Building a Comprehensive Wealth Management Business

OCBC Bank

Annual Report 2009

Contents

Purpose

We help individuals and businesses across communities achieve their aspirations by providing innovative financial services that meet their needs.

Values

Customers We listen to our customers and understand their needs. We build enduring relationships with them by delivering superior products and quality service.

People We treat each other fairly and with respect. We support our colleagues and invest in their development to help them realise their full potential. We recognise and reward outstanding performance.

Teamwork We, as team members, actively support each other across the organisation as we work towards our common purpose. As individuals, we expect total responsibility from ourselves.

Integrity Fair dealing is the basis of our business. We assume everything we do is in full public view.

Prudent Risk Taking We are prudent risk takers because our customers rely on us for safety and soundness.

Effectiveness We actively invest in infrastructure, process improvement and skills to lower our delivery costs. We do the right things right the first time, on time, every time.

Banking on Asia's Rising Wealth

Wealth is being created in Asia at a rapid pace, supported by Asia's continued strong economic growth and high savings rates.

Private client assets under management in Asia is projected to grow by 12.8% per annum from 2008 to 2013, outpacing the global growth of 8.1% (*Source: Capgemini, 2009*).

For banks, insurers and other financial institutions, these trends present tremendous opportunities to grow their wealth management business.

But what does it take for a Financial Services Group to successfully capture this market opportunity?

Building a Comprehensive Wealth Management Business

The key lies in having a comprehensive set of product and distribution capabilities, coupled with a strong customer focus:

Products
The ability to offer customers a wide range of wealth management products to meet their diverse needs

Distribution
The ability to distribute products through multiple channels

Customer Segmentation
The ability to understand and cater to different wealth management needs of each customer segment, from the mass market consumers to the mass affluent and high net worth individuals

Executing a Deliberate Wealth Management Strategy

Over the years, OCBC has been systematically building its wealth management capabilities. The acquisition of ING Asia Private Bank in 2010 marks a transformational step in our wealth management strategy, giving us a strong presence in the high net worth segment and cementing our position as a leading wealth management player in the region.

2002

OCBC Bank

OCBC was a bancassurance market leader and among the top two distributors of unit trusts in Singapore, and in 2002 we invested to upgrade our Customer Relationship Management ("CRM") system, customer analytics, and distribution capabilities. Today, we remain a leading player in bancassurance and unit trust distribution.

2004

Great Eastern

OCBC assumed control of Great Eastern, utilising Great Eastern's strong insurance product capability to enhance our bancassurance business, and extensive agency sales force for cross-selling. Today, Great Eastern is the largest insurance group in Singapore and Malaysia by assets.

2005

LION GLOBAL INVESTORS

Lion Global Investors was formed through the merger of OCBC Asset Management and Straits Lion Asset Management, realising synergies in their investment product capabilities covering a broad array of asset classes. Lion Global Investors is one of the largest private sector asset management companies in Southeast Asia today.

2006

OCBC Bank

OCBC's Global Treasury division has been strengthening its capabilities and diversifying its product categories across asset classes and geographies since 2006. In recognition of our strengths in treasury product coverage, product innovation and customer service, we have received several awards, and are ranked among the top providers of Treasury products in several Asian polls.

2007

OCBC Securities

OCBC Securities launched its proprietary electronic trading platform that offers investors direct market access to three stock exchanges in Australia, Hong Kong and Malaysia, and expanded its range of brokerage products and services. Today, OCBC Securities is one of the top three stockbroking firms in Singapore, and has the largest global trading platform with access to 11 international exchanges.

2009

OCBC Bank

OCBC announced its intention to acquire ING Asia Private Bank which, when combined with OCBC Private Bank, would result in the creation of a leading Asian private bank. The acquisition will more than triple OCBC's private client assets under management to US$23 billion.

2010

BANKOFSINGAPORE
International Private Banking
A subsidiary of OCBC Bank

OCBC completed the purchase of ING Asia Private Bank and re-branded it as Bank of Singapore, Asia's Global Private Bank. As the only dedicated private bank headquartered in Singapore, Bank of Singapore serves the needs of high net worth individuals, offering an open architecture product platform combined with access to OCBC's wide range of products and services and extensive branch network.

Letter to Shareholders

"OCBC has emerged strong and fit from the crisis and global recession, a testimony to the resilience and strengths of our business, customer relationships, people and processes. We are well positioned for the growth opportunities as well as challenges in the year ahead."

A year ago the global economy was in recession and financial markets remained in turmoil. The near unanimous view then was that the outlook was bleak. In our letter last year, we warned shareholders that our earnings in 2009 were likely to be negatively impacted.

We are pleased that we were wrong. Not only did the OCBC Group weather the crisis better than we had expected, 2009 also turned out to be a record year for our core net profit (i.e. excluding gains from non-core activities such as divestments of non-core assets). We achieved core net profit of S$1,962 million, exceeding the previous high of S$1,878 million in 2007.

Clearly we cannot claim all the credit for this outcome. We are fortunate to be situated in Asia, where the banking system, government finances and macroeconomic fundamentals are generally healthy, largely due to actions taken after the painful lessons from the Asian financial crisis in the late 1990s. So our key markets – Singapore, Malaysia, Indonesia and Greater China – were not hit as hard as Europe and North America. In addition, it was fortunate that the financial markets substantially recovered after the first quarter of 2009, thanks to globally coordinated central bank intervention and concerted stimulus packages. Also, the Singapore government's Resilience Package firmly underpinned the local economy and MAS' deposit guarantee boosted confidence in banks operating here.

Still, it is not entirely inappropriate to attribute a significant portion of our performance to the actions we had taken in the past, which we mentioned last year – strengthening our balance sheet, building ample liquidity and excess capital, improving our risk management capabilities and credit processes, focusing on our customers and investing in our people. In particular, we are pleased that our credit portfolios fared well against the real "stress tests" of this crisis, such that our credit losses were nowhere as high as during the Asian financial crisis. Of course, we are not being complacent, and we need to keep working hard to maintain and improve our performance.

At a time when many depositors and investors worldwide are questioning the financial soundness of banks, we are also pleased to have been named as one of the World's 50 Safest Banks 2009 by *Global Finance*, and to be voted number one in financial reputation among Singapore companies in the *Wall Street Journal Asia 200 Survey*.

PERFORMANCE REVIEW

For the financial year 2009, our Group net profit grew by 12% to S$1,962 million, compared to S$1,749 million in 2008. Adjusting for the one-off divestment gains and tax refunds of S$263 million in the 2008 numbers, core earnings growth in 2009 was actually higher at 32%. Based on core earnings, our return on equity improved from 9.9% to 12.2%, and earnings per share rose 29% to 59.4 cents.

Net interest income grew 2% to S$2,825 million, contributed by growth in interest-earning assets, while our net interest margin narrowed by 4 basis points to 2.23%. Loans declined during the first nine months of the year in the sluggish economic environment, but recovered during the fourth quarter, placing the full year growth at 1%.

Non-interest income (excluding the divestment gains in 2008) rose 37% to S$1,990 million, driven by higher insurance profits and strong trading results, which were helped by the recovery in financial markets. Fee and commission income however fell 6% to S$730 million because of lower wealth management, fund management and credit card income.

Operating expenses for the year declined by 3% to S$1,796 million, reflecting the success of the cost control measures we had put in place since late 2008 – for example, reducing discretionary expenses, including travel, entertainment and employee events, and optimising workforce levels and resources to do more with less. We also benefited from the government's jobs credit and training schemes. Accordingly, our cost-to-income ratio fell from 43.7% (excluding the divestment gains in 2008) to 37.3%.

Our prudent risk management and active portfolio reviews helped to keep our credit costs at a slightly lower level than in 2008. Net allowances for loans and other assets were S$429 million, down from S$447 million previously. Increased specific loan allowances were offset by lower allowances for other assets. The Group's non-performing loans ratio peaked at 2.1% in the second quarter, and improved to 1.7% by year-end, which was slightly higher than the 1.5% at the end of 2008. Allowance coverage remained strong, with cumulative allowances representing 102% of total non-performing assets and 249% of unsecured non-performing assets.

Our key subsidiaries reported positive results. Great Eastern Holdings' ("GEH") net profit, which had been adversely impacted by weak equity and bond markets in 2008, recovered by 90% in 2009 to reach S$517 million. This was contributed by higher profits from the Non-Participating and Investment-linked Funds as a result of more favourable market conditions, as well as lower expenses. Life assurance new business sales fell 20% for the year, due to sluggish demand in the first half, but sales recovered by 50% in the second half. GEH's contribution to our Group core net profit, after tax and minority interests, was S$412 million, up from S$160 million in 2008.

Operating profit at OCBC Bank (Malaysia) Berhad increased by 6%, led by higher net interest income and Islamic Banking income. Net profit however declined marginally by 1% to RM 608 million (S$250 million) as allowances were higher than in 2008, which had the benefit of significant recoveries. Bank OCBC NISP in Indonesia recorded a 38% increase in net profit to IDR 436 billion (S$61 million), underpinned by 23% growth in net interest income due to assets growth and improved interest margins.

Our capital position continued to strengthen as a result of retained earnings, the use of the Scrip Dividend Scheme, and two issuances of Lower Tier 2 subordinated notes during the year. As at 31 December 2009, our Tier 1 capital adequacy ratio ("CAR") was 15.9%, and total CAR was 16.4%, compared to 14.9% and 15.1%, respectively, at end-2008. These ratios remain well above the regulatory minimum of 6% and 10% respectively. Core Tier 1, which excludes perpetual and innovative preference shares, improved from 11.0% to 12.0%.

DIVIDENDS

The Board has recommended a one-tier final tax-exempt dividend of 14 cents per share, bringing the full year 2009 dividend to 28 cents, unchanged from 2008. The dividend payout represents 46% of core earnings, which is in line with our target minimum of 45%.

Shareholders responded positively to the Scrip Dividend Scheme applied to our previous two dividend payments. Approximately 75% of the 2008 final dividend payment, and 81% of the 2009 interim dividend payment, were in the form of new shares. For the 2009 final dividend, shareholders will again have the choice to opt for shares instead of cash, with the price of the new shares to be set at a 10% discount to the reference share price (the average closing price from the ex-dividend date to the books closure date).

CREATING ASIA'S GLOBAL PRIVATE BANK: THE BANK OF SINGAPORE

We executed a major strategic initiative last year. In October 2009, we announced the acquisition of ING Asia Private Bank and its subsidiaries (together, "IAPB"). The transaction was completed on 29 January 2010. We paid US$1,446 million or approximately S$2,024 million in cash for IAPB, around 17 times its normalised 2008 net profit of US$88 million.

Backed by our strong capital position, we seized a rare opportunity – emanating from the global financial crisis – to acquire a high quality, Singapore-based private bank that has been consistently ranked among the Top 5 private banks in Asia by *Asiamoney*. IAPB is a well known private bank with a solid combination of an experienced senior management team, seasoned relationship

Letter to Shareholders

managers, loyal customers, extensive product capabilities and an efficient technology platform. It has 150 relationship managers, more than 5,000 clients, and assets under management ("AUM") of approximately US$16 billion. IAPB serves clients from South East Asia, India, Greater China, Japan and Korea, enjoying a leading position in many of its clients' countries. Its range of private banking services includes investment services (advisory and discretionary portfolio management), loans, alternative investments and estate planning. Over the last few years, IAPB has achieved stable and sustained growth in AUM, with a compounded annual growth rate of 24% from 2002 to 2009.

Strategically, this acquisition marks a transformational step in our goal of becoming a leading player in private banking and wealth management, as articulated in our New Horizons II Strategy. It gives OCBC a much stronger presence in the high net worth customer segment, complementing our already solid position in the mass and mass affluent segments. The addition of IAPB roughly triples the scale of our private banking business – we now have combined AUM of US$23 billion, more than 7,000 clients across Asia and a dedicated team of 200 relationship managers. OCBC is now in a strong position to compete with the best in the industry, and we believe this is an industry that will continue to grow for many years to come, supported by Asia's exceptional economic growth and wealth creation.

On completion of the acquisition in January, IAPB was renamed as Bank of Singapore Limited, which now operates as a wholly-owned subsidiary of OCBC Bank. We chose this name as it reflects the private bank's strategic home base in Singapore, and it leverages on Singapore's powerful brand image as a world-class financial hub that is internationally known for its efficiency, transparency and best-in-class services. This is particularly important because Singapore is a rapidly growing private banking hub, attracting private wealth from throughout Asia and, increasingly, from the Middle East and Europe. Bank of Singapore will occupy a unique position as the only dedicated private bank that is headquartered in Singapore.

The existing private banking business of OCBC Bank will be integrated into Bank of Singapore over the next few months. We are excited about the improved capabilities we can achieve through this combination. Existing OCBC private bank customers will benefit from Bank of Singapore's open architecture product platform and proprietary research, while former IAPB customers will benefit from the access to OCBC's extensive network and products and services that were previously not available to them, such as property financing, brokerage, insurance, retail and SME banking products and services. We are committed to investing more in this franchise and to better serve the needs of our high net worth customers across all our key markets.

EXPANDING OUR OVERSEAS NETWORK

Our overseas expansion continued on track despite the economic downturn last year. We added new branches to our network and launched new services to better serve our customers.

In Malaysia, our wholly-owned Islamic banking subsidiary, OCBC Al-Amin Bank, opened four new branches, following the opening of its first branch in December 2008. OCBC Al-Amin achieved 30% growth in assets and a 38% increase in customer deposits in its first full year of operations. New products launched include Shariah-compliant cash management solutions for SMEs, and unit trust and home financing products for individuals.

Under a financial services liberalisation package announced by Malaysia in April 2009, the restriction on bancassurance tie-ups was removed. Consequently, OCBC Malaysia launched its full-fledged bancassurance partnership with Great Eastern Life Assurance (Malaysia) Berhad in July 2009, with Great Eastern's bancassurance products now offered at all our 29 conventional bank branches. Another benefit of the liberalisation is that as a locally-incorporated foreign bank, we will be able to open up to four new branches in 2010.

In Indonesia, as part of its network strategy to acquire more deposits and support its micro banking business, Bank OCBC NISP added 18 new branches and 15 new ATMs, bringing its total network to 382 branches and 552 ATMs. It also added three new Premier Banking centres, and launched Islamic banking services with the support of OCBC Al-Amin. More bancassurance products were also launched in partnership with Great Eastern Indonesia.

In China, we opened two new branches to bring our network to a total of 11 main and sub-branches in eight major Chinese cities. One new main branch was added in Chongqing, expanding our foothold in the Western region. We also strengthened our presence in the Yangtze River Delta by opening a new sub-branch in Shanghai's Jiading industrial district. This is our first full-service business banking branch in China, modelled after our successful Ubi Business Banking Centre in Singapore. In July 2009, OCBC became the first Singapore bank to participate in China's pilot programme of settling cross border trade using Renminbi. This new service helps support our Singapore network customers who have trade transactions with their China counterparts.

We continue to deepen collaboration with our Chinese partner bank, Bank of Ningbo, in various areas, including product development and talent development. We also intend to invest S$347 million to increase our strategic stake in Bank of Ningbo from 10.0% to 13.7%, through our participation in a proposed share placement exercise. The transaction is expected to be completed later this year.

As we expand our overseas network, we are not neglecting our home market. Along with service innovations and new product offerings, we have added three new branches in Singapore, including a Premier Banking Centre at the new shopping destination, ION Orchard. We now have one of the largest premium banking service networks among banks in Singapore, with a total of 12 OCBC Premier Banking centres. Our popular full-service Sunday Banking offering has been extended from 15 to 18 branches, and we increased our ATM fleet across the island by 20%.

OUTLOOK

For the year ahead, while we remain watchful of the ongoing developments and macroeconomic concerns surrounding the US and Europe, we are cautiously optimistic for a gradual recovery in Asia's economies and in our key markets. Singapore's economy is projected to grow by between 4.5% and 6.5%, following a 2% contraction in 2009. In Malaysia and Indonesia, growth forecasts for 2010 are in the range of 4% to 6%. Across our key markets, the general feedback from our customers is that the worst is over, and business is picking up, although there is still lingering uncertainty about the strength of the recovery.

OCBC has emerged strong and fit from the crisis and global recession, a testimony to the resilience and strengths of our business, customer relationships, people and processes. We are well positioned for the growth opportunities as well as challenges in the year ahead.

ACKNOWLEDGEMENTS

Mr Wong Nang Jang and Mr Giam Chin Toon, having served on the Board of Directors for 11 and five years respectively, have indicated that they will not seek re-election. We thank them for their valuable contributions over the years. Mr Wong was also a long-serving member of senior management from 1979 to 2000.

We would also like to thank our other fellow Board members for contributing their time, counsel and guidance. Our appreciation goes to all staff and management of OCBC for their dedicated service and for delivering a commendable performance in 2009, and also to our customers and shareholders for their continuing support.

CHEONG CHOONG KONG
Chairman
19 February 2010

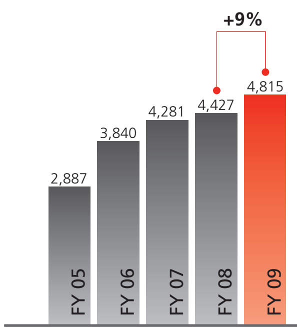
DAVID CONNER
Chief Executive Officer

Financial Highlights

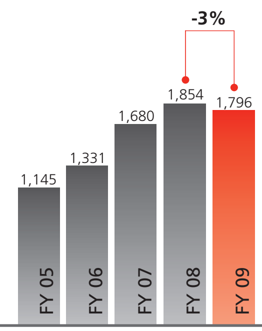
Group Five-Year Financial Summary

Financial year ended 31 December	**2009**	2008	2007	2006	2005
Income statements (S$ million)					
Total income	**4,815**	4,427	4,281	3,840	2,887
Operating expenses	**1,796**	1,854	1,680	1,331	1,145
Operating profit	**3,019**	2,573	2,601	2,508	1,742
Amortisation of goodwill and intangible assets	**47**	47	47	44	40
Allowances for loans and impairment of other assets	**429**	447	36	2	12
Profit before tax	**2,543**	2,085	2,539	2,476	1,706
Profit attributable to equity holders of the Bank	**1,962**	1,749	2,071	2,002	1,298
Cash basis profit attributable to equity holders of the Bank [1]	**2,009**	1,796	2,118	2,046	1,338
Balance sheets (S$ million)					
Non-bank customer loans (net of allowances)	**80,876**	79,808	71,316	59,309	55,134
Non-bank customer deposits	**100,633**	94,078	88,788	75,115	64,088
Total assets	**194,300**	181,385	174,607	151,220	134,710
Assets, excluding life assurance fund investment assets [2]	**151,223**	142,508	133,471	113,607	99,615
Total liabilities	**172,521**	162,825	157,768	136,729	121,223
Ordinary shareholders' equity	**17,075**	13,978	14,782	12,508	11,442
Total equity attributable to the Bank's shareholders	**18,971**	15,874	15,678	13,404	12,338
Per ordinary share					
Basic earnings (cents)	**59.4**	54.6	65.9	63.4	40.1
Cash earnings (cents) [1]	**60.9**	56.1	67.4	64.8	41.4
Net interim and final dividend (cents) [3]	**28.0**	28.0	28.0	23.0	18.4
Net bonus dividend (cents) [4]	**–**	–	–	–	41.7
Net asset value (S$)	**5.29**	4.51	4.79	4.07	3.67
Ratios (%)					
Return on ordinary shareholders' equity	**12.2**	11.8	14.8	16.6	11.4
Return on assets [5]	**1.35**	1.23	1.66	1.92	1.30
Dividend cover (number of times)	**2.09**	1.95	2.35	2.77	2.19
Cost to income	**37.3**	41.9	39.2	34.7	39.6
Capital adequacy ratio [6]					
Tier 1	**15.9**	14.9	11.5	13.1	13.2
Total	**16.4**	15.1	12.4	15.8	17.3

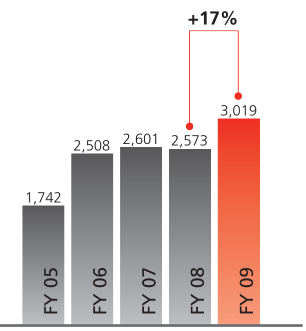
(1) Excludes amortisation of goodwill and intangible assets.
(2) 2005 to 2006 figures were restated for the reclassification of life assurance fund's property, plant and equipment from life assurance fund investment assets.
(3) Dividends are stated net of tax, where relevant. With effect from the 2007 final dividend, the Group's dividends are on a one-tier tax exempt basis.
(4) The 2005 bonus dividend was declared in connection with a renounceable 1-for-5 rights issue in the capital of OCBC Bank.
(5) The computation of return on average assets does not include life assurance fund investment assets.
(6) 2008 to 2009 capital adequacy ratios are computed under the Basel II framework, in accordance with the revised MAS Notice 637 to Banks, dated 14 December 2007.



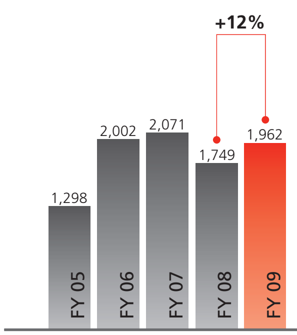
Total Income (S$ million)



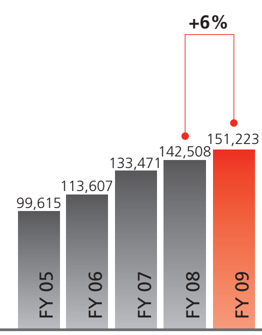
Operating Expenses (S$ million)



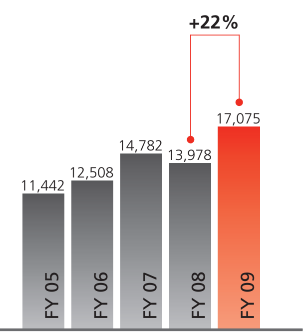
Operating Profit (S$ million)



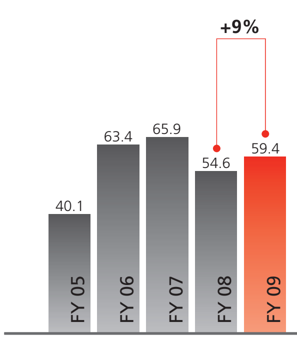
Profit Attributable to Equity Holders of the Bank (S$ million)



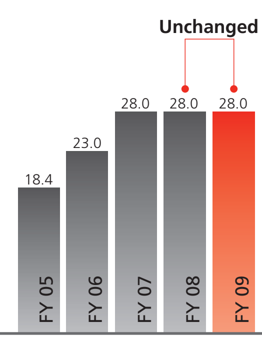
Assets, Excluding Life Assurance Fund Investment Assets (S$ million)



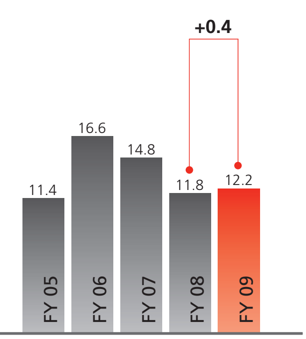
Ordinary Shareholders' Equity (S$ million)



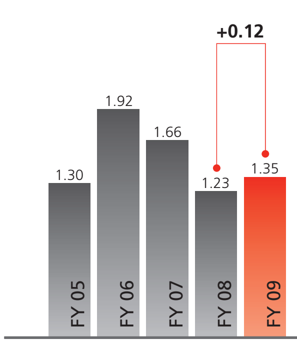
Basic Earnings Per Share (cents)



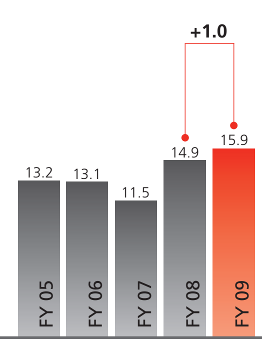
Net Dividend Per Share (cents)



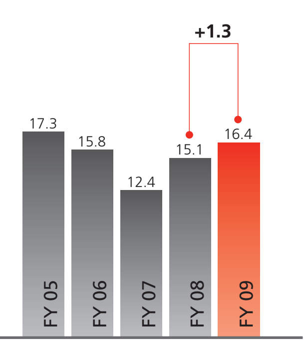
Return on Ordinary Shareholders' Equity (%)



Return on Assets (%)



Tier 1 CAR (%)



Total CAR (%)

Board of Directors

DR CHEONG CHOONG KONG
CHAIRMAN

Dr Cheong was first appointed to the Board on 1 July 1999 and last re-elected as a Director on 17 April 2008. On 1 July 2003, he was appointed Chairman, after having served as Vice Chairman from 26 March 2002 to 30 June 2003. Dr Cheong brings with him a wealth of experience gained in his extensive career, including 29 years at Singapore Airlines Ltd, where he last held the position of Deputy Chairman and Chief Executive Officer. He is a Director of several companies, including Great Eastern Holdings Ltd. Dr Cheong holds a Bachelor of Science with First Class Honours in Mathematics from the University of Adelaide and a Master of Science and Ph.D. in Mathematics and (Honorary) Doctor of Science from the Australian National University. Age 68.

MR BOBBY CHIN

Mr Chin was first appointed to the Board on 1 October 2005 and last re-elected as a Director on 17 April 2009. He is presently the Chairman of Singapore Totalisator Board and a member of the Council of Presidential Advisers of the Republic of Singapore, and serves on the board of several companies, including Neptune Orient Lines Ltd and Sembcorp Industries Ltd. He also serves as a Director of Singapore Labour Foundation, a Board Trustee of Singapore Indian Development Association and a Member of the Competition Commission of Singapore. Mr Chin was formerly the Managing Partner of KPMG Singapore, from which he retired in 2005 after a 30-year career. Mr Chin holds a Bachelor of Accountancy from the University of Singapore and is an Associate Member of the Institute of Chartered Accountants in England and Wales, and a Member of the Institute of Certified Public Accountants of Singapore. Age 58.

MR DAVID CONNER
CHIEF EXECUTIVE OFFICER

Mr Conner was first appointed to the Board on 15 April 2002 and last re-elected as a Director on 19 April 2007. He has extensive banking experience in the Asia Pacific region, having worked for over 25 years with Citibank, N.A. where he served as Managing Director and Market Manager for Citibank Japan from 1999. He was also Chief Executive Officer of Citibank India from 1996 to 1999 and, prior to that, was Country Corporate Officer for Citibank's Singapore operations. He is presently Chairman of Bank of Singapore Ltd and Singapore Island Bank Ltd, and a member of the Corporate Governance Council of MAS, and serves as a Director of several companies, including Great Eastern Holdings Ltd, OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad and Lion Global Investors Ltd, as well as a Commissioner of PT Bank OCBC NISP Tbk. Mr Conner holds a Bachelor of Arts from Washington University in St. Louis and a Master of Business Administration from Columbia University. Age 61.

MRS FANG AI LIAN
Mrs Fang was first appointed to the Board on 1 November 2008 and elected as a Director on 17 April 2009. She is presently the Chairman of Great Eastern Holdings Ltd and a Director of several companies, including Singapore Telecommunications Ltd, Metro Holdings Ltd, Banyan Tree Holdings Ltd and MediaCorp Pte Ltd. She also serves as a Member of several institutions, including the Board of Trustees of the Singapore University of Technology and Design. Mrs Fang was formerly Chairman of Ernst & Young, from which she retired after a 34-year career. She is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Institute of Certified Public Accountants of Singapore. Age 60.

MR GIAM CHIN TOON, S.C.
Mr Giam, Senior Counsel, was first appointed to the Board on 1 January 2005 and last re-elected as a Director on 19 April 2007. He is presently a Senior Partner of law firm Wee Swee Teow & Co, and a Director and Member of several companies and institutions, including Guthrie GTS Ltd, Ascott Residence Trust Management Ltd, Inland Revenue Authority of Singapore and Securities Industry Council. He was appointed Senior Counsel in 1997. Mr Giam is also the Singapore Ambassador (Non-Resident) to Peru and Singapore High Commissioner (Non-Resident) to Ghana. He holds an LLB (Honours) and an LLM degree from the University of Singapore. Age 67.

MR LEE SENG WEE
Mr Lee was first appointed to the Board on 25 February 1966 and last re-appointed as a Director on 17 April 2009. He was Chairman of OCBC Bank from 1 August 1995 to 30 June 2003, and continues to serve on the Board Executive Committee and the Board Nominating Committee. He is presently Chairman of the Board of Trustees of the Temasek Trust and a Director of several companies, including Great Eastern Holdings Ltd, GIC Real Estate Pte Ltd, Lee Rubber Group Companies and Lee Foundation. Mr Lee holds a Bachelor of Applied Science in Engineering from the University of Toronto and a Master of Business Administration from the University of Western Ontario. Age 79.

Board of Directors

DR LEE TIH SHIH

Dr Lee was first appointed to the Board on 4 April 2003 and last re-elected as a Director on 17 April 2008. He is presently an Associate Professor at the Duke University Medical School in Durham, USA and Duke-NUS Graduate Medical School in Singapore. He has previously served in senior positions at both OCBC Bank and the Monetary Authority of Singapore. He is a Director of Lee Foundation and several Lee Rubber Group Companies. Dr Lee graduated with M.D. and Ph.D. degrees from Yale University. He also holds a Master of Business Administration with Distinction from Imperial College, London. Age 46.

MR COLM MCCARTHY

Mr McCarthy was first appointed to the Board on 1 November 2008 and elected as a Director on 17 April 2009. He served for 29 years with Bank of America where he last held the position of President, Bank of America, Asia, from 2001 to 2008. He had held various key positions in Bank of America, including Chief Executive Officer of Singapore, Head of South Asia and Head of Southeast Asia, and was a Board Member of Bank of America's legal entities in Singapore, Malaysia, Hong Kong and Japan. He is presently a Director of Wheelock Properties (S) Ltd. He holds a Bachelor of Commerce and a Master of Business Studies from University College Dublin. Age 52.

PROFESSOR NEO BOON SIONG

Professor Neo was first appointed to the Board on 1 January 2005 and last re-elected as a Director on 17 April 2008. He is presently Director of the Asia Competitiveness Institute at the Lee Kuan Yew School of Public Policy in National University of Singapore, and serves as a Director of several companies, including Great Eastern Holdings Ltd and Keppel Offshore & Marine Ltd. He holds a Bachelor of Accountancy with Honours from National University of Singapore and a Master of Business Administration and Ph.D. from the University of Pittsburgh. Age 52.

MR PRAMUKTI SURJAUDAJA

Mr Pramukti was first appointed to the Board on 1 June 2005 and last re-elected as a Director on 17 April 2009. He has been with PT Bank OCBC NISP Tbk for 23 years, holding key positions, including President Director, and is presently President Commissioner of the bank. He was also a Commissioner of Bank OCBC-NISP from 1997 to 2000. Mr Pramukti holds a Bachelor of Science (Finance & Banking) from San Francisco State University, a Master of Business Administration (Banking) from Golden Gate University and has participated in Special Programs in International Relations in International University of Japan. Age 47.

MR WONG NANG JANG

Mr Wong was first appointed to the Board on 1 August 1998 and last re-elected as a Director on 17 April 2008. He served more than 20 years at OCBC Bank where he last held the position of Deputy President. Prior to joining OCBC Bank, he was Regional Vice President of Citibank in Singapore. He recently retired as Chairman of WBL Corporation Ltd and is a Director of Singapore Symphonia Co Ltd. Mr Wong holds a Bachelor of Arts degree with Honours in Economics from the University of Singapore. Age 70.

MR PATRICK YEOH

Mr Yeoh was first appointed to the Board on 9 July 2001 and last re-appointed as a Director on 17 April 2009. He served for more than 25 years at Development Bank of Singapore where he last held the position of President and Director. He is presently Chairman of Tuan Sing Holdings Ltd and a Director of MobileOne Ltd and Accuron Technologies Ltd. Mr Yeoh holds a Bachelor of Science with Honours from the University of Malaya (Singapore). Age 72.

Principal Officers

MR DAVID CONNER, CHIEF EXECUTIVE OFFICER

Mr Conner was first appointed to the Board on 15 April 2002 and last re-elected as a Director on 19 April 2007. He has extensive banking experience in the Asia Pacific region, having worked for over 25 years with Citibank, N.A. where he served as Managing Director and Market Manager for Citibank Japan from 1999. He was also Chief Executive Officer of Citibank India from 1996 to 1999 and, prior to that, was Country Corporate Officer for Citibank's Singapore operations. He is presently Chairman of Bank of Singapore Ltd and Singapore Island Bank Ltd, and a member of the Corporate Governance Council of MAS, and serves as a Director of several companies, including Great Eastern Holdings Ltd, OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad and Lion Global Investors Ltd, as well as a Commissioner of PT Bank OCBC NISP Tbk. Mr Conner holds a Bachelor of Arts from Washington University in St. Louis and a Master of Business Administration from Columbia University. Age 61.

MR SAMUEL N. TSIEN, GLOBAL CORPORATE BANK

Mr Tsien was appointed Senior Executive Vice President in July 2007 when he joined the OCBC Group. As Head of the Global Corporate Bank, he has bankwide responsibilities for corporate, commercial and institutional banking, covering Singapore and all overseas countries. Since July 2008, he also oversees the International and Transaction Banking divisions of the Bank. Mr Tsien has 32 years of banking experience and has held various senior management roles in corporate banking, retail banking and risk management at Bank of America. Prior to joining OCBC, he was President and Chief Executive Officer of Bank of America (Asia) and China Construction Bank (Asia) Corporation respectively. He holds a BA (Hons) in Economics from the University of California, Los Angeles (UCLA). Age 55.

MR JEFFREY CHEW, DIRECTOR AND CEO, OCBC BANK MALAYSIA

Mr Chew was appointed Executive Vice President in October 2006. He currently oversees the Group's Malaysian business. He joined OCBC Bank Malaysia in April 2003 initially as Head of the Bank's SME business and subsequently, as Head of Business Banking. Mr Chew began his career at PriceWaterhouse Coopers and subsequently joined Citibank in Malaysia where he held various roles over 12 years, including customer relationship management, risk management and international offshore banking and product management. A qualified accountant by training, he is a fellow member of the Chartered Association of Certified Accountants, UK. Age 44.

MR ANDREW LEE KOK KENG, GLOBAL CONSUMER FINANCIAL SERVICES

Mr Lee was appointed Senior Executive Vice President in June 2007. He was appointed Head of Global Consumer Financial Services in June 2005 and is responsible for OCBC Bank's consumer banking business. Mr Lee has 30 years of banking experience in several senior level executive positions, involving strategy, overseeing implementation and setting new standards of banking performance. He holds a Bachelor of Social Science (Honours in Economics) from the University of Singapore. Age 57.

MR LINUS GOH TI LIANG, ENTERPRISE BANKING AND FINANCIAL INSTITUTIONS – GLOBAL CORPORATE BANK

Mr Goh was appointed Executive Vice President in April 2004 when he joined the OCBC Group as Head of International. Presently, as Global Head of Enterprise Banking and Financial Institutions, he has responsibility for the Bank's commercial and financial institutions banking businesses internationally. Mr Goh has over 23 years of banking experience, including 17 years at Citibank N.A. Singapore, where he held several senior positions overseeing corporate banking, financial institutions, e-business and transaction banking. Mr Goh holds a Bachelor of Arts (Philosophy) with Honours from the National University of Singapore. Age 47.

MR NA WU BENG, INTERNATIONAL
Mr Na was appointed Executive Vice President in March 2001. Currently assigned to PT Bank OCBC NISP Tbk, he joined its Board of Directors as Deputy President Director in September 2005 with responsibility over risk management. Mr Na joined the OCBC Group in February 1990, and was responsible for the Bank's operations in Hong Kong and North Asia. Prior to that, he was at International Bank of Singapore for 11 years, where he was based in Taiwan for seven years. He holds a Bachelor of Arts (Economics) with Honours from Coventry (Lanchester) University, UK. Age 53.

MR LAI TECK POH, GROUP AUDIT
Mr Lai was appointed Executive Vice President in January 1988 and is currently Head of Group Audit. During his tenure with OCBC Bank, he has had senior management responsibilities for a wide range of functions including Corporate Banking, Investment Management, IT and Central Operations, Group Risk Management and Group Audit. Mr Lai has about 41 years of banking experience, including 20 years in Citibank, N.A. Singapore with overseas assignments in Jakarta, New York and London. He holds a Bachelor of Arts with Honours from the University of Singapore. Age 65.

MR GEORGE LEE LAP WAH, GROUP INVESTMENT BANKING
Mr Lee was appointed Executive Vice President in August 2005. As the Head of Group Investment Banking, he oversees the Group's debt capital markets, corporate finance, merger and acquisition and mezzanine investment businesses. Mr Lee has more than 27 years of banking experience and has held senior level positions in Credit Suisse First Boston, Credit Suisse Singapore and Security Pacific National Bank. Mr Lee holds a Bachelor of Business Administration with Honours from the University of Singapore and is a Chartered Financial Analyst. Age 57.

MR LAM KUN KIN, GLOBAL TREASURY
Mr Lam was appointed Executive Vice President in January 2007, and oversees the Group's financial market businesses and asset liability management in Singapore, Malaysia and other overseas markets. With over 23 years of treasury experience, Mr Lam has held senior positions in the Government of Singapore Investment Corporation and Citibank N.A. Singapore. Prior to joining the Group, he was managing director of Asia Financial Holdings, a subsidiary of Temasek Holdings. He holds a Bachelor of Accountancy with Honours from the National University of Singapore and is a Chartered Financial Analyst. Age 47.

MR NEO BOCK CHENG, GROUP TRANSACTION BANKING – GLOBAL CORPORATE BANK
Mr Neo joined OCBC in October 2003 as Head of Cash Management. He was appointed Senior Vice President in April 2005 to oversee the Group Transaction Banking division which provides cash management, trade finance, trustee and nominee services to corporate and commercial banking customers. Mr Neo brings with him more than 20 years of corporate banking experience, including over 13 years with regional assignments at several major international banks such as Citibank and JP Morgan Chase. Mr Neo graduated with a Bachelor of Engineering (Civil and Construction) degree from Nanyang Technological University. Age 45.

MR SOON TIT KOON, GROUP INVESTMENTS
Mr Soon was the Chief Financial Officer from 2002 to June 2008 and was appointed Senior Executive Vice President in April 2007. He is now the Head of Group Investments responsible for managing OCBC Bank's strategic investments and joint ventures, as well as non-core investments in equities and real estate. He was formerly the Chief Financial Officer of Wilmar Holdings and Managing Director of Citicorp Investment Bank, Singapore where he worked for 17 years. Mr Soon holds a Master of Business Administration from the University of Chicago and a Bachelor of Science with Honours from the University of Singapore. Age 58.

Principal Officers

MR CHING WEI HONG, GROUP FINANCE AND GROUP OPERATIONS AND TECHNOLOGY

Mr Ching was appointed Senior Executive Vice President in April 2007. He oversees the Group's Finance, Operations and Technology functions. His responsibilities as CFO include capital management, financial and management accounting, legal and regulatory compliance, and investor relations. As Head of Group Operations and Technology, he oversees the Group's transaction processing and technology operations. Mr Ching has more than 25 years of experience in regional finance, corporate banking and cash management. Before joining the Group, he was Director of Corporate Finance, Philips Electronics Asia Pacific Pte Ltd. He also held senior regional assignments in Bank of America and was Treasurer of Union Carbide Asia Pacific. Mr Ching holds a Bachelor of Business Administration from the National University of Singapore. Age 50.

MR GILBERT KOHNKE, GROUP RISK MANAGEMENT

Mr Kohnke was appointed Executive Vice President and Head of Group Risk Management in September 2005. As Chief Risk Officer, he covers full spectrum of risk, including Credit, Information Security, Liquidity, Market and Operational risk management. Jointly reporting to both the CEO and the Board Risk Committee of OCBC Group, he has been leading the change in redefining the risk management approaches used by the Bank in a Basel II world. He has over 21 years of banking experience. Prior to joining OCBC, he was Head of Risk Management for Asia at Canadian Imperial Bank of Commerce, and subsequently, Head of European Portfolio Management of CIBC based in London. He holds a BA in Economics from the University of Western Ontario, a Bachelor of Commerce in Accounting from the University of Windsor, Ontario and a Master of Business Administration from the University of Hawaii. Age 51.

MRS TENG SOON LANG, GROUP QUALITY AND SERVICE EXCELLENCE

Mrs Teng was appointed Executive Vice President and Head of Group Quality and Process Innovation in January 2003. In September 2007, she took on the additional responsibility for Group Quality and Service Excellence. She joined OCBC in 1996 as the Group Chief Information Officer. Mrs Teng holds a Bachelor of Accounting (Hons) and a Master of Science (Computer and Information Sciences) from National University of Singapore as well as a Post Graduate Qualification from the Institute of Cost and Management Accountants, UK. Age 59.

MS CYNTHIA TAN GUAN HIANG, GROUP HUMAN RESOURCES

Ms Tan was appointed Executive Vice President in April 2005. Being Head of Group Human Resources, she is responsible for the management as well as training and development of OCBC's human capital. Ms Tan has over 25 years of experience in this field, having held senior level positions in DFS Ventures, Mentor Graphics, Apple Computer and National Semiconductor. She was also a former lecturer in Business Studies at Ngee Ann Polytechnic. She holds a Masters in Business Administration from the University of Hull, UK. Age 59.

MR RENATO DE GUZMAN, CHIEF EXECUTIVE OFFICER, BANK OF SINGAPORE

Mr de Guzman is presently the Chief Executive Officer of Bank of Singapore. An accomplished banker with over 33 years of extensive banking experience, he has been instrumental in growing the private banking business in Asia where he was the Chief Executive Officer of ING Private Banking Asia from 2000. He was also Country Manager for ING Barings in Manila from 1990 to 2000. Mr de Guzman holds a Bachelor of Science in Management Engineering from Ateneo de Manila University, a Masters in Business Administration (with distinction) from Katholieke Universiteit Leuven, Belgium and a Masters in Management from McGill University, Canada. Age 59.

MS LEONG WAI LENG, CHAIRMAN, OCBC BANK CHINA
Ms Leong was appointed as Chairman of OCBC Bank China in August 2007. She has overall responsibility for directing and executing OCBC Bank's growth strategy in China in her current role. A Singaporean and a graduate of the National University of Singapore with a Bachelor's degree in Business Administration, Ms Leong has more than 21 years of experience in finance in the corporate world and in corporate banking. She has worked in China for 10 years with seven years of corporate experience with Philips Electronics Group, including senior appointments as China Country Treasurer and China Group CFO. She held several senior banking positions in Citibank Singapore, JP Morgan Chase Singapore and HSBC China. Age 44.

MR VINCENT SOH, GROUP PROPERTY MANAGEMENT
Mr Soh was appointed Senior Vice President in June 2004. As Head of Group Property Management, he is responsible for managing the Group's real estate portfolio. He has held senior level positions in the public and private sectors. Mr Soh holds a Master of Science (Property and Maintenance Management) and Master of Public Policy, both from National University of Singapore. He is also an Associate Member of the Royal Institution of Chartered Surveyors, UK and Singapore Institute of Surveyors and Valuers. Age 54.

MR PETER YEOH, GROUP SECRETARIAT
Mr Yeoh joined the Bank in January 1984 and was appointed Company Secretary in August 2002. Since joining OCBC, he has held responsibilities in finance, accounting, management information services and strategic projects. Mr Yeoh was previously with Price Waterhouse. He holds a Bachelor of Commerce from the University of Western Australia, and is a Member of the Institute of Chartered Accountants in Australia and a Member of the Institute of Certified Public Accountants of Singapore. Age 55.

DAVID MCQUILLEN, GROUP CUSTOMER EXPERIENCE
Mr McQuillen joined OCBC in January 2010 as Senior Vice President and Head of Group Customer Experience. He leads OCBC Bank's initiatives on building a stronger customer focus within the bank, and improving the quality of customer experience across all customer touchpoints. He has previously held senior customer experience positions in major organisations and prior to joining the Group, he was Director of Client/Customer Experience at Credit Suisse in Switzerland since 2001. Mr McQuillen holds an MBA in IT Strategy from the Cass Business School in London and a Bachelor of Business Administration in Marketing from Mercyhurst College. Age 39.

MS KOH CHING CHING, GROUP CORPORATE COMMUNICATIONS
Ms Koh was appointed Head of Group Corporate Communications in November 2004 and Senior Vice President in April 2006. She leads OCBC Bank's group communications initiatives with the media, employees, customers, shareholders and the general public. Prior to her role in corporate communications, she led the Group's franchise expansion efforts in trade finance in Malaysia. Before this, Ms Koh had 16 years of corporate and retail banking experience, having held various senior customer and product positions in local and foreign financial institutions. She graduated with First Class Honours in Business Administration from National University of Singapore. Age 42.

New Horizons II

New Horizons II is our five-year strategy from 2006 to 2010. It continues on the broad strategic direction and successes of New Horizons (2003 to 2005). The emphasis is on embedding OCBC in the region through a build-and-transfer approach, and on continuing our efforts to build a high performance bank through a balanced scorecard discipline.

Seek International Growth

We will deepen our market penetration in Malaysia, Indonesia and China and explore opportunities to establish strategic partnerships in Indochina. Our aim is to grow our market share in the consumer and SME segments in Indonesia and China by transferring successful business models and product solutions to existing branches and alliances in the two countries.

Build a High Performance Bank

CUSTOMERS

We aim to sustain our top three consumer banking position and become one of the top three corporate banks in the combined Singapore-Malaysia market.

PRODUCTS

We will build more best-in-class products and strive to become known for product innovation by sustaining 15% revenue contribution from new products annually.

We aim to be one of the top three banks for wealth management, credit cards and unsecured lending in the combined Singapore-Malaysia market.

RISK MANAGEMENT

We will expand our balance sheet proactively to deliver enhanced risk-return, and execute our Basel II implementation plan in line with regulatory guidelines.

We aim to maintain our position as one of the highest rated banks in Asia-Pacific.

PRODUCTIVITY

We will leverage our cross-border processing hubs in Singapore and Malaysia to deliver further efficiency gains.

We strive to be an efficient, low cost service provider.

PEOPLE

We will build people resources with a focus on diversity, cross-border management skill sets and competencies to support our overseas expansion efforts.

We will maintain our share ownership schemes so that all our employees can easily own OCBC shares.

We aim to continually improve employee satisfaction so that we are increasingly recognised as a regional employer of choice.

SHAREHOLDER VALUE

We aim to deliver 10% earnings per share growth annually, as well as achieve and sustain ROE of above 12%.

We will periodically review our target minimum dividend payout of 45% of core earnings for possible increase.

We will continue to divest non-core assets at the right time and invest the gains in core financial services growth opportunities, and return excess capital to shareholders via share buyback programmes.

2009 Report Card

CUSTOMERS

- Expanded consumer customer base by 5%
- Expanded SME customer base by 10%
- Maintained No. 1 position in bancassurance
- Grew Fairprice Plus and NTUC Uplus customer base to exceed 250,000
- Extended Mighty Savers™ programme to Malaysia and Indonesia
- Added three new branches in Singapore, expanding network size to 57 branches
- Extended Sunday Banking/Weekend Banking services to 21 branches across Singapore and Malaysia
- Received the Service Excellence Award by SPRING Singapore and Best Retail Bank in Singapore by The Asian Banker
- Awarded the Best Contact Centre of the Year by the Contact Centre Association of Singapore for the third consecutive year
- Awarded Excellence in Bancassurance in Asia by The Asian Banker
- Received Singapore Innovation Class ("I-Class") Certification by SPRING Singapore for Emerging Business Unit

PRODUCTS

- Launched 80 new products which accounted for 5% of total revenue
- Awarded Best SME Cash Management Solution Bank by The Asset, and Best Cash Management Bank in Singapore by FinanceAsia
- Awarded Best Foreign Cash Management Bank in Malaysia by Asiamoney, and Best Corporate/Institutional Internet Bank in Malaysia by Global Finance
- Awarded Best Mobile Payments & Authorisation Solution of the Year in Southeast Asia by Alpha Southeast Asia
- Awarded Best Bond House in Singapore by Alpha Southeast Asia
- Awarded Best Structured Product Solution of the Year in SE Asia by Alpha Southeast Asia
- Ranked first in Singapore dollar-denominated bonds by IFR Asia
- Ranked first in Malaysia Loans Mandated Arranger by Bloomberg
- Ranked first in all Malaysian Ringgit-denominated treasury product categories in Asia Risk Corporate Survey 2009 for currency and interest rate derivatives
- Lion Global Investors garnered 14 awards at the Edge-Lipper Fund Awards, including "the Best Fund Group Over Three Years – Mixed Assets Group"
- Lion Global Investors garnered 17 local and overseas awards

RISK MANAGEMENT

- Remained one of the highest rated banks in Asia: Aa1 by Moody's, A+ by S&P and AA- by Fitch
- Received regulatory approval to migrate Singapore SME portfolio to Basel II Pillar 1 Internal Ratings Based ("IRB") Approach from Jan 2010
- Continued to improve on internal capital adequacy assessments, and developed three-year roadmap on further improvements
- Published additional disclosures on risk and capital management in line with Basel II Pillar 3 requirements
- Received regulatory approval to cut over to IRB for OCBC Malaysia
- Implemented Business Continuity Management Maturity Model in Singapore and Malaysia
- Extended Internal Control Attestation process to OCBC China
- Implemented Fraud Detection system in Singapore and Malaysia
- Implemented Fair Dealing framework to support delivery of Fair Dealing outcomes through clear strategies and alignment of organisational policies and practices

PRODUCTIVITY

- Improved productivity by 20%, and reduced unit processing cost by 6% across Singapore and Malaysia processing centres
- Completed cross-border hubbing for one more work stream, with up to 70% of Singapore transactions now being processed in Malaysia
- Reduced data centres in Singapore and Malaysia from five to three as part of data centre consolidation effort with Great Eastern
- Executed another five cross-functional process improvement projects with S$7.5 million margin improvement, bringing cumulative margin improvements to S$157.7 million to-date since 2003

PEOPLE

- Improved employee engagement score for the seventh consecutive year since 2002
- Kept employee share ownership at above 50%
- Exceeded average training days per staff annual target by 52%
- Enhanced Employee Share Purchase Plan to annual basis so that new employees can take part without waiting for two years, and existing employees can enjoy tax incentives on share gains under the IRAS' Equity Remuneration Incentive Scheme

SHAREHOLDER VALUE

- Improved core ROE to 12.2%, exceeding 12% target
- Increased core EPS by 29%, exceeding 10% growth target
- Maintained net dividend per share at 28 cents with payout ratio at 46% of core earnings
- Acquired ING Asia Private Bank for US$1,446 million or S$2,024 million, and renamed it Bank of Singapore, a wholly-owned private banking subsidiary of OCBC
- Invested RMB60 million or S$12.2 million for a 19.99% stake in South China Trust Company Ltd
- Reached agreement to subscribe for additional shares in Bank of Ningbo (expected completion in mid-2010) for S$347 million, increasing strategic stake from 10% to 13.7%
- Raised S$1.4 billion of Lower Tier 2 subordinated notes

OVERSEAS EXPANSION

Malaysia

- Expanded OCBC Al-Amin branch network in Malaysia from one to five

Indonesia

- Opened 18 new branches, bringing total network to 382 branches
- Added three more Premier Banking Centres and provided customer access to Premier Banking facilities in Singapore and Malaysia
- Launched eAlerts@nisp to corporate customers

China

- Grew retail customer base by over 115%
- Opened a main branch in Chongqing and a sub-branch in Jiading, Shanghai
- Expanded non-branch channels to include internet banking and debit cards

Vietnam

- Conducted training for VP Bank employees and seconded senior OCBC executives to VP Bank to gain local market insights

Operations Review

Our core businesses delivered good results in 2009 under challenging operating conditions. In particular, our overall asset quality held up well compared to previous recessions, benefiting from the improvements we have made to our risk management practices and processes over the years, as well as concerted government support and stimulus measures targeting employment and small and medium enterprises ("SMEs"). We capitalised on pockets of growth opportunities, and remained focused on deepening market penetration in our key markets and customer segments. We also continued to invest in customer service initiatives aimed at providing a deliberate and differentiated experience for our customers.

GLOBAL CONSUMER FINANCIAL SERVICES

The financial crisis and economic recession led to reduced consumer spending and in particular, adversely impacted the demand for investment products. As a result, our consumer banking business registered a 7% fall in revenue to S$1.22 billion and a 10% decline in pre-tax profit to S$605 million for 2009. Nevertheless, we continued to engage customers with new products, service improvements and marketing campaigns, achieving an 8% increase in our global consumer customer base to more than 2.6 million by the end of the year.

We remained a strong bancassurance player in both Singapore and Malaysia, leveraging on our strategic partnership with Great Eastern to cross-sell products to meet the different needs of our customers in different life stages. We maintained our number one position in bancassurance in Singapore with a market share of 32%. In Malaysia, we tripled our bancassurance sales, capitalising on the liberalisation measures announced by the government, which enabled us to launch a full fledged bancassurance partnership with Great Eastern Malaysia in July 2009.

We also continued to grow our deposit base in Singapore, Malaysia and China. In Singapore, we are the market leader in Children Development Accounts for newborn babies under the government's Baby Bonus Scheme, with a market share of 95%. In Malaysia, we grew our deposit base by 9%, following a 21% increase in 2008. In China, we doubled our deposit customer base and grew the total deposits by 50%.

Home loans remain an important segment in our consumer loans portfolio. Led by a rebound in the Singapore residential property market in the second part of the year, new housing loan approvals rose significantly for both our private and HDB portfolios. Our China home loans portfolio has more than tripled since the launch of our home loan products there in 2008.

We have implemented several new measures to enhance our customer engagement process. We re-engineered our sales processes across different product classes, and made several improvements to our sales practices, implementing higher disclosure and fair-dealing standards, refresher training and certification for all front line staff. We also introduced a new remuneration structure for all front line staff that aligns rewards with sales results and service quality. We established a Fair Dealing Framework, within which a Product Suitability Committee, chaired by a member of our senior management team, was formed to ensure that the new products and services we offer are suitable for our target customer segments. As part of this framework, we reviewed all existing products to ensure that they are suitable for our target customer segments.

We introduced new products to cater to our customers' different life stage needs. In June, we launched the OCBC Mortgage Blueprint, a revamped home loans sales process that helps our certified Mortgage Specialists guide our customers through a structured process to determine their needs before advising them on appropriate home financing solutions and complementary financial products. In October, we launched our OCBC SmartSenior Programme, which offers banking solutions and privileges to meet our customers' financial, self-enrichment and lifestyle needs in their retirement phase of life. A key feature of this programme is the SmartSenior Account, which enables children to fulfill filial piety to their parents by channelling a regular flow of funds from their bank accounts to their parents' SmartSenior accounts.

We continued to invest in our service and delivery channels to provide a superior and differentiated banking experience. In Singapore, we opened three new branches and a new Premier Banking Centre at the new shopping destination, ION Orchard. We now have one of the largest premium banking service networks among banks in Singapore, with a total of 12 OCBC Premier Banking centres. Our popular full-service Sunday Banking offering has been extended from 15 to 18 branches in Singapore, and from one to three branches in Malaysia. We also increased our ATM fleet across the island by 20%, adding new ATMs at Caltex petrol stations, MRT stations, polytechnics, tertiary institutions and new shopping malls. Our wholly-owned Islamic banking subsidiary in Malaysia, OCBC Al-Amin, opened four new branches in 2009, following the opening of the first branch in December 2008.

Operations Review

During the year, we won several awards for product innovation and service excellence. We were recognised by *The Asian Banker* as the Best Retail Bank in Singapore, and for Excellence in Customer Advocacy in Asia. SPRING Singapore conferred OCBC the Service Excellence Award, the highest accolade given to an organisation for excellence in retail services. At the same time, 234 staff from our Consumer Financial Services unit received SPRING Singapore's Excellent Service Award for individual display of excellent service. For the third year running, our Contact Centre in Singapore was awarded the Best Contact Centre of the Year by the Contact Centre Association of Singapore. We were the only Singapore bank to win the award for Innovation in Mobile Phone Banking at the Financial Insights Innovation Awards 2009.

GLOBAL CORPORATE BANK

Our Global Corporate Bank's revenues rose 5% to S$1.48 billion, led by growth in net interest income and higher fee income from investment banking products. Pre-tax profits were largely unchanged from the previous year at S$830 million, as a result of higher loan allowances. We achieved a 10% increase in the number of small and medium enterprise ("SME") customers, on a global basis. Overall, loan growth across different customer segments and geographical locations was steady, underscoring our commitment to support both our large corporate and SME customers during the global economic downturn. In Singapore, notable financing mandates included a US$1.1 billion term loan extended to Singapore's PSA International, and a S$724 million term loan to Gold Ridge for a commercial property development. In Malaysia, we were joint lead arrangers for a RM430 million syndicated Islamic financing facility for Kulim (Malaysia) Berhad, a US$500 million facility for a subsidiary of Khazanah Nasional Bhd and a US$280 million facility for a subsidiary of Sime Darby Bhd.

We actively participated in the government assistance loan schemes in Singapore, Malaysia and Hong Kong, providing financing to SMEs across different industries. We ended the year as one of the top three participating financial institutions in Singapore, and top five in Malaysia, for these loan schemes.

In Singapore, we launched Business TradeEase, a new trade programme for emerging businesses which includes a hassle-free application process and fast turnaround for trade documents. We also introduced BizProtect Plan, an insurance product tailored for SMEs in different industries such as retail, motor workshop, manufacturing, engineering and logistics. In recognition of our product and service innovation in serving SMEs, our Emerging Business unit became the first customer-facing unit of a commercial bank to receive the Singapore Innovation Class ("I-Class") Certification for Excellence In Innovation Management from SPRING Singapore.

Group Transaction Banking

Our customer base for *Velocity@ocbc* grew by a third in both Singapore and Malaysia, driven by greater customer demand for effective cash management tools in a tight liquidity environment. In China, payment volumes doubled since the introduction of convenient payment capabilities via *Velocity@ocbc* in the later part of the year.

In Singapore, we remained the only bank that offers employers the convenience of paying their employees' CPF contributions online via *Velocity@ocbc*. We also enhanced our *eAlerts@ocbc* service to enable our corporate customers to stay updated on their cash flow positions and trade transactions.

We continued to deliver value to our business customers with new trade products and services. In Malaysia, we introduced *Speedy Advice* to provide trade finance transaction notification to customers automatically via facsimile. We also set up a Trade Finance Academy to help corporate customers better understand the use of trade finance instruments to facilitate cross-border trades. In China, we launched a number of trade products including bank acceptance drafts, bills purchasing and discounting under Letters of Credit, and USD cheque collections, achieving a comprehensive suite of basic trade products and services for our corporate customers. We were the first Singapore bank to participate in China's Renminbi trade settlement programme, a new service which allows our Singapore network customers to settle their trade transactions with China counterparts in Renminbi.

We garnered several cash management awards in 2009, including Best SME Cash Management Solution Bank by *The Asset* for the second year running, and Best Cash Management Bank in Singapore by *FinanceAsia* for the third consecutive year. In Malaysia, we were voted by large and SME companies as the Best Foreign Cash Management Bank for the second year running in *Asiamoney's* 2009 Cash Management Poll. We were also named the 2009 Best Corporate/Institutional Internet Bank in Malaysia by *Global Finance*.

GLOBAL TREASURY

Market volatility and the consolidation in the global banking sector in 2009 created more opportunities for our Treasury business, for both customer- and market-facing activities. We stepped up efforts to provide risk advisory products and services to both individual and corporate customers. Increased treasury activities in our key markets led to a 20% growth in revenue to S$816 million, and a 26% increase in pre-tax profit to S$600 million.

OCBC was again ranked first in several Asian polls for various Asian local currency treasury products, in recognition of our strengths in product coverage, product innovation and customer service. In the *Asia Risk Corporate End User Survey 2009*, we were ranked top three for all SGD- and MYR- denominated treasury products. We were also awarded the Best Domestic Provider for Local Currency Products in Singapore by *AsiaMoney Polls 2009*.

GROUP INVESTMENT BANKING

OCBC ranked second in the International Financing Review ("IFR") Asia league table for Singapore dollar domestic bonds, with S$1.9 billion from 16 issues, representing a 29% market share. We were also recognised by *Alpha Southeast Asia* as the Best Bond House in Singapore as we emerged as the top bookrunner for Singapore dollar bonds and syndicated loans. Notable deals managed during the year included a commercial mortgage-backed securitisation transaction for Winmall, a 20-year bond issue for SP PowerAssets, and financings for Orchard Parade Holdings, PT Protelindo and PT Adaro.

Operations Review

In Singapore, our corporate finance team lead-managed various equity capital market deals, raising an aggregate of S$784 million during the year. Key deals included arranging rights issues for Bukit Sembawang, United Engineers, WBL Corporation and Frasers Commercial Trust, and a share placement for Ying Li, a Chongqing-based property developer.

In Malaysia, we ranked second in Bloomberg's Malaysia Loans Mandated Arranger league table with OCBC Al-Amin's maiden syndicated financing transaction of RM430 million for Kulim (Malaysia) Bhd, OCBC Malaysia's US$500 million syndicated loan for a wholly-owned subsidiary of Khazanah Nasional Bhd, and US$181 million Multi-Currency Syndication Project Financing for SapuraAcergy Sdn Bhd. We also successfully participated in a RM1.7 billion club deal facility for Delegateam Sdn Bhd to finance the privatisation of listed state-owned Sarawak Energy Bhd.

Our Mezzanine Capital unit continued to invest in companies across different industries and countries. The unit also arranged financing for several Singapore corporate customers in the real estate and marine sectors, and divested some of its investments in the second half of the year as the stock market recovered.

OCBC MALAYSIA

OCBC Malaysia ranks among the largest foreign banks in Malaysia by assets, deposits and loans, and has one of the largest networks of 29 conventional and five Islamic Banking branches. Its operating profit grew 6% to RM998 million. Net profit however posted a marginal decline of 1% to RM608 million (S$250 million) due to higher net loan provisions, as the previous year had the benefit of larger one-off loan recoveries. Customer loans grew 5% to RM32.6 billion as we exercised greater caution in customer lending given the difficult economic environment.

Several new products and services were launched as part of our continuing efforts to differentiate from our competitors. For consumers, we pioneered a unique home loan product that is pegged to the mortgage lending rate ("MLR"), as an alternative to the commonly applied base lending rate ("BLR"). We were the first foreign bank to be able to make retail remittances in Renminbi to China, as an alternative to US Dollars. We also introduced weekend banking for children, where customers are treated to an array of family-based events and activities as they conduct their banking transactions.

Since the launch of our branch transformation programme in 2007, we have renovated 10 of our 29 branches, incorporating our new branch design. Through our strategic collaboration with Great Eastern (Malaysia), launched in July 2009, bancassurance products are now offered at all our conventional bank branches.

We successfully raised RM400 million in Tier 1 capital to enhance OCBC Malaysia's capital position. RAM Rating Services Berhad upgraded OCBC Malaysia's long-term financial institutions rating from AA1 to AAA in November, the highest level assigned by the rating agency.

OCBC Malaysia's Islamic Banking subsidiary, OCBC Al-Amin, grew its assets by 30% to RM4.9 billion, and its customer deposits by 38% to RM3.7 billion. We were appointed as a panel bank by the Ministry of Finance of the Malaysian Government, enabling us to accept deposits from government ministries and agencies, and government-linked corporations. We also continued to add new OCBC Al-Amin branches to the inaugural branch opened in December 2008. Four new branches were opened during the year; one each at Sungai Petani in the north and Skudai in the south, and two branches in the Klang Valley. This brings our total number of Islamic Banking branches to five.

OCBC Al-Amin introduced several new products and services including Shariah-compliant cash management solutions for SMEs, and unit trusts and home financing products for individuals. We also jointly managed our first Islamic syndicated term-loan facility for Kulim (Malaysia) Berhad.

BANK OCBC NISP, INDONESIA

Our subsidiary, Bank OCBC NISP, reported a healthy set of financial results as Indonesia weathered the financial and economic crisis better than other South East Asian countries. Net profits grew 38% to IDR436 billion (S$61 million), driven mainly by higher net interest income. Total assets grew 8% to IDR37 trillion, with loans increasing by 5%. Total deposits achieved strong growth, with saving deposits increasing by 71% and demand deposits by 8%.

OCBC NISP continued with its transformation programme, positioning itself as a "Partner for Life" to our customers. Various industry best practices were implemented during the year. An internal communications programme was also rolled out to share our new organisation structure to more than 5,500 employees. Management and staff across the organisation were also trained in quality concepts as part of our effort to cultivate an improved service mindset .

With the support and transfer of know-how from OCBC Al-Amin, OCBC NISP launched Islamic banking products and services to meet the needs of Muslim customers in Indonesia.

OCBC NISP received various local and regional awards in 2009, including the Best Retail Bank Indonesia 2009 by *Asian Banking and Finance*, Best Corporate Governance for Financial Category 2009 by *Business Review* and the Indonesian Institute for Corporate Directorship, and one of Indonesia's Best Managed Companies by *FinanceAsia*. We were also voted Best Domestic Foreign Exchange Provider for Corporates in *Asiamoney's* 2009 Foreign Exchange Poll.

As part of our network strategy to acquire more deposits and support our micro banking business, OCBC NISP opened 18 new branches and set up 15 new ATMs throughout Indonesia, bringing the total network size to 382 branches and 552 ATMs.

OCBC CHINA

Our China operations achieved loan growth of 13%, largely driven by growth in corporate loans and consumer mortgages. Staff strength grew 5%, as we paced our investments in China in view of the difficult economic environment.

Operations Review

We introduced a complete range of bancassurance products in Chengdu, including insurance products for family protection, retirement, education, as well as medical and accident protection. The demand for these products was strong, contributing to the doubling of our retail customer base by the end of the year.

We received industry recognition for delivering quality products and building a strong consumer franchise in China. Most notable were two awards that were presented by the *Chengdu Shangbao* newspaper for Best Foreign Bank in Chengdu, and Best Wealth Management Brand, Joaquim, for our Premier Banking service in Chengdu. Our two-year RMB-equity linked structured deposit product was voted the Best Structured Wealth Management Product by *Money Week*, for consistently delivering safe and sound returns to our retail customers.

For our corporate customers, we rolled out more features to our corporate internet banking platform, *Velocity@ocbc*, to provide choice and convenience when banking with us in China.

We added one new main branch in Chongqing, expanding our foothold in the Western region of China. We also strengthened our presence in the Yangtze River Delta by opening a new sub-branch in Shanghai's Jiading district. The Jiading sub-branch, modelled after our successful Ubi Business Banking Centre in Singapore, is our first full-service business banking branch in China, and is located in a major industrial district. By December 2009, we had grown our national network to a total of 11 main and sub-branches in eight major Chinese cities.

PARTNER BANKS

Bank of Ningbo, China

In support of Bank of Ningbo's ("BON") proposed private placement exercise, OCBC agreed to subscribe for approximately 146.3 million new shares, which will increase our strategic equity stake in BON from 10% to 13.7%. The transaction is expected to be completed in 2010.

BON reported a satisfactory set of financial results for 2009, with net profits rising 9% to RMB1,457 million (S$310 million). Customer loans rose 67%, driven by BON's rapid business expansion in key cities across China, and healthy loan demand from customers. BON's non-performing loans ratio remained low at 0.8% as at end of the year.

BON opened a new branch in Suzhou, adding to its branch network covering Shanghai, Hangzhou, Nanjing and Shenzhen, and its home city Ningbo. This brings its nationwide branch network (inclusive of its sub-branches) to 88. During the year, management at OCBC continued to deepen our collaboration with BON in new product development, risk management, information technology, and talent development.

VP Bank, Vietnam

OCBC holds a 15% stake in VP Bank. VP Bank has a nationwide network of 130 branches and transaction offices, including 44 in Hanoi and 26 in Ho Chi Minh City.

OCBC and VP Bank continued to work closely together in the areas of risk management, new product development, business strategy, treasury, and training. As part of our technical assistance programme, we organised training sessions for VP Bank's management and staff in the areas of treasury, internal audit and commercial banking during the year.

GROUP OPERATIONS AND TECHNOLOGY

Our Operations and Technology division achieved good progress towards our target of achieving 12% reduction in unit costs and 18% improvement in productivity gains over 2008. In 2009, we achieved unit cost reduction of 6% and productivity gains of 20% across 15 processing centres in Singapore and Malaysia.

Process improvement projects completed during the year generated almost S$3 million in annualised savings. In Singapore, we introduced simplified application forms and streamlined our credit approval process, resulting in a shorter approval cycle of one day for additional credit cards for existing customers. We improved the processes to provide best-in-class straight-through processing for US dollar remittances, which earned us the JP Morgan Quality Recognition Award for our treasury and payment processing centres. In Malaysia, we reduced our loan redemption cycle time by 14 days to seven days.

We completed the hubbing of one more work stream in Malaysia, bringing the total to nine since we started hubbing activities in 2005, allowing us to reap significant benefits from lower staff and premises costs.

In 2009, we consolidated the data centres of OCBC and Great Eastern to achieve greater cost savings. We reduced the total number of data centres in Singapore and Malaysia from five to three.

We continued to build on our IT architecture and long-term system application road map, and strengthen our service management and project delivery capability. Our project highlights for the year included the following:

- Enhancement of our branch teller system to improve the account opening process
- Deployment of a new relationship-based pricing system to provide price differentiation, product bundling and consolidated billing for our corporate customers
- Deployment of a new liquidity management system to provide a wider range of cash management services for our corporate customers
- Implementation of an advanced Anti-Money Laundering and Fraud Management system to better manage our operational and reputational risks
- Enhancement of our international banking platform to enable country-specific regulatory reporting
- Deployment of new treasury, internet banking and payment systems in China
- Deployment of new cash management and internet banking systems for OCBC NISP in Indonesia

Operations Review

GROUP QUALITY AND SERVICE EXCELLENCE

The global economic downturn did not distract us from our bankwide Service Excellence transformation agenda. We continued to drive service excellence in OCBC to ensure that our customers enjoy a deliberate and differentiated banking experience across all touch points. Customer insights obtained from various channels, such as customer surveys and focus groups, and customer complaints and compliments, were deployed in our service innovation and improvement efforts to make banking easy and convenient for our customers.

All branch managers and customer service managers were trained as service coaches under a structured development programme. Our efforts in building a strong service culture have reaped good results. During the year, 336 of our employees across various divisions won the Excellent Service Award in the Silver, Gold, and Star categories, more than double the number of employees who received the award in 2008. This national award managed by the Association of Banks in Singapore and SPRING Singapore recognises individuals for delivering outstanding service to customers.

We strive to instill a Six Sigma Quality Excellence mindset in all employees; ensuring that we deliver with zero defects on time and all the time. We executed five cross-functional process improvement projects in Singapore, Malaysia and Indonesia. We trained more than 70 new Quality Leaders who drive quality and process improvements across OCBC. All these initiatives have contributed to increased customer and employee satisfaction as measured by recent surveys, as well as potential margin improvements of more than S$7 million.

We also established a Fair Dealing Committee as a senior management body to provide clear oversight and governance to ensure that we deal with our customers in a fair manner, consistently throughout OCBC.

PROPERTY MANAGEMENT

Our office and residential investment properties, with an aggregate of approximately two million square feet of net lettable area, achieved full or near full occupancy despite the challenging property rental market environment, particularly in the first half of the year.

We completed the refurbishment of three bank branches in our network as part of our Branch Transformation programme, two in Singapore and one in Malaysia. We also opened three new branches in Singapore, four in Malaysia under our Islamic Banking subsidiary, and two in China. In Singapore, a total of 80 off-site ATMs were installed in shopping malls, polytechnics, and Caltex petrol stations.

We continued to adopt environmentally friendly practices such as the usage of NEWater in our central air conditioning chiller systems, various energy saving measures, tenants' education, recycling initiatives, as well as the use of environmentally friendly products in our renovation and maintenance works.

GROUP HUMAN RESOURCES

We continued to exercise strict discipline in adding headcount, improving productivity and tightening discretionary expenses. Our Group staff strength, including Bank OCBC NISP and Great Eastern Holdings, was 19,561 at the end of 2009, a decline of 2% year-on-year. While costs were managed tightly, we continued to invest in our people and develop talent within the Group through our learning and development programmes. The average training man days per employee has consistently been above seven days for the past four years, exceeding our target of five man days.

Our employee engagement score improved by 2% from the previous year, making 2009 the seventh year of consecutive improvement. Our employee share ownership schemes continued to receive high participation bankwide; the percentage of bank employees who are OCBC shareholders (including share options and deferred shares) was 52% at the end of 2009, well above our minimum target of 30%.

Corporate Social Responsibility

Chairman, Dr Cheong spent an enjoyable morning reading to the children at Sunbeam Place, Singapore Children's Society, when we announced our second donation of S$2.5 million for the next five years.

Our employees who participated in the Singapore Children's Society's "Walk for our Children 2009", organised to help to raise S$180,000 for less-privileged children, youth and families.

Our Corporate Social Responsibility programme focuses on helping children and young adults realise their full potential.

CARING FOR UNDERPRIVILEGED CHILDREN

In Singapore, we announced our commitment to donate another S$2.5 million over a five-year period to our partner charity, the Singapore Children's Society ("SCS"). This will bring our total donation to the SCS to S$5 million over 10 years, starting from 2004.

More than 250 of our employees supported the SCS in organising various programmes to impart skills, and to enable the children to participate in various leisure activities, such as bowling or viewing a movie. In July, 12 employees spent a Saturday morning helping at the annual SCS-organised "Bully-Free Forum". The event was attended by more than 300 educators, parents and counsellors. The key focus was on nurturing a bully-free culture in schools, by starting with the right social environment in schools, and addressing the social and emotional development needs of the students. More than 50 employees and their families participated in the annual SCS "Walk for Our Children". Our employees also led in the warm-up session and helped to set up stalls for the carnival that was held after the Walk.

In August, more than 25 interns from our Structured Internship Programme for undergraduate students brought children from the SCS on a treasure hunt at the National Museum.

In China, we committed to donate RMB1.5 million over a six-year period to the Soong Ching Ling Foundation ("SCLF"). The funds, disbursed through the Soong Ching Ling Scholarship ("SCLS") under the SCLS-OCBC Fund, will support about 800 outstanding children across China with financial assistance to pursue their studies. To date, we have disbursed RMB1 million (S$212,467), helping 400 students across China.

We worked closely with the China Welfare Institute Children's Palace ("CWI"), an affiliate organisation of SCLF, on a volunteer programme that brings volunteer teachers to rural schools in Shanghai to help children of migrant workers.

In May, four employees assisted volunteer teachers at the Zi Luo Lan Hope School and Kang Qiao School. In June, 25 employees

Corporate Social Responsibility

Our Group Operations and Technology colleagues painting the roof tiles of a classroom, part of a community development project to help build houses and a school at Banjaran, Bandung, Indonesia.

A delighted child from Shi He Primary School in Mianzhu county, China, showing the new schoolbag he received from OCBC. The school, which was destroyed by the Szechuan earthquake, was rebuilt with our donations. The school bags and stationery sets distributed to the children were sponsored by our Group Operations and Technology division.

conducted a financial literacy programme for students at Zi Luo Lan Hope School, and raised funds to donate stationery and a digital camera to the school. In November, several employees from our Human Resources division in Singapore and China donated RMB15,000 (S$3,187) to buy more than 900 books and two bookshelves for Kang Qiao Primary School.

In Indonesia, employees from our Operations and Technology divisions in Singapore and Malaysia, and Bank OCBC NISP participated in a joint community development initiative in Bandung, in collaboration with Habitat for Humanity. The three-year initiative, which began in 2009, is committed to build 20 houses and renovate a school in the village of Banjaran. The team built four new classrooms and set up a computer laboratory in the school. In the previous year, the team built three houses in the same village.

STAFF FUND RAISING

Every year, employees from our Human Resource division in Singapore perform a traditional Lion Dance during the Lunar New Year, visiting various OCBC departments to raise funds. Coupled with its annual charity food fair, the division raised approximately S$50,000 in 2009, which was donated to the Love Timor Fund, the Singapore ST School Pocket Money Fund, and to buy books for Kang Qiao Primary School.

Our Treasury divison in Singapore held an auction at its Dinner and Dance event in November. The funds raised, totalling S$30,000, were also given to the Singapore ST Pocket Money Fund.

Our Operations and Technology division in Singapore and Malaysia held its annual charity food fair, raising a total of S$150,000. The funds were channelled towards the three-year community development initiative in Bandung, Indonesia, as well as the purchase of bags and stationery sets for 350 students of Shi He Primary School, a school that was rebuilt in Mianzhu, China, after the Szechuan earthquake in 2008.

SUPPORTING EDUCATION

We continued to encourage and support academic excellence by awarding book prizes and bond-free scholarships to outstanding young adults from Singapore, Malaysia, Indonesia and China, so that they can pursue higher education in Singapore and Malaysia. From inception to today, we have awarded more than 400 bond-free undergraduate scholarships. We also offered OCBC Scholars and other undergraduates the opportunity to experience working in OCBC through an internship programme. More than 180 students have participated in our Structured Internship Programme.

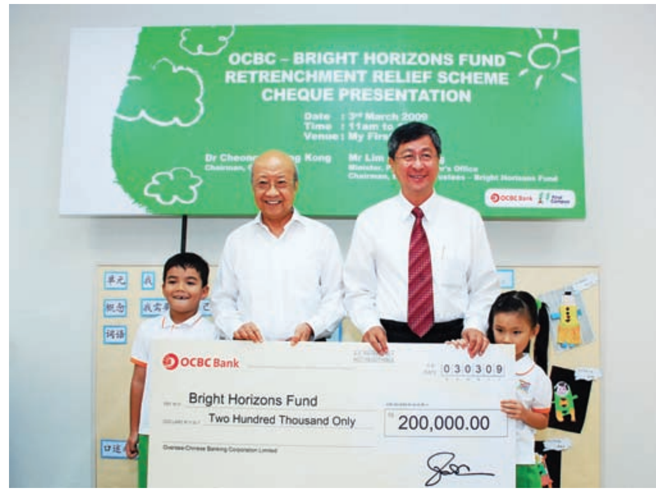
PARTNERING NTUC IN SINGAPORE

Arising from our banking and cards partnership with the National Trade Union Congress ("NTUC"), we pledged to donate up to S$250,000 annually from the credit card spend of NTUC members to charity organisations nominated by NTUC. Organisations that have benefited from these annual contributions include the NTUC ElderCare Trust and the NTUC Childcare Bright Horizons Trust Fund.

In 2009, we channelled our contribution of SS$250,000 to the NTUC U Care Fund which provides union members' children with

Corporate Social Responsibility

One of several food bazaars organised by OCBC employees to raise funds among our colleagues, for charity.



Mr Lim Boon Heng, Minister from the Prime Minister's Office and Chairman of the Board of Trustees of the Fund receiving our contribution to ensure continuing education for children from NTUC First Campus, despite their parents' financial situations.

financial assistance to continue their education despite their families' financial difficulties. Specifically, our contribution was channelled to the NTUC Scholarship Awards and Education Grant.

In 2006, we committed to support the NTUC First Campus Bright Horizons Fund with a donation of S$450,000 over three years to help raise the literacy level of more than 300 less privileged students from NTUC First Campus. We made an additional contribution of S$250,000 in 2007, bringing our total commitment to S$700,000. In 2009, given the challenging economic environment, we launched the OCBC-Bright Horizons Fund Retrenchment Relief Scheme. Through a contribution of S$200,000 over two years, matched by S$150,000 each year from the Bright Horizons Fund, the scheme ensures that no child from NTUC First Campus has to stop school because of his parent's financial situation. Children of parents who have been retrenched will receive special financial assistance packages that pay for their school fees.

To date, we have contributed a total of S$1.9 million to NTUC and its affiliated organisations.

HELPING IN TIMES OF NATURAL CALAMITIES

As calamities hit different parts of the world, we showed our support for the affected communities by helping to bring relief to the victims and their loved ones.

In April, 20 volunteers, comprising customers and employees of OCBC China's Chengdu Branch, visited the students of Shi He Primary School in Mianzhu county in Sichuan Province on the first anniversary of the Sichuan earthquake.

Officially opened on 22 October 2008, Shi He Primary School was rebuilt with donations amounting to RMB1.16 million (S$246,462) from OCBC China and our employees.

The volunteers distributed cards that were handmade by employees from OCBC Singapore and Malaysia, as well as bags and stationery sets to the 350 students of the school. OCBC China's Chengdu employees also made a commemorative booklet, containing messages of appreciation and encouragement, for the teachers and students.

Together with our subsidiaries, Great Eastern and Bank OCBC NISP, we made a corporate donation of IDR834 million (S$117,594) in aid of relief efforts for the earthquake-hit region of Padang, Indonesia. The funds were used to purchase food, medical supplies and daily essentials for the victims. A portion of the funds were also channelled to Habitat for Humanity to support rebuilding efforts.

Separately, our employees contributed a total of IDR94 million (S$13,254) to the same cause.

Our customers were also able to do their part for the victims of the Padang earthquake as we opened up our banking channels, such as ATMs, internet banking and mobile banking, to facilitate donations. All donations were channelled through the Singapore Red Cross Society.

Corporate Social Responsibility

More than 5,400 cyclists took to the roads at OCBC Cycle Singapore 2009, the first mass participation cycling event successfully held for riders of all ages and on closed roads.

The inclusive nature of cycling and its ability to bring people together are consistent with our value of Teamwork. More than 280 OCBC employees cycled at the inaugural OCBC Cycle Singapore 2009, and many took part in the most popular 40km Challenge category.

ENCOURAGING COMMUNITY BONDING

On 22 February 2009, more than 5,400 cyclists took part in the inaugural OCBC Cycle Singapore 2009, riding on public roads closed for the event. The cyclists started riding from the F1 Pit Building, and passed iconic landmarks of Singapore such as the Esplanade, Singapore Flyer and National Stadium. The event was a big success drawing enthusiastic response from both the general public and international elite cyclists.

12 OCBC Malaysia employees cycled 400 km from Kuala Lumpur to Singapore to participate in the event, and raised over RM40,000 (S$16,474) for two children welfare organisations in Malaysia, namely the National Autism Society of Malaysia and the Home of Peace.

In October 2009, we announced that we will continue to support OCBC Cycle Singapore 2010 as the title sponsor.

Having learnt from 2009's event, coupled with the feedback from participants of OCBC Cycle Singapore 2009, we have worked closely with the organiser of the event, Spectrum Worldwide, to make OCBC Cycle Singapore 2010 bigger and better.

The Mighty Savers™ Tricycle Ride will be introduced to give younger children aged two to five years the chance to participate, making OCBC Cycle Singapore 2010 an event for the entire family.

A 2.5-km ride for cancer survivors and their friends and relatives, called "Cycle of Hope", will also be added to the event. Participants of OCBC Cycle Singapore 2010 can choose to raise funds among their friends and relatives to support the National Cancer Centre Research Foundation ("NCCRF") or our adopted charity partner, the Singapore Children's Society.

Our sponsorship of the event included a partnership with the Singapore Sports Council ("SSC") and the Singapore Amateur Cycling Association ("SACA") to train and develop a pool of talented young cyclists representing Singapore at major international games. The team had achieved good results in 2009, notably coming in first at the Tour of Friendship in Thailand. Three of the cyclists were also selected to participate in the 24th South East Asian Games in Vientiane, Laos in December. One of them won a bronze medal in the 30 km individual time trial.

PARTNERING LIKE-MINDED ORGANISATIONS

We are a pioneering member of Singapore Compact for CSR, and a participant of the United Nations Global Compact ("UN Global Compact").

The Singapore Compact functions as a national society in furthering the CSR movement in Singapore, through ongoing dialogues, training, collaboration and practical project implementation.

We have also signed in support of the 10 principles of the UN Global Compact since 2005, a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Corporate Governance

OCBC Bank is fully committed to integrity and fair dealing in all its activities, and upholds the highest standards of corporate governance. It adopts corporate governance practices in conformity with the Banking (Corporate Governance) Regulations 2005 and corporate governance guidelines issued by the Monetary Authority of Singapore ("MAS"), as well as with the Code of Corporate Governance 2005 (the "Code") adopted by the Singapore Exchange Securities Trading Ltd ("SGX-ST").

BOARD OF DIRECTORS

Board Composition and Independence

OCBC Bank defines the independence of its Directors in accordance with the Banking (Corporate Governance) Regulations 2005 and with the Code. An independent Director is one who is independent from any management and business relationship with the Bank, and independent from any substantial shareholder of the Bank. The Board comprises 12 Directors, of whom, a majority or seven are independent Directors. They are Mr Bobby Chin, Mrs Fang Ai Lian, Mr Giam Chin Toon, Mr Colm McCarthy, Professor Neo Boon Siong, Mr Wong Nang Jang and Mr Patrick Yeoh. In addition, another two Directors are independent from management and business relationships. They are Mr Lee Seng Wee and Dr Lee Tih Shih. Altogether, a significant nine out of the 12 Directors are either independent Directors or independent from management and business relationships. The Chairman, Dr Cheong Choong Kong, although a non-executive Director, is deemed not independent from business relationship because of an agreement made between Dr Cheong and OCBC Management Services Private Limited, a wholly-owned subsidiary of the Bank, under which Dr Cheong is appointed as a consultant and entitled to certain payments and benefits (details of which are provided in the Directors' Report). Mr David Conner and Mr Pramukti Surjaudaja are not independent from management: the former is executive Director and Chief Executive Officer ("CEO") of the Bank while the latter was previously President Director of PT Bank OCBC NISP Tbk, a subsidiary of the Bank. Mr Pramukti Surjaudaja is now President Commissioner (non-executive Director) of PT Bank OCBC NISP Tbk.

The roles of the Chairman and the CEO are separated, which is consistent with the principle of instituting an appropriate balance of power and authority. The Chairman's responsibilities, to name a few, include leading the Board to ensure its effectiveness on all aspects of its role; setting its meeting agenda; ensuring that Directors receive accurate, timely and clear information; ensuring effective communication with shareholders; encouraging constructive relations between the Board and Management; facilitating the effective contribution of non-executive Directors; ensuring constructive relations between the executive Director and non-executive Directors; and, promoting high standards of corporate governance.

The members of the Board as a group provide core competencies to ensure the effectiveness of the Board. The competencies include banking, insurance, accounting, finance, law, strategy formulation, business acumen, management experience, understanding of industry and customer, familiarity with regulatory requirements and knowledge of risk management. Details of the Directors' professional qualifications and background can be found on pages 162 to 165.

As a principle of good corporate governance, all Directors are subject to re-nomination and re-election at regular intervals and at least every three years. The Bank's Articles of Association provide for the retirement of Directors by rotation and all appointments and re-appointments of Directors have to be approved by the MAS. The Directors have multiple board representations, but the Nominating Committee is satisfied that the Directors have been able to devote adequate time and attention to fulfill their duties as Directors of the Bank. Given the size of the Bank, its business complexity and the number of board committees, the Board considered that an appropriate Board size is between 12 and 14 members. The actual Board size currently is 12.

Board Conduct and Responsibilities

The Board is elected by the shareholders to supervise the management of the business and affairs of the Bank. The prime stewardship responsibility of the Board is to ensure the viability of the Bank and to ensure that it is managed in the best interest of the shareholders as a whole while taking into account the interests of other stakeholders. Broadly, the responsibilities of the Board include the following:

- reviewing and approving overall business strategy, as well as organisation structure, developed and recommended by management;
- ensuring that decisions and investments are consistent with long-term strategic goals;
- ensuring that the Bank is operated to preserve its financial integrity and in accordance with policies approved by the Board;
- providing oversight in ensuring that the Bank's risk appetite and activities are consistent with the strategic intent, operating environment, effective internal controls, capital sufficiency and regulatory standards;
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems, disclosure controls and procedures and internal controls; and through the Risk Committee, the quality of the risk management processes and systems;
- reviewing any transaction for the acquisition or disposal of assets that is material to the Bank;
- ensuring that the necessary human resources are in place for the Bank to meet its objectives, as well as appointing and removing management;
- reviewing management performance and ensuring that management formulates policies and processes to promote fair practices and high standards of business conduct by staff;
- setting corporate values and standards, which emphasise integrity, honesty and proper conduct at all times, with respect to internal dealings and external transactions, including situations where there are potential conflicts of interest;
- providing a balanced and understandable assessment of the Bank's performance, position and prospects, and this extends to interim and other price-sensitive public reports, and reports to regulators;
- ensuring that obligations to shareholders and others are understood and met; and
- maintaining records of all meetings of the Board and Board Committees, in particular records of discussion on key deliberations and decisions taken.

The non-executive Directors on the Board constructively challenge and help develop proposals on strategy, and review the performance of management in meeting agreed goals and objectives and monitor the

Corporate Governance

reporting of performance. They meet during the year, without the presence of management, to discuss the effectiveness of management.

In 2009, the Board and its committees held a total of 37 meetings. Prior to each meeting, members are provided with timely and complete information to enable them to fulfill their responsibilities. Information provided includes background information on matters to be addressed by the Board, copies of disclosure documents, monthly internal financial statements, risk management reports, budgets, forecasts, and reports of variances from budgets and forecasts.

The Board and its committees have separate and independent access to the Bank's senior management and to the company secretary. The Directors, in addition, could take independent professional advice from legal firms at the Bank's expense. The role of the company secretary is defined. He attends all board meetings and ensures that board procedures and applicable regulations are complied with. Under the direction of the Chairman, he ensures good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitates orientation of new Directors and professional development of Directors, as required. The appointment and removal of the company secretary is considered to be a matter for the Board as a whole.

Board Training

The Directors receive appropriate structured training. This includes an orientation programme for new Directors where introductory information, briefings by senior executives on their respective areas and relevant external courses are provided to the new Director. The Board as a whole also receives continuing education, for example, briefings on relevant new laws, risk management updates and changes in accounting standards.

Board Performance

The Board has implemented an annual performance evaluation process, carried out by the Nominating Committee, to assess the effectiveness of the Board, Board Committees and each Director's contribution. The purpose of the evaluation process is to increase the overall effectiveness of the Board. An independent consultant facilitates this process.

The Directors participate in the evaluation. Each Director evaluates the performance of the Board and Board Committees and conducts a self-assessment and a peer assessment of the other Directors. The assessments are made against pre-established criteria which are derived from the Board's charter and responsibilities. The results of the evaluation are used constructively by the Nominating Committee to discuss improvements with the Board and to provide developmental feedback to individual Directors. The Chairman acts on the results of the evaluation, and if appropriate, proposes new Directors or seeks the resignation of Directors, in consultation with the Nominating Committee.

BOARD COMMITTEES

The composition of the Bank's Board Committees satisfies the independence requirements of the Banking (Corporate Governance) Regulations 2005, as well as the Code.

Executive Committee

The Executive Committee comprises Dr Cheong Choong Kong (Chairman), Mr David Conner, Mr Lee Seng Wee, Mr Wong Nang Jang and Mr Patrick Yeoh.

The Committee has written terms of reference that describe the responsibilities of its members.

The Executive Committee oversees the management of the business and affairs of the Bank and the Group, within the parameters delegated by the Board. It reviews the Bank's policies, principles, strategies, values, objectives and performance targets. These include investment and divestment policies. It also endorses such other matters and initiates any special reviews and actions as appropriate for the prudent management of the Bank.

Nominating Committee

The Nominating Committee comprises Mr Wong Nang Jang (Chairman), Dr Cheong Choong Kong, Mrs Fang Ai Lian, Mr Giam Chin Toon and Mr Lee Seng Wee. The Committee has written terms of reference that describe the responsibilities of its members.

The Nominating Committee plays a vital role in reinforcing the principles of transparency and meritocracy at the Bank. It plans for board succession and ensures that only the most competent individuals capable of contributing to the success of the organisation are appointed. This includes review of all nominations for the appointment, re-appointment, election or re-election of Directors of the Bank and members of the Executive Committee, Remuneration Committee, Audit Committee and Risk Committee of the Bank. The Nominating Committee is also charged with determining annually whether or not a Director is independent, or whether the Director is capable of carrying out the relevant duties when the Director has multiple board representations. It also reviews nominations for senior management positions in the Bank, including the CEO, Deputy CEO and Chief Financial Officer. The Nominating Committee makes recommendations to the Board on all such appointments.

The Nominating Committee establishes the profile required of Board members, having regard to the competencies and skills required at the Board, and makes recommendations to the Board on appointment of new Directors. When the need for a new Director is identified, the Nominating Committee will prepare a shortlist of candidates with the appropriate profile and qualities for nomination. The Nominating Committee may engage external search consultants to search for the Director. The Board reviews the recommendation of the Nominating Committee and appoints the new Director, subject to the approval of MAS. In accordance with the Bank's Articles of Association, the new Director will hold office until the next AGM, and if eligible, the Director can stand for re-election.

Audit Committee

The Audit Committee comprises Mr Bobby Chin (Chairman), Mr Giam Chin Toon, Mr Colm McCarthy and Professor Neo Boon Siong, all of whom are independent Directors. A majority of the members have accounting or financial management expertise and experience. The Committee has written terms of reference that describe the responsibilities of its members.

The Audit Committee performs the functions specified in the Companies Act, the Code, the SGX-ST Listing Manual, and the MAS' corporate governance guidelines. Details of the duties and

Corporate Governance

responsibilities of the Audit Committee are found in the Directors' Report on page 71 and in the "Audit Function" section of this chapter on pages 34 to 35.

Remuneration Committee

The Remuneration Committee comprises Mr Wong Nang Jang (Chairman), Dr Cheong Choong Kong, Mrs Fang Ai Lian and Dr Lee Tih Shih. All the Committee members are well versed with executive compensation matters, given their extensive experience in senior corporate positions and major appointments. The Committee has written terms of reference that describe the responsibilities of its members.

The Remuneration Committee determines and recommends to the Board the remuneration and fees of non-executive Directors as well as the compensation of executive Directors. It is also empowered to review the human resources management policies and the policies governing the compensation of executive officers of the Bank and its subsidiaries, as well as the remuneration of senior executives. In addition, it administers the various employee share ownership schemes. The Remuneration Committee, if necessary, will seek expert advice from outside the Bank on the remuneration of Directors.

Risk Committee

The Risk Committee, which supports the Board in performing its risk oversight responsibilities, comprises Mr Patrick Yeoh (Chairman), Dr Cheong Choong Kong, Mr David Conner, Mr Colm McCarthy, Professor Neo Boon Siong and Mr Pramukti Surjaudaja. The Committee has written terms of reference that describe the responsibilities of its members.

The Risk Committee reviews the overall risk management philosophy, guidelines and major policies for effective risk management, risk disclosure policy, risk management systems and risk capital allocation methodology. The Committee also reviews the scope, effectiveness and objectivity of Group Risk Management and the risk reports that monitor and control risk exposures.

DIRECTORS' ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS IN 2009

Name of Director	Board			Executive Committee			Audit Committee	
	Scheduled Meeting		Ad hoc Meeting	Scheduled Meeting		Ad hoc Meeting	Scheduled Meeting	
	Held [1]	Attended	Attended	Held [1]	Attended	Attended	Held [1]	Attended
Cheong Choong Kong	8	8	1	6	6	1	–	–
Bobby Chin	8	8	1	–	–	–	6	6
David Conner	8	8	1	6	6	1	–	–
Fang Ai Lian	8	8	1	–	–	–	–	–
Giam Chin Toon [2]	8	8	1	–	–	–	4	4
Lee Seng Wee	8	8	1	6	6	1	–	–
Lee Tih Shih	8	8	1	–	–	–	–	–
Colm McCarthy	8	7	1	–	–	–	6	5
Neo Boon Siong	8	8	–	–	–	–	6	6
Pramukti Surjaudaja	8	6	1	–	–	–	–	–
Wong Nang Jang	8	8	1	6	6	1	–	–
Patrick Yeoh	8	8	1	6	6	1	–	–
Tsao Yuan [3]	3	3	–	–	–	–	2	2
David Wong [4]	3	3	–	–	–	–	2	2

Name of Director	Nominating Committee		Remuneration Committee			Risk Committee	
	Scheduled Meeting		Scheduled Meeting		Ad hoc Meeting	Scheduled Meeting	
	Held [1]	Attended	Held [1]	Attended	Attended	Held [1]	Attended
Cheong Choong Kong	4	4	3	3	4	4	4
Bobby Chin	–	–	–	–	–	–	–
David Conner	–	–	–	–	–	4	4
Fang Ai Lian	4	4	3	3	3	–	–
Giam Chin Toon [2]	4	4	–	–	–	–	–
Lee Seng Wee	4	4	–	–	–	–	–
Lee Tih Shih	–	–	3	3	4	–	–
Colm McCarthy	–	–	–	–	–	4	4
Neo Boon Siong	–	–	–	–	–	4	4
Pramukti Surjaudaja	–	–	–	–	–	4	4
Wong Nang Jang	4	4	3	3	4	–	–
Patrick Yeoh	–	–	–	–	–	4	4
Tsao Yuan [3]	–	–	2	2	2	–	–
David Wong [4]	2	2	–	–	–	–	–

Notes:
(1) Reflects the number of meetings held during the time the Director held office.
(2) Appointed to the Audit Committee on 17 April 2009.
(3) Retired from the Board, and Remuneration and Audit Committees on 17 April 2009.
(4) Retired from the Board, and Nominating and Audit Committees on 17 April 2009.

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The Bank's Articles of Association provide for Directors to participate in Board and Board Committee meetings by means of conference telephone, video conferencing or audio visual equipment.

AUDIT FUNCTION

Audit Committee

The Board approved the terms of reference of the Audit Committee. The Committee may meet at any time but no less than four times a year with the internal auditors and external auditors. It has full access to, and co-operation from management, and has the discretion to invite any Director and executive officer to attend its meetings. It has explicit authority to investigate any matter within its terms of reference.

In addition to the review of the Group Financial Statements, the Audit Committee reviews and evaluates with the external auditors and internal auditors, the adequacy of the system of internal controls including financial, operational and compliance controls; and risk management policies and systems. It reviews the scope and results of the audits, the cost effectiveness of the audits, and the independence and objectivity of the external auditors. When the external auditors provide non-audit services to the Bank, the Committee keeps the nature, extent and costs of such services under review. This is to balance the objectivity of the external auditors against their ability to provide value-for-money services. The Audit Committee also reviews significant financial reporting issues and judgements to ensure the integrity of the financial statements, and announcements relating to financial performance. The Bank has in place a whistle blowing policy and the Audit Committee reviews concerns, including anonymous complaints, which staff may, in confidence, raise about possible improprieties in matters of financial reporting or other matters, and have the concerns independently investigated and followed-up. It meets at least once a year with the external auditors and internal auditors in separate sessions and without the presence of management, to consider any matters which might be raised privately. In addition, the Chairman of the Audit Committee meets the internal auditors on a regular basis to discuss the work undertaken, key findings and any other significant matters arising from the Group's operations. Formal reports are sent to the Audit Committee on a quarterly basis. The Board is updated on these reports. The Audit Committee has received the requisite disclosures from the external auditors evidencing the latter's independence. It is satisfied that the financial, professional and business relationships between the Group and the external auditors are compatible with maintaining the independence of the external auditors.

In respect of the 2009 financial year, the Audit Committee

(a) has reviewed the audited financial statements with management, including discussions of the quality of the accounting principles applied and significant judgements affecting the financial statements;

(b) has discussed with the external auditors the quality of the above principles and judgements;

(c) has discussed among its own members, without the presence of management or the external auditors, the information disclosed in (a) and (b) above; and

(d) believes that the financial statements are fairly presented in conformity with the relevant Singapore Financial Reporting Standards in all material aspects, based on its review and discussions with management and the external auditors.

In October 2008, the Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore. The Guidebook has been distributed to all members of the Audit Committee and the Board. Where appropriate, the Audit Committee will adopt relevant best practices set out in the Guidebook, which will be used as references to assist the Committee in performing its functions.

Internal Audit Function

The Audit Committee approves the terms of reference of internal audit (Group Audit) and reviews the effectiveness of the internal audit function. In line with leading practice, Group Audit's mission statement and charter requires it to provide independent and reasonable, but not absolute, assurance that the Banking Group's system of risk management, control, and governance processes, as designed and implemented by senior management, are adequate and effective. Group Audit reports on the adequacy of the systems of control to the Audit Committee and management, but does not form any part of those systems of control. Group Audit meets or exceeds the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

Group Audit has implemented risk-based audit processes. Audit work is prioritised and scoped according to an assessment of potential exposure to risks. This includes not only financial risks, but operational, technology and strategic risks as well. Group Audit works with Group Risk Management to review risk management processes as a whole.

The work undertaken by Group Audit includes the audit of the Group's system of internal control over its key operations (including overseas branches), review of security and access controls for the Group's key computer systems, review of control processes within and around new products and system enhancements, and review of controls over the monitoring of market, liquidity, and credit risks. Group Audit also actively participates in major new systems developments and special projects, to help evaluate risk exposures and to help ensure that proposed compensating internal controls are adequately evaluated on a timely basis. It also ascertains that the internal controls are adequate to ensure prompt and accurate recording of transactions and proper safeguarding of assets, and that the Bank complies with laws and regulations, adheres to established policies and takes appropriate steps to address control deficiencies.

The Audit Committee is responsible for the adequacy of the internal audit function, its resources and its standing, and ensures that processes are in place for recommendations raised in internal audit reports to be dealt with in a timely manner and outstanding exceptions or recommendations are closely monitored. Group Audit reports functionally to the Audit Committee and administratively to the CEO, and has unfettered access to the Audit Committee, Board and senior management, as well as the right to seek information and explanations. Currently, the number of internal audit staff is 121 in the division (and 189 in the Group). The division is organised into departments that are aligned with the structure of the Bank. The Audit Committee approves the appointment and removal of the Head of Group Audit.

Internal Controls

The Board believes that the system of internal controls, including financial, operational and compliance controls and risk management systems, maintained by the Bank's management and that was in place throughout the financial year and up to and as of the date of

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this report, is adequate to meet the needs of the company in its current business environment.

The system of internal control provides reasonable, but not absolute, assurance that the Bank will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal control could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

REMUNERATION POLICY

Employees' Remuneration

The objective of the Bank's remuneration policy is to attract, motivate, reward and retain quality staff. The Board ensures that the remuneration policies are in line with the strategic objectives and corporate values of the Bank, and do not give rise to conflicts between the objectives of the Bank and the interests of individual Directors and key executives.

The total compensation package for employees comprises basic salary, fixed bonus, variable performance bonus, allowances, deferred share awards and share options for eligible executives, as well as benefits. In determining the composition of the package, the nature of the role performed and market practice are taken into consideration. To ensure that its remuneration package is competitive, the Bank regularly reviews its base salary ranges and benefits package based on market data provided by recognised surveys of comparative groups in the financial sector.

For executives, the Bank adopts a performance-driven approach to compensation, with rewards linked to individual, team and corporate performance. Executives' compensation is reviewed each year based on information from market surveys and advice from reputable management consultants. The compensation for senior executives is reviewed by the Remuneration Committee.

As a consequence of the financial crisis, financial institutions globally have been reviewing compensation practices to reduce incentives that encourage excessive risk taking. The Bank has compensation practices, including the deferred share and share option plans, for executives that align their interests to that of the Bank's shareholders. Nevertheless, it is undertaking a review of its compensation practices to further ensure that decisions made are conducive to sustained business performance.

The remuneration practices for staff in bargainable positions are established through negotiation with the banks unions.

Directors' Remuneration

The Remuneration Committee recommends the remuneration for executive Directors and non-executive Directors of the Bank. The remuneration for non-executive Directors is subject to shareholders' approval at the AGM.

Compensation of Non-Executive Directors

OCBC's remuneration for non-executive Directors will attract capable individuals to its Board, as well as retain and motivate them in their roles as non-executive Directors. It will align their interest to those of shareholders, be competitive in the region and recognise individual contributions.

The Remuneration Committee has considered market practices for non-executive director compensation and on its recommendation, the Board has decided to adopt the following fee structure, which is unchanged from previous year's, to compute the fee for each non-executive Director of the Bank:

- Annual board chairman fee of S$45,000;
- Annual retainer fee of S$45,000;
- Annual committee chairperson fee of S$40,000 for Audit Committee, Risk Committee and Executive Committee, and S$20,000 for Nominating and Remuneration Committees;
- Annual committee member fee of S$20,000 for Audit Committee, Risk Committee and Executive Committee, and S$10,000 for Nominating and Remuneration Committees (committee chairpersons are not awarded these fees); and
- Attendance fee of S$3,000 per Board or Board Committee meeting. These attendance fees are paid to non-executive Directors to recognise their commitment and time spent in attending each meeting.

The previous year, shareholders approved the grant of 4,800 remuneration shares to each non-executive Director who had served a full annual term with the Board. The remuneration shares align the interest of non-executive Directors with the interest of shareholders. At the Remuneration Committee's recommendation, the Board has decided to propose an increase in the grant of new ordinary shares to each non-executive Director who has served a full annual term in 2009 with the Board from 4,800 to 6,000 shares, to reflect the increased corporate governance responsibilities of the Directors. The resolution proposing these share grants will be presented to shareholders at the AGM/EGM on 16 April 2010. The CEO is not eligible to receive the Directors' fees and remuneration shares.

Under the OCBC Share Option Scheme 2001, the Remuneration Committee also has the discretion to grant share options to non-executive Directors in recognition of their contributions.

Compensation of Executive Directors

The compensation plan for the executive Directors is formulated and reviewed by the Remuneration Committee to ensure that it is market competitive and that the rewards are commensurate with their contributions. The compensation package comprises basic salary, benefits-in-kind, performance bonus, incentive bonus, share options, share awards and compensation in the event of early termination where service contracts are applicable. Performance and incentive bonuses relate directly to the financial performance of the Group and the contributions of the individual executive Director. Under the OCBC Share Option Scheme 2001, the guidelines on granting of share options to executive Directors are similar to those for the executives of the Bank.

Remuneration of Directors' Immediate Family

None of the Directors had immediate family members who were employees of the Bank and whose personal annual remuneration exceeded S$150,000.

Remuneration of Top Five Key Executives in 2009

The Code suggests the disclosure of the remuneration of the Bank's top five key executives. The Board considered this matter carefully and has decided against such disclosure for the time being. Given the wage disparities in the industry and the likely competitive pressures resulting from such disclosures, it was felt that the disadvantages of disclosure will outweigh the benefits.

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DIRECTORS' REMUNERATION FOR 2009

Name	Total Remuneration (S$'000)	Salary and Fees [e] (S$'000)	Performance-Based Remuneration: Bonuses (S$'000)	Performance-Based Remuneration: Value of Share Options Granted [a] (S$'000)	Performance-Based Remuneration: Value of Deferred Share/Share Awards Granted (S$'000)	Other Benefits [b] (S$'000)	Value of Remuneration Shares Awarded [c] [e] (S$'000)	Options Granted (No.)	Acquisition Price	Exercise Period
Bobby Chin	186	133	–	–	–	–	53	–	–	–
Fang Ai Lian	178	125	–	–	–	–	53	–	–	–
Giam Chin Toon	180	127	–	–	–	–	53	–	–	–
Lee Seng Wee	191	138	–	–	–	–	53	–	–	–
Lee Tih Shih	159	106	–	–	–	–	53	–	–	–
Colm McCarthy	192	139	–	–	–	–	53	–	–	–
Neo Boon Siong	195	142	–	–	–	–	53	–	–	–
Pramukti Surjaudaja	151	98	–	–	–	–	53	–	–	–
Wong Nang Jang	240	187	–	–	–	–	53	–	–	–
Patrick Yeoh	221	168	–	–	–	–	53	–	–	–
Tsao Yuan [d]	56	56	–	–	–	–	–	–	–	–
David Wong [d]	46	46	–	–	–	–	–	–	–	–
Cheong Choong Kong	3,092	1,281	1,200	502	–	109	–	233,727	S$8.762	16/03/2011 to 14/03/2015
David Conner	6,764	1,240	2,625	–	2,855	44	–	–	–	–

Notes:
[a] Share option was valued using the Binomial valuation model.
[b] Represents non-cash component and comprises club and car benefits and employer's contribution to CPF.
[c] Value of remuneration shares was estimated based on closing price of ordinary shares on 12 March 2010, i.e. S$8.88.
[d] Directors who did not receive any remuneration shares because they did not serve a full annual term as non-executive Directors.
[e] Fees and remuneration shares for non-executive Directors refer to those for 2009 financial year that are subject to approval by shareholders at the AGM on 16 April 2010.

SHARE OPTION SCHEMES

OCBC Executives' Share Option Scheme 1994

The Bank has a share option plan available for executives of the Bank and OCBC Bank (Malaysia) Berhad, viz. OCBC Executives' Share Option Scheme 1994 (the "1994 Scheme"). The objective is to enable officers of the rank of Manager and above as well as executive Directors of the Bank to participate in the equity of the Bank. This 1994 Scheme, which has been replaced by OCBC Share Option Scheme 2001, was terminated on 3 August 2001. However, this will not affect the rights of the holders of outstanding options granted under the 1994 Scheme to acquire shares.

OCBC Share Option Scheme 2001

The OCBC Share Option Scheme 2001 (the "2001 Scheme") was approved in 2001.

The 2001 Scheme seeks to inculcate in all participants a stronger and more lasting sense of identification with the OCBC Group, as well as to incentivise participants to achieve higher standards of performance. Group executives comprising any employee of the OCBC Group holding the rank or equivalent rank of Manager and above and any Group Executive Director selected by the Remuneration Committee, as well as non-executive Directors of the Group, are eligible to participate in the 2001 Scheme.

The cumulative total number of ordinary shares to be issued by the Bank in respect of options granted under the 2001 Scheme cannot exceed 10% of the Bank's total number of issued ordinary shares.

The number of share options to be offered each year is determined by the Remuneration Committee which comprises Directors of the Bank who are duly authorised and appointed by the Board to administer the 2001 Scheme. The Committee takes into account criteria such as the individual's rank, job performance, years of service, potential for future development and his/her contribution to the success and development of the Group.

The acquisition price for each ordinary share in respect of which the option is exercisable shall be determined by the Remuneration Committee to be a price equal to the average of the last dealt price of the shares for the five consecutive trading days immediately prior to the offering date. No options were granted at a discount since the commencement of the 2001 Scheme.

The validity period of the options is subject to prevailing legislation applicable on the date of grant. Based on current legislation, options granted to Group Executives are exercisable up to 10 years, while options granted to non-executive Directors are exercisable up to five years. The options may be exercised after the first anniversary of the date of the grant, in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant of the respective options.

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The Committee has adopted the following vesting schedule:

Vesting Schedule

	Percentage of shares over which an option is exercisable
On or before the first anniversary of the date of grant	Nil
After the first anniversary but on or before the second anniversary of the date of grant	33%
After the second anniversary but on or before the third anniversary of the date of grant	33%
After the third anniversary but before the date of expiry of the exercise period	34%

These options will lapse immediately on the termination of employment and appointment, except in the event of retirement, redundancy, death, or where approved by the Remuneration Committee, in which case the Committee may allow the options to be retained and exercisable within the relevant option periods or such option periods as may be determined by the Remuneration Committee. Shares granted on exercise of options are allocated from treasury shares or from the issue of new ordinary shares by the Bank.

OCBC Deferred Share Plan

The OCBC Deferred Share Plan ("Plan") aims to increase the performance-orientation and retention factor in compensation packages of executives, and foster an ownership culture within the organisation. Group executives holding the rank or equivalent rank of Assistant Manager and above, and any Group Executive Director selected by the Remuneration Committee are eligible to participate in the Plan. In 2009, the participants are executives of the Bank, selected overseas locations and subsidiaries.

The share awards are granted annually to eligible executives, the value of which is presently at least 25% of their total variable performance bonus for the year. The share awards will vest with the executives at the end of three years. Prior to the vesting date, the executives will not be accorded voting rights on the shares. Shares granted are allocated from treasury shares or acquired from the market in accordance with guidelines established under the Plan.

The unvested deferred share grants will be adjusted to take into account dividends declared by the Bank. The additional shares granted in respect of this adjustment are acquired from the market in accordance with guidelines established under the Plan.

The awards will lapse immediately on the termination of employment and appointment, except in the event of retirement, redundancy, death, or where approved by the Remuneration Committee, in which case the Committee may allow the awards to be retained and vested within the relevant vesting periods or such periods as may be determined by the Remuneration Committee.

During the financial year, an aggregate of 5,867,638 ordinary shares were granted to eligible executives of the Group pursuant to the Plan.

OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan ("ESPP") was implemented in 2004 for all employees of the Group, including executive Directors. It was implemented to inculcate in all participants a stronger and more lasting sense of identification with the Group.

The ESPP is a saving-based share ownership plan to help employees own ordinary shares in the Bank through their monthly contributions via deductions from payroll and/or CPF funds. The employees have the option to convert the contributions to ordinary shares after one year or withdraw the contributions. As a further incentive to employees to enrol in the ESPP, the Bank pays interest on the amounts saved at a preferential interest rate.

The duration of offering period is 24 months and the share acquisition price is fixed before the offering period based on average of the last traded prices over five consecutive trading days immediately preceding the price fixing date.

Shares granted on conversions in accordance with the rules of the ESPP are allocated from treasury shares or from the issue of new ordinary shares by the Bank.

The aggregate number of new ordinary shares issued by the Bank pursuant to the 2001 Scheme and the ESPP cannot exceed 5 per cent of the Bank's total number of issued ordinary shares.

COMMUNICATION WITH SHAREHOLDERS

OCBC Bank recognises the importance of communicating regularly and effectively with its shareholders so that they can better understand its operations, strategies and directions. One of the key roles of the Group Corporate Communications and Investor Relations Unit is to keep the market and investors apprised of the Group's corporate developments and financial performance through regular media releases, briefings and meetings with the media, analysts and fund managers. In addition, shareholders and the public can access the Group's media releases, financial results, presentation materials used at briefings and other corporate information on the Bank's website.

Shareholders are given the opportunity to participate actively at OCBC Bank's AGMs and EGMs, where they can ask questions and communicate their views. They are allowed to vote in person or by proxy. The Directors as well as the external auditors are present at these meetings to address any relevant queries raised by shareholders.

RELATED PARTY TRANSACTIONS

OCBC Bank has established policies and procedures on related party transactions. These include definitions of relatedness, limits applied, terms of transactions, and the authorities and procedures for approving and monitoring the transactions. The Audit Committee reviews material related party transactions and keep the Board informed of such transactions, if any. Measures are taken to ensure that terms and conditions of related party lendings are not more favourable than those granted to non-related obligors under similar circumstances. The Bank also complies with the SGX-ST Listing Manual on interested person transactions.

Corporate Governance

ETHICAL STANDARDS

The Bank has adopted the SGX-ST Listing Manual's guidelines on dealings in securities and has a policy against insider trading. Directors and officers are prohibited from dealing in the securities of the Bank during the period commencing two weeks before the announcement of the Bank's financial statements for each of the first three quarters of the financial year, and during the period commencing one month before the announcement of the financial statements for the financial year, and ending on the date of the announcement of the relevant results. The Bank also has a policy on dealings in the listed securities of customers of the Group. Employees with access to price-sensitive information in the course of their duties are instructed to conduct all their personal securities transactions through the Group's stockbroking subsidiary.

Additional Information Required under the SGX Listing Manual

1. INTERESTED PERSON TRANSACTIONS

Interested person transactions carried out during the financial year under review:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2009 S$'000	Aggregate value of all interested person transactions during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) 2009 S$'000
Tenancy agreements with lessor, Wearnes Technology (Private) Limited – lease of premises at Wearnes Tech Building	724	–
Dr Cheong Choong Kong	See below [1]	–

[1] An agreement was made on 12 June 2006 between Dr Cheong Choong Kong ("Dr Cheong"), non-executive Director and Chairman of the Bank, and OCBC Management Services Private Limited, a wholly-owned subsidiary of the Bank. This agreement was renewed on 1 December 2008. Please see "Directors' Contractual Benefits" in the Directors' Report for details of payments made to Dr Cheong during the financial year under review.

2. MATERIAL CONTRACTS

Since the end of the previous financial year, no material contract involving the interest of any Director or controlling shareholder of the Bank has been entered into by the Bank or any of its subsidiary companies, and no such contract subsisted as at 31 December 2009.

Capital Management

(This section forms an integral part of OCBC's audited financial statements)

CAPITAL POLICY

OCBC Group's capital management policy aims to maintain a strong capital position, to support business growth and strategic investments and to maintain investor, depositor, customer and market confidence. In line with this, OCBC aims to maintain a minimum credit rating of "A" and capital adequacy ratios that are comfortably above the regulatory minima, while balancing shareholders' desire for sustainable returns and high standards of prudence.

OCBC actively manages its capital composition to achieve an efficient mix of different capital instruments in order to lower its overall cost of capital. We evaluate and access local and international capital markets for different forms of additional capital if necessary. Over the years, OCBC's capital composition has been adjusted by issuing non-dilutive perpetual preference shares, tax deductible non-dilutive innovative Tier 1 preference shares, Upper Tier 2 subordinated notes and Lower Tier 2 subordinated notes. A description of the key terms and conditions of all capital instruments included within Eligible Total Capital can be found in Notes 13, 16 and 21 of the financial statements.

CAPITAL ADEQUACY RATIOS

OCBC is required to comply with Tier 1 capital adequacy ratio of 6% and total capital adequacy ratio of 10% prescribed by MAS at the Bank and the Group levels. In addition, our banking operations in jurisdictions outside Singapore are subject to local regulations. OCBC and each of its regulated banking entities were in compliance with all prescribed capital ratios throughout the period.

OCBC Group's capital adequacy ratios remain strong. The table below shows the composition of the Group's regulatory capital and capital adequacy ratios as of 31 December 2009, determined according to the requirements as per MAS Notice 637, which defines the regulatory capital and deductions required, including the cost of investment in subsidiaries, goodwill, intangibles and other capital investments. Disclosure on the approaches adopted under MAS Notice 637 for the computation of risk-weighted assets can be found in the Risk Management Chapter.

$ million	**2009**	**2008**
Tier 1 Capital		
Ordinary shares	**5,480**	4,741
Preference shares	**1,896**	1,896
Innovative Tier 1 capital instruments	**2,062**	1,900
Disclosed reserves	**10,096**	9,019
Minority interests	**735**	618
	20,269	18,174
Goodwill/others	**(3,394)**	(3,422)
Deductions from Tier 1 capital	**(913)**	(491)
Eligible Tier 1 Capital	**15,962**	14,261
Tier 2 Capital		
Subordinated term notes/others	**3,300**	2,844
Deductions from Tier 2 capital	**(2,770)**	(2,592)
Eligible Total Capital	**16,492**	14,513
Credit	**81,730**	80,281
Market	**11,404**	9,144
Operational	**6,879**	6,097
Risk Weighted Assets	**100,013**	95,522
Tier 1 capital adequacy ratio	**15.9%**	14.9%
Total capital adequacy ratio	**16.4%**	15.1%

Capital Management

(This section forms an integral part of OCBC's audited financial statements)

Insurance subsidiaries of Great Eastern Holdings ("GEH") are not consolidated for the computation of the above capital adequacy ratios, as per the requirements of MAS Notice 637. Capital investments in these insurance subsidiaries are deducted from OCBC's Tier 1 and Tier 2 capital, and their assets and liabilities are excluded from the computation of OCBC's risk-weighted assets. GEH's insurance subsidiaries are required to comply with the capital ratios prescribed in the Insurance Regulations of the jurisdiction in which they operate. As of 31 December 2009, the capital adequacy ratios for GEH's insurance subsidiaries in Singapore and Malaysia are 235% and 323% respectively. These ratios are well above the minimum regulatory ratios of 120% in Singapore and 130% in Malaysia.

CAPITAL PLANNING AND MONITORING

OCBC Group's capital is closely monitored and actively managed to ensure that there is sufficient capital to support business growth, and to pursue strategic businesses and investment opportunities that will create value for our stakeholders, while taking into consideration the Group's risk appetite. OCBC Group's internal capital adequacy assessment process ("ICAAP") involves a comprehensive assessment of all material risks that the Group is exposed to and an evaluation of the adequacy of the Group's capital in relation to its risks. On an annual basis and as part of ICAAP, a 3-year capital planning is performed to forecast capital demands and assess the Group's capital adequacy over a 3-year period. This process takes into consideration OCBC's business growth strategy, operating environment, desired capital target and composition, as well as expectations of its various stakeholders. In addition, capital stress tests are also conducted to understand the sensitivity of the key assumptions in the capital plan and evaluate how the Group can continue to maintain adequate capital under various stressed economic scenarios.

Within OCBC's banking group, excess capital will be centralised as far as possible in order that the Bank can hold all excess capital at parent level to ensure easy deployment across the Group. Whilst the transferability of funds within the banking group is generally subject to regulations in local jurisdictions, where applicable, OCBC has not faced significant impediments on the flow of capital within the Group.

CAPITAL INITIATIVES

The following key capital initiatives were undertaken during the financial year 2009:

Tier 1 Capital

- Issue of 51.2 million new ordinary shares on 22 October 2009, representing S$359 million in ordinary share capital, to shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the interim dividend for the financial year ending 31 December 2009.
- Issue of 67.3 million new ordinary shares on 17 June 2009, representing S$325 million in ordinary share capital, to shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the final dividend for the financial year ending 31 December 2008.

Tier 2 Capital

- Issue of US$500 million Lower Tier 2 subordinated notes on 18 November 2009.
- Issue of S$712 million Lower Tier 2 subordinated notes on 27 March 2009 under an exchange offer where S$710 million of outstanding Upper Tier 2 subordinated notes were accepted for exchange for the same principal amount and cancelled. The exchange offer increases the Group's Tier 2 capital as currently, only 20% of the outstanding Upper Tier 2 subordinated notes qualify as capital.

DIVIDEND

Our dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on at least a half-yearly basis. For the year ended 31 December 2009, the Board of Directors has recommended a final one-tier tax exempt dividend of 14 cents per share, with a scrip dividend alternative, bringing the total net dividend for 2009 to 28 cents per share, or an estimated total net dividend payout of S$897 million, representing 46% of the Group's core net profit of S$1,962 million (2008: Total net dividend of S$869 million, or 58% of core net profit of S$1,486 million).

SHARE BUYBACK AND TREASURY SHARES

Shares purchased under the share buyback programme are held as treasury shares. These are recorded as a deduction against share capital, and may be subsequently sold, cancelled, distributed as bonus shares, or used to meet delivery obligations under various employee share incentive schemes. There was no share buyback in the financial year ended 31 December 2009.

Risk Management

(This section forms an integral part of OCBC's audited financial statements)

DEVELOPMENTS IN 2009

Progressive efforts over recent years to strengthen risk management practices enabled OCBC Group to weather the financial crisis with sound asset quality and credit losses below industry levels. By taking a proactive and forward-looking approach, we were able to anticipate areas of potential weakness at an early stage and work with customers facing potential difficulties. As a result of these actions, coupled with robust credit processes and prudent risk management approaches, we ended the year with a healthy credit portfolio and a well-controlled nonperforming loan book with low credit losses. Our nonperforming loan ratio of 1.7% and credit losses of 29 basis points were amongst the lowest in the industry.

With the wider economic environment showing signs of stabilising in 2010, OCBC Group remains in a solid position to build our regional franchise and capitalise on expanded business and customer opportunities.

RISK MANAGEMENT IN OCBC GROUP

At OCBC Group, we believe that sound risk management is essential to ensuring success in the provision of financial services. Our philosophy is to ensure risks and returns remain consistent with our established risk appetite. To achieve this, we regularly refine our risk management approaches to enable us to identify, measure, control, re-position, manage, and report risks appropriately.

Key elements of OCBC Group's enterprise-wide risk management strategy are:

- **Risk appetite** – The Board of Directors approves the Group's risk appetite, and risks are managed to remain within the risk appetite. Risk-taking decisions must be consistent with strategic business goals and returns should compensate for the risk taken.
- **Risk frameworks** – The Group's risk management frameworks for all risk types are documented, comprehensive, and consistent.
- **Holistic risk management** – Risks are managed holistically, with a view to understand the potential interactions among risk types.
- **Qualitative and quantitative evaluations** – Risks are evaluated both qualitatively and with appropriate quantitative analyses and robust stress testing. Risk models are regularly reviewed to ensure they are appropriate and effective.

Key to the Group's effective risk management is the "tone-from-the-top," the direction provided by the Board of Directors and senior management that emphasises well-considered risk-taking and proactive risk management. This is reinforced with appropriate risk management staff, ongoing investments in risk systems, the regular review and enhancement of risk management policies and procedures for consistent application, overlaid with a strong internal control environment throughout the Group. Accountability for managing risks is shared among customer-facing and product business units, dedicated functional risk management units, as well as other support units such as Operations and Technology, and Group Audit. Rigorous stress testing and scenario analyses identify possible events or market conditions that could adversely affect the Group. These results are taken into account, as applicable, in the Group's capital adequacy assessment.

The discussion in this risk management chapter covers the risk management practices, policies, and frameworks of OCBC Group, excluding Great Eastern Holdings ("GEH") and Bank OCBC NISP. With the exception of these two entities, other banking subsidiaries are required to implement risk management policies that conform to the Group's standards, with approving authorities and limits as determined by the Head Office. GEH and Bank OCBC NISP are listed on Singapore Exchange and Indonesia Stock Exchange, respectively. As listed companies, GEH and Bank OCBC NISP publish their own annual reports, which contain information on their risk management frameworks and practices (refer to Note 39 in the Group's Financial Statements for information on GEH's risk management). The Group collaborates with GEH and Bank OCBC NISP on aligning their risk management infrastructure through knowledge transfer and training assistance.

RISK GOVERNANCE AND ORGANISATION

The Board of Directors establishes the Group's risk appetite and risk principles. The Board Risk Committee is the principal Board committee that oversees the Group's risk management. It reviews and approves the Group's overall risk management philosophy, risk management frameworks, major risk policies, and risk models. The Board Risk Committee also oversees the establishment and operation of the risk management systems, and their effectiveness. The Group's various risk exposures, risk profiles, risk concentrations, and trends are regularly reported to the Board of Directors and senior management for discussion and appropriate action.

The Board Risk Committee is supported by Group Risk Management Division, which has functional responsibility on a day-to-day basis for providing independent risk control and managing credit, market, operational, liquidity, and other key risks. Within the division, risk officers are dedicated to establishing Group-wide policies, risk measurement and methodology, as well as monitoring the Group's risk profiles and portfolio concentrations. Credit officers are also involved in transaction approvals. Approval limits are based on the relevant experience of the officers and portfolio coverage. Representatives from the division also provide expertise during the design and approval process for new products offered by the Group. This ensures that new or emerging risks from new products are adequately identified, measured, and managed within existing risk systems and processes.

Various risk management committees have been established for active senior management oversight, understanding, and dialogue on policies, profiles, and activities pertaining to the relevant risk types. These include the Credit Risk Management Committee, the Market Risk Management Committee, the Asset and Liability Management Committee, and the Operational Risk Management and Information Security Committee. Both risk-taking and risk control units are represented on these committees, emphasising shared risk management responsibilities. Group Audit conducts regular independent reviews of loan portfolios and business processes to ensure compliance with the Group's risk management frameworks, policies, processes, and methodologies.

BASEL II

The Group has implemented Monetary Authority of Singapore ("MAS") Notice 637 on Risk Based Capital Adequacy Requirements for banks incorporated in Singapore with effect from 1 January 2008. MAS Notice 637 adopts the Basel Committee on Banking Supervision's proposal on "International Convergence of Capital

Risk Management

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Measurement and Capital Standards," commonly referred to as Basel II. This risk-based capital adequacy framework requires banks to enhance their risk management practices and establishes minimum capital requirements to support credit, market, and operational risks. With this new framework, there is a stronger correlation between capital requirements and the level of risks undertaken.

MAS Notice 637 specifies the regulatory guidelines on the approaches, methodologies, and processes that banks in Singapore should adopt under the new risk-based capital adequacy framework. The framework comprises three pillars: Pillar 1 prescribes the minimum capital requirements to support a bank's credit, market, and operational risks; Pillar 2 requires banks to have a holistic internal capital adequacy assessment process and requires supervisors to review the adequacy of the process and the sufficiency of the Bank's capital for all material risks; and Pillar 3 prescribes minimum disclosures on risk profile and capital adequacy to facilitate market discipline.

For Pillar 1, the Group has adopted the foundation internal ratings-based ("F-IRB") approach and supervisory slotting criteria to calculate credit risk-weighted assets for major non-retail portfolios, and the advanced internal ratings-based ("A-IRB") approach for major retail portfolios. Other credit portfolios are on the standardised approach ("SA") and will be progressively migrated to the internal ratings-based approaches. The regulatory capital to be set aside for credit risk-weighted assets depends on various factors, including internal risk grades, product type, counterparty type, and maturity.

For market risk and operational risk, the Group has adopted the standardised approaches. Market risk-weighted assets are marked to market and are risk weighted according to the instrument category, maturity period, credit quality grade, and other factors. Operational risk-weighted assets are derived by applying specified beta factors or percentages to the annual gross income for the prescribed business lines in accordance with regulatory guidelines. Initiatives are in place to move toward Internal Model Approach for market risk and Advanced Measurement Approach for operational risk.

To meet Pillar 2 requirements, the Group has established an Internal Capital Adequacy Assessment Process ("ICAAP"). Capital adequacy assessments and plans, incorporating stress test results, are submitted annually to MAS.

As part of enhanced public disclosures on risk profile and capital adequacy under Pillar 3, the Group has made additional disclosures since 2008. Please refer to the OCBC Group Basel II Pillar 3 Market Disclosure section in the annual report for more information.

CREDIT RISK MANAGEMENT

Credit risk arises from the risk of loss of principal or income on the failure of an obligor or counterparty to meet their contractual obligations. As our primary business is commercial banking, the Group is exposed to credit risks from loans to retail, corporate, and institutional customers. Trading and investment banking activities, such as trading of derivatives, debt securities, foreign exchange, commodities, securities underwriting, and settlement of transactions, also expose the Group to counterparty credit risks.

The Group seeks to take only credit risks that meet our underwriting standards. We seek to ensure that risks are commensurate with potential returns that enhance shareholder value.

Credit Risk Management Oversight and Organisation

The Credit Risk Management Committee ("CRMC") is the senior management committee that supports the CEO and the Board Risk Committee in credit risk management oversight. CRMC reviews the Group's credit risk philosophy, framework, and policies; aligns credit risk management with business strategy and planning; recommends credit approval authority limits; reviews the credit profile of material portfolios; and recommends actions where necessary to ensure that credit risks remain within established risk tolerances.

Within Group Risk Management Division, Credit Risk Management ("CRM") departments have functional responsibility for credit risk management, including formulating and ensuring compliance with Group-wide risk policies, guidelines, and procedures. Other Group Risk departments are responsible for risk portfolio monitoring, risk measurement methodology, risk reporting, risk control systems, and remedial loan management. Group Risk units also conduct regular credit stress tests to assess the credit portfolio's vulnerability to adverse credit risk events.

Regular risk reporting is made to the Board of Directors, Board Risk Committee, and CRMC in a timely, objective, and transparent manner. These reports include various credit risk aspects such as portfolio quality, credit migration, expected losses, and concentration risk exposures by business portfolio and geography. Such reporting allows senior management to identify adverse credit trends, take corrective action promptly, and ensure appropriate risk-adjusted decision making.

Credit Risk Management Approach

Our credit risk management framework includes comprehensive credit risk policies for approval and management of credit risk, as well as methodologies and models to quantify these risks consistently. This is complemented by expert judgement by officers, regular credit reviews, and independent internal audit review. Early problem identification is emphasised. Credit underwriting criteria are regularly updated to reflect prevailing economic conditions in our key markets. In addition, we remain selective in purchasing debt securities. Portfolio reviews and stress tests are conducted regularly to identify any portfolio vulnerabilities.

Lending to Consumers and Small Businesses

For the consumer and small business sectors, credit risks are managed on a portfolio basis. Such products include mortgages, credit cards, auto loans, commercial property loans, and business term loans. Loans are underwritten under product programmes that clearly define the target market, underwriting criteria, terms of lending, maximum exposure, credit origination guidelines, and verification processes to prevent fraud. The portfolios are closely monitored using MIS analytics. Scoring models are used in the credit decision process for some products to enable objective risk evaluations and consistent decisions, cost efficient processing, and behavioural score monitoring of expected portfolio performance.

Risk Management

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Lending to Corporate and Institutional Customers

Loans to corporate and institutional customers are individually underwritten and risk-rated. Credit officers identify and assess the credit risks of large corporate or institutional customers, or customer groups, taking into consideration their financial and business profiles, industry and economic factors, collateral, or other credit support. Credit extensions have to meet pre-defined target market and risk acceptance criteria.

To ensure objectivity in credit extensions, co-grantor approvals – or joint approvals – are required from both the business unit as well as credit controllers from the credit risk function.

Credit Risk from Investment or Trading Activities

In the course of its trading or investment banking activities, the Group is exposed to credit risks from trading, derivative and debt securities activities, as well as counterparty exposure. Counterparty credit risk is the risk of loss from a counterparty defaulting on its contractual obligations to the Group.

The Group has limited exposure to asset-backed securities and collateralised debt obligations. The Group also participates in securitisations, where it may have the role of arranger, underwriter, or investor to support securitisation of customer assets.

Internal Credit Rating Models

Internal credit rating models are an integral part of OCBC Group's credit risk management, decision-making process, and regulatory capital calculations. These internal rating models and the parameters – probability of default ("PD"), loss given default ("LGD"), and exposure at default ("EAD") – are used in limit setting, credit approval, monitoring, reporting, and remedial management.

An internal ratings framework has been established to govern the development and validation of rating models and the application of these models. Approval for the models and annual validation tests rests with CRMC or Board Risk Committee, depending on the materiality of the portfolios. All models are subject to independent validation before implementation to ensure that all aspects of the model development process have been satisfied. The models are developed with active participation by credit experts from risk control and business units. In addition, they are subject to annual review or more frequent monitoring and independent validation to ensure that they are performing as expected, and that the assumptions used in model development remain appropriate. All rating models are also assessed against regulatory requirements to ensure that they are fit to be used for regulatory purposes.

The Group's internal risk grades are not explicitly mapped to external credit agency ratings. Nevertheless, our internal risk grades may correlate to external ratings in terms of the probability of default ranges as factors used to rate obligors would be similar; an obligor rated poorly by an external rating agency is likely to have a weaker internal risk rating.

A-IRB for Major Retail Portfolios

For regulatory capital requirements, the Group has adopted the advanced internal ratings-based ("A-IRB") approach for major retail portfolios, including residential mortgages, credit cards, and auto loans. Internal rating models, developed from internal data, are used to estimate PD, LGD, and EAD parameters for each of these portfolios. Application and behaviour scorecards are used as key inputs for several retail PD models. Product, collateral, and geographical characteristics are major factors used in the LGD and EAD models.

F-IRB for Major Non-Retail Portfolios

The Group's major non-retail portfolios are on the foundation internal ratings-based ("F-IRB") approach for regulatory capital requirements. Under this approach, internal models are used to estimate the PD for each obligor, while LGD and EAD parameters are prescribed by MAS. These PD models are statistically based or expert judgement models that make use of quantitative and qualitative factors to assess an obligor's repayment capacity and are calibrated to expected long-term average one-year default rate over an economic cycle. Expert judgement models are typically used for portfolios where there are a low number of internal default observations. These models are developed with credit experts who have in-depth experience with the specific portfolio being modelled. The models also comply with the regulatory criteria for parameterisation. For major specialised lending portfolios, risk grades derived from internal models are mapped to the five supervisory slotting categories as prescribed in MAS Notice 637. The risk weights prescribed for these slotting categories are used to determine the regulatory capital requirements for such exposures.

IRB Approach for Securitisation Exposures

The credit risk weighted assets for securitisation exposures are computed using the ratings based method for such exposures as prescribed by MAS Notice 637.

Standardised Approach for Other Portfolios

Other credit portfolios, such as small business lending, commercial property loans, and exposures to sovereigns are under the standardised approach. Under this approach, regulatory prescribed risk weights based on asset class and external ratings from approved credit rating agencies, where available, are used to determine the risk weighted assets and regulatory capital. Approved external rating agencies include Standard & Poor's, Moody's, and Fitch.

Credit Risk Control

Credit Risk Mitigation

To mitigate risk on its credit portfolios, the Group accepts collateral as security, subject to the Group's policies that govern the eligibility of collateral used for credit risk mitigation.

The key types of collateral taken by the Group are:

- Cash and marketable securities
- Residential and commercial real estate
- Vessels, aircraft, and automobiles
- Other tangible business assets, such as inventory and equipment.

The value of collateral is prudently assessed on a regular basis. Valuations are performed by independent appraisers approved by the Group. Discounts are applied to the market value of collateral, reflecting the quality, liquidity, volatility, and collateral type. Loan-to-value ratio is a key factor taken into consideration in the credit granting decision.

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OCBC Group also accepts guarantees from individuals, corporates, and institutions to mitigate credit risk, subject to internal guidelines on eligibility.

Managing Credit Risk Concentrations

Concentration limits

Credit risk concentrations exist in lending to single customer groups, borrowers engaged in similar activities, or diverse groups of borrowers that could be affected by similar economic or other factors. To manage these concentrations, exposure limits are established for single borrowing groups, industry segments, countries, and cross-border transfer risks. Limits are aligned with the Group's business strategy and resources, and take into account the credit quality of the borrower, available collateral, regulatory requirements, and country risk ratings. Limits are typically set taking into account a variety of factors such as impact on earnings and capital as well as regulatory constraints.

While we are steadily diversifying our exposure, the bulk of credit risk concentrations continue to be in our traditional home markets of Singapore and Malaysia, where we have exposures to many sectors of the economy. In terms of industries, we have a significant exposure to the real estate market in Singapore. This is supported by dedicated specialist teams in origination as well as credit risk management. Particular attention is paid to borrower and collateral quality, project feasibility, and emerging market conditions. Regular stress tests are performed on the portfolio. The Bank is in compliance with Section 35 of the Banking Act, which limits its exposure to real estate in Singapore to not more than 35% of its total eligible loan assets.

Counterparty limits

Credit limits are also established to manage trading counterparty and issuer risks. Derivative contracts are transacted under master agreements, such as those from International Swaps and Derivatives Association ("ISDA"), which allow for close out netting in the event of a default by a counterparty. The Group also establishes settlement and pre-settlement limits for all counterparties arising from the clearing or settlement of any trading or payment clearing activities.

For derivative contracts, the total credit exposure of the contract is the mark-to-market value plus the estimate of the potential credit exposure over the remaining term of the contract. The Group calculates such exposures and uses statistical modelling tools to estimate the potential worst-case scenario.

To mitigate counterparty risk, financial collateral may be taken to partially or fully cover mark-to-market exposures on outstanding positions. A discount is normally applied on the collateral to cover potential adverse market volatility and currency risk. The collateral agreement typically includes a minimum threshold amount where additional collateral is to be posted by either party if the mark-to-market exposures exceed the agreed threshold amount.

Some netting and collateral agreements may contain rating triggers, although the thresholds in the majority of our agreements are identical in the event of a one-notch rating downgrade. Given the Group's investment grade rating, there is minimal increase in collateral required to be provided to our counterparties if there is a one-notch downgrade of our credit rating.

Remedial Management

Loans are categorised as "Pass" or "Special Mention,"while non-performing loans ("NPLs") are categorised as "Substandard," "Doubtful," or "Loss" in accordance with MAS Notice 612. In addition, internal loan policies are in place to promote early problem recognition.

Loans are restructured when borrowers face financial difficulties in meeting the original contractual terms of the credit facility, and where the borrowers have viable longer-term business prospects. During loan restructuring, credit facility conditions are modified upon mutual agreement between the Group and the borrower.

OCBC Group has established specialist and centralised units to manage problem exposures to ensure timely NPL reduction and maximise loan recoveries. Timely and risk-based approaches are deployed to optimise collection and asset recovery returns, including monitoring set indicators like delinquency buckets, adverse status, and behavioural score trigger points for consumer NPLs. The Group uses a suite of collection information systems to constantly fine-tune and optimise its objectives of recovery, effectiveness, and improving returns.

Impairment Allowances for Loans

The Group maintains allowances for loans that are sufficient to absorb credit losses inherent in its loan portfolio. Total loan loss reserves comprise specific allowances against each NPL and a portfolio allowance for all loans on books to cover any losses that are not yet evident. The Group's policy for loan allowances is guided by Financial Reporting Standard 39 ("FRS 39"), as modified by MAS Notice 612.

Specific allowance is established when the present value of future recoverable cash flows of the impaired loan is lower than the carrying value of the loan. Assessment for impairment is conducted on a loan-by-loan basis. The exceptions are homogenous loans (such as housing loans, consumer loans, and credit card receivables) below a certain materiality threshold, where such loans may be pooled together according to their risk characteristics and collectively assessed according to the degree of impairment, taking into account the historical loss experience on such loans.

Portfolio allowances are set aside based on management's credit experiences and judgement for estimated inherent losses that may exist but have not been identified to any specific financial asset. Credit experiences are based on historical loss rates that take into account geographic and industry factors. A minimum 1% portfolio allowance is set aside under the transitional arrangement in MAS Notice 612.

Write-Offs

Loans are written off against impairment allowances when recovery action has been instituted and the loss can be reasonably determined.

Ceasing of Interest Accrual on Loans

When a loan is classified "Substandard," "Doubtful," or "Loss," interest income ceases to be recognised in the income statement on an accrual basis. However, this non-accrual of interest does not preclude the Group's entitlement to the interest income as it merely reflects the uncertainty in the collectability of such interest income.

Risk Management

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Collateral Held Against NPLs

The major type of collateral for the Group's NPLs is real estate in Singapore. The realisable value of the real estate collateral is used to determine the adequacy of the collateral coverage. Proceeds from the sale of collateral pledged for a particular loan cannot be applied to other classified loans unless the accounts are related and cross collateralisation of the facilities is provided for contractually.

MARKET RISK MANAGEMENT

Market risk is the risk of loss of income or market value due to fluctuations in market factors such as interest rates, foreign exchange rates, equity and commodity prices, or changes in volatility or correlations of such factors. OCBC Group is exposed to market risks from its trading and client servicing activities.

OCBC Group's market risk management strategy and market risk limits are established within the Group's risk appetite and business strategies, taking into account the macroeconomic and market conditions. Market risk limits are subject to regular review.

Market Risk Management Oversight and Organisation

The Market Risk Management Committee ("MRMC") is the senior management committee that supports the Board Risk Committee and the CEO in market risk oversight. MRMC establishes market risk management objectives, framework, and policies governing prudent market risk taking, which are backed by risk methodologies, measurement systems, and internal controls.

MRMC is supported at the working level by the Market Risk Management Department ("MRMD") of Group Risk Management Division. MRMD is the independent risk control unit responsible for operationalising the market risk management framework to support business growth while ensuring adequate risk control and oversight.

Market Risk Management Approach

Market risk management is a shared responsibility. Business units are responsible for undertaking proactive risk management along with their pursued trading strategies, while the Market Risk Management Department ("MRMD") acts as the independent monitoring unit that ensures sound governance practices. Key risk management activities of identification, measurement, monitoring, control, and reporting are regularly reviewed to ensure they are commensurate with the Group's market risk taking activities.

Market Risk Identification

Risk identification is addressed via the Group's new product approval process at product inception. Market risks are also identified by our risk managers who proactively interact with the business units on an ongoing basis.

Market Risk Measurement

Value-At-Risk

Value-at-risk ("VaR") is a key market risk measure for the Group's trading activities. The Board Risk Committee agrees on an aggregate market risk appetite based on VaR. VaR is measured and monitored by individual market risk components, namely interest rate risk, foreign exchange risk, equity risk, volatility risk, and credit spread risk, as well as at the aggregate level. The Group VaR is based on a historical simulation approach and is applied against a one-day holding period at a 99% confidence level. As VaR is a statistical measure based on historical market fluctuations, it might not accurately predict forward-looking market conditions all the time. As such, losses on a single trading day may exceed VaR, on average, once every 100 days.

Other Risk Measures

As the Group's main market risk is interest rate fluctuations, Present Value of a Basis Point ("PV01"), which measures the change in value of interest rate sensitive exposures resulting from one basis point increase across the entire yield curve, is an additional measure monitored on a daily basis. Other than VaR and PV01, the Group also utilises notional amounts and derivative greeks for specific exposure types, where appropriate, to supplement its risk measurements.

Stress Testing and Scenario Analyses

The Group also performs stress testing and scenario analyses to better quantify and assess potential losses arising from low probability but plausible extreme market conditions. The stress scenarios are regularly reviewed and fine-tuned to ensure that they remain relevant to the Group's trading activities, risk profile, and prevailing economic conditions. These analyses determine if potential losses from such extreme market conditions are within the Group's risk tolerance and capital level.

The table below provides a summary of the Group's trading VaR profile by risk types for 2009.

VaR by Risk Type – Trading Portfolio

	2009				2008			
SGD Millions	Year End	Ave	Min	Max	Year End	Ave	Min	Max
Interest Rate VaR	**6.60**	**9.66**	**5.70**	**13.53**	9.36	9.63	6.13	14.67
Foreign Exchange VaR	**4.72**	**7.55**	**2.82**	**13.00**	4.35	7.43	2.54	15.11
Equity VaR	**1.34**	**1.05**	**0.22**	**7.91**	0.49	1.60	0.07	3.34
Volatility VaR [1]	**0.87**	**1.75**	**0.67**	**3.59**	3.14	2.86	1.18	12.94
Credit Spread VaR	**0.73**	**2.44**	**0.73**	**4.80**	3.69	2.65	0.25	6.24
Diversification Effect [2]	**-7.89**	**-10.37**	**NM [3]**	**NM [3]**	-6.67	-9.93	NM [3]	NM [3]
Aggregate VaR	**6.37**	**12.08**	**6.37**	**20.92**	14.37	14.25	9.59	21.58

(1) Volatility VaR includes VaR related to option's volatility arising from Interest Rate, Foreign Exchange and Equity asset classes.
(2) Diversification effect is computed as the difference between Aggregate VaR and sum of asset class VaRs.
(3) Not meaningful as the minimum and maximum VaR may have occurred on different days for different asset classes.

Risk Monitoring and Control

Limits

Only authorised trading activities may be undertaken by the various business units within the allocated limits. All trading risk positions are monitored on a daily basis against these limits by independent support units. Limits are approved for various business activity levels, with clearly defined exception escalation procedures. All exceptions are promptly reported to senior management for appropriate rectification. The imposition of limits on the multiple risks (VaR and risk sensitivities), profit/loss, and other measures allow for more holistic analysis and management of market risk exposures.

Risk Management

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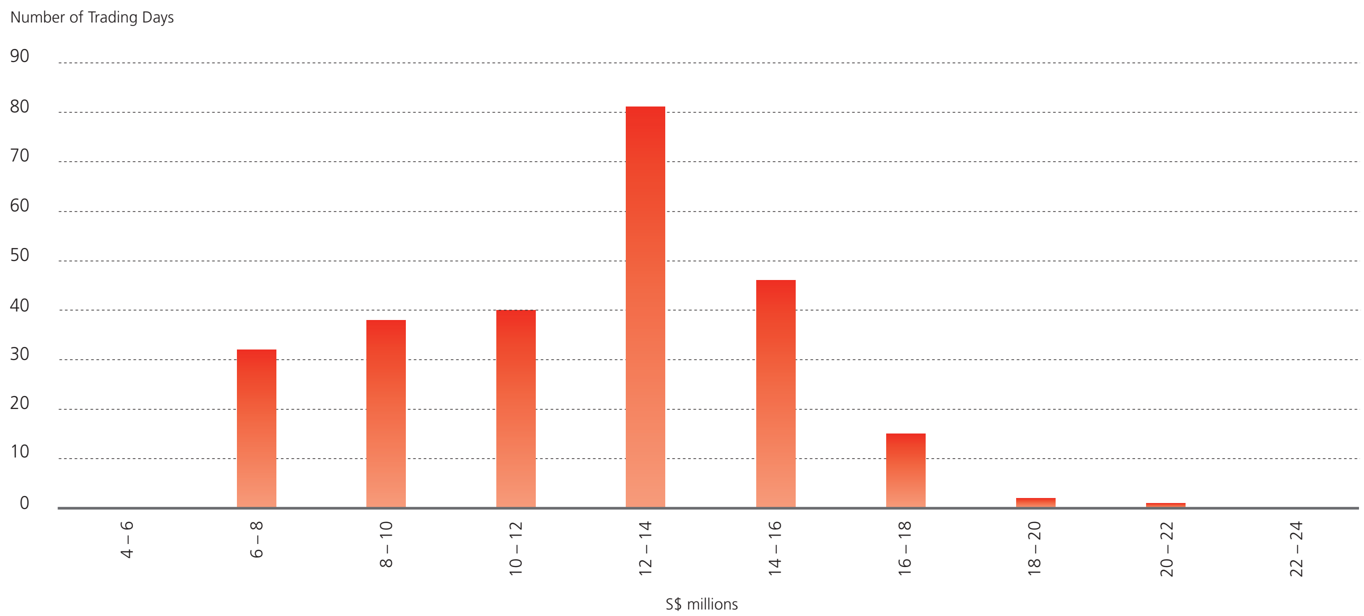
Model and Valuation Control

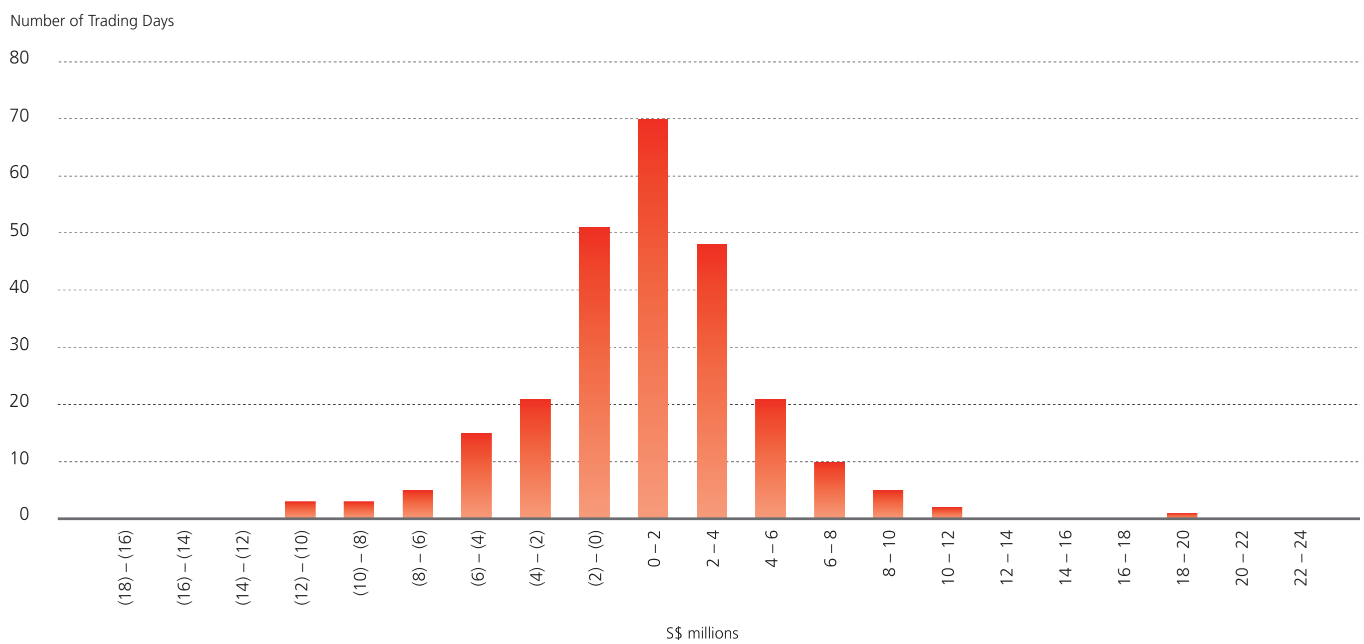
Model and valuation control is also an integral part of the Group's risk control process. Valuation and risk models are deployed in the Group for pricing of financial instruments and VaR calculation, respectively. The Group ensures the models used are fit for their intended purpose, through verifying the parameters, assumptions, and robustness associated with each model before it is commissioned for use.

Valuation reserves and other operational controls are also imposed to strengthen overall general and model risk management. To ensure the continued integrity of the VaR model, the Group conducts back-testing to confirm the consistency of actual daily trading profits and losses ("P&L"), as well as theoretical P&L against the model's statistical assumptions.

Frequency Distribution of Group Trading Book Daily Aggregate VaR (One Day Holding Period) for FY 2009



Frequency Distribution of Group Trading Book Daily Revenue for FY 2009



Risk Management

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ASSET LIABILITY MANAGEMENT

Asset liability management is the strategic management of the balance sheet structure and liquidity needs, covering structural interest rate management, structural foreign exchange management, and funding liquidity risk management.

Asset Liability Management Oversight and Organisation

The Asset Liability Management Committee ("ALCO") is the senior management committee that oversees the Group's liquidity and balance sheet risks. ALCO is supported by the Asset Liability Management Department within Group Risk Management Division.

Asset Liability Management Approach

The Asset Liability Management framework comprises structural interest rate risk management, structural foreign exchange risk management, and liquidity management.

Structural Interest Rate Risk

The primary goal of interest rate risk management is to ensure that interest rate risk exposures are maintained within defined risk tolerances.

Interest rate risk is the risk to earnings and capital arising from exposure to adverse movements in interest rates. The material sources of interest rate risk are repricing risk, yield curve risk, basis risk and optionality risk. A range of techniques are employed to measure these risks from an earnings and economic value perspective. One method involves the simulation of the impact of a variety of interest rate scenarios on the net interest income as well as the economic value of the Group's equity. Other measures include interest rate sensitivity measures such as PV01 as well as repricing gap profile analysis.

Limits and policies to manage interest rate exposures are established in line with the Group's strategy and risk appetite, appropriately approved, and reviewed regularly to ensure they remain relevant to the external environment. Control systems are established to monitor the profile against the approved risk thresholds.

Structural Foreign Exchange Risk

Structural foreign exchange exposure arises primarily from net investment in overseas branches, subsidiaries, strategic equity investments, as well as property assets. The objective is to protect the capital and financial soundness by identifying, measuring, and managing the potential adverse impact of structural foreign exchange risk exposures. OCBC actively manages this risk through derivative hedges and funding investments in foreign currencies, in order to minimise potential adverse impact.

Liquidity Risk

The objective of liquidity risk management is to ensure that there are sufficient funds to meet contractual and regulatory financial obligations as well as to undertake new transactions.

Our liquidity management process involves establishing liquidity management policies and limits, regular monitoring against liquidity risk limits, regular stress testing, and establishing contingency funding plans. These processes are subject to regular reviews to ensure that they remain relevant in the context of prevailing market conditions.

Liquidity monitoring is performed daily within a framework for projecting cash flows on a contractual and behavioural basis. Simulations of liquidity exposures under stressed market scenarios are also performed and the results are taken into account in the risk management processes. Structural liquidity indicators such as liquidity and deposit concentration ratios are also employed to maintain an optimal funding mix and asset composition. A funding strategy is also in place to provide effective diversification and stability in funding sources. These processes are also subjected to regular reviews to ensure adequacy and appropriateness.

OPERATIONAL RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and management, or from external events. Operational risk includes legal risk and reputation risk.

The Group's operational risk management aims to minimise unexpected and catastrophic losses and to manage expected losses. This enables new business opportunities to be pursued in a risk-conscious and controlled manner.

Operational Risk Management Oversight and Organisation

The Operational Risk Management and Information Security Committee ("ORISC") is the senior management committee that establishes the Group's operational risk management and information security frameworks and policies, and ensures that sound methodologies, risk measurements, and systems are implemented. ORISC also oversees the management of the Group's technology risk, fiduciary risk, and information security risk.

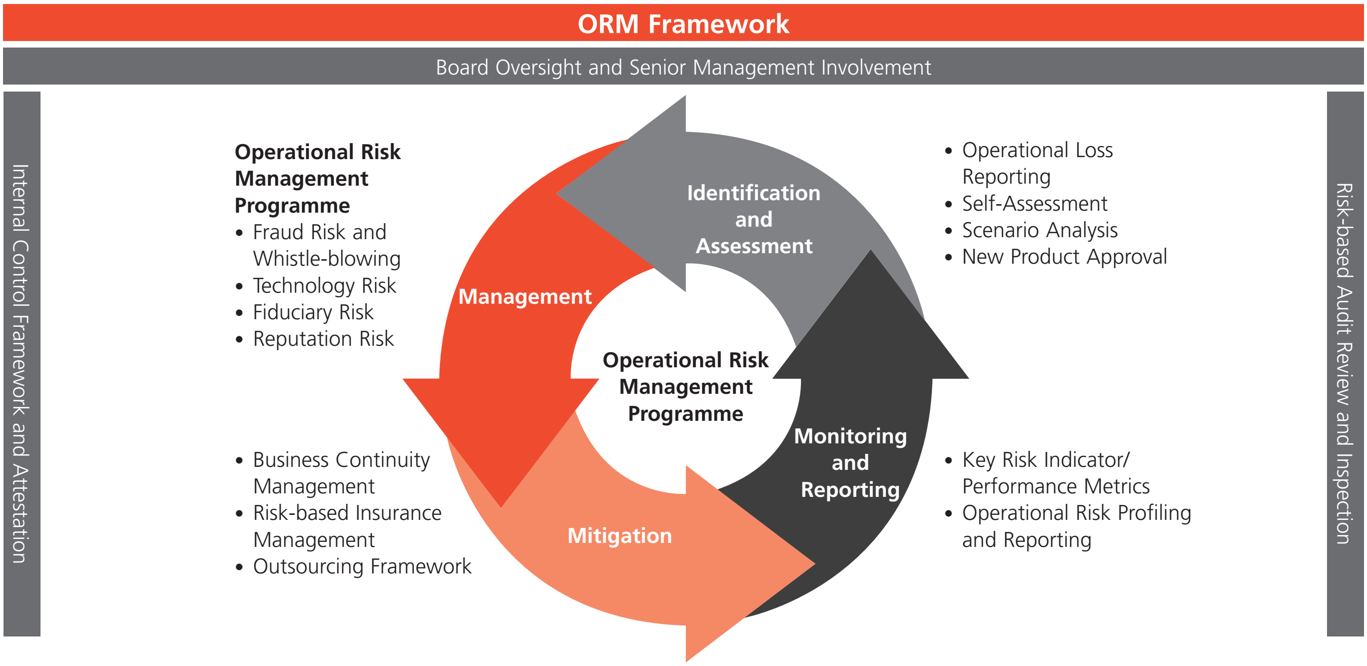
The Operational Risk Management ("ORM") Department of Group Risk Management Division has established the ORM framework, including policies and methodologies. The ORM department also provides independent oversight of operational risk monitoring and control. The ORM programmes are actively implemented through the respective operational risk co-ordinators or managers in the business units.

Operational Risk Management Approach

The Group manages operational risks through a framework that ensures operational risks are properly identified, managed, monitored, mitigated, and reported in a structured and consistent manner. The framework is underpinned by an internal control system that reinforces the Group's control culture by establishing clear roles and responsibilities for staff and preserving their rights in executing their control functions without fear of intimidation. The Group recognises the importance of establishing a risk-awareness culture in the managing of operational risk through embedding risk management in the Group's core processes. In 2009, the Group implemented an Enterprise Operational Risk Management System that provided the Group with a global, web-based integrated operational risk management system that brings together qualitative and quantitative tools.

Risk Management

(This section forms an integral part of OCBC's audited financial statements)



Each business unit undertakes regular self-assessments of the risk and control environment to identify, assess, and measure its operational risks, which include regulatory and legal risks. Self-assessments utilise risk metrics to detect early warning signals. Risk metrics are monitored to measure effectiveness of internal controls and drive appropriate management actions before risks materialise into material losses.

Senior management also regularly attest to the CEO and Board of Directors on the effectiveness of the internal control system, as well as report key control deficiencies and appropriate remedial plans. Operational risk losses and incidents are used as information for reporting and for providing risk profiling information to the Board and senior management.

For information security, the Group protects and ensures the confidentiality, integrity, and availability of its information assets through implementing appropriate security controls to protect against the misuse or compromise of information assets. New and appropriate security technologies are regularly identified and implemented as part of the Group's technology risk management strategy to mitigate any possible threats to the Group's information technology environment.

To mitigate the impact of unforeseen operational risk events, the Group has business continuity management and crisis management programmes to ensure the uninterrupted availability of all business resources to support essential business activities. In the past year, the Group's overall business continuity operational readiness was further strengthened by enhancing our disaster technology infrastructure through online data replication with continual availability of backup systems, as well as reinforcing the inherent resilience of its critical business functions through in-country permanent split operations, cross-border backup and alternate business work sites.

The Group also monitors the health and security environment of the locations of the Group's key operations to assess possible threats that may adversely affect the Group and its employees. During 2009, the Group successfully activated its Business Continuity Management-Flu Pandemic Plan to effectively mitigate concentration risk in a robust and comprehensive manner. The Group also has insurance programmes, primarily to mitigate the risk of catastrophic events.

The Group's Fraud Risk Management ("FRM") and whistle-blowing programmes help prevent and detect fraud or misconduct, as well as enable rapid and co-ordinated incident responses, including establishing the cause, remedial actions, and damage control procedures. In 2009, the Group further strengthened its Fraud Risk Management infrastructure with the implementation of several new initiatives, including an Application Fraud Detection System, which has enabled us to avoid losses in the consumer lending operations.

Reputation Risk Management

Reputation risk exposure is the current and future adverse impact on earnings and capital arising from negative public opinion or adverse regulatory actions, which would unfavourably affect new and existing relationships. The Group's Reputation Risk Management Programme focuses on understanding and managing our responsibilities toward our different stakeholders, and protecting our reputation. A key emphasis of the Programme is effective information sharing and engagement with stakeholders.

Fiduciary Risk Management

Fiduciary risk is the possibility that the Group may, in the course of managing funds or providing other services, exercise discretion, make decisions, or take actions that fail to satisfy the applicable standard of conduct appropriate for a trust relationship. The Group has a Fiduciary Risk Management Programme that focuses on compliance with applicable corporate standards with regular identification, assessment, mitigation, and monitoring of fiduciary risk exposures.

Regulatory and Legal Risks

Each business unit is responsible for the adequacy and effectiveness of controls in managing both regulatory and legal risks. An annual Regulatory Compliance Certification is provided by senior management to the CEO and Board of Directors on the state of regulatory compliance.

Basel II Pillar 3 Market Disclosure

(OCBC Group – For the financial year ended 31 December 2009)

The purpose of this disclosure is to provide the information in accordance with Pillar 3 directives under MAS Notice 637. This supplements the disclosure in the Risk Management and Capital Management Chapters as well as related information in the Notes to the Financial Statements and Management Discussion and Analysis.

During the year, no new material portfolios were migrated to internal ratings-based ("IRB") approach. However, approval was obtained for the Singapore small and medium enterprise ("SME") portfolio to migrate to IRB approach with effect from 1 January 2010.

The overall quality of the Group's credit portfolio remained stable in the challenging economic environment that prevailed in 2009. With the broad outlook for a strengthening global economy, we expect the risk profiles to improve, allowing us to grow our business in specified target markets.

Average risk weights of exposures on the advanced internal ratings-based ("A-IRB") approach were broadly maintained, reflecting the resilience of the consumer portfolio. This was underpinned by proactive management measures, including the application of more stringent underwriting criteria, a focus on high quality secured assets and maintaining prudent loan-to-value ratios for the mortgage book.

Risk weighted assets for corporate and bank exposures on the foundation internal ratings-based ("F-IRB") approach were higher compared to end 2008, attributed to the strategic reshaping of the portfolio mix as well as to ratings migration reflecting stress from the economic recession. The portfolios continued to remain healthy as reflected in the manageable nonperforming loan ratio.

Risk weighted assets for operational risk were higher compared to end 2008, attributed to the increase in the Group's gross income as well as a change in the gross income distribution mix.

Risk weighted assets for market risk increased compared to end 2008, mainly due to increased trading activities in government bonds, interest rate derivatives and foreign exchange positions.

Exposures and Risk Weighted Assets ("RWA") by Portfolio

	EAD S$ million	RWA S$ million
Credit Risk		
Standardised Approach		
Corporate	4,679	4,591
Sovereign and Bank	26,075	95
Retail and Residential Mortgage	6,833	5,206
Equity and PE/VC	1,197	1,215
Others	4,291	3,748
Total Standardised	43,075	14,855
Internal Ratings-Based ("IRB") Approach		
Foundation IRB		
Corporate	42,441	36,678
Bank	22,705	6,126
Advanced IRB		
Residential Mortgage	25,306	4,430
Qualifying Revolving Retail	3,181	1,346
Other Retail	1,532	266
Specialised Lending	15,154	17,820
Securitisation	340	209
Total IRB	110,659	66,875
Total Credit Risk	153,734	81,730
Market Risk		
Standardised Approach		11,404
Operational Risk		
Standardised Approach		6,373
Basic Indicator Approach		506
Total Operational Risk		6,879
Total RWA		**100,013**

Capital Adequacy Ratio ("CAR") for Significant Banking Subsidiaries

Subsidiary	Tier 1 CAR	Total CAR
Singapore Island Bank Limited (formerly known as Bank of Singapore Limited)	41.2%	41.2%
OCBC Bank (Malaysia) Berhad	12.3%	15.3%
OCBC Al-Amin Bank Berhad	7.7%	13.1%
OCBC Bank (China) Limited	36.8%	36.8%
P.T. Bank OCBC NISP Tbk	15.3%	18.0%
P.T. Bank OCBC Indonesia	32.9%	46.0%

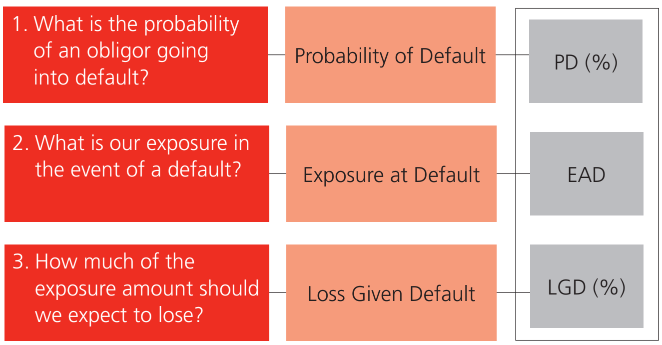
Note: The capital adequacy ratio of Singapore Island Bank Limited is computed based on the standardised approach under the Basel II framework. Capital adequacy ratio computations at the overseas banking subsidiaries are currently based on Basel I requirements.

Basel II Pillar 3 Market Disclosure

(OCBC Group – For the financial year ended 31 December 2009)

CREDIT RISK

With Basel II implementation, OCBC Group has adopted the internal ratings – based ("IRB") approach for major credit portfolios, where 3 key parameters – Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD") are used to quantify credit risk.



Credit Exposures under Standardised Approach

Credit exposures under standardised approach are mainly exposures to sovereign, debt securities, commercial property loans and lending to small businesses. Rated exposures relate mainly to debt securities and sovereign portfolios while unrated exposures relate mainly to small businesses and other assets.

Risk Weight	EAD S$ million
0%	26,349
20% – 35%	484
50% – 75%	6,273
100%	8,588
>100%	184
Total	**41,878**
Rated exposures	26,763
Unrated exposures	15,115

Note: Excludes Equity and PE/VC.

Equity and PE/VC Exposures under Standardised Approach

Equities and private equity venture capital ("PE/VC") investments for regulatory capital computation were taken at cost and risk weighted and/or deducted from capital in accordance with MAS Notice 637 under the standardised approach. Equity exposure of S$33 million has been deducted from regulatory capital.

Risk Weight	EAD S$ million
100%	1,179
200%	18
Total	**1,197**

Specialised Lending Exposures under Supervisory Slotting Criteria

Specialised lending exposures include financing of income-producing real estate as well as project, object and commodity finance.

	EAD S$ million	Average Risk Weight
Strong	3,763	58%
Good	914	82%
Satisfactory	8,713	122%
Weak	1,613	265%
Default	151	NA
Total	**15,154**	**118%**

Credit Exposures under Foundation Internal Ratings-Based Approach ("F-IRBA")

Corporate exposures are mainly exposures to corporate and institutional customers as well as major non-bank financial institutions. Bank exposures are exposures to banks and eligible public sector entities.

Corporate Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	4,748	14%
> 0.05 to 0.5%	9,220	45%
> 0.5 to 2.5%	15,936	85%
> 2.5 to 9%	8,147	141%
> 9%	3,690	188%
Default	700	NA
Total	**42,441**	**86%**

Bank Exposures

PD Range	EAD S$ million	Average Risk Weight
up to 0.05%	11,601	9%
> 0.05 to 0.5%	8,014	25%
> 0.5 to 2.5%	2,602	91%
> 2.5 to 9%	408	130%
> 9%	79	192%
Default	#	NA
Total	**22,705**	**27%**

"#" represents amounts less than S$0.5 million.

Basel II Pillar 3 Market Disclosure

(OCBC Group – For the financial year ended 31 December 2009)

Credit Exposures under Advanced Internal Ratings-Based Approach ("A-IRBA")

Residential Mortgages are loans to individuals secured by residential properties. Qualifying Revolving Retail exposures are revolving unsecured loans to individuals e.g. credit cards. Other Retail exposures are mainly auto loans in Singapore.

Residential Mortgages

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**S$ million**	**S$ million**	**LGD**	**Risk Weight**
up to 0.5%	13,177	1,862	11%	5%
> 0.5 to 3%	8,194	905	12%	18%
> 3 to 10%	3,125	254	17%	58%
> 10%	555	7	11%	62%
100%	255	–	16%	49%
Total	**25,306**	**3,028**	**12%**	**18%**

Qualifying Revolving Retail Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**S$ million**	**S$ million**	**LGD**	**Risk Weight**
up to 0.5%	1,743	1,347	89%	9%
> 0.5 to 3%	877	484	87%	45%
> 3 to 10%	404	122	90%	120%
> 10%	130	31	91%	237%
100%	27	–	85%	0%
Total	**3,181**	**1,984**	**89%**	**42%**

Other Retail Exposures

	EAD	Undrawn Commitment	EAD Weighted Average	
PD Range	**S$ million**	**S$ million**	**LGD**	**Risk Weight**
up to 0.5%	1,073	#	27%	10%
> 0.5 to 3%	377	1	27%	30%
> 3 to 10%	48	#	28%	44%
> 10%	32	#	28%	66%
100%	2	–	28%	1%
Total	**1,532**	**1**	**27%**	**17%**

"#" represents amounts less than S$0.5 million.

Actual Loss and Expected Loss for Exposures under Foundation and Advanced IRB Approaches

Actual loss refers to impairment loss allowance and direct write-off to the income statement during the year. Expected loss ("EL") represents model derived and/or regulatory prescribed estimates of future loss on potential defaults over a one-year time horizon. Comparison of the two measures has limitations because they are calculated using different methods. EL computations incorporate LGD and EAD estimates that reflect downturn economic conditions and regulatory minimums, while PD are long run through-the-cycle estimates. Actual loss is based on accounting standards and represents the point-in-time impairment experience for the financial year.

	Actual Loss as at 31 December 2009 S$ million	Regulatory Expected Loss (Non-defaulted) as at 31 December 2008 S$ million
Corporate	178	421
Bank	#	11
Retail	44	123
Total	**222**	**555**

"#" represents amounts less than S$0.5 million.

Exposures Covered by Credit Risk Mitigation

Standardised Approach

	Eligible Financial Collateral S$ million
Corporate	156
Sovereign and Bank	6
Retail and Residential Mortgage	219
Others	67
Total	**448**

Foundation IRB Approach

	Eligible Financial Collateral S$ million	Other Eligible IRB Collateral S$ million
Corporate	1,744	5,790
Bank	361	–
Total	**2,105**	**5,790**

Note:
1. Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.
2. Does not include collateral for exposures under Advanced IRB Approach and Specialised Lending.

Basel II Pillar 3 Market Disclosure

(OCBC Group – For the financial year ended 31 December 2009)

Counterparty Credit Risk Exposures

	S$ million
Replacement Cost	3,959
Potential Future Exposure	2,243
Less: Effects of Netting	2,932
EAD under Current Exposure Method	**3,270**
Analysed by type:	
Foreign Exchange Contracts and Gold	1,855
Interest Rate Contracts	1,067
Equity Contracts	43
Precious Metals Contracts	–
Other Commodities Contracts	7
Credit Derivative Contracts	298
Less: Cash Collateral Held	128
Net Derivatives Credit Exposure	**3,142**

Note: Not all forms of collateral or credit risk mitigation are included for regulatory capital calculations.

Credit Derivatives

	S$ million Notional Amount	
	Bought	**Sold**
Credit Derivatives Swap		
for own credit portfolio	2,071	1,851
for intermediation activities	5	48
Total	**2,076**	**1,899**

Note: Credit derivatives for own credit portfolio include trading portfolio and hedges, if any.

Securitisation Exposures Purchased

Risk Weight	EAD S$ million	RWA S$ million
up to 20%	157	28
> 20% to 50%	43	18
> 50% to 100%	–	–
> 100% to 500%	36	163
> 500%	–	–
Deductions from Tier 1 and Tier 2 Capital	104	–
Total	**340**	**209**

MARKET RISK

Capital Requirement by Market Risk Type under Standardised Approach

	S$ million
Interest rate risk	441
Equity position risk	12
Foreign exchange risk	459
Commodity risk	#
Total	**912**

"#" represents amounts less than S$0.5 million.

EQUITY EXPOSURES

Disclosures on valuation and accounting treatment of equity holdings can be found in Notes to the Financial Statements 2.2.3, 2.6.2, 2.12.2 and 2.23.3.

Equity exposures comprise equity securities categorised as "Available-for-sale" ("AFS") and investments in associates and joint ventures. AFS securities are carried at fair value on the balance sheet of the Group while investments in associates and joint ventures are carried at cost and adjusted for post-acquisition changes of the Group's share of the net assets of the associates and joint ventures.

Equity exposures categorised and measured in accordance with the Singapore Financial Reporting Standards differ from the regulatory definition under MAS Notice 637 in the following key areas:

1. Equity investments held by insurance subsidiaries (included below) are not consolidated for regulatory computation.
2. Debt instruments approved for inclusion as Tier 1 capital are treated as equity exposures under MAS Notice 637.

Carrying Value of Equity Exposures

	S$ million
Quoted equity exposure – AFS	2,308
Unquoted equity exposure – AFS	415
Quoted equity exposure – Associates	5
Unquoted equity exposure – Associates	216
Total	**2,944**

Realised and Unrealised Gains and Losses

	S$ million
Gains/(losses) from disposal of AFS equities	13
Unrealised gains included in fair value reserve	1,312
Total	**1,325**

Financial Report

Management Discussion and Analysis

OVERVIEW

	2009	2008	+/(-) %
Selected Income Statement Items (S$ million)			
Net interest income	**2,825**	2,783	2
Non-interest income	**1,990**	1,458	37
Total core income	**4,815**	4,241	14
Operating expenses	**(1,796)**	(1,854)	(3)
Operating profit before allowances and amortisation	**3,019**	2,387	26
Amortisation of intangible assets	**(47)**	(47)	–
Allowances for loans and impairment of other assets	**(429)**	(447)	(4)
Operating profit after allowances and amortisation	**2,543**	1,893	34
Share of results of associates and joint ventures	**(#)**	6	(101)
Profit before income tax	**2,543**	1,899	34
Core net profit attributable to shareholders	**1,962**	1,486	32
Divestment gains, net of tax	**–**	174	–
Tax refunds	**–**	89	–
Reported net profit attributable to shareholders	**1,962**	1,749	12
Cash basis net profit attributable to shareholders [(1)]	**2,009**	1,796	12
Selected Balance Sheet Items (S$ million)			
Ordinary equity	**17,075**	13,978	22
Total equity (excluding minority interests)	**18,971**	15,874	20
Total assets	**194,300**	181,385	7
Assets excluding life assurance fund investment assets	**151,223**	142,508	6
Loans and bills receivable (net of allowances)	**80,876**	79,808	1
Deposits of non-bank customers	**100,633**	94,078	7
Per Ordinary Share – based on core earnings			
Basic earnings (cents) [(2)]	**59.4**	46.1	29
Basic earnings – Cash basis (cents) [(2)]	**60.9**	47.6	28
Diluted earnings (cents) [(2)]	**59.3**	45.9	29
Net asset value – Before valuation surplus (S$)	**5.29**	4.51	17
Net asset value – After valuation surplus (S$)	**6.33**	5.18	22
Key Financial Ratios – based on core earnings (%)			
Return on equity [(2)(3)]	**12.2**	9.9	
Return on equity – Cash basis [(2)(3)]	**12.5**	10.3	
Return on assets [(4)]	**1.35**	1.05	
Return on assets – Cash basis [(4)]	**1.38**	1.08	
Net interest margin	**2.23**	2.27	
Non-interest income to total income	**41.3**	34.4	
Cost to income	**37.3**	43.7	
Loans to deposits	**80.4**	84.8	
NPL ratio	**1.7**	1.5	
Total capital adequacy ratio	**16.4**	15.1	
Tier 1 ratio	**15.9**	14.9	

(1) Excludes amortisation of intangible assets.
(2) In computing earnings per share and return on equity, preference dividends paid and estimated to be due as at the end of the financial period are deducted from core earnings.
(3) Preference equity and minority interests are not included in the computation for return on equity.
(4) The computation for return on assets does not include life assurance fund investment assets.
"#" represents amounts less than S$0.5 million.

Management Discussion and Analysis

For the financial year ended 31 December 2009, Group net profit grew by 12% to S$1,962 million, from S$1,749 million in 2008. Growth in terms of core earnings was significantly higher at 32%, after adjusting for the one-off divestment gains and tax refunds of S$263 million in the 2008 reported earnings. Growth in 2009 was driven by higher insurance and trading income, lower expenses and stable credit costs.

Operating profit before allowances increased 26% to S$3,019 million. Net interest income grew 2% to S$2,825 million, led by growth in interest earning assets. Loans grew by 1% for the year, while net interest margin narrowed from 2.27% to 2.23%. Non-interest income rose 37% to S$1,990 million, underpinned by a recovery in insurance income and strong trading results. Operating expenses fell 3% to S$1,796 million as a result of tight management of costs. Net allowances for loans and other assets were S$429 million, slightly lower than the S$447 million in 2008. The Group's non-performing loans ("NPL") ratio peaked in the second quarter of 2009, and improved to 1.7% by the end of the year, compared to 1.5% at the end of 2008.

Return on equity, based on core earnings, improved to 12.2% in 2009, from 9.9% in 2008. Core earnings per share for the year rose 29% to 59.4 cents.

Insurance subsidiary Great Eastern Holdings ("GEH") reported a 90% rise in its net profit for the year to S$517 million, driven by an increase in profit from insurance operations, mainly from the Non-Participating and Investment-linked Fund as a result of improving market conditions during the year. While its life assurance weighted new sales fell 20% during the year, sales recovered strongly in the second half, registering a growth of 50% compared to the first half. GEH's contribution to the Group's core earnings, after deducting amortisation of intangible assets, non-core gains and minority interests, was S$412 million (21% of Group core earnings), up from S$160 million (11%) in 2008.

OCBC Bank (Malaysia) Berhad's operating profit before allowances increased by 6%, led by higher net interest income and Islamic Banking income. Net profit however declined marginally by 1% to RM 608 million (S$250 million), as allowances were higher than in 2008, which had the benefit of higher recoveries and writebacks. Its loans grew by 5% for the year, and its NPL ratio was largely unchanged at 3.8%.

Bank OCBC NISP in Indonesia recorded a 38% increase in net profit to IDR 436 billion (S$61 million), underpinned by 23% growth in net interest income as a result of assets growth and improved interest margins. Its loans grew by 5%, and its NPL ratio increased from 2.7% to 3.2%.

A final tax-exempt dividend of 14 cents per share has been proposed, bringing the full year 2009 dividend to 28 cents per share, unchanged from 2008. The dividend payout of 46% of core earnings is in line with the Group's target minimum of 45%. The Scrip Dividend Scheme will be applicable to the final dividend, with the issue price for the new shares (in lieu of cash dividend) to be set at a 10% discount to the reference share price.

Management Discussion and Analysis

NET INTEREST INCOME

Average Balance Sheet

	2009			2008		
	Average Balance S$ million	Interest S$ million	Average Rate %	Average Balance S$ million	Interest S$ million	Average Rate %
Interest earning assets						
Loans and advances to non-bank customers	**78,056**	**3,043**	**3.90**	76,610	3,651	4.77
Placements with and loans to banks	**23,450**	**432**	**1.84**	23,762	780	3.28
Other interest earning assets [(1)]	**25,055**	**714**	**2.85**	22,422	836	3.73
Total	**126,561**	**4,189**	**3.31**	122,794	5,267	4.29
Interest bearing liabilities						
Deposits of non-bank customers	**95,905**	**1,036**	**1.08**	93,554	1,815	1.94
Deposits and balances of banks	**11,777**	**96**	**0.82**	13,951	430	3.08
Other borrowings [(2)]	**7,204**	**232**	**3.22**	6,420	239	3.72
Total	**114,886**	**1,364**	**1.19**	113,925	2,484	2.18
Net interest income/margin [(3)]		**2,825**	**2.23**		2,783	2.27

(1) Comprise corporate debts and government securities.
(2) Comprise mainly debts issued, including Tier 2 subordinated debt.
(3) Net interest margin is net interest income as a percentage of interest earning assets.

Net interest income rose 2% to S$2,825 million in 2009, contributed by a 3% growth in average interest-earning assets, which was partially offset by a narrowing in net interest margin from 2.27% to 2.23%. Loans edged up 1% for the year, with a 5% increase during the fourth quarter helping to compensate for the decline during the first nine months. After reaching a multi-year high of 2.47% in the fourth quarter of 2008, net interest margin had declined steadily in 2009, mainly as a result of lower gapping income and the effects of a sustained low interest rate environment on the average asset yields.

Volume and Rate Analysis

Increase/(decrease) for 2009 over 2008	Volume S$ million	Rate S$ million	Net change S$ million
Interest income			
Loans and advances to non-bank customers	69	(667)	(598)
Placements with and loans to banks	(10)	(336)	(346)
Other interest earning assets	98	(217)	(119)
Total	157	(1,220)	(1,063)
Interest expense			
Deposits of non-bank customers	45	(820)	(775)
Deposits and balances of banks	(67)	(266)	(333)
Other borrowings	30	(35)	(5)
Total	8	(1,121)	(1,113)
Impact on net interest income	149	(99)	50
Due to change in number of days			(8)
Net interest income			42

Management Discussion and Analysis

NON-INTEREST INCOME

	2009 S$ million	2008 S$ million	+/(-) %
Fees and commissions			
Brokerage	**96**	74	30
Wealth management	**65**	132	(51)
Fund management	**70**	79	(11)
Credit card	**45**	55	(18)
Loan-related	**172**	153	13
Trade-related and remittances	**124**	129	(4)
Guarantees	**23**	27	(15)
Investment banking	**54**	51	6
Service charges	**53**	50	5
Others	**28**	24	15
Sub-total	**730**	774	(6)
Dividends	**57**	72	(21)
Rental income	**78**	68	14
Profit from life assurance [1]	**727**	300	142
Premium income from general insurance	**122**	109	12
Other income			
Net trading income	**344**	43	709
Net gain/(loss) from investment securities	**50**	18	176
Net gain from disposal of properties	**8**	8	6
Loss from redemption of GLC [2] units	**(213)**	–	–
Others	**87**	66	30
Sub-total	**276**	135	104
Total core non-interest income	**1,990**	1,458	37
Divestment gains	**–**	186	–
Total non-interest income	**1,990**	1,644	21
Fees and commissions/Total income [3]	**15.2%**	18.2%	
Non-interest income/Total income [3]	**41.3%**	34.4%	

[1] 2009 life assurance profit includes non-recurring gains of S$201 million.
[2] GLC refers to the GreatLink Choice insurance policy units.
[3] Excludes divestment gains.

Non-interest income rose 37% (excluding the divestment gains in 2008) to S$1,990 million, driven by higher insurance profits and strong trading results.

Profit from life assurance rose from S$300 million to S$727 million, contributed by higher investment profits from GEH's Non-Participating Fund as a result of the tightening of credit spreads and recovery in equity markets. The life assurance profit for 2009 also included non-recurring gains of S$201 million arising from the adoption of the new Risk Based Capital framework in Malaysia and an exercise to achieve better portfolio matching of assets and liabilities in Singapore. This gain was largely offset by a non-recurring loss of S$213 million (classified under "other income") resulting from the redemption offer of GreatLink Choice ("GLC") policies by GEH. The two non-recurring items combined had no significant impact on the Group's non-interest income, and on earnings contribution from GEH, for the full year.

Net trading income recovered strongly from S$43 million in 2008 to S$344 million in 2009, led by gains in foreign exchange income and securities trading as market conditions improved. Fee and commission income fell 6% to S$730 million, as higher stockbroking and loan-related income was more than offset by declines in wealth management, credit card and fund management income.

Management Discussion and Analysis

OPERATING EXPENSES

	2009 S$ million	2008 S$ million	+/(-) %
Staff costs			
Salaries and other costs	**910**	953	(5)
Share-based expenses	**9**	13	(28)
Contribution to defined contribution plans	**76**	79	(3)
	995	1,045	(5)
Property and equipment			
Depreciation	**135**	116	17
Maintenance and hire of property, plant & equipment	**62**	68	(10)
Rental expenses	**46**	43	8
Others	**106**	113	(6)
	349	340	3
Other operating expenses	**452**	469	(4)
Total operating expenses	**1,796**	1,854	(3)
Group staff strength			
Period end	**19,561**	19,876	(2)
Average	**19,478**	19,541	–
Cost to income ratio [1]	**37.3%**	43.7%	

[1] Excludes divestment gains.

Operating expenses for the year declined by 3% to S$1,796 million as the Group maintained a disciplined approach to cost control. Staff costs fell 5%, contributed by lower recruitment costs and commission allowances, tighter control on headcount, and the cash grants received from the Singapore government's Jobs Credit Scheme. Other operating expenses declined by 4% as travel, accommodation, communication and stationery costs were lower.

The cost-to-income ratio was 37.3% for 2009, down from 43.7% in 2008.

ALLOWANCES FOR LOANS AND OTHER ASSETS

	2009 S$ million	2008 S$ million	+/(-) %
Specific allowances for loans			
Singapore	**63**	2	n.m.
Malaysia	**62**	40	56
Others	**116**	123	(5)
	241	165	47
Portfolio allowances for loans	**23**	20	13
Allowances for CDOs	**86**	87	(1)
Allowances and impairment for other assets	**79**	175	(55)
Allowances for loans and impairment of other assets	**429**	447	(4)

"n.m." denotes not meaningful.

Allowances for loans and other assets were 4% lower at S$429 million compared to S$447 million in 2008. The decline was mainly due to lower allowances for debt securities and other assets, which fell from S$175 million to S$79 million.

Specific allowances for loans increased from S$165 million to S$241 million, or from 21 basis points of loans to 29 basis points, as higher allowances were made for new NPLs while write-backs and recoveries were lower compared to 2008. By geography, the net increase was mainly from Singapore and Malaysia.

Portfolio allowances increased from S$20 million to S$23 million, while allowances of S$86 million for CDOs (collateralised debt obligations) were similar to the level in 2008. The Bank's CDO portfolio has been fully provided for since the first quarter of 2009.

Management Discussion and Analysis

LOANS AND ADVANCES

	2009 S$ million	2008 S$ million	+/(-) %
By Industry			
Agriculture, mining and quarrying	**1,621**	1,315	23
Manufacturing	**5,828**	6,612	(12)
Building and construction	**15,643**	17,176	(9)
Housing loans	**21,460**	19,785	9
General commerce	**7,750**	7,072	10
Transport, storage and communication	**5,791**	5,471	6
Financial institutions, investment and holding companies	**10,032**	11,201	(10)
Professionals and individuals	**7,968**	7,358	8
Others	**6,248**	5,346	17
	82,341	81,336	1
By Currency			
Singapore Dollar	**46,022**	47,174	(2)
United States Dollar	**11,081**	10,671	4
Malaysian Ringgit	**13,239**	12,220	8
Indonesian Rupiah	**2,889**	2,269	27
Others	**9,110**	9,002	1
	82,341	81,336	1
By Geography [1]			
Singapore	**48,457**	49,285	(2)
Malaysia	**15,322**	14,335	7
Other ASEAN	**4,986**	4,602	8
Greater China	**7,066**	6,874	3
Other Asia Pacific	**3,926**	3,242	21
Rest of the World	**2,584**	2,998	(14)
	82,341	81,336	1

[1] Loans by geography are based on where the credit risks reside, regardless of where the transactions are booked.

Gross customer loans rose 1% from a year ago to S$82.3 billion as at 31 December 2009. By sector, the growth was mainly from lending to the housing, general commerce and transport sectors, offset partly by decline in loans to the building and construction and manufacturing sectors, and to financial institutions, investment and holding companies.

Management Discussion and Analysis

NON-PERFORMING ASSETS

	Total NPAs [1][2] S$ million	Substandard S$ million	Doubtful S$ million	Secured NPAs/ Total Loss S$ million	NPAs %	NPLs [3] S$ million	NPL Ratio [3] %
Singapore							
2009	**417**	**163**	**164**	**90**	**65.2**	**417**	**0.9**
2008	395	107	184	104	58.1	394	0.8
Malaysia							
2009	**635**	**427**	**155**	**53**	**61.1**	**614**	**4.0**
2008	496	290	121	85	59.2	474	3.3
Other ASEAN							
2009	**213**	**95**	**23**	**95**	**59.9**	**212**	**4.3**
2008	127	33	28	66	58.8	123	2.7
Greater China							
2009	**69**	**13**	**56**	**–**	**19.9**	**67**	**0.9**
2008	63	8	55	#	12.9	63	0.9
Other Asia Pacific							
2009	**47**	**40**	**7**	**–**	**51.8**	**47**	**1.2**
2008	95	16	79	–	13.4	95	2.9
Rest of the World [2]							
2009	**67**	**18**	**46**	**3**	**40.3**	**60**	**2.3**
2008	172	17	148	7	15.2	33	1.1
Group							
2009	**1,448**	**756**	**451**	**241**	**58.9**	**1,417**	**1.7**
2008	1,348	471	615	262	47.8	1,182	1.5

(1) Comprise non-bank loans, debt securities and contingent liabilities.
(2) Includes CDOs of S$7 million for 2009 and S$109 million for 2008.
(3) Excludes debt securities.
"#" represents amounts less than S$0.5 million.

Non-performing loans were S$1,417 million as at 31 December 2009, 20% higher than a year ago. By geography, the increase was mainly from Malaysia, Indonesia and Rest of the World.

The Group's NPL ratio peaked in June 2009 at 2.1%, improving to 1.7% at year-end, which was slightly higher than the 1.5% at end-2008. The Singapore NPL ratio rose from 0.8% to 0.9% during the year, while the Malaysia NPL ratio increased from 3.3% to 4.0%. By industry, NPL ratios remained highest for the manufacturing and general commerce sectors, at 6.9% and 2.8% respectively.

Including classified debt securities and CDOs, the Group's total non-performing assets ("NPAs") increased 7% to S$1,448 million. Of the total NPAs, 52% were in the substandard category while 59% were secured by collateral.

Management Discussion and Analysis

NON-PERFORMING ASSETS (continued)

	2009 S$ million	2009 % of gross loans	2008 S$ million	2008 % of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**13**	**0.8**	6	0.5
Manufacturing	**402**	**6.9**	339	5.1
Building and construction	**234**	**1.5**	113	0.7
Housing loans	**224**	**1.0**	243	1.2
General commerce	**220**	**2.8**	147	2.1
Transport, storage and communication	**109**	**1.9**	24	0.4
Financial institutions, investment and holding companies	**38**	**0.4**	125	1.1
Professionals and individuals	**140**	**1.8**	126	1.7
Others	**37**	**0.6**	59	1.1
Total NPLs	**1,417**	**1.7**	1,182	1.5
Classified debt securities	**31**		166	
Total NPAs	**1,448**		1,348	

	2009 S$ million	2009 %	2008 S$ million	2008 %
NPAs by Period Overdue				
Over 180 days	**639**	**44**	568	42
Over 90 to 180 days	**188**	**13**	193	14
30 to 90 days	**208**	**14**	188	14
Less than 30 days	**74**	**5**	230	17
Not overdue	**339**	**24**	169	13
	1,448	**100**	1,348	100

Management Discussion and Analysis

CUMULATIVE ALLOWANCES FOR LOANS AND OTHER ASSETS

	Total cumulative allowances S$ million	Specific allowances [1] S$ million	Portfolio allowances S$ million	Specific allowances as % of total NPAs %	Cumulative allowances as % of total NPAs %
Singapore					
2009	**588**	**76**	**512**	**18.2**	**140.9**
2008	655	151	504	38.1	165.8
Malaysia					
2009	**463**	**233**	**230**	**36.6**	**72.8**
2008	462	242	220	48.7	93.0
Other ASEAN					
2009	**177**	**111**	**66**	**52.3**	**83.4**
2008	133	72	61	56.3	104.7
Greater China					
2009	**149**	**55**	**94**	**79.7**	**217.1**
2008	133	48	85	76.4	210.9
Other Asia Pacific					
2009	**54**	**3**	**51**	**7.0**	**115.7**
2008	98	53	45	55.6	102.6
Rest of the World					
2009	**52**	**6**	**46**	**9.4**	**76.9**
2008	204	140	64	82.0	119.4
Group					
2009	**1,483**	**484**	**999**	**33.4**	**102.4**
2008	1,685	706	979	52.3	125.0

[1] Include allowances of S$6 million (2009) and S$108 million (2008) for classified CDOs.

As at 31 December 2009, the Group's total cumulative allowances for assets were S$1,483 million, comprising S$484 million in specific allowances and S$999 million in portfolio allowances. Total cumulative allowances were 102% of total NPAs and 249% of unsecured NPAs, compared to 125% and 240% respectively at the end of 2008.

Management Discussion and Analysis

COLLATERALISED DEBT OBLIGATIONS ("CDOs")

The Bank's CDO investment portfolio was S$103 million as at 31 December 2009, down from S$453 million in 2008 as a result of disposals and write-offs. Allowances on asset-backed securities CDOs ("ABS CDOs") and corporate CDOs have been made in full through the income statement since the second quarter of 2008 and first quarter of 2009 respectively.

The outstanding CDO exposure at the end of 2009 comprised corporate CDOs. Cumulative allowances of S$40 million, and cumulative mark-to-market losses of S$63 million on the credit default swaps related to the corporate CDOs, have been made in the income statement.

Type of CDOs	2009 Exposure S$ million	2009 Allowance S$ million	2008 Exposure S$ million	2008 Allowance S$ million
ABS CDOs investment portfolio	**–**	**–**	252	(252)
Corporate CDOs investment portfolio	**103**	**(40)** [1]	201	(47)
Total CDOs portfolio	**103**	**(40)** [1]	453	(299)

[1] In addition to the cumulative allowances of S$40 million, the Bank has also taken cumulative mark-to-market losses of S$63 million to the income statement.

DEPOSITS

	2009 S$ million	2008 S$ million	+/(-) %
Deposits of non-bank customers	**100,633**	94,078	7
Deposits and balances of banks	**10,958**	10,113	8
Total deposits	**111,591**	104,191	7
Non-Bank Deposits by Product			
Fixed deposits	**53,621**	57,218	(6)
Savings deposits	**21,753**	16,104	35
Current account	**20,762**	16,090	29
Others	**4,497**	4,666	(4)
	100,633	94,078	7
Non-Bank Deposits by Currency			
Singapore Dollar	**58,458**	53,745	9
United States Dollar	**11,144**	12,105	(8)
Malaysian Ringgit	**16,286**	14,672	11
Indonesian Rupiah	**3,735**	3,039	23
Others	**11,010**	10,517	5
	100,633	94,078	7
Loans to deposits ratio (net non-bank loans/non-bank deposits)	**80.4%**	84.8%	

Non-bank customer deposits grew 7% to S$100.6 billion. The increase was led by savings and current account deposits, which grew by 35% and 29% respectively, while fixed deposits fell by 6%.

The Group's loans-to-deposits ratio was 80.4%, compared to 84.8% a year ago.

Management Discussion and Analysis

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit by Business Segment

	2009 S$ million	2008 S$ million	+/(-) %
Global Consumer Financial Services	**605**	674	(10)
Global Corporate Banking	**830**	834	–
Global Treasury	**600**	478	26
Insurance [(1)]	**579**	229	153
Others [(2)]	**294**	64	358
Operating profit after allowances and amortisation for total business segments	**2,908**	2,279	28
Add/(Less):			
– Joint income elimination [(3)]	**(305)**	(348)	(12)
– Items not attributed to business segments	**(60)**	(38)	59
Operating profit after allowances and amortisation	**2,543**	1,893	34

(1) Pre-tax divestment gains of S$41 million for 2008 are not included.
(2) Pre-tax divestment gains of S$145 million for 2008 are not included.
(3) These are joint income allocated to business segments to reward cross-selling activities.

Global Consumer Financial Services

Global Consumer Financial Services 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 2009, operating profit after allowances of the consumer segment declined by 10% to S$605 million, largely because of lower fee and commission income and increased allowances. Net interest income was higher as a result of improved loan spreads, while expenses were lower.

Global Corporate Banking

Global Corporate Banking serves 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.

Global Corporate Banking's operating profit after allowances for 2009 was relatively unchanged from the previous year at S$830 million. Revenue grew 5% as higher loan volumes and improved spreads boosted net interest income, while expenses fell 2%. These effects were however offset by the increase in loan allowances.

Global Treasury

Global 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.

Global Treasury's operating profit increased by 26% to S$600 million in 2009, driven by higher foreign exchange gains and income from derivatives and securities trading.

Insurance

The Group's insurance business, including its fund management activities, is carried out by 87.1%-owned subsidiary GEH, which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

Operating profit from GEH increased significantly from S$229 million in 2008 to S$579 million in 2009, contributed mainly by stronger life assurance results as the equity and credit markets recovered. The profit included S$201 million of non-recurring gains arising mainly from the implementation of the new Risk Based Capital framework in Malaysia, as well as the S$213 million loss from the GLC redemption offer.

After minority interests and tax, and excluding divestment gains and tax write-backs in prior periods, GEH's contribution to the Group's core net profit was S$412 million in 2009, compared to S$160 million in 2008.

Others

The "Others" segment comprises Bank OCBC NISP, PacificMas Berhad, corporate finance, capital markets, property holding, stock brokerage and investment holding.

Management Discussion and Analysis

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2009		2008	
	S$ million	%	S$ million	%
Total core income				
Singapore [1]	**2,912**	**60**	2,684	63
Malaysia	**1,239**	**26**	914	22
Other ASEAN	**370**	**8**	326	8
Asia Pacific	**242**	**5**	272	6
Rest of the World	**52**	**1**	45	1
	4,815	**100**	4,241	100
Profit before income tax				
Singapore [1]	**1,594**	**63**	1,244	66
Malaysia	**800**	**31**	519	27
Other ASEAN	**125**	**5**	81	4
Asia Pacific	**41**	**2**	45	2
Rest of the World	**(17)**	**(1)**	10	1
	2,543	**100**	1,899	100
Total assets				
Singapore	**125,001**	**64**	118,157	66
Malaysia	**43,070**	**22**	38,402	21
Other ASEAN	**6,922**	**4**	5,853	3
Asia Pacific	**15,754**	**8**	15,029	8
Rest of the World	**3,553**	**2**	3,944	2
	194,300	**100**	181,385	100

(1) Excludes pre-tax divestment gains of S$186 million in 2008.

The geographical segment analysis is based on the location where assets or transactions are booked. For 2009, Singapore accounted for 60% of total income and 63% of pre-tax profit, while Malaysia accounted for 26% of total income and 31% of pre-tax profit.

Pre-tax profit for Singapore increased by 28% in 2009, as higher insurance profits and trading gains more than offset the GLC loss of S$213 million. Malaysia's pre-tax profit rose 54% to S$800 million, partly because of the non-recurring insurance gains of S$201 million arising mainly from the adoption of the new Risk Based Capital framework in Malaysia.

CAPITAL ADEQUACY RATIOS

OCBC Group continues to maintain a strong capital position, with a Tier 1 capital adequacy ratio ("CAR") of 15.9% and total CAR of 16.4% as at 31 December 2009, well above the regulatory minimum of 6% and 10% respectively. These ratios improved from their end-2008 levels of 14.9% and 15.1%, respectively, as a result of retained earnings, the issue of new shares pursuant to the Scrip Dividend Scheme, and two issues of Lower Tier 2 subordinated notes during the year.

The Group's core Tier 1 ratio, which excludes perpetual and innovative preference shares, increased from 11.0% to 12.0% over the year. On a pro-forma basis, adjusting for the consolidation of Bank of Singapore (the former ING Asia Private Bank which was acquired by the Group) on 29 January 2010, the Group's Tier 1 ratio and core Tier 1 ratio will be approximately 14.5% and 10.7% respectively.

UNREALISED VALUATION SURPLUS

	2009 S$ million	2008 S$ million
Properties [1]	**2,278**	2,369
Equity securities [2]	**1,110**	(277)
Total	**3,388**	2,092

(1) Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end.

(2) Comprises mainly investments in quoted associates and subsidiaries, which are valued based on their market prices at the end of the year.

The Group's unrealised valuation surplus represents the difference between the carrying values of its properties and investments in quoted subsidiaries/associates as compared to the property values and market prices of the quoted investments at the respective periods. The carrying values of subsidiaries and associates on the balance sheet are measured at cost plus post-acquisition reserves, while those of properties are measured at cost less accumulated depreciation and impairment.

The valuation surplus as at 31 December 2009 was S$3.39 billion, an increase of 62% from S$2.09 billion at 31 December 2008. The increase was due to the surplus for equity securities, mainly from the Group's stake in GEH.

Directors' Report

For the financial year ended 31 December 2009

The directors present their report to the members together with the audited consolidated financial statements of the Group and the income statement, statement of comprehensive income, balance sheet and statement of changes in equity of the Bank for the financial year ended 31 December 2009.

DIRECTORS

The directors of the Bank in office at the date of this report are as follows:

Cheong Choong Kong, Chairman
Bobby Chin Yoke Choong
David Philbrick Conner, Chief Executive Officer
Fang Ai Lian
Giam Chin Toon
Lee Seng Wee
Lee Tih Shih
Colm Martin McCarthy
Neo Boon Siong
Pramukti Surjaudaja
Wong Nang Jang
Patrick Yeoh Khwai Hoh

Mr David Philbrick Conner and Professor Neo Boon Siong retire by rotation under Articles 95 and 96 of the Articles of Association of the Bank and, being eligible, offer themselves for re-election.

Mr Giam Chin Toon, who retires pursuant to Articles 95 and 96 of the Articles of Association of the Bank, has expressed his wish to retire at this forthcoming annual general meeting and will not offer himself for re-election.

Mr Lee Seng Wee and Mr Patrick Yeoh Khwai Hoh retire pursuant to section 153 of the Companies Act, Cap. 50. Resolutions will be proposed for their re-appointment under section 153(6) of the said Act to hold office until the next annual general meeting of the Bank.

Mr Wong Nang Jang, having attained the age of 70, will cease to hold office at the conclusion of the forthcoming annual general meeting pursuant to section 153 of the Companies Act, Cap. 50, but will not be standing for re-appointment thereat.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose object is to enable the directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of, the Bank or any other body corporate, other than as disclosed in this report.

Directors' Report

For the financial year ended 31 December 2009

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, the directors holding office at the end of the financial year had interests in the share capital of the Bank and its related corporation, as follows:

	Direct interest		Deemed interest	
	At 31.12.2009	**At 1.1.2009**	**At 31.12.2009**	**At 1.1.2009**
BANK				
Ordinary shares				
Cheong Choong Kong	**165,923**	127,982	**10,074** [1]	39,715 [2]
Bobby Chin Yoke Choong	**15,112**	9,600	**41,979** [1]	40,000 [1]
David Philbrick Conner	**1,333,094**	1,120,542	**778,967** [3]	401,493 [4]
Giam Chin Toon	**20,149**	14,400	**–**	–
Lee Seng Wee	**6,988,447**	6,653,994	**4,094,223** [1]	3,901,094 [1]
Lee Tih Shih	**2,484,760**	2,362,752	**–**	–
Neo Boon Siong	**20,149**	14,400	**–**	–
Wong Nang Jang	**622,299**	586,146	**173,505** [1]	165,322 [1]
Patrick Yeoh Khwai Hoh	**26,000**	19,200	**–**	–
5.1% Class B non-cumulative non-convertible preference shares				
Fang Ai Lian	**1,700**	1,700	**–**	–
4.2% Class G non-cumulative non-convertible preference shares				
Cheong Choong Kong	**15,000**	15,000	**–**	–
Bobby Chin Yoke Choong	**–**	–	**8,227** [1]	8,227 [1]
David Philbrick Conner	**50,000**	50,000	**–**	–
Lee Seng Wee	**800,000**	800,000	**600,000** [1]	600,000 [1]
Lee Tih Shih	**240,000**	240,000	**–**	–
Wong Nang Jang	**38,216**	38,216	**21,372** [1]	21,372 [1]
OCBC Capital Corporation (2008)				
5.1% non-cumulative non-convertible guaranteed preference shares				
Cheong Choong Kong	**10,000**	10,000	**–**	–
Lee Tih Shih	**10,000**	10,000	**–**	–
Patrick Yeoh Khwai Hoh	**10,000**	10,000	**10,000** [1]	10,000 [1]

(1) Ordinary shares/preference shares held by spouse.
(2) Comprises interest of 9,600 ordinary shares held by spouse and 30,115 ordinary shares under OCBC Deferred Share Plan.
(3) Comprises interest of 773,521 ordinary shares under OCBC Deferred Share Plan and acquisition rights of 5,446 ordinary shares under OCBC Employee Share Purchase Plan.
(4) Comprises interest of 392,787 ordinary shares under OCBC Deferred Share Plan and acquisition rights of 8,706 ordinary shares under OCBC Employee Share Purchase Plan.

None of the directors have direct or deemed interest in the 4.5% Class E non-cumulative non-convertible preference shares.

Save as disclosed above, no directors had any interest in shares, or debentures of, the Bank or related corporations either at the beginning of the financial year, or at the end of the financial year.

There were no changes to any of the above mentioned interests in the Bank between the end of the financial year and 21 January 2010.

Directors' Report
For the financial year ended 31 December 2009

DIRECTORS' CONTRACTUAL BENEFITS
Since the end of the previous financial year, no director has received or become entitled to receive, benefits by reason of a contract made by the Bank or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in this report, and except for professional fees paid to a firm of which a director is a member as disclosed in the financial statements.

On 12 June 2006, an agreement was made between Dr Cheong Choong Kong ("Dr Cheong"), non-executive director and Chairman of the Bank, and OCBC Management Services Private Limited, a wholly-owned subsidiary of the Bank, under which Dr Cheong is appointed as consultant to oversee and supervise the strategic planning of the Bank and its subsidiaries with respect to customer service, talent identification, and the development and succession of senior management within the Group. This agreement was renewed on 1 December 2008. Under the respective agreements, (i) in respect of the financial year ended 31 December 2009, Dr Cheong has received payments and benefits amounting to $1,109,478, and will receive a variable bonus of $100,000, or any additional bonus as may be determined by the Remuneration Committee and the Board of Directors of the Bank, and (ii) in respect of the financial year ended 31 December 2008, Dr Cheong has received aggregate payments and benefits of $1,111,560 and a variable bonus of a total amount of $475,000, comprising a bonus of $100,000 and an additional bonus of $375,000.

In his capacity as a director of the Bank, Dr Cheong is also eligible for any directors' fees or share options that are recommended by the Board of Directors. Dr Cheong's total remuneration (including the payments mentioned above and all benefits, variable bonus, directors' fees and share options) for the financial year ended 31 December 2009 is reflected in the Directors' Remuneration table in the Corporate Governance Section of the Annual Report.

SHARE-BASED COMPENSATION PLANS
The Bank's share-based compensation plans are administered by the Remuneration Committee, which comprises:

Wong Nang Jang, Chairman
Cheong Choong Kong
Fang Ai Lian
Lee Tih Shih

Dr Cheong Choong Kong did not participate in any deliberation or decision in respect of options granted to him.

Under the share-based compensation plans, no options or rights have been granted to controlling shareholders of the Bank or their associates, nor has any participant received 5% or more of the total number of options or rights available under each respective scheme or plan during the financial year. No options or rights were granted at a discount during the financial year. The persons to whom the options or rights were issued have no right by virtue of these options or rights to participate in any share issue of any other company.

Directors' Report

For the financial year ended 31 December 2009

SHARE-BASED COMPENSATION PLANS (continued)

The Bank's share-based compensation plans are as follows:

(a) OCBC Share Option Schemes

The OCBC Executives' Share Option Scheme 1994 ("1994 Scheme") was approved at an extraordinary general meeting on 11 June 1994. The 1994 Scheme was terminated on 3 August 2001 and replaced by the OCBC Share Option Scheme 2001. Outstanding options under the 1994 Scheme remain valid until the respective expiry dates of the options.

The OCBC Share Option Scheme 2001 ("2001 Scheme") was approved at an extraordinary general meeting on 17 May 2001, to replace the 1994 Scheme. Executives of the Group ranked Manager and above (including executive and non-executive directors), are eligible for this scheme. The Bank will either issue new shares or transfer treasury shares to the executives upon their exercise of options.

Particulars of Options 2000, 2001, 2002, 2002A, 2002B, 2003, 2004, 2004A, 2004B, 2005, 2005A, 2006, 2006A, 2006B, 2007, 2007A, 2007B, 2007NED, 2008 and 2008NED were set out in the Directors' Reports for the financial years ended 31 December 2000 to 2008.

During the financial year, pursuant to the 2001 Scheme, options to acquire 3,755,564 ordinary shares at $4.138 per share were granted to 383 eligible executives of the Group ("2009 Options"), as well as to a non-executive director of the Bank ("2009NED Options"). The acquisition price was equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately prior to the date when the offer to grant an option was made to a grantee.

Details of unissued ordinary shares under the share option scheme, options exercised during the financial year and options outstanding and exercisable at 31 December 2009 are as follows:

Options	Exercise period	Acquisition price ($)	Options exercised	Treasury shares transferred	At 31.12.2009 Outstanding	At 31.12.2009 Exercisable
2000	06.12.2002 to 05.12.2009	4.542	2,229,890	2,168,354	–	–
2001	05.12.2003 to 04.12.2010	5.367	818,497	814,096	3,084,751	3,084,751
2002	09.04.2003 to 08.04.2012	5.742	647,437	636,903	5,172,196	5,172,196
2002A	23.04.2003 to 22.04.2012	5.692	–	–	720,000	720,000
2002B	24.10.2003 to 23.10.2012	4.367	–	–	180,000	180,000
2003	28.03.2004 to 26.03.2013	4.067	580,898	560,343	4,180,678	4,180,678
2004	16.03.2005 to 14.03.2014	5.142	1,257,537	936,299	3,059,700	3,059,700
2004A	20.08.2005 to 18.08.2014	5.492	–	–	160,800	160,800
2004B	23.11.2005 to 21.11.2014	5.667	–	–	103,200	103,200
2005	15.03.2006 to 13.03.2015	5.767	312,712	303,600	3,898,530	3,898,530
2005A	09.04.2006 to 07.04.2015	5.784	230,840	201,528	1,144,988	1,144,988
2006	15.03.2007 to 13.03.2016	6.820	207,983	201,518	3,247,744	3,247,744
2006B	24.05.2007 to 22.05.2016	6.580	159,150	131,864	864,790	864,790
2007	15.03.2008 to 13.03.2017	8.590	17,174	17,174	3,455,252	2,272,060
2007A	16.01.2008 to 14.01.2017	7.600	–	–	445,000	293,700
2007B	15.03.2008 to 13.03.2017	8.590	–	–	916,010	604,230
2007NED	15.03.2008 to 13.03.2012	8.590	–	–	200,000	132,000
2008	15.03.2009 to 13.03.2018	7.520	72,768	71,888	5,027,302	1,611,354
2008NED	15.03.2009 to 13.03.2013	7.520	–	–	200,000	66,000
2009	17.03.2010 to 15.03.2019	4.138	–	–	3,523,061	–
2009NED	17.03.2010 to 15.03.2014	4.138	–	–	162,958	–
			6,534,886	6,043,567	39,746,960	30,796,721

Directors' Report

For the financial year ended 31 December 2009

SHARE-BASED COMPENSATION PLANS (continued)

(b) OCBC Employee Share Purchase Plan

The OCBC Employee Share Purchase Plan ("ESP Plan") was approved at an extraordinary general meeting on 30 April 2004. Employees of the Group who have attained the age of 21 years and been employed for not less than six months are eligible for the ESP Plan. Particulars of the ESP Plan were set out in the Directors' Report for the financial year ended 31 December 2007.

At an extraordinary general meeting held on 17 April 2009, alterations to the ESP Plan were approved to enable two (but not more than two) Offering Periods to be outstanding on any date. Since each Offering Period currently consists of a 24-month period, these alterations will enable the Bank to prescribe Offering Periods once every 12 months (instead of once every 24 months as was previously the case).

In June 2009, the Bank launched its fourth offering of ESP Plan, which commenced on 1 July 2009 and will expire on 30 June 2011. Under the fourth offering, 3,691 employees (including a director of the Bank) enrolled to participate in the ESP Plan to acquire 5,545,385 ordinary shares at $6.61 per ordinary share. The acquisition price is equal to the average of the last traded price of the ordinary shares of the Bank on the Singapore Exchange over five consecutive trading days immediately preceding the price fixing date.

(c) OCBC Deferred Share Plan

The Bank implemented the OCBC Deferred Share Plan ("DSP") in 2003. The DSP is a discretionary incentive and retention award programme extended to executives of the Group ranked Assistant Manager and above at the absolute discretion of the Remuneration Committee. Details of the DSP were set out in the Directors' Report for the financial year ended 31 December 2007.

Total awards of 5,333,474 ordinary shares (including 441,863 ordinary shares to a director of the Bank) were granted to eligible executives under the DSP for the financial year ended 31 December 2009. In addition, total awards of 534,164 ordinary shares (including 36,485 ordinary shares to directors of the Bank) were awarded to grantees pursuant to declarations of final dividend for financial year ended 31 December 2008 and interim dividend for financial year ended 31 December 2009. During the financial year, 1,253,853 deferred shares were released to grantees, of which 127,729 deferred shares were released to directors of the Bank.

Changes in the number of options under the share option scheme and acquisition rights under the ESP Plan held by directors for the financial year under review are as follows:

Name of director	Options granted/ rights subscribed to acquire ordinary shares for the financial year ended 31.12.2009	Aggregate number of options granted/rights subscribed since commencement of scheme/plan to 31.12.2009	Aggregate number of options/rights exercised/ converted/ lapsed since commencement of scheme/plan to 31.12.2009	Aggregate number of options/rights outstanding at 31.12.2009
Option Scheme				
Cheong Choong Kong	162,958	1,077,758	–	1,077,758
David Philbrick Conner	–	4,565,000	1,512,000	3,053,000
Wong Nang Jang	–	927,539	927,539	–
ESP Plan				
David Philbrick Conner	5,446	39,571	34,125	5,446

There were no changes to any of the above mentioned interests in the Bank between the end of the financial year and 21 January 2010.

Directors' Report

For the financial year ended 31 December 2009

AUDIT COMMITTEE

The members of the Audit Committee at the date of this report are as follows:

Bobby Chin Yoke Choong, Chairman
Giam Chin Toon
Colm Martin McCarthy
Neo Boon Siong

The Audit Committee performed the functions specified in the Companies Act, the SGX-ST Listing Manual, the Banking (Corporate Governance) Regulations 2005, the MAS Guidelines for Corporate Governance and the Code of Corporate Governance. In performing these functions, the Audit Committee met with the Bank's external and internal auditors, and reviewed the audit plans, the internal audit programme, as well as the results of the auditors' examination and their evaluation of the system of internal controls.

The Audit Committee also reviewed the following:

(a) response of the Bank's management and the assistance provided by officers of the Bank to the external and internal auditors;
(b) the financial statements of the Group and the Bank and the auditors' report thereon prior to their submission to the Board of Directors; and
(c) the independence and objectivity of the external auditors.

The Audit Committee has full access to, and the cooperation of, the management and has been given the resources required for it to discharge its functions. It has full authority and discretion to invite any director and executive officer to attend its meetings.

The Audit Committee has nominated KPMG LLP for re-appointment as auditors of the Bank at the forthcoming annual general meeting.

AUDITORS

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

CHEONG CHOONG KONG
Director

DAVID PHILBRICK CONNER
Director

Singapore
19 February 2010

Statement by Directors

For the financial year ended 31 December 2009

In the opinion of the directors,

(a) the financial statements set out on pages 74 to 153 are drawn up 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 2009, the results and changes in equity of the Group and of the Bank for the financial year ended on that date, and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors,

CHEONG CHOONG KONG
Director

DAVID PHILBRICK CONNER
Director

Singapore
19 February 2010

Independent 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 2009, the income statements, statements of comprehensive income 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, as set out on pages 74 to 153.

Management's responsibility for the financial statements

Management is 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:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) 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 management, 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.

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, to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2009, the results and changes in equity of the Group and of 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 LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
19 February 2010

Income Statements

For the financial year ended 31 December 2009

		GROUP		BANK	
		2009	2008	2009	2008
	Note	$'000	$'000	$'000	$'000
Interest income		**4,189,513**	5,266,993	**2,638,609**	3,653,818
Interest expense		**(1,364,290)**	(2,483,595)	**(819,336)**	(1,797,259)
Net interest income	3	**2,825,223**	2,783,398	**1,819,273**	1,856,559
Premium income		**5,588,882**	6,805,646	**–**	–
Investment income		**2,726,114**	(399,777)	**–**	–
Net claims, surrenders and annuities		**(4,471,041)**	(4,226,976)	**–**	–
Change in life assurance fund contract liabilities		**(2,007,587)**	(1,192,612)	**–**	–
Commission and others		**(1,109,692)**	(685,931)	**–**	–
Profit from life assurance	4	**726,676**	300,350	**–**	–
Premium income from general insurance		**122,023**	108,606	**–**	–
Fees and commissions (net)	5	**730,134**	773,517	**394,416**	453,804
Dividends	6	**56,960**	71,711	**183,876**	382,450
Rental income		**77,632**	68,163	**34,759**	29,795
Other income	7	**276,351**	320,989	**295,205**	773,961
Non-interest income		**1,989,776**	1,643,336	**908,256**	1,640,010
Total income		**4,814,999**	4,426,734	**2,727,529**	3,496,569
Staff costs		**(995,117)**	(1,045,421)	**(472,371)**	(486,437)
Other operating expenses		**(801,272)**	(809,100)	**(564,425)**	(582,659)
Total operating expenses	8	**(1,796,389)**	(1,854,521)	**(1,036,796)**	(1,069,096)
Operating profit before allowances and amortisation		**3,018,610**	2,572,213	**1,690,733**	2,427,473
Amortisation of intangible assets	37	**(46,636)**	(46,472)	**–**	–
Allowances for loans and impairment for other assets	9	**(429,048)**	(446,750)	**(306,063)**	(315,541)
Operating profit after allowances and amortisation		**2,542,926**	2,078,991	**1,384,670**	2,111,932
Share of results of associates and joint ventures		**(64)**	5,511	**–**	–
Profit before income tax		**2,542,862**	2,084,502	**1,384,670**	2,111,932
Income tax expense	10	**(388,374)**	(224,492)	**(149,722)**	(64,687)
Profit for the year		**2,154,488**	1,860,010	**1,234,948**	2,047,245
Attributable to:					
Equity holders of the Bank		**1,962,413**	1,749,443		
Minority interests		**192,075**	110,567		
		2,154,488	1,860,010		
Earnings per share (cents)	11				
Basic		**59.4**	54.6		
Diluted		**59.3**	54.5		

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2009

		GROUP		BANK	
		2009	**2008**	**2009**	**2008**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Profit for the year		**2,154,488**	1,860,010	**1,234,948**	2,047,245
Other comprehensive income:					
Available-for-sale financial assets					
Gains/(losses) for the year		**1,305,919**	(1,768,788)	**568,452**	(674,365)
Reclassification of losses/(gains) to income statement					
– on disposal		**(50,222)**	(203,870)	**(31,474)**	(53,099)
– on impairment		**161,457**	281,455	**133,120**	230,025
Tax on net movements	20	**(110,171)**	146,144	**(79,541)**	79,368
Exchange differences on translating foreign operations		**97,435**	(249,530)	**31,730**	(96,952)
Other comprehensive income of associates and joint ventures		**2,785**	12,983	**–**	–
Total other comprehensive income, net of tax		**1,407,203**	(1,781,606)	**622,287**	(515,023)
Total comprehensive income for the year, net of tax		**3,561,691**	78,404	**1,857,235**	1,532,222
Total comprehensive income attributable to:					
Equity holders of the Bank		**3,332,883**	41,708		
Minority interests		**228,808**	36,696		
		3,561,691	78,404		

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Balance Sheets
As at 31 December 2009

		GROUP		BANK	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
EQUITY					
Attributable to equity holders of the Bank					
Share capital	13	**7,376,252**	6,637,508	**7,376,252**	6,637,508
Capital reserves	14	**985,445**	1,329,156	**768,012**	1,099,054
Fair value reserves		**1,506,279**	221,844	**602,560**	12,003
Revenue reserves	15	**9,102,681**	7,685,161	**5,715,859**	5,076,140
		18,970,657	15,873,669	**14,462,683**	12,824,705
Minority interests	16	**2,808,378**	2,686,068	**–**	–
Total equity		**21,779,035**	18,559,737	**14,462,683**	12,824,705
LIABILITIES					
Deposits of non-bank customers	17	**100,632,559**	94,078,421	**77,297,559**	73,237,580
Deposits and balances of banks	17	**10,958,259**	10,113,219	**9,674,356**	9,048,750
Due to subsidiaries		**–**	–	**1,368,610**	1,399,156
Due to associates		**119,132**	94,534	**117,665**	87,583
Trading portfolio liabilities		**2,016,117**	1,111,143	**2,016,117**	1,111,143
Derivative payables	18	**3,918,282**	7,675,456	**3,766,715**	7,415,345
Other liabilities	19	**3,214,910**	2,929,859	**1,011,511**	943,598
Current tax		**606,360**	500,667	**269,594**	277,519
Deferred tax	20	**945,585**	576,063	**119,904**	41,154
Debts issued	21	**6,863,384**	6,009,529	**8,230,226**	7,553,935
		129,274,588	123,088,891	**103,872,257**	101,115,763
Life assurance fund liabilities	22	**43,245,917**	39,736,525	**–**	–
Total liabilities		**172,520,505**	162,825,416	**103,872,257**	101,115,763
Total equity and liabilities		**194,299,540**	181,385,153	**118,334,940**	113,940,468
ASSETS					
Cash and placements with central banks	23	**13,171,117**	7,027,689	**8,160,098**	4,266,733
Singapore government treasury bills and securities	24	**10,922,369**	9,214,572	**10,549,341**	8,635,841
Other government treasury bills and securities	24	**5,564,189**	4,776,972	**2,744,121**	1,257,386
Placements with and loans to banks	25	**15,820,671**	15,353,359	**11,992,091**	12,633,881
Loans and bills receivable	26 – 29	**80,876,471**	79,807,864	**61,340,337**	62,068,780
Debt and equity securities	30	**11,679,852**	10,173,911	**7,786,344**	7,018,391
Assets pledged	43	**279,131**	837,108	**266,865**	837,108
Derivative receivables	18	**3,973,029**	6,654,637	**3,770,259**	6,244,771
Other assets	31	**2,910,494**	2,665,116	**688,805**	1,000,791
Deferred tax	20	**63,538**	97,701	**5,128**	19,157
Associates and joint ventures	33	**226,019**	132,283	**56,146**	11,525
Subsidiaries	34	**–**	–	**8,150,596**	7,173,501
Property, plant and equipment	35	**1,608,974**	1,665,457	**408,545**	405,669
Investment property	36	**765,367**	726,077	**549,088**	499,758
Goodwill and intangible assets	37	**3,361,599**	3,375,526	**1,867,176**	1,867,176
		151,222,820	142,508,272	**118,334,940**	113,940,468
Life assurance fund investment assets	22	**43,076,720**	38,876,881	**–**	–
Total assets		**194,299,540**	181,385,153	**118,334,940**	113,940,468
OFF-BALANCE SHEET ITEMS					
Contingent liabilities	41	**7,313,779**	8,660,691	**6,458,490**	7,213,079
Commitments	42	**43,093,024**	46,654,598	**34,898,638**	37,478,046
Derivative financial instruments	18	**355,210,168**	365,904,304	**335,535,126**	343,629,954

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Statement of Changes in Equity – Group

For the financial year ended 31 December 2009

	Attributable to equity holders of the Bank						
In $'000	**Share capital**	**Capital reserves**	**Fair value reserves**	**Revenue reserves**	**Total**	**Minority interests**	**Total equity**
Balance at 1 January 2009	**6,637,508**	**1,329,156**	**221,844**	**7,685,161**	**15,873,669**	**2,686,068**	**18,559,737**
Total comprehensive income for the financial year	**–**	**–**	**1,284,435**	**2,048,448**	**3,332,883**	**228,808**	**3,561,691**
Transfers	**2,418**	**(338,075)**	**–**	**335,657**	**–**	**–**	**–**
Change in minority interests	**–**	**–**	**–**	**–**	**–**	**8,117**	**8,117**
Dividends to minority interests	**–**	**–**	**–**	**–**	**–**	**(114,615)**	**(114,615)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**3,129**	**3,129**	**–**	**3,129**
Ordinary and preference dividends paid in cash	**–**	**–**	**–**	**(285,729)**	**(285,729)**	**–**	**(285,729)**
Share-based staff costs capitalised	**–**	**11,002**	**–**	**–**	**11,002**	**–**	**11,002**
Shares issued in-lieu of ordinary dividends	**683,985**	**–**	**–**	**(683,985)**	**–**	**–**	**–**
Shares issued to non-executive directors	**245**	**–**	**–**	**–**	**245**	**–**	**245**
Shares purchased by DSP Trust	**–**	**(3,129)**	**–**	**–**	**(3,129)**	**–**	**(3,129)**
Shares vested under DSP Scheme	**–**	**8,830**	**–**	**–**	**8,830**	**–**	**8,830**
Treasury shares transferred/sold	**52,096**	**(22,339)**	**–**	**–**	**29,757**	**–**	**29,757**
Balance at 31 December 2009	**7,376,252**	**985,445**	**1,506,279**	**9,102,681**	**18,970,657**	**2,808,378**	**21,779,035**
Included:							
Share of reserves of associates and joint ventures	**–**	**2,860**	**437**	**31,979**	**35,276**	**(764)**	**34,512**
Balance at 1 January 2008	5,520,141	1,732,178	1,725,964	6,699,307	15,677,590	1,161,222	16,838,812
Total comprehensive income for the financial year	–	–	(1,504,120)	1,545,828	41,708	36,696	78,404
Transfers	28,913	(392,475)	–	363,562	–	–	–
Acquisition of interests in subsidiaries and change in minority interests	–	–	–	–	–	86,281	86,281
Dividends and liquidation distribution to minority interests	–	–	–	–	–	(98,131)	(98,131)
DSP reserve from dividends on unvested shares	–	–	–	3,045	3,045	–	3,045
Ordinary and preference dividends	–	–	–	(926,581)	(926,581)	–	(926,581)
Preference shares issued by a subsidiary	–	–	–	–	–	1,500,000	1,500,000
Preference shares issued by the Bank	1,000,000	–	–	–	1,000,000	–	1,000,000
Preference shares' issue expense	(1,339)	–	–	–	(1,339)	–	(1,339)
Share-based staff costs capitalised	–	15,012	–	–	15,012	–	15,012
Shares issued to non-executive directors	449	–	–	–	449	–	449
Shares purchased by DSP Trust	–	(1,999)	–	–	(1,999)	–	(1,999)
Shares vested under DSP Scheme	–	7,581	–	–	7,581	–	7,581
Treasury shares transferred/sold	89,344	(31,141)	–	–	58,203	–	58,203
Balance at 31 December 2008	6,637,508	1,329,156	221,844	7,685,161	15,873,669	2,686,068	18,559,737
Included:							
Share of reserves of associates and joint ventures	–	2,860	(463)	31,861	34,258	(190)	34,068

An analysis of the movements in each component within 'Share capital', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Statement of Changes in Equity – Bank
For the financial year ended 31 December 2009

In $'000	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2009	**6,637,508**	**1,099,054**	**12,003**	**5,076,140**	**12,824,705**
Total comprehensive income for the financial year	**–**	**–**	**590,557**	**1,266,678**	**1,857,235**
Transfers	**2,418**	**(342,044)**	**–**	**339,626**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**3,129**	**3,129**
Ordinary and preference dividends paid in cash	**–**	**–**	**–**	**(285,729)**	**(285,729)**
Share-based staff costs capitalised	**–**	**11,002**	**–**	**–**	**11,002**
Shares issued in-lieu of ordinary dividends	**683,985**	**–**	**–**	**(683,985)**	**–**
Shares issued to non-executive directors	**245**	**–**	**–**	**–**	**245**
Treasury shares transferred/sold	**52,096**	**–**	**–**	**–**	**52,096**
Balance at 31 December 2009	**7,376,252**	**768,012**	**602,560**	**5,715,859**	**14,462,683**
Balance at 1 January 2008	5,520,141	1,452,581	430,074	3,709,757	11,112,553
Total comprehensive income for the financial year	–	–	(418,071)	1,950,293	1,532,222
Transfers	28,913	(368,539)	–	339,626	–
DSP reserve from dividends on unvested shares	–	–	–	3,045	3,045
Ordinary and preference dividends	–	–	–	(926,581)	(926,581)
Preference shares issued by the Bank	1,000,000	–	–	–	1,000,000
Preference shares' issue expense	(1,339)	–	–	–	(1,339)
Share-based staff costs capitalised	–	15,012	–	–	15,012
Shares issued to non-executive directors	449	–	–	–	449
Treasury shares transferred/sold	89,344	–	–	–	89,344
Balance at 31 December 2008	6,637,508	1,099,054	12,003	5,076,140	12,824,705

An analysis of the movements in each component within 'Share capital', 'Capital reserves' and 'Revenue reserves' is presented in Notes 12 to 15.

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2009

In $'000	2009	2008
Cash flows from operating activities		
Profit before income tax	**2,542,862**	2,084,502
Adjustments for non-cash items:		
Allowances for loans and impairment for other assets	**429,048**	446,750
Amortisation of intangible assets	**46,636**	46,472
Change in fair value for hedging transactions and trading securities	**(296,698)**	292,121
Depreciation of property, plant and equipment and investment property	**135,226**	115,640
Net gain on disposal of government, debt and equity securities	**(50,230)**	(203,870)
Net gain on disposal of property, plant and equipment and investment property	**(8,541)**	(8,355)
Net loss on disposal of an associate and interests in subsidiaries	**363**	408
Share-based staff costs	**9,385**	13,066
Share of results of associates and joint ventures	**64**	(5,511)
Items relating to life assurance fund		
Surplus before income tax	**998,062**	45,235
Surplus transferred from life assurance fund	**(726,676)**	(300,350)
Operating profit before change in operating assets and liabilities	**3,079,501**	2,526,108
Change in operating assets and liabilities:		
Deposits of non-bank customers	**6,579,805**	5,324,003
Deposits and balances of banks	**845,040**	(4,651,373)
Derivative payables and other liabilities	**(3,493,382)**	4,401,788
Trading portfolio liabilities	**904,974**	939,150
Government securities and treasury bills	**(2,736,534)**	(1,137,594)
Trading securities	**114,759**	258,484
Placements with and loans to banks	**80,519**	(337,677)
Loans and bills receivable	**(1,341,402)**	(8,508,577)
Derivative receivables and other assets	**2,234,874**	(3,118,916)
Net change in investment assets and liabilities of life assurance fund	**(520,936)**	579,679
Cash from/(used in) operating activities	**5,747,218**	(3,724,925)
Income tax paid	**(341,999)**	(362,357)
Net cash from/(used in) operating activities	**5,405,219**	(4,087,282)
Cash flows from investing activities		
Acquisition of minority interests	**–**	(31,158)
Dividends from associates	**3,343**	2,495
(Increase)/decrease in associates and joint ventures	**(91,723)**	3,611
Net cash outflow from acquisition of subsidiaries	**–**	(124,195)
Purchases of debt and equity securities	**(3,130,277)**	(4,424,295)
Purchases of property, plant and equipment and investment property	**(200,009)**	(277,664)
Proceeds from disposal of an associate	**–**	1,046
Proceeds from disposal of debt and equity securities	**3,391,894**	5,218,721
Proceeds from disposal of interests in subsidiaries	**7,711**	–
Proceeds from disposal of property, plant and equipment and investment property	**20,459**	41,589
Net cash from investing activities	**1,398**	410,150
Cash flows from financing activities		
Increase in debts issued	**1,054,307**	939,192
Dividends paid to equity holders of the Bank	**(285,729)**	(926,581)
Dividends and liquidation distribution to minority interests	**(114,615)**	(98,131)
Net proceeds from issue of preference shares by the Bank	**–**	998,661
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**29,757**	58,203
Proceeds from issue of preference shares by a subsidiary	**–**	1,500,000
Net cash from financing activities	**683,720**	2,471,344
Net currency translation adjustments	**53,091**	(162,921)
Net change in cash and cash equivalents	**6,143,428**	(1,368,709)
Cash and cash equivalents at 1 January	**7,027,689**	8,396,398
Cash and cash equivalents at 31 December	**13,171,117**	7,027,689

The accompanying notes, as well as the Capital Management and Risk Management sections, form an integral part of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2009

These notes form an integral part of the financial statements.

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 19 February 2010.

1. GENERAL

Oversea-Chinese Banking Corporation Limited ("the Bank") is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of the Bank's registered office is 65 Chulia Street #26-00, OCBC Centre, Singapore 049513.

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures. The Group is principally engaged in the business of banking, life assurance, general insurance, asset management, investment holding, futures and stockbroking.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Singapore Companies Act (the "Act") including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore.

The financial statements are presented in Singapore Dollar, rounded to the nearest thousand unless otherwise stated. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgement or complexity, are disclosed in Note 2.23.

The following new/revised standards and interpretations were applied with effect from 1 January 2009:

- FRS 1 *Presentation of Financial Statements*
- FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- FRS 102 *Share-based Payment – Amendments Relating to Vesting Conditions and Cancellations*
- FRS 107 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
- FRS 108 *Operating Segments*
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- Improvements to FRSs 2008

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. The revised standard also introduces the statement of comprehensive income. The requirement is to present all items of income and expense recognised in profit or loss, together with all other items of comprehensive income, either in one single statement of comprehensive income, or in two linked statements. The Group has opted to present comprehensive income in two linked statements. Under the revised FRS 1, a statement of financial position is also required at the beginning of the earliest comparative period following any retrospective application of an accounting policy, retrospective restatement of items in the financial statements or reclassification of items in the financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

With the amendments to FRS 107, an entity is required to disclose its financial assets and liabilities using a fair value hierarchy that reflects the significance of inputs used in measuring the fair value of these assets and liabilities. An entity shall also disclose a maturity analysis for non-derivative financial liabilities (including issued financial guarantee contracts) that shows the remaining contractual maturities.

FRS 108 replaces FRS 14 *Segment Reporting*, and requires an entity to present its segment performance based on the same segment information used by management internally for managing the entity's operations.

INT FRS 113 requires that revenue for sale transactions involving the award of customer loyalty points be separated into two identifiable components, namely for goods or services rendered and for the loyalty points which may be redeemed in the future. The portion allocated to the loyalty points is deferred and recognised in income as and when the entity fulfils its obligations under the customer loyalty programmes.

Other than the impact on presentation following application of FRS 1 and FRS 107, the initial application of the above standards (including their consequential amendments) and interpretations does not have any material impact on the Group's financial statements.

2.2 Basis of consolidation

2.2.1 Subsidiaries

Subsidiaries are entities over which the Bank, directly or indirectly, has power to govern the financial and operating policies, generally accompanied by a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Bank controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values on the date of acquisition.

Subsidiaries are consolidated from the date on which control is transferred to the Bank to the date that control ceases. In preparing the consolidated financial statements, intra-group transactions, balances and unrealised gains on transactions among group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies within the Group.

Minority interests represent the portion of net results of operations and of net assets in subsidiaries that do not belong to equity holders of the Bank. They are disclosed separately in the Group income statement and balance sheet accordingly.

Notes to the Financial Statements

For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

2.2.2 Special purpose entities

Special purpose entities ("SPE") which are established for a narrow and well-defined objective are consolidated where the substance of the relationship indicates that the Group has control over the SPE notwithstanding that the Group holds little or no equity interest in the SPE.

2.2.3 Associates and joint ventures

Associates are entities over which the Bank has significant influence, but not control, generally accompanied by a shareholding of 20% to 50% of the voting rights. Joint ventures are entities which are jointly controlled by the Group and its joint venture partners. The parties involved have entered into a contractual arrangement to undertake an economic activity and none of them unilaterally has control over the entity.

Investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting, and include goodwill identified on acquisition, where applicable. Certain entities in which the Group had total shareholdings of between 20% and 50% were excluded from equity accounting because investments in the Life Funds of Great Eastern Holdings Limited were not included in determining associates.

Equity accounting involves recording investments in associates and joint ventures initially at cost, adjusted thereafter for post-acquisition changes of the Group's share of the net assets of the associates and joint ventures until the date the significant influence or joint control ceases. When the Group's share of losses equals or exceeds its interest in the associates and joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entities.

In applying the equity method of accounting, unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interests in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associates and joint ventures to ensure consistency of accounting policies with those of the Group.

The results of associates and joint ventures are taken from audited financial statements or unaudited management accounts of the entities concerned, made up to dates of not more than three months prior to the reporting date of the Group.

2.2.4 Life assurance companies

Certain subsidiaries of the Group engaged in life assurance business are structured into one or more long-term life assurance funds, and shareholders' fund. All premiums received, investment returns, claims and expenses, and changes in liabilities to policyholders are accounted for within the related life assurance fund. Any surplus, which is determined by the appointed Actuary after taking into account these items, may either be distributed between the shareholders and the policyholders according to a predetermined formula or retained within the life assurance funds. The amount distributed to shareholders is reported as "Profit from life assurance" in the consolidated income statement.

2.2.5 Accounting for subsidiaries and associates by the Bank

Investments in subsidiaries and associates are stated in the Bank's balance sheet at cost less any impairment in value after the date of acquisition.

2.3 Currency translation

2.3.1 Foreign currency transactions

Transactions in foreign currencies are recorded in the respective functional currencies of the Bank and its subsidiaries at the exchange rates prevailing on the transaction dates. Monetary items denominated in foreign currencies are translated to the respective entities' functional currencies at the exchange rates prevailing at the balance sheet date. Exchange differences arising on settlement and translation of such items are recognised in the income statement.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rate on the date the fair value is determined. Exchange differences on non-monetary items such as equity investments classified as available-for-sale financial assets are recognised in other comprehensive income and presented in the fair value reserve within equity.

2.3.2 Foreign operations

The assets and liabilities of foreign operations are translated to Singapore Dollar at exchange rates prevailing at the balance sheet date. The income and expenses of foreign operations are translated to Singapore Dollar at average exchange rates for the year, which approximate the exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences arising from the translation of a foreign operation are recognised in other comprehensive income and presented in the currency translation reserve within equity. When a foreign operation is disposed, in part or in full, the relevant amount in the currency translation reserve is included in the gain or loss on disposal of the operation.

2.4 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, balances and placements with central banks.

2.5 Financial instruments

2.5.1 Recognition

The Group initially recognises loans and advances, deposits and debts issued on the date of origination. All regular way purchases and sales of financial assets with delivery of assets within the time period established by regulation or market convention are recognised on the settlement date.

2.5.2 De-recognition

Financial assets are de-recognised when the Group's contractual rights to the cash flows from the financial assets expire or when the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Financial liabilities are de-recognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

2.5.3 Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards.

Notes to the Financial Statements
For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Financial instruments (continued)

2.5.4 Sale and repurchase agreements (including securities lending and borrowing)

Repurchase agreements ("repos") are regarded as collateralised borrowing. The securities sold under repos are treated as pledged assets and remain as assets on the balance sheets. The amount borrowed is recorded as a liability. Reverse repos are treated as collateralised lending and the amount of securities purchased is included in placements with central banks, loans to banks and non-bank customers. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

Securities lending and borrowing transactions are generally secured, with collateral taking the form of securities or cash. The transfer of securities to or from counterparties is not reflected on the balance sheet. Cash collateral advanced or received is recorded as an asset or a liability respectively.

2.6 Non-derivative financial assets

Non-derivative financial assets are classified according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and evaluates this designation at every reporting date.

2.6.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are initially recognised at acquisition cost and subsequently measured at amortised cost using the effective interest method, less impairment allowance.

2.6.2 Available-for-sale financial assets

Available-for-sale financial assets are intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or market prices.

At balance sheet date, the Group recognises unrealised gains and losses on revaluing unsettled contracts in other comprehensive income. Upon settlement, available-for-sale assets are carried at fair value (including transaction costs) on the balance sheet, with cumulative fair value changes taken to other comprehensive income and presented in fair value reserve within equity, and recognised in the income statement when the asset is disposed of, collected or otherwise sold, or when the asset is assessed to be impaired.

The fair value for quoted investments is derived from market bid prices. For unquoted securities, fair value is determined based on quotes from brokers and market makers, discounted cash flow and other valuation techniques commonly used by market participants.

2.6.3 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are acquired by the trading business units of the Group for the purpose of selling them in the near term.

At balance sheet date, unrealised profits and losses on revaluing unsettled contracts are recognised in the income statement. Upon settlement, these assets are carried at fair value on the balance sheet, with subsequent fair value changes recognised in the income statement. Fair value is derived from quoted market bid prices. All realised and unrealised gains and losses are included in net trading income in the income statement. Interest earned whilst holding trading assets is included in interest income.

2.6.4 Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. These assets are carried at amortised cost using the effective interest method, less any impairment loss.

2.7 Derivative financial instruments

All derivative financial instruments are recognised at fair value on the balance sheet and classified as derivative receivables when their fair value is favourable and as derivative payables when their fair value is unfavourable.

The Group enters into derivative transactions for trading purposes, and the realised and unrealised gains and losses are recognised in the income statement. The Group also enters into hedging derivative transactions to manage exposures to interest rate, foreign currency and credit risks arising from its core banking activities of lending and accepting deposits. The Group applies either fair value or cash flow hedge accounting when the transactions meet the specified criteria for hedge accounting.

For qualifying fair value hedges, changes in the fair values of the derivative and of the hedged item relating to the hedged risk are recognised in the income statement. If the hedge relationship is terminated, the fair value adjustment to the hedged item continues to be reported as part of the carrying value of the asset or liability and is amortised to the income statement as a yield adjustment over the remaining maturity of the asset or liability. For fair value portfolio hedge of interest rate exposure, adjustment will be on the straight-line method if amortisation using a re-calculated effective interest rate is not practicable.

"Hedge ineffectiveness" represents the amount by which the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged item. The amount of ineffectiveness, provided it is not so great as to disqualify the entire hedge for hedge accounting, is recorded in the income statement.

For qualifying cash flow hedges, the effective portion of the change in fair value of the derivative is taken to the hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedge reserve remain in equity until the forecasted transaction is recognised in the income statement. When the forecasted transaction is no longer expected to occur, the amounts accumulated in the hedge reserve is immediately transferred to the income statement.

For hedges of net investments in foreign operations which are accounted in a similar way as cash flow hedges, the gain or loss relating to the effective portion of the hedging instrument is recognised in equity and that relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are transferred to income statement on disposal of the foreign operations.

Notes to the Financial Statements

For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment includes the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised in the income statement during the financial year in which the expenditure is incurred.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date, to ensure that they reflect the expected economic benefits derived from these assets.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	–	5 to 10 years
Office equipment	–	5 to 10 years
Computers	–	3 to 10 years
Renovation	–	3 to 5 years
Motor vehicles	–	5 years

Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefit is expected from its use. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is de-recognised.

2.9 Investment property

Investment property is property held either for rental income or for capital appreciation or for both. Investment properties, other than those held under the Group's life assurance funds, are stated at cost less accumulated depreciation and impairment losses. Freehold land and leasehold land with leases of more than 100 years to expiry are not depreciated. Buildings and other leasehold land are depreciated over 50 years or the period of the lease, whichever is shorter.

Investment property held under the Group's life assurance fund is stated at fair value at balance sheet date. Changes in the carrying value resulting from revaluation are recognised in the income statement of the life assurance fund.

2.10 Goodwill and intangible assets

2.10.1 Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the cost of acquisition over the Group's interest in the net fair value of identifiable assets and liabilities of the acquiree. Goodwill is stated at cost less impairment loss. Impairment test is carried out annually, or when there is indication that the goodwill may be impaired.

Gains or losses on disposal of subsidiaries and associates include the carrying amount of goodwill relating to the entity sold.

2.10.2 Intangible assets

Intangible assets are separately identifiable intangible items arising from acquisitions and are stated at cost less accumulated amortisation and impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The useful life of an intangible asset is reviewed at least at each financial year end.

2.11 Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are measured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

2.12 Impairment of assets

Financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

2.12.1 Loans and receivables/financial assets carried at amortised cost

Loans are assessed for impairment on a loan-by-loan basis except for homogeneous loans below a certain materiality threshold, which are grouped together according to their risk characteristics and collectively assessed, taking into account the historical loss experience on such loans.

A specific allowance is established when the present value of recoverable cash flows for a loan is lower than the carrying value of the loan. Portfolio allowances are set aside for unimpaired loans based on portfolio and country risks, as well as industry practices.

Specific allowances are written back to the income statement when the loans are no longer impaired or when the loss on loan is determined to be less than the amount of specific allowance previously made. Loans are written-off when recovery action has been instituted and the loss can be reasonably determined.

2.12.2 Other non-derivative financial assets

Impairment of other non-derivative financial assets is calculated as the difference between the asset's carrying value and the estimated recoverable amount. For equity investments classified as available-for-sale, when there is a significant or prolonged decline in the fair value of the asset below its cost, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in the income statement) is removed from the fair value reserve within equity and recognised in the income statement.

Impairment losses on equity investments recognised in the income statement are not reversed through the income statement, until the investments are disposed of. For debt investments, reversal of impairment loss is recognised in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of assets (continued)

Other assets

2.12.3 Goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's Cash Generating Units ("CGU") expected to benefit from synergies of the business combination. The Group's CGUs correspond with the business segments identified in the primary segment report.

An impairment loss is recognised in the income statement when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The CGU's recoverable amount is the higher of its fair value less cost to sell and its value in use. Impairment loss on goodwill cannot be reversed in subsequent periods.

2.12.4 Investments in subsidiaries and associates
Property, plant and equipment
Investment property
Intangible assets

Investments in subsidiaries and associates, property, plant and equipment, investment property and intangible assets, are reviewed for impairment on balance sheet date or whenever there is any indication that the carrying value of an asset may not be recoverable. If such an indication exists, the carrying value of the asset is written down to its recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use).

The impairment loss is recognised in the income statement, and is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying value that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2.13 Insurance receivables

Insurance receivables are recognised when due. They are measured at initial recognition at the fair value received or receivable. Subsequent to initial recognition, insurance receivables are measured at amortised cost, using the effective interest method. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recognised in the income statement. Insurance receivables are derecognised when the derecognition criteria have been met.

2.14 Financial liabilities

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the liabilities are held at fair value through profit or loss. Financial liabilities are held at fair value through the income statement when:

(a) they are acquired or incurred for the purpose of selling or repurchasing in the near term;
(b) the designation eliminates or significantly reduces measurement or recognition inconsistencies that would otherwise arise from measuring financial liabilities or recognising gains or losses on them; or
(c) the financial liability contains an embedded derivative that would need to be separately recorded.

2.15 Provisions and other liabilities

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset only when it is virtually certain that reimbursement will be received.

Provision for insurance agents' retirement benefits, including deferred benefits, is calculated according to terms and conditions stipulated in the respective Life Assurance Sales Representative's Agreements. The deferred/retirement benefit accumulated at balance sheet date includes accrued interest.

Policy benefits are recognised when a policyholder exercises the option to deposit the survival benefits with the life assurance subsidiaries after the benefit falls due. Policy benefits are interest bearing at rates adjusted from time to time by the life assurance subsidiaries. Interest payable on policy benefits is recognised in the income statements as incurred.

2.16 Insurance contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

For the purpose of FRS 104, the Group adopts maximum policy benefits as the proxy for insurance risk and cash surrender value as the proxy for realisable value of the insurance contract on surrender. The Group defines insurance risk to be significant when the ratio of the insurance risk over the deposit component is not less than 105% of the deposit component at any point of the insurance contract in force. Based on this definition, all policy contracts issued by insurance subsidiaries within the Group are considered insurance contracts as at balance sheet date.

Certain subsidiaries within the Group write insurance contracts in accordance with insurance regulations prevailing in their respective jurisdictions. Disclosures on the various insurance contract liabilities are classified into the principal components, as follows:

(a) Life Assurance Fund contract liabilities, comprising
- Participating Fund contract liabilities;
- Non-participating Fund contract liabilities; and
- Investment-linked Fund contract liabilities.

(b) General Insurance Fund contract liabilities
(c) Reinsurance contracts

The Group does not adopt a policy of deferring acquisition costs for its insurance contracts.

Notes to the Financial Statements
For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Insurance contracts (continued)

Life Assurance Fund contract liabilities

Insurance contracts are recognised and measured in accordance with the terms and conditions of the respective contracts and are based on guidelines laid down by the respective insurance regulations. Premiums, claims and benefit payments, acquisition and management expenses and valuation of future policy benefit payments or premium reserves as the case may be, are recognised in the income statements of the respective insurance funds.

Life insurance liabilities are recognised when contracts are entered into and premiums are charged. These liabilities are measured by using the gross premium valuation method. The liability is determined as the sum of the present value of future guaranteed and, in the case of a participating policy, appropriate level of future gross considerations arising from the policy discounted at the appropriate discount rate. The liability is based on best estimate assumptions and with due regard to significant recent experience. An appropriate allowance for provision for risk margin for adverse deviation from expected experience is made in the valuation of non-participating life policies, the guaranteed benefit liabilities of participating life policies and non-unit liabilities of investment-linked policies.

The liability in respect of a participating insurance contract is taken at the higher of the guaranteed benefit liabilities or the total benefit liabilities at the contract level derived as stated above.

In the case of a life policy where a part of, or the whole of premiums are accumulated in a fund, the accumulated amount, as declared to policyholders are set as liabilities if the accumulated amount is higher than the amount as calculated using the gross premium valuation method.

In the case of short-term life policies covering contingencies other than death or survival, the liability for such life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Group.

Adjustments to liabilities at each reporting date are recorded in the respective income statements. Profits originated from margins of adverse deviations on run-off contracts are recognised in the income statements over the life of the contract, whereas losses are fully recognised in income statements during the first year of run-off.

The liability is extinguished when the contract expires, is discharged or is cancelled.

The Group issues a variety of short and long duration insurance contracts which transfer risks from the policyholders to the Group to protect policyholders from the consequences of insured events such as death, disability, illness, accident, including survival. These contracts may transfer both insurance and investment risk or insurance risk alone, from the policyholders to the Group.

For non-participating policy contracts, both insurance and investment risks are transferred from policyholders to the Group. For non-participating policy contracts other than medical insurance policy contracts, the payout to policyholders upon the occurrence of the insured event is pre-determined and the transfer of risk is absolute. For medical insurance policy contracts, the payout is dependent on the actual medical costs incurred upon the occurrence of the insured event.

Contracts which transfer insurance risk alone from policyholders to the Group are commonly known as investment-linked policies. As part of the pricing for these contracts, the insurance subsidiaries within the Group would include certain charges and fees to cover for expenses and insured risk. The net investment returns derived from the variety of investment funds as selected by the policyholder accrue directly to the policyholder.

A significant portion of insurance contracts issued by subsidiaries within the Group contain a discretionary participating feature. These contracts are classified as participating policies. In addition to guaranteed benefits payable upon insured events associated with human life such as death or disability, the contract entitles the policyholder to receive benefits, which could vary according to the investment performance of the fund. The Group does not recognise the guaranteed component separately from the discretionary participation feature.

The valuation of insurance contract liabilities is determined according to:

(a) Singapore Insurance Act (Chapter 142), Insurance (Valuation and Capital) Regulations 2004 for insurance funds regulated in Singapore; and
(b) Malaysia Insurance Act and Regulations 1996 and Risk-based Capital Framework for Insurers for insurance funds regulated in Malaysia.

Each insurance subsidiary within the Group is required under the respective insurance regulations to carry out a liability adequacy test using current estimates of future cash flows under its insurance contracts; the process is referred to as the gross premium valuation or bonus reserve valuation, depending on the jurisdiction in which the insurance subsidiary operates.

The liability adequacy test is applied to both the guaranteed and the discretionary participation feature; the assumptions are based on best estimates, as prescribed by the insurance regulations of the respective jurisdictions in which the insurance subsidiary operates. The Group performs liability adequacy tests on its actuarial reserves to ensure that the carrying amount of provisions is sufficient to cover estimated future cash flows. When performing the liability adequacy test, the Group discounts all contractual cash flows and compares this amount to the carrying value of the liability. Any deficiency is charged to the income statement.

Notes to the Financial Statements
For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Insurance contracts (continued)

The Group issues investment-linked contracts as insurance contracts which insure human life events such as death or survival over a long duration; coupled with an embedded derivative linking death benefit payments on the contract to the value of a pool of investments within the investment-linked fund set up by the insurance subsidiary. As this embedded derivative meets the definition of insurance contract, it need not be separately accounted for from the host insurance contract. The liability valuation for such contracts is adjusted for changes in the fair value of the underlying assets at frequencies as stated under the terms and conditions of the insurance contracts.

The table below provides the key underlying assumptions used for valuation of life insurance contract liabilities.

	Singapore	Malaysia
Valuation method	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Total assets backing policy benefits; (ii) Guaranteed and non-guaranteed cashflows discounted at 5.25%; and (iii) Guaranteed cashflows discounted using the interest rate outlined under (i) below.	Gross premium valuation For Participating Fund, the method that produces the higher reserves of: (i) Net fund based yield of 5.52% for total benefits (i.e. guaranteed and non-guaranteed cashflows); and (ii) For guaranteed cashflows, weighted average of Malaysia Government Bond zero coupon spot yields (as outlined below).
Interest rate	(i) Singapore Government bond yields for cash flows up to year 10, the Long Term Risk Free Discount Rate ("LTRFDR") for cash flows year 15 and after, and an interpolation of the 10-year Singapore Government Bond yield and the LTRFDR for cash flows between 10 to 15 years. (ii) For the fair value hedge portfolio, Singapore Government Bond yields for cash flows up to year 20, and the 20-year rate for cash flows beyond 20 years. Interpolation for years where rates are unavailable. *Data source: SGS website*	Weighted average of Malaysia Government bond yields determined based on the following: (i) For cashflows with duration less than 15 years, weighted average of Malaysia Government Bond zero coupon spot yields of matching duration. (ii) For cashflows with duration 15 years or more, weighted average of Malaysia Government Bond zero coupon spot yields of 15 years to maturity. The weighting is based on 30% weights for yields at date of valuation and 70% weights of the simple average of yields in the preceding 7 quarters prior to the date of valuation. *Data source: Weighted average of Malaysia Government Bond zero coupon spot yield from Bondweb, a bond pricing agency.*
Mortality, Disability, Dread disease, Expenses, Lapse and surrenders	Best estimates plus provision for adverse deviation. *Data source: Internal experience studies*	Participating Fund, the method that produces the higher reserves of: (i) Best estimates for total benefits (i.e. guaranteed and non-guaranteed cashflows); and (ii) Best estimates plus provision for risk of adverse deviation for guaranteed cashflows only. Non-participating and unit reserves of Investment-linked Fund: Best estimates plus provision for risk of adverse deviation. *Data source: Internal experience studies*

* Refer to Note 2.23 on Critical accounting estimates and judgements

Notes to the Financial Statements
For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Insurance contracts (continued)

General Insurance Fund contract liabilities

The Group issues short term property and casualty contracts which protect the policyholders against the risk of loss of property premises due to fire or theft in the form of fire or burglary insurance contract and/or business interruption contract; risk of liability to pay compensation to a third party for bodily harm or property damage in the form of public liability insurance contract. The Group also issues short term medical and personal accident general insurance contracts.

General insurance contract liabilities include liabilities for outstanding claims and unearned premiums.

Outstanding claims provision are based on the estimated ultimate cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims handling costs and reduction for the expected value of salvage and other receivables. Delays can be experienced in the notification and settlement of certain types of claims, therefore, the ultimate cost of these claims cannot be known with certainty at the balance sheet date. The liability is calculated at the reporting date using a range of standard actuarial projection techniques based on empirical data and the current assumptions that may include a margin for adverse deviation. The liability is not discounted for the time value of money. No provision for equalisation or catastrophe reserves is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. The provision is recognised when contracts are entered into and premiums are charged. The provision is released over the term of the contract and is recognised as premium income.

The valuation of general insurance contract liabilities at balance sheet date is based on best estimates of the ultimate settlement cost of claims plus a provision for adverse deviation. For Singapore, as required by the local insurance regulations, the provision for adverse deviation is set at 75 per cent sufficiency. For Singapore, the valuation methods used include the Paid Claim Development Method, the Incurred Claim Development Method, the Bornhuetter-Ferguson Method, the Mack's Method and the Expected Loss Ratio Method. For Malaysia, the Link Ratio Method is used.

Reinsurance contracts

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurers. These amounts are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurance contract.

Reinsurance assets are reviewed for impairment at each balance sheet date or more frequently when an indication of impairment arises during the financial year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the Group may not receive part or all outstanding amounts due under the terms of the contract. The impairment loss is recorded in the income statements. Gains or losses on reinsurance are recognised in the income statements immediately at the date of contract and are not amortised. Ceded reinsurance arrangements do not relieve the Group from its obligations to policyholders.

The Group also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts where applicable. Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

2.17 Unexpired risk reserve

The Unexpired Risk Reserve ("URR") represents the unearned portion of written premiums of general insurance policies, gross of commission payable to intermediaries attributable to periods after balance sheet date. The change in provision for unearned premium is taken to the income statements in the order that revenue is recognised over the period of the risk exposure. Further provisions are made for claims anticipated under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

URR is computed using the 1/24th method and is reduced by the corresponding percentage of accounted gross direct business, commissions and agency related expenses not exceeding limits specified by regulators in the respective jurisdictions in which the insurance entity operates.

2.18 Share capital and dividend

Ordinary shares, non-voting non-convertible and non-voting redeemable convertible preference shares with discretionary dividends are classified as equity on the balance sheet.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Treasury shares which are subsequently reissued, sold or cancelled, are recognised as changes in equity.

Interim dividends on ordinary shares and dividends on preference shares are recorded in the year in which they are declared payable by the Board of Directors. Final dividends are recorded in the year when the dividends are approved by shareholders at the annual general meeting.

2.19 Recognition of income and expense

2.19.1 Interest income and expense

Interest income and expense are recognised in the income statement using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instruments or, when appropriate, a shorter period to the net carrying amount. When calculating the effective interest rate, significant fees and transaction costs integral to the effective interest rate, as well as premiums or discounts, are considered.

For impaired financial assets, interest income is recognised on the carrying amount based on the original effective interest rate of the financial asset.

Notes to the Financial Statements

For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Recognition of income and expense (continued)

2.19.2 Profit from life assurance

Profit from life assurance business derived from the insurance funds is categorised as follows:

(a) Participating Fund
Profits from the participating fund are allocated to policyholders and shareholders from the surplus or surplus capital, based on the results of the annual actuarial valuation (such valuation also determines the liabilities relating to all the policyholders' benefits of the participating fund). Parameters for the valuation are set out in the insurance regulations governing the Group's insurance subsidiaries in the respective jurisdictions in which they operate. The provisions in the Articles of Association of the Group's insurance subsidiaries are applied in conjunction with the prescriptions in the respective insurance regulations, such that the distribution for any year to policyholders of the participating fund and shareholders approximate 90% and 10% respectively of total distribution from the participating fund. The annual declaration of the quantum of policyholders' bonus and correspondingly the profits to shareholders to be distributed out of the participating fund are approved by the Board of Directors of each insurance subsidiary on the advice of the Appointed Actuary of the respective subsidiary, in accordance with the Insurance Regulations and the Articles of Association of the respective subsidiary.

(b) Non-Participating Fund
Revenue consists of premiums, interest and investment income; including changes in the fair value of certain assets as prescribed in the respective insurance regulations. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit or loss from the non-participating fund is determined from the revenue, expenses, and the annual actuarial valuation of the non-participating fund liabilities in accordance with the requirements of the respective insurance regulations. In addition, profit transfers from the Singapore and Malaysia non-participating funds include changes in the fair value of assets measured in accordance with the respective insurance regulations.

(c) Investment-linked Fund
Revenue comprises bid-ask spread, fees for mortality and other insured events, asset management, policy administration and surrender charges. Expenses include reinsurance costs, acquisition costs, benefit payments and management expenses. Profit is derived from revenue net of expenses and provision for the annual actuarial valuation of liabilities in accordance with the requirements of the insurance regulations, in respect of the non-unit-linked part of the fund.

Recurring premiums from policyholders are recognised as revenue on their respective payment due dates. Single premiums are recognised on the date on which the policy is effective. Premiums from the investment-linked business are recognised as revenue when payment is received.

2.19.3 Premium income from general insurance

Premiums from the general insurance business are recognised as revenue upon commencement of insurance cover. Premiums pertaining to periods after balance sheet date are adjusted through the unexpired risk reserve (Note 2.17). Commission is recognised as an expense when incurred, typically upon the risk underwritten as reflected in the premium recognised.

Premiums ceded out and the corresponding commission income from general insurance contracts are recognised in the income statement upon receipt of acceptance confirmation from the ceding company or in accordance with provisions incorporated in the treaty contracts. Premiums ceded out pertaining to periods after balance sheet date are adjusted through the movement in unexpired risk reserve.

2.19.4 Fees and commissions

The Group earns fees and commissions from a range of services rendered to its customers. Fees and commissions are generally recognised upon the completion of a transaction. For services provided over a period of time or credit risk undertaken, fees and commissions are amortised over the relevant period. Expenses are netted off against gross fees and commissions in the income statement.

2.19.5 Dividends

Dividends from available-for-sale securities, subsidiaries and associates are recognised when the right to receive payment is established. Dividends from trading securities are recognised when received.

2.19.6 Rental

Rental income on tenanted areas of the buildings owned by the Group is recognised on an accrual basis in accordance with the substance of the tenancy agreements.

2.19.7 Employee benefits

The Group's compensation package for staff consists of base salaries, allowances, defined contribution plans such as the Central Provident Fund, commissions, cash bonuses, and share-based compensation plans. These are recognised in the income statement when incurred. Employee leave entitlements are estimated according to the terms of employment contract and accrued on balance sheet date.

Share-based compensation plans include the Bank's Share Option Schemes, the Employee Share Purchase Plan ("ESP Plan") and the Deferred Share Plan ("DSP"). Equity instruments granted are recognised as expense in the income statement based on the fair value of the equity instrument at the date of the grant. The expense is recognised over the vesting period of the grant, with corresponding entries to equity.

At each balance sheet date, the Group revises its estimates of the number of equity instruments expected to be vested, and the impact of the change to the original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity over the remaining vesting period.

The Group accrues for interest on the monthly contributions made by employees to the savings-based ESP Plan. For the DSP, a trust is set up to administer the shares. The DSP Trust is consolidated in the Group's financial statements.

Proceeds received upon the exercise of options and acquisition rights, net of any directly attributable transaction costs, are credited to share capital.

Notes to the Financial Statements

For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Recognition of income and expense (continued)

2.19.7 Employee benefits (continued)

Government grants – Jobs credit scheme

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as an offset against the expenses over the periods which they are intended to compensate, on a systematic basis.

The Jobs credit scheme is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn.

2.19.8 Lease payments

Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the term of the lease. When a lease is terminated before its expiry, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period when the termination takes place.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The expense is allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.20 Income tax expense

Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax computation. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that does not affect accounting or taxable profit, and differences relating to investments in subsidiaries, associates and joint ventures to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available for utilisation against the temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.21 Fiduciary activities

The Group acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. The assets and income from these assets do not belong to the Group, and are therefore excluded from these financial statements.

2.22 Segment reporting

The Group's business segments represent the key customer and product groups, as follows: Global Consumer Financial Services, Global Corporate Banking, Global Treasury, Insurance and Others. In determining the segment results, balance sheet items are internally transfer priced and revenues and expenses are attributed to each segment based on internal management reporting policies. Transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

A geographical segment engages in providing products and services within a particular economic environment that is subject to different risks from those of other economic environments. Geographical segment information is prepared based on the country in which the transactions are booked and presented after elimination of intra-group transactions and balances.

2.23 Critical accounting estimates and judgements

Certain estimates are made in the preparation of the financial statements. These often require management judgement in determining the appropriate methodology for valuation of assets and liabilities. A brief description of the Group's critical accounting estimates is set out below.

2.23.1 Liabilities of insurance business

The estimation of the ultimate liabilities arising from claims made under life and general insurance contracts is the Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims.

For life insurance contracts, estimates are made for future deaths, disabilities, voluntary terminations, investment returns and administration expenses. The Group relies on standard industry reinsurance and national mortality tables which represent historical mortality experience, and makes appropriate adjustments for its respective risk exposures in deriving the mortality and morbidity estimates. These estimates provide the basis in the valuation of the future benefits to be paid to policyholders, and ensure adequate provision of reserves which are monitored against current and future premiums. For those contracts that insure risk on longevity and disability, estimates are made based on recent past experience and emerging trends. Epidemics and changing patterns of lifestyle could result in significant changes to the expected future exposures.

At each balance sheet date, these estimates are assessed for adequacy and changes will be reflected as adjustments to the insurance fund contract liabilities.

Notes to the Financial Statements

For the financial year ended 31 December 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Critical accounting estimates and judgements (continued)

2.23.1 Liabilities of insurance business (continued)

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not yet reported at the balance sheet date ("IBNR").

It can take a significant time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the balance sheet liability. The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques such as Chain Ladder and Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that a company's past development experience can be used to project future claims development and hence, ultimate claim costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years but can also be further analysed by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (for example, to reflect one-off occurrences, changes in external or market factors, economic conditions as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all uncertainties involved.

2.23.2 Impairment of goodwill and intangible assets

The Group performs an annual review of the carrying value of its goodwill and intangible assets, against the recoverable amounts of the CGU to which the goodwill and intangible assets have been allocated. Recoverable amounts of CGUs are determined based on the present value of estimated future cash flows expected to arise from the respective CGUs' continuing operations. Management exercises its judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amounts of the CGUs.

2.23.3 Fair value estimation

Fair value is derived from quoted market prices or valuation techniques which refer to observable market data. The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. Where unobservable data inputs have a significant impact on the value obtained from the valuation model, such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value. The difference between the transaction price and the model value, commonly referred to as "day one profit and loss" is not recognised immediately in the income statement.

The timing of recognition of deferred day one profit and loss is determined individually. It is amortised over the life of the transaction, released when the instrument's fair value can be determined using market observable inputs, or when the transaction is derecognised.

2.23.4 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the capital allowances and deductibility of certain expenses in estimating the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which the determination is made.

2.23.5 Impairment of loans

The Group assesses impairment of loans by calculating the present value of future recoverable cash flows and the fair value of the underlying collaterals, which is determined based on credit assessment on a loan-by-loan basis. Homogeneous loans below a materiality threshold are grouped together according to their risk characteristics and collectively assessed taking into account the historical loss experience on such loans. The portfolio allowances set aside for unimpaired loans are based on management's credit experiences and judgement, taking into account geographical and industry factors. A minimum 1% portfolio allowance is maintained by the Group in accordance with the transitional arrangement set out in MAS Notice 612. The assumptions and judgements used by management may affect these allowances.

2.23.6 Impairment of available-for-sale financial assets

The Group follows the guidance of FRS 39 in determining when an investment is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

2.23.7 Insurance contract classification

Contracts are classified as insurance contracts where they transfer significant insurance risk from the policyholder to the Group. The Group exercises judgement about the level of insurance risk transferred. The level of insurance risk is assessed by considering whether the Group is required to pay significant additional benefits in excess of amounts payable when the insured event occurs. These additional benefits include claims liability and assessment costs, but exclude the loss of the ability to charge the policyholder for future services. The assessment covers the whole of the expected term of the contract where such additional benefits could be payable. Some contracts contain options for the policyholder to purchase insurance risk protection at a later date, these insurance risks are deemed not significant.

Notes to the Financial Statements

For the financial year ended 31 December 2009

3. NET INTEREST INCOME

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest income				
Loans to non-bank customers	**3,042,746**	3,650,920	**1,917,708**	2,496,945
Placements with and loans to banks	**431,950**	779,663	**295,066**	573,106
Other interest-earning assets	**714,817**	836,410	**425,835**	583,767
	4,189,513	5,266,993	**2,638,609**	3,653,818
Interest expense				
Deposits of non-bank customers	**(1,035,903)**	(1,814,950)	**(455,737)**	(1,166,428)
Deposits and balances of banks	**(96,188)**	(429,683)	**(69,247)**	(373,785)
Other borrowings	**(232,199)**	(238,962)	**(294,352)**	(257,046)
	(1,364,290)	(2,483,595)	**(819,336)**	(1,797,259)
Analysed by classification of financial instruments				
Income – Assets not at fair value through profit or loss	**4,050,343**	5,117,888	**2,550,385**	3,541,249
Income – Assets at fair value through profit or loss	**139,170**	149,105	**88,224**	112,570
Expense – Liabilities not at fair value through profit or loss	**(1,328,983)**	(2,470,172)	**(784,029)**	(1,784,279)
Expense – Liabilities at fair value through profit or loss	**(35,307)**	(13,423)	**(35,307)**	(12,981)
Net interest income	**2,825,223**	2,783,398	**1,819,273**	1,856,559

Included in interest income were interest on impaired assets of $22.3 million (2008: $24.7 million) and $9.9 million (2008: $12.5 million) for the Group and Bank respectively.

4. PROFIT FROM LIFE ASSURANCE

	GROUP	
	2009 $ million	2008 $ million
Income		
Annual	**3,812.5**	3,658.7
Single	**1,858.5**	3,225.7
Gross premiums	**5,671.0**	6,884.4
Reinsurances	**(82.1)**	(78.7)
Premium income (net)	**5,588.9**	6,805.7
Investment income/(loss)	**2,726.1**	(399.8)
Total income	**8,315.0**	6,405.9
Expenses		
Gross claims, surrenders and annuities	**(4,519.6)**	(4,261.2)
Claims, surrenders and annuities recovered from reinsurers	**48.5**	34.2
Net claims, surrenders and annuities	**(4,471.1)**	(4,227.0)
Change in life assurance fund contract liabilities (Note 22)	**(2,007.6)**	(1,192.7)
Commission and agency expenses	**(517.6)**	(531.1)
Depreciation – property, plant and equipment (Note 35)	**(45.0)**	(52.6)
Other expenses [1]	**(247.8)**	(325.8)
Total expenses	**(7,289.1)**	(6,329.2)
Surplus from operations	**1,025.9**	76.7
Share of results of associates and joint ventures	**(27.8)**	(31.4)
Income tax (expense)/credit	**(271.4)**	255.1
Profit from life assurance	**726.7**	300.4

(1) Included in other expenses were directors' emoluments of $2.9 million (2008: $2.5 million).

Profit from life assurance is presented net of tax in the income statement as the tax liability is borne by the respective life funds.

Notes to the Financial Statements
For the financial year ended 31 December 2009

5. FEES AND COMMISSIONS (NET)

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fee and commission income	**790,697**	833,817	**412,497**	482,276
Fee and commission expense	**(60,563)**	(60,300)	**(18,081)**	(28,472)
Fees and commissions (net)	**730,134**	773,517	**394,416**	453,804
Analysed by major sources:				
Brokerage	**95,562**	73,559	**1,157**	(101)
Credit card	**44,638**	54,739	**32,639**	38,962
Fund management	**70,253**	78,527	**(95)**	(285)
Guarantees	**22,906**	26,858	**17,917**	21,038
Investment banking	**54,162**	51,008	**53,854**	50,271
Loan-related	**172,380**	152,508	**122,115**	112,962
Service charges	**52,831**	50,418	**31,552**	32,572
Trade-related and remittances	**123,974**	128,515	**84,161**	84,981
Wealth management	**64,604**	132,404	**47,394**	111,615
Others	**28,824**	24,981	**3,722**	1,789
	730,134	773,517	**394,416**	453,804

6. DIVIDENDS

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Subsidiaries	**–**	–	**160,808**	353,022
Associates	**–**	–	**3,102**	2,108
Trading securities	**5,117**	15,004	**4,476**	14,353
Available-for-sale securities	**51,843**	56,707	**15,490**	12,967
	56,960	71,711	**183,876**	382,450

7. OTHER INCOME

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Foreign exchange [1]	**392,076**	150,887	**275,549**	107,650
Hedging activities [2]				
Hedging instruments	**(111,802)**	77,109	**(109,355)**	69,566
Hedged items	**113,451**	(60,824)	**111,419**	(54,860)
Fair value hedges	**1,649**	16,285	**2,064**	14,706
Ineffective portion of investment hedge	**–**	–	**–**	–
Interest rate and other derivatives [3]	**(207,202)**	280,237	**(196,544)**	256,163
Trading securities	**157,945**	(404,840)	**136,492**	(375,265)
Net trading income	**344,468**	42,569	**217,561**	3,254
Disposal of securities classified as available-for-sale	**50,222**	203,870	**31,474**	53,099
Disposal of securities classified as loans and receivables	**8**	–	**–**	–
Disposal/liquidation of subsidiaries and associates	**(363)**	(408)	**1,112**	681,120
Disposal of plant and equipment	**62**	385	**(198)**	(26)
Disposal of property	**8,479**	7,970	**5,603**	5,827
Computer-related services income	**32,764**	36,179	**–**	–
Property-related income	**8,554**	8,206	**415**	378
Others	**(167,843)**	22,218	**39,238**	30,309
	276,351	320,989	**295,205**	773,961

[1] "Foreign exchange" includes gains and losses from spot and forward contracts and translation of foreign currency assets and liabilities.
[2] "Hedging activities" arise from the use of derivatives to hedge exposures to interest rate and foreign exchange risks, which are inherent in the underlying "Hedged items".
[3] "Interest rate and other derivatives" include gains and losses from interest rate, equity options and other derivative instruments.

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8. STAFF COSTS AND OTHER OPERATING EXPENSES

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
8.1 Staff costs				
Salaries and other costs [1]	**887,083**	929,824	**422,666**	435,070
Share-based expenses	**9,140**	12,617	**6,866**	9,010
Contribution to defined contribution plans	**75,978**	78,497	**34,339**	34,201
	972,201	1,020,938	**463,871**	478,281
Directors' emoluments: [2]				
Remuneration of Bank's directors	**6,879**	7,196	**6,509**	6,087
Remuneration of directors of subsidiaries	**10,686**	12,500	**–**	–
Fees of Bank's directors [3]	**3,187**	2,974	**1,991**	2,069
Fees of directors of subsidiaries	**2,164**	1,813	**–**	–
	22,916	24,483	**8,500**	8,156
Total staff costs	**995,117**	1,045,421	**472,371**	486,437
8.2 Other operating expenses				
Property, plant and equipment: [4]				
Depreciation [5]	**135,226**	115,640	**72,601**	58,404
Maintenance and hire	**61,768**	68,374	**21,998**	26,496
Rental expenses	**46,334**	42,733	**66,851**	66,366
Others	**105,933**	113,256	**41,726**	62,801
	349,261	340,003	**203,176**	214,067
Auditors' remuneration				
Payable to auditors of the Bank	**1,249**	1,180	**958**	853
Payable to associated firms of auditors of the Bank	**902**	694	**221**	160
Payable to other auditors	**2,135**	1,330	**10**	35
	4,286	3,204	**1,189**	1,048
Other fees				
Payable to auditors of the Bank	**162**	67	**122**	37
Payable to associated firms of auditors of the Bank	**249**	303	**151**	117
	411	370	**273**	154
Hub processing charges	**–**	–	**124,820**	137,208
General insurance claims	**55,534**	54,301	**–**	–
Others [6]	**391,780**	411,222	**234,967**	230,182
	447,314	465,523	**359,787**	367,390
Total other operating expenses	**801,272**	809,100	**564,425**	582,659
8.3 Staff costs and other operating expenses	**1,796,389**	1,854,521	**1,036,796**	1,069,096

(1) Net of $19.4 million (2008: nil) and $11.7 million (2008: nil) for the Group and the Bank received from government grants – Jobs credit scheme respectively.
(2) Directors' emoluments pertaining to life assurance funds are disclosed in Note 4 – Profit from life assurance.
(3) Included share-based payment of $0.2 million (2008: $0.4 million) made to non-executive directors.
(4) Direct operating expenses on leased investment property for the Group and the Bank amounted to $13.6 million (2008: $18.7 million) and $4.0 million (2008: $6.6 million) respectively. Direct operating expenses on vacant investment property for the Group and the Bank amounted to $1.1 million (2008: $0.6 million) and $0.5 million (2008: $0.4 million) respectively.
(5) Included depreciation for investment property of $12.7 million (2008: $12.9 million) and $7.0 million (2008: $7.0 million) for the Group and Bank respectively.
(6) Included professional fees paid to a firm, which is related to a director, of amounts less than $0.2 million for 2009 and 2008 respectively.

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9. ALLOWANCES FOR LOANS AND IMPAIRMENT FOR OTHER ASSETS

	GROUP		BANK	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Specific allowances for loans (Note 28)	**241,266**	164,567	**172,290**	94,631
Portfolio allowances for loans (Note 29)	**22,863**	20,189	**–**	10,184
Impairment charge for available-for-sale securities	**73,778**	191,943	**47,594**	143,517
Allowances for collateralised debt obligations (CDOs)	**87,679**	89,512	**85,526**	86,508
Impairment charge/(write-back of allowances) for other assets (Note 32)	**3,462**	(19,461)	**653**	(19,299)
Net allowances and impairment	**429,048**	446,750	**306,063**	315,541

10. INCOME TAX EXPENSE

	GROUP		BANK	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Current tax expense	**351,294**	380,682	**174,444**	176,073
Deferred tax expense/(credit) (Note 20)	**67,057**	(15,772)	**14,132**	(8,706)
	418,351	364,910	**188,576**	167,367
Over provision in prior years and tax refunds	**(29,977)**	(140,418)	**(38,854)**	(102,680)
Charge to income statements	**388,374**	224,492	**149,722**	64,687

The tax on operating profit differs from the amount that would arise using the Singapore corporate tax rate as follows:

	GROUP		BANK	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Operating profit after allowances and amortisation	**2,542,926**	2,078,991	**1,384,670**	2,111,932
Prima facie tax calculated at tax rate of 17% (2008: 18%)	**432,297**	374,218	**235,394**	380,148
Effect of change in tax rates	**(3,894)**	2,186	**(2,323)**	–
Effects of different tax rates in other countries	**76,762**	60,532	**8,112**	3,186
Losses of subsidiaries and foreign branches not offset against taxable income of other entities	**2,254**	633	**684**	633
Income not assessable for tax	**(29,875)**	(25,225)	**(35,540)**	(183,490)
Income taxed at concessionary rate	**(35,831)**	(55,013)	**(30,196)**	(54,795)
Effect of Singapore life assurance fund	**(43,220)**	(24,415)	**–**	–
Amortisation of intangibles	**7,928**	8,365	**–**	–
Non-deductible allowances	**4,086**	4,702	**6,107**	3,120
Others	**7,844**	18,927	**6,338**	18,565
	418,351	364,910	**188,576**	167,367
The deferred tax expense/(credit) comprised:				
Accelerated tax depreciation	**892**	9,957	**859**	8,760
Allowances/(write-back of allowances) for assets	**17,825**	(18,941)	**22,326**	(17,913)
Debt and equity securities	**1,382**	(3,008)	**129**	(424)
Fair value on properties from business combinations	**(6,511)**	2,822	**(6,195)**	2,152
Tax losses	**(938)**	(2,415)	**(1,067)**	–
Others	**54,407**	(4,187)	**(1,920)**	(1,281)
	67,057	(15,772)	**14,132**	(8,706)

Notes to the Financial Statements

For the financial year ended 31 December 2009

11. EARNINGS PER SHARE

$'000	GROUP 2009	2008
Profit attributable to ordinary equity holders of the Bank	**1,962,413**	1,749,443
Preference dividends paid	**(90,125)**	(59,352)
Profit attributable to ordinary equity holders of the Bank after preference dividends	**1,872,288**	1,690,091
Weighted average number of ordinary shares ('000)		
For basic earnings per share	**3,152,818**	3,094,473
Adjustment for assumed conversion of share options and acquisition rights	**6,403**	8,781
For diluted earnings per share	**3,159,221**	3,103,254
Earnings per share (cents)		
Basic	**59.4**	54.6
Diluted	**59.3**	54.5

Basic earnings per share is calculated by dividing profit attributable to ordinary equity holders of the Bank net of preference dividends by the weighted average number of ordinary shares in issue during the financial year.

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from share options and acquisition rights, with the potential ordinary shares weighted for the period outstanding.

12. UNAPPROPRIATED PROFIT

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit attributable to equity holders of the Bank	**1,962,413**	1,749,443	**1,234,948**	2,047,245
Add: Unappropriated profit at 1 January	**6,942,425**	5,755,694	**4,260,565**	2,799,983
Total amount available for appropriation	**8,904,838**	7,505,137	**5,495,513**	4,847,228
Appropriated as follows:				
Ordinary dividends:				
2007 final tax exempt dividend of 14 cents	**–**	(433,244)	**–**	(433,244)
2008 interim tax exempt dividend of 14 cents	**–**	(433,985)	**–**	(433,985)
2008 final tax exempt dividend of 14 cents	**(434,894)**	–	**(434,894)**	–
2009 interim tax exempt dividend of 14 cents	**(444,695)**	–	**(444,695)**	–
Preference dividends:				
Class B 5.1% tax exempt (2008: 5.1% tax exempt)	**(51,000)**	(20,120)	**(51,000)**	(20,120)
Class E 4.5% tax exempt (2008: 4.5% tax exempt)	**(22,500)**	(22,562)	**(22,500)**	(22,562)
Class G 4.2% tax exempt (2008: 4.2% tax exempt)	**(16,625)**	(16,670)	**(16,625)**	(16,670)
Transfer from:				
Capital reserves (Note 14)	**335,657**	363,562	**339,626**	339,626
General reserves (Note 15.1)	**–**	307	**–**	292
	(634,057)	(562,712)	**(630,088)**	(586,663)
At 31 December (Note 15)	**8,270,781**	6,942,425	**4,865,425**	4,260,565

At the annual general meeting to be held, a final one-tier tax exempt dividend of 14 cents per ordinary share in respect of the financial year ended 31 December 2009, totalling $452.2 million, will be proposed. The dividends will be accounted for as a distribution in the 2010 financial statements.

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For the financial year ended 31 December 2009

13. SHARE CAPITAL

13.1 Share capital

GROUP AND BANK	2009 Shares ('000)	2008 Shares ('000)	2009 $'000	2008 $'000
Ordinary shares				
At 1 January	**3,126,566**	3,126,513	**4,969,942**	4,941,919
Shares issued in-lieu of ordinary dividends	**118,512**	–	**683,985**	–
Shares issued to non-executive directors	**43**	53	**245**	449
Preference shares' issue expense	**–**	–	**–**	(1,339)
Transfer from share-based reserves for options and rights exercised (Note 14)	**–**	–	**2,418**	28,913
At 31 December	**3,245,121**	3,126,566	**5,656,590**	4,969,942
Treasury shares				
At 1 January	**(25,747)**	(40,292)	**(228,265)**	(317,609)
Share Option Schemes	**6,044**	4,997	**41,330**	34,177
Share Purchase Plan	**23**	5,457	**156**	37,317
Treasury shares transferred to DSP Trust	**4,898**	4,091	**22,340**	31,141
Loss on treasury shares transferred/sold	**–**	–	**(11,730)**	(13,291)
At 31 December	**(14,782)**	(25,747)	**(176,169)**	(228,265)
Preference shares				
At 1 January:				
Class B	**10,000**	–	**1,000,000**	–
Class E	**5,000**	5,000	**500,000**	500,000
Class G	**395,831**	395,831	**395,831**	395,831
			1,895,831	895,831
Class B shares issued during the year	**–**	10,000	**–**	1,000,000
At 31 December			**1,895,831**	1,895,831
Issued share capital, at 31 December			**7,376,252**	6,637,508

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and to one vote per share at meetings of the Bank. All shares (excluding treasury shares) rank equally with regard to the Bank's residual assets.

Details of the Bank's non-cumulative non-convertible preference shares are set out in the table below. Preference dividends are payable semi-annually in arrears on 20 June and 20 December, subject to directors' approval. Preference shareholders will only be entitled to attend and vote at general meetings of the Bank if dividends have not been paid in full when due for a consecutive period of 12 months or more.

The issued ordinary shares and Class B, Class E and Class G non-cumulative non-convertible preference shares qualify as Tier 1 capital for the Group.

Preference shares	Date of issue	Dividend rate p.a.	Liquidation value per share	Redemption option by the Bank on these dates
Class B	29 Jul 2008	5.1%	SGD100	29 Jul 2013; dividend payment dates after 29 Jul 2013
Class E	28 Jan 2003	4.5%	SGD100	28 Jan 2008; 28 Jan 2013; dividend payment dates after 28 Jan 2013
Class G	14 Jul 2003 6 Aug 2003	4.2%	SGD1	14 Jan 2009; 14 Jul 2013; dividend payment dates after 14 Jul 2013

At 31 December 2009, associates of the Group held 420 (2008: 420) ordinary shares and 10,000 (2008: nil) Class E preference shares in the capital of the Bank.

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13. SHARE CAPITAL (continued)

13.2 Share option schemes

In March 2009, the Bank granted 3,755,564 options (2008: 5,579,220) to acquire ordinary shares in the Bank pursuant to OCBC Share Option Scheme 2001. This included 162,958 (2008: 650,000) options granted to directors of the Bank. The fair value of options granted, determined using the binomial valuation model, was $5.5 million (2008: $9.9 million). Significant inputs to the valuation model are set out below:

	2009	2008
Acquisition price ($)	**4.14**	7.52
Average share price from grant date to acceptance date ($)	**4.97**	8.16
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**40.43**	25.23
Risk-free rate based on SGS bond yield at acceptance date (%)	**1.34 and 2.06**	1.63 and 2.27
Expected dividend yield (%)	**5.63**	3.43
Exercise multiple (times)	**1.57**	1.57
Option life (years)	**5 and 10**	5 and 10

Movements in the number of options and the average acquisition prices are as follows:

	2009		2008	
	Number of options	Average price	Number of options	Average price
At 1 January	**43,089,452**	**$6.046**	43,412,224	$5.708
Granted	**3,755,564**	**$4.138**	5,579,220	$7.520
Exercised	**(6,534,886)**	**$5.106**	(5,141,052)	$4.671
Forfeited/lapsed	**(563,170)**	**$5.654**	(760,940)	$6.851
At 31 December	**39,746,960**	**$6.026**	43,089,452	$6.046
Exercisable options at 31 December	**30,796,721**	**$5.941**	32,591,779	$5.508
Average share price underlying the options exercised		**$7.605**		$7.826

At 31 December 2009, the weighted average remaining contractual life of outstanding share options was 5.2 years (2008: 5.4 years). The aggregate outstanding number of options held by directors of the Bank was 4,130,758 (2008: 4,951,800).

13.3 Employee share purchase plan

In June 2009, the Bank launched its fourth offering of ESP Plan for Group employees, which commenced on 1 July 2009 and expire on 30 June 2011. Under the offering, the Bank granted 5,545,385 (2008: 11,423,533) rights to acquire ordinary shares in the Bank. This included 5,446 (2008: 8,706) rights granted to directors of the Bank. The fair value of rights, determined using the binomial valuation model was $10.9 million (2008: $13.1 million). Significant inputs to the valuation model are set out below:

	2009	2008
Acquisition price ($)	**6.61**	8.27
Average share price ($)	**7.23**	8.08
Expected volatility based on last 250 days historical volatility as of acceptance date (%)	**44.66**	24.17
Risk-free rate based on 2-year swap rate (%)	**1.99**	2.74
Expected dividend yield (%)	**3.10**	2.38

Movements in the number of acquisition rights of the ESP Plan are as follows:

	2009		2008	
	Number of acquisition rights	Acquisition price	Number of acquisition rights	Acquisition price
At 1 January	**10,214,077**	**$8.270**	5,483,991	$6.450
Exercised and conversion upon expiry	**(17,181)**	**$8.270**	(5,456,660)	$6.450
Forfeited	**(7,290,090)**	**$8.228**	(1,236,787)	$8.230
Subscription	**5,545,385**	**$6.610**	11,423,533	$8.270
At 31 December	**8,452,191**	**$7.217**	10,214,077	$8.270
Average share price underlying acquisition rights exercised/converted		**$8.334**		$8.328

At 31 December 2009, the weighted average remaining contractual life of outstanding acquisition rights was 1.1 years (2008: 1.5 years). The aggregate outstanding number of rights held by a director of the Bank was 5,446 (2008: 8,706).

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13. SHARE CAPITAL (continued)

13.4 Deferred share plan

During the year, 5,333,474 (2008: 4,424,988) ordinary shares were granted to executives of the Group, of which 441,863 (2008: 202,469) were granted to a director of the Bank. The fair value of the shares at grant date was $24.6 million (2008: $33.6 million).

During the year, 1,253,853 (2008: 1,161,934) deferred shares were released to employees, of which 127,729 (2008: 130,790) were released to directors. At 31 December 2009, the directors of the Bank have deemed interest of 737,036 (2008: 422,902) deferred shares.

14. CAPITAL RESERVES

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
At 1 January	**1,329,156**	1,732,178	**1,099,054**	1,452,581
Share-based staff costs capitalised	**11,002**	15,012	**11,002**	15,012
Shares purchased by DSP Trust	**(25,468)**	(33,140)	**–**	–
Shares vested under DSP Scheme	**8,830**	7,581	**–**	–
Transfer to unappropriated profit (Note 12)	**(335,657)**	(363,562)	**(339,626)**	(339,626)
Transfer to share capital (Note 13.1)	**(2,418)**	(28,913)	**(2,418)**	(28,913)
At 31 December	**985,445**	1,329,156	**768,012**	1,099,054

Capital reserves include statutory reserves set aside by the Group's banking and stockbroking entities in accordance with the respective laws and regulations. For banking entities operating in Singapore, the requirement to set aside statutory reserves was spelt out in section 22(1) of the Banking Act (Cap. 19). This section was repealed with effect from 31 March 2007 and no further transfer of profits to statutory reserves is required. Under the Banking (Reserve Fund) (Transitional Provision) Regulation 2007, the Bank may distribute or utilise its statutory reserves, subject to a cap of 20% of the reserve fund as of 30 March 2007, for each calendar year. Other capital reserves include the Bank's employee share schemes' reserves and deferred shares held by DSP Trust.

15. REVENUE RESERVES

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Unappropriated profit (Note 12)	**8,270,781**	6,942,425	**4,865,425**	4,260,565
General reserves	**1,326,022**	1,322,893	**981,882**	978,753
Currency translation reserves	**(494,122)**	(580,157)	**(131,448)**	(163,178)
At 31 December	**9,102,681**	7,685,161	**5,715,859**	5,076,140

15.1 General reserves

At 1 January	**1,322,893**	1,320,155	**978,753**	976,000
DSP reserve from dividends on unvested shares	**3,129**	3,045	**3,129**	3,045
Transfer to unappropriated profits (Note 12)	**–**	(307)	**–**	(292)
At 31 December	**1,326,022**	1,322,893	**981,882**	978,753

15.2 Currency translation reserves

At 1 January	**(580,157)**	(376,542)	**(163,178)**	(66,226)
Adjustments for the year	**78,069**	(227,417)	**31,306**	(100,531)
Effective portion of hedge	**7,966**	23,802	**424**	3,579
At 31 December	**(494,122)**	(580,157)	**(131,448)**	(163,178)

Currency translation reserves comprise exchange differences arising from the translation of the net assets of foreign operations and the effective portion of the hedge on exposure in foreign operations.

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16. MINORITY INTERESTS

	GROUP 2009 $'000	GROUP 2008 $'000
Minority interests in subsidiaries	**744,828**	620,272
Preference shares issued by subsidiaries		
OCBC Bank (Malaysia) Berhad	**163,550**	165,796
OCBC Capital Corporation	**400,000**	400,000
OCBC Capital Corporation (2008)	**1,500,000**	1,500,000
Total minority interests	**2,808,378**	2,686,068

OCBC Bank (Malaysia) Berhad ("OBMB"), a wholly-owned subsidiary of the Bank, issued the MYR400 million non-cumulative non-convertible preference shares on 12 August 2005. The preference shares are redeemable in whole at the option of OBMB on 12 August 2015 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OBMB, are payable semi-annually on 20 March and 20 September each year at 4.51% per annum on a net dividend basis on or prior to the 10th anniversary, and thereafter at a floating rate per annum based on the 6-month Kuala Lumpur Interbank Offer Rate plus 1.9% less prevailing Malaysian corporate tax if the redemption option is not exercised.

OCBC Capital Corporation ("OCC"), a wholly-owned subsidiary of the Bank, issued the $400 million non-cumulative non-convertible guaranteed preference shares on 2 February 2005. The proceeds are on-lent to the Bank in exchange for a note issued by the Bank (Note 21.1), which guarantees on a subordinated basis, all payment obligations in respect of the preference shares. The preference shares are redeemable in whole at the option of OCC on 20 March 2015 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OCC, are payable semi-annually on 20 March and 20 September each year at 3.93% per annum up to 20 March 2015, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 1.85% if the redemption option is not exercised. The preference shares qualify as Tier 1 capital for the Group.

OCBC Capital Corporation (2008) ("OCC2008"), a wholly-owned subsidiary of the Bank, issued the $1.5 billion non-cumulative non-convertible guaranteed preference shares on 27 August 2008. The proceeds are on-lent to the Bank in exchange for a note issued by the Bank (Note 21.1), which guarantees on a subordinated basis, all payment obligations in respect of the preference shares. The preference shares are redeemable in whole at the option of OCC2008 on 20 September 2018 and each dividend payment date thereafter. Dividends, which are subject to declaration by the Board of Directors of OCC2008, are payable semi-annually on 20 March and 20 September each year at 5.1% per annum up to 20 September 2018, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 2.5% if the redemption option is not exercised. The preference shares qualify as Tier 1 capital for the Group.

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17. DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS

	GROUP		BANK	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Deposits of non-bank customers				
Current accounts	**20,761,628**	16,090,004	**16,795,547**	12,655,242
Savings deposits	**21,753,038**	16,104,417	**19,060,907**	14,392,344
Term deposits	**50,583,383**	54,259,733	**36,816,232**	42,446,111
Structured deposits	**3,037,627**	2,958,088	**2,560,853**	2,422,407
Certificate of deposits issued	**1,755,190**	1,515,766	**1,423,321**	1,168,051
Other deposits	**2,741,693**	3,150,413	**640,699**	153,425
	100,632,559	94,078,421	**77,297,559**	73,237,580
Deposits and balances of banks	**10,958,259**	10,113,219	**9,674,356**	9,048,750
	111,590,818	104,191,640	**86,971,915**	82,286,330

17.1 Deposits of non-bank customers

Analysed by currency

	GROUP 2009 $'000	GROUP 2008 $'000	BANK 2009 $'000	BANK 2008 $'000
Singapore Dollar	**58,457,704**	53,745,472	**58,198,876**	53,540,225
US Dollar	**11,143,758**	12,104,820	**9,835,038**	10,924,873
Malaysian Ringgit	**16,285,782**	14,671,512	**–**	–
Indonesian Rupiah	**3,735,474**	3,038,517	**1**	1
Japanese Yen	**282,945**	667,583	**260,359**	650,286
Hong Kong Dollar	**1,401,381**	1,620,754	**1,399,846**	1,620,535
British Pound	**1,149,705**	1,079,947	**1,078,626**	1,053,990
Australian Dollar	**4,933,554**	4,071,475	**4,647,299**	3,743,605
Euro	**913,015**	892,126	**748,854**	850,143
Others	**2,329,241**	2,186,215	**1,128,660**	853,922
	100,632,559	94,078,421	**77,297,559**	73,237,580

17.2 Deposits and balances of banks

Analysed by currency

	GROUP 2009 $'000	GROUP 2008 $'000	BANK 2009 $'000	BANK 2008 $'000
Singapore Dollar	**790,560**	1,210,810	**790,440**	1,210,810
US Dollar	**5,840,387**	4,649,713	**5,584,978**	4,435,646
Malaysian Ringgit	**662,510**	692,733	**–**	–
Indonesian Rupiah	**115,203**	1,201	**–**	–
Japanese Yen	**15,192**	130,574	**15,192**	130,573
Hong Kong Dollar	**1,739,004**	1,478,667	**1,739,004**	1,478,666
British Pound	**542,416**	330,916	**542,416**	330,916
Australian Dollar	**248,155**	204,395	**248,155**	202,574
Euro	**535,771**	847,719	**535,771**	826,463
Others	**469,061**	566,491	**218,400**	433,102
	10,958,259	10,113,219	**9,674,356**	9,048,750

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18. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at balance sheet date are analysed below.

GROUP ($'000)	2009 Principal notional amount	2009 Derivative receivables	2009 Derivative payables	2008 Principal notional amount	2008 Derivative receivables	2008 Derivative payables
Foreign exchange derivatives "FED"						
Forwards	**22,128,268**	**149,654**	**126,718**	29,561,053	1,248,615	1,054,396
Swaps	**84,513,402**	**1,063,026**	**1,104,156**	63,289,062	1,241,613	2,597,304
OTC options – bought	**4,815,860**	**70,373**	**1,133**	5,306,449	241,978	98
OTC options – sold	**5,064,284**	**719**	**67,279**	4,945,635	102	224,104
	116,521,814	**1,283,772**	**1,299,286**	103,102,199	2,732,308	3,875,902
Interest rate derivatives "IRD"						
Forwards	**–**	**–**	**–**	400,000	–	300
Swaps	**212,859,334**	**2,496,779**	**2,360,781**	244,415,954	3,696,927	3,546,240
OTC options – bought	**4,225,610**	**34,380**	**–**	4,899,190	56,179	–
OTC options – sold	**6,980,046**	**–**	**25,276**	5,106,568	–	30,316
Exchange traded futures – bought	**2,451,125**	**378**	**1,235**	1,749,643	5,607	292
Exchange traded futures – sold	**4,657,790**	**8,217**	**1,185**	461,109	600	3,814
	231,173,905	**2,539,754**	**2,388,477**	257,032,464	3,759,313	3,580,962
Equity derivatives						
Swaps	**104,617**	**174**	**7,623**	550,202	14,351	3,318
OTC options – bought	**432,550**	**31,178**	**–**	269,044	21,084	22
OTC options – sold	**299,448**	**–**	**10,589**	250,926	22	21,348
Exchange traded futures – bought	**12,512**	**33**	**–**	1,715	19	–
Exchange traded futures – sold	**19,407**	**20**	**169**	629	–	27
Equity linked notes	**31,689**	**496**	**–**	–	–	–
	900,223	**31,901**	**18,381**	1,072,516	35,476	24,715
Credit derivatives						
Swaps – protection buyer	**2,075,739**	**542**	**126,967**	1,953,489	91,956	25,597
Swaps – protection seller	**1,899,435**	**95,028**	**63,595**	1,821,065	18,017	150,713
	3,975,174	**95,570**	**190,562**	3,774,554	109,973	176,310
Other derivatives						
Precious metals – bought	**17,216**	**346**	**139**	126	–	2
Precious metals – sold	**24,406**	**307**	**116**	126	2	–
OTC options – bought	**945,223**	**1,753**	**773**	–	–	–
OTC options – sold	**932,168**	**773**	**1,695**	–	–	–
Futures – bought	**2,420**	**–**	**–**	–	–	–
Others	**717,619**	**18,853**	**18,853**	922,319	17,565	17,565
	2,639,052	**22,032**	**21,576**	922,571	17,567	17,567
Total	**355,210,168**	**3,973,029**	**3,918,282**	365,904,304	6,654,637	7,675,456
Included items designated for hedges:						
Fair value hedge – FED	**2,539,255**	**230,298**	**554,368**	2,643,795	249,654	509,629
Fair value hedge – IRD	**5,063,426**	**191,924**	**56,424**	5,135,848	316,821	91,352
Hedge of net investments – FED	**419,207**	**425**	**1,403**	11,770	367	–
	8,021,888	**422,647**	**612,195**	7,791,413	566,842	600,981

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18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

BANK ($'000)	2009 Principal notional amount	2009 Derivative receivables	2009 Derivative payables	2008 Principal notional amount	2008 Derivative receivables	2008 Derivative payables
Foreign exchange derivatives "FED"						
Forwards	**17,265,476**	**126,066**	**107,342**	26,496,895	1,212,152	1,033,570
Swaps	**78,459,906**	**1,009,814**	**1,049,105**	58,277,257	1,129,136	2,510,878
OTC options – bought	**4,399,103**	**56,738**	**1,102**	3,520,322	162,231	94
OTC options – sold	**4,807,608**	**681**	**60,925**	3,926,342	93	194,903
	104,932,093	**1,193,299**	**1,218,474**	92,220,816	2,503,612	3,739,445
Interest rate derivatives "IRD"						
Forwards	**–**	**–**	**–**	400,000	–	300
Swaps	**205,730,508**	**2,395,184**	**2,296,418**	234,098,576	3,532,156	3,433,657
OTC options – bought	**3,927,139**	**31,672**	**–**	4,515,977	51,622	–
OTC options – sold	**6,754,643**	**–**	**24,568**	4,864,979	–	29,590
Exchange traded futures – bought	**2,451,125**	**378**	**1,235**	1,749,643	5,607	292
Exchange traded futures – sold	**4,647,544**	**8,217**	**1,185**	461,109	600	3,814
	223,510,959	**2,435,451**	**2,323,406**	246,090,284	3,589,985	3,467,653
Equity derivatives						
Swaps	**104,617**	**174**	**7,623**	476,962	14,164	3,132
OTC options – bought	**225,265**	**23,203**	**–**	64,264	9,451	–
OTC options – sold	**109,279**	**–**	**4,923**	78,159	–	11,211
Exchange traded futures – bought	**759**	**33**	**–**	1,715	19	–
Exchange traded futures – sold	**19,407**	**20**	**169**	629	–	27
Equity linked notes	**31,689**	**496**	**–**	–	–	–
	491,016	**23,926**	**12,715**	621,729	23,634	14,370
Credit derivatives						
Swaps – protection buyer	**2,075,739**	**542**	**126,967**	1,953,489	91,956	25,597
Swaps – protection seller	**1,899,435**	**95,028**	**63,595**	1,821,065	18,017	150,713
	3,975,174	**95,570**	**190,562**	3,774,554	109,973	176,310
Other derivatives						
Precious metals – bought	**11,842**	**346**	**121**	126	–	2
Precious metals – sold	**19,032**	**288**	**116**	126	2	–
OTC options – bought	**945,223**	**1,753**	**773**	–	–	–
OTC options – sold	**932,168**	**773**	**1,695**	–	–	–
Others	**717,619**	**18,853**	**18,853**	922,319	17,565	17,565
	2,625,884	**22,013**	**21,558**	922,571	17,567	17,567
Total	**335,535,126**	**3,770,259**	**3,766,715**	343,629,954	6,244,771	7,415,345
Included items designated for hedges:						
Fair value hedge – FED	**2,525,251**	**228,832**	**554,368**	2,629,435	249,654	508,958
Fair value hedge – IRD	**4,821,017**	**186,092**	**52,742**	4,884,923	307,190	85,176
Hedge of net investments – FED	**126,204**	**364**	**215**	11,770	367	–
	7,472,472	**415,288**	**607,325**	7,526,128	557,211	594,134

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18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Derivative receivables:				
Analysed by counterparty				
Banks	**3,390,929**	5,492,660	**3,252,656**	5,293,406
Other financial institutions	**130,789**	271,275	**110,920**	271,117
Corporates	**376,801**	747,578	**334,172**	558,781
Individuals	**24,142**	117,291	**22,160**	95,634
Others	**50,368**	25,833	**50,351**	25,833
	3,973,029	6,654,637	**3,770,259**	6,244,771
Analysed by geography				
Singapore	**1,653,572**	2,893,737	**1,649,854**	2,895,389
Malaysia	**198,446**	407,976	**35,418**	49,195
Other ASEAN	**18,852**	73,681	**11,935**	46,063
Greater China	**152,979**	223,666	**154,220**	219,712
Other Asia Pacific	**72,851**	423,082	**62,505**	422,838
Rest of the World	**1,876,329**	2,632,495	**1,856,327**	2,611,574
	3,973,029	6,654,637	**3,770,259**	6,244,771

The analysis by geography is determined based on where the credit risk resides.

19. OTHER LIABILITIES

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Bills payable	**266,008**	267,454	**176,501**	135,693
Interest payable	**379,504**	496,220	**266,371**	358,852
Sundry creditors	**2,021,008**	1,542,942	**328,137**	254,504
Others	**548,390**	623,243	**240,502**	194,549
	3,214,910	2,929,859	**1,011,511**	943,598

At 31 December 2009, reinsurance liabilities included in "Others" amounted to $16.2 million (2008: $22.1 million).

20. DEFERRED TAX

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
At 1 January	**478,362**	1,117,244	**21,997**	122,464
Currency translation and others	**(3,104)**	5,294	**(894)**	81
Expense/(credit) to income statements	**70,907**	(17,952)	**16,455**	(8,706)
Effect of change in tax rates	**(3,850)**	2,180	**(2,323)**	–
Net expense/(credit) to income statements (Note 10)	**67,057**	(15,772)	**14,132**	(8,706)
Under/(over) provision in prior years	**57**	(5,956)	**–**	(12,474)
Deferred tax on fair value changes	**111,007**	(145,627)	**81,874**	(79,368)
Effect of change in tax rates	**(836)**	(517)	**(2,333)**	–
Net deferred tax change taken to other comprehensive income	**110,171**	(146,144)	**79,541**	(79,368)
Net change in life assurance fund tax	**229,504**	(477,901)	**–**	–
Arising from acquisition of subsidiaries	**–**	1,597	**–**	–
At 31 December	**882,047**	478,362	**114,776**	21,997

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20. DEFERRED TAX (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax assets and liabilities are to be recovered and settled after one year and the following amounts, determined after appropriate offsetting, are shown in the balance sheets:

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax liabilities	**945,585**	576,063	**119,904**	41,154
Deferred tax assets	**(63,538)**	(97,701)	**(5,128)**	(19,157)
	882,047	478,362	**114,776**	21,997
Deferred tax assets and liabilities (prior to offsetting within the same tax jurisdiction) comprise:				
Accelerated tax depreciation	**63,150**	58,596	**25,367**	24,504
Debt and equity securities	**228,929**	56,176	**79,082**	(1,825)
Fair value on properties from business combinations	**73,592**	80,103	**67,915**	74,110
Provision for policy liabilities	**562,249**	397,313	**–**	–
Unremitted income and others	**74,430**	22,949	**208**	720
Deferred tax liabilities	**1,002,350**	615,137	**172,572**	97,509
Allowances for assets	**(89,789)**	(105,432)	**(47,715)**	(67,818)
Tax losses	**(5,065)**	(3,390)	**(4,770)**	(643)
Others	**(25,449)**	(27,953)	**(5,311)**	(7,051)
Deferred tax assets	**(120,303)**	(136,775)	**(57,796)**	(75,512)
Net deferred tax liabilities	**882,047**	478,362	**114,776**	21,997

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit through future taxable profits is probable. At 31 December 2009, unutilised tax losses for which no deferred income tax asset has been recognised amounted to $17.5 million (2008: $20.6 million) and nil (2008: nil) for the Group and Bank respectively.

21. DEBTS ISSUED

	GROUP	
	2009 $'000	2008 $'000
Subordinated debts (unsecured) [Note 21.1]	**5,769,387**	5,154,684
Commercial papers (unsecured) [Note 21.2]	**1,060,929**	842,987
Structured notes (unsecured) [Note 21.3]	**33,068**	11,858
	6,863,384	6,009,529

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21. DEBTS ISSUED (continued)

21.1 Subordinated debts (unsecured)

	Note	Issue Date	Maturity Date	GROUP 2009 $'000	GROUP 2008 $'000
Issued by the Bank:					
EUR372 million (2008: EUR400 million) 7.25% notes	(a)	6 Jul 2001	6 Sep 2011	**799,717**	860,775
SGD265 million (2008: SGD975 million) 5.00% notes	(a)	6 Jul 2001	6 Sep 2011	**275,343**	1,025,115
USD1.25 billion 7.75% notes	(a)	6 Jul 2001	6 Sep 2011	**1,892,956**	2,008,715
SGD225 million 3.78% notes	(b)	28 Nov 2007	28 Nov 2017	**233,382**	235,958
MYR1 billion 4.60% bonds	(c)	27 Mar 2008	27 Mar 2018	**408,646**	414,187
MYR600 million 4.60% bonds	(c)	6 Jun 2008	6 Jun 2018	**262,065**	275,039
SGD711.93 million 5.60% notes	(d)	27 Mar 2009	27 Mar 2019	**706,987**	–
USD500 million 4.25% notes	(e)	18 Nov 2009	18 Nov 2019	**687,762**	–
SGD400 million 3.93% notes	(f)	2 Feb 2005	20 Mar 2055	**400,000**	400,000
SGD1.5 billion 5.10% notes	(g)	27 Aug 2008	20 Sep 2058	**1,500,000**	1,500,000
				7,166,858	6,719,789
Subordinated debts issued to subsidiaries				**(1,900,000)**	(1,900,000)
Net subordinated debts issued by the Bank				**5,266,858**	4,819,789
Issued by OCBC Bank (Malaysia) Berhad ("OBMB"):					
MYR200 million Islamic bonds	(h)	24 Nov 2006	24 Nov 2021	**81,775**	82,898
MYR400 million bonds	(i)	30 Nov 2007	30 Nov 2017	**168,236**	173,897
MYR400 million Innovative Tier 1 Capital Securities	(j)	17 Apr 2009	Not applicable	**163,551**	–
				413,562	256,795
Issued by P.T. Bank OCBC NISP Tbk:					
Subordinated Bonds II – IDR600 billion	(k)	12 Mar 2008	11 Mar 2018	**88,967**	78,100
Total subordinated debts				**5,769,387**	5,154,684

(a) Interest is payable semi-annually on 6 March and 6 September each year at 5.00% per annum for the SGD subordinated notes and 7.75% per annum for the USD subordinated notes and annually on 6 September each year at 7.25% per annum for the EUR subordinated notes. During the year, the Bank repurchased and cancelled EUR28 million of the EUR subordinated notes. Under an exchange offer, $710 million of the SGD subordinated notes were accepted for exchange, for the same principal amount of new 5.60% subordinated notes, and cancelled. The Bank had entered into interest rate and currency swaps to manage the risk of the subordinated notes, and the cumulative fair value change of the risk hedged is included in the carrying value. Currently, 20% of the amounts outstanding on these subordinated notes qualify as Tier 2 capital for the Group.

(b) Interest is payable semi-annually on 28 May and 28 November each year at 3.78% per annum up to 28 November 2012, and thereafter quarterly on 28 February, 28 May, 28 August and 28 November each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 1.72%. The subordinated notes are redeemable in whole at the option of the Bank on 28 November 2012. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

(c) Interest is payable semi-annually at 4.60% per annum for the first 5 years, and thereafter at 5.60% per annum. The subordinated bonds are redeemable in whole at the option of the Bank on the 5th anniversary of the issue date and each coupon payment date thereafter. The coupon payment dates are on 27 March and 27 September each year for the MYR1 billion subordinated bonds and on 6 June and 6 December each year for the MYR600 million subordinated bonds. The Bank had entered into interest rate swaps to manage the risk of the MYR600 million subordinated bonds and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated bonds qualify as Tier 2 capital for the Group.

(d) Interest is payable semi-annually on 27 March and 27 September each year at 5.60% per annum up to 27 March 2014 and, thereafter at 7.35% per annum. The subordinated notes are redeemable in whole at the option of the Bank on 27 March 2014. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

(e) Interest is payable semi-annually on 18 May and 18 November each year at 4.25% per annum up to 18 November 2014, and thereafter at a fixed rate per annum equal to the aggregate of the relevant 5-year US Treasury benchmark rate and 2.997%. The subordinated notes are redeemable in whole at the option of the Bank on 18 November 2014. The Bank had entered into interest rate swaps to manage the risk of the subordinated notes and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated notes qualify as Tier 2 capital for the Group.

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21. DEBTS ISSUED (continued)

21.1 Subordinated debts (unsecured) (continued)

(f) The subordinated note was issued by the Bank to its wholly-owned subsidiary, OCBC Capital Corporation in exchange for the proceeds from the issue of the $400 million non-cumulative non-convertible guaranteed preference shares (Note 16). Interest will, if payable, be made semi-annually on 20 March and 20 September each year at 3.93% per annum up to 20 March 2015, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 1.85%. The subordinated note is redeemable at the option of the Bank on 20 March 2015 and each coupon payment date thereafter.

(g) The subordinated note was issued by the Bank to its wholly-owned subsidiary, OCBC Capital Corporation (2008) in exchange for the proceeds from the issue of the $1.5 billion non-cumulative non-convertible guaranteed preference shares (Note 16). Interest will, if payable, be made semi-annually on 20 March and 20 September each year at 5.1% per annum up to 20 September 2018, and thereafter quarterly on 20 March, 20 June, 20 September and 20 December each year at a floating rate per annum equal to the 3-month Singapore Swap Offer Rate plus 2.5%. The subordinated note is redeemable at the option of the Bank on 20 September 2018 and each coupon payment date thereafter.

(h) The Islamic subordinated bonds were issued under the Mudharabah (profit sharing) principle payable semi-annually on 24 May and 24 November each year at a projected constant rate of 5.40% per annum up to 24 November 2016, and thereafter at 6.40% per annum. The subordinated bonds are redeemable in whole at the option of OBMB on 24 November 2016 and each profit payment date thereafter. In addition, the subordinated bonds are to be redeemed in full in 5 equal and consecutive annual payments with the first redemption commencing on 24 November 2017. The subordinated bonds qualify as Tier 2 capital for the Group.

(i) Interest is payable semi-annually on 30 May and 30 November each year at 4.55% per annum up to 30 November 2012, and thereafter at 5.55% per annum. The subordinated bonds are redeemable in whole at the option of OBMB on 30 November 2012 and each coupon payment date thereafter. In addition, the subordinated bonds are to be redeemed in full in 5 equal and consecutive annual payments with the first redemption commencing on 30 November 2013. OBMB had entered into interest rate swaps to manage the risk of the subordinated bonds and the cumulative fair value change of the risk hedged is included in the carrying value. The subordinated bonds qualify as Tier 2 capital for the Group.

(j) Interest is payable semi-annually on 17 April and 17 October each year at 6.75% per annum up to 17 April 2019, and thereafter at a floating rate per annum based on the 6-month Kuala Lumpur Interbank Offer Rate plus 3.32%. The Innovative Tier 1 ("IT1") Capital Securities are redeemable in whole at the option of OBMB on 17 April 2019 and each coupon payment date thereafter. In addition, the IT1 Capital Securities are to be redeemed in full with the proceeds from the issuance of non-cumulative non-convertible preference shares on 17 April 2039. The IT1 Capital Securities qualify as Tier 1 capital for the Group.

(k) Interest is payable quarterly on 11 March, 11 June, 11 September and 11 December each year at 11.1% per annum up to 12 March 2013, and thereafter at 19.1% per annum. The subordinated bonds are redeemable in whole at the option of P.T. Bank OCBC NISP on 12 March 2013.

21.2 Commercial papers (unsecured)

		GROUP	
		2009	2008
	Note	$'000	$'000
Issued by the Bank	(a)	**1,030,300**	822,288
Issued by a subsidiary	(b)	**30,629**	20,699
		1,060,929	842,987

(a) The zero coupon Euro Commercial Papers ("ECP") were issued by the Bank under its USD2 billion ECP programme established in 2004. The notes outstanding at 31 December 2009 were issued between 8 October 2009 (2008: 10 September 2008) and 31 December 2009 (2008: 29 December 2008), and mature between 8 January 2010 (2008: 5 January 2009) and 17 June 2010 (2008: 2 March 2009), yielding between 0.0426% and 3.88% (2008: 0.42% and 4.90%).

(b) The commercial papers were issued by the Group's leasing subsidiary under its MYR200 million 7-year CP/MTN programme expiring in 2012. The notes outstanding as at 31 December 2009 were issued between 15 October 2009 (2008: 10 October 2008) and 23 December 2009 (2008: 19 December 2008), and mature between 4 January 2010 (2008: 9 January 2009) and 28 January 2010 (2008: 23 January 2009), with interest rate ranging from 3.00% to 3.30% (2008: 3.90% to 4.15%).

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21. DEBTS ISSUED (continued)
21.3 Structured notes (unsecured)

			GROUP AND BANK	
	Issue Date	Maturity Date	2009 $'000	2008 $'000
Issued by the Bank:				
Credit linked notes	17 Nov 2008	20 Dec 2013	**10,000**	10,000
Equity-linked notes	7 – 31 Dec 2009	6 – 27 Jan 2010	**16,699**	460
Equity Autocallable Bonus Notes	28 Jul 2009	28 Jul 2010	**4,080**	–
Equity Callable Daily Range Accrual Notes	9 Dec 2009	9 Jun 2010	**800**	1,398
Fixed Rate Notes	30 Apr – 4 May 2009	16 Feb 2011	**1,489**	–
			33,068	11,858

The structured notes were issued by the Bank under its SGD1 billion Structured Notes Programme launched in 2008 and are carried at amortised cost, except for the fixed rate notes which is at fair value through profit or loss.

22. LIFE ASSURANCE FUND LIABILITIES AND INVESTMENT ASSETS

	GROUP	
	2009 $ million	2008 $ million
Life assurance fund liabilities		
Movements in life assurance fund		
At 1 January	**35,855.8**	38,243.7
Currency translation	**(181.0)**	(673.2)
Deferred tax on policyholders' bonus	**(86.9)**	–
Fair value reserve movements	**1,791.1**	(2,907.4)
Change in life assurance fund contract liabilities (Note 4)	**2,007.6**	1,192.7
At 31 December	**39,386.6**	35,855.8
Policy benefits	**1,948.7**	1,839.6
Others	**1,910.6**	2,041.1
	43,245.9	39,736.5
Life assurance fund investment assets		
Deposits with banks and financial institutions	**2,374.9**	2,842.9
Loans	**4,088.4**	3,695.9
Securities	**34,516.0**	30,110.0
Investment property	**1,118.9**	1,073.5
Others [1]	**978.5**	1,154.6
	43,076.7	38,876.9
The following contracts were entered into under the life assurance fund:		
Operating lease commitments	**3.0**	12.7
Capital commitment authorised and contracted	**10.1**	40.5
Derivative financial instruments (principal notional amount)	**6,054.6**	7,531.3
Derivative receivables	**321.6**	400.7
Derivative payables	**46.2**	127.7
Minimum lease rental receivables under non-cancellable operating leases	**67.6**	67.2

[1] Others comprise interest receivable, deposits collected, prepayments, investment debtors and sundry debtors.

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23. CASH AND PLACEMENTS WITH CENTRAL BANKS

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash on hand	**567,105**	546,931	**415,527**	361,541
Balances with central banks	**1,694,118**	2,659,689	**1,309,808**	1,927,112
Money market placements and reverse repos	**10,909,894**	3,821,069	**6,434,763**	1,978,080
	13,171,117	7,027,689	**8,160,098**	4,266,733

Balances with central banks include mandatory reserve deposits of $1,671.7 million (2008: $2,333.0 million) and $1,292.7 million (2008: $1,603.1 million) for the Group and Bank respectively.

24. GOVERNMENT TREASURY BILLS AND SECURITIES

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Singapore government treasury bills and securities				
Trading, at fair value	**1,788,846**	607,103	**1,788,846**	607,103
Available-for-sale, at fair value	**9,393,890**	8,692,557	**9,020,862**	8,113,826
Gross securities	**11,182,736**	9,299,660	**10,809,708**	8,720,929
Assets pledged (Note 43)	**(260,367)**	(85,088)	**(260,367)**	(85,088)
	10,922,369	9,214,572	**10,549,341**	8,635,841
Other government treasury bills and securities				
Trading, at fair value	**2,349,114**	773,127	**1,322,419**	662,527
Available-for-sale, at fair value	**3,221,573**	4,010,179	**1,428,200**	601,193
Gross securities	**5,570,687**	4,783,306	**2,750,619**	1,263,720
Assets pledged (Note 43)	**(6,498)**	(6,334)	**(6,498)**	(6,334)
	5,564,189	4,776,972	**2,744,121**	1,257,386
Gross securities analysed by geography				
Singapore	**11,182,736**	9,299,660	**10,809,708**	8,720,929
Malaysia	**1,366,249**	2,450,046	**–**	–
Other ASEAN	**2,023,909**	1,347,116	**572,048**	369,438
Greater China	**384,147**	246,155	**384,147**	231,468
Other Asia Pacific	**929,972**	226,208	**929,972**	226,208
Rest of the World	**866,410**	513,781	**864,452**	436,606
	16,753,423	14,082,966	**13,560,327**	9,984,649

25. PLACEMENTS WITH AND LOANS TO BANKS

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
At fair value:				
Certificate of deposits purchased (Trading)	**65,678**	–	**65,678**	–
Certificate of deposits purchased (Available-for-sale)	**4,305,089**	3,988,626	**3,314,863**	3,489,202
Forfaiting loans (Trading)	**18,792**	202,880	**18,792**	202,880
	4,389,559	4,191,506	**3,399,333**	3,692,082
At amortised cost:				
Placements with and loans to banks	**9,650,439**	10,073,030	**7,206,745**	8,659,458
Market bills purchased	**1,349,539**	758,712	**1,349,539**	593,249
Reverse repos	**76,693**	248,314	**36,474**	236,923
	11,076,671	11,080,056	**8,592,758**	9,489,630
Balances with banks	**15,466,230**	15,271,562	**11,992,091**	13,181,712
Assets pledged (Note 43)	**–**	(547,831)	**–**	(547,831)
Bank balances of life assurance fund	**354,441**	629,628	**–**	–
	15,820,671	15,353,359	**11,992,091**	12,633,881

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25. PLACEMENTS WITH AND LOANS TO BANKS (continued)

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balances with banks analysed:				
By currency				
Singapore Dollar	**318,230**	1,176,755	**227,306**	1,103,923
US Dollar	**6,039,799**	8,239,329	**4,836,252**	7,753,073
Malaysian Ringgit	**1,506,256**	589,642	**39**	28
Indonesian Rupiah	**27,736**	11,114	**2**	12
Japanese Yen	**117,382**	396,164	**31,816**	360,093
Hong Kong Dollar	**446,374**	175,915	**410,180**	174,584
British Pound	**1,588,235**	1,697,744	**1,548,795**	1,664,874
Australian Dollar	**1,037,562**	1,200,379	**970,089**	1,063,819
Euro	**3,618,218**	1,072,262	**3,576,589**	1,007,822
Others	**766,438**	712,258	**391,023**	53,484
	15,466,230	15,271,562	**11,992,091**	13,181,712
By geography				
Singapore	**1,028,487**	1,957,078	**922,216**	1,865,286
Malaysia	**1,826,845**	826,758	**56,055**	27
Other ASEAN	**1,085,185**	233,593	**984,484**	171,955
Greater China	**2,968,936**	1,331,881	**1,617,415**	314,668
Other Asia Pacific	**1,647,301**	2,305,263	**1,608,912**	2,282,198
Rest of the World	**6,909,476**	8,616,989	**6,803,009**	8,547,578
	15,466,230	15,271,562	**11,992,091**	13,181,712

The analysis by geography is determined based on where the credit risk resides.

26. LOANS AND BILLS RECEIVABLE

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Gross loans	**82,341,217**	81,336,328	**62,333,391**	63,148,062
Specific allowances (Note 28)	**(453,990)**	(549,079)	**(193,900)**	(280,277)
Portfolio allowances (Note 29)	**(998,490)**	(979,385)	**(799,154)**	(799,005)
Net loans	**80,888,737**	79,807,864	**61,340,337**	62,068,780
Assets pledged (Note 43)	**(12,266)**	–	**–**	–
	80,876,471	79,807,864	**61,340,337**	62,068,780
Bills receivable	**1,901,488**	1,193,733	**942,940**	267,240
Loans	**78,987,249**	78,614,131	**60,397,397**	61,801,540
Net loans	**80,888,737**	79,807,864	**61,340,337**	62,068,780
26.1 Analysed by currency				
Singapore Dollar	**46,022,164**	47,174,368	**45,167,674**	46,618,723
US Dollar	**11,080,755**	10,671,018	**9,300,791**	8,763,741
Malaysian Ringgit	**13,239,500**	12,219,948	**117**	73
Indonesian Rupiah	**2,888,515**	2,268,870	**–**	–
Japanese Yen	**1,217,983**	1,577,963	**1,152,898**	1,478,984
Hong Kong Dollar	**2,558,778**	2,749,893	**2,480,388**	2,716,129
British Pound	**716,649**	781,261	**714,501**	779,943
Australian Dollar	**2,520,320**	1,806,368	**2,518,212**	1,804,781
Euro	**267,201**	378,083	**261,203**	367,419
Others	**1,829,352**	1,708,556	**737,607**	618,269
	82,341,217	81,336,328	**62,333,391**	63,148,062

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26. LOANS AND BILLS RECEIVABLE (continued)

	GROUP		BANK	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
26.2 Analysed by product				
Overdrafts	**3,298,435**	3,598,009	**1,515,187**	1,796,355
Short-term and revolving loans	**11,143,508**	12,963,971	**7,998,928**	9,997,853
Syndicated and term loans	**35,113,202**	34,980,622	**28,021,834**	28,184,427
Housing and commercial property loans	**23,208,709**	21,463,230	**18,736,990**	17,637,589
Car, credit card and share margin loans	**2,925,266**	2,920,296	**2,104,215**	2,387,499
Others	**6,652,097**	5,410,200	**3,956,237**	3,144,339
	82,341,217	81,336,328	**62,333,391**	63,148,062
26.3 Analysed by industry				
Agriculture, mining and quarrying	**1,621,302**	1,315,165	**447,240**	335,892
Manufacturing	**5,827,600**	6,611,530	**2,020,224**	2,590,558
Building and construction	**15,643,369**	17,175,854	**12,951,072**	14,335,817
Housing	**21,459,890**	19,784,937	**17,153,502**	15,948,165
General commerce	**7,749,961**	7,071,803	**4,585,573**	4,568,028
Transport, storage and communication	**5,790,977**	5,470,653	**5,252,602**	5,013,324
Financial institutions, investment and holding companies	**10,032,495**	11,200,700	**9,496,894**	10,576,340
Professionals and individuals	**7,967,989**	7,358,423	**6,135,690**	6,446,678
Others	**6,247,634**	5,347,263	**4,290,594**	3,333,260
	82,341,217	81,336,328	**62,333,391**	63,148,062
26.4 Analysed by interest rate sensitivity				
Fixed				
Singapore	**5,928,754**	6,588,552	**5,925,797**	6,524,306
Malaysia	**1,626,698**	1,497,272	**117**	61,561
Other ASEAN	**180,998**	179,008	**15,757**	18,557
Greater China	**87,791**	91,727	**163**	178
Other Asia Pacific	**200,015**	278,533	**200,015**	278,533
Rest of the World	**12,372**	13,556	**12,372**	13,556
	8,036,628	8,648,648	**6,154,221**	6,896,691
Variable				
Singapore	**46,317,286**	46,430,758	**45,344,345**	45,747,360
Malaysia	**14,422,370**	13,330,290	**2,593,210**	2,261,462
Other ASEAN	**3,893,584**	3,439,083	**420,572**	403,517
Greater China	**5,195,002**	5,106,574	**3,344,696**	3,458,057
Other Asia Pacific	**3,099,192**	2,710,175	**3,099,192**	2,710,175
Rest of the World	**1,377,155**	1,670,800	**1,377,155**	1,670,800
	74,304,589	72,687,680	**56,179,170**	56,251,371
Total	**82,341,217**	81,336,328	**62,333,391**	63,148,062

The analysis by interest rate sensitivity is based on where the transactions are booked.

	GROUP		BANK	
	2009	2008	2009	2008
26.5 Analysed by geography				
Singapore	**48,456,871**	49,285,437	**47,521,200**	48,664,268
Malaysia	**15,321,942**	14,334,887	**1,879,742**	1,738,123
Other ASEAN	**4,986,061**	4,602,216	**1,332,162**	1,392,840
Greater China	**7,065,737**	6,873,912	**5,205,687**	5,149,277
Other Asia Pacific	**3,926,277**	3,242,173	**3,862,963**	3,223,045
Rest of the World	**2,584,329**	2,997,703	**2,531,637**	2,980,509
	82,341,217	81,336,328	**62,333,391**	63,148,062

The analysis by geography is determined based on where the credit risk resides.

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27. NON-PERFORMING LOANS ("NPLS") AND DEBT SECURITIES
Non-performing loans and debt securities are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

$ million	Substandard	Doubtful	Loss	Gross loans and securities	Specific allowances	Net loans and securities
GROUP						
2009						
Classified loans	**755**	**422**	**240**	**1,417**	**(449)**	**968**
Classified debt securities	**–**	**30**	**1**	**31**	**(30)**	**1**
Total classified assets	**755**	**452**	**241**	**1,448**	**(479)**	**969**
2008						
Classified loans	471	457	254	1,182	(543)	639
Classified debt securities	–	158	8	166	(156)	10
Total classified assets	471	615	262	1,348	(699)	649
BANK						
2009						
Classified loans	**358**	**281**	**93**	**732**	**(194)**	**538**
Classified debt securities	**–**	**22**	**–**	**22**	**(22)**	**–**
Total classified assets	**358**	**303**	**93**	**754**	**(216)**	**538**
2008						
Classified loans	172	343	105	620	(280)	340
Classified debt securities	–	148	–	148	(140)	8
Total classified assets	172	491	105	768	(420)	348

	GROUP		BANK	
	2009 $ million	2008 $ million	2009 $ million	2008 $ million
27.1 Analysed by period overdue				
Over 180 days	**639**	568	**194**	168
Over 90 days to 180 days	**188**	193	**120**	135
30 days to 90 days	**208**	188	**143**	132
Less than 30 days	**74**	230	**73**	229
No overdue	**339**	169	**224**	104
	1,448	1,348	**754**	768
27.2 Analysed by collateral type				
Property	**686**	599	**324**	280
Fixed deposit	**6**	9	**1**	7
Stock and shares	**47**	5	**47**	5
Motor vehicles	**2**	4	**1**	3
Secured – Others	**110**	27	**71**	5
Unsecured – Corporate and other guarantees	**246**	197	**241**	194
Unsecured – Clean	**351**	507	**69**	274
	1,448	1,348	**754**	768
27.3 Analysed by industry				
Agriculture, mining and quarrying	**13**	6	**4**	–
Manufacturing	**404**	342	**178**	158
Building and construction	**234**	113	**113**	38
Housing	**224**	243	**102**	133
General commerce	**220**	147	**107**	74
Transport, storage and communication	**111**	25	**102**	18
Financial institutions, investment and holding companies	**65**	284	**59**	259
Professionals and individuals	**140**	126	**84**	65
Others	**37**	62	**5**	23
	1,448	1,348	**754**	768

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27. NON-PERFORMING LOANS ("NPLS") AND DEBT SECURITIES (continued)

27.4 Analysed by geography

GROUP ($ million)	Singapore	Malaysia	Rest of the World	Total
2009				
Substandard	**163**	**427**	**166**	**755**
Doubtful	**164**	**155**	**132**	**452**
Loss	**90**	**53**	**98**	**241**
	417	**635**	**396**	**1,448**
Specific allowances	**(76)**	**(230)**	**(173)**	**(479)**
	341	**405**	**223**	**969**
2008				
Substandard	107	290	74	471
Doubtful	184	121	310	615
Loss	104	85	73	262
	395	496	457	1,348
Specific allowances	(150)	(239)	(310)	(699)
	245	257	147	649

Non-performing loans ("NPLs") and debt securities by geography are determined based on where the credit risk resides.

27.5 Restructured/renegotiated loans

Non-performing restructured loans by loan classification and the related specific allowances as at reporting date is shown below. The restructured loans as a percentage of total NPLs were 6.2% (2008: 8.3%) and 8.7% (2008: 9.5%) for the Group and the Bank respectively.

	2009		2008	
	Amount $ million	Allowance $ million	Amount $ million	Allowance $ million
GROUP				
Substandard	**45**	**2**	52	5
Doubtful	**30**	**29**	40	42
Loss	**15**	**4**	19	8
	90	**35**	111	55
BANK				
Substandard	**39**	**–**	47	3
Doubtful	**25**	**26**	25	28
Loss	**2**	**–**	1	1
	66	**26**	73	32

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28. SPECIFIC ALLOWANCES

	GROUP		BANK	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
At 1 January	**549,079**	498,918	**280,277**	264,204
Currency translation	**14,407**	(36,945)	**10,947**	(11,955)
Bad debts written off	**(329,364)**	(58,733)	**(260,624)**	(54,970)
Recovery of amounts previously provided for	**(46,156)**	(61,100)	**(33,530)**	(32,512)
Allowances for loans	**287,422**	225,667	**205,820**	127,143
Net allowances charged to income statements (Note 9)	**241,266**	164,567	**172,290**	94,631
Interest recognition on impaired loans	**(22,279)**	(23,534)	**(9,871)**	(12,073)
Arising from acquisition of subsidiaries	**–**	1,614	**–**	–
Transfer from:				
Other provisions	**881**	2,680	**881**	440
Portfolio allowances (Note 29)	**–**	512	**–**	–
At 31 December (Note 26)	**453,990**	549,079	**193,900**	280,277

	Cumulative specific allowances		Specific allowances charged to income statements	
	2009 $ million	**2008 $ million**	**2009 $ million**	**2008 $ million**
Analysed by industry				
GROUP				
Agriculture, mining and quarrying	**2**	4	**3**	(3)
Manufacturing	**164**	184	**86**	103
Building and construction	**31**	31	**6**	(41)
Housing	**38**	34	**8**	7
General commerce	**107**	72	**77**	17
Transport, storage and communication	**21**	17	**6**	6
Financial institutions, investment and holding companies	**10**	84	**(3)**	(8)
Professionals and individuals	**64**	73	**47**	25
Others	**17**	50	**11**	59
	454	549	**241**	165
BANK				
Agriculture, mining and quarrying	**#**	#	**3**	(#)
Manufacturing	**75**	98	**71**	54
Building and construction	**5**	8	**1**	(19)
Housing	**5**	7	**1**	(4)
General commerce	**50**	37	**59**	15
Transport, storage and communication	**17**	13	**5**	6
Financial institutions, investment and holding companies	**10**	77	**(3)**	(10)
Professionals and individuals	**30**	35	**28**	(2)
Others	**2**	5	**7**	55
	194	280	**172**	95

"#" represents amounts less than $0.5 million.

29. PORTFOLIO ALLOWANCES

	GROUP		BANK	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
At 1 January	**979,385**	959,946	**799,005**	789,983
Currency translation	**(3,091)**	(2,576)	**149**	(1,162)
Allowances charged to income statements (Note 9)	**22,863**	20,189	**–**	10,184
Arising from acquisition of subsidiaries	**–**	2,338	**–**	–
Transfer to specific allowances (Note 28)	**–**	(512)	**–**	–
Transfer to other provisions	**(667)**	–	**–**	–
At 31 December (Note 26)	**998,490**	979,385	**799,154**	799,005

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30. DEBT AND EQUITY SECURITIES

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trading securities				
Quoted debt securities	**602,113**	443,197	**502,616**	420,152
Unquoted debt securities	**299,073**	198,199	**105,712**	1,397
Quoted equity securities	**164,583**	233,541	**148,445**	221,381
Quoted investment funds	**10,131**	1,845	**9,482**	1,148
	1,075,900	876,782	**766,255**	644,078
Available-for-sale securities				
Quoted debt securities	**4,669,858**	5,538,071	**4,200,743**	4,550,375
Unquoted debt securities	**2,754,705**	2,024,476	**1,583,427**	1,273,114
Quoted equity securities	**2,219,871**	1,242,568	**697,494**	399,948
Unquoted equity securities	**217,121**	180,925	**49,988**	64,975
Quoted investment funds	**88,487**	83,576	**17,283**	9,920
Unquoted investment funds	**197,529**	114,065	**42,751**	–
	10,147,571	9,183,681	**6,591,686**	6,298,332
Securities classified as loans and receivables				
Unquoted debt, at amortised cost	**480,594**	336,636	**450,356**	296,393
Allowance for impairment (Note 32)	**(24,213)**	(25,333)	**(21,953)**	(22,557)
Net carrying value	**456,381**	311,303	**428,403**	273,836
Total debt and equity securities				
Debt securities – gross	**8,806,343**	8,540,579	**6,842,854**	6,541,431
Allowance for impairment (Note 32)	**(24,213)**	(25,333)	**(21,953)**	(22,557)
Debt securities – net	**8,782,130**	8,515,246	**6,820,901**	6,518,874
Equity securities	**2,601,575**	1,657,034	**895,927**	686,304
Investment funds	**296,147**	199,486	**69,516**	11,068
Total securities	**11,679,852**	10,371,766	**7,786,344**	7,216,246
Assets pledged (Note 43)	**–**	(197,855)	**–**	(197,855)
	11,679,852	10,173,911	**7,786,344**	7,018,391
Debt securities analysis:				
By credit rating				
Investment grade (AAA to BBB)	**5,068,491**	4,923,086	**4,030,547**	3,729,604
Non-investment grade (BB to C)	**249,811**	255,006	**243,218**	252,681
Non-rated	**3,463,828**	3,337,154	**2,547,136**	2,536,589
	8,782,130	8,515,246	**6,820,901**	6,518,874
By credit quality				
Pass	**8,669,823**	8,356,095	**6,708,961**	6,362,143
Special mention	**111,895**	149,269	**111,895**	149,269
Substandard	**–**	–	**–**	–
Doubtful	**24,625**	31,745	**21,998**	30,019
Loss	**–**	3,470	**–**	–
Allowance for impairment (Note 32)	**(24,213)**	(25,333)	**(21,953)**	(22,557)
	8,782,130	8,515,246	**6,820,901**	6,518,874

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30. DEBT AND EQUITY SECURITIES (continued)

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Debt and equity securities – Concentration risks:				
By industry				
Agriculture, mining and quarrying	**62,056**	172,666	**14,887**	81,248
Manufacturing	**1,032,057**	978,188	**561,219**	586,126
Building and construction	**1,242,614**	1,395,135	**909,636**	1,077,277
General commerce	**63,664**	167,786	**18,189**	94,985
Transport, storage and communication	**688,959**	731,447	**516,144**	604,841
Financial institutions, investment and holding companies	**7,060,814**	5,146,163	**5,215,002**	3,891,002
Others	**1,529,688**	1,780,381	**551,267**	880,767
	11,679,852	10,371,766	**7,786,344**	7,216,246
By issuer				
Public sector	**1,174,498**	1,294,044	**1,021,819**	1,167,451
Banks	**4,914,118**	2,565,621	**3,600,647**	1,771,304
Corporations	**5,300,366**	6,294,721	**3,096,045**	4,259,773
Others	**290,870**	217,380	**67,833**	17,718
	11,679,852	10,371,766	**7,786,344**	7,216,246
By geography				
Singapore	**3,753,018**	3,476,352	**2,458,240**	2,547,635
Malaysia	**1,231,199**	1,455,497	**282,273**	353,871
Other ASEAN	**143,183**	202,906	**76,954**	133,796
Greater China	**1,793,732**	1,067,825	**680,960**	596,339
Other Asia Pacific	**2,344,492**	1,541,371	**2,237,840**	1,414,393
Rest of the World	**2,414,228**	2,627,815	**2,050,077**	2,170,212
	11,679,852	10,371,766	**7,786,344**	7,216,246

Debt securities are 75% (2008: 82%) and 88% (2008: 90%) of total securities, for the Group and the Bank respectively. Included in debt securities is an amount of $0.1 billion (2008: $0.1 billion) relating to collateralised debt with credit default swaps where the Bank acts as the protection seller. Derivative receivables and payables arising from these credit default swaps are included in Note 18.

31. OTHER ASSETS

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest receivable	**579,725**	866,915	**454,137**	686,228
Sundry debtors (net)	**1,890,594**	1,134,354	**29,558**	84,949
Deposits and prepayments	**186,564**	198,508	**99,668**	124,873
Others	**253,611**	465,339	**105,442**	104,741
	2,910,494	2,665,116	**688,805**	1,000,791

At 31 December 2009, reinsurance assets included in "Others" amounted to $71.3 million (2008: $67.3 million).

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32. ALLOWANCES FOR IMPAIRMENT OF SECURITIES AND OTHER ASSETS

GROUP ($'000)	Associates	Government and debt securities	Property, plant and equipment	Investment property	Other assets	Total
At 1 January 2008	–	25,588	81,309	17,498	25,016	149,411
Currency translation	–	(443)	(1,908)	(332)	(924)	(3,607)
Amounts written off	–	(60)	–	(100)	(3,994)	(4,154)
Impairment charge/(write-back) to income statements (Note 9)	5,200	445	(19,285)	(10,563)	4,742	(19,461)
Interest recognition on net NPLs	–	(197)	–	–	–	(197)
Arising from acquisition of subsidiaries	–	–	–	–	1,393	1,393
Transfers (to)/from other accounts	–	–	(1,797)	1,797	64	64
At 31 December 2008/1 January 2009	**5,200**	**25,333**	**58,319**	**8,300**	**26,297**	**123,449**
Currency translation	**–**	**(307)**	**(61)**	**4**	**(380)**	**(744)**
Amounts written off	**(5,200)**	**(1,036)**	**–**	**–**	**(3,382)**	**(9,618)**
Impairment charge/(write-back) to income statements (Note 9)	**–**	**370**	**–**	**(831)**	**3,923**	**3,462**
Impairment charge to profit from life assurance	**–**	**–**	**8,727**	**–**	**–**	**8,727**
Interest recognition on net NPLs	**–**	**(147)**	**–**	**–**	**–**	**(147)**
Transfers to other accounts	**–**	**–**	**–**	**–**	**(214)**	**(214)**
At 31 December 2009	**–**	**24,213**	**66,985**	**7,473**	**26,244**	**124,915**
	(Note 33)	(Note 30)	(Note 35)	(Note 36)		

BANK ($'000)	Associates and subsidiaries	Government and debt securities	Property, plant and equipment	Investment property	Other assets	Total
At 1 January 2008	129,109	22,614	19,528	10,335	120	181,706
Currency translation	–	(24)	–	(250)	2	(272)
Amounts written off	(115,050)	–	–	(100)	(3,197)	(118,347)
(Write-back)/impairment charge to income statements (Note 9)	–	(32)	(16,782)	(6,598)	4,113	(19,299)
Interest recognition on net NPLs	–	(1)	–	–	–	(1)
Transfers (to)/from other accounts	–	–	(1,797)	1,797	–	–
At 31 December 2008/1 January 2009	**14,059**	**22,557**	**949**	**5,184**	**1,038**	**43,787**
Currency translation	**–**	**(557)**	**–**	**28**	**(4)**	**(533)**
Amounts written off	**–**	**–**	**–**	**–**	**(9)**	**(9)**
Impairment charge/(write-back) to income statements (Note 9)	**25**	**(47)**	**–**	**(211)**	**886**	**653**
Transfers to other accounts	**–**	**–**	**–**	**–**	**(881)**	**(881)**
At 31 December 2009	**14,084**	**21,953**	**949**	**5,001**	**1,030**	**43,017**
	(Notes 33-34)	(Note 30)	(Note 35)	(Note 36)		

33. ASSOCIATES AND JOINT VENTURES

	GROUP 2009 $'000	GROUP 2008 $'000	BANK 2009 $'000	BANK 2008 $'000
Investment securities, at cost				
Quoted equities	**591**	591	**195**	195
Unquoted equities	**186,041**	102,194	**58,150**	13,529
Allowance for impairment (Note 32)	**–**	(5,200)	**(2,199)**	(2,199)
Net carrying value	**186,632**	97,585	**56,146**	11,525
Share of post-acquisition reserves	**34,512**	34,068	**–**	–
Amount due from associates (unsecured)	**4,875**	630	**–**	–
	226,019	132,283	**56,146**	11,525
Fair value of quoted associates	**41,092**	28,463	**13,561**	9,393

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33. ASSOCIATES AND JOINT VENTURES (continued)

33.1 Associates

The summarised financial information of associates not adjusted for the proportion of ownership interest held by the Group is as follows:

$'000	2009	2008
At 31 December:		
Assets	**592,020**	1,025,426
Liabilities	**(191,484)**	(158,502)
For the year ended:		
Total income	**163,714**	91,223
Profit/(loss)	**35,186**	(176,930)

Details of the significant associate of the Group are as follows:

Name of associate	Country of incorporation	Effective % interest held 2009	2008
Unquoted			
Network For Electronic Transfers (Singapore) Pte Ltd [1]	Singapore	**33**	33

[1] Audited by PricewaterhouseCoopers.

33.2 Joint ventures

The Group holds 50% interest in Great Eastern Life Assurance (China) Company Limited ("GEL China"). The summarised financial information of GEL China based on the Group's 50% interest is as follows:

$ million	2009	2008
At 31 December:		
Share of current assets	**117.4**	26.1
Share of non-current assets	**8.0**	17.9
Share of current liabilities	**(12.0)**	(1.5)
Share of non-current liabilities	**(25.4)**	(19.5)
For the year ended:		
Share of income	**24.2**	12.6
Share of expenses	**(30.2)**	(16.7)

34. SUBSIDIARIES

	BANK 2009 $'000	BANK 2008 $'000
Investments in subsidiaries, at cost		
Quoted security	**2,198,964**	2,198,964
Unquoted securities	**1,697,094**	1,705,393
Allowance for impairment (Note 32)	**(11,885)**	(11,860)
Net carrying value	**3,884,173**	3,892,497
Unsecured loans and receivables	**3,153,223**	2,134,304
Secured loans and receivables	**1,113,200**	1,146,700
Amount due from subsidiaries	**4,266,423**	3,281,004
Investments in and amount due from subsidiaries	**8,150,596**	7,173,501

At 31 December 2009, the fair value of the Bank's quoted subsidiary, Great Eastern Holdings Limited, was $5,387.2 million (2008: $3,630.3 million).

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34. SUBSIDIARIES (continued)

34.1 List of significant subsidiaries

Significant subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation	Effective % interest held [3] 2009	2008
Banking			
Singapore Island Bank Limited (formerly Bank of Singapore Limited)	Singapore	**100**	100
OCBC Al-Amin Bank Berhad	Malaysia	**100**	100
OCBC Bank (Malaysia) Berhad	Malaysia	**100**	100
OCBC Bank (China) Limited	People's Republic of China	**100**	100
P.T. Bank OCBC NISP Tbk [1]	Indonesia	**75**	75
P.T. Bank OCBC Indonesia	Indonesia	**100**	100
Insurance			
Great Eastern Life Assurance (Malaysia) Berhad [2]	Malaysia	**87**	87
Overseas Assurance Corporation (Malaysia) Berhad [2]	Malaysia	**87**	87
The Great Eastern Life Assurance Company Limited [2]	Singapore	**87**	87
The Overseas Assurance Corporation Limited [2]	Singapore	**87**	87
Asset management and investment holding			
Lion Global Investors Limited [2]	Singapore	**91**	91
Great Eastern Holdings Limited [2]	Singapore	**87**	87
PacificMas Berhad [2]	Malaysia	**64**	67
Stockbroking			
OCBC Securities Private Limited	Singapore	**100**	100

Unless otherwise indicated, the significant subsidiaries listed above are audited by KPMG LLP Singapore and its associated firms.

(1) Audited by PricewaterhouseCoopers.

(2) Audited by Ernst & Young.

(3) Rounded to the nearest percentage.

34.2 Disposal of interests in subsidiaries

During the year, a wholly-owned subsidiary of the Bank, OCBC Capital (Malaysia) Sdn Bhd, disposed 6,100,000 of its shares in PacificMas Berhad ("PacMas") for a total cash consideration of MYR18.9 million. Following the disposal, the Group's interest in its subsidiary PacMas decreased from 67.1% to 63.5%. Goodwill written off in conjunction with the disposal of shares was $0.2 million (Note 37).

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35. PROPERTY, PLANT AND EQUIPMENT

GROUP ($'000)	2009 Property-related	2009 Computer-related	2009 Others	2009 Total	2008 Property-related	2008 Computer-related	2008 Others	2008 Total
Cost								
At 1 January	**1,431,203**	**778,896**	**341,004**	**2,551,103**	1,427,016	677,850	328,385	2,433,251
Currency translation	**4,333**	**2,878**	**2,200**	**9,411**	(22,515)	(15,399)	(10,324)	(48,238)
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	10,719	5,555	4,021	20,295
Additions	**12,241**	**93,634**	**35,365**	**141,240**	36,556	167,311	58,317	262,184
Disposals and other transfers	**(4,781)**	**(14,622)**	**(14,339)**	**(33,742)**	(325)	(56,421)	(23,164)	(79,910)
Transfer from/(to):								
Investment property (Note 36)	**1,336**	**–**	**–**	**1,336**	(19,627)	–	–	(19,627)
Life assurance fund assets	**(32,440)**	**–**	**–**	**(32,440)**	(621)	–	(16,231)	(16,852)
At 31 December	**1,411,892**	**860,786**	**364,230**	**2,636,908**	1,431,203	778,896	341,004	2,551,103
Accumulated depreciation								
At 1 January	**(246,909)**	**(385,515)**	**(194,903)**	**(827,327)**	(214,493)	(327,197)	(198,554)	(740,244)
Currency translation	**7,917**	**(86)**	**(838)**	**6,993**	(7,310)	8,118	13,366	14,174
Acquisition of subsidiaries	**–**	**–**	**–**	**–**	(1,425)	(3,967)	(2,432)	(7,824)
Disposals and other transfers	**4,414**	**9,087**	**11,937**	**25,438**	85	35,429	22,715	58,229
Depreciation charge	**(15,799)**	**(76,366)**	**(30,376)**	**(122,541)**	(15,655)	(63,334)	(23,712)	(102,701)
Depreciation charge to profit from life assurance (Note 4)	**(13,203)**	**(25,713)**	**(6,133)**	**(45,049)**	(11,748)	(34,564)	(6,286)	(52,598)
Transfer to:								
Investment property (Note 36)	**1,269**	**–**	**–**	**1,269**	3,637	–	–	3,637
Life assurance fund assets	**268**	**–**	**–**	**268**	–	–	–	–
At 31 December	**(262,043)**	**(478,593)**	**(220,313)**	**(960,949)**	(246,909)	(385,515)	(194,903)	(827,327)
Accumulated impairment losses (Note 32)								
At 1 January	**(57,004)**	**(43)**	**(1,272)**	**(58,319)**	(80,309)	–	(1,000)	(81,309)
Currency translation	**71**	**(20)**	**10**	**61**	1,874	–	34	1,908
Write-back/(impairment charge) to income statements	**–**	**–**	**–**	**–**	19,634	(43)	(306)	19,285
Impairment charge to profit from life assurance	**(8,727)**	**–**	**–**	**(8,727)**	–	–	–	–
Transfer to investment property (Note 36)	**–**	**–**	**–**	**–**	1,797	–	–	1,797
At 31 December	**(65,660)**	**(63)**	**(1,262)**	**(66,985)**	(57,004)	(43)	(1,272)	(58,319)
Net carrying value, at 31 December	**1,084,189**	**382,130**	**142,655**	**1,608,974**	1,127,290	393,338	144,829	1,665,457
Freehold property	**326,701**				384,924			
Leasehold property	**757,488**				742,366			
Net carrying value	**1,084,189**				1,127,290			
Market value	**1,769,155**				1,950,763			

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35. PROPERTY, PLANT AND EQUIPMENT (continued)

BANK ($'000)	2009 Property-related	2009 Computer-related	2009 Others	2009 Total	2008 Property-related	2008 Computer-related	2008 Others	2008 Total
Cost								
At 1 January	**263,547**	**302,637**	**95,720**	**661,904**	258,745	231,880	82,430	573,055
Currency translation	**6**	**142**	**373**	**521**	(71)	(439)	(1,151)	(1,661)
Additions	**–**	**55,189**	**17,147**	**72,336**	–	81,950	26,512	108,462
Disposals and other transfers	**–**	**(4,247)**	**(6,667)**	**(10,914)**	–	(10,754)	(12,071)	(22,825)
Transfer (to)/from investment property (Note 36)	**(2,602)**	**–**	**–**	**(2,602)**	4,873	–	–	4,873
At 31 December	**260,951**	**353,721**	**106,573**	**721,245**	263,547	302,637	95,720	661,904
Accumulated depreciation								
At 1 January	**(51,658)**	**(143,504)**	**(60,124)**	**(255,286)**	(45,627)	(115,896)	(65,118)	(226,641)
Currency translation	**(2)**	**(127)**	**(334)**	**(463)**	25	402	858	1,285
Disposals and other transfers	**–**	**2,538**	**5,615**	**8,153**	–	10,729	11,923	22,652
Depreciation charge	**(4,922)**	**(49,403)**	**(11,275)**	**(65,600)**	(4,911)	(38,739)	(7,787)	(51,437)
Transfer to/(from) investment property (Note 36)	**1,445**	**–**	**–**	**1,445**	(1,145)	–	–	(1,145)
At 31 December	**(55,137)**	**(190,496)**	**(66,118)**	**(311,751)**	(51,658)	(143,504)	(60,124)	(255,286)
Accumulated impairment losses (Note 32)								
At 1 January	**(949)**	**–**	**–**	**(949)**	(19,528)	–	–	(19,528)
Write-back to income statements	**–**	**–**	**–**	**–**	16,782	–	–	16,782
Transfer to investment property (Note 36)	**–**	**–**	**–**	**–**	1,797	–	–	1,797
At 31 December	**(949)**	**–**	**–**	**(949)**	(949)	–	–	(949)
Net carrying value, at 31 December	**204,865**	**163,225**	**40,455**	**408,545**	210,940	159,133	35,596	405,669
Freehold property	**46,409**				65,879			
Leasehold property	**158,456**				145,061			
Net carrying value	**204,865**				210,940			
Market value	**306,195**				302,582			

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36. INVESTMENT PROPERTY

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cost				
At 1 January	**891,912**	820,317	**573,267**	566,465
Currency translation	**(2,017)**	(2,358)	**(447)**	(560)
Acquisition of subsidiaries	**–**	40,761	**–**	–
Additions	**58,769**	15,479	**58,416**	14,149
Disposals	**(7,389)**	(1,914)	**(3,509)**	(1,914)
Transfer (to)/from:				
Assets held for sale	**(215)**	–	**(27)**	–
Property, plant and equipment (Note 35)	**(1,336)**	19,627	**2,602**	(4,873)
At 31 December	**939,724**	891,912	**630,302**	573,267
Accumulated depreciation				
At 1 January	**(157,535)**	(136,087)	**(68,325)**	(62,844)
Currency translation	**330**	200	**142**	(34)
Acquisition of subsidiaries	**–**	(5,447)	**–**	–
Disposals	**4,228**	375	**416**	375
Depreciation charge	**(12,685)**	(12,939)	**(7,001)**	(6,967)
Transfer to/(from):				
Assets held for sale	**47**	–	**–**	–
Property, plant and equipment (Note 35)	**(1,269)**	(3,637)	**(1,445)**	1,145
At 31 December	**(166,884)**	(157,535)	**(76,213)**	(68,325)
Accumulated impairment losses (Note 32)				
At 1 January	**(8,300)**	(17,498)	**(5,184)**	(10,335)
Currency translation	**(4)**	332	**(28)**	250
Disposals	**–**	100	**–**	100
Write-back to income statements	**831**	10,563	**211**	6,598
Transfer from property, plant and equipment (Note 35)	**–**	(1,797)	**–**	(1,797)
At 31 December	**(7,473)**	(8,300)	**(5,001)**	(5,184)
Net carrying value				
Freehold property	**308,972**	242,101	**142,448**	69,134
Leasehold property	**456,395**	483,976	**406,640**	430,624
At 31 December	**765,367**	726,077	**549,088**	499,758
Market value	**2,363,869**	2,380,930	**1,265,896**	1,314,886

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37. GOODWILL AND INTANGIBLE ASSETS

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Goodwill				
At 1 January	**2,642,368**	2,669,691	**1,867,176**	1,867,176
(Disposal)/acquisition of interests in:				
– Great Eastern Holdings Limited	**–**	1,075	**–**	–
– PacificMas Berhad (Note 34.2)	**(235)**	4,637	**–**	–
– P.T. Bank OCBC NISP Tbk	**–**	7,659	**–**	–
Currency translation	**32,944**	(40,694)	**–**	–
At 31 December	**2,675,077**	2,642,368	**1,867,176**	1,867,176
Intangible asset [1]				
At 1 January	**733,158**	774,729		
Amortisation charged to income statements	**(46,636)**	(46,472)		
Acquisition of additional interests in GEH	**–**	4,901		
At 31 December	**686,522**	733,158		
Total goodwill and intangible assets	**3,361,599**	3,375,526	**1,867,176**	1,867,176
Analysed as follows:				
Goodwill from acquisition of subsidiaries/business	**2,675,077**	2,642,368	**1,867,176**	1,867,176
Intangible asset, at cost	**932,715**	932,715	**–**	–
Accumulated amortisation for intangible asset	**(246,193)**	(199,557)	**–**	–
	3,361,599	3,375,526	**1,867,176**	1,867,176

[1] The value of in-force life assurance business of the Group is amortised over a useful life of 20 years. At 31 December 2009, the intangible asset has a remaining useful life of 15 years (2008: 16 years).

Impairment tests for goodwill
For impairment testing, goodwill is allocated to the Group's cash generating units ("CGU") identified mainly to business segments as follows:

		Carrying value	
Cash Generating Units	**Basis of determining recoverable value**	**2009 $'000**	**2008 $'000**
Goodwill attributed to Banking CGU			
Global Consumer Financial Services		**844,497**	844,497
Global Corporate Banking		**570,000**	570,000
Global Treasury		**524,000**	524,000
	Value-in-use	**1,938,497**	1,938,497
Great Eastern Holdings Limited ("GEH")	Appraisal value	**427,460**	427,460
PacificMas Berhad	Value-in-use	**4,153**	4,447
P.T. Bank OCBC NISP Tbk	Value-in-use	**275,548**	242,545
Lion Global Investors Limited	Value-in-use	**29,419**	29,419
		2,675,077	2,642,368

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The discount rates applied to the cash flow projections are derived from the pre-tax weighted average cost of capital plus a reasonable risk premium at the date of assessment of the respective CGU. For 2009, the discount rates used ranged from 8.3% to 14.0% (2008: 8.5% to 15.9%). Cash flows beyond the fifth year are extrapolated using the estimated terminal growth rates (weighted average growth rate to extrapolate cash flows beyond the projected years). The terminal growth rates ranged from 2.0% to 5.0% (2008: 2.0% to 6.0%). The terminal growth rate for each CGU used does not exceed management's expectation of the long term average growth rate of the respective industry and country in which the CGU operates.

Notes to the Financial Statements
For the financial year ended 31 December 2009

37. GOODWILL AND INTANGIBLE ASSETS (continued)
For the insurance CGU, the Group applies the appraisal value technique for its value-in-use calculation. This technique is commonly used to determine the economic value of an insurance business, which comprises two components: embedded value of in-force business and existing structural value (value of future sales). The embedded value of the life assurance business is the present value of projected distributable profits (cash flows) of the in-force business. The cash flows represent a deterministic approach based on assumptions as to future operating experience discounted at a risk adjusted rate of 8.0% (2008: 8.0%) and 9.5% (2008: 9.5%) for Singapore and Malaysia respectively. The assumptions take into account the recent experience of, and expected future outlook for the life assurance business of the CGU. Investment returns assumed are based on long term strategic asset mix and their expected future returns. The existing structural value is the value of projected distributable profits from new businesses, which is calculated based on new businesses sold for the nine months ended up to 30 September and applying a new business multiplier to the value of future sales. The returns assumed, after investment expenses, are 5.25%, 4.0% and 7.0% (2008: 5.15% – 5.25%, 4.25% and 7%) for Singapore's participating fund, non-participating fund and linked fund respectively and 6.0%, 5.1% and 7.0% (2008: 6.5%, 6.0% and 7.0%) for Malaysia's participating fund, non-participating fund and linked fund respectively.

38. SEGMENT INFORMATION
38.1 Business segments

$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Elimination	Group
Year ended 31 December 2009							
Total income	**1,218**	**1,479**	**816**	**758**	**933**	**(389)**	**4,815**
Operating profit before allowances and amortisation	**662**	**1,010**	**611**	**642**	**459**	**(365)**	**3,019**
Amortisation of intangible assets	–	–	–	**(47)**	–	–	**(47)**
Allowances for loans and impairment for other assets	**(57)**	**(180)**	**(11)**	**(16)**	**(165)**	–	**(429)**
Operating profit after allowances and amortisation	**605**	**830**	**600**	**579**	**294**	**(365)**	**2,543**
Other information:							
Capital expenditure	**24**	**8**	**1**	**24**	**143**	–	**200**
Depreciation	**16**	**9**	**1**	**2**	**107**	–	**135**
At 31 December 2009							
Segment assets	**27,899**	**56,549**	**46,761**	**49,634**	**21,744**		**202,587**
Unallocated assets							**98**
Elimination							**(8,385)**
Total assets							**194,300**
Segment liabilities	**44,658**	**48,653**	**23,405**	**43,824**	**18,814**		**179,354**
Unallocated liabilities							**1,552**
Elimination							**(8,385)**
Total liabilities							**172,521**
Other information:							
Gross non-bank loans	**26,702**	**49,878**	**1,046**	**289**	**4,426**		**82,341**
NPAs (include debt securities)	**309**	**1,018**	–	**7**	**114**		**1,448**

Notes to the Financial Statements
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38. SEGMENT INFORMATION (continued)
38.1 Business segments (continued)

$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Elimination	Group
Year ended 31 December 2008							
Total income	1,307	1,411	682	523	891	(387)	4,427
Operating profit before allowances and amortisation	711	934	497	372	445	(386)	2,573
Amortisation of intangible assets	–	–	–	(47)	–	–	(47)
Allowances for loans and impairment for other assets	(37)	(100)	(19)	(55)	(236)	–	(447)
Operating profit after allowances and amortisation	674	834	478	270	209	(386)	2,079
Other information:							
Capital expenditure	24	8	1	90	155	–	278
Depreciation	9	4	#	1	102	–	116
At 31 December 2008							
Segment assets	26,590	57,219	39,009	45,195	20,309		188,322
Unallocated assets							132
Elimination							(7,069)
Total assets							181,385
Segment liabilities	40,574	46,361	25,343	40,337	16,202		168,817
Unallocated liabilities							1,077
Elimination							(7,069)
Total liabilities							162,825
Other information:							
Gross non-bank loans	25,347	51,312	715	430	3,532		81,336
NPAs (include debt securities)	319	811	2	14	202		1,348

"#" represents amounts less than $0.5 million.

OCBC Group is organised along four groupings covering customers, products, support functions and geography. Customer, product and support function heads have global responsibility for their respective areas, while geographic heads have stewardship responsibility. For the purpose of financial reporting of business segment results, the Group's businesses are presented under five main segments representing the key customer and product groups: Global Consumer Financial Services, Global Corporate Banking, Global Treasury, Insurance and Others.

Global Consumer Financial Services
Global Consumer Financial Services 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).

Global Corporate Banking
Global Corporate Banking provides comprehensive 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.

Global Treasury
Global 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.

Insurance
The Group's insurance business, including its fund management activities, is carried out by the Bank's subsidiary GEH, which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

Notes to the Financial Statements
For the financial year ended 31 December 2009

38. SEGMENT INFORMATION (continued)
38.1 Business segments (continued)
Others

The "Others" segment comprise P.T. Bank OCBC NISP, PacificMas Berhad, corporate finance, capital markets, property holding, stock brokerage and investment holding.

The business segment information is prepared based on internal management reports, which are used by senior management for decision-making and performance management. The following management reporting methodologies are adopted:

(a) income and expenses are attributable to each segment based on the internal management reporting policies;
(b) in determining the segment results, balance sheet items are internally transfer priced; and
(c) transactions between business segments are recorded within the segment as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior periods is restated to allow comparability. There are no material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet and excluding items such as income tax and borrowings.

38.2 Geographical segments

$ million	Total income	Profit/(loss) before income tax	Capital expenditure	Total assets	Total liabilities
2009					
Singapore	**2,912**	**1,594**	**143**	**125,001**	**115,633**
Malaysia	**1,239**	**800**	**30**	**43,070**	**36,757**
Other ASEAN	**370**	**125**	**20**	**6,922**	**5,901**
Greater China	**179**	**(4)**	**6**	**10,291**	**8,139**
Other Asia Pacific	**63**	**45**	**#**	**5,463**	**2,924**
Rest of the World	**52**	**(17)**	**1**	**3,553**	**3,167**
	4,815	**2,543**	**200**	**194,300**	**172,521**
2008					
Singapore	2,870	1,430	192	118,157	111,031
Malaysia	914	519	53	38,402	33,379
Other ASEAN	326	81	23	5,853	5,012
Greater China	207	56	9	9,861	8,276
Other Asia Pacific	65	(11)	#	5,168	2,945
Rest of the World	45	10	1	3,944	2,182
	4,427	2,085	278	181,385	162,825

"#" represents amounts less than $0.5 million.

The Group's operations are in six main geographical areas. With the exception of Singapore and Malaysia, no other individual country contributed more than 10% of consolidated total income and total assets. The geographical information is prepared based on the country in which the transactions are booked. It would not be materially different if it is based on the country in which the counterparty or assets are located. The geographical information is stated after elimination of intra-group transactions and balances.

39. FINANCIAL RISK MANAGEMENT
39.1 Overview
The objective of the Group's risk management practice is to drive the business through an integrated proactive risk management approach with strong risk analytics, while protecting the Group against losses that could arise from taking risks beyond its risk appetite. The Group's philosophy is that all risks must be properly understood, measured, monitored, controlled and managed. In addition, risk management processes must be closely aligned to the Group's business strategy, to enable the Group to maximise its risk-adjusted return on capital.

The Group's risk management objectives, policies and processes are detailed in the Risk Management Section.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Credit risk

Maximum exposure to credit risk

The following table presents the Group's maximum exposure to credit risk of on-balance sheet and off-balance sheet financial instruments, without taking into account of any collateral held or other credit enhancements. For on-balance sheet assets, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the obligations of the instruments issued are called upon. For credit commitments, the maximum exposure to credit risk is the full amount of the undrawn credit facilities granted to customers.

	Gross		Average	
$ million	**2009**	**2008**	**2009**	**2008**
Credit risk exposure of on-balance sheet assets:				
Loans and bills receivable	**80,876**	79,808	**78,275**	76,769
Placements with and loans to banks	**15,821**	15,353	**17,074**	16,644
Government treasury bills and securities	**16,487**	13,992	**16,908**	12,757
Debt securities	**8,782**	8,317	**7,907**	9,313
Amount due from associates	**5**	1	**2**	5
Assets pledged	**279**	837	**379**	756
Derivative receivables	**3,973**	6,655	**4,792**	4,503
Other assets, comprise interest receivables and sundry debtors	**2,470**	2,001	**2,436**	2,131
	128,693	126,964	**127,773**	122,878
Credit risk exposure of off-balance sheet items:				
Contingent liabilities	**7,314**	8,661	**7,536**	9,129
Credit commitments	**42,584**	45,007	**43,319**	42,928
	49,898	53,668	**50,855**	52,057
Total maximum credit risk exposure	**178,591**	180,632	**178,628**	174,935

Collaterals

The main types of collateral obtained by the Group are as follows:

- For personal housing loans, mortgages over residential properties;
- For commercial property loans, charges over the properties being financed;
- For car loans, charges over the vehicles financed;
- For share margin financing, listed securities of Singapore, Malaysia and Hong Kong; and
- For other loans, charges over business assets such as premises, inventories, trade receivables or deposits.

Total loans and advances – Credit quality

In addition to the credit grading of facilities under MAS Notice 612, loans and advances are required, under FRS 107, to be categorised into "neither past due nor impaired", "past due but not impaired" and "impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are classified loans with specific allowances made.

	Bank loans		Non-bank loans	
$ million	**2009**	**2008**	**2009**	**2008**
Neither past due nor impaired	**15,466**	15,272	**80,245**	79,244
Not impaired	**–**	#	**1,039**	1,045
Impaired	**–**	–	**863**	958
Past due loans	**–**	#	**1,902**	2,003
Impaired but not past due	**–**	–	**194**	89
Gross loans	**15,466**	15,272	**82,341**	81,336
Specific allowances	**–**	–	**(454)**	(549)
Portfolio allowances	**–**	–	**(998)**	(979)
Net loans	**15,466**	15,272	**80,889**	79,808

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements
For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.2 Credit risk (continued)
Loans neither past due nor impaired
Analysis of loans and advances that are neither past due nor impaired analysed based on the Group's internal credit grading system is as follows:

	Bank loans		Non-bank loans	
$ million	**2009**	**2008**	**2009**	**2008**
Grades				
Satisfactory and special mention	**15,466**	15,272	**80,157**	79,197
Substandard but not impaired	**–**	–	**88**	47
Neither past due nor impaired	**15,466**	15,272	**80,245**	79,244

Past due loans
Analysis of past due loans by industry and geography are as follows:

	Bank loans		Non-bank loans	
$ million	**2009**	**2008**	**2009**	**2008**
By industry				
Agriculture, mining and quarrying	**–**	–	**47**	14
Manufacturing	**–**	–	**374**	330
Building and construction	**–**	–	**145**	104
General commerce	**–**	–	**262**	210
Transport, storage and communication	**–**	–	**58**	33
Financial institutions, investment and holding companies	**–**	#	**61**	53
Professionals and individuals (include housing)	**–**	–	**898**	1,096
Others	**–**	–	**57**	163
	–	#	**1,902**	2,003
By geography				
Singapore	**–**	–	**743**	1,020
Malaysia	**–**	–	**650**	611
Rest of the World	**–**	#	**509**	372
	–	#	**1,902**	2,003

"#" represents amounts less than $0.5 million.

Loans past due but not impaired
Certain loans and advances are past due but not impaired as the collateral values of these loans are in excess of the principal and interest outstanding. Allowances for these loans may have been set aside on a portfolio basis. The Group's non-bank loans which are past due but not impaired are as follows:

$ million	**2009**	**2008**
Past due		
Less than 30 days	**399**	450
30 to 90 days	**474**	527
Over 90 days	**166**	68
Past due but not impaired	**1,039**	1,045

Impaired loans and allowances
Non-bank loans that are individually determined to be impaired as at the reporting date are as follows:

$ million	**2009**	**2008**
Business segment		
Global Consumer Financial Services	**248**	269
Global Corporate Banking	**711**	714
Others	**80**	48
Individually impaired loans	**1,039**	1,031

Details on non-performing loans are set out in Note 27. The movements of specific and portfolio allowances account for loans are set out in Notes 28 and 29 respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.2 Credit risk (continued)

Renegotiated loans

Loans that would have been past due or impaired had they not been renegotiated amounted to $324.8 million for the year ended 31 December 2009 (2008: $93.8 million).

Collateral and other credit enhancements obtained

During the year, the Group obtained the following assets by taking possession of collaterals held as security, or by calling upon other credit enhancements:

$ million	2009	2008
Properties	**2**	1
Others	**–**	#
Carrying amount of assets obtained during the year	**2**	1

"#" represents amounts less than $0.5 million.

Repossessed properties are made available for sale in an orderly fashion, with the proceeds used to reduce or repay the outstanding indebtedness. The Group generally does not occupy the premises repossessed for its business use.

Country risk

The Group's country risk framework covers the assessment and rating of countries, as well as the maximum cross-border transfer risk limit granted to any one country based on its risk rating. The risk covers all cross-border transactions including onshore non-local currency transactions. Limits are allocated into maturity time-bands and vary according to the risk rating of the country and the political and economic outlook. Cross-border transfer risk exposures of more than 1% of assets were as follows:

$ million	Banks	Government and official institutions	Loans to financial institutions and customers	Total exposure	As % of assets
Exposure [(1)]					
31 December 2009					
United Kingdom	**4,740**	**412**	**462**	**5,614**	**3.7**
Malaysia	**1,893**	**–**	**2,603**	**4,496**	**3.0**
China	**2,977**	**6**	**1,103**	**4,086**	**2.7**
Indonesia	**1,536**	**179**	**1,657**	**3,372**	**2.2**
United States	**616**	**180**	**1,399**	**2,195**	**1.5**
Australia	**1,322**	**258**	**507**	**2,087**	**1.4**
31 December 2008					
Malaysia	5,889	128	3,974	9,991	7.0
United Kingdom	7,081	2	122	7,205	5.1
China	2,553	–	931	3,484	2.4
South Korea	2,798	233	280	3,311	2.3
Indonesia	853	223	1,792	2,868	2.0
Australia	1,545	–	671	2,216	1.6
Germany	1,977	21	135	2,133	1.5
United States	1,019	34	1,047	2,100	1.5
Hong Kong SAR	963	–	985	1,948	1.4
Netherlands	1,544	–	349	1,893	1.3

(1) Assets (excluding life assurance fund investment assets) of $151,223 million (2008: $142,508 million).

39.3 Market risk and asset liability management

Disclosures on the Group's market risk management, and the Value-at-Risk ("VaR") summary of its trading portfolio, are in the Risk Management Section.

The Group's Asset Liability Management framework consists of three components:

- Structural interest rate risk management;
- Structural foreign exchange risk management; and
- Liquidity management.

The objectives, policies and processes of asset liability management are in the Risk Management Section.

Notes to the Financial Statements

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39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk and asset liability management (continued)

Interest rate risk

The table below summarises the Group's financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Non-interest sensitive	Total
2009								
Cash and placements with central banks	**4,248**	**5,881**	**1,080**	**53**	**–**	**–**	**1,909**	**13,171**
Placements with and loans to banks	**2,242**	**3,083**	**5,578**	**4,559**	**1**	**–**	**3**	**15,466**
Loans and bills receivable [(1)]	**8,009**	**19,997**	**32,752**	**6,936**	**3,823**	**9,982**	**(610)**	**80,889**
Securities [(2)]	**766**	**2,070**	**6,232**	**5,355**	**5,058**	**6,057**	**2,895**	**28,433**
Other assets [(3)]	**–**	**1**	**–**	**3**	**1**	**–**	**6,883**	**6,888**
Financial assets	**15,265**	**31,032**	**45,642**	**16,906**	**8,883**	**16,039**	**11,080**	**144,847**
Deposits of non-bank customers	**20,833**	**18,983**	**34,025**	**13,638**	**802**	**227**	**12,125**	**100,633**
Deposits and balances of banks	**4,246**	**3,458**	**2,484**	**589**	**165**	**–**	**16**	**10,958**
Trading portfolio liabilities	**–**	**46**	**–**	**–**	**1,572**	**398**	**#**	**2,016**
Other liabilities [(3)]	**17**	**2**	**56**	**45**	**–**	**–**	**7,132**	**7,252**
Debts issued	**52**	**612**	**392**	**19**	**3,208**	**2,563**	**17**	**6,863**
Financial liabilities	**25,148**	**23,101**	**36,957**	**14,291**	**5,747**	**3,188**	**19,290**	**127,722**
On-balance sheet sensitivity gap	**(9,883)**	**7,931**	**8,685**	**2,615**	**3,136**	**12,851**		
Off-balance sheet sensitivity gap	**933**	**(3,286)**	**(2,473)**	**583**	**2,238**	**2,005**		
Net interest sensitivity gap	**(8,950)**	**4,645**	**6,212**	**3,198**	**5,374**	**14,856**		
2008								
Cash and placements with central banks	940	2,271	506	427	–	16	2,868	7,028
Placements with and loans to banks	3,326	2,790	6,533	2,612	9	–	2	15,272
Loans and bills receivable [(1)]	6,674	25,936	31,306	9,722	3,826	3,043	(699)	79,808
Securities [(2)]	838	2,004	4,735	3,915	4,053	7,190	1,720	24,455
Other assets [(3)]	–	–	–	–	–	–	9,320	9,320
Financial assets	11,778	33,001	43,080	16,676	7,888	10,249	13,211	135,883
Deposits of non-bank customers	19,699	21,514	28,833	13,356	1,016	216	9,444	94,078
Deposits and balances of banks	3,801	3,246	2,393	374	168	60	71	10,113
Trading portfolio liabilities	–	460	170	268	111	93	9	1,111
Other liabilities [(3)]	11	7	34	43	–	–	10,605	10,700
Debts issued	23	637	194	1	3,895	1,260	#	6,010
Financial liabilities	23,534	25,864	31,624	14,042	5,190	1,629	20,129	122,012
On-balance sheet sensitivity gap	(11,756)	7,137	11,456	2,634	2,698	8,620		
Off-balance sheet sensitivity gap	(290)	2,752	(1,057)	(5,152)	4,028	(281)		
Net interest sensitivity gap	(12,046)	9,889	10,399	(2,518)	6,726	8,339		

(1) The negative balance represents mainly portfolio allowances for loans.

(2) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).

(3) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements
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39. FINANCIAL RISK MANAGEMENT (continued)
39.3 Market risk and asset liability management (continued)
The main market risk faced by the Group is interest rate risk arising from the re-pricing mismatches of assets and liabilities from its banking businesses. These are monitored through tenor limits and net interest income changes. One way of expressing this sensitivity for all interest rate sensitive positions, whether marked to market or subject to amortised cost accounting, is the impact on their fair values of basis point change in interest rates.

The Bank's interest rate risk is monitored on a daily basis and behavioural assumptions for indeterminate deposits as well as prepayment assumptions for significant loan portfolios have been implemented. The impact on net interest income of the banking book is simulated under various interest rate assumptions. Based on a 100 bp parallel rise in yield curves on the Group's exposure to major currencies i.e. Singapore Dollar, US Dollar and Malaysian Ringgit, net interest income is estimated to increase by $133 million (2008: $61 million). The corresponding impact from a 100 bp decrease is an estimated reduction of $132 million (2008: $216 million) in net interest income. As a percentage of reported net interest income, the maximum exposure would be -4.5% (2008: -7.7%).

The 1% rate shock impact on net interest income is based on simplified scenarios with assumptions on loan prepayment, using the Group's interest rate risk profile as at reporting date. It does not take into account actions that would be taken by Global Treasury or the business units to mitigate the impact of this interest rate risk. In reality, Global Treasury seeks proactively to change the interest rate risk profile to minimise losses and maximise net revenues. The projection assumes that interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged. The projections also assume a constant balance sheet position and that all positions run to maturity.

Currency risk

The Group's foreign exchange position by major currencies is shown below. "Others" include mainly Indonesian Rupiah, Australian Dollar, Euro, Japanese Yen, Sterling Pound and Hong Kong Dollar.

$ million	SGD	USD	MYR	Others	Total
2009					
Cash and placements with central banks	**8,051**	**31**	**4,484**	**605**	**13,171**
Placements with and loans to banks	**318**	**6,040**	**1,506**	**7,602**	**15,466**
Loans and bills receivable	**45,153**	**10,966**	**12,891**	**11,879**	**80,889**
Securities [1]	**15,272**	**3,273**	**2,266**	**7,622**	**28,433**
Other assets [2]	**4,663**	**866**	**845**	**514**	**6,888**
Financial assets	**73,457**	**21,176**	**21,992**	**28,222**	**144,847**
Deposits of non-bank customers	**58,458**	**11,144**	**16,286**	**14,745**	**100,633**
Deposits and balances of banks	**791**	**5,840**	**663**	**3,664**	**10,958**
Trading portfolio liabilities	**2,016**	**–**	**–**	**–**	**2,016**
Other liabilities [2]	**4,602**	**294**	**709**	**1,647**	**7,252**
Debts issued	**3,955**	**1,285**	**1,115**	**508**	**6,863**
Financial liabilities	**69,822**	**18,563**	**18,773**	**20,564**	**127,722**
Net financial assets exposure	**3,635**	**2,613**	**3,219**	**7,658**	
2008					
Cash and placements with central banks	3,507	28	2,195	1,298	7,028
Placements with and loans to banks	1,177	8,239	590	5,266	15,272
Loans and bills receivable	46,261	10,576	11,870	11,101	79,808
Securities [1]	13,178	3,247	3,576	4,454	24,455
Other assets [2]	5,439	1,769	1,017	1,095	9,320
Financial assets	69,562	23,859	19,248	23,214	135,883
Deposits of non-bank customers	53,744	12,105	14,672	13,557	94,078
Deposits and balances of banks	1,210	4,650	693	3,560	10,113
Trading portfolio liabilities	1,109	–	–	2	1,111
Other liabilities [2]	6,328	1,083	948	2,341	10,700
Debts issued	4,188	359	967	496	6,010
Financial liabilities	66,579	18,197	17,280	19,956	122,012
Net financial assets exposure	2,983	5,662	1,968	3,258	

[1] Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).

[2] Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.

Notes to the Financial Statements
For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.3 Market risk and asset liability management (continued)
Structural foreign exchange risk

Structural foreign exchange risks arise primarily from the Group's net investments in overseas branches, subsidiaries and associates, strategic equity investments as well as property assets. The Group uses mainly foreign currency forwards and swaps to hedge its exposure. The table below shows the Group's structural foreign currency exposure at reporting date.

$ million	2009 Structural currency exposure	2009 Hedging financial instruments	2009 Net structural currency exposure	2008 Structural currency exposure	2008 Hedging financial instruments	2008 Net structural currency exposure
US Dollar	**549**	**419**	**130**	551	–	551
Malaysian Ringgit	**1,471**	**406**	**1,065**	1,231	412	819
Others	**2,743**	**–**	**2,743**	1,764	6	1,758
Total	**4,763**	**825**	**3,938**	3,546	418	3,128

Liquidity risk

The table below analyses the carrying value of financial assets and liabilities of the Group into maturity time bands based on the remaining term to contractual maturity as at balance sheet date.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2009							
Cash and placements with central banks	**4,498**	**5,881**	**1,080**	**53**	**–**	**1,659**	**13,171**
Placements with and loans to banks	**4,952**	**2,413**	**3,780**	**4,272**	**47**	**2**	**15,466**
Loans and bills receivable	**5,739**	**6,094**	**6,409**	**9,452**	**17,751**	**35,444**	**80,889**
Securities (1)	**1,253**	**1,226**	**3,263**	**4,997**	**6,918**	**10,776**	**28,433**
Other assets (2)	**896**	**779**	**1,476**	**2,880**	**670**	**187**	**6,888**
Financial assets	**17,338**	**16,393**	**16,008**	**21,654**	**25,386**	**48,068**	**144,847**
Deposits of non-bank customers	**55,119**	**19,044**	**10,687**	**13,843**	**1,577**	**363**	**100,633**
Deposits and balances of banks	**4,262**	**3,458**	**2,484**	**589**	**165**	**–**	**10,958**
Trading portfolio liabilities	**#**	**46**	**–**	**–**	**1,572**	**398**	**2,016**
Other liabilities (2)	**1,426**	**1,221**	**1,553**	**2,237**	**371**	**444**	**7,252**
Debts issued	**73**	**608**	**382**	**19**	**2,974**	**2,807**	**6,863**
Financial liabilities	**60,880**	**24,377**	**15,106**	**16,688**	**6,659**	**4,012**	**127,722**
Net liquidity gap – financial assets less financial liabilities	**(43,542)**	**(7,984)**	**902**	**4,966**	**18,727**	**44,056**	
2008							
Cash and placements with central banks	3,253	2,271	506	427	–	571	7,028
Placements with and loans to banks	4,409	2,395	5,750	2,621	90	7	15,272
Loans and bills receivable	6,095	6,045	7,231	9,537	15,588	35,312	79,808
Securities (1)	746	1,190	2,292	3,387	6,292	10,548	24,455
Other assets (2)	834	1,419	1,635	3,405	1,464	563	9,320
Financial assets	15,337	13,320	17,414	19,377	23,434	47,001	135,883
Deposits of non-bank customers	47,362	20,516	10,755	12,895	2,264	286	94,078
Deposits and balances of banks	3,830	3,229	2,433	392	168	61	10,113
Trading portfolio liabilities	9	460	170	268	111	93	1,111
Other liabilities (2)	1,253	2,011	2,673	3,872	321	570	10,700
Debts issued	23	637	184	1	3,895	1,270	6,010
Financial liabilities	52,477	26,853	16,215	17,428	6,759	2,280	122,012
Net liquidity gap – financial assets less financial liabilities	(37,140)	(13,533)	1,199	1,949	16,675	44,721	

(1) Securities comprise trading and investment portfolio of government, debt and equity securities (including assets pledged).

(2) Other assets/liabilities include derivative receivables/payables and amount due from/to associates and joint ventures.

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.3 Market risk and asset liability management (continued)

Contractual maturity for financial liabilities

The table below shows the undiscounted cash outflows of the Group's financial liabilities by remaining contractual maturities. Information on cash outflow of gross loan commitments is set out in Note 42. The expected cash flows of these liabilities could vary significantly from what is shown in the table. For example, deposits of non-bank customers included demand deposits, such as current and savings (Note 17) which are expected to remain stable, and unrecognised loan commitments are not all expected to be drawn down immediately.

$ million	Within 1 week	1 week to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
2009							
Deposits of non-bank customers [1]	**55,131**	**19,091**	**10,736**	**13,995**	**1,601**	**380**	**100,934**
Deposits and balances of banks [1]	**4,264**	**3,460**	**2,486**	**591**	**169**	**–**	**10,970**
Trading portfolio liabilities	**–**	**46**	**#**	**–**	**1,572**	**398**	**2,016**
Other liabilities [2]	**1,286**	**526**	**293**	**291**	**215**	**277**	**2,888**
Debts issued	**74**	**610**	**488**	**250**	**3,237**	**3,775**	**8,434**
Net settled derivatives							
Trading	**361**	**95**	**301**	**883**	**893**	**247**	**2,780**
Hedging	**#**	**3**	**(1)**	**6**	**21**	**38**	**67**
Gross settled derivatives							
Trading – Outflow	**16,993**	**21,997**	**26,600**	**24,330**	**3,041**	**1,339**	**94,300**
Trading – Inflow	**(17,047)**	**(22,033)**	**(26,794)**	**(24,442)**	**(3,063)**	**(1,330)**	**(94,709)**
Hedging – Outflow	**–**	**420**	**36**	**37**	**2,980**	**–**	**3,473**
Hedging – Inflow	**–**	**(419)**	**(20)**	**(73)**	**(2,637)**	**–**	**(3,149)**
	61,062	**23,796**	**14,125**	**15,868**	**8,029**	**5,124**	**128,004**
2008							
Deposits of non-bank customers [1]	47,381	20,528	10,860	13,123	2,338	311	94,541
Deposits and balances of banks [1]	3,833	3,238	2,447	401	169	61	10,149
Trading portfolio liabilities	1,111	–	–	–	–	–	1,111
Other liabilities [2]	877	583	206	224	207	356	2,453
Debts issued	23	637	290	195	4,175	1,609	6,929
Net settled derivatives							
Trading	398	116	352	814	1,311	875	3,866
Hedging	#	2	3	30	48	24	107
Gross settled derivatives							
Trading – Outflow	14,465	20,949	23,228	25,789	1,290	711	86,432
Trading – Inflow	(14,377)	(21,156)	(22,711)	(25,160)	(1,311)	(719)	(85,434)
Hedging – Outflow	201	761	885	51	3,117	–	5,015
Hedging – Inflow	(190)	(768)	(848)	(83)	(2,870)	–	(4,759)
	53,722	24,890	14,712	15,384	8,474	3,228	120,410

[1] Interest cash flows of bank and non-bank deposits are included in the respective deposit lines based on interest payment dates.

[2] Other liabilities include amount due to associates.

"#" represents amounts less than $0.5 million.

39.4 Other risk areas

Details of the Group's management of operational, fiduciary and reputation risks are disclosed in the Risk Management Section.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management

This note sets out the risk management information of GEH Group.

Governance framework

Managing risk is an integral part of GEH Group's core business. As stated in the Enterprise Risk Management ("ERM") Framework, the Group shall:

- Always operate within the risk appetite set by the Board; and
- Ensure reward commensurates for any risk taken.

GEH Group's Risk Management department spearheads the development and implementation of the ERM Framework for the Group.

The Risk and Investment Committee ("RIC") is constituted to provide oversight on the risk management initiatives. At GEH group level, detailed risk management and oversight activities are undertaken by the following group management committees comprising the Group Chief Executive Officer and key Senior Management Executives, namely: Group Management Team ("GMT"), Group Asset-Liability Committee ("Group ALC") and Group Information Technology Steering Committee ("Group ITSC").

GMT is responsible for providing leadership, direction and oversight with regards to all matters of GEH Group. The GMT is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. The GMT is supported by the local Senior Management Team ("SMT") and Product Development Committee ("PDC").

Group ALC is responsible for assisting GMT in balance sheet management. Specifically, Group ALC reviews and formulates technical frameworks, policies and methodology relating to balance sheet management. Group ALC is also responsible for ensuring compliance and alignment with Group Governance and Oversight Framework, i.e. Group standards and guidelines. Group ALC is supported by the local Asset-Liability Committee ("ALC").

Regulatory framework

Insurers are required to comply with the Insurance Act and Regulations, as applicable, including guidelines on investment limits. The responsibility for the formulation, establishment and approval of the investment policy rests with the respective Board of Directors ("Board") of the insurance subsidiaries. The Board exercises oversight on investments to safeguard the interests of policyholders and shareholders.

Capital management

GEH's capital management policy is to create shareholder value, deliver sustainable returns to shareholders, maintain a strong capital position with sufficient buffer to meet policyholders' obligations and regulatory requirements and make strategic investments for business growth.

Regulatory capital

The insurance subsidiaries of GEH Group are required to comply with capital ratios prescribed in the insurance regulations of the jurisdiction in which the subsidiaries operate.

In Singapore, the minimum Capital Adequacy Ratio under the Risk-based Capital Framework regulated by the Monetary Authority of Singapore is 120% for each insurance entity. The capital requirements also include Fund Solvency Ratios of the respective insurance funds operated by GEH Group. Regulatory capital of the consolidated Singapore insurance subsidiaries as at 31 December 2009 comprised Available Capital of $7.0 billion (2008: $6.0 billion), Risk Capital of $3.0 billion (2008: $2.6 billion) and Capital Adequacy Ratio of 235% (2008: 227%).

Risk-based Capital Framework for the insurance industry in Malaysia came into effect on 1 January 2009. Under this new framework, insurance assets and liabilities are subject to mark-to-market rules. The minimum capital requirement under the Risk-based Capital Framework regulated by Bank Negara, Malaysia is 130% for each insurance entity. Regulated capital of the consolidated Malaysia insurance subsidiaries as at 31 December 2009 comprised Available Capital of $0.7 billion (2008: $0.5 billion), Risk Capital of $0.2 billion (2008: $0.2 billion) and Capital Adequacy Ratio of 323% (2008: 229%).

GEH Group has met all of its regulatory requirements throughout the financial year.

Dividend

GEH's dividend policy aims to provide shareholders with a predictable and sustainable dividend return, payable on a half-yearly basis.

GEH Group has had no significant changes relating to its policies and processes on its capital structure during the year.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

Financial risk management

The principal activities of GEH Group are the provision of financial advisory services coupled with insurance protection against risks such as mortality, morbidity (health, disability, critical illness and personal accident), property and casualty.

GEH Group's underwriting strategy is designed to ensure that these risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims handling procedures. Underwriting limits are also set in place to enforce appropriate risk selection criteria. For example, GEH Group has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of fraudulent claims.

Risks inherent in GEH Group's activities include but are not limited to the risks discussed below.

Insurance risk

Insurance risks arise when GEH Group underwrites insurance contracts. A mis-estimation of the assumptions used in pricing the insurance products as well as subsequent setting of the technical provisions may give rise to potential shortfalls when actual experience is different from expected experience. Sources of assumptions affecting insurance risks include policy lapses and policy claims such as mortality, morbidity and expenses. These risks do not vary significantly in relation to the location of the risk insured by GEH Group, type of risk insured or by industry.

GEH Group utilises reinsurance to manage the mortality and morbidity risks. GEH Group's reinsurance management strategy and policy are reviewed annually by RIC and Group ALC. Reinsurance structures are set based on the type of risk. Retention limits for mortality risk per life are limited to a maximum of $700,000 in Singapore and MYR350,000 in Malaysia. Retention limits for critical illness per life are limited to a maximum of $400,000 in Singapore and MYR250,000 in Malaysia. Catastrophe reinsurance is procured to limit catastrophic losses. GEH Group's exposure to group insurance business is not significant, thus there is no material concentration in insurance risk.

Only reinsurers meeting credit rating of S&P A- are considered when deciding on which reinsurers to reinsure our risk. Risk to any one reinsurer is limited by ceding different products to different reinsurers or to a panel of reinsurers.

Group ALC reviews the actual experience of mortality, morbidity, lapses and surrenders, and expenses to ensure that the policies, guidelines and limits put in place to manage the risks remain adequate and appropriate.

Insurance risk of life insurance contracts

A substantial portion of the Group's life assurance funds is participating in nature. In the event of volatile investment climate and/or unusual claims experience, the insurer has the option of revising the bonus and dividends payable to policyholders.

For non-participating funds, the risk is that the guaranteed policy benefits must be met even when investment markets perform poorly, or claims experience is higher than expected. For investment-linked funds, the risk exposure for GEH Group is limited only to the underwriting aspect as all investment risks are borne by the policyholders.

Stress Testing ("ST") is performed at least once a year. The purpose of the ST is to test the solvency of the life fund under various scenarios according to prescribed statutory valuation basis, simulating drastic changes in major parameters such as new business volume, investment environment, expense patterns, mortality/morbidity patterns and lapse rates.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

Table 39.5(A): Concentration of life insurance risk, gross of reinsurance

Life assurance contract liabilities $ million	2009	2008
(a) By class of business		
Whole life	**17,695**	14,619
Endowment	**14,973**	14,262
Term	**338**	452
Accident and health	**613**	494
Annuity	**634**	627
Others	**305**	1,295
Total	**34,558**	31,749
(b) By country		
Singapore	**22,976**	20,431
Malaysia	**11,385**	11,162
Others	**197**	156
Total	**34,558**	31,749

The sensitivity analyses below shows the impact of change in key parameters on the value of policy liabilities, and hence on the income statements and shareholders' equity. Sensitivity analyses produced below are based on parameters set out as follows:

(a)	Scenario 1 – Mortality and Major Illness	+ 25% for all future years
(b)	Scenario 2 – Mortality and Major Illness	– 25% for all future years
(c)	Scenario 3 – Health and Disability	+ 25% for all future years
(d)	Scenario 4 – Health and Disability	– 25% for all future years
(e)	Scenario 5 – Lapse and Surrender Rates	+ 25% for all future years
(f)	Scenario 6 – Lapse and Surrender Rates	– 25% for all future years
(g)	Scenario 7 – Expenses	+ 30% for all future years

Table 39.5(B1): Profit/(loss) after tax and shareholders' equity sensitivity for the Singapore segment
Impact on 1-year's profit/(loss) after tax and shareholders' equity

$ million	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2009							
Gross impact	**(16.6)**	**(33.3)**	**103.8**	**(116.9)**	**34.3**	**(57.1)**	**(21.6)**
Reinsurance ceded [1]	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(16.6)**	**(33.3)**	**103.8**	**(116.9)**	**34.3**	**(57.1)**	**(21.6)**
2008							
Gross impact	(15.7)	(30.8)	82.1	(106.5)	26.7	(35.9)	(19.6)
Reinsurance ceded [1]	–	–	–	–	–	–	–
Net impact	(15.7)	(30.8)	82.1	(106.5)	26.7	(35.9)	(19.6)

[1] The effect of sensitivity analyses on reinsurance ceded are not material.

Notes to the Financial Statements
For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.5 Insurance-related risk management (continued)
Table 39.5(B2): Profit/(loss) after tax and shareholders' equity sensitivity for the Malaysia segment
Impact on 1-year's profit/(loss) after tax and shareholders' equity

$ million	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7
2009							
Gross impact	**(50.4)**	**55.3**	**(9.2)**	**9.2**	**(3.7)**	**4.8**	**(6.0)**
Reinsurance ceded [(1)]	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Net impact	**(50.4)**	**55.3**	**(9.2)**	**9.2**	**(3.7)**	**4.8**	**(6.0)**
2008							
Gross impact	–	–	–	–	–	–	–
Reinsurance ceded [(1)]	–	–	–	–	–	–	–
Net impact	–	–	–	–	–	–	–

[(1)] The effect of sensitivity analyses on reinsurance ceded are not material.

The above tables demonstrate the sensitivity of GEH Group's profit and loss after tax to a reasonably possible change in actuarial valuation assumptions on an individual basis with all other variables held constant.

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Insurance risk of non-life insurance contracts
Risks under non-life insurance policies usually cover a twelve month duration. The risk inherent in non-life insurance contracts is reflected in the insurance contract liabilities which include the premium and claim liabilities. The premium liabilities comprise reserve for unexpired risks, while the claims liabilities comprise the loss reserves which include both provision for outstanding claims notified and outstanding claims incurred but not reported.

Table 39.5(C1): Concentration of non-life insurance risk

Non-life insurance contracts $ million	2009 Gross premium liabilities	2009 Reinsured premium liabilities	2009 Net premium liabilities	2008 Gross premium liabilities	2008 Reinsured premium liabilities	2008 Net premium liabilities
(a) By class of business						
Fire	**17**	**(11)**	**6**	17	(10)	7
Motor	**24**	**(3)**	**21**	15	(4)	11
Marine and aviation	**1**	**(1)**	**#**	1	(1)	#
Workmen's compensation	**4**	**(1)**	**3**	4	(1)	3
Personal accident and health	**9**	**(1)**	**8**	9	(2)	7
Miscellaneous	**24**	**(6)**	**18**	21	(6)	15
Total	**79**	**(23)**	**56**	67	(24)	43
(b) By country						
Singapore	**41**	**(12)**	**29**	34	(13)	21
Malaysia	**38**	**(11)**	**27**	33	(11)	22
Total	**79**	**(23)**	**56**	67	(24)	43

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

Table 39.5(C1): Concentration of non-life insurance risk (continued)

Non-life insurance contracts $ million	2009 Gross claims liabilities	2009 Reinsured claims liabilities	2009 Net claims liabilities	2008 Gross claims liabilities	2008 Reinsured claims liabilities	2008 Net claims liabilities
(a) By class of business						
Fire	**26**	**(22)**	**4**	19	(16)	3
Motor	**36**	**(8)**	**28**	35	(8)	27
Marine and aviation	**2**	**(1)**	**1**	2	(1)	1
Workmen's compensation	**7**	**(1)**	**6**	7	(#)	7
Personal accident and health	**6**	**#**	**6**	5	(#)	5
Miscellaneous	**15**	**(11)**	**4**	31	(13)	18
Total	**92**	**(43)**	**49**	99	(38)	61
(b) By country						
Singapore	**28**	**(17)**	**11**	42	(18)	24
Malaysia	**64**	**(26)**	**38**	57	(20)	37
Total	**92**	**(43)**	**49**	99	(38)	61

"#" represents amounts less than $0.5 million.

Table 39.5(C2): Cumulative claims estimates and cumulative payments to-date

The tables below show the cumulative claims estimates, including both claims notified and IBNR for each successive accident year, at each balance sheet date, together with cumulative payments to date.

(i) Gross non-life insurance contract liabilities for 2009 (excluding provision for liability adequacy)

$ million	Before 2004	2004	2005	2006	2007	2008	2009	Total
(a) Estimate of cumulative claims								
Accident Year	248	71	62	49	73	57	65	
One year later	229	62	67	50	73	57	–	
Two years later	225	63	65	48	69	–	–	
Three years later	229	63	64	47	–	–	–	
Four years later	219	62	62	–	–	–	–	
Five years later	208	62	–	–	–	–	–	
Six years later	215	–	–	–	–	–	–	
Current estimate of cumulative claims	**215**	**62**	**62**	**47**	**69**	**57**	**65**	
(b) Estimate of cumulative payments								
Accident Year	184	19	20	18	24	22	21	
One year later	207	41	51	36	50	44	–	
Two years later	211	54	55	41	57	–	–	
Three years later	220	57	56	43	–	–	–	
Four years later	211	58	57	–	–	–	–	
Five years later	203	59	–	–	–	–	–	
Six years later	207	–	–	–	–	–	–	
Cumulative payments	**207**	**59**	**57**	**43**	**57**	**44**	**21**	
(c) Total non-life gross claim liabilities	**8**	**3**	**5**	**4**	**12**	**13**	**44**	**89**

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For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.5 Insurance-related risk management (continued)
Table 39.5(C2): Cumulative claims estimates and cumulative payments to-date (continued)

(ii) Non-life insurance contract liabilities, net of reinsurance liabilities for 2009 (excluding provision for liability adequacy)

$ million	Before 2004	2004	2005	2006	2007	2008	2009	Total
(a) Estimate of cumulative claims								
Accident Year	169	27	27	29	32	37	49	
One year later	159	27	27	30	33	38	–	
Two years later	156	27	27	29	32	–	–	
Three years later	160	26	26	28	–	–	–	
Four years later	152	26	26	–	–	–	–	
Five years later	143	25	–	–	–	–	–	
Six years later	117	–	–	–	–	–	–	
Current estimate of cumulative claims	**117**	**25**	**26**	**28**	**32**	**38**	**49**	
(b) Estimate of cumulative payments								
Accident Year	138	11	11	13	14	17	22	
One year later	146	19	20	22	25	30	–	
Two years later	147	22	22	24	28	–	–	
Three years later	154	23	23	25	–	–	–	
Four years later	147	24	24	–	–	–	–	
Five years later	140	24	–	–	–	–	–	
Six years later	115	–	–	–	–	–	–	
Cumulative payments	**115**	**24**	**24**	**25**	**28**	**30**	**22**	
(c) Total non-life net claim liabilities	**2**	**1**	**2**	**3**	**4**	**8**	**27**	**47**

Non-life insurance contracts liabilities are determined based on previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Of particular relevance is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions, economic conditions and claims handling procedures. The estimates of the non-life insurance contract liabilities are therefore sensitive to various factors and uncertainties. The actual future premium and claims liabilities will not develop exactly as projected and may vary from initial estimates.

Insurance risk of non-life insurance contracts is mitigated by emphasising diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is improved by careful selection and implementation of underwriting strategies, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography. Further, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are all policies and procedures put in place to reduce the risk exposure of GEH Group. GEH Group further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Group.

GEH Group has also limited its exposure by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposure to catastrophic events, e.g. hurricanes, earthquakes and flood damages.

The sensitivity analysis below shows the impact of changes in key assumptions on gross and net liabilities, profit before tax and equity.

		Impact on			
$ million	Change in assumptions	Gross liabilities	Net liabilities	Profit before tax	Equity
2009					
Provision for adverse deviation margin	**+20%**	**3**	**1**	**1**	**1**
Loss ratio	**+20%**	**10**	**6**	**6**	**6**
Claims handling expenses	**+20%**	**1**	**1**	**1**	**1**
2008					
Provision for adverse deviation margin	+20%	3	2	2	2
Loss ratio	+20%	8	5	5	5
Claims handling expenses	+20%	1	1	1	1

The method used and significant assumptions made for deriving sensitivity information above did not change from the previous year.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

Market and credit risk

Market risk arises when the market value of assets and liabilities do not move consistently as financial markets change. Changes in interest rates, foreign exchange rates, equity prices and alternative investment prices can impact present and future earnings of the insurance operations as well as shareholders' equity.

GEH Group is exposed to market risk in the investments of the Shareholders' Fund as well as in the mismatch risk between the asset and liability of the Insurance Funds. As for the funds managed by its asset management subsidiary, Lion Global Investors Limited, investment risks are borne by investors and GEH Group does not assume any liability in the event of occurrence of loss or write-down in market valuation.

Group ALC and local ALCs actively manage market risk through setting of investment policy and asset allocation, approving portfolio construction and risk measurement methodologies, approving hedging and alternative risk transfer strategies. Investment limits monitoring is in place at various levels to ensure that all investment activities are aligned with GEH Group's risk management principles and philosophies. Compliance with established financial risk limits forms an integral part of the risk governance and financial reporting framework. Management of market risks resulting from changes in interest rates and currency exchange rates; volatility in equity prices; as well as other risks like credit and liquidity risks are described below.

(a) Interest rate risk (including asset liability mismatch)

The Group is exposed to interest rate risk through (i) investments in fixed income instruments in both the Shareholders' Fund as well as the Insurance Funds and (ii) policy liabilities in the Insurance Funds. Since the Shareholders' Fund has exposure to investments in fixed income instruments but no exposure to insurance policy liabilities, it will incur an economic loss when interest rates rise. Given the long duration of policy liabilities and the uncertainty of the cash flows of the Insurance Funds, it is not possible to hold assets that will perfectly match the policy liabilities. This results in a net interest rate risk or asset liability mismatch risk which is managed and monitored by the Group ALC and local ALCs. The Insurance Funds will incur an economic loss when interest rates drop since the duration of policy liabilities is generally longer than the duration of the fixed income assets. With the use of the Long Term Risk Free Discount Rate ("LTRFDR") formulated under the Singapore regulations governed by MAS to discount liability cash flows with duration of more than 15 years, the Singapore non-participating funds could have negative earnings impact when the LTRFDR decreases.

In 2009, GEH Group commenced an exercise to achieve portfolio matching of the assets and liabilities of Great Eastern Life Non Participating fund's long dated liabilities. These long dated liabilities are discounted using the market yield of the Singapore Government Securities of a matching duration (and not the LTRFDR mentioned above). The long dated liabilities which do not fall within the matching program will still be subject to the LTRFDR requirement.

Under Malaysia regulations governed by Bank Negara Malaysia ("BNM"), the liability cash flows of all durations are discounted using weighted interest rates that reflect both past and current yield levels. The effect of changes in current interest rates on the value of liability reserves is therefore dampened compared to the corresponding impact on fixed income asset values. As a result, Malaysia non-participating funds could have negative earnings impact when actual interest rates rise.

(b) Foreign currency risk

Hedging through currency forwards and swaps is typically used for the fixed income portfolio. Internal limits on foreign exchange exposures ranging from 15% to 35% are applied to investments in fixed income portfolios at fund level. Currency risk of investments in foreign equities is generally not hedged.

GEH Group is also exposed to foreign exchange movement on net investment in its foreign subsidiaries. The major exposure for GEH Group is in respect of its Malaysia subsidiaries. The Insurance and Shareholders' Funds in Malaysia are predominantly held in Malaysian Ringgit, as prescribed by BNM. The Group does not hedge against this exposure. The following table shows the foreign exchange position of GEH Group by major currencies.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.5 Insurance-related risk management (continued)
(b) Foreign currency risk (continued)

$ million	SGD	MYR	USD	Others	Total
2009					
Available-for-sale securities					
Equity securities	**1,679**	**3,059**	**637**	**2,037**	**7,412**
Debt securities	**8,328**	**10,841**	**3,562**	**627**	**23,358**
Other investments	**363**	**10**	**1,015**	**227**	**1,615**
Securities at fair value through profit or loss					
Equity securities	**257**	**461**	**293**	**968**	**1,979**
Debt securities	**41**	**218**	**223**	**167**	**649**
Other investments	**515**	**14**	**48**	**90**	**667**
Derivative assets and embedded derivatives	**4,828**	**3**	**(3,325)**	**(304)**	**1,202**
Loans	**1,564**	**368**	**–**	**–**	**1,932**
Insurance receivables	**944**	**1,492**	**2**	**17**	**2,455**
Other debtors and interfund balances	**1,314**	**497**	**#**	**24**	**1,835**
Cash and cash equivalents	**2,089**	**958**	**74**	**95**	**3,216**
Financial assets	**21,922**	**17,921**	**2,529**	**3,948**	**46,320**
Other creditors and interfund balances	**1,218**	**638**	**–**	**10**	**1,866**
Insurance payables	**907**	**1,290**	**1**	**9**	**2,207**
Unexpired risk reserve	**40**	**39**	**–**	**–**	**79**
Derivative payables	**32**	**–**	**10**	**5**	**47**
Agents' retirement benefits	**1**	**191**	**–**	**–**	**192**
General insurance fund contract liabilities	**28**	**64**	**–**	**–**	**92**
Life assurance fund contract liabilities	**22,949**	**11,385**	**47**	**177**	**34,558**
Financial liabilities	**25,175**	**13,607**	**58**	**201**	**39,041**
2008					
Available-for-sale securities					
Equity securities	1,288	2,287	411	1,086	5,072
Debt securities	9,047	9,824	1,960	752	21,583
Other investments	246	11	914	594	1,765
Securities at fair value through profit or loss					
Equity securities	121	223	195	546	1,085
Debt securities	37	213	365	274	889
Other investments	377	9	37	47	470
Derivative assets and embedded derivatives	3,474	15	(1,988)	(441)	1,060
Loans	1,242	389	–	–	1,631
Insurance receivables	969	1,430	3	20	2,422
Other debtors and interfund balances	1,514	247	–	1	1,762
Cash and cash equivalents	2,649	1,119	77	185	4,030
Financial assets	20,964	15,767	1,974	3,064	41,769
Other creditors and interfund balances	1,686	344	–	7	2,037
Insurance payables	921	1,169	2	2	2,094
Unexpired risk reserve	60	7	–	–	67
Derivative payables	45	–	49	35	129
Agents' retirement benefits	1	182	–	–	183
General insurance fund contract liabilities	42	57	–	–	99
Life assurance fund contract liabilities	20,232	10,662	58	797	31,749
Financial liabilities	22,987	12,421	109	841	36,358

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

(c) Equity price risk

Exposure to equity price risk exists in both assets and liabilities. Asset exposure exists through direct equity investment, where GEH Group, through investments in both Shareholders' Funds and Insurance Funds, bears all or most of the volatility in returns and investment performance risk. Equity price risk also exists in investment-linked products where the revenues of the insurance operations are linked to the value of the underlying equity funds since this has an impact on the level of fees earned. A robust monitoring process is in place to manage equity price risk by activating appropriate hedging and risk transfer strategies to limit the downside risk at certain pre-determined levels. Limits are set for single security holdings as a percentage of equity holdings.

(d) Credit spread risk

Exposure to credit spread risk exists in GEH Group's investments in bonds. Credit spread is the difference between the quoted rates of return of two different investments of different credit quality. When spreads widen between bonds with different quality ratings, it implies that the market is factoring more risk of default on lower grade bonds. A widening in credit spreads will result in a fall in the values of GEH Group's bond portfolio.

(e) Alternative investment risk

GEH Group is exposed to alternative investment risk through investments in direct real estate that it owns in Singapore and Malaysia and through real estate, private equity, infrastructure and hedge funds for exposures in other countries. A monitoring process is in place to manage foreign exchange, country and manager concentration risks. This process and the acquisition or divestment of alternative investments are reviewed and approved by RIC and Group ALC.

(f) Commodity risk

GEH Group does not have a direct or significant exposure to commodity risk.

(g) Cash flow and liquidity risk

Cash flow and liquidity risk arises when a company is unable to meet its obligations associated with financial instruments when required to do so. This typically happens when the investments in the portfolio are illiquid. Demands for funds can usually be met through ongoing normal operations, premiums received, sale of assets or borrowings. Unexpected demands for liquidity may be triggered by negative publicity, deterioration of the economy, reports of problems in other companies in the same or similar lines of business, unanticipated policy claims, or other unexpected cash demands from policyholders.

Expected liquidity demands are managed through a combination of treasury, investment and asset-liability management practices, which are monitored on an ongoing basis. Actual and projected cash inflows and outflows are monitored and a reasonable amount of assets are kept in liquid instruments at all times. The projected cash flows from the in-force insurance policy contract liabilities consist of renewal premiums, commissions, claims, maturities and surrenders. Renewal premiums, commissions, claims and maturities are generally stable and predictable. Surrenders can be more uncertain although it has been quite stable over the past several years.

Unexpected liquidity demands are managed through a combination of product design, diversification limits, investment strategies and systematic monitoring. The existence of surrender penalty in insurance contracts also protects GEH Group from losses due to unexpected surrender trends as well as reduces the sensitivity of surrenders to changes in interest rates.

Notes to the Financial Statements
For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.5 Insurance-related risk management (continued)
(g) Cash flow and liquidity risk (continued)

The following tables show the maturity profile of GEH Group's liabilities and assets and the expected recovery or settlement of assets (contractual undiscounted cash flow basis for non-derivatives):

$ million	Less than 1 year	1 to 5 years	Over 5 years	No maturity date	Total
2009					
Available-for-sale securities					
Equity securities	**–**	**–**	**–**	**7,412**	**7,412**
Debt securities	**5,387**	**11,975**	**5,996**	**–**	**23,358**
Other investments	**–**	**–**	**–**	**1,615**	**1,615**
Securities at fair value through profit or loss					
Equity securities	**–**	**–**	**–**	**1,979**	**1,979**
Debt securities	**91**	**304**	**254**	**–**	**649**
Other investments	**–**	**–**	**–**	**667**	**667**
Embedded derivatives	**251**	**385**	**243**	**–**	**879**
Loans	**421**	**1,143**	**368**	**–**	**1,932**
Insurance receivables	**232**	**14**	**–**	**2,209**	**2,455**
Other debtors and interfund balances	**1,103**	**732**	**–**	**–**	**1,835**
Cash and cash equivalents	**3,216**	**–**	**–**	**–**	**3,216**
Financial assets	**10,701**	**14,553**	**6,861**	**13,882**	**45,997**
Other creditors and interfund balances	**881**	**6**	**979**	**–**	**1,866**
Insurance payables	**272**	**23**	**14**	**1,898**	**2,207**
Agents' retirement benefits	**43**	**43**	**106**	**–**	**192**
General insurance fund contract liabilities	**83**	**9**	**–**	**–**	**92**
Life assurance fund contract liabilities	**5,248**	**7,280**	**21,977**	**53**	**34,558**
Financial liabilities	**6,527**	**7,361**	**23,076**	**1,951**	**38,915**
2008					
Available-for-sale securities					
Equity securities	–	–	–	5,072	5,072
Debt securities	4,733	11,114	5,736	–	21,583
Other investments	–	–	–	1,765	1,765
Securities at fair value through profit or loss					
Equity securities	–	–	–	1,085	1,085
Debt securities	125	417	347	–	889
Other investments	–	–	–	470	470
Embedded derivatives	187	287	182	–	656
Loans	343	933	355	–	1,631
Insurance receivables	244	–	–	2,178	2,422
Other debtors and interfund balances	952	810	–	–	1,762
Cash and cash equivalents	4,030	–	–	–	4,030
Financial assets	10,614	13,561	6,620	10,570	41,365
Other creditors and interfund balances	1,677	70	290	–	2,037
Insurance payables	2,042	41	11	–	2,094
Agents' retirement benefits	39	42	102	–	183
Amounts due to joint venture	1	–	–	–	1
General insurance fund contract liabilities	89	10	–	–	99
Life assurance fund contract liabilities	4,975	5,677	21,071	26	31,749
Financial liabilities	8,823	5,840	21,474	26	36,163

Notes to the Financial Statements
For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)
39.5 Insurance-related risk management (continued)
(g) Cash flow and liquidity risk (continued)
The following tables show the current/non-current classification of assets:

$ million	Current *	Non-current	Unit-linked	Total
2009				
Cash and cash equivalents	**2,986**	**–**	**230**	**3,216**
Other debtors and interfund balances	**1,124**	**691**	**20**	**1,835**
Insurance receivables	**1,608**	**847**	**–**	**2,455**
Amount due from joint venture	**6**	**–**	**–**	**6**
Loans	**406**	**1,526**	**–**	**1,932**
Investments, including derivative instruments	**11,307**	**22,266**	**3,309**	**36,882**
Associates and joint ventures	**–**	**324**	**–**	**324**
Goodwill	**–**	**19**	**–**	**19**
Property, plant and equipment	**–**	**743**	**–**	**743**
Investment properties	**–**	**1,119**	**–**	**1,119**
Assets	**17,437**	**27,535**	**3,559**	**48,531**
2008				
Cash and cash equivalents	3,845	–	185	4,030
Other debtors and interfund balances	594	1,122	45	1,761
Insurance receivables	2,391	31	–	2,422
Amount due from joint venture	6	–	–	6
Deferred tax	–	22	–	22
Loans	233	1,398	–	1,631
Investments, including derivative instruments	9,506	20,224	2,194	31,924
Associates and joint ventures	–	455	–	455
Goodwill	–	26	–	26
Property, plant and equipment	–	804	–	804
Investment properties	–	1,074	–	1,074
Assets	16,575	25,156	2,424	44,155

* represents expected recovery or settlement within 12 months from the balance sheet date.

(h) Credit risk
Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. GEH Group is mainly exposed to credit risk through (i) investments in cash and bonds, (ii) corporate lending activities and (iii) exposure to counterparty's credit in derivative transactions and reinsurance contracts. For all three types of exposures, financial loss may materialise as a result of a credit default by the borrower or counterparty. For investment in bonds, financial loss may also materialise as a result of the widening of credit spread or a downgrade of credit rating.

The task of evaluating and monitoring credit risk is undertaken by the local ALCs. GEH group wide credit risk is managed by Group ALC. GEH Group has internal limits by issuer or counterparty and by investment grades. These limits are actively monitored to manage the credit and concentration risk. These limits are reviewed on a regular basis. The creditworthiness of reinsurers is assessed on an annual basis by reviewing their financial strength through published credit ratings and other publicly available financial information.

The loans in GEH Group's portfolio are generally secured by collaterals, with a maximum loan to value of 70% predominantly. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of the types of collateral and the valuation parameters. Management monitors the market value of the collateral, requests additional collateral when needed and performs an impairment valuation when applicable. The fair value of collaterals, held by GEH Group as lender, for which it is entitled to sell or pledge in the event of default is as follows:

$ million	2009 Carrying value of loans	2009 Fair value of collaterals	2008 Carrying value of loans	2008 Fair value of collaterals
Type of collaterals				
Policy loans – Cash value of policies	**2,209**	**3,505**	2,179	4,154
Secured loans				
Properties	**1,863**	**4,156**	1,511	3,578
Shares	**43**	**89**	73	187
Bankers' guarantees	**23**	**23**	26	26
Others	**3**	**6**	4	7
	4,141	**7,779**	3,793	7,952

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

(h) Credit risk (continued)

Investments lent and collaterals received under securities lending arrangements amounted to $43.4 million and $45.1 million respectively as at 31 December 2009 (2008: $110.0 million and $116.4 million respectively). As at the balance sheet date, no investments (2008: nil) were placed as collateral for currency hedging purposes. Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year. Credit risk in respect of customer balances incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document or trust deed until expiry, when the policy is either paid up or terminated. GEH Group issues unit-linked investment policies. In the unit-linked business, the policyholder bears the investment risk on the assets held in the unit-linked funds as the policy benefits are directly linked to the value of the assets in the fund. Therefore, GEH Group has no material credit risk on unit-linked financial assets.

The table below shows the maximum exposure to credit risk for the components of the balance sheet of GEH Group. The maximum exposure is shown gross, before the effect of mitigation through the use of master netting or collateral agreements and the use of credit derivatives. For derivatives, the fair value shown on the balance sheet represents the current risk exposure but not the maximum exposure that could arise in the future as a result of the change in value. The table also provides information regarding the credit risk exposure of GEH Group by classifying assets according to the Group's credit ratings of counterparties.

	Neither past due nor impaired					
$ million	**Investment grade @**	**Non-investment grade @**	**Non-rated**	**Unit linked/ not subject to credit risk**	**Past due**	**Total**
2009	(AAA–BBB)	(BB–C)				
Available-for-sale securities						
Equity securities	**–**	**–**	**–**	**7,412**	**–**	**7,412**
Debt securities	**21,767**	**118**	**1,473**	**–**	**–**	**23,358**
Other investments	**–**	**–**	**–**	**1,615**	**–**	**1,615**
Securities at fair value through profit or loss						
Equity securities	**–**	**–**	**1**	**1,978**	**–**	**1,979**
Debt securities	**5**	**–**	**2**	**642**	**–**	**649**
Other investments	**–**	**–**	**53**	**614**	**–**	**667**
Derivative assets and embedded derivatives	**349**	**#**	**268**	**585**	**–**	**1,202**
Loans	**–**	**–**	**1,932**	**–**	**–**	**1,932**
Insurance receivables	**–**	**–**	**2,409**	**–**	**46**	**2,455**
Other debtors and interfund balances	**–**	**–**	**1,608**	**20**	**207**	**1,835**
Cash and cash equivalents	**2,970**	**–**	**16**	**230**	**–**	**3,216**
Financial assets	**25,091**	**118**	**7,762**	**13,096**	**253**	**46,320**
2008						
Available-for-sale securities						
Equity securities	–	–	–	5,072	–	5,072
Debt securities	18,910	770	1,903	–	–	21,583
Other investments	–	–	–	1,765	–	1,765
Securities at fair value through profit or loss						
Equity securities	–	–	–	1,085	–	1,085
Debt securities	(7)	–	–	896	–	889
Other investments	–	–	–	470	–	470
Derivative assets and embedded derivatives	390	62	99	509	–	1,060
Loans	–	–	1,631	–	#	1,631
Deferred tax	–	–	22	–	–	22
Insurance receivables	–	–	2,315	–	107	2,422
Other debtors and interfund balances	–	–	1,430	45	287	1,762
Cash and cash equivalents	3,722	–	123	185	–	4,030
Financial assets	23,015	832	7,523	10,027	394	41,791

@ based on public ratings assigned by external rating agencies including S&P, Moody's, RAM and MARC.

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

(h) Credit risk (continued)

Ageing analysis of financial assets past due:

$ million	Past due but not impaired: Less than 6 months	6 to 12 months	Over 12 months	Sub-total	Past due and impaired @	Total
2009						
Insurance receivables	**17**	**#**	**29**	**46**	**#**	**46**
Other debtors and interfund balances	**204**	**3**	**#**	**207**	**–**	**207**
Total	**221**	**3**	**29**	**253**	**#**	**253**
2008						
Loans	–	–	#	#	–	#
Insurance receivables	72	3	31	106	1	107
Other debtors and interfund balances	282	3	2	287	–	287
Total	354	6	33	393	1	394

@ for assets to be classified as "past due and impaired", contractual payments must be in arrears for more than 90 days.

"#" represents amounts less than $0.5 million.

(i) Concentration risk

An important element of managing both market and credit risks is to actively manage concentration to specific issuers, counterparties, industry sectors, countries and currencies. Both internal and regulatory limits are put in place and monitored to manage concentration risk. These limits are reviewed on a regular basis by the respective management committees. GEH Group's exposures are within the concentration limits set by the respective local regulators. GEH Group actively manages its product mix to ensure that there is no significant concentration of credit risk.

Market risk sensitivity analysis

The analysis below is performed for reasonably possible movements in key variables with all other variables constant. The correlation of variables will have a significant effect in determining the ultimate fair values and/or amortised costs of financial assets, but to demonstrate the impact due to changes in variables, variables have to be changed on an individual basis. The movements in these variables are non-linear. The method for deriving the sensitivity information and significant variables used did not change from the previous year. The impact on profit after tax represents the effect caused by changes in fair value of financial assets whose fair values are recorded in the income statement, and changes in valuations of insurance contract liabilities. The impact on equity represents the impact on profit after tax and the effect on changes in fair value of financial assets held in Shareholders' Funds.

$ million	Impact on profit after tax 2009	Impact on profit after tax 2008	Impact on equity 2009	Impact on equity 2008
Change in variables:				
Interest rate				
+100 basis points	**(122.8)**	(197.5)	**(145.7)**	(238.0)
–100 basis points	**56.6**	188.7	**73.9**	229.2
LTRFDR				
+10 basis points	**14.0**	35.0	**14.0**	35.0
–10 basis points	**(14.0)**	(35.0)	**(14.0)**	(35.0)
Foreign currency				
Market value of assets in foreign currency +5%	**13.6**	10.7	**23.1**	20.9
Market value of assets in foreign currency –5%	**(13.6)**	(10.7)	**(23.1)**	(20.9)
Equity				
Market value of all equities +20%	**24.7**	27.9	**135.4**	99.2
Market value of all equities –20%	**(24.7)**	(31.4)	**(135.4)**	(102.8)
Credit				
Spread +100 basis points	**(139.9)**	(100.9)	**(157.4)**	(114.8)
Spread –100 basis points	**139.9**	100.9	**157.4**	114.8
Alternative investments (1)				
Market value of all alternative investments +10%	**16.6**	6.2	**21.9**	17.1
Market value of all alternative investments –10%	**(16.6)**	(6.2)	**(21.9)**	(17.1)

(1) Alternative investments comprise investment in real estate and hedge funds.

Notes to the Financial Statements

For the financial year ended 31 December 2009

39. FINANCIAL RISK MANAGEMENT (continued)

39.5 Insurance-related risk management (continued)

Operational and compliance risk

Operational risk is an event or action that may potentially impact partly or completely the achievement of the organisation's objectives resulting from inadequate or failed internal processes and systems, human factors, or external events.

Compliance risk is any event or action that may potentially impact partly or completely the achievement of the organisation's objectives, via legal or regulatory sanctions or financial losses, as a result of its failure to comply with applicable laws, regulations, rules and standards, which are defined as:

- laws, regulations and rules governing insurance business and financial activities undertaken by GEH;
- codes of practice promoted by industry associations; and
- internal standards and guidelines.

The day-to-day management of operational and compliance risk is through the maintenance of a comprehensive system of internal controls, supported by an infrastructure of systems and procedures to monitor processes and transactions. GMT reviews business and operational issues on a group basis at its monthly meetings while local level issues are managed and monitored by the local SMTs. The Internal Audit team reviews the system of internal controls to assess their ongoing relevance and effectiveness, and reports at least quarterly to the Audit Committee of GEH Group.

40. FAIR VALUES OF FINANCIAL INSTRUMENTS

40.1 Fair values

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. The fair value of a financial instrument is the amount at which the instrument can be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. The carrying amounts and fair values of financial instruments of the Group are described below.

Financial assets

Fair values of cash and balances with central banks, placements with banks, interest and other short term receivables are expected to approximate their carrying value due to their short tenor or frequent re-pricing.

Securities held by the Group, comprising government securities and debt and equity securities are substantially carried at fair value on the balance sheet.

Non-bank customer loans are carried at amortised cost on the balance sheet, net of specific and portfolio allowances. The Group deemed the fair value of non-bank loans to approximate their carrying amount as substantially the loans are subject to frequent re-pricing.

Financial liabilities

Fair value of certain financial liabilities, which include mainly customer deposits with no stated maturity, interbank borrowings and borrowings under repurchase agreements, are expected to approximate their carrying amount due to their short tenor. For non-bank customer term deposits, cash flows based on contractual terms or derived based on certain assumptions, are discounted at market rates as at reporting date to estimate the fair value.

The fair values of the Group's subordinated term notes are determined based on quoted market prices and independent broker offer prices. For other debts issued which are usually short term, the fair value approximates the carrying value.

The following table is a summary of financial liabilities for which carrying amounts do not approximate fair value.

	2009		2008	
$ million	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial liabilities				
Non-bank customer deposits [1]	**100,752**	**100,760**	94,173	94,266
Debts issued	**6,863**	**6,888**	6,010	5,719

[1] Includes amounts due to associates.

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40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

40.2 Fair value hierarchy

The Group determines the fair values of its financial assets and liabilities using various measurements. The different levels of fair value measurements are as follows:

- Level 1 – quoted prices (unadjusted) for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable market data either directly (i.e. as prices) or indirectly (i.e. derived from observable market data); and
- Level 3 – inputs for the valuation that are not based on observable market data.

The following table summarises the Group's financial assets and liabilities recorded at fair value by level of the fair value hierarchies:

	2009				2008			
$ million	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets measured at fair value								
CDs purchased	**–**	**4,371**	**–**	**4,371**	–	3,418	–	3,418
Debt and equity securities	**2,640**	**8,167**	**325**	**11,132**	1,616	7,811	404	9,831
Derivative receivables	**25**	**3,837**	**111**	**3,973**	38	6,469	148	6,655
Government treasury bills and securities	**15,366**	**1,121**	**–**	**16,487**	13,250	742	–	13,992
LAF investment assets [1]	**16,478**	**18,043**	**–**	**34,521**	14,586	15,132	–	29,718
Other financial assets	**267**	**187**	**19**	**473**	91	949	203	1,243
Total	**34,776**	**35,726**	**455**	**70,957**	29,581	34,521	755	64,857
Liabilities measured at fair value								
Derivative payables	**18**	**3,747**	**153**	**3,918**	31	7,407	237	7,675
Trading portfolio liabilities	**2,015**	**1**	**–**	**2,016**	1,110	1	–	1,111
Other financial liabilities	**–**	**5,026**	**–**	**5,026**	131	4,592	–	4,723
Total	**2,033**	**8,774**	**153**	**10,960**	1,272	12,000	237	13,509

(1) "LAF" refers to Life Assurance Fund.

Movements in the Group's Level 3 financial assets and liabilities are as follows:

	2009				2008			
$ million	**Available-for-sale assets**	**Assets held for trading**	**Derivative receivables**	**Total**	**Available-for-sale assets**	**Assets held for trading**	**Derivative receivables**	**Total**
Assets measured at fair value								
At 1 January	**404**	**203**	**148**	**755**	659	222	184	1,065
Purchases	**62**	**–**	**15**	**77**	110	372	10	492
Settlements/disposals	**(175)**	**(200)**	**–**	**(375)**	(224)	(327)	–	(551)
Transfers out of Level 3 [1]	**(17)**	**–**	**–**	**(17)**	–	–	–	–
Gains/(losses) recognised in								
– profit or loss	**97**	**(2)**	**(52)**	**43**	71	(3)	(46)	22
– other comprehensive income	**(46)**	**18**	**(#)**	**(28)**	(212)	(61)	(#)	(273)
At 31 December	**325**	**19**	**111**	**455**	404	203	148	755
Total gains/(losses) included in profit or loss for assets held at the end of the year	**104**	**1**	**27**	**132**	87	(2)	102	187

Gains/(losses) included in profit or loss are presented in the income statement as follows:

	2009				2008			
$ million	**Net interest income**	**Trading income**	**Other income**	**Total**	**Net interest income**	**Trading income**	**Other income**	**Total**
Total gains/(losses) included in profit or loss for the year ended	**2**	**(61)**	**102**	**43**	(2)	(71)	95	22
Total gains/(losses) included in profit or loss for assets held at the end of the year	**–**	**28**	**104**	**132**	–	100	87	187

(1) During the year, certain equities held at cost were transferred out of Level 3.

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2009

40. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

40.2 Fair value hierarchy (continued)

$ million	2009 Derivative payables	2009 Total	2008 Derivative payables	2008 Total
Liabilities measured at fair value				
At 1 January	**237**	**237**	202	202
Issues	**35**	**35**	13	13
Settlements/disposals	**–**	**–**	–	–
Transfers in/(out) of Level 3	**–**	**–**	–	–
(Gains)/losses recognised in				
– profit or loss	**(118)**	**(118)**	21	21
– other comprehensive income	**(1)**	**(1)**	1	1
At 31 December	**153**	**153**	237	237
Total gains/(losses) included in profit or loss for liabilities held at the end of the year	**35**	**35**	181	181

Gains/(losses) included in profit or loss are presented in the income statement as follows:

$ million	2009 Trading income	2009 Total	2008 Trading income	2008 Total
Total gains/(losses) included in profit or loss for the year ended	**118**	**118**	(21)	(21)
Total gains/(losses) included in profit or loss for liabilities held at the end of the year	**35**	**35**	181	181

41. CONTINGENT LIABILITIES

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on receipt of bills of exchange drawn. The Group issues guarantees on the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on presentation of stipulated documents. As the Group will only be required to meet these obligations in the event of customer's default, the cash requirements of these instruments are expected to be considerably below their nominal contractual amounts.

	GROUP 2009 $'000	GROUP 2008 $'000	BANK 2009 $'000	BANK 2008 $'000
Guarantees and standby letters of credit:				
Term to maturity of one year or less	**3,339,108**	3,552,732	**3,405,231**	3,770,887
Term to maturity of more than one year	**2,491,301**	3,158,930	**2,090,373**	2,608,165
	5,830,409	6,711,662	**5,495,604**	6,379,052
Acceptances and endorsements	**349,865**	825,777	**223,996**	105,760
Documentary credits and other short term trade-related transactions	**1,022,010**	965,141	**738,890**	728,267
Others	**111,495**	158,111	**–**	–
	7,313,779	8,660,691	**6,458,490**	7,213,079

Notes to the Financial Statements
For the financial year ended 31 December 2009

41. CONTINGENT LIABILITIES (continued)

	GROUP		BANK	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
41.1 Analysed by industry				
Agriculture, mining and quarrying	**48,297**	78,558	**62,377**	12,046
Manufacturing	**1,642,199**	1,974,213	**1,277,677**	1,442,938
Building and construction	**1,523,120**	1,898,109	**1,160,331**	1,393,909
General commerce	**1,514,031**	1,537,874	**1,279,712**	1,036,021
Transport, storage and communication	**336,472**	401,622	**274,665**	320,874
Financial institutions, investment and holding companies	**976,218**	984,101	**1,093,792**	1,050,405
Professionals and individuals	**143,320**	146,229	**91,815**	93,536
Others	**1,130,122**	1,639,985	**1,218,121**	1,863,350
	7,313,779	8,660,691	**6,458,490**	7,213,079
41.2 Analysed by geography				
Singapore	**5,007,544**	5,347,699	**5,150,988**	5,630,183
Malaysia	**973,650**	1,551,289	**632,285**	814,954
Other ASEAN	**647,036**	786,661	**59,400**	50,795
Greater China	**335,454**	535,415	**265,722**	275,897
Other Asia Pacific	**121,524**	99,957	**121,524**	99,957
Rest of the World	**228,571**	339,670	**228,571**	341,293
	7,313,779	8,660,691	**6,458,490**	7,213,079

Contingent liabilities analysed by geography is based on the country where the transactions are recorded.

42. COMMITMENTS

Commitments comprise mainly agreements to provide credit facilities to customers. Such commitments can either be made for a fixed period, or have no specific maturity but are cancellable by the Group subject to notice requirements.

	GROUP		BANK	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
42.1 Credit commitments				
Undrawn credit facilities:				
Term to maturity of one year or less	**29,988,824**	30,438,618	**23,885,129**	25,559,448
Term to maturity of more than one year	**12,566,092**	14,498,050	**10,579,441**	10,291,320
	42,554,916	44,936,668	**34,464,570**	35,850,768
Undrawn note issuance and revolving underwriting facilities	**29,030**	70,747	**–**	22,666
	42,583,946	45,007,415	**34,464,570**	35,873,434
42.2 Other commitments				
Operating lease (non-cancellable) commitments:				
Within 1 year	**27,017**	23,504	**12,951**	12,830
After 1 year but within 5 years	**32,287**	34,817	**20,299**	19,757
Over 5 years	**2,560**	3,395	**2,465**	3,395
	61,864	61,716	**35,715**	35,982
Capital commitment authorised and contracted	**70,843**	82,571	**45,266**	58,090
Forward deposits and assets purchase/sale	**376,371**	1,502,896	**353,087**	1,510,540
	509,078	1,647,183	**434,068**	1,604,612
42.3 Total commitments	**43,093,024**	46,654,598	**34,898,638**	37,478,046

Notes to the Financial Statements
For the financial year ended 31 December 2009

42. COMMITMENTS (continued)

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
42.4 Credit commitments analysed by industry				
Agriculture, mining and quarrying	**609,108**	625,852	**357,346**	150,579
Manufacturing	**3,809,559**	4,689,696	**2,229,011**	3,052,170
Building and construction	**4,268,718**	7,698,914	**3,069,930**	6,224,946
General commerce	**5,543,581**	5,750,646	**4,144,054**	4,289,516
Transport, storage and communication	**3,368,352**	2,631,378	**3,128,796**	2,503,758
Financial institutions, investment and holding companies	**6,226,394**	6,431,016	**6,237,469**	6,431,837
Professionals and individuals	**13,586,083**	10,883,576	**12,871,327**	10,509,877
Others	**5,172,151**	6,296,337	**2,426,637**	2,710,751
	42,583,946	45,007,415	**34,464,570**	35,873,434
42.5 Credit commitments analysed by geography				
Singapore	**32,085,702**	33,362,611	**31,536,390**	33,254,267
Malaysia	**6,430,556**	7,795,308	**382,337**	151,682
Other ASEAN	**1,374,920**	1,184,422	**242,752**	260,034
Greater China	**935,895**	1,063,772	**544,217**	604,154
Other Asia Pacific	**1,189,860**	1,060,718	**1,191,861**	1,062,713
Rest of the World	**567,013**	540,584	**567,013**	540,584
	42,583,946	45,007,415	**34,464,570**	35,873,434

Credit commitments analysed by geography is based on the country where the transactions are recorded.

43. ASSETS PLEDGED

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Government treasury bills and securities (Note 24)				
Singapore	**260,367**	85,088	**260,367**	85,088
Others	**6,498**	6,334	**6,498**	6,334
Placements with and loans to banks (Note 25)	**–**	547,831	**–**	547,831
Loans and bills receivable (Note 26)	**12,266**	–	**–**	–
Debt securities (Note 30)	**–**	197,855	**–**	197,855
	279,131	837,108	**266,865**	837,108
Repo balances for assets pledged	**273,320**	682,207	**261,054**	682,207

The fair value of financial assets accepted as collateral, which the Group is permitted to sell or re-pledge in the absence of default is $1,049.4 million (2008: $770.8 million), of which $280.7 million (2008: $58.5 million) have been sold or re-pledged. The Group is obliged to return equivalent assets.

Transactions are conducted under terms and conditions that are usual and customary to standard securities borrowing and lending activities.

44. MINIMUM LEASE RENTAL RECEIVABLE
The future minimum lease rental receivable under non-cancellable operating leases by remaining period to lease expiry is as follows:

	GROUP		BANK	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Within 1 year	**40,792**	54,977	**15,410**	19,591
After 1 year but within 5 years	**38,563**	50,356	**4,913**	10,140
Over 5 years	**7,749**	4,126	**–**	–
	87,104	109,459	**20,323**	29,731

Notes to the Financial Statements

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45. RELATED PARTY TRANSACTIONS

Loans and deposits transactions with related parties arise from the ordinary course of business and are not treated any differently from loans and deposits transactions with other customers of the Group. Credit facilities granted are subject to the same credit evaluation, approval, monitoring and reporting processes. All transactions with related parties are conducted on commercial terms.

45.1 Related party balances at balance sheet date and transactions during the financial year were as follows:

GROUP ($ million)	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables				
At 1 January 2009	1	52	6	–
Net increase/(decrease)	4	(50)	(4)	#
At 31 December 2009	**5**	**2**	**2**	**#**
(b) Deposits, borrowings and other payables				
At 1 January 2009	95	344	24	628
Net increase/(decrease)	27	(142)	6	(166)
At 31 December 2009	**122**	**202**	**30**	**462**
(c) Off-balance sheet credit facilities [1]				
At 1 January 2009	–	28	–	–
Net increase	–	17	–	–
At 31 December 2009	**–**	**45**	**–**	**–**
(d) Income statement transactions				
Year ended 31 December 2009:				
Interest income	**–**	**#**	**#**	**#**
Interest expense	**1**	**2**	**#**	**9**
Rental income	**#**	**4**	**–**	**#**
Fee and commission and other income	**#**	**1**	**#**	**41**
Rental and other expenses	**3**	**#**	**#**	**3**
Year ended 31 December 2008:				
Interest income	#	2	#	#
Interest expense	1	5	#	19
Rental income	#	2	–	#
Fee and commission and other income	1	1	#	77
Rental and other expenses	6	#	#	9

[1] Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies.

"#" represents amounts less than $0.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2009

45. RELATED PARTY TRANSACTIONS (continued)

BANK ($ million)	Subsidiaries	Associates	Directors	Key management	Life assurance fund
(a) Loans, placements and other receivables					
At 1 January 2009	3,281	–	48	6	–
Net increase/(decrease)	985	–	(46)	(4)	–
At 31 December 2009	**4,266**	**–**	**2**	**2**	**–**
(b) Deposits, borrowings and other payables					
At 1 January 2009	3,299	88	332	24	280
Net (decrease)/increase	(30)	30	(145)	5	53
At 31 December 2009	**3,269**	**118**	**187**	**29**	**333**
(c) Off-balance sheet credit facilities [1]					
At 1 January 2009	1,066	–	28	–	–
Net (decrease)/increase	(286)	–	17	–	–
At 31 December 2009	**780**	**–**	**45**	**–**	**–**
(d) Income statement transactions					
Year ended 31 December 2009:					
Interest income	**46**	**–**	**#**	**#**	**#**
Interest expense	**104**	**1**	**1**	**#**	**1**
Rental income	**4**	**–**	**–**	**–**	**–**
Fee and commission and other income	**4**	**–**	**#**	**#**	**29**
Rental and other expenses	**184**	**3**	**#**	**#**	**#**
Year ended 31 December 2008:					
Interest income	107	–	2	#	#
Interest expense	60	1	5	#	4
Rental income	4	–	–	–	–
Fee and commission and other income	21	–	#	#	65
Rental and other expenses	204	6	#	#	#

[1] Off-balance sheet credit facilities refer to transaction-related and trade-related contingencies.
"#" represents amounts less than $0.5 million.

45.2 Key management personnel compensation

	BANK 2009 $ million	BANK 2008 $ million
Key management personnel compensation is as follows:		
Short-term employee benefits	**31**	21
Share-based benefits	**11**	8
	42	29

Certain performance-related payments to key management personnel of the Bank in relation to the performance year 2009 included in the above table are subject to the approval of the Remuneration Committee.

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46. SUBSEQUENT EVENT

On 29 January 2010, OCBC Bank announced that it has completed the acquisition of ING Asia Private Bank Limited and its subsidiaries (together, "IAPB") for an investment amount of approximately US$1,446 million or S$2,024 million. IAPB has been re-named Bank of Singapore Limited ("Bank of Singapore") and is now a wholly-owned private banking subsidiary of OCBC Bank.

The private banking businesses of IAPB and OCBC Bank will be combined and operate as Bank of Singapore. This will result in the creation of a leading Asian private bank with over 7,000 clients and total private client assets under management of approximately US$23 billion. It will also occupy a unique position as the only dedicated private bank that is headquartered in Singapore.

47. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

As of balance sheet date, certain new standards, amendments and interpretations to existing accounting standards have been published. For the Group, the following relevant new/revised standards and interpretations are mandatory with effect from the annual period commencing 1 January 2010:

- FRS 27 (Revised) *Consolidated and Separate Financial Statements*
- FRS 103 (Revised) *Business Combinations*
- FRS 39 (Amendments) *Financial Instruments: Recognition and Measurement*
  - *Embedded Derivatives*
  - *Eligible Hedged Items*
- FRS 102 (Amendments) *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
- INT FRS 109 (Amendments) *Reassessment of Embedded Derivatives*
- INT FRS 117 *Distributions of Non-cash Assets to Owners*
- Improvements to FRSs 2008 *Amendments to FRS 105- Non-current Assets Held for Sale and Discontinued Operations*
- Improvements to FRSs 2009

The revised FRS 27 requires that changes in a parent's ownership interest in a subsidiary which do not result in a loss of control be accounted for as equity transactions, with resulting gains and losses taken to equity and not to the income statement.

Under the revised FRS 103, costs incurred in the acquisition of a business shall be expensed in the period in which they are incurred or when the services are received. Where an acquirer obtains control of a business through step acquisition, any previously held equity interests shall be measured at fair value on the date that control is attained, with resulting gains and losses taken to the income statement. Goodwill arising from the business combination is measured as the difference between (a) the net acquisition-date fair value of identifiable assets acquired and liabilities assumed (including contingent liabilities and indemnification assets measured according to the revised FRS 103); and (b) the aggregate consideration transferred, any non-controlling interest in the acquiree, and in a business combination achieved in stages, the fair value of previously held equity interests.

The initial application of the above standards (including their consequential amendments) and interpretations are not expected to have any material impact on the Group's financial statements.

Group's Major Properties

As at 31 December 2009

	Purpose	Effective stake (%)	Gross floor area (sq ft)	Carrying value S$'000	Market value [1] S$'000
Singapore					
65 Chulia Street, OCBC Centre	Office	100	993,089	31,035	728,800
63 Chulia Street, OCBC Centre East	Office	100	242,385	104,014	260,500
18 Church Street, OCBC Centre South	Office	100	118,909	76,737	104,800
63 Market Street	Office	100	248,996	304,610	360,700
11 Tampines Central 1	Office	100	115,782	67,873	72,700
31 Tampines Finance Park Avenue 4	Office	100	97,572	52,161	54,900
105 Cecil Street, #01-00, #02-01 to 04, #04-01 to 04, #14-01 to 04, #15-01 to 04, #17-01 to 04 The Octagon Building	Office	100	34,550	40,023	40,500
260 Tanjong Pagar Road	Office	100	44,940	5,467	29,000
101 Cecil Street #01-01/02, Tong Eng Building	Office	100	15,984	1,900	16,800
110 Robinson Road	Office	100	22,120	4,578	16,200
460 North Bridge Road	Office	100	26,576	3,255	20,000
Block 9 & 13 Tanjong Rhu Road, The Waterside	Residential	100	251,889	41,817	225,410
2 Mt Elizabeth Link, Somerset Compass	Residential	100	104,377	22,826	145,000
6, 6A to 6H, 6J to 6N, 6P to 6U Chancery Hill Road, The Compass at Chancery	Residential	100	54,739	14,192	40,000
257 River Valley Road, #02-00 to #10-00, Valley Lodge	Residential	100	24,421	2,818	17,000
277 Orchard Road	Land under development	100	72,943[2]	76,367	505,000
Land at Bassein Road, Lot 45L, Town subdivision 29	Land for development	100	17,203[2]	105	22,000
				849,778	2,659,310
Malaysia					
18 Jalan Tun Perak, Kuala Lumpur, Menara OCBC	Office	100	243,262	37,049	51,110
Indonesia					
Jl Dr. Satrio, Casablanca, Jakarta, Bank NISP Tower	Office	75	362,313	18,021	32,781
Other properties in					
Singapore				155,747	362,400
Malaysia				70,948	137,234
Other ASEAN				44,470	56,914
Other Asia Pacific				100,993	245,530
Rest of the World				2,229	11,458
				374,387	813,536
Total [3]				**1,279,235**	**3,556,737**

(1) Valuations were made by independent firms of professional valuers.

(2) Refers to land area.

(3) Does not include properties held by GEH Group's insurance subsidiaries under their life assurance funds.

Ordinary/Preference Shareholding Statistics

As at 1 March 2010

CLASS OF SHARES

Ordinary Shares.

NUMBER OF ORDINARY SHAREHOLDERS

The number of ordinary shareholders of the Bank as at 1 March 2010 is 63,923.

VOTING RIGHTS

The Articles of Association provide for a member (other than the Bank where it is a member by reason of its holding of ordinary shares as treasury shares) to have:

(a) on a show of hands: 1 vote
(b) on a poll: 1 vote for each ordinary share held

DISTRIBUTION OF ORDINARY SHAREHOLDERS

Size of Holdings	Number of Ordinary Shareholders	%	Ordinary Shares Held (excluding treasury shares)	%
1 – 999	7,276	11.38	1,779,679	0.05
1,000 – 10,000	44,210	69.16	139,768,364	4.33
10,001 – 1,000,000	12,299	19.24	576,645,226	17.85
1,000,001 and above	138	0.22	2,512,975,499	77.77
Total	63,923	100.00	3,231,168,768	100.00

Number of issued ordinary shares: 3,245,120,283
Number of ordinary shares held in treasury: 13,951,515
Percentage of such holding against the total number of issued ordinary shares (excluding ordinary shares held in treasury): 0.43%

TWENTY LARGEST ORDINARY SHAREHOLDERS

Ordinary Shareholders	Number of Ordinary Shares Held	% *
1. Citibank Nominees Singapore Pte Ltd	484,968,828	15.01
2. Selat (Pte) Limited	366,233,162	11.33
3. DBS Nominees (Private) Limited	330,174,254	10.22
4. DBSN Services Pte. Ltd.	151,622,460	4.69
5. HSBC (Singapore) Nominees Pte Ltd	143,980,721	4.46
6. Singapore Investments (Pte) Limited	117,686,168	3.64
7. Lee Foundation	116,268,581	3.60
8. Lee Rubber Company (Pte) Limited	97,330,304	3.01
9. United Overseas Bank Nominees (Private) Limited	77,858,520	2.41
10. BNP Paribas Securities Services Singapore	68,112,742	2.11
11. Lee Latex (Pte) Limited	44,928,761	1.39
12. Raffles Nominees (Pte.) Limited	38,405,919	1.19
13. Kallang Development (Pte) Limited	30,237,161	0.94
14. Lee Pineapple Company (Pte) Limited	20,990,131	0.65
15. Kew Estate Limited	20,885,180	0.65
16. DB Nominees (Singapore) Pte Ltd	18,199,703	0.56
17. Lee Brothers (Wee Kee) Private Limited	16,532,876	0.51
18. Tropical Produce Company (Pte) Limited	15,322,438	0.47
19. Kota Trading Company Sendirian Berhad	15,246,366	0.47
20. Island Investment Company (Private) Limited	15,076,434	0.47
Total	2,190,060,709	67.78

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Bank as at 1 March 2010, excluding any ordinary shares held in treasury as at that date.

Approximately 67.27% of the issued ordinary shares (excluding ordinary shares held in treasury) are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

Ordinary/Preference Shareholding Statistics

As at 1 March 2010

SUBSTANTIAL ORDINARY SHAREHOLDERS

According to the register required to be kept under section 88 of the Companies Act, Cap. 50, the following are the only substantial ordinary shareholders of the Bank having an interest of 5 per cent or more of the total votes attached to all the voting shares in the Bank as undernoted:

Substantial Ordinary Shareholders	Ordinary shares registered in the name of the substantial ordinary shareholders	Ordinary shares held by the substantial ordinary shareholders in the name of nominees	Ordinary shares in which the substantial ordinary shareholders are deemed to be interested	Total	Percentage * of issued ordinary shares
	As at 1.3.2010	As at 1.3.2010	As at 1.3.2010	As at 1.3.2010	
Lee Foundation	116,268,581	–	506,789,420 (1)	623,058,001	19.28%
Selat (Pte) Limited	366,233,162	–	16,279,539 (2)	382,512,701	11.84%
Aberdeen Asset Management PLC	–	–	175,797,412 (3)	175,797,412	5.44%
Aberdeen Asset Management Asia Limited	–	–	166,094,592 (4)	166,094,592	5.14%
Credit Suisse AG	–	–	183,416,575 (5)	183,416,575	5.68%
Credit Suisse Group AG	–	–	183,420,772 (6)	183,420,772	5.68%

* The percentage of issued ordinary shares is calculated based on the number of issued ordinary shares of the Bank as at 1 March 2010, excluding any ordinary shares held in treasury as at that date.

(1) This represents Lee Foundation's deemed interest in (a) the 20,990,131 ordinary shares held by Lee Pineapple Company (Pte) Limited, (b) the 366,233,162 ordinary shares held by Selat (Pte) Limited, (c) the 117,686,168 ordinary shares held by Singapore Investments (Pte) Limited and (d) the 1,879,959 ordinary shares held by Peninsula Plantations Sendirian Berhad.

(2) This represents Selat (Pte) Limited's deemed interest in (a) the 1,203,105 ordinary shares held by South Asia Shipping Company Private Limited and (b) the 15,076,434 ordinary shares held by Island Investment Company (Private) Limited.

(3) This represents the deemed interest in 175,797,412 ordinary shares held by Aberdeen Asset Management PLC and its subsidiaries, Aberdeen Asset Management Asia Limited, Aberdeen Asset Management Inc, Aberdeen Asset Management Investment Services Limited, Aberdeen Asset Management Sdn Bhd, Aberdeen Asset Managers Limited, Aberdeen Fund Management Limited, Aberdeen International Fund Managers Limited, Aberdeen Private Wealth Management Limited and Aberdeen Asset Management Limited (together, the "AAM Group"), through various custodians, on behalf of the accounts managed by the AAM Group. The Bank has been advised by Aberdeen Asset Management PLC that the AAM Group holds a total of 175,797,412 ordinary shares in the Bank across all mandates, equivalent to 5.44% of the Bank's issued ordinary shares, of which the AAM Group is given disposal rights and proxy voting rights for 109,565,767 ordinary shares equivalent to 3.39% and disposal rights without proxy voting rights for 66,231,645 ordinary shares.

(4) This represents the deemed interest in 166,094,592 ordinary shares held by Aberdeen Asset Management Asia Limited ("AAMAL"), through various custodians, on behalf of the accounts managed by AAMAL. The Bank has been advised by AAMAL that it holds a total of 166,094,592 ordinary shares in the Bank across all mandates, equivalent to 5.14% of the Bank's issued ordinary shares, of which AAMAL is given disposal rights and proxy voting rights for 103,364,099 ordinary shares equivalent to 3.20% and disposal rights without proxy voting rights for 62,730,493 ordinary shares.

(5) By virtue of section 7(4A) of the Companies Act, Cap. 50, Credit Suisse AG is deemed to have an interest in the ordinary shares held by Aberdeen Asset Management PLC and its subsidiaries as well as shares held by affiliated companies.

(6) By virtue of section 7(4) of the Companies Act, Cap. 50, Credit Suisse Group AG is deemed to have an interest in the ordinary shares deemed held by Credit Suisse AG. Credit Suisse Group AG is also deemed to have an interest in the ordinary shares held by other subsidiaries and affiliated companies.

Ordinary/Preference Shareholding Statistics

As at 1 March 2010

CLASS OF SHARES

Non-Cumulative Non-Convertible Class B Preference Shares.

NUMBER OF CLASS B PREFERENCE SHAREHOLDERS

The number of Class B Preference Shareholders of the Bank as at 1 March 2010 is 9,290.

VOTING RIGHTS

Except as provided below, the Class B Preference Shareholders shall not be entitled to attend and vote at general meetings of the Bank.

The Class B Preference Shareholders shall be entitled to attend a class meeting of the Class B Preference Shareholders. Every Class B Preference Shareholder who is present in person at such class meeting shall have on a show of hands one vote and on a poll one vote for every Class B Preference Share of which he is the holder.

If dividends with respect to the Class B Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 calendar months have not been paid in full when due, then the Class B Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class B Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class B Preference Shareholders). Every Class B Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class B Preference Share of which he is the holder.

DISTRIBUTION OF CLASS B PREFERENCE SHAREHOLDERS

Size of Holdings	Number of Class B Preference Shareholders	%	Number of Class B Preference Shares Held	%
1 – 999	7,617	81.99	2,372,699	23.72
1,000 – 10,000	1,605	17.28	3,440,030	34.40
10,001 – 1,000,000	67	0.72	2,598,721	25.99
1,000,001 and above	1	0.01	1,588,550	15.89
Total	9,290	100.00	10,000,000	100.00

TWENTY LARGEST CLASS B PREFERENCE SHAREHOLDERS

Class B Preference Shareholders	Number of Class B Preference Shares Held	%
1. Citibank Nominees Singapore Pte Ltd	1,588,550	15.89
2. United Overseas Bank Nominees (Private) Limited	461,700	4.62
3. HSBC (Singapore) Nominees Pte Ltd	360,200	3.60
4. DBS Nominees (Private) Limited	275,900	2.76
5. NTUC Fairprice Co-Operative Ltd	120,000	1.20
6. Raffles Nominees (Pte.) Limited	97,500	0.98
7. TM Asia Life Singapore Ltd.	65,000	0.65
8. Liew Yeow Weng	52,900	0.53
9. The Lotus Sanctuary Hospitality Pte Ltd	50,000	0.50
10. Merrill Lynch (Singapore) Pte. Ltd.	40,800	0.41
11. DB Nominees (Singapore) Pte Ltd	40,000	0.40
12. BNP Paribas Nominees Singapore Pte Ltd	35,450	0.35
13. Tan Boy Tee	35,000	0.35
14. Liauw Samin	32,500	0.33
15. UOB Kay Hian Private Limited	30,200	0.30
16. OCBC Securities Private Limited	30,000	0.30
17. Ong Geok Eng	30,000	0.30
18. Seapac Investment Pte Ltd	30,000	0.30
19. Lim Earn Sian	30,000	0.30
20. NTUC Thrift & Loan Co-Operative Limited	28,000	0.28
Total	3,433,700	34.35

Note: The Bank is not required to maintain a register of substantial shareholders under section 88 of the Companies Act, Cap. 50 in relation to the Class B Preference Shares.

Ordinary/Preference Shareholding Statistics

As at 1 March 2010

CLASS OF SHARES

Non-Cumulative Non-Convertible Class E Preference Shares.

NUMBER OF CLASS E PREFERENCE SHAREHOLDERS

The number of Class E Preference Shareholders of the Bank as at 1 March 2010 is 2,305.

VOTING RIGHTS

Except as provided below, the Class E Preference Shareholders shall not be entitled to attend and vote at general meetings of the Bank.

The Class E Preference Shareholders shall be entitled to attend a class meeting of the Class E Preference Shareholders. Every Class E Preference Shareholder who is present in person at such class meeting shall have on a show of hands one vote and on a poll one vote for every Class E Preference Share of which he is the holder.

If dividends with respect to the Class E Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 calendar months have not been paid in full when due, then the Class E Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class E Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class E Preference Shareholders). Every Class E Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class E Preference Share of which he is the holder.

DISTRIBUTION OF CLASS E PREFERENCE SHAREHOLDERS

Size of Holdings	Number of Class E Preference Shareholders	%	Number of Class E Preference Shares Held	%
1 – 999	1,541	66.85	489,540	9.79
1,000 – 10,000	712	30.89	1,892,250	37.85
10,001 – 1,000,000	52	2.26	2,618,210	52.36
Total	2,305	100.00	5,000,000	100.00

TWENTY LARGEST CLASS E PREFERENCE SHAREHOLDERS

Class E Preference Shareholders	Number of Class E Preference Shares Held	%
1. Citibank Nominees Singapore Pte Ltd	866,650	17.33
2. Pan-United Investments Pte. Ltd.	147,800	2.96
3. Infocomm Investments Pte Ltd	143,000	2.86
4. E M Services Private Limited	137,800	2.76
5. HSBC (Singapore) Nominees Pte Ltd	133,900	2.68
6. DBS Nominees (Private) Limited	120,860	2.42
7. National Council of Social Service	80,000	1.60
8. Raffles Nominees (Pte.) Limited	75,700	1.51
9. United Overseas Bank Nominees (Private) Limited	62,300	1.25
10. Tan Chee Jin	55,000	1.10
11. DBSN Services Pte. Ltd.	37,300	0.75
12. NTUC Thrift & Loan Co-Operative Limited	35,000	0.70
13. DB Nominees (Singapore) Pte Ltd	32,500	0.65
14. AXA Insurance Singapore Pte Ltd	30,000	0.60
15. Hobee Print Pte Ltd	30,000	0.60
16. Phng Hooi Chay	30,000	0.60
17. Lee Cheok Yew	28,000	0.56
18. Tang Wee Loke	27,500	0.55
19. Titular Roman Catholic Archbishop of Singapore	26,000	0.52
20. Fu Mary	25,000	0.50
Total	2,124,310	42.50

Note: The Bank is not required to maintain a register of substantial shareholders under section 88 of the Companies Act, Cap. 50 in relation to the Class E Preference Shares.

Ordinary/Preference Shareholding Statistics

As at 1 March 2010

CLASS OF SHARES

Non-Cumulative Non-Convertible Class G Preference Shares.

NUMBER OF CLASS G PREFERENCE SHAREHOLDERS

The number of Class G Preference Shareholders of the Bank as at 1 March 2010 is 6,078.

VOTING RIGHTS

Except as provided below, the Class G Preference Shareholders shall not be entitled to attend and vote at general meetings of the Bank.

The Class G Preference Shareholders shall be entitled to attend a class meeting of the Class G Preference Shareholders. Every Class G Preference Shareholder who is present in person at such class meeting shall have on a show of hands one vote and on a poll one vote for every Class G Preference Share of which he is the holder.

If dividends with respect to the Class G Preference Shares in respect of such number of consecutive dividend periods as shall be equal to or exceed 12 calendar months have not been paid in full when due, then the Class G Preference Shareholders shall have the right to receive notice of, attend, speak and vote at general meetings of the Bank on all matters, including the winding-up of the Bank, and such right shall continue until after the next following dividend date on which a dividend in respect of the Class G Preference Shares is paid in full (or an amount equivalent to the dividend to be paid in respect of the next dividend period has been paid or irrevocably set aside in a separately designated trust account for payment to the Class G Preference Shareholders). Every Class G Preference Shareholder who is present in person at such general meetings shall have on a show of hands one vote and on a poll one vote for every Class G Preference Share of which he is the holder.

DISTRIBUTION OF CLASS G PREFERENCE SHAREHOLDERS

Size of Holdings	Number of Class G Preference Shareholders	%	Number of Class G Preference Shares Held	%
1 – 999	643	10.58	284,718	0.07
1,000 – 10,000	3,389	55.76	14,076,963	3.56
10,001 – 1,000,000	2,022	33.27	153,008,206	38.65
1,000,001 and above	24	0.39	228,460,997	57.72
Total	6,078	100.00	395,830,884	100.00

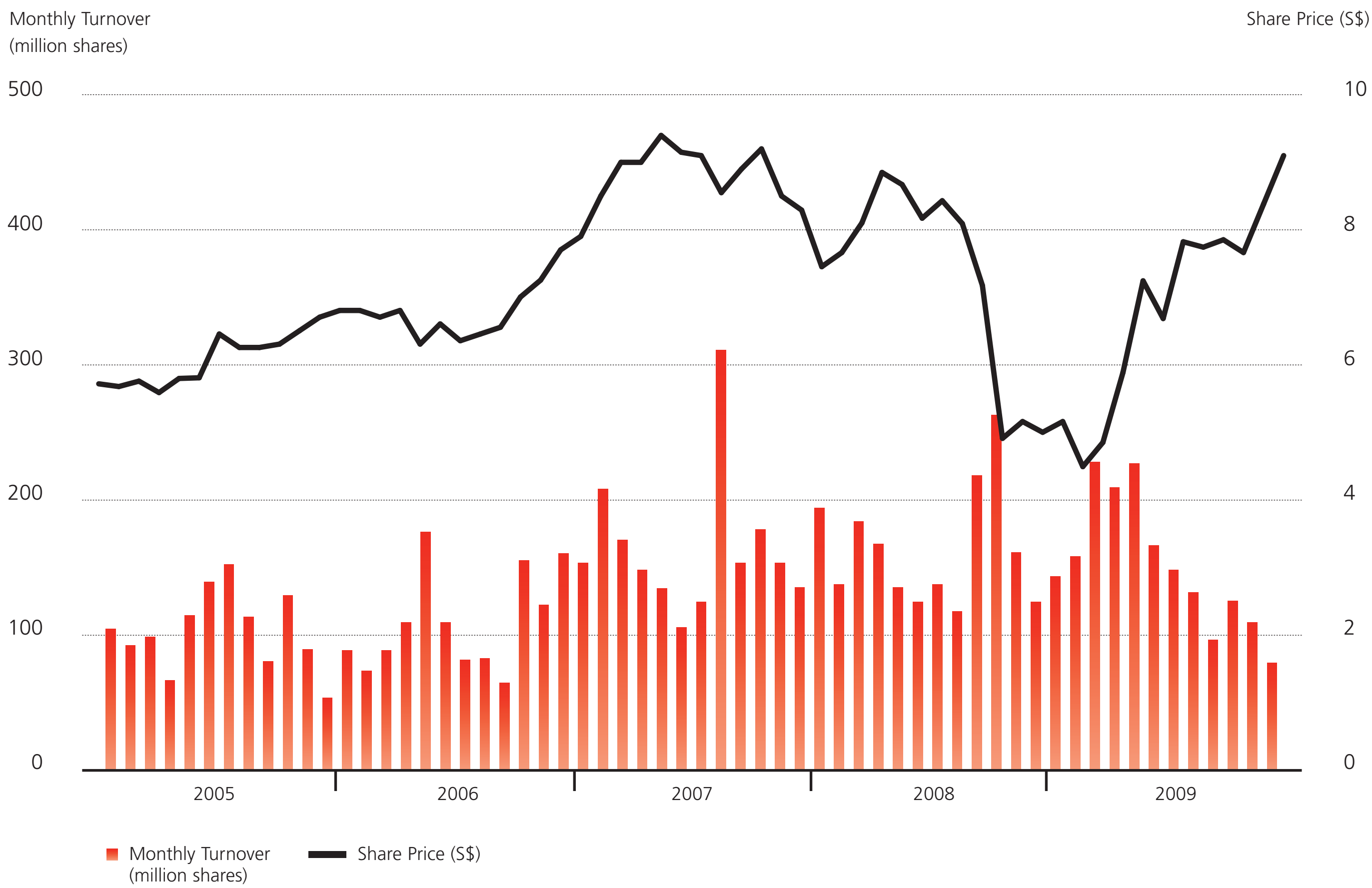
TWENTY LARGEST CLASS G PREFERENCE SHAREHOLDERS

Class G Preference Shareholders	Number of Class G Preference Shares Held	%
1. Citibank Nominees Singapore Pte Ltd	67,483,541	17.05
2. Selat (Pte) Limited	53,879,531	13.61
3. Lee Rubber Company (Pte) Limited	18,564,085	4.69
4. Lee Foundation, States of Malaya	16,000,000	4.04
5. Singapore Investments (Pte) Limited	10,642,763	2.69
6. Lee Latex (Pte) Limited	8,609,432	2.18
7. United Overseas Bank Nominees (Private) Limited	8,604,808	2.17
8. Lee Foundation	7,080,009	1.79
9. Fraser And Neave, Limited	6,069,458	1.53
10. TM Asia Life Singapore Ltd.	4,000,000	1.01
11. Tokio Marine Insurance Singapore Ltd.	3,948,000	1.00
12. DBS Nominees (Private) Limited	3,919,768	0.99
13. Tan Chee Jin	3,000,000	0.76
14. Lee Plantations (Pte) Ltd	2,323,572	0.59
15. Island Investment Company (Private) Limited	2,301,287	0.58
16. Chong Chew Lim @ Chong Ah Kau	1,732,212	0.44
17. Y.S. Fu Holdings (2002) Pte. Ltd.	1,700,000	0.43
18. Kota Trading Company Sendirian Berhad	1,680,093	0.42
19. Lee Sang Ming	1,383,000	0.35
20. Kimanis Marine Pte Ltd	1,198,000	0.30
Total	224,119,559	56.62

Note: The Bank is not required to maintain a register of substantial shareholders under section 88 of the Companies Act, Cap. 50 in relation to the Class G Preference Shares.

Investor Reference

FIVE-YEAR SHARE PRICE AND TURNOVER



	2005	2006	2007	2008	2009
Share price (S$)					
Highest	6.70	7.75	9.70	9.02	**9.10**
Lowest	5.58	6.20	7.50	4.50	**3.95**
Average	6.03	6.75	8.84	7.41	**6.78**
Last done	6.70	7.70	8.29	4.99	**9.10**
Per ordinary share					
Basic earnings (cents)	40.1	63.4	65.9	54.6	**59.4**
Net interim and final dividend (cents) [1]	18.4	23.0	28.0	28.0	**28.0**
Net bonus dividend (cents) [1]	41.7	–	–	–	**–**
Net asset value (NAV) (S$)	3.67	4.07	4.79	4.51	**5.29**
Ratios					
Price-earnings ratio [2]	15.05	10.65	13.41	13.57	**11.41**
Net dividend yield (%) [2]	3.05	3.41	3.17	3.78	**4.13**
Dividend cover (number of times) [3]	2.19	2.77	2.35	1.95	**2.09**
Price/NAV (number of times) [2]	1.64	1.66	1.85	1.64	**1.28**

[1] Dividends are stated net of tax, where relevant. With effect from the 2007 final dividend, the Group's dividends are on a one-tier tax exempt basis.
[2] Based on average share prices. Net dividend yield excludes bonus dividend.
[3] Profit attributable to equity holders of the Bank (after preference dividends) divided by net dividends (excluding bonus dividend).

Investor Reference

FIVE-YEAR ORDINARY SHARE CAPITAL HISTORY

		Number of ordinary shares ('000)		
Year	**Particulars**	**Issued**	**Held in treasury**	**In circulation**
2005	Beginning Balance	1,316,543		
	1-for-5 rights issue	262,138		
	2-for-1 sub-division of shares	1,565,781		
	Share buyback	(54,756)		
	Acquisition of additional shares in GEH	13,848		
	Issue of shares pursuant to Share Option Schemes	9,180		
	Issue of shares pursuant to Employee Share Purchase Plan	1,590		
	Shares issued to non-executive directors	14		
	Year end balance	3,114,338		3,114,338
2006	Share buyback	(7,008)	(59,265)	
	Acquisition of additional shares in GEH	6,020		
	Issue of shares pursuant to Share Option Schemes	11,334	5,338	
	Issue of shares pursuant to Employee Share Purchase Plan	1,728	2,258	
	Shares issued to non-executive directors	48		
	Year end balance	3,126,460	(51,669)	3,074,791
2007	Shares issued to non-executive directors	53		
	Share buyback		(4,986)	
	Issue of shares pursuant to Share Option Schemes		14,951	
	Issue of shares pursuant to Employee Share Purchase Plan		1,412	
	Year end balance	3,126,513	(40,292)	3,086,221
2008	Shares issued to non-executive directors	53		
	Issue of shares pursuant to Share Option Schemes		4,997	
	Issue of shares pursuant to Employee Share Purchase Plan		5,457	
	Issue of shares pursuant to Deferred Share Plan		4,091	
	Year end balance	3,126,566	(25,747)	3,100,819
2009	Shares issued to non-executive directors	43		
	Shares issued in lieu of ordinary dividends	118,512		
	Issue of shares pursuant to Share Option Schemes		6,044	
	Issue of shares pursuant to Employee Share Purchase Plan		23	
	Issue of shares pursuant to Deferred Share Plan		4,898	
	Year end balance	3,245,121	(14,782)	3,230,339

Further Information on Directors

DR CHEONG CHOONG KONG

Current Directorships (and Appointments)

1.	Great Eastern Holdings Ltd*	Director
2.	OCBC Management Services Pte Ltd	Director
3.	The Overseas Assurance Corporation Ltd	Director
4.	Movement for the Intellectually Disabled of Singapore	Patron

* *Listed company*

Directorships (and Appointments) for the past 3 years

1.	Singapore Press Holdings Ltd	Director
2.	The Great Eastern Life Assurance Co Ltd	Director

Academic and Professional Qualifications
Bachelor of Science (First Class Honours in Mathematics), University of Adelaide
Master of Science and Ph.D. in Mathematics and (Honorary) Doctor of Science, Australian National University, Canberra

OCBC Board Committees Served On
Chairman, Executive Committee
Member, Nominating Committee
Member, Remuneration Committee
Member, Risk Committee

Date of First Appointment as a Director of OCBC
Director since 1 July 1999
Vice Chairman from 26 March 2002 to 30 June 2003
Chairman since 1 July 2003

Date of Last Re-election as a Director of OCBC
17 April 2008

Independent Status
Non-executive and non-independent director

MR BOBBY CHIN

Current Directorships (and Appointments)

1.	Singapore Totalisator Board	Chairman
2.	Council of Presidential Advisers of the Republic of Singapore	Member
3.	A V Jennings Ltd*	Director
4.	Frasers Centrepoint Asset Management Ltd	Director
5.	Ho Bee Investment Ltd*	Director
6.	Neptune Orient Lines Ltd*	Director
7.	Sembcorp Industries Ltd*	Director
8.	Singapore Cooperation Enterprise	Director
9.	Singapore Labour Foundation	Director
10.	Singapore Power Ltd	Director
11.	Y C Chin Investment Pte Ltd	Director
12.	Yeo Hiap Seng Ltd*	Director
13.	Competition Commission of Singapore	Member
14.	Singapore Indian Development Association	Board Trustee

* *Listed companies*

Directorships (and Appointments) for the past 3 years

1.	Changi Airports International Pte Ltd	Chairman
2.	Singapore Changi Airport Enterprise Pte Ltd	Chairman
3.	The Straits Trading Co Ltd	Chairman
4.	Singapore Chinese Chamber of Commerce Foundation	Director
5.	Stamford Land Corporation Ltd	Director
6.	Singapore Chinese Chamber of Commerce & Industry	Council Member
7.	Singapore Management University	Board Trustee

Academic and Professional Qualifications
Bachelor of Accountancy, University of Singapore
Associate Member of the Institute of Chartered Accountants in England and Wales
Member of the Institute of Certified Public Accountants of Singapore

OCBC Board Committee Served On
Chairman, Audit Committee

Date of First Appointment as a Director of OCBC
1 October 2005

Date of Last Re-election as a Director of OCBC
17 April 2009

Independent Status
Independent director

MR DAVID CONNER

Current Directorships (and Appointments)

1.	Bank of Singapore Ltd	Chairman
2.	Singapore Island Bank Ltd	Chairman
3.	International Advisory Council for Asia, Washington University in St Louis	Chairman
4.	Lion Global Investors Ltd	Deputy Chairman
5.	Asean Finance Corporation Ltd	Director
6.	Dr Goh Keng Swee Scholarship Fund	Director
7.	Great Eastern Holdings Ltd*	Director
8.	KTB Ltd	Director
9.	OCBC Al-Amin Bank Berhad	Director
10.	OCBC Bank (Malaysia) Berhad	Director
11.	OCBC Overseas Investments Pte. Ltd.	Director
12.	The Overseas Assurance Corporation Ltd	Director
13.	PT Bank OCBC NISP Tbk*	Commissioner
14.	Association of Banks in Singapore	Council Member
15.	Advisory Board of Lee Kong Chian School of Business	Member
16.	Asian Pacific Bankers Club	Member
17.	Corporate Governance Council of MAS	Member
18.	MAS Financial Sector Development Fund Advisory Committee	Member
19.	The f-Next Council of Institute of Banking & Finance	Member

* *Listed companies*

Further Information on Directors

Directorships (and Appointments) for the past 3 years

1.	International Monetary Conference	Director
2.	The Esplanade Co Ltd	Director
3.	The Great Eastern Life Assurance Co Ltd	Director
4.	Singapore Business Federation	Council Member
5.	Advisory Council of the American Chamber of Commerce in Singapore (AmCham)	Member
6.	Washington University in St Louis	Ethan A H Shepley Trustee

Academic and Professional Qualifications
Bachelor of Arts, Washington University, St. Louis, Missouri
Master of Business Administration, Columbia University, New York

OCBC Board Committees Served On
Member, Executive Committee
Member, Risk Committee

Date of First Appointment as a Director of OCBC
Director since 15 April 2002

Date of Last Re-election as a Director of OCBC
19 April 2007

Independent Status
Executive director

MRS FANG AI LIAN

Current Directorships (and Appointments)

1.	Board of Directors for Tax Academy of Singapore	Chairman
2.	Charity Council	Chairman
3.	Great Eastern Holdings Ltd Group*	Chairman
4.	Breast Cancer Foundation	President
5.	Home Nursing Foundation	President
6.	Banyan Tree Holdings Ltd*	Director
7.	MediaCorp Pte Ltd	Director
8.	Metro Holdings Ltd*	Director
9.	Singapore Telecommunications Ltd*	Director
10.	Zender-Fang Associates Pte Ltd	Director
11.	Board of Trustees of the Singapore Business Federation	Member
12.	Board of Trustees of the Singapore University of Technology and Design	Member
13.	Governing Board of the Duke-NUS Graduate Medical School Singapore	Member

* *Listed companies*

Directorships (and Appointments) for the past 3 years

1.	Ernst & Young	Chairman
2.	Public Utilities Board	Board Member
3.	International Enterprise Singapore	Board Member

Academic and Professional Qualifications
Fellow of the Institute of Chartered Accountants in England and Wales

OCBC Board Committees Served On
Member, Nominating Committee
Member, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 1 November 2008

Date of Election as a Director of OCBC
17 April 2009

Independent Status
Independent director

MR GIAM CHIN TOON, S.C.

Current Directorships (and Appointments)

1.	Inquiry Panel of the Law Society of Singapore	Chairman
2.	Wee Swee Teow & Co	Senior Partner
3.	Ascott Residence Trust Management Ltd*	Director
4.	Guthrie GTS Ltd*	Director
5.	NED Advisory Services Pte Ltd	Director
6.	Singapore Mediation Centre	Director
7.	The Executives' Club	President
8.	Inland Revenue Authority of Singapore	Member
9.	Securities Industry Council	Member
10.	Singapore Ambassador (Non-Resident) to Peru	
11.	Singapore High Commissioner Designate (Non-Resident) to Ghana	

* *Listed companies*

Directorships (and Appointments) for the past 3 years

1.	John Wiley & Sons (Asia) Pte Ltd	Director
2.	OCBC Management Services Pte Ltd	Director
3.	Singapore Institute of Directors	Director
4.	Singapore Island Country Club	President
5.	The Executives' Club	Treasurer
6.	Energy Market Authority	Member
7.	Health Sciences Authority	Member

Academic and Professional Qualifications
LLB (Honours) and LLM, University of Singapore

OCBC Board Committees Served On
Member, Audit Committee
Member, Nominating Committee

Date of First Appointment as a Director of OCBC
Director since 1 January 2005

Date of Last Re-election as a Director of OCBC
19 April 2007

Independent Status
Independent director

Further Information on Directors

MR LEE SENG WEE

Current Directorships (and Appointments)

1.	Board of Trustees of the Temasek Trust	Chairman
2.	GIC Real Estate Pte Ltd	Director
3.	Great Eastern Holdings Ltd*	Director
4.	Lee Foundation, Singapore	Director
5.	Lee Rubber Group Companies	Director
6.	The Overseas Assurance Corporation Ltd	Director

* *Listed company*

Directorships (and Appointments) for the past 3 years

1.	The Great Eastern Life Assurance Co Ltd	Director

Academic and Professional Qualifications
Bachelor of Applied Science (Engineering), University of Toronto
Master of Business Administration, University of Western Ontario

OCBC Board Committees Served On
Member, Executive Committee
Member, Nominating Committee

Date of First Appointment as a Director of OCBC
Director since 25 February 1966
Chairman from 1 August 1995 to 30 June 2003

Date of Last Re-appointment as a Director of OCBC
17 April 2009

Independent Status
Independent from management and business relationships

DR LEE TIH SHIH

Current Directorships (and Appointments)

1.	Lee Foundation, Singapore	Director
2.	Lee Rubber Co Pte Ltd	Alternate Director
3.	Selat Pte Ltd	Director
4.	Singapore Investments Pte Ltd	Director
5.	Duke-NUS Graduate Medical School (Singapore)/Duke University Medical School (USA)/Singapore General Hospital	Employee

Directorships (and Appointments) for the past 3 years

1.	Fraser & Neave Ltd	Director
2.	PT Bank NISP Tbk	Commissioner

Academic and Professional Qualifications
MBA with Distinction, Imperial College, London
MD, Yale University, New Haven
Ph.D., Yale University, New Haven
Fellow, Royal College of Physicians (Canada)

OCBC Board Committee Served On
Member, Remuneration Committee

Date of First Appointment as a Director of OCBC
Director since 4 April 2003

Date of Last Re-election as a Director of OCBC
17 April 2008

Independent Status
Independent from management and business relationships

MR COLM MCCARTHY

Current Directorships (and Appointments)

1.	Wheelock Properties (S) Ltd*	Director
2.	Irish Business Association	Council Member

* *Listed company*

Directorships (and Appointments) for the past 3 years

1.	Bank of America Singapore Ltd	Chairman
2.	Bank of America Ltd, Hong Kong	Chairman
3.	Bank of America Securities Japan	Director

Academic and Professional Qualifications
Bachelor of Commerce (Second Class Honours), University College Dublin
Master of Business Studies (First Class Honours), University College Dublin

OCBC Board Committees Served On
Member, Audit Committee
Member, Risk Committee

Date of First Appointment as a Director of OCBC
Director since 1 November 2008

Date of Election as a Director of OCBC
17 April 2009

Independent Status
Independent director

PROFESSOR NEO BOON SIONG

Current Directorships (and Appointments)

1.	Asia Competitiveness Institute of the Lee Kuan Yew School of Public Policy in National University of Singapore	Director/employee
2.	Great Eastern Holdings Ltd*	Director
3.	J. Lauritzen Singapore Pte Ltd	Director
4.	Keppel Offshore & Marine Ltd	Director
5.	The Overseas Assurance Corporation Ltd	Director

* *Listed company*

Directorships (and Appointments) for the past 3 years

1.	The Great Eastern Life Assurance Co Ltd	Director
2.	English Xchange Pte Ltd	Director
3.	Income Tax Board of Review	Member
4.	Goods and Services Tax Board of Review	Member
5.	Securities Industry Council	Member

Further Information on Directors

Academic and Professional Qualifications
Bachelor of Accountancy (Honours), National University of Singapore
Master of Business Administration and Ph.D., University of Pittsburgh

OCBC Board Committees Served On
Member, Audit Committee
Member, Risk Committee

Date of First Appointment as a Director of OCBC
Director since 1 January 2005

Date of Last Re-election as a Director of OCBC
17 April 2008

Independent Status
Independent director

MR PRAMUKTI SURJAUDAJA

Current Directorships (and Appointments)

1.	PT Bank OCBC NISP Tbk*	Chairman
2.	Indonesian Overseas Alumni (formerly American Alumni for Education)	Chairman
3.	Indonesian Chamber of Commerce & Industry	Board Member
4.	Parahyangan Catholic University	Board of Advisors
5.	International and East Asia Council of Insead	Council Member
6.	President University, Board of Trustee	Member

* *Listed company*

Directorships (and Appointments) for the past 3 years

1.	PT Bank OCBC NISP Tbk	CEO
2.	Indonesian Private Banks Association	Board Member

Academic and Professional Qualifications
Bachelor of Science (Finance & Banking), San Francisco State University
Master of Business Administration (Banking), Golden Gate University, San Francisco
Participant in Special Programs in International Relations, International University of Japan

OCBC Board Committee Served On
Member, Risk Committee

Date of First Appointment as a Director of OCBC
1 June 2005

Date of Last Re-election as a Director of OCBC
17 April 2009

Independent Status
Not independent director

MR WONG NANG JANG

Current Directorships (and Appointments)

1.	OCBC Management Services Pte Ltd	Director
2.	Singapore Symphonia Co Ltd	Director
3.	PT Bank OCBC NISP Tbk*	Advisor

* *Listed company*

Directorships (and Appointments) for the past 3 years

1.	Banking Computer Services Pte Ltd	Chairman
2.	BCS Information Systems Pte Ltd	Chairman
3.	WBL Corporation Ltd	Chairman
4.	Bank of Singapore Ltd (now known as Singapore Island Bank Ltd)	Director
5.	PacificMas Berhad	Director
6.	PT Bank NISP Tbk	Commissioner
7.	SIA Engineering Co Ltd	Director

Academic and Professional Qualifications
Bachelor of Arts in Economics (Honours), University of Singapore

OCBC Board Committees Served On
Chairman, Nominating Committee
Chairman, Remuneration Committee
Member, Executive Committee

Date of First Appointment as a Director of OCBC
Director since 1 August 1998

Date of Last Re-election as a Director of OCBC
17 April 2008

Independent Status
Independent director

MR PATRICK YEOH

Current Directorships (and Appointments)

1.	Tuan Sing Holdings Ltd*	Chairman
2.	Accuron Technologies Ltd	Director
3.	MobileOne Ltd*	Director
4.	Nuri Holdings (S) Pte Ltd	Advisor
5.	The EDB Society	Advisor

* *Listed companies*

Directorships (and Appointments) for the past 3 years

1.	Green Tire Co Ltd (formerly known as GITI Tire Co Ltd, Bermuda)	Deputy Chairman
2.	Shanghai GT Courtyard Cultural Investments Co Ltd (aka "Three on the Bund Ltd")	Director
3.	Times Publishing Ltd	Director

Academic and Professional Qualifications
Bachelor of Science (Honours), University of Malaya (Singapore)

OCBC Board Committees Served On
Chairman, Risk Committee
Member, Executive Committee

Date of First Appointment as a Director of OCBC
Director since 9 July 2001

Date of Last Re-appointment as a Director of OCBC
17 April 2009

Independent Status
Independent director

Principal Network

BANKING

OVERSEA-CHINESE BANKING CORPORATION LIMITED

Singapore (Head Office)
65 Chulia Street
#26-00 OCBC Centre
Singapore 049513
Tel: (65) 6318 7222
Fax: (65) 6533 7955
www.ocbc.com

OCBC Bank has 57 branches in Singapore.

AUSTRALIA

Sydney Branch
Level 2
75 Castlereagh Street
Sydney NSW 2000
Australia
Tel: (61) 2 9235 2022
Fax: (61) 2 9221 4360

BRUNEI

Bandar Seri Begawan Branch
Unit G 03 Ground Floor Block D
Kompleks Yayasan
Sultan Haji Hassanal Bolkiah
Jalan Pretty
Bandar Seri Begawan BS 8711
Brunei Darussalam
Tel: (673) 2230 826
Fax: (673) 2230 283

CHINA

OCBC Bank (China) Head Office
Level 20 & 21, One Lujiazui
No. 68 Yin Cheng Zhong Road
Pudong, Shanghai 200120
People's Republic of China
Tel: (86) 21 5820 0200
Fax: (86) 21 6876 6793
www.ocbc.com.cn

Shanghai DongFang Road Sub Branch
710 Dong Fang Road
Unit 102
Tomson Commercial Building
Pudong, Shanghai 200122
People's Republic of China
Tel: (86) 21 5466 3000
Fax: (86) 21 5466 3900

Shanghai Luwan Sub Branch
644 Fu Xing Zhong Road
Shanghai 200020
People's Republic of China
Tel: (86) 21 5466 3000
Fax: (86) 21 5466 3900

Shanghai Jiading Sub Branch
Unit Southeast,1F
2222 Huan Cheng Road
Jiading District
Shanghai 201800
People's Republic of China
Tel: (86) 21 6181 7188
Fax: (86) 21 6181 7199

Chengdu Branch
19 Ren Min Nan Road Section 4
Unit 7A-H, Western China Business Tower
Chengdu, Sichuan 610041
People's Republic of China
Tel: (86) 28 8663 9888
Fax: (86) 28 8526 8538

Chengdu Shangri-La Sub Branch
No.9 Bin Jiang Dong Road
Shangri-La Centre
Chengdu, Sichuan 610021
People's Republic of China
Tel: (86) 28 6680 7888
Fax: (86) 28 6685 1800

Chengdu Shanghai Gardens Sub Branch
No.39 Shen Xian Shu South Road
Shanghai Gardens Unit 33
Chengdu, Sichuan 610042
People's Republic of China
Tel: (86) 28 6555 6888
Fax: (86) 28 6606 6022

Guangzhou Branch
No.8 Hua Xia Road
He Jing International Finance Place Unit 903 – 904
Guangzhou 510623
People's Republic of China
Tel: (86) 20 2802 3000
Fax: (86) 20 2802 3100

Tianjin Branch
Unit 2808 The Exchange 2
189 Nanjing Road
Tianjin 300051
People's Republic of China
Tel: (86) 22 2339 5911
Fax: (86) 22 2339 9611

Xiamen Branch
8 Lu Jiang Dao
23E, 27F International Plaza
Xiamen 361001
People's Republic of China
Tel: (86) 592 202 2653
Fax: (86) 592 203 5182

Beijing Branch
Unit 1107, Excel Centre,
No.6 Wudinghou Street,
Xicheng District, Beijing 100140
People's Republic of China
Tel: (86) 10 5931 5188
Fax: (86) 10 5931 5162

Chongqing Branch
Unit 5 – 7, 20/F,
No.131 Zou Rong Road,
Yuzhong District,
Chongqing 400010
People's Republic of China
Tel: (86) 23 6370 8877
Fax: (86) 23 6370 7171

OCBC Bank (China) has 11 main branches and sub-branches.

HONG KONG SAR

Hong Kong Branch
9/F, Nine Queen's Road Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

INDONESIA

PT Bank OCBC Indonesia Jakarta Branch (Head Office)
Wisma GKBI, Suite 2201
Jl. Jendral Sudirman No.28
Jakarta 10210
Indonesia
Tel: (62) 21 574 0222
Fax: (62) 21 574 2666

Surabaya Branch
Wisma Tiara, Ground Floor
Jl. Panglima Sudirman
No.66 – 68
Surabaya 60271
Indonesia
Tel: (62) 31 532 0703
Fax: (62) 31 532 0705

Medan Branch
Wisma Bank International Indonesia, Suite 602
Jl. Diponegoro No.18
Medan 20152
Indonesia
Tel: (62) 61 415 8779
Fax: (62) 61 415 5990

Bandung
Graha Bumi Putera, Suite 302
Jl. Asia Afrika No.141 – 149
Bandung 40112 Java Barat
Indonesia
Tel: (62) 22 420 2132/2133
Fax: (62) 22 420 2455

PT Bank OCBC NISP Tbk
Bank OCBC NISP Tower
Jl. Prof. Dr. Satrio Kav.25
Jakarta 12940
Indonesia
Tel: (62) 21 2553 3888
Fax: (62) 21 5794 4000
www.ocbcnisp.com

PT Bank OCBC NISP Tbk has over 380 branches and offices in Indonesia.

JAPAN

Tokyo Branch
Akasaka Twin Tower Main Building
15th Floor
17 – 22 Akasaka 2-chome
Minato-ku, Tokyo 107-0052
Japan
Tel: (81) 3 5570 3421
Fax: (81) 3 5570 3426

LABUAN

Labuan Branch
Level 8(C), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Labuan
Federal Territory Malaysia
Tel: (087) 423 381/82
Fax: (087) 423 390

MALAYSIA

OCBC Bank (Malaysia) Berhad
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5034
Fax: (603) 2698 4363
www.ocbc.com.my
OCBC Contact Centre:
Within Malaysia
Tel: 1300 88 5000 (Personal)
Tel: 1300 88 7000 (Corporate)
Outside Malaysia
Tel: (603) 8317 5000 (Personal)
Tel: (603) 8317 5200 (Corporate)

OCBC Bank (Malaysia) Berhad has 29 branches in Malaysia.

Principal Network

OCBC Al-Amin Bank Berhad
25th floor, Wisma Lee Rubber
1 Jalan Melaka
50100 Kuala Lumpur
Malaysia
Tel: (603) 2034 5034
Fax: (603) 2698 4363
General enquiries:
Within Malaysia
Tel: 1300 88 0310 (Personal)
Tel: 1300 88 0255 (Corporate)
Outside Malaysia
Tel: (603) 8314 9310 (Personal)
Tel: (603) 8314 9090 (Corporate)

OCBC Al-Almin Bank Berhad has five branches in Malaysia.

SOUTH KOREA
Seoul Branch
Seoul Finance Centre
9th Floor, 84 Taepyung-ro,1-ka
Chung-ku, Seoul 100-768
Republic of Korea
Tel: (82) 2 754 4355
Fax: (82) 2 754 2343

TAIWAN
Taipei Branch
205 Tun Hwa North Road
Bank Tower
Suite 203, 2nd Floor
Taipei 105, Taiwan
Republic of China
Tel: (886) 2 2718 8819
Fax: (886) 2 2718 0138

THAILAND
Bangkok Branch
Unit 2501 – 2, 25th Floor
Q House Lumpini
1 South Sathorn Road
Tungmahamek,
Bangkok 10120
Thailand
Tel: (66) 2 287 9888
Fax: (66) 2 287 9898

UNITED KINGDOM
London Branch
8th Floor, Aldermary House
10 – 15 Queen Street
London EC4N 1TX
United Kingdom
Tel: (44) 20 7653 0900
Fax: (44) 20 7489 1132

UNITED STATES OF AMERICA
Los Angeles Agency
801 South Figueroa Street
Suite 970
Los Angeles CA 90017
United States of America
Tel: (1) 213 624 1189
Fax: (1) 213 624 1386

New York Agency
1700 Broadway 18/F
New York NY 10019
United States of America
Tel: (1) 212 586 6222
Fax: (1) 212 586 0636

VIETNAM
Ho Chi Minh City Branch
Unit 708 – 709, Level 7
Saigon Tower
29 Le Duan Street
District 1
Ho Chi Minh City
Vietnam
Tel: 84 (8) 3823 2627
Fax: 84 (8) 3823 2611

SINGAPORE ISLAND BANK LIMITED
Registered Address:
65 Chulia Street
#29-00 OCBC Centre
Singapore 049513
www.singaporeislandbank.com

Business Address:
63 Chulia Street
#08-00 OCBC Centre East
Singapore 049514
Tel: 1800 438 3883/
(65) 6438 3883 (from overseas)
Fax: (65) 6438 3718

PRIVATE BANKING
Bank of Singapore Limited
Singapore (Regional Office)
9 Raffles Place #08-01
Republic Plaza
Singapore 048619
Tel: (65) 6559 8000
Fax: (65) 6559 8180
www.bankofsingapore.com

INSURANCE
Great Eastern Holdings Ltd
1 Pickering Street #13-01
Great Eastern Centre
Singapore 048659
Tel: (65) 6248 2000
Fax: (65) 6532 2214
www.lifeisgreat.com.sg

ASSET MANAGEMENT
Lion Global Investors Ltd
One George Street #08-01
Singapore 049145
Tel: (65) 6417 6800
Fax: (65) 6417 6801
www.lookforlion.com

NOMINEES
SINGAPORE
Oversea-Chinese Bank Nominees Private Limited
65 Chulia Street
#11-00 OCBC Centre
Singapore 049513
Tel: (65) 6530 1235
Fax: (65) 6533 3770

AUSTRALIA
OCBC Nominees (Australia) Pty Limited
Level 2
75 Castlereagh Street
Sydney NSW 2000
Australia
Tel: (61) 2 9235 2022
Fax: (61) 2 9221 4360

HONG KONG SAR
OCBC Nominees (Hong Kong) Limited
9/F, Nine Queen's Road Central
Hong Kong SAR
Tel: (852) 2840 6200
Fax: (852) 2845 3439

MALAYSIA
Malaysia Nominees (Asing) Sendirian Berhad
Malaysia Nominees (Tempatan) Sendirian Berhad
13th Floor
Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5929
Fax: (603) 2698 4420/
(603) 2694 3691

OCBC Advisers (Malaysia) Sdn Bhd
13th Floor, Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5649
Fax: (603) 2691 6616

OCBC Capital (Malaysia) Sdn Bhd
13th Floor, Menara OCBC
18 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia
Tel: (603) 2034 5649
Fax: (603) 2691 6616

PROPERTY MANAGEMENT
OCBC Property Services Private Limited
18 Cross Street #11-01/03
China Square Central
Singapore 048423
Tel: (65) 6533 0818
Fax: (65) 6536 1464

STOCKBROKING
OCBC Securities Private Limited
18 Church Street #01-00
OCBC Centre South
Singapore 049479
Tel: (65) 6535 2882
Fax: (65) 6538 9115

TRUSTEE
OCBC Trustee Limited
65 Chulia Street #11-00
OCBC Centre
Singapore 049513
Tel: (65) 6530 1675
Fax: (65) 6538 6916

Financial Calendar

Announcement of annual results for 2009	19 February 2010
Annual General Meeting	16 April 2010
Announcement of first quarter results for 2010	5 May 2010
Payment of 2009 final dividend on ordinary shares (subject to shareholders' approval at AGM)	June 2010
Payment of semi-annual dividend on preference shares (subject to approval of the Board)	21 June 2010
Announcement of second quarter results for 2010	August 2010
Payment of 2010 interim dividend (subject to approval of the Board)	October 2010
Announcement of third quarter results for 2010	November 2010
Payment of semi-annual dividend on preference shares (subject to approval of the Board)	20 December 2010

Notes

Notice of Annual General Meeting

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)
Company Registration Number: 193200032W

NOTICE IS HEREBY GIVEN that the Seventy-Third Annual General Meeting of Oversea-Chinese Banking Corporation Limited ("the Bank") will be held at Raffles City Convention Centre, Level 4, 2 Stamford Road, Singapore 178882, on Friday, 16 April 2010 at 2.30 p.m. to transact the following business:

1 To receive and consider the audited Accounts for the financial year ended 31 December 2009 and the reports of the Directors and Auditors thereon.

2 To re-appoint the following Directors under section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting [(1)]:

(a) Mr Lee Seng Wee
(b) Mr Patrick Yeoh Khwai Hoh

3 To re-elect the following Directors retiring by rotation [(2)]:

(a) Mr David Philbrick Conner
(b) Professor Neo Boon Siong

4 To approve a final one-tier tax exempt dividend of 14 cents per ordinary share, in respect of the financial year ended 31 December 2009.

5 To approve the remuneration of the non-executive Directors of the Bank for the financial year ended 31 December 2009 comprising the following:

(a) Directors' Fees of S$1,746,000 (2008: S$1,620,000).

(b) 6,000 ordinary shares in the capital of the Bank for each non-executive Director of the Bank (2008: 4,800 ordinary shares), and for this purpose to pass the following Resolution with or without amendments as an ordinary resolution:

That:

(i) pursuant to Article 140 of the Articles of Association of the Bank, the Directors of the Bank be and are hereby authorised to allot and issue an aggregate of 60,000 ordinary shares in the capital of the Bank (the "Remuneration Shares") as bonus shares for which no consideration is payable, to The Central Depository (Pte) Limited for the account of:

(1) Mr Bobby Chin Yoke Choong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(2) Mrs Fang Ai Lian (or for the account of such depository agent as she may direct) in respect of 6,000 Remuneration Shares;
(3) Mr Giam Chin Toon (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(4) Mr Lee Seng Wee (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(5) Dr Lee Tih Shih (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(6) Mr Colm Martin McCarthy (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(7) Professor Neo Boon Siong (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(8) Mr Pramukti Surjaudaja (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares;
(9) Mr Wong Nang Jang (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares; and
(10) Mr Patrick Yeoh Khwai Hoh (or for the account of such depository agent as he may direct) in respect of 6,000 Remuneration Shares,

as payment in part of their respective non-executive Directors' remuneration for the financial year ended 31 December 2009, the Remuneration Shares to rank in all respects *pari passu* with the existing ordinary shares; and

(ii) any Director of the Bank or the Secretary be authorised to do all things necessary or desirable to give effect to the above.

6 To appoint Auditors and fix their remuneration.

As Special Business

To consider and, if thought fit, to pass the following Resolutions with or without amendments as ordinary resolutions:

7 That authority be and is hereby given to the Directors of the Bank to:

(I) (i) issue ordinary shares in the capital of the Bank ("ordinary shares") whether by way of rights, bonus or otherwise; and/or

[(1)] Mr Wong Nang Jang, having attained the age of 70, will cease to hold office at the conclusion of the Seventy-Third Annual General Meeting pursuant to section 153 of the Companies Act, Cap. 50, but will not be standing for re-appointment thereat.
[(2)] Mr Giam Chin Toon will also retire by rotation under Article 95 of the Bank's Articles of Association, but will not be offering himself for re-election.

Notice of Annual General Meeting

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)
Company Registration Number: 193200032W

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require ordinary shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares,

on a *pro rata* basis to shareholders of the Bank, at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit; and

(II) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue ordinary shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of ordinary shares to be issued pursuant to this Resolution 7 (including ordinary shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution 7) shall not exceed 50 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares (as calculated in accordance with paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of ordinary shares that may be issued under paragraph (1) above, the total number of issued ordinary shares in the capital of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares in the capital of the Bank excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of ordinary shares;

(3) in exercising the authority conferred by this Resolution, the Bank shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Bank; and

(4) (unless revoked or varied by the Bank in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Bank or the date by which the next Annual General Meeting of the Bank is required by law to be held, whichever is the earlier.

8 That authority be and is hereby given to the Directors of the Bank to:

(I) offer and grant options in accordance with the provisions of the OCBC Share Option Scheme 2001 (the "2001 Scheme") and/or grant rights to subscribe for ordinary shares in accordance with the provisions of the OCBC Employee Share Purchase Plan (the "Plan"); and

(II) allot and issue from time to time such number of ordinary shares in the capital of the Bank as may be required to be issued pursuant to the exercise of options under the 2001 Scheme and/or such number of ordinary shares in the capital of the Bank as may be required to be issued pursuant to the exercise of rights to subscribe for ordinary shares under the Plan,

provided that the aggregate number of new ordinary shares to be issued pursuant to the 2001 Scheme and the Plan shall not exceed 5 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares from time to time.

9 That authority be and is hereby given to the Directors of the Bank to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme.

10 That:

(I) authority be and is hereby given to the Directors of the Bank to:

(i) allot and issue preference shares referred to in Articles 7A, 7B, 7C, 7D, 7E, 7F, 7G, 7H, 7I, 7J, 7K, 7L and 7M of the Articles of Association of the Bank, other preference shares or non-voting shares in the capital of the Bank whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options that might or would require preference shares referred to in sub-paragraph (i) above or non-voting shares to be issued, not being ordinary shares to which the authority referred to in Resolution 7 above relates,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue preference shares referred to in sub-paragraph (i) above or non-voting shares in pursuance of any offers, agreements or options made or granted by the Directors while this Resolution was in force; and

Notice of Annual General Meeting

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)
Company Registration Number: 193200032W

(II) (unless revoked or varied by the Bank in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Bank or the date by which the next Annual General Meeting of the Bank is required by law to be held, whichever is the earlier.

PETER YEOH
Secretary

Singapore
30 March 2010

Notes: A member of the Bank entitled to attend and vote at the above Meeting may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Bank. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Bank at M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, not less than 48 hours before the time set for holding the Meeting.

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)
Company Registration Number: 193200032W

Dear Members

We set out below a statement regarding the effect of the resolutions under item 5(b) and under "Special Business" in items 7, 8, 9 and 10 of the Notice of the forthcoming Annual General Meeting, namely –

The Ordinary Resolution set out in item 5(b) authorises the Directors of the Bank to issue ordinary shares in the capital of the Bank to certain non-executive Directors as part of their remuneration for the financial year ended 31 December 2009 ("FY 2009"). A non-executive Director of the Bank is only eligible for the award of ordinary shares if he has served a full annual term, that is, from 1 January to 31 December of the year preceding the award. The non-executive Directors who are eligible for, and will receive, the award of ordinary shares as part of their remuneration for FY 2009 are Mr Bobby Chin Yoke Choong, Mrs Fang Ai Lian, Mr Giam Chin Toon, Mr Lee Seng Wee, Dr Lee Tih Shih, Mr Colm Martin McCarthy, Professor Neo Boon Siong, Mr Pramukti Surjaudaja, Mr Wong Nang Jang and Mr Patrick Yeoh Khwai Hoh.

It is proposed that, for FY 2009, 6,000 ordinary shares be issued to each non-executive Director named above (2008: 4,800 ordinary shares). The number of ordinary shares to be issued is proposed to be increased for FY 2009 given the more certain economic recovery and improved results achieved by the Bank, and also in view of the increasing corporate governance responsibilities of the Directors. The proposed award of ordinary shares is in addition to the Directors' fees in cash to be proposed under item 5(a).

Dr Cheong Choong Kong, non-executive Director and Chairman of the Bank, has declined to accept any award of remuneration shares for the financial year ended 31 December 2009.

The issue of ordinary shares under item 5(b) will be made pursuant to Article 140 of the Articles of Association of the Bank by way of the issue of bonus shares for which no consideration is payable. Such ordinary shares will, upon issue, rank *pari passu* with the existing ordinary shares in the capital of the Bank. The Singapore Exchange Securities Trading Limited (the "SGX-ST") has given approval in-principle for the listing and quotation of such ordinary shares. Such approval is subject to (a) compliance with the SGX-ST's listing requirements, and (b) Shareholders' approval at the Annual General Meeting to be convened. The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the proposed issue, such ordinary shares the Bank and/or its subsidiaries.

The non-executive Directors who will each, subject to Shareholders' approval, be awarded 6,000 ordinary shares as part of their remuneration for FY 2009, will abstain from voting in respect of, and will procure their associates to abstain from voting in respect of, the Ordinary Resolution set out in item 5(b), being the Ordinary Resolution relating to the proposed issue of ordinary shares to each of them respectively to be proposed at the forthcoming Annual General Meeting.

Special Business

The Ordinary Resolution set out in item 7 authorises the Directors of the Bank from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue ordinary shares in the capital of the Bank and to make or grant instruments (such as warrants or debentures) convertible into ordinary shares ("Instruments"), and to issue ordinary shares in pursuance of such Instruments, on a *pro rata* basis to shareholders of the Bank, provided that the aggregate number of ordinary shares to be issued pursuant to such Ordinary Resolution shall not exceed fifty per cent. (50%) of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares .

For the purpose of determining the aggregate number of ordinary shares that may be issued pursuant to such Ordinary Resolution, the total number of issued ordinary shares in the capital of the Bank excluding treasury shares shall be based on the total number of issued ordinary shares in the capital of the Bank excluding treasury shares at the time such Ordinary Resolution is passed, after adjusting for (a) new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time such Ordinary Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of ordinary shares. For the avoidance of doubt, any consolidation or subdivision of ordinary shares in the capital of the Bank will require Shareholders' approval. The Directors will only issue ordinary shares under this Ordinary Resolution if they consider it necessary and in the interests of the Bank.

The Ordinary Resolution set out in item 8 authorises the Directors to offer and grant options in accordance with the provisions of the OCBC Share Option Scheme 2001 (the "2001 Scheme") and/or to grant rights to subscribe for ordinary shares in accordance with the provisions of the OCBC Employee Share Purchase Plan (the "Plan"), and to allot and issue ordinary shares under the 2001 Scheme and the Plan. Although the Rules of the 2001 Scheme provide that the aggregate number of new ordinary shares which may be issued pursuant to the 2001 Scheme shall not exceed 10 per cent. of the total number of issued ordinary shares in the capital of the Bank from time to time, and the Rules of the Plan provide that the aggregate number of new ordinary shares which may be issued pursuant to the Plan, when aggregated with the aggregate number of new ordinary shares which may be issued pursuant to the OCBC Executives' Share Option Scheme 1994 and the 2001 Scheme, shall not exceed 15 per cent. of the total number of issued ordinary shares in the capital of the Bank from time to time, the Ordinary Resolution set out in item 8 provides for a lower limit, namely, that the aggregate number of new ordinary shares which may be issued pursuant to the 2001 Scheme and the Plan shall not exceed 5 per cent. of the total number of issued ordinary shares in the capital of the Bank excluding treasury shares from time to time, as the Bank does not anticipate that it will require a higher limit before the next Annual General Meeting.

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)
Company Registration Number: 193200032W

The Ordinary Resolution set out in item 9 authorises the Directors of the Bank to issue ordinary shares pursuant to the Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

The Ordinary Resolution set out in item 10 authorises the Directors of the Bank from the date of the forthcoming Annual General Meeting until the next Annual General Meeting to issue preference shares referred to in Articles 7A, 7B, 7C, 7D, 7E, 7F, 7G, 7H, 7I, 7J, 7K, 7L and 7M of the Articles of Association of the Bank, other preference shares or non-voting shares in the capital of the Bank and/or to make or grant offers, agreements or options that might or would require such preference shares or non-voting shares to be issued. The Directors will only issue such preference shares or non-voting shares under this Resolution if they consider it necessary and in the interests of the Bank.

PETER YEOH
Secretary

Singapore
30 March 2010

Proxy Form

Oversea-Chinese Banking Corporation Limited (Incorporated In Singapore)
Company Registration Number: 193200032W

IMPORTANT:
1. If you have purchased Ordinary Shares using your CPF funds or hold non-cumulative non-convertible preference shares in the capital of the Bank, this Annual Report is forwarded to you for your information only and this Proxy Form is not valid for use by you.
2. CPF investors who wish to attend the Annual General Meeting as observers must submit their requests through their CPF Approved Nominees within the time frame specified. Any voting instructions must also be submitted to their CPF Approved Nominees within the time frame specified to enable them to vote on the CPF investor's behalf.

I/We, ____

of ____

being a shareholder/shareholders of the abovenamed Bank, hereby appoint

Name	Address	NRIC/Passport No	Proportion of Shareholdings (%)

and/or (delete as appropriate)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Bank to be held at Raffles City Convention Centre, Level 4, 2 Stamford Road, Singapore 178882, on Friday, 16 April 2010 at 2.30 p.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	Ordinary Resolutions	For	Against
1	Adoption of Reports and Accounts		
2 (a)	Re-appointment of Mr Lee Seng Wee		
2 (b)	Re-appointment of Mr Patrick Yeoh Khwai Hoh		
3 (a)	Re-election of Mr David Philbrick Conner		
3 (b)	Re-election of Professor Neo Boon Siong		
4	Approval of final one-tier tax exempt dividend		
5 (a)	Approval of amount proposed as Directors' Fees in cash		
5 (b)	Approval of allotment and issue of ordinary shares to certain non-executive Directors		
6	Appointment of Auditors and fixing their remuneration		
7	Authority to allot and issue ordinary shares on a *pro rata* basis		
8	Authority to grant options and/or rights to subscribe for ordinary shares and allot and issue ordinary shares (OCBC Share Option Scheme 2001 and OCBC Employee Share Purchase Plan)		
9	Authority to allot and issue ordinary shares pursuant to OCBC Scrip Dividend Scheme		
10	Authority to allot and issue preference/non-voting shares		

Dated this ____________ day of ____________ 2010.

Total Number of Ordinary Shares Held

____
Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of ordinary shares ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. An ordinary shareholder ("Shareholder") of the Bank entitled to attend and vote at a meeting of the Bank is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a Shareholder of the Bank.

3. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the Share Registration Office of the Bank at M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, not less than 48 hours before the time set for holding the Annual General Meeting. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the Annual General Meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.

6. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with section 179 of the Companies Act, Cap. 50 of Singapore.

7. The Bank shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a Shareholder whose Shares are entered in the Depository Register, the Bank may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Bank.

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BUSINESS REPLY SERVICE
PERMIT NO. 07548

Oversea-Chinese Banking Corporation Limited
c/o M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

3rd fold along this line and glue overleaf. Do not staple.

Request for Chinese Annual Report

Oversea-Chinese Banking Corporation Limited (Incorporated In Singapore)
Company Registration Number: 193200032W

Please send *me/us a Chinese version of the OCBC Bank 2009 Annual Report.

Name: ______________________________

Unit No.: ______________________________

Block No.: ______________________________

Building Name: ______________________________

Street Name: ______________________________

Postal Code: ______________________________

Country: ______________________________

* Please delete where appropriate

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BUSINESS REPLY SERVICE
PERMIT NO. 07547

The Company Secretary
Oversea-Chinese Banking Corporation Limited
65 Chulia Street #08-00
OCBC Centre
Singapore 049513

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Corporate Profile

OCBC Bank, established in 1912, is the second largest financial services group in Southeast Asia by assets. It is among the world's highest rated banks, with a long term credit rating of Aa1 from Moody's. OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of more than 500 branches and representative offices in 15 countries and territories, including 382 branches and offices in Indonesia operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets, and its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

Corporate Information

BOARD OF DIRECTORS
Dr Cheong Choong Kong
Chairman

Mr Bobby Chin
Mr David Conner
Mrs Fang Ai Lian
Mr Giam Chin Toon, S.C.
Mr Lee Seng Wee
Dr Lee Tih Shih
Mr Colm McCarthy
Professor Neo Boon Siong
Mr Pramukti Surjaudaja
Mr Wong Nang Jang
Mr Patrick Yeoh

NOMINATING COMMITTEE
Mr Wong Nang Jang
Chairman

Dr Cheong Choong Kong
Mrs Fang Ai Lian
Mr Giam Chin Toon, S.C.
Mr Lee Seng Wee

EXECUTIVE COMMITTEE
Dr Cheong Choong Kong
Chairman

Mr David Conner
Mr Lee Seng Wee
Mr Wong Nang Jang
Mr Patrick Yeoh

AUDIT COMMITTEE
Mr Bobby Chin
Chairman

Mr Giam Chin Toon, S.C.
Mr Colm McCarthy
Professor Neo Boon Siong

REMUNERATION COMMITTEE
Mr Wong Nang Jang
Chairman

Dr Cheong Choong Kong
Mrs Fang Ai Lian
Dr Lee Tih Shih

RISK COMMITTEE
Mr Patrick Yeoh
Chairman

Dr Cheong Choong Kong
Mr David Conner
Mr Colm McCarthy
Professor Neo Boon Siong
Mr Pramukti Surjaudaja

SECRETARY
Mr Peter Yeoh

REGISTERED OFFICE
65 Chulia Street
#26-00 OCBC Centre
Singapore 049513
Tel: (65) 6318 7222 (Main Line)
Fax: (65) 6533 7955
Email: ContactUs@ocbc.com
Website: www.ocbc.com

SHARE REGISTRATION OFFICE
M&C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906
Tel: (65) 6223 3036

AUDITORS
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Tel: (65) 6213 3388

PARTNER IN CHARGE OF THE AUDIT
Mr Ong Pang Thye
(Year of Appointment: 2006)

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OCBC Bank

Oversea-Chinese Banking Corporation Limited
(Incorporated in Singapore)

Company Registration Number: 193200032W