

Presentation to Media and Analysts

# Second Quarter 2006 Results

14 August 2006



- **Results Overview**
- **Performance Trends**
- **Results of Key Subsidiaries**
- **Interim Report Card**

# Results at a Glance - Quarterly

	2Q06	2Q05	YoY	1Q06	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	435	407	7	395	10
Non-Interest Income	845	291	190	348	143
- <i>Fee Income</i>	141	126	12	140	1
<b>Total Income</b>	<b>1,280</b>	<b>698</b>	<b>83</b>	<b>743</b>	<b>72</b>
Operating Expenses	(349)	(283)	23	(308)	13
<b>Operating Profit</b>	<b>931</b>	<b>415</b>	<b>124</b>	<b>435</b>	<b>114</b>
Amortisation of Intangibles/ Goodwill	(11)	(10)	7	(10)	2
Allowances	5	2	208	7	(23)
Associates	1	3	(75)	4	(78)
Tax & Minority Interest	(132)	(106)	24	(117)	13
<b>Net Profit</b>	<b>795</b>	<b>304</b>	<b>162</b>	<b>318</b>	<b>150</b>

Note: 2Q06 included net divestment gains of S\$482m.

# Results at a Glance – Half Year

	1H06	1H05	YoY	2H05	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	830	770	8	828	-
Non-Interest Income	1,193	604	98	685	74
- <i>Fee Income</i>	282	248	14	259	9
<b>Total Income</b>	<b>2,023</b>	<b>1,374</b>	<b>47</b>	<b>1,513</b>	<b>34</b>
Operating Expenses	(657)	(535)	23	(610)	8
<b>Operating Profit</b>	<b>1,366</b>	<b>839</b>	<b>63</b>	<b>903</b>	<b>51</b>
Amortisation of Intangibles/ Goodwill	(21)	(20)	6	(20)	4
Allowances	12	(23)	NM	(26)	NM
Associates	5	11	(58)	4	23
Tax & Minority Interest	(249)	(206)	21	(202)	23
<b>Net Profit</b>	<b>1,113</b>	<b>602</b>	<b>85</b>	<b>660</b>	<b>69</b>

Note: 1H06 included net divestment gains of S\$482m.

# Results Adjusted to Exclude Divestment Gains

	1H06*	1H05	YoY
<b><u>Half Year</u></b>	S\$m	S\$m	+/(-)%
Total Income	1,507	1,374	10
<i>of which: Non-Interest Income</i>	677	604	12
Operating Profit	851	839	1
Net Profit	632	602	5

	2Q06*	2Q05	YoY	1Q06	QoQ
<b><u>Quarterly</u></b>	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	764	698	9	743	3
<i>Of which: Non-Interest Income</i>	329	291	13	348	(5)
Operating Profit	416	415	-	435	(4)
Net Profit	314	304	3	318	(1)

\* Adjusted to exclude the following gains from divestment of non-core assets in 2Q06:

- Straits Trading (S\$79m gross, S\$77m net)
- Southern Bank Bhd (S\$56m gross, S\$44m net)
- Robinson & Co (S\$113m gross, S\$100m net)
- Kim Seng Road (S\$268m gross, S\$260m net)

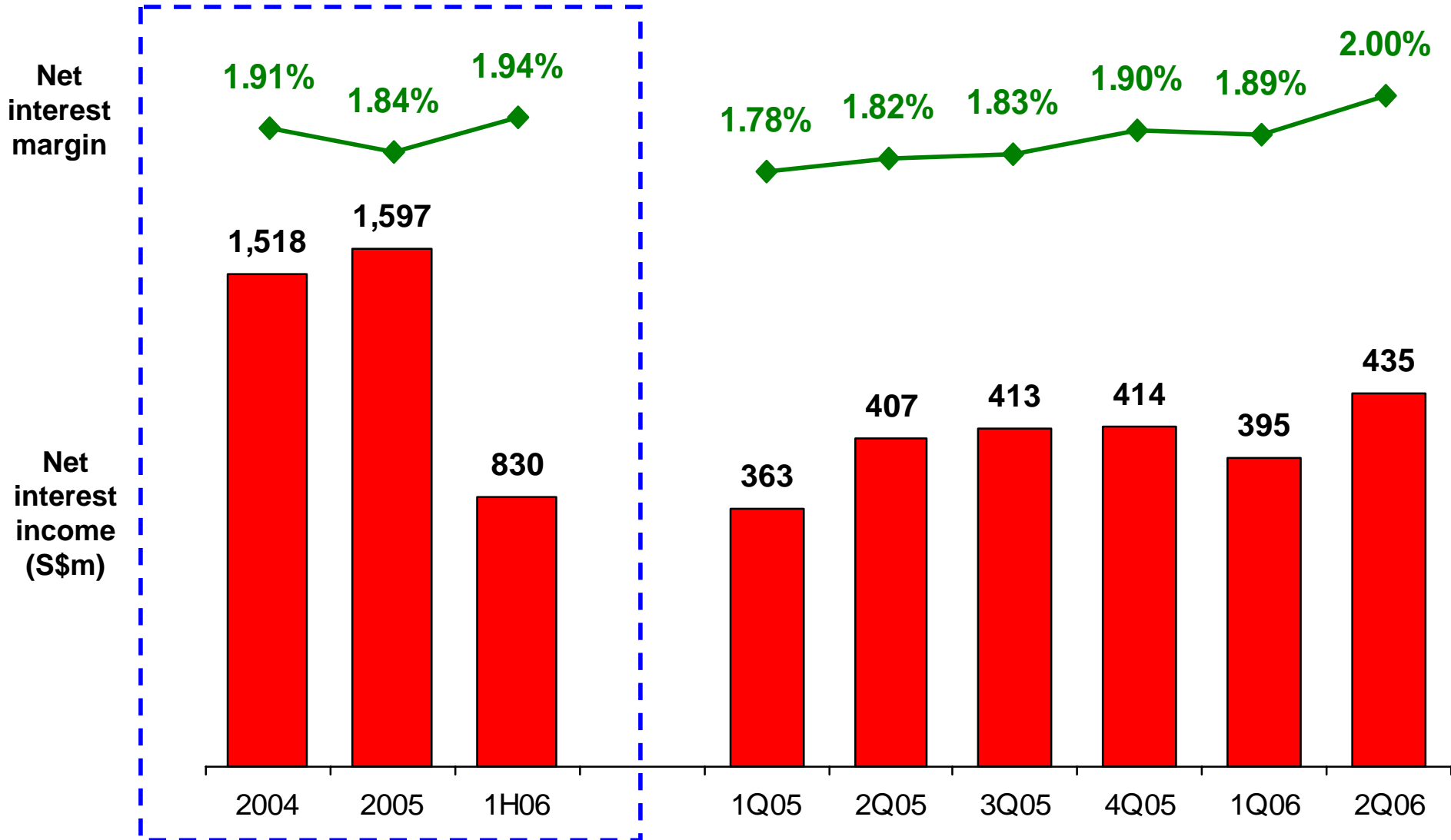
# Key Financial Ratios

## – Excluding Divestment Gains

	1H06	1H05	2Q06	1Q06	2Q05
	%	%	%	%	%
Net Interest Margin	1.94	1.80	2.00	1.89	1.82
Non-Interest Income/ Total Income	44.9	44.0	43.1	46.8	41.8
Cost-to-Income Ratio	43.6	38.9	45.6	41.5	40.5
Loans-to-Deposits Ratio	81.7	85.6	81.7	84.6	85.6
NPL Ratio	3.6	4.3	3.6	4.1	4.3
Allowances/NPLs	94.0	86.9	94.0	87.6	86.9
ROE	10.6	10.6	10.4	10.8	10.7
Cash ROE	10.9	11.0	10.7	11.2	11.0

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# Higher Net Interest Income and Improved Margins



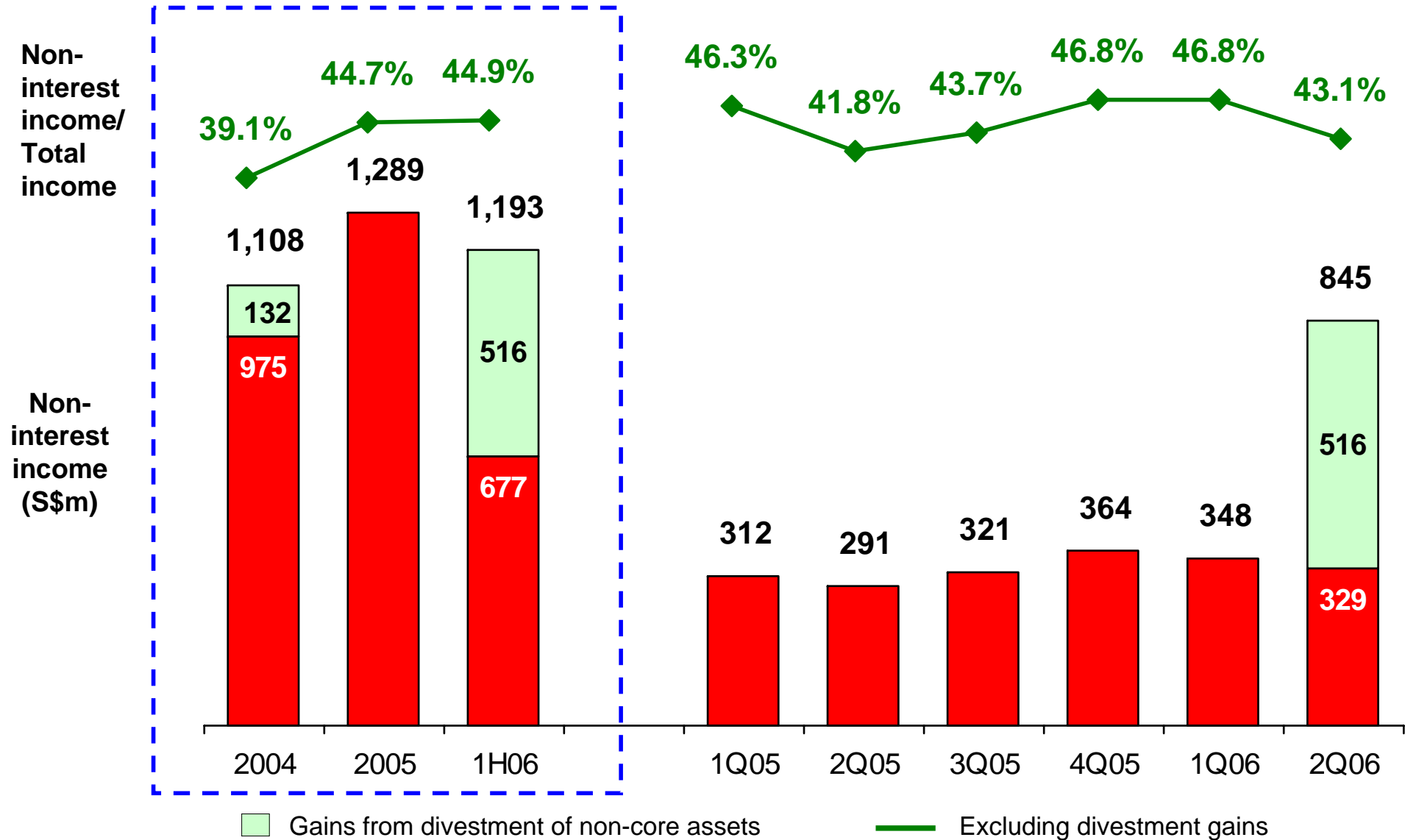


# Average Yield and Cost of Funds Analysis

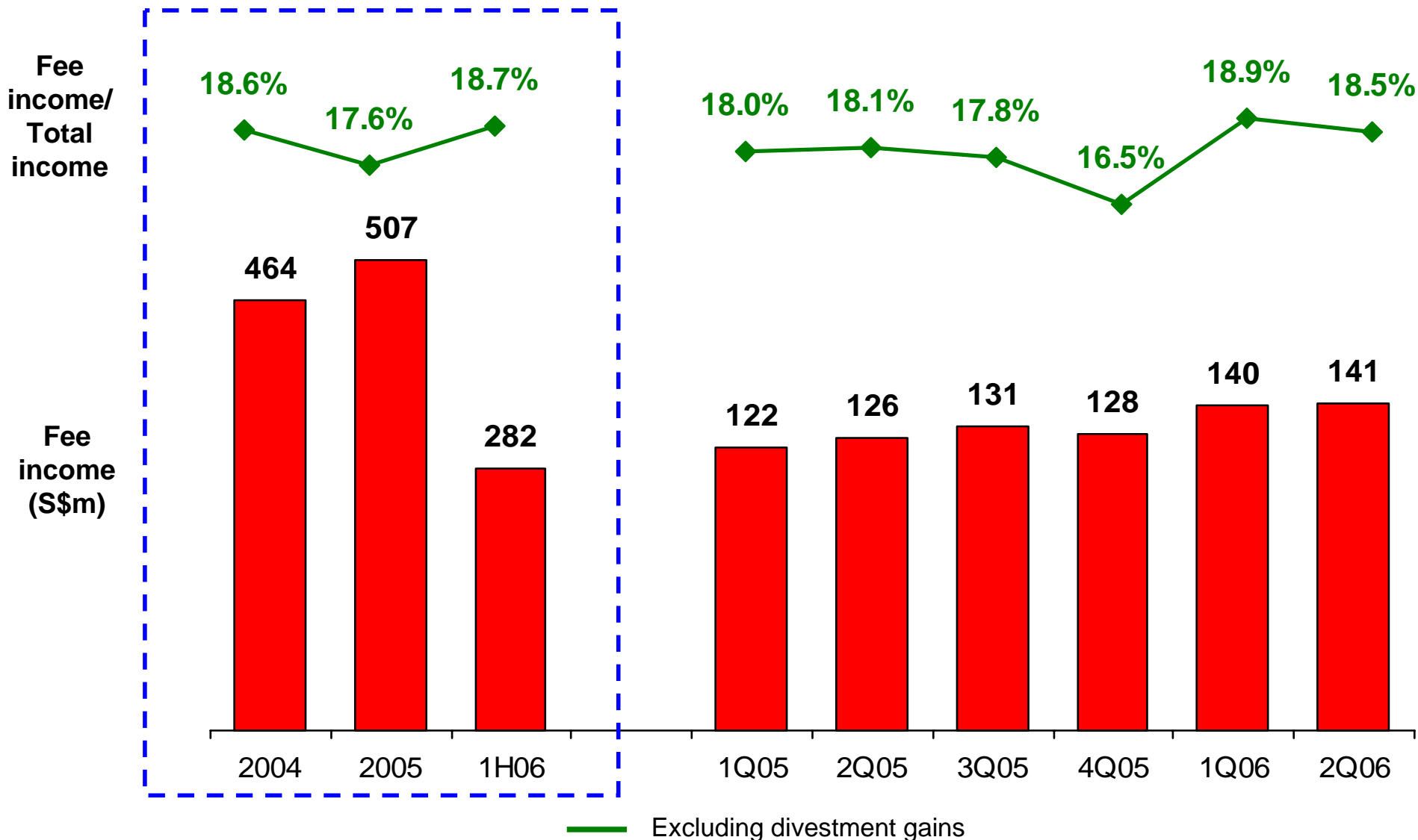


<u>Second Quarter 2006</u>	Ave Bal	Interest Inc / Exp	Interest Rate		
			Ave Rate	YoY	QoQ
	S\$bn	S\$m	%	bps	bps
Customer loans	54.8	758	5.54	+105	+40
Placements with Banks	16.8	188	4.49	+168	+59
Securities/ Others	15.8	154	3.92	+56	+2
<b>Interest Earning Assets</b>	<b>87.4</b>	<b>1,100</b>	<b>5.05</b>	<b>+112</b>	<b>+36</b>
Customer Deposits	66.2	478	2.89	+94	+17
Bank Deposits	10.3	113	4.37	+173	+51
Other Borrowings	5.9	75	5.04	+143	+82
<b>Interest Bearing Liabilities</b>	<b>82.5</b>	<b>665</b>	<b>3.23</b>	<b>+102</b>	<b>+26</b>
<b>Net Interest Income</b>		<b>435</b>			
<b>Net Interest Margin</b>			<b>2.00</b>	<b>+18</b>	<b>+11</b>

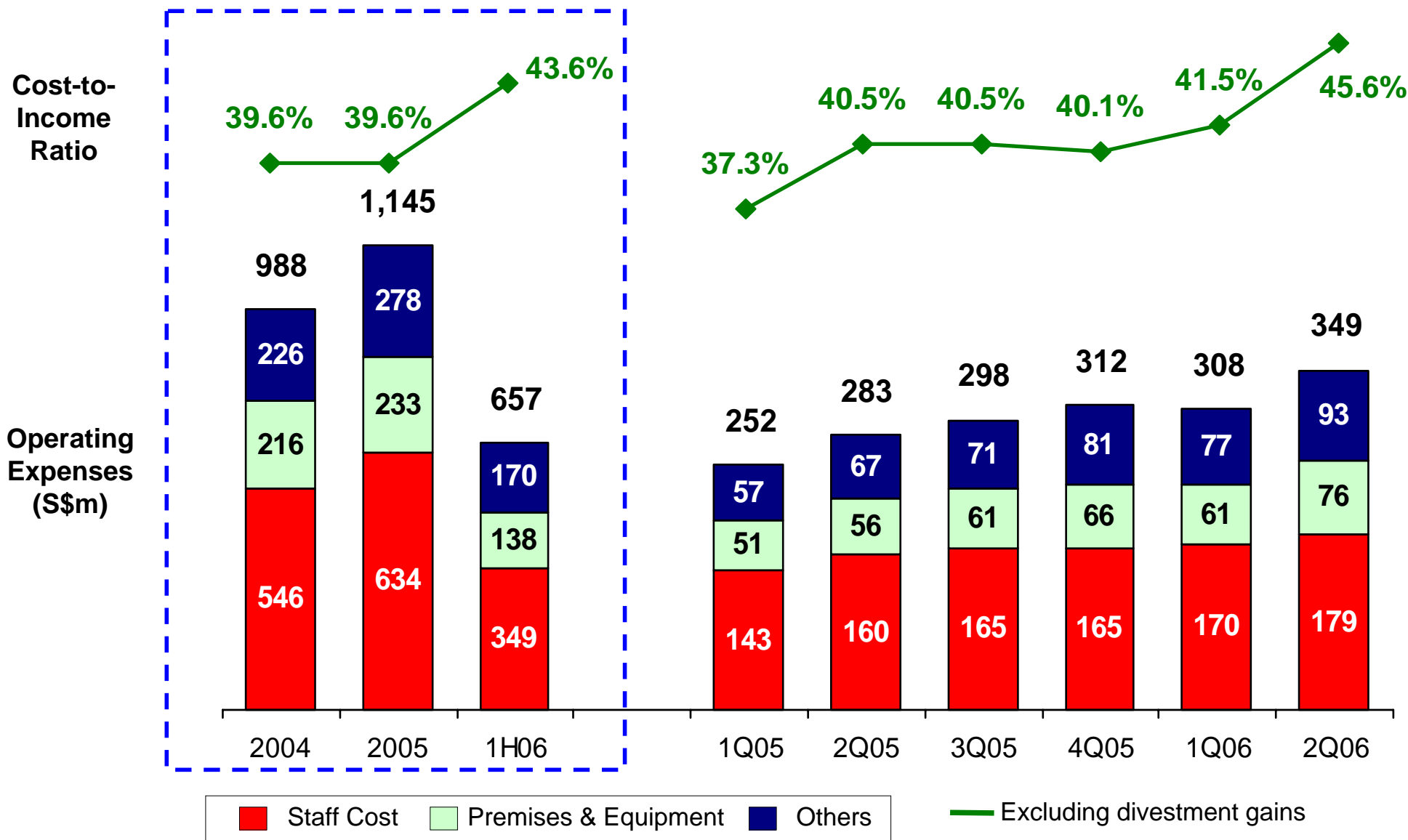
# Non-Interest Income Boosted by Divestment Gains



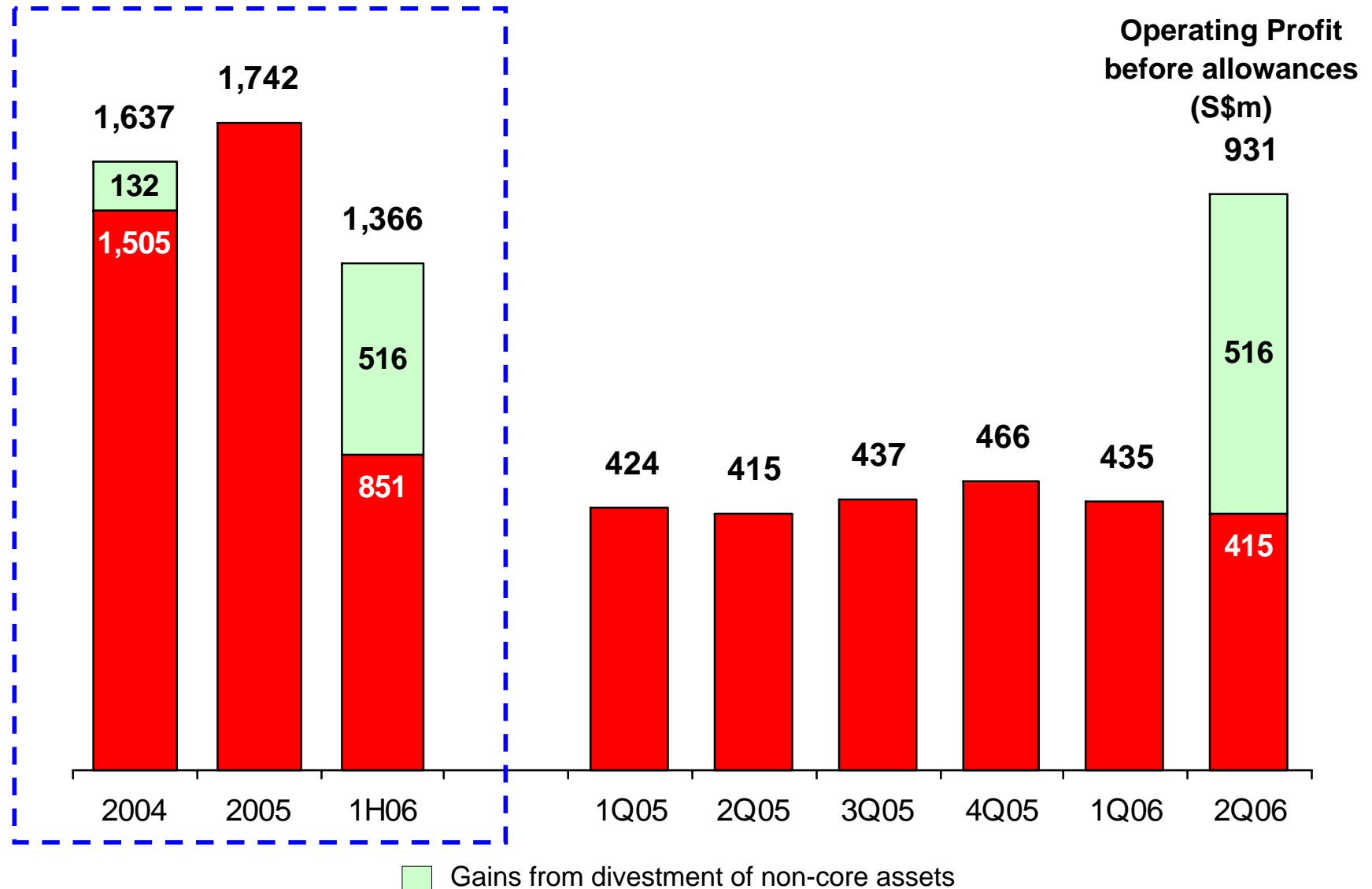
# Steady Growth in Fee Income



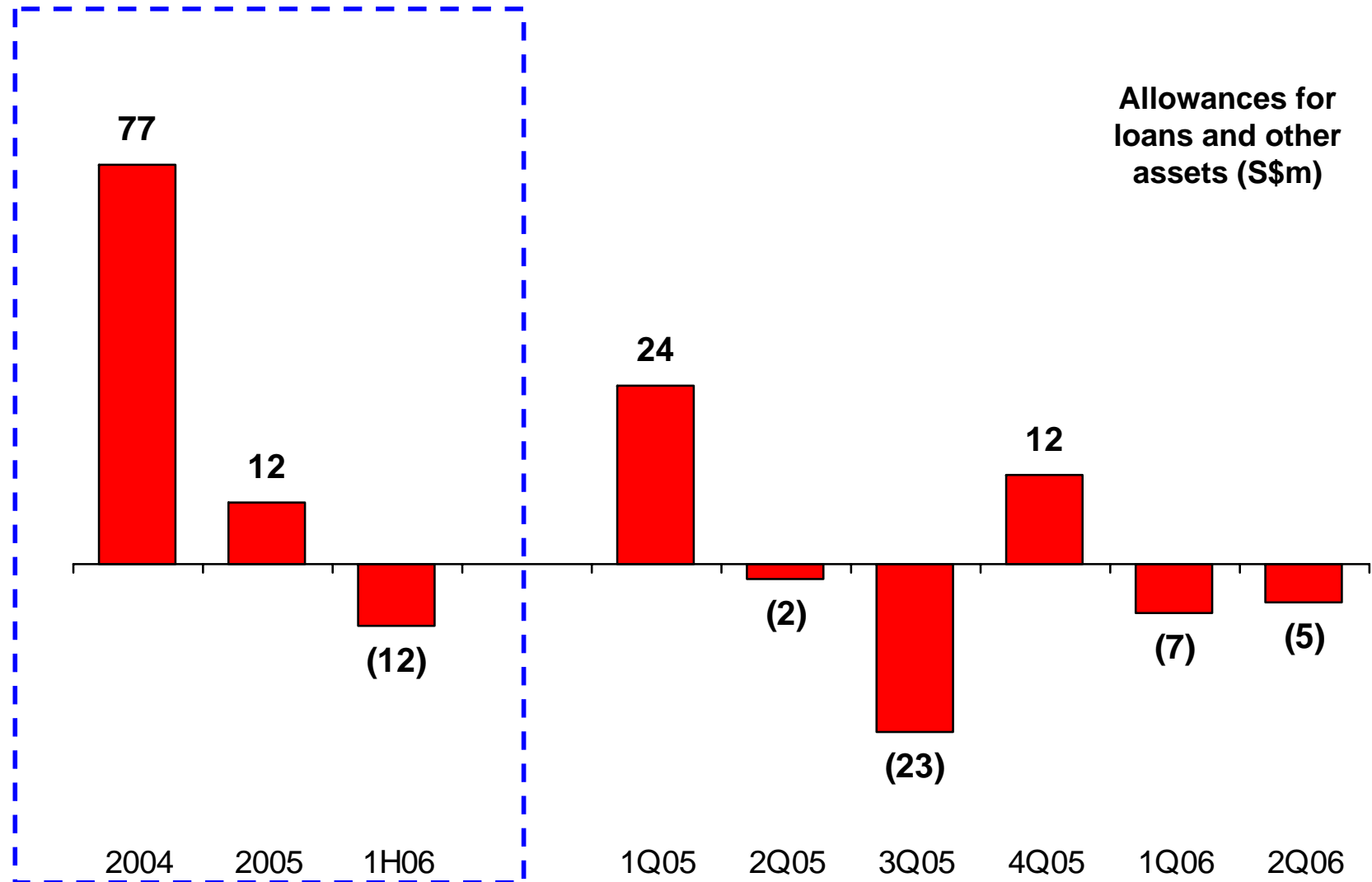
# Higher Expenses Partly Due to Accelerated Depreciation Charges and Write-offs



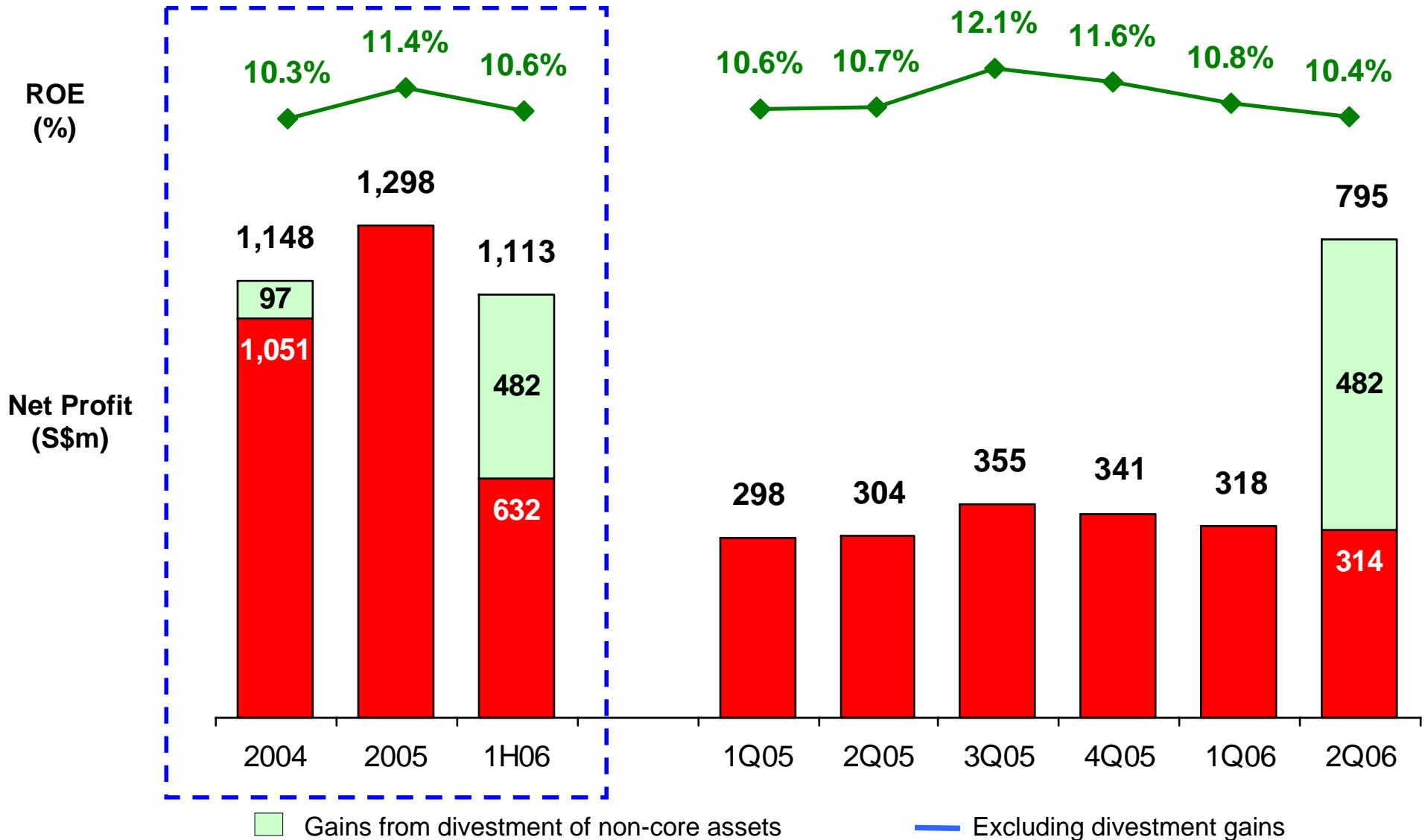
# Operating Profit



# Continued Successes in Recovery Efforts Keeping Allowances Low

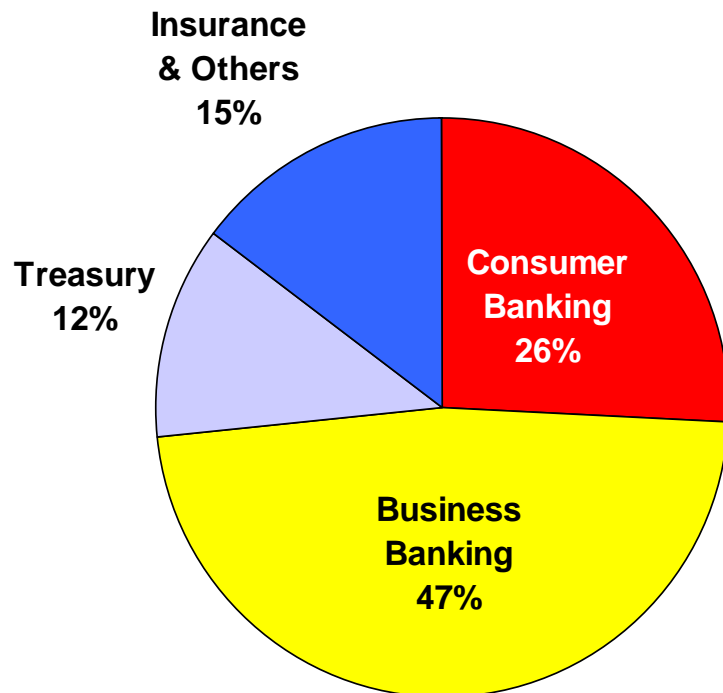


# First Half Core Net Profit Up 5%



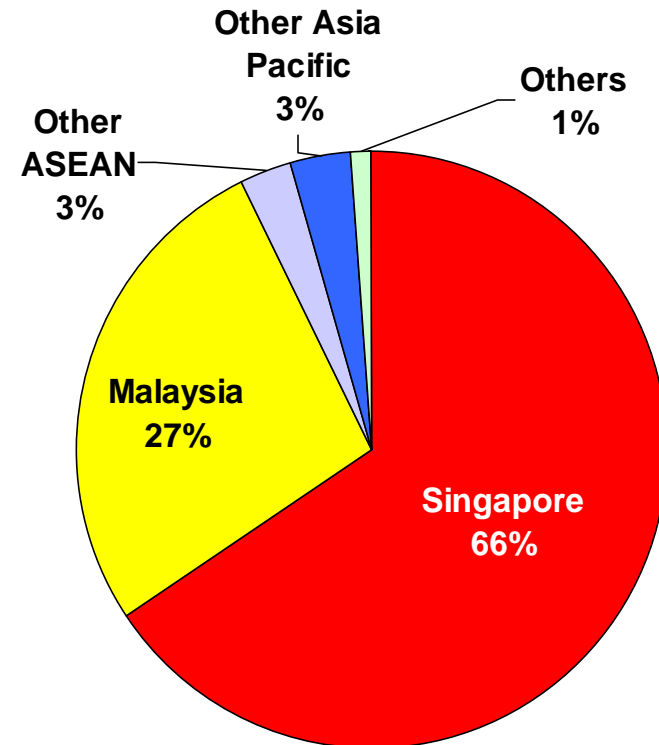
# Earnings Contribution by Segments

## Net Profit by Business Segment



1H2006 Net Profit After Tax: S\$632m  
(excluding divestment gains)

## PBT by Geography

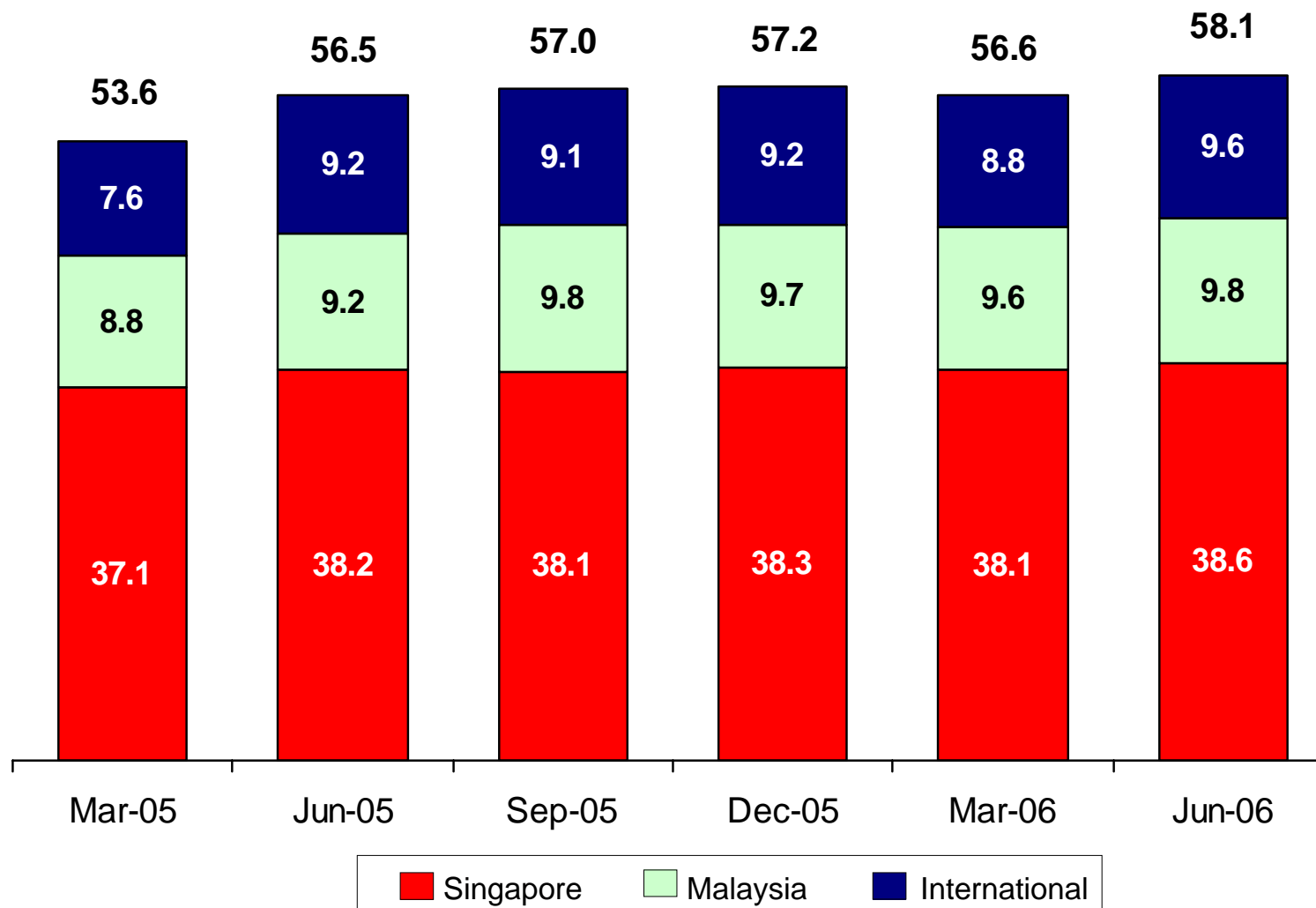


1H2006 Profit before Tax: S\$846m  
(excluding divestment gains)

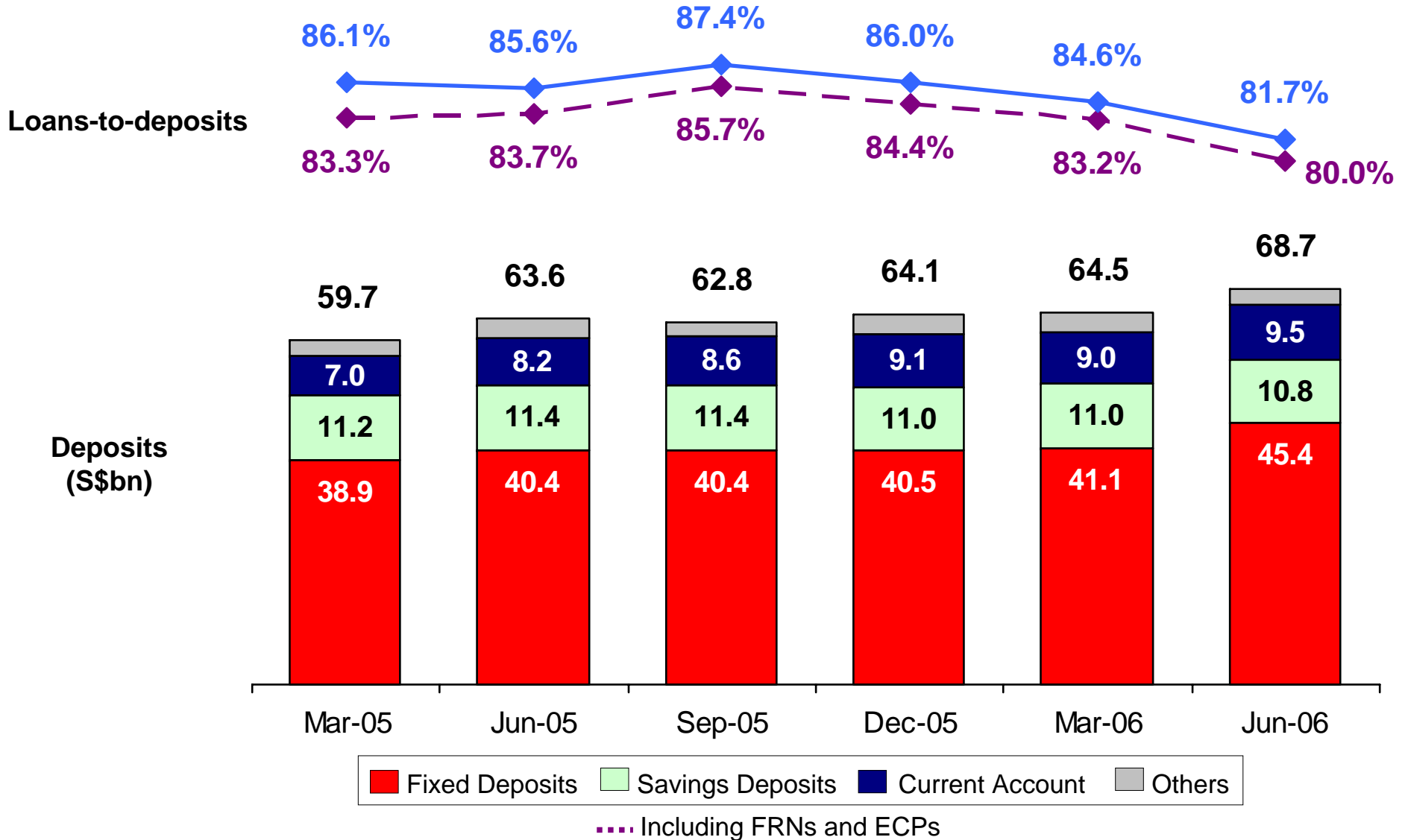


# Loans Growth of 3% YoY

Loans  
(S\$bn)

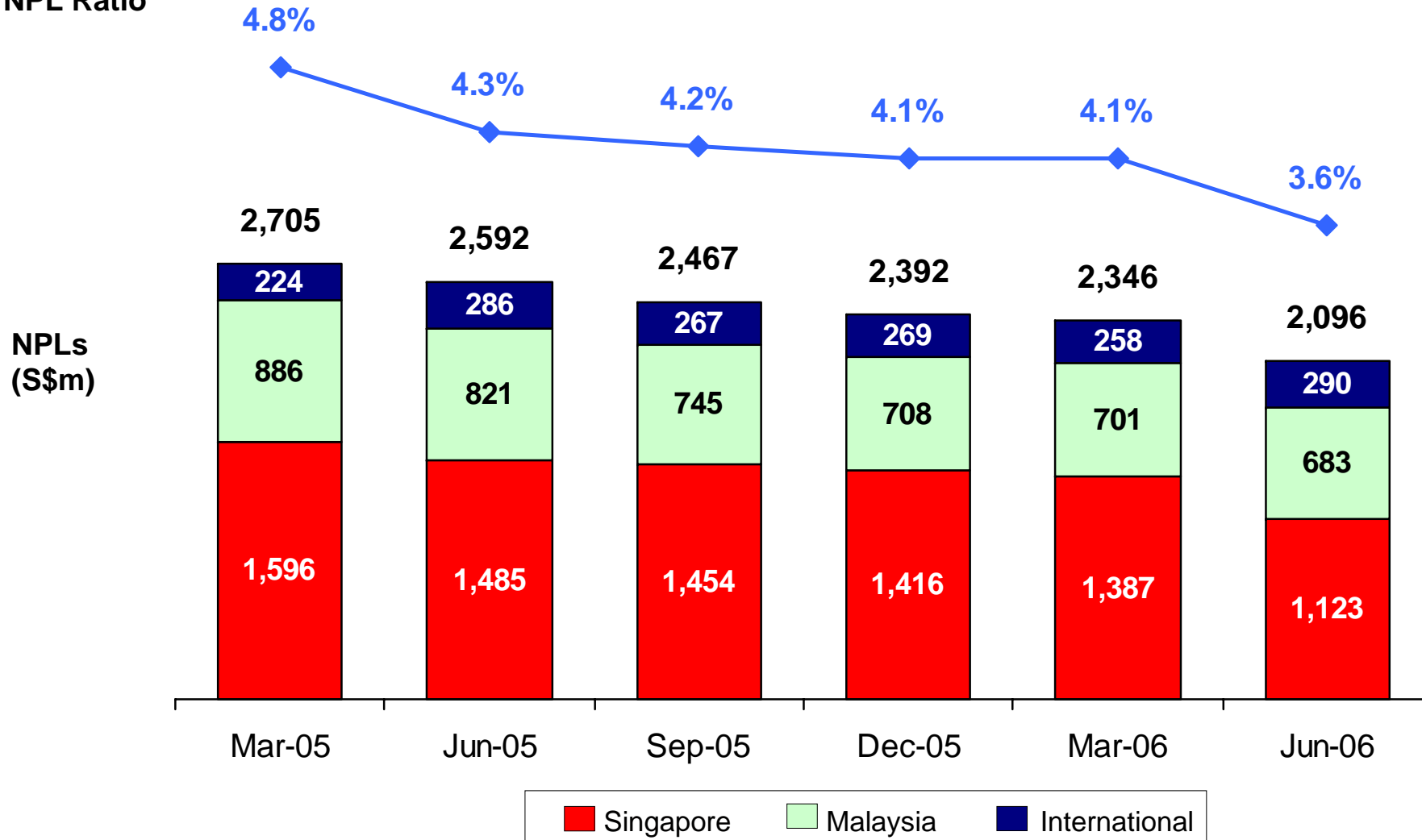


# Lower Loans-to-Deposits Ratio

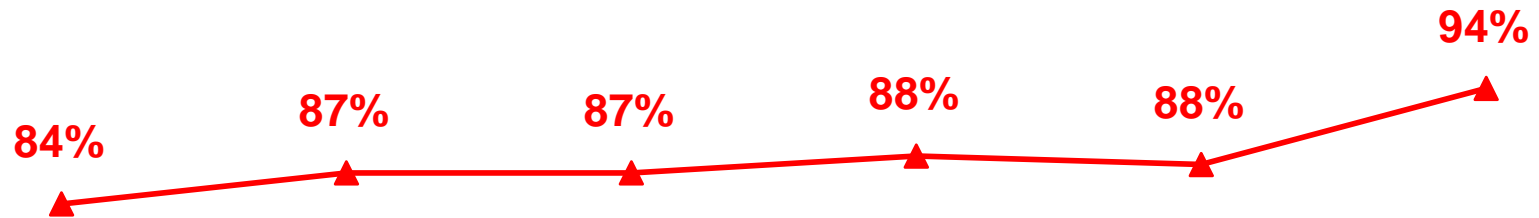


# NPL Ratio Improved to 3.6%

NPL Ratio



# High Allowances Coverage



Total Allowances / NPLs

Specific Allowances / NPLs



Mar-05

Jun-05

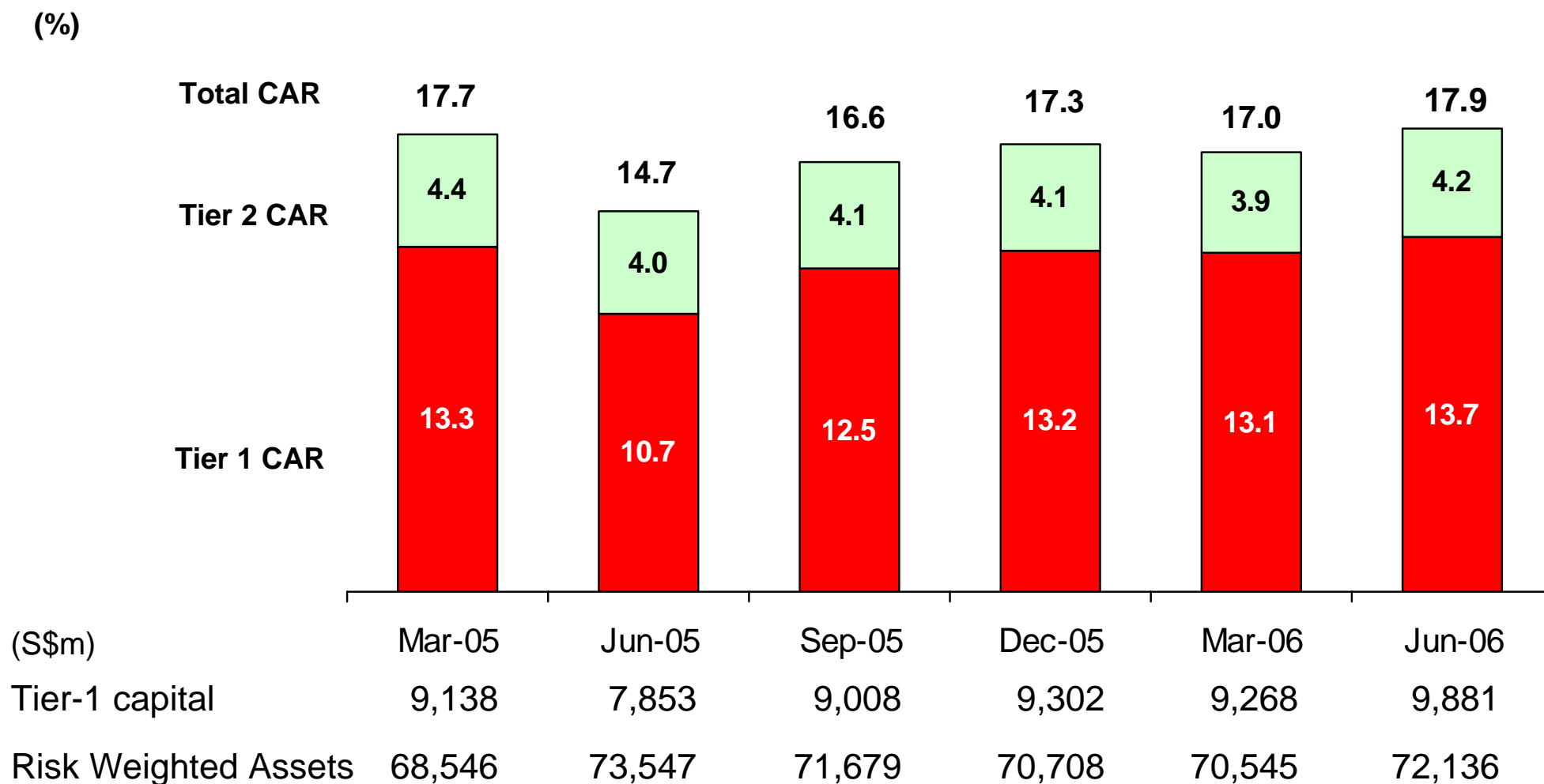
Sep-05

Dec-05

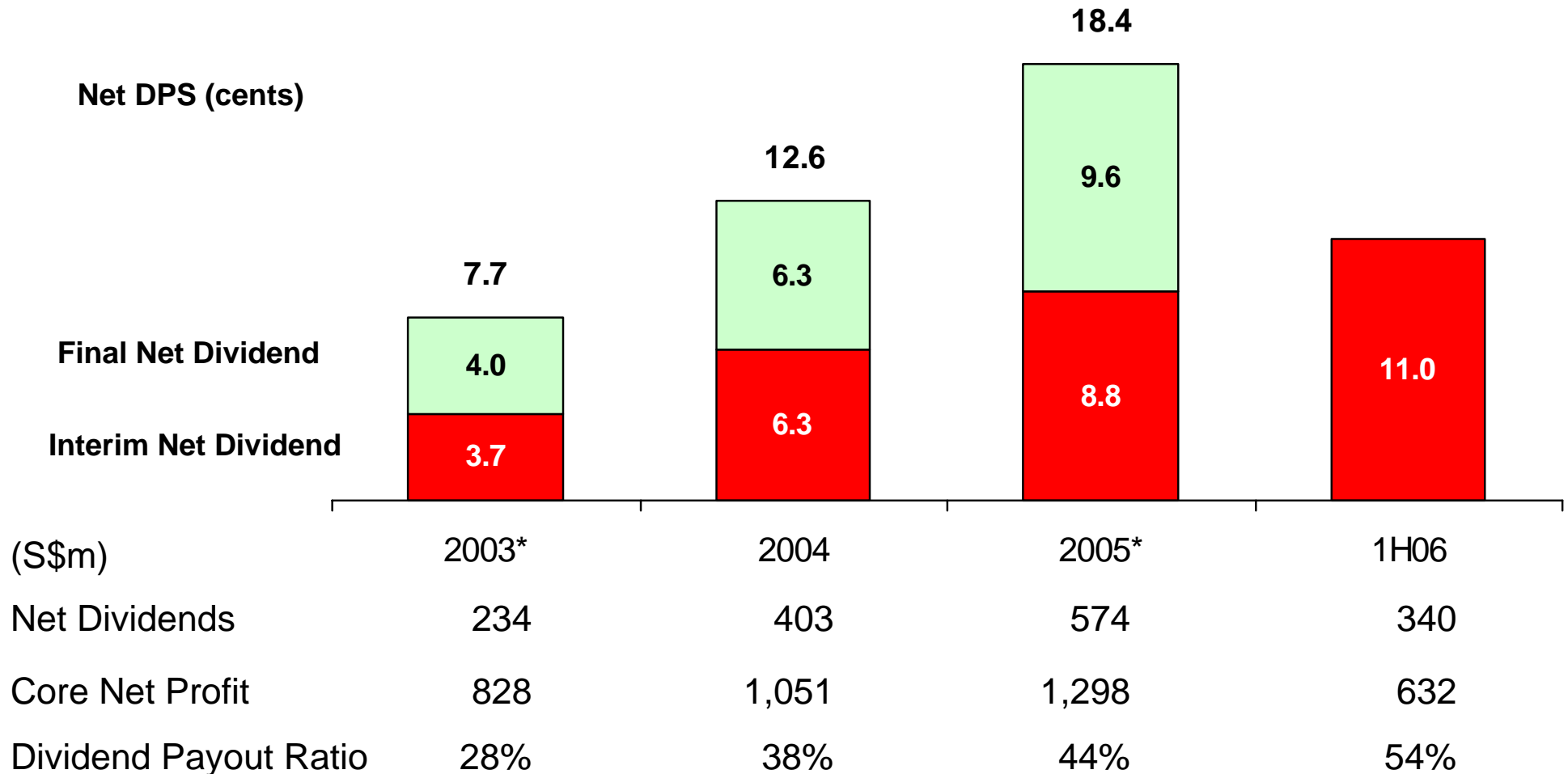
Mar-06

Jun-06

# Robust Capital Position



# Interim Tax-Exempt Dividend of 11 cents – up 25% over 1H05



\* 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: Quarterly Results



	2Q06	2Q05	YoY	1Q06	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	187	155	21	166	13
Islamic Banking Income	12	11	9	13	(8)
Non Interest Income	65	63	3	73	(11)
Total Income	264	229	15	252	5
Operating Expenses	(99)	(88)	13	(91)	9
<b>Operating Profit</b>	<b>165</b>	<b>141</b>	<b>17</b>	<b>161</b>	<b>2</b>
Allowances	(33)	(1)	NM	6	NM
Tax	(38)	(46)	(17)	(48)	(21)
<b>Net Profit</b>	<b>95</b>	<b>94</b>	<b>1</b>	<b>119</b>	<b>(21)</b>

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



# OCBC Malaysia: Half-Year Results



	1H06	1H05	YoY	2H05	HoH
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	353	299	18	329	7
Islamic Banking Income	25	21	19	23	9
Non Interest Income	138	119	16	138	-
<b>Total Income</b>	<b>516</b>	<b>439</b>	<b>18</b>	<b>490</b>	<b>5</b>
Operating Expenses	(190)	(171)	11	(199)	(5)
<b>Operating Profit</b>	<b>326</b>	<b>267</b>	<b>22</b>	<b>291</b>	<b>12</b>
Allowances	(26)	5	NM	21	NM
Tax	(86)	(83)	4	(88)	(2)
<b>Net Profit</b>	<b>214</b>	<b>190</b>	<b>13</b>	<b>224</b>	<b>(4)</b>

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

# OCBC Malaysia: Financial Ratios

	1H06	1H05	2Q06	1Q06	2Q05
<u>Unaudited Results*</u>	%	%	%	%	%
Net Interest Margin	2.56	2.31	2.60	2.52	2.34
Non-Interest Income / Total Income	26.7	27.2	24.6	29.0	27.5
Cost-to-Income Ratio	36.8	39.0	37.5	36.1	38.4
RM Loans-to-Deposits Ratio	83	81	83	83	81
Gross NPL Ratio	6.0	6.8	6.0	6.3	6.8
Loans Growth (YTD)	5.2	4.4	5.2	1.7	4.4
ROE	21.0	24.0	18.7	23.4	24.0

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

# GEH Contributed 19% of Group Net Profit \*

<u>GEH's Contribution to</u>	1H06 <sup>^</sup>	1H05	2Q06 <sup>^</sup>	1Q06	2Q05
<u>OCBC's Results</u>	S\$m	S\$m	S\$m	S\$m	S\$m
Total Income	290	258	149	141	130
Operating Expenses	(58)	(41)	(31)	(26)	(20)
Operating Profit	233	217	118	114	111
Amortisation of Intangibles	(21)	(20)	(11)	(10)	(10)
Tax	(45)	(37)	(26)	(19)	(16)
Minority Interests	(32)	(34)	(16)	(16)	19
<b>Net Profit contribution of GEH</b>	<b>134</b>	<b>125</b>	<b>65</b>	<b>68</b>	<b>66</b>

\* Exclude divestment gains

<sup>^</sup> 2Q06 and 1H06 include S\$24m (S\$16m net of tax) gains from divestment of stakes in Straits Trading and Robinson & Co

# Bank NISP's 2Q06 Results



	2Q06	2Q05	YoY	1Q06	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	210	185	13	201	4
Non Interest Income	35	(22)	NM	40	(14)
Expenses	(161)	(127)	27	(162)	-
Operating Profit	83	36	129	80	4
Allowances	(15)	(14)	9	4	NM
<b>Net Profit</b>	<b>50</b>	<b>1</b>	<b>NM</b>	<b>54</b>	<b>(8)</b>
Gross Loans	12,810	11,722	9	11,789	9
NPL Ratio (%)	3.8	1.8	+2 ppt	3.1	+0.6ppt
Net Interest Margin (%)	4.69	4.36	+ 33 bps	4.49	+20 bps
ROE (%)	9.3	0.3	+9 ppt	10.3	-1 ppt

\* Bank NISP's contribution to Group net profit was S\$5m in 2Q06 and S\$6m in 2Q05 and 1Q06.

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- **Healthy, broad-based revenue growth of 10%; profits dampened by one-time expenses**
- **Improved interest margins**
- **Diversified non-interest revenue streams helped offset weakness in insurance income**
- **Continued successes in recovering NPLs keeping allowances low**
- **Revised dividend payout policy reflects confidence in our underlying businesses and earnings sustainability**

# Continued Growth in Customer Franchise and Product Capabilities

- **9% revenue growth in Group Consumer Banking and Business Banking in 1H06**
- **Singapore & Malaysia consumer customer base up 5% YTD**
- **SME profitability up; moderate SME loans growth YTD**
- **Singapore lending environment remains price competitive**
- **Buoyant demand in private housing loan market: sales up 160% YoY in 1H06; up 35% QoQ in 2Q06**

# Continued Growth in Customer Franchise and Product Capabilities

- **Sustained focus on building our trade, cash management, credit card and treasury capabilities showing good results:**
  - **Re-engineered/best-in-class trade finance processes contributing to higher volumes across trade products, driving trade-related fees up 31% YoY**
  - ***Velocity* usage and customer base continue to grow => current account deposits up by 16% YoY**
  - **Credit card base in S'pore & Malaysia up 29% YoY**
  - **GEH cross-referral initiative accounted for 80% of the 21% increase in Malaysia card base YTD, up from one third contribution in 2005**
  - **Foreign exchange income tripled in 1H06, from both client-driven and trading activities**



- **OCBC Malaysia's 1H06 net profit up 13%; sustained growth in both consumer and business banking**
- **Broad-based loan growth of 11% YoY and 5.2% YTD**
- **Unit trust sales up 45% YoY in 1H06, but structured deposits sales hurt by higher interest rates**
- **Islamic Banking financing up 72%, deposits up 94% YoY**
- **4 new branches – 3 opening within a month, and 1 by year-end, increasing branch network to 29**
- **HOUSE shared ATM network enhances convenience for our customers**

# Indonesia – Growth Potential Remains Intact

- **Macroeconomic conditions stabilising, but rising competition in consumer and SME banking**
- **Bank NISP's 1H06 net profit up 10% on both lending and fee-based growth**
- **Loans recovered 9% in 2Q06, following contraction in 1Q06, while interest margins improved**
- **Added 22 new branches (to 212), 47 new ATMs (to 277)**
- **Capability transfer progressing well, e.g. Velocity (cash management) customer base increased 128% and transactions up 169% YTD**

- **12.2% stake in Ningbo Commercial Bank completed in June 2006; structured training and development programme has commenced**
- **10% stake in VP Bank: in-principle approval obtained from Vietnam's regulator. Final approval and transaction completion expected by the third quarter**

# Second Quarter 2006 Results

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Thank You

