

Second Quarter 2009 Results

Presentation

3 August 2009



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Agenda

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



Core net profit up 22% YoY, down 15% QoQ

	2Q09	2Q08	YoY	1Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	710	678	5	740	(4)
Non-Interest Income	494	360	37	607	(19)
Total Income	1,204	1,038	16	1,347	(11)
Operating Expenses	(450)	(473)	(5)	(413)	9
Operating Profit	754	565	33	934	(19)
Amortisation of Intangibles	(12)	(12)	1	(12)	-
Allowances	(104)	(55)	88	(197)	(47)
Associates & JVs	1	3	(86)	-	n.m.
Tax & Minority Interests	(173)	(120)	44	(180)	(4)
Core Net Profit	466	381	22	545	(15)
Divestment Gains/Tax Refunds ^{1/}	-	44	-	-	-
Reported Net Profit	466	425	10	545	(15)

^{1/} 2Q08 – net divestment gains of S\$18m and tax refunds of S\$26m.




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First Half core net profit rose 20% YoY and 57% over 2H08

	1H09	1H08	YoY	2H08	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	1,450	1,317	10	1,467	(1)
Non-Interest Income	1,101	736	50	721	53
Total Income	2,551	2,053	24	2,188	17
Operating Expenses	(863)	(899)	(4)	(956)	(10)
Operating Profit	1,688	1,154	46	1,232	37
Amortisation of Intangibles	(24)	(23)	1	(23)	-
Allowances	(301)	(48)	531	(399)	(25)
Associates & JVs	1	5	(91)	1	(61)
Tax & Minority Interests	(353)	(247)	43	(166)	113
Core Net Profit	1,011	841	20	645	57
Divestment Gains/Tax Refunds ^{1/}	-	206	-	57	-
Reported Net Profit	1,011	1,047	(3)	702	44

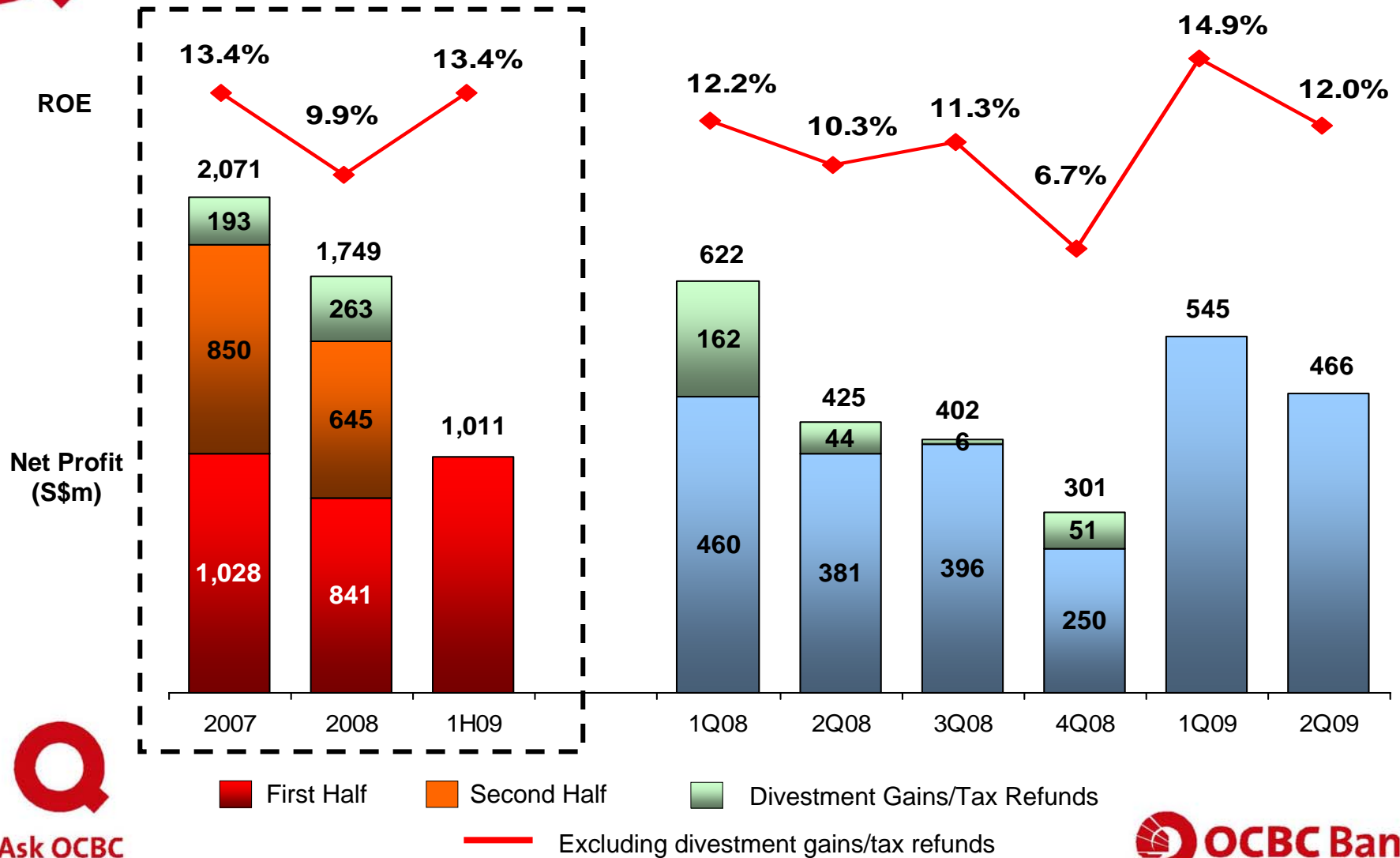
^{1/} 1H08 – net divestment gains of S\$174m and tax refunds of S\$32m; 2H08 – tax refunds and writebacks of S\$57m.



Key Financial Ratios - Based on Core Earnings

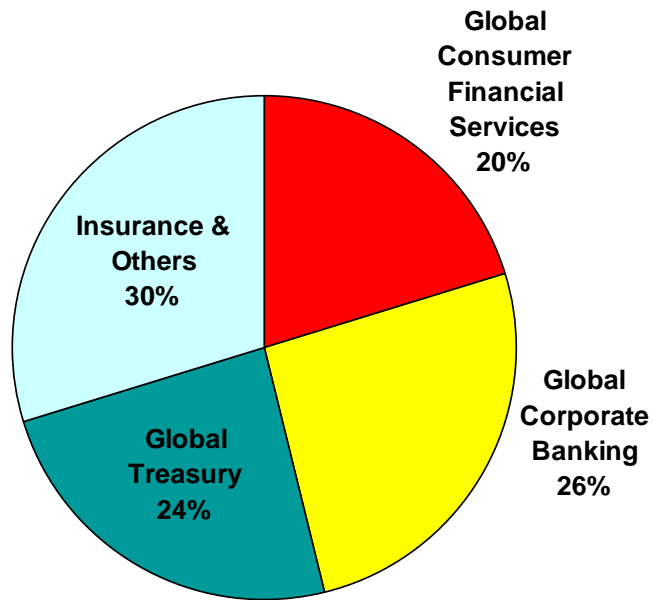
	1H09	1H08	2Q09	1Q09	2Q08
	%	%	%	%	%
Net Interest Margin	2.35	2.21	2.29	2.42	2.24
Non-Interest Income/ Total Income	43.2	35.9	41.0	45.1	34.6
Cost-to-Income Ratio	33.8	43.8	37.4	30.7	45.5
Loans-to-Deposits Ratio	80.3	83.3	80.3	85.3	83.3
NPL Ratio	2.1	1.4	2.1	1.8	1.4
Allowances/NPAs	97.1	121.9	97.1	109.5	121.9
ROE	13.4	11.3	12.0	14.9	10.3
Cash ROE	13.7	11.6	12.3	15.3	10.6

ROE of 13.4% for First Half



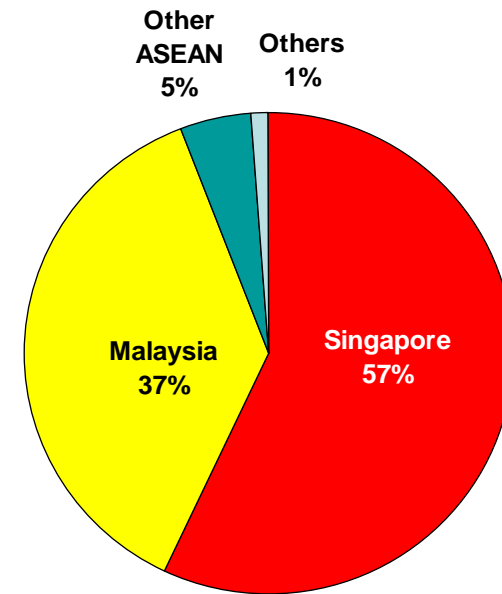
Earnings contribution by segments

1H09 PBT by Business Segment



Note: Pretax profit before joint income elimination and before items not attributed to business segments

1H09 PBT by Geography



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Excluding GEH – 2Q09 core net profit rose 3% YoY and 12% QoQ

Excluding GEH

	2Q09	2Q08	YoY	1Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	694	659	5	725	(4)
Non-Interest Income	307	310	(1)	314	(2)
Total Income	1,001	969	3	1,039	(4)
Operating Expenses	(400)	(435)	(8)	(389)	3
Operating Profit	601	534	13	650	(7)
Allowances	(102)	(55)	87	(194)	(47)
Associates & JVs	1	3	(65)	1	(19)
Tax & Minority Interests	(110)	(104)	6	(109)	1
Core Net Profit	390	378	3	348	12
Divestment Gains/Tax Refunds ^{1/}	-	43	-	-	-
Reported Net Profit	390	421	(7)	348	12

^{1/} 2Q08 – net divestment gains of S\$17m and tax refunds of S\$26m.



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Excluding GEH – 1H09 core net profit fell 12% YoY, increased 51% over 2H08

<u>Excluding GEH</u>	1H09	1H08	YoY	2H08	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	1,419	1,277	11	1,430	(1)
Non-Interest Income	621	640	(3)	410	51
Total Income	2,040	1,917	6	1,840	11
Operating Expenses	(789)	(833)	(5)	(870)	(9)
Operating Profit	1,251	1,084	15	970	29
Allowances	(296)	(44)	568	(347)	(15)
Associates & JVs	2	7	(67)	10	(76)
Tax & Minority Interests	(218)	(210)	4	(144)	50
Core Net Profit	739	837	(12)	489	51
Divestment Gains/Tax Refunds ^{1/}	-	176	-	47	-
Reported Net Profit	739	1,013	(27)	536	38

^{1/} 1H08 – net divestment gains of S\$145m and tax refunds of S\$32m; 2H08 – tax refunds and writebacks of S\$47m.

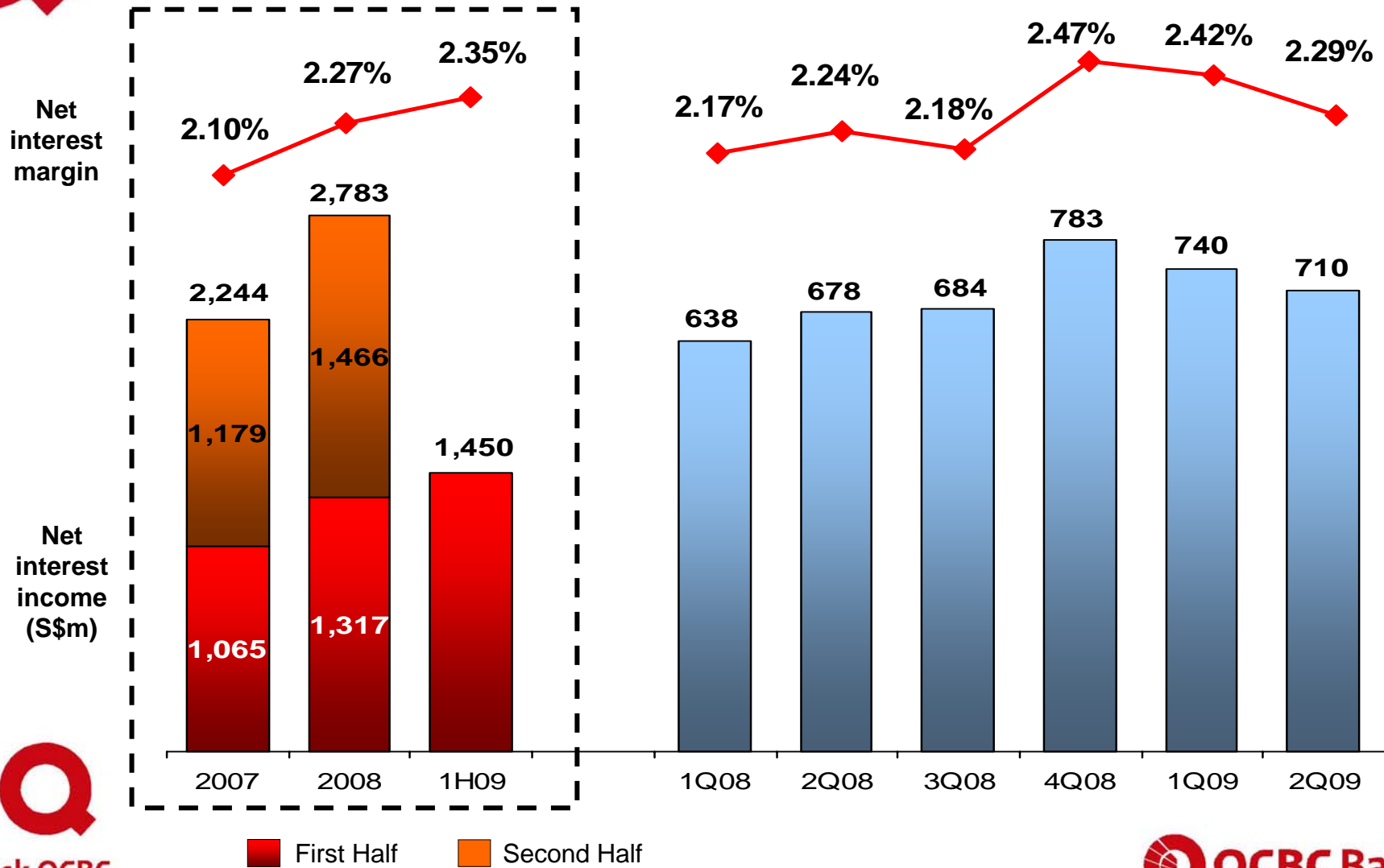


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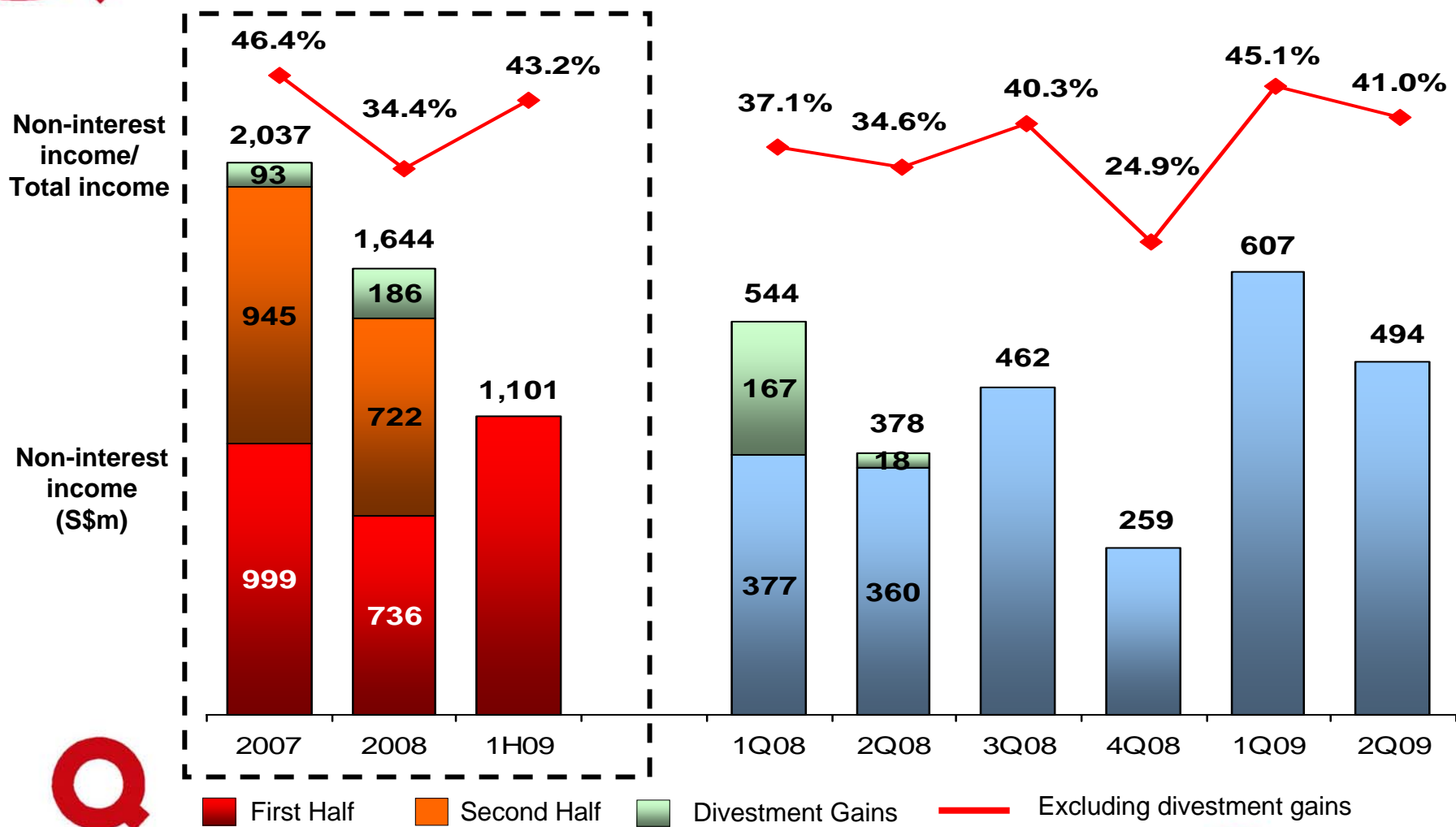
Net interest income up 5% YoY; interest margin down QoQ due to lower gapping income



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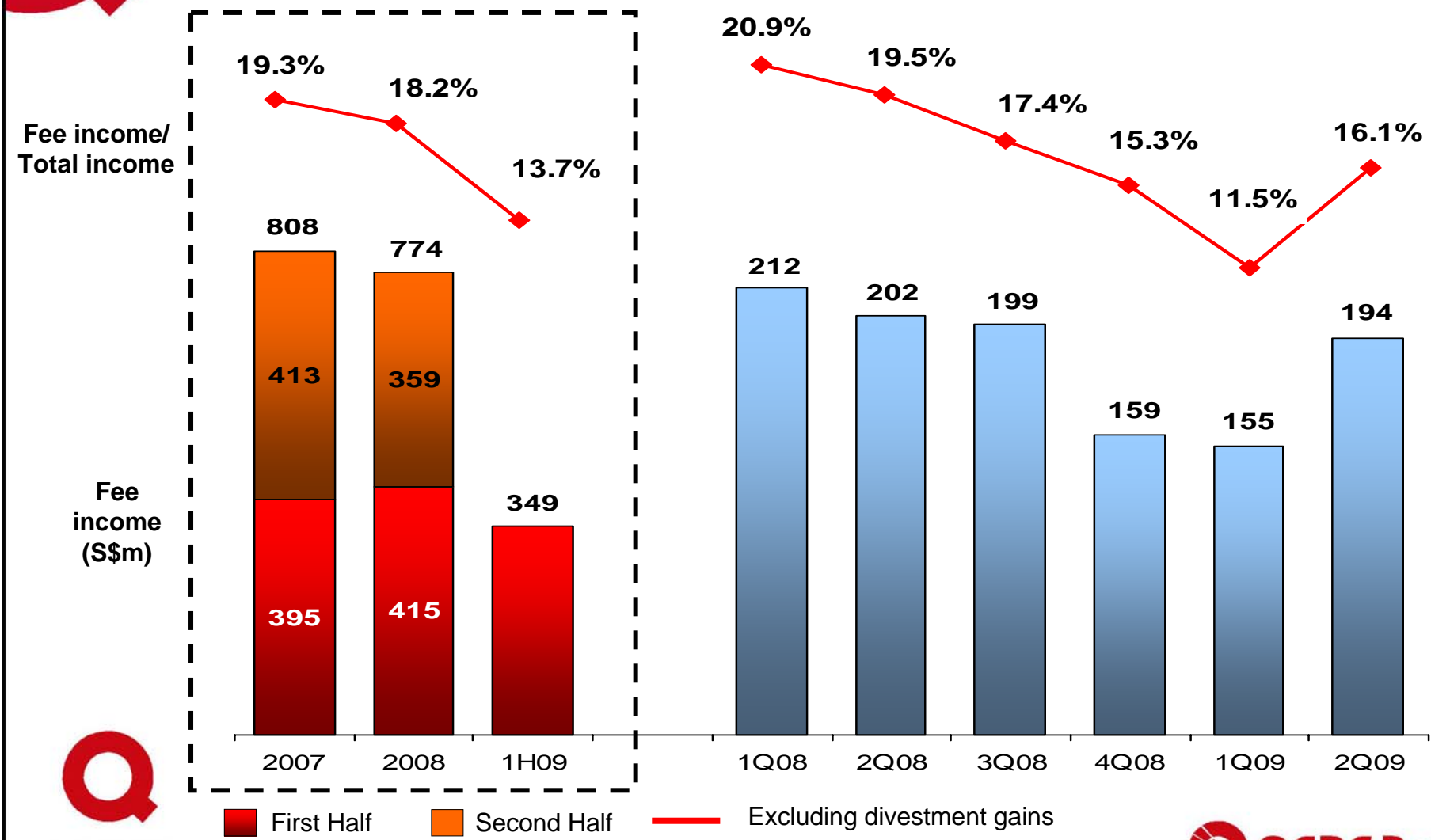
Non-interest income up 37% YoY



Note: 1Q09 non-interest income includes S\$201m non-recurring gains from GEH



Higher fee income from brokerage, wealth management, investment banking and loan-related activities



GEH's life assurance profits up due to equity markets and tighter credit spreads

	2Q09	1Q09	2Q08	FY08	FY07
Life assurance profit from:	S\$m	S\$m	S\$m	S\$m	S\$m
- Participating Fund	27	29	24	102	143
- Non-participating Fund	74	195	(11)	130	302
- Investment-linked Fund	23	42	20	68	64
Total life assurance profit	125	266*	33	300	509

Life assurance profit increased 277% YoY and 92% QoQ (excl non-recurring gains in 1Q09) to S\$125m:

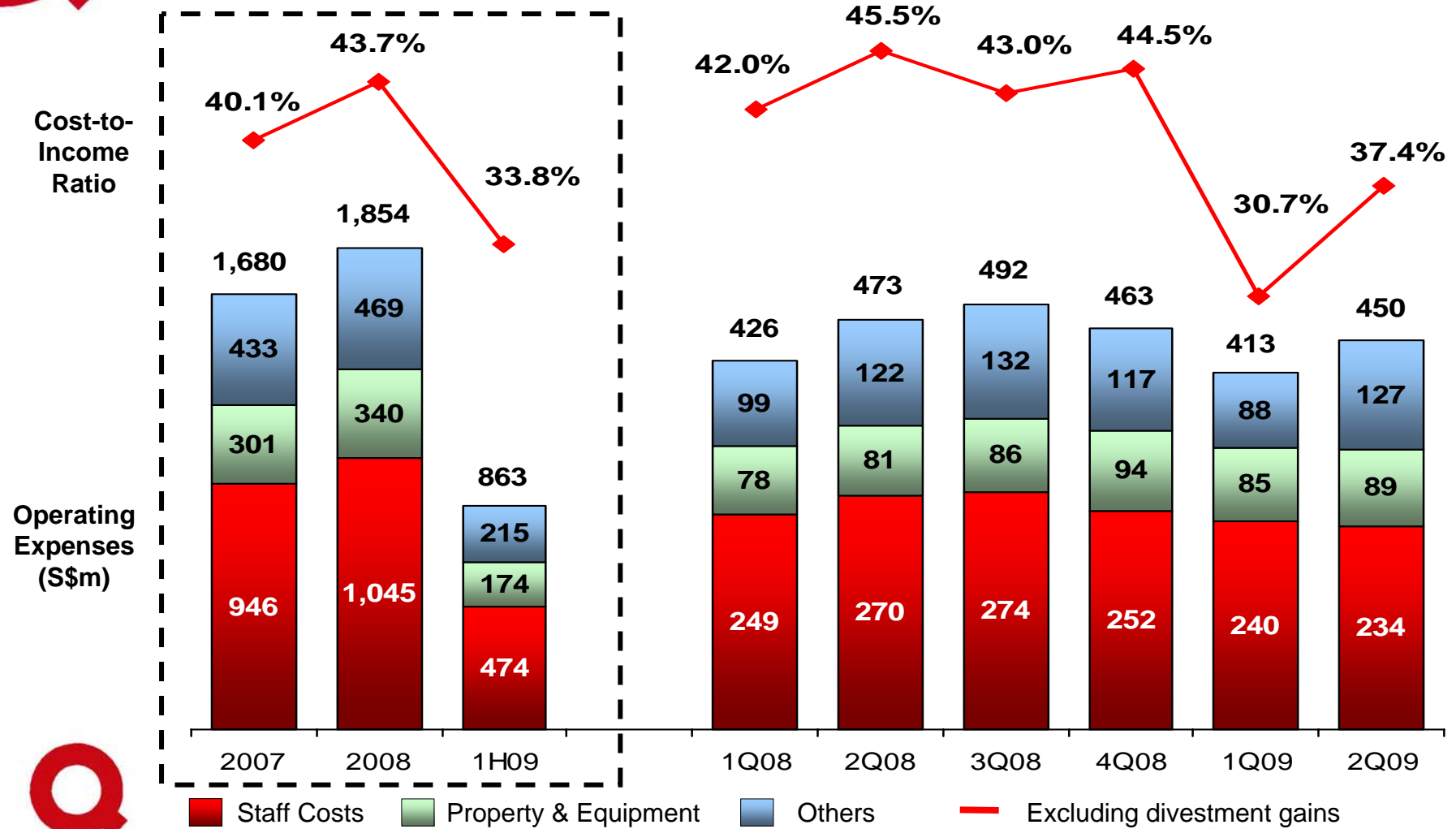
- Non-par funds benefited from rebound in equity prices and tightening of credit spreads for fixed income portfolio

Overall insurance sales down due to Singapore market:

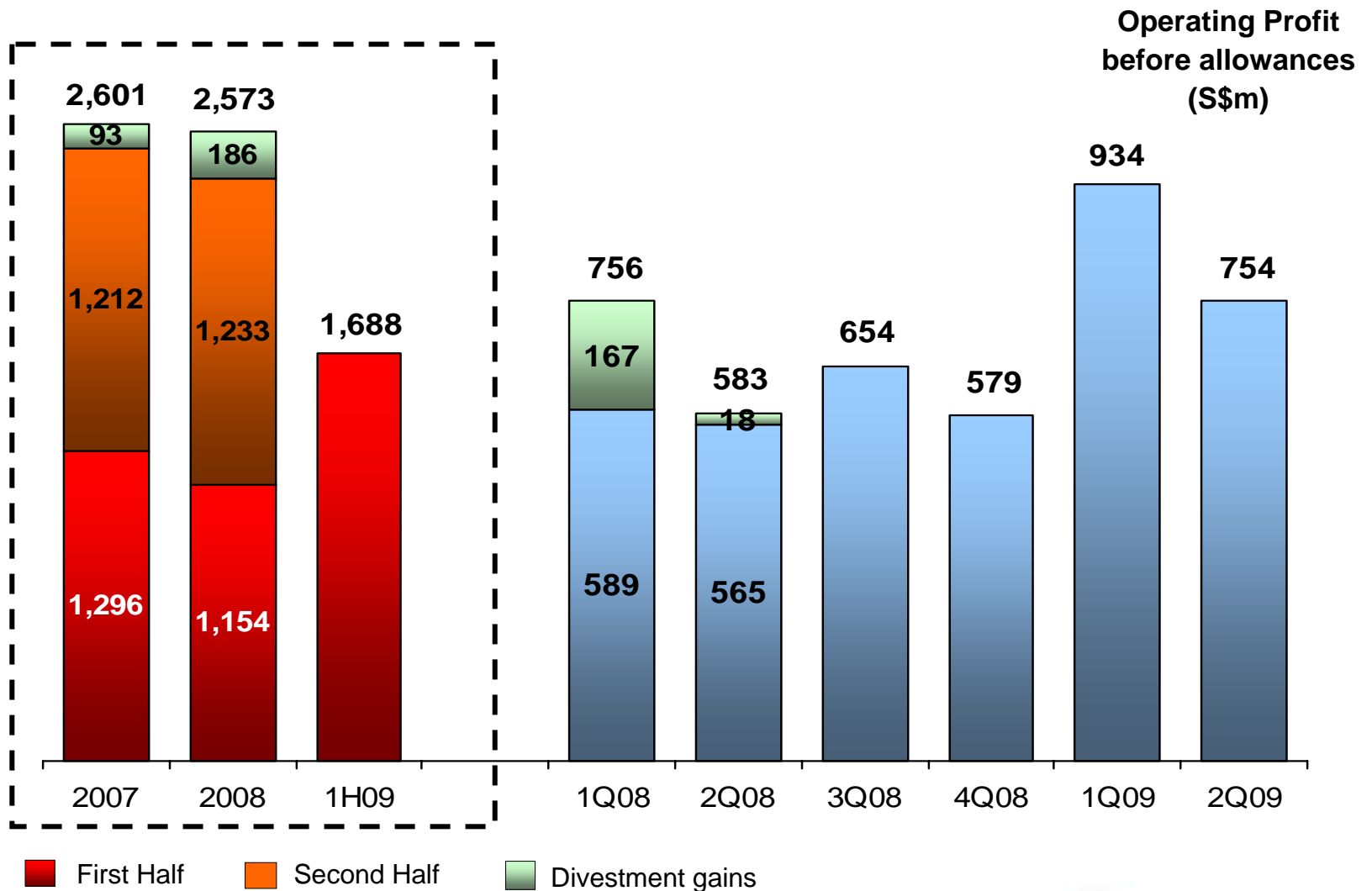
- New business weighted premiums fell 30% in 2Q09 and 28% in 1H09 due to lower Singapore sales; Malaysia sales rose 53% and 57% respectively
- New business embedded value fell 33% in 2Q09 and 31% in 1H09
- GEH expects to maintain #1 market share in 1H09 for both Singapore and Malaysia

* Includes non-recurring gains of S\$201m, mainly from adoption of RBC framework in Malaysia

Costs fell 4% in 1H09; increase over 1Q09 was due to higher insurance-related expenses



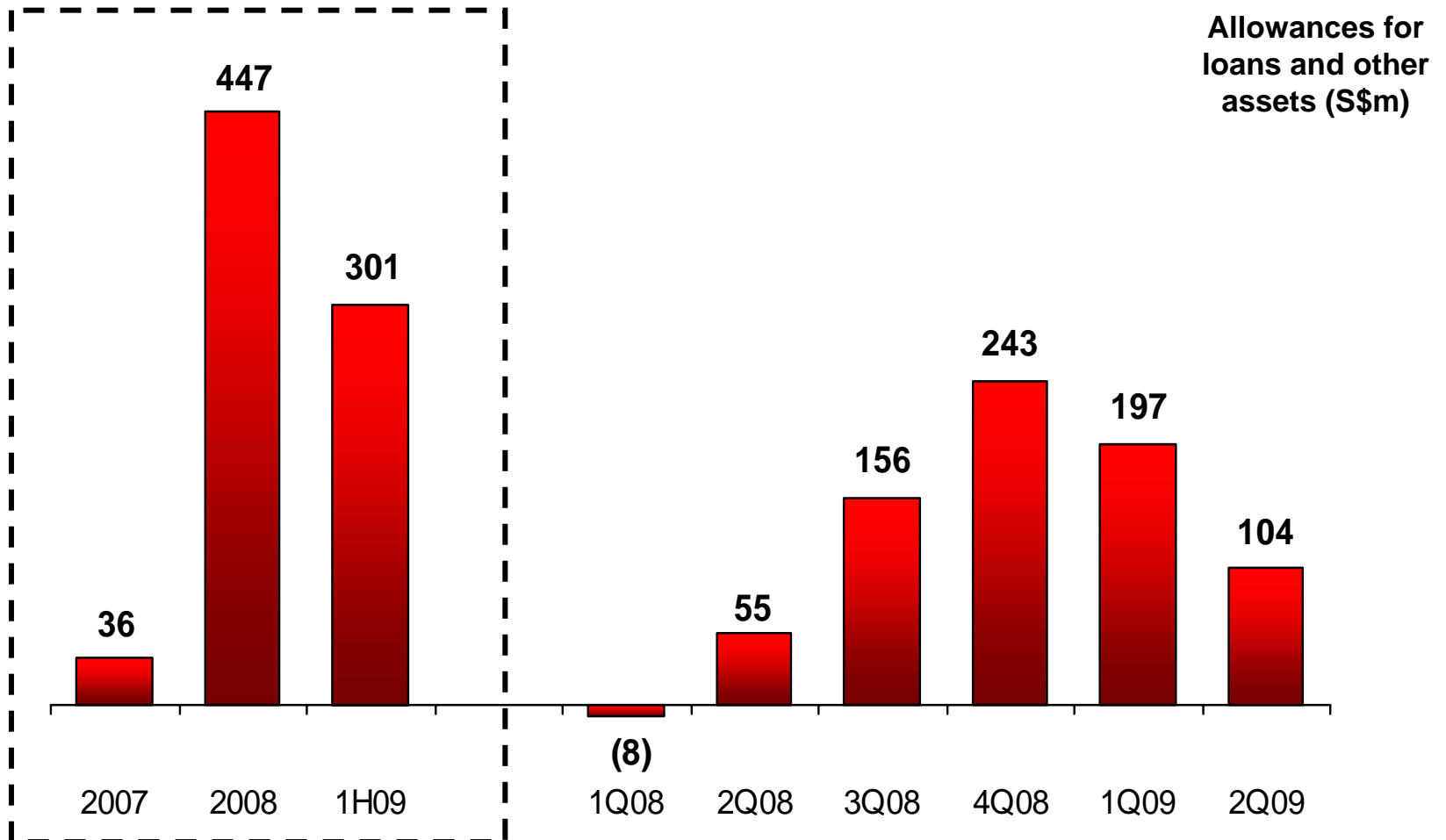
Second quarter core operating profit up 33% YoY



Note: 1Q09 operating profit includes S\$201m non-recurring gains from GEH



Net allowances declined from the previous quarter



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Breakdown of allowances

	1H09	1H08	2Q09	1Q09	2Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Specific allowances/ (write-back) for loans	132	(24)	44	88	(18)
Portfolio allowances for loans	7	-	5	2	-
Allowances/(write-back) for CDOs	92	67	(2)	94	67
Allowances for other assets	70	5	57	13	6
Total net allowances	301	48	104	197	55

Movement in specific allowances for loans

	1H09	1H08	2Q09	1Q09	2Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Allowances for new and existing NPLs	242	141	104	138	69
Write-backs ^{1/}	(93)	(123)	(51)	(42)	(58)
Recoveries ^{2/}	(18)	(42)	(10)	(9)	(28)
Net Specific Allowances/ (Write-backs)	132	(24)	44	88	(18)

^{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 fully provided for since 1Q09

(S\$m)	As at 30 Jun 2009				As at 31 Mar 2009			
	Exposure	Cumulative Allowances	Cumulative MTM Losses ^{3/}	Fair Value Adj. in Equity	Exposure	Cumulative Allowances	Cumulative MTM Losses ^{3/}	Fair Value Adj. in Equity
ABS CDOs ^{1/}	95	(95)	-	-	100	(100)	-	-
Corporate CDOs ^{2/}	160	(95)	(65)	-	205	(136)	(69)	-
Total CDOs	255	(190)	(65)	-	305	(236)	(69)	-

^{1/} Exposure and cumulative allowances declined from Mar 09 levels due to foreign exchange movements

^{2/} Exposure and cumulative allowances declined from Mar 09 levels due to disposal of 3 CDOs totaling S\$37m, and foreign exchange movements

^{3/} Mark-to-market losses on credit default swaps related to synthetic corporate CDOs, taken through the income statement

- ABS CDOs and corporate CDOs fully written down since 2Q08 and 1Q09 respectively
- Liquidated S\$37m of corporate CDOs in 2Q09
- S\$119m out of S\$255m CDO exposure are classified as NPAs

Provision to be made in 3Q09 for GreatLink Choice redemption offer

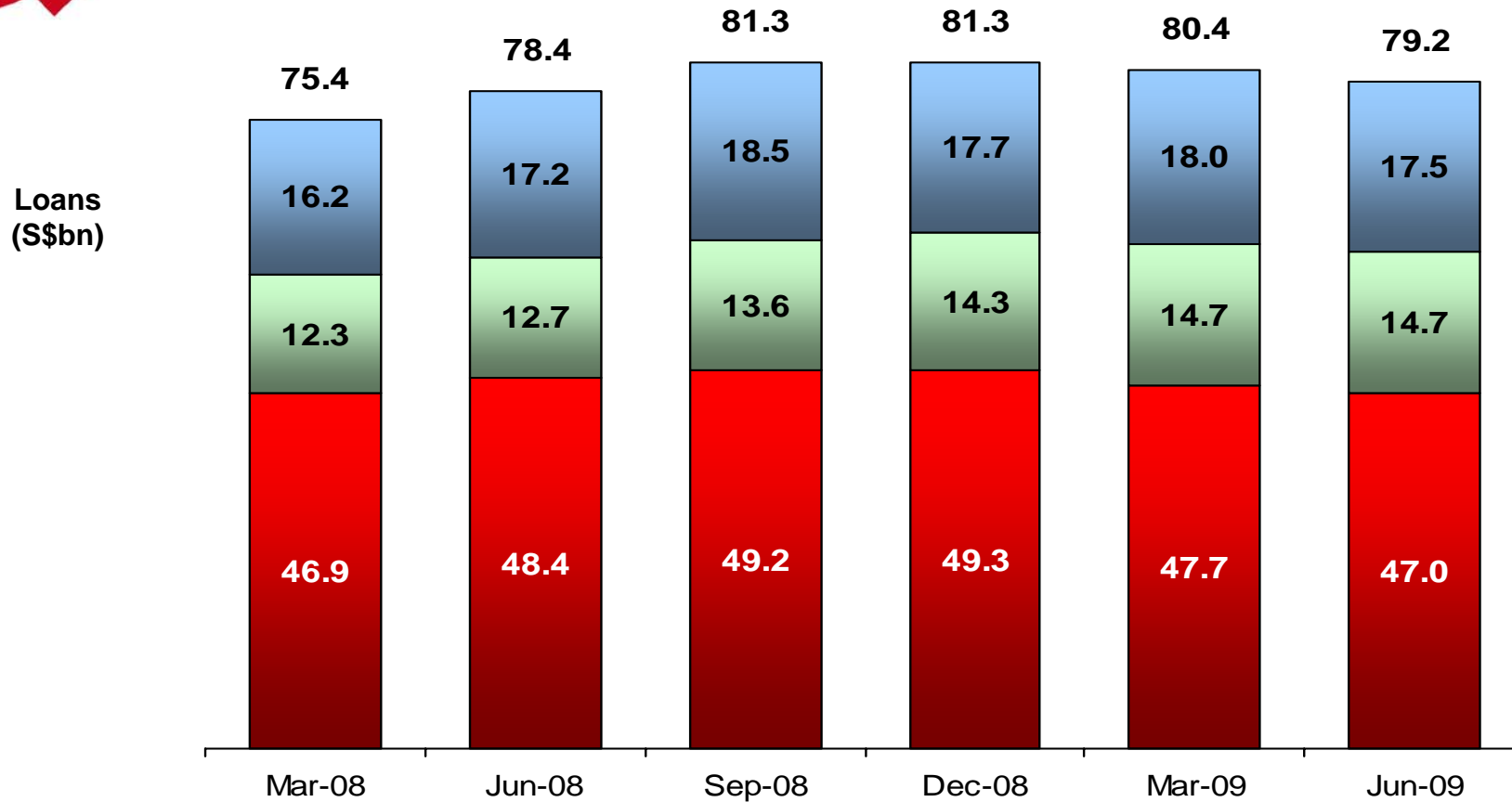
Overview of GreatLink Choice

Tranche	GLC1	GLC2	GLC3	GLC4	GLC5
Policy Commencement Date	30-Sep-05	31-Oct-05	31-Aug-06	31-Dec-06	31-Oct-07
Maturity Date	30-Sep-10	31-Oct-10	31-Aug-13	31-Dec-13	31-Oct-12
Loss Protection Level (at inception)	13.50%	13.50%	11.00%	11.00%	9.60%
Inforce Single Premiums Invested	S\$111m	S\$98m	S\$123m	S\$76m	S\$186m
NAV (30 Jun 09)	S\$68m	S\$61m	S\$37m	S\$15m	S\$36m
Unit Price (30 Jun 09)	S\$0.611	S\$0.609	S\$0.298	S\$0.192	S\$0.192
Current S&P rating	BBB-	BBB-	CCC-	CCC-	CCC-
Total Annual Payouts to-date	10.5%	10.5%	9.8%	9.2%	4.0%
No. of credit events that have occurred	6	6	9	11	9
Est no. of <u>additional</u> credit events before capital is first affected*	11 - 15	11 - 15	10	7	3 - 5
Thereafter, est no. of <u>additional</u> credit events for total capital loss*	3 - 5	3 - 5	5	4	4 - 5

[^] For more information, please refer to GEH's media release of 31 July 09.

^{*} Assumes (a) an exposure of 0.83% for each reference entity; (b) recovery rates of 0% and 30% respectively for future credit events for GLC1, GLC2 and GLC5; and (c) recovery rate of 30% (pre-fixed) for GLC3 and GLC4.

Loans grew 1% YoY, declined 2% from previous quarter

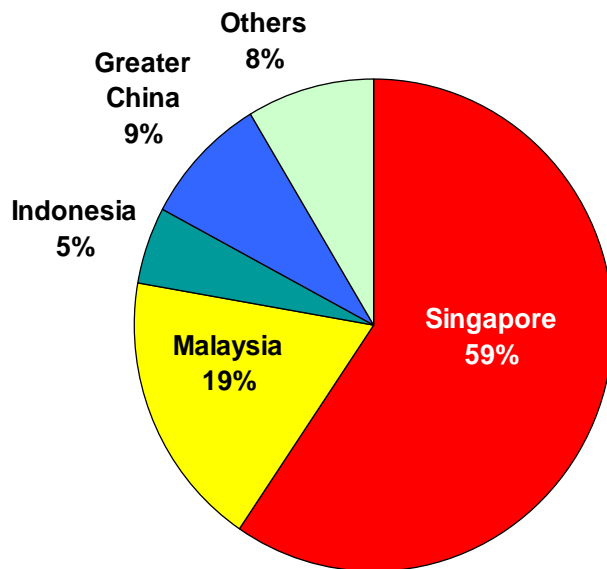


■ Singapore ■ Malaysia ■ International

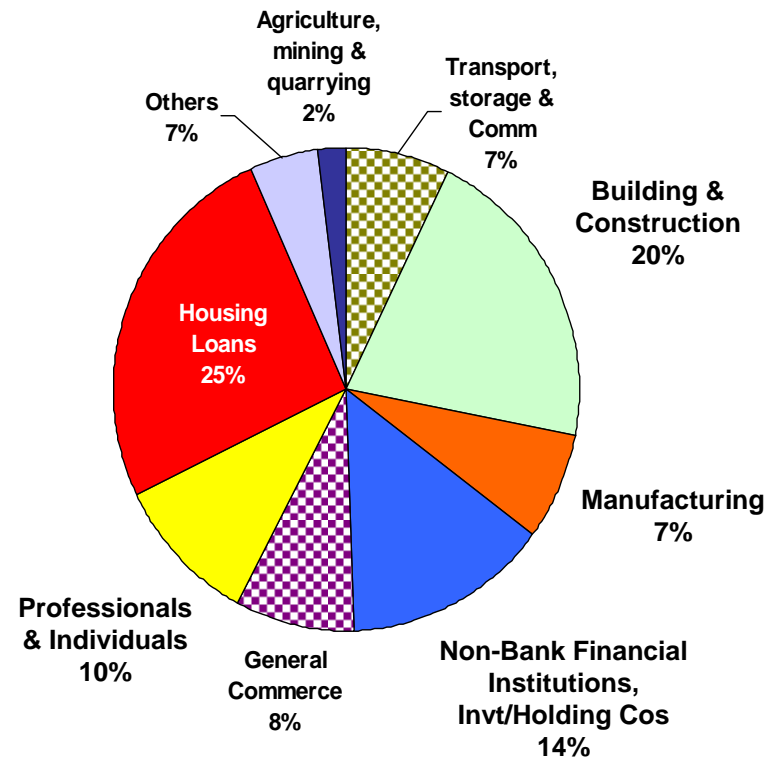
Note: Loans by geography are based on where the credit risks reside

Diversified loans

Loans by Geography*

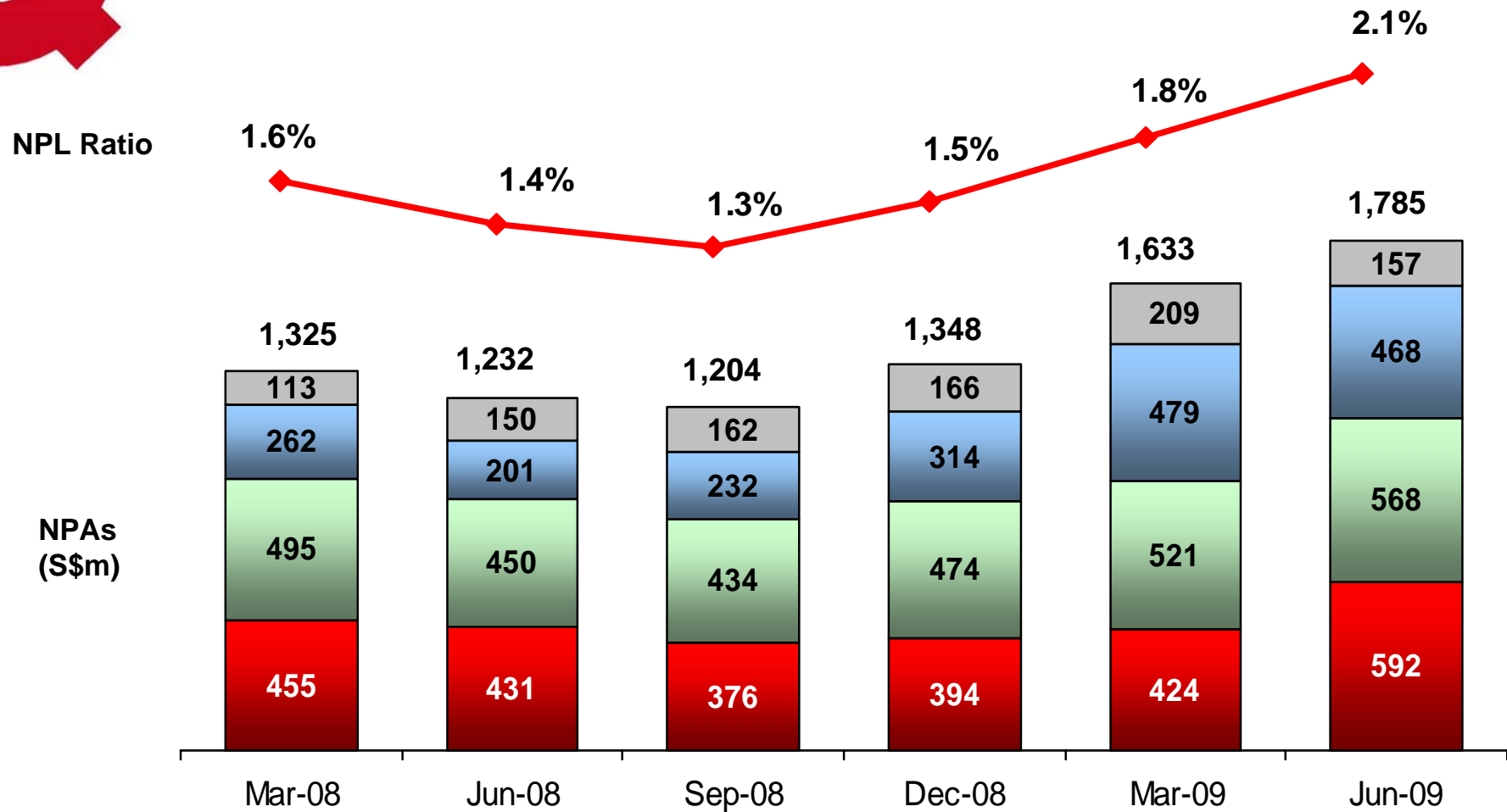


Loans by Sector



* Based on where the credit risks reside, which may be different from the country of the borrower or where the loans are booked

NPL ratio increased moderately to 2.1%

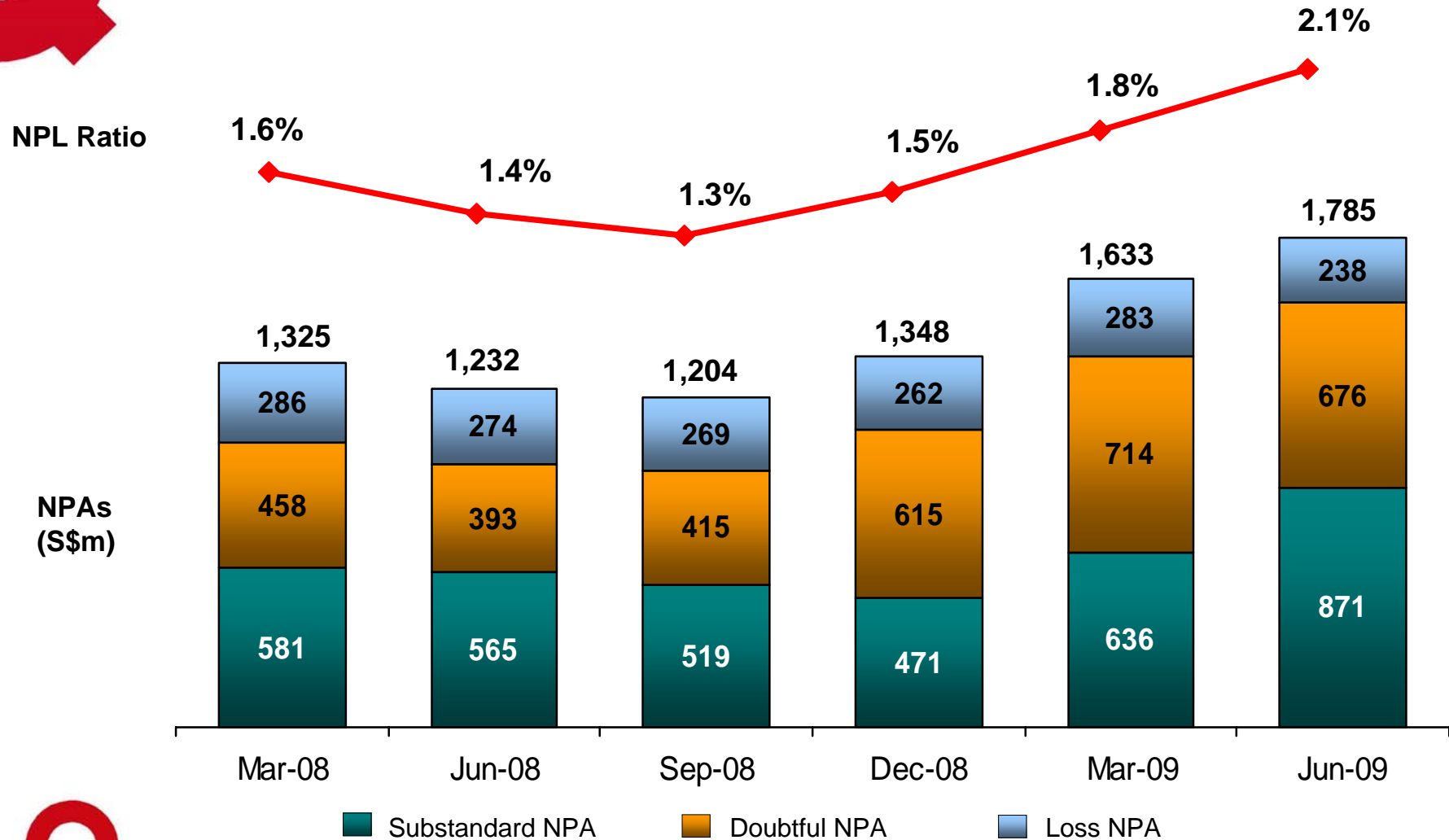


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■ Singapore NPLs
 ■ Malaysia NPLs
 ■ International NPLs
 ■ Debt securities/CDOs



49% of NPAs in substandard category



New NPA formation stable relative to 1Q09

NPAs

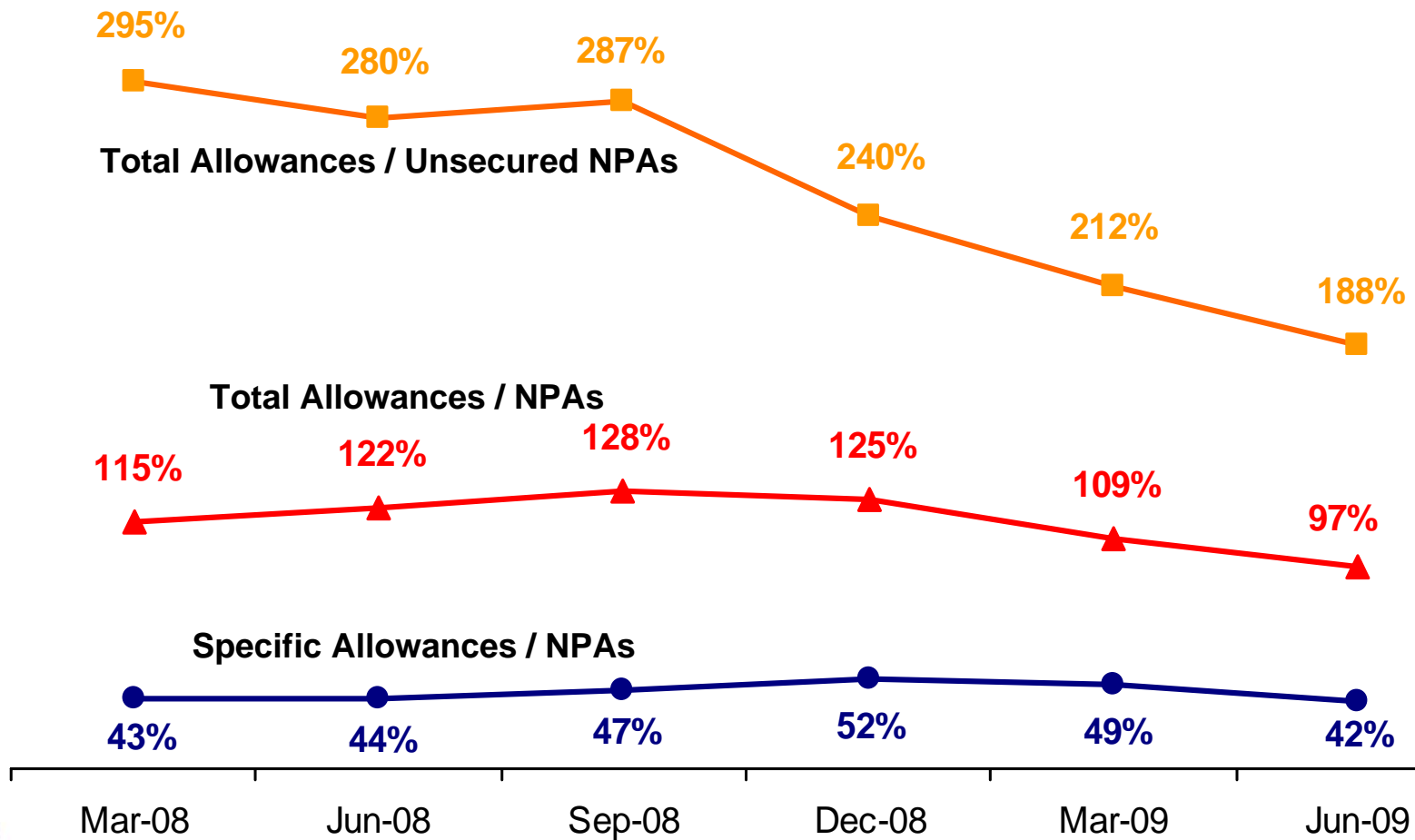
	1H09	1H08	2Q09	1Q09	2Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Opening Balance (excluding CDOs)	1,239	1,268	1,462	1,239	1,242
New NPAs	841	361	417	423	161
Net Recoveries/Upgrades	(283)	(427)	(160)	(123)	(242)
Write-offs	(139)	(80)	(61)	(77)	(39)
Closing Balance (excl CDOs)	1,658	1,122	1,658	1,462	1,122
Add: Classified CDOs	127	110	127	171	110
Closing Balance (incl CDOs)	1,785	1,232	1,785	1,633	1,232



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Healthy allowance coverage of 97% over total NPAs and 188% over unsecured NPAs



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Property exposure – Resilient portfolio with comfortable LTVs

Singapore Development Project Loans

- Average LTVs are 44% for residential projects (4Q08: 54%) and 46% for commercial projects (4Q08: 59%)
- Diversified portfolio with about 70% residential and 30% commercial
- Development project financing accounts for less than 45% of Singapore real estate-related loans (excluding housing loans)*

Singapore Housing Loans

- 78% owner-occupied
- Average LTV 68% (4Q08: 59%)
- 10% of loans (4Q08: < 1%) have some negative equity, i.e. LTV > 100%
- Amount of negative equity is around 1% of total loan commitments; half of these are due to pre-2003 vintage where CPF Board holds first charge

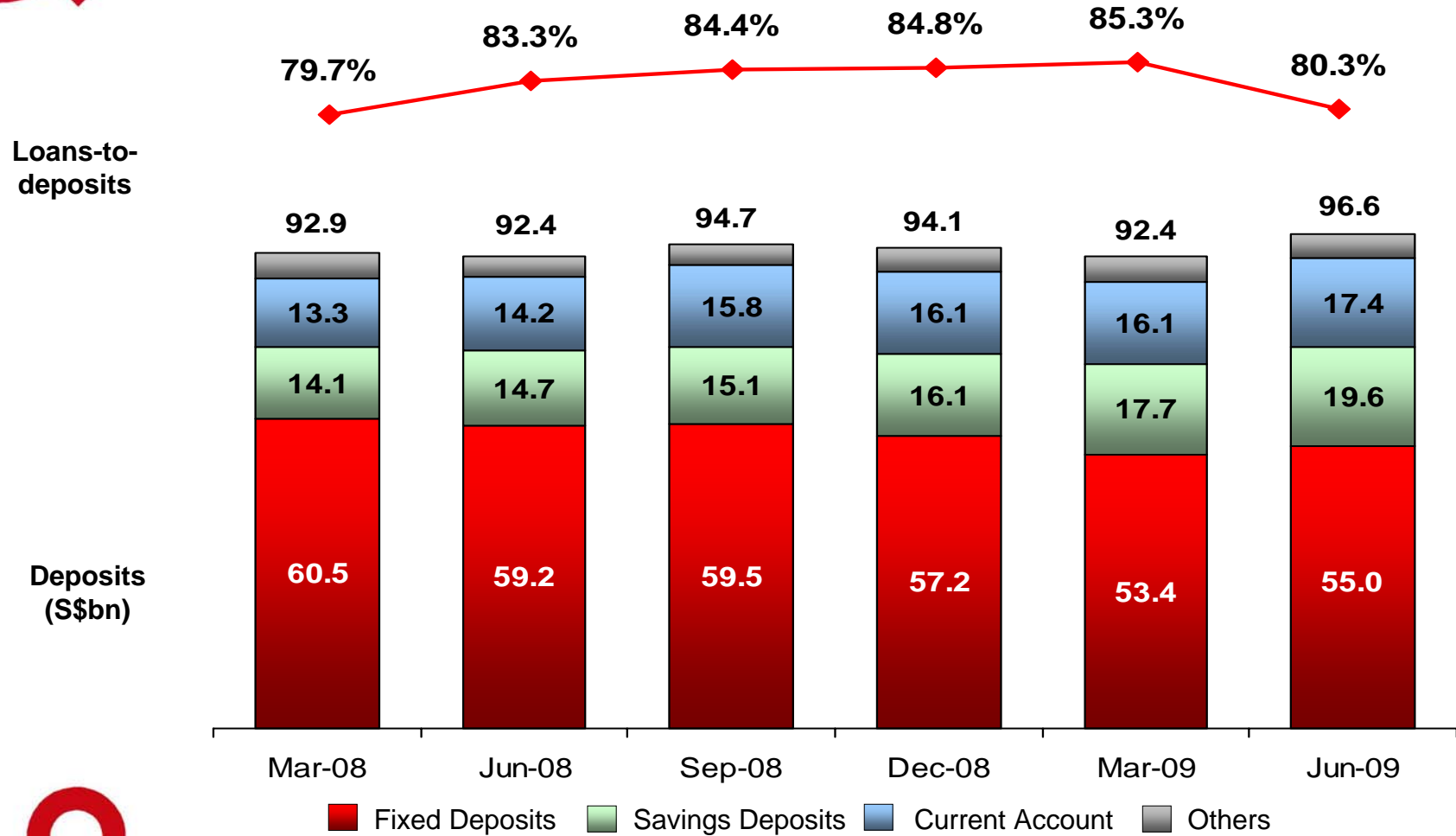
** Other real estate-related loans are mainly secured by completed income-producing assets with stable cash flow and low LTVs*

AFS Portfolio – Fair Value Reserves increased by S\$580m over 1Q09

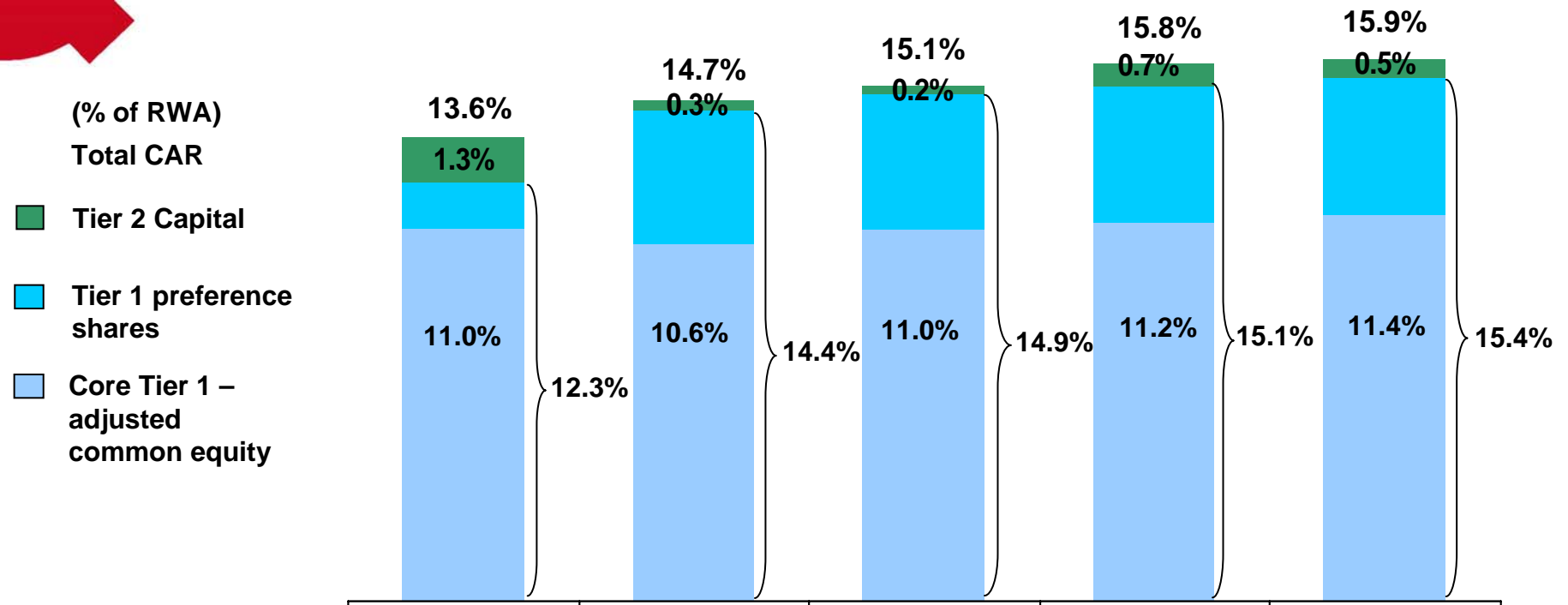
	Jun-09	Mar-09	Jun-08
	S\$m	S\$m	S\$m
<u>Available-for-Sale Securities</u>			
Corporate Debt Securities	6,795	6,912	7,791
Equities & investment funds	2,342	1,767	2,164
Government Securities	15,029	15,741	12,328
- Singapore	11,031	11,392	10,156
- Others	3,998	4,349	2,172
Total AFS Securities	24,166	24,420	22,283
FV reserves at end period *	960	380	635
QoQ Change in FV reserves	+580	+158	(489)

* Net unrealised fair value gains on the AFS book, included in shareholders' equity

Deposits up 5% YoY and QoQ from growth in savings and current account deposits



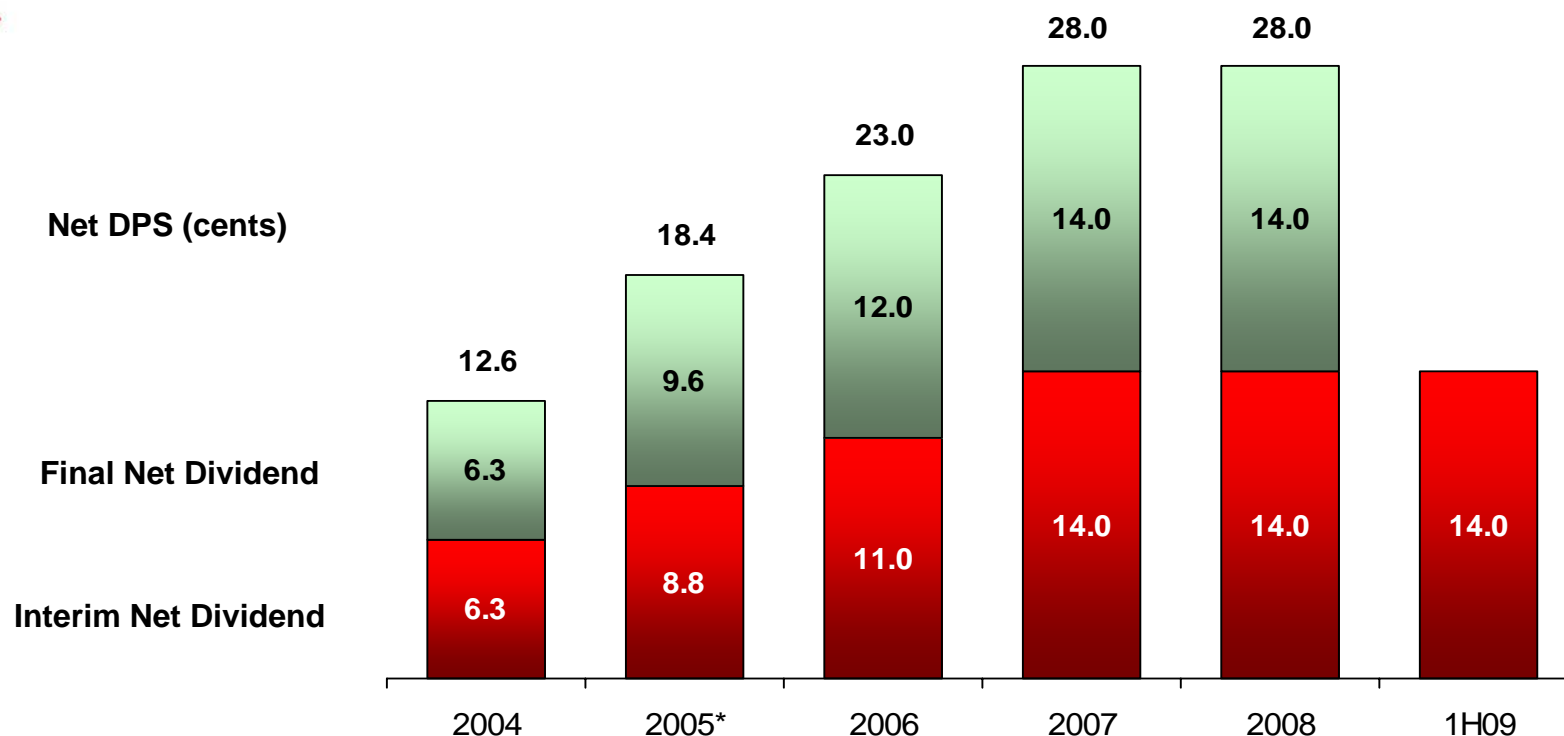
Strong Tier 1 ratio of 15.4%, core Tier 1 of 11.4%



(S\$m)	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09
Tier 1 Capital	11,531	14,085	14,261	14,475	15,018
Tier 1 Prefs	1,296	3,796	3,796	3,796	3,958
RWA	93,331	97,488	95,522	95,397	97,424

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

Interim dividend maintained at 14 cents per share



(S\$m)	2004	2005*	2006	2007	2008	1H09
Net Dividends	403	574	709	864	868	445
Core Net Profit	1,051	1,298	1,443	1,878	1,486	1,011
Dividend Payout Ratio	38%	44%	49%	46%	58%	44%

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



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GEH: Quarterly contribution

GEH's Contribution to OCBC's Results

	2Q09	2Q08 [^]	YoY	1Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	203	69	193	308	(34)
Operating Expenses	(50)	(37)	33	(24)	103
Operating Profit	153	32	380	284	(46)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(2)	-	-	(3)	(39)
Associates & JVs	(1)	-	-	(1)	(51)
Tax & Minority Interests	(62)	(16)	272	(71)	(12)
Core Net Profit contribution	76	3	n.m.	197	(61)

[^] 2Q08 exclude S\$2m pretax gains (S\$1m net of tax and minorities) from divestment of Robinson shares



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GEH: First Half Contribution

GEH's Contribution to

OCBC's Results

	1H09	1H08 [^]	YoY	2H08 [^]	HoH
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	511	136	276	348	47
Operating Expenses	(74)	(66)	12	(86)	(14)
Operating Profit	437	70	527	262	68
Amortisation of Intangibles	(24)	(23)	-	(23)	-
Allowances	(5)	(4)	36	(52)	(95)
Associates & JVs	(1)	(2)	(23)	(9)	(78)
Tax & Minority Interests	(135)	(36)	272	(22)	509
Core Net Profit contribution	272	4	n.m.	156	76

[^] 1H08 exclude S\$42m pretax gains (S\$29m net of tax and minorities) from divestment of Robinson and Straits Trading shares; 2H08 exclude S\$10m tax writeback.



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OCBC Malaysia: Quarterly Results

	2Q09	2Q08	YoY	1Q09	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	253	246	3	252	-
Islamic Banking Income	28	27	4	33	(15)
Non-Interest Income	65	82	(21)	173	(62)
Total Income	346	355	(2)	458	(24)
Operating Expenses	(141)	(145)	(3)	(140)	1
Operating Profit	205	210	(2)	319	(36)
Allowances	(38)	27	(237)	(43)	(12)
Tax	(43)	(61)	(30)	(71)	(40)
Net Profit	125	176	(29)	205	(39)

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

OCBC Malaysia: Half-Year Results

	1H09	1H08	YoY	2H08	HoH
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	505	479	5	516	(2)
Islamic Banking Income	61	54	13	59	3
Non-Interest Income	238	231	3	202	18
Total Income	804	764	5	777	3
Operating Expenses	(280)	(288)	(3)	(311)	(10)
Operating Profit	524	476	10	466	12
Allowances	(81)	10	n.m.	(113)	(28)
Tax	(113)	(129)	(12)	(94)	20
Net Profit	330	357	(8)	260	27

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

OCBC Malaysia: Financial Ratios

	1H09	1H08	2Q09	1Q09	2Q08
	%	%	%	%	%
Net Interest Margin	2.41	2.48	2.35	2.46	2.51
Non-Interest Income / Total Income	29.6	30.2	18.8	37.8	23.1
Cost-to-Income Ratio	34.8	37.7	40.8	30.3	40.8
Loans-to-Deposits Ratio	80.3	87.7	80.3	79.0	87.7
Gross NPL Ratio	3.8	3.4	3.8	3.6	3.4
Loans Growth (YoY)	5.1	17.6	5.1	8.8	17.6
ROE	20.8	27.2	15.1	25.8	26.0



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Bank OCBC NISP: Quarterly Results

	2Q09	2Q08	YoY	1Q09	QoQ
	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
<u>Unaudited Results*</u>					
Net Interest Income	430	352	22	399	8
Non Interest Income	159	99	61	119	34
Expenses	(347)	(289)	21	(335)	4
Operating Profit	242	162	49	183	32
Allowances	(112)	(30)	273	(79)	43
Net Profit	89	93	(4)	73	22

* Bank OCBC NISP's contribution to Group net profit was S\$16m, S\$14m and S\$8m respectively in 2Q09, 1Q09 and 2Q08

Bank OCBC NISP: Half-Year Results

	1H09	1H08	YoY	2H08	HoH
	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
<u>Unaudited Results*</u>					
Net Interest Income	829	655	27	746	11
Non Interest Income	278	185	51	286	(3)
Expenses	(682)	(596)	14	(642)	6
Operating Profit	425	244	74	390	9
Allowances	(192)	(35)	447	(146)	31
Net Profit	162	147	10	170	(5)

* Bank OCBC NISP's contribution to Group net profit was S\$31m, S\$13m and S\$23m respectively in 1H09, 1H08 and 2H08

Bank OCBC NISP: Financial Ratios

	1H09	1H08	2Q09	1Q09	2Q08
	%	%	%	%	%
Net Interest Margin	5.22	5.38	5.41	5.04	5.77
Non-Interest Income / Total Income	25.1	22.1	27.1	23.0	22.0
Cost-to-Income Ratio	61.6	70.6	59.0	64.6	64.1
Loans-to-Deposits Ratio	69.4	95.0	69.4	71.0	95.0
Gross NPL Ratio	3.9	2.3	3.9	3.6	2.3
Loans Growth (YoY)	(6.4)	14.1	(6.4)	3.0	14.1
ROE	9.0	8.7	9.8	8.2	10.8



In Summary

- **Achieved resilient results in a challenging operating environment**
- **Asset quality holding up well, with comfortable coverage ratios**
- **GEH taking decisive action to resolve GLC issue and will recognise earnings impact in the third quarter**
- **Global economy and financial markets are on the mend, but pace of recovery remains uncertain**
- **We will continue to be disciplined and prudent as we strive to grow our customer businesses in our key markets**



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Second Quarter 2009 Results

Thank You



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