

# Third Quarter 2010 Results

## Presentation

1 November 2010



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# Agenda

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Results Overview

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Performance Trends

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Malaysia and Indonesia Subsidiaries

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In Summary

## Third quarter net profit up 27% YoY and 13% QoQ

	3Q10 S\$m	3Q09 S\$m	YoY +/(-)%	2Q10 S\$m	QoQ +/(-)%
Net Interest Income	754	689	10	720	5
Non-Interest Income <sup>1/</sup>	621	392	59	516	20
Total Income	1,375	1,081	27	1,236	11
Operating Expenses	(573)	(467)	23	(559)	3
<b>Operating Profit</b>	<b>802</b>	<b>614</b>	<b>31</b>	<b>677</b>	<b>18</b>
Amortisation of Intangibles	(16)	(12)	36	(11)	36
Allowances	(43)	(52)	(15)	(18)	153
Associates & JVs	#	2	(63)	(1)	158
Tax & Non-controlling interests	(173)	(102)	70	(144)	20
<b>Net Profit</b>	<b>570</b>	<b>450</b>	<b>27</b>	<b>503</b>	<b>13</b>

<sup>1/</sup> 3Q09 non-interest income included GLC-related loss of S\$213m (S\$154 million after tax and non-controlling interests)

"#" represents amounts less than S\$0.5 million

## Nine months net profit up 20%

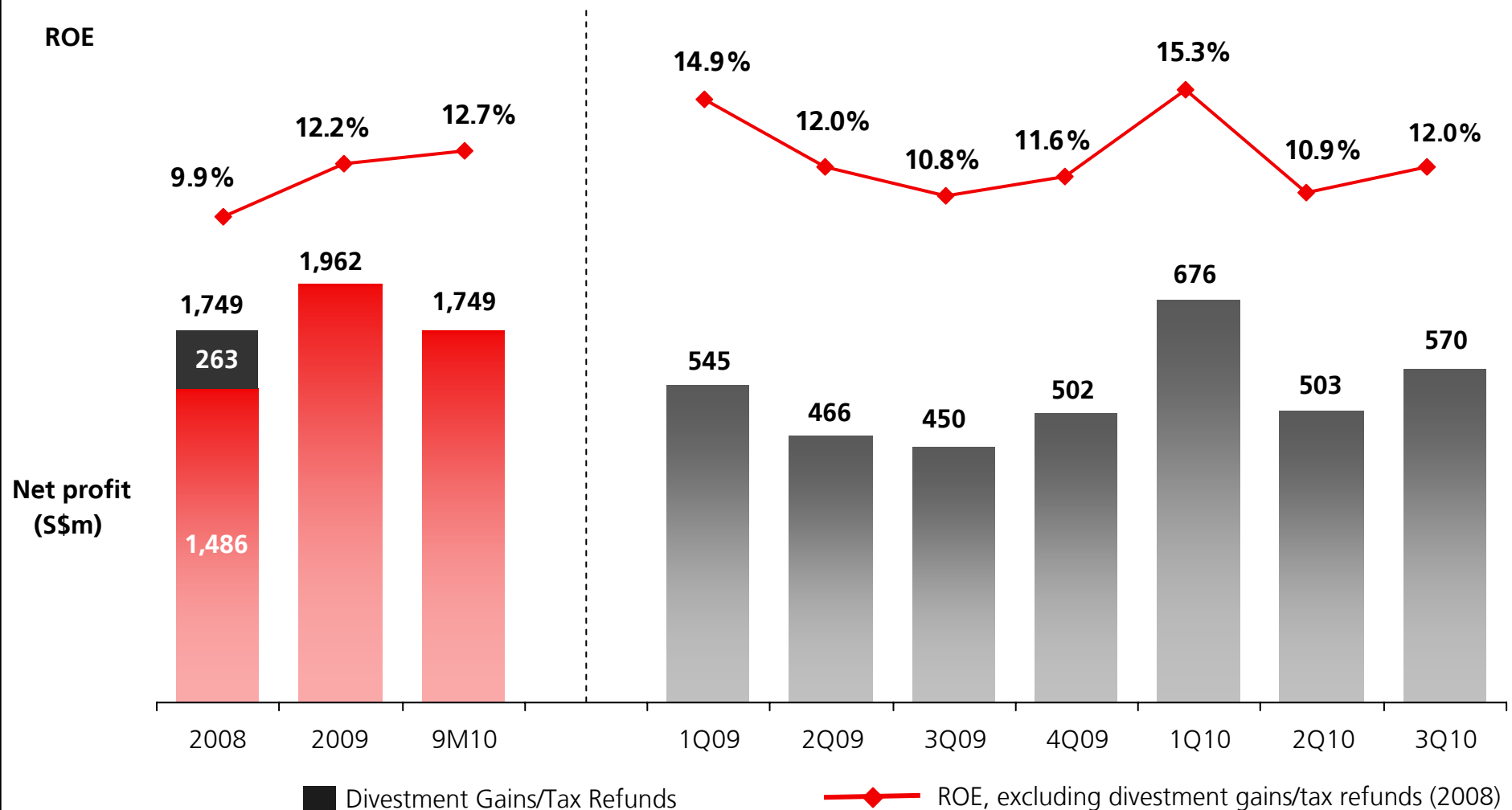
	9M10 S\$m	9M09 S\$m	YoY +/(-)%
Net Interest Income	2,178	2,138	2
Non-Interest Income <sup>1/</sup>	1,818	1,493	22
<b>Total Income</b>	<b>3,996</b>	<b>3,631</b>	<b>10</b>
Operating Expenses	(1,634)	(1,330)	23
<b>Operating Profit</b>	<b>2,362</b>	<b>2,301</b>	<b>3</b>
Amortisation of Intangibles	(39)	(35)	12
Allowances	(86)	(353)	(76)
Associates & JVs	(1)	2	(131)
Tax & Non-controlling interests	(487)	(454)	7
<b>Net Profit</b>	<b>1,749</b>	<b>1,461</b>	<b>20</b>

<sup>1/</sup> 9M09 non-interest income included GLC-related loss of S\$213m in 3Q09 and one-time insurance gains of S\$201m in 1Q09

## Key financial ratios

	9M10	9M09	3Q10	2Q10	3Q09
	%	%	%	%	%
Net Interest Margin (annualised)	1.99	2.29	1.98	1.96	2.16
Non-Interest Income / Total Income	45.5	41.1	45.1	41.8	36.3
Cost-to-Income Ratio	40.9	36.6	41.7	45.2	43.2
Loans-to-Deposits Ratio	86.5	79.7	86.5	83.7	79.7
NPL Ratio	1.1	1.8	1.1	1.3	1.8
Allowances/NPAs	125.8	102.8	125.8	111.8	102.8
ROE	12.7	12.5	12.0	10.9	10.8
Cash ROE	13.0	12.8	12.3	11.2	11.1

# ROE for nine months improved to 12.7%

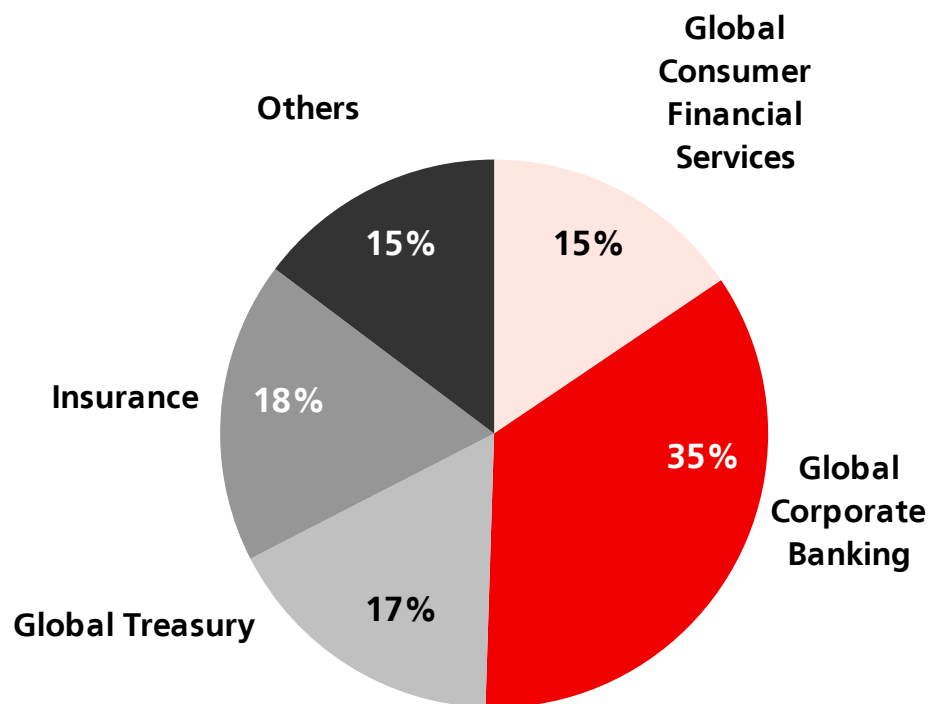


Note: 1Q09 included net non-recurring gains of S\$175m from GEH; 3Q09 included net one-time loss of S\$154m from GEH arising from redemption of GLC products

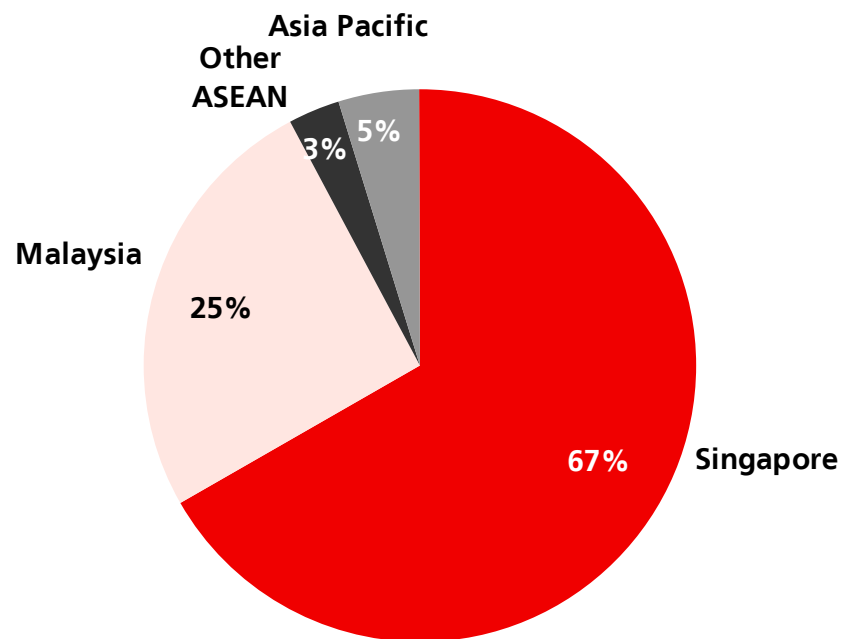


# Earnings contribution by segments

**9M10 PBT  
By Business Segment**



**9M10 PBT  
By Geography**



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

## GEH's third quarter contribution up strongly QoQ as investment performance recovered

	3Q10 S\$m	3Q09 <sup>^</sup> S\$m	YoY +/(-)%	2Q10 S\$m	QoQ +/(-)%
Total Income	234	57	308	132	77
Operating Expenses	(36)	(36)	-	(35)	4
<b>Operating Profit</b>	<b>198</b>	<b>21</b>	<b>842</b>	<b>96</b>	<b>104</b>
Amortisation of Intangibles	(12)	(12)	-	(11)	-
Allowances	0	(2)	(101)	(2)	(101)
Associates & JVs	(1)	(1)	(13)	(2)	(53)
Tax & Non-controlling interests	(48)	14	n.m.	(25)	89
<b>Net Profit Contribution</b>	<b>137</b>	<b>20</b>	<b>590</b>	<b>56</b>	<b>146</b>

<sup>^</sup> 3Q09 core net profit included S\$154m loss (after tax and minorities) from the redemption of GLC policies.

"n.m." denotes not meaningful



## GEH's nine months contribution up 16%, accounting for 19% of Group net profit

	9M10 S\$m	9M09* S\$m	YoY +/(-)%
Total Income	613	568	8
Operating Expenses	(114)	(111)	3
<b>Operating Profit</b>	<b>499</b>	<b>457</b>	<b>9</b>
Amortisation of Intangibles	(35)	(35)	-
Allowances	(4)	(6)	(33)
Associates & JVs	(5)	(3)	61
Tax & Non-controlling interests	(115)	(120)	(5)
<b>Net Profit Contribution</b>	<b>340</b>	<b>293</b>	<b>16</b>

\* 9M09 core net profit contribution included S\$175m non-recurring gains in 1Q09 and S\$154m GLC-related loss in 3Q09.

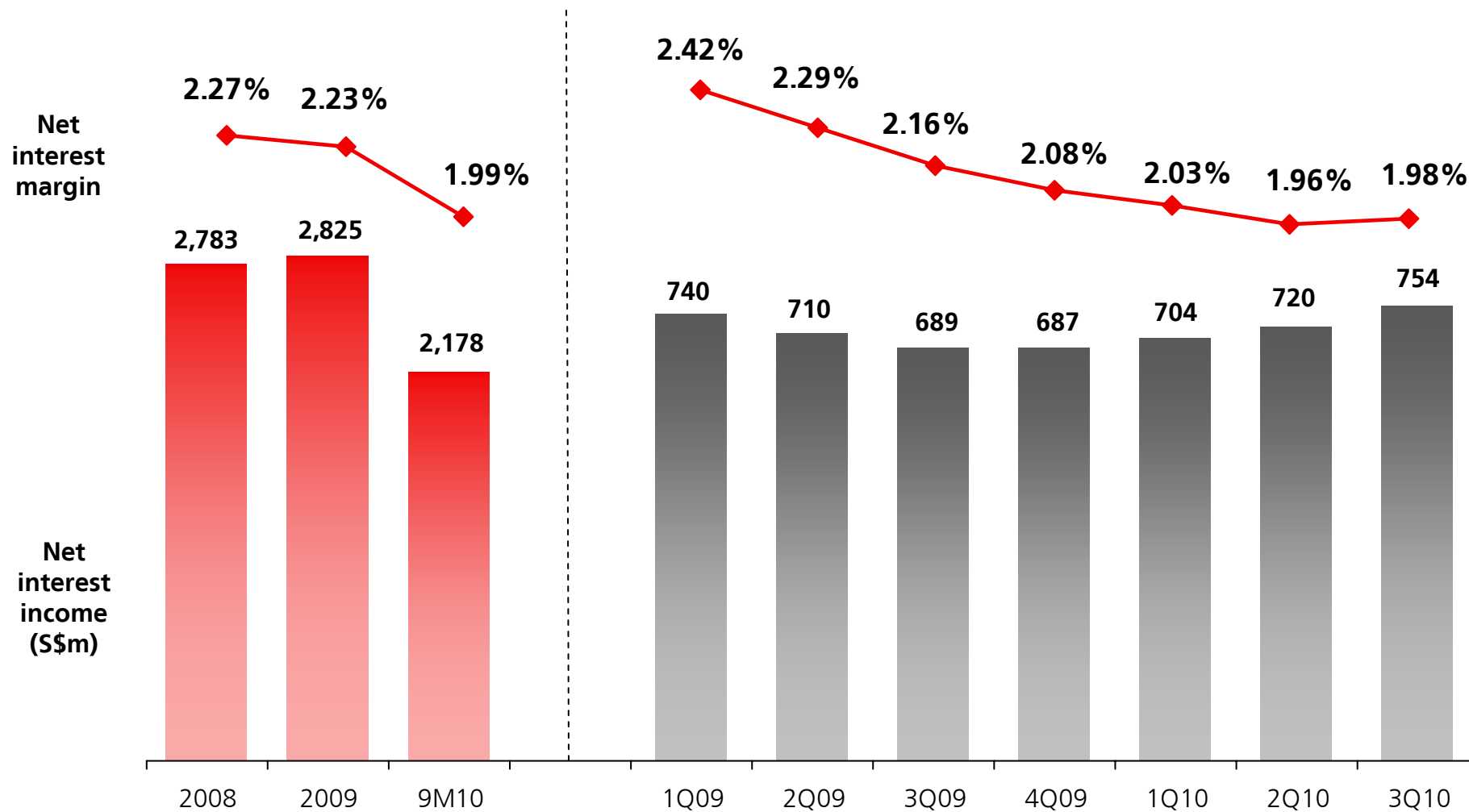
## Results excluding GEH – third quarter net profit up 1% YoY

	3Q10 S\$m	3Q09 S\$m	YoY +/(-)%	2Q10 S\$m	QoQ +/(-)%
Net Interest Income	735	674	9	703	5
Non-Interest Income	406	350	16	401	1
Total Income	1,141	1,024	12	1,104	3
Operating Expenses	(537)	(431)	25	(524)	3
<b>Operating Profit</b>	<b>604</b>	<b>593</b>	<b>2</b>	<b>580</b>	<b>4</b>
Amortisation of Intangibles	(4)	0	-	0	-
Allowances	(43)	(50)	(12)	(15)	188
Associates & JVs	2	3	(44)	1	65
Tax & Non-controlling interests	(126)	(116)	9	(120)	5
<b>Net Profit</b>	<b>433</b>	<b>430</b>	<b>1</b>	<b>447</b>	<b>(3)</b>

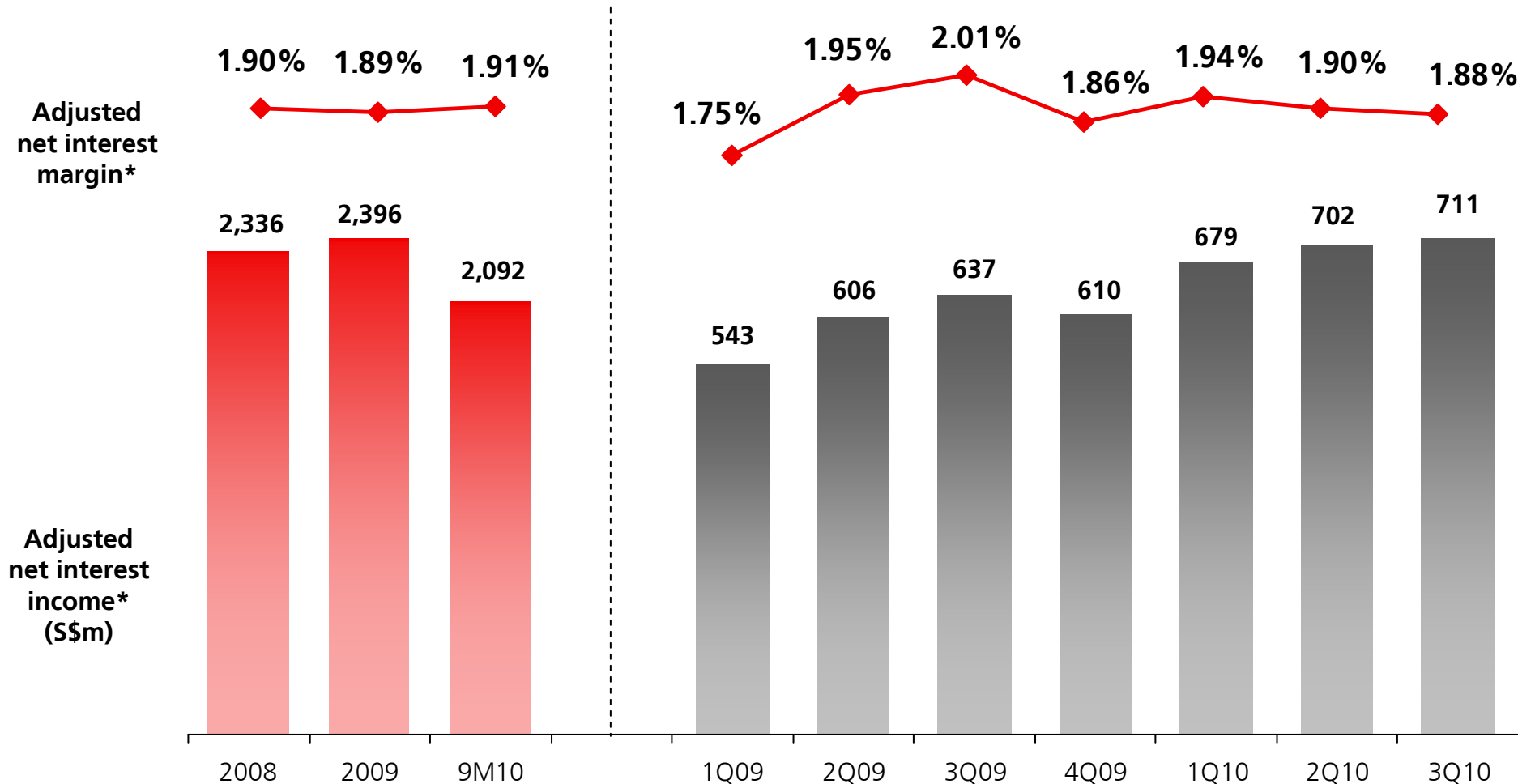
## Results excluding GEH – nine months net profit up 21%

	9M10 S\$m	9M09 S\$m	YoY +/(-)%
Net Interest Income	2,124	2,093	1
Non-Interest Income	1,259	970	30
Total Income	3,383	3,063	10
Operating Expenses	(1,520)	(1,219)	25
<b>Operating Profit</b>	<b>1,863</b>	<b>1,844</b>	<b>1</b>
Amortisation of Intangibles	(4)	0	-
Allowances	(82)	(347)	(76)
Associates & JVs	4	5	(17)
Tax & Non-controlling interests	(373)	(334)	12
<b>Net Profit</b>	<b>1,408</b>	<b>1,168</b>	<b>21</b>

# Net interest income supported by robust loan growth, interest margin stable QoQ



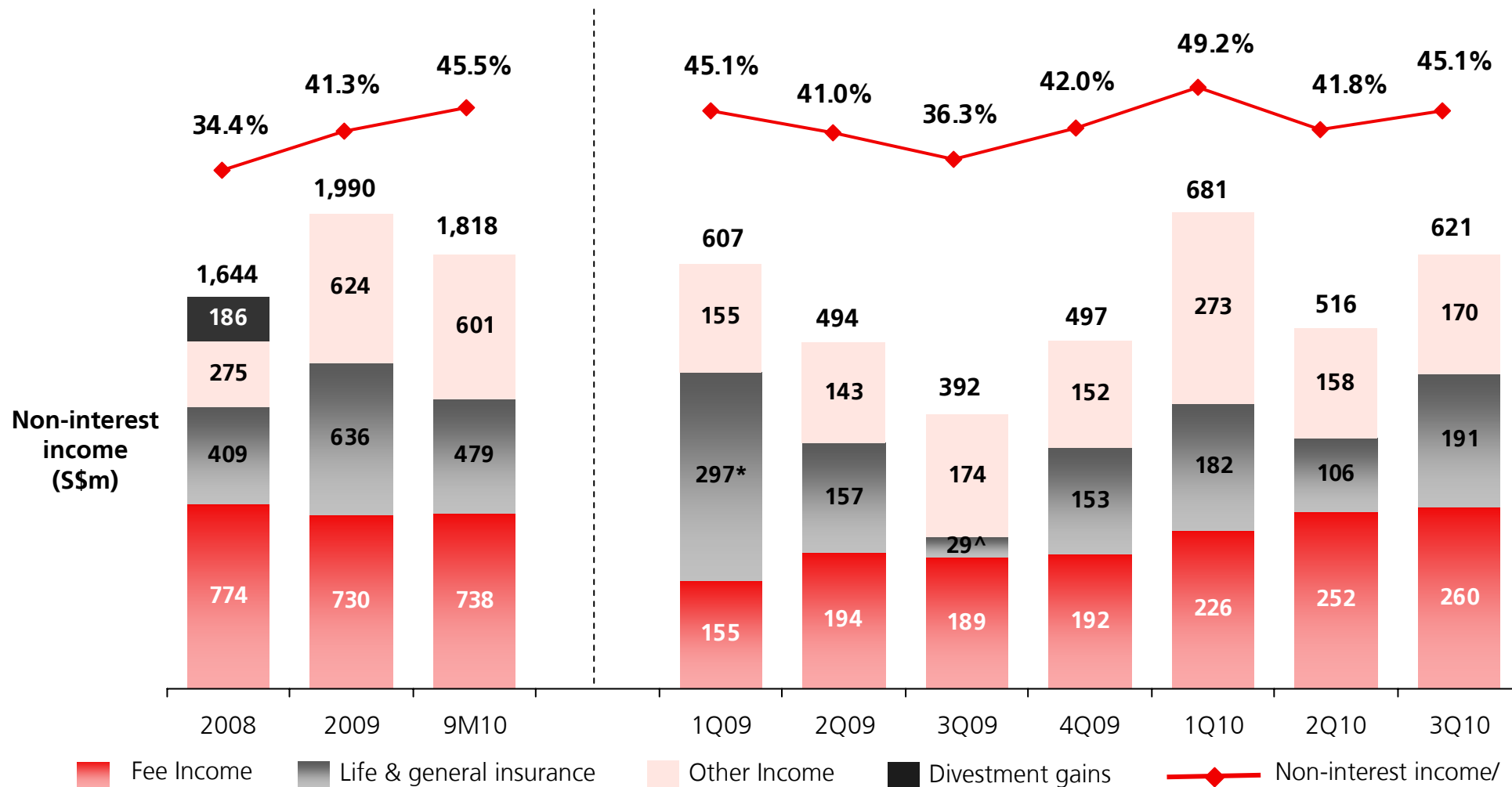
# Net interest income adjusted for allowances shows steady uptrend; adjusted NIM stable



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



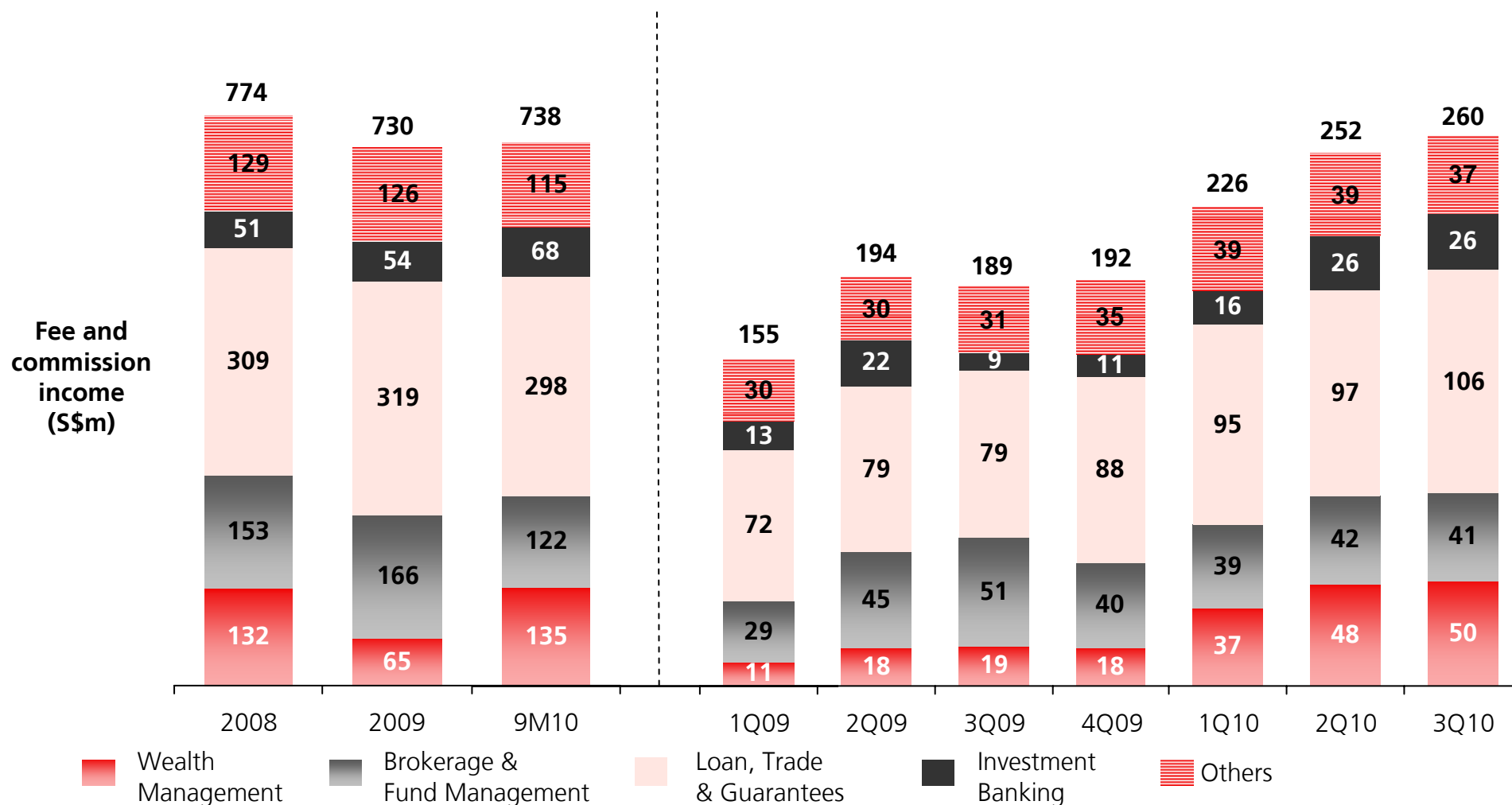
# Non-interest income grew 20% QoQ and 22% in 9M10



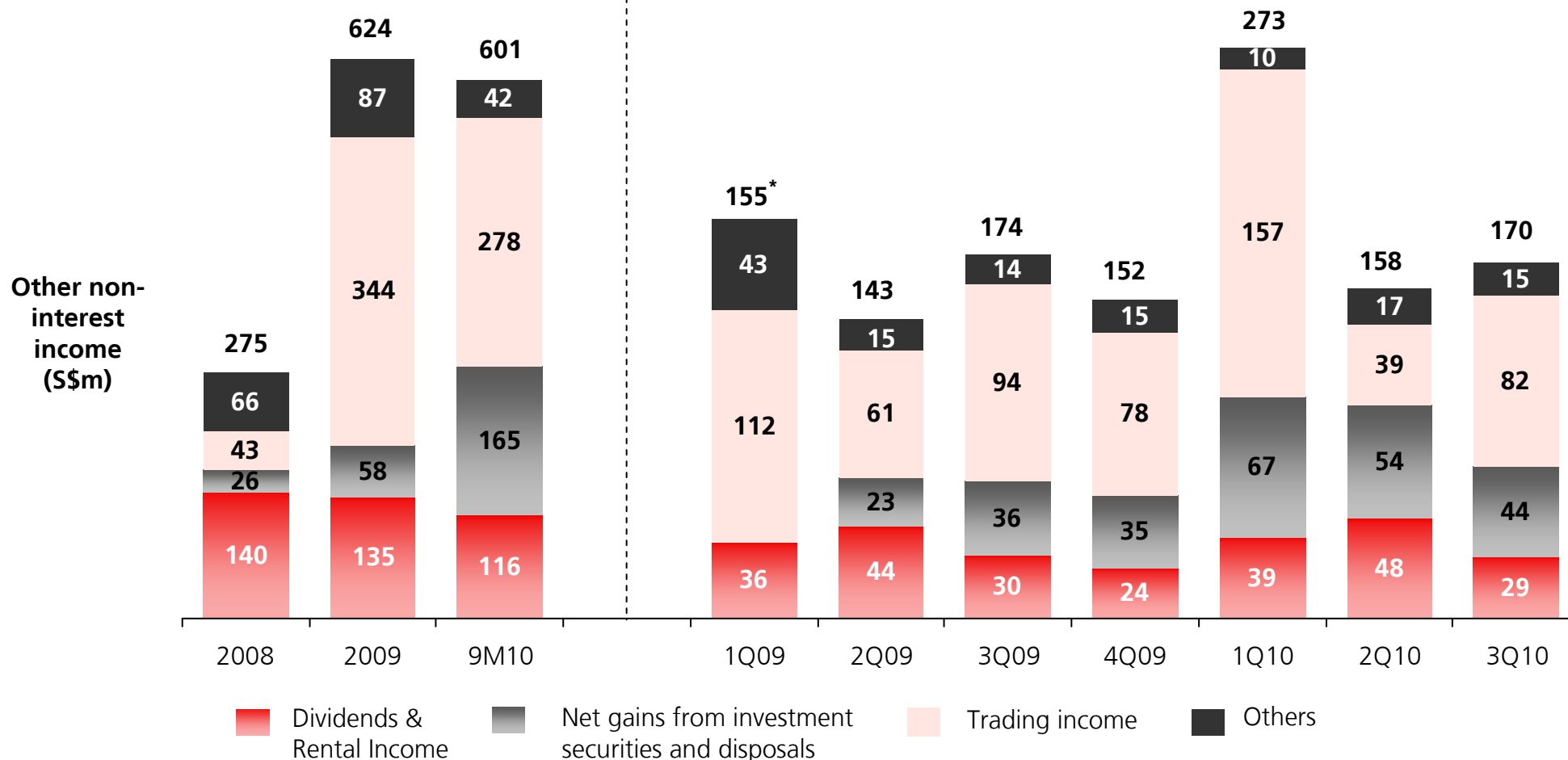
\* 1Q09 insurance income included non-recurring gains of S\$201m  
 ^ 3Q09 insurance income included GLC loss of S\$213m



# Fee income for nine months exceeded full year 2009, driven by wealth management, loan and trade activities and investment banking



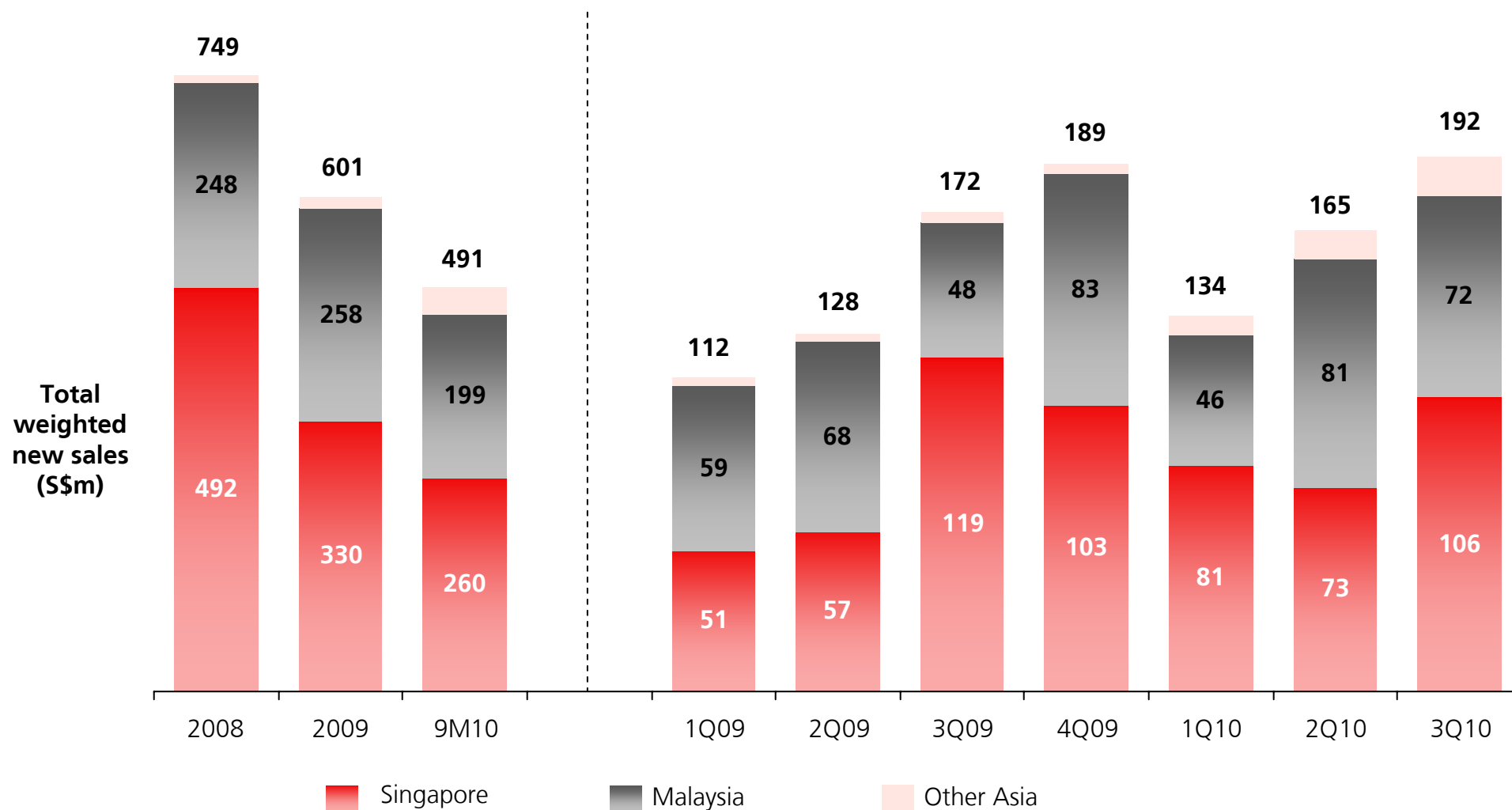
# Other non-interest income up 8% QoQ



\* Including S\$36m net loss on sale of investment securities



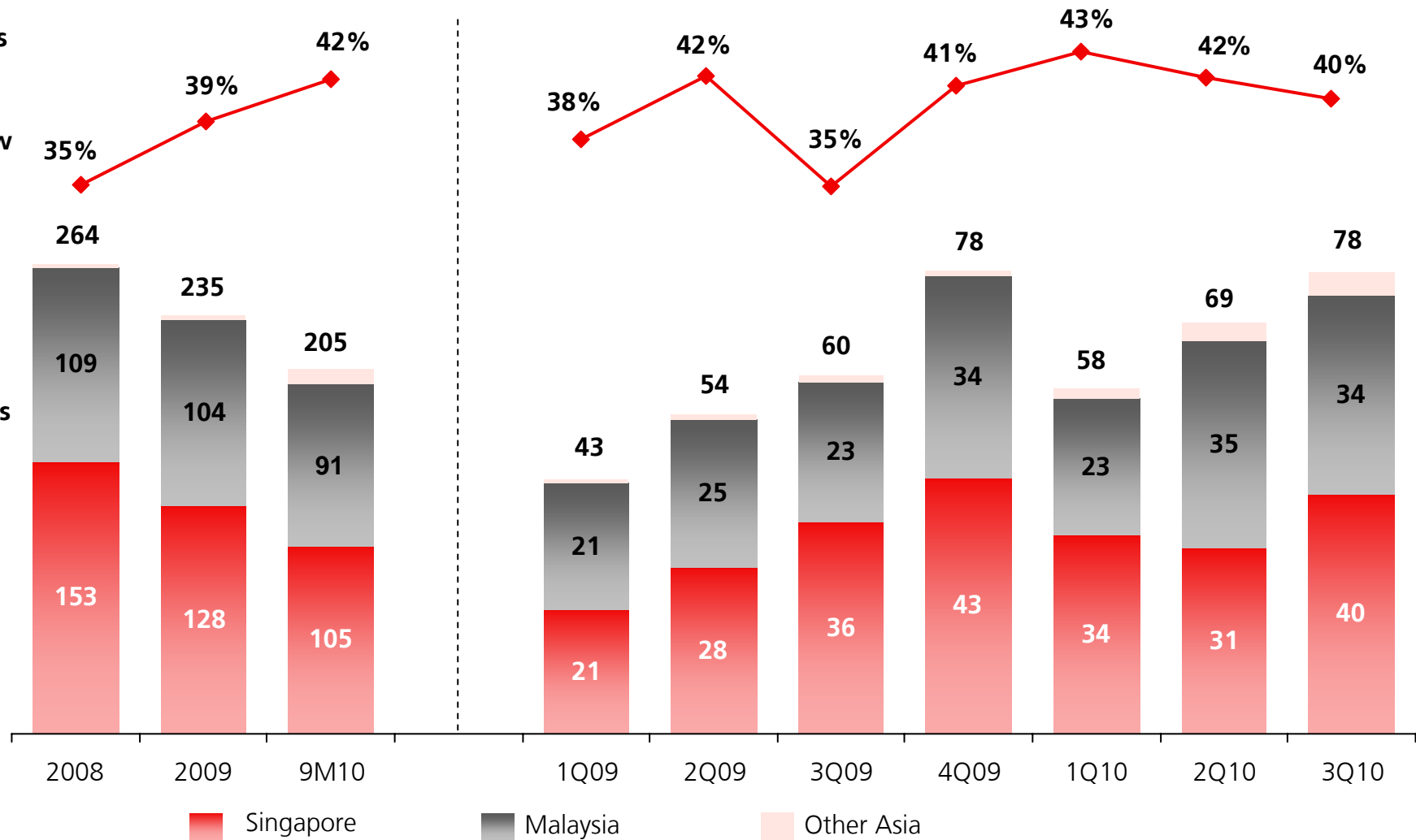
# GEH: Total weighted new sales up 12% YoY in 3Q10 and 19% in 9M10



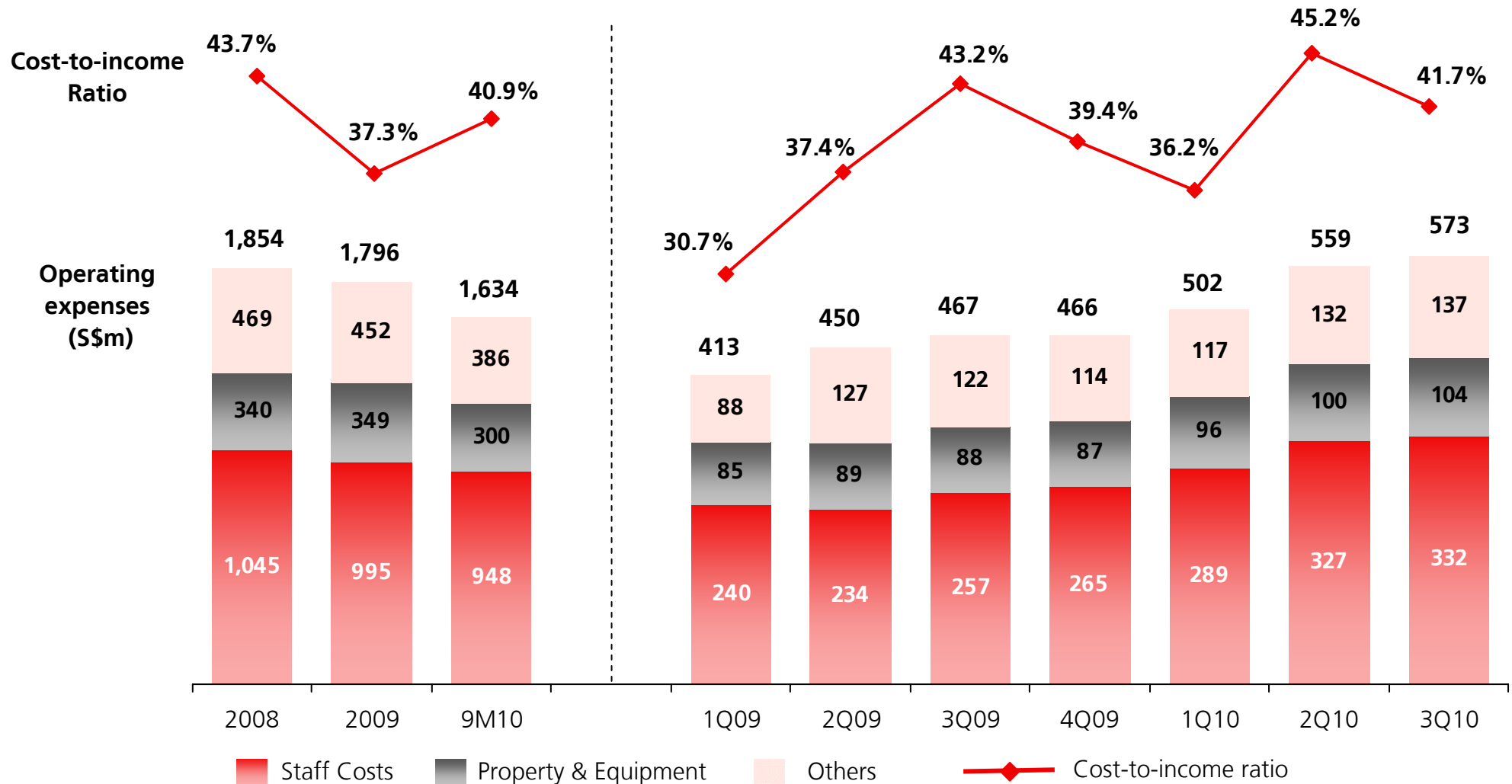
# GEH: New business embedded value up 29% YoY in 3Q10 and 31% in 9M10

New business embedded value/Total weighted new sales

New business embedded value (\$m)

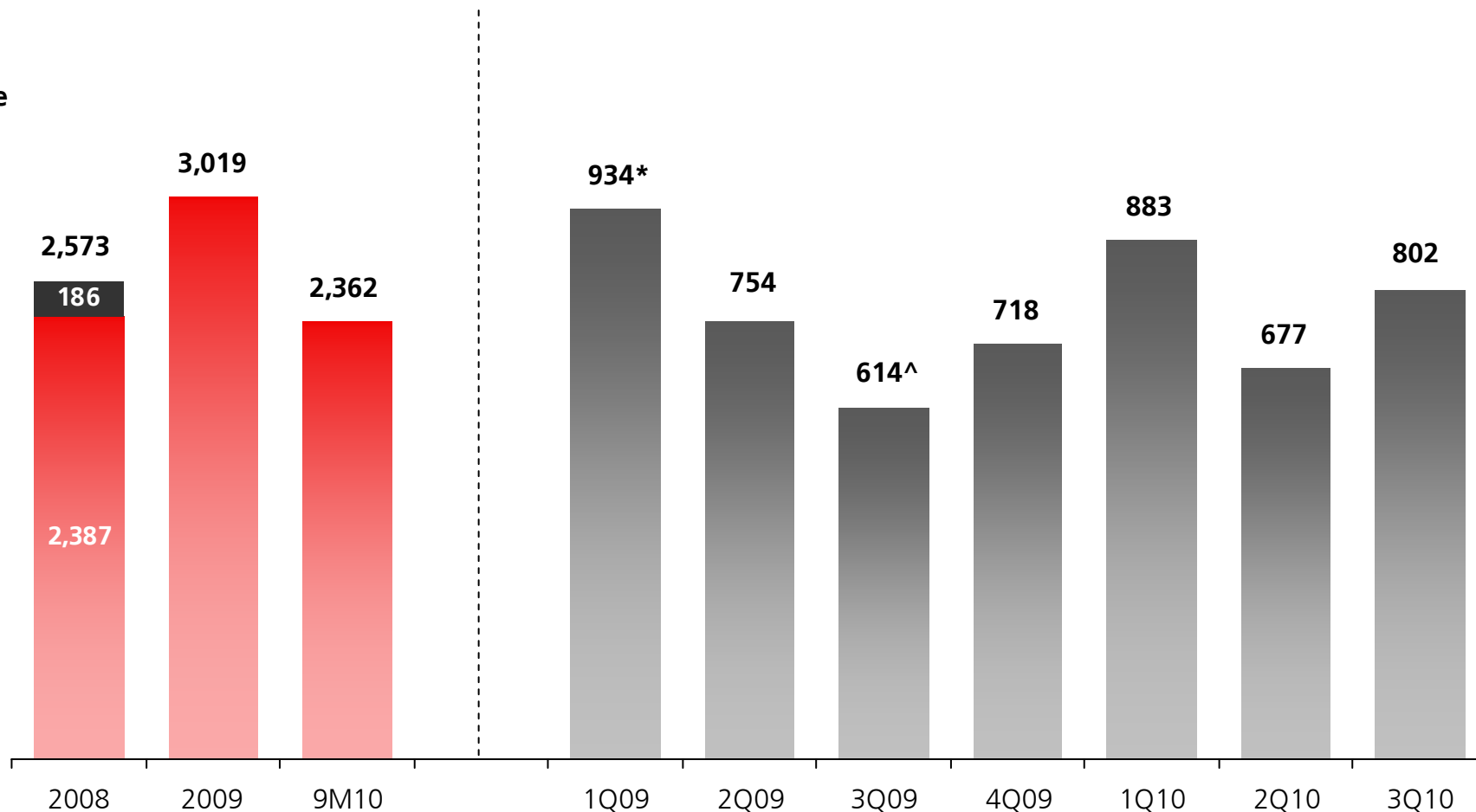


# Operating expenses up 23% in 9M10, driven by renewed investments in regional expansion, consolidation of Bank of Singapore and higher business volumes



# Third quarter operating profit up 18% QoQ

Operating profit before allowances (S\$m)



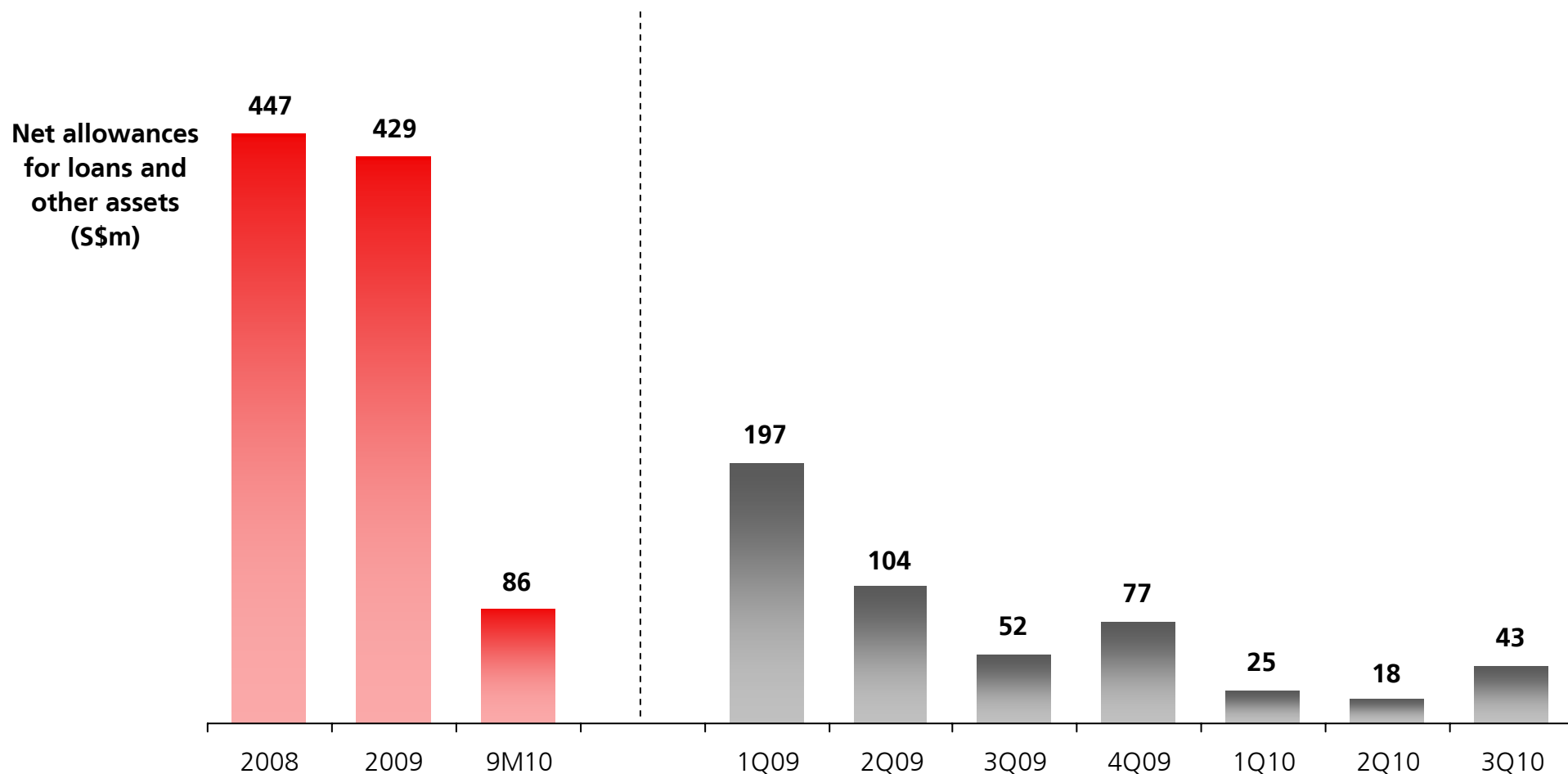
■ Divestment gains

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

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



# Sustained low net allowances as credit quality remains stable



## Breakdown of allowances

	9M10 S\$m	9M09 S\$m	3Q10 S\$m	2Q10 S\$m	3Q09 S\$m
Specific allowances for loans	32	181	16	11	49
Portfolio allowances for loans	64	12	29	5	5
Allowances for CDOs (Write-back)	(8)	86	(#)	(1)	(6)
Allowances for other assets (Write-back)	(2)	74	(2)	3	4
<b>Total net allowances</b>	<b>86</b>	<b>353</b>	<b>43</b>	<b>18</b>	<b>52</b>
Specific loan allowances/ average loans (bps)*	5	30	7	5	25

\* Annualised

# represents amounts less than S\$0.5 million

## Movement in specific allowances for loans

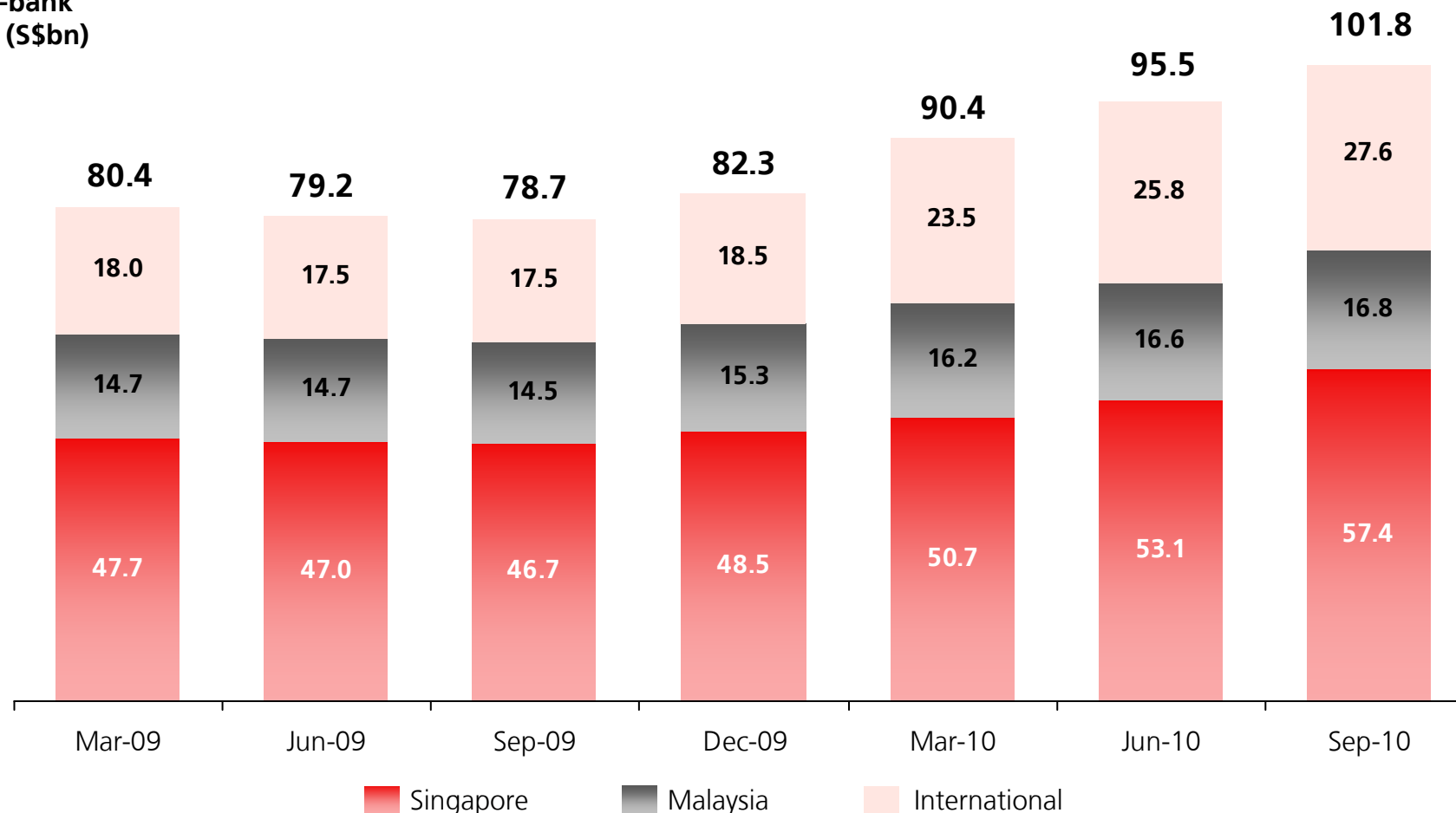
	9M10 S\$m	9M09 \$m	3Q10 S\$m	2Q10 S\$m	3Q09 S\$m
Allowances for new and existing NPLs	200	360	77	55	118
Write-backs <sup>1/</sup>	(136)	(144)	(49)	(32)	(51)
Recoveries <sup>2/</sup>	(32)	(36)	(11)	(12)	(17)
<b>Net Specific Allowances</b>	<b>32</b>	<b>181</b>	<b>16</b>	<b>11</b>	<b>49</b>

<sup>1/</sup> Write-backs of specific allowances for existing NPLs due to settlements and repayments

<sup>2/</sup> Recoveries of allowances for loans that had been written off

# Broad-based loan growth of 29% YoY (23% excluding Bank of Singapore) and 7% QoQ

Non-bank loans (S\$bn)



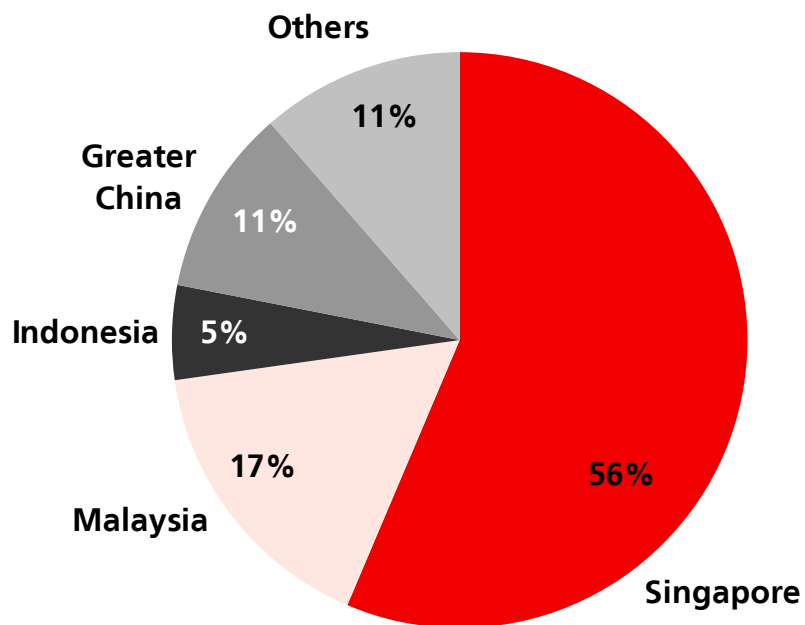
Note: Loans by geography are based on where the credit risks reside



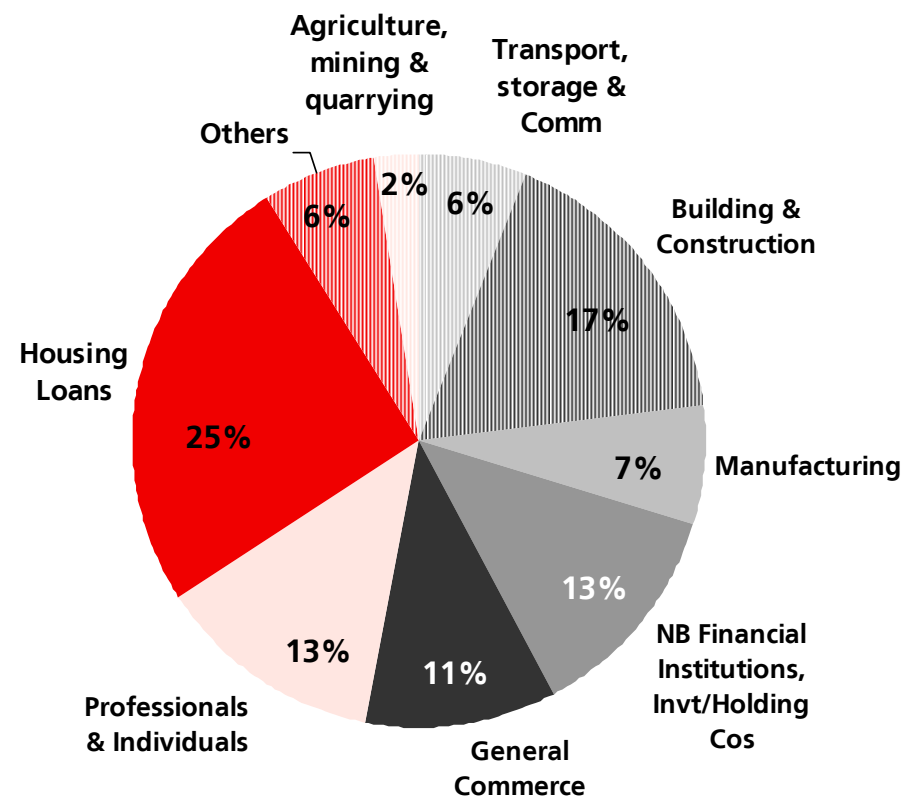


# Diversified loan book

**Customer Loans by Geography\***  
As at 30 September 2010

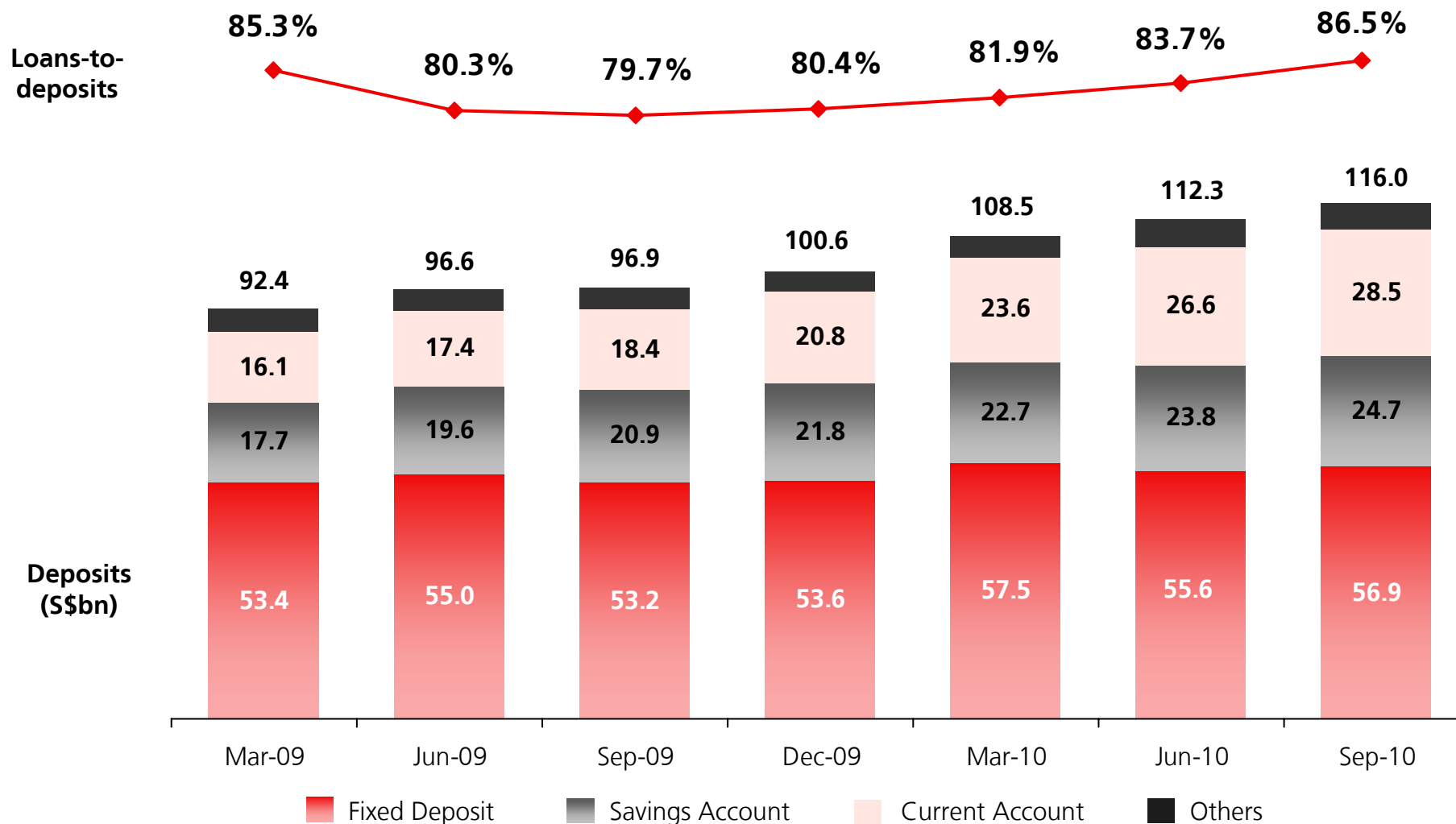


**Customer Loans by Sector**  
As at 30 September 2010

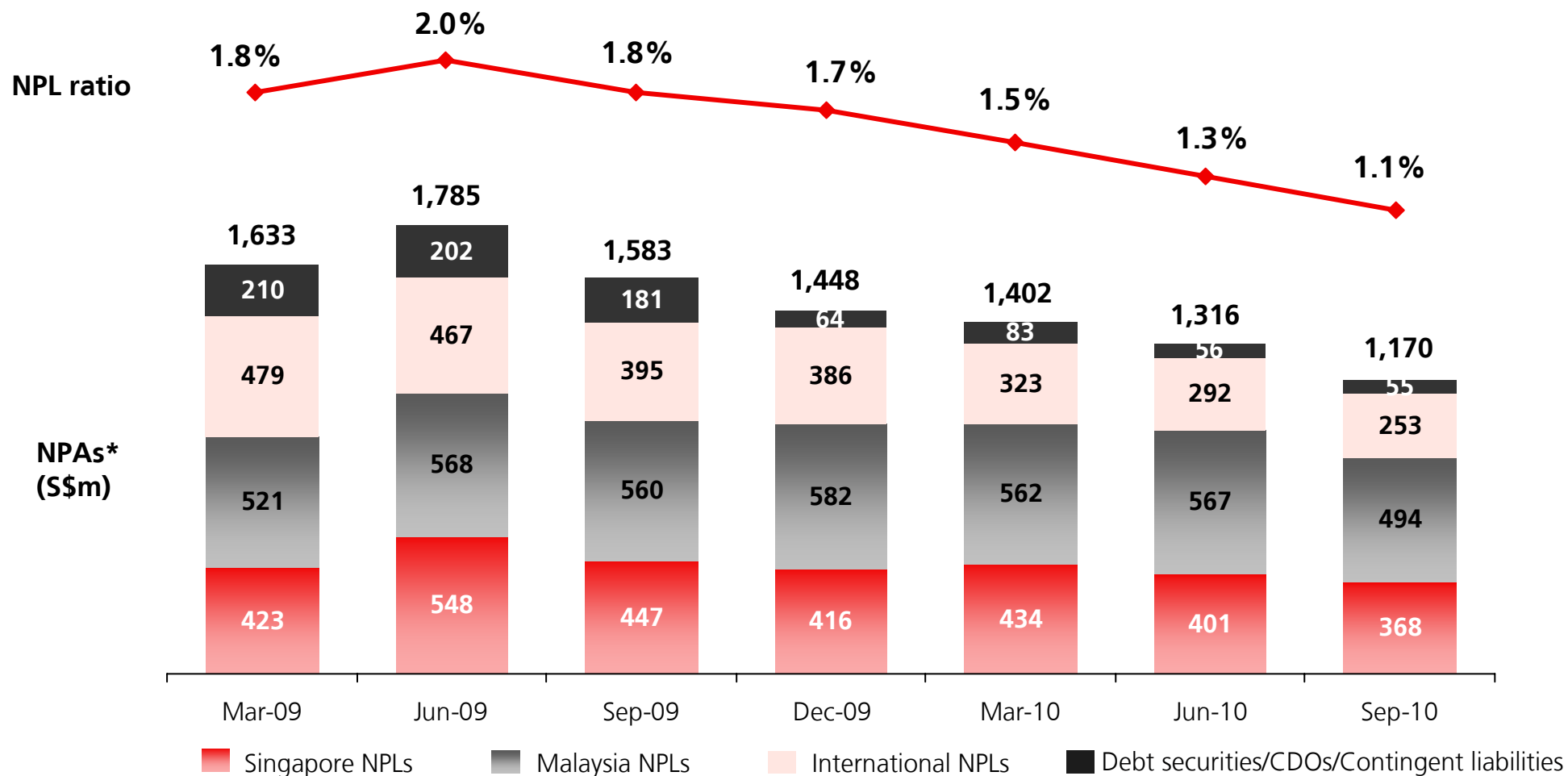


\* Based on where the credit risks reside, which may be different from the country of the borrower or where the loans are booked

# Customer deposits grew 20% YoY and 3% QoQ, led by current account and savings deposits



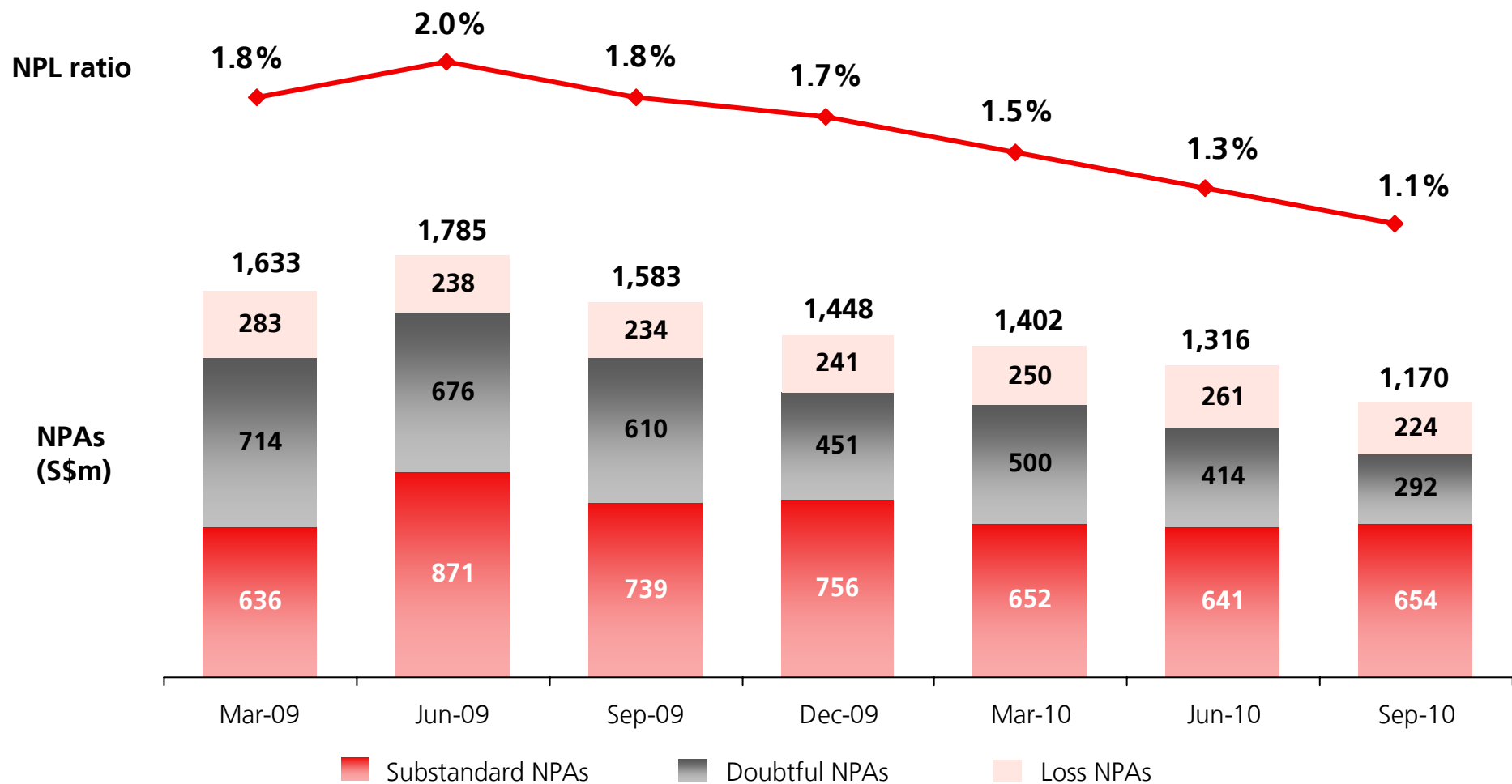
# NPL ratio continued to decline



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



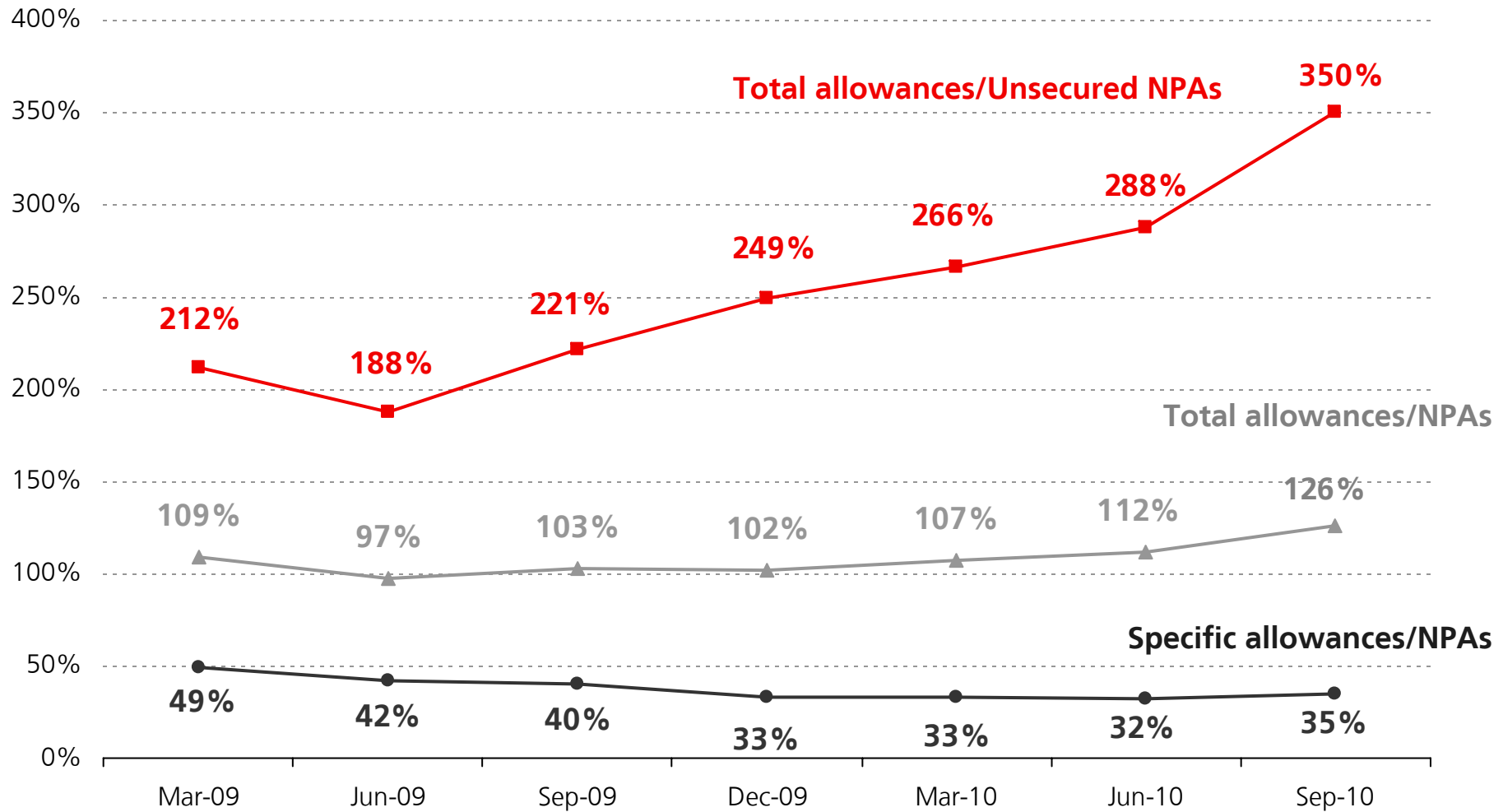
# 56% of NPAs in “substandard” category – typically well-collateralised or no overdues



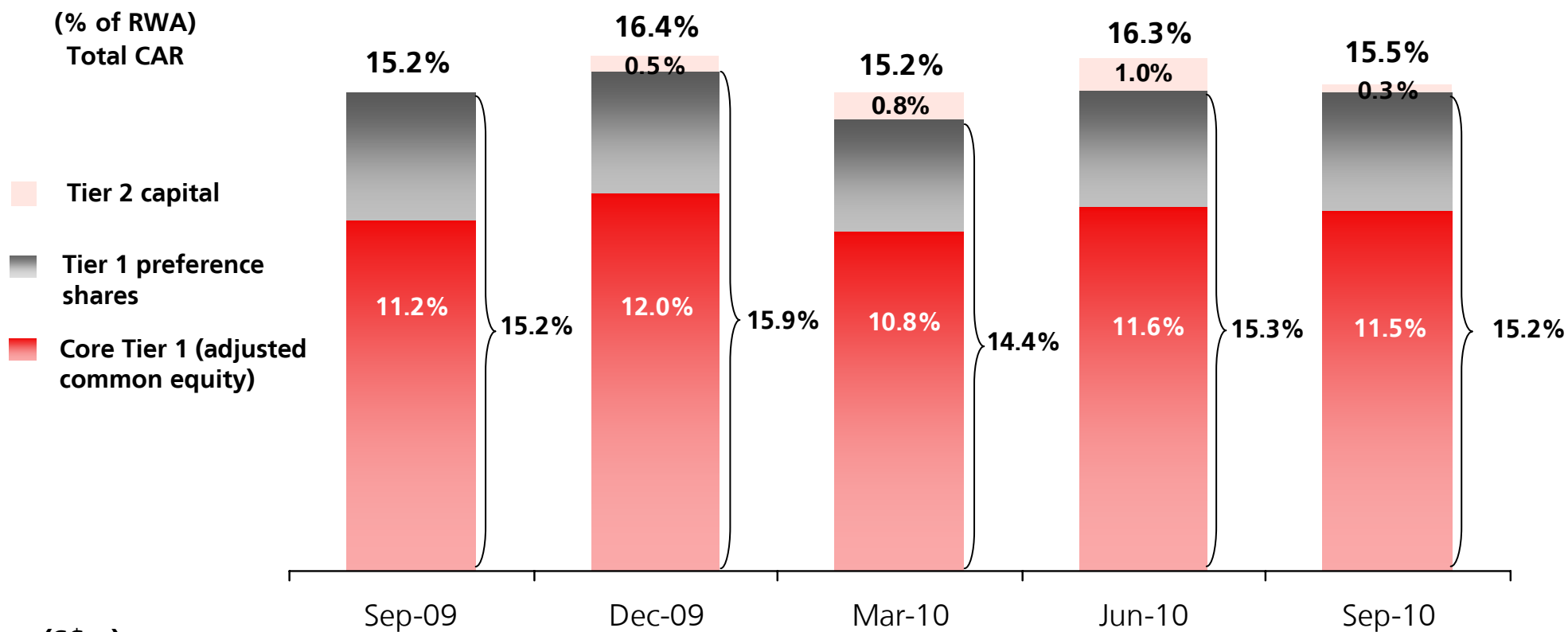
## Inflow of new NPAs remained low, offset by recoveries and upgrades

	9M10 S\$m	9M09 S\$m	3Q10 S\$m	2Q10 S\$m	3Q09 S\$m
Opening Balance (excluding CDOs)	1,442	1,239	1,309	1,396	1,658
New NPAs	366	999	119	124	158
Net Recoveries/Upgrades	(493)	(467)	(227)	(155)	(183)
Write-offs	(151)	(314)	(37)	(56)	(175)
<b>Closing Balance (excl CDOs)</b>	<b>1,164</b>	<b>1,458</b>	<b>1,164</b>	<b>1,309</b>	<b>1,458</b>
Add: Classified CDOs	6	125	6	7	125
<b>Closing Balance (incl CDOs)</b>	<b>1,170</b>	<b>1,583</b>	<b>1,170</b>	<b>1,316</b>	<b>1,583</b>

# Healthy allowance coverage ratios of 126% of total NPAs and 350% of unsecured NPAs



# Tier 1 and Core Tier 1 ratios remain strong



(\$m)

	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
<b>Tier 1 Capital</b>	14,988	15,962	15,716	16,161	16,219
<b>Tier 1 Prefs</b>	3,957	3,958	3,965	3,966	3,965
<b>RWA</b>	98,088	100,013	108,505	105,073	106,666

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



## OCBC Malaysia: Quarterly results

	3Q10 RM m	3Q09 RM m	YoY +/(-)%	2Q10 RM m	QoQ +/(-)%
Net Interest Income	294	269	9	281	5
Islamic Banking Income	39	28	40	39	-
Non-Interest Income	125	92	36	102	22
Total Income	458	389	18	422	8
Operating Expenses	(171)	(146)	17	(171)	-
<b>Operating Profit</b>	<b>287</b>	<b>243</b>	<b>18</b>	<b>251</b>	<b>14</b>
Allowances	(53)	(42)	27	(32)	63
Tax	(62)	(49)	28	(56)	11
<b>Net Profit</b>	<b>172</b>	<b>153</b>	<b>13</b>	<b>163</b>	<b>6</b>

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



## OCBC Malaysia: Nine months results

	9M10 RM m	9M09 RM m	YoY +/(-)%
Net Interest Income	839	774	8
Islamic Banking Income	120	89	35
Non-Interest Income	366	330	11
Total Income	1,325	1,193	11
Operating Expenses	(485)	(426)	14
<b>Operating Profit</b>	<b>839</b>	<b>767</b>	<b>9</b>
Allowances	(106)	(122)	(13)
Tax	(189)	(162)	17
<b>Net Profit</b>	<b>544</b>	<b>482</b>	<b>13</b>

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

## OCBC Malaysia: Key financial ratios

	9M10 %	9M09 %	3Q10 %	2Q10 %	3Q09 %
Net Interest Margin	2.42	2.39	2.55	2.46	2.37
Non-Interest Income / Total Income	27.6	27.7	27.3	24.2	23.7
Cost-to-Income Ratio	36.6	35.7	37.3	40.5	37.5
Loans-to-Deposits Ratio	83.9	78.8	83.9	83.4	78.8
Gross NPL Ratio	3.1	3.8	3.1	3.6	3.8
Loan Growth (YoY)	11.4	2.6	11.4	9.2	2.6
ROE	18.4	19.4	16.7	16.6	17.6

## Bank OCBC NISP: Quarterly results

	3Q10 RP bn	3Q09 RP bn	YoY +/(-)%	2Q10 RP bn	QoQ +/(-)%
Net Interest Income	465	456	2	442	5
Non-Interest Income	130	110	17	111	17
Total Income	595	566	5	553	8
Operating Expenses	(398)	(346)	15	(377)	6
<b>Operating Profit</b>	<b>197</b>	<b>220</b>	<b>(10)</b>	<b>176</b>	<b>11</b>
Allowances	(25)	(13)	92	(26)	(6)
Tax	(44)	(59)	(25)	(38)	16
<b>Net Profit</b>	<b>130</b>	<b>148</b>	<b>(12)</b>	<b>114</b>	<b>15</b>

## Bank OCBC NISP: Nine months results

	9M10 RP bn	9M09 RP bn	YoY +/(-)%
Net Interest Income	1,353	1,285	5
Non Interest Income	359	389	(8)
Total Income	1,712	1,674	2
Operating Expenses	(1,133)	(1,029)	10
<b>Operating Profit</b>	<b>579</b>	<b>645</b>	<b>(10)</b>
Allowances	(89)	(205)	(56)
Tax	(124)	(130)	(5)
<b>Net Profit</b>	<b>370</b>	<b>310</b>	<b>20</b>

## Bank OCBC NISP: Key financial ratios

	9M10 %	9M09 %	3Q10 %	2Q10 %	3Q09 %
Net Interest Margin	5.26	5.53	5.17	5.21	6.17
Non-Interest Income / Total Income	21.0	23.2	21.8	20.0	19.7
Cost-to-Income Ratio	66.2	61.5	66.9	68.1	61.0
Loans-to-Deposits Ratio	78.5	76.5	78.5	77.5	76.5
Gross NPL Ratio	3.0	3.9	3.0	3.0	3.9
Loan Growth (YoY)	26.7	(5.8)	26.7	26.7	(5.8)
ROE	11.8	11.3	12.3	10.9	15.9

## In Summary

- QoQ loan growth was again strong in our key markets, driving an improvement in net interest income, while interest margins remained stable
- Insurance and trading income improved as unstable market conditions receded from the second quarter
- Great Eastern delivered robust growth in new business premiums and embedded value
- Effective credit portfolio management continued to deliver results, keeping NPLs and specific allowances low
- Bank of Singapore focusing on expanding its RM team to leverage on Singapore's growth as a private banking hub
- We continue to invest in our regional franchise, positioning for growth opportunities in our key markets