

Presentation to Media and Analysts

2005 Final Results

28 February 2006



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

Full Year Net Profit Up 13%

	FY05	FY04*	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	1,597	1,518	5
Non-Interest Income	1,289	1,108	16
- <i>Fee Income</i>	507	464	9
Total Income	2,887	2,625	10
Operating Expenses	(1,145)	(988)	16
Operating Profit	1,742	1,637	6
Amortisation of Intangibles/ Goodwill	(40)	(158)	(75)
Allowances	(12)	(77)	(85)
Associates	15	89	(83)
Tax & Minority Interest	(408)	(343)	19
Net Profit	1,298	1,148	13

* Excluding net divestment gains of S\$97m (S\$132m before tax & minorities) in FY2004, operating profit and net profit would have increased 16% and 24% respectively

4th Quarter Net Profit Up 24% YoY



	4Q05	4Q04	YoY	3Q05	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	414	389	7	413	-
Non-Interest Income	364	302	20	321	13
- <i>Fee Income</i>	128	113	13	131	(2)
Total Income	778	691	13	735	6
Operating Expenses	(312)	(286)	9	(298)	5
Operating Profit	466	405	15	437	7
Amortisation of Intangibles/ Goodwill	(10)	(45)	(77)	(10)	4
Allowances	(12)	2	n.m.	23	n.m.
Associates	1	2	(45)	2	(43)
Tax & Minority Interest	(104)	(90)	16	(98)	7
Net Profit	341	275	24	355	(4)

Adjusted for Divestment Gains, Profits Showed Stronger Growth

Exclude Non-Core Asset

Divestment Gains

Adjusted Operating Profit

Adjusted Net Profit

	FY05	FY04	YoY
	S\$m	S\$m	+/(-)%
Adjusted Operating Profit	1,742	1,505	16
Adjusted Net Profit	1,298	1,051	24

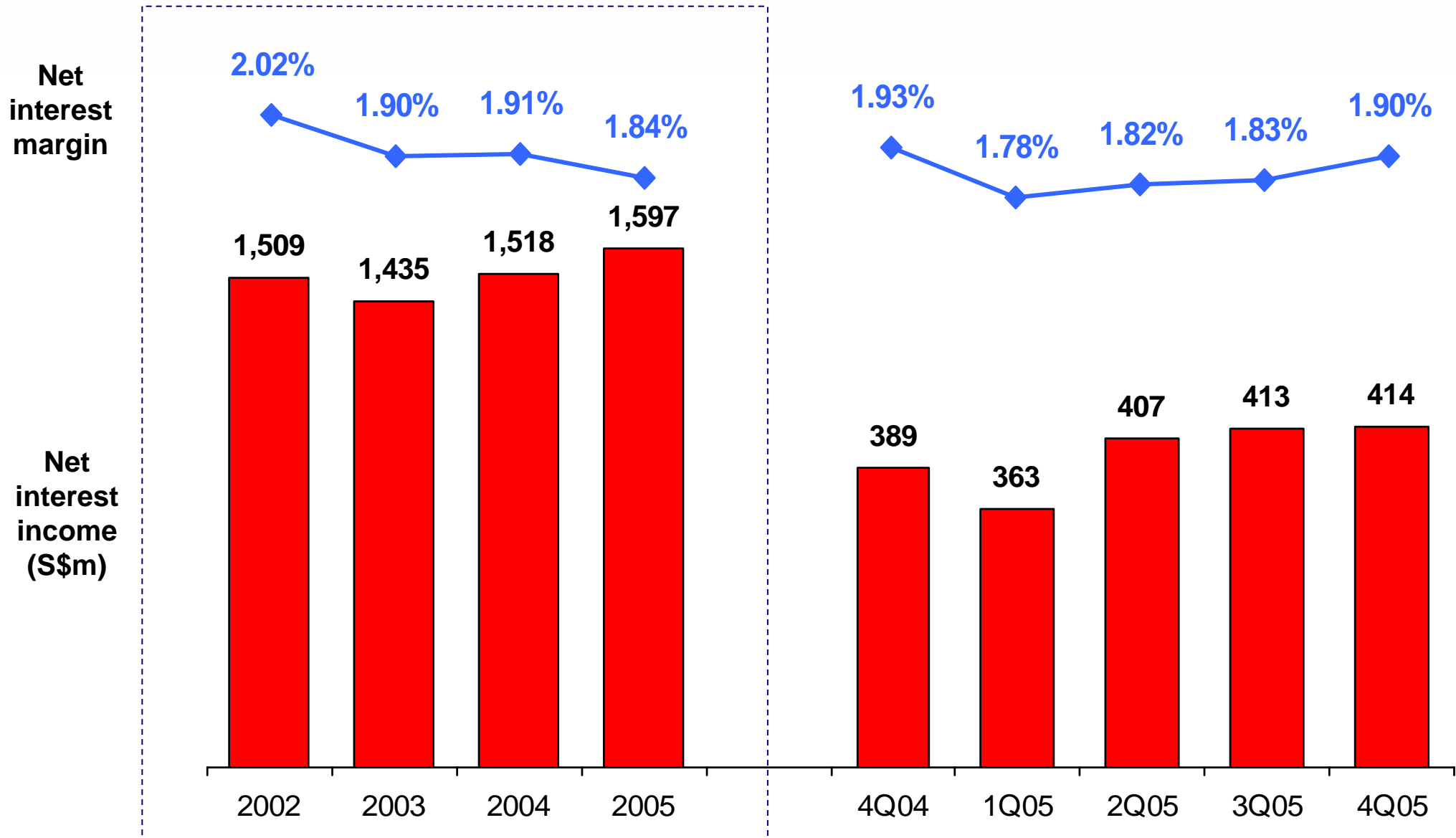
Non-core asset divestment gains: S\$132m (S\$97m net of tax & minorities) in 2004 from sale of Raffles Investments and Whitesands Shopping Mall; nil in 2005

Key Financial Ratios

	FY05	FY04	4Q05	3Q05	4Q04
	%	%	%	%	%
Net Interest Margin	1.84	1.91	1.90	1.83	1.93
Non-Interest Income/ Total Income	44.7	42.2	46.8	43.7	43.7
Cost-to-Income Ratio	39.6	37.6	40.1	40.5	41.4
Loans-to-Deposits Ratio	86.0	90.5	86.0	87.4	90.5
NPL Ratio	4.1	5.0	4.1	4.2	5.0
Allowances/NPLs	88.3	82.9	88.3	86.9	82.9
ROE	11.4	11.3	11.6	12.1	10.2
Cash ROE	11.7	12.9	11.9	12.5	11.9

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Net Interest Income Growth of 5% in 2005



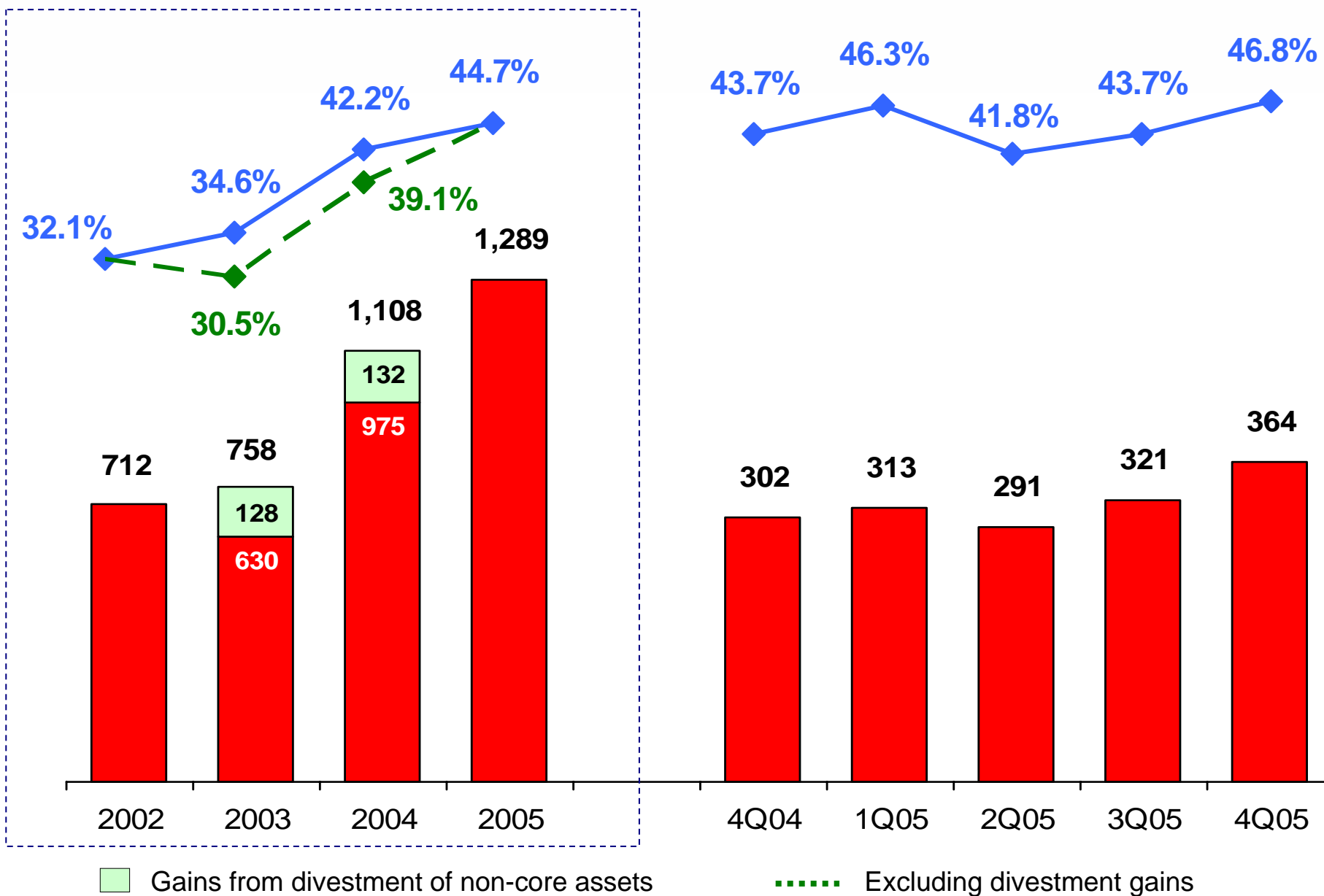
Net Interest Margin Affected by Higher Funding Costs and Flat Yield Curve

<u>Fourth Quarter 2005</u>	Ave Bal	Interest Inc / Exp	Interest Rate		
			Ave Rate	YoY	QoQ
	S\$bn	S\$m	%	bps	bps
Customer loans	54.9	679	4.91	+ 106	+ 32
Placements with Banks	14.4	122	3.34	+ 82	+ 39
Securities/ Others	17.0	165	3.84	+ 115	+ 29
Interest Earning Assets	86.3	966	4.44	+ 102	+ 38
Customer Deposits	63.5	386	2.41	+ 99	+ 36
Bank Deposits	12.6	111	3.51	+ 170	+ 55
Other Borrowings	5.8	54	3.68	+ 106	-9
Interest Bearing Liabilities	81.9	551	2.67	+ 109	+ 33
Net Interest Income		414			
Net Interest Margin			1.90	- 3	+ 7

Contribution from Non-Interest Income on the Rise

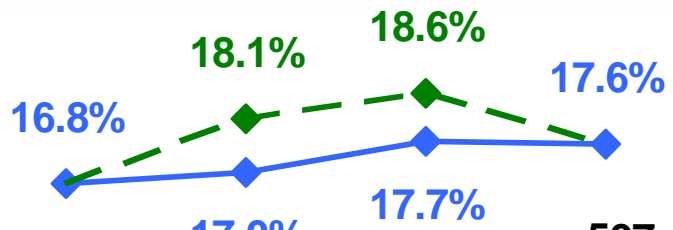
Non-interest income/
Total income

Non-interest income
(S\$m)

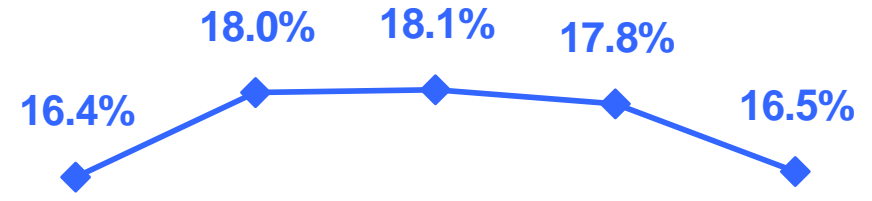
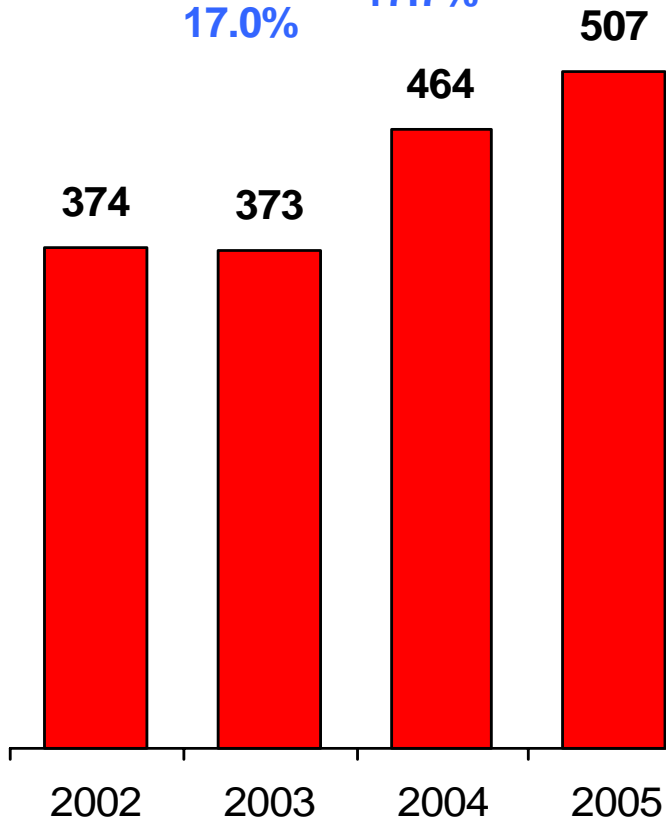


Fee Income Up 9% in 2005

Fee income/
Total
income



Fee
income
(S\$m)



113

122

126

131

128

4Q04

1Q05

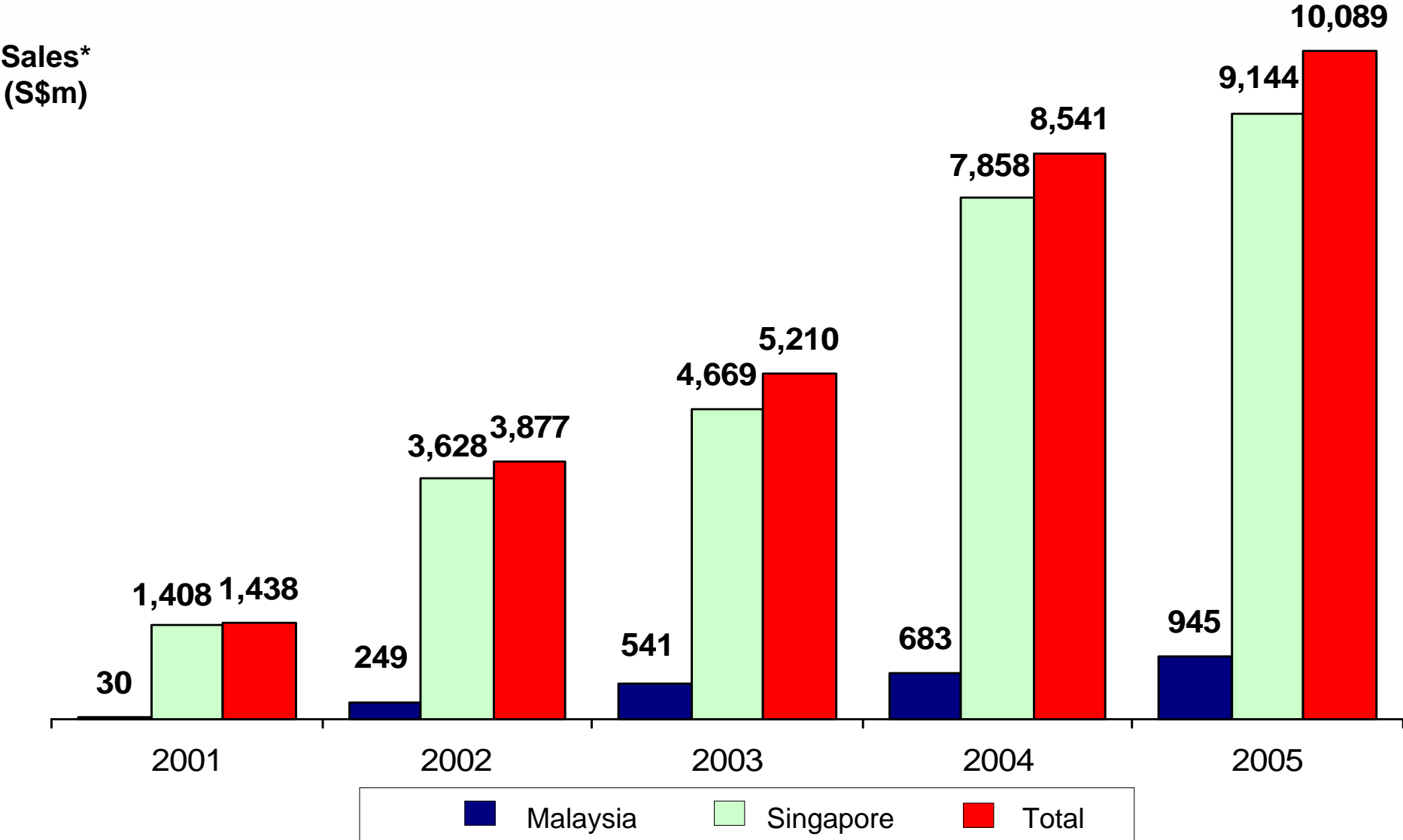
2Q05

3Q05

4Q05

..... Excluding divestment gains

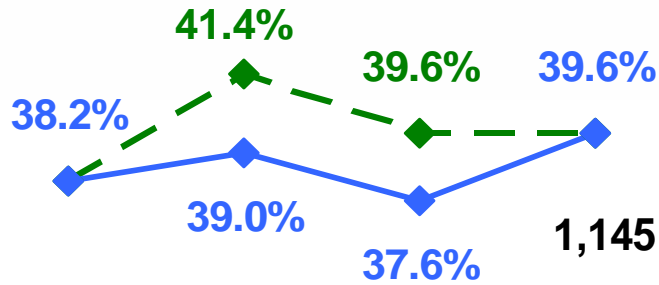
Continued Growth in Wealth Management Sales



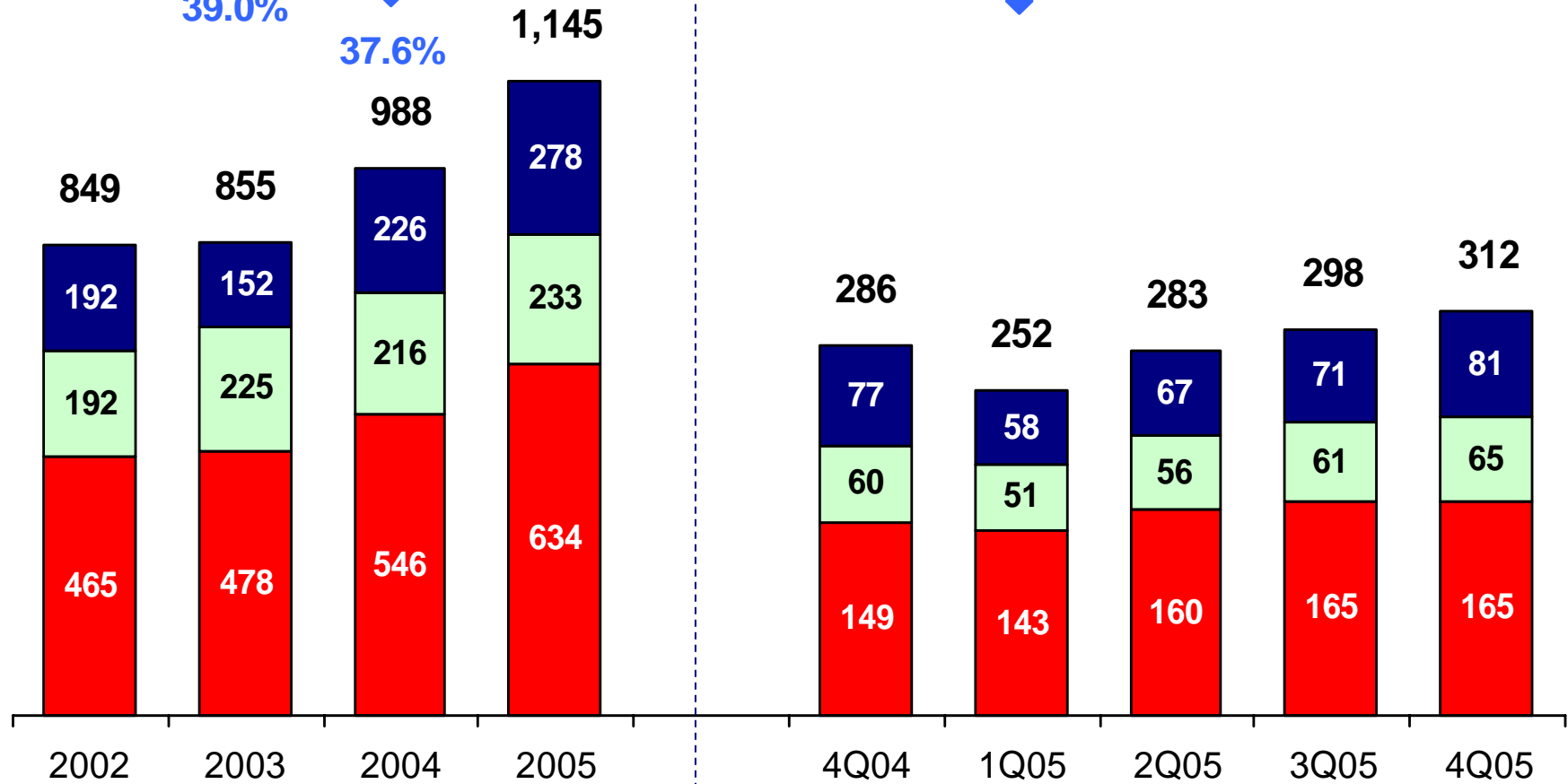
* Comprises sales of unit trusts, bancassurance products and structured deposits & notes

Adjusted for Consolidation Effects, Expenses Grew 4% in 2005

Cost-to-
Income
Ratio

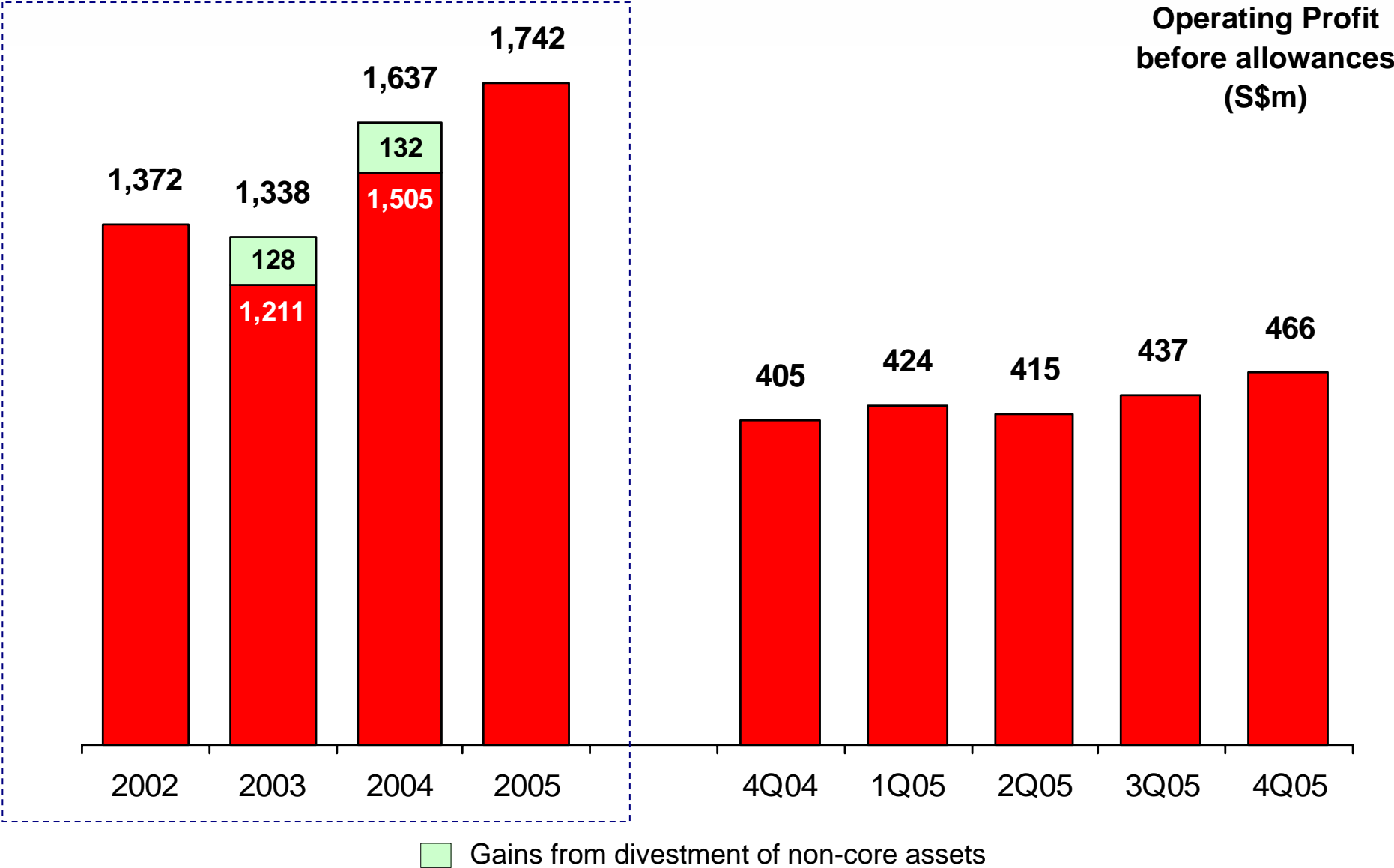


Operating
Expenses
(S\$m)

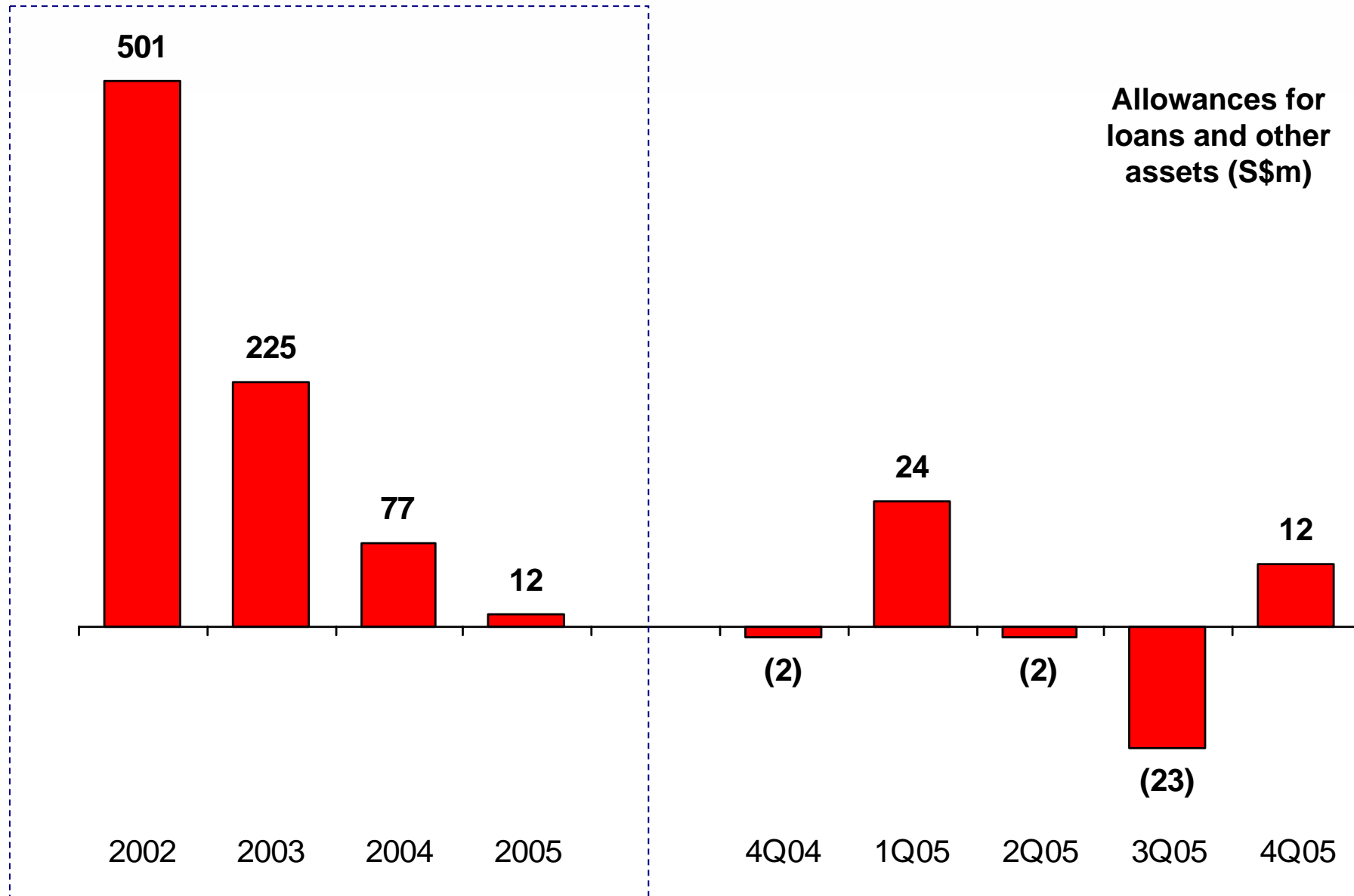


Excluding divestment gains

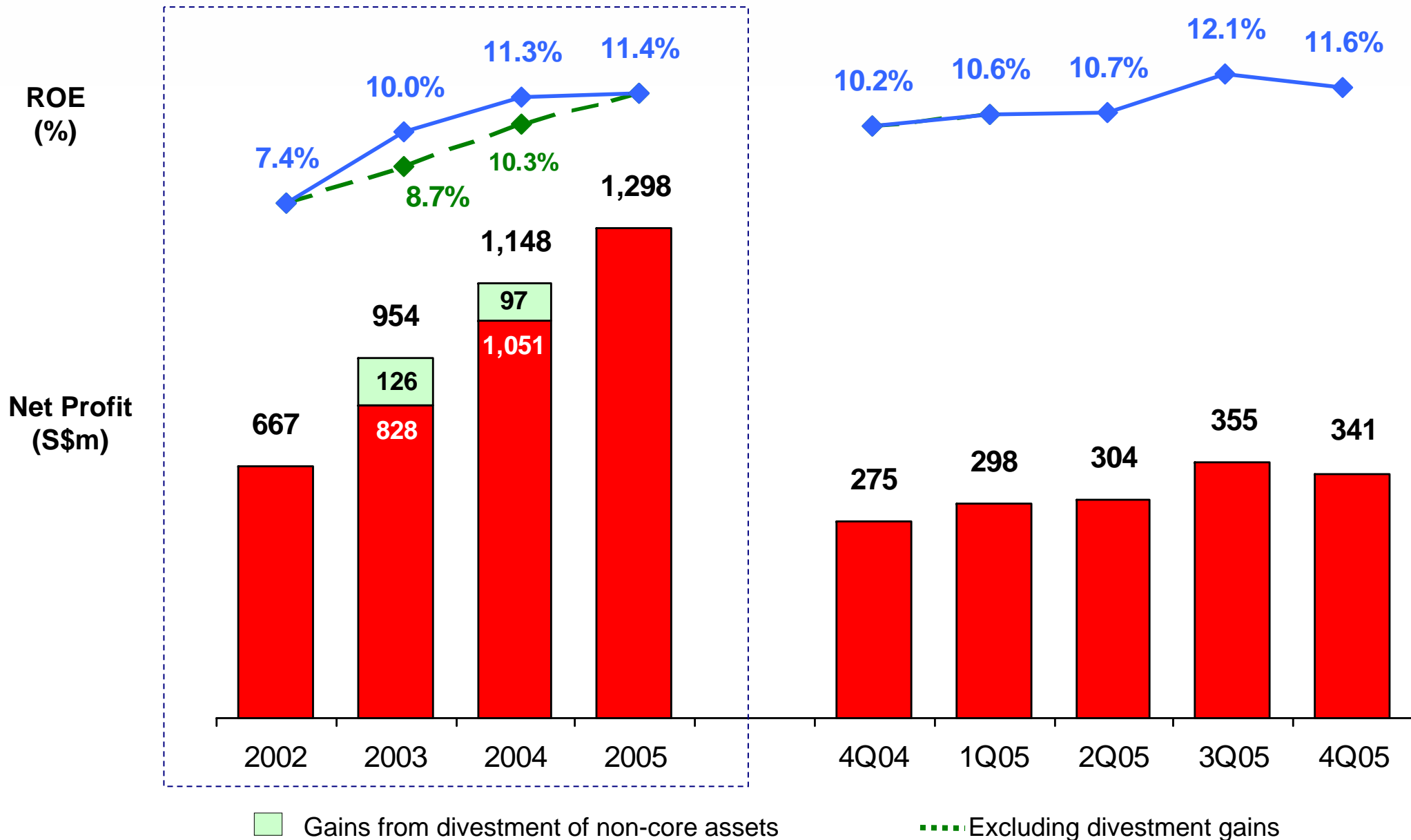
Core Operating Profit Up 16% in 2005



Low Allowances Due to Recoveries

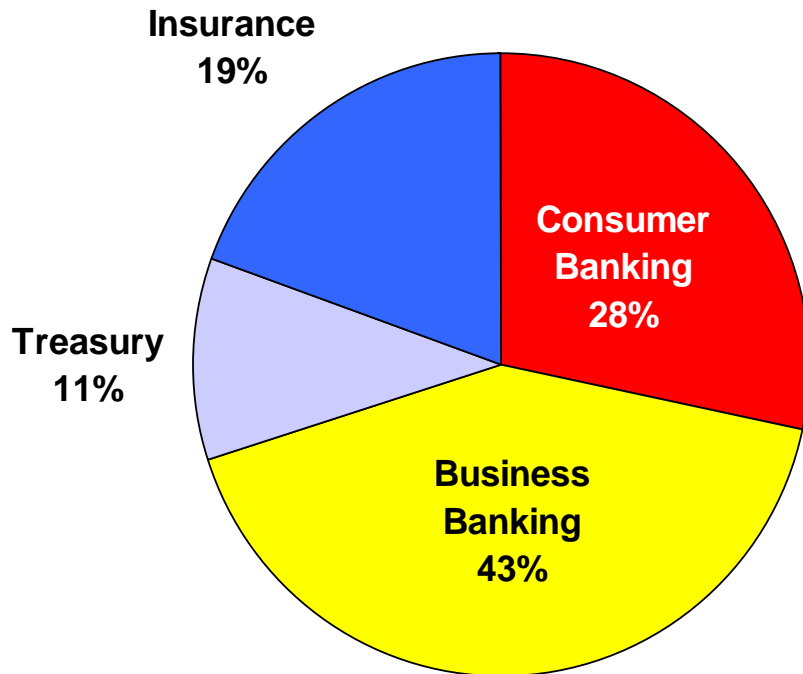


Steady Increase in Earnings and ROE since 2002



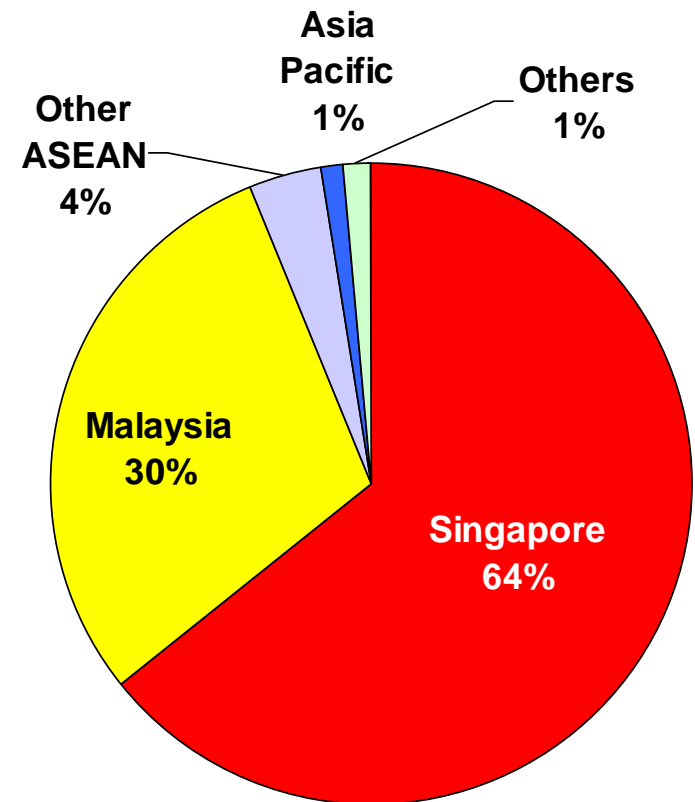
Earnings Contribution by Segments

Net Profit by Business Segment



2005 Net Profit : S\$1,298m

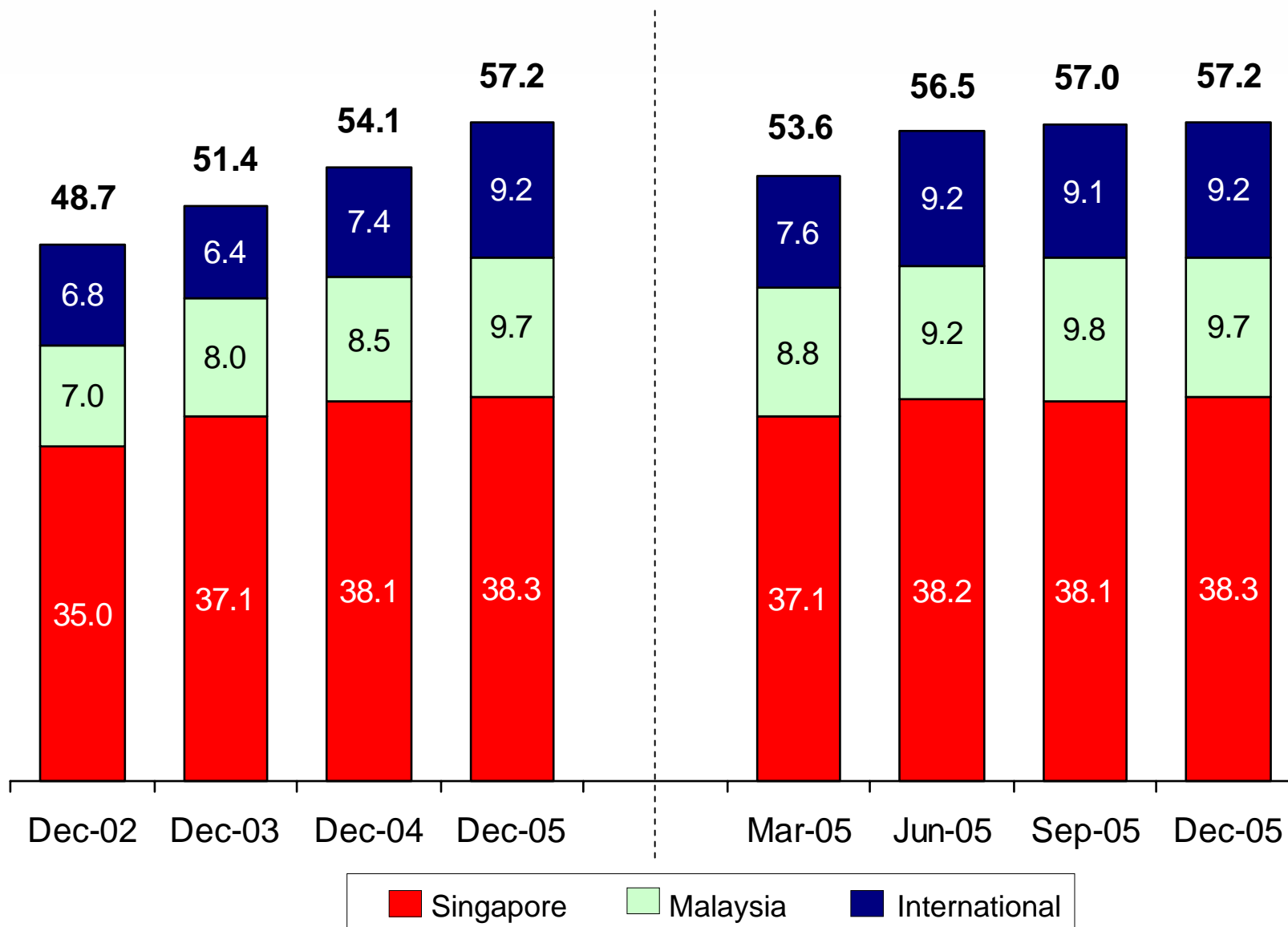
PBT by Geography



2005 Profit before Tax: S\$1,706m

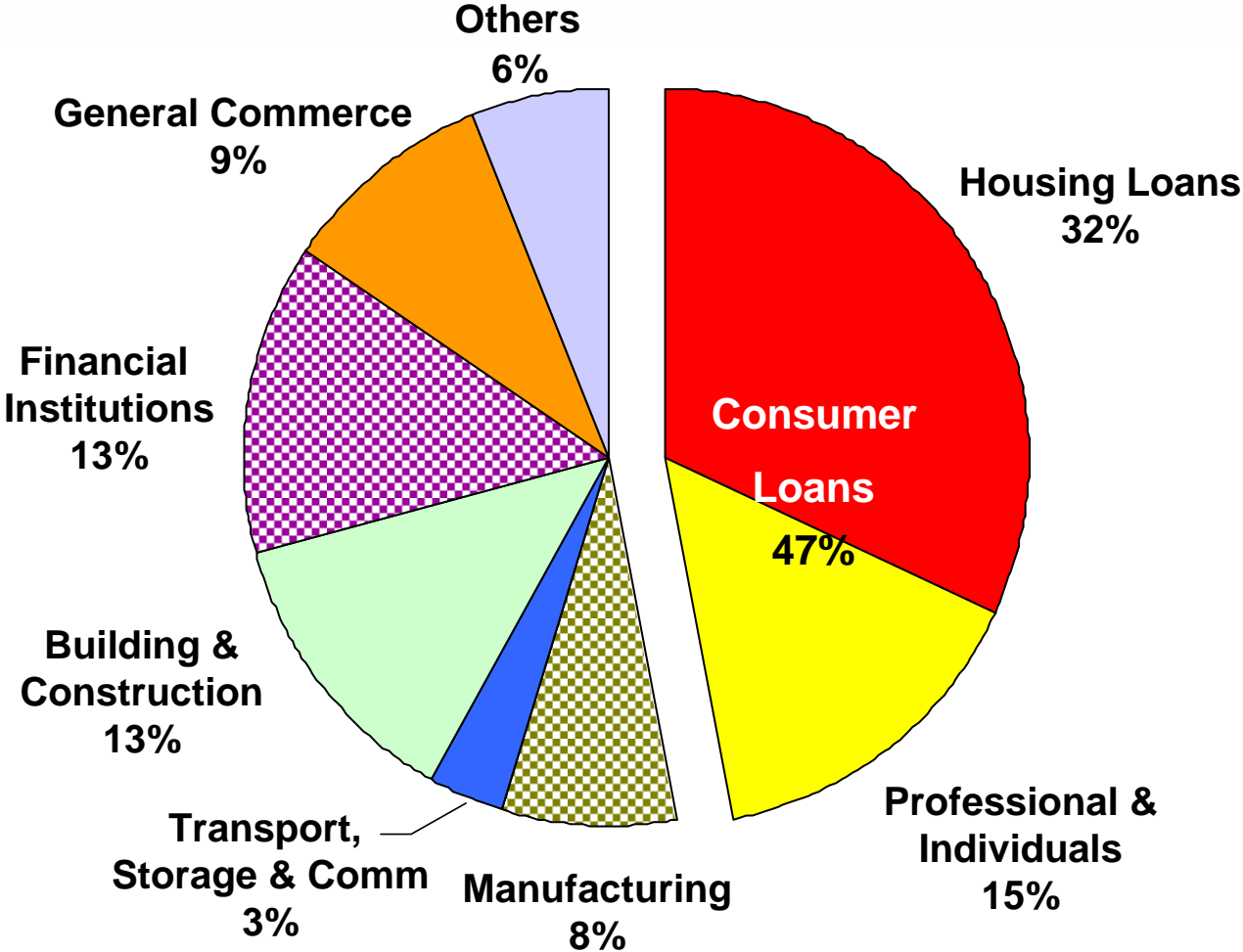
6% Loans Growth Mainly from Overseas

Loans
(S\$bn)



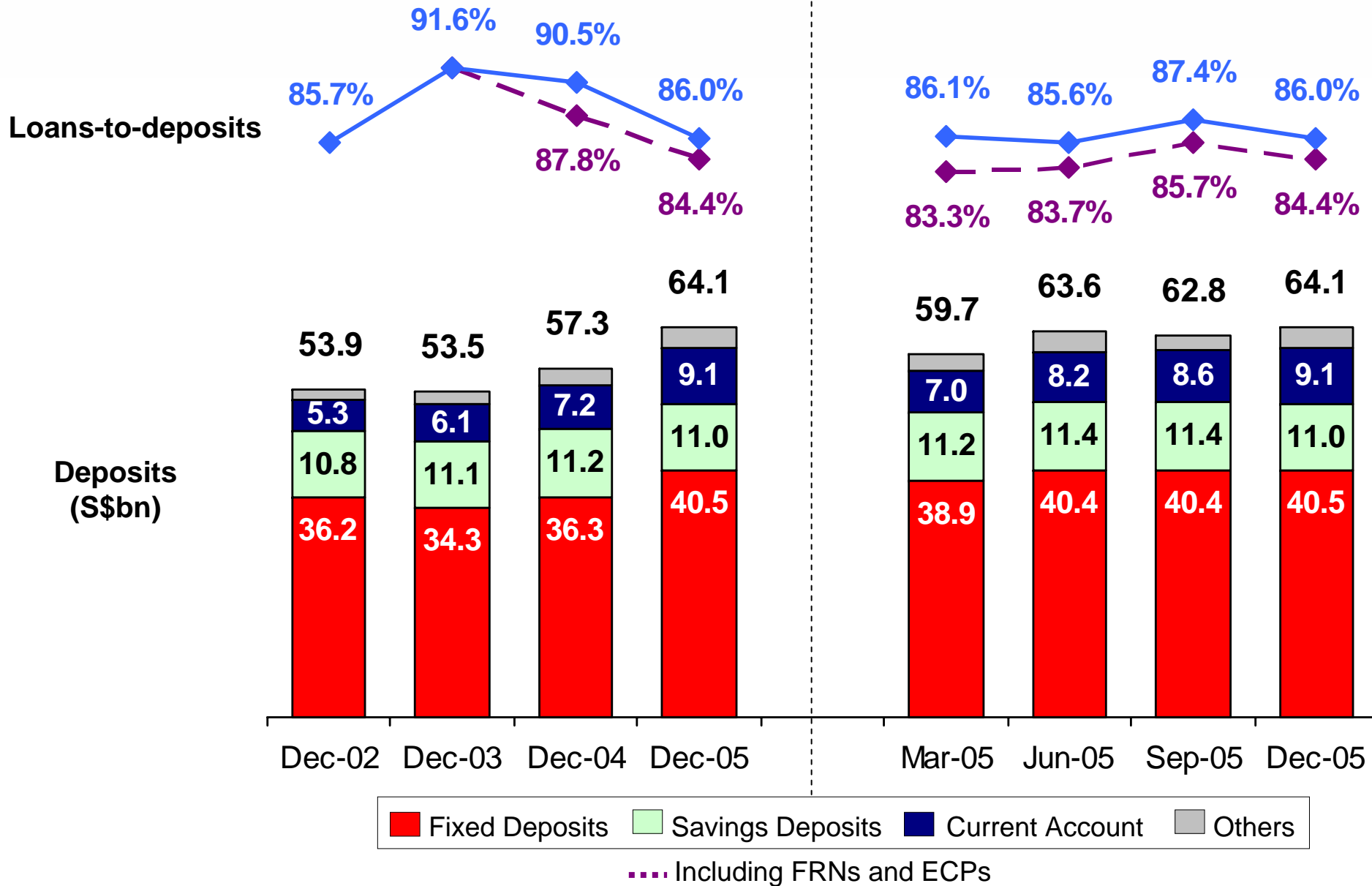
Well Diversified Loans Portfolio

Loans by Sector



Total Loans : S\$57.2 billion

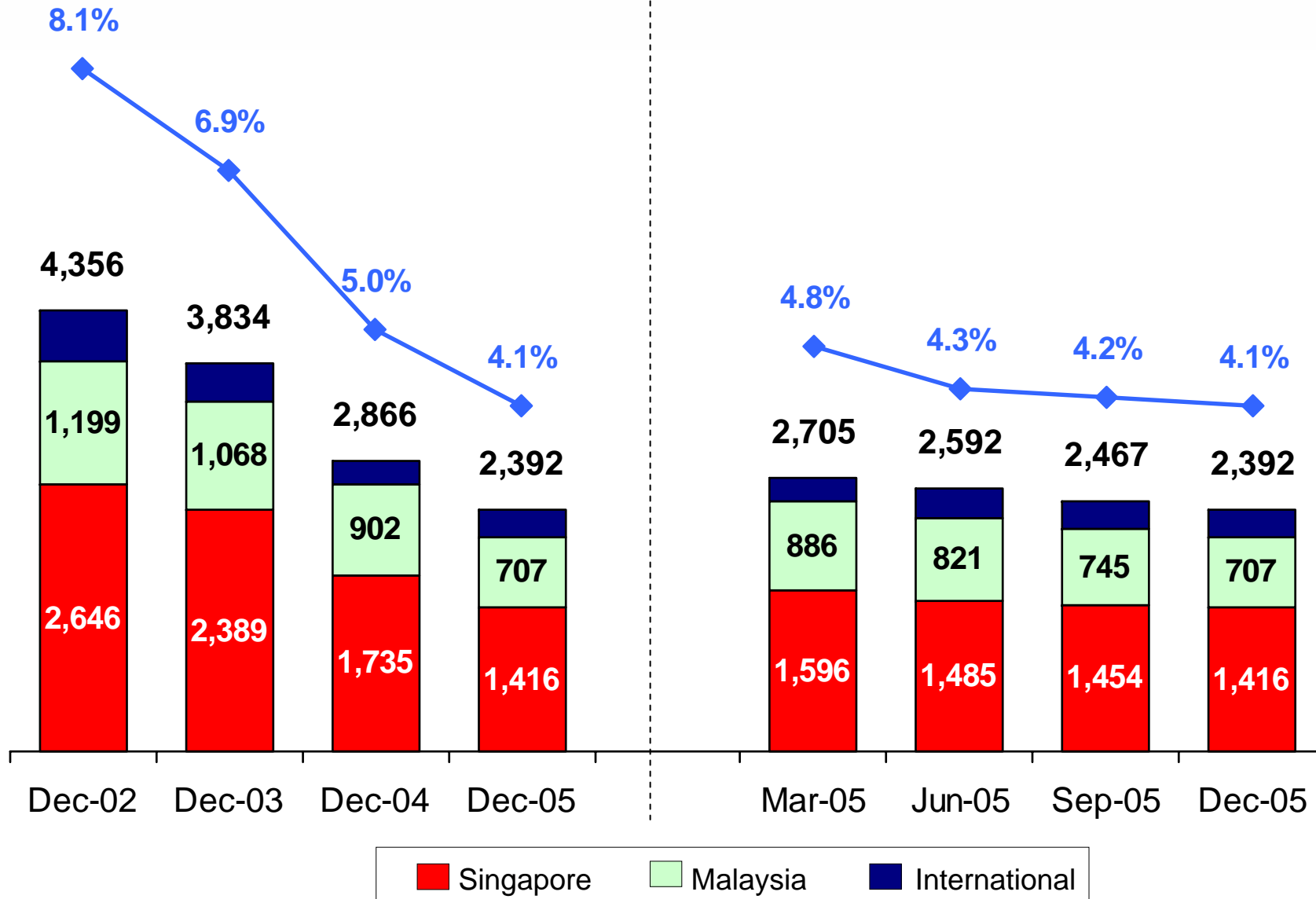
Lower Loans-to-Deposits Ratio



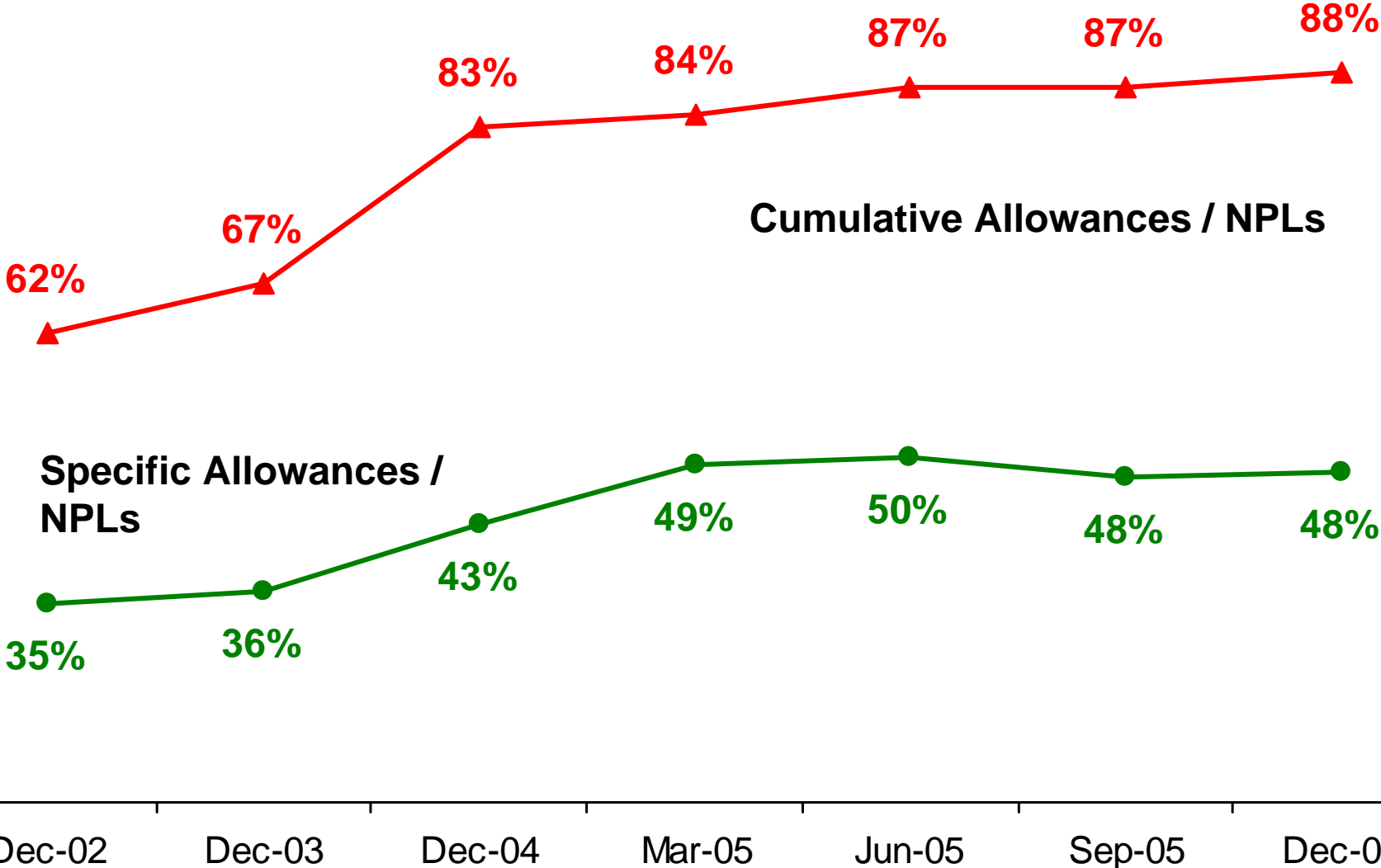
Continued Improvement in NPLs

NPL Ratio

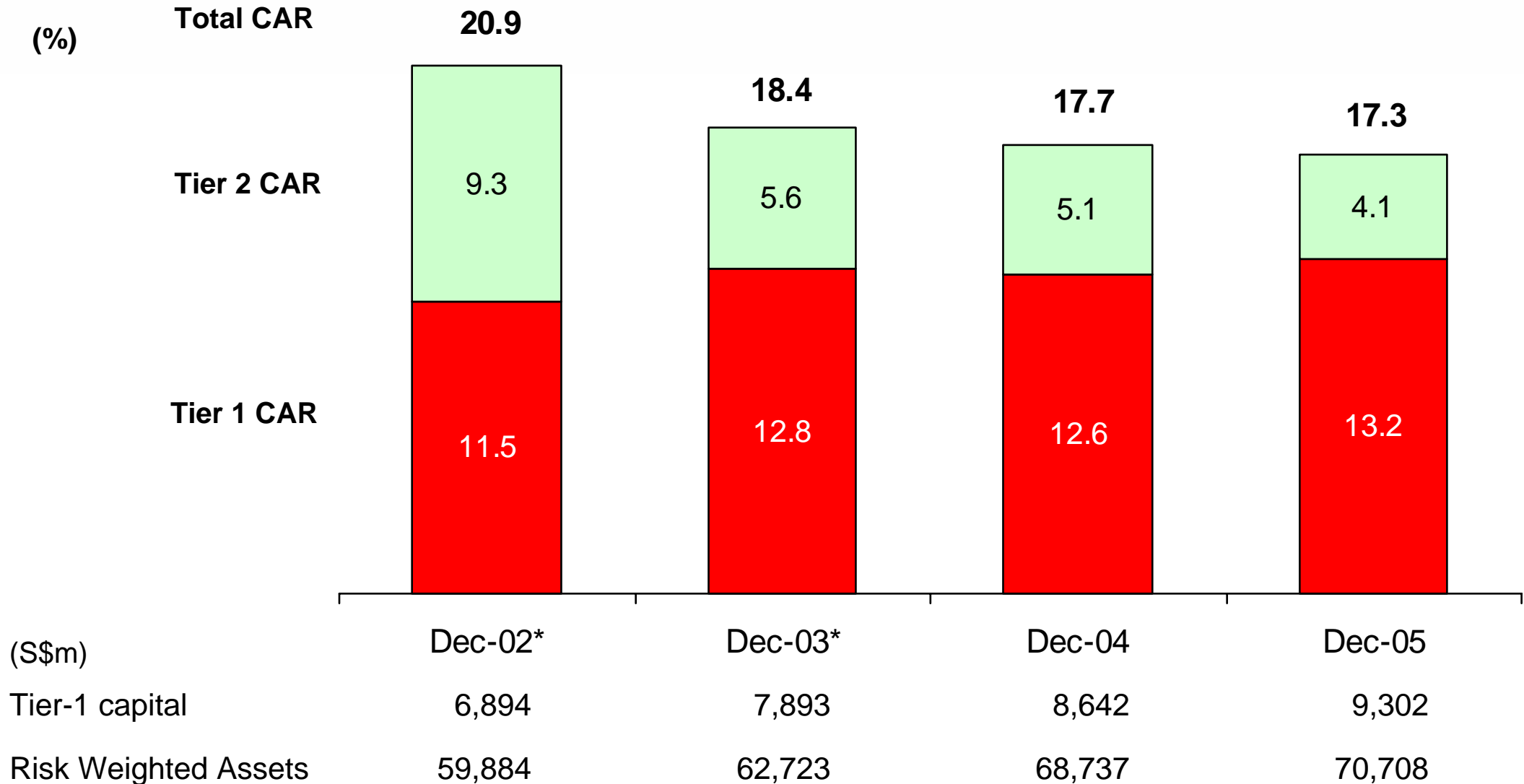
NPLs (S\$m)



Maintained Strong Allowances Coverage



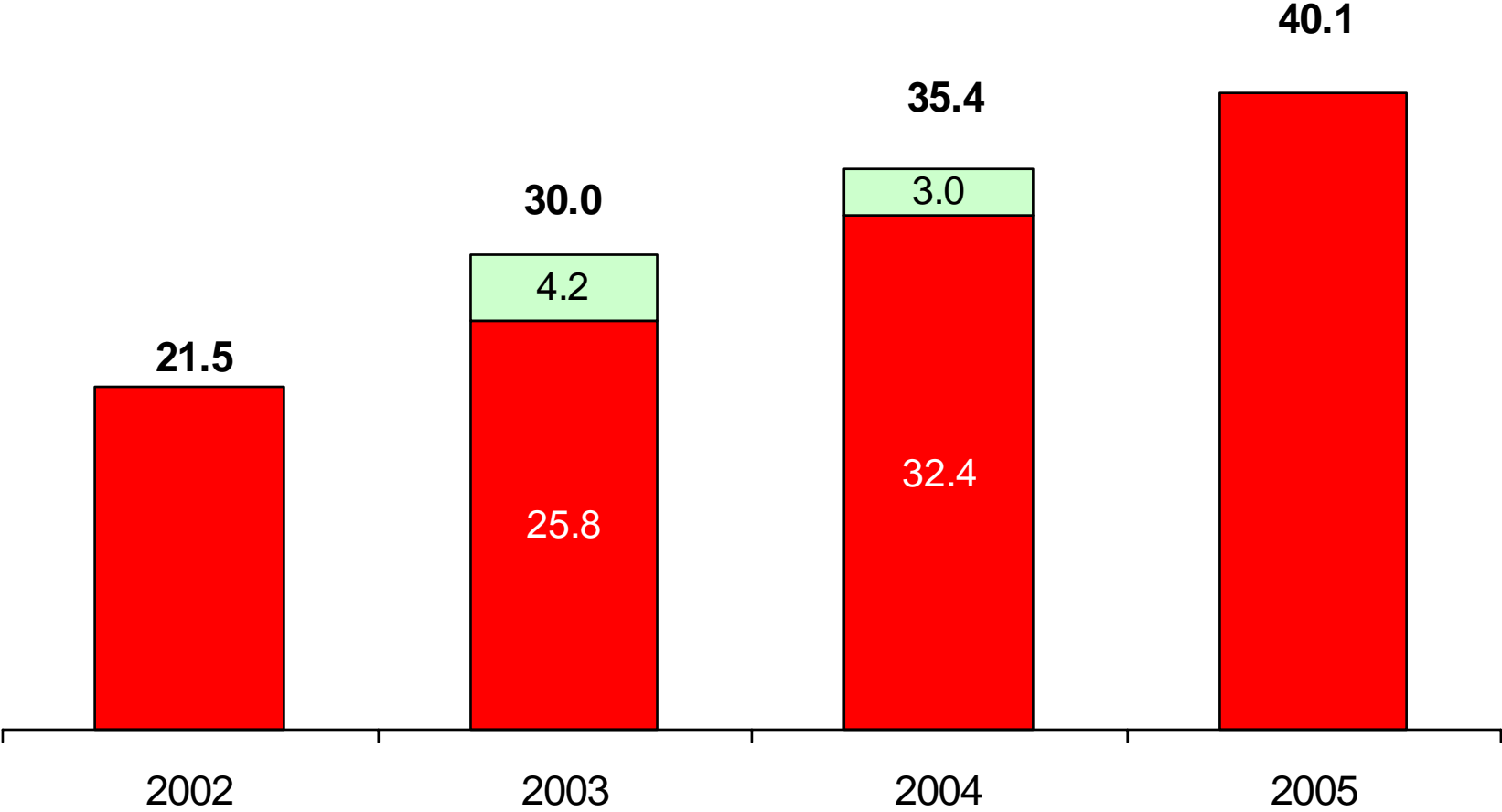
Strong Capital Position Despite Returning > S\$2.5bn in Excess Capital Since 2003



* Dec-02 and Dec-03 capital ratio computed based on previous BIS framework. Capital ratios from Dec-04 computed based on the revised MAS framework.

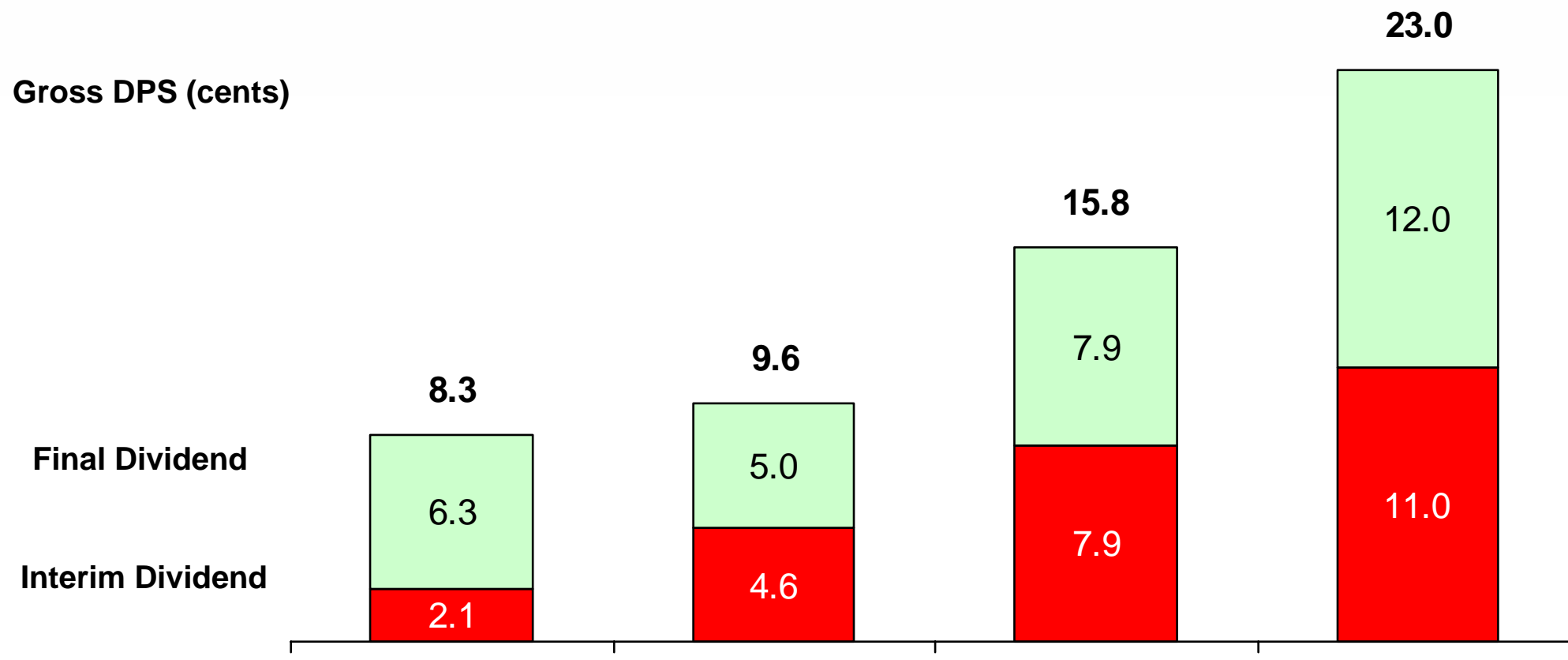
Earnings Per Share

Earnings
per Share
(cents)



 Gains from divestment of non-core assets

Full Year Dividend up 45% from 2004, Dividend Payout Ratio Increased to 44%



(S\$m)	2002	2003*	2004	2005*
Net Dividends	201	234	403	574
Core Net Profit	667	828	1,051	1,298
Dividend Payout Ratio	30%	28%	38%	44%

* Excludes Special Dividend of S\$0.6378 per share in 2003 and Bonus Dividend of S\$1.25 per share in 2005 (unadjusted)

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OCBC Malaysia's Net Profit Up 53% in 2005



	FY05	FY04	YoY
	RM m	RM m	+/(-)%
Net Interest Income	627	551	14
Islamic Banking Income	45	29	52
Non Interest Income	257	204	26
Total Income	929	784	18
Operating Expenses	(370)	(295)	25
Operating Profit	559	489	14
Allowances	26	(102)	n.m.
Tax	(170)	(116)	46
Net Profit	415	271	53

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

OCBC Malaysia's 4Q05 Net Profit Up 25% QoQ



	4Q05	4Q04	YoY	3Q05	QoQ
	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	170	144	18	159	7
Islamic Banking Income	14	14	-	10	47
Non Interest Income	65	57	14	73	(11)
Total Income	249	215	16	241	3
Operating Expenses	(100)	(95)	5	(99)	1
Operating Profit	149	120	24	142	5
Allowances	26	(76)	n.m.	(5)	n.m.
Tax	(50)	(14)	264	(38)	32
Net Profit	125	30	310	100	25

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

OCBC Malaysia: Financial Ratios



	FY05	FY04	4Q05	3Q05	4Q04
	%	%	%	%	%
Net Interest Margin	2.39	2.23	2.55	2.35	2.36
Non-Interest Income / Total Income	27.7	26.0	26.0	30.2	26.5
Cost-to-Income Ratio	39.8	37.6	40.0	41.0	44.1
RM Loans-to-Deposits Ratio	85	87	85	92	87
Gross NPL Ratio	6.2	8.0	6.2	6.4	8.0
Loans Growth (YTD)	10.0	14.0	10.0	7.6	14.0
ROE	23.3	16.9	24.4	22.1	7.6

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

GEH Contributed 19% of Group Net Profit

<u>GEH's Contribution to OCBC's Results</u>	FY05	FY04*	4Q05	3Q05	4Q04
	S\$m	S\$m	S\$m	S\$m	S\$m
Total Income	523	286	139	127	151
Operating Expenses	(88)	(51)	(23)	(24)	(24)
Operating Profit	436	234	116	103	126
Amortisation of Intangibles/ Goodwill	(40)	(32)	(10)	(10)	(14)
Tax	(67)	(46)	(21)	(16)	(27)
Minority Interests	(76)	(36)	(16)	(17)	(16)
Profit contribution as a subsidiary	251	121	68	59	71
Profit contribution as an associate	-	68	-	-	-
Total Profit contribution of GEH	251	189	68	59	71

* GEH was consolidated as a subsidiary from June 2004, and equity accounted as an associate prior to June 2004

Bank NISP's FY05 Results Hurt by Interest Rate Volatility



	FY05	FY04	4Q05	3Q05	4Q04
	RP bn	RP bn	RP bn	RP bn	RP bn
Net Interest Income	721	642	187	177	170
Non-Interest Income	205	178	169	(39)	66
Expenses	(593)	(409)	(177)	(145)	(111)
Operating Profit	333	410	180	(7)	125
Allowances	(39)	(19)	(15)	(6)	(1)
Net Profit	205	291	121	(11)	89
Gross Loans	12,438	10,056	12,438	12,612	10,056
NPL Ratio (%)	2.46	1.01	2.46	2.26	1.01
Net Interest Margin (%)	4.15	4.66	4.13	4.03	4.56
ROE (%)	14.8	26.9	31.3	(3.2)	31.7

* Bank NISP's results were consolidated from April 2005. After taking into account fair value adjustments made at Group level upon acquisition, the contribution to Group net profit was S\$31m in FY05 (FY04: S\$6m).

- ❑ Healthy set of results in 2005 despite effects of higher cost of funds, flat yield curve and keen price competition**
- ❑ Growth lifted by Malaysia and recent acquisitions of Great Eastern Holdings and Bank NISP**
- ❑ Over past three years, Group earnings have almost doubled, and dividends per share increased 176%**
- ❑ We will continue to focus on growing in our key markets of Singapore, Malaysia, Indonesia and China**

2005 Final Results

Thank You

