

First Quarter 2010 Results

Presentation

5 May 2010



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Agenda

- **Results Overview**
- **Performance Trends**
- **Malaysia & Indonesia Subsidiaries**
- **In Summary**

First quarter net profit up 24% YoY (83% excluding non-recurring gains in 1Q09), 35% QoQ

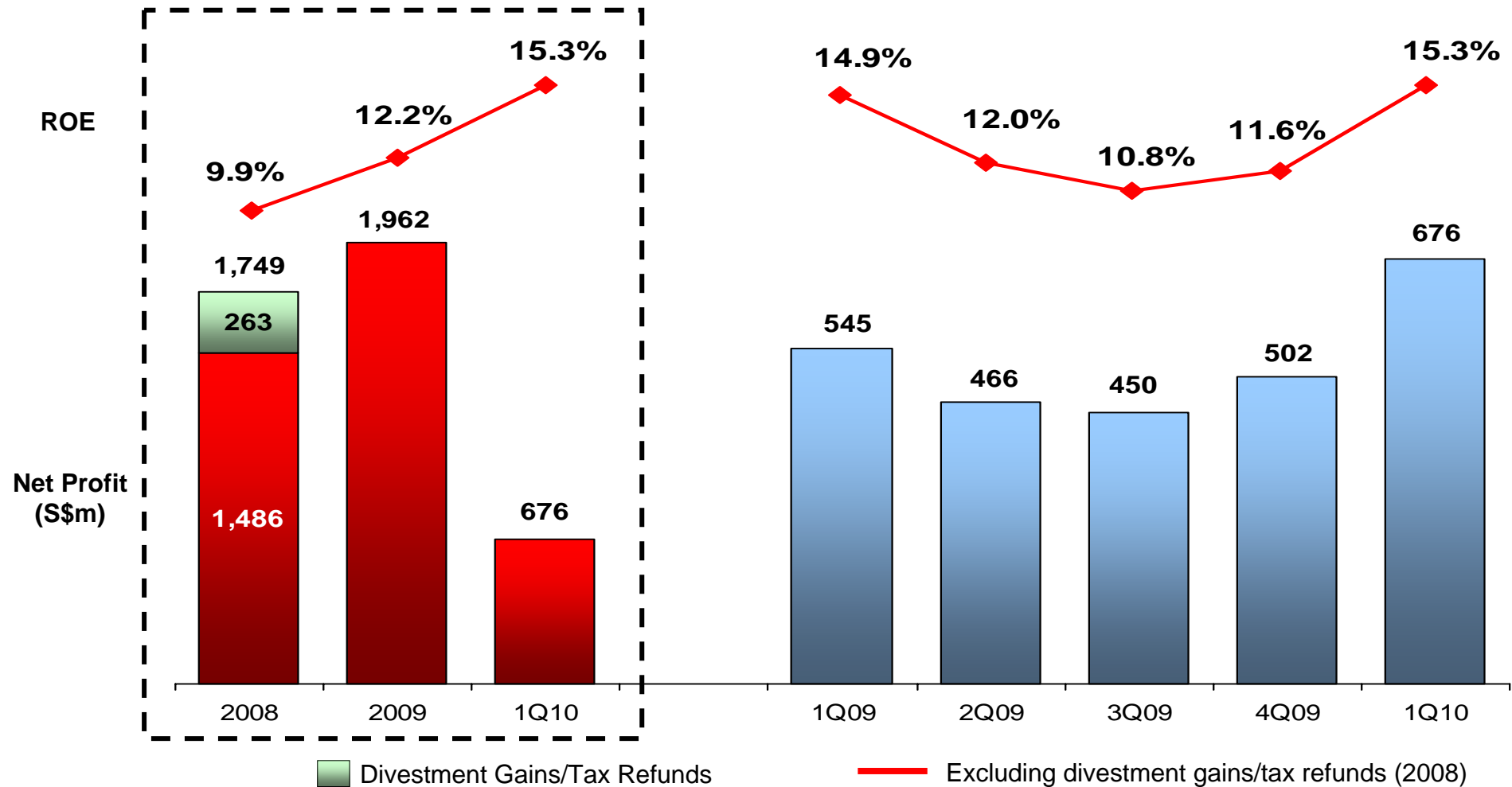
	1Q10	1Q09	YoY	4Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	704	740	(5)	687	2
Non-Interest Income	681	607	12	497	37
Total Income	1,385	1,347	3	1,184	17
Operating Expenses	(502)	(413)	21	(466)	8
Operating Profit	883	934	(5)	718	23
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(25)	(197)	(87)	(77)	(68)
Associates & JVs	-	-	-	(2)	(91)
Tax & Minority Interests	(170)	(180)	(6)	(125)	35
Net Profit	676	545	24	502	35

Note: 1Q09 non-interest income includes non-recurring insurance gains of S\$201m (S\$175m net of tax and minority interests)

Key financial ratios

	1Q10	4Q09	1Q09
	%	%	%
Net Interest Margin	2.03	2.08	2.42
Non-Interest Income/ Total Income	49.2	42.0	45.1
Cost-to-Income Ratio	36.2	39.4	30.7
Loans-to-Deposits Ratio	81.9	80.4	85.3
NPL Ratio	1.5	1.7	1.8
Allowances/NPAs	107.3	102.4	109.5
ROE	15.3	11.6	14.9
Cash ROE	15.6	11.8	15.3

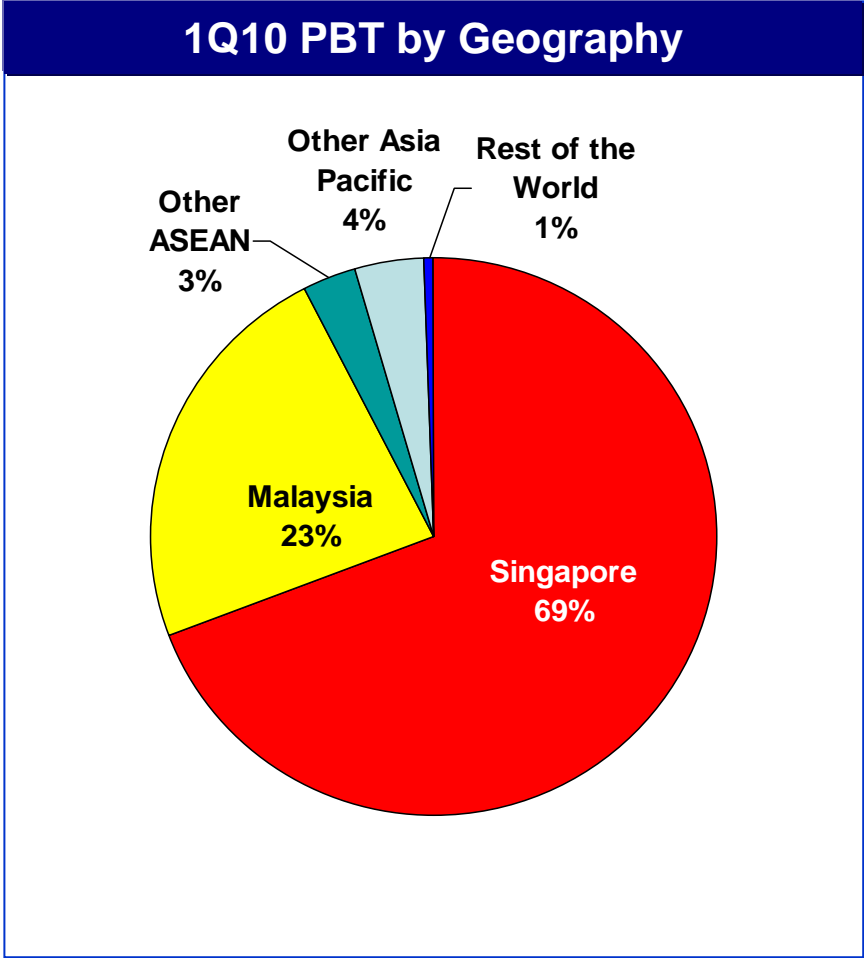
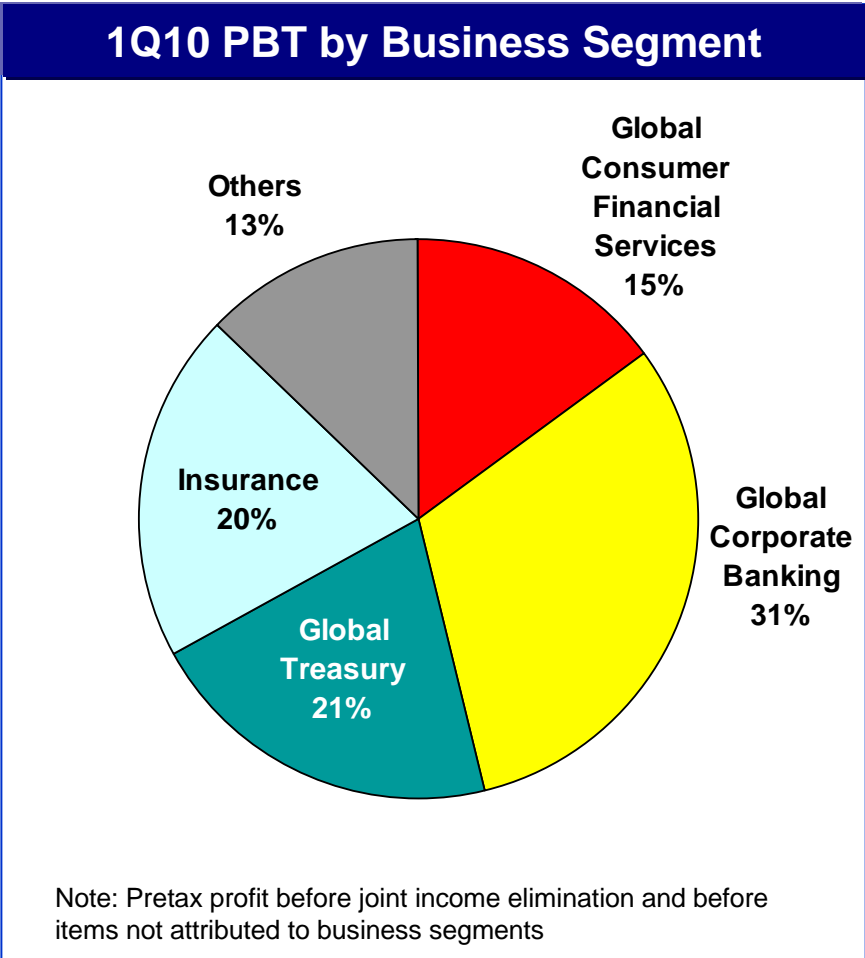
ROE improved to 15.3%



Note: 1Q09 includes net non-recurring gains of S\$175m from GEH; 3Q09 includes net one-time loss of S\$154m from GEH due to redemption of GLC products



Earnings contribution by segments



GEH net profit contribution up 23% QoQ, accounting for 22% of Group net profit

<u>GEH's Contribution to</u>	1Q10	1Q09*	YoY	4Q09	QoQ
<u>OCBC's Results</u>	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	247	308	(20)	190	30
Operating Expenses	(42)	(24)	72	(6)	606
Operating Profit	205	284	(28)	184	12
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(2)	(3)	(21)	(9)	(76)
Associates & JVs	(2)	(1)	46	(3)	(30)
Tax & Minority Interests	(42)	(71)	(41)	(41)	3
Net Profit contribution	147	197	(25)	119	23

* 1Q09 includes non-recurring gains of S\$201m (S\$175m net of tax and minority interests).
Excluding these gains, 1Q09 net profit contribution was S\$22m.



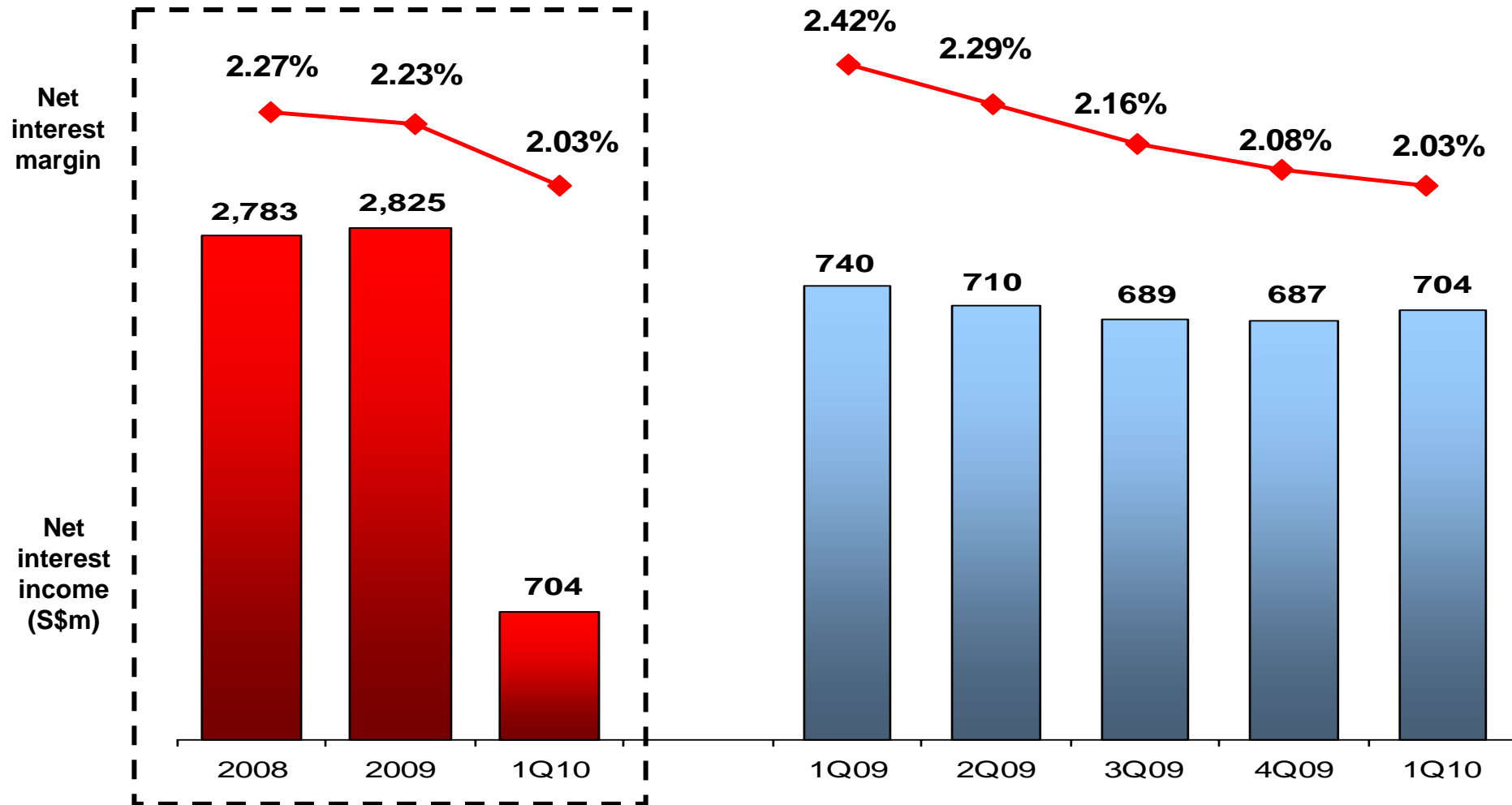
Results excluding GEH – Net profit up 52% YoY and 38% QoQ

<u>Excluding GEH</u>	1Q10	1Q09	YoY	4Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	686	725	(5)	668	3
Non-Interest Income	452	314	44	327	38
Total Income	1,138	1,039	10	995	14
Operating Expenses	(460)	(389)	18	(460)	-
Operating Profit	678	650	4	534	27
Allowances	(23)	(194)	(88)	(67)	(66)
Associates & JVs	2	1	33	1	200
Tax & Minority Interests	(128)	(109)	17	(85)	50
Net Profit	529	348	52	382	38

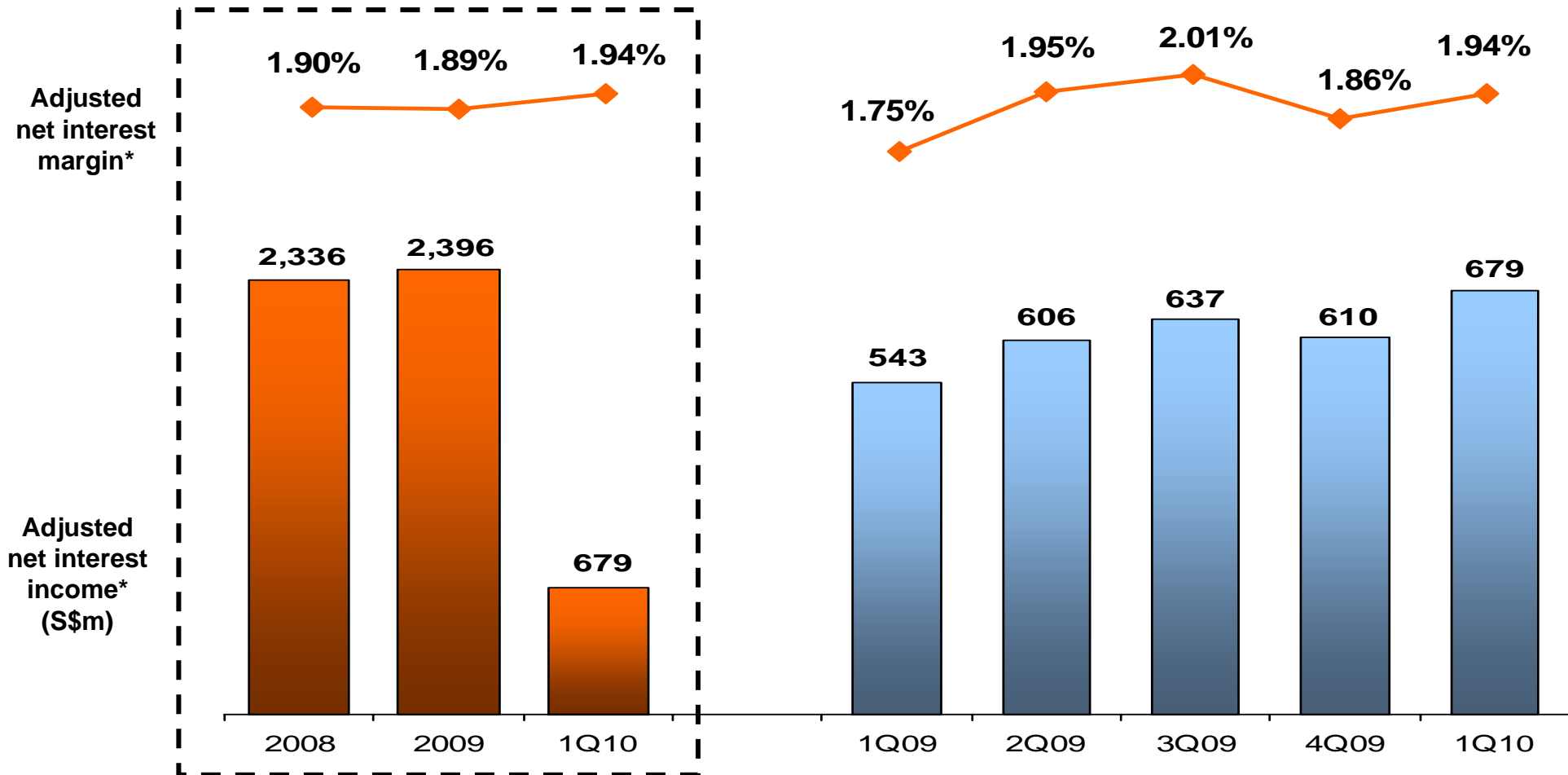
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Net interest income up 2% QoQ, net interest margin declined QoQ due to Bank of Singapore consolidation



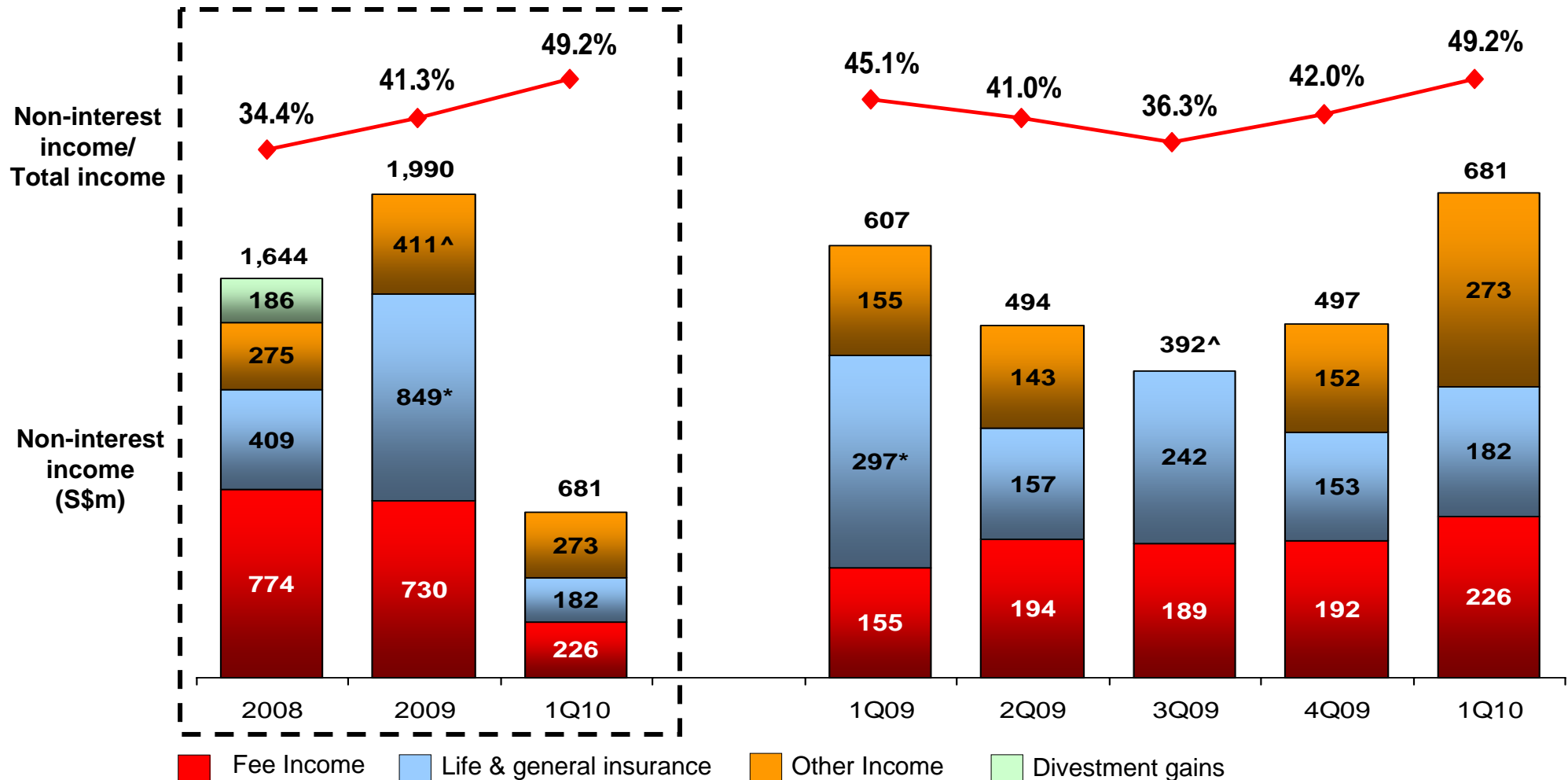
Net interest income and margin adjusted for allowances – improving trend



* Allowances for loans and other assets deducted from net interest income



Broad-based growth in non-interest income, up 12% YoY (68% excluding non-recurring gains in 1Q09) and 37% QoQ



* 1Q09 insurance income includes non-recurring gains of S\$201m
 ^ Includes GLC loss of S\$213m, classified under other income



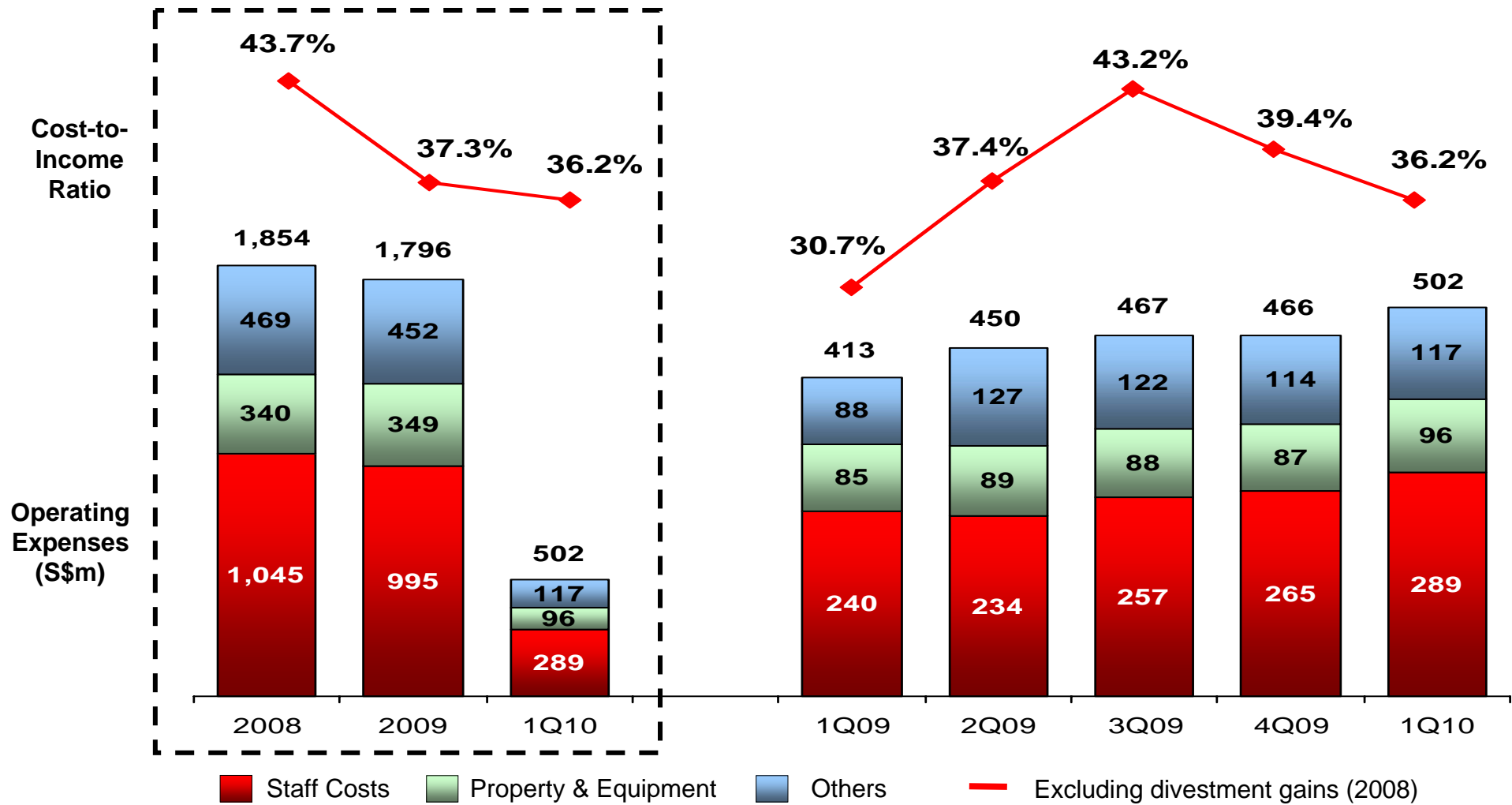
GEH's life assurance profits up strongly; new business sales performed well YoY although down from a seasonally high fourth quarter

	1Q10	4Q09	1Q09	FY09	FY08
	S\$m	S\$m	S\$m	S\$m	S\$m
Total life assurance profit	146	127	266*	727*	300
- Participating Fund	23	20	29	96	102
- Non-participating Fund	99	74	195	506	130
- Investment-linked Fund	24	33	42	125	68
Total weighted new sales	135	189	112	601	749
- Singapore	81	103	50	330	492
- Malaysia	46	83	59	258	248
- Other Asia	8	3	3	13	9
New business embedded value	58	78	43	235	264
- Singapore	33	43	21	128	153
- Malaysia	23	34	21	104	110
- Other Asia	2	1	1	3	1

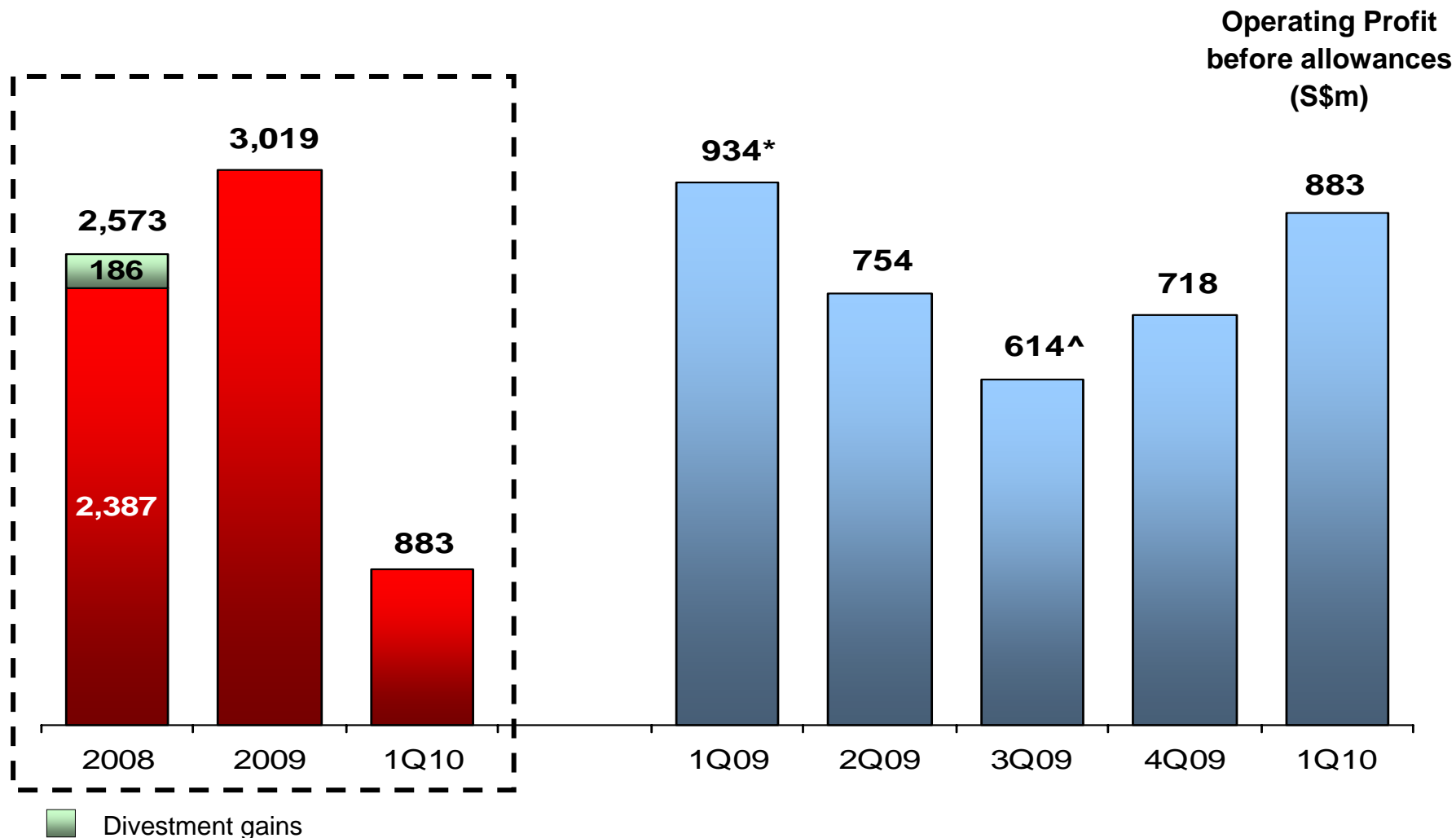
* Includes non-recurring gains of S\$201m for 1Q09, mainly from adoption of RBC framework in Malaysia



Cost-to-income ratio remains healthy



Operating profit rose 23% QoQ. Decline YoY was due to non-recurring insurance gains in 1Q09

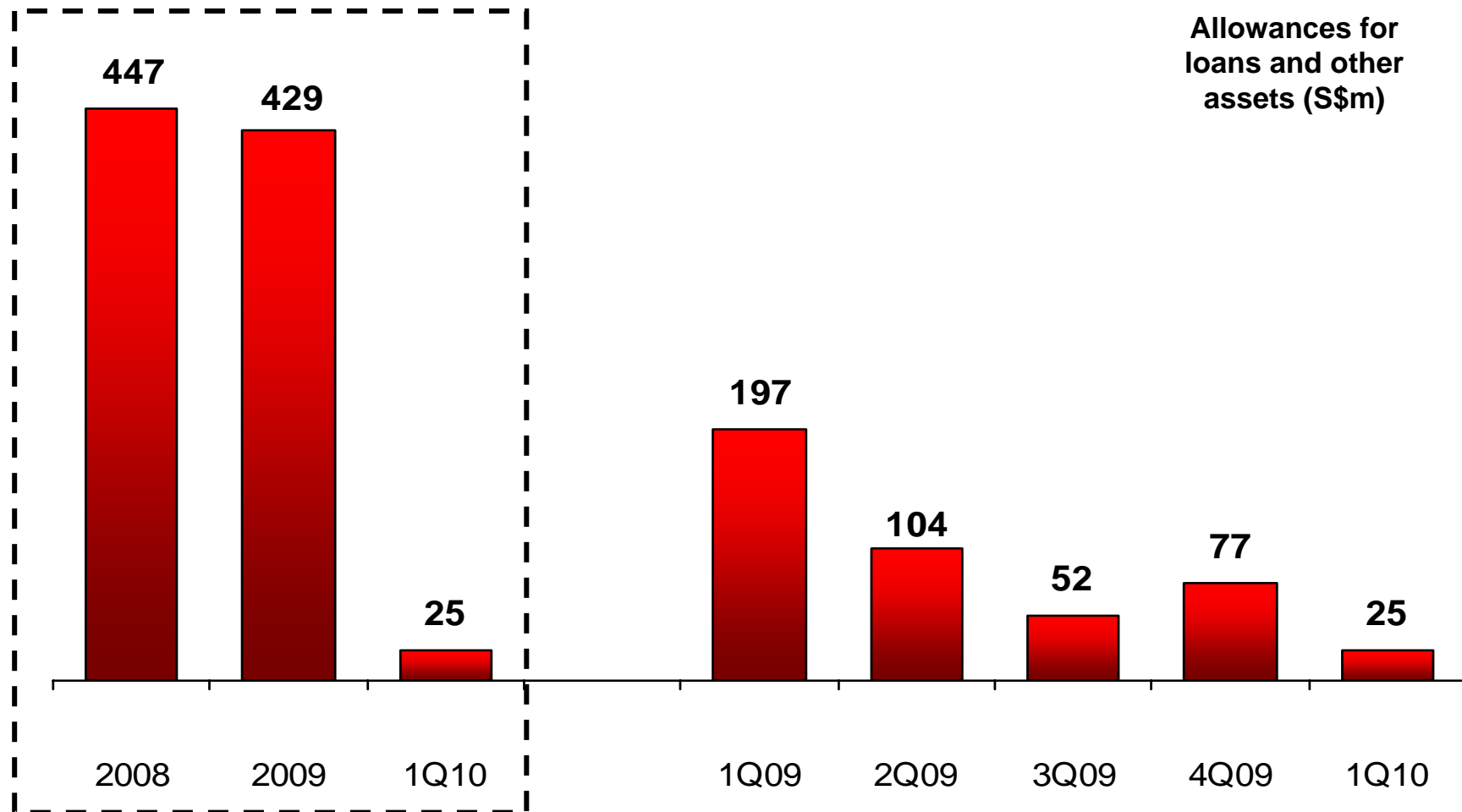


* Includes S\$201m non-recurring gains from GEH

^ Includes GLC loss of S\$213m from GEH



Net allowances significantly lower due to reduced specific allowances for loans and other assets



Breakdown of allowances

	1Q10	4Q09	1Q09
	S\$m	S\$m	S\$m
Specific allowances for loans	5	61	88
Portfolio allowances for loans	30	11	2
Allowances/(write-back) for CDOs	(7)	(1)	94
Allowances/(write-back) for other assets	(3)	6	13
Total net allowances	25	77	197
Specific loan allowances/ average loans (bps)*	2	30	43

* Annualised

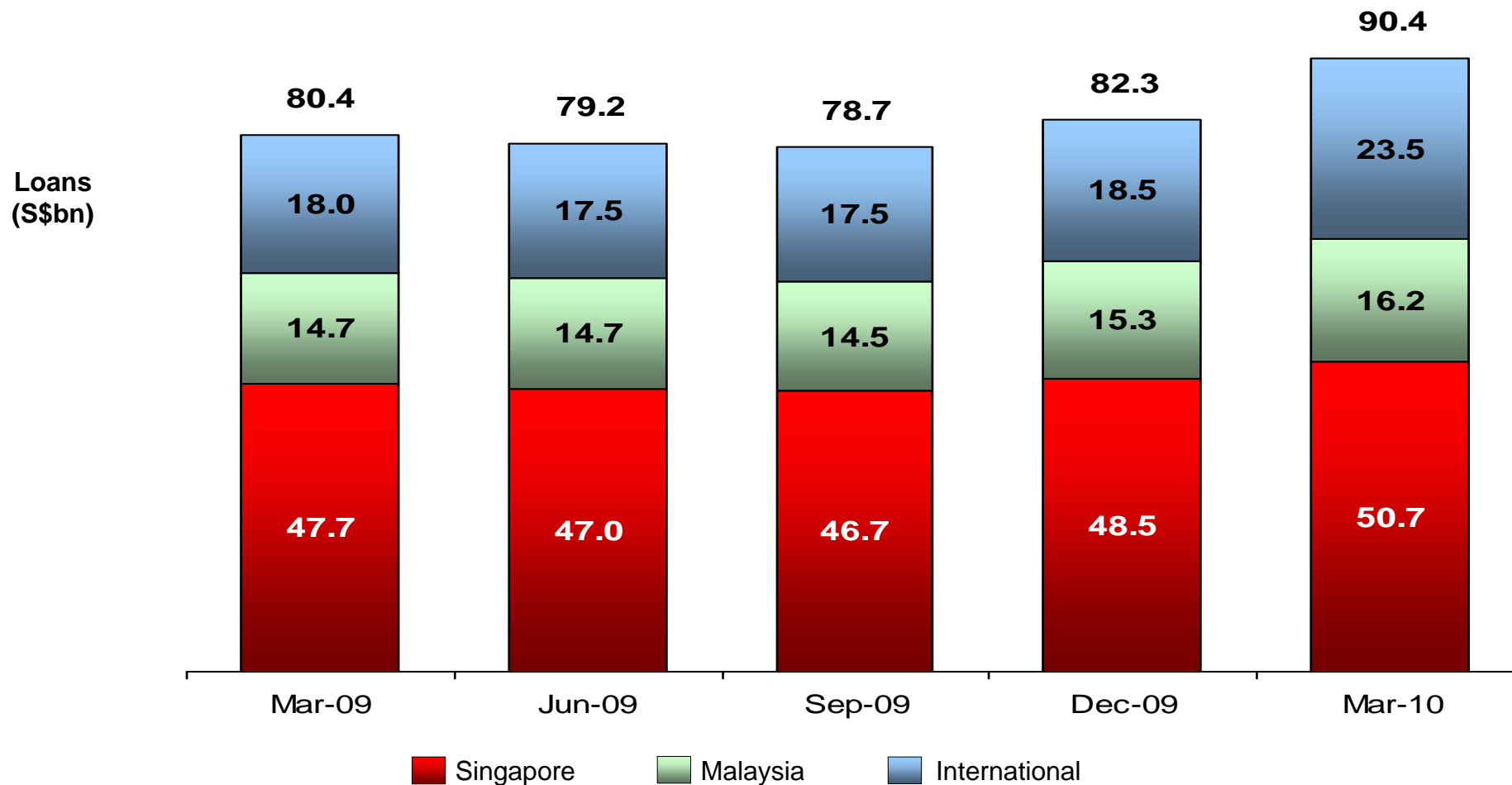
Movement in specific allowances for loans

	1Q10	4Q09	1Q09
	S\$m	S\$m	S\$m
Allowances for new and existing NPLs	68	118	138
Write-backs ^{1/}	(54)	(44)	(42)
Recoveries ^{2/}	(9)	(13)	(9)
Net Specific Allowances	5	61	88

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

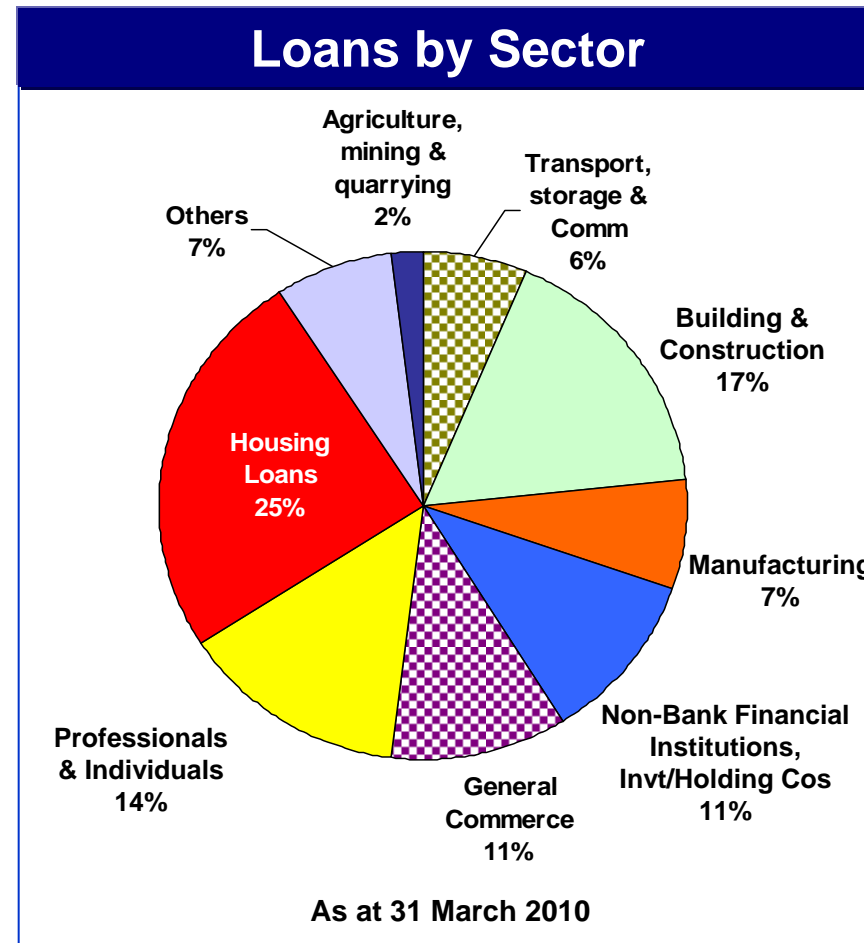
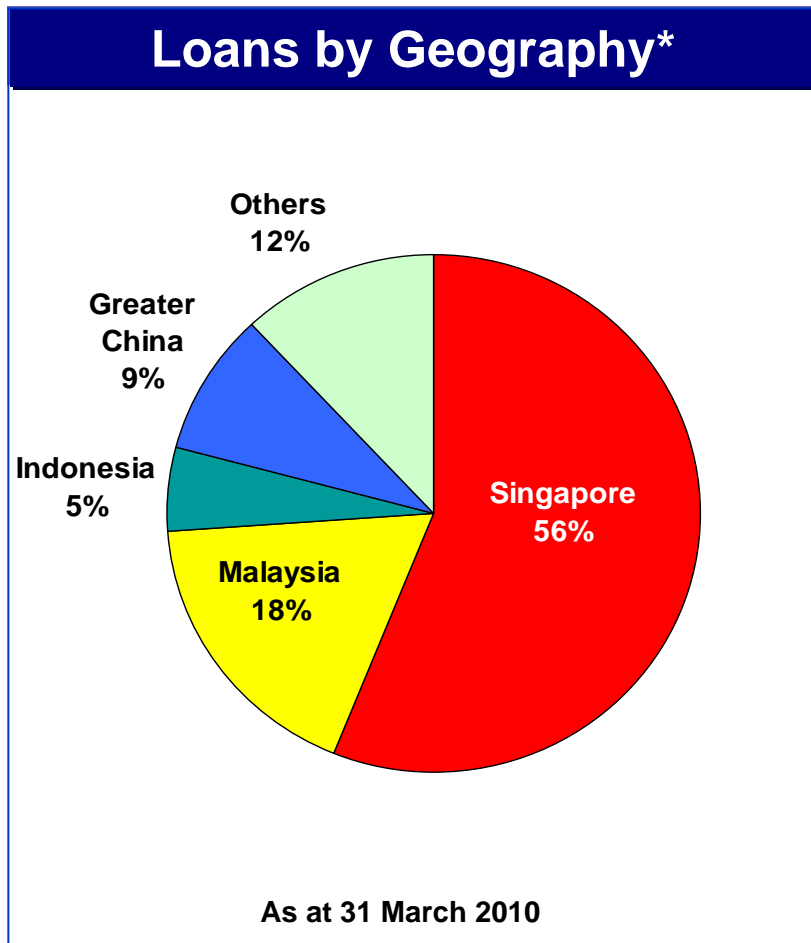
^{2/} Recoveries of allowances for loans that had been written off

Loans grew 12% YoY and 10% QoQ, with Bank of Singapore accounting for 5% of Group loans



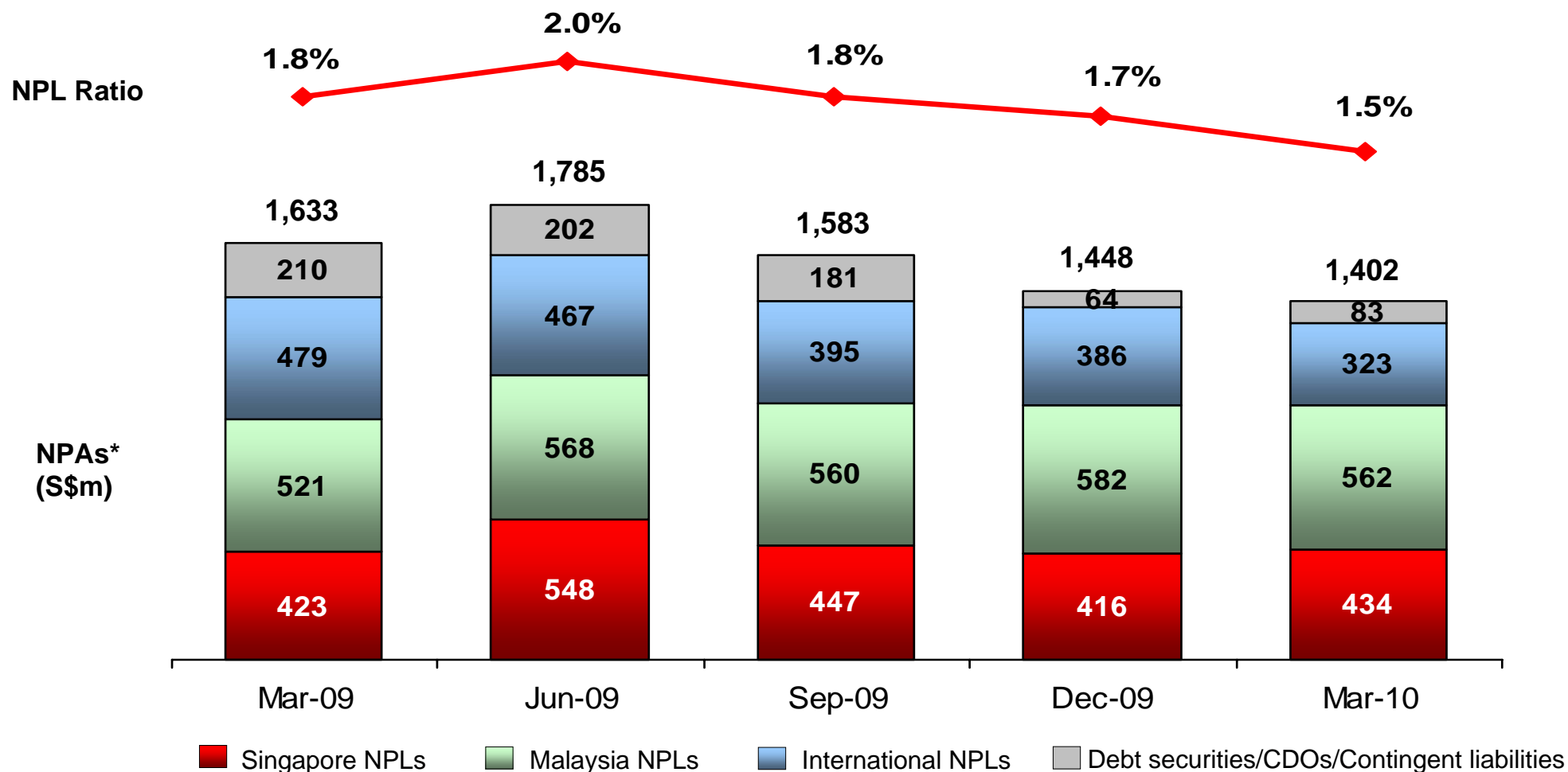
Note: Loans by geography are based on where the credit risks reside

Diversified loans



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

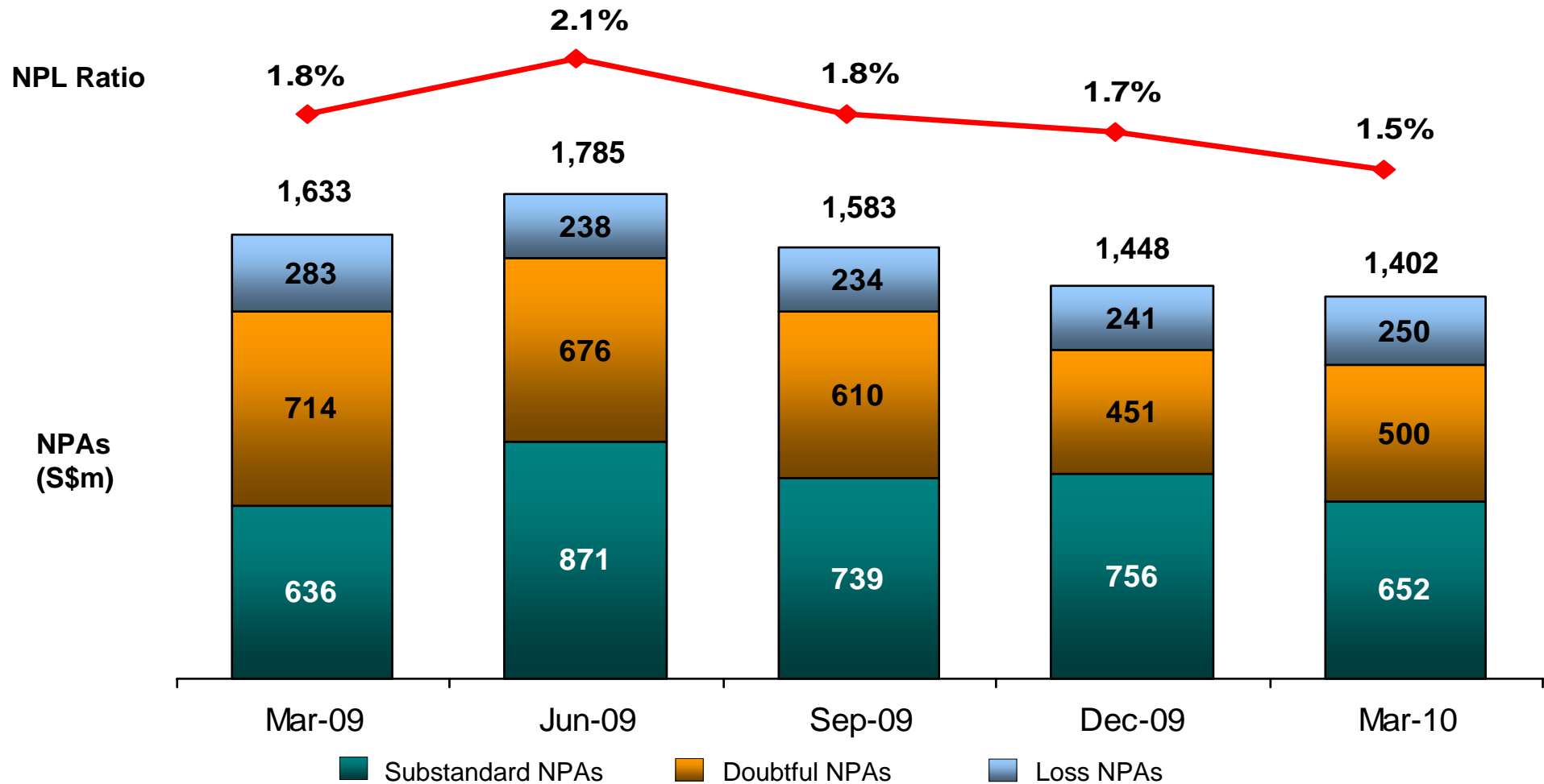
NPL ratio continues to improve



* NPAs comprise NPLs and classified debt securities/CDOs/contingent liabilities.
 NPLs for prior periods have been restated to comprise loans only.



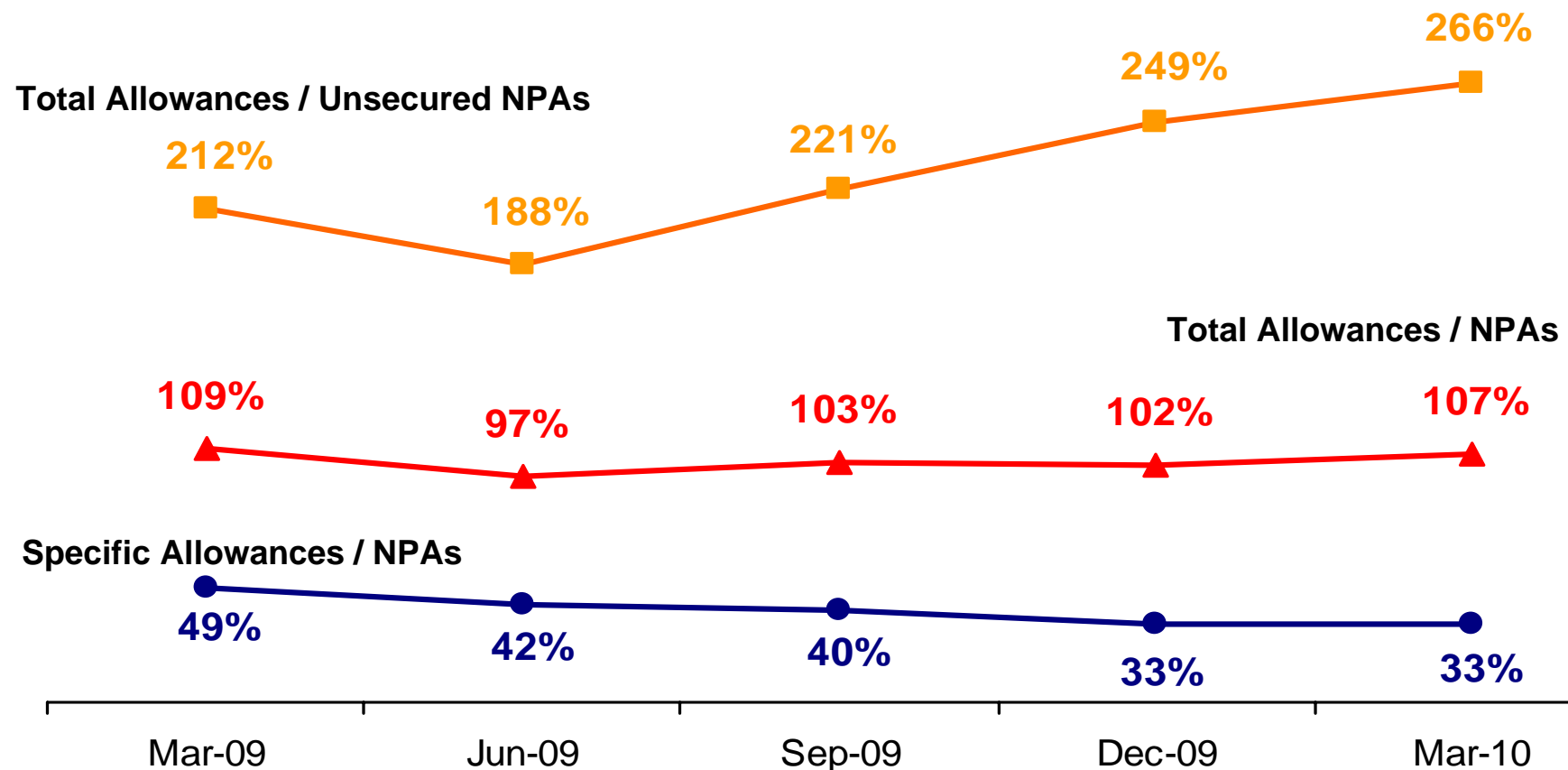
Majority of NPAs are in Substandard category – typically well collateralised and/or no overdues



Significant reduction in inflow of new NPAs

<u>NPAs</u>	1Q10	4Q09	1Q09
	S\$m	S\$m	S\$m
Opening Balance (excluding CDOs)	1,442	1,458	1,239
New NPAs	123	232	423
Net Recoveries/Upgrades	(160)	(142)	(123)
Write-offs	(58)	(106)	(77)
Consolidation effect of Bank of Singapore	49	-	-
Closing Balance (excl CDOs)	1,396	1,442	1,462
Add: Classified CDOs	6	7	171
Closing Balance (incl CDOs)	1,402	1,448	1,633

Allowance coverage at 107% of total NPAs and 266% of unsecured NPAs

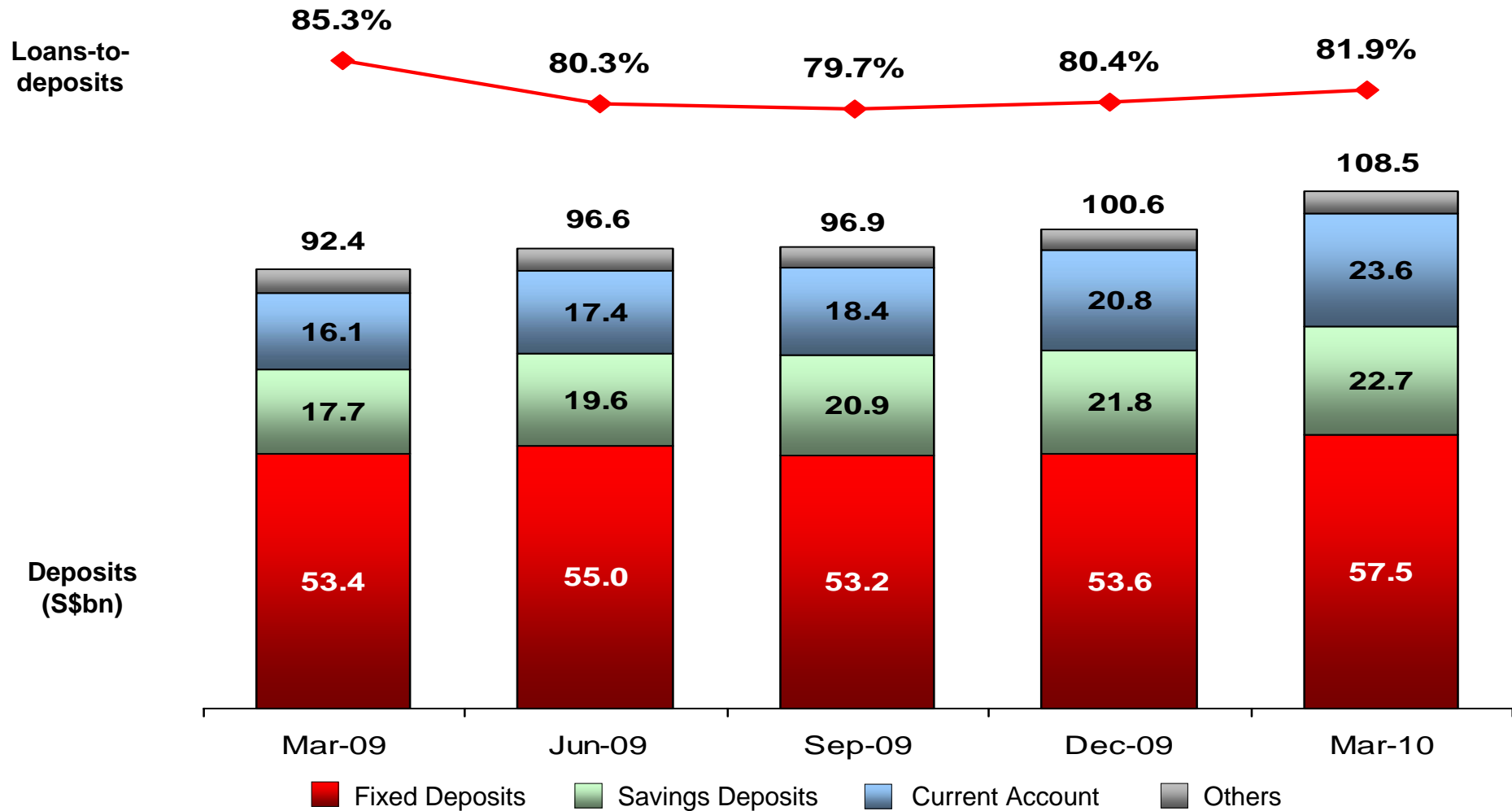


AFS Portfolio and Fair value reserves

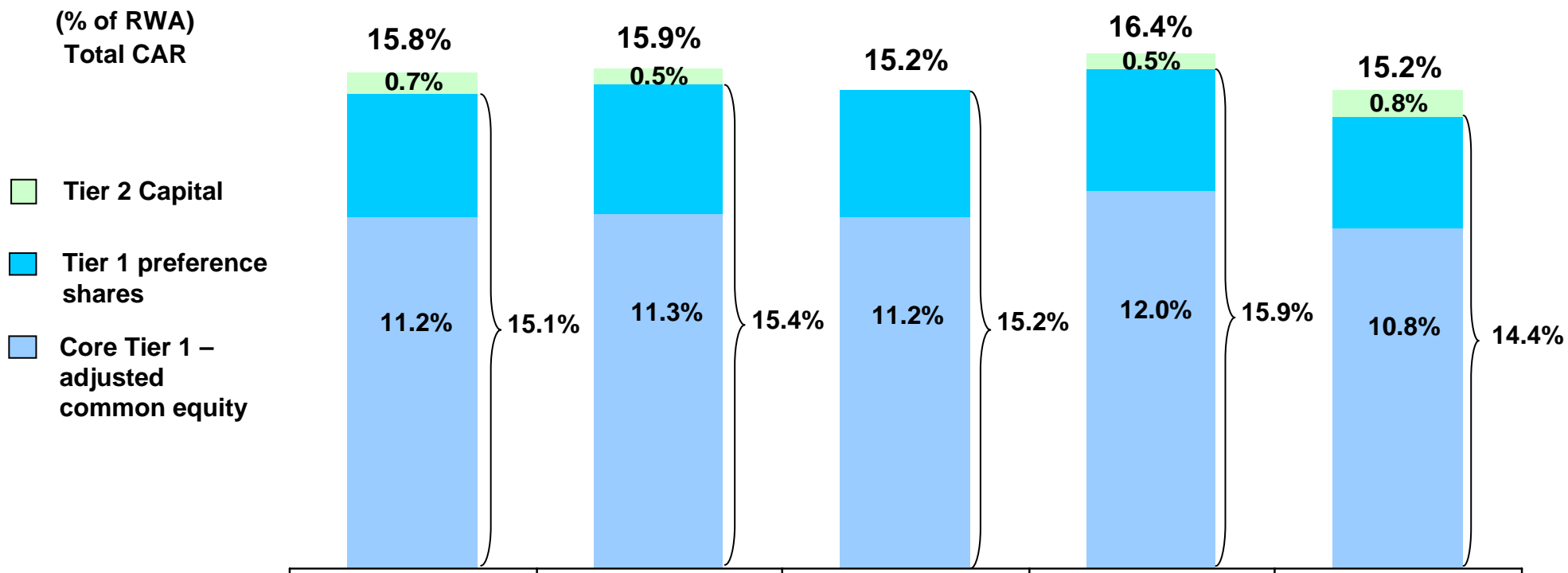
	Mar-10	Dec-09	Mar-09
	S\$m	S\$m	S\$m
<u>Available-for-Sale Securities</u>			
Corporate Debt Securities	7,916	7,425	6,912
Equities & investment funds	2,779	2,723	1,767
Government Securities	12,931	12,615	15,741
- Singapore	9,754	9,394	11,392
- Others	3,177	3,221	4,349
Total AFS Securities	23,626	22,763	24,420
FV reserves at end period *	1,451	1,506	380
QoQ Change in FV reserves	-55	+378	+158

* Net unrealised fair value gains on the AFS book, included in shareholders' equity. Decline over Dec 09 was largely due to disposals.

Customer deposits grew 17% YoY and 8% QoQ, with Bank of Singapore accounting for 5% of Group deposits



Tier 1 and core Tier 1 ratios



(S\$m)	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
Tier 1 Capital	14,475	15,018	14,988	15,962	15,716
Tier 1 Prefs	3,796	3,958	3,957	3,958	3,965
RWA	95,397	97,424	98,088	100,013	108,505

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



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OCBC Malaysia: Quarterly results

	1Q10	1Q09	YoY	4Q09	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	264	252	5	262	1
Islamic Banking Income	42	33	27	55	(25)
Non-Interest Income	139	173	(20)	85	63
Total Income	445	458	(3)	402	11
Operating Expenses	(144)	(140)	3	(171)	(16)
Operating Profit	301	319	(6)	231	30
Allowances	(21)	(43)	(51)	(62)	(66)
Tax	(71)	(71)	0	(43)	63
Net Profit	209	205	2	126	67

* Based on Bank Negara Malaysia's guidelines and Financial Reporting Standards

OCBC Malaysia: Financial ratios

	1Q10	4Q09	1Q09
	%	%	%
Net Interest Margin	2.27	2.24	2.46
Non-Interest Income / Total Income	31.2	21.1	37.8
Cost-to-Income Ratio	32.3	42.5	30.5
Loans-to-Deposits Ratio	80.3	76.5	79.0
Gross NPL Ratio	3.6	3.8	3.6
Loans Growth (YoY)	7.0	5.0	8.8
ROE	22.3	13.9	25.8

Bank OCBC NISP: Quarterly results

	1Q10	1Q09	YoY	4Q09	QoQ
<u>Unaudited Results</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	445	399	12	441	1
Non Interest Income	119	119	-	108	10
Expenses	(358)	(335)	7	(348)	3
Operating Profit	206	183	13	201	3
Allowances	(38)	(79)	(52)	(32)	19
Net Profit	126	73	73	126	-

Bank OCBC NISP: Financial ratios

	1Q10	4Q09	1Q09
	%	%	%
Net Interest Margin	5.42	5.52	5.04
Non-Interest Income / Total Income	21.2	19.7	23.0
Cost-to-Income Ratio	63.5	63.4	64.6
Loans-to-Deposits Ratio	76.6	72.4	71.0
Gross NPL Ratio	3.3	3.2	3.6
Loans Growth (YoY)	9.7	5.2	3.1
ROE	12.3	13.4	8.2

In Summary

- Record earnings driven by strong revenue momentum
- Broad-based growth in non-interest income
- Strong loan growth, net interest margin stable
- Prudent risk management kept credit losses and NPLs low through the cycle
- Positive outlook – focus is on driving sustainable growth in our key businesses and markets, with wealth management as a high priority

First Quarter 2010 Results

Thank You



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