

2001 Interim Results

CEO's Address

by

Alex Au

3 August 2001

Further Strengthening of Senior Management Team and the Board

- April Tan Eng Huat appointed Head, Global Treasury
 Patricia Eng appointed General Counsel, Legal
 Philip Spencer appointed COO, BOS
- May Dr Michael Fam retires from the Board
- June Duncan Edwards appointed Head, Group Audit
- July Patrick Yeoh appointed to the Board

- **Upgrading customer service**
 - ◆ Continued renovation of OCBC branches
 - ◆ Launched OCBC PhoneBank in Malaysia in March

- **Strengthening OCBC's link with customers**
 - ◆ Branding campaign launched in March

- **Meeting customers' needs**
 - ◆ Launched revised home loan package in April
 - ◆ Launched OCBC Multi Advisor Program in April
 - ◆ Launched RetireWise in April
 - ◆ OCBC Securities launched Managed Account in July

Restructuring / M&A initiatives

- ◆ Completed acquisition of UBS Warburg & Associates (Singapore) in May
- ◆ Completed privatisation of OCBC Finance in May
- ◆ Announced general offer for KCH in June

On-going capital management

- ◆ Launched S\$500 million share buy-back programme in April
- ◆ Issued S\$3.9 billion Upper Tier 2 subordinated notes in July

Integration will be a key priority over the next 18 months

Guiding Principles:

- ◆ Careful planning, swift execution to minimise uncertainty
- ◆ Minimise inconvenience to customers, maintain high standards of service -> minimise customer attrition
- ◆ Clear and effective communication
- ◆ Retain talented individuals of both organisations

Commitment To Shareholder Value - OCBC's Guiding Principle

- What matters most in M&A is the ability to deliver superior customer service and shareholder returns
- OCBC will focus on integrating KCH effectively to derive maximum benefits for shareholders, customers and employees
- Any future M&A, divestments and other major initiatives, must pass the test - is it value enhancing for our shareholders?

Review of 2001 Interim Results

by

Chris Matten

CFO

3 August 2001

Four Key Themes

- **Turnaround in operating profit**
- **Income remained resilient despite weak operating environment**
- **Expenses were kept under control**
- **Provisions rose due to less GP write-backs and diminution in value of other assets**

Improvement Over 2nd Half 2000

	1H00	2H00	1H01	YoY	HoH
	S\$m	S\$m	S\$m	%	%
Operating income	845	882	896	6	2
Operating profit	557	514	534	(4)	4
Net profit	445	395	433	(3)	10
<i>Adjustments:</i>					
Associates' profits	108	113	158	46	40
Less: Non-recurrent gains	0	45 **	56 *		
Adjusted associates' profits	108	68	102	(6)	50
Adjusted net profit	445	361	377	(15)	5

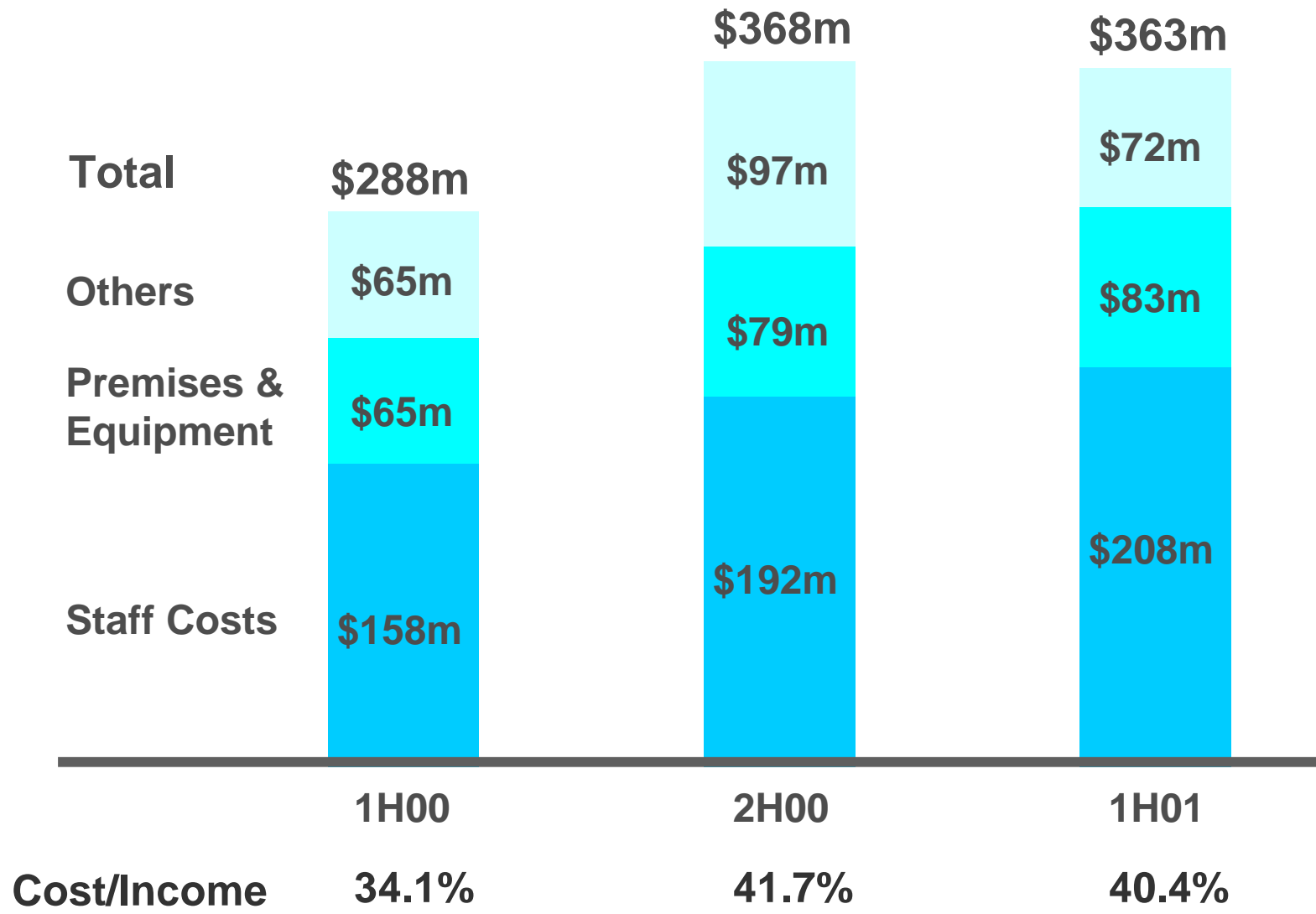
* Disposal of PacificMas' banking business (+S\$65m), Harimau Investments' distribution gain (+S\$3m), loss from termination of ANZ joint venture (-S\$12m).

** OAC's gain from sale of Great Eastern shares

Resilient Income

	1H00	2H00	1H01	YoY	HoH
	S\$m	S\$m	S\$m	%	%
Net interest income	624	636	653	5	3
Fees & commissions	137	119	127	(8)	7
Stockbroking	37	27	26	(29)	(4)
Non-stockbroking	100	92	101	1	9
Ave loan balances	32,033	32,632	35,676	11	9
Net interest margin	2.36	2.31	2.27	-9 bps	-4 bps

Expenses Under Control



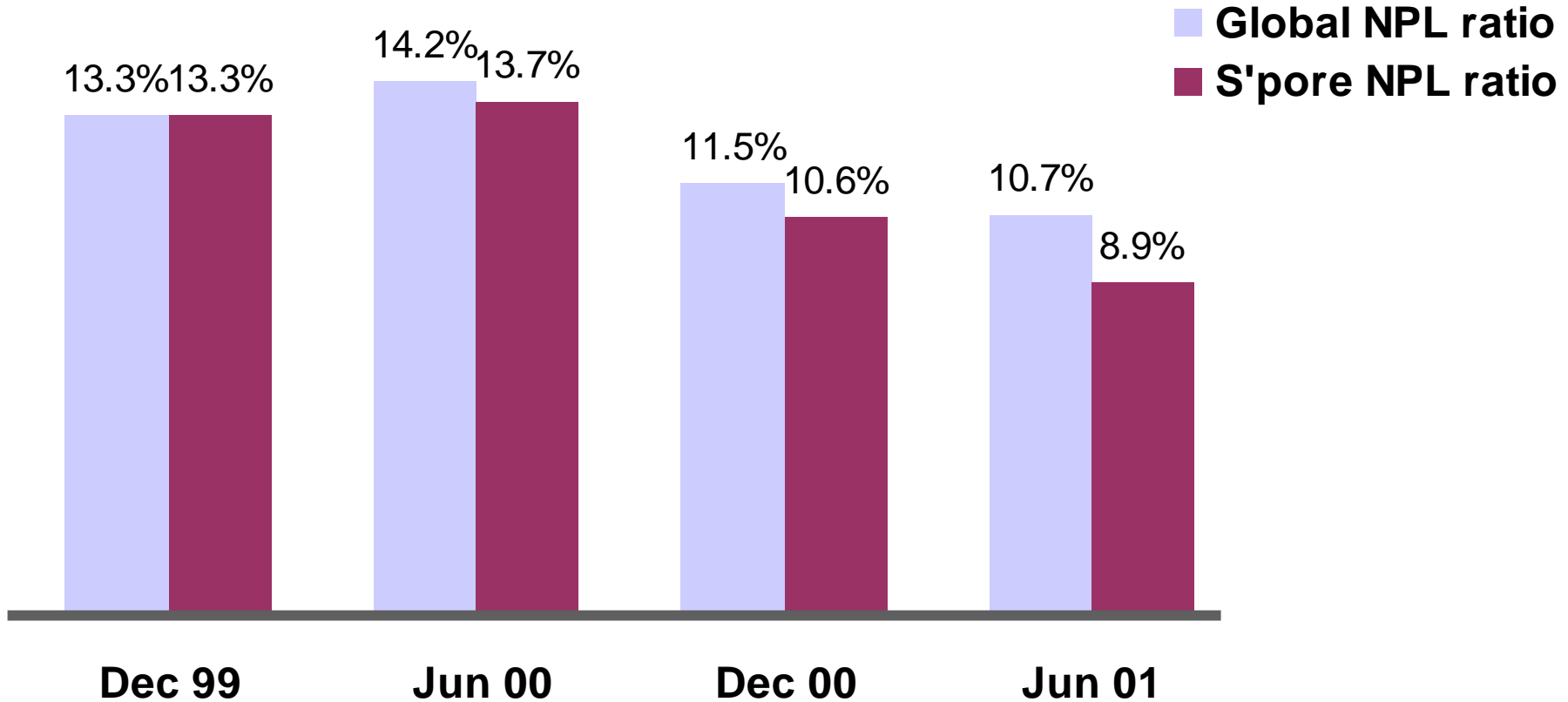
Prudent Provisioning

	1H00	2H00	1H01	YoY	HoH
	S\$m	S\$m	S\$m	%	%
SPs for loans	89	155	100	13	(35)
GPs for loans	(45)	(96)	(12)	(74)	(88)
SPs for diminution in value of other assets	10	27	37	263	37
Total provisions	54	85	125	132	47

Provisions rose due to :

- * Lower GP write-backs
- * Higher SPs for diminution in value of other assets

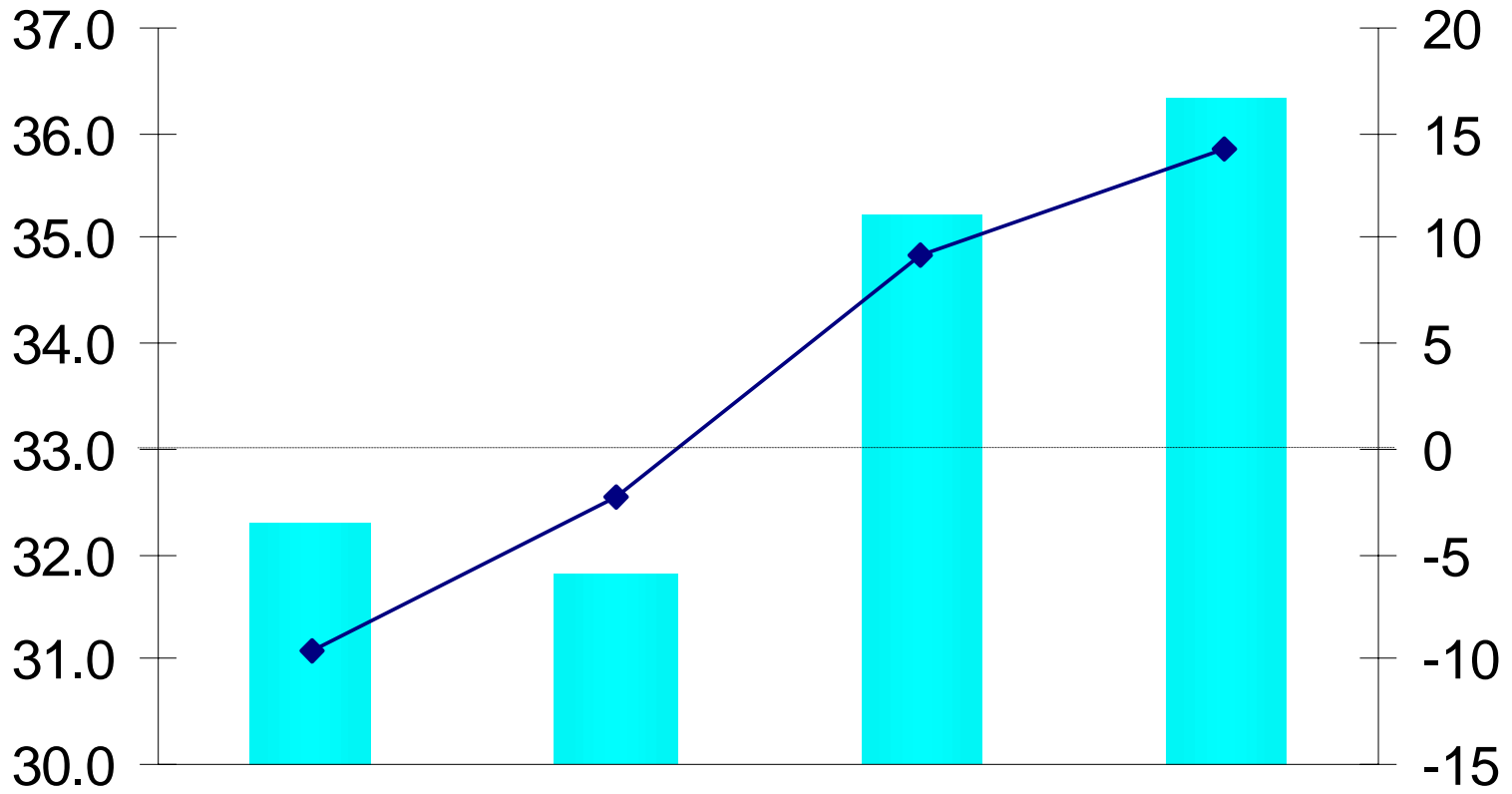
Improving Asset Quality



Loan Growth Sustained

Loans (S\$b)

Loan growth YoY (%)



■ Loans ◆ Loan growth

- **Pro-forma total CAR of 16.9% and Tier 1 of 9.9% for OCBC-KCH as at 30 June 2001**
- **KCH's accounts to be consolidated from date of first payment to KCH shareholders (within 21 days after offer becomes unconditional)**
- **Restructuring charge of S\$120m**
 - ◆ accounting treatment to be finalised
 - ◆ actual charges to be tracked
- **Detailed tracking of synergies and customer attrition during and post integration**