

Second Quarter 2008 Results

Presentation

7 August 2008



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Agenda

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



Core Net Profit Fell 26% YoY, 17% QoQ

	2Q08	2Q07	YoY	1Q08	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	678	558	22	638	6
Non-Interest Income	360	493	(27)	377	(5)
Total Income	1,038	1,050	(1)	1,015	2
Operating Expenses	(473)	(416)	14	(426)	11
Operating Profit	565	634	(11)	589	(4)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
(Allowances)/Write-back	(55)	16	(451)	8	(819)
Associates & JVs	3	4	(32)	2	86
Tax & Minority Interests	(120)	(125)	(4)	(126)	(5)
Core Net Profit	381	518	(26)	460	(17)
Divestment Gains/Tax Refunds ^{1/}	44	15	199	162	(73)
Reported Net Profit	425	532	(20)	622	(32)

^{1/} Net divestment gains of S\$18m in 2Q08 and S\$156m in 1Q08; tax refunds of S\$26m in 2Q08, S\$6m in 1Q08 and S\$15m in 2Q07.

First Half Core Net Profit Fell 18% YoY, 1% HoH

	1H08	1H07	YoY	2H07	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	1,317	1,065	24	1,179	12
Non-Interest Income	736	999	(26)	945	(22)
Total Income	2,053	2,064	(1)	2,124	(3)
Operating Expenses	(899)	(768)	17	(911)	(1)
Operating Profit	1,154	1,296	(11)	1,212	(5)
Amortisation of Intangibles	(23)	(23)	-	(23)	-
(Allowances)/Write-back	(48)	15	(408)	(52)	(8)
Associates & JVs	4	20	(78)	1	499
Tax & Minority Interests	(246)	(281)	(12)	(289)	(15)
Core Net Profit	841	1,028	(18)	850	(1)
Divestment Gains/Tax Refunds ^{1/}	206	151	36	42	390
Reported Net Profit	1,047	1,179	(11)	892	17

^{1/} Net divestment gains of S\$174m in 1H08 and S\$90m in 1H07, and tax refunds of S\$32m in 1H08, S\$42m in 2H07 and S\$62m in 1H07.

First Half Core Net Profit Excluding GEH up 5% YoY, 32% HoH

	1H08	1H07	YoY	2H07	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	1,277	1,028	24	1,138	12
Non-Interest Income	640	641	-	569	13
Total Income	1,918	1,669	15	1,707	12
Operating Expenses	(833)	(711)	17	(843)	(1)
Operating Profit	1,085	958	13	863	26
(Allowances)/Write-back	(44)	16	(381)	(47)	(6)
Associates & JVs	7	9	(21)	6	14
Tax & Minority Interests	(210)	(187)	13	(189)	11
Core Net Profit	837	795	5	633	32
Divestment Gains/Tax Refunds ^{1/}	176	151	16	42	320
Reported Net Profit	1,013	947	7	675	50

^{1/} Net divestment gains of S\$145m in 1H08 and S\$90m in 1H07, and tax refunds of S\$32m in 1H08, S\$62m in 1H07 and S\$42m in 2H07.

Key Financial Ratios - Based on Core Earnings

	1H08	1H07	2Q08	1Q08	2Q07
	%	%	%	%	%
Net Interest Margin	2.21	2.09	2.24	2.17	2.13
Non-Interest Income/ Total Income	35.9	48.4	34.6	37.1	46.9
Cost-to-Income Ratio	43.8	37.2	45.5	42.0	39.6
Loans-to-Deposits Ratio	83.3	77.4	83.3	79.7	77.4
NPL Ratio	1.4	2.4	1.4	1.6	2.4
Allowances/NPLs	121.9	104.0	121.9	115.3	104.0
ROE	11.3	15.6	10.3	12.2	15.4
Cash ROE	11.6	16.0	10.6	12.6	15.7



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Agenda

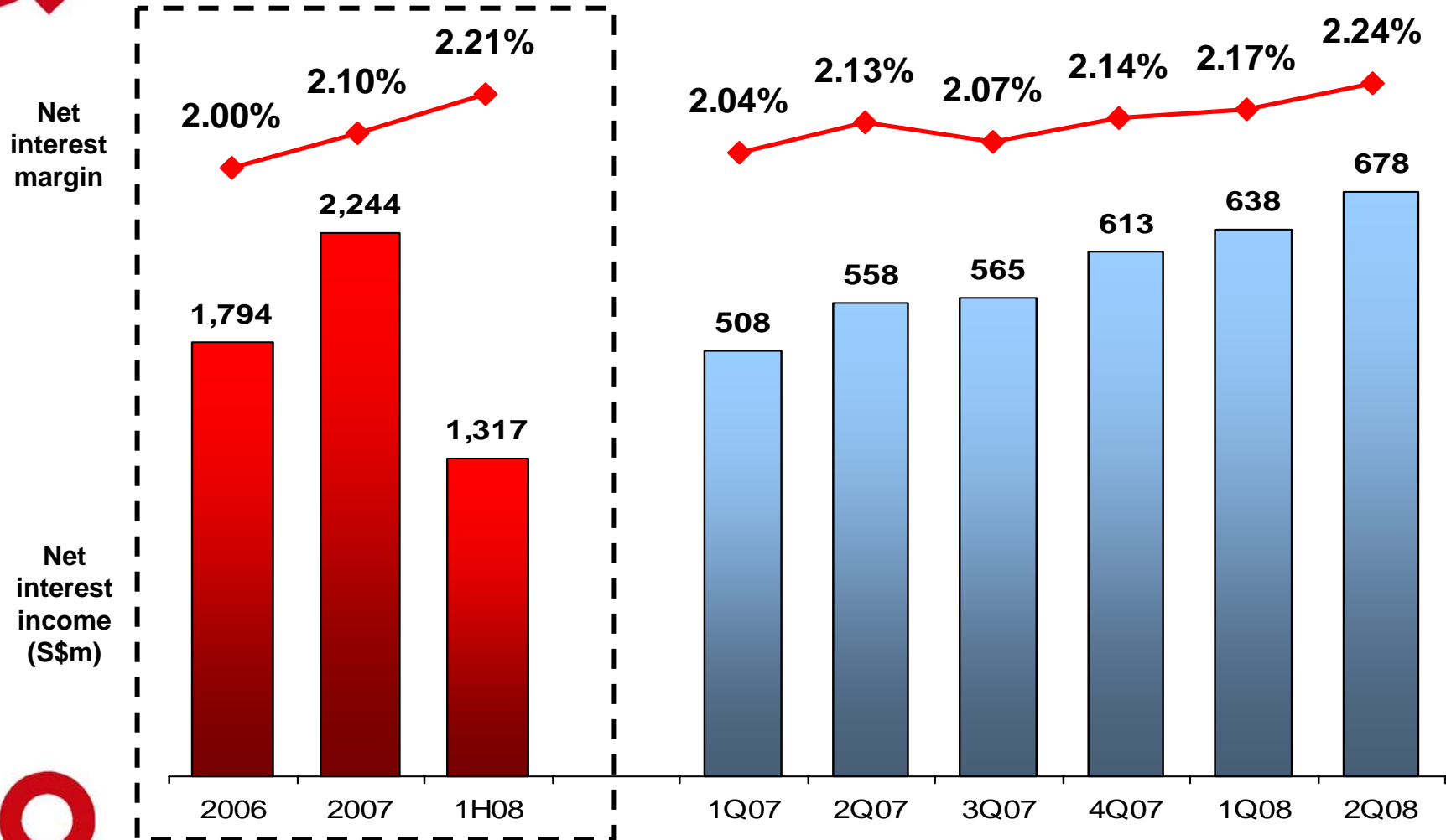
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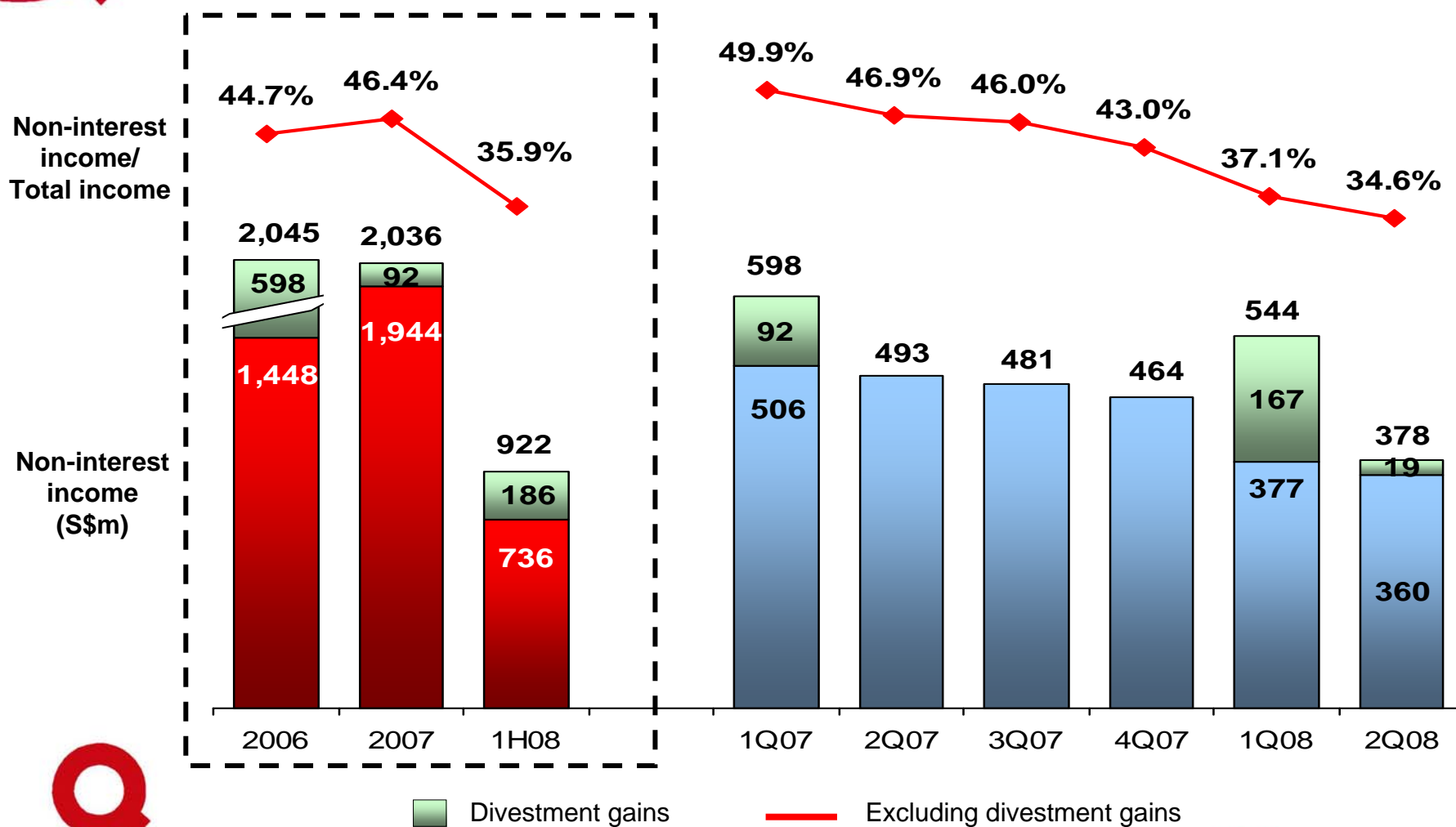
Net Interest Income up 22% YoY, Consistent Uptrend in Interest Margin



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Non-Interest Income Affected by Lower Insurance and Trading Income Due to Market Conditions



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GEH's Underlying Insurance Business Remains Strong; Profits Impacted by MTM Investment Losses

	2Q08	1Q08	2Q07	FY07	FY06
Life assurance profit from:	S\$m	S\$m	S\$m	S\$m	S\$m
- Participating Fund	24	26	21	143	103
- Non-participating Fund	(11)	(30)	90	302	218
- Investment-linked Fund	20	11	13	64	55
Total life assurance profit	33	7	123	509	376

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

- Debt and equity market volatility continuing into the second quarter
- In particular, rise in long term interest rates resulted in MTM losses for fixed income portfolio

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

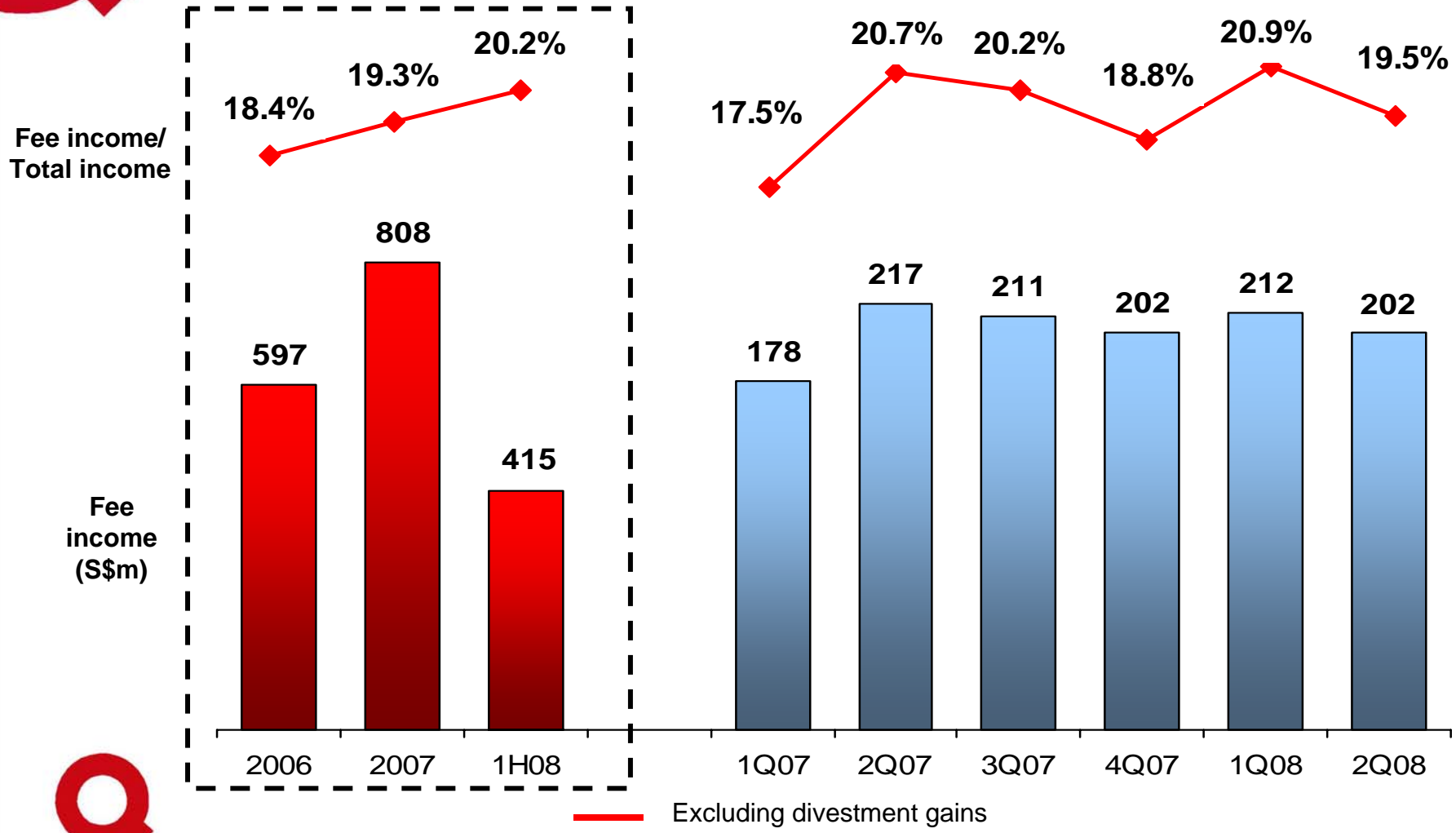
- New business premiums up 68% YoY in 2Q08, 60% in 1H08
- New business embedded value up 14% YoY in 2Q08, 16% in 1H08
- Maintained #1 market share positions in Singapore (29%) and Malaysia (17%) for weighted premiums, and in Singapore bancassurance market (47%)



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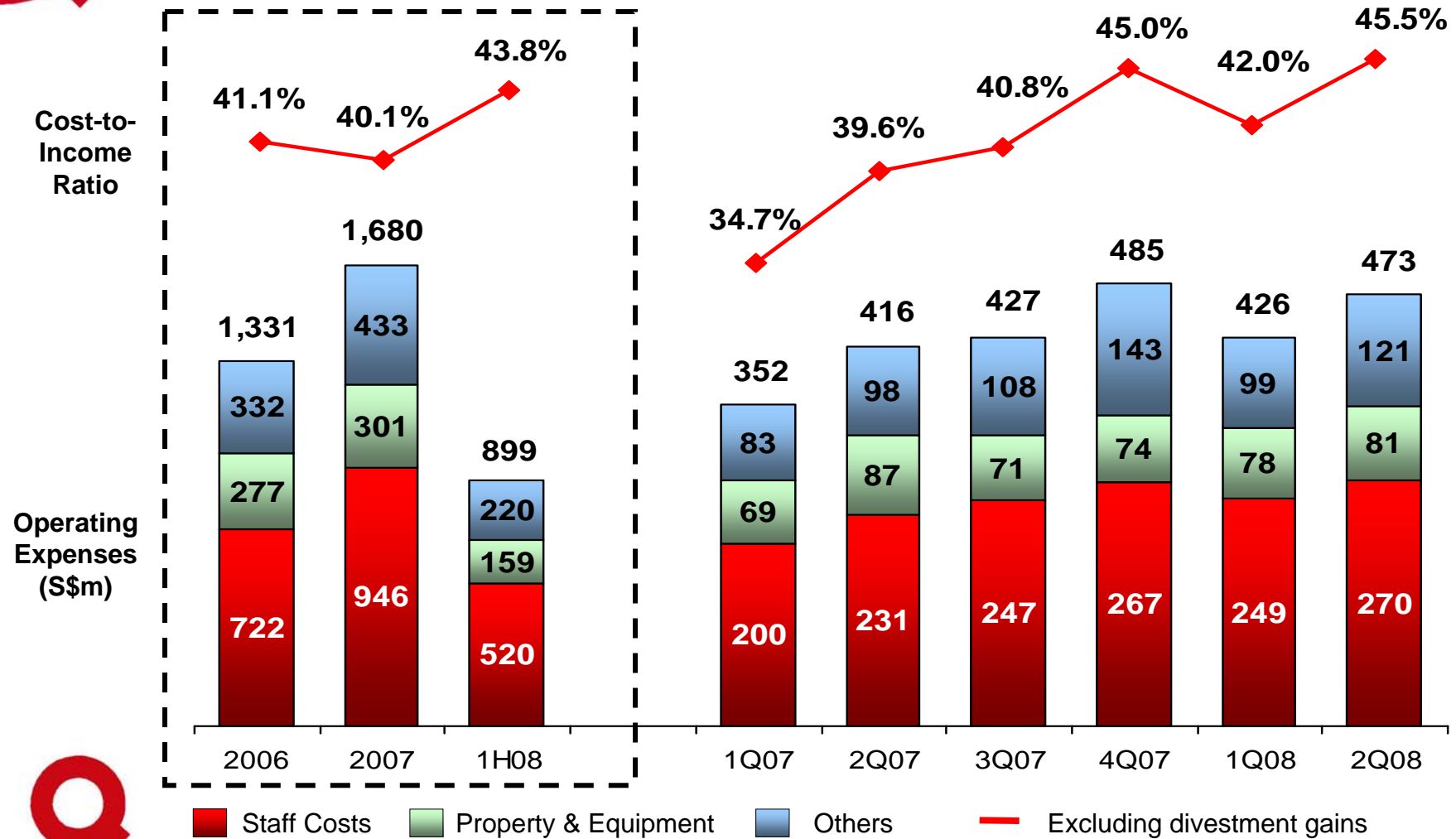
Fee Income Held Up Well Despite Weaker Brokerage Income



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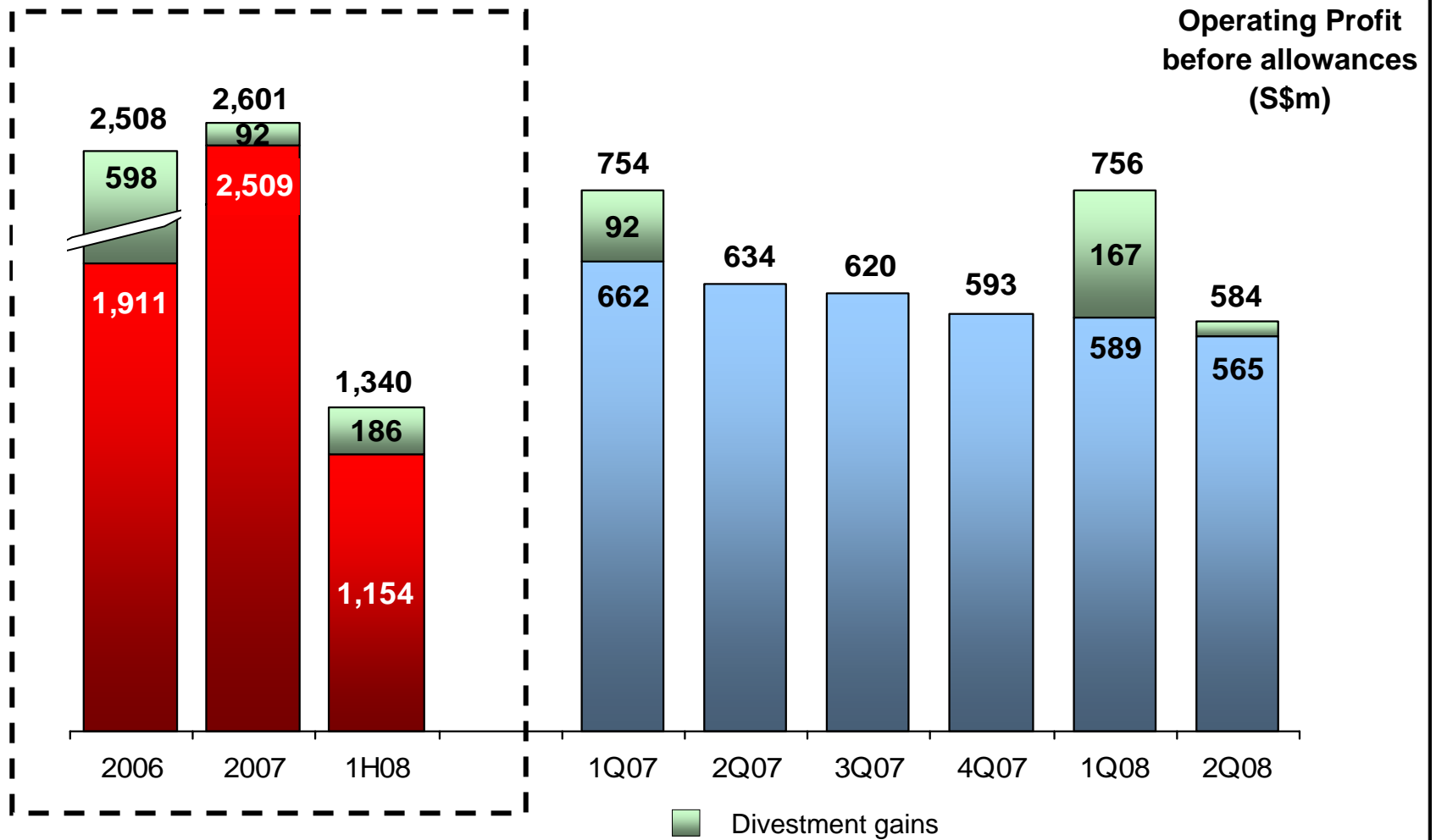
Half of 2Q08 expense increase due to overseas expansion (China), business volume-related expenses, and consolidation of PacMas



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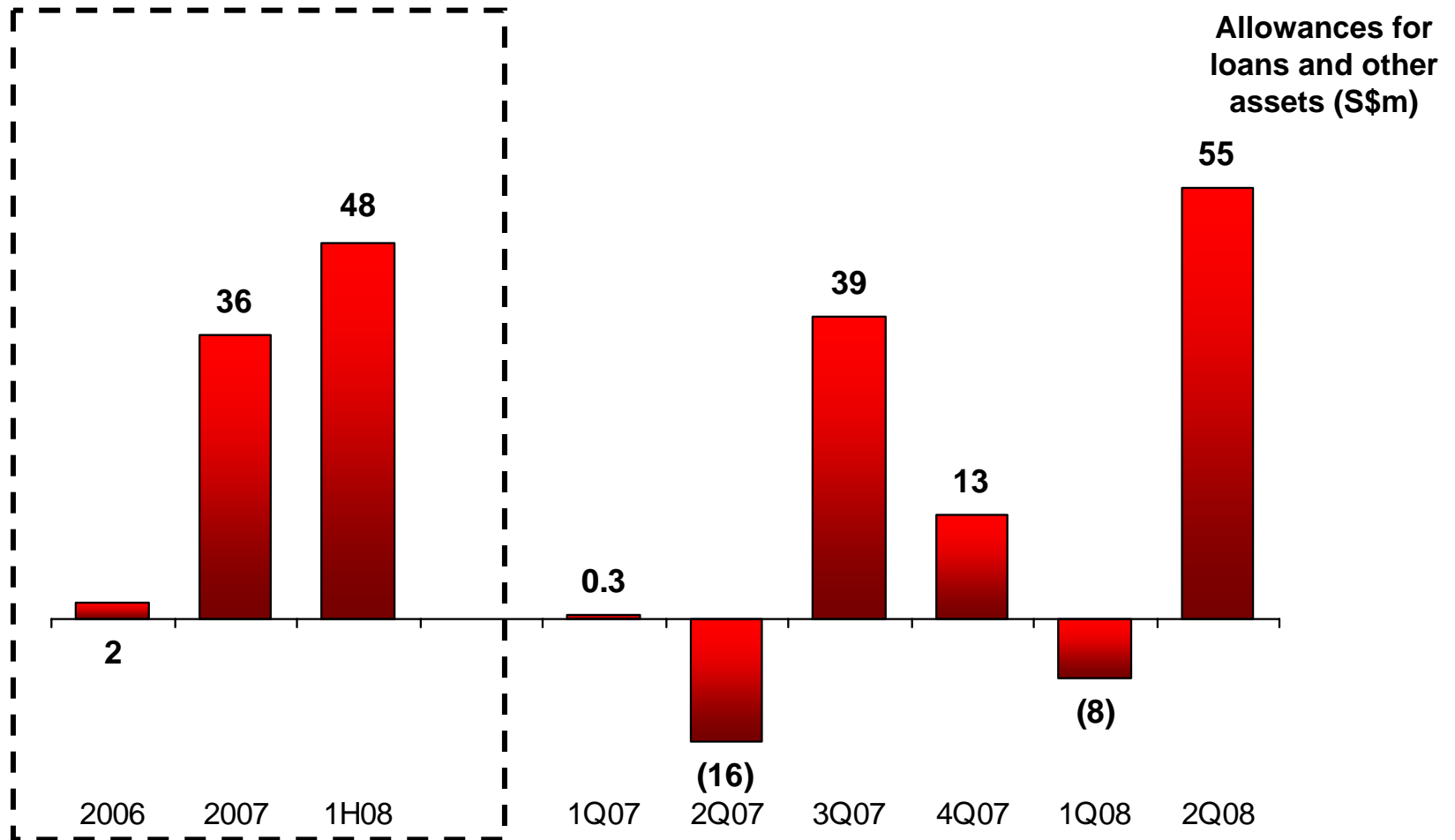
Core Operating Profit down 4% QoQ



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Continued Net Loan Recoveries Offset by S\$67m CDO Allowances in 2Q08



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Allowances Breakdown

	1H08	1H07	2Q08	1Q08	2Q07
			S\$m	S\$m	S\$m
Specific allowances/ (write-back) for loans	(24)	(21)	(18)	(6)	(18)
Allowances for CDOs	67	-	67	-	-
Allowances/(write-back) for other assets	5	6	6	(1)	2
Total net allowances/ (write-back)	48	(15)	55	(8)	(16)



Movements in Specific Allowances for Loans*

	2Q08	1Q08	FY07	FY06
	S\$m	S\$m	S\$m	S\$m
Allowances for new and existing NPLs	69	72	297	355
Write-backs ^{1/}	(58)	(64)	(351)	(288)
Recoveries ^{2/}	(28)	(13)	(54)	(46)
Net Specific Allowances/ (Write-backs)	(18)	(6)	(108)	21

* Excludes CDOs

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

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

Bank's CDO Portfolio: ABS CDOs Fully Written Off

(S\$m)	Investment as at 30 Jun 08	2Q08 Allowance Charges	Cumulative Allowances	2Q08 MTM Losses^ / (Gains)	Cumulative MTM Losses^	Negative Fair Value Adjustment in Equity
ABS CDOs	246	39	246	-	-	-
Corporate CDOs	343	28	28	(13)	20	34
Total CDOs	589	67	274	(13)	20	34

^ Mark-to-market losses on credit default swaps related to synthetic corporate CDOs, reflected under "other income".
2Q08 saw a reversal of S\$13m.

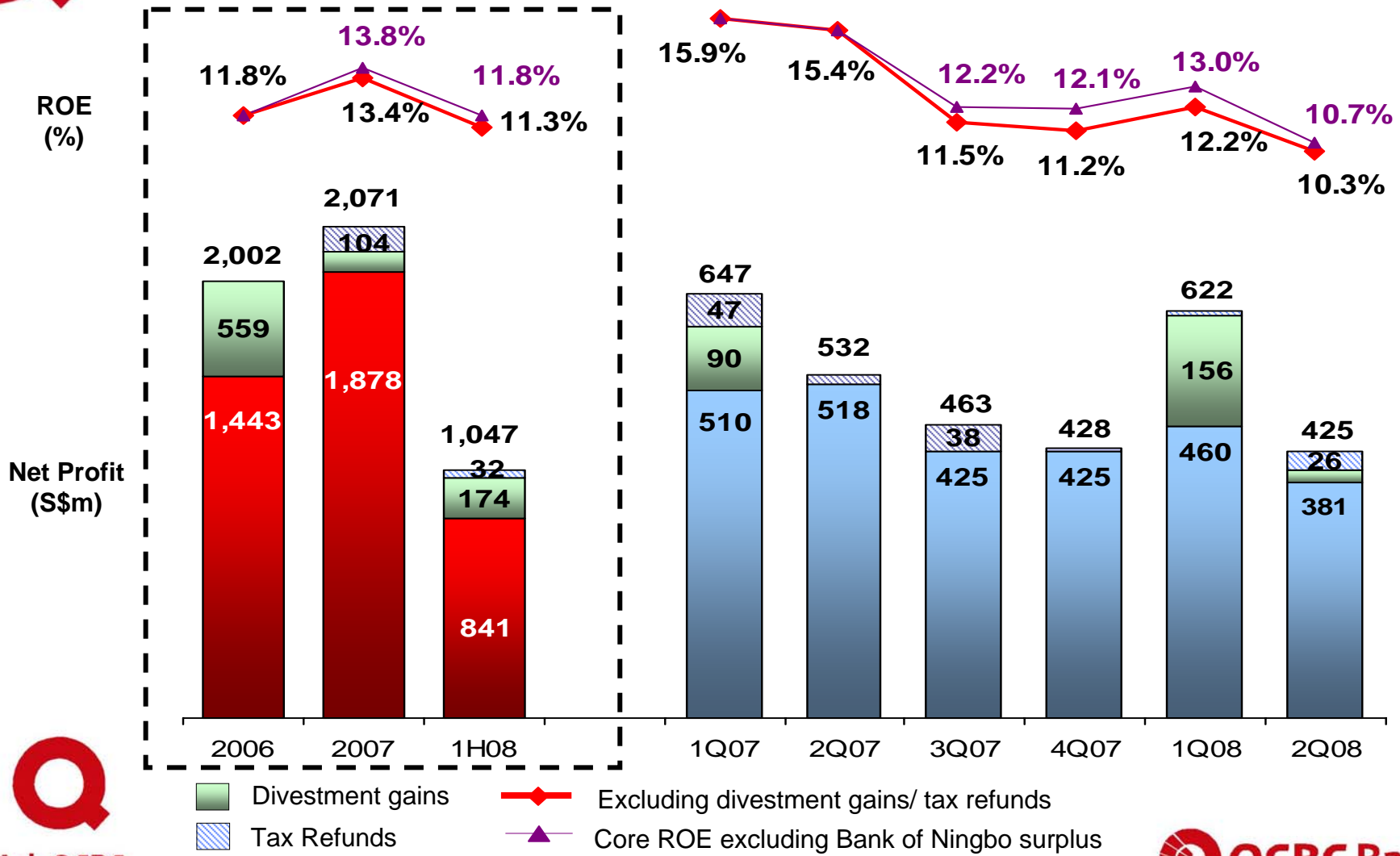
ABS CDOs

- 100% covered by allowances
- S\$96m classified as non-performing

Corporate CDOs

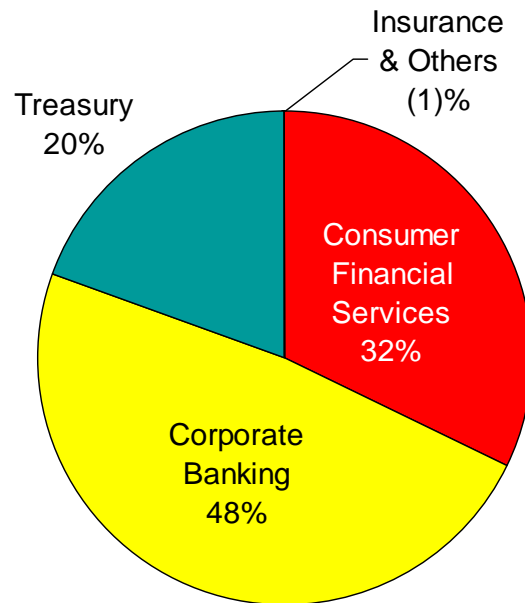
- Exposed to corporate credits: US 64%, non-US 36%
- Ratings: AAA – 28%, AA – 16%, A – 49%, CC – 7% (89% provided)
- S\$5m classified as non-performing
- S\$95m of CDOs will mature in Nov 08, S\$54m in Sep 09

ROE of 11.3% in the First Half



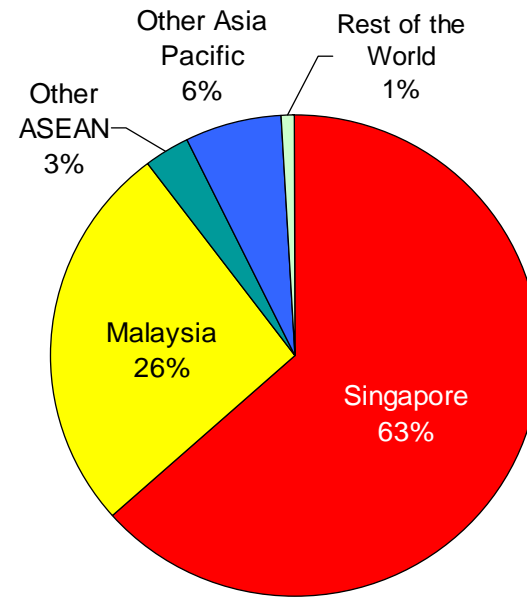
Earnings Contribution by Segments

1H08 PBT by Business Segment



1H08 Profit Before Tax & MI : S\$1,088m
(excluding divestment gains)

1H08 PBT by Geography



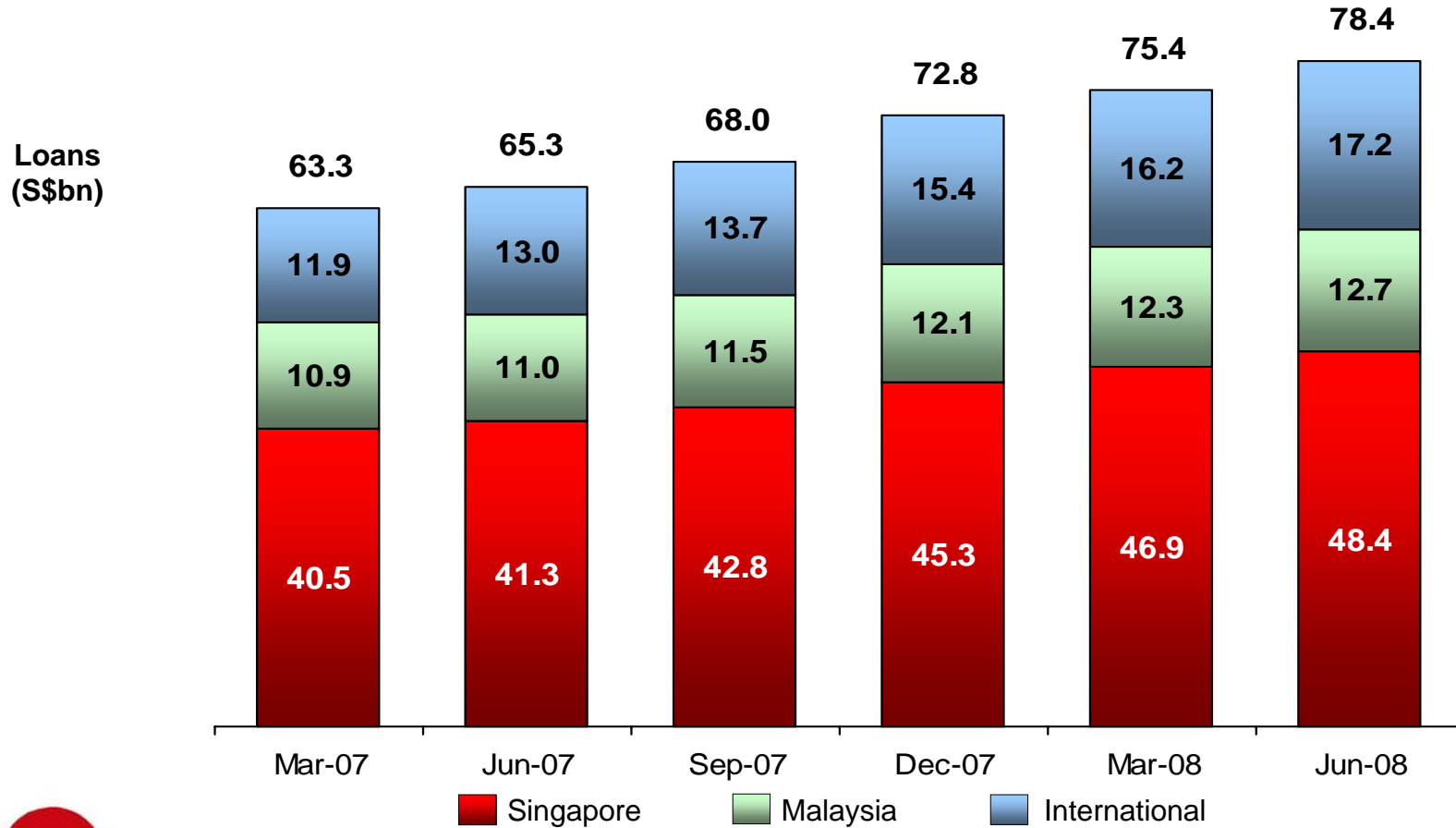
1H08 Profit Before Tax & MI : S\$1,088m
(excluding divestment gains)



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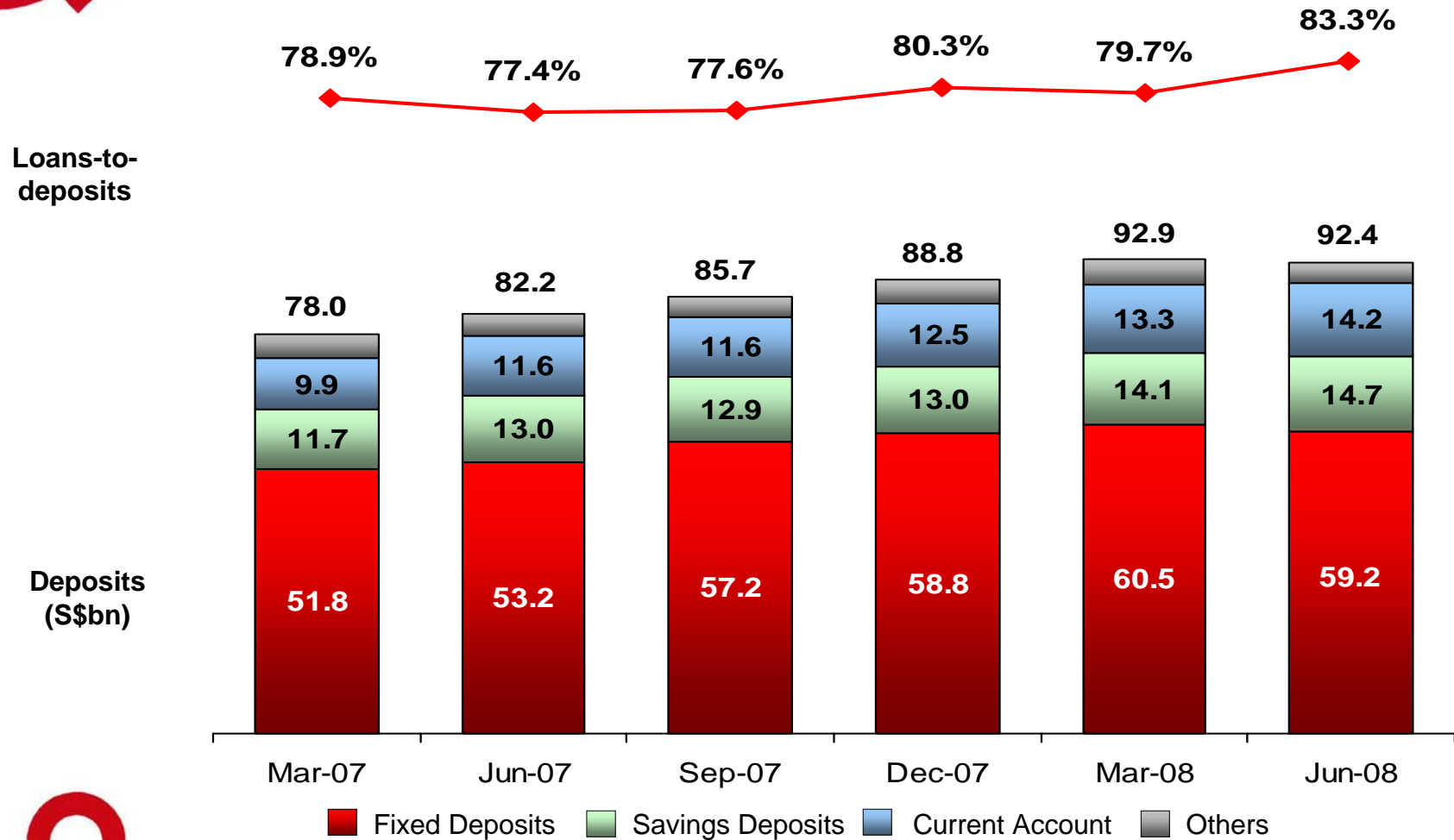


Broad-based Loans Growth of 20% YoY, 4% QoQ

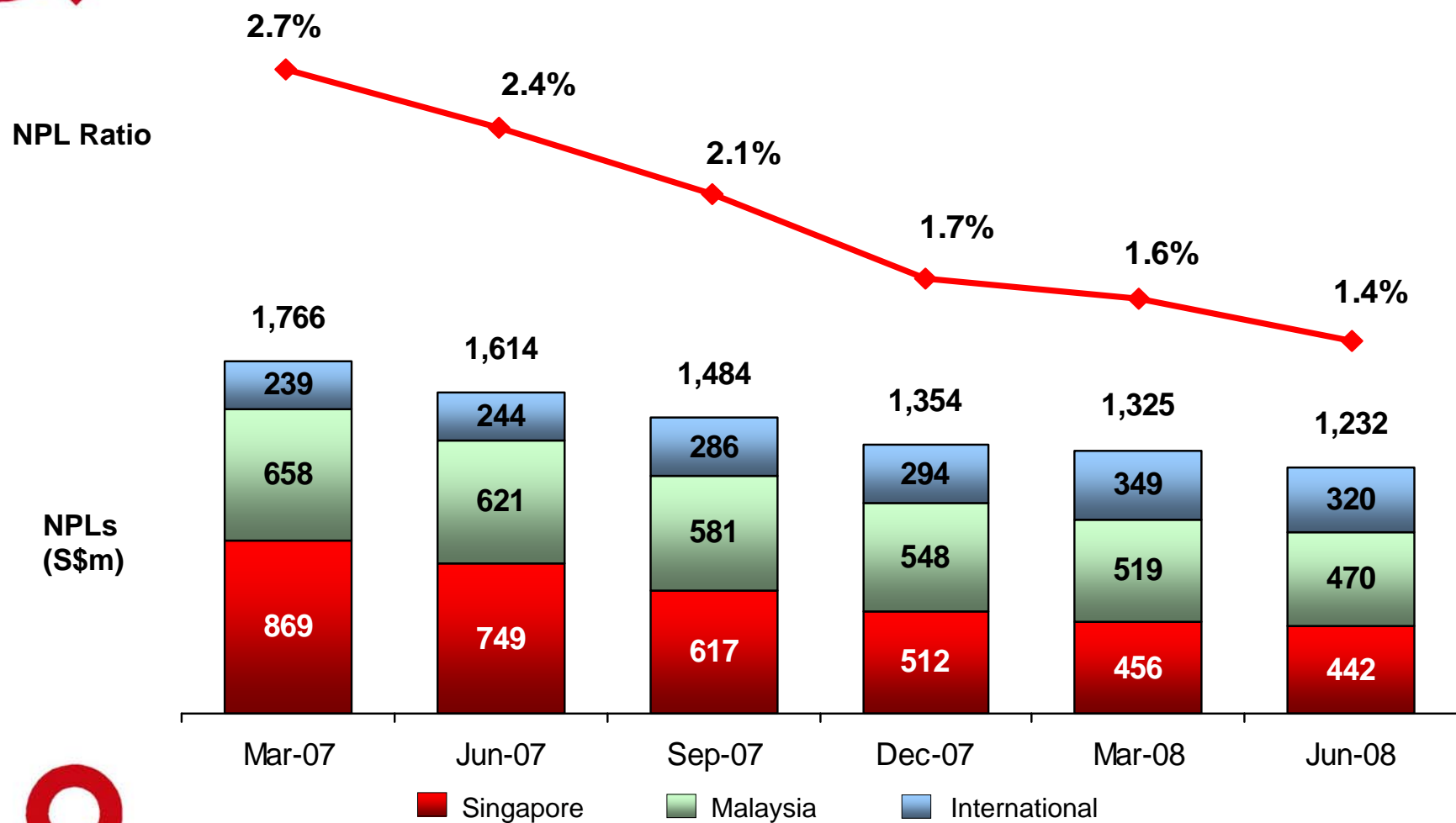


Note: Loans by geography are based on where the credit exposure resides

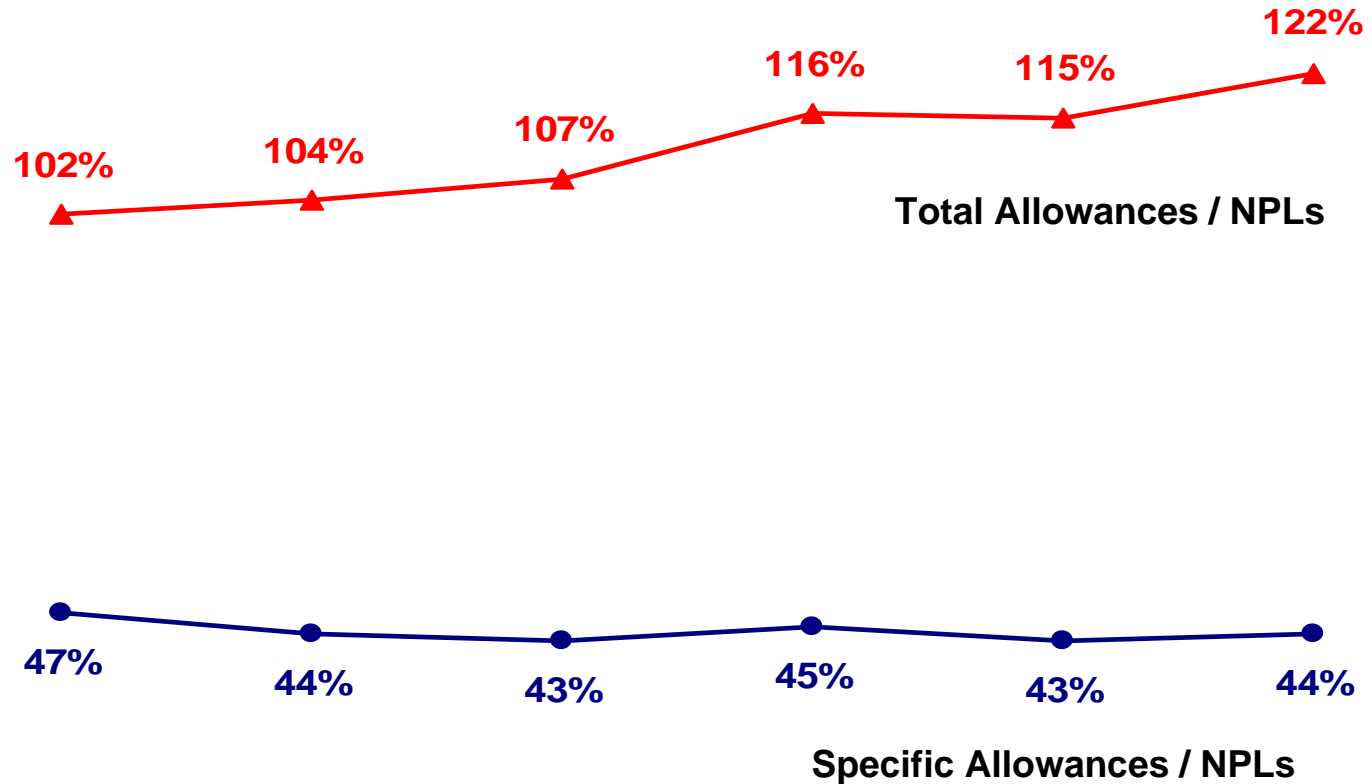
Deposits up 12% YoY, down 1% QoQ



Improved Asset Quality, NPL Ratio at 1.4%



Allowance Coverage Increased to 122%



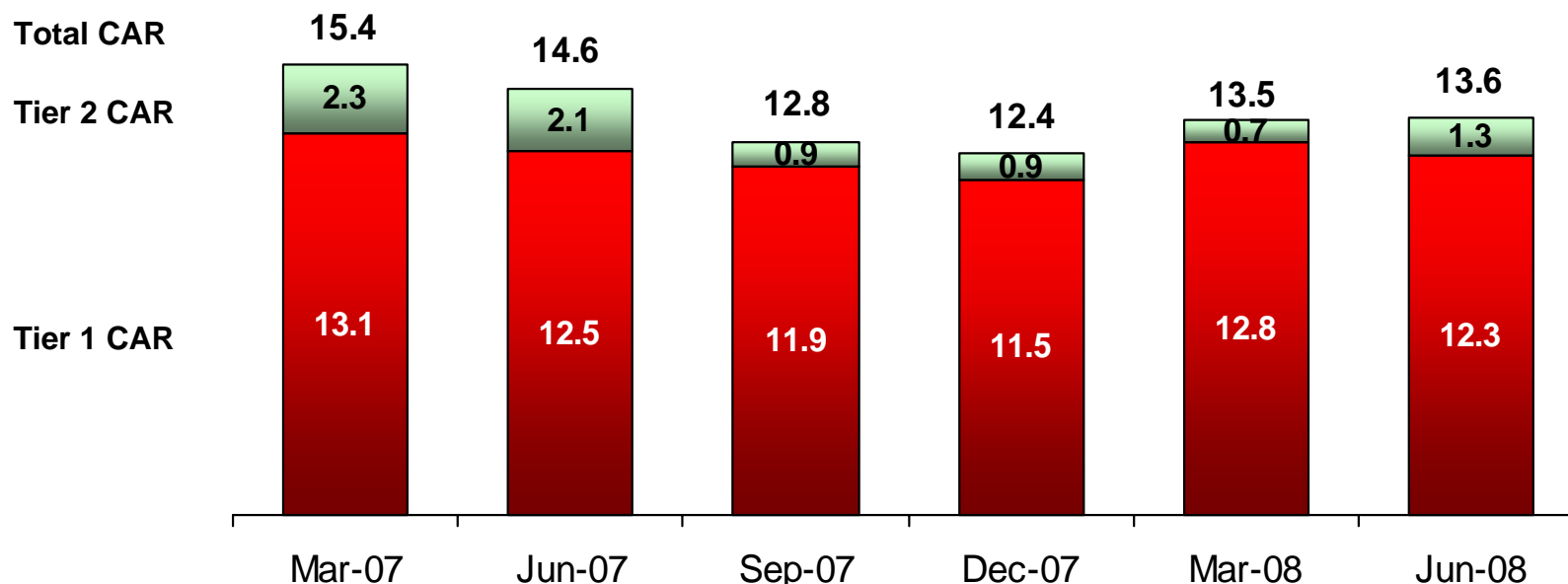
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Strong Tier 1 CAR

(%)



(S\$m)

Category	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08	Jun-08
Tier-1 Capital	10,738	11,049	11,051	11,431	11,530	11,531
Risk Weighted Assets	81,878	87,846	92,849	99,381	89,645	93,331

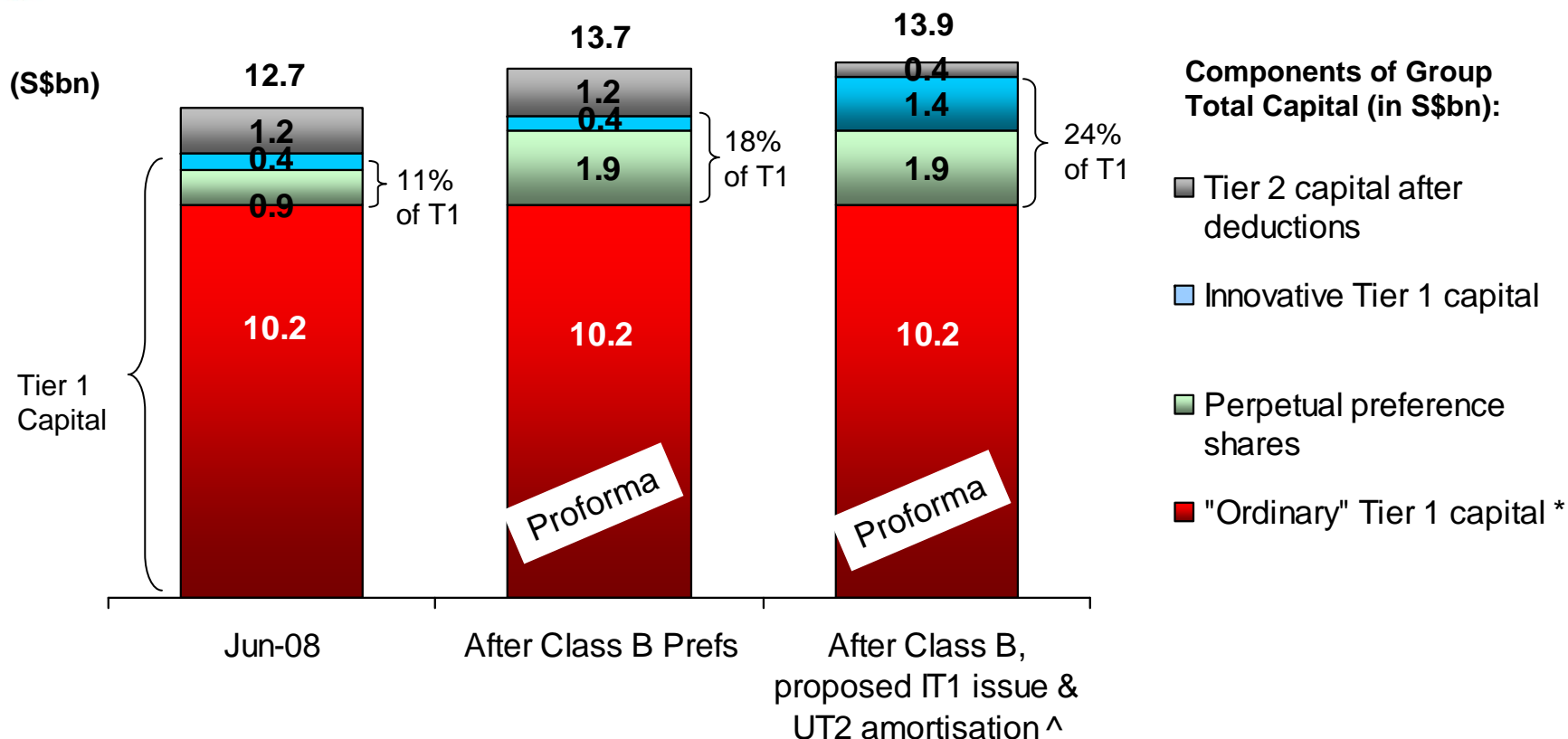
Note: Capital ratios for 2008 are computed based on Basel II framework and in accordance with revised MAS Notice 637. Prior to 2008, ratios are based on Basel I framework.



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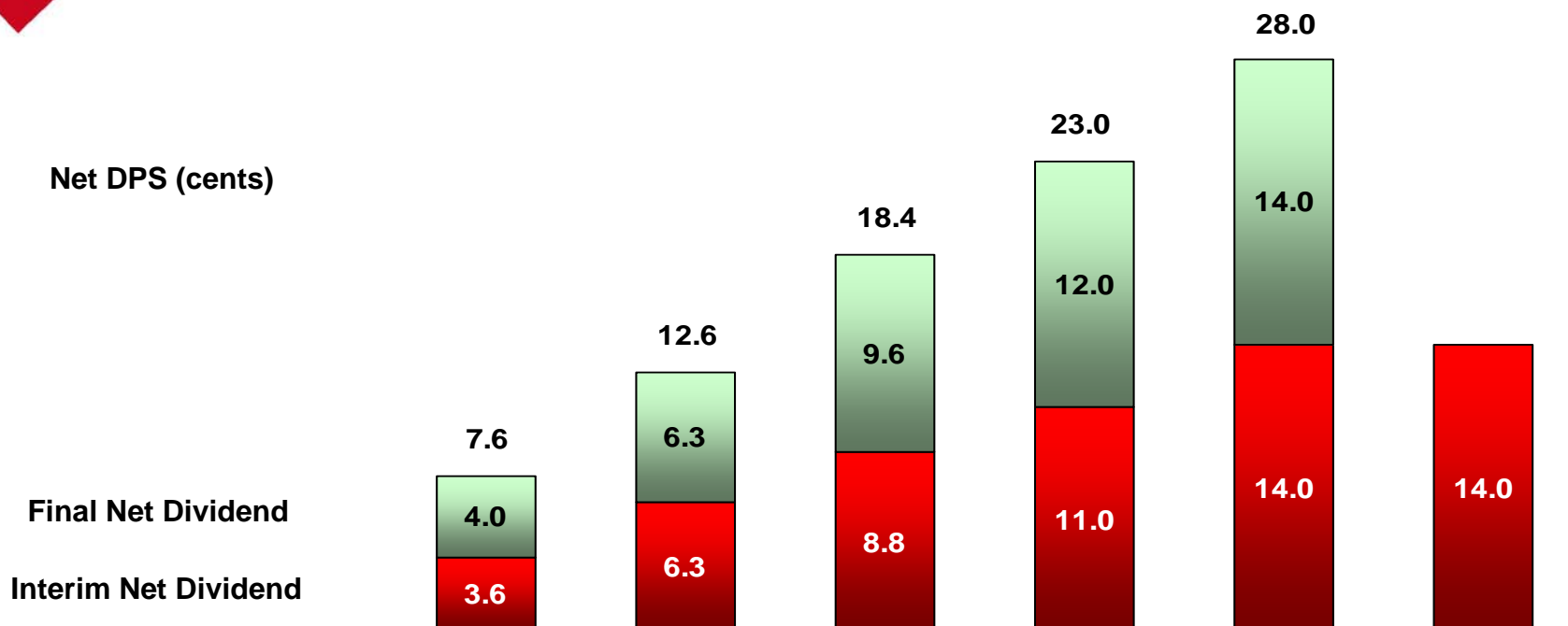
Proposed S\$1bn Innovative Tier 1 Issue: Improves Tier 1 mix by adding lower cost non-dilutive capital, strengthens overall capital for business growth and market opportunities



* Adjusted ordinary equity plus minority interest in subsidiaries less goodwill, intangible assets, deferred tax assets and other deductions

^ After including effects of S\$1bn Class B preference shares, proposed S\$1bn innovative Tier 1 issue, and S\$780m annual amortisation of 2001 Upper Tier 2 sub-debt

Interim Tax Exempt Dividend of 14 cents Declared; 51% payout



(S\$m)	2003*	2004	2005*	2006	2007	1H08
Net Dividends	234	403	574	709	864	433
Core Net Profit	828	1,051	1,298	1,443	1,878	841
Dividend Payout Ratio	28%	38%	44%	49%	46%	51%

* Excludes Special Dividend of S\$0.207 per share in 2003 and Bonus Dividend of S\$0.417 per share in 2005 (adjusted)



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GEH: Second Quarter Contribution

GEH's Contribution to OCBC's Results

	2Q08 [^]	2Q07	YoY	1Q08 [^]	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	71	203	(65)	105	(33)
Operating Expenses	(37)	(28)	31	(29)	29
Operating Profit	34	175	(81)	77	(56)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	-	-	-	(3)	-
Associates & JVs	-	-	-	(2)	-
Tax	(14)	(27)	(48)	(25)	(42)
Minority Interests	(3)	(20)	(87)	(7)	(59)
Net Profit contribution	5	116	(96)	29	(83)

[^] 2Q08 include S\$2m pretax gains (S\$1m net of tax and minorities) from divestment of Robinson shares; 1Q08 include S\$40m pretax gains (S\$28m net) from divestment of Straits Trading shares. These gains are not included in OCBC Group's core net profit.



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GEH: First Half Contribution

GEH's Contribution to OCBC's Results

	1H08[^]	1H07	YoY	2H07	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	176	395	(55)	417	(58)
Operating Expenses	(66)	(57)	16	(68)	(3)
Operating Profit	110	338	(67)	349	(68)
Amortisation of Intangibles	(23)	(23)	-	(23)	-
Allowances	(3)	-	-	(4)	(23)
Associates & JVs	(2)	11	(122)	(5)	(54)
Tax	(39)	(54)	(29)	(63)	(38)
Minority Interests	(9)	(39)	(77)	(37)	(75)
Net Profit contribution	33	233	(86)	217	(85)

[^] 1H08 include S\$42m pretax gains (S\$29m net of tax and minorities) from divestment of Robinson and Straits Trading shares. These gains are not included in OCBC Group's core net profit.

OCBC Malaysia: Quarterly Results

	2Q08	2Q07	YoY	1Q08	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	246	216	14	233	6
Islamic Banking Income	27	20	35	27	-
Non-Interest Income	82	78	5	149	(45)
Total Income	355	314	13	409	(13)
Operating Expenses	(145)	(131)	11	(143)	1
Operating Profit	210	183	15	266	(21)
(Allowances)/Write-back	27	8	>100	(17)	n.m.
Tax	(61)	(54)	13	(68)	(10)
Net Profit	176	138	28	181	(3)

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

OCBC Malaysia: Half-Year Results

	1H08	1H07	YoY	2H07	HoH
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	479	418	15	449	7
Islamic Banking Income	54	38	42	44	23
Non-Interest Income	231	174	33	183	26
Total Income	764	630	21	676	13
Operating Expenses	(288)	(240)	20	(303)	(5)
Operating Profit	476	390	22	373	28
(Allowances)/Write-back	10	(16)	n.m.	(30)	n.m.
Tax	(129)	(108)	19	(97)	33
Net Profit	357	266	34	246	45

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

OCBC Malaysia: Financial Ratios

	1H08	1H07	2Q08	1Q08	2Q07
	%	%	%	%	%
Net Interest Margin	2.48	2.53	2.51	2.46	2.50
Non-Interest Income / Total Income	30.2	27.6	23.1	36.3	25.0
Cost-to-Income Ratio	37.7	38.0	40.8	35.0	41.7
RM Loans-to-Deposits Ratio	87.1	78.0	87.1	83.6	78.0
Gross NPL Ratio	3.4	5.0	3.4	3.7	5.0
Loans Growth (YoY)	17.6	9.0	17.6	15.3	9.0
ROE	27.2	23.9	26.0	28.4	24.6



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Bank NISP: Quarterly Results

	2Q08	2Q07	YoY	1Q08	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	352	291	21	302	16
Non Interest Income	97	87	12	88	11
Expenses	(288)	(253)	14	(308)	(7)
Operating Profit	162	125	30	82	98
Allowances	(30)	(45)	(34)	(6)	434
Net Profit	93	59	58	54	71

* Bank NISP's contribution to Group net profit was S\$8m, S\$5m and S\$7m respectively in 2Q08, 1Q08 and 2Q07

Bank NISP: Half-Year Results

	1H08	1H07	YoY	2H07	HoH
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	655	554	18	624	5
Non Interest Income	185	183	1	153	21
Expenses	(596)	(474)	26	(573)	4
Operating Profit	244	263	(7)	204	20
Allowances	(35)	(68)	(48)	(49)	(28)
Net Profit	147	141	5	109	34

* Bank NISP's contribution to Group net profit was S\$13m, S\$18m and S\$11m respectively in 1H08, 1H07 and 2H07

Bank NISP: Financial Ratios

	1H08	1H07	2Q08	1Q08	2Q07
	%	%	%	%	%
Net Interest Margin	5.38	4.78	5.77	4.99	5.25
Non-Interest Income / Total Income	22.1	24.8	21.7	22.5	23.1
Cost-to-Income Ratio	69.2	63.1	64.0	79.0	67.0
Loans-to-Deposits Ratio	95.0	93.8	95.0	91.3	93.8
Gross NPL Ratio	2.3	2.7	2.3	2.6	2.7
Loans Growth (YoY)	14.1	38.2	14.1	16.6	38.2
ROE	8.7	10.8	10.8	6.5	8.2



In Summary

- **First half performance affected by volatile markets impacting GEH's results and Bank's trading income**
- **Insurance fundamentals remain strong**
- **Bank's lending, fee-based and treasury businesses performed well**
- **While remaining on alert given potential further weakening of the global economy, we will continue to strengthen our presence in our primary markets**





Second Quarter 2008 Results

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