

**Presentation to Media
and Analysts**

2007 Final Results

21 February 2008



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Agenda

- **Results Overview**
- **Performance Trends**
- **Results of Key Subsidiaries**
- **Conclusion**



Full Year Core Net Profit up 30%

	FY07	FY06	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	2,244	1,794	25
Non-Interest Income	1,944	1,448	34
Total Income	4,188	3,242	29
Operating Expenses	(1,680)	(1,331)	26
Operating Profit	2,509	1,911	31
Amortisation of Intangibles	(46)	(44)	6
Allowances	(36)	(2)	n.m.
Associates & JVs	21	14	53
Tax & Minority Interests	(569)	(435)	31
Core Net Profit	1,878	1,443	30
Divestment Gains/Tax Refunds ^{1/}	193	559	(65)
Reported Net Profit	2,071	2,002	3

^{1/} Net divestment gains of S\$90m in FY07 and S\$559m in FY06; tax refunds of S\$104m in FY07

Core Net Profit Sustained in 4th quarter

	4Q07	4Q06	YoY	3Q07	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	613	491	25	565	9
Non-Interest Income	464	413	12	481	(4)
Total Income	1,077	903	19	1,047	3
Operating Expenses	(485)	(342)	42	(427)	14
Operating Profit	593	561	6	620	(4)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(13)	(12)	12	(39)	(66)
Associates & JVs	(1)	5	(126)	2	(161)
Tax & Minority Interests	(142)	(110)	29	(146)	(3)
Core Net Profit	425	432	(2)	425	-
Divestment Gains/Tax Refunds ^{1/}	4	77	(95)	38	(90)
Reported Net Profit	428	510	(16)	463	(8)

^{1/} Tax refunds of S\$4m in 4Q07 and S\$38m in 3Q07 and net divestment gains of S\$77m in 4Q06



Key Financial Ratios - Based on Core Earnings

	FY07	FY06	4Q07	3Q07	4Q06
	%	%	%	%	%
Net Interest Margin	2.10	2.00	2.14	2.07	2.03
Non-Interest Income/ Total Income	46.4	44.7	43.0	46.0	45.7
Cost-to-Income Ratio	40.1	41.1	45.0	40.8	37.9
Loans-to-Deposits Ratio	80.3	79.0	80.3	77.6	79.0
NPL Ratio	1.7	3.0	1.7	2.1	3.0
Allowances/NPLs	116.1	100.9	116.1	107.2	100.9
ROE	13.4	11.8	11.2	11.5	13.8
Cash ROE	13.7	12.2	11.5	11.8	14.2

Bank's CDO Portfolio

(S\$m)	Investment Amount ^(a)	FY07 Allowance/ MTM Loss (taken to P&L)	Cumulative Adj. to Fair Value Reserves (taken to Equity)
Total CDOs	618	(244)	(31)
- ABS CDOs	260	(226)^(b)	-
- Corporate CDOs	358	(18)^(c)	(31)

(a) Based on 31 December 2007 US\$/S\$ exchange rate

(b) Allowances of S\$221m in 3Q07, S\$5m in 4Q07

(c) MTM loss in the value of credit default swaps related to synthetic corporate CDOs (3Q07: S\$3m; 4Q07: S\$13m)

- **ABS CDOs**

- Contain some exposure to US sub-prime mortgage assets
- S\$77m have been classified under non-performing assets

- **Corporate CDOs**

- Credit exposure to companies, not sub-prime mortgages.
- Breakdown: US 64%, Europe 28%, Asia/Others 8%. AAA - 20%, AA - 24%, A - 56%.
- No defaults or downgrades to date. S\$101m of CDOs mature in Nov 08, S\$57m in Sep 09

- **Exposure to Bond Insurers:** CDOs have indirect and immaterial exposure to bond insurers (<1% of ABS CDO notional assets, <4% of corporate CDO notional assets). The Bank has no other exposure to bond insurers, whether on or off balance sheet.



Great Eastern's CDO Exposure

- **Outstanding investment portfolio of S\$154m (MTM basis) as at 31 Dec 07:**
 - S\$13m under shareholders' funds
 - S\$141m under life funds (out of total life fund assets of S\$42bn)
 - Includes S\$16m ABS CDOs with US sub-prime exposure
- **Shareholder funds' CDOs: S\$5m MTM loss charged to P&L in 2007 (4Q07)**
- **Life Funds' CDOs: S\$80m MTM loss taken to Life Assurance Revenue Statement for 2007**
- **Policyholders own investment-linked policies (ILP) of S\$472m related to CDOs**
 - No US sub-prime exposure
 - All returns and risks borne by policyholders
- **Bond Insurers: GEH's life fund CDOs and ILP CDOs have immaterial exposure to bond insurers; no exposure elsewhere.**

Lion Capital: S\$6.2 bn CDOs under management as at 31 Dec 07

- S\$1.5 bn in ABS CDO with US sub-prime exposure
- Non-ABS CDOs have immaterial exposure to bond insurers
- All returns and risks borne by investors

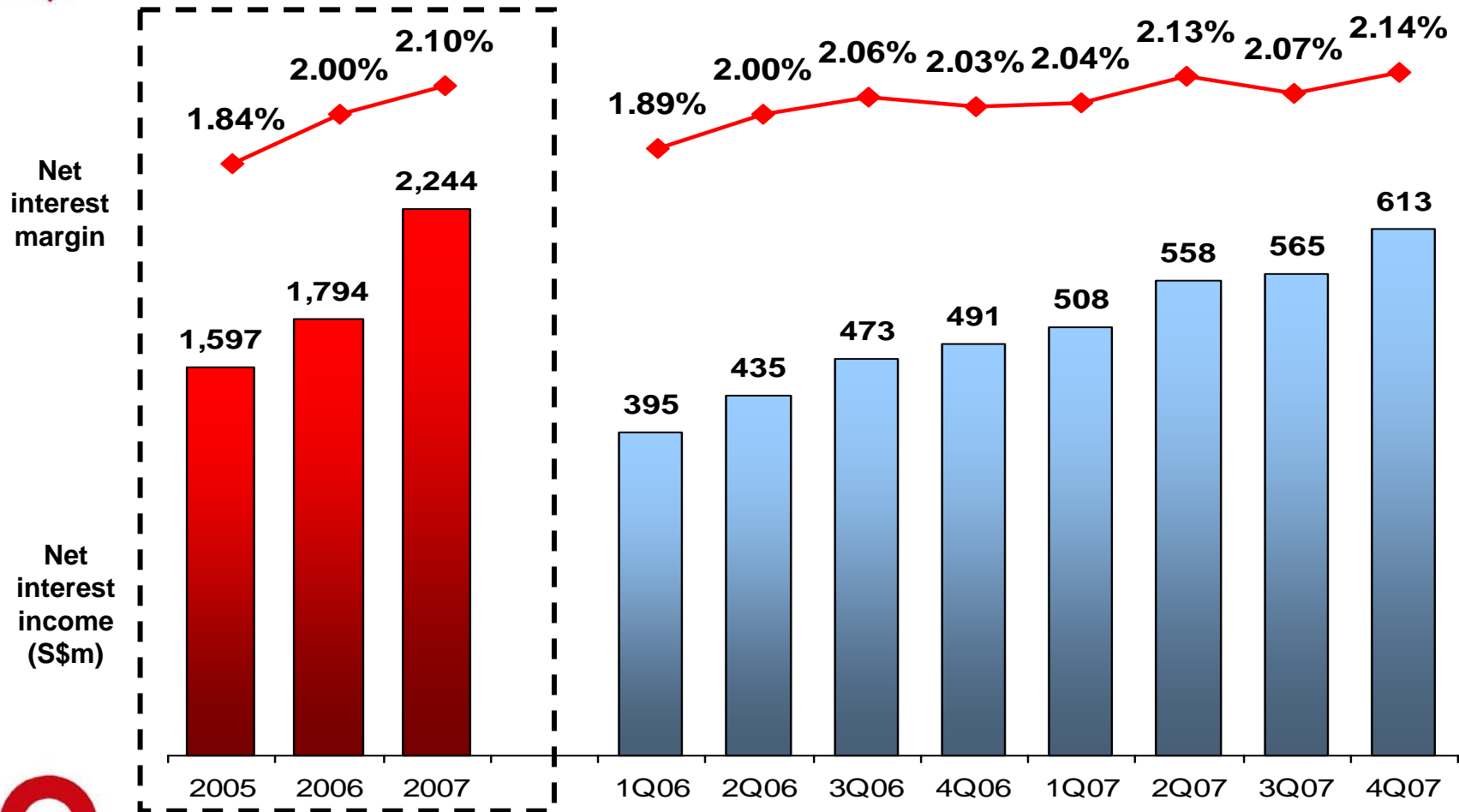


Agenda

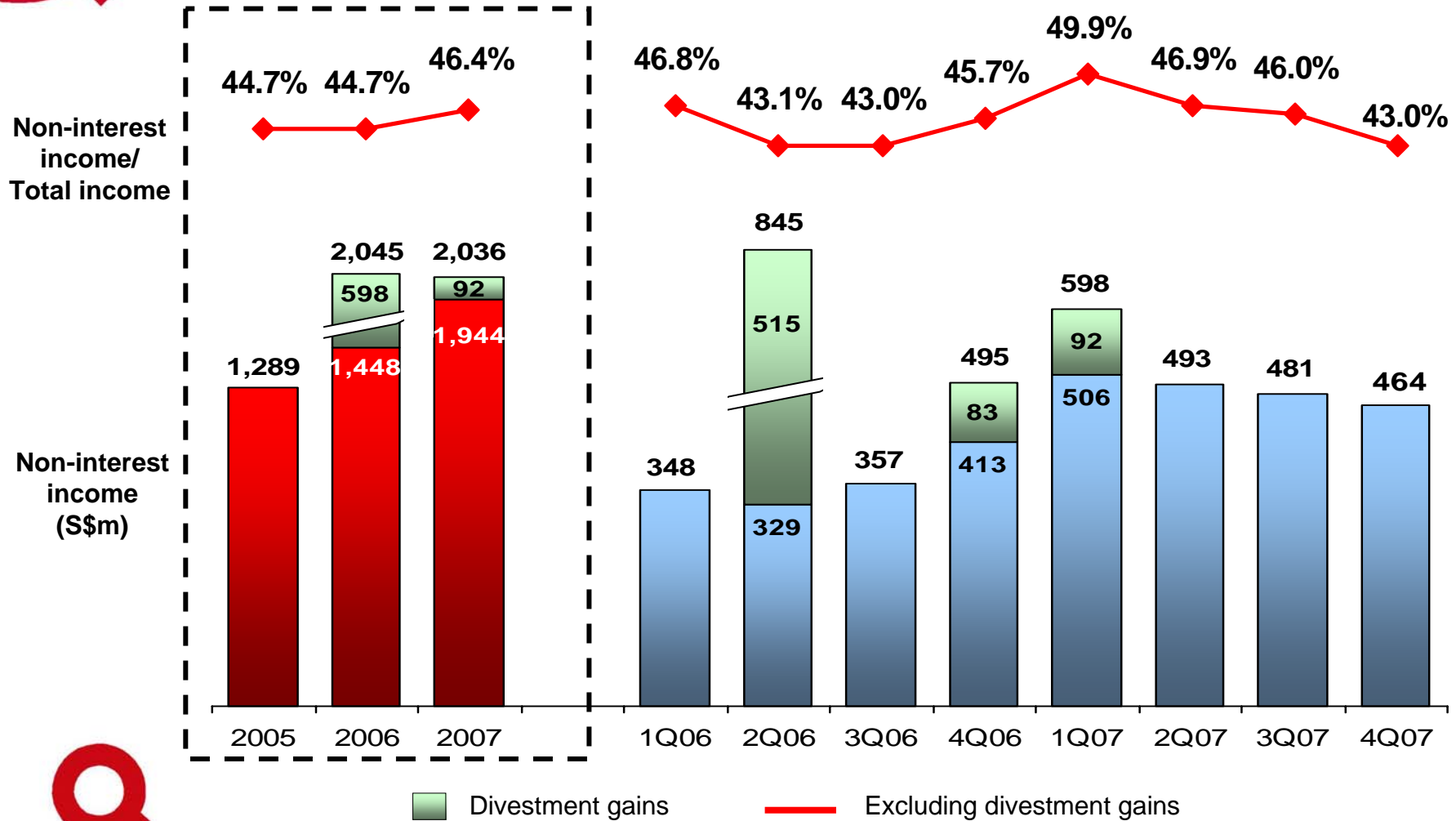
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Strong Net Interest Income Trends, Improved Margins



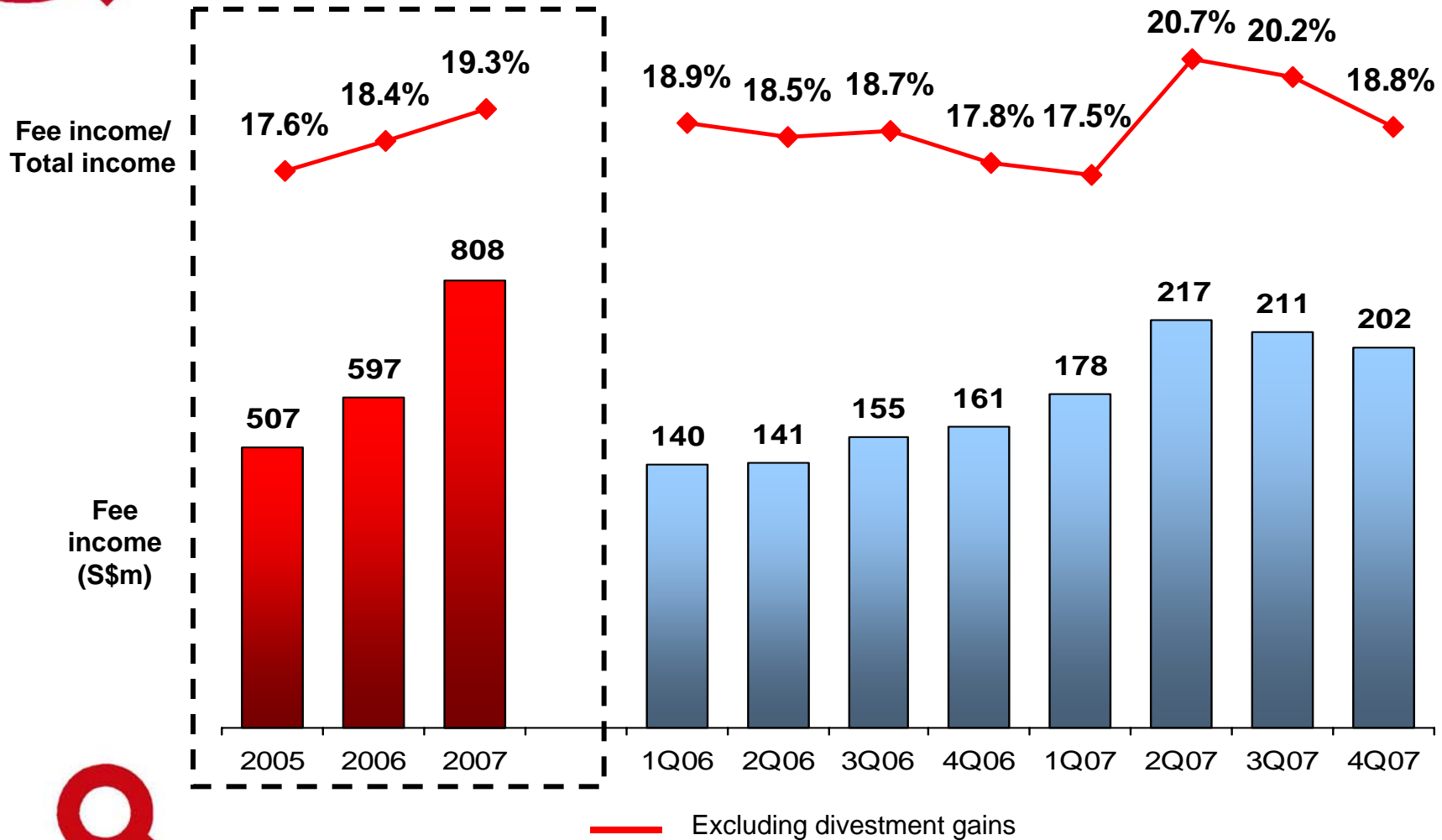
Core Non-Interest Income Grew 34% in FY07



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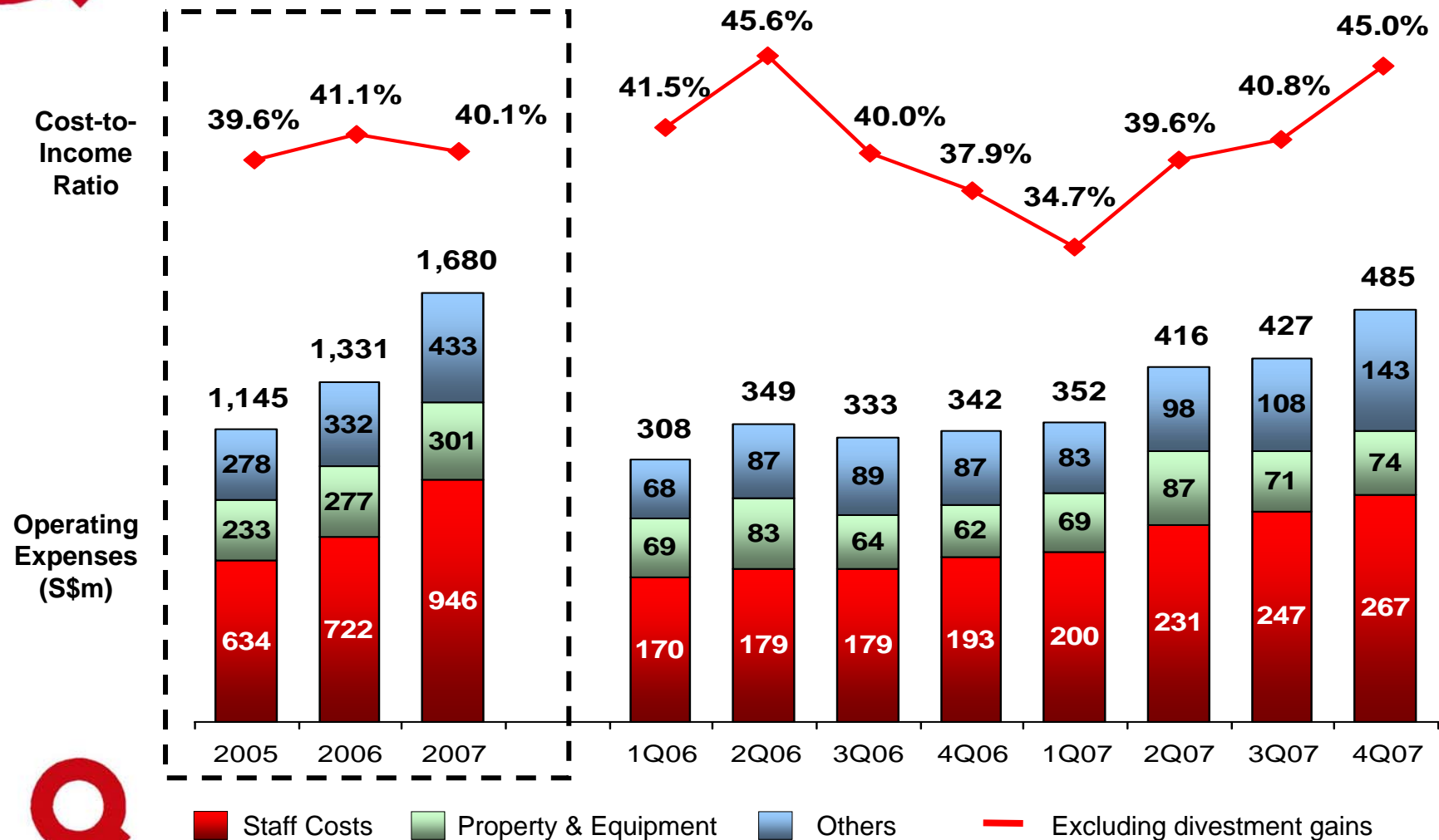
Fee Income Increased 35% in FY07



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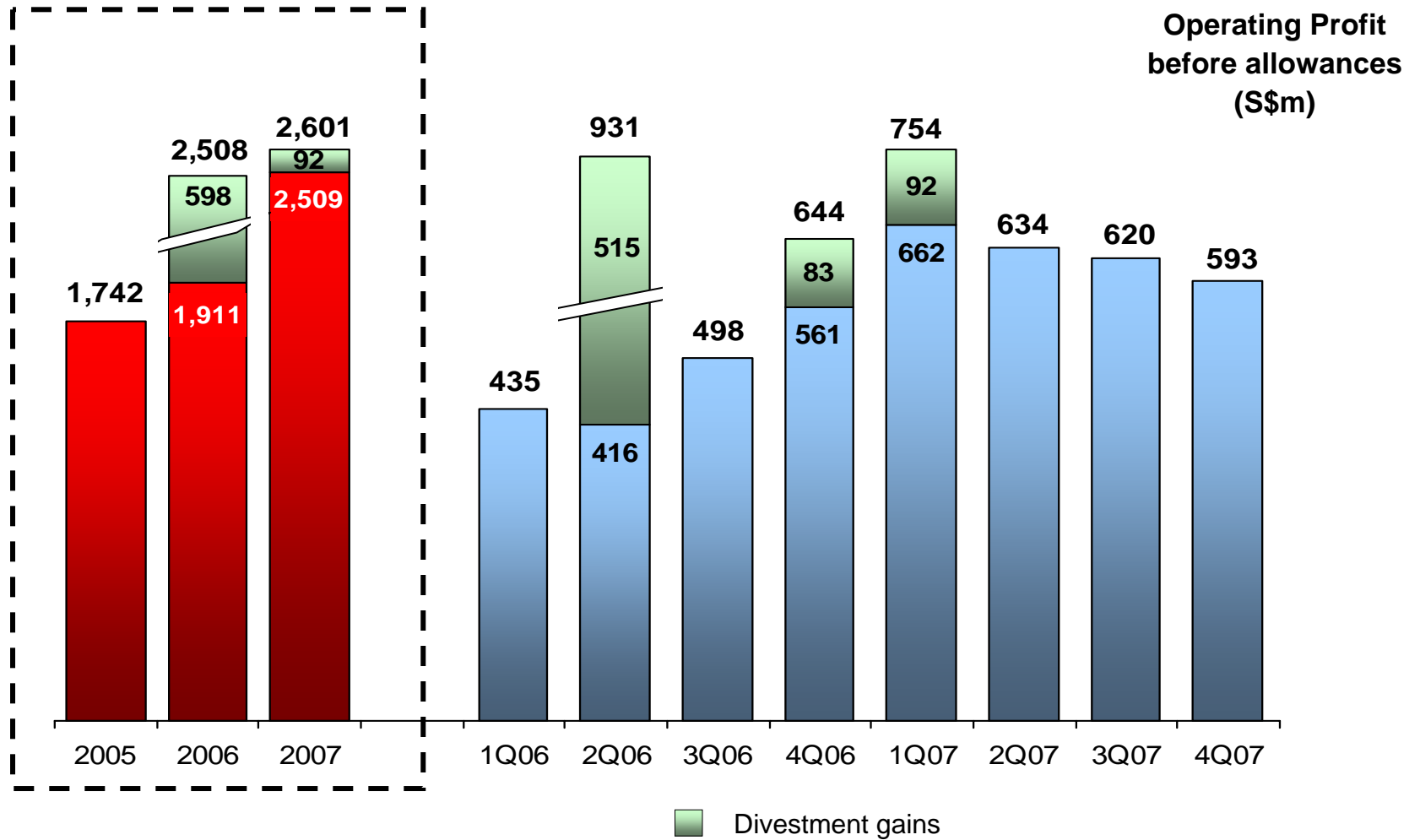
41% of Expense Increase due to Overseas Expansion, Business Volume-Related Costs and Performance Compensation



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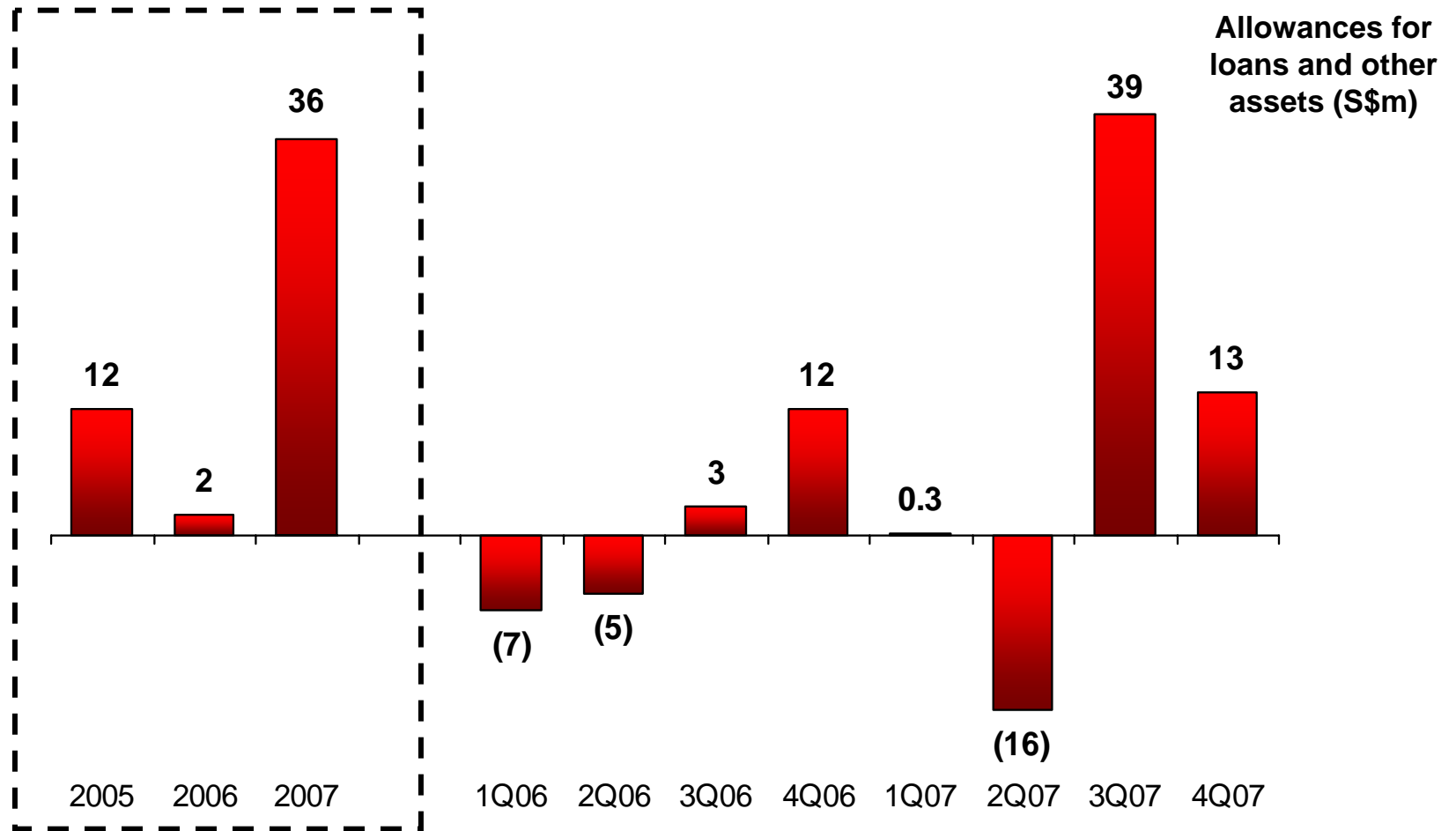
Full Year Core Operating Profit up 31%



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Allowances Remained Low



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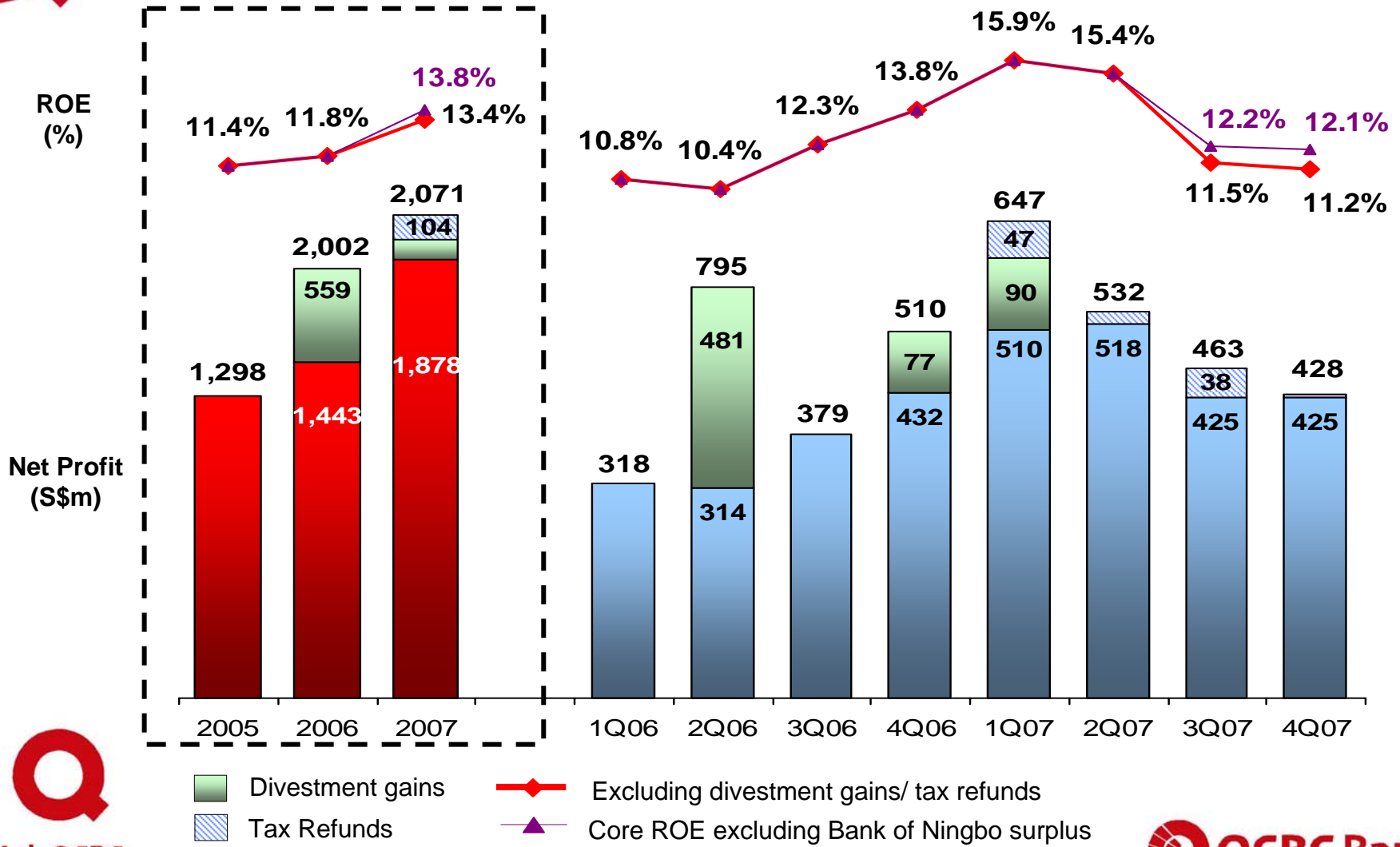


Healthy Loan Recoveries and Net Write-backs for Properties Kept Overall Allowances Low

	2007	2006	4Q07	3Q07	4Q06
	S\$m	S\$m	S\$m	S\$m	S\$m
Specific allowances/ (write-back) for loans	(108)	21	(5)	(82)	15
Allowances for CDOs	231	-	10	221	-
Allowances/(write-back) for other assets*	(87)	(19)	8	(101)	(3)
Total net allowances/ (write-back)	36	2	13	39	12

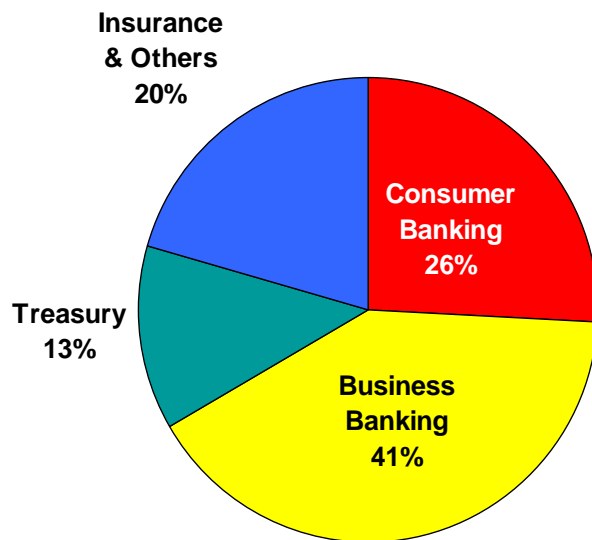
* Net write-back in FY07 was largely from office properties in Singapore, which are now carried at original acquisition cost

Full Year ROE at 13.4% - Highest Since 1994



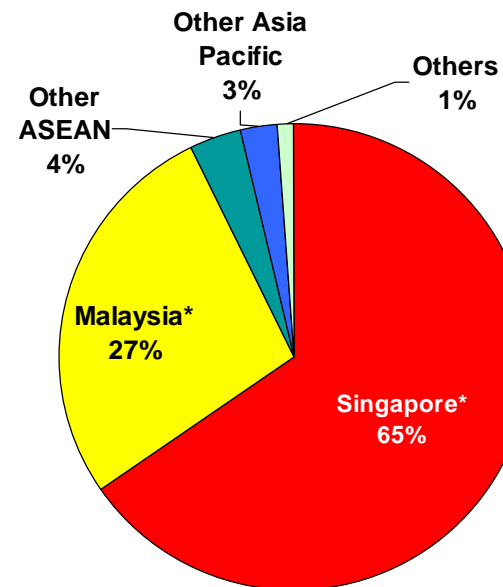
Earnings Contribution by Segments

PBT by Business Segment



FY07 Profit Before Tax & MI : S\$2,447m
(excluding divestment gains)

PBT by Geography



FY07 Profit Before Tax & MI : S\$2,447m
(excluding divestment gains)

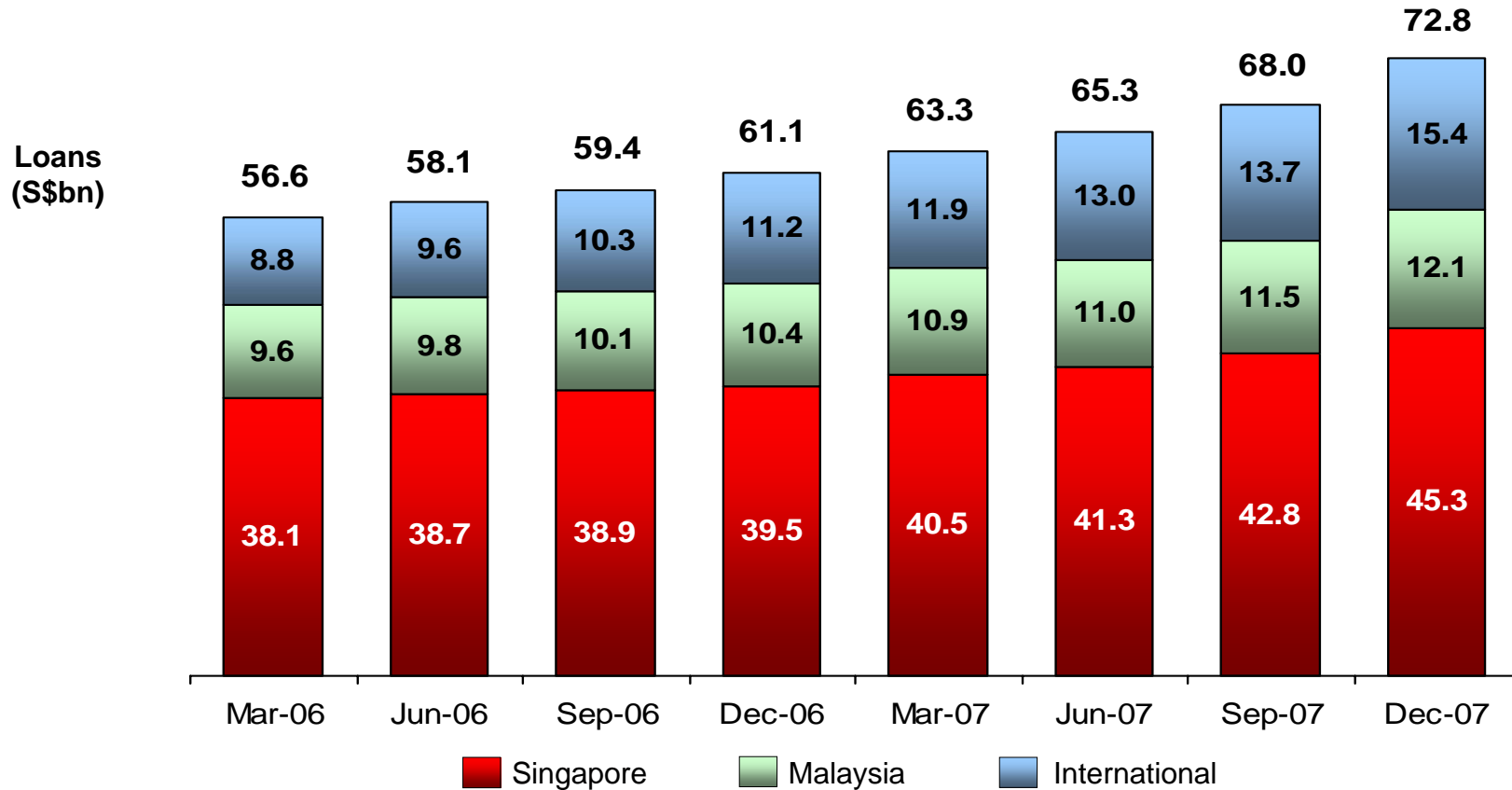
* Allowances for CDOs booked in Labuan are reflected under Singapore instead of Malaysia



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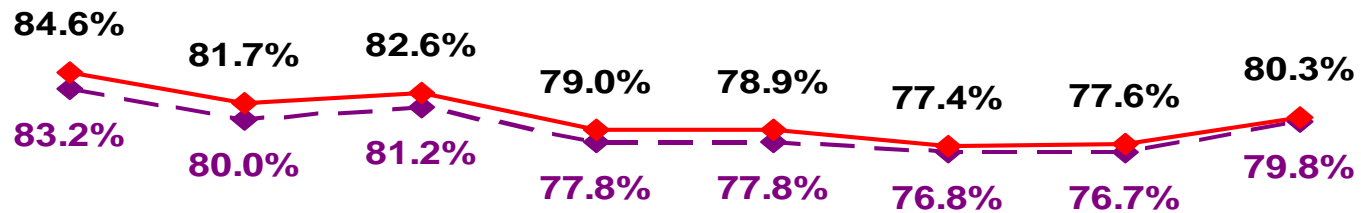
Broad-based Loans Growth of 19% YoY, 7% QoQ



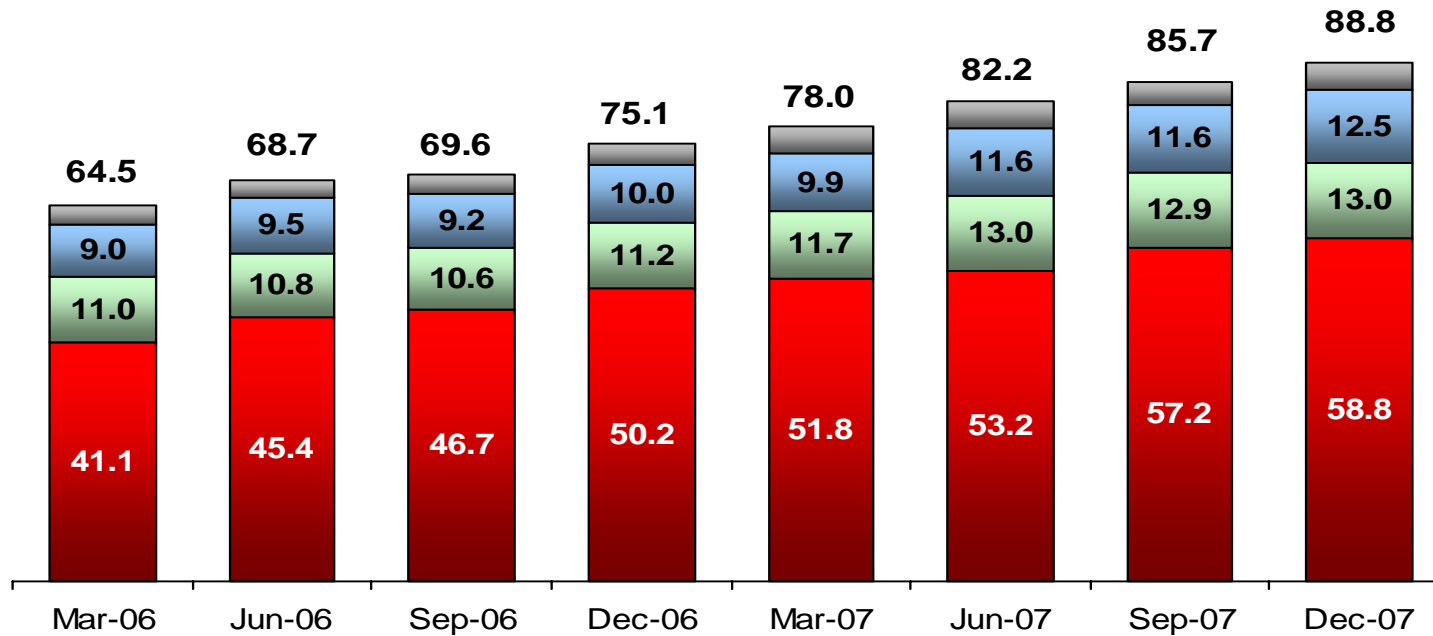
Note: Loans by geography are based on where the credit exposure resides

Deposits up 18% YoY, 4% QoQ

Loans-to-deposits



Deposits (S\$bn)



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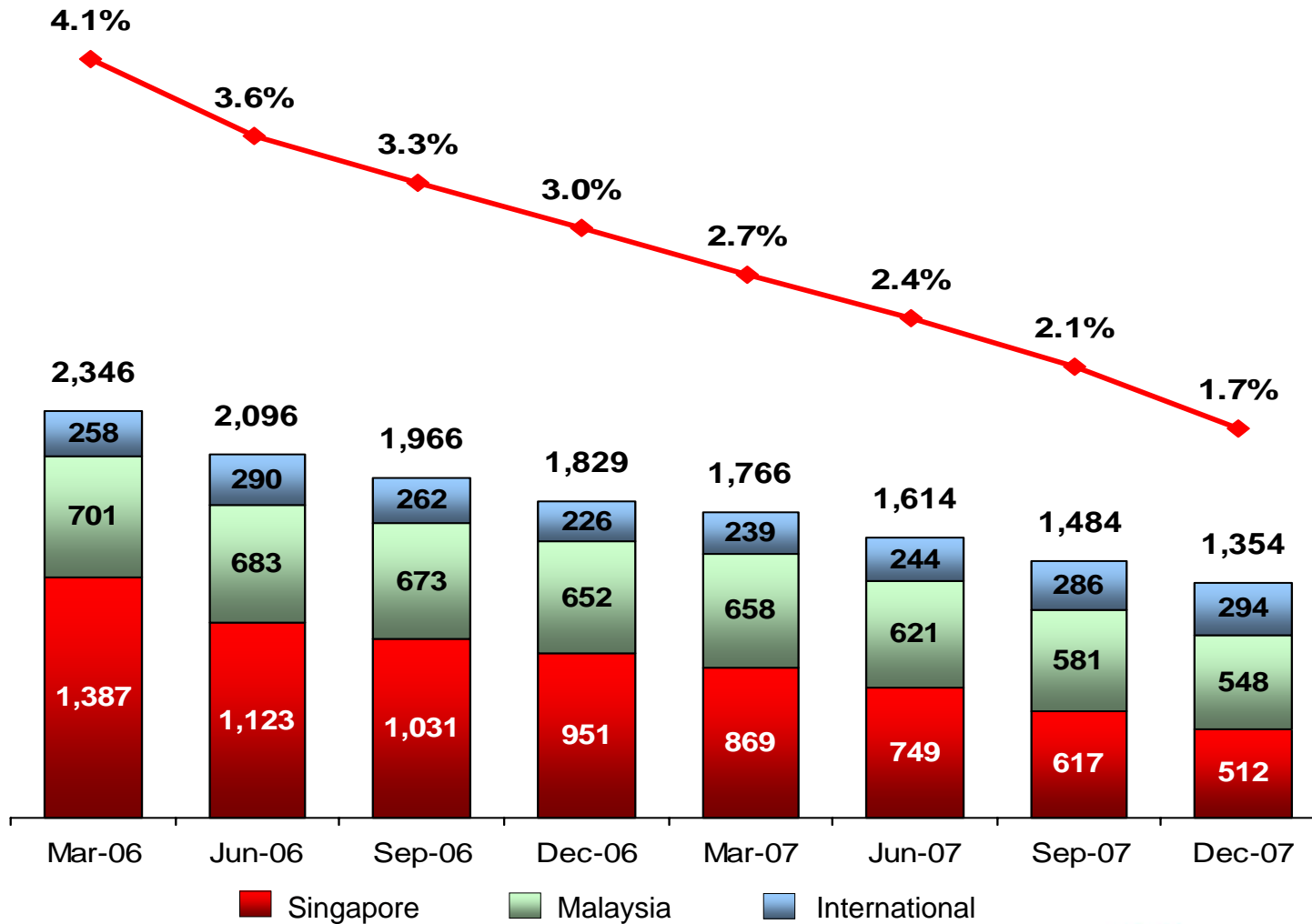
■ Fixed Deposits
 ■ Savings Deposits
 ■ Current Account
 ■ Others
 ◆ Including FRNs and ECPs



NPL Ratio Improved Further to 1.7%

NPL Ratio

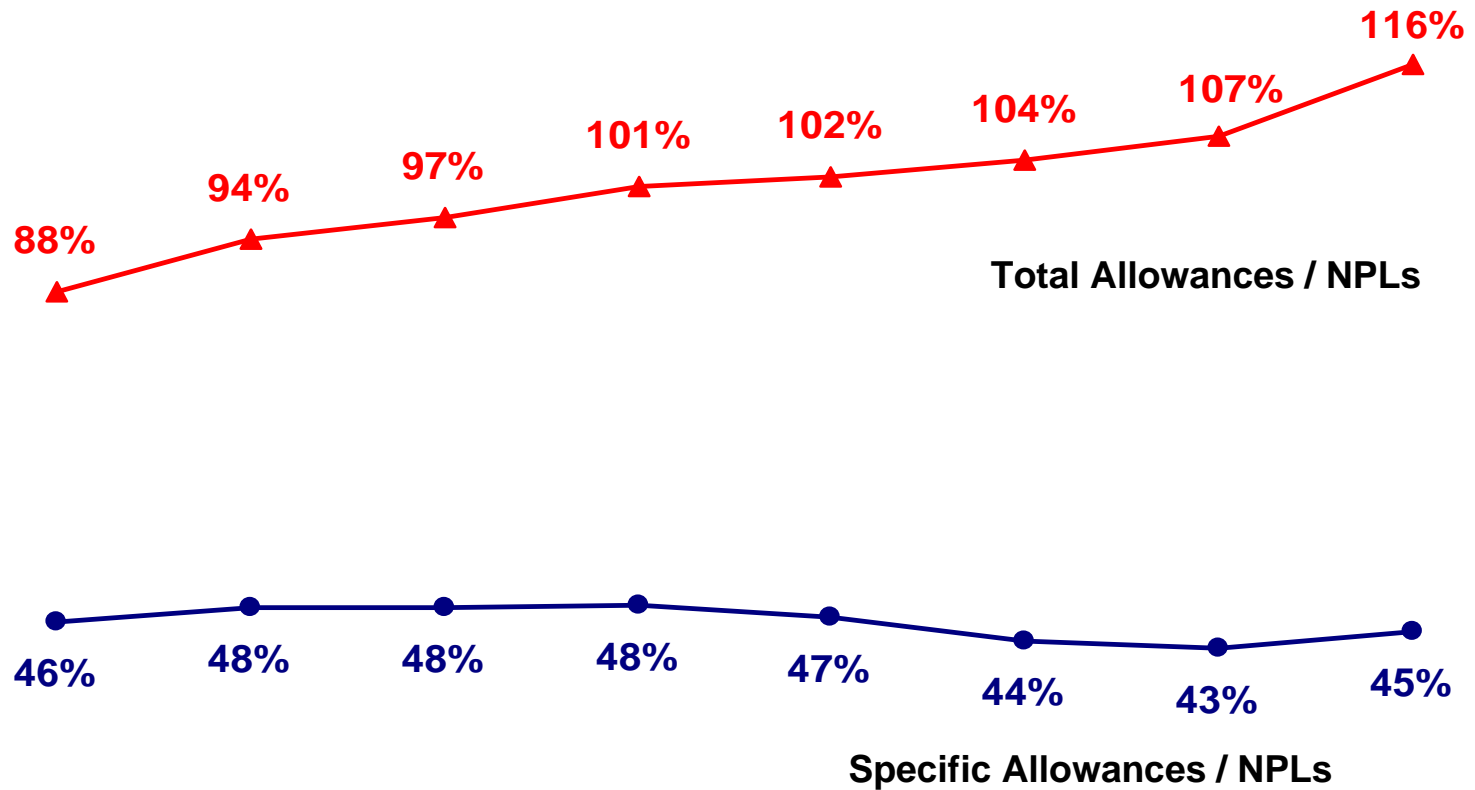
NPLs (S\$m)



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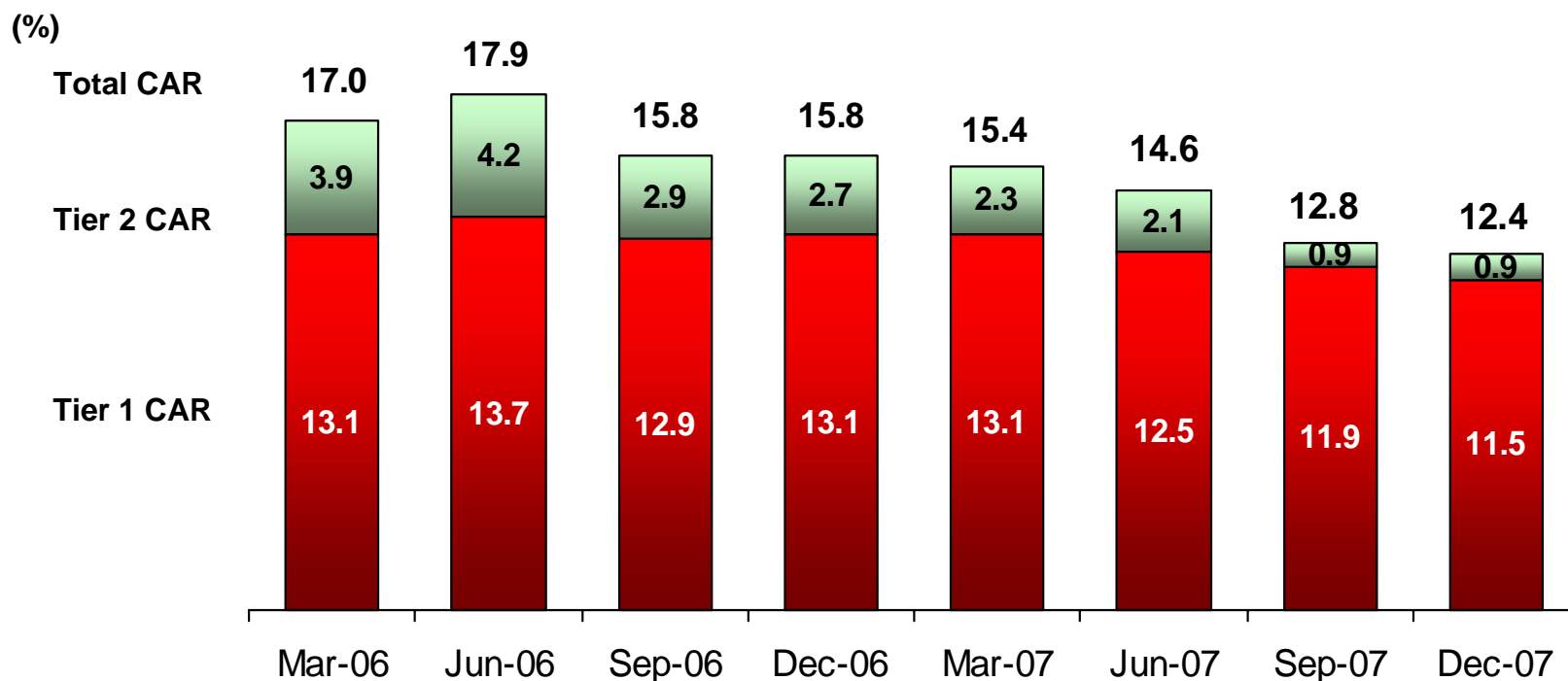
Allowances Coverage Improved to 116%



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Capital Ratios Declined Due to RWA Growth and Amortisation of Tier 2 Capital



(S\$m)

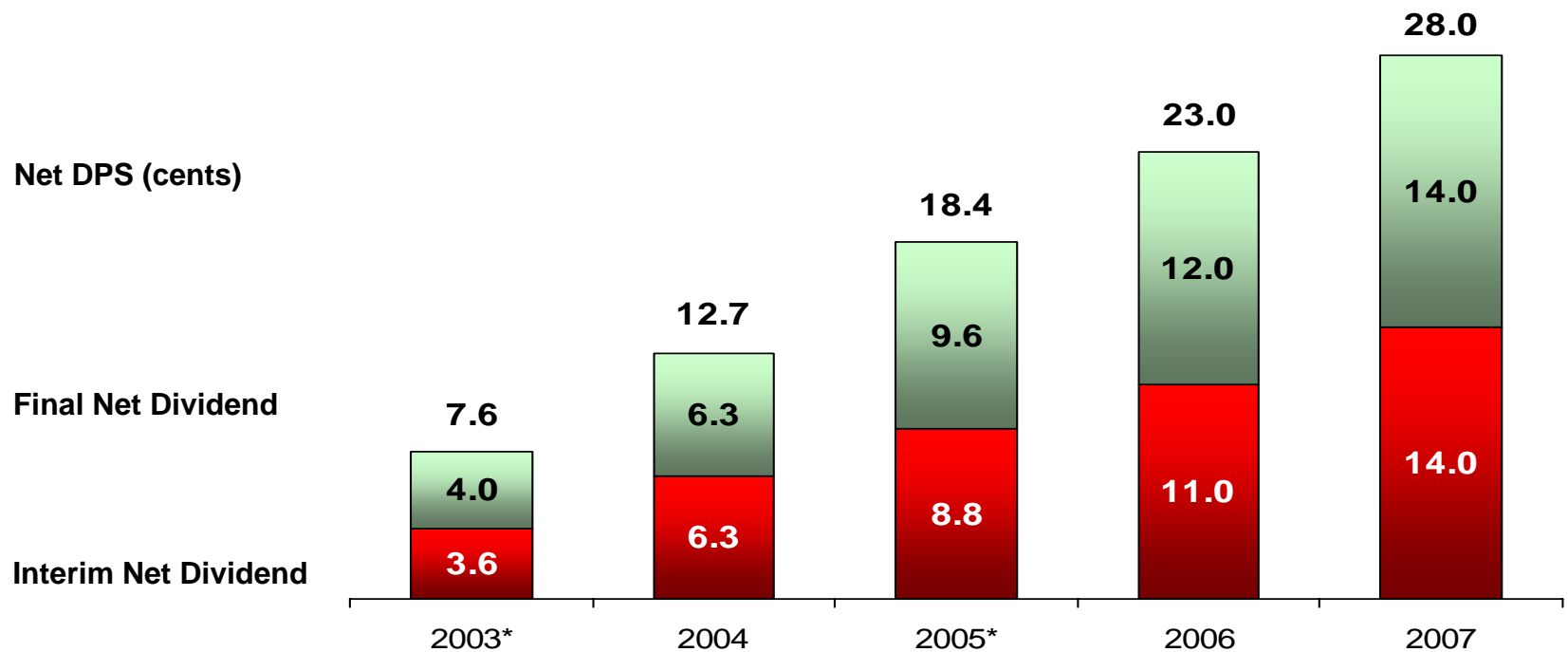
Tier-1 Capital	9,268	9,881	9,575	10,057	10,738	11,049	11,051	11,431
Risk Weighted Assets	70,545	72,136	74,024	76,514	81,878	87,846	92,849	99,381



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Full Year Dividend up 22%



(S\$m)

Net Dividends	234	403	574	709	864
Core Net Profit	828	1,051	1,298	1,443	1,878
Dividend Payout Ratio	28%	38%	44%	49%	46%

* Excludes Special Dividend of S\$0.207 per share in 2003 and Bonus Dividend of S\$0.417 per share in 2005 (adjusted)



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GEH Contributed 24% of Core Net Profit

GEH's Contribution to OCBC's Results

	FY07	FY06 ^	4Q07	3Q07	4Q06 ^
	S\$m	S\$m	S\$m	S\$m	S\$m
Total Income	813	659	236	181	209
Operating Expenses	(125)	(101)	(39)	(29)	(18)
Operating Profit	688	558	196	153	192
Amortisation of Intangibles	(46)	(44)	(12)	(12)	(12)
Allowances	(5)	-	(4)	-	-
Associates & JVs	6	(2)	(5)	-	-
Tax	(117)	(86)	(41)	(22)	(23)
Minority Interests	(76)	(70)	(19)	(18)	(23)
Net Profit contribution	449	357	116	100	134

^ FY06 include S\$53m gains (S\$40m net of tax) from divestment of stakes in Straits Trading, Robinson & Co and Raffles Holdings; 4Q06 include S\$29m gain (S\$23m net of tax) from Raffles Holdings



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OCBC Malaysia : Full Year Results

	FY07	FY06	YoY
<u>Audited Results*</u>	RM m	RM m	+/(-)%
Net Interest Income	867	749	16
Islamic Banking Income	82	52	58
Non Interest Income	357	283	26
Total Income	1,305	1,084	20
Operating Expenses	(542)	(418)	30
Operating Profit	763	666	15
Allowances	(45)	(63)	(28)
Tax	(206)	(172)	20
Net Profit	512	431	19

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



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OCBC Malaysia : Quarterly Results

	4Q07	4Q06	YoY	3Q07	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	233	198	18	216	8
Islamic Banking Income	23	15	60	20	15
Non-Interest Income	92	82	12	91	1
Total Income	348	294	18	327	6
Operating Expenses	(163)	(114)	43	(139)	17
Operating Profit	185	180	3	188	(2)
Allowances	(14)	(21)	(33)	(15)	(7)
Tax	(50)	(45)	11	(48)	4
Net Profit	121	114	6	125	(3)

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



OCBC Malaysia : Financial Ratios

	FY07	FY06	4Q07	3Q07	4Q06
	%	%	%	%	%
Net Interest Margin	2.51	2.60	2.58	2.41	2.60
Non-Interest Income / Total Income	27.4	26.1	26.4	27.8	27.7
Cost-to-Income Ratio	41.6	38.5	46.9	42.5	38.9
RM Loans-to-Deposits Ratio	84.6	80.5	84.6	81.8	80.5
Gross NPL Ratio	4.0	5.5	4.0	4.4	5.5
Loans Growth (YoY)	14.5	9.6	14.5	12.7	9.6
ROE	22.2	20.7	19.9	21.2	21.1



Bank NISP : Full Year Results

	FY07	FY06	YoY
<u>Audited Results*</u>	RP bn	RP bn	+/(-)%
Net Interest Income	1,178	905	30
Non Interest Income	336	215	56
Expenses	(1,048)	(733)	43
Operating Profit	466	387	20
Allowances	(117)	(57)	107
Net Profit	250	237	5

* Bank NISP's contribution to Group net profit was S\$26m in FY06 and S\$29m in FY07

Bank NISP : Quarterly Results

	4Q07	4Q06	YoY	3Q07	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	306	265	15	319	(4)
Non Interest Income	88	82	7	64	37
Expenses	(303)	(232)	31	(271)	12
Operating Profit	91	116	(21)	112	(19)
Allowances	(30)	(31)	(4)	(20)	50
Net Profit	44	66	(33)	66	(33)

* Bank NISP's contribution to Group net profit was S\$5m, S\$7m and S\$8m respectively in 4Q07, 3Q07 and 4Q06



Bank NISP : Financial Ratios

	FY07	FY06	4Q07	3Q07	4Q06
	%	%	%	%	%
Net Interest Margin	4.99	4.76	4.97	5.43	5.11
Non-Interest Income / Total Income	22.2	19.2	28.9	20.3	31.0
Cost-to-Income Ratio	67.9	64.2	76.8	70.7	66.6
Loans-to-Deposits Ratio	89.1	82.2	89.1	91.0	82.2
Gross NPL Ratio	2.53	2.49	2.53	2.51	2.49
Loans Growth (YoY)	22.3	25.7	22.3	28.7	25.7
ROE	8.7	11.0	5.6	8.4	11.9





In Summary

- **Strong results amid market turmoil**
- **Achieved multi-year high for core revenue and earnings growth, and ROE**
- **Expense increase partly driven by investment in new markets and better performance**
- **ABS CDO exposure 85% provided for, immaterial impact going forward**
- **Economic outlook for 2008 is uncertain, but we will continue to work to build our customer franchise in the region**





2007 Final Results

Thank You



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