

Third Quarter 2010 Results

Presentation

1 November 2010



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Agenda

Results Overview

Performance Trends

Malaysia and Indonesia Subsidiaries

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 ^{1/}	621	392	59	516	20
Total Income	1,375	1,081	27	1,236	11
Operating Expenses	(573)	(467)	23	(559)	3
Operating Profit	802	614	31	677	18
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
Net Profit	570	450	27	503	13

^{1/} 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%

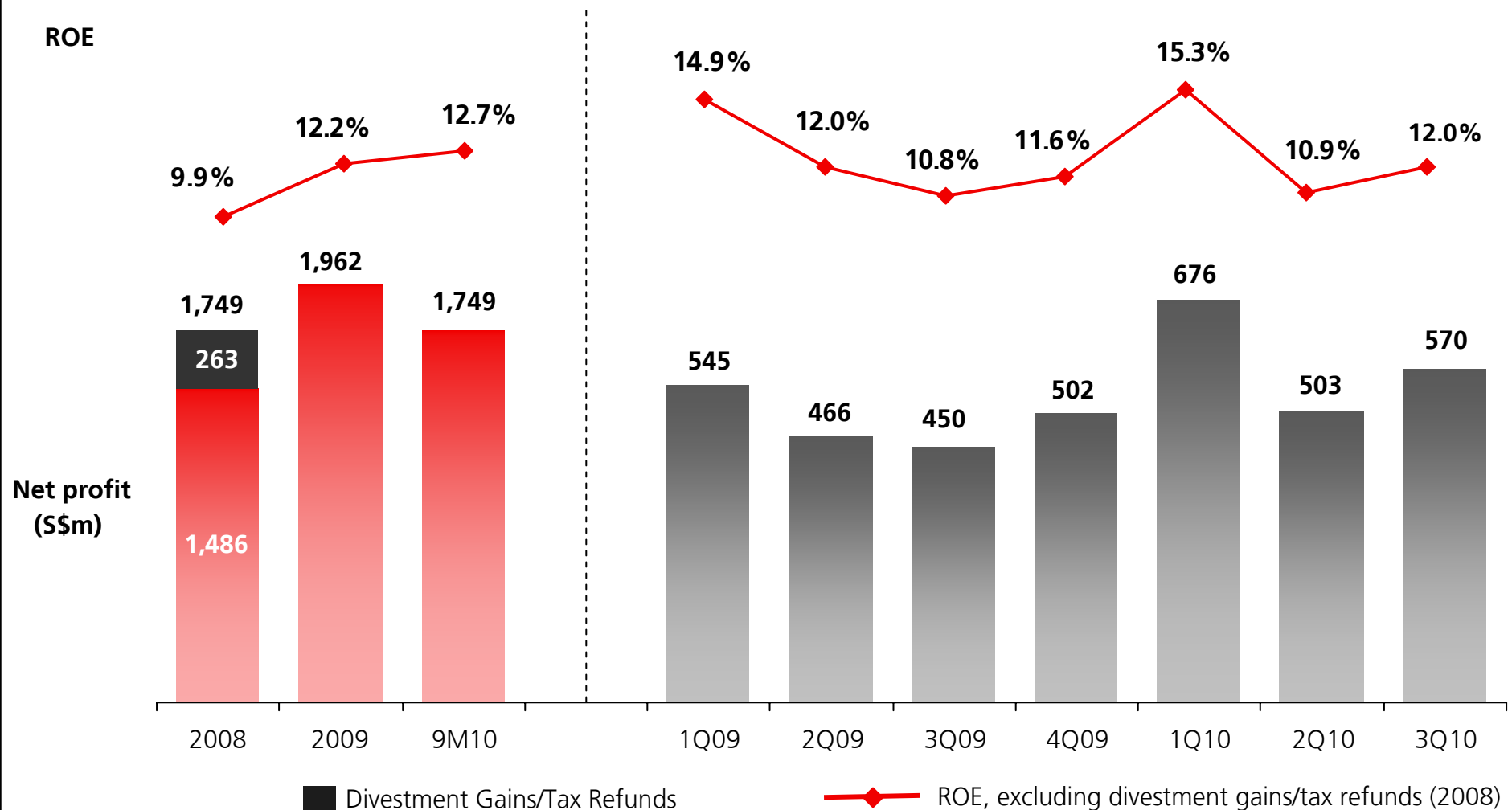
	9M10 S\$m	9M09 S\$m	YoY +/(-)%
Net Interest Income	2,178	2,138	2
Non-Interest Income ^{1/}	1,818	1,493	22
Total Income	3,996	3,631	10
Operating Expenses	(1,634)	(1,330)	23
Operating Profit	2,362	2,301	3
Amortisation of Intangibles	(39)	(35)	12
Allowances	(86)	(353)	(76)
Associates & JVs	(1)	2	(131)
Tax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

^{1/} 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%

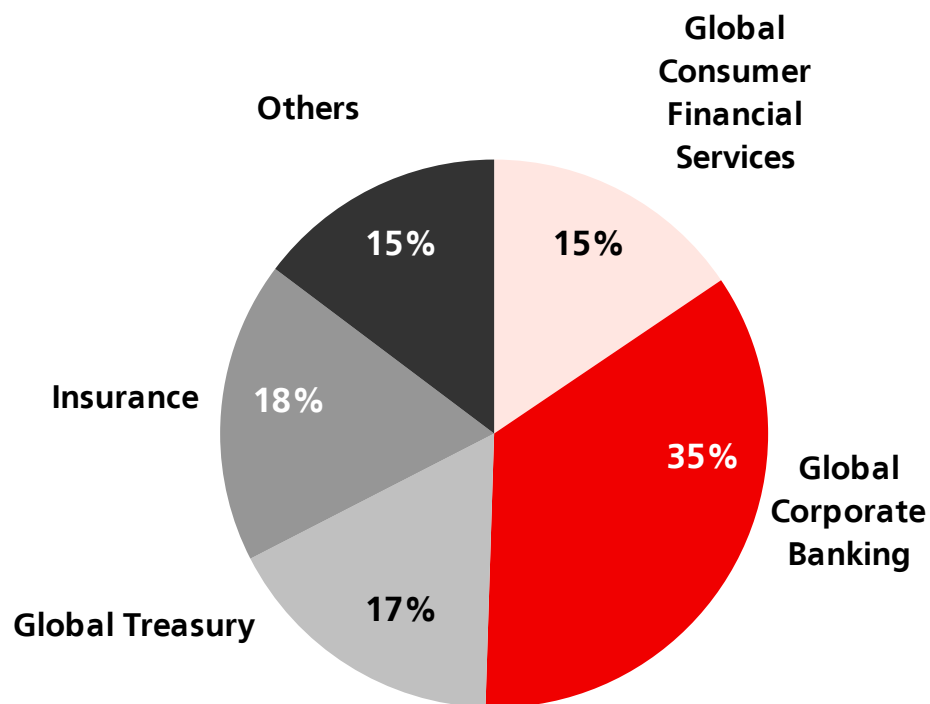


Note: 1Q09 included net non-recurring gains of S\$175m from GEH; 3Q09 included net one-time loss of S\$154m from GEH arising from redemption of GLC products

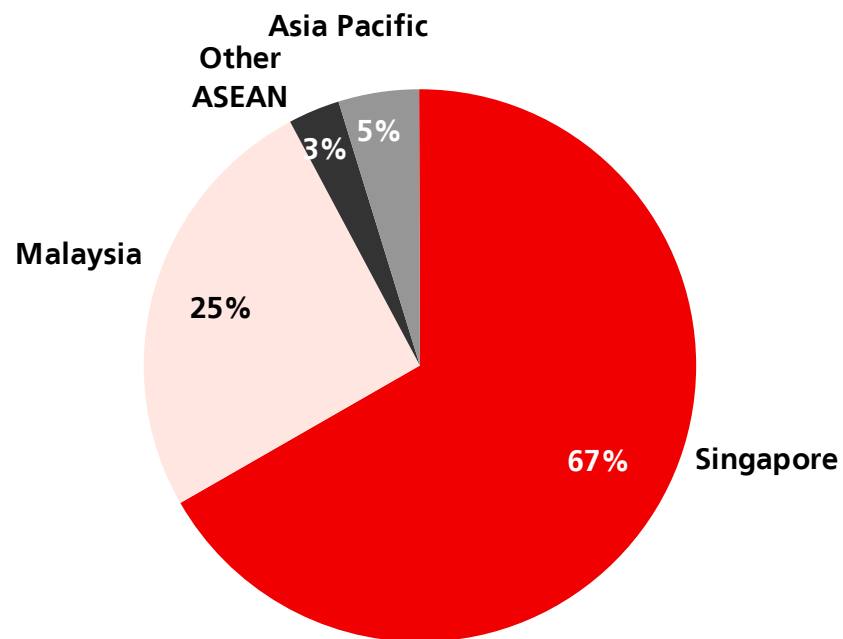


Earnings contribution by segments

**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 [^] S\$m	YoY +/(-)%	2Q10 S\$m	QoQ +/(-)%
Total Income	234	57	308	132	77
Operating Expenses	(36)	(36)	-	(35)	4
Operating Profit	198	21	842	96	104
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
Net Profit Contribution	137	20	590	56	146

[^] 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
Operating Profit	499	457	9
Amortisation of Intangibles	(35)	(35)	-
Allowances	(4)	(6)	(33)
Associates & JVs	(5)	(3)	61
Tax & Non-controlling interests	(115)	(120)	(5)
Net Profit Contribution	340	293	16

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

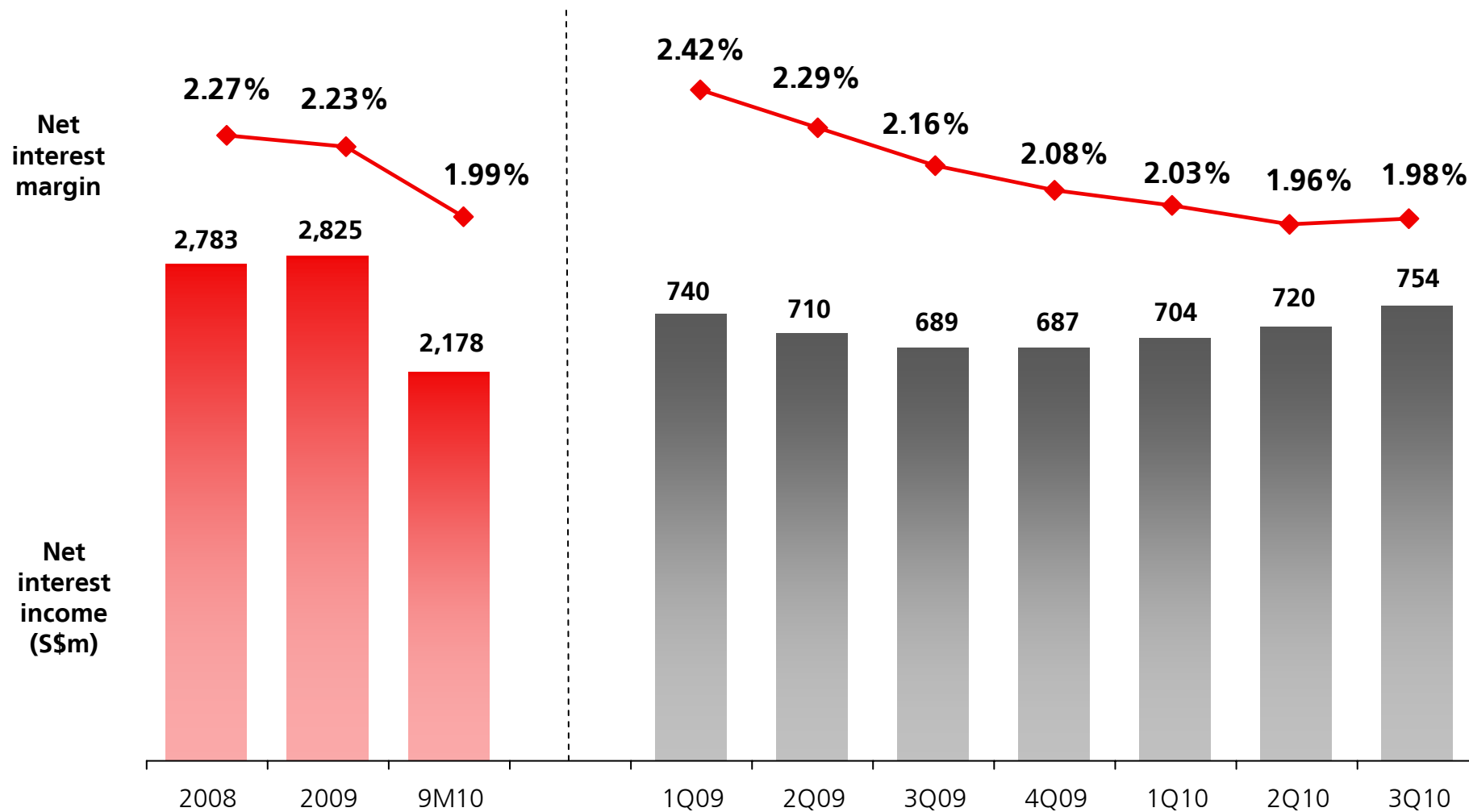
Results excluding GEH – third quarter net profit up 1% YoY

	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
Operating Profit	604	593	2	580	4
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
Net Profit	433	430	1	447	(3)

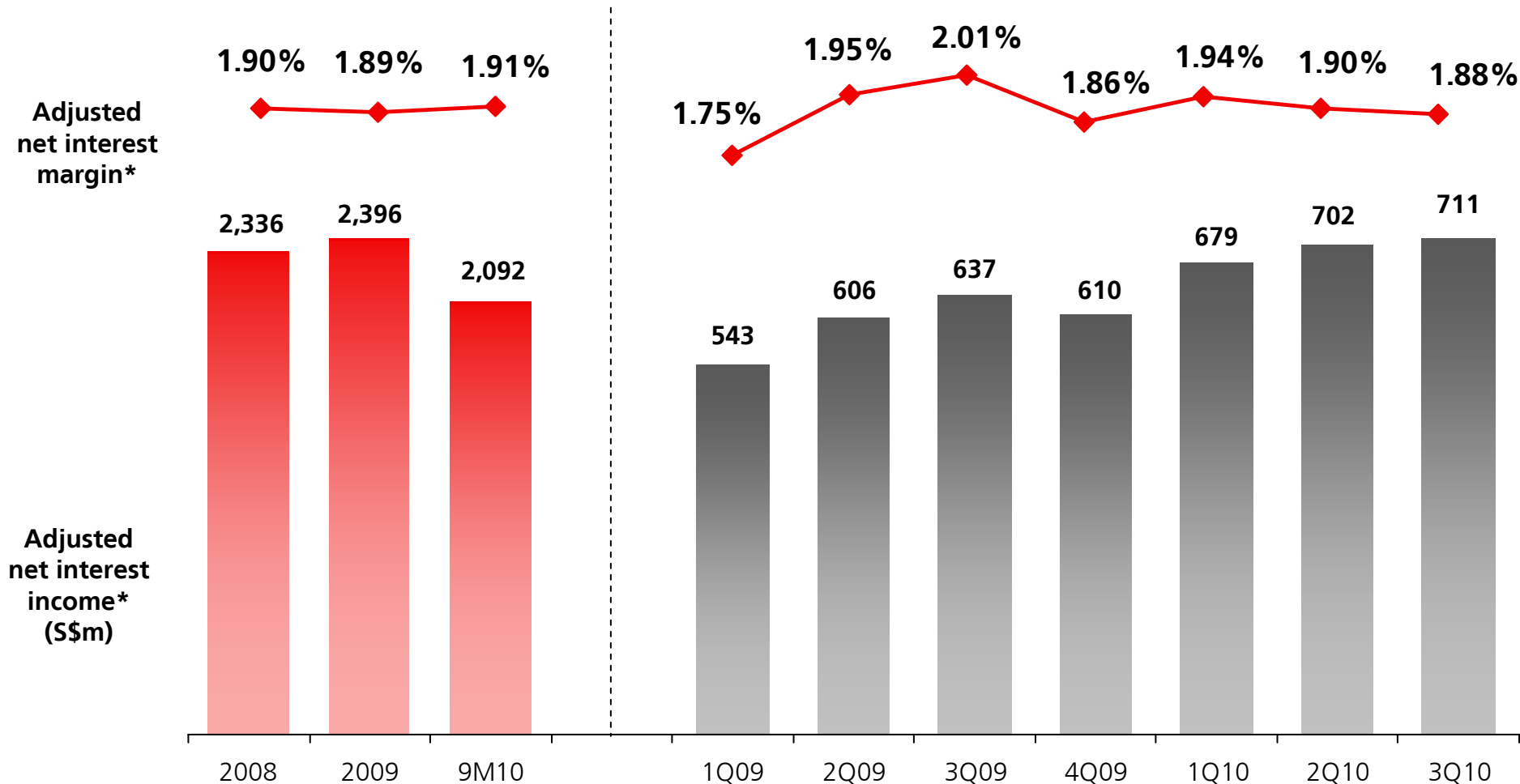
Results excluding GEH – nine months net profit up 21%

	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
Operating Profit	1,863	1,844	1
Amortisation of Intangibles	(4)	0	-
Allowances	(82)	(347)	(76)
Associates & JVs	4	5	(17)
Tax & Non-controlling interests	(373)	(334)	12
Net Profit	1,408	1,168	21

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



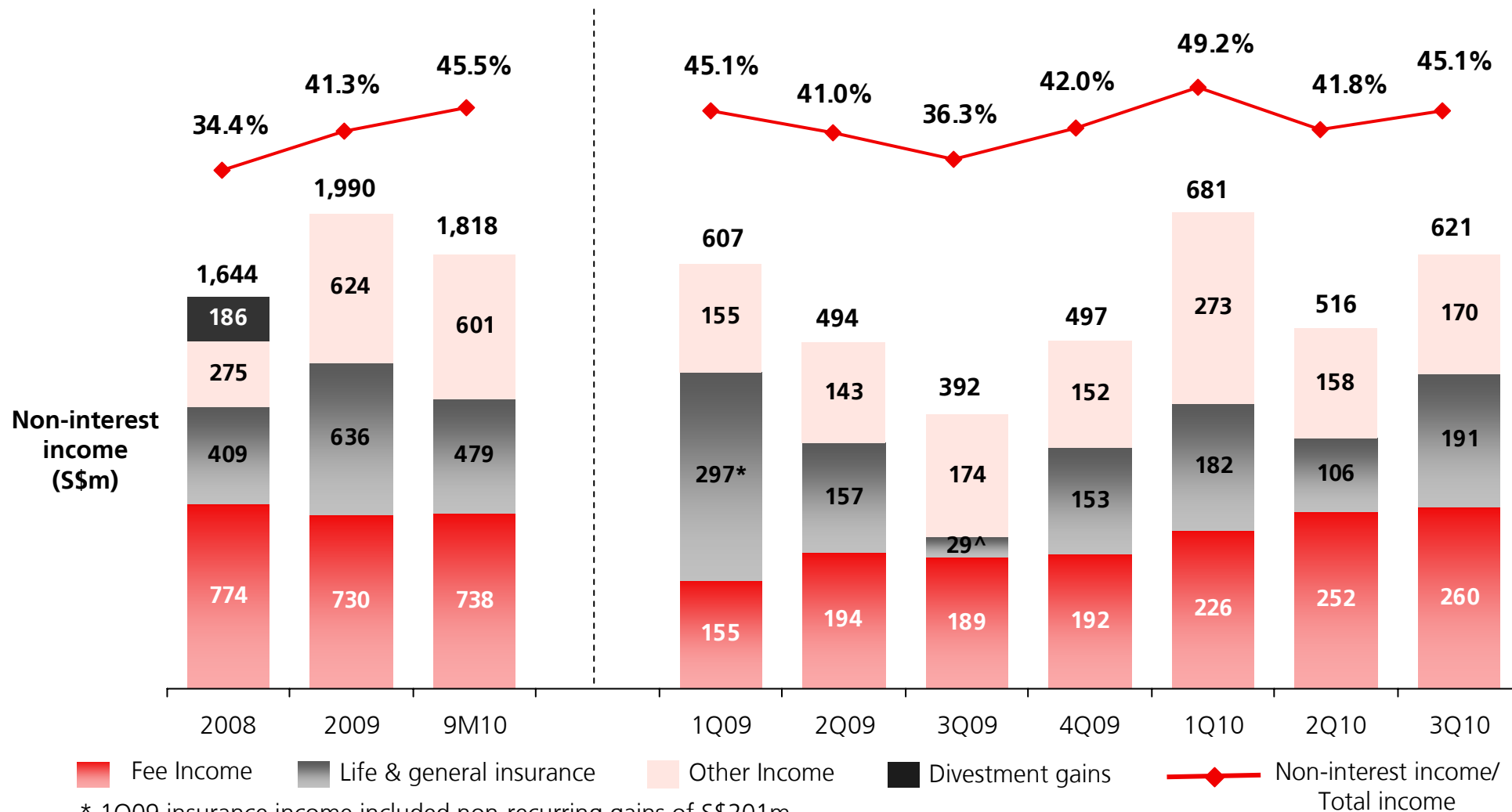
Net interest income adjusted for allowances shows steady uptrend; adjusted NIM stable



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



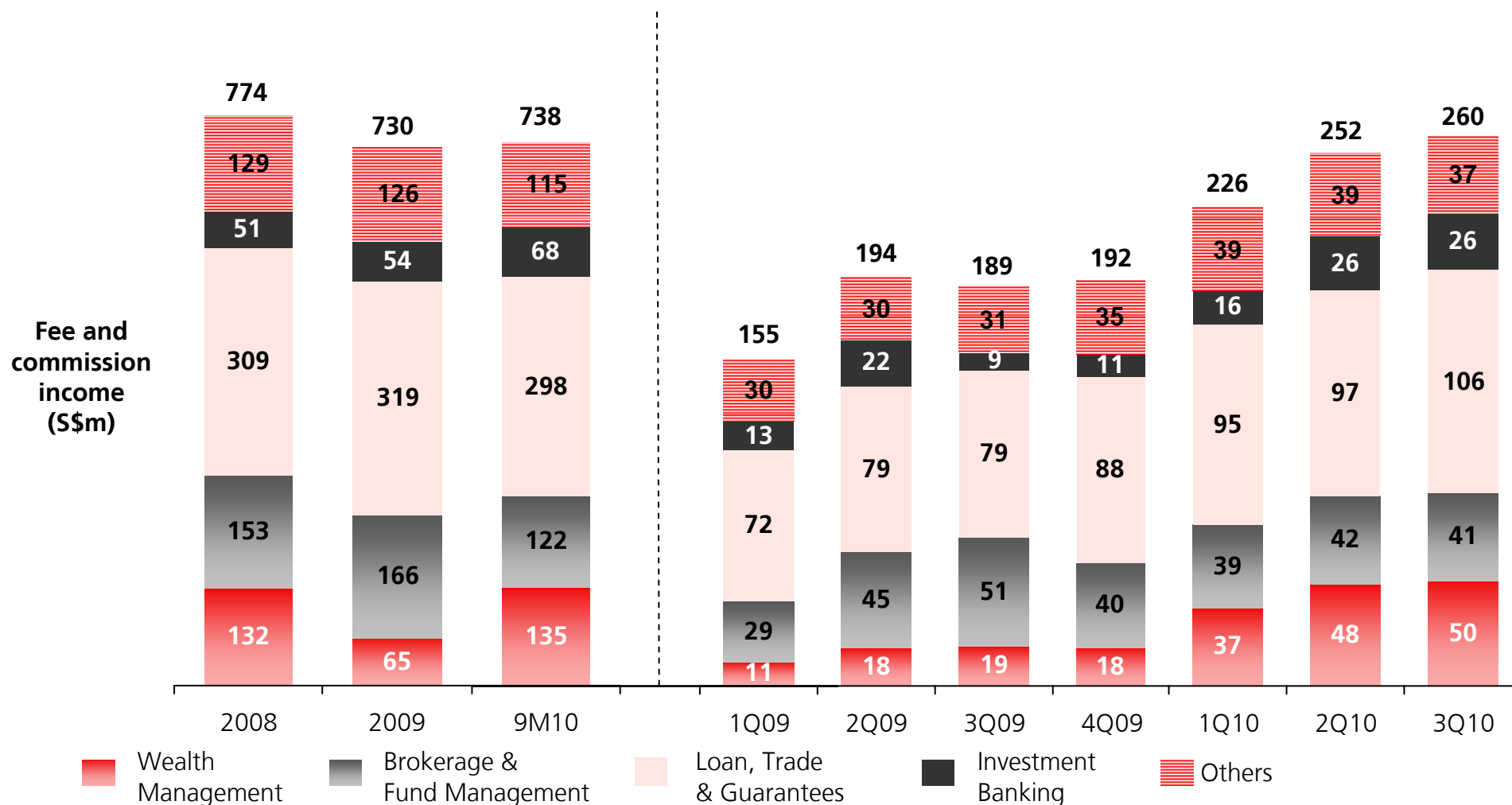
Non-interest income grew 20% QoQ and 22% in 9M10



* 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

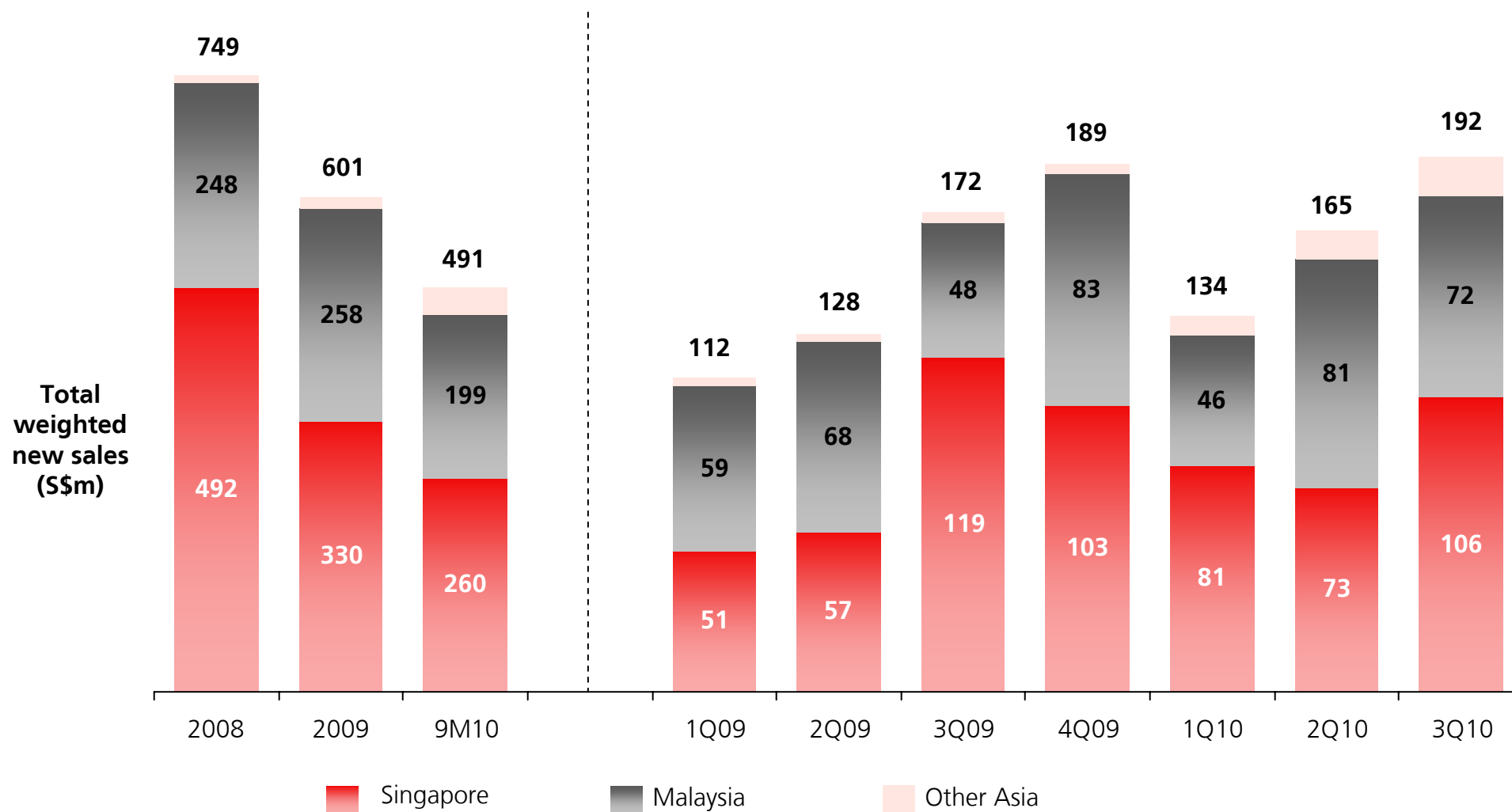


Other non-interest income up 8% QoQ



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

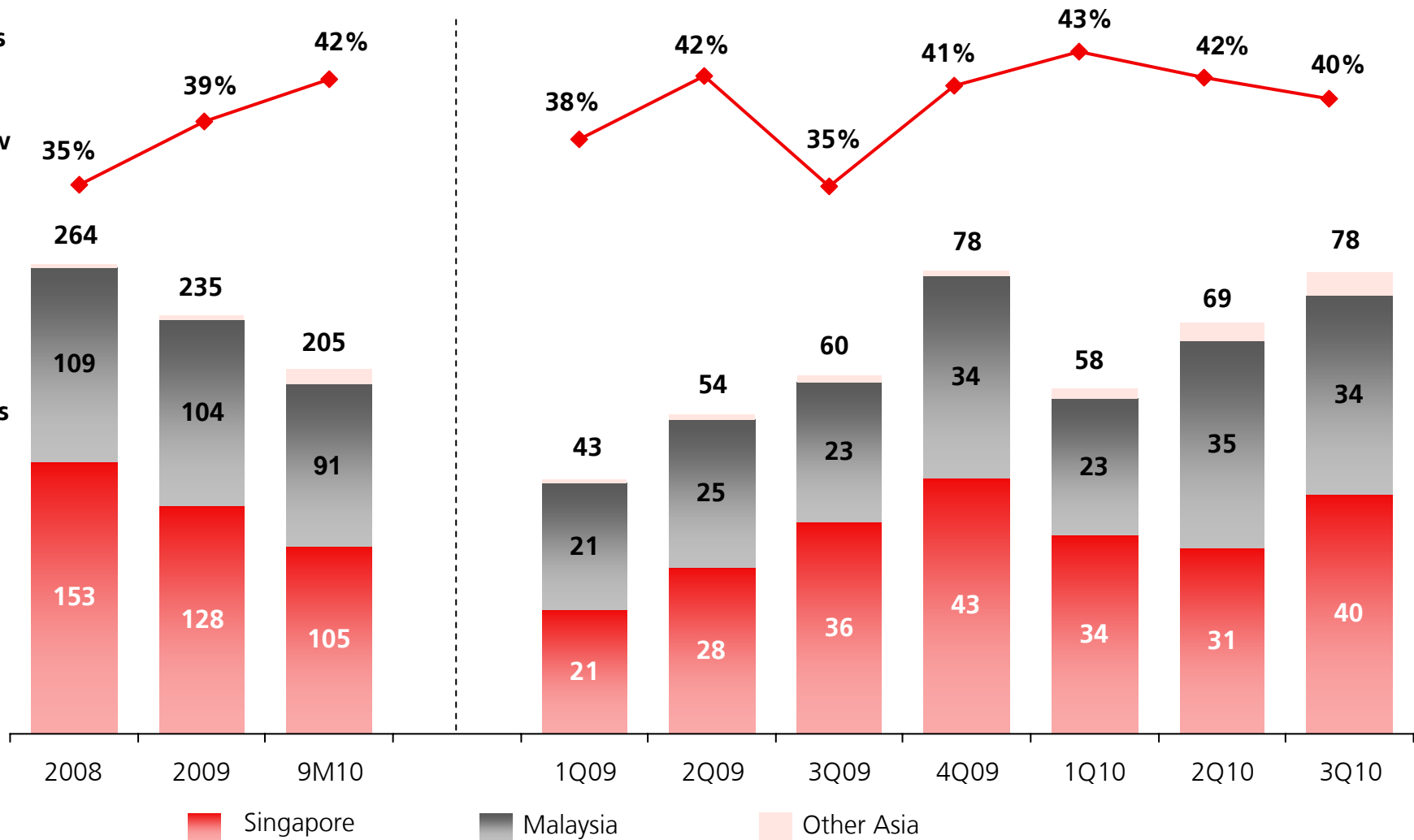
GEH: Total weighted new sales up 12% YoY in 3Q10 and 19% in 9M10



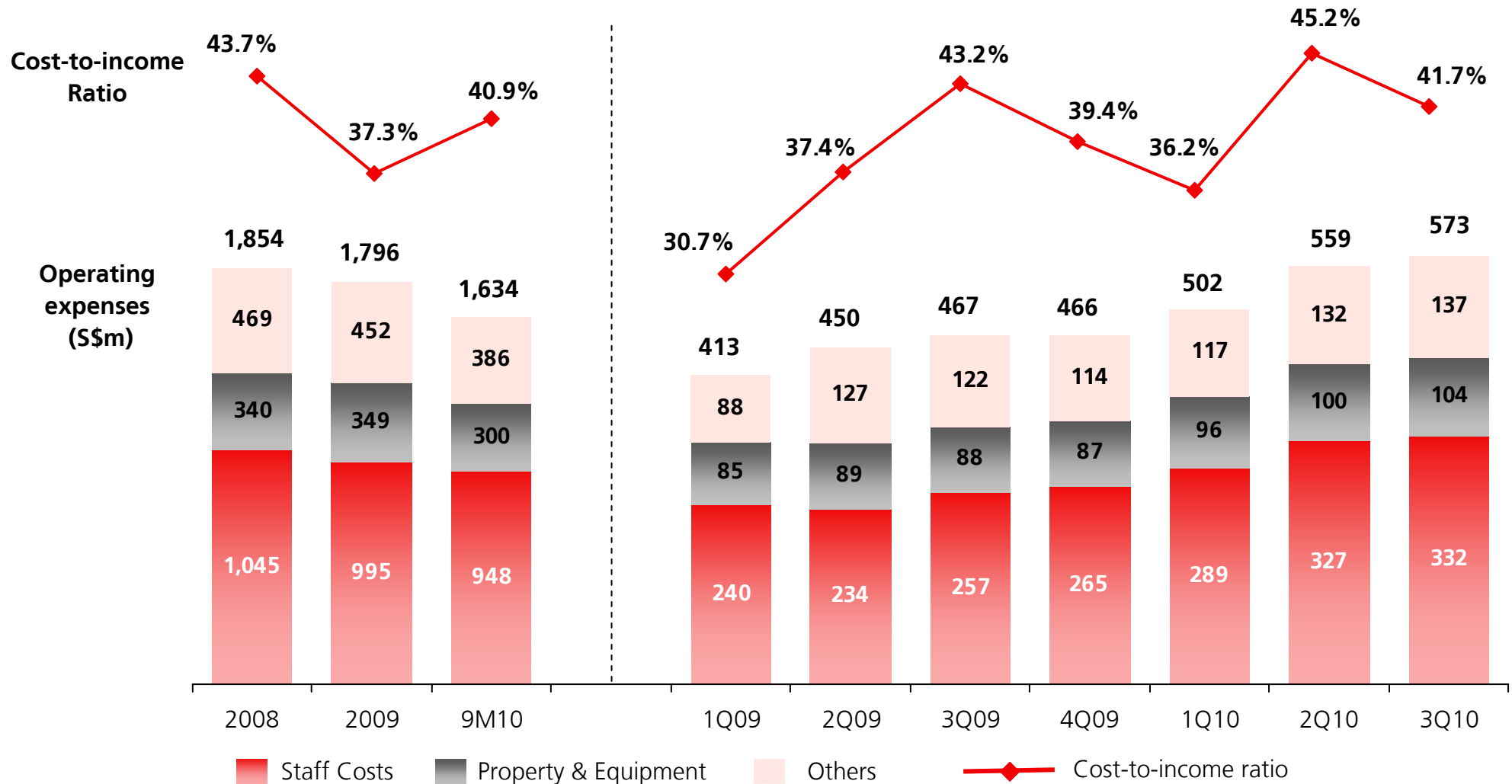
GEH: New business embedded value up 29% YoY in 3Q10 and 31% in 9M10

New business embedded value/Total weighted new sales

New business embedded value (\$m)

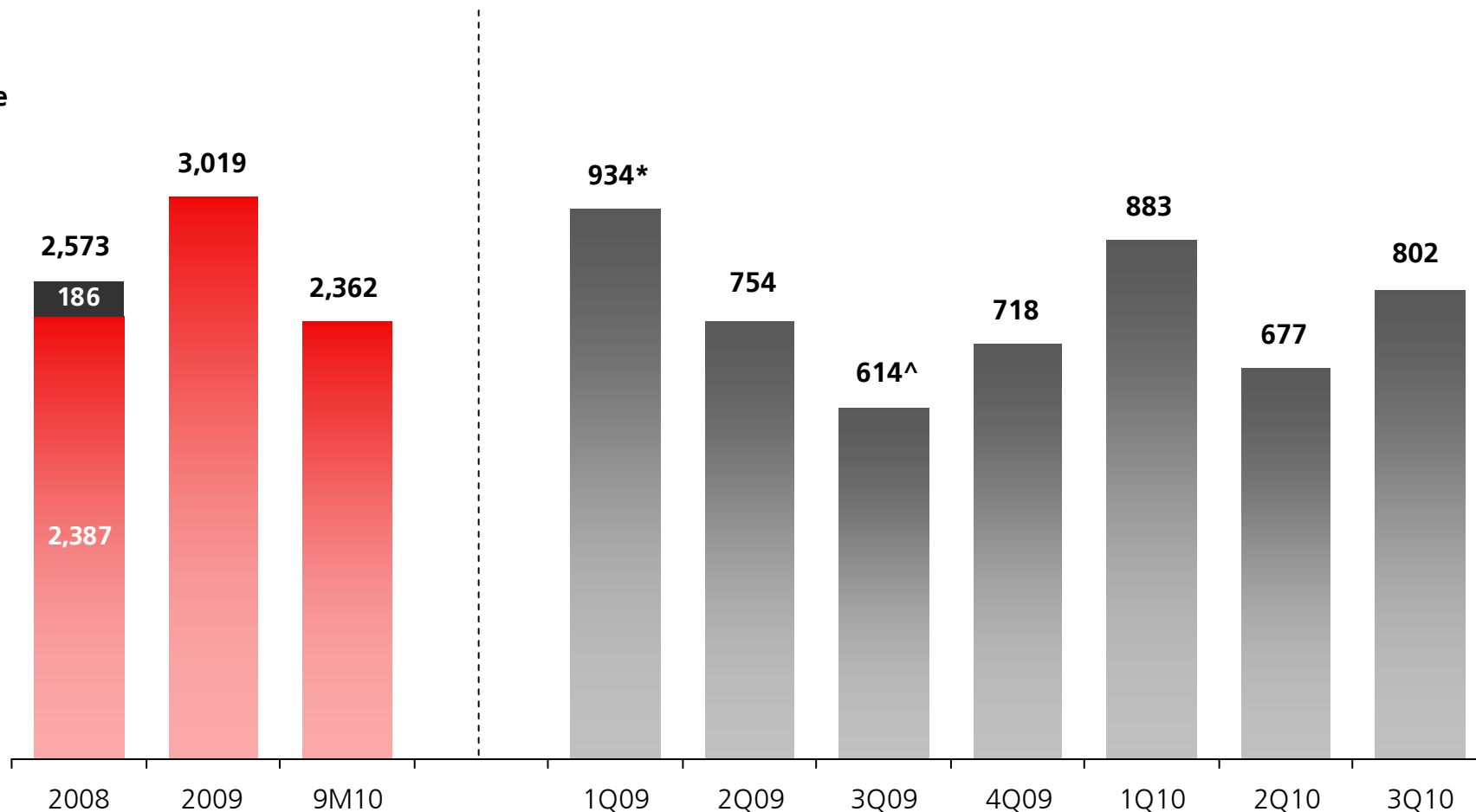


Operating expenses up 23% in 9M10, driven by renewed investments in regional expansion, consolidation of Bank of Singapore and higher business volumes



Third quarter operating profit up 18% QoQ

Operating profit before allowances (S\$m)



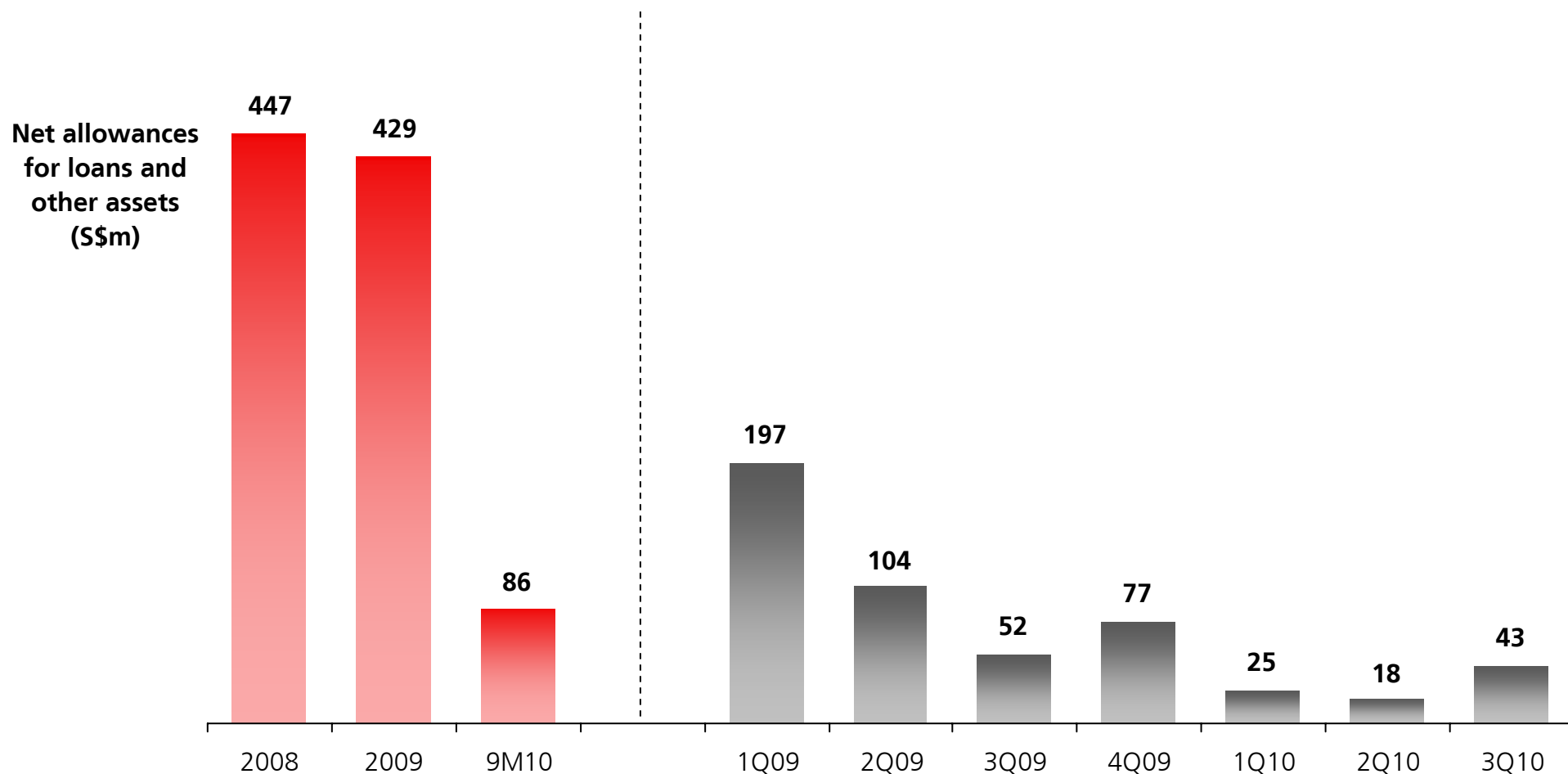
■ Divestment gains

* 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
Total net allowances	86	353	43	18	52
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

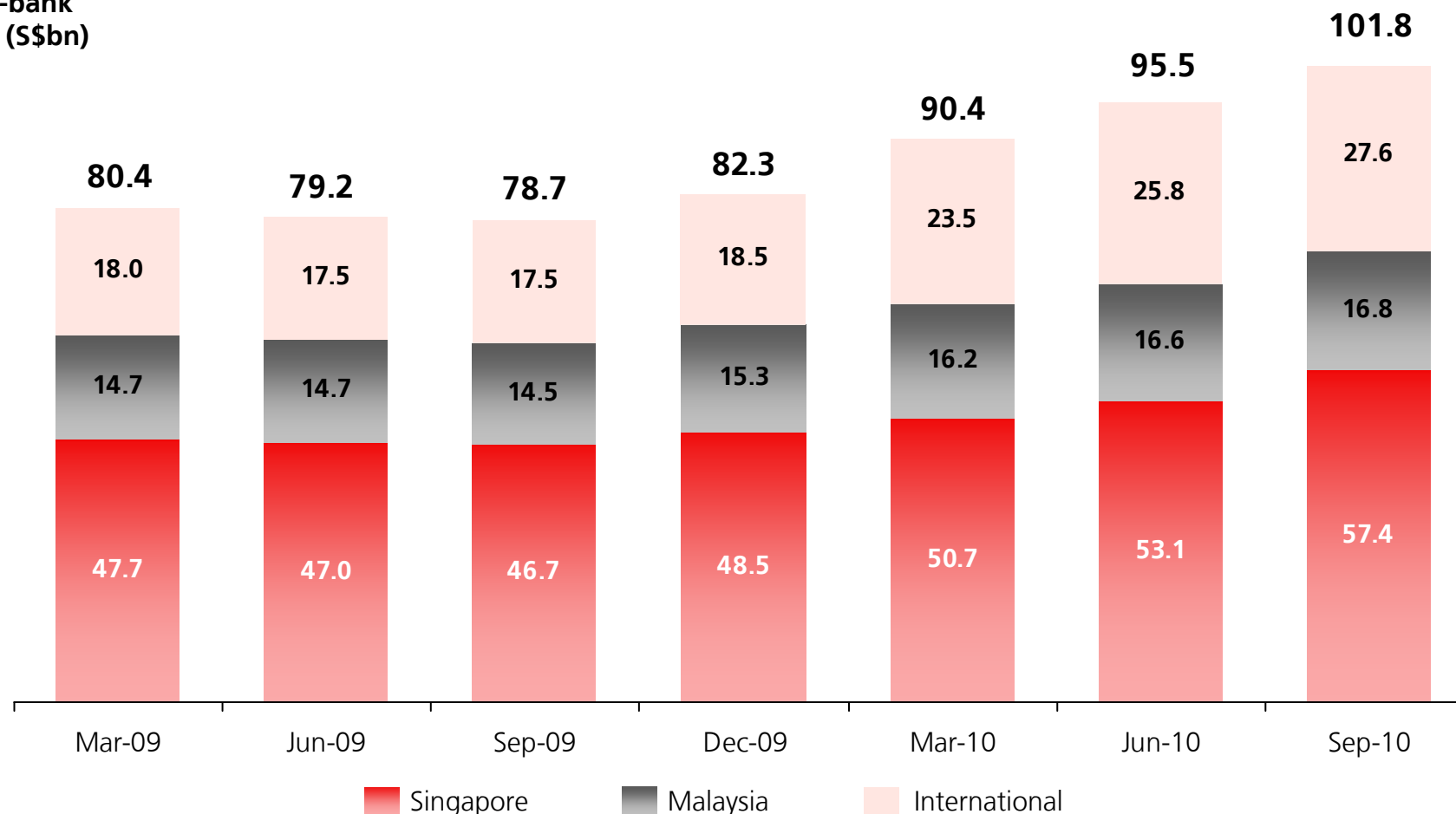
	9M10 S\$m	9M09 \$m	3Q10 S\$m	2Q10 S\$m	3Q09 S\$m
Allowances for new and existing NPLs	200	360	77	55	118
Write-backs ^{1/}	(136)	(144)	(49)	(32)	(51)
Recoveries ^{2/}	(32)	(36)	(11)	(12)	(17)
Net Specific Allowances	32	181	16	11	49

^{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

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

Non-bank loans (S\$bn)

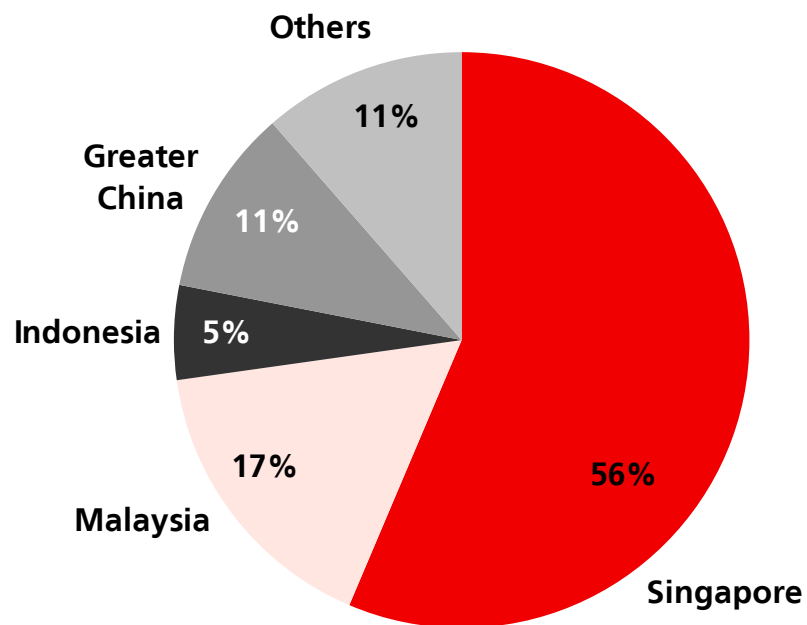


Note: Loans by geography are based on where the credit risks reside

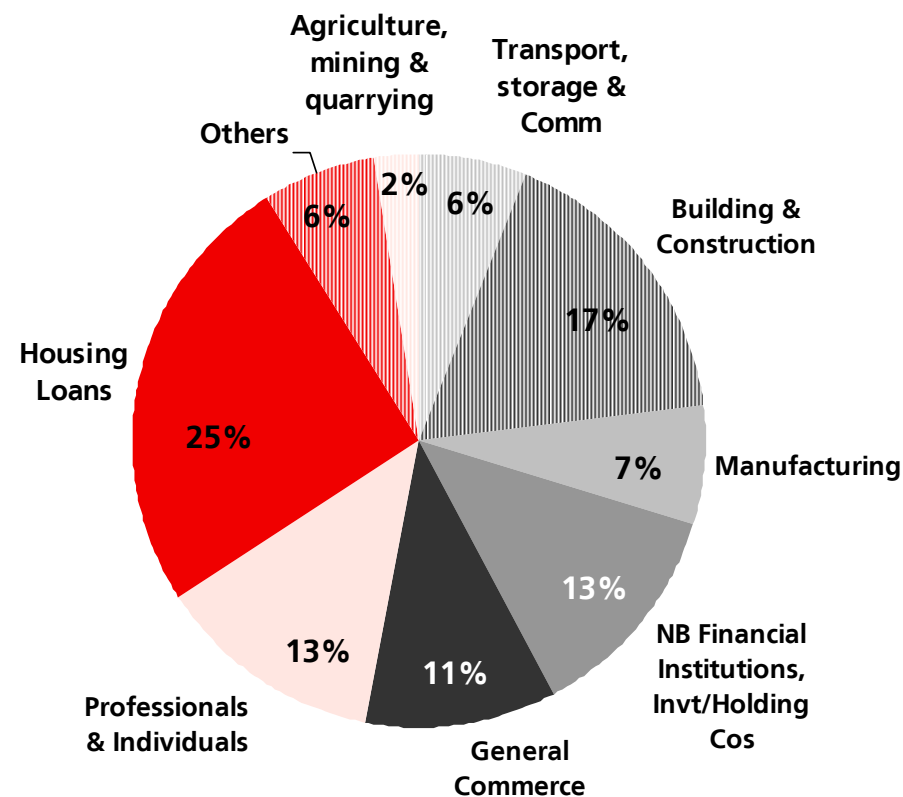


Diversified loan book

Customer Loans by Geography*
As at 30 September 2010

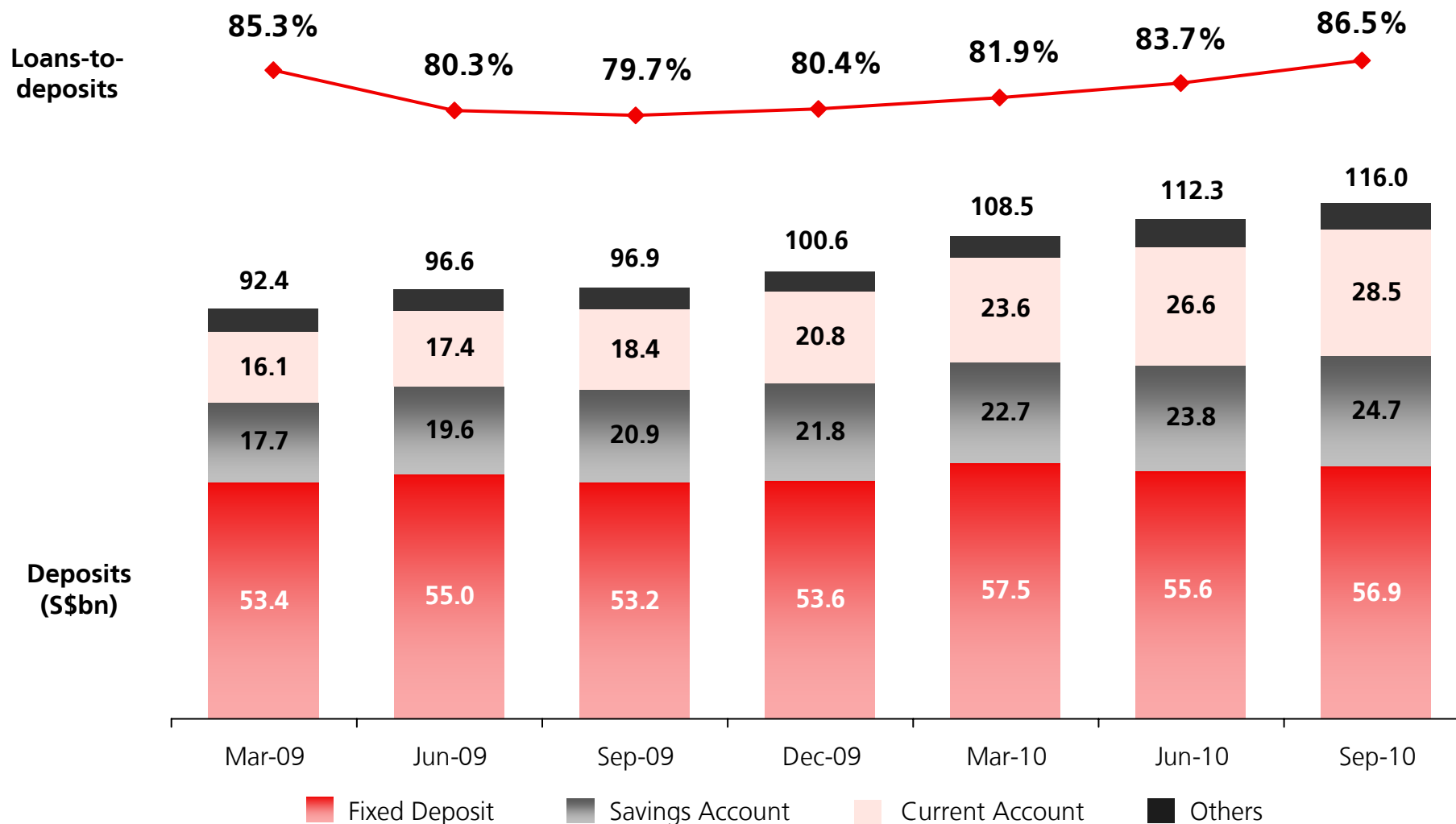


Customer Loans by Sector
As at 30 September 2010

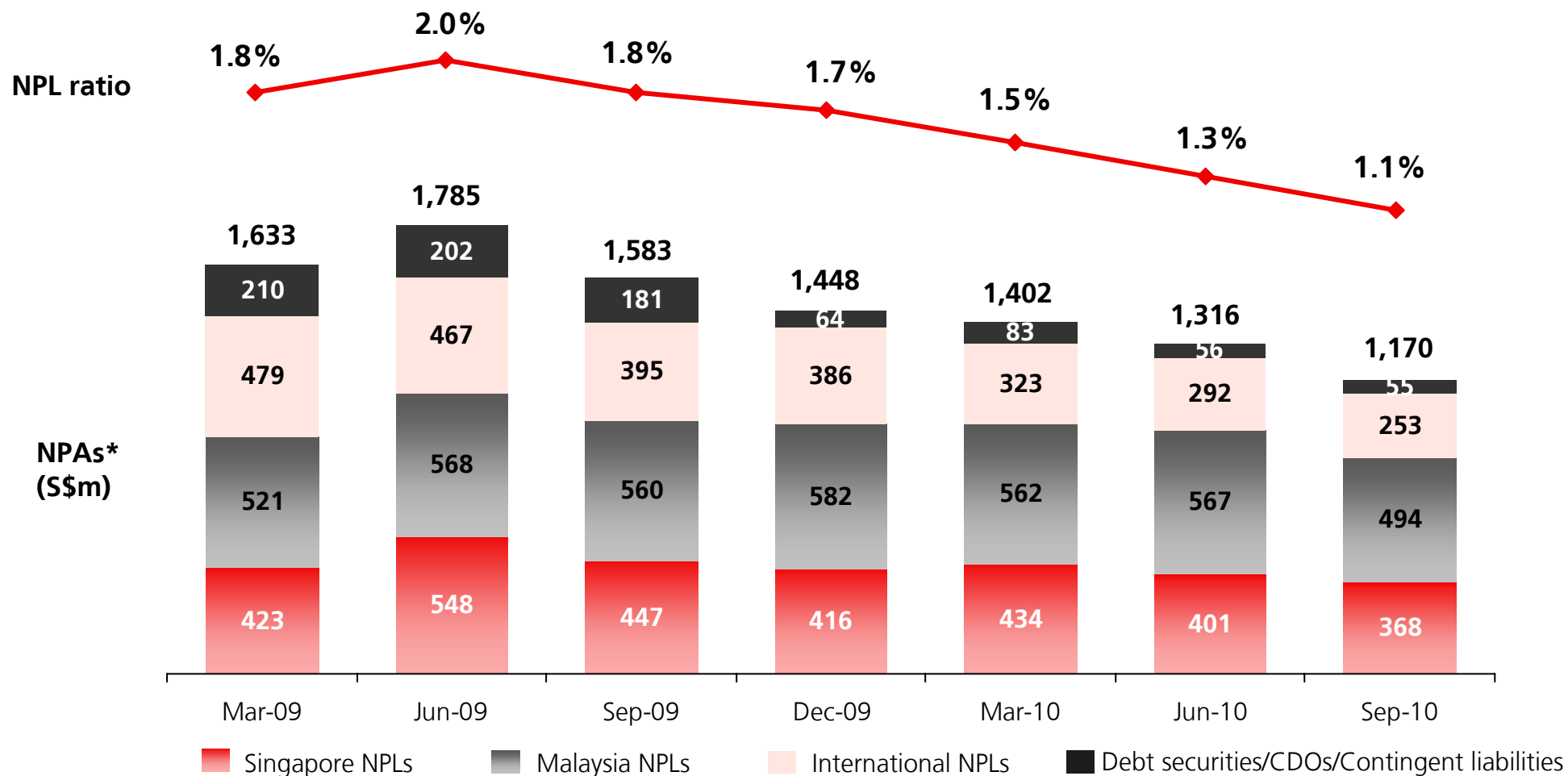


* Based on where the credit risks reside, which may be different from the country of the borrower or where the loans are booked

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

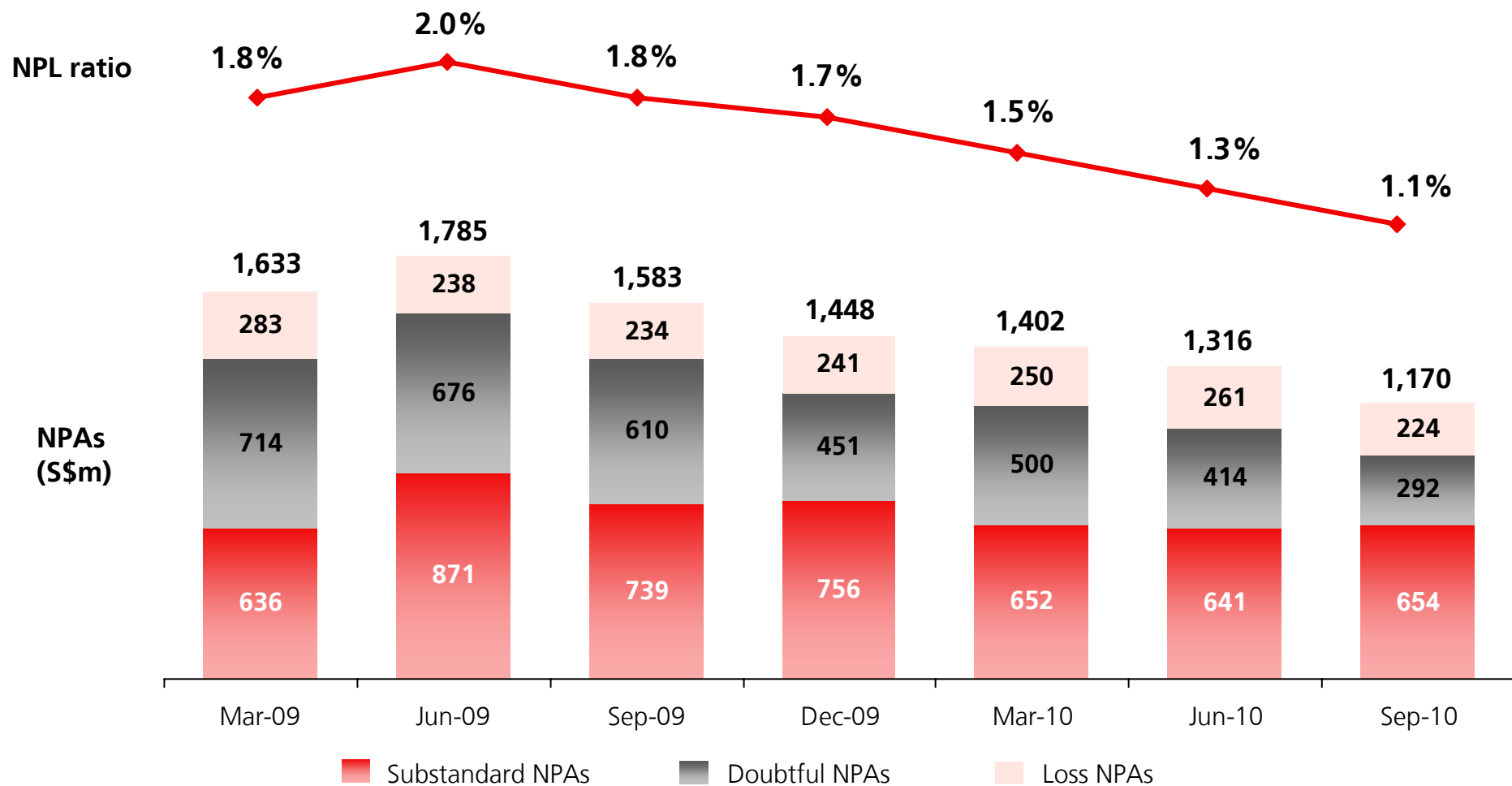


NPL ratio continued to decline



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

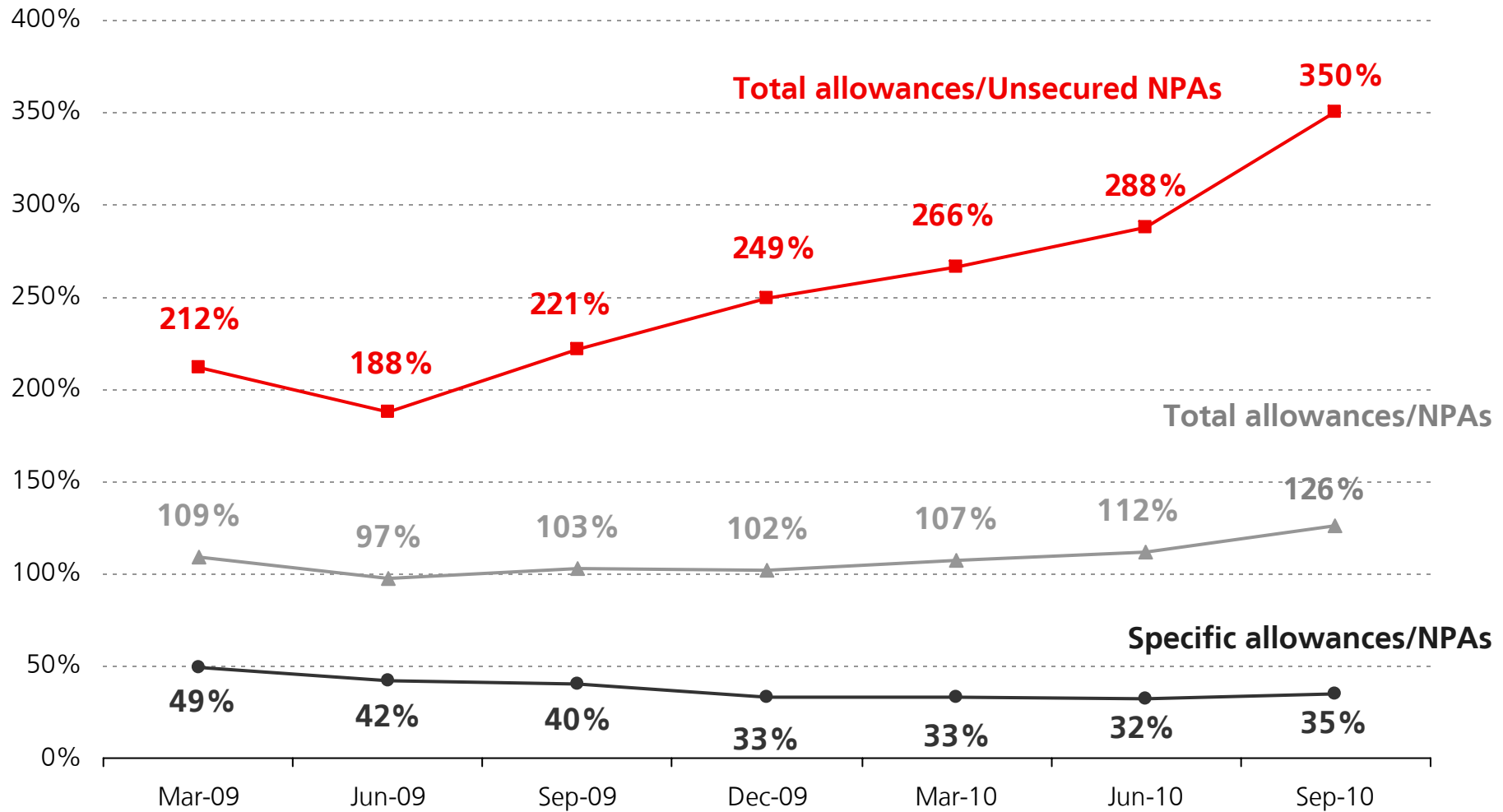
56% of NPAs in “substandard” category – typically well-collateralised or no overdues



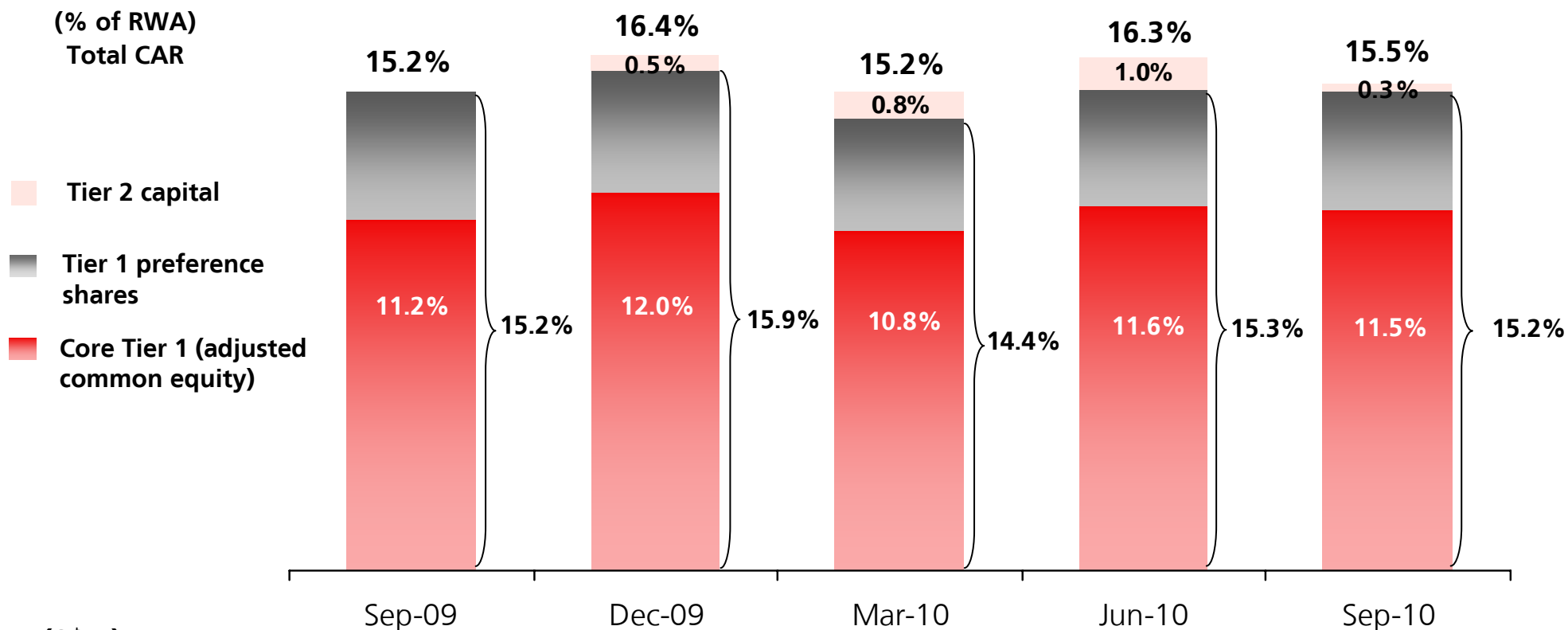
Inflow of new NPAs remained low, offset by recoveries and upgrades

	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)
Closing Balance (excl CDOs)	1,164	1,458	1,164	1,309	1,458
Add: Classified CDOs	6	125	6	7	125
Closing Balance (incl CDOs)	1,170	1,583	1,170	1,316	1,583

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
Tier 1 Capital	14,988	15,962	15,716	16,161	16,219
Tier 1 Prefs	3,957	3,958	3,965	3,966	3,965
RWA	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)	-
Operating Profit	287	243	18	251	14
Allowances	(53)	(42)	27	(32)	63
Tax	(62)	(49)	28	(56)	11
Net Profit	172	153	13	163	6

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
Operating Profit	839	767	9
Allowances	(106)	(122)	(13)
Tax	(189)	(162)	17
Net Profit	544	482	13

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
Operating Profit	197	220	(10)	176	11
Allowances	(25)	(13)	92	(26)	(6)
Tax	(44)	(59)	(25)	(38)	16
Net Profit	130	148	(12)	114	15

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
Operating Profit	579	645	(10)
Allowances	(89)	(205)	(56)
Tax	(124)	(130)	(5)
Net Profit	370	310	20

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