Media Release

OCBC Group Full Year 2016 Net Profit at S$3.47 billion

Full Year earnings declined 11% mainly from increased allowances and lower contributions from insurance

Singapore, 14 February 2017 – Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S$3.47 billion for the financial year ended 31 December 2016 ("FY16"). Against a strong prior year ("FY15") performance, which included a substantial investment gain from insurance subsidiary Great Eastern Holdings ("GEH"), net profit after tax was 11% lower. The decline in earnings was also driven by a rise in net allowances and lower trading and insurance income, which more than offset the impact of strong wealth management fee income growth and increased contributions from our Indonesia and Hong Kong banking subsidiaries.

The full year earnings also included the one month consolidated results of the former wealth and investment management business of Barclays PLC in Singapore and Hong Kong ("Barclays WIM") which was acquired by Bank of Singapore ("BOS") at the end of November 2016. Assets under management ("AUM") of US$13 billion were transferred to BOS for a consideration of US$228 million. The one month profit contribution was not material relative to the Group's 2016 earnings.

The Group's full year net interest income fell 3% from the previous year to S$5.05 billion, mainly from a decline in average interest earning assets, led by a drop in interbank placements. Net interest margin of 1.67% was unchanged year-on-year.

Non-interest income of S$3.44 billion was 3% lower as compared to a year ago. Fee and commission income was stable year-on-year at S$1.64 billion, as higher wealth management fees were offset by lower income from brokerage and investment banking activities. Net trading income was 4% lower at S$529 million from a year ago, largely due to a decline in non-customer flow income. Net realised gains from the sale of investment securities of S$198 million were 3% below S$204 million in the previous year, which included a S$136 million realised pre-tax gain from the sale of an investment in GEH's equity portfolio. GEH continued to report robust underlying insurance business growth; however, profit from life assurance of S$499 million declined 21% as a result of higher costs associated with strong sales growth, a rise in medical claims and mark-to-market losses as result of interest rate movements in its Non-participating Fund.

Full year operating expenses for the Group were S$3.79 billion, a modest increase of 3% from a year ago. The Group's cost-to-income ratio was 44.6% as compared to 42.0% in the previous year. Excluding the consolidation of Barclays WIM and the associated integration expenses, operating expenses were 2% higher than FY15, which reflected overall continued cost discipline and tightly controlled headcount growth. Allowances for loans and other assets of S$726 million were higher than S$488 million a year ago, mainly led by an increase in specific allowances for corporate accounts in the oil and gas support services sector which the Group has been closely monitoring.

The Group's share of results of associates in 2016 rose 13% to S$396 million from S$353 million a year ago, mainly due to higher contributions from associated companies Bank of Ningbo and AVIC Trust Co Limited.

The Group's return on equity was 10.0%, down from 12.3% in 2015 while earnings per share for the full year was 82.2 cents, as compared to 95.2 cents a year ago.

Fourth Quarter Performance

For the fourth quarter of 2016 ("4Q16"), net profit after tax was S$789 million, an 18% decrease from the same quarter last year ("4Q15").

Net interest income was 7% lower at S$1.25 billion, attributed mainly to lower net interest margin from the continued compression in customer loan yields. Non-interest income was down 4% against 4Q15 at S$926 million, as fee income growth was more than offset by lower net trading income and life assurance profit. Operating expenses grew 1% to S$981 million, primarily from costs associated with the consolidation of Barclays WIM. Excluding the consolidation costs, operating expenses fell 2% year-on-year from a reduction in personnel costs and business promotion expenses, and were up 1% against the prior quarter ("3Q16"). Net allowances for loans and other assets of S$305 million for the quarter were 57% above S$193 million in 4Q15.

As compared to 3Q16, net profit after tax for the quarter was down 16%, mainly from increased allowances, which more than offset an increase in net interest income.

Allowances and Asset Quality

The operating environment in 2016 continued to be challenging and the Group remained vigilant in closely monitoring the portfolio for early signs of weakness. While the overall credit quality of the portfolio remained sound, the uncertain outlook and depressed oil prices particularly impacted the oil and gas support services sector. The Group undertook steps to pro-actively classify several related accounts for close monitoring, and assisted customers to reschedule and restructure their loans.

Total net allowances for loans and other assets were S$726 million in FY16, as compared to S$488 million a year ago. Net specific allowances for loans rose to S$484 million from S$232 million in FY15, mainly from the abovementioned oil and gas support services sector related accounts. Given the weaker operating outlook, portfolio allowances of S$172 million were set aside. Nonetheless, the Group continued to retain a healthy coverage ratio, with total cumulative allowances covering 303% of unsecured non-performing assets ("NPAs") and 100% of total NPAs.

As at 31 December 2016, the absolute NPAs were S$2.89 billion, up from $2.59 billion a quarter ago and S$2.04 billion in FY15. New NPA formation was S$2.29 billion, higher than S$1.95 billion of the prior year, while net recoveries and upgrades of S$1.16 billion were also above S$0.96 billion a year ago. The year-on-year net increase in NPAs mainly comprised corporate accounts in the oil and gas support services sector, which drove the rise in the non-performing loans ("NPL") ratio to 1.3%, from 1.2% the previous quarter, and 0.9% a year ago.

Funding and Capital Position

The Group continued to maintain a strong funding position and was well-capitalised. As at the end of 31 December 2016, customer loans of S$220 billion were 5% (3%, excluding consolidation of Barclays WIM) above S$211 billion of the previous year, driven by housing loans and other consumer-related loans, and loans to the building and construction sector. Customer deposits rose 6% to S$261 billion, and represented 80% of the Group's funding composition. The growth in deposits was driven by an 11% rise in current account and savings ("CASA") deposits, and the CASA to total non-bank deposits ratio improved to 51.1% from 48.9% a year ago. The loans-to-deposit ratio was 82.9% as compared to 84.5% a year ago.

The Group's average Singapore dollar and all-currency liquidity coverage ratios (excluding OCBC Wing Hang which will be included in due course) were 284% and 145% respectively for 4Q16, above the respective regulatory ratios of 100% and 70%.

The Group's Common Equity Tier 1 capital adequacy ratio ("CAR") as at 31 December 2016, was 14.7% and Tier 1 CAR and Total CAR were 15.1% and 17.1% respectively. Based on Basel III transitional arrangements, these ratios remained well above the respective regulatory minima of 6.5%, 8% and 10%. In addition to these minimum capital requirements, a capital conservation buffer ("CCB") of 2.5% and countercyclical buffer of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% as at 1 January 2016, and will be increased by 0.625% each year to reach 2.5% on 1 January 2019. The Group's leverage ratio of 8.2% was above the 3% minimum requirement as guided by the Basel Committee.

Subsidiaries' Results

GEH achieved strong growth in its underlying insurance business in 2016, as reflected by total weighted new sales growth of 11% and a 22% increase in new business embedded value ("NBEV"), with its NBEV margin improved to 43.6% from 39.5% in FY15. GEH's net profit after tax for the year was S$589 million. This was lower than S$785 million in FY15, which had included a post-tax gain from the sale of an equity investment of S$120 million (the Group's share of net profit after tax and non-controlling interest was S$105 million). The year-on-year decline in earnings was also attributed to a rise in costs linked to increased sales volumes, higher medical claims and mark-to-market losses in GEH's Non-participating Fund. GEH's net profit after tax contribution to the Group was S$470 million, which represented 14% of the Group earnings in 2016.

OCBC Bank Malaysia's full-year net profit after tax of RM808 million (S$270 million) declined 8%, from lower income and increased operating expenses, which was partially offset by a decline in net allowances. As at 31 December 2016, customer loans of RM69 billion (S$22 billion) were 2% lower as compared to a year ago, while the NPL ratio was relatively stable at 2.2%. OCBC Bank Malaysia's contribution to the Group's 2016 earnings amounted to 8%.

Bank OCBC NISP posted another year of robust growth. Net profit after tax of IDR1,790 billion (S$186 million) was 19% higher than the previous year, driven by broad-based income growth. Total customer loans were up 9% over the previous year at IDR93 trillion (S$10 billion), while the NPL ratio was 1.9%. As a proportion of the Group's overall earnings, Bank OCBC NISP represented 4% of the overall net profit after tax.

OCBC Wing Hang's full year net profit after tax contribution to the Group was HK$1.77 billion (S$315 million) which was 2% higher than 2015 and accounted for 9% of the Group's net profit after tax. As at 31 December 2016, customer loans rose 6% to HK$163 billion (S$30 billion), while the NPL ratio stood at 0.9%.

As at 31 December 2016, BOS' AUM were US$79 billion (S$115 billion), which included the AUM transferred from Barclays WIM of US$13 billion. Against the AUM of US$55 billion (S$77 billion) from a year ago, this represented an increase of 45%. BOS' earning asset base, which are secured and included loans from Barclays WIM, rose 43% to US$97 billion (S$140 billion) from US$68 billion (S$96 billion) the previous year.

The Group's FY16 wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, was S$2.27 billion and represented 27% of the Group's total income in 2016.

Final Dividend

The Board has proposed a final tax-exempt dividend of 18 cents per share, bringing the FY16 total dividend to 36 cents per share, unchanged from 36 cents in FY15. The Scrip Dividend Scheme will not be applicable to the final dividend. The estimated total dividend payout will amount to S$1.51 billion, representing 43% of the Group's core underlying net profit in 2016.

CEO's Comments

Commenting on the Group's performance and outlook, CEO Samuel Tsien said:

"Despite difficult business conditions that prevailed throughout the year, the Group delivered a resilient performance. Our results were underscored by the strength of our well-diversified franchise that continues to drive consistent and balanced long-term growth. The Barclays Wealth acquisition further strengthened our wealth management presence, a franchise which continued to perform well. Great Eastern achieved strong underlying new sales and net embedded value growth, while our Indonesian and Hong Kong banking operations also reported higher contributions to the Group.

The overall quality of our portfolio remained sound. Against the weak operating environment, however, there continued to be stresses in parts of the portfolio, particularly within the oil & gas support services sector which drove increases in non-performing loans and allowances. We shall remain vigilant and will continue to help our clients in the impacted sectors to de-leverage and restructure their debts while being prudent in our risk management processes. At the same time, we have tightly controlled our cost base and further strengthened our strong liquidity and capital positions.

Looking ahead, while the headwinds facing the broad economy are likely to persist, we are confident that we are well-positioned to support our valued customers through this difficult period and capture new opportunities as they arise across our franchise."

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore and the Asia Pacific by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 610 branches and representative offices in 18 countries and regions. These include the 340 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 100 branches and offices in Hong Kong, China and Macau under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

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To Our Shareholders

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

Audited Financial Results for the Financial Year Ended 31 December 2016

For the financial year ended 31 December 2016, Group reported net profit after tax was S$3.47 billion. Details of the audited financial results are in the accompanying Group Financial Report.

Ordinary Dividend

A final tax exempt dividend of 18 cents per share has been recommended for the financial year 2016. Including the interim net dividend of 18 cents per share paid in August 2016, total dividends for financial year 2016 would amount to 36 cents per share, unchanged from the 36 cents paid for financial year 2015.

Closure of Books

The books closure date is 25 May 2017. Please refer to the separate announcement titled "Notice of Books Closure and Payment of Final One-Tier Tax Exempt Dividend on Ordinary Shares for the Financial Year Ended 31 December 2016" released by the Bank today.

Scrip Dividend Scheme

The Oversea-Chinese Banking Corporation Limited Scrip Dividend Scheme, which was approved by the Shareholders of the Bank at the Extraordinary General Meeting on 8 June 1996, will not be applicable to the final dividend.

Preference Dividend

On 20 December 2016, the Bank paid semi-annual tax exempt dividend on its Class M non-cumulative non-convertible preference shares at 4.0% (2015: 4.0%) per annum. Total amount of dividend paid was S$20.1 million.

Peter Yeoh
Secretary

Singapore, 14 February 2017

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

Oversea-Chinese Banking Corporation Limited

Financial Year 2016 Group Financial Report

OCBC Bank

Incorporated in Singapore
Company Registration Number: 193200032W

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Notes:
1. Certain comparative figures have been restated to conform with the current period's presentation.
2. Amounts less than S$0.5 million are shown as "0".
3. "nm" denotes not meaningful.

FINANCIAL SUMMARY

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

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2016:

FRS 1 (Amendments)	*Disclosure Initiative*
FRS 16 and FRS 38 (Amendments)	*Clarification of Acceptable Methods of Depreciation and Amortisation*
FRS 27 (Amendments)	*Equity Method in Separate Financial Statements*
FRS 110, FRS 112 and FRS 28 (Amendments)	*Investment Entities: Applying the Consolidation Exception*
FRS 111 (Amendments)	*Accounting for Acquisitions of Interests in Joint Operations*
Various	*Improvements to FRSs (November 2014)*

There are a number of new/revised financial reporting standards in issue but not yet effective. They are not expected to have a material impact on the Group's financial statements when adopted except for FRS 109: *Financial Instruments*. FRS 109 is effective from 1 January 2018.

Financial Results

The Group reported a net profit after tax of S$3.47 billion for the financial year ended 31 December 2016 ("FY16"), 11% lower as compared with S$3.90 billion a year ago ("FY15"), which included a realised gain from the sale of an investment in Great Eastern Holdings' ("GEH") equity portfolio.

Net interest income of S$5.05 billion declined 3% from S$5.19 billion a year ago, mainly attributable to a fall in average asset volumes. Non-interest income was down 3% to S$3.44 billion, from S$3.53 billion in FY15. Fee and commission income of S$1.64 billion was largely unchanged from a year ago, while net trading income fell 4% to S$529 million for FY16, as compared with S$552 million a year ago. Profit from life assurance was S$499 million and was 21% lower from S$630 million in FY15. The Group's share of results of associates of S$396 million was 13% higher as compared with S$353 million a year ago, reflecting higher contributions from Bank of Ningbo and AVIC Trust Co Limited.

Operating expenses grew 3% to S$3.79 billion in FY16, from S$3.66 billion a year ago, mainly from higher staff costs. Allowances for loans and other assets amounted to S$726 million, up 49% from S$488 million in FY15. The Group's non-performing loans ("NPL") ratio was 1.3% as at 31 December 2016, an increase from 0.9% a year ago.

Return on equity was 10.0% in FY16, as compared to 12.3% a year ago. Earnings per share was 82.2 cents, down from 95.2 cents in FY15.

The Group net profit after tax for the fourth quarter of 2016 ("4Q16") was S$789 million, down 18% from S$960 million a year ago, and 16% from S$943 million the previous quarter. The year-on-year decline was largely attributable to lower interest income and non-interest income.

FINANCIAL SUMMARY *(continued)*

S$ million	2016	2015	+/(-) %	4Q16	4Q15	+/(-) %	3Q16	+/(-) %
Selected Income Statement Items								
Net interest income	**5,052**	5,189	(3)	**1,251**	1,341	(7)	1,234	1
Non-interest income	**3,437**	3,533	(3)	**926**	960	(4)	970	(5)
Total income	**8,489**	8,722	(3)	**2,177**	2,301	(5)	2,204	(1)
Operating expenses	**(3,788)**	(3,664)	3	**(981)**	(974)	1	(953)	3
Operating profit before allowances and amortisation	**4,701**	5,058	(7)	**1,196**	1,327	(10)	1,251	(4)
Amortisation of intangible assets	**(96)**	(98)	(1)	**(24)**	(25)	(1)	(23)	2
Allowances for loans and impairment for other assets	**(726)**	(488)	49	**(305)**	(193)	57	(166)	84
Operating profit after allowances and amortisation	**3,879**	4,472	(13)	**867**	1,109	(22)	1,062	(18)
Share of results of associates	**396**	353	13	**82**	63	30	105	(22)
Profit before income tax	**4,275**	4,825	(11)	**949**	1,172	(19)	1,167	(19)
Net profit attributable to shareholders	**3,473**	3,903	(11)	**789**	960	(18)	943	(16)
Cash basis net profit attributable to shareholders [1/]	**3,569**	4,001	(11)	**813**	985	(17)	966	(16)
Selected Balance Sheet Items								
Ordinary equity	**35,507**	33,053	7	**35,507**	33,053	7	34,775	2
Total equity *(excluding non-controlling interests)*	**37,007**	34,553	7	**37,007**	34,553	7	36,275	2
Total assets	**409,884**	390,190	5	**409,884**	390,190	5	394,190	4
Assets excluding life assurance fund investment assets	**347,911**	333,207	4	**347,911**	333,207	4	332,234	5
Loans and bills receivable *(net of allowances)*	**216,830**	208,218	4	**216,830**	208,218	4	205,564	5
Deposits of non-bank customers	**261,486**	246,277	6	**261,486**	246,277	6	247,318	6

Note:
1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY *(continued)*

	2016	2015	4Q16	4Q15	3Q16
Key Financial Ratios					
Performance ratios (% p.a.)					
Return on equity [1/ 2/]					
SFRS[3/] basis	**10.0**	12.3	**8.8**	11.5	10.8
Cash basis	**10.3**	12.6	**9.1**	11.8	11.1
Return on assets [4/]					
SFRS[3/] basis	**1.03**	1.14	**0.92**	1.13	1.12
Cash basis	**1.06**	1.17	**0.95**	1.16	1.15
Revenue mix/efficiency ratios (%)					
Net interest margin	**1.67**	1.67	**1.63**	1.74	1.62
Net interest income to total income	**59.5**	59.5	**57.5**	58.3	56.0
Non-interest income to total income	**40.5**	40.5	**42.5**	41.7	44.0
Cost to income	**44.6**	42.0	**45.1**	42.3	43.2
Loans-to-deposits	**82.9**	84.5	**82.9**	84.5	83.1
NPL ratio	**1.3**	0.9	**1.3**	0.9	1.2
Earnings per share [2/] (cents)					
Basic earnings	**82.2**	95.2	**73.6**	90.7	88.3
Basic earnings (cash basis)	**84.5**	97.6	**76.0**	93.1	90.5
Diluted earnings	**82.2**	95.1	**73.6**	90.6	88.2
Net asset value per share (S$)					
Before valuation surplus	**8.49**	8.03	**8.49**	8.03	8.31
After valuation surplus	**10.03**	9.59	**10.03**	9.59	9.82
Capital adequacy ratios (%) [5/]					
Common Equity Tier 1	**14.7**	14.8	**14.7**	14.8	15.1
Tier 1	**15.1**	14.8	**15.1**	14.8	15.6
Total	**17.1**	16.8	**17.1**	16.8	17.6
Leverage ratio (%) [6/]	**8.2**	8.0	**8.2**	8.0	8.4

Notes:
1. Preference equity, other equity instruments and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on net profit less preference dividends and distributions on other equity instruments paid and estimated to be due at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.
5. The Group's Capital adequacy ratios are computed based on Basel III transitional arrangements.
6. The Group's Leverage ratio is computed based on the revised MAS Notice 637 on Risk Based Capital Adequacy Requirements for Banks incorporated in Singapore, which took effect on 1 January 2015.
7. Return on equity, return on assets, net interest margin and earnings per share for the quarters are computed on an annualised basis.

NET INTEREST INCOME

Average Balance Sheet

S$ million	2016 Average Balance	2016 Interest	2016 Average Rate	2015 Average Balance	2015 Interest	2015 Average Rate
			%			%
Interest earning assets						
Loans and advances to non-bank customers	**206,622**	**6,527**	**3.16**	208,012	6,501	3.13
Placements with and loans to banks	**50,596**	**772**	**1.52**	58,312	845	1.45
Other interest earning assets [1/]	**45,631**	**1,069**	**2.34**	44,101	1,140	2.59
Total	**302,849**	**8,368**	**2.76**	310,425	8,486	2.73
Interest bearing liabilities						
Deposits of non-bank customers	**247,818**	**2,723**	**1.10**	249,966	2,731	1.09
Deposits and balances of banks	**13,252**	**124**	**0.94**	15,853	134	0.84
Other borrowings [2/]	**21,678**	**469**	**2.16**	27,017	432	1.60
Total	**282,748**	**3,316**	**1.17**	292,836	3,297	1.13
Net interest income/margin [3/]		**5,052**	**1.67**		5,189	1.67

S$ million	4Q16 Average Balance	4Q16 Interest	4Q16 Average Rate [4/]	4Q15 Average Balance	4Q15 Interest	4Q15 Average Rate [4/]	3Q16 Average Balance	3Q16 Interest	3Q16 Average Rate [4/]
			%			%			%
Interest earning assets									
Loans and advances to non-bank customers	**211,094**	**1,608**	**3.03**	209,280	1,681	3.19	203,953	1,586	3.09
Placements with and loans to banks	**49,049**	**186**	**1.50**	53,625	189	1.40	51,684	195	1.51
Other interest earning assets [1/]	**45,135**	**265**	**2.34**	43,522	273	2.49	47,843	278	2.31
Total	**305,278**	**2,059**	**2.68**	306,427	2,143	2.77	303,480	2,059	2.70
Interest bearing liabilities									
Deposits of non-bank customers	**252,157**	**657**	**1.04**	248,256	655	1.05	248,323	675	1.08
Deposits and balances of banks	**12,337**	**29**	**0.96**	14,241	36	0.98	12,220	32	1.04
Other borrowings [2/]	**20,506**	**122**	**2.37**	25,120	111	1.76	22,436	118	2.10
Total	**285,000**	**808**	**1.13**	287,617	802	1.11	282,979	825	1.16
Net interest income/margin [3/]		**1,251**	**1.63**		1,341	1.74		1,234	1.62

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

NET INTEREST INCOME *(continued)*

Net interest income declined 3% to S$5.05 billion in FY16, from S$5.19 billion a year ago, mainly from a decline in average interest earning assets. Net interest margin for FY16 was stable at 1.67%.

Net interest income for 4Q16 was S$1.25 billion, down 7% from S$1.34 billion a year ago. This was largely attributable to an 11 basis points decline in net interest margin to 1.63% from 1.74%, as a result of lower customer loan yields in a sustained low interest rate environment. Compared with 3Q16, net interest income was up 1% from S$1.23 billion, underpinned by higher average asset volumes.

Volume and Rate Analysis

	2016 vs 2015			4Q16 vs 4Q15			4Q16 vs 3Q16		
Increase/(decrease) due to change in: S$ million	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income									
Loans and advances to non-bank customers	(43)	69	26	15	(88)	(73)	55	(33)	22
Placements with and loans to banks	(112)	39	(73)	(16)	13	(3)	(9)	(0)	(9)
Other interest earning assets	40	(111)	(71)	10	(18)	(8)	(16)	3	(13)
Total	(115)	(3)	(118)	9	(93)	(84)	30	(30)	(0)
Interest expense									
Deposits of non-bank customers	(23)	15	(8)	11	(9)	2	11	(29)	(18)
Deposits and balances of banks	(22)	12	(10)	(6)	(1)	(7)	0	(3)	(3)
Other borrowings	(85)	122	37	(20)	31	11	(10)	14	4
Total	(130)	149	19	(15)	21	6	1	(18)	(17)
Impact on net interest income	15	(152)	(137)	24	(114)	(90)	29	(12)	17
Net interest income			(137)			(90)			17

NON-INTEREST INCOME

S$ million	2016	2015	+/(-) %	4Q16	4Q15	+/(-) %	3Q16	+/(-) %
Fees and commissions								
Brokerage	**65**	87	(26)	**17**	17	(2)	17	–
Wealth management [1/]	**588**	570	3	**157**	139	13	155	1
Fund management [1/]	**99**	87	14	**27**	23	14	26	4
Credit card	**159**	138	15	**40**	39	4	45	(11)
Loan-related	**304**	311	(2)	**76**	76	–	78	(3)
Trade-related and remittances	**209**	224	(7)	**55**	54	1	53	3
Guarantees	**20**	21	(6)	**4**	5	(17)	4	(1)
Investment banking	**63**	86	(27)	**13**	19	(32)	21	(39)
Service charges	**95**	83	16	**22**	22	(1)	19	19
Others [1/]	**36**	36	2	**9**	8	15	10	(7)
Sub-total	**1,638**	1,643	–	**420**	402	4	428	(2)
Dividends	**101**	93	9	**18**	22	(17)	45	(59)
Rental income	**91**	100	(10)	**22**	23	(4)	23	(3)
Profit from life assurance	**499**	630	(21)	**144**	236	(39)	164	(12)
Premium income from general insurance	**150**	151	–	**38**	36	6	35	7
Other income								
Net trading income	**529**	552	(4)	**122**	163	(25)	163	(25)
Net gain from investment securities	**198**	204	(3)	**54**	7	653	41	33
Net (loss)/gain from disposal of interests in subsidiaries and associates	**(18)**	3	(768)	**–**	3	(100)	0	(100)
Net gain from disposal of properties	**161**	66	143	**82**	41	97	51	60
Others	**88**	91	(3)	**26**	27	–	20	31
Sub-total	**958**	916	5	**284**	241	18	275	3
Total non-interest income	**3,437**	3,533	(3)	**926**	960	(4)	970	(5)
Fees and commissions/Total income	**19.3%**	18.8%		**19.3%**	17.5%		19.4%	
Non-interest income/Total income	**40.5%**	40.5%		**42.5%**	41.7%		44.0%	

Note:
1. Comparative figures have been restated to conform with the current period's presentation.

Non-interest income in FY16 was S$3.44 billion, and was 3% lower as compared to S$3.53 billion a year ago.

Fee and commission income was stable at S$1.64 billion, as strong wealth management fee growth was offset by lower brokerage and investment banking income. Net trading income of S$529 million was 4% lower from S$552 million a year ago, mainly as a result of lower non-customer flow income. Dividend income was S$101 million for FY16 as compared to S$93 million a year ago, and net gains from the sale of properties of S$161 million were higher from S$66 million in FY15. Net realised gains from the sale of investment securities were S$198 million for the year, down 3% from S$204 million in FY15 which included a S$136 million realised gain from the sale of an investment in GEH's equity portfolio. Profit from life assurance was 21% lower at S$499 million as compared to S$630 million, mainly from higher medical claims and mark-to-market losses in its Non-participating Fund as a result of interest rate movements.

Non-interest income for 4Q16 was 4% lower at S$926 million as compared to S$960 million last year, as growth in fee income was offset by a fall in net trading income and profit from life assurance.

OPERATING EXPENSES

S$ million	2016	2015	+/(-) %	4Q16	4Q15	+/(-) %	3Q16	+/(-) %
Staff costs								
Salaries and other costs	**2,128**	2,054	4	**530**	533	(1)	542	(2)
Share-based expenses	**51**	38	32	**14**	10	39	14	(1)
Contribution to defined contribution plans	**168**	162	4	**41**	37	13	45	(6)
	2,347	2,254	4	**585**	580	1	601	(3)
Property and equipment								
Depreciation	**308**	293	5	**81**	77	5	77	6
Maintenance and hire of property, plant & equipment	**117**	112	4	**30**	31	(5)	29	3
Rental expenses	**100**	97	3	**27**	25	8	24	8
Others	**238**	235	1	**67**	73	(8)	56	20
	763	737	4	**205**	206	(1)	186	10
Other operating expenses	**678**	673	1	**191**	188	2	166	15
Total operating expenses	**3,788**	3,664	3	**981**	974	1	953	3
Group staff strength								
Period end	**29,792**	29,847	–	**29,792**	29,847	–	29,760	–
Average	**30,037**	29,601	1	**30,256**	29,771	2	29,880	1
Cost to income ratio	**44.6%**	42.0%		**45.1%**	42.3%		43.2%	

Operating expenses rose 3% to S$3.79 billion in FY16, up from S$3.66 billion a year ago, reflecting continued cost discipline and controlled headcount growth, as well as costs associated with the acquisition of the former wealth and investment management business of Barclays PLC in Singapore and Hong Kong ("Barclays WIM"). Excluding the consolidation of Barclays WIM, operating expenses were up 2% from the previous year. Staff costs were up 4% to S$2.35 billion, from S$2.25 billion in FY15, from a combination of the Barclays WIM consolidation, higher base salaries and incentive compensation. Property and equipment-related expenses were S$763 million, an increase of 4% from S$737 million a year ago, mainly as a result of higher depreciation and technology-related costs.

Compared to 4Q15, operating expenses for the quarter increased 1% to S$981 million from S$974 million, largely from the consolidation of Barclays WIM. Excluding Barclays WIM, operating expenses fell 2% year-on-year.

The cost-to-income ratio was 44.6% in FY16, as compared to 42.0% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S$ million	2016	2015	+/(-) %	4Q16	4Q15	+/(-) %	3Q16	+/(-) %
Specific allowances/ (write-back) for loans								
Singapore	**208**	71	192	**119**	21	478	13	852
Malaysia	**72**	81	(11)	**40**	24	63	9	365
Greater China	**47**	37	26	**11**	16	(32)	20	(47)
Others	**157**	43	265	**65**	15	340	57	13
	484	232	109	**235**	76	210	99	137
Portfolio allowances for loans	**172**	177	(3)	**43**	74	(41)	64	(33)
Allowances and impairment charges for other assets	**70**	79	(12)	**27**	43	(39)	3	938
Allowances for loans and impairment for other assets	**726**	488	49	**305**	193	57	166	84

Allowances for loans and other assets were S$726 million in FY16, an increase as compared to S$488 million a year ago.

Specific allowances for loans, net of recoveries and writebacks were S$484 million for the year, higher as compared to S$232 million in FY15, with the increase coming mainly from corporate accounts in the oil and gas support services sector that the Group has been closely monitoring. Net specific allowances were 23 basis points of loans. Portfolio allowances for loans were S$172 million in FY16.

Net allowances were S$305 million in 4Q16, as compared to S$193 million a year ago and S$166 million the previous quarter.

LOANS AND ADVANCES

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Loans to customers	**213,623**	202,093	202,778
Bills receivable	**6,529**	8,572	5,850
Gross loans to customers	**220,152**	210,665	208,628
Allowances			
Specific allowances	**(616)**	(360)	(409)
Portfolio allowances	**(2,241)**	(2,060)	(2,170)
	217,295	208,245	206,049
Less: assets pledged	**(465)**	(27)	(485)
Loans net of allowances	**216,830**	208,218	205,564
By Maturity			
Within 1 year	**82,942**	78,167	75,551
1 to 3 years	**38,003**	36,345	36,797
Over 3 years	**99,207**	96,153	96,280
	220,152	210,665	208,628
By Industry			
Agriculture, mining and quarrying	**8,974**	7,394	7,621
Manufacturing	**12,697**	13,222	11,775
Building and construction	**35,632**	34,407	33,974
Housing loans	**60,149**	56,058	58,881
General commerce	**25,348**	26,128	23,907
Transport, storage and communication	**11,520**	12,360	10,914
Financial institutions, investment and holding companies	**30,491**	27,463	27,913
Professionals and individuals	**26,396**	23,464	24,460
Others	**8,945**	10,169	9,183
	220,152	210,665	208,628
By Currency			
Singapore Dollar	**81,260**	80,496	81,351
United States Dollar	**56,576**	49,408	48,573
Malaysian Ringgit	**20,552**	21,273	21,083
Indonesian Rupiah	**7,486**	6,511	6,953
Hong Kong Dollar	**30,339**	29,457	27,728
Chinese Renminbi	**5,182**	7,509	5,242
Others	**18,757**	16,011	17,698
	220,152	210,665	208,628
By Geography [1/]			
Singapore	**93,580**	87,540	90,467
Malaysia	**27,948**	28,599	28,253
Indonesia	**18,138**	17,216	17,023
Greater China	**53,997**	56,416	49,233
Other Asia Pacific	**11,988**	10,644	11,176
Rest of the World	**14,501**	10,250	12,476
	220,152	210,665	208,628

Note:
1. Loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

Gross loans to customers were S$220 billion as at 31 December 2016, an increase of 5% from S$211 billion a year ago and 6% from S$209 billion the previous quarter. In constant currency terms, customer loans grew 4% year-on-year and 3% from the previous quarter. By industry, the year-on-year loan growth was driven by housing and other consumer-related loans, and loans to the building and construction sector.

NON-PERFORMING ASSETS

S$ million	Total NPAs [1]	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs	NPLs [2]	NPL Ratio [2]
					%		%
Singapore							
31 Dec 2016	**800**	**404**	**248**	**148**	**68.3**	**745**	**0.8**
30 Sep 2016	560	274	138	148	66.9	525	0.6
31 Dec 2015	545	337	113	95	78.8	545	0.6
Malaysia							
31 Dec 2016	**610**	**485**	**81**	**44**	**79.5**	**607**	**2.2**
30 Sep 2016	617	486	100	31	78.8	614	2.2
31 Dec 2015	732	628	77	27	85.8	707	2.5
Indonesia							
31 Dec 2016	**691**	**433**	**120**	**138**	**67.0**	**689**	**3.8**
30 Sep 2016	625	448	84	93	68.7	622	3.7
31 Dec 2015	400	316	10	74	36.1	400	2.3
Greater China							
31 Dec 2016	**389**	**219**	**114**	**56**	**40.2**	**354**	**0.7**
30 Sep 2016	399	168	167	64	39.7	340	0.7
31 Dec 2015	241	74	112	55	80.5	207	0.4
Other Asia Pacific							
31 Dec 2016	**326**	**301**	**25**	**–**	**67.6**	**326**	**2.7**
30 Sep 2016	317	305	12	–	72.9	316	2.8
31 Dec 2015	80	80	–	–	61.9	80	0.7
Rest of the World							
31 Dec 2016	**70**	**60**	**9**	**1**	**88.5**	**62**	**0.4**
30 Sep 2016	67	57	9	1	87.3	60	0.5
31 Dec 2015	41	21	19	1	21.0	30	0.3
Group							
31 Dec 2016	**2,886**	**1,902**	**597**	**387**	**67.0**	**2,783**	**1.3**
30 Sep 2016	2,585	1,738	510	337	67.2	2,477	1.2
31 Dec 2015	2,039	1,456	331	252	71.3	1,969	0.9

Notes:
1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Exclude debt securities and contingent liabilities.

NON-PERFORMING ASSETS *(continued)*

Non-performing assets ("NPAs") were S$2.89 billion as at 31 December 2016, an increase of 42% from S$2.04 billion a year ago and up 12% from S$2.59 billion the previous quarter. The increase in NPAs for both periods was mainly from the classification of a few large corporate accounts associated with the oil and gas services sector.

The Group's NPL ratio was 1.3%, an increase from 0.9% a year ago and from 1.2% the previous quarter. Of the total NPAs, 66% were in the substandard category and 67% were secured by collateral.

	31 Dec 2016		31 Dec 2015		30 Sep 2016	
	S$ million	% of loans	S$ million	% of loans	S$ million	% of loans
NPLs by Industry						
Loans and advances						
Agriculture, mining and quarrying	**152**	**1.7**	337	4.6	145	1.9
Manufacturing	**254**	**2.0**	428	3.2	244	2.1
Building and construction	**94**	**0.3**	105	0.3	106	0.3
Housing loans	**406**	**0.7**	278	0.5	366	0.6
General commerce	**376**	**1.5**	194	0.7	343	1.4
Transport, storage and communication	**608**	**5.3**	274	2.2	475	4.4
Financial institutions, investment and holding companies	**435**	**1.4**	197	0.7	389	1.4
Professionals and individuals	**170**	**0.6**	129	0.6	145	0.6
Others	**288**	**3.2**	27	0.3	264	2.9
Total NPLs	**2,783**	**1.3**	1,969	0.9	2,477	1.2
Classified debt securities	**80**		40		101	
Classified contingent liabilities	**23**		30		7	
Total NPAs	**2,886**		2,039		2,585	

	31 Dec 2016		31 Dec 2015		30 Sep 2016	
	S$ million	%	S$ million	%	S$ million	%
NPAs by Period Overdue						
Over 180 days	**1,528**	**53**	590	29	1,114	43
Over 90 to 180 days	**337**	**12**	378	19	634	25
30 to 90 days	**248**	**9**	284	14	217	8
Less than 30 days	**323**	**11**	206	10	96	4
Not overdue	**450**	**15**	581	28	524	20
	2,886	**100**	2,039	100	2,585	100

	31 Dec 2016		31 Dec 2015		30 Sep 2016	
S$ million	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans						
Substandard	**865**	**72**	365	13	860	5
Doubtful	**156**	**118**	39	34	74	68
Loss	**42**	**28**	5	4	24	14
	1,063	**218**	409	51	958	87

CUMULATIVE ALLOWANCES FOR ASSETS

S$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
31 Dec 2016	**1,082**	**235**	**847**	**29.4**	**135.2**
30 Sep 2016	939	128	811	22.8	167.9
31 Dec 2015	857	85	772	15.6	157.2
Malaysia					
31 Dec 2016	**509**	**124**	**385**	**20.4**	**83.4**
30 Sep 2016	485	91	394	14.7	78.6
31 Dec 2015	539	148	391	20.2	73.7
Indonesia					
31 Dec 2016	**461**	**173**	**288**	**25.0**	**66.7**
30 Sep 2016	391	121	270	19.3	62.5
31 Dec 2015	268	58	210	14.4	66.8
Greater China					
31 Dec 2016	**610**	**89**	**521**	**23.0**	**156.9**
30 Sep 2016	590	90	500	22.7	147.8
31 Dec 2015	581	70	511	29.1	240.8
Other Asia Pacific					
31 Dec 2016	**127**	**17**	**110**	**5.1**	**38.9**
30 Sep 2016	112	5	107	1.5	35.3
31 Dec 2015	98	1	97	1.2	123.1
Rest of the World					
31 Dec 2016	**98**	**8**	**90**	**10.8**	**139.3**
30 Sep 2016	95	7	88	10.6	142.1
31 Dec 2015	95	16	79	39.9	235.3
Group					
31 Dec 2016	**2,887**	**646**	**2,241**	**22.4**	**100.0**
30 Sep 2016	2,612	442	2,170	17.1	101.1
31 Dec 2015	2,438	378	2,060	18.6	119.6

As at 31 December 2016, the Group's total cumulative allowances for assets were S$2.89 billion, comprising S$646 million in specific allowances and S$2.24 billion in portfolio allowances. The coverage ratios as of 31 December 2016 comprised total cumulative allowances amounting to 303% of unsecured NPAs and 100% of total NPAs.

DEPOSITS

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Deposits of non-bank customers	**261,486**	246,277	247,318
Deposits and balances of banks	**10,740**	12,047	11,215
	272,226	258,324	258,533
Loans-to-deposits ratio (net non-bank loans/non-bank deposits)	**82.9%**	84.5%	83.1%

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Total Deposits By Maturity			
Within 1 year	**268,328**	253,338	254,867
1 to 3 years	**2,045**	2,530	1,786
Over 3 years	**1,853**	2,456	1,880
	272,226	258,324	258,533
Non-Bank Deposits By Product			
Fixed deposits	**113,943**	106,375	107,520
Savings deposits	**48,240**	43,099	45,879
Current account	**85,411**	77,298	78,333
Others	**13,892**	19,505	15,586
	261,486	246,277	247,318
Non-Bank Deposits By Currency			
Singapore Dollar	**94,413**	88,905	93,733
United States Dollar	**80,402**	72,583	72,839
Malaysian Ringgit	**21,701**	22,616	23,022
Indonesian Rupiah	**7,563**	5,692	7,095
Hong Kong Dollar	**27,336**	23,692	24,065
Chinese Renminbi	**8,008**	10,501	6,919
Others	**22,063**	22,288	19,645
	261,486	246,277	247,318

Non-bank customer deposits as at 31 December 2016 were S$261 billion, up 6% from a year ago and the previous quarter. Compared to the previous year, the growth in customer deposits was led by an increase in current account, savings and fixed deposits, which grew by 10%, 12% and 7% respectively. The ratio of current and savings deposits to total non-bank deposits increased to 51.1% as at 31 December 2016, from 48.9% a year ago. The Group's loans-to-deposits ratio was 82.9%, as compared with 84.5% a year ago and 83.1% in the previous quarter.

DEBT ISSUED

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Subordinated debt (unsecured)	**6,503**	6,480	6,386
Fixed and floating rate notes (unsecured)	**3,565**	4,857	3,831
Commercial papers (unsecured)	**8,572**	10,879	8,548
Structured notes (unsecured)	**1,307**	1,263	1,457
Total	**19,947**	23,479	20,222
Debt Issued By Maturity			
Within one year	**12,480**	12,755	11,961
Over one year	**7,467**	10,724	8,261
Total	**19,947**	23,479	20,222

As at 31 December 2016, the Group had S$8.57 billion of commercial papers outstanding. The commercial papers form part of the Group's diversified funding sources.

CAPITAL ADEQUACY RATIOS[1]

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Ordinary shares	**14,107**	13,560	14,101
Disclosed reserves/others	**21,586**	19,655	20,838
Regulatory adjustments	**(6,550)**	(4,577)	(6,211)
Common Equity Tier 1 Capital	**29,143**	28,638	28,728
Additional Tier 1 capital	**3,109**	3,128	3,106
Regulatory adjustments	**(2,284)**	(3,128)	(2,098)
Tier 1 Capital	**29,968**	28,638	29,736
Tier 2 capital	**6,087**	6,151	5,884
Regulatory adjustments	**(2,080)**	(2,334)	(2,041)
Total Eligible Capital	**33,975**	32,455	33,579
Risk Weighted Assets	**197,763**	193,119	189,775
Capital Adequacy Ratios			
Common Equity Tier 1	**14.7%**	14.8%	15.1%
Tier 1	**15.1%**	14.8%	15.6%
Total	**17.1%**	16.8%	17.6%

The Group remains strongly capitalised, with a Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") of 14.7%, and Tier 1 and Total CAR of 15.1% and 17.1% respectively. These ratios, based on Basel III transitional arrangements, were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2016[2].

The Group's fully phased-in CET1 CAR as of 31 December 2016 based on MAS Notice 637 rules effective 31 December 2015 was 12.4%.

The capital adequacy information of the Group's significant banking subsidiaries as at 31 December 2016 were:

		Capital Adequacy Ratios		
S$ million	**Total Risk Weighted Assets**	**Common Equity Tier 1**	**Tier 1**	**Total**
OCBC Wing Hang Bank Limited	18,163	15.7%	15.7%	19.3%
OCBC Bank (Malaysia) Berhad	12,725	12.7%	15.0%	17.5%
Bank OCBC NISP	11,994	17.2%	17.2%	18.3%

The capital adequacy ratios of OCBC Wing Hang Bank Limited are computed in accordance with the Banking (Capital) Rules issued by the Hong Kong Monetary Authority, and the ratios for OCBC Bank (Malaysia) Berhad are computed in accordance with the Capital Adequacy Framework (Capital Components) issued by Bank Negara Malaysia. Bank OCBC NISP computes their ratios based on the standardised approach under the Basel III framework.

[1] Public disclosures required under MAS Notice 637 Part XI can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

[2] In addition to these minimum capital requirements, Capital Conservation Buffer ("CCB") of 2.5% and Countercyclical Buffer ("CCyB") of up to 2.5% will be phased in from 2016 to 2019. The CCB was 0.625% on 1 January 2016 and increases by 0.625% each year to reach 2.5% on 1 January 2019. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the Bank has private sector credit exposures.

LEVERAGE RATIO

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Tier 1 Capital	**29,968**	28,638	29,736
Total exposures	**365,126**	357,971	351,709
Leverage ratio	**8.2%**	8.0%	8.4%

Note:

1. Public disclosures required under MAS Notice 637 Part XI Division 3 Sub-division 11: Leverage ratio can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

The leverage ratio is an indicator of capital strength to supplement the risk-based capital requirements and is the ratio of Tier 1 Capital to total exposures (comprising on-balance sheet exposures, derivative exposures, securities financing transaction exposures and off-balance sheet items). As at 31 December 2016, the Group's leverage ratio was 8.2%, above the minimum requirement of 3% which is being tested by Basel Committee on Banking Supervision during the parallel run period from 2013 to 2017.

LIQUIDITY COVERAGE RATIOS

For 4Q16, the average Singapore dollar ("SGD") and all-currency liquidity coverage ratios ("LCR") for the Group (excluding OCBC Wing Hang which will be included in due course) were 284% and 145% respectively. Compared to 3Q16, the SGD LCR was higher by 13 percentage points from the increase in central bank reserves. The all-currency LCR increased by 12 percentage points with a more stable funding base and the liquidity buffer maintained amidst market uncertainties in 4Q16.

The Group continued to focus on acquiring stable deposits and to maintain a mix of High Quality Liquid Assets comprising mainly Level 1 central bank reserves and liquid sovereign bonds. The Asset & Liability Management Desk in Global Treasury manages the day-to-day liquidity needs of the Group, and is subject to liquidity limits and triggers that serve as risk control on the Group's liquidity exposure.

Public disclosures required under MAS Notice 651 Liquidity Coverage Ratio Disclosure can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (http://www.ocbc.com/group/investors/Cap_and_Reg_Disclosures.html).

UNREALISED VALUATION SURPLUS

S$ million	31 Dec 2016	31 Dec 2015	30 Sep 2016
Properties [2/]	**3,890**	3,915	3,908
Equity securities [3/]	**2,557**	2,508	2,400
Total	**6,447**	6,423	6,308

Notes:

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

The Group's unrealised valuation surplus largely represents the difference between the carrying values of its properties and investments in quoted subsidiaries and an associate, and the market values of those properties and quoted investments at the respective periods. The carrying values of subsidiaries and associate on the balance sheet are measured at cost plus post-acquisition reserves, while those of properties are measured at cost less accumulated depreciation, and impairment, if any.

The valuation surplus as at 31 December 2016 was S$6.45 billion, largely unchanged from S$6.42 billion as at 31 December 2015.

PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, OCBC Wing Hang and Insurance.

Operating Profit by Business Segment

S$ million	2016	2015	+/(-) %	4Q16	4Q15	+/(-) %	3Q16	+/(-) %
Global Consumer/Private Banking	**1,066**	1,004	6	**257**	281	(9)	282	(9)
Global Corporate/Investment Banking	**1,605**	1,903	(16)	**230**	478	(52)	399	(42)
Global Treasury and Markets	**441**	618	(29)	**77**	140	(45)	141	(45)
OCBC Wing Hang [1/]	**362**	360	–	**106**	90	18	89	20
Insurance	**662**	853	(22)	**222**	229	(3)	215	3
Others	**(257)**	(266)	(3)	**(25)**	(109)	(77)	(64)	(61)
Operating profit after allowances and amortisation	**3,879**	4,472	(13)	**867**	1,109	(22)	1,062	(18)

Note:
1. This includes the operating profit of OCBC Bank (China) from mid-July 2016, following the merger of OCBC Bank (China) and Wing Hang Bank (China). The operating profit of OCBC Bank (China) continues to be reported in the various business segments.

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Operating profit after allowances rose 6% year-on-year to S$1.07 billion from S$1.00 billion in FY15, driven by higher net interest income and fee income, partly offset by an increase in expenses. 4Q16 operating profit of S$257 million was 9% lower year-on-year and quarter-on-quarter. The decrease in operating profit in 4Q16 was attributable to higher expenses partly from the consolidation of Barclays WIM, which more than offset net interest income growth.

Global Corporate/Investment Banking

Global Corporate/Investment Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, deposit accounts and fee-based services such as cash management and custodian services. Investment Banking comprises a comprehensive range of financing solutions, syndicated loans and advisory services, corporate finance services for initial public offerings, secondary fund-raising, takeovers and mergers, as well as customised and structured equity-linked financing.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances fell 16% year-on-year to S$1.61 billion in FY16, and was down 52% year-on-year to S$230 million in 4Q16. The decline for both periods was largely attributable to lower net interest income and higher allowances. Compared with 3Q16, operating profit after allowances in 4Q16 was 42% lower, mainly from higher allowances.

Global Treasury and Markets

Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers of other business segments, such as Global Consumer/Private Banking and Global Corporate/Investment Banking, is reflected in the respective business segments.

Global Treasury's operating profit fell 29% year-on-year to S$441 million, from S$618 million in FY15, largely attributable to a decline in net interest income from reduced money market opportunities. 4Q16 operating profit declined 45% year-on-year and quarter-on-quarter to S$77 million. The profit decline for both periods was from lower net interest income and net trading income.

OCBC Wing Hang

OCBC Wing Hang offers a comprehensive range of commercial banking and related financial services such as consumer financing, share brokerage and insurance. In mid-July 2016, its subsidiary in China, Wing Hang Bank (China), was officially merged with OCBC Bank (China) to become OCBC Wing Hang Bank (China), a wholly owned subsidiary of OCBC Wing Hang.

OCBC Wing Hang's FY16 operating profit after allowances of S$362 million was relatively flat year-on-year, as higher net interest income and trading income, as well as lower allowances were offset by an increase in operating expenses. 4Q16 operating profit rose 18% to S$106 million from S$90 million in 4Q15, underpinned by broad-based income growth and lower allowances, partly offset by higher expenses. Quarter-on-quarter, 4Q16 operating profit grew by 20%, led by an increase in net interest income and net trading income.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.8%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Operating profit after allowances from GEH was down 22% to S$662 million in FY16, mainly attributable to lower insurance income from higher medical claims and mark-to-market losses in its Non-participating Fund as a result of interest rate movements, as well as the absence of a realised gain from the sale of an equity investment recognised a year ago. 4Q16 operating profit of S$222 million declined 3% year-on-year, as lower insurance income was partly offset by higher gains from sale of equity investments. Compared with 3Q16, operating profit rose 3% to S$222 million in 4Q16, contributed by higher gains from the sale of equity investments, partly offset by lower insurance income.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S$470 million in FY16 and S$160 million in 4Q16.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above. It also includes the offset of OCBC Bank (China) from mid-July 2016 which is reported in both the various business segments and OCBC Wing Hang following the merger of China entities.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	OCBC Wing Hang	Insurance	Others	Group
2016							
Total income	**2,838**	**3,067**	**701**	**919**	**944**	**20**	**8,489**
Operating profit before allowances and amortisation	**1,176**	**2,062**	**440**	**415**	**726**	**(118)**	**4,701**
Amortisation of intangible assets	**(7)**	**–**	**–**	**(42)**	**(47)**	**–**	**(96)**
Write-back/(allowances and impairment) for loans and other assets	**(103)**	**(457)**	**1**	**(11)**	**(17)**	**(139)**	**(726)**
Operating profit after allowances and amortisation	**1,066**	**1,605**	**441**	**362**	**662**	**(257)**	**3,879**
Other information:							
Capital expenditure	**44**	**2**	**0**	**17**	**54**	**305**	**422**
Depreciation	**42**	**11**	**2**	**64**	**3**	**186**	**308**
2015							
Total income	2,682	3,133	882	866	1,146	13	8,722
Operating profit before allowances and amortisation	1,121	2,138	619	427	928	(175)	5,058
Amortisation of intangible assets	(9)	–	–	(42)	(47)	–	(98)
Allowances and impairment for loans and other assets	(108)	(235)	(1)	(25)	(28)	(91)	(488)
Operating profit after allowances and amortisation	1,004	1,903	618	360	853	(266)	4,472
Other information:							
Capital expenditure	45	6	0	22	48	220	341
Depreciation	38	10	2	58	3	182	293

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	OCBC Wing Hang	Insurance	Others	Group
4Q16							
Total income	**739**	**744**	**142**	**262**	**290**	**(0)**	**2,177**
Operating profit before allowances and amortisation	**283**	**500**	**80**	**119**	**237**	**(23)**	**1,196**
Amortisation of intangible assets	**(2)**	**–**	**–**	**(11)**	**(11)**	**–**	**(24)**
Allowances and impairment for loans and other assets	**(24)**	**(270)**	**(3)**	**(2)**	**(4)**	**(2)**	**(305)**
Operating profit after allowances and amortisation	**257**	**230**	**77**	**106**	**222**	**(25)**	**867**
Other information:							
Capital expenditure	**14**	**0**	**0**	**7**	**14**	**108**	**143**
Depreciation	**12**	**3**	**0**	**18**	**1**	**47**	**81**
4Q15							
Total income	719	803	206	228	311	34	2,301
Operating profit before allowances and amortisation	315	561	138	114	254	(55)	1,327
Amortisation of intangible assets	(2)	–	–	(11)	(12)	–	(25)
Write-back/(allowances and impairment) for loans and other assets	(32)	(83)	2	(13)	(13)	(54)	(193)
Operating profit after allowances and amortisation	281	478	140	90	229	(109)	1,109
Other information:							
Capital expenditure	14	0	0	9	18	102	143
Depreciation	11	3	0	15	1	47	77
3Q16							
Total income	719	747	205	242	288	3	2,204
Operating profit before allowances and amortisation	310	494	139	102	231	(25)	1,251
Amortisation of intangible assets	(2)	–	–	(10)	(11)	–	(23)
Write-back/(allowances and impairment) for loans and other assets	(26)	(95)	2	(3)	(5)	(39)	(166)
Operating profit after allowances and amortisation	282	399	141	89	215	(64)	1,062
Other information:							
Capital expenditure	11	1	0	5	14	63	94
Depreciation	10	3	1	17	0	46	77

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury And Markets	OCBC Wing Hang	Insurance	Others	Group
At 31 December 2016							
Segment assets	**103,052**	**115,009**	**72,186**	**50,075**	**71,912**	**19,903**	**432,137**
Unallocated assets							**1,005**
Elimination							**(23,258)**
Total assets							**409,884**
Segment liabilities	**115,813**	**105,970**	**47,030**	**42,212**	**62,951**	**17,284**	**391,260**
Unallocated liabilities							**2,240**
Elimination							**(23,258)**
Total liabilities							**370,242**
Other information:							
Gross non-bank loans	**82,379**	**109,649**	**1,384**	**30,389**	**52**	**(3,701)**	**220,152**
NPAs	**520**	**2,163**	**–**	**268**	**10**	**(75)**	**2,886**
At 31 December 2015							
Segment assets	84,286	115,267	69,800	42,663	66,652	27,295	405,963
Unallocated assets							775
Elimination							(16,548)
Total assets							390,190
Segment liabilities	96,716	107,076	42,606	36,148	57,992	26,761	367,299
Unallocated liabilities							2,328
Elimination							(16,548)
Total liabilities							353,079
Other information:							
Gross non-bank loans	71,846	107,868	2,146	28,145	53	607	210,665
NPAs	366	1,504	–	157	6	6	2,039
At 30 September 2016							
Segment assets	91,957	109,724	69,497	46,906	71,815	20,971	410,870
Unallocated assets							920
Elimination							(17,600)
Total assets							394,190
Segment liabilities	105,243	103,329	43,827	39,420	62,914	15,869	370,602
Unallocated liabilities							2,319
Elimination							(17,600)
Total liabilities							355,321
Other information:							
Gross non-bank loans	77,246	104,330	1,671	28,261	50	(2,930)	208,628
NPAs	490	1,903	–	261	7	(76)	2,585

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2016		2015		4Q16		4Q15		3Q16	
	S$ million	%	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Total income										
Singapore	**4,908**	**58**	5,106	58	**1,261**	**58**	1,355	59	1,294	59
Malaysia	**1,314**	**15**	1,395	16	**341**	**16**	350	15	318	14
Indonesia	**731**	**8**	564	6	**189**	**9**	171	7	185	8
Greater China	**1,250**	**15**	1,362	16	**312**	**14**	356	16	333	15
Other Asia Pacific	**141**	**2**	148	2	**35**	**1**	33	1	37	2
Rest of the World	**145**	**2**	147	2	**39**	**2**	36	2	37	2
	8,489	**100**	8,722	100	**2,177**	**100**	2,301	100	2,204	100
Profit before income tax										
Singapore	**2,154**	**50**	2,665	55	**463**	**49**	659	56	609	52
Malaysia	**802**	**19**	807	17	**197**	**21**	191	16	201	17
Indonesia	**226**	**5**	200	4	**31**	**3**	58	5	59	5
Greater China	**934**	**22**	968	20	**217**	**23**	227	19	242	21
Other Asia Pacific	**84**	**2**	84	2	**17**	**2**	9	1	24	2
Rest of the World	**75**	**2**	101	2	**24**	**2**	28	3	32	3
	4,275	**100**	4,825	100	**949**	**100**	1,172	100	1,167	100

	31 Dec 2016		31 Dec 2015		30 Sep 2016	
	S$ million	%	S$ million	%	S$ million	%
Total assets						
Singapore	**229,752**	**56**	214,358	55	222,535	56
Malaysia	**60,412**	**15**	59,952	15	61,868	16
Indonesia	**14,946**	**4**	12,604	3	13,713	4
Greater China	**75,563**	**18**	71,512	18	68,825	17
Other Asia Pacific	**12,007**	**3**	10,665	3	11,522	3
Rest of the World	**17,204**	**4**	21,099	6	15,727	4
	409,884	**100**	390,190	100	394,190	100

The geographical segment analysis is based on the location where assets or transactions are booked. For FY16, Singapore accounted for 58% of total income and 50% of pre-tax profit, while Malaysia accounted for 15% of total income and 19% of pre-tax profit. Greater China accounted for 15% of total income and 22% of pre-tax profit.

Pre-tax profit for Singapore was S$2.15 billion in FY16, a decline from S$2.67 billion a year ago, largely attributable to lower net interest income and profit from life assurance, as well as higher allowances. Malaysia's pre-tax profit was S$802 million, 1% lower year-on-year from S$807 million in FY15, mainly from a decline in net interest income and a rise in allowances. In constant currency terms, Malaysia's profit grew by 5% from a year ago. Pre-tax profit for Greater China was 3% lower at S$934 million from S$968 million, largely from lower net interest income.

HALF-YEARLY INCOME AND PROFIT

S$ million	2016	2015	+/(-)
			%
Total income			
First half year	**4,108**	4,329	(5)
Second half year	**4,381**	4,393	–
	8,489	8,722	(3)
Profit for the year			
First half year	**1,819**	2,161	(16)
Second half year	**1,827**	1,947	(6)
	3,646	4,108	(11)

AUDITED CONSOLIDATED INCOME STATEMENT

S$ million	2016	2015	+/(-)@	4Q16@	4Q15@	+/(-)@	3Q16@	+/(-)@
			%			%		%
Interest income	**8,368**	8,486	(1)	**2,059**	2,143	(4)	2,059	–
Interest expense	**(3,316)**	(3,297)	1	**(808)**	(802)	1	(825)	(2)
Net interest income	**5,052**	5,189	(3)	**1,251**	1,341	(7)	1,234	1
Premium income	**9,067**	7,947	14	**2,573**	2,424	6	2,218	16
Investment income	**2,359**	2,254	5	**687**	693	(1)	798	(14)
Net claims, surrenders and annuities	**(4,821)**	(4,880)	(1)	**(1,209)**	(1,201)	1	(1,244)	(3)
Change in life assurance fund contract liabilities	**(4,657)**	(3,349)	39	**(1,462)**	(1,259)	16	(1,190)	23
Commission and others	**(1,449)**	(1,342)	8	**(445)**	(421)	6	(418)	7
Profit from life assurance	**499**	630	(21)	**144**	236	(39)	164	(12)
Premium income from general insurance	**150**	151	–	**38**	36	6	35	7
Fees and commissions (net)	**1,638**	1,643	–	**420**	402	4	428	(2)
Dividends	**101**	93	9	**18**	22	(17)	45	(59)
Rental income	**91**	100	(10)	**22**	23	(4)	23	(3)
Other income	**958**	916	5	**284**	241	18	275	3
Non-interest income	**3,437**	3,533	(3)	**926**	960	(4)	970	(5)
Total income	**8,489**	8,722	(3)	**2,177**	2,301	(5)	2,204	(1)
Staff costs	**(2,347)**	(2,254)	4	**(585)**	(580)	1	(601)	(3)
Other operating expenses	**(1,441)**	(1,410)	2	**(396)**	(394)	1	(352)	12
Total operating expenses	**(3,788)**	(3,664)	3	**(981)**	(974)	1	(953)	3
Operating profit before allowances and amortisation	**4,701**	5,058	(7)	**1,196**	1,327	(10)	1,251	(4)
Amortisation of intangible assets	**(96)**	(98)	(1)	**(24)**	(25)	(1)	(23)	2
Allowances for loans and impairment for other assets	**(726)**	(488)	49	**(305)**	(193)	57	(166)	84
Operating profit after allowances and amortisation	**3,879**	4,472	(13)	**867**	1,109	(22)	1,062	(18)
Share of results of associates	**396**	353	13	**82**	63	30	105	(22)
Profit before income tax	**4,275**	4,825	(11)	**949**	1,172	(19)	1,167	(19)
Income tax expense	**(629)**	(717)	(12)	**(114)**	(160)	(29)	(175)	(35)
Profit for the period	**3,646**	4,108	(11)	**835**	1,012	(17)	992	(16)
Profit attributable to:								
Equity holders of the Bank	**3,473**	3,903	(11)	**789**	960	(18)	943	(16)
Non-controlling interests	**173**	205	(15)	**46**	52	(12)	49	(6)
	3,646	4,108	(11)	**835**	1,012	(17)	992	(16)
Earnings per share (for the period – cents)								
Basic	**82.2**	95.3		**18.4**	22.6		22.3	
Diluted	**82.2**	95.2		**18.4**	22.6		22.3	

Note:
1. "@" represents unaudited.

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

S$ million	2016	2015	+/(-)@ %	4Q16@	4Q15@	+/(-)@ %	3Q16@	+/(-)@ %
Profit for the year/period	**3,646**	4,108	(11)	**835**	1,012	(17)	992	(16)
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the year/period	**118**	(73)	260	**(303)**	103	(394)	263	(215)
Reclassification of (gains)/losses to income statement								
– on disposal	**(198)**	(204)	3	**(54)**	(7)	(653)	(41)	(33)
– on impairment	**34**	71	(53)	**4**	36	(89)	5	(24)
Tax on net movements	**6**	19	(71)	**45**	(20)	329	(37)	222
Exchange differences on translating foreign operations	**200**	(156)	229	**288**	36	700	118	144
Defined benefit plans remeasurements [1/]	**3**	6	(57)	**2**	2	(2)	0	nm
Other comprehensive income of associates	**(136)**	76	(279)	**(30)**	(31)	4	43	(170)
Total other comprehensive income, net of tax	**27**	(261)	110	**(48)**	119	(140)	351	(114)
Total comprehensive income for the year/period, net of tax	**3,673**	3,847	(5)	**787**	1,131	(30)	1,343	(41)
Total comprehensive income attributable to:								
Equity holders of the Bank	**3,478**	3,684	(6)	**746**	1,062	(30)	1,268	(41)
Non-controlling interests	**195**	163	20	**41**	69	(41)	75	(46)
	3,673	3,847	(5)	**787**	1,131	(30)	1,343	(41)

Notes:
1. Item that will not be reclassified to income statement.
2. "@" represents unaudited.

AUDITED BALANCE SHEETS

S$ million	GROUP 31 Dec 2016	GROUP 31 Dec 2015	GROUP 30 Sep 2016@	BANK 31 Dec 2016	BANK 31 Dec 2015	BANK 30 Sep 2016@
EQUITY						
Attributable to equity holders of the Bank						
Share capital	**15,107**	14,560	15,101	**15,107**	14,560	15,101
Other equity instruments	**499**	499	499	**499**	499	499
Capital reserves	**572**	527	514	**106**	95	106
Fair value reserves	**156**	234	510	**8**	38	153
Revenue reserves	**20,673**	18,733	19,651	**12,561**	11,545	12,065
	37,007	34,553	36,275	**28,281**	26,737	27,924
Non-controlling interests	**2,635**	2,558	2,594	**–**	–	–
Total equity	**39,642**	37,111	38,869	**28,281**	26,737	27,924
LIABILITIES						
Deposits of non-bank customers	**261,486**	246,277	247,318	**155,753**	154,168	151,245
Deposits and balances of banks	**10,740**	12,047	11,215	**9,090**	10,166	9,478
Due to subsidiaries	**–**	–	–	**16,289**	9,963	12,773
Due to associates	**206**	334	286	**127**	144	144
Trading portfolio liabilities	**598**	645	804	**581**	645	804
Derivative payables	**7,474**	6,069	5,957	**6,008**	4,740	5,070
Other liabilities	**5,590**	4,907	5,253	**1,747**	1,506	1,652
Current tax	**914**	1,000	939	**388**	403	406
Deferred tax	**1,325**	1,327	1,380	**51**	52	51
Debt issued	**19,947**	23,479	20,222	**19,532**	23,437	19,977
	308,280	296,085	293,374	**209,566**	205,224	201,600
Life assurance fund liabilities	**61,962**	56,994	61,947	**–**	–	–
Total liabilities	**370,242**	353,079	355,321	**209,566**	205,224	201,600
Total equity and liabilities	**409,884**	390,190	394,190	**237,847**	231,961	229,524
ASSETS						
Cash and placements with central banks	**16,559**	21,180	15,655	**11,365**	15,646	10,188
Singapore government treasury bills and securities	**8,066**	8,635	8,407	**7,702**	8,339	8,030
Other government treasury bills and securities	**16,298**	12,366	16,409	**7,164**	6,794	8,661
Placements with and loans to banks	**39,801**	35,791	39,025	**31,210**	28,953	31,311
Loans and bills receivable	**216,830**	208,218	205,564	**131,874**	128,630	127,197
Debt and equity securities	**23,157**	22,786	22,965	**11,612**	11,355	11,438
Assets pledged	**1,789**	1,452	1,919	**936**	1,008	1,058
Assets held for sale	**28**	6	32	**1**	2	6
Derivative receivables	**7,838**	6,248	5,498	**6,352**	4,915	4,647
Other assets	**4,889**	4,342	4,727	**1,591**	1,487	1,704
Deferred tax	**196**	135	148	**64**	41	52
Associates	**2,415**	2,248	2,354	**595**	596	591
Subsidiaries	**–**	–	–	**24,333**	21,231	21,617
Property, plant and equipment	**3,479**	3,467	3,346	**649**	536	621
Investment property	**1,093**	1,138	1,132	**532**	561	536
Goodwill and intangible assets	**5,473**	5,195	5,053	**1,867**	1,867	1,867
	347,911	333,207	332,234	**237,847**	231,961	229,524
Life assurance fund investment assets	**61,973**	56,983	61,956	**–**	–	–
Total assets	**409,884**	390,190	394,190	**237,847**	231,961	229,524
Net Asset Value Per Ordinary Share @ (before valuation surplus – S$)	**8.49**	8.03	8.31	**6.40**	6.13	6.32
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	**11,145**	9,610	9,009	**8,273**	6,705	6,465
Commitments	**119,965**	115,572	108,333	**55,561**	63,993	56,476
Derivative financial instruments	**684,961**	635,578	652,047	**580,952**	519,642	570,091

Note:
1. "@" represents unaudited.

AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP
For the financial year ended 31 December 2016

S$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2016	**15,059**	**527**	**234**	**18,733**	**34,553**	**2,558**	**37,111**
Total comprehensive income for the year	**–**	**–**	**(78)**	**3,556**	**3,478**	**195**	**3,673**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	**4**	**58**	**–**	**(62)**	**–**	**–**	**–**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(109)**	**(109)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**5**	**5**	**–**	**5**
Distribution for perpetual capital securities	**–**	**–**	**–**	**(19)**	**(19)**	**–**	**(19)**
Ordinary and preference dividends	**–**	**–**	**–**	**(950)**	**(950)**	**–**	**(950)**
Share-based staff costs capitalised	**–**	**15**	**–**	**–**	**15**	**–**	**15**
Share buyback held in treasury	**(117)**	**–**	**–**	**–**	**(117)**	**–**	**(117)**
Shares issued in-lieu of ordinary dividends	**584**	**–**	**–**	**(584)**	**–**	**–**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**	**–**	**1**
Shares transferred to DSP Trust	**–**	**(6)**	**–**	**–**	**(6)**	**–**	**(6)**
Shares vested under DSP Scheme	**–**	**43**	**–**	**–**	**43**	**–**	**43**
Treasury shares transferred/sold	**75**	**(65)**	**–**	**–**	**10**	**–**	**10**
Total contributions by and distributions to owners	**547**	**45**	**–**	**(1,610)**	**(1,018)**	**(109)**	**(1,127)**
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	**–**	**–**	**–**	**(6)**	**(6)**	**(9)**	**(15)**
Total changes in ownership interests in subsidiaries	**–**	**–**	**–**	**(6)**	**(6)**	**(9)**	**(15)**
Balance at 31 December 2016	**15,606**	**572**	**156**	**20,673**	**37,007**	**2,635**	**39,642**
Included:							
Share of reserves of associates	**–**	**–**	**35**	**778**	**813**	**(0)**	**813**
Balance at 1 January 2015	13,752	518	366	16,461	31,097	3,088	34,185
Total comprehensive income for the year	–	–	(132)	3,816	3,684	163	3,847
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	9	15	–	(24)	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(124)	(124)
DSP reserve from dividends on unvested shares	–	–	–	5	5	–	5
Redemption of preference shares issued by the Bank	(392)	–	–	(4)	(396)	–	(396)
Redemption of preference shares issued by subsidiaries	–	–	–	–	–	(543)	(543)
Ordinary and preference dividends	–	–	–	(333)	(333)	–	(333)
Share-based staff costs capitalised	–	12	–	–	12	–	12
Share buyback held in treasury	(118)	–	–	–	(118)	–	(118)
Shares issued in-lieu of ordinary dividends	1,171	–	–	(1,171)	–	–	–
Perpetual capital securities issued	499	–	–	–	499	–	499
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(4)	–	–	(4)	–	(4)
Shares vested under DSP Scheme	–	39	–	–	39	–	39
Treasury shares transferred/sold	137	(53)	–	–	84	–	84
Total contributions by and distributions to owners	1,307	9	–	(1,527)	(211)	(667)	(878)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(17)	(17)	(26)	(43)
Total changes in ownership interests in subsidiaries	–	–	–	(17)	(17)	(26)	(43)
Balance at 31 December 2015	15,059	527	234	18,733	34,553	2,558	37,111
Included:							
Share of reserves of associates	–	–	72	569	641	(0)	641

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)
For the three months ended 31 December 2016

S$ million	Attributable to equity holders of the Bank: Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
Balance at 1 October 2016	**15,600**	**514**	**510**	**19,651**	**36,275**	**2,594**	**38,869**
Total comprehensive income for the period	**–**	**–**	**(354)**	**1,100**	**746**	**41**	**787**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	**4**	**54**	**–**	**(58)**	**–**	**–**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**0**	**0**	**–**	**0**
Preference dividends	**–**	**–**	**–**	**(20)**	**(20)**	**–**	**(20)**
Share-based staff costs capitalised	**–**	**4**	**–**	**–**	**4**	**–**	**4**
Shares transferred to DSP Trust	**–**	**0**	**–**	**–**	**0**	**–**	**0**
Shares vested under DSP Scheme	**–**	**0**	**–**	**–**	**0**	**–**	**0**
Treasury shares transferred/sold	**2**	**–**	**–**	**–**	**2**	**–**	**2**
Total contributions by and distributions to owners	**6**	**58**	**–**	**(78)**	**(14)**	**–**	**(14)**
Balance at 31 December 2016	**15,606**	**572**	**156**	**20,673**	**37,007**	**2,635**	**39,642**
Included: Share of reserves of associates	**–**	**–**	**35**	**778**	**813**	**(0)**	**813**
Balance at 1 October 2015	15,452	531	71	17,885	33,939	2,515	36,454
Total comprehensive income for the period	–	–	163	899	1,062	69	1,131
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	9	(7)	–	(2)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	1	1	–	1
Redemption of preference shares issued by the Bank	(392)	–	–	(4)	(396)	–	(396)
Preference dividends	–	–	–	(29)	(29)	–	(29)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(19)	–	–	–	(19)	–	(19)
Shares vested under DSP Scheme	–	0	–	–	0	–	0
Treasury shares transferred/sold	9	(0)	–	–	9	–	9
Total contributions by and distributions to owners	(393)	(4)	–	(34)	(431)	–	(431)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(17)	(17)	(26)	(43)
Total changes in ownership interests in Subsidiaries	–	–	–	(17)	(17)	(26)	(43)
Balance at 31 December 2015	15,059	527	234	18,733	34,553	2,558	37,111
Included: Share of reserves of associates	–	–	72	569	641	(0)	641

AUDITED STATEMENT OF CHANGES IN EQUITY – BANK

For the financial year ended 31 December 2016

S$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2016	**15,059**	**95**	**38**	**11,545**	**26,737**
Total comprehensive income for the year	**–**	**–**	**(30)**	**2,299**	**2,269**
Transfers	**4**	**(4)**	**–**	**–**	**–**
Arising from merger of subsidiaries	**–**	**–**	**–**	**264**	**264**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**6**	**6**
Ordinary and preference dividends	**–**	**–**	**–**	**(950)**	**(950)**
Distribution for perpetual capital securities	**–**	**–**	**–**	**(19)**	**(19)**
Share-based staff costs capitalised	**–**	**15**	**–**	**–**	**15**
Share buyback held in treasury	**(117)**	**–**	**–**	**–**	**(117)**
Shares issued in-lieu of ordinary dividends	**584**	**–**	**–**	**(584)**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Treasury shares transferred/sold	**75**	**–**	**–**	**–**	**75**
Balance at 31 December 2016	**15,606**	**106**	**8**	**12,561**	**28,281**
Balance at 1 January 2015	13,752	92	168	10,714	24,726
Total comprehensive income for the year	–	–	(130)	2,334	2,204
Transfers	9	(9)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	5	5
Redemption of preference shares issued by the Bank	(392)	–	–	(4)	(396)
Ordinary and preference dividends	–	–	–	(333)	(333)
Share-based staff costs capitalised	–	12	–	–	12
Share buyback held in treasury	(118)	–	–	–	(118)
Shares issued in-lieu of ordinary dividends	1,171	–	–	(1,171)	–
Perpetual capital securities issued	499	–	–	–	499
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	137	–	–	–	137
Balance at 31 December 2015	15,059	95	38	11,545	26,737

For the three months ended 31 December 2016 (Unaudited)

S$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 October 2016	**15,600**	**106**	**153**	**12,065**	**27,924**
Total comprehensive income for the period	**–**	**–**	**(145)**	**516**	**371**
Transfers	**4**	**(4)**	**–**	**–**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**0**	**0**
Preference dividends	**–**	**–**	**–**	**(20)**	**(20)**
Share-based staff costs capitalised	**–**	**4**	**–**	**–**	**4**
Treasury shares transferred/sold	**2**	**–**	**–**	**–**	**2**
Balance at 31 December 2016	**15,606**	**106**	**8**	**12,561**	**28,281**
Balance at 1 October 2015	15,452	101	(1)	11,119	26,671
Total comprehensive income for the period	–	–	39	458	497
Transfers	9	(9)	–	–	–
DSP reserve from dividends on unvested shares	–	–	–	1	1
Redemption of preference shares	(392)	–	–	(4)	(396)
Preference dividends	–	–	–	(29)	(29)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(19)	–	–	–	(19)
Treasury shares transferred/sold	9	–	–	–	9
Balance at 31 December 2015	15,059	95	38	11,545	26,737

AUDITED CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2016

S$ million	2016	2015	4Q16@	4Q15@
Cash flows from operating activities				
Profit before income tax	**4,275**	4,825	**949**	1,172
Adjustments for non-cash items:				
Amortisation of intangible assets	**96**	98	**24**	25
Allowances for loans and impairment for other assets	**726**	488	**305**	193
Change in fair value for hedging transactions and trading and fair value through profit and loss securities	**15**	(12)	**48**	(10)
Depreciation of property, plant and equipment and investment property	**308**	293	**81**	77
Net gain on disposal of property, plant and equipment and investment property	**(160)**	(65)	**(82)**	(41)
Net gain on disposal of government, debt and equity securities	**(198)**	(204)	**(54)**	(7)
Net loss/(gain) on disposal of interests in subsidiaries and associates	**18**	(3)	**–**	(3)
Share-based costs	**15**	11	**4**	2
Share of results of associates	**(396)**	(353)	**(82)**	(63)
Items relating to life assurance fund				
Surplus before income tax	**650**	790	**225**	284
Surplus transferred from life assurance fund	**(499)**	(606)	**(144)**	(213)
Operating profit before change in operating assets and liabilities	**4,850**	5,262	**1,274**	1,416
Change in operating assets and liabilities:				
Deposits of non-bank customers	**8,724**	798	**7,731**	(5,595)
Deposits and balances of banks	**(1,307)**	(8,456)	**(475)**	(4,054)
Derivative payables and other liabilities	**2,382**	(506)	**2,219**	(2,036)
Trading portfolio liabilities	**(47)**	(62)	**(206)**	13
Government securities and treasury bills	**(3,474)**	1,376	**391**	879
Restricted balances with central banks	**(104)**	711	**(148)**	(596)
Trading and fair value through profit and loss securities	**15**	579	**(91)**	783
Placements with and loans to banks	**(4,300)**	5,307	**(818)**	4,324
Loans and bills receivable	**(6,350)**	(1,057)	**(8,165)**	1,962
Derivative receivables and other assets	**(2,186)**	(10)	**(2,971)**	1,902
Net change in investment assets and liabilities of life assurance fund	**(171)**	(61)	**(113)**	(181)
Cash (used in)/from operating activities	**(1,968)**	3,881	**(1,372)**	(1,183)
Income tax paid	**(734)**	(660)	**(169)**	(192)
Net cash (used in)/from operating activities	**(2,702)**	3,221	**(1,541)**	(1,375)
Cash flows from investing activities				
Dividends from associates	**115**	72	**18**	6
Decrease/(increase) in associates	**99**	(26)	**(36)**	84
Acquisition of business, net of cash acquired	**2,651**	–	**2,651**	–
Purchases of debt and equity securities	**(12,407)**	(12,536)	**(3,074)**	(3,501)
Purchases of property, plant and equipment and investment property	**(422)**	(341)	**(143)**	(143)
Proceeds from disposal of debt and equity securities	**12,544**	12,806	**3,069**	3,423
Proceeds from disposal of interests in subsidiaries and associates	**24**	0	**–**	0
Proceeds from disposal of property, plant and equipment and investment property	**197**	85	**110**	43
Net cash from/(used in) investing activities	**2,801**	60	**2,595**	(88)
Cash flows from financing activities				
Acquisition of non-controlling interests	**(15)**	(43)	**–**	(43)
Dividends paid to equity holders of the Bank	**(950)**	(333)	**(20)**	(29)
Dividends paid to non-controlling interests	**(109)**	(124)	**–**	–
Redemption of subordinated debt issued	**(64)**	(163)	**(64)**	(163)
Net redemption of other debt issued	**(3,555)**	(5,337)	**(392)**	(626)
Redemption of preference shares issued by subsidiaries	**–**	(543)	**–**	–
Redemption of preference shares issued by the Bank	**–**	(396)	**–**	(396)
Net proceeds from issue of perpetual capital securities	**–**	499	**–**	–
Distribution for perpetual capital securities	**(19)**	–	**–**	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**10**	84	**2**	9
Share buyback held in treasury	**(117)**	(118)	**–**	(19)
Net cash used in financing activities	**(4,819)**	(6,474)	**(474)**	(1,267)
Net currency translation adjustments	**(4)**	(230)	**176**	(57)
Net change in cash and cash equivalents	**(4,724)**	(3,423)	**756**	(2,787)
Cash and cash equivalents at beginning of year/period	**15,901**	19,324	**10,421**	18,688
Cash and cash equivalents at end of year/period	**11,177**	15,901	**11,177**	15,901

Note:
1. "@" represents unaudited.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

	Financial year ended 31 Dec		Three months ended 31 Dec	
Number of Shares	**2016**	**2015**	**2016**	**2015**
Issued ordinary shares				
Balance at beginning of year/period	**4,121,561,367**	3,992,929,319	**4,193,729,363**	4,121,561,367
Shares issued to non-executive directors	**57,584**	67,694	**–**	–
Shares issued pursuant to Scrip Dividend Scheme	**72,110,412**	128,564,354	**–**	–
Balance at end of year/period	**4,193,729,363**	4,121,561,367	**4,193,729,363**	4,121,561,367
Treasury shares				
Balance at beginning of year/period	**(6,085,703)**	(9,043,268)	**(11,283,128)**	(5,080,226)
Share buyback	**(13,614,000)**	(11,750,000)	**–**	(2,150,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	**1,496,838**	4,176,437	**260,562**	1,116,026
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	**26,443**	5,742,718	**556**	17,630
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	**7,154,412**	4,788,410	**–**	10,867
Balance at end of year/period	**(11,022,010)**	(6,085,703)	**(11,022,010)**	(6,085,703)
Total	**4,182,707,353**	4,115,475,664	**4,182,707,353**	4,115,475,664

From 1 October 2016 to 31 December 2016 (both dates inclusive), the Bank utilised 260,562 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 ("SOS 2001"). As at 31 December 2016, the number of options outstanding under the OCBC SOS 2001 was 40,887,286 (31 December 2015: 34,806,479).

From 1 October 2016 to 31 December 2016 (both dates inclusive), the Bank utilised 556 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan ("ESPP"). As at 31 December 2016, the number of acquisition rights outstanding under the OCBC ESPP was 15,662,202 (31 December 2015: 14,221,456).

There was no share buyback in the fourth quarter ended 31 December 2016. No new preference shares were allotted and issued by the Bank in the fourth quarter ended 31 December 2016.

OTHER MATTERS

1. The Bank has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1) of the Listing Manual.

2. Pursuant to Rule 704(13) of the Listing Manual, for the financial year ended 31 December 2016, there was no person occupying managerial position in the Bank or in any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Bank.

3. The Bank has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual pursuant to Rule 720(1) of the Listing Manual.

The extract of the auditors' report dated 13 February 2017, on the financial statements of Oversea-Chinese Banking Corporation Limited and its subsidiaries for the year ended 31 December 2016, is as follows:

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Independent auditor's report

To The Members of Oversea-Chinese Banking Corporation Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Oversea-Chinese Banking Corporation Limited (the Bank) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and the balance sheet of the Bank as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the income statement, statement of comprehensive income and statement of changes in equity of the Bank for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 15 to 152.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore, so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2016 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the financial performance and changes in equity of the Bank for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Impairment of loans and bills receivable (Refer to Notes 9, 26, 28 and 29 to the financial statements.)	
The key audit matter	*How the matter was addressed in our audit*
The Group's loans and bills receivable represent 53% of its total assets. The impairment of loans and bills receivable is highly subjective due to the judgment applied by management in estimating the allowances. As a result of the significance of loans and bills receivable and the related estimation uncertainty and given the weak credit environment, this is considered a key audit risk. In 2016, the portfolio giving rise to the greatest degree of estimation uncertainty was that in the oil and gas and related sectors. Credit exposures in the oil and gas and related sectors have been affected by the continuing volatility of oil prices. We are also focussed on individually significant exposures that have become or were at risk of being impaired. In addition, we are focussed on collective portfolio impairment allowances, including management adjustments that require significant judgements.	We assessed the controls implemented over the credit approval, grading and monitoring of loans and bills receivable. We also assessed the controls over impairment allowances for individually assessed loans and bills receivable. For a sample of exposures that were subject to individual impairment assessment, we specifically challenged the Group's assumptions on the expected future cash flows, including where relevant, the value of realisable collateral based on our understanding of the counterparty and business environment. The sustained low oil prices has impacted a number of the Group's customers. The Group continued to take risk-mitigation actions on borrowers in this sector. We critically assessed the Group's estimates and assumptions, particularly those in the oil and gas and related sectors. We recomputed management's calculation to ascertain that the Group's portfolio allowances is maintained in accordance with the requirements of MAS Notice 612. In our view, the impairment estimates were within an acceptable range of outcomes in the context of the overall loans and bills receivable.

KPMG

Valuation of financial instruments
(Refer to Notes 18, 22, 24, 25, 30 and 41 to the financial statements.)

The key audit matter	*How the matter was addressed in our audit*
The fair value of financial instruments is determined through the application of valuation techniques and the use of assumptions and estimates. Due to the significance of financial instruments and the related estimation uncertainty, this is considered a key audit focus area. These financial instruments include those held by Great Eastern Holdings Limited ("GEH"). Of the financial instruments that are carried at fair value in the Group's balance sheet as at 31 December 2016, the significant majority qualified as Level 1 or 2 financial instruments. These instruments were valued using prices that were observable in the market or through models with market observable inputs, resulting in a lower valuation risk. The remaining financial instruments are classified as Level 3, where certain pricing inputs to value these instruments are unobservable. The Level 3 instruments comprised mainly unlisted debt and equity investments and derivatives. The valuation of these instruments involve the application of unobservable inputs such as future cash flow forecasts, discount rates and volatility, amongst others. As such, there is greater estimation uncertainty in the determination of these prices.	We assessed the controls over the identification and measurement of valuation risk. These controls include independent price verification, governance over valuation models, model validation and management reporting of valuation risk. For a sample of financial instruments, we checked that the pricing inputs used were externally sourced and accurately input into pricing models. Where appropriate, we used our valuation specialists to assess that the valuation models were reasonable. Additionally, we priced a selection of the Group's derivative positions independently and compared the values to the Group's valuation. For a sample of the Level 1 and 2 instruments, we critically assessed that the market prices and inputs are genuinely observable. In respect of a sample of Level 3 instruments, we assessed key inputs and assumptions, considering alternative valuation methods and assessing sensitivities to key factors. In respect of the valuation of financial instruments held by GEH, we assessed, through a review of GEH auditors' working papers, whether the valuation methods used are reasonable. Overall, in our view, the valuation estimates were within an acceptable range of outcomes.

KPMG

Valuation of insurance contract liabilities (Refer to Notes 4, 22, 39 and 41 to the financial statements.)	
The key audit matter	*How the matter was addressed in our audit*
The Group's insurance operations are wholly conducted through its subsidiary, Great Eastern Holdings Limited ("GEH"). GEH is audited by another public accounting firm. The Group's insurance business comprises life and general insurance contracts. There are several sources of uncertainty that need to be considered in the estimation of the liabilities that the Group will ultimately be required to pay as claims. The valuation of life insurance contract liabilities is dependent on the valuation method adopted and key assumptions such as interest rates from prevailing government securities and estimates of mortality, disability, dread disease, expenses, lapse and surrenders based on GEH's internal experience studies and publicly available data. The valuation of general insurance contract liabilities is dependent on estimates including the ultimate settlement cost of claims reported, and claims incurred but not yet reported. Using an inappropriate valuation method could result in material errors to the carrying value of insurance contract liabilities. In addition, changes in the assumptions used in calculation of the valuation could result in a material impact to the valuation of insurance contract liabilities and the related movements in the income statement.	We planned, scoped and issued group audit instructions to GEH's auditors to obtain an independent auditors' report of the significant component which includes valuation of liabilities of insurance business. We performed a review of GEH auditors' working papers and involved our actuarial specialists in our discussion with GEH's auditors. We independently assessed, through GEH auditors' procedures, that the valuation methodology and assumptions relating to the measurement and estimation of insurance contract liabilities are reasonable. Based on the reports from GEH's auditors and our review of GEH's auditors' work papers, we concluded that the valuation methods and assumptions used by the Group were reasonable and the valuation of insurance contract liabilities were within an acceptable range of outcomes.

KPMG

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements and our auditors' report thereon. Other than the financial highlights, Group's major properties, management discussion and analysis, pillar 3 disclosures, risk management, capital management, corporate strategy, corporate social responsibility, board of directors, management committee and additional information required under SGX-ST listing manual, which we obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Leong Kok Keong.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
13 February 2017