



2004

GROUP FINANCIAL RESULTS

14 February 2005

Company Registration Number: 193200032W

Contents

Media Release	1
Financial Review	6
Highlights	6
Financial Summary	7
Net Interest Income	8
Non-Interest Income	10
Operating Expenses	11
Provision Charges	12
Loans and Advances	13
Non-Performing Loans	14
Cumulative Provisions	16
Exposure to the Five Regional Countries, Hong Kong and China	17
Deposits	18
Capital Adequacy Ratios	19
Valuation Surplus	20
Performance by Business Segment	21
Performance by Geographical Segment	25
Appendix I: Audited Consolidated Income Statement	26
Appendix II: Audited Consolidated Balance Sheet	27
Appendix III: Audited Consolidated Statement of Changes in Shareholders' Equity	28
Appendix IV: Audited Consolidated Cash Flow Statement	29



Media Release

OCBC Group's Full Year 2004 Net Profit Grew 22% to S\$1,162 million

Core Net Profit for Fourth Quarter increased 24% to S\$279 million

Singapore, 14 February 2005 – Oversea-Chinese Banking Corporation Limited today reported strong results for the financial year ended 31 December 2004. Group net profit rose 22% to S\$1,162 million, from S\$954 million in 2003. The improved performance was largely driven by strong growth in fee income, higher net interest income and lower provisions. Return on ordinary shareholders' funds ("ROE") improved from 10.0% in 2003 to 11.4% in 2004, while cash ROE increased from 11.4% to 13.0%.

The divestment of non-core assets contributed S\$97 million to net profit in 2004, as compared to S\$126 million in 2003. Excluding these gains, the Group's core net profit grew by 29%, from S\$828 million in 2003 to S\$1,065 million in 2004.

Operating profit before provisions and goodwill amortisation rose 25% to S\$1,669 million, as revenue growth of 21% outpaced the 14% increase in expenses. Net interest income rose 6% to S\$1,518 million, as loans grew by 5% and net interest margin remained stable. Fee and commission income registered a broad-based expansion of 24% to S\$464 million, boosted in particular by strong wealth management sales.

Reflecting the Group's improved asset quality and the economic recovery, total provision charges declined from S\$225 million in 2003 to S\$77 million in 2004. The Group's non-performing loans ("NPLs") ratio improved significantly from 6.9% to 4.9%.

Great Eastern Holdings ("GEH"), previously equity accounted as an associate, was consolidated as a subsidiary from June 2004. Its total net profit contribution to the Group, after taking into account goodwill and minorities, was S\$189 million in 2004, up from S\$163 million in 2003.

The Board of Directors is recommending a final dividend of 19 cents per share for ordinary shareholders. Together with the interim dividend of 19 cents paid in September 2004, total dividends for 2004 would amount to 38 cents, an increase of 65% over the 23 cents paid for 2003 (excluding the special dividend paid in July 2003). The estimated total net dividends of S\$403 million for 2004 represent 38% of the Group's core net profit of S\$1,065 million. This is consistent with the Group's dividend policy which targets a minimum payout of 35% of core earnings.

Fourth Quarter 2004 Results

Net profit in the fourth quarter of 2004 ("4Q04") was S\$279 million, largely unchanged as compared to the same quarter last year ("4Q03"), despite the absence of divestment gains. In 4Q03, S\$54 million net gains were recorded from the divestment of a property at Mount Emily Road, shares in WBL Corporation, as well as an associate's stake in Raffles Hotel. Excluding these gains, net profit in 4Q04 registered 24% growth, largely the result of higher operating profit as well as lower provisions.

Operating profit before provisions and goodwill amortisation increased by 18% year-on-year to S\$421 million, supported by a 5% increase in net interest income, 10% growth in fee and commission income and the consolidation of insurance income from GEH. Underlying expenses growth, excluding GEH, was 19%, due to higher staff costs and increased spending for business promotion.

In 4Q04, provisions were a negative S\$2 million, primarily due to the reversal of specific provisions for diminution in value of investment securities and properties, as well as a reversal of general provisions to offset new specific provisions for loans in Malaysia.

Consolidation of Great Eastern Holdings

The Group's shareholding in GEH increased from 48.9% to 81.1% following a voluntary unconditional offer launched in May 2004. Consequently, the 2004 results included seven months' full consolidation of GEH's results as a subsidiary from June 2004. Prior to June 2004, the Group's 48.9% share of GEH's profit was reflected under the associates' contribution line.

The consolidation of GEH contributed S\$304 million to the Group's total income in 2004 (of which S\$243 million was classified under insurance income) and S\$51 million to operating expenses. The full year net profit contribution from GEH was S\$189 million, comprising S\$121 million as a subsidiary (after taking into account goodwill amortisation and minority interests) and S\$68 million as an associate. In 2003, GEH's net profit contribution as an associate was S\$163 million.

Full Year Results

Revenue

Total income grew by 21% to S\$2,643 million in 2004, with net interest income rising by 6% to S\$1,518 million, and non-interest income increasing by 48% to S\$1,126 million.

Net interest income growth resulted from higher loans and debt securities volumes. Net interest margin improved slightly from 1.90% to 1.91%, with higher average yields on interest earning assets offsetting the higher cost of funds in a rising rate environment. Customer loans grew 5% during the year to S\$55.22 billion, led by housing loans which rose 12% to S\$17.29 billion. Loans to general commerce and manufacturing sectors also registered good growth of 20% and 7% respectively.

The surge in non-interest income came primarily from a 24% jump in fee and commission income to S\$464 million, as well as the inclusion of S\$243 million in insurance income from GEH. Non-interest income accounted for 43% of total income in 2004, up from 35% in 2003.

Fee income growth was broad-based, led by wealth management income which jumped 65% to S\$129 million due to robust sales of bancassurance products, structured deposits and unit trusts. Other fee-based activities including fund management, trade and remittance services, investment banking and credit cards also registered good growth.

Other income increased 5% to S\$260 million, mainly due to higher foreign exchange dealing income which grew 44% to S\$87 million. The divestment of non-core assets, namely, Raffles Investments Limited and Whitesands Shopping Mall, contributed S\$132 million to other income. This is broadly similar to the S\$128 million in divestment income recorded in 2003. A net loss of S\$51 million was recorded in securities and derivatives dealing during the year, mainly due to losses on interest rate swaps as a result of difficult market conditions.

Operating Expenses

Operating expenses increased by 14% to S\$974 million in 2004. Excluding GEH's expenses of S\$51 million, the underlying year-on-year cost increase was 8%. Staff expenses were higher due to an 11% increase in headcount (excluding GEH) during the year, and higher sales commissions. Other business-driven expenses such as promotions and marketing costs also rose in line with new business initiatives launched during the year.

Despite the higher expenses, the Group's cost-to-income ratio remained well in control, declining from 39.0% in 2003 to 36.8% in 2004.

Provisions and Asset Quality

Reflecting the improved credit processes within the Group and stable economic conditions, total provisions declined from S\$225 million in 2003 to S\$77 million in 2004. Specific provisions for loans fell from S\$194 million to S\$143 million. A sustained improvement in the value of certain investment securities and properties held by the Group during the year resulted in a net reversal of S\$34 million in provisions for such assets, compared to a charge of S\$57 million in 2003. The Group also reversed a net S\$32 million from its surplus general provisions in 2004, compared to S\$26 million reversed in 2003.

Total NPLs declined by 25% from S\$3.83 billion in December 2003 to S\$2.87 billion in December 2004, leading to an improvement in the NPL ratio from 6.9% to 4.9%. Total cumulative specific and general provisions amounted to S\$2.38 billion, representing 82.9% of total NPLs, up from 67.0% in December 2003. Cumulative specific provisions covered 106.3% of unsecured NPLs, while cumulative general provisions were 2.1% of non-bank loans (net of specific provisions).

Capital Position

The Group's capital position remains strong, with a total capital adequacy ratio of 17.7% and Tier -1 ratio of 12.6% as at 31 December 2004. Since the announcement of a S\$500 million share buyback programme in August 2004, the Group has to-date purchased 29.0 million of its ordinary shares from the stock market for a total consideration of S\$394 million.

As part of its continuing efforts to achieve a more efficient Tier 1 capital mix and to utilise lower-cost capital, the Group successfully launched its maiden offering of hybrid Tier 1 preference shares in January 2005, raising a total of S\$400 million from institutional and sophisticated investors.

Conclusion

Commenting on the Group's performance, CEO David Conner said:

"We are pleased to have delivered another year of good earnings growth. It is particularly satisfying that our top-line revenues have improved both in terms of growth and mix, with significantly higher fee income. No doubt we'll have to work harder this year, given our higher base, the expected moderation in economic growth, and unrelenting competition in our home market. The key strategic initiatives we executed last year, including forging closer partnerships with Great Eastern and Bank NISP, should position us well for further growth and continued geographic diversification of earnings."

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$120 billion and a network of 112 branches and representative offices in 14 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Japan, Australia, UK and USA. 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 meet the needs of its customers across communities. Its subsidiary, Great Eastern Holdings, is the largest insurance group in both Singapore and Malaysia in terms of assets and market share.

In 2004, OCBC Bank was named Lafferty Group's Retail Bank of the Year in Asia-Pacific and South East Asia and Global Finance magazine's Best Bank in Singapore. Additional information may be found at www.ocbc.com.

For more information, please contact:

Koh Ching Ching
Head Group Corporate Communications
Tel : (65) 6530 4890
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 by 22% to S\$1,162 million in 2004, driven by strong growth in fee income, higher net interest income and lower provisions. Excluding divestment gains, core net profit grew by 29% to S\$1,065 million.
- ◆ Operating profit before provisions increased by 25% to S\$1,669 million. Net interest income rose 6% while fee and commission income grew 24%. Divestment of non-core assets contributed S\$132 million to operating profit and S\$97 million to net profit, compared to S\$128 million and S\$126 million respectively in 2003.
- ◆ Net profit in the fourth quarter of 2004 (“4Q04”) was S\$279 million, similar to the level in 4Q03. Excluding the divestment gains recorded in 4Q03, the year-on-year growth was 24%.
- ◆ Gross loans to non-bank customers grew by 5% from December 2003 to S\$55.22 billion in December 2004, underpinned by growth in housing loans as well as loans to the general commerce and manufacturing sectors.
- ◆ NPLs declined by 25% from December 2003 to S\$2.87 billion in December 2004. The NPL ratio improved from 6.9% to 4.9%, and total provision coverage of NPLs increased from 67.0% to 82.9%.
- ◆ Earnings per ordinary share (“EPS”) increased by 20% from 72 cents in 2003 to 86 cents in 2004. Return on ordinary shareholders’ funds (“ROE”) improved from 10.0% to 11.4%.
- ◆ Net asset value per ordinary share (“NAV”) was S\$7.86 as at 31 December 2004. Including the unrealised valuation surplus of S\$3.28 per share, NAV was S\$11.14.

Financial Summary

	Full Year		+ / (-) %	4th Qtr		+ / (-) %	3rd Qtr
	2004	2003		2004	2003		2004
	S\$m	S\$m		S\$m	S\$m		S\$m
Selected profit and loss data :							
Net interest income	1,518	1,435	6	389	369	5	384
Fees and commissions	464	373	24	113	103	10	118
Dividends	87	75	16	13	8	64	8
Rental income	72	64	14	18	18	(1)	18
Income from insurance ^{1/}	243	–	n.m.	132	–	n.m.	85
Other income	260	247	5	37	76	(51)	155
Total income	2,643	2,193	21	702	575	22	768
Less : Operating expenses	974	855	14	281	216	30	251
Operating profit	1,669	1,338	25	421	358	18	517
Less : Amortisation of goodwill and intangibles	158	127	25	45	32	43	45
Less : Total provisions	77	225	(66)	(2)	54	n.m.	36
Add : Share of associated companies' results	121	235	(49)	4	94	(96)	7
Profit before tax	1,555	1,222	27	382	366	4	443
Net profit attributable to shareholders	1,162	954	22	279	279	0	324
Cash basis net profit attributable to shareholders ^{2/}	1,321	1,081	22	324	310	5	369

Selected balance sheet data :

Total assets	119,882	84,497	42	119,882	84,497	42	118,799
Assets excluding life fund net assets	90,986	84,497	8	90,986	84,497	8	90,331
Loans to customers (net of provisions)	52,963	50,155	6	52,963	50,155	6	52,763
Deposits of non-bank customers	57,287	53,460	7	57,287	53,460	7	56,219
Ordinary shareholders' funds	10,346	9,163	13	10,346	9,163	13	10,317
Total (ordinary and preference) shareholders' funds	11,242	10,059	12	11,242	10,059	12	11,213

Key Indicators :

Return on ordinary shareholders' funds (% p.a.) ^{3/}	11.4	10.0		10.4	11.8		12.1
Return on ordinary shareholders' funds (% p.a.) – Cash basis ^{3/}	13.0	11.4		12.1	13.2		13.8
Return on total shareholders' funds (% p.a.)	10.8	9.8		9.9	11.2		11.5
Return on total shareholders' funds (% p.a.) – Cash basis	12.3	11.1		11.5	12.4		13.1
Return on assets (% p.a.) ^{4/}	1.30	1.13		1.23	1.30		1.42
Return on assets (% p.a.) – Cash basis ^{4/}	1.48	1.28		1.42	1.45		1.62
Basic earnings per ordinary share (S\$) ^{5/}	0.86	0.72	20	0.78	0.81	(4)	0.96
Cash earnings per ordinary share (S\$) ^{5/}	0.98	0.82	20	0.91	0.90	1	1.10
Net asset value per ordinary share (S\$)							
– Before valuation surplus	7.86	7.16	10	7.86	7.16	10	7.74
– After valuation surplus	11.14	9.95	12	11.14	9.95	12	10.50

^{1/} Comprise profit from life assurance and net earned premiums from general insurance

^{2/} Excluding goodwill and intangibles amortisation charge

^{3/} Calculated after deducting preference shares dividends paid and estimated to be due as at end of period from net profit attributable to shareholders

^{4/} Return on assets is calculated based on assets excluding life fund net assets attributable to policyholders

^{5/} Calculated after deducting declared and/or paid preference shares dividends from net profit attributable to shareholders

^{6/} Return on equity, return on assets and earnings per ordinary share for the quarters are annualised.

^{7/} Some of the figures may not add up to the relevant totals due to rounding

^{8/} n.m. – Not meaningful

^{9/} Certain comparative figures have been restated to conform with current year's presentation

Net Interest Income

Net interest income increased by 6% to S\$1,518 million in 2004, driven by growth in interest earning assets, primarily customer loans and fixed income securities. Net interest margin improved slightly from 1.90% in 2003 to 1.91% in 2004, as higher average yields on interest earning assets offset the increase in cost of funds in a rising interest rate environment.

Compared to 4Q03, net interest income grew by 5% to S\$389 million in 4Q04. Pressure from rising cost of funds resulted in a slightly compressed net interest margin of 1.93% as compared to 1.94% in 4Q03.

Average Balance Sheet^{1/} (Full Year Trend)

	Full Year 2004			Full Year 2003		
	Average Balance ^{1/} S\$m	Interest S\$m	Average Rate %	Average Balance ^{1/} S\$m	Interest S\$m	Average Rate %
Assets						
Loans and advances to non-bank customers	51,823	1,923	3.71	48,309	1,791	3.71
Placements with and loans to banks	13,305	296	2.22	14,526	267	1.84
Other interest earning assets ^{2/}	14,336	341	2.38	12,610	322	2.55
Total interest earning assets	79,464	2,560	3.22	75,445	2,381	3.16
Non-interest earning assets	24,950	–	–	8,873	–	–
Total assets	104,414	–	–	84,317	–	–
Liabilities						
Deposits of non-bank customers	56,625	717	1.27	55,452	681	1.23
Deposits and balances of banks	13,698	211	1.54	12,135	158	1.30
Other borrowings ^{3/}	4,758	114	2.40	4,175	106	2.54
Total interest bearing liabilities	75,081	1,043	1.39	71,763	946	1.32
Non-interest bearing liabilities	18,312	–	–	2,780	–	–
Total liabilities	93,392	–	–	74,543	–	–
Net interest income/margin		1,518	1.91		1,435	1.90

Average Balance Sheet^{1/} (Quarterly Trend)

	4th Quarter 2004			4th Quarter 2003			3rd Quarter 2004		
	Average Balance ^{1/}	Interest	Average Rate	Average Balance ^{1/}	Interest	Average Rate	Average Balance ^{1/}	Interest	Average Rate
	S\$m	S\$m	%	S\$m	S\$m	S\$m	S\$m	S\$m	%
Assets									
Loans and advances to non-bank customers	53,132	512	3.84	49,477	452	3.62	52,833	486	3.66
Placements with and loans to banks	11,868	75	2.52	12,977	66	2.00	13,173	78	2.37
Other interest earning assets ^{2/}	15,132	101	2.65	12,903	83	2.55	14,900	90	2.40
Total interest earning assets	80,132	688	3.42	75,357	600	3.16	80,906	655	3.22
Non-interest earning assets	38,933	–	–	9,502	–	–	37,697	–	–
Total assets	119,066	–	–	84,859	–	–	118,603	–	–
Liabilities									
Deposits of non-bank customers	56,754	203	1.42	55,295	159	1.14	56,656	185	1.30
Deposits and balances of banks	13,188	60	1.81	12,665	42	1.33	14,438	58	1.59
Other borrowings ^{3/}	5,563	37	2.62	4,188	30	2.82	5,003	28	2.25
Total interest bearing liabilities	75,505	300	1.58	72,147	231	1.27	76,098	271	1.42
Non-interest bearing liabilities	31,898	–	–	2,770	–	–	30,848	–	–
Total liabilities	107,403	–	–	74,917	–	–	106,946	–	–
Net interest income/margin		389	1.93		369	1.94		384	1.89

^{1/} Average balances are based on monthly averages

^{2/} Comprise debt securities, government securities and treasury bills

^{3/} Comprise debt securities issued (including Upper Tier 2 subordinated debt, Floating Rate Notes and Euro Commercial Papers) and bills payable

Non-Interest Income

	Full Year 2004	Full Year 2003	+ / (-)	4th Qtr 2004	4th Qtr 2003	+ / (-)	3rd Qtr 2004
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Fee and commission income							
Brokerage	53	62	(15)	10	19	(48)	11
Wealth management ^{1/}	129	78	65	25	26	(2)	30
Fund management	42	19	119	16	5	220	13
Credit card	35	30	19	10	9	11	9
Loan-related	66	74	(10)	15	16	(7)	16
Trade and remittances ^{2/}	57	45	26	16	12	37	15
Guarantees	18	18	4	4	4	16	5
Investment banking	19	12	63	3	4	(22)	6
Service charges	36	31	16	12	8	57	9
Others	7	4	68	1	–	68	3
Total	464	373	24	113	103	10	118
Dividends	87	75	16	13	8	64	8
Rental income	72	64	14	18	18	(1)	18
Income from insurance ^{3/}	243	–	n.m.	132	–	n.m.	85
Other income							
Dealing in foreign exchange	87	61	44	28	16	74	22
Dealing in securities and derivatives	(51)	(19)	n.m.	(18)	(10)	n.m.	(20)
Disposal of investment securities	23	92	(76)	12	7	67	5
Disposal of associated companies	54	–	n.m.	(1)	–	–	55
Disposal of properties	79	47	67	–	46	(100)	78
Others	68	66	4	17	17	(1)	16
Total	260	247	5	37	76	(51)	155
Total non-interest income	1,126	758	48	313	206	52	384
Fees and Commissions/Total Income	17.5%	17.0%		16.1%	18.0%		15.3%
Non-Interest Income/Total Income	42.6%	34.6%		44.6%	35.8%		50.0%

^{1/} From sale of unit trusts, bancassurance products and structured deposits and notes

^{2/} Prior to 4Q04, remittance fee income was reported under "Service charges"; prior periods' figures have been adjusted.

^{3/} Comprise profit from life assurance and net earned premiums from general insurance

Total non-interest income jumped 48% to S\$1,126 million in 2004, boosted by stronger fee and commission income, and by the consolidation of GEH which contributed S\$285 million in non-interest income. Fees and commissions registered a broad-based expansion of 24% to S\$464 million, led by wealth management income which grew 65% to S\$129 million and fund management income which rose 119% to S\$42 million. Income from investment banking, trade and remittances, and credit cards also performed better, offsetting the decline in stockbroking income.

Foreign exchange dealing income registered strong growth of 44% to S\$87 million. Dealing in securities and derivatives recorded a net loss of S\$51 million in 2004, compared to S\$19 million loss in 2003, mainly due to losses on interest rate swaps sustained under difficult market conditions.

The divestment of non-core assets contributed S\$132 million to non-interest income in 2004, compared to S\$128 million in 2003. The gains in 2004 comprised S\$55 million from the sale of former associate Raffles Investments, and S\$77 million (S\$43 million after minority interests of 45%) from the sale of Whitesands Shopping Mall by a 55%-owned subsidiary, both recorded in 3Q04.

Non-interest income in 4Q04 was S\$313 million, 52% higher than 4Q03 which contained S\$50 million of divestment gains. The year-on-year increase was largely attributable to the S\$153 million contribution from GEH.

Operating Expenses

	Full Year 2004	Full Year 2003	+ / (-)	4th Qtr 2004	4th Qtr 2003	+ / (-)	3rd Qtr 2004
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Staff costs	531	478	11	144	119	21	136
Premises and equipment							
Depreciation of fixed assets	62	81	(24)	15	17	(8)	16
Amortisation of computer software costs	24	20	19	5	6	(8)	6
Maintenance and hire of fixed assets	33	36	(9)	9	8	9	9
Rental expenses	18	18	1	5	4	7	5
Others	79	69	15	26	15	70	18
Total	216	225	(4)	60	50	20	53
Other operating expenses	227	152	49	77	47	63	62
Total operating expenses	974	855	14	281	216	30	251
Group staff strength – period end	10,582	7,424	43	10,582	7,424	43	10,166
Group staff strength – average	9,089	7,350	24	10,476	7,398	42	10,044
Cost-to-income ratio	36.8%	39.0%		40.0%	37.6%		32.7%

Total operating expenses in 2004 were S\$974 million, an increase of 14% over 2003 partly due to the consolidation of GEH expenses from June 2004, which amounted to S\$51 million. Excluding GEH expenses, operating expenses rose by 8%, mainly attributable to higher staff costs and business promotion expenses. Staff expenses increased due to higher headcount and sales commissions, while business promotion and professional expenses rose in tandem with new business initiatives launched during the year.

With stronger growth in revenue compared to expenses, the cost-to-income ratio in 2004 improved to 36.8% from 39% in 2003.

The Group's headcount was 10,582 at end December 2004, including 2,315 headcount from GEH. Excluding GEH, headcount increased by 11% since December 2003.

Provision Charges

	Full Year 2004	Full Year 2003	+ / (-)	4th Qtr 2004	4th Qtr 2003	+ / (-)	3rd Qtr 2004
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m
Specific provision for loan losses							
– Singapore	114	191	(40)	31	34	(8)	43
– Malaysia	40	55	(27)	36	12	190	1
– Other regional countries	(16)	(27)	41	(3)	#	n.m.	(7)
– Others	5	(25)	n.m.	17	1	n.m.	(1)
Sub-Total	143	194	(26)	81	47	73	37
General provision for loan losses							
– Five regional countries ^{1/}	(32)	(31)	n.m.	(32)	#	n.m.	#
– Singapore & others	#	5	n.m.	(1)	2	n.m.	#
	(32)	(26)	(27)	(33)	2	n.m.	#
Specific provision for diminution in value of investment securities and other assets	(34)	57	n.m.	(50)	5	n.m.	(1)
Total provision charge	77	225	(66)	(2)	54	n.m.	36

^{1/} Five regional countries comprise Malaysia, Indonesia, Thailand, South Korea and the Philippines
Amount under S\$500,000.

Total provisions in 2004 were S\$77 million, down 66% from S\$225 million in 2003. The decline was contributed by lower specific provisions for loans, and net reversals in general provisions and provisions for diminution in value of investment securities and other assets.

Specific provisions for loans fell from S\$194 million in 2003 to S\$143 million in 2004, reflecting the improvement in the Group's credit processes and stable economic conditions in Singapore and Malaysia.

In 4Q04, following a special review of its Malaysia NPL portfolio, the Group took a substantive write-down of the carrying value of collateral relating to long outstanding NPLs. This resulted in a specific provision charge of S\$36 million for Malaysia during the quarter. Accordingly, the Group reversed S\$33 million of surplus general provisions in 4Q04 to offset this one-time charge. For the full year, the net reversal in general provisions amounted to S\$32 million, compared to a S\$26 million reversal in 2003.

Following a sustained improvement in the value of certain investment securities and properties held by the Group during the year, a reversal of S\$50 million in provisions for these assets was made in 4Q04. For the full year, the net reversal of such provisions amounted to S\$34 million, compared to a charge of S\$57 million in 2003.

Loans and Advances

	<u>31 Dec 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2004</u>
	S\$m	S\$m	S\$m
Loans to customers	54,674	52,159	54,551
Bills receivable	549	429	494
Gross loans to customers	55,224	52,589	55,046
Less Provisions:			
Specific provisions	1,116	1,251	1,099
General provisions	1,145	1,183	1,183
	52,963	50,155	52,763

Gross loans to customers grew by 5% year-on-year to S\$55.22 billion as at 31 December 2004. Growth was led by housing loans which expanded by 12% to S\$17.29 billion, accounting for 31% of total loans. Loans to general commerce, manufacturing and professionals and individuals registered growth of 20%, 7% and 5% respectively.

	<u>31 Dec 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2004</u>
	S\$m	S\$m	S\$m
<u>By Maturity</u>			
Less than 7 days	7,318	8,266	7,592
1 week to 1 month	3,665	3,037	3,264
Over 1 to 3 months	3,455	3,128	3,627
Over 3 to 12 months	6,220	5,245	5,533
Over 1 to 3 years	8,722	9,686	10,088
Over 3 years	25,844	23,227	24,942
	55,224	52,589	55,046
<u>By Industry</u>			
Agriculture, mining & quarrying	718	519	647
Transport, storage and communication	1,568	1,525	1,432
Building and construction	7,123	7,302	6,846
Manufacturing	3,484	3,265	3,481
Financial institutions, investment and holding companies	8,478	8,924	9,506
General commerce	4,652	3,871	4,374
Professionals and individuals	8,575	8,129	8,278
Housing loans	17,287	15,382	16,965
Others	3,339	3,672	3,518
	55,224	52,589	55,046

Non-Performing Loans

By grading, security coverage and countries

	Total NPLs ^{1/}	Substandard NPLs	Doubtful NPLs	Loss NPLs	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans ^{2/}
	S\$m	S\$m	S\$m	S\$m	%	%
Malaysia						
31 Dec 2004	902	580	230	93	64.8	9.0
30 Sep 2004	970	658	241	71	68.3	9.8
31 Dec 2003	1,068	699	126	243	69.3	11.3
Other Four Regional Countries						
31 Dec 2004	98	3	76	19	15.5	13.0
30 Sep 2004	106	3	83	20	15.3	16.6
31 Dec 2003	140	17	100	24	22.8	30.8
Total Regional Countries						
31 Dec 2004	1,001	582	307	112	59.9	9.3
30 Sep 2004	1,076	661	324	91	63.1	10.3
31 Dec 2003	1,208	716	225	267	63.9	12.4
Singapore						
31 Dec 2004	1,735	1,082	436	217	60.7	4.4
30 Sep 2004	1,909	1,252	468	189	63.8	4.8
31 Dec 2003	2,389	1,725	498	166	65.0	6.2
Others						
31 Dec 2004	131	54	75	2	43.2	2.0
30 Sep 2004	143	68	74	1	49.4	2.2
31 Dec 2003	237	155	82	–	53.0	3.6
Group Total						
31 Dec 2004	2,866	1,718	817	331	59.6	4.9
30 Sep 2004	3,129	1,981	866	282	62.9	5.4
31 Dec 2003	3,834	2,596	805	433	63.9	6.9

^{1/} Comprise non-bank loans, debt securities and contingent facilities

^{2/} Excluding debt securities

Total NPLs declined by 25% from S\$3.83 billion at the end of 2003 to S\$2.87 billion as at the end of 2004. The decrease came mainly from Singapore NPLs, where the recoveries, upgrades and write-offs more than offset new NPLs classified during the year.

Singapore NPLs amounted to S\$1.74 billion and accounted for 61% of the Group's total NPLs, while Malaysia NPLs of S\$0.90 billion accounted for 31%. Of the total NPLs, 59.9% were in the substandard category while 59.6% were secured by collateral.

The Group's NPL ratio improved from 6.9% in December 2003 to 4.9% in December 2004. The Singapore NPL ratio improved from 6.2% to 4.4%, while the Malaysia NPL ratio improved from 11.3% to 9.0%.

Non-Performing Loans *(continued)*

	31 Dec 2004		31 Dec 2003		30 Sep 2004	
	Amount	% of	Amount	% of	Amount	% of
	S\$m	Gross Loans	S\$m	Gross Loans	S\$m	Gross Loans
<u>NPLs by industry</u>						
Agriculture, mining & quarrying	42	5.9	33	6.2	48	7.4
Transport, storage and communication	25	1.6	131	8.6	34	2.4
Building and construction	579	8.1	753	10.3	601	9.0
Manufacturing	416	11.9	497	15.2	438	12.6
Financial institutions, investment and holding companies	360	4.2	523	5.9	461	4.8
General commerce	440	9.5	620	16.0	470	10.7
Professionals and individuals	466	5.4	600	7.4	502	6.1
Housing loans	256	1.5	223	1.4	232	1.4
Others	131	3.9	246	6.7	183	5.1
Sub-total	2,715	4.9	3,626	6.9	2,969	5.4
Debt securities	151		208		160	
Total	2,866		3,834		3,129	

	31 Dec 2004		31 Dec 2003		30 Sep 2004	
	S\$m	%	S\$m	%	S\$m	%
<u>NPLs by period overdue</u>						
Over 180 days	1,668	58	2,223	58	1,862	60
Over 90 to 180 days	216	7	302	8	199	6
Over 30 to 90 days	187	7	242	6	195	6
Less than 30 days	106	4	136	4	99	3
No overdue	689	24	931	24	774	25
	2,866	100	3,834	100	3,129	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 Dec 2004	721	362	359	40.2	79.9	226.9
30 Sep 2004	711	348	363	35.9	73.3	231.5
31 Dec 2003	766	402	363	37.6	71.7	233.3
Other Four Regional Countries						
31 Dec 2004	319	106	213	107.6	324.4	384.0
30 Sep 2004	322	109	213	103.1	304.1	358.9
31 Dec 2003	340	127	213	90.9	242.8	314.7
Total Regional Countries						
31 Dec 2004	1,040	468	572	46.8	103.9	259.4
30 Sep 2004	1,033	457	576	42.5	96.0	260.3
31 Dec 2003	1,106	529	576	43.8	91.5	253.4
Singapore						
31 Dec 2004	1,152	680	472	39.2	66.4	168.9
30 Sep 2004	1,197	687	510	36.0	62.7	173.1
31 Dec 2003	1,282	771	511	32.3	53.7	153.5
Others						
31 Dec 2004	183	82	102	62.5	140.1	246.6
30 Sep 2004	169	72	97	50.3	118.2	233.5
31 Dec 2003	179	84	95	35.5	75.7	161.1
Group Total						
31 Dec 2004	2,375	1,230	1,145	42.9	82.9	205.2
30 Sep 2004	2,400	1,216	1,183	38.9	76.7	206.7
31 Dec 2003	2,568	1,385	1,183	36.1	67.0	185.6

^{1/} Include provisions for classified debt securities

Total cumulative specific and general provisions amounted to S\$2.4 billion as at 31 December 2004, representing 82.9% of NPLs, a significant improvement from the coverage of 67.0% at 31 December 2003. Cumulative specific provisions covered 106.3% of unsecured NPLs (December 2003: 100.1%). Cumulative general provisions were 2.1% (December 2003: 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	Gross Exposure	Less: Loans to & investments in subsidiaries/ branches	Net Exposure	
	Bank	Central Bank & Government	Non-Bank				Total	% of Group assets
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	%
Malaysia								
31 Dec 2004	3,048	3,040	9,034	683	15,804	2,734	13,071	14.4
30 Sep 2004	3,049	3,757	8,763	666	16,235	2,649	13,586	15.1
31 Dec 2003	2,954	3,210	8,164	579	14,907	2,494	12,413	14.7
Indonesia								
31 Dec 2004	60	198	489	185	932	77	856	0.9
30 Sep 2004	72	194	459	188	912	98	814	0.9
31 Dec 2003	91	121	285	68	566	68	498	0.6
Thailand								
31 Dec 2004	109	38	121	6	274	50	224	0.2
30 Sep 2004	140	37	85	9	271	48	222	0.2
31 Dec 2003	70	46	87	–	203	55	148	0.2
Korea								
31 Dec 2004	529	50	288	12	879	30	848	0.9
30 Sep 2004	429	63	260	23	775	28	747	0.9
31 Dec 2003	387	34	111	–	532	26	505	0.6
Philippines								
31 Dec 2004	22	17	65	4	107	0	107	0.1
30 Sep 2004	40	33	43	5	121	1	120	0.1
31 Dec 2003	35	16	38	1	90	1	89	0.1
Total Regional Countries								
31 Dec 2004	3,767	3,343	9,997	890	17,997	2,891	15,106	16.6
30 Sep 2004	3,729	4,083	9,611	891	18,314	2,825	15,490	17.2
31 Dec 2003	3,536	3,428	8,686	648	16,298	2,646	13,652	16.2
Hong Kong								
31 Dec 2004	249	11	1,159	146	1,564	144	1,420	1.6
30 Sep 2004	353	11	1,309	154	1,827	147	1,680	1.9
31 Dec 2003	473	28	1,274	103	1,878	145	1,733	2.1
China								
31 Dec 2004	764	79	1,227	5	2,076	473	1,602	1.8
30 Sep 2004	867	24	1,200	6	2,098	513	1,584	1.8
31 Dec 2003	592	7	891	3	1,493	370	1,123	1.3
Total								
31 Dec 2004	4,780	3,433	12,382	1,042	21,637	3,508	18,129	19.9
30 Sep 2004	4,949	4,118	12,120	1,052	22,239	3,485	18,755	20.8
31 Dec 2003	4,601	3,463	10,851	754	19,669	3,160	16,508	19.5

Note: The exposure table above excludes GEH's life fund assets

The Group's net exposure (excluding the exposure under GEH's life fund) to the five regional countries – Malaysia, Indonesia, Thailand, South Korea and Philippines – increased 11% during the year to S\$15.11 billion as at 31 December 2004, representing 16.6% of Group assets excluding the life fund. The increase was derived mainly from Malaysia, which accounted for 14.4% of Group assets.

Deposits

	<u>31 Dec 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2004</u>
	S\$m	S\$m	S\$m
Deposits of non-bank customers	57,287	53,460	56,219
Deposits and balances of banks	12,455	12,480	14,362
	<u>69,742</u>	<u>65,940</u>	<u>70,581</u>
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	92.5%	93.8%	93.9%

Compared to 31 December 2003, total deposits increased by 6% to S\$69.74 billion. Non-bank customer deposits, which accounted for 82.1% of total deposits, rose by 7% to S\$57.29 billion, mainly due to higher fixed deposits and current account balances.

Arising from the launch of the Bank's 3-year US Dollar floating rate notes in June 2004 and the Euro Commercial Paper ("ECP") programme in August 2004, outstanding senior debt and short-term commercial papers amounted to S\$1.77 billion as at 31 December 2004. These debt issues are part of the Group's strategy to tap into the offshore capital markets and the short-dated ECP market for alternative cost-effective funding opportunities.

The Group's loans-to-deposits ratio was 92.5% as at 31 December 2004, marginally lower than 93.8% as at end of 2003. Including the senior debt and commercial papers, the adjusted loans-to-deposits ratio was 89.7%.

	<u>31 Dec 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2004</u>
	S\$m	S\$m	S\$m
<u>Total Deposits By Maturity</u>			
Less than 7 days	31,846	28,489	31,806
1 week to 1 month	17,142	17,898	16,422
Over 1 to 3 months	9,932	9,420	8,922
Over 3 to 12 months	8,182	9,091	10,936
Over 1 to 3 years	795	617	792
Over 3 years	1,845	425	1,703
	<u>69,742</u>	<u>65,940</u>	<u>70,581</u>
<u>Non-Bank Deposits By Product</u>			
Fixed deposits	36,270	34,273	35,503
Savings deposits	11,178	11,131	11,231
Current account	7,159	6,108	6,828
Others	2,680	1,948	2,657
	<u>57,287</u>	<u>53,460</u>	<u>56,219</u>

Capital Adequacy Ratios

	<u>31 Dec 2004</u>	<u>31 Dec 2003</u>	<u>30 Sep 2004</u>
	S\$m	S\$m	S\$m
Tier 1 Capital			
Paid-up ordinary and preference shares	1,321	1,284	1,336
Disclosed reserves/others	10,409	8,791	10,348
Less: Goodwill/Others	3,088	2,089	3,127
	<u>8,642</u>	<u>7,986</u>	<u>8,557</u>
Tier 2 Capital			
Cumulative general provisions	859	777	858
Subordinated term notes	3,861	3,857	3,860
	<u>4,720</u>	<u>4,634</u>	<u>4,718</u>
Less: Capital investments in insurance subsidiary companies	1,042	–	965
Less: Others	179	1,167	194
Total Capital	<u>12,141</u>	<u>11,453</u>	<u>12,116</u>
Risk weighted assets including market risk	68,729	62,178	68,672
Tier 1 ratio	12.6%	12.8%	12.5%
Total capital adequacy ratio	17.7%	18.4%	17.6%

Note:

Capital adequacy ratio is calculated in accordance with the MAS Notice 637 to Banks

The total capital adequacy ratio (CAR) of the Group, calculated in accordance with the revised capital framework as set out in the MAS Notice 637, remained strong at 17.7% as at 31 December 2004, while the Group's Tier 1 capital ratio was 12.6%.

A total of 136.2 million new OCBC ordinary shares were issued during the year in connection with the Bank's voluntary unconditional offer for GEH. This addition to share capital was partly offset by the cancellation of 80.2 million OCBC shares held by GEH, for a cash distribution of S\$991 million, under a selective capital reduction exercise.

The Group announced on 11 August 2004 that it would set aside S\$500 million for on-market buybacks of its ordinary shares. As at 31 December 2004, approximately 24.9 million ordinary shares have been purchased from the stock market for a total consideration of S\$337 million. As of the date of this results announcement, approximately 29.0 million shares have been purchased for S\$394 million.

As part of on-going initiatives to enhance the efficiency of its capital structure, the Group launched its maiden offering of hybrid tier 1 preference shares in January 2005, raising S\$400 million of Tier 1 capital.

The Group's issued ordinary share capital as at the end of 2004 was 1,316.5 million shares, compared to 1,280.1 million shares as at end of 2003.

Valuation Surplus

S\$ million	31 Dec 2004			31 Dec 2003			30 Sep 2004		
	Net book value	Market value	Surplus	Net book value	Market value	Surplus	Net book value	Market value	Surplus
Properties	1,169	2,552	1,382	1,274	2,664	1,390	1,155	2,492	1,337
Equity securities ^{1/}	1,109	3,809	2,700	1,466	3,499	2,033	1,205	3,397	2,192
Debt securities ^{2/}	15,613	15,849	236	13,438	13,587	149	15,295	15,436	141
Total	17,891	22,210	4,318	16,178	19,750	3,572	17,655	21,325	3,670

^{1/} Includes investment in quoted subsidiary GEH

^{2/} Includes government treasury bills and securities

The Group's unrealised valuation surplus amounted to S\$4.32 billion as at 31 December 2004, 21% higher when compared to 31 December 2003. The increase was attributable mainly to equity securities which accounted for S\$2.70 billion or 63% of the surplus, of which the surplus relating to GEH shares was S\$2.0 billion. The valuation surplus for properties was S\$1.38 billion, accounting for 32% of the total surplus.

Performance by Business Segment

For the purpose of financial reporting, OCBC Group's businesses are presented under the following main segments representing the key customer and product groups: Consumer Banking, Business Banking, Global Treasury and Insurance.

Net Profit by Business Segment

	Full Year 2004	Full Year 2003	+ / (-)
	S\$m	S\$m	%
Consumer Banking	309	220	41
Business Banking	472	392	20
Global Treasury	200	141	41
Insurance	189	–	n.m.
Others*	134	150	(11)
	1,304	903	44
Amortisation of goodwill and intangibles	(158)	(127)	25
Share of Associates' Profits	89	180	(50)
Minority Interests	(73)	(2)	n.m.
Group	1,162	954	22

* Includes gains from divestment of non-core assets (2004: S\$132 million before minority interests; 2003: S\$112 million net of tax)

Consumer Banking

Consumer Banking comprises the full range of products and services offered to individuals, including deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, stock brokerage and wealth management products (unit trusts, bancassurance products and structured deposits).

Consumer Banking's net profit increased by 41% to S\$309 million in 2004 as a result of higher operating profit driven by loan growth and higher fee-based income.

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, deposit accounts and fee-based services such as cash management, trustee and custodian services.

Business Banking's net profit increased by 20% to S\$472 million, mainly as a result of lower provisions as asset quality improved.

Performance by Business Segment *(continued)*

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.

Global Treasury recorded profit growth of 41% to S\$200 million due to higher income from foreign exchange dealing and structured products as well as higher contributions from managing the Group's government securities portfolio.

Insurance

Insurance business is carried out by the Bank's 81%-owned subsidiary, Great Eastern Holdings Limited, which provides both life and general insurance products to its customers in Singapore and Malaysia.

The profit of S\$189 million from the insurance business represents GEH's contribution as a subsidiary since June 2004, before amortisation of goodwill and intangibles and minority interests. Profit contribution from GEH as an associate prior to June 2004 is reflected under the associates' contribution line.

Others

The "Others" segment include corporate finance, capital markets, 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.

Performance by Business Segment *(continued)*

S\$ million	Consumer Banking	Business Banking	Global Treasury	Insurance	Others	Group
Financial year ended 31 Dec 2004						
Segment income before operating expenses	973	862	316	304	188	2,643
Profit before tax	390	590	247	253	112	1,592
Tax	(81)	(118)	(47)	(64)	22	(288)
Net profit before amortisation of goodwill and intangibles	309	472	200	189	134	1,304
Amortisation of goodwill and intangibles						(158)
Profit after tax						1,146
Share of associates' profits (net of tax)						89
Minority interests						(73)
Profit attributable to shareholders						1,162
At 31 Dec 2004						
Segment assets	28,199	33,648	21,011	31,484	2,453	116,795
Associated companies' assets						38
Unallocated assets						3,049
Total assets						119,882
Segment liabilities	30,106	26,952	17,929	29,050	3,605	107,642
Unallocated liabilities						508
Total liabilities						108,150
Other information						
Loans	26,574	27,052	–	391	1,207	55,224
NPLs and debt securities:						
– Substandard	393	1,325	–	–	–	1,718
– Doubtful	124	693	–	–	–	817
– Loss	218	113	–	–	–	331
	735	2,131	–	–	–	2,866
Cumulative specific provisions for NPLs	(261)	(944)	–	–	–	(1,205)
	474	1,187	–	–	–	1,661
Capital expenditure	9	3	–	1	50	63
Depreciation of property, plant and equipment	7	6	–	1	48	62
Amortisation of software	7	1	–	–	16	24

Performance by Business Segment *(continued)*

S\$ million	Consumer Banking	Business Banking	Global Treasury	Insurance	Others	Group
Financial year ended 31 Dec 2003						
Segment income before operating expenses	807	848	242	–	296	2,193
Profit before tax	281	496	187	–	150	1,114
Tax	(61)	(104)	(46)	–	–	(211)
Net profit before amortisation of goodwill and intangibles	220	392	141	–	150	903
Amortisation of goodwill and intangibles						(127)
Profit after tax						776
Share of associates' profits (net of tax)						180
Minority interests						(2)
Profit attributable to shareholders						954
At 31 Dec 2003						
Segment assets	25,686	32,552	19,015	–	4,078	81,331
Associated companies' assets						1,042
Unallocated assets						2,124
Total assets						84,497
Segment liabilities	30,086	25,749	16,336	–	1,844	74,015
Unallocated liabilities						404
Total liabilities						74,419
Other information						
Loans	24,400	26,861	–	–	1,328	52,589
NPLs and debt securities:						
– Substandard	543	2,053	–	–	–	2,596
– Doubtful	168	637	–	–	–	805
– Loss	171	239	–	–	23	433
	882	2,929	–	–	23	3,834
Cumulative specific provisions for NPLs	(274)	(1,078)	–	–	–	(1,352)
	608	1,851	–	–	23	2,482
Capital expenditure	12	3	–	–	32	47
Depreciation of property, plant and equipment	12	9	1	–	59	81
Amortisation of software	5	1	–	–	14	20

Performance by Geographical Segment

	Full Year 2004		Full Year 2003		4th Qtr 2004		4th Qtr 2003		3rd Qtr 2004	
	S\$m	%	S\$m	%	S\$m	%	S\$m	%	S\$m	%
Income before operating										
Singapore	1,931	73	1,706	78	480	68	446	78	538	70
Malaysia	504	19	332	15	177	25	90	15	136	18
Other ASEAN	16	1	18	1	4	1	4	1	4	1
Asia Pacific	156	6	100	5	32	5	26	5	81	10
Rest of the world	36	1	37	1	9	1	9	1	9	1
	2,643	100	2,193	100	702	100	575	100	768	100

Profit before tax

Singapore	1,076	69	983	80	261	68	308	84	267	60
Malaysia	327	21	150	13	100	26	45	12	92	21
Other ASEAN	20	1	12	1	5	1	2	1	6	1
Asia Pacific	108	7	51	4	10	3	4	1	72	17
Rest of the world	24	2	26	2	6	2	7	2	6	1
	1,555	100	1,222	100	382	100	366	100	443	100

	31 Dec 2004		31 Dec 2003		30 Sep 2004	
	S\$m	%	S\$m	%	S\$m	%
Total assets						
Singapore	89,664	75	65,267	77	89,091	75
Malaysia	21,426	18	11,579	14	21,731	18
Other ASEAN	631	0	347	0	594	1
Asia Pacific	5,719	5	4,729	6	5,092	4
Rest of the world	2,441	2	2,575	3	2,292	2
	119,882	100	84,497	100	118,799	100

The geographical segment analysis is based on the location where the assets or transactions are booked. In 2004, Singapore accounted for 69% of the Group's profit before tax while Malaysia accounted for 21%. Other contributions were mainly from Greater China operations.

The 118% jump in profit before tax for Malaysia to S\$327 million was due to the contribution from GEH's Malaysia operations following GEH's consolidation, as well as profit growth from OCBC Bank (Malaysia) Berhad ("OCBC Malaysia"). In 2004, OCBC Malaysia's pretax profit rose 39% to RM 395 million (S\$175 million) while its net profit increased 35% to RM276 million (S\$123 million).

The increase in the pretax profit for Asia Pacific from S\$51 million to S\$108 million was largely due to the S\$55 million gain from the sale of Raffles Investments which was held under a Hong Kong-incorporated subsidiary.

With the consolidation of GEH, the share of Malaysia assets increased from 14% of total assets in December 2003 to 18% in December 2004.

Appendix I

Audited Consolidated Income Statement

	Full Year 2004	Full Year 2003	+ / (-) %	4th Qtr 2004*	4th Qtr 2003*	+ / (-) %	3rd Qtr 2004*
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000
Interest income	2,560,201	2,380,646	7.5	688,648	599,959	14.8	654,638
Less: Interest expense	1,042,642	945,650	10.3	299,735	231,156	29.7	270,695
Net interest income	1,517,559	1,434,996	5.8	388,913	368,803	5.5	383,943
Fees and commissions	463,553	372,827	24.3	113,275	103,235	9.7	117,790
Dividends	86,627	74,778	15.8	13,237	8,080	63.8	8,203
Rental income	72,490	63,539	14.1	17,965	18,191	(1.2)	18,401
Income from insurance	242,760	–	n.m.	131,643	–	n.m.	84,709
Other income	260,113	246,885	5.4	37,330	76,261	(51.0)	155,197
Non-interest income	1,125,543	758,029	48.5	313,450	205,767	52.3	384,300
Income before operating expenses	2,643,102	2,193,025	20.5	702,363	574,570	22.2	768,243
Less: Staff costs	531,499	477,850	11.2	144,538	119,126	21.3	135,972
Other operating expenses	442,136	376,778	17.3	136,767	97,081	40.9	115,017
	973,635	854,628	13.9	281,305	216,207	30.1	250,989
Operating profit before provisions and amortisation of goodwill and intangibles	1,669,467	1,338,397	24.7	421,058	358,363	17.5	517,254
Less: Amortisation of goodwill and intangibles	158,294	126,644	25.0	45,326	31,664	43.1	45,130
Provision/(writeback) for possible loan losses and diminution in value of other assets	77,216	224,959	(65.7)	(1,812)	54,074	n.m.	36,477
Operating profit after provisions and amortisation of goodwill and intangibles	1,433,957	986,794	45.3	377,544	272,625	38.5	435,647
Share of profits less losses of associated companies	120,652	234,865	(48.6)	4,061	93,651	(95.7)	7,151
Profit before tax	1,554,609	1,221,659	27.3	381,605	366,276	4.2	442,798
Less: Tax	287,530	210,763	36.4	84,943	68,078	24.8	68,077
Share of tax of associated companies	31,382	55,137	(43.1)	1,596	19,226	(91.7)	1,874
	318,912	265,900	19.9	86,539	87,304	(0.9)	69,951
Profit after tax	1,235,697	955,759	29.3	295,066	278,972	5.8	372,847
Less: Minority interests	73,326	1,635	n.m.	15,906	416	n.m.	48,838
Profit attributable to shareholders	1,162,371	954,124	21.8	279,160	278,556	0.2	324,009

n.m. – Not meaningful

* - Unaudited

Appendix II

Audited Consolidated Balance Sheet

	31 Dec 2004	31 Dec 2003	30 Sep 2004*
	S\$'000	S\$'000	S\$'000
SHAREHOLDERS' EQUITY			
Share Capital			
Authorised	3,014,205	2,010,838	3,014,205
Issued and fully paid	1,320,551	1,284,084	1,336,348
Reserves			
Capital reserves	3,135,695	2,329,076	3,110,261
Statutory reserves	1,934,114	1,854,303	1,925,270
Revenue reserves	4,851,675	4,591,450	4,841,275
Total shareholders' equity	11,242,035	10,058,913	11,213,154
MINORITY INTERESTS	489,158	19,879	482,091
LIABILITIES			
Deposits of non-bank customers	57,286,806	53,459,680	56,218,671
Deposits and balances of banks	12,454,814	12,480,794	14,362,429
Deposits of associated companies	17,229	1,457,708	62,985
Bills payable	159,475	185,233	189,827
Current tax	425,112	327,667	415,492
Deferred tax	83,075	76,043	76,039
Other liabilities	3,133,520	2,421,286	2,368,699
Debt securities	5,695,245	4,010,223	4,941,801
	90,986,469	84,497,426	90,331,188
Life assurance fund	28,895,206	-	28,467,681
Total liabilities and shareholders' equity	119,881,675	84,497,426	118,798,869
ASSETS			
Cash and placements with central banks	3,616,603	4,035,863	3,311,652
Singapore government treasury bills and securities	6,439,775	6,151,111	6,258,619
Other government treasury bills and securities	1,837,697	1,054,618	1,820,088
Dealing securities	701,017	235,541	336,609
Placements with and loans to banks	10,007,232	9,649,818	10,750,007
Loans to customers (including bills receivable)	52,962,527	50,155,117	52,763,313
Investment securities	7,474,452	6,294,827	7,794,929
Deferred tax	49,951	53,670	48,940
Other assets	3,274,015	2,182,934	2,574,960
Associated companies	308,791	1,177,137	324,424
Property, plant and equipment	1,315,837	1,434,736	1,309,878
Goodwill and intangible assets	2,998,572	2,072,054	3,037,769
	90,986,469	84,497,426	90,331,188
Life fund net assets attributable to policyholders	28,895,206	-	28,467,681
Total assets	119,881,675	84,497,426	118,798,869
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	6,568,765	5,829,577	6,559,979
Commitments	30,255,998	27,261,292	31,091,652
Financial derivatives	269,712,229	191,246,606	273,565,051
	306,536,992	224,337,475	311,216,682

* - Unaudited

Appendix III

Audited Consolidated Statement of Changes in Shareholders' Equity

For the financial year ended 31 December

	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	–	–	–	1,162,371	1,162,371
Currency translation differences not recognised in the income statements	–	–	–	(46,582)	(46,582)
Total recognised gains for the financial period	–	–	–	1,115,789	1,115,789
Transfers	–	24,943	50,108	(75,051)	–
Reserves arising from acquisition of additional interests in GEH	–	–	29,703	48,433	78,136
Class E preference dividends paid	–	–	–	(22,562)	(22,562)
Class G preference dividends paid	–	–	–	(16,670)	(16,670)
Final dividends paid to ordinary stockholders	–	–	–	(123,027)	(123,027)
Interim dividends paid to ordinary stockholders	–	–	–	(203,265)	(203,265)
Selective capital reduction	(80,192)	(785,296)	–	(126,000)	(991,488)
Share buyback	(24,309)	24,309	–	(337,422)	(337,422)
Shares issued pursuant to voluntary unconditional offer	136,207	1,501,598	–	–	1,637,805
Shares issued under Share Option Schemes	4,761	41,065	–	–	45,826
Balance at 31 December 2004	1,320,551	3,135,695	1,934,114	4,851,675	11,242,035
Comprise:					
Share of reserves of associated companies	–	1,375	–	37,215	38,590
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
Currency translation differences not recognised in the income statements	–	–	–	8,555	8,555
Total recognised gains for the financial period	–	–	–	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 in lieu of special cash dividends	2,093	206,171	–	(208,264)	–
Class G preference shares issued for cash	1,865	184,877	–	–	186,742
Class G preference dividends paid	–	–	–	(7,242)	(7,242)
Expense 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 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

Appendix IV

Audited Consolidated Cash Flow Statement

For the financial year ended 31 December

	2004	2003
	S\$'000	S\$'000
Cash flows from operating activities		
Operating profit before provisions and amortisation of goodwill and intangibles	1,669,467	1,338,397
<u>Adjustments for non-cash items</u>		
Amortisation of computer software costs	24,064	20,248
Depreciation of property, plant and equipment	61,607	81,421
Gains on disposal of associated companies	(54,067)	–
Gains on disposal of investment securities	(22,533)	(92,406)
Gains on disposal of property, plant and equipment	(79,368)	(45,883)
Operating profit before changes in operating assets and liabilities	1,599,170	1,301,777
<u>Increase/(decrease) in operating liabilities</u>		
Deposits of non-bank customers	2,386,647	(484,514)
Deposits and balances of banks	(25,980)	(140,355)
Bills payable and other liabilities	517,590	292,678
<u>(Increase)/decrease in operating assets</u>		
Dealing securities	(448,750)	(62,269)
Placements with and loans to banks	150,185	4,809,150
Loans to customers and bills receivable	(2,364,911)	(2,994,192)
Other assets	(734,106)	(140,762)
Cash provided by operating activities	1,079,845	2,631,513
Income tax paid	(352,826)	(246,041)
Net cash provided by/(used in) operating activities	727,019	2,385,472
Cash flows from investing activities		
Acquisition of associated companies	(118,049)	–
Capital return from an associated company	1,000	1,000
Dividends from associated companies	62,425	51,170
Decrease/(increase) in associated companies	7,713	5,727
Net cash outflow from acquisition of additional interests in subsidiary companies	(26,655)	(288)
Purchase of investment securities	(2,361,821)	(2,435,285)
Purchase of long-term Singapore government securities	–	(544,013)
Purchase of property, plant and equipment	(63,273)	(46,536)
Proceeds from disposal of associated companies	122,026	–
Proceeds from disposal of investment securities	2,157,323	1,526,826
Proceeds from disposal of property, plant and equipment	172,967	69,444
Net cash provided by/(used in) investing activities	(46,344)	(1,371,955)
Cash flows from financing activities		
Increase/(decrease) in debt securities	1,681,763	(5,250)
Dividends paid	(365,524)	(723,385)
Net proceeds from issue of preference shares	–	685,094
Proceeds from issue of ordinary shares	45,826	15,062
Selective capital reduction	(991,488)	(104,759)
Share buyback	(337,422)	–
Change in minority interests and dividends paid to minority interests	(16,164)	(535)
Net cash provided by/(used in) financing activities	16,991	(133,773)
Net currency translation adjustments	(46,582)	8,555
Net change in cash and cash equivalents	651,084	888,299
Cash and cash equivalents as at 1 January	10,697,579	9,809,280
Cash and cash equivalents as at 31 December	11,348,663	10,697,579