

Media Release

OCBC Group Reports Third Quarter Net Profit of S\$570 million

Robust revenue growth and low credit losses lift earnings by 27% year-on-year and 13% over previous quarter

Nine months' net profit up 20% to S\$1,749 million

Singapore, 1 November 2010 - Oversea-Chinese Banking Corporation Limited ("OCBC Bank") today reported a net profit of S\$570 million for the third quarter of 2010 ("3Q10"), an increase of 27% from S\$450 million a year ago. Earnings growth was underpinned by higher net interest income, strong fee and commission income, and lower credit losses. The 3Q10 results included the consolidation of Bank of Singapore, acquired in January this year.

Net interest income increased 10% year-on-year to S\$754 million, driven by asset growth which more than offset the impact of lower interest margins. Loans grew by 29% year-on-year, and 7% from the previous quarter, with broad-based increases across all geographies and segments. Non-interest income was S\$621 million, an increase of 59% as the prior year period included a one-time loss of S\$213 million (S\$154 million after tax and non-controlling interests) from the redemption of the GreatLink Choice ("GLC") policies by Great Eastern Holdings ("GEH"), which was reflected under "other income". Fee and commission income surged 37% to a record S\$260 million, led by wealth management income, which more than doubled, investment banking, loan-related and trade-related income. Insurance income, trading income and investment gains were lower, as the prior year results were boosted by the strong market recovery from the global financial crisis. Operating expenses increased 23%, reflecting the consolidation of Bank of Singapore, the stepping up of business expansion in key markets following a period of cost restraint during the financial crisis, and higher business volumes. Allowances for loans and other assets fell from S\$52 million to S\$43 million, with a significant reduction in specific allowances partly offset by higher portfolio allowances set aside for loan growth. The non-performing loans ("NPL") ratio improved further during the quarter from 1.3% to 1.1%.

Compared to 2Q10, net profit increased by a robust 13%. Net interest income grew 5% on higher asset volumes and stable margins. Growth in loan-related, trade-related and wealth management income lifted fee and commission income by 3% compared to the previous quarter. Insurance and trading income also improved as the unstable market conditions in the previous quarter receded. Expenses rose 3%, while allowances were higher than in the previous quarter as a result of increased portfolio allowances.

For the first nine months of 2010 (“9M10”), the Group’s net profit increased 20% to S\$1,749 million. Net interest income grew 2% as strong asset growth was largely offset by lower interest margins. Non-interest income increased 22%, mainly from higher fee and commission income and gains from investment securities. Operating expenses were 23% higher, driven by the consolidation of Bank of Singapore, business expansion and higher business volumes. Allowances fell sharply from S\$353 million to S\$86 million as a result of lower specific allowances for loans and other assets, partially offset by higher portfolio allowances for loan growth.

GEH made significant contributions to the Group’s improved results for the quarter as well as the nine months period. Net profit contribution from GEH increased 146% quarter-on-quarter to S\$137 million in 3Q10, and 16% year-on-year to S\$340 million in 9M10. For the nine months, GEH accounted for 19% of the Group’s net profit. GEH also achieved robust growth in new business premiums and embedded value. Total weighted new business premiums rose 12% year-on-year for the quarter and 19% for the nine months, while new business embedded value increased 29% year-on-year for the quarter and 31% for the nine months.

For the nine months, the Group’s annualised return on equity improved to 12.7% from 12.5% a year ago, while annualised core earnings per share rose 16% to 69.1 cents.

Net Interest Income

Net interest income in 3Q10 grew 10% year-on-year to S\$754 million, driven by a 20% growth in average interest-earning assets, which more than offset a decline in net interest margin. Customer loans grew 29% from a year ago, and 7% from the previous quarter, to S\$102 billion. Excluding the consolidation effect of Bank of Singapore, loan growth would have been 23% year-on-year. The growth was broad-based across all geographies and across the consumer, corporate and SME loan segments. By industry, the biggest increases came from the housing and general commerce sectors, and lending to non-bank financial institutions, investment and holding companies.

Net interest margin declined 18 basis points year-on-year, from 2.16% to 1.98%. The decline was partly due to the inclusion of Bank of Singapore’s lower-yielding, well collateralised assets. Excluding the consolidation effect, net interest margin would have recorded a smaller year-on-year decline of 12 basis points, attributable mainly to reduced average asset yields in a sustained low interest rate environment.

Compared with 2Q10, net interest income grew a robust 5%, contributed mainly by higher asset volumes. Net interest margin improved marginally by 2 basis points from the previous quarter, helped by better margins in Malaysia.

Non-Interest Income

Non-interest income increased 59% year-on-year to S\$621 million. Excluding the S\$213 million GLC loss in 3Q09, the year-on-year increase in non-interest income was 3%.

Fee and commission income surged 37% to S\$260 million, partly a result of contributions from Bank of Singapore. Wealth management income more than doubled to S\$50 million, while investment banking, loan-related and trade-related activities also grew strongly. Profit from life assurance fell 26% to S\$156 million, as the investment performance of the Singapore non-participating fund was exceptionally strong in the prior year period. Net trading income fell from S\$94 million to S\$82 million, and gains from sale of investment securities declined from S\$35 million to S\$23 million.

Compared to 2Q10, non-interest income grew strongly by 20%. Profit from life assurance and net trading income recovered as the unstable market conditions in the previous quarter, caused by the European sovereign debt crisis, receded. In particular, the investment performance of GEH's Singapore non-participating fund improved as credit spreads narrowed and equity prices rose during the third quarter. Fee and commission income rose 3% over the previous quarter, led by higher loan-related and trade-related income and wealth management income.

Operating Expenses

Operating expenses increased 23% year-on-year to S\$573 million, reflecting the consolidation of Bank of Singapore, the Group's renewed investments in regional expansion, and higher business volumes. Staff costs rose 29% as a result of increases in headcount, salaries and accruals for incentive compensation, with the consolidation of Bank of Singapore being the largest contributor. Group headcount rose 10%, with more than 80% of the increase coming from the Group's overseas markets including China, Malaysia and Indonesia, and from the consolidation of Bank of Singapore. Other operating expenses rose 15%, attributable largely to higher depreciation expenses, property-related expenses, IT costs and professional fees, the latter driven by higher business volumes.

Quarter-on-quarter, operating expenses increased moderately by 3%, contributed by higher staff costs, IT costs and miscellaneous expenses. The cost-to-income ratio was 41.7% for 3Q10 and 40.9% for 9M10.

Allowances and Asset Quality

Net allowances for loans and other assets were S\$43 million for the quarter, higher than the S\$18 million in 2Q10 and down from S\$52 million a year ago. The year-on-year decline was mainly due to lower specific allowances for loans. Portfolio allowances of S\$29 million were set aside for the strong loan growth, higher than the S\$5 million in both 2Q10 and 3Q09.

The Group's NPL and coverage ratios improved further. The level of NPLs fell 12% from the previous quarter to S\$1,115 million, while the NPL ratio improved to 1.1%, below the pre-financial crisis low of 1.3%. Cumulative allowances amounted to 126% of total NPAs and 350% of unsecured NPAs, up from 112% and 288%, respectively, in the previous quarter.

Capital Ratios

The Group remains strongly capitalised, with a Tier 1 ratio of 15.2% and total capital adequacy ratio of 15.5% as at 30 September 2010, well above the corresponding regulatory minimums of 6% and 10%. Core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.5%.

CEO's Comments

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

"Revenue momentum across our key businesses remains strong, with broad-based loan growth, robust fee revenues, and healthy contributions from Great Eastern and Bank of Singapore. We intend to continue investing in our regional franchise, positioning for growth opportunities 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 530 branches and representative offices in 15 countries and territories, including 411 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

For more information, please contact:

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

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

To Our Shareholders

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

Unaudited Financial Results for the Third Quarter Ended 30 September 2010

For the third quarter ended 30 September 2010, Group reported net profit was S\$570 million. Details of the financial results are in the accompanying Group Financial Report.

Ordinary Dividend

No interim dividend on ordinary shares has been declared for the third quarter ended 30 September 2010.

Preference Dividends

The Board of Directors has declared payment of semi-annual one-tier 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. These semi-annual dividends, computed for the period 20 June 2010 to 19 December 2010 (both dates inclusive) will be paid on 20 December 2010. Total amounts of dividend payable for the Class B, Class E and Class G Preference Shares are S\$25.6 million, S\$11.3 million and S\$8.3 million respectively.

Notice is hereby given that the Transfer Books and the Registers of Preference Shareholders will be closed from 9 December 2010 to 10 December 2010 (both dates inclusive). Duly completed transfers received by the Bank's Share Registrar, M & C Services Private Limited of 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to 5.00 p.m. on 8 December 2010 will be registered to determine the entitlement of the preference shareholders to the semi-annual dividends.

Peter Yeoh
Secretary

Singapore, 1 November 2010

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

Oversea-Chinese Banking Corporation Limited
Third 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 for the third quarter ended 30 September 2010 (“3Q10”) was S\$570 million, an increase of 27% year-on-year. The growth in net profit was underpinned by higher net interest income, strong fees and commissions and lower specific allowances. The 3Q10 results included the consolidation of 100%-owned Bank of Singapore (formerly ING Asia Private Bank), which was acquired in January 2010.

Net interest income grew 10% year-on-year to S\$754 million, led by robust asset growth which more than offset a decline in net interest margin. Non-interest income rose 59% to S\$621 million, led by a 37% increase in fee and commission income, and also helped by a low base in 3Q09 when a one-time insurance-related loss was recorded. Operating expenses increased by 23% to S\$573 million, attributable to the consolidation of Bank of Singapore, business expansion in key markets and higher business volumes. Allowances for loans and other assets were S\$43 million, down from S\$52 million a year ago, as lower specific allowances were partly offset by increased portfolio allowances set aside for loan growth. The non-performing loans (“NPL”) ratio improved during the quarter from 1.3% to 1.1%, and overall allowance coverage increased from 112% to 126%.

For the first nine months of 2010 (“9M10”), the Group achieved net profit of S\$1,749 million, an increase of 20% year-on-year. Growth was driven by higher fee and commission income, realised gains from investment securities and significantly lower net allowances. Return on equity in 9M10 was 12.7%, up from 12.5% a year ago, while annualised core earnings per share rose 16% to 69.1 cents.

FINANCIAL SUMMARY *(continued)*

S\$ million	9M10	9M09	+/(-) %	3Q10	3Q09	+/(-) %	2Q10	+/(-) %
Selected Income Statement Items								
Net interest income	2,178	2,138	2	754	689	10	720	5
Non-interest income	1,818	1,493	22	621	392	59	516	20
Total income	3,996	3,631	10	1,375	1,081	27	1,236	11
Operating expenses	(1,634)	(1,330)	23	(573)	(467)	23	(559)	3
Operating profit before allowances and amortisation	2,362	2,301	3	802	614	31	677	18
Amortisation of intangible assets	(39)	(35)	12	(16)	(12)	36	(11)	36
Allowances for loans and impairment of other assets	(86)	(353)	(76)	(43)	(52)	(15)	(18)	153
Operating profit after allowances and amortisation	2,237	1,913	17	743	550	35	648	14
Share of results of associates and joint ventures	(1)	2	(131)	#	2	(63)	(1)	158
Profit before income tax	2,236	1,915	17	743	552	35	647	15
Net profit attributable to shareholders	1,749	1,461	20	570	450	27	503	13
Cash basis net profit attributable to shareholders ^{1/}	1,788	1,496	20	586	462	27	514	14

Selected Balance Sheet Items

Ordinary equity	18,260	15,849	15	18,260	15,849	15	17,986	2
Total equity <i>(excluding non-controlling interests)</i>	20,156	17,745	14	20,156	17,745	14	19,881	1
Total assets	223,516	188,255	19	223,516	188,255	19	213,173	5
Assets excluding life assurance fund investment assets	176,248	146,440	20	176,248	146,440	20	167,842	5
Loans and bills receivable <i>(net of allowances)</i>	100,338	77,257	30	100,338	77,257	30	93,977	7
Deposits of non-bank customers	115,997	96,877	20	115,997	96,877	20	112,313	3

Notes:

1. Excludes amortisation of intangible assets.
2. “#” represents amounts less than S\$0.5 million.

FINANCIAL SUMMARY *(continued)*

	9M10	9M09	3Q10	3Q09	2Q10
Key Financial Ratios					
Performance ratios (% p.a.)					
Return on equity ^{1/2/}					
SFRS ^{3/} basis	12.7	12.5	12.0	10.8	10.9
Cash basis	13.0	12.8	12.3	11.1	11.2
Return on assets ^{4/}					
SFRS ^{3/} basis	1.39	1.35	1.31	1.23	1.20
Cash basis	1.42	1.39	1.34	1.26	1.22
Revenue mix/efficiency ratios (%)					
Net interest margin (annualised)	1.99	2.29	1.98	2.16	1.96
Net interest income to total income	54.5	58.9	54.9	63.7	58.2
Non-interest income to total income	45.5	41.1	45.1	36.3	41.8
Cost to income	40.9	36.6	41.7	43.2	45.2
Loans to deposits	86.5	79.7	86.5	79.7	83.7
NPL ratio	1.1	1.8	1.1	1.8	1.3
Earnings per share ^{2/} (annualised - cents)					
Basic earnings	69.1	59.6	66.1	53.4	59.4
Basic earnings (cash basis)	70.7	61.1	68.0	54.8	60.8
Diluted earnings	68.8	59.5	65.8	53.2	59.1
Net asset value per share (S\$)					
Before valuation surplus	5.55	4.99	5.55	4.99	5.48
After valuation surplus	7.03	6.07	7.03	6.07	6.99
Capital adequacy ratios (%)					
Tier 1	15.2	15.2	15.2	15.2	15.3
Total	15.5	15.2	15.5	15.2	16.3

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	9M10			9M09		
	Average Balance	Interest	Average Rate ^{4/} %	Average Balance	Interest	Average Rate ^{4/} %
Interest earning assets						
Loans and advances to non-bank customers	91,303	2,352	3.44	77,960	2,313	3.97
Placements with and loans to banks	27,269	300	1.47	22,260	339	2.04
Other interest earning assets ^{1/}	27,801	554	2.66	24,806	545	2.93
Total	146,373	3,206	2.93	125,026	3,197	3.42
Interest bearing liabilities						
Deposits of non-bank customers	110,548	763	0.92	94,885	807	1.14
Deposits and balances of banks	14,513	74	0.68	11,669	79	0.90
Other borrowings ^{2/}	8,831	191	2.88	6,949	173	3.32
Total	133,892	1,028	1.03	113,503	1,059	1.25
Net interest income/margin^{3/}		2,178	1.99		2,138	2.29

S\$ million	3Q10			3Q09			2Q10		
	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	96,912	833	3.41	76,797	738	3.81	91,049	771	3.40
Placements with and loans to banks	25,889	107	1.63	24,484	97	1.56	28,254	97	1.38
Other interest earning assets ^{1/}	28,487	189	2.64	25,190	162	2.55	28,178	188	2.68
Total	151,288	1,129	2.96	126,471	997	3.13	147,481	1,056	2.87
Interest bearing liabilities									
Deposits of non-bank customers	114,855	280	0.97	96,780	228	0.93	110,842	249	0.90
Deposits and balances of banks	14,284	28	0.78	10,969	19	0.70	15,346	26	0.69
Other borrowings ^{2/}	8,967	67	2.93	7,190	61	3.33	8,814	61	2.79
Total	138,106	375	1.07	114,939	308	1.06	135,002	336	1.00
Net interest income/margin^{3/}		754	1.98		689	2.16		720	1.96

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 rose 10% year-on-year to S\$754 million, driven by a 20% growth in average interest-earning assets, which more than offset a 18 basis points drop in net interest margin from 2.16% to 1.98%. The margin decline was partly due to the inclusion of Bank of Singapore's lower-yielding, well collateralised assets. Excluding the consolidation effect of Bank of Singapore, net interest margin would have registered a smaller year-on-year decline of 12 basis points, attributed mainly to lower asset yields in a sustained low interest rate environment.

Compared to 2Q10, net interest income grew by 5%, driven by assets growth. Net interest margin improved marginally from 1.96% to 1.98%, helped by better margins in Malaysia which can be attributed to the hikes in the overnight policy rate and the base lending rate since March 2010.

Volume and Rate Analysis

Increase/(decrease) due to change in: S\$ million	9M10 vs 9M09			3Q10 vs 3Q09			3Q10 vs 2Q10		
	Volume	Rate	Net change	Volume	Rate	Net change	Volume	Rate	Net change
Interest income									
Loans and advances to non-bank customers	396	(357)	39	193	(98)	95	50	2	52
Placements with and loans to banks	76	(116)	(40)	6	4	10	(8)	17	9
Other interest earning assets	66	(56)	10	21	6	27	2	(3)	(1)
Total	538	(529)	9	220	(88)	132	44	16	60
Interest expense									
Deposits of non-bank customers	133	(177)	(44)	43	9	52	9	19	28
Deposits and balances of banks	19	(24)	(5)	6	3	9	(2)	4	2
Other borrowings	47	(29)	18	15	(9)	6	1	3	4
Total	199	(230)	(31)	64	3	67	8	26	34
Impact on net interest income	339	(299)	40	156	(91)	65	36	(10)	26
Due to change in number of days			–			–			8
Net interest income			40			65			34

NON-INTEREST INCOME

S\$ million	9M10	9M09	+ / (-) %	3Q10	3Q09	+ / (-) %	2Q10	+ / (-) %
Fees and commissions								
Brokerage	62	75	(17)	21	33	(37)	21	–
Wealth management	135	47	187	50	19	169	48	3
Fund management	60	51	19	20	18	14	21	–
Credit card	33	31	7	11	12	(3)	12	(2)
Loan-related	159	124	28	56	44	26	50	11
Trade-related and remittances	124	87	41	45	30	47	42	8
Guarantees	15	19	(17)	5	5	5	5	(9)
Investment banking	68	43	58	26	9	195	26	(1)
Service charges	54	41	32	17	12	37	18	(9)
Others	28	20	39	9	7	32	9	(2)
Sub-total	738	538	37	260	189	37	252	3
Dividends	56	53	7	9	10	(16)	28	(69)
Rental income	60	58	2	20	20	(1)	20	(1)
Profit from life assurance	371	599	(38)	156	209	(26)	69	125
Premium income from general insurance	108	96	13	35	33	9	37	(3)
Other income								
Net trading income	278	267	4	82	94	(13)	39	107
Net gain/(loss) from investment securities	141	20	600	23	35	(33)	53	(57)
Net gain from disposal of associates	3	–	–	#	–	–	1	(85)
Net gain from disposal of properties	21	3	585	21	1	n.m.	#	n.m.
Loss from redemption of GLC ^{1/} units	–	(213)	–	–	(213)	–	–	–
Others	42	72	(41)	15	14	11	17	(7)
Sub-total	485	149	227	141	(69)	302	110	29
Total non-interest income	1,818	1,493	22	621	392	59	516	20
Fees and commissions/Total income	18.5%	14.8%		18.9%	17.5%		20.4%	
Non-interest income/Total income	45.5%	41.1%		45.1%	36.3%		41.8%	

Notes:

1. "GLC" refers to GreatLink Choice units.
2. "#" represents amounts less than S\$0.5 million.
3. "n.m." denotes not meaningful.

Non-interest income increased 59% year-on-year to S\$621 million. Excluding the S\$213 million loss in 3Q09 arising from the redemption of GreatLink Choice ("GLC") policies by Great Eastern Holdings ("GEH"), the year-on-year increase in non-interest income was 3%. Fee and commission income increased 37% to S\$260 million, partly driven by contributions from Bank of Singapore. Wealth management income more than doubled to S\$50 million, while investment banking, loan-related and trade-related income also grew strongly.

Profit from life assurance fell 26% to S\$156 million, as the investment performance of the Singapore non-participating fund was exceptionally strong in the prior year period. Net trading income fell from S\$94 million to S\$82 million, and gains from sale of investment securities declined from S\$35 million to S\$23 million. Sales of properties contributed gains of S\$21 million during the quarter.

Compared to 2Q10, non-interest income grew strongly by 20%. Profit from life assurance and net trading income improved as the unstable market conditions in the previous quarter, arising from the European sovereign debt crisis, receded. In particular, the investment performance of GEH's Singapore non-participating fund improved as credit spreads narrowed and equity prices rose during the quarter. Fee and commission income rose 3% over the previous quarter, led by higher loan-related, trade-related and wealth management income. Dividend income and gains from investment securities were significantly lower compared to 2Q10.

OPERATING EXPENSES

S\$ million	9M10	9M09	+ / (-) %	3Q10	3Q09	+ / (-) %	2Q10	+ / (-) %
Staff costs								
Salaries and other costs	869	668	30	306	235	30	299	3
Share-based expenses	9	5	72	2	3	(54)	3	(60)
Contribution to defined contribution plans	70	57	23	24	19	24	25	(4)
	948	730	30	332	257	29	327	1
Property and equipment								
Depreciation	113	100	14	38	33	13	38	(1)
Maintenance and hire of property, plant & equipment	50	48	5	18	16	13	17	5
Rental expenses	45	34	30	15	12	29	16	(4)
Others	92	81	14	33	27	21	29	14
	300	263	14	104	88	18	100	4
Other operating expenses	386	337	15	137	122	13	132	5
Total operating expenses	1,634	1,330	23	573	467	23	559	3
Group staff strength								
Period end	21,560	19,642	10	21,560	19,642	10	21,112	2
Average	20,950	19,631	7	21,415	19,533	10	20,947	2
Cost to income ratio	40.9%	36.6%		41.7%	43.2%		45.2%	

Operating expenses increased 23% year-on-year to S\$573 million, a reflection of the Group's renewed investments in expanding its businesses in key markets, following a period of cost restraint during the 2008-2009 financial crisis. The consolidation of Bank of Singapore and higher business volumes were also major factors.

Staff costs rose 29% to S\$332 million, mainly as a result of increases in headcount, salaries and accruals for incentive compensation, with the consolidation of Bank of Singapore being the largest contributor. Group headcount rose 10% year-on-year, with more than 80% of the increase coming from the Group's overseas markets and new businesses, including China, Malaysia, Indonesia and Bank of Singapore. Non-staff expenses were 15% higher at S\$241 million, attributable largely to higher depreciation expenses, property-related expenses, IT costs and professional fees, the latter driven by higher business volumes.

Compared with 2Q10, operating expenses were higher by 3%, contributed mainly by increases in staff costs, IT costs and miscellaneous expenses.

The cost-to-income ratio was 41.7% in 3Q10, down from 45.2% in 2Q10 and 43.2% in 3Q09. For 9M10, the cost-to-income ratio was 40.9%, up from 36.6% in 9M09.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S\$ million	9M10	9M09	+ / (-) %	3Q10	3Q09	+ / (-) %	2Q10	+ / (-) %
Specific allowances/ (write-back) for loans								
Singapore	(6)	68	(108)	(9)	40	(122)	4	(301)
Malaysia	28	44	(36)	16	13	27	8	100
Others	10	69	(86)	9	(4)	342	(1)	642
	32	181	(82)	16	49	(66)	11	55
Portfolio allowances for loans	64	12	456	29	5	545	5	557
Allowances/(write-back) for CDOs	(8)	86	(110)	(#)	(6)	(93)	(1)	159
Allowances and impairment charges/(write-back) for other assets	(2)	74	(102)	(2)	4	(132)	3	(155)
Allowances for loans and impairment of other assets	86	353	(76)	43	52	(15)	18	153

Note:

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

Allowances for loans and other assets were S\$43 million in 3Q10, higher than the S\$18 million in 2Q10 but below the S\$52 million a year ago. The year-on-year decline was largely due to lower specific allowances for loans, which fell from S\$49 million to S\$16 million.

Higher portfolio allowances of S\$29 million were set aside for the strong loan growth, compared to S\$5 million in the previous quarter and in the prior year period.

LOANS AND ADVANCES

S\$ million	30 Sep 2010	30 Jun 2010	31 Dec 2009	30 Sep 2009
Loans to customers	98,052	91,809	80,439	77,608
Bills receivable	3,783	3,664	1,902	1,136
Gross loans to customers	101,835	95,473	82,341	78,744
Allowances				
Specific allowances	(391)	(412)	(454)	(488)
Portfolio allowances	(1,068)	(1,045)	(999)	(987)
	100,376	94,016	80,888	77,269
Less: assets pledged	(38)	(39)	(12)	(12)
Loans net of allowances	100,338	93,977	80,876	77,257
By Maturity				
Within 1 year	37,556	34,732	28,147	26,027
1 to 3 years	20,860	19,616	17,751	17,153
Over 3 years	43,419	41,125	36,443	35,564
	101,835	95,473	82,341	78,744
By Industry				
Agriculture, mining and quarrying	2,603	2,429	1,621	1,492
Manufacturing	6,752	6,458	5,828	5,512
Building and construction	17,373	15,912	15,643	15,751
Housing loans	25,903	24,531	21,460	20,192
General commerce	10,980	10,506	7,750	6,558
Transport, storage and communication	6,135	5,991	5,791	5,712
Financial institutions, investment and holding companies	12,771	10,868	10,032	10,168
Professionals and individuals	12,926	12,524	7,968	7,817
Others	6,392	6,254	6,248	5,542
	101,835	95,473	82,341	78,744
By Currency				
Singapore Dollar	52,330	48,649	46,022	45,249
United States Dollar	17,588	17,237	11,081	9,753
Malaysian Ringgit	14,468	14,511	13,239	12,409
Indonesian Rupiah	3,360	3,341	2,889	2,587
Others	14,089	11,735	9,110	8,746
	101,835	95,473	82,341	78,744
By Geography ^{1/}				
Singapore	57,367	53,078	48,457	46,741
Malaysia	16,842	16,561	15,322	14,511
Other ASEAN	6,216	6,269	4,986	4,625
Greater China	10,833	9,703	7,066	6,586
Other Asia Pacific	5,029	4,432	3,926	3,655
Rest of the World	5,548	5,430	2,584	2,626
	101,835	95,473	82,341	78,744

Note:

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

Gross loans rose 29% year-on-year, and 7% from the previous quarter to S\$102 billion as at 30 September 2010. The increase was partly attributable to the consolidation effect of Bank of Singapore, which accounted for approximately 5% of gross loans, classified mainly under loans to professionals and individuals. Excluding this consolidation effect, loan growth would have been 23% year-on-year. By sector, the quarter-on-quarter loan growth was broad-based, with the biggest increases coming from lending to non-bank financial institutions, investment and holding companies, and to the building and construction and housing loan sectors.

NON-PERFORMING ASSETS ^{1/}

S\$ million	Total NPAs ^{2/}	Substandard	Doubtful	Loss	Secured NPAs/ Total NPAs %	NPLs ^{3/}	NPL Ratio ^{3/} %
Singapore							
30 Sep 2010	370	229	61	80	77.5	368	0.6
30 Jun 2010	402	173	139	90	67.8	401	0.8
31 Dec 2009	417	163	164	90	65.2	416	0.9
30 Sep 2009	472	201	188	83	63.2	447	1.0
Malaysia							
30 Sep 2010	541	338	150	53	61.3	494	2.9
30 Jun 2010	615	365	177	73	58.1	567	3.4
31 Dec 2009	635	427	155	53	61.1	582	3.8
30 Sep 2009	582	381	142	59	59.6	560	3.9
Other ASEAN							
30 Sep 2010	146	43	17	86	56.9	146	2.4
30 Jun 2010	147	43	10	94	65.8	147	2.3
31 Dec 2009	213	95	23	95	59.9	212	4.3
30 Sep 2009	220	105	27	88	61.8	217	4.7
Greater China							
30 Sep 2010	54	11	43	–	15.3	54	0.5
30 Jun 2010	59	11	48	–	11.8	59	0.6
31 Dec 2009	69	13	56	–	19.9	67	0.9
30 Sep 2009	106	16	90	#	17.9	101	1.5
Other Asia Pacific							
30 Sep 2010	18	18	#	–	47.1	18	0.4
30 Jun 2010	31	31	–	–	61.6	31	0.7
31 Dec 2009	47	40	7	–	51.8	47	1.2
30 Sep 2009	49	20	29	–	37.7	48	1.3
Rest of the World ^{2/}							
30 Sep 2010	41	15	21	5	77.5	35	0.6
30 Jun 2010	62	18	40	4	83.2	55	1.0
31 Dec 2009	67	18	46	3	40.3	60	2.3
30 Sep 2009	154	16	134	4	17.0	29	1.1
Group							
30 Sep 2010	1,170	654	292	224	64.1	1,115	1.1
30 Jun 2010	1,316	641	414	261	61.1	1,260	1.3
31 Dec 2009	1,448	756	451	241	58.9	1,384	1.7
30 Sep 2009	1,583	739	610	234	53.4	1,402	1.8

Notes:

1. Comprise non-bank loans, debt securities and contingent liabilities.
2. Include CDOs of S\$6 million, S\$7 million, S\$7 million and S\$125 million as at 30 Sep 2010, 30 Jun 2010, 31 Dec 2009 and 30 Sep 2009 respectively.
3. Exclude debt securities and contingent liabilities. Prior year figures have been restated.
4. “#” represents amounts less than S\$0.5 million.

NON-PERFORMING ASSETS (continued)

Non-performing loans fell 12% from the previous quarter to S\$1,115 million, and the NPL ratio improved to 1.1%, down from 1.3% in the previous quarter and 1.8% a year ago. New NPL formation was slightly lower than in the previous quarter, while recoveries, repayments and upgrades were higher. The quarter-on-quarter NPL decline was broad-based across industries, with the biggest reductions coming from NPLs in the manufacturing, building and construction and general commerce sectors.

Including classified debt securities, contingent liabilities and CDOs, the Group's total non-performing assets ("NPAs") fell 11% from the previous quarter to S\$1,170 million. Of the total NPAs, 30% had no overdues, 56% were in the substandard category, and 64% were secured by collateral.

	30 Sep 2010		30 Jun 2010		31 Dec 2009		30 Sep 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	0.3	9	0.4	14	0.8	7	0.5
Manufacturing	353	5.2	396	6.1	402	6.9	448	8.1
Building and construction	134	0.8	156	1.0	203	1.3	201	1.3
Housing loans	203	0.8	215	0.9	224	1.0	232	1.1
General commerce	133	1.2	153	1.5	218	2.8	180	2.7
Transport, storage and communication	98	1.6	108	1.8	109	1.9	90	1.5
Financial institutions, investment and holding companies	8	0.1	23	0.2	37	0.4	66	0.7
Professionals and individuals	143	1.1	162	1.3	140	1.8	140	1.8
Others	34	0.5	38	0.6	37	0.6	38	0.7
Total NPLs	1,115	1.1	1,260	1.3	1,384	1.7	1,402	1.8
Classified debt securities	13		14		31		155	
Classified contingent liabilities	42		42		33		26	
Total NPAs	1,170		1,316		1,448		1,583	

	30 Sep 2010		30 Jun 2010		31 Dec 2009		30 Sep 2009	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
NPAs By Period Overdue								
Over 180 days	569	49	644	49	639	44	739	47
Over 90 to 180 days	103	9	105	8	188	13	153	10
30 to 90 days	104	9	95	7	208	14	187	12
Less than 30 days	36	3	32	2	74	5	51	3
Not overdue	358	30	440	34	339	24	453	28
	1,170	100	1,316	100	1,448	100	1,583	100

	30 Sep 2010		30 Jun 2010		31 Dec 2009		30 Sep 2009	
	Loan	Allowance	Loan	Allowance	Loan	Allowance	Loan	Allowance
Restructured Loans								
Substandard	182	7	125	5	45	2	119	9
Doubtful	26	23	104	30	30	29	29	34
Loss	9	7	11	7	15	4	17	8
	217	37	240	42	90	35	165	51

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 Sep 2010	572	54	518	14.5	154.6
30 Jun 2010	579	66	513	16.5	144.2
31 Dec 2009	588	76	512	18.2	140.9
30 Sep 2009	613	98	515	20.7	129.7
Malaysia					
30 Sep 2010	469	217	252	40.2	86.8
30 Jun 2010	475	227	248	36.9	77.1
31 Dec 2009	463	233	230	36.6	72.8
30 Sep 2009	449	229	220	39.3	77.2
Other ASEAN					
30 Sep 2010	144	75	69	51.5	98.3
30 Jun 2010	138	67	71	45.8	94.0
31 Dec 2009	177	111	66	52.3	83.4
30 Sep 2009	139	75	64	34.1	63.3
Greater China					
30 Sep 2010	166	46	120	84.7	308.5
30 Jun 2010	163	49	114	83.3	278.3
31 Dec 2009	149	55	94	79.7	217.1
30 Sep 2009	174	81	93	76.6	164.4
Other Asia Pacific					
30 Sep 2010	61	–	61	–	337.1
30 Jun 2010	57	3	54	10.6	182.6
31 Dec 2009	54	3	51	7.0	115.7
30 Sep 2009	71	24	47	49.7	147.6
Rest of the World					
30 Sep 2010	60	12	48	29.5	143.2
30 Jun 2010	59	14	45	21.6	94.6
31 Dec 2009	52	6	46	9.4	76.9
30 Sep 2009	182	134	48	86.7	117.5
Group					
30 Sep 2010	1,472	404	1,068	34.5	125.8
30 Jun 2010	1,471	426	1,045	32.4	111.8
31 Dec 2009	1,483	484	999	33.4	102.4
30 Sep 2009	1,628	641	987	40.5	102.8

Note:

1. Include allowances of S\$6 million, S\$6 million, S\$6 million and S\$125 million for classified CDOs as at 30 Sep 2010, 30 Jun 2010, 31 Dec 2009 and 30 Sep 2009 respectively.

As at 30 September 2010, the Group's total cumulative allowances for assets were S\$1,472 million, comprising S\$404 million in specific allowances and S\$1,068 million in portfolio allowances. Total cumulative allowances were 126% of total NPAs and 350% of unsecured NPAs, higher than the respective ratios of 112% and 288% in June 2010, and 103% and 221% in September 2009.

DEPOSITS

S\$ million	30 Sep 2010	30 Jun 2010	31 Dec 2009	30 Sep 2009
Deposits of non-bank customers	115,997	112,313	100,633	96,877
Deposits and balances of banks	16,858	13,661	10,958	11,832
	132,855	125,974	111,591	108,709
Loans to deposits ratio (net non-bank loans/non-bank deposits)	86.5%	83.7%	80.4%	79.7%

S\$ million	30 Sep 2010	30 Jun 2010	31 Dec 2009	30 Sep 2009
Total Deposits By Maturity				
Within 1 year	130,685	123,801	109,486	106,345
1 to 3 years	1,716	1,706	1,742	2,079
Over 3 years	454	467	363	285
	132,855	125,974	111,591	108,709
Non-Bank Deposits By Product				
Fixed deposits	56,946	55,647	53,621	53,177
Savings deposits	24,651	23,758	21,753	20,871
Current account	28,460	26,626	20,762	18,392
Others	5,940	6,282	4,497	4,437
	115,997	112,313	100,633	96,877
Non-Bank Deposits By Currency				
Singapore Dollar	61,637	60,828	58,458	57,298
United States Dollar	17,433	15,668	11,144	10,666
Malaysian Ringgit	16,278	16,209	16,286	15,109
Indonesian Rupiah	4,023	3,935	3,735	3,216
Others	16,626	15,673	11,010	10,588
	115,997	112,313	100,633	96,877

Non-bank customer deposits grew 20% year-on-year and 3% from the previous quarter to S\$116 billion, with Bank of Singapore's deposits contributing 5% of total customer deposits as at 30 September 2010. The year-on-year increase was driven by current account and savings deposits, which grew 55% and 18% respectively, while fixed deposits rose 7%.

The Group's loans-to-deposits ratio was 86.5%, an increase from 83.7% in the previous quarter and 79.7% a year ago.

DEBTS ISSUED

S\$ million	30 Sep 2010	30 Jun 2010	31 Dec 2009	30 Sep 2009
Subordinated debts (unsecured)	5,702	5,843	5,769	5,136
Commercial papers (unsecured)	1,025	1,076	1,061	687
Structured notes (unsecured)	40	15	33	33
Total	6,767	6,934	6,863	5,856
Debts Issued By Maturity				
Within one year	3,761	1,088	1,082	709
Over one year	3,006	5,846	5,781	5,147
Total	6,767	6,934	6,863	5,856

CAPITAL ADEQUACY RATIOS

S\$ million	30 Sep 2010	30 Jun 2010	31 Dec 2009	30 Sep 2009
Tier 1 Capital				
Ordinary and preference shares	7,817	7,792	7,376	7,004
Disclosed reserves/others	13,634	13,654	12,893	12,359
Goodwill/others	(5,232)	(5,285)	(4,307)	(4,375)
Eligible Tier 1 Capital	16,219	16,161	15,962	14,988
Tier 2 Capital				
Subordinated term notes	2,661	3,211	3,163	2,462
Others	(2,264)	(2,239)	(2,633)	(2,462)
Total Eligible Capital	16,616	17,133	16,492	14,988
Risk Weighted Assets	106,666	105,073	100,013	98,088
Tier 1 capital adequacy ratio	15.2%	15.3%	15.9%	15.2%
Total capital adequacy ratio	15.5%	16.3%	16.4%	15.2%

As at 30 September 2010, the Group Tier 1 ratio and total capital adequacy ratio ("CAR") were 15.2% and 15.5% respectively, slightly lower than in the previous quarter. The decline in the Tier 1 ratio was due to an increase in risk-weighted assets, which also impacted total CAR. In addition, total CAR also declined as a result of the final year amortisation of the outstanding Upper Tier 2 subordinated bonds issued in 2001. The Group's capital ratios remain well above the corresponding regulatory minimums of 6% for Tier 1 ratio and 10% for total CAR. The Group's core Tier 1 ratio, excluding perpetual and innovative preference shares, was 11.5% as compared with 11.6% in June 2010.

The Group's capital ratios as at 30 September 2010 reflected the full deduction of the 2010 interim one-tier tax exempt dividend of 15 cents per share that was announced on 2 August 2010. On 1 November 2010, the Bank allotted and issued 50,579,939 new ordinary shares to shareholders who had elected to participate in the Scrip Dividend Scheme for the interim dividend, representing a participation rate of 80.8% of shareholdings. As a result of the issuance of new shares in lieu of cash for the interim dividend, approximately S\$398 million will be added back to Group Tier 1 and total capital in November 2010.

UNREALISED VALUATION SURPLUS

S\$ million	30 Sep 2010	30 Jun 2010	31 Dec 2009	30 Sep 2009
Properties ^{1/}	2,322	2,334	2,278	2,056
Equity securities ^{2/}	2,513	2,639	1,110	1,374
Total	4,835	4,973	3,388	3,430

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.

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 September 2010 was S\$4.84 billion, marginally lower than at 30 June 2010, but higher than the S\$3.39 billion at 31 December 2009, mainly as a result of a rise in the share prices of PT Bank OCBC NISP and 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	9M10	9M09	+/(-) %	3Q10	3Q09	+/(-) %	2Q10	+/(-) %
Global Consumer Financial Services	402	434	(7)	135	141	(4)	126	8
Global Corporate Banking	903	614	47	326	215	52	285	14
Global Treasury	437	500	(12)	143	126	13	101	42
Insurance	460	416	10	186	7	n.m.	83	124
Others	384	214	80	87	150	(42)	177	(51)
Operating profit after allowances and amortisation for total business segments	2,586	2,178	19	877	639	37	772	14
Add/(Less):								
- Joint income elimination ^{1/}	(270)	(225)	20	(107)	(70)	53	(91)	18
- Items not attributed to business segments	(79)	(40)	96	(27)	(19)	38	(33)	(20)
Operating profit after allowances and amortisation	2,237	1,913	17	743	550	35	648	14

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 provides a full range of products and services 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 prior year period, operating profit after allowances of the consumer segment declined by 7% in 9M10 and 4% in 3Q10. Higher fee and commission income and lower net allowances were offset by increased expenses and lower spreads in Singapore.

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 and custodian services.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Corporate Banking's operating profit after allowances grew 47% to S\$903 million in 9M10, and 52% to S\$326 million in 3Q10. The profit growth was driven by higher net interest income and fee income, as well as lower net allowances. The growth in net interest income in 9M10 was contributed by higher loan volumes and wider loan spreads.

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 in 9M10 declined by 12% to S\$437 million mainly as a result of lower net interest income from reduced gapping opportunities. Compared with 3Q09, operating profit in 3Q10 increased by 13% to S\$143 million, attributable to higher gains from foreign exchange and securities trading, and from sale of bonds.

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 10% to S\$460 million in 9M10. Higher contributions from its shareholders' fund investments and general insurance business offset the slightly weaker life insurance income (excluding the non-recurring gains in 1Q09 from the comparison). For 3Q10, operating profit of S\$186 million was significantly higher than the S\$7 million in 3Q09, as the prior year results included a S\$213 million loss (S\$154 million after tax and non-controlling interests) from the redemption of GLC policies. Excluding the effects of the GLC redemption, GEH's operating profit would have registered a year-on-year drop of 16% in 3Q10, as the investment performance of the non-participating fund was stronger a year ago.

After tax and non-controlling interests, GEH's contribution to the Group's core net profit was S\$340 million in 9M10 and S\$137 million in 3Q10, as compared with S\$293 million in 9M09 and S\$20 million in 3Q09.

Others

The "Others" segment comprises 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\$384 million in 9M10, up sharply compared with S\$214 million in 9M09. The prior year period was impacted by allowances for the CDO portfolio and losses from the disposal of corporate bonds, which were not repeated in 9M10. In addition, contribution from private banking, investment banking and investment holding activities were higher in 9M10.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S\$ million	Global Consumer Financial Services	Global Corporate Banking	Global Treasury	Insurance	Others	Total Business Segments
9M10						
- External customers	855	1,299	612	613	922	4,301
- Intersegment income	-	-	-	-	63	63
Total income	855	1,299	612	613	985	4,364
Operating profit before allowances and amortisation	422	901	436	499	453	2,711
Amortisation of intangible assets	-	-	-	(35)	(4)	(39)
Write-back/(allowances and impairment) for loans and other assets	(20)	2	1	(4)	(65)	(86)
Operating profit after allowances and amortisation	402	903	437	460	384	2,586
Other information:						
Capital expenditure	9	5	#	19	101	134
Depreciation	10	5	#	1	97	113
9M09						
- External customers	855	1,086	664	568	682	3,855
- Intersegment income	-	-	-	-	63	63
Total income	855	1,086	664	568	745	3,918
Operating profit before allowances and amortisation	481	744	511	457	373	2,566
Amortisation of intangible assets	-	-	-	(35)	-	(35)
Allowances and impairment for loans and other assets	(47)	(130)	(11)	(6)	(159)	(353)
Operating profit after allowances and amortisation	434	614	500	416	214	2,178
Other information:						
Capital expenditure	18	5	1	12	116	152
Depreciation	12	6	1	1	80	100

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
3Q10						
- External customers	292	465	205	234	298	1,494
- Intersegment income	-	-	-	-	21	21
Total income	292	465	205	234	319	1,515
Operating profit before allowances and amortisation	139	326	142	198	131	936
Amortisation of intangible assets	-	-	-	(12)	(4)	(16)
Write-back/(allowances and impairment) for loans and other assets	(4)	#	1	#	(40)	(43)
Operating profit after allowances and amortisation	135	326	143	186	87	877
Other information:						
Capital expenditure	2	1	#	8	43	54
Depreciation	3	1	#	#	34	38
3Q09						
- External customers	291	368	179	57	261	1,156
- Intersegment income	-	-	-	-	21	21
Total income	291	368	179	57	282	1,177
Operating profit before allowances and amortisation	154	252	126	21	150	703
Amortisation of intangible assets	-	-	-	(12)	-	(12)
Write-back/(allowances and impairment) for loans and other assets	(13)	(37)	#	(2)	(#)	(52)
Operating profit after allowances and amortisation	141	215	126	7	150	639
Other information:						
Capital expenditure	3	2	#	4	70	79
Depreciation	4	2	1	#	26	33
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

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 September 2010						
Segment assets	32,543	67,381	46,830	54,190	33,736	234,680
Unallocated assets						89
Elimination						(11,253)
Total assets						223,516
Segment liabilities	46,444	51,617	37,404	47,808	26,735	210,008
Unallocated liabilities						1,799
Elimination						(11,253)
Total liabilities						200,554
Other information:						
Gross non-bank loans	31,357	59,094	1,364	261	9,759	101,835
NPAs	249	756	–	7	158	1,170
At 30 June 2010						
Segment assets	31,059	64,112	44,756	51,999	32,942	224,868
Unallocated assets						89
Elimination						(11,784)
Total assets						213,173
Segment liabilities	45,726	50,259	32,420	45,956	26,277	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 December 2009						
Segment assets	27,900	56,542	46,761	49,634	21,750	202,587
Unallocated assets						98
Elimination						(8,385)
Total assets						194,300
Segment liabilities	44,333	48,652	23,405	43,824	19,140	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 September 2009						
Segment assets	26,677	54,167	46,352	48,447	20,022	195,665
Unallocated assets						115
Elimination						(7,525)
Total assets						188,255
Segment liabilities	43,770	45,529	23,675	43,032	17,973	173,979
Unallocated liabilities						1,307
Elimination						(7,525)
Total liabilities						167,761
Other information:						
Gross non-bank loans	25,489	48,259	670	297	4,029	78,744
NPAs	284	1,016	–	9	274	1,583

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	9M10		9M09		3Q10		3Q09		2Q10	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total income										
Singapore	2,540	63	2,134	59	866	63	649	60	764	62
Malaysia	908	23	993	27	310	23	267	25	301	24
Other ASEAN	293	7	280	8	102	7	97	9	91	7
Other Asia Pacific	224	6	183	5	87	6	56	5	69	6
Rest of the World	31	1	41	1	10	1	12	1	11	1
	3,996	100	3,631	100	1,375	100	1,081	100	1,236	100
Profit before income tax										
Singapore	1,486	67	1,106	58	494	67	328	59	406	63
Malaysia	568	25	669	35	187	25	158	29	184	28
Other ASEAN	66	3	102	5	17	2	40	7	23	4
Other Asia Pacific	107	5	18	1	43	6	21	4	31	5
Rest of the World	9	–	20	1	2	–	5	1	3	–
	2,236	100	1,915	100	743	100	552	100	647	100

	30 Sep 2010		30 Jun 2010		31 Dec 2009		30 Sep 2009	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
Total assets								
Singapore	142,471	64	136,912	64	125,001	64	121,816	65
Malaysia	46,885	21	45,214	21	43,070	22	41,133	22
Other ASEAN	7,536	3	7,468	4	6,922	4	6,214	3
Other Asia Pacific	23,305	10	20,061	9	15,754	8	15,513	8
Rest of the World	3,319	2	3,518	2	3,553	2	3,579	2
	223,516	100	213,173	100	194,300	100	188,255	100

The geographical segment analysis is based on the location where assets or transactions are booked. For 3Q10, Singapore accounted for 63% of total income and 67% of pre-tax profit, while Malaysia accounted for 23% of total income and 25% of pre-tax profit. Compared to the previous quarter, pretax profit for Singapore grew 22% to S\$494 million, contributed by higher insurance income, fees and commissions, and trading income. Pretax profit for Malaysia was marginally higher at S\$187m.

The pretax profits for Singapore and Malaysia in 9M09 were impacted by the inclusion of the GLC redemption loss of S\$213 million in 3Q09 under the Singapore geography, while the majority of the S\$201 million non-recurring insurance gains in 1Q09 were classified under Malaysia. Adjusted for these effects, the pretax profits for Singapore and Malaysia in 9M10 were higher than a year ago, driven by stronger revenues as well as lower allowances.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

S\$ million	9M10	9M09	+ / (-) %	3Q10	3Q09	+ / (-) %	2Q10	+ / (-) %
Interest income	3,206	3,197	–	1,129	997	13	1,056	7
Interest expense	(1,028)	(1,059)	(3)	(375)	(308)	22	(336)	11
Net interest income	2,178	2,138	2	754	689	10	720	5
Premium income	4,153	4,028	3	1,575	1,722	(9)	1,315	20
Investment income	1,644	2,050	(20)	793	1,136	(30)	382	108
Net claims, surrenders and annuities	(2,797)	(3,322)	(16)	(1,074)	(1,468)	(27)	(930)	15
Change in life assurance fund contract liabilities	(1,908)	(1,391)	37	(838)	(883)	(5)	(492)	70
Commission and others	(721)	(766)	(6)	(300)	(298)	1	(206)	46
Profit from life assurance	371	599	(38)	156	209	(26)	69	125
Premium income from general insurance	108	96	13	35	33	9	37	(3)
Fees and commissions (net)	738	538	37	260	189	37	252	3
Dividends	56	53	7	9	10	(16)	28	(69)
Rental income	60	58	2	20	20	(1)	20	(1)
Other income	485	149	227	141	(69)	302	110	29
Non-interest income	1,818	1,493	22	621	392	59	516	20
Total income	3,996	3,631	10	1,375	1,081	27	1,236	11
Staff costs	(948)	(730)	30	(332)	(257)	29	(327)	1
Other operating expenses	(686)	(600)	14	(241)	(210)	15	(232)	4
Total operating expenses	(1,634)	(1,330)	23	(573)	(467)	23	(559)	3
Operating profit before allowances and amortisation	2,362	2,301	3	802	614	31	677	18
Amortisation of intangible assets	(39)	(35)	12	(16)	(12)	36	(11)	36
Allowances for loans and impairment of other assets	(86)	(353)	(76)	(43)	(52)	(15)	(18)	153
Operating profit after allowances and amortisation	2,237	1,913	17	743	550	35	648	14
Share of results of associates and joint ventures	(1)	2	(131)	#	2	(63)	(1)	158
Profit before income tax	2,236	1,915	17	743	552	35	647	15
Income tax expense	(343)	(312)	10	(123)	(65)	88	(104)	17
Profit for the period	1,893	1,603	18	620	487	28	543	14
Profit attributable to:								
Equity holders of the Bank	1,749	1,461	20	570	450	27	503	13
Non-controlling interests	144	142	2	50	37	38	40	26
	1,893	1,603	18	620	487	28	543	14
Earnings per share (for the period – cents)								
Basic	52.4	45.3		17.3	14.2		14.1	
Diluted	52.2	45.2		17.3	14.1		14.1	

Note:

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

S\$ million	9M10	9M09	+/(-) %	3Q10	3Q09	+/(-) %	2Q10	+/(-) %
Profit for the period	1,893	1,603	18	620	487	28	543	14
Other comprehensive income:								
Available-for-sale financial assets								
Gains/(losses) for the period	232	882	(74)	357	235	52	(163)	320
Reclassification of (gains)/losses to income statement								
- on disposal	(141)	(20)	(600)	(23)	(35)	33	(53)	57
- on impairment	(5)	147	(104)	(#)	(3)	86	2	(125)
Tax on net movements	(59)	(86)	32	(48)	(23)	(113)	3	n.m.
Exchange differences on translating foreign operations	33	77	(58)	(110)	(12)	(841)	8	n.m.
Other comprehensive income of associates and joint ventures	(3)	3	(190)	(4)	(#)	(888)	1	(495)
Total other comprehensive income, net of tax	57	1,003	(94)	172	162	5	(202)	185
Total comprehensive income for the period, net of tax	1,950	2,606	(25)	792	649	22	341	133
Total comprehensive income attributable to:								
Equity holders of the Bank	1,772	2,437	(27)	739	605	22	297	149
Non-controlling interests	178	169	5	53	44	20	44	23
	1,950	2,606	(25)	792	649	22	341	133

Notes:

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

BALANCE SHEETS (UNAUDITED)

S\$ million	GROUP				BANK			
	30 Sep 2010	30 Jun 2010	31 Dec 2009 [@]	30 Sep 2009	30 Sep 2010	30 Jun 2010	31 Dec 2009 [@]	30 Sep 2009
EQUITY								
Attributable to equity holders of the Bank								
Share capital	7,817	7,792	7,376	7,003	7,817	7,792	7,376	7,003
Capital reserves	710	794	986	1,057	525	606	768	851
Fair value reserves	1,510	1,239	1,506	1,128	748	610	603	492
Revenue reserves	10,119	10,056	9,103	8,557	6,226	6,275	5,716	5,375
	20,156	19,881	18,971	17,745	15,316	15,283	14,463	13,721
Non-controlling interests	2,806	2,807	2,808	2,749	–	–	–	–
Total equity	22,962	22,688	21,779	20,494	15,316	15,283	14,463	13,721
LIABILITIES								
Deposits of non-bank customers	115,997	112,313	100,633	96,877	83,894	81,975	77,298	75,427
Deposits and balances of banks	16,858	13,661	10,958	11,832	14,342	11,880	9,674	10,039
Due to subsidiaries	–	–	–	–	4,279	4,195	1,369	1,320
Due to associates	124	115	119	120	111	110	118	116
Trading portfolio liabilities	2,459	2,006	2,016	1,557	2,459	1,948	2,016	1,557
Derivative payables	5,154	4,801	3,918	4,206	4,894	4,532	3,767	4,053
Other liabilities	4,144	3,589	3,215	3,602	1,600	1,243	1,011	1,314
Current tax	668	658	607	479	272	264	269	250
Deferred tax	1,130	973	946	828	132	110	120	101
Debts issued	6,767	6,934	6,863	5,856	7,987	8,145	8,230	7,240
	153,301	145,050	129,275	125,357	119,970	114,402	103,872	101,417
Life assurance fund liabilities	47,253	45,435	43,246	42,404	–	–	–	–
Total liabilities	200,554	190,485	172,521	167,761	119,970	114,402	103,872	101,417
Total equity and liabilities	223,516	213,173	194,300	188,255	135,286	129,685	118,335	115,138
ASSETS								
Cash and placements with central banks	11,245	11,784	13,171	9,459	7,216	7,567	8,160	4,756
Singapore government treasury bills and securities	11,333	11,612	10,922	11,318	10,692	11,074	10,550	10,951
Other government treasury bills and securities	6,094	5,723	5,564	5,273	3,306	2,790	2,744	2,353
Placements with and loans to banks	17,078	16,809	15,821	18,495	12,292	12,487	11,992	14,769
Loans and bills receivable	100,338	93,977	80,876	77,257	72,384	67,307	61,340	59,387
Debt and equity securities	14,117	13,035	11,680	10,979	9,901	8,976	7,786	7,440
Assets pledged	505	572	279	354	447	475	267	342
Assets held for sale	2	1	–	#	2	1	–	–
Derivative receivables	5,635	4,588	3,973	4,379	5,338	4,328	3,770	4,148
Other assets	3,168	2,930	2,911	2,970	701	840	689	567
Deferred tax	64	61	64	79	6	–	5	12
Associates and joint ventures	261	270	226	131	116	122	56	28
Subsidiaries	–	–	–	–	10,060	10,895	8,151	7,558
Property, plant and equipment	1,606	1,624	1,609	1,609	405	407	409	408
Investment property	767	765	765	769	553	549	549	552
Goodwill and intangible assets	4,035	4,091	3,362	3,368	1,867	1,867	1,867	1,867
	176,248	167,842	151,223	146,440	135,286	129,685	118,335	115,138
Life assurance fund investment assets	47,268	45,331	43,077	41,815	–	–	–	–
Total assets	223,516	213,173	194,300	188,255	135,286	129,685	118,335	115,138
Net Asset Value Per Ordinary Share (before valuation surplus – S\$)	5.55	5.48	5.29	4.99	4.08	4.08	3.89	3.72
OFF-BALANCE SHEET ITEMS								
Contingent liabilities	7,652	7,824	7,314	7,159	6,319	6,673	6,458	6,115
Commitments	55,999	57,480	43,093	46,385	41,110	42,201	34,899	38,145
Derivative financial instruments	427,387	431,667	355,210	358,599	401,081	400,301	335,535	338,937

Notes:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the nine months ended 30 September 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	–	–	4	1,768	1,772	178	1,950
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(262)	–	262	–	–	–
Divestment of associates	–	–	–	#	#	(#)	–
Dividends to non-controlling interests	–	–	–	–	–	(133)	(133)
DSP reserve from dividends on unvested shares	–	–	–	3	3	–	3
Ordinary and preference dividends	–	–	–	(631)	(631)	–	(631)
Share-based staff costs capitalised	–	11	–	–	11	–	11
Share buyback - held in treasury	(9)	–	–	–	(9)	–	(9)
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	90	(31)	–	–	59	–	59
Total contributions by and distributions to owners	441	(276)	–	(725)	(560)	(133)	(693)
Change in ownership interests in a subsidiary that does not result in a loss of control							
Acquisition of non-controlling interests	–	–	–	(27)	(27)	(47)	(74)
Total change in ownership interests in subsidiaries	–	–	–	(27)	(27)	(47)	(74)
Balance at 30 September 2010	7,817	710	1,510	10,119	20,156	2,806	22,962
Included:							
Share of reserves of associates and joint ventures	–	–	#	28	28	(3)	25
Balance at 1 January 2009	6,638	1,329	222	7,685	15,874	2,686	18,560
Total comprehensive income for the period	–	–	906	1,531	2,437	169	2,606
Transfers	–	(264)	–	264	–	–	–
Change in non-controlling interests	–	–	–	–	–	8	8
Dividends to non-controlling interests	–	–	–	–	–	(114)	(114)
DSP reserve from dividends of unvested shares	–	–	–	2	2	–	2
Ordinary and preference dividends	–	–	–	(600)	(600)	–	(600)
Share-based staff costs capitalised	–	7	–	–	7	–	7
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	40	(22)	–	–	18	–	18
Balance at 30 September 2009	7,003	1,057	1,128	8,557	17,745	2,749	20,494
Included:							
Share of reserves of associates and joint ventures	–	3	#	36	39	(3)	36

Note:

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

STATEMENT OF CHANGES IN EQUITY – GROUP (UNAUDITED)

For the three months ended 30 September 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 July 2010	7,792	794	1,239	10,056	19,881	2,807	22,688
Total comprehensive income for the period	–	–	271	468	739	53	792
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	–	(87)	–	87	–	–	–
Divestment of associates	–	–	–	#	#	(#)	–
Dividends to non-controlling interests	–	–	–	–	–	(57)	(57)
Ordinary and preference dividends	–	–	–	(492)	(492)	–	(492)
Share-based staff costs capitalised	–	3	–	–	3	–	3
Share buyback - held in treasury	(9)	–	–	–	(9)	–	(9)
Treasury shares transferred/sold	34	–	–	–	34	–	34
Total contributions by and distributions to owners	25	(84)	–	(405)	(464)	(57)	(521)
Change in ownership interests in a subsidiary that does not result in a loss of control							
Acquisition of non-controlling interests	–	–	–	–	–	3	3
Total change in ownership interests in subsidiaries	–	–	–	–	–	3	3
Balance at 30 September 2010	7,817	710	1,510	10,119	20,156	2,806	22,962
Included:							
Share of reserves of associates and joint ventures	–	–	#	28	28	(3)	25
Balance at 1 July 2009	6,994	1,141	960	8,477	17,572	2,758	20,330
Total comprehensive income for the period	–	–	168	437	605	44	649
Transfers	–	(88)	–	88	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	(53)	(53)
Ordinary dividends	–	–	–	(445)	(445)	–	(445)
Share-based staff costs capitalised	–	4	–	–	4	–	4
Treasury shares transferred/sold	9	–	–	–	9	–	9
Balance at 30 September 2009	7,003	1,057	1,128	8,557	17,745	2,749	20,494
Included:							
Share of reserves of associates and joint ventures	–	3	#	36	39	(3)	36

Note:

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

STATEMENT OF CHANGES IN EQUITY – BANK (UNAUDITED)

For the nine months ended 30 September 2010

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	–	–	145	1,243	1,388
Transfers	–	(254)	–	254	–
DSP reserve from dividends on unvested shares	–	–	–	3	3
Ordinary and preference dividends	–	–	–	(631)	(631)
Share-based staff costs capitalised	–	11	–	–	11
Share buyback - held in treasury	(9)	–	–	–	(9)
Shares issued in lieu of ordinary dividends	359	–	–	(359)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	90	–	–	–	90
Balance at 30 September 2010	7,817	525	748	6,226	15,316
Balance at 1 January 2009	6,638	1,099	12	5,076	12,825
Total comprehensive income for the period	–	–	480	967	1,447
Transfers	–	(255)	–	255	–
DSP reserve from dividends on unvested shares	–	–	–	2	2
Ordinary and preference dividends	–	–	–	(600)	(600)
Share-based staff costs capitalised	–	7	–	–	7
Shares issued in lieu of ordinary dividends	325	–	–	(325)	–
Shares issued to non-executive directors	#	–	–	–	#
Treasury shares transferred/sold	40	–	–	–	40
Balance at 30 September 2009	7,003	851	492	5,375	13,721

For the three months ended 30 September 2010

S\$ million	Share capital	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 July 2010	7,792	606	610	6,275	15,283
Total comprehensive income for the period	–	–	138	359	497
Transfers	–	(84)	–	84	–
Ordinary and preference dividends	–	–	–	(492)	(492)
Share-based staff costs capitalised	–	3	–	–	3
Share buyback - held in treasury	(9)	–	–	–	(9)
Treasury shares transferred/sold	34	–	–	–	34
Balance at 30 September 2010	7,817	525	748	6,226	15,316
Balance at 1 July 2009	6,994	932	386	5,420	13,732
Total comprehensive income for the period	–	–	106	315	421
Transfers	–	(85)	–	85	–
Ordinary dividends	–	–	–	(445)	(445)
Share-based staff costs capitalised	–	4	–	–	4
Treasury shares transferred/sold	9	–	–	–	9
Balance at 30 September 2009	7,003	851	492	5,375	13,721

Note:

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

CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the nine months ended 30 September 2010

S\$ million	9M10	9M09	3Q10	3Q09
Cash flows from operating activities				
Profit before income tax	2,236	1,915	743	552
Adjustments for non-cash items				
Amortisation of intangible assets	39	35	16	12
Allowances for loans and impairment of other assets	86	353	43	52
Change in fair value for hedging transactions and trading securities	(46)	(312)	(46)	(24)
Depreciation of property, plant and equipment and investment property	113	100	38	33
Net gain on disposal of property, plant and equipment and investment property	(23)	(3)	(22)	(1)
Net gain on disposal of government, debt and equity securities	(141)	(20)	(23)	(35)
Net (gain)/loss on disposal of associates and interest in subsidiaries	(3)	#	(#)	-
Share-based staff costs	9	5	2	3
Share of results of associates and joint ventures	1	(2)	(#)	(2)
Items relating to life assurance fund				
Surplus before income tax	505	775	235	309
Surplus transferred from life assurance fund	(371)	(599)	(156)	(209)
Operating profit before change in operating assets and liabilities	2,405	2,247	830	690
Change in operating assets and liabilities				
Deposits of non-bank customers	9,369	2,826	3,693	296
Deposits and balances of banks	5,666	1,718	3,197	1,428
Derivative payables and other liabilities	1,459	(3,279)	318	143
Trading portfolio liabilities	442	446	452	83
Government securities and treasury bills	(211)	(2,882)	(160)	1,621
Trading securities	(643)	180	178	(353)
Placements with and loans to banks	794	(2,594)	(180)	109
Loans and bills receivable	(14,797)	2,341	(6,408)	280
Derivative receivables and other assets	(1,917)	1,783	(1,324)	(703)
Net change in investment assets and liabilities of life assurance fund	(129)	(215)	(83)	27
Cash from operating activities	2,438	2,571	513	3,621
Income tax paid	(336)	(306)	(120)	(105)
Net cash from operating activities	2,102	2,265	393	3,516
Cash flows from investing activities				
Dividends from associates	4	3	1	-
Decrease/(increase) in associates and joint ventures	(52)	4	10	8
Net cashflow from acquisition of subsidiaries	(2,003)	-	7	-
Purchases of debt and equity securities	(5,201)	(2,270)	(1,746)	(1,245)
Purchases of property, plant and equipment and investment property	(134)	(152)	(54)	(78)
Proceeds from disposal of debt and equity securities	3,439	2,784	927	867
Proceeds from disposal of interest in subsidiaries	-	8	-	-
Proceeds from disposal of associates	14	-	-	-
Proceeds from disposal of property, plant and equipment and investment property	31	8	27	4
Net cash (used in)/from investing activities	(3,902)	385	(828)	(444)
Cash flows from financing activities				
Acquisition of non-controlling interests	(77)	-	-	-
Dividends paid to equity holders of the Bank	(139)	(155)	-	-
Dividends paid to non-controlling interests	(133)	(114)	(57)	(53)
Increase/(decrease) in debts issued	100	(11)	(31)	351
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	60	18	35	9
Share buyback	(9)	-	(9)	-
Net cash (used in)/from financing activities	(198)	(262)	(62)	307
Net currency translation adjustments	72	43	(42)	(20)
Net change in cash and cash equivalents	(1,926)	2,431	(539)	3,359
Cash and cash equivalents at beginning of period	13,171	7,028	11,784	6,100
Cash and cash equivalents at end of period	11,245	9,459	11,245	9,459

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	Nine months ended 30 Sep		Three months ended 30 Sep	
	2010	2009	2010	2009
Issued ordinary shares				
Balance at beginning of period	3,245,120,283	3,126,565,512	3,290,465,030	3,193,938,485
Shares issued to non-executive directors	60,000	43,200	–	–
Shares issued pursuant to Scrip Dividend Scheme	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)	(7,124,365)	(18,954,346)
Share buyback	(1,034,000)	–	(1,034,000)	–
Shares sold/transferred to employees pursuant to OCBC Share Option Schemes	5,862,774	3,609,232	1,904,977	1,715,472
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	3,286,636	–	3,056,864	–
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	3,469,655	4,898,106	–	–
Shares sold for cash	3,917	–	3,757	–
Balance at end of period	(3,192,767)	(17,238,874)	(3,192,767)	(17,238,874)
Total	3,287,272,263	3,176,699,611	3,287,272,263	3,176,699,611

Pursuant to the share purchase mandate approved at the extraordinary general meeting held on 16 April 2010, the Bank purchased a total of 1,034,000 ordinary shares in the third quarter ended 30 September 2010. The ordinary shares were purchased by way of market acquisitions at prices ranging from S\$8.67 to S\$8.92 per share and the total consideration paid was S\$9,108,020 (including transaction costs).

From 1 July 2010 to 30 September 2010 (both dates inclusive), the Bank utilised 1,904,977 treasury shares upon the exercise of options by employees of the Group pursuant to OCBC Share Option Schemes 1994 and 2001. As at 30 September 2010, the number of options outstanding under the OCBC Share Options Schemes was 36,884,707 (30 September 2009: 42,645,554).

From 1 July 2010 to 30 September 2010 (both dates inclusive), the Bank utilised 3,056,864 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan (“ESPP”). As at 30 September 2010, the number of acquisition rights outstanding under the OCBC ESPP was 9,680,080 (30 September 2009: 8,790,473).

From 1 July 2010 to 30 September 2010 (both dates inclusive), there were no transfer of the treasury shares to the Trust administering OCBC Deferred Share Plan following the Bank’s award of deferred shares to employees of the Group.

No new preference shares were allotted and issued by the Bank in the third quarter ended 30 September 2010.

OTHER MATTERS / SUBSEQUENT EVENTS

1. On 24 September 2010, OCBC Bank announced that it will be merging its two banking subsidiaries in Indonesia, PT Bank OCBC Indonesia (“BOI”) and PT Bank OCBC NISP (“OCBC NISP”). The merger is subject to the approvals of shareholders of BOI and OCBC NISP, and the regulatory authorities in Indonesia. Currently, BOI is 99% owned by OCBC Bank and 1% by OCBC NISP, while OCBC NISP is 81.9% owned by OCBC Overseas Investments Pte. Ltd., a wholly owned subsidiary of OCBC Bank, and 18.1% owned by other shareholders. The merger is structured as a book value merger, and will be effected through the issue of new OCBC NISP shares to the shareholders of BOI, based on the share exchange ratio of 1,544.541 new OCBC NISP shares for every existing BOI share. The target effective date of the merger is 1 January 2011, and the merged bank will adopt the name of PT Bank OCBC NISP, with OCBC Bank having a 85.06% shareholding interest.
2. On 21 October 2010, OCBC Bank announced that it has completed the subscription of 146.32 million new ordinary shares in Bank of Ningbo. The earlier agreed placement price of RMB11.63 per share was adjusted to RMB11.45 per share to take into account the dividend paid by Bank of Ningbo this year. The total consideration was approximately RMB1,675 million or S\$333 million, and was funded using the Bank’s internal resources. Following completion of the share subscription, OCBC Bank’s strategic equity stake in Bank of Ningbo has increased from 10% to 13.7% of the enlarged issued capital.
3. On 29 October 2010, OCBC Bank announced that it will allot and issue 50,579,939 new ordinary shares on 1 November 2010 to ordinary shareholders who had elected to participate in the Scrip Dividend Scheme in respect of the 2010 interim one-tier tax exempt dividend of 15 cents per share. The participation rate for the scrip dividend was 80.8% of shareholdings. The new shares rank pari passu in all respects with the existing ordinary shares of the Bank. Following the allotment and issuance of the new shares, the issued ordinary shares of the Bank increased by 1.5% to 3,341,044,969 shares.

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 September 2010 to be false or misleading.

On behalf of the Board of Directors



Cheong Choong Kong
Chairman



David Philbrick Conner
Chief Executive Officer / Director

1 November 2010