

Presentation to Media and Analysts

Second Quarter 2005 Results

10 August 2005



- **Results Overview**
- **Performance Trends**
- **Results of Key Subsidiaries**
- **Conclusion**

Results at a Glance - Quarterly

	2Q05	2Q04	YoY	1Q05	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	407	380	7	363	12
Non-Interest Income	298	267	12	319	(7)
- <i>Fee Income</i>	125	117	7	121	3
Total Income	704	647	9	682	3
Operating Expenses	(282)	(239)	18	(251)	12
Operating Profit	423	408	4	431	(2)
Amortisation of Intangibles/ Goodwill	(10)	(36)	(73)	(10)	-
Allowances/Impairment	2	(22)	n.m.	(24)	n.m.
Associates	3	34	(90)	8	(63)
Tax & Minority Interest	(114)	(84)	36	(107)	7
Net Profit	304	300	1	298	2

Results at a Glance – Half Year



	1H05	1H04	YoY	2H04	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	770	745	3	773	(0)
Non-Interest Income	617	428	44	698	(12)
- <i>Fee Income</i>	246	232	6	231	6
Total Income	1,386	1,172	18	1,471	(6)
Operating Expenses	(532)	(446)	19	(541)	(2)
Operating Profit	854	726	18	929	(8)
Amortisation of Intangibles/ Goodwill	(20)	(68)	(71)	(90)	(78)
Allowances/Impairment	(23)	(43)	(47)	(35)	(35)
Associates	11	82	(86)	8	43
Tax & Minority Interest	(220)	(144)	53	(218)	1
Net Profit	602	554	9	594	1

Note: 2H04 included net divestment gains of S\$97m. 1H04 included special dividends of S\$29m from Robinson.

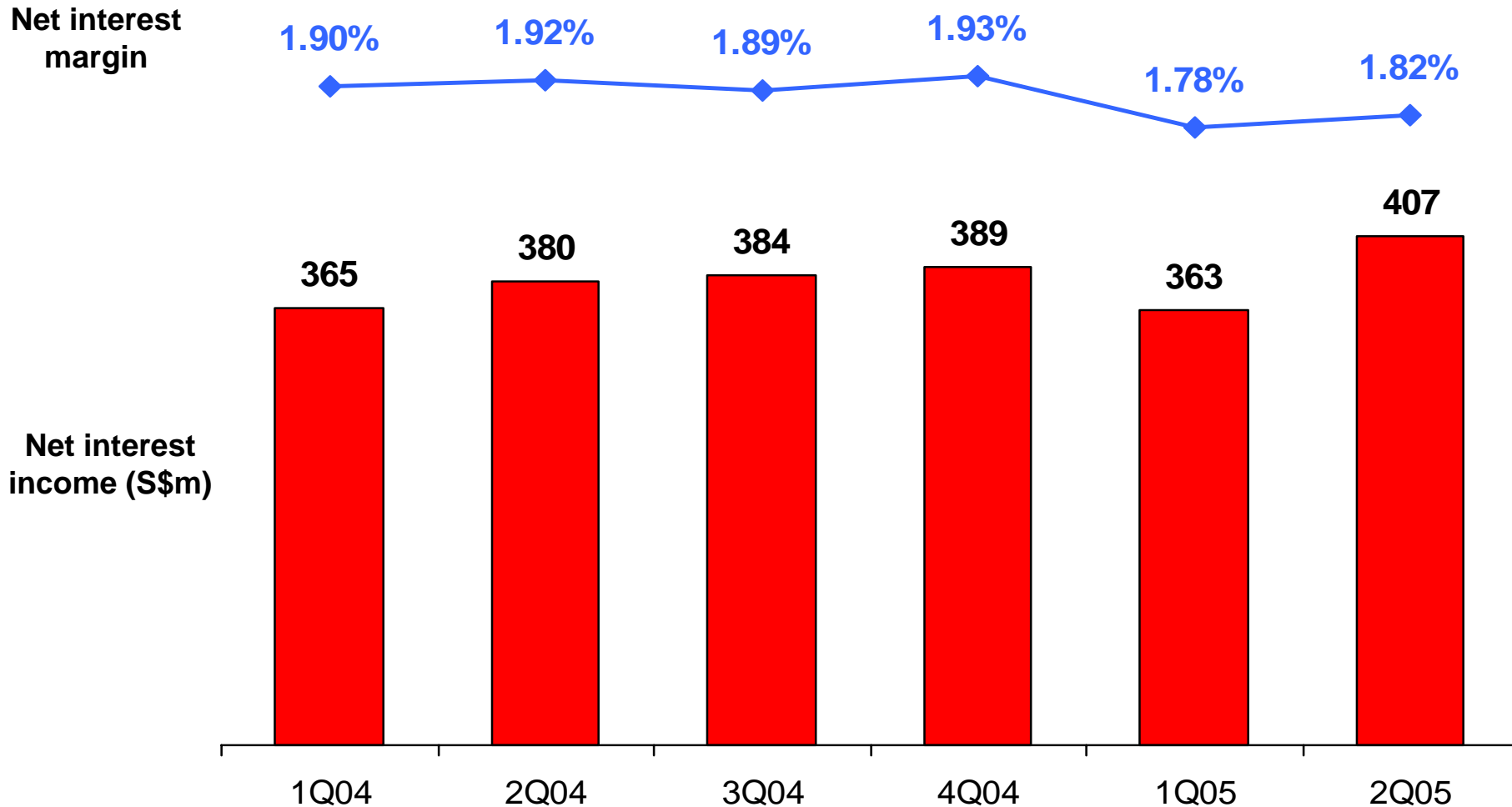
Key Financial Ratios

	1H05	1H04	2Q05	1Q05
	%	%	%	%
Net Interest Margin	1.80	1.91	1.82	1.78
Non-Interest Income/ Total Income	44.5	36.5	42.3	46.8
Cost-to-Income Ratio	38.4	38.1	40.0	36.8
Loans-to-Deposits Ratio	85.6	89.4	85.6	86.1
NPL Ratio	4.3	6.3	4.3	4.8
Allowances/NPLs	86.9	70.4	86.9	84.1
ROE	10.6	11.5	10.7	10.6
Cash ROE	11.0	13.0	11.0	11.0

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Net Interest Income up 12% over 1Q05

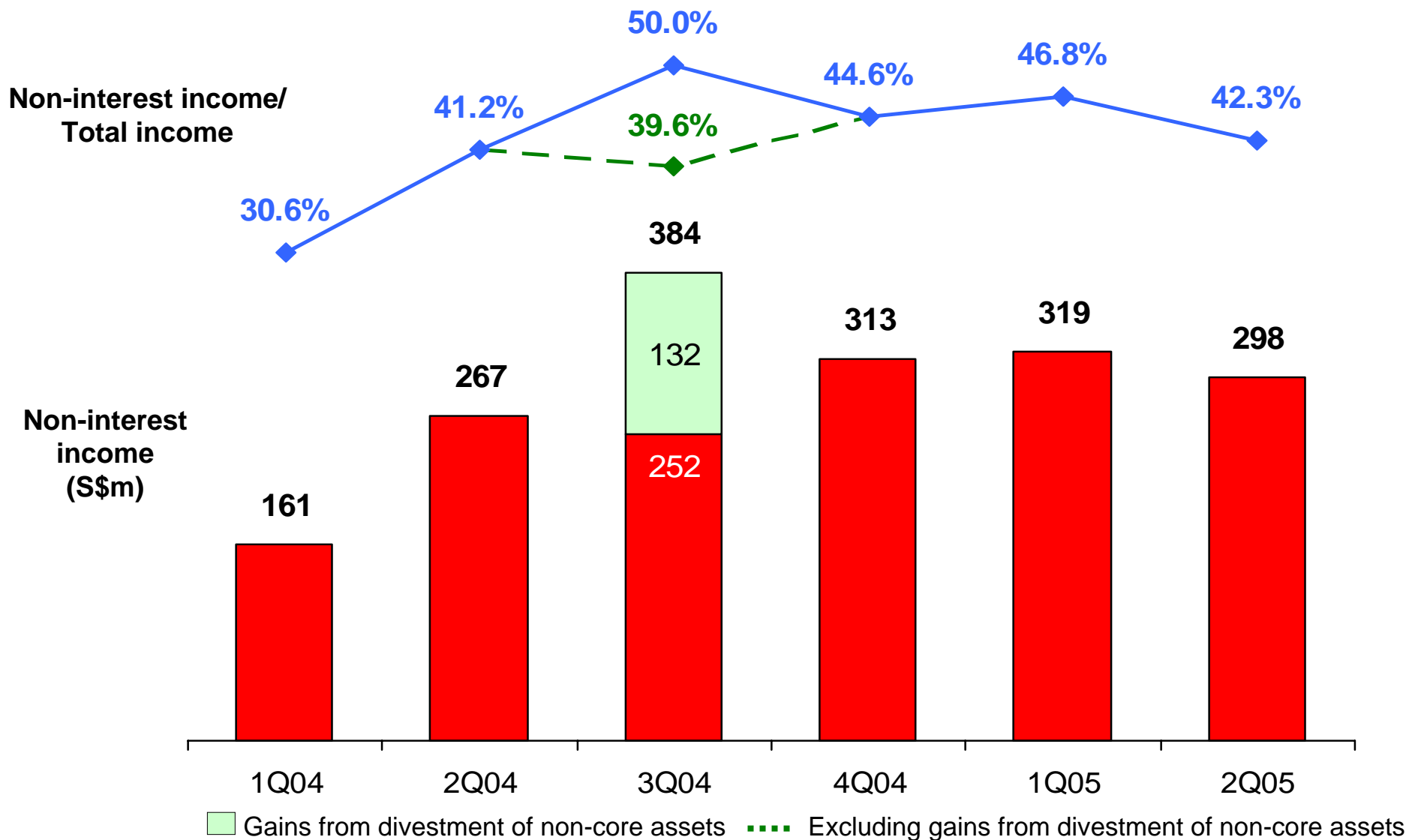
Net Interest Margin up 4 bps



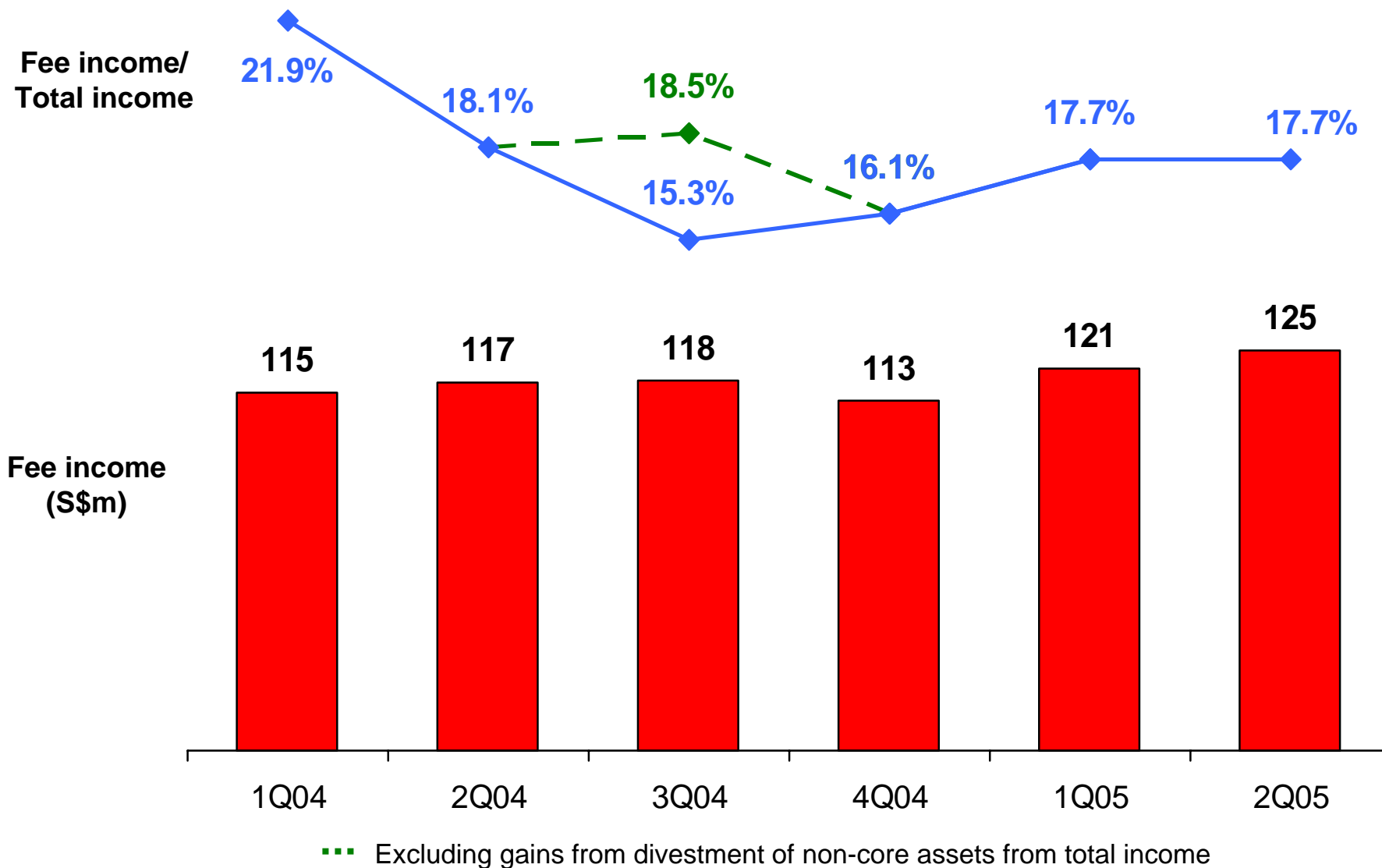
Net Interest Margin Breakdown

<u>Second Quarter 2005</u>	Ave Bal	Interest Inc / Exp	Interest Rate		
			Ave Rate	YoY	QoQ
	S\$bn	S\$m	%	bps	bps
Customer loans	53.7	601	4.49	+ 78	+ 58
Placements with Banks	17.7	124	2.81	+ 83	+ 5
Securities/ Others	18.1	152	3.36	+ 105	+ 50
Interest Earning Assets	89.5	877	3.93	+ 80	+ 43
Customer Deposits	63.1	307	1.95	+ 77	+ 34
Bank Deposits	15.9	104	2.64	+ 128	+ 47
Other Borrowings	6.6	59	3.61	+ 134	+ 77
Interest Bearing Liabilities	85.5	470	2.21	+ 93	+ 39
Net Interest Income		407			
Net Interest Margin			1.82	-10	+ 4

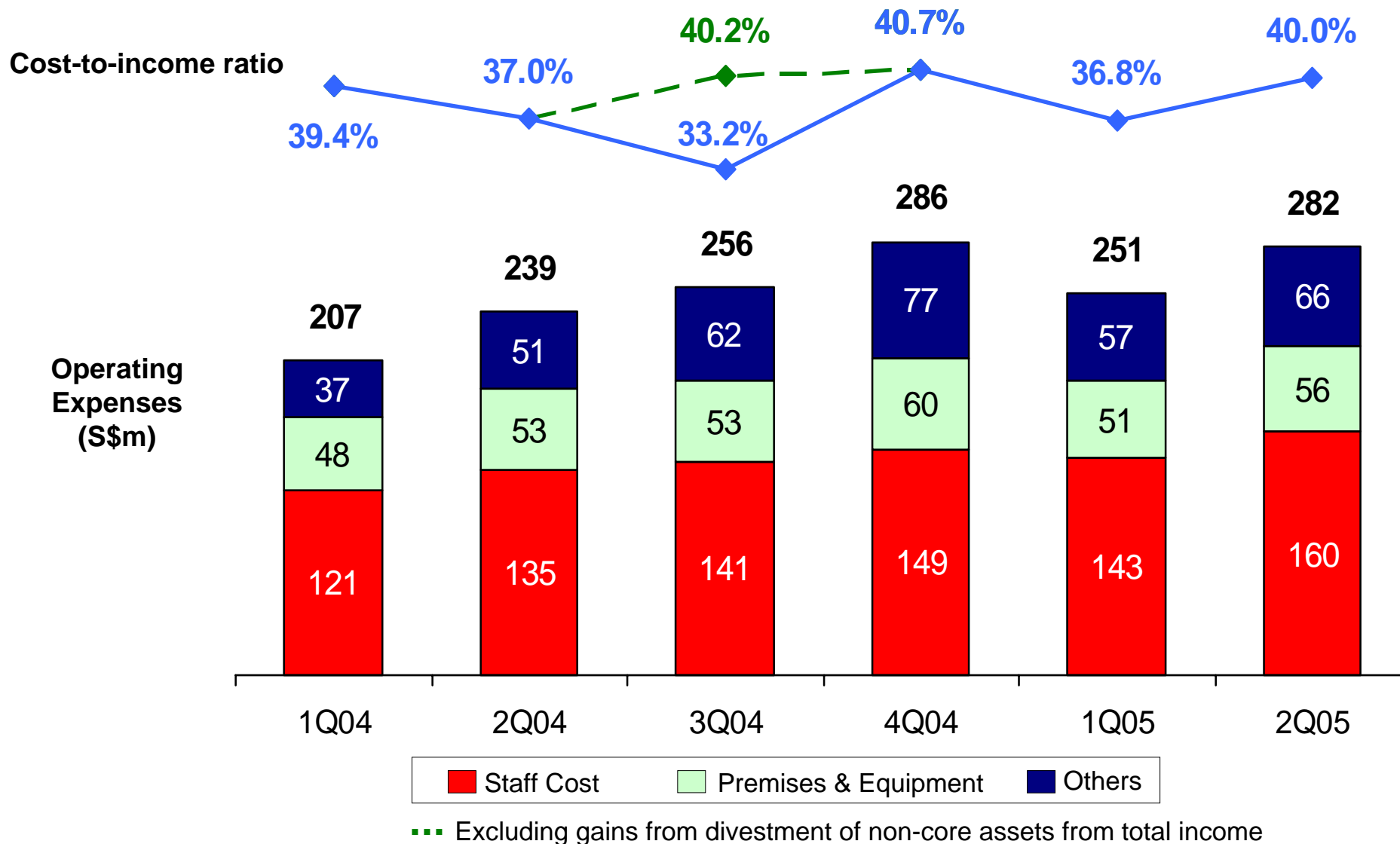
Non-Interest Income in 2Q05 Affected by Lower Dealing Income



Fee Income Grew 7% YoY

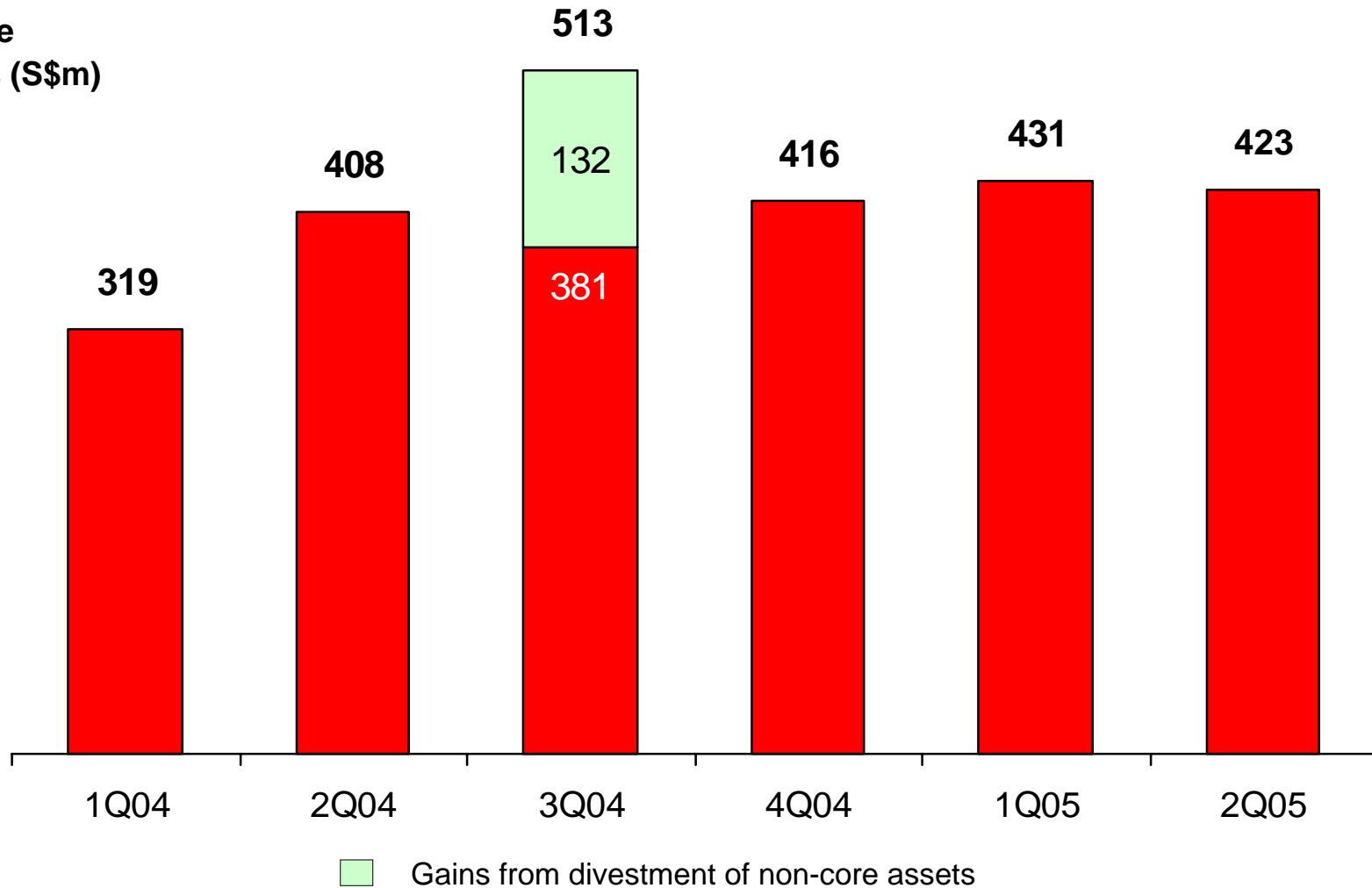


Higher Expenses from Enlarged Operations



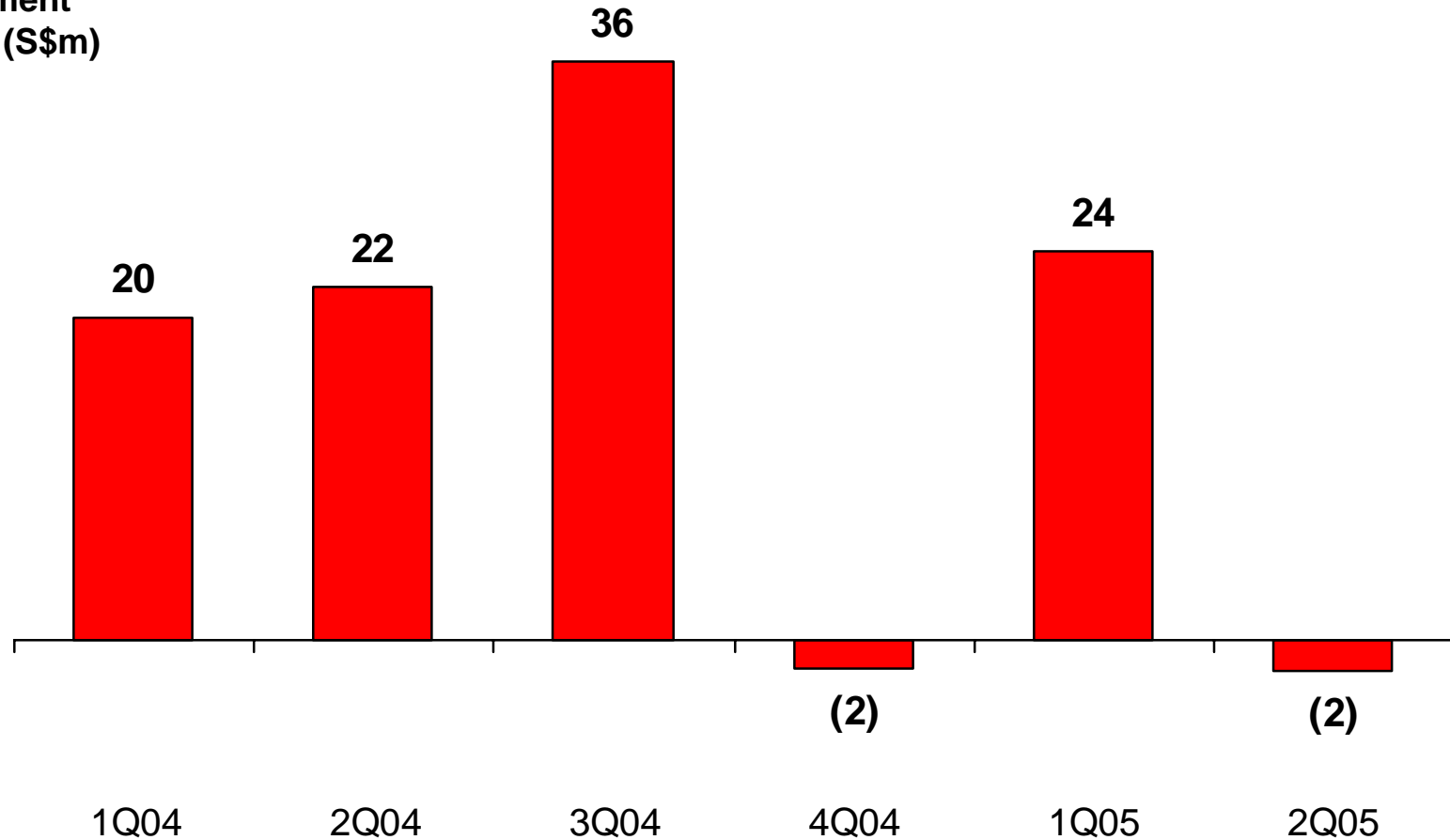
Operating Profit Up 4% YoY

Operating Profit
before
allowances (S\$m)

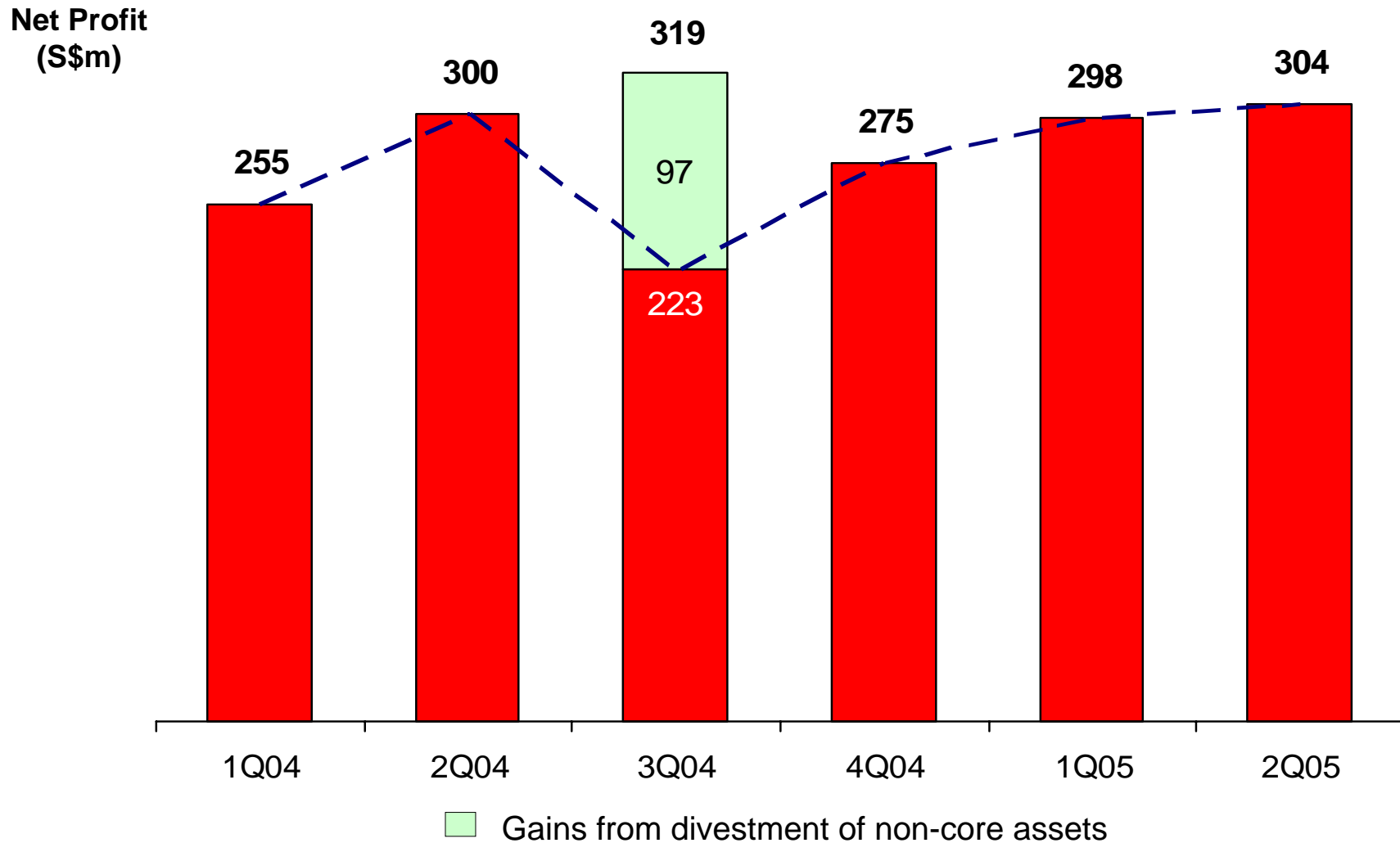


Allowances Remain Low as Recoveries Continue

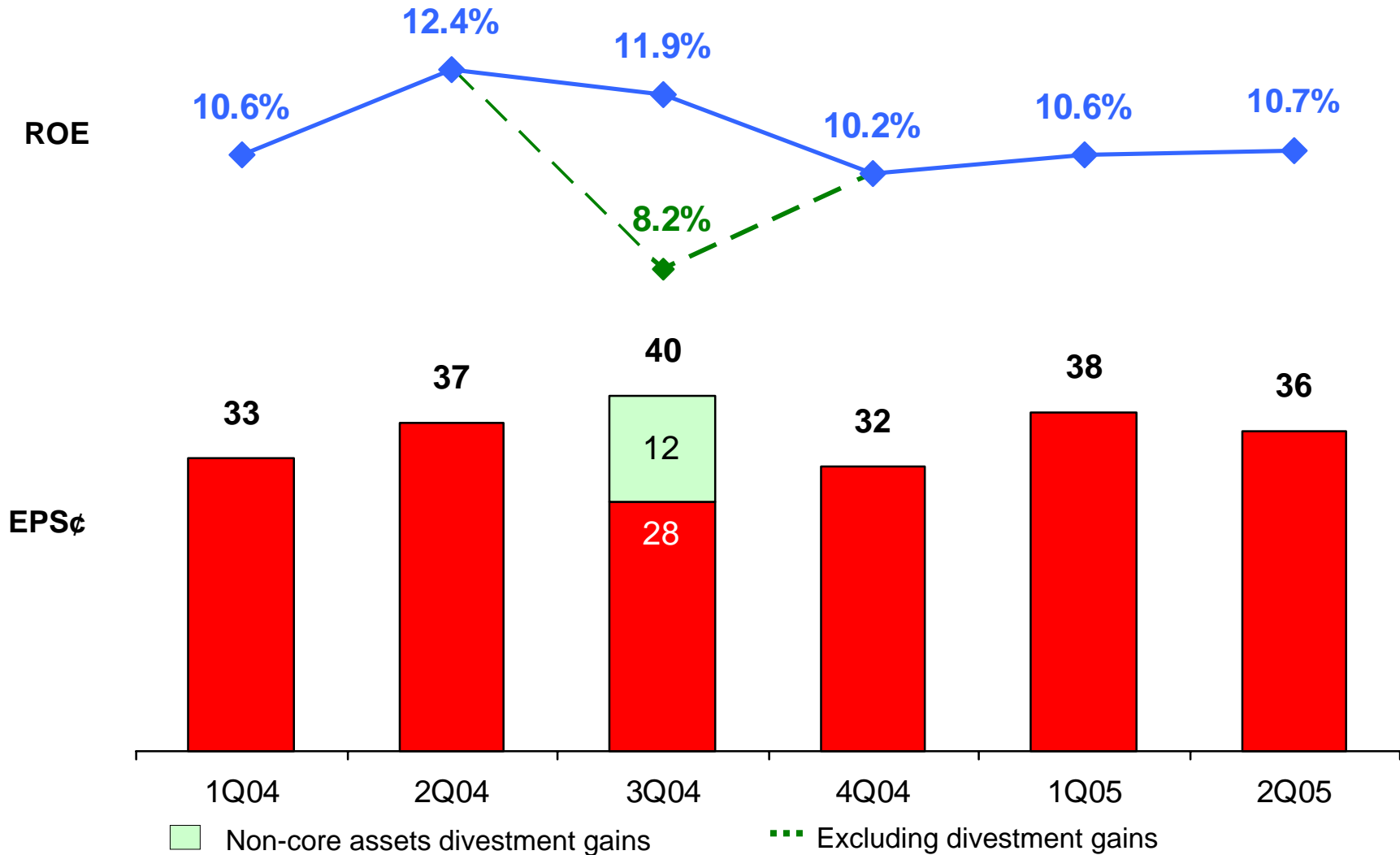
Allowances &
Impairment
Charges (\$m)



Net Profit



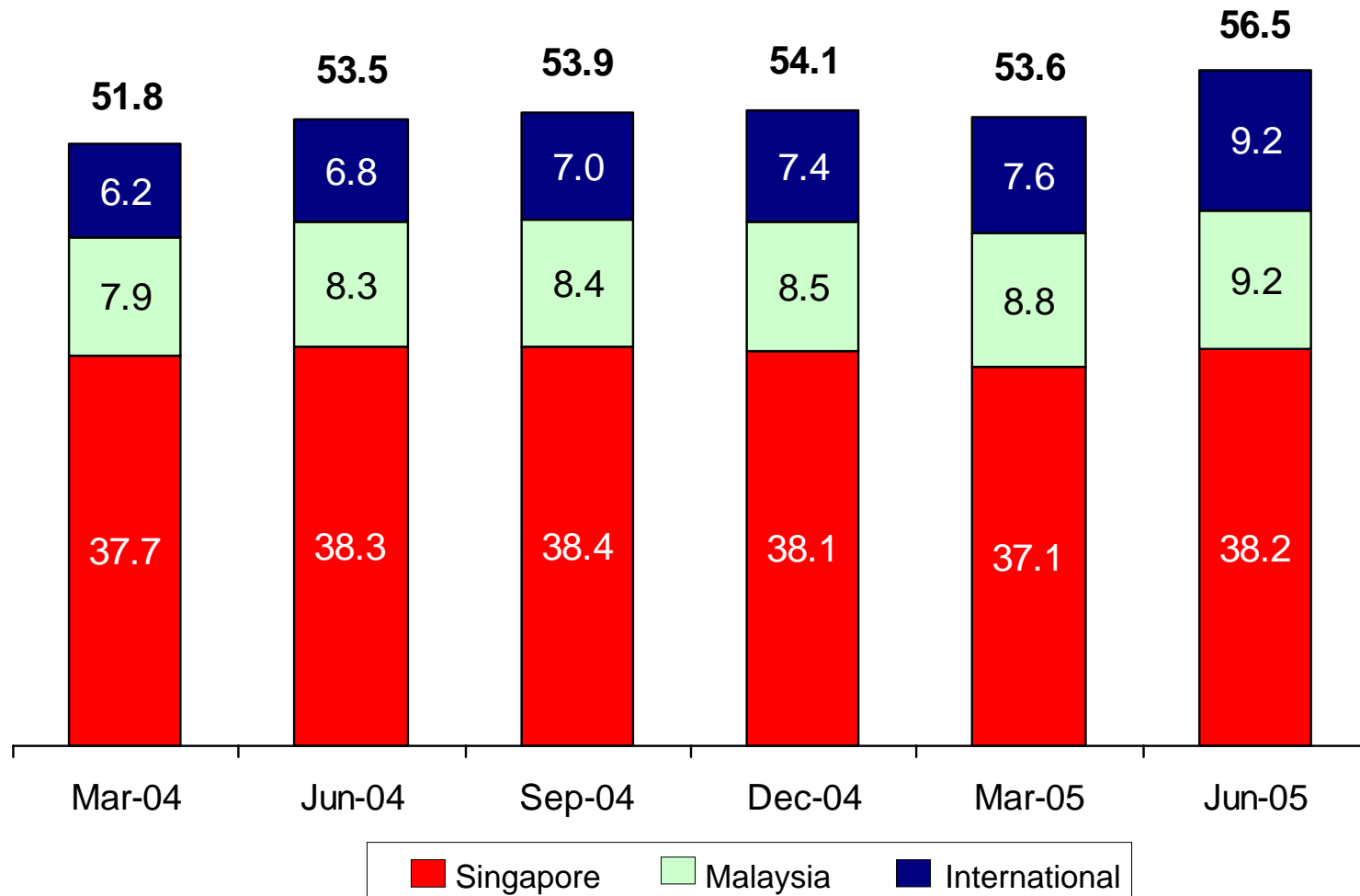
EPS and ROE



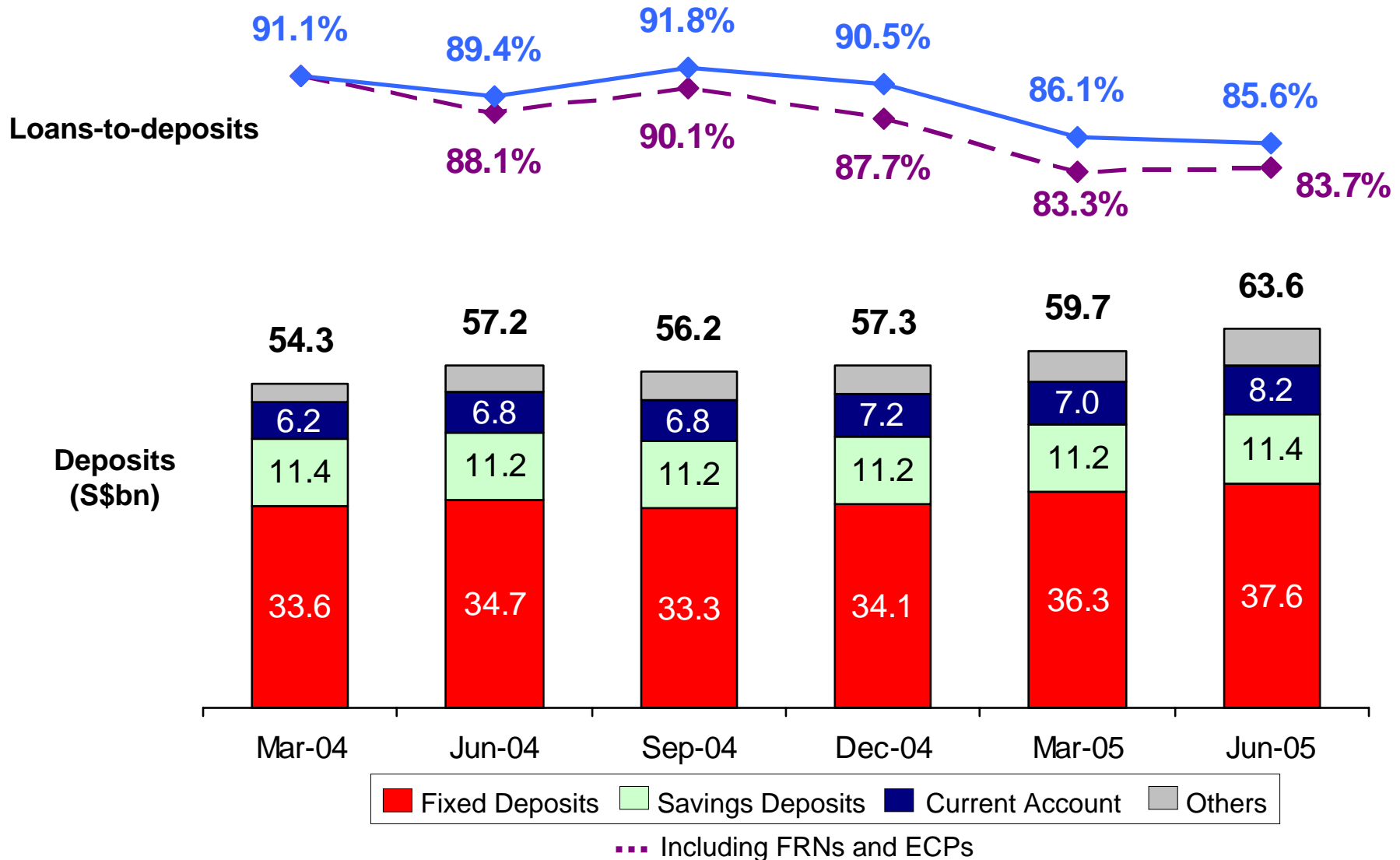
Note: Quarterly ROE and EPS are annualised; ROE refers to return on ordinary shareholders' funds

Loans Growth Driven by Malaysia and Consolidation of Bank NISP

Loans
(S\$bn)



Lower Loans-to-Deposits Ratio



NPL Ratio Continues to Improve

NPL Ratio

6.7%

6.3%

5.5%

5.0%

4.8%

4.3%

NPLs
(S\$m)

3,644

3,512

3,129

2,866

2,705

2,592

1,040

1,028

970

902

886

821

2,266

2,150

1,909

1,735

1,596

1,485

Mar-04

Jun-04

Sep-04

Dec-04

Mar-05

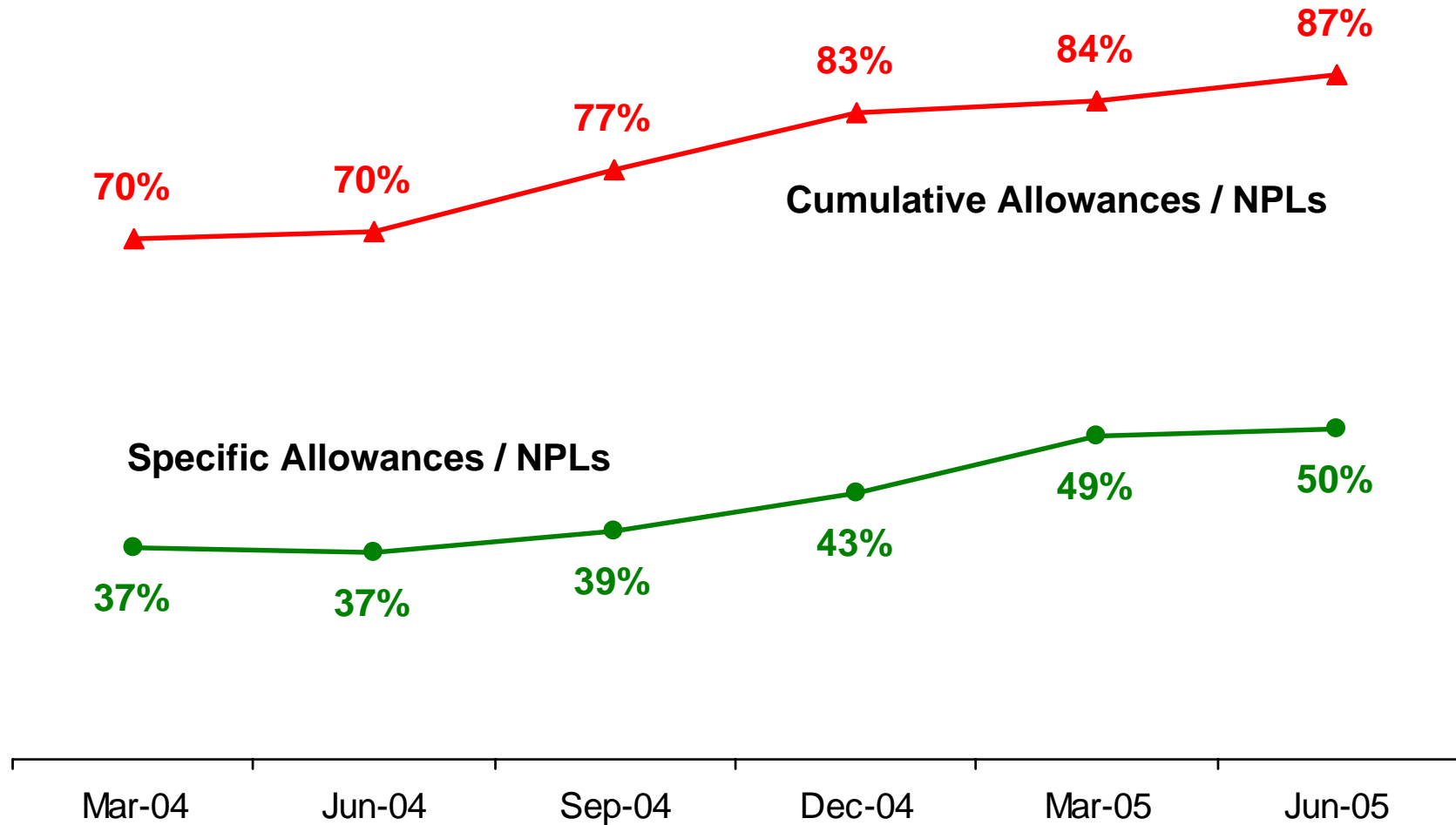
Jun-05

Singapore

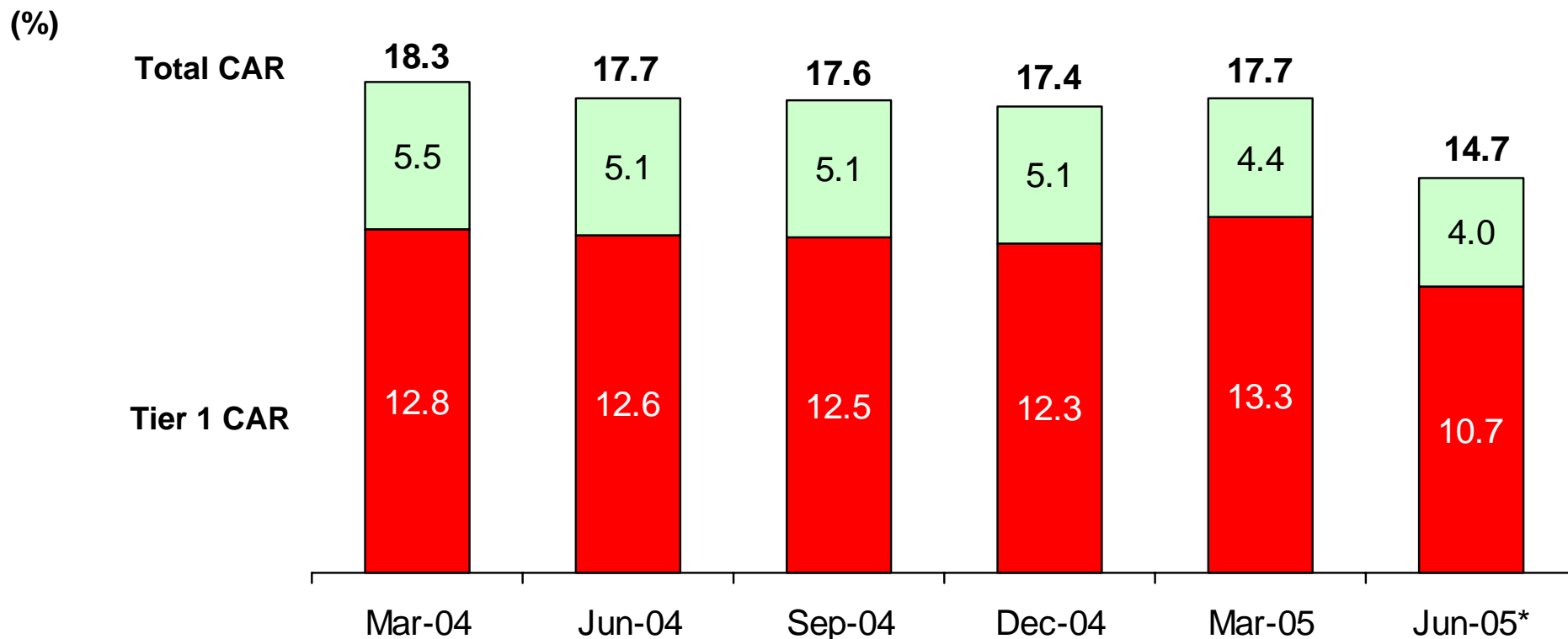
Malaysia

International

Maintained Strong Coverage of NPLs



Temporary Dip in Capital Ratios Due to Deduction of Bonus Dividends

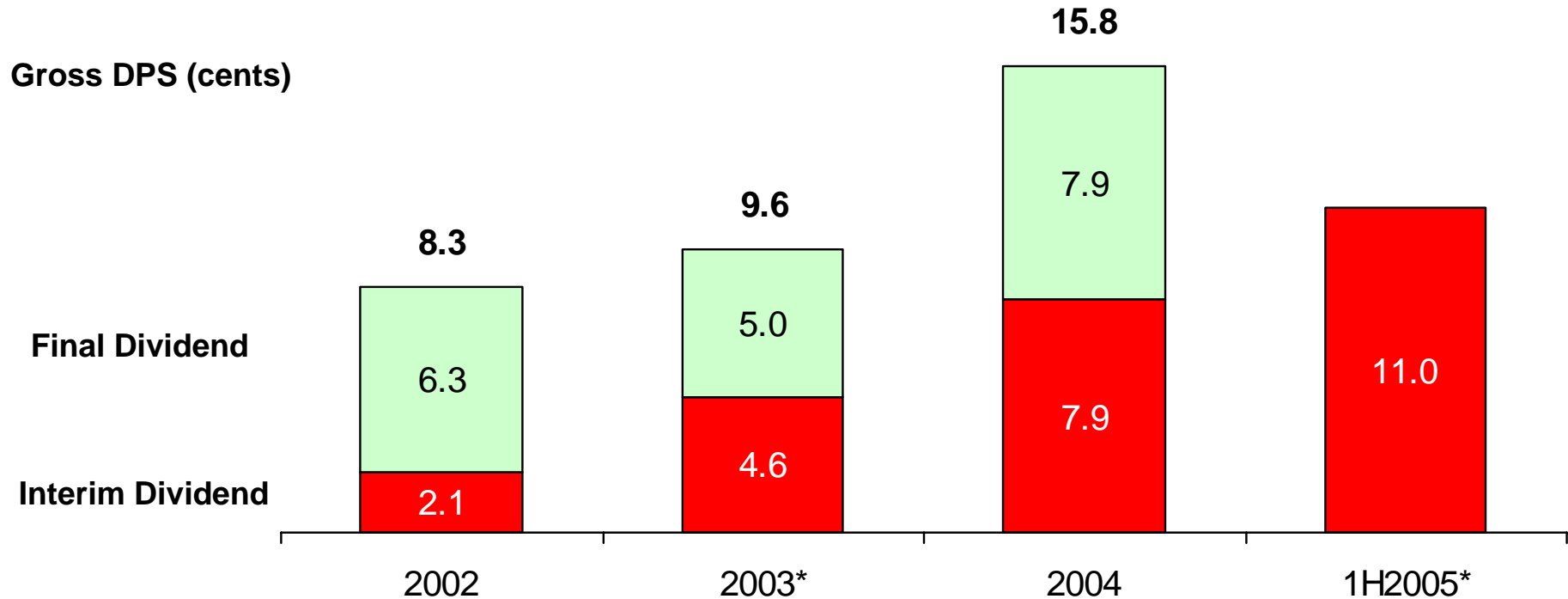


(S\$m)

	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05*
Tier-1 capital	8,131	8,495	8,557	8,442	9,138	7,853*
Risk Weighted Assets	63,372	67,483	68,672	68,737	68,536	73,547

* Includes deduction of S\$1.31bn bonus dividends declared in 2Q05. Tier 1 capital was restored by S\$1.31bn in July 2005 upon completion of the Rights Issue.

Interim Dividend up 39% over 1H04, up 139% over 1H03



(S\$m)	2002	2003*	2004	1H2005*
Net Dividends Paid	201	234	403	276
Core Net Profit	667	828	1,051	602
Dividend Payout Ratio	30%	28%	38%	46%

* Excludes Special Dividend of S\$0.6378 per share in 2003 and Bonus Dividend of S\$1.25 per share in 2005 (unadjusted)

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OCBC Malaysia's Net Profit Up 34% YoY



	2Q05	2Q04	YoY	1Q05	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	155	136	14	144	8
Islamic Banking Income	11	6	83	10	10
Non Interest Income	63	49	29	56	12
Total Income	229	191	20	210	9
Operating Expenses	(88)	(69)	27	(84)	5
Operating Profit	141	122	16	126	12
Allowances	(1)	(14)	(93)	6	n.m.
Tax	(46)	(38)	21	(37)	24
Net Profit	94	70	34	95	(1)

* Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards. 1Q05 numbers have been re-stated.

OCBC Malaysia: Financial Ratios



	1H05	1H04	2Q05	1Q05
<u>Unaudited Results*</u>	%	%	%	%
Net Interest Margin	2.34	2.19	2.34	2.32
Non-Interest Income / Total Income	27.2	24.9	28.4	26.3
Cost-to-Income Ratio	39.1	33.5	39.6	38.5
RM Loans-to-Deposits Ratio	81	79	81	83
Net NPL Ratio	4.0	6.9	4.0	4.9
Loans Growth (YTD)	4.4	5.7	4.4	3.0
ROE	24.0	20.1	24.6	23.5

* Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards. 1Q05 numbers have been re-stated.

GEH Contributed 20% of Group Net Profit

	1H05	1H04*	2Q05	1Q05
<u>GEH's Contribution to OCBC's Results</u>	S\$m	S\$m	S\$m	S\$m
Total Income	268	38	135	134
Operating Expenses	(41)	(5)	(20)	(21)
Operating Profit	228	32	115	113
Goodwill Amortisation	(20)	(5)	(10)	(10)
Tax	(45)	(7)	(23)	(21)
Minority Interests	(42)	(8)	(19)	(23)
Net Profit contribution as a subsidiary	121	13	62	58
Net Profit contribution as an associate	-	68	-	-
Total Net Profit contribution of GEH	121	80	62	58

* GEH was consolidated as a subsidiary from June 2004, and equity accounted as an associate prior to June 2004

Bank NISP's 2Q05 Results Hurt by Securities Losses

	2Q05	2Q04	YoY	1Q05	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	185	159	17	172	8
Non Interest Income	(17)	29	(160)	96	(118)
Expenses	(131)	(100)	31	(145)	(9)
Operating Profit	36	87	(58)	123	(71)
Net Profit	1	69	(98)	93	(99)
Gross Loans	11,722	9,100	29	10,757	9
NPL Ratio (%)	1.76	1.21	+55 bps	1.26	+50 bps
Net Interest Margin (%)	4.36	4.76	-40 bps	4.36	-
ROE (%)	0.3	24.1	-24 ppt	28.2	-28 ppt

* Bank NISP's results were consolidated from April 2005. After taking into account fair value adjustments made at Group level upon acquisition, the contribution to Group net profit was S\$11m in 2Q05.

- ❑ **Satisfactory results given slower economic growth, higher cost of funds, keen price competition and lack of gapping opportunities**

- ❑ **Executed several key initiatives year-to-date, including:**
 - Increased stake in Bank NISP from 22.5% to 70.6%
 - Announced merger of OCBC AM and Straits Lion AM
 - Hubbing of backroom operations progressing well with the opening of e2Power processing facility in Cyberjaya, Malaysia
 - Launched Malaysia credit card referral programme with GEH agents nationwide
 - Opened new Malaysia corporate headquarters and main banking branch at *Menara OCBC, KL*

- ❑ **Continued with capital management:**
 - Completed Bonus Dividend and 1-for-5 Rights Issue exercise
 - Completed 2-for-1 Stock Split
 - Raised S\$400m hybrid Tier 1 preference capital in Singapore
 - Raised RM400m Tier 1 preference capital in Malaysia
 - Launched another S\$500m share buyback programme
 - Raised interim dividend by 39%

Second Quarter 2005 Results

Thank You

