

# Third Quarter 2005 Results

## Presentation

9 November 2005



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

# Results at a Glance - Quarterly

	3Q05	3Q04*	YoY	2Q05	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	413	384	8	407	2
Non-Interest Income	332	384	(14)	298	11
- <i>Fee Income</i>	130	118	10	125	4
<b>Total Income</b>	<b>745</b>	<b>768</b>	<b>(3)</b>	<b>704</b>	<b>6</b>
Operating Expenses	(297)	(256)	16	(282)	5
<b>Operating Profit</b>	<b>449</b>	<b>513</b>	<b>(12)</b>	<b>423</b>	<b>6</b>
Amortisation of Intangibles/ Goodwill	(10)	(45)	(78)	(10)	-
Allowances/Impairment	23	(36)	n.m.	2	n.m.
Associates	2	5	(55)	3	(29)
Tax & Minority Interest	(109)	(117)	(7)	(114)	(4)
<b>Net Profit</b>	<b>355</b>	<b>319</b>	<b>11</b>	<b>304</b>	<b>17</b>

\* 3Q04 included net divestment gains of S\$97m (S\$132m before minorities)

# Results at a Glance – Year to Date

	9M05	9M04*	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	1,183	1,129	5
Non-Interest Income	948	812	17
- <i>Fee Income</i>	375	350	7
<b>Total Income</b>	<b>2,131</b>	<b>1,941</b>	<b>10</b>
Operating Expenses	(829)	(702)	18
<b>Operating Profit</b>	<b>1,302</b>	<b>1,239</b>	<b>5</b>
Amortisation of Intangibles/ Goodwill	(30)	(113)	(74)
Allowances/Impairment	0	(79)	n.m.
Associates	13	87	(85)
Tax & Minority Interest	(330)	(260)	27
<b>Net Profit</b>	<b>957</b>	<b>874</b>	<b>10</b>

\* 9M04 included net divestment gains of S\$97m (S\$132m before minorities)

# Results Adjusted for Divestment Gains - Show Stronger YoY Growth

	9M05	9M04*	YoY
<b><u>Year-to-Date</u></b>	S\$m	S\$m	+/(-)%
Adjusted Operating Profit	1,302	1,107	18
Adjusted Net Profit	957	776	23

	3Q05	3Q04*	YoY	2Q05	QoQ
<b><u>Quarterly</u></b>	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Adjusted Operating Profit	449	381	18	423	6
Adjusted Net Profit	355	222	60	304	17

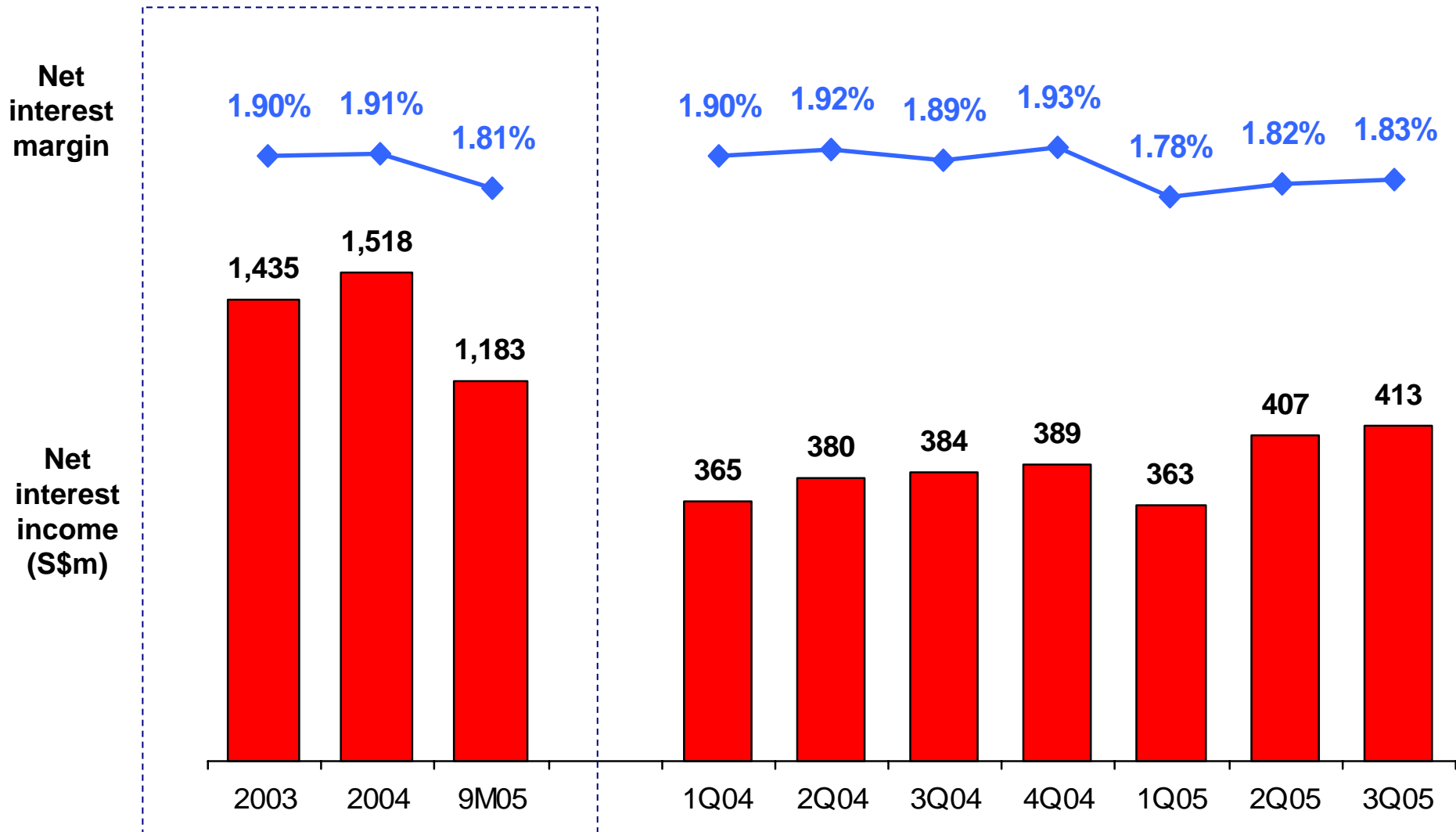
\* Adjusted to exclude gains from divestment of non-core assets in 3Q04/ 9M04:  
 – Raffles Investments (S\$55m), Whitesands Shopping Mall (S\$77m gross, S\$43m after minorities)

# Key Financial Ratios

	9M05	9M04	3Q05	2Q05	3Q04
	%	%	%	%	%
Net Interest Margin	1.81	1.90	1.83	1.82	1.89
Non-Interest Income/ Total Income	44.5	41.8	44.5	42.3	50.0
Cost-to-Income Ratio	38.9	36.2	39.8	40.0	33.3
Loans-to-Deposits Ratio	87.4	91.8	87.4	85.6	91.8
NPL Ratio	4.2	5.5	4.2	4.3	5.5
Allowances/NPLs	86.9	76.7	86.9	86.9	76.7
ROE	11.3	11.7	12.1	10.7	11.9
Cash ROE	11.7	13.3	12.5	11.0	13.7

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# Higher Net Interest Income in 3Q05 as Net Interest Margin Stabilised

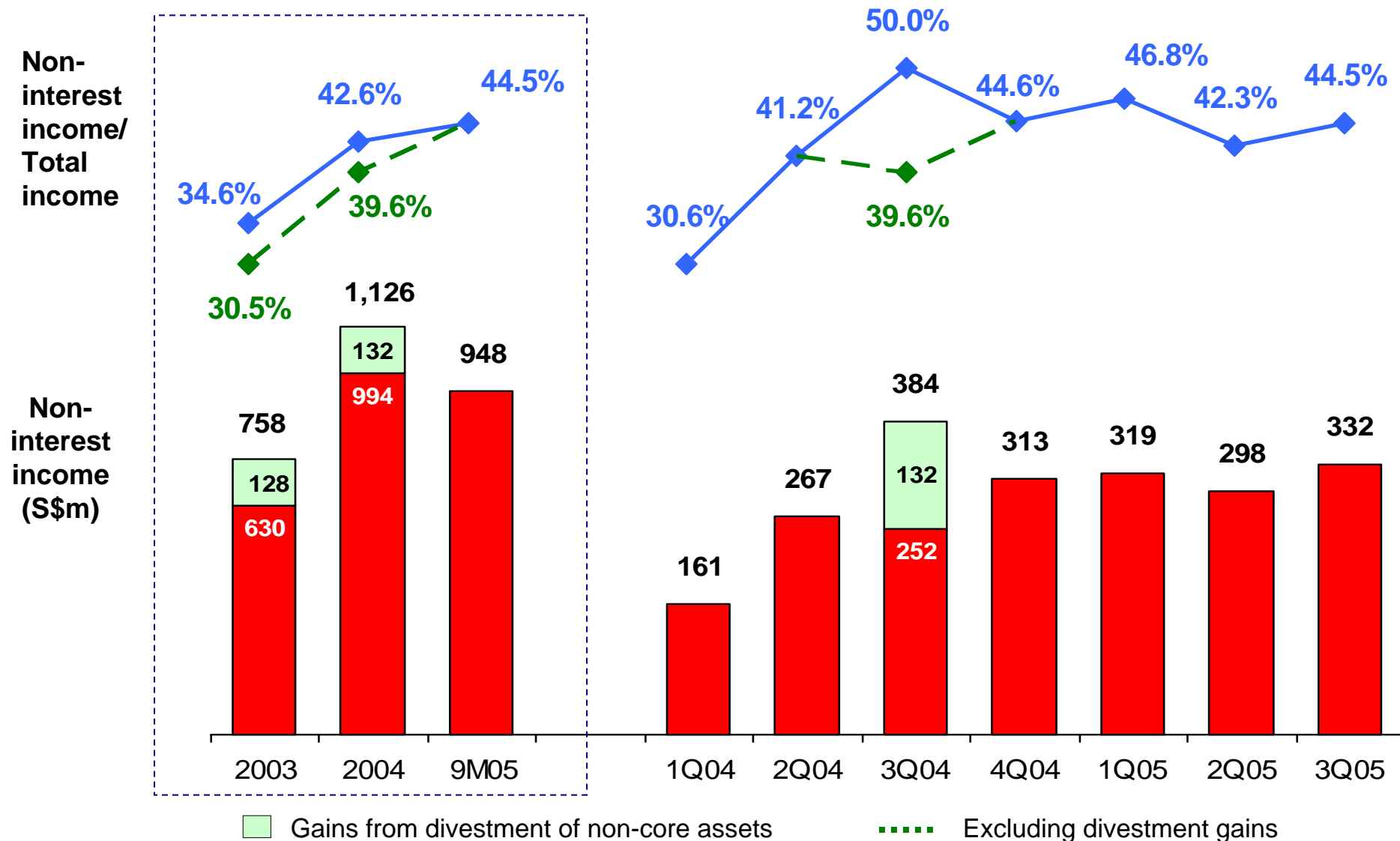




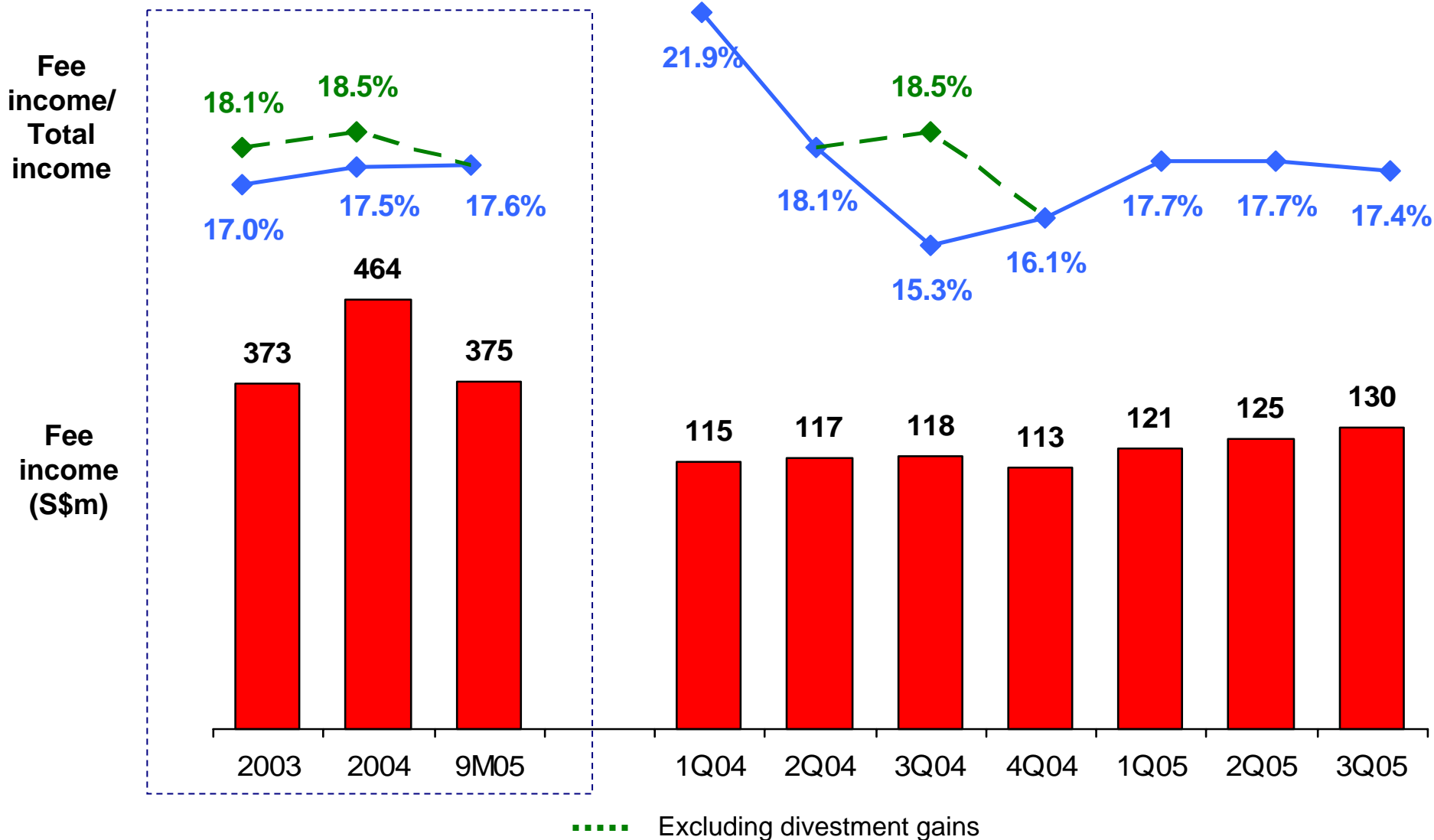
# Improved Asset Yields Offset by Higher Cost of Funds

<u>Third Quarter 2005</u>	Ave Bal	Interest Inc / Exp	Interest Rate		
			Ave Rate	YoY	QoQ
	S\$bn	S\$m	%	bps	bps
Customer loans	54.1	629	4.62	+ 94	+ 13
Placements with Banks	17.2	128	2.95	+ 58	+ 14
Securities/ Others	18.2	159	3.46	+ 103	+ 10
<b>Interest Earning Assets</b>	<b>89.5</b>	<b>916</b>	<b>4.06</b>	<b>+ 84</b>	<b>+ 13</b>
Customer Deposits	63.2	326	2.05	+ 75	+ 10
Bank Deposits	15.9	118	2.96	+ 137	+ 32
Other Borrowings	6.1	58	3.77	+ 152	+ 16
<b>Interest Bearing Liabilities</b>	<b>85.2</b>	<b>502</b>	<b>2.34</b>	<b>+ 92</b>	<b>+ 13</b>
<b>Net Interest Income</b>		<b>413</b>			
<b>Net Interest Margin</b>			<b>1.83</b>	<b>- 6</b>	<b>+ 1</b>

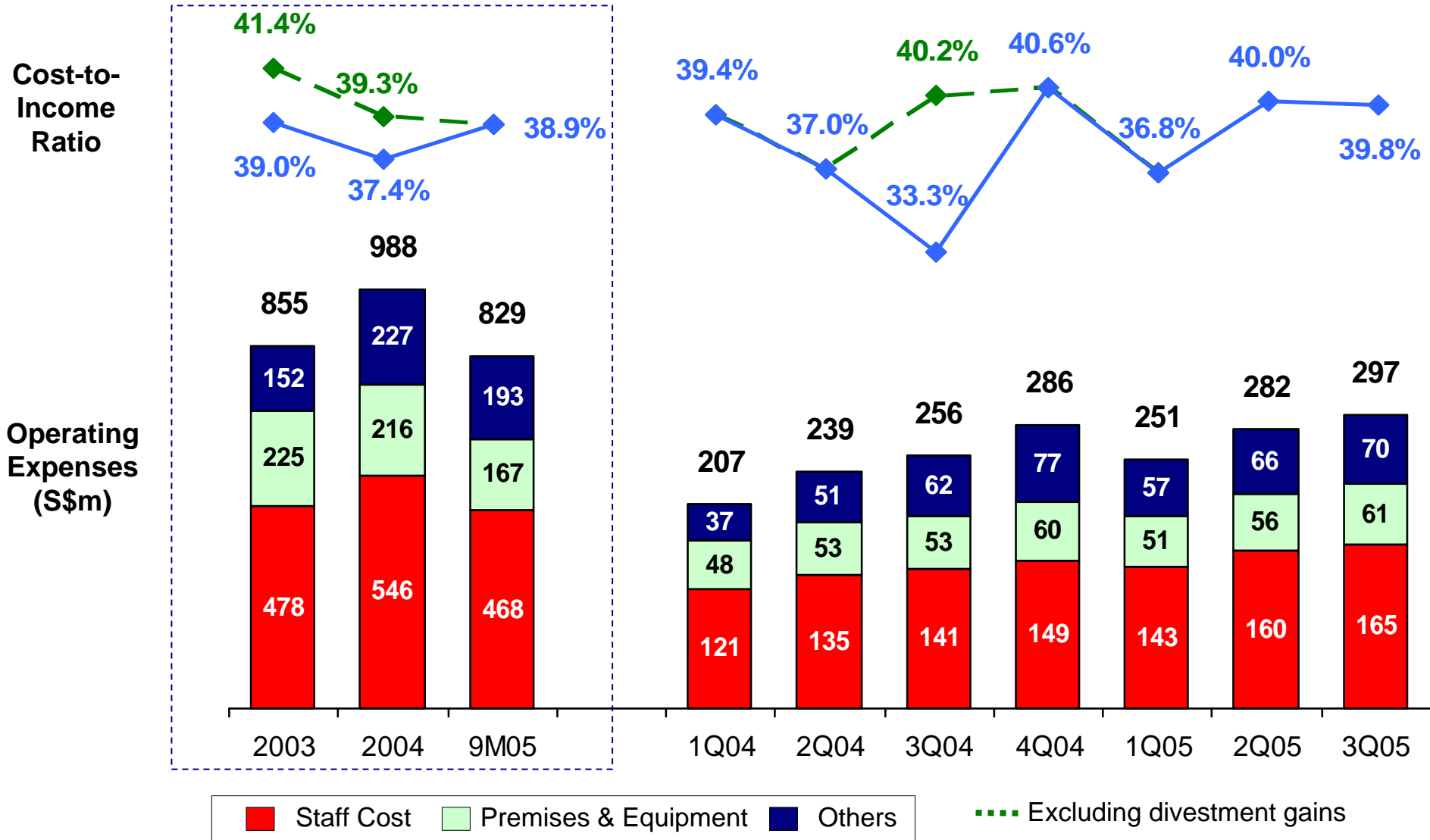
# Non-Interest Income up 11% over 2Q05



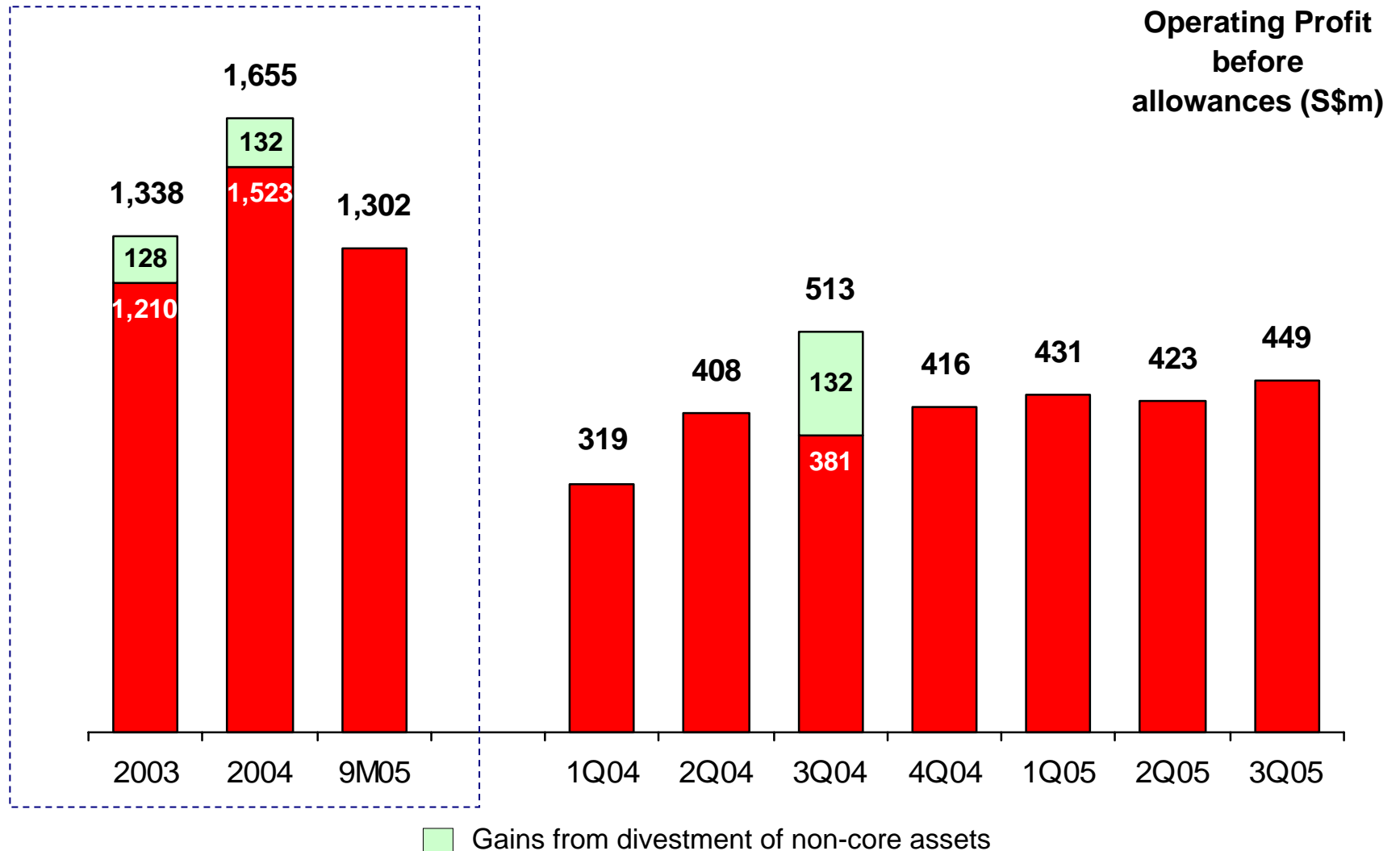
# Steady Growth in Fee Income



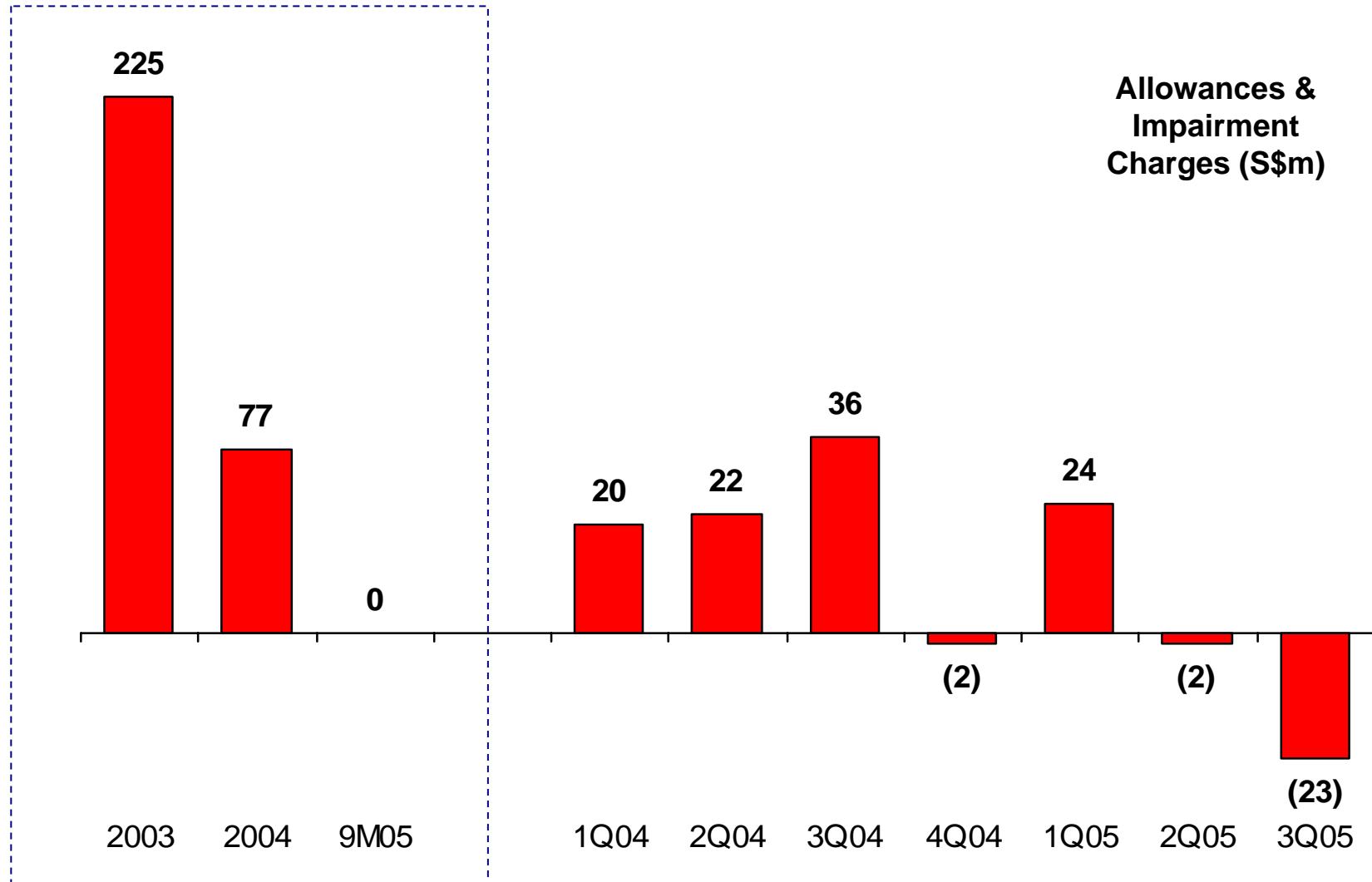
# Adjusted for Consolidation Effects, Underlying Expenses Grew 6% YoY in 9M05



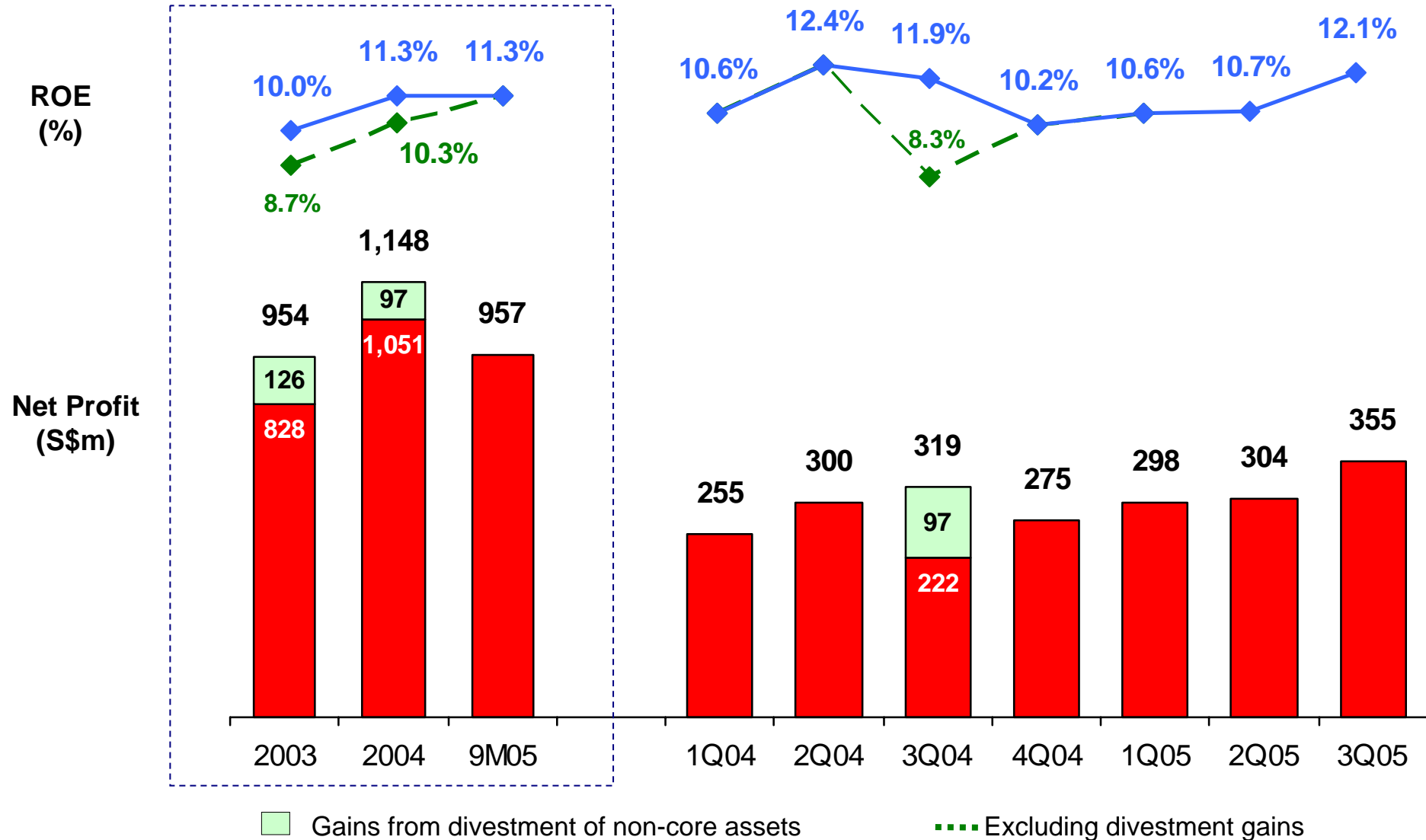
# Core Operating Profit Up 18% YoY in 9M05



# Recoveries More Than Offset Allowances in 3Q05

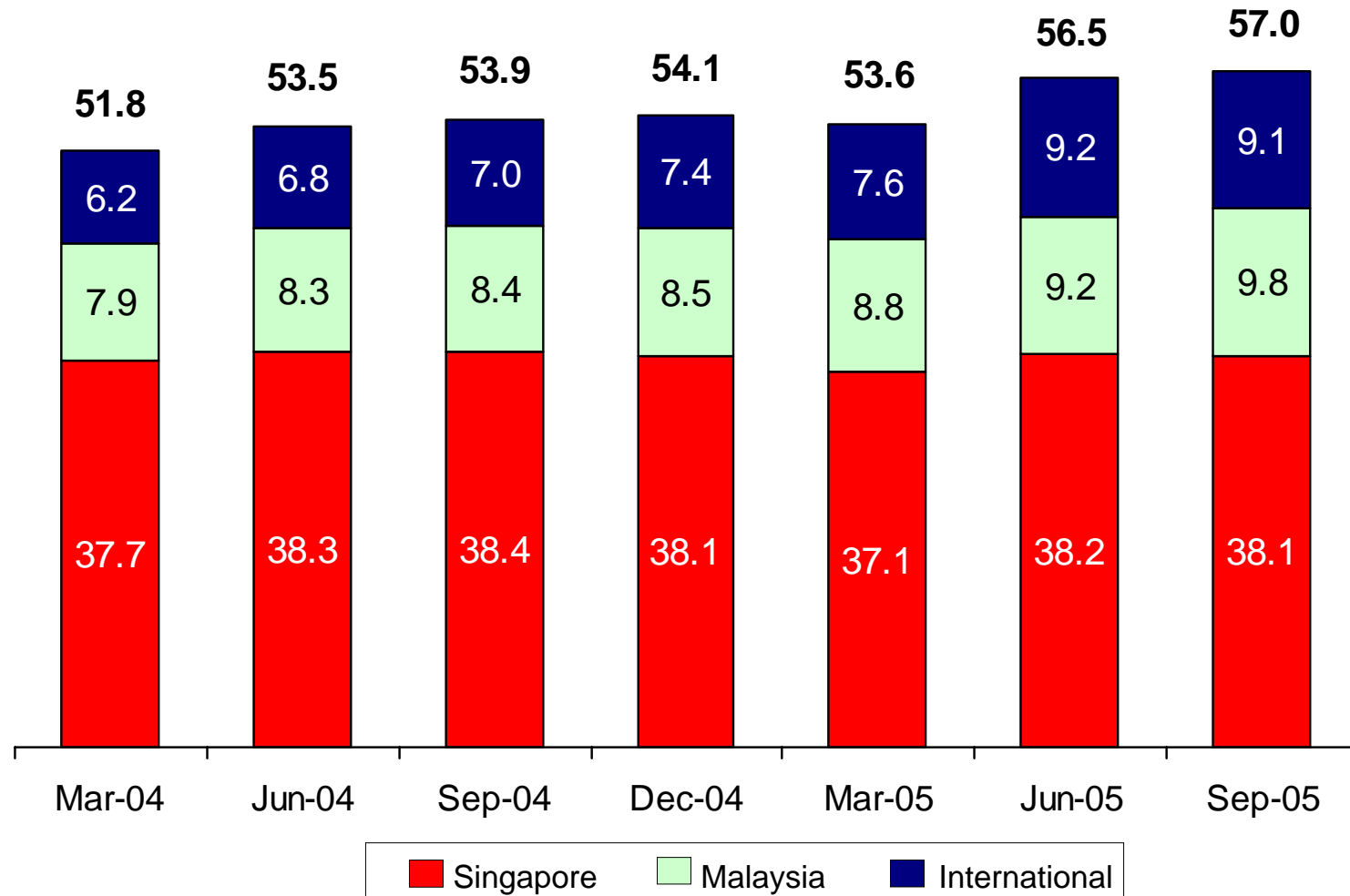


# Higher Net Profit and Improved ROE



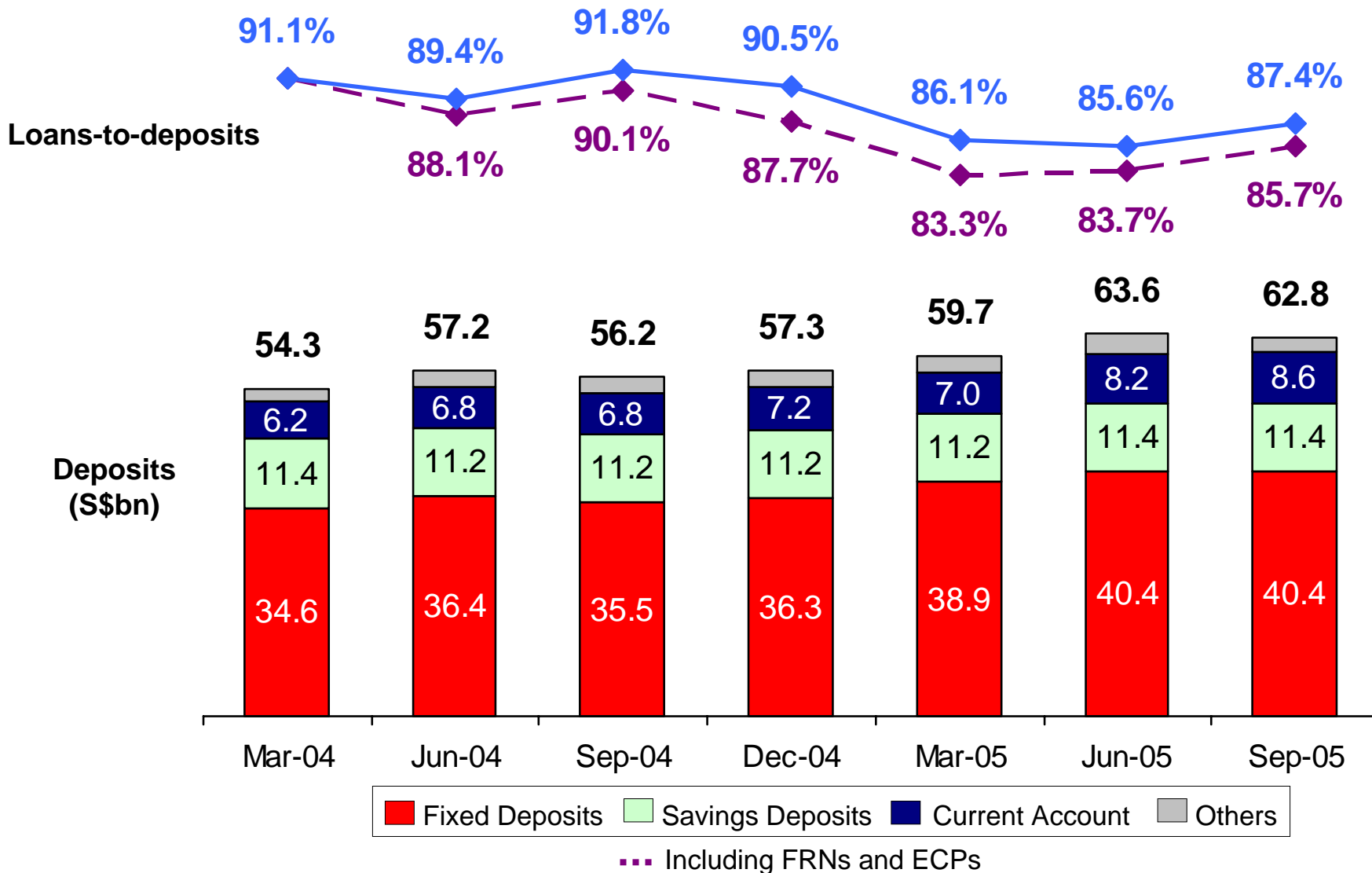
# Loans Growth Driven by Malaysia and Acquisition of Bank NISP

Loans  
(S\$bn)





# Loans-to-Deposits Ratio Increased Over 2Q05



# Continued Improvement in NPLs

NPL Ratio

6.7%

6.3%

5.5%

5.0%

4.8%

4.3%

4.2%

NPLs  
(S\$m)

3,644

3,512

3,129

2,866

2,705

2,592

2,467

1,040

1,028

970

902

886

821

745

2,266

2,150

1,909

1,735

1,596

1,485

1,454

Mar-04

Jun-04

Sep-04

Dec-04

Mar-05

Jun-05

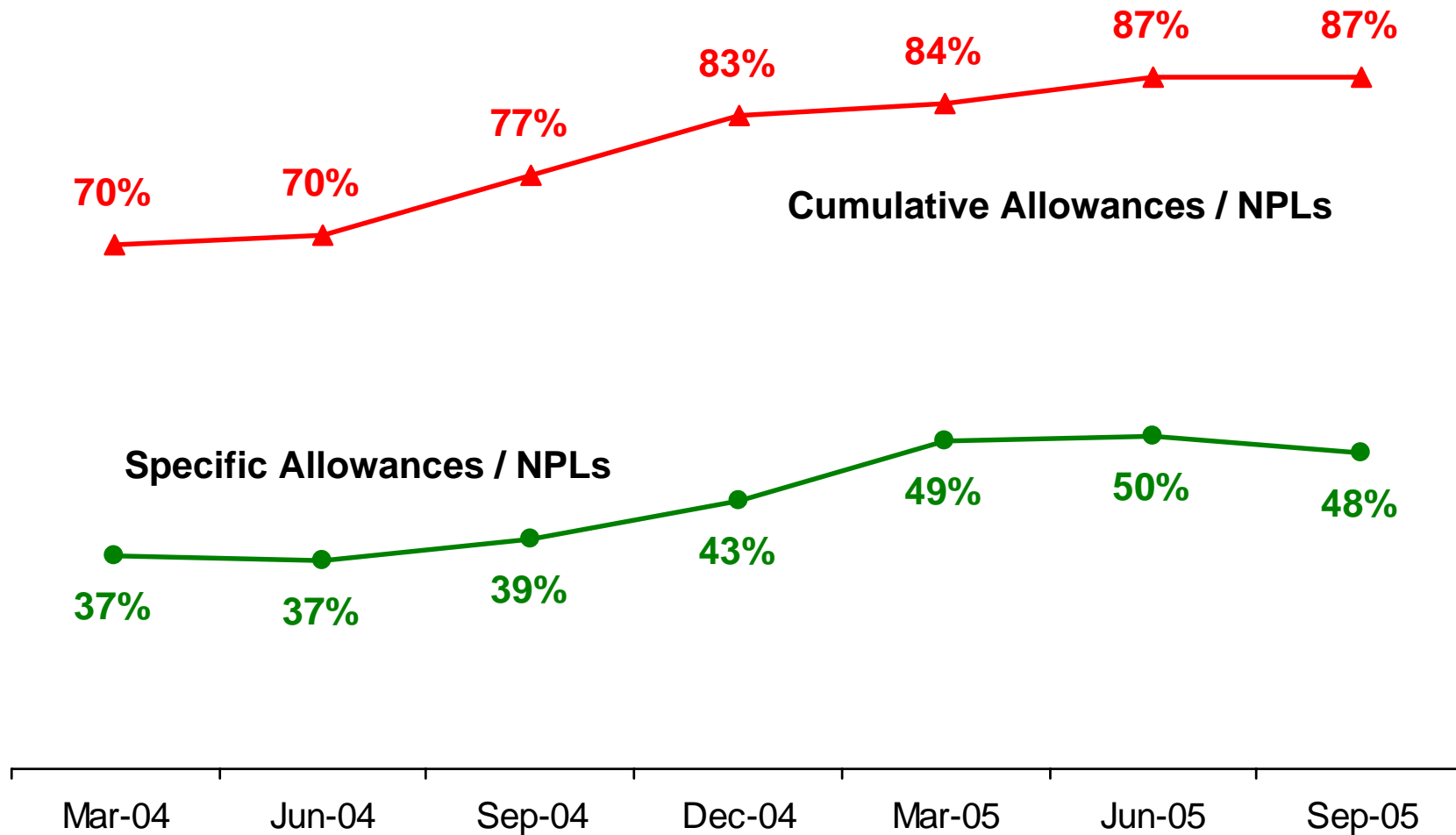
Sep-05

Singapore

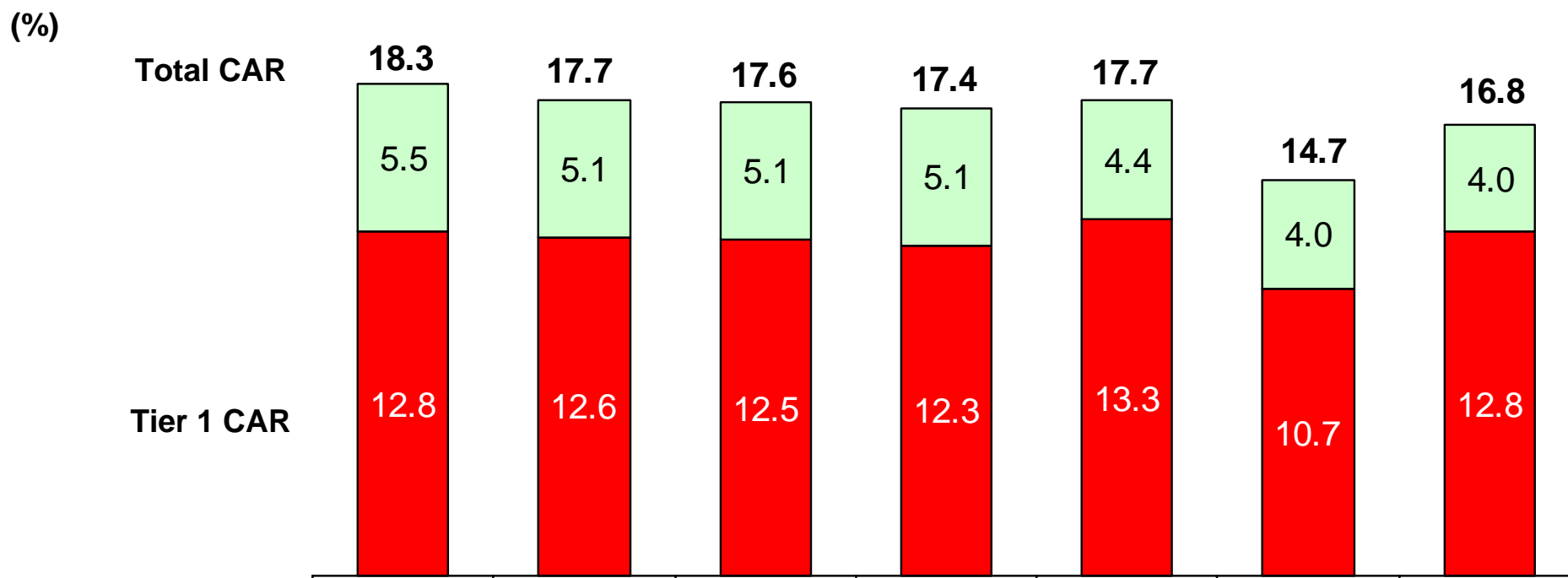
Malaysia

International

# Maintained Strong Allowances Coverage



# Capital Position Remains Strong



(S\$m)

	Mar-04	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05*	Sep-05
Tier-1 capital	8,131	8,495	8,557	8,442	9,138	7,853*	9,187
Risk Weighted Assets	63,372	67,483	68,672	68,737	68,536	73,547	71,679

\* 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.

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# OCBC Malaysia's Net Profit Up 28% YoY



	3Q05	3Q04	YoY	2Q05	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	159	135	18	155	3
Islamic Banking Income	10	5	89	11	(14)
Non Interest Income	73	53	37	63	16
Total Income	241	193	25	229	5
Operating Expenses	(99)	(74)	34	(87)	13
<b>Operating Profit</b>	<b>142</b>	<b>119</b>	<b>20</b>	<b>141</b>	<b>1</b>
Allowances	(5)	(12)	(57)	(2)	201
Tax	(38)	(30)	27	(46)	(17)
<b>Net Profit</b>	<b>100</b>	<b>78</b>	<b>28</b>	<b>94</b>	<b>6</b>

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

# OCBC Malaysia: Financial Ratios



	9M05	9M04	3Q05	2Q05	3Q04
<u>Unaudited Results*</u>	%	%	%	%	%
Net Interest Margin	2.32	2.18	2.35	2.34	2.16
Non-Interest Income / Total Income	28.3	25.8	30.2	28.4	27.5
Cost-to-Income Ratio	39.7	35.1	41.0	39.6	38.3
RM Loans-to-Deposits Ratio	92	86	92	81	86
Net NPL Ratio	3.7	6.8	3.7	4.0	6.8
Loans Growth (YTD)	7.6	9.0	7.6	4.4	9.0
ROE	21.5	14.9	22.1	24.6	19.4

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

# GEH Contributed 19% of Group Net Profit

<u>GEH's Contribution to OCBC's Results</u>	9M05	9M04*	3Q05	2Q05	3Q04
	S\$m	S\$m	S\$m	S\$m	S\$m
Total Income	411	142	142	135	104
Operating Expenses	(64)	(27)	(24)	(20)	(22)
Operating Profit	346	115	118	115	83
Goodwill Amortisation	(30)	(18)	(10)	(10)	(13)
Tax	(73)	(26)	(28)	(23)	(18)
Minority Interests	(60)	(21)	(17)	(19)	(13)
Profit contribution as a subsidiary	183	51	63	62	38
Profit contribution as an associate	-	68	-	-	-
<b>Total Profit contribution of GEH</b>	<b>183</b>	<b>118</b>	<b>63</b>	62	38

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



# Bank NISP's 3Q05 Results Hurt by Securities Losses



	9M05	9M04	3Q05	2Q05	3Q04
<u>Unaudited Results*</u>	RP bn	RP bn	RP bn	RP bn	RP bn
Net Interest Income	534	472	177	185	169
Non-Interest Income	36	112	(39)	(22)	41
Expenses	(417)	(298)	(145)	(127)	(94)
Operating Profit	153	286	(7)	36	117
<b>Net Profit</b>	<b>84</b>	<b>202</b>	<b>(11)</b>	<b>1</b>	<b>77</b>
Gross Loans	12,612	9,452	12,612	11,722	9,452
NPL Ratio (%)	2.26	1.34	2.26	1.76	1.34
Net Interest Margin (%)	4.25	4.70	4.03	4.36	4.86
ROE (%)	8.4	25.2	(3.2)	0.4	28.6

\* 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 and S\$7m in 3Q05.

- ❑ **Core net profit up 23% in first nine months of 2005, boosted by Great Eastern and Bank NISP acquisitions, strong Malaysia results and continued successes in loan recoveries**
- ❑ **Record nine-months earnings despite lower gapping income and intense competitive environment**
- ❑ **YTD core ROE of 11.3%, capital ratios remain strong**
- ❑ **Execution of New Horizons strategy continues:**
  - **Formation of SE Asia's largest private asset management company, Lion Capital Management, from merger of OCBC AM and Straits Lion AM**
  - **RM400m Tier 1 preference share issue in Malaysia**
  - **Completed S\$203m of share buybacks under second S\$500m programme**

# Third Quarter 2005 Results

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Thank You

