

What we are ... What we aim to be ... What we stand for

OCBC Bank is a leading financial institution in Asia recognised for its strong fundamentals and comprehensive retail and commercial business solutions.

We aim to be a world-class financial institution in Asia Pacific with specific focus in Singapore, Malaysia and Greater China.

Our creed is to deliver the best value to our customers through excellent quality service by dedicated skilled staff supported by the latest advances in technology.

We will continually invest in our staff because they are our main assets. Across our 90 branches and representative offices in 13 countries, we will build on their talents and competencies to stay relevant and competitive.

Through superior customer service, prudent risk management and a culture of continuous improvement, we will enhance value for our shareholders.

# FINANCIAL HIGHLIGHTS

## Group five-year financial summary (\$\$ million)

Financial year ended 31 December	1999 <sup>1</sup>	1998 <sup>1</sup>	1997	1996	1995
Operating profit	<b>1,270.6</b>	1,506.5	1,384.3	1,135.1	930.8
Provisions for possible loan losses and diminution in value of other assets	<b>515.7</b>	974.9	569.3	164.6	96.6
Profit before tax	<b>901.6</b>	610.4	815.0	970.5	834.2
Profit attributable to members	<b>689.5</b>	477.3	581.1	708.9	612.9 <sup>2</sup>
Total assets	<b>54,289.6</b>	56,219.0	57,535.5	51,523.9	45,468.9
Loans to customers including bills (net of provisions)	<b>29,817.0</b>	33,448.1	37,430.8	32,310.4	26,924.3
Total deposits (including debt securities)	<b>44,460.6</b>	46,986.7	48,423.3	43,097.1	37,492.2
Total shareholders' funds	<b>7,375.5</b>	7,188.0	6,395.9	6,059.2	5,064.2

Financial year ended 31 December	1999 <sup>1</sup>	1998 <sup>1</sup>	1997	1996	1995
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### Information per ordinary share (S\$ millions)

Earnings per share (S\$) <sup>3</sup>	<b>0.54</b>	0.37	0.46	0.57	0.50
Dividends per share (S\$) <sup>3</sup>	<b>0.34</b>	0.16	0.16	0.16	0.16
Net tangible asset backing per share (S\$) <sup>3</sup>	<b>5.74</b>	5.62	5.02	4.79	4.14

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### Ratios

Return on equity	<b>9.36</b>	6.78	9.13	12.83	12.80
Return on average assets	<b>1.25</b>	0.84	1.07	1.46	1.42
Dividend cover (number of times) <sup>4</sup>	<b>2.18</b>	3.33	4.12	6.07	5.73
Expense-to-income ratio	<b>29.39</b>	24.34	25.99	27.89	30.06

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<sup>1</sup> The Group adopted equity accounting for associated companies with effect from 1 January 1999. The 1998 comparatives have been restated accordingly.

<sup>2</sup> Includes extraordinary gain of S\$7.9 million.

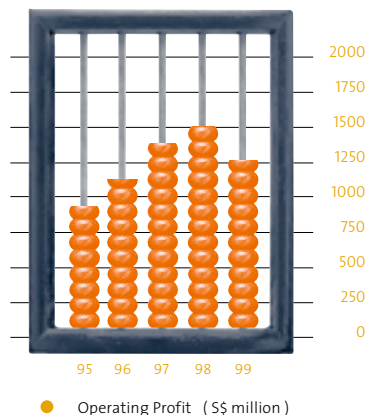
<sup>3</sup> Earnings per share, dividends per share and net tangible assets per share have been adjusted for the rights issue in 1996 and bonus issues in 1997 and 1999.

<sup>4</sup> Dividend cover is the ratio of net profit after tax (excluding extraordinary gain) to dividends less tax.

## Operating Profit

1999: S\$1,270.6 million    1998: S\$1,506.5 million

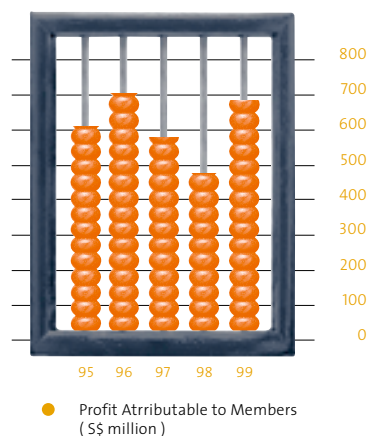
Operating profit declined due to the lower net interest earned on surplus funds following the high interest rate environment in 1998 and the higher one-time non-core gains in 1998.



## Profit Attributable to Members

1999: S\$689.5 million    1998: S\$477.3 million

Profit attributable to members rose 45% to S\$690 million due mainly to higher interest margins on customer funds, better fee income from stockbroking, unit trust and fund management activities, lower provisions and higher earnings from associated companies.



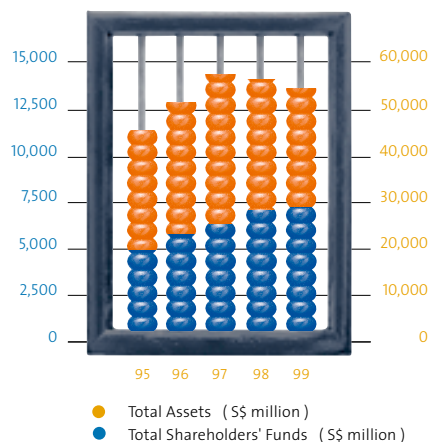
## Total Assets

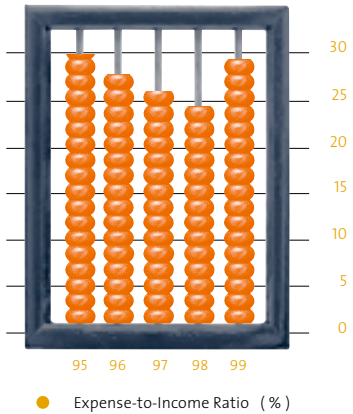
1999: S\$54,289.6 million    1998: S\$56,219.0 million

## Total Shareholders' Funds

1999: S\$7,375.5 million    1998: S\$7,188.0 million

Total assets decreased by S\$1.9 billion or 3.4% due mainly to lower loans and advances which declined in line with the general loan contraction in the industry. Total shareholders' funds rose S\$188 million or 2.6%, underpinning the Group's strong capital position.

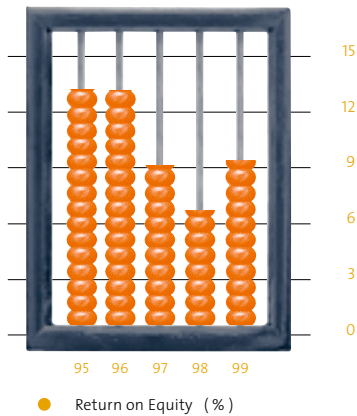




### Expense-to-Income Ratio

**1999: 29.39%** 1998: 24.34%  
 [1999: 30.1% 1998: 27.4% (excluding one-time non-core gains)]

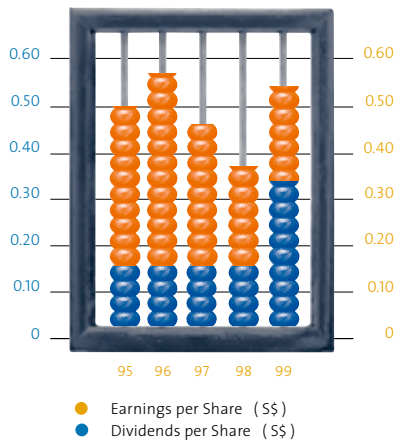
Expenses-to-income ratio, excluding one-time non-core gains, increased to **30.1%** from 27.4%, reflecting our investments in building capabilities through both infrastructure and skills upgrading.



### Return on Equity

**1999: 9.36%** 1998: 6.78%

Return on equity of **9.36%** was 38.1% better than 1998 and is headed in the right direction.



### Earnings per Share

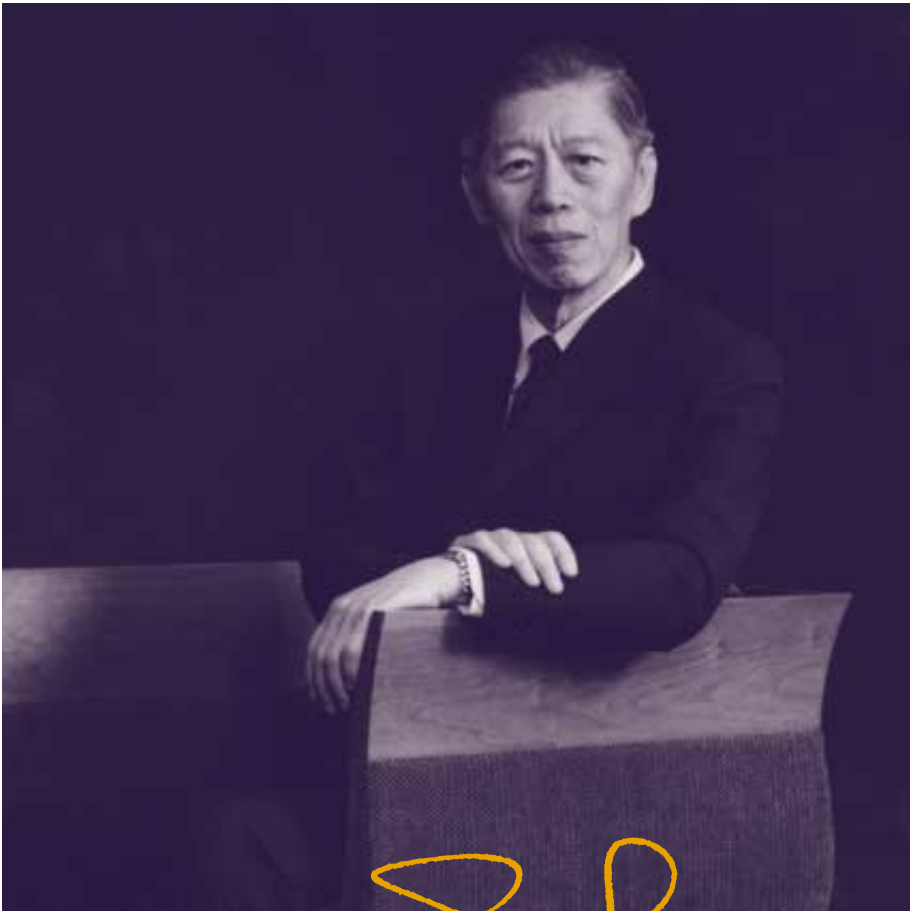
**1999: S\$0.54** 1998: S\$0.37

### Dividends per Share

**1999: S\$0.34** 1998: S\$0.16

Earnings per share increased significantly. In response to the improved performance and to address the surplus capital situation, the total dividend for 1999 was increased to **34 cents** from 16 cents in 1998.

CHAIRMAN'S STATEMENT



*John Lee*

**We have vigorously responded to the new market place realities. ... we have re-organised and substantially strengthened our management ranks with new talents to implement the changes necessary to bring us to world-class standards.**

Throughout 1999, the message was clear: We must prepare for change.

The financial landscape is changing very rapidly, both at home and abroad. In Singapore, the opening up of the domestic market to foreign banks will lead to more intense competition not only for customers but also for talent, as was the case last year.

Around the world, consolidation and technology are creating a brave new world of supra-financial giants capable of offering banking, securities, insurance, asset management or any financial service, under one roof and from any place in the world, including cyberspace.

We have vigorously responded to the new market place realities. In anticipation of these challenges, we mapped out our OCBC 3.0 strategy plan early last year. Since then, we have re-organised and substantially strengthened our management ranks with new talents to implement the changes necessary to bring us to world-class standards.

Much work has already been done in enhancing our infrastructure such as reconfiguration of our branches and in risk management. We will step up implementation efforts further this year – improving our core operations, leveraging on our partners, developing new products and businesses even as we continue to invest heavily in IT and people.

The Board has similarly been geared up for change. As part of its renewal process, the Board has appointed three new independent directors – Dr Cheong Choong Kong, Col (NS) David Wong and Mr J Y Pillay, to whom I would like to extend a warm welcome.

**The Bank has an invaluable franchise steadily built over many decades of good relationships with our customers.**

Having served on the Board for a long tenure, four of our Directors have decided to retire at the next annual general meeting. The Bank would like to record its deep appreciation to Mr Choi Siew Hong, Mr Tan Puay Yong, Mr Tang I-Fang and Mr Teo Cheng Guan for their invaluable contributions.

We have also created a five-member Nominating Committee within the Board and implemented a strong committee structure to strengthen corporate governance, details of which you will find in subsequent pages of this Annual Report. The main purpose of the Nominating Committee is to ensure that only the most competent individuals are nominated to the Board and key management positions. These changes re-affirm our philosophy of appointing dedicated professionals capable of acting in the best interests of all shareholders to our top posts.

In connection with the lifting of the 40 per cent foreign shareholding limit on local banks, the Bank received overwhelming support from holders of both local and foreign shares for its share merger. OCBC shares commenced trading as a single merged counter from 18 October 1999.

We are fortunate to enter the new millennium from a position of strength.

Notwithstanding the lingering effects of the regional financial crisis, net attributable profit rose 45 per cent to S\$690 million. Our balance sheet remains solid and our capital base is strong. It will put us in good stead as we grow our businesses in the coming months and years.

We continue to maintain prudent provisions against our non-performing loans. We have weathered the worst of the regional financial crisis and are now stronger for it, having institutionalised the lessons learnt through significant improvements to our credit risk management policies and processes.



In response to our improved performance in 1999 and to address our surplus capital situation, Directors have recommended a final dividend of 11 cents and a special final dividend of 9 cents.

We had earlier paid an interim dividend of 5 cents and a special interim dividend of 9 cents. This brings the total dividend in 1999 to 34 cents a share. The dividend payout for the year of S\$318 million represents a good 46 per cent of the group net attributable profit.

Subsequent to the proposed final and special final dividend incorporated in the Directors' Report and Statutory Accounts, the Singapore corporate tax rate was reduced to 25.5 per cent from 26 per cent. Consequently, the tax rate applied to the proposed gross final and special final dividends will be 25.5 per cent, resulting in an overall increase in the net dividend payout of S\$1.28 million.

The prognosis for Singapore and the region is good. The economic recoveries in the region that started last year are expected to see a strong follow-through this year. We are positioning ourselves for aggressive growth in Singapore and Malaysia. We remain committed to playing a bigger role in Greater China and will position ourselves to tap opportunities in the regional economies.

Our capabilities have been recognised internationally. We were rated the "Best Bank in Singapore" by *Global Finance* in its inaugural awards for "The World's Best Banks" at the IMF/World Bank annual meeting last year. The *Far Eastern Economic Review* ranked OCBC Bank among the 10 best-managed companies in Singapore.

Locally, we are known for our support of the arts. In recognition of our commitment and contributions, we were cited as a Distinguished Patron of the Arts, the highest tier of awards to be given out by the National Arts Council, last year.

The OCBC name is synonymous with integrity, reliability and financial soundness. The Bank has an invaluable franchise steadily built over many decades of good relationships with our customers. But we could not have done it without the dedication of our staff or the support of our shareholders.

We owe it to all – our customers, our staff and our shareholders – to ensure that this franchise not only survives but also thrives in this new era of change. I am confident we will succeed.

LEE SENG WEE

Chairman

25 February 2000

CHIEF EXECUTIVE OFFICER'S REVIEW



*Alex Au*

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**1999 was a tough year. But we rose to the challenge and I am pleased to report that our net profit after tax grew 45 per cent to S\$690 million. Return on shareholders' equity improved to 9.4 per cent from 6.8 per cent.**

#### FINANCIAL RESULTS

Operating profit before provisions declined 15.7 per cent to S\$1,271 million. The decline was largely due to lower net interest income earned on our surplus funds following the high interest rate environment in 1998 and the non-recurrence of the large non-core gains made on sale of our properties and investments in that same year.

Our core operations, however, remained robust. Stripping out non-core one-time gains, net profit would have been 142 per cent higher while operating profit would be marginally lower, by 4.4 per cent only. Net interest income from customer loans rose despite a sharp drop in loans to customers, reflecting our ability in managing our spreads in a period of continuing economic stress and increasingly intense competition.

#### OPERATING ENVIRONMENT

Notwithstanding the turnaround in regional economies, the spill-over effect of the Asian financial crisis continued to hit businesses and consumers and non-performing loans (NPLs) in the banking industry, particularly in the first half-year.

In addition, we had the monumental task of preparing for the millennium crossover, which was successfully done at reasonable cost and with strong support from all staff. Concurrently, we also expended considerable effort in developing and implementing the OCBC 3.0 strategy plan.

Last but not least, the accelerated pace of financial liberalisation posed the most daunting challenge yet to our franchise. In order to effectively meet this challenge, we brought in new talent, a task which was made more difficult due to the tightening job market in the second half of 1999.

**Our core businesses made excellent progress towards attainment of our OCBC 3.0 strategy of becoming more customer-focussed and delivering best value for price.**

As in the previous recession, loan demand remained sluggish throughout 1999 despite signs of an economic pick-up in the second half. Therein lay one of our greatest challenges last year: how do we grow the business in a shrinking loan market and yet control the growth of new NPLs as the Asian financial crisis took its toll on our customers? We did, but not without a lot of hard work.

Our dedicated efforts at helping our customers resolve and restructure their NPLs met with a good measure of success, mitigating the increase in new NPLs. By the last quarter of 1999, our NPLs and provisioning had stabilised with a downward bias.

The sharp contraction in loans in the first half-year due mainly to the drop in loan demand and aggravated by repayments and scale-backs was largely arrested in the second half of the year. Not only were we able to retain our key customer relationships, but we also increased our market share in a contracting loan market.

In particular, our promotional housing loan campaigns in Singapore and Malaysia were very well received. That enabled us to not only protect our franchise but also to reposition our risk on the real estate lending portfolio.

**BANKING AND FINANCE OPERATIONS**

Our core businesses made excellent progress towards attainment of our OCBC 3.0 strategy of becoming more customer-focussed and delivering best value for price.

The Consumer Financial Services Division rolled out its OCBC Customer Experience programme, introducing a comprehensive revamp and a refreshing change in the way customers experience the OCBC service.

This included, amongst other things, service ambassadors to proactively assist customers, friendlier branch layouts, more alternative service channels, round-the-clock access to our full-feature electronic banking lobbies, better and more product offerings and faster turnaround time.

Our customers have enthusiastically responded to our three pilot branches last year. Sales volume has increased and more new accounts have been opened. The reconfiguration programme, now in full swing, will be extended to all branches in Singapore and Malaysia and eventually in the region.

Significant improvements have and are also being made to the alternative delivery channels, widening the network in which the Bank can reach customers. The introduction of a Customer Relationship Management System will provide more comprehensive and timely information for sales staff to better meet customer needs.

All Business Banking units turned out better results in 1999. Following early signs of an economic recovery, Business Banking stepped up its marketing efforts in the second half-year. Results of their efforts would be more clearly seen in the current year.

Reflecting the cross-functional work teams we are developing in OCBC, relationship managers now work very closely with product specialists – in trade finance, capital markets, corporate finance, treasury and the processing units – to ensure more proactive, comprehensive solutions for our customers.

Although the exceptional market opportunities of 1998 were not repeated last year, Global Treasury had a good year with higher volumes in its money market operations. In particular, we expanded our Asian Currency book significantly.

Investment Management achieved excellent results from its stockbroking operations. On the back of a buoyant stock market recovery, OCBC Securities further increased its market share. Our fund management arm, OCBC Asset Management, launched eight new funds in 1999. Total funds under management increased significantly to S\$2.9 billion.

OCBC Malaysia benefited from the continuing improvement in the Malaysian economy as non-performing loans and provisioning requirements fell. The core lending business is expected to pick up this year as we anticipate more loan drawdowns from commitments made in the latter part of 1999, including mortgages as a result of our very successful housing loan campaigns there.

The International Banking Division improved its performance on the back of lower provisions as economic conditions in the hard-hit Asian countries improved.

### STRATEGY AND OUTLOOK

Following formulation of the OCBC 3.0 roadmap in January last year, senior management worked closely with each division to hammer out detailed implementation plans. A dedicated project management team as well as a change management committee that I head closely tracks progress of the key tasks and programmes. Our focus, as reflected in this Annual Report, is strengthening relationships and building capabilities. I am pleased to add that, in both areas, implementation is progressing well.

Going forward, how ably we defend our franchise will depend on how quickly and how well we build up our capabilities in three areas.

The first is risk management. Substantial improvements were made to our risk management capabilities. We recruited risk management specialists, considerably enhanced our systems and infrastructure and had our staff trained. Further improvements will be implemented this year which will allow us to expand our business aggressively and profitably without unduly putting our assets at risk.

The second is information technology to empower us to respond quickly to the fast-changing market place. We are and will continue to aggressively invest in technology.

Extensive and intensive efforts have gone, for instance, into building up our Customer Relationship Management System, enhancing our alternative channels including e-Commerce and in beefing up our risk management capabilities.

The third element is people. We are actively recruiting outside talent and tapping international consultants wherever necessary. The more important task ahead, however, is to further raise skill levels and productivity of our existing talent pool. This is being done by improving the work processes, quickening the learning process and providing our people with the necessary tools, products and methodology and importantly, the appropriate rewards, to motivate and enable them to do a better job.

Finally, I know that some shareholders have expressed impatience over our capital management initiatives as outlined in the OCBC 3.0 programme. As stated before, we will continue to maintain a strong capital position to support expansion of our core businesses and to fund acquisitions that will strengthen our franchise.

**A dedicated project management team as well as a change management committee that I head closely tracks progress of the key tasks and programmes.**

Nevertheless, we are keenly aware of our commitment to improve value for shareholders. As a start, we are distributing more cash to shareholders through two special dividends – one made in the interim and another being proposed together with the final dividend.

We are actively studying the best possible structure for a bank holding company, including the restructuring of our non-core assets, whilst awaiting guidelines from the authorities on this matter.

Despite the uncertain start due to the then economic climate, we ended 1999 on a confident note. We now have a robust foundation in place to meet the competition head on and grow our business profitably.

It now remains for me to thank our customers as well as our shareholders for their invaluable support and constructive feedback. And to my colleagues, I salute their teamwork, dedication and support for change in a trying period. I would also like to thank Mr Wong Nang Jang who will retire as Deputy President at the end of March for his many contributions in his 20 years of service with the Bank. Finally, I would like to put on record my sincere appreciation for the wise counsel and unceasing support from my fellow Directors.

ALEX AU

Vice-Chairman and  
Chief Executive Officer  
25 February 2000

STRENGTHENING  
RELATIONSHIPS

EMBRACING  
PROGRESS





IN CONVERSATION

TESTIMONIALS

**“Every company’s greatest assets are its customers, because without customers there is no company.”**

MICHAEL LEBOEUF

To deliver world-class service to our customers, we must step into their shoes. We must view them as our business partners. We must put them first. From the way we reconfigure the layout of our branches, to shaping million-dollar corporate loans and arranging innovative funding, the question uppermost in our minds has always been: how will this benefit the customer? In the following pages, our customers tell you how.

Sueanne Mocktar-Ng, 29, marketing professional

“I love my OCBC Arts Card. I am always on the priority list for special previews. Be it for an arts event or an exclusive sale. What’s more, the Card allows me to do my share for the community. For every dollar I charge to my OCBC Arts Card\*, I am contributing to the development of the local arts scene.”

#### OCBC CREDIT CARDS

OCBC Bank has a wide range of credit cards customised to suit the special needs and preferences of various customers. For those who desire to help the less-privileged, OCBC Bank’s CareCard is a credit card with a heart. We pledge a percentage of the cardspend on this Card to a charity of the cardholder’s choice.

Our latest creation, **moi** Visa Electron debit card further complements our strategy to meet the increasingly sophisticated needs of our customers. Targeted at the younger customer segment, the **moi** card is very versatile. It is signature-based. It is an ATM card. It is a lifestyle card.

\* For every dollar charged to the OCBC Arts Card, OCBC Bank pledges a percentage to the National Arts Council.





Mustaq Ahmad, Managing Director, Mohammed Mustafa and Samsuddin

**“I am proud that OCBC Bank is my banker. They take very good care of my business and all my banking needs. We work well as a team. Their experts are always ready to help me manage my finances better. That's why I bank with OCBC.”**

#### ENTERPRISE BANKING

Our Business Banking Division is fully committed to helping our customers grow. We see our customers as business partners. Our dedicated service teams from Enterprise Banking, Real Estate and Wholesale Corporate Marketing have extensive industry experience and expertise gleaned from many years of working with our customers.

Together with our specialists from Capital Markets, Corporate Finance, Trade Finance and Treasury Operations, we are well placed to tailor comprehensive financial solutions for our customers.

Robert Kwan, Managing Director, McDonald's Restaurants Pte Ltd

**“The consumer market is changing very fast. We need to constantly keep abreast of the latest developments. We need to create new ways of meeting our customers’ needs. OCBC Bank has always come through for us. Their open management style and quick turnaround time is what I value. They are there for us.”**

#### BUSINESS BANKING

To stay ahead in today’s fast moving business environment, you need reliable, up-to-the-minute information. In 1999, we were named “Best Bank in Singapore” by US-based *Global Finance* magazine for our significant clout in the home market and for our forward-thinking solutions for clients and customers as well as our strong commercial and retail operations.

Our Business Banking team of highly experienced managers provides customers with strategic and proactive solutions to stay ahead of the competition. Besides the general corporate banking offerings, we also offer a wide range of innovative financial instruments to meet the increasingly sophisticated needs of our customers.







Benjamin Tan, 36, club manager, with Timothy, 6 and Dominic, 5

**“OCBC Bank gives me peace of mind. It’s the only bank in town prepared to fix my mortgage rate for five years. This means better cashflow and I can juggle my budget. I don’t have to worry about interest rate fluctuations and I can concentrate on the more important things in life such as spending time with my children. This is something I truly value.”**

#### CONSUMER FINANCIAL SERVICES

As part of our commitment to provide customers with complete financial packages, OCBC Bank offers a comprehensive suite of products and services. With home loan rates fixed for the first 2 to 5 years, customers not only enjoy flexibility and convenience but also, cost savings. Furthermore, a host of additional perks which includes rebates on insurance coverage, awaits them. Associated with two major Singapore insurance companies, Great Eastern Life Assurance and Overseas Assurance Corporation, OCBC Bank is also able to package loan products with attractively low-cost insurance protection for our customers.

Allen Ang, 66 and Lucy Ang, 62, retirees

**“We are enjoying our retirement. Lucy and I are discovering many simple joys, like strolling in the park. We don’t have to worry about our finances. The investment specialists at OCBC Bank relieve us of that. We are happy our money is well looked after.”**

#### INVESTMENT MANAGEMENT SERVICES

The OCBC Group offers a range of investment products and services. We distribute a wide variety of unit trusts – from money market funds and country funds to specialised industry funds. In addition, our Premier World and Private Banking teams are there to provide personal financial advice, be it setting up a trust fund or financing your grandchild’s education. We also have various deposit schemes to maximise your returns.







CORPORATE REVIEW

“Strengthening corporate governance is key to upgrading standards of integrity, professionalism and service in banks in Asia. Relationships between shareholders, the Board of Directors, management, and other stakeholders must all be configured in a way that encourages sound and rigorous banking practices and strengthens corporate performance.”

BG LEE HSIEN LOONG

Deputy Prime Minister and Chairman, Monetary Authority of Singapore  
at the 16th General Meeting of the Asian Bankers’ Association,  
26 November 1999.



Our goal is to be a world-class financial institution in the Asia Pacific region. Building a world-class bank must start with a desire to change. That desire must permeate the whole organisation. There must be an actionable roadmap to lead to our stated goal. We must invest and build capabilities – in our people, in technology, in our information systems and in our management processes. We must do it quickly and in the most cost-effective way. In the following sections, we share with you what we have done.

## BOARD OF DIRECTORS

### TAN SRI DR TAN CHIN TUAN

*Honorary Life President*

#### BOARD OF DIRECTORS

(from left to right, top to bottom)

### MR LEE SENG WEE

*Chairman*

Appointed to the Board on 25 February 1966 and Chairman since August 1995. Director, Lee Rubber Group of companies, Great Eastern Holdings Limited, Government of Singapore Investment Corporation. Chairman, Board of Governors, Singapore International Foundation. Member, Council of Presidential Advisors of the Republic of Singapore. Age 69

### MR ALEX AU

*Vice-Chairman and  
Chief Executive Officer*

Appointed to the Board on 21 September 1998. Chairman and Chief Executive Officer, Bank of Singapore. President Commissioner, PT Bank OCBC-NISP, Indonesia. Formerly Vice-Chairman and Chief Executive of Hang Seng Bank Limited, Hong Kong. Age 53

### DR CHEONG CHOONG KONG

Appointed to the Board on 1 July 1999. Deputy Chairman & CEO, Singapore Airlines Limited. Vice-Chairman, Singapore-US Business Council. Director, Singapore Press Holdings. Advisory Council Member, Asia-Australia Institute. Age 59

### MR CHOI SIEW HONG

Appointed to the Board on 21 April 1989. Director, The Pacific Bank Berhad Group, The United Malacca Rubber Estates Berhad Group, The Great Eastern Life Assurance (M) Berhad, Malaysia Smelting Corporation Berhad, Malaysian Trustees Berhad. Age 78

### DR MICHAEL FAM

Appointed to the Board on 21 April 1989. Executive Chairman, Fraser & Neave Group. Chairman, Asia Pacific Breweries Group, Centrepoint Properties, Singapore Airlines. Director, Singapore Press Holdings, Times Publishing Limited. Governor, Singapore International Foundation. Member, Council of Presidential Advisors of the Republic of Singapore. Age 73

### MR JOSEPH YUVARAJ PILLAY

Appointed to the Board on 21 January 2000. Chairman, Singapore Exchange Limited, International Advisory Panel of the Monetary Authority of Singapore, Commonwealth African Investment Finance Company. Member, Investment Committee of the United Nations Pension Fund Board, Board of Governors of Asia-Europe Foundation. Age 65

### MRS ELIZABETH SAM

Appointed to the Board on 3 October 1996. Director, Asia Investment Corporation, British Virgin Islands, Sam Investments Pte Ltd. Age 61

### MR TAN PUAY YONG

Appointed to the Board on 20 September 1973. Director, Robinson & Company Limited, John Little Private Limited. Age 74

### MR TANG I-FANG

Appointed to the Board on 27 November 1990. Executive Chairman, WBL Corporation. Chairman, United Engineers Limited. Director, Singapore Press Holdings, The Straits Trading Company Limited, Times Publishing Limited. Age 75

**MR TEO CHENG GUAN**

Appointed to the Board on 1 July 1983. Formerly Chairman and Chief Executive Officer of the Bank (1 July 1989 – 31 December 1991). Director, The Great Eastern Life Assurance Company Limited, Robinson & Company Limited, OCBC Land Pte Ltd. Age 78



**COL (NS) DAVID WONG**

Appointed to the Board on 1 August 1999. Director, DSO National Laboratories, National Dental Centre, The Esplanade Company, I-Comm Technology Limited. Board member, Civil Service College, Jurong Town Corporation, YMCA. Age 46



**MR MICHAEL WONG PAKSHONG**

Appointed to the Board on 21 April 1989. Chairman, Robinson and Company Limited, Sime Singapore Limited. Director, The Straits Trading Company Limited, WBL Corporation Limited, Great Eastern Holdings Limited, Bukit Sembawang Estates Limited. Age 68



**MR WONG NANG JANG**

Appointed to the Board on 1 August 1998. Chairman, OCBC Finance, BCS Information Systems Private Limited, Banking Computer Services Private Limited. Director, Bank of Singapore Limited, The Pacific Bank Berhad, WBL Corporation Limited, Wearnes Brothers Services (Pte) Ltd, Singapore Symphonia Company Limited. Age 60



## PRINCIPAL OFFICERS

Strengthening Relationships, Embracing Progress



(from left to right, top to bottom)

ALEX AU  
*Vice-Chairman and  
Chief Executive Officer*

OOI SIN TEIK  
*Senior Executive Vice President*

CHIN YUEN YIN  
*Executive Vice President*

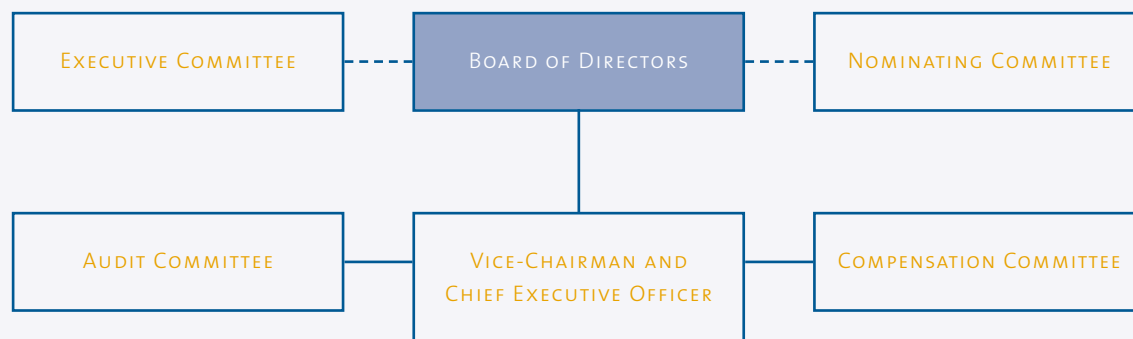
LAI TECK POH  
*Executive Vice President*

WINSTON TAN  
*Executive Vice President*

TAN NGIAP JOO  
*Executive Vice President*

ALBERT YEOH  
*Director and  
Chief Executive Officer  
OCBC Bank (Malaysia) Berhad*

## CORPORATE GOVERNANCE



With the growing liberalisation across Asian financial landscapes, sound corporate governance has become an increasingly important issue. Greater transparency in decision-making and strong accountability is now associated with better managed companies.

OCBC is fully committed to integrity and fair dealing in all its activities. As part of this commitment, the Group will uphold the highest standards of corporate governance. The Bank is adopting corporate governance practices in conformity with the guidelines issued by the Monetary Authority of Singapore and principles and best practices set out in the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited.

High standards of corporate governance have been adopted. The posts of Chairman and Chief Executive Officer of the Bank have been held by different persons since 21 September 1998. The functions of the chief executive officer are separated from that of the chairman of the board of directors.

## BOARD OF DIRECTORS

The Board is the ultimate body which is responsible for the performance of the Bank. The 13 members, drawn from leading multinational and local companies, meet on a regular basis. Their diverse backgrounds add value and provide invaluable inputs from different perspectives.

The Board approves the overall strategic plan and policies of the Bank. It directs the operational strategies and initiatives. The Board regularly reviews the financial performance and business of the Bank and the Group. In addition to establishing the limits of the discretionary powers of officers, committees and sub-committees, the Board also reviews the risk management principles, the adequacy of risk management systems and internal controls.

The composition of the Board was reviewed in 1999 and three independent directors have since been appointed.

**Greater transparency in decision-making and strong accountability is now associated with better managed companies. OCBC is fully committed to integrity and fair dealing in all its activities.**

**As part of this commitment, the Group will uphold the highest standards of corporate governance.**

Dr Cheong Choong Kong, age 58, who is the Deputy Chairman and Chief Executive Officer of Singapore Airlines Limited was appointed as a non-executive Director with effect from 1 July 1999. Col (NS) David Wong Cheong Fook, age 46, who is the Senior Advisor of Ernst & Young was appointed as a non-executive Director with effect from 1 August 1999.

On 21 January 2000, Mr J Y Pillay, age 65, who is the Chairman of Singapore Exchange Limited, became the first non-executive Director to be appointed by the newly-formed Nominating Committee.

It is a policy of the Board that Directors should retire at the next annual general meeting after they attain the age of 75 years and it is the norm not to appoint or reappoint a person who is 75 years old as a Director.

## BOARD COMMITTEES

### Executive Committee

The Executive Committee exercises the full powers and authority of the Board during the period of time between meetings of the Board, except for matters specifically reserved for the decision of the Board of Directors by the Board itself, by the Articles of Association of the Bank, the Companies Act and the Stock Exchange of Singapore Limited requirements.

This Committee comprising Mr Lee Seng Wee, Chairman, Mr Alex Au, Col (NS) David Wong and Mr Michael Wong Pakshong was formed on 1 February 2000. It provides overall direction as well as oversee the general management of the Bank and the Group.

### Nominating Committee

The first Nominating Committee comprising Dr Michael Farn, Chairman, Mr Lee Seng Wee, Mr Alex Au, Mr Tang I-Fang and Dr Cheong Choong Kong, was formed on 5 January 2000. Upon the formation of this Committee, the Corporate Governance Committee which was also responsible for recommending to the Board, suitable candidates for appointment to the Board as executive or non-executive Directors, was dissolved on 1 February 2000.

The Nominating Committee plays a vital role in reinforcing the principles of transparency and meritocracy at OCBC Bank. To this end, the Nominating Committee will ensure that only the most competent individuals capable of contributing to the success of the organisation are appointed.

This includes all nominations for the appointment, re-appointment, election or re-election of directors and members of the Executive Committee, Compensation Committee and Audit Committee. It also reviews and approves nominations for senior management

positions in the Bank including the chief executive officer, deputy chief executive officer, chief financial officer and senior executives of executive vice president rank and above.

#### Audit Committee

The Audit Committee performs the functions specified in the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Best Practices Guide.

The Committee comprises four non-executive Directors, namely, Mr Michael Wong Pakshong, Chairman, Mr Tan Puay Yong, Mr Teo Cheng Guan and Col (NS) David Wong.

Details of the duties and responsibilities of the Audit Committee may be found in the Report of the Directors. (at page 71)

#### Compensation Committee

Our staff is an important asset to us. Their roles, responsibilities and compensation are an integral part of our corporate governance.

The Compensation Committee determines and recommends to the Board the compensation of the Chief Executive Officer of the Bank as well as the remuneration and fees of Directors. This Committee is also empowered to review the policies governing the compensation and promotion of executive officers of the Bank and its subsidiaries. It also administers the OCBC Executives' Share Option Scheme 1994.

The Compensation Committee comprising Dr Michael Fam, Chairman, Mr Lee Seng Wee, Dr Cheong Choong Kong and Mr Tang I-Fang, was formed on 6 January 2000. With the formation of this Committee, the former Management Development and Compensation Committee was dissolved.

Mr J Y Pillay was subsequently appointed a member of the Compensation Committee on 1 February 2000.

#### SECRETARIES

Than Aung  
Elaine Tan

#### Assistant Secretaries

Mimi Chow Giok Lan  
Owyong-Tan Por Lin

#### REGISTERED OFFICE

65 Chulia Street #29-02/04  
OCBC Centre  
Singapore 049513  
Tel: (65) 530 1515

#### SHARE REGISTRATION OFFICE

KPMG (Share Registrars)  
16 Raffles Quay #23-01  
Hong Leong Building  
Singapore 048581  
Tel: (65) 228 0505

#### AUDITORS

PricewaterhouseCoopers  
8 Cross Street #17-00  
PWC Building  
Singapore 048424  
Tel: (65) 236 3388

Partner in charge of the audit:  
Chua Kim Chiu

## STRENGTHENING RELATIONSHIPS

**Our pilot branches have been a hit as reflected in the increase in new accounts opened and the sharp rise in the sales volumes of insurance and unit trust products.**

### CONSUMER FINANCIAL SERVICES

The OCBC Customer is very, very important to us. And to back that up, we are rolling out a comprehensive programme to enhance the OCBC customer experience at all contact points – in our branches, on the phone, at our electronic outlets and in cyberspace.

The first major exercise was the reconfiguration of our branches. Following the fresh green and red fascia introduced in 1998, we are now adding larger areas for personal financial consulting and round-the-clock access to our full-feature electronic banking lobbies. By end 1999, we have increased these e-lobbies to 22.

We now have service ambassadors to render personalised service and provide advice on the latest financial products. Concurrently, branch processes have been extensively re-engineered to improve transaction turnaround and increase operational efficiency. Introduced at the pilot branches in 1999, these new features and processes will be implemented throughout the network in 2000.

Underpinning the entire programme is the Bank's commitment to developing a strong sales and service culture. A mobile sales team has also been set up to bring banking services to our customers anywhere, anytime while servicing hours for sales and financial planning at our reconfigured branches have been extended.

Our pilot branches have been a hit as reflected in the increase in new accounts opened and the sharp rise in the sales volumes of insurance and unit trust products.

We continue to make significant investments in our alternative channels. In response to overwhelming customer usage, we substantially expanded our network of Cash-In ATMs, from 30 to 41, making it the largest network of its kind in Singapore. In all, we have 291 ATMs in Singapore.

Our Internet banking and PhoneBank infrastructure have also been upgraded to speed up response time for customers.

Through 1999, we continue to enhance our databases and data-mining capabilities to enable us to better understand our customer preferences and behaviour.

We widened our range of financial products. Following our highly popular 5-year fixed-rate home mortgage product, we added 2-, 3- and 4-year fixed-rate packages to our product list. We received more than S\$1 billion of new mortgage loan commitments in 1999.

We added more products to our suite of bancassurance offerings provided through our alliances with Great Eastern Life Assurance and Overseas Assurance Corporation, ensuring our dominance in this field. Sales volumes for a niche product doubled.

In February 2000, we launched the *moi* Visa Electron debit card. Pitched as a distinct lifestyle product for younger customers, this card differs from the competition by delivering direct benefits to users.





We bring banking closer to you. Whether applying for a home loan or looking for advice on the latest investment option, our mobile sales team will be happy to meet you at your convenience.



(above) Banking has never been easier. At our 24-hour electronic banking lobbies, you can deposit cash, withdraw funds, update your passbook, purchase stamps, buy insurance or apply for a loan.

(right) We do more than just lend you money. We listen to your needs and provide solutions. We are your business partners to help you meet your targets.



## BUSINESS BANKING

Our aim is simple: proactive service and comprehensive solutions for our customers. Leveraging on our wide range of skills and industrial expertise, relationship managers now work closely with product specialists across the Bank – in forex, trade finance, capital markets, corporate finance, treasury – to tailor products for customers.

This is one of the key planks of our implementation strategy for Business Banking. We have also intensified our marketing and product development efforts, particularly for fee-based businesses. Our risk management capabilities were substantially improved while work is in progress to further enhance our delivery channels, including internet-based interfaces.

A new unit, eSolutions, has been set up to create innovative electronic channels and delivery systems for our corporate customers.

The Bank has an e-commerce joint-venture with Singapore Computer Systems, a member of the SembCorp Industries Group, to provide a digital marketplace for suppliers and buyers to do on-line business and eliminate paper documents. This will create new business avenues and save transaction costs for our corporate customers even as we bring them up the technology ladder.

During the year, OCBC Bank achieved leadership in a number of significant capital market deals. This includes an innovative S\$350 million 5-year Transferable Loan cum Variable Rate Note Facilities for Millenia Tower Investment Ltd, a subsidiary of Pontiac Marina, in December 1999.

The Bank also co-managed 10 Singapore dollar bond issues including three issues for the Housing Development Board, two issues for Jurong Town Corporation and one for the Land Transport Authority. For 1999, OCBC Bank was the top arranger among local banks for Singapore dollar syndicated loans with over S\$500 million in deals closed.

Our efforts at restructuring our non-performing loans (NPL) paid off as NPL levels stabilised in the second half of the year. We stepped up marketing in the second half year as clearer signs of economic recovery emerged. Consequently, loan demand picked up while forex volume doubled in the last quarter.

To keep customers informed of the latest industry and product developments, we conducted two treasury seminars last year and an initial public offering seminar in January this year. The series were well attended.

## INVESTMENT MANAGEMENT

As the investment banking arm of the Group, Investment Management's activities cover corporate finance, asset management, trustee and custodian services and venture capital in Singapore, as well as the Group's stockbroking businesses in Singapore, Malaysia, Hong Kong, the Philippines and Jakarta.

Amidst a buoyant stock market recovery, OCBC Securities further increased its market share to 5.4 per cent of the business done on the Singapore Exchange. Brokerage commission increased substantially on the back of strong growth in its business from institutions and distribution of derivative products. The number of dealer representatives was further increased to 150 from 138 a year earlier. Regionally, we maintained our market share in Malaysia and Hong Kong.

A strategic business review was completed in September and implementation will be progressively rolled out to position us ahead of the pending liberalisation in the industry. As a first initiative, we proactively led the competition when we introduced the 14-day interest-free share margin financing for our premium clients in December 1999.

Taking advantage of the return of investors' interest in general, and the recovery of Asian economies in particular, OCBC Asset Management launched eight new funds in 1999. Total fund

managed and administered by OCBC Asset Management rose significantly to S\$2.9 billion as at end of 1999.

During the year, our Corporate Finance team lead-managed and participated in various capacities in six initial public offerings and one takeover deal. It also gave advice on four major transactions. A refocused Corporate Finance team has since been beefed up and is working very closely with Business Banking to pursue fresh mandates.

### INTERNATIONAL BANKING

International Banking is responsible for OCBC operations outside Singapore and Malaysia and the correspondent banking relationships with international foreign banks. Excluding Malaysia, our international network spans 21 major cities.

Greater China remains a key target under our OCBC 3.0 strategic plan. Significantly, OCBC is one of the 19 foreign banks granted approval to conduct Renminbi business in Shanghai, as well as in Jiangsu and Zhejiang provinces. During the year, we opened a ground floor banking hall in Pudong, Shanghai, for the convenience of our customers.

With a Renminbi licence and its wide network of 11 branches and offices in Greater China, we will be actively expanding its business scope to better meet the banking and financial needs of our customers.

For branches outside Greater China, our main thrust is to position OCBC as the bank of choice for companies and investors from our core markets in Singapore, Malaysia and Greater China when they invest in these locations.

### Institutional Business

With the increasingly rapid globalisation of banking services, the Financial Institutions unit was re-organised into two groups. The first is the network management group which focuses on the services provided by correspondent banks to ensure that our customers' needs are well catered for.

The other is the business development group which has and will continue to focus on the provision of payments and trade-related services. With our strong Singapore dollar base, we have worked actively with international financial institutions to facilitate their clearing and payments activities in Singapore.

### MALAYSIAN OPERATIONS

Malaysia remains a key market for the Bank. With a full commercial banking licence and 25 branches located in major cities and towns, OCBC Bank (Malaysia) Berhad (OBMB) is among the largest foreign banks operating in the country. It has a well-entrenched franchise serving largely the middle-market enterprises and corporates in the country.

In 1999, OBMB merged with OCBC Finance Berhad. We took the opportunity to relocate three of our existing branches to more strategic locations. Subsequently, the Bank recorded a historical landmark by opening the first new branch in the last 30 years. A new branch was opened in Kajang on 3 May followed by a branch in Petaling Jaya on 15 May and finally in Subang Jaya on 20 December.

1999 saw OBMB continuing its branch reconfiguration programme started in 1998 aimed at providing a more conducive and friendlier banking environment for customers. To date, nine branches have completed the programme. OBMB also installed an integrated branch delivery system – the *e-Branch* system – allowing all OBMB branches to deliver banking products and services from a single desktop PC.

The Home Ownership promotions launched in June and October proved to be highly successful. In August, OBMB introduced its ATM-based Electronic Share Application. In collaboration with the Small and Medium Industries Association and associated Chinese Chambers of Commerce, OBMB conducted 25 SMI/SME seminars and participated in six trade fairs. As in Singapore, risk management was further strengthened with the implementation of risk grading and portfolio management as well as revision in the credit approval process.



(above left) You talk, we listen. Our friendly financial planners are trained to understand your needs and give advice on the best solutions for them.

(above right) We watch and work the markets for you so that you can get the best deals.

(left) Our helpful tellers are ever-ready to provide you with the latest information.



As a leading corporate citizen, we fully support the local arts scene.

Expectations for the year 2000 remain buoyant. Largely favourable economic conditions are anticipated with government policies firmly focused on sustaining growth.

### GLOBAL TREASURY

Global Treasury continued to be a major player in the inter-bank market for Singapore dollar-based instruments throughout 1999. The less volatile markets, relative to the 1998 financial crisis period, offered fewer trading opportunities. This was, however, partly compensated by higher volumes. Our Asian Currency Unit book size, in particular, expanded considerably.

In anticipation of greater competition, we continued to invest heavily in infrastructure even as we re-engineered our customer servicing abilities. We significantly boosted our risk management capabilities with the installation of a front-end Treasury Management system, enabling top management to, among other things, access vital profit and loss information and track market risk exposure on a real-time basis.

To service our customer more effectively, designated treasury dealers now work closely with relationship managers in other business units to proactively seek, plan and meet customers' needs. As part of its service to customers, Global Treasury held two product seminars last year. It is also providing daily currency updates to interested customers. Customer response has been most encouraging.

### PROPERTY

OCBC Property Services (OPS), the Group's wholly-owned property subsidiary, is responsible for managing the properties of the OCBC Group. Its core business includes property development, marketing and sales, property management and maintenance, business development and valuation services.

The Compass at Chancery was completed in May last year, adding to our extensive portfolio of investment properties. Work on a joint-venture office development at Telok Ayer Street is expected

to begin this year. The proposed 30-storey building with a gross floor area of 35,000 sq m is jointly developed by the Chinese Chamber Realty Pte Ltd, China Square Holdings Pte Ltd and our subsidiary, Church Street Properties Pte Ltd.

In 1999, the prime retail space on level one of White Sands at Pasir Ris was reconfigured to strengthen its product and tenancy mix, thereby strengthening the overall market positioning.

All our projects have obtained above industry average Construction Quality Assurance System (CONQUAS) scores. The Great Eastern Mansion – a Great Eastern Life Assurance Company project managed by OPS – has also received the Building Control Authority (BCA) Best Buildable Design Award 1999 (Residential Buildings – Small Private Development Category).

### Hotel Phoenix

In 1999, Hotel Phoenix, which is fully owned by the OCBC Group, underwent a S\$5 million renovation programme to convert three levels of the shopping centre to hotel rooms. With the completion of the conversion, room inventory was increased from 312 to 392 rooms. Four new banquet function rooms, with a total seating capacity of 180, were converted from existing basement shopping units.

Despite the intense competition last year, Hotel Phoenix achieved an excellent pre-tax net profit and high yields per room. Adopting a flexible room rate policy and switching to the growing tourist markets were resounding strategies, as reflected in its high average occupancy rate of 90%, which is way above the national average of 74%.

In September 1999, the Hotel received the People Developer Award from the Singapore Productivity and Standards Board (PSB) for its efforts in systematically training and developing its staff. An ISO 9002 certified property, the Hotel received the Company Excellent Service Award by PSB for the fifth consecutive year in 1999.

## BUILDING CAPABILITIES

**Management of market risk is an integral part of the Bank's business strategy. We believe that these risks must be properly understood, monitored, controlled, and actively managed. Our market risk management function incorporates the management of these risks as well as the asset liability management activities.**

### RISK MANAGEMENT

#### Market Risk

In the normal course of its banking and trading activities, the Bank is involved in transactions that generate market risks. These are the risks of losses from changes in the values of financial instruments traded in the foreign exchange, interest rate, equity, commodity and derivative markets.

Management of market risk is an integral part of the Bank's business strategy.

We believe that these risks must be properly understood, monitored, controlled, and actively managed. Our market risk management function covers the management of these risks as well as the asset liability management activities.

The market risk management process is under the direction of the *Market Risk Management Committee (MRMC)*. The MRMC is responsible for drawing up the philosophy, principles and policies and for reviewing and strengthening the control and monitoring policies and processes.

It is also responsible for evaluating and implementing Value-at-Risk (VaR) methodologies and tools to better quantify risks.

The Committee is chaired by a Senior Executive Vice President, and comprises Executive Vice Presidents and senior heads of businesses.

The main market risk of the Bank is associated with the maturity and re-pricing mismatches of assets and liabilities arising from its core banking business.

With regards to risks from the Bank's trading activities, operational limits are in place to control net open positions as well as trading volumes.

These limits are stress-tested to ensure that they are appropriate for the respective risk taking activity and that risk capital is allocated accordingly. The Bank uses a daily VaR measure as part of its mechanism to control market risk.

This measures the risk of losses arising from potential adverse movements in interest and exchange rates, prices and volatilities.

To manage abnormal market behaviour, OCBC will enhance and implement scenario analysis and stress-testing methodologies to identify exposures to low-probability, abnormal market movements, which may be unusually rapid or large.





We continue to invest in the latest technology. Our service ambassadors, equipped with hand-held Personal Digital Assistants, provide speedier service at our branches.



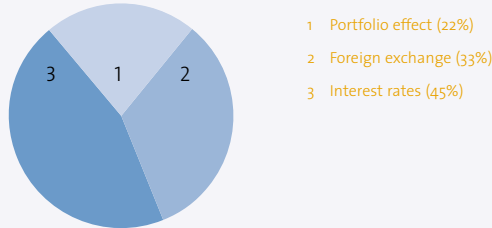
(above) Our staff is an important asset to us. We are constantly building on their capabilities to ensure higher standards of service.

(right) We are constantly updating ourselves – to give you timely information.



Below is a snapshot of the Group's trading VaR profile as at end 1999. The portfolio effect reflects the mitigation of risk through the advantageous use of correlation among the Bank's trading portfolios.

### All products – Singapore trading



### Asset Liability Management

Asset liability management is under the direction of the *Asset Liability Management Committee* (ALMC). The ALMC comprises the Bank's Senior Executive Vice President, Executive Vice Presidents and other senior managers.

The Committee is responsible for the oversight of liquidity risk of the Bank and its banking and finance subsidiaries. The Committee also manages interest rate risks arising from the Bank's enterprise-wide asset liability mismatches, within parameters set by the MRMC.

Compliance with ALMC policies limiting interest rate exposures is monitored daily by the Treasury Control Unit. The ALMC reviews mismatch positions and the Bank's sources and utilisation of funds on a monthly basis.

The Bank has considerably enhanced its capability with the implementation of its Asset Liability Management System (ALMS). This has provided the Bank with the ability to consolidate asset/liability maturity and re-pricing mismatches on an

enterprise-wide, real-time basis. The ALMS also provides greater data granularity, thus allowing better analyses of the Bank's current and projected balance sheet positions.

### Liquidity Risk

The objective of liquidity management is to ensure that the Bank has sufficient funds to meet its contractual and regulatory financial obligations at all times.

Liquidity risk is managed by a combination of static ratios and stress tests. Static ratios monitor and control the Bank's over-dependency on particular sources of funds and over-exposure to particular lender or group of lenders. Our system is continually stress-tested to ensure that the Bank has the ability to withstand sudden and heavy cash outflows.

The Bank places emphasis on the diversification of its funding sources. By virtue of its business base, funding is largely concentrated in Singapore dollars. However, the Bank had developed a broad funding base by varying instruments, markets and maturities of deposits.

### Credit Risk

OCBC embarked on a number of key initiatives in 1999 to significantly improve the credit risk management infrastructure and enhance our credit risk management capabilities and culture.

A *Credit Risk Management Committee* (CRMC) was set up to monitor the credit portfolio of the Bank in terms of its composition, quality, concentrations and areas of growth. Chaired by the Chief Credit Officer and comprising senior business and risk managers, the CRMC is responsible for setting the Bank's credit policies, establishing the credit risk infrastructure and ensuring that the credit risk undertaken is within the Bank's risk appetite.

OCBC has put in place a "co-grantor" credit approval process to ensure objectivity and appropriate checks and balances in credit extensions. Under this approach, credit decisions are jointly made



(above) Information technology is a cornerstone of our strategy to be a world-class financial institution.

(right) Personalised service with minimum hassles awaits our Premier World customers.



by both the recommending officer in the business unit managing the customer relationship and a credit controller or underwriter. To ensure independence, credit controllers report to the Chief Credit Officer and have no revenue generation targets. Large credits are approved by the Large Credit Approval Committee, which comprises the Chief Credit Officer, business unit heads and senior credit controllers.

A Credit Portfolio Management Unit was set up to monitor the composition of the Bank's credit portfolio, perform industry analyses and update the Bank's credit policies. The Unit will be exploring risk-based approaches of managing country, industry and other concentrations.

It is also responsible for developing and maintaining the corporate credit risk grading system. The grading system requires the assignment of an obligor rating to each corporate customer and a facility rating for each credit facility. This will enable the Bank to differentiate customers in terms of their likelihood of default and losses in the event of default.

As resolving and reducing non-performing assets is a top priority of the Bank, dedicated non-performing asset management units were established for both its corporate and consumer businesses to enable it to have a more focused and professional approach to loan recovery and restructuring.

We have initiated a formal process of reviewing and defining our target markets and risk acceptance criteria for lending. This will serve as a guide for marketing and loan origination going forward.

We will continue to invest substantial resources to further improve our credit risk management capabilities. These include credit scoring for consumer loans, building comprehensive credit data management capability, credit training for staff involved in loan origination and credit analysis, and upgrading credit administration. The results of these initiatives will be seen in the second half of this year and early next year.

### Operational Risk

OCBC recognises operational risk as a major risk associated with our business. Potential operational loss could arise from a breakdown in computer systems, operational procedures and controls, proper functioning of staff and business continuity and contingency back-up systems. The Bank has established an Operational Risk Management framework which adopts generally accepted sound business processes and internal controls as an integral part of operational risk management.

Our risk management philosophy is based on qualitative factors such as staff competence and supervision, robust procedures, leveraging automation, and a balanced approach between risk control and business needs.

The primary responsibility for managing operational risk rests with each operating department, which is responsible for adopting proper checks and balances in its operating environment. This is supported by independent audits and ad hoc reviews. The Bank's top management and audit committee provides ongoing oversight of the management of operational risk and ensures that policies remain relevant.

### HUMAN RESOURCES

As at the end of 1999, the Group had 5,901 employees on its payroll, of which 3,139 were employed at the Bank level. As in Manpower 21, the nation's blueprint for meeting Singapore's manpower needs in the 21st Century, we believe that people are our main asset and that their talents and competencies – individually and collectively – can be leveraged to make a difference to the Bank's competitive advantage. This is being done by:

#### *Getting the right people*

The aim is a resilient and robust staffing model to identify and enhance the short- and long-term fit between the Bank's manpower needs and its business strategies. While hard skills like marketing, product development, risk management and technology are the focus, attributes like integrity, versatility and teamwork are deemed just as important.

In the past year, the Bank recruited more than 25 “engine heads” at managerial positions and above to drive implementation of our OCBC 3.0 strategy. Departments and functions of strategic importance such as Risk Management, eSolutions and Channel Management have been enhanced. Active recruitment was also carried out by the various business and support units.

#### *Equipping them with the right skills*

The Bank sets aside 4% of its annual payroll for staff training. This includes continuing self-education schemes, core-competencies training and management development programmes. In line with our focus on delivering superior service, an intensive Customer Service programme, for instance, was rolled out to all the staff in Singapore and Malaysia in 1999.

We are also building abilities through certification programmes with world-class organisations in areas like project management, risk management and financial planning.

To bring us up to international best practices quickly and to expedite implementation of key OCBC 3.0 initiatives, we have and are extensively tapping the expertise of international consultants in areas like shareholder value, strategy, information technology, human resource, project management, asset liability management and credit risk database.

#### *Obtaining the right performance and behaviour*

The job performance appraisal is the platform for sustaining, improving and building on the employee performance. Besides aligning the individual performance targets with the Bank’s overall goals, we also advocate, through the performance appraisal process, adherence to our corporate values such as customer focus, teamwork, integrity and fair dealing as well as support for change.

#### *Reinforcing the right performance and behaviour*

Clearer links between performance and pay are being instituted throughout the Group. In line with the Group’s commitment to paying competitive market rates to its staff, competency levels will

be raised. In addition to the performance variable compensation, we have an Executives’ Share Option Scheme to promote staff loyalty and closer align management performance with shareholders’ interest.

#### INFORMATION TECHNOLOGY

In today’s increasingly competitive and fast-paced environment, information technology is a cornerstone of our business plan to be a world-class bank. Our ability to respond successfully and effectively to changing customer needs is heavily dependent on an integrated operating platform leveraging off the best IT solutions.

The Bank has thus drawn up a comprehensive IT strategy plan to support the numerous OCBC 3.0 initiatives set out in early 1999. We have adopted a flexible IT architecture to shorten the time needed to bring new products and services to the market, enable new systems to be implemented quickly as well as enhance overall efficiency and effectiveness. Implementation is in full swing.

In line with the Bank’s increasing reliance on the use of technology to deliver superior service to customers, IT spending as a percentage of total expenses has steadily increased over the years – from 15% in 1996 to 20% in 1999. Moving forward into 2000, we expect the figure to exceed 20%.

Most of these IT investments go into supporting our new growth business strategies and into building capabilities and expanding capacities to improve productivity and the work environment for the staff.

To address different aspects of the business strategies, we have rolled out the following key programmes:

#### *Relationship Management*

A Customer Relationship Management system, introduced last year, provides service staff with a consolidated view of the customer and his product positions, thus enabling more effective cross-selling. We also plan to capture a host of other information,



We have the largest network of Cash-In ATMs – providing you with secured, quick and convenient access to your accounts.



(left) Our international specialists cover the world for you.

(below) Our cross-functional teams work together to tailor financial products for your needs.





including third party products that are delivered through our channels, to provide critical inputs for further sales, marketing and product development efforts.

#### *Enhanced Delivery Channels (including e-Commerce)*

Besides developing our own programmes, we also actively seek out and leverage on strategic partners to propel us more quickly into the e-Commerce world.

A key vehicle is TX123, a Business-to-Business (B2B) e-Commerce joint-venture with Singapore Computer Systems (SCS), a subsidiary of SembCorp Industries and a member of the Singapore Technologies group of companies.

Our combined presence plus the communities we can bring to the hub will make it one of the largest e-Commerce hubs in the region. This joint venture is the precursor of more e-Banking offerings in the next few months.

#### *Processing Factory*

This is to support straight-through processing and sharing of common services as far as possible. We have, for instance, re-engineered the processing of loans by creating an intelligent workflow system to streamline loan origination and rationalise workflow across departments. As the system improves the turnaround time for loan approval, it has supported the tremendous growth in our housing loan business. We also consolidated five processing centres into one, saving 50 head counts in the process.

#### *New Core Products*

A new leading front-end dealing system, Kondor Plus, for instance, has enhanced Global Treasury's ability to capture deals, maintain profit and loss position and track its market risk exposure realtime, enabling it to respond more proactively to customer needs. Our aim is a product factory that would allow us to install new core products quickly with minimal programming changes to quickly meet evolving market demands, thus improving responsiveness and time-to-market.

#### *Management and Control*

Our data warehouse and data-mining project, initiated in 1996, provides comprehensive business intelligence for effective financial, risk and process management. Continuously being expanded, it now provides, among many other things, useful information for data-mining, better risk management and customer analysis and profiling for more effective cross-selling.

#### *Middleware*

Middleware is the glue that facilitates the integration of heterogeneous systems across different packages from different vendors to our own channel networks as well as to external information providers and customers. A channel-transaction-services middleware is already in place. Together with the new enterprise-application-integration middleware, it provides a vital means to link up new products and channels rapidly.

## FINANCIAL REVIEW

### SUMMARY OF PERFORMANCE

Profit attributable to members increased by 44.5% or S\$212 million to S\$690 million.

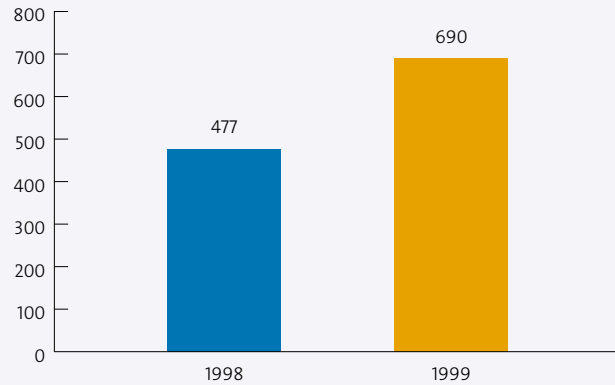
After adjusting for the exclusion of one-time non-core gains from sale of long term investments and development properties of S\$43 million (1998: S\$211 million), the net profit increase was 142.4%. The increase in net profit was due mainly to higher interest margins on customer funds, better fee income from stockbroking, unit trust and fund management activities, lower provisions and also higher earnings from associated companies.

In spite of the negative impact of lower earnings on surplus funds and a S\$3.8 billion reduction in average non-bank loans, operating profit before provisions and excluding non-core gains declined only marginally by S\$56 million or 4.4%. Net interest income on customer funds increased by S\$106 million due substantially to improved spreads resulting from judicious asset and liability management.

Fees and commissions increased by S\$65 million or 32.3% due mainly to improved stockbroking volumes and fund management activities. The Group's expense-to-income ratio increased marginally to 30% from 27% (adjusted for the exclusion of non-core gains) due to investments in building capabilities, both infrastructure and skills.

Our focus and determination in managing non-performing assets coupled with the recovery in the regional economies have resulted in the charge of provisions for possible loan losses and diminution in value of other assets being S\$459 million or 47.1% lower than in 1998. The lessons learnt from restructuring

NET PROFIT (\$ MILLION)



of the non-performing assets have been institutionalised through significant improvements to our policies and processes for credit risk management.

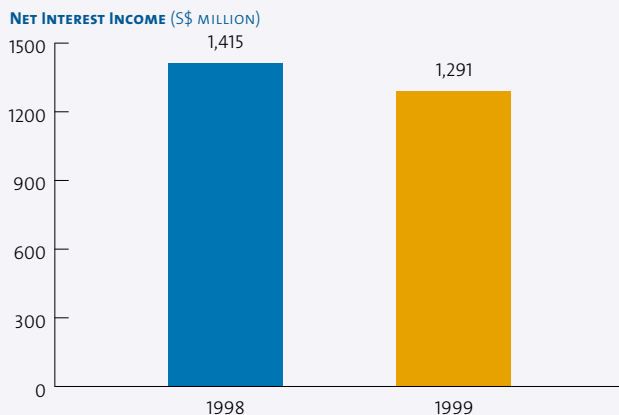
The increase in share of profits of associated companies of S\$65 million was contributed mainly by the insurance associates, Great Eastern Holdings Ltd and Overseas Assurance Corporation Ltd.

### PERFORMANCE RATIOS

The key performance ratios have improved. Earnings per share increased by 43.4% to S\$0.54 from S\$0.37 at 31 December 1998. Shareholders' funds rose S\$188 million or 2.6% to S\$7,376 million. Return on equity of 9.36% was 38.1% better than 1998 and is headed in the right direction.

Net tangible assets per share increased to S\$5.74 from S\$5.62 at 31 December 1998. Adjusted for the unrealised valuation surplus, the net tangible assets per share amounted to S\$8.17 compared to S\$7.15 in 1998.

## NET INTEREST INCOME



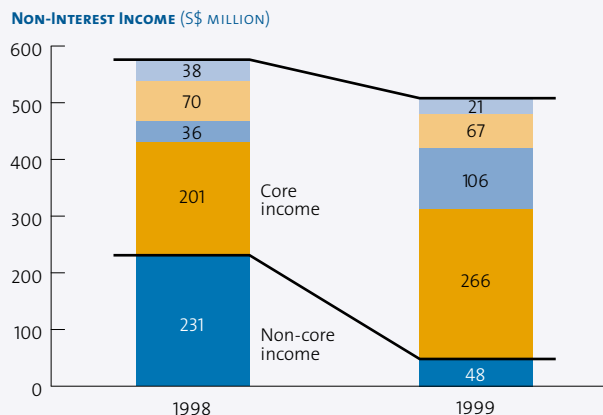
Net interest income decreased by 8.8% or S\$124 million.

Customer spreads widened with successful asset and liability management. The cost of deposits was managed down at a faster pace than the fall in lending rates. The positive contribution, however, was eroded by loan volumes decreasing by an average of S\$3.8 billion or 10.4% in line with the industry-wide contraction. Also, the yields on surplus funds were substantially lower than 1998 when rates were exceptionally high as a result of the regional crisis.

Overall, the average interest margin of the banking and finance group shrank by 17 basis points to 2.4%.

Singapore operations accounted for 72% of net interest income (1998: 70%) with Malaysia next at 19% (1998: 19%). The contribution by our operations in Greater China is still relatively modest but the Bank remains committed to developing and growing its franchise there.

## NON-INTEREST INCOME



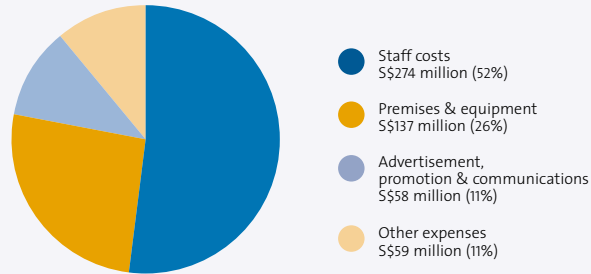
- Dividend income
- Rental income
- Dealing income
- Fees and commissions

Non-interest income decreased by 11.8% or S\$68 million. The decrease was due to a reduction of S\$183 million in the one-time non-core gains on the disposal of long term investments and development properties, offset by the significant improvement in core income of S\$115 million or 33.3%.

The bulk of the improvement was from fees and commissions, which rose by S\$65 million or 32.3%, mainly from higher stock-broking volumes, unit trust and fund management activities. Dealing income increased by S\$70 million, due largely to gains from securities trading. However, dividend income was lower by S\$17 million, a consequence of the sale of investment securities in late 1998.

## OPERATING EXPENSES

1999 – S\$528 MILLION

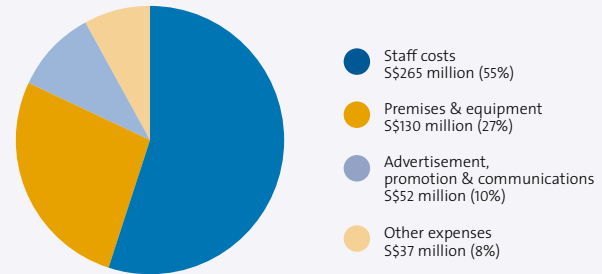


Total operating expenses increased by 9.1% or S\$44 million reflecting our investments in building capabilities through both infrastructure and skills upgrading.

Our expenses on information technology for the Bank in 1999 was close to 20% of total operating expenses (1998: 18%). Recognising that information technology is a crucial differentiating factor in building our competitive advantage, we expect this to exceed 20% in 2000.

We are actively recruiting talent and tapping international consultants to increase our skills inventory, improve risk management systems, upgrade customer service, enhance physical infrastructure in branch layouts and improve staff productivity.

1998 – S\$484 MILLION



Staff costs increased marginally as the reduced CPF contribution rate helped to moderate the increase in such costs. Due to the earlier than expected economic turnaround in the second half of 1999, the job market tightened making our recruitment efforts more challenging. As a result, our staff strength decreased marginally by 167 or 2.8%.

Other expenses increased due largely to higher facilitation costs relating to the implementation of OCBC 3.0 strategic initiatives and higher costs arising from increased business turnover at OCBC Securities.

Excluding the impact of one-time non-core gains, the expense-to-income ratio increased to 30% compared to 27% for 1998.

## PROVISIONS

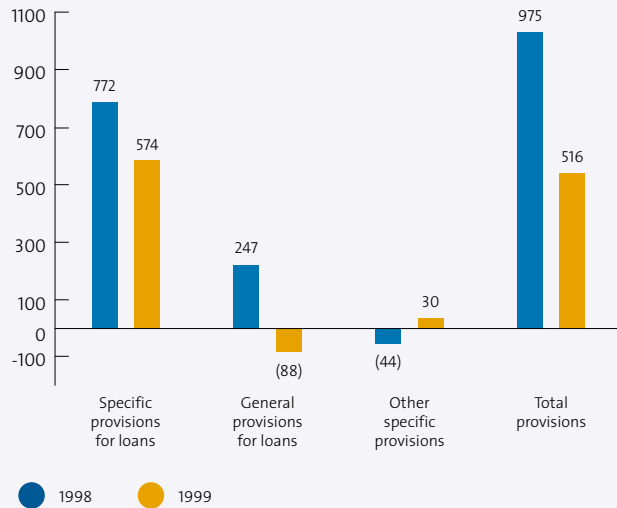
S\$ million	Movements during the year				Balance at 31 December
	Balance at 1 January	Provision/ (write-backs)	Write-offs	Other transfers	
Cumulative specific provisions	991	574	(351)	(2)	1,212
Cumulative general provisions	1,061	(88)	–	(5)	968
	2,052	486	(351)	(7)	2,180
Cumulative interest-in-suspense	213	147	(72)	(2)	286
Cumulative provisions for loan losses	2,265	633	(423)	(9)	2,466
Cumulative specific provisions for investments and other assets	140	(40)	(19)	8	89
	2,405	593	(442)	(1)	2,555

Total cumulative provisions comprising provisions for possible loan losses and diminution in value of investments and other assets as at 31 December 1999 increased by S\$150 million or 6.2% to S\$2,555 million. Specifically, cumulative provisions for loan losses increased by S\$201 million to S\$2,466 million as classified loans continued to increase in the first half of 1999 due to the spill-over effect of the Asian financial crisis. The cumulative provisions for investments and other assets on the other hand were lower by S\$51 million at S\$89 million due mainly to a write-back of S\$69 million resulting from the disposal of securities.

All our loan coverage ratios were high and have improved from the previous year. Total cumulative specific and general provisions of S\$2,466 million were higher at 57% of total classified loans (1998: 56%) and represented 1.69 times coverage on doubtful and loss loans (1998: 1.53 times). The Group's cumulative general provisions at 31 December 1999 was a prudent 3.1% (1998: 3.0%) of total non-bank loans (net of specific provisions).

## Provisions charged for 1999

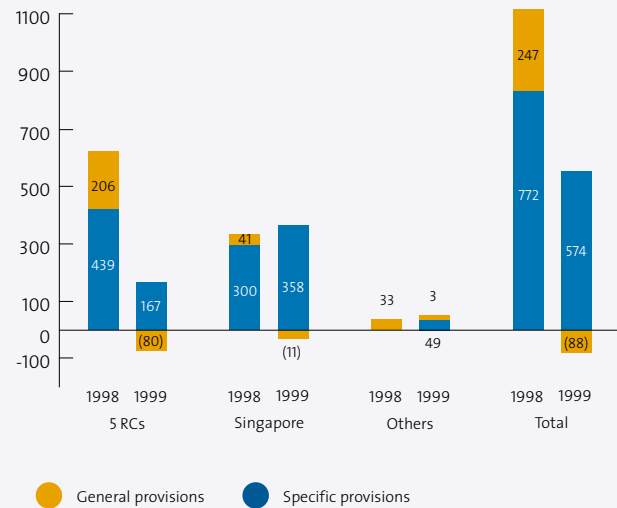
PROVISIONS CHARGED (S\$ MILLION)



● 1998 ● 1999

Net provisions charged during the year were S\$516 million, a decrease of S\$459 million or 47.1% over 1998. This was due to a reduction in the charge for specific provisions of S\$198 million or 25.6%, a write-back of general provisions of S\$88 million compared to a provision of S\$247 million in 1998 and a provision of S\$30 million largely for debt securities against a write-back of S\$44 million in 1998.

PROVISIONS FOR LOANS CHARGED BY GEOGRAPHY (S\$ MILLION)



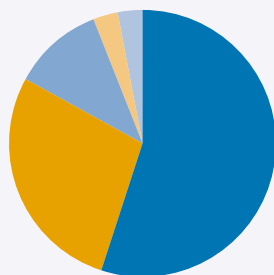
● General provisions ● Specific provisions

Specific provisions charged for Singapore exposures increased by S\$58 million and accounted for 62% of the total specific provisions charged. The bulk of this was made in the first half of 1999 when the spill-over effect of the Asian financial crisis resulted in the further deterioration of credit quality.

Specific provisions made for the five regional countries ('RCs') – Indonesia, Korea, Malaysia, Philippines and Thailand, amounted to S\$167 million, substantially lower than last year's charge of S\$439 million, reflecting our successful management of classified loans and the bottoming out of the economic crisis in these countries. Whilst the Group continued to adopt a stringent policy when making specific provisions, the regional economic recovery coupled with the successful management of classified loans also enabled the Group to write-back general provisions of S\$88 million.

## ASSETS

**TOTAL ASSETS – S\$54,290 MILLION** (1998: S\$56,219 MILLION)

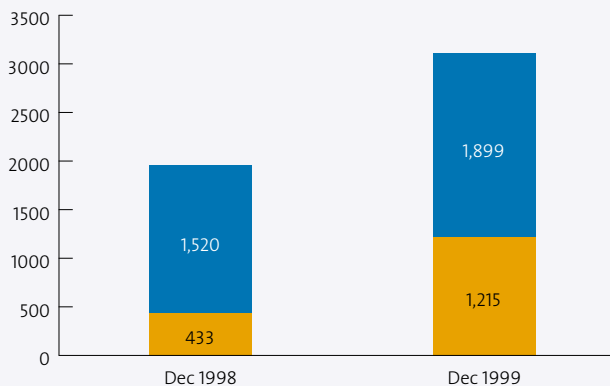


- Loans & advances, net of provisions  
S\$29,817 (1998: S\$33,448)
- Placements with banks  
S\$14,948 (1998: S\$13,416)
- Treasury securities and balances with central banks  
S\$6,063 (1998: S\$5,995)
- Other assets  
S\$1,743 (1998: S\$1,724)
- Dealing and investment securities  
S\$1,719 (1998: S\$1,636)

Total assets decreased by 3.4% or S\$1.9 billion to S\$54.3 billion at the end of 1999 due mainly to lower loans and advances (net of provisions) which declined by S\$3.6 billion in line with the general loan contraction in the industry. However, due to stepped-up marketing efforts, our market share in some key loan products improved in the second half of 1999.

## VALUATION SURPLUS

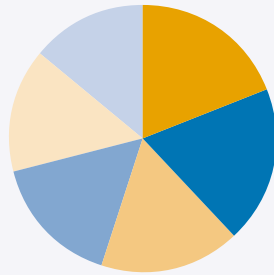
**VALUATION SURPLUS (S\$ MILLION)**



- Securities
- Properties

Unrealised valuation surplus of the Group's assets was S\$3.1 billion as at 31 December 1999, with S\$1.2 billion (1998: S\$0.4 billion) relating to securities and S\$1.9 billion (1998: S\$1.5 billion) to properties. This was a significant S\$1.2 billion increase from 31 December 1998 due to improvements in the stock and property prices.

## SECTORAL ANALYSIS

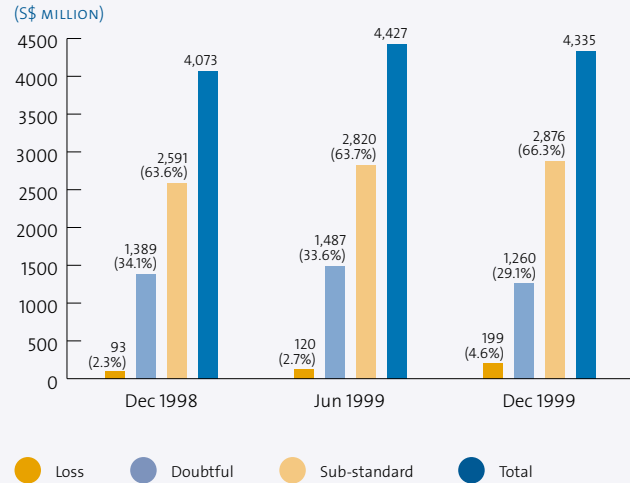


Total loans (net of provisions) as at 31 December 1999 declined by 10.9% or S\$3.6 billion to S\$33.4 billion. Based on the experience learnt from the 1980s recession, it came as no surprise that the Bank's loan growth has lagged economic recovery.

However, during the second half of the year, we made progress towards increasing our loans. Housing loans grew by 2.4% or S\$106 million, a direct result of our focus in marketing these loans, which increased to 14% (1998: 12%) of total loans. Housing and building and construction sector loans together accounted for 31% (1998: 30%) of total loans. Our exposures to the manufacturing and general commerce sectors have been maintained at just below 20%.

## PORTFOLIO REVIEW

## Classified loans



Our focus and success in the management of non-performing assets have resulted in containing the growth of total classified loans of the Group.

Total classified loans peaked during 1999 as the spill-over effect of the economic crisis continued to be felt in the first half of 1999. Compared to June 1999, classified loans have shown a decline of S\$92 million or 2.1%.

Total classified loans at 31 December 1999 represented 9.1% (1998: 8.2%) of total loans and 8.0% (1998: 7.3%) of total assets. Total classified loans, excluding debt securities, represented 13.3% (1998: 11.3%) of non-bank loans.



S\$ million

	a/ Total classified loans	b/ Non-bank classified loans as % of total non-bank loans	Provisions					
			Specific	General	Total provisions	Specific provisions as % of total classified loans	Total provisions as % of total classified loans	
<i>Five Regional</i>								
<b>31 Dec 99</b>	<b>1,109</b>	<b>17.0</b>	<b>577</b>	<b>612</b>	<b>1,189</b>	<b>52.0</b>	<b>107.2</b>	
30 Jun 99	1,399	19.7	692	671	1,363	49.5	97.5	
31 Dec 98	1,455	20.2	658	692	1,350	45.2	92.8	
<i>Singapore</i>								
<b>31 Dec 99</b>	<b>2,883</b>	<b>13.3</b>	<b>809</b>	<b>314</b>	<b>1,124</b>	<b>28.1</b>	<b>39.0</b>	
30 Jun 99	2,746	12.7	741	304	1,045	27.0	38.0	
31 Dec 98	2,451	10.1	492	325	817	20.1	33.3	
<i>Others</i>								
<b>31 Dec 99</b>	<b>343</b>	<b>7.8</b>	<b>112</b>	<b>41</b>	<b>153</b>	<b>32.6</b>	<b>44.6</b>	
30 Jun 99	282	6.9	90	43	133	31.9	47.1	
31 Dec 98	167	3.7	54	44	98	32.3	58.7	
<i>Group Total</i>								
<b>31 Dec 99</b>	<b>4,335</b>	<b>13.3</b>	<b>1,498</b>	<b>968</b>	<b>2,466</b>	<b>34.6</b>	<b>56.9</b>	
30 Jun 99	4,427	13.5	1,523	1,018	2,541	34.4	57.4	
31 Dec 98	4,073	11.3	1,204	1,061	2,265	29.6	55.6	

a/ Total classified loans include non-bank loans, debt securities and contingent liabilities

b/ Excludes debt securities

With economic recovery in the region, classified loans for the five regional countries (Indonesia, Korea, Malaysia, Philippines and Thailand) improved by S\$346 million or 23.8% to S\$1,109 million (1998: S\$1,455 million). They accounted for 3.4% (1998: 4.0%) of the Group's total non-bank loans and 2.0% (1998: 2.6%) of the Group's total assets. Specifically, Malaysia's total classified loans accounted for 11.0% (1998: 14.4%) of its non-bank loans.

In tandem with the reduction in classified loans, the cumulative provisions for possible loan losses for the five regional countries were also lower. As at 31 December 1999, the cumulative

provisions were S\$1,189 million (1998: S\$1,350 million), of which specific provisions accounted for S\$577 million (1998: S\$658 million) while general provisions were S\$612 million (1998: S\$692 million). The total provisions made for the five countries covered 107.2% (1998: 92.8%) of the total classified loans in these countries.

In Singapore, total classified loans increased by 17.6% or S\$432 million to S\$2.9 billion as at 31 December 1999. This was despite the improved domestic economy as many of our customers suffered from the spill-over effects of the regional crisis.

## Net exposure to the five regional countries

S\$ million

	Loans and debt securities			Investments	Total gross exposure	Less: Loans to & investments in subsidiaries/branches	Net exposure	
	Non-bank	Central government	Bank				Total	% of Group total assets
<i>Indonesia</i>								
<b>31 Dec 99</b>	<b>395</b>	<b>75</b>	<b>122</b>	<b>70</b>	<b>662</b>	<b>60</b>	<b>602</b>	<b>1.1</b>
30 Jun 99	612	76	137	70	895	60	835	1.5
31 Dec 98	669	66	138	70	943	63	880	1.6
<i>Korea</i>								
<b>31 Dec 99</b>	<b>53</b>	<b>15</b>	<b>28</b>	<b>–</b>	<b>96</b>	<b>28</b>	<b>68</b>	<b>0.1</b>
30 Jun 99	88	–	51	–	139	51	88	0.2
31 Dec 98	145	27	98	–	270	98	172	0.3
<i>Malaysia</i>								
<b>31 Dec 99</b>	<b>6,206</b>	<b>1,133</b>	<b>713</b>	<b>618</b>	<b>8,670</b>	<b>776</b>	<b>7,894</b>	<b>14.5</b>
30 Jun 99	5,906	1,464	1,231	618	9,219	918	8,301	14.7
31 Dec 98	5,925	1,044	1,047	607	8,623	927	7,696	13.7
<i>Philippines</i>								
<b>31 Dec 99</b>	<b>–</b>	<b>2</b>	<b>18</b>	<b>7</b>	<b>27</b>	<b>7</b>	<b>20</b>	<b>0.0</b>
30 Jun 99	–	4	19	7	30	7	23	0.0
31 Dec 98	5	4	30	8	47	7	40	0.1
<i>Thailand</i>								
<b>31 Dec 99</b>	<b>323</b>	<b>25</b>	<b>258</b>	<b>–</b>	<b>606</b>	<b>223</b>	<b>383</b>	<b>0.7</b>
30 Jun 99	376	27	276	–	679	241	438	0.8
31 Dec 98	437	25	336	–	798	241	557	1.0
<i>Total</i>								
<b>31 Dec 99</b>	<b>6,977</b>	<b>1,250</b>	<b>1,139</b>	<b>695</b>	<b>10,061</b>	<b>1,094</b>	<b>8,967</b>	<b>16.5</b>
30 Jun 99	6,982	1,571	1,714	695	10,962	1,277	9,685	17.2
31 Dec 98	7,181	1,166	1,649	685	10,681	1,336	9,345	16.6

As at 31 December 1999, the Group's net exposure to the five regional countries decreased to S\$8,967 million (1998: S\$9,345 million). Exposures to the regional countries, except for Malaysia, have been managed down. Net exposure to Malaysia totalled

S\$7,894 million (1998: S\$7,696 million), or 88.0% (1998: 82.4%) of the Group's exposure to these five regional countries. The Group remains optimistic of the potential of the Malaysian economy and is committed to expanding its business there.

## CAPITAL MANAGEMENT

S\$ million

	December 1999	December 1998
<b>Capital</b>		
Tier-1	7,441	7,245
Tier-2	1,559	1,041
Overall capital	9,000	8,286
<b>Risk weighted assets</b>		
On-balance sheet	33,803	36,665
Off-balance sheet	2,806	2,688
Market risk	278	640
Total	36,887	39,993
<b>Capital adequacy ratios</b>		
Tier-1	20.2%	18.1%
Total capital	24.4%	20.7%

The Group, OCBC Bank and its local banking and finance subsidiaries are governed for capital adequacy purposes by the Monetary Authority of Singapore and in the case of the foreign subsidiaries and overseas branches, the various foreign regulators.

Singapore-incorporated banks and finance companies are required to maintain a capital adequacy ratio of 12%, of which at least 10% must be Tier-1 capital and 2% can consist of Upper Tier-2 capital (BIS standards call for a capital adequacy ratio of 8%, of which at least 4% must be Tier-1 capital).

As at 31 December 1999, the capital of the Group, the Bank and the banking and finance subsidiaries exceeded the minimum standards set by the regulators.

Measured under the BIS guidelines, the Group's capital adequacy ratio at 31 December 1999 increased to 24.4% from 20.7% at 31 December 1998.

Overall capital increased by S\$714 million or 8.6%, underpinning the strong capital position of the Group.

Tier-1 capital increased by S\$196 million, mainly from retained profits, increase in share of reserves of associated companies and the issue of new shares under the Executives' Share Option Scheme.

Tier-2 capital which comprises unencumbered general provisions and valuation surplus of investment properties and securities, increased by S\$518 million, reflecting the improvements in property and stock prices.

STRENGTHENING  
RELATIONSHIPS

EMBRACING  
PROGRESS



FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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# REPORT OF THE DIRECTORS

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

The Directors of the Bank, the holding company, have pleasure in presenting their report to the members together with the audited consolidated accounts of the Group and of the Bank for the financial year ended 31 December 1999, which has been prepared in accordance with the provisions of the Companies Act, Cap. 50.

## DIRECTORS

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

Lee Seng Wee	Chairman
Alexander Au Siu Kee	Vice-Chairman and Chief Executive Officer
Cheong Choong Kong	(appointed on 1 July 1999)
Choi Siew Hong	
Michael Fam Yue Onn	
Joseph Yuvaraj Pillay	(appointed on 21 January 2000)
Elizabeth Sam	
Tan Puay Yong	
Tang I-Fang	
Teo Cheng Guan	
David Wong Cheong Fook	(appointed on 1 August 1999)
Michael Wong Pakshong	
Wong Nang Jang	

Mrs Elizabeth Sam and Mr Wong Nang Jang retire by rotation under Articles 107 and 108 of the Articles of Association of the Bank and, being eligible, offer themselves for re-election.

Dr Cheong Choong Kong, Mr Joseph Yuvaraj Pillay and Col (NS) David Wong, who were appointed to the Board under Article 111 of the Articles of Association of the Bank, retire in accordance with the provisions of that Article and, being eligible, offer themselves for re-election.

Mr Lee Seng Wee, Mr Choi Siew Hong, Dr Michael Fam, Mr Tan Puay Yong, Mr Tang I-Fang and Mr Teo Cheng Guan retire pursuant to section 153 of the Companies Act, Cap. 50. Resolutions will be proposed for the reappointment of Mr Lee Seng Wee and Dr Michael Fam under section 153(6) of the said Act to hold office until the next annual general meeting of the Bank.

Mr Choi Siew Hong, Mr Tan Puay Yong, Mr Tang I-Fang and Mr Teo Cheng Guan will not offer themselves for reappointment.

## PRINCIPAL ACTIVITIES

The principal activities of the Bank and of the Group consist of the business of banking and finance, financial services, investment, corporate finance, stockbroking, futures broking, asset management, venture capital, nominee and trustee services, property management, real estate investment and development. There have been no significant changes in the nature of these activities during the financial year.

**ACQUISITION OR DISPOSAL OF SUBSIDIARIES**

During the financial year, the following subsidiaries were disposed of:

OCBC Finance (Hong Kong) Limited (in voluntary liquidation) (“OFHKL”), a wholly-owned subsidiary of the Bank, was dissolved on 10 December 1999. The net tangible assets of OFHKL amounting to HK\$32,971,213 were fully distributed to its shareholder prior to its dissolution.

Singmas Limited, a wholly-owned subsidiary of the Bank, is now in members’ voluntary liquidation pursuant to resolutions passed on 15 June 1999.

During the financial year, no subsidiaries were acquired.

Save as aforesaid, there have been no other acquisitions or disposals of subsidiaries during the financial year.

**RESULTS FOR THE FINANCIAL YEAR**

	GROUP S\$'000	BANK S\$'000
Profit after taxation	695,570	686,534
Less: Minority interests	6,069	–
Profit attributable to stockholders of the Bank	689,501	686,534
Add: Unappropriated profit brought forward	1,152,482	475,848
Total amount available for appropriation	1,841,983	1,162,382
Less: Transfers to/(from) reserves in the accounts of subsidiaries		
– Statutory reserves	35,428	–
– General reserves	(34,860)	–
– Capital reserves	27,800	–
	28,368	–
Less: Transfers to reserves in the accounts of associated companies		
– General reserves	42,480	–
– Capital reserves	409	–
	42,889	–
	1,770,726	1,162,382
With which the Directors recommend be dealt as follows:		
Transfers to reserves of the Bank -		
Statutory reserves	171,700	171,700
General reserves	100,000	100,000
Dividends -		
Interim of 5 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26%	45,222	45,222
Special interim of 9 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26%	81,399	81,399
Special of 50 cents per S\$1.00 foreign stock unit (tax exempt)	233,517	233,517
Final of 11 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26%	104,560	104,560
Special final of 9 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26%	85,549	85,549
Final of 11 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26% in respect of the previous financial year, in excess of the amount previously provided	265	265
	822,212	822,212
Unappropriated profit carried forward	948,514	340,170



**TRANSFERS TO OR FROM RESERVES AND PROVISIONS**

Material transfers to or from reserves during the financial year were as follows:

	<b>GROUP</b> S\$'000	<b>BANK</b> S\$'000
<i>Capital reserves</i>		
Share premium		
Premium on issue of ordinary shares	43,280	43,280
Transfer to share capital upon issue of bonus shares	(61,125)	(61,125)
Other capital reserves		
Net transfer from profit and loss account	28,209	–
<i>Foreign currency translation reserve</i>		
Net adjustments for the year	(3,722)	879
<i>Statutory reserves</i>		
Net transfer from profit and loss account	207,128	171,700
<i>General reserves</i>		
Net transfer from profit and loss account	107,620	100,000
Excess of the fair values of the share of net assets over the cost of investment of new associated companies	2,977	–

There were no material transfers to or from provisions during the financial year except for normal amounts set aside for such items as provisions for possible loan losses and diminution in value of other assets, depreciation of non-current assets and provision for income tax as shown in the accounts.

**ISSUE OF SHARES AND DEBENTURES****(a) The Bank**

At a meeting convened by the High Court of the Republic of Singapore in Originating Summons number 1253 of 1999 held on 20 September 1999 and at an extraordinary general meeting held on the same day, stockholders approved a scheme of arrangement under section 210 of the Companies Act (the “Scheme of Arrangement”) involving a special bonus issue of new ordinary shares in the capital of the Bank to all stockholders and a special cash dividend to foreign stockholders in connection with the removal of restrictions in the Articles of Association of the Bank (the “Articles”) on the holding of ordinary shares in the capital of the Bank by foreign stockholders. The Scheme of Arrangement became effective on 15 October 1999 and on that date, ordinary shares in the capital of the Bank designated as foreign shareholdings under the Articles and ordinary shares not designated as foreign shareholdings under the Articles were merged into one class of ordinary shares.

Pursuant to the Scheme of Arrangement, an aggregate sum of S\$61,125,412 standing to the credit of the Bank’s share premium account was capitalised and applied in full payment for 61,125,412 new ordinary shares which were allotted and issued, credited as fully paid, to the entitled stockholders pursuant to the special bonus issue in the proportion of one new ordinary share for every 20 stock units held as at 5.00 p.m. on 14 October 1999, fractions being disregarded. In addition, a special cash dividend of S\$0.50 for each foreign stock unit was paid to foreign stockholders on 25 October 1999.

The new stock units into which the new ordinary shares allotted and issued pursuant to the Scheme of Arrangement were converted, rank *pari passu* in all respects with, and have attached thereto the same rights and privileges as, the existing stock units in issue except that they did not rank for the interim dividend declared and paid in respect of the financial year ended 31 December 1999 and the special cash dividend.

**The Bank (cont'd)**

During the financial year, the Bank also issued the following ordinary shares of S\$1 each fully paid up in cash and converted into ordinary stock pursuant to the OCBC Executives' Share Option Scheme 1994 upon the exercise of options by officers of the Bank of the rank of Assistant Manager and above:

- (i) 3,172,915 ordinary shares of S\$1 each at a price of S\$8.200 per share for the 1995 Options;
- (ii) 569,114 ordinary shares of S\$1 each at a price of S\$8.200 per share for the 1995 Replacement Options;
- (iii) 105,464 ordinary shares of S\$1 each at a price of S\$7.810 per share for the 1995 Options after the adjustment to the exercise price pursuant to the Scheme following the special Bonus Issue;
- (iv) 336,665 ordinary shares of S\$1 each at a price of S\$7.810 per share for the 1995 Replacement Options after the adjustment to the exercise price pursuant to the Scheme following the special Bonus Issue;
- (v) 906,182 ordinary shares of S\$1 each at a price of S\$8.558 per share for the 1996 Options;
- (vi) 421,303 ordinary shares of S\$1 each at a price of S\$8.558 per share for the 1996 Replacement Options;
- (vii) 13,941 ordinary shares of S\$1 each at a price of S\$8.150 per share for the 1996 Options after the adjustment to the exercise price pursuant to the Scheme following the special Bonus Issue; and
- (viii) 428,068 ordinary shares of S\$1 each at a price of S\$8.150 per share for the 1996 Replacement Options after the adjustment to the exercise price pursuant to the Scheme following the special Bonus Issue.

**(b) Subsidiaries**

During the financial year, the undermentioned subsidiaries issued shares as detailed below:

- (i) OCBC Square Private Limited, a wholly-owned subsidiary of the Bank, issued 86,000,000 "Series 2" redeemable preference shares of S\$0.01 each at a premium of S\$0.99 each and fully paid up in cash as to par value and premium on 18 June 1999 to Associated Investments & Securities Private Limited, Federal Securities Private Limited, General & Commercial Holdings Private Limited and OCBC Holdings Private Limited, wholly-owned subsidiaries of the Bank. The proceeds from the issue of the preference shares were used to repay an inter-company loan from OCBC Centre Private Limited, a wholly-owned subsidiary of the Bank.

The "Series 2" Redeemable Preference Shares carry a right to a fixed non-cumulative preferential dividend at the rate of six cents per annum per share that is fully paid up as to capital and premium.

- (ii) Church Street Properties Private Limited, a wholly-owned subsidiary of the Bank, issued 76,000,000 "Series 2" redeemable preference shares of S\$0.01 each at a premium of S\$0.99 each and fully paid up in cash as to par value and premium on 22 June 1999 to Eastern Realty Company Limited and Singapore Building Corporation Limited, wholly-owned subsidiaries of the Bank. The proceeds from the issue of the preference shares were used to repay inter-company loans from OCBC Land Private Limited and Specialists' Centre Private Limited, wholly-owned subsidiaries of the Bank.

The "Series 2" Redeemable Preference Shares carry a right to a fixed cumulative preferential dividend at the rate of six cents per annum per share that is fully paid up as to capital and premium.

**Subsidiaries (cont'd)**

- (iii) OCBC Finance Limited issued 13,713,619 ordinary shares of S\$1 each fully paid up in cash upon the exercise of Warrants 1999 at the exercise price of S\$2.18 per share, pursuant to a Deed Poll dated 26 September 1996. The proceeds of S\$29,895,689 arising from the issue were utilised for working capital purposes.

**(c) Subsidiaries – Capital Reduction**

## OCBC Credit Berhad

OCBC Credit Berhad (“OCB”), formerly known as OCBC Finance Berhad, effected a reduction of the authorised capital, sanctioned by the High Court of Malaysia at Kuala Lumpur, on 26 November 1999, from RM250,000,000 divided into 250,000,000 ordinary shares of RM1.00 each to RM190,000,000 divided into 75,000,000 issued ordinary shares of RM0.20 each and RM175,000,000 unissued ordinary shares of RM1.00 by returning to its immediate holding company, OCBC Bank (Malaysia) Berhad, a wholly-owned subsidiary of the Bank, and the holder of 75,000,000 ordinary shares the capital paid up thereon to the extent of RM0.80 per ordinary share held. The reduction was effected on 6 December 1999.

The reduction of the share capital was immediately followed by an increase of the authorised capital of OCB to RM250,000,000 by (i) the creation of 60,000,000 new ordinary shares of RM1.00 each and (ii) the consolidation of the 75,000,000 ordinary shares of RM0.20 each in the capital of OCB in such manner that every five (5) of the said 75,000,000 ordinary shares of RM0.20 each constituted one (1) ordinary share of RM1.00 each thus making a total of 15,000,000 ordinary shares of RM1.00 each. This resulted in an authorised capital of RM250,000,000 divided into 250,000,000 ordinary shares of RM1.00 each of which 15,000,000 ordinary shares of RM1.00 each are issued and are fully paid-up.

Save as aforesaid, no other shares or debentures were issued by the Bank and its subsidiaries during the financial year.

**ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES**

Neither at the end of nor at any time during the financial year was the Bank a party to any arrangement whose object was to enable the Directors of the Bank to acquire benefits through the acquisition of shares in or debentures of the Bank or any other body corporate save as disclosed in this report under the headings “Directors’ Interests in Shares or Debentures” and “Share Options”.

**DIRECTORS' INTERESTS IN SHARES OR DEBENTURES**

According to the register required to be kept under section 164 of the Companies Act, Cap. 50, the Directors who held office at the end of the financial year had an interest in the shares of the Bank as detailed below:

	Stockholdings registered in the name of Directors or in which Directors have a direct interest		Stockholdings in which Directors are deemed to have an interest	
	As at 1.1.99 (or date of appointment)	As at 31.12.99	As at 1.1.99 (or date of appointment)	As at 31.12.99
Lee Seng Wee	1,274,436	1,338,157	1,129,248	1,185,710
Alex Au	NIL	NIL	NIL	NIL
Cheong Choong Kong (With effect from 1 July 1999)	10,403	10,923	NIL	NIL
Choi Siew Hong	51,468	54,040	NIL	NIL
Michael Fam	105,163	110,421	NIL	NIL
Elizabeth Sam	232	14,162	3,175	3,333
Tan Puay Yong	462,703	420,738	611,654	566,636
Tang I-Fang	NIL	NIL	NIL	NIL
Teo Cheng Guan	200,102	210,107	4,788	5,027
David Wong Cheong Fook (With effect from 1 August 1999)	NIL	NIL	NIL	NIL
Michael Wong Pakshong	42,908	45,053	21,865	22,958
Wong Nang Jang	124,340	47,057	40,708	42,743
	Share Options held by Directors in their own name		Share Options in which Directors are deemed to have an interest	
	As at 1.1.99	As at 31.12.99	As at 1.1.99	As at 31.12.99
	(Number of unissued ordinary shares of S\$1.00 each)		(Number of unissued ordinary shares of S\$1.00 each)	
Alex Au	400,000	735,000	NIL	NIL
Elizabeth Sam	285,912	108,418	NIL	NIL
Wong Nang Jang	261,474	299,171	NIL	NIL

Save as aforesaid, according to the register required to be kept under section 164 of the Companies Act, Cap. 50, the Directors did not hold any interest in shares in, or debentures of, the Bank or any related corporation either at the beginning or end of the financial year.

**DIVIDENDS**

An interim dividend of 5 cents and a special interim dividend of 9 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26% was paid on 7 September 1999.

The Directors will at the Annual General Meeting recommend for approval the payment of a final dividend of 11 cents and a special final dividend of 9 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26% amounting to S\$190.109 million.

Dividends paid since the end of the Bank's previous financial year were as follows:

	S\$'000
<i>In respect of the financial year ended 31 December 1998</i>	
Final dividend of 11 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26% paid on 2 June 1999: Provided for in the accounts and shown in the directors' report	99,100
Not provided for in the accounts	265
<i>In respect of the financial year ended 31 December 1999</i>	
Interim dividend of 5 cents and special interim dividend of 9 cents per S\$1.00 ordinary stock unit less Singapore income tax at 26%	126,621
Special dividend of 50 cents per S\$1.00 ordinary stock unit (tax exempt) paid in connection with the merger of the local and foreign share tranches	233,517
	459,503

**BAD AND DOUBTFUL DEBTS**

In preparing the profit and loss account and the balance sheet of the Bank, so far as debts owing to the Bank are concerned, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing-off of bad debts and the making of provisions for doubtful debts and have satisfied themselves that all known bad debts have been written off and that where necessary adequate provision has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amounts written off or provided for bad and doubtful debts in the consolidated accounts of the Group inadequate to any substantial extent.

**CURRENT ASSETS**

In preparing the profit and loss account and the balance sheet of the Bank, the Directors took reasonable steps to ascertain that any current assets of the Bank which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values or that adequate provision had been made for the difference between the book values and estimated realisable values.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated accounts of the Group misleading.

**CHARGE ON ASSETS AND CONTINGENT LIABILITY**

At the date of this report, there does not exist:

- (i) any charge on the assets of the Bank or any corporation in the Group which has arisen since the end of the financial year which secures the liabilities of any other person except for charges created by certain corporations in the Group over some of their assets in favour of the Bank which secure certain of their liabilities to the Bank; and
- (ii) any contingent liability of the Bank or any corporation in the Group which has arisen since the end of the financial year other than those normally undertaken in the course of the activities of the Bank or of the Group.

**ABILITY TO MEET OBLIGATIONS**

In the opinion of the Directors, no contingent or other liability of the Bank or any corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Bank and the Group to meet their obligations as and when they fall due.

**OTHER CIRCUMSTANCES AFFECTING THE ACCOUNTS**

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in the report or the consolidated accounts of the Group which would render any amount stated in the accounts of the Bank and the consolidated accounts of the Group misleading.

**UNUSUAL ITEMS**

In the opinion of the Directors, the results of the operations of the Group or of the Bank during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

**SUBSEQUENT EVENTS**

In the opinion of the Directors, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group or of the Bank for the financial year in which this report is made.

**DIRECTORS' CONTRACTUAL BENEFITS**

Since the end of the previous financial year, no Director has received or has become entitled to receive benefits required to be disclosed by section 201(8) of the Companies Act, Cap. 50 save as disclosed in this report or in the accounts of the Bank and the consolidated accounts of the Group.

**SHARE OPTIONS****(a) The Bank****(i) Share Options issued in previous years**

Particulars of the 1994 Options, 1995 Options, 1996 Options, 1997 Options, 1998 Options and 1998A Options have been set out in the directors' reports for the financial years ended 31 December 1994 to 1998. The 1994 Options expired on 29 January 1999.

**(ii) Share Options issued during the financial year**

During the financial year, in consideration of the payment of S\$1.00 for each option issued, options were granted pursuant to the OCBC Executives' Share Option Scheme 1994 ("the Scheme"), approved at the extraordinary general meeting of the Bank on 11 June 1994, in respect of 5,305,860 unissued ordinary shares of S\$1.00 each of the Bank ("1999 Options") to 1,321 officers of the Bank and OCBC Bank (Malaysia) Berhad, a wholly-owned subsidiary of the Bank, of the rank of Assistant Manager and above including executive directors of the Bank on 10 March 1999 as follows:

Name	Designation at the time of granting the options	Number of shares under options	Offering price per S\$1.00 share	Exercise period
Alex Au	Vice-Chairman and Chief Executive Officer	300,000	S\$7.910	10.12.2001 to 9.12.2003
Wong Nang Jang	Deputy President	80,000	S\$7.910	10.12.2001 to 9.12.2003

The above options were subsequently replaced and thereafter adjusted as disclosed in the remaining part of this report under the heading "Share Options".

Statutory and other information regarding the 1999 Options are as follows:

- 1999 Options issued on 10 March 1999 will expire on 9 December 2003. The exercise period is 10 December 2001 to 9 December 2003, both dates inclusive. The option may be exercised by notice in writing accompanied by a remittance for the full amount of the offering price, which is S\$7.910 per ordinary share of S\$1.00 each.
- An option will cease by reason of Regulation 20 of the Scheme relating to death or termination of employment of the grantee after the grant of an option where no approval has been granted by the committee appointed under the Scheme for the exercise of the options after such termination or for the exercise of the options by the personal representatives after death.
- The offering price was equal to the average of the last dealt price of the stock of the Bank on the Stock Exchange of Singapore Limited, now known as Singapore Exchange Securities Trading Limited, for five (5) consecutive market days immediately prior to the date when an offer to grant an option was made to a grantee.
- The number of shares which may be acquired by a grantee or the offering price or both are subject to adjustment, as confirmed by the auditors of the Bank that such adjustment is fair and reasonable, by reason of any issue of additional shares in the Bank by way of rights or capitalisation of profits or reserves made while an option remains unexercised.

**The Bank (cont'd)**

- The persons to whom these options have been issued have no right to participate by virtue of these options in any share issue of any other company.

**(iii) Replacement Options**

During the financial year, replacement options were offered on 25 May 1999 (“Replacement Options”) and issued in replacement of and in substitution for certain 1995 Options, 1996 Options, 1997 Options, 1998 Options, 1998A Options and the 1999 Options (“Original Options”) offered to, and held by, officers of the Group, who were still in the employment of the Group including Mr Alex Au and Mr Wong Nang Jang, executive directors of the Bank, in respect of 17,628,083 unissued ordinary shares of S\$1 each of the Bank.

Replacement Options are exercisable at the same offering price of, and in respect of the same number of shares comprised in, the outstanding Original Options to which such Replacement Options relate, but such Replacement Options have an option period equivalent to the aggregate of the remaining option period of the outstanding Original Options and 60 months, after taking into account the remaining moratorium period, if any, in respect of the relevant outstanding Original Options. Replacement Options comprise the 1995R Options, 1996R Options, 1997R Options, 1998R Options, 1998AR Options and 1999R Options.

Statutory and other information regarding the Replacement Options are as follows:

Replacement Options	Offering price	Offering date	Option period
1995	S\$8.200	25 May 1999	25 May 1999 to 1 February 2005
1996	S\$8.558	25 May 1999	25 May 1999 to 29 January 2006
1997	S\$7.983	25 May 1999	30 January 2000 to 29 January 2007
1998	S\$6.740	25 May 1999	22 January 2001 to 21 January 2008
1998A	S\$3.516	25 May 1999	26 June 2001 to 25 June 2008
1999	S\$7.910	25 May 1999	10 December 2001 to 9 December 2008

- An option will cease by reason of Regulation 20 of the Scheme relating to death or termination of employment of the grantee after the grant of an option where no approval has been granted by the committee appointed under the Scheme for the exercise of the options after such termination or for the exercise of the options by the personal representatives after death.
- The offering prices were the same as the offering prices for the relevant Original Options. The initial offering prices of the Original Options were respectively equal to the average of the last dealt price of the stock of the Bank on the Stock Exchange of Singapore Limited, now known as Singapore Exchange Securities Trading Limited, for five (5) consecutive market days immediately prior to the date when an offer to grant an option was made to a grantee.
- The number of shares which may be acquired by a grantee or the offering price or both are subject to adjustment, as confirmed by the auditors of the Bank that such adjustment is fair and reasonable, by reason of any issue of additional shares in the Bank by way of rights or capitalisation of profits or reserves made while an option remains unexercised.
- The persons to whom these Replacement Options have been issued have no right to participate by virtue of these options in any share issue of any other company.



**The Bank (cont'd)****(iv) Adjustments to Executives' Share Options**

Pursuant to the terms of the Scheme, adjustments to the options were made consequent upon the issue of 61,125,412 ordinary shares by way of a special bonus issue, and the auditors have confirmed that such adjustments were fair and reasonable, as follows:

1995 Options/ 1995 Replacement Options	The option holders after the special bonus issue are entitled to an option to purchase 1,050 ordinary shares of S\$1 each at S\$7.810 per share instead of 1,000 ordinary shares of S\$1 each at S\$8.200.
1996 Options/ 1996 Replacement Options	The option holders after the special bonus issue are entitled to an option to purchase 1,050 ordinary shares of S\$1 each at S\$8.150 per share instead of 1,000 ordinary shares of S\$1 each at S\$8.558.
1997 Options/ 1997 Replacement Options	The option holders after the special bonus issue are entitled to an option to purchase 1,050 ordinary shares of S\$1 each at S\$7.603 per share instead of 1,000 ordinary shares of S\$1 each at S\$7.983.
1998 Options/ 1998 Replacement Options	The option holders after the special bonus issue are entitled to an option to purchase 1,050 ordinary shares of S\$1 each at S\$6.419 per share instead of 1,000 ordinary shares of S\$1 each at S\$6.740.
1998A Replacement Options	The option holder after the special bonus issue is entitled to an option to purchase 1,050 ordinary shares of S\$1 each at S\$3.349 per share instead of 1,000 ordinary shares of S\$1 each at S\$3.516.
1999 Options/ 1999 Replacement Options	The option holders after the special bonus issue are entitled to an option to purchase 1,050 ordinary shares of S\$1 each at S\$7.533 per share instead of 1,000 ordinary shares of S\$1 each at S\$7.910.

The adjustments to the exercise prices and the number of shares under the options were made with effect from 15 October 1999.

**The Bank (cont'd)**

Consequent upon such adjustments, the options then held by Mr Alex Au and Mr Wong Nang Jang, executive directors, and Mrs Elizabeth Sam, the then executive director, were as follows:

<b>Name</b>	<b>Designation at the time of granting the options</b>		<b>Number of shares under option</b>	<b>Offering price per S\$1 share</b>	<b>Exercise period</b>
Alex Au	Vice-Chairman and Chief Executive Officer	1998A Replacement Options	420,000	S\$3.349	26.6.2001 to 25.6.2008
	Vice-Chairman and Chief Executive Officer	1999 Replacement Options	315,000	S\$7.533	10.12.2001 to 9.12.2008
Elizabeth Sam	Senior Executive Vice President	1996 Options	34,918	S\$8.150	30.1.1999 to 29.1.2001
	Deputy President	1998 Options	73,500	S\$6.419	22.1.2001 to 21.1.2003
Wong Nang Jang	Executive Vice President	1995 Replacement Options	59,375	S\$7.810	25.5.1999 to 1.2.2005
	Executive Vice President	1996 Replacement Options	56,676	S\$8.150	25.5.1999 to 29.1.2006
	Executive Vice President	1997 Replacement Options	52,920	S\$7.603	30.1.2000 to 29.1.2007
	Executive Vice President	1998 Replacement Options	46,200	S\$6.419	22.1.2001 to 21.1.2008
	Deputy President	1999 Replacement Options	84,000	S\$7.533	10.12.2001 to 9.12.2008

**(b) Subsidiaries**

**(i) OCBC Finance Limited (formerly known as Focal Finance Limited) - Warrants**

Particulars of the warrants have been set out in the Directors' report for the financial year ended 31 December 1996.

As at the expiry date of 18 October 1999, 13,713,619 Warrants 1999 had been exercised to subscribe for new ordinary shares in OCBC Finance Limited.

**(c) Unissued shares under options at the end of the financial year**

**(i) The Bank - Executives' Share Options**

During the financial year, changes in the number of unissued shares under options are as follows:

Name of participant		Options granted including adjustments made during financial year under review (including terms)	Aggregate options granted since commencement of Scheme to end of financial year under review	Aggregate options exercised since commencement of Scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Directors:					
Mr Alex Au	1999 Options	300,000			
	* Replacement Options	700,000			
	Adjustment to options	35,000	735,000	NIL	735,000
Mrs Elizabeth Sam	1999 Options	NIL			
	* Replacement Options	NIL			
	Adjustment to options	5,162	221,674	113,256	108,418
Mr Wong Nang Jang	1999 Options	80,000			
	* Replacement Options	284,926			
	Adjustment to options	14,245	299,171	NIL	299,171

\* At an extraordinary general meeting held on 30 April 1999, Stockholders approved the grant of Replacement Options in replacement of certain existing Original Options granted pursuant to the Scheme and the allotment and issue of ordinary shares upon the exercise of such Replacement Options, to the holders of outstanding Original Options who are officers of the Group (as defined in the Scheme) on the date on which such Replacement Options are granted, including Messrs Alex Au and Wong Nang Jang, who were then Executive Directors of the Bank and participants under the Scheme. Such Replacement Options were granted on 25 May 1999, in consideration for the cancellation of the existing Original Options to which such Replacement Options relate.

Note: 7,904,173 options lapsed under Regulation 20 of the Scheme since the commencement of the Scheme to the end of the financial year under review.

**Unissued shares under options at the end of the financial year (cont'd)**

At the end of the financial year, unissued shares of the Bank under the options were as follows:

	Number of unissued ordinary shares	Offering price per S\$1.00 share	Date of expiration of the options
1995 Options	289,712	S\$7.810	1 February 2000
1995 Replacement Options	1,087,142	S\$7.810	1 February 2005
1996 Options	206,613	S\$8.150	29 January 2001
1996 Replacement Options	2,406,976	S\$8.150	29 January 2006
1997 Options	132,552	S\$7.603	29 January 2002
1997 Replacement Options	3,699,738	S\$7.603	29 January 2007
1998 Options	154,665	S\$6.419	21 January 2003
1998 Replacement Options	3,524,745	S\$6.419	21 January 2008
1998A Replacement Options	420,000	S\$3.349	25 June 2008
1999 Options	74,865	S\$7.533	9 December 2003
1999 Replacement Options	5,300,000	S\$7.533	9 December 2008
	17,297,008		

Note: 1994 Options expired on 29 January 1999

**(d) Issue of shares under options**

Save as disclosed in this report under paragraph (a) under the heading "Issue of Shares and Debentures" no shares of the Bank or any corporation in the Group were issued during the financial year to which this report relates by virtue of the exercise of options (including warrants) to take up unissued shares of the Bank or corporations in the Group, whether granted before or during the financial year.

**(e) Rights to participate in other share issues**

The persons to whom these options have been issued have no right to participate by virtue of these options in any share issue of any other company.

**(f) Any other unissued shares under options**

Save as disclosed above there were no other unissued shares of the Bank or any corporation in the Group under options as at the end of the financial year to which this report relates.

**(g) Executives' Share Option – Other information**

The Scheme is administered by a committee of Directors comprising Dr Michael Fam, chairman of the committee, Mr Lee Seng Wee, Dr Cheong Choong Kong, Mr J Y Pillay and Mr Tang I-Fang who are not participants in the Scheme.

No options have been granted to controlling shareholders of the Bank and their associates. No participant has received 5% or more of the total number of options available under the Scheme.

#### AUDIT COMMITTEE

As at the date of this report, the Audit Committee comprises Mr Michael Wong Pakshong, Chairman, Mr Tan Puay Yong, Mr Teo Cheng Guan and Col (NS) David Wong Cheong Fook who are independent, non-executive Directors of the Bank. The Audit Committee performs the functions specified in the Companies Act, Cap. 50, the Listing Manual of the Singapore Exchange Securities Trading Limited and the Best Practices Guide. It meets with the Bank's external auditors and the internal auditor, and reviews the audit plans, the internal audit programme, the results of their examination and findings on their evaluation of the system of internal controls, the scope and results of the internal audit procedures and the response from the Bank's management and the assistance given by the officers of the Bank to the auditors. It also reviews interested person transactions. The Audit Committee reviews the accounts of the Bank and the consolidated accounts of the Group and the auditors' report thereon and submits them to the Board of Directors.

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

The Audit Committee has nominated PricewaterhouseCoopers for reappointment as auditors of the Bank at the Annual General Meeting.

#### AUDITORS

Our auditors, Price Waterhouse, have merged their practice with Coopers & Lybrand and now practise in the name of PricewaterhouseCoopers. PricewaterhouseCoopers, being eligible, have expressed their willingness to accept reappointment at the Annual General Meeting.

On behalf of the Board of Directors,

**LEE SENG WEE**  
**DIRECTOR**

**ALEXANDER AU SIU KEE**  
**DIRECTOR**

Singapore  
25 February 2000

# STATEMENT BY DIRECTORS

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

In the opinion of the Directors, the accompanying audited balance sheets, profit and loss accounts and consolidated cash flow statement together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group, consisting of the Bank and its subsidiaries as at 31 December 1999, the results of the business of the Bank and of the Group and the cash flows of the Group for the financial year ended on that date and that at the date of this statement there are reasonable grounds to believe that the Bank will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

**LEE SENG WEE**  
**DIRECTOR**

**ALEXANDER AU SIU KEE**  
**DIRECTOR**

Singapore  
25 February 2000

# PROFIT AND LOSS ACCOUNTS for the year ended 31 December 1999

Oversea-Chinese Banking Corporation Limited and Subsidiaries

	NOTE	GROUP		BANK	
		1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Interest income	3	<b>2,985,870</b>	4,193,424	<b>2,189,206</b>	2,933,801
Less: Interest expense	4	<b>1,695,267</b>	2,778,332	<b>1,323,723</b>	1,984,945
<b>Net interest income</b>		<b>1,290,603</b>	1,415,092	<b>865,483</b>	948,856
Fees and commissions	5	<b>265,695</b>	200,884	<b>111,393</b>	107,251
Dividends	6	<b>21,271</b>	38,613	<b>558,533</b>	366,019
Rental income	7	<b>67,622</b>	69,604	<b>5,953</b>	3,435
Other income	8	<b>154,252</b>	266,942	<b>67,895</b>	16,086
<b>Income before operating expenses</b>		<b>1,799,443</b>	1,991,135	<b>1,609,257</b>	1,441,647
Less: Staff costs	9	<b>274,092</b>	265,193	<b>176,479</b>	173,887
Other operating expenses	9	<b>254,793</b>	219,413	<b>158,669</b>	129,801
		<b>528,885</b>	484,606	<b>335,148</b>	303,688
<b>Operating profit before provisions</b>		<b>1,270,558</b>	1,506,529	<b>1,274,109</b>	1,137,959
Less: Provisions for possible loan losses and diminution in value of other assets	10	<b>515,677</b>	974,853	<b>333,061</b>	695,037
<b>Operating profit after provisions</b>		<b>754,881</b>	531,676	<b>941,048</b>	442,922
<b>Share of profits less losses of associated companies</b>		<b>146,712</b>	78,679	–	–
<b>Profit before taxation</b>		<b>901,593</b>	610,355	<b>941,048</b>	442,922
Less: Taxation	11	<b>187,186</b>	113,504	<b>254,514</b>	101,039
Share of taxation of associated companies	11	<b>18,837</b>	15,950	–	–
		<b>206,023</b>	129,454	<b>254,514</b>	101,039
<b>Profit after taxation</b>		<b>695,570</b>	480,901	<b>686,534</b>	341,883
Less: Minority interests		<b>6,069</b>	3,592	–	–
<b>Profit after taxation and minority interests</b>		<b>689,501</b>	477,309	<b>686,534</b>	341,883
Extraordinary gain	12	–	–	–	305,577
<b>Profit attributable to stockholders of the Bank</b>	13	<b>689,501</b>	477,309	<b>686,534</b>	647,460
<b>Earnings per ordinary share of S\$1.00 each (cents)</b>	14				
Basic		<b>54</b>	37		
Diluted		<b>54</b>	37		

The accompanying notes form an integral part of the financial statements.

# BALANCE SHEETS as at 31 December 1999

Oversea-Chinese Banking Corporation Limited and Subsidiaries

	NOTE	GROUP		BANK	
		1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>SHARE CAPITAL AND RESERVES</b>					
<b>Share Capital</b>					
Authorised	15	<b>2,000,000</b>	2,000,000	<b>2,000,000</b>	2,000,000
Issued and fully paid	15	<b>1,284,518</b>	1,217,439	<b>1,284,518</b>	1,217,439
<b>Reserves</b>					
Capital reserves	16	<b>1,782,454</b>	1,772,090	<b>1,332,028</b>	1,349,873
Statutory reserves	17	<b>1,770,370</b>	1,563,242	<b>1,341,700</b>	1,170,000
Revenue reserves	18	<b>2,538,175</b>	2,635,268	<b>1,228,413</b>	1,263,212
<b>Total shareholders' funds</b>		<b>7,375,517</b>	7,188,039	<b>5,186,659</b>	5,000,524
<b>MINORITY INTERESTS</b>		<b>65,643</b>	57,357	–	–
<b>LIABILITIES</b>					
Deposits of non-bank customers	19	<b>36,762,423</b>	36,992,564	<b>28,321,886</b>	27,545,982
Deposits and balances of banks	19	<b>6,567,359</b>	9,439,311	<b>6,445,278</b>	9,048,959
Deposits of subsidiaries		–	–	<b>1,195,955</b>	1,306,379
Deposits of associated companies		<b>1,060,825</b>	484,791	<b>719,753</b>	289,690
Bills payable		<b>408,110</b>	291,624	<b>76,063</b>	57,643
Other liabilities	20	<b>1,789,577</b>	1,596,203	<b>710,543</b>	864,428
Debt securities	21	<b>70,000</b>	70,000	–	–
Proposed dividends		<b>190,109</b>	99,100	<b>190,109</b>	99,100
<b>Total liabilities and shareholders' funds</b>		<b>54,289,563</b>	56,218,989	<b>42,846,246</b>	44,212,705
<b>OFF-BALANCE SHEET ITEMS</b>					
Contingent liabilities	37				
	38	<b>2,349,374</b>	2,618,779	<b>1,733,166</b>	1,948,209
Commitments	39	<b>14,823,953</b>	12,913,306	<b>11,579,702</b>	10,167,649
Financial derivatives	40	<b>13,324,942</b>	19,568,657	<b>13,109,022</b>	19,156,871
		<b>30,498,269</b>	35,100,742	<b>26,421,890</b>	31,272,729



	NOTE	GROUP		BANK	
		1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>ASSETS</b>					
Cash and balances and placements with central banks		<b>1,947,495</b>	1,904,708	<b>976,289</b>	1,319,608
Singapore Government treasury bills and securities	22	<b>3,514,874</b>	3,479,588	<b>3,055,277</b>	2,946,035
Other government treasury bills and securities	23	<b>600,141</b>	610,919	<b>106,265</b>	108,886
Dealing securities	24	<b>46,324</b>	292,394	<b>35,787</b>	250,651
Placements with and loans to banks	25	<b>14,947,581</b>	13,415,945	<b>14,118,549</b>	12,356,402
Bills receivable	26-29	<b>80,933</b>	672,390	<b>73,596</b>	298,027
Loans to customers	26-29	<b>29,736,089</b>	32,775,665	<b>21,328,929</b>	23,715,150
Investment securities	30	<b>861,151</b>	682,519	<b>166,800</b>	173,901
Other assets	31	<b>862,035</b>	821,665	<b>426,204</b>	645,369
		<b>52,596,623</b>	54,655,793	<b>40,287,696</b>	41,814,029
Associated companies	33	<b>811,817</b>	660,794	<b>136,177</b>	118,183
Subsidiaries	34	–	–	<b>2,237,860</b>	2,089,673
Properties, plant and equipment	35	<b>881,123</b>	902,402	<b>184,513</b>	190,820
<b>Total assets</b>		<b>54,289,563</b>	56,218,989	<b>42,846,246</b>	44,212,705

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 1999

Oversea-Chinese Banking Corporation Limited and Subsidiaries

	NOTE	1999 S\$'000	1998 S\$'000
<b>Cash flows from operating activities</b>			
Operating profit		754,881	531,676
Adjustments for:			
Amortisation of computer software costs		2,280	78
Depreciation of fixed assets		46,876	46,959
Gains on sale of investment securities		(43,705)	(180,828)
Provision for possible loan losses and diminution in value of other assets		515,677	974,853
Operating profit before changes in operating assets and liabilities		1,276,009	1,372,738
Increase/(Decrease) in:			
Deposits of non-bank customers		345,431	(424,279)
Deposits and balances of banks		(2,871,490)	(992,354)
Other liabilities including bills payable		277,021	(631,515)
(Increase)/Decrease in:			
Dealing securities		246,070	53,078
Placements with and loans to banks		(1,554,837)	(2,994,759)
Loans to customers including bills receivable		3,135,147	3,313,318
Other assets		(40,370)	94,476
Cash provided by/(used in) operating activities		812,981	(209,297)
Taxation		(187,186)	(113,504)
<b>Net cash provided by/(used in) operating activities</b>		<b>625,795</b>	<b>(322,801)</b>
<b>Cash flows from investing activities</b>			
Dividends from associated companies		17,323	14,308
Increase on fixed assets		(27,877)	(18,303)
Purchase of additional investments in associated companies		(960)	–
Purchase of investment securities		(866,828)	(489,503)
Proceeds from sale of investment securities		731,616	546,576
<b>Net cash (used in)/provided by investing activities</b>		<b>(146,726)</b>	<b>53,078</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		49,234	24,963
Redemption of debt securities		–	(20,000)
Dividends paid		(459,503)	(142,605)
Change in minority interests in subsidiaries		2,217	(3,822)
<b>Net cash used in financing activities</b>		<b>(408,052)</b>	<b>(141,464)</b>
<b>Net foreign currency translation adjustments</b>		<b>(3,722)</b>	<b>89,195</b>
<b>Net change in cash and cash equivalents</b>		<b>67,295</b>	<b>(321,992)</b>
<b>Cash and cash equivalents as at 1 January</b>	42	<b>5,995,215</b>	6,317,207
<b>Cash and cash equivalents as at 31 December</b>	42	<b>6,062,510</b>	5,995,215

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## Oversea-Chinese Banking Corporation Limited and Subsidiaries

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1 GENERAL

The financial statements are expressed in Singapore dollars. The Bank is principally engaged in the business of banking including the operation of an Asian Currency Unit under the terms and conditions specified by the Monetary Authority of Singapore.

### 2 PRINCIPAL ACCOUNTING POLICIES

The following are the principal accounting policies applied by the Bank and its subsidiaries and are consistent with those applied in the previous financial year.

#### 2.1 Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, modified by the revaluation of certain treasury instruments to market value, and in accordance with the provisions of the Companies Act and Statements of Accounting Standard.

#### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included from the date of acquisition to the date of disposal. The excess or shortfall in the cost of acquisition compared to the fair values of the identifiable net assets acquired, is taken directly to reserves in the consolidated financial statements.

#### 2.3 Foreign currencies

Amounts receivable and payable in foreign currencies are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date and profit and loss items are converted at the rates of exchange prevailing at the transaction dates. Exchange differences arising from currency translations are included in the profit and loss account. The assets and liabilities of foreign subsidiaries and branch operations are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date whilst the income and expense items are translated at the average rate for the year. Exchange differences arising from such translations are taken directly to reserves. Similarly, the net assets of foreign associated companies are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date whilst the share of the results of the associated companies are translated at the average rate for the year. Exchange differences arising from such translations are taken directly to reserves.

#### 2.4 Treasury related off-balance sheet financial instruments

Transactions in treasury related off-balance sheet financial instruments including forwards, swaps, futures and options are valued at market prices if they are for trading purposes and the resultant profits and losses are taken up in the profit and loss account. Transactions entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the item being hedged.

#### 2.5 Basis of valuation of assets

##### 2.5.1 Loans

Loans are stated after deduction of provisions for possible losses. These provisions comprise specific provisions against certain loans and interest in suspense. Specific provision and suspension of interests are based on the borrower's debt servicing ability and adequacy of security. Known bad debts are written off. In addition, a general provision is made in respect of possible losses which, although not specifically identified, is known from experience to be present in the portfolio of loans.

##### 2.5.2 Dealing and government securities

Dealing and government securities are stated at the lower of cost and market value on a portfolio basis.

**2.5.3 Investment securities**

Investment securities include equity and debt securities intended to be held for long term or to maturity. Equity securities are stated at cost and a provision is made for any diminution in value considered to be other than temporary on a line-by-line basis. Debt securities are stated at cost adjusted for the amortisation of premiums or discounts, less any provision for diminution in value considered to be other than temporary on a line-by-line basis.

**2.5.4 Other assets**

Specific provisions are made against other assets not covered above so as to reduce them to their estimated net realisable values. In addition, a general provision is made for possible diminution in value of other assets.

**2.6 Amortisation of computer software costs**

Computer software costs are capitalised where material for amortisation on a straight-line basis over the estimated useful lives of the softwares varying from 3 to 5 years.

**2.7 Depreciation of properties, plant and equipment**

Properties, plant and equipment are stated at cost less amounts written off. Freehold and long-term leasehold properties are amortised on the straight line basis at an annual rate of 2 per cent and assets other than computer equipment are depreciated on the straight line basis over their estimated useful lives at an annual rate of 10 per cent. Computer equipment is depreciated on the straight line basis over its estimated useful life at an annual rate ranging from 20 per cent to 33 1/3 per cent.

Profits and losses on disposal of properties, plant and equipment are dealt with through the profit and loss account.

**2.8 Recognition of income**

**2.8.1** Interest income is recognised on an accrual basis.

**2.8.2** Fee income relating to loans and guarantees is recognised over the period during which the related service is provided or credit risk is undertaken. Where a fee is charged in lieu of interest, such fee is amortised over the same period as the related interest income is recognised.

**2.8.3** Dividends from dealing securities are recognised when received. Dividends from investment securities are recognised when declared payable.

**2.8.4** Interest on hire purchase agreements is brought into the profit and loss account as earned when instalments are received. The unearned interest is deducted in arriving at the net balance of hire purchase debt.

**2.9 Taxation**

Current taxation is provided based on tax payable on the chargeable income for the year. Deferred taxation is provided, based on the liability method, on the effect of all significant timing differences in the recognition of accounting profit and taxable profit. Deferred taxation benefit is recognised only to the extent that it is offset against deferred taxation liability within the same entity or where such benefit is expected to be realisable in the near future.

**2.10 Subsidiaries and associated companies**

Investments in subsidiaries and associated companies are stated in the accounts of the Bank at cost and provisions are made for any diminution in value that is other than temporary.

Associated companies are companies, not being subsidiaries, in which the Group has a long-term equity interest of between 20 per cent and 50 per cent and in whose financial and operating policy decisions the Group exercises significant influence.

The Group's share of results of associated companies is included in the consolidated profit and loss account and the Group's share of net assets is included in the consolidated balance sheet. These amounts are taken from the most recent audited financial statements or unaudited management accounts of the companies concerned, made up to dates not more than six months prior to the end of the financial year of the Group. The excess or shortfall in the cost of investment compared to the estimated fair values of the identifiable net assets of the associated companies at acquisition is taken directly to reserves in the consolidated financial statements.

Prior to 1 January 1999, the Group's investments in associated companies are stated at cost less provision for any diminution in value that is other than temporary. The Group has adopted equity accounting for associated companies with effect from 1 January 1999. This change is in accordance with the requirements of the revised MAS Notice 608. The effects of this change on the Group's profit and loss accounts and balance sheets are as follows:

	<b>GROUP</b>	
	<b>1999</b>	1998
	<b>S\$'000</b>	S\$'000
<i>Effect on profit and loss account</i>		
Share of profits less losses of associated companies	<b>146,712</b>	78,679
Less: Share of taxation of associated companies	<b>18,837</b>	15,950
Less: Dividends	<b>14,039</b>	10,738
	<b>113,836</b>	51,991
<i>Effect on balance sheet</i>		
Group shareholders' funds at 31 December before equity accounting	<b>6,782,998</b>	6,705,905
Add: Share of post-acquisition reserves of associated companies net of dividends received	<b>592,519</b>	482,134
Group shareholders' funds at 31 December after equity accounting	<b>7,375,517</b>	7,188,039

The share of post-acquisition reserves of associated companies up to 1 January 1999 and 1998 were adjusted directly to the opening balances of the respective reserve accounts of the Group (Notes 16, 17 and 18).

**2.11 Repurchase and reverse repurchase agreements ("Repos" and "reverse repos")**

Repos are treated as collateralised borrowing and the amount borrowed is shown as a liability, included in deposits and balances of banks (Note 19). The securities sold under repos are treated as pledged assets and continue to be recognised as an asset, included in Singapore Government securities (Note 22), other government treasury bills and securities (Note 23), placements with and loans to banks (Note 25), and investment securities (Note 30). Reverse repos are treated as collateralised lending and the amount lent is shown as an asset, included in placements with and loans to banks and other financial institutions. The difference between the amount received and the amount paid under repos and reverse repos is amortised as interest expense and interest income respectively.

**3 INTEREST INCOME**

Interest income comprises interest arising from various types of lending and investment activities:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Interest income received/ receivable from:				
Subsidiaries	–	–	35,924	44,894
Associated companies	705	516	597	325
Other	2,985,165	4,192,908	2,152,685	2,888,582
	<b>2,985,870</b>	<b>4,193,424</b>	<b>2,189,206</b>	<b>2,933,801</b>

**4 INTEREST EXPENSE**

Interest expense comprises interest incurred on deposits, debt securities and other interest-bearing liabilities:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Interest expense paid/ payable to:				
Subsidiaries	–	–	16,002	30,838
Associated companies	14,333	32,866	7,023	24,205
Other	1,680,934	2,745,466	1,300,698	1,929,902
	<b>1,695,267</b>	<b>2,778,332</b>	<b>1,323,723</b>	<b>1,984,945</b>

**5 FEES AND COMMISSIONS**

Fees and commissions comprise commission income, advisory fees, loan fees, brokerage and other fee-related income.

**6 DIVIDENDS**

Dividends from investments in equity shares comprise the following:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Dividends from a quoted subsidiary	–	–	1,620	2,430
Dividends from unquoted subsidiaries	–	–	537,067	337,846
Dividends from quoted associated companies	–	–	7,660	8,464
Dividends from unquoted associated companies	–	–	1,643	1,615
Dividends from other quoted investments	19,091	34,031	10,207	13,094
Dividends from other unquoted investments	2,180	4,582	336	2,570
	<b>21,271</b>	<b>38,613</b>	<b>558,533</b>	<b>366,019</b>

**7 RENTAL INCOME**

Rental income represents income on the tenanted areas of the buildings owned by the Bank and its subsidiaries.

**8 OTHER INCOME**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Gains/(losses) arising from:				
Dealing in securities				
Net proceeds less cost	<b>(28,065)</b>	(69,699)	<b>(36,600)</b>	(67,604)
Net writeback of provisions no longer required resulting from disposal of dealing securities and price movements (Note 32)	<b>69,464</b>	36,654	<b>67,063</b>	31,725
	<b>41,399</b>	(33,045)	<b>30,463</b>	(35,879)
Dealing in foreign exchange	<b>32,220</b>	34,725	<b>25,956</b>	23,597
Disposal of investment securities	<b>43,705</b>	180,828	<b>(1,255)</b>	10,897
Disposal of fixed assets	<b>(550)</b>	(518)	<b>(469)</b>	(512)
Sale of development properties	<b>3,934</b>	50,092	<b>298</b>	10,647
Other	<b>33,544</b>	34,860	<b>12,902</b>	7,336
	<b>154,252</b>	266,942	<b>67,895</b>	16,086

**9 TOTAL OPERATING EXPENSES**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Staff costs				
Salaries and other costs	<b>242,490</b>	222,918	<b>159,825</b>	147,221
Provident fund contributions	<b>21,339</b>	29,775	<b>12,966</b>	21,967
	<b>263,829</b>	252,693	<b>172,791</b>	169,188
Directors' emoluments				
Remuneration of Bank's directors	<b>3,688</b>	4,929	<b>3,688</b>	4,699
Remuneration of directors of subsidiaries	<b>6,575</b>	7,571	–	–
Fees of Bank's directors	<b>306</b>	286	<b>300</b>	270
Fees of directors of subsidiaries	<b>111</b>	128	–	–
	<b>10,680</b>	12,914	<b>3,988</b>	4,969
Premises and equipment				
Depreciation of fixed assets				
– Bank premises and other properties	<b>14,154</b>	12,586	<b>1,918</b>	2,366
– Computer and office equipment, furniture and fittings and other fixed assets	<b>32,722</b>	34,373	<b>17,367</b>	17,458
	<b>46,876</b>	46,959	<b>19,285</b>	19,824



**TOTAL OPERATING EXPENSES (cont'd)**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Amortisation of computer software costs	2,280	78	2,266	–
Maintenance and hire of fixed assets	17,693	10,604	9,506	7,784
Rental expenses	18,354	20,080	27,419	30,923
Other	52,348	52,183	32,048	19,232
	<b>137,551</b>	129,904	<b>90,524</b>	77,763
Remuneration of auditors of the Bank for audit work	1,558	1,340	951	892
Remuneration of auditors of the Bank for non-audit work	503	578	425	366
Remuneration of other auditors	194	354	63	–
	<b>2,255</b>	2,272	<b>1,439</b>	1,258
Other operating expenses	114,570	86,823	66,406	50,510
Total operating expenses	<b>528,885</b>	484,606	<b>335,148</b>	303,688

The number of directors of the Bank, including those who have been appointed or resigned/retired during the year, in each of the remuneration bands is as follows:

	1999	1998
S\$500,000 and above	3	3
S\$250,000 to S\$499,999	–	1
Below S\$250,000	9	7
Total	<b>12</b>	11

**10 PROVISIONS FOR POSSIBLE LOAN LOSSES AND DIMINUTION IN VALUE OF OTHER ASSETS**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Specific provision for loan losses (Note 28)	573,555	772,552	410,451	535,117
Specific provision/(writeback of specific provision) for diminution in value of investment securities and other assets (Note 32)	29,963	(44,761)	20,515	(33,497)
(Writeback of general provisions)/general provisions including provisions for possible loan losses and other banking risks (Note 29)	(87,841)	247,062	(97,905)	193,417
Total charged to profit and loss account	<b>515,677</b>	974,853	<b>333,061</b>	695,037

The writeback of specific provision for diminution in the value of investment securities and other assets in 1998 was due largely to provisions no longer required resulting from price improvements, disposal of securities and the change in provisioning policies for investment securities in 1998.

**11 TAXATION**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Current taxation	176,339	112,158	254,514	101,039
Deferred taxation (Note 20)	10,847	1,346	–	–
	187,186	113,504	254,514	101,039
Share of associated companies' taxation	18,837	15,950	–	–
Total charge for taxation	206,023	129,454	254,514	101,039

The taxation charge on the profit for the year of the Bank was higher than that derived by applying the statutory income tax rate of 26% to the profit before taxation due to the non-deductibility of certain provisions for tax purposes in 1999.

The taxation charge on the profit for 1998 of the Bank was lower than that derived by applying the statutory income tax rate of 26% to the profit before taxation because certain overseas income was not taxable.

**12 EXTRAORDINARY GAIN**

Four Seas Bank Limited (“FSB”), a wholly-owned subsidiary, was merged into the Bank on 1 July 1998 under sections 14A to 14C and the Fifth Schedule of the Banking Act, Cap 19. The businesses, assets, rights, liabilities and contingent liabilities of FSB were transferred to the Bank as of that date. Total assets, liabilities and off-balance sheet items of FSB as at 1 July 1998 amounting to S\$3,242,225,000, S\$2,883,433,000 and S\$97,409,000 respectively were transferred to the Bank as of that date.

The excess of the net assets of FSB as at 30 June 1998 over the Bank's cost of investment in FSB was accounted for in the Bank's profit and loss account as an extraordinary gain.

13 UNAPPROPRIATED PROFIT

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Profit attributable to stockholders of the Bank	689,501	477,309	686,534	647,460
Add unappropriated profit brought forward	1,152,482	1,303,586	475,848	233,369
Total amount available for appropriation	1,841,983	1,780,895	1,162,382	880,829
Dealt with as follows:				
Interim dividend of 5 cents (1998: 5 cents) for every S\$1.00 stock less Singapore income tax at 26% (1998: Malaysia income tax at 28%)	45,222	43,828	45,222	43,828
Special interim dividend of 9 cents for every S\$1.00 stock less Singapore income tax at 26% (1998: nil)	81,399	–	81,399	–
Special dividend of 50 cents for every S\$1.00 stock (tax exempt) paid in connection with the merger of the local and foreign share tranches	233,517	–	233,517	–
Final dividends paid less income tax, in respect of the previous financial year, in excess of the amount previously provided	265	53	265	53
Proposed final dividend of 11 cents (1998: 11 cents) for every S\$1.00 stock less income tax at 26% (1998: 26%)	104,560	99,100	104,560	99,100
Proposed special final dividend of 9 cents for every S\$1.00 stock less income tax at 26%	85,549	–	85,549	–
Transfer to -				
Statutory reserves (Note 17)	207,128	182,094	171,700	162,000
General reserves (Note 18)	107,620	137,601	100,000	100,000
Capital reserves (Note 16)	28,209	165,737	–	–
	893,469	628,413	822,212	404,981
At 31 December	948,514	1,152,482	340,170	475,848
Retained by:				
Bank	340,170	475,848		
Subsidiaries	435,545	574,782		
Associated companies	172,799	101,852		
At 31 December	948,514	1,152,482		

## 14 EARNINGS PER SHARE

	GROUP	
	1999 S\$'000	1998 S\$'000
Profit attributable to stockholders of the Bank (S\$'000)	689,501	477,309
Weighted average number of ordinary shares in issue ('000)	1,281,451	1,217,374
Adjustment for bonus issue ('000)	–	60,869
	1,281,451	1,278,243
Basic earnings per share (cents)	54	37
Profit attributable to stockholders of the Bank (S\$'000)	689,501	477,309
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,281,451	1,217,374
Adjustment for assumed conversion of share options ('000)	5,734	–
Adjustment for bonus issue ('000)	–	60,869
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	1,287,185	1,278,243
Diluted earnings per share (cents)	54	37

Basic earnings per share is calculated by dividing the profit after tax attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

For purposes of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect on the exercise of all outstanding share options granted to employees. This dilutive effect is computed based on the difference between the number of shares under option and the number of shares that could have been issued at fair values.

## 15 SHARE CAPITAL

	GROUP AND BANK	
	1999 S\$'000	1998 S\$'000
Authorised 2,000,000,000 ordinary shares of S\$1.00 each	2,000,000	2,000,000
Issued and fully paid ordinary shares of S\$1.00 each		
At 1 January – 1,217,438,729 ordinary shares of S\$1.00 each	1,217,439	1,212,825
Shares issued under Scrip Dividend Scheme	–	3,965
Shares issued under Executives' Share Option Scheme	5,954	649
Bonus shares issued	61,125	–
At 31 December – 1,284,517,793 ordinary shares of S\$1.00 each	1,284,518	1,217,439

At 31 December 1999, 17,297,008 (1998: 23,049,058) unissued shares of the Bank were under options at offering prices ranging from S\$3.349 to S\$8.150 (1998: S\$3.516 to S\$9.305) per share exercisable during the period from 2 February 1998 to 9 December 2008 under the Executives' Share Option Scheme.

16 CAPITAL RESERVES

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Share premium	1,291,198	1,309,043	1,291,198	1,309,043
Other capital reserves	491,256	463,047	40,830	40,830
	<b>1,782,454</b>	1,772,090	<b>1,332,028</b>	1,349,873

Movements in share premium during the year are as follows:

	GROUP AND BANK	
	1999 S\$'000	1998 S\$'000
At 1 January (Note 2.10)	1,309,043	1,288,694
Arising from issue of shares	43,280	20,349
Transfer to share capital upon issue of bonus shares	(61,125)	–
At 31 December	<b>1,291,198</b>	1,309,043

Movements in other capital reserves during the year are as follows:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
At 1 January (Note 2.10)	463,047	297,899	40,830	40,830
Adjustment arising from merger with Four Seas Bank (Note 12)	–	(589)	–	–
Transfer from profit and loss account (Note 13)	28,209	165,737	–	–
At 31 December	<b>491,256</b>	463,047	<b>40,830</b>	40,830
Retained by:				
Bank	40,830	40,830		
Subsidiaries	435,707	407,907		
Associated companies	14,719	14,310		
At 31 December	<b>491,256</b>	463,047		

**17 STATUTORY RESERVES**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
At 1 January (Note 2.10)	1,563,242	1,450,448	1,170,000	1,008,000
Adjustment arising from merger with Four Seas Bank (Note 12)	–	(69,300)	–	–
Transfer from profit and loss account (Note 13)	207,128	182,094	171,700	162,000
	<b>1,770,370</b>	1,563,242	<b>1,341,700</b>	1,170,000
Retained by:				
Bank	1,341,700	1,170,000		
Subsidiaries	411,986	376,558		
Associated companies	16,684	16,684		
At 31 December	<b>1,770,370</b>	1,563,242		

The statutory reserves represent reserves which are required by laws and regulations to be set aside by the banking, finance and stockbroking corporations within the Group. These reserves are non-distributable.

**18 REVENUE RESERVES**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Unappropriated profit (Note 13)	948,514	1,152,482	340,170	475,848
General reserves	1,879,294	1,768,697	976,000	876,000
Foreign currency translation reserves	(289,633)	(285,911)	(87,757)	(88,636)
	<b>2,538,175</b>	2,635,268	<b>1,228,413</b>	1,263,212
Retained by:				
Bank	1,228,413	1,263,212		
Subsidiaries	748,646	920,917		
Associated companies	561,116	451,139		
At 31 December	<b>2,538,175</b>	2,635,268		

**REVENUE RESERVES (cont'd)**

Movements in general reserves during the year are as follows:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
At 1 January (Note 2.10)	1,768,697	1,648,496	876,000	776,000
Adjustment arising from merger with Four Seas Bank (Note 12)	–	(17,400)	–	–
Transfer from profit and loss account (Note 13)	107,620	137,601	100,000	100,000
Amount arising from new associated companies	2,977	–	–	–
At 31 December	1,879,294	1,768,697	976,000	876,000

Movements in foreign currency translation reserves during the year are as follows:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
At 1 January (Note 2.10)	(285,911)	(375,106)	(88,636)	(101,560)
Net adjustment during the year	(3,722)	89,195	879	12,924
At 31 December	(289,633)	(285,911)	(87,757)	(88,636)

The foreign currency translation reserves relate to translation differences arising from the use of year end exchange rates versus historical rates in translating the net assets of overseas branches, subsidiaries and associated companies.

**19 DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>Analysed by remaining maturity</b>				
Within 1 year	42,617,914	45,807,259	34,476,577	36,222,399
Over 1 year but within 3 years	514,985	454,277	99,397	206,870
Over 3 years but within 5 years	154,856	135,725	149,360	131,058
Over 5 years	42,027	34,614	41,830	34,614
Total	43,329,782	46,431,875	34,767,164	36,594,941

Included in deposits and balances of banks are the following:

Balances arising from sale of securities under repurchase agreements	496,229	376,078	50,375	12,159
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The related securities sold under repurchase agreements are shown in Notes 22, 23, 25 and 30.

## DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS (cont'd)

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>Analysed by currencies</b>				
Singapore dollar	24,205,238	26,681,934	21,567,013	22,690,206
US dollar	8,431,769	8,002,633	8,290,681	7,944,366
Malaysian ringgit	5,776,776	5,751,993	–	–
Japanese yen	436,134	1,345,386	436,115	1,345,103
Hong Kong dollar	760,153	721,160	760,153	721,160
British pound	952,918	1,639,474	952,235	1,616,912
Australian dollar	1,899,569	1,251,344	1,898,098	1,249,486
Thai baht	52,907	47,111	52,907	47,111
Euro	345,541	318,595	345,098	318,195
Other	468,777	672,245	464,864	662,402
	<b>43,329,782</b>	<b>46,431,875</b>	<b>34,767,164</b>	<b>36,594,941</b>

Included in Euro are the Euro and the currencies of the eleven participating countries of the European Economic and Monetary Union.

## 20 OTHER LIABILITIES

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Balances arising from off-balance sheet financial instruments (Note 40)	78,540	214,588	78,235	214,222
Provision for current taxation	245,938	189,262	143,736	77,329
Provision for deferred taxation	12,253	1,589	–	–
Interest payable	347,363	534,174	284,318	399,715
Sundry creditors	1,021,598	590,164	159,065	141,659
Other	83,885	66,426	45,189	31,503
	<b>1,789,577</b>	<b>1,596,203</b>	<b>710,543</b>	<b>864,428</b>

Movements in provision for deferred taxation during the year are as follows:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
At 1 January	1,589	306	–	–
Foreign currency translation adjustments	(183)	(63)	–	–
Provision for the year (Note 11)	10,847	1,346	–	–
At 31 December	<b>12,253</b>	<b>1,589</b>	<b>–</b>	<b>–</b>



21 DEBT SECURITIES

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
2.25% per annum S\$70 million fixed-rate unsecured bonds due 18 October 2001	70,000	70,000	–	–
	<b>70,000</b>	70,000	–	–

The S\$70 million unsecured bonds were issued together with 15,636,922 detachable warrants to subscribe for 15,636,922 new ordinary shares of S\$1.00 each in OCBC Finance Limited (formerly known as Focal Finance Limited). The bonds were issued by OCBC Finance Limited, a subsidiary of the Bank, on 18 October 1996 and are redeemable at 100% of their nominal amount on 18 October 2001 unless previously purchased and cancelled by OCBC Finance Limited at its own discretion. The interest on the bonds accrues from 18 October 1996 at 2.25% per annum and is payable annually in arrears.

During the financial year, OCBC Finance Limited issued 13,713,619 ordinary shares of S\$1.00 each upon exercise of an equivalent number of warrants. The remaining warrants of 1,923,303 that were not exercised expired on 18 October 1999.

The Group has adopted the accounting practice of recording these unsecured bonds at its face value with no value attributed to the warrants. If International Accounting Standard No. 32 were adopted, a portion of the proceeds of the issue would have been allocated to the warrants and the balance to the bonds based on their fair values at the date of issue. The capital reserve of the Group would have increased by approximately S\$9,382,000 (1998: S\$9,382,000), an unamortised discount of S\$3,848,791 (1998: S\$5,668,208) would have been deducted against the face value of S\$70,000,000 for the bonds as at 31 December 1999 and an amortisation of discount would have reduced the profit before taxation for the year ended 31 December 1999 by approximately S\$1,819,417 (1998: S\$1,733,000).

22 SINGAPORE GOVERNMENT TREASURY BILLS AND SECURITIES

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Cost, adjusted for premium and discount	3,517,349	3,482,063	3,055,277	2,946,035
Less: Provision for diminution in value (Note 32)	(2,475)	(2,475)	–	–
Net book value	<b>3,514,874</b>	3,479,588	<b>3,055,277</b>	2,946,035
Market value	<b>3,537,541</b>	3,510,467	<b>3,071,553</b>	2,969,675

Included in the above Singapore Government treasury bills and securities are the following:

Securities sold under repurchase agreements	<b>50,243</b>	10,040	<b>50,243</b>	10,040
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The related liabilities arising from sale of securities under repurchase agreements are shown in Note 19.

**23 OTHER GOVERNMENT TREASURY BILLS AND SECURITIES**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Cost, adjusted for premium and discount	<b>600,724</b>	611,234	<b>106,848</b>	109,201
Less: Provision for diminution in value (Note 32)	<b>(583)</b>	(315)	<b>(583)</b>	(315)
Net book value	<b>600,141</b>	610,919	<b>106,265</b>	108,886
Market value	<b>618,145</b>	621,263	<b>107,594</b>	109,581

Included in the above other government treasury bills and securities are the following:

Securities sold under repurchase agreements	<b>194,219</b>	3,800	–	–
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The related liabilities arising from sale of securities under repurchase agreements are shown in Note 19.

**24 DEALING SECURITIES**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Quoted dealing securities				
Equity	<b>14,942</b>	61,700	<b>4,363</b>	56,459
Debt	<b>40,466</b>	309,347	<b>40,466</b>	270,347
	<b>55,408</b>	371,047	<b>44,829</b>	326,806
Less: Provision for diminution in value (Note 32)	<b>(9,084)</b>	(78,653)	<b>(9,042)</b>	(76,155)
Net book value	<b>46,324</b>	292,394	<b>35,787</b>	250,651
Market value	<b>46,485</b>	292,543	<b>35,934</b>	250,651

Dealing securities comprise securities which are listed on stock exchanges and those quoted over the counter.

25 PLACEMENTS WITH AND LOANS TO BANKS

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>Analysed by remaining maturity</b>				
Within 1 year	14,932,309	13,338,772	14,103,277	12,279,229
Over 1 year but within 3 years	15,272	18,243	15,272	18,243
Over 3 years but within 5 years	–	58,930	–	58,930
Over 5 years	–	–	–	–
	<b>14,947,581</b>	<b>13,415,945</b>	<b>14,118,549</b>	<b>12,356,402</b>

Included in the above placements with and loans to banks are the following:

Negotiable certificates of deposit and market bills sold under repurchase agreements	79,457	344,639	–	1,992
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The related borrowings arising from sale of securities under repurchase agreements are shown in Note 19.

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>Analysed by currencies</b>				
Singapore dollar	4,034,866	4,562,509	3,631,000	4,031,250
US dollar	8,384,888	4,656,020	8,296,681	4,623,820
Malaysian ringgit	230,963	393,204	58	63
Japanese yen	290,094	1,368,581	253,373	1,332,671
Hong Kong dollar	63,199	50,069	52,435	38,130
British pound	746,769	1,086,500	746,575	1,085,822
Australian dollar	400,183	287,680	399,034	286,568
Thai baht	12,637	2,377	12,469	2,370
Euro	336,862	390,956	335,753	388,934
Other	447,120	618,049	391,171	566,774
	<b>14,947,581</b>	<b>13,415,945</b>	<b>14,118,549</b>	<b>12,356,402</b>

## 26 LOANS TO AND BILLS RECEIVABLE FROM CUSTOMERS

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Loans	32,201,530	35,041,034	23,072,528	25,325,585
Bills receivable	81,390	672,390	74,052	298,027
	<b>32,282,920</b>	35,713,424	<b>23,146,580</b>	25,623,612
Less: Specific provision (Note 28)	(1,498,256)	(1,203,845)	(1,041,564)	(804,533)
General provision (Note 29)	(967,642)	(1,061,524)	(702,491)	(805,902)
	<b>29,817,022</b>	33,448,055	<b>21,402,525</b>	24,013,177
<b>Analysed by industry</b>				
Agriculture, mining and quarrying	303,221	262,349	82,764	18,106
Manufacturing	2,671,721	2,936,727	1,419,387	1,656,538
Building and construction	5,433,566	6,352,408	4,071,749	4,398,152
Housing loans	4,531,660	4,426,212	3,361,301	3,066,847
General commerce	3,604,499	4,121,316	2,728,069	2,706,671
Transport, storage and communication	841,346	944,769	645,648	731,856
Financial institutions	718,314	980,230	372,150	575,798
Investment and holding companies	5,376,742	5,937,882	4,399,036	5,439,036
Professional and other individuals	4,773,309	5,669,700	3,562,222	4,100,976
Other	4,028,542	4,081,831	2,504,254	2,929,632
	<b>32,282,920</b>	35,713,424	<b>23,146,580</b>	25,623,612
<b>Analysed by remaining maturity</b>				
Within 1 year	19,648,432	24,025,128	13,986,114	16,613,224
Over 1 year but within 3 years	3,858,236	3,950,548	3,111,233	3,322,604
Over 3 years but within 5 years	2,237,525	2,727,267	1,743,149	2,320,814
Over 5 years	6,538,727	5,010,481	4,306,084	3,366,970
	<b>32,282,920</b>	35,713,424	<b>23,146,580</b>	25,623,612
<b>Analysed by currencies</b>				
Singapore dollar	19,192,843	21,668,419	15,929,220	17,391,412
US dollar	4,363,125	5,094,472	4,004,315	4,752,144
Malaysian ringgit	5,221,543	5,438,731	165	–
Japanese yen	762,909	809,658	479,164	791,986
Hong Kong dollar	706,401	662,047	706,237	661,849
British pound	624,298	686,504	623,708	686,418
Australian dollar	1,186,238	1,147,860	1,181,088	1,147,860
Thai baht	64,027	52,492	64,027	52,492
Euro	71,355	19,654	71,245	19,569
Other	90,181	133,587	87,411	119,882
	<b>32,282,920</b>	35,713,424	<b>23,146,580</b>	25,623,612

**27 NON-PERFORMING LOANS AND DEBT SECURITIES HELD**

Non-performing loans and debt securities held are those classified as Substandard, Doubtful and Loss in accordance with MAS Notice 612.

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>Total classified loans to customers</b>				
Substandard	2,875,411	2,590,504	1,944,408	1,615,983
Doubtful	1,228,415	1,361,753	1,002,045	1,010,879
Loss	199,302	94,290	21,995	4,682
	<b>4,303,128</b>	4,046,547	<b>2,968,448</b>	2,631,544
<b>Total classified debt securities</b>				
Doubtful	31,929	26,523	31,929	26,523
	<b>4,335,057</b>	4,073,070	<b>3,000,377</b>	2,658,067

**28 SPECIFIC PROVISION FOR LOAN LOSSES AND INTEREST IN SUSPENSE**

Movements in specific provision for loan losses and interest in suspense during the year are as follows:

	Specific provision S\$'000	1999	Total S\$'000	Specific provision S\$'000	1998	Total S\$'000
		Interest in suspense S\$'000			Interest in suspense S\$'000	
<b>GROUP</b>						
At 1 January	990,914	212,931	1,203,845	331,992	83,235	415,227
Foreign currency translation adjustments	(3,041)	383	(2,658)	(1,734)	307	(1,427)
Net provisions made (Note 10)	573,555	–	573,555	772,552	–	772,552
Net interest suspended	–	147,118	147,118	–	140,468	140,468
Amounts written off	(350,912)	(72,158)	(423,070)	(147,797)	(11,079)	(158,876)
Transfer from general provisions (Note 29)	6,474	–	6,474	35,901	–	35,901
Transfer from/(to) interest-in-suspense	35	(35)	–	–	–	–
Transfer (to) provision for diminution in value of investment securities and other assets (Note 32)	(4,932)	(2,076)	(7,008)	–	–	–
At 31 December (Note 26)	<b>1,212,093</b>	<b>286,163</b>	<b>1,498,256</b>	990,914	212,931	1,203,845

## SPECIFIC PROVISION FOR LOAN LOSSES AND INTEREST IN SUSPENSE (cont'd)

	Specific provision S\$'000	1999 Interest in suspense S\$'000	Total S\$'000	Specific provision S\$'000	1998 Interest in suspense S\$'000	Total S\$'000
<b>BANK</b>						
At 1 January	697,193	107,340	804,533	211,848	35,768	247,616
Foreign currency translation adjustments	(2,252)	86	(2,166)	(1,131)	(20)	(1,151)
Net provisions made (Note 10)	410,451	–	410,451	535,117	–	535,117
Net interest suspended	–	67,748	67,748	–	68,148	68,148
Amounts written off	(216,100)	(21,813)	(237,913)	(87,639)	(5,110)	(92,749)
Transfer from general provisions (Note 29)	5,707	–	5,707	130	–	130
Transfer from/(to) interest-in-suspense	35	(35)	–	–	–	–
Transfer (to) provision in diminution in value of investment securities and other assets (Note 32)	(4,932)	(1,864)	(6,796)	–	–	–
Transfer from Four Seas Bank pursuant to a merger (Note 12)	–	–	–	38,868	8,554	47,422
At 31 December (Note 26)	890,102	151,462	1,041,564	697,193	107,340	804,533

## 29 GENERAL PROVISIONS

Movements in general provisions including provisions for possible loan losses and other banking risks during the year are as follows:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
At 1 January	1,061,524	856,308	805,902	564,784
Foreign currency translation adjustments	597	1,182	201	437
Provisions made (Note 10)	(87,841)	247,062	(97,905)	193,417
Transfer to specific provision (Note 28)	(6,474)	(35,901)	(5,707)	(130)
Transfer to other provisions	(164)	–	–	–
Transfer to provision for diminution in value of investment securities and other assets (Note 32)	–	(7,127)	–	–
Transfer from Four Seas Bank pursuant to a merger (Note 12)	–	–	–	47,394
At 31 December (Note 26)	967,642	1,061,524	702,491	805,902

30 INVESTMENT SECURITIES

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Quoted debt securities:				
Cost, adjusted for premium and discount	373,900	318,033	25,005	66,399
Less: Provision for diminution in value	(9,524)	(19,953)	(8,428)	(19,953)
Net book value	364,376	298,080	16,577	46,446
Quoted equity securities:				
Cost	279,189	251,894	87,689	87,665
Less: Provision for diminution in value	(6,128)	(6,650)	–	(46)
Net book value	273,061	245,244	87,689	87,619
Unquoted debt securities:				
Cost, adjusted for premium and discount	199,473	72,397	59,469	30,747
Less: Provision for diminution in value	(16,491)	(6,951)	(10,325)	(2,000)
Net book value	182,982	65,446	49,144	28,747
Unquoted equity securities:				
Cost	54,908	78,151	23,048	13,971
Less: Provision for diminution in value	(14,176)	(4,402)	(9,658)	(2,882)
Net book value	40,732	73,749	13,390	11,089
Total cost	907,470	720,475	195,211	198,782
Less: Provision for diminution in value (Note 32)	(46,319)	(37,956)	(28,411)	(24,881)
Total net book value	861,151	682,519	166,800	173,901

Included in the above quoted debt securities are the following:

Securities sold under repurchase agreements	172,310	17,472	–	–
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The related borrowings arising from sale of securities under repurchase agreements are shown in Note 19.

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Market value of quoted securities				
Debt securities	369,525	292,777	14,545	34,079
Equity securities	893,368	464,535	349,514	211,415
Market value	1,262,893	757,312	364,059	245,494

**31 OTHER ASSETS**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Balances arising from off-balance sheet financial instruments (Note 40)	65,242	238,404	64,694	231,665
Interest receivable	358,834	378,981	341,290	347,627
Sundry debtors (net)	413,681	157,570	19,104	32,836
Other	24,278	46,710	1,116	33,241
	<b>862,035</b>	821,665	<b>426,204</b>	645,369

**32 PROVISIONS FOR DIMINUTION IN VALUE OF DEALING AND INVESTMENT SECURITIES AND OTHER ASSETS**

Movements in provisions for diminution in value of dealing and investment securities and other assets during the year are as follows:

	Singapore Government securities S\$'000	Other government securities S\$'000	Dealing securities S\$'000	Investment securities S\$'000	Properties S\$'000	Other assets S\$'000	Total S\$'000
<b>GROUP</b>							
<b>1999</b>							
At 1 January	2,475	315	78,653	37,956	411	19,949	139,759
Foreign currency translation adjustments	-	1	(49)	50	-	(43)	(41)
Amounts written off	-	-	(56)	(19,070)	-	(219)	(19,345)
Provisions made (Note 10)	-	267	-	20,375	3,077	6,244	29,963
Amounts written back resulting from disposal of dealing securities (Note 8)	-	-	(69,464)	-	-	-	(69,464)
Transfer from specific provisions for loan losses (Note 28)	-	-	-	7,008	-	-	7,008
Transfer from other provisions	-	-	-	-	833	-	833
At 31 December	2,475	583	9,084	46,319	4,321	25,931	88,713
	(Note 22)	(Note 23)	(Note 24)	(Note 30)	(Note 35)		



**PROVISIONS FOR DIMINUTION IN VALUE OF DEALING AND INVESTMENT SECURITIES AND OTHER ASSETS (cont'd)**

	Singapore Government securities S\$'000	Other government securities S\$'000	Dealing securities S\$'000	Investment securities S\$'000	Properties S\$'000	Other assets S\$'000	Total S\$'000
<b>GROUP</b>							
<b>1998</b>							
At 1 January	34,493	824	115,307	25,305	–	38,057	213,986
Foreign currency translation adjustments	217	–	–	(178)	–	22	61
(Writeback of provisions)/ provisions made (Note 10)	(32,235)	(509)	–	12,829	411	(25,257)	(44,761)
Amounts written back resulting from disposal of dealing securities (Note 8)	–	–	(36,654)	–	–	–	(36,654)
Transfer from general provisions (Note 29)	–	–	–	–	–	7,127	7,127
At 31 December	2,475	315	78,653	37,956	411	19,949	139,759
	(Note 22)	(Note 23)	(Note 24)	(Note 30)	(Note 35)		

## PROVISIONS FOR DIMINUTION IN VALUE OF DEALING AND INVESTMENT SECURITIES AND OTHER ASSETS (cont'd)

	Singapore Government securities S\$'000	Other government securities S\$'000	Dealing securities S\$'000	Investment securities S\$'000	Associated companies S\$'000	Subsidiaries S\$'000	Properties S\$'000	Other assets S\$'000	Total S\$'000
<b>BANK</b>									
<b>1999</b>									
At 1 January	–	315	76,155	24,881	951	21,241	–	113	123,656
Foreign currency translation adjustments	–	1	(50)	64	–	–	–	–	15
Amounts written off	–	–	–	(19,070)	–	(53)	–	–	(19,123)
Provisions made/ (Writeback of provisions) (Note 10)	–	267	–	15,740	(27)	–	3,417	1,118	20,515
Amounts written back resulting from disposal of dealing securities (Note 8)	–	–	(67,063)	–	–	–	–	–	(67,063)
Transfer from specific provisions for loan losses (Note 28)	–	–	–	6,796	–	–	–	–	6,796
At 31 December	–	583	9,042	28,411	924	21,188	3,417	1,231	64,796
	(Note 22)	(Note 23)	(Note 24)	(Note 30)	(Note 33)	(Note 34)	(Note 35)		

**PROVISIONS FOR DIMINUTION IN VALUE OF DEALING AND INVESTMENT SECURITIES AND OTHER ASSETS (cont'd)**

	Singapore Government securities S\$'000	Other government securities S\$'000	Dealing securities S\$'000	Investment securities S\$'000	Associated companies S\$'000	Subsidiaries S\$'000	Properties S\$'000	Other assets S\$'000	Total S\$'000
<b>BANK</b>									
<b>1998</b>									
At 1 January	22,740	824	107,886	18,671	37,993	–	–	–	188,114
Foreign currency translation adjustments	–	218	(6)	(172)	–	–	–	–	40
(Writeback of provisions)/ provisions made (Note 10)	(23,017)	(727)	–	5,935	(37,042)	21,241	–	113	(33,497)
Amounts written back resulting from disposal of dealing securities (Note 8)	–	–	(31,725)	–	–	–	–	–	(31,725)
Transfer from Four Seas Bank pursuant to a merger	277	–	–	447	–	–	–	–	724
At 31 December	–	315	76,155	24,881	951	21,241	–	113	123,656
	(Note 22)	(Note 23)	(Note 24)	(Note 30)	(Note 33)	(Note 34)	(Note 35)		

**33 ASSOCIATED COMPANIES**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Quoted equity securities, at cost	172,905	166,886	118,567	112,593
Unquoted equity securities, at cost	7,841	6,595	4,347	3,348
Less: Provision for diminution in value (Note 32)	–	–	(924)	(951)
Net book value	180,746	173,481	121,990	114,990
Share of post-acquisition reserves net of dividends received	592,519	482,134	–	–
	773,265	655,615	121,990	114,990
Amounts due from associated companies	38,552	5,179	14,187	3,193
	811,817	660,794	136,177	118,183
Market value of quoted associated companies	1,094,230	574,090	873,763	429,828

**ASSOCIATED COMPANIES (cont'd)**

The principal activities of associated companies of the Bank, their places of incorporation and business and the extent of the Group's interest in the associated companies are as follows:

	Principal activities	Country/ place of incorporation	Group's interest		Cost of investment		
			1999 %	1998 %	1999 S\$'000	1998 S\$'000	
<b>QUOTED</b>							
1.	British and Malayan Trustees Limited	Trustee services	Singapore	43	43	591	591
2.	Great Eastern Holdings Limited	Insurance	Singapore	46	46	8,770	8,770
3.	Pacific Bank Berhad	Banking	Malaysia	28	28	154,966	148,984
4.	TCL Premier Holdings Berhad	Investment holding	Malaysia	30	30	8,578	8,541
						<b>172,905</b>	166,886
<b>UNQUOTED</b>							
5.	Banking Computer Services Private Limited	Computer Banking Services	Singapore	50	50	150	150
6.	Central China International Leasing Company Limited	Leasing	People's Republic of China	25	25	2,648	2,648
7.	Malaysian Trustees Berhad	Trustee services	Malaysia	20	20	145	144
8.	Myanmar Capital Management Private Limited	Investment and fund management	Singapore	40	40	80	80
9.	Network For Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfers	Singapore	20	*	999	*
10.	OCBC-Perdana Futures Sendirian Berhad	Futures and options broking	Malaysia	49	49	1,997	1,888
11.	OCBC Wearnes & Walden Management (S) Pte Ltd	Venture capital fund management	Singapore	31	31	45	45
12.	Overseas Assurance Corporation Limited	Insurance	Singapore	47	47	932	932
13.	Raffles Investments Limited	Investment holding	Singapore	50	50	624	624

**ASSOCIATED COMPANIES (cont'd)**

	Principal activities	Country/ place of incorporation	Group's interest		Cost of investment		
			1999 %	1998 %	1999 S\$'000	1998 S\$'000	
14.	Singapore Consortium Investment Management Limited	Unit trust fund management	Singapore	20	*	137	*
15.	Specialists' Services Private Limited	Management services	Singapore	40	40	84	84
						<b>7,841</b>	6,595
						<b>180,746</b>	173,481

\* In 1998, the Group's cost of investments in Network for Electronic Transfers (Singapore) Pte Ltd was S\$200,000, representing an interest of 14% and in Singapore Consortium Investment Management Limited was S\$85,000, representing an interest of 17%. Both became associated companies of the Group in 1999.

**34 SUBSIDIARIES**

	BANK	
	1999 S\$'000	1998 S\$'000
Quoted equity securities		
Cost and net book value	<b>100,614</b>	74,126
Unquoted equity securities		
Cost	<b>935,615</b>	942,005
Less: Provision for diminution in value (Note 32)	<b>(21,188)</b>	(21,241)
Net book value	<b>914,427</b>	920,764
Loans to subsidiaries	<b>1,222,819</b>	1,094,783
	<b>2,237,860</b>	2,089,673
Market value of quoted subsidiary	<b>135,758</b>	100,213

The principal activities of the Bank and its subsidiaries, their places of incorporation and business and the extent of the Group's interest in the subsidiaries are as follows:

	Principal activities	Country/ place of incorporation and business	Percentage of class of shares (ordinary shares unless otherwise indicated) held by		Amount of the Bank's investment S\$'000
			The Bank	Subsidiaries	
(a)	The Bank	Banking	*	-	-

\* Singapore, with branches in Australia, England, Hong Kong SAR, India, Japan, Thailand, Malaysia (Labuan), People's Republic of China, Republic of Korea, Taiwan and United States of America

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**SUBSIDIARIES (cont'd)**

		<b>Principal activities</b>	<b>Country/ place of incorporation and business</b>	<b>Percentage of class of shares (ordinary shares unless otherwise indicated) held by</b>		<b>Amount of the Bank's investment S\$'000</b>
				<b>The Bank</b>	<b>Subsidiaries</b>	
(b)	Subsidiaries (unquoted)					
	1.	Associated Investments & Securities Private Limited	Investment holding	Singapore	100 100(Pref)	– – 1,006 90,000
	2.	Bank of Singapore Limited	Banking	Singapore	98	2 93,287
	3.	Bank of Singapore Nominees Private Limited	Nominee services	Singapore	–	100 –
+	4.	Bathurst Enterprises Limited	Investment holding	Hong Kong SAR	–	100 –
	5.	BOS Investment Private Limited	Has not commenced operations	Singapore	–	100 –
+	6.	BOSA Limited	Investment	Australia	100	– 3,283
+	7.	Bukit Investments Limited	Investment dealing	Hong Kong SAR	–	100 –
	8.	Chancery Properties Private Limited	Voluntary liquidation	Singapore	– –	100 100 (Pref) –
	9.	Church Street Properties Private Limited	Property development	Singapore	– –	100 100 (Pref) –
	10.	Eastern Developers Private Limited	Property development and rental	Singapore	– –	100 100 (Pref) –
+	11.	Eastern Holdings Limited	Investment holding	Hong Kong SAR	–	100 –
	12.	Eastern Realty Company Limited	Investment holding and property development	Singapore Malaysia #	100	– 27,704
	13.	Excel Holdings Private Limited	Investment holding and property rental	Singapore	100	– 200
	14.	Federal Securities Private Limited	Investment holding	Singapore	100	– 3,000
++	15.	Focal Finance Nominees Private Limited	Nominee services	Singapore	–	100 –
+	16.	Four Seas Nominees (Hong Kong) Limited	Nominee services	Hong Kong SAR	–	100 –
	17.	Four Seas Nominees Private Limited	Nominee services	Singapore	100	– 10

**SUBSIDIARIES (cont'd)**

		<b>Principal activities</b>	<b>Country/ place of incorporation and business</b>	<b>Percentage of class of shares (ordinary shares unless otherwise indicated) held by</b>		<b>Amount of the Bank's investment S\$'000</b>
				<b>The Bank</b>	<b>Subsidiaries</b>	
18.	FSB Holdings Limited (formerly known as Four Seas Bank Limited)	Ceased business on 1 July 1998	Singapore	100	–	–
19.	General & Commercial Holdings Private Limited	Investment holding	Singapore	100	–	1,005
20.	Hotel Phoenix Singapore Private Limited	Hotel	Singapore	–	100	–
21.	Kim Seng Properties Private Limited	Property development	Singapore	– –	100 100 (Pref)	– –
22.	Kismis Properties Private Limited	Property development	Singapore	– –	100 100 (Pref)	– –
+	23. Malaysia Nominees (Asing) Sendirian Berhad	Nominee services	Malaysia	–	100	–
+	24. Malaysia Nominees (Tempatan) Sendirian Berhad	Nominee services	Malaysia	–	100	–
25.	Mount Emily Properties Private Limited	Has not commenced operations	Singapore	– –	100 100 (Pref)	– –
26.	OCBC Asset Management Limited	Investment management company	Singapore	–	100	–
+	27. OCBC Bank (Malaysia) Berhad	Banking	Malaysia	87	13	342,740
28.	OCBC Bullion & Futures Limited	Commodity futures and financial futures broking	Singapore	100	–	9,000
29.	OCBC Capital Investment Private Limited	Investment holding	Singapore	–	100	–
30.	OCBC Capital Management Singapore Private Limited	Investment management	Singapore	–	100	–
31.	OCBC Centre Private Limited	Investment holding and property rental	Singapore	100 100 (Pref)	– –	20,000 40,000
+	32. OCBC Credit Berhad (formerly known as OCBC Finance Berhad)	Leasing company	Malaysia	–	100	–
33.	OCBC Finance Nominees Private Limited	Nominee services	Singapore	–	100	–

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SUBSIDIARIES (cont'd)

	Principal activities	Country/ place of incorporation and business	Percentage of class of shares (ordinary shares unless otherwise indicated) held by		Amount of the Bank's investment S\$'000	
			The Bank	Subsidiaries		
34.	OCBC Holdings Private Limited	Investment holding	Singapore	100	–	3,000
35.	OCBC Land Private Limited	Investment holding	Singapore	–	100	–
36.	OCBC Management Services Private Limited	Management services	Singapore	100	–	200
+	37. OCBC Nominees (Australia) Pty. Limited	Nominee services	Australia	100	–	*
+	38. OCBC Nominees (Hong Kong) Limited	Nominee services	Hong Kong SAR	100	–	2
+	39. OCBC Nominees (London) Limited	Nominee services	England	100	–	3
+	40. OCBC Nominees (Malaysia) Sendirian Berhad	Nominee services	Malaysia	100	–	10
	41. OCBC Nominees Singapore Private Limited	Nominee services	Singapore	100	–	10
	42. OCBC Properties Private Limited	Investment holding	Singapore	100 100 (Pref)	– –	15,000 15,000
	43. OCBC Property Services Private Limited	Property management	Singapore Malaysia #	100	–	50
+	44. OCBC Provident (Australia) Pty. Limited	Trustee	Australia	100	–	*
	45. OCBC Realty Private Limited	Investment holding	Singapore	100 100 (Pref)	– –	4,993 60,000
+	46. OCBC Securities (Hong Kong) Limited	Stockbroking	Hong Kong SAR	–	100	–
+	47. OCBC Securities Philippines, Inc.	Stockbroking	Philippines	–	100	–
	48. OCBC Securities Private Limited	Stockbroking	Singapore	–	100	–
	49. OCBC Square Private Limited	Real estate owners and property rental	Singapore	100 100 (Pref) –	– – 100 (Series 2 Pref)	20,000 10,000 –
	50. OCBC Trustee Limited	Trustee services	Singapore Malaysia #	20	80	179



**SUBSIDIARIES (cont'd)**

		<b>Principal activities</b>	<b>Country/ place of incorporation and business</b>	<b>Percentage of class of shares (ordinary shares unless otherwise indicated) held by</b>		<b>Amount of the Bank's investment S\$'000</b>
				<b>The Bank</b>	<b>Subsidiaries</b>	
51.	OCF Investments Limited	Investment holding	Singapore	12	88	15
52.	Orient Holdings Private Limited	Investment holding	Singapore	100	–	3,400
+	53. OSPL Holdings Sendirian Berhad	Investment holding	Malaysia	–	100	–
	54. OSPL Nominees Private Limited	Nominee services	Singapore	–	100	–
	55. Oversea-Chinese Bank Nominees Private Limited	Nominee services	Singapore	100	–	10
+	56. PT. Bank OCBC-NISP	Banking	Indonesia	85	–	76,733
+	57. P.T. OCBC Sikap Securities	Stockbroking	Indonesia	–	70	–
	58. Pasir Ris Properties Private Limited	Real estate owners and property rental	Singapore	–	55 55 (Pref)	– –
+	59. Phoenix Holdings Limited	Investment dealing	Hong Kong SAR	–	100	–
+	60. Premier Securities Berhad	Has not commenced operations	Malaysia	–	100	–
	61. Provident Securities Private Limited	Investment holding	Singapore	100	–	72,350
	62. Regal Holdings Private Limited (in voluntary liquidation)	Ceased business on 30 November 1998	Singapore	–	100	–
+	63. Reliable Credit Company Sendirian Berhad	Has not commenced operations	Malaysia	100	–	*
+	64. Select Executives Sendirian Berhad	Management services	Malaysia	100	–	24
+	65. Select Securities Limited	Investment holding	Hong Kong SAR	100	–	429
	66. Seletar Properties Private Limited	Property development	Singapore	–	100	–
	67. Singapore Building Corporation Limited	Investment holding and property rental	Singapore	100	–	19,384
	68. Singapore Polyclinic Private Limited	Investment holding	Singapore	–	100	–

## SUBSIDIARIES (cont'd)

	Principal activities	Country/ place of incorporation and business	Percentage of class of shares (ordinary shares unless otherwise indicated) held by		Amount of the Bank's investment S\$'000		
			The Bank	Subsidiaries			
69.	Singmas Limited (in voluntary liquidation)	Ceased business on 15 June 1999	Singapore	100	–	72	
70.	Specialists' Centre Private Limited	Investment holding and property rental	Singapore	–	100 100(Pref)	– –	
71.	Tanjong Rhu Properties Private Limited	Property development and rental	Singapore	–	100 100 (Pref)	– –	
72.	The Ho Hong Steamship Company (1932) Limited	Investment holding	Singapore	100	–	3,516	
					935,615		
(c)	Subsidiary (quoted)						
++	1.	OCBC Finance Limited	Finance company	Singapore	48	42	100,614
Total as at 31 December 1999							1,036,229
Total as at 31 December 1998							1,016,131

The corresponding amounts as at 31 December 1998 are the same as the amounts stated above except for the following:

			Percentage of class of shares (ordinary shares unless otherwise indicated) held by		Amount of the Bank's investment S\$'000
			The Bank	Subsidiaries	
Unquoted					
1.	FOCL Investments Limited		100	–	260
2.	OCBC Finance (Hong Kong) Limited (in voluntary liquidation)		100	–	6,130
Quoted					
1.	OCBC Finance Limited (formerly known as Focal Finance Limited)		43	47	74,126

\* - Amounts under S\$500

# - Country/place of business in addition to the company's country/place of incorporation

Pref - Preference shares

Unless otherwise indicated, all the above companies are audited by PricewaterhouseCoopers, Singapore.

+ - Audited by associate firms of PricewaterhouseCoopers, Singapore.

++ - Audited by another firm.

35 PROPERTIES, PLANT AND EQUIPMENT

	Properties S\$'000	Office equipment, computer, furniture and fixture S\$'000	Total S\$'000
<b>GROUP</b>			
<b>1999</b>			
Net book value at 1 January	784,806	117,596	902,402
Foreign currency translation adjustments	312	318	630
Additions	32,222	39,590	71,812
Disposals	(30,516)	(10,972)	(41,488)
Depreciation charge	(14,154)	(35,002)	(49,156)
Provision made	(3,077)	–	(3,077)
Net book value at 31 December	769,593	111,530	881,123
Cost	900,477	298,644	1,199,121
Accumulated depreciation	(126,563)	(187,114)	(313,677)
Provision for diminution in value (Note 32)	(4,321)	–	(4,321)
Net book value	769,593	111,530	881,123
Net book value of freehold properties	397,223		
Net book value of leasehold properties	372,370		
	769,593		
Current valuation of properties	2,668,836		
<b>1998</b>			
Net book value at 1 January	825,947	105,189	931,136
Foreign currency translation adjustments	33	99	132
Additions	56,280	48,513	104,793
Disposals	(84,457)	(1,832)	(86,289)
Depreciation charge	(12,586)	(34,373)	(46,959)
Provision made	(411)	–	(411)
Net book value at 31 December	784,806	117,596	902,402
Cost	890,302	287,612	1,177,914
Accumulated depreciation	(105,085)	(170,016)	(275,101)
Provision for diminution in value (Note 32)	(411)	–	(411)
Net book value	784,806	117,596	902,402
Net book value of freehold properties	407,893		
Net book value of leasehold properties	376,913		
	784,806		
Current valuation of properties	2,304,631		

## PROPERTIES, PLANT AND EQUIPMENT (cont'd)

	Properties S\$'000	Office equipment, computer, furniture and fixture S\$'000	Total S\$'000
<b>BANK</b>			
<b>1999</b>			
Net book value at 1 January	131,685	59,135	190,820
Foreign currency translation adjustments	27	86	113
Additions	5,446	20,744	26,190
Disposals	(536)	(7,106)	(7,642)
Depreciation charge	(1,918)	(19,633)	(21,551)
Provision made	(3,417)	–	(3,417)
Net book value at 31 December	131,287	53,226	184,513
Cost	154,112	141,538	295,650
Accumulated depreciation	(19,408)	(88,312)	(107,720)
Provision for diminution in value (Note 32)	(3,417)	–	(3,417)
Net book value	131,287	53,226	184,513
Net book value of freehold properties	86,344		
Net book value of leasehold properties	44,943		
	131,287		
Current valuation of properties	602,828		
<b>1998</b>			
Net book value at 1 January	95,756	48,739	144,495
Foreign currency translation adjustments	719	31	750
Transfer from Four Seas Bank pursuant to a merger (Note 12)	39,861	261	40,122
Additions	12,609	28,445	41,054
Disposals	(14,894)	(883)	(15,777)
Depreciation charge	(2,366)	(17,458)	(19,824)
Net book value at 31 December	131,685	59,135	190,820
Cost	149,286	134,285	283,571
Accumulated depreciation	(17,601)	(75,150)	(92,751)
Net book value	131,685	59,135	190,820
Net book value of freehold properties	85,950		
Net book value of leasehold properties	45,735		
	131,685		
Current valuation of properties	532,856		

**PROPERTIES, PLANT AND EQUIPMENT (cont'd)**

Included in properties are investment properties of the Group and Bank with net book values as at 31 December 1999 of S\$574.834 million (1998: S\$588.643 million) and S\$76.383 million (1998: S\$68.090 million) respectively. Based on valuations carried out by professional valuers, the estimated market values of these investment properties as at 31 December 1999 were S\$2,069 billion (1998: S\$1,743 billion) and S\$468.858 million (1998: S\$393.240 million) respectively.

The excess of the estimated market value over the net book value of all properties has not been recognised in the financial statements.

**36 SEGMENTAL ANALYSIS**

	Income before operating expenses S\$'000	GROUP Profit before taxation S\$'000	Total assets S\$'000
<b>1999</b>			
Singapore	1,336,890	724,846	40,734,454
Other ASEAN	322,344	127,335	7,673,985
Other Asia Pacific	115,047	44,724	3,819,316
Rest of the world	25,162	4,688	2,061,808
	<b>1,799,443</b>	<b>901,593</b>	<b>54,289,563</b>
<b>1998</b>			
Singapore	1,492,169	431,651	42,059,307
Other ASEAN	339,973	75,730	7,516,614
Other Asia Pacific	133,378	88,086	4,479,547
Rest of the world	25,615	14,888	2,163,521
	<b>1,991,135</b>	<b>610,355</b>	<b>56,218,989</b>

The analysis by geographical segment is generally based on the location where the assets or transactions are booked. Segment income before operating expenses, profit before taxation and total assets are stated after elimination of intra-group income, profit and assets.

**37 OFF-BALANCE SHEET ITEMS**

Off-balance sheet items comprise contingent liabilities, commitments and financial derivative instruments which are matched by corresponding obligations of counter-parties that are banks and other financial institutions and customers.

**38 CONTINGENT LIABILITIES**

The banking and finance corporations in the Group conduct businesses involving acceptances, guarantees, documentary credits and other similar transactions. Acceptances are undertakings by the Group to pay on bills of exchange drawn on customers. Guarantees are issued by the Group to guarantee the performance of customers to third parties. Documentary credits commit the Group to make payments to third parties on production of documents.

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Acceptances and endorsements	63,842	40,228	61,597	37,741
Guarantees and standby letters of credit	1,737,338	2,038,933	1,508,062	1,730,888
Documentary credits and other short-term trade-related transactions	220,519	228,435	163,507	179,580
Other	327,675	311,183	–	–
	<b>2,349,374</b>	2,618,779	<b>1,733,166</b>	1,948,209

**39 COMMITMENTS**

Commitments comprise mainly agreements to provide credit facilities to customers. Such commitments can either be made for a fixed period, or have no specific maturity but are cancellable by the Group, subject to notice requirements. Other commitments include forward asset purchases of bonds and other securities.

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Undrawn credit facilities	14,765,689	12,860,272	11,547,035	10,123,449
Undrawn note issuance and revolving underwriting facilities	26,937	48,963	16,371	40,129
Forward asset purchases/sales	31,327	4,071	16,296	4,071
	<b>14,823,953</b>	12,913,306	<b>11,579,702</b>	10,167,649

**40 FINANCIAL DERIVATIVES**

Financial derivatives are off-balance sheet financial instruments which include forward contracts for the purchase and sale of foreign currencies, interest rate and currency swaps, financial futures and option contracts. These financial derivatives are held for both trading and hedging purposes. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive (assets) and negative (liabilities) fair values at balance sheet date are analysed below. Changes in fair values of futures contracts below which are exchange traded are subject to daily settlement and the margins relating to these futures contracts are included in balances with banks and other financial institutions.

	Contract or underlying principal amount S\$'000	Fair Values	
		Assets S\$'000	Liabilities S\$'000
<b>GROUP</b>			
<b>1999</b>			
Foreign exchange derivatives			
Forwards	12,735,403	63,197	77,471
Futures	–	–	–
Options purchased	19,140	58	–
Options written	19,306	–	58
	12,773,849	63,255	77,529
Interest rate derivatives			
Forwards	–	–	–
Swaps	382,103	1,956	990
Futures	–	–	–
Options purchased	–	–	–
Options written	8,700	–	21
	390,803	1,956	1,011
Equity and equity index derivatives			
Options written	160,000	30	–
	160,000	30	–
Other derivatives			
Forwards	290	1	–
Futures	–	–	–
	290	1	–
	13,324,942	65,242	78,540
Balances included in other assets (Note 31) and other liabilities (Note 20)		65,242	78,540

## FINANCIAL DERIVATIVES (cont'd)

	Contract or underlying principal amount S\$'000	Fair Values	
		Assets S\$'000	Liabilities S\$'000
<b>GROUP</b>			
<b>1998</b>			
Foreign exchange derivatives			
Forwards	18,649,039	229,592	210,469
Futures	8,736	–	–
Options purchased	9,236	42	–
Options written	8,301	–	42
	18,675,312	229,634	210,511
Interest rate derivatives			
Forwards	15,790	–	–
Swaps	494,259	8,769	4,052
Futures	210,653	–	–
Options purchased	–	–	–
Options written	10,500	–	25
	731,202	8,769	4,077
Equity and equity index derivatives			
Options written	162,000	–	–
	162,000	–	–
Other derivatives			
Forwards	143	1	–
Futures	–	–	–
	143	1	–
	19,568,657	238,404	214,588
Balances included in other assets (Note 31) and other liabilities (Note 20)		238,404	214,588



**FINANCIAL DERIVATIVES (cont'd)**

	Contract or underlying principal amount S\$'000	Fair Values Assets S\$'000	Liabilities S\$'000
<b>BANK</b>			
<b>1999</b>			
Foreign exchange derivatives			
Forwards	12,519,483	62,649	77,166
Options purchased	19,140	58	-
Options written	19,306	-	58
	<b>12,557,929</b>	<b>62,707</b>	<b>77,224</b>
Interest rate derivatives			
Forwards	-	-	-
Swaps	382,103	1,956	990
Futures	-	-	-
Options purchased	-	-	-
Options written	8,700	-	21
	<b>390,803</b>	<b>1,956</b>	<b>1,011</b>
Equity and equity index derivatives			
Options written	160,000	30	-
	<b>160,000</b>	<b>30</b>	<b>-</b>
Other derivatives			
Forwards	290	1	-
Futures	-	-	-
	<b>290</b>	<b>1</b>	<b>-</b>
	<b>13,109,022</b>	<b>64,694</b>	<b>78,235</b>
Balances included in other assets (Note 31) and other liabilities (Note 20)		<b>64,694</b>	<b>78,235</b>

## FINANCIAL DERIVATIVES (cont'd)

	Contract or underlying principal amount S\$'000	Fair Values	
		Assets S\$'000	Liabilities S\$'000
<b>BANK</b>			
<b>1998</b>			
Foreign exchange derivatives			
Forwards	18,245,989	222,853	210,103
Options purchased	9,236	42	–
Options written	8,301	–	42
	18,263,526	222,895	210,145
Interest rate derivatives			
Forwards	15,790	–	–
Swaps	494,259	8,769	4,052
Futures	210,653	–	–
Options purchased	–	–	–
Options written	10,500	–	25
	731,202	8,769	4,077
Equity and equity index derivatives			
Options written	162,000	–	–
	162,000	–	–
Other derivatives			
Forwards	143	1	–
Futures	–	–	–
	143	1	–
	19,156,871	231,665	214,222
Balances included in other assets (Note 31) and other liabilities (Note 20)		231,665	214,222

**41 ASSETS PLEDGED**

Other than the information on pledged assets shown elsewhere in the financial statements, there are no assets that have been mortgaged or pledged to secure the liabilities of the Bank and of the Group or third parties as at 31 December 1999.

**42 CASH AND CASH EQUIVALENTS**

For the purposes of the consolidated cash flow statement, cash equivalents are short-term liquid assets, which are readily convertible into cash.

	GROUP	
	1999 S\$'000	1998 S\$'000
Cash and balances and placements with central banks	1,947,495	1,904,708
Treasury bills and government securities	4,115,015	4,090,507
	6,062,510	5,995,215

**43 CAPITAL COMMITMENTS**

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
Capital expenditure contracted for but not provided for in these accounts amounted to approximately	<b>28,517</b>	65,785	<b>15,348</b>	31,651

**44 EXPOSURES TO CERTAIN COUNTRIES IN THE EAST ASIA REGION**

The Group has credit and investment exposures to certain countries in the East Asia region which was affected by the volatile economic environment in the last few years.

As at 31 December 1999, the Group's exposures to Indonesia, Korea, Malaysia, the Philippines and Thailand amounted to S\$8,967 million (1998: S\$9,345 million) which included sovereign and bank risks amounting to S\$2,148 million (1998: S\$2,136 million). Of the exposures to these five countries, 88% (1998: 82%) was to Malaysia which comprised largely domestic lendings by the Group's banking and finance subsidiaries within Malaysia. As at 31 December 1999, the Group's total non-performing loans and debt securities relating to the above five countries amounted to S\$1,109 million (1998: S\$1,455 million). Non-performing loans and debt securities are those classified as Substandard, Doubtful, and Loss in accordance with MAS Notice 612. The Group's exposures to the five regional countries mentioned above are determined based on where the credit risks reside regardless of where the transactions were booked.

As at 31 December 1999, the total provisions relating to the above exposures amounted to S\$1,189 million (1998: S\$1,350 million).

**45 CURRENT ASSETS AND LIABILITIES**

Set out below are the current assets and liabilities of the Bank and Group:

	GROUP		BANK	
	1999 S\$'000	1998 S\$'000	1999 S\$'000	1998 S\$'000
<b>CURRENT ASSETS</b>				
Cash and balances and placements with central banks	1,947,495	1,904,708	976,289	1,319,608
Singapore Government treasury bills and securities	3,514,874	3,479,588	3,055,277	2,946,035
Other government treasury bills and securities	600,141	610,919	106,265	108,886
Dealing securities	46,324	292,394	35,787	250,651
Placements with and loans to banks	14,932,309	13,338,772	14,103,277	12,279,229
Bills receivable	80,933	649,662	73,596	275,298
Loans to customers	17,101,601	21,110,097	12,168,463	14,727,491
Loans to associated companies	15,350	5,179	14,187	3,193
Loans to subsidiaries	–	–	1,222,819	1,094,783
Other assets	862,035	821,665	426,204	645,369
	<b>39,101,062</b>	42,212,984	<b>32,182,164</b>	33,650,543
<b>CURRENT LIABILITIES</b>				
Deposits of non-bank customers	36,050,555	36,367,948	28,031,299	27,173,440
Deposits and balances of banks	6,567,359	9,439,311	6,445,278	9,048,959
Deposits of associated companies	1,060,825	484,791	719,753	289,690
Deposits of subsidiaries	–	–	1,195,955	1,306,379
Bills payable	408,110	291,624	76,063	57,643
Other liabilities	1,789,577	1,596,203	710,543	864,428
Proposed dividends	190,109	99,100	190,109	99,100
	<b>46,066,535</b>	48,278,977	<b>37,369,000</b>	38,839,639

**46 COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year's presentation, and where appropriate, opening balances have been restated for purposes of adopting equity accounting for associated companies (Note 2.10).

# AUDITORS' REPORT

To The Members of Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

We have audited the financial statements of Oversea-Chinese Banking Corporation Limited and the consolidated financial statements of the Group set out on pages 87 to 132. These financial statements are the responsibility of the Bank's Directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accompanying financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard and on such basis give a true and fair view of:
  - (i) the state of affairs of the Group and of the Bank at 31 December 1999 and of the results of the Group and of the Bank and cash flows of the Group for the year ended on that date; and
  - (ii) the other matters required by section 201 of the Act to be dealt with in the financial statements;
- (b) the accounting and other records, and the registers 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.

We have considered the financial statements and auditors' reports of all the subsidiaries of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements. The subsidiaries audited by our associate firms and those audited by another firm are indicated in Note 34.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Bank are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under section 207(3) of the Act.

**PRICEWATERHOUSECOOPERS**  
**CERTIFIED PUBLIC ACCOUNTANTS**

Singapore  
25 February 2000

# GROUP'S MAJOR PROPERTIES as at 31 December 1999

Properties	Purpose	Net book value S\$'000	Market value (#) S\$'000	Effective stake (%)	Gross floor area (sq ft)
<b>Singapore</b>					
OCBC Centre, 65 Chulia Street	Office	41,920	640,500	100%	993,089
OCBC Centre East, 63 Chulia Street	Office	126,358	211,200	100%	242,385
OCBC Centre South, 18 Church Street	Office	83,743	96,800	100%	118,909
		252,021	948,500	100%	1,354,383
260 Tanjong Pagar Road	Office	7,031	25,000	100%	44,940
101 Cecil St #01-01/02 Tong Eng Building	Office	3,155	19,650	100%	15,984
110 Robinson Road	Office	5,359	16,000	100%	22,120
460 North Bridge Road	Office	3,728	13,200	100%	26,576
277 Orchard Road, comprising Specialists' Shopping Centre & Hotel Phoenix (392 guest rooms)	Retail/Hotel	10,727	286,000	100%	443,689
The Waterside, Blocks 9 & 13 Tanjong Rhu Road	Residential	49,039	151,400	100%	251,889
Somerset Compass, 2 Mt Elizabeth Link	Residential	33,539	127,000	100%	104,377
The Compass at Chancery, 6, 6A to H, J to N, P to U Chancery Hill Road	Residential	15,487	40,000	100%	54,739
Valley Lodge, #02-00 to #10-00, 257 River Valley Road	Residential	3,456	10,340	100%	24,421
Whitesands, 1 Pasir Ris Central Street 3	Shopping/Entertainment complex	93,194	133,000	55%	209,360
Land at Kim Seng Road, Lots 830L, 99391A & 1041K, Town subdivision 21	Land for development	51,272	289,500	100%	159,075 *
Land at Telok Ayer Street, Lot 36-2, Town subdivision 1	Land for development	16,255	66,200	100%	7,525 *
Land at Mt Emily & Niven Road, Lots 138-12 to 138-16 & 138-18, Town subdivision 19	Land for development	4,093	66,900	100%	73,914 *
Land at Bassein Road, Lot 45L, Town subdivision 29	Land for development	104	17,200	100%	17,203 *
		548,460	2,209,890		
<b>Malaysia</b>					
Land at Jalan Tun Perak Kuala Lumpur, Nos 20-26, 28, 30, Lots 12-14 and 110	Land for development	13,029	12,722	100%	23,925 *
		13,029	12,722		
<b>Other properties located in</b>					
Singapore		65,446	232,665		
Malaysia		38,167	89,038		
Other ASEAN		3,174	4,012		
Other Asia Pacific		89,522	103,763		
Rest of the world		11,795	16,746		
		208,104	446,224		
<b>Total</b>		<b>769,593</b>	<b>2,668,836</b>		

\* Refers to land area.

# Valuations as at 31 December 1999 made by independent firms of professional valuers.

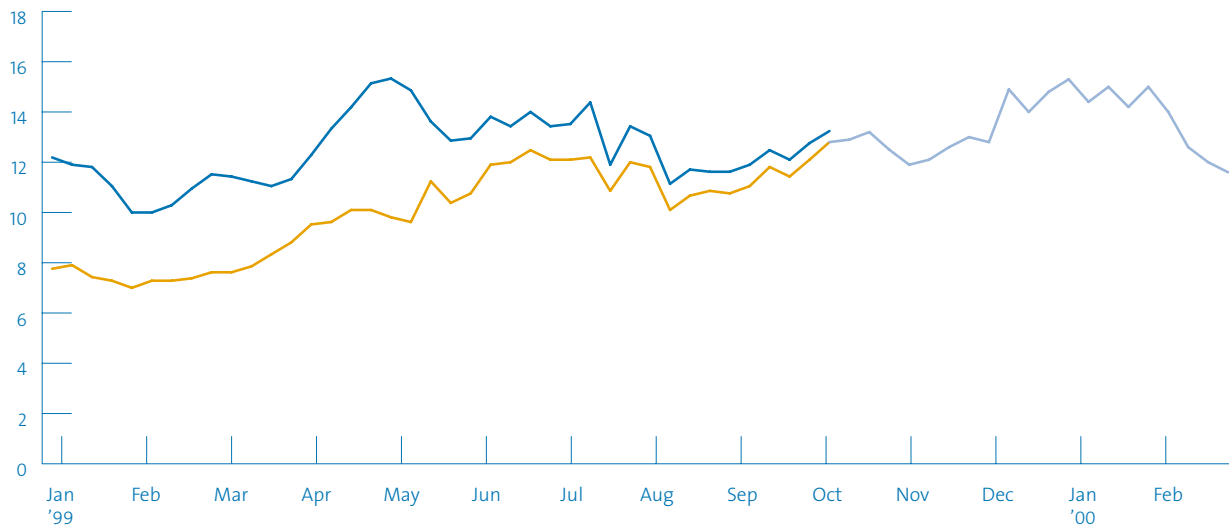
## GROUP'S MAJOR QUOTED EQUITY SECURITIES as at 31 December 1999

	Ordinary shares held %	Number	Net book value S\$'000	Market value S\$'000
<b>Investment Securities</b>				
Asia Pacific Breweries Limited	3.42	8,651,634	1,381	37,548
Fraser and Neave Limited	8.28	24,697,376	35,143	151,897
Harimau Investments Limited	19.76	11,871,000	9,193	15,432
Overseas Union Bank Limited	3.78	37,444,340	113,684	365,167
Raffles Holdings Limited	2.66	94,831,584	35,062	74,917
Robinson and Company Limited	16.84	12,061,043	1,764	68,748
The Straits Trading Company Limited	13.24	39,328,940	13,835	80,624
WBL Corporation Limited	8.43	9,581,049	18,614	42,348
			228,676	836,681
Other quoted equity holdings			44,385	56,687
<b>Total quoted equity holdings</b>			273,061	893,368
<b>Associated Companies</b>				
British and Malayan Trustees Limited	43.05	235,620	591	17,436
Great Eastern Holdings Limited	45.84	44,548,480	8,770	864,786
TCL Premier Holdings Berhad	30.00	29,998,800	8,578	43,956
The Pacific Bank Berhad	28.23	96,251,284	154,966	168,052
			172,905	1,094,230

# SHARE PRICE MOVEMENTS

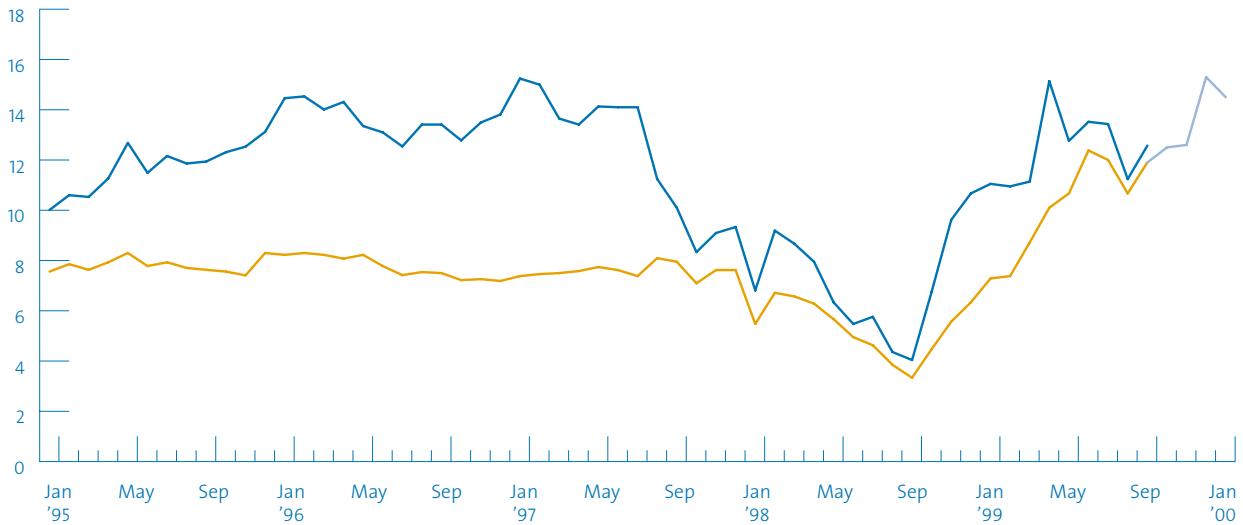
8 January 1999 to 25 February 2000

Share price (\$)



Jan 1995 – Feb 2000

Share price (\$)



Source: Bloomberg LP

OCBC Local

OCBC Foreign

OCBC\*

\* Quotation and trading of OCBC shares as a single merged counter commenced on 18 October 1999.



## STOCKHOLDING STATISTICS as at 10 March 2000

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

### DISTRIBUTION OF STOCKHOLDINGS

The number of stockholders (members) of the Bank as at 10 March 2000 is 32,169 and there is only one class of shares of S\$1.00 each with equal voting rights and the issued and paid-up capital is S\$1,285,735,347 ordinary stock transferable in amounts and multiples of S\$1.00 each.

Size of holdings	Number of stockholders (members)	%	Stock held S\$	%
1–1,000	10,153	31.56	5,174,631	0.40
1,001–10,000	16,870	52.44	57,816,382	4.50
10,001–1,000,000	5,079	15.79	252,443,000	19.63
1,000,001 and above	67	0.21	970,301,334	75.47
Total	32,169	100.00	1,285,735,347	100.00

### VOTING RIGHTS OF STOCKHOLDERS (MEMBERS)

The Articles of Association provide for:

- on a show of hands: 1 vote
- on a poll: 1 vote for each ordinary stock unit held

## STOCKHOLDING STATISTICS

### TWENTY LARGEST STOCKHOLDERS

The total stockholdings of the 20 largest stockholders (members) of the Bank form 65.98 per cent of the issued share capital of the Bank and their names and the amount of ordinary stock held by each of them as at 10 March 2000 are as detailed below:

Stockholders (Members)	Amount of ordinary stock held	
	S\$	%
1. DBS Nominees (Private) Limited	154,627,997	12.03
2. Raffles Nominees (Pte) Limited	130,000,874	10.11
3. Selat (Pte) Limited	107,759,061	8.38
4. HSBC (Singapore) Nominees Pte Ltd	76,905,364	5.98
5. The Great Eastern Life Assurance Company Limited	72,600,040	5.65
6. Citibank Nominees Singapore Pte Ltd	49,134,621	3.82
7. Lee Foundation	46,160,018	3.59
8. Lee Rubber Company (Pte) Limited	37,128,170	2.89
9. United Overseas Bank Nominees (Pte) Ltd	34,074,850	2.65
10. Singapore Investments (Pte) Limited	21,285,525	1.66
11. PSA Corporation Limited	18,793,007	1.46
12. Lee Latex Private Limited	17,218,863	1.34
13. DB Nominees (S) Pte Ltd	13,733,075	1.07
14. Fraser & Neave Ltd	12,138,915	0.94
15. Kallang Development (Pte) Limited	12,004,515	0.93
16. Oversea-Chinese Bank Nominees Private Limited	11,383,993	0.89
17. NTUC Income Insurance Co-Operative Limited	8,821,323	0.69
18. Overseas Union Bank Nominees (Private) Limited	8,366,630	0.65
19. Lee Pineapple Co (Pte) Ltd	8,059,450	0.63
20. Kew Estate Limited	7,997,302	0.62
<b>Total</b>	<b>848,193,593</b>	<b>65.98</b>

### SUBSTANTIAL STOCKHOLDERS

According to the register required to be kept under section 88 of the Companies Act, Cap. 50, the following are the only substantial stockholders of the Bank having an interest of 5 per cent or more of the aggregate of the nominal amount of all the voting stock in the Bank as undernoted:

Substantial stockholders	Stockholdings registered in the name of the substantial stockholders	Stockholdings held by the substantial stockholders in the name of nominees	Stockholdings in which the substantial stockholders are deemed to be interested	Total	Percentage of issued stock
	As at 10.3.2000	As at 10.3.2000	As at 10.3.2000	As at 10.3.2000	
	S\$	S\$	S\$	S\$	
Great Eastern Holdings Limited	–	–	72,600,040	72,600,040	5.65
Lee Foundation	46,160,018	–	137,850,403	184,010,421	14.31
Lee Foundation, States of Malaya	–	–	117,296,135	117,296,135	9.12
Selat (Pte) Limited	107,759,061	–	477,648	108,236,709	8.42
The Great Eastern Life Assurance Company Limited	72,482,440	117,600	–	72,600,040	5.65

# DIRECTORS' INTERESTS IN SHARES AND CONVERTIBLE SECURITIES OF THE BANK

as at 21 January 2000

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

According to the register maintained under section 164 of the Companies Act, Cap. 50, the Directors had an interest in the shares of the Bank on the 21st day after the end of the financial year as undernoted:

	<b>Stockholdings registered in the name of Directors or in which Directors have a direct interest</b>	<b>Stockholdings in which Directors are deemed to have an interest</b>
	<b>As at 21.1.2000</b>	<b>As at 21.1.2000</b>
	S\$	S\$
Lee Seng Wee	1,338,157	1,185,710
Alex Au	NIL	NIL
Cheong Choong Kong	10,923	NIL
Choi Siew Hong	54,040	NIL
Michael Fam	110,421	NIL
J Y Pillay	66,845	NIL
Elizabeth Sam	35,080	3,333
Tan Puay Yong	420,738	566,636
Tang I-Fang	NIL	NIL
Teo Cheng Guan	210,107	5,027
David Wong Cheong Fook	1,000	NIL
Michael Wong Pakshong	45,053	22,958
Wong Nang Jang	106,432	42,743
	<b>Share options held by Directors in their own name</b>	<b>Share options in which Directors are deemed to have an interest</b>
	<b>As at 21.1.2000</b>	<b>As at 21.1.2000</b>
	<b>(Number of unissued ordinary shares of S\$1.00 each)</b>	<b>(Number of unissued ordinary shares of S\$1.00 each)</b>
Alex Au	735,000	NIL
Elizabeth Sam	73,500	NIL
Wong Nang Jang	239,796	NIL

# PRINCIPAL NETWORK

## BANKING

### OVERSEA-CHINESE BANKING CORPORATION LIMITED

#### Singapore (Head Office)

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#### China

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#### Hong Kong SAR

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Tel: (82) (2) 7544355-7

#### Labuan

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#### Malaysia

##### OCBC Bank (Malaysia) Berhad

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#### Taiwan

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Taipei 105  
Taiwan R.O.C.  
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Suriwongse, Bangrak  
Bangkok 10500  
Thailand  
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#### United Kingdom

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London EC4N 5AS  
United Kingdom  
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#### United States of America

Two World Financial Center  
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New York NY 10281  
United States of America  
Tel: (1) (212) 5870101

#### Vietnam

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District 1  
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Vietnam  
Tel: (848) 8214120

#### Bank of Singapore Limited

##### Singapore

101 Cecil Street  
#01-02 Tong Eng Building  
Singapore 069533  
Tel: (65) 2239266

## FINANCE

#### Singapore

##### OCBC Finance Limited

53/55 New Bridge Road  
Singapore 059402  
Tel: (65) 5357888

**FUTURES BROKING COMPANY****Singapore****OCBC Bullion & Futures Limited**

65 Chulia Street  
#12-07/08 OCBC Centre  
Singapore 049513  
Tel: (65) 5301233

**INVESTMENT MANAGEMENT****Singapore****OCBC Asset Management Limited**

18 Church Street #03-01  
OCBC Centre South  
Singapore 049479  
Tel: (65) 5317088

**NOMINEES****Singapore****Oversea-Chinese Bank Nominees****Private Limited**

18 Church Street #02-00  
OCBC Centre South  
Singapore 049479  
Tel: (65) 5301234

**Australia****OCBC Nominees (Australia) Pty. Limited**

Level 2  
75 Castlereagh Street  
Sydney NSW 2000  
Australia  
Tel: (61) (2) 92352022

**Hong Kong SAR****OCBC Nominees (Hong Kong) Limited**

9/F, Nine Queen's Road Central  
Hong Kong  
Tel: (852) 28406247

**United Kingdom****OCBC Nominees (London) Limited**

London Stonehouse  
111 Cannon Street  
London EC4N 5AS  
United Kingdom  
Tel: (44) (020) 73378822

**Malaysia****Malaysia Nominees (Asing)****Sendirian Berhad****Malaysia Nominees (Tempatan)****Sendirian Berhad**

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Jalan Melaka  
50100 Kuala Lumpur  
Tel: (603) 2903320

**PROPERTY MANAGEMENT****Singapore****OCBC Property Services Private Limited**

9 Battery Road #07-00  
Straits Trading Building  
Singapore 049910  
Tel: (65) 4373803

**STOCKBROKING****Singapore****OCBC Securities Private Limited**

18 Church Street #06-00  
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Tel: (65) 5352882

**Hong Kong SAR****OCBC Securities (Hong Kong) Limited**

10/F New World Tower II  
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Tel: (852) 22498222

**Indonesia****P.T. OCBC Sikap Securities**

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Indonesia  
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**Philippines****OCBC Securities Philippines, Inc.**

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Exchange Road, Ortigas Center  
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Philippines  
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**Malaysia****OCBC Securities (Melaka)****Sendirian Berhad**

579, 580-581A&B  
Taman Melaka Raya  
75000 Melaka  
Malaysia  
Tel: (606) 2825211/2845211

**TRUSTEE****Singapore****OCBC Trustee Limited**

65 Chulia Street #30-01  
OCBC Centre  
Singapore 049513  
Tel: (65) 5301786

**OCBC BANK GROUP/BRANCHES****AND REPRESENTATIVE OFFICES**

Australia	2
China	7
Hong Kong SAR	3
India	1
Indonesia	1
Japan	1
Korea	1
Labuan	1
Malaysia	25
Myanmar	1
Singapore	44
Taiwan	1
Thailand	1
UK	1
USA	2
Vietnam	1

# NOTICE OF MEETING

Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

Notice is hereby given that the Sixty-Third Annual General Meeting of the Members of the Company will be held at 65 Chulia Street #50-00, OCBC Centre, Singapore 049513, on Wednesday, 26 April 2000 at 3.00 p.m. to transact the following business:

1. To receive and consider the audited Accounts for the year ended 31 December 1999 and the reports of the Directors and Auditors thereon.
2. To approve the amounts proposed to be transferred to Reserves.
3. To declare dividends.
4. To approve Directors' Fees of S\$300,000 for 1999 (1998 - S\$270,000).
5. (a) To elect Directors retiring by rotation:
  - (i) Mrs Elizabeth Sam
  - (ii) Mr Wong Nang Jang
- (b) To elect Directors retiring under the provisions of Article 111 of the Company's Articles of Association:
  - (i) Dr Cheong Choong Kong
  - (ii) Mr Joseph Yuvaraj Pillay
  - (iii) Col (NS) David Wong Cheong Fook
- (c) To pass the following resolutions under section 153(6) of the Companies Act, Cap. 50:
  - (i) That pursuant to section 153(6) of the Companies Act, Cap. 50, Mr Lee Seng Wee be and is hereby re-appointed as a Director of the Company to hold such office until the next annual general meeting of the Company.
  - (ii) That pursuant to section 153(6) of the Companies Act, Cap. 50, Dr Michael Fam Yue Onn be and is hereby re-appointed as a Director of the Company to hold such office until the next annual general meeting of the Company.
6. To appoint Auditors and fix their remuneration.
7. As Special Business  
To consider and, if thought fit, to pass the following Resolutions with or without amendments as ordinary resolutions:

## Ordinary Resolutions

- (a) That the Directors of the Company be and are hereby authorised, pursuant to section 161 of the Companies Act, Cap. 50, to issue shares or create and issue warrants for shares in the Company at any time upon such terms and conditions and for such purposes as the Directors may deem fit, PROVIDED ALWAYS that the aggregate number of shares and warrants to be issued pursuant to this Resolution shall not exceed ten per cent of the total issued share capital of the Company for the time being.

- (b) That the Directors of the Company be and are hereby authorised, pursuant to section 161 of the Companies Act, Cap. 50, to offer and grant options in accordance with the provisions of the OCBC Executives' Share Option Scheme 1994, approved by Ordinary Resolution No.1 passed at the Extraordinary General Meeting of the Company on 11 June 1994 (the "1994 Scheme"), and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the 1994 Scheme, PROVIDED ALWAYS that the aggregate number of shares to be issued pursuant to the 1994 Scheme shall not exceed five per cent of the total issued share capital of the Company from time to time and that the aggregate number of shares to be issued to an Executive during the entire operation of the 1994 Scheme shall not, subject to such adjustments as may be made in accordance with the 1994 Scheme, exceed 25 per cent of the aggregate number of shares which may be issued by the Company (including any shares which may be issued pursuant to adjustments, if any, made under the 1994 Scheme) pursuant to the exercise of options under the 1994 Scheme.
- (c) That contingent upon any of the shares in the Company being issued and being credited as fully paid, the same be and shall hereby be converted into stock units transferable in amounts and multiples of S\$1.00 each.
- (d) That contingent upon the passing of the preceding Ordinary Resolutions (b) and (c), the Directors of the Company be and are hereby authorised to offer and grant from time to time to Mr Alexander Au Siu Kee, Vice-Chairman and Chief Executive Officer, an executive Director of the Company (who has abstained from voting) and whose membership of and participation in the 1994 Scheme is approved, options to subscribe for shares not exceeding in aggregate in any one financial year 400,000 shares, subject to such adjustments as may be made pursuant to the 1994 Scheme, and to allot and issue shares to him pursuant to the exercise of such options, subject always to the limitation of 25 per cent of the aggregate number of shares which may be issued by the Company (including any shares which may be issued pursuant to adjustments, if any, made under the 1994 Scheme) pursuant to the exercise of options under the 1994 Scheme during the entire operation of the 1994 Scheme.

8. To transact any other ordinary business.

By order of the Board,

**ELAINE TAN (Mrs)**  
**SECRETARY**

Singapore  
10 April 2000

Notes:

A member of the Company entitled to attend and vote at the above Meeting may appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

The instrument appointing a proxy must be deposited at the Company's registered office not less than 48 hours before the time set for holding the Meeting.

Dear Members

We set out below a statement regarding the effect of the resolutions under the heading “Special Business” in the Notice of the forthcoming Annual General Meeting, namely -

The Ordinary Resolution set out as Item 7(a), if passed, will allow the Directors of the Company from the date of that meeting until the next annual general meeting to issue or agree to issue shares or warrants for shares in the Company up to an amount not exceeding in total ten per cent of the total issued share capital of the Company for the time being. The Directors would only issue further shares or warrants under that Resolution where they consider this necessary and in the interests of the Company.

The Ordinary Resolution set out as Item 7(b) authorises the Directors to offer and grant options in accordance with the provisions of the OCBC Executives’ Share Option Scheme 1994 which was approved at the Extraordinary General Meeting of the Company on 11 June 1994 (the “1994 Scheme”) and to allot and issue shares thereunder.

The Ordinary Resolution set out as Item 7(c) is merely procedural allowing for the conversion of fully paid shares into stock units.

The Ordinary Resolution set out as Item 7(d) authorises the Directors to offer and grant to Mr Alexander Au Siu Kee, Vice-Chairman and Chief Executive Officer of the Company, options to subscribe for shares from time to time pursuant to the 1994 Scheme. The number of shares in respect of which an option may be so granted annually is subject to the maximum number that can be granted in any year to the Chief Executive Officer under the 1994 Scheme.

A copy of the Regulations of the 1994 Scheme is available for inspection during normal office hours at the Company’s registered office by Members.

By order of the Board,

**ELAINE TAN (Mrs)**  
**SECRETARY**

Singapore  
10 April 2000



# PROXY FORM Oversea-Chinese Banking Corporation Limited (Incorporated in Singapore)

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of the abovenamed Company, hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the annual general meeting of the Company to be held at 65 Chulia Street #50-00, OCBC Centre, Singapore 049513, on 26 April 2000 at 3.00 p.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against such item how I/we wish my/our proxy/proxies to vote. If no specific direction as to voting is given or in the event of any item arising not summarised below, my/our proxy/proxies may vote or abstain at the discretion of my/our proxy/proxies.

No.	Resolutions	For	Against
1	Adoption of Report and Accounts		
2	Approval of amounts proposed to be transferred to Reserves		
3	Declaration of dividends		
4	Approval of amount proposed as Directors' Fees		
5	(a) Election of retiring Directors	(i) Mrs Elizabeth Sam	
		(ii) Mr Wong Nang Jang	
	(b) Election of Directors retiring under Article 111	(i) Dr Cheong Choong Kong	
		(ii) Mr Joseph Yuvaraj Pillay	
		(iii) Col (NS) David Wong Cheong Fook	
(c) Reappointment of Directors under section 153(6) of the Companies Act, Cap. 50	(i) Mr Lee Seng Wee		
	(ii) Dr Michael Fam Yue Onn		
6	Appointment of Auditors and fixing their remuneration		
7	Special Business	(a) Authority to issue shares (General)	
		(b) Authority to grant options (OCBC Executives' Share Option Scheme 1994)	
		(c) Conversion of shares into stock	
		(d) Authority to grant options to Mr Alexander Au Siu Kee (OCBC Executives' Share Option Scheme 1994)	

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000.

Total Number of Shares Held

\_\_\_\_\_  
Signature(s) of Member(s) or Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**Notes**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 65 Chulia Street #29-02/04, OCBC Centre, Singapore 049513, not less than 48 hours before the time set for holding the annual general meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the annual general meeting, in accordance with section 179 of the Companies Act, Cap. 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the annual general meeting, as certified by The Central Depository (Pte) Limited to the Company.