

Media Release

OCBC Group Reports Second Quarter 2010 Net Profit of S\$503 million

Record First Half 2010 Core Net Profit of S\$1,179 million

Singapore, 2 August 2010 - Oversea-Chinese Banking Corporation Limited (“OCBC Bank” or the “Group”) today reported a net profit attributable to shareholders (“net profit”) of S\$503 million for the second quarter ended 30 June 2010 (“2Q10”), an increase of 8% from S\$466 million a year ago. The Group’s second quarter result included three months’ consolidation of the results of 100%-owned Bank of Singapore (formerly ING Asia Private Bank), which was acquired in January this year. The net profit growth was driven by increased fees and commissions, higher realised gains on investment securities and lower allowances.

Second quarter net interest income grew by 1% over the previous year to S\$720 million, led by an 18% increase in average interest earning assets which more than offset the decline in net interest margin. Loan growth was broad-based in the consumer, corporate and SME segments in Singapore and overseas. Non-interest income increased 5% to S\$516 million, led by a 30% growth in fee and commission income, and higher realised gains from the sale of investment securities. Volatile financial markets resulted in a 35% decline in net trading income. Despite a 26% fall in net profit contribution from insurance subsidiary Great Eastern Holdings (“GEH”), the underlying business of GEH improved substantially, recording 30% year-on-year growth in new business sales and 29% growth in new business embedded value.

Operating expenses increased by 24% to S\$559 million, as a result of the Group’s renewed investments in regional expansion and higher business volumes. Effective credit portfolio management kept net allowances for the second quarter low at S\$18 million, down from S\$104 million a year ago and from S\$25 million in 1Q10. The non-performing loans (“NPL”) ratio improved during the quarter to 1.3%, from 1.5%.

Compared to 1Q10’s record core net profit of S\$676 million, second quarter net profit was 26% lower. Quarter-on-quarter growth in net interest income and fees and commissions was offset by lower net trading income, reduced profit contribution from life assurance and higher operating expenses.

For the first half of 2010 (“1H10”), the Group achieved a net profit of S\$1,179 million, 17% above last year’s first half results of S\$1,011 million. Excluding a S\$175 million^{1/} non-recurring insurance gain in 1H09, net profit growth would have been higher at 41%. The 1H10 performance sets a new record for the Group in terms of half year core net profit. Net interest income fell marginally by 2%, offset by growth in non-interest income. Excluding the non-recurring insurance gains in 1H09, non-interest income grew 33%, underpinned by higher realised gains on investment securities, and growth in insurance, dealing as well as fee and commission income. The 23% increase in operating expenses was associated with the Group’s regional and wealth management expansion as well as growing business volumes. Net allowances fell significantly by 86% to S\$43 million, from S\$301 million in 1H09.

Return on equity, based on core earnings, was 13.1% in 1H10, while annualised core earnings per share rose 12% year-on-year to 70.6 cents.

Net Interest Income

Net interest income in the second quarter grew 1% year-on-year to S\$720 million, as the increase in average interest-earning assets more than offset a decline in average net interest margin. Customer loans increased to S\$95.5 billion at the end of the period, up 21% from a year ago and 6% above the previous quarter. Excluding the consolidation effect of Bank of Singapore, loan growth would have been 15% year-on-year. Loan growth during the quarter was broad-based and contributed mainly by loans to the housing, non-bank financial institutions, investment and holding companies, and general commerce sectors. The net interest margin decline of 33 basis points, from 2.29% to 1.96%, was largely from reduced gapping opportunities in the interbank market. Since the completion of the Bank of Singapore acquisition in January this year, the inclusion of its lower-yielding, well-collateralised assets has boosted the Group’s net interest income while decreasing net interest margin. Excluding the consolidation effect of Bank of Singapore, the Group’s net interest margin would have recorded a smaller year-on-year decline of 26 basis points, from 2.29% to 2.03% in 2Q10.

Compared with 1Q10, net interest income rose by 2% as the growth in average interest-earning assets and a slightly longer quarter offset the impact of a decline in net interest margin. The average net interest margin narrowed by 7 basis points from the previous quarter, largely as a result of reduced gapping opportunities.

1. S\$201 million before tax and non-controlling interests, classified under life assurance profit (non-interest income). The gains were mainly due to the adoption of the risk based capital framework for insurers in Malaysia.

Non-Interest Income

Non-interest income in the second quarter grew by 5% year-on-year to S\$516 million, led by increased fee and commission income and higher realised gains on the sale of investment securities, although partially offset by lower dealing income and profit from life assurance. Fees and commissions rose 30% over the previous year to S\$252 million, led by growth in wealth management income which, including contributions from Bank of Singapore, more than doubled to S\$48 million. Investment banking, fund management, and trade-related activities also contributed to the year-on-year growth in fee and commission income. The sale of investment securities contributed net gains of S\$53 million as compared with net gains of S\$21 million in 2Q09. Net trading income declined from S\$61 million to S\$39 million, with lower foreign exchange income more than offsetting an improvement in securities and derivatives trading results. Profit from life assurance fell 45% to S\$69 million from poor investment performance, although partly offset by improved profits from underwriting through lower operating expenses and improved claims experience.

Compared with 1Q10, non-interest income fell 24% as a result of a lower profit contribution from life assurance and a decline in net trading income, as volatile financial market conditions during the second quarter led to a decline in foreign exchange as well as securities and derivatives trading income.

Operating Expenses

Operating expenses in 2Q10 increased by 24% year-on-year over a low base to S\$559 million as the Group resumed investments to expand its businesses in key markets. Staff costs rose 40% to S\$327 million, mainly as a result of increased headcount and higher base salaries, with the consolidation of Bank of Singapore being the largest contributor. Group headcount rose 9%, with over 70% of the personnel increase coming from the Group's expansion in overseas markets and new businesses, including Malaysia, Indonesia, China and Bank of Singapore. Over the last twelve months, OCBC Al-Amin opened two additional branches in Malaysia, PT Bank OCBC NISP established 34 new branches/sub-branches and offices in Indonesia, and OCBC Bank (China) opened one new branch and one sub-branch. Other operating expenses rose 7% to S\$232 million, contributed by higher depreciation, rental and business promotion expenses.

Compared with 1Q10, operating expenses were up 11%, largely from higher staff costs and an increase in business promotion expenditures for the Group, mainly driven by enlarged business volumes.

The cost-to-income ratio was 45.2% in 2Q10, as compared with 36.2% in 1Q10 and 37.4% in 2Q09.

Allowances and Asset Quality

Allowances for loans and other assets were S\$18 million for the quarter, down from S\$104 million a year ago and S\$25 million in 1Q10. Specific allowances for loans, net of recoveries and writebacks, were S\$11 million, as compared with S\$5 million in 1Q10 and S\$44 million a year ago. Portfolio allowances of S\$5 million were flat versus the year ago period.

The Group's asset quality and coverage ratios remained strong. Absolute NPLs declined by 4% from the previous quarter to S\$1,260 million, and the NPL ratio improved to 1.3% from 1.5%. By industry, the decrease in NPLs during the quarter was mainly from the manufacturing, general commerce and professionals and individuals sectors. Total cumulative allowances represented 112% of total non-performing assets ("NPAs") and 288% of unsecured NPAs, up from 107% and 266% respectively in 1Q10.

Capital Ratios

OCBC Group continues to be strongly capitalised, with its Tier 1 ratio as at 30 June 2010 improving to 15.3%, up from 14.4% at the end of the previous quarter, and total capital adequacy ratio strengthening to 16.3%, from 15.2%, over the same period. These are well above the regulatory minimums of 6% and 10% respectively. The Core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.6%, up from 10.8% at the end of 1Q10.

Interim Dividend

An interim one-tier tax-exempt dividend of 15 cents per share has been declared for the first half-year of 2010, a 7% per share increase from the 1H09 interim dividend of 14 cents per share. The interim dividend payout will amount to S\$493 million, representing a payout of 42% of the Group's core net profit for 1H10. As per the last three dividend payments, 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 of the volume weighted average price 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.

CEO's Comments

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

“Given that our underlying businesses are performing well, we are pleased with our first half results. Broad-based loan growth, strong gains in fee income, including the boost to our wealth management business from the Bank of Singapore, coupled with a robust increase of insurance products sales at Great Eastern, all underscore OCBC's healthy customer franchise. While we are alert to the possibility of renewed volatility in the financial markets, on balance we have a positive outlook, in light of the growth prospects in our key markets.”

About OCBC Bank

OCBC Bank, established in 1912, is the second largest financial services group in Southeast Asia by assets. It is among the world's highest rated banks, with a long term credit rating of Aa1 from Moody's. OCBC Bank and its subsidiaries offer a broad array of specialist financial services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

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

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets, and its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com

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To Our Shareholders

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

Unaudited Financial Results for the Second Quarter Ended 30 June 2010

For the second quarter ended 30 June 2010, Group reported net profit was S\$503 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

An interim one-tier tax exempt dividend of 15 cents per share (2009: 14 cents tax-exempt) has been declared for the first half-year 2010. The interim dividend payout will amount to an estimated S\$493 million (2009: S\$445 million) or approximately 42% of the Group's net profit of S\$1,179 million for 1H10.

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 to the average of the volume weighted average price 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 21 June 2010, 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% (2009: 5.1%) per annum; Class E Preference Shares at 4.5% (2009: 4.5%) per annum and Class G Preference Shares at 4.2% (2009: 4.2%) per annum. 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, 2 August 2010

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

Oversea-Chinese Banking Corporation Limited
Second Quarter 2010 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 Singapore Companies Act, including the modification to FRS 39 *Financial Instruments: Recognition and Measurement* requirement on loan loss provisioning under Notice to Banks No. 612 “Credit Files, Grading and Provisioning” issued by the Monetary Authority of Singapore.

The following new/revised financial reporting standards and interpretations were mandatory with effect from 1 January 2010:

FRS 27 (Revised):	Consolidated and Separate Financial Statements
FRS 103 (Revised):	Business Combinations
FRS 39 (Amendments):	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
FRS 102 (Amendments):	Share-Based Payment – Group Cash-settled Share-based Payment Transactions
INT FRS 117:	Distributions of Non-cash Assets to Owners
Improvements to FRSs 2008	
Improvements to FRSs 2009	

The revised FRS 27 requires that changes in a parent’s ownership interests in a subsidiary which do not result in a loss of control be accounted for as equity transactions, with resulting gains and losses taken to equity and not to the income statement. The standard also requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control.

Under the revised FRS 103, the Group has to expense costs incurred in the acquisition of a business in the period in which it was incurred or when the service was rendered. Where an acquirer obtains control of a business through step acquisition, any previously held equity interests shall be measured at fair value on the date that control is attained, with resulting gains and losses taken to the income statement.

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

Financial Results

Group net profit attributable to shareholders for the second quarter ended 30 June 2010 (“2Q10”) was S\$503 million, an increase of 8% year-on-year, driven by increased fees and commissions, higher realised gains on investment securities and lower allowances. The 2Q10 result included three months’ consolidation of the results of 100%-owned Bank of Singapore (formerly ING Asia Private Bank), which was acquired in January this year.

Net interest income grew by 1%, as asset growth more than offset a decline in net interest margin. Non-interest income grew by 5% to S\$516 million, led by a 30% growth in fee and commission income, and higher realised gains from the sale of investment securities. Operating expenses increased by 24% to S\$559 million, due mainly to the Group’s renewed investments in regional expansion and higher business volumes. Effective credit portfolio management kept net allowances for 2Q10 low at S\$18 million, down from S\$104 million a year ago and from S\$25 million in 1Q10. The non-performing loans (“NPL”) ratio improved during the quarter to 1.3%, from 1.5%.

For the first half of 2010 (“1H10”), the Group achieved core net profit of S\$1,179 million, 17% above last year’s first half results of S\$1,011 million, underpinned by higher realised gains on investment securities, and growth in insurance, dealing as well as fee and commission income. The drop in net allowances also contributed to the improved results. The 1H10 performance sets a new record for the Group in terms of half year core net profit. Return on equity was 13.1% in 1H10 while annualised core earnings per share for the half year rose 12% to 70.6 cents.

FINANCIAL SUMMARY *(continued)*

S\$ million	1H10	1H09	+ / (-) %	2Q10	2Q09	+ / (-) %	1Q10	+ / (-) %
Selected Income Statement								
Net interest income	1,424	1,450	(2)	720	710	1	704	2
Non-interest income	1,197	1,101	9	516	494	5	681	(24)
Total income	2,621	2,551	3	1,236	1,204	3	1,385	(11)
Operating expenses	(1,061)	(863)	23	(559)	(450)	24	(502)	11
Operating profit before allowances and amortisation	1,560	1,688	(8)	677	754	(10)	883	(23)
Amortisation of intangible assets	(23)	(24)	-	(11)	(12)	-	(12)	-
Allowances for loans and impairment of other assets	(43)	(301)	(86)	(18)	(104)	(83)	(25)	(30)
Operating profit after allowances and amortisation	1,494	1,363	10	648	638	2	846	(23)
Share of results of associates and joint ventures	(1)	1	n.m.	(1)	1	n.m.	(#)	n.m.
Profit before income tax	1,493	1,364	9	647	639	1	846	(23)
Net profit attributable to shareholders	1,179	1,011	17	503	466	8	676	(26)
Cash basis net profit attributable to shareholders ^{1/}	1,202	1,035	16	514	478	8	688	(25)

Selected Balance Sheet

Ordinary equity	17,986	15,676	15	17,986	15,676	15	17,832	1
Total equity (excluding non-controlling interests)	19,881	17,572	13	19,881	17,572	13	19,728	1
Total assets	213,173	183,429	16	213,173	183,429	16	208,724	2
Assets excluding life assurance fund investment assets	167,842	143,487	17	167,842	143,487	17	163,487	3
Loans and bills receivable (net of allowances)	93,977	77,599	21	93,977	77,599	21	88,905	6
Deposits of non-bank customers	112,313	96,589	16	112,313	96,589	16	108,523	3

Notes:

1. Excludes amortisation of intangible assets.
2. “#” represents amounts less than S\$0.5 million.
3. “n.m.” denotes not meaningful.

FINANCIAL SUMMARY *(continued)*

	1H10	1H09	2Q10	2Q09	1Q10
Key Financial Ratios					
Performance ratios (% p.a.)					
Return on equity ^{1/2/}					
SFRS ^{3/} basis	13.1	13.4	10.9	12.0	15.3
Cash basis	13.4	13.7	11.2	12.3	15.6
Return on assets ^{4/}					
SFRS ^{3/} basis	1.43	1.42	1.20	1.30	1.68
Cash basis	1.46	1.45	1.22	1.33	1.71
Revenue mix/efficiency ratios (%)					
Net interest margin (annualised)	2.00	2.35	1.96	2.29	2.03
Net interest income to total income	54.3	56.8	58.2	59.0	50.8
Non-interest income to total income	45.7	43.2	41.8	41.0	49.2
Cost to income	40.5	33.8	45.2	37.4	36.2
Loans to deposits	83.7	80.3	83.7	80.3	81.9
NPL ratio	1.3	2.0	1.3	2.0	1.5
Earnings per share^{2/} (annualised - cents)					
Basic earnings	70.6	62.8	59.4	57.1	82.1
Basic earnings (cash basis)	72.1	64.3	60.8	58.6	83.6
Diluted earnings	70.4	62.7	59.1	56.9	81.8
Net asset value per share (S\$)					
Before valuation surplus	5.48	4.94	5.48	4.94	5.51
After valuation surplus	6.99	5.59	6.99	5.59	6.76
Capital adequacy ratios (%)					
Tier 1	15.3	15.4	15.3	15.4	14.4
Total	16.3	15.9	16.3	15.9	15.2

Notes:

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

NET INTEREST INCOME

Average Balance Sheet

S\$ million	1H10			1H09		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets						
Loans and advances to non-bank customers	88,452	1,519	3.46	78,551	1,575	4.04
Placements with and loans to banks	27,970	193	1.39	21,129	243	2.32
Other interest earning assets ^{1/}	27,453	365	2.68	24,611	382	3.13
Total	143,875	2,077	2.91	124,291	2,200	3.57
Interest bearing liabilities						
Deposits of non-bank customers	108,358	483	0.90	93,921	579	1.24
Deposits and balances of banks	14,629	46	0.63	12,024	59	0.99
Other borrowings ^{2/}	8,763	124	2.85	6,828	112	3.32
Total	131,750	653	1.00	112,773	750	1.34
Net interest income/margin^{3/}		1,424	2.00		1,450	2.35

S\$ million	2Q10			2Q09			1Q10		
	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	91,049	771	3.40	77,820	760	3.92	85,825	748	3.53
Placements with and loans to banks	28,254	97	1.38	20,869	107	2.07	27,683	96	1.41
Other interest earning assets ^{1/}	28,178	188	2.68	25,868	187	2.89	26,720	177	2.68
Total	147,481	1,056	2.87	124,557	1,054	3.39	140,228	1,021	2.95
Interest bearing liabilities									
Deposits of non-bank customers	110,842	249	0.90	94,099	260	1.11	105,846	235	0.90
Deposits and balances of banks	15,346	26	0.69	11,905	24	0.81	13,904	20	0.58
Other borrowings ^{2/}	8,814	61	2.79	7,001	60	3.43	8,711	62	2.91
Total	135,002	336	1.00	113,005	344	1.22	128,461	317	1.00
Net interest income/margin^{3/}		720	1.96		710	2.29		704	2.03

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 in the second quarter grew 1% year-on-year to S\$720 million, as the increase in average interest-earning assets more than offset a decline in average net interest margin. Net interest margin declined 33 basis points, from 2.29% to 1.96%, largely as a result of reduced gapping opportunities in the interbank market. Following the acquisition of Bank of Singapore in January this year, the inclusion of its lower-yielding, well-collateralised assets has boosted the Group's net interest income while decreasing net interest margin. Excluding the consolidation effect of Bank of Singapore, the Group's net interest margin would have recorded a smaller year-on-year decline of 26 basis points, from 2.29% to 2.03% in 2Q10.

Compared with 1Q10, net interest income rose by 2% as a result of asset growth and a slightly longer quarter, which more than offset the impact of a decline in net interest margin. The average net interest margin narrowed by 7 basis points from the previous quarter, largely due to reduced gapping opportunities.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	1H10 vs 1H09			2Q10 vs 2Q09			2Q10 vs 1Q10		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	199	(255)	(56)	129	(118)	11	46	(31)	15
Placements with and loans to banks	78	(128)	(50)	38	(49)	(11)	2	(3)	(1)
Other interest earning assets	44	(61)	(17)	17	(15)	2	10	#	10
Total	321	(444)	(123)	184	(182)	2	58	(34)	24
Interest expense									
Deposits of non-bank customers	89	(185)	(96)	46	(58)	(12)	11	(#)	11
Deposits and balances of banks	13	(26)	(13)	7	(5)	2	2	4	6
Other borrowings	32	(20)	12	16	(14)	2	1	(3)	(2)
Total	134	(231)	(97)	69	(77)	(8)	14	1	15
Impact on net interest income	187	(213)	(26)	115	(105)	10	44	(35)	9
Due to change in number of days			–			–			7
Net interest income			(26)			10			16

Note:

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

NON-INTEREST INCOME

S\$ million	1H10	1H09	+ / (-) %	2Q10	2Q09	+ / (-) %	1Q10	+ / (-) %
Fees and commissions								
Brokerage	41	42	-	21	29	(27)	20	3
Wealth management	85	29	198	48	18	177	37	33
Fund management	40	32	22	21	16	26	19	7
Credit card	22	19	13	12	9	22	10	14
Loan-related	103	80	29	50	43	16	53	(6)
Trade-related and remittances	79	57	38	42	29	41	37	11
Guarantees	10	14	(24)	5	7	(14)	5	23
Investment banking	42	35	23	26	22	20	16	59
Service charges	37	28	29	18	14	24	19	(7)
Others	19	13	43	9	7	31	10	(2)
Sub-total	478	349	37	252	194	30	226	11
Dividends	47	42	12	28	25	13	19	52
Rental income	40	38	4	20	19	6	20	3
Profit from life assurance	215	391	(45)	69	125	(45)	146	(53)
Premium income from general insurance	73	63	15	37	32	16	36	4
Other income								
Net trading income	196	173	13	39	61	(35)	157	(75)
Net gain/(loss) from investment securities	118	(15)	912	53	21	148	65	(18)
Net gain from disposal of associates	3	(#)	846	1	(#)	201	2	(84)
Net gain from disposal of properties	#	2	(86)	#	2	(93)	#	(26)
Others	27	58	(54)	17	15	13	10	69
Sub-total	344	218	58	110	99	11	234	(53)
Total non-interest income	1,197	1,101	9	516	494	5	681	(24)
Fees and commissions/Total income	18.2%	13.7%		20.4%	16.1%		16.4%	
Non-interest income/Total income	45.7%	43.2%		41.8%	41.0%		49.2%	

Note:

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

Non-interest income in the second quarter grew by 5% year-on-year to S\$516 million, led by increased fee and commission income and higher realised gains on the sale of investment securities, partially offset by lower dealing income and profit from life assurance. Fee and commission income rose 30% over the previous year to S\$252 million, led by growth in wealth management income which, including contributions from Bank of Singapore, more than doubled to S\$48 million. Investment banking, fund management, and trade-related activities also contributed to the year-on-year growth in fee and commission income. The sale of investment securities contributed net gains of S\$53 million as compared with net gains of S\$21 million in 2Q09.

Net trading income declined from S\$61 million to S\$39 million, with lower foreign exchange income more than offsetting an improvement in securities and derivatives trading results. Profit from life assurance fell 45% to S\$69 million due to poor investment performance, although partly offset by improved profits from underwriting through lower operating expenses and improved claims experience.

Compared with 1Q10, non-interest income fell 24% due to a lower profit contribution from life assurance and a decline in net trading income, as volatile financial market conditions during the second quarter led to a decline in foreign exchange as well as securities and derivatives trading income.

OPERATING EXPENSES

S\$ million	1H10	1H09	+/(-) %	2Q10	2Q09	+/(-) %	1Q10	+/(-) %
Staff costs								
Salaries and other costs	563	434	30	299	217	38	264	13
Share-based expenses	7	2	295	3	(2)	307	4	(8)
Contribution to defined contribution plans	46	38	22	25	19	29	21	15
	616	474	30	327	234	40	289	13
Property and equipment								
Depreciation	75	66	14	38	33	15	37	5
Maintenance and hire of property, plant & equipment	32	32	1	17	16	6	15	8
Rental expenses	30	23	31	16	12	36	14	13
Others	59	53	10	29	28	3	30	(2)
	196	174	13	100	89	12	96	4
Other operating expenses	249	215	15	132	127	4	117	13
Total operating expenses	1,061	863	23	559	450	24	502	11
Group staff strength								
Period end	21,112	19,322	9	21,112	19,322	9	20,641	2
Average	20,717	19,680	5	20,947	19,455	8	20,488	2
Cost to income ratio	40.5%	33.8%		45.2%	37.4%		36.2%	

Operating expenses in 2Q10 increased by 24% year-on-year over a low base to S\$559 million as the Group resumed investments to expand its businesses in key markets. Staff costs rose 40% to S\$327 million, mainly due to increased headcount and higher base salaries, with the consolidation of Bank of Singapore being the largest contributor. Group headcount rose 9%, with over 70% of the personnel increase coming from the Group's expansion in overseas markets and new businesses, including Malaysia, Indonesia, China and Bank of Singapore. Over the last twelve months, OCBC Al-Amin opened two additional branches in Malaysia, PT Bank OCBC NISP established 34 new branches/sub-branches and offices in Indonesia, and OCBC Bank (China) opened one new branch and one sub-branch. Other operating expenses rose 7% to S\$232 million, contributed by higher depreciation, rental and business promotion expenses.

Compared with 1Q10, operating expenses were up 11%, largely from higher staff costs and an increase in business promotion expenditures for the Group, mainly driven by enlarged business volumes.

The cost-to-income ratio was 45.2% in 2Q10, as compared with 36.2% in 1Q10 and 37.4% in 2Q09.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	1H10	1H09	+/(-) %	2Q10	2Q09	+/(-) %	1Q10	+/(-) %
Specific allowances/ (write-back) for loans								
Singapore	3	28	(88)	4	13	(66)	(1)	544
Malaysia	12	31	(63)	8	9	(15)	4	125
Others	1	73	(99)	(1)	22	(109)	2	(73)
	16	132	(88)	11	44	(76)	5	109
Portfolio allowances for loans	35	7	398	5	5	(15)	30	(85)
Allowances/(write-back) for CDOs	(8)	92	(109)	(1)	(2)	(93)	(7)	98
Allowances and impairment charges/(write-back) for other assets	(#)	70	(101)	3	57	(96)	(3)	186
Allowances for loans and impairment of other assets	43	301	(86)	18	104	(83)	25	(30)

Note:

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

Allowances for loans and other assets were S\$18 million for the quarter, down from S\$104 million a year ago and S\$25 million in 1Q10.

Specific allowances for loans, net of recoveries and writebacks, were S\$11 million, as compared with S\$5 million in 1Q10 and S\$44 million a year ago. By geography, the quarter-on-quarter increase came mainly from the Singapore and Malaysia markets. Portfolio allowances of S\$5 million were flat versus the year ago period.

Net allowances of S\$2 million were made for other assets, mainly debt and equity securities investments. This was lower than the net allowances of S\$55 million in the previous year. The Bank’s CDO portfolio has been fully provided for since 1Q09.

LOANS AND ADVANCES

S\$ million	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Jun 2009
Loans to customers	91,809	86,996	80,439	77,970
Bills receivable	3,664	3,408	1,902	1,212
Gross loans to customers	95,473	90,404	82,341	79,182
Allowances				
Specific allowances	(412)	(435)	(454)	(595)
Portfolio allowances	(1,045)	(1,038)	(999)	(984)
	94,016	88,931	80,888	77,603
Less: assets pledged	(39)	(26)	(12)	(4)
Loans net of allowances	93,977	88,905	80,876	77,599
By Maturity				
Within 1 year	34,732	33,452	28,147	27,150
1 to 3 years	19,616	17,923	17,751	16,549
Over 3 years	41,125	39,029	36,443	35,483
	95,473	90,404	82,341	79,182
By Industry				
Agriculture, mining and quarrying	2,429	1,721	1,621	1,458
Manufacturing	6,458	6,161	5,828	5,650
Building and construction	15,912	15,389	15,643	16,052
Housing loans	24,531	22,782	21,460	19,753
General commerce	10,506	9,713	7,750	6,537
Transport, storage and communication	5,991	5,769	5,791	5,661
Financial institutions, investment and holding companies	10,868	9,889	10,032	11,058
Professionals and individuals	12,524	12,527	7,968	7,714
Others	6,254	6,453	6,248	5,299
	95,473	90,404	82,341	79,182
By Currency				
Singapore Dollar	48,649	46,658	46,022	45,608
United States Dollar	17,237	15,639	11,081	9,930
Malaysian Ringgit	14,511	14,141	13,239	12,559
Indonesian Rupiah	3,341	3,016	2,889	2,339
Others	11,735	10,950	9,110	8,746
	95,473	90,404	82,341	79,182
By Geography ^{1/}				
Singapore	53,078	50,659	48,457	47,012
Malaysia	16,561	16,175	15,322	14,653
Other ASEAN	6,269	5,673	4,986	4,418
Greater China	9,703	8,065	7,066	6,775
Other Asia Pacific	4,432	4,490	3,926	3,467
Rest of the World	5,430	5,342	2,584	2,857
	95,473	90,404	82,341	79,182

Note:

- 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\$95.5 billion as at 30 June 2010. The 21% year-on-year increase was as a result of the consolidation effect of Bank of Singapore, which contributed about 5% of gross loans, classified mainly under loans to professionals and individuals. Excluding this consolidation effect, loan growth would have been 15% year-on-year. The 6% quarter-on-quarter loan growth in 2Q10 was broad-based and contributed mainly by loans to the housing, non-bank financial institutions, investment and holding companies, and general commerce sectors.

NON-PERFORMING ASSETS ^{1/}

S\$ million	Total NPAs ^{2/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{3/}	NPL Ratio ^{3/} %
Singapore							
30 Jun 2010	402	173	139	90	67.8	401	0.8
31 Mar 2010	436	183	161	92	67.5	434	0.9
31 Dec 2009	417	163	164	90	65.2	416	0.9
30 Jun 2009	592	316	186	90	52.6	547	1.2
Malaysia							
30 Jun 2010	615	365	177	73	58.1	567	3.4
31 Mar 2010	635	367	212	56	56.7	562	3.5
31 Dec 2009	635	427	155	53	61.1	582	3.8
30 Jun 2009	590	389	141	60	59.2	568	3.9
Other ASEAN							
30 Jun 2010	147	43	10	94	65.8	147	2.3
31 Mar 2010	160	40	22	98	60.8	159	2.8
31 Dec 2009	213	95	23	95	59.9	212	4.3
30 Jun 2009	215	99	34	82	57.1	212	4.8
Greater China							
30 Jun 2010	59	11	48	–	11.8	59	0.6
31 Mar 2010	63	12	51	–	10.4	63	0.8
31 Dec 2009	69	13	56	–	19.9	67	0.9
30 Jun 2009	123	28	95	–	25.4	118	1.7
Other Asia Pacific							
30 Jun 2010	31	31	–	–	61.6	31	0.7
31 Mar 2010	36	33	3	–	54.8	36	0.8
31 Dec 2009	47	40	7	–	51.8	47	1.2
30 Jun 2009	108	22	86	–	18.7	108	3.1
Rest of the World ^{2/}							
30 Jun 2010	62	18	40	4	83.2	55	1.0
31 Mar 2010	72	17	51	4	81.9	65	1.2
31 Dec 2009	67	18	46	3	40.3	60	2.3
30 Jun 2009	157	17	134	6	17.3	30	1.0
Group							
30 Jun 2010	1,316	641	414	261	61.1	1,260	1.3
31 Mar 2010	1,402	652	500	250	59.7	1,319	1.5
31 Dec 2009	1,448	756	451	241	58.9	1,384	1.7
30 Jun 2009	1,785	871	676	238	48.3	1,583	2.0

Notes:

1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Include CDOs of S\$7 million, S\$6 million, S\$7 million and S\$127 million as at 30 Jun 2010, 31 Mar 2010, 31 Dec 2009 and 30 Jun 2009 respectively.
3. Exclude debt securities and contingent liabilities. Prior year figures have been restated.

NON-PERFORMING ASSETS (continued)

Non-performing loans (“NPLs”) declined 4% from the previous quarter to S\$1,260 million as at 30 June 2010. By industry, the decrease in NPLs during the quarter was mainly from the manufacturing, general commerce and professionals and individuals sectors. By geography, the decrease was mainly from Singapore and Other ASEAN. The Group’s NPL ratio continued to improve to 1.3%, from 1.5% in the previous quarter and from 2.0% a year ago. The Singapore and Malaysia NPL ratios fell marginally versus the previous quarter to 0.8% from 0.9%, and to 3.4% from 3.5% respectively.

Including classified debt securities, contingent liabilities and CDOs, the Group’s total non-performing assets (“NPAs”) were S\$1,316 million, 26% lower than a year ago and 6% lower as compared with the previous quarter. Of the total NPAs, 49% (Mar 10: 47%; Dec 09: 52%) were in the substandard category and 61% (Mar 10: 60%; Dec 09: 59%) were secured by collateral.

	30 Jun 2010		31 Mar 2010		31 Dec 2009		30 Jun 2009	
	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	9	0.4	10	0.6	14	0.8	5	0.4
Manufacturing	396	6.1	414	6.7	402	6.9	511	9.0
Building and Construction	156	1.0	149	1.0	203	1.3	208	1.3
Housing loans	215	0.9	227	1.0	224	1.0	243	1.2
General commerce	153	1.5	170	1.8	218	2.8	210	3.2
Transport, storage and communication	108	1.8	106	1.8	109	1.9	97	1.7
Financial institutions, Investment and holding companies	23	0.2	28	0.3	37	0.4	137	1.2
Professionals and individuals	162	1.3	177	1.4	140	1.8	135	1.7
Others	38	0.6	38	0.6	37	0.6	37	0.7
Total NPLs	1,260	1.3	1,319	1.5	1,384	1.7	1,583	2.0
Classified debt securities	14		29		31		157	
Classified contingent liabilities	42		54		33		45	
Total NPAs	1,316		1,402		1,448		1,785	

	30 Jun 2010		31 Mar 2010		31 Dec 2009		30 Jun 2009	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs by Period Overdue								
Over 180 days	644	49	634	45	639	44	761	43
Over 90 to 180 days	105	8	145	10	188	13	221	12
30 to 90 days	95	7	89	6	208	14	145	8
Less than 30 days	32	2	133	10	74	5	141	8
Not overdue	440	34	401	29	339	24	517	29
	1,316	100	1,402	100	1,448	100	1,785	100

	30 Jun 2010		31 Mar 2010		31 Dec 2009		30 Jun 2009	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	125	5	127	4	45	2	60	4
Doubtful	104	30	113	33	30	29	47	33
Loss	11	7	16	10	15	4	15	10
	240	42	256	47	90	35	122	47

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 2010	579	66	513	16.5	144.2
31 Mar 2010	599	73	526	16.8	137.5
31 Dec 2009	588	76	512	18.2	140.9
30 Jun 2009	659	145	514	24.4	111.2
Malaysia					
30 Jun 2010	475	227	248	36.9	77.1
31 Mar 2010	482	238	244	37.4	75.8
31 Dec 2009	463	233	230	36.6	72.8
30 Jun 2009	451	231	220	39.1	76.5
Other ASEAN					
30 Jun 2010	138	67	71	45.8	94.0
31 Mar 2010	156	85	71	53.4	97.9
31 Dec 2009	177	111	66	52.3	83.4
30 Jun 2009	142	80	62	37.8	66.4
Greater China					
30 Jun 2010	163	49	114	83.3	278.3
31 Mar 2010	154	53	101	82.6	242.7
31 Dec 2009	149	55	94	79.7	217.1
30 Jun 2009	175	83	92	67.4	142.5
Other Asia Pacific					
30 Jun 2010	57	3	54	10.6	182.6
31 Mar 2010	55	3	52	9.2	152.8
31 Dec 2009	54	3	51	7.0	115.7
30 Jun 2009	116	73	43	68.2	107.9
Rest of the World					
30 Jun 2010	59	14	45	21.6	94.6
31 Mar 2010	58	14	44	19.6	80.8
31 Dec 2009	52	6	46	9.4	76.9
30 Jun 2009	190	137	53	87.2	120.7
Group					
30 Jun 2010	1,471	426	1,045	32.4	111.8
31 Mar 2010	1,504	466	1,038	33.2	107.3
31 Dec 2009	1,483	484	999	33.4	102.4
30 Jun 2009	1,733	749	984	42.0	97.1

Note:

1. Include allowances of S\$6 million, S\$6 million, S\$6 million and S\$127 million for classified CDOs as at 30 Jun 2010, 31 Mar 2010, 31 Dec 2009 and 30 Jun 2009 respectively.

As at 30 June 2010, the Group's total cumulative allowances for assets were S\$1,471 million, comprising S\$426 million in specific allowances and S\$1,045 million in portfolio allowances. Total cumulative allowances represented 112% of total non-performing assets ("NPAs") and 288% of unsecured NPAs, up from 107% and 266% respectively in 1Q10.

DEPOSITS

S\$ million	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Jun 2009
Deposits of non-bank customers	112,313	108,523	100,633	96,589
Deposits and balances of banks	13,661	14,362	10,958	10,403
	125,974	122,885	111,591	106,992
Loans to deposits ratio (net non-bank loans/non-bank deposits)	83.7%	81.9%	80.4%	80.3%

S\$ million	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Jun 2009
Total Deposits By Maturity				
Within 1 year	123,801	120,696	109,486	104,708
1 to 3 years	1,706	1,605	1,742	2,044
Over 3 years	467	584	363	240
	125,974	122,885	111,591	106,992

Non-Bank Deposits By Product

Fixed deposits	55,647	57,546	53,621	55,049
Savings deposits	23,758	22,703	21,753	19,569
Current account	26,626	23,602	20,762	17,407
Others	6,282	4,672	4,497	4,564
	112,313	108,523	100,633	96,589

Non-Bank Deposits By Currency

Singapore Dollar	60,828	59,517	58,458	57,207
United States Dollar	15,668	15,018	11,144	10,466
Malaysian Ringgit	16,209	16,514	16,286	14,967
Indonesian Rupiah	3,935	3,526	3,735	3,366
Others	15,673	13,948	11,010	10,583
	112,313	108,523	100,633	96,589

Non-bank customer deposits grew 16% year-on-year, with Bank of Singapore's deposits contributing 5% of total customer deposits as at 30 June 2010. The growth was led by an increase in current account and savings deposits, which grew by 53% and 21% respectively from a year ago, while fixed deposits rose 1%.

The Group's loans-to-deposits ratio was 83.7%, an increase from 81.9% as at 31 March 2010 and 80.3% a year ago.

DEBTS ISSUED

S\$ million	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Jun 2009
Subordinated debts (unsecured)	5,843	5,766	5,769	5,181
Commercial papers (unsecured)	1,076	972	1,061	344
Structured notes (unsecured)	15	76	33	25
Total	6,934	6,814	6,863	5,550
Debts Issued By Maturity				
Within one year	1,088	1,039	1,082	359
Over one year	5,846	5,775	5,781	5,191
Total	6,934	6,814	6,863	5,550

CAPITAL ADEQUACY RATIOS

S\$ million	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Jun 2009
Tier 1 Capital				
Ordinary and preference shares	7,792	7,413	7,376	6,995
Disclosed reserves/others	13,654	13,701	12,893	12,369
Goodwill/others	(5,285)	(5,398)	(4,307)	(4,346)
Eligible Tier 1 Capital	16,161	15,716	15,962	15,018
Tier 2 Capital				
Subordinated term notes	3,211	3,205	3,163	3,103
Others	(2,239)	(2,424)	(2,633)	(2,553)
Total Eligible Capital	17,133	16,497	16,492	15,568
Risk Weighted Assets	105,073	108,505	100,013	97,424
Tier 1 capital adequacy ratio	15.3%	14.4%	15.9%	15.4%
Total capital adequacy ratio	16.3%	15.2%	16.4%	15.9%

As at 30 June 2010, the Group Tier 1 ratio and total capital adequacy ratio (“CAR”) were 15.3% and 16.3% respectively. These ratios remain well above the corresponding regulatory minimums of 6% and 10%. The Group’s core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.6% as compared with 10.8% at the end of the previous quarter.

UNREALISED VALUATION SURPLUS

S\$ million	30 Jun 2010	31 Mar 2010	31 Dec 2009	30 Jun 2009
Properties ^{1/}	2,334	2,318	2,278	2,079
Equity securities ^{2/}	2,639	1,731	1,110	#
Total	4,973	4,049	3,388	2,079

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 and associates as compared to the property values and market prices of the quoted investments at the respective periods.

The valuation surplus as at 30 June 2010 was S\$4.97 billion, an increase of 23% from S\$4.05 billion at the end of the previous quarter. The increase was the result of a higher surplus for equity securities, mainly from the Group’s stake in Great Eastern Holdings (“GEH”).

PERFORMANCE BY BUSINESS SEGMENT

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

Operating Profit by Business Segment

S\$ million	1H10	1H09	+/(-) %	2Q10	2Q09	+/(-) %	1Q10	+/(-) %
Global Consumer Financial Services	267	293	(9)	126	154	(19)	141	(11)
Global Corporate Banking	577	399	44	285	229	24	292	(3)
Global Treasury	295	374	(21)	101	137	(27)	194	(48)
Insurance	274	409	(33)	83	139	(40)	191	(56)
Others	297	64	366	177	64	178	120	48
Operating profit after allowances and amortisation for total business segments	1,710	1,539	11	772	723	7	938	(18)
Add/(Less):								
- Joint income elimination ^{1/}	(164)	(155)	6	(91)	(83)	10	(73)	25
- Items not attributed to business segments	(52)	(21)	150	(33)	(2)	n.m.	(19)	77
Operating profit after allowances and amortisation	1,494	1,363	10	648	638	2	846	(23)

Notes:

1. These are joint income allocated to business segments to reward cross-selling activities.

2. "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).

Compared with the year ago period, operating profit after allowances of the consumer segment declined 9% to S\$267 million in 1H10, and 19% to S\$126 million in 2Q10. Increases in expenses for both 1H10 and 2Q10 outweighed higher wealth management fee income and lower net allowances in this segment.

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.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Compared with the year ago period, Global Corporate Banking's operating profit after allowances increased by 44% to S\$577 million in 1H10, driven by growth in net interest income and fee and commission income as well as lower net allowances. Net interest income increased due to higher loan volumes and wider loan spreads.

As compared with 2Q09, operating profit increased by 24%, attributable to higher net interest income and increased trade-related fee and commission income.

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.

Compared with the year ago period, Global Treasury's operating profit declined by 21% to S\$295 million in 1H10, and by 27% to S\$101 million in 2Q10 from lower net interest income, as a result of reduced gapping opportunities.

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.

Compared with the year ago period, operating profit from GEH fell 33% from S\$409 million in 1H09 to S\$274 million in 1H10, mainly due to the inclusion in 1H09 of S\$201 million of non-recurring gains arising mainly from the adoption of the risk based capital framework in Malaysia. Excluding these non-recurring gains, GEH's operating profit would have increased by 32%, contributed mainly by higher income from both life and general insurance. Operating profit fell 40% from S\$139 million in 2Q09 to S\$83 million in 2Q10, due to poor investment performance, although partly offset by improved profits from underwriting through lower operating expenses and improved claims experience.

After non-controlling interests and tax, GEH's contribution to the Group's core net profit was S\$203 million in 1H10 and S\$56 million in 2Q10, as compared with S\$272 million in 1H09 (S\$97 million excluding the non-recurring gains) and S\$76 million in 2Q09.

Others

The "Others" segment comprises PT Bank OCBC NISP, PacificMas Berhad, Bank of Singapore, corporate finance, capital markets, property holding, stock brokerage and investment holding. Operating profit after allowances for this segment was S\$297 million in 1H10, as compared with S\$64 million in 1H09. 1H10 operating profit was higher versus a year ago mainly because this segment was not burdened by allowances for the CDO portfolio and losses from the disposal of corporate bonds which were recorded in 1H09.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Total Business Segments
1H10						
- External customers	563	834	407	379	623	2,806
- Intersegment income	-	-	-	-	42	42
Total income	563	834	407	379	665	2,848
Operating profit before allowances and amortisation	283	575	295	301	322	1,776
Amortisation of intangible assets	-	-	-	(23)	-	(23)
Write-back/(allowances and impairment) for loans and other assets	(16)	2	-	(4)	(25)	(43)
Operating profit after allowances and amortisation	267	577	295	274	297	1,710
Other information:						
Capital expenditure	7	4	#	11	58	80
Depreciation	7	4	#	1	63	75
1H09						
- External customers	564	718	485	511	422	2,700
- Intersegment income	-	-	-	-	42	42
Total income	564	718	485	511	464	2,742
Operating profit before allowances and amortisation	327	492	385	438	222	1,864
Amortisation of intangible assets	-	-	-	(24)	-	(24)
Allowances and impairment for loans and other assets	(34)	(93)	(11)	(5)	(158)	(301)
Operating profit after allowances and amortisation	293	399	374	409	64	1,539
Other information:						
Capital expenditure	15	3	1	8	46	73
Depreciation	8	4	#	1	53	66

Note:

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Total Business Segments
2Q10						
- External customers	288	429	159	132	342	1,350
- Intersegment income	-	-	-	-	21	21
Total income	288	429	159	132	363	1,371
Operating profit before allowances and amortisation	134	288	101	96	182	801
Amortisation of intangible assets	-	-	-	(11)	-	(11)
Allowances and impairment for loans and other assets	(8)	(3)	-	(2)	(5)	(18)
Operating profit after allowances and amortisation	126	285	101	83	177	772
Other information:						
Capital expenditure	4	2	#	5	30	41
Depreciation	4	2	#	1	31	38
2Q09						
- External customers	289	362	190	203	233	1,277
- Intersegment income	-	-	-	-	21	21
Total income	289	362	190	203	254	1,298
Operating profit before allowances and amortisation	171	250	137	153	128	839
Amortisation of intangible assets	-	-	-	(12)	-	(12)
Write-back/(allowances and impairment) for loans and other assets	(17)	(21)	#	(2)	(64)	(104)
Operating profit after allowances and amortisation	154	229	137	139	64	723
Other information:						
Capital expenditure	6	2	#	4	23	35
Depreciation	4	2	#	1	26	33
1Q10						
- External customers	275	405	248	247	281	1,456
- Intersegment income	-	-	-	-	21	21
Total income	275	405	248	247	302	1,477
Operating profit before allowances and amortisation	149	287	194	205	140	975
Amortisation of intangible assets	-	-	-	(12)	-	(12)
Write-back/(allowances and impairment) for loans and other assets	(8)	5	-	(2)	(20)	(25)
Operating profit after allowances and amortisation	141	292	194	191	120	938
Other information:						
Capital expenditure	3	2	#	6	28	39
Depreciation	3	2	#	#	32	37

Note:

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

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Group
At 30 June 2010						
Segment assets	31,059	64,118	44,756	51,999	32,936	224,868
Unallocated assets						89
Elimination						(11,784)
Total assets						213,173
Segment liabilities	45,726	50,260	32,420	45,956	26,276	200,638
Unallocated liabilities						1,631
Elimination						(11,784)
Total liabilities						190,485
Other information:						
Gross non-bank loans	29,859	54,910	1,169	89	9,446	95,473
NPAs	262	872	–	7	175	1,316
At 31 March 2010						
Segment assets	29,223	60,819	46,330	51,942	30,775	219,089
Unallocated assets						89
Elimination						(10,454)
Total assets						208,724
Segment liabilities	45,149	50,086	28,409	45,797	25,441	194,882
Unallocated liabilities						1,728
Elimination						(10,454)
Total liabilities						186,156
Other information:						
Gross non-bank loans	28,028	51,956	1,145	148	9,127	90,404
NPAs	273	932	–	7	190	1,402
At 31 December 2009						
Segment assets	27,900	56,549	46,761	49,634	21,743	202,587
Unallocated assets						98
Elimination						(8,385)
Total assets						194,300
Segment liabilities	44,333	48,653	23,405	43,824	19,139	179,354
Unallocated liabilities						1,552
Elimination						(8,385)
Total liabilities						172,521
Other information:						
Gross non-bank loans	26,702	49,878	1,046	289	4,426	82,341
NPAs	280	1,018	–	7	143	1,448
At 30 June 2009						
Segment assets	26,344	54,168	41,383	46,423	22,665	190,983
Unallocated assets						133
Elimination						(7,687)
Total assets						183,429
Segment liabilities	43,095	45,679	22,597	41,127	17,060	169,558
Unallocated liabilities						1,228
Elimination						(7,687)
Total liabilities						163,099
Other information:						
Gross non-bank loans	25,150	49,133	871	457	3,571	79,182
NPAs	308	1,218	–	8	251	1,785

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	1H10		1H09		2Q10		2Q09		1Q10	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore	1,674	64	1,485	58	764	62	791	66	910	66
Malaysia	598	23	727	29	301	24	243	20	297	21
Other ASEAN	191	7	183	7	91	7	98	8	100	7
Asia Pacific	137	5	127	5	69	6	57	5	68	5
Rest of the World	21	1	29	1	11	1	15	1	10	1
	2,621	100	2,551	100	1,236	100	1,204	100	1,385	100
Profit before income tax										
Singapore	992	66	777	57	406	63	451	71	586	69
Malaysia	381	26	511	37	184	28	136	21	197	23
Other ASEAN	49	3	63	5	23	4	32	5	26	3
Asia Pacific	64	4	(3)	–	31	5	11	2	33	4
Rest of the World	7	1	16	1	3	–	9	1	4	1
	1,493	100	1,364	100	647	100	639	100	846	100

	30 Jun 2010		31 Mar 2010		31 Dec 2009		30 Jun 2009	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	136,912	64	134,765	65	125,001	64	119,300	65
Malaysia	45,214	21	45,281	22	43,070	22	39,726	22
Other ASEAN	7,468	4	6,897	3	6,922	4	6,361	3
Asia Pacific	20,061	9	17,613	8	15,754	8	14,424	8
Rest of the World	3,518	2	4,168	2	3,553	2	3,618	2
	213,173	100	208,724	100	194,300	100	183,429	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 2Q10, Singapore accounted for 62% of total income and 63% of pre-tax profit, while Malaysia accounted for 24% of total income and 28% of pre-tax profit.

In 1H10, the pre-tax profit for Singapore rose 28% year-on-year, led by higher fees and commissions, dealing and investment income and significantly lower allowances for loans and other assets.

Malaysia's pre-tax profit for 1H10 decreased 25% year-on-year to S\$381 million, mainly due to non-recurring insurance gains recorded in the previous year arising mainly from the adoption of the risk based capital framework for insurers in Malaysia. Excluding the 1H09 non-recurring gains, pre-tax profit would have risen by 23% year-on-year.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	1H10	1H09	+ / (-) %	2Q10	2Q09	+ / (-) %	1Q10	+ / (-) %
Interest income	2,077	2,200	(6)	1,056	1,054	–	1,021	3
Interest expense	(653)	(750)	(13)	(336)	(344)	(2)	(317)	6
Net interest income	1,424	1,450	(2)	720	710	1	704	2
Premium income	2,578	2,306	12	1,315	1,200	10	1,263	4
Investment income	851	914	(7)	382	771	(50)	469	(19)
Net claims, surrenders and annuities	(1,723)	(1,853)	(7)	(930)	(954)	(2)	(793)	17
Change in life assurance fund contract liabilities	(1,070)	(508)	110	(492)	(617)	(20)	(578)	(15)
Commission and others	(421)	(468)	(10)	(206)	(275)	(25)	(215)	(4)
Profit from life assurance	215	391	(45)	69	125	(45)	146	(53)
Premium income from general insurance	73	63	15	37	32	16	36	4
Fees and commissions (net)	478	349	37	252	194	30	226	11
Dividends	47	42	12	28	25	13	19	52
Rental income	40	38	4	20	19	6	20	3
Other income	344	218	58	110	99	11	234	(53)
Non-interest income	1,197	1,101	9	516	494	5	681	(24)
Total income	2,621	2,551	3	1,236	1,204	3	1,385	(11)
Staff costs	(616)	(474)	30	(327)	(234)	40	(289)	13
Other operating expenses	(445)	(389)	14	(232)	(216)	7	(213)	9
Total operating expenses	(1,061)	(863)	23	(559)	(450)	24	(502)	11
Operating profit before allowances and amortisation	1,560	1,688	(8)	677	754	(10)	883	(23)
Amortisation of intangible assets	(23)	(24)	–	(11)	(12)	–	(12)	–
Allowances for loans and impairment of other assets	(43)	(301)	(86)	(18)	(104)	(83)	(25)	(30)
Operating profit after allowances and amortisation	1,494	1,363	10	648	638	2	846	(23)
Share of results of associates and joint ventures	(1)	1	n.m.	(1)	1	n.m.	(#)	n.m.
Profit before income tax	1,493	1,364	9	647	639	1	846	(23)
Income tax expense	(220)	(248)	(11)	(104)	(129)	(19)	(116)	(10)
Profit for the period	1,273	1,116	14	543	510	7	730	(26)
Profit attributable to:								
Equity holders of the Bank	1,179	1,011	17	503	466	8	676	(26)
Non-controlling interests	94	105	(11)	40	44	(8)	54	(25)
	1,273	1,116	14	543	510	7	730	(26)
Earnings per share (for the period – cents)								
Basic	35.0	31.1		14.1	13.5		20.9	
Diluted	34.9	31.1		14.1	13.5		20.8	

Notes:

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	1H10	1H09	+/(-) %	2Q10	2Q09	+/(-) %	1Q10	+/(-) %
Profit for the period	1,273	1,116	14	543	510	7	730	(26)
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the period	(125)	648	(119)	(163)	640	(125)	38	(533)
Reclassification of (gains)/losses to income statement								
- on disposal	(118)	14	(912)	(53)	(22)	(148)	(65)	18
- on impairment	(5)	150	(103)	2	52	(97)	(7)	124
Tax on net movements	(11)	(64)	84	3	(75)	105	(14)	125
Exchange differences on translating foreign operations	143	89	60	8	19	(62)	135	(95)
Other comprehensive income of associates and joint ventures	1	4	(79)	1	(#)	391	(#)	619
Total other comprehensive income, net of tax	(115)	841	(114)	(202)	614	(133)	87	(331)
Total comprehensive income for the period, net of tax	1,158	1,957	(41)	341	1,124	(70)	817	(58)
Total comprehensive income attributable to:								
Equity holders of the Bank	1,033	1,832	(44)	297	1,058	(72)	736	(60)
Non-controlling interests	125	125	-	44	66	(34)	81	(47)
	1,158	1,957	(41)	341	1,124	(70)	817	(58)

Note:

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

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Jun 2010	31 Mar 2010	31 Dec 2009 [@]	30 Jun 2009	30 Jun 2010	31 Mar 2010	31 Dec 2009 [@]	30 Jun 2009
EQUITY								
Attributable to equity holders of the Bank								
Share capital	7,792	7,413	7,376	6,994	7,792	7,413	7,376	6,994
Capital reserves	794	883	986	1,141	606	687	768	932
Fair value reserves	1,239	1,451	1,506	960	610	585	603	386
Revenue reserves	10,056	9,981	9,103	8,477	6,275	6,188	5,716	5,420
	19,881	19,728	18,971	17,572	15,283	14,873	14,463	13,732
Non-controlling interests	2,807	2,840	2,808	2,758	–	–	–	–
Total equity	22,688	22,568	21,779	20,330	15,283	14,873	14,463	13,732
LIABILITIES								
Deposits of non-bank customers	112,313	108,523	100,633	96,589	81,975	79,070	77,298	75,207
Deposits and balances of banks	13,661	14,362	10,958	10,403	11,880	12,408	9,674	9,278
Due to subsidiaries	–	–	–	–	4,195	3,398	1,369	1,470
Due to associates	115	173	119	112	110	116	118	106
Trading portfolio liabilities	2,006	1,832	2,016	1,474	1,948	1,789	2,016	1,474
Derivative payables	4,801	4,076	3,918	4,271	4,532	3,840	3,767	4,114
Other liabilities	3,589	3,405	3,215	2,940	1,243	1,012	1,011	902
Current tax	658	737	607	517	264	328	269	265
Deferred tax	973	991	946	711	110	119	120	90
Debts issued	6,934	6,814	6,863	5,550	8,145	8,162	8,230	6,935
	145,050	140,913	129,275	122,567	114,402	110,242	103,872	99,841
Life assurance fund liabilities	45,435	45,243	43,246	40,532	–	–	–	–
Total liabilities	190,485	186,156	172,521	163,099	114,402	110,242	103,872	99,841
Total equity and liabilities	213,173	208,724	194,300	183,429	129,685	125,115	118,335	113,573
ASSETS								
Cash and placements with central banks	11,784	9,208	13,171	6,100	7,567	4,990	8,160	2,625
Singapore government treasury bills and securities	11,612	11,385	10,922	12,089	11,074	10,908	10,550	11,641
Other government treasury bills and securities	5,723	6,581	5,564	6,326	2,790	3,232	2,744	2,593
Placements with and loans to banks	16,809	20,263	15,821	18,604	12,487	15,976	11,992	15,280
Loans and bills receivable	93,977	88,905	80,876	77,599	67,307	63,352	61,340	59,801
Debt and equity securities	13,035	12,875	11,680	10,070	8,976	8,707	7,786	6,855
Assets pledged	572	159	279	114	475	133	267	110
Assets held for sale	1	–	–	#	1	–	–	#
Derivative receivables	4,588	4,136	3,973	3,877	4,328	3,816	3,770	3,611
Other assets	2,930	3,144	2,911	2,751	840	636	689	842
Deferred tax	61	59	64	98	–	1	5	28
Associates and joint ventures	270	265	226	137	122	105	56	13
Subsidiaries	–	–	–	–	10,895	10,431	8,151	7,391
Property, plant and equipment	1,624	1,628	1,609	1,623	407	410	409	407
Investment property	765	769	765	727	549	551	549	509
Goodwill and intangible assets	4,091	4,110	3,362	3,372	1,867	1,867	1,867	1,867
	167,842	163,487	151,223	143,487	129,685	125,115	118,335	113,573
Life assurance fund investment assets	45,331	45,237	43,077	39,942	–	–	–	–
Total assets	213,173	208,724	194,300	183,429	129,685	125,115	118,335	113,573
Net Asset Value Per Ordinary Share (before valuation surplus – S\$)	5.48	5.51	5.29	4.94	4.08	4.01	3.89	3.73
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	7,824	7,741	7,314	7,152	6,673	6,723	6,458	6,281
Commitments	57,480	55,422	43,093	45,066	42,201	39,332	34,899	36,665
Derivative financial instruments	431,667	408,533	355,210	343,703	400,301	378,393	335,535	325,051

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 2010

S\$ million	Attributable to equity holders of the Bank					Non-controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 January 2010	7,376	986	1,506	9,103	18,971	2,808	21,779
Total comprehensive income for the period	–	–	(267)	1,300	1,033	125	1,158
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(175)	–	175	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(76)	(76)
DSP reserve from dividends on unvested shares	–	–	–	3	3	–	3
Ordinary and preference dividends paid in cash	–	–	–	(139)	(139)	–	(139)
Share-based staff costs capitalised	–	8	–	–	8	–	8
Shares issued in lieu of ordinary dividends	359	–	–	(359)	–	–	–
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Shares vested under DSP Scheme	–	8	–	–	8	–	8
Treasury shares transferred/sold	56	(31)	–	–	25	–	25
Total contributions by and distributions to owners	416	(192)	–	(320)	(96)	(76)	(172)
Change in ownership interests in a subsidiary that does not result in a loss of control							
Acquisition of non-controlling interests	–	–	–	(27)	(27)	(50)	(77)
Total changes in ownership interests in subsidiaries	–	–	–	(27)	(27)	(50)	(77)
Balance at 30 June 2010	7,792	794	1,239	10,056	19,881	2,807	22,688
Included:							
Share of reserves of associates and joint ventures	–	–	#	31	31	(3)	28
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 non-controlling interests	–	–	–	–	–	8	8
Dividends to non-controlling 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

Note:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 June 2010

GROUP S\$ million	Attributable to equity holders of the Bank					Non- controlling interests	Total equity
	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total		
Balance at 1 April 2010	7,413	883	1,451	9,981	19,728	2,840	22,568
Total comprehensive income for the period	–	–	(212)	509	297	44	341
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(88)	–	88	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(27)	(27)
DSP reserve from dividends of unvested shares	–	–	–	3	3	–	3
Ordinary and preference dividends paid in cash	–	–	–	(139)	(139)	–	(139)
Share-based staff costs capitalised	–	4	–	–	4	–	4
Shares issued in lieu of ordinary dividends	359	–	–	(359)	–	–	–
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares purchased by DSP Trust	–	(2)	–	–	(2)	–	(2)
Treasury shares transferred/sold	19	(3)	–	–	16	–	16
Total contributions by and distributions to owners	379	(89)	–	(407)	(117)	(27)	(144)
Change in ownership interests in a subsidiary that does not result in a loss of control							
Acquisition of non-controlling interests	–	–	–	(27)	(27)	(50)	(77)
Total changes in ownership interests in subsidiaries	–	–	–	(27)	(27)	(50)	(77)
Balance at 30 June 2010	7,792	794	1,239	10,056	19,881	2,807	22,688
Included:							
Share of reserves of associates and joint ventures	–	–	#	31	31	(3)	28
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 non-controlling interests	–	–	–	–	–	8	8
Dividends to non-controlling 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

Note:

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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the half year ended 30 June 2010

BANK S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2010	7,376	768	603	5,716	14,463
Total comprehensive income for the period	–	–	7	884	891
Transfers	–	(170)	–	170	–
DSP reserve from dividends on unvested shares	–	–	–	3	3
Ordinary and preference dividends paid in cash	–	–	–	(139)	(139)
Share-based staff costs capitalised	–	8	–	–	8
Shares issued in lieu of ordinary dividends	359	–	–	(359)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	56	–	–	–	56
Balance at 30 June 2010	7,792	606	610	6,275	15,283
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 shares	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

For the three months ended 30 June 2010

BANK S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 April 2010	7,413	687	585	6,188	14,873
Total comprehensive income for the period	–	–	25	497	522
Transfers	–	(85)	–	85	–
DSP reserve from dividends on unvested shares	–	–	–	3	3
Ordinary and preference dividends paid in cash	–	–	–	(139)	(139)
Share-based staff costs capitalised	–	4	–	–	4
Shares issued in lieu of ordinary dividends	359	–	–	(359)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	19	–	–	–	19
Balance at 30 June 2010	7,792	606	610	6,275	15,283
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

Note:

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the half year ended 30 June 2010

S\$ million	1H10	1H09	2Q10	2Q09
Cash flows from operating activities				
Profit before income tax	1,493	1,364	647	639
Adjustments for non-cash items				
Amortisation of intangible assets	23	24	11	12
Allowances for loans and impairment of other assets	43	301	18	104
Change in fair value for hedging transactions and trading securities	#	(286)	22	(198)
Depreciation of property, plant and equipment and investment property	75	66	38	33
Net gain on disposal of property, plant and equipment and investment property	(1)	(2)	(1)	(2)
Net (gain)/loss on disposal of government, debt and equity securities	(118)	15	(53)	(21)
Net (gain)/loss on disposal of associates and interest in subsidiaries	(2)	#	(#)	#
Share-based staff costs	8	2	4	(2)
Share of results of associates and joint ventures	1	(1)	1	(1)
Items relating to life assurance fund				
Surplus before income tax	268	466	67	212
Surplus transferred from life assurance fund	(215)	(390)	(69)	(125)
Operating profit before change in operating assets and liabilities	1,575	1,559	685	651
Change in operating assets and liabilities				
Deposits of non-bank customers	5,676	2,530	3,728	4,180
Deposits and balances of banks	2,469	290	(701)	(1,606)
Derivative payables and other liabilities	1,141	(3,425)	894	(1,417)
Trading portfolio liabilities	(10)	363	174	557
Government securities and treasury bills	(51)	(4,503)	567	(1,493)
Trading securities	(821)	534	(216)	124
Placements with and loans to banks	974	(2,703)	3,375	(4,006)
Loans and bills receivable	(8,389)	2,060	(5,097)	1,159
Derivative receivables and other assets	(593)	2,486	(206)	1,464
Net change in investment assets and liabilities of life assurance fund	(46)	(242)	89	(330)
Cash from/(used in) operating activities	1,925	(1,051)	3,292	(717)
Income tax paid	(216)	(202)	(176)	(146)
Net cash from/(used in) operating activities	1,709	(1,253)	3,116	(863)
Cash flows from investing activities				
Dividends from associates	3	3	3	3
Decrease/(increase) in associates and joint ventures	(62)	(4)	(17)	2
Net cashflow from acquisition of subsidiaries	(2,010)	-	14	-
Purchases of debt and equity securities	(3,455)	(1,025)	(1,873)	(715)
Purchases of property, plant and equipment and investment property	(80)	(73)	(41)	(35)
Proceeds from disposal of debt and equity securities	2,512	1,916	1,409	850
Proceeds from disposal of interest in subsidiaries	-	8	-	8
Proceeds from disposal of associates	14	-	7	-
Proceeds from disposal of property, plant and equipment and investment property	4	4	2	3
Net cash (used in)/from investing activities	(3,074)	829	(496)	116
Cash flows from financing activities				
Acquisition of non-controlling interests	(77)	-	(77)	-
Dividends paid to equity holders of the Bank	(139)	(155)	(139)	(155)
Dividends paid to non-controlling interests	(76)	(61)	(27)	(12)
Increase/(decrease) in debts issued	131	(360)	177	(140)
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	25	9	16	9
Net cash used in financing activities	(136)	(567)	(50)	(298)
Net currency translation adjustments	114	63	6	(8)
Net change in cash and cash equivalents	(1,387)	(928)	2,576	(1,053)
Cash and cash equivalents at beginning of period	13,171	7,028	9,208	7,153
Cash and cash equivalents at end of period	11,784	6,100	11,784	6,100

Note:

1. "#" 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	
	2010	2009	2010	2009
Issued ordinary shares				
Balance at beginning of period	3,245,120,283	3,126,565,512	3,245,120,283	3,126,565,512
Shares issued to non-executive directors	60,000	43,200	60,000	43,200
Shares issued pursuant to Scrip Dividend Scheme	45,284,747	67,329,773	45,284,747	67,329,773
Balance at end of period	3,290,465,030	3,193,938,485	3,290,465,030	3,193,938,485
Treasury shares				
Balance at beginning of period	(14,781,749)	(25,746,212)	(10,106,400)	(21,129,041)
Shares sold/transferred to employees pursuant to OCBC Share Option Schemes	3,957,797	1,893,760	2,479,768	1,759,152
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	229,772	–	172,870	–
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	3,469,655	4,898,106	329,237	415,543
Shares sold for cash	160	–	160	–
Balance at end of period	(7,124,365)	(18,954,346)	(7,124,365)	(18,954,346)
Total	3,283,340,665	3,174,984,139	3,283,340,665	3,174,984,139

From 1 April 2010 to 30 June 2010 (both dates inclusive), the Bank utilised 2,479,768 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 2010, the number of options outstanding under the OCBC Share Options Schemes was 38,973,665 (30 June 2009: 44,574,984).

From 1 April 2010 to 30 June 2010 (both dates inclusive), the Bank utilised 172,870 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 2010, the number of acquisition rights outstanding under the OCBC ESPP was 7,718,223 (30 June 2009: 3,552,559).

From 1 April 2010 to 30 June 2010 (both dates inclusive), the Bank transferred 329,237 treasury shares to the Trust administering OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

60,000 ordinary shares were allotted to certain non-executive Directors on 19 April 2010 as bonus shares for which no consideration was payable, for the financial year ended 31 December 2009.

45,284,747 ordinary shares were issued on 16 June 2010 pursuant to OCBC Scrip Dividend Scheme in lieu of cash for the final one-tier tax exempt dividend of 14 cents per ordinary share in the capital of OCBC Bank for the year ended 31 December 2009.

There was no share buyback in the second quarter ended 30 June 2010. No new preference shares were allotted and issued by the Bank in the second quarter ended 30 June 2010.

OTHER MATTERS / SUBSEQUENT EVENTS

1. On 1 July 2010, the Bank announced that it completed the acquisition of ING Securities Co. Ltd., incorporated in Korea, as part of the acquisition of ING Asia Private Bank (renamed to “Bank of Singapore”) and its affiliated entities, for a cash consideration of US\$10 million.

Following the acquisition, ING Securities Co. Ltd. has become a wholly-owned subsidiary of the Bank.

CONFIRMATION BY THE BOARD

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 2010 to be false or misleading.

On behalf of the Board of Directors



Cheong Choong Kong
Chairman



David Philbrick Conner
Chief Executive Officer / Director

2 August 2010