

## Media Release

### **OCBC Group's Second Quarter 2008 Net Profit Falls 20% to S\$425 million**

***Net Profit for the First Half Down 11% to S\$1,047 million***

***Interim Dividend of 14 cents per share***

Singapore, 7 August 2008 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") today reported a net profit attributable to shareholders ("net profit") of S\$425 million for the second quarter ended 30 June 2008 ("2Q08"), 20% lower compared to S\$532 million for 2Q07. Core net profit, which excludes gains from the divestment of non-core assets and tax refunds, fell 26% to S\$381 million, from S\$518 million in 2Q07. The year-on-year earnings decline was largely due to reduced contributions from subsidiary Great Eastern Holdings ("GEH"), lower trading income and higher operating expenses and allowances.

GEH's second quarter results continued to be affected by difficult debt and equity market conditions. Its contribution to the Group's core net profit, after amortisation of intangible assets and minority interests, fell from S\$116 million in 2Q07 to S\$3 million in 2Q08.

Apart from insurance and trading income, the Group's other key revenue drivers were resilient. Net interest income grew 22% on higher loan volumes and continued improvement in the net interest margin, which increased by 11 bps from a year ago and 7 bps from the previous quarter, to 2.24%. Fee and commission income held up reasonably well despite difficult market conditions, falling by 7% due mainly to lower stockbroking income which was in line with reduced stock market turnover.

The Group set aside additional allowances of S\$67 million for its CDO (collateralised debt obligations) portfolio in 2Q08, writing down the remaining value of its ABS (asset-backed securities) CDOs to zero, and setting aside some allowances for its corporate CDOs. Net allowances for the quarter were S\$55 million, compared to net write-backs of S\$16 million in 2Q07 and S\$8 million in 1Q08.

Compared to 1Q08's core net profit of S\$460 million, the second quarter profit was 17% lower. Strong quarter-on-quarter growth in net interest income was offset by lower foreign exchange income and lower gains on investment securities, while operating expenses and allowances were higher.

Core earnings in 2Q08 exclude realised gains of S\$18 million from the divestment of shares in Robinson and Co Limited, and tax refunds of S\$26 million. The 2Q08 numbers included the consolidated results of PacificMas Berhad ("PacMas"), which became a 67%-owned subsidiary in April 2008. PacMas' main businesses are general insurance and fund management. Its profit contribution in 2Q08 was not material.

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## Great Eastern Holdings

GEH reported a net profit of S\$16 million for 2Q08 and S\$61 million for 1H08, down 89% and 78% respectively year-on-year. After taking into account the amortisation of intangible assets and minority interests, GEH's contribution to OCBC Group's core net profit<sup>1</sup> was S\$3 million in 2Q08 and S\$4 million in 1H08, substantially lower than the S\$116 million in 2Q07 and S\$233 million in 1H07.

GEH's reported earnings continued to be affected by the volatility in the debt and equity markets, which continued into the second quarter. Its Singapore non-participating fund registered a post-tax loss of S\$30 million compared with a profit of S\$48 million a year ago, due to mark-to-market losses on its debt and equity investment portfolios. In particular, the rise in long-term interest rates during the second quarter reduced the market value of the fixed income portfolio.

The underlying insurance business of GEH remains strong in terms of new business sales, embedded value and market share. Gross premium income, new business premiums, and new business embedded value recorded year-on-year increases of 33%, 68% and 14% respectively during the second quarter. GEH maintained its leading life assurance market share in Singapore (29% in 1H08) and Malaysia (17% in 1Q08), in terms of weighted new business premiums. GEH together with OCBC Bank are also the market leaders in Singapore bancassurance, with 47% market share in 1H08.

## Second Quarter Revenues

The Group's net interest income rose 22% year-on-year and 6% from the previous quarter to S\$678 million, driven by growth in interest earning assets and improved interest margins. Customer loans grew by 20% from a year ago, and 4% from March 2008, contributed mainly by growth in corporate and SME loans in Singapore, Malaysia and other overseas markets, as well as housing loans in Singapore. Net interest margin improved to 2.24%, from 2.13% in 2Q07 and 2.17% in 1Q08, largely due to higher loan spreads and lower average cost of funds in Singapore and Indonesia.

Non-interest income, excluding divestment gains, was generally impacted by the effects of weaker financial markets, falling 27% year-on-year to S\$360 million. Fee and commission income fell 7% to S\$202 million due to lower income from stockbroking, unit trust sales, fund management and investment banking, which offset growth in other areas. Profit from life assurance fell by 73% from S\$123 million to S\$33 million. Higher foreign exchange income was more than offset by lower realised gains on investment securities and a small loss in derivatives and securities dealing, resulting in a 51% fall in other income to S\$50 million.

Compared to 1Q08, core non-interest income was lower by 5%, due mainly to the decline in foreign exchange dealing income from S\$90 million to S\$26 million.

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<sup>1</sup> GEH's contribution excludes S\$28 million net gain from the sale of Straits Trading shares in 1Q08 and S\$1 million net gain from the sale of Robinson shares in 2Q08.

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## **Second Quarter Operating Expenses**

Operating expenses increased by 14% year-on-year to S\$473 million. Approximately half of the expense increase can be attributed to the Group's overseas investments particularly in China, business volume-related and incentive compensation costs, and the first-time consolidation of PacMas' expenses.

Staff costs rose by 17% to S\$270 million, mainly due to higher base salaries and increased headcount in tandem with the Group's regional expansion. Group headcount rose 13%, driven largely by higher headcount in overseas markets, including Malaysia, Indonesia and China. Property and equipment expenses fell 7% to S\$81 million, while other operating expenses increased by 24% to S\$121 million, attributed mainly to higher general insurance claims (mainly PacMas), business promotion expenses and business volume-related expenses.

Compared with 1Q08, expenses were up by 11%, mainly as a result of higher staff costs and consolidation of PacMas' expenses.

The cost-to-income ratio for 2Q08 was 45.5%, compared with 39.6% in 2Q07 and 42.0% in 1Q08.

## **Allowances and Asset Quality**

The Group provided S\$55 million in net allowances for loans and other assets in 2Q08, compared with net write-backs of S\$16 million in 2Q07, and S\$8 million in 1Q08.

Allowances of S\$67 million were taken against the Bank's total CDO investment portfolio of S\$589 million. Of this amount, S\$39 million was provided for the ABS CDO portfolio of S\$246 million, following deterioration in the underlying assets and estimated losses based on the third party valuation model used. The ABS CDOs are now 100% provided for, compared to 85% in 1Q08.

Allowances of S\$28 million were set aside for the corporate CDO portfolio of S\$343 million, in anticipation of potential losses in parts of the portfolio, although as at June 2008 only S\$5 million of the CDOs has been classified as non-performing. In addition to these allowances, cumulative mark-to-market losses of S\$20 million on related credit default swaps have been taken to the Income Statement to-date (inclusive of a S\$13 million gain in 2Q08), and a negative fair value adjustment of S\$34 million was taken to the Balance Sheet fair value reserves.

The CDO allowances in 2Q08 were partly offset by net recoveries of S\$18 million in specific loan allowances. While the Group continues to set aside additional allowances for new and existing non-performing loans ("NPLs"), these were more than offset by NPL recoveries and settlements.

The Group's asset quality and coverage ratios remained strong. NPLs fell 7% from March 2008 to S\$1.23 billion in June 2008, while the NPL ratio improved from 1.6% to 1.4% and is now at a 10-year low. Total cumulative specific and portfolio allowances were S\$1.50 billion, providing coverage of 122% of total NPLs, higher than the 115% coverage in March 2008 and 104% in June 2007. The allowance coverage ratio is at a 10-year high.

### **First Half 2008 Results**

For the first six months of 2008 ("1H08"), core net profit was S\$841 million, 18% lower than 1H07's profit of S\$1,028 million. Strong growth in net interest income was offset by declines in profit from life assurance, as well as lower gains from investment securities, and losses in derivatives and securities dealing in 1H08.

Net interest income grew 24% to S\$1,317 million, driven by 17% growth in interest earning assets and a 12 basis-point improvement in net interest margin from 2.09% to 2.21%. Core non-interest income fell 26% to S\$736 million due to lower life assurance profits, derivatives and securities dealing income and gains on investment securities. Fee and commission income rose by 5% to S\$415 million, as declines in brokerage and fund management income partially offset the strong growth in other fee income categories.

Operating expenses increased 17% to S\$899 million, attributable mainly to higher staff costs, business promotion expenses and general insurance claims (mainly PacMas). Approximately 40% of the expense increase can be attributed to overseas investments particularly in China, business volume-related and incentive compensation costs, and consolidation of PacMas. Due largely to the decline in life assurance profits, the Group's overall cost-to-income ratio rose to 43.8% in 1H08, from 37.2% for 1H07.

Net allowances for loans and other assets amounted to S\$48 million in 1H08, with the CDO-related allowances partly offset by net recoveries in specific loan allowances. In 1H07 there was a net allowance write-back of S\$15 million due to NPL recoveries.

Return on equity, based on core earnings, was 11.3% in 1H08, down from 15.6% in 1H07. Annualised core earnings per share for the half year were 53.5 cents, a decline of 19% from 1H07.

The 1H08 core profit numbers exclude divestment gains of S\$174 million (S\$90 million in 1H07) and tax refunds of S\$32 million (S\$62 million in 1H07). Including these items, the Group's reported net profit in 1H08 was S\$1,047 million, 11% lower than S\$1,179 million in 1H07.

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## **Capital Position**

Based on the revised MAS Notice 637 effective January 2008, the Group's total capital adequacy ratio ("CAR") under the Basel II framework was 13.6% and the Tier 1 CAR was 12.3% as at 30 June 2008, compared with the ratios of 13.5% and 12.8% at 31 March 2008 respectively. The decline in the Tier 1 CAR from March 2008 was due to growth in risk weighted assets ("RWA"). Total CAR increased slightly, as the Group's Tier 2 capital was boosted by RM1.6 billion (S\$666 million) of Lower Tier 2 subordinated bonds issued by the Bank in Malaysia.

The capital ratios as at 30 June 2008 do not include the S\$1 billion Tier 1 capital raised in the recent offering of OCBC Class B Preference Shares, which was launched in June 2008 but closed at the end of July 2008. Based on the Group's risk weighted assets as at 30 June 2008, the S\$1 billion additional capital would increase the Group's Tier 1 and Total CAR by approximately one percentage point on a proforma basis. The impact on total capital, however, would be partly offset by the annual amortisation of the Bank's Upper Tier 2 subordinated bonds issued in 2001, which would reduce Tier 2 and total capital by approximately S\$780 million during the third quarter.

## **Interim Dividend**

An interim tax-exempt dividend of 14 cents per share has been declared, similar to the 14 cents paid for 1H07 and 2H07. The dividend payout will amount to S\$433 million, or approximately 51% of the Group's core net profit of S\$841 million for 1H08. This is in line with the Group's dividend policy of paying out at least 45% of its core net profit.

## **CEO's Comments**

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

"Our first half performance was affected by the volatile markets impacting Great Eastern's results and the Bank's trading income. Still, the overall fundamentals of our banking and insurance businesses remain strong. While we are on alert due to possible further weakening of the global economy, we will continue to strengthen our presence in our primary markets."

## About OCBC Bank

Singapore's longest established local bank, OCBC Bank currently has assets of S\$181 billion and a network of more than 460 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 350 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 Global Investors is one of the largest asset management companies in Southeast Asia. Additional information may be found at [www.ocbc.com](http://www.ocbc.com).

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## To Our Shareholders

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

### Financial Results for the Second Quarter Ended 30 June 2008

For the second quarter ended 30 June 2008, Group reported net profit was S\$425 million. Details of the financial results in the accompanying Group Financial Report have not been audited but have been reviewed by our auditors in accordance with Singapore Standard on Review Engagements 2410: *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

### Ordinary Dividend

An interim tax-exempt dividend of 14 cents per share (2007: 14 cents tax-exempt) has been declared for the first half-year 2008, and will be paid on 12 September 2008. The interim dividend payout will amount to an estimated S\$433 million (2007: S\$432 million) or approximately 51% of the Group's core net profit of S\$841 million for 1H08.

### Closure of Books

Notice is hereby given that the Transfer Books and the Register of Shareholders of the Bank will be closed from 28 August 2008 to 29 August 2008 (both dates inclusive) for the purpose of determining the entitlement of Shareholders to the interim tax-exempt dividend of 14 cents for every ordinary share held. Duly completed registrable transfers of ordinary shares 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 27 August 2008 will be registered to determine the entitlement of Shareholders to the interim dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Bank as at 5.00 p.m. on 27 August 2008 will be entitled to the interim dividend.

### Scrip Dividend Scheme

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

### Preference Dividends

On 20 June 2008, the Bank paid semi-annual tax-exempt dividends on its non-cumulative non-convertible Class E Preference Shares at 4.5% per annum (2007: 4.5% tax-exempt), and on its non-cumulative non-convertible 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 E and Class G Preference Shares were S\$11.3 million and S\$8.3 million respectively.

Peter Yeoh  
Secretary

Singapore, 7 August 2008

More details on the results are available on the Bank's website at [www.ocbc.com](http://www.ocbc.com)





**Oversea-Chinese Banking Corporation Limited**  
**Second Quarter 2008 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, 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.

### Financial Results

Group net profit attributable to shareholders was S\$425 million for the second quarter ended 30 June 2008 (“2Q08”), 20% lower compared to S\$532 million for 2Q07. Core net profit, which excludes gains from the divestment of non-core assets and tax refunds, fell 26% to S\$381 million, from S\$518 million in 2Q07. The year-on-year earnings decline was largely due to reduced contributions from subsidiary Great Eastern Holdings (“GEH”), lower trading income and higher operating expenses and allowances.

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## FINANCIAL SUMMARY *(continued)*

S\$ million	1H08	1H07	+ / (-) %	2Q08	2Q07	+ / (-) %	1Q08	+ / (-) %
<b>Selected Income Statement Items</b>								
Net interest income	1,317	1,065	24	678	558	22	638	6
Non-interest income	736	999	(26)	360	493	(27)	377	(5)
Total core income	2,053	2,064	(1)	1,038	1,050	(1)	1,015	2
Operating expenses	(899)	(768)	17	(473)	(416)	14	(426)	11
Operating profit before allowances and amortisation	1,154	1,296	(11)	565	634	(11)	589	(4)
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	(23)	(23)	–	(12)	(12)	–	(12)	–
Operating profit after allowances and amortisation	1,083	1,288	(16)	498	639	(22)	585	(15)
Share of results of associates and joint ventures	4	20	(78)	3	4	(32)	2	86
Profit before income tax	1,088	1,309	(17)	501	643	(22)	586	(14)
<b>Core net profit attributable to shareholders</b>	<b>841</b>	<b>1,028</b>	<b>(18)</b>	<b>381</b>	<b>518</b>	<b>(26)</b>	<b>460</b>	<b>(17)</b>
Divestment gains (net of tax)	174	90	94	18	–	–	156	(88)
Tax refund	32	62	(49)	26	15	75	6	320
<b>Reported net profit attributable to shareholders</b>	<b>1,047</b>	<b>1,179</b>	<b>(11)</b>	<b>425</b>	<b>532</b>	<b>(20)</b>	<b>622</b>	<b>(32)</b>
<b>Cash basis net profit attributable to shareholders <sup>1/</sup></b>	<b>1,070</b>	<b>1,202</b>	<b>(11)</b>	<b>437</b>	<b>544</b>	<b>(20)</b>	<b>633</b>	<b>(31)</b>

## Selected Balance Sheet Items

Ordinary equity	14,249	13,547	5	14,249	13,547	5	14,793	(4)
Total equity (excluding minority interests)	15,145	14,443	5	15,145	14,443	5	15,689	(3)
Total assets	180,820	163,939	10	180,820	163,939	10	179,997	–
Assets excluding life assurance investment assets <sup>4/</sup>	141,296	123,759	14	141,296	123,759	14	139,032	2
Loans and bills receivable (net of allowances)	76,989	63,656	21	76,989	63,656	21	73,977	4
Deposits of non-bank customers	92,371	82,233	12	92,371	82,233	12	92,867	(1)

### Notes:

1. Excludes amortisation of intangible assets.
2. Certain figures may not add up to the relevant totals due to rounding.

## FINANCIAL SUMMARY *(continued)*

	1H08	1H07	2Q08	2Q07	1Q08
<b>Key Financial Ratios</b>					
<b>- based on core earnings</b>					
<b>Performance ratios (% p.a.)</b>					
Return on equity <sup>1/</sup>					
GAAP basis	<b>11.3</b>	15.6	<b>10.3</b>	15.4	12.2
Cash basis	<b>11.6</b>	16.0	<b>10.6</b>	15.7	12.6
Return on assets <sup>2/</sup>					
GAAP basis	<b>1.21</b>	1.74	<b>1.09</b>	1.71	1.34
Cash basis	<b>1.25</b>	1.78	<b>1.12</b>	1.75	1.37
<b>Revenue mix / efficiency ratios (%)</b>					
Net interest margin (annualised)	<b>2.21</b>	2.09	<b>2.24</b>	2.13	2.17
Net interest income to total income	<b>64.1</b>	51.6	<b>65.4</b>	53.1	62.9
Non-interest income to total income	<b>35.9</b>	48.4	<b>34.6</b>	46.9	37.1
Cost to income	<b>43.8</b>	37.2	<b>45.5</b>	39.6	42.0
Loans to deposits	<b>83.3</b>	77.4	<b>83.3</b>	77.4	79.7
NPL ratio	<b>1.4</b>	2.4	<b>1.4</b>	2.4	1.6
<b>Earnings per share (annualised - cents)</b>					
Basic earnings	<b>53.5</b>	66.1	<b>48.3</b>	66.1	58.7
Basic earnings (cash basis)	<b>55.0</b>	67.6	<b>49.8</b>	67.6	60.2
Diluted earnings	<b>53.3</b>	65.7	<b>48.1</b>	65.7	58.4
<b>Net asset value (S\$)</b>					
Before valuation surplus	<b>4.60</b>	4.39	<b>4.60</b>	4.39	4.79
After valuation surplus	<b>6.41</b>	6.18	<b>6.41</b>	6.18	6.43
<b>Capital adequacy ratios (%) <sup>4/</sup></b>					
Tier 1	<b>12.3</b>	12.5	<b>12.3</b>	12.5	12.8
Total	<b>13.6</b>	14.6	<b>13.6</b>	14.6	13.5

Notes:

1. Preference equity and minority interests are not included in the computation for return on equity. Computation of return on equity for 1H08, 2Q08 and 1Q08 included the fair value reserve arising from the mark-to-market gain on the Group's investment in Bank of Ningbo following its listing on the Shenzhen Stock Exchange in July 2007. The mark-to-market gains were approximately S\$0.4 billion and S\$0.6 billion as at 30 Jun 2008 and 31 Mar 2008 respectively. Excluding the impact of the fair value gain, return on equity on GAAP basis would have been 11.8% for 1H08, 10.7% for 2Q08 and 13.0% for 1Q08.
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 ratios for 1H08, 2Q08 and 1Q08 are computed in accordance with Basel II rules while the ratios for 1H07 and 2Q07 are computed based on Basel I rules.

## NET INTEREST INCOME

### Average Balance Sheet

S\$ million	1H08			1H07		
	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %
<b>Interest earning assets</b>						
Loans and advances to non-bank customers	73,940	1,790	4.87	61,339	1,720	5.65
Placements with and loans to banks	23,826	396	3.35	22,060	441	4.03
Other interest earning assets <sup>1/</sup>	22,242	431	3.90	19,369	406	4.23
<b>Total</b>	<b>120,007</b>	<b>2,617</b>	<b>4.39</b>	<b>102,768</b>	<b>2,567</b>	<b>5.04</b>
<b>Interest bearing liabilities</b>						
Deposits of non-bank customers	92,091	935	2.04	78,561	1,086	2.79
Deposits and balances of banks	14,823	250	3.40	12,252	272	4.48
Other borrowings <sup>2/</sup>	5,664	115	4.09	5,768	143	5.01
<b>Total</b>	<b>112,578</b>	<b>1,301</b>	<b>2.32</b>	<b>96,582</b>	<b>1,501</b>	<b>3.13</b>
<b>Net interest income / margin <sup>3/</sup></b>		<b>1,317</b>	<b>2.21</b>		<b>1,065</b>	<b>2.09</b>

S\$ million	2Q08			2Q07			1Q08		
	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %	Average Balance	Interest	Average Rate <sup>4/</sup> %
<b>Interest earning assets</b>									
Loans and advances to non-bank customers	75,514	883	4.70	62,667	877	5.61	72,365	906	5.04
Placements with and loans to banks	24,209	200	3.31	22,737	223	3.93	23,442	197	3.38
Other interest earning assets <sup>1/</sup>	22,010	204	3.72	19,418	203	4.19	22,474	228	4.07
<b>Total</b>	<b>121,733</b>	<b>1,287</b>	<b>4.25</b>	<b>104,822</b>	<b>1,303</b>	<b>4.98</b>	<b>118,281</b>	<b>1,331</b>	<b>4.52</b>
<b>Interest bearing liabilities</b>									
Deposits of non-bank customers	93,007	440	1.90	80,686	540	2.68	91,176	495	2.18
Deposits and balances of banks	15,272	113	2.96	12,020	134	4.47	14,374	138	3.86
Other borrowings <sup>2/</sup>	5,856	56	3.84	5,711	71	4.98	5,473	59	4.36
<b>Total</b>	<b>114,134</b>	<b>608</b>	<b>2.14</b>	<b>98,416</b>	<b>745</b>	<b>3.04</b>	<b>111,023</b>	<b>692</b>	<b>2.51</b>
<b>Net interest income / margin <sup>3/</sup></b>		<b>678</b>	<b>2.24</b>		<b>558</b>	<b>2.13</b>		<b>638</b>	<b>2.17</b>

#### 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 22% to S\$678 million in 2Q08. The increase was a result of higher asset balances and improved margins. Interest earning assets grew by 16% contributed mainly by loans growth in Singapore and overseas. Net interest margin rose 11 basis points from 2.13% in 2Q07 to 2.24% in 2Q08 largely due to higher loan spreads and lower average cost of funds in Singapore and Indonesia.

Against 1Q08, net interest income increased by 6% mainly on higher loan volume and better margins. Loans and advances to non-bank customers increased by 4% primarily from higher corporate lending in Singapore. Net interest margin was up by 7 basis points to 2.24%, driven mainly by improved margins in Singapore and Indonesia.

### Volume and Rate Analysis

Increase / (decrease) due to change in: S\$ million	1H08 vs 1H07			2Q08 vs 2Q07			2Q08 vs 1Q08		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
<b>Interest income</b>									
Loans and advances to non-bank customers	355	(295)	60	180	(173)	7	39	(63)	(23)
Placements with and loans to banks	35	(83)	(47)	14	(38)	(23)	6	(4)	3
Other interest earning assets	61	(38)	23	27	(26)	1	(5)	(19)	(24)
<b>Total</b>	<b>451</b>	<b>(415)</b>	<b>36</b>	<b>221</b>	<b>(237)</b>	<b>(16)</b>	<b>41</b>	<b>(85)</b>	<b>(44)</b>
<b>Interest expense</b>									
Deposits of non-bank customers	188	(345)	(157)	82	(183)	(100)	10	(65)	(55)
Deposits and balances of banks	57	(81)	(23)	36	(58)	(21)	9	(34)	(25)
Other borrowings	(3)	(26)	(29)	2	(17)	(15)	4	(8)	(3)
<b>Total</b>	<b>243</b>	<b>(452)</b>	<b>(209)</b>	<b>121</b>	<b>(257)</b>	<b>(137)</b>	<b>23</b>	<b>(107)</b>	<b>(84)</b>
<b>Impact on net interest income</b>	<b>208</b>	<b>37</b>	<b>245</b>	<b>101</b>	<b>20</b>	<b>121</b>	<b>18</b>	<b>22</b>	<b>40</b>
Due to change in number of days			6			–			–
<b>Net interest income</b>			<b>251</b>			<b>121</b>			<b>40</b>

## NON-INTEREST INCOME

S\$ million	1H08	1H07	+ / (-) %	2Q08	2Q07	+ / (-) %	1Q08	+ / (-) %
<b>Fees and commissions</b>								
Brokerage	43	66	(35)	19	36	(47)	24	(23)
Wealth management	80	76	5	40	44	(10)	41	(2)
Fund management	42	45	(8)	21	23	(8)	21	1
Credit card	28	26	7	14	13	5	14	-
Loan-related	71	59	21	37	34	9	33	12
Trade-related and remittances	65	54	20	32	27	20	32	1
Guarantees	13	11	16	6	6	6	7	(10)
Investment banking	35	25	40	15	18	(14)	20	(24)
Service charges	25	23	8	12	13	(1)	13	(2)
Others	13	8	48	5	3	46	8	(38)
Sub-total	415	395	5	202	217	(7)	212	(5)
<b>Dividends</b>	46	36	27	28	20	41	18	60
<b>Rental income</b>	32	33	(3)	17	16	6	15	11
<b>Profit from life assurance</b>	40	222	(82)	33	123	(73)	7	377
<b>Premium income from general insurance</b>	46	31	49	29	15	90	17	67
<b>Other income</b>								
Net dealing income:								
Foreign exchange	116	73	59	26	18	50	90	(71)
Derivatives and securities	(68)	32	(315)	(3)	28	(112)	(65)	(95)
Net gains from investment securities	68	143	(52)	4	39	(89)	64	(93)
Net gains from disposal of properties	6	4	51	6	1	300	#	n.m.
Others	35	30	17	17	15	12	18	(6)
Sub-total	157	282	(44)	50	102	(51)	107	(53)
<b>Total core non-interest income</b>	736	999	(26)	360	493	(27)	377	(5)
Divestment gains	186	92	101	19	-	-	167	(89)
<b>Total non-interest income</b>	922	1,091	(16)	378	493	(23)	544	(30)
Fees and commissions / Total income <sup>1/</sup>	20.2%	19.1%		19.5%	20.7%		20.9%	
Non-interest income / Total income <sup>1/</sup>	35.9%	48.4%		34.6%	46.9%		37.1%	

Notes:

1. Pre-tax divestment gains are not included.
2. "n.m." denotes not meaningful.
3. "#" represents amounts less than S\$0.5 million.

Core non-interest income fell 27% year-on-year to S\$360 million, generally impacted by the weaker financial markets which affected insurance, stockbroking and trading income.

Profit from life assurance fell by 73% year-on-year to S\$33 million. Higher long-term interest rates and weak equity markets resulted in mark-to-market losses in debt and equity investments in GEH's Singapore non-participating fund portfolio. Fee and commission income fell 7% to S\$202 million due to lower income from stockbroking, unit trust sales, fund management and investment banking, which offset growth in other areas.

Other income fell 51% to S\$50 million, as net gains from investment securities fell from S\$39 million to S\$4 million, while derivatives and securities dealing registered a net loss of S\$3 million compared to net gains of S\$28 million a year ago.

Compared to 1Q08, core non-interest income was lower by 5%. This was mainly due to a decline in foreign exchange dealing income from S\$90 million to S\$26 million, following a very strong performance in the previous quarter. Lower gains in investment securities were largely offset by a smaller loss in derivatives and securities dealing as compared to 1Q08.



## OPERATING EXPENSES

S\$ million	1H08	1H07	+ / (-) %	2Q08	2Q07	+ / (-) %	1Q08	+ / (-) %
<b>Staff costs</b>								
Salaries and other costs	476	398	20	249	213	17	228	9
Share-based expenses	4	5	(21)	2	3	(21)	2	10
Contribution to defined contribution plans	40	28	39	20	16	26	20	(1)
	<b>520</b>	431	20	<b>270</b>	231	17	249	8
<b>Property and equipment</b>								
Depreciation	55	55	–	28	30	(7)	26	7
Maintenance and hire of property, plant & equipment	34	32	6	17	17	–	17	2
Rental expenses	18	14	33	10	7	38	8	17
Others	52	56	(6)	26	32	(20)	27	(3)
	<b>159</b>	156	2	<b>81</b>	87	(7)	78	4
<b>Other operating expenses</b>	<b>220</b>	181	22	<b>121</b>	98	24	99	23
<b>Total operating expenses</b>	<b>899</b>	768	17	<b>473</b>	416	14	426	11
<b>Group staff strength</b>								
Period end	19,578	17,277	13	19,578	17,277	13	19,048	3
Average	19,219	16,669	15	19,496	17,018	15	18,942	3
Cost to income ratio <sup>1/</sup>	<b>43.8%</b>	37.2%		<b>45.5%</b>	39.6%		42.0%	

Note:

1. Excludes divestment gains.

Operating expenses increased by 14% year-on-year to S\$473 million, inclusive of the consolidation of PacMas' expenses in 2Q08. Approximately half of the expense increase can be attributed to the Group's overseas investments particularly in China, business volume-related and incentive compensation costs, and the first-time consolidation of PacMas' expenses.

Staff costs rose by 17% to S\$270 million, mainly due to higher base salaries and increased headcount in tandem with the Group's regional expansion. Group headcount rose 13%, driven largely by higher headcount in overseas markets, including Malaysia, Indonesia and China. Excluding PacMas, group headcount increased by 11%. Property and equipment expenses fell 7% to S\$81 million while other operating expenses increased by 24% to S\$121 million, attributed mainly to higher business promotion expenses, general insurance claims and business volume-related expenses. The increase in general insurance claims was mainly from the consolidation of PacMas.

Compared with 1Q08, expenses were up by 11%, mainly as a result of higher staff costs and consolidation of PacMas' expenses.

The cost-to-income ratio for 2Q08 was 45.5%, compared with 39.6% in 2Q07 and 42.0% in 1Q08.

## ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1H08	1H07	+/(-) %	2Q08	2Q07	+/(-) %	1Q08	+/(-) %
Specific allowances / (write-back) for loans								
Singapore	(37)	(14)	153	(14)	(2)	546	(23)	(40)
Malaysia	(1)	(2)	(39)	(16)	(9)	68	14	(208)
Others	13	(5)	(393)	11	(7)	(18)	2	451
	(24)	(21)	16	(18)	(18)	(1)	(6)	181
Allowances for CDOs	67	–	–	67	–	–	–	–
Allowances and impairment charges / (write-back) for other assets	5	6	(6)	6	2	181	(1)	(592)
<b>Allowances and impairment for loans and other assets</b>	<b>48</b>	<b>(15)</b>	<b>(408)</b>	<b>55</b>	<b>(16)</b>	<b>(451)</b>	<b>(8)</b>	<b>(819)</b>

The Group provided S\$55 million in net allowances for loans and other assets in 2Q08, compared with net write-backs of S\$16 million in 2Q07, and S\$8 million in 1Q08.

Allowances of S\$67 million were taken against the Bank's total CDO investment portfolio of S\$589 million. Of this amount, S\$39 million was provided for the ABS CDO portfolio of S\$246 million, following deterioration in the underlying assets and estimated losses based on the third party valuation model used. The ABS CDOs are now 100% provided for, compared to 85% in 1Q08.

Allowances of S\$28 million were set aside for the corporate CDO portfolio of S\$343 million, in anticipation of potential losses in parts of the portfolio, although as at June 2008 only S\$5 million of the CDOs has been classified as non-performing. In addition to these allowances, cumulative mark-to-market losses of S\$20 million on related credit default swaps have been taken to the Income Statement to-date (inclusive of a S\$13 million gain in 2Q08), and a negative fair value adjustment of S\$34 million was taken to the Balance Sheet fair value reserves.

The CDO allowances in 2Q08 were partly offset by net recoveries of S\$18 million in specific loan allowances. While the Group continues to set aside additional allowances for new and existing non-performing loans ("NPLs"), these were more than offset by NPL recoveries and settlements.

## LOANS AND ADVANCES

S\$ million	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Loans to customers	77,036	74,417	71,598	64,414
Bills receivable	1,319	976	1,177	895
Gross loans to customers	78,355	75,393	72,775	65,309
Allowances:				
Specific allowances	(407)	(459)	(499)	(687)
Portfolio allowances	(959)	(958)	(960)	(967)
Loans net of allowances	76,989	73,977	71,316	63,656
<b>By Maturity</b>				
Within 1 year	28,286	26,674	26,653	22,904
1 to 3 years	13,688	13,344	12,040	11,308
Over 3 years	36,380	35,376	34,082	31,096
	78,355	75,393	72,775	65,309
<b>By Industry</b>				
Agriculture, mining and quarrying	1,232	1,151	1,116	1,125
Manufacturing	6,576	6,319	6,278	5,854
Building and construction	15,517	15,365	13,653	11,204
Housing loans	19,765	19,630	19,247	18,095
General commerce	7,507	6,939	6,943	5,961
Transport, storage and communication	4,359	4,068	3,922	3,055
Financial institutions, investment and holding companies	11,943	10,946	10,610	9,338
Professionals and individuals	7,445	7,243	7,385	7,217
Others	4,011	3,732	3,621	3,460
	78,355	75,393	72,775	65,309
<b>By Currency</b>				
Singapore Dollar	45,132	43,930	42,617	38,635
United States Dollar	10,677	9,767	9,417	8,567
Malaysian Ringgit	11,238	11,035	10,869	9,709
Indonesian Rupiah	2,553	2,355	2,402	2,466
Others	8,755	8,307	7,471	5,933
	78,355	75,393	72,775	65,309
<b>By Geographical Sector <sup>1/</sup></b>				
Singapore	48,440	46,860	45,311	41,293
Malaysia	12,668	12,341	12,102	11,028
Other ASEAN	4,723	4,392	4,446	4,215
Greater China	5,920	5,577	5,133	3,891
Other Asia Pacific	3,248	3,462	3,073	2,291
Rest of the World	3,357	2,762	2,710	2,593
	78,355	75,393	72,775	65,309

Note:

1. Loans by geographical sector are based on where the credit risks reside, regardless of where the transactions are booked.

The Group's loan book increased by 20% year-on-year, and 4% quarter-on-quarter, to S\$78.4 billion as at 30 June 2008. This was boosted by growth in corporate and SME loans in Singapore, Malaysia and overseas markets, as well as Singapore housing loans. By industry, the growth was broad-based, with the largest increase coming from loans to the building and construction, financial institutions, investment and holding companies, general commerce and housing sectors.

## NON-PERFORMING LOANS <sup>1/</sup>

S\$ million	Total <sup>2/</sup>	Substandard	Doubtful	Loss	Secured NPLs/ Total NPLs %	Non-bank NPLs/ Non-bank loans <sup>3/</sup> %
<b>Singapore</b>						
<b>30 Jun 2008</b>	<b>442</b>	<b>177</b>	<b>139</b>	<b>126</b>	<b>66.3</b>	<b>0.9</b>
31 Mar 2008	456	151	170	135	71.5	1.0
31 Dec 2007	512	185	185	141	66.6	1.1
30 Jun 2007	749	285	251	213	65.9	1.8
<b>Malaysia</b>						
<b>30 Jun 2008</b>	<b>470</b>	<b>294</b>	<b>101</b>	<b>75</b>	<b>63.1</b>	<b>3.6</b>
31 Mar 2008	519	316	120	84	62.7	4.0
31 Dec 2007	548	335	114	98	63.0	4.3
30 Jun 2007	621	371	146	104	61.1	5.4
<b>Others</b>						
<b>30 Jun 2008</b>	<b>320</b>	<b>94</b>	<b>153</b>	<b>73</b>	<b>33.6</b>	<b>1.2</b>
31 Mar 2008	349	115	168	67	44.4	1.6
31 Dec 2007	294	71	151	72	47.4	1.3
30 Jun 2007	244	80	78	86	62.9	1.8
<b>Group</b>						
<b>30 Jun 2008</b>	<b>1,232</b>	<b>565</b>	<b>393</b>	<b>274</b>	<b>56.6</b>	<b>1.4</b>
31 Mar 2008	1,325	581	458	286	60.9	1.6
31 Dec 2007	1,354	592	450	312	60.9	1.7
30 Jun 2007	1,614	736	475	403	63.6	2.4

### Notes:

1. Comprises non-bank loans, debt securities and contingent facilities.
2. Include CDOs of S\$110 million, S\$83 million and S\$86 million as at 30 Jun 2008, 31 March 2008 and 31 December 2007 respectively.
3. Exclude debt securities.

The Group's asset quality continued to improve in 2Q08. As at 30 June 2008, total NPLs were S\$1.23 billion, down from S\$1.61 billion at 30 June 2007 and S\$1.32 billion at 31 March 2008. Singapore NPLs amounted to S\$0.44 billion, while Malaysia NPLs were S\$0.47 billion. These accounted for 36% and 38% of total NPLs respectively. Of the total NPLs, 46% were in the substandard category while 57% were secured by collateral.

The Group's NPL ratio was 1.4% in June 2008, an improvement over 2.4% in June 2007 and 1.6% in March 2008.

## NON-PERFORMING LOANS (continued)

	30 Jun 2008		31 Mar 2008		31 Dec 2007		30 Jun 2007	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loan	S\$ million	% of loans
<b>NPLs by Industry</b>								
Loans and advances								
Agriculture, mining and quarrying	9	0.7	9	0.8	12	1.0	12	1.0
Manufacturing	228	3.5	241	3.8	271	4.3	311	5.3
Building and construction	117	0.8	176	1.1	187	1.4	214	1.9
Housing loans	266	1.3	290	1.5	301	1.6	371	2.1
General commerce	161	2.1	136	2.0	146	2.1	219	3.7
Transport, storage and communication	25	0.6	21	0.5	22	0.6	23	0.7
Financial institutions, investment and holding companies	106	0.9	128	1.2	68	0.6	117	1.3
Professionals and individuals	140	1.9	163	2.3	170	2.3	237	3.3
Others	44	1.1	47	1.3	61	1.7	79	2.3
Sub-total	1,095	1.4	1,212	1.6	1,238	1.7	1,583	2.4
Debt securities	137		112		116		32	
	1,232		1,325		1,354		1,614	

	30 Jun 2008		31 Mar 2008		31 Dec 2007		30 Jun 2007	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>NPLs by Period Overdue</b>								
Over 180 days	650	53	653	49	696	51	871	54
Over 90 to 180 days	150	12	207	16	190	14	181	11
30 to 90 days	127	10	107	8	137	10	189	12
Less than 30 days	24	2	156	12	191	14	36	2
Not overdue	281	23	201	15	140	10	337	21
	1,232	100	1,325	100	1,354	100	1,614	100

	30 Jun 2008		31 Mar 2008		31 Dec 2007		30 Jun 2007	
	S\$ million	Loan Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
<b>Restructured Loans</b>								
Substandard	70	4	70	4	95	5	118	11
Doubtful	126	131	98	103	59	69	128	126
Loss	18	7	24	9	32	14	23	6
	214	142	192	115	186	88	269	143

## CUMULATIVE ALLOWANCES FOR LOANS

S\$ million	Total cumulative allowances	Specific allowances <sup>1/</sup>	Portfolio allowances	Specific allowances as % of total NPLs	Cumulative allowances as % of total NPLs
				%	%
<b>Singapore</b>					
<b>30 Jun 2008</b>	<b>643</b>	<b>139</b>	<b>504</b>	<b>31.6</b>	<b>145.9</b>
31 Mar 2008	680	162	518	35.4	149.0
31 Dec 2007	740	203	537	39.5	144.4
30 Jun 2007	894	300	594	40.0	119.3
<b>Malaysia</b>					
<b>30 Jun 2008</b>	<b>415</b>	<b>212</b>	<b>203</b>	<b>45.1</b>	<b>88.3</b>
31 Mar 2008	435	238	197	45.8	83.8
31 Dec 2007	422	232	190	42.3	77.1
30 Jun 2007	434	260	174	41.9	69.9
<b>Others</b>					
<b>30 Jun 2008</b>	<b>442</b>	<b>191</b>	<b>251</b>	<b>59.7</b>	<b>138.1</b>
31 Mar 2008	412	170	242	48.7	118.0
31 Dec 2007	410	177	233	60.4	139.5
30 Jun 2007	350	151	199	62.0	143.6
<b>Group</b>					
<b>30 Jun 2008</b>	<b>1,501</b>	<b>543</b>	<b>959</b>	<b>44.1</b>	<b>121.9</b>
31 Mar 2008	1,527	569	958	43.0	115.3
31 Dec 2007	1,571	612	960	45.2	116.1
30 Jun 2007	1,678	712	967	44.1	104.0

Note:

1. Included allowances of S\$107 million, S\$80 million and S\$82 million for classified CDOs as at 30 June 2008, 31 March 2008 and 31 December 2007 respectively.

As at 30 June 2008, the Group's total cumulative allowances for loans were S\$1.50 billion, comprising S\$0.54 billion in specific allowances, and S\$0.96 billion in portfolio allowances. The cumulative specific allowances included S\$107 million in allowances for classified CDOs. Total cumulative allowances were 121.9% of total NPLs at 30 June 2008, compared with the coverage of 104.0% at 30 June 2007 and 115.3% at 31 March 2008.

## DEPOSITS

S\$ million	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Deposits of non-bank customers	92,371	92,867	88,788	82,233
Deposits and balances of banks	16,132	14,085	14,726	13,004
	<b>108,503</b>	106,952	103,514	95,237
Loans to deposits ratio (net non-bank loans / non-bank deposits)	83.3%	79.7%	80.3%	77.4%

S\$ million	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
<b>Total Deposits By Maturity</b>				
Within 1 year	105,598	103,972	99,784	91,286
1 to 3 years	2,149	2,102	2,766	2,485
Over 3 years	756	877	965	1,466
	<b>108,503</b>	106,952	103,514	95,237
<b>Non-Bank Deposits By Product</b>				
Fixed deposits	59,225	60,471	58,765	53,250
Savings deposits	14,702	14,064	12,999	12,956
Current account	14,161	13,303	12,538	11,580
Others	4,283	5,029	4,486	4,447
	<b>92,371</b>	92,867	88,788	82,233
<b>Non-Bank Deposits By Currency</b>				
Singapore Dollar	54,441	55,722	52,873	50,881
United States Dollar	12,003	10,796	11,473	9,091
Malaysian Ringgit	13,506	14,121	13,633	13,398
Indonesian Rupiah	2,644	2,650	2,903	2,864
Others	9,777	9,578	7,906	5,999
	<b>92,371</b>	92,867	88,788	82,233

As at 30 June 2008, total deposits were S\$108.5 billion, an increase of 14% year-on-year. Non-bank customer deposits grew by 12% to S\$92.4 billion, with increases of 11% in fixed deposits, 13% in savings deposits, and 22% in current account deposits. Deposits and balances of banks grew by 24% to S\$16.1 billion. Compared with 31 March 2008, total deposits grew by 1% while customer deposits decreased marginally due mainly to lower fixed deposits.

The Group's loans to deposits ratio was 83.3% at 30 June 2008, compared with 79.7% at March 2008, 80.3% in December 2007, and 77.4% in June 2007.

## CAPITAL ADEQUACY RATIOS

S\$ million	Basel II		Basel I	
	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
<b>Tier 1 Capital</b>				
Ordinary and preference shares	5,577	5,554	5,520	5,503
Disclosed reserves / others	9,899	9,927	9,366	9,054
Goodwill / others <sup>1/</sup>	(3,945)	(3,951)	(3,455)	(3,508)
	<b>11,531</b>	<b>11,530</b>	<b>11,431</b>	<b>11,049</b>
<b>Tier 2 Capital</b>				
Subordinated term notes	3,473	2,824	2,651	3,208
Others <sup>1/</sup>	(2,273)	(2,189)	960	968
<b>Total Capital</b>	<b>12,731</b>	<b>12,165</b>	<b>15,041</b>	<b>15,225</b>
Less: <sup>1/</sup>				
Capital investments in insurance subsidiaries	–	–	(2,506)	(2,258)
Others	–	–	(124)	(122)
<b>Total Eligible Capital</b>	<b>12,731</b>	<b>12,165</b>	<b>12,411</b>	<b>12,844</b>
<b>Risk weighted assets <sup>2/</sup></b>	<b>93,331</b>	<b>89,645</b>	<b>99,381</b>	<b>87,846</b>
<b>Tier 1 capital adequacy ratio</b>	<b>12.3%</b>	<b>12.8%</b>	<b>11.5%</b>	<b>12.5%</b>
<b>Total capital adequacy ratio</b>	<b>13.6%</b>	<b>13.5%</b>	<b>12.4%</b>	<b>14.6%</b>

Notes:

- In accordance with the revised MAS Notice 637, for 30 June and 31 March 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.
- 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 13.6% and the Tier 1 CAR was 12.3% as at 30 June 2008, compared with the ratios of 13.5% and 12.8% at 31 March 2008 respectively. The decline in the Tier 1 CAR from March 2008 was due to growth in risk weighted assets ("RWA"). Total CAR increased slightly, as the Group's Tier 2 capital was boosted by RM1.6 billion (S\$666 million) of Lower Tier 2 subordinated bonds issued by the Bank in Malaysia.

The capital ratios as at 30 June 2008 do not include the S\$1 billion Tier 1 capital raised in the recent offering of OCBC Class B Preference Shares, which was launched in June 2008 but closed at the end of July 2008. Based on the Group's risk weighted assets as at 30 June 2008, the S\$1 billion additional capital would increase the Group's Tier 1 and Total CAR by approximately one percentage point on a proforma basis. The impact on total capital, however, would be partly offset by the annual amortisation of the Bank's Upper Tier 2 subordinated bonds issued in 2001, which would reduce Tier 2 and total capital by approximately S\$780 million during the third quarter.



## VALUATION SURPLUS

S\$ million	30 Jun 2008	31 Mar 2008	31 Dec 2007	30 Jun 2007
Properties <sup>1/</sup>	2,575	2,536	2,513	1,967
Equity securities <sup>2/</sup>	3,009	2,530	2,654	3,541
<b>Total</b>	<b>5,583</b>	<b>5,066</b>	<b>5,167</b>	<b>5,508</b>

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.

The Group's unrealised valuation surplus was S\$5.58 billion as at 30 June 2008, 10% higher than at 31 March 2008. The valuation surplus of S\$3.01 billion on 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: Global Consumer Financial Services, Global Corporate Banking, Global Treasury and Insurance.

### Core Operating Profit by Business Segment

S\$ million	1H08	1H07	+ / (-) %	2Q08	2Q07	+ / (-) %	1Q08	+ / (-) %
Global Consumer Financial Services	350	288	22	166	146	13	184	(10)
Global Corporate Banking	527	410	29	277	226	23	250	11
Global Treasury	213	170	25	91	80	14	122	(25)
Insurance <sup>1/</sup>	43	315	(86)	20	163	(88)	23	(16)
Others <sup>2/</sup>	(50)	105	(148)	(56)	23	(350)	6	n.m.
<b>Core operating profit after allowances and amortisation</b>	<b>1,083</b>	<b>1,288</b>	<b>(16)</b>	<b>498</b>	<b>639</b>	<b>(22)</b>	<b>585</b>	<b>(15)</b>

Notes:

1. Pre-tax divestment gains of S\$41 million for 1H08, S\$2 million for 2Q08 and S\$40 million for 1Q08 are not included.
2. Pre-tax divestment gains of S\$145 million for 1H08, S\$92 million for 1H07, S\$17 million for 2Q08 and S\$128 million for 1Q08 are not included.
3. "n.m." denotes not meaningful.

### Global Consumer Financial Services

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

For 1H08, operating profit of the consumer segment rose by 22% to S\$350 million, as broad-based revenue growth in net interest income and fee income, more than offset the growth in expenses. For 2Q08, operating profit increased by 13% to S\$166 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 grew by 29% to S\$527 million in 1H08 and by 23% to S\$277 million in 2Q08. The improved performance was driven by increase in net interest income due to strong loans and deposits growth, higher fee income and net write-back of loan allowances, partly offset by higher expenses.

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## 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 25% from 1H07 to S\$213 million in 1H08, and 14% from 2Q07 to S\$91 million in 2Q08. The higher profit was driven by an increase in net interest income and foreign exchange gains, partly offset by higher expenses and losses from dealing in securities and derivatives.

### Insurance

The Group's insurance business, including its fund management activities, is carried out by 86.9%-owned subsidiary Great Eastern Holdings ("GEH"), which provides both life and general insurance products to its customers mainly in Singapore and Malaysia.

For 1H08, operating profit from GEH fell by 86% to S\$43 million, due mainly to the weak performance of its non-participating fund. Compared to 2Q07, operating profit in 2Q08 saw a decline of 88% to S\$20 million.

After minority interests and tax, and excluding non-core gains from divestments, GEH's contribution to the Group's core net profit was S\$4 million in 1H08 and S\$3 million in 2Q08, compared with S\$233 million in 1H07 and S\$116 million in 2Q07.

### Others

The "Others" segment comprises Bank NISP, newly acquired PacificMas Berhad, corporate finance, capital markets, property holding, stock brokerage and investment holding, support units, other investments and items not attributed to business segments.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
<b>1H08</b>						
<b>Total core income <sup>1/</sup></b>	<b>656</b>	<b>705</b>	<b>300</b>	<b>136</b>	<b>256</b>	<b>2,053</b>
Operating profit before allowances and amortisation <sup>1/</sup>	366	475	213	70	30	1,154
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	–	–	–	(23)	–	(23)
	(16)	52	–	(3)	(81)	(48)
<b>Operating profit / (loss) after allowances and amortisation <sup>1/</sup></b>	<b>350</b>	<b>527</b>	<b>213</b>	<b>43</b>	<b>(50)</b>	<b>1,083</b>
<b>Other information:</b>						
Capital expenditure	6	4	–	22	74	106
Depreciation	4	2	–	–	49	55
<b>1H07</b>						
<b>Total core income <sup>1/</sup></b>	<b>555</b>	<b>574</b>	<b>227</b>	<b>395</b>	<b>313</b>	<b>2,064</b>
Operating profit before allowances and amortisation <sup>1/</sup>	308	376	170	338	104	1,296
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	–	–	–	(23)	–	(23)
	(20)	34	–	–	1	15
<b>Operating profit after allowances and amortisation <sup>1/</sup></b>	<b>288</b>	<b>410</b>	<b>170</b>	<b>315</b>	<b>105</b>	<b>1,288</b>
<b>Other information:</b>						
Capital expenditure	4	3	–	60	58	125
Depreciation	5	3	–	–	47	55

Note:

1. Pre-tax divestment gains of S\$186 million and S\$92 million for 1H08 and 1H07 are not included.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
<b>2Q08</b>						
<b>Total core income <sup>1/</sup></b>	<b>325</b>	<b>365</b>	<b>136</b>	<b>69</b>	<b>143</b>	<b>1,038</b>
Operating profit before allowances and amortisation <sup>1/</sup>	174	245	91	32	23	565
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	–	–	–	(12)	–	(12)
	<b>(8)</b>	<b>32</b>	<b>–</b>	<b>–</b>	<b>(79)</b>	<b>(55)</b>
<b>Operating profit / (loss) after allowances and amortisation <sup>1/</sup></b>	<b>166</b>	<b>277</b>	<b>91</b>	<b>20</b>	<b>(56)</b>	<b>498</b>
<b>Other information:</b>						
Capital expenditure	4	3	–	13	33	53
Depreciation	2	1	–	–	25	28
<b>2Q07</b>						
<b>Total core income</b>	290	306	109	204	141	1,050
Operating profit before allowances and amortisation	155	198	80	175	26	634
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	–	–	–	(12)	–	(12)
	<b>(8)</b>	<b>28</b>	<b>–</b>	<b>–</b>	<b>(4)</b>	<b>16</b>
<b>Operating profit after allowances and amortisation</b>	<b>146</b>	<b>226</b>	<b>80</b>	<b>163</b>	<b>23</b>	<b>639</b>
<b>Other information:</b>						
Capital expenditure	3	1	–	27	31	62
Depreciation	5	2	–	–	23	30
<b>1Q08</b>						
<b>Total core income <sup>1/</sup></b>	<b>330</b>	<b>340</b>	<b>163</b>	<b>67</b>	<b>115</b>	<b>1,015</b>
Operating profit before allowances and amortisation <sup>1/</sup>	192	230	122	38	7	589
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	–	–	–	(12)	–	(12)
	<b>(8)</b>	<b>20</b>	<b>–</b>	<b>(3)</b>	<b>(1)</b>	<b>8</b>
<b>Operating profit after allowances and amortisation <sup>1/</sup></b>	<b>184</b>	<b>250</b>	<b>122</b>	<b>23</b>	<b>6</b>	<b>585</b>
<b>Other information:</b>						
Capital expenditure	2	2	–	9	40	53
Depreciation	2	1	–	–	23	26

Note:

1. Pre-tax divestment gains of S\$19 million and S\$167 million for 2Q08 and 1Q08 are not included.

## PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
<b>At 30 June 2008</b>						
Segment assets	26,273	56,698	39,615	46,330	17,829	186,745
Unallocated assets						80
Elimination						(6,005)
<b>Total assets</b>						<b>180,820</b>
Segment liabilities	38,856	46,198	29,127	41,128	13,699	169,008
Unallocated liabilities						1,461
Elimination						(6,005)
<b>Total liabilities</b>						<b>164,464</b>
<b>Other information:</b>						
Gross non-bank loans	25,044	49,026	247	326	3,712	78,355
NPLs (include debt securities)	340	707	–	9	176	1,232
<b>At 31 March 2008</b>						
Segment assets	26,348	54,558	37,373	47,594	19,726	185,599
Unallocated assets						60
Elimination						(5,662)
<b>Total assets</b>						<b>179,997</b>
Segment liabilities	39,381	46,880	23,487	41,972	15,415	167,135
Unallocated liabilities						1,681
Elimination						(5,662)
<b>Total liabilities</b>						<b>163,154</b>
<b>Other information:</b>						
Gross non-bank loans	24,778	46,627	248	318	3,422	75,393
NPLs (include debt securities)	370	795	–	8	152	1,325
<b>At 31 December 2007</b>						
Segment assets	25,917	51,190	36,967	47,727	17,393	179,194
Unallocated assets						87
Elimination						(4,674)
<b>Total assets</b>						<b>174,607</b>
Segment liabilities	38,858	43,258	24,666	41,911	11,938	160,631
Unallocated liabilities						1,811
Elimination						(4,674)
<b>Total liabilities</b>						<b>157,768</b>
<b>Other information:</b>						
Gross non-bank loans	24,303	44,118	382	252	3,720	72,775
NPLs (include debt securities)	387	802	–	8	157	1,354
<b>At 30 June 2007</b>						
Segment assets	24,599	43,452	35,205	46,296	18,573	168,125
Unallocated assets						79
Elimination						(4,265)
<b>Total assets</b>						<b>163,939</b>
Segment liabilities	37,232	42,531	18,470	40,705	11,951	150,889
Unallocated liabilities						1,722
Elimination						(4,265)
<b>Total liabilities</b>						<b>148,346</b>
<b>Other information:</b>						
Gross non-bank loans	23,061	37,452	232	365	4,199	65,309
NPLs (include debt securities)	496	1,034	–	–	84	1,614

## PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1H08		1H07		2Q08		2Q07		1Q08	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total core income</b>										
Singapore <sup>1/</sup>	1,255	61	1,365	66	627	60	714	68	628	62
Malaysia	493	24	446	22	243	23	222	21	250	25
Other ASEAN	149	7	168	8	79	8	73	7	70	7
Asia Pacific	134	7	67	3	76	7	33	3	58	6
Rest of the World	22	1	18	1	13	1	10	1	9	1
	<b>2,053</b>	<b>100</b>	<b>2,064</b>	<b>100</b>	<b>1,038</b>	<b>100</b>	<b>1,050</b>	<b>100</b>	<b>1,015</b>	<b>100</b>
<b>Profit before income tax</b>										
Singapore <sup>1/</sup>	687	63	860	66	308	61	443	69	379	65
Malaysia	287	26	322	25	126	25	157	24	161	27
Other ASEAN	35	3	62	5	23	5	15	2	12	2
Asia Pacific	70	6	44	3	38	8	23	4	32	6
Rest of the World	8	1	21	2	6	1	5	1	2	–
	<b>1,088</b>	<b>100</b>	<b>1,309</b>	<b>100</b>	<b>501</b>	<b>100</b>	<b>643</b>	<b>100</b>	<b>586</b>	<b>100</b>

Notes:

1. Pre-tax divestment gains of S\$186 million for 1H08, S\$92 million for 1H07, S\$19 million for 2Q08 and S\$167 million for 1Q08 are not included in total core income and profit before income tax.

	30 Jun 2008		31 Mar 2008		31 Dec 2007		30 Jun 2007	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
<b>Total assets</b>								
Singapore	118,917	66	119,200	66	117,833	67	110,997	68
Malaysia	36,465	20	37,847	21	36,309	21	35,126	21
Other ASEAN	5,555	3	5,422	3	5,940	4	5,766	4
Asia Pacific	15,177	8	13,495	7	10,951	6	8,623	5
Rest of the World	4,706	3	4,032	2	3,574	2	3,427	2
	<b>180,820</b>	<b>100</b>	<b>179,997</b>	<b>100</b>	<b>174,607</b>	<b>100</b>	<b>163,939</b>	<b>100</b>

The geographical segment analysis is based on the location where the assets or transactions are booked. For 2Q08, Singapore accounted for 60% of total income and 61% of pre-tax profit, while Malaysia accounted for 23% of total income and 25% of pre-tax profit. Year-on-year, pre-tax profit in 2Q08 for Singapore was lower due mainly to the allowances of S\$67 million for CDOs held by the Bank, while Malaysia's pretax profit was lower due to reduced contribution from GEH's Malaysia operations.

For 1H08, Singapore accounted for 61% of total income and 63% of pre-tax profit, while Malaysia accounted for 24% of total income and 26% of pre-tax profit.

## ADDITIONAL DISCLOSURES

### Collateralised Debt Obligations

As at 30 June 2008, OCBC<sup>1</sup> has investments of S\$589 million in CDOs, including S\$246 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.

Of the S\$343 million corporate CDO investment portfolio, S\$5 million are invested in an equity tranche. As at 30 June 2008, the value of the corporate CDO portfolio has been reduced by impairment allowances of S\$28 million as well as negative fair value adjustment of S\$34 million in equity. In addition, cumulative mark-to-market losses of S\$20 million on the credit default swaps related to these corporate CDOs have been taken to the income statement.

Type of CDO / Tranche	30 Jun 08		31 Mar 08		31 Dec 07		30 Jun 07	
	Exposure	Allowance	Exposure	Allowance	Exposure	Allowance	Exposure	Allowance
<b>ABS CDO</b>								
<i>Investment</i>								
<i>Portfolio</i>	246	(246)	250	(211)	260	(219)	277	–
<b>Corporate CDO</b>								
<b>(Non-ABS)</b>								
<i>Investment</i>								
<i>Portfolio</i>	343	(28)	349	–	360	–	382	–
<b>Total CDO</b>								
<b>Portfolio</b>	<b>589</b>	<b>(274)</b>	<b>599</b>	<b>(211)</b>	<b>620</b>	<b>(219)</b>	<b>659</b>	<b>–</b>

As at 30 June 2008, the credit rating profile of the total CDO portfolio<sup>2</sup> was as follows: 16% - AAA, 9% - AA, 28% - A, 3% - BB, 4% - B, 23% - CCC, and 17% - CC and below.

### Special Purpose Entities (“SPE”)

As at 30 June 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.

<sup>1</sup> 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.

<sup>2</sup> Where a CDO is rated differently by two or more rating agencies, the lowest rating is used.



## CONSOLIDATED INCOME STATEMENT

S\$ million	1H08	1H07	+/(-)	2Q08	2Q07	+/(-)	1Q08	+/(-)
			%			%		%
Interest income	2,617	2,567	2	1,287	1,303	(1)	1,331	(3)
Interest expense	(1,301)	(1,501)	(13)	(608)	(745)	(18)	(692)	(12)
<b>Net interest income</b>	<b>1,317</b>	<b>1,065</b>	<b>24</b>	<b>678</b>	<b>558</b>	<b>22</b>	<b>638</b>	<b>6</b>
Premium income	3,488	2,665	31	1,930	1,444	34	1,558	24
Investment income	430	1,763	(76)	198	1,003	(80)	232	(15)
Net claims, surrenders and annuities	(1,867)	(2,196)	(15)	(849)	(1,076)	(21)	(1,019)	(17)
Change in life assurance fund contract liabilities <sup>1/</sup>	(1,642)	(1,482)	11	(1,075)	(915)	18	(566)	90
Commission and others <sup>1/</sup>	(369)	(529)	(30)	(171)	(334)	(49)	(198)	(14)
Profit from life assurance	40	222	(82)	33	123	(73)	7	377
Premium income from general insurance	46	31	49	29	15	90	17	67
Fees and commissions (net)	415	395	5	202	217	(7)	212	(5)
Dividends	46	36	27	28	20	41	18	60
Rental income	32	33	(3)	17	16	6	15	11
Other income	343	374	(8)	69	102	(32)	274	(75)
<b>Non-interest income</b>	<b>922</b>	<b>1,091</b>	<b>(16)</b>	<b>378</b>	<b>493</b>	<b>(23)</b>	<b>544</b>	<b>(30)</b>
<b>Total income</b>	<b>2,239</b>	<b>2,157</b>	<b>4</b>	<b>1,057</b>	<b>1,050</b>	<b>1</b>	<b>1,182</b>	<b>(11)</b>
Staff costs	(520)	(431)	20	(270)	(231)	17	(249)	8
Other operating expenses	(379)	(337)	13	(202)	(185)	9	(177)	14
<b>Total operating expenses</b>	<b>(899)</b>	<b>(768)</b>	<b>17</b>	<b>(473)</b>	<b>(416)</b>	<b>14</b>	<b>(426)</b>	<b>11</b>
<b>Operating profit before allowances and amortisation</b>	<b>1,340</b>	<b>1,389</b>	<b>(4)</b>	<b>584</b>	<b>634</b>	<b>(8)</b>	<b>756</b>	<b>(23)</b>
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	(23)	(23)	-	(12)	(12)	-	(12)	-
	(48)	15	(408)	(55)	16	(451)	8	(819)
<b>Operating profit after allowances and amortisation</b>	<b>1,269</b>	<b>1,381</b>	<b>(8)</b>	<b>517</b>	<b>639</b>	<b>(19)</b>	<b>752</b>	<b>(31)</b>
Share of results of associates and joint ventures	4	20	(78)	3	4	(32)	2	86
<b>Profit before income tax</b>	<b>1,273</b>	<b>1,401</b>	<b>(9)</b>	<b>520</b>	<b>643</b>	<b>(19)</b>	<b>753</b>	<b>(31)</b>
Income tax expense <sup>2/</sup>	(200)	(164)	22	(89)	(87)	2	(111)	(21)
<b>Profit for the period</b>	<b>1,073</b>	<b>1,237</b>	<b>(13)</b>	<b>431</b>	<b>556</b>	<b>(22)</b>	<b>642</b>	<b>(33)</b>
<b>Attributable to:</b>								
Equity holders of the Bank	1,047	1,179	(11)	425	532	(20)	622	(32)
Minority interests	27	58	(55)	6	23	(73)	20	(69)
	1,073	1,237	(13)	431	556	(22)	642	(33)
<b>Earnings per share (for the period – cents) <sup>3/</sup></b>								
Basic	33.2	37.7		13.1	16.6		20.1	
Diluted	33.1	37.4		13.1	16.5		20.1	

### Notes:

- 1H07 and 2Q07 comparatives have been restated for the effect of the new tax basis on par fund policy liabilities, amounting to S\$92 million and S\$86 million respectively.
- 1H08, 1H07, 2Q08, 2Q07 and 1Q08 tax expense are net of tax refunds of S\$32 million, S\$62 million, S\$26 million, S\$15 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.
- "Earnings per share" was computed including divestment gains and tax refunds.

## BALANCE SHEETS

S\$ million	GROUP			BANK				
	30 Jun 2008	31 Mar 2008	31 Dec 2007 <sup>@</sup>	30 Jun 2007	30 Jun 2008	31 Mar 2008	31 Dec 2007 <sup>@</sup>	30 Jun 2007
<b>EQUITY</b>								
<b>Attributable to equity holders of the Bank</b>								
Share capital	5,577	5,554	5,520	5,503	5,577	5,554	5,520	5,503
Capital reserves	36	37	56	55	99	96	94	89
Statutory reserves	1,500	1,588	1,676	2,049	1,189	1,274	1,359	1,719
Fair value reserves	635	1,124	1,726	850	170	345	430	468
Revenue reserves	7,396	7,386	6,699	5,986	5,031	4,908	3,710	3,089
	<b>15,145</b>	<b>15,689</b>	<b>15,678</b>	<b>14,443</b>	<b>12,066</b>	<b>12,177</b>	<b>11,113</b>	<b>10,867</b>
Minority interests	1,211	1,154	1,161	1,150	–	–	–	–
<b>Total equity</b>	<b>16,356</b>	<b>16,842</b>	<b>16,839</b>	<b>15,593</b>	<b>12,066</b>	<b>12,177</b>	<b>11,113</b>	<b>10,867</b>
<b>LIABILITIES</b>								
Deposits of non-bank customers	92,371	92,867	88,788	82,233	73,646	73,688	70,415	64,891
Deposits and balances of banks	16,132	14,085	14,726	13,004	14,730	12,438	13,024	11,855
Due to subsidiaries	–	–	–	–	1,153	1,165	1,189	1,398
Due to associates	82	65	60	22	67	51	47	3
Trading portfolio liabilities	48	142	172	112	42	142	172	112
Derivative payables	4,079	4,063	2,697	2,028	3,856	3,924	2,590	1,949
Other liabilities	3,577	3,456	3,313	4,144	1,082	932	1,065	1,421
Current tax	653	726	649	587	298	370	320	286
Deferred tax <sup>1/</sup>	808	955	1,163	1,136	81	89	123	116
Debts issued <sup>2/</sup>	6,305	5,549	4,970	4,661	6,326	5,600	5,032	4,888
	<b>124,054</b>	<b>121,908</b>	<b>116,537</b>	<b>107,926</b>	<b>101,280</b>	<b>98,399</b>	<b>93,977</b>	<b>86,919</b>
Life assurance fund liabilities <sup>1/</sup>	40,410	41,247	41,232	40,420	–	–	–	–
<b>Total liabilities</b>	<b>164,464</b>	<b>163,154</b>	<b>157,768</b>	<b>148,346</b>	<b>101,280</b>	<b>98,399</b>	<b>93,977</b>	<b>86,919</b>
<b>Total equity and liabilities</b>	<b>180,820</b>	<b>179,997</b>	<b>174,607</b>	<b>163,939</b>	<b>113,346</b>	<b>110,576</b>	<b>105,089</b>	<b>97,786</b>
<b>ASSETS</b>								
Cash and placements with central banks	8,484	11,203	8,396	7,982	5,433	7,299	5,493	5,001
Singapore government treasury bills and securities	10,371	8,408	8,762	8,055	9,788	7,845	8,209	7,552
Other government treasury bills and securities	3,108	3,633	3,446	3,522	932	1,110	572	307
Placements with and loans to banks	17,555	15,936	15,105	17,747	13,630	13,126	13,211	15,277
Loans and bills receivable	76,989	73,977	71,316	63,656	59,708	57,223	54,490	49,484
Debt and equity securities	11,787	11,880	13,625	10,557	7,879	7,856	8,800	7,525
Assets pledged	618	801	889	540	618	801	889	343
Assets held for sale	1	1	1	1	#	#	#	#
Derivative receivables	3,940	4,121	2,937	1,940	3,674	3,945	2,818	1,857
Other assets	2,515	3,082	2,982	3,765	1,069	1,061	1,313	1,912
Deferred tax	49	27	45	42	1	1	1	2
Associates and joint ventures	142	250	243	257	12	96	96	97
Subsidiaries	–	–	–	–	7,885	7,509	6,510	5,857
Property, plant and equipment	1,626	1,621	1,612	1,601	367	348	327	292
Investment property	697	665	667	598	482	489	493	413
Goodwill and intangible assets	3,415	3,427	3,444	3,496	1,867	1,867	1,867	1,867
	<b>141,296</b>	<b>139,032</b>	<b>133,471</b>	<b>123,759</b>	<b>113,346</b>	<b>110,576</b>	<b>105,089</b>	<b>97,786</b>
Life assurance fund investment assets	39,525	40,964	41,137	40,180	–	–	–	–
<b>Total assets</b>	<b>180,820</b>	<b>179,997</b>	<b>174,607</b>	<b>163,939</b>	<b>113,346</b>	<b>110,576</b>	<b>105,089</b>	<b>97,786</b>
<b>Net Asset Value Per Ordinary Share (before valuation surplus – in S\$)</b>								
	4.60	4.79	4.79	4.39	3.61	3.65	3.31	3.23
<b>OFF-BALANCE SHEET ITEMS</b>								
Contingent liabilities	9,374	9,475	8,861	8,209	7,637	7,344	7,137	6,258
Commitments	44,864	45,799	45,051	42,364	35,804	36,214	36,280	34,437
Derivative financial instruments	421,774	363,924	339,925	310,402	390,740	338,808	319,969	287,232

### Notes:

- 30 June 2007 comparatives have been restated for the effect of the new tax basis on par fund policy liabilities, amounting to S\$528 million.
- Comprises Group's debts issued of S\$1,410 million (31 Mar 2008: S\$672 million; 31 Dec 2007: S\$652 million; 30 Jun 2007: S\$651 million) repayable in one year or less and S\$4,895 million (31 Mar 2008: S\$4,877 million; 31 Dec 2007: S\$4,318 million; 30 Jun 2007: S\$4,010 million) repayable after one year. The Bank's debts issued of S\$1,360 million (31 Mar 2008: S\$672 million; 31 Dec 2007: S\$575 million; 30 Jun 2007: S\$651 million) are repayable in one year or less and S\$4,966 million (31 Mar 2008: S\$4,928 million; 31 Dec 2007: S\$4,457 million; 30 Jun 2007: S\$4,237 million) repayable after one year. Debts issued at the respective period ends are unsecured.
- "#" represents amounts less than S\$0.5 million.
- "@" represents audited.

## STATEMENT OF CHANGES IN EQUITY – GROUP

For the half year ended 30 June 2008

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			
<b>Balance at 1 January 2008</b>	<b>5,520</b>	<b>56</b>	<b>1,676</b>	<b>1,726</b>	<b>6,699</b>	<b>15,678</b>	<b>1,161</b>	<b>16,839</b>
Movements in fair value reserves:								
Losses taken to equity	–	–	–	(923)	–	(923)	(24)	(948)
Transferred to income statement on sale	–	–	–	(248)	–	(248)	(5)	(254)
Tax on net movements	–	–	–	81	–	81	6	88
Currency translation	–	–	–	–	(76)	(76)	(19)	(95)
Net loss recognised in equity	–	–	–	(1,091)	(76)	(1,167)	(42)	(1,209)
Profit for the period	–	–	–	–	1,047	1,047	27	1,073
<b>Total recognised gains / (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(1,091)</b>	<b>971</b>	<b>(120)</b>	<b>(16)</b>	<b>(135)</b>
Transfers	–	–	(176)	–	176	–	–	–
Acquisition of interest in subsidiaries	–	–	–	–	–	–	104	104
Dividends to minority interests	–	–	–	–	–	–	(38)	(38)
DSP reserve from dividends on unvested shares	–	–	–	–	2	2	–	2
Ordinary and preference dividends	–	–	–	–	(453)	(453)	–	(453)
Share-based staff costs capitalised	–	5	–	–	–	5	–	5
Shares issued to non-executive directors	#	–	–	–	–	#	–	#
Shares purchased by DSP Trust	–	(1)	–	–	–	(1)	–	(1)
Shares vested under DSP Scheme	–	8	–	–	–	8	–	8
Treasury shares transferred / sold	57	(31)	–	–	–	26	–	26
<b>Balance at 30 June 2008</b>	<b>5,577</b>	<b>36</b>	<b>1,500</b>	<b>635</b>	<b>7,396</b>	<b>15,145</b>	<b>1,211</b>	<b>16,356</b>
Included:								
Share of reserves of associates and joint ventures	–	3	–	(#)	28	31	1	31
<b>Balance at 1 January 2007</b>	<b>5,481</b>	<b>103</b>	<b>2,028</b>	<b>668</b>	<b>5,125</b>	<b>13,404</b>	<b>1,087</b>	<b>14,491</b>
Movements in fair value reserves:								
Gains taken to equity	–	–	–	322	–	322	15	337
Transferred to income statement on sale	–	–	–	(135)	–	(135)	(8)	(143)
Tax on net movements	–	–	–	(5)	–	(5)	(#)	(5)
Currency translation	–	–	–	–	43	43	2	45
Net gain recognised in equity	–	–	–	183	43	225	9	234
Profit for the period	–	–	–	–	1,179	1,179	58	1,237
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>183</b>	<b>1,222</b>	<b>1,404</b>	<b>67</b>	<b>1,471</b>
Transfers	–	(50)	21	–	29	–	–	–
Dividends to minority interests	–	–	–	–	–	–	(36)	(36)
Ordinary and preference dividends	–	–	–	–	(389)	(389)	–	(389)
Rights issue by a subsidiary and change in minority interests	–	–	–	–	–	–	33	33
Share-based staff costs capitalised	–	6	–	–	–	6	–	6
Share buyback – held in treasury	(39)	–	–	–	–	(39)	–	(39)
Shares issued to non-executive directors	1	–	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(10)	–	–	–	(10)	–	(10)
Shares vested under DSP Scheme	–	6	–	–	–	6	–	6
Treasury shares transferred / sold	61	–	–	–	–	61	–	61
<b>Balance at 30 June 2007</b>	<b>5,503</b>	<b>55</b>	<b>2,049</b>	<b>850</b>	<b>5,986</b>	<b>14,443</b>	<b>1,150</b>	<b>15,593</b>
Included:								
Share of reserves of associates and joint ventures	–	3	–	#	32	35	#	36

Note:

1. “#” represents amounts less than S\$0.5 million.

## STATEMENT OF CHANGES IN EQUITY – GROUP

For the three months ended 30 June 2008

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			
<b>Balance at 1 April 2008</b>	<b>5,554</b>	<b>37</b>	<b>1,588</b>	<b>1,124</b>	<b>7,386</b>	<b>15,689</b>	<b>1,154</b>	<b>16,842</b>
Movements in fair value reserves:								
Losses taken to equity	–	–	–	(504)	–	(504)	(14)	(518)
Transferred to income statement on sale	–	–	–	(23)	–	(23)	#	(23)
Tax on net movements	–	–	–	39	–	39	3	42
Currency translation	–	–	–	–	(52)	(52)	(15)	(68)
Net loss recognised in equity	–	–	–	(489)	(52)	(541)	(26)	(567)
Profit for the period	–	–	–	–	425	425	6	431
<b>Total recognised gains / (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(489)</b>	<b>373</b>	<b>(115)</b>	<b>(20)</b>	<b>(135)</b>
Transfers	–	–	(88)	–	88	–	–	–
Acquisition of interest in subsidiaries	–	–	–	–	–	–	104	104
Dividends to minority interests	–	–	–	–	–	–	(26)	(26)
DSP reserve from dividends on unvested shares	–	–	–	–	1	1	–	1
Ordinary and preference dividends	–	–	–	–	(453)	(453)	–	(453)
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Shares issued to non-executive directors	#	–	–	–	–	#	–	#
Shares purchased by DSP Trust	–	(1)	–	–	–	(1)	–	(1)
Shares vested under DSP Scheme	–	#	–	–	–	#	–	#
Treasury shares transferred / sold	23	(2)	–	–	–	21	–	21
<b>Balance at 30 June 2008</b>	<b>5,577</b>	<b>36</b>	<b>1,500</b>	<b>635</b>	<b>7,396</b>	<b>15,145</b>	<b>1,211</b>	<b>16,356</b>
Included:								
Share of reserves of associates and joint ventures	–	3	–	(#)	28	31	1	31
<b>Balance at 1 April 2007</b>	<b>5,481</b>	<b>104</b>	<b>2,049</b>	<b>805</b>	<b>5,743</b>	<b>14,182</b>	<b>1,110</b>	<b>15,292</b>
Movements in fair value reserves:								
Gains taken to equity	–	–	–	94	–	94	7	101
Transferred to income statement on sale	–	–	–	(37)	–	(37)	(2)	(39)
Tax on net movements	–	–	–	(11)	–	(11)	(1)	(12)
Currency translation	–	–	–	–	48	48	4	52
Net gain recognised in equity	–	–	–	45	48	93	9	102
Profit for the period	–	–	–	–	532	532	23	556
<b>Total recognised gains for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>45</b>	<b>580</b>	<b>625</b>	<b>32</b>	<b>658</b>
Transfers	–	(52)	#	–	52	–	–	–
Dividends to minority interests	–	–	–	–	–	–	(25)	(25)
Ordinary and preference dividends	–	–	–	–	(389)	(389)	–	(389)
Rights issue by a subsidiary and change in minority interests	–	–	–	–	–	–	33	33
Share-based staff costs capitalised	–	3	–	–	–	3	–	3
Share buyback – held in treasury	(12)	–	–	–	–	(12)	–	(12)
Shares issued to non-executive directors	1	–	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(1)	–	–	–	(1)	–	(1)
Shares vested under DSP Scheme	–	1	–	–	–	1	–	1
Treasury shares transferred / sold	33	–	–	–	–	33	–	33
<b>Balance at 30 June 2007</b>	<b>5,503</b>	<b>55</b>	<b>2,049</b>	<b>850</b>	<b>5,986</b>	<b>14,443</b>	<b>1,150</b>	<b>15,593</b>
Included:								
Share of reserves of associates and joint ventures	–	3	–	#	32	35	#	36

Note:

1. “#” represents amounts less than S\$0.5 million.

## STATEMENT OF CHANGES IN EQUITY – BANK

For the half year ended 30 June 2008

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total equity
<b>Balance at 1 January 2008</b>	5,520	94	1,359	430	3,710	11,113
Movements in fair value reserves:						
Losses taken to equity	–	–	–	(197)	–	(197)
Transferred to income statement on sale	–	–	–	(93)	–	(93)
Tax on net movements	–	–	–	30	–	30
Currency translation	–	–	–	–	(26)	(26)
Net loss recognised in equity	–	–	–	(260)	(26)	(286)
Profit for the period	–	–	–	–	1,628	1,628
<b>Total recognised gains / (losses) for the financial period</b>	–	–	–	(260)	1,602	1,342
Transfers	–	–	(170)	–	170	–
DSP reserve from dividends on unvested shares	–	–	–	–	2	2
Ordinary and preference dividends	–	–	–	–	(453)	(453)
Share-based staff costs capitalised	–	5	–	–	–	5
Shares issued to non-executive directors	#	–	–	–	–	#
Treasury shares transferred / sold	57	–	–	–	–	57
<b>Balance at 30 June 2008</b>	<b>5,577</b>	<b>99</b>	<b>1,189</b>	<b>170</b>	<b>5,031</b>	<b>12,066</b>
<b>Balance at 1 January 2007</b>	5,481	83	1,698	405	2,562	10,229
Movements in fair value reserves:						
Gains taken to equity	–	–	–	115	–	115
Transferred to income statement on sale	–	–	–	(60)	–	(60)
Tax on net movements	–	–	–	7	–	7
Currency translation	–	–	–	–	33	33
Net gain recognised in equity	–	–	–	62	33	95
Profit for the period	–	–	–	–	904	904
<b>Total recognised gains for the financial period</b>	–	–	–	62	937	999
Transfers	–	–	21	–	(21)	–
Ordinary and preference dividends	–	–	–	–	(389)	(389)
Share-based staff costs capitalised	–	6	–	–	–	6
Share buyback – held in treasury	(39)	–	–	–	–	(39)
Shares issued to non-executive directors	1	–	–	–	–	1
Treasury shares transferred / sold	61	–	–	–	–	61
<b>Balance at 30 June 2007</b>	<b>5,503</b>	<b>89</b>	<b>1,719</b>	<b>468</b>	<b>3,089</b>	<b>10,867</b>

Note:

1. “#” represents amounts less than S\$0.5 million.

## STATEMENT OF CHANGES IN EQUITY – BANK

For the three months ended 30 June 2008

S\$ million	Share capital	Capital reserves	Statutory reserves	Fair value reserves	Revenue reserves	Total equity
<b>Balance at 1 April 2008</b>	<b>5,554</b>	<b>96</b>	<b>1,274</b>	<b>345</b>	<b>4,908</b>	<b>12,177</b>
Movements in fair value reserves:						
Losses taken to equity	–	–	–	(181)	–	(181)
Transferred to income statement on sale	–	–	–	(2)	–	(2)
Tax on net movements	–	–	–	8	–	8
Currency translation	–	–	–	–	(8)	(8)
Net loss recognised in equity	–	–	–	(175)	(8)	(183)
Profit for the period	–	–	–	–	498	498
<b>Total recognised gains / (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(175)</b>	<b>490</b>	<b>315</b>
Transfers	–	–	(85)	–	85	–
DSP reserve from dividends on unvested shares	–	–	–	–	1	1
Ordinary and preference dividends	–	–	–	–	(453)	(453)
Share-based staff costs capitalised	–	3	–	–	–	3
Shares issued to non-executive directors	#	–	–	–	–	#
Treasury shares transferred / sold	23	–	–	–	–	23
<b>Balance at 30 June 2008</b>	<b>5,577</b>	<b>99</b>	<b>1,189</b>	<b>170</b>	<b>5,031</b>	<b>12,066</b>
<b>Balance at 1 April 2007</b>	<b>5,481</b>	<b>86</b>	<b>1,719</b>	<b>498</b>	<b>2,962</b>	<b>10,746</b>
Movements in fair value reserves:						
Losses taken to equity	–	–	–	(9)	–	(9)
Transferred to income statement on sale	–	–	–	(24)	–	(24)
Tax on net movements	–	–	–	2	–	2
Currency translation	–	–	–	–	24	24
Net gain / (loss) recognised in equity	–	–	–	(31)	24	(7)
Profit for the period	–	–	–	–	492	492
<b>Total recognised gains / (losses) for the financial period</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(31)</b>	<b>516</b>	<b>485</b>
Ordinary and preference dividends	–	–	–	–	(389)	(389)
Share-based staff costs capitalised	–	3	–	–	–	3
Share buyback – held in treasury	(12)	–	–	–	–	(12)
Shares issued to non-executive directors	1	–	–	–	–	1
Treasury shares transferred / sold	33	–	–	–	–	33
<b>Balance at 30 June 2007</b>	<b>5,503</b>	<b>89</b>	<b>1,719</b>	<b>468</b>	<b>3,089</b>	<b>10,867</b>

Note:

1. “#” represents amounts less than S\$0.5 million.

## CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June 2008

S\$ million	1H08	1H07	2Q08	2Q07
<b>Cash flows from operating activities</b>				
Profit before income tax	1,273	1,401	520	643
Adjustments for non-cash items				
Amortisation of intangible assets	23	23	12	12
Allowances and impairment / (write-back) for loans and other assets	48	(15)	55	(16)
Change in fair value for hedging transactions and trading securities	92	(10)	69	(10)
Depreciation of property, plant and equipment and investment property	55	55	28	30
Net gain on disposal of government, debt and equity securities	(254)	(143)	(23)	(39)
Net gain on disposal of property, plant and equipment and investment property	(6)	(97)	(6)	(2)
Share-based staff costs	5	6	2	3
Share of results of associates and joint ventures	(4)	(20)	(3)	(4)
Write-off of plant and equipment	-	9	-	9
Items relating to life assurance fund				
(Deficit)/ surplus before income tax	(22)	403	2	251
Surplus transferred from life assurance fund	(40)	(222)	(33)	(123)
Operating profit before change in operating assets and liabilities	1,169	1,389	623	754
Change in operating assets and liabilities				
Deposits of non-bank customers	3,604	7,021	(478)	4,202
Deposits and balances of banks	1,368	1,134	2,008	1,544
Derivative payables and other liabilities	1,524	1,487	(3)	1,235
Trading portfolio liabilities	(124)	(310)	(94)	(1,042)
Government securities and treasury bills	(940)	(81)	(1,401)	(83)
Trading securities	(359)	(917)	(604)	(458)
Placements with and loans to banks	(2,404)	254	(1,436)	199
Loans and bills receivable	(5,494)	(4,327)	(2,845)	(2,091)
Derivative receivables and other assets	(416)	(916)	750	(822)
Net change in investment assets and liabilities of life assurance fund	623	21	522	9
Cash from operating activities	(1,450)	4,756	(2,958)	3,446
Income tax paid	(216)	(152)	(160)	(142)
<b>Net cash (used in) / from operating activities</b>	<b>(1,667)</b>	<b>4,604</b>	<b>(3,118)</b>	<b>(3,304)</b>
<b>Cash flows from investing activities</b>				
Capital reduction in an associate	1	-	1	-
Dividends from associates	#	30	#	3
Decrease in associates and joint ventures	1	45	8	36
Net cash outflow from acquisition of subsidiaries	(124)	-	(124)	-
Purchases of debt and equity securities	(2,219)	(3,432)	(1,335)	(965)
Purchases of property, plant and equipment and investment property	(106)	(125)	(53)	(62)
Proceeds from disposal of debt and equity securities	3,248	1,749	1,458	572
Proceeds from disposal of property, plant and equipment and investment property	17	143	7	122
<b>Net cash from / (used in) investing activities</b>	<b>818</b>	<b>(1,591)</b>	<b>(38)</b>	<b>(294)</b>
<b>Cash flows from financing activities</b>				
Dividends paid to equity holders of the Bank	(453)	(389)	(453)	(389)
Dividends paid to minority interests	(38)	(36)	(26)	(24)
Increase / (decrease) in debts issued	1,466	(445)	942	(477)
Proceeds from exercise of options and rights under the Bank's employee share schemes	26	61	21	33
Proceeds from minority interests on subscription of shares in a subsidiary	-	32	-	32
Share buyback	-	(39)	-	(12)
<b>Net cash from / (used in) financing activities</b>	<b>1,001</b>	<b>(816)</b>	<b>484</b>	<b>(837)</b>
<b>Net currency translation adjustments</b>	<b>(65)</b>	<b>44</b>	<b>(47)</b>	<b>42</b>
<b>Net change in cash and cash equivalents</b>	<b>88</b>	<b>2,240</b>	<b>(2,719)</b>	<b>2,215</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>8,396</b>	<b>5,741</b>	<b>11,203</b>	<b>5,766</b>
<b>Cash and cash equivalents at end of period</b>	<b>8,484</b>	<b>7,982</b>	<b>8,484</b>	<b>7,982</b>

Note:

1. "#" represents 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	Half year ended 30 June		Three months ended 30 June	
	2008	2007	2008	2007
<b>Issued ordinary shares</b>				
Balance at beginning of period	3,126,512,712	3,126,459,912	3,126,512,712	3,126,459,912
Shares issued to non-executive directors	52,800	52,800	52,800	52,800
Balance at end of period	3,126,565,512	3,126,512,712	3,126,565,512	3,126,512,712
<b>Treasury shares</b>				
Balance at beginning of period	(40,291,633)	(51,668,796)	(35,343,765)	(49,320,807)
Share buyback	–	(4,527,458)	–	(1,296,471)
Shares sold / transferred to employees pursuant to OCBC Share Option Schemes	3,177,691	12,385,848	2,235,099	6,806,872
Shares sold / transferred to employees pursuant to OCBC Employee Share Purchase Plan	1,548,265	–	1,431,827	–
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	4,091,307	–	202,469	–
Balance at end of period	(31,474,370)	(43,810,406)	(31,474,370)	(43,810,406)
<b>Total</b>	<b>3,095,091,142</b>	<b>3,082,702,306</b>	<b>3,095,091,142</b>	<b>3,082,702,306</b>

From 1 April 2008 to 30 June 2008 (both dates inclusive), the Bank utilised 2,235,099 treasury shares upon the exercise of options by employees of the Group pursuant to OCBC Share Option Schemes 1994 and 2001. As at 30 June 2008, the number of options outstanding under the OCBC Share Options Schemes was 45,330,025 (30 June 2007: 46,179,051).

From 1 April 2008 to 30 June 2008 (both dates inclusive), the Bank utilised 1,431,827 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As at 30 June 2008, the number of acquisition rights outstanding under the Second Offering of OCBC ESPP was 3,814,578 (30 June 2007: 7,140,585), including 11,162 (30 June 2007: 11,162) ordinary shares from the participation by the Chief Executive Officer of the Bank.

From 1 April 2008 to 30 June 2008 (both dates inclusive), the Bank transferred 202,469 treasury shares to the Trust administering OCBC Deferred Share Plan (“DSP”) following the Bank’s award of deferred shares to a director of the Group.

There was no share buyback in the second quarter ended 30 June 2008. No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 2008.



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## **OTHER MATTERS / SUBSEQUENT EVENTS**

1. The Bank launched a S\$1 billion offering of Class B Preference Shares (“Preference Shares”) on 2 June 2008, comprising 10 million non-convertible non-cumulative Preference Shares at S\$100 per share. The offer closed on 28 July 2008, with S\$950 million raised from a placement tranche and S\$50 million from an ATM tranche. The Preference Shares were issued on 29 July 2008 and are intended to qualify as Tier 1 capital (non-innovative) of the Bank. The Preference Shares carry a fixed dividend rate (tax exempt) of 5.1% per annum, payable semi-annually in June and December. The net proceeds from the issue are being used for general corporate funding purposes.



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The Board of Directors  
Oversea-Chinese Banking Corporation Limited  
65 Chulia Street  
#29-00 OCBC Centre  
Singapore 049513

7 August 2008

Dear Sirs

**Oversea-Chinese Banking Corporation Limited (“the Bank”) and its Subsidiaries  
 (“the Group”)**

**Review of Interim Financial Information for the half year ended 30 June 2008**

*Introduction*

We have reviewed the accompanying Interim Financial Information of the Bank and of the Group for the half year ended 30 June 2008. The Interim Financial Information consists of the following:

- Consolidated income statement for the half year ended 30 June 2008;
- Bank and consolidated balance sheets as at 30 June 2008;
- Bank and consolidated statements of changes in equity for the half year ended 30 June 2008;
- Consolidated cash flow statement for the half year ended 30 June 2008; and
- Certain explanatory notes to the above financial information.

Management is responsible for the preparation and presentation of this Interim Financial Information in accordance with Singapore Financial Reporting Standard (“FRS”) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.



*Scope of review*

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

*Conclusion*

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

Yours faithfully

**KPMG**  
*Public Accountants and  
Certified Public Accountants*  
Singapore

**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 30 June 2008 to be false or misleading.

On behalf of the Board of Directors



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Cheong Choong Kong  
Chairman



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David Philbrick Conner  
Chief Executive Officer / Director

7 August 2008