Media Release

OCBC Group's Full Year 2008 Net Profit Fell 16% to S$1,749 million

Core Net Profit Fell 21% to S$1,486 million due to lower insurance, investment and trading income, and increased allowances

Singapore, 18 February 2009 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") today reported a 16% decline in net profit to S$1,749 million for the financial year ended 31 December 2008 ("FY08"). Core net profit, which excludes divestment gains and tax refunds from both periods, fell by 21% to S$1,486 million.

The severe market conditions and depressed economic environment during the year, especially in the second half, adversely impacted the Group's insurance, investment and trading income, and also resulted in significantly higher allowances for loans and other assets. These factors offset a robust performance in net interest income driven by loan growth and improved interest margins. The overall contribution from insurance subsidiary Great Eastern Holdings ("GEH") to the Group's core net profit fell from S$449 million to S$160 million. Excluding GEH, the Group's core earnings declined by 7%.

Return on equity, based on core earnings, was 9.9% in FY08, down from 13.4% in FY07. Core earnings per share fell 23% to 46.1 cents. Core earnings in FY08 excluded S$174 million gains from the sale of the Group's remaining stakes in The Straits Trading Company and Robinson & Company Limited, as well as tax refunds and tax write-backs amounting to S$89 million. In FY07, divestment gains amounted to S$90 million and tax refunds were S$103 million.

For the fourth quarter of 2008 ("4Q08"), reported net profit fell 30% year-on-year to S$301 million. Excluding S$51 million in tax refunds and write-backs, core net profit was S$250 million for the quarter, down 41% from a year ago and 37% lower compared to 3Q08. Declines in non-interest income and increased allowances offset a strong quarter-on-quarter increase in net interest income.

A final tax-exempt dividend of 14 cents per share has been proposed for the financial year ended 31 December 2008, bringing the full year dividend to 28 cents per share, unchanged from FY07 and representing a payout of 58% of core earnings.

Revenue

Net interest income grew 24% to S$2,783 million in FY08, underpinned by growth in interest-earning assets and improved interest margins. Gross loans increased by 12% to S$81.3 billion, contributed mainly by growth in business loans in Singapore and overseas markets. Net interest margin widened from 2.10% to 2.27%, an eight-year high, as a result of higher loan spreads and lower funding costs, partially driven by strong growth in low cost deposits.

Net interest income in 4Q08 rose 28% year-on-year and 15% from the previous quarter to S$783 million. Net interest margin for the quarter improved significantly to 2.47%, from 2.14% in 4Q07 and 2.18% in 3Q08, driven by improved loan spreads, lower funding costs, and strong results from money market activities.

Non-interest income (excluding divestment gains) declined 25% to S$1,458 million in FY08. Challenging market conditions throughout the year resulted in lower life assurance profits, reduced gains from the sale of investment securities, and trading losses in securities and derivatives. Profit from life assurance fell 41% to S$300 million, as the weak and volatile equity and bond markets impacted GEH's insurance results, in particular for its non-participating fund. Gains from the sale of investment securities dropped to S$18 million, from S$202 million in the previous year. Losses from derivatives and securities dealing widened to S$108 million from S$12 million previously.

Fee and commission income, which accounts for about half of total non-interest income, held up reasonably well, decreasing by a modest 4% to S$774 million. Declines in stockbroking, wealth management and fund management income were mitigated by growth in other fee-based activities, in particular, loan-related and trade-related income.

Non-interest income fell in 4Q08, when global markets and confidence were at their most depressed levels for the year. Declines in fee income and life assurance profit, coupled with net losses from foreign exchange, securities and derivatives trading and investment securities, resulted in non-interest income falling by 44%, both year-on-year and from the previous quarter, to S$259 million.

Operating Expenses

Operating expenses for the year increased by 10% to S$1,854 million. Approximately 42% of the increase was due to the Group's overseas expansion, particularly in China, and the first-time consolidation of expenses from PacificMas Berhad ("PacMas") which became a subsidiary in April 2008. Business-as-usual expenses rose by 7%, largely from higher base salaries, an increase in headcount, and higher depreciation, rental and business promotion expenses. Compared with 4Q07 and 3Q08, operating expenses in 4Q08 were lower by 4% and 6% respectively.

With Group revenue largely flat for the year, the cost-to-income ratio increased to 43.7% in FY08, from 40.1% in FY07.

Allowances and Asset Quality

Deterioration in credit markets and economic conditions resulted in a substantial increase in net allowances for loans and other assets to S$447 million, from S$36 million in the previous year. The amount comprised S$165 million specific allowances for loans, S$20 million portfolio allowances for loans, S$87 million allowances for CDOs, and S$175 million allowances for other assets, primarily debt securities.

For 4Q08, net allowances amounted to S$243 million, up from S$156 million in the previous quarter and S$13 million a year ago. Specific allowances of S$159 million were set aside for loans, S$15 million for corporate CDOs and S$58 million for other assets, while portfolio allowances for loans amounted to S$11 million.

The Group's non-performing loans ("NPL") and NPL ratio fell steadily during the first nine months of the year but rose during the last quarter. At year-end, non-performing loans were S$1,348 million, slightly lower than a year ago, while the NPL ratio improved from 1.7% to 1.5%. The allowance coverage ratio remains healthy, with cumulative allowances representing 125% of NPLs, up from 116% at the end of 2007.

Capital and Funding

OCBC continues to maintain a strong capital position and a solid deposit funding base. The Group's Tier 1 capital was S$14.3 billion as at 31 December 2008. Its Tier 1 ratio of 14.9% was well above the regulatory minimum of 6%, while the total capital adequacy ratio was 15.1% as compared to the regulatory requirement of 10%.

The Group's loans are well funded by a stable and growing deposit base. Customer deposits grew 6% to S$94 billion as at 31 December 2008, led by savings and current account deposits which increased by more than 20%. The loans-to-deposits ratio is at a comfortable 85%, and the Group remains a net lender in the Singapore interbank market.

Subsidiaries' Results

GEH reported a 50% decline in net profit for the year to S$272 million, as its life assurance profits and shareholders' fund investments were affected by mark-to-market losses, weak investment profits, and higher impairment provisions. GEH's contribution to the Group's core earnings, after deducting amortisation of intangible assets, non-core gains, tax write-backs and minority interests, was S$160 million, down sharply from S$449 million in FY07. Excluding GEH, the Group's core net profit showed a decline of 7% to S$1,326 million.

The Group's Malaysia and Indonesia banking subsidiaries performed well. OCBC Bank (Malaysia) Berhad grew its net profit by 20% to RM617 million (S$256 million), underpinned by higher net interest income, Islamic Banking income and non-interest income. Bank OCBC NISP achieved a 27% increase in net profit to IDR 317 billion (S$40 million), driven by growth in net interest and non-interest income and a moderation in expense growth.

Dividends

The Board has recommended a final dividend of 14 cents per share for ordinary shareholders, bringing the total distribution for 2008 to 28 cents, unchanged from 2007. The Board's decision takes into account the Group's strong capital position and anticipated capital needs, and its stated objective of maintaining, as far as possible, a steady dividend quantum to provide greater predictability to investors. The 2008 payout represents 58% of core net profit, above the Group's stated target minimum of 45%.

The Bank proposes to reactivate its Scrip Dividend Scheme, which was approved by shareholders in 1996, to give shareholders the option of receiving the FY08 final dividend in the form of shares instead of cash. This is subject to certain alterations being made to the scheme so that it conforms to the current SGX scrip dividend rules. For shareholders who elect to receive the final dividend in scrip, the issue price for the new shares to be alloted is proposed to be set at a 10% discount to the reference share price (the average closing price of OCBC shares from the ex-dividend date to the books closure date). The reason for offering the scrip option is to provide shareholders with a convenient way to re-invest their dividends in OCBC shares with minimal transaction costs.

CEO's Comments

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

"Our results for the year, particularly in the last quarter, were impacted by the global financial crisis and economic downturn. The current recession is expected to continue throughout 2009. While our strategic direction remains unchanged, we intend to manage our expenses more tightly and maintain our high alert for risk management given the uncertain outlook. With our strong liquidity and capital position, we are well placed to deal with the challenges ahead and to provide continued support to our valued customers."

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S$181 billion and a network of more than 480 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 370 branches and offices in Indonesia operated by OCBC Bank's subsidiary, Bank OCBC 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 Global Investors is one of the largest asset management companies in Southeast Asia. Additional information may be found at www.ocbc.com.

For more information, please contact:

Koh Ching Ching
Head Group Corporate Communications
Tel: (65) 6530 4890
Fax: (65) 6535 7477

Kelvin Quek
Head Investor Relations
Tel: (65) 6530 4205
Fax: (65) 6532 6001

To Our Shareholders

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

Audited Financial Results for the Financial Year Ended 31 December 2008

For the financial year ended 31 December 2008, Group net profit was S$1,749 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

A final tax-exempt dividend of 14 cents per share has been recommended for the financial year 2008. Including the interim net dividend of 14 cents per share paid in September 2008, total dividends for financial year 2008 would amount to 28 cents per share, unchanged from the 28 cents paid for financial year 2007.

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

Scrip Dividend Scheme

The Bank proposes to reactivate its Scrip Dividend Scheme (the "Scheme") to give shareholders the option of receiving the FY08 final dividend in the form of shares instead of cash. The FY08 final dividend will be proposed at the forthcoming Annual General Meeting of the Bank to be convened on 17 April 2009.

The Bank is proposing certain alterations to the Scheme to update the Scheme in line with the current SGX scrip dividend rules. Subject to the alterations being made, the issue price for the new shares to be allotted to shareholders who have elected to receive scrip for the FY08 final dividend is proposed to be set at a 10% discount of the average of the last dealt prices of the shares during the price determination period (being the period commencing on the date on which the shares are first traded on an ex-basis and ending on the books closure date to determine entitlements to the FY08 final dividend).

Preference Dividends

On 22 December 2008, 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% per annum; Class E Preference Shares at 4.5% per annum (2007: 4.5% tax-exempt) and Class G Preference Shares at 4.2% per annum (2007: 4.2% net of Malaysia income tax). Total amount of dividends paid for the Class B, Class E and Class G Preference Shares were S$20.1 million, S$11.3 million and S$8.3 million respectively.

Peter Yeoh
Secretary

Singapore, 18 February 2009

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

Oversea-Chinese Banking Corporation Limited

Financial Year 2008 Group Financial Report

Incorporated in Singapore
Company Registration Number: 193200032W

CONTENTS

FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards as required by the 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 accounting policies and methods of computation for the current financial period are consistent with those applied in the previous financial period.

On 30 October 2008, the Accounting Standards Council issued amendments to FRS 39 *Financial Instruments: Recognition and Measurement* and FRS 107 *Financial Instruments: Disclosures*. These amendments permit the reclassification of certain financial instruments out of the "fair value through profit and loss" and "available for sale" categories under prescribed circumstances. For the financial year 2008, there were no changes to the recognition and measurement policies applied in the preparation of the Group's financial statements.

Financial Results

Group net profit for the financial year ended 31 December 2008 ("FY08") was S$1,749 million, a decline of 16% from FY07. Core earnings, which exclude divestment gains and tax refunds from both periods, fell by 21% to S$1,486 million.

The severe market conditions and depressed economic environment resulted in declines in the Group's insurance, investment and trading incomes and a significant increase in allowances for loans and other assets, which offset the robust growth in net interest income. Non-interest income (excluding divestment gains) declined by 25% to S$1,458 million, while net allowances increased from S$36 million to S$447 million. Net interest income grew 24% to S$2,783 million, led by loan growth and improved interest margins. Operating expenses increased by 10% to S$1,854 million.

Return on equity, based on core earnings, fell from 13.4% to 9.9%. Core earnings per share declined by 23% to 46.1 cents. Core earnings in FY08 excluded S$174 million gains from the sale of the Group's remaining equity stakes in The Straits Trading Company and Robinson & Company Limited, as well as tax refunds and tax write-backs of S$89 million. In FY07, divestment gains amounted to S$90 million and tax refunds were S$103 million.

A final tax-exempt dividend of 14 cents per share has been proposed for the financial year ended 31 December 2008, bringing the full year dividend to 28 cents per share, unchanged from FY07 and representing a payout of 58% of core earnings. The Bank's Scrip Dividend Scheme will be reactivated, subject to alterations being made to the scheme to conform to the current SGX scrip dividend rules, to allow shareholders the option of receiving the final dividend in the form of shares instead of cash.

FINANCIAL SUMMARY *(continued)*

S$ million	FY08	FY07	+/(-) %	4Q08	4Q07	+/(-) %	3Q08	+/(-) %
Selected Income Statement Items								
Net interest income	**2,783**	2,244	24	**783**	613	28	684	15
Non-interest income	**1,458**	1,944	(25)	**259**	464	(44)	462	(44)
Total core income	**4,241**	4,188	1	**1,042**	1,077	(3)	1,146	(9)
Operating expenses	**(1,854)**	(1,680)	10	**(463)**	(484)	(4)	(492)	(6)
Operating profit before allowances and amortisation	**2,387**	2,508	(5)	**579**	593	(2)	654	(11)
Amortisation of intangible assets	**(47)**	(47)	–	**(12)**	(12)	1	(12)	–
Allowances for loans and impairment of other assets	**(447)**	(36)	n.m.	**(243)**	(13)	n.m.	(156)	56
Operating profit after allowances and amortisation	**1,893**	2,425	(22)	**324**	568	(43)	486	(33)
Share of results of associates and joint ventures	**6**	21	(74)	**(3)**	(1)	190	5	(177)
Profit before income tax	**1,899**	2,446	(22)	**321**	567	(43)	491	(35)
Core net profit attributable to shareholders	**1,486**	1,878	(21)	**250**	425	(41)	396	(37)
Divestment gains (net of tax)	**174**	90	94	**–**	–	–	–	–
Tax refund / write-back	**89**	103	(14)	**51**	3	n.m.	6	742
Reported net profit attributable to shareholders	**1,749**	2,071	(16)	**301**	428	(30)	402	(25)
Cash basis net profit attributable to shareholders [1/]	**1,796**	2,117	(15)	**313**	440	(29)	414	(24)
Selected Balance Sheet Items								
Ordinary equity	**13,978**	14,782	(5)	**13,978**	14,782	(5)	13,871	1
Total equity *(excluding minority interests)*	**15,874**	15,678	1	**15,874**	15,678	1	15,767	1
Total assets	**181,385**	174,607	4	**181,385**	174,607	4	183,596	(1)
Assets excluding life assurance fund investment assets	**142,508**	133,471	7	**142,508**	133,471	7	143,949	(1)
Loans and bills receivable *(net of allowances)*	**79,808**	71,316	12	**79,808**	71,316	12	79,925	–
Deposits of non-bank customers	**94,078**	88,788	6	**94,078**	88,788	6	94,678	(1)

Notes:
1. Excludes amortisation of intangible assets.
2. Certain figures for prior periods are adjusted to add up to the relevant totals.
3. "n.m." denotes not meaningful.

FINANCIAL SUMMARY *(continued)*

	FY08	FY07	4Q08	4Q07	3Q08
Key Financial Ratios					
- based on core earnings					
Performance ratios (% p.a.)					
Return on equity [1/]					
GAAP basis	**9.9**	13.4	**6.7**	11.2	11.3
Cash basis	**10.3**	13.7	**7.0**	11.5	11.7
Return on assets [2/]					
GAAP basis	**1.05**	1.51	**0.68**	1.27	1.10
Cash basis	**1.08**	1.55	**0.71**	1.30	1.13
Revenue mix / efficiency ratios (%)					
Net interest margin (annualised)	**2.27**	2.10	**2.47**	2.14	2.18
Net interest income to total income	**65.6**	53.6	**75.1**	57.0	59.7
Non-interest income to total income	**34.4**	46.4	**24.9**	43.0	40.3
Cost to income	**43.7**	40.1	**44.5**	45.0	43.0
Loans to deposits	**84.8**	80.3	**84.8**	80.3	84.4
NPL ratio	**1.5**	1.7	**1.5**	1.7	1.3
Earnings per share (annualised - cents)					
Basic earnings	**46.1**	59.7	**30.1**	53.3	48.8
Basic earnings (cash basis)	**47.6**	61.2	**31.5**	54.8	50.3
Diluted earnings	**45.9**	59.3	**30.0**	53.1	48.7
Net asset value (S$)					
Before valuation surplus	**4.51**	4.79	**4.51**	4.79	4.47
After valuation surplus	**5.18**	6.46	**5.18**	6.46	5.79
Capital adequacy ratios (%) [4/]					
Tier 1	**14.9**	11.5	**14.9**	11.5	14.4
Total	**15.1**	12.4	**15.1**	12.4	14.7

Notes:
1. Preference equity and minority interests are not included in the computation for return on equity.
2. The computation for return on assets does not include life assurance fund investment assets.
3. In computing return on equity and earnings per share, preference dividends paid and estimated to be due as at the end of the financial period are deducted from core earnings.
4. The capital adequacy ratios for FY08, 4Q08 and 3Q08 are computed in accordance with Basel II rules while the ratios for FY07 and 4Q07 are computed based on Basel I rules.

NET INTEREST INCOME

Average Balance Sheet

S$ million	FY08 Average Balance	FY08 Interest	FY08 Average Rate [4]	FY07 Average Balance	FY07 Interest	FY07 Average Rate [4]
			%			%
Interest earning assets						
Loans and advances to non-bank customers	**76,610**	**3,651**	**4.77**	63,811	3,535	5.54
Placements with and loans to banks	**23,762**	**780**	**3.28**	22,441	863	3.84
Other interest earning assets [1]	**22,422**	**836**	**3.73**	20,643	867	4.20
Total	**122,794**	**5,267**	**4.29**	106,895	5,265	4.93
Interest bearing liabilities						
Deposits of non-bank customers	**93,554**	**1,815**	**1.94**	82,080	2,175	2.65
Deposits and balances of banks	**13,951**	**430**	**3.08**	12,831	569	4.44
Other borrowings [2]	**6,420**	**239**	**3.72**	5,543	277	5.00
Total	**113,925**	**2,484**	**2.18**	100,454	3,021	3.01
Net interest income / margin [3]		**2,783**	**2.27**		2,244	2.10

S$ million	4Q08 Average Balance	4Q08 Interest	4Q08 Average Rate [4]	4Q07 Average Balance	4Q07 Interest	4Q07 Average Rate [4]	3Q08 Average Balance	3Q08 Interest	3Q08 Average Rate [4]
			%			%			%
Interest earning assets									
Loans and advances to non-bank customers	**80,271**	**949**	**4.70**	67,889	923	5.39	78,232	912	4.64
Placements with and loans to banks	**23,433**	**186**	**3.15**	23,053	211	3.64	23,978	198	3.28
Other interest earning assets [1]	**22,470**	**209**	**3.70**	22,788	244	4.24	22,732	196	3.43
Total	**126,174**	**1,344**	**4.24**	113,730	1,378	4.81	124,942	1,306	4.16
Interest bearing liabilities									
Deposits of non-bank customers	**96,509**	**433**	**1.78**	87,560	552	2.50	93,493	447	1.90
Deposits and balances of banks	**11,211**	**66**	**2.33**	14,200	145	4.06	14,967	114	3.02
Other borrowings [2]	**7,468**	**62**	**3.33**	5,452	68	4.87	6,868	61	3.54
Total	**115,188**	**561**	**1.94**	107,212	765	2.83	115,328	622	2.15
Net interest income / margin [3]		**783**	**2.47**		613	2.14		684	2.18

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

NET INTEREST INCOME *(continued)*

Net interest income grew 24% year-on-year to S$2,783 million in FY08, underpinned by growth in interest-earning assets and improved margins. Average balances of non-bank customer loans grew by 20%, contributed mainly by growth in business loans in Singapore as well as overseas markets. Net interest margin improved by 17 basis points from 2.10% to 2.27% as a result of higher loan spreads and lower funding costs, partially driven by strong growth in low cost deposits.

Net interest income in 4Q08 rose 28% year-on-year and 15% from the previous quarter to S$783 million. Net interest margin for the quarter improved significantly to 2.47%, from 2.14% in 4Q07 and 2.18% in 3Q08, driven by improved loan spreads, lower funding costs, and strong results from money market activities.

Volume and Rate Analysis

	FY08 vs FY07			4Q08 vs 4Q07			4Q08 vs 3Q08		
Increase / (decrease) due to change in: S$ million	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**	**Volume**	**Rate**	**Net change**
Interest income									
Loans and advances to non-bank customers	711	(605)	106	168	(142)	26	24	13	37
Placements with and loans to banks	51	(137)	(86)	4	(29)	(25)	(5)	(8)	(13)
Other interest earning assets	75	(108)	(33)	(3)	(31)	(34)	(2)	15	13
Total	837	(850)	(13)	169	(202)	(33)	17	20	37
Interest expense									
Deposits of non-bank customers	305	(671)	(366)	56	(176)	(120)	14	(29)	(15)
Deposits and balances of banks	50	(191)	(141)	(31)	(49)	(80)	(29)	(20)	(49)
Other borrowings	43	(82)	(39)	26	(29)	(3)	6	(4)	2
Total	398	(944)	(546)	51	(254)	(203)	(9)	(53)	(62)
Impact on net interest income	439	94	533	118	52	170	26	73	99
Due to change in number of days			6			–			–
Net interest income			539			170			99

NON-INTEREST INCOME

S$ million	FY08	FY07	+/(-)	4Q08	4Q07	+/(-)	3Q08	+/(-)
			%			%		%
Fees and commissions								
Brokerage	**74**	136	(46)	**16**	30	(48)	15	6
Wealth management	**132**	163	(19)	**17**	46	(62)	35	(51)
Fund management	**79**	86	(9)	**16**	20	(16)	20	(19)
Credit card	**55**	56	(3)	**12**	16	(21)	14	(11)
Loan-related	**153**	124	23	**38**	33	17	43	(12)
Trade-related and remittances	**129**	115	12	**30**	31	(2)	34	(12)
Guarantees	**27**	23	19	**6**	5	16	8	(23)
Investment banking	**51**	41	23	**3**	7	(54)	13	(75)
Service charges	**50**	44	15	**15**	10	44	11	40
Others	**24**	20	30	**6**	4	5	6	(18)
Sub-total	**774**	808	(4)	**159**	202	(21)	199	(20)
Dividends	**72**	56	29	**8**	9	(12)	18	(57)
Rental income	**68**	62	10	**19**	14	30	18	5
Profit from life assurance	**300**	509	(41)	**115**	180	(36)	145	(20)
Premium income from general insurance	**109**	65	67	**30**	17	75	32	(4)
Other income								
Net dealing income:								
Foreign exchange	**151**	186	(19)	**(17)**	45	(137)	52	(133)
Derivatives and securities	**(108)**	(12)	(777)	**(47)**	(47)	(1)	7	(774)
Net gain/(loss) from investment securities	**18**	202	(91)	**(24)**	27	(189)	(26)	(8)
Net gain/(loss) from disposal of properties	**8**	5	61	**#**	1	(49)	2	(88)
Others	**66**	63	6	**16**	16	4	15	–
Sub-total	**135**	444	(70)	**(72)**	42	(277)	50	(244)
Total core non-interest income	**1,458**	1,944	(25)	**259**	464	(44)	462	(44)
Divestment gains	**186**	93	101	**–**	–	–	–	–
Total non-interest income	**1,644**	2,037	(19)	**259**	464	(44)	462	(44)
Fees and commissions / Total income [1/]	**18.2%**	19.3%		**15.3%**	18.8%		17.4%	
Non-interest income / Total income [1/]	**34.4%**	46.4%		**24.9%**	43.0%		40.3%	

Notes:
1. Pre-tax divestment gains are not included.
2. "#" represents amounts less than S$0.5 million

Non-interest income (excluding divestment gains) declined 25% to S$1,458 million in FY08. Challenging market conditions throughout the year resulted in lower life assurance profits and reduced gains from the sale of investment securities, as well as trading losses in securities and derivatives. Profit from life assurance fell 41% to S$300 million, as the weak and volatile equity and bond markets impacted subsidiary Great Eastern Holdings' ("GEH") insurance profits, in particular for its non-participating fund. Gains from the sale of investment securities dropped to S$18 million, from S$202 million in the previous year. Losses from derivatives and securities dealing widened to S$108 million from S$12 million previously. Fee and commission income, which accounts for about half of total non-interest income, held up reasonably well, decreasing by a modest 4% to S$774 million. Declines in stockbroking, wealth management and fund management income were mitigated by growth in other fee-based activities.

For 4Q08, non-interest income fell 44%, both year-on-year and from the previous quarter, to S$259 million due to declines in fee income and life assurance income, and net losses from foreign exchange, securities and derivatives trading and the sale of investment securities.

OPERATING EXPENSES

S$ million	FY08	FY07	+/(-) %	4Q08	4Q07	+/(-) %	3Q08	+/(-) %
Staff costs								
Salaries and other costs	**953**	868	10	**229**	244	(6)	249	(8)
Share-based expenses	**13**	10	33	**4**	2	74	4	(6)
Contribution to defined contribution plans	**79**	68	16	**19**	21	(12)	21	(10)
	1,045	946	11	**252**	267	(6)	274	(8)
Property and equipment								
Depreciation	**116**	104	11	**33**	25	30	28	16
Maintenance and hire of property, plant & equipment	**68**	66	4	**17**	17	1	17	2
Rental expenses	**43**	30	40	**13**	9	41	11	15
Others	**113**	101	12	**31**	23	40	30	5
	340	301	13	**94**	74	27	86	9
Other operating expenses	**469**	433	8	**117**	143	(18)	132	(11)
Total operating expenses	**1,854**	1,680	10	**463**	484	(4)	492	(6)
Group staff strength								
Period end	**19,876**	18,676	6	**19,876**	18,676	6	19,891	–
Average	**19,541**	17,431	12	**19,946**	18,539	8	19,780	1
Cost to income ratio [1/]	**43.7%**	40.1%		**44.5%**	45.0%		43.0%	

Note:
1. Excludes divestment gains.

Operating expenses increased by 10% to S$1,854 million in FY08. Approximately 42% of the increase was due to the Group's overseas expansion, particularly in China, and the first-time consolidation of expenses from PacificMas Berhad ("PacMas") which became a subsidiary in April 2008. Excluding these factors, the Group's business-as-usual expenses rose by 7%.

Staff costs rose by 11% to S$1,045 million in FY08, mainly due to higher base salaries and an increase of 12% in average headcount. Property and equipment expenses increased 13% to S$340 million, with increases mainly in rental expenses, property tax, as well as higher depreciation and maintenance costs for computer software and equipment which were partly driven by infrastructural investments made in tandem with the Group's regional expansion. Other operating expenses increased by 8% to S$469 million due to higher business promotion and other miscellaneous expenses.

Compared with 4Q07 and 3Q08, operating expenses in 4Q08 were lower by 4% and 6% respectively, due to reductions in staff costs and other operating expenses.

As Group revenue grew 1% while expenses rose 10% for the year, the cost-to-income ratio increased to 43.7% in FY08, compared with 40.1% for FY07.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S$ million	FY08	FY07	+/(-) %	4Q08	4Q07	+/(-) %	3Q08	+/(-) %
Specific allowances / (write-back) for loans								
Singapore	**2**	(58)	(103)	**39**	(15)	(365)	(1)	n.m.
Malaysia	**40**	(12)	(431)	**35**	(4)	(885)	6	502
Others	**123**	(38)	(423)	**85**	14	505	25	247
	165	(108)	(253)	**159**	(5)	n.m.	30	439
Portfolio allowances for loans	**20**	–	–	**11**	–	–	9	24
Allowances for CDOs	**87**	231	(63)	**15**	10	47	4	252
Allowances and impairment charges / (write-back) for other assets	**175**	(87)	(302)	**58**	8	601	113	(49)
Allowances for loans and impairment of other assets	**447**	36	n.m.	**243**	13	n.m.	156	56

Note:
1. "n.m." denotes not meaningful.

The Group provided S$447 million in net allowances for loans and other assets in FY08, compared with S$36 million in FY07.

The allowances in FY08 included S$165 million in specific allowances for loans, S$87 million for the Group's CDO portfolio, and S$175 million for other assets, mainly debt securities. Portfolio allowances of S$20 million were also set aside for the loan portfolio. In comparison, in FY07 the CDO-related allowances of S$231 million were largely offset by net write-back in specific allowances for loans of S$108 million due to loan recoveries, repayments and upgrades, and net write-back in allowances for other assets of S$87 million, mainly properties.

For 4Q08, net allowances of S$243 million comprised specific allowances of S$159 million for loans, allowances of S$15 million for the Bank's corporate CDO portfolio and S$58 million for other assets, and loan portfolio allowances of S$11 million.

As at 31 December 2008, the Bank's corporate CDO portfolio amounted to S$201 million, for which cumulative write-downs of S$113 million have been taken to the income statement, comprising cumulative allowances of S$47 million and cumulative mark-to-market losses of S$66 million for the related credit default swaps. The corporate CDO exposure was S$156 million lower than as at 30 September 2008 due to the maturity and sale of some CDOs in 4Q08. For the Bank's asset-backed securities ("ABS") CDO exposure of S$252 million as at 31 December 2008, 100% allowances have been made as of 2Q08.

LOANS AND ADVANCES

S$ million	31 Dec 2008	31 Dec 2007	30 Sep 2008
Loans to customers	**80,140**	71,598	79,804
Bills receivable	**1,196**	1,177	1,515
Gross loans to customers	**81,336**	72,775	81,319
Allowances:			
Specific allowances	**(549)**	(499)	(426)
Portfolio allowances	**(979)**	(960)	(968)
Loans net of allowances	**79,808**	71,316	79,925
By Maturity			
Within 1 year	**29,457**	26,653	29,730
1 to 3 years	**15,588**	12,040	14,548
Over 3 years	**36,291**	34,082	37,041
	81,336	72,775	81,319
By Industry			
Agriculture, mining and quarrying	**1,315**	1,116	1,265
Manufacturing	**6,612**	6,278	7,021
Building and construction	**17,176**	13,653	16,470
Housing loans	**19,785**	19,247	19,669
General commerce	**7,072**	6,943	8,035
Transport, storage and communication	**5,471**	3,922	5,407
Financial institutions, investment and holding companies	**11,201**	10,610	11,125
Professionals and individuals	**7,358**	7,385	7,360
Others	**5,346**	3,621	4,967
	81,336	72,775	81,319
By Currency			
Singapore Dollar	**47,174**	42,617	45,840
United States Dollar	**10,671**	9,417	11,805
Malaysian Ringgit	**12,220**	10,869	11,576
Indonesian Rupiah	**2,269**	2,402	2,736
Others	**9,002**	7,470	9,362
	81,336	72,775	81,319
By Geography [1/]			
Singapore	**49,285**	45,311	49,213
Malaysia	**14,335**	12,102	13,641
Other ASEAN	**4,602**	4,446	5,059
Greater China	**6,874**	5,133	6,832
Other Asia Pacific	**3,242**	3,073	3,244
Rest of the World	**2,998**	2,710	3,330
	81,336	72,775	81,319

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

The Group's loan book increased 12% year-on-year, to S$81.3 billion as at 31 December 2008. This was mainly from growth in business loans in Singapore as well as overseas markets. By industry, the growth was broad-based, with the largest increase in loans to the building and construction sector, transport and communications sector, as well as to financial institutions, investment and holding companies and the housing sector.

NON-PERFORMING LOANS [1]

S$ million	Total [2]	Substandard	Doubtful	Loss	Secured NPLs/ Total NPLs	Non-bank NPLs/ Non-bank loans [3]
					%	%
Singapore						
31 Dec 2008	**395**	**107**	**184**	**104**	**58.1**	**0.8**
30 Sep 2008	383	151	123	109	66.3	0.8
31 Dec 2007	512	185	185	142	66.6	1.1
Malaysia						
31 Dec 2008	**496**	**290**	**121**	**85**	**59.2**	**3.3**
30 Sep 2008	456	275	103	78	62.1	3.2
31 Dec 2007	548	336	114	98	63.0	4.3
Others						
31 Dec 2008	**457**	**74**	**310**	**73**	**26.6**	**1.8**
30 Sep 2008	365	93	189	83	35.7	1.3
31 Dec 2007	294	71	151	72	47.4	1.3
Group						
31 Dec 2008	**1,348**	**471**	**615**	**262**	**47.8**	**1.5**
30 Sep 2008	1,204	519	415	270	55.5	1.3
31 Dec 2007	1,354	592	450	312	60.9	1.7

Notes:
1. Comprise non-bank loans, debt securities and contingent facilities.
2. Include CDOs of S$109 million, S$86 million and S$115 million as at 31 Dec 2008, 31 Dec 2007 and 30 Sep 2008 respectively.
3. Exclude debt securities.

As at 31 December 2008, total NPLs were S$1,348 million, marginally below the S$1,354 million in December 2007 and 12% higher than the level in September 2008. Singapore NPLs amounted to S$395 million, while Malaysia NPLs were S$496 million. These accounted for 29% and 37% of total NPLs respectively. Of the total NPLs, 35% were in the substandard category while 48% were secured by collateral.

The Group's NPL ratio was 1.5% as at 31 December 2008, lower than 1.7% in December 2007 but up from 1.3% in September 2008.

NON-PERFORMING LOANS *(continued)*

	31 Dec 2008		31 Dec 2007		30 Sep 2008	
	S$ million	% of loans	S$ million	% of loan	S$ million	% of loans
NPLs by Industry						
Loans and advances						
Agriculture, mining and quarrying	**6**	**0.5**	12	1.0	7	0.6
Manufacturing	**339**	**5.1**	271	4.3	251	3.6
Building and construction	**113**	**0.7**	187	1.4	114	0.7
Housing loans	**243**	**1.2**	301	1.6	245	1.2
General commerce	**147**	**2.1**	146	2.1	149	1.9
Transport, storage and communication	**24**	**0.4**	22	0.6	25	0.5
Financial institutions, investment and holding companies	**125**	**1.1**	68	0.6	86	0.8
Professionals and individuals	**126**	**1.7**	170	2.3	131	1.8
Others	**59**	**1.1**	61	1.7	40	0.8
Sub-total	**1,182**	**1.5**	1,238	1.7	1,048	1.3
Debt securities	**166**		116		156	
	1,348		1,354		1,204	

	31 Dec 2008		31 Dec 2007		30 Sep 2008	
	S$ million	%	S$ million	%	S$ million	%
NPLs by Period Overdue						
Over 180 days	**568**	**42**	696	52	661	55
Over 90 to 180 days	**193**	**14**	190	14	159	13
30 to 90 days	**188**	**14**	137	10	131	11
Less than 30 days	**230**	**17**	191	14	24	2
Not overdue	**169**	**13**	140	10	229	19
	1,348	**100**	1,354	100	1,204	100

	31 Dec 2008		31 Dec 2007		30 Sep 2008	
S$ million	**Loan**	**Allowance**	**Loan**	**Allowance**	**Loan**	**Allowance**
Restructured Loans						
Substandard	**52**	**5**	95	5	61	4
Doubtful	**40**	**42**	59	69	157	157
Loss	**19**	**8**	32	14	23	8
	111	**55**	186	88	241	169

CUMULATIVE ALLOWANCES FOR LOANS

S$ million	Total cumulative allowances	Specific allowances [1/]	Portfolio allowances	Specific allowances as % of total NPLs	Cumulative allowances as % of total NPLs
				%	%
Singapore					
31 Dec 2008	**655**	**151**	**504**	**38.1**	**165.8**
30 Sep 2008	626	131	495	34.1	163.3
31 Dec 2007	739	202	537	39.5	144.4
Malaysia					
31 Dec 2008	**462**	**242**	**220**	**48.7**	**93.0**
30 Sep 2008	429	212	217	46.6	94.2
31 Dec 2007	422	232	190	42.3	77.1
Others					
31 Dec 2008	**568**	**313**	**255**	**68.6**	**124.5**
30 Sep 2008	483	227	256	62.2	132.5
31 Dec 2007	410	177	233	60.4	139.5
Group					
31 Dec 2008	**1,685**	**706**	**979**	**52.3**	**125.0**
30 Sep 2008	1,538	570	968	47.3	127.8
31 Dec 2007	1,571	611	960	45.2	116.1

Note:
1. Included allowances of S$108 million, S$82 million and S$113 million for classified CDOs as at 31 Dec 2008, 31 Dec 2007 and 30 Sep 2008 respectively.

As at 31 December 2008, the Group's total cumulative allowances for loans were S$1,685 million, comprising S$706 million in specific allowances and S$979 million in portfolio allowances. The cumulative specific allowances included S$108 million in allowances for classified CDOs. Total cumulative allowances were 125.0% of total NPLs at 31 December 2008, compared with the coverage of 116.1% at 31 December 2007 and 127.8% at 30 September 2008.

DEPOSITS

S$ million	31 Dec 2008	31 Dec 2007	30 Sep 2008
Deposits of non-bank customers	**94,078**	88,788	94,678
Deposits and balances of banks	**10,113**	14,726	13,368
	104,191	103,514	108,046
Loans to deposits ratio (net non-bank loans / non-bank deposits)	**84.8%**	80.3%	84.4%

S$ million	31 Dec 2008	31 Dec 2007	30 Sep 2008
Total Deposits By Maturity			
Within 1 year	**101,412**	99,783	104,748
1 to 3 years	**2,432**	2,766	2,579
Over 3 years	**347**	965	719
	104,191	103,514	108,046
Non-Bank Deposits By Product			
Fixed deposits	**57,218**	58,765	59,531
Savings deposits	**16,104**	12,999	15,121
Current account	**16,090**	12,538	15,775
Others	**4,666**	4,486	4,251
	94,078	88,788	94,678
Non-Bank Deposits By Currency			
Singapore Dollar	**53,745**	52,873	53,938
United States Dollar	**12,105**	11,473	12,918
Malaysian Ringgit	**14,672**	13,633	13,191
Indonesian Rupiah	**3,039**	2,903	2,888
Others	**10,517**	7,906	11,743
	94,078	88,788	94,678

As at 31 December 2008, total deposits were S$104.2 billion, marginally above the S$103.5 billion as at 31 December 2007. Non-bank customer deposits grew by 6% to S$94.1 billion, with increases of 24% in savings deposits, and 28% in current account deposits. Deposits and balances of banks declined 31% to S$10.1 billion. Compared with 30 September 2008, customer deposits fell marginally by 1% due to a decline in fixed deposits which was largely offset by growth in savings and current account deposits.

The Group's loans to deposits ratio was 84.8% at 31 December 2008, compared to 80.3% at 31 December 2007 and 84.4% at 30 September 2008.

DEBTS ISSUED

S$ million	31 Dec 2008	31 Dec 2007	30 Sep 2008
Subordinated debts (unsecured)	**5,155**	4,366	5,008
Commercial papers (unsecured)	**843**	575	1,221
Structured notes (unsecured)	**12**	29	18
Total	**6,010**	4,970	6,247
Maturity of Debts Issued			
Within one year	**845**	652	1,224
Over one year	**5,165**	4,318	5,023
Total	**6,010**	4,970	6,247

CAPITAL ADEQUACY RATIOS

S$ million	Basel II 31 Dec 2008	Basel II 30 Sep 2008	Basel I 31 Dec 2007
Tier 1 Capital			
Ordinary and preference shares	**6,637**	6,606	5,520
Disclosed reserves / others	**11,537**	11,411	9,366
Goodwill / others [1/]	**(3,913)**	(3,932)	(3,455)
	14,261	14,085	11,431
Tier 2 Capital			
Subordinated term notes	**2,696**	2,691	2,651
Others [1/]	**(2,444)**	(2,369)	959
Total Capital	**14,513**	14,407	15,041
Less: [1/]			
Capital investments in insurance subsidiaries	–	–	(2,506)
Others	–	–	(124)
Total Eligible Capital	**14,513**	14,407	12,411
Risk Weighted Assets [2/]	**95,522**	97,488	99,381
Tier 1 capital adequacy ratio	**14.9%**	14.4%	11.5%
Total capital adequacy ratio	**15.1%**	14.7%	12.4%

Notes:
1. In accordance with the revised MAS Notice 637, for 31 Dec 2008 and 30 Sep 2008, capital investments in insurance subsidiaries and other items were deducted against Tier 1 and Tier 2 Capital under the Basel II framework. Under Basel I, these items were deducted against Total Capital. Goodwill continues to be deducted against Tier 1 Capital.
2. Risk weighted assets include operational risk weighted assets with effect from January 2008.

Based on the revised MAS Notice 637 effective January 2008, the Group's total capital adequacy ratio ("CAR") under the Basel II framework was 15.1% and the Tier 1 CAR was 14.9% as at 31 December 2008, higher than the 30 September 2008 ratios of 14.7% and 14.4% respectively. The total and Tier 1 CAR as at 31 December 2007, which were computed under the Basel I framework, were 12.4% and 11.5% respectively. The Group's capital ratios remain well above the MAS minimum requirement of 6% for Tier 1 CAR and 10% for total CAR.

During the year, the Group raised S$2.5 billion of Tier 1 non-cumulative, non-convertible preference shares in the Singapore market, and RM1.6 billion of Lower Tier 2 subordinated notes in Malaysia, boosting its Tier 1 and total capital levels. The aggregate amount of Tier 2 subordinated notes as at 31 December 2008 was largely unchanged from a year ago due to the annual amortisation of S$773 million of the Bank's Upper Tier 2 subordinated debt issued in 2001.

VALUATION SURPLUS

S$ million	31 Dec 2008	31 Dec 2007	30 Sep 2008
Properties [1/]	**2,369**	2,513	2,564
Equity securities [2/]	**(277)**	2,654	1,519
Total	**2,092**	5,167	4,083

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 investments in quoted associates and subsidiaries, which are valued based on their market prices at the end of each quarter.
3. The carrying values of subsidiaries and associates are measured at cost plus post-acquisition reserves; while those of properties are measured at cost less accumulated depreciation, and impairment, if any.

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

For 31 December 2008, the Group's valuation surplus fell to S$2.09 billion, 60% lower compared to 31 December 2007, due mainly to significant falls in quoted prices of equity securities as a result of the global financial crisis. The deficit of S$277 million on equity securities valuation was primarily from the Group's stakes in Bank OCBC NISP, GEH and PacMas.

PERFORMANCE BY BUSINESS SEGMENT

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

Core Operating Profit by Business Segment

S$ million	FY08	FY07	+/(-) %	4Q08	4Q07	+/(-) %	3Q08	+/(-) %
Global Consumer Financial Services	**678**	581	17	**150**	136	10	178	(16)
Global Corporate Banking	**853**	818	4	**113**	180	(37)	213	(47)
Global Treasury	**478**	301	59	**125**	51	145	145	(14)
Insurance [1/]	**229**	636	(64)	**48**	182	(73)	138	(65)
Others [2/]	**(345)**	89	(487)	**(112)**	19	(700)	(188)	(40)
Core operating profit after allowances and amortisation	**1,893**	2,425	(22)	**324**	568	(43)	486	(33)

Notes:
1. Pre-tax divestment gains of S$41 million for FY08 are not included.
2. Pre-tax divestment gains of S$145 million for FY08 and S$93 million for FY07 are not included.

Global Consumer Financial Services

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

For FY08, operating profit of the consumer segment grew by 17% to S$678 million, as broad-based growth in net interest income more than offset the increase in expenses. For 4Q08, operating profit increased by 10% year-on-year to S$150 million.

Global Corporate Banking

Global Corporate Banking provides comprehensive 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.

Global Corporate Banking's operating profit increased by 4% to S$853 million in FY08. Growth in net interest income due to strong loans and deposits growth and higher fee income was partly offset by higher expenses. For 4Q08, operating profit declined by 37% to S$113 million, mainly due to higher allowances.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Treasury

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

Global Treasury's operating profit rose 59% to S$478 million in FY08, and 145% to S$125 million in 4Q08. The strong profit growth was driven by higher net interest income and foreign exchange gains, partly offset by losses from dealing in securities and derivatives, increased allowances and higher expenses.

Insurance

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

For FY08, operating profit from GEH fell by 64% to S$229 million, due mainly to declines in insurance income and income from investments and securities and derivatives dealing, higher operating expenses and increased allowances. Compared to 4Q07, operating profit in 4Q08 fell 73% to S$48 million.

After minority interests and tax, and excluding non-core gains and tax write-backs, GEH's contribution to the Group's core net profit was S$160 million in FY08 and S$47 million in 4Q08, compared with S$449 million in FY07 and S$117 million in 4Q07.

Others

The "Others" segment comprises Bank OCBC NISP, PacificMas Berhad, corporate finance, capital markets, property holding, stock brokerage and investment holding, support units, other investments and items not attributed to business segments. FY08 and 4Q08 saw operating losses of S$345 million and S$112 million respectively mainly due to joint income offset, and increased allowances and investment losses as a result of the deterioration in the financial markets.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
FY08						
Total core income 1/	**1,308**	**1,428**	**683**	**482**	**340**	**4,241**
Operating profit / (loss) before allowances and amortisation 1/	**715**	**953**	**497**	**331**	**(109)**	**2,387**
Amortisation of intangible assets	**–**	**–**	**–**	**(47)**	**–**	**(47)**
(Allowances and impairment) / write-back for loans and other assets	**(37)**	**(100)**	**(19)**	**(55)**	**(236)**	**(447)**
Operating profit / (loss) after allowances and amortisation 1/	**678**	**853**	**478**	**229**	**(345)**	**1,893**
Other information:						
Capital expenditure	**24**	**23**	**1**	**90**	**140**	**278**
Depreciation	**9**	**4**	**#**	**1**	**102**	**116**
FY07						
Total core income 1/	1,160	1,194	440	812	582	4,188
Operating profit before allowances and amortisation 1/	599	756	301	688	164	2,508
Amortisation of intangible assets	–	–	–	(47)	–	(47)
(Allowances and impairment) / write-back for loans and other assets	(18)	62	–	(5)	(75)	(36)
Operating profit after allowances and amortisation 1/	581	818	301	636	89	2,425
Other information:						
Capital expenditure	15	7	#	84	132	238
Depreciation	8	4	#	2	90	104

Notes:

1. Pre-tax divestment gains of S$186 million and S$93 million for FY08 and FY07 are not included.
2. "#" represents amounts less than S$0.5 million

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
4Q08						
Total core income	**308**	**367**	**171**	**147**	**49**	**1,042**
Operating profit / (loss) before allowances and amortisation	**163**	**243**	**124**	**100**	**(51)**	**579**
Amortisation of intangible assets	**–**	**–**	**–**	**(12)**	**–**	**(12)**
(Allowances and impairment) / write-back for loans and other assets	**(13)**	**(130)**	**1**	**(40)**	**(61)**	**(243)**
Operating profit / (loss) after allowances and amortisation	**150**	**113**	**125**	**48**	**(112)**	**324**
Other information:						
Capital expenditure	**14**	**17**	**1**	**58**	**30**	**120**
Depreciation	**3**	**2**	**#**	**#**	**28**	**33**
4Q07						
Total core income	306	315	98	238	120	1,077
Operating profit before allowances and amortisation	138	188	51	198	18	593
Amortisation of intangible assets	–	–	–	(12)	–	(12)
(Allowances and impairment) / write-back for loans and other assets	(2)	(8)	–	(4)	1	(13)
Operating profit after allowances and amortisation	136	180	51	182	19	568
Other information:						
Capital expenditure	5	2	#	15	47	69
Depreciation	2	1	#	#	22	25
3Q08						
Total core income	344	355	219	199	29	1,146
Operating profit / (loss) before allowances and amortisation	185	235	165	162	(93)	654
Amortisation of intangible assets	–	–	–	(12)	–	(12)
(Allowances and impairment) / write-back for loans and other assets	(7)	(22)	(20)	(12)	(95)	(156)
Operating profit / (loss) after allowances and amortisation	178	213	145	138	(188)	486
Other information:						
Capital expenditure	4	2	#	10	36	52
Depreciation	2	#	#	1	25	28

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
At 31 December 2008						
Segment assets	**26,656**	**57,150**	**39,011**	**45,195**	**20,310**	**188,322**
Unallocated assets						**132**
Elimination						**(7,069)**
Total assets						**181,385**
Segment liabilities	**40,556**	**46,019**	**25,653**	**40,337**	**16,252**	**168,817**
Unallocated liabilities						**1,077**
Elimination						**(7,069)**
Total liabilities						**162,825**
Other information:						
Gross non-bank loans	**25,414**	**51,245**	**715**	**430**	**3,532**	**81,336**
NPLs (include debt securities)	**319**	**811**	**2**	**14**	**202**	**1,348**
At 31 December 2007						
Segment assets	25,917	51,190	35,119	47,727	19,241	179,194
Unallocated assets						87
Elimination						(4,674)
Total assets						174,607
Segment liabilities	38,858	43,258	24,668	41,911	11,936	160,631
Unallocated liabilities						1,811
Elimination						(4,674)
Total liabilities						157,768
Other information:						
Gross non-bank loans	24,303	44,118	382	252	3,720	72,775
NPLs (include debt securities)	387	802	–	8	157	1,354
At 30 September 2008						
Segment assets	26,196	59,622	36,695	45,912	22,560	190,985
Unallocated assets						91
Elimination						(7,480)
Total assets						183,596
Segment liabilities	38,889	47,810	25,517	40,837	18,271	171,324
Unallocated liabilities						1,280
Elimination						(7,480)
Total liabilities						165,124
Other information:						
Gross non-bank loans	24,976	52,308	22	191	3,822	81,319
NPLs (include debt securities)	309	687	–	14	194	1,204

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	FY08		FY07		4Q08		4Q07		3Q08	
	S$ million	%	S$ million	%	S$ million	%	S$ million	%	S$ million	%
Total core income										
Singapore [1/]	**2,684**	**63**	2,717	65	**640**	**62**	650	60	789	69
Malaysia	**914**	**22**	961	23	**210**	**20**	294	27	211	18
Other ASEAN	**326**	**8**	315	7	**95**	**9**	73	7	82	7
Asia Pacific	**272**	**6**	157	4	**85**	**8**	50	5	53	5
Rest of the World	**45**	**1**	38	1	**12**	**1**	10	1	11	1
	4,241	**100**	4,188	100	**1,042**	**100**	1,077	100	1,146	100
Profit before income tax										
Singapore [1/ 2/]	**1,244**	**66**	1,596	65	**232**	**72**	348	61	364	74
Malaysia [2/]	**519**	**27**	670	28	**90**	**28**	196	35	103	21
Other ASEAN	**81**	**4**	93	4	**25**	**8**	10	2	21	4
Asia Pacific	**45**	**2**	63	2	**(26)**	**(8)**	13	2	1	–
Rest of the World	**10**	**1**	24	1	**(#)**	**–**	(#)	–	2	1
	1,899	**100**	2,446	100	**321**	**100**	567	100	491	100

Notes:
1. Pre-tax divestment gains of S$186 million for FY08 and S$93 million for FY07 are not included in total core income and profit before income tax.
2. Certain numbers for FY07 were reclassified for comparative purpose.
3. "#" represents amounts less than S$0.5 million

	31 Dec 2008		31 Dec 2007		30 Sep 2008	
	S$ million	%	S$ million	%	S$ million	%
Total assets						
Singapore	**118,157**	**66**	117,833	67	119,435	65
Malaysia	**38,402**	**21**	36,309	21	37,293	20
Other ASEAN	**5,853**	**3**	5,940	4	6,143	3
Asia Pacific	**15,029**	**8**	10,951	6	15,950	9
Rest of the World	**3,944**	**2**	3,574	2	4,775	3
	181,385	**100**	174,607	100	183,596	100

The geographical segment analysis is based on the location where assets or transactions are booked. For FY08, Singapore accounted for 63% of total income and 66% of pre-tax profit, while Malaysia accounted for 22% of total income and 27% of pre-tax profit. Pre-tax profit for Singapore declined by 22% in FY08 due mainly to lower insurance profits, weaker investment and trading income and increased net allowances for loans and other assets. Malaysia's pre-tax profit fell by 23% in FY08, largely due to the decline in insurance contribution.

HALF-YEARLY INCOME AND PROFIT

S$ million	FY08	FY07	+/(-)
			%
Total income			
First half year	**2,239**	2,157	4
Second half year	**2,188**	2,124	3
	4,427	4,281	3
Profit for the year			
First half year	**1,073**	1,237	(13)
Second half year	**787**	946	(17)
	1,860	2,183	(15)

ADDITIONAL DISCLOSURES

Collateralised Debt Obligations

As at 31 December 2008, OCBC[1] has investments of S$453 million in CDOs, including S$252 million in asset-backed securities CDOs ("ABS CDOs"). The exposure to US sub-prime mortgages amounted to approximately 18% of the ABS CDOs. OCBC has made 100% allowance in the income statement for its ABS CDO exposure since 2Q08.

The corporate CDO investment portfolio was reduced from S$357 million at 30 September 2008 to S$201 million at 31 December 2008, following the maturity and sale of some corporate CDOs in 4Q08. Of the remaining S$201 million corporate CDOs, S$6 million are invested in an equity tranche. As at 31 December 2008, cumulative allowances of S$47 million on the CDOs have been made in the income statement, and negative fair value adjustments of S$70 million in equity. In addition, cumulative mark-to-market losses of S$66 million on the credit default swaps related to the corporate CDOs have been taken to the income statement.

S$million	**31 Dec 08**		**31 Dec 07**		**30 Sep 08**	
Type of CDO / Tranche	**Exposure**	**Allowance**	**Exposure**	**Allowance**	**Exposure**	**Allowance**
ABS CDO						
Investment Portfolio	**252**	**(252)**	260	**(219)**	258	(258)
Corporate CDO (Non-ABS)						
Investment Portfolio	**201**	**(47)^**	360	–	357	(32)^
Total CDO Portfolio	**453**	**(299)**	620	**(219)**	615	(290)

^ In addition to the cumulative allowances of S$47 million (Sep 08: S$32 million), the Bank has also taken cumulative mark-to-market losses of S$66 million (Sep 08: S$45 million) to the income statement and negative fair value adjustments of S$70 million (Sep 08: S$71 million) to equity reserves for the corporate CDO portfolio as at 31 December 2008.

As at 31 December 2008, the credit rating profile of the total CDO portfolio[2] was as follows: 14% - A, 19% - BB, 6% - BB, 39% - CCC, 19% - CC and 3% - C.

Special Purpose Entities ("SPE")

As at 31 December 2008, OCBC does not utilise any SPE as a conduit for the securitisation of assets, nor does it provide any credit enhancement to any third-party sponsored SPEs.

[1] The disclosures in this section exclude GEH and its asset management subsidiary Lion Global Investors. The bulk of GEH's investments are for policyholders under its Life Assurance Funds. Lion Global Investors manages funds on behalf of its clients who bear the risks and returns.

[2] Where a CDO is rated differently by two or more rating agencies, the lowest rating is used.

AUDITED CONSOLIDATED INCOME STATEMENT

S$ million	FY08	FY07	+/(-)	4Q08@	4Q07@	+/(-)	3Q08@	+/(-)
			%			%		%
Interest income	**5,267**	5,265	–	**1,344**	1,378	(2)	1,306	3
Interest expense	**(2,484)**	(3,021)	(18)	**(561)**	(765)	(27)	(622)	(10)
Net interest income	**2,783**	2,244	24	**783**	613	28	684	15
Premium income	**6,806**	5,793	17	**1,248**	1,788	(30)	2,070	(40)
Investment income	**(400)**	3,075	(113)	**(683)**	590	(216)	(147)	364
Net claims, surrenders and annuities	**(4,227)**	(4,843)	(13)	**(1,285)**	(1,546)	(17)	(1,075)	19
Change in life assurance fund contract liabilities	**(1,193)**	(2,544)	(53)	**946**	(485)	(295)	(497)	(290)
Commission and others	**(686)**	(972)	(29)	**(111)**	(167)	(34)	(206)	(46)
Profit from life assurance	**300**	509	(41)	**115**	180	(36)	145	(20)
Premium income from general insurance [1/]	**109**	65	67	**30**	17	75	32	(4)
Fees and commissions (net) [1/]	**774**	808	(4)	**159**	202	(21)	199	(20)
Dividends	**72**	56	29	**8**	9	(12)	18	(57)
Rental income	**68**	62	10	**19**	14	30	18	5
Other income	**321**	537	(40)	**(72)**	42	(277)	50	(244)
Non-interest income	**1,644**	2,037	(19)	**259**	464	(44)	462	(44)
Total income	**4,427**	4,281	3	**1,042**	1,077	(3)	1,146	(9)
Staff costs	**(1,045)**	(946)	11	**(252)**	(267)	(6)	(274)	(8)
Other operating expenses	**(809)**	(734)	10	**(211)**	(217)	(3)	(218)	(3)
Total operating expenses	**(1,854)**	(1,680)	10	**(463)**	(484)	(4)	(492)	(6)
Operating profit before allowances and amortisation	**2,573**	2,601	(1)	**579**	593	(2)	654	(11)
Amortisation of intangible assets	**(47)**	(47)	–	**(12)**	(12)	1	(12)	–
Allowances for loans and Impairment of other assets	**(447)**	(36)	n.m.	**(243)**	(13)	n.m.	(156)	56
Operating profit after allowances and amortisation	**2,079**	2,518	(17)	**324**	568	(43)	486	(33)
Share of results of associates and joint ventures	**6**	21	(74)	**(3)**	(1)	190	5	(177)
Profit before income tax	**2,085**	2,539	(18)	**321**	567	(43)	491	(35)
Income tax (expense) / credit [2/]	**(225)**	(356)	(37)	**20**	(118)	(117)	(45)	(145)
Profit for the period	**1,860**	2,183	(15)	**341**	449	(24)	446	(24)
Attributable to:								
Equity holders of the Bank	**1,749**	2,071	(16)	**301**	428	(30)	402	(25)
Minority interests	**111**	112	(2)	**40**	21	93	44	(9)
	1,860	2,183	(15)	**341**	449	(24)	446	(24)
Earnings per share (for the period – cents) [3/]								
Basic	**54.6**	65.9		**8.4**	13.2		13.0	
Diluted	**54.5**	65.6		**8.4**	13.2		12.9	

Notes:

1. 4Q07 comparatives have been restated for the effect of the new tax basis on par fund policy liabilities, amounting to S$119 million.
2. FY08, FY07, 4Q08, 4Q07 and 3Q08 tax expense/credit are net of tax refunds of S$89 million, S$103 million, S$51 million, S$3 million and S$6 million respectively. The refunds relate to Singapore and Malaysia tax, as well as the finalisation of tax treatment for certain loan allowances previously made by Keppel Capital Holdings Group, which was acquired by OCBC Bank in 2001.
3. "Earnings per share" was computed including divestment gains and tax refunds.
4. "n.m." denotes not meaningful.
5. "@" represents unaudited.

AUDITED BALANCE SHEETS

S$ million	GROUP 31 Dec 2008	GROUP 31 Dec 2007	GROUP 30 Sep 2008@	BANK 31 Dec 2008	BANK 31 Dec 2007	BANK 30 Sep 2008@
EQUITY						
Attributable to equity holders of the Bank						
Share capital	**6,638**	5,520	6,606	**6,638**	5,520	6,606
Capital reserves	**1,329**	1,732	1,453	**1,099**	1,453	1,208
Fair value reserves	**222**	1,726	225	**12**	430	1
Revenue reserves	**7,685**	6,700	7,483	**5,076**	3,710	4,918
	15,874	15,678	15,767	**12,825**	11,113	12,733
Minority interests	**2,686**	1,161	2,705	**–**	–	–
Total equity	**18,560**	16,839	18,472	**12,825**	11,113	12,733
LIABILITIES						
Deposits of non-bank customers	**94,078**	88,788	94,678	**73,238**	70,415	75,456
Deposits and balances of banks	**10,113**	14,726	13,368	**9,049**	13,024	11,737
Due to subsidiaries	**–**	–	–	**1,399**	1,189	854
Due to associates	**95**	60	97	**87**	47	89
Trading portfolio liabilities	**1,111**	172	798	**1,111**	172	711
Derivative payables	**7,675**	2,697	5,374	**7,415**	2,590	5,114
Other liabilities	**2,930**	3,312	3,120	**944**	1,064	872
Current tax	**501**	649	601	**277**	320	275
Deferred tax	**576**	1,163	679	**41**	123	54
Debts issued	**6,010**	4,970	6,247	**7,554**	5,032	7,765
	123,089	116,537	124,962	**101,115**	93,976	102,927
Life assurance fund liabilities	**39,736**	41,231	40,162	**–**	–	–
Total liabilities	**162,825**	157,768	165,124	**101,115**	93,976	102,927
Total equity and liabilities	**181,385**	174,607	183,596	**113,940**	105,089	115,660
ASSETS						
Cash and placements with central banks	**7,028**	8,396	9,060	**4,267**	5,493	5,792
Singapore government treasury bills and securities	**9,215**	8,762	9,229	**8,636**	8,209	8,610
Other government treasury bills and securities	**4,777**	3,446	3,741	**1,257**	572	1,195
Placements with and loans to banks	**15,353**	15,105	16,283	**12,634**	13,211	12,779
Loans and bills receivable	**79,808**	71,316	79,925	**62,069**	54,490	62,064
Debt and equity securities	**10,174**	13,625	11,959	**7,018**	8,800	8,282
Assets pledged	**837**	889	637	**837**	889	637
Assets held for sale	**–**	1	1	**–**	#	–
Derivative receivables	**6,655**	2,937	4,786	**6,245**	2,818	4,425
Other assets	**2,665**	2,983	2,342	**1,001**	1,313	850
Deferred tax	**97**	45	50	**19**	1	4
Associates and joint ventures	**132**	243	142	**12**	96	12
Subsidiaries	**–**	–	–	**7,173**	6,510	8,259
Property, plant and equipment	**1,665**	1,612	1,658	**405**	327	391
Investment property	**726**	667	712	**500**	493	493
Goodwill and intangible assets	**3,376**	3,444	3,424	**1,867**	1,867	1,867
	142,508	133,471	143,949	**113,940**	105,089	115,660
Life assurance fund investment assets	**38,877**	41,136	39,647	**–**	–	–
Total assets	**181,385**	174,607	183,596	**113,940**	105,089	115,660
Net Asset Value Per Ordinary Share (before valuation surplus – in S$)	**4.51**	4.79	4.47	**3.52**	3.31	3.50
OFF-BALANCE SHEET ITEMS						
Contingent liabilities	**8,661**	8,861	9,273	**7,213**	7,137	7,426
Commitments	**46,655**	45,051	45,363	**37,478**	36,280	36,063
Derivative financial instruments	**365,904**	339,925	428,973	**343,630**	319,969	398,667

Notes:
1. "#" represents amounts less than S$0.5 million.
2. "@" represents unaudited.

AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP

For the financial year ended 31 December 2008

	Attributable to equity holders of the Bank						
S$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total	Minority interests	Total equity
Balance at 1 January 2008	**5,520**	**1,732**	**1,726**	**6,700**	**15,678**	**1,161**	**16,839**
Movements in fair value reserves:							
Net valuation changes taken to equity	**–**	**–**	**(1,440)**	**–**	**(1,440)**	**(48)**	**(1,488)**
Transferred to income statement on sale	**–**	**–**	**(200)**	**–**	**(200)**	**(4)**	**(204)**
Tax on net movements	**–**	**–**	**136**	**–**	**136**	**10**	**146**
Currency translation	**–**	**–**	**–**	**(204)**	**(204)**	**(32)**	**(236)**
Net income recognised directly in equity	**–**	**–**	**(1,504)**	**(204)**	**(1,708)**	**(74)**	**(1,782)**
Profit for the year	**–**	**–**	**–**	**1,749**	**1,749**	**111**	**1,860**
Total recognised income and expense for the year	**–**	**–**	**(1,504)**	**1,545**	**41**	**37**	**78**
Transfers	**–**	**(364)**	**–**	**364**	**–**	**–**	**–**
Acquisition of interests in subsidiaries and change in minority interests	**–**	**–**	**–**	**–**	**–**	**86**	**86**
Dividends and liquidation distribution to minority interests	**–**	**–**	**–**	**–**	**–**	**(98)**	**(98)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**3**	**3**	**–**	**3**
Ordinary and preference dividends	**–**	**–**	**–**	**(927)**	**(927)**	**–**	**(927)**
Preference shares issued by a subsidiary	**–**	**–**	**–**	**–**	**–**	**1,500**	**1,500**
Preference shares issued by the Bank	**1,000**	**–**	**–**	**–**	**1,000**	**–**	**1,000**
Preferences shares' issue expense	**(1)**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
Share-based staff costs capitalised	**–**	**15**	**–**	**–**	**15**	**–**	**15**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**	**–**	**1**
Shares purchased by DSP Trust	**–**	**(2)**	**–**	**–**	**(2)**	**–**	**(2)**
Shares vested under DSP Scheme	**–**	**8**	**–**	**–**	**8**	**–**	**8**
Transfer share-based reserves for options and rights exercised	**29**	**(29)**	**–**	**–**	**–**	**–**	**–**
Treasury shares transferred / sold	**89**	**(31)**	**–**	**–**	**58**	**–**	**58**
Balance at 31 December 2008	**6,638**	**1,329**	**222**	**7,685**	**15,874**	**2,686**	**18,560**
Included:							
Share of reserves of associates and joint ventures	**–**	**2**	**(#)**	**32**	**34**	**(#)**	**34**
Balance at 1 January 2007	5,481	2,131	667	5,125	13,404	1,087	14,491
Movements in fair value reserves:							
Net valuation changes taken to equity	–	–	1,233	–	1,233	15	1,248
Transferred to income statement on sale	–	–	(192)	–	(192)	(10)	(202)
Tax on net movements	–	–	18	–	18	(#)	18
Currency translation	–	–	–	(60)	(60)	(16)	(76)
Net income recognised directly in equity	–	–	1,059	(60)	999	(11)	988
Profit for the year	–	–	–	2,071	2,071	112	2,183
Total recognised income and expense for the year	–	–	1,059	2,011	3,070	101	3,171
Transfers	–	(405)	–	405	–	–	–
Dividends to minority interests	–	–	–	–	–	(59)	(59)
Ordinary and preference dividends	–	–	–	(841)	(841)	–	(841)
Rights issue by a subsidiary and change in minority interests	–	–	–	–	–	32	32
Share-based staff costs capitalised	–	11	–	–	11	–	11
Share buyback held in treasury	(44)	–	–	–	(44)	–	(44)
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(11)	–	–	(11)	–	(11)
Shares vested under DSP Scheme	–	6	–	–	6	–	6
Treasury shares transferred / sold	82	–	–	–	82	–	82
Balance at 31 December 2007	5,520	1,732	1,726	6,700	15,678	1,161	16,839
Included:							
Share of reserves of associates and joint ventures	–	3	#	29	32	(#)	32

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

STATEMENT OF CHANGES IN EQUITY – GROUP
For the three months ended 31 December 2008

	Attributable to equity holders of the Bank						
S$ million	**Share capital**	**Capital reserves**	**Fair value reserves**	**Revenue reserves**	**Total**	**Minority interests**	**Total equity**
Balance at 1 October 2008	**6,606**	**1,453**	**225**	**7,483**	**15,767**	**2,705**	**18,472**
Movements in fair value reserves:							
Net valuation changes taken to equity	**–**	**–**	**(38)**	**–**	**(38)**	**(8)**	**(46)**
Transferred to income statement on sale	**–**	**–**	**23**	**–**	**23**	**1**	**24**
Tax on net movements	**–**	**–**	**12**	**–**	**12**	**1**	**13**
Currency translation	**–**	**–**	**–**	**(158)**	**(158)**	**(19)**	**(177)**
Net income recognised directly in equity	**–**	**–**	**(3)**	**(158)**	**(161)**	**(25)**	**(186)**
Profit for the period	**–**	**–**	**–**	**301**	**301**	**40**	**341**
Total recognised income and expense for the period	**–**	**–**	**(3)**	**143**	**140**	**15**	**155**
Transfers	**–**	**(99)**	**–**	**99**	**–**	**–**	**–**
Dividends and liquidation distribution to minority interests	**–**	**–**	**–**	**–**	**–**	**(34)**	**(34)**
Preference dividends	**–**	**–**	**–**	**(40)**	**(40)**	**–**	**(40)**
Share-based staff costs capitalised	**–**	**4**	**–**	**–**	**4**	**–**	**4**
Transfer share-based reserves for options and rights exercised	**29**	**(29)**	**–**	**–**	**–**	**–**	**–**
Treasury shares transferred / sold	**3**	**–**	**–**	**–**	**3**	**–**	**3**
Balance at 31 December 2008	**6,638**	**1,329**	**222**	**7,685**	**15,874**	**2,686**	**18,560**
Included:							
Share of reserves of associates and joint ventures	**–**	**2**	**(#)**	**32**	**34**	**(#)**	**34**
Balance at 1 October 2007	5,513	2,106	1,868	5,968	15,455	1,152	16,607
Movements in fair value reserves:							
Net valuation changes taken to equity	–	–	(126)	–	(126)	(2)	(128)
Transferred to income statement on sale	–	–	(27)	–	(27)	(#)	(27)
Tax on net movements	–	–	11	–	11	#	11
Currency translation	–	–	–	(53)	(53)	(9)	(62)
Net income recognised directly in equity	–	–	(142)	(53)	(195)	(11)	(206)
Profit for the period	–	–	–	429	429	21	450
Total recognised income and expense for the period	–	–	(142)	376	234	10	244
Transfers	–	(376)	–	376	–	–	–
Change in minority interests	–	–	–	–	–	#	#
Dividends to minority interests	–	–	–	–	–	(1)	(1)
Preference dividends	–	–	–	(20)	(20)	–	(20)
Share-based staff costs capitalised		2	–	–	2	–	2
Treasury shares transferred / sold	7	–	–	–	7	–	7
Balance at 31 December 2007	5,520	1,732	1,726	6,700	15,678	1,161	16,839
Included:							
Share of reserves of associates and joint ventures	–	3	#	29	32	(#)	32

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

AUDITED STATEMENT OF CHANGES IN EQUITY – BANK
For the financial year ended 31 December 2008

S$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2008	**5,520**	**1,453**	**430**	**3,710**	**11,113**
Movements in fair value reserves:					
Net valuation changes taken to equity	**–**	**–**	**(444)**	**–**	**(444)**
Transferred to income statement on sale	**–**	**–**	**(53)**	**–**	**(53)**
Tax on net movements	**–**	**–**	**79**	**–**	**79**
Currency translation	**–**	**–**	**–**	**(97)**	**(97)**
Net income recognised directly in equity	**–**	**–**	**(418)**	**(97)**	**(515)**
Profit for the year	**–**	**–**	**–**	**2,047**	**2,047**
Total recognised income and expense for the year	**–**	**–**	**(418)**	**1,950**	**1,532**
Transfers	**–**	**(340)**	**–**	**340**	**–**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**3**	**3**
Ordinary and preference dividends	**–**	**–**	**–**	**(927)**	**(927)**
Preference shares issued by the Bank	**1,000**	**–**	**–**	**–**	**1,000**
Preference shares' issue expense	**(1)**	**–**	**–**	**–**	**(1)**
Share-based staff costs capitalised	**–**	**15**	**–**	**–**	**15**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Transfer share-based reserves for options and rights exercised	**29**	**(29)**	**–**	**–**	**–**
Treasury shares transferred / sold	**89**	**–**	**–**	**–**	**89**
Balance at 31 December 2008	**6,638**	**1,099**	**12**	**5,076**	**12,825**
Balance at 1 January 2007	5,481	1,781	405	2,563	10,230
Movements in fair value reserves:					
Net valuation changes taken to equity	–	–	109	–	109
Transferred to income statement on sale	–	–	(99)	–	(99)
Tax on net movements	–	–	15	–	15
Currency translation	–	–	–	28	28
Net income recognised directly in equity	–	–	25	28	53
Profit for the year	–	–	–	1,621	1,621
Total recognised income and expense for the year	–	–	25	1,649	1,674
Transfers	–	(339)	–	339	–
Ordinary and preference dividends	–	–	–	(841)	(841)
Share-based staff costs capitalised	–	11	–	–	11
Share buyback held in treasury	(44)	–	–	–	(44)
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred / sold	82	–	–	–	82
Balance at 31 December 2007	5,520	1,453	430	3,710	11,113

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

STATEMENT OF CHANGES IN EQUITY – BANK
For the three months ended 31 December 2008

S$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 October 2008	**6,606**	**1,208**	**1**	**4,918**	**12,733**
Movements in fair value reserves:					
Net valuation changes taken to equity	**–**	**–**	**(29)**	**–**	**(29)**
Transferred to income statement on sale	**–**	**–**	**19**	**–**	**19**
Tax on net movements	**–**	**–**	**21**	**–**	**21**
Currency translation	**–**	**–**	**–**	**(43)**	**(43)**
Net income recognised directly in equity	**–**	**–**	**11**	**(43)**	**(32)**
Profit for the period	**–**	**–**	**–**	**157**	**157**
Total recognised income and expense for the period	**–**	**–**	**11**	**114**	**125**
Transfers	**–**	**(84)**	**–**	**84**	**–**
Preference dividends	**–**	**–**	**–**	**(40)**	**(40)**
Share-based staff costs capitalised	**–**	**4**	**–**	**–**	**4**
Transfer share-based reserves for options and rights exercised	**29**	**(29)**	**–**	**–**	**–**
Treasury shares transferred / sold	**3**	**–**	**–**	**–**	**3**
Balance at 31 December 2008	**6,638**	**1,099**	**12**	**5,076**	**12,825**
Balance at 1 October 2007	5,513	1,811	503	3,132	10,959
Movements in fair value reserves:					
Net valuation changes taken to equity	–	–	(54)	–	(54)
Transferred to income statement on sale	–	–	(26)	–	(26)
Tax on net movements	–	–	7	–	7
Currency translation	–	–	–	(3)	(3)
Net income recognised directly in equity	–	–	(73)	(3)	(76)
Profit for the period	–	–	–	240	240
Total recognised income and expense for the period	–	–	(73)	236	164
Transfers	–	(360)	–	360	–
Preference dividends	–	–	–	(20)	(20)
Share-based staff costs capitalised	–	2	–	–	2
Treasury shares transferred / sold	7	–	–	–	7
Balance at 31 December 2007	5,520	1,453	430	3,710	11,113

AUDITED CONSOLIDATED CASH FLOW STATEMENT
For the financial year ended 31 December 2008

S$ million	FY08	FY07	4Q08@	4Q07@
Cash flows from operating activities				
Profit before income tax	**2,085**	2,539	**321**	567
Adjustments for non-cash items				
Amortisation of intangible assets	**47**	47	**12**	12
Allowances for loans and impairment of other assets	**447**	36	**243**	13
Change in fair value for hedging transactions and trading securities	**291**	(4)	**34**	21
Depreciation of property, plant and equipment and investment property	**116**	104	**33**	25
Net (gain)/loss on disposal of government, debt and equity securities	**(204)**	(202)	**24**	(27)
Net gain on disposal of property, plant and equipment and investment property	**(8)**	(97)	**(1)**	(#)
Loss on disposal of an associate	**#**	–	**–**	–
Share-based staff costs	**13**	10	**4**	2
Share of results of associates and joint ventures	**(6)**	(21)	**3**	1
Write-off of plant and equipment	**–**	10	**–**	1
Items relating to life assurance fund				
Surplus before income tax	**45**	794	**(64)**	221
Surplus transferred from life assurance fund	**(300)**	(509)	**(115)**	(180)
Operating profit before change in operating assets and liabilities	**2,526**	2,707	**494**	656
Change in operating assets and liabilities				
Deposits of non-bank customers	**5,324**	13,612	**(603)**	3,172
Deposits and balances of banks	**(4,651)**	2,857	**(3,255)**	1,016
Derivative payables and other liabilities	**4,401**	1,280	**2,095**	(182)
Trading portfolio liabilities	**939**	(250)	**313**	(190)
Government securities and treasury bills	**(1,138)**	(989)	**(622)**	163
Trading securities	**259**	(954)	**582**	(88)
Placements with and loans to banks	**(338)**	2,854	**829**	1,736
Loans and bills receivable	**(8,508)**	(11,897)	**(43)**	(4,807)
Derivative receivables and other assets	**(3,119)**	(952)	**(2,043)**	251
Net change in investment assets and liabilities of life assurance fund	**580**	(123)	**372**	(81)
Cash (used in) / from operating activities	**(3,725)**	8,145	**(1,881)**	1,646
Income tax paid	**(362)**	(287)	**(31)**	(59)
Net cash (used in) / from operating activities	**(4,087)**	7,858	**(1,912)**	1,587
Cash flows from investing activities				
Acquisition of minority interests	**(31)**	–	**–**	–
Dividends from associates	**2**	36	**2**	6
Decrease / (increase) in associates and joint ventures	**4**	49	**(2)**	(3)
Net cash outflow from acquisition of subsidiaries	**(124)**	–	**–**	–
Purchases of debt and equity securities	**(4,424)**	(6,921)	**(716)**	(1,785)
Purchases of property, plant and equipment and investment property	**(278)**	(238)	**(119)**	(69)
Proceeds from disposal of debt and equity securities	**5,219**	2,686	**1,293**	353
Proceeds from disposal of property, plant and equipment and investment property	**42**	157	**21**	11
Proceeds from disposal of an associate	**1**	–	**–**	–
Net cash from / (used in) investing activities	**411**	(4,231)	**479**	(1,487)
Cash flows from financing activities				
Dividends paid to equity holders of the Bank	**(927)**	(841)	**(40)**	(20)
Dividends and liquidation distribution to minority interests	**(98)**	(59)	**(34)**	(1)
Increase / (decrease) in debts issued	**939**	(113)	**(406)**	(46)
Net proceeds from issue of preference shares by the Bank	**999**	–	**–**	–
Proceeds from treasury shares transferred / sold under the Bank's employee share schemes	**58**	82	**2**	7
Proceeds from issue of preference shares by a subsidiary	**1,500**	–	**–**	–
Proceeds from minority interests on subscription of shares in a subsidiary	**–**	32	**–**	–
Share buyback	**–**	(43)	**–**	–
Net cash from / (used in) financing activities	**2,471**	(942)	**(478)**	(60)
Net currency translation adjustments	**(163)**	(30)	**(121)**	(21)
Net change in cash and cash equivalents	**(1,368)**	2,655	**(2,032)**	19
Cash and cash equivalents at beginning of year / period	**8,396**	5,741	**9,060**	8,377
Cash and cash equivalents at end of year / period	**7,028**	8,396	**7,028**	8,396

Notes:
1. "#" represents amounts less than S$0.5 million.
2. "@" represents unaudited.

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	Financial year ended 31 Dec 2008	2007	Three months ended 31 Dec 2008	2007
Issued ordinary shares				
Balance at beginning of period	**3,126,512,712**	3,126,459,912	**3,126,565,512**	3,126,512,712
Shares issued to non-executive directors	**52,800**	52,800	**–**	–
Balance at end of year / period	**3,126,565,512**	3,126,512,712	**3,126,565,512**	3,126,512,712
Treasury shares				
Balance at beginning of period	**(40,291,633)**	(51,668,796)	**(26,450,221)**	(41,800,108)
Share buyback	**–**	(4,985,870)	**–**	–
Shares sold / transferred to employees pursuant to OCBC Share Option Schemes	**4,997,454**	14,951,426	**704,009**	1,307,535
Shares sold / transferred to employees pursuant to OCBC Employee Share Purchase Plan	**5,456,660**	1,411,607	**–**	200,940
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	**4,091,307**	–	**–**	–
Balance at end of year / period	**(25,746,212)**	(40,291,633)	**(25,746,212)**	(40,291,633)
Total	**3,100,819,300**	3,086,221,079	**3,100,819,300**	3,086,221,079

From 1 October 2008 to 31 December 2008 (both dates inclusive), the Bank utilised 704,009 treasury shares upon the exercise of options by employees of the Group pursuant to OCBC Executives' Share Option Scheme 1994 and OCBC Share Option Scheme 2001. As at 31 December 2008, the number of options outstanding under the said schemes was 43,089,452 (31 December 2007: 43,412,224).

As at 31 December 2008, the number of acquisition rights outstanding under the Third Offering of OCBC Employee Share Purchase Plan ("ESPP") was 10,214,077 (31 December 2007: 5,483,991), including 8,706 (31 December 2007: 11,162) ordinary shares from the participation by the Chief Executive Officer of the Bank.

There was no share buyback and no exercise of acquisition rights by employees of the Group pursuant to OCBC ESPP in the fourth quarter ended 31 December 2008. No new preference shares were allotted or issued by the Bank in the fourth quarter ended 31 December 2008.

KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

INDEPENDENT AUDITORS' REPORT

To The Members Of Oversea-Chinese Banking Corporation Limited

We have audited the accompanying financial statements of Oversea-Chinese Banking Corporation Limited ("the Bank") and its subsidiaries ("the Group"), which comprise the balance sheets of the Group and the Bank as at 31 December 2008, the income statements and statements of changes in equity of the Group and the Bank and cash flow statement of the Group for the year then ended; a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the financial statements of the Bank are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, including the modification of the requirements of FRS 39 *Financial Instruments: Recognition and Measurement* in respect of loan loss provisioning by Notice to Banks No. 612 'Credit Files, Grading and Provisioning' issued by the Monetary Authority of Singapore, so as to give a true and fair view of the state of affairs of the Group and of the Bank as at 31 December 2008, the results and changes in equity of the Group and of the Bank and cash flows of the Group for the year ended on that date; and

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

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants
Singapore

18 February 2009