

2001

GROUP FINANCIAL RESULTS

For The Financial Year Ended
31 December 2001

27 February 2002

Contents

Media Release	1
Financial Review	5
Highlights	5
Financial Summary	6
Net Interest Income	7
Non-Interest Income	9
Operating Expenses	10
Provision Charge	11
Loans and Advances	12
Non-Performing Loans	13
Cumulative Provisions	15
Exposure to the Five Regional Countries, Hong Kong and China	16
Deposits	17
Dividends	18
Capital Adequacy Ratios	19
Valuation Surplus	20
Performance by Business Segment	21
Performance by Geographical Segment	25
Appendix I: Group Income Statement	26
Appendix II: Group Balance Sheet	27
Appendix III: Statement of Changes in Shareholders' Equity – Group	28
Appendix IV: Consolidated Cash Flow Statement	29



Media Release

OCBC GROUP REPORTS NET PROFIT OF S\$785 MILLION IN 2001

Singapore, 27 February 2002 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported today that its Group net profit for the year ended 31 December 2001 fell 6.5% to S\$785 million. The decline was largely due to higher provisions, which more than offset a 25.7% growth in operating profit.

The weaker economic environment, especially during the second half of 2001, necessitated an increase in specific provisions to ensure a comfortable level of coverage. The Group’s provision charge rose by S\$379 million to S\$518 million. Of this increase, S\$236 million was due to higher specific provisions, largely to cover declines in collateral value of existing non-performing loans (NPLs) and, to a smaller extent, to provide for new NPLs. The remaining S\$143 million of the provision increase was due to a general provision charge of S\$2 million in 2001 compared to a write-back of S\$141 million in 2000.

Operating profit was boosted by a pretax gain of S\$260 million from the disposal of Overseas Union Bank (OUB) shares held by the Group (included under “Other income”). Excluding this gain, operating profit showed an increase of 1.5%, underpinned by higher net interest income and fee and commission income, and a moderation in cost increases.

While the results included four and a half months’ contribution from Keppel Capital Holdings (KCH), the contribution of KCH was more than offset by the costs relating to its acquisition, given that cost savings will only start to be realised in 2002, when the various businesses are integrated. On a proforma basis – excluding the KCH contribution and the acquisition-related costs – the Group’s net profit of S\$838 million was largely sustained at 2000’s level.

The Group’s earnings per share in 2001 was S\$0.61, and return on shareholders’ funds was 9.4%. Net tangible assets per share fell by 19.6% from S\$6.34 to S\$5.10 after the deduction of goodwill of S\$2.20 billion associated mainly with the acquisition of KCH. Including the unrealised valuation surplus of S\$3.59 billion (S\$2.79 per share), the adjusted net tangible assets per share was S\$7.89.

A final dividend of 13 cents per share has been proposed, bringing the total dividends for 2001 to 18 cents.

Impact of KCH Acquisition

KCH’s accounts were consolidated from 16 August 2001. Its after-tax profit contribution to the Group amounted to S\$81 million (S\$85 million pretax), but this was offset by acquisition-related costs. At the pretax level, the acquisition-related costs amounted to S\$151 million, comprising S\$45 million in amortised goodwill, S\$32 million in integration costs and S\$74 million in net interest expense relating to the S\$3.88 billion Upper Tier 2 subordinated debt issued in July 2001.

To provide a more meaningful comparison with the previous year, the remaining sections of this media release, unless otherwise stated, refer to the Group's performance on a proforma basis, i.e. excluding the four and a half months' contribution from KCH and excluding the acquisition-related costs (amortised goodwill, integration costs and subordinated debt interest cost).

Income Resilient despite Weak Economic Environment

In spite of a difficult operating environment in its two main markets – Singapore and Malaysia – the Group managed to sustain its income. Both net interest income and fee and commission income rose slightly compared to 2000. The disposal of OUB shares contributed S\$260 million to other income. Excluding this gain, total income of the Group rose 3.1% to S\$1,780 million.

Net interest income rose a marginal 0.9% to S\$1,271 million. Average interest earning assets rose 8.7%, offset partly by a 17-basis point decline in net interest margin to 2.16% due mainly to the low interest rate environment and lower customer spreads. Fee and commission income edged up 1.5% to S\$259 million. Non-brokerage fee and commission income rose 11.8%, led by higher income from loan-related fees, bancassurance, unit trust distribution and credit cards. Brokerage income fell 29.5% as a result of the lower stock market turnover and the fall in stockbroking commission rates.

Expenses Under Control

While the Group continued to strengthen its capabilities in a number of areas, cost control measures undertaken early in the year resulted in a significant moderation in costs. Operating expenses rose by 13.0% in 2001 compared to an increase of 26.9% in 2000, with the year-on-year increase decelerating from 24.8% in the first half to 3.6% in the second half. The Group had deferred non-essential projects in the first quarter of 2001, and also imposed a headcount freeze in April 2001 followed by a hiring freeze in July 2001 in preparation for the acquisition of KCH. The cost-to-income ratio was 36.3% in 2001 compared to 38.0% in 2000. Excluding the gain from disposal of OUB shares, the cost-to-income ratio was 41.6%.

Higher Provisioning

The provision charge (excluding KCH) rose by S\$312 million or 224% to S\$451 million. Of the increase of S\$312 million, S\$176 million came from higher specific provisions for loan losses, while S\$136 million was due to lower general provision write-backs. The higher specific provisions were largely for existing NPLs (as at end-2000) in Singapore and Malaysia, as the economic downturn had resulted in a decline in the value of collateral. In addition, some specific provisions were made for new NPLs classified in 2001. There was a minimal write-back of general provisions in 2001, against the previous year's write-back of S\$141 million.

As a result of the higher provisioning, the Group's overall provision coverage has improved from 58.8% at end-2000 to 62.8% at end-2001 (64.7% including KCH).

Loans Grew 8.2% while NPLs fell 12.6%

Gross customer loans rose by 8.2% to S\$38.13 billion, boosted by increases in housing loans, loans to the transport and communication sector and loans to non-bank financial institutions. Given the economic environment, the Group's focus was on protecting asset quality, and loan growth was targeted largely at top-tier corporates and secured consumer credit such as housing loans and car loans.

Pro-active management of NPLs resulted in a decline in the Group's non-performing loans (NPLs) to S\$3.58 billion at end-2001, which was 12.6% lower than at end-2000 and 8.8% lower than at June 2001. The overall NPL ratio fell from 11.5% at end-2000 to 9.3% at end-2001 (9.7% including KCH).

Integration of KCH

Following the completion of the KCH acquisition in August 2001, the Group has successfully effected a smooth integration of the two banking groups. The respective Finance, Asset Management and Futures & Bullion subsidiaries of KCH and OCBC Bank were legally and operationally merged on 2 January 2002, followed by the Securities subsidiaries on 28 January 2002. The "Operational Day One" for OCBC Bank and Keppel TatLee Bank (KTB) took place on 25 February 2002, when the two banks were merged, not only in name, but as a single operating entity serving the combined customer base of both banks. With the crossover, customers of both banks now enjoy common servicing capabilities across all channels, including branches, ATMs, Internet banking, call center and phone banking. Products and services were also aligned under the OCBC brand, with similar pricing and features.

With an enhanced distribution network and common platform serving a larger customer base, OCBC Group is now in a good position to leverage its income streams and achieve revenue synergies from the merger. Ex-KTB customers have access to the full suite of OCBC Bank products, particularly wealth management products such as bancassurance and unit trusts. Likewise, OCBC Bank customers have access to the best-in-breed products of ex-KTB such as Prestige Credit and E-Products.

To achieve an optimal and cost-effective distribution network, the Group has to-date closed 20 bank branches and sales centres and 7 finance company branches in Singapore, and 2 branches and 7 representative offices overseas. The rationalisation of other branches, and the bulk of the staff rationalisation, are expected to take place in the remaining months of 2002. By the end of 2002, the Group expects to have a total of 62 bank branches and sales centres, and 15 finance company branches in Singapore. Outside of Singapore, customers will be served by a network of 45 branches, 4 representative offices and 1 joint venture bank in 14 countries.

The Group expects to realise annual cost savings of around S\$100 million (in today's dollars) by 2004. Approximately 55% of the annual cost savings are expected to be realised by 2002, and 95% by 2003. Cost savings will be derived from the rationalisation of domestic and international branches, elimination of duplication in technology, operations, corporate functions, business profit centres, and the integration of subsidiaries.

Total cash outlay in respect of the integration is estimated at S\$111 million, of which S\$24 million has been taken as a fair value adjustment to the net assets of KCH on acquisition. Further, S\$32 million has been charged to the 2001 Income Statement, and another S\$26 million are expected to be charged in 2002. The remainder will be amortised as capital expenditure over 2003 to 2008.

Commenting on the integration, Mr Alex Au, Vice Chairman and CEO of OCBC Bank, said: “Right from the start, the management and staff of both banking groups have worked closely together to implement the integration plans effectively at both the operational and customer-facing levels. The key priority is to minimise inconvenience to our customers and achieve a smooth and seamless integration. We have certainly achieved this objective.”

“The smooth integration of KCH and its subsidiaries in such a short period of time is testimony to the hard work, resolve and commitment of our staff. But the tasks do not end here. Going forward, the management and staff of OCBC Group will remain fully committed to delivering the synergies and value that the combined organisation offers, for the benefit of all our stakeholders – customers, shareholders and employees.”

FINANCIAL REVIEW

Highlights

- ◆ Group net profit declined by 6.5% to S\$785 million (2000 : S\$840 million), attributed mainly to higher provisions.
- ◆ Operating profit improved by 25.7% to S\$1,347 million. Excluding an exceptional gain of S\$260 million from the disposal of shares in Overseas Union Bank (OUB), operating profit grew by 1.5%, underpinned by resilient net interest and fee income, and a moderation in cost increases.
- ◆ KCH contributed S\$81 million to Group net profit, but this was offset by acquisition-related costs of S\$134 million. Excluding KCH's contribution and acquisition-related costs, proforma net profit of the Group was S\$838 million, maintained at 2000's level.
- ◆ Earnings per share were 61 cents (2000 : 65 cents). Return on average shareholders' funds was 9.4% (2000 : 10.7%).
- ◆ Recommended final dividend is 13 cents per share, bringing the total dividends for 2001 to 18 cents. No special dividend has been recommended for 2001 in view of the need to maintain adequate capital ratios following the Group's all-cash acquisition of KCH.
- ◆ Gross loans to non-bank customers rose by 50.0% to S\$52.85 billion. Excluding KCH, loans grew 8.2% to S\$38.13 billion, led by housing loans, loans to the transport and communication sector and loans to non-bank financial institutions.
- ◆ Non-performing loans, excluding KCH, fell by 12.6% from S\$4.09 billion to S\$3.58 billion. The Group's NPL ratio fell from 11.5% at end-2000 to 9.7% at end-2001 (including KCH).
- ◆ Total capital adequacy ratio based on BIS guidelines was 18.8% (2000 : 24.1%), with Tier 1 capital ratio of 10.4% (2000 : 20.3%).
- ◆ Unrealised valuation surplus was S\$3.59 billion as at 31 December 2001, equivalent to S\$2.79 per share (2000 : S\$2.50). Including the valuation surplus and excluding the goodwill of S\$2.20 billion or S\$1.71 per share, net tangible assets per share was S\$7.89 (2000 : S\$8.85).

Financial Summary

	2001			2000		+ / (-) ⁽³⁾
	OCBC Group	Acquisition Effects ⁽¹⁾	KCH	OCBC Proforma ⁽²⁾	OCBC Group	
	S\$m	S\$m	S\$m	S\$m	S\$m	%
Selected profit and loss data :						
Net interest income	1,392	(74)	195	1,271	1,260	0.9
Fees and commissions	288	-	29	259	256	1.5
Dividends	36	-	2	34	26	28.3
Rental income	81	-	2	79	78	1.1
Other income	412	-	15	397	107	272.2
Total income	2,209	(74)	243	2,040	1,727	18.1
Less : Operating expenses	862	32	89	741	656	13.0
Operating profit	1,347	(106)	154	1,299	1,071	21.3
Less : Goodwill amortisation	49	45	-	4	-	n.m
Less : Total provisions	518	-	67	451	139	224.1
Add : Share of associated companies' results	199	-	(2)	201	221	(9.2)
Profit before tax	979	(151)	85	1,045	1,153	(9.4)
Net profit attributable to members	785	(134)	81	838	840	(0.2)
Selected balance sheet data :						
Total assets	85,226	-	-	-	59,710	42.7
Loans to customers (net of provisions)	49,609	-	-	-	32,936	50.6
Deposits of non-bank customers	54,904	-	-	-	37,942	44.7
Total shareholders' equity	8,763	-	-	-	8,155	7.5
Selected ratios :						
Return on equity (%)	9.36	-	-	-	10.66	
Return on assets (%)	1.12	-	-	-	1.53	
Earnings per share (S\$)	0.61	-	-	-	0.65	(6.6)
Gross dividends per share (S\$)						
- Interim dividend	0.05	-	-	-	0.05	-
- Special interim dividend	-	-	-	-	0.12	n.m
- Final dividend	0.13	-	-	-	0.13	-
- Special final dividend	-	-	-	-	0.10	n.m
Total	0.18	-	-	-	0.40	(55.0)
Net tangible assets per share (S\$)						
- Before valuation surplus	5.10	-	-	-	6.34	(19.6)
- After valuation surplus	7.89	-	-	-	8.85	(10.8)

⁽¹⁾ Acquisition effects cover restructuring costs in OCBC from the integration with KCH, amortisation of goodwill and cost of the S\$3.88 billion Upper Tier 2 subordinated debt issued in July 2001

⁽²⁾ OCBC Proforma in all tables refer to OCBC Group excluding KCH and acquisition effects, i.e. OCBC Group on a standalone basis

⁽³⁾ Percentage increase / decrease for profit and loss items refers to 2001 OCBC Proforma over 2000 OCBC Group

Net Interest Income

Net interest income for the Group increased by 10.4% to S\$1,392 million. The increase was largely due to the first-time contribution of KCH, amounting to S\$195 million, which was partly offset by S\$74 million in net interest expense from the S\$3.88 billion subordinated debt issued for the acquisition of KCH. Excluding both these effects, net interest income grew by a marginal 0.9% to S\$1,271 million, with the higher loan volume compensating for a lower net interest margin.

Average interest earning assets were 23.5% higher for the Group and 8.7% higher on a proforma basis (excluding KCH).

Average Balance Sheet ⁽¹⁾

	2001						2000		
	OCBC Group			OCBC Proforma			OCBC Group		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	S\$m	S\$m	%	S\$m	S\$m	%	S\$m	S\$m	%
Assets									
Loans and advances to non-bank customers	42,030	2,613	6.22	36,368	2,285	6.28	32,334	2,115	6.54
Placements with and loans to banks	16,025	633	3.95	14,919	593	3.97	16,536	844	5.11
Other interest earning assets ⁽²⁾	8,686	333	3.83	7,472	293	3.92	5,178	199	3.84
Total interest earning assets	66,741	3,579	5.36	58,759	3,171	5.40	54,048	3,158	5.84
Non-interest earning assets	5,774			4,202			3,818		
Total assets	72,515			62,961			57,866		
Liabilities									
Deposits of non-bank customers	45,571	1,718	3.77	40,219	1,561	3.88	38,259	1,568	4.10
Deposits and balances of banks	11,938	378	3.17	10,380	334	3.21	7,634	327	4.29
Other borrowings ⁽³⁾	2,069	91	4.36	189	5	2.66	245	3	1.25
Total interest bearing liabilities	59,578	2,187	3.67	50,788	1,900	3.74	46,138	1,898	4.11
Non-interest bearing liabilities	4,329			3,581			3,876		
Total liabilities	63,907			54,369			50,014		
Net interest income/margin		1,392	2.09		1,271	2.16		1,260	2.33

⁽¹⁾ Average balances are based on monthly averages.

⁽²⁾ Comprise debt securities, government securities and treasury bills.

⁽³⁾ Comprise debt securities issued, including the S\$3.88 billion Upper Tier 2 subordinated debt issued in July 2001, and bills payable.

Net Interest Income *continued*

The Group's net interest margin declined by 24 basis points to 2.09%, partly due to the interest expense from the subordinated debt issue. On a proforma basis, net interest margin fell by 17 basis points to 2.16% due to lower returns from surplus funds as interbank rates fell during 2001, as well as lower average customer spreads.

Volume and Rate Analysis

	2001 over 2000						2000 over 1999		
	OCBC Group			OCBC Proforma			OCBC Group		
	<i>Incr/Decr due to change in</i>			<i>Incr/Decr due to change in</i>			<i>Incr/Decr due to change in</i>		
	Volume	Rate	Net Change	Volume	Rate	Net Change	Volume	Rate	Net Change
S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	
Interest Income									
Loans and advances to non-bank customers	603	(105)	498	253	(83)	170	(39)	(21)	(60)
Placements with and loans to banks	(19)	(192)	(211)	(64)	(187)	(251)	5	194	199
Other interest earning assets	133	0	133	90	4	94	29	4	33
Total	717	(297)	420	279	(266)	13	(5)	177	172
Interest Expense									
Deposits of non-bank customers	275	(125)	150	76	(83)	(7)	37	157	194
Deposits and balances of banks	136	(85)	51	89	(82)	7	(12)	46	34
Other borrowings	80	8	88	(1)	3	2	(2)	(23)	(25)
Total	491	(202)	289	164	(162)	2	23	180	203
Net Interest Income	226	(95)	131	115	(104)	11	(28)	(3)	(31)

Non-Interest Income

	2001		2000	
	OCBC Group	OCBC Proforma	OCBC Group	+ / (-) ⁽¹⁾
	S\$m	S\$m	S\$m	%
Fee and commission income				
Brokerage	47	45	64	(29.5)
Investment banking	16	16	20	(19.7)
Trade-related	29	25	28	(9.0)
Loan-related	43	37	24	51.9
Service charges	27	25	27	(5.4)
Guarantees	14	11	11	2.3
Credit cards	22	21	18	13.3
Fund management	15	13	17	(20.9)
Unit trust distribution	32	30	27	10.8
Bancassurance	29	29	15	89.0
Others	14	7	5	44.7
Total	<u>288</u>	<u>259</u>	<u>256</u>	1.5
Dividends	36	34	26	28.3
Rental income	81	79	78	1.1
Other income				
Dealing in foreign exchange	33	32	15	115.2
Dealing in securities	68	38	4	1,004.9
Disposal of investment securities	256	276	24	1,028.6
Sale of properties	8	8	10	(20.2)
Others	47	43	54	(21.3)
Total	<u>412</u>	<u>397</u>	<u>107</u>	272.2
Total non-interest income	<u>817</u>	<u>769</u>	<u>467</u>	64.8
Fees and Commissions/Total Income	13.0%	12.7%	14.8%	
Non-Interest Income/Total Income	37.0%	37.7%	27.0%	

⁽¹⁾ Percentage increase / decrease refers to 2001 OCBC Proforma over 2000 OCBC Group

Total non-interest income for the Group grew by 75.2% to S\$817 million, accounting for 37% of total income in 2001. Excluding the S\$48 million contribution from KCH, non-interest income grew by 64.8% to S\$769 million, primarily due to a gain of S\$260 million from the disposal of OUB shares held by the Group. Income from dealing in foreign exchange and securities also rose significantly.

Fees and commissions, excluding the contribution of KCH, rose by 1.5% to S\$259 million, lifted by non-brokerage income which grew by 11.8% from the previous year. Income from bancassurance, loan-related activities, unit trust distribution and credit cards all registered double-digit growth. However, brokerage income fell 29.5%, reflecting the contraction in stock market turnover and the fall in stockbroking commission rates.

Operating Expenses

	2001			2000		+ / (-) ⁽¹⁾ %
	OCBC Group	Acquisition Effects	KCH	OCBC Proforma	OCBC Group	
	S\$m	S\$m	S\$m	S\$m	S\$m	
Staff costs						
Salaries and other costs	416	-	44	372	311	19.5
Provident fund contribution	49	-	5	44	29	50.9
Directors' emoluments	11	-	1	10	10	2.5
Total staff costs	476	-	50	426	350	21.6
Premises and equipment						
Depreciation of fixed assets	71	-	12	59	53	12.8
Amortisation of computer software costs	10	-	-	10	6	79.8
Maintenance and hire of fixed assets	24	-	2	22	17	23.7
Rental of premises	28	-	2	26	22	15.8
Others	61	-	7	54	45	19.1
Total premises and equipment costs	194	-	23	171	143	19.2
Restructuring and other integration costs	32	32	-	-	-	n.m.
Other operating expenses	160	-	16	144	163	(11.2)
Total operating expenses	862	32	89	741	656	13.0
Group staff strength - year end	8,567	-	1,966	6,601	6,549	0.8
Group staff strength - average	7,519	-	851	6,668	6,273	6.3
Cost-to-income ratio	39.0%	-	36.6%	36.3%	38.0%	

⁽¹⁾ Percentage increase / decrease refers to 2001 OCBC Proforma over 2000 OCBC Group

The Group's operating expenses increased by 31.5% or S\$206 million to S\$862 million. This includes KCH's operating expenses of S\$89 million and a cost of S\$32 million relating to the integration of KCH. Excluding both of these items, the underlying cost increase has moderated to 13.0%, compared to 26.9% in 2000. In particular, the year-on-year cost increase in the second half of 2001 was 3.6% compared with 24.8% in the first half of 2001, reflecting the impact of cost control measures undertaken earlier in the year. The Group had deferred non-essential projects in the first quarter of 2001, taking into account the business conditions. It also imposed a headcount freeze in April 2001, followed by a hiring freeze in July 2001 on account of the acquisition of KCH.

On a proforma basis, the 13.0% rise in operating expenses came largely from higher staff costs and premises and equipment costs, reflecting the Group's investments in capability building. Higher base salaries, the hike in employers' CPF contribution rate and a higher average staff strength contributed to the 21.6% rise in staff costs. In addition, the introduction of SAS 17 (Statement of Accounting Standard), which requires companies to provide for the balance of accrued staff leave, contributed S\$13 million to staff costs. Premises and equipment costs rose 19.2% due largely to depreciation of investments in new computer systems over the past two years. Other operating expenses fell 11.2% mainly because of lower consultancy fees.

The Group's overall cost-to-income ratio in 2001 was 39.0% (36.3% on a proforma basis), compared to 38.0% in 2000. Excluding the gain from disposal of OUB shares, the proforma cost-to-income ratio was 41.6%.

Provision Charge

	2001		2000		+ / (-) ⁽¹⁾ %
	OCBC Group S\$m	OCBC Proforma S\$m	OCBC Group S\$m		
Specific provision for loan losses					
- Singapore	227	195	79		145.4
- Malaysia	99	103	103		0.3
- Other regional countries	38	39	12		227.3
- Others	84	82	49		66.8
Sub-Total	448	419	243		72.2
General provision for loan losses					
- Five regional countries	(51)	(53)	(118)		(55.3)
- Singapore & others	53	48	(23)		n.m
Sub-Total	2	(5)	(141)		(96.2)
Specific provision for diminution in value of investment securities and other assets	68	37	37		1.6
Total charge to profit and loss	518	451	139		224.1

⁽¹⁾ Percentage increase / decrease refers to 2001 OCBC Proforma over 2000 OCBC Group

The Group's total provision charge in 2001 was S\$518 million, of which S\$67 million were provisions by KCH. Excluding KCH, provisions were S\$451 million, up S\$312 million from 2000 :

- Specific provisions for loan losses rose by S\$176 million to S\$419 million. The bulk of the specific provisions were required for existing NPLs (as at end-2000) in Singapore and Malaysia, as the economic downturn has resulted in a decline in the value of collateral. In addition, some specific provisions were made for new NPLs classified in 2001.
- Lower general provision write-backs accounted for S\$136 million of the increase. There was a S\$141 million net write-back of general provisions in 2000 compared with only S\$5 million in 2001. The 2001 figure comprised general provisions of S\$48 million made for Singapore and other non-regional countries due to the expansion in loans and debt securities, and a write-back of S\$53 million for the five regional countries.

Loans and Advances

	31 Dec 2001		31 Dec 2000		+ / (-) ⁽¹⁾ %
	OCBC Group	OCBC Proforma	OCBC Group		
	S\$m	S\$m	S\$m		
Loans to customers	52,543	37,835	34,910		8.4
Bills receivable	306	292	328		(10.9)
Gross loans to customers	52,849	38,127	35,238		8.2
Less Provisions:					
Specific provisions	(1,994)	(1,325)	(1,484)		(10.7)
General provisions	(1,246)	(822)	(818)		0.6
Net loans to customers	49,609	35,980	32,936		9.2

The Group's gross customer loans rose by 50.0% to S\$52.85 billion, of which S\$14.72 billion were contributed by KCH. Excluding KCH, gross loans grew by 8.2% to S\$38.13 billion, contributed mainly by housing loans (+19.8%), loans to the transport and communication sector (+110.8%) and loans to non-bank financial institutions (+8.4%).

Loans and advances by maturity

	31 Dec 2001				31 Dec 2000		+ / (-) ⁽¹⁾ %
	OCBC Group		OCBC Proforma		OCBC Group		
	S\$m	%	S\$m	%	S\$m	%	
Less than 7 days	11,615	22	8,583	23	10,068	29	(14.8)
1 week to 1 month	4,039	8	2,908	8	3,430	10	(15.2)
1 to 3 months	3,835	7	3,086	8	2,435	7	26.7
3 to 12 months	4,395	8	3,542	9	2,705	8	30.9
1 to 3 years	5,520	10	4,330	11	3,932	11	10.1
Over 3 years	23,445	45	15,678	41	12,668	35	23.8
	52,849	100	38,127	100	35,238	100	8.2

Loans and advances by industry

	31 Dec 2001				31 Dec 2000		+ / (-) ⁽¹⁾ %
	OCBC Group		OCBC Proforma		OCBC Group		
	S\$m	%	S\$m	%	S\$m	%	
Agriculture, mining & quarrying	503	1	428	1	394	1	8.6
Transport, storage and communication	2,786	5	2,027	5	962	3	110.8
Building and construction	9,099	17	6,938	18	6,537	19	6.1
Manufacturing	3,697	7	2,819	7	2,842	8	(0.8)
Financial institutions	9,798	18	8,404	22	7,753	22	8.4
General commerce	3,576	7	2,116	6	2,486	7	(14.9)
Professional and individuals	8,627	16	4,650	12	4,509	13	3.1
Housing	10,091	19	7,105	19	5,930	17	19.8
Others	4,672	10	3,640	10	3,825	10	(4.8)
	52,849	100	38,127	100	35,238	100	8.2

⁽¹⁾ Percentage increase / decrease refers to 2001 OCBC Proforma over 2000 OCBC Group

Non-Performing Loans

By loan grading, security coverage and countries

	Total NPLs ⁽¹⁾	Sub-standard NPLs	Doubtful NPLs	Loss NPLs	Secured NPLs as % of total NPLs	Non-bank NPLs as % of non-bank loans ⁽²⁾
	S\$m	S\$m	S\$m	S\$m	%	%
Malaysia						
31-Dec-01	1,176	856	168	152	70.2	18.0
30-Jun-01	1,182	777	181	224	59.2	18.2
31-Dec-00	964	616	180	168	55.2	14.3
Other Four Regional Countries						
31-Dec-01	259	98	125	36	17.4	39.1
30-Jun-01	223	115	108	0	25.6	49.6
31-Dec-00	312	122	165	25	23.1	62.7
Total Regional Countries						
31-Dec-01	1,435	954	293	188	60.6	20.0
30-Jun-01	1,405	891	289	225	53.9	20.3
31-Dec-00	1,277	738	345	194	47.4	17.6
Singapore						
31-Dec-01	3,441	2,350	619	472	60.9	8.6
30-Jun-01	2,221	1,530	549	142	63.5	8.9
31-Dec-00	2,492	1,797	549	146	66.3	10.6
Others						
31-Dec-01	307	150	149	8	25.0	4.7
30-Jun-01	295	174	121	0	23.7	5.9
31-Dec-00	323	186	137	0	24.2	6.6
Group Total						
31-Dec-01	5,183	3,454	1,061	668	58.7	9.7
31-Dec-01 excl KCH	3,575	2,320	931	324	58.4	9.3
30-Jun-01	3,921	2,595	960	366	57.0	10.7
31-Dec-00	4,092	2,721	1,031	340	57.0	11.5

⁽¹⁾ Comprise non-bank loans, debt securities and contingent facilities

⁽²⁾ Exclude debt securities

On a proforma basis, NPLs continued to trend down in 2001, declining by 12.6% year-on-year to S\$3.58 billion as at 31 December 2001. The bulk of the decline was derived from the Singapore portfolio, where NPL recoveries, upgrades and write-offs more than compensated for new NPLs.

Including KCH's NPLs of S\$1.61 billion, the Group's total NPLs amounted to S\$5.18 billion as at end-2001. Of these, 58.7% were secured by collateral and 18.2% were still paying interest. The Group's NPL ratio (non-bank NPLs over non-bank loans) fell from 11.5% at 31 December 2000 to 9.7% at 31 December 2001. The Singapore NPL ratio fell from 10.6% to 8.6%, while the Malaysia NPL ratio increased from 14.3% to 18.0%.

Non-Performing Loans *continued*

By industry

	31 Dec 2001				31 Dec 2000	
	OCBC Group		OCBC Proforma		OCBC Group	
	S\$m	%	S\$m	%	S\$m	%
Agriculture, mining & quarrying	38	1	24	1	58	1
Transport, storage and communication	142	3	92	3	98	3
Building and construction	1,001	19	651	18	703	17
Manufacturing	697	13	504	14	570	14
Financial institutions	1,157	22	846	24	786	19
General commerce	667	14	386	11	460	11
Professional and individuals	618	12	404	11	663	16
Housing	336	6	196	5	346	9
Others	527	10	472	13	408	10
	5,183	100	3,575	100	4,092	100

By period overdue

	31 Dec 2001				31 Dec 2000	
	OCBC Group		OCBC Proforma		OCBC Group	
	S\$m	%	S\$m	%	S\$m	%
Over 180 days	3,168	61	2,417	68	2,862	70
90 to 180 days	582	11	369	10	361	9
30 to 90 days	331	6	204	6	248	6
Less than 30 days	229	4	148	4	175	4
No overdue	873	18	437	12	446	11
	5,183	100	3,575	100	4,092	100

Cumulative Provisions

	Total cumulative provisions ⁽¹⁾	Specific provisions	General provisions	Specific provisions as % of total NPLs	Cumulative provisions as % of total NPLs	Cumulative provisions as % of unsecured NPLs
Malaysia	S\$m	S\$m	S\$m	%	%	%
31-Dec-01	721	346	375	29.5	61.3	205.6
30-Jun-01	760	419	341	35.5	64.3	157.8
31-Dec-00	725	392	334	40.6	75.2	167.9
Other Four Regional Countries						
31-Dec-01	463	192	271	74.1	178.9	216.5
30-Jun-01	226	103	123	46.2	101.4	136.3
31-Dec-00	332	182	150	58.4	106.5	138.5
Total Regional Countries						
31-Dec-01	1,184	538	646	37.5	82.5	209.7
30-Jun-01	986	522	464	37.2	70.2	152.3
31-Dec-00	1,058	574	484	45.0	82.8	157.4
Singapore						
31-Dec-01	1,889	1,378	511	40.1	54.9	140.3
30-Jun-01	1,108	816	292	36.7	49.9	136.5
31-Dec-00	1,161	871	290	34.9	46.6	138.0
Others						
31-Dec-01	282	193	89	62.7	91.6	122.2
30-Jun-01	212	158	54	53.4	71.8	94.0
31-Dec-00	186	142	44	44.0	57.5	75.9
Group Total						
31-Dec-01	3,355	2,109	1,246	40.7	64.7	156.6
31-Dec-01 excl KCH	2,247	1,424	823	39.8	62.8	151.2
30-Jun-01	2,306	1,495	811	38.1	58.8	136.9
31-Dec-00	2,405	1,587	818	38.8	58.8	136.8

⁽¹⁾ Include provisions for debt securities.

Provision coverage of NPLs increased compared to 2000, reflecting the decline in NPLs as well as the higher provision charged to income in 2001. Cumulative provisions for loan losses as at 31 December 2001 totalled S\$3.36 billion, representing 64.7% of total NPLs (2000 : 58.8%) and 156.6% of unsecured NPLs (2000 : 136.8%). Cumulative general provisions were maintained at 2.4% of total non-bank loans (net of specific provisions).

Exposure to the Five Regional Countries, Hong Kong and China

	Loans and debt securities			Investments	Total Gross Exposure	Less: Loans to and investments in subsidiaries /branches	Net Exposure	
	Bank	Central Government	Non-bank				Total	% of Group assets
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m	%
Malaysia								
31-Dec-01	1,631	1,488	7,439	650	11,208	1,390	9,818	11.5
30-Jun-01	904	1,235	7,227	643	10,009	976	9,033	14.8
31-Dec-00	831	1,441	7,467	609	10,348	857	9,491	15.9
Indonesia								
31-Dec-01	269	45	437	42	793	39	754	0.9
30-Jun-01	118	25	276	42	461	39	422	0.7
31-Dec-00	112	66	258	45	481	39	442	0.7
Thailand								
31-Dec-01	133	30	141	1	305	85	220	0.3
30-Jun-01	146	29	143	1	319	105	214	0.4
31-Dec-00	187	26	237	1	451	156	295	0.5
Korea								
31-Dec-01	301	0	52	0	353	22	331	0.4
30-Jun-01	208	0	2	0	210	22	188	0.3
31-Dec-00	75	0	2	0	77	22	55	0.1
Philippines								
31-Dec-01	22	1	52	6	81	6	75	0.1
30-Jun-01	22	1	28	6	57	6	51	0.1
31-Dec-00	4	2	1	6	13	6	7	0.0
Total Regional Countries								
31-Dec-01	2,356	1,564	8,121	699	12,740	1,542	11,198	13.1
31-Dec-01 excl KCH	1,743	1,472	7,600	624	11,439	1,268	10,171	14.8
30-Jun-01	1,398	1,290	7,676	692	11,056	1,148	9,908	16.3
31-Dec-00	1,209	1,535	7,965	661	11,370	1,080	10,290	17.2
Hong Kong								
31-Dec-01	209	31	1,660	21	1,921	9	1,912	2.2
30-Jun-01	192	30	1,272	10	1,504	57	1,447	2.4
31-Dec-00	380	29	971	11	1,391	91	1,300	2.2
China								
31-Dec-01	487	2	1,081	7	1,577	422	1,155	1.4
30-Jun-01	694	1	744	6	1,445	537	908	1.5
31-Dec-00	562	0	785	6	1,353	512	841	1.4
Total								
31-Dec-01	3,052	1,597	10,862	727	16,238	1,973	14,265	16.7
31-Dec-01 excl KCH	2,391	1,505	9,912	639	14,447	1,699	12,748	18.5
30-Jun-01	2,284	1,321	9,692	708	14,005	1,742	12,263	20.2
31-Dec-00	2,151	1,564	9,721	678	14,114	1,683	12,431	20.8

Compared to December 2000, the Group's net exposure to the five regional countries increased by S\$0.91 billion to S\$11.20 billion, representing 13.1% of Group assets. The bulk of the increase came from Malaysia, which accounted for 88% of the Group's exposure to these five countries.

Deposits

	31 Dec 2001		31 Dec 2000		+ / (-) ⁽¹⁾ %
	OCBC Group	OCBC Proforma	OCBC Group		
	S\$m	S\$m	S\$m		
Deposits of non-bank customers	54,904	41,320	37,942		8.9
Borrowings from banks	14,051	12,122	10,093		20.1
	68,955	53,442	48,035		11.3
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	90.4%	87.1%	86.8%		

Non-bank deposits rose by 44.7% to S\$54.90 billion as at 31 December 2001, of which S\$13.58 billion were contributed by KCH. Excluding KCH, the growth in non-bank deposits was 8.9%. The Group's loans-to-deposits ratio rose from 86.8% to 90.4%, reflecting KCH's higher loans-to-deposits ratio.

Total Deposits By Maturity

	31 Dec 2001				31 Dec 2000		+ / (-) ⁽¹⁾ %
	OCBC Group		OCBC Proforma		OCBC Group		
	S\$m	%	S\$m	%	S\$m	%	
Less than 7 days	27,718	40	21,541	40	18,919	39	13.9
1 week to 1 month	17,705	26	15,540	29	14,279	30	8.8
1 to 3 months	9,859	14	7,129	13	7,225	15	(1.3)
3 to 12 months	10,311	15	7,809	15	6,538	14	19.5
1 to 3 years	2,575	4	733	2	984	2	(25.5)
Over 3 years	787	1	690	1	90	0	666.4
	68,955	100	53,442	100	48,035	100	11.3

Non-Bank Deposits By Products

	31 Dec 2001				31 Dec 2000		+ / (-) ⁽¹⁾ %
	OCBC Group		OCBC Proforma		OCBC Group		
	S\$m	%	S\$m	%	S\$m	%	
Fixed deposits	34,593	63	25,117	61	22,964	61	9.4
Savings deposits	10,837	20	8,436	20	6,910	18	22.1
Current account	4,133	7	2,940	7	2,634	7	11.6
Other	5,341	10	4,827	12	5,434	14	(11.2)
	54,904	100	41,320	100	37,942	100	8.9

⁽¹⁾ Percentage increase / decrease refers to 2001 OCBC Proforma over 2000 OCBC Group

Dividends

	2001		2000	
	cts	S\$m	cts	S\$m
Interim dividend	5	49	5	48
Special interim dividend	-	-	12	115
	5	49	17	163
Proposed final dividend	13	126	13	126
Special final dividend	-	-	10	97
	13	126	23	223
Total dividend	18	175	40	386
Payout ratio	22%		46%	

The Board has recommended a final dividend of 13 cents per share, bringing the total dividends for 2001 to 18 cents. No special dividend has been recommended for 2001 in view of the Group's all-cash acquisition of KCH.

Capital Adequacy Ratios

	<u>31 Dec 2001</u>	<u>31 Dec 2000</u>
	S\$m	S\$m
Tier 1 Capital		
Paid-up ordinary shares	1,287	1,286
Disclosed reserves/others	7,378	6,936
Less: Goodwill	2,199	-
	<u>6,466</u>	<u>8,222</u>
Tier 2 Capital		
Asset revaluation reserves ⁽¹⁾	1,374	1,206
Cumulative general provisions	600	334
Subordinated term debt	3,233	-
	<u>5,207</u>	<u>1,540</u>
Total Capital	<u>11,673</u>	<u>9,762</u>
Risk weighted assets including market risk	62,014	40,511
Tier 1 ratio	10.4%	20.3%
Total capital adequacy ratio	18.8%	24.1%

⁽¹⁾ After discount of 55% based on BIS guidelines.

The Group's total capital adequacy ratio (CAR), calculated in accordance with the Basel Committee on Banking Supervision guidelines, was 18.8% as at 31 December 2001, down from 24.1% at end-2000. The Tier 1 ratio fell from 20.3% to 10.4% due to the enlarged asset base and the deduction of goodwill of S\$2.20 billion arising mainly from the acquisition of KCH. Tier 2 capital rose by S\$3.67 billion to S\$5.21 billion largely due to the issue of S\$3.88 billion subordinated debt in July 2001, of which S\$3.23 billion qualifies for Tier 2 capital under the guidelines (Tier 2 subordinated debt is capped at 50% of Tier 1 capital).

Valuation Surplus

	31 Dec 2001 ⁽¹⁾			31 Dec 2000		
	Net book value	Market value	Surplus	Net book value	Market value	Surplus
	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
Properties	1,469	3,129	1,660	771	2,745	1,974
Equity securities	1,620	3,522	1,902	1,353	2,539	1,186
Debt securities	11,844	11,872	28	5,708	5,767	59
Total investments	14,933	18,523	3,590	7,832	11,051	3,219

⁽¹⁾ Include valuation surplus of S\$17 million from KCH

The Group had an unrealised valuation surplus of S\$3.59 billion as at 31 December 2001 (2000: S\$3.22 billion). Properties accounted for S\$1.66 billion (2000: S\$1.97 billion) of the surplus while equity securities accounted for S\$1.90 billion (2000: S\$1.19 billion). The rise in the surplus for equity securities was largely due to the appreciation in the share price of associate Great Eastern Holdings.

Performance by Business Segment

The business segment results are prepared based on internal management reports, which are used by senior management for decision-making and performance management. The Group is organised into seven major business segments. To provide a more meaningful comparison with the previous year, the following write-up on the business segments' performances excludes the contribution of KCH and the acquisition-related costs.

Net Profit

	2001				2000	
	OCBC Group	Acquisition Effects	KCH	OCBC Proforma	OCBC Group	+ / (-) ⁽¹⁾
	S\$m	S\$m	S\$m	S\$m	S\$m	%
Consumer Financial Services	148	(11)	21	138	150	(8.0)
Business Banking	112	-	38	74	231	(68.0)
Investment Management & Insurance	72	(1)	(1)	74	154	(51.9)
Global Treasury	110	(1)	36	75	55	36.4
Property & Investment Holding	270	-	(25)	295	77	283.1
Others	(112)	(120)	(4)	12	20	(40.0)
Sub-Total Singapore	600	(133)	65	668	687	(2.8)
Malaysia Operations	155	-	-	155	120	29.2
International Banking	33	(1)	16	18	41	(56.1)
Minority Interests	(3)	-	-	(3)	(8)	(62.5)
Group	785	(134)	81	838	840	(0.2)

⁽¹⁾ Percentage increase/decrease refers to 2001 OCBC Proforma over 2000 OCBC Group

Consumer Financial Services

Consumer Financial Services provides a whole suite of products and services to individuals, including current accounts, savings, deposits, consumer loans and mortgages, wealth management products, and credit and debit cards. The division's net profit fell 8% to S\$138 million in 2001 due largely to additional specific provisions compared to a net writeback in 2000. Operating income however was higher than the previous year due to the higher loan volume and strong bancassurance sales.

Business Banking

Business Banking caters to business customers ranging from large corporates to SMEs and emerging businesses and includes the correspondent banking relationships with international foreign banks. Significant loan growth during 2001 helped boost the division's operating income, but net profit fell 68% to S\$74 million due to the jump in provisions, as asset valuations deteriorated amid the economic downturn.

Performance by Business Segment *continued*

Investment Management and Insurance

Investment Management & Insurance comprises corporate finance and advisory services, asset management, trustee and custodian services, venture capital, stockbroking, and the insurance business held through associate Great Eastern Holdings. The division's net profit declined 52% to S\$74 million, largely due to a substantial decline in stockbroking income as a result of deregulation in brokerage rates and the lower stock market turnover in 2001.

Global Treasury

Global Treasury engages in foreign exchange activities, futures trading and money market operations, as well as customer-driven derivatives business. The division's net profit rose 36% to S\$75 million, attributed to higher net interest income and gains from foreign exchange dealing.

Property and Investment Holding

Property and Investment Holding comprises property development and investment, marketing and sales, property management and maintenance, valuation services and hotel operations. Its profit surged to S\$295 million, primarily due to a S\$260 million gain from the disposal of OUB shares.

Malaysia Operations

The Malaysia operations comprise mainly wholly-owned subsidiary OCBC Bank (Malaysia) Berhad (OBMB), the Labuan offshore banking operations, and associate PacificMas Berhad. Net profit of the division rose 29% to S\$155 million, due largely to a S\$67 million gain from the disposal of PacificMas' banking arm. OBMB's net profit fell 15% to RM221 million, largely due to higher taxation as there was a tax incentive on loan growth in excess of 8% in year 2000. Its gross customer loans grew 2% to RM15.0 billion, led by housing loans and loans to the transport and communication sector.

International Banking

International Banking comprises the Group's operations outside Singapore and Malaysia. Its net profit declined 56% to S\$18 million due to higher specific provisions for loans and a smaller writeback in general provision.

Other operations of the Group include other investments, management and nominees services and unallocated items including subordinated debt issued and goodwill, none of which constitutes a separately reportable segment.

Performance by Business Segment *continued*

Financial year ended 31 December 2001

S\$ million	Consumer Banking	Business Banking	Investment Management & Insurance	Global Treasury	Property & Investment Holding	Others	Total Singapore	Malaysia Operations	International Banking	Group
Segment income before operating expenses	562	540	96	173	388	53	1,812	327	128	2,267
Elimination										(58)
Income before operating expenses										2,209
Profit before tax	207	136	(39)	125	285	(85)	629	118	33	780
Less: Tax	(59)	(24)	10	(15)	(17)	(15)	(120)	(31)	-	(151)
Profit after tax	148	112	(29)	110	268	(100)	509	87	33	629
Share of profits less losses of associated companies (net of tax)	-	-	101	-	2	(12)	91	68	-	159
	148	112	72	110	270	(112)	600	155	33	788
Less: Minority interests										(3)
Profit attributable to stockholders of the Bank										785
Segment assets	18,696	24,104	838	22,003	1,714	4,853	72,208	10,066	8,570	90,844
Associated companies' assets	-	(1)	758	-	67	(5)	819	25	-	844
Total segment assets	18,696	24,103	1,596	22,003	1,781	4,848	73,027	10,091	8,570	91,688
Elimination										(6,462)
Total assets										85,226
Segment liabilities	28,411	14,962	414	16,573	431	4,846	65,637	9,185	7,713	82,535
Elimination										(6,462)
Unallocated liabilities										362
Total liabilities										76,435
Capital expenditure	29	5	2	1	12	61	110	27	3	140
Depreciation of property, plant and equipment	13	1	5	1	23	12	55	14	2	71
Amortisation of software	5	1	-	-	-	3	9	1	-	10
Amortisation of goodwill	-	-	-	-	-	49	49	-	-	49

Performance by Business Segment *continued*

Financial year ended 31 December 2000 ⁽¹⁾

US\$ million	Consumer Banking	Business Banking	Investment Management & Insurance	Global Treasury	Property & Investment Holding	Others	Total Singapore	Malaysia Operations	International Banking	Group
Segment income before operating expenses	436	448	108	96	166	85	1,339	309	113	1,761
Elimination										(34)
Income before operating expenses										1,727
Profit before tax	198	301	17	67	88	60	731	145	56	932
Less: Tax	(48)	(70)	(4)	(12)	(16)	(34)	(184)	(40)	(15)	(239)
Profit after tax	150	231	13	55	72	26	547	105	41	693
Share of profits less losses of associated companies (net of tax)	-	-	141	-	5	(6)	140	15	-	155
	150	231	154	55	77	20	687	120	41	848
Less: Minority interests										(8)
Profit attributable to stockholders of the Bank										840
Segment assets	8,802	16,333	515	16,737	1,925	1,646	45,958	9,381	6,082	61,421
Associated companies' assets	-	(1)	684	-	69	6	758	(31)	-	727
Total segment assets	8,802	16,332	1,199	16,737	1,994	1,652	46,716	9,350	6,082	62,148
Elimination										(2,438)
Total assets										59,710
Segment liabilities	17,495	11,931	261	9,629	900	280	40,496	8,308	4,806	53,610
Elimination										(2,438)
Unallocated liabilities										312
Total liabilities										51,484
Capital expenditure	20	8	8	-	11	23	70	22	2	94
Depreciation of property, plant and equipment	8	1	2	-	15	14	40	11	2	53
Amortisation of software	1	1	-	-	-	4	6	-	-	6
Amortisation of goodwill	-	-	-	-	-	-	-	-	-	-

⁽¹⁾ Figures were re-stated to reflect the organisational changes in the business segments in 2001

Performance by Geographical Segment

	2001		2000	
	S\$m	%	S\$m	%
Income before operating expenses				
Singapore	1,754	80	1,261	73
Malaysia	221	10	327	19
Other ASEAN	18	1	9	1
Asia Pacific	187	8	105	6
Rest of the world	29	1	25	1
	2,209	100	1,727	100
Profit before tax				
Singapore	803	82	964	83
Malaysia	95	10	138	12
Other ASEAN	(55)	(6)	(17)	(1)
Asia Pacific	118	12	54	5
Rest of the world	18	2	14	1
	979	100	1,153	100
Total assets				
Singapore	67,165	79	43,306	72
Malaysia	10,342	12	9,387	16
Other ASEAN	368	0	299	1
Asia Pacific	4,765	6	4,263	7
Rest of the world	2,586	3	2,455	4
	85,226	100	59,710	100

The analysis by geographical segment is based on the location where the assets or transactions are booked.

The Group's operations in Singapore and Malaysia contributed 92% of the Group's profit before tax in 2001, with the remainder coming mainly from the Greater China operations.

Group Income Statement

Appendix I

	2001	2000	+/(-)
	S\$'000	S\$'000	%
Interest income	3,578,454	3,158,066	13.3
Less: Interest expense	2,186,553	1,897,594	15.2
Net interest income	1,391,901	1,260,472	10.4
Fees and commissions	287,762	255,535	12.6
Dividends	36,229	26,297	37.8
Rental income	80,839	78,019	3.6
Other income	412,319	106,569	286.9
Income before operating expenses	2,209,050	1,726,892	27.9
Less: Staff costs	475,925	350,286	35.9
Operating expenses	386,056	305,341	26.4
	861,981	655,627	31.5
Operating profit before provisions and amortisation of goodwill	1,347,069	1,071,265	25.7
Less: Amortisation of goodwill	48,987	-	n.m
Less: Provisions for possible loan losses and diminution in value of other assets	517,530	139,206	271.8
Operating profit after provisions and amortisation of goodwill	780,552	932,059	(16.3)
Share of profits less losses of associated companies	198,472	220,828	(10.1)
Profit before tax	979,024	1,152,887	(15.1)
Less: Tax	151,386	238,934	(36.6)
Share of tax of associated Companies	39,351	66,236	(40.6)
	190,737	305,170	(37.5)
Profit after tax	788,287	847,717	(7.0)
Less: Minority interests	3,265	7,683	(57.5)
Profit attributable to stockholders of the Bank	785,022	840,034	(6.5)

Group Balance Sheet

Appendix II

	2001	2000
	S\$'000	S\$'000
SHAREHOLDERS' EQUITY		
Share Capital		
Authorised	2,000,000	2,000,000
Issued and fully paid	1,286,606	1,285,968
Reserves		
Capital reserves	1,911,490	1,802,348
Statutory reserves	1,889,924	1,835,826
Revenue reserves	3,674,841	3,231,074
Total shareholders' equity	8,762,861	8,155,216
MINORITY INTERESTS	28,082	70,709
LIABILITIES		
Deposits of non-bank customers	54,903,996	37,942,375
Deposits and balances of banks	14,050,998	10,092,546
Deposits of associated companies	1,011,814	1,786,482
Bills payable	123,068	147,928
Current tax	315,404	297,378
Deferred tax	46,614	15,365
Other liabilities	2,107,390	1,131,601
Debt securities	3,875,341	70,000
Total liabilities and shareholders' equity	85,225,568	59,709,600
ASSETS		
Cash and placements with central banks	2,014,096	1,751,643
Singapore Government treasury bills and securities	6,308,646	3,476,823
Other government treasury bills and securities	1,001,792	736,251
Dealing securities	399,958	174,923
Placements with and loans to banks	14,427,268	15,988,798
Loans to customers (including bills)	49,609,375	32,936,035
Investment securities	4,714,498	1,760,741
Other assets	1,819,966	1,043,406
	80,295,599	57,868,620
Associated companies	1,049,789	918,135
Property, plant and equipment	1,681,262	922,845
Goodwill	2,198,918	-
Total assets	85,225,568	59,709,600
OFF-BALANCE SHEET ITEMS		
Contingent liabilities	6,506,962	5,055,908
Commitments	24,877,442	16,295,742
Financial derivatives	73,814,953	20,469,556
	105,199,357	41,821,206

Statement of Changes in Shareholders' Equity – Group

Appendix III

	Share capital	Capital reserves	Statutory reserves	Revenue reserves	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2001	1,285,968	1,802,348	1,835,826	3,231,074	8,155,216
Profit attributable to stockholders of the Bank	-	-	-	785,022	785,022
Foreign currency translation gains not recognised in the income statements	-	-	-	99,699	99,699
Total recognised gains for the financial year	-	-	-	884,721	884,721
Transfer from unappropriated profit	-	88,601	54,098	(142,699)	-
Dividends	-	-	-	(271,711)	(271,711)
Buy-back of shares	(2,541)	2,541	-	(26,544)	(26,544)
Shares issued under Executives' Share Option Scheme	3,179	18,000	-	-	21,179
Balance at 31 December 2001	1,286,606	1,911,490	1,889,924	3,674,841	8,762,861
Comprise :					
Share of reserves of associated companies	-	18,743	22,026	803,277	844,046
Balance at 1 January 2000	1,284,518	1,782,454	1,775,712	2,775,338	7,618,022
Profit attributable to stockholders of the Bank	-	-	-	840,034	840,034
Foreign currency translation gains not recognised in the income statements	-	-	-	44,882	44,882
Goodwill arising on acquisition of subsidiaries not recognised in the income statements	-	-	-	(2,113)	(2,113)
Total recognised gains for the financial year	-	-	-	882,803	882,803
Transfer from unappropriated profit	-	1,139	60,114	(61,253)	-
Dividends	-	-	-	(354,233)	(354,233)
Buy-back of shares	(1,180)	1,180	-	(12,826)	(12,826)
Shares issued under Executives' Share Option scheme	2,630	17,990	-	-	20,620
Amount arising from disposal of an associated company	-	(64)	-	-	(64)
Adjustment in reserves of associated companies	-	(351)	-	1,245	894
Balance at 31 December 2000	1,285,968	1,802,348	1,835,826	3,231,074	8,155,216
Comprise :					
Share of reserves of associated companies	-	18,730	22,026	687,466	728,222

Consolidated Cash Flow Statement

Appendix IV

	2001	2000
	S\$'000	S\$'000
Cash flows from operating activities		
Operating profit before provisions and amortisation of goodwill	1,347,069	1,071,265
Adjustments for :		
Amortisation of computer software costs	10,028	5,578
Depreciation of property, plant and equipment	71,031	52,506
Gains on disposal of an associated company	-	(18,276)
Gains on disposal of investment securities	(255,886)	(6,205)
Gains on disposal of subsidiary companies	(115)	-
Losses/(gains) on disposal of property, plant and equipment	2,734	(9,894)
Operating profit before changes in operating assets and liabilities	1,174,861	1,094,974
Increase/(decrease) in operating liabilities :		
Deposits of non-bank customers	500,120	1,905,609
Deposits and balances of banks	(2,114,505)	3,525,187
Bills payable and other liabilities	41,211	(660,449)
(Increase)/decrease in operating assets :		
Dealing securities	180,397	(128,599)
Placements with and loans to banks	6,375,150	(1,041,217)
Loans to customers and bills receivable	(2,648,895)	(3,187,162)
Other assets	(101,795)	(186,544)
Cash provided by operating activities	3,406,544	1,321,799
Income tax paid	(262,011)	(186,164)
Net cash provided by operating activities	3,144,533	1,135,635
Cash flows from investing activities		
Acquisition of additional interest in a subsidiary company	(50,430)	-
Acquisition of new subsidiary companies	(1,281,510)	(5,000)
Capital return from an associated company	68,192	-
Dividends from associated companies	50,511	59,066
Increase in associated companies	(27,109)	(14,450)
Purchase of investment securities	(3,527,952)	(938,130)
Purchase of property, plant and equipment	(152,021)	(103,043)
Proceeds from disposal of subsidiary companies	4,259	-
Proceeds from disposal of an associated company	-	44,178
Proceeds from disposal of investment securities	1,477,029	10,633
Proceeds from disposal of property, plant and equipment	27,122	17,492
Net cash used in investing activities	(3,411,909)	(929,254)
Cash flows from financing activities		
Debt securities	3,805,341	-
Proceeds from issue of shares	21,179	20,620
Buy-back of shares	(26,544)	(12,826)
Dividends paid	(271,711)	(354,233)
Change in minority interests in subsidiaries	(771)	(2,617)
Net cash used in financing activities	3,527,494	(349,056)
Net foreign currency translation adjustments	99,699	44,882
Net change in cash and cash equivalents	3,359,817	(97,793)
Cash and cash equivalents as at 1 January	5,964,717	6,062,510
Cash and cash equivalents as at 31 December	9,324,534	5,964,717