

Second Quarter 2010 Results

Presentation

2 August 2010



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Agenda

Results Overview

Performance Trends

Malaysia and Indonesia Subsidiaries

In Summary

Second quarter net profit up 8% YoY

	2Q10 S\$m	2Q09 S\$m	YoY +/(-)%	1Q10 S\$m	QoQ +/(-)%
Net Interest Income	720	710	1	704	2
Non-Interest Income	516	494	5	681	(24)
Total Income	1,236	1,204	3	1,385	(11)
Operating Expenses	(559)	(450)	24	(502)	11
Operating Profit	677	754	(10)	883	(23)
Amortisation of Intangibles	(11)	(12)	-	(12)	-
Allowances	(18)	(104)	(83)	(25)	(30)
Associates & JVs	(1)	1	n.m.	(#)	n.m.
Tax & Minority Interests	(144)	(173)	(16)	(170)	(15)
Net Profit	503	466	8	676	(26)

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

"n.m." denotes not meaningful

First half net profit up 17% YoY

	1H10 S\$m	1H09 S\$m	YoY +/(-)%	2H09 S\$m	HoH +/(-)%
Net Interest Income	1,424	1,450	(2)	1,376	3
Non-Interest Income	1,197	1,101	9	889	35
Total Income	2,621	2,551	3	2,265	16
Operating Expenses	(1,061)	(863)	23	(933)	14
Operating Profit	1,560	1,688	(8)	1,332	17
Amortisation of Intangibles	(23)	(24)	-	(24)	-
Allowances	(43)	(301)	(86)	(129)	(67)
Associates & JVs	(1)	1	n.m.	(#)	n.m.
Tax & Minority Interests	(314)	(353)	(11)	(227)	38
Net Profit	1,179	1,011	17	952	24

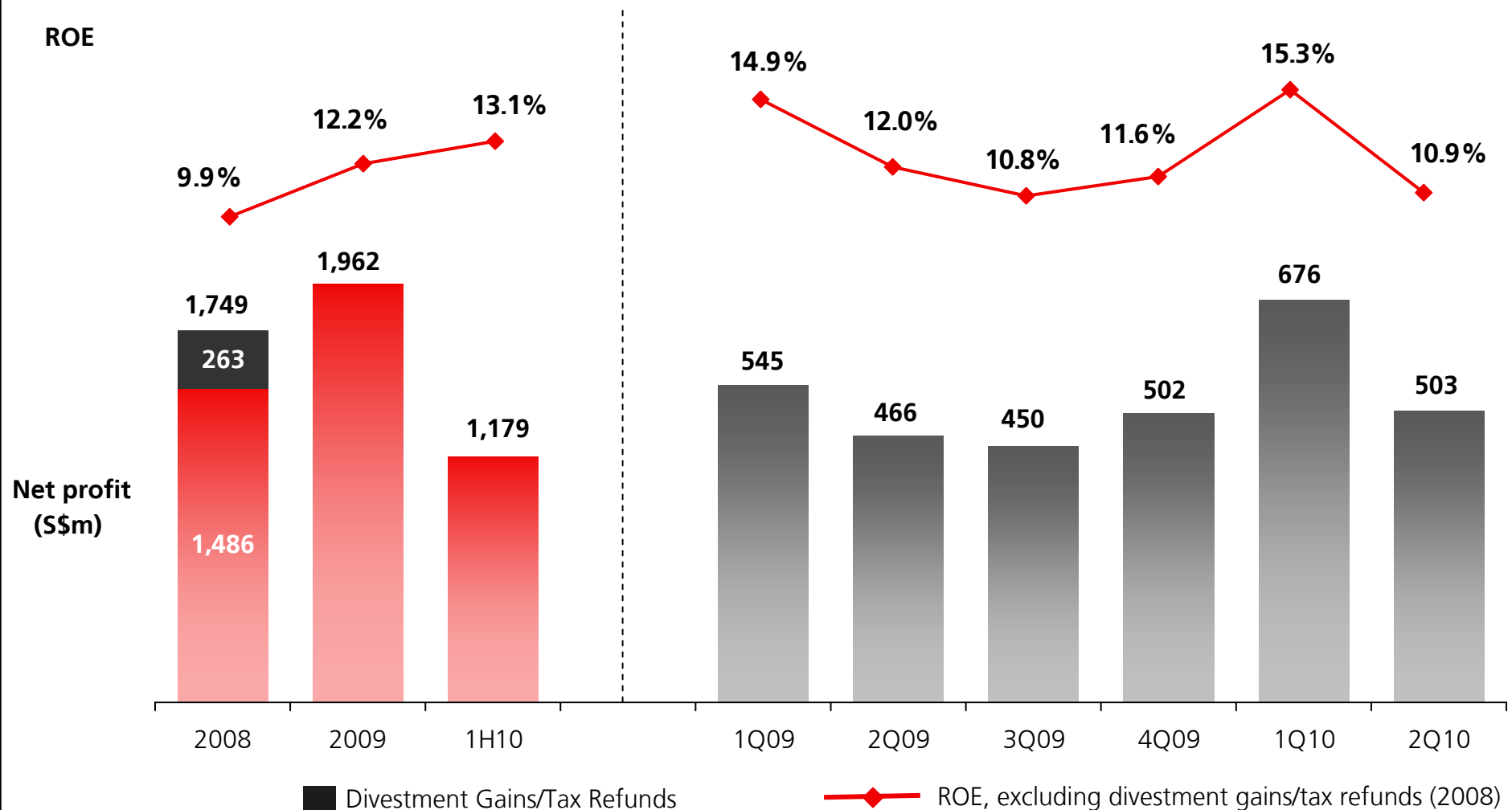
"#" represents amounts less than S\$0.5 million

"n.m." denotes not meaningful

Key financial ratios

	1H10 %	1H09 %	2Q10 %	1Q10 %	2Q09 %
Net Interest Margin (annualised)	2.00	2.35	1.96	2.03	2.29
Non-Interest Income / Total Income	45.7	43.2	41.8	49.2	41.0
Cost-to-Income Ratio	40.5	33.8	45.2	36.2	37.4
Loans-to-Deposits Ratio	83.7	80.3	83.7	81.9	80.3
NPL Ratio	1.3	2.0	1.3	1.5	2.0
Allowances/NPAs	111.8	97.1	111.8	107.3	97.1
ROE	13.1	13.4	10.9	15.3	12.0
Cash ROE	13.4	13.7	11.2	15.6	12.3

ROE of 13.1% for first half

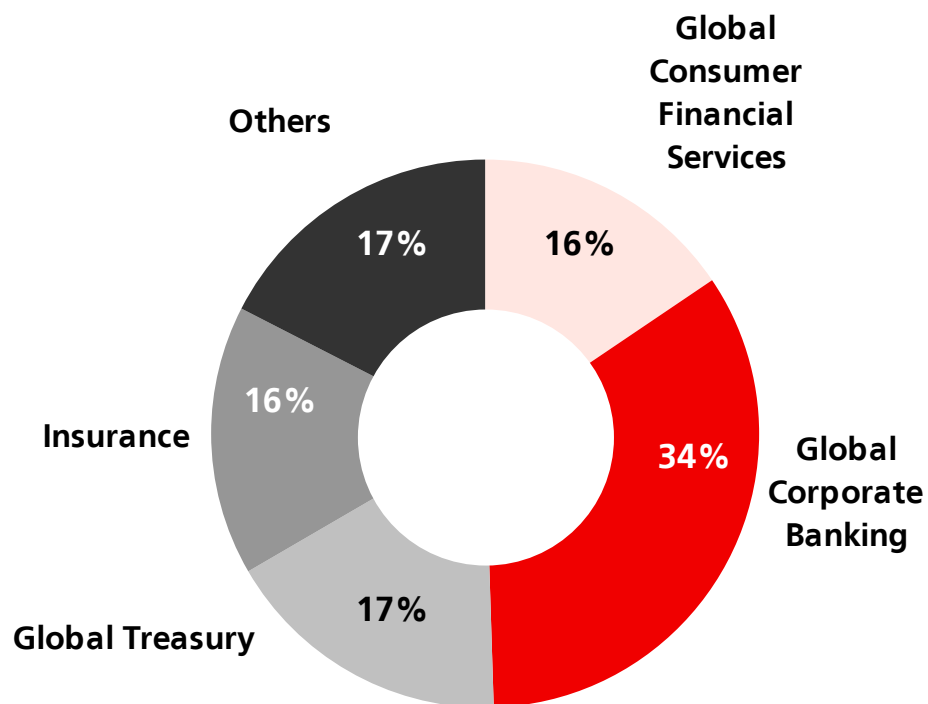


Note: 1Q09 includes net non-recurring gains of S\$175m from GEH; 3Q09 includes net one-time loss of S\$154m from GEH due to redemption of GLC products

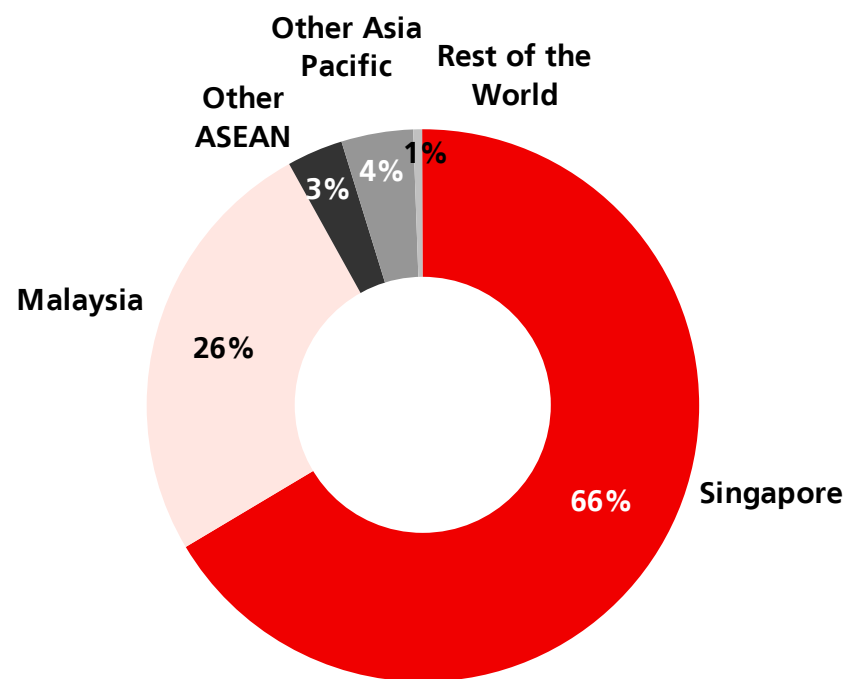


Earnings contribution by segments

**1H10 PBT
By Business Segment**



**1H10 PBT
By Geography**



Note: Pretax profit before joint income elimination and before items not attributed to business segments

GEH quarterly contribution declined 26% YoY due to investment market volatility, partially offset by improved underwriting profits

	2Q10 S\$m	2Q09 S\$m	YoY +/(-)%	1Q10 S\$m	QoQ +/(-)%
Total Income	132	203	(35)	247	(46)
Operating Expenses	(35)	(50)	(29)	(42)	(16)
Operating Profit	96	153	(37)	205	(53)
Amortisation of Intangibles	(11)	(12)	-	(12)	-
Allowances	(2)	(2)	26	(2)	(4)
Associates & JVs	(2)	(1)	n.m.	(2)	6
Tax & Minority Interests	(25)	(62)	(60)	(42)	(40)
Net Profit Contribution	56	76	(26)	147	(62)

GEH first half contribution declined 26% YoY; up 108% YoY excluding one-time gains of S\$175m in 1Q09

	1H10 S\$m	1H09* S\$m	YoY +/(-)%	2H09^ S\$m	HoH +/(-)%
Total Income	379	511	(26)	247	53
Operating Expenses	(78)	(74)	5	(42)	82
Operating Profit	301	438	(31)	205	48
Amortisation of Intangibles	(24)	(24)	-	(23)	-
Allowances	(4)	(5)	(3)	(11)	(61)
Associates & JVs	(4)	(1)	102	(5)	3
Tax & Minority Interests	(67)	(135)	(50)	(26)	148
Net Profit Contribution	203	272	(26)	140	46

* 1H09 core net profit contribution includes S\$175m non-recurring gains in 1Q09

^ 2H09 core net profit includes S\$154m GLC-related loss in 3Q09

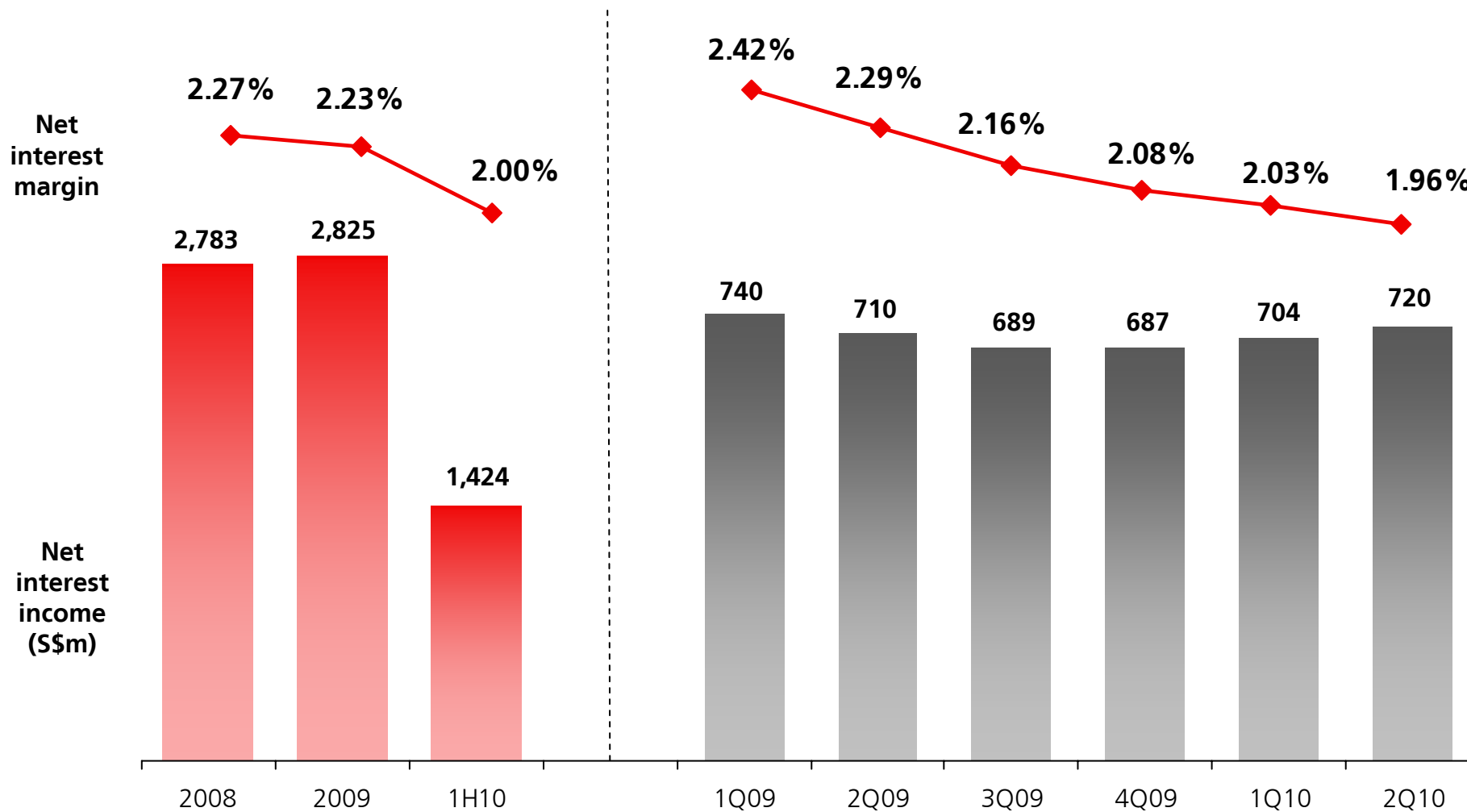
Results excluding GEH – second quarter net profit up 15% YoY

	2Q10 S\$m	2Q09 S\$m	YoY +/(-)%	1Q10 S\$m	QoQ +/(-)%
Net Interest Income	703	694	1	686	3
Non-Interest Income	401	307	31	452	(11)
Total Income	1,104	1,001	10	1,138	(3)
Operating Expenses	(524)	(400)	31	(460)	14
Operating Profit	580	601	(3)	678	(14)
Allowances	(15)	(102)	(85)	(23)	(33)
Associates & JVs	1	1	(9)	2	(45)
Tax & Minority Interests	(120)	(110)	9	(128)	(6)
Net Profit	447	390	15	529	(16)

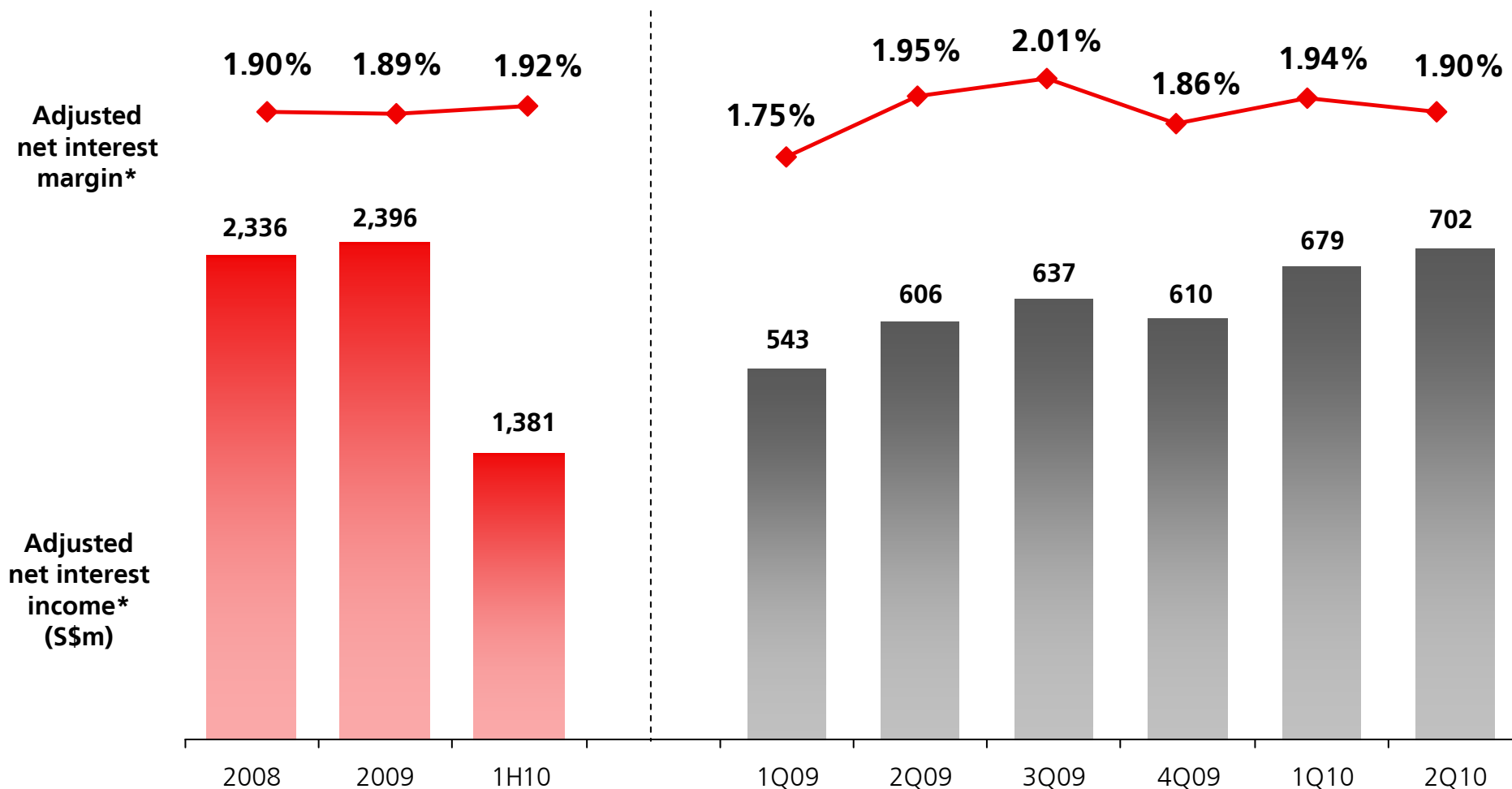
Results excluding GEH – first half net profit up 32% YoY

	1H10 S\$m	1H09 S\$m	YoY +/(-)%	2H09 S\$m	HoH +/(-)%
Net Interest Income	1,389	1,419	(2)	1,341	4
Non-Interest Income	853	621	37	676	26
Total Income	2,242	2,040	10	2,017	11
Operating Expenses	(983)	(789)	25	(891)	10
Operating Profit	1,259	1,251	1	1,126	12
Allowances	(38)	(296)	(87)	(117)	(68)
Associates & JVs	3	2	14	4	(20)
Tax & Minority Interests	(247)	(218)	13	(201)	23
Net Profit	976	739	32	812	20

Net interest income supported by robust loans growth



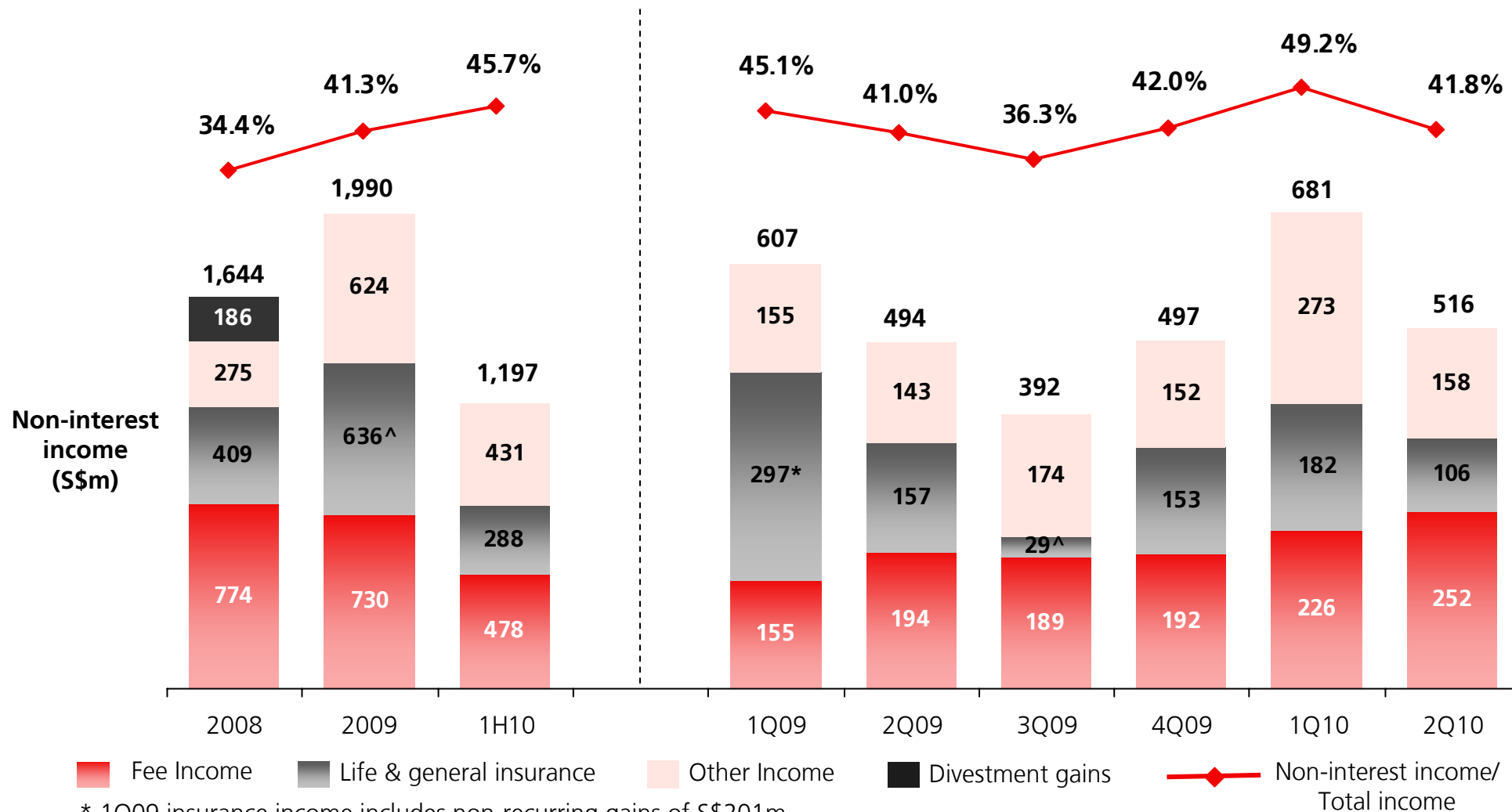
Net interest income adjusted for allowances – continued improving trend



* Allowances for loans and other assets deducted from net interest income



Non-interest income up 5% YoY

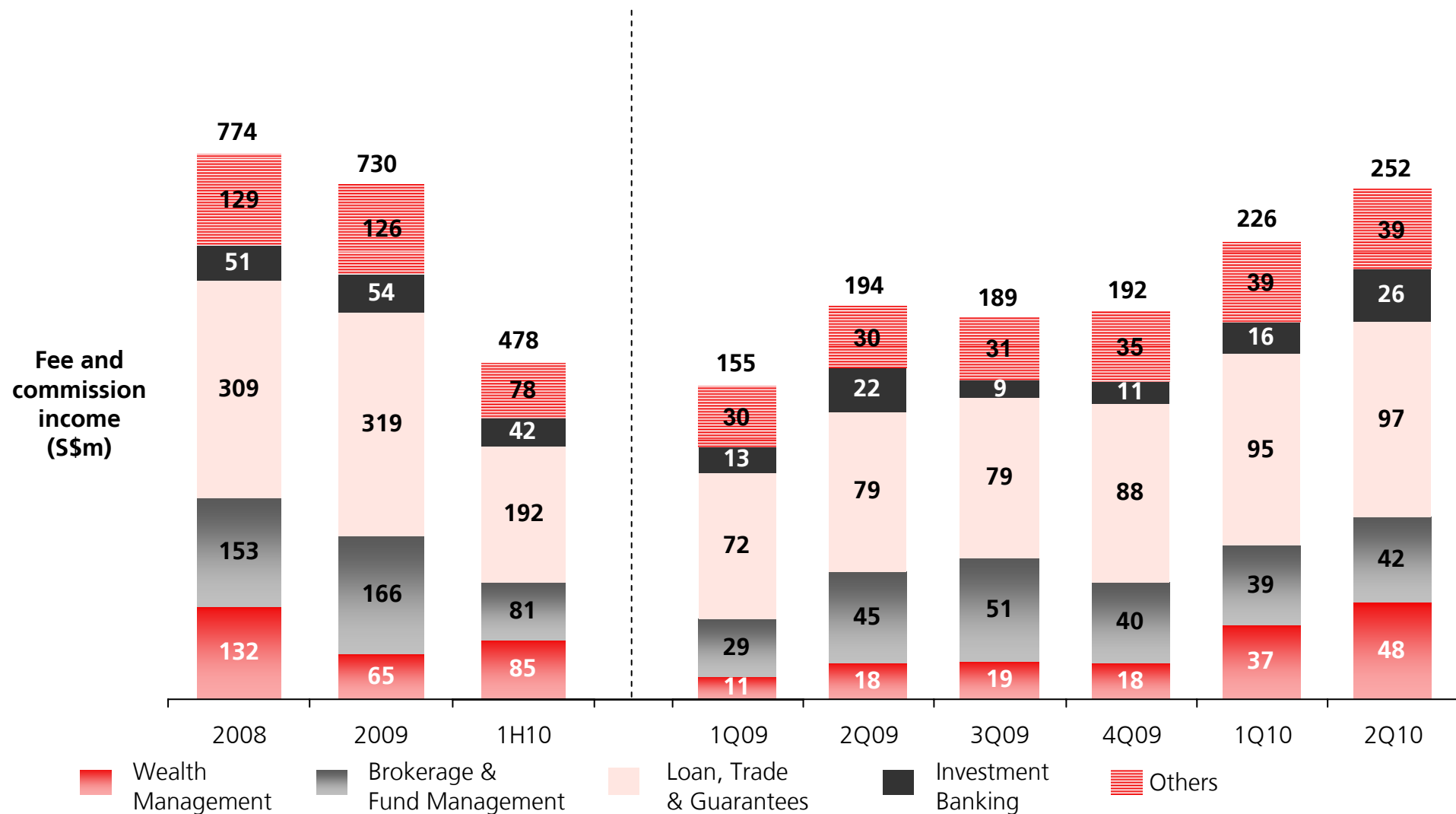


* 1Q09 insurance income includes non-recurring gains of S\$201m

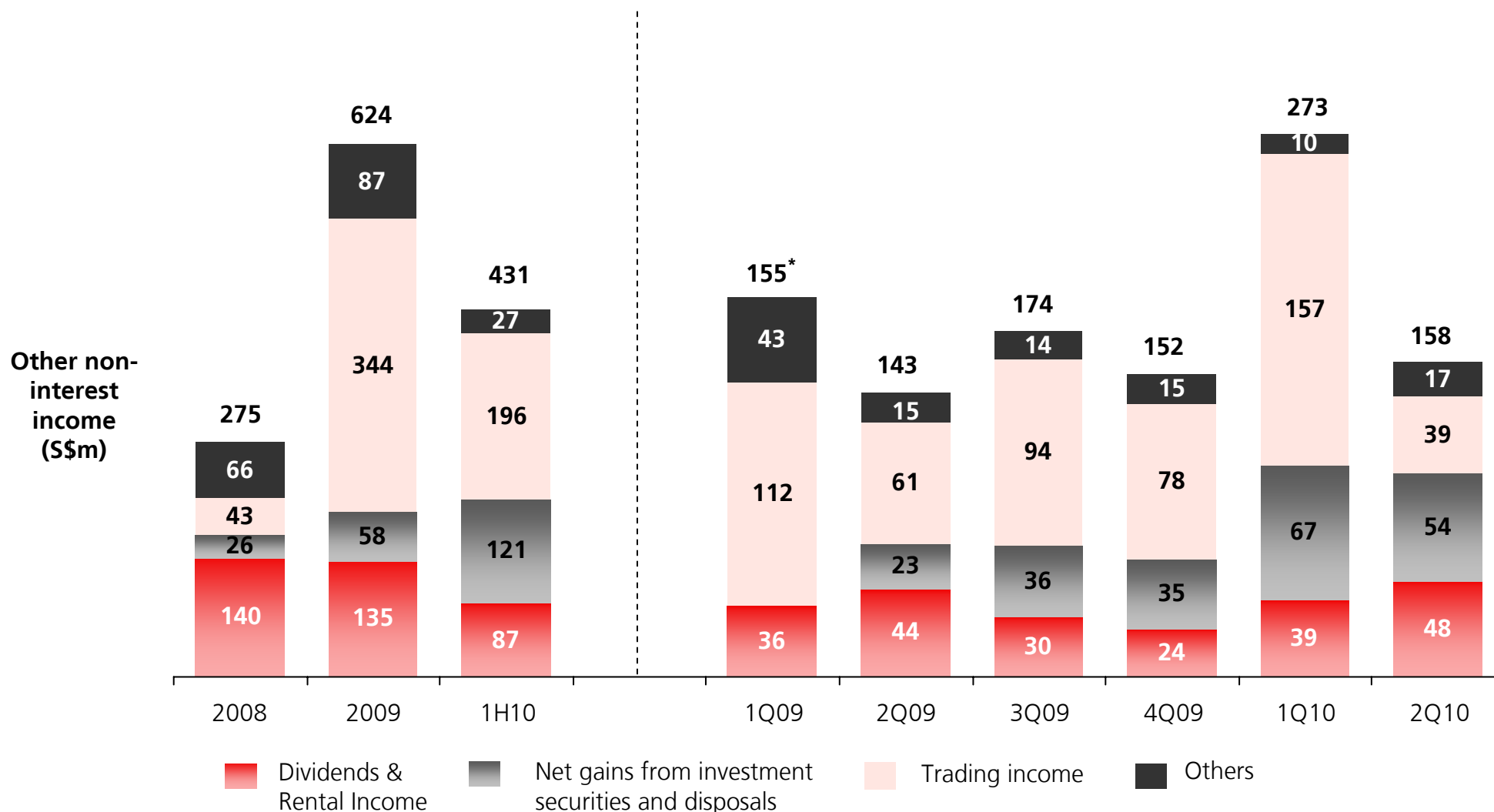
[^] 3Q09 insurance income includes GLC loss of S\$213m



Fee and commission income up 30% YoY

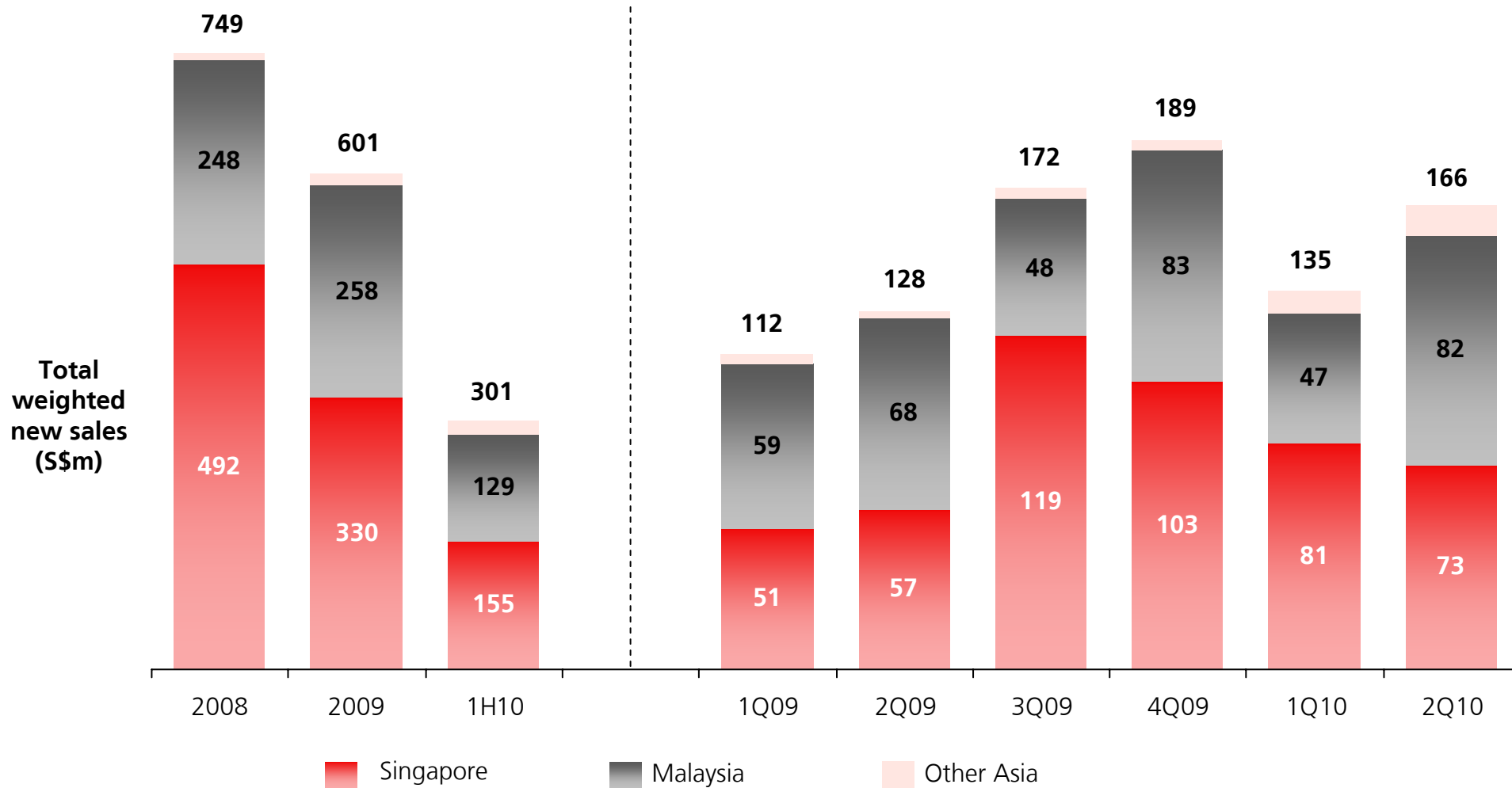


Other non-interest income up 11% YoY

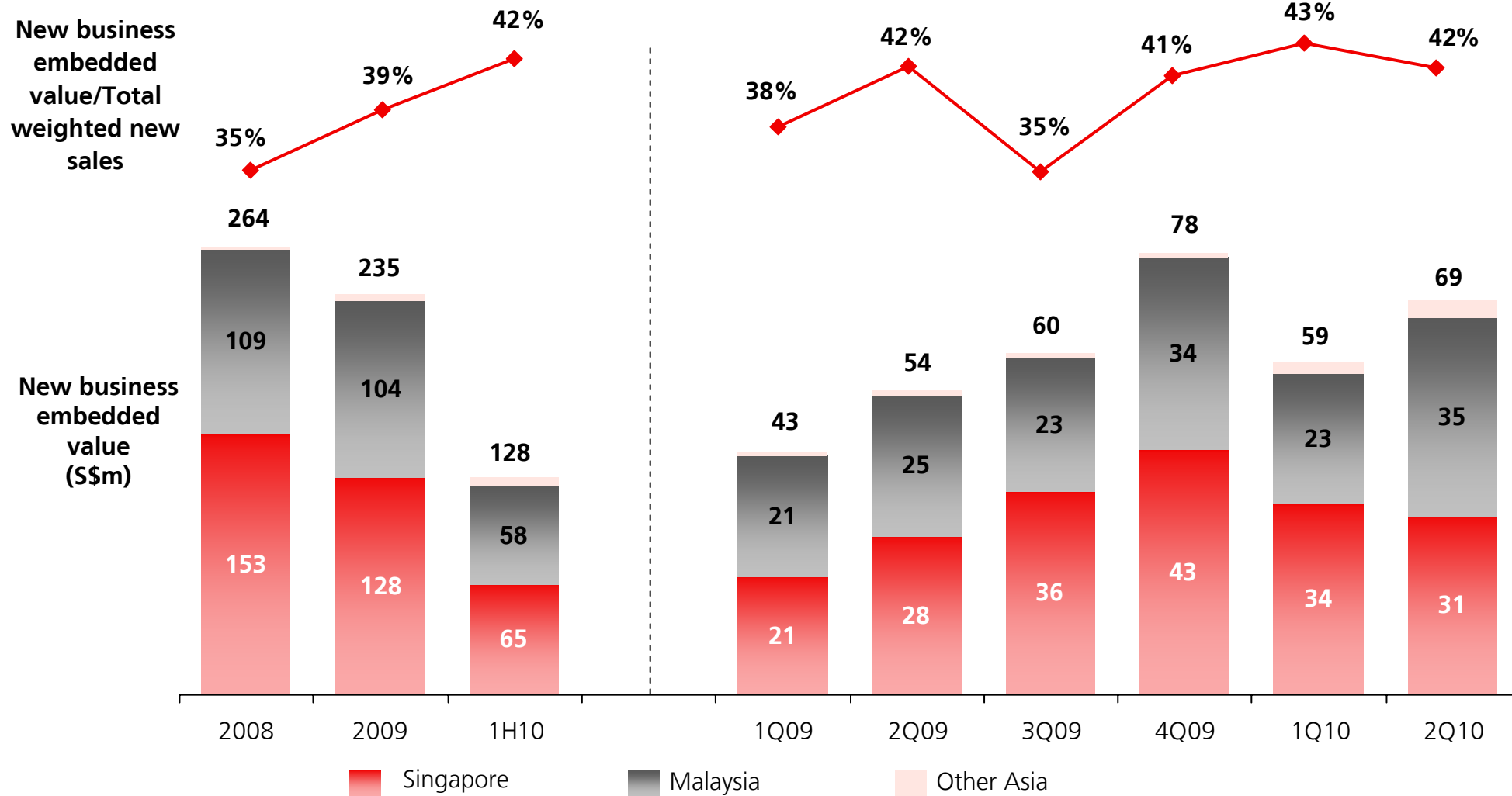


* 1Q09 includes S\$36m net loss on sale of investment securities

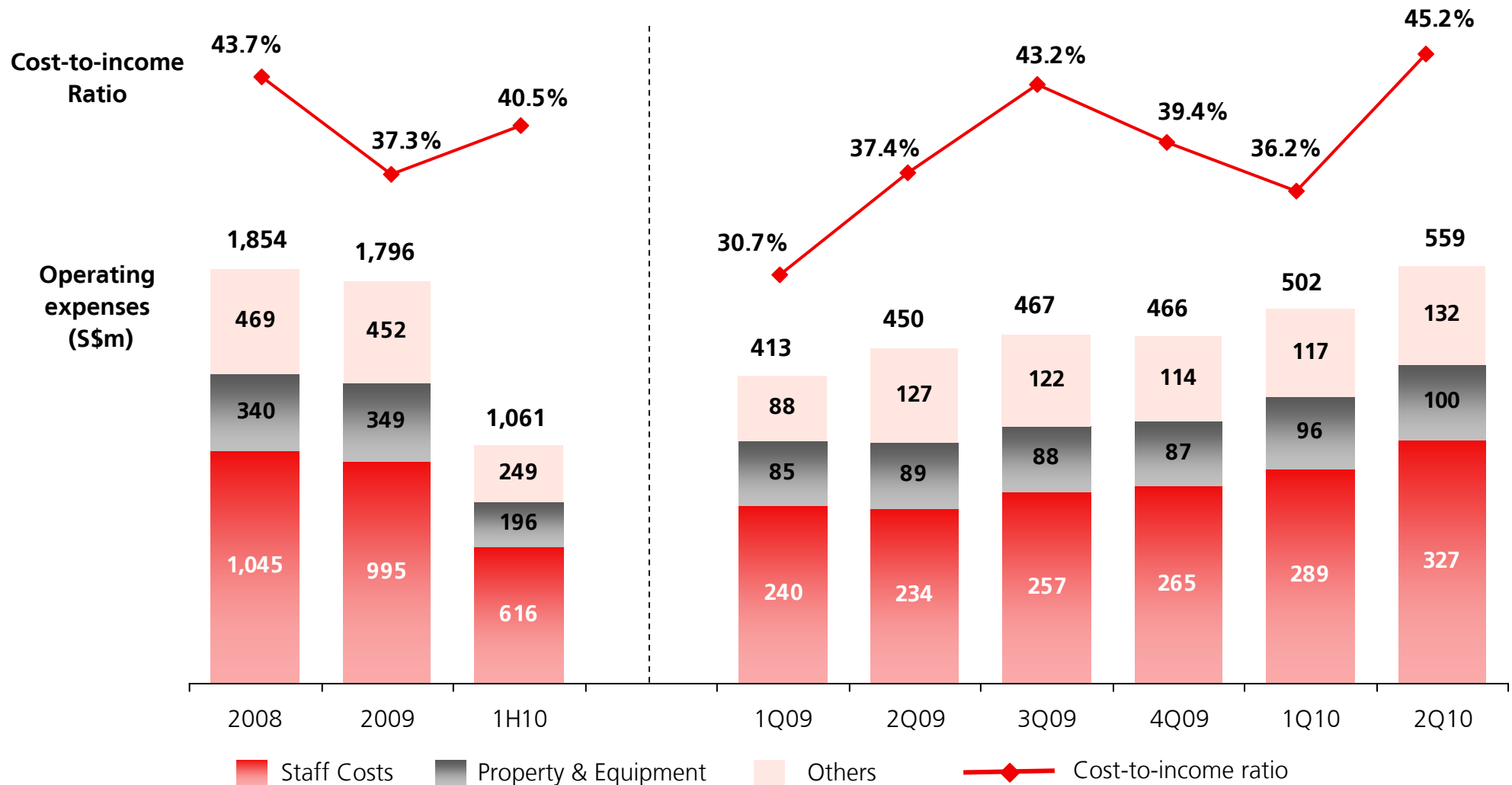
GEH: 2Q10 total weighted new sales up 30% YoY



GEH: 2Q10 new business embedded value up 29% YoY

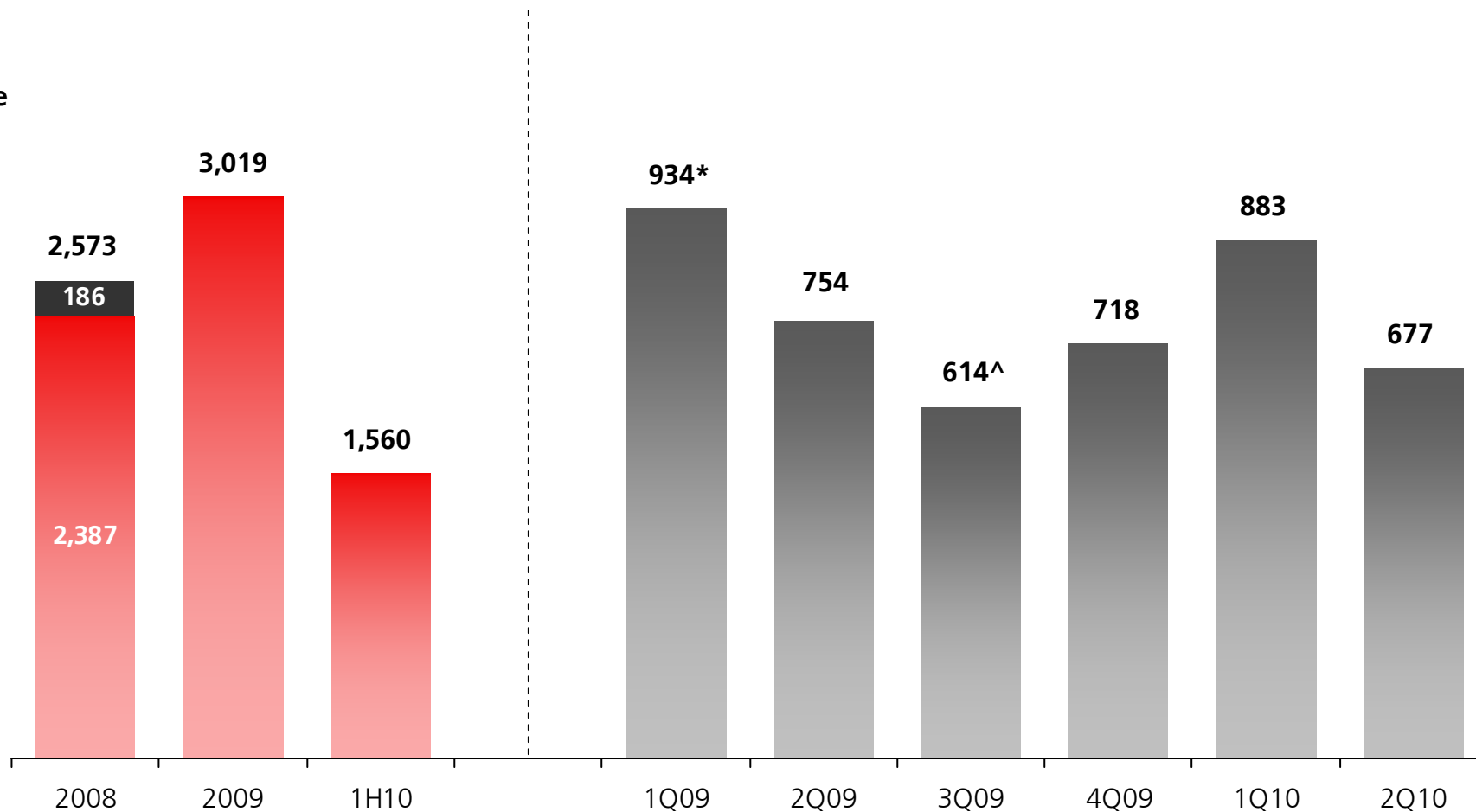


Operating expenses increased due to renewed investments in regional expansion, consolidation of Bank of Singapore and higher business volumes



Second quarter operating profit down 10% YoY

Operating profit before allowances (S\$m)



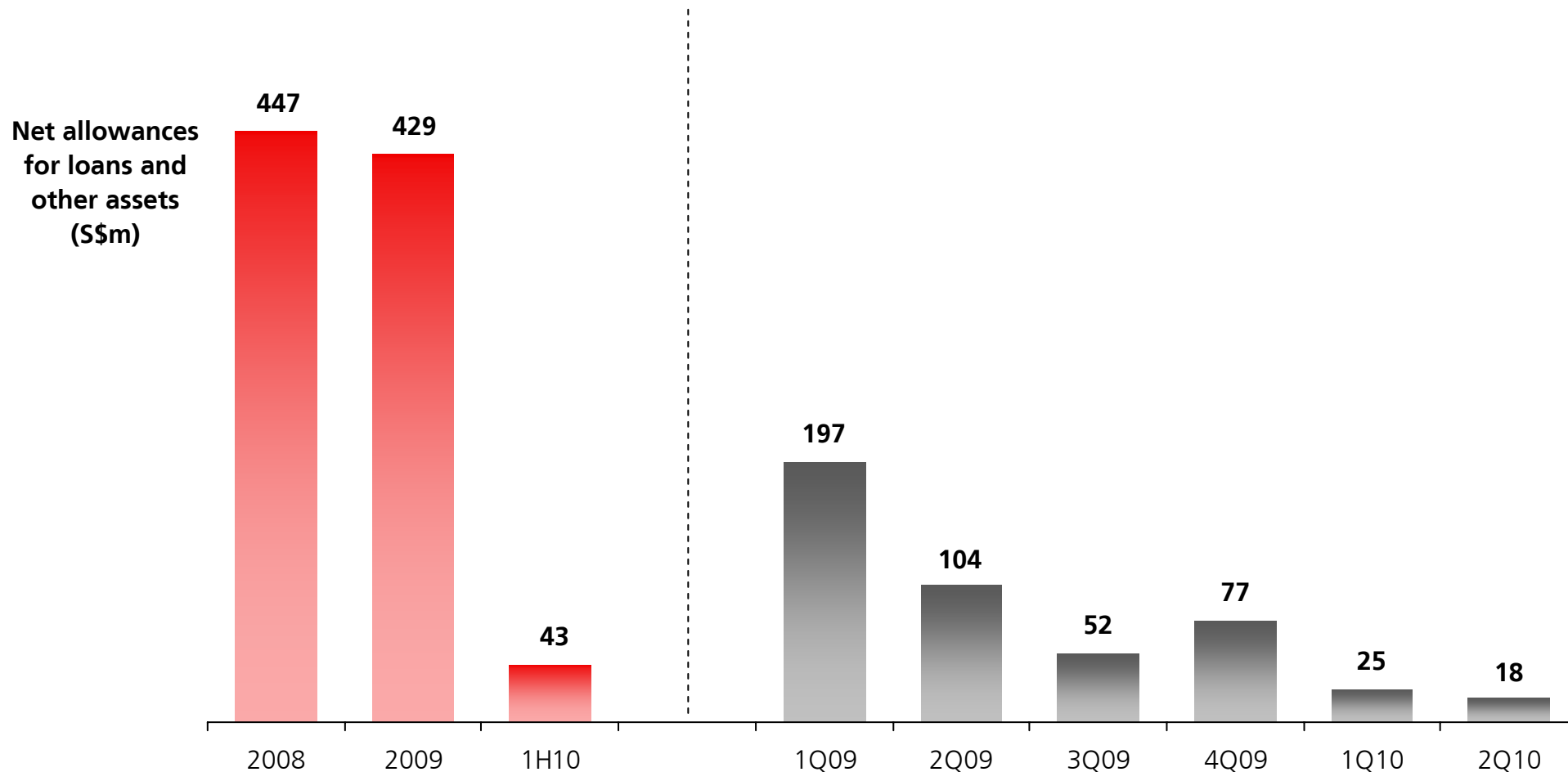
■ Divestment gains

* Includes S\$201m non-recurring gains from GEH

^ Includes GLC loss of S\$213m from GEH



Net allowances reflect stable overall loan credit quality



Breakdown of allowances

	1H10 S\$m	1H09 S\$m	2Q10 S\$m	1Q10 S\$m	2Q09 S\$m
Specific allowances for loans	16	132	11	5	44
Portfolio allowances for loans	35	7	5	30	5
Allowances for CDOs (Write-back)	(8)	92	(1)	(7)	(2)
Allowances for other assets (Write-back)	(#)	70	3	(3)	57
Total net allowances	43	301	18	25	104
Specific loan allowances/ average loans (bps)*	4	33	5	2	22

* Annualised

represents amounts less than S\$0.5 million

Movement in specific allowances for loans

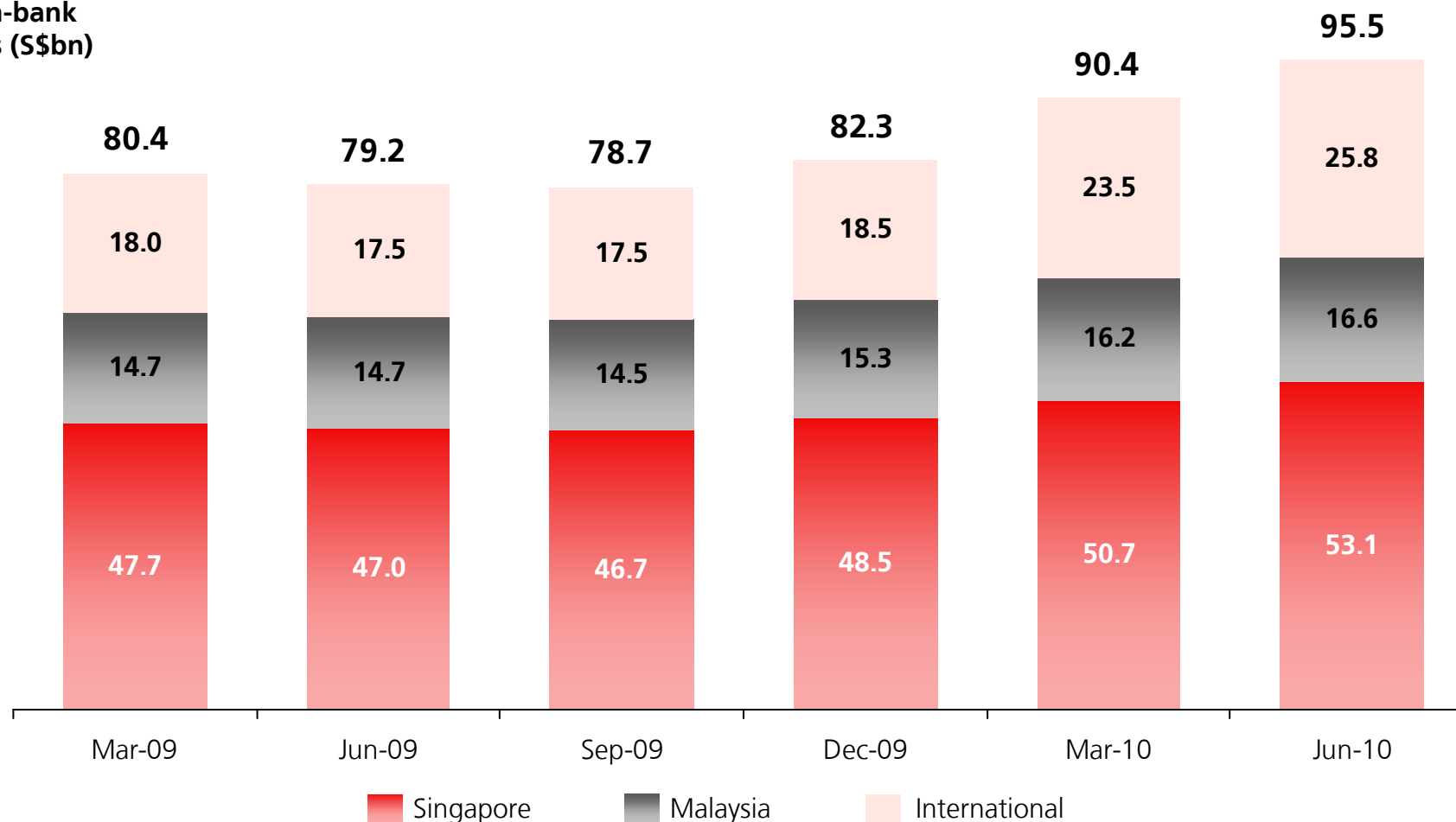
	1H10 S\$m	1H09 S\$m	2Q10 S\$m	1Q10 S\$m	2Q09 S\$m
Allowances for new and existing NPLs	123	242	55	68	104
Write-backs ^{1/}	(87)	(93)	(32)	(54)	(51)
Recoveries ^{2/}	(21)	(18)	(12)	(9)	(10)
Net Specific Allowances	16	132	11	5	44

^{1/} Write-backs of specific allowances for existing NPLs due to settlements and repayments

^{2/} Recoveries of allowances for loans that had been written off

Loans grew 21% YoY and 6% QoQ

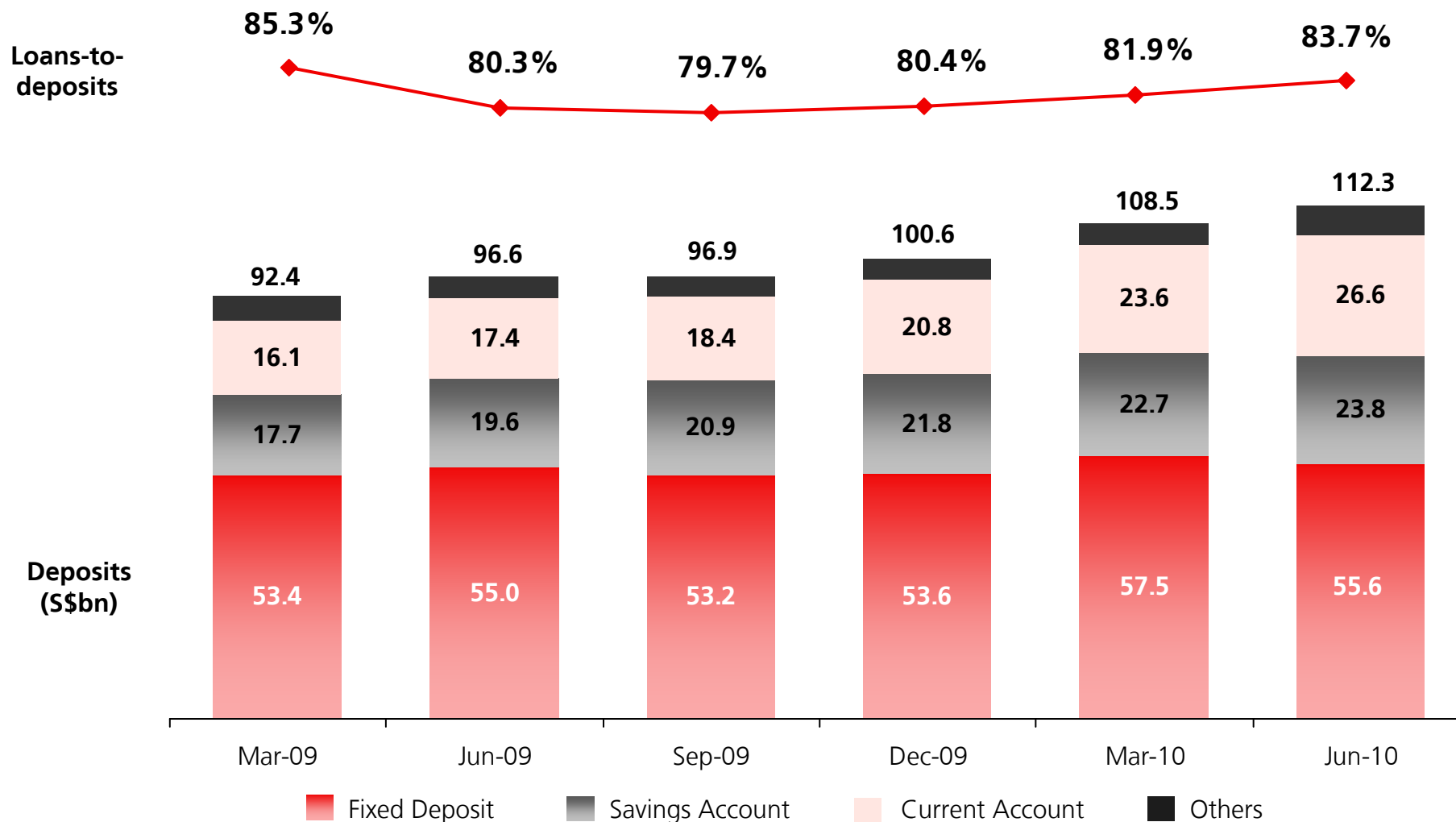
Non-bank loans (S\$bn)



Note: Loans by geography are based on where the credit risks reside

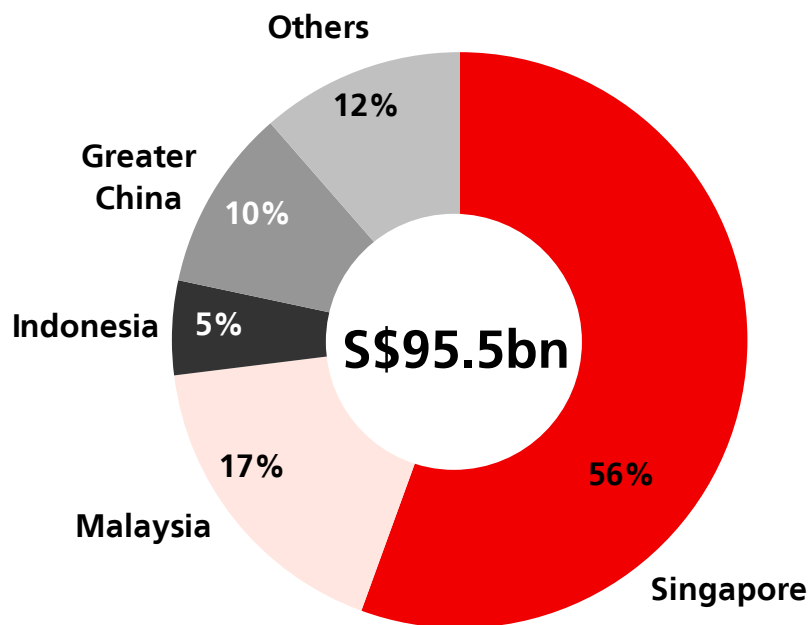


Led by current accounts / savings accounts, customer deposits grew 16% YoY and 3% QoQ

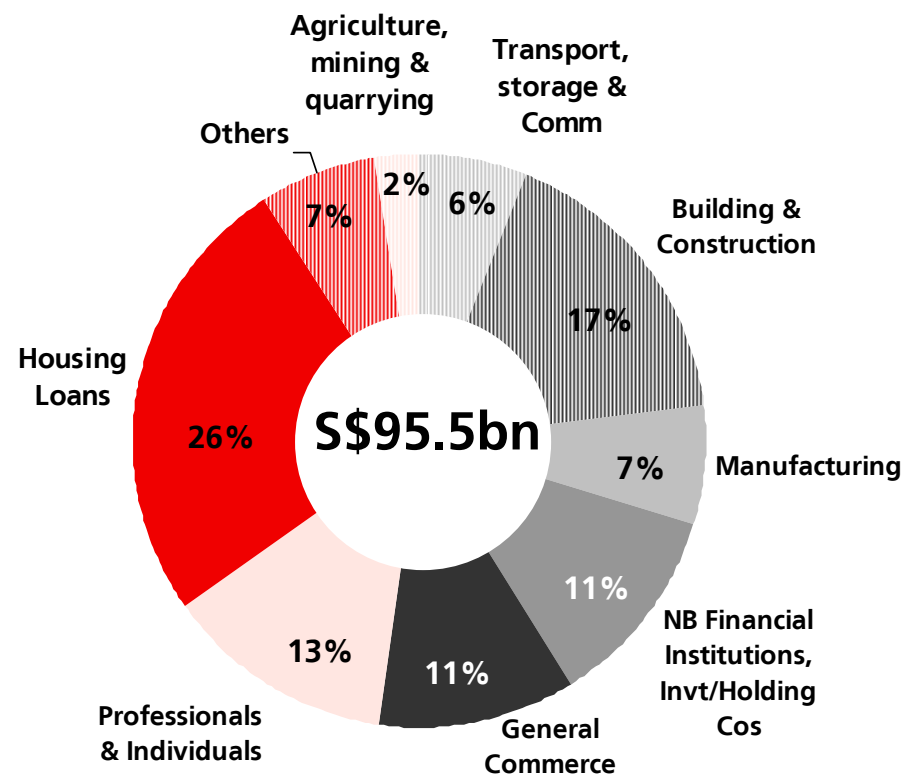


Diversified loan book

Customer Loans by Geography*
As at 30 June 2010

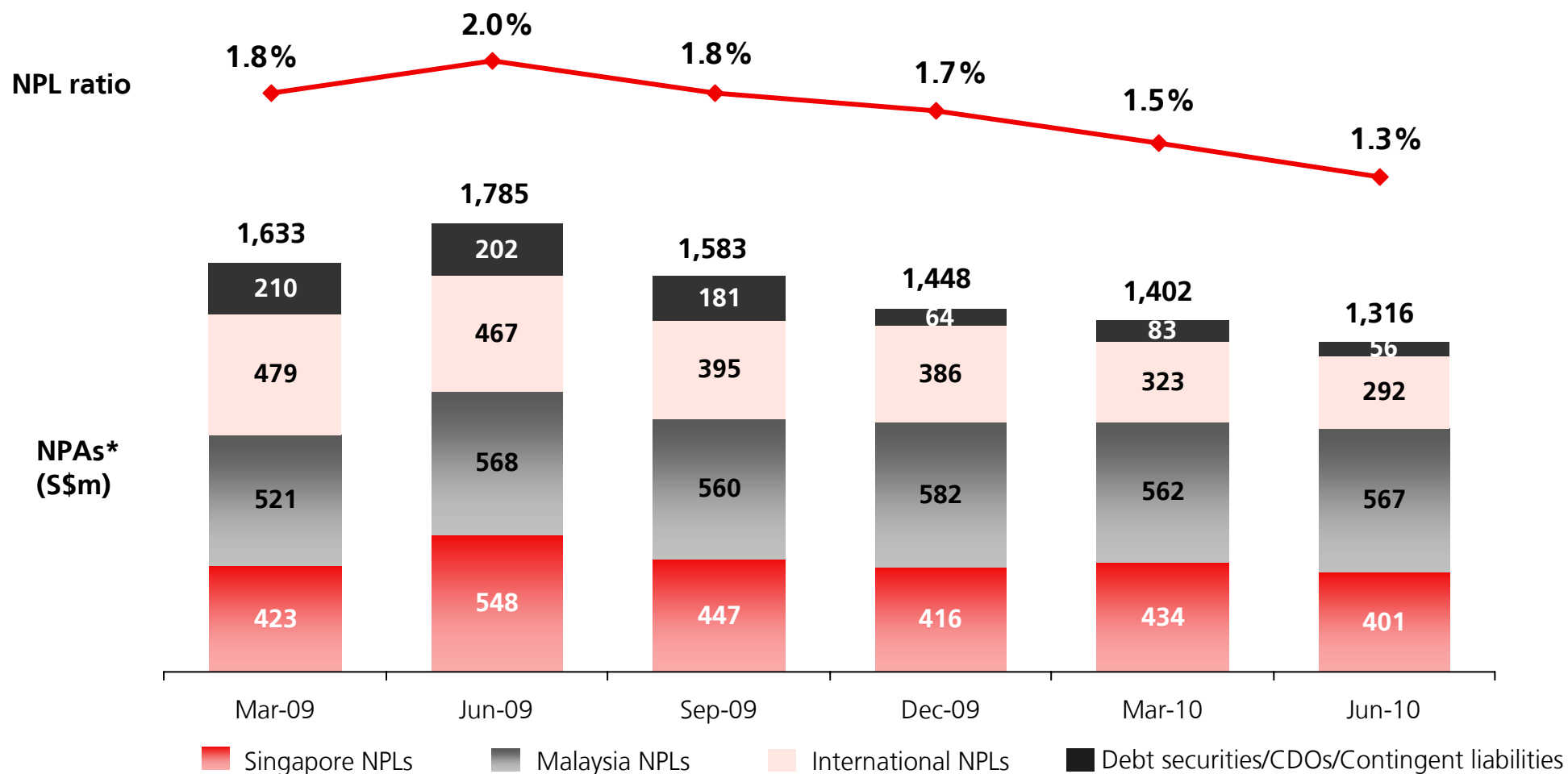


Customer Loans by Sector
As at 30 June 2010



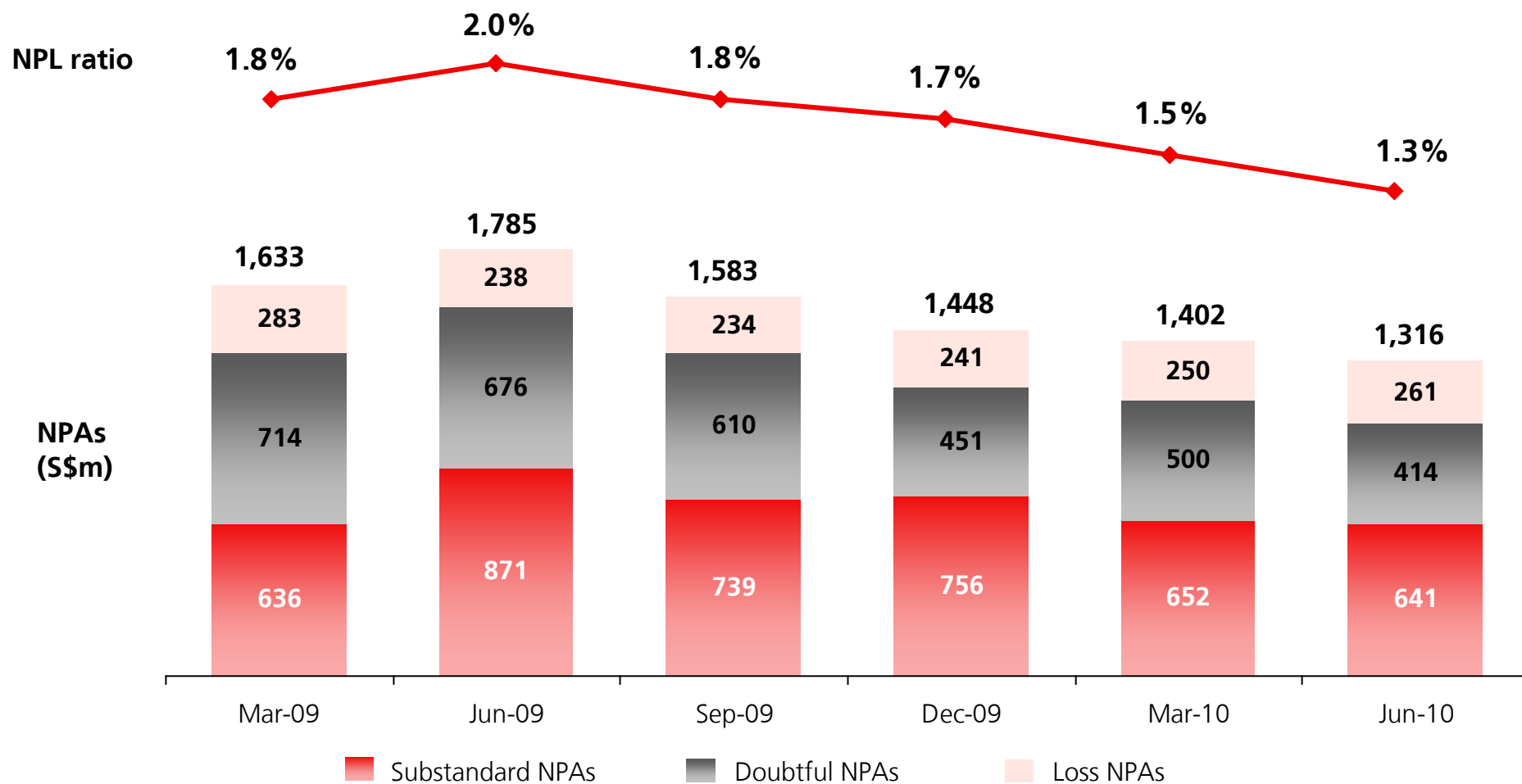
* Based on where the credit risks reside, which may be different from the country of the borrower or where the loans are booked

NPL ratio continues to decline



* NPAs comprise NPLs and classified debt securities/CDOs/contingent liabilities. NPLs for prior periods have been restated to comprise loans only.

Largest NPA segment classified as "Substandard" – typically well-collateralised and / or no overdues

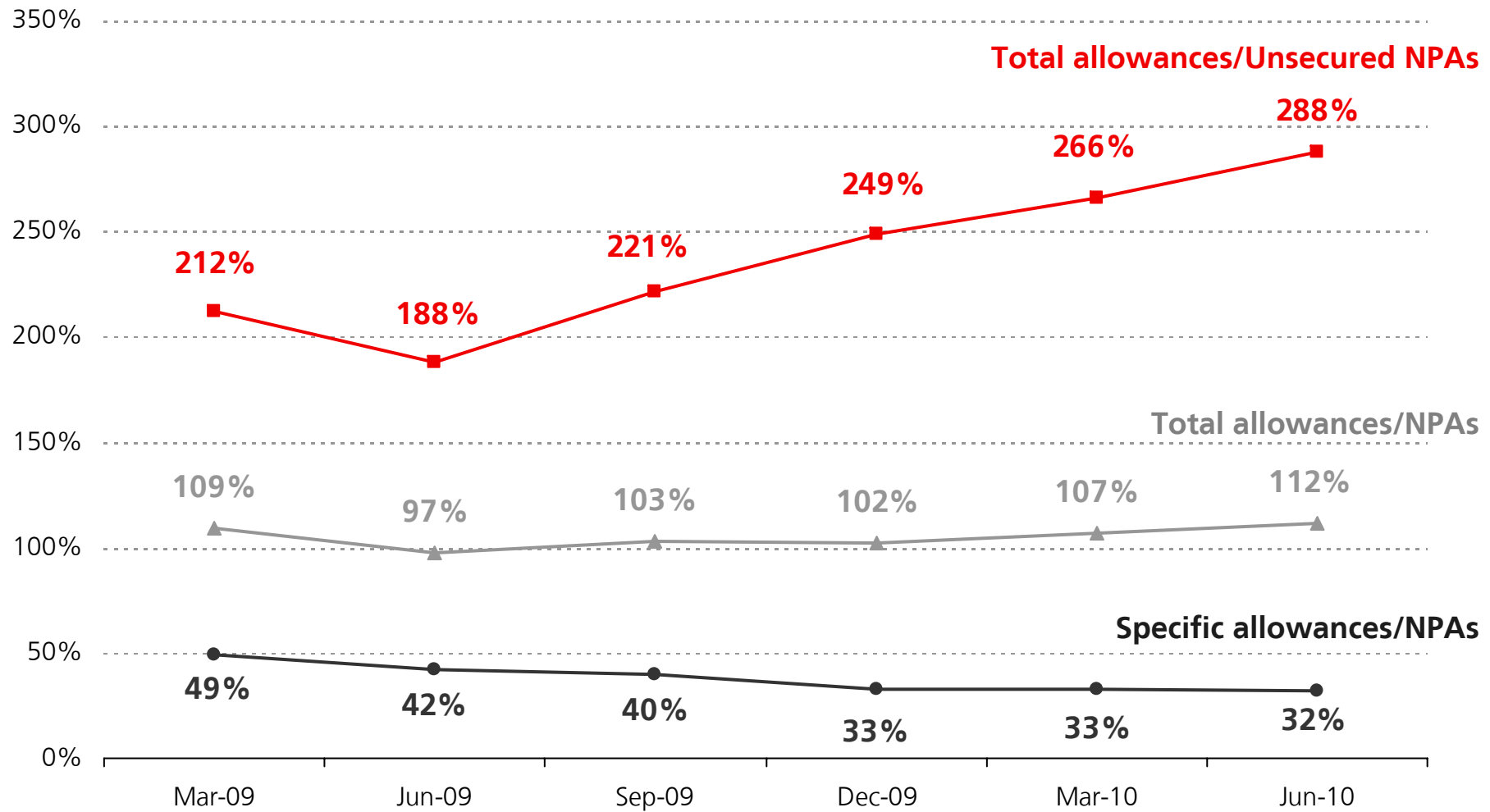


Inflow of new NPAs remains low

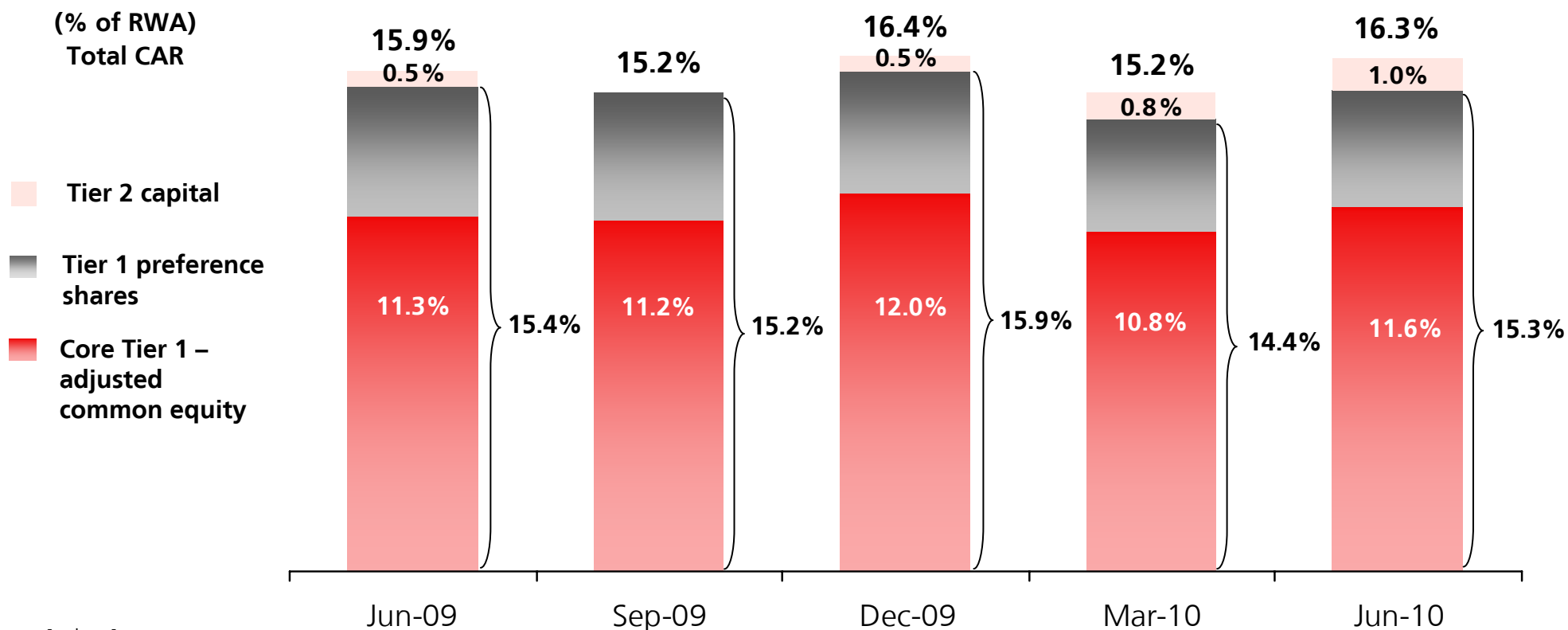
	1H10 S\$m	1H09 S\$m	2Q10 S\$m	1Q10 S\$m	2Q09 S\$m
Opening Balance (excluding CDOs)	1,442	1,239	1,396	1,442	1,462
New NPAs	247	841	124	123	417
Net Recoveries/Upgrades	(266)	(283)	(155)	(111)	(160)
Write-offs	(114)	(139)	(56)	(58)	(61)
Closing Balance (excl CDOs)	1,309	1,658	1,309	1,396	1,658
Add: Classified CDOs	7	127	7	6	127
Closing Balance (incl CDOs)	1,316	1,785	1,316	1,402	1,785

Note: BOS included from 1Q10 onwards

Allowance coverage continued to improve



Tier 1 and Core Tier 1 ratios strengthened



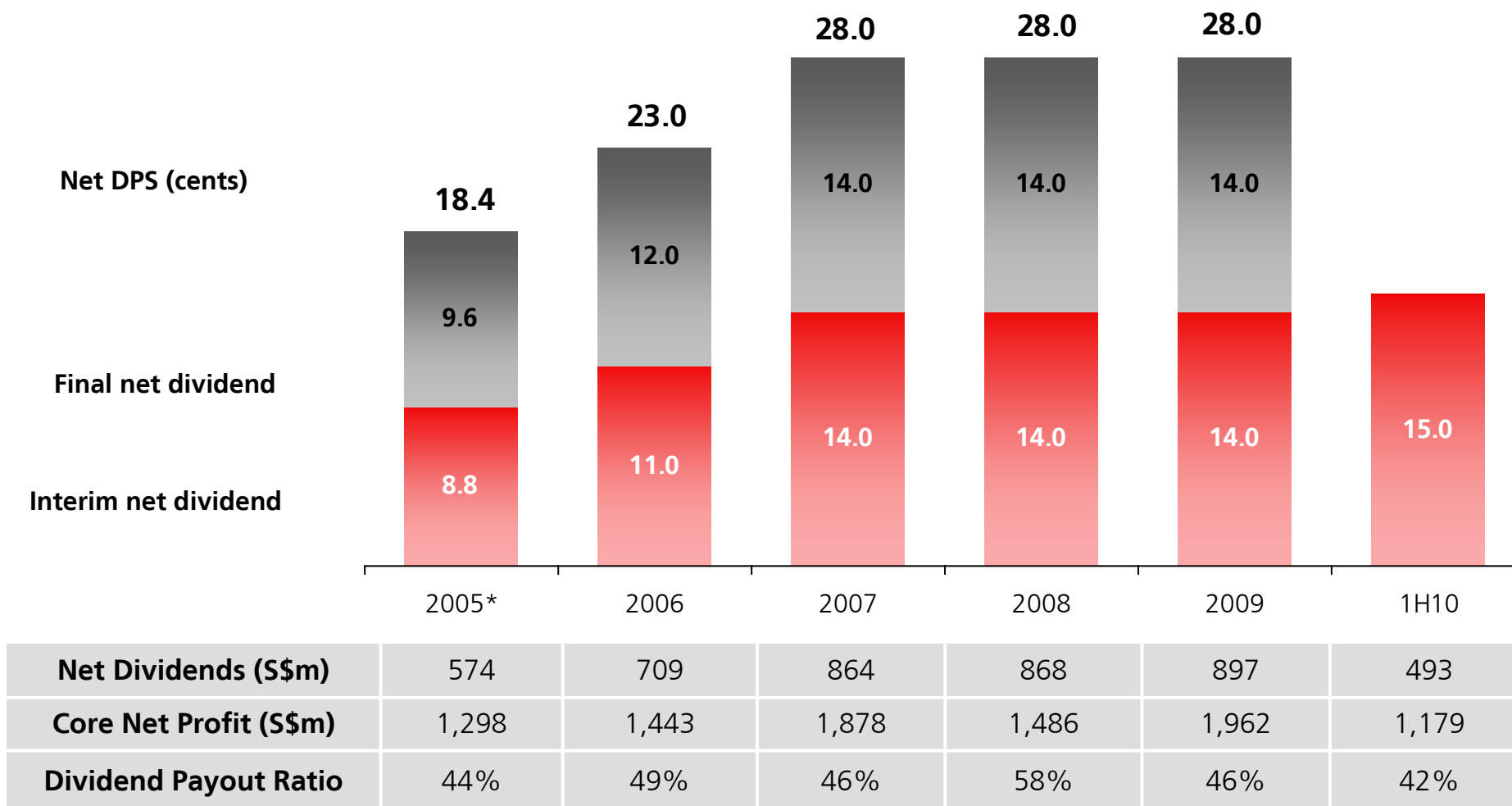
(\$m)

	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10
Tier 1 Capital	15,018	14,988	15,962	15,716	16,161
Tier 1 Prefs	3,958	3,957	3,958	3,965	3,966
RWA	97,424	98,088	100,013	108,505	105,073

Note: Capital ratios are computed based on Basel II framework and in accordance with revised MAS Notice 637



Interim dividend increased to 15 cents per share



* Excludes Bonus Dividend of S\$0.417 per share in 2005 (adjusted)

OCBC Malaysia: quarterly results

UNAUDITED RESULTS*

	2Q10 RM m	2Q09 RM m	YoY +/(-)%	1Q10 RM m	QoQ +/(-)%
Net Interest Income	281	253	11	264	6
Islamic Banking Income	39	28	39	42	(6)
Non-Interest Income	102	65	57	139	(27)
Total Income	422	346	22	445	(5)
Operating Expenses	(171)	(141)	21	(144)	19
Operating Profit	251	205	22	301	(17)
Allowances	(32)	(38)	(14)	(21)	54
Tax	(56)	(43)	31	(71)	(21)
Net Profit	163	125	30	209	(22)

* Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

OCBC Malaysia: half-year results

UNAUDITED RESULTS*

	1H10 RM m	1H09 RM m	YoY +/(-)%	2H09 RM m	HoH +/(-)%
Net Interest Income	545	505	8	531	3
Islamic Banking Income	81	61	33	83	(3)
Non-Interest Income	241	238	1	177	36
Total Income	867	804	8	791	10
Operating Expenses	(315)	(280)	12	(317)	(1)
Operating Profit	552	524	5	474	16
Allowances	(54)	(81)	(34)	(104)	(49)
Tax	(127)	(113)	12	(92)	38
Net Profit	372	330	13	278	34

* Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

OCBC Malaysia: key financial ratios

	1H10 %	1H09 %	2Q10 %	1Q10 %	2Q09 %
Net Interest Margin	2.36	2.41	2.46	2.27	2.35
Non-Interest Income / Total Income	27.8	29.6	24.2	31.2	18.8
Cost-to-Income Ratio	36.3	34.8	40.5	32.3	40.8
Loans-to-Deposits Ratio	83.4	80.3	83.4	80.3	80.3
Gross NPL Ratio	3.6	3.8	3.6	3.6	3.8
Loans Growth (YoY)	9.2	5.1	9.2	7.0	5.1
ROE	19.4	20.3	16.6	22.3	15.1

Bank OCBC NISP: quarterly results

UNAUDITED RESULTS

	2Q10 RP bn	2Q09 RP bn	YoY +/(-)%	1Q10 RP bn	QoQ +/(-)%
Net Interest Income	442	430	3	445	(1)
Non-Interest Income	111	159	(30)	119	(7)
Total Income	553	589	(6)	564	(2)
Operating Expenses	(377)	(347)	9	(358)	5
Operating Profit	176	242	(27)	206	(15)
Allowances	(26)	(112)	(77)	(39)	(33)
Tax	(38)	(42)	(10)	(42)	(10)
Net Profit	114	89	28	126	(9)

Bank OCBC NISP: half-year results

UNAUDITED RESULTS

	1H10 RP bn	1H09 RP bn	YoY +/(-)%	2H09 RP bn	HoH +/(-)%
Net Interest Income	887	829	7	897	(1)
Non Interest Income	230	278	(17)	219	5
Total Income	1,117	1,107	(1)	1,116	0
Operating Expenses	(735)	(682)	8	(695)	6
Operating Profit	382	425	(10)	421	(9)
Allowances	(65)	(192)	(66)	(45)	44
Tax	(80)	(71)	13	(105)	(24)
Net Profit	240	162	48	274	(12)

Bank OCBC NISP: key financial ratios

	1H10 %	1H09 %	2Q10 %	1Q10 %	2Q09 %
Net Interest Margin	5.31	5.22	5.21	5.42	5.41
Non-Interest Income / Total Income	20.6	25.1	20.0	21.2	27.1
Cost-to-Income Ratio	65.8	61.6	68.1	63.5	59.0
Loans-to-Deposits Ratio	77.5	69.4	77.5	76.6	69.4
Gross NPL Ratio	3.0	3.9	3.0	3.3	3.9
Loans Growth (YoY)	26.7	(6.4)	26.7	9.7	(6.4)
ROE	11.6	9.0	10.9	12.3	9.8

In Summary

- Broad-based loans growth in our key markets drove increase in net interest income
- Bank of Singapore expanding as planned, boosting wealth management income
- Dealing income impacted by volatile financial markets
- Great Eastern delivering robust growth in new business sales and EV
- Effective credit portfolio management continues to deliver results: NPLs and allowances remain low
- On balance, we are positive on the outlook for the rest of the year in our key markets