

Media Release

OCBC Group Reports Second Quarter 2009 Net Profit of S\$466 million

Core earnings growth of 22% driven by higher revenues and lower expenses

Singapore, 3 August 2009 - Oversea-Chinese Banking Corporation Limited (“OCBC Bank”) reported a net profit of S\$466 million in the second quarter of 2009 (“2Q09”), up 10% from the S\$425 million profit a year ago. Excluding the non-core gains and tax refunds of S\$44 million in the year ago period, core net profit increased 22%, driven by growth in net interest income, higher insurance income contributions and lower expenses.

Second quarter net interest income increased by 5% and non-interest income grew 37%, while expenses fell 5%. Allowances were S\$104 million, higher than the S\$55 million a year ago but well below the S\$197 million in the first quarter (“1Q09”). The non-performing loans (“NPL”) ratio increased moderately during the quarter from 1.8% to 2.1%.

Compared to 1Q09, net profit was 15% lower, as the previous quarter’s profit of S\$545 million included S\$175 million of non-recurring gains from Great Eastern Holdings (“GEH”), arising mainly from the implementation of the new Risk Based Capital framework in Malaysia.

For the first half of 2009 (“1H09”), the Group achieved core net profit of S\$1,011 million, 20% higher than last year’s first half results of S\$841 million. Net interest income grew 10% while non-interest income increased by 50%, boosted by the non-recurring gains from GEH in 1Q09. Operating expenses fell by 4% due mainly to lower staff costs. These strong operating results were partially offset by the higher allowances of S\$301 million as compared to S\$48 million in 1H08. Return on equity, based on core earnings, was 13.4% in 1H09, while annualised core earnings per share rose 17% to 62.8 cents.

Shareholders will receive an interim one-tier tax-exempt dividend of 14 cents per share, unchanged from 1H08. The interim dividend payout will amount to S\$445 million, representing a payout of 44% of the Group’s core net profit for 1H09. The Scrip Dividend Scheme will be applicable to the interim dividend. The issue price for the new shares, to be allotted to shareholders who opt for the scrip dividend, will be at a 10% discount to the average closing share price during the price determination period (from the ex-dividend date to the books closure date, both dates inclusive).

Second Quarter Revenues

Net interest income grew 5% year-on-year to S\$710 million, as net interest margin widened by 5 bps to 2.29% and average loan balances increased 3%. Gross loans as at 30 June 2009 were S\$79.2 billion, 1% higher than a year ago, but down 2% from 31 March 2009 due to repayments of short term loans and term loans, largely by corporate customers.

Compared with 1Q09, net interest income fell by 4% as average interest-earning assets were largely flat and net interest margin narrowed by 13 bps from 2.42%. The margin decline was mainly due to lower gapping income.

Non-interest income (excluding divestment gains) grew by 37% year-on-year to S\$494 million, led by higher insurance income and trading gains. Profit from life assurance rose from S\$33 million to S\$125 million, driven by improved performance in the non-participating funds following the recovery in equity prices and tightening of credit spreads. Net trading income increased from S\$23 million to S\$61 million due to stronger foreign exchange income. Fee and commission income fell 4% from a year ago to S\$194 million, but was 25% higher than the previous quarter. The quarter-on-quarter growth in fee income was led by brokerage, investment banking, wealth management and loan-related activities, helped by the recovery in financial markets and increased loan syndication and capital-raising activities.

Compared with 1Q09, non-interest income fell 19%, as the previous quarter included S\$201 million of non-recurring gains from GEH. Excluding these gains, non-interest income would show an increase of 22%, contributed by higher fee income, life assurance profit and gains from sale of investment securities.

Second Quarter Operating Expenses

Operating expenses declined by 5% year-on-year to S\$450 million. Staff costs were 14% lower due to continual discipline in managing headcount-related costs. This was partly offset by higher depreciation and other expenses. Compared with 1Q09, operating expenses were 9% higher, contributed mainly by higher insurance-related expenses.

The cost-to-income ratio was 37.4% in 2Q09, compared with 30.7% in 1Q09 and 45.5% in 2Q08.

Allowances and Asset Quality

Allowances for loans and other assets were S\$104 million for the quarter, up from S\$55 million a year ago but below the S\$197 million in 1Q09.

Specific allowances for loans, net of recoveries and writebacks, were S\$44 million, down from S\$88 million in 1Q09. A net allowance of S\$55 million was made for other assets, primarily debt and equity securities investments, compared to S\$107 million in 1Q09 which was mainly for the corporate CDO portfolio. The Bank's CDO portfolio has been fully provided for.

NPLs rose by 14% from the previous quarter to S\$1,628 million, and the NPL ratio increased from 1.8% to 2.1%. The increase in NPLs during the quarter was mainly from the manufacturing and transport sectors. The inflow of new NPLs has generally slowed across the Group's key markets as compared to 1Q09.

Including classified debt securities, the Group's total non-performing assets ("NPAs") rose 9% over the quarter to S\$1,785 million. Cumulative allowances amounted to 97.1% of total NPAs and 187.8% of unsecured NPAs.

Capital Ratios

OCBC Group remains strongly capitalised, with Tier 1 ratio of 15.4% and total capital adequacy ratio of 15.9% as at 30 June 2009, well above the regulatory minimum of 6% and 10% respectively. Core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.3%.

Third Quarter Provision for GreatLink Choice

Great Eastern announced on 31 July 2009 that it is making a one-time offer to redeem 594 million GreatLink Choice ("GLC") units from GLC policyholders at the original purchase price of S\$1.00 each, less the total annual payouts received to-date. The offer is open for acceptance from 3 August to 28 August 2009.

GLC is a series of investment-linked insurance products with underlying investments in CDO (collateralised debt obligations) instruments^{1/}. It aims to provide policyholders with enhanced fixed annual returns and a return of the principal amount on maturity. Insurance coverage is provided over the duration of the investment. Both the annual payouts and principal repayment on maturity are not guaranteed. The products were designed with built-in loss protection levels and diversification among at least 115 reference entities, spread across various industries and geographical regions.

Since inception to-date, annual payouts have been made under the GLC products as projected. However, because of the global financial crisis, the market values of these products are at steep discounts to par due to several credit events that have effectively eroded the loss protection cushion. These steep discounts have given rise to concerns among GLC policyholders.

1. Great Eastern's exposure to CDOs via the GLC products was disclosed previously to the SGX by OCBC and GEH, including OCBC's announcements of 6 Aug 07 and 12 Sep 07, and OCBC's and GEH's results presentation slides for 2Q07, 3Q07 and 4Q07.

To address GLC policyholders' concerns, Great Eastern has taken a decision to make the one-time offer, as a gesture of goodwill, to redeem these products. The offer is voluntary and is made without any admission of liability. Further, the offer applies to GLC products only. It will not apply to any other Great Eastern policies. Other than GLC products, Great Eastern did not sell any other similar structured products to its policyholders.

Following the redemption offer, Great Eastern will take delivery of the underlying CDO instruments and will account for the fair value of these instruments at the close of the offer period. The financial impact of the offer will be reflected in Great Eastern's third quarter 2009 financial results and is conservatively estimated to be in the region of S\$250 million. Based on this estimate, the negative impact to OCBC Group's third quarter 2009 financial results is expected to be around S\$218 million. OCBC Group does not expect this to affect its continuing profitability, business fundamentals or capital position.

CEO's Comments

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

"We achieved a resilient set of results in the first half despite the challenging business environment. In particular, our asset quality remains sound and our capital ratios remain strong. Great Eastern has taken decisive action by offering to redeem the GreatLink Choice products and will recognise the earnings impact in the third quarter.

There is growing consensus that the worst is over for the global economy and global financial markets, but the pace of recovery remains uncertain. We will continue to be disciplined and prudent as we strive to grow our customer businesses in our key markets."

About OCBC Bank

OCBC Bank is Singapore's longest established local bank. It has assets of S\$183 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 360 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.

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To Our Shareholders

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

Unaudited Financial Results for the Second Quarter Ended 30 June 2009

For the second quarter ended 30 June 2009, Group reported net profit was S\$466 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

An interim one-tier tax exempt dividend of 14 cents per share (2008: 14 cents tax-exempt) has been declared for the first half-year 2009. The interim dividend payout will amount to an estimated S\$445 million (2008: S\$434 million) or approximately 44% of the Group's core net profit of S\$1,011 million for 1H09.

Closure of Books

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

Scrip Dividend Scheme

The Scrip Dividend Scheme will be applicable to the interim dividend. The issue price for the new shares to be allotted to shareholders who have elected to receive scrip for the interim dividend will 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 interim dividend). Further details will be announced at a later date.

Preference Dividends

On 22 June 2009, 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 (2008: 4.5%) and Class G Preference Shares at 4.2% per annum (2008: 4.2%). Total amounts of dividend paid for the Class B, Class E and Class G Preference Shares were S\$25.4 million, S\$11.2 million and S\$8.3 million respectively.

Peter Yeoh
Secretary

Singapore, 3 August 2009

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

Oversea-Chinese Banking Corporation Limited
Second Quarter 2009 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 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 following new/revised financial reporting standards and interpretations were mandatory with effect from 1 January 2009:

FRS 1:	Presentation of Financial Statements
FRS 27:	Consolidated and Separate Financial Statements - Cost of an investment in a subsidiary, jointly controlled entity or associate
FRS 102:	Share-Based Payment - Amendments relating to vesting conditions and cancellations
FRS 108:	Operating Segments
INT FRS 113:	Customer Loyalty Programmes
INT FRS 116:	Hedges of a Net Investment in a Foreign Operation
Improvements to FRSs 2008	

The main impact from application of the above was in the presentation of comprehensive income and operating segments. Comprehensive income, comprising all items of income and expenditure recognised in the profit and loss and those taken directly to equity, may be presented either in one single statement of comprehensive income or two linked statements. The Group has opted to present comprehensive income in two linked statements. For the operating segments, items not directly attributable to the segments are separately reflected. Other than the above, the accounting policies and methods of computation for the current financial period are consistent with those applied in the audited financial statements as at 31 December 2008.

Financial Results

Group net profit for the second quarter ended 30 June 2009 (“2Q09”) was S\$466 million. Excluding divestment gains and tax refunds of S\$44 million in 2Q08, core net profit increased by 22%, driven by growth in net interest income, higher insurance income contributions and lower expenses.

Net interest income grew 5% year-on-year to S\$710 million, as net interest margin widened by 5 bps to 2.29%; and average loan balances increased 3% to S\$77.8 billion. Non-interest income (excluding divestment gains) grew by 37% year-on-year to S\$494 million on higher insurance income and trading gains. Profit from life assurance rose from S\$33 million to S\$125 million with better performance in the non-participating funds, while net trading income increased from S\$23 million to S\$61 million. Operating expenses decreased 5% year-on-year to S\$450 million, primarily from lower staff costs. Allowances for loans and other assets were S\$104 million, an increase from S\$55 million a year ago.

For the first half of 2009 (“1H09”), the Group achieved core net profit of S\$1,011 million, 20% higher than last year’s S\$841 million (excluding the divestment gains and tax refunds of S\$206 million in 1H08). Return on equity, based on core earnings, was 13.4% in 1H09, up from 11.3% in 1H08 while annualised core earnings per share for the half year rose 17% to 62.8 cents.

FINANCIAL SUMMARY *(continued)*

S\$ million	1H09	1H08	+/(-) %	2Q09	2Q08	+/(-) %	1Q09	+/(-) %
Selected Income Statement								
Net interest income	1,450	1,317	10	710	678	5	740	(4)
Non-interest income	1,101	736	50	494	360	37	607	(19)
Total core income	2,551	2,053	24	1,204	1,038	16	1,347	(11)
Operating expenses	(863)	(899)	(4)	(450)	(473)	(5)	(413)	9
Operating profit before allowances and amortisation	1,688	1,154	46	754	565	33	934	(19)
Amortisation of intangible assets	(24)	(23)	1	(12)	(12)	1	(12)	–
Allowances for loans and impairment of other assets	(301)	(48)	531	(104)	(55)	88	(197)	(47)
Operating profit after allowances and amortisation	1,363	1,083	26	638	498	28	725	(12)
Share of results of associates and joint ventures	1	5	(91)	1	3	(86)	(#)	n.m.
Profit before income tax	1,364	1,088	25	639	501	27	725	(12)
Core net profit attributable to shareholders								
Divestment gains, net of tax	–	174	–	–	18	–	–	–
Tax refunds	–	32	–	–	26	–	–	–
Reported net profit	1,011	1,047	(3)	466	425	10	545	(15)
Cash basis net profit attributable to shareholders ^{1/}								
	1,035	1,070	(3)	478	437	9	557	(14)

Selected Balance Sheet

Ordinary equity	15,676	14,249	10	15,676	14,249	10	14,765	6
Total equity (excluding minority interests)	17,572	15,145	16	17,572	15,145	16	16,660	5
Total assets	183,429	180,820	1	183,429	180,820	1	180,160	2
Assets excluding life assurance fund investment assets	143,487	141,296	2	143,487	141,296	2	141,355	2
Loans and bills receivable (net of allowances)	77,599	76,989	1	77,599	76,989	1	78,815	(2)
Deposits of non-bank customers	96,589	92,371	5	96,589	92,371	5	92,401	5

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.
4. "#" represents amounts less than S\$0.5 million.

FINANCIAL SUMMARY *(continued)*

	1H09	1H08	2Q09	2Q08	1Q09
Key Financial Ratios					
- based on core earnings					
Performance ratios (% p.a.)					
Return on equity ^{1/2/}					
GAAP basis	13.4	11.3	12.0	10.3	14.9
Cash basis	13.7	11.6	12.3	10.6	15.3
Return on assets ^{3/}					
GAAP basis	1.42	1.21	1.30	1.09	1.54
Cash basis	1.45	1.25	1.33	1.12	1.57
Revenue mix / efficiency ratios (%)					
Net interest margin (annualised)	2.35	2.21	2.29	2.24	2.42
Net interest income to total income	56.8	64.1	59.0	65.4	54.9
Non-interest income to total income	43.2	35.9	41.0	34.6	45.1
Cost to income	33.8	43.8	37.4	45.5	30.7
Loans to deposits	80.3	83.3	80.3	83.3	85.3
NPL ratio	2.1	1.4	2.1	1.4	1.8
Earnings per share ^{2/} (annualised - cents)					
Basic earnings	62.8	53.5	57.1	48.3	68.4
Basic earnings (cash basis)	64.3	55.0	58.6	49.8	69.9
Diluted earnings	62.7	53.3	56.9	48.1	68.4
Net asset value per share (S\$)					
Before valuation surplus	4.94	4.60	4.94	4.60	4.75
After valuation surplus	5.59	6.41	5.59	6.41	5.16
Capital adequacy ratios (%)					
Tier 1	15.4	12.3	15.4	12.3	15.1
Total	15.9	13.6	15.9	13.6	15.8

Notes:

1. Preference equity and minority interests are not included in the computation for return on equity.
2. 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.
3. The computation for return on assets does not include life assurance fund investment assets.

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1H09			1H08		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets						
Loans and advances to non-bank customers	78,551	1,575	4.04	73,940	1,790	4.87
Placements with and loans to banks	21,129	243	2.32	23,819	396	3.35
Other interest earning assets ^{1/}	24,611	382	3.13	22,241	431	3.90
Total	124,291	2,200	3.57	120,000	2,617	4.39
Interest bearing liabilities						
Deposits of non-bank customers	93,921	579	1.24	92,091	935	2.04
Deposits and balances of banks	12,024	59	0.99	14,823	250	3.40
Other borrowings ^{2/}	6,828	112	3.32	5,664	115	4.09
Total	112,773	750	1.34	112,578	1,300	2.32
Net interest income / margin^{3/}		1,450	2.35		1,317	2.21

S\$ million	2Q09			2Q08			1Q09		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets									
Loans and advances to non-bank customers	77,820	760	3.92	75,514	883	4.70	79,290	815	4.17
Placements with and loans to banks	20,869	107	2.07	24,201	200	3.32	21,392	135	2.57
Other interest earning assets ^{1/}	25,868	187	2.89	22,010	204	3.72	23,340	196	3.40
Total	124,557	1,054	3.39	121,725	1,287	4.25	124,022	1,146	3.75
Interest bearing liabilities									
Deposits of non-bank customers	94,099	260	1.11	93,007	440	1.90	93,742	319	1.38
Deposits and balances of banks	11,905	24	0.81	15,272	113	2.96	12,145	35	1.17
Other borrowings ^{2/}	7,001	60	3.43	5,855	56	3.84	6,651	52	3.19
Total	113,005	344	1.22	114,134	609	2.14	112,538	406	1.46
Net interest income / margin^{3/}		710	2.29		678	2.24		740	2.42

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 5% year-on-year to S\$710 million, driven by a 5 basis point improvement in net interest margin to 2.29% and 3% increase in average loan balances.

Compared with 1Q09, net interest income fell by 4% as average interest-earning assets were largely flat and net interest margin narrowed by 13 bps from 2.42%. The decline in net interest margin was mainly due to lower gapping income.

Volume and Rate Analysis

Increase / (decrease) due to change in: S\$ million	1H09 vs 1H08			2Q09 vs 2Q08			2Q09 vs 1Q09		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	111	(316)	(205)	27	(150)	(123)	(15)	(49)	(64)
Placements with and loans to banks	(45)	(107)	(152)	(27)	(65)	(92)	(3)	(26)	(29)
Other interest earning assets	46	(92)	(46)	35	(52)	(17)	20	(32)	(12)
Total	112	(515)	(403)	35	(267)	(232)	2	(107)	(105)
Interest expense									
Deposits of non-bank customers	18	(369)	(351)	5	(185)	(180)	1	(64)	(63)
Deposits and balances of banks	(47)	(143)	(190)	(25)	(63)	(88)	(1)	(10)	(11)
Other borrowings	24	(26)	(2)	11	(7)	4	3	4	7
Total	(5)	(538)	(543)	(9)	(255)	(264)	3	(70)	(67)
Impact on net interest income	117	23	140	44	(12)	32	(1)	(37)	(38)
Due to change in number of days			(7)			–			8
Net interest income			133			32			(30)

NON-INTEREST INCOME

S\$ million	1H09	1H08	+ / (-) %	2Q09	2Q08	+ / (-) %	1Q09	+ / (-) %
Fees and commissions								
Brokerage	42	43	(4)	29	19	54	13	127
Wealth management	29	80	(64)	18	40	(56)	11	59
Fund management	32	42	(22)	16	21	(23)	16	(1)
Credit card	19	28	(32)	9	14	(34)	10	(3)
Loan-related	80	71	13	43	37	15	37	16
Trade-related and remittances	57	65	(12)	29	32	(10)	28	5
Guarantees	14	13	5	7	6	7	7	(6)
Investment banking	35	35	(2)	22	15	42	13	68
Service charges	28	25	15	14	12	16	14	-
Others	13	13	5	7	6	48	6	17
Sub-total	349	415	(16)	194	202	(4)	155	25
Dividends	42	46	(8)	25	28	(11)	17	49
Rental income	38	32	19	19	17	13	19	1
Profit from life assurance	391	40	874	125	33	277	266	(53)
Premium income from general insurance	63	46	36	32	29	10	31	3
Other income								
Net trading income	173	48	261	61	23	165	112	(46)
Net gain/(loss) from investment securities	(15)	68	(121)	21	4	381	(36)	(160)
Net gain/(loss) from disposal of properties	2	6	(64)	2	6	(70)	#	363
Others	58	35	63	15	18	(13)	43	(65)
Sub-total	218	157	39	99	51	96	119	(18)
Total core non-interest income	1,101	736	50	494	360	37	607	(19)
Divestment gains	-	186	-	-	18	-	-	-
Total non-interest income	1,101	922	19	494	378	30	607	(19)
Fees and commissions / Total income ^{1/}	13.7%	20.2%		16.1%	19.5%		11.5%	
Non-interest income / Total income ^{1/}	43.2%	35.9%		41.0%	34.6%		45.1%	

Notes:

1. Pre-tax divestment gains are not included.
2. “#” represents amounts less than S\$0.5 million

Non-interest income (excluding divestment gains) grew by 37% year-on-year to S\$494 million on higher insurance income and trading gains. Profit from life assurance rose from S\$33 million to S\$125 million contributed by improved performance in the non-participating funds as equity prices rebounded and credit spreads tightened during the quarter. Net trading income increased from S\$23 million to S\$61 million, with the improvement led by foreign exchange activities.

Fee and commission income fell 4% year-on-year to S\$194 million, but was 25% higher than the previous quarter. The quarter-on-quarter growth was led by brokerage, investment banking, wealth management and loan-related revenues, helped by the improved sentiment in financial markets and stronger volume of loan syndication and capital-raising activities.

Compared to 1Q09, non-interest income declined 19%, as the previous quarter included S\$201 million of non-recurring gains from life assurance^{3/}. Excluding the non-recurring gains, profit from life assurance was higher quarter-on-quarter due to improved returns in the non-participating funds. Disposal of investment securities yielded gains of S\$21 million, compared with a loss of S\$36 million in the previous quarter.

3. Net of tax and minority interests, the non-recurring gains in 1Q09 were S\$175 million.

OPERATING EXPENSES

S\$ million	1H09	1H08	+ / (-) %	2Q09	2Q08	+ / (-) %	1Q09	+ / (-) %
Staff costs								
Salaries and other costs	434	476	(9)	217	248	(13)	217	(1)
Share-based expenses	2	4	(55)	(2)	2	(184)	4	(150)
Contribution to defined contribution plans	38	40	(5)	19	20	(3)	19	3
	474	520	(9)	234	270	(14)	240	(3)
Property and equipment								
Depreciation	66	55	21	33	28	19	33	3
Maintenance and hire of property, plant & equipment	32	34	(6)	16	17	(8)	16	(2)
Rental expenses	23	18	22	12	10	15	11	4
Others	53	52	2	28	26	10	25	13
	174	159	9	89	81	10	85	5
Other operating expenses	215	220	(2)	127	122	5	88	44
Total operating expenses	863	899	(4)	450	473	(5)	413	9
Group staff strength								
Period end	19,184	19,578	(2)	19,184	19,578	(2)	19,610	(2)
Average	19,541	19,219	2	19,325	19,496	(1)	19,757	(2)
Cost to income ratio ^{1/}	33.8%	43.8%		37.4%	45.5%		30.7%	

Note:

1. Income excludes divestment gains.

Operating expenses decreased 5% year-on-year to S\$450 million. Staff costs were 14% lower at S\$234 million, due to continual discipline in managing headcount-related costs. Property and equipment costs rose by 10% to S\$89 million due mainly to higher depreciation and rental expenses. Other expenses increased 5% to S\$127 million.

Compared with 1Q09, operating expenses were 9% higher due mainly to higher insurance-related expenses.

The cost-to-income ratio was 37.4% in 2Q09 and 33.8% in 1H09, compared with 45.5% and 43.8% respectively in the same periods last year.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1H09	1H08	+/(-) %	2Q09	2Q08	+/(-) %	1Q09	+/(-) %
Specific allowances / (write-back) for loans								
Singapore	28	(36)	(176)	13	(14)	(194)	15	(13)
Malaysia	31	(1)	n.m.	9	(16)	(160)	22	(56)
Others	73	13	441	22	12	88	51	(58)
	132	(24)	(640)	44	(18)	(343)	88	(50)
Portfolio allowances for loans	7	–	–	5	–	–	2	193
Allowances for CDOs	92	67	38	(2)	67	(103)	94	(102)
Allowances and impairment charges / (write-back) for other assets	70	5	n.m.	57	6	787	13	354
Allowances for loans and Impairment of other assets	301	48	531	104	55	88	197	(47)

Note:

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

Total allowances in 2Q09 amounted to S\$104 million, compared with S\$55 million in 2Q08 and S\$197 million in 1Q09.

Specific allowances for loans, net of recoveries and writebacks, fell from S\$88 million in 1Q09 to S\$44 million in 2Q09. Allowances for new NPLs were lower while writebacks of earlier allowances were higher compared to the previous quarter. By geography, the decline in net allowances was mainly from Malaysia and other overseas markets.

Net allowances of S\$55 million were made for other assets, mainly debt and equity securities investments. This was lower than the allowances of S\$107 million in the previous quarter, which included allowances of S\$94 million for CDOs. The Bank's CDO portfolio has been fully provided for.

LOANS AND ADVANCES

S\$ million	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Jun 2008
Loans to customers	77,970	79,229	80,140	77,036
Bills receivable	1,212	1,174	1,196	1,319
Gross loans to customers	79,182	80,403	81,336	78,355
Allowances				
Specific allowances	(595)	(608)	(549)	(407)
Portfolio allowances	(984)	(980)	(979)	(959)
	77,603	78,815	79,808	76,989
Less assets pledged	(4)	–	–	–
Loans net of allowances	77,599	78,815	79,808	76,989
By Maturity				
Within 1 year	27,150	28,496	29,457	28,286
1 to 3 years	16,549	15,629	15,588	13,688
Over 3 years	35,483	36,278	36,291	36,381
	79,182	80,403	81,336	78,355
By Industry				
Agriculture, mining and quarrying	1,458	1,472	1,315	1,232
Manufacturing	5,650	6,375	6,612	6,576
Building and construction	16,052	16,702	17,176	15,517
Housing loans	19,753	19,659	19,785	19,765
General commerce	6,537	6,317	7,072	7,507
Transport, storage and communication	5,661	5,786	5,471	4,359
Financial institutions, investment and holding companies	11,058	11,249	11,201	11,943
Professionals and individuals	7,714	7,655	7,358	7,445
Others	5,299	5,188	5,346	4,011
	79,182	80,403	81,336	78,355
By Currency				
Singapore Dollar	45,608	45,998	47,174	45,132
United States Dollar	9,930	10,728	10,671	10,677
Malaysian Ringgit	12,559	12,598	12,220	11,238
Indonesian Rupiah	2,339	2,122	2,269	2,553
Others	8,746	8,957	9,002	8,755
	79,182	80,403	81,336	78,355
By Geography ^{1/}				
Singapore	47,012	47,651	49,285	48,440
Malaysia	14,653	14,657	14,335	12,668
Other ASEAN	4,418	4,352	4,602	4,723
Greater China	6,775	7,139	6,874	5,920
Other Asia Pacific	3,467	3,558	3,242	3,248
Rest of the World	2,857	3,046	2,998	3,356
	79,182	80,403	81,336	78,355

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 was S\$79.2 billion as at 30 June 2009, representing a marginal increase of 1% from a year ago and a decline of 2% from the previous quarter. The quarterly decline was mainly due to repayments of short term loans and term loans, largely by corporate customers.

NON-PERFORMING ASSETS ^{1/}

S\$ million	Total NPAs ^{2/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{3/}	NPL Ratio ^{3/} %
Singapore							
30 Jun 2009	592	316	186	90	52.6	592	1.3
31 Mar 2009	424	145	186	93	62.0	424	0.9
31 Dec 2008	395	107	184	104	58.1	394	0.8
30 Jun 2008	442	177	139	126	66.3	440	0.9
Malaysia							
30 Jun 2009	590	389	141	60	59.2	568	3.9
31 Mar 2009	544	312	123	109	55.5	521	3.6
31 Dec 2008	496	290	121	85	59.2	474	3.3
30 Jun 2008	470	294	101	75	63.1	450	3.6
Other ASEAN							
30 Jun 2009	215	99	34	82	57.1	212	4.8
31 Mar 2009	212	112	34	66	66.9	209	4.8
31 Dec 2008	127	33	28	66	58.8	123	2.7
30 Jun 2008	85	8	12	65	73.1	81	1.7
Greater China							
30 Jun 2009	123	28	95	–	25.4	118	1.7
31 Mar 2009	159	44	106	9	31.8	154	2.2
31 Dec 2008	63	8	55	–	12.9	63	0.9
30 Jun 2008	34	11	23	–	21.5	34	0.6
Other Asia Pacific							
30 Jun 2009	108	22	86	–	18.7	108	3.1
31 Mar 2009	85	5	80	–	5.0	85	2.4
31 Dec 2008	95	16	79	–	13.4	95	2.9
30 Jun 2008	54	46	8	–	13.0	53	1.7
Rest of the World ^{2/}							
30 Jun 2009	157	17	134	6	17.3	30	1.0
31 Mar 2009	209	18	185	6	13.1	31	1.0
31 Dec 2008	172	17	148	7	15.2	33	1.1
30 Jun 2008	147	29	110	8	21.0	37	1.1
Group							
30 Jun 2009	1,785	871	676	238	48.3	1,628	2.1
31 Mar 2009	1,633	636	714	283	48.3	1,424	1.8
31 Dec 2008	1,348	471	615	262	47.8	1,182	1.5
30 Jun 2008	1,232	565	393	274	56.6	1,095	1.4

Notes:

1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Include CDOs of S\$127 million, S\$171 million, S\$109 million and S\$110 million as at 30 Jun 2009, 31 Mar 2009, 31 Dec 2008 and 30 Jun 2008 respectively.
3. Exclude debt securities.

NON-PERFORMING ASSETS (continued)

Non-performing loans (“NPLs”) increased by S\$204 million or 14% from the previous quarter to S\$1,628 million. Singapore loans accounted for S\$168 million of the increase, mainly from the manufacturing and transport sectors. The inflow of new NPLs has generally slowed across the Group’s key markets as compared to 1Q09.

The Group’s NPL ratio increased to 2.1% from 1.8% in the previous quarter. The Singapore NPL ratio rose from 0.9% to 1.3%, while Malaysia NPL ratio increased from 3.6% to 3.9%. By industry, NPL ratios were highest for the manufacturing and general commerce sectors, at 9.8% and 3.2% respectively.

Including classified debt securities and CDOs, the Group’s total non-performing assets (“NPAs”) increased by 9% from the previous quarter to S\$1,785 million. Of the total NPAs, 49% were in the substandard category while 48% were secured by collateral.

	30 Jun 2009		31 Mar 2009		31 Dec 2008		30 Jun 2008	
	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans	S\$ million	% of loans
NPLs by Industry								
Loans and advances								
Agriculture, mining and quarrying	5	0.4	8	0.5	6	0.5	9	0.7
Manufacturing	551	9.8	491	7.7	339	5.1	228	3.5
Building and Construction	208	1.3	209	1.3	113	0.7	116	0.8
Housing loans	243	1.2	238	1.2	243	1.2	266	1.3
General commerce	211	3.2	168	2.7	147	2.1	161	2.1
Transport, storage and communication	100	1.8	21	0.4	24	0.4	25	0.6
Financial institutions, Investment and holding companies	137	1.2	116	1.0	125	1.1	106	0.9
Professionals and individuals	135	1.7	138	1.8	126	1.7	140	1.9
Others	38	0.7	35	0.7	59	1.1	44	1.1
Total NPLs	1,628	2.1	1,424	1.8	1,182	1.5	1,095	1.4
Classified debt securities	157		209		166		137	
Total NPAs	1,785		1,633		1,348		1,232	

	30 Jun 2009		31 Mar 2009		31 Dec 2008		30 Jun 2008	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue								
Over 180 days	761	43	610	37	568	42	650	53
Over 90 to 180 days	221	12	334	20	193	14	150	12
30 to 90 days	145	8	208	13	188	14	127	10
Less than 30 days	141	8	209	13	230	17	24	2
Not overdue	517	29	272	17	169	13	281	23
	1,785	100	1,633	100	1,348	100	1,232	100

	30 Jun 2009		31 Mar 2009		31 Dec 2008		30 Jun 2008	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	81	4	62	4	52	5	70	4
Doubtful	92	33	34	44	40	42	126	131
Loss	69	14	14	10	19	8	18	7
	242	51	110	58	111	55	214	142

CUMULATIVE ALLOWANCES FOR ASSETS

S\$ million	Total cumulative allowances	Specific allowances ^{1/}	Portfolio allowances	Specific allowances as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
30 Jun 2009	659	145	514	24.4	111.2
31 Mar 2009	653	145	508	34.2	153.8
31 Dec 2008	655	151	504	38.1	165.8
30 Jun 2008	643	139	504	31.6	145.9
Malaysia					
30 Jun 2009	451	231	220	39.1	76.5
31 Mar 2009	482	259	223	47.6	88.5
31 Dec 2008	462	242	220	48.7	93.0
30 Jun 2008	415	212	203	45.1	88.3
Other ASEAN					
30 Jun 2009	142	80	62	37.8	66.4
31 Mar 2009	132	73	59	34.1	62.0
31 Dec 2008	133	72	61	56.3	104.7
30 Jun 2008	107	49	58	57.6	126.1
Greater China					
30 Jun 2009	175	83	92	67.4	142.5
31 Mar 2009	188	98	90	61.7	118.2
31 Dec 2008	133	48	85	76.4	210.9
30 Jun 2008	102	21	81	62.9	297.4
Other Asia Pacific					
30 Jun 2009	116	73	43	68.2	107.9
31 Mar 2009	100	56	44	65.7	118.3
31 Dec 2008	98	53	45	55.6	102.6
30 Jun 2008	52	6	46	10.9	95.9
Rest of the World					
30 Jun 2009	190	137	53	87.2	120.7
31 Mar 2009	233	177	56	85.1	111.8
31 Dec 2008	204	140	64	82.0	119.4
30 Jun 2008	182	115	67	77.8	123.1
Group					
30 Jun 2009	1,733	749	984	42.0	97.1
31 Mar 2009	1,788	808	980	49.4	109.5
31 Dec 2008	1,685	706	979	52.3	125.0
30 Jun 2008	1,501	542	959	44.1	121.9

Note:

1. Include allowances of S\$127 million, S\$170 million, S\$108 million and S\$107 million for classified CDOs as at 30 Jun 2009, 31 Mar 2009, 31 Dec 2008 and 30 Jun 2008 respectively.

As at 30 June 2009, the Group's total cumulative allowances for assets were S\$1,733 million, comprising S\$749 million in specific allowances and S\$984 million in portfolio allowances. The cumulative specific allowances included S\$127 million allowances for classified CDOs. Total cumulative allowances were 97.1% of total NPAs and 187.8% of unsecured NPAs.

DEPOSITS

S\$ million	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Jun 2008
Deposits of non-bank customers	96,589	92,401	94,078	92,371
Deposits and balances of banks	10,403	12,009	10,113	16,132
	106,992	104,410	104,191	108,503
Loans to deposits ratio (net non-bank loans / non-bank deposits)	80.3%	85.3%	84.8%	83.3%

S\$ million	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Jun 2008
Total Deposits By Maturity				
Within 1 year	104,708	101,919	101,412	105,598
1 to 3 years	2,044	2,262	2,432	2,149
Over 3 years	240	229	347	756
	106,992	104,410	104,191	108,503
Non-Bank Deposits By Product				
Fixed deposits	55,049	53,358	57,218	59,225
Savings deposits	19,569	17,711	16,104	14,702
Current account	17,407	16,095	16,090	14,161
Others	4,564	5,237	4,666	4,283
	96,589	92,401	94,078	92,371
Non-Bank Deposits By Currency				
Singapore Dollar	57,207	52,648	53,745	54,441
United States Dollar	10,466	10,469	12,105	12,003
Malaysian Ringgit	14,967	15,518	14,672	13,506
Indonesian Rupiah	3,366	3,040	3,039	2,644
Others	10,583	10,726	10,517	9,777
	96,589	92,401	94,078	92,371

Non-bank customer deposits were S\$96.6 billion at 30 June 2009, an increase of 5% year-on-year as well as quarter-on-quarter. The increase was led by savings and current account deposits, which grew by 33% and 23% respectively from a year ago, while fixed deposits fell by 7%.

The Group's loans-to-deposits ratio fell to 80.3%, from 85.3% in March 2009 and 83.3% a year ago.

DEBTS ISSUED

S\$ million	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Jun 2008
Subordinated debts (unsecured)	5,181	5,166	5,155	4,881
Commercial papers (unsecured)	344	660	843	1,404
Structured notes (unsecured)	25	14	12	20
Total	5,550	5,840	6,010	6,305
Maturity of Debts Issued				
Within one year	359	664	845	1,410
Over one year	5,191	5,176	5,165	4,895
Total	5,550	5,840	6,010	6,305

CAPITAL ADEQUACY RATIOS

S\$ million	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Jun 2008
Tier 1 Capital				
Ordinary and preference shares	6,995	6,658	6,637	5,577
Disclosed reserves / others	12,369	12,158	11,537	9,899
Goodwill / others	(4,346)	(4,341)	(3,913)	(3,945)
Eligible Tier 1 Capital	15,018	14,475	14,261	11,531
Tier 2 Capital				
Subordinated term notes	3,103	3,109	2,696	3,473
Others	(2,553)	(2,481)	(2,444)	(2,273)
Total Eligible Capital	15,568	15,103	14,513	12,731
Risk Weighted Assets	97,424	95,397	95,522	93,331
Tier 1 capital adequacy ratio	15.4%	15.1%	14.9%	12.3%
Total capital adequacy ratio	15.9%	15.8%	15.1%	13.6%

Based on the revised MAS Notice 637 effective January 2008, the Group's total capital adequacy ratio ("CAR") under the Basel II framework was 15.9% and the Tier 1 ratio was 15.4% as at 30 June 2009, compared to the 31 March 2009 ratios of 15.8% and 15.1% respectively. These ratios remain well above the MAS minimum requirement of 6% for Tier 1 CAR and 10% for total CAR. The Group's core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.3%.

UNREALISED VALUATION SURPLUS

S\$ million	30 Jun 2009	31 Mar 2009	31 Dec 2008	30 Jun 2008
Properties ^{1/}	2,079	2,157	2,369	2,575
Equity securities ^{2/}	#	(885)	(277)	3,008
Total	2,079	1,272	2,092	5,583

Notes:

1. Includes properties classified as investment properties and assets held for sale. Property values are determined mainly based on external valuations at year-end, with internal reviews performed for other quarters.
2. Comprises mainly investments in quoted 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 on the balance sheet are measured at cost plus post-acquisition reserves; while those of properties are measured at cost less accumulated depreciation, and impairment, if any.
4. “#” represents amounts less than S\$0.5 million.

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.

Valuation surplus as at 30 June 2009 was S\$2.08 billion, up by 63% from S\$1.27 billion at 31 March 2009. The quarter-on-quarter increase in valuation surplus was mainly from the rise in the share price of GEH.

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.

Operating Profit by Business Segment

S\$ million	1H09	1H08	+ / (-) %	2Q09	2Q08	+ / (-) %	1Q09	+ / (-) %
Global Consumer Financial Services	310	348	(11)	164	165	(1)	146	12
Global Corporate Banking	399	517	(23)	229	272	(16)	170	35
Global Treasury	374	208	80	138	88	56	236	(42)
Insurance ^{1/}	409	43	846	139	20	602	270	(48)
Others ^{2/}	46	148	(69)	52	50	4	(6)	(973)
Operating profit after allowances and amortisation for total business segments	1,538	1,264	22	722	595	21	816	(11)
Add/(Less):								
- Joint income elimination ^{3/}	(155)	(176)	(12)	(83)	(86)	(4)	(72)	15
- Items not attributed to business segments	(20)	(5)	317	(1)	(11)	(81)	(19)	(88)
Operating profit after allowances and amortisation	1,363	1,083	26	638	498	28	725	(12)

Notes:

1. Pre-tax divestment gains of S\$41 million for 1H08 and S\$1 million for 2Q08 are not included.
2. Pre-tax divestment gains of S\$145 million for 1H08 and S\$17 million for 2Q08 are not included.
3. These are joint income allocated to business segments to reward cross-selling activities.

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 1H09, operating profit of the consumer segment declined by 11% to S\$310 million, mainly due to lower fee income and increased allowances, which more than offset the growth in net interest income and reduction in expenses.

Compared to 2Q08, operating profit in 2Q09 decreased by 1%, with lower fee income and higher allowances largely offset by reduced expenses.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate Banking

Global Corporate Banking serves 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 fell by 23% to S\$399 million in 1H09, due mainly to higher allowances, which offset the growth in net interest income arising from higher loan volumes and wider loan spreads. Operating profit in 2Q09 fell by 16% year-on-year, due mainly to higher allowances.

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 increased by 80% to S\$374 million in 1H09, and by 56% to S\$138 million in 2Q09. The strong profit growth in both periods was driven by higher net interest income from interbank activities and trading gains, partly offset by losses from investment securities.

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.

Operating profit from GEH increased significantly from S\$43 million in 1H08 to S\$409 million in 1H09, primarily due to the inclusion of S\$201 million in non-recurring gains in 1Q09 which arose mainly from the implementation of the new Risk Based Capital framework in Malaysia effective 1 January 2009. For 2Q09, GEH had an operating profit of S\$139 million compared to S\$20 million in 2Q08.

After minority interests and tax, and excluding divestment gains and tax write-backs in prior periods, GEH's contribution to the Group's core net profit was S\$272 million in 1H09 and S\$76 million in 2Q09 compared to S\$4 million in 1H08 and S\$3 million in 2Q08.

Others

The "Others" segment comprises Bank OCBC NISP, PacificMas Berhad, corporate finance, capital markets, property holding, stock brokerage and investment holding.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Total Business Segments
1H09						
- External customers	601	718	486	511	384	2,700
- Intersegment income	-	-	-	-	42	42
Total income	601	718	486	511	426	2,742
Operating profit before allowances and amortisation	345	492	385	438	203	1,863
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	-	-	-	(24)	-	(24)
	(35)	(93)	(11)	(5)	(157)	(301)
Operating profit / (loss) after allowances and amortisation	310	399	374	409	46	1,538
Other information:						
Capital expenditure	15	3	1	8	46	73
Depreciation	8	4	#	1	53	66
1H08						
- External customers	655	696	294	136	405	2,186
- Intersegment income	-	-	-	-	32	32
Total income ^{1/}	655	696	294	136	437	2,218
Operating profit before allowances and amortisation ^{1/}	364	465	208	69	229	1,335
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	-	-	-	(23)	-	(23)
	(16)	52	-	(3)	(81)	(48)
Operating profit after allowances and amortisation ^{1/}	348	517	208	43	148	1,264
Other information:						
Capital expenditure	6	4	#	22	74	106
Depreciation	4	2	#	#	49	55

Notes:

1. Pre-tax divestment gains of S\$186 million for 1H08 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	Total Business Segments
2Q09						
- External customers	308	362	191	203	213	1,277
- Intersegment income	-	-	-	-	21	21
Total income	308	362	191	203	234	1,298
Operating profit before allowances and amortisation	181	250	138	153	116	838
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	-	-	-	(12)	-	(12)
Operating profit / (loss) after allowances and amortisation	(17)	(21)	#	(2)	(64)	(104)
Operating profit / (loss) after allowances and amortisation	164	229	138	139	52	722
Other information:						
Capital expenditure	6	2	#	4	23	35
Depreciation	4	2	#	1	26	33
2Q08						
- External customers	325	361	133	69	222	1,110
- Intersegment income	-	-	-	-	16	16
Total income ^{1/}	325	361	133	69	238	1,126
Operating profit before allowances and amortisation ^{1/}	173	240	88	32	129	662
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	-	-	-	(12)	-	(12)
Operating profit after allowances and amortisation ^{1/}	(8)	32	-	(#)	(79)	(55)
Operating profit after allowances and amortisation ^{1/}	165	272	88	20	50	595
Other information:						
Capital expenditure	4	3	#	13	33	53
Depreciation	2	1	#	#	25	28
1Q09						
- External customers	293	356	295	308	171	1,423
- Intersegment income	-	-	-	-	21	21
Total income	293	356	295	308	192	1,444
Operating profit before allowances and amortisation	164	242	247	285	87	1,025
Amortisation of intangible assets (Allowances and impairment) / write-back for loans and other assets	-	-	-	(12)	-	(12)
Operating profit / (loss) after allowances and amortisation	(18)	(72)	(11)	(3)	(93)	(197)
Operating profit / (loss) after allowances and amortisation	146	170	236	270	(6)	816
Other information:						
Capital expenditure	9	1	1	4	23	38
Depreciation	4	2	#	#	27	33

Notes:

1. Pre-tax divestment gains of S\$18 million for 2Q08 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
At 30 June 2009						
Segment assets	26,407	54,103	41,386	46,423	22,664	190,983
Unallocated assets						133
Elimination						(7,687)
Total assets						183,429
Segment liabilities	43,443	45,415	22,831	41,127	16,742	169,558
Unallocated liabilities						1,228
Elimination						(7,687)
Total liabilities						163,099
Other information:						
Gross non-bank loans	25,215	49,072	871	457	3,567	79,182
NPAs	318	1,218	–	8	241	1,785
At 31 March 2009						
Segment assets	26,453	54,146	38,735	45,411	22,501	187,246
Unallocated assets						168
Elimination						(7,254)
Total assets						180,160
Segment liabilities	42,076	44,234	23,790	40,406	16,448	166,954
Unallocated liabilities						1,104
Elimination						(7,254)
Total liabilities						160,804
Other information:						
Gross non-bank loans	25,241	50,753	785	317	3,307	80,403
NPAs	329	1,017	2	9	276	1,633
At 31 December 2008						
Segment assets	26,657	57,150	39,011	45,195	20,309	188,322
Unallocated assets						132
Elimination						(7,069)
Total assets						181,385
Segment liabilities	40,608	46,019	25,653	40,337	16,200	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
NPAs	319	811	2	14	202	1,348
At 30 June 2008						
Segment assets	26,275	56,696	37,655	46,330	19,789	186,745
Unallocated assets						80
Elimination						(6,005)
Total assets						180,820
Segment liabilities	38,904	46,198	28,993	41,128	13,785	169,008
Unallocated liabilities						1,461
Elimination						(6,005)
Total liabilities						164,464
Other information:						
Gross non-bank loans	25,046	49,024	247	326	3,712	78,355
NPAs	340	707	–	9	176	1,232

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1H09		1H08		2Q09		2Q08		1Q09	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total core income										
Singapore ^{1/}	1,485	58	1,255	61	791	66	627	61	694	52
Malaysia	727	29	493	24	243	20	243	23	484	36
Other ASEAN	183	7	149	7	98	8	79	8	85	6
Asia Pacific	127	5	134	7	57	5	76	7	70	5
Rest of the World	29	1	22	1	15	1	13	1	14	1
	2,551	100	2,053	100	1,204	100	1,038	100	1,347	100
Profit before income tax										
Singapore ^{1/}	777	57	649	60	451	71	269	54	326	45
Malaysia	511	37	326	30	136	21	165	33	375	52
Other ASEAN	63	5	35	3	32	5	23	5	31	4
Asia Pacific	(3)	–	70	6	11	2	38	7	(14)	(2)
Rest of the World	16	1	8	1	9	1	6	1	7	1
	1,364	100	1,088	100	639	100	501	100	725	100

Note:

1. Pre-tax divestment gains of S\$186 million for 1H08 and S\$18 million for 2Q08 are not included in total core income and profit before income tax.

	30 Jun 2009		31 Mar 2009		31 Dec 2008		30 Jun 2008	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	119,300	65	116,420	65	118,157	66	118,917	66
Malaysia	39,726	22	40,020	22	38,402	21	36,465	20
Other ASEAN	6,361	3	6,078	3	5,853	3	5,555	3
Asia Pacific	14,424	8	14,620	8	15,029	8	15,177	8
Rest of the World	3,618	2	3,022	2	3,944	2	4,706	3
	183,429	100	180,160	100	181,385	100	180,820	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2Q09, Singapore accounted for 66% of total income and 71% of pre-tax profit, while Malaysia accounted for 20% of total income and 21% of pre-tax profit.

Pre-tax profit for Singapore rose 68% year-on-year and 38% quarter-on-quarter to S\$451 million, following stronger contributions from the life assurance business on improved performance in the non-participating funds; and higher fee and commission income as sentiment in the financial markets improved.

Malaysia's pre-tax profit was S\$136 million for 2Q09, down by 18% from 2Q08, and 64% from 1Q09. The comparatively higher profit in 1Q09 was due mainly to non-recurring gains for the insurance business following the implementation of the Risk Based Capital framework in Malaysia.

ADDITIONAL DISCLOSURES

Collateralised Debt Obligations (“CDO”)

As at 30 June 2009, OCBC^{1/} has investments of S\$255 million in CDOs, for which 100% allowance has been made in the income statement. Allowances on asset-backed securities CDOs (“ABS CDOs”) and corporate CDOs have been made in full through profit and loss since 2Q08 and 1Q09 respectively.

The Bank’s CDO portfolio includes S\$95 million in ABS CDOs, with approximately 11% exposed to US sub-prime mortgages.

The corporate CDO portfolio stands at S\$160 million, lower than in the previous quarter as S\$37 million was liquidated in 2Q09. As at 30 June 2009, cumulative allowances of S\$95 million and cumulative mark-to-market losses of S\$65 million on the credit default swaps related to the corporate CDOs have been made in the income statement.

S\$ million	30 Jun 09		31 Mar 09		31 Dec 08		30 Jun 08	
Type of CDO / Tranche	Exposure	Allowance	Exposure	Allowance	Exposure	Allowance	Exposure	Allowance
ABS CDO								
<i>Investment portfolio</i>	95	(95)	100	(100)	252	(252)	246	(246)
Corporate CDO (Non-ABS)								
<i>Investment Portfolio</i>	160	(95) [^]	205	(136)	201	(47)	343	(28)
Total CDO Portfolio	255	(190)	305	(236)	453	(299)	589	(274)

Note:

[^] In addition to the cumulative allowances of S\$95 million (Mar 09: S\$136 million), the Bank has also taken cumulative mark-to-market losses of S\$65 million (Mar 09: S\$69 million) to the income statement. As at 30 June 09, there is no fair value adjustment for the corporate CDO portfolio in equity reserves (Mar 09: Nil).

As at 30 June 2009, the credit rating profile of the total CDO portfolio^{2/} was as follows: BB - 23%, CCC - 57%, and CC - 20%.

Special Purpose Entities (“SPE”)

As at 30 June 2009, OCBC does not utilise any SPE as a conduit for the securitisation of assets.

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.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1H09	1H08	+ / (-) %	2Q09	2Q08	+ / (-) %	1Q09	+ / (-) %
Interest income	2,200	2,617	(16)	1,054	1,287	(18)	1,146	(8)
Interest expense	(750)	(1,300)	(42)	(344)	(609)	(43)	(406)	(15)
Net interest income	1,450	1,317	10	710	678	5	740	(4)
Premium income	2,306	3,488	(34)	1,200	1,930	(38)	1,106	9
Investment income	914	430	113	771	198	289	143	439
Net claims, surrenders and annuities	(1,853)	(1,867)	(1)	(954)	(849)	12	(899)	6
Change in life assurance fund contract liabilities	(508)	(1,642)	(69)	(617)	(1,075)	(43)	109	(665)
Commission and others	(468)	(369)	27	(275)	(171)	61	(193)	43
Profit from life assurance	391	40	874	125	33	277	266	(53)
Premium income from general insurance	63	46	36	32	29	10	31	3
Fees and commissions (net)	349	415	(16)	194	202	(4)	155	25
Dividends	42	46	(8)	25	28	(11)	17	49
Rental income	38	32	19	19	17	13	19	1
Other income	218	343	(36)	99	69	43	119	(18)
Non-interest income	1,101	922	19	494	378	30	607	(19)
Total income	2,551	2,239	14	1,204	1,056	14	1,347	(11)
Staff costs	(474)	(520)	(9)	(234)	(270)	(14)	(240)	(3)
Other operating expenses	(389)	(379)	3	(216)	(203)	7	(173)	25
Total operating expenses	(863)	(899)	(4)	(450)	(473)	(5)	(413)	9
Operating profit before allowances and amortisation	1,688	1,340	26	754	583	29	934	(19)
Amortisation of intangible assets	(24)	(23)	1	(12)	(12)	1	(12)	-
Allowances for loans and impairment of other assets	(301)	(48)	531	(104)	(55)	88	(197)	(47)
Operating profit after allowances and amortisation	1,363	1,269	7	638	516	23	725	(12)
Share of results of associates and joint ventures	1	5	(91)	1	3	(86)	(#)	n.m.
Profit before income tax	1,364	1,274	7	639	519	23	725	(12)
Income tax expense ^{1/}	(248)	(200)	24	(129)	(88)	45	(119)	8
Profit for the period	1,116	1,074	4	510	431	18	606	(16)
Profit attributable to:								
Equity holders of the Bank	1,011	1,047	(3)	466	425	10	545	(15)
Minority interests	105	27	296	44	6	601	61	(28)
	1,116	1,074	4	510	431	18	606	(16)
Earnings per share (for the period – cents) ^{2/}								
Basic	31.1	33.2		13.5	13.1		17.6	
Diluted	31.1	33.1		13.5	13.1		17.6	

Notes:

- 1H08 and 2Q08 tax expense include tax refunds of S\$32 million and S\$26 million respectively, following the finalisation of tax treatment for various items in the respective periods.
- "Earnings per share" was computed including divestment gains and tax refunds.
- "n.m." denotes not meaningful.
- "#" represents amounts less than S\$0.5 million.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1H09	1H08	+/(-) %	2Q09	2Q08	+/(-) %	1Q09	+/(-) %
Profit for the period	1,116	1,074	4	510	431	18	606	(16)
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the period	648	(1,016)	(164)	640	(585)	(209)	8	n.m.
Reclassification of losses/(gains) to income statement								
- on disposal	14	(254)	(106)	(22)	(23)	(7)	36	(160)
- on impairment	150	68	119	52	68	(23)	98	(47)
Tax on net movements	(64)	87	(173)	(75)	42	(278)	11	(809)
Exchange differences on translating foreign operations	89	(98)	(191)	19	(71)	(126)	70	(73)
Other comprehensive income of associates and joint ventures	4	3	17	(#)	3	(109)	4	(108)
Total other comprehensive income, net of tax	841	(1,210)	(170)	614	(566)	(208)	227	171
Total comprehensive income for the period, net of tax	1,957	(136)	n.m.	1,124	(135)	n.m.	833	35
Total comprehensive income								
Equity holders of the Bank	1,832	(120)	n.m.	1,058	(115)	n.m.	774	37
Minority interests	125	(16)	n.m.	66	(20)	n.m.	59	11
	1,957	(136)	n.m.	1,124	(135)	n.m.	833	35

Note:

1. "n.m." denotes not meaningful.
2. "#" represents amounts less than S\$0.5 million.

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Jun 2009	31 Mar 2009	31 Dec 2008 [@]	30 Jun 2008	30 Jun 2009	31 Mar 2009	31 Dec 2008 [@]	30 Jun 2008
EQUITY								
Attributable to equity holders of the Bank								
Share capital	6,994	6,658	6,638	5,577	6,994	6,658	6,638	5,577
Capital reserves	1,141	1,233	1,329	1,536	932	1,018	1,099	1,288
Fair value reserves	960	380	222	635	386	56	12	170
Revenue reserves	8,477	8,389	7,685	7,397	5,420	5,426	5,076	5,031
	17,572	16,660	15,874	15,145	13,732	13,158	12,825	12,066
Minority interests	2,758	2,696	2,686	1,211	–	–	–	–
Total equity	20,330	19,356	18,560	16,356	13,732	13,158	12,825	12,066
LIABILITIES								
Deposits of non-bank customers	96,589	92,401	94,078	92,371	75,207	70,818	73,238	73,646
Deposits and balances of banks	10,403	12,009	10,113	16,132	9,278	10,495	9,049	14,730
Due to subsidiaries	–	–	–	–	1,470	1,491	1,399	1,153
Due to associates	112	122	95	82	106	93	87	67
Trading portfolio liabilities	1,474	917	1,111	48	1,474	917	1,111	42
Derivative payables	4,271	5,798	7,675	4,079	4,114	5,538	7,415	3,856
Other liabilities	2,940	2,832	2,930	3,576	902	730	944	1,081
Current tax	517	544	501	653	265	309	277	298
Deferred tax	711	560	576	808	90	40	41	81
Debts issued	5,550	5,840	6,010	6,305	6,935	7,389	7,554	6,326
	122,567	121,023	123,089	124,054	99,841	97,820	101,115	101,280
Life assurance fund liabilities	40,532	39,781	39,736	40,410	–	–	–	–
Total liabilities	163,099	160,804	162,825	164,464	99,841	97,820	101,115	101,280
Total equity and liabilities	183,429	180,160	181,385	180,820	113,573	110,978	113,940	113,346
ASSETS								
Cash and placements with central banks	6,100	7,153	7,028	8,484	2,625	3,351	4,267	5,433
Singapore government treasury bills and securities	12,089	12,124	9,215	10,371	11,641	11,558	8,636	9,788
Other government treasury bills and securities	6,326	4,871	4,777	3,108	2,593	1,103	1,257	932
Placements with and loans to banks	18,604	14,480	15,353	17,555	15,280	11,497	12,634	13,630
Loans and bills receivable	77,599	78,815	79,808	76,989	59,801	61,186	62,069	59,708
Debt and equity securities	10,070	9,414	10,174	11,787	6,855	6,324	7,018	7,879
Assets pledged	114	312	837	618	110	312	837	618
Assets held for sale	#	#	–	1	#	#	–	#
Derivative receivables	3,877	5,400	6,655	3,940	3,611	4,984	6,245	3,674
Other assets	2,751	2,758	2,665	2,514	842	684	1,001	1,070
Deferred tax	98	130	97	49	28	25	19	1
Associates and joint ventures	137	140	132	142	13	14	12	12
Subsidiaries	–	–	–	–	7,391	7,157	7,173	7,885
Property, plant and equipment	1,623	1,669	1,665	1,626	407	413	405	367
Investment property	727	725	726	697	509	503	500	482
Goodwill and intangible assets	3,372	3,364	3,376	3,415	1,867	1,867	1,867	1,867
	143,487	141,355	142,508	141,296	113,573	110,978	113,940	113,346
Life assurance fund investment assets	39,942	38,805	38,877	39,524	–	–	–	–
Total assets	183,429	180,160	181,385	180,820	113,573	110,978	113,940	113,346
Net Asset Value Per Ordinary Share (before valuation surplus – S\$)	4.94	4.75	4.51	4.60	3.73	3.63	3.52	3.61
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	7,152	7,392	8,661	9,374	6,281	6,404	7,213	7,637
Commitments	45,066	46,449	46,655	44,864	36,665	37,508	37,478	35,804
Derivative financial instruments	343,703	380,379	365,904	421,774	325,051	359,624	343,630	390,740

Notes:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the half year ended 30 June 2009

S\$ million	Attributable to equity holders of the Bank					Minority interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 January 2009	6,638	1,329	222	7,685	15,874	2,686	18,560
Total comprehensive income for the period	–	–	738	1,094	1,832	125	1,957
Transfers	–	(176)	–	176	–	–	–
Change in minority interests	–	–	–	–	–	8	8
Dividends to minority interests	–	–	–	–	–	(61)	(61)
DSP reserve from dividends of unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends paid in cash	–	–	–	(155)	(155)	–	(155)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Shares issued in lieu of ordinary dividends	325	–	–	(325)	–	–	–
Shares issued to non-executive directors	#	–	–	–	#	–	#
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	9	–	–	9	–	9
Treasury shares transferred / sold	31	(22)	–	–	9	–	9
Balance at 30 June 2009	6,994	1,141	960	8,477	17,572	2,758	20,330
Included:							
Share of reserves of associates and joint ventures	–	3	#	34	37	(2)	35
Balance at 1 January 2008	5,520	1,732	1,726	6,700	15,678	1,161	16,839
Total comprehensive income for the period	–	–	(1,091)	971	(120)	(16)	(136)
Transfers	–	(177)	–	177	–	–	–
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
Balance at 30 June 2008	5,577	1,536	635	7,397	15,145	1,211	16,356
Included:							
Share of reserves of associates and joint ventures	–	3	(#)	28	31	#	31

Note:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 June 2009

GROUP S\$ million	Attributable to equity holders of the Bank					Minority interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 April 2009	6,658	1,233	380	8,389	16,660	2,696	19,356
Total comprehensive income for the period	–	–	580	478	1,058	66	1,124
Transfers	–	(88)	–	88	–	–	–
Change in minority interests	–	–	–	–	–	8	8
Dividends to minority interests	–	–	–	–	–	(12)	(12)
DSP reserve from dividends of unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends paid in cash	–	–	–	(155)	(155)	–	(155)
Share-based staff costs capitalised	–	(1)	–	–	(1)	–	(1)
Shares issued in lieu of ordinary dividends	325	–	–	(325)	–	–	–
Shares issued to non-executive directors	#	–	–	–	#	–	#
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	1	–	–	1	–	1
Treasury shares transferred / sold	11	(2)	–	–	9	–	9
Balance at 30 June 2009	6,994	1,141	960	8,477	17,572	2,758	20,330
Included:							
Share of reserves of associates and joint ventures	–	3	#	34	37	(2)	35
Balance at 1 April 2008	5,554	1,625	1,124	7,386	15,689	1,153	16,842
Total comprehensive income for the period	–	–	(489)	374	(115)	(20)	(135)
Transfers	–	(89)	–	89	–	–	–
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
Balance at 30 June 2008	5,577	1,536	635	7,397	15,145	1,211	16,356
Included:							
Share of reserves of associates and joint ventures	–	3	#	28	31	(#)	31

Note:

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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the half year ended 30 June 2009

BANK S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2009	6,638	1,099	12	5,076	12,825
Total comprehensive income for the period	–	–	374	652	1,026
Transfers	–	(170)	–	170	–
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference shares	–	–	–	(155)	(155)
Share-based staff costs capitalised	–	3	–	–	3
Shares issued in lieu of ordinary dividends	325	–	–	(325)	–
Shares issued to non-executive directors	#	–	–	–	#
Treasury shares transferred / sold	31	–	–	–	31
Balance at 30 June 2009	6,994	932	386	5,420	13,732
Balance at 1 January 2008	5,520	1,453	430	3,710	11,113
Total comprehensive income for the period	–	–	(260)	1,602	1,342
Transfers	–	(170)	–	170	–
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference shares	–	–	–	(453)	(453)
Share-based staff costs capitalised	–	5	–	–	5
Shares issued to non-executive directors	#	–	–	–	#
Treasury shares transferred / sold	57	–	–	–	57
Balance at 30 June 2008	5,577	1,288	170	5,031	12,066

For the three months ended 30 June 2009

BANK S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 April 2009	6,658	1,018	56	5,426	13,158
Total comprehensive income for the period	–	–	330	387	717
Transfers	–	(85)	–	85	–
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference shares	–	–	–	(155)	(155)
Share-based staff costs capitalised	–	(1)	–	–	(1)
Shares issued in lieu of ordinary dividends	325	–	–	(325)	–
Shares issued to non-executive directors	#	–	–	–	#
Treasury shares transferred / sold	11	–	–	–	11
Balance at 30 June 2009	6,994	932	386	5,420	13,732
Balance at 1 April 2008	5,554	1,370	345	4,908	12,177
Total comprehensive income for the period	–	–	(175)	490	315
Transfers	–	(85)	–	85	–
DSP reserve from dividends on unvested shares	–	–	–	1	1
Ordinary and preference shares	–	–	–	(453)	(453)
Share-based staff costs capitalised	–	3	–	–	3
Shares issued to non-executive directors	#	–	–	–	#
Treasury shares transferred / sold	23	–	–	–	23
Balance at 30 June 2008	5,577	1,288	170	5,031	12,066

Note:

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the half year ended 30 June 2009

S\$ million	1H09	1H08	2Q09	2Q08
Cash flows from operating activities				
Profit before income tax	1,364	1,274	639	519
Adjustments for non-cash items				
Amortisation of intangible assets	24	23	12	12
Allowances for loans and impairment of other assets	301	48	104	55
Change in fair value for hedging transactions and trading securities	(286)	92	(198)	69
Depreciation of property, plant and equipment and investment property	66	55	33	28
Net gain on disposal of property, plant and equipment and investment property	(2)	(6)	(2)	(6)
Net loss/(gain) on disposal of government, debt and equity securities	15	(254)	(21)	(22)
Net loss on disposal of an associate and interest in subsidiaries	#	-	#	-
Share-based staff costs	2	4	(2)	2
Share of results of associates and joint ventures	(1)	(5)	(1)	(3)
Items relating to life assurance fund				
Surplus/(deficit) before income tax	466	(22)	212	2
Surplus transferred from life assurance fund	(390)	(40)	(125)	(33)
Operating profit before change in operating assets and liabilities	1,559	1,169	651	623
Change in operating assets and liabilities				
Deposits of non-bank customers	2,530	3,604	4,180	(478)
Deposits and balances of banks	290	1,368	(1,606)	2,008
Derivative payables and other liabilities	(3,425)	1,524	(1,417)	(3)
Trading portfolio liabilities	363	(124)	557	(94)
Government securities and treasury bills	(4,503)	(940)	(1,493)	(1,401)
Trading securities	534	(359)	124	(604)
Placements with and loans to banks	(2,703)	(2,404)	(4,006)	(1,436)
Loans and bills receivable	2,060	(5,495)	1,159	(2,845)
Derivative receivables and other assets	2,486	(416)	1,464	750
Net change in investment assets and liabilities of life assurance fund	(242)	623	(330)	522
Cash (used in)/from operating activities	(1,051)	(1,450)	(717)	(2,958)
Income tax paid	(202)	(216)	(146)	(160)
Net cash (used in)/from operating activities ^{1/}	(1,253)	(1,666)	(863)	(3,118)
Cash flows from investing activities				
Dividends from associates	3	#	3	#
(Increase)/decrease in associates and joint ventures	(4)	2	2	9
Net cashflow from acquisition of subsidiaries	-	(124)	-	(124)
Purchases of debt and equity securities	(1,025)	(2,219)	(715)	(1,335)
Purchases of property, plant and equipment and investment property	(73)	(106)	(35)	(53)
Proceeds from disposal of debt and equity securities	1,916	3,248	850	1,458
Proceeds from disposal of interest in subsidiaries	8	-	8	-
Proceeds from disposal of property, plant and equipment and investment property	4	17	3	7
Net cash (used in)/from investing activities	829	818	116	(38)
Cash flows from financing activities				
Dividends paid to equity holders of the Bank	(155)	(453)	(155)	(453)
Dividends paid to minority interests	(61)	(38)	(12)	(26)
(Decrease)/increase in debts issued	(360)	1,466	(140)	942
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	9	26	9	21
Net cash (used in)/from financing activities	(567)	1,001	(298)	484
Net currency translation adjustments	63	(65)	(8)	(47)
Net change in cash and cash equivalents	(928)	88	(1,053)	(2,719)
Cash and cash equivalents at beginning of period	7,028	8,396	7,153	11,203
Cash and cash equivalents at end of period	6,100	8,484	6,100	8,484

Notes:

- There was net cash used in operations, mainly from cash outflows for purchases of Government Securities and higher placements with other banks.
- "#" represents amounts less than S\$0.5 million.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

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

Number of Shares	Half year ended 30 June		Three months ended 30 June	
	2009	2008	2009	2008
Issued ordinary shares				
Balance at beginning of period	3,126,565,512	3,126,512,712	3,126,565,512	3,126,512,712
Shares issued to non-executive directors	43,200	52,800	43,200	52,800
Shares issued pursuant to Scrip Dividend Scheme	67,329,773	–	67,329,773	–
Balance at end of period	3,193,938,485	3,126,565,512	3,193,938,485	3,126,565,512
Treasury shares				
Balance at beginning of period	(25,746,212)	(40,291,633)	(21,129,041)	(35,343,765)
Shares sold / transferred to employees pursuant to OCBC Share Option Schemes	1,893,760	3,177,691	1,759,152	2,235,099
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	4,898,106	4,091,307	415,543	202,469
Balance at end of period	(18,954,346)	(31,474,370)	(18,954,346)	(31,474,370)
Total	3,174,984,139	3,095,091,142	3,174,984,139	3,095,091,142

From 1 April 2009 to 30 June 2009 (both dates inclusive), the Bank utilised 1,759,152 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 2009, the number of options outstanding under the OCBC Share Options Schemes was 44,574,984 (30 June 2008: 45,330,025).

From 1 April 2009 to 30 June 2009 (both dates inclusive), there was no exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As at 30 June 2009, the number of acquisition rights outstanding under the Third Offering of OCBC ESPP was 3,552,559 (30 June 2008: 3,814,578), of which participation by the Chief Executive Officer of the Bank was 11,162 ordinary shares at 30 June 2008 and nil at 30 June 2009.

From 1 April 2009 to 30 June 2009 (both dates inclusive), the Bank transferred 415,543 treasury shares to the Trust administering OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

67,329,773 ordinary shares were issued pursuant to OCBC Scrip Dividend Scheme in lieu of cash for the final one-tier tax exempt dividend of 14 cents per ordinary shares in the capital of OCBC for the year ended 31 December 2008.

There was no share buyback in the second quarter ended 30 June 2009. No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 2009.

OTHER MATTERS / SUBSEQUENT EVENTS

1. Great Eastern announced on 31 July 2009 that it is making a one-time offer to redeem 594 million GreatLink Choice (“GLC”) units from GLC policyholders at the original purchase price of S\$1.00 each, less the total annual payouts received to-date. The offer is open for acceptance from 3 August to 28 August 2009.

GLC is a series of investment-linked insurance products with underlying investments in CDO (collateralised debt obligations) instruments. It aims to provide policyholders with enhanced fixed annual returns and a return of the principal amount on maturity. Insurance coverage is provided over the duration of the investment. Both the annual payouts and principal repayment on maturity are not guaranteed. The products were designed with built-in loss protection levels and diversification among at least 115 reference entities, spread across various industries and geographical regions.

Since inception to-date, annual payouts have been made under the GLC products as projected. However, because of the global financial crisis, the market values of these products are at steep discounts to par due to several credit events that have effectively eroded the loss protection cushion. These steep discounts have given rise to concerns among GLC policyholders.

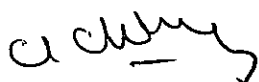
To address GLC policyholders’ concerns, Great Eastern has taken a decision to make the one-time offer, as a gesture of goodwill, to redeem these products. The offer is voluntary and is made without any admission of liability. Further, the offer applies to GLC products only. It will not apply to any other Great Eastern policies. Other than GLC products, Great Eastern did not sell any other similar structured products to its policyholders.

Following the redemption offer, Great Eastern will take delivery of the underlying CDO instruments and will account for the fair value of these instruments at the close of the offer period. The financial impact of the offer will be reflected in Great Eastern's third quarter 2009 financial results and is conservatively estimated to be in the region of S\$250 million. Based on this estimate, the negative impact to OCBC Group’s third quarter 2009 financial results is expected to be around S\$218 million. OCBC Group does not expect this to affect its continuing profitability, business fundamentals or capital position.

**CONFIRMATION BY THE BOARD
PURSUANT TO RULE 705(5) 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 2009 to be false or misleading.

On behalf of the Board of Directors



Cheong Choong Kong
Chairman



David Philbrick Conner
Chief Executive Officer / Director

3 August 2009