

First Quarter 2008 Results

Presentation

7 May 2008



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Agenda

- **Results Overview**
- **Performance Trends**
- **Results of Key Subsidiaries**
- **In Summary**

Appendix: Update on CDOs

Core Net Profit Fell 10% YoY, Grew 8% QoQ

	1Q08	1Q07	YoY	4Q07	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	638	508	26	613	4
Non-Interest Income	377	506	(26)	464	(19)
Total Income	1,015	1,014	-	1,077	(6)
Operating Expenses	(426)	(352)	21	(485)	(12)
Operating Profit	589	662	(11)	593	(1)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	8	(0.3)	n.m.	(13)	(159)
Associates & JVs	2	16	(90)	(1)	233
Tax & Minority Interests	(126)	(156)	(19)	(142)	(11)
Core Net Profit	460	510	(10)	425	8
Divestment Gains/Tax Refunds ^{1/}	162	137	18	4	n.m.
Reported Net Profit	622	647	(4)	428	45

^{1/} Net divestment gains of S\$156m in 1Q08 and S\$90m in 1Q07, and tax refunds of S\$6m in 1Q08, S\$4m in 4Q07 and S\$47m in 1Q07.



Key Financial Ratios - Based on Core Earnings

	1Q08	4Q07	1Q07
	%	%	%
Net Interest Margin	2.17	2.14	2.04
Non-Interest Income/ Total Income	37.1	43.0	49.9
Cost-to-Income Ratio	42.0	45.0	34.7
Loans-to-Deposits Ratio	79.7	80.3	78.9
NPL Ratio	1.6	1.7	2.7
Allowances/NPLs	115.3	116.1	101.6
ROE	12.2	11.2	15.9
Cash ROE	12.6	11.5	16.3



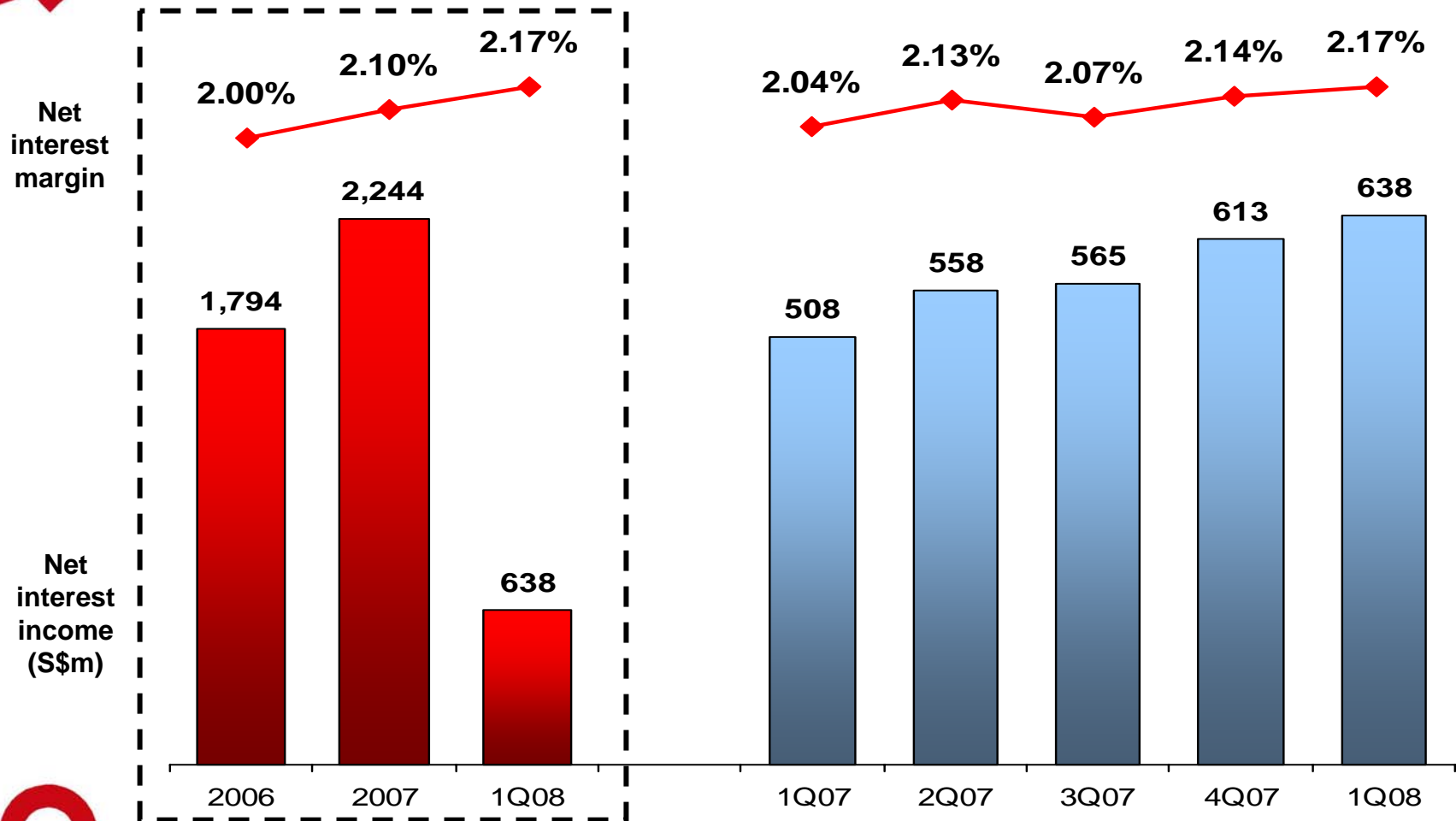


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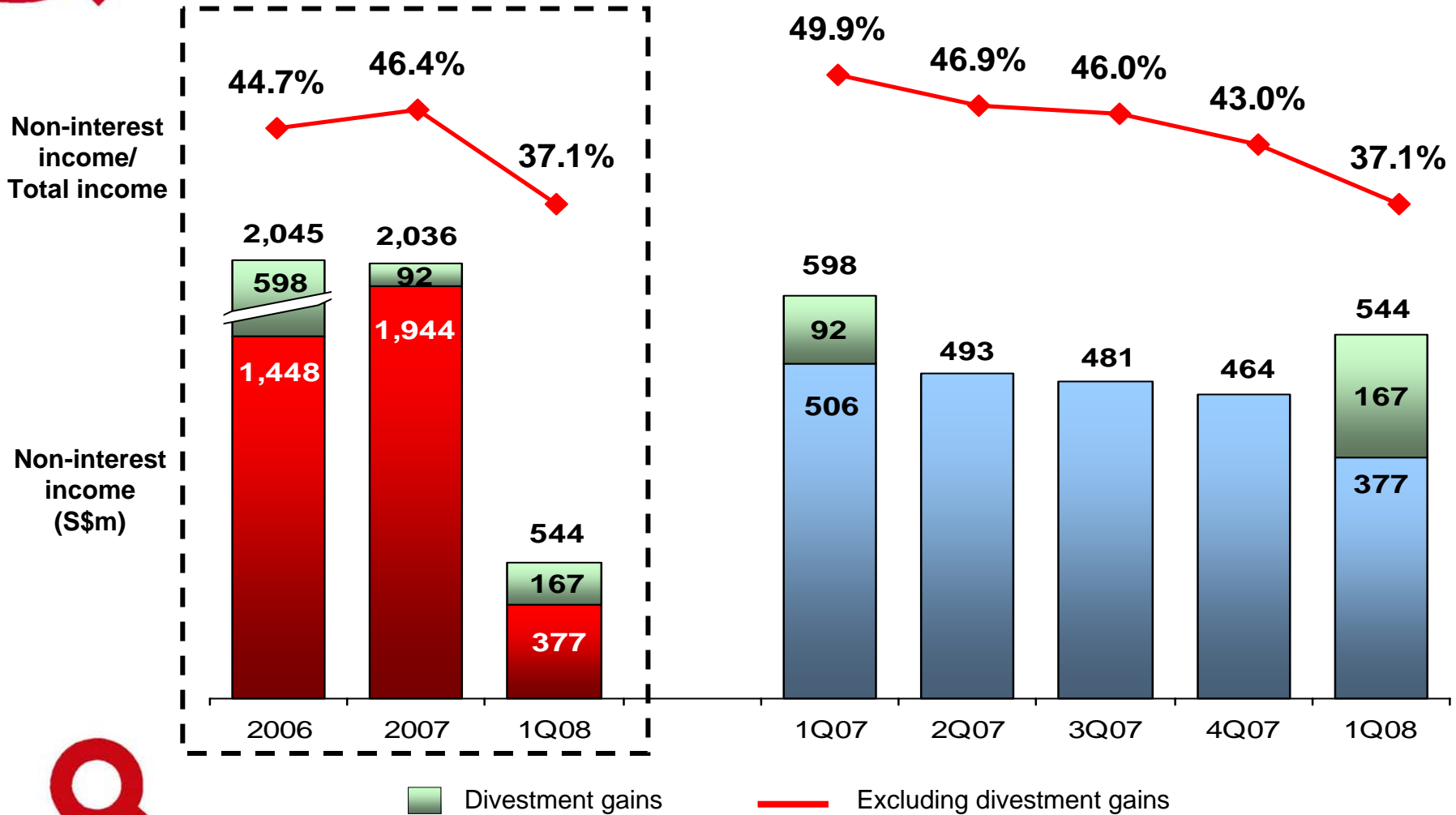
Continued Uptrend in Net Interest Income and Margins



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Non-Interest Income Impacted by Lower Insurance Profits and Trading Losses



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Life Assurance Profits Impacted by MTM Investment Losses and Lower Discount Rate on Insurance Liabilities

	1Q08	4Q07	1Q07	2007	2006
Life assurance profit from:	S\$m	S\$m	S\$m	S\$m	S\$m
- Participating Fund	26	71	26	143	103
- Non-participating Fund	(30)	94	53	302	218
- Investment-linked Fund	11	15	20	64	55
Total life assurance profit	7	180	99	509	376

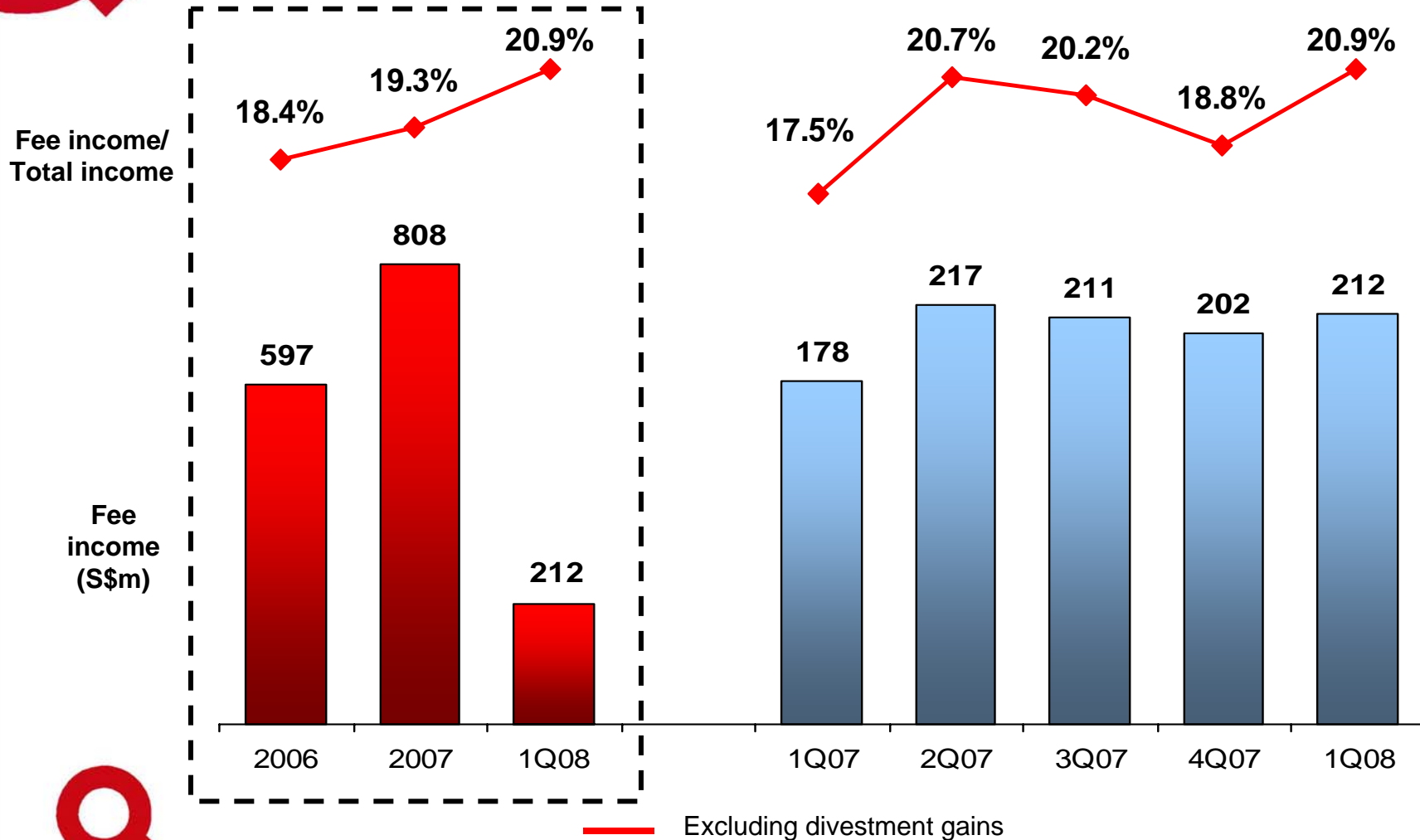
- **Loss in GEH's non-par fund due to:**

- MTM losses on investments due to debt and equity market volatility
- Increase in long term insurance contract liabilities due to a decline in the discount rate

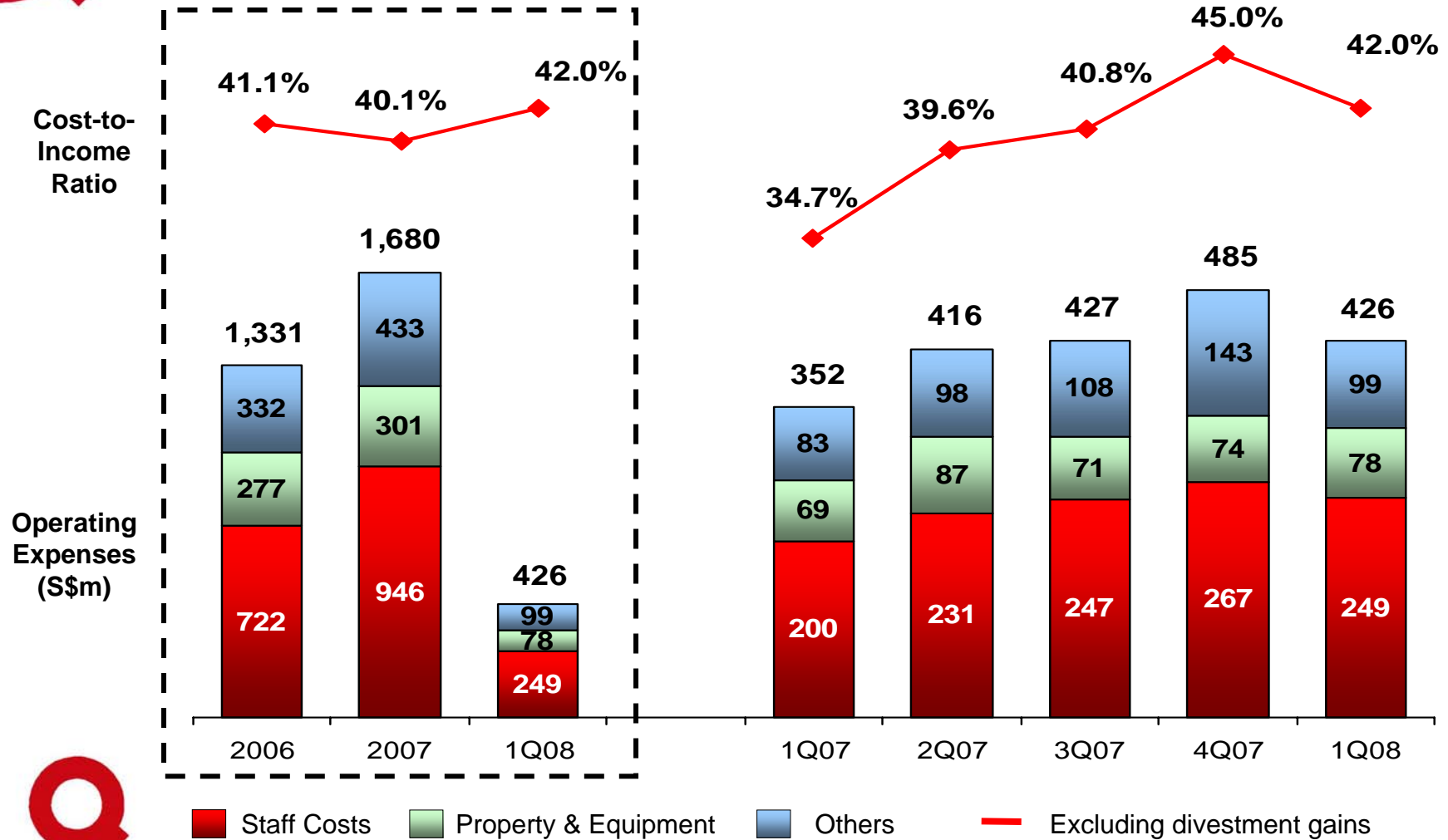
- **GEH's underlying life assurance business remains healthy:**

- Gross premium income up 28% YoY
- New business premiums up 51% YoY
- New business embedded value up 18% YoY

Fee Income Increased 19% YoY, 5% QoQ



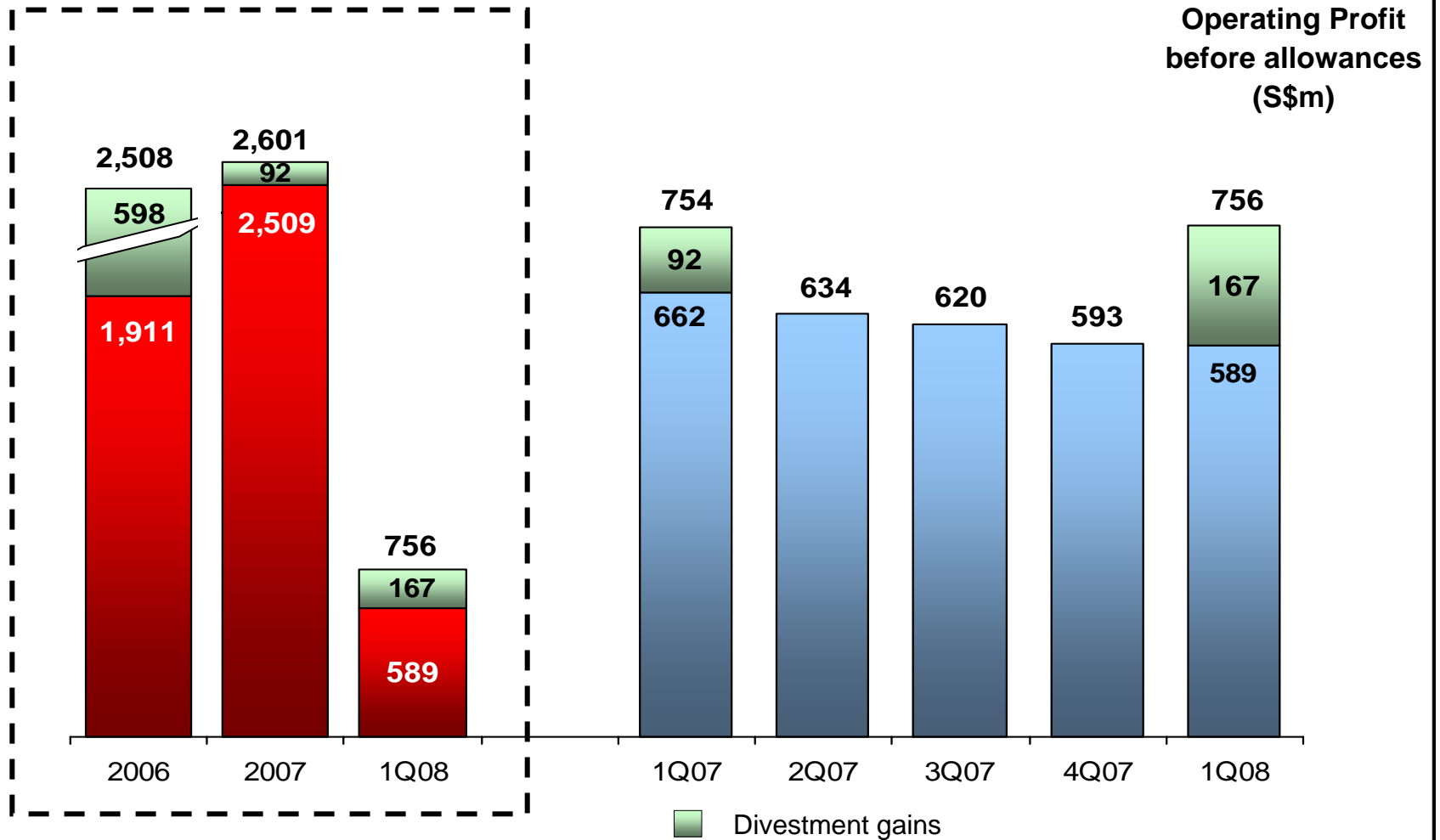
Operating Expenses Fell by 12% QoQ



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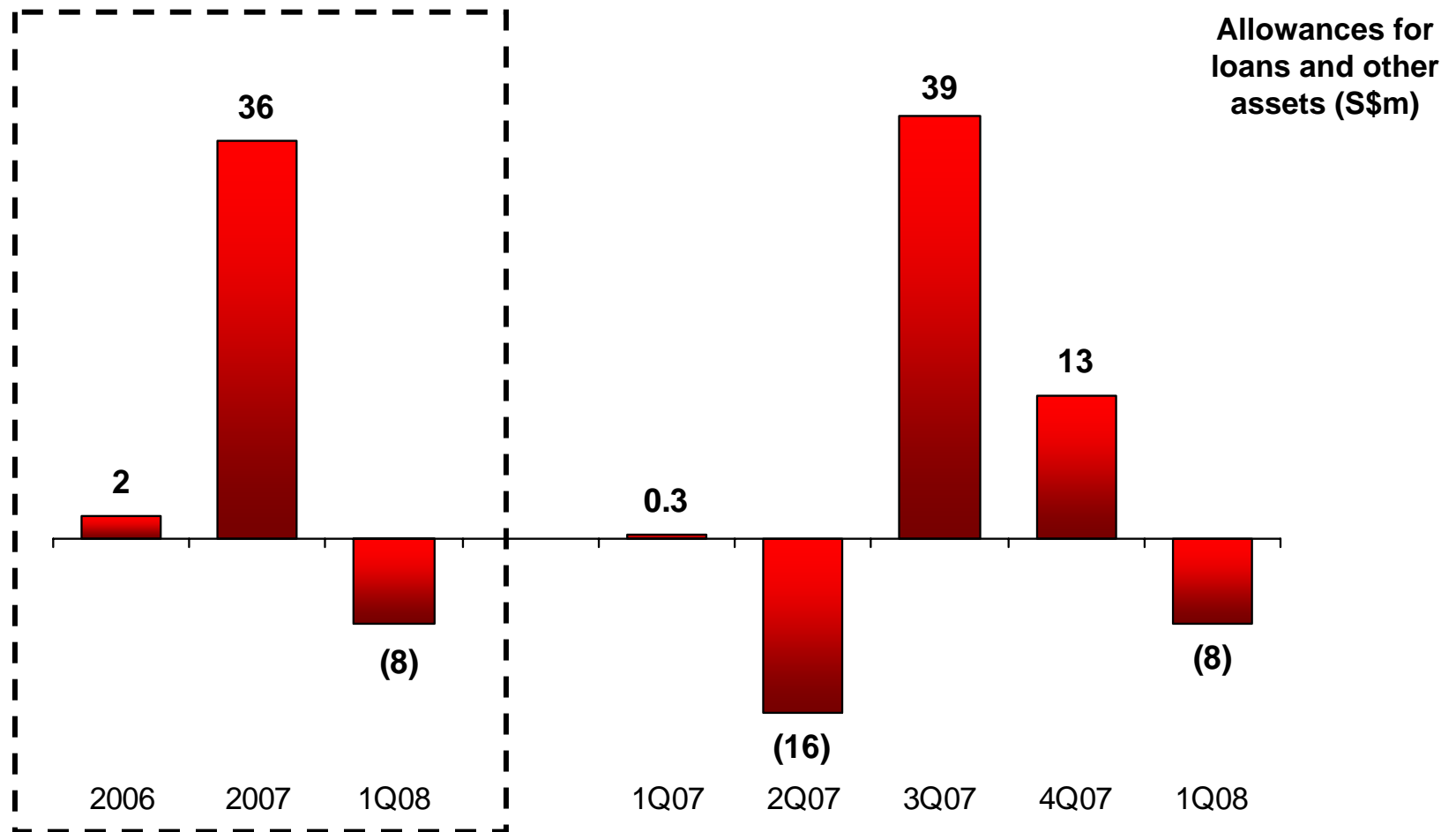
Core Operating Profit down 11% YoY



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Net Write-Back on Allowance from Loan Recoveries, Repayments and Upgrades



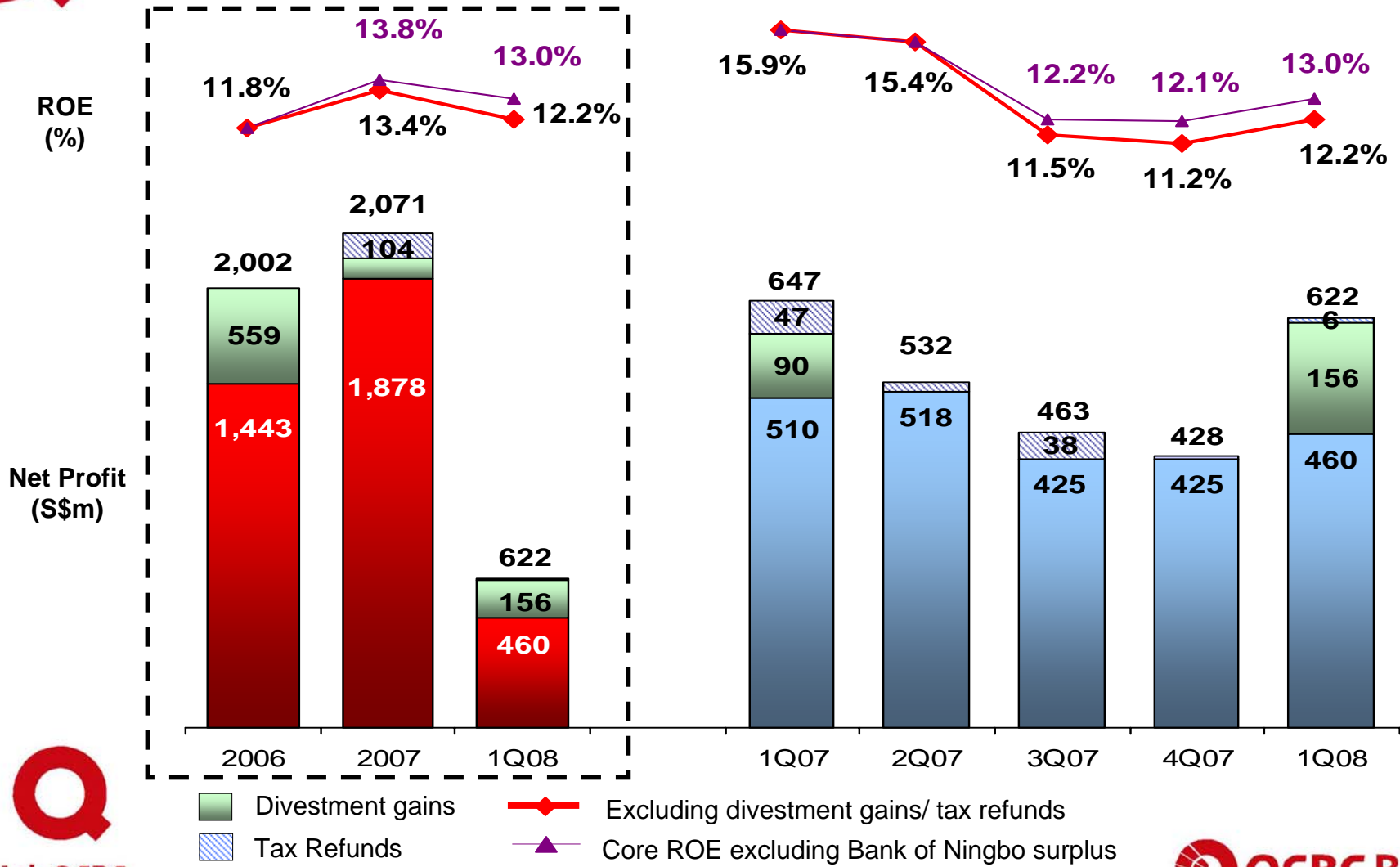
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No Further Allowances for CDOs in 1Q08

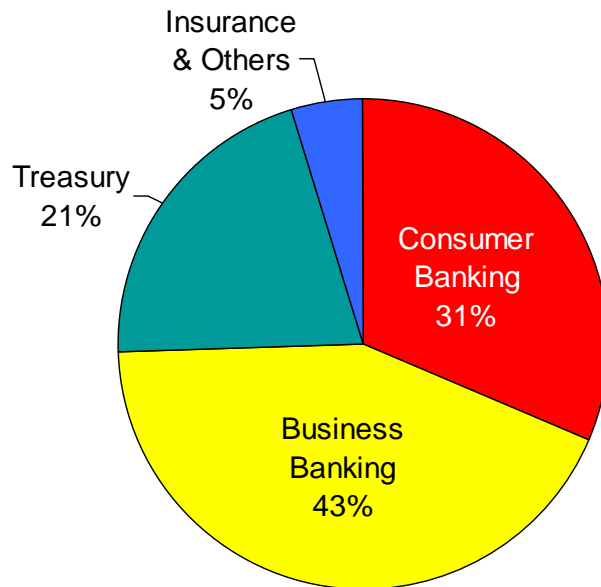
	1Q08	4Q07	1Q07
	S\$m	S\$m	S\$m
Specific allowances/ (write-back) for loans	(6)	(5)	(3)
Allowances for CDOs	-	10	-
Allowances/(write-back) for other assets	(1)	8	3
Total net allowances/ (write-back)	(8)	13	0.3

ROE Improved QoQ to 12.2%



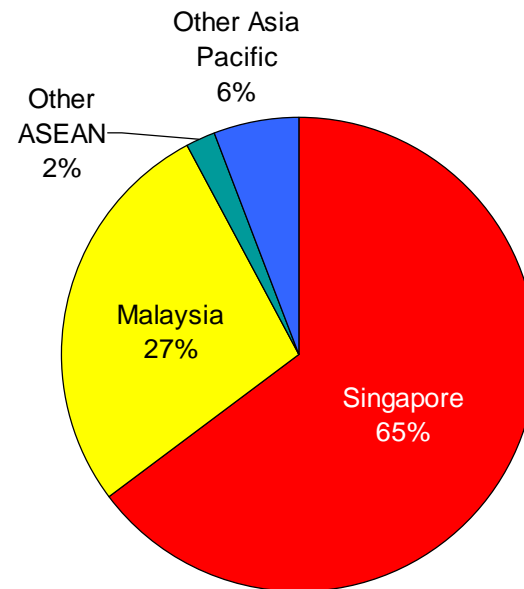
Earnings Contribution by Segments

1Q08 PBT by Business Segment



1Q08 Profit Before Tax & MI : S\$586m
(excluding divestment gains)

1Q08 PBT by Geography



1Q08 Profit Before Tax & MI : S\$586m
(excluding divestment gains)

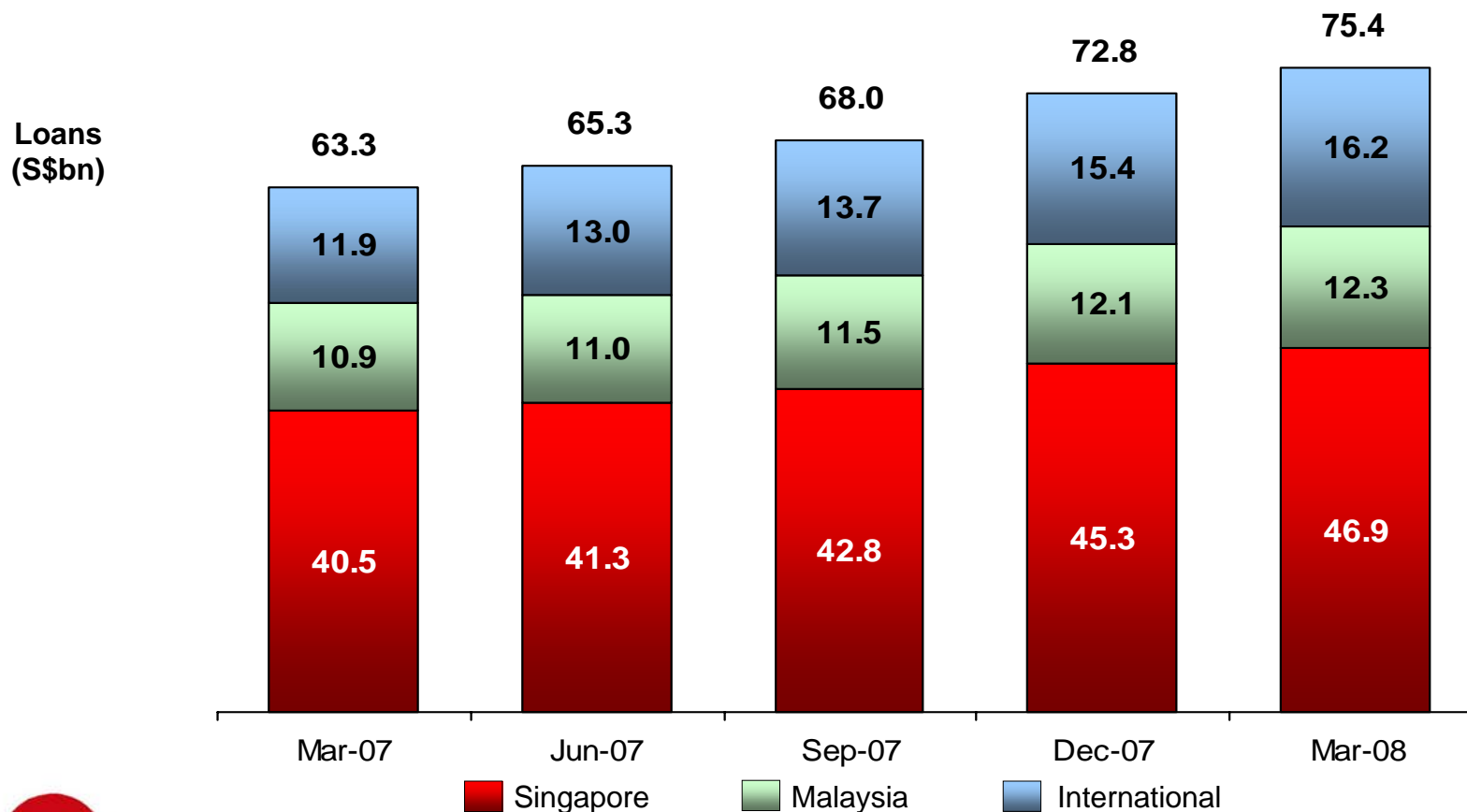


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Broad-based Loans Growth of 19% YoY, 4% QoQ



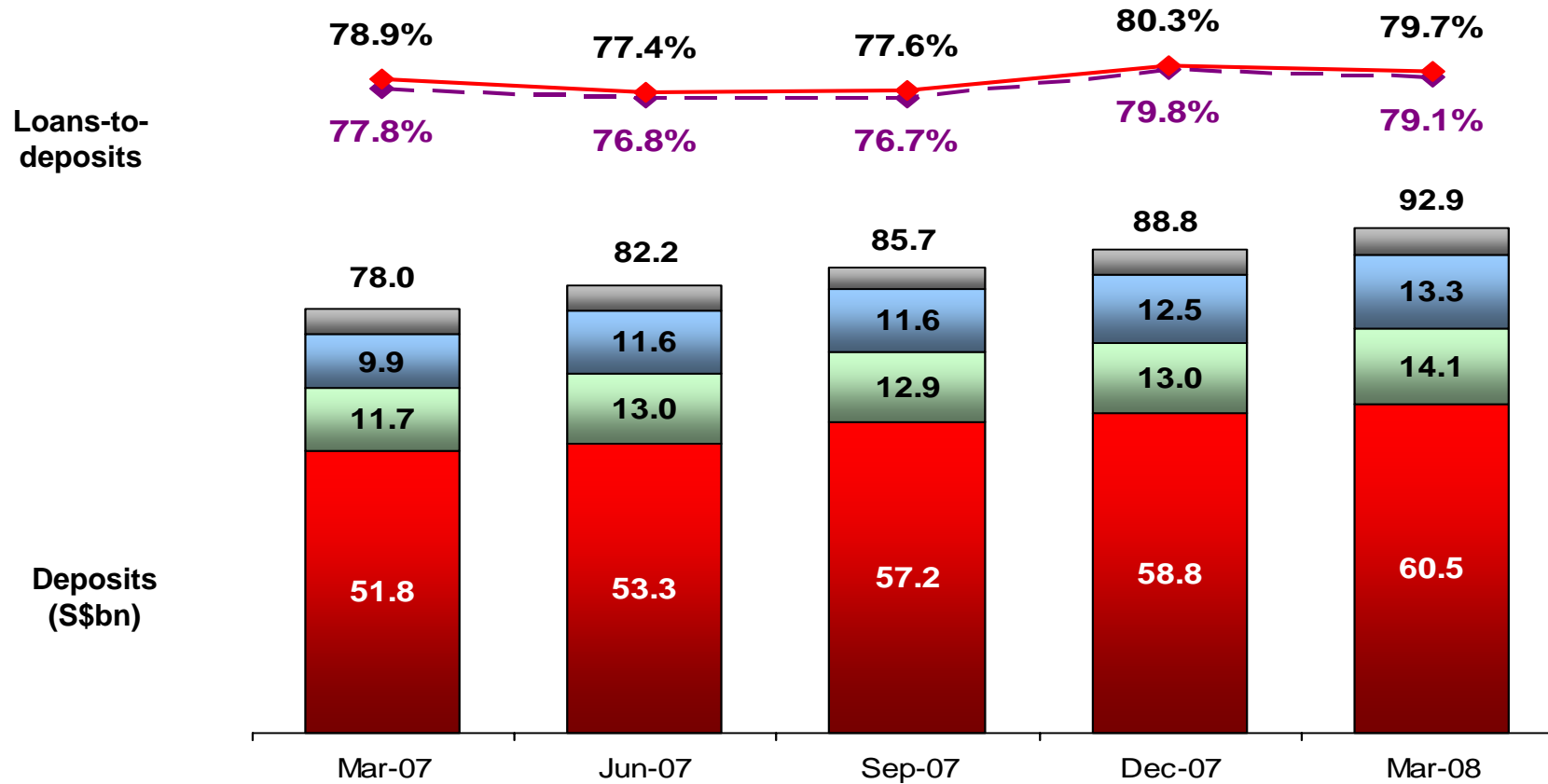
Note: Loans by geography are based on where the credit exposure resides



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Deposits up 19% YoY, 5% QoQ

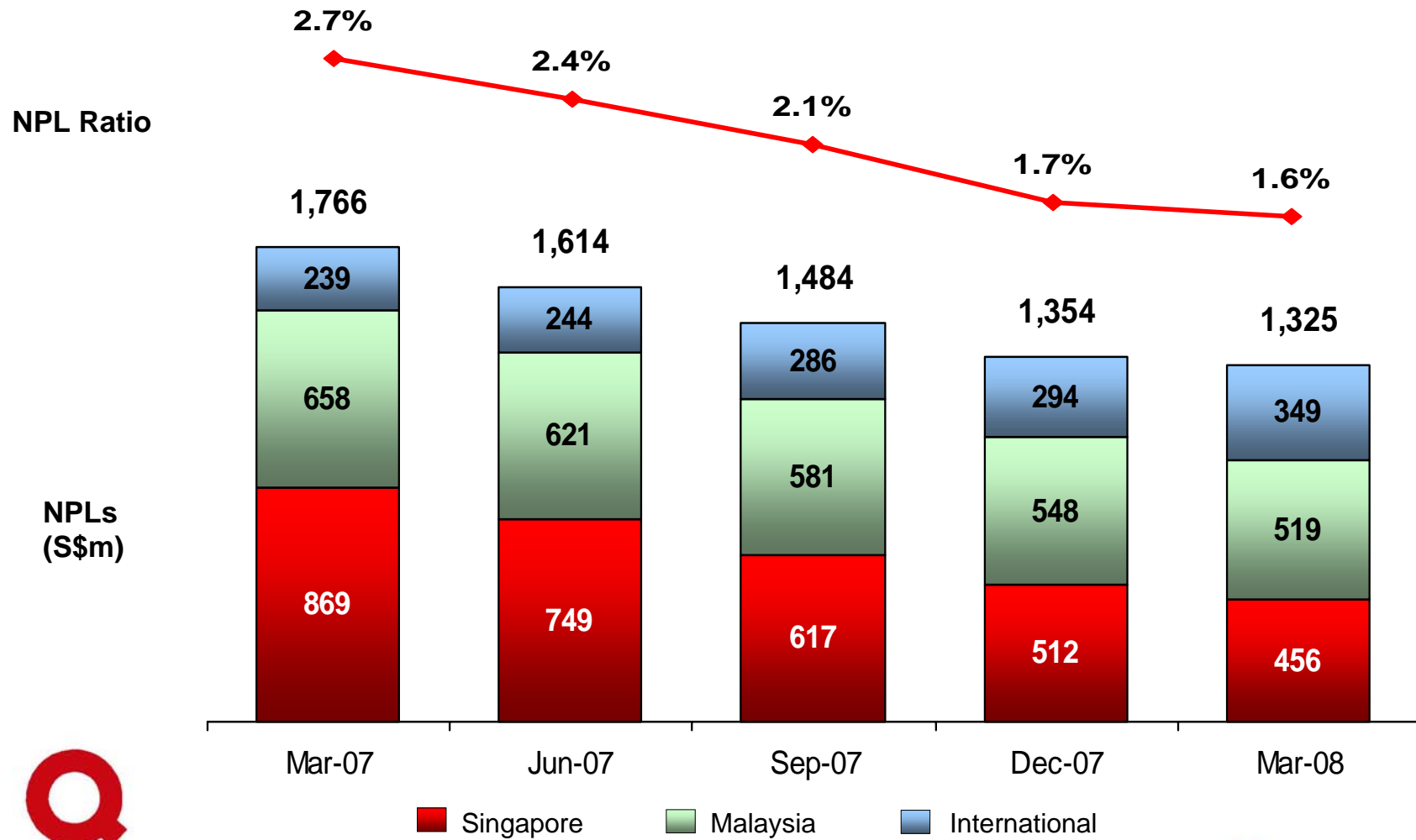


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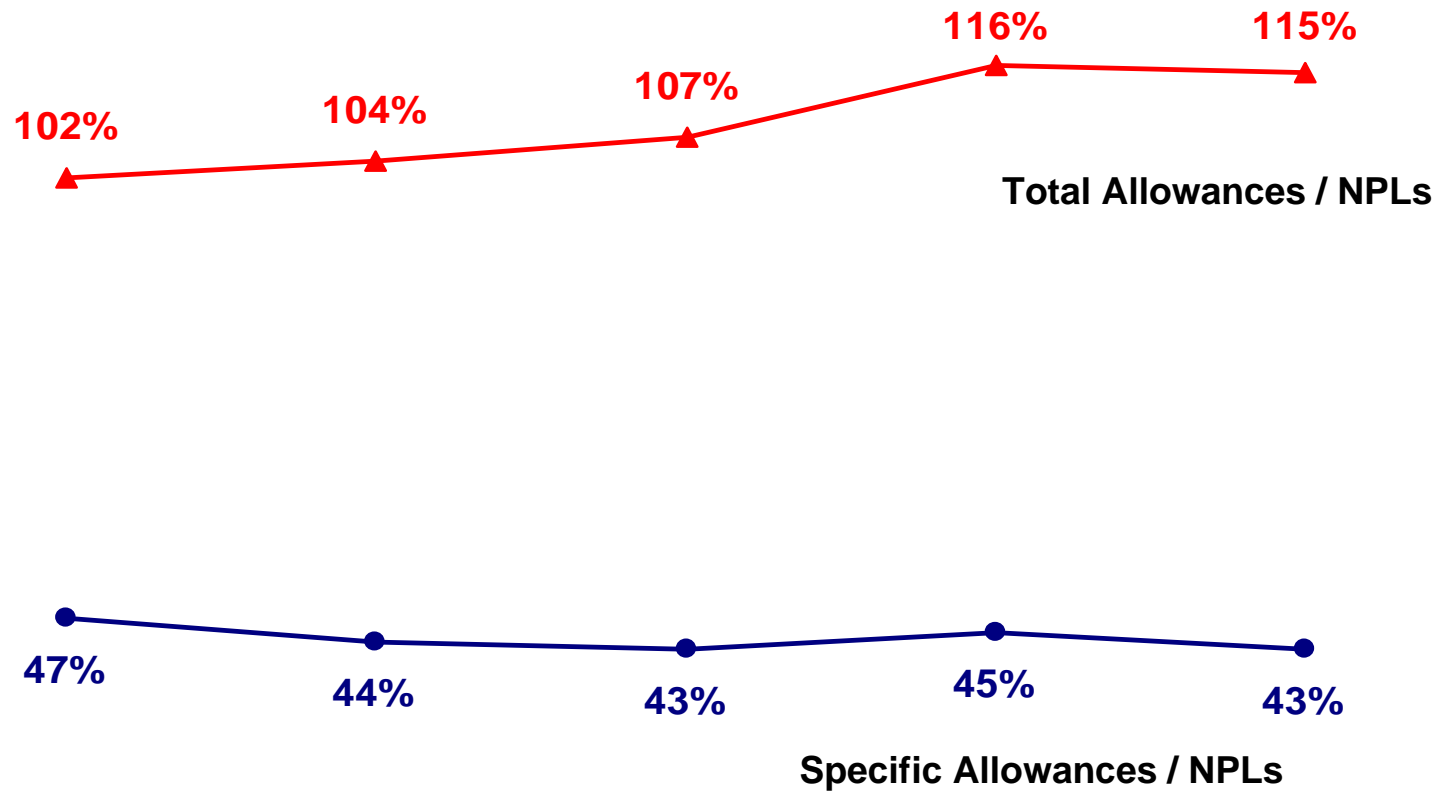
■ Fixed Deposits
 ■ Savings Deposits
 ■ Current Account
 ■ Others
 - - - Including FRNs and ECPs



NPL Ratio Improves to 1.6%



Allowance Coverage of 115%



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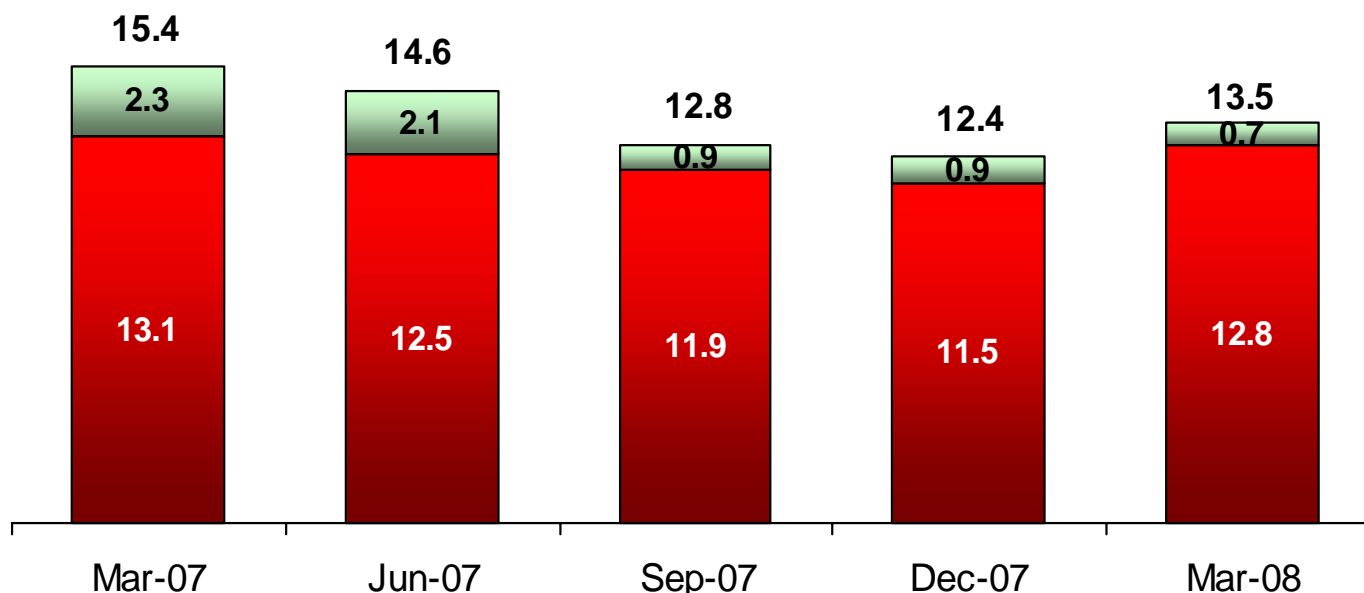
Capital Ratios Improved Marginally Following Basel II Adoption

(%)

Total CAR

Tier 2 CAR

Tier 1 CAR



(S\$m)

Tier-1 Capital

Risk Weighted Assets

	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08
Tier-1 Capital	10,738	11,049	11,051	11,431	11,530
Risk Weighted Assets	81,878	87,846	92,849	99,381	89,645

Note: Capital ratios for March 2008 are computed based on Basel II framework and in accordance with revised MAS Notice 637. Prior to 2008, capital ratios are based on Basel I framework.



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GEH First Quarter Contribution

GEH's Contribution to OCBC's Results

	1Q08 [^]	1Q07	YoY	4Q07	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	105	192	(45)	236	(55)
Operating Expenses	(29)	(29)	1	(39)	(27)
Operating Profit	77	164	(53)	196	(61)
Amortisation of Intangibles	(12)	(12)	0	(12)	0
Allowances	(3)	0	n.m.	(4)	(32)
Associates & JVs	(2)	11	(122)	(5)	(50)
Tax	(25)	(27)	(9)	(41)	(40)
Minority Interests	(7)	(19)	(66)	(19)	(66)
Net Profit contribution	29	117	(75)	116	(75)

[^] 1Q08 include S\$40m gains (S\$28m net of tax and minorities) from divestment of Straits Trading shares



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OCBC Malaysia: 1Q08 Results

	1Q08	1Q07	YoY	4Q07	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	233	202	15	233	-
Islamic Banking Income	27	18	50	23	17
Non-Interest Income	149	96	55	92	62
Total Income	409	316	29	348	18
Operating Expenses	(143)	(109)	31	(163)	(12)
Operating Profit	266	207	29	185	44
Allowances	(17)	(24)	(29)	(14)	21
Tax	(68)	(55)	24	(50)	36
Net Profit	181	128	41	121	50

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



OCBC Malaysia: Financial Ratios

	1Q08	4Q07	1Q07
	%	%	%
Net Interest Margin	2.46	2.58	2.56
Non-Interest Income / Total Income	36.3	26.4	30.4
Cost-to-Income Ratio	35.0	46.9	34.5
RM Loans-to-Deposits Ratio	83.6	84.6	78.1
Gross NPL Ratio	3.7	4.0	5.3
Loans Growth (YoY)	15.3	14.5	11.5
ROE	28.4	19.9	23.1



Bank NISP: 1Q08 Results

	1Q08	1Q07	YoY	4Q07	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	302	263	15	306	(1)
Non Interest Income	88	96	(8)	88	0
Expenses	(308)	(221)	39	(303)	2
Operating Profit	82	138	(41)	91	(10)
Allowances	(6)	(23)	(75)	(30)	(81)
Net Profit	54	82	(34)	44	24

* Bank NISP's contribution to Group net profit was S\$5m, S\$5m and S\$11m respectively in 1Q08, 4Q07 and 1Q07



Bank NISP: Financial Ratios

	1Q08	4Q07	1Q07
	%	%	%
Net Interest Margin	4.99	4.97	4.40
Non-Interest Income / Total Income	22.5	22.4	26.7
Cost-to-Income Ratio	79.0	76.8	61.6
Loans-to-Deposits Ratio	91.3	89.1	80.7
Gross NPL Ratio	2.56	2.53	2.84
Loans Growth (YoY)	16.6	22.3	37.6
ROE	6.5	5.6	13.9



In Summary

- **Resilient earnings despite significantly lower insurance contribution and volatile financial markets**
- **Core lending, fee-based and treasury businesses remain robust**
- **Expenses under control**
- **Realization of growth opportunities in our key markets continues on track in spite of financial market turmoil**
- **We are on alert given inflationary pressures and potential further deterioration in global economy**



Appendix: Update on Bank's CDO Portfolio

(S\$m)	Investment Amount as at 31 Mar 08 ^(a)	Allowances/ MTM Losses to-date (taken to P&L)	Adj. to Fair Value Reserves to-date (taken to Equity)
Total CDOs	594	(259)	(55)
- ABS CDOs	250	(226) ^(b)	-
- Corporate CDOs	344	(33) ^(c)	(55)

(a) Based on 31 March 2008 US\$/S\$ exchange rate of 1.3809

(b) Allowances of S\$221m in 3Q07, S\$5m in 4Q07, zero in 1Q08

(c) MTM loss in the value of credit default swaps related to synthetic corporate CDOs (2007: S\$18m; 1Q08: S\$16m)

- **ABS CDOs**

- Contain some exposure to US sub-prime mortgage assets
- S\$74m have been classified under non-performing assets

- **Corporate CDOs**

- Breakdown: US 64%, Europe 28%, Asia/Others 8%. AAA - 28%, AA - 16%, A - 56%.
- No defaults or downgrades to date. S\$97m of CDOs mature in Nov 08, S\$55m in Sep 09



First Quarter 2008 Results

Thank You



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