

HALF-YEAR PUBLICATION

OCBC Bank (Malaysia) Berhad

Unaudited Balance Sheets as at 30/6/2002

<u>ASSETS</u>	<u>Group</u>		<u>Bank</u>	
	<u>30/6/2002</u>	<u>31/12/2001</u>	<u>30/6/2002</u>	<u>31/12/2001</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Cash and short term funds	1,720,902	1,135,079	1,720,971	1,135,273
Deposits and placements with financial institutions	999,801	897,300	999,801	897,300
Dealing securities	744,913	929,515	744,913	929,515
Investment securities	2,771,690	3,160,142	2,771,690	3,160,142
Loans, advances and financing	15,042,830	14,230,737	15,042,423	14,230,402
Other assets	74,028	88,878	70,798	85,524
Statutory deposits with Bank Negara Malaysia	545,486	568,486	545,486	568,486
Investment in subsidiary companies	0	0	1,611	1,611
Fixed assets	217,665	215,058	217,640	215,024
Total Assets	22,117,315	21,225,195	22,115,333	21,223,277
 <u>LIABILITIES AND SHAREHOLDERS' FUNDS</u>				
Deposits from customers	13,087,133	12,764,827	13,111,623	12,788,680
Deposits and placements of banks and other financial institutions	2,727,953	2,427,357	2,727,953	2,427,357
Obligations on securities sold under repurchase agreements	1,385,104	1,218,897	1,385,104	1,218,897
Bills and acceptances payable	1,266,322	1,123,315	1,266,322	1,123,315
Amount due Cagamas	1,534,718	1,590,720	1,534,718	1,590,720
Other liabilities	176,286	239,806	174,591	238,101
Taxation and zakat	78,111	100,298	70,892	93,079
Deferred taxation liability	7,625	9,151	7,625	9,151
Total Liabilities	20,263,252	19,474,371	20,278,828	19,489,300
Share capital	287,500	287,500	287,500	287,500
Reserves	1,566,563	1,463,324	1,549,005	1,446,477
Total Shareholders' Funds	1,854,063	1,750,824	1,836,505	1,733,977
Total Liabilities and Shareholders' Funds	22,117,315	21,225,195	22,115,333	21,223,277
 <u>COMMITMENTS AND CONTINGENCIES</u>				
	<u>10,375,741</u>	<u>11,732,170</u>	<u>10,344,586</u>	<u>11,701,015</u>
 <u>CAPITAL ADEQUACY</u>				
Core capital ratio	12.15%	11.02%	12.04%	10.92%
Risk-weighted capital ratio	14.13%	12.85%	14.01%	12.73%

OCBC Bank (Malaysia) Berhad

Unaudited Income Statements
For the Half-Year Ended 30/6/2002

	<u>Group</u>		<u>Bank</u>	
	<u>30/6/2002</u>	<u>30/6/2001</u>	<u>30/6/2002</u>	<u>30/6/2001</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	532,414	612,263	532,270	612,070
Interest expense	(261,742)	(313,756)	(262,084)	(314,114)
Net interest income	270,672	298,507	270,186	297,956
<i>Islamic Banking operating income</i>	6,571	5,298	6,571	5,298
Non-interest income	48,260	42,594	48,260	42,594
Operating income	325,503	346,399	325,017	345,848
Staff cost and overheads	(105,916)	(118,595)	(105,825)	(118,501)
Profit before provision	219,587	227,804	219,192	227,347
Loan (<i>and financing</i>) loss and provision	(69,550)	(104,334)	(69,866)	(104,540)
Provision for:				
- diminution in value of investment securities written back in respect of recoveries (net)	5,031	53,989	5,031	53,989
Profit before taxation (<i>and zakat</i>)	155,068	177,459	154,357	176,796
Taxation	(51,808)	(55,486)	(51,808)	(55,486)
<i>Zakat</i>	(21)	(14)	(21)	(14)
Profit after taxation and zakat	103,239	121,959	102,528	121,296
Transfer from general reserves	0	100,000	0	100,000
Profit after transfer from reserves	103,239	221,959	102,528	221,296
Retained profits brought forward	185,455	75,924	261,977	154,031
	288,694	297,883	364,505	375,327
Proposed interim dividends per ordinary share : nil (2001:72 sen less income tax) sen	0	(149,040)	0	(149,040)
	288,694	148,843	364,505	226,287
Prior year adjustment	0	149,040	0	149,040
Profit attributable to shareholders	288,694	297,883	364,505	375,327
Earnings per share - basic (sen)	35.9	42.4	35.7	42.2
Earnings per share - fully diluted (sen)	35.9	42.4	35.7	42.2

1. ACCOUNTING POLICIES

The accounting policies and methods of computation applied for these financial statements are consistent with those applied for the annual financial statements. There have been no significant changes to these policies.

2. EXCEPTIONAL ITEMS

There were no exceptional items for the financial period to date.

3. EXTRAORDINARY ITEMS

There were no extraordinary items for the financial period to date.

4. TAXATION

There were no material transfers in respect of deferred taxation and no material adjustments made for over or under provision for taxation in respect of prior years.

5. PRE-ACQUISITION PROFITS

There were no pre-acquisition profits for the financial period to date.

6. PROFIT ON SALE OF INVESTMENTS AND PROPERTIES

There were no investment securities or properties sold during the period.

7. PURCHASE AND SALE OF QUOTED SECURITIES

This note is not applicable to financial institutions.

8. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period to date.

9. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced for the financial period to date.

10. SEASONALITY AND CYCLICALITY OF OPERATIONS

The operation of the Group is not subject to material seasonal or cyclical effects.

11. ISSUANCE OR REPAYMENT OF DEBTS AND EQUITY SECURITIES

There were no issuance and repayment of debts and equity securities for the financial period to date.

12. DEPOSITS AND PLACEMENT OF FINANCIAL INSTITUTIONS AND DEBT SECURITIES

Items	Group		Bank	
	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
Deposits from customers				
- Fixed deposits and negotiable Instruments of deposits				
One year of less (short-term)	10,140,703	9,788,158	10,164,829	9,811,372
More than one year (medium/long-term)	149,619	265,399	149,619	265,399
	<u>10,290,322</u>	<u>10,053,557</u>	<u>10,314,448</u>	<u>10,076,771</u>
Deposits and placements of banks and other Financial institutions				
One year of less (short-term)	2,386,907	1,993,728	2,386,907	1,993,728
More than one year (medium/long-term)	341,046	433,629	341,046	433,629
	<u>2,727,953</u>	<u>2,427,357</u>	<u>2,727,953</u>	<u>2,427,357</u>

13. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Bank makes various commitments and incurs certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

Risk weighted exposures of the Group as at

	<u>30/6/2002</u>		<u>31/12/2001</u>	
	Principal Amount	Credit Equivalent Amount	Principal Amount	Credit Equivalent Amount
	RM'm	RM'm	RM'm	RM'm
Direct credit substitutes	206	206	199	199
Transaction-related contingent items	200	100	181	90
Short-term self-liquidating trade-related Contingencies	216	43	185	37
Obligations under underwriting agreement	7	4	5	2
Irrevocable commitments to extend credit				
- maturity exceeding one year	2,640	1,320	4,222	2,111
- maturity not exceeding one year	4,515	0	4,445	0
Foreign exchange related contracts	2,551	39	2,454	31
Interest rate related contracts	10	0	10	1
Miscellaneous	31	0	31	0
Total	10,376	1,712	11,732	2,471

Risk weighted exposures of the Bank as at

	<u>30/6/2002</u>		<u>31/12/2001</u>	
	Principal Amount	Credit Equivalent Amount	Principal Amount	Credit Equivalent Amount
	RM'm	RM'm	RM'm	RM'm
Direct credit substitutes	206	206	199	199
Transaction-related contingent items	200	100	181	90
Short-term self-liquidating trade-related contingencies	216	43	185	37
Obligations under underwriting agreement	7	4	5	2
Irrevocable commitments to extend credit				
- maturity exceeding one year	2,640	1,320	4,222	2,111
- maturity not exceeding one year	4,515	0	4,445	0
Foreign exchange related contracts	2,551	39	2,454	31
Interest rate related contracts	10	0	10	1
Total	10,345	1,712	11,701	2,471

* The credit equivalent amount is arrived at using the credit conversion factor as per Bank Negara Malaysia Guidelines.

14. VALUE OF CONTRACTS CLASSIFIED BY REMAINING PERIOD TO MATURITY/NEXT REPRICING DATE (WHICHEVER IS THE EARLIER)

Group (RM million)

Items	Principal Amount	1 mth Or less	> 1 - 3 mths	> 3 - 6 mths	> 6 - 12 mths	> 1 – 5 Yrs	> 5 yrs	Margin Requirement
Foreign exchange related contracts								
- forward / spot	616	378	148	66	24	-	-	
- swaps	1,935	1,117	263	440	115	-	-	
- options	-	-	-	-	-	-	-	
Interest rate related contracts								
- forward / spot	-	-	-	-	-	-	-	
- futures	-	-	-	-	-	-	-	
- swaps	10	-	-	-	-	10	-	
- options	-	-	-	-	-	-	-	
Total	2,561	1,495	411	506	139	10	-	

Bank (RM million)

Items	Principal Amount	1 mth Or less	> 1 - 3 mths	> 3 - 6 mths	> 6 - 12 mths	> 1 – 5 Yrs	> 5 yrs	Margin Requirement
Foreign exchange related contracts								
- forward / spot	616	378	148	66	24	-	-	
- swaps	1,935	1,117	263	440	115	-	-	
- options	-	-	-	-	-	-	-	
Interest rate related contracts								
- forward / spot	-	-	-	-	-	-	-	
- futures	-	-	-	-	-	-	-	
- swaps	10	-	-	-	-	10	-	
- options	-	-	-	-	-	-	-	
Total	2,561	1,495	411	506	139	10	-	

Foreign exchange, interest rate and equity and commodity related contracts are subject to market risk and credit risk.

Market risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts stated above provide only a measure of involvement in these types of transactions and do not represent the amount subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at end of the financial half-year, the amount of contracts which were not hedged and, hence, exposed to market risk was RM8.0 million (31 December 2001: RM 7.5 million).

Credit risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Bank has a gain position. As at end of the financial half-year, the amount of credit risk, measured in term of the cost to replace the profitable contracts, was RM12.5 million (31 December 2001: RM4.9 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

Related accounting policies

Premium or discount on all foreign exchange forward contracts is amortised to profit and loss account on a straight line basis over the period of the contract.

Outstanding foreign exchange forward contracts which are recorded net of the premium or discount are revalued at the spot exchange rates prevailing at the reporting date/balance sheet date and the resulting gain or loss is taken to profit and loss account.

Interest income or interest expense associated with interest rate swaps that qualify as hedges is recognized over the life of the swaps agreement as a component of interest income or interest expense. Gains and losses on interest rate swaps and futures contracts that qualify as hedges are generally deferred over the life of the underlying assets or liabilities.

Gains and losses on interest rate swaps and futures contracts that do not qualify as hedges are recognised in the current period using the mark-to-market method.

15. MATERIAL LITIGATION

As at 30 June 2002, there is a litigation case against the Bank in respect of claims by a customer. The Bank has filed its defence and the parties are currently awaiting a date to be fixed for trial.

No provision has been made as legal advice indicates that it is unlikely that any significant loss will eventuate.

16. SEGMENTAL REPORTING ON TOTAL INCOME, PROFIT AND ASSETS

	6 months ended 30/6/2002			6 months ended 30/6/2001		
	Total Income	Profit Before Tax	Total Assets	Total Income	Profit Before Tax	Total Assets
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Commercial bank	587,101	154,357	22,115,333	659,962	176,796	20,982,445
Others	486	711	29,652	551	663	28,674
Total	587,587	155,068	22,144,985	660,513	177,459	21,011,119
Consolidation adjustments	(342)	0	(27,670)	(358)	0	(25,841)
Grand total	587,245	155,068	22,117,315	660,155	177,459	20,985,278

Segmental Reporting On Loans, Advances And Financing Analysed By Their Economic Purposes

	Group		Bank	
	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
Agriculture	729,641	797,742	729,641	797,742
Mining and quarrying	28,952	27,830	28,952	27,830
Manufacturing	2,893,425	2,871,409	2,892,367	2,870,277
Electricity, gas and water	136,732	147,168	136,732	147,168
Construction	826,323	789,548	825,679	788,778
Real estate	1,249,970	1,193,032	1,249,970	1,193,032
Purchase of landed property (of which: Residential	3,389,434	2,982,797	3,389,434	2,982,797
Non-residential)	799,417	827,277	799,417	827,277
General commerce	2,225,617	2,114,477	2,225,536	2,114,394
Transport, storage and communication	273,817	326,796	273,817	326,796
Finance, insurance and business service	379,751	440,264	379,751	440,155
Purchase of securities	553,755	528,814	553,755	528,814
Purchase of transport vehicles	14,494	15,026	14,463	14,995
Consumption credit	797,742	770,584	797,349	770,038
Others	1,463,645	1,177,113	1,462,828	1,176,484
Total	15,762,715	15,009,877	15,759,691	15,006,577

Non-Performing Loans

	<u>Group</u>		<u>Bank</u>	
	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
Opening balance as at 1 January	1,556,326	1,495,268	1,553,410	1,488,660
Non-performing during the period / year (gross)	342,831	687,546	342,705	686,994
Amount converted to investment securities	(3,288)	(5,686)	(3,288)	(5,686)
Amount recovered	(142,179)	(270,090)	(141,645)	(268,241)
Amount written-off	(163,093)	(350,712)	(163,093)	(348,317)
Closing balance as at	1,590,597	1,556,326	1,588,089	1,553,410
Total net non-performing loans (and financing) /1	1,172,568	1,066,633	1,172,662	1,066,667
(as % of total loans) /1	7.64%	7.35%	7.64%	7.35%

/1 net of specific provision and interest-in-suspense/income-in-suspense

Loan Loss Provisions

	<u>Group</u>		<u>Bank</u>	
	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
<u>General provisions</u>				
Opening balance as at 1 January	289,447	281,084	289,432	281,012
Provision made during the period / year	12,409	8,363	12,409	8,420
Closing balance as at	301,856	289,447	301,841	289,432
<u>Specific provisions</u>				
Opening balance as at 1 January	335,607	376,686	333,590	372,302
Provision made during the period / year	105,003	259,330	104,937	258,731
Amount transferred to provision for diminution in value of investment securities	(3,288)	(5,686)	(3,288)	(5,686)
Amount recovered	(42,003)	(72,732)	(41,621)	(71,367)
Amount written-off	(132,285)	(221,991)	(132,285)	(220,390)
Closing balance as at	263,034	335,607	261,333	333,590
<u>Interest-in-suspense (income-in-suspense)</u>				
Opening balance as at 1 January	154,086	221,097	153,153	219,592
Provision made during the period / year	58,727	139,881	58,616	139,334
Amount recovered	(26,935)	(76,213)	(26,792)	(75,889)
Amount written-off	(30,883)	(130,679)	(30,883)	(129,884)
Closing balance as at	154,995	154,086	154,094	153,153

Amount Recoverable From Danaharta

	<u>Group</u>		<u>Bank</u>	
	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000	As At 30/6/2002 RM'000	As At 31/12/2001 RM'000
Opening balance as at 1 January	0	0	0	0
Amount arising during the period / year	6,393	0	6,393	0
Provision made during the period / year	(6,393)	0	(6,393)	0
Closing balance as at	0	0	0	0

17. COMPARISON WITH THE CORRESPONDING HALF YEAR'S RESULTS

For the half year ended 30 June 2002, the Bank registered a profit before tax of RM154.4 million compared with RM176.8 million for the half year ended 30 June 2001. For the Group, profit before tax decreased by 12.6% to RM155.1 million over the corresponding half year 2001. The lower profits in the half year period for the Group and the Bank was due to lower net interest income from a decline in net interest margin.

18. REVIEW OF PERFORMANCE

The results of the Bank and its principal subsidiary were:

	<u>Profit Before Tax</u>	
	Half Year Ended	Half Year Ended
	30/6/2002	30/6/2001
	RM million	RM million
OCBC Bank (Malaysia) Berhad	154.4	176.8
OCBC Credit Berhad	0.7	0.7

19. CURRENT YEAR'S PROSPECTS

The Malaysian economy's recovery as a result of the improvement in the global economy should provide the Bank in good stead to ensure continued profitability in 2002.

20. EXPLANATORY NOTE ON VARIANCES BETWEEN ACTUAL AND FORECAST PROFITS

Not applicable.

21. DIVIDEND

The Directors do not propose any interim dividend for the half year ended 30 June 2002 (2001: 72 sen)

22. PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS

The net amount written back in respect of recoveries of RM5.0 million arose from the settlement of debt securities converted from loan amounting to RM8.6 million, against a provision for the period of RM3.6 million.

23. CAPITAL ADEQUACY

Profit after taxation and zakat of RM102.5 million for the current half-year which was included in the capital base, was subjected to a limited review by the external auditors in accordance with Technical Bulletin 4.