



OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore. Registration Number: 193200032W)
AND ITS SUBSIDIARIES

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 June 2012

OVERSEA-CHINESE BANKING CORPORATION LIMITED
(Incorporated in Singapore. Registration Number: 193200032W)
AND ITS SUBSIDIARIES

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AUDITORS' REVIEW REPORT

To The Directors of Oversea-Chinese Banking Corporation Limited

Introduction

We have reviewed the accompanying unaudited condensed balance sheet of Oversea-Chinese Banking Corporation Limited (the "Bank") and its subsidiaries (the "Group") as at 30 June 2012, and the related unaudited condensed income statement, unaudited condensed statement of comprehensive income, unaudited condensed statement of changes in equity and unaudited condensed cash flow statement of the Group for the six-month period then ended and certain explanatory notes (the "Unaudited Condensed Interim Financial Statements"). Management is responsible for the preparation and presentation of these Unaudited Condensed Interim Financial Statements in accordance with Singapore Financial Reporting Standard ("FRS") 34 *Interim Financial Reporting*, including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612, 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore. Our responsibility is to express a conclusion on these Unaudited Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Unaudited Condensed Interim Financial Statements are not prepared, in all material respects, in accordance with FRS 34 *Interim Financial Reporting*, including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612, 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore.



Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on those matters arising from the review of the unaudited condensed interim financial statements and for no other purpose. We do not assume responsibility to anyone other than the Bank's directors or the Bank for our work, for our report, or for the conclusions we have reached in our report.

A handwritten signature in blue ink, appearing to read 'KPMG LLP'.

KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore
1 August 2012

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED INCOME STATEMENT - GROUP

For the half year ended 30 June 2012

	Note	GROUP	
		1H 2012 \$'000	1H 2011 \$'000
Interest income		3,001,114	2,475,453
Interest expense		(1,118,496)	(864,034)
Net interest income	3	1,882,618	1,611,419
Premium income		2,837,640	2,898,452
Investment income		1,238,304	1,118,124
Net claims, surrenders and annuities		(2,723,104)	(2,227,607)
Change in life assurance fund contract liabilities		(473,325)	(982,031)
Commission and others		(587,853)	(551,264)
Profit from life assurance		291,662	255,674
Premium income from general insurance		69,303	59,682
Fees and commissions (net)	4	591,190	573,239
Dividends		68,796	69,240
Rental income		36,488	38,571
Other income	5	384,483	245,904
Non-interest income		1,441,922	1,242,310
Total income		3,324,540	2,853,729
Staff costs		(782,527)	(723,900)
Other operating expenses	6	(503,544)	(475,037)
Total operating expenses		(1,286,071)	(1,198,937)
Operating profit before allowances and amortisation		2,038,469	1,654,792
Amortisation of intangible assets		(30,027)	(30,645)
Allowances for loans and impairment for other assets	7	(133,755)	(105,447)
Operating profit after allowances and amortisation		1,874,687	1,518,700
Share of results of associates and joint ventures		18,276	30,548
Profit before income tax		1,892,963	1,549,248
Income tax expense		(309,557)	(250,396)
Profit for the financial period		1,583,406	1,298,852
Attributable to:			
Equity holders of the Bank		1,479,613	1,205,018
Non-controlling interests		103,793	93,834
		1,583,406	1,298,852
Earnings per share (cents)			
Basic		41.7	34.7
Diluted		41.6	34.6

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

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME - GROUP***For the half year ended 30 June 2012*

	GROUP	
	1H 2012	1H 2011
	\$'000	\$'000
Profit for the financial period	1,583,406	1,298,852
Other comprehensive income:		
Available-for-sale financial assets		
Gains for the financial period	453,714	41,773
Reclassification of (gains)/losses to income statement		
- on disposal	(64,088)	(53,814)
- on impairment	841	249
Tax on net movements	(48,479)	3,595
Exchange differences on translating foreign operations	(160,927)	(103,040)
Other comprehensive income of associates and joint ventures	4,438	(506)
Total other comprehensive income, net of tax	185,499	(111,743)
Total comprehensive income for the financial period, net of tax	1,768,905	1,187,109
Total comprehensive income attributable to:		
Equity holders of the Bank	1,669,570	1,105,709
Non-controlling interests	99,335	81,400
	1,768,905	1,187,109

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

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED BALANCE SHEET - GROUP

As at 30 June 2012

	Note	GROUP	
		30 June 2012 \$'000	31 December 2011 \$'000
EQUITY			
Attributable to equity holders of the Bank			
Share capital	9	8,991,422	9,022,918
Capital reserves		329,000	279,402
Fair value reserves		1,460,405	1,124,668
Revenue reserves		12,855,695	12,143,711
		<u>23,636,522</u>	<u>22,570,699</u>
Non-controlling interests		<u>2,842,020</u>	<u>2,819,322</u>
Total equity		<u>26,478,542</u>	<u>25,390,021</u>
LIABILITIES			
Deposits of non-bank customers	10	160,324,543	154,554,839
Deposits and balances of banks	10	20,676,832	21,653,245
Due to associates		174,274	178,050
Trading portfolio liabilities		1,112,670	1,655,040
Derivative payables	11	5,316,421	6,112,768
Other liabilities		4,496,660	4,023,408
Current tax		837,362	800,161
Deferred tax		1,196,128	1,123,125
Debt issued	12	18,253,417	13,063,178
		<u>212,388,307</u>	<u>203,163,814</u>
Life assurance fund liabilities		<u>49,720,054</u>	<u>49,203,775</u>
Total liabilities		<u>262,108,361</u>	<u>252,367,589</u>
Total equity and liabilities		<u>288,586,903</u>	<u>277,757,610</u>
ASSETS			
Cash and placements with central banks		12,083,902	12,896,605
Singapore government treasury bills and securities		13,244,528	13,250,113
Other government treasury bills and securities		7,926,897	7,396,804
Placements with and loans to banks		36,107,433	28,614,577
Loans and bills receivable	13-15	136,745,868	133,556,851
Debt and equity securities		14,365,973	15,081,434
Assets pledged		2,071,891	1,838,981
Assets held for sale		4,842	6,195
Derivative receivables	11	5,355,948	5,898,815
Other assets		4,014,041	3,191,439
Deferred tax		34,289	43,416
Associates and joint ventures		369,368	360,435
Property, plant and equipment		1,674,110	1,663,870
Investment property		888,834	922,335
Goodwill and intangible assets		3,888,474	3,947,394
		<u>238,776,398</u>	<u>228,669,264</u>
Life assurance fund investment assets		<u>49,810,505</u>	<u>49,088,346</u>
Total assets		<u>288,586,903</u>	<u>277,757,610</u>

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

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY - GROUP

For the half year ended 30 June 2012

In \$'000	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 January 2012	9,022,918	279,402	1,124,668	12,143,711	22,570,699	2,819,322	25,390,021
Total comprehensive income for the financial period							
Profit for the financial period	-	-	-	1,479,613	1,479,613	103,793	1,583,406
Other comprehensive income							
Available-for-sale financial assets							
Gains for the financial period	-	-	438,028	-	438,028	15,686	453,714
Reclassification of (gains)/losses to income statement							
- on disposal	-	-	(62,645)	-	(62,645)	(1,443)	(64,088)
- on impairment	-	-	814	-	814	27	841
Tax on net movements	-	-	(46,132)	-	(46,132)	(2,347)	(48,479)
Exchange differences on translating foreign operations	-	-	-	(144,833)	(144,833)	(16,094)	(160,927)
Other comprehensive income of associates and joint ventures	-	-	5,672	(947)	4,725	(287)	4,438
Total other comprehensive income, net of tax	-	-	335,737	(145,780)	189,957	(4,458)	185,499
Total comprehensive income for the financial period	-	-	335,737	1,333,833	1,669,570	99,335	1,768,905
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	-	43,279	-	(43,279)	-	-	-
Distributions and dividends to non-controlling interests	-	-	-	-	-	(126,150)	(126,150)
DSP reserve from dividends on unvested shares	-	-	-	1,739	1,739	-	1,739
Ordinary and preference dividends paid in cash	-	-	-	(561,283)	(561,283)	-	(561,283)
Share-based staff costs capitalised	-	5,049	-	-	5,049	-	5,049
Share buyback held in treasury	(94,149)	-	-	-	(94,149)	-	(94,149)
Shares issued to non-executive directors	507	-	-	-	507	-	507
Shares purchased by DSP Trust	-	(1,748)	-	-	(1,748)	-	(1,748)
Shares vested under DSP Scheme	-	39,292	-	-	39,292	-	39,292
Treasury shares transferred/sold	62,146	(36,274)	-	-	25,872	-	25,872
Total contributions by and distributions to owners	(31,496)	49,598	-	(602,823)	(584,721)	(126,150)	(710,871)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	-	-	-	(19,026)	(19,026)	49,513	30,487
Total changes in ownership interests in subsidiaries	-	-	-	(19,026)	(19,026)	49,513	30,487
Balance at 30 June 2012	8,991,422	329,000	1,460,405	12,855,695	23,636,522	2,842,020	26,478,542
Included:							
Share of reserves of associates and joint ventures	-	-	5,656	48,577	54,233	(4,231)	50,002

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

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY - GROUP

For the half year ended 30 June 2012

In \$'000	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 January 2011	8,210,550	612,826	1,374,198	10,592,671	20,790,245	2,854,919	23,645,164
Total comprehensive income for the financial period							
Profit for the financial period	–	–	–	1,205,018	1,205,018	93,834	1,298,852
Other comprehensive income							
Available-for-sale financial assets							
Gains/(losses) for the financial period	–	–	43,023	–	43,023	(1,250)	41,773
Reclassification of (gains)/losses to income statement							
- on disposal	–	–	(51,568)	–	(51,568)	(2,246)	(53,814)
- on impairment	–	–	142	–	142	107	249
Tax on net movements	–	–	2,847	–	2,847	748	3,595
Exchange differences on translating foreign operations	–	–	–	(93,404)	(93,404)	(9,636)	(103,040)
Other comprehensive income of associates and joint ventures	–	–	(149)	(200)	(349)	(157)	(506)
Total other comprehensive income, net of tax	–	–	(5,705)	(93,604)	(99,309)	(12,434)	(111,743)
Total comprehensive income for the financial period	–	–	(5,705)	1,111,414	1,105,709	81,400	1,187,109
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(160,539)	–	160,539	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(130,865)	(130,865)
DSP reserve from dividends on unvested shares	–	–	–	1,793	1,793	–	1,793
Ordinary and preference dividends paid in cash	–	–	–	(129,934)	(129,934)	–	(129,934)
Share-based staff costs capitalised	–	5,741	–	–	5,741	–	5,741
Share buyback held in treasury	(55,045)	–	–	–	(55,045)	–	(55,045)
Shares issued in-lieu of ordinary dividends	415,895	–	–	(415,895)	–	–	–
Shares issued to non-executive directors	462	–	–	–	462	–	462
Shares purchased by DSP Trust	–	(1,870)	–	–	(1,870)	–	(1,870)
Shares vested under DSP Scheme	–	29,180	–	–	29,180	–	29,180
Treasury shares transferred/sold	39,807	(23,703)	–	–	16,104	–	16,104
Total contributions by and distributions to owners	401,119	(151,191)	–	(383,497)	(133,569)	(130,865)	(264,434)
Changes in ownership interests in a subsidiary that does not result in a loss of control							
Changes in non-controlling interests	–	–	–	(7,059)	(7,059)	7,059	–
Total changes in ownership interests in a subsidiary	–	–	–	(7,059)	(7,059)	7,059	–
Balance at 30 June 2011	8,611,669	461,635	1,368,493	11,313,529	21,755,326	2,812,513	24,567,839
Included:							
Share of reserves of associates and joint ventures	–	–	22	54,703	54,725	(3,813)	50,912

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

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

UNAUDITED CONDENSED CASH FLOW STATEMENT - GROUP

For the half year ended 30 June 2012

In \$'000	1H 2012	1H 2011
Cash flows from operating activities		
Profit before income tax	1,892,963	1,549,248
Adjustments for non-cash items:		
Allowances for loans and impairment for other assets	133,755	105,447
Amortisation of intangible assets	30,027	30,645
Change in fair value for hedging transactions and trading securities	(36,745)	(3,635)
Depreciation of property, plant and equipment and investment property	86,970	80,119
Net gain on disposal of government, debt and equity securities	(64,090)	(53,814)
Net gain on disposal of property, plant and equipment and investment property	(57,851)	(40,985)
Net gain on disposal of associates	-	(926)
Share-based staff costs	5,126	5,939
Share of results of associates and joint ventures	(18,276)	(30,548)
Items relating to life assurance fund		
Surplus before income tax	409,945	332,093
Surplus transferred from life assurance fund	(291,662)	(255,674)
Operating profit before change in operating assets and liabilities	<u>2,090,162</u>	<u>1,717,909</u>
Change in operating assets and liabilities:		
Deposits of non-bank customers	5,765,928	10,990,994
Deposits and balances of banks	(976,413)	7,992,106
Derivative payables and other liabilities	(342,051)	519,943
Trading portfolio liabilities	(542,370)	421,793
Government securities and treasury bills	(721,660)	(1,030,734)
Trading securities	484,986	170,105
Placements with and loans to banks	(7,497,107)	(7,931,344)
Loans and bills receivable	(3,266,160)	(14,778,298)
Derivative receivables and other assets	(27,758)	(181,696)
Net change in investment assets and liabilities of life assurance fund	(220,273)	6,955
Cash used in operating activities	<u>(5,252,716)</u>	<u>(2,102,267)</u>
Income tax paid	<u>(317,346)</u>	<u>(255,522)</u>
Net cash used in operating activities	<u>(5,570,062)</u>	<u>(2,357,789)</u>
Cash flows from investing activities		
Dividends from associates	236	202
Decrease/(increase) in associates and joint ventures	14,823	(62,164)
Net cashflow from acquisition of a business	-	9,881
Purchases of debt and equity securities	(2,539,625)	(3,042,137)
Purchases of property, plant and equipment and investment property	(136,813)	(128,988)
Proceeds from disposal of associates	-	1,766
Proceeds from disposal of debt and equity securities	2,910,347	2,657,440
Proceeds from disposal of interest in a subsidiary	-	82,006
Proceeds from disposal of property, plant and equipment and investment property	89,029	42,675
Net cash from/(used in) investing activities	<u>337,997</u>	<u>(439,319)</u>
Cash flows from financing activities		
Changes in non-controlling interests	30,487	-
Distributions and dividends paid to non-controlling interests	(126,150)	(130,865)
Dividends paid to equity holders of the Bank	(561,283)	(129,934)
Increase in other debt issued ⁽¹⁾	5,261,507	2,427,290
Issue of subordinated debt ⁽¹⁾	-	399,025
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	25,872	16,104
Share buyback held in treasury	(94,149)	(55,045)
Net cash from financing activities	<u>4,536,284</u>	<u>2,526,575</u>
Net currency translation adjustments	<u>(116,922)</u>	<u>(62,391)</u>
Net decrease in cash and cash equivalents	<u>(812,703)</u>	<u>(332,924)</u>
Cash and cash equivalents at 1 January	<u>12,896,605</u>	<u>11,492,891</u>
Cash and cash equivalents at 30 June	<u>12,083,902</u>	<u>11,159,967</u>

⁽¹⁾ Comparatives have been restated to conform to current period's presentation.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2012

These notes form an integral part of the unaudited condensed interim financial statements.

The unaudited condensed interim financial statements were authorised by the Board of Directors on 1 August 2012.

1. General

Oversea-Chinese Banking Corporation Limited (“the Bank”) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange. The address of the Bank’s registered office is 65 Chulia Street, #09-00 OCBC Centre, Singapore 049513.

The unaudited condensed interim financial statements relate to the Bank and its subsidiaries (together referred to as the Group) and the Group's interests in associates and joint ventures. The Group is principally engaged in the business of banking, life assurance, general insurance, asset management, investment holding, futures and stockbroking.

2. Basis of preparation

2.1 Statement of compliance

The unaudited condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) 34 *Interim Financial Reporting*, 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, and do not include all of the information required for full annual financial statements. These unaudited condensed interim financial statements are to be read in conjunction with the financial statements as at and for the year ended 31 December 2011.

2.2 Basis of presentation

The unaudited condensed interim financial statements are presented in Singapore Dollar, rounded to the nearest thousand unless otherwise stated. The unaudited condensed interim financial statements have been prepared under the historical cost convention, except as disclosed in the financial statements as at and for the year ended 31 December 2011.

2.3 Use of estimates and judgements

The preparation of unaudited condensed interim financial statements in conformity with FRS requires management to exercise its judgement, use estimates and make assumptions in the application of accounting policies on the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those applied in the financial statements as at and for the year ended 31 December 2011.

2.4 Significant accounting policies

The Group adopted new/revised financial reporting standards and interpretations that became effective from 1 January 2012. The initial application of these standards and interpretations does not have any material impact on the Group’s financial statements.

The accounting policies applied by the Group in the unaudited condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2011.

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2012

3. Net interest income

	GROUP	
	1H 2012 \$'000	1H 2011 \$'000
Interest income		
Loans to non-bank customers	2,058,288	1,745,576
Placements with and loans to banks	540,337	346,600
Other interest-earning assets	402,489	383,277
	3,001,114	2,475,453
Interest expense		
Deposits of non-bank customers	(864,977)	(635,634)
Deposits and balances of banks	(94,584)	(93,541)
Other borrowings	(158,935)	(134,859)
	(1,118,496)	(864,034)
Net interest income	1,882,618	1,611,419

4. Fees and commissions (net)

	GROUP	
	1H 2012 \$'000	1H 2011 \$'000
Fee and commission income	632,712	611,974
Fee and commission expense	(41,522)	(38,735)
Fees and commissions (net)	591,190	573,239

5. Other income

	GROUP	
	1H 2012 \$'000	1H 2011 \$'000
Net trading income	234,531	121,595
Net gain from investment securities	64,090	53,814
Net gain from disposal of associates	-	926
Net gain from disposal of properties	57,559	40,953
Others	28,303	28,616
	384,483	245,904

6. Other operating expenses

	GROUP	
	1H 2012 \$'000	1H 2011 \$'000
Property, plant and equipment:		
Depreciation	86,970	80,119
Maintenance and hire	42,750	34,769
Rental expenses	34,608	33,388
Others	70,922	70,706
	235,250	218,982
Other operating expenses	268,294	256,055
Total other operating expenses	503,544	475,037

OVERSEA-CHINESE BANKING CORPORATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2012

7. Allowances for loans and impairment for other assets

	GROUP	
	1H 2012 \$'000	1H 2011 \$'000
Specific allowances for loans	56,377	14,651
Portfolio allowances for loans	73,490	84,244
(Write-back)/impairment charge for available-for-sale securities	(7,914)	8,196
Write-back for collateralised debt obligations (CDOs)	(113)	(862)
Impairment charge/(write-back) for other assets	11,915	(782)
Net allowances and impairment	<u>133,755</u>	<u>105,447</u>

8. Dividends paid

	GROUP	
	1H 2012 \$'000	1H 2011 \$'000
Ordinary dividends:		
2010 final tax exempt dividend of 15 cents	–	500,890
2011 final tax exempt dividend of 15 cents	516,097	–
Preference dividends:		
Class B 5.1% tax exempt (2011: 5.1% tax exempt)	25,570	25,430
Class E 4.5% tax exempt (2011: 4.5% tax exempt)	11,281	11,219
Class G 4.2% tax exempt (2011: 4.2% tax exempt)	8,335	8,290
	<u>561,283</u>	<u>545,829</u>

9. Share capital

GROUP	2012	2011	2012	2011
	Shares ('000)	Shares ('000)	\$'000	\$'000
Ordinary shares				
At 1 January	3,441,044	3,341,046	7,261,730	6,424,508
Shares issued in-lieu of ordinary dividends	–	99,950	–	824,296
Shares issued to non-executive directors	56	48	507	462
Transfer from share-based reserves for options and rights exercised	–	–	–	12,464
At 30 June 2012/31 December 2011	<u>3,441,100</u>	<u>3,441,044</u>	<u>7,262,237</u>	<u>7,261,730</u>
Treasury shares				
At 1 January	(3,967)	(3,270)	(134,643)	(109,789)
Share buyback	(10,884)	(10,078)	(94,149)	(92,131)
Share Option Schemes	4,214	2,723	36,656	25,283
Share Purchase Plan	179	4,071	1,553	38,093
Treasury shares transferred to DSP Trust	4,086	2,587	36,274	23,703
Loss on treasury shares transferred/sold	–	–	(12,337)	(19,802)
At 30 June 2012/31 December 2011	<u>(6,372)</u>	<u>(3,967)</u>	<u>(166,646)</u>	<u>(134,643)</u>
Preference shares				
At 1 January:				
Class B	10,000	10,000	1,000,000	1,000,000
Class E	5,000	5,000	500,000	500,000
Class G	395,831	395,831	395,831	395,831
At 30 June 2012/31 December 2011			<u>1,895,831</u>	<u>1,895,831</u>
Issued share capital, at 30 June 2012/31 December 2011			<u>8,991,422</u>	<u>9,022,918</u>

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10. Deposits and balances of non-bank customers and banks

	GROUP	
	30 June 2012 \$'000	31 December 2011 \$'000
Deposits of non-bank customers		
Current accounts	44,692,763	43,117,837
Savings deposits	29,071,002	28,535,633
Term deposits	67,384,139	65,916,607
Structured deposits	4,421,367	5,067,520
Certificate of deposits issued	11,127,992	7,512,795
Other deposits	3,627,280	4,404,447
	160,324,543	154,554,839
Deposits and balances of banks	20,676,832	21,653,245
	181,001,375	176,208,084

11. Derivative financial instruments

The derivative financial instruments shown in the following tables are held for both trading and hedging purposes. The contractual or underlying principal amounts of these derivative financial instruments and their corresponding gross positive (derivative receivables) and negative (derivative payables) fair values at balance sheet date are analysed below.

	30 June 2012			31 December 2011		
	Principal notional amount	Derivative receivables	Derivative payables	Principal notional amount	Derivative receivables	Derivative payables
GROUP (\$'000)						
Foreign exchange derivatives	255,818,629	1,734,830	1,599,020	246,544,073	2,316,972	2,444,840
Interest rate derivatives	296,154,752	3,312,454	3,417,872	283,869,752	3,293,193	3,384,164
Equity derivatives	2,970,332	76,258	50,494	1,436,550	76,846	70,281
Credit derivatives	14,794,671	215,700	236,148	11,675,989	195,755	200,187
Other derivatives	1,179,266	16,706	12,887	1,975,222	16,049	13,296
Total	570,917,650	5,355,948	5,316,421	545,501,586	5,898,815	6,112,768

12. Debt issued

	GROUP	
	30 June 2012 \$'000	31 December 2011 \$'000
Subordinated debt (unsecured) [Note 12.1]	4,071,071	4,079,820
Fixed and floating rate notes (unsecured) [Note 12.2]	3,009,559	659,261
Commercial papers (unsecured) [Note 12.3]	10,972,576	8,292,837
Structured notes (unsecured) [Note 12.4]	200,211	31,260
	18,253,417	13,063,178

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12. Debt issued (continued)

12.1 Subordinated debt (unsecured)

- (a) During the six months ended 30 June 2012, there were no issue or redemption of subordinated debt.
- (b) Details of subordinated debts can be found in the financial statements as at and for the year ended 31 December 2011.

12.2 Fixed and floating rate notes (unsecured)

	Issue Date	Maturity Date	GROUP	
			30 June 2012 \$'000	31 December 2011 \$'000
Issued by the Bank:				
AUD500 million floating rate notes	14 Jul 2011	14 Jul 2014	645,779	659,261
HKD1 billion 2.2% fixed rate note	19 Jan 2012	19 Jan 2017	164,579	–
AUD600 million floating rate notes	5 Mar 2012	5 Mar 2015	773,813	–
USD1 billion 1.625% fixed rate senior bonds	13 Mar 2012	13 Mar 2015	1,266,552	–
USD125 million floating rate notes	23 May 2012	23 May 2013	158,836	–
			3,009,559	659,261

12.3 Commercial papers (unsecured)

	Note	GROUP	
		30 June 2012 \$'000	31 December 2011 \$'000
Issued by the Bank	(a)	10,851,681	8,235,714
Issued by a subsidiary	(b)	120,895	57,123
		10,972,576	8,292,837

- (a) The zero coupon commercial papers were issued by the Bank under its USD2 billion ECP programme and USD10 billion USCP programme established in 2004 and 2011 respectively. The notes outstanding at 30 June 2012 were issued between 18 November 2011 (2011: 20 April 2011) and 29 June 2012 (2011: 23 December 2011), and mature between 3 July 2012 (2011: 3 January 2012) and 27 June 2013 (2011: 16 November 2012), yielding between 0.19% and 4.31% (2011: 0.21% and 4.77%).
- (b) The commercial papers were issued by the Group's leasing subsidiary under its MYR500 million CP/MTN programme (2011: MYR200 million 7-year CP/MTN programme expiring in 2012). The notes outstanding as at 30 June 2012 were issued between 23 May 2012 (2011: 14 June 2011) and 22 June 2012 (2011: 9 December 2011), and mature between 4 July 2012 (2011: 5 January 2012) and 1 March 2013 (2011: 23 March 2012), with interest rate ranging from 3.33% to 3.65% (2011: 3.42% to 3.90%).

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For the half year ended 30 June 2012

12. Debt issued (continued)

12.4 Structured notes (unsecured)

Issued by the Bank:	Issue Date	Maturity Date	GROUP	
			30 June	31 December
			2012	2011
			\$'000	\$'000
Credit linked notes	17 Nov 2008 - 29 Jun 2012	20 Dec 2013 - 15 Jan 2019	174,981	8,000
Equity-linked notes	29 May 2012 - 29 Jun 2012	6 Jul 2012 - 19 Nov 2012	12,845	8,219
Fixed Rate Notes	4 Oct 2011 - 17 Feb 2012	4 Oct 2012 - 17 Feb 2017	12,385	15,041
			200,211	31,260

The structured notes were issued by the Bank under its Structured Notes and Medium Term Notes Programmes.

13. Loans and bills receivable

	GROUP	
	30 June	31 December
	2012	2011
	\$'000	\$'000
Gross loans	138,344,461	135,132,036
Specific allowances (Note 14)	(312,421)	(302,383)
Portfolio allowances (Note 15)	(1,286,172)	(1,219,577)
Net loans	136,745,868	133,610,076
Assets pledged	-	(53,225)
	136,745,868	133,556,851
Bills receivable	9,487,446	11,312,408
Loans	127,258,422	122,297,668
Net loans	136,745,868	133,610,076

14. Specific allowances

	GROUP	
	2012	2011
	\$'000	\$'000
At 1 January	302,383	328,130
Currency translation	(8,425)	2,869
Bad debts written off	(33,681)	(101,341)
Recovery of amounts previously provided for	(21,217)	(49,479)
Allowances for loans	77,594	128,517
Net allowances charged to income statement	56,377	79,038
Interest recognition on impaired loans	(4,233)	(6,729)
Transfer from other provisions	-	416
At 30 June 2012/31 December 2011 (Note 13)	312,421	302,383

15. Portfolio allowances

	GROUP	
	2012	2011
	\$'000	\$'000
At 1 January	1,219,577	1,094,529
Currency translation	(6,895)	(1,901)
Allowances charged to income statement	73,490	127,364
Transfer to other provisions	-	(415)
At 30 June 2012/31 December 2011 (Note 13)	1,286,172	1,219,577

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For the half year ended 30 June 2012

16. Segment information

16.1 Business segments

\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Elimination	Group
Half year ended 30 June 2012							
Total income	949	1,328	416	489	196	(53)	3,325
Operating profit before allowances and amortisation	351	928	310	392	94	(37)	2,038
Amortisation of intangible assets	(7)	–	–	(23)	–	–	(30)
Allowances and impairment for loans and other assets	(60)	(24)	(#)	(#)	(50)	–	(134)
Operating profit after allowances and amortisation	284	904	310	369	44	(37)	1,874
At 30 June 2012							
Segment assets	61,048	94,195	69,453	57,297	23,278		305,271
Unallocated assets							84
Elimination							(16,768)
Total assets							288,587
Half year ended 30 June 2011							
Total income	835	1,119	311	415	242	(68)	2,854
Operating profit before allowances and amortisation	290	736	204	323	154	(52)	1,655
Amortisation of intangible assets	(8)	–	–	(23)	–	–	(31)
Allowances and impairment for loans and other assets	(29)	(65)	(1)	(#)	(10)	–	(105)
Operating profit after allowances and amortisation	253	671	203	300	144	(52)	1,519
At 31 December 2011							
Segment assets	57,325	92,476	63,959	56,579	22,892		293,231
Unallocated assets							71
Elimination							(15,544)
Total assets							277,758

(1) # represents amounts less than \$0.5 million.

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For the half year ended 30 June 2012

16. Segment information (continued)

16.1 Business segments (continued)

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Corporate/Investment Banking, Global Treasury and Markets, and Insurance. The presentation has been revised in 2012 with the Global Consumer/Private Banking segment covering consumer banking, private banking and retail brokerage services, and Global Corporate/Investment Banking encompassing corporate banking, corporate finance and capital markets solutions. The Global Treasury and Markets segment reflects the management of the Group's asset and liability positions as well as trading activities, with income from products and services offered to customers reflected in the respective business segments. Comparative figures have been restated to conform to the current presentation.

Global Consumer/Private Banking

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

Global Corporate/Investment Banking

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

Global Treasury and Markets

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

Insurance

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

Others

Others comprises mainly property holding, investment holding and items not attributable to the business segments described above.

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16. Segment information (continued)

16.2 Geographical segments

\$ million	Total income	Profit before income tax	Total assets
2012			
Singapore	2,044	1,139	179,144
Malaysia	655	405	56,297
Rest of Southeast Asia	235	61	10,969
Greater China	287	205	26,836
Other Asia Pacific	65	53	8,831
Rest of the World	39	30	6,510
	3,325	1,893	288,587
2011			
Singapore	1,790	941	173,522
Malaysia	601	369	53,327
Rest of Southeast Asia	205	59	9,962
Greater China	174	99	28,878
Other Asia Pacific	59	48	7,854
Rest of the World	25	33	4,215
	2,854	1,549	277,758

The geographical information is prepared based on the country in which the transactions are booked. The geographical information is stated after elimination of intra-group transactions and balances.

17. Contingent liabilities

The Group conducts businesses involving acceptances, guarantees, documentary credits and other similar transactions.

	GROUP	
	30 June 2012 \$'000	31 December 2011 \$'000
Guarantees and standby letters of credit	5,853,341	6,872,382
Others	2,585,593	3,472,835
	8,438,934	10,345,217

18. Commitments

Commitments comprise mainly agreements to provide credit facilities to customers. Such commitments can either be made for a fixed period, or have no specific maturity but are cancellable by the Group subject to notice requirements.

	GROUP	
	30 June 2012 \$'000	31 December 2011 \$'000
Credit commitments	67,482,917	63,577,468
Other commitments	1,552,803	1,314,757
	69,035,720	64,892,225

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19. Subsequent events

- (a) On 5 July 2012, OCBC Bank announced that it had priced S\$1 billion of non-cumulative non-convertible non-voting Class M Preference Shares (“Preference Shares”). The Preference Shares were issued on 17 July 2012 and are expected to add to OCBC Bank’s Tier 1 capital under Monetary Authority of Singapore’s (“MAS”) current rules and its Additional Tier 1 capital under MAS’ transitional rules for Basel III from 1 January 2013. The Preference Shares will, subject to declaration by the Board of Directors of OCBC Bank, pay semi-annual non-cumulative dividends at the rate of 4% per annum of the liquidation preference of S\$1 per Preference Share. The net proceeds from the issue will be used for general corporate funding purposes.

- (b) On 18 July 2012, it was announced that OCBC Bank and its 87.2%-owned subsidiary GEH had entered into agreements for the divestment of 7.9% shareholding in Asia Pacific Breweries Limited and 18.2% shareholding in Fraser and Neave, Limited, for a total cash consideration of approximately S\$3,216 million. The divestment is in line with OCBC Bank’s strategy of divesting its non-core assets and reinvesting in its core financial businesses. The total post-tax divestment gain of OCBC Group was estimated at approximately S\$1,153 million.

Subject to the fulfilment of certain conditions, the divestment is expected to be completed within 90 days from 18 July 2012.