

Media Release

OCBC Group Reports Record First Half Net Profit of S\$1,480 million Up 23% Year-on-Year

Strong revenue growth, led by robust customer-related businesses

Singapore, 2 August 2012 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") achieved record net profit of S\$1,480 million for the first half of 2012 ("1H12"), an increase of 23% from S\$1,205 million a year ago ("1H11"). The record results were driven by robust net interest income growth, higher fee, trading and investment income, and healthy insurance revenue from Great Eastern Holdings ("GEH").

First half net interest income increased 17% to S\$1,882 million on strong asset growth. Non-interest income was 16% higher at \$1,442 million, as net trading income grew strongly to S\$235 million and life assurance profits rose 14% to S\$292 million. Fees and commissions reflected healthy contributions from wealth management and loan-related activities, growing by 3% from a year ago to S\$591 million. Operating expenses of S\$1,286 million were 7% higher than the previous year, while allowances for loans and other assets increased by 27% to S\$134 million (on loans of S\$138 billion), comprising portfolio allowances of S\$74 million and specific allowances of S\$56 million.

Core net profit for 1H12, which excluded the S\$42 million gain from the divestment of non-core assets in the first quarter of 2012 ("1Q12"), was S\$1,438 million, up 23% year-on-year. Annualised return on equity, based on core earnings, was 13.1% in 1H12, compared with 11.8% in 1H11, while annualised core earnings per share rose 20% year-on-year to 81.5 cents from 68.1 cents a year ago.

The Group's 1H12 revenue from various wealth management activities, comprising revenue from insurance, private banking, asset management, stockbroking and sales of other wealth management products, grew to S\$860 million, up 18% from a year ago. As a share of total revenue, wealth management contributed 26%, unchanged year-on-year. OCBC's private banking business continued to expand, with assets under management growing 20% year-on-year to US\$36 billion (S\$45 billion) as at 30 June 2012.

Second Quarter Performance

The Group recorded a net profit of S\$648 million for the second quarter of 2012 ("2Q12"), an increase of 12% from S\$577 million a year ago ("2Q11"). Earnings growth was underpinned by higher net interest income, fees and commissions, trading revenues and lower allowances, but the growth was partly offset by lower profit from life insurance, as GEH's investment performance was impacted by less favourable market conditions.

Net interest income increased 13% year-on-year to S\$931 million. The increase was driven by broad-based loan growth of 14% across all key sectors and geographies, which more than offset the compression in net interest margin. Increased liquidity was deployed into high quality but lower-yielding financial assets and interbank placements. Together with the flat interest rate curve, they contributed to the lower net interest margin.

Non-interest income grew 2% year-on-year to S\$596 million, as higher fee and trading income were partially offset by lower contributions from insurance. Fees and commissions increased 6% to S\$317 million, driven by higher wealth management income, loan-related and investment banking fees. Net trading income rose 84% to S\$75 million on higher gains from securities and derivatives trading. GEH continued to deliver healthy growth in its underlying business; weighted new business premiums and new business embedded value both grew 4% year-on-year. However, profit from life assurance declined 33% to S\$71 million due to weaker investment performance of the Non-Participating Fund, as widened credit spreads and decreases in equity prices resulted in mark-to-market losses. Operating expenses increased by 7% year-on-year to S\$661 million, largely attributed to higher staff costs arising from headcount growth of 7% and annual salary increments.

Compared with 1Q12's record core net profit of S\$790 million, 2Q12 core net profit was 18% lower. Net interest income declined marginally by 2%, as asset growth of 3% was more than offset by a decline in net interest margins, resulting mainly from increased interbank placements as mentioned above. Fees and commissions rose 16% quarter-on-quarter, driven by higher loan and trade-related income and investment banking fees. However, fee income growth was offset by a 54% reduction in trading income and a 68% decline in life assurance profit. Operating expenses increased by 6% from the previous quarter, mainly from higher staff costs. Net allowances were lower at S\$38 million, compared with S\$96 million in 1Q12.

Allowances and Asset Quality

The Group's asset quality remained healthy. The non-performing loans ("NPL") ratio was 0.9%, compared with 1.0% in 1Q12 and 0.8% in 2Q11, and total non-performing assets ("NPAs") of S\$1,280 million were 15% lower quarter-on-quarter and 7% higher than a year ago. Allowances for loans and other assets were S\$38 million, significantly lower than the S\$96 million in 1Q12 and S\$56 million a year ago. Total cumulative allowances increased to 125% of total NPAs and 373% of unsecured NPAs, from 106% and 353%, respectively in 1Q12.

Capital Ratios

OCBC Group continues to be strongly capitalised, with a Tier 1 ratio of 14.1%, and total capital adequacy ratio of 15.5% as at 30 June 2012. These ratios remain well above the regulatory minimums of 6% and 10%, respectively. The Core Tier 1 ratio, which excludes Tier 1 preference shares, was 11.1%. The Group is well positioned to meet MAS' capital requirements for Basel III.

Interim Dividend

An interim dividend of 16 cents per share has been declared for the first half-year of 2012. The Scrip Dividend Scheme will not be applicable to the interim dividend. The interim dividend payout will amount to approximately S\$550 million, representing 38% of the Group's core net profit.

CEO's Comments

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

"We are pleased with the resilient set of results for the first half, which reflects the underlying strength of our customer businesses. Our asset quality also remains strong as a result of continued prudent risk management and active portfolio reviews. While the economic environment remains uncertain, we will continue to grow our customer franchise across all key markets with our strong capital and liquidity base."

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It is ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

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

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

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition in 2011 including being voted the "Outstanding Private Bank in Asia Pacific" by Private Banker International.

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 2012

For the second quarter ended 30 June 2012, Group reported net profit was S\$1,480 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

An interim tax exempt dividend of 16 cents per share (2011: 15 cents tax exempt) has been declared for the first half-year 2012. The interim dividend payout will amount to an estimated S\$550 million (2011: S\$508 million) or approximately 38% of the Group’s core net profit of S\$1,438 million for 1H12.

Closure of Books

The books closure date is 14 August 2012. Please refer to the separate announcement titled “Notice of Books Closure and Payment of Interim One-Tier Tax Exempt Dividend on Ordinary Shares For The Financial Year Ending 31 December 2012” released by the Bank today.

Scrip Dividend Scheme

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

Preference Dividends

On 20 June 2012, 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% (2011: 5.1%) per annum; Class E Preference Shares at 4.5% (2011: 4.5%) per annum and Class G Preference Shares at 4.2% (2011: 4.2%) per annum. Total amount of dividends paid for the Class B, Class E and Class G Preference Shares were S\$25.6 million, S\$11.3 million and S\$8.3 million, respectively.

Peter Yeoh
Secretary

Singapore, 2 August 2012

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

Oversea-Chinese Banking Corporation Limited
Second Quarter 2012 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

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Notes:

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

FINANCIAL SUMMARY

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

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2012:

FRS 12 (Amendments):	Deferred Tax: Recovery of Underlying Assets
FRS 107 (Amendments):	Disclosures: Transfers of Financial Assets

The initial application of the above standards and interpretations does not have any material impact on the Group’s financial statements.

Financial Results

Group net profit for the second quarter ended 30 June 2012 (“2Q12”) was S\$648 million, representing an increase of 12% from a year ago (“2Q11”).

Net interest income grew by 13% year-on-year to S\$931 million, led by broad-based loan growth of 14%, which more than offset the impact of lower net interest margins. Non-interest income was S\$596 million, an increase of 2% year-on-year, as higher fee income and trading income more than offset lower insurance income contributions. Fees and commissions rose 6% to S\$317 million, underpinned by higher wealth management, loan-related fees and investment banking fees. Net trading income was S\$75 million, an increase of 84% from 2Q11, led by higher securities and derivatives trading income. Profit from life assurance declined 33% to S\$71 million, as a result of weaker investment performance of Great Eastern Holdings’ (“GEH”) Non-Participating Fund¹.

Operating expenses rose 7% to S\$661 million, reflecting higher staff costs arising from headcount growth and annual salary increments. Allowances for loans and other assets were S\$38 million, 34% lower than the previous year. The Group’s non-performing loans (“NPL”) ratio was 0.9%, compared with 1.0% the previous quarter (“1Q12”) and 0.8% in 2Q11.

Compared with the record core net profit of S\$790 million in the first quarter of 2012 (“1Q12”), 2Q12 core net profit was 18% lower. Fees and commissions increased 16%, underpinned by loan and trade-related income and investment banking fees. The increase in fees and commissions was largely offset by a decline in net trading income and life assurance profit. Operating expenses were 6% higher as compared with the previous quarter, largely from higher staff costs. Allowances for loans and other assets were 61% lower than in 1Q12.

For the first half of 2012 (“1H12”), the Group achieved record core net profit of S\$1,438 million. Reported net profit, which included the S\$42 million divestment gain of non-core assets in 1Q12, was S\$1,480 million or 23% higher year-on-year. Higher revenues underpinned by strong asset growth, insurance income, fees and investment income, were partially offset by higher expenses and allowances.

Annualised return on equity, based on core earnings, was 13.1% in 1H12, compared with 11.8% from a year ago. Annualised core earnings per share rose 20% year-on-year to 81.5 cents in 1H12.

¹ The Non-Participating Fund is made up of insurance policies and riders which have fixed policyholder benefits, eg. term insurance, critical illness, accident, medical and disability insurance, and in which the policyholders do not participate or share in the profits of the fund.

FINANCIAL SUMMARY (continued)

S\$ million	1H12	1H11	+ / (-) %	2Q12	2Q11	+ / (-) %	1Q12	+ / (-) %
Selected Income Statement Items								
Net interest income	1,882	1,611	17	931	827	13	951	(2)
Non-interest income	1,386	1,204	15	596	586	2	790	(25)
Total core income	3,268	2,815	16	1,527	1,413	8	1,741	(12)
Operating expenses	(1,286)	(1,199)	7	(661)	(618)	7	(625)	6
Operating profit before allowances and amortisation	1,982	1,616	23	866	795	9	1,116	(22)
Amortisation of intangible assets	(30)	(31)	(2)	(15)	(16)	(2)	(15)	–
Allowances for loans and impairment of other assets	(134)	(105)	27	(38)	(56)	(34)	(96)	(61)
Operating profit after allowances and amortisation	1,818	1,480	23	813	723	12	1,005	(19)
Share of results of associates and joint ventures	18	31	(40)	12	19	(36)	6	87
Profit before income tax	1,836	1,511	22	825	742	11	1,011	(18)
Core net profit attributable to shareholders	1,438	1,173	23	648	577	12	790	(18)
Divestment gain, net of tax	42	32	30	–	–	–	42	(100)
Reported net profit attributable to shareholders	1,480	1,205	23	648	577	12	832	(22)
Cash basis net profit attributable to shareholders ^{1/}	1,510	1,236	22	663	593	12	847	(22)

Selected Balance Sheet Items

Ordinary equity	21,741	19,859	9	21,741	19,859	9	21,726	–
Total equity (excluding non-controlling interests)	23,637	21,755	9	23,637	21,755	9	23,622	–
Total assets	288,587	253,465	14	288,587	253,465	14	283,337	2
Assets excluding life assurance fund investment assets	238,776	205,567	16	238,776	205,567	16	232,911	3
Loans and bills receivable (net of allowances)	136,746	119,653	14	136,746	119,653	14	132,968	3
Deposits of non-bank customers	160,325	134,302	19	160,325	134,302	19	157,541	2

Note:

1. Excludes amortisation of intangible assets.

FINANCIAL SUMMARY *(continued)*

	1H12	1H11	2Q12	2Q11	1Q12
Key Financial Ratios					
- based on core earnings					
Performance ratios (% p.a.)					
Return on equity ^{1/2/}					
SFRS ^{3/} basis	13.1	11.8	11.6	11.4	14.7
Cash basis	13.4	12.1	11.9	11.7	15.0
Return on assets ^{4/}					
SFRS ^{3/} basis	1.24	1.20	1.10	1.14	1.38
Cash basis	1.26	1.23	1.12	1.17	1.40
Revenue mix/efficiency ratios (%)					
Net interest margin (annualised)	1.82	1.88	1.77	1.87	1.86
Net interest income to total income	57.6	57.2	61.0	58.6	54.6
Non-interest income to total income	42.4	42.8	39.0	41.4	45.4
Cost to income	39.4	42.6	43.3	43.7	35.9
Loans to deposits	85.3	89.1	85.3	89.1	84.4
NPL ratio	0.9	0.8	0.9	0.8	1.0
Earnings per share ^{2/} (annualised - cents)					
Basic earnings	81.5	68.1	73.1	66.4	89.8
Basic earnings (cash basis)	83.2	69.9	74.9	68.3	91.6
Diluted earnings	81.3	67.8	73.0	66.2	89.7
Net asset value per share (S\$)					
Before valuation surplus	6.33	5.86	6.33	5.86	6.32
After valuation surplus	7.28	7.18	7.28	7.18	7.41
Capital adequacy ratios (%)					
Tier 1	14.1	15.4	14.1	15.4	14.7
Total	15.5	17.0	15.5	17.0	16.1

Notes:

1. Preference equity and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on core net profit less preference dividends paid and estimated to be due at the end of the financial period.
3. "SFRS" refers to Singapore Financial Reporting Standards.
4. Computation of return on assets excludes life assurance fund investment assets.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1H12			1H11		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets						
Loans and advances to non-bank customers	133,396	2,059	3.10	110,839	1,745	3.18
Placements with and loans to banks	42,521	540	2.56	32,652	347	2.14
Other interest earning assets ^{1/}	32,411	402	2.50	29,116	383	2.65
Total	208,328	3,001	2.90	172,607	2,475	2.89
Interest bearing liabilities						
Deposits of non-bank customers	156,681	865	1.11	127,675	636	1.00
Deposits and balances of banks	20,839	95	0.91	23,079	93	0.82
Other borrowings ^{2/}	17,210	159	1.86	9,677	135	2.81
Total	194,730	1,119	1.16	160,431	864	1.09
Net interest income/margin ^{3/}		1,882	1.82		1,611	1.88

S\$ million	2Q12			2Q11			1Q12		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets									
Loans and advances to non-bank customers	134,106	1,032	3.09	114,250	890	3.13	132,684	1,027	3.11
Placements with and loans to banks	44,977	273	2.44	34,159	203	2.38	40,066	267	2.68
Other interest earning assets ^{1/}	32,332	194	2.41	29,352	191	2.62	32,490	208	2.58
Total	211,415	1,499	2.85	177,761	1,284	2.90	205,240	1,502	2.94
Interest bearing liabilities									
Deposits of non-bank customers	158,946	442	1.12	130,230	338	1.04	154,417	423	1.10
Deposits and balances of banks	21,073	50	0.95	25,016	50	0.82	20,606	45	0.87
Other borrowings ^{2/}	17,618	76	1.73	10,369	69	2.66	16,800	83	1.99
Total	197,637	568	1.15	165,615	457	1.11	191,823	551	1.16
Net interest income/margin ^{3/}		931	1.77		827	1.87		951	1.86

Notes:

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

NET INTEREST INCOME *(continued)*

Net interest income grew 13% year-on-year to S\$931 million in 2Q12, led by robust growth in interest earning assets, which more than offset a decline in margins. Net interest margin declined 10 basis points from 1.87% a year ago to 1.77%. Increased liquidity was deployed into high quality but lower-yielding financial assets and interbank placements. Together with the flat interest rate curve, they contributed to the lower net interest margin.

Compared with 1Q12, net interest income declined marginally by 2%, as quarter-on-quarter asset growth of 3% was offset by a 9 basis points decline in net interest margin, resulting mainly from increased interbank placements as mentioned above.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1H12 vs 1H11			2Q12 vs 2Q11			2Q12 vs 1Q12		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	357	(54)	303	155	(13)	142	11	(6)	5
Placements with and loans to banks	105	87	192	64	6	70	33	(27)	6
Other interest earning assets	44	(27)	17	20	(17)	3	(1)	(13)	(14)
Total	506	6	512	239	(24)	215	43	(46)	(3)
Interest expense									
Deposits of non-bank customers	145	80	225	74	30	104	13	6	19
Deposits and balances of banks	(9)	10	1	(7)	7	(0)	1	4	5
Other borrowings	106	(82)	24	48	(41)	7	4	(11)	(7)
Total	242	8	250	115	(4)	111	18	(1)	17
Impact on net interest income	264	(2)	262	124	(20)	104	25	(45)	(20)
Due to change in number of days			9			–			–
Net interest income			271			104			(20)

NON-INTEREST INCOME

S\$ million	1H12	1H11	+ / (-) %	2Q12	2Q11	+ / (-) %	1Q12	+ / (-) %
Fees and commissions								
Brokerage	30	36	(15)	13	16	(12)	17	(20)
Wealth management	150	132	14	76	64	19	74	2
Fund management	41	51	(19)	20	29	(30)	21	–
Credit card	24	20	21	13	10	36	11	21
Loan-related	117	97	21	62	52	20	55	14
Trade-related and remittances	108	106	1	59	58	–	49	18
Guarantees	8	11	(27)	4	5	(10)	4	16
Investment banking	57	56	1	42	27	56	15	168
Service charges	41	49	(17)	20	31	(36)	21	(4)
Others	15	15	–	8	7	3	7	14
Sub-total	591	573	3	317	299	6	274	16
Dividends	69	69	(1)	40	45	(11)	29	37
Rental income	36	39	(5)	18	19	(5)	18	(3)
Profit from life assurance	292	256	14	71	106	(33)	221	(68)
Premium income from general insurance	69	60	16	37	31	21	32	12
Other income								
Net trading income	235	122	93	75	41	84	160	(54)
Net gain from investment securities	64	54	19	21	31	(31)	43	(52)
Net gain from disposal of associates	–	1	(100)	–	0	(100)	–	–
Net gain from disposal of properties	2	2	(55)	1	1	(71)	1	12
Others	28	28	(1)	16	13	25	12	49
Sub-total	329	207	58	113	86	30	216	(48)
Total core non-interest income	1,386	1,204	15	596	586	2	790	(25)
Divestment gain	56	39	46	–	–	–	56	(100)
Total non-interest income	1,442	1,243	16	596	586	2	846	(30)
Fees and commissions/Total income ^{1/}	18.1%	20.4%		20.8%	21.1%		15.7%	
Non-interest income/Total income ^{1/}	42.4%	42.8%		39.0%	41.4%		45.4%	

Note:

1. Excludes gains from divestment of non-core assets.

Non-interest income increased 2% year-on-year to S\$596 million in 2Q12, driven by growth in fee and commission income and net trading income, which were partly offset by lower net gains from investment securities and profit from life assurance. Fee and commission income rose 6% to S\$317 million, led by higher wealth management, loan-related and investment banking fees. Net trading income increased 84% to S\$75 million, driven by higher securities and derivatives trading income, while net gains from investment securities declined 31% to S\$21 million. Profit from life assurance was S\$71 million, 33% lower than a year ago, largely attributed to weaker investment performance of GEH's Non-Participating Fund as widened credit spreads and decreases in equity prices resulted in mark-to-market losses.

Compared with 1Q12, core non-interest income declined 25% (excluding the S\$56 million gain from divestment of non-core assets in 1Q12). Fee and commission income and dividend income were higher by 16% and 37%, respectively. However, net trading income was 54% lower, while life assurance profits declined by 68%, as the investment performance of GEH's Non-Participating Fund was exceptionally strong in the previous quarter.

OPERATING EXPENSES

S\$ million	1H12	1H11	+/(-) %	2Q12	2Q11	+/(-) %	1Q12	+/(-) %
Staff costs								
Salaries and other costs	719	665	8	370	343	8	349	6
Share-based expenses	5	6	(16)	3	3	(5)	2	17
Contribution to defined contribution plans	59	53	11	28	27	3	31	(10)
	783	724	8	401	373	7	382	5
Property and equipment								
Depreciation	87	80	9	44	41	7	43	2
Maintenance and hire of property, plant & equipment	43	35	23	20	18	9	23	(14)
Rental expenses	34	33	4	17	16	7	17	–
Others	71	71	–	35	34	6	36	(1)
	235	219	7	116	109	7	119	(2)
Other operating expenses	268	256	5	144	136	6	124	16
Total operating expenses	1,286	1,199	7	661	618	7	625	6
Group staff strength								
Period end	23,889	22,345	7	23,889	22,345	7	23,277	3
Average	23,501	22,007	7	23,867	22,222	7	23,134	3
Cost to income ratio ^{1/}	39.4%	42.6%		43.3%	43.7%		35.9%	

Note:

1. Excludes gains from divestment of non-core assets.

Operating expenses increased 7% year-on-year to S\$661 million in 2Q12. Staff costs rose 7% to S\$401 million, reflecting the impact of a 7% increase in headcount as well as annual salary increments. Other operating expenses grew 7%, largely from higher depreciation, property-related expenses and other costs to support increased business volumes.

Compared with 1Q12, operating expenses were up 6%, largely contributed by a 5% increase in staff costs, partly attributed to salary increments which took effect in April, as well as higher business volume-related costs. Other operating expenses were 7% higher, largely from an increase in business promotion expenditure and higher insurance-related expenses.

The cost-to-income ratio was 43.3% in 2Q12 and 39.4% for 1H12, compared with 43.7% and 42.6%, respectively, in the year-ago periods.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1H12	1H11	+ / (-) %	2Q12	2Q11	+ / (-) %	1Q12	+ / (-) %
Specific allowances/ (write-back) for loans								
Singapore	37	1	NM	(4)	3	(270)	41	(112)
Malaysia	9	9	-	7	0	NM	2	283
Others	10	5	155	10	(0)	NM	0	NM
	56	15	285	13	3	365	43	(70)
Portfolio allowances for loans	74	84	(13)	29	54	(48)	45	(37)
Allowances and impairment charges/(write-back) for other assets	4	6	(41)	(4)	(1)	(600)	8	(152)
Allowances for loans and impairment of other assets	134	105	27	38	56	(34)	96	(61)

Allowances for loans and other assets continued to reflect the healthy asset quality. Net allowances for loans and other assets were S\$38 million in 2Q12, compared with S\$96 million in 1Q12 and S\$56 million a year ago. The quarter-on-quarter decline was largely from lower specific allowances and portfolio allowances.

LOANS AND ADVANCES

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Loans to customers	128,857	125,331	123,817	111,900
Bills receivable	9,487	9,273	11,315	9,276
Gross loans to customers	138,344	134,604	135,132	121,176
Allowances				
Specific allowances	(312)	(330)	(302)	(302)
Portfolio allowances	(1,286)	(1,261)	(1,220)	(1,168)
	136,746	133,013	133,610	119,706
Less: assets pledged	–	(45)	(53)	(53)
Loans net of allowances	136,746	132,968	133,557	119,653
By Maturity				
Within 1 year	51,873	51,291	52,023	47,995
1 to 3 years	24,703	24,933	22,817	17,943
Over 3 years	61,768	58,380	60,292	55,238
	138,344	134,604	135,132	121,176
By Industry				
Agriculture, mining and quarrying	4,880	4,095	4,042	3,135
Manufacturing	8,393	8,543	8,424	7,546
Building and construction	21,183	20,366	20,365	17,993
Housing loans	34,974	33,840	32,076	28,957
General commerce	18,309	18,967	20,347	17,378
Transport, storage and communication	9,177	8,756	9,208	7,595
Financial institutions, investment and holding companies	19,918	19,225	18,792	18,332
Professionals and individuals	13,634	13,547	13,952	12,215
Others	7,876	7,265	7,926	8,025
	138,344	134,604	135,132	121,176
By Currency				
Singapore Dollar	65,249	62,912	61,198	58,429
United States Dollar	33,630	33,843	35,716	28,863
Malaysian Ringgit	17,265	17,088	16,724	15,371
Indonesian Rupiah	4,810	4,399	4,465	3,746
Others	17,390	16,362	17,029	14,767
	138,344	134,604	135,132	121,176
By Geography ^{1/}				
Singapore	72,356	69,690	68,260	65,623
Malaysia	21,477	20,938	21,064	18,868
Rest of Southeast Asia (SEA)	12,002	10,882	10,954	7,828
Greater China	17,088	17,938	19,952	14,665
Other Asia Pacific	6,408	6,516	6,302	6,126
Rest of the World	9,013	8,640	8,600	8,066
	138,344	134,604	135,132	121,176

Note:

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

Gross loans grew 14% from a year ago, and 3% from the previous quarter, to S\$138 billion as at 30 June 2012. Broad-based loan growth was achieved across key sectors and geographies, with the largest increases coming from housing loans, and loans to the building, construction, agriculture, mining and quarrying sectors.

NON-PERFORMING ASSETS

S\$ million	Total NPAs ^{1/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{2/}	NPL Ratio ^{2/} %
Singapore							
30 Jun 2012	307	154	112	41	68.4	307	0.4
31 Mar 2012	379	177	163	39	60.3	320	0.5
31 Dec 2011	390	205	151	34	61.7	330	0.5
30 Jun 2011	317	228	59	30	55.8	240	0.4
Malaysia							
30 Jun 2012	540	381	112	47	57.0	456	2.1
31 Mar 2012	636	515	67	54	70.2	560	2.7
31 Dec 2011	580	462	72	46	67.0	486	2.3
30 Jun 2011	560	393	102	65	54.7	444	2.4
Rest of SEA							
30 Jun 2012	146	11	80	55	54.6	143	1.2
31 Mar 2012	152	11	81	60	56.6	148	1.4
31 Dec 2011	129	14	57	58	49.3	125	1.1
30 Jun 2011	115	12	33	70	56.1	115	1.5
Greater China							
30 Jun 2012	36	36	0	0	99.6	36	0.2
31 Mar 2012	28	27	1	–	96.9	28	0.2
31 Dec 2011	42	39	3	–	73.1	42	0.2
30 Jun 2011	30	26	4	–	91.8	30	0.2
Other Asia Pacific							
30 Jun 2012	210	202	8	–	92.1	210	3.3
31 Mar 2012	231	223	8	–	88.1	231	3.5
31 Dec 2011	188	178	10	–	83.4	87	1.4
30 Jun 2011	126	126	–	–	82.7	34	0.6
Rest of the World							
30 Jun 2012	41	31	8	2	56.9	37	0.4
31 Mar 2012	87	75	10	2	77.8	82	1.0
31 Dec 2011	108	94	12	2	80.5	102	1.2
30 Jun 2011	53	32	18	3	87.2	50	0.6
Group							
30 Jun 2012	1,280	815	320	145	66.4	1,189	0.9
31 Mar 2012	1,513	1,028	330	155	70.0	1,369	1.0
31 Dec 2011	1,437	992	305	140	67.3	1,172	0.9
30 Jun 2011	1,201	817	216	168	60.4	913	0.8

Notes:

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

NON-PERFORMING ASSETS (continued)

The Group's asset quality remained healthy. Non-performing loans ("NPLs") declined 13% from the previous quarter to S\$1,189 million as at 30 June 2012. By geography, the decline was mainly from Malaysia and Rest of the World. By industry segment, the decrease in NPLs was largely from the general commerce and transport, storage and communication sectors.

The Group's NPL ratio was 0.9%, an improvement from 1.0% in the previous quarter, and 0.8% a year ago.

Total non-performing assets ("NPAs"), which include classified debt securities and contingent liabilities, were S\$1,280 million, 15% lower than the previous quarter and 7% higher than a year ago. Of the total NPAs, 64% were in the substandard category and 66% were secured by collateral.

	30 Jun 2012		31 Mar 2012		31 Dec 2011		30 Jun 2011	
	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	5	0.1	6	0.1	6	0.1	8	0.2
Manufacturing	315	3.8	307	3.6	294	3.5	255	3.4
Building and construction	281	1.3	297	1.5	149	0.7	87	0.5
Housing loans	194	0.6	187	0.6	188	0.6	173	0.6
General commerce	120	0.7	221	1.2	133	0.7	108	0.6
Transport, storage and communication	88	1.0	121	1.4	128	1.4	70	0.9
Financial institutions, investment and holding companies	69	0.3	91	0.5	130	0.7	69	0.4
Professionals and individuals	90	0.7	110	0.8	114	0.8	114	0.9
Others	27	0.3	29	0.4	30	0.4	29	0.4
Total NPLs	1,189	0.9	1,369	1.0	1,172	0.9	913	0.8
Classified debt securities	4		10		111		101	
Classified contingent liabilities	87		134		154		187	
Total NPAs	1,280		1,513		1,437		1,201	

	30 Jun 2012		31 Mar 2012		31 Dec 2011		30 Jun 2011	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue								
Over 180 days	450	35	409	27	512	36	453	38
Over 90 to 180 days	102	8	194	13	85	6	91	8
30 to 90 days	145	12	154	10	204	14	231	19
Less than 30 days	16	1	24	2	25	2	40	3
Not overdue	567	44	732	48	611	42	386	32
	1,280	100	1,513	100	1,437	100	1,201	100

	30 Jun 2012		31 Mar 2012		31 Dec 2011		30 Jun 2011	
	S\$ million	Loan Allowance	Loan Allowance	Loan Allowance	Loan Allowance	Loan Allowance	Loan Allowance	Loan Allowance
Restructured Loans								
Substandard	259	9	279	26	186	11	139	3
Doubtful	18	35	28	22	19	16	25	16
Loss	1	1	1	1	2	2	7	4
	278	45	308	49	207	29	171	23

CUMULATIVE ALLOWANCES FOR ASSETS

S\$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
30 Jun 2012	645	83	562	27.0	210.1
31 Mar 2012	643	100	543	26.6	169.8
31 Dec 2011	608	71	537	18.1	155.9
30 Jun 2011	574	40	534	12.7	181.4
Malaysia					
30 Jun 2012	451	155	296	28.8	83.6
31 Mar 2012	460	167	293	26.3	72.3
31 Dec 2011	454	165	289	28.4	78.3
30 Jun 2011	469	196	273	35.0	83.8
Rest of SEA					
30 Jun 2012	196	67	129	45.7	134.3
31 Mar 2012	182	60	122	39.3	118.9
31 Dec 2011	167	60	107	46.3	129.6
30 Jun 2011	143	64	79	55.1	123.4
Greater China					
30 Jun 2012	174	4	170	10.6	483.7
31 Mar 2012	176	5	171	16.7	635.4
31 Dec 2011	162	3	159	7.7	383.0
30 Jun 2011	154	3	151	8.9	507.0
Other Asia Pacific					
30 Jun 2012	69	–	69	–	33.0
31 Mar 2012	69	–	69	–	30.1
31 Dec 2011	68	–	68	–	36.2
30 Jun 2011	71	–	71	–	56.6
Rest of the World					
30 Jun 2012	70	10	60	24.0	168.6
31 Mar 2012	73	10	63	11.3	84.0
31 Dec 2011	73	13	60	12.8	67.6
30 Jun 2011	68	8	60	15.0	128.0
Group					
30 Jun 2012	1,605	319	1,286	24.9	125.4
31 Mar 2012	1,603	342	1,261	22.6	106.0
31 Dec 2011	1,532	312	1,220	21.7	106.6
30 Jun 2011	1,479	311	1,168	25.9	123.2

As at 30 June 2012, the Group's total cumulative allowances for assets were S\$1,605 million, comprising S\$319 million in specific allowances and S\$1,286 million in portfolio allowances. Total cumulative allowances increased to 125% of total NPAs and 373% of unsecured NPAs, from 106% and 353% respectively, as at 31 March 2012.

DEPOSITS

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Deposits of non-bank customers	160,325	157,541	154,555	134,302
Deposits and balances of banks	20,677	18,912	21,653	24,501
	181,002	176,453	176,208	158,803
Loans to deposits ratio (net non-bank loans/non-bank deposits)	85.3%	84.4%	86.4%	89.1%

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Total Deposits By Maturity				
Within 1 year	178,355	172,697	173,432	156,484
1 to 3 years	1,699	2,959	2,116	1,544
Over 3 years	948	797	660	775
	181,002	176,453	176,208	158,803

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Non-Bank Deposits By Product				
Fixed deposits	71,806	72,934	70,984	59,434
Savings deposits	29,071	28,828	28,536	26,578
Current account	44,693	42,995	43,118	37,302
Others	14,755	12,784	11,917	10,988
	160,325	157,541	154,555	134,302

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Non-Bank Deposits By Currency				
Singapore Dollar	81,443	80,316	80,236	69,022
United States Dollar	25,992	23,091	21,969	18,479
Malaysian Ringgit	21,174	21,715	19,128	18,473
Indonesian Rupiah	5,145	5,158	5,158	4,444
Others	26,571	27,261	28,064	23,884
	160,325	157,541	154,555	134,302

Non-bank customer deposits rose 19% year-on-year, and 2% quarter-on-quarter, to S\$160 billion as at 30 June 2012. The year-on-year growth was underpinned by a 21% increase in fixed deposits and 20% increase in current account deposits, while savings deposits grew 9%.

The Group's loans-to-deposits ratio was 85.3%, compared with 84.4% as at 31 March 2012 and 89.1% a year ago.

DEBT ISSUED

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Subordinated debt (unsecured)	4,071	4,039	4,080	6,568
Fixed and floating rate notes (unsecured)	3,009	2,830	659	–
Commercial papers (unsecured)	10,973	9,727	8,293	2,848
Structured notes (unsecured)	200	121	31	96
Total	18,253	16,717	13,063	9,512
Debt Issued By Maturity				
Within one year	11,146	9,786	8,319	5,424
Over one year	7,107	6,931	4,744	4,088
Total	18,253	16,717	13,063	9,512

CAPITAL ADEQUACY RATIOS

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Tier 1 Capital				
Ordinary and preference shares	8,991	9,015	9,023	8,612
Disclosed reserves/others	15,992	16,035	15,202	14,554
Goodwill/others	(6,002)	(6,026)	(5,613)	(5,402)
Eligible Tier 1 Capital	18,981	19,024	18,612	17,764
Tier 2 Capital				
Subordinated term notes	3,346	3,316	3,343	3,381
Revaluation surplus on available-for-sale equity securities	450	405	361	402
Others	(1,889)	(1,914)	(2,130)	(1,877)
Total Eligible Capital	20,888	20,831	20,186	19,670
Risk Weighted Assets	134,467	129,183	128,507	115,318
Tier 1 capital adequacy ratio	14.1%	14.7%	14.4%	15.4%
Total capital adequacy ratio	15.5%	16.1%	15.7%	17.0%

As at 30 June 2012, the Group's Tier 1 ratio and total capital adequacy ratio ("CAR") were 14.1% and 15.5%, respectively. These ratios remain well above the corresponding regulatory minimums of 6% and 10%. The Group's core Tier 1 ratio, which excludes Tier 1 preference shares, was 11.1% as compared with 11.6% at 31 March 2012. The Group is well positioned to meet MAS' capital requirements for Basel III.

UNREALISED VALUATION SURPLUS

S\$ million	30 Jun 2012	31 Mar 2012	31 Dec 2011	30 Jun 2011
Properties ^{1/}	2,855	2,823	2,877	2,699
Equity securities ^{2/}	417	916	636	1,747
Total	3,272	3,739	3,513	4,446

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 subsidiaries, which are valued based on their market prices at the end of each quarter.

The Group's unrealised valuation surplus largely represents the difference between the carrying values of its properties and investments in quoted subsidiaries and the property values and market prices of the quoted investments at the respective dates. 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.

The valuation surplus as at 30 June 2012 was S\$3.27 billion, a decline 12% from S\$3.74 billion as compared with 31 March 2012, largely attributed to lower equity securities valuation from the Group's equity stakes in GEH and Bank OCBC NISP.

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit by Business Segment

S\$ million	1H12	1H11	+/(-) %	2Q12	2Q11	+/(-) %	1Q12	+/(-) %
Global Consumer/Private Banking	284	253	12	130	117	11	154	(16)
Global Corporate/Investment Banking	904	671	35	488	358	36	416	17
Global Treasury and Markets	310	203	53	128	94	36	182	(30)
Insurance	369	300	23	90	132	(32)	279	(68)
Others ^{1/}	(49)	53	(192)	(23)	22	(205)	(26)	(12)
Operating profit after allowances and amortisation	1,818	1,480	23	813	723	12	1,005	(19)

Note:

1. Excludes gains from divestment of non-core assets.

Global Consumer/Private Banking

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

Operating profit after allowances increased 12% year-on-year to S\$284 million in 1H12, reflecting growth in net interest income and fee income, which were partly offset by higher expenses and allowances. For 2Q12, operating profit rose by 11% year-on-year to S\$130 million attributable to broad-based revenue growth, partly offset by an increase in expenses and allowances.

Global Corporate/Investment Banking

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate/Investment Banking's operating profit after allowances grew by 35% year-on-year to S\$904 million in 1H12, and 36% year-on-year to S\$488 million in 2Q12. The profit growth was driven largely by higher net interest income as a result of robust loan growth as well as a drop in allowances.

Global Treasury and Markets

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

Global Treasury's operating profit increased by 53% to S\$310 million in 1H12, and 36% to S\$128 million in 2Q12. The higher year-on-year profit was largely contributed by an increase in net interest income and trading income.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.2%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

Compared with the year ago period, operating profit from GEH rose 23% to S\$369 million in 1H12, contributed mainly by higher income from life insurance. For 2Q12, operating profit fell 32% year-on-year to S\$90 million due to comparatively weaker investment performance in its insurance business.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$280 million in 1H12 and S\$61 million in 2Q12, up from S\$223 million in 1H11 but down from S\$93 million in 2Q11.

Others

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Group
1H12						
- External customers	949	1,328	416	489	51	3,233
- Intersegment income	-	-	-	-	35	35
Total income ^{1/}	949	1,328	416	489	86	3,268
Operating profit before allowances and amortisation ^{1/}	351	928	310	392	1	1,982
Amortisation of intangible assets	(7)	-	-	(23)	-	(30)
Allowances and impairment for loans and other assets	(60)	(24)	(0)	(0)	(50)	(134)
Operating profit after allowances and amortisation ^{1/}	284	904	310	369	(49)	1,818
Other information:						
Capital expenditure	14	1	0	19	103	137
Depreciation	15	4	1	2	65	87
1H11						
- External customers	835	1,119	311	415	96	2,776
- Intersegment income	-	-	-	-	39	39
Total income ^{1/}	835	1,119	311	415	135	2,815
Operating profit before allowances and amortisation ^{1/}	290	736	204	323	63	1,616
Amortisation of intangible assets	(8)	-	-	(23)	-	(31)
Allowances and impairment for loans and other assets	(29)	(65)	(1)	(0)	(10)	(105)
Operating profit after allowances and amortisation ^{1/}	253	671	203	300	53	1,480
Other information:						
Capital expenditure	11	1	0	14	103	129
Depreciation	16	6	1	1	56	80

Note:

1. Excludes gains from divestment of non-core assets.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Group
2Q12						
- External customers	468	695	180	154	12	1,509
- Intersegment income	-	-	-	-	18	18
Total income	468	695	180	154	30	1,527
Operating profit before allowances and amortisation	159	487	128	101	(9)	866
Amortisation of intangible assets	(4)	-	-	(11)	-	(15)
Write-back/(allowances and impairment) for loans and other assets	(25)	1	(0)	(0)	(14)	(38)
Operating profit after allowances and amortisation	130	488	128	90	(23)	813
Other information:						
Capital expenditure	6	1	0	8	59	74
Depreciation	7	2	1	1	33	44
2Q11						
- External customers	415	585	149	194	51	1,394
- Intersegment income	-	-	-	-	19	19
Total income	415	585	149	194	70	1,413
Operating profit before allowances and amortisation	137	387	94	143	34	795
Amortisation of intangible assets	(5)	-	-	(11)	-	(16)
Allowances and impairment for loans and other assets	(15)	(29)	(0)	(0)	(12)	(56)
Operating profit after allowances and amortisation	117	358	94	132	22	723
Other information:						
Capital expenditure	5	1	0	6	59	71
Depreciation	8	3	1	0	29	41
1Q12						
- External customers	481	633	236	335	39	1,724
- Intersegment income	-	-	-	-	17	17
Total income ^{1/}	481	633	236	335	56	1,741
Operating profit before allowances and amortisation ^{1/}	192	441	182	291	10	1,116
Amortisation of intangible assets	(3)	-	-	(12)	-	(15)
Write-back/(allowances and impairment) for loans and other assets	(35)	(25)	0	(0)	(36)	(96)
Operating profit after allowances and amortisation ^{1/}	154	416	182	279	(26)	1,005
Other information:						
Capital expenditure	8	0	0	11	44	63
Depreciation	8	2	0	1	32	43

Note:

1. Excludes gains from divestment of non-core assets.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer/ Private Banking	Global Corporate/ Investment Banking	Global Treasury and Markets	Insurance	Others	Group
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
Segment liabilities	69,187	80,140	46,675	50,548	30,293	276,843
Unallocated liabilities						2,033
Elimination						(16,768)
Total liabilities						262,108
Other information:						
Gross non-bank loans	51,592	84,598	1,210	319	625	138,344
NPAs	270	992	–	3	15	1,280
At 31 March 2012						
Segment assets	59,406	90,962	66,189	58,093	24,418	299,068
Unallocated assets						68
Elimination						(15,799)
Total assets						283,337
Segment liabilities	68,834	80,342	44,908	51,238	25,195	270,517
Unallocated liabilities						2,154
Elimination						(15,799)
Total liabilities						256,872
Other information:						
Gross non-bank loans	50,282	82,099	1,096	271	856	134,604
NPAs	282	1,215	–	3	13	1,513
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
Segment liabilities	65,592	82,467	47,366	50,227	20,337	265,989
Unallocated liabilities						1,923
Elimination						(15,544)
Total liabilities						252,368
Other information:						
Gross non-bank loans	48,810	83,952	1,287	373	710	135,132
NPAs	292	1,121	–	3	21	1,437
At 30 June 2011						
Segment assets	50,714	84,834	55,361	55,233	20,285	266,427
Unallocated assets						127
Elimination						(13,089)
Total assets						253,465
Segment liabilities	60,577	67,441	46,950	48,871	16,261	240,100
Unallocated liabilities						1,886
Elimination						(13,089)
Total liabilities						228,897
Other information:						
Gross non-bank loans	43,685	74,532	1,713	618	628	121,176
NPAs	272	909	–	3	17	1,201

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1H12		1H11		2Q12		2Q11		1Q12	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total core income										
Singapore ^{1/}	2,044	63	1,751	62	904	59	860	61	1,140	66
Malaysia	655	20	601	22	335	22	303	22	320	18
Rest of SEA	235	7	205	7	119	8	106	7	116	7
Greater China ^{1/}	230	7	174	6	118	8	100	7	112	6
Other Asia Pacific	65	2	59	2	32	2	30	2	33	2
Rest of the World	39	1	25	1	19	1	14	1	20	1
	3,268	100	2,815	100	1,527	100	1,413	100	1,741	100
Profit before income tax										
Singapore ^{1/}	1,139	62	903	60	481	59	418	56	658	65
Malaysia	405	22	369	24	198	24	185	25	207	21
Rest of SEA	61	3	59	4	27	3	29	4	34	3
Greater China ^{1/}	148	8	99	7	75	9	61	8	73	7
Other Asia Pacific	53	3	48	3	26	3	27	4	27	3
Rest of the World	30	2	33	2	18	2	22	3	12	1
	1,836	100	1,511	100	825	100	742	100	1,011	100

Note:

- Gains from divestment of non-core assets of S\$56 million in 1Q12 and S\$39 million in 1Q11 were not included in total core income and profit before income tax.

	30 Jun 2012		31 Mar 2012		31 Dec 2011		30 Jun 2011	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	179,144	62	175,396	62	173,522	62	159,952	63
Malaysia	56,297	20	56,037	20	53,327	19	50,854	20
Rest of SEA	10,969	4	10,260	3	9,962	4	8,887	4
Greater China	26,836	9	28,283	10	28,878	10	23,215	9
Other Asia Pacific	8,831	3	8,552	3	7,854	3	7,169	3
Rest of the World	6,510	2	4,809	2	4,215	2	3,388	1
	288,587	100	283,337	100	277,758	100	253,465	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2Q12, Singapore accounted for 59% of total income and pre-tax profit, while Malaysia accounted for 22% of total income and 24% of pre-tax profit.

Pre-tax profit for Singapore rose 15% year-on-year to S\$481 million, as higher net interest income, fee and commission income and net trading income more than offset lower insurance income, as well as higher expenses. Malaysia's pre-tax profit for 2Q12 was 7% higher from a year ago at S\$198 million, led by higher net trading income and fees and commissions, which more than offset the increased operating expenses.

For 1H12, Singapore accounted for 63% of total income and 62% of pre-tax profit, while Malaysia accounted for 20% of total income and 22% of pre-tax profit.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1H12	1H11	+ / (-)	2Q12	2Q11	+ / (-)	1Q12	+ / (-)
			%			%		%
Interest income	3,001	2,475	21	1,499	1,284	17	1,502	–
Interest expense	(1,119)	(864)	29	(568)	(457)	24	(551)	3
Net interest income	1,882	1,611	17	931	827	13	951	(2)
Premium income	2,838	2,899	(2)	1,454	1,512	(4)	1,384	5
Investment income	1,238	1,118	11	424	503	(16)	814	(48)
Net claims, surrenders and annuities	(2,723)	(2,228)	22	(1,378)	(1,193)	16	(1,345)	2
Change in life assurance fund contract liabilities	(473)	(982)	(52)	(199)	(446)	(55)	(274)	(27)
Commission and others	(588)	(551)	7	(230)	(270)	(15)	(358)	(36)
Profit from life assurance	292	256	14	71	106	(33)	221	(68)
Premium income from general insurance	69	60	16	37	31	21	32	12
Fees and commissions (net)	591	573	3	317	299	6	274	16
Dividends	69	69	(1)	40	45	(11)	29	37
Rental income	36	39	(5)	18	19	(5)	18	(3)
Other income	385	246	56	113	86	30	272	(59)
Non-interest income	1,442	1,243	16	596	586	2	846	(30)
Total income	3,324	2,854	16	1,527	1,413	8	1,797	(15)
Staff costs	(783)	(724)	8	(401)	(373)	7	(382)	5
Other operating expenses	(503)	(475)	6	(260)	(245)	7	(243)	7
Total operating expenses	(1,286)	(1,199)	7	(661)	(618)	7	(625)	6
Operating profit before allowances and amortisation	2,038	1,655	23	866	795	9	1,172	(26)
Amortisation of intangible assets	(30)	(31)	(2)	(15)	(16)	(2)	(15)	–
Allowances for loans and impairment of other assets	(134)	(105)	27	(38)	(56)	(34)	(96)	(61)
Operating profit after allowances and amortisation	1,874	1,519	23	813	723	12	1,061	(23)
Share of results of associates and joint ventures	18	31	(40)	12	19	(36)	6	87
Profit before income tax	1,892	1,550	22	825	742	11	1,067	(23)
Income tax expense	(309)	(251)	24	(138)	(120)	15	(171)	(19)
Profit for the period	1,583	1,299	22	687	622	11	896	(23)
Profit attributable to:								
Equity holders of the Bank	1,480	1,205	23	648	577	12	832	(22)
Non-controlling interests	103	94	11	39	45	(11)	64	(38)
	1,583	1,299	22	687	622	11	896	(23)
Earnings per share (for the period – cents) ^{1/}								
Basic	41.7	34.7		17.5	15.9		24.2	
Diluted	41.6	34.6		17.5	15.8		24.2	

Note:

1. "Earnings per share" was computed including gains from divestment of non-core assets.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1H12	1H11	+ / (-) %	2Q12	2Q11	+ / (-) %	1Q12	+ / (-) %
Profit for the period	1,583	1,299	22	687	622	11	896	(23)
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the period	454	42	986	90	(121)	174	364	(75)
Reclassification of (gains)/losses to income statement								
– on disposal	(64)	(54)	(19)	(21)	(31)	31	(43)	52
– on impairment	1	0	238	0	1	(79)	1	(82)
Tax on net movements	(48)	4	NM	(3)	3	(227)	(45)	91
Exchange differences on translating foreign operations	(161)	(103)	(56)	(78)	(92)	15	(83)	5
Other comprehensive income of associates and joint ventures	4	(1)	977	(1)	(0)	(114)	5	(108)
Total other comprehensive income, net of tax	186	(112)	266	(13)	(240)	94	199	(107)
Total comprehensive income for the period, net of tax	1,769	1,187	49	674	382	77	1,095	(38)
Total comprehensive income attributable to:								
Equity holders of the Bank	1,670	1,106	51	648	349	86	1,022	(37)
Non-controlling interests	99	81	22	26	33	(20)	73	(64)
	1,769	1,187	49	674	382	77	1,095	(38)

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Jun 2012 [@]	31 Mar 2012 [@]	31 Dec 2011	30 Jun 2011 [@]	30 Jun 2012 [@]	31 Mar 2012 [@]	31 Dec 2011	30 Jun 2011 [@]
EQUITY								
Attributable to equity holders of the Bank								
Share capital	8,991	9,014	9,023	8,612	8,991	9,014	9,023	8,612
Capital reserves	329	361	279	461	96	93	90	268
Fair value reserves	1,460	1,394	1,125	1,368	703	670	510	657
Revenue reserves	12,857	12,853	12,144	11,314	8,247	8,108	7,722	7,196
	23,637	23,622	22,571	21,755	18,037	17,885	17,345	16,733
Non-controlling interests	2,842	2,843	2,819	2,813	–	–	–	–
Total equity	26,479	26,465	25,390	24,568	18,037	17,885	17,345	16,733
LIABILITIES								
Deposits of non-bank customers	160,325	157,541	154,555	134,302	113,747	110,450	109,827	94,511
Deposits and balances of banks	20,677	18,912	21,653	24,501	18,550	17,565	18,881	22,634
Due to subsidiaries	–	–	–	–	6,541	6,153	5,913	4,652
Due to associates	174	176	178	128	161	163	164	115
Trading portfolio liabilities	1,113	1,484	1,655	2,156	1,113	1,484	1,655	2,156
Derivative payables	5,316	4,970	6,113	4,642	4,869	4,771	5,782	4,240
Other liabilities	4,497	4,625	4,024	3,845	1,477	1,397	1,459	1,382
Current tax	837	930	800	750	284	363	304	290
Deferred tax	1,196	1,224	1,123	1,135	147	140	121	131
Debt issued	18,253	16,717	13,063	9,512	18,888	17,442	13,797	10,153
	212,388	206,579	203,164	180,971	165,777	159,928	157,903	140,264
Life assurance fund liabilities	49,720	50,293	49,204	47,926	–	–	–	–
Total liabilities	262,108	256,872	252,368	228,897	165,777	159,928	157,903	140,264
Total equity and liabilities	288,587	283,337	277,758	253,465	183,814	177,813	175,248	156,997
ASSETS								
Cash and placements with central banks	12,084	12,040	12,897	11,160	6,185	5,303	6,986	5,541
Singapore government treasury bills and securities	13,245	14,155	13,250	11,853	12,539	13,482	12,592	11,310
Other government treasury bills and securities	7,927	5,608	7,397	6,239	4,462	2,452	3,988	3,620
Placements with and loans to banks	36,107	35,572	28,615	26,353	27,084	27,261	20,654	18,998
Loans and bills receivable	136,746	132,968	133,557	119,653	100,606	97,450	97,787	87,193
Debt and equity securities	14,366	14,870	15,081	14,181	9,147	9,415	9,721	9,545
Assets pledged	2,072	1,641	1,839	1,155	1,864	1,424	1,329	1,055
Assets held for sale	5	6	6	2	2	–	–	–
Derivative receivables	5,356	5,009	5,899	4,821	4,827	4,716	5,462	4,428
Other assets	4,014	4,189	3,191	3,404	1,248	1,233	1,187	990
Deferred tax	34	30	44	75	3	3	4	6
Associates and joint ventures	369	357	361	346	202	200	215	176
Subsidiaries	–	–	–	–	12,767	12,004	12,462	11,279
Property, plant and equipment	1,674	1,674	1,664	1,623	448	442	425	421
Investment property	889	892	922	761	563	561	569	568
Goodwill and intangible assets	3,888	3,900	3,947	3,941	1,867	1,867	1,867	1,867
	238,776	232,911	228,670	205,567	183,814	177,813	175,248	156,997
Life assurance fund investment assets	49,811	50,426	49,088	47,898	–	–	–	–
Total assets	288,587	283,337	277,758	253,465	183,814	177,813	175,248	156,997
Net Asset Value Per Ordinary Share[@] (before valuation surplus – S\$)								
	6.33	6.32	6.02	5.86	4.70	4.65	4.49	4.38
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	8,439	9,477	10,345	8,905	7,059	7,491	7,577	6,684
Commitments	69,036	65,568	64,892	59,073	46,864	44,420	44,780	43,228
Derivative financial instruments	570,918	562,353	545,502	487,753	501,114	500,671	492,372	436,273

Note:

1. “@” represents unaudited.

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the half year ended 30 June 2012

S\$ million	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	9,023	279	1,125	12,144	22,571	2,819	25,390
Total comprehensive income for the period	–	–	335	1,335	1,670	99	1,769
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	44	–	(44)	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(126)	(126)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends paid in cash	–	–	–	(561)	(561)	–	(561)
Share-based staff costs capitalised	–	6	–	–	6	–	6
Share buyback held in treasury	(95)	–	–	–	(95)	–	(95)
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	39	–	–	39	–	39
Treasury shares transferred/sold	62	(37)	–	–	25	–	25
Total contributions by and distributions to owners	(32)	50	–	(603)	(585)	(126)	(711)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(19)	(19)	50	31
Total changes in ownership interests in subsidiaries	–	–	–	(19)	(19)	50	31
Balance at 30 June 2012	8,991	329	1,460	12,857	23,637	2,842	26,479
Included:							
Share of reserves of associates and joint ventures	–	–	6	48	54	(4)	50
Balance at 1 January 2011	8,211	613	1,374	10,592	20,790	2,855	23,645
Total comprehensive income for the period	–	–	(6)	1,112	1,106	81	1,187
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(161)	–	161	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(130)	(130)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends paid in cash	–	–	–	(130)	(130)	–	(130)
Share-based staff costs capitalised	–	6	–	–	6	–	6
Share buyback held in treasury	(55)	–	–	–	(55)	–	(55)
Shares issued in-lieu of ordinary dividends	416	–	–	(416)	–	–	–
Shares issued to non-executive directors	0	–	–	–	0	–	0
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	29	–	–	29	–	29
Treasury shares transferred/sold	40	(24)	–	–	16	–	16
Total contributions by and distributions to owners	401	(152)	–	(383)	(134)	(130)	(264)
Changes in ownership interests in a subsidiary that does not result in a loss of control							
Changes in non-controlling interests	–	–	–	(7)	(7)	7	–
Total changes in ownership interests in a subsidiary	–	–	–	(7)	(7)	7	–
Balance at 30 June 2011	8,612	461	1,368	11,314	21,755	2,813	24,568
Included:							
Share of reserves of associates and joint ventures	–	–	0	55	55	(4)	51

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 June 2012

S\$ million	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 April 2012	9,014	361	1,394	12,853	23,622	2,843	26,465
Total comprehensive income for the period	–	–	66	582	648	26	674
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	0	–	(0)	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(77)	(77)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends paid in cash	–	–	–	(561)	(561)	–	(561)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback held in treasury	(71)	–	–	–	(71)	–	(71)
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	4	–	–	4	–	4
Treasury shares transferred/sold	47	(37)	–	–	10	–	10
Total contributions by and distributions to owners	(23)	(32)	–	(559)	(614)	(77)	(691)
Changes in ownership interests in subsidiaries that do not result in loss of control							
Changes in non-controlling interests	–	–	–	(19)	(19)	50	31
Total changes in ownership interests in subsidiaries	–	–	–	(19)	(19)	50	31
Balance at 30 June 2012	8,991	329	1,460	12,857	23,637	2,842	26,479
Included:							
Share of reserves of associates and joint ventures	–	–	6	48	54	(4)	50
Balance at 1 April 2011	8,218	541	1,515	11,285	21,559	2,861	24,420
Total comprehensive income for the period	–	–	(147)	496	349	33	382
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(77)	–	77	–	–	–
Distributions and dividends to non-controlling interests	–	–	–	–	–	(81)	(81)
DSP reserve from dividends on unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends paid in cash	–	–	–	(130)	(130)	–	(130)
Share-based staff costs capitalised	–	2	–	–	2	–	2
Share buyback held in treasury	(37)	–	–	–	(37)	–	(37)
Shares issued in-lieu of ordinary dividends	416	–	–	(416)	–	–	–
Shares issued to non-executive directors	0	–	–	–	0	–	0
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	1	–	–	1	–	1
Treasury shares transferred/sold	15	(4)	–	–	11	–	11
Total contributions by and distributions to owners	394	(80)	–	(467)	(153)	(81)	(234)
Balance at 30 June 2011	8,612	461	1,368	11,314	21,755	2,813	24,568
Included:							
Share of reserves of associates and joint ventures	–	–	0	55	55	(4)	51

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the half year ended 30 June 2012

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2012	9,023	90	510	7,722	17,345
Total comprehensive income for the period	–	–	193	1,084	1,277
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends paid in cash	–	–	–	(561)	(561)
Share-based staff costs capitalised	–	6	–	–	6
Share buyback held in treasury	(95)	–	–	–	(95)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	62	–	–	–	62
Balance at 30 June 2012	8,991	96	703	8,247	18,037
Balance at 1 January 2011	8,211	432	606	6,605	15,854
Total comprehensive income for the period	–	–	51	835	886
Transfers	–	(170)	–	170	–
Arising from merger of subsidiaries	–	–	–	130	130
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends paid in cash	–	–	–	(130)	(130)
Share-based staff costs capitalised	–	6	–	–	6
Share buyback held in treasury	(55)	–	–	–	(55)
Shares issued in-lieu of ordinary dividends	416	–	–	(416)	–
Shares issued to non-executive directors	0	–	–	–	0
Treasury shares transferred/sold	40	–	–	–	40
Balance at 30 June 2011	8,612	268	657	7,196	16,733

For the three months ended 30 June 2012

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 April 2012	9,014	93	670	8,108	17,885
Total comprehensive income for the period	–	–	33	698	731
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends paid in cash	–	–	–	(561)	(561)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(70)	–	–	–	(70)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	46	–	–	–	46
Balance at 30 June 2012	8,991	96	703	8,247	18,037
Balance at 1 April 2011	8,218	350	684	7,152	16,404
Total comprehensive income for the period	–	–	(27)	503	476
Transfers	–	(85)	–	85	–
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends paid in cash	–	–	–	(130)	(130)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback held in treasury	(37)	–	–	–	(37)
Shares issued in-lieu of ordinary dividends	416	–	–	(416)	–
Shares issued to non-executive directors	0	–	–	–	0
Treasury shares transferred/sold	15	–	–	–	15
Balance at 30 June 2011	8,612	268	657	7,196	16,733

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the half year ended 30 June 2012

S\$ million	1H12	1H11	2Q12	2Q11
Cash flows from operating activities				
Profit before income tax	1,892	1,550	825	742
Adjustments for non-cash items				
Amortisation of intangible assets	30	31	15	16
Allowances for loans and impairment of other assets	134	105	38	56
Change in fair value for hedging transactions and trading securities	(37)	(4)	(8)	16
Depreciation of property, plant and equipment and investment property	87	80	44	41
Net gain on disposal of property, plant and equipment and investment property	(58)	(41)	(0)	(2)
Net gain on disposal of government, debt and equity securities	(64)	(54)	(21)	(31)
Net gain on disposal of associates	–	(1)	–	(0)
Share-based staff costs	5	6	3	3
Share of results of associates and joint ventures	(18)	(31)	(12)	(19)
Items relating to life assurance fund				
Surplus before income tax	410	332	77	131
Surplus transferred from life assurance fund	(291)	(255)	(71)	(105)
Operating profit before change in operating assets and liabilities	2,090	1,718	890	848
Change in operating assets and liabilities				
Deposits of non-bank customers	5,766	10,991	2,782	8,293
Deposits and balances of banks	(976)	7,992	1,765	(412)
Derivative payables and other liabilities	(342)	520	197	(157)
Trading portfolio liabilities	(542)	422	(372)	513
Government securities and treasury bills	(722)	(1,031)	(1,525)	(796)
Trading securities	485	170	76	327
Placements with and loans to banks	(7,497)	(7,931)	(620)	(1,899)
Loans and bills receivable	(3,266)	(14,778)	(3,774)	(10,306)
Derivative receivables and other assets	(28)	(182)	(309)	312
Net change in investment assets and liabilities of life assurance fund	(221)	7	11	(33)
Cash used in operating activities	(5,253)	(2,102)	(879)	(3,310)
Income tax paid	(317)	(256)	(229)	(193)
Net cash used in operating activities	(5,570)	(2,358)	(1,108)	(3,503)
Cash flows from investing activities				
Dividends from associates	0	0	0	0
Decrease/(increase) in associates and joint ventures	15	(62)	(2)	(21)
Net cashflow from acquisition of a business	–	10	–	1
Purchases of debt and equity securities	(2,539)	(3,042)	(1,101)	(1,750)
Purchases of property, plant and equipment and investment property	(137)	(129)	(74)	(71)
Proceeds from disposal of debt and equity securities	2,910	2,657	1,432	1,538
Proceeds from disposal of interest in a subsidiary	–	82	–	–
Proceeds from disposal of associates	–	2	–	2
Proceeds from disposal of property, plant and equipment and investment property	89	43	84	40
Net cash from/(used in) investing activities	338	(439)	339	(261)
Cash flows from financing activities				
Changes in non-controlling interests	31	–	31	–
Dividends paid to equity holders of the Bank	(561)	(130)	(561)	(130)
Distributions and dividends paid to non-controlling interests	(126)	(130)	(77)	(81)
Issue of subordinated debt	–	399	–	–
Increase in other debt issued	5,262	2,427	1,551	1,547
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	25	16	10	11
Share buyback held in treasury	(95)	(55)	(71)	(37)
Net cash from financing activities	4,536	2,527	883	1,310
Net currency translation adjustments	(117)	(63)	(70)	(61)
Net change in cash and cash equivalents	(813)	(333)	44	(2,515)
Cash and cash equivalents at beginning of period	12,897	11,493	12,040	13,675
Cash and cash equivalents at end of period	12,084	11,160	12,084	11,160

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

Number of Shares	Half year ended 30 June		Three months ended 30 June	
	2012	2011	2012	2011
Issued ordinary shares				
Balance at beginning of period	3,441,043,176	3,341,044,969	3,441,043,176	3,341,044,969
Shares issued to non-executive directors	56,515	48,000	56,515	48,000
Shares issued pursuant to Scrip Dividend Scheme	–	49,278,032	–	49,278,032
Balance at end of period	3,441,099,691	3,390,371,001	3,441,099,691	3,390,371,001
Treasury shares				
Balance at beginning of period	(3,965,793)	(3,269,326)	(4,134,020)	(2,069,192)
Share buyback	(10,884,000)	(5,827,000)	(8,114,000)	(3,974,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	4,214,406	1,887,287	1,655,706	1,154,292
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	178,430	691,499	135,357	567,292
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	4,085,746	2,587,281	4,085,746	391,349
Shares sold for cash	–	–	–	–
Balance at end of period	(6,371,211)	(3,930,259)	(6,371,211)	(3,930,259)
Total	3,434,728,480	3,386,440,742	3,434,728,480	3,386,440,742

Pursuant to the share purchase mandates approved at the extraordinary general meetings held on 15 April 2011 and 25 April 2012, the Bank purchased a total of 8,114,000 ordinary shares in the second quarter ended 30 June 2012. The ordinary shares were purchased by way of open market acquisitions at prices ranging from S\$8.19 to S\$8.99 per share and the total consideration paid was S\$70,083,466 (including transaction costs).

From 1 April 2012 to 30 June 2012 (both dates inclusive), the Bank utilised 1,655,706 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 (“SOS 2001”). As at 30 June 2012, the number of options outstanding under the OCBC SOS 2001 was 33,204,985 (30 June 2011: 33,762,841).

From 1 April 2012 to 30 June 2012 (both dates inclusive), the Bank utilised 135,357 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to the OCBC Employee Share Purchase Plan (“ESPP”). As at 30 June 2012, the number of acquisition rights outstanding under the OCBC ESPP was 9,176,401 (30 June 2011: 8,073,653).

From 1 April 2012 to 30 June 2012 (both dates inclusive), the Bank transferred 4,085,746 treasury shares to the Trust administering the OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 2012.

OTHER MATTERS

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

SUBSEQUENT EVENTS

1. 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.
2. 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.

CONFIRMATION BY THE BOARD

We, Cheong Choong Kong and Bobby Chin Yoke Choong, 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 2012 to be false or misleading.

On behalf of the Board of Directors



Cheong Choong Kong
Chairman



Bobby Chin Yoke Choong
Director

1 August 2012