

Third Quarter 2011 Results

Presentation

3 November 2011



Ask OCBC
www.ocbc.com



Agenda

Results Overview

Performance Trends

Appendix: Financial Highlights of
Malaysia and Indonesia Subsidiaries

Notes: Amounts less than S\$0.5 million are shown as "0";
NM denotes not meaningful;
Figures may not sum to stated totals because of rounding



3Q11 Highlights

Our core customer-related earnings continued to grow:

- Net interest income grew strongly, driven by broad-based loan growth
- Fee income grew from the contribution of increased wealth management, loan and trade-related activity
- Insurance new sales and new business embedded value both grew

Volatile financial markets had an adverse impact:

- Trading performance suffered as a result of the challenging market
- Income from insurance declined because of mark-to-market impact on Great Eastern Holding's Non-participating fund

Operating expenses reflected disciplined cost management; asset quality sound across all key markets and industry segments, NPL ratio improved

3Q11 core net profit of \$513m, down 10% YoY due to poor trading performance and lower insurance income

OCBC Group	3Q11 S\$m	3Q10 S\$m	YoY +/(-)%	2Q11 S\$m	QoQ +/(-)%
Net interest income	874	754	16	827	6
Non-interest income	436	621	(30)	586	(26)
Total income	1,310	1,375	(5)	1,413	(7)
Operating expenses	(611)	(573)	7	(618)	(1)
Operating profit	699	802	(13)	795	(12)
Amortisation of intangibles	(15)	(16)	(3)	(16)	-
Allowances	(38)	(43)	(14)	(56)	(33)
Associates & JVs	3	0	336	19	(86)
Tax & non-controlling interests	(136)	(173)	(22)	(165)	(18)
Core net profit	513	570	(10)	577	(11)
Divestment gain, net of tax	-	-	-	-	-
Reported net profit	513	570	(10)	577	(11)

9M11 core net profit down 4% YoY largely due to impact of volatile financial markets on 3Q11 trading and insurance income

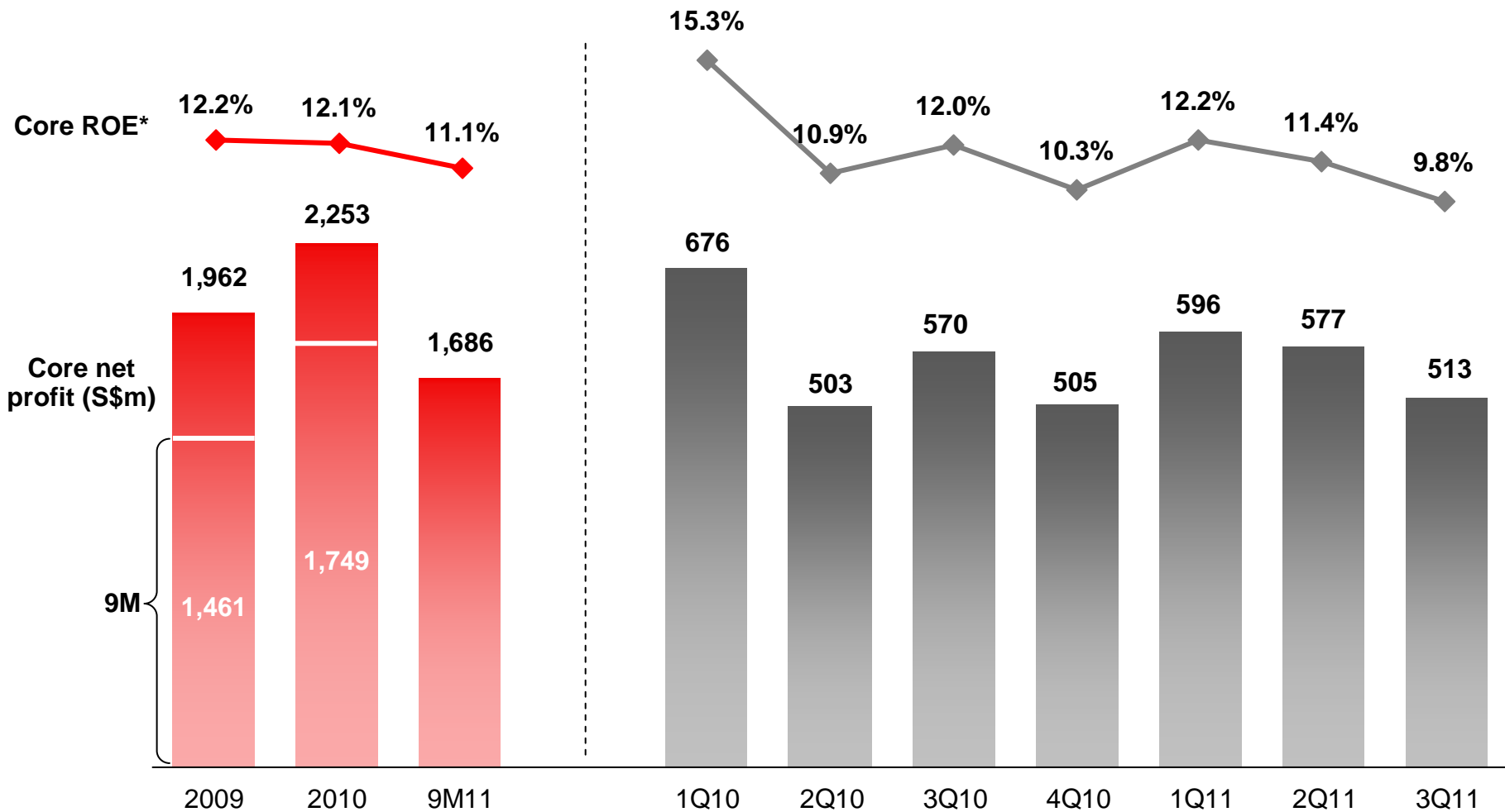
OCBC Group	9M11 S\$m	9M10 S\$m	YoY +/(-)%
Net interest income	2,486	2,178	14
Non-interest income	1,639	1,818	(10)
Total income	4,125	3,996	3
Operating expenses	(1,810)	(1,634)	11
Operating profit	2,315	2,362	(2)
Amortisation of intangibles	(46)	(39)	17
Allowances	(143)	(86)	66
Associates & JVs	33	(1)	NM
Tax & Non-controlling interests	(473)	(487)	(3)
Core net profit	1,686	1,749	(4)
Divestment gain, net of tax	32 ^{1/}	-	-
Reported net profit	1,718	1,749	(2)

1/ Gain from divestment of property at Bassein Road, Singapore

Key ratios

Based on core earnings	3Q11 %	2Q11 %	3Q10 %	9M11 %	9M10 %
Net interest margin	1.85	1.87	1.98	1.87	1.99
Non-interest income / Total income	33.3	41.4	45.1	39.7	45.5
Costs / Income	46.6	43.7	41.7	43.9	40.9
Loans / Deposits	88.0	89.1	86.5	88.0	86.5
NPL Ratio	0.7	0.8	1.1	0.7	1.1
Allowances / NPAs	129.8	123.2	125.8	129.8	125.8
ROE	9.8	11.4	12.0	11.1	12.7
Cash ROE	10.1	11.7	12.3	11.4	13.0

ROE of 11.1% for 9M11 reflected adverse impact of volatile financial markets on net profits

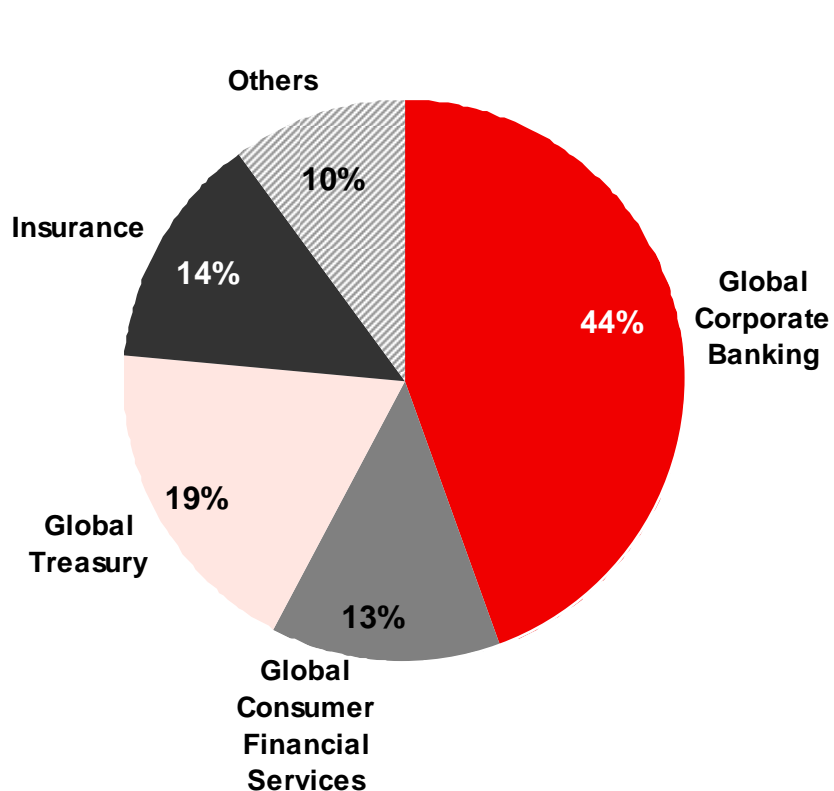


* 9M and quarterly figures annualised

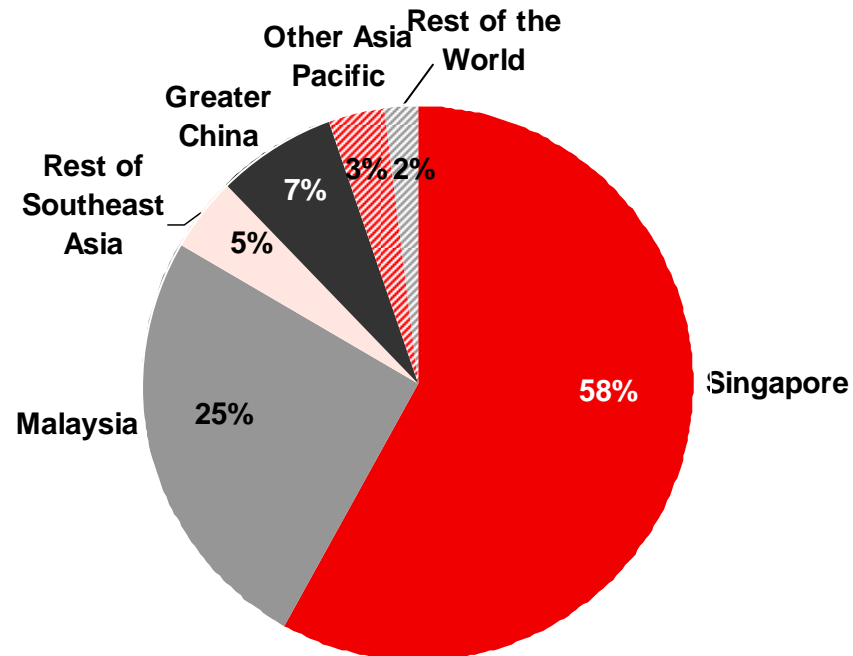


Profit contribution by business and geography

9M11 PBT
by Business*



9M11 PBT
by Geography



* Operating profit before joint income elimination and before items not attributed to business segments

GEH: 3Q11 net profit contribution down as volatile markets resulted in lower investment profits from Non-participating fund

GEH Contribution	3Q11 S\$m	3Q10 S\$m	YoY +/(-)%	2Q11 S\$m	QoQ +/(-)%
Total income	113 ^{1/}	234	(52)	194	(42)
Operating expenses	(49)	(36)	35	(51)	(4)
Operating profit	64	198	(68)	144	(55)
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	0	NM	(0)	NM
Associates & JVs	(4)	(1)	279	(1)	228
Tax & non-controlling interests	(23)	(48)	(51)	(37)	(37)
Net profit contribution	25	137	(82)	93	(73)

1/ Includes the impact of GEH's change in discount rates used in valuing part of its liabilities in its Singapore insurance funds, from Singapore Government Securities ("SGS") yields to zero-coupon SGS yields, with effect from 1 July 2011. The overall financial impact on GEH was S\$89 million in 3Q11, comprising S\$38 million attributable to changes in 3Q11 and S\$51 million attributable to the prior periods

GEH: 9M11 net profit contribution down 27% YoY largely due to 3Q11 impact from volatile markets

GEH Contribution	9M11 S\$m	9M10 S\$m	YoY +/(-)%
Total income	529	613	(14)
Operating expenses	(141)	(114)	24
Operating profit	388	499	(22)
Amortisation of intangibles	(35)	(35)	-
Allowances	(1)	(4)	(84)
Associates & JVs	(4)	(5)	(18)
Tax & non-controlling interests	(101)	(115)	(12)
Net profit contribution	248	340	(27)

Results excluding GEH: Core banking business remained robust, 3Q11 net profit up 13% YoY

OCBC excluding GEH	3Q11 S\$m	3Q10 S\$m	YoY +/(-)%	2Q11 S\$m	QoQ +/(-)%
Net interest income	860	735	17	815	6
Non-interest income	336	406	(17)	403	(17)
Total income	1,196	1,141	5	1,218	(2)
Operating expenses	(561)	(537)	5	(567)	(1)
Operating profit	635	604	5	652	(3)
Amortisation of intangibles	(4)	(4)	(13)	(4)	-
Allowances	(37)	(43)	(15)	(57)	(34)
Associates & JVs	6	2	301	20	(68)
Tax & non-controlling interests	(111)	(126)	(12)	(128)	(13)
Core net profit	489	433	13	484	1
Divestment gain, net of tax	-	-	-	-	-
Reported net profit	489	433	13	484	1

Results excluding GEH: 9M11 core net profit up 2% YoY

OCBC excluding GEH	9M11 S\$m	9M10 S\$m	YoY +/(-)%
Net interest income	2,447	2,124	15
Non-interest income	1,149	1,259	(9)
Total income	3,596	3,383	6
Operating expenses	(1,669)	(1,520)	10
Operating profit	1,927	1,863	3
Amortisation of intangibles	(11)	(4)	164
Allowances	(142)	(82)	74
Associates & JVs	37	4	784
Tax & non-controlling interests	(372)	(373)	-
Core net profit	1,439	1,408	2
Divestment gain, net of tax	32 ^{1/}	-	-
Reported net profit	1,471	1,408	4

1/ Gain from divestment of property at Bassein Road, Singapore

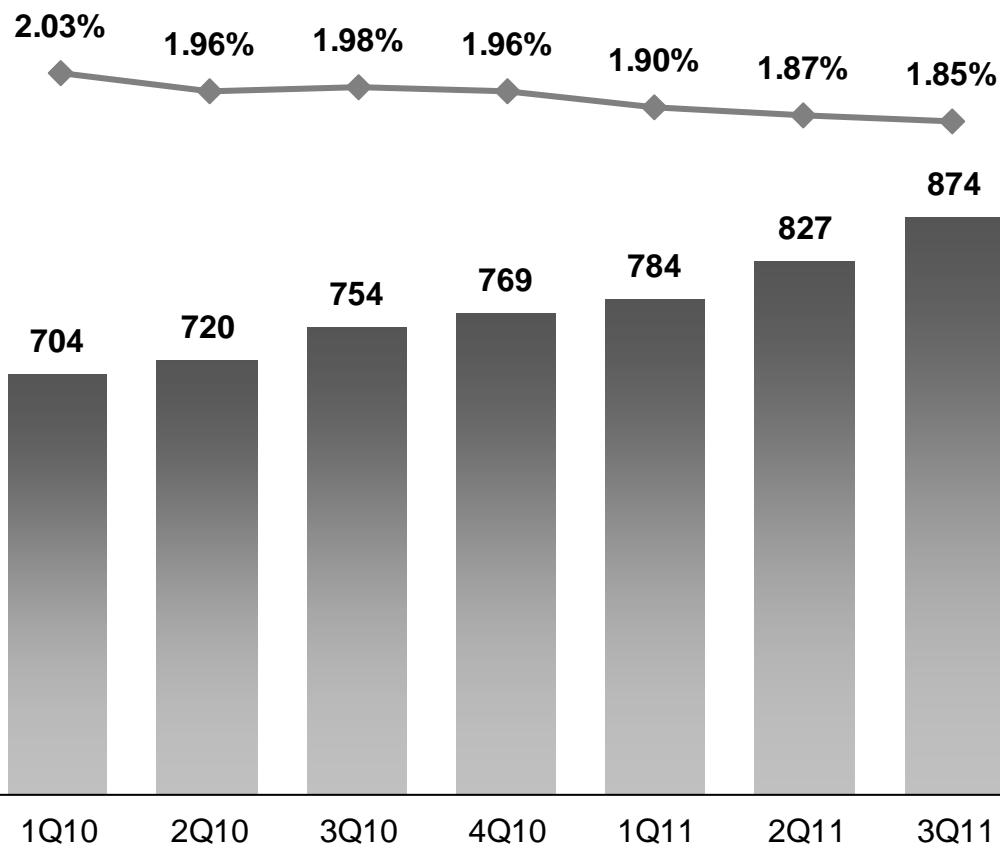
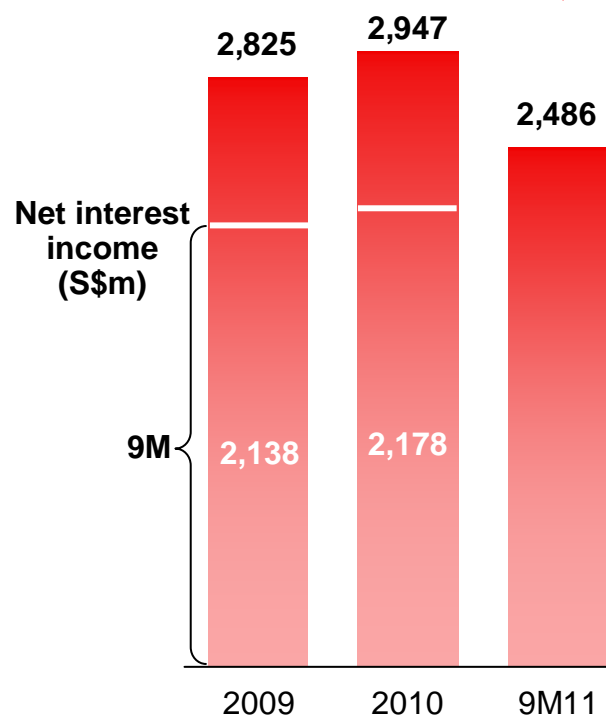
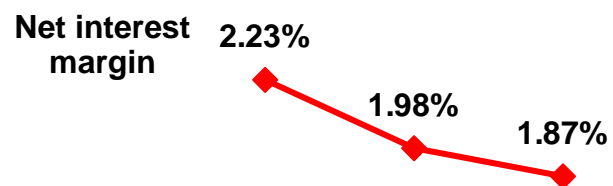
Agenda

Results Overview

Performance Trends

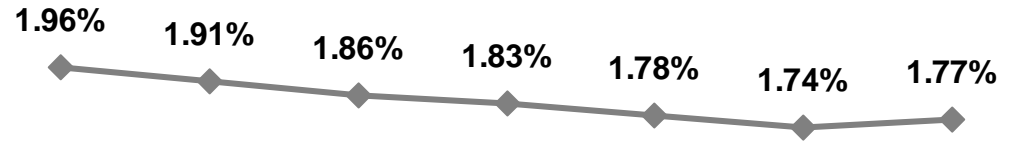
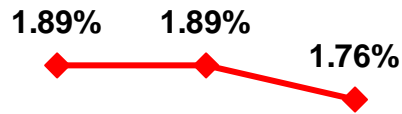
Appendix: Financial Highlights of
Malaysia and Indonesia Subsidiaries

Net interest income up 6% QoQ; margin compression slowed

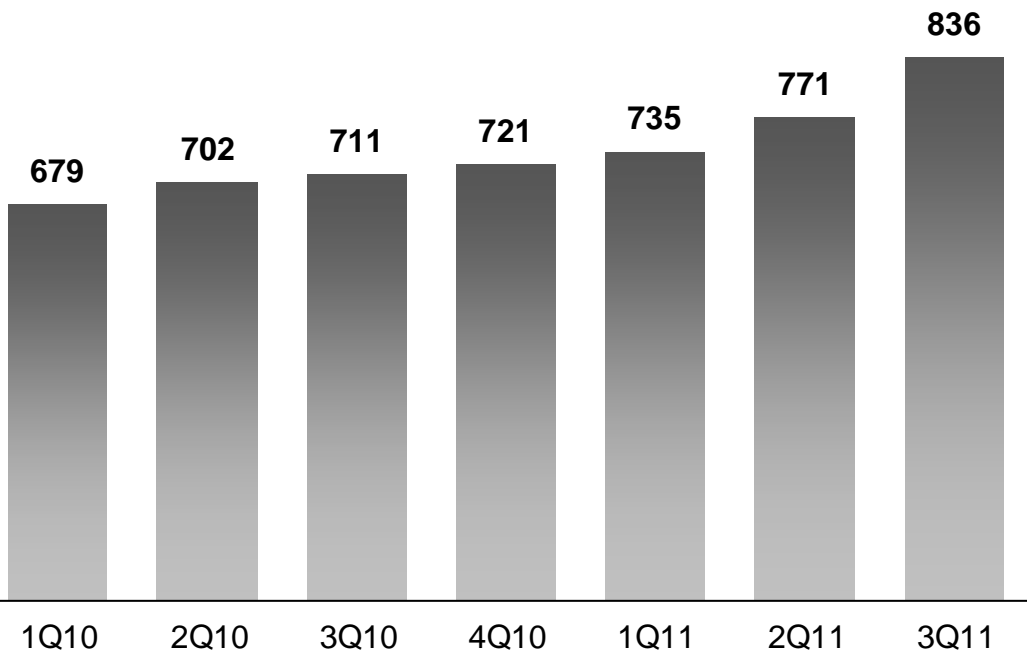
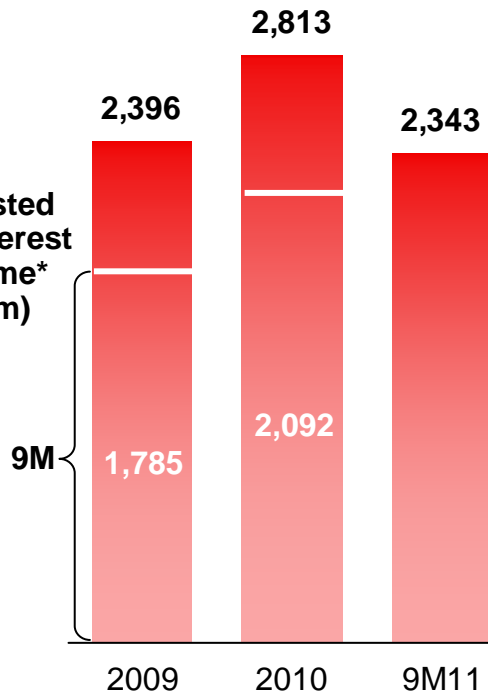


Net interest income less allowances improved 8% QoQ; adjusted NIM* increased by 3 bps QoQ

Adjusted net interest margin*

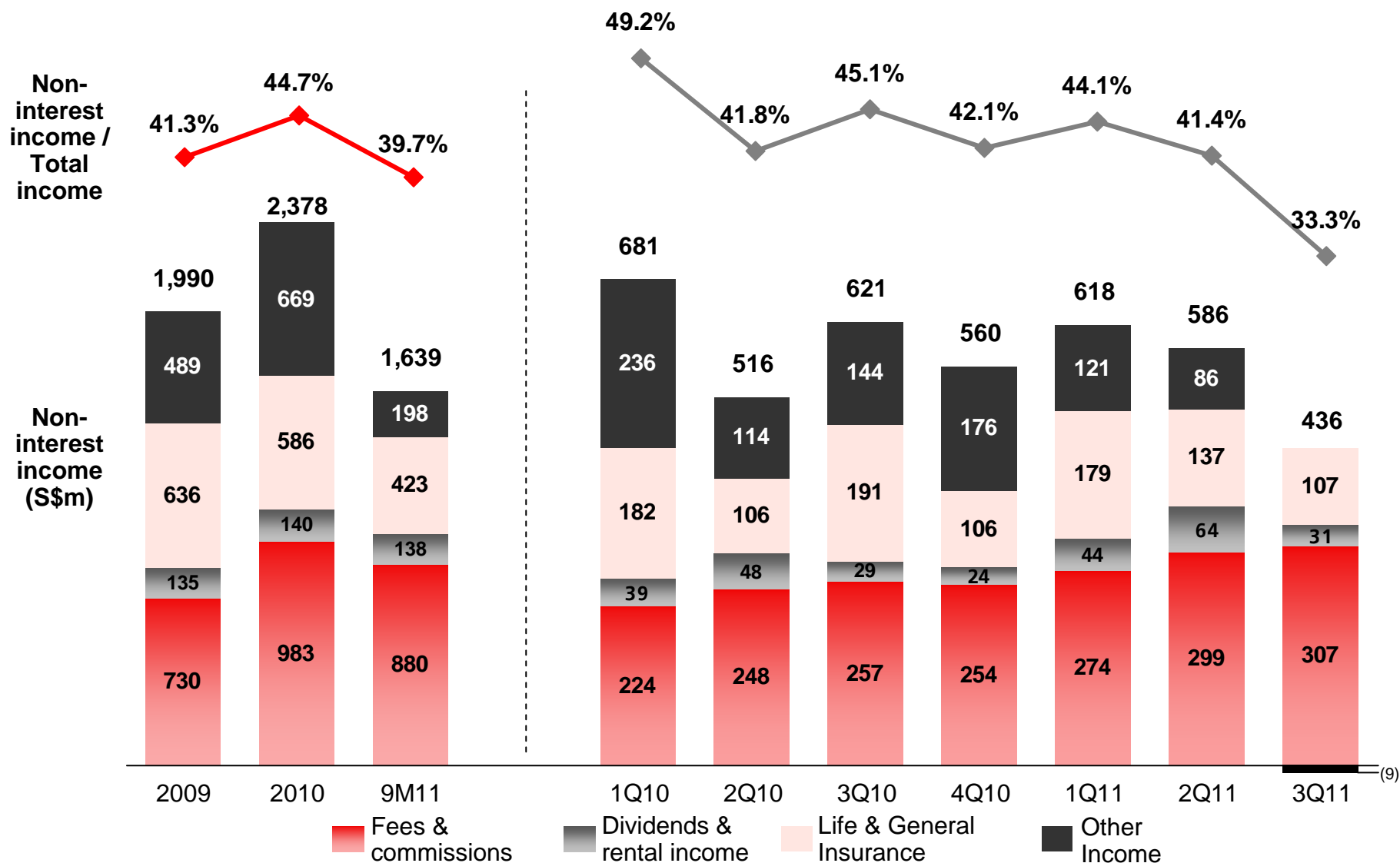


Adjusted net interest income* (S\$m)



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

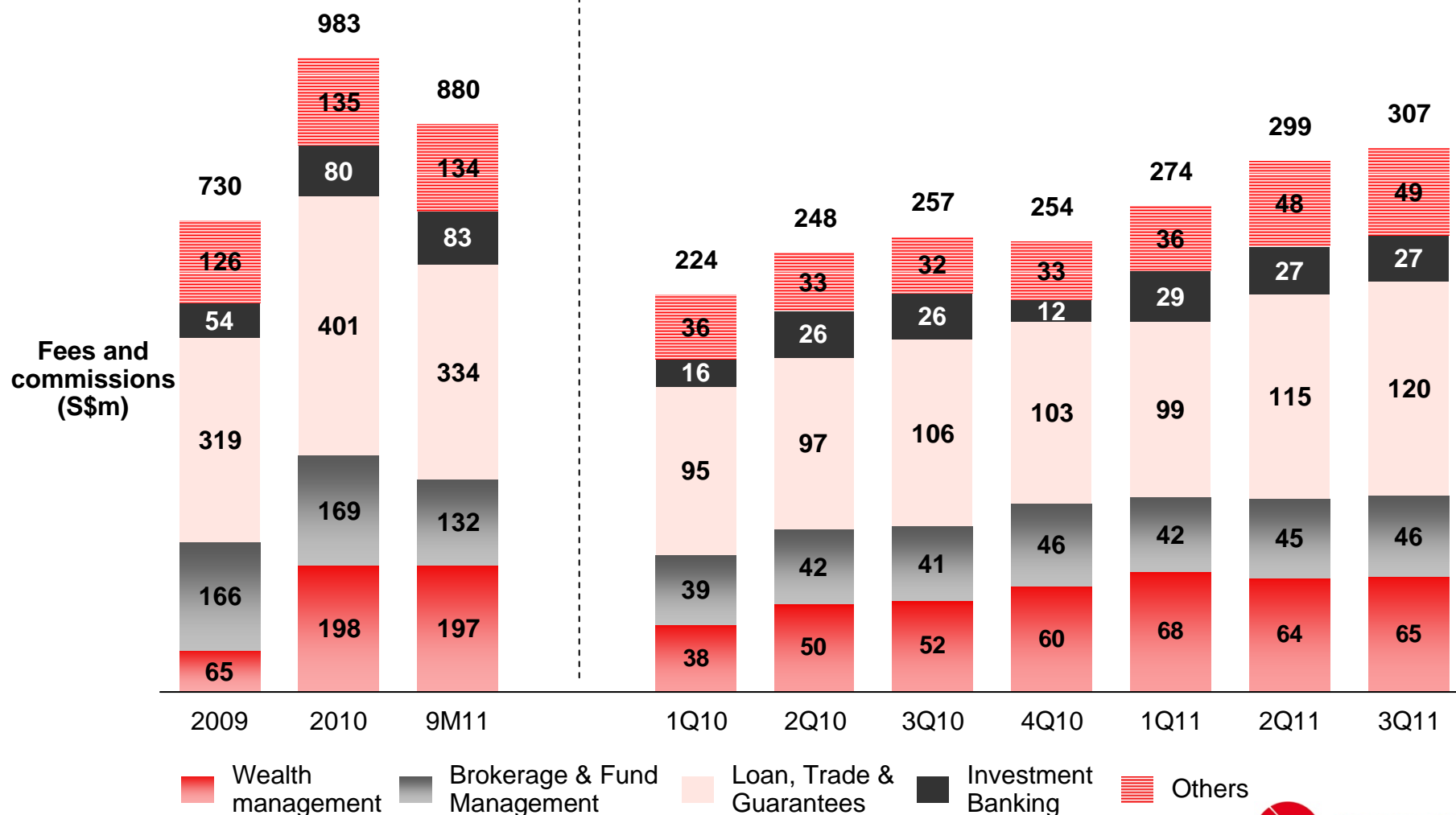
Non-interest income down 26% QoQ due to poor trading performance and lower insurance income



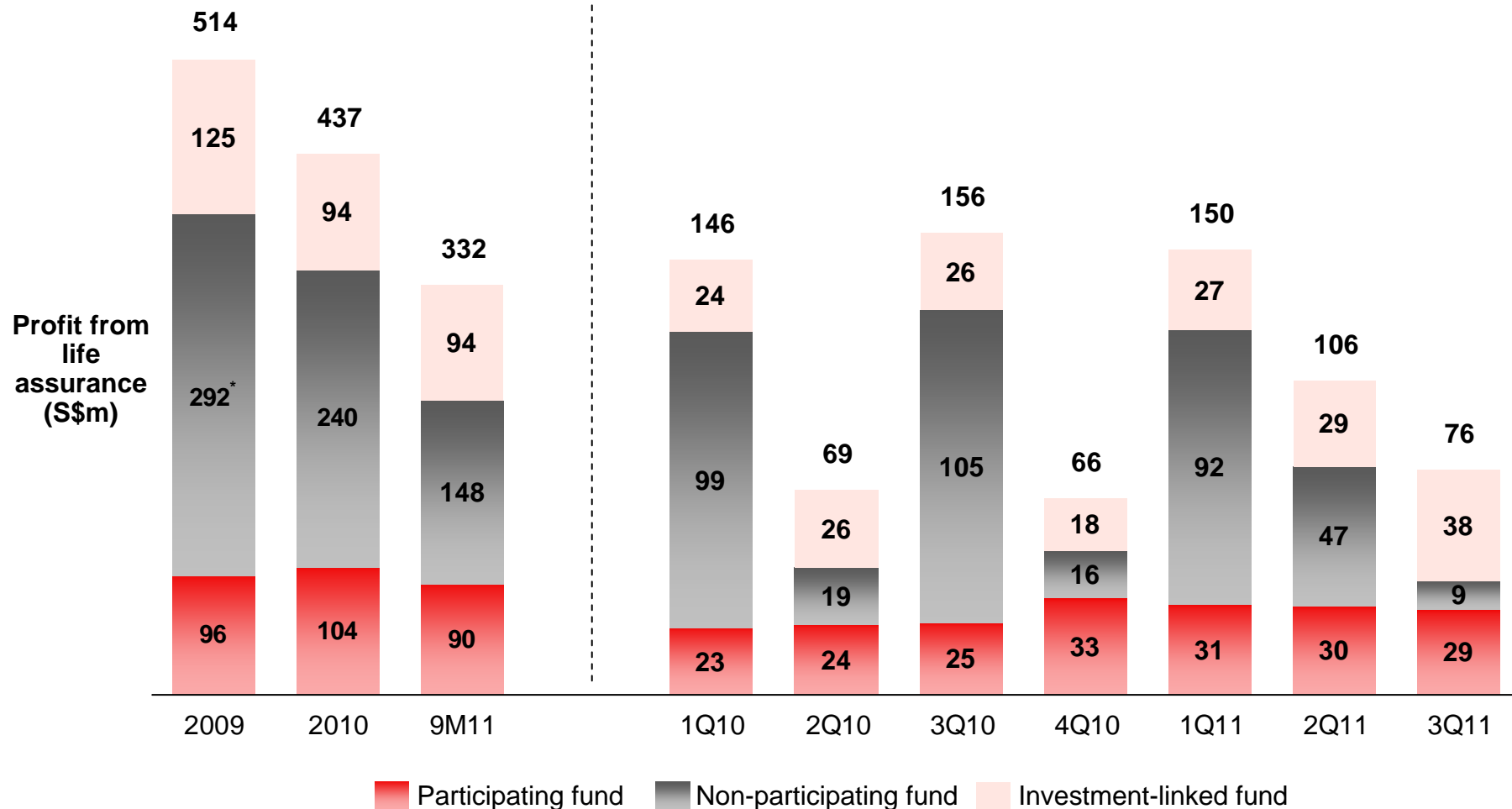
Note: Excludes gains from divestment of non-core assets



Fee income increased 20% YoY, led by wealth management, loan and trade-related fees

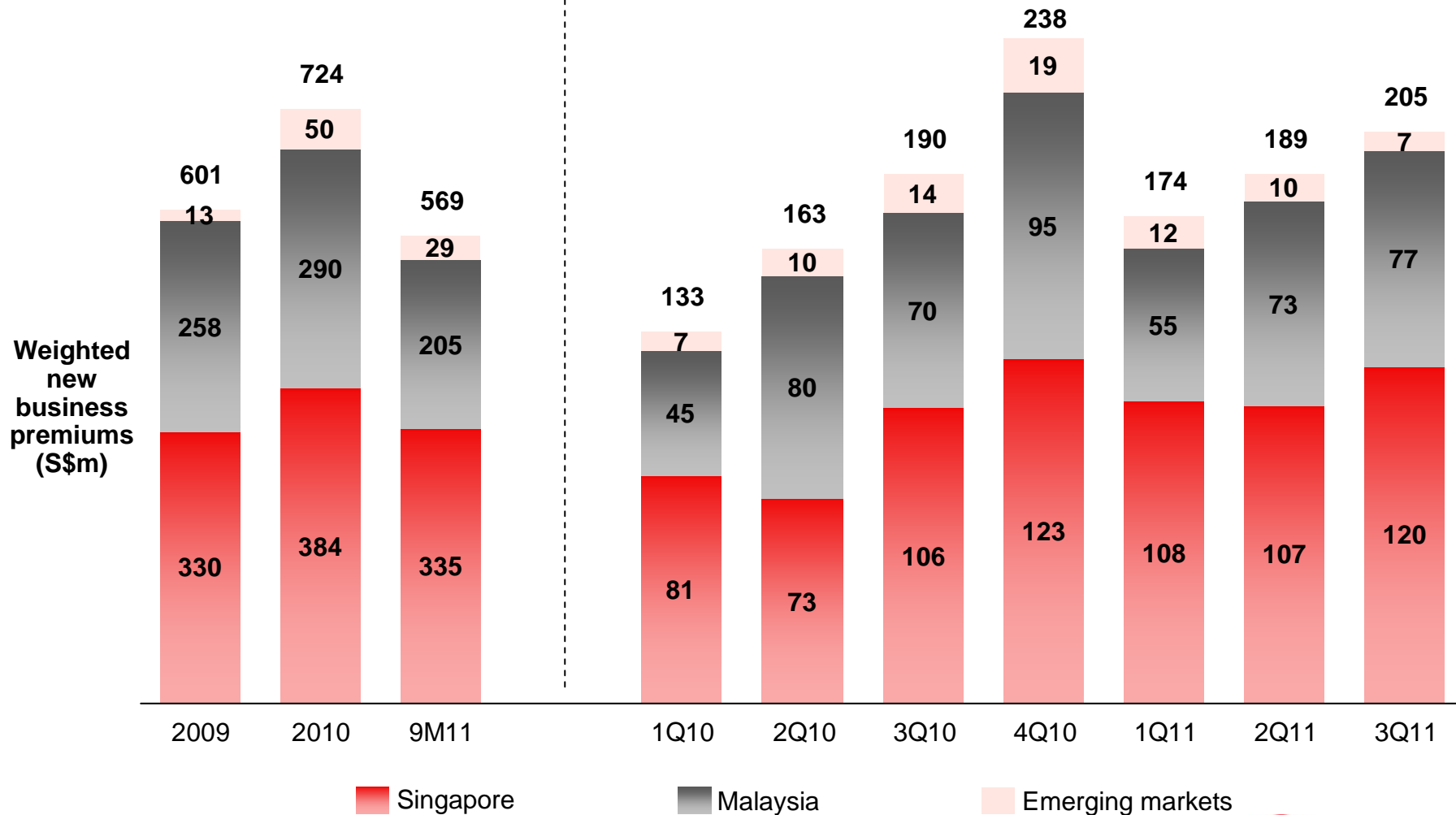


GEH: Profit from life assurance reflected weaker investment performance in Non-participating fund during the quarter



*Adjusted to include GreatLink Choice loss

GEH: Underlying insurance businesses remained robust, with total weighted new sales up 8% YoY

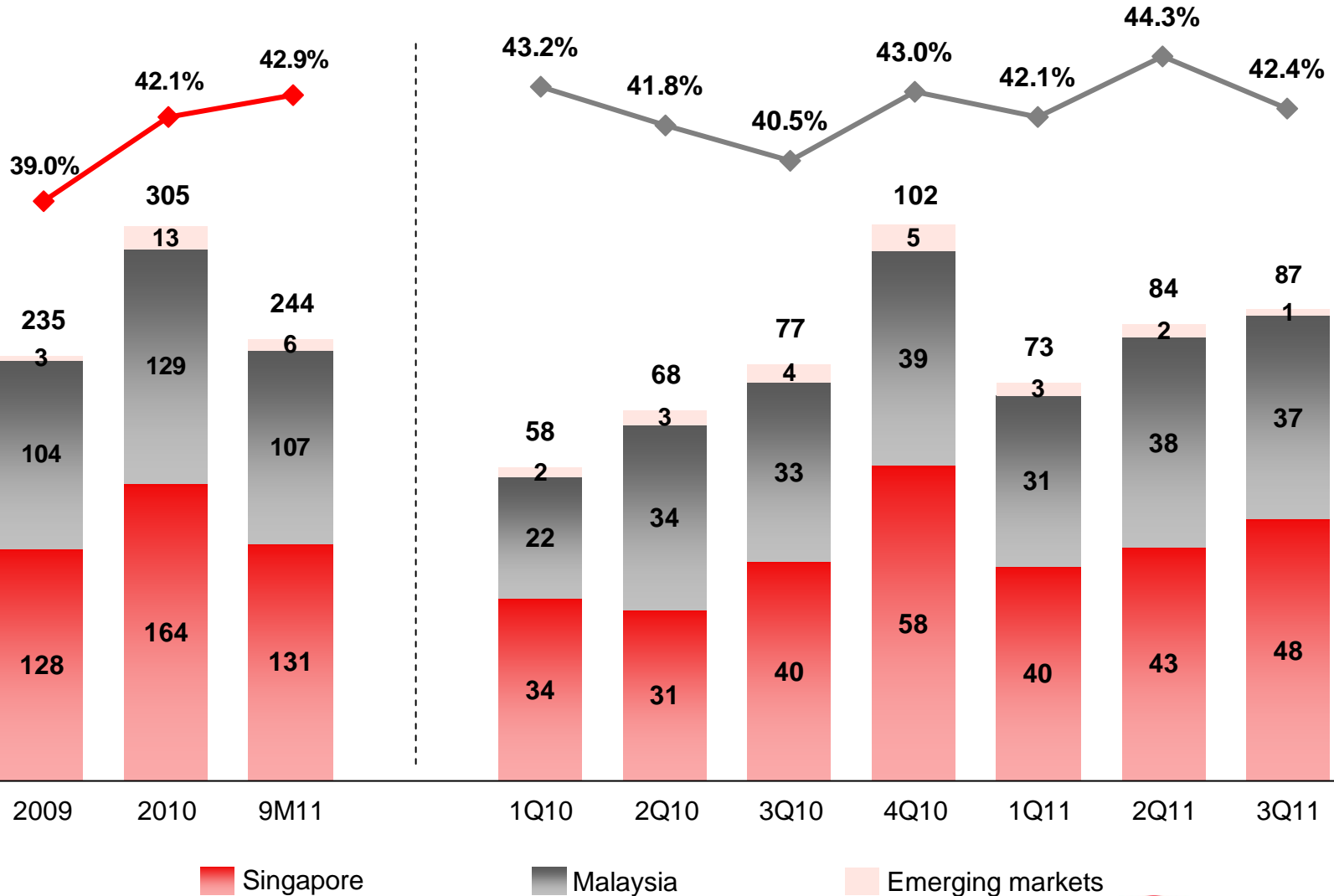


Note: QoQ comparison not relevant given seasonality of insurance sales



GEH: Underlying insurance profitability continued to improve, new business embedded value up 13% YoY

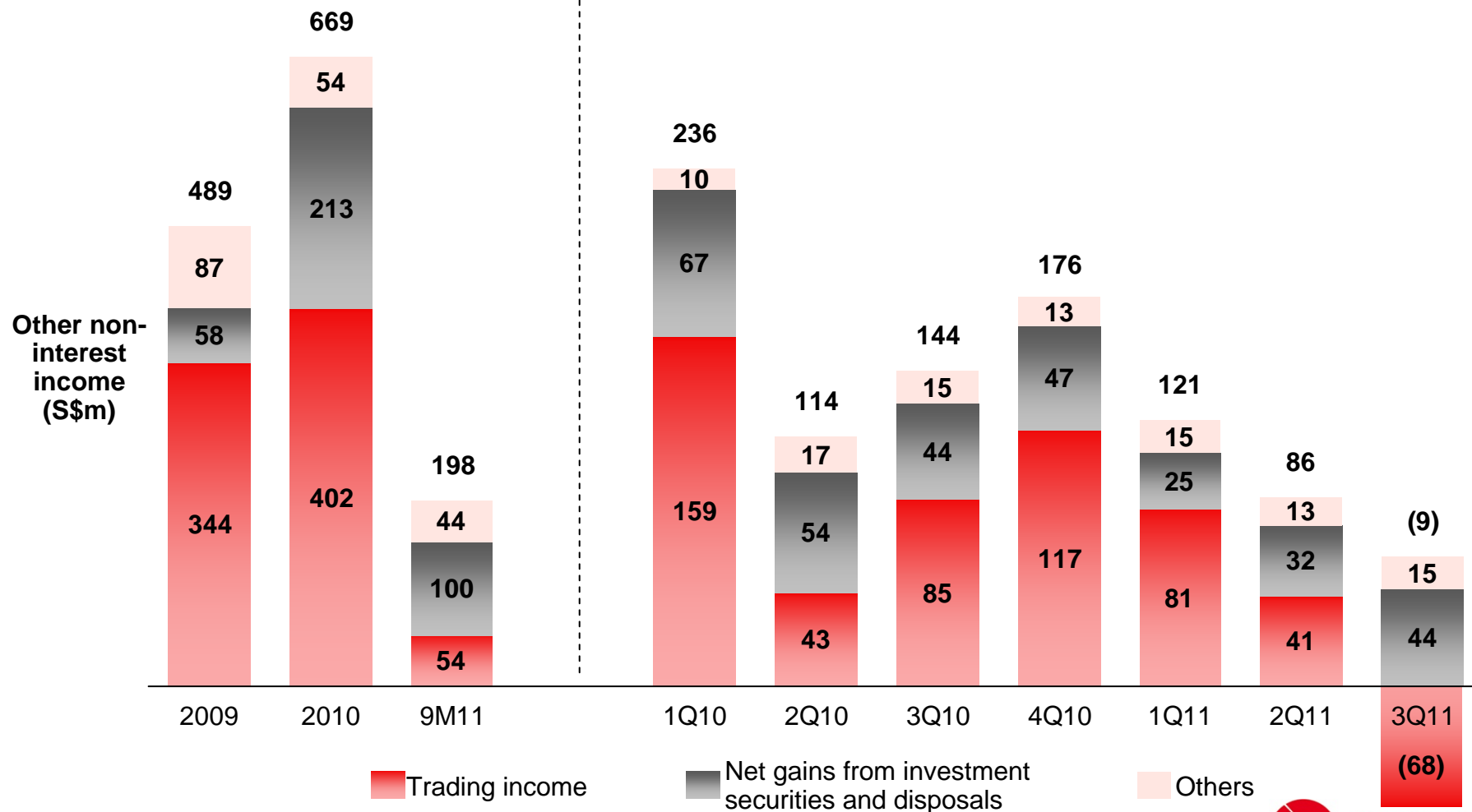
NBEV / Total weighted new sales



Note: QoQ comparison not relevant given seasonality of insurance sales



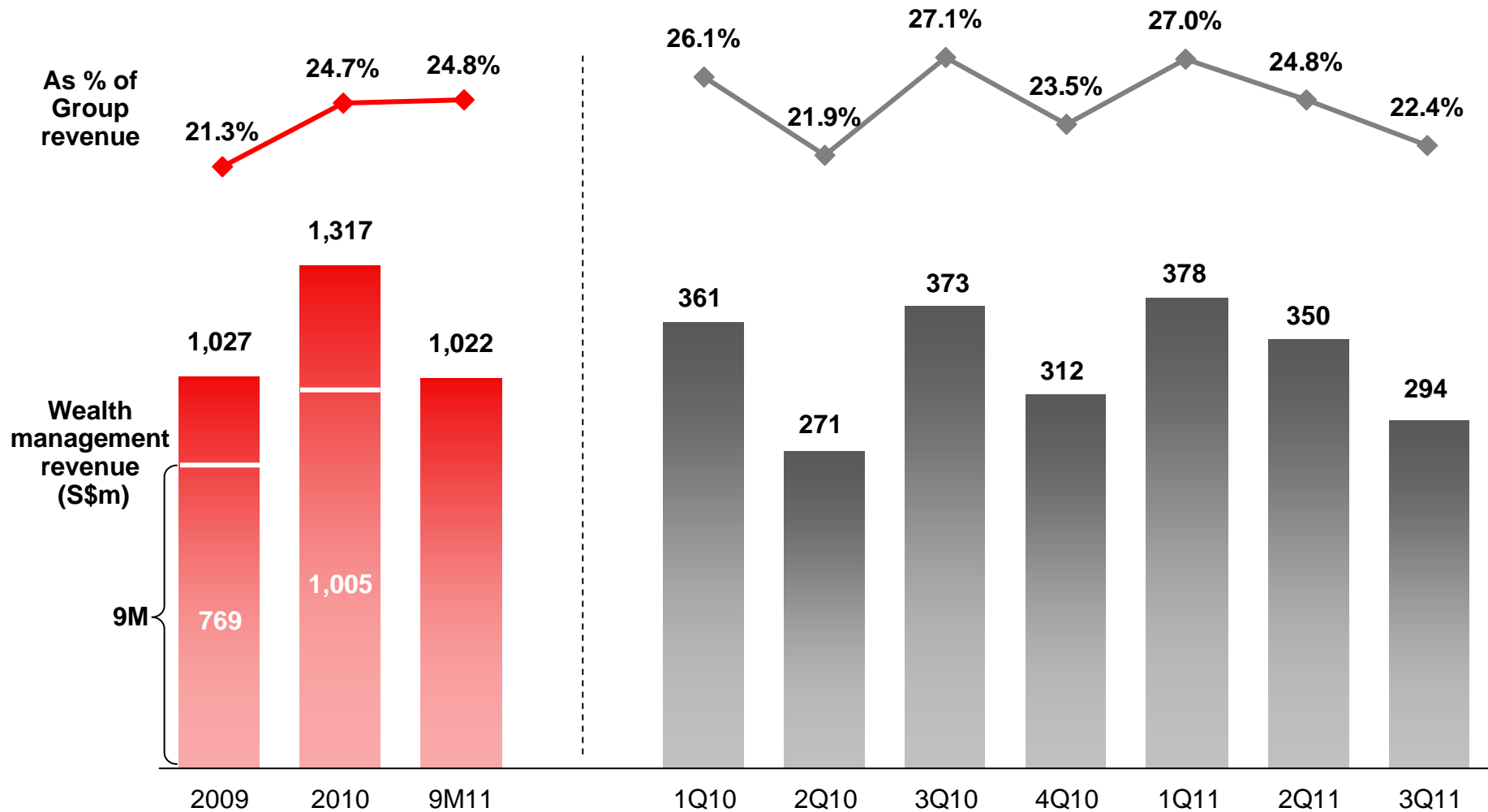
Poor trading performance under challenging financial market conditions



Note: Excludes gains from divestment of non-core assets



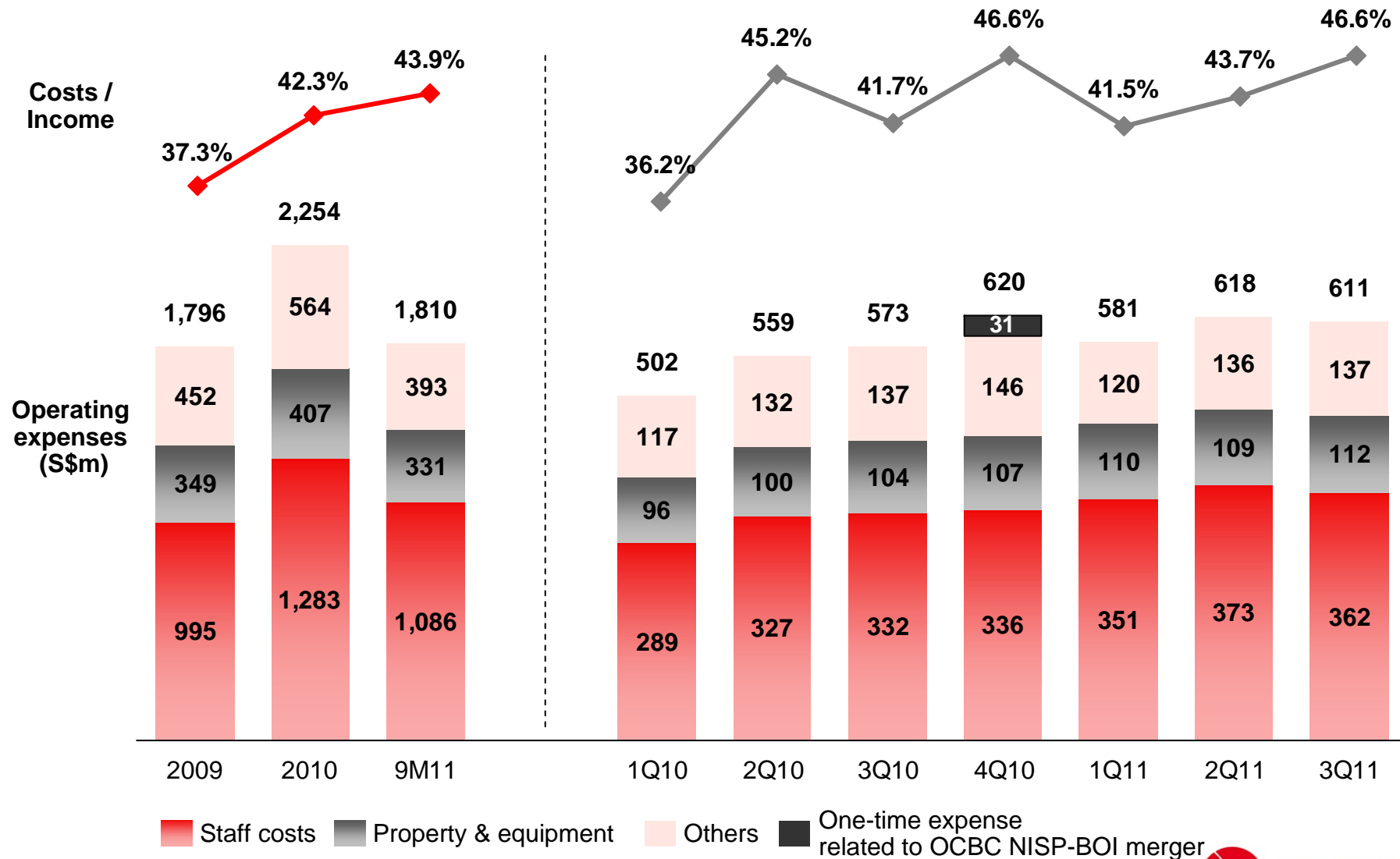
Wealth management revenue impacted by lower insurance income



Note: Comprises the consolidated revenue from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's revenue from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers



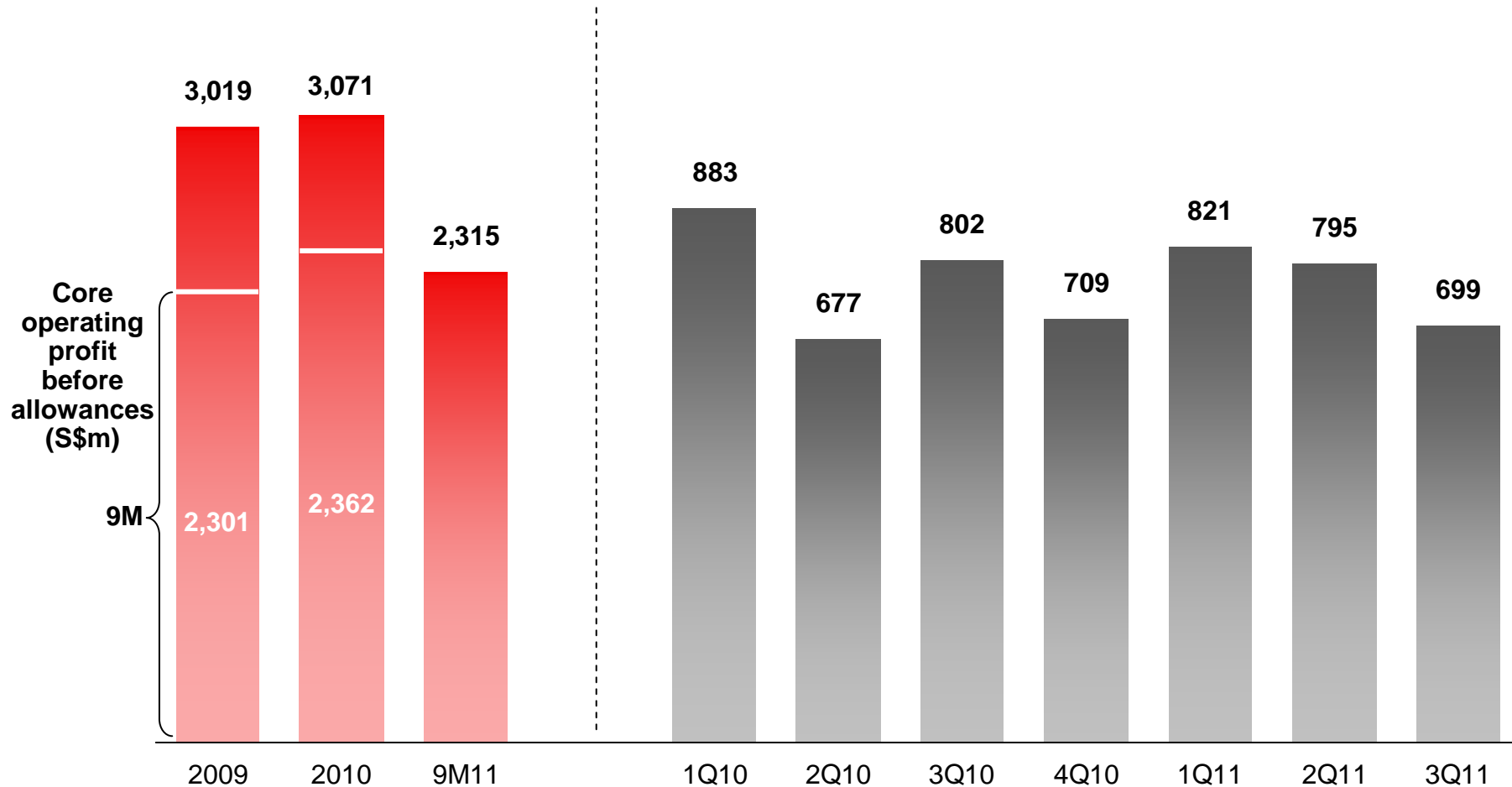
Disciplined cost management resulted in a modest 7% YoY increase in expenses



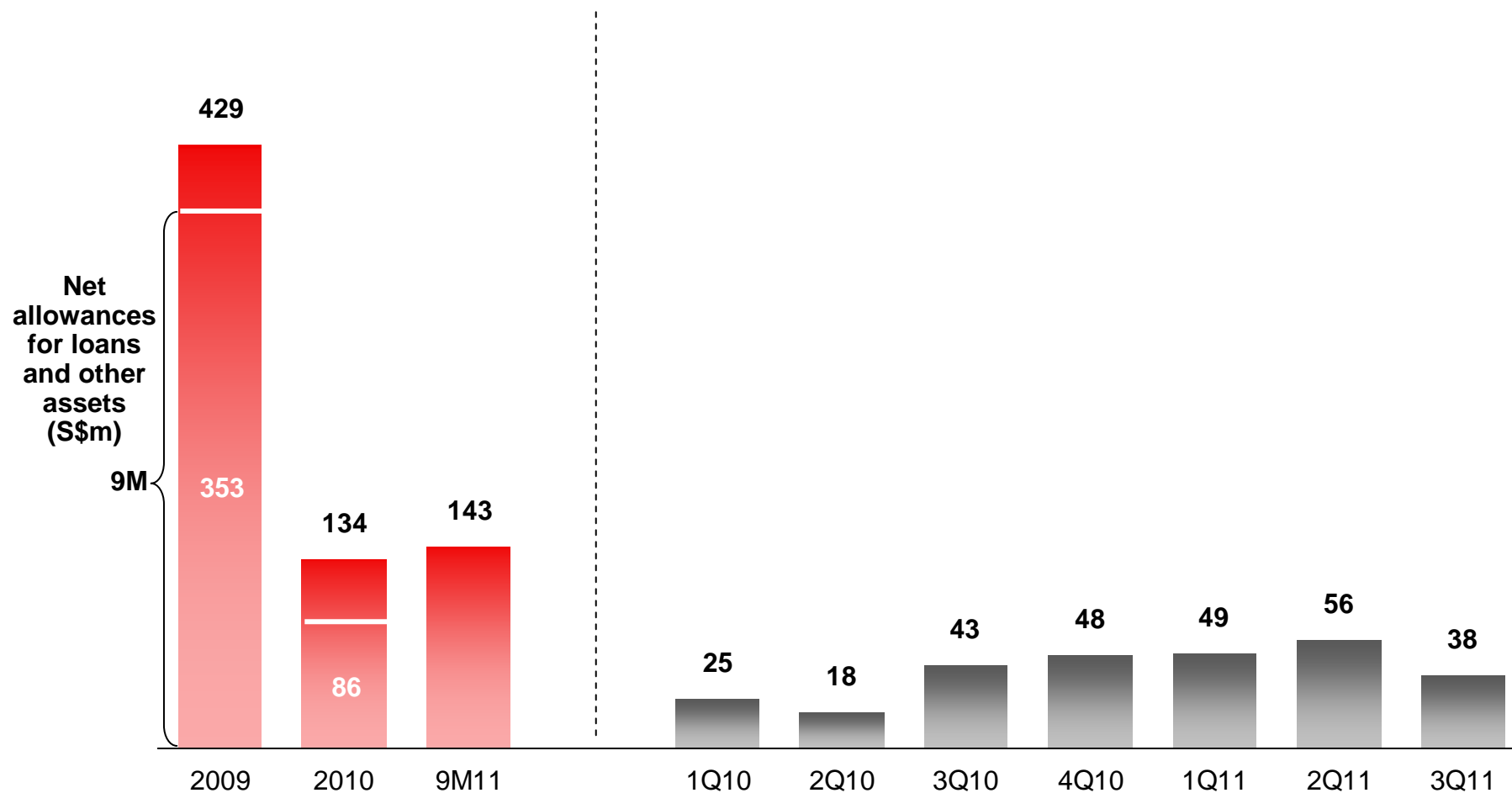
Note: Cost-to-income ratio excludes gains from divestment of non-core assets



Core operating profit of \$699m, down 13% YoY



Net allowances continue to reflect sound portfolio quality



Breakdown of allowances

	3Q11 S\$m	2Q11 S\$m	3Q10 S\$m	9M11 S\$m	9M10 S\$m
Specific allowances for loans	16	3	16	31	32
Portfolio allowances for loans	23	54	29	107	64
Allowances for other assets (Write-back)	(1)	(1)	(2)	5	(10)
Total net allowances	38	56	43	143	86
Specific loan allowances/average loans (bps)*	5	1	7	4	5

* Annualised

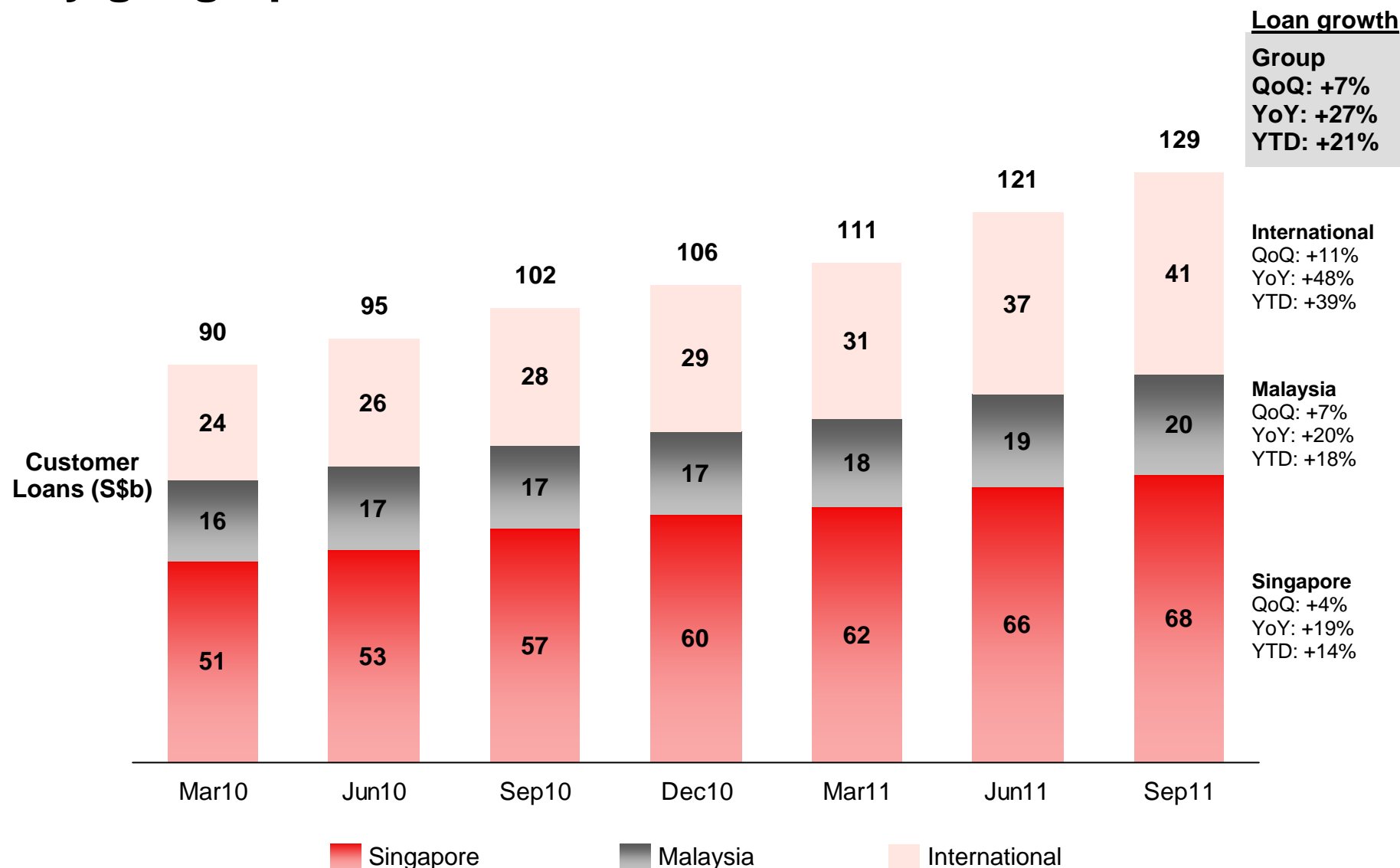
Movement in specific allowances for loans

	3Q11 S\$m	2Q11 S\$m	3Q10 S\$m	9M11 S\$m	9M10 S\$m
Allowances for new and existing NPLs	48	41	77	144	200
Write-backs ^{1/}	(22)	(26)	(49)	(76)	(136)
Recoveries ^{2/}	(10)	(12)	(11)	(37)	(32)
Net specific allowances	16	3	16	31	32

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

Loan growth of 7% QoQ and 21% YTD, broad-based across key geographies

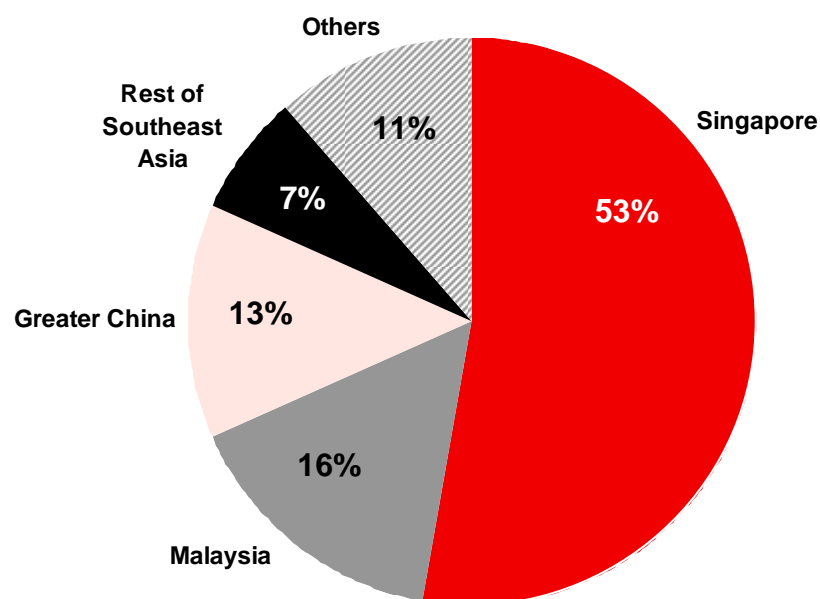


Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

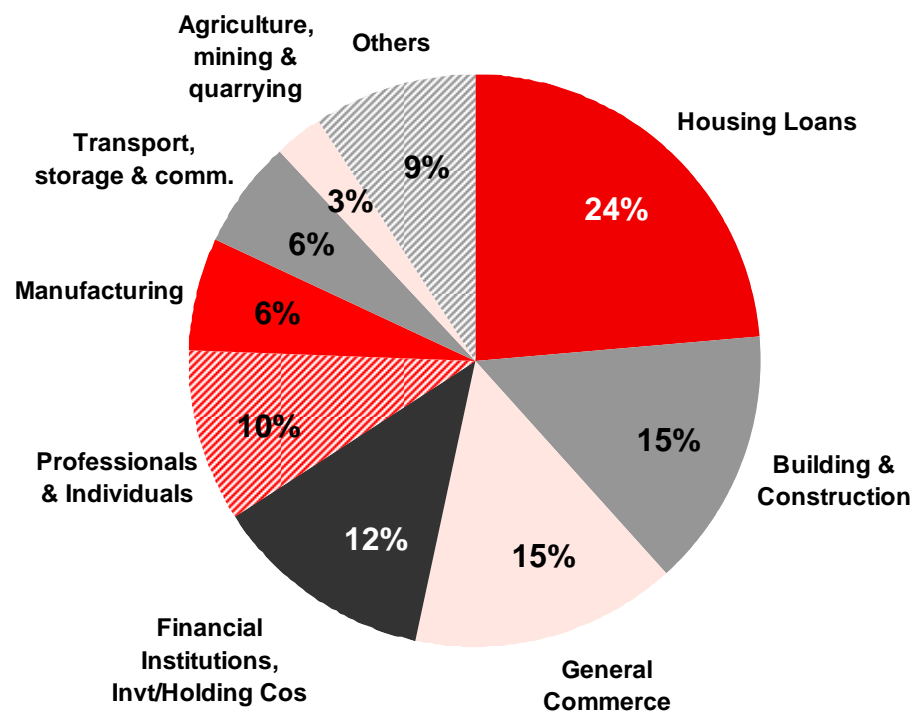


Loan book remained diversified across geographies and sectors

**Customer Loans by Geography
As of 30 September 2011**

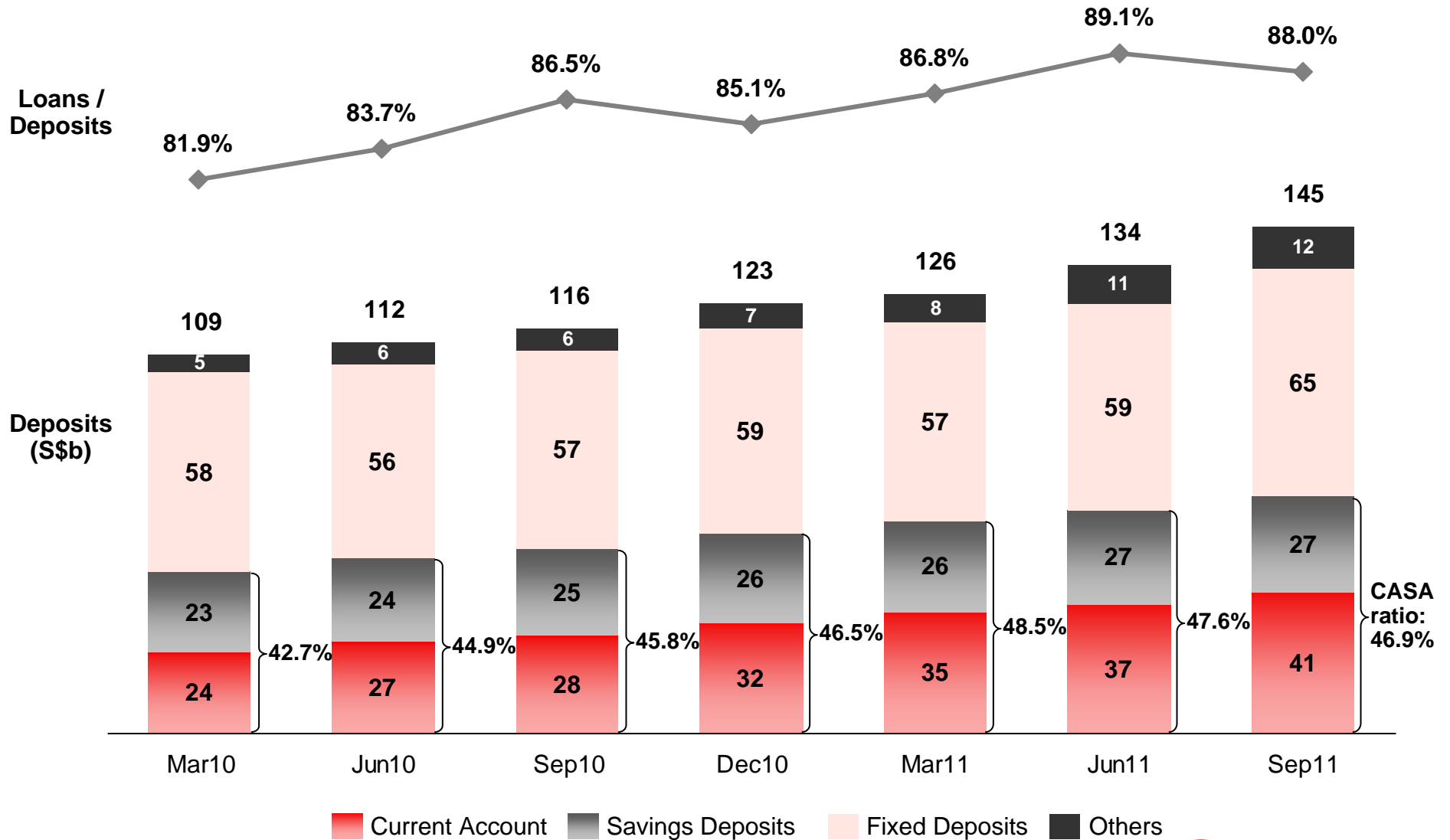


**Customer Loans by Industry
As of 30 September 2011**



Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

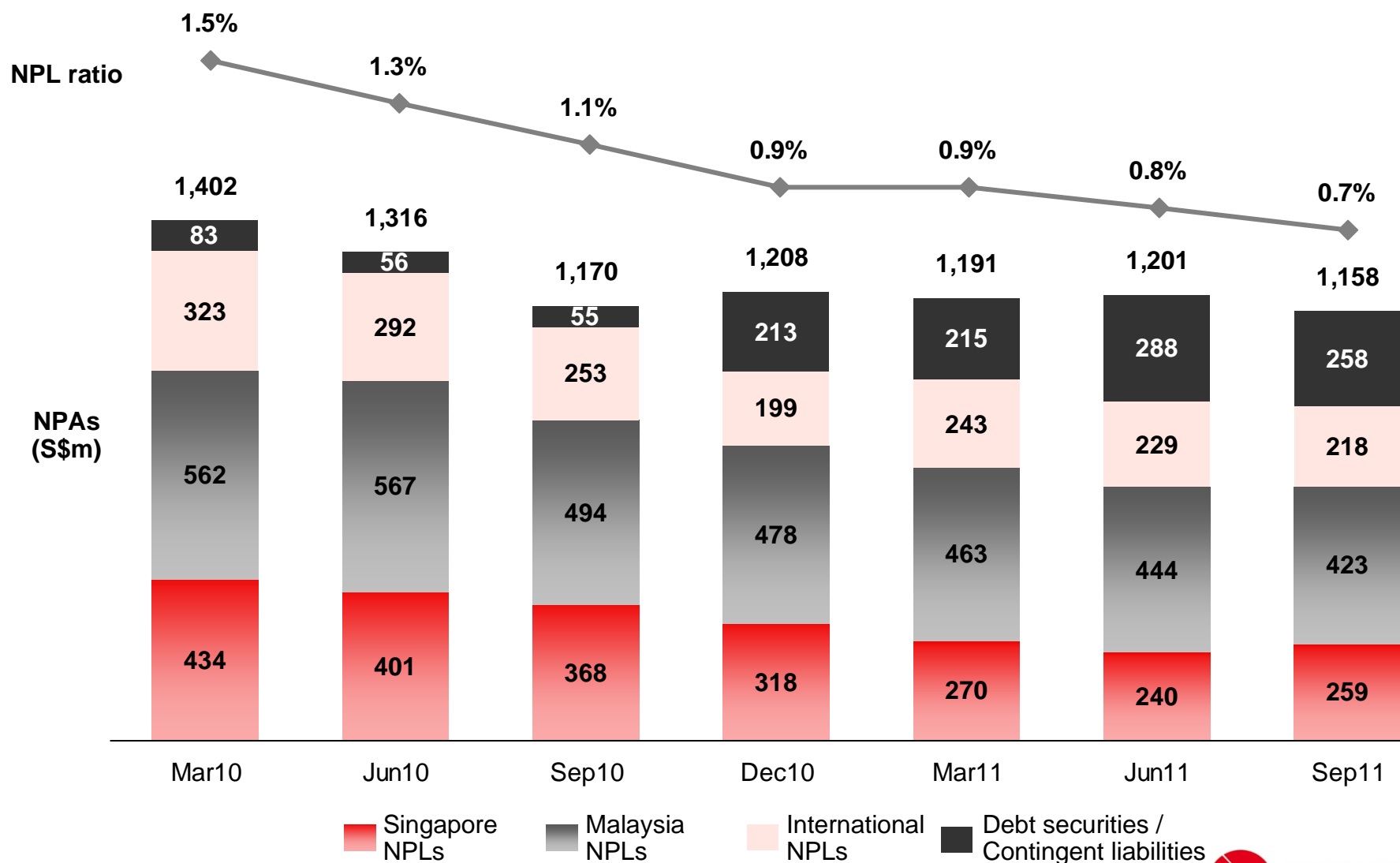
Customer deposits increased 8% QoQ; Loan-to-deposit ratio reduced to 88%



Note: CASA ratio refers to the ratio of current and savings deposits to total deposits



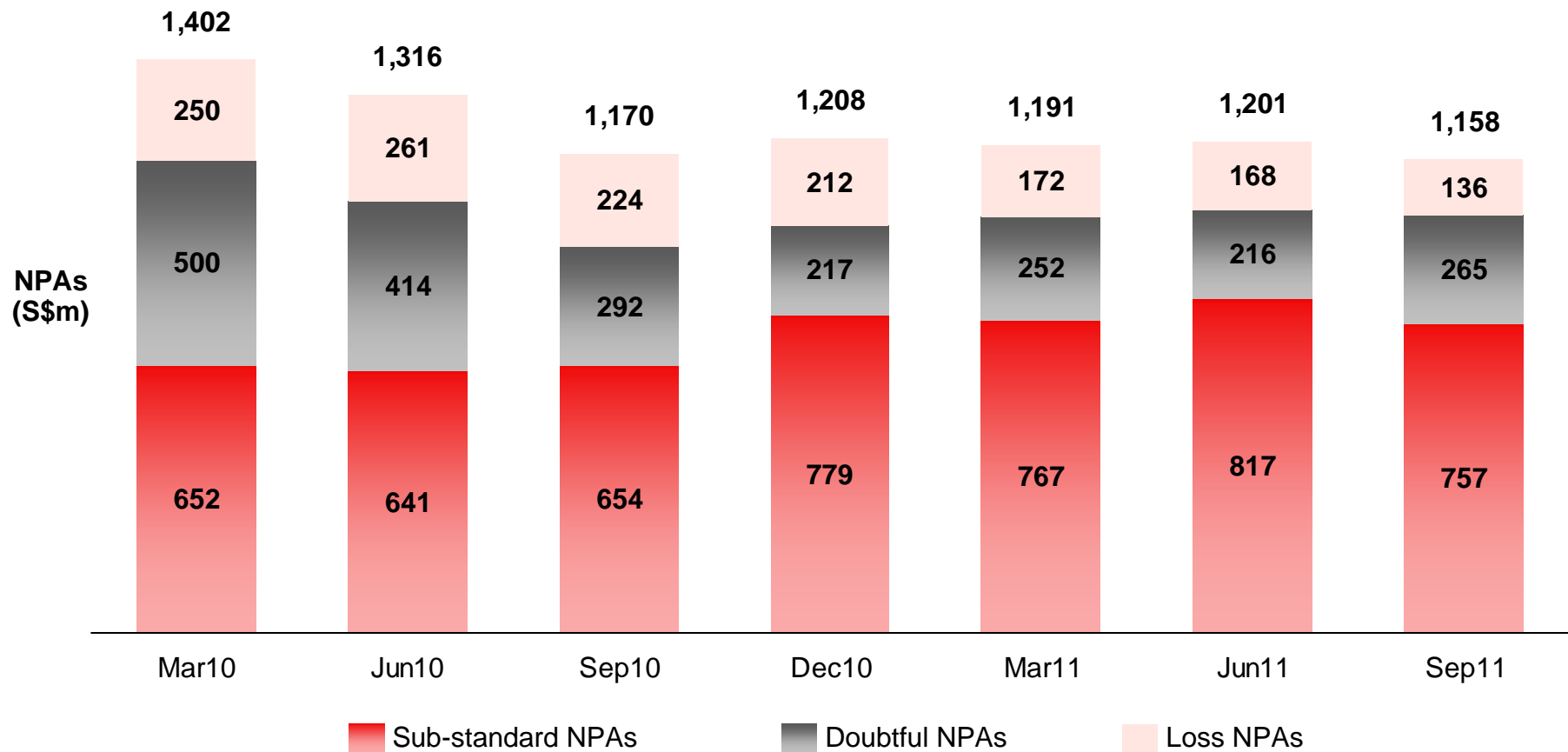
NPL ratio improved to 0.7%



Note: NPAs comprise NPLs and classified debt securities/contingent liabilities



65% of NPAs in the “substandard” category – largely well-collateralised or no overdues



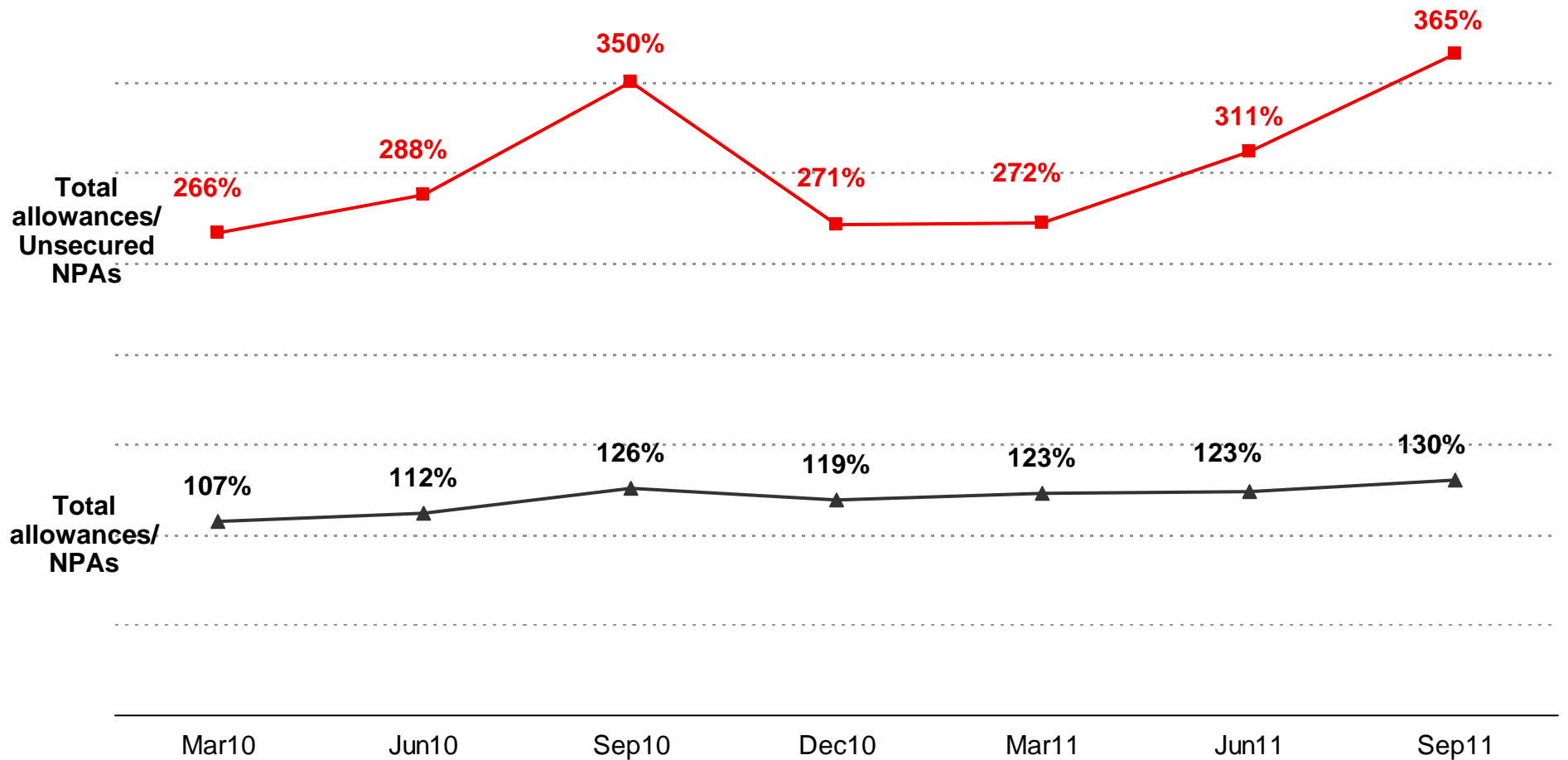
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities



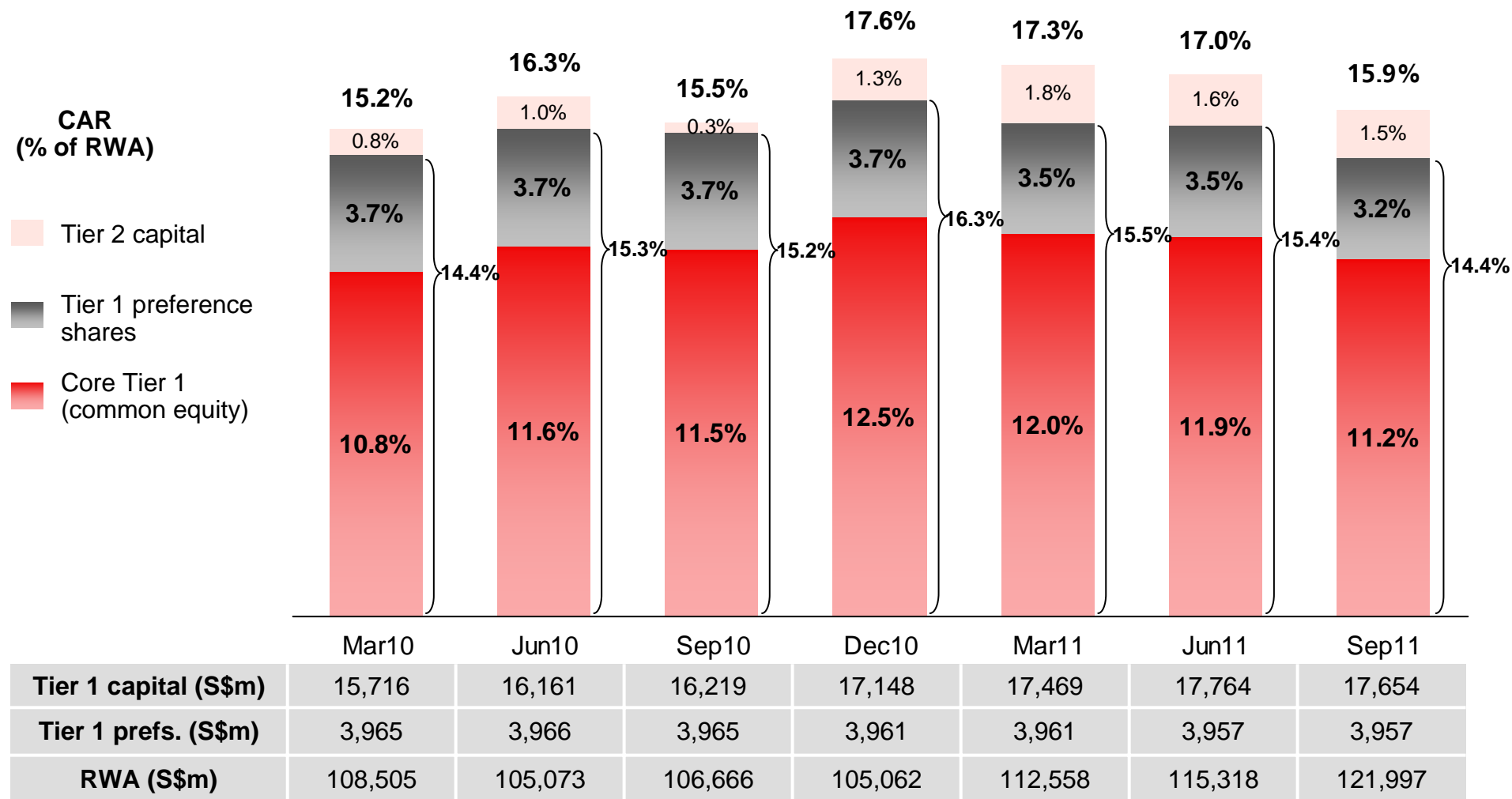
Movement in NPAs

	3Q11 S\$m	2Q11 S\$m	3Q10 S\$m	9M11 S\$m	9M10 S\$m
NPAs – Opening balance	1,201	1,191	1,316	1,208	1,448
New NPAs	116	222	119	474	366
New recoveries/upgrades	(122)	(170)	(227)	(422)	(493)
Write-offs	(37)	(42)	(37)	(102)	(151)
NPAs – Closing balance	1,158	1,201	1,170	1,158	1,170

Healthy allowance coverage ratios of 130% of total NPAs and 365% of unsecured NPAs



Capital adequacy ratios remained strong: Tier 1 ratio of 14.4% and Core Tier 1 of 11.2%

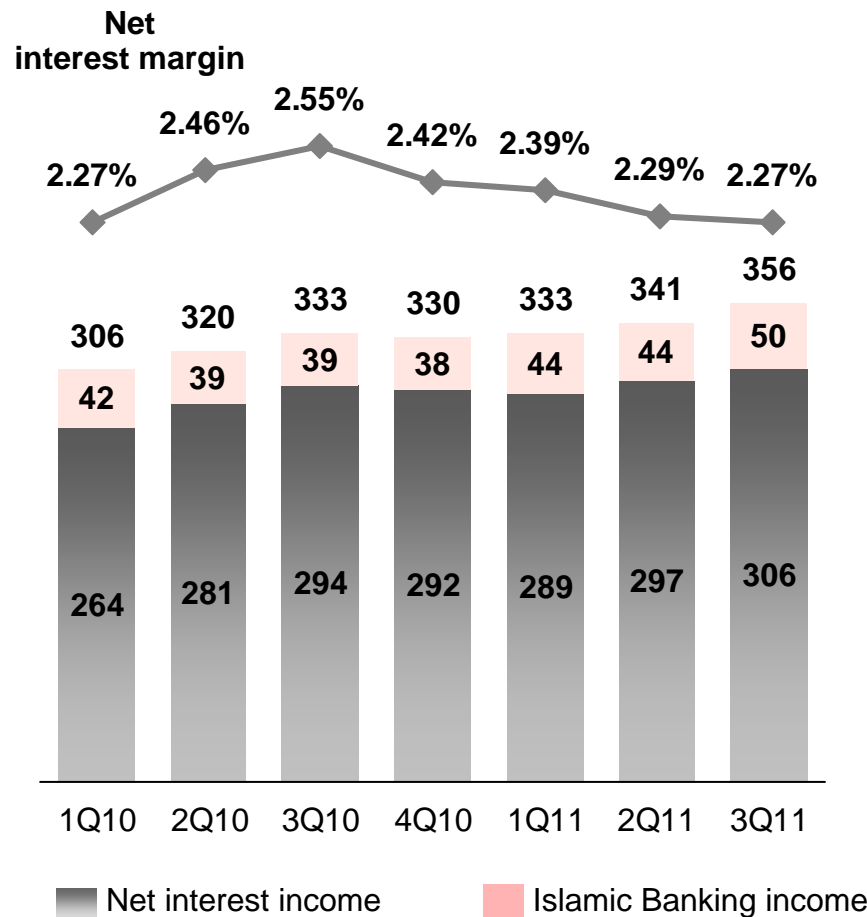


Note: Capital ratios are computed based on Basel II framework and in accordance with revised MAS Notice 637

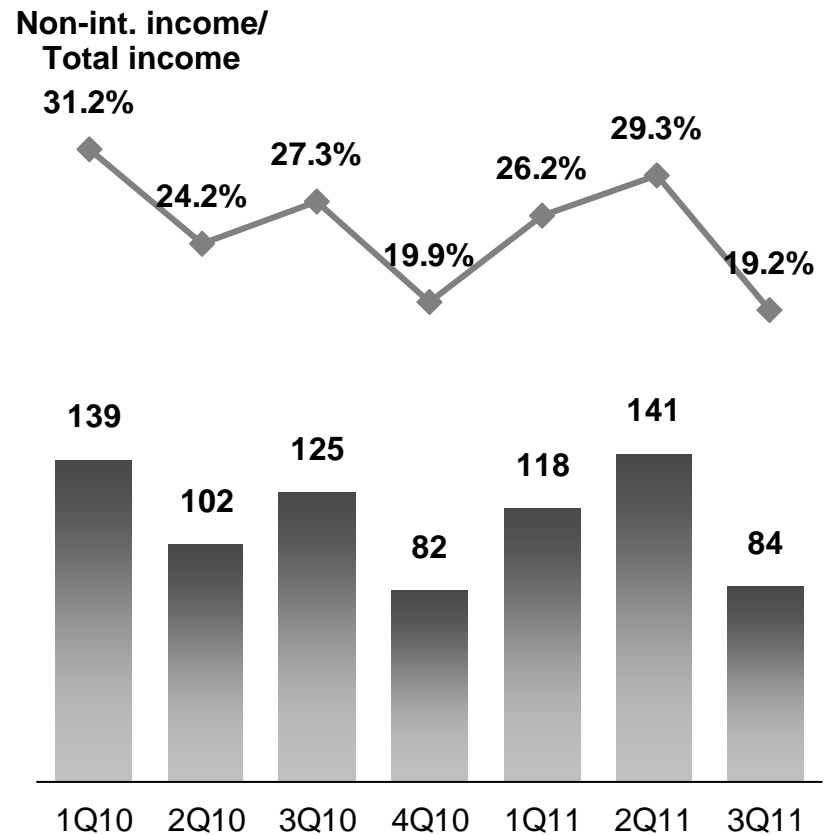


OCBC Malaysia: Net interest income and Islamic banking income up 7% YoY

Net interest income and Islamic banking Income (RM m)



Non-interest income (RM m)

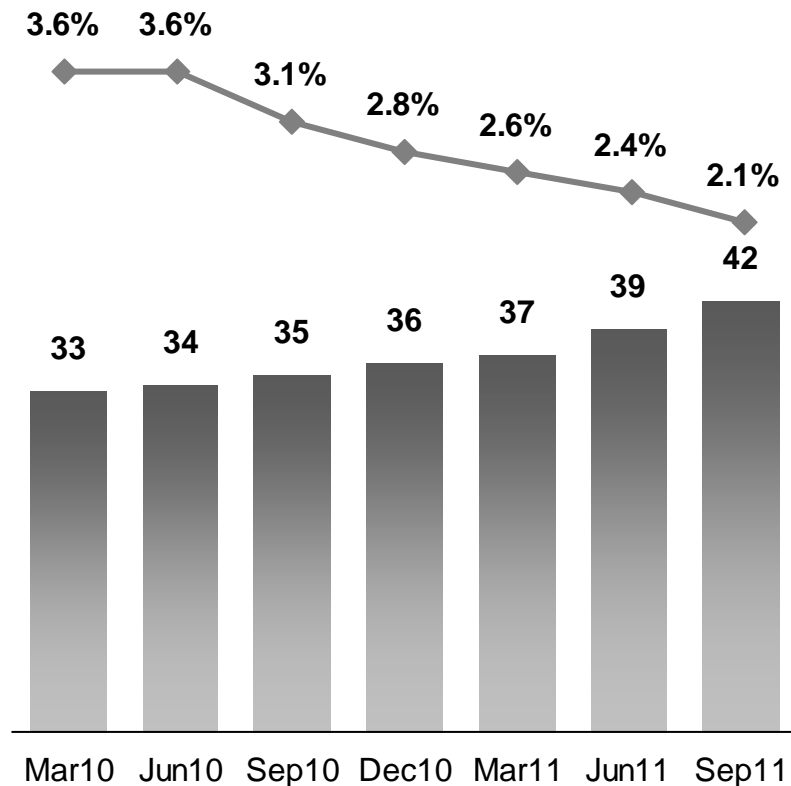


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

OCBC Malaysia: Loan growth of 7% QoQ and 17% YTD; NPL ratio improved to 2.1%

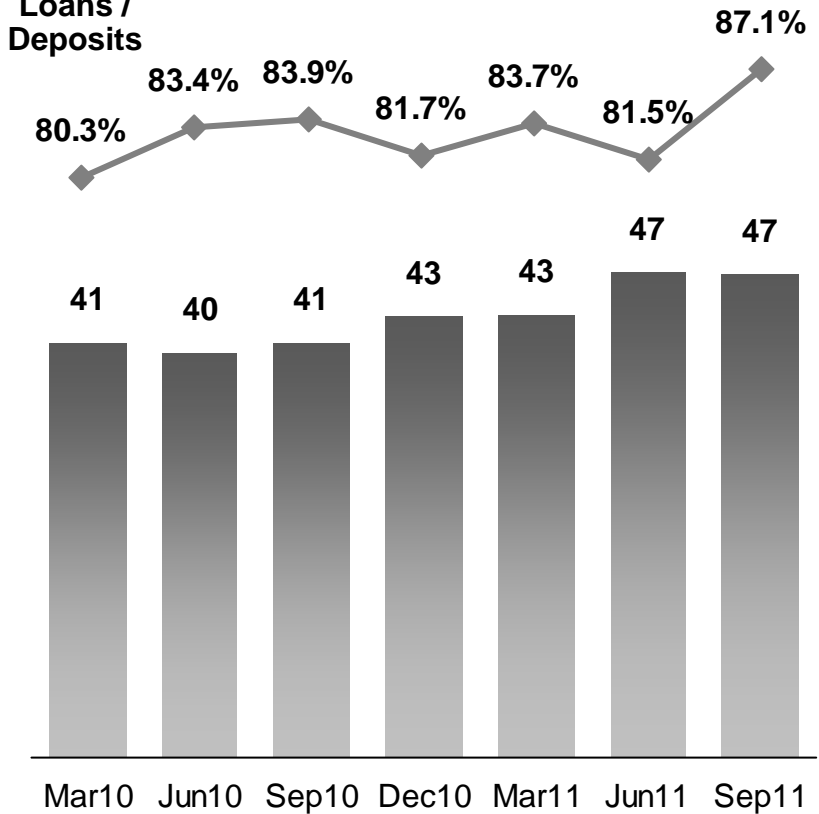
Gross Loans (RM b)

NPL Ratio



Deposits (RM b)

Loans / Deposits

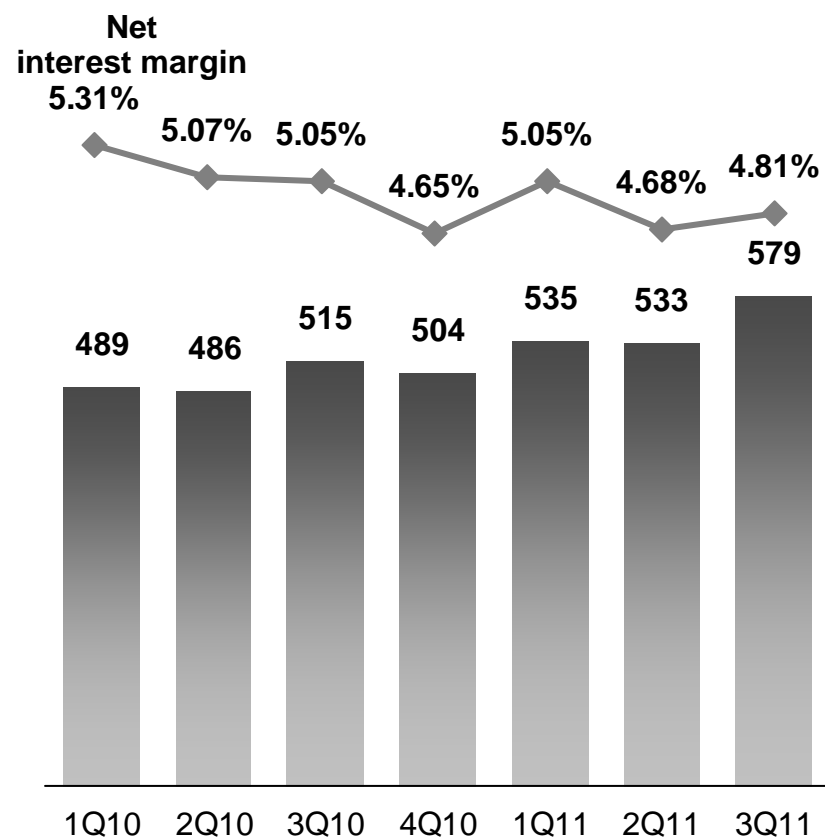


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

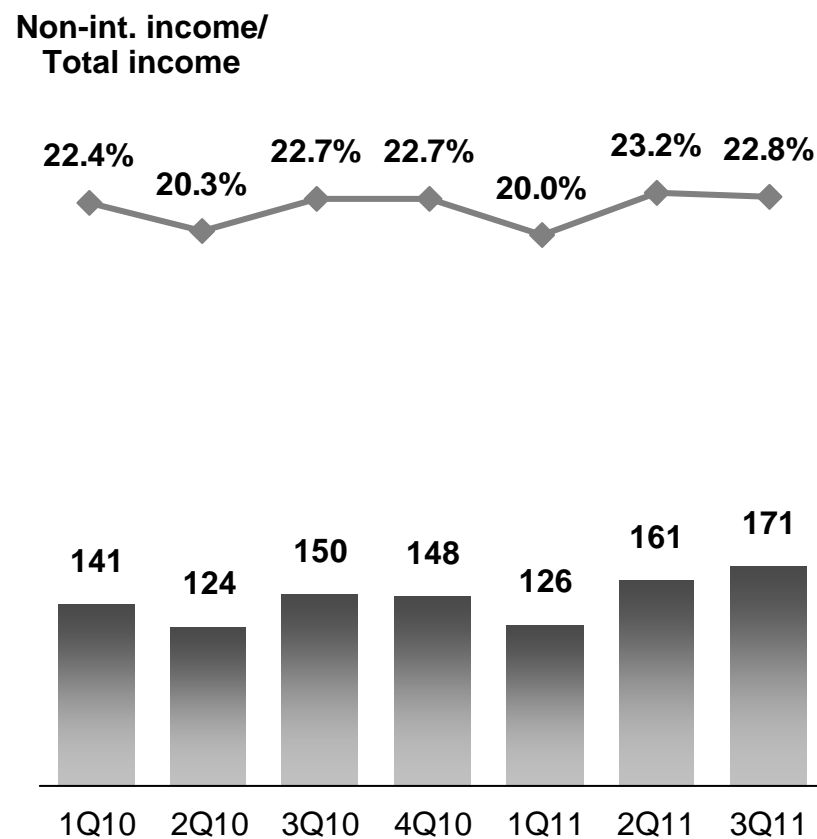


OCBC NISP: Net interest income up 12% YoY

Net interest income (Rp b)



Non-interest income (Rp b)

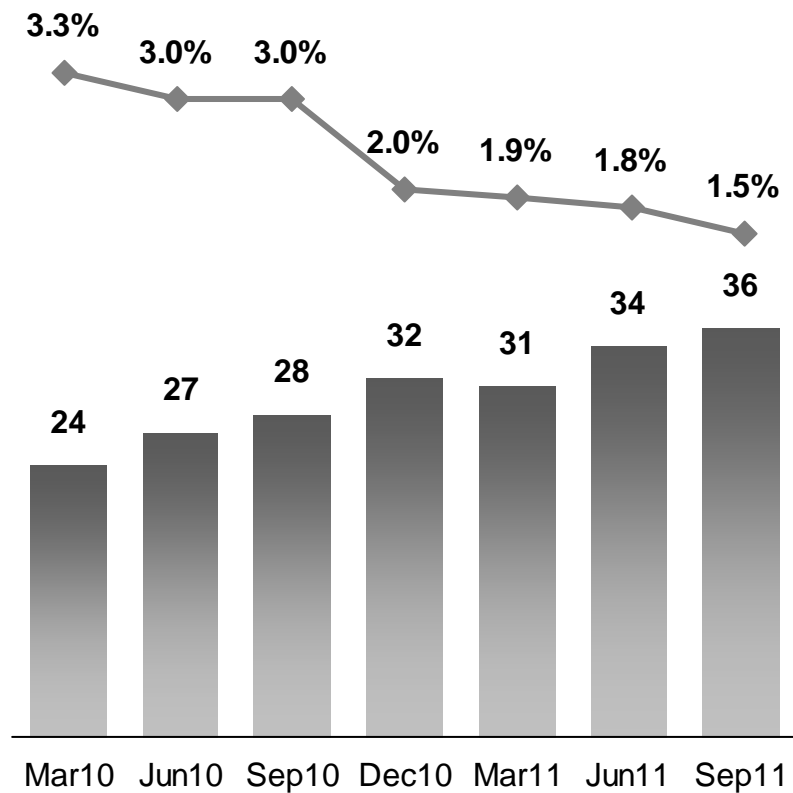


Note: 2010 figures restated to include former Bank OCBC Indonesia

OCBC NISP: Loan growth of 5% QoQ and 14% YTD; NPL ratio improved to 1.5%

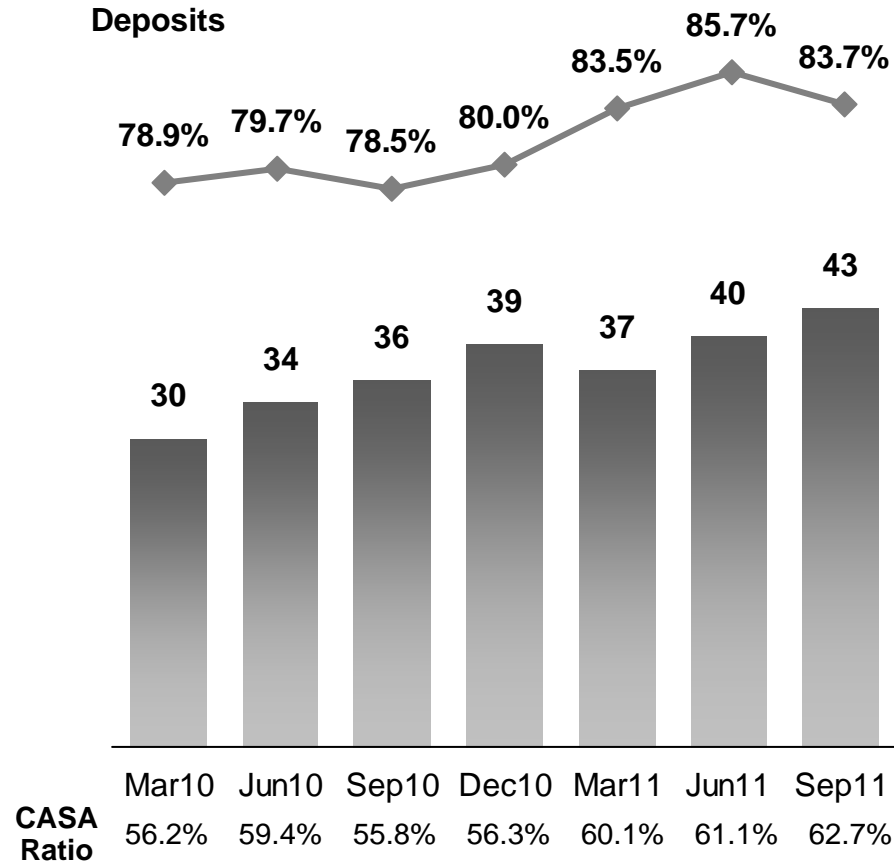
Gross Loans (Rp t)

NPL Ratio



Deposits (Rp t)

Loans / Deposits



Note: 2010 figures restated to include former Bank OCBC Indonesia



Agenda

Results Overview

Performance Trends

Appendix: Financial Highlights of
Malaysia and Indonesia Subsidiaries

OCBC Malaysia: 3Q11 net profit down 13% YoY

OCBC Malaysia	3Q11 RM m	3Q10 RM m	YoY +/(-)%	2Q11 RM m	QoQ +/(-)%
Net interest income	306	294	4	297	3
Islamic Banking Income	50	39	27	44	13
Non-interest income	84	125	(33)	141	(40)
Total income	440	458	(4)	482	(9)
Operating expenses	(199)	(171)	16	(178)	11
Operating profit	241	287	(16)	304	(21)
Allowances	(41)	(53)	(22)	(39)	6
Tax	(50)	(62)	(19)	(62)	(19)
Reported net profit	150	172	(13)	203	(26)

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



OCBC Malaysia: 9M11 net profit down 1% YoY

OCBC Malaysia	9M11 RM m	9M10 RM m	YoY +/(-)%
Net interest income	891	839	6
Islamic Banking Income	138	120	16
Non-interest income	344	366	(6)
Total income	1,373	1,325	4
Operating expenses	(545)	(485)	12
Operating profit	828	839	(1)
Allowances	(113)	(106)	7
Tax	(176)	(189)	(7)
Reported net profit	539	544	(1)

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



OCBC Malaysia: Key ratios

OCBC Malaysia	3Q11 %	2Q11 %	3Q10 %	9M11 %	9M10 %
Net interest margin	2.27	2.29	2.55	2.31	2.42
Non-interest income / Total income	19.2	29.3	27.3	25.0	27.6
Costs / Income	45.1	36.9	37.3	39.7	36.6
Loans / Deposits	87.1	81.5	83.9	87.1	83.9
NPL Ratio	2.1	2.4	3.1	2.1	3.1
ROE	13.1	18.5	16.7	16.2	18.4

Bank OCBC NISP: 3Q11 net profit up 43% YoY

OCBC NISP	3Q11 RP b	3Q10 RP b	YoY +/(-)%	2Q11 RP b	QoQ +/(-)%
Net interest income	579	515	12	533	9
Non-interest income	171	150	14	161	6
Total income	750	665	13	694	8
Operating expenses	(432)	(431)	-	(425)	2
Operating profit	318	234	36	269	18
Allowances	(37)	(36)	3	(52)	(29)
Non Op Income / (Expenses)	2	2	-	2	-
Tax	(73)	(53)	38	(53)	38
Net Profit	210	147	43	166	27

Note: 2010 figures restated to include former Bank OCBC Indonesia



Bank OCBC NISP: 9M11 net profit up 18% YoY

OCBC NISP	9M11 RP b	9M10 RP b	YoY +/(-)%
Net interest income	1,647	1,489	11
Non-interest income	458	415	10
Total income	2,105	1,904	11
Operating expenses	(1,276)	(1,218)	5
Operating profit	829	686	21
Allowances	(147)	(100)	47
Non Op Income / (Expenses)	15	7	114
Tax	(175)	(152)	15
Net Profit	522	441	18

Note: 2010 figures restated to include former Bank OCBC Indonesia



Bank OCBC NISP: Key ratios

OCBC NISP	3Q11 %	2Q11 %	3Q10 %	9M11 %	9M10 %
Net interest margin	4.81	4.68	5.05	4.84	5.12
Non-interest income / Total income	22.8	23.1	22.6	21.7	21.8
Costs / Income	57.6	61.2	64.8	60.6	64.0
Loans / Deposits	83.7	85.7	79.3	83.7	79.3
NPL Ratio	1.5	1.8	2.9	1.5	2.9
ROE	14.3	11.5	11.5	12.1	11.6

Note: 2010 figures restated to include former Bank OCBC Indonesia



Third Quarter 2011 Results

Thank You



Ask OCBC
www.ocbc.com

