

# Third Quarter 2004 Results

## Presentation

10 November 2004



- **Results at a Glance**
- **Income Statement Trends**
- **Loans and Deposits**
- **Asset Quality and Provisions**
- **Divestment of Non-Core Assets**
- **Conclusion**

# Results at a Glance - Quarterly

	3Q04	3Q03	YoY	2Q04	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	384	359	7	380	1
Non-Interest Income	384	230	67	267	44
- <i>Fee Income</i>	118	100	18	117	-
<b>Total Income</b>	<b>768</b>	<b>589</b>	<b>30</b>	<b>647</b>	<b>19</b>
Operating Expenses	251	214	17	236	6
<b>Operating Profit</b>	<b>517</b>	<b>375</b>	<b>38</b>	<b>411</b>	<b>26</b>
Goodwill	45	32	42	36	25
Provisions	36	37	(2)	22	64
Associates	7	52	(86)	48	(85)
<b>Net Profit</b>	<b>324</b>	<b>292</b>	<b>11</b>	<b>303</b>	<b>7</b>

# Results at a Glance – Year-to-Date

	9 Months 2004	9 Months 2003	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	1,129	1,066	6
Non-Interest Income	812	552	47
- <i>Fee Income</i>	350	270	30
<b>Total Income</b>	<b>1,941</b>	<b>1,618</b>	<b>20</b>
Operating Expenses	692	638	8
<b>Operating Profit</b>	<b>1,248</b>	<b>980</b>	<b>27</b>
Goodwill	113	95	19
Provisions	79	171	(54)
Associates	117	141	(17)
<b>Net Profit</b>	<b>883</b>	<b>676</b>	<b>31</b>

# Results Adjusted to Exclude Divestment Gains

<b>Quarterly</b>	<b>3Q04</b>	<b>3Q03</b>	<b>YoY</b>	<b>2Q04</b>	<b>QoQ</b>
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Adjusted Operating Profit	385	297	30	411	(6)
Adjusted Net Profit	227	220	3	303	(25)

<b>Year-to-Date</b>	<b>9 Months 2004</b>	<b>9 Months 2003</b>	<b>YoY</b>
	S\$m	S\$m	+/(-)%
Adjusted Operating Profit	1,116	902	24
Adjusted Net Profit	786	604	30

Note: Adjusted to exclude the following gains from divestment of non-core assets:

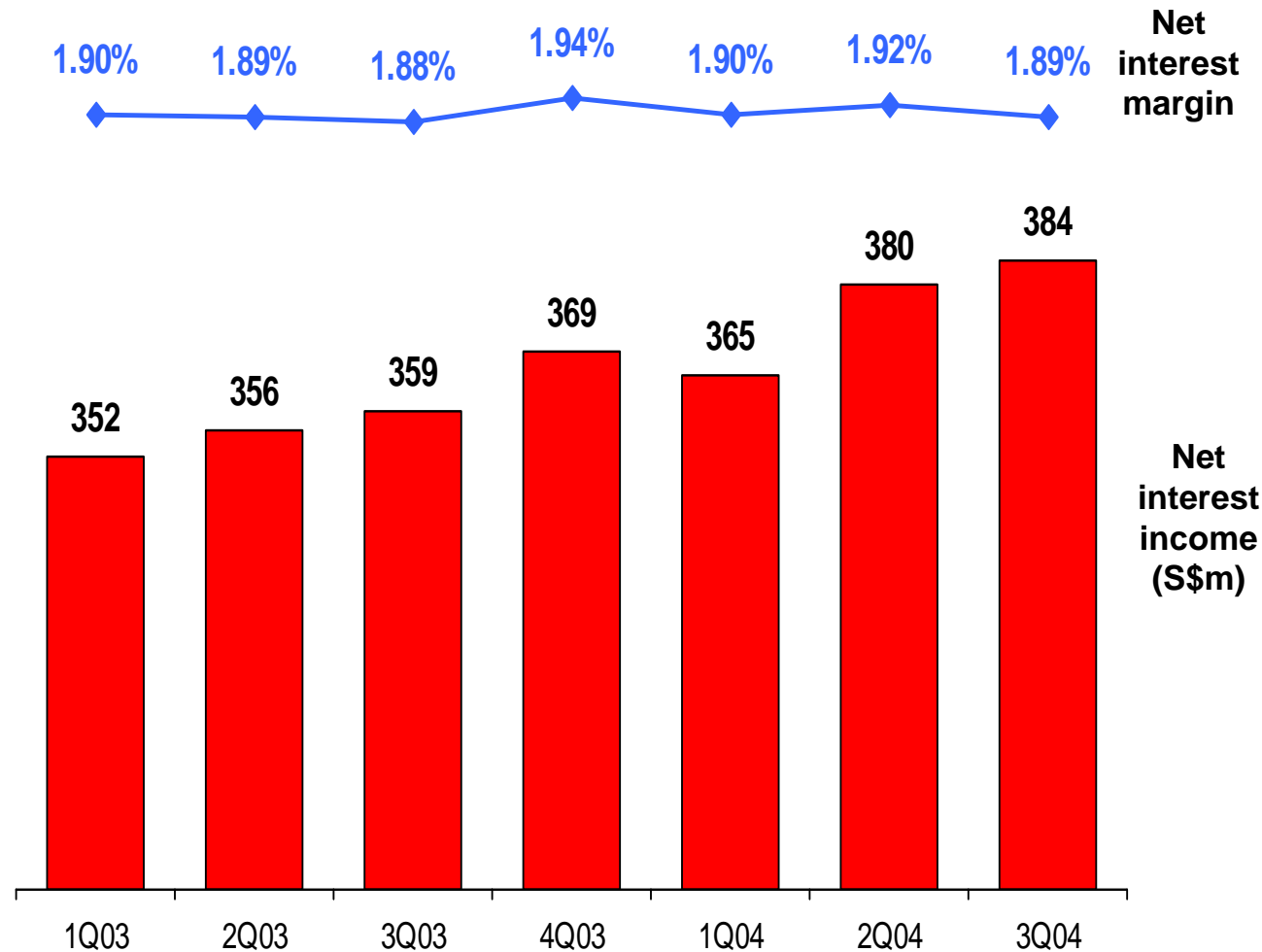
3Q03 – F&N (S\$78m gross, S\$72m net)

3Q04 – Raffles Investments (S\$55m net), Whitesands Shopping Mall (S\$77m gross, S\$43m after minorities)

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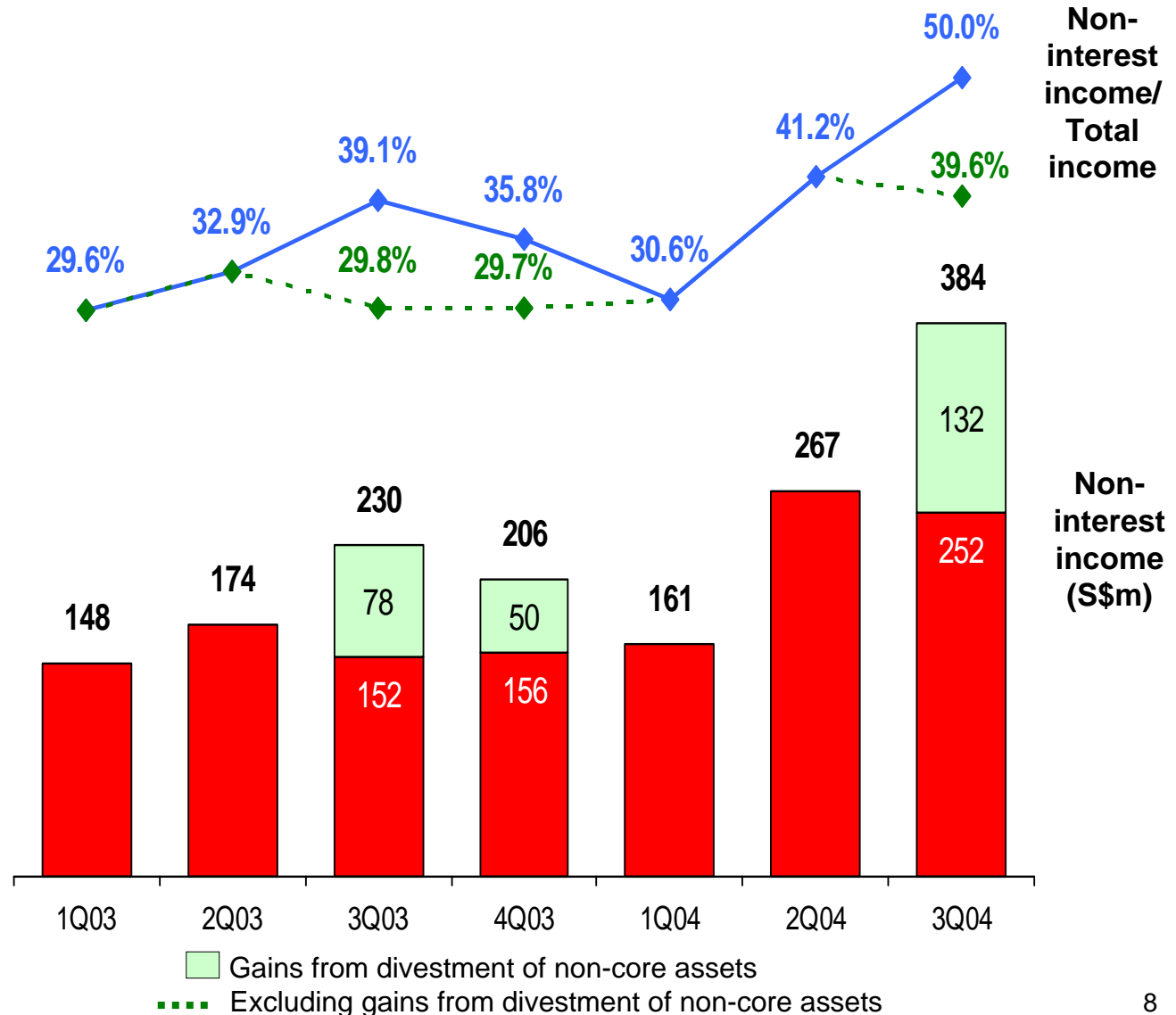
# Growth in Net Interest Income, Margins Remained Stable

- Net interest income continued its rising trend
- 3Q04 net interest income up 7% YoY and 1% QoQ, due to higher interest-earning assets
- 3Q04 net interest margin up 1 bps YoY but fell 3bps from 2Q04 due to higher cost of funds



# Non-Interest Income Boosted by Divestment Gains

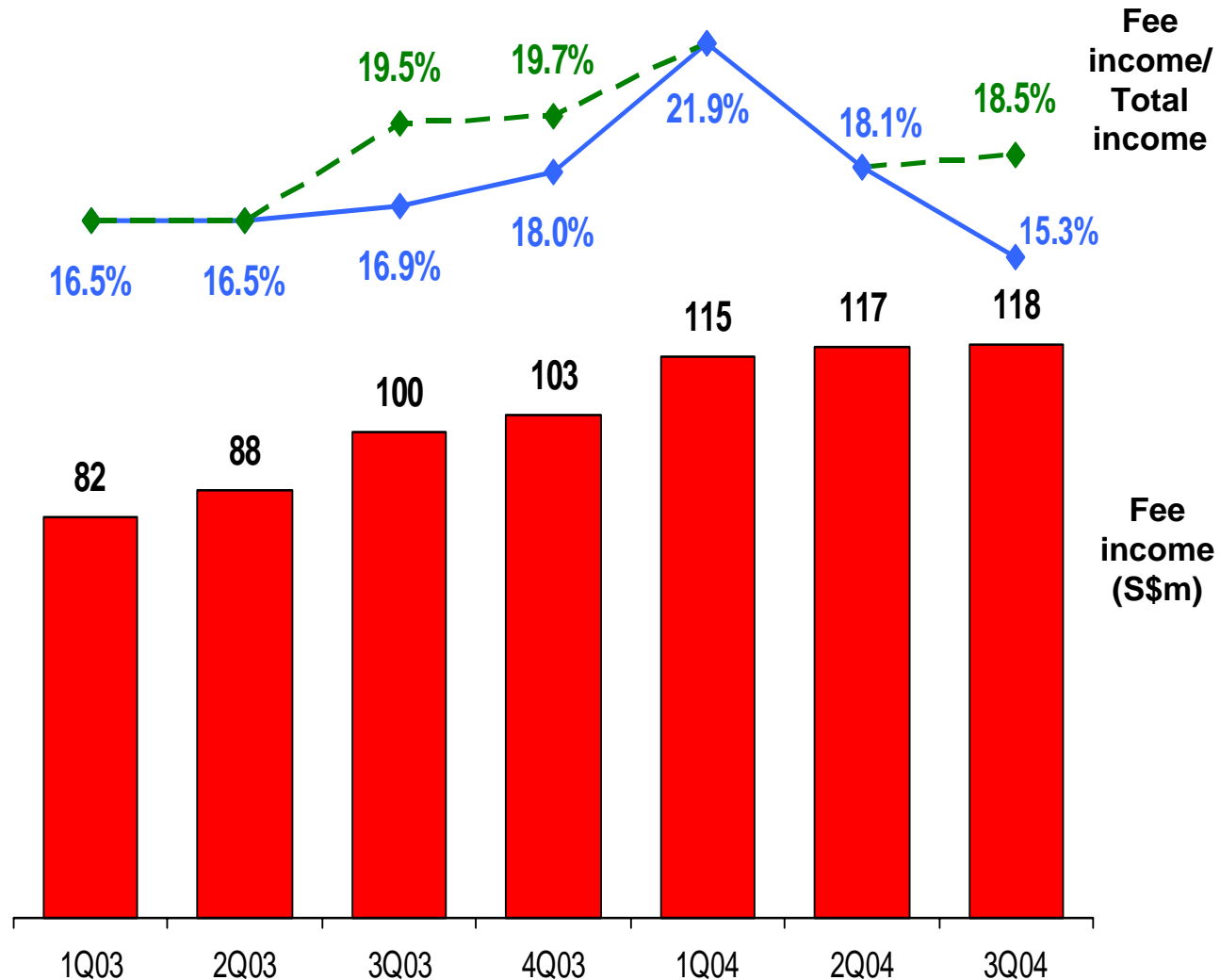
- 3Q04 non-interest income boosted by divestment gains of S\$132m and insurance income contribution of S\$85m from GEH
- Partly offset by S\$20m net loss in securities/ derivatives dealing compared to S\$49m net gain in 2Q04





# Fee Income Maintained

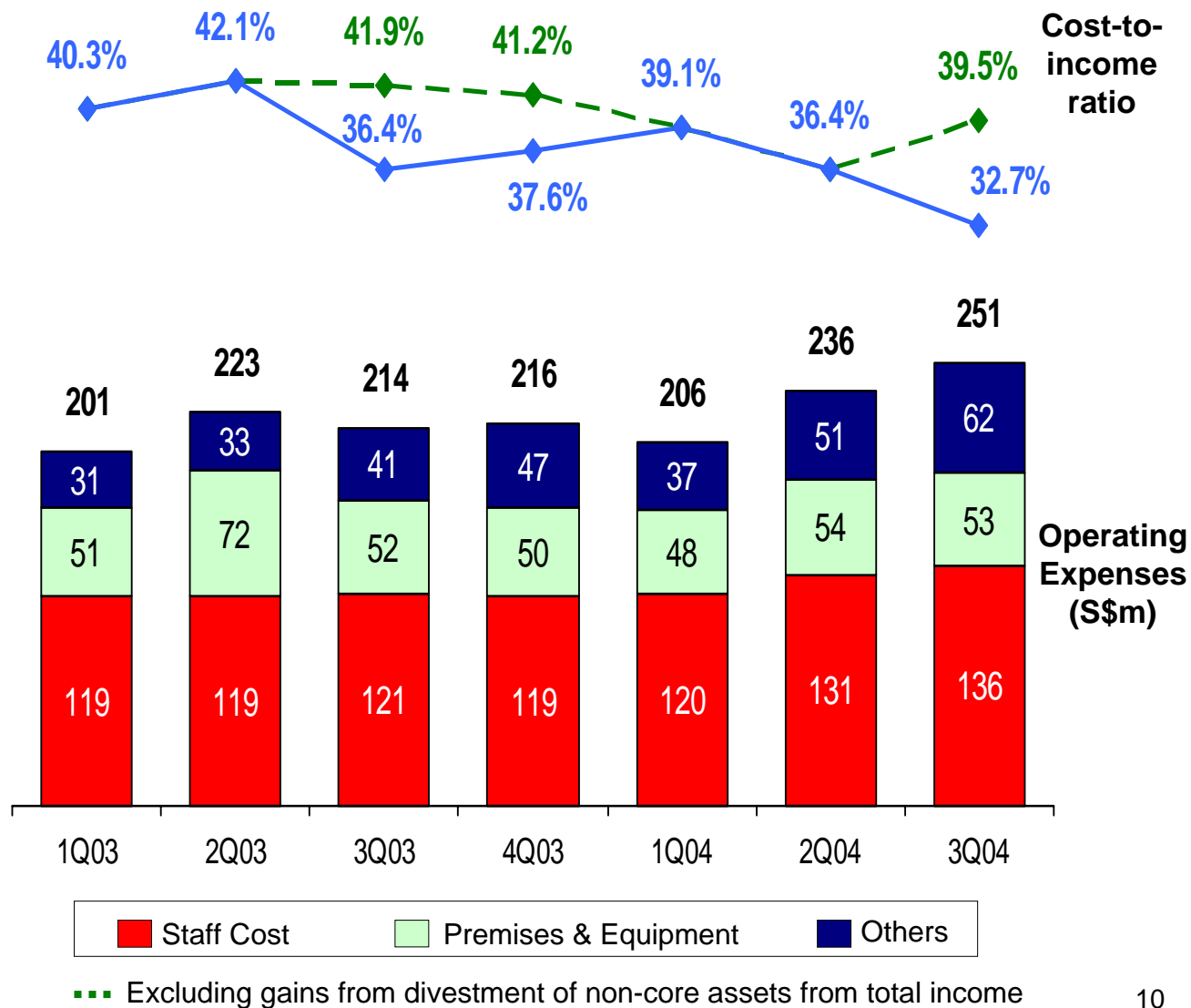
- Fee income up 18% from 3Q03, led by growth in wealth management, fund management, investment banking and trade-related income
- Fee income accounted for 18.5% of total income in 3Q04 excluding divestment gains



--- Ratio excludes gains from divestment of non-core assets from total income

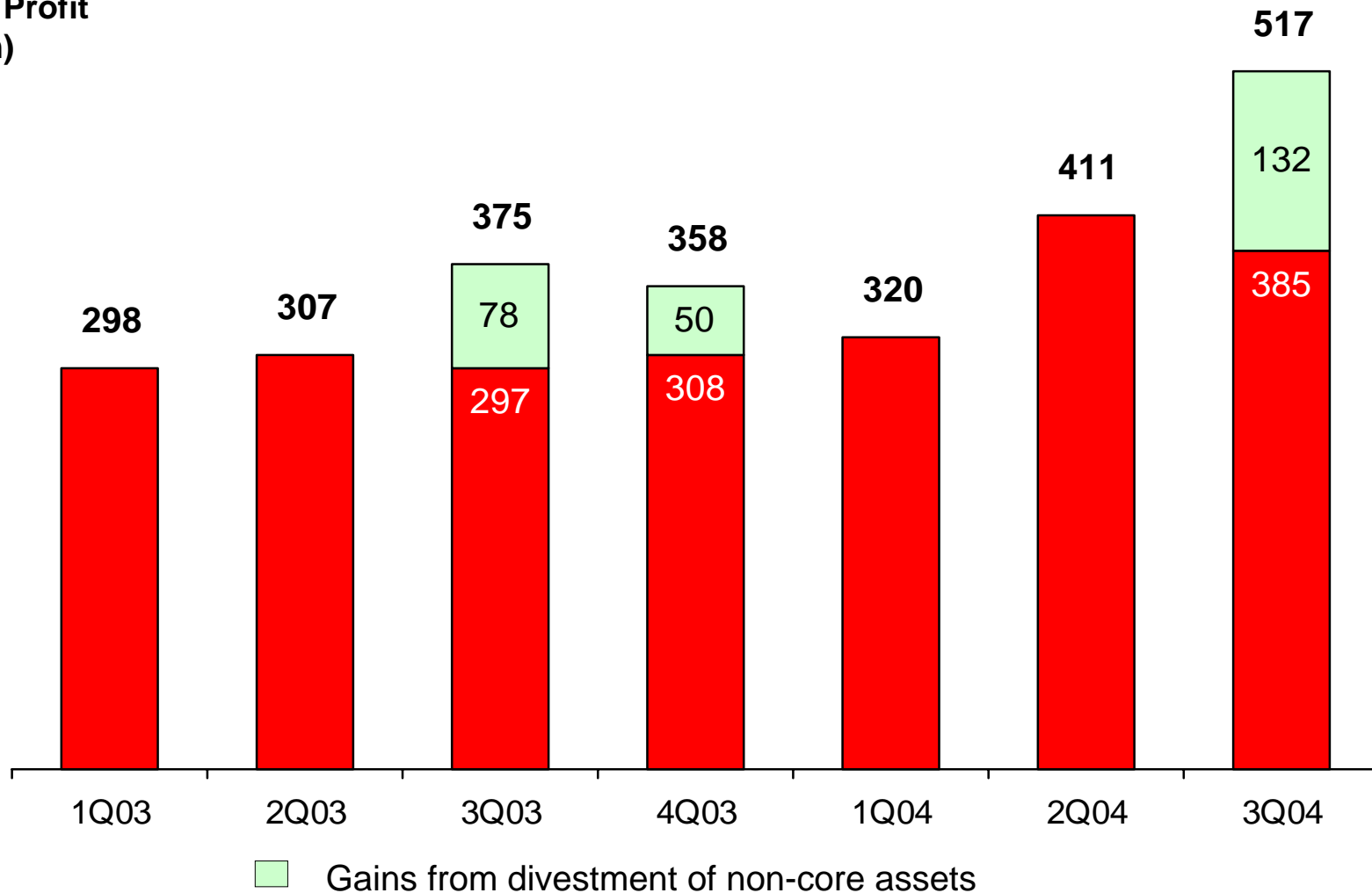
# Cost Ratio Remains Comfortable - Investing to Support Business Growth

- Expenses rose 6% QoQ, largely due to inclusion of 3 months of GEH's expenses in 3Q04 vs 1 month in 2Q04
- Excluding GEH, 3Q04 expenses fell 1% QoQ and increased 7% YoY
- YoY increase due to higher headcount (+6% YTD), higher business promotion and marketing expenses
- Cost-income ratio of 36% for first nine months 2004



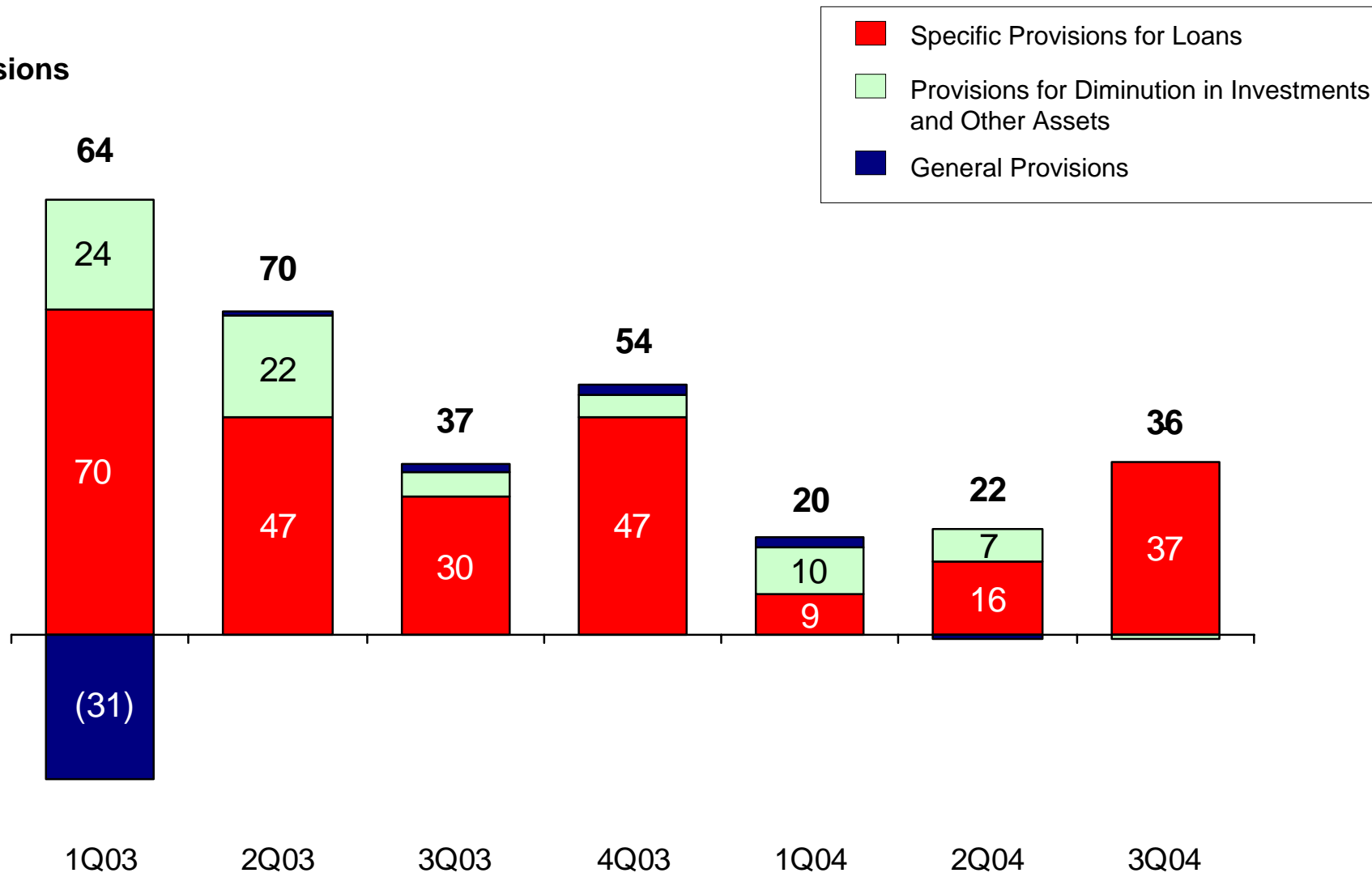
# Operating Profit Before Provisions & Goodwill Amortisation

Operating Profit  
(S\$m)



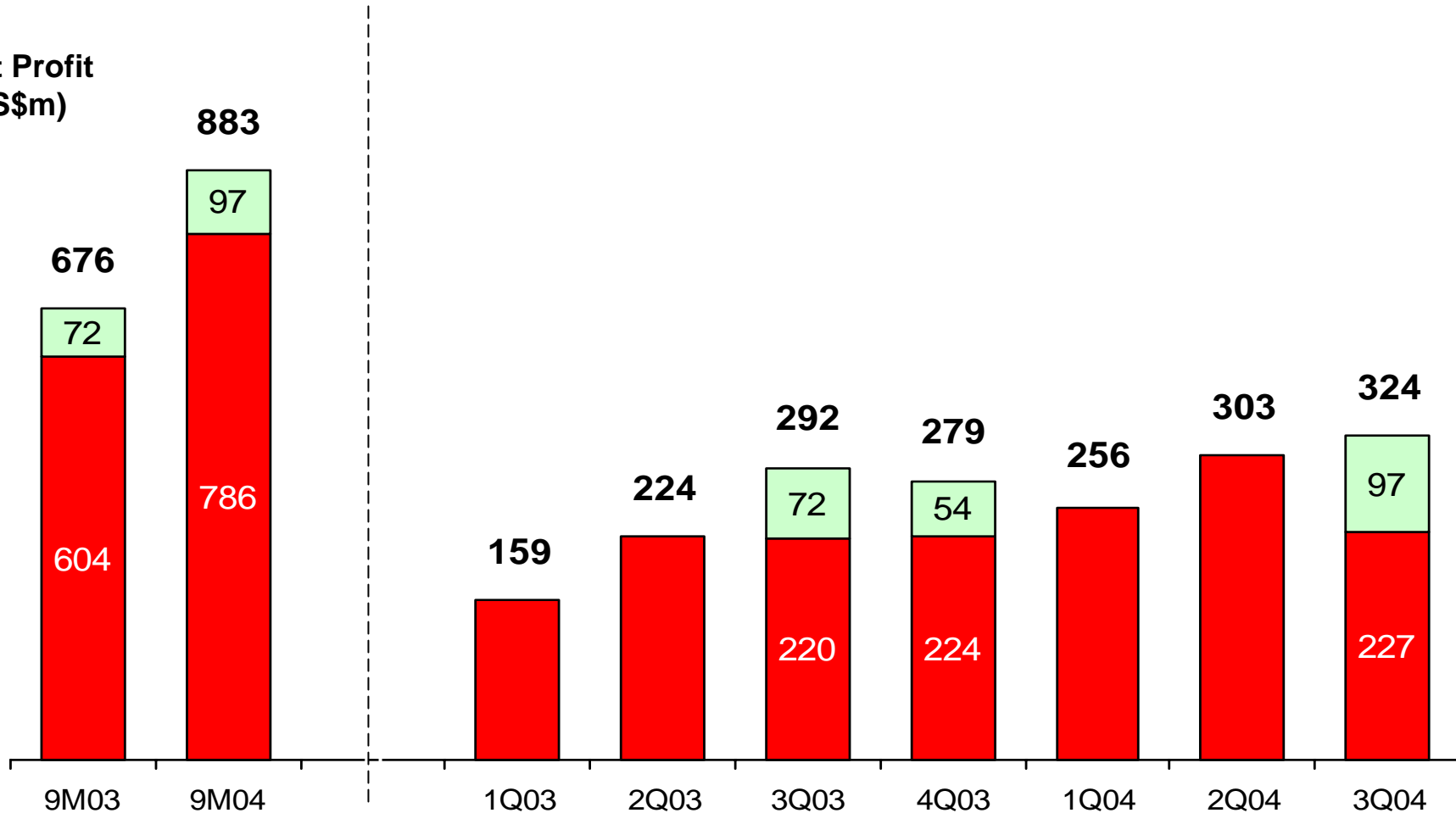
# Provisions Remain Low

Total Provisions  
(S\$m)



# Net Profit Excluding Divestment Gains in First Nine Months Up 30%

Net Profit  
(S\$m)



 Gains from divestment of non-core assets

# Contribution of GEH

## GEH's Contribution to OCBC's Results

(S\$m)	3Q04 <sup>1/</sup>	2Q04 <sup>1/</sup>	3Q03	9M 2004	9M 2003
Total Income	104	38	-	142	-
Operating Expenses	22	5	-	27	-
<b>Operating Profit</b>	<b>83</b>	<b>32</b>	-	<b>115</b>	-
Goodwill Amortisation	13	5	-	18	-
Tax	18	7	-	26	-
Minority Interests	12	8	-	19	-
Net Profit contribution as a subsidiary	39	12	-	51	-
Net Profit contribution as an associate	-	22	36	68	107
<b>Total Net Profit Contribution of GEH</b>	<b>39</b>	<b>35</b>	<b>36</b>	<b>120</b>	<b>107</b>

<sup>1/</sup> GEH was equity accounted as a 48.9%-owned associated company for April and May 2004, and consolidated as a subsidiary for June 2004 with minority interests of 30%. From July 2004, it was consolidated as a subsidiary with minority interests of 19%

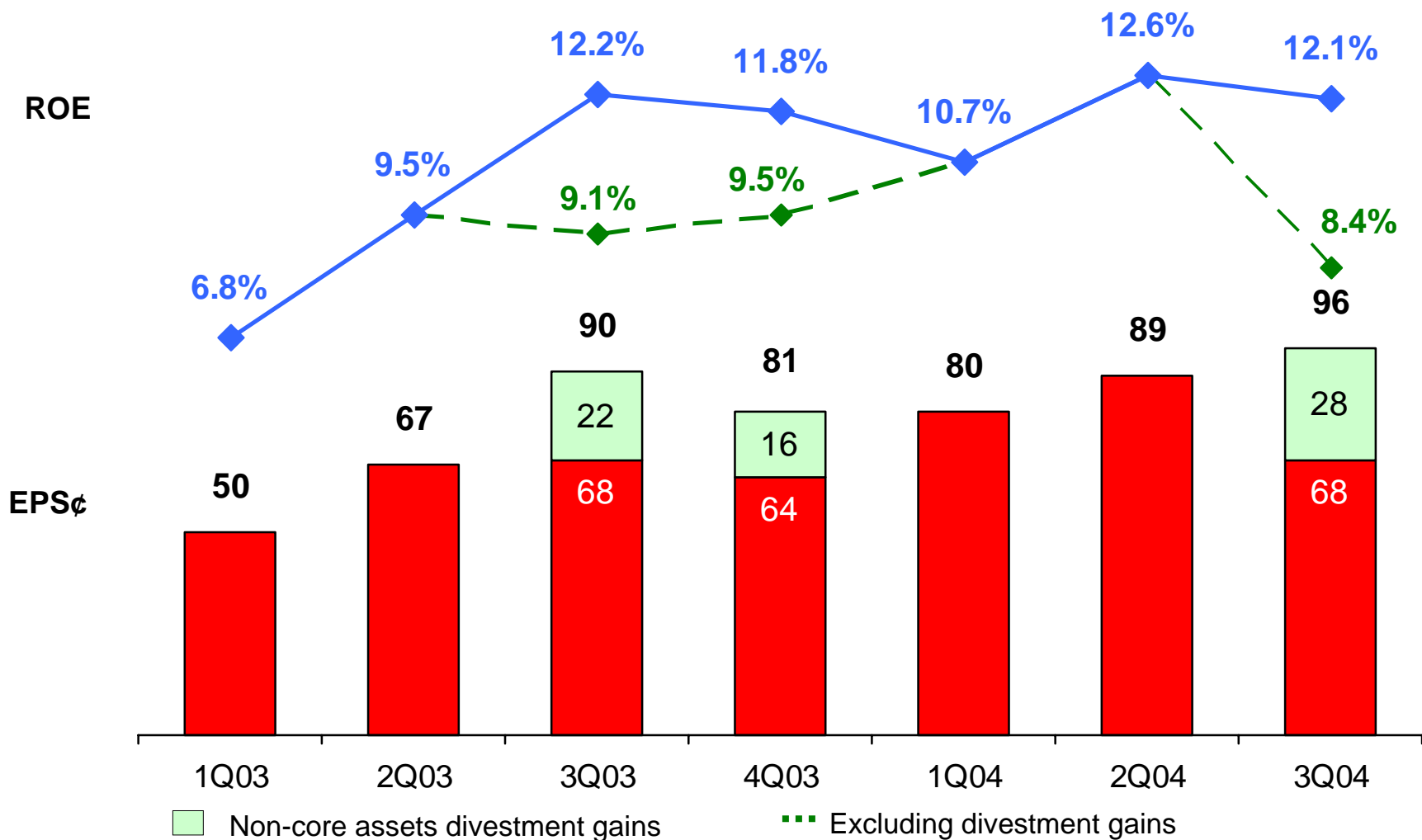
# Contribution of Bank NISP



	9 Months 2004	9 Months 2003	YoY
<u>Bank NISP's reported results</u>	Rp mil	Rp mil	+/(-)%
Net Interest Income	472,259	308,373	53
Non-Interest Income	111,645	112,516	(1)
<b>Net Profit</b>	<b>201,545</b>	<b>118,736</b>	<b>70</b>
Gross Loans	9,451,507	7,983,369	18
Net Interest Margin	4.70%	3.56%	+ 114 bps
ROE	25.2%	17.8%	+ 740 bps
Pre-tax Contribution to OCBC	S\$6m <sup>1/</sup>	-	n.m.
<b>Net Profit Contribution to OCBC</b>	<b>S\$4m<sup>1/</sup></b>	-	n.m.

<sup>1/</sup> Contribution as a 22.5%-owned associated company from May to September 2004, after subtracting goodwill of S\$1.7m

# EPS and ROE



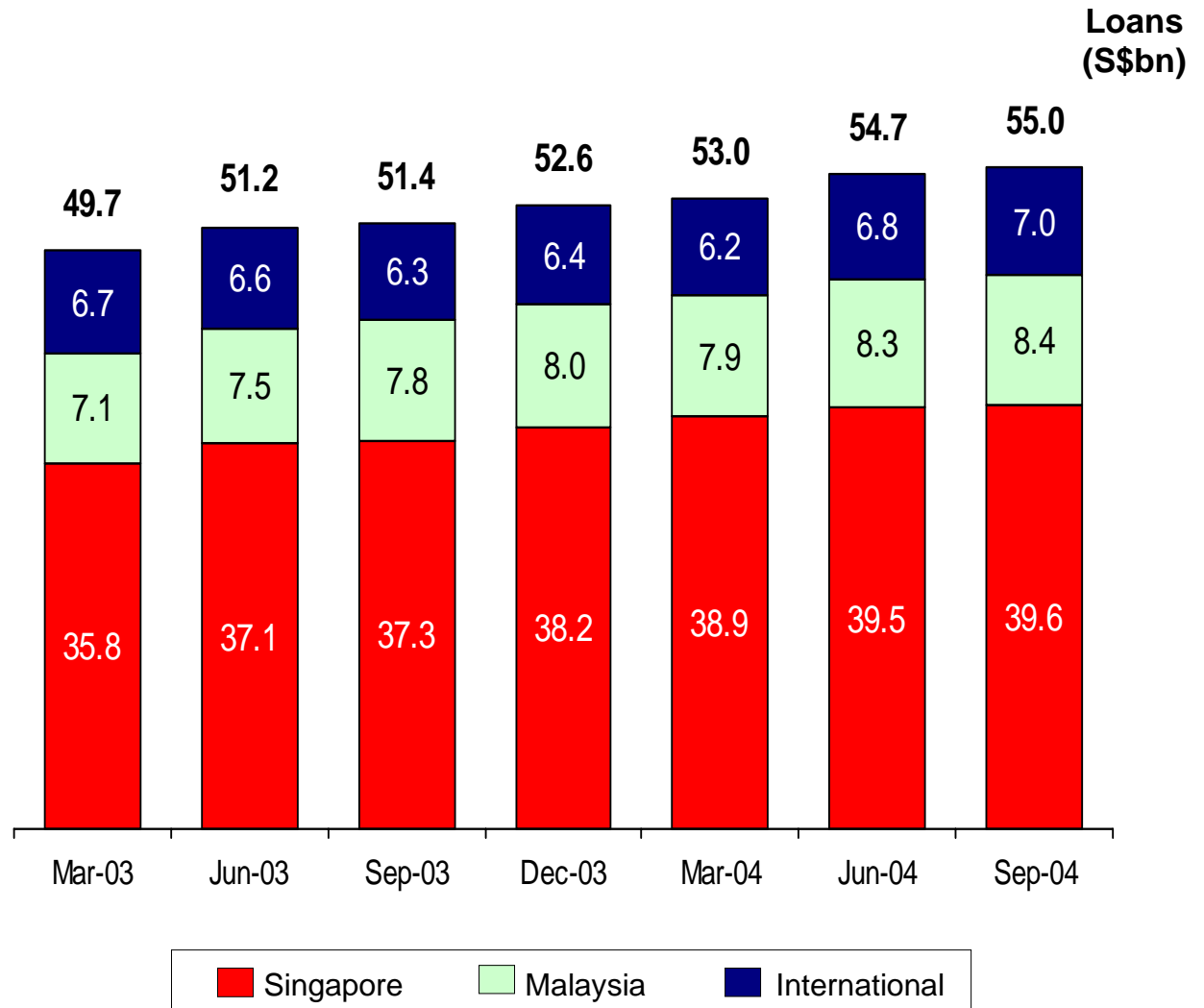
Note: Quarterly ROE and EPS are annualised; ROE refers to return on ordinary shareholders' funds



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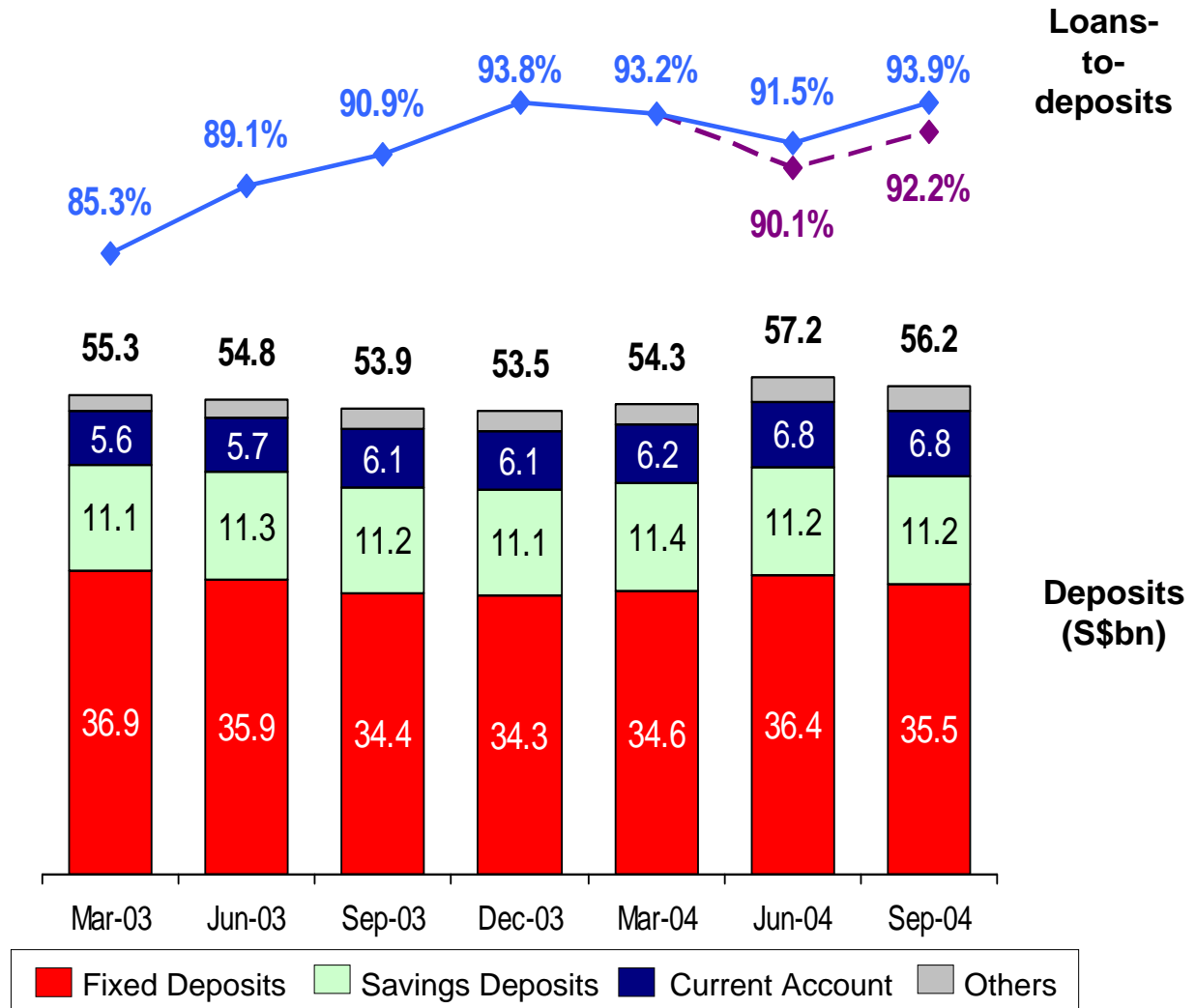
# Continued Loans Expansion

- Group loans up 5% over Dec 03, led by housing loans (+10% to S\$17bn), general commerce, manufacturing and financial institutions / investment holding companies
- OCBC Malaysia loans up 9% from Dec 03 to RM19.2bn, led by loans to housing, financial & business services, manufacturing and agriculture sectors



# Deposits and Loans-to-Deposits Ratio

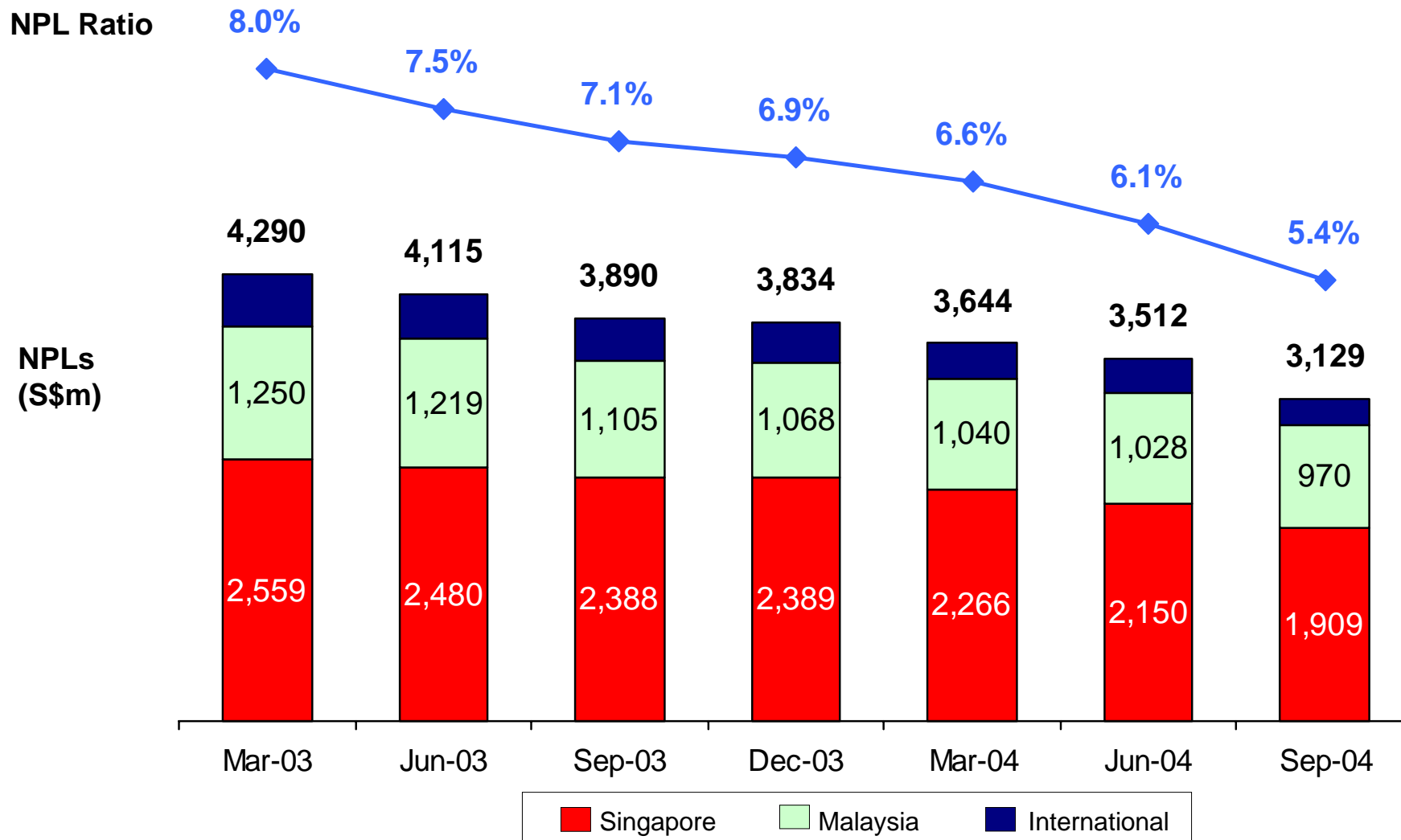
- Customer deposits grew 5% from Dec 03 from higher fixed deposits and current account balances
- Issued US\$500m 3-year Floating Rate Notes in June and Euro-Commercial Paper in September as part of our programme to diversify funding sources. Total amount outstanding S\$1.03bn as at Sep 04
- LDR of 94% in Sep 04; 92% if adjusted to include the FRNs & ECPs



--- Including FRNs and ECPs

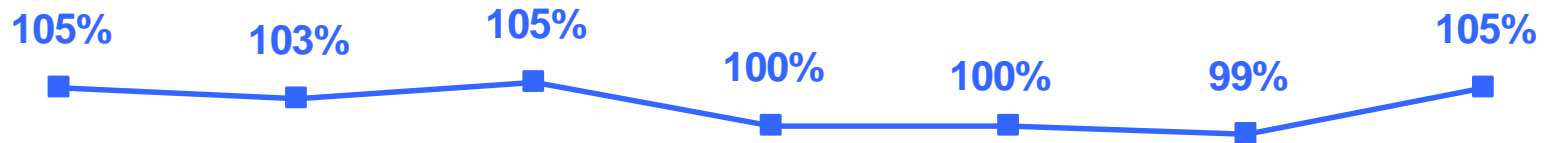
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# NPL Ratio Continues to Improve

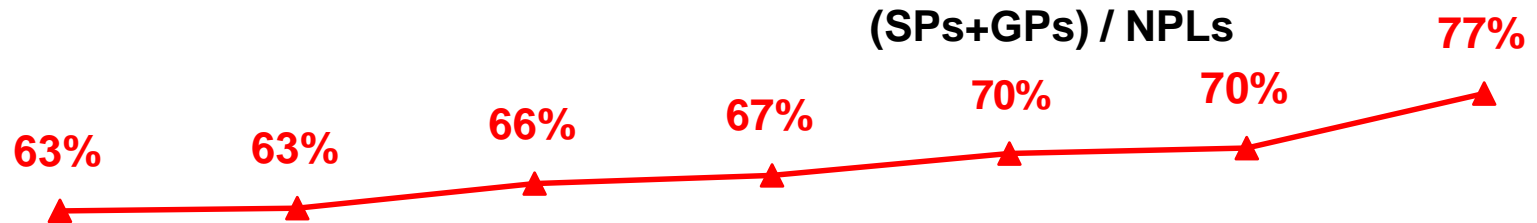


# Provision Coverage Remains Strong

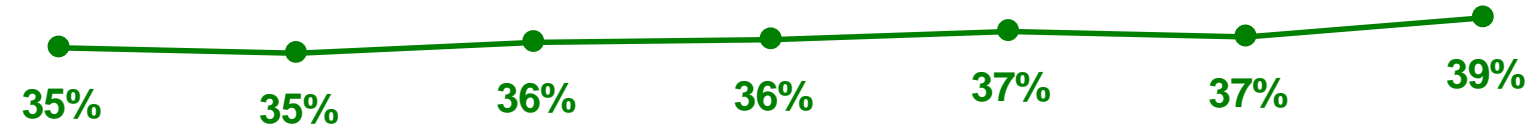
### SPs / Unsecured NPLs



### (SPs+GPs) / NPLs



### SPs / NPLs



Mar-03      Jun-03      Sep-03      Dec-03      Mar-04      Jun-04      Sep-04

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## Non-Core Assets Divested

Completion Date	Divestment	Sales Amount (S\$m)	Net Gain (S\$m)
Sep 03	4.4% stake in Fraser & Neave	88	72
Dec 03	2.2% stake in WBL Corporation	9	4
Dec 03	43.3% stake in Raffles Hotel (held by associated company)	53	14
Dec 03	Residential land at Mount Emily	50	36
	<b>Total in 2003</b>	<b>200</b>	<b>126</b>
Jul 04	49.8% stake in Raffles Investments	122	55
Sep 04	Whitesands Shopping Mall	161	43
	<b>Total in 2004</b>	<b>283</b>	<b>97</b>
<b>Total Gains to-date</b>			<b>223</b>



- **Core revenue streams remained steady in the third quarter**
- **Year-to-date performance shows across-the-board improvement in net interest income, fee income, cost/income ratio, provisions and asset quality**
- **Share buybacks: Purchased 13.5m shares (1% of share capital) to-date, for S\$185m**
- **Further progress on divestment of non-core assets**
- **Solid contribution from both Great Eastern Holdings and Bank NISP with promising growth prospects**
- **Continue to focus on building sustainable growth in our core Singapore and Malaysia markets**

# Third Quarter 2004 Results

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Thank You

