First Quarter 2005

GROUP FINANCIAL RESULTS

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Contents

Media Release

OCBC Group's First Quarter 2005 Net Profit Increased 17% to S$298 million

Operating Profit Rose 35% due to Growth in Non-Interest Income

Singapore, 11 May 2005 – Oversea-Chinese Banking Corporation Limited today reported a net profit attributable to shareholders of S$298 million for the first quarter of 2005 ("1Q05"), up 17% from S$255 million in first quarter 2004 ("1Q04"). The earnings growth was driven mainly by higher non-interest income and lower amortisation charges for intangible assets and goodwill. Annualised return on ordinary shareholders' equity ("ROE") was 10.6%, unchanged from 1Q04, while annualised earnings per share increased by 14% to 91 cents.

Operating profit before provisions rose 35% to S$431 million, with revenue growth of 30% outpacing expenses growth of 21%. Non-interest income grew 98% to S$319 million due mainly to the insurance income contribution from Great Eastern Holdings ("GEH") and a turnaround in derivatives dealing from a loss to a net gain. Fees and commissions grew by 5%, led by growth in fund management, wealth management and trade and remittance activities. Net interest income however fell by 0.5% to S$363 million, hurt by higher cost of funds in a rising interest rate environment and limited gapping opportunities due to a flattening yield curve. Net interest margin declined from 1.90% to 1.78%.

Amortisation of intangible assets and goodwill fell from S$32 million in 1Q04 to S$10 million in 1Q05 as goodwill from acquisitions is no longer amortised under the new Financial Reporting Standard ("FRS") 103.

GEH, which was consolidated as a subsidiary from June 2004, contributed S$58 million to the Group's net profit in 1Q05, compared to S$46 million contribution in 1Q04 when it was equity accounted as an associate. A contribution of S$4 million was also recorded from 22.5%-owned associate PT Bank NISP Tbk ("Bank NISP"), which became a 51%-owned subsidiary in April 2005. The Group will commence consolidation of Bank NISP's results as a subsidiary in the second quarter of 2005.

Compared to the fourth quarter of 2004 ("4Q04"), Group net profit grew by 8%. Lower insurance income and net interest income were offset by the turnaround in derivatives dealing income and a 12% fall in expenses, resulting in a 3% increase in operating profit before provisions.

Revenue

Total income grew by 30% year-on-year to S$682 million in 1Q05.

Net interest income fell marginally by 0.5% to S$363 million, as growth in interest earning assets was offset by the effects of higher cost of funds in a rising interest rate environment and limited gapping opportunities due to a flattening yield curve. Market-driven deposit rates for larger deposits rose faster than average loan yields, resulting in a 12 basis points decline in net interest margin from 1.90% to 1.78%. Customer loans increased by 3% year-on-year to S$53.57 billion, led by housing loans and loans to the manufacturing and transport sectors. Compared to December 2004, loans fell marginally by 1%, with growth in housing and manufacturing loans offset by declines in other sectors.

Non-interest income jumped 98% to S$319 million, mainly due to the inclusion of S$105 million in insurance income from GEH, and a turnaround in securities and derivatives dealing income from losses of S$62 million in 1Q04 to a net gain of S$12 million in 1Q05. Fees and commissions rose moderately by 5% to S$121 million, boosted by growth from fund management, wealth management, trade and remittances, credit cards, and loan-related activities, offset partly by weaker stockbroking and investment banking income.

Operating Expenses

Total operating expenses increased by 21% to S$251 million in 1Q05. Excluding GEH's expenses of S$21 million in 1Q05, the underlying cost increase for the Group was 11%, attributable to higher staff costs and higher business promotion expenses. Staff costs rose due to increases in headcount, salaries, commission incentives to sales and front-line staff, and share-based compensation. Expensing of share options compensation was introduced this year with the adoption of FRS 102 on Share-Based Payment, and amounted to S$4 million in 1Q05, as compared to S$1 million in the restated 1Q04 expenses. Excluding the share options expensing and GEH, the Group's operating expenses increased by 9% over 1Q04.

Despite the cost increases, the Group's cost-to-income ratio improved from 39.4% in 1Q04 to 36.8% in 1Q05, as revenue grew faster than expenses.

Provisions and Asset Quality

Total provisions in 1Q05 were S$24 million, compared to S$20 million in 1Q04. Specific provisions for loans amounted to S$18 million, up from S$9 million in 1Q04 mainly because of lower recoveries from non-performing loans ("NPLs"). This was partially offset by lower impairment charges for investment securities and other assets of S$7 million, as compared to S$10 million in 1Q04. No portfolio provision was made in 1Q05, while a general provision of S$1 million was made in 1Q04.

Total NPLs declined by 6% from S$2.87 billion in December 2004 to S$2.71 billion in March 2005. The NPL ratio improved from 5.0% to 4.8% over the same period. Total cumulative specific provisions and portfolio provisions amounted to S$2.27 billion, representing 84.1% of total NPLs, up from 82.9% in December 2004.

Capital Position

The Group's capital position remains strong. Total capital adequacy ratio and Tier-1 ratio of the Group stood at 17.7% and 13.3% respectively as at 31 March 2005, up from 17.4% and 12.3% respectively in December 2004. Tier-1 capital was boosted by the issue of S$400 million of hybrid Tier 1 preference shares in January 2005 as part of the Group's efforts to achieve a more efficient Tier 1 capital mix and to utilise lower-cost capital. Total capital was further augmented by the inclusion of S$126 million in revaluation surplus from equity securities as part of Tier 2 capital.

Impact of Major Accounting Changes

In 2005, the Group adopted FRS 39 on Financial Instruments: Recognition and Measurement, FRS 102 on Share-Based Payment and FRS 103 on Business Combinations which are effective for financial years beginning on or after 1 January 2005.

The adoption of FRS 39 resulted in certain changes in the accounting policies relating to the recognition and measurement of the Group's financial assets and liabilities, application of hedge accounting criteria and loan impairment requirements. There is no requirement to restate comparative figures for prior periods. However, the financial effects of these changes on the balance sheet resulted in a net increase of S$675 million in the Group's shareholders' equity as at 1 January 2005. This increase in equity was mainly from the Fair Value Reserves which represent the fair value surplus of available-for-sale assets, primarily investment securities and long-term government securities. The net impact of FRS 39 on the Income Statement is a reduction of S$6 million in profit after tax for 1Q05 (as compared to the previous accounting standards).

Under FRS 39, provisions for loan losses now comprise specific provisions and portfolio provisions, and the former general provisions for unspecified risks are no longer allowed. Specific provisions are established when the present value of future recoverable cash flows for impaired loans is lower than the carrying value of the loan. Impaired loans are assessed on a loan-by-loan basis except for certain homogeneous loans with similar characteristics which are assessed on a collective basis, taking into account the historical loss experience on such loans. Portfolio provisions are set aside for the remaining unimpaired loans based on historical default rates which take into account various risk factors. The Group has determined and set aside under FRS 39, cumulative specific provisions of S$1.32 billion and cumulative portfolio provisions of S$0.95 billion for loan losses as at 31 March 2005.

The adoption of FRS 102 resulted in share options compensation expenses of S$4 million in 1Q05, with restatement of S$1 million and S$4 million in 1Q04 and 4Q04 respectively for expense comparatives.

Under FRS 103, goodwill acquired in a business combination is to be measured at cost less accumulated impairment losses. Goodwill is no longer amortised but is subject to impairment test to be conducted at least annually or when indication of impairment exists. For 1Q05, this resulted in a S$35 million reduction in the amortisation charge primarily pertaining to goodwill from the acquisition of Keppel Capital Holdings in 2001. For the Bank's acquisition of an additional 32% stake in GEH in 2004, the value of the in-force business of GEH is treated as an intangible asset with a definite useful life, amortised at a rate of S$10 million per quarter.

More details on the impact of adopting the new / revised FRS can be found in Appendix V of the Financial Review.

Conclusion

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

"Our results are satisfactory in spite of the higher cost of funds, continued price competition and limited gapping opportunities. We now have a more diversified earnings profile compared to a year ago. Our Malaysia operations, including those of GEH, are doing well and now account for 30% of our earnings. The insurance contribution from Great Eastern has also lifted our non-interest income to 47% of total revenues. The consolidation of Bank NISP as a subsidiary from April 2005 is expected to further strengthen our earnings profile."

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S$128 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.

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FINANCIAL REVIEW

Highlights

- Net profit attributable to shareholders grew by 17% to S$298 million in First Quarter 2005 (“1Q05”), driven by growth in non-interest income and lower amortisation of intangible assets.

- Operating profit before provisions rose by 35% to S$431 million as revenue growth of 30% outpaced the 21% increase in expenses.

- Non-interest income surged 98% due to higher derivatives income and the inclusion of insurance income from GEH. Fees and commissions grew 5% led by fund management, wealth management and trade-related businesses. Net interest income fell 0.5% due to higher cost of funds and limited gapping opportunities, and net interest margin declined 12 bps to 1.78%.

- Gross loans to customers fell 1% from December 2004 to S$53.57 billion as at 31 March 2005. Compared to March 2004, loans grew 3%, driven mainly by housing loans and loans to the manufacturing sector.

- NPLs declined by 6% from December 2004 to S$2.71 billion in March 2005. The NPL ratio improved from 5.0% to 4.8%, and total provision coverage of NPLs increased from 82.9% to 84.1%.

- Annualised earnings per ordinary share (“EPS”) increased by 14% from 80 cents in 1Q04 to 91 cents in 1Q05.

- Return on ordinary shareholders’ equity (“ROE”) was unchanged at 10.6%.

- Net asset value per ordinary share (“NAV”) was S$8.35 as at 31 March 2005, up from S$7.85 as at 31 December 2004. Including the unrealised valuation surplus of S$2.92 per share, NAV was S$11.27.

Financial Summary

	1st Quarter 2005	1st Quarter 2004	+/(-)	4th Quarter 2004
	S$m	S$m	%	S$m
Selected profit and loss data :				
Net interest income	**363**	365	–	389
Fees and commissions	**121**	115	5	113
Dividends	**20**	44	(55)	13
Rental income	**18**	18	–	18
Income from insurance [1/]	**105**	–	–	132
Other income	**55**	(17)	n.m.	37
Total income	**682**	526	30	702
Less : Operating expenses	**251**	207	21	285
Operating profit	**431**	319	35	417
Less : Amortisation of goodwill and intangibles	**10**	32	(69)	45
Less : Total provisions	**24**	20	19	(2)
Add : Share of associated companies' results	**8**	47	(84)	2
Profit before tax	**405**	314	29	376
Net profit attributable to shareholders	**298**	255	17	275
Cash basis net profit attributable to shareholders [2/]	**308**	286	7	320
Selected balance sheet data :				
Total assets	**127,580**	87,115	46	119,882
Assets excluding life fund net assets	**96,569**	87,115	11	90,986
Loans to customers (net of provisions)	**51,398**	49,444	4	51,829
Deposits of non-bank customers	**59,664**	54,279	10	57,287
Ordinary shareholders' equity	**10,964**	9,393	17	10,334
Total (ordinary and preference) shareholders' equity	**11,860**	10,289	15	11,230
Key Indicators :				
Return on ordinary shareholders' equity (% p.a.) [3/]	**10.6**	10.6		10.2
Return on ordinary shareholders' equity (% p.a.) – Cash basis [3/]	**11.0**	12.0		12.0
Return on total shareholders' equity (% p.a.)	**10.1**	10.1		9.7
Return on total shareholders' equity (% p.a.) – Cash basis	**10.5**	11.3		11.3
Return on assets (% p.a.) [4/]	**1.26**	1.18		1.21
Return on assets (% p.a.) – Cash basis [4/]	**1.30**	1.33		1.41
Basic earnings per ordinary share (S$) [5/]	**0.91**	0.80	14	0.77
Cash earnings per ordinary share (S$) [5/]	**0.94**	0.90	5	0.90
Net asset value per ordinary share (S$)				
– Before valuation surplus	**8.35**	7.33	14	7.85
– After valuation surplus	**11.27**	10.47	8	11.13

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; Equity excludes Minority Interests*
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 with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation*

Net Interest Income

Net interest income fell marginally by 0.5% to S$363 million in 1Q05, as growth in interest earning assets was offset by higher cost of funds in a rising interest rate environment and limited gapping opportunities due to a flatter yield curve. Market-driven deposit rates for larger deposits rose faster than average loan yields, resulting in a 12 basis points decline in net interest margin from 1.90% to 1.78%.

Compared to 4Q04, net interest income fell by 7%, due to higher cost of funds, lower interest recovery, decline in average customer loans and growth in customer deposits. Net interest margin fell 15 bps from 1.93%.

Average Balance Sheet[1/]

	1st Quarter 2005			1st Quarter 2004			4th 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	%
Assets									
Loans and advances to non-bank customers	**51,457**	**496**	**3.91**	48,833	448	3.69	51,989	503	3.85
Placements with and loans to banks	**13,878**	**94**	**2.76**	13,710	71	2.08	11,868	75	2.52
Other interest earning assets [2/]	**17,264**	**122**	**2.86**	14,749	79	2.16	16,275	110	2.69
Total interest earning assets	**82,600**	**712**	**3.50**	77,292	598	3.11	80,132	688	3.42
Non-interest earning assets	**42,559**	**–**	**–**	9,096	–	–	38,937	–	–
Total assets	**125,158**	**–**	**–**	86,389	–	–	119,070	–	–
Liabilities									
Deposits of non-bank customers	**58,442**	**233**	**1.62**	55,902	162	1.16	56,754	203	1.42
Deposits and balances of banks	**12,965**	**69**	**2.17**	13,209	47	1.42	13,188	60	1.81
Other borrowings [3/]	**6,712**	**47**	**2.83**	4,150	25	2.44	5,563	37	2.62
Total interest bearing liabilities	**78,120**	**349**	**1.81**	73,262	234	1.28	75,505	300	1.58
Non-interest bearing liabilities	**34,525**	**–**	**–**	2,922	–	–	31,895	–	–
Total liabilities	**112,645**	**–**	**–**	76,184	–	–	107,400	–	–
Net interest income/margin		**363**	**1.78**		365	1.90		389	1.93

[1/] *Average balances are calculated based on monthly averages*
[2/] *Comprise debt securities, government securities and treasury bills*
[3/] *Comprise debt issued, including Upper Tier 2 subordinated debt, Floating Rate Notes and Euro Commercial Papers*

Non-Interest Income

	1st Quarter 2005	1st Quarter 2004	+ / (-)	4th Quarter 2004
	S$m	S$m	%	S$m
Fee and commission income				
Brokerage	**9**	20	(51)	10
Wealth management [1/]	**39**	33	17	25
Fund management	**13**	6	126	16
Credit card	**9**	7	27	10
Loan-related	**17**	15	8	15
Trade and remittances	**16**	12	32	16
Guarantees	**5**	4	27	4
Investment banking	**2**	7	(74)	3
Service charges	**7**	9	(18)	12
Others	**3**	2	51	1
Total	**121**	115	5	113
Dividends	**20**	44	(55)	13
Rental income	**18**	18	–	18
Income from insurance [2/]	**105**	–	n.m.	132
Other income				
Dealing in foreign exchange	**7**	19	(66)	28
Dealing in securities and derivatives	**12**	(62)	n.m.	(18)
Disposal of investment securities	**21**	5	293	12
Disposal of associated companies	**–**	–	–	(1)
Others	**15**	21	(27)	17
Total	**55**	(17)	n.m.	37
Total non-interest income	**319**	161	98	313
Fees and Commissions/Total Income	**17.7%**	21.9%		16.1%
Non-Interest Income/Total Income	**46.8%**	30.6%		44.6%

[1/] *From sale of unit trusts, bancassurance products and structured deposits and notes*
[2/] *Comprise profit from life assurance and net earned premiums from general insurance*

Total non-interest income rose by 98% to S$319 million in 1Q05, due mainly to insurance income contribution of S$105 million from GEH, a turnaround from the derivatives dealing losses recorded in 1Q04, and higher disposal gains. The first quarter of 2004 did not include any contribution from GEH but it included a special dividend of S$29 million from Robinson & Company, Limited.

Fees and commissions rose moderately by 5% to S$121 million, boosted by fund management income which more than doubled to S$13 million and wealth management income which grew 17% to S$39 million. Fees from trade and remittances, credit cards, and loan-related activity also increased, while stockbroking and investment banking income declined due to lower stock market and IPO activity.

Dealing in securities and derivatives recorded net gains of S$12 million in 1Q05 as compared to S$62 million loss in 1Q04 which was mainly from losses on interest rate swaps. Foreign exchange dealing income fell 66% to S$7 million due to lower trading gains as well as the effect of mark-to-market funding swaps under FRS 39. Higher gains of S$21 million were realised in 1Q05 from the disposal of long-term investment securities, compared to S$5 million in 1Q04.

Compared to 4Q04, non-interest income rose by 2%. Higher fees and commissions, dividend income, derivatives dealing income and disposal gains on investment securities were partly offset by lower income from insurance and foreign exchange dealing.

Operating Expenses

	1st Quarter 2005	1st Quarter 2004	+ / (-)	4th Quarter 2004
	S$m	S$m	%	S$m
Staff costs[1/]	**143**	121	18	149
Premises and equipment				
Depreciation of fixed assets	**15**	15	–	15
Amortisation of computer software costs	**5**	6	(19)	5
Maintenance and hire of fixed assets	**9**	7	20	9
Rental expenses	**5**	4	25	5
Others	**17**	16	2	26
	50	48	3	60
Other operating expenses	**57**	37	54	77
Total operating expenses	**251**	207	21	285
Group staff strength – period end	**10,696**	7,525	42	10,582
Group staff strength – average	**10,691**	7,495	43	10,476
Cost-to-income ratio	**36.8%**	39.4%		40.6%

[1/] *Staff costs in 2004 periods were restated to include share-based expenses, in accordance with FRS 102*

Total operating expenses increased by 21% to S$251 million in 1Q05. Excluding GEH's expenses of S$21 million in 1Q05, the underlying cost increase for the Group was 11%, attributable to higher staff costs and higher business promotion expenses. Staff costs rose due to increases in headcount, salaries, commission incentives to sales and front-line staff, and share-based compensation. Expensing of share options compensation was introduced this year with the adoption of FRS 102 on Share-Based Payment, and amounted to S$4 million in 1Q05, as compared to S$1 million in the restated 1Q04 expenses. Excluding the share options expensing and GEH, the Group's operating expenses increased by 9% over 1Q04.

Despite the cost increases, the Group's cost-to-income ratio improved from 39.4% in 1Q04 to 36.8% in 1Q05, as revenue grew faster than expenses.

The Group's headcount was 10,696 at end-March 2005, including 2,330 headcount from GEH. Excluding GEH, headcount increased by 11% from March 2004.

Provision Charges

	1st Quarter 2005	1st Quarter 2004	+ / (-)	4th Quarter 2004
	S$m	S$m	%	S$m
Specific provision for loan losses				
– Singapore	**22**	22	–	31
– Malaysia	**(3)**	(4)	n.m.	36
– Others	**(1)**	(9)	n.m.	14
	18	9	98	81
Portfolio provision[1/]				
– Singapore	**–**	1	n.m.	(1)
– Malaysia	**–**	–	–	(32)
– Others	**–**	–	–	–
	–	1	(97)	(33)
Impairment charges for investment securities and other assets	**7**	10	(33)	(50)
Total provision charge	**24**	20	19	(2)

[1/] *For 2004 periods, refers to general provision*

With the adoption of FRS 39, provisions for loan losses comprise specific provisions and portfolio provisions. Specific provisions are established when the present value of future recoverable cash flows is lower than the carrying value of the loan. NPLs are assessed on a loan-by-loan basis except for homogeneous loans below a certain materiality threshold, which are grouped together according to their risk characteristics and collectively assessed, taking into account the historical loss experience on such loans.

Portfolio provisions are set aside for the remaining unimpaired loans based on historical default rates which take into account risk factors, including internal risk ratings, geographic, industry and economic conditions as at the reporting date. Under FRS 39, general provisions for unspecified risks are no longer made.

In 1Q05, the provision charges as determined under FRS 39 were S$24 million, slightly higher than the S$20 million provisions made in 1Q04.

Specific provisions for loans amounted to S$18 million, up from S$9 million in 1Q04 mainly because of lower recoveries from NPLs. This was partially offset by lower impairment charges for investment securities and other assets of S$7 million, as compared to S$10 million in 1Q04. No portfolio provision was made in 1Q05, while a general provision of S$1 million was made in 1Q04.

Loans and Advances

	31 Mar 2005	31 Dec 2004[1/]	31 Mar 2004[1/]
	S$m	S$m	S$m
Loans to customers	**53,045**	53,541	51,437
Bills receivable	**521**	549	411
Gross loans to customers	**53,566**	54,090	51,848
Less Provisions:			
Specific provisions	**1,218**	1,116	1,221
Portfolio provisions	**950**	1,145	1,183
	51,398	51,829	49,444

[1/] Balance as at 31 Dec 2004 and 31 Mar 2004 were restated to exclude Collaterised Debt Obligations ("CDOs") to conform to current period's presentation

Compared to 31 March 2004, gross loans to customers increased by 3% to S$53.57 billion as at 31 March 2005. Housing loans were 11% higher at S$17.69 billion, accounting for 33% of total loans. Loans to the manufacturing and transport and communication sectors grew by 16% and 9% respectively.

Compared to 31 December 2004, loans fell marginally by 1%, with growth in housing loans and loans to the manufacturing sector offset by declines in other major sectors.

	31 Mar 2005	31 Dec 2004	31 Mar 2004
	S$m	S$m	S$m
By Maturity			
Less than 7 days	**6,933**	7,318	7,800
1 week to 1 month	**2,704**	3,665	3,261
Over 1 to 3 months	**3,538**	3,455	2,965
Over 3 to 12 months	**5,280**	5,087	5,458
Over 1 to 3 years	**8,736**	8,722	8,470
Over 3 years	**26,375**	25,844	23,894
	53,566	54,090	51,848
By Industry			
Agriculture, mining & quarrying	**853**	718	557
Transport, storage and communication	**1,510**	1,568	1,382
Building and construction	**6,897**	7,123	7,163
Manufacturing	**3,574**	3,484	3,090
Financial institutions, investment and holding companies[1/]	**7,245**	7,345	7,738
General commerce	**4,450**	4,652	4,301
Professionals and individuals	**8,280**	8,575	8,205
Housing loans	**17,687**	17,287	15,936
Others	**3,070**	3,339	3,475
	53,566	54,090	51,848

[1/] Balances as at 31 Dec 2004 and 31 Mar 2004 were restated to exclude Collaterised Debt Obligations ("CDOs") to conform to current period's presentation

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	%	%
Singapore						
31 Mar 2005	**1,596**	**992**	**325**	**279**	**63.9**	**4.3**
31 Dec 2004	1,735	1,082	436	217	60.7	4.4
31 Mar 2004	2,266	1,589	482	194	63.3	5.8
Malaysia						
31 Mar 2005	**886**	**611**	**207**	**68**	**69.2**	**8.5**
31 Dec 2004	902	580	230	93	64.8	9.0
31 Mar 2004	1,040	689	252	99	67.6	11.2
Others						
31 Mar 2005	**224**	**60**	**142**	**22**	**30.9**	**2.9**
31 Dec 2004	229	57	152	21	31.4	3.6
31 Mar 2004	338	153	166	20	45.7	6.7
Group Total						
31 Mar 2005	**2,705**	**1,663**	**674**	**368**	**62.9**	**4.8**
31 Dec 2004	2,866	1,718	818	331	59.6	5.0
31 Mar 2004	3,644	2,431	901	313	62.9	6.7

[1/] *Comprise non-bank loans, debt securities and contingent facilities*
[2/] *Exclude debt securities*

As at 31 March 2005, the Group's total NPLs stood at S$2.71 billion, a reduction of S$161 million or 6% from December 2004. Compared to March 2004, total NPLs were 26% lower.

Singapore NPLs amounted to S$1.60 billion and accounted for 59% of the Group's total NPLs, while Malaysia NPLs of S$0.89 billion accounted for 33%. Of the total NPLs, 61.5% were in the substandard category while 62.9% were secured by collateral.

The Group's NPL ratio improved from 5.0% in December 2004 to 4.8% in March 2005. The Singapore NPL ratio improved from 4.4% to 4.3%, while the Malaysia NPL ratio improved from 9.0% to 8.5%.

Non-Performing Loans *(continued)*

	31 Mar 2005		31 Dec 2004		31 Mar 2004	
	Amount S$m	% of Gross Loans	Amount S$m	% of Gross Loans	Amount S$m	% of Gross Loans
NPLs by industry						
Agriculture, mining & quarrying	**41**	**4.8**	42	5.9	32	5.7
Transport, storage and communication	**21**	**1.4**	25	1.6	114	8.2
Building and construction	**531**	**7.7**	579	8.1	708	9.9
Manufacturing	**406**	**11.4**	416	11.9	468	15.1
Financial institutions, investment and holding companies	**345**	**4.8**	360	4.9	518	6.7
General commerce	**423**	**9.5**	440	9.5	591	13.7
Professionals and individuals	**409**	**4.9**	466	5.4	579	7.1
Housing loans	**289**	**1.6**	256	1.5	224	1.4
Others	**95**	**3.1**	131	3.9	239	6.9
Sub-total	**2,560**	**4.8**	2,715	5.0	3,473	6.7
Debt securities	**145**		151		171	
Total	**2,705**		2,866		3,644	

	31 Mar 2005		31 Dec 2004		31 Mar 2004	
	S$m	%	S$m	%	S$m	%
NPLs by period overdue						
Over 180 days	**1,641**	**61**	1,668	58	2,255	62
Over 90 to 180 days	**215**	**8**	216	7	222	6
Over 30 to 90 days	**154**	**6**	187	7	224	6
Less than 30 days	**66**	**2**	106	4	140	4
No overdue	**629**	**23**	689	24	803	22
	2,705	**100**	2,866	100	3,644	100

Cumulative Provisions

	Total cumulative provisions[1/]	Specific provisions	Portfolio provisions	General provisions	Specific provisions as % of total NPLs	Cumulative provisions as % of total NPLs
	S$m	S$m	S$m	S$m	%	%
Singapore						
31 Mar 2005	**1,369**	**711**	**659**	**n.a.**	**44.6**	**85.8**
31 Dec 2004	1,152	680	n.a.	472	39.2	66.4
31 Mar 2004	1,276	763	n.a.	513	33.7	56.3
Malaysia						
31 Mar 2005	**557**	**418**	**139**	**n.a.**	**47.2**	**62.8**
31 Dec 2004	721	362	n.a.	359	40.2	79.9
31 Mar 2004	754	392	n.a.	362	37.6	72.4
Others						
31 Mar 2005	**349**	**196**	**153**	**n.a.**	**87.5**	**155.8**
31 Dec 2004	502	188	n.a.	314	82.1	219.5
31 Mar 2004	504	197	n.a.	307	58.1	148.9
Group Total						
31 Mar 2005	**2,275**	**1,324**	**950**	**n.a.**	**49.0**	**84.1**
31 Dec 2004	2,375	1,230	n.a.	1,145	42.9	82.9
31 Mar 2004	2,534	1,351	n.a.	1,183	37.1	69.5

[1/] *Include provisions for classified debt securities*

As at 31 March 2005, the Group's total cumulative provisions amounted to S$2.27 billion, comprising $1.32 billion in cumulative specific provisions and S$950 million in cumulative portfolio provisions. The cumulative provisions represent 84.1% of total NPLs, up from 82.9% in December 2004 and 69.5% in March 2004 before the adoption of FRS 39.

Cumulative specific provisions for loan losses increased from S$1.23 billion as at 31 December 2004 to S$1.32 billion as at 31 March 2005 largely due to the discounting of the future recoverable amount of impaired loans as required by FRS 39, as well as new provisions made during the quarter, offset by recoveries and write off of provisions when loans are uncollectable.

Cumulative portfolio provisions set aside for unimpaired loans, based on historical default rates which take into account various risk factors, stood at S$950 million as at 31 March 2005.

Deposits

	31 Mar 2005	31 Dec 2004	31 Mar 2004
	S$m	S$m	S$m
Deposits of non-bank customers	**59,664**	57,287	54,279
Deposits and balances of banks	**13,645**	12,455	13,921
	73,309	69,742	68,200
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	**86.1%**	90.5%	91.1%

Compared to 31 December 2004, total deposits increased by 5% to S$73.31 billion as at 31 March 2005. Non-bank customer deposits, which accounted for 81.4% of total deposits, rose by 4% to S$59.67 billion, mainly due to higher fixed deposits.

The Bank launched its 3-year US Dollar floating rate notes in June 2004 and the Euro Commercial Paper ("ECP") programme in August 2004 to tap into the offshore capital markets and the short-dated ECP market for alternative cost-effective funding. As at 31 March 2005, the outstanding senior debt and short term commercial papers amounted to S$2.03 billion, up from S$1.77 billion as at 31 December 2004.

With deposits growth outstripping loans growth in the first three months of the year, the Group's loans-to-deposits ratio fell from 90.5% in December 2004 to 86.1% in March 2005.

	31 Mar 2005	31 Dec 2004	31 Mar 2004
	S$m	S$m	S$m
Total Deposits By Maturity			
Less than 7 days	**35,745**	31,846	29,272
1 week to 1 month	**17,215**	17,142	16,830
Over 1 to 3 months	**8,716**	9,932	11,078
Over 3 to 12 months	**9,189**	8,182	9,567
Over 1 to 3 years	**560**	796	585
Over 3 years	**1,884**	1,844	867
	73,309	69,742	68,200
Non-Bank Deposits By Product			
Fixed deposits	**36,305**	34,107	33,594
Savings deposits	**11,219**	11,178	11,358
Current account	**6,982**	7,159	6,180
Others	**5,158**	4,842	3,147
	59,664	57,287	54,279

Capital Adequacy Ratios

	31 Mar 2005	31 Dec 2004	31 Mar 2004
	S$m	S$m	S$m
Tier 1 Capital			
Paid-up ordinary and preference shares	**1,317**	1,321	1,285
Disclosed reserves/others	**10,894**	10,209	8,902
Less: Goodwill/Others	**3,072**	3,088	2,056
	9,138	8,442	8,131
Tier 2 Capital			
Cumulative portfolio provisions[1/]	**704**	859	792
Subordinated term notes	**3,854**	3,860	3,858
Revaluation surplus on equity securities	**126**	–	–
	4,684	4,719	4,650
Less: Capital investments in insurance subsidiary companies	**1,293**	1,042	–
Less: Others	**409**	179	1,183
Total Capital	**12,120**	11,940	11,598
Risk weighted assets including market risk	**68,546**	68,737	63,372
Tier 1 ratio	**13.3%**	12.3%	12.8%
Total capital adequacy ratio	**17.7%**	17.4%	18.3%

Note:
Capital adequacy ratio is calculated in accordance with the MAS Notice 637 to Banks
[1/] *For 2004 periods, refers to cumulative general provisions*

The Group's total capital adequacy ratio (CAR), calculated in accordance with the MAS Notice 637, remained strong at 17.7% as at 31 March 2005, while the Group's Tier 1 capital ratio was 13.3%.

In January 2005, 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, raising S$400 million of Tier 1 capital.

In line with the revised MAS Notice 637, a revaluation surplus of S$126 million from equity securities was included as part of the Group's Tier 2 capital as at 31 March 2005.

Valuation Surplus

	31 Mar 2005			31 Dec 2004			31 Mar 2004		
S$ million	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus	Carrying amount	Market value	Surplus
Properties	**1,170**	**2,575**	**1,405**	1,169	2,552	1,382	1,252	2,649	1,397
Equity securities[1/]	**1,771**	**4,198**	**2,427**	1,109	3,809	2,700	1,499	3,892	2,393
Debt securities[2/]	**17,555**	**17,555**	**–**	16,746	16,982	236	14,518	14,749	231
Total	**20,496**	**24,328**	**3,832**	19,025	23,343	4,318	17,269	21,290	4,021

[1/] *Includes investment in quoted subsidiary GEH*
[2/] *Includes government treasury bills and securities*

The Group's unrealised valuation surplus amounted to S$3.83 billion as at 31 March 2005, a decline of 11% compared to 31 December 2004. The decline was primarily due to the adoption of FRS 39 in 2005 whereby the Group's equity and debt securities are stated at fair value in the balance sheet.

The surplus of S$2.43 billion for equity securities as at 31 March 2005 relates to the Group's holding of GEH shares. The valuation surplus for properties was S$1.40 billion, accounting for 37% of the total surplus as at 31 March 2005.

Performance by Geographical Segment

	1st Quarter 2005		1st Quarter 2004		4th Quarter 2004	
	S$m	%	S$m	%	S$m	%
Income before operating expenses						
Singapore	**472**	**69**	403	77	480	68
Malaysia	**173**	**26**	87	16	177	25
Other ASEAN	**5**	**1**	4	1	4	1
Asia Pacific	**23**	**3**	23	4	32	5
Rest of the world	**9**	**1**	9	2	9	1
	682	**100**	526	100	702	100
Profit before tax						
Singapore	**259**	**64**	223	71	257	68
Malaysia	**120**	**30**	67	21	97	26
Other ASEAN	**7**	**2**	5	2	5	1
Asia Pacific	**14**	**3**	12	4	10	3
Rest of the world	**5**	**1**	6	2	6	2
	405	**100**	314	100	376	100

	31 Mar 2005		31 Dec 2004		31 Mar 2004	
	S$m	%	S$m	%	S$m	%
Total assets						
Singapore	**94,671**	**74**	89,664	74	67,583	78
Malaysia	**23,816**	**19**	21,426	18	12,014	14
Other ASEAN	**659**	**1**	631	1	357	–
Asia Pacific	**5,791**	**4**	5,719	5	4,987	6
Rest of the world	**2,643**	**2**	2,441	2	2,174	2
	127,580	**100**	119,882	100	87,115	100

The geographical segment analysis is based on the location where the assets or transactions are booked. In 1Q05, Singapore accounted for 64% of the Group's profit before tax while Malaysia accounted for 30%.

The 79% jump in profit before tax for Malaysia from 1Q04 to 1Q05 was largely due to the contribution from GEH's Malaysia operations following GEH's consolidation.

Appendix I

Consolidated Income Statement (Unaudited)

	1st Quarter 2005	1st Quarter 2004	+ / (-)	4th Quarter 2004
	S$m	S$m	%	S$m
Interest income	**712**	598	19.0	689
Less: Interest expense	**349**	234	49.4	300
Net interest income	**363**	365	(0.5)	389
Fees and commissions	**121**	115	4.7	113
Dividends	**20**	44	(55.1)	13
Rental income	**18**	18	(2.2)	18
Income from insurance	**105**	–	n.m.	132
Other income	**55**	(17)	n.m.	37
Non-interest income	**319**	161	98.0	313
Income before operating expenses	**682**	526	29.7	702
Less: Staff costs	**143**	121	18.2	149
Other operating expenses	**107**	86	25.3	137
	251	207	21.1	285
Operating profit before provisions and amortisation of goodwill and intangibles	**431**	319	35.3	417
Less: Amortisation of goodwill and intangibles	**10**	32	(68.8)	45
Provisions/(writeback) for loan losses and impairment charges for other assets	**24**	20	19.0	(2)
Operating profit after provisions and amortisation of goodwill and intangibles	**397**	267	48.9	374
Share of profit of associated companies	**8**	47	(83.7)	2
Net profit before tax	**405**	314	28.9	376
Less: Tax	**84**	59	42.2	85
Net profit after tax	**321**	255	25.8	291
Attributable to :				
- Equity holders of the Bank	**298**	255	17.0	275
- Minority interests	**23**	#	n.m.	16
	321	255	25.8	291

n.m. – Not meaningful
Amounts less than S$500,000

Certain comparative figures for 2004 have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation

Appendix II

Consolidated Balance Sheet (Unaudited)

	31 Mar 2005	31 Dec 2004	31 Mar 2004
	S$m	S$m	S$m
EQUITY			
Capital and reserves attributable to the Bank's equity holders			
Share Capital	**1,317**	1,321	1,285
Capital reserves	**3,150**	3,140	2,329
Statutory reserves	**1,950**	1,934	1,870
Fair value reserves	**573**	–	–
Revenue reserves	**4,870**	4,835	4,805
	11,860	11,230	10,289
Minority interests	**939**	489	20
Total equity	**12,798**	11,719	10,309
LIABILITIES			
Deposits of non-bank customers	**59,664**	57,287	54,279
Deposits and balances of banks	**13,645**	12,455	13,921
Deposits of associated companies	**17**	17	1,558
Derivative payables	**1,702**	1,664	1,233
Other liabilities	**1,840**	1,642	1,445
Current tax	**446**	425	364
Deferred tax	**190**	83	66
Debt issued	**6,266**	5,695	3,941
	83,770	79,268	76,806
Life assurance fund	**31,012**	28,895	–
Total liabilities and equity	**127,580**	119,882	87,115
ASSETS			
Cash and placements with central banks	**4,864**	3,617	6,572
Singapore government treasury bills and securities	**7,384**	6,440	5,609
Other government treasury bills and securities	**1,940**	1,838	1,492
Placements with and loans to banks	**12,845**	10,007	9,360
Loans to customers (including bills receivable)	**51,398**	51,829	49,444
Debt and equity securities	**9,725**	9,309	7,726
Derivative receivables	**2,009**	1,709	1,170
Other assets	**1,720**	1,565	1,048
Deferred tax	**49**	50	52
Associated companies	**318**	309	1,199
Property, plant and equipment	**1,333**	1,316	1,403
Goodwill and intangible assets	**2,984**	2,999	2,040
	96,569	90,986	87,115
Life fund net assets attributable to policyholders	**31,012**	28,895	–
Total assets	**127,580**	119,882	87,115
OFF-BALANCE SHEET ITEMS			
Contingent liabilities	**5,234**	4,798	4,325
Commitments	**33,102**	30,256	28,366
Financial derivatives	**277,633**	271,483	201,636
	315,968	306,537	234,327

Certain comparative figures for 2004 have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation

Appendix III

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)

For the Quarter ended 31 March 2005

	Attributable to the equity holders of the Bank							
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total	Minority interests	Total equity
	S$m	S$m	S$m	S$m	S$m	S$m	S$m	S$m
Balance at 1 January 2005								
–As previously reported	1,321	3,136	1,934	–	4,852	11,242	489	11,731
–Effect of adopting FRS 39	–	–	–	649	(1)	649	26	675
–Effect of adopting FRS 102	–	16	–	–	(15)	1	–	1
–Effect of adopting INT FRS 12	–	(12)	–	–	–	(12)	–	(12)
–As restated	1,321	3,140	1,934	649	4,836	11,880	515	12,395
Movements in fair value reserves:								
–Gains/(losses) taken to equity	–	–	–	(62)	–	(62)	1	(61)
–Tax on gains/(losses) taken to equity	–	–	–	5	–	5	–	5
–Transferred to income statements	–	–	–	(20)	–	(20)	(1)	(21)
Currency translation differences	–	–	–	–	11	11	#	12
Net gains/(losses) recognised in equity	–	–	–	(76)	11	(65)	#	(65)
Net profit after tax	–	–	–	–	298	298	23	321
Total recognised gains/ (losses) for the period	–	–	–	(76)	309	233	23	256
Transfers	–	1	16	–	(17)	–	–	–
Issue of OCBC-OCC A preference shares	–	–	–	–	–	–	400	400
Dividends paid to minority interests	–	–	–	–	–	–	#	#
Dividends paid to preference shareholders	–	–	–	–	(2)	(2)	–	(2)
Final dividends payable to ordinary shareholders	–	–	–	–	(200)	(200)	–	(200)
Shares purchased under DSP trust	–	(8)	–	–	–	(8)	–	(8)
Share-based staff costs capitalised	–	4	–	–	–	4	–	4
Share buyback	(5)	5	–	–	(56)	(56)	–	(56)
Shares issued to non-executive directors	#	#	–	–	–	#	–	#
Shares issued under Share Option Schemes	1	8	–	–	–	9	–	9
Balance at 31 March 2005	1,317	3,150	1,950	573	4,870	11,860	939	12,798
Comprise:								
Share of reserves of associated companies	–	1	–	–	45	47		

Amount less than S$500,000

Appendix III
(continued)

Consolidated Statement of Changes in Shareholders' Equity (Unaudited)
For the Quarter ended 31 March 2004

	Attributable to the equity holders of the Bank							
	Share capital	**Capital reserves**	**Statutory reserves**	**Fair value reserves**	**Revenue reserves**	**Total**	**Minority interests**	**Total equity**
	S$m	S$m	S$m	S$m	S$m	S$m	S$m	S$m
Balance at 1 January 2004								
–As previously reported	1,284	2,329	1,854	–	4,591	10,059	20	10,079
–Effect of adopting FRS 102	–	4	–	–	(4)	–	–	–
–Effect of adopting INT FRS 12	–	(6)	–	–	–	(6)	–	(6)
–As restated	1,284	2,327	1,854	–	4,588	10,053	–	10,073
Currency translation differences	–	–	–	–	(21)	(21)	#	(21)
Net profit after tax								
–As previously reported	–	–	–	–	256	256	1	256
–Effect of adopting FRS 102	–	1	–	–	(1)	–	–	–
–As restated	–	1	–	–	255	256	1	256
Total recognised gains for the period	–	1	–	–	233	234	#	235
Transfers	–	#	15	–	(16)	–	–	–
Shares purchased under DSP trust	–	(7)	–	–	–	(7)	–	(7)
Shares issued under Share Option Schemes	1	7	–	–	–	7	–	7
Balance at 31 March 2004	1,285	2,329	1,870	–	4,805	10,289	20	10,309
Comprise:								
Share of reserves of associated companies	–	21	–	–	1,042	1,063		

Amount less than S$500,000

Appendix IV

Consolidated Cash Flow Statement (Unaudited)
For the Quarter ended 31 March

	2005	2004
	S$m	S$m
Cash flows from operating activities		
Net profit before tax	**405**	314
Adjustments for non-cash items		
Amortisation of software costs	**5**	6
Amortisation of goodwill and intangible assets	**10**	32
Fair value change on hedged transactions and trading securities	**12**	–
Depreciation of property, plant and equipment	**15**	15
Gains on disposal of government, debt and equity securities	**(21)**	(5)
Gains on disposal of property, plant and equipment	**#**	#
Impairment losses for loans and other assets	**24**	20
Shared-based staff costs	**4**	1
Share of profit of associated companies	**(8)**	(47)
Operating profit before changes in operating assets and liabilities	**445**	335
Increase/(decrease) in operating liabilities		
Deposits of non-bank customers	**2,378**	919
Deposits and balances of banks	**1,190**	1,440
Derivative and other payables	**31**	60
(Increase)/decrease in operating assets		
Government securities and treasury bills	**(1,129)**	104
Trading securities	**128**	(87)
Placements with and loans to banks	**(2,838)**	290
Loans to customers and bills receivable	**424**	(457)
Derivative receivables and other assets	**(123)**	(41)
Cash provided by operating activities	**506**	2,565
Income tax paid	**(78)**	(32)
Net cash provided by/(used in) operating activities	**429**	2,533
Cash flows from investing activities		
Dividends from associated companies	**#**	23
Decrease/(increase) in associated companies	**#**	4
Purchase of debt and equity securities	**(805)**	(609)
Purchase of property, plant and equipment	**(35)**	(7)
Proceeds from disposal of debt and equity securities	**1,054**	666
Proceeds from disposal of property, plant and equipment	**1**	10
Net cash provided by/(used in) investing activities	**214**	87
Cash flows from financing activities		
Dividends paid	**(2)**	–
Increase/(decrease) in debt issued	**243**	(70)
Proceeds from issue of OCBC-OCC A preference shares	**400**	–
Proceeds from issue of ordinary shares	**9**	7
Share buyback	**(56)**	–
Dividends paid to minority interests	#	–
Net cash provided by/(used in) financing activities	**594**	(62)
Net currency translation adjustments	**11**	(21)
Net change in cash and cash equivalents	**1,248**	2,536
Cash and cash equivalents as at 1 January	**3,617**	4,036
Cash and cash equivalents as at 31 March	**4,864**	6,572

Amounts less than S$500,000

* Certain comparative figures for 2004 have been restated with the adoption of FRS 102 and revised INT FRS 12, as well as to conform to current period's presentation

Appendix V

Impact of New Accounting Policies Effective 1 January 2005

Consolidated Equity 1 January 2005	**Before adoption**	**Increase/(decrease) Effect of FRS 102**	**Effect of INT FRS 12**	**Effect of FRS 39**	**After adoption**
	S$m	S$m	S$m	S$m	S$m
Share capital	1,321	–	–	–	1,321
Capital reserves	3,136	16	(12)	–	3,140
Statutory reserves	1,934	–	–	–	1,934
Fair value reserves	–	–	–	649	649
Revenue reserves	4,852	(15)	–	(1)	4,836
Minority interests	489	–	–	26	515
Total Equity	**11,731**	**1**	**(12)**	**675**	**12,395**

Consolidated Income Statement Financial Year 2004	**Before adoption**	**Increase/(decrease) Effect of FRS 102**	**Effect of INT FRS 12**	**Effect of FRS 39**	**After adoption**
	S$m	S$m	S$m	S$m	S$m
Staff Costs					
First Quarter 2004	120	1	–	–	121
Second Quarter 2004	131	3	–	–	134
Third Quarter 2004	136	4	–	–	140
Fourth Quarter 2004	145	4	–	–	149
Full Year 2004	**531**	**12**	**–**	**–**	**544**

Consolidated Income Statement 1Q2005	**Effect of FRS 102**	**Effect of FRS 103**	**Effect of FRS 39**	**Total Effects**
	S$m	S$m	S$m	S$m
Total Income	**–**	**–**	**(7)**	**(7)**
Operating expenses	(4)	–	–	(4)
Operating profit before provision	**(4)**	**–**	**(7)**	**(11)**
Goodwill amortisation	–	35	–	35
Net profit before tax	**(4)**	**35**	**(7)**	**24**
Tax	–	–	1	2
Net profit after tax	**(4)**	**35**	**(6)**	**26**