

Third Quarter 2008 Results

Presentation

5 November 2008



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Agenda

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



Third Quarter Core Net Profit down 7% YoY, up 4% QoQ

	3Q08	3Q07	YoY	2Q08	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	684	566	21	678	1
Non-Interest Income	462	481	(4)	360	29
Total Income	1,146	1,047	9	1,038	10
Operating Expenses	(492)	(426)	15	(473)	4
Operating Profit	654	621	5	565	16
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(156)	(39)	304	(55)	181
Associates & JVs	5	2	131	3	53
Tax & Minority Interests	(95)	(146)	(35)	(120)	(21)
Core Net Profit	396	425	(7)	381	4
Divestment Gains/Tax Refunds ^{1/}	6	38	(84)	44	(86)
Reported Net Profit	402	463	(13)	425	(6)

^{1/} Net divestment gains of S\$18m in 2Q08; tax refunds of S\$6m in 3Q08, S\$26m in 2Q08 and S\$38m in 3Q07.

Core Net Profit for Nine Months fell 15% YoY

	9M08	9M07	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	2,000	1,631	23
Non-Interest Income	1,198	1,480	(19)
Total Income	3,198	3,111	3
Operating Expenses	(1,391)	(1,195)	16
Operating Profit	1,807	1,916	(6)
Amortisation of Intangibles	(35)	(35)	-
Allowances	(203)	(23)	781
Associates & JVs	9	22	(60)
Tax & Minority Interests	(341)	(428)	(20)
Core Net Profit	1,237	1,452	(15)
Divestment Gains/Tax Refunds ^{1/}	212	190	12
Reported Net Profit	1,449	1,642	(12)

^{1/} Net divestment gains of S\$174m in 9M08 and S\$90m in 9M07; tax refunds of S\$38m in 9M08 and S\$100m in 9M07.

Excluding GEH, Nine Months Operating Profit Grew 11%, Core Net Profit Marginally Higher

Excluding GEH

	9M08	9M07	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	1,941	1,577	23
Non-Interest Income	922	957	(4)
Total Income	2,863	2,534	13
Operating Expenses	(1,287)	(1,109)	16
Operating Profit	1,576	1,425	11
(Allowances)/Write-back	(188)	(23)	726
Associates & JVs	14	11	26
Tax & Minority Interests	(278)	(294)	(5)
Core Net Profit	1,124	1,119	0
Divestment Gains/Tax Refunds ^{1/}	183	190	(4)
Reported Net Profit	1,307	1,309	(0)

^{1/} Net divestment gains of S\$145m in 9M08 and S\$90m in 9M07; tax refunds of S\$38m in 9M08 and S\$100m in 9M07.



Key Financial Ratios - Based on Core Earnings

	3Q08	2Q08	3Q07	9M08	9M07
	%	%	%	%	%
Net Interest Margin	2.18	2.24	2.07	2.20	2.08
Non-Interest Income/ Total Income	40.3	34.6	46.0	37.5	47.6
Cost-to-Income Ratio	43.0	45.5	40.8	43.5	38.4
Loans-to-Deposits Ratio	84.4	83.3	77.6	84.4	77.6
NPL Ratio	1.3	1.4	2.1	1.3	2.1
Allowances/NPLs	127.8	121.9	107.2	127.8	107.2
ROE	11.3	10.3	11.5	11.6	14.1
Cash ROE	11.7	10.6	11.8	12.0	14.5



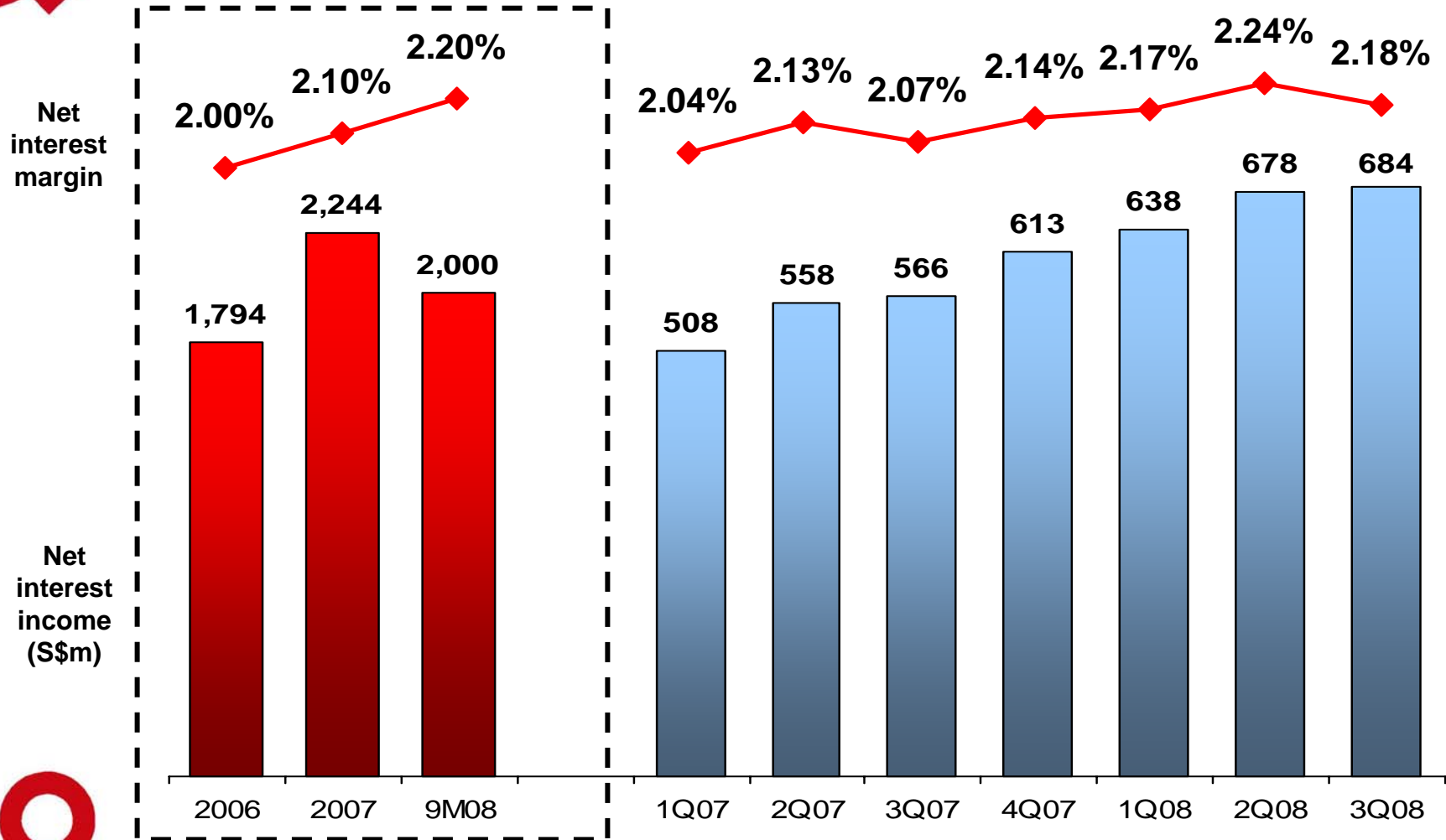


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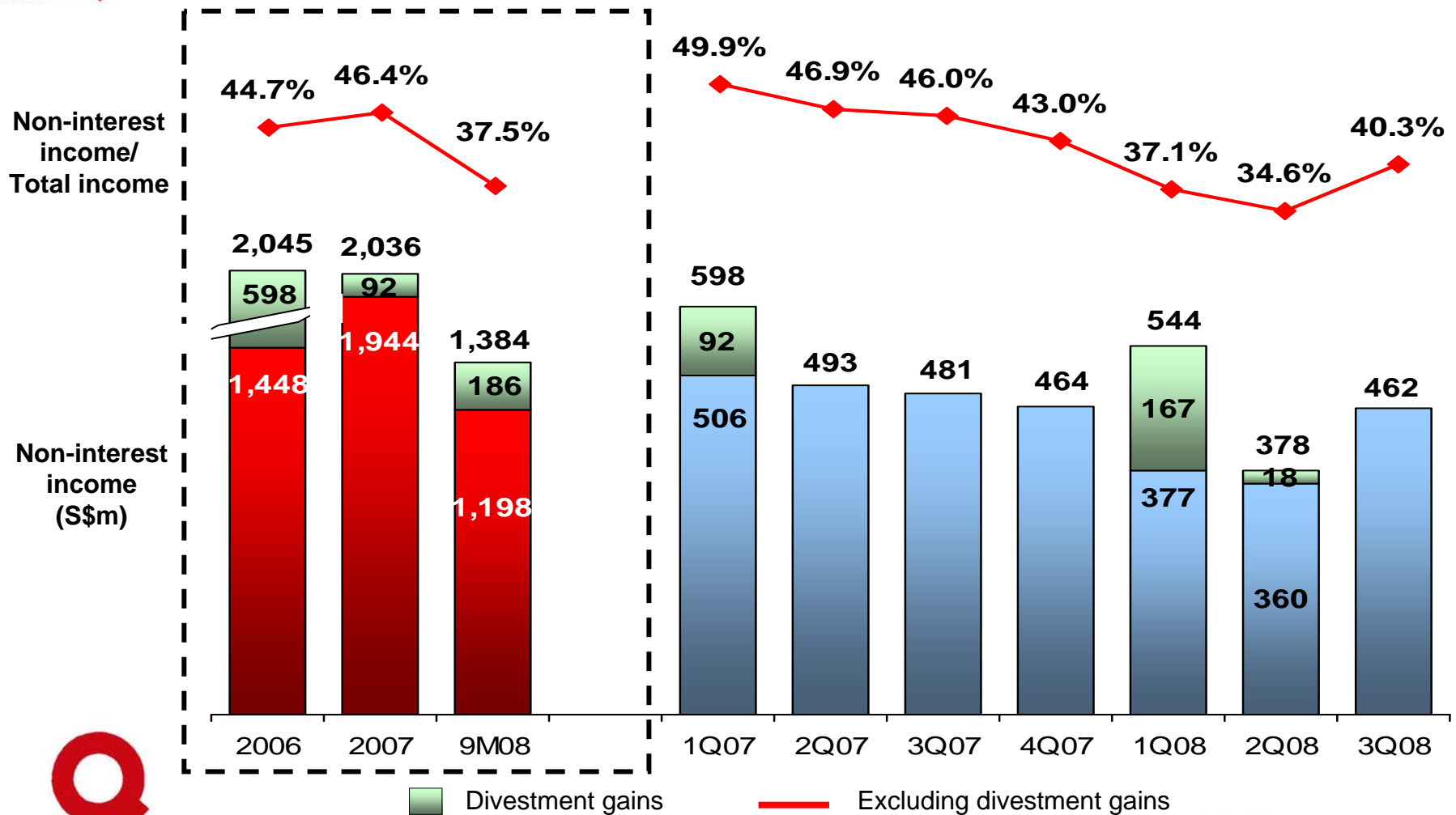
Net Interest Income up 21% YoY, 1% QoQ



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Non-Interest Income: Nine months' performance affected by weak insurance profits in first half; 3Q08 benefitted from a rebound in insurance



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GEH: Recovery in Non-Par Fund Profits

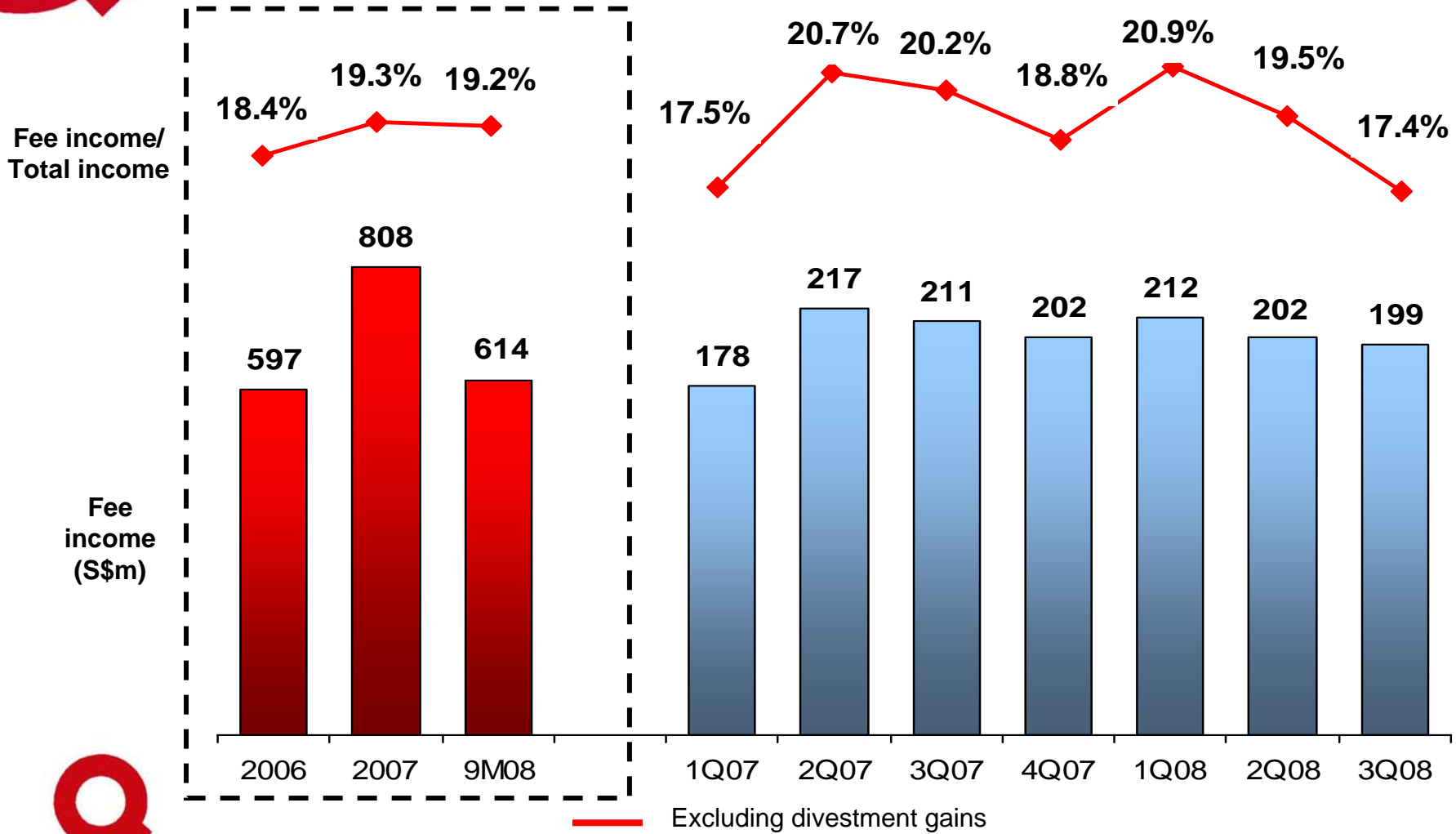
	3Q08	2Q08	3Q07	9M08	9M07
Life assurance profit from:	S\$m	S\$m	S\$m	S\$m	S\$m
- Participating Fund	26	24	23	75	72
- Non-participating Fund	103	(11)	65	63	208
- Investment-linked Fund	16	20	19	48	49
Total life assurance profit	145	33	107	185	329

- **GEH's Singapore non-par fund profits recovered in 3Q08 due to:**
 - Decline in Singapore long term interest rates during the quarter
 - Improvement in government bond prices

- **GEH's underlying life assurance business remains healthy:**
 - New business premiums up 130% YoY in 3Q08, 81% in 9M08
 - New business embedded value up 3% YoY in 3Q08, 12% in 9M08
 - Maintained #1 market share positions in Singapore (1H08: 29%) and Malaysia (1H08: 17%) for weighted premiums, and in Singapore bancassurance market (1H08: 47%)



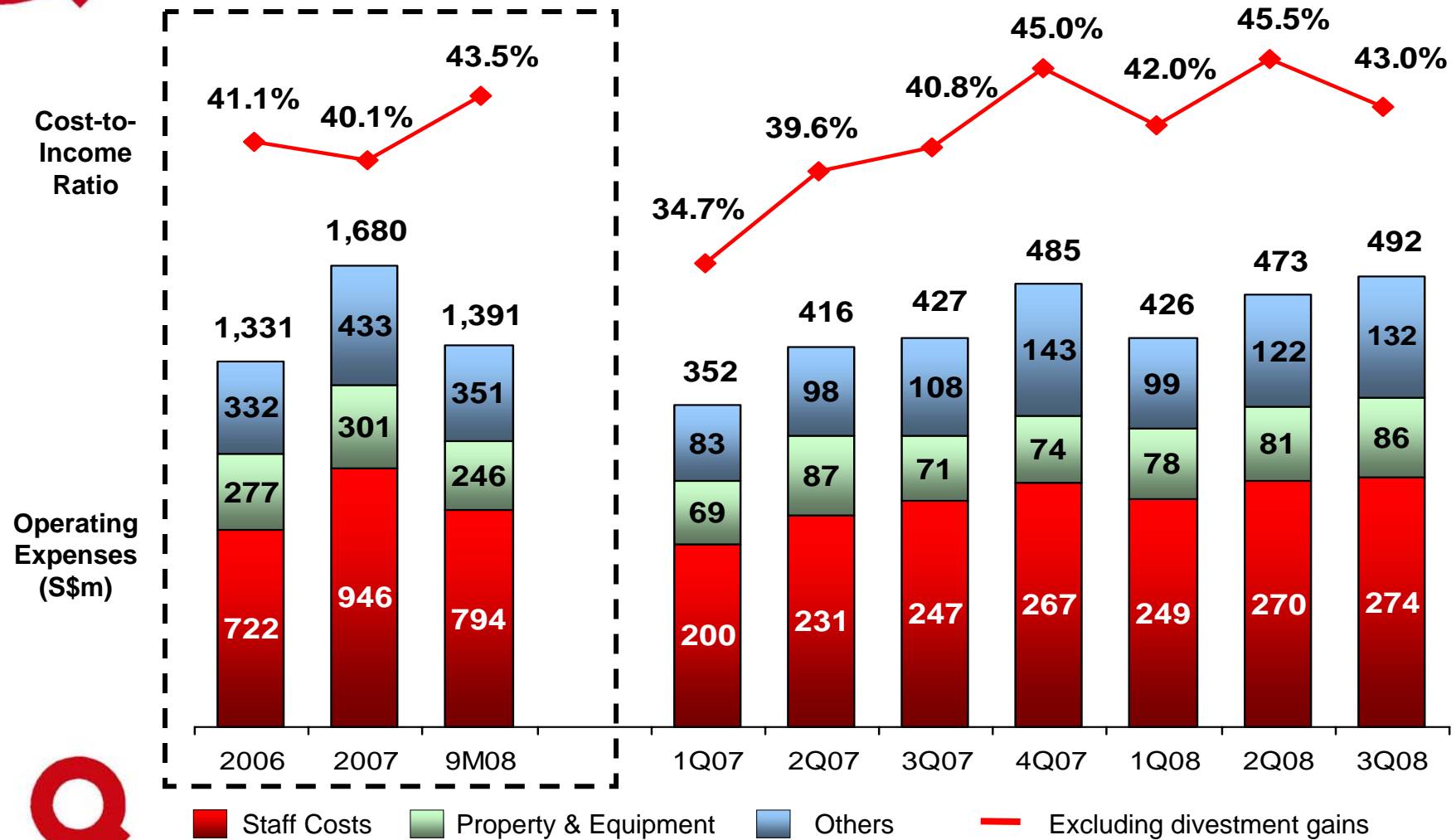
Fee Income Sustained Despite Weak Financial Markets



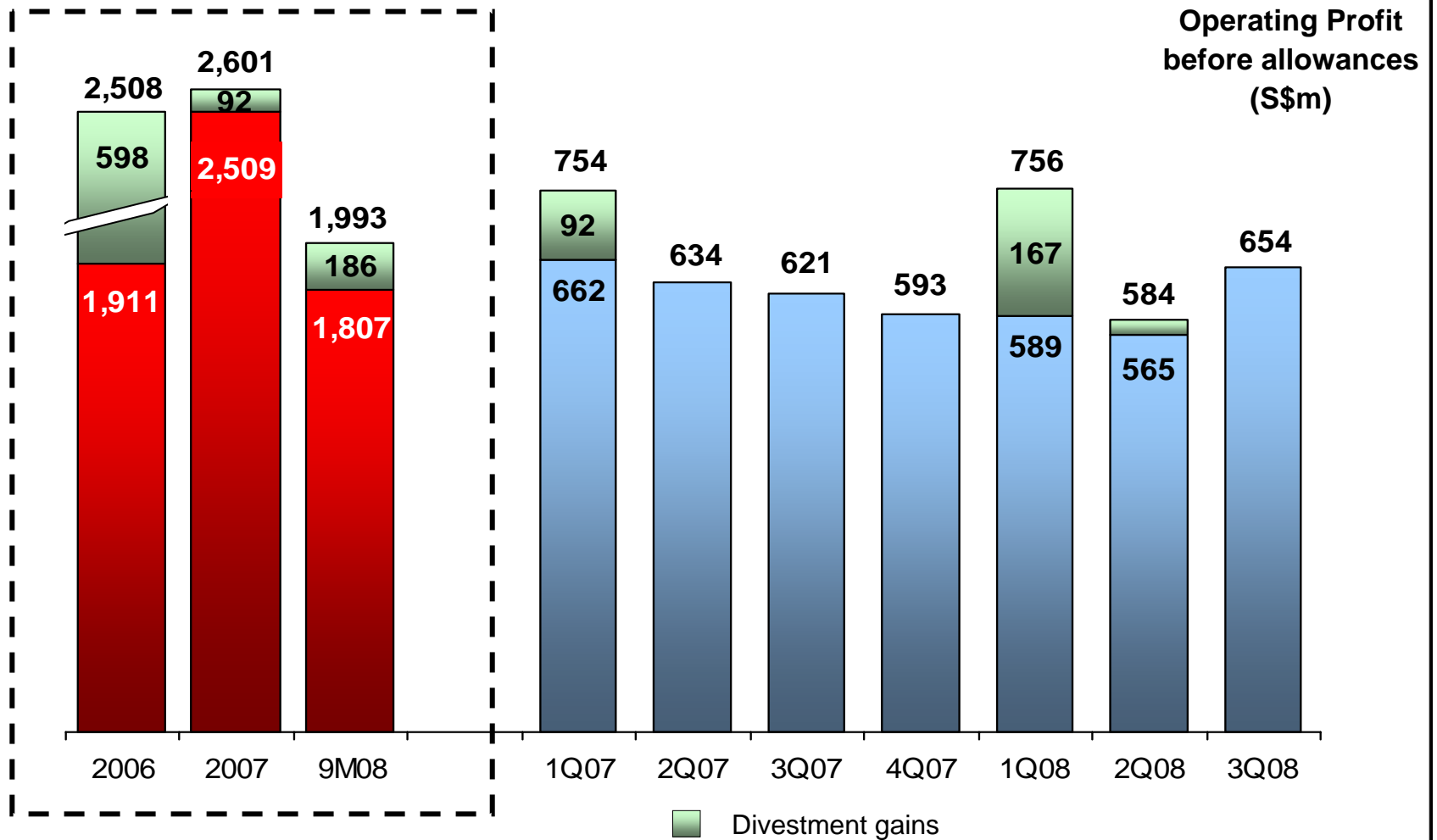
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One third of 9M08 expense increase due to overseas expansion (China), business volume-related costs, and PacMas consolidation



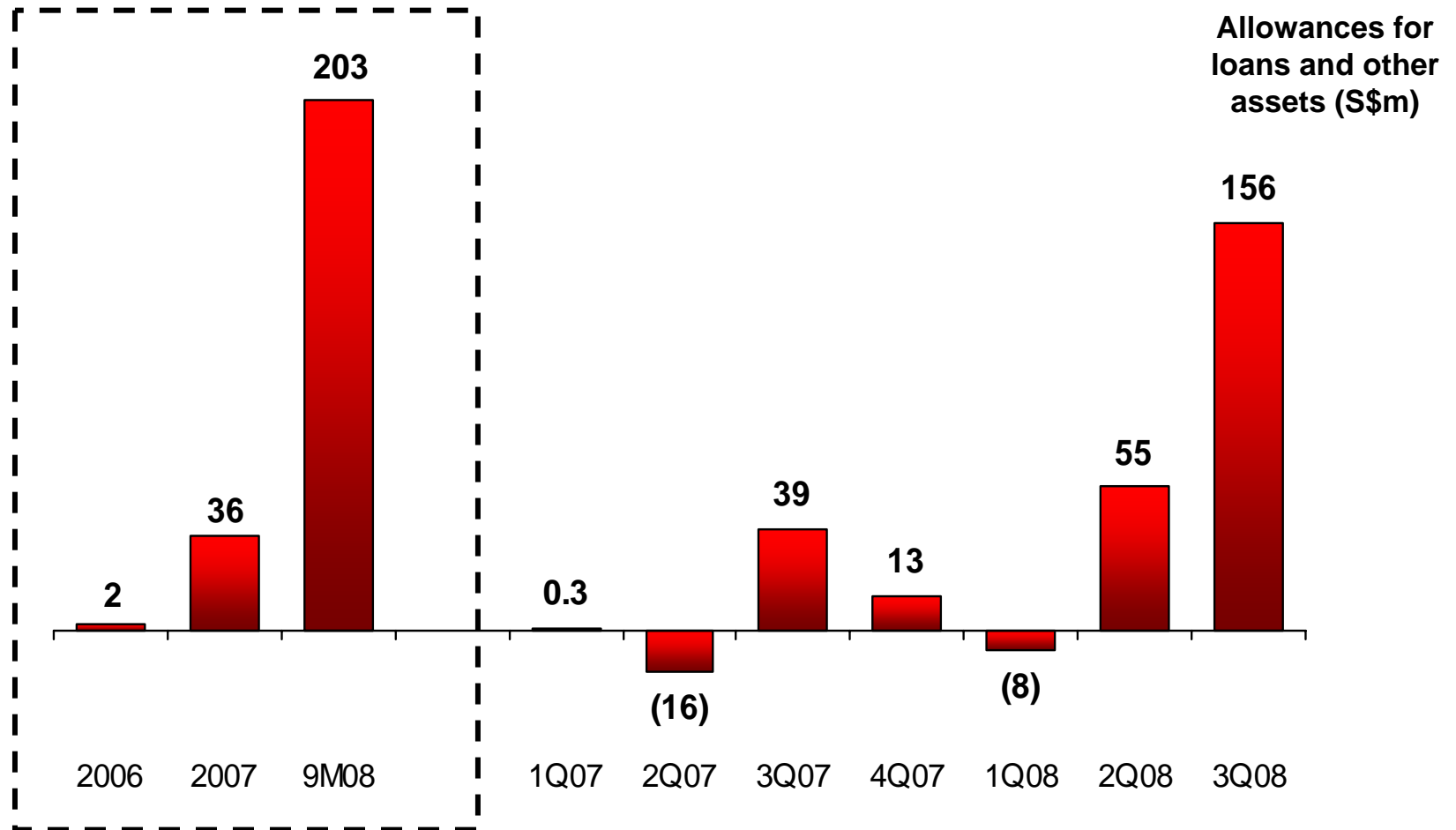
Core Operating Profit up 5% YoY, 16% QoQ



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Allowances for Loans and Other Assets



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Higher Allowances were mainly for Debt Securities

	3Q08	2Q08	3Q07	9M08	9M07
	S\$m	S\$m	S\$m	S\$m	S\$m
Specific allowances/ (write-back) for loans	30	(18)	(82)	5	(103)
Portfolio allowances for loans	9	-	-	9	-
Allowances for CDOs	4	67	221	71	221
Allowances/(write-back) for other assets	113	6	(100)	118	(95)
Total net allowances	156	55	39	203	23

Movements in Specific Allowances for Loans*

	3Q08	2Q08	3Q07	9M08	9M07
	S\$m	S\$m	S\$m	S\$m	S\$m
Allowances for new and existing NPLs	71	69	72	211	222
Write-backs ^{1/}	(34)	(58)	(138)	(157)	(279)
Recoveries ^{2/}	(7)	(28)	(15)	(49)	(47)
Net Specific Allowances/ (Write-backs)	30	(18)	(82)	5	(103)

* 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

(S\$m)	Investment as at 30 Sep 08	3Q08 Impact			Cumulative Basis		
		Allowances	MTM Losses [^]	Negative Fair Value Adj. to Equity	Allowances	MTM Losses [^]	Negative Fair Value Adj. to Equity
ABS CDOs	258	-	-	-	258	-	-
Corporate CDOs	357	4	24	38	32	45	71
Total CDOs	615	4	24	38	290	45	71

[^] Mark-to-market losses on credit default swaps related to synthetic corporate CDOs, reflected under "other income".

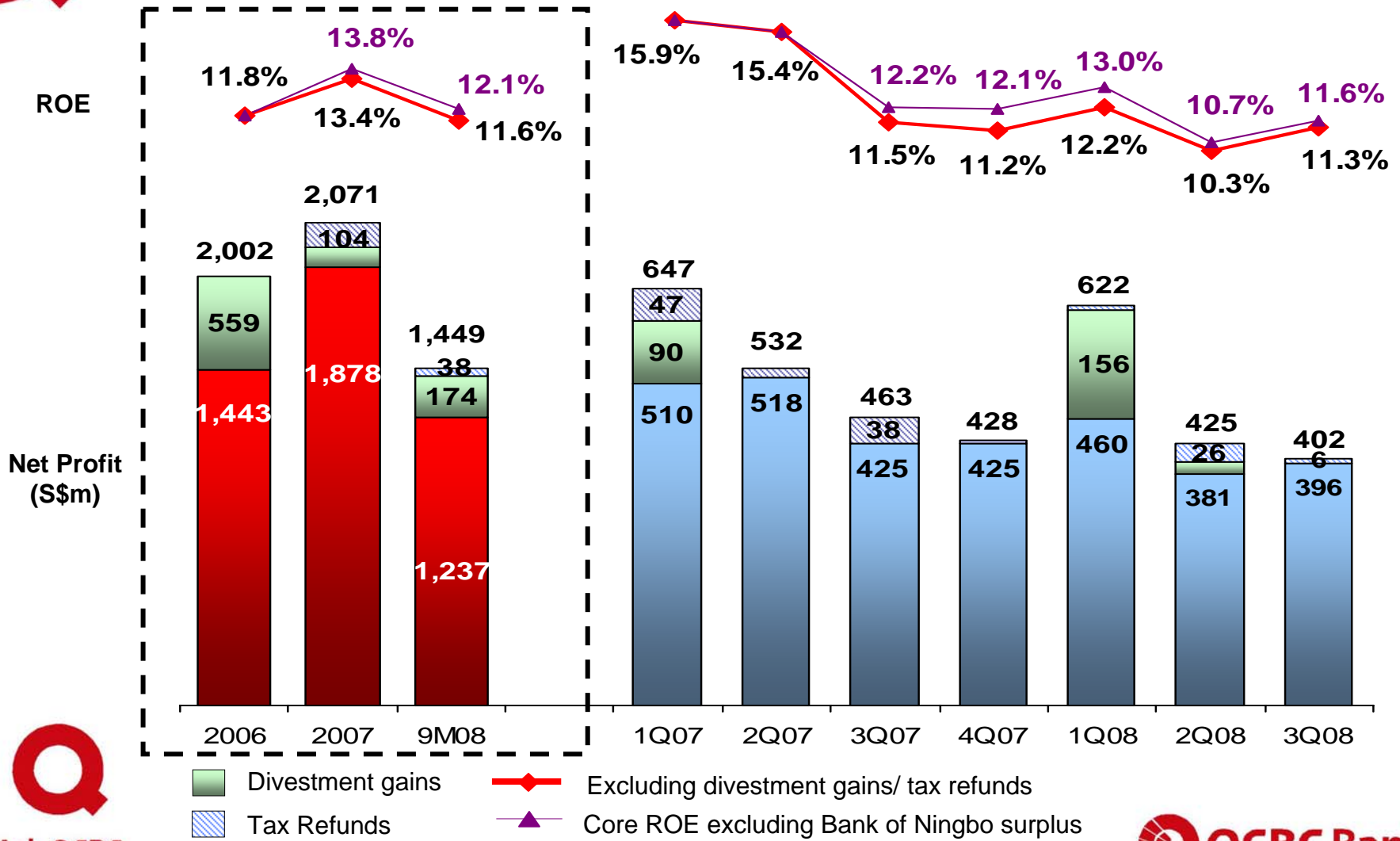
ABS CDOs

- 100% covered by allowances
- S\$101m classified as non-performing

Corporate CDOs

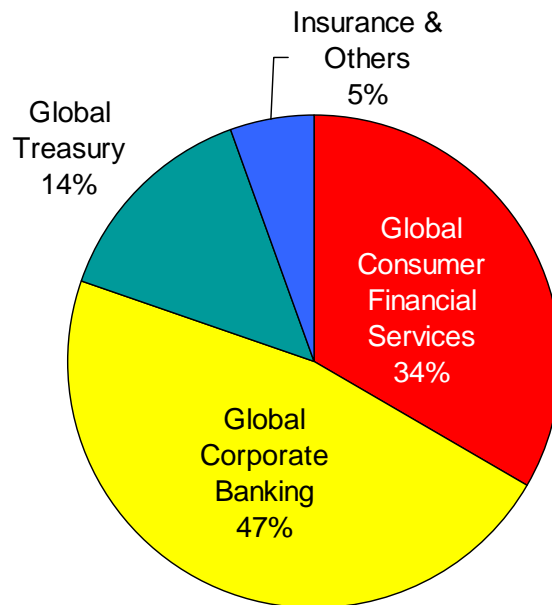
- Exposed to corporate credits: US 63%, non-US 37%
- Ratings: AAA – 28%, AA – 16%, A – 33%, BBB – 8%, BB – 8%, CCC – 7% (100% provided)
- S\$6m classified as non-performing
- S\$100m of CDOs will mature in mid-Nov 08, S\$57m in Sep 09

Year to Date ROE at 11.6%



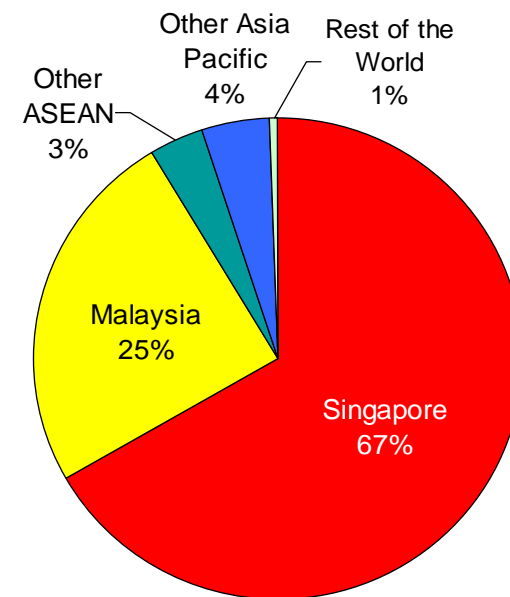
Earnings Contribution by Segments

9M08 PBT by Business Segment



9M08 Profit Before Tax & MI : S\$1,578m
(excluding divestment gains)

9M08 PBT by Geography



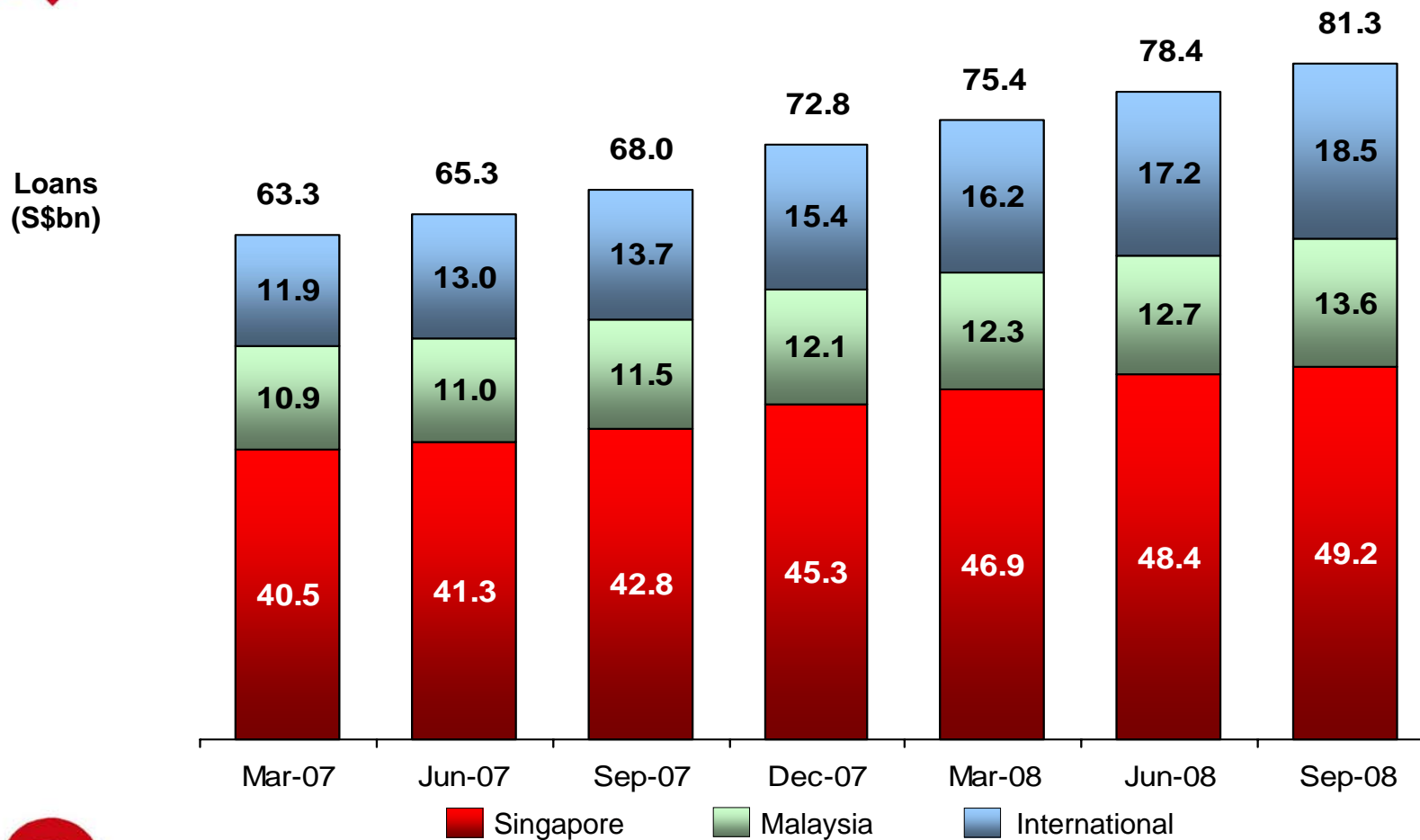
9M08 Profit Before Tax & MI : S\$1,578m
(excluding divestment gains)



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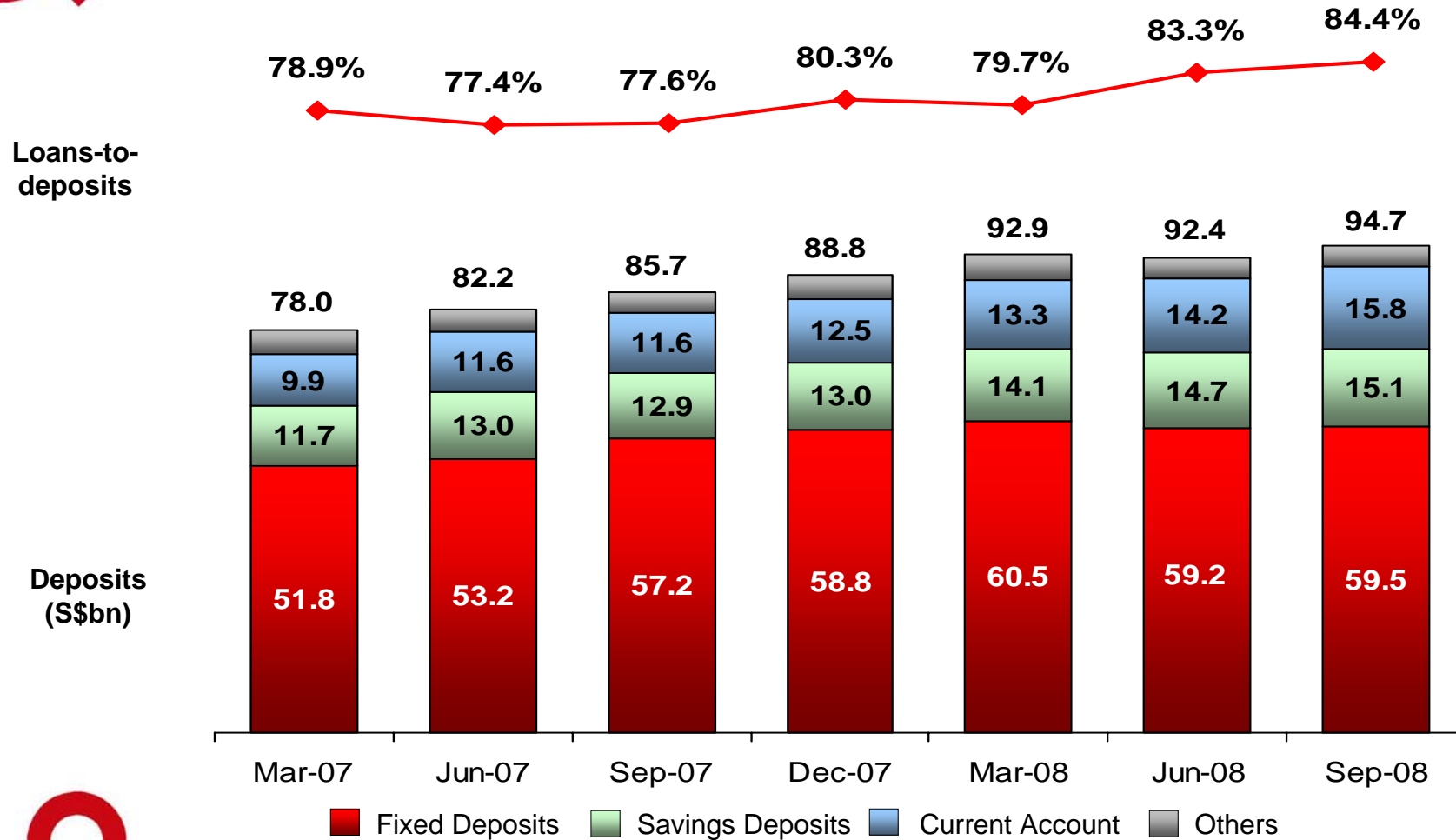


Broad-based Loans Growth of 20% YoY, 4% QoQ

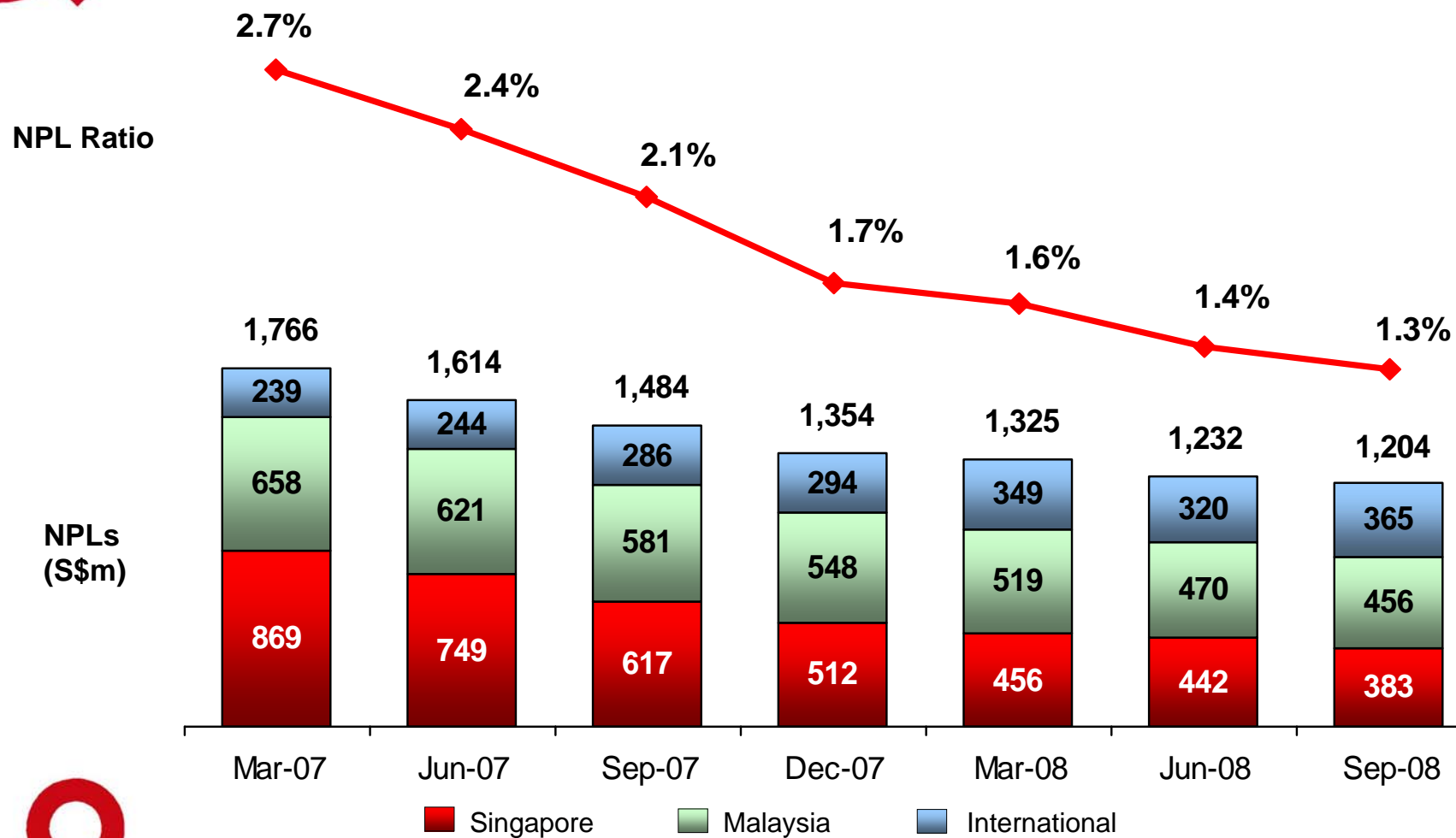


Note: Loans by geography are based on where the credit exposure resides

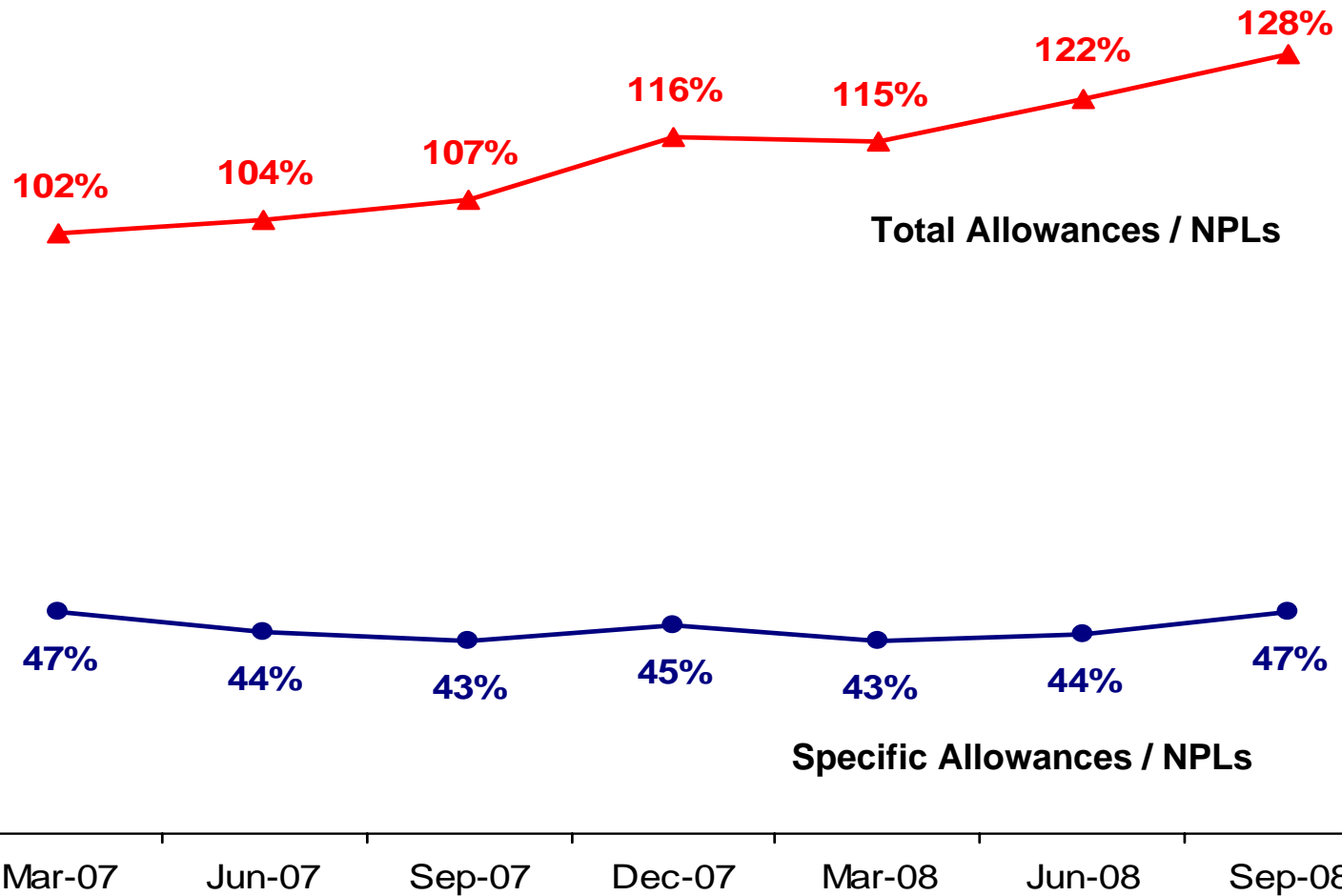
Deposits up 11% YoY, 2% QoQ



NPL Ratio Improves to 1.3%



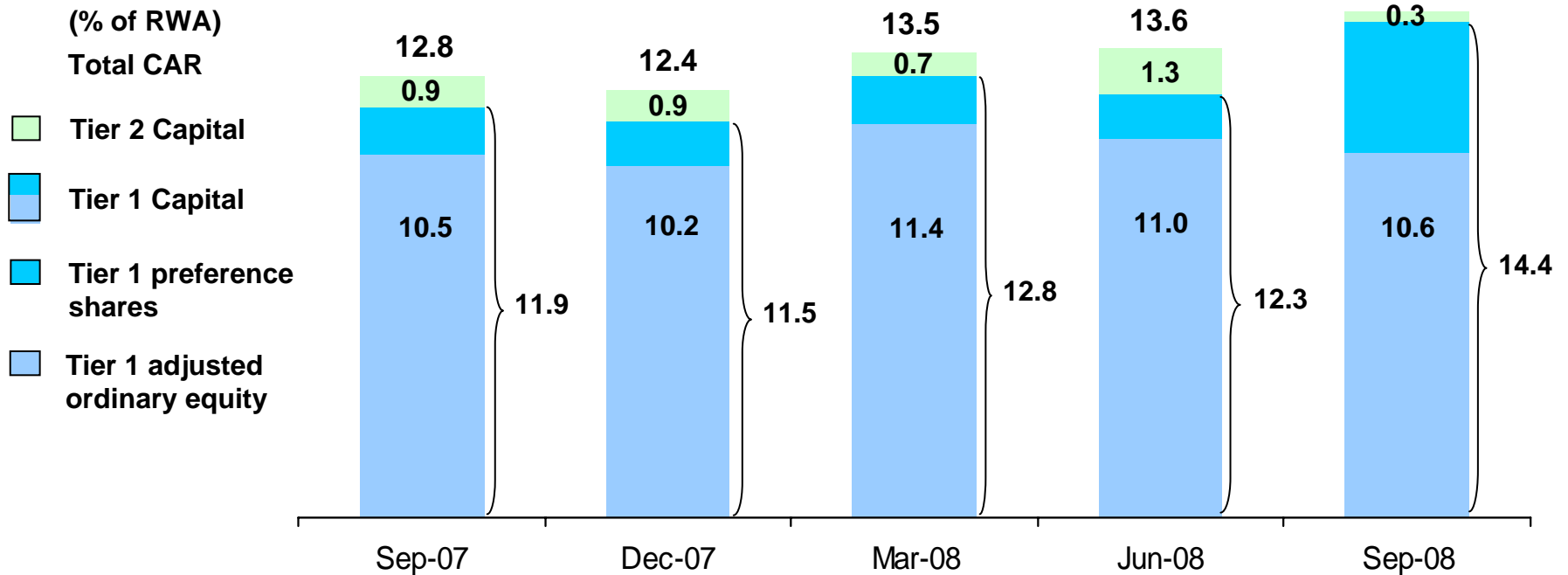
Allowance Coverage Increased to 128%



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Increased Tier 1 CAR to a Strong 14.4% by adding non-dilutive preference capital



(S\$m)	Sep-07	Dec-07	Mar-08	Jun-08	Sep-08
Tier 1 Capital	11,051	11,431	11,530	11,531	14,085
Tier 1 Prefs	1,296	1,296	1,296	1,296	3,794
RWA	92,849	99,381	89,645	93,331	97,488

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



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GEH: Third Quarter Contribution

GEH's Contribution to OCBC's Results

	3Q08	3Q07	YoY	2Q08 ^	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	200	181	10	71	182
Operating Expenses	(38)	(29)	33	(37)	3
Operating Profit	162	152	6	34	380
Amortisation of Intangibles	(12)	(12)	0	(12)	0
Allowances	(12)	(0)	n.m.	(0)	n.m.
Associates & JVs	(3)	(0)	n.m.	(0)	n.m.
Tax	(8)	(22)	(63)	(14)	(43)
Minority Interests	(19)	(17)	8	(3)	603
Net Profit contribution	108	101	7	5	n.m.

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

GEH: Nine Months Contribution

GEH's Contribution to OCBC's Results

	9M08 [^]	9M07	YoY
	S\$m	S\$m	+/(-)%
Total Income	376	577	(35)
Operating Expenses	(104)	(86)	22
Operating Profit	272	491	(45)
Amortisation of Intangibles	(35)	(35)	0
Allowances	(15)	(0)	n.m.
Associates & JVs	(5)	11	(148)
Tax	(47)	(76)	(38)
Minority Interests	(28)	(57)	(51)
Net Profit contribution	142	334	(58)

[^] 9M08 include S\$41m 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

	3Q08	3Q07	YoY	2Q08	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	254	216	18	246	3
Islamic Banking Income	28	20	33	27	4
Non-Interest Income	81	91	(11)	82	(1)
Total Income	363	327	11	355	2
Operating Expenses	(153)	(139)	10	(145)	6
Operating Profit	210	188	11	210	-
(Allowances)/Write-back	(25)	(15)	56	27	na
Tax	(48)	(48)	-	(61)	(21)
Net Profit	137	125	10	176	(22)

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

OCBC Malaysia: Nine Months Results

	9M08	9M07	YoY
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%
Net Interest Income	733	634	16
Islamic Banking Income	81	58	40
Non-Interest Income	312	266	18
Total Income	1,126	958	18
Operating Expenses	(440)	(379)	16
Operating Profit	686	578	19
(Allowances)/Write-back	(15)	(31)	(52)
Tax	(177)	(156)	13
Net Profit	494	391	26

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

OCBC Malaysia: Financial Ratios

	3Q08	2Q08	3Q07	9M08	9M07
	%	%	%	%	%
Net Interest Margin	2.57	2.51	2.41	2.51	2.49
Non-Interest Income / Total Income	22.4	23.1	27.8	27.7	27.8
Cost-to-Income Ratio	42.1	40.8	42.5	39.1	39.6
RM Loans-to-Deposits Ratio	90.5	87.1	84.4	90.5	84.4
Gross NPL Ratio	3.2	3.4	4.4	3.2	4.4
Loans Growth (YoY)	14.3	17.6	12.7	14.3	12.7
ROE	19.6	26.0	21.3	24.6	17.6

Bank NISP: Quarterly Results

	3Q08	3Q07	YoY	2Q08	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	356	319	12	352	1
Non Interest Income	94	65	46	97	(3)
Expenses	(302)	(271)	12	(288)	5
Operating Profit	148	113	32	162	(8)
Allowances	(34)	(20)	74	(30)	15
Net Profit	80	66	22	93	(13)

* Bank NISP's contribution to Group net profit was S\$13m, S\$8m and S\$7m respectively in 3Q08, 2Q08 and 3Q07

Bank NISP: Nine Months Results

	9M08	9M07	YoY
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%
Net Interest Income	1.011	873	16
Non Interest Income	280	247	13
Expenses	(898)	(745)	21
Operating Profit	393	375	5
Allowances	(70)	(87)	(20)
Net Profit	227	206	10

* Bank NISP's contribution to Group net profit was S\$26m and S\$24m respectively in 9M08 and 9M07

Bank NISP: Financial Ratios

	3Q08	2Q08	3Q07	9M08	9M07
	%	%	%	%	%
Net Interest Margin	5.61	5.38	5.43	5.46	5.00
Non-Interest Income / Total Income	20.9	21.7	16.8	21.6	22.1
Cost-to-Income Ratio	67.1	64.0	70.7	68.0	65.3
Loans-to-Deposits Ratio	94.9	95.0	91.0	94.9	91.0
Gross NPL Ratio	2.3	2.3	2.5	2.3	2.5
Loans Growth (YoY)	15.8	14.1	28.7	15.8	28.7
ROE	9.2	10.8	8.4	8.8	9.9





In Summary

- **Core operating and core net profits improved over previous quarter despite significantly higher allowances**
- **Global financial crisis is unprecedented in scale and impact**
- **We will remain vigilant in managing our businesses and risks, while continuing to support our customers and investing for the longer term**
- **With strong capital, funding and liquidity, and ongoing profitability, OCBC is well placed to deal with challenges ahead and to take advantage of opportunities in our key markets**



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Third Quarter 2008 Results

Thank You



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