Media Release

# OCBC Group Reports Full Year 2009 Net Profit of S$1,962 million

***Core net profit grew 32%, driven by higher non-interest income, lower expenses and stable asset quality***

***Fourth quarter core net profit doubles year-on-year to S$502 million***

Singapore, 19 February 2010 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") achieved a resilient set of results for the financial year ended 31 December 2009, amid challenging operating conditions arising from the global financial crisis. Group net profit grew by 12% to S$1,962 million, while 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.

Operating profit before allowances increased 26% to S$3,019 million, underpinned by a recovery in insurance income and strong trading results which lifted non-interest income by 37%, as well as a 3% reduction in operating expenses as a result of disciplined cost management. Prudent risk management and active portfolio reviews helped to contain credit costs at a slightly lower level than 2008. The Group's non-performing loans ("NPL") ratio peaked in the second quarter, and improved to 1.7% by year-end.

For the fourth quarter of 2009 ("4Q09"), net profit rose 67% year-on-year to S$502 million. Excluding the S$51 million tax refunds in 4Q08, core net profit grew 101%, contributed by significantly stronger non-interest income and reduced allowances. Compared to 3Q09, net profit was 12% higher, as the previous quarter included the effect of a S$213 million loss (S$154 million after tax and minority interests) from the redemption offer of GreatLink Choice ("GLC") policies by subsidiary Great Eastern Holdings ("GEH"). The non-recurrence of this item was partly offset by lower underlying insurance income following an exceptionally strong performance in the third quarter.

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.

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%. Similar to the previous two dividend payments, shareholders will be given an option to receive the final dividend in the form of shares, the issue price of which will be set at a 10% discount to the average closing share price during the price determination period (ex-dividend date to books closure date, both dates inclusive).

## Net Interest Income

Net interest income for the year grew 2% to S$2,825 million, contributed by growth in interest-earning assets, as net interest margin narrowed by 4 basis points to 2.23%. Loans declined during the first nine months of the year, but grew 5% during the fourth quarter. For the full year, loans edged up 1%, with growth in the housing, commerce and transport sectors largely offset by declines in other sectors.

For 4Q09, net interest income declined 12% year-on-year to S$687 million, largely because of a significant reduction in gapping income and the effects of sustained low interest rates on asset yields. Net interest margin was 2.08%, down from 2.47% in 4Q08 which was a multi-year high. Compared to 3Q09, net interest income was largely unchanged, and net interest margin was lower by 8 basis points.

## Non-Interest Income

Non-interest income rose 37% (excluding the divestment gains in 2008) to S$1,990 million in 2009, driven by higher insurance profits and net trading income. Life assurance profits more than doubled from S$300 million to S$727 million, contributed by higher profit from the Non-Participating Fund as credit spreads tightened and equity markets recovered. The life assurance profits also included a non-recurring gain of S$201 million in 1Q09 arising mainly from the adoption of the new Risk Based Capital framework in Malaysia. This gain was largely offset by the GLC-related loss of S$213 million in 3Q09 (classified under “other income”). The two 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. Fee and commission income however fell 6% to S$730 million, as lower wealth management, fund management and credit card income offset the growth in stockbroking and loan-related income.

For 4Q09, non-interest income rose 92% year-on-year to S$497 million, contributed by trading and investment gains as compared to losses a year ago, and a 20% increase in fee and commission income. Compared to 3Q09 which was impacted by the GLC loss, non-interest income was 27% higher. Fee and commission income increased by 2%, while life assurance profits fell 39% following an exceptionally strong performance in the previous quarter.

## Operating Expenses

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% as a result of lower recruitment costs and commission allowances, tighter control on headcount and salary increases, and the cash grants received from the Singapore government’s Jobs Credit Scheme. Other operating expenses also declined by 4%. 4Q09 operating expenses were little changed compared to a year ago as well as the previous quarter.

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

## Allowances and Asset Quality

Net allowances for loans and other assets amounted to S$429 million, down slightly from S$447 million in 2008. Higher specific loan allowances were offset by lower allowances for other assets, mainly investment securities. Specific loan allowances remained relatively low at 29 basis points of loans in 2009, compared to 21 basis points in 2008. Net allowances for loans and other assets in 4Q09 were S$77 million, well below the S$243 million a year ago, and above the S$52 million in 3Q09.

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. Absolute NPLs increased by 20% over the year to S$1,417 million, with net increases coming mainly from Malaysia and Indonesia. The Group maintains a strong allowance coverage ratio, with cumulative allowances representing 102% of total non-performing assets ("NPAs") and 249% of unsecured NPAs. A majority of the NPAs – 52% – were in the substandard category, which tend to be well collateralised and/or have no overdues.

## Subsidiaries' Results

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, as well as lower expenses. 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 MYR 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%.

## Launch of Bank of Singapore

On 29 January 2010, OCBC Bank announced that it had completed the acquisition of ING Asia Private Bank and its subsidiaries (together, "IAPB") for US$1,446 million or approximately S$2,024 million. IAPB was re-named Bank of Singapore Limited, which is now a wholly-owned subsidiary of OCBC Bank. As the only dedicated private bank that is headquartered in Singapore, Bank of Singapore aims to strengthen its position as a leading private bank in Asia offering best-in-class products and services. The financial accounts of Bank of Singapore will be consolidated into OCBC Group with effect from 29 January 2010.

## Capital Position

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, contributed by retained earnings, the issue of new shares pursuant to the Scrip Dividend Scheme, and two issues of Lower Tier 2 subordinated notes. The Group's core Tier 1 ratio, which excludes perpetual and innovative preference shares, increased from 11.0% to 12.0% over the year, and on a pro-forma basis after the consolidation of IAPB, will be approximately 10.7%.

## CEO's Comments

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

"Given the challenging conditions throughout the year, we are pleased to have delivered strong results for 2009, exceeding our previous high for core earnings in 2007. This demonstrates the resilience and strengths of our customer relationships, our people, processes and business model. For the year ahead, while we remain watchful of developments in Europe, the US and China, we are cautiously optimistic for a gradual recovery in Asia's economy and in our key markets."

## About OCBC Bank

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

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**To Our Shareholders**

The Board of Directors of Oversea-Chinese Banking Corporation Limited (“OCBC”) reports the following:

**Audited Financial Results for the Financial Year Ended 31 December 2009**

For the financial year ended 31 December 2009, Group reported net profit was S$1,962 million. Details of the audited financial results are in the accompanying Group Financial Report.

**Ordinary Dividend**

A final tax-exempt dividend of 14 cents per share has been recommended for the financial year 2009. Including the interim net dividend of 14 cents per share paid in October 2009, total dividends for financial year 2009 would amount to 28 cents per share, unchanged from the 28 cents paid for financial year 2008.

**Closure of Books**

The books closure date will be announced at a later date.

**Scrip Dividend Scheme**

The Scrip Dividend Scheme will be applicable to the final dividend. The issue price for the new shares to be allotted to shareholders who have elected to receive scrip for the final dividend will be set at a 10% discount to the average of the volume weighted average prices of the shares for each of the market days during the price determination period (being the period commencing on the date on which the shares are first traded on an ex-basis and ending on the books closure date to determine entitlements to the final dividend). Further details will be announced at a later date.

**Preference Dividends**

On 21 December 2009, the Bank paid semi-annual tax-exempt dividends on its non-cumulative non-convertible preference shares as follows: Class B Preference Shares at 5.1% (2008: 5.1% tax-exempt) per annum; Class E Preference Shares at 4.5% (2008: 4.5% tax-exempt) per annum and Class G Preference Shares at 4.2% (2008: 4.2% tax-exempt) per annum. Total amount of dividends paid for the Class B, Class E and Class G Preference Shares were S$25.6 million, S$11.3 million and S$8.3 million respectively.

Peter Yeoh
Secretary

Singapore, 19 February 2010

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

**Oversea-Chinese Banking Corporation Limited**

# Financial Year 2009 Group Financial Report

**Incorporated in Singapore**
**Company Registration Number: 193200032W**

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## FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards as required by the Companies 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 following new/revised financial reporting standards and interpretations were mandatory 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 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 main impact from application of the above was in the presentation of comprehensive income and operating segments. Comprehensive income, comprising all items of income and expenditure recognised in the profit and loss and those taken directly to equity, may be presented either in one single statement of comprehensive income or two linked statements. The Group has opted to present comprehensive income in two linked statements. For the operating segments, items not directly attributable to the segments are separately reflected. Other than the above, the accounting policies and methods of computation for the current financial period are consistent with those applied in the audited financial statements as at 31 December 2008.

### Financial Results

Group net profit increased 12% to S$1,962 million for the financial year ended 31 December 2009. Excluding divestment gains and tax refunds of S$263 million in 2008, core net profit rose by 32% year-on-year, driven by strong growth in insurance income, higher trading income and lower expenses.

Net interest income grew 2% to S$2,825 million, led by growth in interest earning assets. Non-interest income rose 37% to S$1,990 million, underpinned by strong growth in income from insurance and trading activities. Fee and commission income fell 6% mainly because of lower wealth management, fund management and credit card income. Operating expenses fell 3% to S$1,796 million as a result of tight management of costs. Allowances for loans and other assets were S$429 million compared to S$447 million in 2008.

Return on equity, based on core earnings, was 12.2% in 2009, up from 9.9% in 2008. Core earnings per share rose 29% to 59.4 cents.

For the fourth quarter of 2009 ("4Q09"), reported net profit rose 67% year-on-year to S$502 million. Excluding S$51 million in tax refunds in 4Q08, core net profit was 101% higher from a year ago and 12% higher compared to 3Q09.

## FINANCIAL SUMMARY *(continued)*

| S$ million | 2009 | 2008 | +/(-) % | 4Q09 | 4Q08 | +/(-) % | 3Q09 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Selected Income Statement Items** | | | | | | | | |
| Net interest income | **2,825** | 2,783 | 2 | **687** | 783 | (12) | 689 | – |
| Non-interest income | **1,990** | 1,458 | 37 | **497** | 259 | 92 | 392 | 27 |
| Total core income | **4,815** | 4,241 | 14 | **1,184** | 1,042 | 14 | 1,081 | 10 |
| Operating expenses | **(1,796)** | (1,854) | (3) | **(466)** | (463) | 1 | (467) | – |
| Operating profit before allowances and amortisation | **3,019** | 2,387 | 26 | **718** | 579 | 24 | 614 | 17 |
| Amortisation of intangible assets | **(47)** | (47) | – | **(12)** | (12) | – | (12) | – |
| Allowances for loans and impairment of other assets | **(429)** | (447) | (4) | **(77)** | (243) | (69) | (52) | 48 |
| Operating profit after allowances and amortisation | **2,543** | 1,893 | 34 | **629** | 324 | 94 | 550 | 14 |
| Share of results of associates and joint ventures | **(#)** | 6 | (101) | **(2)** | (3) | 37 | 2 | (228) |
| Profit before income tax | **2,543** | 1,899 | 34 | **627** | 321 | 96 | 552 | 14 |
| **Core net profit attributable to shareholders** | **1,962** | 1,486 | 32 | **502** | 250 | 101 | 450 | 12 |
| Divestment gains, net of tax | **–** | 174 | – | **–** | – | – | – | – |
| Tax refunds | **–** | 89 | – | **–** | 51 | – | – | – |
| **Reported net profit** | **1,962** | 1,749 | 12 | **502** | 301 | 67 | 450 | 12 |
| **Cash basis net profit attributable to shareholders** [1/] | **2,009** | 1,796 | 12 | **514** | 313 | 64 | 462 | 11 |
| Ordinary equity | **17,075** | 13,978 | 22 | **17,075** | 13,978 | 22 | 15,849 | 8 |
| Total equity *(excluding minority interests)* | **18,971** | 15,874 | 20 | **18,971** | 15,874 | 20 | 17,745 | 7 |
| Total assets | **194,300** | 181,385 | 7 | **194,300** | 181,385 | 7 | 188,255 | 3 |
| Assets excluding life assurance fund investment assets | **151,223** | 142,508 | 6 | **151,223** | 142,508 | 6 | 146,440 | 3 |
| Loans and bills receivable *(net of allowances)* | **80,876** | 79,808 | 1 | **80,876** | 79,808 | 1 | 77,257 | 5 |
| Deposits of non-bank customers | **100,633** | 94,078 | 7 | **100,633** | 94,078 | 7 | 96,877 | 4 |

Notes:
1. Excludes amortisation of intangible assets.
2. "#" represents amounts less than S$0.5 million.

## FINANCIAL SUMMARY *(continued)*

| | 2009 | 2008 | 4Q09 | 4Q08 | 3Q09 |
|---|---|---|---|---|---|
| **Key Financial Ratios** | | | | | |
| **- based on core earnings** | | | | | |
| **Performance ratios (% p.a.)** | | | | | |
| Return on equity [1/ 2/] | | | | | |
| SFRS[3/] basis | **12.2** | 9.9 | **11.6** | 6.7 | 10.8 |
| Cash basis | **12.5** | 10.3 | **11.8** | 7.0 | 11.1 |
| Return on assets [4/] | | | | | |
| SFRS[3/] basis | **1.35** | 1.05 | **1.32** | 0.68 | 1.23 |
| Cash basis | **1.38** | 1.08 | **1.35** | 0.71 | 1.26 |
| **Revenue mix / efficiency ratios (%)** | | | | | |
| Net interest margin (annualised) | **2.23** | 2.27 | **2.08** | 2.47 | 2.16 |
| Net interest income to total income | **58.7** | 65.6 | **58.0** | 75.1 | 63.7 |
| Non-interest income to total income | **41.3** | 34.4 | **42.0** | 24.9 | 36.3 |
| Cost to income | **37.3** | 43.7 | **39.4** | 44.5 | 43.2 |
| Loans to deposits | **80.4** | 84.8 | **80.4** | 84.8 | 79.7 |
| NPL ratio | **1.7** | 1.5 | **1.7** | 1.5 | 1.8 |
| **Earnings per share [2/] (annualised - cents)** | | | | | |
| Basic earnings | **59.4** | 46.1 | **59.1** | 30.1 | 53.4 |
| Basic earnings (cash basis) | **60.9** | 47.6 | **60.5** | 31.5 | 54.8 |
| Diluted earnings | **59.3** | 45.9 | **58.8** | 30.0 | 53.2 |
| **Net asset value per share (S$)** | | | | | |
| Before valuation surplus | **5.29** | 4.51 | **5.29** | 4.51 | 4.99 |
| After valuation surplus | **6.33** | 5.18 | **6.33** | 5.18 | 6.07 |
| **Capital adequacy ratios (%)** | | | | | |
| Tier 1 | **15.9** | 14.9 | **15.9** | 14.9 | 15.2 |
| Total | **16.4** | 15.1 | **16.4** | 15.1 | 15.2 |

Notes:
1. Preference equity and minority interests are not included in the computation for return on equity.
2. In computing return on equity and earnings per share, preference dividends paid and estimated to be due as at the end of the financial period are deducted from core earnings.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. The computation for return on assets does not include life assurance fund investment assets.

OCBC Bank

## NET INTEREST INCOME

### Average Balance Sheet

| S$ million | 2009 Average Balance | 2009 Interest | 2009 Average Rate [4] | 2008 Average Balance | 2008 Interest | 2008 Average Rate [4] |
|---|---|---|---|---|---|---|
| | | | % | | | % |
| **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 |

| S$ million | 4Q09 Average Balance | 4Q09 Interest | 4Q09 Average Rate [4] | 4Q08 Average Balance | 4Q08 Interest | 4Q08 Average Rate [4] | 3Q09 Average Balance | 3Q09 Interest | 3Q09 Average Rate [4] |
|---|---|---|---|---|---|---|---|---|---|
| | | | % | | | % | | | % |
| **Interest earning assets** | | | | | | | | | |
| Loans and advances to non-bank customers | **78,339** | **730** | **3.70** | 80,271 | 949 | 4.70 | 76,797 | 738 | 3.81 |
| Placements with and loans to banks | **26,982** | **93** | **1.36** | 23,433 | 186 | 3.15 | 24,484 | 97 | 1.56 |
| Other interest earning assets [1] | **25,796** | **170** | **2.62** | 22,470 | 209 | 3.70 | 25,190 | 162 | 2.55 |
| Total | **131,117** | **993** | **3.00** | 126,174 | 1,344 | 4.24 | 126,471 | 997 | 3.13 |
| **Interest bearing liabilities** | | | | | | | | | |
| Deposits of non-bank customers | **98,933** | **229** | **0.92** | 96,509 | 433 | 1.78 | 96,780 | 228 | 0.93 |
| Deposits and balances of banks | **12,099** | **18** | **0.58** | 11,211 | 66 | 2.33 | 10,969 | 19 | 0.70 |
| Other borrowings [2] | **7,959** | **59** | **2.97** | 7,468 | 62 | 3.33 | 7,190 | 61 | 3.33 |
| Total | **118,991** | **306** | **1.02** | 115,188 | 561 | 1.94 | 114,939 | 308 | 1.06 |
| **Net interest income / margin** [3] | | **687** | **2.08** | | 783 | 2.47 | | 689 | 2.16 |

Notes:

1. Comprise corporate debts and government securities.
2. Mainly debts issued.
3. Net interest margin is net interest income as a percentage of interest earning assets.
4. Average rates are computed on an annualised basis.

## NET INTEREST INCOME *(continued)*

Net interest income rose 2% to S$2,825 million in 2009, with a 3% growth in average interest-earning assets, partially offset by a drop in net interest margin of 4 basis points to 2.23%.

Net interest income for 4Q09 declined 12% year-on-year to S$687 million. Net interest margin fell from 2.47% to 2.08% largely because of lower gapping income and the impact of sustained low interest rates on asset yields. Compared with the previous quarter, net interest income was relatively unchanged, while net interest margin declined 8 basis points.

### Volume and Rate Analysis

| | 2009 vs 2008 | | | 4Q09 vs 4Q08 | | | 4Q09 vs 3Q09 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Increase / (decrease) due to change in: S$ million** | **Volume** | **Rate** | **Net change** | **Volume** | **Rate** | **Net change** | **Volume** | **Rate** | **Net change** |
| **Interest income** | | | | | | | | | |
| Loans and advances to non-bank customers | 69 | (667) | (598) | (23) | (197) | (220) | 15 | (23) | (8) |
| Placements with and loans to banks | (10) | (336) | (346) | 28 | (121) | (93) | 10 | (14) | (4) |
| Other interest earning assets | 98 | (217) | (119) | 31 | (69) | (38) | 3 | 5 | 8 |
| Total | 157 | (1,220) | (1,063) | 36 | (387) | (351) | 28 | (32) | (4) |
| **Interest expense** | | | | | | | | | |
| Deposits of non-bank customers | 45 | (820) | (775) | 11 | (215) | (204) | 5 | (4) | 1 |
| Deposits and balances of banks | (67) | (266) | (333) | 5 | (53) | (48) | 2 | (4) | (2) |
| Other borrowings | 30 | (35) | (5) | 4 | (7) | (3) | 6 | (7) | (1) |
| Total | 8 | (1,121) | (1,113) | 20 | (275) | (255) | 13 | (15) | (2) |
| **Impact on net interest income** | 149 | (99) | 50 | 16 | (112) | (96) | 15 | (17) | (2) |
| Due to change in number of days | | | (8) | | | – | | | – |
| **Net interest income** | | | 42 | | | (96) | | | (2) |

## NON-INTEREST INCOME

| S$ million | 2009 | 2008 | +/(-) % | 4Q09 | 4Q08 | +/(-) % | 3Q09 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Fees and commissions** | | | | | | | | |
| Brokerage | **96** | 74 | 30 | **20** | 16 | 31 | 33 | (39) |
| Wealth management | **65** | 132 | (51) | **18** | 17 | 2 | 19 | (6) |
| Fund management | **70** | 79 | (11) | **20** | 16 | 20 | 18 | 9 |
| Credit card | **45** | 55 | (18) | **14** | 12 | 9 | 12 | 13 |
| Loan-related | **172** | 153 | 13 | **48** | 38 | 26 | 44 | 9 |
| Trade-related and remittances | **124** | 129 | (4) | **36** | 30 | 22 | 30 | 20 |
| Guarantees | **23** | 27 | (15) | **4** | 6 | (28) | 5 | (12) |
| Investment banking | **54** | 51 | 6 | **11** | 3 | 245 | 9 | 26 |
| Service charges | **53** | 50 | 5 | **12** | 15 | (18) | 12 | 3 |
| Others | **28** | 24 | 15 | **9** | 6 | 57 | 7 | 28 |
| Sub-total | **730** | 774 | (6) | **192** | 159 | 20 | 189 | 2 |
| **Dividends** | **57** | 72 | (21) | **4** | 8 | (46) | 10 | (60) |
| **Rental income** | **78** | 68 | 14 | **20** | 19 | 6 | 20 | (2) |
| **Profit from life assurance** | **727** | 300 | 142 | **127** | 115 | 10 | 209 | (39) |
| **Premium income from general insurance** | **122** | 109 | 12 | **26** | 30 | (14) | 33 | (20) |
| **Other income** | | | | | | | | |
| Net trading income | **344** | 43 | 709 | **78** | (64) | 220 | 94 | (17) |
| Net gain/(loss) from investment securities | **50** | 18 | 176 | **30** | (24) | 226 | 35 | (13) |
| Net gain from disposal of properties | **8** | 8 | 6 | **5** | # | n.m. | 1 | 411 |
| Loss from redemption of GLC [1/] units | **(213)** | – | – | **–** | – | – | (213) | – |
| Others | **87** | 66 | 30 | **15** | 16 | (4) | 14 | 7 |
| Sub-total | **276** | 135 | 104 | **128** | (72) | 277 | (69) | 283 |
| **Total core non-interest income** | **1,990** | 1,458 | 37 | **497** | 259 | 92 | 392 | 27 |
| Divestment gains | **–** | 186 | – | **–** | – | – | – | – |
| **Total non-interest income** | **1,990** | 1,644 | 21 | **497** | 259 | 92 | 392 | 27 |
| Fees and commissions / Total income [2/] | **15.2%** | 18.2% | | **16.2%** | 15.3% | | 17.5% | |
| Non-interest income / Total income [2/] | **41.3%** | 34.4% | | **42.0%** | 24.9% | | 36.3% | |

Notes:
1. "GLC" refers to GreatLink Choice units.
2. Pre-tax divestment gains are not included.
3. "#" represents amounts less than S$0.5 million.
4. "n.m." denotes not meaningful.

Non-interest income, excluding divestment gains, rose 37% to S$1,990 million, driven by higher profit from life assurance and net trading income. Profit from life assurance rose from S$300 million to S$727 million in 2009, contributed by higher investment profits from the Non-Participating Fund as a result of the tightening of credit spreads and the improvement in equity markets in the second half of 2009. The life assurance profit also included non-recurring gains of S$201 million in 1Q09 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 in 3Q09 (classified under "other income") resulting from the redemption offer of GreatLink Choice ("GLC") policies by GEH. Net trading income rose from S$43 million to S$344 million, led by gains in foreign exchange income and securities trading as market conditions improved. Fee and commission income decreased 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.

Non-interest income for 4Q09 rose year-on-year by 92% to S$497 million, largely because of net trading and investment gains as compared to net losses a year ago. Fee and commission income increased 20% to S$192 million and life assurance profits rose 10% to S$127 million. The increase in fee and commission income was mainly attributable to loan-related, trade-related, investment banking and stockbroking activities. Compared to 3Q09 which was impacted by the GLC loss, non-interest income was 27% higher. Fee and commission income increased by 2%, while life assurance profits fell 39% following an exceptionally strong performance in the previous quarter.

## OPERATING EXPENSES

| S$ million | 2009 | 2008 | +/(-) % | 4Q09 | 4Q08 | +/(-) % | 3Q09 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Staff costs** | | | | | | | | |
| Salaries and other costs | **910** | 953 | (5) | **242** | 229 | 5 | 235 | 3 |
| Share-based expenses | **9** | 13 | (28) | **4** | 4 | (2) | 3 | 22 |
| Contribution to defined contribution plans | **76** | 79 | (3) | **19** | 19 | 3 | 19 | – |
| | **995** | 1,045 | (5) | **265** | 252 | 5 | 257 | 3 |
| **Property and equipment** | | | | | | | | |
| Depreciation | **135** | 116 | 17 | **36** | 33 | 8 | 33 | 6 |
| Maintenance and hire of property, plant & equipment | **62** | 68 | (10) | **14** | 17 | (18) | 16 | (9) |
| Rental expenses | **46** | 43 | 8 | **12** | 13 | (6) | 12 | 6 |
| Others | **106** | 113 | (6) | **25** | 31 | (20) | 27 | (10) |
| | **349** | 340 | 3 | **87** | 94 | (8) | 88 | (2) |
| **Other operating expenses** | **452** | 469 | (4) | **114** | 117 | (2) | 122 | (6) |
| **Total operating expenses** | **1,796** | 1,854 | (3) | **466** | 463 | 1 | 467 | – |
| **Group staff strength** | | | | | | | | |
| Period end | **19,561** | 19,876 | (2) | **19,561** | 19,876 | (2) | 19,360 | 1 |
| Average | **19,478** | 19,541 | – | **19,515** | 19,946 | (2) | 19,315 | 1 |
| Cost to income ratio [1/] | **37.3%** | 43.7% | | **39.4%** | 44.5% | | 43.2% | |

Note:
1. Income excludes divestment gains.

Operating expenses declined by 3% to S$1,796 million in 2009, reflecting the Group's disciplined 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.

For 4Q09, operating expenses of S$466 million were largely unchanged from a year ago and from the previous quarter, with higher staff costs offset by lower premises and equipment costs and other operating expenses.

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

## ALLOWANCES FOR LOANS AND OTHER ASSETS

| S$ million | 2009 | 2008 | +/(-) % | 4Q09 | 4Q08 | +/(-) % | 3Q09 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| Specific allowances / (write-back) for loans | | | | | | | | |
| Singapore | **63** | 2 | n.m. | **(5)** | 39 | (113) | 40 | (113) |
| Malaysia | **62** | 40 | 56 | **18** | 35 | (48) | 13 | 46 |
| Others | **116** | 123 | (5) | **48** | 85 | (44) | (4) | n.m. |
| | **241** | 165 | 47 | **61** | 159 | (62) | 49 | 25 |
| Portfolio allowances for loans | **23** | 20 | 13 | **11** | 11 | 1 | 5 | 151 |
| Allowances / (writeback) for CDOs | **86** | 87 | (1) | **(1)** | 15 | (105) | (6) | 88 |
| Allowances and impairment for other assets | **79** | 175 | (55) | **6** | 58 | (91) | 4 | 16 |
| Allowances for loans and impairment of other assets | **429** | 447 | (4) | **77** | 243 | (69) | 52 | 48 |

Note:
1. "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 and 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 were similar to the level in 2008. The Bank's CDO portfolio has been fully provided for since 1Q09.

For 4Q09, net allowances amounted to S$77 million, down significantly from S$243 million in 4Q08 as specific allowances for loans and other assets were lower. Compared to 3Q09, allowances were higher because of higher specific and portfolio allowances for loans, and a lower net writeback of allowances for CDOs.

## LOANS AND ADVANCES

| S$ million | 31 Dec 2009 | 31 Dec 2008 | 30 Sep 2009 |
|---|---|---|---|
| Loans to customers | **80,439** | 80,140 | 77,608 |
| Bills receivable | **1,902** | 1,196 | 1,136 |
| Gross loans to customers | **82,341** | 81,336 | 78,744 |
| | | | |
| Allowances | | | |
| Specific allowances | **(454)** | (549) | (488) |
| Portfolio allowances | **(999)** | (979) | (987) |
| | **80,888** | 79,808 | 77,269 |
| Less: assets pledged | **(12)** | – | (12) |
| Loans net of allowances | **80,876** | 79,808 | 77,257 |
| | | | |
| **By Maturity** | | | |
| Within 1 year | **28,147** | 29,457 | 26,027 |
| 1 to 3 years | **17,751** | 15,588 | 17,153 |
| Over 3 years | **36,443** | 36,291 | 35,564 |
| | **82,341** | 81,336 | 78,744 |
| | | | |
| **By Industry** | | | |
| Agriculture, mining and quarrying | **1,621** | 1,315 | 1,492 |
| Manufacturing | **5,828** | 6,612 | 5,512 |
| Building and construction | **15,643** | 17,176 | 15,751 |
| Housing loans | **21,460** | 19,785 | 20,192 |
| General commerce | **7,750** | 7,072 | 6,558 |
| Transport, storage and communication | **5,791** | 5,471 | 5,712 |
| Financial institutions, investment and holding companies | **10,032** | 11,201 | 10,168 |
| Professionals and individuals | **7,968** | 7,358 | 7,817 |
| Others | **6,248** | 5,346 | 5,542 |
| | **82,341** | 81,336 | 78,744 |
| | | | |
| **By Currency** | | | |
| Singapore Dollar | **46,022** | 47,174 | 45,249 |
| United States Dollar | **11,081** | 10,671 | 9,753 |
| Malaysian Ringgit | **13,239** | 12,220 | 12,409 |
| Indonesian Rupiah | **2,889** | 2,269 | 2,587 |
| Others | **9,110** | 9,002 | 8,746 |
| | **82,341** | 81,336 | 78,744 |
| | | | |
| **By Geography** [1/] | | | |
| Singapore | **48,457** | 49,285 | 46,741 |
| Malaysia | **15,322** | 14,335 | 14,511 |
| Other ASEAN | **4,986** | 4,602 | 4,625 |
| Greater China | **7,066** | 6,874 | 6,586 |
| Other Asia Pacific | **3,926** | 3,242 | 3,655 |
| Rest of the World | **2,584** | 2,998 | 2,626 |
| | **82,341** | 81,336 | 78,744 |

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

Gross loans rose 1% from a year ago, and 5% from the previous quarter, to S$82.3 billion as at 31 December 2009. By sector, the year-on-year 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.

## NON-PERFORMING ASSETS [1/]

| S$ million | Total NPAs [2/] | Substandard | Doubtful | Loss | Secured NPAs/ Total NPAs | NPLs [3/] | NPL Ratio [3/] |
|---|---|---|---|---|---|---|---|
| | | | | | % | | % |
| **Singapore** | | | | | | | |
| **31 Dec 2009** | **417** | **163** | **164** | **90** | **65.2** | **417** | **0.9** |
| 30 Sep 2009 | 472 | 201 | 188 | 83 | 63.2 | 472 | 1.0 |
| 31 Dec 2008 | 395 | 107 | 184 | 104 | 58.1 | 394 | 0.8 |
| **Malaysia** | | | | | | | |
| **31 Dec 2009** | **635** | **427** | **155** | **53** | **61.1** | **614** | **4.0** |
| 30 Sep 2009 | 582 | 381 | 142 | 59 | 59.6 | 561 | 3.9 |
| 31 Dec 2008 | 496 | 290 | 121 | 85 | 59.2 | 474 | 3.3 |
| **Other ASEAN** | | | | | | | |
| **31 Dec 2009** | **213** | **95** | **23** | **95** | **59.9** | **212** | **4.3** |
| 30 Sep 2009 | 220 | 105 | 27 | 88 | 61.8 | 217 | 4.7 |
| 31 Dec 2008 | 127 | 33 | 28 | 66 | 58.8 | 123 | 2.7 |
| **Greater China** | | | | | | | |
| **31 Dec 2009** | **69** | **13** | **56** | **–** | **19.9** | **67** | **0.9** |
| 30 Sep 2009 | 106 | 16 | 90 | # | 17.9 | 101 | 1.5 |
| 31 Dec 2008 | 63 | 8 | 55 | # | 12.9 | 63 | 0.9 |
| **Other Asia Pacific** | | | | | | | |
| **31 Dec 2009** | **47** | **40** | **7** | **–** | **51.8** | **47** | **1.2** |
| 30 Sep 2009 | 49 | 20 | 29 | – | 37.7 | 49 | 1.3 |
| 31 Dec 2008 | 95 | 16 | 79 | – | 13.4 | 95 | 2.9 |
| **Rest of the World [2/]** | | | | | | | |
| **31 Dec 2009** | **67** | **18** | **46** | **3** | **40.3** | **60** | **2.3** |
| 30 Sep 2009 | 154 | 16 | 134 | 4 | 17.0 | 28 | 1.1 |
| 31 Dec 2008 | 172 | 17 | 148 | 7 | 15.2 | 33 | 1.1 |
| **Group** | | | | | | | |
| **31 Dec 2009** | **1,448** | **756** | **451** | **241** | **58.9** | **1,417** | **1.7** |
| 30 Sep 2009 | 1,583 | 739 | 610 | 234 | 53.4 | 1,428 | 1.8 |
| 31 Dec 2008 | 1,348 | 471 | 615 | 262 | 47.8 | 1,182 | 1.5 |

Notes:
1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Include CDOs of S$7 million, S$125 million and S$109 million as at 31 Dec 2009, 30 Sep 2009 and 31 Dec 2008 respectively.
3. Exclude debt securities.
4. "#" represents amounts less than S$0.5 million.

## NON-PERFORMING ASSETS *(continued)*

Non-performing loans ("NPLs") 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 was 1.7% as compared to 1.5% at the end of 2008, but had improved from 2.1% in June 2009. 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") were 7% higher from a year ago. Of the total NPAs, 52% were in the substandard category while 59% were secured by collateral.

| | 31 Dec 2009 | | 31 Dec 2008 | | 30 Sep 2009 | |
|---|---|---|---|---|---|---|
| | S$ million | % of loans | S$ million | % of loans | S$ million | % of loans |
| **NPLs by Industry** | | | | | | |
| Loans and advances | | | | | | |
| Agriculture, mining and quarrying | **13** | **0.8** | 6 | 0.5 | 7 | 0.5 |
| Manufacturing | **402** | **6.9** | 339 | 5.1 | 473 | 8.6 |
| Building and construction | **234** | **1.5** | 113 | 0.7 | 201 | 1.3 |
| Housing loans | **224** | **1.0** | 243 | 1.2 | 232 | 1.1 |
| General commerce | **220** | **2.8** | 147 | 2.1 | 181 | 2.8 |
| Transport, storage and communication | **109** | **1.9** | 24 | 0.4 | 90 | 1.5 |
| Financial institutions, investment and holding companies | **38** | **0.4** | 125 | 1.1 | 66 | 0.7 |
| Professionals and individuals | **140** | **1.8** | 126 | 1.7 | 140 | 1.8 |
| Others | **37** | **0.6** | 59 | 1.1 | 38 | 0.7 |
| **Total NPLs** | **1,417** | **1.7** | 1,182 | 1.5 | 1,428 | 1.8 |
| **Classified debt securities** | **31** | | 166 | | 155 | |
| **Total NPAs** | **1,448** | | 1,348 | | 1,583 | |

| | 31 Dec 2009 | | 31 Dec 2008 | | 30 Sep 2009 | |
|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % |
| **NPAs by Period Overdue** | | | | | | |
| Over 180 days | **639** | **44** | 568 | 42 | 739 | 47 |
| Over 90 to 180 days | **188** | **13** | 193 | 14 | 153 | 10 |
| 30 to 90 days | **208** | **14** | 188 | 14 | 187 | 12 |
| Less than 30 days | **74** | **5** | 230 | 17 | 51 | 3 |
| Not overdue | **339** | **24** | 169 | 13 | 453 | 28 |
| | **1,448** | **100** | 1,348 | 100 | 1,583 | 100 |

| | 31 Dec 2009 | | 31 Dec 2008 | | 30 Sep 2009 | |
|---|---|---|---|---|---|---|
| **S$ million** | Loan | Allowance | Loan | Allowance | Loan | Allowance |
| **Restructured Loans** | | | | | | |
| Substandard | **45** | **2** | 52 | 5 | 119 | 9 |
| Doubtful | **30** | **29** | 40 | 42 | 29 | 34 |
| Loss | **15** | **4** | 19 | 8 | 17 | 8 |
| | **90** | **35** | 111 | 55 | 165 | 51 |

## CUMULATIVE ALLOWANCES FOR ASSETS

| S$ million | Total cumulative allowances | Specific allowances 1/ | Portfolio allowances | Specific allowances as % of total NPAs | Cumulative allowances as % of total NPAs |
|---|---|---|---|---|---|
| | | | | % | % |
| **Singapore** | | | | | |
| **31 Dec 2009** | **588** | **76** | **512** | **18.2** | **140.9** |
| 30 Sep 2009 | 613 | 98 | 515 | 20.7 | 129.7 |
| 31 Dec 2008 | 655 | 151 | 504 | 38.1 | 165.8 |
| **Malaysia** | | | | | |
| **31 Dec 2009** | **463** | **233** | **230** | **36.6** | **72.8** |
| 30 Sep 2009 | 449 | 229 | 220 | 39.3 | 77.2 |
| 31 Dec 2008 | 462 | 242 | 220 | 48.7 | 93.0 |
| **Other ASEAN** | | | | | |
| **31 Dec 2009** | **177** | **111** | **66** | **52.3** | **83.4** |
| 30 Sep 2009 | 139 | 75 | 64 | 34.1 | 63.3 |
| 31 Dec 2008 | 133 | 72 | 61 | 56.3 | 104.7 |
| **Greater China** | | | | | |
| **31 Dec 2009** | **149** | **55** | **94** | **79.7** | **217.1** |
| 30 Sep 2009 | 174 | 81 | 93 | 76.6 | 164.4 |
| 31 Dec 2008 | 133 | 48 | 85 | 76.4 | 210.9 |
| **Other Asia Pacific** | | | | | |
| **31 Dec 2009** | **54** | **3** | **51** | **7.0** | **115.7** |
| 30 Sep 2009 | 71 | 24 | 47 | 49.7 | 147.6 |
| 31 Dec 2008 | 98 | 53 | 45 | 55.6 | 102.6 |
| **Rest of the World** | | | | | |
| **31 Dec 2009** | **52** | **6** | **46** | **9.4** | **76.9** |
| 30 Sep 2009 | 182 | 134 | 48 | 86.7 | 117.5 |
| 31 Dec 2008 | 204 | 140 | 64 | 82.0 | 119.4 |
| **Group** | | | | | |
| **31 Dec 2009** | **1,483** | **484** | **999** | **33.4** | **102.4** |
| 30 Sep 2009 | 1,628 | 641 | 987 | 40.5 | 102.8 |
| 31 Dec 2008 | 1,685 | 706 | 979 | 52.3 | 125.0 |

Note:
1. Include allowances of S$6 million, S$125 million and S$108 million for classified CDOs as at 31 Dec 2009, 30 Sep 2009 and 31 Dec 2008 respectively.

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 102.4% of total NPAs and 248.9% of unsecured NPAs, compared to 125% and 240% respectively at the end of 2008.

## DEPOSITS

| S$ million | 31 Dec 2009 | 31 Dec 2008 | 30 Sep 2009 |
|---|---|---|---|
| Deposits of non-bank customers | **100,633** | 94,078 | 96,877 |
| Deposits and balances of banks | **10,958** | 10,113 | 11,832 |
| | **111,591** | 104,191 | 108,709 |
| Loans to deposits ratio<br>(net non-bank loans / non-bank deposits) | **80.4%** | 84.8% | 79.7% |

| S$ million | 31 Dec 2009 | 31 Dec 2008 | 30 Sep 2009 |
|---|---|---|---|
| **Total Deposits By Maturity** | | | |
| Within 1 year | **109,486** | 101,412 | 106,345 |
| 1 to 3 years | **1,742** | 2,432 | 2,079 |
| Over 3 years | **363** | 347 | 285 |
| | **111,591** | 104,191 | 108,709 |
| **Non-Bank Deposits By Product** | | | |
| Fixed deposits | **53,621** | 57,218 | 53,177 |
| Savings deposits | **21,753** | 16,104 | 20,871 |
| Current account | **20,762** | 16,090 | 18,392 |
| Others | **4,497** | 4,666 | 4,437 |
| | **100,633** | 94,078 | 96,877 |
| **Non-Bank Deposits By Currency** | | | |
| Singapore Dollar | **58,458** | 53,745 | 57,298 |
| United States Dollar | **11,144** | 12,105 | 10,666 |
| Malaysian Ringgit | **16,286** | 14,672 | 15,109 |
| Indonesian Rupiah | **3,735** | 3,039 | 3,216 |
| Others | **11,010** | 10,517 | 10,588 |
| | **100,633** | 94,078 | 96,877 |

Non-bank customer deposits grew 7% year-on-year and 4% from the previous quarter, to S$100.6 billion. The year-on-year 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 79.7% in September 2009 and 84.8% a year ago.

## DEBTS ISSUED

| S$ million | 31 Dec 2009 | 31 Dec 2008 | 30 Sep 2009 |
|---|---|---|---|
| Subordinated debts (unsecured) | **5,769** | 5,155 | 5,136 |
| Commercial papers (unsecured) | **1,061** | 843 | 687 |
| Structured notes (unsecured) | **33** | 12 | 33 |
| Total | **6,863** | 6,010 | 5,856 |
| **Maturity of Debts Issued** | | | |
| Within one year | **1,082** | 845 | 709 |
| Over one year | **5,781** | 5,165 | 5,147 |
| Total | **6,863** | 6,010 | 5,856 |

## CAPITAL ADEQUACY RATIOS

| S$ million | 31 Dec 2009 | 31 Dec 2008 | 30 Sep 2009 |
|---|---|---|---|
| **Tier 1 Capital** | | | |
| Ordinary and preference shares | **7,376** | 6,637 | 7,004 |
| Disclosed reserves / others | **12,893** | 11,537 | 12,359 |
| Goodwill / others | **(4,307)** | (3,913) | (4,375) |
| **Eligible Tier 1 Capital** | **15,962** | 14,261 | 14,988 |
| **Tier 2 Capital** | | | |
| Subordinated term notes | **3,163** | 2,696 | 2,462 |
| Others | **(2,633)** | (2,444) | (2,462) |
| **Total Eligible Capital** | **16,492** | 14,513 | 14,988 |
| **Risk Weighted Assets** | **100,013** | 95,522 | 98,088 |
| **Tier 1 capital adequacy ratio** | **15.9%** | 14.9% | 15.2% |
| **Total capital adequacy ratio** | **16.4%** | 15.1% | 15.2% |

As at 31 December 2009, Group Tier 1 ratio and total capital adequacy ratio ("CAR") were 15.9% and 16.4% respectively. These were well above the regulatory minimum of 6% and 10% respectively.

The capital ratios improved from their end-2008 levels of 14.9% Tier 1 and 15.1% total CAR, contributed by: retained earnings; the issue of 118.5 million new shares pursuant to the Scrip Dividend Scheme, in lieu of cash; the issue of S$712 million of Lower Tier 2 subordinated notes in March 2009, in exchange for outstanding SGD Upper Tier 2 subordinated notes (issued in 2001) which were then cancelled; and the issue of US$500 million of Lower Tier 2 subordinated notes in November 2009.

The Group's core Tier 1 ratio, which excludes perpetual and innovative preference shares, increased from 11.0% to 12.0% over the year, and on a pro-forma basis after the consolidation of IAPB, will be approximately 10.7%.

## UNREALISED VALUATION SURPLUS

| S$ million | 31 Dec 2009 | 31 Dec 2008 | 30 Sep 2009 |
|---|---|---|---|
| Properties [1/] | **2,278** | 2,369 | 2,056 |
| Equity securities [2/] | **1,110** | (277) | 1,374 |
| Total | **3,388** | 2,092 | 3,430 |

Notes:
1. Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
2. Comprises mainly investments in quoted associates and subsidiaries, which are valued based on their market prices at the end of each quarter.
3. 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, if any.

The Group's unrealised valuation surplus represents the difference between the carrying values[3/] 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 valuation surplus as at 31 December 2009 was S$3.39 billion, up by 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.

## 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

| S$ million | 2009 | 2008 | +/(-) % | 4Q09 | 4Q08 | +/(-) % | 3Q09 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| Global Consumer Financial Services | **605** | 674 | (10) | **147** | 148 | (1) | 148 | (1) |
| Global Corporate Banking | **830** | 834 | – | **216** | 109 | 99 | 215 | 1 |
| Global Treasury | **600** | 478 | 26 | **101** | 125 | (19) | 126 | (20) |
| Insurance [1/] | **579** | 229 | 153 | **163** | 48 | 241 | 7 | n.m. |
| Others [2/] | **294** | 64 | 358 | **102** | (36) | 384 | 143 | (28) |
| **Operating profit after allowances and amortisation for total business segments** | **2,908** | 2,279 | 28 | **729** | 394 | 85 | 639 | 14 |
| **Add/(Less):** | | | | | | | | |
| - Joint income elimination [3/] | **(305)** | (348) | (12) | **(81)** | (63) | 27 | (70) | 16 |
| - Items not attributed to business segments | **(60)** | (38) | 59 | **(19)** | (7) | 191 | (19) | 1 |
| **Operating profit after allowances and amortisation** | **2,543** | 1,893 | 34 | **629** | 324 | 94 | 550 | 14 |

Notes:
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. Operating profit for 4Q09 was relatively flat year-on-year at S$147 million.

### 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.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

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, and expenses fell 2%. These effects were however offset by the increase in loan allowances.

For 4Q09, the business achieved strong profit growth of 99% year-on-year to S$216 million. The growth was due to significantly lower allowances and improvement in fee and commission income.

### 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. Profit in 4Q09 fell 19% from a year ago to S$101 million, largely because of lower net interest income as gapping margins narrowed.

### 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 in 1Q09 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 in 3Q09. For 4Q09, GEH achieved an operating profit of S$163 million, up from S$48 million in 4Q08. The year-on-year growth was driven by higher income, lower expenses and lower allowances.

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 and S$119 million in 4Q09, compared to S$160 million in 2008 and S$47 million in 4Q08.

### Others

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

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer Financial Services | Global Corporate Banking | Global Treasury | Insurance | Others | Total Business Segments |
|---|---|---|---|---|---|---|
| **2009** | | | | | | |
| - External customers | **1,218** | **1,479** | **816** | **758** | **849** | **5,120** |
| - Intersegment income | **–** | **–** | **–** | **–** | **84** | **84** |
| **Total income** | **1,218** | **1,479** | **816** | **758** | **933** | **5,204** |
| Operating profit before allowances and amortisation | **662** | **1,010** | **611** | **642** | **459** | **3,384** |
| Amortisation of intangible assets | **–** | **–** | **–** | **(47)** | **–** | **(47)** |
| Allowances and impairment for loans and other assets | **(57)** | **(180)** | **(11)** | **(16)** | **(165)** | **(429)** |
| **Operating profit after allowances and amortisation** | **605** | **830** | **600** | **579** | **294** | **2,908** |
| **Other information:** | | | | | | |
| Capital expenditure | **24** | **8** | **1** | **24** | **143** | **200** |
| Depreciation | **16** | **9** | **1** | **2** | **107** | **135** |
| **2008** | | | | | | |
| - External customers | 1,307 | 1,411 | 682 | 482 | 681 | 4,563 |
| - Intersegment income | – | – | – | – | 65 | 65 |
| **Total income** 1/ | 1,307 | 1,411 | 682 | 482 | 746 | 4,628 |
| Operating profit before allowances and amortisation 1/ | 711 | 934 | 497 | 331 | 300 | 2,773 |
| Amortisation of intangible assets | – | – | – | (47) | – | (47) |
| Allowances and impairment for loans and other assets | (37) | (100) | (19) | (55) | (236) | (447) |
| **Operating profit after allowances and amortisation** 1/ | 674 | 834 | 478 | 229 | 64 | 2,279 |
| **Other information:** | | | | | | |
| Capital expenditure | 24 | 8 | 1 | 90 | 155 | 278 |
| Depreciation | 9 | 4 | # | 1 | 102 | 116 |

Notes:

1. Pre-tax divestment gains of S$186 million for 2008 are not included.
2. "#" represents amounts less than S$0.5 million.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer Financial Services | Global Corporate Banking | Global Treasury | Insurance | Others | Total Business Segments |
|---|---|---|---|---|---|---|
| **4Q09** | | | | | | |
| - External customers | **308** | **391** | **151** | **190** | **226** | **1,266** |
| - Intersegment income | **–** | **–** | **–** | **–** | **21** | **21** |
| **Total income** | **308** | **391** | **151** | **190** | **247** | **1,287** |
| Operating profit before allowances and amortisation | **156** | **265** | **101** | **184** | **112** | **818** |
| Amortisation of intangible assets | **–** | **–** | **–** | **(12)** | **–** | **(12)** |
| Allowances and impairment for loans and other assets | **(9)** | **(49)** | **–** | **(9)** | **(10)** | **(77)** |
| **Operating profit after allowances and amortisation** | **147** | **216** | **101** | **163** | **102** | **729** |
| **Other information:** | | | | | | |
| Capital expenditure | **6** | **3** | **#** | **12** | **27** | **48** |
| Depreciation | **4** | **3** | **#** | **1** | **28** | **36** |
| **4Q08** | | | | | | |
| - External customers | 308 | 364 | 170 | 147 | 128 | 1,117 |
| - Intersegment income | – | – | – | – | 17 | 17 |
| **Total income** | 308 | 364 | 170 | 147 | 145 | 1,134 |
| Operating profit before allowances and amortisation | 161 | 239 | 124 | 100 | 25 | 649 |
| Amortisation of intangible assets | – | – | – | (12) | – | (12) |
| (Allowances and impairment) / write-back for loans and other assets | (13) | (130) | 1 | (40) | (61) | (243) |
| **Operating profit / (loss) after allowances and amortisation** | 148 | 109 | 125 | 48 | (36) | 394 |
| **Other information:** | | | | | | |
| Capital expenditure | 14 | 2 | 1 | 58 | 45 | 120 |
| Depreciation | 3 | 2 | # | # | 28 | 33 |
| **3Q09** | | | | | | |
| - External customers | 309 | 368 | 179 | 57 | 243 | 1,156 |
| - Intersegment income | – | – | – | – | 21 | 21 |
| **Total income** | 309 | 368 | 179 | 57 | 264 | 1,177 |
| Operating profit before allowances and amortisation | 161 | 252 | 126 | 21 | 143 | 703 |
| Amortisation of intangible assets | – | – | – | (12) | – | (12) |
| (Allowances and impairment) / write-back for loans and other assets | (13) | (37) | # | (2) | (#) | (52) |
| **Operating profit after allowances and amortisation** | 148 | 215 | 126 | 7 | 143 | 639 |
| **Other information:** | | | | | | |
| Capital expenditure | 3 | 2 | # | 4 | 70 | 79 |
| Depreciation | 4 | 2 | 1 | # | 26 | 33 |

Note:
1. "#" represents amounts less than S$0.5 million.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer Financial Services | Global Corporate Banking | Global Treasury | Insurance | Others | Group |
|---|---|---|---|---|---|---|
| **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 | **309** | **1,018** | **–** | **7** | **114** | **1,448** |
| **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 | 319 | 811 | 2 | 14 | 202 | 1,348 |
| **At 30 September 2009** | | | | | | |
| Segment assets | 26,676 | 54,174 | 46,352 | 48,447 | 20,016 | 195,665 |
| Unallocated assets | | | | | | 115 |
| Elimination | | | | | | (7,525) |
| **Total assets** | | | | | | 188,255 |
| Segment liabilities | 44,102 | 45,530 | 23,675 | 43,032 | 17,640 | 173,979 |
| Unallocated liabilities | | | | | | 1,307 |
| Elimination | | | | | | (7,525) |
| **Total liabilities** | | | | | | 167,761 |
| **Other information:** | | | | | | |
| Gross non-bank loans | 25,489 | 48,259 | 670 | 297 | 4,029 | 78,744 |
| NPAs | 311 | 1,016 | – | 9 | 247 | 1,583 |

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

| | 2009 | | 2008 | | 4Q09 | | 4Q08 | | 3Q09 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % | S$ million | % | S$ million | % |
| **Total core income** | | | | | | | | | | |
| Singapore [1/] | **2,912** | **60** | 2,684 | 63 | **778** | **66** | 640 | 62 | 649 | 60 |
| Malaysia | **1,239** | **26** | 914 | 22 | **246** | **21** | 210 | 20 | 267 | 25 |
| Other ASEAN | **370** | **8** | 326 | 8 | **91** | **7** | 95 | 9 | 97 | 9 |
| Asia Pacific | **242** | **5** | 272 | 6 | **59** | **5** | 85 | 8 | 56 | 5 |
| Rest of the World | **52** | **1** | 45 | 1 | **10** | **1** | 12 | 1 | 12 | 1 |
| | **4,815** | **100** | 4,241 | 100 | **1,184** | **100** | 1,042 | 100 | 1,081 | 100 |
| **Profit before income tax** | | | | | | | | | | |
| Singapore [1/] | **1,594** | **63** | 1,244 | 66 | **488** | **78** | 232 | 72 | 328 | 59 |
| Malaysia | **800** | **31** | 519 | 27 | **132** | **21** | 90 | 28 | 158 | 29 |
| Other ASEAN | **125** | **5** | 81 | 4 | **23** | **4** | 25 | 8 | 40 | 7 |
| Asia Pacific | **41** | **2** | 45 | 2 | **22** | **3** | (26) | (8) | 21 | 4 |
| Rest of the World | **(17)** | **(1)** | 10 | 1 | **(38)** | **(6)** | (#) | – | 5 | 1 |
| | **2,543** | **100** | 1,899 | 100 | **627** | **100** | 321 | 100 | 552 | 100 |

Notes:

1. Pre-tax divestment gains of S$186 million for 2008 are not included in total core income and profit before income tax.
2. "#" represents amounts less than S$0.5 million.

| | 31 Dec 2009 | | 31 Dec 2008 | | 30 Sep 2009 | |
|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % |
| **Total assets** | | | | | | |
| Singapore | **125,001** | **64** | 118,157 | 66 | 121,816 | 65 |
| Malaysia | **43,070** | **22** | 38,402 | 21 | 41,133 | 22 |
| Other ASEAN | **6,922** | **4** | 5,853 | 3 | 6,214 | 3 |
| Asia Pacific | **15,754** | **8** | 15,029 | 8 | 15,513 | 8 |
| Rest of the World | **3,553** | **2** | 3,944 | 2 | 3,579 | 2 |
| | **194,300** | **100** | 181,385 | 100 | 188,255 | 100 |

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% year-on-year to S$800 million, partly because of the non-recurring insurance gains of S$201 million in 1Q09 arising mainly from the adoption of the new Risk Based Capital framework in Malaysia.

## HALF-YEARLY INCOME AND PROFIT

| S$ million | 2009 | 2008 | +/(-) % |
|---|---|---|---|
| **Total income** | | | |
| First half year | **2,550** | 2,239 | 14 |
| Second half year | **2,265** | 2,188 | 3 |
| | **4,815** | 4,427 | 9 |
| **Profit for the year** | | | |
| First half year | **1,116** | 1,073 | 4 |
| Second half year | **1,038** | 787 | 32 |
| | **2,154** | 1,860 | 16 |

# ADDITIONAL DISCLOSURES

## Collateralised Debt Obligations ("CDO")

As at 31 December 2009, the Bank[1/] has investments of S$103 million in CDOs, which have been fully provided for in the income statement. Allowances on asset-backed securities CDOs ("ABS CDOs") and corporate CDOs have been made in full through the income statement since 2Q08 and 1Q09 respectively.

The corporate CDO portfolio stands at S$103 million. As at 31 December 2009, 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.

| **S$ million** | **31 Dec 09** | | **31 Dec 08** | | **30 Sep 09** | |
|---|---|---|---|---|---|---|
| **Type of CDO / Tranche** | **Exposure** | **Allowance** | **Exposure** | **Allowance** | **Exposure** | **Allowance** |
| **ABS CDO** | | | | | | |
| ***Investment portfolio*** | – | – | 252 | (252) | 93 | (93) |
| **Corporate CDO (Non-ABS)** | | | | | | |
| ***Investment portfolio*** | **103** | **(40)** | 201 | (47) | 129 | (65)^ |
| **Total CDO portfolio** | **103** | **(40)** | 453 | (299) | 222 | (158) |

Note:
^ In addition to the cumulative allowances of S$40 million (Sep 09: S$65 million), the Bank has also taken cumulative mark-to-market losses of S$63 million (Sep 09: S$64 million) to the income statement.

## Special Purpose Entities ("SPE")

As at 31 December 2009, OCBC does not utilise any SPE as a conduit for the securitisation of assets.

1. The disclosures in this section exclude GEH and its asset management subsidiary Lion Global Investors.

## AUDITED CONSOLIDATED INCOME STATEMENT

| S$ million | 2009 | 2008 | +/(-) % | 4Q09@ | 4Q08@ | +/(-) % | 3Q09@ | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| Interest income | **4,189** | 5,267 | (20) | **993** | 1,344 | (26) | 997 | – |
| Interest expense | **(1,364)** | (2,484) | (45) | **(306)** | (561) | (45) | (308) | (1) |
| **Net interest income** | **2,825** | 2,783 | 2 | **687** | 783 | (12) | 689 | – |
| Premium income | **5,589** | 6,806 | (18) | **1,561** | 1,248 | 25 | 1,722 | (9) |
| Investment income | **2,726** | (400) | 782 | **676** | (683) | 199 | 1,136 | (41) |
| Net claims, surrenders and annuities | **(4,471)** | (4,227) | 6 | **(1,149)** | (1,285) | (11) | (1,468) | (22) |
| Change in life assurance fund contract liabilities | **(2,007)** | (1,193) | 68 | **(617)** | 946 | 165 | (883) | (30) |
| Commission and others | **(1,110)** | (686) | 62 | **(344)** | (111) | 210 | (298) | 15 |
| Profit from life assurance | **727** | 300 | 142 | **127** | 115 | 10 | 209 | (39) |
| Premium income from general insurance | **122** | 109 | 12 | **26** | 30 | (14) | 33 | (20) |
| Fees and commissions (net) | **730** | 774 | (6) | **192** | 159 | 20 | 189 | 2 |
| Dividends | **57** | 72 | (21) | **4** | 8 | (46) | 10 | (60) |
| Rental income | **78** | 68 | 14 | **20** | 19 | 6 | 20 | (2) |
| Other income | **276** | 321 | (14) | **128** | (72) | 277 | (69) | 283 |
| **Non-interest income** | **1,990** | 1,644 | 21 | **497** | 259 | 92 | 392 | 27 |
| **Total income** | **4,815** | 4,427 | 9 | **1,184** | 1,042 | 14 | 1,081 | 10 |
| Staff costs | **(995)** | (1,045) | (5) | **(265)** | (252) | 5 | (257) | 3 |
| Other operating expenses | **(801)** | (809) | (1) | **(201)** | (211) | (5) | (210) | (4) |
| **Total operating expenses** | **(1,796)** | (1,854) | (3) | **(466)** | (463) | 1 | (467) | – |
| **Operating profit before allowances and amortisation** | **3,019** | 2,573 | 17 | **718** | 579 | 24 | 614 | 17 |
| Amortisation of intangible assets | **(47)** | (47) | – | **(12)** | (12) | – | (12) | – |
| Allowances for loans and impairment of other assets | **(429)** | (447) | (4) | **(77)** | (243) | (69) | (52) | 48 |
| **Operating profit after allowances and amortisation** | **2,543** | 2,079 | 22 | **629** | 324 | 94 | 550 | 14 |
| Share of results of associates and joint ventures | **(#)** | 6 | (101) | **(2)** | (3) | 37 | 2 | (228) |
| **Profit before income tax** | **2,543** | 2,085 | 22 | **627** | 321 | 96 | 552 | 14 |
| Income tax expense [1/] | **(389)** | (225) | 73 | **(75)** | 20 | 472 | (65) | 16 |
| **Profit for the period** | **2,154** | 1,860 | 16 | **552** | 341 | 62 | 487 | 13 |
| **Profit attributable to:** | | | | | | | | |
| Equity holders of the Bank | **1,962** | 1,749 | 12 | **502** | 301 | 67 | 450 | 12 |
| Minority interests | **192** | 111 | 74 | **50** | 40 | 26 | 37 | 37 |
| | **2,154** | 1,860 | 16 | **552** | 341 | 62 | 487 | 13 |
| **Earnings per share (for the period – cents)** [2/] | | | | | | | | |
| Basic | **59.4** | 54.6 | | **14.2** | 8.4 | | 14.2 | |
| Diluted | **59.3** | 54.5 | | **14.1** | 8.4 | | 14.1 | |

Notes:

1. 2008 and 4Q08 tax expense include tax refunds of S$89 million and S$51 million respectively, following the finalisation of tax treatment for various items in the respective periods.
2. "Earnings per share" was computed including divestment gains and tax refunds.
3. "@" represents unaudited.
4. "#" represents amounts less than S$0.5 million.

## AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| S$ million | 2009 | 2008 | +/(-) % | 4Q09@ | 4Q08@ | +/(-) % | 3Q09@ | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Profit for the year/period** | **2,154** | 1,860 | 16 | **552** | 341 | 62 | 487 | 13 |
| **Other comprehensive income:** | | | | | | | | |
| Available-for-sale financial assets | | | | | | | | |
| Gains/(losses) for the year/period | **1,306** | (1,769) | 174 | **423** | (115) | 468 | 235 | 80 |
| Reclassification of (gains)/losses to income statement | | | | | | | | |
| - on disposal | **(50)** | (204) | 75 | **(30)** | 24 | (226) | (35) | 13 |
| - on impairment | **161** | 281 | (43) | **14** | 69 | (79) | (3) | 602 |
| Tax on net movements | **(110)** | 146 | (175) | **(24)** | 14 | (278) | (23) | (4) |
| Exchange differences on translating foreign operations | **98** | (249) | 139 | **20** | (183) | 111 | (12) | 271 |
| Other comprehensive income of associates and joint ventures | **3** | 13 | (79) | **(#)** | 5 | (105) | (#) | 27 |
| **Total other comprehensive income, net of tax** | **1,408** | (1,782) | 179 | **403** | (186) | 317 | 162 | 148 |
| **Total comprehensive income for the period, net of tax** | **3,562** | 78 | n.m. | **955** | 155 | 518 | 649 | 47 |
| **Total comprehensive income** | | | | | | | | |
| Equity holders of the Bank | **3,333** | 41 | n.m. | **896** | 140 | 542 | 605 | 48 |
| Minority interests | **229** | 37 | 524 | **59** | 15 | 301 | 44 | 35 |
| | **3,562** | 78 | n.m. | **955** | 155 | 518 | 649 | 47 |

Notes:
1. "n.m." denotes not meaningful.
2. "#" represents amounts less than S$0.5 million.
3. "@" represents unaudited.

## AUDITED BALANCE SHEETS

| S$ million | GROUP 31 Dec 2009 | GROUP 31 Dec 2008 | GROUP 30 Sep 2009 @ | BANK 31 Dec 2009 | BANK 31 Dec 2008 | BANK 30 Sep 2009 @ |
|---|---|---|---|---|---|---|
| **EQUITY** | | | | | | |
| **Attributable to equity holders of the Bank** | | | | | | |
| Share capital | **7,376** | 6,638 | 7,003 | **7,376** | 6,638 | 7,003 |
| Capital reserves | **986** | 1,329 | 1,057 | **768** | 1,099 | 851 |
| Fair value reserves | **1,506** | 222 | 1,128 | **603** | 12 | 492 |
| Revenue reserves | **9,103** | 7,685 | 8,557 | **5,716** | 5,076 | 5,375 |
| | **18,971** | 15,874 | 17,745 | **14,463** | 12,825 | 13,721 |
| **Minority interests** | **2,808** | 2,686 | 2,749 | – | – | – |
| **Total equity** | **21,779** | 18,560 | 20,494 | **14,463** | 12,825 | 13,721 |
| **LIABILITIES** | | | | | | |
| Deposits of non-bank customers | **100,633** | 94,078 | 96,877 | **77,298** | 73,238 | 75,427 |
| Deposits and balances of banks | **10,958** | 10,113 | 11,832 | **9,674** | 9,049 | 10,039 |
| Due to subsidiaries | – | – | – | **1,369** | 1,399 | 1,320 |
| Due to associates | **119** | 95 | 120 | **118** | 87 | 116 |
| Trading portfolio liabilities | **2,016** | 1,111 | 1,557 | **2,016** | 1,111 | 1,557 |
| Derivative payables | **3,918** | 7,675 | 4,206 | **3,767** | 7,415 | 4,053 |
| Other liabilities | **3,215** | 2,930 | 3,602 | **1,011** | 944 | 1,314 |
| Current tax | **607** | 501 | 479 | **269** | 277 | 250 |
| Deferred tax | **946** | 576 | 828 | **120** | 41 | 101 |
| Debts issued | **6,863** | 6,010 | 5,856 | **8,230** | 7,554 | 7,240 |
| | **129,275** | 123,089 | 125,357 | **103,872** | 101,115 | 101,417 |
| Life assurance fund liabilities | **43,246** | 39,736 | 42,404 | – | – | – |
| **Total liabilities** | **172,521** | 162,825 | 167,761 | **103,872** | 101,115 | 101,417 |
| **Total equity and liabilities** | **194,300** | 181,385 | 188,255 | **118,335** | 113,940 | 115,138 |
| **ASSETS** | | | | | | |
| Cash and placements with central banks | **13,171** | 7,028 | 9,459 | **8,160** | 4,267 | 4,756 |
| Singapore government treasury bills and securities | **10,922** | 9,215 | 11,318 | **10,550** | 8,636 | 10,951 |
| Other government treasury bills and securities | **5,564** | 4,777 | 5,273 | **2,744** | 1,257 | 2,353 |
| Placements with and loans to banks | **15,821** | 15,353 | 18,495 | **11,992** | 12,634 | 14,769 |
| Loans and bills receivable | **80,876** | 79,808 | 77,257 | **61,340** | 62,069 | 59,387 |
| Debt and equity securities | **11,680** | 10,174 | 10,979 | **7,786** | 7,018 | 7,440 |
| Assets pledged | **279** | 837 | 354 | **267** | 837 | 342 |
| Assets held for sale | – | – | # | – | – | – |
| Derivative receivables | **3,973** | 6,655 | 4,379 | **3,770** | 6,245 | 4,148 |
| Other assets | **2,911** | 2,665 | 2,970 | **689** | 1,001 | 567 |
| Deferred tax | **64** | 97 | 79 | **5** | 19 | 12 |
| Associates and joint ventures | **226** | 132 | 131 | **56** | 12 | 28 |
| Subsidiaries | – | – | – | **8,151** | 7,173 | 7,558 |
| Property, plant and equipment | **1,609** | 1,665 | 1,609 | **409** | 405 | 408 |
| Investment property | **765** | 726 | 769 | **549** | 500 | 552 |
| Goodwill and intangible assets | **3,362** | 3,376 | 3,368 | **1,867** | 1,867 | 1,867 |
| | **151,223** | 142,508 | 146,440 | **118,335** | 113,940 | 115,138 |
| Life assurance fund investment assets | **43,077** | 38,877 | 41,815 | – | – | – |
| **Total assets** | **194,300** | 181,385 | 188,255 | **118,335** | 113,940 | 115,138 |
| **Net Asset Value Per Ordinary Share (before valuation surplus – S$)** | **5.29** | 4.51 | 4.99 | **3.89** | 3.52 | 3.72 |
| **OFF-BALANCE SHEET ITEMS** | | | | | | |
| Contingent liabilities | **7,314** | 8,661 | 7,159 | **6,458** | 7,213 | 6,115 |
| Commitments | **43,093** | 46,655 | 46,385 | **34,899** | 37,478 | 38,145 |
| Derivative financial instruments | **355,210** | 365,904 | 358,599 | **335,535** | 343,630 | 338,937 |

Notes:
1. "#" represents amounts less than S$0.5 million.
2. "@" represents unaudited.

## AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP
For the financial year ended 31 December 2009

| S$ million | Attributable to equity holders of the Bank<br>Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2009** | **6,638** | **1,329** | **222** | **7,685** | **15,874** | **2,686** | **18,560** |
| Total comprehensive income for the year | **–** | **–** | **1,284** | **2,049** | **3,333** | **229** | **3,562** |
| Transfers | **2** | **(338)** | **–** | **336** | **–** | **–** | **–** |
| Change in minority interests | **–** | **–** | **–** | **–** | **–** | **8** | **8** |
| Dividends to minority interests | **–** | **–** | **–** | **–** | **–** | **(115)** | **(115)** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **3** | **3** | **–** | **3** |
| Ordinary and preference dividends paid in cash | **–** | **–** | **–** | **(286)** | **(286)** | **–** | **(286)** |
| Share-based staff costs capitalised | **–** | **11** | **–** | **–** | **11** | **–** | **11** |
| Shares issued in lieu of ordinary dividends | **684** | **–** | **–** | **(684)** | **–** | **–** | **–** |
| Shares issued to non-executive directors | **#** | **–** | **–** | **–** | **#** | **–** | **#** |
| Shares purchased by DSP Trust | **–** | **(3)** | **–** | **–** | **(3)** | **–** | **(3)** |
| Shares vested under DSP Scheme | **–** | **9** | **–** | **–** | **9** | **–** | **9** |
| Treasury shares transferred / sold | **52** | **(22)** | **–** | **–** | **30** | **–** | **30** |
| **Balance at 31 December 2009** | **7,376** | **986** | **1,506** | **9,103** | **18,971** | **2,808** | **21,779** |
| Included:<br>Share of reserves of associates<br>and joint ventures | **–** | **3** | **#** | **32** | **35** | **(1)** | **34** |
| **Balance at 1 January 2008** | 5,520 | 1,732 | 1,726 | 6,700 | 15,678 | 1,161 | 16,839 |
| Total comprehensive income for the year | – | – | (1,504) | 1,545 | 41 | 37 | 78 |
| Transfers | 29 | (393) | – | 364 | – | – | – |
| Acquisition of interests in subsidiaries<br>and change in minority interests | – | – | – | – | – | 86 | 86 |
| Dividends and liquidation<br>distribution to minority interests | – | – | – | – | – | (98) | (98) |
| DSP reserve from dividends on unvested shares | – | – | – | 3 | 3 | – | 3 |
| Ordinary and preference dividends | – | – | – | (927) | (927) | – | (927) |
| Preference shares issued by a subsidiary | – | – | – | – | – | 1,500 | 1,500 |
| Preference shares issued by the Bank | 1,000 | – | – | – | 1,000 | – | 1,000 |
| Preferences shares' issue expense | (1) | – | – | – | (1) | – | (1) |
| Share-based staff costs capitalised | – | 15 | – | – | 15 | – | 15 |
| Shares issued to non-executive directors | 1 | – | – | – | 1 | – | 1 |
| Shares purchased by DSP Trust | – | (2) | – | – | (2) | – | (2) |
| Shares vested under DSP Scheme | – | 8 | – | – | 8 | – | 8 |
| Treasury shares transferred / sold | 89 | (31) | – | – | 58 | – | 58 |
| **Balance at 31 December 2008** | 6,638 | 1,329 | 222 | 7,685 | 15,874 | 2,686 | 18,560 |
| Included:<br>Share of reserves of associates<br>and joint ventures | – | 2 | (#) | 32 | 34 | (#) | 34 |

Note:
1. "#" represents amounts less than S$0.5 million.

## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)
For the three months ended 31 December 2009

| S$ million | Attributable to equity holders of the Bank | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total | Minority interests | Total equity |
| **Balance at 1 October 2009** | **7,003** | **1,057** | **1,128** | **8,557** | **17,745** | **2,749** | **20,494** |
| Total comprehensive income for the period | **–** | **–** | **378** | **518** | **896** | **59** | **955** |
| Transfers | **2** | **(74)** | **–** | **72** | **–** | **–** | **–** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **1** | **1** | **–** | **1** |
| Preference dividends | **–** | **–** | **–** | **(45)** | **(45)** | **–** | **(45)** |
| Shares issued in lieu of ordinary dividends | **359** | **–** | **–** | **–** | **359** | **–** | **359** |
| Shares purchased by DSP Trust | **–** | **(1)** | **–** | **–** | **(1)** | **–** | **(1)** |
| Share-based staff costs capitalised | **–** | **4** | **–** | **–** | **4** | **–** | **4** |
| Treasury shares transferred / sold | **12** | **–** | **–** | **–** | **12** | **–** | **12** |
| **Balance at 31 December 2009** | **7,376** | **986** | **1,506** | **9,103** | **18,971** | **2,808** | **21,779** |
| Included: | | | | | | | |
| Share of reserves of associates | | | | | | | |
| and joint ventures | **–** | **3** | **#** | **32** | **35** | **(1)** | **34** |
| | | | | | | | |
| **Balance at 1 October 2008** | 6,606 | 1,453 | 225 | 7,483 | 15,767 | 2,705 | 18,472 |
| Total comprehensive income for the period | – | – | (3) | 143 | 140 | 15 | 155 |
| Transfers | 29 | (128) | – | 99 | – | – | – |
| Dividends to minority interests | – | – | – | – | – | (34) | (34) |
| Preference dividends | – | – | – | (40) | (40) | – | (40) |
| Share-based staff costs capitalised | – | 4 | – | – | 4 | – | 4 |
| Shares purchased by DSP Trust | | | | | | | |
| Treasury shares transferred / sold | 3 | – | – | – | 3 | – | 3 |
| **Balance at 31 December 2008** | 6,638 | 1,329 | 222 | 7,685 | 15,874 | 2,686 | 18,560 |
| Included: | | | | | | | |
| Share of reserves of associates | | | | | | | |
| and joint ventures | – | 2 | (#) | 32 | 34 | (#) | 34 |

Note:
1. "#" represents amounts less than S$0.5 million.

## AUDITED STATEMENT OF CHANGES IN EQUITY – BANK

For the financial year ended 31 December 2009

| S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity |
|---|---|---|---|---|---|
| **Balance at 1 January 2009** | **6,638** | **1,099** | **12** | **5,076** | **12,825** |
| Total comprehensive income for the year | **–** | **–** | **591** | **1,267** | **1,858** |
| Transfers | **2** | **(342)** | **–** | **340** | **–** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **3** | **3** |
| Ordinary and preference dividends paid in cash | **–** | **–** | **–** | **(286)** | **(286)** |
| Share-based staff costs capitalised | **–** | **11** | **–** | **–** | **11** |
| Shares issued in lieu of ordinary dividends | **684** | **–** | **–** | **(684)** | **–** |
| Shares issued to non-executive directors | **#** | **–** | **–** | **–** | **#** |
| Treasury shares transferred / sold | **52** | **–** | **–** | **–** | **52** |
| **Balance at 31 December 2009** | **7,376** | **768** | **603** | **5,716** | **14,463** |
| | | | | | |
| **Balance at 1 January 2008** | 5,520 | 1,453 | 430 | 3,710 | 11,113 |
| Total comprehensive income for the year | – | – | (418) | 1,950 | 1,532 |
| Transfers | 29 | (369) | – | 340 | – |
| DSP reserve from dividends on unvested shares | – | – | – | 3 | 3 |
| Ordinary and preference dividends | – | – | – | (927) | (927) |
| Preference shares issued by the Bank | 1,000 | – | – | – | 1,000 |
| Preference shares' issue expense | (1) | – | – | – | (1) |
| Share-based staff costs capitalised | – | 15 | – | – | 15 |
| Shares issued to non-executive directors | 1 | – | – | – | 1 |
| Treasury shares transferred / sold | 89 | – | – | – | 89 |
| **Balance at 31 December 2008** | 6,638 | 1,099 | 12 | 5,076 | 12,825 |

For the three months ended 31 December 2009 (Unaudited)

| S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity |
|---|---|---|---|---|---|
| **Balance at 1 October 2009** | **7,003** | **851** | **492** | **5,375** | **13,721** |
| Total comprehensive income for the period | **–** | **–** | **111** | **300** | **411** |
| Transfers | **2** | **(87)** | **–** | **85** | **–** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **1** | **1** |
| Preference dividends | **–** | **–** | **–** | **(45)** | **(45)** |
| Share-based staff costs capitalised | **–** | **4** | **–** | **–** | **4** |
| Shares issued in lieu of ordinary dividends | **359** | **–** | **–** | **–** | **359** |
| Treasury shares transferred / sold | **12** | **–** | **–** | **–** | **12** |
| **Balance at 31 December 2009** | **7,376** | **768** | **603** | **5,716** | **14,463** |
| | | | | | |
| **Balance at 1 October 2008** | 6,606 | 1,208 | 1 | 4,918 | 12,733 |
| Total comprehensive income for the period | – | – | 11 | 114 | 125 |
| Transfers | 29 | (113) | – | 84 | – |
| Preference dividends | – | – | – | (40) | (40) |
| Share-based staff costs capitalised | – | 4 | – | – | 4 |
| Treasury shares transferred / sold | 3 | – | – | – | 3 |
| **Balance at 31 December 2008** | 6,638 | 1,099 | 12 | 5,076 | 12,825 |

Note:
1. "#" represents amounts less than S$0.5 million.

# AUDITED CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2009

| S$ million | 2009 | 2008 | 4Q09 @ | 4Q08 @ |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit before income tax | **2,543** | 2,085 | **627** | 321 |
| Adjustments for non-cash items | | | | |
| Amortisation of intangible assets | **47** | 47 | **12** | 12 |
| Allowances for loans and impairment of other assets | **429** | 447 | **77** | 243 |
| Change in fair value for hedging transactions and trading securities | **(297)** | 291 | **14** | 34 |
| Depreciation of property, plant and equipment and investment property | **135** | 116 | **36** | 33 |
| Net gain on disposal of property, plant and equipment and investment property | **(8)** | (8) | **(5)** | (1) |
| Net (gain)/loss on disposal of government, debt and equity securities | **(50)** | (204) | **(30)** | 24 |
| Net loss on disposal of an associate and interest in subsidiaries | **#** | # | **–** | – |
| Share-based staff costs | **9** | 13 | **4** | 4 |
| Share of results of associates and joint ventures | **#** | (6) | **2** | 3 |
| Items relating to life assurance fund | | | | |
| Surplus before income tax | **998** | 45 | **223** | (64) |
| Surplus transferred from life assurance fund | **(727)** | (300) | **(127)** | (115) |
| Operating profit before change in operating assets and liabilities | **3,079** | 2,526 | **833** | 494 |
| Change in operating assets and liabilities | | | | |
| Deposits of non-bank customers | **6,580** | 5,324 | **3,754** | (603) |
| Deposits and balances of banks | **845** | (4,651) | **(873)** | (3,255) |
| Derivative payables and other liabilities | **(3,493)** | 4,401 | **(213)** | 2,095 |
| Trading portfolio liabilities | **905** | 939 | **459** | 313 |
| Government securities and treasury bills | **(2,736)** | (1,138) | **145** | (622) |
| Trading securities | **115** | 259 | **(66)** | 582 |
| Placements with and loans to banks | **80** | (338) | **2,674** | 829 |
| Loans and bills receivable | **(1,341)** | (8,508) | **(3,682)** | (43) |
| Derivative receivables and other assets | **2,235** | (3,119) | **452** | (2,043) |
| Net change in investment assets and liabilities of life assurance fund | **(521)** | 580 | **(306)** | 372 |
| Cash from/(used in) operating activities | **5,748** | (3,725) | **3,177** | (1,881) |
| Income tax paid | **(342)** | (362) | **(36)** | (31) |
| **Net cash from/(used in) operating activities** | **5,406** | (4,087) | **3,141** | (1,912) |
| **Cash flows from investing activities** | | | | |
| Acquisition of minority interests | **–** | (31) | **–** | – |
| Dividends from associates | **3** | 2 | **#** | 2 |
| (Increase)/decrease in associates and joint ventures | **(92)** | 4 | **(96)** | (2) |
| Net cashflow from acquisition of subsidiaries | **–** | (124) | **–** | – |
| Purchases of debt and equity securities | **(3,130)** | (4,424) | **(860)** | (716) |
| Purchases of property, plant and equipment and investment property | **(200)** | (278) | **(49)** | (119) |
| Proceeds from disposal of debt and equity securities | **3,392** | 5,219 | **608** | 1,293 |
| Proceeds from disposal of interest in subsidiaries | **8** | – | **#** | – |
| Proceeds from disposal of an associate | **–** | 1 | **–** | – |
| Proceeds from disposal of property, plant and equipment and investment property | **20** | 42 | **13** | 21 |
| **Net cash from/(used in) investing activities** | **1** | 411 | **(384)** | 479 |
| **Cash flows from financing activities** | | | | |
| Dividends paid to equity holders of the Bank | **(286)** | (927) | **(131)** | (40) |
| Dividends paid to minority interests | **(115)** | (98) | **(#)** | (34) |
| Increase/(decrease) in debts issued | **1,054** | 939 | **1,064** | (406) |
| Net proceeds from issue of preference shares by the Bank | **–** | 999 | **–** | – |
| Proceeds from issue of preference shares by a subsidiary | **–** | 1,500 | **–** | – |
| Proceeds from treasury shares transferred/sold under the Bank's employee share schemes | **30** | 58 | **12** | 2 |
| **Net cash (used in)/from financing activities** | **683** | 2,471 | **945** | (478) |
| **Net currency translation adjustments** | **53** | (163) | **10** | (121) |
| **Net change in cash and cash equivalents** | **6,143** | (1,368) | **3,712** | (2,032) |
| **Cash and cash equivalents at beginning of year/period** | **7,028** | 8,396 | **9,459** | 9,060 |
| **Cash and cash equivalents at end of year/period** | **13,171** | 7,028 | **13,171** | 7,028 |

Notes:
1. "#" represents amounts less than S$0.5 million.
2. "@" represents unaudited.

## SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

| | Financial year ended 31 Dec | | Three months ended 31 Dec | |
|---|---|---|---|---|
| **Number of Shares** | **2009** | **2008** | **2009** | **2008** |
| **Issued ordinary shares** | | | | |
| Balance at beginning of year/period | **3,126,565,512** | 3,126,512,712 | **3,193,938,485** | 3,126,565,512 |
| Shares issued in lieu of ordinary dividends | **118,511,571** | – | **51,181,798** | – |
| Shares issued to non-executive directors | **43,200** | 52,800 | **–** | – |
| Balance at end of year/period | **3,245,120,283** | 3,126,565,512 | **3,245,120,283** | 3,126,565,512 |
| **Treasury shares** | | | | |
| Balance at beginning of year/period | **(25,746,212)** | (40,291,633) | **(17,238,874)** | (26,450,221) |
| Shares sold / transferred to employees pursuant to OCBC Share Option Schemes | **6,043,567** | 4,997,454 | **2,434,335** | 704,009 |
| Shares sold / transferred to employees pursuant to OCBC Employee Share Purchase Plan | **22,790** | 5,456,660 | **22,790** | – |
| Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan | **4,898,106** | 4,091,307 | **–** | – |
| Balance at end of year/period | **(14,781,749)** | (25,746,212) | **(14,781,749)** | (25,746,212) |
| **Total** | **3,230,338,534** | 3,100,819,300 | **3,230,338,534** | 3,100,819,300 |

From 1 October 2009 to 31 December 2009 (both dates inclusive), the Bank utilised 2,434,335 treasury shares upon the exercise of options by employees of the Group pursuant to OCBC Share Option Schemes 1994 and 2001. As at 31 December 2009, the number of options outstanding under the OCBC Share Options Schemes was 39,746,960 (31 December 2008: 43,089,452).

From 1 October 2009 to 31 December 2009 (both dates inclusive), the Bank utilised 22,790 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As at 31 December 2009, the number of acquisition rights outstanding under the OCBC ESPP was 8,452,191 (31 December 2008: 10,214,077).

51,181,798 ordinary shares were issued pursuant to OCBC Scrip Dividend Scheme in lieu of cash for the interim one-tier tax exempt dividend of 14 cents per ordinary shares in the capital of OCBC for the year ended 31 December 2009.

There was no share buyback in the fourth quarter ended 31 December 2009. No new preference shares were allotted and issued by the Bank in the fourth quarter ended 31 December 2009.

## OTHER MATTERS / SUBSEQUENT EVENTS

1. 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 will 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.

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# 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.

***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