

Report of the Directors

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

The Directors of the Bank, the holding company, have pleasure in presenting their report to the members together with the audited consolidated financial statements of the Group and of the Bank for the financial year ended 31 December 2000, 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
Nasruddin Bin Bahari	(appointed on 13 November 2000)
Janice R. Bellace	(appointed on 13 November 2000)
Cheong Choong Kong	
Michael Fam Yue Onn	
Joseph Yuvaraj Manuel Pillay	
David Wong Cheong Fook	
Michael Wong Pakshong	
Wong Nang Jang	

Mr Alex Au and Mr Michael Wong Pakshong retire by rotation under Articles 107 and 108 of the Articles of Association of the Bank and, being eligible, offer themselves for re-election.

Tan Sri Dato Nasruddin Bin Bahari and Professor Janice R. Bellace, 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 and Dr Michael Fam retire pursuant to section 153 of the Companies Act, Cap. 50. A resolution will be proposed for the reappointment of Mr Lee Seng Wee under section 153(6) of the said Act to hold office until the next annual general meeting of the Bank. Dr Michael Fam will not offer himself for reappointment.

PRINCIPAL ACTIVITIES

The principal activities of the Bank and of the Group consist of the business of banking and finance, financial services, e-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 incorporated, acquired or disposed of:

- (i) FOCL Investments Limited
FOCL Investments Limited (in voluntary liquidation) ("FOCL"), a wholly-owned subsidiary of the Bank, was dissolved on 4 April 2000. The net tangible assets of FOCL amounting to S\$207,304 were fully distributed to its shareholder prior to its dissolution.
- (ii) Myanmar Capital Management Private Limited
On 26 May 2000, OCBC Capital Management Singapore Private Limited ("OCMSPL"), a subsidiary of the Bank, acquired 65,455 ordinary shares of S\$1 each in Myanmar Capital Management Private Limited ("MCMPL") from Pan Asean Capital Management Limited at the price of S\$0.0001 per share paid in cash or a total cash consideration of S\$7. Myanmar Capital Management (Yangon) Limited ("MCMYL") is a wholly-owned subsidiary of MCMPL. As a result of the acquisition, the shareholding of OCMSPL in MCMPL increased from 40% to 72.73% making MCMPL and MCMYL both subsidiaries of OCMSPL. The attributable net tangible assets of MCMPL and MCMYL on acquisition were S\$85,086.
- (iii) Singmas Limited
Singmas Limited (in voluntary liquidation) ("SL"), a wholly-owned subsidiary of the Bank, was dissolved on 6 July 2000. The net tangible assets of SL amounting to S\$296,124 were fully distributed to its shareholder prior to its dissolution.
- (iv) Banking Computer Services Private Limited and BCS Information Systems Pte Ltd
On 10 July 2000, the Bank acquired an additional 50% equity interest comprising 150,000 ordinary shares of S\$1 each in Banking Computer Services Private Limited ("BCSPL") from The Hongkong and Shanghai Banking Corporation Limited, for a cash consideration of S\$5,000,000. BCS Information Systems Pte Ltd ("BCSIS") is a wholly-owned subsidiary of BCSPL. As a result of the acquisition, the Bank's shareholding in BCSPL increased from 50% to 100% thereby making BCSPL and BCSIS wholly-owned subsidiaries of the Bank.

The attributable net tangible assets of BCSPL and BCSIS on acquisition were S\$2,801,649.

- (v) Regal Holdings Limited
Regal Holdings Limited (in voluntary liquidation) ("RHL") was dissolved on 27 July 2000. The net tangible assets of RHL amounting to S\$3,858 were fully distributed to its shareholder prior to its dissolution. Select Securities Limited, a wholly-owned subsidiary of the Bank, held 100 per cent of the then issued ordinary share capital of RHL.
- (vi) Chancery Properties Private Limited
Chancery Properties Private Limited (in voluntary liquidation) ("CPPL") was dissolved on 15 December 2000. The net tangible assets of CPPL amounting to S\$1,030,471 were fully distributed to its shareholder prior to its dissolution. OCBC Land Private Limited, a subsidiary of the Bank, held 100 per cent of the then issued ordinary share capital of CPPL.

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

RESULTS FOR THE FINANCIAL YEAR

The consolidated profit after tax attributable to the members of the Bank for the financial year was S\$840.0 million (1999: S\$721.8 million). The profit after tax of the Bank for the financial year was S\$602.7 million (1999: S\$686.5 million).

TRANSFERS TO OR FROM RESERVES AND PROVISIONS

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

	Group	Bank
	S\$'000	S\$'000
<i>Capital reserves</i>		
Share premium		
Premium on issue of ordinary shares	17,990	17,990
<i>Capital redemption reserve</i>	1,180	1,180
<i>Other capital reserves</i>		
Transfer from unappropriated profit	1,139	–
Amount arising from disposal of an associated company	(64)	–
Adjustment in reserves of an associated company	(351)	–
<i>Foreign currency translation reserve</i>		
Net adjustments for the year	41,101	1,645
<i>Statutory reserves</i>		
Transfer from unappropriated profit	60,114	31,000
<i>General reserves</i>		
Transfer from unappropriated profit	84,605	–
Goodwill arising on acquisition of subsidiaries	(2,113)	–
Adjustment in reserves of associated companies	1,245	–

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 financial statements.

ISSUE OF SHARES AND DEBENTURES AND ACQUISITION OF ITS OWN SHARES BY THE BANK**(a) The Bank**

During the financial year, the Bank purchased, in aggregate, 1,180,000 stock units pursuant to a stock purchase mandate approved by Members at the Bank's extraordinary general meeting on 20 September 1999. The stock units purchased were cancelled and the issued share capital of the Bank was reduced by 1,180,000 ordinary shares as at 18 April 2000. No stock units were purchased during the financial year pursuant to the stock purchase mandate approved by Members at the Bank's extraordinary general meeting on 26 April 2000.

During the financial year, the Bank 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) 273,220 ordinary shares of S\$1 each at a price of S\$7.810 per share for the 1995 Options;
- (ii) 402,441 ordinary shares of S\$1 each at a price of S\$7.810 per share for the 1995 Replacement Options;
- (iii) 116,230 ordinary shares of S\$1 each at a price of S\$8.150 per share for the 1996 Options;
- (iv) 768,907 ordinary shares of S\$1 each at a price of S\$8.150 per share for the 1996 Replacement Options;
- (v) 23,680 ordinary shares of S\$1 each at a price of S\$7.603 per share for the 1997 Options; and
- (vi) 1,045,310 ordinary shares of S\$1 each at a price of S\$7.603 per share for the 1997 Replacement Options.

(b) Subsidiaries

During the financial year, none of the subsidiaries of the Bank issued shares or debentures.

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

SCHEME OF ARRANGEMENT – TRANSFER OF ASSETS, BUSINESS AND LIABILITIES FROM BANK OF SINGAPORE LIMITED TO OVERSEA-CHINESE BANKING CORPORATION LIMITED

On 15 August 2000, the proposed transfer of assets, business and liabilities (except the standalone internet financial business) of Bank of Singapore Limited ("BOS") to the Bank by means of a Scheme of Arrangement (the "Scheme") was announced. On 27 September 2000, the Scheme was confirmed by the High Court pursuant to sections 210 and 212 of the Companies Act, Cap. 50 and the Scheme became effective on 1 October 2000. On the effective date of the Scheme, all the assets, business and liabilities of BOS as at that date except the standalone internet financial business were transferred to the Bank. Total assets, liabilities and off-balance sheet items of BOS as at 1 October 2000 amounting to S\$2,342,853,389, S\$1,989,723,480 and S\$459,704,492 respectively were transferred to the Bank as of that date. The consideration for the transfer was S\$353,129,909 and satisfied in cash on 1 October 2000. Subsequent to the transfer on 1 October 2000, BOS's principal activities are providing e-financial services and investment.

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 1.1.2000 (or date of appointment)	As at 31.12.2000	As at 1.1.2000 (or date of appointment)	As at 31.12.2000
Lee Seng Wee	1,338,157	1,338,157	1,185,710	1,185,710
Alex Au	Nil	20,000	Nil	Nil
Nasruddin Bin Bahari (With effect from 13 November 2000)	Nil	Nil	Nil	Nil
Janice R. Bellace (With effect from 13 November 2000)	Nil	Nil	Nil	Nil
Cheong Choong Kong	10,923	30,923	Nil	Nil
Michael Fam	110,421	110,421	Nil	Nil
J Y Pillay (With effect from 21 January 2000)	66,845	66,845	Nil	Nil
David Wong Cheong Fook	Nil	3,000	Nil	Nil
Michael Wong Pakshong	45,053	45,053	22,958	22,958
Wong Nang Jang	47,057	86,432	42,743	42,743

	Share Options held by Directors in their own name		Share Options in which Directors are deemed to have an interest	
	As at 1.1.2000	As at 31.12.2000	As at 1.1.2000	As at 31.12.2000
	(Number of unissued ordinary shares of S\$1.00 each)		(Number of unissued ordinary shares of S\$1.00 each)	
Alex Au	735,000	1,035,000	Nil	Nil
Wong Nang Jang	299,171	319,796	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

The Directors will at the Annual General Meeting recommend for approval the payment of a final dividend of 13 cents and a special final dividend of 10 cents per S\$1.00 ordinary stock unit less Singapore income tax at 25.5% amounting to S\$220.4 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 1999</i>	
Final dividend of 11 cents and special final dividend of 9 cents per S\$1.00 ordinary stock unit less Singapore income tax at 25.5% paid on 22 May 2000	191,441
<i>In respect of the financial year ended 31 December 2000</i>	
Interim dividend of 5 cents and special interim dividend of 12 cents per S\$1.00 ordinary stock unit less Singapore income tax at 25.5% paid on 4 September 2000	162,792
	354,233

BAD AND DOUBTFUL DEBTS

In preparing the income statements and the balance sheets 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 financial statements of the Group inadequate to any substantial extent.

CURRENT ASSETS

In preparing the income statements and the balance sheets 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 financial statements 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 FINANCIAL STATEMENTS

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in the report or the consolidated financial statements of the Group which would render any amount stated in the financial statements of the Bank and the consolidated financial statements 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 except for the following events:

- (a) On 31 January 2001, Provident Securities Private Limited ("PSPL"), a wholly-owned subsidiary of the Bank incorporated and resident in Singapore, completed the acquisition of all the issued shares (being 30,000,000 ordinary shares of S\$1 each) in the capital of UBS Warburg & Associates (Singapore) Pte Ltd (the "Acquired Company"), which has since 31 January 2001 been renamed OCBC Securities (2001) Private Limited.

The aggregate consideration for the acquisition was S\$113,966,833, paid entirely in cash. Following completion of the acquisition, PSPL holds 29,999,999 shares of the Acquired Company, with the balance 1 share being held by Federal Securities Private Limited, a wholly-owned subsidiary of the Bank incorporated and resident in Singapore. The net tangible assets of the Acquired Company on acquisition was S\$91,093,156.

SUBSEQUENT EVENTS (continued)

By virtue of the completion of the acquisition, the Acquired Company and its three wholly-owned subsidiaries, UBS Warburg & Associates (Singapore) Research Pte Ltd, UBS Warburg & Associates (Singapore) Nominees Pte Ltd (which have since 31 January 2001 been renamed OCBC Securities (2001) Research Private Limited and OCBC Securities (2001) Nominees Private Limited respectively), and Flamingo Holdings Pte Ltd, became wholly-owned subsidiaries of the Bank with effect from 31 January 2001.

- (b) On 31 January 2001, a proposed reorganisation of the share capital of OCBC Finance Limited (“OCBC Finance”) for the purpose of establishing OCBC Finance as a wholly-owned subsidiary of the Bank by means of a Scheme of Arrangement (the “Scheme”) pursuant to Section 210 of the Companies Act, Cap. 50, was announced. Pursuant to the Scheme, it is proposed that:
- (i) 13,184,521 issued and fully paid-up ordinary shares of S\$1 each in the capital of OCBC Finance (the “OCBC Finance Shares”) held by the shareholders of OCBC Finance, other than the Bank and its wholly-owned subsidiary, Eastern Realty Company Limited, (the “Scheme Shareholders”) be cancelled by way of a capital reduction in exchange for a cash consideration of S\$3.76 for each OCBC Finance Share to be paid by the Bank to the Scheme Shareholders; and
 - (ii) new OCBC Finance Shares equal in number to such cancelled OCBC Finance Shares held by the Scheme Shareholders will be allotted and issued to the Bank and/or its nominees.
- (c) On 24 August 2000, Pacific Bank Berhad, an associated company, entered into a conditional sale and purchase agreement to dispose of its banking business and assets and liabilities to Malayan Banking Berhad. The sale was confirmed and given effect to by the Malaysian High Court with effect from 1 January 2001 and Pacific Bank Berhad recorded a gain on the disposal. On 5 January 2001, Pacific Bank Berhad changed its name to PacificMas Berhad.

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 financial statements of the Bank and the consolidated financial statements of the Group.

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

Particulars of the 1995 Options, 1995 Replacement Options, 1996 Options, 1996 Replacement Options, 1997 Options, 1997 Replacement Options, 1998 Options, 1998 Replacement Options, 1998A Replacement Options, 1999 Options and 1999 Replacement Options have been set out in the directors' reports for the financial years ended 31 December 1995 to 1999. The 1995 Options expired on 1 February 2000.

(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 6,260,850 unissued ordinary shares of S\$1.00 each of the Bank (“2000 Options”) to 1,379 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 31 March 2000 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\$10.90	6.12.2002 to 5.12.2009
Wong Nang Jang	Deputy President	80,000	S\$10.90	6.12.2002 to 5.12.2009

Statutory and other information regarding the 2000 Options are as follows:

- 2000 Options issued on 31 March 2000 will expire on 5 December 2009. The exercise period is 6 December 2002 to 5 December 2009, 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\$10.90 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.

SHARE OPTIONS (continued)

- The offering price was equal to the average of the last dealt price of the stock of the Bank on the 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 options have been issued have no right to participate by virtue of these options in any share issue of any other company.

(b) 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	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:				
Alex Au	300,000 (2000 Options)	1,035,000	Nil	1,035,000
Wong Nang Jang	80,000 (2000 Options)	379,171	59,375	319,796

The Bank offers share options under the Scheme to officers of the Bank and OCBC Bank (Malaysia) Berhad, a wholly-owned subsidiary of the Bank, of the rank of Assistant Manager and above. Movements in the number of unissued shares under options outstanding are as follows:

	Group and Bank	
	2000	1999
At beginning of year	17,297,008	23,049,058
Granted	6,260,850	5,305,860
Adjustment as a result of a special bonus issue	–	869,927
Exercised	(2,629,788)	(5,953,652)
Lapsed	(983,395)	(5,974,185)
At end of year	19,944,675	17,297,008

Note: Options for 8,887,568 shares lapsed under Regulation 20 of the Scheme since the commencement of the Scheme to the end of the financial year under review.

(b) Unissued shares under options at the end of the financial year (continued)**(i) The Bank – Executives' Share Options (continued)**

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 Replacement Options	684,554	S\$7.810	1 February 2005
1996 Options	89,709	S\$8.150	29 January 2001
1996 Replacement Options	1,637,315	S\$8.150	29 January 2006
1997 Options	108,872	S\$7.603	29 January 2002
1997 Replacement Options	2,648,037	S\$7.603	29 January 2007
1998 Options	154,665	S\$6.419	21 January 2003
1998 Replacement Options	3,357,585	S\$6.419	21 January 2008
1998A Replacement Options	420,000	S\$3.349	25 June 2008
1999 Options	58,275	S\$7.533	9 December 2003
1999 Replacement Options	4,904,413	S\$7.533	9 December 2008
2000 Options	5,881,250	S\$10.900	5 December 2009
	19,944,675		

Note: 1995 Options expired on 1 February 2000

(c) Issue of shares under options

Save as disclosed in this report under paragraph (a) under the heading "Issue of shares and debentures and acquisition of its own shares by the Bank" 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.

(d) 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.

(e) 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.

(f) 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 and Mr J Y Pillay 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

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

Mr Michael Wong Pakshong, Chairman
Col (NS) David Wong Cheong Fook
Mr Wong Nang Jang (appointed on 26 April 2000)

On 26 April 2000, Mr Tan Puay Yong and Mr Teo Cheng Guan retired as Directors of the Bank and ceased to be members of the Audit Committee.

Mrs Elizabeth Sam was appointed as a member of the Committee with effect from 26 April 2000. She resigned on 28 June 2000 as a Director of the Bank and ceased to be a member of the 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. 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 financial statements of the Bank and the consolidated financial statements 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. There were seven Audit Committee meetings held during the period commencing 26 April 2000 until the date of this Report.

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

AUDITORS

The auditors, PricewaterhouseCoopers have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,

LEE SENG WEE
Director

ALEXANDER AU SIU KEE
Director

Singapore
23 February 2001

Statement by Directors

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

In the opinion of the Directors, the financial statements set out on pages 71 to 117 are drawn up so as to give a true and fair view of the state of affairs of the Bank and of the Group at 31 December 2000 and of the results of the business, and changes in equity of the Bank and of the Group and the cash flows of the Group for the financial year then ended, 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
23 February 2001

Auditors' Report to the Members

of Oversea-Chinese Banking Corporation Limited

We have audited the financial statements of Oversea-Chinese Banking Corporation Limited and the consolidated financial statements of the Group for the financial year ended 31 December 2000 set out on pages 71 to 117. 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 our audit to obtain reasonable assurance 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 of the Bank and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Bank at 31 December 2000, the profit and changes in equity of the Group and of the Bank, and the cash flows of the Group for the financial 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 of the Bank and the consolidated financial statements of the Group; and
- (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 included in the consolidated financial statements. The subsidiaries audited by our associate firms and those audited by another firm are indicated in Note 35 to the financial statements.

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
23 February 2001

Income Statements

for the financial year ended 31 December 2000

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

	Note	Group		Bank	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Interest income	3	3,158,066	2,985,870	2,467,695	2,189,206
Less: Interest expense	4	1,897,594	1,695,267	1,617,394	1,323,723
Net interest income		1,260,472	1,290,603	850,301	865,483
Fees and commissions	5	255,535	253,455	141,137	111,393
Dividends	6	26,297	21,271	263,120	558,533
Rental income	7	78,019	67,622	7,780	5,953
Other income	8	106,569	154,252	31,465	67,895
Income before operating expenses		1,726,892	1,787,203	1,293,803	1,609,257
Less: Staff costs	9	350,095	274,509	226,658	176,779
Other operating expenses	9	305,532	242,136	187,418	158,369
		655,627	516,645	414,076	335,148
Operating profit before provisions		1,071,265	1,270,558	879,727	1,274,109
Less: Provisions for possible loan losses and diminution in value of other assets	10	139,206	515,677	64,832	333,061
Operating profit after provisions		932,059	754,881	814,895	941,048
Share of profits less losses of associated companies		220,828	181,858	–	–
Profit before tax		1,152,887	936,739	814,895	941,048
Less: Tax	11	238,934	187,186	212,147	254,514
Share of tax of associated companies	11	66,236	21,685	–	–
		305,170	208,871	212,147	254,514
Profit after tax		847,717	727,868	602,748	686,534
Less: Minority interests		7,683	6,069	–	–
Profit attributable to stockholders of the Bank	12	840,034	721,799	602,748	686,534
Earnings per ordinary share of \$1.00 each					
Basic (cents)	13	65	56		
Diluted (cents)	13	65	56		

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 23 February 2001.

Balance Sheets

as at 31 December 2000

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

	Note	Group		Bank	
		2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Shareholders' Equity					
Share Capital					
Authorised	14	2,000,000	2,000,000	2,000,000	2,000,000
Issued and fully paid	14	1,285,968	1,284,518	1,285,968	1,284,518
Reserves					
Capital reserves	15	1,802,348	1,782,454	1,351,198	1,332,028
Statutory reserves	16	1,835,826	1,775,712	1,372,700	1,341,700
Revenue reserves	17	3,227,293	2,775,338	1,624,856	1,418,522
Total shareholders' equity		8,151,435	7,618,022	5,634,722	5,376,768
Minority Interests		70,709	65,643	–	–
Liabilities					
Deposits of non-bank customers	18	37,942,375	36,762,423	29,540,796	28,321,886
Deposits and balances of banks	18	10,092,546	6,567,359	9,743,850	6,445,278
Deposits of subsidiaries		–	–	1,386,727	1,195,955
Deposits of associated companies		1,786,482	1,060,825	1,043,790	719,753
Bills payable		147,928	408,110	85,321	76,063
Current tax	19	297,378	245,938	192,752	143,736
Deferred tax	19	14,975	12,253	–	–
Other liabilities	20	1,135,772	1,531,386	767,722	566,807
Debt securities	21	70,000	70,000	–	–
Total liabilities and shareholders' equity		59,709,600	54,341,959	48,395,680	42,846,246
Assets					
Cash and placements with central banks	22	1,751,643	1,947,495	805,258	976,289
Singapore Government treasury bills and securities	23	3,476,823	3,514,874	3,278,136	3,055,277
Other government treasury bills and securities	24	736,251	600,141	76,833	106,265
Dealing securities	25	174,923	46,324	110,840	35,787
Placements with and loans to banks	26	15,988,798	14,947,581	15,227,278	14,118,549
Bills receivable	27–30	328,101	80,933	69,101	73,596
Loans to customers	27–30	32,607,934	29,736,089	25,194,180	21,328,929
Investment securities	31	1,760,741	861,151	911,969	166,800
Other assets	32	1,046,805	862,035	653,332	426,204
		57,872,019	52,596,623	46,326,927	40,287,696
Associated companies	34	918,135	864,213	139,161	136,177
Subsidiaries	35	–	–	1,733,228	2,237,860
Properties, plant and equipment	36	919,446	881,123	196,364	184,513
Total assets		59,709,600	54,341,959	48,395,680	42,846,246
Off-Balance Sheet Items					
Contingent liabilities	39	–	–	–	–
Commitments	40	5,055,908	2,349,374	3,808,087	1,733,166
Financial derivatives	41	16,198,572	14,823,953	12,660,765	11,579,702
	42	20,469,556	13,324,942	18,872,421	13,109,022
		41,724,036	30,498,269	35,341,273	26,421,890

The Board of Directors of Oversea-Chinese Banking Corporation Limited authorised these financial statements for issue on 23 February 2001.

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

Statement of Changes in Shareholders' Equity – Group

for the financial year ended 31 December 2000

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

	Note	Share capital \$'000	Capital reserves \$'000	Statutory reserves \$'000	Revenue reserves \$'000	Total \$'000
Balance at 1 January 2000						
– as previously reported		1,284,518	1,782,454	1,770,370	2,538,175	7,375,517
– adjustment for share of reserves of associated companies	34(a)	–	–	5,342	47,054	52,396
– effect of adopting SAS 10	2.1	–	–	–	190,109	190,109
– as restated		1,284,518	1,782,454	1,775,712	2,775,338	7,618,022
Profit attributable to stockholders of the Bank	12	–	–	–	840,034	840,034
Foreign currency translation gains not recognised in the income statements	17	–	–	–	41,101	41,101
Goodwill arising on acquisition of subsidiaries not recognised in the income statements	17	–	–	–	(2,113)	(2,113)
Total recognised gains for the financial year		–	–	–	879,022	879,022
Transfer from unappropriated profit	12,15,16	–	1,139	60,114	(61,253)	–
Dividends	12	–	–	–	(354,233)	(354,233)
Buy-back of shares	12,14	(1,180)	1,180	–	(12,826)	(12,826)
Amount arising from disposal of an associated company	15	–	(64)	–	–	(64)
Adjustment in reserves of associated companies	15,17	–	(351)	–	1,245	894
Shares issued under Executives' Share Option Scheme	14,15	2,630	17,990	–	–	20,620
Balance at 31 December 2000		1,285,968	1,802,348	1,835,826	3,227,293	8,151,435
Balance at 1 January 1999						
– as previously reported		1,217,439	1,772,090	1,563,242	2,635,268	7,188,039
– adjustment for share of reserves of associated companies	34(a)	–	–	882	18,962	19,844
– effect of adopting SAS 10	2.1	–	–	–	99,100	99,100
– as restated		1,217,439	1,772,090	1,564,124	2,753,330	7,306,983
Profit attributable to stockholders of the Bank	12	–	–	–	721,799	721,799
Foreign currency translation losses not recognised in the income statements	17	–	–	–	(3,468)	(3,468)
Total recognised gains for the financial year		–	–	–	718,331	718,331
Transfer from unappropriated profit	12,15,16	–	28,209	211,588	(239,797)	–
Dividends	12	–	–	–	(459,503)	(459,503)
Bonus shares issued	14,15	61,125	(61,125)	–	–	–
Shares issued under Executives' Share Option Scheme	14,15	5,954	43,280	–	–	49,234
Amount arising from new associated companies	17	–	–	–	2,977	2,977
Balance at 31 December 1999		1,284,518	1,782,454	1,775,712	2,775,338	7,618,022

Analysis of the movements in each component within 'Share capital', 'Capital reserves', 'Statutory reserves' and 'Revenue reserves' is presented in Notes 14, 15, 16 and 17 respectively.

Statement of Changes in Shareholders' Equity – Bank

for the financial year ended 31 December 2000

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

	Note	Share capital \$'000	Capital reserves \$'000	Statutory reserves \$'000	Revenue reserves \$'000	Total \$'000
Balance at 1 January 2000						
– as previously reported		1,284,518	1,332,028	1,341,700	1,228,413	5,186,659
– effect of adopting SAS 10	2.1	–	–	–	190,109	190,109
– as restated		1,284,518	1,332,028	1,341,700	1,418,522	5,376,768
Profit attributable to stockholders of the Bank	12	–	–	–	602,748	602,748
Foreign currency translation gains not recognised in the income statements	17	–	–	–	1,645	1,645
Total recognised gains for the financial year		–	–	–	604,393	604,393
Transfer from unappropriated profit	12,16	–	–	31,000	(31,000)	–
Dividends	12	–	–	–	(354,233)	(354,233)
Buy-back of shares	12,14	(1,180)	1,180	–	(12,826)	(12,826)
Shares issued under Executives' Share Option Scheme	14,15	2,630	17,990	–	–	20,620
Balance at 31 December 2000		1,285,968	1,351,198	1,372,700	1,624,856	5,634,722
Balance at 1 January 1999						
– as previously reported		1,217,439	1,349,873	1,170,000	1,263,212	5,000,524
– effect of adopting SAS 10	2.1	–	–	–	99,100	99,100
– as restated		1,217,439	1,349,873	1,170,000	1,362,312	5,099,624
Profit attributable to stockholders of the Bank	12	–	–	–	686,534	686,534
Foreign currency translation gains not recognised in the income statements	17	–	–	–	879	879
Total recognised gains for the financial year		–	–	–	687,413	687,413
Transfer from unappropriated profit	12,16	–	–	171,700	(171,700)	–
Dividends	12	–	–	–	(459,503)	(459,503)
Bonus shares issued	14,15	61,125	(61,125)	–	–	–
Shares issued under Executives' Share Option Scheme	14,15	5,954	43,280	–	–	49,234
Balance at 31 December 1999		1,284,518	1,332,028	1,341,700	1,418,522	5,376,768

Analysis of the movements in each component within 'Share capital', 'Capital reserves', 'Statutory reserves' and 'Revenue reserves' is presented in Notes 14, 15, 16 and 17 respectively.

Consolidated Cash Flow Statement

for the financial year ended 31 December 2000

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

	2000	1999
Note	\$'000	\$'000
Cash flows from operating activities		
Operating profit after provisions	932,059	754,881
Adjustments for:		
Amortisation of computer software costs	5,578	2,280
Depreciation of properties, plant and equipment	49,379	46,876
Gains on sale of investment securities	(6,205)	(43,705)
Gain on disposal of an associated company	(18,276)	–
Provision for possible loan losses and diminution in value of other assets	139,206	515,677
Operating profit before changes in operating assets and liabilities	1,101,741	1,276,009
Increase/(decrease) in operating liabilities:		
Deposits of non-bank customers	1,905,609	345,431
Deposits and balances of banks	3,525,187	(2,871,490)
Bills payable and other liabilities	(652,554)	209,801
(Increase)/decrease in operating assets:		
Dealing securities	(128,599)	246,070
Placements with and loans to banks	(1,041,217)	(1,554,837)
Loans to customers and bills receivable	(3,187,162)	3,135,147
Other assets	(189,943)	(40,370)
Cash provided by operating activities	1,333,062	745,761
Income tax paid	19 (186,164)	(120,220)
Net cash provided by operating activities	1,146,898	625,541
Cash flows from investing activities		
Dividends from associated companies	59,066	17,323
Increase in fixed assets	(93,033)	(27,877)
Increase in subsidiary companies	(5,000)	–
Increase in associated companies	(14,450)	(960)
Proceeds from sale of associated companies	44,178	–
Purchase of investment securities	(938,130)	(866,828)
Proceeds from sale of investment securities	10,633	731,616
Net cash used in investing activities	(936,736)	(146,726)
Cash flows from financing activities		
Proceeds from issue of shares	20,620	49,234
Buy-back of shares	(12,826)	–
Dividends paid	(354,233)	(459,503)
Change in minority interests in subsidiaries	(2,617)	2,217
Net cash used in financing activities	(349,056)	(408,052)
Net foreign currency translation adjustments	41,101	(3,468)
Net change in cash and cash equivalents	(97,793)	67,295
Cash and cash equivalents as at 1 January	44 6,062,510	5,995,215
Cash and cash equivalents as at 31 December	44 5,964,717	6,062,510

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

Notes to the Financial Statements

for the financial year ended 31 December 2000

Oversea-Chinese Banking Corporation Limited and its Subsidiaries

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

1. GENERAL

The Bank is domiciled and incorporated in Singapore and is listed on the Singapore Exchange. The address of its registered office is 65 Chulia Street #29-02/04, OCBC Centre, Singapore 049513.

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.

The financial statements are prepared in accordance with and comply with the provisions of the Singapore Companies Act and Singapore Statements of Accounting Standard.

The financial statements are expressed in Singapore dollars.

In 2000, the Group adopted Singapore Statement of Accounting Standard ("SAS") 10 (revised) – Events after the Balance Sheet date, which is effective for financial statements covering periods beginning on or after 1 October 2000. The effect of this early adoption of SAS 10 (revised) is that dividends that are proposed or declared by the Bank subsequent to the balance sheet date are not recognised as a liability at the balance sheet date. The balances for proposed dividend and unappropriated profit as at 1 January 1999 and 1 January 2000 have been restated accordingly. Further information is shown in Note 12.

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 or excluded from the income statement from the date of acquisition or 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. Balances and transactions between companies within the Group are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

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 income statement items are converted at the rates of exchange prevailing at the transaction dates. Exchange differences arising from currency translations are included in the income statements. 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 rates 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 rates for the year. Exchange differences arising from such translations are taken directly to reserves.

2.4 FINANCIAL DERIVATIVES

Off-balance sheet financial derivatives 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 provision against certain loans and interest in suspense. Specific provision and suspension of interest 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 accumulated depreciation and provision for diminution in value of investment properties. Freehold and long-term leasehold properties are amortised on the straight-line basis at an annual rate of 2 percent and assets other than computer equipment are depreciated on the straight-line basis over their estimated useful lives at an annual rate of 10 percent. Computer equipment is depreciated on the straight-line basis over its estimated useful life at an annual rate ranging from 20 percent to 33 1/3 percent.

Profits and losses on disposal of properties, plant and equipment are dealt with through the income statements.

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 income statements as earned when instalments are received. The unearned interest is deducted in arriving at the net balance of hire purchase debt.

2.9 TAX

Current tax is provided based on tax payable on the chargeable income for the year. Deferred tax 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 tax benefit is recognised only to the extent that it is offset against deferred tax 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 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 percent and 50 percent 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 income statements 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 financial statements 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.

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 18). The securities sold under repos are treated as pledged assets and continue to be recognised as an asset, included in Singapore Government securities (Note 23), other government treasury bills and securities (Note 24), placements with and loans to banks (Note 26), and investment securities (Note 31). Reverse repos are treated as collateralised lending and the amount lent is shown as an asset, included in placements with and loans to banks. 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	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Interest income received/receivable from:				
Subsidiaries	–	–	32,684	35,924
Associated companies	393	705	393	597
Other	3,157,673	2,985,165	2,434,618	2,152,685
	3,158,066	2,985,870	2,467,695	2,189,206
Analysed by major sources:				
Loans and advances to non-bank customers	2,115,031	2,174,812	1,554,793	1,534,052
Placements with and loans to banks	844,424	645,072	787,928	551,609
Other interest earning assets	198,611	165,986	124,974	103,545
	3,158,066	2,985,870	2,467,695	2,189,206

4. INTEREST EXPENSE

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

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Interest expense paid/payable to:				
Subsidiaries	–	–	20,919	16,002
Associated companies	19,070	14,333	13,197	7,023
Other	1,878,524	1,680,934	1,583,278	1,300,698
	1,897,594	1,695,267	1,617,394	1,323,723
Analysed by major sources:				
Deposits of non-bank customers	1,567,417	1,373,559	1,300,225	1,076,760
Deposits and balances of banks	327,373	293,373	316,343	245,291
Other borrowings	2,804	28,335	826	1,672
	1,897,594	1,695,267	1,617,394	1,323,723

5. FEES AND COMMISSIONS

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Brokerage	63,476	108,518	(3,524)	1,863
Investment banking	19,523	9,559	18,540	8,610
Trade-related	27,842	25,823	22,617	21,490
Loans-related	24,302	19,285	15,195	10,831
Service charges	26,525	28,171	23,738	23,080
Guarantees	11,140	10,758	8,835	8,230
Credit card	18,199	13,137	14,333	12,592
Fund management	17,190	11,434	343	630
Unit trust distribution	26,943	8,880	25,213	8,322
Bancassurance	15,319	15,336	15,235	15,205
Other	5,076	2,554	612	540
	255,535	253,455	141,137	111,393

Fees and commissions are reported net of expenses.

6. DIVIDENDS

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Dividends from investments in equity shares of the following:				
A quoted subsidiary	–	–	2,685	1,620
Unquoted subsidiaries	–	–	183,631	537,067
Quoted associated companies	–	–	36,062	7,660
Unquoted associated companies	–	–	28,306	1,643
Other quoted investments	25,354	19,091	11,809	10,207
Other unquoted investments	943	2,180	627	336
	26,297	21,271	263,120	558,533

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	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Net gains/(losses) arising from:				
Dealing in securities				
Net proceeds less cost	5,430	(28,065)	5,268	(36,600)
Net (provisions made)/writeback of provisions no longer required resulting from disposal of dealing securities and price movements (Note 33)	(2,005)	69,464	(1,696)	67,063
	3,425	41,399	3,572	30,463
Dealing in foreign exchange	14,981	32,220	8,338	25,956
Disposal of investment securities	6,205	43,705	917	(1,255)
Disposal of an associated company	18,276	–	–	–
Sale of development properties	1,469	3,934	–	298
Disposal of fixed assets	8,425	(550)	7,853	(469)
Computer-related services income	21,287	–	–	–
Property-related income	15,383	13,929	2,857	2,112
Hotel-related income	6,056	4,939	–	–
Other	11,062	14,676	7,928	10,790
	106,569	154,252	31,465	67,895

9. TOTAL OPERATING EXPENSES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
(a) Staff costs				
Salaries and other costs	311,974	242,490	205,056	159,825
Provident fund contributions	28,919	21,339	17,786	12,966
	340,893	263,829	222,842	172,791
Directors' emoluments				
Remuneration of Bank's directors	3,416	3,688	3,416	3,688
Remuneration of directors of subsidiaries	5,201	6,575	–	–
Fees of Bank's directors	443	306	400	300
Fees of directors of subsidiaries	142	111	–	–
	9,202	10,680	3,816	3,988
Total staff costs	350,095	274,509	226,658	176,779
Average monthly number of persons employed during the year:				
Full time	6,061	5,861	3,236	3,089
Part time	79	68	74	64
	6,140	5,929	3,310	3,153

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

	2000	Bank	1999
\$500,000 and above	2		3
\$250,000 to \$499,999	1		–
Below \$250,000	12		9
Total	15		12

(b) Other operating expenses

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Properties, plant and equipment				
Depreciation of properties, plant and equipment				
– Bank premises and other properties	13,667	14,154	2,744	1,918
– Computer and office equipment, furniture and fittings and other fixed assets	35,712	32,722	14,935	17,367
	49,379	46,876	17,679	19,285
Amortisation of computer software costs	5,578	2,280	3,511	2,266
Maintenance and hire of properties, plant and equipment	17,437	17,693	10,715	9,506
Rental expenses	22,296	18,354	27,304	27,419
Other	48,626	52,348	24,703	32,048
	143,316	137,551	83,912	90,524
Remuneration of auditors of the Bank for audit work	1,855	1,558	1,082	951
Remuneration of auditors of the Bank for non-audit work	1,450	503	961	425
Remuneration of other auditors	177	194	13	63
	3,482	2,255	2,056	1,439
Other	158,734	102,330	101,450	66,406
Total other operating expenses	305,532	242,136	187,418	158,369
Total operating expenses	655,627	516,645	414,076	335,148

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

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Specific provision for loan losses (Note 29)	243,178	573,555	157,002	410,451
Specific provision for diminution in value of investment securities and other assets (Note 33)	37,188	29,963	36,540	20,515
Writeback of general provisions including provisions for possible loan losses and other banking risks (Note 30)	(141,160)	(87,841)	(128,710)	(97,905)
Total charged to income statements	139,206	515,677	64,832	333,061

11. TAX

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Current tax (Note 19)	244,152	182,097	216,577	256,010
Deferred tax (Note 19)	1,891	10,847	–	–
Overprovision in prior years (Note 19)	(7,109)	(5,758)	(4,430)	(1,496)
	238,934	187,186	212,147	254,514
Share of associated companies' tax	66,236	21,685	–	–
Total charged to income statements	305,170	208,871	212,147	254,514

The tax on the operating profit for the year differs from the theoretical amount that would arise using the Singapore basic tax rate as follows:

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Operating profit after provisions	932,059	754,881	814,895	941,048
Prima facie tax calculated at a tax rate of 25.5% (1999: 26%)	237,675	196,269	207,798	244,672
Effect of different tax rates in other countries	36,026	17,161	32,802	15,380
Income not assessable for tax	(11,596)	(25,657)	(5,582)	(7,793)
Income taxed at concessionary rate in Singapore	(27,555)	(21,517)	(27,555)	(21,383)
Expenses not deductible for tax purposes				
– Non-deductible provision/(non-taxable writebacks)	4,069	9,429	4,528	19,146
– Depreciation (net of capital allowances)	(527)	(248)	(908)	(406)
– Other	6,060	6,660	5,494	6,394
Current tax charged to income statements	244,152	182,097	216,577	256,010

The deferred tax charge/(credit) in the income statements comprises the following temporary differences:

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Accelerated tax depreciation	2,478	3,574	–	–
Provision for loan losses	(4,413)	(206)	–	–
Other temporary differences	3,826	7,479	–	–
	1,891	10,847	–	–

12. UNAPPROPRIATED PROFIT

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Profit attributable to stockholders of the Bank	840,034	721,799	602,748	686,534
Add:				
Unappropriated profit brought forward				
– as previously reported	948,514	1,152,482	340,170	475,848
– adjustment for share of reserves of associated companies	(20,767)	(12,881)	–	–
– effect of adopting SAS 10	190,109	99,100	190,109	99,100
– as restated	1,117,856	1,238,701	530,279	574,948
Total amount available for appropriation	1,957,890	1,960,500	1,133,027	1,261,482
Dealt with as follows:				
In respect of the financial year ended 31 December 1999:				
– Special dividend of 50 cents for every \$1.00 stock (tax exempt) paid in connection with the merger of the local and foreign share tranches	–	233,517	–	233,517
– Final dividend paid of 11 cents (1998: 11 cents) for every \$1.00 stock less Singapore income tax at 25.5% (1998: 26%) *	105,293	99,365	105,293	99,365
– Special final dividend of 9 cents (1998: Nil) for every \$1.00 stock less Singapore income tax at 25.5%*	86,148	–	86,148	–
In respect of the financial year ended 31 December 2000:				
– Interim dividend of 5 cents (1999: 5 cents) for every \$1.00 stock less Singapore income tax at 25.5% (1999: 26%)	47,880	45,222	47,880	45,222
– Special interim dividend of 12 cents (1999: 9 cents) for every \$1.00 stock less Singapore income tax at 25.5% (1999: 26%)	114,912	81,399	114,912	81,399
Buy-back of shares (Note 14)	12,826	–	12,826	–
Transfer to –				
Capital reserves (Note 15)	1,139	28,209	–	–
Statutory reserves (Note 16)	60,114	211,588	31,000	171,700
General reserves (Note 17)	84,605	143,344	–	100,000
	512,917	842,644	398,059	731,203
At 31 December	1,444,973	1,117,856	734,968	530,279
Retained by:				
Bank	734,968	530,279		
Subsidiaries	486,711	435,545		
Associated companies	223,294	152,032		
At 31 December	1,444,973	1,117,856		

* At the Annual General Meeting on 17 May 2001, a final dividend of 13 cents and a special final dividend of 10 cents per \$1.00 ordinary stock unit less Singapore income tax at 25.5% in respect of 2000, amounting to a total dividend of \$220.4 million will be proposed. These financial statements do not reflect these dividends payable, which will be accounted for in shareholders' equity as a distribution of unappropriated profit in the year ending 31 December 2001.

13. EARNINGS PER SHARE

	Group	
	2000	1999
Profit attributable to stockholders of the Bank (\$'000)	840,034	721,799
Weighted average number of ordinary shares in issue ('000)	1,285,271	1,281,451
Basic earnings per share (cents)	65	56
Profit attributable to stockholders of the Bank (\$'000)	840,034	721,799
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,285,271	1,281,451
Adjustment for assumed conversion of share options ('000)	5,908	5,734
Weighted average number of ordinary shares in issue for diluted earnings per share ('000)	1,291,179	1,287,185
Diluted earnings per share (cents)	65	56

Basic earnings per share is calculated by dividing the profit after tax attributable to stockholders 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 arising from the exercise of all outstanding share options granted to employees where such shares would be issued at a price lower than the fair value (average share price during the financial year). The difference between the number of shares to be issued at the exercise prices under the options and the number of shares that would have been issued at the fair value based on the assumed proceeds from the issue of these shares is treated as ordinary shares issued for no consideration. The number of such shares issued for no consideration is added to the number of ordinary shares outstanding in the computation of diluted earnings per share.

No adjustment is made to profit after tax attributable to stockholders of the Bank.

14. SHARE CAPITAL OF OVERSEA-CHINESE BANKING CORPORATION LIMITED**(a) Authorised ordinary share capital**

The total authorised number of ordinary shares is 2,000,000,000 shares (1999: 2,000,000,000 shares) with a par value of \$1 per share (1999: \$1 per share).

(b) Issued ordinary share capital

	Group and Bank	
	Number of shares '000	\$'000
2000		
At 1 January	1,284,518	1,284,518
Shares issued under Executives' Share Option Scheme	2,630	2,630
Buy-back of shares	(1,180)	(1,180)
At 31 December	1,285,968	1,285,968
1999		
At 1 January	1,217,439	1,217,439
Shares issued under Executives' Share Option Scheme	5,954	5,954
Bonus shares issued	61,125	61,125
At 31 December	1,284,518	1,284,518

All issued shares are fully paid and newly issued shares rank pari passu in all respects with the previously issued shares.

At 31 December 2000, 85,701,400 (1999: 84,612,812) issued ordinary shares of \$1.00 each were held by the Group's associated companies.

During the financial year, the Bank repurchased, in aggregate, 1,180,000 ordinary shares at an average price of \$10.86 per share by way of market acquisition, totalling \$12.8 million. This was pursuant to a stock purchase mandate approved by shareholders on 20 September 1999.

14. SHARE CAPITAL OF OVERSEA-CHINESE BANKING CORPORATION LIMITED (continued)**(c) Outstanding options**

The Bank offers share options under the OCBC Executives' Share Option Scheme 1994 to officers of the Bank and OCBC Bank (Malaysia) Berhad, a wholly-owned subsidiary of the Bank, of the rank of Assistant Manager and above. Movements in the number of unissued shares under options outstanding are as follows:

	Group and Bank	
	2000	1999
At beginning of year	17,297,008	23,049,058
Granted	6,260,850	5,305,860
Adjustment as a result of a special bonus issue	–	869,927
Exercised	(2,629,788)	(5,953,652)
Lapsed	(983,395)	(5,974,185)
At end of year	19,944,675	17,297,008

At 31 December 2000, there were the following outstanding options to subscribe for ordinary shares of \$1.00 each exercisable at any time up to the dates indicated below:

	Number of unissued ordinary shares	Offering price per \$1.00 share	Date of expiration of the options
1995 Replacement Options	684,554	\$7.810	1 February 2005
1996 Options	89,709	\$8.150	29 January 2001
1996 Replacement Options	1,637,315	\$8.150	29 January 2006
1997 Options	108,872	\$7.603	29 January 2002
1997 Replacement Options	2,648,037	\$7.603	29 January 2007
1998 Options	154,665	\$6.419	21 January 2003
1998 Replacement Options	3,357,585	\$6.419	21 January 2008
1998A Replacement Options	420,000	\$3.349	25 June 2008
1999 Options	58,275	\$7.533	9 December 2003
1999 Replacement Options	4,904,413	\$7.533	9 December 2008
2000 Options	5,881,250	\$10.900	5 December 2009
	19,944,675		

Note: 1995 Options expired on 1 February 2000.

15. CAPITAL RESERVES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Share premium	1,309,188	1,291,198	1,309,188	1,291,198
Capital redemption reserve	1,180	–	1,180	–
Other capital reserves	491,980	491,256	40,830	40,830
	1,802,348	1,782,454	1,351,198	1,332,028

Movements in share premium during the year are as follows:

	Group and Bank	
	2000	1999
	\$'000	\$'000
At 1 January	1,291,198	1,309,043
Arising from issue of shares	17,990	43,280
Transfer to share capital upon issue of bonus shares	–	(61,125)
At 31 December	1,309,188	1,291,198

15. CAPITAL RESERVES (continued)

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

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At 1 January	491,256	463,047	40,830	40,830
Amount arising from disposal of an associated company	(64)	–	–	–
Adjustment in reserves of an associated company	(351)	–	–	–
Transfer from unappropriated profit (Note 12)	1,139	28,209	–	–
At 31 December	491,980	491,256	40,830	40,830
Retained by:				
Bank	40,830	40,830		
Subsidiaries	432,420	435,707		
Associated companies	18,730	14,719		
At 31 December	491,980	491,256		

16. STATUTORY RESERVES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At 1 January				
– as previously reported	1,770,370	1,563,242	1,341,700	1,170,000
– adjustment for share of reserves of associated companies (Note 34(a))	5,342	882	–	–
– as restated	1,775,712	1,564,124	1,341,700	1,170,000
Transfer from unappropriated profit (Note 12)	60,114	211,588	31,000	171,700
At 31 December	1,835,826	1,775,712	1,372,700	1,341,700
Retained by:				
Bank	1,372,700	1,341,700		
Subsidiaries	441,100	411,986		
Associated companies	22,026	22,026		
At 31 December	1,835,826	1,775,712		

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.

17. REVENUE RESERVES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Unappropriated profit (Note 12)	1,444,973	1,117,856	734,968	530,279
General reserves	2,030,843	1,947,106	976,000	976,000
Foreign currency translation reserves	(248,523)	(289,624)	(86,112)	(87,757)
	3,227,293	2,775,338	1,624,856	1,418,522
Retained by:				
Bank	1,624,856	1,418,522		
Subsidiaries	914,970	748,646		
Associated companies	687,467	608,170		
At 31 December	3,227,293	2,775,338		

17. REVENUE RESERVES (continued)

Movements in general reserves during the year are as follows:

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At 1 January				
– as previously reported	1,879,294	1,768,697	976,000	876,000
– adjustment for share of reserves of associated companies (Note 34(a))	67,812	32,088	–	–
– as restated	1,947,106	1,800,785	976,000	876,000
Transfer from unappropriated profit (Note 12)	84,605	143,344	–	100,000
Goodwill arising on acquisition of subsidiaries	(2,113)	–	–	–
Adjustment in reserves of associated companies	1,245	–	–	–
Amount arising from new associated companies	–	2,977	–	–
At 31 December	2,030,843	1,947,106	976,000	976,000

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

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At 1 January				
– as previously reported	(289,633)	(285,911)	(87,757)	(88,636)
– adjustment for share of reserves of associated companies (Note 34(a))	9	(245)	–	–
– as restated	(289,624)	(286,156)	(87,757)	(88,636)
Net adjustment during the year	41,101	(3,468)	1,645	879
At 31 December	(248,523)	(289,624)	(86,112)	(87,757)

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.

18. DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS**(a) Deposits of non-bank customers**

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Business customers				
– Current accounts	1,893,840	716,598	1,451,209	367,510
– Term deposits	8,414,566	8,554,792	6,156,107	5,413,344
Retail customers				
– Current accounts	1,590,466	1,545,923	1,482,642	1,367,817
– Savings deposits	6,883,747	8,182,380	6,396,156	7,154,458
– Term deposits	14,370,571	13,134,610	10,921,649	10,258,907
Deposits of non-bank financial institutions	1,718,354	2,074,790	1,279,732	2,059,311
Deposits of government and statutory bodies	1,607,271	1,845,322	1,425,867	1,297,399
Other deposits	1,463,560	708,008	427,434	403,140
	37,942,375	36,762,423	29,540,796	28,321,886

18. DEPOSITS AND BALANCES OF NON-BANK CUSTOMERS AND BANKS (continued)**(b) Deposits and balances of banks**

Included in deposits and balances of banks are the following:

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Balances arising from sale of securities under repurchase agreements	473,143	496,229	–	50,375

The related securities sold under repurchase agreements are shown in Notes 23, 24, 26 and 31.

(c) Analysed by remaining maturity

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Less than 7 days	18,918,993	10,797,477	17,259,137	9,768,353
1 week to 1 month	14,278,907	17,170,226	11,284,727	13,528,625
1 to 3 months	7,224,863	9,475,647	5,659,780	7,226,163
3 to 12 months	6,537,813	5,174,563	4,634,820	3,953,436
1 to 3 years	983,886	514,985	407,010	99,397
Over 3 years	90,459	196,884	39,172	191,190
	48,034,921	43,329,782	39,284,646	34,767,164

(d) Analysed by currency

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Singapore dollar	26,149,003	24,205,238	24,731,488	21,567,013
US dollar	9,913,636	8,431,769	9,699,264	8,290,681
Malaysian ringgit	7,067,151	5,776,776	–	–
Japanese yen	596,821	436,134	580,683	436,115
Hong Kong dollar	824,894	760,153	823,994	760,153
British pound	1,300,842	952,918	1,299,319	952,235
Australian dollar	1,323,763	1,899,569	1,317,949	1,898,098
Thai baht	43,708	52,907	43,708	52,907
Euro	286,333	345,541	285,902	345,098
Other	528,770	468,777	502,339	464,864
	48,034,921	43,329,782	39,284,646	34,767,164

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

19. CURRENT TAX AND DEFERRED TAX**(a) Movements in the provision for current tax are as follows:**

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At 1 January	245,938	189,262	143,736	77,329
Foreign currency translation adjustments	300	557	(841)	470
Balances arising from new subsidiaries	261	–	–	–
Income tax paid	(186,164)	(120,220)	(162,290)	(188,577)
Charged to income statements (Note 11)	244,152	182,097	216,577	256,010
Overprovision in prior years (Note 11)	(7,109)	(5,758)	(4,430)	(1,496)
At 31 December	297,378	245,938	192,752	143,736

19. CURRENT TAX AND DEFERRED TAX (continued)**(b) Movements in the provision for deferred tax are as follows:**

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
At 1 January	12,253	1,589	–	–
Foreign currency translation adjustments	(59)	(183)	–	–
Balances arising from new subsidiaries	890	–	–	–
Charged to income statements (Note 11)	1,891	10,847	–	–
At 31 December	14,975	12,253	–	–

Deferred income tax assets and liabilities at the balance sheet date are attributable to the following items:

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Deferred income tax liabilities				
Accelerated tax depreciation	19,841	16,472	–	–
Provision for loan losses	(4,466)	(53)	–	–
Other temporary differences	(400)	(4,166)	–	–
	14,975	12,253	–	–

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

Deferred income tax liabilities have not been established for the withholding tax and other taxes that would be payable on the remittance of earnings retained at certain overseas entities, as such amounts are permanently reinvested. Such unremitted earnings totalled \$851.8 million at 31 December 2000 (1999: \$714.1 million).

20. OTHER LIABILITIES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Fair values of financial derivatives (Note 42)	248,950	78,540	245,623	78,235
Interest payable	381,176	347,363	314,128	284,318
Sundry creditors	388,175	1,021,598	130,401	159,065
Other	117,471	83,885	77,570	45,189
	1,135,772	1,531,386	767,722	566,807

21. DEBT SECURITIES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
2.25% per annum \$70 million fixed-rate unsecured bonds due 18 October 2001	70,000	70,000	–	–

The \$70 million unsecured bonds were issued together with 15,636,922 detachable warrants to subscribe for 15,636,922 new ordinary shares of \$1.00 each in OCBC 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.

21. DEBT SECURITIES (continued)

In 1999, OCBC Finance Limited issued 13,713,619 ordinary shares of \$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 their 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 \$9,382,000 (1999: \$9,382,000), an unamortised discount of \$1,931,375 (1999: \$3,848,791) would have been deducted against the face value of \$70,000,000 for the bonds as at 31 December 2000 and an amortisation of discount would have reduced the profit before tax for the year ended 31 December 2000 by approximately \$1,917,416 (1999: \$1,819,417).

22. CASH AND PLACEMENTS WITH CENTRAL BANKS

	Group		Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cash in hand	196,310	364,129	144,687	305,131
Balances with central banks	989,463	943,259	660,571	671,158
Money market placements with central banks	565,870	640,107	—	—
	1,751,643	1,947,495	805,258	976,289

Balances with central banks include mandatory reserve deposits of \$865.8 million and \$609.4 million for the Group and Bank respectively (1999: Group: \$880.4 million; Bank: \$611.4 million). These funds are not available to finance the day-to-day operations of the Group and Bank.

23. SINGAPORE GOVERNMENT TREASURY BILLS AND SECURITIES

	Group		Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cost, adjusted for premium and discount	3,477,823	3,517,349	3,278,136	3,055,277
Less: Provision for diminution in value (Note 33)	(1,000)	(2,475)	—	—
Net book value	3,476,823	3,514,874	3,278,136	3,055,277
Market value	3,509,035	3,537,541	3,306,397	3,071,553

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

Securities sold under repurchase agreements	—	50,243	—	50,243
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The related borrowings arising from sale of securities under repurchase agreements are shown in Note 18.

24. OTHER GOVERNMENT TREASURY BILLS AND SECURITIES

	Group		Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Cost, adjusted for premium and discount	736,464	600,724	77,046	106,848
Less: Provision for diminution in value (Note 33)	(213)	(583)	(213)	(583)
Net book value	736,251	600,141	76,833	106,265
Market value	762,408	618,145	80,180	107,594

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

Securities sold under repurchase agreements	141,682	194,219	—	—
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The related borrowings arising from sale of securities under repurchase agreements are shown in Note 18.

25. DEALING SECURITIES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Quoted dealing securities				
Equity	54,086	14,942	52,944	4,363
Debt	131,647	40,466	68,355	40,466
	185,733	55,408	121,299	44,829
Less: Provision for diminution in value (Note 33)	(10,810)	(9,084)	(10,459)	(9,042)
Net book value	174,923	46,324	110,840	35,787
Market value	175,153	46,485	110,961	35,934

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

26. PLACEMENTS WITH AND LOANS TO BANKS

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Placements with banks	9,599,913	6,971,002	8,996,393	6,283,079
Loans to banks	5,282,311	6,324,696	5,282,310	6,324,696
Negotiable certificates of deposit	800,156	723,785	680,206	636,046
Market bills purchased	69,913	724,373	31,864	671,003
Reverse repos	236,505	203,725	236,505	203,725
	15,988,798	14,947,581	15,227,278	14,118,549

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

Securities sold under repurchase agreements	112,328	79,457	—	—
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The related borrowings arising from sale of securities under repurchase agreements are shown in Note 18.

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Analysed by remaining maturity:				
Less than 7 days	2,709,108	1,386,918	2,462,910	1,266,876
1 week to 1 month	6,422,754	7,281,095	6,187,027	6,684,430
1 to 3 months	4,477,772	3,915,472	4,347,778	3,803,261
3 to 12 months	2,327,488	2,348,824	2,177,887	2,348,710
1 to 3 years	51,676	15,272	51,676	15,272
Over 3 years	—	—	—	—
	15,988,798	14,947,581	15,227,278	14,118,549
Analysed by currency:				
Singapore dollar	6,873,235	4,034,866	6,825,151	3,631,000
US dollar	6,621,071	8,384,888	6,185,920	8,296,681
Malaysian ringgit	252,675	230,963	8	58
Japanese yen	191,720	290,094	180,175	253,373
Hong Kong dollar	131,200	63,199	123,952	52,435
British pound	817,636	746,769	817,611	746,575
Australian dollar	416,811	400,183	416,589	399,034
Thai baht	2,562	12,637	2,803	12,469
Euro	220,622	336,862	219,293	335,753
Other	461,266	447,120	455,776	391,171
	15,988,798	14,947,581	15,227,278	14,118,549

27. LOANS TO AND BILLS RECEIVABLE FROM CUSTOMERS

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Bills receivable	328,101	80,933	69,101	73,596
Loans to customers	32,607,934	29,736,089	25,194,180	21,328,929
	32,936,035	29,817,022	25,263,281	21,402,525
Analysed by product:				
Overdrafts	7,611,075	8,649,588	5,538,899	5,885,724
Short term loans	3,647,809	2,979,667	3,644,546	2,974,183
Revolving credit	3,297,089	3,236,533	2,249,084	2,176,755
Long term loans	8,944,694	6,106,019	7,191,789	4,759,317
Housing loans	5,833,196	4,481,706	4,510,805	3,319,395
Commercial property loans	1,766,317	2,792,520	1,432,061	1,805,277
Car loans	664,432	419,366	18,183	–
Syndicated loans	1,589,323	1,473,293	1,414,445	1,221,282
Trade finance	741,334	772,572	436,575	475,024
Credit card receivables	214,162	161,183	151,027	112,590
Other	928,467	1,210,473	417,417	417,033
	35,237,898	32,282,920	27,004,831	23,146,580
Less: Specific provision (Note 29)	(1,484,224)	(1,498,256)	(1,130,497)	(1,041,564)
General provision (Note 30)	(817,639)	(967,642)	(611,053)	(702,491)
	32,936,035	29,817,022	25,263,281	21,402,525

Included in long term loans is an amount of \$1.8 billion (1999: Nil) pledged as collateral for credit default swaps where the Bank acts as the protection seller. The obligations arising from such credit default swaps are included in Note 40.

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Analysed by remaining maturity:				
Less than 7 days	10,068,061	9,313,159	7,201,084	7,685,161
1 week to 1 month	3,430,312	5,405,141	2,949,450	2,735,060
1 to 3 months	2,434,885	2,300,267	1,936,235	1,733,732
3 to 12 months	2,705,106	2,629,864	2,225,983	1,832,161
1 to 3 years	3,932,227	3,858,236	2,866,292	3,111,233
Over 3 years	12,667,307	8,776,253	9,825,787	6,049,233
	35,237,898	32,282,920	27,004,831	23,146,580
Analysed by currency:				
Singapore dollar	20,037,218	19,192,843	18,194,486	15,929,220
US dollar	6,322,457	4,363,125	5,787,423	4,004,315
Malaysian ringgit	5,845,696	5,221,543	162	165
Japanese yen	415,300	762,909	411,078	479,164
Hong Kong dollar	775,597	706,401	774,820	706,237
British pound	581,645	624,298	581,619	623,708
Australian dollar	1,004,062	1,186,238	1,003,305	1,181,088
Thai baht	75,094	64,027	75,094	64,027
Euro	70,730	71,355	70,560	71,245
Other	110,099	90,181	106,284	87,411
	35,237,898	32,282,920	27,004,831	23,146,580

27. LOANS TO AND BILLS RECEIVABLE FROM CUSTOMERS (continued)

	Group				Bank			
	2000		1999		2000		1999	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Analysed by industry:								
Agriculture, mining and quarrying	393,743	1.1	303,221	0.9	55,732	0.2	82,764	0.4
Manufacturing	2,842,184	8.1	2,671,721	8.3	1,450,972	5.4	1,419,387	6.1
Building and construction	6,537,473	18.6	5,433,566	16.8	5,515,595	20.4	4,071,749	17.6
Housing	5,930,481	16.8	4,531,660	14.0	4,593,384	17.0	3,361,301	14.5
General commerce	3,365,680	9.5	3,604,499	11.2	2,956,461	10.9	2,728,069	11.8
Transport, storage and communication	961,644	2.7	841,346	2.6	821,526	3.0	645,648	2.8
Financial institutions	2,447,039	6.9	718,314	2.2	2,210,802	8.2	372,150	1.6
Investment and holding companies	5,305,868	15.1	5,376,742	16.7	4,596,149	17.0	4,399,036	19.0
Professionals and individuals	4,508,708	12.8	4,773,309	14.8	3,376,315	12.5	3,562,222	15.4
Other	2,945,078	8.4	4,028,542	12.5	1,427,895	5.4	2,504,254	10.8
	35,237,898	100.0	32,282,920	100.0	27,004,831	100.0	23,146,580	100.0

Analysed by geographic sector risk concentration:

Singapore	23,514,271	66.7	21,742,272	67.3	21,731,867	80.5	18,102,060	78.2
Malaysia	6,747,555	19.1	5,715,155	17.7	330,048	1.2	237,456	1.0
Other ASEAN	598,334	1.7	711,335	2.2	565,176	2.1	692,906	3.0
Greater China	1,724,396	4.9	1,678,225	5.2	1,724,396	6.4	1,678,225	7.3
Other Asia Pacific	949,133	2.7	1,335,411	4.1	949,133	3.5	1,335,411	5.8
North America	518,220	1.5	433,665	1.3	518,220	1.9	433,665	1.9
Rest of the World	1,185,989	3.4	666,857	2.2	1,185,991	4.4	666,857	2.8
	35,237,898	100.0	32,282,920	100.0	27,004,831	100.0	23,146,580	100.0

	Group				Bank			
	2000		1999		2000		1999	
	Fixed rate \$'000	Variable rate \$'000	Fixed rate \$'000	Variable rate \$'000	Fixed rate \$'000	Variable rate \$'000	Fixed rate \$'000	Variable rate \$'000
Analysed by interest rate sensitivity:								
Singapore	5,490,861	19,024,528	5,067,123	17,653,581	4,061,450	18,590,843	3,739,478	15,334,094
Malaysia	100,699	6,487,127	857,647	4,764,210	161	238,396	155	145,229
Other ASEAN	10,964	188,298	1,340	240,285	10,877	167,683	1,338	227,552
Greater China	3,867	1,407,498	174,032	1,195,105	3,867	1,407,498	174,032	1,195,105
Other Asia Pacific	246,516	640,513	390,053	892,318	246,516	640,513	390,053	892,318
North America	—	1,038,270	—	416,995	—	1,038,270	—	416,995
Rest of the World	8,770	589,987	28,365	601,866	8,770	589,987	28,365	601,866
	5,861,677	29,376,221	6,518,560	25,764,360	4,331,641	22,673,190	4,333,421	18,813,159

Loans to and bills receivable from customers by geographic sector risk concentration are determined based on where the credit risk resides regardless of where the transactions are booked. The analysis by interest rate sensitivity is based on where the loans and bills receivable are booked.

28. NON-PERFORMING LOANS AND DEBT SECURITIES

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

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Total classified loans to customers				
Substandard	2,721,306	2,875,411	2,010,899	1,944,408
Doubtful	998,040	1,228,415	890,542	1,002,045
Loss	339,914	199,302	100,943	21,995
	4,059,260	4,303,128	3,002,384	2,968,448
Total classified debt securities				
Doubtful	32,687	31,929	32,687	31,929
	4,091,947	4,335,057	3,035,071	3,000,377

The following table shows the industry breakdown of the non-performing loans and debt securities:

	Group				Bank			
	2000		1999		2000		1999	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%
Agriculture, mining and quarrying	58,523	1.4	43,627	1.0	41,443	1.4	29,267	1.0
Manufacturing	570,145	13.9	535,171	12.3	319,947	10.5	386,226	12.9
Building and construction	703,078	17.2	739,581	17.1	475,421	15.7	478,737	16.0
Housing	346,047	8.5	445,765	10.3	273,519	9.0	282,019	9.4
General commerce	460,304	11.2	578,485	13.3	370,411	12.2	448,903	15.0
Transport, storage and communication	97,739	2.4	149,356	3.4	72,259	2.4	77,120	2.6
Financial institutions	10,084	0.2	52,008	1.2	3,138	0.1	13,027	0.4
Investment and holding companies	775,505	19.0	719,720	16.6	634,839	20.9	530,378	17.6
Professionals and individuals	662,554	16.2	752,637	17.4	579,533	19.1	550,308	18.3
Other	407,968	10.0	318,707	7.4	264,561	8.7	204,392	6.8
	4,091,947	100.0	4,335,057	100.0	3,035,071	100.0	3,000,377	100.0

29. 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:

	2000			1999		
	Specific provision	Interest-in-suspense	Total	Specific provision	Interest-in-suspense	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
At 1 January	1,212,093	286,163	1,498,256	990,914	212,931	1,203,845
Foreign currency translation adjustments	10,294	4,185	14,479	(3,041)	383	(2,658)
Bad debts written off	(294,734)	(54,673)	(349,407)	(350,912)	(72,158)	(423,070)
Recovery of amounts previously provided	(10,558)	—	(10,558)	(138,826)	—	(138,826)
Provision made during the year	253,736	—	253,736	712,381	—	712,381
Net charge for the year (Note 10)	243,178	—	243,178	573,555	—	573,555
Net interest suspended/transfers	—	139,950	139,950	35	147,083	147,118
Transfer from general provisions (Note 30)	2,967	—	2,967	6,474	—	6,474
Transfer to provisions for diminution in value of investment securities and other assets (Note 33)	(55,940)	(9,259)	(65,199)	(4,932)	(2,076)	(7,008)
At 31 December (Note 27)	1,117,858	366,366	1,484,224	1,212,093	286,163	1,498,256

29. SPECIFIC PROVISION FOR LOAN LOSSES AND INTEREST-IN-SUSPENSE (continued)

	2000			1999		
	Specific provision \$'000	Interest-in-suspense \$'000	Total \$'000	Specific provision \$'000	Interest-in-suspense \$'000	Total \$'000
Bank						
At 1 January	890,102	151,462	1,041,564	697,193	107,340	804,533
Foreign currency translation adjustments	8,518	632	9,150	(2,252)	86	(2,166)
Bad debts written off	(241,054)	(26,110)	(267,164)	(216,100)	(21,813)	(237,913)
Recovery of amounts previously provided	(7,049)	–	(7,049)	(91,225)	–	(91,225)
Provision made during the year	164,051	–	164,051	501,676	–	501,676
Net charge for the year (Note 10)	157,002	–	157,002	410,451	–	410,451
Net interest suspended/transfers	–	84,190	84,190	35	67,713	67,748
Transfer from general provisions (Note 30)	2,967	–	2,967	5,707	–	5,707
Transfer to provisions for diminution in value of investment securities and other assets (Note 33)	(31)	–	(31)	(4,932)	(1,864)	(6,796)
Transfer from Bank of Singapore (Note 35)	71,567	31,252	102,819	–	–	–
At 31 December (Note 27)	889,071	241,426	1,130,497	890,102	151,462	1,041,564

Analysis of amounts written off and recovered:

	Amounts written off for the year		Recovery of amounts previously provided	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
Country of exposure:				
Group				
Singapore	150,102	162,362	6,246	65,580
Malaysia	44,192	142,612	3	31,831
Other ASEAN	84,061	110,305	2,631	39,741
Greater China	27,649	7,207	1,564	893
Other Asia Pacific	43,403	584	114	781
	349,407	423,070	10,558	138,826
Bank				
Singapore	112,051	120,415	2,740	49,810
Malaysia	–	1,574	–	–
Other ASEAN	84,061	108,133	2,631	39,741
Greater China	27,649	7,207	1,564	893
Other Asia Pacific	43,403	584	114	781
	267,164	237,913	7,049	91,225

30. GENERAL PROVISIONS

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

	Group		Bank	
	2000 \$'000	1999 \$'000	2000 \$'000	1999 \$'000
At 1 January	967,642	1,061,524	702,491	805,902
Foreign currency translation adjustments	4,829	597	(90)	201
Writeback of provisions during the year (Note 10)	(141,160)	(87,841)	(128,710)	(97,905)
Transfer to specific provision (Note 29)	(2,967)	(6,474)	(2,967)	(5,707)
Transfer to provisions for diminution in value of investment securities and other assets (Note 33)	(10,705)	–	–	–
Transfer to other provisions	–	(164)	–	–
Transfer from Bank of Singapore (Note 35)	–	–	40,329	–
At 31 December (Note 27)	817,639	967,642	611,053	702,491

31. INVESTMENT SECURITIES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Quoted debt securities:				
Cost, adjusted for premium and discount	724,250	373,900	317,049	25,005
Less: Provision for diminution in value	(9,826)	(9,524)	(8,667)	(8,428)
Net book value	714,424	364,376	308,382	16,577
Quoted equity securities:				
Cost	353,002	279,189	91,095	87,689
Less: Provision for diminution in value	(31,276)	(6,128)	(10,446)	–
Net book value	321,726	273,061	80,649	87,689
Unquoted debt securities:				
Cost, adjusted for premium and discount	742,433	199,473	509,197	59,469
Less: Provision for diminution in value	(88,057)	(16,491)	(15,669)	(10,325)
Net book value	654,376	182,982	493,528	49,144
Unquoted equity securities:				
Cost	88,053	54,908	39,280	23,048
Less: Provision for diminution in value	(17,838)	(14,176)	(9,870)	(9,658)
Net book value	70,215	40,732	29,410	13,390
Total investment securities:				
Cost or cost, adjusted for premium and discount	1,907,738	907,470	956,621	195,211
Less: Provision for diminution in value (Note 33)	(146,997)	(46,319)	(44,652)	(28,411)
Net book value	1,760,741	861,151	911,969	166,800

Included in the above quoted debt securities are the following:

Securities sold under repurchase agreements	219,133	172,310	–	–
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The related borrowings arising from sale of securities under repurchase agreements are shown in Note 18.

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Market value of quoted securities				
Debt securities	706,808	369,525	310,864	14,545
Equity securities	848,757	893,368	328,812	349,514
	1,555,565	1,262,893	639,676	364,059

32. OTHER ASSETS

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Fair values of financial derivatives (Note 42)	228,136	65,242	227,214	64,694
Interest receivable	445,603	358,834	374,867	341,290
Sundry debtors (net)	42,795	413,681	14,174	19,104
Other	330,271	24,278	37,077	1,116
	1,046,805	862,035	653,332	426,204

33. 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	Other government securities	Dealing securities	Investment securities	Properties	Other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
2000							
At 1 January	2,475	583	9,084	46,319	4,321	25,931	88,713
Foreign currency translation adjustments	–	5	50	941	(125)	240	1,111
Amounts written off	–	–	–	–	–	(3,513)	(3,513)
Provisions made/(writeback of provisions) (Note 10)	(1,475)	(375)	–	34,112	(247)	5,173	37,188
Provisions made for dealing securities (Note 8)	–	–	2,005	–	–	–	2,005
Transfer from specific provision for loan losses (Note 29)	–	–	(329)	65,497	–	31	65,199
Transfer from general provisions (Note 30)	–	–	–	–	–	10,705	10,705
Transfer from other provisions	–	–	–	33	–	2,133	2,166
Balances arising from new subsidiaries	–	–	–	95	–	12	107
At 31 December	1,000	213	10,810	146,997	3,949	40,712	203,681
	(Note 23)	(Note 24)	(Note 25)	(Note 31)	(Note 36)		
Group							
1999							
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 provision for loan losses (Note 29)	–	–	–	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 23)	(Note 24)	(Note 25)	(Note 31)	(Note 36)		

33. PROVISIONS FOR DIMINUTION IN VALUE OF DEALING AND INVESTMENT SECURITIES AND OTHER ASSETS (continued)

	Other government securities	Dealing securities	Investment securities	Associated companies	Subsidiaries	Properties	Other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Bank 2000								
At 1 January	583	9,042	28,411	924	21,188	3,417	1,231	64,796
Foreign currency translation adjustments	5	50	851	–	–	(125)	6	787
Amounts written off	–	–	–	–	–	–	(353)	(353)
Provisions made/(writeback of provisions) (Note 10)	(375)	–	14,765	33	21,391	(176)	902	36,540
Provisions made for dealing securities (Note 8)	–	1,696	–	–	–	–	–	1,696
Transfer from specific provision for loan losses (Note 29)	–	–	–	–	–	–	31	31
Transfers	–	(329)	329	–	–	–	–	–
Transfer from Bank of Singapore (Note 35)	–	–	296	–	–	–	–	296
At 31 December	213	10,459	44,652	957	42,579	3,116	1,817	103,793
	(Note 24)	(Note 25)	(Note 31)	(Note 34)	(Note 35)	(Note 36)		
Bank 1999								
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 provision for loan losses (Note 29)	–	–	6,796	–	–	–	–	6,796
At 31 December	583	9,042	28,411	924	21,188	3,417	1,231	64,796
	(Note 24)	(Note 25)	(Note 31)	(Note 34)	(Note 35)	(Note 36)		

34. ASSOCIATED COMPANIES

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Quoted equity securities, at cost	165,612	172,905	119,117	118,567
Unquoted equity securities, at cost	19,618	7,841	16,447	4,347
Less: Provision for diminution in value (Note 33)	–	–	(957)	(924)
Net book value	185,230	180,746	134,607	121,990
Share of post-acquisition reserves net of dividends received	728,222	644,915	–	–
	913,452	825,661	134,607	121,990
Amounts due from associated companies	4,683	38,552	4,554	14,187
	918,135	864,213	139,161	136,177
Market value of quoted associated companies	1,440,566	1,094,230	1,217,674	873,763

- (a) The Group's share of post-acquisition reserves of associated companies for 1999 has been restated to reflect the actual 1999 profits of listed associated companies, against the previous practice of reporting their contributions on a six-month lag basis.
- (b) Included in unquoted equity securities in 1999 was an amount representing the cost of investment in Overseas Assurance Corporation Limited ("OAC"). During the financial year, OAC and Great Eastern Holdings Limited ("GEH") entered into a scheme of arrangement whereby OAC became a wholly-owned subsidiary of GEH. As part of this scheme of arrangement, the Group received dividend in the form of GEH shares previously held by OAC ("dividend in specie"). It also received new GEH shares in exchange for the OAC shares previously held by the Group. Accordingly, the Group's investment in OAC, which has a carrying value of \$932,000, now represents its investment in GEH.

The dividend in specie, which had a market value of \$47,100,536 on the date it was declared, has not been recognised as income in the financial statements on the ground that it is part of the restructuring arrangement. The Group's tax liability on this dividend in specie, which will be satisfied by the tax deducted at source in accordance with the Income Tax Act, is accordingly not recognised in the financial statements.

The principal activities of associated companies of the Group, their places of incorporation 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		
			2000	1999	2000	1999	
			%	%	\$'000	\$'000	
<i>Quoted</i>							
1.	British and Malayan Trustees Limited	Trustee services	Singapore	43	43	591	591
2.	Great Eastern Holdings Limited	Insurance	Singapore	49	46	9,736	8,770
3.	Pacific Bank Berhad	Banking	Malaysia	28	28	155,285	154,966
4.	TCL Premier Holdings Berhad ⁽¹⁾	Investment holding	Malaysia	–	30	–	8,578
						165,612	172,905

34. ASSOCIATED COMPANIES (continued)

	Principal activities	Country/place of incorporation	Group's interest		Cost of investment		
			2000	1999	2000	1999	
			%	%	\$'000	\$'000	
<i>Unquoted</i>							
5.	Alverdine Private Limited	Investment holding	Singapore	50	–	10,000	*
6.	Banking Computer Services Private Limited ⁽²⁾	Computer banking services	Singapore	–	50	–	150
7.	Central China International Leasing Company Limited	Leasing	People's Republic of China	25	25	2,648	2,648
8.	Malaysian Trustees Berhad	Trustee services	Malaysia	20	20	151	145
9.	Myanmar Capital Management Private Limited ⁽³⁾	Investment and fund management	Singapore	–	40	–	80
10.	Network For Electronic Transfers (Singapore) Pte Ltd	Electronic funds transfers	Singapore	20	20	999	999
11.	OCBC-Perdana Futures Sendirian Berhad	Futures and options broking	Malaysia	49	49	2,107	1,997
12.	OCBC Wearnes & Walden Management (S) Pte Ltd	Venture capital fund management	Singapore	25	33	45	45
13.	Overseas Assurance Corporation Limited ⁽⁴⁾	Insurance	Singapore	–	47	–	932
14.	Raffles Investments Limited	Investment holding	Singapore	50	50	647	624
15.	Singapore Consortium Investment Management Limited	Unit trust fund management	Singapore	20	20	137	137
16.	Specialists' Services Private Limited	Management services	Singapore	40	40	84	84
17.	TX123 Pte Ltd	e-Procurement hub	Singapore	39	–	2,800	*
						19,618	7,841
Total						185,230	180,746

* Became associated companies of the Group in 2000.

⁽¹⁾ Ceased to be an associated company on 15 August 2000 upon acquisition of the entire issued and paid-up capital by O.S.K. Holdings Berhad.

⁽²⁾ Became a wholly-owned subsidiary on 10 July 2000.

⁽³⁾ Became a subsidiary on 26 May 2000.

⁽⁴⁾ Merged with Great Eastern Holdings Limited pursuant to a scheme of arrangement under section 210 of the Singapore Companies Act effective on 23 December 2000.

35. SUBSIDIARIES

	2000	Bank	1999
	\$'000		\$'000
Quoted equity securities			
Cost and net book value	103,868		100,614
Unquoted equity securities			
Cost	940,733		935,615
Less: Provision for diminution in value (Note 33)	(42,579)		(21,188)
Net book value	898,154		914,427
Loans to subsidiaries	731,206		1,222,819
	1,733,228		2,237,860
Market value of quoted subsidiary	154,003		135,758

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
			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 United States of America			\$'000
(b) Subsidiaries (unquoted)					
1. Associated Investments & Securities Private Limited	Investment holding	Singapore	100 100 ^(Pref)	–	1,006 90,000
2. Bank of Singapore Limited	e-financial and business services and venture capital investment	Singapore	98	2	93,287
3. Bank of Singapore Nominees Private Limited	Nominee services	Singapore	100	–	10
4. Banking Computer Services Private Limited	Computer banking services	Singapore	100	–	5,160
+ 5. Bathurst Enterprises Limited	Investment holding	Hong Kong SAR	–	100	–
6. BCS Information Systems Private Limited	Computer consultancy services	Singapore	–	100	–
7. BOS Investment Private Limited	Has not commenced operations	Singapore	100	–	*
+ 8. BOSA Limited	Investment	Australia	100	–	3,283
+ 9. Bukit Investments Limited	Investment dealing	Hong Kong SAR	–	100	–

35. SUBSIDIARIES (continued)

	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 \$'000
			The Bank	Subsidiaries	
10. Church Street Properties Private Limited	Property development	Singapore	–	100	–
			–	100(Pref)	–
11. Eastern Developers Private Limited	Property development and rental	Singapore	–	100	–
			–	100(Pref)	–
+ 12. Eastern Holdings Limited	Investment holding	Hong Kong SAR	–	100	–
13. Eastern Realty Company Limited	Investment holding and property development	Singapore Malaysia #	100	–	27,704
14. Excel Holdings Private Limited	Investment holding and property rental	Singapore	100	–	200
15. Federal Securities Private Limited	Investment holding	Singapore	100	–	3,000
++ 16. Focal Finance Nominees Private Limited	Nominee services	Singapore	–	100	–
+ 17. Four Seas Nominees (Hong Kong) Limited	Nominee services	Hong Kong SAR	–	100	–
18. Four Seas Nominees Private Limited	Nominee services	Singapore	100	–	10
19. FSB Holdings Limited	Ceased business on 1 July 1998	Singapore	100	–	–
20. General & Commercial Holdings Private Limited	Investment holding	Singapore	100	–	1,005
21. Hotel Phoenix Singapore Private Limited	Hotel	Singapore	–	100	–
22. Kim Seng Properties Private Limited	Property development	Singapore	–	100	–
			–	100(Pref)	–
23. Kismis Properties Private Limited	Property development	Singapore	–	100	–
			–	100(Pref)	–
+ 24. Malaysia Nominees (Asing) Sendirian Berhad	Nominee services	Malaysia	–	100	–
+ 25. Malaysia Nominees (Tempatan) Sendirian Berhad	Nominee services	Malaysia	–	100	–
26. Mount Emily Properties Private Limited	Has not commenced operations	Singapore	–	100	–
			–	100(Pref)	–
27. Myanmar Capital Management Private Limited	Investment management	Singapore	–	73	–
+ 28. Myanmar Capital Management (Yangon) Limited (in voluntary liquidation)	Ceased business on 24 September 1999	Myanmar	–	100	–
29. OCBC Asset Management Limited	Investment management company	Singapore	–	100	–
+ 30. OCBC Bank (Malaysia) Berhad	Banking	Malaysia	87	13	342,740
31. OCBC Bullion & Futures Limited	Commodity futures and financial futures broking	Singapore	100	–	9,000
32. OCBC Capital Investment Private Limited	Investment holding	Singapore	–	100	–

35. SUBSIDIARIES (continued)

	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	
			The Bank	Subsidiaries		
					\$'000	
33.	OCBC Capital Management Singapore Private Limited	Investment management	Singapore	–	100	–
34.	OCBC Centre Private Limited	Investment holding and property rental	Singapore	100 100(Pref)	–	20,000 40,000
+ 35.	OCBC Credit Berhad	Leasing company	Malaysia	–	100	–
36.	OCBC Finance Nominees Private Limited	Nominee services	Singapore	–	100	–
37.	OCBC Holdings Private Limited	Investment holding	Singapore	100	–	3,000
38.	OCBC Land Private Limited	Investment holding	Singapore	–	100	–
39.	OCBC Management Services Private Limited	Management services	Singapore	100	–	200
+ 40.	OCBC Nominees (Australia) Pty. Limited	Nominee services	Australia	100	–	*
+ 41.	OCBC Nominees (Hong Kong) Limited	Nominee services	Hong Kong SAR	100	–	2
+ 42.	OCBC Nominees (London) Limited	Nominee services	England	100	–	3
+ 43.	OCBC Nominees (Malaysia) Sendirian Berhad	Nominee services	Malaysia	100	–	10
44.	OCBC Nominees Singapore Private Limited	Nominee services	Singapore	100	–	10
45.	OCBC Properties Private Limited	Investment holding	Singapore	100 100(Pref)	–	15,000 15,000
46.	OCBC Property Services Private Limited	Property management	Singapore Malaysia #	100	–	50
+ 47.	OCBC Provident (Australia) Pty. Limited	Trustee	Australia	100	–	*
48.	OCBC Realty Private Limited	Investment holding	Singapore	100 100(Pref)	–	4,993 60,000
49.	OCBC Securities (Hong Kong) Limited	Stockbroking	Hong Kong SAR	–	100	–
+ 50.	OCBC Securities Philippines, Inc.	Stockbroking (ceased operation on 30 September 2000)	Philippines	–	100	–
51.	OCBC Securities Private Limited	Stockbroking	Singapore	–	100	–
+ 52.	OCBC Securities Research Sendirian Berhad (formerly known as Premier Securities Berhad)	Has not commenced operations	Malaysia	–	100	–
53.	OCBC Square Private Limited	Real estate owners and property rental	Singapore	100 100(Pref) –	– – 100 (Series 2 Pref)	20,000 10,000 –
54.	OCBC Trustee Limited	Trustee services	Singapore Malaysia #	20	80	179
55.	OCF Investments Limited	Investment holding	Singapore	15	85	19
56.	Orient Holdings Private Limited	Investment holding	Singapore	100	–	3,400
+ 57.	OSPL Holdings Sendirian Berhad	Investment holding	Malaysia	–	100	–
58.	OSPL Nominees Private Limited	Nominee services	Singapore	–	100	–
59.	Oversea-Chinese Bank Nominees Private Limited	Nominee services	Singapore	100	–	10
+ 60.	PT. Bank OCBC-NISP	Banking	Indonesia	85	–	76,733
+ 61.	P.T. OCBC Sikap Securities	Stockbroking	Indonesia	–	70	–

35. SUBSIDIARIES (continued)

	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
			The Bank	Subsidiaries	
					\$'000
62. Pasir Ris Properties Private Limited	Real estate owners and property rental	Singapore	–	55	–
			–	55(Pref)	–
+ 63. Phoenix Holdings Limited	Investment dealing	Hong Kong SAR	–	100	–
64. Provident Securities Private Limited	Investment holding	Singapore	100	–	72,350
+ 65. Reliable Credit Company Sendirian Berhad	Has not commenced operations	Malaysia	100	–	*
+ 66. Select Executives Sendirian Berhad	Management services	Malaysia	100	–	24
+ 67. Select Securities Limited	Investment holding	Hong Kong SAR	100	–	445
68. Seletar Properties Private Limited	Property development	Singapore	–	100	–
69. Singapore Building Corporation Limited	Investment holding and property rental	Singapore	100	–	19,384
70. Singapore Polyclinic Private Limited	Investment holding	Singapore	–	100	–
71. Specialists' Centre Private Limited	Investment holding and property rental	Singapore	–	100(Pref)	–
72. Tanjong Rhu Properties Private Limited	Property development and rental	Singapore	–	100	–
			–	100(Pref)	–
73. The Ho Hong Steamship Company (1932) Limited	Investment holding	Singapore	100	–	3,516
					940,733
(c) Subsidiary (quoted)					
++ 1. OCBC Finance Limited	Finance company	Singapore	49	41	103,868
Total as at 31 December 2000					1,044,601
Total as at 31 December 1999					1,036,229

35. SUBSIDIARIES (continued)

The corresponding amounts as at 31 December 1999 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
	The Bank	Subsidiaries	
Unquoted			\$'000
1. Banking Computer Services Private Limited	50	–	150
2. BCS Information Systems Private Limited	–	–	–
3. Chancery Properties Private Limited	–	100	–
	–	100(Pref)	–
4. Myanmar Capital Management Private Limited	–	40	–
5. Myanmar Capital Management (Yangon) Limited (in voluntary liquidation)	–	100	–
6. OCF Investments Limited	12	88	15
7. Regal Holdings Private Limited	–	100	–
8. Singmas Limited	100	–	72
Quoted			
1. OCBC Finance Limited	48	42	100,614

* – Amounts under \$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.

On 1 October 2000, the Bank acquired, by means of a Scheme of Arrangement, all the assets, rights, property, business, liabilities and obligations of a subsidiary, Bank of Singapore Limited ("BOS") at book value, as at that date except the standalone internet financial business. Total assets, liabilities and off-balance sheet items of BOS as at 1 October 2000 amounting to \$2,342,853,389, \$1,989,723,480 and \$459,704,492 respectively were transferred to the Bank as of that date. The consideration for the acquisition was \$353,129,909 in cash on 1 October 2000. Subsequent to the transfer on 1 October 2000, BOS's principal activities are providing e-financial services and investment.

36. PROPERTIES, PLANT AND EQUIPMENT

	Properties \$'000	Office equipment, computer, furniture and fixture \$'000	Total \$'000
Group 2000			
Cost or valuation			
At 1 January	900,477	298,644	1,199,121
Foreign currency translation adjustments	4,859	2,076	6,935
Balances arising from new subsidiaries	–	20,680	20,680
Additions, at cost	15,812	87,727	103,539
Disposals, at cost	(9,082)	(35,018)	(44,100)
At 31 December	912,066	374,109	1,286,175
Accumulated depreciation			
At 1 January	(126,563)	(187,114)	(313,677)
Foreign currency translation adjustments	(185)	(1,326)	(1,511)
Balances arising from new subsidiaries	–	(16,856)	(16,856)
Disposals	3,353	20,868	24,221
Depreciation charge	(13,667)	(41,290)	(54,957)
At 31 December	(137,062)	(225,718)	(362,780)
Provision for diminution in value (Note 33)			
At 1 January	(4,321)	–	(4,321)
Foreign currency translation adjustments	125	–	125
Writeback of provisions	247	–	247
At 31 December	(3,949)	–	(3,949)
Net book value at 31 December	771,055	148,391	919,446
Net book value of freehold properties	393,135		
Net book value of leasehold properties	377,920		
	771,055		
Current valuation of properties	2,745,360		

36. PROPERTIES, PLANT AND EQUIPMENT (continued)

	Properties \$'000	Office equipment, computer, furniture and fixture \$'000	Total \$'000
Group 1999			
Cost or valuation			
At 1 January	899,550	279,506	1,179,056
Foreign currency translation adjustments	295	507	802
Additions, at cost	32,222	39,590	71,812
Disposals, at cost	(31,590)	(20,959)	(52,549)
At 31 December	900,477	298,644	1,199,121
Accumulated depreciation			
At 1 January	(113,500)	(161,910)	(275,410)
Foreign currency translation adjustments	17	(189)	(172)
Disposals	1,074	9,987	11,061
Depreciation charge	(14,154)	(35,002)	(49,156)
At 31 December	(126,563)	(187,114)	(313,677)
Provision for diminution in value (Note 33)			
At 1 January	(411)	–	(411)
Provisions made	(3,077)	–	(3,077)
Transfer from other provisions	(833)	–	(833)
At 31 December	(4,321)	–	(4,321)
Net book value at 31 December	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		

36. PROPERTIES, PLANT AND EQUIPMENT (continued)

	Properties \$'000	Office equipment, computer, furniture and fixture \$'000	Total \$'000
Bank 2000			
Cost or valuation			
At 1 January	154,112	141,538	295,650
Foreign currency translation adjustments	(22)	(292)	(314)
Additions, at cost	2,512	41,607	44,119
Disposals, at cost	(2,000)	(21,570)	(23,570)
Transfer from Bank of Singapore (Note 35)	4,256	826	5,082
At 31 December	158,858	162,109	320,967
Accumulated depreciation			
At 1 January	(19,408)	(88,312)	(107,720)
Foreign currency translation adjustments	(23)	248	225
Disposals	379	8,143	8,522
Depreciation charge	(2,744)	(18,446)	(21,190)
Transfer from Bank of Singapore (Note 35)	(586)	(738)	(1,324)
At 31 December	(22,382)	(99,105)	(121,487)
Provision for diminution in value (Note 33)			
At 1 January	(3,417)	-	(3,417)
Foreign currency translation adjustments	125	-	125
Writeback of provisions	176	-	176
At 31 December	(3,116)	-	(3,116)
Net book value at 31 December	133,360	63,004	196,364
Net book value of freehold properties	86,713		
Net book value of leasehold properties	46,647		
	133,360		
Current valuation of properties	616,454		

36. PROPERTIES, PLANT AND EQUIPMENT (continued)

	Properties \$'000	Office equipment, computer, furniture and fixture \$'000	Total \$'000
Bank			
1999			
Cost or valuation			
At 1 January	149,185	134,276	283,461
Foreign currency translation adjustments	17	287	304
Additions, at cost	5,446	20,744	26,190
Disposals, at cost	(536)	(13,769)	(14,305)
At 31 December	154,112	141,538	295,650
Accumulated depreciation			
At 1 January	(17,500)	(75,141)	(92,641)
Foreign currency translation adjustments	10	(201)	(191)
Disposals	–	6,663	6,663
Depreciation charge	(1,918)	(19,633)	(21,551)
At 31 December	(19,408)	(88,312)	(107,720)
Provision for diminution in value (Note 33)			
At 1 January	–	–	–
Provisions made	(3,417)	–	(3,417)
At 31 December	(3,417)	–	(3,417)
Net book value at 31 December	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		

Included in properties are investment properties of the Group and Bank with net book values as at 31 December 2000 of \$578.6 million (1999: \$574.8 million) and \$82.2 million (1999: \$76.4 million) respectively. Based on valuations carried out by professional valuers, the estimated market values of these investment properties as at 31 December 2000 were \$1,838 million (1999: \$2,069 million) and \$482.6 million (1999: \$468.9 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.

37. SEGMENTAL INFORMATION

(a) Business segments

\$million	Consumer Financial Services	Business Banking	Investment Manage- ment & Insurance	Global Treasury	Property & Invest- ment Holding	Other	Total Singapore	Malaysia Opera- tions	Inter- national Banking	Group
Financial year ended 31 December 2000										
Segment income before operating expenses	487	380	103	93	166	93	1,322	309	130	1,761
Elimination										(34)
Income before operating expenses										1,727
Profit before tax	249	239	17	58	88	69	720	145	67	932
Less: Tax	(60)	(56)	(4)	(10)	(16)	(36)	(182)	(40)	(17)	(239)
Profit after tax	189	183	13	48	72	33	538	105	50	693
Share of profits less losses of associated companies (net of tax)	–	–	146	–	–	(6)	140	15	–	155
	189	183	159	48	72	27	678	120	50	848
Less: Minority interests										(8)
Profit attributable to stockholders of the Bank										840
Segment assets	9,057	15,670	431	16,821	1,925	1,646	45,550	9,381	6,489	61,420
Associated companies' assets	–	(1)	753	–	–	7	759	(31)	–	728
Total segment assets	9,057	15,669	1,184	16,821	1,925	1,653	46,309	9,350	6,489	62,148
Elimination										(2,438)
Total assets										59,710
Segment liabilities	19,684	7,690	203	9,687	900	284	38,448	8,308	6,857	53,613
Elimination										(2,438)
Unallocated liabilities										312
Total liabilities										51,487
Capital expenditure	20	8	8	–	11	32	79	22	2	103
Depreciation	8	1	2	–	–	25	36	11	2	49
Amortisation	1	1	–	–	–	4	6	–	–	6

37. SEGMENTAL INFORMATION (continued)**(a) Business segments (continued)**

\$million	Consumer Financial Services	Business Banking	Investment Management & Insurance	Global Treasury	Property & Investment Holding	Other	Total Singapore	Malaysia Opera- tions	Inter- national Banking	Group
Financial year ended 31 December 1999										
Segment income before operating expenses	529	383	154	119	169	65	1,419	265	142	1,826
Elimination										(39)
Income before operating expenses										1,787
Profit before tax	242	102	72	82	117	55	670	64	21	755
Less: Tax	(61)	(22)	(19)	(14)	(19)	(41)	(176)	(5)	(6)	(187)
Profit after tax	181	80	53	68	98	14	494	59	15	568
Share of profits less losses of associated companies (net of tax)	–	–	145	–	–	3	148	12	–	160
	181	80	198	68	98	17	642	71	15	728
Less: Minority interests										(6)
Profit attributable to stockholders of the Bank										722
Segment assets	9,006	12,474	631	16,859	1,043	972	40,985	7,340	6,543	54,868
Associated companies' assets	–	–	672	–	–	16	688	(43)	–	645
Total segment assets	9,006	12,474	1,303	16,859	1,043	988	41,673	7,297	6,543	55,513
Elimination										(1,171)
Total assets										54,342
Segment liabilities	22,428	4,859	383	6,830	57	606	35,163	6,451	5,957	47,571
Elimination										(1,171)
Unallocated liabilities										258
Total liabilities										46,658
Capital expenditure	10	–	1	1	23	16	51	20	1	72
Depreciation	11	–	2	–	16	7	36	9	2	47
Amortisation	–	–	–	–	–	2	2	–	–	2

Note: Each associated company is allocated in total to a segment based on its principal activity.

The Group is organised into seven main business segments:

Consumer Financial Services

- incorporating retail banking customer current accounts, savings, deposits, investment products, credit and debit cards, consumer loans and mortgages.

Business Banking

- incorporating direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities, foreign currency, derivative products and underwriting of debt securities.

Investment Management and Insurance

- incorporating structured financing, merger and acquisition advice, asset management, trustee and custodian services, venture capital, stockbroking and the insurance business.

Global Treasury

- providing treasury products and services such as foreign exchange activities, futures trading, and money market operations, and engages in customer-driven derivatives business.

37. SEGMENTAL INFORMATION (continued)**(a) Business segments (continued)***Property and Investment Holding*

- incorporating property development and investment, marketing and sales, property management and maintenance, business development and valuation services and hotel operations.

Malaysia Operations

- covering OCBC's operations in Malaysia, a key market for the Group.

International Banking

- covering OCBC's operations outside Singapore and Malaysia. It is also responsible for the correspondent banking relationships with international foreign banks.

Other operations of the Group include other investments and management and nominees services, none of which constitutes a separately reportable segment.

The business segment results are prepared based on internal management reports, which are used by senior management for decision-making and performance management.

The following management reporting methodologies are adopted:

- revenues and expenses are attributable to each segment based on the internal management reporting policies,
- all balance sheet items are internally transfer priced and
- transactions between segments are recorded within the segment results as if they are third party transactions and are eliminated on consolidation.

Where there are material changes in the organisational structure and management reporting methodologies, segment results for prior periods are restated to allow comparability.

There are no material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance sheet and excluding items such as corporate taxation and borrowings.

Capital expenditure comprises additions to properties, plant and equipment.

(b) Geographical segments

\$million	Income before operating expenses		Group profit before tax		Total assets		Total liabilities		Credit commitments		Capital expenditure	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Singapore	1,261	1,326	964	751	43,306	40,787	37,097	34,617	14,882	13,109	78	51
Malaysia	327	301	138	130	9,387	7,310	8,374	6,476	4,894	3,407	22	20
Other ASEAN	9	20	(17)	6	299	364	96	116	91	12	2	1
Greater China	77	78	41	28	3,289	2,235	2,540	1,986	738	515	1	–
Other Asia Pacific	28	37	13	17	974	1,584	795	895	41	59	–	–
North America	9	8	11	6	1,058	444	1,554	422	592	60	–	–
Rest of the World	16	17	3	(1)	1,397	1,618	1,031	2,146	16	11	–	–
	1,727	1,787	1,153	937	59,710	54,342	51,487	46,658	21,254	17,173	103	72

With the exception of Singapore and Malaysia, no other individual country contributed more than 10% of consolidated income before operating expenses and total assets.

Income before operating expenses is based on the country in which the transactions are booked. It would not be materially different if based on the country in which the counterparty or assets are located. Total assets and capital expenditure are shown by the geographical area in which the assets are booked.

Income before operating expenses and total assets are stated after elimination of intra-group transactions and balances.

38. CROSS-BORDER OUTSTANDINGS

The world-wide operations of the OCBC Group involve significant exposure in non-local currencies. These cross-border outstandings are controlled through a well-developed system of country limits, which are frequently reviewed to avoid concentrations of transfer, economic or political risks.

Cross-border outstandings are based on the country of domicile of the borrower or guarantor of ultimate risk and comprise loans and advances to customers and banks (including placements), interest bearing instruments and other monetary assets, denominated in currencies other than the borrower's local currency.

At 31 December 2000, the countries where OCBC's cross-border outstandings exceeded 1% of assets were Malaysia, Hong Kong SAR, United States, United Kingdom, Japan, China and Germany and consisted mainly of placements with banks due within one year. In this context, assets comprise total assets as presented in the consolidated balance sheet amounting to \$59,710 million (1999: \$54,342 million) at 31 December 2000.

Cross-border outstanding exceeding 1% of assets:

As at 31 December 2000	As % of total assets	Total	Banks and other financial institutions	Government and official institutions	Commercial industrial and other private sector
	%	\$m	\$m	\$m	\$m
Malaysia	2.95	1,759	1,583	20	157
Hong Kong SAR	2.60	1,552	1,401	—	151
United States	2.45	1,463	1,433	—	30
United Kingdom	2.25	1,341	1,323	—	18
Japan	1.69	1,011	963	—	47
China	1.51	904	685	—	219
Germany	1.29	767	767	—	—

This being the first year the data is compiled, the cross-border outstandings exceeding 1% of assets as at 31 December 1999 are not readily available.

39. 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.

40. 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	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Acceptances and endorsements	606,591	63,842	48,405	61,597
Guarantees and standby letters of credit	3,717,348	1,737,338	3,561,561	1,508,062
Documentary credits and other short term trade-related transactions	370,083	220,519	198,121	163,507
Other	361,886	327,675	—	—
	5,055,908	2,349,374	3,808,087	1,733,166

Included in guarantees and standby letters of credit is an amount of \$1.8 billion (1999: Nil) relating to credit default swaps entered into by the Bank which are collateralised on long term loans granted by the Bank of an equivalent amount (Note 27).

41. 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	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Undrawn credit facilities:				
– Original term to maturity of one year or less	12,256,819	12,011,966	10,380,469	10,163,008
– Original term to maturity of more than one year	3,300,913	2,753,723	1,650,145	1,384,027
	15,557,732	14,765,689	12,030,614	11,547,035
Undrawn note issuance and revolving underwriting facilities	461,344	26,937	450,654	16,371
Forward asset purchases/sales	179,496	31,327	179,497	16,296
	16,198,572	14,823,953	12,660,765	11,579,702

42. 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 instruments allow the Group and its customers to transfer, modify or reduce their foreign exchange and interest rate risks. The following outlines the nature and terms of the most common types of derivatives used:

Foreign exchange derivatives are exchange rate related contracts, mainly forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to exchange a specified amount of one currency for another on a future date at an agreed rate. A currency swap generally involves the exchanged or notional exchange of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. Currency options are contracts that give the purchaser the right, but not the obligation, to buy or sell an underlying currency at a certain price on or before an agreed future date. As the seller (option writer) has a duty to buy or sell at the agreed price should the purchaser exercise his right, he generally receives a premium payable at the start of the option period. Some currency options are written by customers and are usually embedded in deposits (Yield Enhancement Deposits) for enhanced yield return.

Interest rate derivatives are interest rate related contracts undertaken by the Group, which include interest rate swaps, forward rate agreement ('FRA'), caps, floors, collars and futures.

An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract.

In a forward rate agreement two parties agree to fix the interest rate on a specified notional principal amount for a defined period commencing at a specified date in the future. The buyer of a FRA is the party wishing to protect itself against a future rise in the relevant interest rate. The seller is the party wishing to protect itself against a future fall in the relevant interest rate.

Caps, floors and collars are all different types of interest rate options transactions designed to hedge interest rate exposures.

A cap is a contract whereby the seller agrees to pay to the purchaser, in return for an upfront premium or a series of annuity payments, the difference between a reference rate and an agreed strike rate when the reference rate exceeds the strike rate. A floor is a contract whereby the seller agrees to pay to the purchaser, in return for an upfront premium, the difference between a reference rate and an agreed strike rate should the strike rate exceeds the reference rate. A collar is the simultaneous purchase of an out of the money cap and sale of an out of the money floor. The seller of the collar agrees to limit the buyer's floating interest rate to a band limited by a specified cap rate and floor rate. A futures contract is an agreement to buy or sell a standard quantity of a specific financial instrument at a pre-determined future date and at a price agreed between the parties on an organised exchange.

Equity derivatives are equity convertible deposits whereby an equity option is embedded in deposits placed with the Bank. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock or stock index at a specified price or level on or before a specified date.

The financial derivatives shown in the following tables 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 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.

42. FINANCIAL DERIVATIVES (continued)

	Contract or underlying principal amount	Fair values	
		Assets	Liabilities
	\$'000	\$'000	\$'000
Group 2000			
Foreign exchange derivatives			
Forwards	3,235,882	7,834	22,427
Swaps	15,835,298	214,540	221,007
OTC options – bought and sold	53,476	90	88
	19,124,656	222,464	243,522
Interest rate derivatives			
Forwards	66,690	–	–
Swaps	1,116,787	5,668	5,399
OTC options – bought and sold	40,497	–	16
Exchange traded futures – bought and sold	59,188	3	13
	1,283,162	5,671	5,428
Other derivatives			
Forwards	285	1	–
Futures	43,339	–	–
Options purchased	18,114	–	–
	61,738	1	–
Total	20,469,556	228,136	248,950
Balances included in other assets (Note 32) and other liabilities (Note 20)		228,136	248,950
Group 1999			
Foreign exchange derivatives			
Forwards and swaps	12,735,403	63,197	77,471
OTC options – bought and sold	38,446	58	58
	12,773,849	63,255	77,529
Interest rate derivatives			
Swaps	382,103	1,956	990
OTC options sold	8,700	–	21
	390,803	1,956	1,011
Equity and equity index derivatives			
Options written	160,000	31	–
	160,000	31	–
Other derivatives			
Forwards	290	–	–
	290	–	–
Total	13,324,942	65,242	78,540
Balances included in other assets (Note 32) and other liabilities (Note 20)		65,242	78,540

42. FINANCIAL DERIVATIVES (continued)

	Contract or underlying principal amount \$'000	Fair values	
		Assets \$'000	Liabilities \$'000
Bank 2000			
Foreign exchange derivatives			
Forwards	1,693,600	6,911	19,100
Swaps	15,823,784	214,540	221,007
OTC options – bought and sold	53,476	90	88
	17,570,860	221,541	240,195
Interest rate derivatives			
Forwards	66,690	–	–
Swaps	1,116,788	5,668	5,399
OTC options – bought and sold	40,496	–	16
Exchange traded futures – bought and sold	59,188	3	13
	1,283,162	5,671	5,428
Other derivatives			
Forwards	285	2	–
Options purchased	18,114	–	–
	18,399	2	–
Total	18,872,421	227,214	245,623
Balances included in other assets (Note 32) and other liabilities (Note 20)		227,214	245,623
Bank 1999			
Foreign exchange derivatives			
Forwards and swaps	12,519,483	62,649	77,166
OTC options – bought and sold	38,446	58	58
	12,557,929	62,707	77,224
Interest rate derivatives			
Swaps	382,103	1,956	990
OTC options sold	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	–
	290	1	–
Total	13,109,022	64,694	78,235
Balances included in other assets (Note 32) and other liabilities (Note 20)		64,694	78,235

42. FINANCIAL DERIVATIVES (continued)

As noted in the above tables, the notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instrument and, therefore, do not indicate the Group's exposure to credit or price risks. The fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time. The average fair values of derivative instruments on hand during the year are set out as follows:

	2000	Bank	1999
	S\$m		S\$m
Derivative financial instruments with an asset value	127		62
Derivative financial instruments with a liability value	208		78

43. 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 at 31 December 2000.

44. 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	
	2000	1999
	\$'000	\$'000
Cash and placements with central banks	1,751,643	1,947,495
Treasury bills and government securities	4,213,074	4,115,015
	5,964,717	6,062,510

45. CAPITAL COMMITMENTS

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Capital expenditure contracted for but not provided for in these financial statements amounted to approximately	90,435	28,517	41,933	15,348

46. CURRENT ASSETS AND LIABILITIES

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

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Current Assets				
Cash and placements with central banks	1,751,643	1,947,495	805,258	976,289
Singapore Government treasury bills and securities	1,340,346	1,355,089	1,320,347	1,228,353
Other government treasury bills and securities	394,429	94,009	41,861	72,869
Dealing securities	141,065	46,324	110,840	35,787
Placements with and loans to banks	15,937,122	14,932,309	15,175,602	14,103,277
Loans to and bills receivable from customers	17,154,140	18,150,175	13,182,255	13,186,114
Other assets	1,014,662	842,540	649,412	424,319
Loans to associated companies	4,683	37,388	4,554	14,187
Loans to subsidiaries	-	-	210,707	1,023,361
	37,738,090	37,405,329	31,500,836	31,064,556

46. CURRENT ASSETS AND LIABILITIES (continued)

	Group		Bank	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
Current Liabilities				
Deposits of non-bank customers	36,924,831	36,050,555	29,104,878	28,031,299
Deposits and balances of banks	10,035,745	6,567,359	9,733,586	6,445,278
Deposits of associated companies	1,785,069	1,051,647	1,043,790	710,575
Deposits of subsidiaries	–	–	1,371,269	1,167,786
Bills payable	147,928	408,110	85,321	76,063
Current tax	254,030	245,938	191,969	143,736
Other liabilities	1,083,944	1,383,841	746,878	526,733
Debt securities	70,000	–	–	–
	50,301,547	45,707,450	42,277,691	37,101,470

47. SUBSEQUENT EVENTS

Subsequent to the financial year end, the following events took place:

- (a) On 31 January 2001, Provident Securities Private Limited (“PSPL”), a wholly-owned subsidiary of the Bank incorporated and resident in Singapore, completed the acquisition of all the issued shares (being 30,000,000 ordinary shares of \$1 each) in the capital of UBS Warburg & Associates (Singapore) Pte Ltd (the “Acquired Company”), which has since 31 January 2001 been renamed OCBC Securities (2001) Private Limited.

The aggregate consideration for the acquisition was \$113,966,833, paid entirely in cash. Following completion of the acquisition, PSPL holds 29,999,999 shares of the Acquired Company, with the balance 1 share being held by Federal Securities Private Limited, a wholly-owned subsidiary of the Bank incorporated and resident in Singapore. The net tangible assets of the Acquired Company on acquisition was \$91,093,156.

By virtue of the completion of the acquisition, the Acquired Company and its three wholly-owned subsidiaries, UBS Warburg & Associates (Singapore) Research Pte Ltd, UBS Warburg & Associates (Singapore) Nominees Pte Ltd (which have since 31 January 2001 been renamed OCBC Securities (2001) Research Private Limited and OCBC Securities (2001) Nominees Private Limited respectively), and Flamingo Holdings Pte Ltd, became wholly-owned subsidiaries of the Group with effect from 31 January 2001.

- (b) On 31 January 2001, a proposed reorganisation of the share capital of OCBC Finance Limited (“OCBC Finance”) for the purpose of establishing OCBC Finance as a wholly-owned subsidiary of the Bank by means of a Scheme of Arrangement (the “Scheme”) pursuant to Section 210 of the Companies Act, Cap. 50, was announced. Pursuant to the Scheme, it is proposed that:
- (i) 13,184,521 issued and fully paid-up ordinary shares of \$1 each in the capital of OCBC Finance (the “OCBC Finance Shares”) held by the shareholders of OCBC Finance, other than the Bank and its wholly-owned subsidiary, Eastern Realty Company Limited, (the “Scheme Shareholders”) be cancelled by way of a capital reduction in exchange for a cash consideration of \$3.76 for each OCBC Finance Share to be paid by the Bank to the Scheme Shareholders; and
 - (ii) new OCBC Finance Shares equal in number to such cancelled OCBC Finance Shares held by the Scheme Shareholders will be allotted and issued to the Bank and/or its nominees.
- (c) On 24 August 2000, Pacific Bank Berhad, an associated company, entered into a conditional sale and purchase agreement to dispose of its banking business and assets and liabilities to Malayan Banking Berhad. The sale was confirmed and given effect to by the Malaysian High Court with effect from 1 January 2001 and Pacific Bank Berhad recorded a gain on the disposal. On 5 January 2001, it changed its name to PacificMas Berhad.

48. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current financial year’s presentation.