

Media Release

OCBC Group's Full Year 2006 Net Profit Up 54% to S\$2,002 million

***Excluding divestment gains, full year core earnings increased 11%
to S\$1,443 million, 4th Quarter core earnings rose 27% to S\$432 million***

Singapore, 22 February 2007 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a net profit attributable to shareholders (“net profit”) of S\$2,002 million for the financial year ended 31 December 2006, an increase of 54% from S\$1,298 million in 2005. Excluding divestment gains of S\$559 million, net profit grew by 11% to a record S\$1,443 million, driven by higher interest and non-interest revenues across the Group’s key markets of Singapore, Malaysia, Indonesia as well as its overseas branches. For the fourth quarter of 2006 (“4Q06”), net profit was S\$510 million, up 49% year-on-year. Excluding divestment gains of S\$77 million recorded in 4Q06, net profit was up 27% year-on-year to S\$432 million.

Return on equity for 2006 was 16.6%, or 11.8% excluding divestment gains, up from 11.4% for 2005. Earnings per share grew 58% to 63.4 cents, or 13% to 45.4 cents if divestment gains were excluded. A final tax-exempt dividend of 12 cents per share has been proposed, bringing the full year dividend to 23 cents per share, up 25% and representing a payout of 49% of the Group’s core earnings.

Full Year Results

Core net profit for the year rose 11% to S\$1,443 million, driven by revenue growth which lifted operating profit before allowances and amortisation of intangibles by 10% to S\$1,911 million. In addition, the Group realised total net gains of S\$559 million from the divestments of a residential development site at Kim Seng Road and shareholdings in Robinson and Company, Limited, The Straits Trading Company Limited, Southern Bank Berhad and Raffles Holdings Limited. Great Eastern Holdings’ net profit contribution to the Group, after taking into account amortisation of intangible assets and minority interests, was S\$357 million in 2006 (including S\$40 million in divestment gains), up from S\$251 million in 2005.

Net interest income rose 12% to S\$1,794 million, supported by growth in interest earning assets and better interest margins. Singapore-dollar loans grew 7%, contributed mainly by corporate and SME loans, while Malaysia and Indonesia loans achieved broad-based growth of 10% and 26% respectively, in local currency terms. In Singapore-dollar terms (inclusive of a marginal decline in loans in other currencies), total loans grew 7% to S\$61.1 billion as at 31 December 2006. Net interest margin improved from 1.84% in 2005 to 2.00% in 2006, a four-year high, as higher yields on loans and interbank placements more than offset the rise in borrowing costs.

Strong fee and commission income, life assurance profits and foreign exchange income lifted non-interest income by 12% to S\$1,448 million (excluding divestment gains). Fees and commissions rose 18% to S\$597 million, driven by growth in stock-broking, loan-related, trade-related, investment banking and fund management income. Profits from life assurance business grew 34% to S\$376 million, underpinned by new business growth, healthy underwriting profits and strong investment gains. Income from foreign exchange dealing jumped 81% to S\$144 million. Excluding divestment gains, non-interest income accounted for 44.7% of the Group's total income in 2006.

Operating expenses rose 16% to S\$1,331 million, attributed mainly to higher staff costs from increased headcount, higher business promotion expenses, accelerated depreciation and write-offs of fixed assets and software applications, and the twelve months' consolidation of Bank NISP's expenses. Excluding Bank NISP's expenses and the accelerated depreciation and write-offs, operating expenses would show an increase of 10%. The cost-to-income ratio (excluding divestment gains) was 41.1%, compared with 39.6% in 2005.

Improved asset quality and continued successes in loan recovery efforts kept the Group's allowances low at S\$2 million for the year, compared with allowances of S\$12 million in 2005.

Note that the 2006 results included a full year's consolidation of the results of 72.3%-owned Bank NISP, compared with nine months' consolidation in 2005. From January to March 2005, Bank NISP was equity accounted for as an associated company of the Group.

Fourth Quarter Results

The Group's net profit in 4Q06 was S\$510 million, up 49% from S\$341 million in 4Q05. This included a net gain of S\$77 million from the divestment of the Group's shareholding in Raffles Holdings Limited¹. Excluding this gain, net profit increased by 27% to S\$432 million, and operating profit before allowances and amortisation of intangibles grew 20% to S\$561 million.

Net interest income rose 18% year-on-year to S\$491 million. Interest-earning assets grew by 11%, while net interest margin improved from 1.90% to 2.03% as asset yields rose faster than cost of funds.

Non-interest income increased 13% to S\$412 million (excluding the divestment gains). Fees and commissions grew 25% to S\$161 million, led by increase in fees from loan-related activities, stock-broking and fund management. Profits from life assurance surged from S\$46 million to S\$126 million, while gains from foreign exchange dealing jumped from S\$17 million to S\$45 million.

Operating expenses increased by 10% to S\$342 million in 4Q06, largely due to staff costs arising from an increased headcount to support the Group's business expansion.

A net allowance of S\$12 million for loans and other assets was recorded in 4Q06, similar to 4Q05.

¹ The S\$77 million gain includes special dividend and cash distribution by Raffles Holdings prior to its exit offer and delisting.

Asset Quality

The Group's asset quality and coverage ratios remain healthy. Non-performing loans ("NPLs") fell 24% from S\$2.39 billion in December 2005 to S\$1.83 billion in December 2006, while the NPL ratio improved from 4.1% to 3.0%. Total cumulative specific and portfolio allowances amounted to S\$1.85 billion, providing coverage of 101% of total NPLs, up from 88% in December 2005.

Capital Position

The Group's total capital adequacy ratio ("CAR") was 15.8% and Tier 1 CAR was 13.1% in December 2006, down from 17.3% and 13.2% respectively, in December 2005. The declines were due to growth in risk weighted assets, commencement of annual amortisation of the Tier 2 subordinated debt, the increase in the Group's shareholding in Great Eastern Holdings, higher dividend payments, and continued share buybacks.

In 2006, the Bank bought back approximately 65.7 million of its ordinary shares for S\$436 million, with shares purchased since February 2006 held as treasury shares. As at 31 December 2006, the Bank held approximately 51.7 million treasury shares. Under the third S\$500 million share buyback programme which commenced in June 2006, S\$231 million had been utilised as of the date of this announcement.

Dividends

The Board of Directors is recommending a final tax-exempt dividend of 12 cents per share for ordinary shareholders. Including the interim tax-exempt dividend of 11 cents, total dividends for financial year 2006 would amount to 23 cents, a 25% increase over the 18.4 cents (net of tax) paid for financial year 2005. The estimated total net dividend of S\$709 million for 2006 represents 49% of the Group's core net profit of S\$1,443 million (which excludes non-core divestment gains). This is in line with the Group's dividend policy which targets a minimum payout of 45% of core earnings.

As a result of the Bank's various capital management initiatives over the past four years, all the available Section 44 tax credits have been passed on to shareholders. The Bank will move to the one-tier tax system after the payment of the final dividend.

CEO's Comments

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

"Our record results were underpinned by healthy core revenue growth across all our key markets, particularly in the second half of the year. We will continue to execute our New Horizons II strategy in a disciplined manner, focusing on growing our market share in Singapore, Malaysia, Indonesia, and China in the longer term. Given the positive trends and healthy economic outlook, we are optimistic about overall growth prospects for 2007."

About OCBC Bank

Singapore's longest established local bank, OCBC Bank currently has assets of S\$151 billion and a network of more than 370 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 250 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to treasury and stockbroking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management is one of the largest asset management companies in Southeast Asia. Additional information may be found at www.ocbc.com.

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To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited is pleased to announce the following:

Financial Results for the Financial Year Ended 31 December 2006

For the financial year ended 31 December 2006, Group net profit grew 54% to S\$2,002 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividends

A final tax-exempt dividend of 12 cents per share has been recommended for the financial year 2006. Including the interim tax-exempt dividend of 11 cents paid in September 2006, total dividends for financial year 2006 would amount to 23 cents per share, an increase of 25% over the 18.4 cents (net of tax) paid for financial year 2005.

Closure of Books

Notice is hereby given that, subject to shareholders' approval at the Annual General Meeting of the Bank to be held on 19 April 2007 of the payment of the final tax-exempt dividend of 12 cents per share, in respect of the financial year ended 31 December 2006, the Transfer Books and the Register of Shareholders of the Bank will be closed from 3 May 2007 to 4 May 2007 (both dates inclusive) for the purpose of determining the entitlement of shareholders to the final tax-exempt dividend of 12 cents per share.

Duly completed registrable transfers of shares received by the Bank's Share Registrar, M & C Services Private Limited of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 2 May 2007 will be registered to determine the entitlement of Shareholders to the final tax-exempt dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Bank as at 5.00 p.m. on 2 May 2007 will be entitled to the final tax-exempt dividend.

The final tax-exempt dividend, if approved by the shareholders, will be paid on 18 May 2007.

Scrip Dividend Scheme

The Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme, which was approved by the Shareholders of the Bank at the Extraordinary General Meeting on 8 June 1996, will not be applicable to the final tax-exempt dividend.

Preference Dividends

On 20 December 2006, the Bank paid semi-annual dividends on its non-cumulative non-convertible Class E and Class G Preference Shares, at dividend rates of 4.5% (2005: 4.5%) and 4.2% (2005: 4.2%) per annum, net of tax. Total amount of dividends paid for the Class E and Class G Preference Shares were S\$11.3 million and S\$8.3 million respectively.

By order of the Board

Peter Yeoh
Secretary

Singapore, 22 February 2007

More details on the results are available on the Bank's website at www.ocbc.com

Oversea-Chinese Banking Corporation Limited
Financial Year 2006 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

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FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards, as modified by the requirements of Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore. The accounting policies and methods of computation applied for the current financial year are consistent with those applied in the previous financial year.

The results for the financial year ended 31 December 2006 ("2006") included a full year's consolidation of the results of 72.3%-owned Bank NISP, compared with nine months' consolidation in 2005. From January to March 2005, Bank NISP was equity accounted for as an associated company of the Group.

Group net profit attributable to shareholders ("net profit") in 2006 was S\$2,002 million, an increase of 54% from S\$1,298 million in 2005. This included net gains of S\$559 million from the divestments of a residential development site at Kim Seng Road and shareholdings in Robinson and Company, Limited, The Straits Trading Company Limited, Southern Bank Berhad and Raffles Holdings Limited. Excluding these divestment gains, net profit increased 11% to S\$1,443 million, and operating profit before allowances and amortisation of intangibles rose 10% to S\$1,911 million.

Net interest income rose 12% to S\$1,794 million, led by growth in interest earning assets and better interest margins. Gross customer loans grew 7% during the year to S\$61.1 billion as at 31 December 2006. Net interest margin improved from 1.84% in 2005 to 2.00% in 2006, as higher yields on loans and interbank placements more than offset the rise in borrowing costs.

Non-interest income grew 12% to S\$1,448 million (excluding divestment gains), driven by higher fee and commission income, life assurance profits and foreign exchange income. Fees and commissions rose 18% to S\$597 million, with strong contributions from stock-broking, loan-related, trade-related, investment banking and fund management activities. Profits from life assurance business grew 34% to S\$376 million, underpinned by new business growth, healthy underwriting profits and strong investment gains. Income from foreign exchange dealing jumped 81% to S\$144 million.

Operating expenses rose 16% to S\$1,331 million, attributed mainly to higher staff costs from increased headcount, higher business promotion expenses, accelerated depreciation and write-offs of fixed assets and software applications, and the twelve months' consolidation of Bank NISP's expenses. Excluding Bank NISP's expenses and the accelerated depreciation and write-offs, operating expenses would show an increase of 10%. The cost-to-income ratio (excluding divestment gains) was 41.1%, compared with 39.6% in 2005.

Improved asset quality and continued successes in loan recovery efforts kept the Group's allowances low at S\$2 million for the year, compared with allowances of S\$12 million in 2005.

Return on equity for 2006 was 16.6%, or 11.8% excluding divestment gains, up from 11.4% for 2005. Earnings per share grew 58% to 63.4 cents, and 13% to 45.4 cents if divestment gains were excluded.

For the fourth quarter of 2006 ("4Q06"), net profit was S\$510 million, up by 49% from 4Q05. Excluding the net gains of S\$77 million from divestment of Raffles Holdings Limited, net profit grew 27% to S\$432 million.

FINANCIAL SUMMARY *(continued)*

S\$ million	2006	2005	+ / (-)	4Q06	4Q05	+ / (-)	3Q06	+ / (-)
			%			%		%
Selected Income Statement								
Net interest income	1,794	1,597	12	491	414	18	473	4
Non-interest income	2,045	1,289	59	495	364	36	357	39
Total income	3,840	2,887	33	986	778	27	831	19
Operating expenses	(1,331)	(1,145)	16	(342)	(312)	10	(333)	3
Operating profit before allowances and amortisation	2,508	1,742	44	644	466	38	498	29
Amortisation of intangible assets	(44)	(40)	10	(12)	(10)	13	(11)	3
Allowances for loans and other assets	(2)	(12)	(79)	(12)	(12)	(3)	(3)	333
Share of results of associated and joint venture companies	14	15	(8)	5	1	234	4	2
Profit before income tax	2,476	1,706	45	625	445	40	489	28
Net profit attributable to shareholders	2,002	1,298	54	510	341	49	379	34
Cash basis net profit attributable to shareholders ^{1/}	2,046	1,338	53	521	351	48	391	33
Selected Balance Sheet Items								
Ordinary equity	12,508	11,442	9	12,508	11,442	9	11,998	4
Total equity (excluding minority interests)	13,404	12,338	9	13,404	12,338	9	12,894	4
Total assets	151,220	134,710	12	151,220	134,710	12	144,324	5
Assets excluding life assurance fund investment assets	112,796	98,853	14	112,796	98,853	14	107,549	5
Loans and bills receivable (net of allowances)	59,309	55,134	8	59,309	55,134	8	57,495	3
Deposits of non-bank customers	75,115	64,088	17	75,115	64,088	17	69,623	8

Note:

^{1/} Excludes amortisation of intangible assets.

Certain figures may not add up to the relevant totals due to rounding.

FINANCIAL SUMMARY (continued)

	2006	2005	4Q06	4Q05	3Q06
Performance ratios (% p.a.)					
Return on equity ^{1/}					
GAAP basis	16.6	11.4	16.3	11.6	12.3
Cash basis	16.9	11.7	16.7	11.9	12.7
Return on assets ^{2/}					
GAAP basis	1.92	1.30	1.83	1.36	1.43
Cash basis	1.96	1.34	1.87	1.40	1.47
Revenue mix/ efficiency ratios (%)					
Net interest margin	2.00	1.84	2.03	1.90	2.06
Net interest income-to-total income ^{3/}	55.3	55.3	54.3	53.2	57.0
Non-interest income-to-total income ^{3/}	44.7	44.7	45.7	46.8	43.0
Cost-to-income ^{3/}	41.1	39.6	37.9	40.1	40.0
Loans-to-deposits	79.0	86.0	79.0	86.0	82.6
NPL ratio	3.0	4.1	3.0	4.1	3.3
Per ordinary share data					
Basic earnings per share (cents) ^{4/}	63.4	40.1	63.2	40.9	48.7
Basic earnings per share (cash basis – cents) ^{4/}	64.8	41.4	64.7	42.2	50.1
Diluted earnings per share (cents) ^{4/}	63.2	39.9	62.9	40.7	48.5
Net asset value per share (S\$)					
Before valuation surplus	4.07	3.67	4.07	3.67	3.90
After valuation surplus	5.55	4.91	5.55	4.91	5.34
Capital adequacy ratios (%)					
Tier 1	13.1	13.2	13.1	13.2	12.9
Total	15.8	17.3	15.8	17.3	15.8

Notes:

^{1/} Calculated after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains). Preference equity and minority interests are excluded from equity. Excluding divestment gains of S\$559 million (net), return on equity for 2006 would be 11.8% on a GAAP basis.

^{2/} Return on assets is calculated based on assets excluding life assurance fund investment assets.

^{3/} Ratios for 2006 and 4Q06 excluded the pre-tax divestment gains of S\$598 million and S\$83 million respectively.

^{4/} The computation for earnings per share is based on weighted average number of ordinary shares (excluding treasury shares), and after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains). Excluding divestment gains, basic EPS would be 45.4 cents for 2006.

Return on equity, return on assets and earnings per share for the quarters are annualised.

NET INTEREST INCOME

Average Balance Sheet

Full Year Trend

S\$ million	2006			2005		
	Average Balance	Interest	Average Rate %	Average Balance	Interest	Average Rate %
Assets						
Loans and advances to non-bank customers	55,782	3,109	5.57	53,438	2,401	4.49
Placements with and loans to banks	17,655	744	4.22	15,866	468	2.95
Other interest earning assets ^{1/}	16,371	663	4.05	17,650	601	3.41
Interest earning assets	89,808	4,516	5.03	86,954	3,470	3.99
Liabilities						
Deposits of non-bank customers	68,062	1,966	2.89	62,072	1,252	2.02
Deposits and balances of banks	10,722	473	4.41	14,318	403	2.82
Other borrowings ^{2/}	5,810	283	4.87	6,309	218	3.46
Interest bearing liabilities	84,594	2,722	3.22	82,698	1,873	2.26
Net interest income/ margin ^{3/}		1,794	2.00		1,597	1.84

Quarterly Trend

S\$ million	4Q06			4Q05			3Q06		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Assets									
Loans and advances to non-bank customers	57,965	849	5.81	54,880	679	4.91	56,493	821	5.76
Placements with and loans to banks	20,290	210	4.11	14,448	122	3.34	18,290	200	4.34
Other interest earning assets ^{1/}	17,472	183	4.15	16,986	165	3.84	16,366	173	4.20
Interest earning assets	95,727	1,242	5.15	86,314	966	4.44	91,149	1,194	5.20
Liabilities									
Deposits of non-bank customers	72,584	540	2.95	63,536	386	2.41	68,704	514	2.97
Deposits and balances of banks	11,960	138	4.58	12,572	111	3.51	10,952	131	4.75
Other borrowings ^{2/}	5,715	73	5.10	5,823	54	3.68	5,829	75	5.10
Interest bearing liabilities	90,259	752	3.30	81,930	551	2.67	85,485	721	3.34
Net interest income/ margin ^{3/}		491	2.03		414	1.90		473	2.06

Notes:

^{1/} Comprise corporate debt and government securities.

^{2/} Comprise mainly debts issued, including upper tier 2 subordinated debt, floating rate notes and Euro commercial papers.

^{3/} Net interest margin is net interest income as a % of total average interest earning assets.

^{4/} Average rates are computed on an annualised basis.

NET INTEREST INCOME *(continued)*

Net interest income increased by 12% to S\$1,794 million in 2006, driven by a 3% growth in average interest earning assets, better interest margins as well as a full year's contribution from Bank NISP. Net interest margin improved from 1.84% in 2005 to 2.00% in 2006, as higher yields on loans and interbank placements more than offset the rise in borrowing costs. Interest margins improved in Singapore, Malaysia and Indonesia.

In 4Q06, net interest income increased by 18% year-on-year to S\$491 million, attributable mainly to better margins and an 11% growth in average interest earning assets. Net interest margin increased by 13 basis points from 1.90% in 4Q05 to 2.03% in 4Q06.

Volume and Rate Analysis

Increase/ (Decrease) due to change in: (S\$ million)	2006 vs 2005		
	Volume	Rate	Total
Interest income			
Loans and advances to non-bank customers	105	603	708
Placement with and loans to banks	53	224	276
Other interest earning assets	(44)	105	61
Total	114	931	1,046
Interest expense			
Deposits of non-bank customers	121	594	715
Deposits and balances of banks	(101)	171	70
Other borrowings	(17)	82	65
Total	2	847	849
Net interest income	112	84	197

Increase/ (Decrease) due to change in: (S\$ million)	4Q06 vs 4Q05			4Q06 vs 3Q06		
	Volume	Rate	Total	Volume	Rate	Total
Interest income						
Loans and advances to non-bank customers	38	132	170	21	7	29
Placement with and loans to banks	49	40	89	22	(11)	10
Other interest earning assets	5	13	18	12	(3)	9
Total	92	185	277	55	(7)	48
Interest expense						
Deposits of non-bank customers	55	99	154	29	(3)	26
Deposits and balances of banks	(5)	32	27	12	(5)	7
Other borrowings	(1)	20	19	(1)	(#)	(1)
Total	49	152	200	40	(9)	31
Net interest income	44	33	76	15	2	17

- amounts less than S\$0.5 million

NON-INTEREST INCOME

S\$ million	2006	2005	+/(-) %	4Q06	4Q05	+/(-) %	3Q06	+/(-) %
Fees and commissions								
Brokerage	72	48	51	18	12	55	15	21
Wealth management	129	137	(6)	29	32	(11)	31	(7)
Fund management	72	64	11	21	16	31	18	22
Credit card	48	42	16	13	12	13	13	1
Loan-related	81	60	34	22	14	53	23	(3)
Trade-related and remittances	92	77	20	24	21	15	23	1
Guarantees	24	20	19	6	4	39	6	1
Investment banking	31	21	45	9	10	(6)	13	(31)
Service charges	33	31	7	11	6	76	9	21
Others	16	7	137	7	1	642	4	79
Sub-total	597	507	18	161	128	25	155	4
Dividends	129	130	(1)	68	77	(12)	17	292
Rental income	78	72	8	19	19	4	20	(4)
Profit from life assurance	376	281	34	126	46	171	106	18
Premium income from general insurance	59	61	(3)	16	18	(11)	15	3
Other income								
Net dealing income:								
Foreign exchange	144	80	81	45	17	159	23	94
Securities and derivatives	1	17	(96)	2	2	(24)	(13)	(114)
Net income from non-trading investments:								
Government & investment securities	324	83	290	36	43	(16)	14	170
Properties	276	3	n.m.	7	#	n.m.	#	n.m.
Subsidiary companies	(6)	1	n.m.	#	(#)	n.m.	-	-
Others	67	57	18	17	13	30	20	(17)
Sub-total	806	239	237	106	76	40	44	143
Total non-interest income	2,045	1,289	59	495	364	36	357	39
Fees and commissions/ Total income ^{1/}	18.4%	17.6%		17.8%	16.5%		18.7%	
Non-interest income/ Total income ^{1/}	44.7%	44.7%		45.7%	46.8%		43.0%	

Notes:

^{1/} For 2006 and 4Q06, the ratios excluded the pre-tax divestment gains of S\$598 million and S\$83 million respectively.

n.m. - not meaningful

- amounts less than S\$0.5 million

Total non-interest income increased by S\$756 million or 59% to S\$2,045 million in 2006. This included the pre-tax gains of S\$598 million from the divestments of a property at Kim Seng Road and shareholdings in Robinson & Company, Limited, The Straits Trading Company Limited, Southern Bank Berhad and Raffles Holdings Limited. Excluding the divestment gains, non-interest income grew 12% to S\$1,448 million, driven by higher fee and commission income, life assurance profits and foreign exchange income. Fees and commissions rose 18% to S\$597 million, with strong contributions from stock-broking, loan-related, trade-related, investment banking and fund management activities. Profits from life assurance grew 34% to S\$376 million, underpinned by new business growth, healthy underwriting profits and strong investment gains. Income from foreign exchange dealing jumped 81% to S\$144 million. Non-interest income accounted for 44.7% of the Group's total income in 2006 (excluding divestment gains).

In 4Q06, non-interest income increased 36% year-on-year to S\$495 million. This included divestment gains of S\$83 million (S\$77 million net of tax) in 4Q06, comprising the special dividend, cash distribution and exit offer by Raffles Holdings Limited. Excluding the divestment gain, non-interest income grew 13% to S\$412 million, contributed mainly by higher fee and commission income, profits from life assurance and foreign exchange dealing income. Growth would have been higher if the special dividend of S\$63 million (S\$57 million net of tax) from Raffles Holdings Limited in 4Q05 was excluded.

OPERATING EXPENSES

S\$ million	2006	2005	+ / (-) %	4Q06	4Q05	+ / (-) %	3Q06	+ / (-) %
Staff costs								
Salaries and other costs	659	571	15	176	150	17	163	8
Share-based expenses	9	13	(27)	3	3	4	3	1
Employer's contribution to defined contribution plans	53	50	7	14	13	11	14	(1)
	722	634	14	193	165	17	179	8
Premises and equipment								
Depreciation	104	88	18	23	24	(7)	23	-
Maintenance and hire of property, plant and equipment	61	55	11	16	16	1	16	(2)
Rental expenses	24	23	5	6	6	12	6	2
Others	88	66	33	17	20	(15)	19	(11)
	277	233	19	62	65	(6)	64	(3)
Other operating expenses	332	278	19	87	81	7	89	(2)
Total operating expenses	1,331	1,145	16	342	312	10	333	3
Group staff strength – period end	15,858	14,662	8	15,858	14,662	8	15,585	2
Group staff strength – average	15,270	13,434	14	15,736	14,579	8	15,450	2
Cost-to-income ratio ^{1/}	41.1%	39.6%		37.9%	40.1%		40.0%	

Note:

^{1/} For 2006 and 4Q06, the ratio excluded divestment gains.

The Group's operating expenses increased by 16% to S\$1,331 million in 2006, attributed mainly to a 14% increase in staff costs arising from increased headcount, higher business promotion expenses, consolidation of one-year's operating expenses of Bank NISP as well as accelerated depreciation and write-offs of fixed assets and software applications. Excluding Bank NISP's expenses and the S\$28 million in accelerated depreciation and write-offs, expenses increased by 10%.

Group headcount was 15,858 as at 31 December 2006, an increase of 8% year-on-year, with most of the increase coming from Malaysia and Indonesia. The cost-to-income ratio (excluding divestment gains) was 41.1% in 2006, compared to 39.6% in 2005.

Operating expenses in 4Q06 grew by 10% year-on-year to S\$342 million, mainly due to a 17% increase in staff costs, offset partly by lower premises and equipment costs.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	2006	2005	+ / (-) %	4Q06	4Q05	+ / (-) %	3Q06	+ / (-) %
Specific allowances/ (write-back) for loans								
Singapore	(1)	24	(102)	2	1	348	(2)	198
Malaysia	22	11	92	4	3	53	5	(13)
Others	#	16	(99)	8	13	(37)	(2)	495
	21	51	(58)	15	16	(8)	1	n.m.
Portfolio allowances/ (write-back) for loans	-	-	-	-	-	-	-	-
(Write-back)/ impairment charges for securities and other assets	(19)	(39)	52	(3)	(4)	24	2	(257)
Total allowances for loans and impairment of other assets	2	12	(79)	12	12	(3)	3	333

Notes:

n.m. - not meaningful

- amounts less than S\$0.5 million

Total allowances declined from S\$12 million in 2005 to S\$2 million in 2006. Specific allowances for loans fell from S\$51 million to S\$21 million as a result of improved asset quality and continued recoveries of non-performing loans. Increased specific loan allowances for Malaysia were more than offset by lower net allowances in Singapore and other regions. No new portfolio allowances were made in 2006.

The write-back of impairment charges for securities and other assets of S\$19 million in 2006 resulted mainly from higher valuations of the Group's properties (for which earlier impairment charges had been made), while the write-back of S\$39 million in 2005 was mainly from recoveries in loan-related securities in Malaysia.

For 4Q06, total allowances amounted to S\$12 million, similar to 4Q05.

LOANS AND ADVANCES

S\$ million	31 Dec 06	31 Dec 05	30 Sep 06
Loans to customers	60,390	56,402	58,699
Bills receivable	743	791	683
Gross loans to customers	61,132	57,193	59,382
Allowances:			
Specific allowances	(862)	(1,097)	(923)
Portfolio allowances	(961)	(962)	(963)
	59,309	55,134	57,495

Gross loans to customers increased 7% year-on-year to S\$61.1 billion. Growth was contributed by Singapore corporate and SME loans, and broad-based growth in Malaysia and Indonesia loans. Singapore-dollar loans increased 7% to S\$37.1 billion, boosted partly by the buoyant real estate sector. OCBC Bank (Malaysia) Berhad's loans grew 10% to RM23.9 billion, while Bank NISP's loans grew by 26% to IDR15.6 trillion. There was a marginal decline in loans in other currencies.

By industry, the increase in Group loans was mainly to the building and construction, transport and communications, manufacturing and general commerce sectors, as well as to non-bank financial institutions, investment and holding companies. Housing loans were flat year-on-year as buoyant growth in new private housing loan approvals in Singapore were offset by repayments as well as lower demand in the HDB segment. Loans to professionals and individuals declined during the year due mainly to lower outstanding car loans in Singapore. Compared with 30 September 2006, gross loans increased by 3%.

S\$ million	31 Dec 06	31 Dec 05	30 Sep 06
By Maturity			
Less than 7 days	6,371	6,973	6,369
1 week to 1 month	4,130	3,798	3,877
Over 1 to 3 months	4,332	3,941	4,185
Over 3 to 12 months	6,364	6,824	6,307
Over 1 to 3 years	10,881	8,787	10,373
Over 3 years	29,053	26,871	28,270
	61,132	57,193	59,382
By Industry			
Agriculture, mining & quarrying	986	791	922
Manufacturing	5,043	4,455	4,893
Building and construction	9,332	7,278	8,876
Housing loans	18,149	18,087	18,149
General commerce	5,812	5,315	5,507
Transport, storage and communications	2,537	1,853	2,403
Financial institutions, investment and holding companies	8,416	7,621	7,974
Professionals and individuals	7,330	8,316	7,450
Others	3,528	3,477	3,206
	61,132	57,193	59,382
By Currency			
Singapore Dollar	37,114	34,844	36,283
United States Dollar	7,990	8,152	8,479
Malaysian Ringgit	9,044	7,978	8,440
Indonesia Rupiah	2,323	1,856	2,131
Others	4,662	4,363	4,049
	61,132	57,193	59,382

NON-PERFORMING LOANS ^{1/}

S\$ million	Total	Substandard	Doubtful	Loss	Secured NPLs	Non-bank
					as % of total NPLs %	NPLs as % of non-bank loans ^{2/} %
Singapore						
31 Dec 06	951	382	336	233	60.6	2.4
30 Sep 06	1,031	411	338	282	62.5	2.6
31 Dec 05	1,416	759	352	304	66.1	3.7
Malaysia						
31 Dec 06	652	401	143	108	57.9	6.0
30 Sep 06	673	408	145	121	57.0	6.4
31 Dec 05	708	487	136	84	64.8	6.8
Others						
31 Dec 06	226	72	103	51	42.0	2.0
30 Sep 06	262	96	108	58	52.0	2.5
31 Dec 05	269	68	140	61	38.8	2.9
Group Total						
31 Dec 06	1,829	854	583	392	57.3	3.0
30 Sep 06	1,966	914	590	461	59.2	3.3
31 Dec 05	2,392	1,315	629	449	62.7	4.1

Notes:

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

^{2/} Exclude debt securities

The Group's asset quality remained strong. As at 31 December 2006, total NPLs were S\$1.83 billion, 24% lower than at 31 December 2005, and 7% lower compared to 30 September 2006. Singapore NPLs amounted to S\$0.95 billion, while Malaysia NPLs were S\$0.65 billion. These accounted for 52% and 36% of the Group's total NPLs respectively. Of the total NPLs, 47% were in the substandard category while 57% were secured by collateral.

The Group's NPL ratio was 3.0% in December 2006, an improvement over 4.1% in December 2005 and 3.3% in September 2006.

NON-PERFORMING LOANS (continued)

	31 Dec 06		31 Dec 05		30 Sep 06	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by industry						
Loans and advances						
Agriculture, mining & quarrying	14	1.4	28	3.6	14	1.5
Manufacturing	365	7.2	390	8.8	342	7.0
Building and construction	251	2.7	491	6.7	295	3.3
Housing loans	380	2.1	399	2.2	407	2.2
General commerce	304	5.2	377	7.1	305	5.5
Transport, storage and communication	20	0.8	19	1.0	54	2.2
Financial institutions, investment and holding companies	155	1.8	198	2.6	169	2.2
Professionals and individuals	253	3.4	322	3.9	259	3.5
Others	63	1.8	109	3.1	95	2.7
Sub-total	1,804	3.0	2,334	4.1	1,941	3.3
Debt securities	25		58		25	
	1,829		2,392		1,966	

	31 Dec 06		31 Dec 05		30 Sep 06	
	S\$ million	%	S\$ million	%	S\$ million	%
NPLs by period overdue						
Over 180 days	1,043	57	1,463	61	1,179	60
Over 90 to 180 days	215	12	215	9	201	10
30 to 90 days	164	9	188	8	154	8
Less than 30 days	76	4	105	4	42	2
Not overdue	331	18	421	18	390	20
	1,829	100	2,392	100	1,966	100

S\$ million	31 Dec 06		31 Dec 05		30 Sep 06	
	Amount	Allowance	Amount	Allowance	Amount	Allowance
Restructured loans						
Substandard	216	40	240	48	228	27
Doubtful	120	125	145	161	119	128
Loss	33	33	9	8	48	31
	369	198	394	217	395	186

CUMULATIVE ALLOWANCES FOR LOANS ^{1/}

S\$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as % of total NPLs %	Cumulative allowances as % of total NPLs %
Singapore					
31 Dec 06	1,025	397	628	41.8	107.8
30 Sep 06	1,095	444	651	43.1	106.2
31 Dec 05	1,251	578	673	40.8	88.3
Malaysia					
31 Dec 06	472	310	163	47.5	72.5
30 Sep 06	479	325	154	48.3	71.1
31 Dec 05	493	350	142	49.5	69.6
Others					
31 Dec 06	348	178	170	78.6	153.7
30 Sep 06	335	177	158	67.6	128.0
31 Dec 05	370	223	147	82.9	137.5
Group Total					
31 Dec 06	1,845	884	961	48.4	100.9
30 Sep 06	1,909	946	963	48.1	97.1
31 Dec 05	2,113	1,151	962	48.1	88.3

Note:

^{1/} Include allowances for classified debt securities

As at 31 December 2006, the Group's total cumulative allowances for loans amounted to S\$1.85 billion, comprising S\$0.88 billion in cumulative specific allowances and S\$0.96 billion in cumulative portfolio allowances. Cumulative allowances were 100.9% of total NPLs at 31 December 2006, higher than the coverage of 88.3% at 31 December 2005 and 97.1% at 30 September 2006.

DEPOSITS

S\$ million	31 Dec 06	31 Dec 05	30 Sep 06
Deposits of non-bank customers	75,115	64,088	69,623
Deposits and balances of banks	11,869	10,307	12,677
	86,984	74,395	82,300
Loans-to-deposits ratio (net non-bank loans / non-bank deposits)	79.0%	86.0%	82.6%

As at 31 December 2006, total deposits were S\$87.0 billion, an increase of 17% year-on-year. Non-bank customer deposits increased by 17% to S\$75.1 billion, mainly from fixed and current account deposits. Deposits and balances of banks increased 15% to S\$11.9 billion. Compared with 30 September 2006, total deposits increased by 6% and customer deposits grew by 8%.

The Group's loans-to-deposits ratio was 79.0% at 31 December 2006, down from 86.0% in December 2005 and 82.6% in September 2006.

S\$ million	31 Dec 06	31 Dec 05	30 Sep 06
Total Deposits By Maturity			
Less than 7 days	39,871	34,446	37,642
1 week to 1 month	19,777	19,064	18,595
Over 1 to 3 months	10,743	8,606	9,152
Over 3 to 12 months	12,460	8,904	12,808
Over 1 to 3 years	1,921	677	1,755
Over 3 years	2,212	2,698	2,349
	86,984	74,395	82,300
Non-Bank Deposits By Product			
Fixed deposits	50,197	40,549	46,726
Savings deposits	11,215	11,043	10,619
Current account	10,035	9,070	9,178
Others	3,668	3,426	3,101
	75,115	64,088	69,623

CAPITAL ADEQUACY RATIOS ^{1/}

S\$ million	31 Dec 06	31 Dec 05	30 Sep 06
Tier 1 Capital			
Paid-up ordinary and preference shares ^{2/}	5,481	1,561	5,528
Disclosed reserves / others	8,136	11,124	7,620
Goodwill / Others	(3,560)	(3,383)	(3,572)
	10,057	9,302	9,575
Tier 2 Capital			
Cumulative portfolio allowances	704	714	714
Subordinated term notes	3,112	3,872	3,110
Revaluation surplus on equity securities	205	157	208
	4,021	4,743	4,032
Capital investments in insurance subsidiaries	(1,889)	(1,466)	(1,798)
Others	(85)	(359)	(83)
Total Capital	12,105	12,219	11,726
Risk weighted assets including market risk	76,514	70,708	74,024
Tier 1 ratio	13.1%	13.2%	12.9%
Total capital adequacy ratio	15.8%	17.3%	15.8%

Notes:

^{1/} Capital adequacy ratio is calculated in accordance with the MAS Notice 637 to Banks

^{2/} In accordance with the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, "share capital" now includes share premium and capital redemption reserves (previously included in capital reserves)

As at 31 December 2006, the Group's total capital adequacy ratio ("CAR") was 15.8% and its Tier-1 ratio was 13.1%, lower than the respective ratios of 17.3% and 13.2% in December 2005. This was due to the following reasons:

- Increase in the Group's risk weighted assets
- Addition of retained earnings to Tier 1 capital was partly offset by share buybacks and deduction of additional goodwill and intangible assets relating to the Bank's increased stake in GEH. The Bank raised its shareholding in GEH from 82.3% to 86.9% following a voluntary cash offer in August 2006 and other purchases of GEH shares.
- Tier 2 capital fell by S\$722 million from December 2005 due to the commencement of 20% annual amortisation of the Bank's outstanding S\$3.8 billion subordinated term notes which will mature in September 2011.
- There was a higher deduction from total capital for capital investments in insurance subsidiaries following the Bank's increased stake in GEH.

In 2006, the Bank bought back approximately 65.7 million of its ordinary shares for S\$436 million, with shares purchased since February 2006 held as treasury shares. As at 31 December 2006, the Bank held approximately 51.7 million treasury shares. Under the third S\$500 million share buyback programme which commenced in June 2006, S\$231 million had been utilised as of the date of this announcement.

VALUATION SURPLUS

S\$ million	31 Dec 06	31 Dec 05	30 Sep 06
Properties ^{1/}	1,600	1,522	1,444
Equity securities ^{2/}	2,962	2,332	3,002
Total	4,562	3,854	4,446

Notes:

^{1/} Includes properties classified as assets held for sale

^{2/} Comprise investments in associated companies and quoted subsidiaries.

The Group's unrealised valuation surplus amounted to S\$4.56 billion as at 31 December 2006, an increase of 18% compared to 31 December 2005. The surplus for properties amounted to S\$1.60 billion. The surplus of S\$2.96 billion for equity securities was primarily from the Group's holding of GEH shares.

PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer and product segments: Consumer Banking, Business Banking, Treasury and Insurance.

Net Profit by Business Segment

S\$ million	2006	2005	+/(-) %	4Q06	4Q05	+/(-) %	3Q06	+/(-) %
Consumer Banking	380	342	11	116	83	40	101	14
Business Banking	628	562	12	154	136	14	174	(11)
Treasury	145	133	9	23	12	93	46	(52)
Insurance ^{1/}	429	327	31	157	85	85	105	50
Others ^{2/}	510	18	n.m.	82	44	84	(22)	n.m.
Net profit before equity accounting	2,092	1,382	51	532	360	48	404	32
Share of results of associated and joint venture companies	14	15	(8)	5	1	234	4	2
Minority interests	(104)	(99)	4	(27)	(20)	34	(29)	(7)
Group	2,002	1,298	54	510	341	49	379	34

Notes:

^{1/} 2006 included S\$40 million divestments gains attributable to GEH.

^{2/} 2006 included S\$519 million divestment gains.

n.m. – not meaningful

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 and wealth management products (unit trusts, bancassurance products and structured deposits).

For full year 2006, net profit of the consumer segment increased by 11% to S\$380 million, largely as a result of revenue growth of 10%, partly offset by higher expenses arising mainly from the accelerated depreciation and write-offs of fixed assets and software applications in 2Q06. For 4Q06, net profit grew 40% year-on-year to S\$116 million, mainly due to higher net interest income and lower loan allowances.

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 12% to S\$628 million in 2006, and by 14% to S\$154 million in 4Q06. This was due to strong fee and net interest income, supported by buoyant loan growth, and partly offset by higher operating expenses.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Treasury

Treasury engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and also offers structured treasury products and financial solutions to meet customers' investment and hedging needs.

Treasury's profit grew by 9% to S\$145 million for the year, and by 93% to S\$23 million in 4Q06. This was a result of higher income from dealing in foreign exchange, and improved contributions from money market activities.

Insurance

The Group's insurance business, including its fund management activities, is carried out by subsidiary Great Eastern Holdings ("GEH"), which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

Profit contribution before minority interests from GEH increased by 31% to S\$429 million, and by 85% to S\$157 million in 4Q06. This was mainly due to business growth and strong investment performance. After minority interests, GEH's contribution to Group net profit was S\$357 million in 2006 (including S\$40 million in divestment gains), up from S\$251 million in 2005.

Others

The "Others" segment comprises Bank NISP, corporate finance, capital markets, property holding, stock brokerage and investment holding, support units, other investments, items not attributed to business segments, and one-time divestment gains.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
2006						
Segment income	1,010	1,135	261	659	872	3,937
Elimination						(97)
Total income						3,840
Profit before tax and allowances	543	775	176	559	455	2,508
Amortisation of intangible assets (Allowances)/ write-back for loans and impairment of other assets	–	–	–	(44)	–	(44)
Income tax (charge)/ credit	(66)	17	–	–	47	(2)
Net profit before equity accounting	(97)	(164)	(31)	(86)	8	(370)
Net profit before equity accounting	380	628	145	429	510	2,092
Share of results of associated and joint venture companies						14
Minority interests						(104)
Net profit attributable to equity holders of the Bank						2,002
Other information:						
Capital expenditure	5	3	–	1	127	136
Depreciation	12	6	–	2	84	104
2005						
Segment income	917	999	244	524	293	2,977
Elimination						(90)
Total income						2,887
Profit/ (loss) before tax and allowances	505	671	168	435	(37)	1,742
Amortisation of intangible assets (Allowances)/ write-back for loans and impairment of other assets	–	–	–	(40)	–	(40)
Income tax (charge)/ credit	(76)	27	–	–	37	(12)
Net profit before equity accounting	(87)	(136)	(35)	(68)	18	(308)
Net profit before equity accounting	342	562	133	327	18	1,382
Share of results of associated and joint venture companies						15
Minority interests						(99)
Net profit attributable to equity holders of the Bank						1,298
Other information:						
Capital expenditure	4	3	1	4	135	147
Depreciation	6	7	–	2	73	88

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
4Q06						
Segment income	274	300	55	209	170	1,008
Elimination						(22)
Total income						986
Profit before tax and allowances	154	205	34	192	59	644
Amortisation of intangible assets (Allowances)/ write-back for loans and impairment of other assets	–	–	–	(12)	–	(12)
Income tax (charge)/ credit	(8)	(9)	–	–	5	(12)
Net profit before equity accounting	(30)	(42)	(11)	(23)	18	(88)
Share of results of associated and joint venture companies	116	154	23	157	82	532
Minority interests						5
Net profit attributable to equity holders of the Bank						(27)
Other information:						
Capital expenditure	1	1	–	–	39	41
Depreciation	1	1	–	1	20	23
4Q05						
Segment income	246	254	36	139	125	800
Elimination						(22)
Total income						778
Profit before tax and allowances	127	169	19	116	35	466
Amortisation of intangible assets (Allowances)/ write-back for loans and impairment of other assets	–	–	–	(10)	–	(10)
Income tax (charge)/ credit	(24)	1	–	–	11	(12)
Net profit before equity accounting	(20)	(34)	(7)	(21)	(2)	(84)
Share of results of associated and joint venture companies	83	136	12	85	44	360
Minority interests						1
Net profit attributable to equity holders of the Bank						(20)
Other information:						
Capital expenditure	1	1	–	1	28	31
Depreciation	1	2	–	1	21	24
3Q06						
Segment income	263	305	74	160	51	853
Elimination						(22)
Total income						831
Profit/ (loss) before tax and allowances	144	215	53	134	(48)	498
Amortisation of intangible assets (Allowances)/ write-back for loans and impairment of other assets	–	–	–	(11)	–	(11)
Income tax (charge)/ credit	(17)	5	–	–	9	(3)
Net profit/ (loss) before equity accounting	(26)	(46)	(7)	(18)	17	(80)
Share of results of associated and joint venture companies	101	174	46	105	(22)	404
Minority interests						4
Net profit attributable to equity holders of the Bank						(29)
Other information:						
Capital expenditure	1	1	–	–	27	29
Depreciation	1	3	–	–	19	23

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
At 31 December 2006						
Segment assets	26,098	38,371	30,565	43,288	16,180	154,502
Unallocated assets						48
Elimination						(3,330)
Total assets						151,220
Segment liabilities	35,378	34,280	19,320	38,464	11,516	138,958
Unallocated liabilities						1,101
Elimination						(3,330)
Total liabilities						136,729
Other information:						
Gross non-bank loans	24,851	32,610	–	385	3,286	61,132
NPLs (include debt securities)	509	1,254	–	–	66	1,829
At 31 December 2005						
Segment assets	26,392	35,548	23,132	40,313	12,888	138,273
Unallocated assets						71
Elimination						(3,634)
Total assets						134,710
Segment liabilities	30,418	27,926	18,783	36,424	10,679	124,230
Unallocated liabilities						627
Elimination						(3,634)
Total liabilities						121,223
Other information:						
Gross non-bank loans	25,065	29,028	–	378	2,722	57,193
NPLs (include debt securities)	613	1,727	–	–	52	2,392
At 30 September 2006						
Segment assets	25,315	37,970	28,732	41,462	14,753	148,232
Unallocated assets						51
Elimination						(3,959)
Total assets						144,324
Segment liabilities	32,741	31,480	21,549	37,225	10,655	133,650
Unallocated liabilities						684
Elimination						(3,959)
Total liabilities						130,375
Other information:						
Gross non-bank loans	23,977	32,200	–	288	2,917	59,382
NPLs (include debt securities)	563	1,322	–	–	81	1,966

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2006		2005		4Q06		4Q05		3Q06	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore ^{1/}	2,714	71	1,949	68	652	66	499	64	547	69
Malaysia	747	19	662	23	212	21	187	24	186	22
Other ASEAN	239	6	148	5	82	8	61	8	59	5
Asia Pacific	104	3	90	3	29	3	22	3	29	3
Rest of the World	36	1	38	1	10	1	9	1	10	1
	3,840	100	2,887	100	986	100	778	100	831	100
Profit before tax										
Singapore ^{1/}	1,842	74	1,093	64	440	70	287	64	331	68
Malaysia	498	20	507	30	147	24	136	30	119	24
Other ASEAN	71	3	61	4	30	5	23	5	18	4
Asia Pacific	42	2	21	1	1	-	(6)	(1)	14	3
Rest of the World	23	1	24	1	7	1	6	1	6	1
	2,476	100	1,706	100	625	100	445	100	489	100

Note:

^{1/} Total income and profit before tax for 2006 included pre-tax divestment gains of S\$598 million.

	31 Dec 06		31 Dec 05		30 Sep 06	
	S\$ million	%	S\$ million	%	S\$ million	%
Total assets						
Singapore	105,706	70	96,712	72	101,249	71
Malaysia	31,275	21	26,859	20	28,783	20
Other ASEAN	5,126	3	4,381	3	4,912	3
Asia Pacific	6,349	4	4,669	3	6,636	5
Rest of the World	2,764	2	2,089	2	2,745	2
	151,220	100	134,710	100	144,324	100

The geographical segment analysis is based on the location where the assets or transactions are booked. For 2006, Singapore accounted for 71% of total income and 74% of profit before tax, while Malaysia accounted for 19% of total income and 20% of profit before tax. Excluding divestment gains of S\$598 million, Singapore would have accounted for 65% of total income and 66% of profit before tax, while Malaysia would have accounted for 23% of total income and 27% of profit before tax.

ADDITIONAL INFORMATION HALF-YEARLY INCOME AND PROFIT

S\$ million	2006	2005	+ / (-) %
Total income			
First half year	2,023	1,374	47
Second half year	1,817	1,513	20
	3,840	2,887	33
Profit for the year			
First half year	1,160	651	78
Second half year	946	746	27
	2,106	1,397	51

AUDITED CONSOLIDATED INCOME STATEMENT

S\$ million	2006	2005	+ / (-) %	4Q06*	4Q05*	+ / (-) %	3Q06*	+ / (-) %
Interest income	4,516	3,470	30	1,242	966	29	1,194	4
Interest expense	(2,722)	(1,873)	45	(752)	(551)	36	(721)	4
Net interest income	1,794	1,597	12	491	414	18	473	4
Premium income	5,225	4,838	8	1,511	1,436	5	1,307	16
Investment income	2,272	1,640	39	708	302	135	518	37
Net claims, surrenders and annuities	(4,940)	(3,300)	50	(1,327)	(997)	33	(1,098)	21
Change in life assurance contract liabilities	(1,423)	(2,070)	(31)	(614)	(395)	56	(418)	47
Commission and others	(758)	(828)	(8)	(153)	(301)	(49)	(203)	(25)
Profit from life assurance	376	281	34	126	46	171	106	18
Premium income from general insurance	59	61	(3)	16	18	(11)	15	3
Fees and commissions (net)	597	507	18	161	128	25	155	4
Dividends	129	130	(1)	68	77	(12)	17	292
Rental income	78	72	8	19	19	4	20	(4)
Other income	806	239	237	106	76	40	44	143
Non-interest income	2,045	1,289	59	495	364	36	357	39
Total income	3,840	2,887	33	986	778	27	831	19
Staff costs	(722)	(634)	14	(193)	(165)	17	(179)	8
Other operating expenses	(610)	(511)	19	(149)	(147)	1	(153)	(3)
Total operating expenses	(1,331)	(1,145)	16	(342)	(312)	10	(333)	3
Operating profit before allowances and amortisation of intangible assets	2,508	1,742	44	644	466	38	498	29
Amortisation of intangible assets	(44)	(40)	10	(12)	(10)	13	(11)	3
Allowances for loans and impairment of other assets	(2)	(12)	(79)	(12)	(12)	(3)	(3)	333
Operating profit after allowances and amortisation of intangible assets	2,462	1,691	46	621	444	40	484	28
Share of results of associated and joint venture companies	14	15	(8)	5	1	234	4	2
Profit before income tax	2,476	1,706	45	625	445	40	489	28
Income tax expense	(370)	(308)	20	(88)	(84)	5	(80)	10
Profit for the year / period	2,106	1,397	51	537	362	49	409	31
Attributable to:								
Equity holders of the Bank	2,002	1,298	54	510	341	49	379	34
Minority interests	104	99	4	27	20	34	29	(7)
	2,106	1,397	51	537	362	49	409	31
Earnings per share (annualised – cents) ^{1/}								
Basic	63.4	40.1		63.2	40.9		48.7	
Diluted	63.2	39.9		62.9	40.7		48.5	
Earnings per share (for the period – cents) ^{1/}								
Basic	63.4	40.1		15.9	10.3		12.3	
Diluted	63.2	39.9		15.9	10.2		12.2	

Notes:

^{1/} The computation for earnings per share is based on weighted average number of ordinary shares (excluding treasury shares), and after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains).

n.m. - not meaningful

- amounts less than S\$0.5 million

* Unaudited

AUDITED BALANCE SHEETS

S\$ million	Group			Bank		
	31 Dec 06	31 Dec 05	30 Sep 06*	31 Dec 06	31 Dec 05	30 Sep 06*
EQUITY						
Attributable to the Bank's equity holders						
Share capital ^{1/}	5,481	1,561	5,528	5,481	1,561	5,528
Capital reserves ^{1/}	103	4,292	100	83	4,245	80
Statutory reserves	2,028	1,959	2,017	1,698	1,631	1,688
Fair value reserves	668	618	603	405	396	327
Revenue reserves	5,125	3,908	4,646	2,562	2,033	2,393
	13,404	12,338	12,894	10,229	9,867	10,016
Minority interests	1,087	1,149	1,055	–	–	–
Total equity	14,491	13,487	13,949	10,229	9,867	10,016
LIABILITIES						
Deposits of non-bank customers	75,115	64,088	69,623	59,363	50,885	55,267
Deposits and balances of banks	11,869	10,307	12,677	11,234	10,126	12,202
Due to subsidiaries	–	–	–	1,083	1,095	1,551
Due to associated companies	120	21	72	3	4	3
Trading portfolio liabilities	422	456	756	422	456	756
Derivative payables	2,114	1,921	2,150	2,051	1,889	2,096
Other liabilities	2,578	2,042	2,173	1,120	935	939
Current tax ^{2/}	599	575	665	287	300	305
Deferred tax ^{2/}	502	436	405	137	146	120
Debts issued ^{3/}	5,131	5,519	5,219	5,359	5,781	5,534
	98,449	85,365	93,740	81,059	71,617	78,771
Life assurance fund liabilities ^{2/}	38,280	35,858	36,635	–	–	–
Total liabilities	136,729	121,223	130,375	81,059	71,617	78,771
Total equity and liabilities	151,220	134,710	144,324	91,288	81,484	88,787
ASSETS						
Cash and placements with central banks ^{2/}	5,741	4,182	4,063	3,208	2,752	2,443
Singapore government treasury bills and securities	8,147	6,948	7,585	7,645	6,389	7,044
Other government treasury bills and securities	2,195	1,990	2,509	286	194	289
Placements with and loans to banks ^{2/}	17,750	11,923	17,031	16,410	11,037	16,058
Loans and bills receivable	59,309	55,134	57,495	46,479	43,751	45,418
Debt and equity securities	7,558	7,403	7,178	5,381	5,338	4,745
Assets pledged	1,897	1,917	2,178	524	651	1,097
Assets held for sale	7	–	–	1	–	–
Derivative receivables	2,414	2,378	2,217	2,354	2,348	2,157
Other assets	2,524	1,948	2,123	1,201	929	978
Deferred tax	48	71	51	2	–	#
Associated and joint venture companies	309	186	213	97	97	97
Subsidiaries	–	–	–	5,122	5,402	5,885
Property, plant and equipment	1,376	1,429	1,368	713	729	710
Goodwill and intangible assets	3,521	3,344	3,536	1,867	1,867	1,867
	112,796	98,853	107,549	91,288	81,484	88,787
Life assurance fund investment assets ^{2/}	38,423	35,857	36,775	–	–	–
Total assets	151,220	134,710	144,324	91,288	81,484	88,787
Net Asset Value Per Ordinary Share (before valuation surplus – in S\$)	4.07	3.67	3.90	3.04	2.88	2.96
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	6,819	6,647	6,580	5,154	5,493	4,933
Commitments	37,179	33,133	38,274	31,370	27,050	31,390
Derivative financial instruments	242,467	263,296	248,265	227,403	251,796	234,416

^{1/} In accordance with the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, "share capital" now includes share premium and capital redemption reserves (previously included in capital reserves).

^{2/} 2005 comparatives have been restated to include in the respective lines, life assurance fund current tax liabilities, deferred tax liabilities and cash in hand and balance with banks. These were previously included in the life assurance fund liabilities and investment assets. In addition, certain liabilities of the life assurance fund have been reclassified from "life assurance fund investment assets" to "life assurance fund liabilities".

^{3/} Comprises S\$1,088 million (31 Dec 2005: S\$486 million; 30 Sep 2006: S\$1,174 million) repayable in one year or less and S\$4,043 million (31 Dec 2005: S\$5,033 million; 30 Sep 2006: S\$4,045 million) repayable after one year. Of the amount repayable in one year or less, S\$Nil (31 Dec 2005: S\$53 million; 30 Sep 2006: S\$Nil) were collateralised notes issued by Pioneer Funding Limited, a special purpose entity ("SPE") of the Group. These notes were secured by a first fixed charge over the designated assets of the SPE.

- amounts less than S\$0.5 million

* - unaudited

AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December 2006

S\$ million	Attributable to equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
Balance at 1 January 2006	1,561	4,292	1,959	618	3,908	12,338	1,149	13,487
Movements in fair value reserves:								
Gains taken to equity	–	–	–	368	–	368	25	393
Transferred to income statements	–	–	–	(313)	–	(313)	(10)	(323)
Tax on net movements	–	–	–	(5)	–	(5)	(4)	(9)
Currency translation	–	–	–	–	(21)	(21)	(1)	(22)
Net gains/ (losses) recognised in equity	–	–	–	50	(21)	29	10	40
Profit for the year	–	–	–	–	2,002	2,002	104	2,106
Total recognised gains for the financial year	–	–	–	50	1,982	2,032	114	2,146
Transfers	–	(24)	68	–	(44)	–	–	–
Acquisition of additional interests in subsidiaries	41	–	–	–	–	41	(122)	(81)
Dividends paid to minority interests	–	–	–	–	–	–	(55)	(55)
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–	–	–
Ordinary and preference dividends	–	–	–	–	(677)	(677)	–	(677)
Share-based staff costs capitalised	–	11	–	–	–	11	–	11
Share buyback – cancelled	(3)	3	–	–	(43)	(43)	–	(43)
Share buyback – held in treasury	(392)	–	–	–	–	(392)	–	(392)
Shares issued to non-executive directors	#	–	–	–	–	#	–	#
Shares issued pursuant to the Bank's employee share schemes	52	10	–	–	–	62	–	62
Shares purchased by DSP Trust	–	(8)	–	–	–	(8)	–	(8)
Shares vested under DSP scheme	–	5	–	–	–	5	–	5
Transfer of treasury shares pursuant to the Bank's employee share schemes	36	–	–	–	–	36	–	36
Balance at 31 December 2006	5,481	103	2,028	668	5,125	13,404	1,087	14,491
Included:								
Share of reserves of associated and joint venture companies	–	1	–	–	52	53	–	53
Balance at 1 January 2005	1,321	3,141	1,934	649	4,847	11,892	514	12,406
Movements in fair value reserves:								
Gains taken to equity	–	–	–	61	–	61	17	79
Transferred to income statements	–	–	–	(70)	–	(70)	(13)	(83)
Tax on net movements	–	–	–	(22)	–	(22)	(2)	(24)
Currency translation	–	–	–	–	(17)	(17)	(1)	(18)
Net gains/ (losses) recognised in equity	–	–	–	(31)	(17)	(48)	1	(47)
Profit for the year	–	–	–	–	1,298	1,298	99	1,397
Total recognised gains/ (losses) for the financial year	–	–	–	(31)	1,281	1,250	101	1,351
Transfers	–	(82)	25	–	57	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	57	57
Acquisition of additional interests in subsidiaries	7	81	–	–	–	88	(44)	44
Bonus dividends and rights issue	262	1,048	–	–	(1,311)	(1)	–	(1)
Cash distribution to minority interests	–	–	–	–	–	–	(38)	(38)
Dividends paid to minority interests	–	–	–	–	–	–	(37)	(37)
Issue of preference shares by subsidiaries	–	–	–	–	–	–	576	576
Issue of rights shares by a subsidiary	–	–	–	–	–	–	20	20
Ordinary and preference dividends	–	–	–	–	(514)	(514)	–	(514)
Share-based staff costs capitalised	–	14	–	–	–	14	–	14
Share buyback – cancelled	(36)	36	–	–	(453)	(453)	–	(453)
Shares issued to non-executive directors	#	#	–	–	–	#	–	#
Shares issued pursuant to the Bank's employee share schemes	7	62	–	–	–	69	–	69
Shares purchased by DSP Trust	–	(8)	–	–	–	(8)	–	(8)
Balance at 31 December 2005	1,561	4,292	1,959	618	3,908	12,338	1,149	13,487
Included:								
Share of reserves of associated companies	–	1	–	–	43	44	–	44

- amounts less than S\$0.5 million

STATEMENT OF CHANGES IN EQUITY – GROUP

For the quarter ended 31 December 2006

S\$ million	Attributable to equity holders of the Bank						Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 October 2006	5,528	100	2,017	603	4,646	12,894	1,055	13,949
Movements in fair value reserves:								
Gains taken to equity	–	–	–	114	–	114	7	121
Transferred to income statements	–	–	–	(34)	–	(34)	(2)	(36)
Tax on net movements	–	–	–	(16)	–	(16)	(1)	(17)
Currency translation	–	–	–	–	(#)	(#)	1	1
Net gains/ (losses) recognised in equity	–	–	–	65	(#)	65	4	68
Profit for the period	–	–	–	–	510	510	27	537
Total recognised gains for the financial period	–	–	–	65	509	574	32	606
Transfers	–	(#)	11	–	(11)	–	–	–
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	(#)	(#)
Dividends paid to minority interests	–	–	–	–	–	–	(1)	(1)
Ordinary and preference dividends	–	–	–	–	(20)	(20)	–	(20)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – held in treasury	(69)	–	–	–	–	(69)	–	(69)
Transfer of treasury shares pursuant to the Bank's employee share schemes	22	–	–	–	–	22	–	22
Balance at 31 December 2006	5,481	103	2,028	668	5,125	13,404	1,087	14,491
Included:								
Share of reserves of associated and joint venture companies	–	1	–	–	52	53	–	53
Balance at 1 October 2005	1,564	4,244	1,959	711	3,697	12,174	1,144	13,318
Movements in fair value reserves:								
Gains/ (losses) taken to equity	–	–	–	(56)	–	(56)	7	(50)
Transferred to income statements	–	–	–	(35)	–	(35)	(9)	(43)
Tax on net movements	–	–	–	(2)	–	(2)	(#)	(3)
Currency translation	–	–	–	–	(27)	(27)	(3)	(30)
Net losses recognised in equity	–	–	–	(93)	(27)	(120)	(6)	(126)
Profit for the period	–	–	–	–	341	341	20	362
Total recognised gains/ (losses) for the financial period	–	–	–	(93)	314	221	14	236
Transfers	–	(64)	1	–	64	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	2	2
Acquisition of additional interests in subsidiaries	7	81	–	–	–	88	(27)	61
Dividends paid to minority interests	–	–	–	–	–	–	(1)	(1)
Issue of preference shares by a subsidiary	–	–	–	–	–	–	(3)	(3)
Issue of rights shares by a subsidiary	–	–	–	–	–	–	20	20
Ordinary and preference dividends	–	–	–	–	(20)	(20)	–	(20)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – cancelled	(12)	12	–	–	(148)	(148)	–	(148)
Shares issued pursuant to the Bank's employee share schemes	2	17	–	–	–	19	–	19
Expenses relating to Rights Issue	–	(#)	–	–	–	(#)	–	(#)
Balance at 31 December 2005	1,561	4,292	1,959	618	3,908	12,338	1,149	13,487
Included:								
Share of reserves of associated companies	–	1	–	–	43	44	–	44

- amounts less than S\$0.5 million

AUDITED STATEMENT OF CHANGES IN EQUITY – BANK

For the financial year ended 31 December 2006

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total
Balance at 1 January 2006	1,561	4,245	1,631	396	2,033	9,867
Movements in fair value reserves:						
Gains taken to equity	–	–	–	223	–	223
Transferred to income statements	–	–	–	(226)	–	(226)
Tax on net movements	–	–	–	11	–	11
Currency translation	–	–	–	–	(20)	(20)
Net gains/ losses recognised in equity	–	–	–	9	(20)	(12)
Profit for the year	–	–	–	–	1,336	1,336
Total recognised gains for the financial year	–	–	–	9	1,316	1,324
Transfers	–	–	67	–	(67)	–
Acquisition of additional interests in a subsidiary	41	–	–	–	–	41
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–
Ordinary and preference dividends	–	–	–	–	(677)	(677)
Share-based staff costs capitalised	–	11	–	–	–	11
Share buyback – cancelled	(3)	3	–	–	(43)	(43)
Share buyback – held in treasury	(392)	–	–	–	–	(392)
Shares issued to non-executive directors	#	–	–	–	–	#
Shares issued pursuant to the Bank's employee share schemes	52	10	–	–	–	62
Transfer of treasury shares pursuant to the Bank's employee share schemes	36	–	–	–	–	36
Balance at 31 December 2006	5,481	83	1,698	405	2,562	10,229
Balance at 1 January 2005	1,321	3,005	1,584	437	3,416	9,762
Movements in fair value reserves:						
Losses taken to equity	–	–	–	(18)	–	(18)
Transferred to income statements	–	–	–	(5)	–	(5)
Tax on net movements	–	–	–	(17)	–	(17)
Currency translation	–	–	–	–	(10)	(10)
Net losses recognised in equity	–	–	–	(40)	(10)	(51)
Profit for the year	–	–	–	–	953	953
Total recognised gains/ (losses) for the financial year	–	–	–	(40)	942	902
Transfers	–	–	48	–	(48)	–
Acquisition of additional interests in a subsidiary	7	81	–	–	–	88
Bonus dividends and rights issue	262	1,048	–	–	(1,311)	(1)
Ordinary and preference dividends	–	–	–	–	(514)	(514)
Share-based staff costs capitalised	–	14	–	–	–	14
Share buyback – cancelled	(36)	36	–	–	(453)	(453)
Shares issued to non-executive directors	#	#	–	–	–	#
Shares issued pursuant to the Bank's employee share schemes	7	62	–	–	–	69
Balance at 31 December 2005	1,561	4,245	1,631	396	2,033	9,867

- amounts less than S\$0.5 million

STATEMENT OF CHANGES IN EQUITY – BANK

For the quarter ended 31 December 2006

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total
Balance at 1 October 2006	5,528	80	1,688	327	2,393	10,016
Movements in fair value reserves:						
Gains taken to equity	–	–	–	85	–	85
Transferred to income statements	–	–	–	2	–	2
Tax on net movements	–	–	–	(9)	–	(9)
Currency translation	–	–	–	–	(7)	(7)
Net gains/ (losses) recognised in equity	–	–	–	78	(7)	71
Profit for the period	–	–	–	–	206	206
Total recognised gains for the financial period	–	–	–	78	199	277
Transfers	–	–	10	–	(10)	–
Ordinary and preference dividends	–	–	–	–	(20)	(20)
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – held in treasury	(69)	–	–	–	–	(69)
Transfer of treasury shares pursuant to the Bank's employee share schemes	22	–	–	–	–	22
Balance at 31 December 2006	5,481	83	1,698	405	2,562	10,229
Balance at 1 October 2005	1,564	4,133	1,622	412	2,041	9,771
Movements in fair value reserves:						
Losses taken to equity	–	–	–	(8)	–	(8)
Transferred to income statements	–	–	–	1	–	1
Tax on net movements	–	–	–	(9)	–	(9)
Currency translation	–	–	–	–	(19)	(19)
Net losses recognised in equity	–	–	–	(15)	(19)	(35)
Profit for the period	–	–	–	–	189	189
Total recognised gains/ (losses) for the financial period	–	–	–	(15)	169	154
Transfers	–	–	9	–	(9)	–
Acquisition of additional interests in a subsidiary	7	81	–	–	–	88
Ordinary and preference dividends	–	–	–	–	(20)	(20)
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – cancelled	(12)	12	–	–	(148)	(148)
Shares issued pursuant to the Bank's employee share schemes	2	17	–	–	–	19
Expenses relating to Rights Issue	–	(#)	–	–	–	(#)
Balance at 31 December 2005	1,561	4,245	1,631	396	2,033	9,867

- amounts less than S\$0.5 million

AUDITED CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2006

S\$ million	2006	2005	4Q06*	4Q05*
Cash flows from operating activities				
Profit before income tax	2,476	1,706	625	445
Adjustments for non-cash items				
Amortisation of intangible assets	44	40	12	10
Allowances for loans and impairment of other assets	2	12	12	12
Change in fair value of hedging transactions and trading securities	14	2	4	(1)
Depreciation of property, plant and equipment	104	88	23	24
Net gains on disposal of government, debt and equity securities	(324)	(83)	(36)	(43)
Net (gains)/ losses on disposal of property, plant and equipment	(279)	1	(6)	1
Share-based staff costs	10	13	3	3
Share of results of associated and joint venture companies	(14)	(15)	(5)	(1)
Write-off of plant and equipment	14	-	-	-
Items relating to life assurance fund				
Excess of income over expenses before income tax	476	455	97	143
Surplus transferred from life assurance but not yet withdrawn	(376)	(281)	(126)	(20)
Operating profit before change in operating assets and liabilities	2,148	1,937	602	573
Change in operating assets and liabilities				
Deposits of non-bank customers	11,126	4,317	5,540	1,288
Deposits and balances of banks	1,562	(2,167)	(808)	(3,945)
Derivative payables and other liabilities	601	392	297	152
Trading portfolio liabilities	(34)	456	(334)	(99)
Government securities and treasury bills	(1,650)	(757)	(12)	902
Trading securities	(179)	88	3	504
Placements with and loans to banks	(5,611)	(2,045)	(702)	(504)
Loans and bills receivable	(4,191)	(1,522)	(1,830)	(243)
Derivative receivables and other assets	(699)	(705)	(593)	(325)
Net change in investment assets and liabilities of life assurance fund	(223)	(373)	45	(138)
Cash from operating activities	2,849	(378)	2,207	(1,836)
Income tax paid	(249)	(357)	(53)	(27)
Net cash from operating activities	2,600	(734)	2,154	(1,863)
Cash flows from investing activities				
Acquisition of additional interests in subsidiaries	(303)	(49)	(#)	(1)
Dividends from associated companies	8	4	#	1
(Increase)/ decrease in associated and joint venture companies	(118)	(2)	(91)	5
Net cash inflow/ (outflow) from acquisition of a subsidiary	-	77	-	(1)
Purchases of debt and equity securities	(2,856)	(2,338)	(877)	(424)
Purchases of property, plant and equipment	(136)	(147)	(42)	(31)
Proceeds from disposal of an associated company	#	-	#	-
Proceeds from disposal of debt and equity securities	3,180	4,608	553	1,489
Proceeds from disposal of property, plant and equipment	354	7	15	#
Net cash from investing activities	129	2,160	(442)	1,038
Cash flows from financing activities				
Cash distributions and dividends paid to minority interests	(55)	(76)	(1)	(1)
(Decrease)/ increase in debts issued	(78)	(484)	30	39
Dividends paid to equity holders of the Bank	(677)	(514)	(20)	(20)
Expenses relating to Rights Issue	-	(1)	-	(#)
Proceeds from issue of preference shares by subsidiaries	-	576	-	-
Proceeds from minority interests for subscription of shares in a subsidiary	-	20	-	20
Proceeds from exercise of options and rights under the Bank's employee share schemes	98	69	22	19
Share buyback	(436)	(453)	(69)	(148)
Net cash from financing activities	(1,147)	(862)	(37)	(90)
Net currency translation adjustments	(22)	2	3	(34)
Net change in cash and cash equivalents	1,559	565	1,678	(949)
Cash and cash equivalents at beginning of the financial period	4,182	3,617	4,063	5,131
Cash and cash equivalents at end of the financial period	5,741	4,182	5,741	4,182

- amounts less than S\$0.5 million

* - unaudited

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

The following table shows the movements in the issued ordinary shares of the Bank:

Number of Shares	Financial year ended 31 December		Quarter ended 31 December	
	2006	2005	2006	2005
Issued ordinary shares				
Balance as at beginning of year/ period	3,114,337,745	1,316,542,601 ^{2/}	3,126,459,912	3,119,930,331
Rights issue	–	262,137,665 ^{3/}	–	–
Sub-division of shares	–	1,565,781,000 ^{4/}	–	–
Exercise of options by officers pursuant to the Bank's Share Option Schemes	11,333,946	9,180,320	–	3,941,108
Exercise of acquisition rights pursuant to the Bank's Employee Share Purchase Plan	1,728,000	1,590,023	–	342,631
Shares issued to non-executive directors	48,000	14,000 ^{2/}	–	–
Acquisition of additional interests in a subsidiary	6,019,968	13,848,585	–	13,848,585
Share buyback - cancelled	(7,007,747)	(54,756,449)	–	(23,724,910)
Balance as at end of year/ period	3,126,459,912	3,114,337,745	3,126,459,912	3,114,337,745
Treasury shares^{1/}				
Balance as at beginning of year/ period	–	–	(46,620,598)	–
Share buyback	(59,264,806)	–	(9,860,789)	–
Exercise of options by officers pursuant to Share Option Schemes	5,337,628	–	4,812,591	–
Exercise of acquisition rights pursuant to the Bank's Employee Share Purchase Plan	2,258,382	–	–	–
Balance as at end of year/ period	(51,668,796)	–	(51,668,796)	–
Total	3,074,791,116	3,114,337,745	3,074,791,116	3,114,337,745

Notes:

^{1/} The Companies Act was amended to allow companies to hold Treasury Shares after 30 January 2006.

^{2/} Number of shares was before the Bank's rights issue and sub-division of shares effected in July 2005 and August 2005 respectively.

^{3/} Rights issue of new ordinary shares in the capital of the Bank at a price of S\$5 for each rights share, on the basis of one rights share for every five ordinary shares was effected on 18 July 2005.

^{4/} Sub-division of each ordinary share of par value S\$1 in the capital of the Bank into two ordinary shares of par value S\$0.50 was effected on 5 August 2005.

^{5/} Number of shares comprised Chairman's & CEO's participation of 14,257 shares each in the Bank's Employee Share Purchase Plan.

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 20 April 2006, the Bank purchased a total of 9,860,789 ordinary shares in the fourth quarter ended 31 December 2006. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$6.55 to S\$7.50 per share and the total consideration paid was S\$69,082,253 (including transaction costs).

From 1 October 2006 to 31 December 2006 (both dates inclusive), the Bank delivered 4,812,591 shares by way of transfer of treasury shares, upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001. As at 31 December 2006, there were 53,868,989 ordinary shares (31 December 2005: 66,100,780) that may be issued on the exercise of options.

As at 31 December 2006, the number of unissued ordinary shares outstanding under the OCBC Employee Share Purchase Plan (Second Offering) was 7,640,257 (31 December 2005: 4,072,657), including 11,162 (31 December 2005: 28,514^{5/}) ordinary shares from the participation by the Chief Executive Officer of the Bank.

No new preference shares were allotted and issued by the Bank in the fourth quarter ended 31 December 2006.

OTHER MATTERS/ SUBSEQUENT EVENTS

1. On 26 January 2007, Excel Holdings Private Limited (“Excel”), a wholly-owned subsidiary of the Bank announced that it had entered into conditional share sale and purchase agreements with certain individuals to purchase an aggregate of 1,078,225,000 ordinary shares (“Sale Shares”) or 29.5% shareholdings in the capital of PT Trimegah Securities Tbk. (“Trimegah”), for a cash consideration of IDR172.5 billion or IDR160 per share. The purchase price was negotiated on a willing-buyer willing-seller basis and represents approximately 1.7 times the net asset value of Trimegah at 31 December 2005. The proposed acquisition, which is subject to all necessary regulatory approvals being received in Singapore and Indonesia, will be funded by the Group’s internal resources.

Upon completion of the acquisition of the Sale Shares, Excel will become the largest shareholder of Trimegah, and it will be required to make a tender offer for Trimegah under the relevant take-over offer rules in Indonesia. The tender offer is expected to be launched and completed before June 2007.

In conjunction with the acquisition of Sale Shares, Excel has also entered into call option agreements with certain individuals whereby Excel will be granted call options over a total of 785,825,000 shares (subject to adjustment based on, *inter alia*, shares acquired by Excel pursuant to the tender offer) or 21.5% shareholdings in Trimegah. The call options are exercisable at an exercise price of IDR160 per share, subject to adjustments to take into account interest costs and dividends paid by Trimegah up to the point of exercise. The call options will expire 18 months after the date the acquisition of the Sale Shares is completed.

2. On 6 February 2007, the Bank announced that it had received approval from the China Banking Regulatory Commission (“CBRC”) to commence preparation for local incorporation in China. In January 2007, the Bank had already obtained approval from CBRC to offer time deposit services of a minimum of RMB1 million to Chinese residents at its Shanghai branch.
3. On 15 February 2007, the Singapore Minister of Finance announced a reduction in the corporate tax rate from 20% to 18% with effect from Year of Assessment 2008. The effects of the reduced tax rate will be reflected in the financial statements for the year ending 31 December 2007.



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Auditors' Report

To the Members of Oversea-Chinese Banking Corporation Limited

We have audited the accompanying financial statements of Oversea-Chinese Banking Corporation Limited (the Bank) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Bank as at 31 December 2006, the income statements and statements of changes in equity of the Group and the Bank and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the year ended 31 December 2005 were audited by another auditor whose report dated 28 February 2006 expressed an unqualified opinion on those statements.

Directors' responsibility for the financial statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Compliance with ethical requirements

In accordance with paragraph 4(4) of the Fourth Schedule to the Accountants (Public Accountants) Rules 2004 ("Accountants Rules"), the economic interests held by staff members of KPMG who were directly involved in the audit of the accompanying financial statements of the Bank and its subsidiaries for the year ended 31 December 2006 (as well as those held by the staff members' financially dependent immediate family members), in aggregate as at 1 January 2006 were less than \$0.1 million.

The abovementioned economic interests were extinguished within 90 days from the date of our appointment as auditors or in compliance with the Accountants Rules. There were no economic interests held up to the date of this report. The aggregate gross transactions of the above staff members and their financially dependent immediate family members from 1 January 2006 to 31 December 2006 were less than \$0.1 million.

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 Financial Instruments: Recognition and Measurement in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2006, the results and changes in equity of the Group and the Bank and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG

KPMG
Certified Public Accountants

Singapore
22 February 2007