ngoh Chuan whose shareholdings include direct and deemed shareholdings in GEH Shares.

1.5 Other Presumed Concert Parties of OCBC Bank

As at the Latest Practicable Date, the holdings in GEH Shares of persons who are presumed to be acting in concert with OCBC Bank (other than those set out in this paragraph 1) are set out below:

Name	Number of GEH Shares⁽¹⁾
Bukit Sembawang Estates Limited	91,680
Fiona Peen Lee	115,920
Lee Shih Kwei	115,920
Hoe Mei Ling Susan	20,160
Hoe Su Ling Anne	28,160
Hoe Wei Ming John	28,160
Geh Min	168,960
Eng Hsi Ko Peter	99,160
Eng Siu Sien Lisa	116,160
Eng Siu Lan Sibyl	116,160

Note:

⁽¹⁾ Direct shareholdings.

Details of Dealings in GEH Securities

2. Details of the Dealings in GEH Securities During the Reference Period

2.1 OCBC Bank and its Subsidiaries

On 24 February 2004, OCBC Bank entered into the Acquisition Agreement with the Vendor pursuant to which OCBC Bank agreed to purchase an aggregate of 10,000,000 GEH Shares, on the basis of the Share Exchange Ratio set out in Section 2 of this Offer Document.

2.2 Directors of Subsidiaries and Associated Companies of OCBC Bank

The details of the dealings in GEH Shares by a director of the subsidiaries and associated companies of OCBC Bank during the Reference Period are set out below:

Name	Date	Number of GEH Shares Bought	Transaction Price per GEH Share (S\$)
Ng Yoke Kian	29/1/2004	1,000	10.60

2.3 JPMorgan and its Affiliate

The details of the dealings in GEH Shares by an affiliate of JPMorgan during the Reference Period are set out below:

Name	Date	Number of GEH Shares Bought	Transaction Price per GEH Share (S\$)
JF Asset Management (Singapore) Limited ⁽¹⁾	20/2/2004	65,000	12.5292

Note:

⁽¹⁾ Pursuant to a ruling by the Securities Industry Council on 24 February 2004, the abovementioned market purchase will be disregarded for the purposes of Rule 15.2 of the Code.

2.4 Other Presumed Concert Party of OCBC Bank

The details of the dealings in GEH Securities of a party who is presumed to be acting in concert with OCBC Bank (other than those that set out in this paragraph 2) are set out below:

Name	Date	Number of GEH Shares Sold	Transaction Price per GEH Share (S\$)
Hoe Mei Ling Susan	17/2/2004	8,000	12.00

Part 2

Details of Holdings in OCBC Securities

1. Holdings in OCBC Securities of OCBC Bank and Parties Acting or Presumed to be Acting in Concert with OCBC Bank as at the Latest Practicable Date

1.1 OCBC Bank and its Subsidiaries and Associated Companies

As at the Latest Practicable Date, the holdings in OCBC Stock Units of the subsidiaries and associated companies of OCBC Bank are set out below:

Name	Number of OCBC Stock Units⁽¹⁾
OCBC Asset Management Limited ⁽²⁾	1,855,977
Malaysian Trustees Berhad	21,774
British and Malayan Trustees Limited ⁽³⁾	6,482,400
Raffles Investments (Singapore) Pte Limited	5,432,534

Notes:

⁽¹⁾ Direct shareholdings.

⁽²⁾ The holdings of OAM are held by the discretionary funds managed by OAM.

⁽³⁾ The holdings of British and Malayan Trustees Limited are held for its trust clients.

1.2 Directors of OCBC Bank

As at the Latest Practicable Date, the holdings in OCBC Stock Units of the Directors of OCBC Bank are set out below:

Name	Number of OCBC Stock Units	
	Direct Interest	Deemed Interest
Cheong Choong Kong	30,923	3,629 ⁽¹⁾
Michael Wong Pakshong	45,053	22,958 ⁽²⁾
David Conner	121,000	106,009 ⁽³⁾
Fong Weng Phak	29,782	—
Lee Seng Wee	1,338,157	1,185,710 ⁽⁴⁾
Lee Tih Shih	461,232	—
Nasruddin Bin Bahari	—	—
Tsao Yuan ⁽⁵⁾	—	390 ⁽⁶⁾
David Wong Cheong Fook	3,000	—
Wong Nang Jang	76,432	42,743 ⁽⁷⁾
Patrick Yeoh Khwai Hoh	—	—

Notes:

⁽¹⁾ This represents Cheong Choong Kong's deemed interest over 3,629 OCBC Shares arising pursuant to an award granted under the OCBC Deferred Share Plan.

⁽²⁾ This represents Michael Wong Pakshong's deemed interest in the OCBC Stock Units held by his wife.

⁽³⁾ This represents David Conner's deemed interest over 64,009 OCBC Shares arising pursuant to awards granted under the OCBC Deferred Share Plan and a contractual entitlement to 42,000 OCBC Stock Units pursuant to his employment contract.

⁽⁴⁾ This represents Lee Seng Wee's deemed interest in the OCBC Stock Units held by his wife.

⁽⁵⁾ In addition to Tsao Yuan's deemed interest in the OCBC Stock Units held by her husband, her children also hold in aggregate 7,113 OCBC Stock Units.

⁽⁶⁾ This represents Tsao Yuan's deemed interest in the OCBC Stock Units held by her husband.

⁽⁷⁾ This represents Wong Nang Jang's deemed interest in the OCBC Stock Units held by his wife.

As at the Latest Practicable Date, the details of the holdings in OCBC Options of the Directors of OCBC Bank are set out below:

Name	Number of OCBC Options	Exercise Price per OCBC Share (S\$)	Exercise Period
Cheong Choong Kong	48,000	12.340	16/3/2005 to 14/3/2014
David Conner	300,000	13.660	23/4/2003 to 22/4/2012
	300,000	9.760	28/3/2004 to 26/3/2013
	330,000	12.340	16/3/2005 to 14/3/2014
Wong Nang Jang	56,676	8.150	25/5/1999 to 29/1/2006
	52,920	7.603	30/1/2000 to 29/1/2007
	46,200	6.419	22/1/2001 to 21/1/2008
	84,000	7.533	10/12/2001 to 9/12/2008
	80,000	10.900	6/12/2002 to 5/12/2009
	75,000	9.760	28/3/2004 to 26/3/2008

1.3 Lee Group

As at the Latest Practicable Date, the holdings in OCBC Securities of the Lee Group are set out below:

Name	Number of OCBC Stock Units⁽¹⁾	Number of OCBC Options
Lee Seng Wee	1,338,157	—
Vicky Lee	1,185,710	—
Lee Chien Shih	350,893	—
Lee Tih Shih	461,232	—
Lee Seng Tee	69,224	—
Lee Seok Chee	95,534	—
Lee Seok Keng	109,969	—
Island Investment Company (Private) Limited	4,602,573	—
Kallang Development (Pte) Limited	12,004,515	—
Kota Trading Company Sdn. Berhad	3,360,186	—
Lee Foundation	46,160,018	—
Lee Latex (Pte) Limited	17,218,863	—
Lee Pineapple Company (Pte) Limited	8,059,450	—
Lee Plantations (Pte.) Limited	4,647,144	—
Lee Rubber Company (Pte) Limited	37,128,170	—
Peninsula Investment Company, Sdn. Berhad	731,257	—
Peninsula Plantations Sendirian Berhad	746,367	—
Selat (Pte) Limited	107,759,061	—
Singapore Investments (Pte) Limited ⁽²⁾	21,285,525	—
South Asia Shipping Company Private Limited	477,648	—
Tropical Produce Company (Pte) Limited	6,083,192	—

Notes:

⁽¹⁾ Direct shareholdings.

⁽²⁾ The holdings of Singapore Investments (Pte) Limited do not include the 9,760,000 new OCBC Shares that will be issued to Singapore Investments (Pte) Limited pursuant to the Acquisition Agreement as the Acquisition has not been completed by the Latest Practicable Date.

1.4 GEH and its Subsidiaries

As at the Latest Practicable Date, the holdings in OCBC Stock Units of GEH and its subsidiaries are set out below:

Name	Number of OCBC Stock Units⁽¹⁾
The Great Eastern Life Assurance Company Limited	45,920,740
The Overseas Assurance Corporation Limited	6,949,631
Great Eastern Life Assurance (Malaysia) Berhad	27,321,849

Note:

⁽¹⁾ Direct shareholdings.

1.5 Directors of Subsidiaries and Associated Companies of OCBC Bank

OCBC Stock Units

As at the Latest Practicable Date, the holdings in OCBC Stock Units of directors of the subsidiaries and associated companies of OCBC Bank who are presumed to be acting in concert with OCBC Bank are as follows:

Name	Direct Interest	Deemed Interest	Total Number of OCBC Stock Units
Chin Yuen Yin	10,000	—	10,000
Chn'g Chong Ewe	3,000	—	3,000
Choi Siew Hong	54,040	—	54,040
Chua Ngoh Chuan	3,780	—	3,780
D'Cruz Noel	4	—	4
Gan Lai Peng	768	—	768
Goh Lei Eng	1,008	—	1,008
Husum Peter Norskov	15,000	—	15,000
Koay Teng Seng	4,000	—	4,000
Kwan Chiew Choi	6,039	—	6,039
Lai Teck Poh	84,348	—	84,348
Lee Kok Keng Andrew	734	2,000	2,734
Lee Kong Yip	21,362	—	21,362
Lee Khing Hoong Vincent	2,794	—	2,794
Lim Eng Soon	—	259	259
Lim Jit Toong	—	1,419	1,419
Lim Lean See Helen	25,571	—	25,571
Lim Poh Tin Eileen	444	—	444
Lok Ching Khee	2,203	—	2,203
Low Soo Hiok	13,450	—	13,450
Lye Cheng Li Vivian	17,437	—	17,437
Na Wu Beng	27,720	—	27,720
Nai Boon Hiong	1,000	—	1,000
Ng Kwok Leong	4,170	2,583	6,753
Ng Lei Piar	2,583	4,170	6,753

Name	Direct Interest	Deemed Interest	Total Number of OCBC Stock Units
Ng Yoke Kian	59,569	—	59,569
Shaw Vee Meng	419,352	—	419,352
Sim Puay Cher	51,799	—	51,799
Sim Swee Yam Peter	2,000	—	2,000
Sng Koon San	1,050	—	1,050
Soon Tit Koon	14,006	—	14,006
Stephen Louis a/l J.C. Silva	9,000	—	9,000
Tan Cheow Kim Winston	743	2,085	2,828
Tan Geck Neo	25,054	—	25,054
Tan Hock Choon Steven	20,000	—	20,000
Tan Ngiap Joo	24,303	—	24,303
Tan Sor Cheng	50	—	50
Tay Boon Kuan	11,155	5,012	16,167
Tay Kay Jin	66	—	66
Teo Ee Sam	120	—	120
Tham Nai Kong Alan	13,235	—	13,235
Yeo Siew Kim Katherine	23	—	23
Yeoh Ban Aik Peter	250	—	250
Yeoh Beow Tit Albert	20,000	—	20,000
Yeung Pak Moon Benjamin	15,910	—	15,910

OCBC Options

As at the Latest Practicable Date, 53 employees of the OCBC Group, who are also directors of various subsidiaries and associated companies of OCBC Bank, held OCBC Options which are exercisable into 6,159,851 OCBC Shares.

As at the Latest Practicable Date, the number of OCBC Options held by a director of the company within the GEH Group (who is not an employee of the OCBC Group) and the details of such holdings are set out below:

Name	Number of OCBC Options	Exercise Price per OCBC Share (S\$)	Exercise Period
Lee Kong Yip	10,000	10.900	6/12/2002 to 5/12/2009
	42,000	7.533	10/12/2001 to 9/12/2008
	42,000	6.419	22/1/2001 to 21/1/2008

As at the Latest Practicable Date, the outstanding OCBC Options which were granted, the periods during which such OCBC Options are exercisable, the exercise prices at which such OCBC Options may be exercised are set out below:

	Exercise Price per OCBC Share (S\$)	Exercise Period
1995 Replacement Options	7.810	25/5/1999 to 1/2/2005
1996 Replacement Options	8.150	25/5/1999 to 29/1/2006
1997 Replacement Options	7.603	30/1/2000 to 29/1/2007
1998 Replacement Options	6.419	22/1/2001 to 21/1/2008
1999 Replacement Options	7.533	10/12/2001 to 9/12/2008
2000 Options	10.900	6/12/2002 to 5/12/2009
2001 Options	12.880	5/12/2003 to 4/12/2010
2002 Options	13.780	9/4/2003 to 8/4/2012
2002A Options	13.660	23/4/2003 to 22/4/2012
2002B Options	10.480	24/10/2003 to 23/10/2012
2003 Options	9.76	28/3/2004 to 26/3/2008
2003 Options	9.76	28/3/2004 to 26/3/2013
2004 Options	12.34	16/3/2005 to 14/3/2014

Awards Pursuant to the OCBC Deferred Share Plan

As at the Latest Practicable Date, 52 employees were granted awards (“**Awards**”) pursuant to the OCBC Deferred Share Plan in respect of an aggregate 179,794 OCBC Stock Units. The vesting period for the Awards is a period of three years from the date of grant of such Awards.

1.6 Other Presumed Concert Parties of OCBC Bank

As at the Latest Practicable Date, the holdings in OCBC Stock Units of parties presumed to be acting in concert with OCBC Bank (other than those set out in this paragraph 1) are set out below:

Name	Number of OCBC Stock Units⁽¹⁾
Bukit Sembawang Estates Limited	427,210
Lee Yan	111,311
Lee Ying	26,000
Lee Yuen Shih	3,617
Fiona Peen Lee	332,095
Lee Shih Hua	15,181
Lee Shih Kwei	369,020
Hoe Mei Ling Susan	7,158
Hoe Su Ling Anne	5,722
Hoe Wei Ming John	6,941
Geh Min	39,179
Eng Hsi Ko Peter	21,465
Eng Siu Sien Lisa	35,658

Note:

⁽¹⁾ Direct shareholdings.

Details of Dealings in OCBC Stock Units

2. Details of the Dealings in OCBC Securities During the Reference Period

2.1 OCBC Bank and its Subsidiaries and Associated Companies

OCBC Bank has entered into the Acquisition Agreement with the Vendor pursuant to which OCBC Bank has agreed to purchase an aggregate of 10,000,000 GEH Shares, on the basis of the Share Exchange Ratio set out in Section 2 of this Offer Document.

During the Reference Period, the details of the dealings in OCBC Stock Units by OAM for the discretionary funds managed by OAM are set out below:

Date of Transaction	Number of OCBC Stock Units Bought	Transaction Price per OCBC Stock Unit (\$\$)
8/1/2004	22,000	12.50
8/1/2004	3,000	12.50
8/1/2004	3,000	12.50
8/1/2004	12,000	12.50
9/2/2004	2,000	12.5476
9/2/2004	2,000	12.5476
9/2/2004	38,000	12.5476

Date of Transaction	Number of OCBC Stock Units Sold	Transaction Price per OCBC Stock Unit (\$\$)
5/12/2003	854	11.80
8/12/2003	6,002	11.8802
8/12/2003	4,114	11.8802
8/12/2003	6,029	11.8802
8/12/2003	1,034	11.8802
8/12/2003	765	11.8802
8/12/2003	609	11.8802
8/12/2003	568	11.88019
8/12/2003	568	11.88019
11/12/2003	1,000	12.10
11/12/2003	4,000	12.10
11/12/2003	8,000	12.10
29/12/2003	1,383	11.80
5/1/2004	50,000	12.25
6/1/2004	3,000	12.30
6/2/2004	3,000	12.30
6/2/2004	3,000	12.30
6/2/2004	10,000	12.30

During the Reference Period, the details of the dealings in OCBC Stock Units by an associated company of OCBC Bank are set out below:

Name	Date	Number of OCBC Stock Units Bought	Transaction Price per OCBC Stock Unit (S\$)
British and Malayan Trustees Limited ⁽¹⁾	12/2/2004	6,000	12.80
	12/2/2004	6,000	12.80
	8/1/2004	22,000	12.50

Note:

⁽¹⁾ For account of trust clients.

2.2 Directors of OCBC Bank

OCBC Options

The following Directors have been granted OCBC Options on 15 March 2004, details of which are as follows:

Name	Number of OCBC Options Granted	Exercise Price per OCBC Share (S\$)	Exercise Period
Cheong Choong Kong	48,000	12.34	16/3/2005 to 14/3/2014
David Conner	330,000	12.34	16/3/2005 to 14/3/2014

Awards Pursuant to the OCBC Deferred Share Plan

The following Directors have been granted Awards on 16 April 2004, details of which are as follows:

Name	Number of OCBC Stock Units Comprised in Awards Granted	Consideration
Cheong Choong Kong	3,629	Nil
David Conner	35,483	Nil

2.3 Directors of Subsidiaries and Associated Companies of OCBC Bank

OCBC Stock Units

The dealings in OCBC Stock Units of the directors of subsidiaries and associated companies of OCBC Bank who are presumed to be acting in concert with OCBC Bank during the Reference Period are as follows:

Name	Date	Number of OCBC Stock Units Sold	Transaction Price per OCBC Stock Unit (S\$)
Koay Teng Seng	5/1/2004	1,000	12.30
	9/1/2004	1,000	12.60
Chn'g Chong Ewe	1/12/2003	2,000	12.20
	7/1/2004	2,000	12.40
	13/2/2004	2,000	12.60

Name	Date	Number of OCBC Stock Units Sold	Transaction Price per OCBC Stock Unit (S\$)
Lim Jit Toong	31/12/2003	1,000	12.10
	7/1/2004	1,000	12.50
Sim Puay Cher	18/2/2004	2,000	12.50
Kwan Swee Chin Coreen	4/12/2003	4,000	12.00
	11/12/2003	4,460	12.10
Lee Kong Yip	8/1/2004	10,000	12.50

Name	Date	Number of OCBC Options Exercised	Exercise Price per OCBC Share (S\$)
Kwan Chiew Choi	6/1/2004	6,000	6.419
Yeoh Beow Tit Albert	6/1/2004	10,000	7.533
	13/1/2004	10,000	7.533
Chn'g Chong Ewe	8/12/2003	2,000	10.90
Sim Puay Cher	8/1/2004	5,000	10.90
Lim Lean See Helen	5/1/2004	9,000	6.419
	6/1/2004	7,000	6.419
	20/1/2004	8,000	6.419
Lee Kong Yip	11/2/2004	10,000	10.900

OCBC Options

On 15 March 2004, 48 employees of OCBC Bank, who are also directors of subsidiaries and associated companies of OCBC Bank, have been granted an aggregate of 869,000 OCBC Options, during the Reference Period, details of which are as follows:

Number of OCBC Options Granted	Exercise Price per OCBC Share (S\$)	Exercise Period
869,000	12.34	16/3/2005 to 14/3/2014

Awards Pursuant to the OCBC Deferred Share Plan

On 17 March 2004, 47 employees of OCBC Bank, who are also directors of subsidiaries and associated companies of OCBC Bank, have been granted Awards in respect of an aggregate of 101,057 OCBC Stock Units, in each case for nil consideration. The vesting period for such Awards is a period of three years from the date of grant.

2.4 Presumed Concert Parties of OCBC Bank

Dexia Trust Services Singapore Limited⁸, the trustee of the trust established pursuant to or in connection with the OCBC Deferred Share Plan, had purchased the following OCBC Stock Units to be held on trust for the grantees of the awards made pursuant to the OCBC Deferred Share Plan during the Reference Period:

Date of Transaction	Number of OCBC Stock Units Bought	Transaction Price per OCBC Stock Unit (S\$)
14/4/2004	67,000	12.40
15/4/2004	67,000	12.14478
6/5/2004	77,000	12.60
7/5/2004	80,000	12.45
10/5/2004	90,000	12.10
11/5/2004	58,000	12.14828

The details of the dealings in OCBC Securities of a party who is presumed to be acting in concert with OCBC Bank (other than those set out in this paragraph 2) are set out below:

Name	Date	Number of OCBC Stock Units Bought	Transaction Price per OCBC Stock Unit (S\$)
Hoe Wei Yen David	9/1/2004	15,000	12.6667
	2/4/2004	80,000	12.4625

Name	Date	Number of OCBC Stock Units Sold	Transaction Price per OCBC Stock Unit (S\$)
Hoe Wei Yen David	27/1/2004	15,000	12.7533
	7/4/2004	80,000	12.3750

⁸ As at the Latest Practicable Date, Dexia Trust Services Singapore Limited holds an aggregate of 905,777 OCBC Stock Units as trustee of the trust established pursuant to or in connection with the OCBC Deferred Share Plan.

ADDITIONAL INFORMATION ON THE GEH GROUP**1. SHARE CAPITAL**

As at the Latest Practicable Date, GEH has an authorised share capital of S\$1,000,000,000 divided into 2,000,000,000 GEH Shares, and an issued and paid-up capital of S\$235,855,434.50 divided into 471,710,869 GEH Shares.

2. MATERIAL CHANGES IN FINANCIAL POSITION

Save for the information on GEH which is publicly available (including the audited results of the GEH Group for FY2003 as set out in the Annual Report of GEH for FY2003 and the unaudited results of GEH Group for the first quarter ended 31 March 2004 as announced on 29 April 2004), there have been, to the knowledge of OCBC Bank, no material changes in the financial position or prospects of GEH since 31 December 2003, being the date of the last balance sheet laid before the shareholders of GEH in general meeting.

3. REGISTERED OFFICE

The registered office of GEH is at 1 Pickering Street #16-01, Great Eastern Centre, Singapore 048659.

GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- 1.1 **No Agreement having any Connection with or Dependence upon Offer.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (1) OCBC Bank or any party acting in concert with it and (2) any of the current or recent directors of GEH or any of the current or recent shareholders of GEH having any connection with or dependence upon the Offer.
- 1.2 **Transfer of Offer Shares.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person.
- 1.3 **No Payment or Benefit to GEH Directors.** As at the Latest Practicable Date, other than the Options Proposal, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any director of GEH or any of its related corporations (as defined in the Companies Act) as compensation for loss of office or otherwise in connection with the Offer.
- 1.4 **No Agreement Conditional upon Outcome of Offer.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there is no agreement, arrangement or understanding between (1) OCBC Bank and (2) any of the directors of GEH or any other person in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.
- 1.5 **Transfer Restrictions.** The Memorandum and Articles of Association of GEH do not contain any restrictions on the right to transfer the Offer Shares, which has the effect of requiring holders of such Offer Shares, before transferring them, to offer them for purchase to members of GEH or to any person.
- 1.6 **Directors' Service Contracts.** As at the Latest Practicable Date, there is no agreement, arrangement or understanding between OCBC Bank or any party acting in concert with it and any Director of OCBC Bank, whereby the total emoluments received by Directors of OCBC Bank will be affected as a consequence of the Offer.
- 1.7 **No Indemnity Arrangements.** As at the Latest Practicable Date, save as disclosed in this Offer Document, there are no GEH Shares held by any persons with whom OCBC Bank or any person acting in concert with OCBC Bank has any arrangement, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the GEH Shares which may be an inducement to deal or refrain from dealing.

2. GENERAL

- 2.1 **Costs and Expenses.** All costs and expenses of or incidental to the preparation and circulation of this Offer Document, the FAA and the FAT (other than professional fees and other costs incurred or to be incurred by GEH relating to the Offer) and stamp duty and transfer fees resulting from acceptances of the Offer will be paid by OCBC Bank.
- 2.2 **Consents.** JPMorgan (as financial adviser to OCBC Bank in connection with the Offer) has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion of its letter, and references to it and its name, in the form and context in which it appears in this Offer Document.

PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its letter and the auditors' report of OCBC Bank for FY2003 and references to it and in its name, in the form and context in which it appears in this Offer Document.

3. MARKET QUOTATIONS

- 3.1 **Closing Prices of the GEH Shares.** The following table sets out the closing prices of the GEH Shares on SGX-ST as at the following dates:

Date	Closing Price (S\$)
11 May 2004 (the Latest Practicable Date)	12.00
20 February 2004 (latest trading day prior to the Announcement Date)	12.50
31 January 2004	10.90
31 December 2003	10.70
30 November 2003	11.30
31 October 2003	11.10
30 September 2003	10.30
31 August 2003	10.30

Closing Prices of the OCBC Stock Units. The following table sets out the closing prices of the OCBC Stock Units on SGX-ST as at the following dates:

Date	Closing Price (S\$)
11 May 2004 (the Latest Practicable Date)	12.30
20 February 2004 (latest trading day prior to the Announcement Date)	12.40
31 January 2004	12.50
31 December 2003	12.10
30 November 2003	11.90
31 October 2003	12.10
30 September 2003	11.20
31 August 2003	11.00

3.2 Highest and Lowest Prices.

- (a) **GEH.** The highest and lowest closing prices of the GEH Shares on SGX-ST during the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date are as follows:
- (i) highest closing price: S\$13.00 on 23 February 2004; and
 - (ii) lowest closing price: S\$10.00 on 26 and 27 August 2003.
- (b) **OCBC.** The highest and lowest closing prices of the OCBC Stock Units on SGX-ST during the period commencing six months prior to the Announcement Date and ending on the Latest Practicable Date are as follows:
- (i) highest closing price: S\$12.80 on 26 and 27 January 2004; and
 - (ii) lowest closing price: S\$10.50 on 10 September 2003.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of OCBC Bank at 65 Chulia Street #29-02/04, OCBC Centre, Singapore 049513 during normal business hours for the period for which the Offer remains open for acceptance:

- (1) the Memorandum and Articles of Association of OCBC Bank;
- (2) the annual reports of OCBC Bank for FY 2001, 2002 and 2003 respectively;
- (3) the Acquisition Announcement, the Offer and Selective Capital Reduction Announcement and the Formal Announcement;
- (4) OCBC Bank's circular to OCBC Stockholders dated 5 April 2004;
- (5) the irrevocable undertaking referred to in Section 4 of this Offer Document;
- (6) the letter from JPMorgan referred to in **Appendix 11** of this Offer Document;
- (7) the letter from PricewaterhouseCoopers referred to in **Appendix 10** of this Offer Document;
- (8) the letter of consent from JPMorgan referred to in Section 2.2 of this **Appendix 14**; and
- (9) the letter of consent from PricewaterhouseCoopers referred to in Section 2.2 of this **Appendix 14**.

