

Media Release

OCBC Group Reports First Quarter Net Profit of S\$647 million

Core net profit increased 60% to S\$510 million

Singapore, 9 May 2007 – Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) today reported a strong set of results for first quarter 2007 (“1Q07”), underpinned by broad-based revenue growth across its key geographical markets. Net profit attributable to shareholders (“net profit”) surged 103% to S\$647 million, compared to S\$318 million in first quarter 2006 (“1Q06”). The 1Q07 net profit was partly boosted by a divestment gain of S\$90 million from the sale of an office property in Singapore, and a tax refund¹ of S\$47 million during the quarter. Excluding these one-off items, core² net profit grew by 60% year-on-year to S\$510 million, with revenue growth of 36% outpacing a 14% increase in operating expenses.

Compared with 4Q06’s core net profit of S\$432 million, 1Q07’s net profit was higher by 18%, as core revenue grew by 12% quarter-on-quarter, while expenses rose 3%.

Annualised return on equity, based on core earnings, improved to 15.9% in 1Q07, up from 10.8% for 1Q06 and 13.8% for 4Q06, while annualised core earnings per share grew by 62% year-on-year to 67.2 cents.

Revenue

The Group’s core revenue grew by 36% year-on-year to S\$1,014 million. Including a pre-tax gain of S\$92 million from the divestment of the Group’s interest in Samsung Hub, an office property in Singapore, total revenue in 1Q07 was S\$1,106 million.

Net interest income rose 29% to S\$508 million, driven by 19% growth in average interest earning assets and improved interest margins. Customer loans grew by 12% year-on-year to S\$63.3 billion, contributed mainly by growth in corporate and SME loans in Singapore, Malaysia, Indonesia as well as overseas branches. Net interest margin rose 15 basis points from a year ago to 2.04%, as improved yields on loans and interbank placements more than offset the rise in borrowing costs. Compared to 4Q06, net interest income and customer loans both grew by 4%, while net interest margin improved marginally by one basis point.

¹ The tax refund follows the finalisation of tax treatment for certain loan allowances previously made by Keppel Capital Holdings Group, which was acquired by OCBC Bank in 2001.

² The term “core” net profit / revenue in this report refers to profit / revenue excluding one-time divestment gains and the S\$47 million tax refund in 1Q07.

Core non-interest income increased by 45% to S\$506 million, contributed mainly by higher fee and commission income, life assurance profits, foreign exchange income and gains from investment securities. Fees and commissions rose 27% to S\$178 million, as stock-broking, fund management, investment banking, loan-related, and trade-related income benefited from favourable equity markets, higher loan volumes and growing trade activities. Profit from life assurance grew 22% to S\$99 million due to healthy underwriting profits and strong investment results. Income from foreign exchange dealing rose from S\$41 million to S\$55 million, while net gains from investment securities increased from S\$17 million to S\$104 million, including S\$30 million from Great Eastern Holdings and S\$31 million relating to the disposal of government securities by Bank NISP.

Compared to 4Q06, core non-interest income was 23% higher. Non-interest income accounted for 49.9% of the Group's total core income, up from 46.8% in 1Q06 and 45.7% in 4Q06.

Operating Expenses

Operating expenses rose 14% year-on-year to S\$352 million, attributed mainly to higher staff costs and business promotion expenses. Staff costs rose 18% on higher remuneration costs and an 11% rise in headcount, the latter coming mainly from Malaysia and Indonesia. Compared to 4Q06, operating expenses were higher by 3%, due to higher staff and equipment costs, partially offset by lower business promotion expenses. The Group's efforts on improving productivity and reducing unit costs through process re-engineering and cross-border hubbing of various processing activities, have helped to contain overall cost increases even as business volumes grow.

The cost-to-income ratio improved to 34.7%, compared with 41.5% in 1Q06 and 37.9% in 4Q06 (excluding divestment gains).

Loan Allowances & Asset Quality

The Group continued to achieve strong recoveries from non-performing assets. As a result, allowances for loans and other assets were negligible in 1Q07 as compared to a net write-back of S\$7 million in 1Q06, and allowances of \$12 million in 4Q06.

Asset quality and coverage ratios remain healthy. Non-performing loans ("NPLs") fell 3% from S\$1.83 billion in December 2006 to S\$1.77 billion in March 2007, while the NPL ratio improved from 3.0% to 2.7%. Total cumulative specific and portfolio allowances amounted to S\$1.79 billion, providing coverage of 101.6% of total NPLs, up from 100.9% in December 2006.

Capital Position

As of 31 March 2007, the Group's total capital adequacy ratio ("CAR") was 15.4%, down slightly from December 2006 due to the growth in risk weighted assets. Tier 1 CAR was unchanged at 13.1%.

During the first quarter, the Bank bought back approximately 3.2 million of its ordinary shares for S\$27 million, as part of its third S\$500 million share buyback programme which commenced in June 2006. As at the date of this announcement, S\$252 million have been utilised for buybacks under the programme.

CEO's Comments

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

"On-going investments in capability-building and our discipline in executing our strategy are showing strong results, allowing us to further capitalise on the region's growth opportunities. We continue to see good revenue momentum in our key markets, particularly Singapore, and remain optimistic on the outlook for the rest of the year."

About OCBC Bank

Singapore's longest established local bank, OCBC Bank currently has assets of S\$157 billion and a network of more than 370 branches and representative offices in 15 countries and territories including Singapore, Malaysia, Indonesia, China, Hong Kong SAR, Brunei, Japan, Australia, UK and USA. This network includes more than 260 branches and offices in Indonesia operated by OCBC Bank's subsidiary, PT Bank NISP. OCBC Bank and its banking subsidiaries offer a wide range of specialist financial services, from consumer, corporate, investment, private and transaction banking to treasury and stock-broking services to meet the needs of its customers across communities.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia, in terms of assets and market share, and its asset management subsidiary, Lion Capital Management is one of the largest asset management companies in Southeast Asia. Additional information may be found at www.ocbc.com.

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To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited wishes to announce the following:

Unaudited Financial Results for the First Quarter Ended 31 March 2007

For the first quarter ended 31 March 2007, Group net profit grew 103% to S\$647 million. Details of the unaudited financial results are in the accompanying Group Financial Report.

Ordinary Dividends

No interim dividend on ordinary shares has been declared for first quarter 2007.

Preference Dividends

The Board of Directors has declared payment of a Singapore 1-tier tax-exempt dividend as the semi-annual dividend on its non-cumulative non-convertible Class E Preference Shares at 4.5% per annum (2006: 4.5% net of Singapore income tax). Payment of semi-annual dividends on non-cumulative non-convertible Class G Preference Shares has been declared at 4.2% per annum, net of Malaysia income tax (2006: 4.2% net of Singapore income tax). These dividends for the period 20 December 2006 to 19 June 2007, both dates inclusive, will be paid on 20 June 2007. Total dividends to be paid for the Class E and Class G Preference Shares amount to S\$11.2 million and S\$8.3 million respectively. Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 7 June 2007 to 8 June 2007, both dates inclusive. Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 6 June 2007 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends.

By order of the Board

Peter Yeoh
Secretary

Singapore, 9 May 2007

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

Oversea-Chinese Banking Corporation Limited
First Quarter 2007 Group Financial Report



Incorporated in Singapore
Company Registration Number: 193200032W

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FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (“FRS”), as modified by the requirements of Notice to Banks No. 612 ‘Credit Files, Grading and Provisioning’ issued by the Monetary Authority of Singapore. The accounting policies and methods of computation for the current financial period are consistent with those applied in the previous financial period, except for the following FRSs which were applied with effect from 1 January 2007:

FRS 40	Investment Property
INT FRS 108	Scope of FRS 102 Share-Based Payments
INT FRS 109	Reassessment of Embedded Derivatives
INT FRS 110	Interim Financial Reporting and Impairment

Under FRS 40, investment property may be measured using the fair value model or the cost model. The Group has adopted the fair value model for investment properties held under life assurance funds, and the cost model for other investment properties. Other than the adjustments made on the life assurance funds on 1 January 2007, there is no overall impact to equity or profit and loss on adoption of the above models under FRS 40. However, investment properties are now shown separately from property, plant and equipment and the relevant amounts of cost, accumulated depreciation and impairment, including prior year comparatives, have been reclassified accordingly.

The INT FRS 108 and INT FRS 109 are mainly clarifications on the application of FRS 102 *Share-Based Payments* and FRS 39 *Financial Instruments: Recognition and Measurement* in respect of accounting for embedded derivatives and have no significant impact on the Group’s financial statements.

The INT FRS 110 prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. This standard does not have any significant impact on the Group’s financial statements.

Financial Review

Group net profit attributable to shareholders (“net profit”) for the first quarter 2007 (“1Q07”) was S\$647 million, an increase of 103% from S\$318 million in the first quarter 2006 (“1Q06”). Excluding a divestment gain of S\$90 million from the sale of an office property and a tax refund¹ of S\$47 million during the quarter, net profit grew by 60% year-on-year to S\$510 million, with core revenue growth of 36% outpacing a 14% increase in operating expenses.

Compared with 4Q06’s core net profit of S\$432 million, 1Q07’s net profit was higher by 18%, as core revenue grew by 12% quarter-on-quarter, while expenses rose 3%.

Annualised return on equity, based on core earnings, improved to 15.9% in 1Q07, up from 10.8% for 1Q06 and 13.8% for 4Q06, while annualised core earnings per share grew by 62% year-on-year to 67.2 cents.

¹ The tax refund follows the finalisation of tax treatment for certain loan allowances previously made by Keppel Capital Holdings Group, which was acquired by OCBC Bank in 2001.

FINANCIAL SUMMARY *(continued)*

S\$ million	1Q07	1Q06	+ / (-) %	4Q06	+ / (-) %
Selected Income Statement Items					
Net interest income	508	395	29	491	4
Non-interest income	506	348	45	413	23
Total income	1,014	743	36	903	12
Operating expenses	(352)	(308)	14	(342)	3
Operating profit before allowances and amortisation	662	435	52	561	18
Amortisation of intangible assets	(12)	(10)	12	(12)	–
(Allowances) / Write-back for loans and other assets	(#)	7	104	(12)	(97)
Share of results of associates and joint ventures	16	4	321	5	249
Profit before income tax	666	435	53	543	23
Core net profit attributable to shareholders	510	318	60	432	18
Divestment gains	90	–	n.m.	77	16
Tax refund	47	–	n.m.	–	n.m.
Reported net profit attributable to shareholders	647	318	103	510	27
Cash basis net profit attributable to shareholders ^{1/}	658	328	100	521	26

Selected Balance Sheet Items

Ordinary equity	13,287	11,821	12	12,508	6
Total equity <i>(excluding minority interests)</i>	14,182	12,717	12	13,404	6
Total assets	157,121	136,647	15	151,220	4
Assets excluding life assurance fund investment assets	117,109	100,394	17	112,796	4
Loans and bills receivable <i>(net of allowances)</i>	61,550	54,561	13	59,309	4
Deposits of non-bank customers	77,989	64,506	21	75,115	4

Notes:

^{1/} Excludes amortisation of intangible assets.

n.m. Not meaningful

Amounts less than S\$0.5 million

Certain figures may not add up to the relevant totals due to rounding.

FINANCIAL SUMMARY *(continued)*

	1Q07	1Q06	4Q06
Key Financial Ratios			
- based on core earnings			
Performance ratios (% p.a.)			
Return on equity ^{1/}			
GAAP basis	15.9	10.8	13.8
Cash basis	16.3	11.2	14.2
Return on assets ^{2/}			
GAAP basis	1.78	1.30	1.55
Cash basis	1.82	1.34	1.59
Revenue mix / efficiency ratios (%)			
Net interest margin	2.04	1.89	2.03
Net interest income-to-total income	50.1	53.2	54.3
Non-interest income-to-total income	49.9	46.8	45.7
Cost-to-income	34.7	41.5	37.9
Loans-to-deposits	78.9	84.6	79.0
NPL ratio	2.7	4.1	3.0
Earnings per share (annualised - cents) ^{3/}			
Basic earnings	67.2	41.4	53.2
Basic earnings (cash basis)	68.8	42.8	54.7
Diluted earnings	66.8	41.2	52.9
Net asset value (S\$)			
Before valuation surplus	4.32	3.80	4.07
After valuation surplus	6.16	4.97	5.55
Capital adequacy ratios (%)			
Tier 1	13.1	13.1	13.1
Total	15.4	17.0	15.8

Notes:

^{1/} Return on equity is calculated after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from core earnings. Preference equity and minority interests are excluded from equity.

^{2/} Return on assets is calculated based on assets excluding life assurance fund investment assets.

^{3/} The computation for earnings per share is based on weighted average number of ordinary shares (excluding treasury shares), and after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1Q07			1Q06			4Q06		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Assets									
Loans and advances to non-bank customers	60,061	847	5.72	53,801	682	5.14	57,965	849	5.81
Placements with and loans to banks	21,376	215	4.07	15,171	146	3.90	20,290	210	4.11
Other interest earning assets ^{1/}	19,320	203	4.26	15,812	152	3.90	17,472	183	4.15
Interest earning assets	100,757	1,264	5.09	84,785	980	4.69	95,727	1,242	5.15
Liabilities									
Deposits of non-bank Customers	76,413	546	2.90	64,627	434	2.72	72,584	540	2.95
Deposits and balances of banks	12,487	138	4.48	9,612	92	3.86	11,960	138	4.58
Other borrowings ^{2/}	5,826	72	5.04	5,770	60	4.22	5,715	73	5.10
Interest bearing Liabilities	94,727	756	3.24	80,009	585	2.97	90,259	752	3.30
Net interest income / margin^{3/}		508	2.04		395	1.89		491	2.03

Notes:

^{1/} Comprise corporate debt and government securities.

^{2/} Comprise mainly debts issued, including upper Tier 2 subordinated debt, floating rate notes and Euro commercial papers.

^{3/} Net interest margin is net interest income as a % (annualised) of total average interest earning assets.

^{4/} Average rates are computed on an annualised basis.

Net interest income increased by 29% to S\$508 million in 1Q07, driven by growth of 19% in average interest earning assets and better interest margins. Net interest margin improved from 1.89% in 1Q06 to 2.04% in 1Q07, attributed mainly to Singapore, as higher yields on loans and interbank placements more than offset the rise in borrowing costs.

Compared with 4Q06, net interest income was up by 4%, mainly due to higher average loan balances and securities, and lower borrowing costs. Net interest margin improved marginally by one basis point.

NET INTEREST INCOME *(continued)*

Volume and Rate Analysis

Increase / (Decrease) due to change in: (S\$ million)	1Q07 vs 1Q06			1Q07 vs 4Q06		
	Volume	Rate	Net change	Volume	Rate	Net change
Interest income						
Loans and advances to non-bank customers	79	85	165	30	(14)	16
Placements with and loans to banks	60	9	69	11	(2)	9
Other interest earning assets	34	17	51	19	5	24
Total	173	111	284	60	(11)	49
Interest expense						
Deposits of non-bank customers	79	33	112	28	(11)	17
Deposits and balances of banks	27	19	47	6	(3)	3
Other borrowings	1	12	13	1	(1)	1
Total	107	64	171	35	(14)	21
Net impact on interest income	66	47	113	25	3	28
Due to change in number of days			–			(11)
Net interest income			113			17

Note:

Amounts less than S\$0.5 million

NON-INTEREST INCOME

S\$ million	1Q07	1Q06	+/(-) %	4Q06	+/(-) %
Fees and commissions					
Brokerage	30	19	58	18	66
Wealth management	32	36	(12)	29	11
Fund management	23	16	37	21	5
Credit card	13	11	21	13	(3)
Loan-related	24	15	61	22	11
Trade-related and remittances	27	23	19	24	13
Guarantees	5	7	(19)	6	(7)
Investment banking	7	2	204	9	(18)
Service charges	10	8	26	11	(6)
Others	5	2	132	7	(27)
Sub-total	178	140	27	161	11
Dividends	16	17	(6)	68	(76)
Rental income	17	19	(10)	19	(10)
Profit from life assurance	99	81	22	126	(21)
Premium income from general insurance	16	14	10	16	1
Other income					
Net dealing income:					
Foreign exchange	55	41	35	45	24
Securities and derivatives	3	3	10	2	71
Net gains from investment securities	104	17	517	36	186
Net gains from disposal of properties	95	1	n.m.	7	n.m.
Net gains from disposal of subsidiaries and associates	-	-	-	#	-
Others	15	14	11	17	(10)
Sub-total	273	76	259	106	156
Total non-interest income	598	348	72	495	21
Fees and commissions / Total income ^{1/}	17.5%	18.9%		17.8%	
Non-interest income / Total income ^{1/}	49.9%	46.8%		45.7%	

Notes:

^{1/} For 1Q07 and 4Q06, the ratios excluded the pre-tax divestment gains of S\$92 million and S\$83 million respectively.

n.m. Not meaningful

Amounts less than S\$0.5 million

Core non-interest income² increased by 45% to S\$506 million in 1Q07, contributed mainly by higher fee and commission income, life assurance profits, foreign exchange dealing income and gains from investment securities. Fees and commissions rose 27% to S\$178 million, with strong contributions from stock-broking, fund management, investment banking, loan-related and trade-related income. Profit from life assurance grew 22% to S\$99 million, due to healthy underwriting profits and strong investment results. Income from foreign exchange dealing rose 35% to S\$55 million, while net gains from investment securities increased from S\$17 million to S\$104 million, including S\$30 million from Great Eastern Holdings and S\$31 million relating to the disposal of government securities by Bank NISP. Core non-interest income accounted for 49.9% of the Group's total core income in 1Q07.

Compared with 4Q06, core non-interest income² rose 23% quarter-on-quarter to S\$506 million, contributed mainly by higher fee and commission income, and higher net gains from investment securities and foreign exchange dealing.

² Excludes the pre-tax gains from divestment of Samsung Hub amounting to S\$92 million in 1Q07, and S\$83 million from Raffles Holdings in 4Q06.

OPERATING EXPENSES

S\$ million	1Q07	1Q06	+/(-) %	4Q06	+/(-) %
Staff costs					
Salaries and other costs	185	155	20	176	5
Share-based expenses	3	3	(2)	3	(3)
Employer's contribution to defined contribution plans	13	13	(4)	14	(8)
	200	170	18	193	4
Properties and equipment					
Depreciation	24	24	1	23	6
Maintenance and hire of property, plant and equipment	15	15	–	16	(7)
Rental expenses	7	6	9	6	7
Others	23	24	(5)	17	38
	69	69	–	62	12
Other operating expenses	83	68	21	87	(5)
Total operating expenses	352	308	14	342	3
Group staff strength – period end	16,523	14,934	11	15,858	4
Group staff strength – average	16,321	14,825	10	15,736	4
Cost-to-income ratio ^{1/}	34.7%	41.5%		37.9%	

Note:

^{1/} For 1Q07 and 4Q06, the ratio excludes divestment gains.

The Group's operating expenses increased by 14% to S\$352 million in 1Q07, attributed mainly to higher staff costs and business promotion expenses. Staff costs increased by 18% on higher remuneration costs and higher headcount. Group headcount was 16,523 as at 31 March 2007, an increase of 11% year-on-year, with most of the increase coming from Malaysia and Indonesia.

Compared with 4Q06, total operating expenses increased by 3%, due to higher staff and equipment costs, partially offset by lower business promotion expenses.

The cost-to-income ratio (excluding divestment gains) was 34.7% in 1Q07, compared to 41.5% in 1Q06 and 37.9% in 4Q06.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1Q07	1Q06	+/(-) %	4Q06	+/(-) %
Specific allowances / (write-back) for loans					
Singapore	(12)	6	(301)	2	(628)
Malaysia	7	(#)	n.m.	4	65
Others	2	5	(59)	8	(74)
	(3)	11	(127)	15	(119)
Portfolio allowances / (write-back) for loans	–	–	–	–	–
Impairment charges / (write-back) for securities and other assets	3	(18)	118	(3)	199
Total allowances for loans and impairment of other assets	#	(7)	104	12	(97)

Notes:

n.m. Not meaningful

Amounts less than S\$0.5 million

The Group continued to achieve strong recoveries from non-performing assets. As a result, allowances for loans and other assets were negligible in 1Q07 compared with a net write-back of S\$7 million in 1Q06 and net allowances of S\$12 million in 4Q06.

A net write-back of S\$3 million in specific allowances for loans was recorded in 1Q07, compared with an allowance of S\$11 million in 1Q06. This was due to write-back of specific allowances in Singapore, mainly from strong recoveries and improved collateral values, which was partially offset by net allowances in Malaysia and other geographical markets.

An impairment charge for securities and other assets of S\$3 million was recorded in 1Q07 compared with write-backs following recoveries in loan-related securities and property assets in both 1Q06 and 4Q06.

LOANS AND ADVANCES

S\$ million	31 Mar 07	31 Dec 06	31 Mar 06
Loans to customers	62,526	60,390	55,947
Bills receivable	796	743	647
Gross loans to customers	63,321	61,132	56,594
Allowances:			
Specific allowances	(810)	(862)	(1,067)
Portfolio allowances	(962)	(961)	(966)
	61,550	59,309	54,561

Gross loans to customers increased 12% year-on-year to S\$63.3 billion. Growth was contributed by increased loans in the Group's key geographical markets of Singapore, Malaysia and Indonesia as well as overseas branches, mainly in corporate and SME loans. By industry, the increase in Group loans was mainly to the financial institutions, investment and holding companies, building and construction, manufacturing and general commerce sectors.

Compared with 31 December 2006, gross loans increased by 4%, mainly from the financial institutions, building and construction, and manufacturing sectors.

S\$ million	31 Mar 07	31 Dec 06	31 Mar 06
By Maturity			
Less than 7 days	7,238	6,371	7,016
1 week to 1 month	3,842	4,130	3,184
Over 1 to 3 months	4,906	4,332	4,360
Over 3 to 12 months	6,292	6,364	6,418
Over 1 to 3 years	11,063	10,881	6,021
Over 3 years	29,981	29,053	29,595
	63,321	61,132	56,594
By Industry			
Agriculture, mining & quarrying	1,069	986	767
Manufacturing	5,483	5,043	4,492
Building and construction	9,882	9,332	7,163
Housing loans	18,013	18,149	18,076
General commerce	5,764	5,812	5,084
Transport, storage and communications	2,567	2,537	2,211
Financial institutions, investment and holding companies	10,108	8,416	7,346
Professionals and individuals	7,130	7,330	7,983
Others	3,306	3,528	3,472
	63,321	61,132	56,594
By Currency			
Singapore Dollar	38,011	37,114	34,562
United States Dollar	8,477	7,990	8,141
Malaysian Ringgit	9,524	9,044	8,099
Indonesian Rupiah	2,279	2,323	1,908
Others	5,031	4,662	3,884
	63,321	61,132	56,594

NON-PERFORMING LOANS ^{1/}

S\$ million	Total	Substandard	Doubtful	Loss	Secured NPLs	Non-bank
					as % of total NPLs %	NPLs as % of non-bank loans ^{2/} %
Singapore						
31 Mar 07	869	332	297	240	62.2	2.1
31 Dec 06	951	382	336	233	60.6	2.4
31 Mar 06	1,387	732	336	319	67.1	3.6
Malaysia						
31 Mar 07	658	377	169	112	58.6	5.8
31 Dec 06	652	401	143	108	57.9	6.0
31 Mar 06	701	498	138	65	67.2	7.0
Others						
31 Mar 07	239	73	100	66	46.9	2.0
31 Dec 06	226	72	103	51	42.0	2.0
31 Mar 06	258	57	136	65	43.7	2.9
Group Total						
31 Mar 07	1,766	782	566	418	58.8	2.7
31 Dec 06	1,829	854	583	392	57.3	3.0
31 Mar 06	2,346	1,287	610	449	64.6	4.1

Notes:

^{1/} Comprises non-bank loans, debt securities and contingent facilities

^{2/} Excludes debt securities

The Group's asset quality remained strong. As at 31 March 2007, total NPLs were S\$1.77 billion, down 25% from 31 March 2006, and 3% lower compared to 31 December 2006. Singapore NPLs amounted to S\$0.87 billion, while Malaysia NPLs were S\$0.66 billion. These accounted for 49% and 37% of the Group's total NPLs respectively. Of the total NPLs, 44% were in the substandard category while 59% were secured by collateral.

The Group's NPL ratio was 2.7% in March 2007, an improvement over 4.1% in March 2006 and 3.0% in December 2006.

NON-PERFORMING LOANS (continued)

	31 Mar 07		31 Dec 06		31 Mar 06	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by industry						
Loans and advances						
Agriculture, mining & quarrying	14	1.3	14	1.4	31	4.0
Manufacturing	343	6.2	365	7.2	390	8.7
Building and construction	239	2.4	251	2.7	485	6.8
Housing loans	387	2.1	380	2.1	425	2.3
General commerce	281	4.9	304	5.2	372	7.3
Transport, storage and communication	21	0.8	20	0.8	15	0.7
Financial institutions, investment and holding companies	134	1.3	155	1.8	196	2.7
Professionals and individuals	244	3.4	253	3.4	296	3.7
Others	76	2.3	63	1.8	110	3.2
Sub-total	1,738	2.7	1,804	3.0	2,320	4.1
Debt securities	28		25		26	
	1,766		1,829		2,346	

	31 Mar 07		31 Dec 06		31 Mar 06	
	S\$ million	%	S\$ million	%	S\$ million	%
NPLs by period overdue						
Over 180 days	1,012	57	1,043	57	1,459	62
Over 90 to 180 days	218	12	215	12	257	11
30 to 90 days	173	10	164	9	192	8
Less than 30 days	38	2	76	4	68	3
Not overdue	325	18	331	18	370	16
	1,766	100	1,829	100	2,346	100

	31 Mar 07		31 Dec 06		31 Mar 06	
	Amount	Allowance	Amount	Allowance	Amount	Allowance
Restructured loans						
Substandard	208	45	216	40	267	50
Doubtful	144	118	120	125	139	144
Loss	30	32	33	33	28	17
	382	195	369	198	434	210

CUMULATIVE ALLOWANCES FOR LOANS ^{1/}

S\$ million	Total cumulative allowances	Specific allowances	Portfolio allowances	Specific allowances as % of total NPLs	Cumulative allowances as % of total NPLs
				%	%
Singapore					
31 Mar 07	959	353	606	40.6	110.4
31 Dec 06	1,025	397	628	41.8	107.8
31 Mar 06	1,231	545	686	39.3	88.8
Malaysia					
31 Mar 07	475	304	171	46.2	72.1
31 Dec 06	472	310	163	47.5	72.5
31 Mar 06	464	323	141	46.1	66.2
Others					
31 Mar 07	360	175	185	73.2	150.7
31 Dec 06	348	178	170	78.6	153.7
31 Mar 06	360	221	139	85.8	139.6
Group Total					
31 Mar 07	1,794	832	962	47.1	101.6
31 Dec 06	1,845	884	961	48.4	100.9
31 Mar 06	2,056	1,090	966	46.4	87.6

Note:

^{1/} Includes allowances for classified debt securities

As at 31 March 2007, the Group's total cumulative allowances for loans amounted to S\$1.79 billion, comprising S\$0.83 billion in cumulative specific allowances and S\$0.96 billion in cumulative portfolio allowances. Cumulative allowances were 101.6% of total NPLs at 31 March 2007, higher than the coverage of 87.6% at 31 March 2006 and 100.9% at 31 December 2006.

DEPOSITS

S\$ million	31 Mar 07	31 Dec 06	31 Mar 06
Deposits of non-bank customers	77,989	75,115	64,506
Deposits and balances of banks	11,459	11,869	10,448
	89,448	86,984	74,954
Loans-to-deposits ratio (net non-bank loans / non-bank deposits)	78.9%	79.0%	84.6%

As at 31 March 2007, total deposits were S\$89.4 billion, an increase of 19% year-on-year. Non-bank customer deposits increased by 21% to S\$78.0 billion, contributed mainly by higher fixed deposits. Deposits and balances of banks increased 10% to S\$11.5 billion. Compared with 31 December 2006, total deposits increased by 3% and customer deposits grew by 4%.

The Group's loans-to-deposits ratio was 78.9% at 31 March 2007, down from 84.6% in March 2006 and from 79.0% in December 2006.

S\$ million	31 Mar 07	31 Dec 06	31 Mar 06
Total Deposits By Maturity			
Less than 7 days	37,158	39,871	34,245
1 week to 1 month	23,620	19,777	17,827
Over 1 to 3 months	12,447	10,743	9,871
Over 3 to 12 months	12,166	12,460	9,341
Over 1 to 3 years	2,275	1,921	512
Over 3 years	1,783	2,212	3,158
	89,448	86,984	74,954
Non-Bank Deposits By Product			
Fixed deposits	51,803	50,197	41,079
Savings deposits	11,656	11,215	11,014
Current account	9,873	10,035	9,018
Others	4,657	3,668	3,395
	77,989	75,115	64,506

CAPITAL ADEQUACY RATIOS

S\$ million	31 Mar 07	31 Dec 06	31 Mar 06
Tier 1 Capital			
Paid-up ordinary and preference shares	5,481	5,481	5,739
Disclosed reserves / others	8,801	8,136	6,939
Goodwill / Others	(3,544)	(3,560)	(3,411)
	10,738	10,057	9,268
Tier 2 Capital			
Cumulative portfolio allowances	710	704	716
Subordinated term notes	3,208	3,112	3,885
Revaluation surplus on equity securities	227	205	194
	4,144	4,021	4,796
Tier 1 and Tier 2 Capital	14,882	14,078	14,064
Capital investments in insurance subsidiaries	(2,104)	(1,889)	(1,632)
Others	(121)	(85)	(413)
Eligible Total Capital	12,658	12,105	12,019
Risk weighted assets including market risk	81,878	76,514	70,545
Tier 1 ratio	13.1%	13.1%	13.1%
Total capital adequacy ratio	15.4%	15.8%	17.0%

As of 31 March 2007, the Group's total capital adequacy ratio ("CAR") was 15.4%, compared with 15.8% in December 2006 and 17.0% in March 2006. The year-on-year decline in total CAR was mainly due to the growth in risk weighted assets and the commencement of annual amortisation of the Bank's Tier 2 subordinated debt in September 2006. Tier 1 CAR was unchanged at 13.1%.

In 1Q07, the Bank bought back approximately 3.2 million of its ordinary shares for S\$27 million, as part of its third S\$500 million share buyback programme which commenced in June 2006. As at the date of this announcement, S\$252 million have been utilised for buybacks under the programme. Since February 2006, shares purchased under buyback programmes have been held as treasury shares. The Bank held approximately 49.3 million treasury shares as at 31 March 2007.

VALUATION SURPLUS

S\$ million	31 Mar 07	31 Dec 06	31 Mar 06
Properties ^{1/}	1,638	1,600	1,653
Equity securities ^{2/}	4,029	2,962	1,980
Total	5,668	4,562	3,633

Notes:

^{1/} Includes properties classified as investment properties and assets held for sale.

^{2/} Comprises investments in associates and quoted subsidiaries.

The Group's unrealised valuation surplus amounted to S\$5.67 billion as at 31 March 2007, an increase of 24% compared to 31 December 2006. The surplus for properties amounted to S\$1.64 billion. The surplus of S\$4.03 billion for equity securities was primarily from the Group's holding of GEH shares.

PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer and product segments: Consumer Banking, Business Banking, Treasury and Insurance.

Operating Profit by Business Segment

S\$ million	1Q07	1Q06	+/-) %	4Q06	+/-) %
Consumer Banking	154	114	35	144	7
Business Banking	226	181	25	193	17
Treasury	88	45	96	34	160
Insurance ^{1/}	152	104	46	180	(16)
Others ^{2/}	122	(12)	n.m.	69	77
Operating profit after allowances and amortisation of intangible assets	742	432	72	621	20

Notes:

^{1/} 4Q06 includes S\$29 million divestments gains (gross) attributable to GEH.

^{2/} 1Q07 and 4Q06 include divestment gains of S\$92 million and S\$54 million respectively.

n.m. Not meaningful

Consumer Banking

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

For 1Q07, operating profit of the consumer segment increased by 35% to S\$154 million. Total revenue increased by 20% on higher net interest income and fee income, while allowances for loans fell.

Compared with 4Q06, operating profit rose 7% with higher income partly offset by higher loans allowances.

Business Banking

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

Business Banking's operating profit increased by 25% to S\$226 million in 1Q07. Strong assets growth led to a significant increase in net interest income, which more than offset the increase in operating expenses and lower net write-back of loans allowances.

Against 4Q06, operating profit was up 17%, attributable to increase in revenue and a net write-back of loans allowances, compared to a net charge in 4Q06.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Treasury

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

Treasury's operating profit surged 96% from 1Q06 and 160% from 4Q06 to S\$88 million in 1Q07. The stronger performance was a result of higher contributions from money market activities and dealing in foreign exchange, which more than offset higher expenses.

Insurance

The Group's insurance business, including its fund management activities, is carried out by 87%-owned subsidiary Great Eastern Holdings ("GEH"), which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

Operating profit after allowances and amortisation of intangible assets from GEH increased by 46% to S\$152 million in 1Q07, driven by healthy business growth and investment results. Compared to 4Q06 which included S\$29 million gains from divestment of Raffles Holdings Limited, operating profit after allowances and amortisation of intangible assets registered a decline of 16%.

After minority interests and tax, GEH's contribution to Group net profit was S\$117 million in 1Q07, compared with S\$68 million in 1Q06 and S\$134 million in 4Q06.

Others

The "Others" segment comprises Bank NISP, corporate finance, capital markets, property holding, stock brokerage and investment holding, support units, other investments, items not attributed to business segments, and one-time divestment gains.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
1Q07						
Total income	278	310	114	192	212	1,106
Profit before tax and allowances	166	220	88	163	117	754
Amortisation of intangible assets (Allowances) / Write-back for loans and impairment of other assets	–	–	–	(12)	–	(12)
	(12)	6	–	–	6	(#)
Operating profit after allowances and amortisation of intangible assets	154	226	88	152	122	742
Other information:						
Capital expenditure	1	2	–	–	27	30
Depreciation	–	1	–	–	23	24
1Q06						
Total income	232	245	66	141	59	743
Profit / (loss) before tax and allowances	135	166	45	114	(25)	435
Amortisation of intangible assets (Allowances) / Write-back for loans and impairment of other assets	–	–	–	(10)	–	(10)
	(21)	15	–	–	13	7
Operating profit / (loss) after allowances and amortisation of intangible assets	114	181	45	104	(12)	432
Other information:						
Capital expenditure	2	1	–	–	28	31
Depreciation	1	1	–	–	22	24
4Q06						
Total income	272	298	55	209	152	986
Profit before tax and allowances	152	202	34	192	64	644
Amortisation of intangible assets (Allowances) / Write-back for loans and impairment of other assets	–	–	–	(12)	–	(12)
	(8)	(9)	–	–	5	(12)
Operating profit after allowances and amortisation of intangible assets	144	193	34	180	69	621
Other information:						
Capital expenditure	1	1	–	–	39	41
Depreciation	1	1	–	1	20	23

Note:

Amounts less than S\$0.5 million

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Consumer Banking	Business Banking	Treasury	Insurance	Others	Group
At 31 March 2007						
Segment assets	25,273	41,574	30,530	45,139	17,856	160,372
Unallocated assets						77
Elimination						(3,328)
Total assets						157,121
Segment liabilities	36,800	37,705	17,537	40,119	11,805	143,966
Unallocated liabilities						1,191
Elimination						(3,328)
Total liabilities						141,829
Other information:						
Gross non-bank loans	23,496	35,806	–	399	3,620	63,321
NPLs (include debt securities)	512	1,174	–	–	80	1,766
At 31 December 2006						
Segment assets	26,084	37,936	30,565	43,288	16,571	154,444
Unallocated assets						106
Elimination						(3,330)
Total assets						151,220
Segment liabilities	35,378	34,280	19,320	38,464	11,516	138,958
Unallocated liabilities						1,101
Elimination						(3,330)
Total liabilities						136,729
Other information:						
Gross non-bank loans	24,851	32,610	–	385	3,286	61,132
NPLs (include debt securities)	509	1,254	–	–	66	1,829
At 31 March 2006						
Segment assets	25,392	35,142	24,817	40,913	13,729	139,993
Unallocated assets						106
Elimination						(3,452)
Total assets						136,647
Segment liabilities	30,473	28,379	19,473	36,475	10,338	125,138
Unallocated liabilities						1,082
Elimination						(3,452)
Total liabilities						122,768
Other information:						
Gross non-bank loans	24,133	29,250	–	448	2,763	56,594
NPLs (include debt securities)	609	1,670	–	–	67	2,346

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1Q07		1Q06		4Q06	
	S\$ million	%	S\$ million	%	S\$ million	%
Total income						
Singapore ^{1/}	744	67	499	67	652	66
Malaysia	224	20	167	22	212	21
Other ASEAN	95	9	50	7	82	8
Asia Pacific	34	3	19	3	29	3
Rest of the World	9	1	8	1	10	1
	1,106	100	743	100	986	100
Profit before income tax						
Singapore ^{1/}	510	67	285	65	440	70
Malaysia	164	22	118	27	147	24
Other ASEAN	47	6	10	2	30	5
Asia Pacific	21	3	18	4	1	–
Rest of the World	16	2	4	1	7	1
	758	100	435	100	625	100

Note:

^{1/} Total income and profit before income tax for 1Q07 and 4Q06 include divestment gains of S\$92 million and S\$83 million respectively.

	31 Mar 07		31 Dec 06		31 Mar 06	
	S\$ million	%	S\$ million	%	S\$ million	%
Total assets						
Singapore	108,237	69	105,706	70	96,564	71
Malaysia	33,193	21	31,275	21	27,526	20
Other ASEAN	5,834	4	5,126	3	4,697	3
Asia Pacific	7,105	5	6,349	4	5,482	4
Rest of the World	2,752	2	2,764	2	2,378	2
	157,121	100	151,220	100	136,647	100

The geographical segment analysis is based on the location where the assets or transactions are booked.

For 1Q07, Singapore accounted for 67% of total income and profit before tax, while Malaysia accounted for 20% of total income and 22% of profit before tax. Excluding the divestment gain of S\$92 million, Singapore would have accounted for 64% of total income and 63% of profit before tax, while Malaysia would have accounted for 22% of total income and 25% of profit before tax.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1Q07	1Q06	+ / (-) %	4Q06	+ / (-) %
Interest income	1,264	980	29	1,242	2
Interest expense	(756)	(585)	29	(752)	1
Net interest income	508	395	29	491	4
Premium income	1,221	1,152	6	1,511	(19)
Investment income	760	473	61	708	7
Net claims, surrenders and annuities	(1,120)	(1,257)	(11)	(1,327)	(16)
Change in life assurance contract liabilities	(573)	(96)	495	(614)	(7)
Commission and others	(188)	(191)	(1)	(153)	24
Profit from life assurance	99	81	22	126	(21)
Premium income from general insurance	16	14	10	16	1
Fees and commissions (net)	178	140	27	161	11
Dividends	16	17	(6)	68	(76)
Rental income	17	19	(10)	19	(10)
Other income	273	76	259	106	156
Non-interest income	598	348	72	495	21
Total income	1,106	743	49	986	12
Staff costs	(200)	(170)	18	(193)	4
Other operating expenses	(152)	(138)	10	(149)	2
Total operating expenses	(352)	(308)	14	(342)	3
Operating profit before allowances and amortisation of intangible assets	754	435	73	644	17
Amortisation of intangible assets (Allowances) / Write-back for loans and impairment of other assets	(12)	(10)	12	(12)	-
	(#)	7	104	(12)	(97)
Operating profit after allowances and amortisation of intangible assets	742	432	72	621	20
Share of results of associates and joint ventures	16	4	321	5	249
Profit before income tax	758	435	74	625	21
Income tax expense ^{1/}	(76)	(88)	(13)	(88)	(13)
Profit for the period	682	347	96	537	27
Attributable to:					
Equity holders of the Bank	647	318	103	510	27
Minority interests	35	29	19	27	27
	682	347	96	537	27
Earnings per share (annualised – cents) ^{2/}					
Basic	85.3	41.4		63.2	
Diluted	84.7	41.2		62.9	
Earnings per share (for the period – cents) ^{2/}					
Basic	21.0	10.2		15.9	
Diluted	20.9	10.2		15.9	

Notes:

^{1/} 1Q07 tax expense includes a tax refund of S\$47 million following the finalisation of tax treatment for certain loan allowances previously made by Keppel Capital Holdings Group, which was acquired by OCBC Bank in 2001.

^{2/} The computation for earnings per share is based on weighted average number of ordinary shares (excluding treasury shares), and after deducting preference dividends (paid and estimated to be due as at the end of the financial period) from earnings (including divestment gains).

n.m. Not meaningful

Amounts less than S\$0.5 million

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP			BANK		
	31 Mar 07	31 Dec 06*	31 Mar 06	31 Mar 07	31 Dec 06*	31 Mar 06
EQUITY						
Attributable to the Bank's equity holders						
Share capital	5,481	5,481	5,739	5,481	5,481	5,739
Capital reserves	104	103	90	86	83	75
Statutory reserves	2,049	2,028	1,975	1,719	1,698	1,647
Fair value reserves	805	668	702	498	405	432
Revenue reserves	5,743	5,125	4,211	2,962	2,562	2,272
	14,182	13,404	12,717	10,746	10,229	10,165
Minority interests	1,110	1,087	1,163	–	–	–
Total equity	15,292	14,491	13,880	10,746	10,229	10,165
LIABILITIES						
Deposits of non-bank customers	77,989	75,115	64,506	60,919	59,363	50,498
Deposits and balances of banks	11,459	11,869	10,448	10,535	11,234	10,216
Due to subsidiaries	–	–	–	1,182	1,083	1,172
Due to associates	65	120	14	3	3	4
Trading portfolio liabilities	1,154	422	367	1,154	422	367
Derivative payables	1,978	2,114	2,608	1,919	2,051	2,545
Other liabilities	2,980	2,578	2,310	1,091	1,120	903
Current tax ^{1/}	641	599	619	332	287	303
Deferred tax ^{1/}	550	502	462	127	137	163
Debts issued ^{2/}	5,145	5,131	5,202	5,375	5,359	5,460
	101,961	98,449	86,537	82,637	81,059	71,631
Life assurance fund liabilities ^{1/}	39,868	38,280	36,231	–	–	–
Total liabilities	141,829	136,729	122,768	82,637	81,059	71,631
Total equity and liabilities	157,121	151,220	136,647	93,383	91,288	81,796
ASSETS						
Cash and placements with central banks ^{1/}	5,766	5,741	4,862	3,196	3,208	3,448
Singapore government treasury bills and securities	7,395	8,147	6,632	7,037	7,645	6,083
Other government treasury bills and securities	2,306	2,195	2,034	208	286	252
Placements with and loans to banks ^{1/}	17,617	17,750	12,522	16,158	16,410	11,243
Loans and bills receivable	61,550	59,309	54,561	48,108	46,479	43,015
Debt and equity securities	9,518	7,558	7,357	7,003	5,381	5,101
Assets pledged	2,712	1,897	2,288	856	524	1,124
Assets held for sale	1	7	60	#	1	–
Derivative receivables	2,087	2,414	2,934	2,028	2,354	2,869
Other assets	2,973	2,524	2,113	1,094	1,201	786
Deferred tax	42	48	57	2	2	–
Associates and joint ventures	290	309	219	97	97	97
Subsidiaries	–	–	–	5,020	5,122	5,193
Property, plant and equipment	747	731	713	296	299	312
Investment properties	602	644	667	414	414	406
Goodwill and intangible assets	3,502	3,521	3,375	1,867	1,867	1,867
	117,109	112,796	100,394	93,383	91,288	81,796
Life assurance fund investment assets ^{1/}	40,012	38,423	36,254	–	–	–
Total assets	157,121	151,220	136,647	93,383	91,288	81,796
Net Asset Value Per Ordinary Share (before valuation surplus – in S\$)	4.32	4.07	3.80	3.20	3.04	2.98
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	7,691	6,819	6,692	5,780	5,154	5,339
Commitments	41,903	37,179	34,252	34,502	31,370	27,803
Derivative financial instruments	277,844	242,467	274,477	260,729	227,403	262,898

^{1/} 31 Mar 06 comparatives have been restated to include in the respective lines, life assurance fund current tax liabilities, deferred tax liabilities and cash in hand and balance with banks. These were previously included in the life assurance fund liabilities and investment assets. In addition, certain liabilities of the life assurance fund have been reclassified from "life assurance fund investment assets" to "life assurance fund liabilities".

^{2/} Comprises S\$1,111 million (31 Dec 2006: S\$1,088 million; 31 Mar 2006: S\$345 million) repayable in one year or less and S\$4,034 million (31 Dec 2006: S\$4,043 million; 31 Mar 2006: S\$4,857 million) repayable after one year. Debts issued at the respective period ends are unsecured except for the period ended 31 Mar 06, which included collateralised notes of S\$53 million issued by Pioneer Funding Limited, a special purpose entity ("SPE") of the Group. These notes were secured by a first fixed charge over the designated assets of the SPE.

Amounts less than S\$0.5 million

* Audited

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 31 March 2007

S\$ million	Attributable to equity holders of the Bank					Total	Minority interests	Total equity
	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves			
Balance at 1 January 2007	5,481	103	2,028	668	5,125	13,404	1,087	14,491
Movements in fair value reserves:								
Gains taken to equity	–	–	–	228	–	228	8	236
Transferred to income statements	–	–	–	(97)	–	(97)	(7)	(104)
Tax on net movements	–	–	–	6	–	6	1	7
Currency translation	–	–	–	–	(5)	(5)	(2)	(7)
Net gain / (loss) recognised in equity	–	–	–	137	(5)	132	(#)	132
Profit for the period	–	–	–	–	647	647	35	682
Total recognised gains for the financial period	–	–	–	137	642	779	35	813
Transfers	–	1	21	–	(23)	–	–	–
Dividends paid to minority interests	–	–	–	–	–	–	(12)	(12)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – held in treasury	(27)	–	–	–	–	(27)	–	(27)
Shares purchased by DSP Trust	–	(9)	–	–	–	(9)	–	(9)
Shares vested under DSP scheme	–	5	–	–	–	5	–	5
Transfer of treasury shares pursuant to the Bank's employee share schemes	27	–	–	–	–	27	–	27
Balance at 31 March 2007	5,481	104	2,049	805	5,743	14,182	1,110	15,292
Included:								
Share of reserves of associates and joint ventures	–	3	–	#	30	33	#	33
Balance at 1 January 2006	1,561	4,292	1,959	618	3,907	12,338	1,149	13,487
Movements in fair value reserves:								
Gains taken to equity	–	–	–	119	–	119	11	130
Transferred to income statements	–	–	–	(12)	–	(12)	(3)	(15)
Tax on net movements	–	–	–	(23)	–	(23)	(2)	(25)
Currency translation	–	–	–	–	19	19	5	24
Net gain recognised in equity	–	–	–	84	19	103	11	114
Profit for the period	–	–	–	–	318	318	29	347
Total recognised gains for the financial period	–	–	–	84	337	421	40	461
Transfers	–	(25)	16	–	9	–	–	–
Acquisition of additional interests in subsidiaries	40	–	–	–	–	40	(14)	26
Dividends paid to minority interests	–	–	–	–	–	–	(12)	(12)
Effects of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–	–	–
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – cancelled	(3)	3	–	–	(43)	(43)	–	(43)
Share buyback – held in treasury	(63)	–	–	–	–	(63)	–	(63)
Shares issued pursuant to the Bank's employee share schemes	18	10	–	–	–	28	–	28
Shares purchased by DSP Trust	–	(7)	–	–	–	(7)	–	(7)
Balance at 31 March 2006	5,739	90	1,975	702	4,211	12,717	1,163	13,880
Included:								
Share of reserves of associates and joint ventures	–	1	–	–	47	48	(1)	48

Note:

Amounts less than S\$0.5 million

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the three months ended 31 March 2007

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total
Balance at 1 January 2007	5,481	83	1,698	405	2,562	10,229
Movements in fair value reserves:						
Gains taken to equity	–	–	–	124	–	124
Transferred to income statements	–	–	–	(35)	–	(35)
Tax on net movements	–	–	–	5	–	5
Currency translation	–	–	–	–	9	9
Net gain recognised in equity	–	–	–	93	9	102
Profit for the period	–	–	–	–	412	412
Total recognised gains for the financial period	–	–	–	93	420	514
Transfers	–	–	21	–	(21)	–
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – held in treasury	(27)	–	–	–	–	(27)
Transfer of treasury shares pursuant to the Bank's employee share schemes	27	–	–	–	–	27
Balance at 31 March 2007	5,481	86	1,719	498	2,962	10,746
Balance at 1 January 2006	1,561	4,245	1,631	396	2,033	9,867
Movements in fair value reserves:						
Gains taken to equity	–	–	–	49	–	49
Transferred to income statements	–	–	–	6	–	6
Tax on net movements	–	–	–	(19)	–	(19)
Currency translation	–	–	–	–	(14)	(14)
Net gain / (loss) recognised in equity	–	–	–	36	(14)	22
Profit for the period	–	–	–	–	311	311
Total recognised gains for the financial period	–	–	–	36	297	332
Transfers	–	–	16	–	(16)	–
Acquisition of additional interests in a subsidiary	40	–	–	–	–	40
Effect of Companies (Amendment) Act 2005	4,185	(4,185)	–	–	–	–
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – cancelled	(3)	3	–	–	(43)	(43)
Share buyback – held in treasury	(63)	–	–	–	–	(63)
Shares issued pursuant to the Bank's employee share schemes	18	10	–	–	–	28
Balance at 31 March 2006	5,739	75	1,647	432	2,272	10,165

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the three months ended 31 March 2007

S\$ million	2007	2006
Cash flows from operating activities		
Profit before income tax	758	435
Adjustments for non-cash items		
Amortisation of intangible assets	12	10
Allowances / (Write-back) for loans and impairment of other assets	#	(7)
Change in fair value of hedging transactions and trading securities	#	13
Depreciation of property, plant and equipment and investment properties	24	24
Net gain from disposal of government, debt and equity securities	(104)	(17)
Net gain from disposal of property, plant and equipment and investment properties	(95)	(2)
Share-based staff costs	3	3
Share of results of associates and joint ventures	(16)	(4)
Items relating to life assurance fund		
Excess of income over expenses before income tax	146	124
Surplus transferred from life assurance fund but not yet withdrawn	(99)	(81)
Operating profit before change in operating assets and liabilities	629	500
Change in operating assets and liabilities		
Deposits of non-bank customers	2,819	411
Deposits and balances of banks	(410)	141
Derivative payables and other liabilities	253	924
Trading portfolio liabilities	732	(88)
Government securities and treasury bills	1	(408)
Trading securities	(459)	(102)
Placements with and loans to banks	55	(525)
Loans and bills receivable	(2,235)	561
Derivative receivables and other assets	(92)	(778)
Net change in investment assets and liabilities of life assurance fund	(11)	(17)
Cash from operating activities	1,282	619
Income tax paid	(10)	(81)
Net cash from operating activities	1,271	538
Cash flows from investing activities		
Dividends from associates	27	#
Decrease / (Increase) in associates and joint ventures	9	(29)
Purchases of debt and equity securities	(2,467)	(386)
Purchases of property, plant and equipment and investment properties	(30)	(31)
Proceeds from disposal of debt and equity securities	1,176	807
Proceeds from disposal of property, plant and equipment and investment properties	16	10
Net cash from investing activities	(1,269)	372
Cash flows from financing activities		
Dividends paid to minority interests	(12)	(12)
Increase / (Decrease) in debts issued	32	(142)
Proceeds from exercise of options and rights under the Bank's employee share schemes	27	28
Share buyback	(27)	(106)
Net cash from financing activities	20	(232)
Net currency translation adjustments	2	1
Net change in cash and cash equivalents	25	680
Cash and cash equivalents at beginning of the financial period	5,741	4,182
Cash and cash equivalents at end of the financial period	5,766	4,862

Note:

Amounts less than S\$0.5 million

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

Number of Shares	Quarter ended 31 March	
	2007	2006
Issued ordinary shares		
Balance as at beginning of period	3,126,459,912	3,114,337,745
Exercise of options by officers pursuant to the Bank's Share Option Schemes	–	5,115,566
Exercise of acquisition rights pursuant to the Bank's Employee Share Purchase Plan	–	553,713
Acquisition of additional interests in a subsidiary	–	6,019,968
Share buyback - cancelled	–	(7,007,747)
Balance as at end of period	3,126,459,912	3,119,019,245
Treasury shares		
Balance as at beginning of period	(51,668,796)	–
Share buyback	(3,230,987)	(9,311,481)
Exercise of options by officers pursuant to Share Option Schemes	5,578,976	–
Balance as at end of period	(49,320,807)	(9,311,481)
Total	3,077,139,105	3,109,707,764

Note:

^{1/} Number of shares comprised Chairman's & CEO's participation of 14,257 shares each in the Bank's Employee Share Purchase Plan.

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 20 April 2006, the Bank purchased a total of 3,230,987 ordinary shares in the first quarter ended 31 March 2007. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$7.45 to S\$9.00 per share and the total consideration paid was S\$27,107,217 (including transaction costs).

From 1 January 2007 to 31 March 2007 (both dates inclusive), the Bank delivered 5,578,976 shares by way of transfer of treasury shares, upon the exercise of options by officers of the Group pursuant to the OCBC Share Option Schemes 1994 and 2001. As at 31 March 2007, there were 48,765,159 ordinary shares (31 March 2006: 60,633,915) that may be issued on the exercise of options.

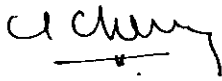
As at 31 March 2007, the number of unissued ordinary shares outstanding under the OCBC Employee Share Purchase Plan (Second Offering) was 7,447,626 (31 March 2006: 3,472,318), including 11,162 (31 March 2006: 28,514^{1/}) ordinary shares from the participation by the Chief Executive Officer of the Bank.

No new preference shares were allotted and issued by the Bank in the first quarter ended 31 March 2007.

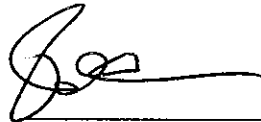
CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(4) OF THE SGX-ST LISTING MANUAL

We, Cheong Choong Kong and David Philbrick Conner, being directors of Oversea-Chinese Banking Corporation Limited ("the Bank"), do hereby confirm on behalf of the Board of Directors of the Bank, that to the best of our knowledge, nothing has come to our attention which may render the unaudited financial results of the Bank and of the Group for the quarter ended 31 March 2007 to be false or misleading.

On behalf of the Board of Directors



Cheong Choong Kong
Chairman



David Philbrick Conner
Chief Executive Officer / Director

9 May 2007