# Media Release

## OCBC Group Reports Second Quarter 2010 Net Profit of S$503 million

***Record First Half 2010 Core Net Profit of S$1,179 million***

Singapore, 2 August 2010 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank" or the "Group") today reported a net profit attributable to shareholders ("net profit") of S$503 million for the second quarter ended 30 June 2010 ("2Q10"), an increase of 8% from S$466 million a year ago. The Group's second quarter result included three months' consolidation of the results of 100%-owned Bank of Singapore (formerly ING Asia Private Bank), which was acquired in January this year. The net profit growth was driven by increased fees and commissions, higher realised gains on investment securities and lower allowances.

Second quarter net interest income grew by 1% over the previous year to S$720 million, led by an 18% increase in average interest earning assets which more than offset the decline in net interest margin. Loan growth was broad-based in the consumer, corporate and SME segments in Singapore and overseas. Non-interest income increased 5% to S$516 million, led by a 30% growth in fee and commission income, and higher realised gains from the sale of investment securities. Volatile financial markets resulted in a 35% decline in net trading income. Despite a 26% fall in net profit contribution from insurance subsidiary Great Eastern Holdings ("GEH"), the underlying business of GEH improved substantially, recording 30% year-on-year growth in new business sales and 29% growth in new business embedded value.

Operating expenses increased by 24% to S$559 million, as a result of the Group's renewed investments in regional expansion and higher business volumes. Effective credit portfolio management kept net allowances for the second quarter low at S$18 million, down from S$104 million a year ago and from S$25 million in 1Q10. The non-performing loans ("NPL") ratio improved during the quarter to 1.3%, from 1.5%.

Compared to 1Q10's record core net profit of S$676 million, second quarter net profit was 26% lower. Quarter-on-quarter growth in net interest income and fees and commissions was offset by lower net trading income, reduced profit contribution from life assurance and higher operating expenses.

For the first half of 2010 ("1H10"), the Group achieved a net profit of S$1,179 million, 17% above last year's first half results of S$1,011 million. Excluding a S$175 million[1/] non-recurring insurance gain in 1H09, net profit growth would have been higher at 41%. The 1H10 performance sets a new record for the Group in terms of half year core net profit. Net interest income fell marginally by 2%, offset by growth in non-interest income. Excluding the non-recurring insurance gains in 1H09, non-interest income grew 33%, underpinned by higher realised gains on investment securities, and growth in insurance, dealing as well as fee and commission income. The 23% increase in operating expenses was associated with the Group's regional and wealth management expansion as well as growing business volumes. Net allowances fell significantly by 86% to S$43 million, from S$301 million in 1H09.

Return on equity, based on core earnings, was 13.1% in 1H10, while annualised core earnings per share rose 12% year-on-year to 70.6 cents.

## Net Interest Income

Net interest income in the second quarter grew 1% year-on-year to S$720 million, as the increase in average interest-earning assets more than offset a decline in average net interest margin. Customer loans increased to S$95.5 billion at the end of the period, up 21% from a year ago and 6% above the previous quarter. Excluding the consolidation effect of Bank of Singapore, loan growth would have been 15% year-on-year. Loan growth during the quarter was broad-based and contributed mainly by loans to the housing, non-bank financial institutions, investment and holding companies, and general commerce sectors. The net interest margin decline of 33 basis points, from 2.29% to 1.96%, was largely from reduced gapping opportunities in the interbank market. Since the completion of the Bank of Singapore acquisition in January this year, the inclusion of its lower-yielding, well-collateralised assets has boosted the Group's net interest income while decreasing net interest margin. Excluding the consolidation effect of Bank of Singapore, the Group's net interest margin would have recorded a smaller year-on-year decline of 26 basis points, from 2.29% to 2.03% in 2Q10.

Compared with 1Q10, net interest income rose by 2% as the growth in average interest-earning assets and a slightly longer quarter offset the impact of a decline in net interest margin. The average net interest margin narrowed by 7 basis points from the previous quarter, largely as a result of reduced gapping opportunities.

1. S$201 million before tax and non-controlling interests, classified under life assurance profit (non-interest income). The gains were mainly due to the adoption of the risk based capital framework for insurers in Malaysia.

## Non-Interest Income

Non-interest income in the second quarter grew by 5% year-on-year to S$516 million, led by increased fee and commission income and higher realised gains on the sale of investment securities, although partially offset by lower dealing income and profit from life assurance. Fees and commissions rose 30% over the previous year to S$252 million, led by growth in wealth management income which, including contributions from Bank of Singapore, more than doubled to S$48 million. Investment banking, fund management, and trade-related activities also contributed to the year-on-year growth in fee and commission income. The sale of investment securities contributed net gains of S$53 million as compared with net gains of S$21 million in 2Q09. Net trading income declined from S$61 million to S$39 million, with lower foreign exchange income more than offsetting an improvement in securities and derivatives trading results. Profit from life assurance fell 45% to S$69 million from poor investment performance, although partly offset by improved profits from underwriting through lower operating expenses and improved claims experience.

Compared with 1Q10, non-interest income fell 24% as a result of a lower profit contribution from life assurance and a decline in net trading income, as volatile financial market conditions during the second quarter led to a decline in foreign exchange as well as securities and derivatives trading income.

## Operating Expenses

Operating expenses in 2Q10 increased by 24% year-on-year over a low base to S$559 million as the Group resumed investments to expand its businesses in key markets. Staff costs rose 40% to S$327 million, mainly as a result of increased headcount and higher base salaries, with the consolidation of Bank of Singapore being the largest contributor. Group headcount rose 9%, with over 70% of the personnel increase coming from the Group's expansion in overseas markets and new businesses, including Malaysia, Indonesia, China and Bank of Singapore. Over the last twelve months, OCBC Al-Amin opened two additional branches in Malaysia, PT Bank OCBC NISP established 34 new branches/sub-branches and offices in Indonesia, and OCBC Bank (China) opened one new branch and one sub-branch. Other operating expenses rose 7% to S$232 million, contributed by higher depreciation, rental and business promotion expenses.

Compared with 1Q10, operating expenses were up 11%, largely from higher staff costs and an increase in business promotion expenditures for the Group, mainly driven by enlarged business volumes.

The cost-to-income ratio was 45.2% in 2Q10, as compared with 36.2% in 1Q10 and 37.4% in 2Q09.

## Allowances and Asset Quality

Allowances for loans and other assets were S$18 million for the quarter, down from S$104 million a year ago and S$25 million in 1Q10. Specific allowances for loans, net of recoveries and writebacks, were S$11 million, as compared with S$5 million in 1Q10 and S$44 million a year ago. Portfolio allowances of S$5 million were flat versus the year ago period.

The Group's asset quality and coverage ratios remained strong. Absolute NPLs declined by 4% from the previous quarter to S$1,260 million, and the NPL ratio improved to 1.3% from 1.5%. By industry, the decrease in NPLs during the quarter was mainly from the manufacturing, general commerce and professionals and individuals sectors. Total cumulative allowances represented 112% of total non-performing assets ("NPAs") and 288% of unsecured NPAs, up from 107% and 266% respectively in 1Q10.

## Capital Ratios

OCBC Group continues to be strongly capitalised, with its Tier 1 ratio as at 30 June 2010 improving to 15.3%, up from 14.4% at the end of the previous quarter, and total capital adequacy ratio strengthening to 16.3%, from 15.2%, over the same period. These are well above the regulatory minimums of 6% and 10% respectively. The Core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.6%, up from 10.8% at the end of 1Q10.

## Interim Dividend

An interim one-tier tax-exempt dividend of 15 cents per share has been declared for the first half-year of 2010, a 7% per share increase from the 1H09 interim dividend of 14 cents per share. The interim dividend payout will amount to S$493 million, representing a payout of 42% of the Group's core net profit for 1H10. As per the last three dividend payments, the Scrip Dividend Scheme will be applicable to the interim dividend. The issue price for the new shares, to be allotted to shareholders who opt for the scrip dividend, will be at a 10% discount to the average of the volume weighted average price of the shares during the price determination period (being the period commencing on the date on which the shares are first traded on an ex-basis and ending on the books closure date to determine entitlements to the interim dividend). Further details will be announced at a later date.

## CEO's Comments

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

"Given that our underlying businesses are performing well, we are pleased with our first half results. Broad-based loan growth, strong gains in fee income, including the boost to our wealth management business from the Bank of Singapore, coupled with a robust increase of insurance products sales at Great Eastern, all underscore OCBC's healthy customer franchise. While we are alert to the possibility of renewed volatility in the financial markets, on balance we have a positive outlook, in light of the growth prospects in our key markets."

## About OCBC Bank

OCBC Bank, established in 1912, is the second largest financial services group in Southeast Asia by assets. It is among the world's highest rated banks, with a long term credit rating of Aa1 from Moody's. OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of more than 500 branches and representative offices in 15 countries and territories, including 400 branches and offices in Indonesia operated by its subsidiary, PT Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets, and its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

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**To Our Shareholders**

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

**Unaudited Financial Results for the Second Quarter Ended 30 June 2010**

For the second quarter ended 30 June 2010, Group reported net profit was S$503 million. Details of the financial results are in the accompanying Group Financial Report.

**Ordinary Dividend**

An interim one-tier tax exempt dividend of 15 cents per share (2009: 14 cents tax-exempt) has been declared for the first half-year 2010. The interim dividend payout will amount to an estimated S$493 million (2009: S$445 million) or approximately 42% of the Group's net profit of S$1,179 million for 1H10.

**Closure of Books**

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

**Scrip Dividend Scheme**

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

**Preference Dividends**

On 21 June 2010, the Bank paid semi-annual tax-exempt dividends on its non-cumulative non-convertible preference shares as follows: Class B Preference Shares at 5.1% (2009: 5.1%) per annum; Class E Preference Shares at 4.5% (2009: 4.5%) per annum and Class G Preference Shares at 4.2% (2009: 4.2%) per annum. Total amounts of dividend paid for the Class B, Class E and Class G Preference Shares were S$25.4 million, S$11.2 million and S$8.3 million respectively.

Peter Yeoh
Secretary

Singapore, 2 August 2010

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

**Oversea-Chinese Banking Corporation Limited**

# Second Quarter 2010 Group Financial Report

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

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# FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards as required by the 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 mandatory with effect from 1 January 2010:

| | |
|---|---|
| FRS 27 (Revised): | Consolidated and Separate Financial Statements |
| FRS 103 (Revised): | Business Combinations |
| FRS 39 (Amendments): | Financial Instruments: Recognition and Measurement – Eligible Hedged Items |
| FRS 102 (Amendments): | Share-Based Payment – Group Cash-settled Share-based Payment Transactions |
| INT FRS 117: | Distributions of Non-cash Assets to Owners |
| Improvements to FRSs 2008 | |
| Improvements to FRSs 2009 | |

The revised FRS 27 requires that changes in a parent's ownership interests in a subsidiary which do not result in a loss of control be accounted for as equity transactions, with resulting gains and losses taken to equity and not to the income statement. The standard also requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control.

Under the revised FRS 103, the Group has to expense costs incurred in the acquisition of a business in the period in which it was incurred or when the service was rendered. Where an acquirer obtains control of a business through step acquisition, any previously held equity interests shall be measured at fair value on the date that control is attained, with resulting gains and losses taken to the income statement.

The initial application of the above standards and interpretations is not expected to have any material impact on the Group's financial statements.

**Financial Results**

Group net profit attributable to shareholders for the second quarter ended 30 June 2010 ("2Q10") was S$503 million, an increase of 8% year-on-year, driven by increased fees and commissions, higher realised gains on investment securities and lower allowances. The 2Q10 result included three months' consolidation of the results of 100%-owned Bank of Singapore (formerly ING Asia Private Bank), which was acquired in January this year.

Net interest income grew by 1%, as asset growth more than offset a decline in net interest margin. Non-interest income grew by 5% to S$516 million, led by a 30% growth in fee and commission income, and higher realised gains from the sale of investment securities. Operating expenses increased by 24% to S$559 million, due mainly to the Group's renewed investments in regional expansion and higher business volumes. Effective credit portfolio management kept net allowances for 2Q10 low at S$18 million, down from S$104 million a year ago and from S$25 million in 1Q10. The non-performing loans ("NPL") ratio improved during the quarter to 1.3%, from 1.5%.

For the first half of 2010 ("1H10"), the Group achieved core net profit of S$1,179 million, 17% above last year's first half results of S$1,011 million, underpinned by higher realised gains on investment securities, and growth in insurance, dealing as well as fee and commission income. The drop in net allowances also contributed to the improved results. The 1H10 performance sets a new record for the Group in terms of half year core net profit. Return on equity was 13.1% in 1H10 while annualised core earnings per share for the half year rose 12% to 70.6 cents.

## FINANCIAL SUMMARY *(continued)*

| S$ million | 1H10 | 1H09 | +/(-) % | 2Q10 | 2Q09 | +/(-) % | 1Q10 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Selected Income Statement** | | | | | | | | |
| Net interest income | **1,424** | 1,450 | (2) | **720** | 710 | 1 | 704 | 2 |
| Non-interest income | **1,197** | 1,101 | 9 | **516** | 494 | 5 | 681 | (24) |
| Total income | **2,621** | 2,551 | 3 | **1,236** | 1,204 | 3 | 1,385 | (11) |
| Operating expenses | **(1,061)** | (863) | 23 | **(559)** | (450) | 24 | (502) | 11 |
| Operating profit before allowances and amortisation | **1,560** | 1,688 | (8) | **677** | 754 | (10) | 883 | (23) |
| Amortisation of intangible assets | **(23)** | (24) | – | **(11)** | (12) | – | (12) | – |
| Allowances for loans and impairment of other assets | **(43)** | (301) | (86) | **(18)** | (104) | (83) | (25) | (30) |
| Operating profit after allowances and amortisation | **1,494** | 1,363 | 10 | **648** | 638 | 2 | 846 | (23) |
| Share of results of associates and joint ventures | **(1)** | 1 | n.m. | **(1)** | 1 | n.m. | (#) | n.m. |
| Profit before income tax | **1,493** | 1,364 | 9 | **647** | 639 | 1 | 846 | (23) |
| **Net profit attributable to shareholders** | **1,179** | 1,011 | 17 | **503** | 466 | 8 | 676 | (26) |
| **Cash basis net profit attributable to shareholders** [1/] | **1,202** | 1,035 | 16 | **514** | 478 | 8 | 688 | (25) |
| **Selected Balance Sheet** | | | | | | | | |
| Ordinary equity | **17,986** | 15,676 | 15 | **17,986** | 15,676 | 15 | 17,832 | 1 |
| Total equity *(excluding non-controlling interests)* | **19,881** | 17,572 | 13 | **19,881** | 17,572 | 13 | 19,728 | 1 |
| Total assets | **213,173** | 183,429 | 16 | **213,173** | 183,429 | 16 | 208,724 | 2 |
| Assets excluding life assurance fund investment assets | **167,842** | 143,487 | 17 | **167,842** | 143,487 | 17 | 163,487 | 3 |
| Loans and bills receivable *(net of allowances)* | **93,977** | 77,599 | 21 | **93,977** | 77,599 | 21 | 88,905 | 6 |
| Deposits of non-bank customers | **112,313** | 96,589 | 16 | **112,313** | 96,589 | 16 | 108,523 | 3 |

Notes:
1. Excludes amortisation of intangible assets.
2. "#" represents amounts less than S$0.5 million.
3. "n.m." denotes not meaningful.

## FINANCIAL SUMMARY *(continued)*

| | 1H10 | 1H09 | 2Q10 | 2Q09 | 1Q10 |
|---|---|---|---|---|---|
| **Key Financial Ratios** | | | | | |
| **Performance ratios (% p.a.)** | | | | | |
| Return on equity [1/] [2/] | | | | | |
| SFRS[3/] basis | **13.1** | 13.4 | **10.9** | 12.0 | 15.3 |
| Cash basis | **13.4** | 13.7 | **11.2** | 12.3 | 15.6 |
| Return on assets [4/] | | | | | |
| SFRS[3/] basis | **1.43** | 1.42 | **1.20** | 1.30 | 1.68 |
| Cash basis | **1.46** | 1.45 | **1.22** | 1.33 | 1.71 |
| **Revenue mix/efficiency ratios (%)** | | | | | |
| Net interest margin (annualised) | **2.00** | 2.35 | **1.96** | 2.29 | 2.03 |
| Net interest income to total income | **54.3** | 56.8 | **58.2** | 59.0 | 50.8 |
| Non-interest income to total income | **45.7** | 43.2 | **41.8** | 41.0 | 49.2 |
| Cost to income | **40.5** | 33.8 | **45.2** | 37.4 | 36.2 |
| Loans to deposits | **83.7** | 80.3 | **83.7** | 80.3 | 81.9 |
| NPL ratio | **1.3** | 2.0 | **1.3** | 2.0 | 1.5 |
| **Earnings per share [2/] (annualised - cents)** | | | | | |
| Basic earnings | **70.6** | 62.8 | **59.4** | 57.1 | 82.1 |
| Basic earnings (cash basis) | **72.1** | 64.3 | **60.8** | 58.6 | 83.6 |
| Diluted earnings | **70.4** | 62.7 | **59.1** | 56.9 | 81.8 |
| **Net asset value per share (S$)** | | | | | |
| Before valuation surplus | **5.48** | 4.94 | **5.48** | 4.94 | 5.51 |
| After valuation surplus | **6.99** | 5.59 | **6.99** | 5.59 | 6.76 |
| **Capital adequacy ratios (%)** | | | | | |
| Tier 1 | **15.3** | 15.4 | **15.3** | 15.4 | 14.4 |
| Total | **16.3** | 15.9 | **16.3** | 15.9 | 15.2 |

Notes:
1. Preference equity and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on net profit less preference dividends paid and estimated to be due as 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.

## NET INTEREST INCOME

### Average Balance Sheet

| S$ million | 1H10 Average Balance | 1H10 Interest | 1H10 Average Rate [4] | 1H09 Average Balance | 1H09 Interest | 1H09 Average Rate [4] |
|---|---|---|---|---|---|---|
| | | | % | | | % |
| **Interest earning assets** | | | | | | |
| Loans and advances to non-bank customers | **88,452** | **1,519** | **3.46** | 78,551 | 1,575 | 4.04 |
| Placements with and loans to banks | **27,970** | **193** | **1.39** | 21,129 | 243 | 2.32 |
| Other interest earning assets [1] | **27,453** | **365** | **2.68** | 24,611 | 382 | 3.13 |
| Total | **143,875** | **2,077** | **2.91** | 124,291 | 2,200 | 3.57 |
| **Interest bearing liabilities** | | | | | | |
| Deposits of non-bank customers | **108,358** | **483** | **0.90** | 93,921 | 579 | 1.24 |
| Deposits and balances of banks | **14,629** | **46** | **0.63** | 12,024 | 59 | 0.99 |
| Other borrowings [2] | **8,763** | **124** | **2.85** | 6,828 | 112 | 3.32 |
| Total | **131,750** | **653** | **1.00** | 112,773 | 750 | 1.34 |
| **Net interest income/margin [3]** | | **1,424** | **2.00** | | 1,450 | 2.35 |

| S$ million | 2Q10 Average Balance | 2Q10 Interest | 2Q10 Average Rate [4] | 2Q09 Average Balance | 2Q09 Interest | 2Q09 Average Rate [4] | 1Q10 Average Balance | 1Q10 Interest | 1Q10 Average Rate [4] |
|---|---|---|---|---|---|---|---|---|---|
| | | | % | | | % | | | % |
| **Interest earning assets** | | | | | | | | | |
| Loans and advances to non-bank customers | **91,049** | **771** | **3.40** | 77,820 | 760 | 3.92 | 85,825 | 748 | 3.53 |
| Placements with and loans to banks | **28,254** | **97** | **1.38** | 20,869 | 107 | 2.07 | 27,683 | 96 | 1.41 |
| Other interest earning assets [1] | **28,178** | **188** | **2.68** | 25,868 | 187 | 2.89 | 26,720 | 177 | 2.68 |
| Total | **147,481** | **1,056** | **2.87** | 124,557 | 1,054 | 3.39 | 140,228 | 1,021 | 2.95 |
| **Interest bearing liabilities** | | | | | | | | | |
| Deposits of non-bank customers | **110,842** | **249** | **0.90** | 94,099 | 260 | 1.11 | 105,846 | 235 | 0.90 |
| Deposits and balances of banks | **15,346** | **26** | **0.69** | 11,905 | 24 | 0.81 | 13,904 | 20 | 0.58 |
| Other borrowings [2] | **8,814** | **61** | **2.79** | 7,001 | 60 | 3.43 | 8,711 | 62 | 2.91 |
| Total | **135,002** | **336** | **1.00** | 113,005 | 344 | 1.22 | 128,461 | 317 | 1.00 |
| **Net interest income/margin [3]** | | **720** | **1.96** | | 710 | 2.29 | | 704 | 2.03 |

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

## NET INTEREST INCOME *(continued)*

Net interest income in the second quarter grew 1% year-on-year to S$720 million, as the increase in average interest-earning assets more than offset a decline in average net interest margin. Net interest margin declined 33 basis points, from 2.29% to 1.96%, largely as a result of reduced gapping opportunities in the interbank market. Following the acquisition of Bank of Singapore in January this year, the inclusion of its lower-yielding, well-collateralised assets has boosted the Group's net interest income while decreasing net interest margin. Excluding the consolidation effect of Bank of Singapore, the Group's net interest margin would have recorded a smaller year-on-year decline of 26 basis points, from 2.29% to 2.03% in 2Q10.

Compared with 1Q10, net interest income rose by 2% as a result of asset growth and a slightly longer quarter, which more than offset the impact of a decline in net interest margin. The average net interest margin narrowed by 7 basis points from the previous quarter, largely due to reduced gapping opportunities.

### Volume and Rate Analysis

| | 1H10 vs 1H09 | | | 2Q10 vs 2Q09 | | | 2Q10 vs 1Q10 | | |
|---|---|---|---|---|---|---|---|---|---|
| **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 | 199 | (255) | (56) | 129 | (118) | 11 | 46 | (31) | 15 |
| Placements with and loans to banks | 78 | (128) | (50) | 38 | (49) | (11) | 2 | (3) | (1) |
| Other interest earning assets | 44 | (61) | (17) | 17 | (15) | 2 | 10 | # | 10 |
| Total | 321 | (444) | (123) | 184 | (182) | 2 | 58 | (34) | 24 |
| **Interest expense** | | | | | | | | | |
| Deposits of non-bank customers | 89 | (185) | (96) | 46 | (58) | (12) | 11 | (#) | 11 |
| Deposits and balances of banks | 13 | (26) | (13) | 7 | (5) | 2 | 2 | 4 | 6 |
| Other borrowings | 32 | (20) | 12 | 16 | (14) | 2 | 1 | (3) | (2) |
| Total | 134 | (231) | (97) | 69 | (77) | (8) | 14 | 1 | 15 |
| **Impact on net interest income** | 187 | (213) | (26) | 115 | (105) | 10 | 44 | (35) | 9 |
| Due to change in number of days | | | – | | | – | | | 7 |
| **Net interest income** | | | (26) | | | 10 | | | 16 |

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

## NON-INTEREST INCOME

| S$ million | 1H10 | 1H09 | +/(-) | 2Q10 | 2Q09 | +/(-) | 1Q10 | +/(-) |
|---|---|---|---|---|---|---|---|---|
| | | | % | | | % | | % |
| **Fees and commissions** | | | | | | | | |
| Brokerage | **41** | 42 | – | **21** | 29 | (27) | 20 | 3 |
| Wealth management | **85** | 29 | 198 | **48** | 18 | 177 | 37 | 33 |
| Fund management | **40** | 32 | 22 | **21** | 16 | 26 | 19 | 7 |
| Credit card | **22** | 19 | 13 | **12** | 9 | 22 | 10 | 14 |
| Loan-related | **103** | 80 | 29 | **50** | 43 | 16 | 53 | (6) |
| Trade-related and remittances | **79** | 57 | 38 | **42** | 29 | 41 | 37 | 11 |
| Guarantees | **10** | 14 | (24) | **5** | 7 | (14) | 5 | 23 |
| Investment banking | **42** | 35 | 23 | **26** | 22 | 20 | 16 | 59 |
| Service charges | **37** | 28 | 29 | **18** | 14 | 24 | 19 | (7) |
| Others | **19** | 13 | 43 | **9** | 7 | 31 | 10 | (2) |
| Sub-total | **478** | 349 | 37 | **252** | 194 | 30 | 226 | 11 |
| **Dividends** | **47** | 42 | 12 | **28** | 25 | 13 | 19 | 52 |
| **Rental income** | **40** | 38 | 4 | **20** | 19 | 6 | 20 | 3 |
| **Profit from life assurance** | **215** | 391 | (45) | **69** | 125 | (45) | 146 | (53) |
| **Premium income from general insurance** | **73** | 63 | 15 | **37** | 32 | 16 | 36 | 4 |
| **Other income** | | | | | | | | |
| Net trading income | **196** | 173 | 13 | **39** | 61 | (35) | 157 | (75) |
| Net gain/(loss) from investment securities | **118** | (15) | 912 | **53** | 21 | 148 | 65 | (18) |
| Net gain from disposal of associates | **3** | (#) | 846 | **1** | (#) | 201 | 2 | (84) |
| Net gain from disposal of properties | **#** | 2 | (86) | **#** | 2 | (93) | # | (26) |
| Others | **27** | 58 | (54) | **17** | 15 | 13 | 10 | 69 |
| Sub-total | **344** | 218 | 58 | **110** | 99 | 11 | 234 | (53) |
| **Total non-interest income** | **1,197** | 1,101 | 9 | **516** | 494 | 5 | 681 | (24) |
| Fees and commissions/Total income | **18.2%** | 13.7% | | **20.4%** | 16.1% | | 16.4% | |
| Non-interest income/Total income | **45.7%** | 43.2% | | **41.8%** | 41.0% | | 49.2% | |

Note:
1. "#" represents amounts less than S$0.5 million.
2. "n.m." denotes not meaningful.

Non-interest income in the second quarter grew by 5% year-on-year to S$516 million, led by increased fee and commission income and higher realised gains on the sale of investment securities, partially offset by lower dealing income and profit from life assurance. Fee and commission income rose 30% over the previous year to S$252 million, led by growth in wealth management income which, including contributions from Bank of Singapore, more than doubled to S$48 million. Investment banking, fund management, and trade-related activities also contributed to the year-on-year growth in fee and commission income. The sale of investment securities contributed net gains of S$53 million as compared with net gains of S$21 million in 2Q09.

Net trading income declined from S$61 million to S$39 million, with lower foreign exchange income more than offsetting an improvement in securities and derivatives trading results. Profit from life assurance fell 45% to S$69 million due to poor investment performance, although partly offset by improved profits from underwriting through lower operating expenses and improved claims experience.

Compared with 1Q10, non-interest income fell 24% due to a lower profit contribution from life assurance and a decline in net trading income, as volatile financial market conditions during the second quarter led to a decline in foreign exchange as well as securities and derivatives trading income.

## OPERATING EXPENSES

| S$ million | 1H10 | 1H09 | +/(-) % | 2Q10 | 2Q09 | +/(-) % | 1Q10 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Staff costs** | | | | | | | | |
| Salaries and other costs | **563** | 434 | 30 | **299** | 217 | 38 | 264 | 13 |
| Share-based expenses | **7** | 2 | 295 | **3** | (2) | 307 | 4 | (8) |
| Contribution to defined contribution plans | **46** | 38 | 22 | **25** | 19 | 29 | 21 | 15 |
| | **616** | 474 | 30 | **327** | 234 | 40 | 289 | 13 |
| **Property and equipment** | | | | | | | | |
| Depreciation | **75** | 66 | 14 | **38** | 33 | 15 | 37 | 5 |
| Maintenance and hire of property, plant & equipment | **32** | 32 | 1 | **17** | 16 | 6 | 15 | 8 |
| Rental expenses | **30** | 23 | 31 | **16** | 12 | 36 | 14 | 13 |
| Others | **59** | 53 | 10 | **29** | 28 | 3 | 30 | (2) |
| | **196** | 174 | 13 | **100** | 89 | 12 | 96 | 4 |
| **Other operating expenses** | **249** | 215 | 15 | **132** | 127 | 4 | 117 | 13 |
| **Total operating expenses** | **1,061** | 863 | 23 | **559** | 450 | 24 | 502 | 11 |
| **Group staff strength** | | | | | | | | |
| Period end | **21,112** | 19,322 | 9 | **21,112** | 19,322 | 9 | 20,641 | 2 |
| Average | **20,717** | 19,680 | 5 | **20,947** | 19,455 | 8 | 20,488 | 2 |
| Cost to income ratio | **40.5%** | 33.8% | | **45.2%** | 37.4% | | 36.2% | |

Operating expenses in 2Q10 increased by 24% year-on-year over a low base to S$559 million as the Group resumed investments to expand its businesses in key markets. Staff costs rose 40% to S$327 million, mainly due to increased headcount and higher base salaries, with the consolidation of Bank of Singapore being the largest contributor. Group headcount rose 9%, with over 70% of the personnel increase coming from the Group's expansion in overseas markets and new businesses, including Malaysia, Indonesia, China and Bank of Singapore. Over the last twelve months, OCBC Al-Amin opened two additional branches in Malaysia, PT Bank OCBC NISP established 34 new branches/sub-branches and offices in Indonesia, and OCBC Bank (China) opened one new branch and one sub-branch. Other operating expenses rose 7% to S$232 million, contributed by higher depreciation, rental and business promotion expenses.

Compared with 1Q10, operating expenses were up 11%, largely from higher staff costs and an increase in business promotion expenditures for the Group, mainly driven by enlarged business volumes.

The cost-to-income ratio was 45.2% in 2Q10, as compared with 36.2% in 1Q10 and 37.4% in 2Q09.

## ALLOWANCES FOR LOANS AND OTHER ASSETS

| S$ million | 1H10 | 1H09 | +/(-) % | 2Q10 | 2Q09 | +/(-) % | 1Q10 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| Specific allowances/ (write-back) for loans | | | | | | | | |
| Singapore | **3** | 28 | (88) | **4** | 13 | (66) | (1) | 544 |
| Malaysia | **12** | 31 | (63) | **8** | 9 | (15) | 4 | 125 |
| Others | **1** | 73 | (99) | **(1)** | 22 | (109) | 2 | (73) |
| | **16** | 132 | (88) | **11** | 44 | (76) | 5 | 109 |
| Portfolio allowances for loans | **35** | 7 | 398 | **5** | 5 | (15) | 30 | (85) |
| Allowances/(write-back) for CDOs | **(8)** | 92 | (109) | **(1)** | (2) | (93) | (7) | 98 |
| Allowances and impairment charges/(write-back) for other assets | **(#)** | 70 | (101) | **3** | 57 | (96) | (3) | 186 |
| Allowances for loans and impairment of other assets | **43** | 301 | (86) | **18** | 104 | (83) | 25 | (30) |

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

Allowances for loans and other assets were S$18 million for the quarter, down from S$104 million a year ago and S$25 million in 1Q10.

Specific allowances for loans, net of recoveries and writebacks, were S$11 million, as compared with S$5 million in 1Q10 and S$44 million a year ago. By geography, the quarter-on-quarter increase came mainly from the Singapore and Malaysia markets. Portfolio allowances of S$5 million were flat versus the year ago period.

Net allowances of S$2 million were made for other assets, mainly debt and equity securities investments. This was lower than the net allowances of S$55 million in the previous year. The Bank's CDO portfolio has been fully provided for since 1Q09.

## LOANS AND ADVANCES

| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 | 30 Jun 2009 |
|---|---|---|---|---|
| Loans to customers | **91,809** | 86,996 | 80,439 | 77,970 |
| Bills receivable | **3,664** | 3,408 | 1,902 | 1,212 |
| Gross loans to customers | **95,473** | 90,404 | 82,341 | 79,182 |
| Allowances | | | | |
| Specific allowances | **(412)** | (435) | (454) | (595) |
| Portfolio allowances | **(1,045)** | (1,038) | (999) | (984) |
| | **94,016** | 88,931 | 80,888 | 77,603 |
| Less: assets pledged | **(39)** | (26) | (12) | (4) |
| Loans net of allowances | **93,977** | 88,905 | 80,876 | 77,599 |
| **By Maturity** | | | | |
| Within 1 year | **34,732** | 33,452 | 28,147 | 27,150 |
| 1 to 3 years | **19,616** | 17,923 | 17,751 | 16,549 |
| Over 3 years | **41,125** | 39,029 | 36,443 | 35,483 |
| | **95,473** | 90,404 | 82,341 | 79,182 |
| **By Industry** | | | | |
| Agriculture, mining and quarrying | **2,429** | 1,721 | 1,621 | 1,458 |
| Manufacturing | **6,458** | 6,161 | 5,828 | 5,650 |
| Building and construction | **15,912** | 15,389 | 15,643 | 16,052 |
| Housing loans | **24,531** | 22,782 | 21,460 | 19,753 |
| General commerce | **10,506** | 9,713 | 7,750 | 6,537 |
| Transport, storage and communication | **5,991** | 5,769 | 5,791 | 5,661 |
| Financial institutions, investment and holding companies | **10,868** | 9,889 | 10,032 | 11,058 |
| Professionals and individuals | **12,524** | 12,527 | 7,968 | 7,714 |
| Others | **6,254** | 6,453 | 6,248 | 5,299 |
| | **95,473** | 90,404 | 82,341 | 79,182 |
| **By Currency** | | | | |
| Singapore Dollar | **48,649** | 46,658 | 46,022 | 45,608 |
| United States Dollar | **17,237** | 15,639 | 11,081 | 9,930 |
| Malaysian Ringgit | **14,511** | 14,141 | 13,239 | 12,559 |
| Indonesian Rupiah | **3,341** | 3,016 | 2,889 | 2,339 |
| Others | **11,735** | 10,950 | 9,110 | 8,746 |
| | **95,473** | 90,404 | 82,341 | 79,182 |
| **By Geography** [1/] | | | | |
| Singapore | **53,078** | 50,659 | 48,457 | 47,012 |
| Malaysia | **16,561** | 16,175 | 15,322 | 14,653 |
| Other ASEAN | **6,269** | 5,673 | 4,986 | 4,418 |
| Greater China | **9,703** | 8,065 | 7,066 | 6,775 |
| Other Asia Pacific | **4,432** | 4,490 | 3,926 | 3,467 |
| Rest of the World | **5,430** | 5,342 | 2,584 | 2,857 |
| | **95,473** | 90,404 | 82,341 | 79,182 |

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

The Group's loan book was S$95.5 billion as at 30 June 2010. The 21% year-on-year increase was as a result of the consolidation effect of Bank of Singapore, which contributed about 5% of gross loans, classified mainly under loans to professionals and individuals. Excluding this consolidation effect, loan growth would have been 15% year-on-year. The 6% quarter-on-quarter loan growth in 2Q10 was broad-based and contributed mainly by loans to the housing, non-bank financial institutions, investment and holding companies, and general commerce sectors.

## NON-PERFORMING ASSETS [1/]

| S$ million | Total NPAs [2/] | Substandard | Doubtful | Loss | Secured NPAs/ Total NPAs | NPLs [3/] | NPL Ratio [3/] |
|---|---|---|---|---|---|---|---|
| | | | | | % | | % |
| **Singapore** | | | | | | | |
| **30 Jun 2010** | **402** | **173** | **139** | **90** | **67.8** | **401** | **0.8** |
| 31 Mar 2010 | 436 | 183 | 161 | 92 | 67.5 | 434 | 0.9 |
| 31 Dec 2009 | 417 | 163 | 164 | 90 | 65.2 | 416 | 0.9 |
| 30 Jun 2009 | 592 | 316 | 186 | 90 | 52.6 | 547 | 1.2 |
| **Malaysia** | | | | | | | |
| **30 Jun 2010** | **615** | **365** | **177** | **73** | **58.1** | **567** | **3.4** |
| 31 Mar 2010 | 635 | 367 | 212 | 56 | 56.7 | 562 | 3.5 |
| 31 Dec 2009 | 635 | 427 | 155 | 53 | 61.1 | 582 | 3.8 |
| 30 Jun 2009 | 590 | 389 | 141 | 60 | 59.2 | 568 | 3.9 |
| **Other ASEAN** | | | | | | | |
| **30 Jun 2010** | **147** | **43** | **10** | **94** | **65.8** | **147** | **2.3** |
| 31 Mar 2010 | 160 | 40 | 22 | 98 | 60.8 | 159 | 2.8 |
| 31 Dec 2009 | 213 | 95 | 23 | 95 | 59.9 | 212 | 4.3 |
| 30 Jun 2009 | 215 | 99 | 34 | 82 | 57.1 | 212 | 4.8 |
| **Greater China** | | | | | | | |
| **30 Jun 2010** | **59** | **11** | **48** | **–** | **11.8** | **59** | **0.6** |
| 31 Mar 2010 | 63 | 12 | 51 | – | 10.4 | 63 | 0.8 |
| 31 Dec 2009 | 69 | 13 | 56 | – | 19.9 | 67 | 0.9 |
| 30 Jun 2009 | 123 | 28 | 95 | – | 25.4 | 118 | 1.7 |
| **Other Asia Pacific** | | | | | | | |
| **30 Jun 2010** | **31** | **31** | **–** | **–** | **61.6** | **31** | **0.7** |
| 31 Mar 2010 | 36 | 33 | 3 | – | 54.8 | 36 | 0.8 |
| 31 Dec 2009 | 47 | 40 | 7 | – | 51.8 | 47 | 1.2 |
| 30 Jun 2009 | 108 | 22 | 86 | – | 18.7 | 108 | 3.1 |
| **Rest of the World [2/]** | | | | | | | |
| **30 Jun 2010** | **62** | **18** | **40** | **4** | **83.2** | **55** | **1.0** |
| 31 Mar 2010 | 72 | 17 | 51 | 4 | 81.9 | 65 | 1.2 |
| 31 Dec 2009 | 67 | 18 | 46 | 3 | 40.3 | 60 | 2.3 |
| 30 Jun 2009 | 157 | 17 | 134 | 6 | 17.3 | 30 | 1.0 |
| **Group** | | | | | | | |
| **30 Jun 2010** | **1,316** | **641** | **414** | **261** | **61.1** | **1,260** | **1.3** |
| 31 Mar 2010 | 1,402 | 652 | 500 | 250 | 59.7 | 1,319 | 1.5 |
| 31 Dec 2009 | 1,448 | 756 | 451 | 241 | 58.9 | 1,384 | 1.7 |
| 30 Jun 2009 | 1,785 | 871 | 676 | 238 | 48.3 | 1,583 | 2.0 |

Notes:
1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Include CDOs of S$7 million, S$6 million, S$7 million and S$127 million as at 30 Jun 2010, 31 Mar 2010, 31 Dec 2009 and 30 Jun 2009 respectively.
3. Exclude debt securities and contingent liabilities. Prior year figures have been restated.

## NON-PERFORMING ASSETS *(continued)*

Non-performing loans ("NPLs") declined 4% from the previous quarter to S$1,260 million as at 30 June 2010. By industry, the decrease in NPLs during the quarter was mainly from the manufacturing, general commerce and professionals and individuals sectors. By geography, the decrease was mainly from Singapore and Other ASEAN. The Group's NPL ratio continued to improve to 1.3%, from 1.5% in the previous quarter and from 2.0% a year ago. The Singapore and Malaysia NPL ratios fell marginally versus the previous quarter to 0.8% from 0.9%, and to 3.4% from 3.5% respectively.

Including classified debt securities, contingent liabilities and CDOs, the Group's total non-performing assets ("NPAs") were S$1,316 million, 26% lower than a year ago and 6% lower as compared with the previous quarter. Of the total NPAs, 49% (Mar 10: 47%; Dec 09: 52%) were in the substandard category and 61% (Mar 10: 60%; Dec 09: 59%) were secured by collateral.

| | 30 Jun 2010 | | 31 Mar 2010 | | 31 Dec 2009 | | 30 Jun 2009 | |
|---|---|---|---|---|---|---|---|---|
| | S$ million | % of loans | S$ million | % of loans | S$ million | % of loans | S$ million | % of loans |
| **NPLs by Industry** | | | | | | | | |
| Loans and advances | | | | | | | | |
| Agriculture, mining and quarrying | **9** | **0.4** | 10 | 0.6 | 14 | 0.8 | 5 | 0.4 |
| Manufacturing | **396** | **6.1** | 414 | 6.7 | 402 | 6.9 | 511 | 9.0 |
| Building and Construction | **156** | **1.0** | 149 | 1.0 | 203 | 1.3 | 208 | 1.3 |
| Housing loans | **215** | **0.9** | 227 | 1.0 | 224 | 1.0 | 243 | 1.2 |
| General commerce | **153** | **1.5** | 170 | 1.8 | 218 | 2.8 | 210 | 3.2 |
| Transport, storage and communication | **108** | **1.8** | 106 | 1.8 | 109 | 1.9 | 97 | 1.7 |
| Financial institutions, Investment and holding companies | **23** | **0.2** | 28 | 0.3 | 37 | 0.4 | 137 | 1.2 |
| Professionals and individuals | **162** | **1.3** | 177 | 1.4 | 140 | 1.8 | 135 | 1.7 |
| Others | **38** | **0.6** | 38 | 0.6 | 37 | 0.6 | 37 | 0.7 |
| **Total NPLs** | **1,260** | **1.3** | 1,319 | 1.5 | 1,384 | 1.7 | 1,583 | 2.0 |
| **Classified debt securities** | **14** | | 29 | | 31 | | 157 | |
| **Classified contingent liabilities** | **42** | | 54 | | 33 | | 45 | |
| **Total NPAs** | **1,316** | | 1,402 | | 1,448 | | 1,785 | |

| | 30 Jun 2010 | | 31 Mar 2010 | | 31 Dec 2009 | | 30 Jun 2009 | |
|---|---|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % | S$ million | % |
| **NPAs by Period Overdue** | | | | | | | | |
| Over 180 days | **644** | **49** | 634 | 45 | 639 | 44 | 761 | 43 |
| Over 90 to 180 days | **105** | **8** | 145 | 10 | 188 | 13 | 221 | 12 |
| 30 to 90 days | **95** | **7** | 89 | 6 | 208 | 14 | 145 | 8 |
| Less than 30 days | **32** | **2** | 133 | 10 | 74 | 5 | 141 | 8 |
| Not overdue | **440** | **34** | 401 | 29 | 339 | 24 | 517 | 29 |
| | **1,316** | **100** | 1,402 | 100 | 1,448 | 100 | 1,785 | 100 |

| | 30 Jun 2010 | | 31 Mar 2010 | | 31 Dec 2009 | | 30 Jun 2009 | |
|---|---|---|---|---|---|---|---|---|
| **S$ million** | **Loan** | **Allowance** | **Loan** | **Allowance** | **Loan** | **Allowance** | **Loan** | **Allowance** |
| **Restructured Loans** | | | | | | | | |
| Substandard | **125** | **5** | 127 | 4 | 45 | 2 | 60 | 4 |
| Doubtful | **104** | **30** | 113 | 33 | 30 | 29 | 47 | 33 |
| Loss | **11** | **7** | 16 | 10 | 15 | 4 | 15 | 10 |
| | **240** | **42** | 256 | 47 | 90 | 35 | 122 | 47 |

## CUMULATIVE ALLOWANCES FOR ASSETS

| S$ million | Total cumulative allowances | Specific allowances [1/] | Portfolio allowances | Specific allowances as % of total NPAs | Cumulative allowances as % of total NPAs |
|---|---|---|---|---|---|
| | | | | % | % |
| **Singapore** | | | | | |
| **30 Jun 2010** | **579** | **66** | **513** | **16.5** | **144.2** |
| 31 Mar 2010 | 599 | 73 | 526 | 16.8 | 137.5 |
| 31 Dec 2009 | 588 | 76 | 512 | 18.2 | 140.9 |
| 30 Jun 2009 | 659 | 145 | 514 | 24.4 | 111.2 |
| **Malaysia** | | | | | |
| **30 Jun 2010** | **475** | **227** | **248** | **36.9** | **77.1** |
| 31 Mar 2010 | 482 | 238 | 244 | 37.4 | 75.8 |
| 31 Dec 2009 | 463 | 233 | 230 | 36.6 | 72.8 |
| 30 Jun 2009 | 451 | 231 | 220 | 39.1 | 76.5 |
| **Other ASEAN** | | | | | |
| **30 Jun 2010** | **138** | **67** | **71** | **45.8** | **94.0** |
| 31 Mar 2010 | 156 | 85 | 71 | 53.4 | 97.9 |
| 31 Dec 2009 | 177 | 111 | 66 | 52.3 | 83.4 |
| 30 Jun 2009 | 142 | 80 | 62 | 37.8 | 66.4 |
| **Greater China** | | | | | |
| **30 Jun 2010** | **163** | **49** | **114** | **83.3** | **278.3** |
| 31 Mar 2010 | 154 | 53 | 101 | 82.6 | 242.7 |
| 31 Dec 2009 | 149 | 55 | 94 | 79.7 | 217.1 |
| 30 Jun 2009 | 175 | 83 | 92 | 67.4 | 142.5 |
| **Other Asia Pacific** | | | | | |
| **30 Jun 2010** | **57** | **3** | **54** | **10.6** | **182.6** |
| 31 Mar 2010 | 55 | 3 | 52 | 9.2 | 152.8 |
| 31 Dec 2009 | 54 | 3 | 51 | 7.0 | 115.7 |
| 30 Jun 2009 | 116 | 73 | 43 | 68.2 | 107.9 |
| **Rest of the World** | | | | | |
| **30 Jun 2010** | **59** | **14** | **45** | **21.6** | **94.6** |
| 31 Mar 2010 | 58 | 14 | 44 | 19.6 | 80.8 |
| 31 Dec 2009 | 52 | 6 | 46 | 9.4 | 76.9 |
| 30 Jun 2009 | 190 | 137 | 53 | 87.2 | 120.7 |
| **Group** | | | | | |
| **30 Jun 2010** | **1,471** | **426** | **1,045** | **32.4** | **111.8** |
| 31 Mar 2010 | 1,504 | 466 | 1,038 | 33.2 | 107.3 |
| 31 Dec 2009 | 1,483 | 484 | 999 | 33.4 | 102.4 |
| 30 Jun 2009 | 1,733 | 749 | 984 | 42.0 | 97.1 |

Note:
1. Include allowances of S$6 million, S$6 million, S$6 million and S$127 million for classified CDOs as at 30 Jun 2010, 31 Mar 2010, 31 Dec 2009 and 30 Jun 2009 respectively.

As at 30 June 2010, the Group's total cumulative allowances for assets were S$1,471 million, comprising S$426 million in specific allowances and S$1,045 million in portfolio allowances. Total cumulative allowances represented 112% of total non-performing assets ("NPAs") and 288% of unsecured NPAs, up from 107% and 266% respectively in 1Q10.

## DEPOSITS

| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 | 30 Jun 2009 |
|---|---|---|---|---|
| Deposits of non-bank customers | **112,313** | 108,523 | 100,633 | 96,589 |
| Deposits and balances of banks | **13,661** | 14,362 | 10,958 | 10,403 |
| | **125,974** | 122,885 | 111,591 | 106,992 |
| Loans to deposits ratio (net non-bank loans/non-bank deposits) | **83.7%** | 81.9% | 80.4% | 80.3% |

| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 | 30 Jun 2009 |
|---|---|---|---|---|
| **Total Deposits By Maturity** | | | | |
| Within 1 year | **123,801** | 120,696 | 109,486 | 104,708 |
| 1 to 3 years | **1,706** | 1,605 | 1,742 | 2,044 |
| Over 3 years | **467** | 584 | 363 | 240 |
| | **125,974** | 122,885 | 111,591 | 106,992 |
| **Non-Bank Deposits By Product** | | | | |
| Fixed deposits | **55,647** | 57,546 | 53,621 | 55,049 |
| Savings deposits | **23,758** | 22,703 | 21,753 | 19,569 |
| Current account | **26,626** | 23,602 | 20,762 | 17,407 |
| Others | **6,282** | 4,672 | 4,497 | 4,564 |
| | **112,313** | 108,523 | 100,633 | 96,589 |
| **Non-Bank Deposits By Currency** | | | | |
| Singapore Dollar | **60,828** | 59,517 | 58,458 | 57,207 |
| United States Dollar | **15,668** | 15,018 | 11,144 | 10,466 |
| Malaysian Ringgit | **16,209** | 16,514 | 16,286 | 14,967 |
| Indonesian Rupiah | **3,935** | 3,526 | 3,735 | 3,366 |
| Others | **15,673** | 13,948 | 11,010 | 10,583 |
| | **112,313** | 108,523 | 100,633 | 96,589 |

Non-bank customer deposits grew 16% year-on-year, with Bank of Singapore's deposits contributing 5% of total customer deposits as at 30 June 2010. The growth was led by an increase in current account and savings deposits, which grew by 53% and 21% respectively from a year ago, while fixed deposits rose 1%.

The Group's loans-to-deposits ratio was 83.7%, an increase from 81.9% as at 31 March 2010 and 80.3% a year ago.

## DEBTS ISSUED

| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 | 30 Jun 2009 |
|---|---|---|---|---|
| Subordinated debts (unsecured) | **5,843** | 5,766 | 5,769 | 5,181 |
| Commercial papers (unsecured) | **1,076** | 972 | 1,061 | 344 |
| Structured notes (unsecured) | **15** | 76 | 33 | 25 |
| Total | **6,934** | 6,814 | 6,863 | 5,550 |
| **Debts Issued By Maturity** | | | | |
| Within one year | **1,088** | 1,039 | 1,082 | 359 |
| Over one year | **5,846** | 5,775 | 5,781 | 5,191 |
| Total | **6,934** | 6,814 | 6,863 | 5,550 |

# CAPITAL ADEQUACY RATIOS

| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 | 30 Jun 2009 |
|---|---|---|---|---|
| **Tier 1 Capital** | | | | |
| Ordinary and preference shares | **7,792** | 7,413 | 7,376 | 6,995 |
| Disclosed reserves/others | **13,654** | 13,701 | 12,893 | 12,369 |
| Goodwill/others | **(5,285)** | (5,398) | (4,307) | (4,346) |
| **Eligible Tier 1 Capital** | **16,161** | 15,716 | 15,962 | 15,018 |
| **Tier 2 Capital** | | | | |
| Subordinated term notes | **3,211** | 3,205 | 3,163 | 3,103 |
| Others | **(2,239)** | (2,424) | (2,633) | (2,553) |
| **Total Eligible Capital** | **17,133** | 16,497 | 16,492 | 15,568 |
| **Risk Weighted Assets** | **105,073** | 108,505 | 100,013 | 97,424 |
| **Tier 1 capital adequacy ratio** | **15.3%** | 14.4% | 15.9% | 15.4% |
| **Total capital adequacy ratio** | **16.3%** | 15.2% | 16.4% | 15.9% |

As at 30 June 2010, the Group Tier 1 ratio and total capital adequacy ratio (“CAR”) were 15.3% and 16.3% respectively. These ratios remain well above the corresponding regulatory minimums of 6% and 10%. The Group’s core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.6% as compared with 10.8% at the end of the previous quarter.

## UNREALISED VALUATION SURPLUS

| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 | 30 Jun 2009 |
|---|---|---|---|---|
| Properties [1/] | **2,334** | 2,318 | 2,278 | 2,079 |
| Equity securities [2/] | **2,639** | 1,731 | 1,110 | # |
| Total | **4,973** | 4,049 | 3,388 | 2,079 |

Notes:

1. Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
2. Comprises mainly investments in quoted associates and subsidiaries, which are valued based on their market prices at the end of each quarter.
3. The carrying values of subsidiaries and associates on the balance sheet are measured at cost plus post-acquisition reserves; while those of properties are measured at cost less accumulated depreciation, and impairment, if any.
4. "#" represents amounts less than S$0.5 million.

The Group's unrealised valuation surplus represents the difference between the carrying values[3/] of its properties and investments in quoted subsidiaries and associates as compared to the property values and market prices of the quoted investments at the respective periods.

The valuation surplus as at 30 June 2010 was S$4.97 billion, an increase of 23% from S$4.05 billion at the end of the previous quarter. The increase was the result of a higher surplus for equity securities, mainly from the Group's stake in Great Eastern Holdings ("GEH").

# PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented according to the following customer and product segments: Global Consumer Financial Services, Global Corporate Banking, Global Treasury and Insurance.

## Operating Profit by Business Segment

| S$ million | 1H10 | 1H09 | +/(-) % | 2Q10 | 2Q09 | +/(-) % | 1Q10 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| Global Consumer Financial Services | **267** | 293 | (9) | **126** | 154 | (19) | 141 | (11) |
| Global Corporate Banking | **577** | 399 | 44 | **285** | 229 | 24 | 292 | (3) |
| Global Treasury | **295** | 374 | (21) | **101** | 137 | (27) | 194 | (48) |
| Insurance | **274** | 409 | (33) | **83** | 139 | (40) | 191 | (56) |
| Others | **297** | 64 | 366 | **177** | 64 | 178 | 120 | 48 |
| **Operating profit after allowances and amortisation for total business segments** | **1,710** | 1,539 | 11 | **772** | 723 | 7 | 938 | (18) |
| **Add/(Less):** | | | | | | | | |
| - Joint income elimination [1/] | **(164)** | (155) | 6 | **(91)** | (83) | 10 | (73) | 25 |
| - Items not attributed to business segments | **(52)** | (21) | 150 | **(33)** | (2) | n.m. | (19) | 77 |
| **Operating profit after allowances and amortisation** | **1,494** | 1,363 | 10 | **648** | 638 | 2 | 846 | (23) |

Notes:
1. These are joint income allocated to business segments to reward cross-selling activities.
2. "n.m." denotes not meaningful.

### Global Consumer Financial Services

Global Consumer Financial Services comprises the full range of products and services offered to individuals, including deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards and wealth management products (unit trusts, bancassurance products and structured deposits).

Compared with the year ago period, operating profit after allowances of the consumer segment declined 9% to S$267 million in 1H10, and 19% to S$126 million in 2Q10. Increases in expenses for both 1H10 and 2Q10 outweighed higher wealth management fee income and lower net allowances in this segment.

### Global Corporate Banking

Global Corporate Banking serves business customers ranging from large corporates and the public sector to small and medium enterprises. The products and services offered include long-term loans such as project financing, short-term credit such as overdrafts and trade financing, deposit accounts and fee-based services such as cash management, trustee and custodian services.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Compared with the year ago period, Global Corporate Banking's operating profit after allowances increased by 44% to S$577 million in 1H10, driven by growth in net interest income and fee and commission income as well as lower net allowances. Net interest income increased due to higher loan volumes and wider loan spreads.

As compared with 2Q09, operating profit increased by 24%, attributable to higher net interest income and increased trade-related fee and commission income.

### Global Treasury

Global Treasury engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and also offers structured treasury products and financial solutions to meet customers' investment and hedging needs.

Compared with the year ago period, Global Treasury's operating profit declined by 21% to S$295 million in 1H10, and by 27% to S$101 million in 2Q10 from lower net interest income, as a result of reduced gapping opportunities.

### Insurance

The Group's insurance business, including its fund management activities, is carried out by 87.1%-owned subsidiary GEH, which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

Compared with the year ago period, operating profit from GEH fell 33% from S$409 million in 1H09 to S$274 million in 1H10, mainly due to the inclusion in 1H09 of S$201 million of non-recurring gains arising mainly from the adoption of the risk based capital framework in Malaysia. Excluding these non-recurring gains, GEH's operating profit would have increased by 32%, contributed mainly by higher income from both life and general insurance. Operating profit fell 40% from S$139 million in 2Q09 to S$83 million in 2Q10, due to poor investment performance, although partly offset by improved profits from underwriting through lower operating expenses and improved claims experience.

After non-controlling interests and tax, GEH's contribution to the Group's core net profit was S$203 million in 1H10 and S$56 million in 2Q10, as compared with S$272 million in 1H09 (S$97 million excluding the non-recurring gains) and S$76 million in 2Q09.

### Others

The "Others" segment comprises PT Bank OCBC NISP, PacificMas Berhad, Bank of Singapore, corporate finance, capital markets, property holding, stock brokerage and investment holding. Operating profit after allowances for this segment was S$297 million in 1H10, as compared with S$64 million in 1H09. 1H10 operating profit was higher versus a year ago mainly because this segment was not burdened by allowances for the CDO portfolio and losses from the disposal of corporate bonds which were recorded in 1H09.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer Financial Services | Global Corporate Banking | Global Treasury | Insurance | Others | Total Business Segments |
|---|---|---|---|---|---|---|
| **1H10** | | | | | | |
| - External customers | **563** | **834** | **407** | **379** | **623** | **2,806** |
| - Intersegment income | **–** | **–** | **–** | **–** | **42** | **42** |
| **Total income** | **563** | **834** | **407** | **379** | **665** | **2,848** |
| Operating profit before allowances and amortisation | **283** | **575** | **295** | **301** | **322** | **1,776** |
| Amortisation of intangible assets | **–** | **–** | **–** | **(23)** | **–** | **(23)** |
| Write-back/(allowances and impairment) for loans and other assets | **(16)** | **2** | **–** | **(4)** | **(25)** | **(43)** |
| **Operating profit after allowances and amortisation** | **267** | **577** | **295** | **274** | **297** | **1,710** |
| **Other information:** | | | | | | |
| Capital expenditure | **7** | **4** | **#** | **11** | **58** | **80** |
| Depreciation | **7** | **4** | **#** | **1** | **63** | **75** |
| **1H09** | | | | | | |
| - External customers | 564 | 718 | 485 | 511 | 422 | 2,700 |
| - Intersegment income | – | – | – | – | 42 | 42 |
| **Total income** | 564 | 718 | 485 | 511 | 464 | 2,742 |
| Operating profit before allowances and amortisation | 327 | 492 | 385 | 438 | 222 | 1,864 |
| Amortisation of intangible assets | – | – | – | (24) | – | (24) |
| Allowances and impairment for loans and other assets | (34) | (93) | (11) | (5) | (158) | (301) |
| **Operating profit after allowances and amortisation** | 293 | 399 | 374 | 409 | 64 | 1,539 |
| **Other information:** | | | | | | |
| Capital expenditure | 15 | 3 | 1 | 8 | 46 | 73 |
| Depreciation | 8 | 4 | # | 1 | 53 | 66 |

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

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer Financial Services | Global Corporate Banking | Global Treasury | Insurance | Others | Total Business Segments |
|---|---|---|---|---|---|---|
| **2Q10** | | | | | | |
| - External customers | **288** | **429** | **159** | **132** | **342** | **1,350** |
| - Intersegment income | **–** | **–** | **–** | **–** | **21** | **21** |
| **Total income** | **288** | **429** | **159** | **132** | **363** | **1,371** |
| Operating profit before allowances and amortisation | **134** | **288** | **101** | **96** | **182** | **801** |
| Amortisation of intangible assets | **–** | **–** | **–** | **(11)** | **–** | **(11)** |
| Allowances and impairment for loans and other assets | **(8)** | **(3)** | **–** | **(2)** | **(5)** | **(18)** |
| **Operating profit after allowances and amortisation** | **126** | **285** | **101** | **83** | **177** | **772** |
| **Other information:** | | | | | | |
| Capital expenditure | **4** | **2** | **#** | **5** | **30** | **41** |
| Depreciation | **4** | **2** | **#** | **1** | **31** | **38** |
| **2Q09** | | | | | | |
| - External customers | 289 | 362 | 190 | 203 | 233 | 1,277 |
| - Intersegment income | – | – | – | – | 21 | 21 |
| **Total income** | 289 | 362 | 190 | 203 | 254 | 1,298 |
| Operating profit before allowances and amortisation | 171 | 250 | 137 | 153 | 128 | 839 |
| Amortisation of intangible assets | – | – | – | (12) | – | (12) |
| Write-back/(allowances and impairment) for loans and other assets | (17) | (21) | # | (2) | (64) | (104) |
| **Operating profit after allowances and amortisation** | 154 | 229 | 137 | 139 | 64 | 723 |
| **Other information:** | | | | | | |
| Capital expenditure | 6 | 2 | # | 4 | 23 | 35 |
| Depreciation | 4 | 2 | # | 1 | 26 | 33 |
| **1Q10** | | | | | | |
| - External customers | 275 | 405 | 248 | 247 | 281 | 1,456 |
| - Intersegment income | – | – | – | – | 21 | 21 |
| **Total income** | 275 | 405 | 248 | 247 | 302 | 1,477 |
| Operating profit before allowances and amortisation | 149 | 287 | 194 | 205 | 140 | 975 |
| Amortisation of intangible assets | – | – | – | (12) | – | (12) |
| Write-back/(allowances and impairment) for loans and other assets | (8) | 5 | – | (2) | (20) | (25) |
| **Operating profit after allowances and amortisation** | 141 | 292 | 194 | 191 | 120 | 938 |
| **Other information:** | | | | | | |
| Capital expenditure | 3 | 2 | # | 6 | 28 | 39 |
| Depreciation | 3 | 2 | # | # | 32 | 37 |

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

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

| S$ million | Global Consumer Financial Services | Global Corporate Banking | Global Treasury | Insurance | Others | Group |
|---|---|---|---|---|---|---|
| **At 30 June 2010** | | | | | | |
| Segment assets | **31,059** | **64,118** | **44,756** | **51,999** | **32,936** | **224,868** |
| Unallocated assets | | | | | | **89** |
| Elimination | | | | | | **(11,784)** |
| **Total assets** | | | | | | **213,173** |
| Segment liabilities | **45,726** | **50,260** | **32,420** | **45,956** | **26,276** | **200,638** |
| Unallocated liabilities | | | | | | **1,631** |
| Elimination | | | | | | **(11,784)** |
| **Total liabilities** | | | | | | **190,485** |
| **Other information:** | | | | | | |
| Gross non-bank loans | **29,859** | **54,910** | **1,169** | **89** | **9,446** | **95,473** |
| NPAs | **262** | **872** | **–** | **7** | **175** | **1,316** |
| **At 31 March 2010** | | | | | | |
| Segment assets | 29,223 | 60,819 | 46,330 | 51,942 | 30,775 | 219,089 |
| Unallocated assets | | | | | | 89 |
| Elimination | | | | | | (10,454) |
| **Total assets** | | | | | | 208,724 |
| Segment liabilities | 45,149 | 50,086 | 28,409 | 45,797 | 25,441 | 194,882 |
| Unallocated liabilities | | | | | | 1,728 |
| Elimination | | | | | | (10,454) |
| **Total liabilities** | | | | | | 186,156 |
| **Other information:** | | | | | | |
| Gross non-bank loans | 28,028 | 51,956 | 1,145 | 148 | 9,127 | 90,404 |
| NPAs | 273 | 932 | – | 7 | 190 | 1,402 |
| **At 31 December 2009** | | | | | | |
| Segment assets | 27,900 | 56,549 | 46,761 | 49,634 | 21,743 | 202,587 |
| Unallocated assets | | | | | | 98 |
| Elimination | | | | | | (8,385) |
| **Total assets** | | | | | | 194,300 |
| Segment liabilities | 44,333 | 48,653 | 23,405 | 43,824 | 19,139 | 179,354 |
| Unallocated liabilities | | | | | | 1,552 |
| Elimination | | | | | | (8,385) |
| **Total liabilities** | | | | | | 172,521 |
| **Other information:** | | | | | | |
| Gross non-bank loans | 26,702 | 49,878 | 1,046 | 289 | 4,426 | 82,341 |
| NPAs | 280 | 1,018 | – | 7 | 143 | 1,448 |
| **At 30 June 2009** | | | | | | |
| Segment assets | 26,344 | 54,168 | 41,383 | 46,423 | 22,665 | 190,983 |
| Unallocated assets | | | | | | 133 |
| Elimination | | | | | | (7,687) |
| **Total assets** | | | | | | 183,429 |
| Segment liabilities | 43,095 | 45,679 | 22,597 | 41,127 | 17,060 | 169,558 |
| Unallocated liabilities | | | | | | 1,228 |
| Elimination | | | | | | (7,687) |
| **Total liabilities** | | | | | | 163,099 |
| **Other information:** | | | | | | |
| Gross non-bank loans | 25,150 | 49,133 | 871 | 457 | 3,571 | 79,182 |
| NPAs | 308 | 1,218 | – | 8 | 251 | 1,785 |

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

| | 1H10 | | 1H09 | | 2Q10 | | 2Q09 | | 1Q10 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % | S$ million | % | S$ million | % |
| **Total income** | | | | | | | | | | |
| Singapore | **1,674** | **64** | 1,485 | 58 | **764** | **62** | 791 | 66 | 910 | 66 |
| Malaysia | **598** | **23** | 727 | 29 | **301** | **24** | 243 | 20 | 297 | 21 |
| Other ASEAN | **191** | **7** | 183 | 7 | **91** | **7** | 98 | 8 | 100 | 7 |
| Asia Pacific | **137** | **5** | 127 | 5 | **69** | **6** | 57 | 5 | 68 | 5 |
| Rest of the World | **21** | **1** | 29 | 1 | **11** | **1** | 15 | 1 | 10 | 1 |
| | **2,621** | **100** | 2,551 | 100 | **1,236** | **100** | 1,204 | 100 | 1,385 | 100 |
| **Profit before income tax** | | | | | | | | | | |
| Singapore | **992** | **66** | 777 | 57 | **406** | **63** | 451 | 71 | 586 | 69 |
| Malaysia | **381** | **26** | 511 | 37 | **184** | **28** | 136 | 21 | 197 | 23 |
| Other ASEAN | **49** | **3** | 63 | 5 | **23** | **4** | 32 | 5 | 26 | 3 |
| Asia Pacific | **64** | **4** | (3) | – | **31** | **5** | 11 | 2 | 33 | 4 |
| Rest of the World | **7** | **1** | 16 | 1 | **3** | **–** | 9 | 1 | 4 | 1 |
| | **1,493** | **100** | 1,364 | 100 | **647** | **100** | 639 | 100 | 846 | 100 |

| | 30 Jun 2010 | | 31 Mar 2010 | | 31 Dec 2009 | | 30 Jun 2009 | |
|---|---|---|---|---|---|---|---|---|
| | S$ million | % | S$ million | % | S$ million | % | S$ million | % |
| **Total assets** | | | | | | | | |
| Singapore | **136,912** | **64** | 134,765 | 65 | 125,001 | 64 | 119,300 | 65 |
| Malaysia | **45,214** | **21** | 45,281 | 22 | 43,070 | 22 | 39,726 | 22 |
| Other ASEAN | **7,468** | **4** | 6,897 | 3 | 6,922 | 4 | 6,361 | 3 |
| Asia Pacific | **20,061** | **9** | 17,613 | 8 | 15,754 | 8 | 14,424 | 8 |
| Rest of the World | **3,518** | **2** | 4,168 | 2 | 3,553 | 2 | 3,618 | 2 |
| | **213,173** | **100** | 208,724 | 100 | 194,300 | 100 | 183,429 | 100 |

The geographical segment analysis is based on the location where assets or transactions are booked. For 2Q10, Singapore accounted for 62% of total income and 63% of pre-tax profit, while Malaysia accounted for 24% of total income and 28% of pre-tax profit.

In 1H10, the pre-tax profit for Singapore rose 28% year-on-year, led by higher fees and commissions, dealing and investment income and significantly lower allowances for loans and other assets.

Malaysia's pre-tax profit for 1H10 decreased 25% year-on-year to S$381 million, mainly due to non-recurring insurance gains recorded in the previous year arising mainly from the adoption of the risk based capital framework for insurers in Malaysia. Excluding the 1H09 non-recurring gains, pre-tax profit would have risen by 23% year-on-year.

# CONSOLIDATED INCOME STATEMENT (UNAUDITED)

| S$ million | 1H10 | 1H09 | +/(-) % | 2Q10 | 2Q09 | +/(-) % | 1Q10 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| Interest income | **2,077** | 2,200 | (6) | **1,056** | 1,054 | – | 1,021 | 3 |
| Interest expense | **(653)** | (750) | (13) | **(336)** | (344) | (2) | (317) | 6 |
| **Net interest income** | **1,424** | 1,450 | (2) | **720** | 710 | 1 | 704 | 2 |
| Premium income | **2,578** | 2,306 | 12 | **1,315** | 1,200 | 10 | 1,263 | 4 |
| Investment income | **851** | 914 | (7) | **382** | 771 | (50) | 469 | (19) |
| Net claims, surrenders and annuities | **(1,723)** | (1,853) | (7) | **(930)** | (954) | (2) | (793) | 17 |
| Change in life assurance fund contract liabilities | **(1,070)** | (508) | 110 | **(492)** | (617) | (20) | (578) | (15) |
| Commission and others | **(421)** | (468) | (10) | **(206)** | (275) | (25) | (215) | (4) |
| Profit from life assurance | **215** | 391 | (45) | **69** | 125 | (45) | 146 | (53) |
| Premium income from general insurance | **73** | 63 | 15 | **37** | 32 | 16 | 36 | 4 |
| Fees and commissions (net) | **478** | 349 | 37 | **252** | 194 | 30 | 226 | 11 |
| Dividends | **47** | 42 | 12 | **28** | 25 | 13 | 19 | 52 |
| Rental income | **40** | 38 | 4 | **20** | 19 | 6 | 20 | 3 |
| Other income | **344** | 218 | 58 | **110** | 99 | 11 | 234 | (53) |
| **Non-interest income** | **1,197** | 1,101 | 9 | **516** | 494 | 5 | 681 | (24) |
| **Total income** | **2,621** | 2,551 | 3 | **1,236** | 1,204 | 3 | 1,385 | (11) |
| Staff costs | **(616)** | (474) | 30 | **(327)** | (234) | 40 | (289) | 13 |
| Other operating expenses | **(445)** | (389) | 14 | **(232)** | (216) | 7 | (213) | 9 |
| **Total operating expenses** | **(1,061)** | (863) | 23 | **(559)** | (450) | 24 | (502) | 11 |
| **Operating profit before allowances and amortisation** | **1,560** | 1,688 | (8) | **677** | 754 | (10) | 883 | (23) |
| Amortisation of intangible assets | **(23)** | (24) | – | **(11)** | (12) | – | (12) | – |
| Allowances for loans and impairment of other assets | **(43)** | (301) | (86) | **(18)** | (104) | (83) | (25) | (30) |
| **Operating profit after allowances and amortisation** | **1,494** | 1,363 | 10 | **648** | 638 | 2 | 846 | (23) |
| Share of results of associates and joint ventures | **(1)** | 1 | n.m. | **(1)** | 1 | n.m. | (#) | n.m. |
| **Profit before income tax** | **1,493** | 1,364 | 9 | **647** | 639 | 1 | 846 | (23) |
| Income tax expense | **(220)** | (248) | (11) | **(104)** | (129) | (19) | (116) | (10) |
| **Profit for the period** | **1,273** | 1,116 | 14 | **543** | 510 | 7 | 730 | (26) |
| **Profit attributable to:** | | | | | | | | |
| Equity holders of the Bank | **1,179** | 1,011 | 17 | **503** | 466 | 8 | 676 | (26) |
| Non-controlling interests | **94** | 105 | (11) | **40** | 44 | (8) | 54 | (25) |
| | **1,273** | 1,116 | 14 | **543** | 510 | 7 | 730 | (26) |
| **Earnings per share (for the period – cents)** | | | | | | | | |
| Basic | **35.0** | 31.1 | | **14.1** | 13.5 | | 20.9 | |
| Diluted | **34.9** | 31.1 | | **14.1** | 13.5 | | 20.8 | |

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

| S$ million | 1H10 | 1H09 | +/(-) % | 2Q10 | 2Q09 | +/(-) % | 1Q10 | +/(-) % |
|---|---|---|---|---|---|---|---|---|
| **Profit for the period** | **1,273** | 1,116 | 14 | **543** | 510 | 7 | 730 | (26) |
| **Other comprehensive income:** | | | | | | | | |
| Available-for-sale financial assets | | | | | | | | |
| Gains/(losses) for the period | **(125)** | 648 | (119) | **(163)** | 640 | (125) | 38 | (533) |
| Reclassification of (gains)/losses to income statement | | | | | | | | |
| - on disposal | **(118)** | 14 | (912) | **(53)** | (22) | (148) | (65) | 18 |
| - on impairment | **(5)** | 150 | (103) | **2** | 52 | (97) | (7) | 124 |
| Tax on net movements | **(11)** | (64) | 84 | **3** | (75) | 105 | (14) | 125 |
| Exchange differences on translating foreign operations | **143** | 89 | 60 | **8** | 19 | (62) | 135 | (95) |
| Other comprehensive income of associates and joint ventures | **1** | 4 | (79) | **1** | (#) | 391 | (#) | 619 |
| **Total other comprehensive income, net of tax** | **(115)** | 841 | (114) | **(202)** | 614 | (133) | 87 | (331) |
| **Total comprehensive income for the period, net of tax** | **1,158** | 1,957 | (41) | **341** | 1,124 | (70) | 817 | (58) |
| **Total comprehensive income attributable to:** | | | | | | | | |
| Equity holders of the Bank | **1,033** | 1,832 | (44) | **297** | 1,058 | (72) | 736 | (60) |
| Non-controlling interests | **125** | 125 | – | **44** | 66 | (34) | 81 | (47) |
| | **1,158** | 1,957 | (41) | **341** | 1,124 | (70) | 817 | (58) |

Note:

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

# BALANCE SHEETS (UNAUDITED)

| | GROUP | | | | BANK | | | |
|---|---|---|---|---|---|---|---|---|
| S$ million | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 @ | 30 Jun 2009 | 30 Jun 2010 | 31 Mar 2010 | 31 Dec 2009 @ | 30 Jun 2009 |
| **EQUITY** | | | | | | | | |
| **Attributable to equity holders of the Bank** | | | | | | | | |
| Share capital | **7,792** | 7,413 | 7,376 | 6,994 | **7,792** | 7,413 | 7,376 | 6,994 |
| Capital reserves | **794** | 883 | 986 | 1,141 | **606** | 687 | 768 | 932 |
| Fair value reserves | **1,239** | 1,451 | 1,506 | 960 | **610** | 585 | 603 | 386 |
| Revenue reserves | **10,056** | 9,981 | 9,103 | 8,477 | **6,275** | 6,188 | 5,716 | 5,420 |
| | **19,881** | 19,728 | 18,971 | 17,572 | **15,283** | 14,873 | 14,463 | 13,732 |
| **Non-controlling interests** | **2,807** | 2,840 | 2,808 | 2,758 | – | – | – | – |
| **Total equity** | **22,688** | 22,568 | 21,779 | 20,330 | **15,283** | 14,873 | 14,463 | 13,732 |
| **LIABILITIES** | | | | | | | | |
| Deposits of non-bank customers | **112,313** | 108,523 | 100,633 | 96,589 | **81,975** | 79,070 | 77,298 | 75,207 |
| Deposits and balances of banks | **13,661** | 14,362 | 10,958 | 10,403 | **11,880** | 12,408 | 9,674 | 9,278 |
| Due to subsidiaries | **–** | – | – | – | **4,195** | 3,398 | 1,369 | 1,470 |
| Due to associates | **115** | 173 | 119 | 112 | **110** | 116 | 118 | 106 |
| Trading portfolio liabilities | **2,006** | 1,832 | 2,016 | 1,474 | **1,948** | 1,789 | 2,016 | 1,474 |
| Derivative payables | **4,801** | 4,076 | 3,918 | 4,271 | **4,532** | 3,840 | 3,767 | 4,114 |
| Other liabilities | **3,589** | 3,405 | 3,215 | 2,940 | **1,243** | 1,012 | 1,011 | 902 |
| Current tax | **658** | 737 | 607 | 517 | **264** | 328 | 269 | 265 |
| Deferred tax | **973** | 991 | 946 | 711 | **110** | 119 | 120 | 90 |
| Debts issued | **6,934** | 6,814 | 6,863 | 5,550 | **8,145** | 8,162 | 8,230 | 6,935 |
| | **145,050** | 140,913 | 129,275 | 122,567 | **114,402** | 110,242 | 103,872 | 99,841 |
| Life assurance fund liabilities | **45,435** | 45,243 | 43,246 | 40,532 | **–** | – | – | – |
| **Total liabilities** | **190,485** | 186,156 | 172,521 | 163,099 | **114,402** | 110,242 | 103,872 | 99,841 |
| **Total equity and liabilities** | **213,173** | 208,724 | 194,300 | 183,429 | **129,685** | 125,115 | 118,335 | 113,573 |
| **ASSETS** | | | | | | | | |
| Cash and placements with central banks | **11,784** | 9,208 | 13,171 | 6,100 | **7,567** | 4,990 | 8,160 | 2,625 |
| Singapore government treasury bills and securities | **11,612** | 11,385 | 10,922 | 12,089 | **11,074** | 10,908 | 10,550 | 11,641 |
| Other government treasury bills and securities | **5,723** | 6,581 | 5,564 | 6,326 | **2,790** | 3,232 | 2,744 | 2,593 |
| Placements with and loans to banks | **16,809** | 20,263 | 15,821 | 18,604 | **12,487** | 15,976 | 11,992 | 15,280 |
| Loans and bills receivable | **93,977** | 88,905 | 80,876 | 77,599 | **67,307** | 63,352 | 61,340 | 59,801 |
| Debt and equity securities | **13,035** | 12,875 | 11,680 | 10,070 | **8,976** | 8,707 | 7,786 | 6,855 |
| Assets pledged | **572** | 159 | 279 | 114 | **475** | 133 | 267 | 110 |
| Assets held for sale | **1** | – | – | # | **1** | – | – | # |
| Derivative receivables | **4,588** | 4,136 | 3,973 | 3,877 | **4,328** | 3,816 | 3,770 | 3,611 |
| Other assets | **2,930** | 3,144 | 2,911 | 2,751 | **840** | 636 | 689 | 842 |
| Deferred tax | **61** | 59 | 64 | 98 | **–** | 1 | 5 | 28 |
| Associates and joint ventures | **270** | 265 | 226 | 137 | **122** | 105 | 56 | 13 |
| Subsidiaries | **–** | – | – | – | **10,895** | 10,431 | 8,151 | 7,391 |
| Property, plant and equipment | **1,624** | 1,628 | 1,609 | 1,623 | **407** | 410 | 409 | 407 |
| Investment property | **765** | 769 | 765 | 727 | **549** | 551 | 549 | 509 |
| Goodwill and intangible assets | **4,091** | 4,110 | 3,362 | 3,372 | **1,867** | 1,867 | 1,867 | 1,867 |
| | **167,842** | 163,487 | 151,223 | 143,487 | **129,685** | 125,115 | 118,335 | 113,573 |
| Life assurance fund investment assets | **45,331** | 45,237 | 43,077 | 39,942 | **–** | – | – | – |
| **Total assets** | **213,173** | 208,724 | 194,300 | 183,429 | **129,685** | 125,115 | 118,335 | 113,573 |
| **Net Asset Value Per Ordinary Share (before valuation surplus – S$)** | **5.48** | 5.51 | 5.29 | 4.94 | **4.08** | 4.01 | 3.89 | 3.73 |
| **OFF-BALANCE SHEET ITEMS** | | | | | | | | |
| Contingent liabilities | **7,824** | 7,741 | 7,314 | 7,152 | **6,673** | 6,723 | 6,458 | 6,281 |
| Commitments | **57,480** | 55,422 | 43,093 | 45,066 | **42,201** | 39,332 | 34,899 | 36,665 |
| Derivative financial instruments | **431,667** | 408,533 | 355,210 | 343,703 | **400,301** | 378,393 | 335,535 | 325,051 |

Notes:
1. “#” represents amounts less than S$0.5 million.
2. “@” represents audited.

## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)
For the half year ended 30 June 2010

| | Attributable to equity holders of the Bank | | | | | | |
|---|---|---|---|---|---|---|---|
| S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total | Non-controlling interests | Total equity |
| **Balance at 1 January 2010** | **7,376** | **986** | **1,506** | **9,103** | **18,971** | **2,808** | **21,779** |
| Total comprehensive income for the period | **–** | **–** | **(267)** | **1,300** | **1,033** | **125** | **1,158** |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Transfers | **–** | **(175)** | **–** | **175** | **–** | **–** | **–** |
| Dividends to non-controlling interests | **–** | **–** | **–** | **–** | **–** | **(76)** | **(76)** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **3** | **3** | **–** | **3** |
| Ordinary and preference dividends paid in cash | **–** | **–** | **–** | **(139)** | **(139)** | **–** | **(139)** |
| Share-based staff costs capitalised | **–** | **8** | **–** | **–** | **8** | **–** | **8** |
| Shares issued in lieu of ordinary dividends | **359** | **–** | **–** | **(359)** | **–** | **–** | **–** |
| Shares issued to non-executive directors | **1** | **–** | **–** | **–** | **1** | **–** | **1** |
| Shares purchased by DSP Trust | **–** | **(2)** | **–** | **–** | **(2)** | **–** | **(2)** |
| Shares vested under DSP Scheme | **–** | **8** | **–** | **–** | **8** | **–** | **8** |
| Treasury shares transferred/sold | **56** | **(31)** | **–** | **–** | **25** | **–** | **25** |
| Total contributions by and distributions to owners | **416** | **(192)** | **–** | **(320)** | **(96)** | **(76)** | **(172)** |
| Change in ownership interests in a subsidiary that does not result in a loss of control | | | | | | | |
| Acquisition of non-controlling interests | **–** | **–** | **–** | **(27)** | **(27)** | **(50)** | **(77)** |
| Total changes in ownership interests in subsidiaries | **–** | **–** | **–** | **(27)** | **(27)** | **(50)** | **(77)** |
| **Balance at 30 June 2010** | **7,792** | **794** | **1,239** | **10,056** | **19,881** | **2,807** | **22,688** |
| Included: Share of reserves of associates and joint ventures | **–** | **–** | **#** | **31** | **31** | **(3)** | **28** |
| **Balance at 1 January 2009** | 6,638 | 1,329 | 222 | 7,685 | 15,874 | 2,686 | 18,560 |
| Total comprehensive income for the period | – | – | 738 | 1,094 | 1,832 | 125 | 1,957 |
| Transfers | – | (176) | – | 176 | – | – | – |
| Change in non-controlling interests | – | – | – | – | – | 8 | 8 |
| Dividends to non-controlling interests | – | – | – | – | – | (61) | (61) |
| DSP reserve from dividends of unvested shares | – | – | – | 2 | 2 | – | 2 |
| Ordinary and preference dividends paid in cash | – | – | – | (155) | (155) | – | (155) |
| Share-based staff costs capitalised | – | 3 | – | – | 3 | – | 3 |
| Shares issued in lieu of ordinary dividends | 325 | – | – | (325) | – | – | – |
| Shares issued to non-executive directors | # | – | – | – | # | – | # |
| Shares purchased by DSP Trust | – | (2) | – | – | (2) | – | (2) |
| Shares vested under DSP Scheme | – | 9 | – | – | 9 | – | 9 |
| Treasury shares transferred/sold | 31 | (22) | – | – | 9 | – | 9 |
| **Balance at 30 June 2009** | 6,994 | 1,141 | 960 | 8,477 | 17,572 | 2,758 | 20,330 |
| Included: Share of reserves of associates and joint ventures | – | 3 | # | 34 | 37 | (2) | 35 |

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

## STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 June 2010

| GROUP S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Bank | | | | | | |
| **Balance at 1 April 2010** | **7,413** | **883** | **1,451** | **9,981** | **19,728** | **2,840** | **22,568** |
| Total comprehensive income for the period | **–** | **–** | **(212)** | **509** | **297** | **44** | **341** |
| Transactions with owners, recorded directly in equity | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Transfers | **–** | **(88)** | **–** | **88** | **–** | **–** | **–** |
| Dividends to non-controlling interests | **–** | **–** | **–** | **–** | **–** | **(27)** | **(27)** |
| DSP reserve from dividends of unvested shares | **–** | **–** | **–** | **3** | **3** | **–** | **3** |
| Ordinary and preference dividends paid in cash | **–** | **–** | **–** | **(139)** | **(139)** | **–** | **(139)** |
| Share-based staff costs capitalised | **–** | **4** | **–** | **–** | **4** | **–** | **4** |
| Shares issued in lieu of ordinary dividends | **359** | **–** | **–** | **(359)** | **–** | **–** | **–** |
| Shares issued to non-executive directors | **1** | **–** | **–** | **–** | **1** | **–** | **1** |
| Shares purchased by DSP Trust | **–** | **(2)** | **–** | **–** | **(2)** | **–** | **(2)** |
| Treasury shares transferred/sold | **19** | **(3)** | **–** | **–** | **16** | **–** | **16** |
| Total contributions by and distributions to owners | **379** | **(89)** | **–** | **(407)** | **(117)** | **(27)** | **(144)** |
| Change in ownership interests in a subsidiary that does not result in a loss of control | | | | | | | |
| Acquisition of non-controlling interests | **–** | **–** | **–** | **(27)** | **(27)** | **(50)** | **(77)** |
| Total changes in ownership interests in subsidiaries | **–** | **–** | **–** | **(27)** | **(27)** | **(50)** | **(77)** |
| **Balance at 30 June 2010** | **7,792** | **794** | **1,239** | **10,056** | **19,881** | **2,807** | **22,688** |
| Included: Share of reserves of associates and joint ventures | **–** | **–** | **#** | **31** | **31** | **(3)** | **28** |
| **Balance at 1 April 2009** | 6,658 | 1,233 | 380 | 8,389 | 16,660 | 2,696 | 19,356 |
| Total comprehensive income for the period | – | – | 580 | 478 | 1,058 | 66 | 1,124 |
| Transfers | – | (88) | – | 88 | – | – | – |
| Change in non-controlling interests | – | – | – | – | – | 8 | 8 |
| Dividends to non-controlling interests | – | – | – | – | – | (12) | (12) |
| DSP reserve from dividends of unvested shares | – | – | – | 2 | 2 | – | 2 |
| Ordinary and preference dividends paid in cash | – | – | – | (155) | (155) | – | (155) |
| Share-based staff costs capitalised | – | (1) | – | – | (1) | – | (1) |
| Shares issued in lieu of ordinary dividends | 325 | – | – | (325) | – | – | – |
| Shares issued to non-executive directors | # | – | – | – | # | – | # |
| Shares purchased by DSP Trust | – | (2) | – | – | (2) | – | (2) |
| Shares vested under DSP Scheme | – | 1 | – | – | 1 | – | 1 |
| Treasury shares transferred/sold | 11 | (2) | – | – | 9 | – | 9 |
| **Balance at 30 June 2009** | 6,994 | 1,141 | 960 | 8,477 | 17,572 | 2,758 | 20,330 |
| Included: Share of reserves of associates and joint ventures | – | 3 | # | 34 | 37 | (2) | 35 |

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

## STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the half year ended 30 June 2010

| BANK<br>S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity |
|---|---|---|---|---|---|
| **Balance at 1 January 2010** | **7,376** | **768** | **603** | **5,716** | **14,463** |
| Total comprehensive income for the period | **–** | **–** | **7** | **884** | **891** |
| Transfers | **–** | **(170)** | **–** | **170** | **–** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **3** | **3** |
| Ordinary and preference dividends paid in cash | **–** | **–** | **–** | **(139)** | **(139)** |
| Share-based staff costs capitalised | **–** | **8** | **–** | **–** | **8** |
| Shares issued in lieu of ordinary dividends | **359** | **–** | **–** | **(359)** | **–** |
| Shares issued to non-executive directors | **1** | **–** | **–** | **–** | **1** |
| Treasury shares transferred/sold | **56** | **–** | **–** | **–** | **56** |
| **Balance at 30 June 2010** | **7,792** | **606** | **610** | **6,275** | **15,283** |
| **Balance at 1 January 2009** | 6,638 | 1,099 | 12 | 5,076 | 12,825 |
| Total comprehensive income for the period | – | – | 374 | 652 | 1,026 |
| Transfers | – | (170) | – | 170 | – |
| DSP reserve from dividends on unvested shares | – | – | – | 2 | 2 |
| Ordinary and preference shares | – | – | – | (155) | (155) |
| Share-based staff costs capitalised | – | 3 | – | – | 3 |
| Shares issued in lieu of ordinary shares | 325 | – | – | (325) | – |
| Shares issued to non-executive directors | # | – | – | – | # |
| Treasury shares transferred/sold | 31 | – | – | – | 31 |
| **Balance at 30 June 2009** | 6,994 | 932 | 386 | 5,420 | 13,732 |

For the three months ended 30 June 2010

| BANK<br>S$ million | Share capital | Capital reserves | Fair value reserves | Revenue reserves | Total equity |
|---|---|---|---|---|---|
| **Balance at 1 April 2010** | **7,413** | **687** | **585** | **6,188** | **14,873** |
| Total comprehensive income for the period | **–** | **–** | **25** | **497** | **522** |
| Transfers | **–** | **(85)** | **–** | **85** | **–** |
| DSP reserve from dividends on unvested shares | **–** | **–** | **–** | **3** | **3** |
| Ordinary and preference dividends paid in cash | **–** | **–** | **–** | **(139)** | **(139)** |
| Share-based staff costs capitalised | **–** | **4** | **–** | **–** | **4** |
| Shares issued in lieu of ordinary dividends | **359** | **–** | **–** | **(359)** | **–** |
| Shares issued to non-executive directors | **1** | **–** | **–** | **–** | **1** |
| Treasury shares transferred/sold | **19** | **–** | **–** | **–** | **19** |
| **Balance at 30 June 2010** | **7,792** | **606** | **610** | **6,275** | **15,283** |
| **Balance at 1 April 2009** | 6,658 | 1,018 | 56 | 5,426 | 13,158 |
| Total comprehensive income for the period | – | – | 330 | 387 | 717 |
| Transfers | – | (85) | – | 85 | – |
| DSP reserve from dividends on unvested shares | – | – | – | 2 | 2 |
| Ordinary and preference shares | – | – | – | (155) | (155) |
| Share-based staff costs capitalised | – | (1) | – | – | (1) |
| Shares issued in lieu of ordinary dividends | 325 | – | – | (325) | – |
| Shares issued to non-executive directors | # | – | – | – | # |
| Treasury shares transferred/sold | 11 | – | – | – | 11 |
| **Balance at 30 June 2009** | 6,994 | 932 | 386 | 5,420 | 13,732 |

Note:

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

## CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
For the half year ended 30 June 2010

| S$ million | 1H10 | 1H09 | 2Q10 | 2Q09 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Profit before income tax | **1,493** | 1,364 | **647** | 639 |
| Adjustments for non-cash items | | | | |
| Amortisation of intangible assets | **23** | 24 | **11** | 12 |
| Allowances for loans and impairment of other assets | **43** | 301 | **18** | 104 |
| Change in fair value for hedging transactions and trading securities | **#** | (286) | **22** | (198) |
| Depreciation of property, plant and equipment and investment property | **75** | 66 | **38** | 33 |
| Net gain on disposal of property, plant and equipment and investment property | **(1)** | (2) | **(1)** | (2) |
| Net (gain)/loss on disposal of government, debt and equity securities | **(118)** | 15 | **(53)** | (21) |
| Net (gain)/loss on disposal of associates and interest in subsidiaries | **(2)** | # | **(#)** | # |
| Share-based staff costs | **8** | 2 | **4** | (2) |
| Share of results of associates and joint ventures | **1** | (1) | **1** | (1) |
| Items relating to life assurance fund | | | | |
| Surplus before income tax | **268** | 466 | **67** | 212 |
| Surplus transferred from life assurance fund | **(215)** | (390) | **(69)** | (125) |
| Operating profit before change in operating assets and liabilities | **1,575** | 1,559 | **685** | 651 |
| Change in operating assets and liabilities | | | | |
| Deposits of non-bank customers | **5,676** | 2,530 | **3,728** | 4,180 |
| Deposits and balances of banks | **2,469** | 290 | **(701)** | (1,606) |
| Derivative payables and other liabilities | **1,141** | (3,425) | **894** | (1,417) |
| Trading portfolio liabilities | **(10)** | 363 | **174** | 557 |
| Government securities and treasury bills | **(51)** | (4,503) | **567** | (1,493) |
| Trading securities | **(821)** | 534 | **(216)** | 124 |
| Placements with and loans to banks | **974** | (2,703) | **3,375** | (4,006) |
| Loans and bills receivable | **(8,389)** | 2,060 | **(5,097)** | 1,159 |
| Derivative receivables and other assets | **(593)** | 2,486 | **(206)** | 1,464 |
| Net change in investment assets and liabilities of life assurance fund | **(46)** | (242) | **89** | (330) |
| Cash from/(used in) operating activities | **1,925** | (1,051) | **3,292** | (717) |
| Income tax paid | **(216)** | (202) | **(176)** | (146) |
| **Net cash from/(used in) operating activities** | **1,709** | (1,253) | **3,116** | (863) |
| **Cash flows from investing activities** | | | | |
| Dividends from associates | **3** | 3 | **3** | 3 |
| Decrease/(increase) in associates and joint ventures | **(62)** | (4) | **(17)** | 2 |
| Net cashflow from acquisition of subsidiaries | **(2,010)** | – | **14** | – |
| Purchases of debt and equity securities | **(3,455)** | (1,025) | **(1,873)** | (715) |
| Purchases of property, plant and equipment and investment property | **(80)** | (73) | **(41)** | (35) |
| Proceeds from disposal of debt and equity securities | **2,512** | 1,916 | **1,409** | 850 |
| Proceeds from disposal of interest in subsidiaries | **–** | 8 | **–** | 8 |
| Proceeds from disposal of associates | **14** | – | **7** | – |
| Proceeds from disposal of property, plant and equipment and investment property | **4** | 4 | **2** | 3 |
| **Net cash (used in)/from investing activities** | **(3,074)** | 829 | **(496)** | 116 |
| **Cash flows from financing activities** | | | | |
| Acquisition of non-controlling interests | **(77)** | – | **(77)** | – |
| Dividends paid to equity holders of the Bank | **(139)** | (155) | **(139)** | (155) |
| Dividends paid to non-controlling interests | **(76)** | (61) | **(27)** | (12) |
| Increase/(decrease) in debts issued | **131** | (360) | **177** | (140) |
| Proceeds from treasury shares transferred/sold under the Bank's employee share schemes | **25** | 9 | **16** | 9 |
| **Net cash used in financing activities** | **(136)** | (567) | **(50)** | (298) |
| **Net currency translation adjustments** | **114** | 63 | **6** | (8) |
| **Net change in cash and cash equivalents** | **(1,387)** | (928) | **2,576** | (1,053) |
| **Cash and cash equivalents at beginning of period** | **13,171** | 7,028 | **9,208** | 7,153 |
| **Cash and cash equivalents at end of period** | **11,784** | 6,100 | **11,784** | 6,100 |

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

## SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

| | Half year ended 30 June | | Three months ended 30 June | |
|---|---|---|---|---|
| **Number of Shares** | **2010** | **2009** | **2010** | **2009** |
| **Issued ordinary shares** | | | | |
| Balance at beginning of period | **3,245,120,283** | 3,126,565,512 | **3,245,120,283** | 3,126,565,512 |
| Shares issued to non-executive directors | **60,000** | 43,200 | **60,000** | 43,200 |
| Shares issued pursuant to Scrip Dividend Scheme | **45,284,747** | 67,329,773 | **45,284,747** | 67,329,773 |
| Balance at end of period | **3,290,465,030** | 3,193,938,485 | **3,290,465,030** | 3,193,938,485 |
| **Treasury shares** | | | | |
| Balance at beginning of period | **(14,781,749)** | (25,746,212) | **(10,106,400)** | (21,129,041) |
| Shares sold/transferred to employees pursuant to OCBC Share Option Schemes | **3,957,797** | 1,893,760 | **2,479,768** | 1,759,152 |
| Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan | **229,772** | – | **172,870** | – |
| Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan | **3,469,655** | 4,898,106 | **329,237** | 415,543 |
| Shares sold for cash | **160** | – | **160** | – |
| Balance at end of period | **(7,124,365)** | (18,954,346) | **(7,124,365)** | (18,954,346) |
| **Total** | **3,283,340,665** | 3,174,984,139 | **3,283,340,665** | 3,174,984,139 |

From 1 April 2010 to 30 June 2010 (both dates inclusive), the Bank utilised 2,479,768 treasury shares upon the exercise of options by employees of the Group pursuant to OCBC Share Option Schemes 1994 and 2001. As at 30 June 2010, the number of options outstanding under the OCBC Share Options Schemes was 38,973,665 (30 June 2009: 44,574,984).

From 1 April 2010 to 30 June 2010 (both dates inclusive), the Bank utilised 172,870 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As at 30 June 2010, the number of acquisition rights outstanding under the OCBC ESPP was 7,718,223 (30 June 2009: 3,552,559).

From 1 April 2010 to 30 June 2010 (both dates inclusive), the Bank transferred 329,237 treasury shares to the Trust administering OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

60,000 ordinary shares were allotted to certain non-executive Directors on 19 April 2010 as bonus shares for which no consideration was payable, for the financial year ended 31 December 2009.

45,284,747 ordinary shares were issued on 16 June 2010 pursuant to OCBC Scrip Dividend Scheme in lieu of cash for the final one-tier tax exempt dividend of 14 cents per ordinary share in the capital of OCBC Bank for the year ended 31 December 2009.

There was no share buyback in the second quarter ended 30 June 2010. No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 2010.

## OTHER MATTERS / SUBSEQUENT EVENTS

1. On 1 July 2010, the Bank announced that it completed the acquisition of ING Securities Co. Ltd., incorporated in Korea, as part of the acquisition of ING Asia Private Bank (renamed to "Bank of Singapore") and its affiliated entities, for a cash consideration of US$10 million.

   Following the acquisition, ING Securities Co. Ltd. has become a wholly-owned subsidiary of the Bank.

## CONFIRMATION BY THE BOARD

We, Cheong Choong Kong and David Philbrick Conner, being directors of Oversea-Chinese Banking Corporation Limited ("the Bank"), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 30 June 2010 to be false or misleading.

On behalf of the Board of Directors

| | |
|---|---|
| Cheong Choong Kong | David Philbrick Conner |
| Chairman | Chief Executive Officer / Director |

2 August 2010