

Third Quarter 2007 Results

Presentation

6 November 2007



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

Third Quarter Core Net Profit up 12%



	3Q07	3Q06	YoY	2Q07	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	565	473	19	558	1
Non-Interest Income	481	357	35	493	(2)
Total Income	1,047	831	26	1,050	-
Operating Expenses	(427)	(333)	28	(416)	3
Operating Profit	620	498	24	634	(2)
Amortisation of Intangibles	(12)	(11)	3	(12)	-
(Allowances)/Write-back	(39)	(3)	n.m.	16	(345)
Associates & JVs	2	4	(57)	4	(55)
Tax & Minority Interests	(146)	(109)	34	(125)	17
Core Net Profit	425	379	12	518	(18)
Tax Refunds	38	-	-	15	161
Reported Net Profit	463	379	22	532	(13)

Core Net Profit for Nine Months up 44%



	9M07	9M06	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	1,631	1,303	25
Non-Interest Income	1,480	1,035	43
Total Income	3,111	2,339	33
Operating Expenses	(1,195)	(989)	21
Operating Profit	1,916	1,349	42
Amortisation of Intangibles	(35)	(32)	8
(Allowances)/Write-back	(23)	9	(349)
Associates & JVs	22	9	143
Tax & Minority Interests	(427)	(324)	32
Core Net Profit	1,453	1,011	44
Divestment Gains/Tax Refunds ^{1/}	190	481	(61)
Reported Net Profit	1,642	1,493	10

^{1/} Net divestment gains of S\$90m in 9M07 and S\$481m in 9M06; tax refunds of S\$100m in 9M07

Key Financial Ratios

– Based on Core Earnings



	9M07	9M06	3Q07	2Q07	3Q06
	%	%	%	%	%
Net Interest Margin	2.08	1.98	2.07	2.13	2.06
Non-Interest Income/ Total Income	47.6	44.3	46.0	46.9	43.0
Cost-to-Income Ratio	38.4	42.3	40.8	39.6	40.0
Loans-to-Deposits Ratio	77.6	82.6	77.6	77.4	82.6
NPL Ratio	2.1	3.3	2.1	2.4	3.3
Allowances/NPLs	107.2	97.1	107.2	104.0	97.1
ROE	14.1	11.2	11.5	15.4	12.3
Cash ROE	14.5	11.5	11.8	15.7	12.7

(S\$m)	Investment Amount	3Q07 Allowance/ MTM Loss (taken to P&L)	Cumulative Adj. to Fair Value Reserves (taken to Equity)
Total CDOs	641	(224)	(16)
- ABS CDOs	270	(221)	-
- Corporate CDOs	372	(3)*	(16)

* MTM loss in the value of credit default swaps embedded in some of the corporate CDOs

- **ABS CDOs**

- Switched from counterparty quotations to third party valuation model

- **Corporate CDOs**

- Continue to use counterparty quotations
- S\$104m of CDOs will mature in Nov 08, and S\$60m in Sep 09

- No defaults or downgrades in any CDO as of 30 Sep 07, but S\$57m of ABS CDOs that showed signs of weakness were classified as non-performing assets

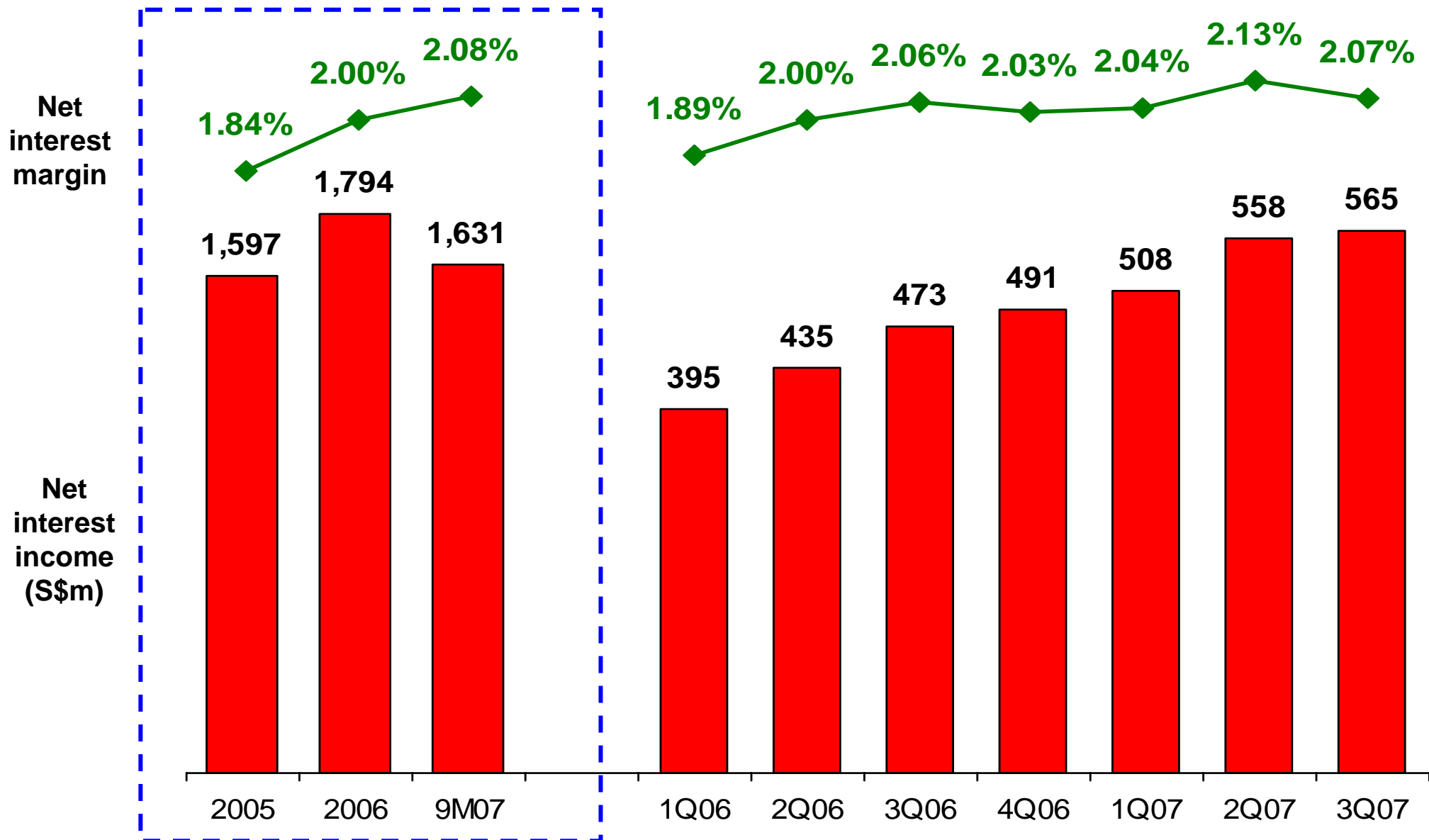
- **Outstanding investment portfolio of S\$176m (MTM basis) as at 30 Sep 07, inclusive of new S\$30m investment in “AA” corporate CDO tranche in Aug 07**
 - S\$9m under shareholders' funds
 - S\$167m under life funds (out of total life fund assets of S\$42bn), including S\$18m ABS CDOs with some US sub-prime exposure
- **MTM value fell by S\$28m during 3Q07, immaterial impact on P&L:**
 - S\$3m taken to fair value reserves in shareholders' funds
 - S\$25m taken to life fund assets
- **Policyholders own investment-linked policies (ILP) of S\$583m related to CDOs**
 - Includes new S\$186m ILP successfully closed in Oct 07, invested in “AA” corporate CDO
 - No US sub-prime exposure
 - All returns and risks borne by policyholders

Lion Capital: S\$5.6 bn CDOs under management as at 30 Sep (no change from June)

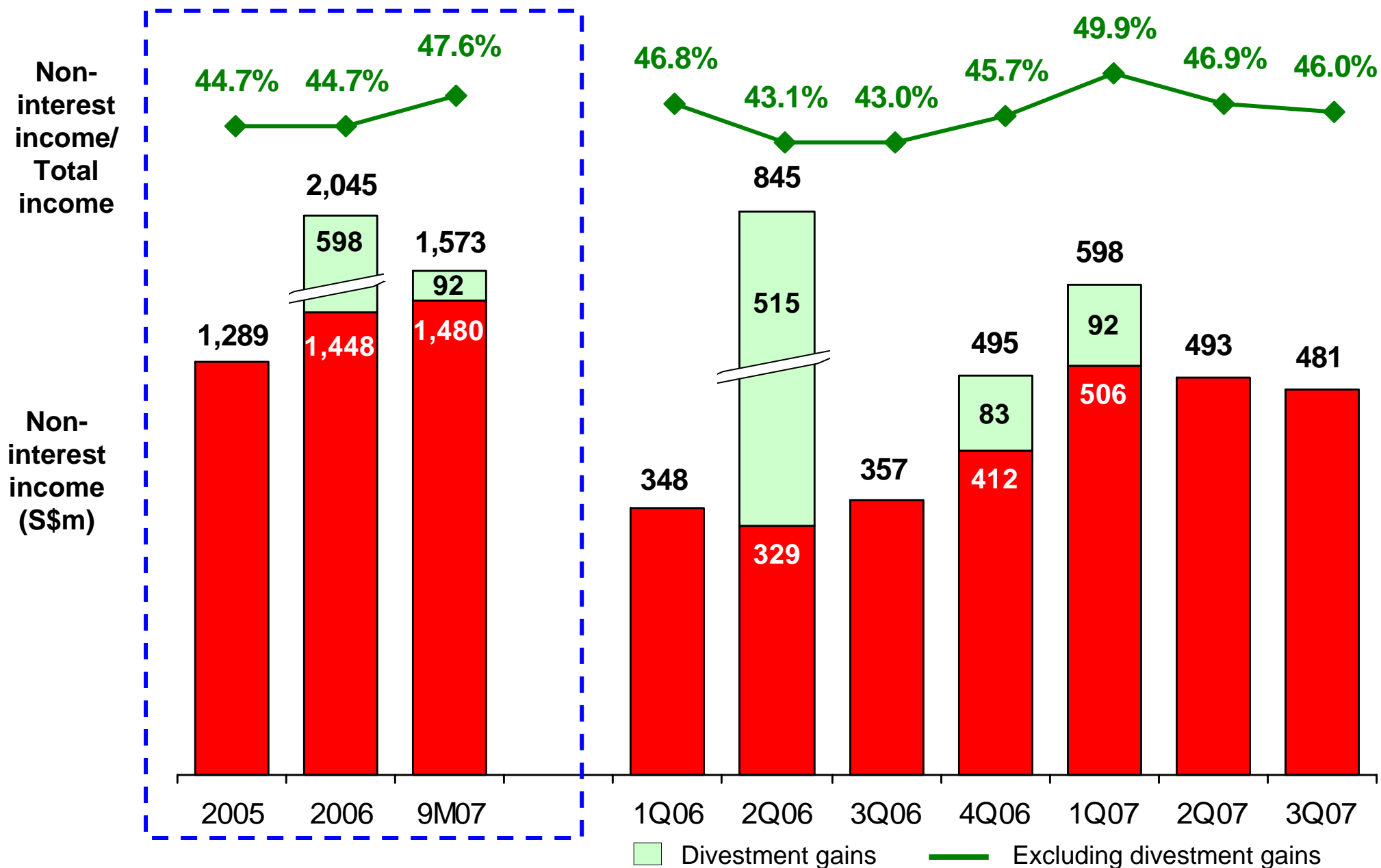
- S\$1.5 bn in ABS CDOs with some US sub-prime exposure
- All returns and risks borne by investors

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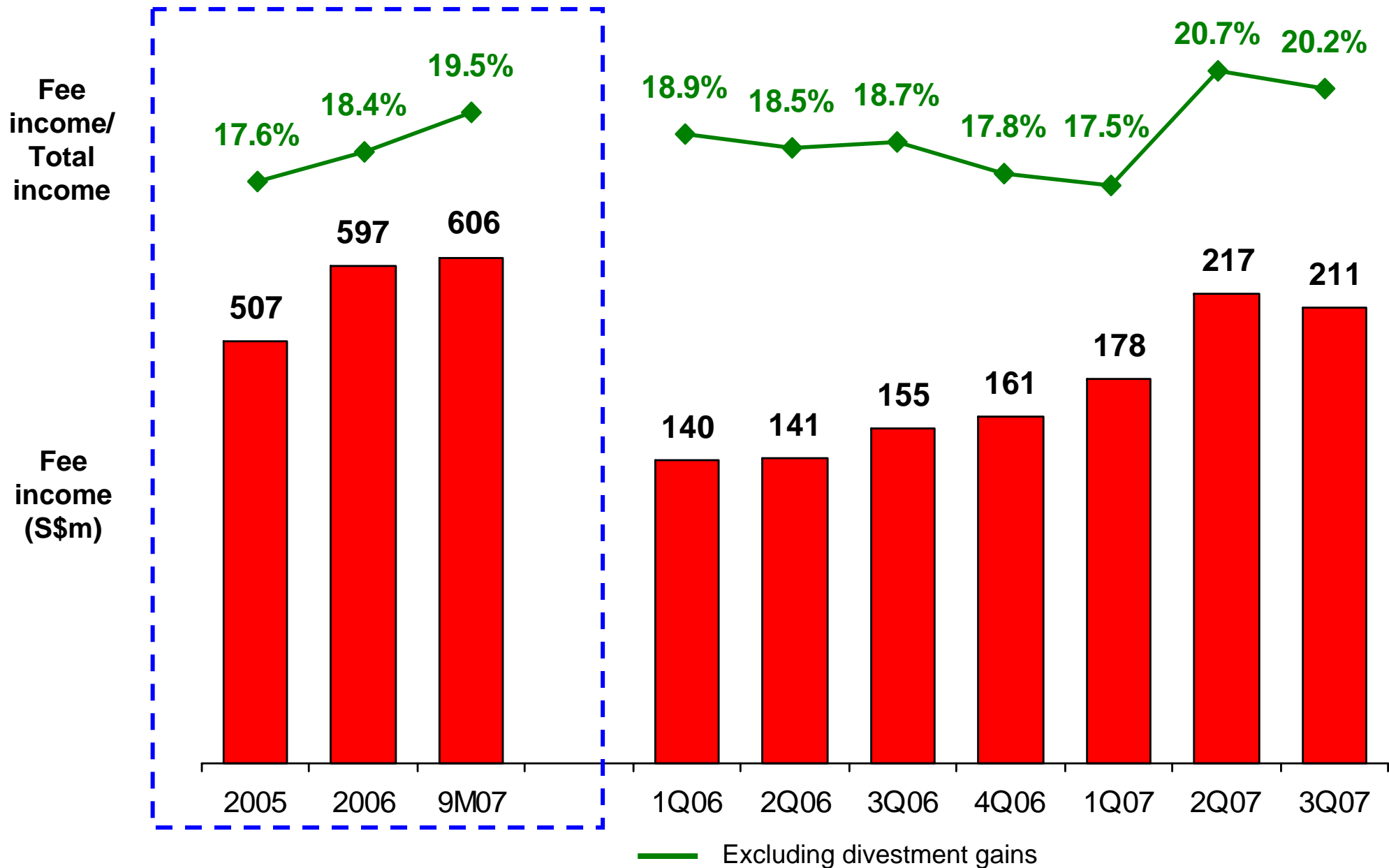
3Q07 Net Interest Income up 19% YoY



Non-interest Income sustained in 3Q07 despite market turmoil



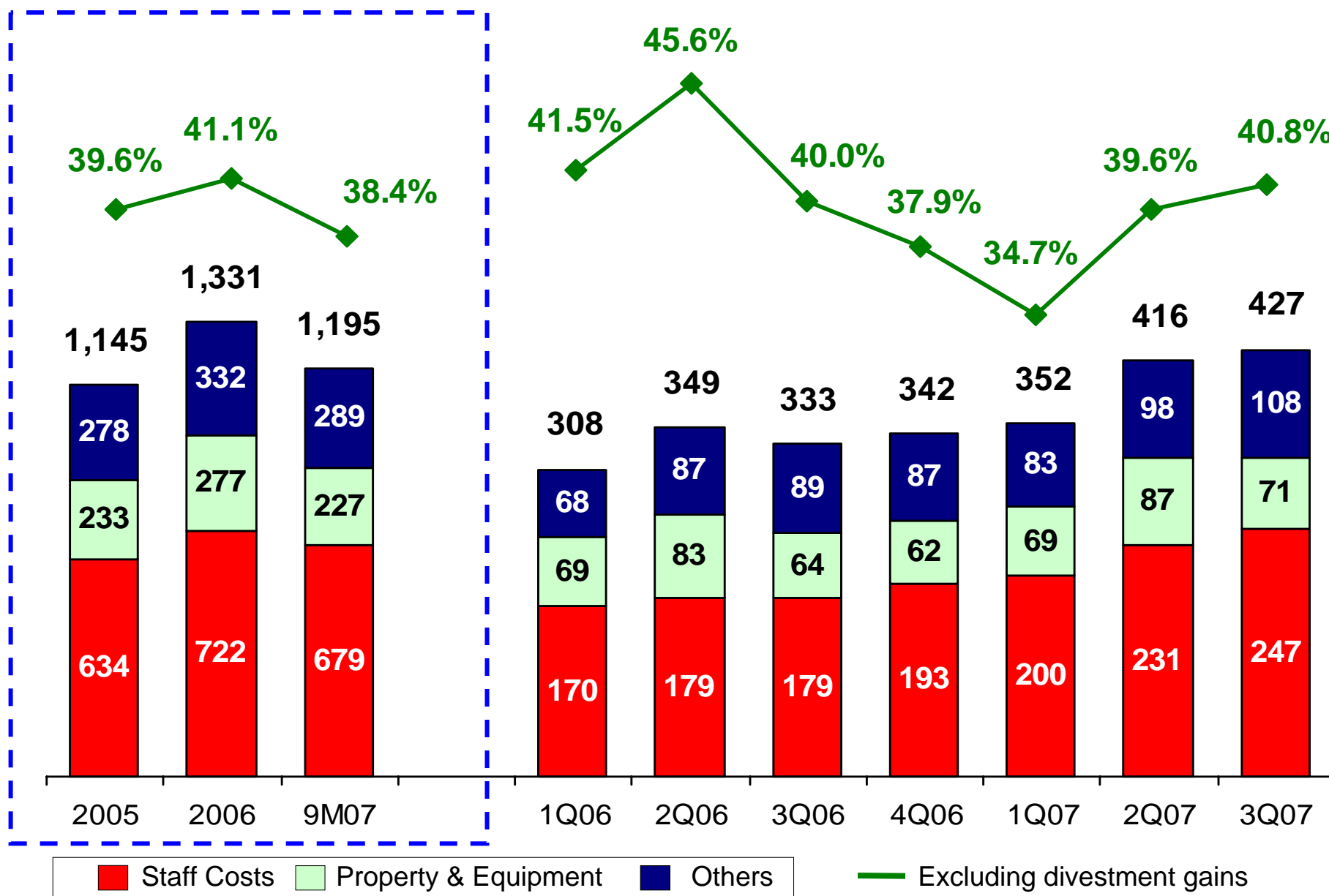
3Q07 Fee Income up 36% YoY



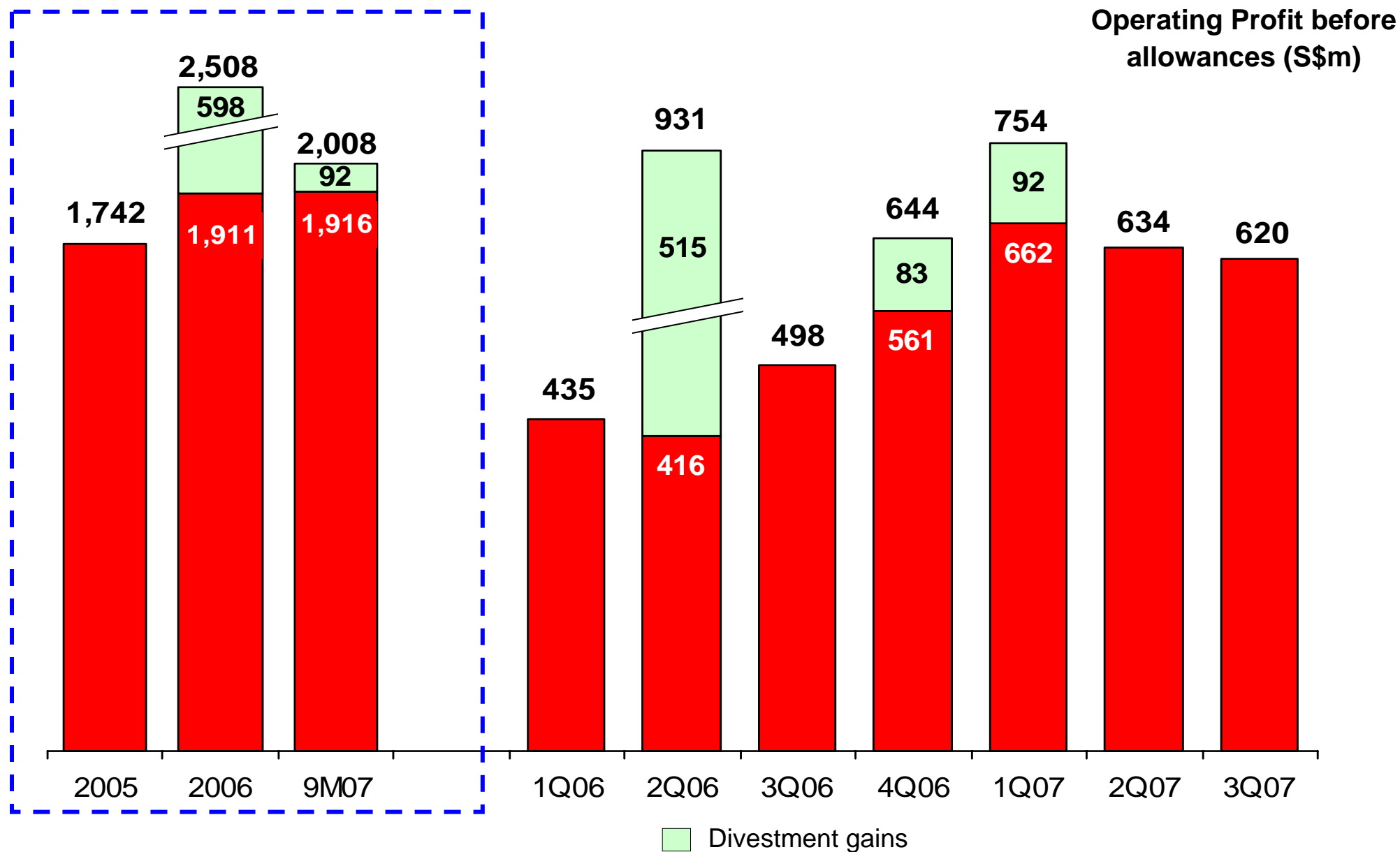
Higher Expenses from Increased Staff Costs and Business Expansion

Cost-to-Income Ratio

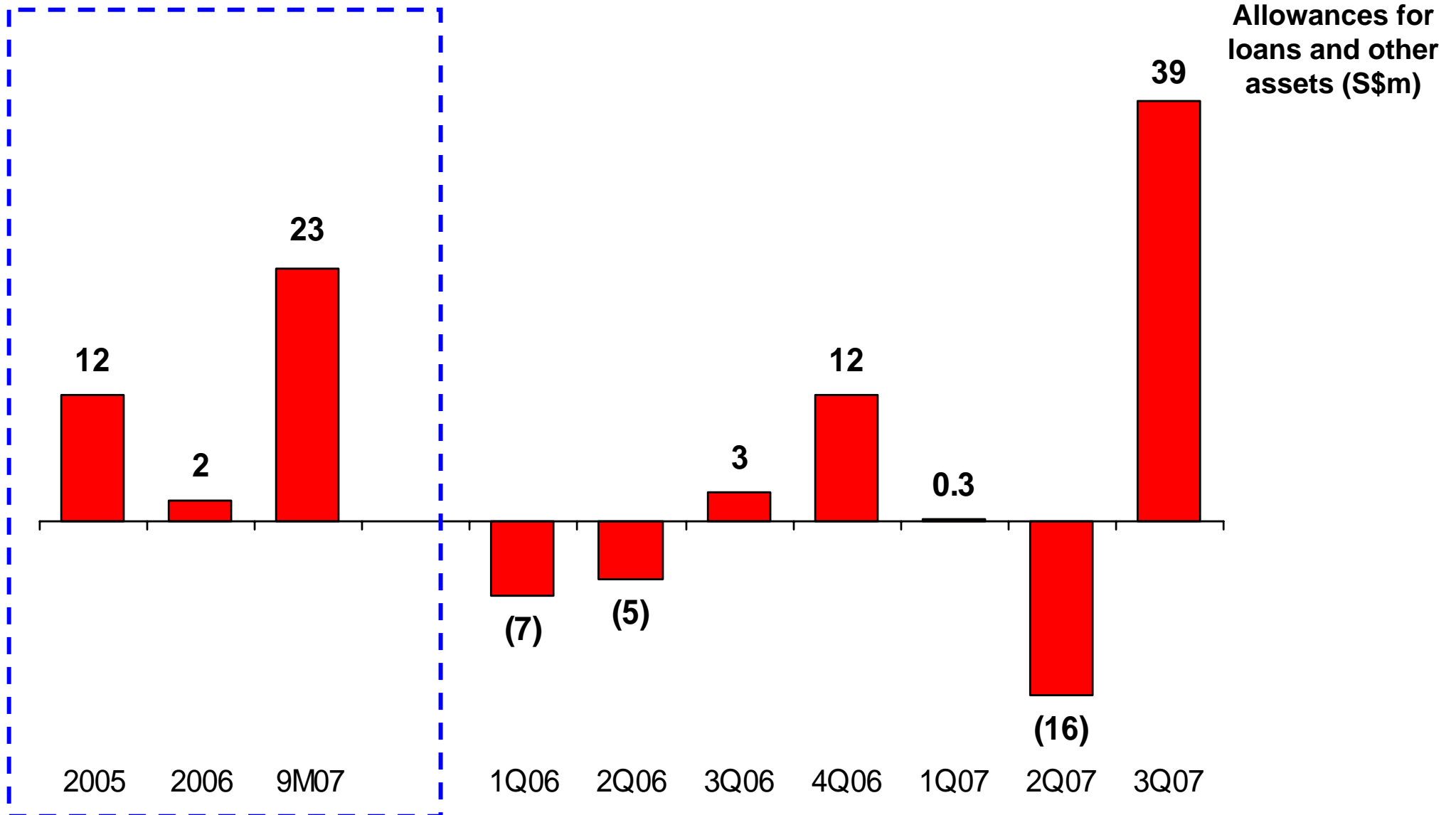
Operating Expenses (S\$m)



3Q07 Core Operating Profit up 24% YoY



Allowances

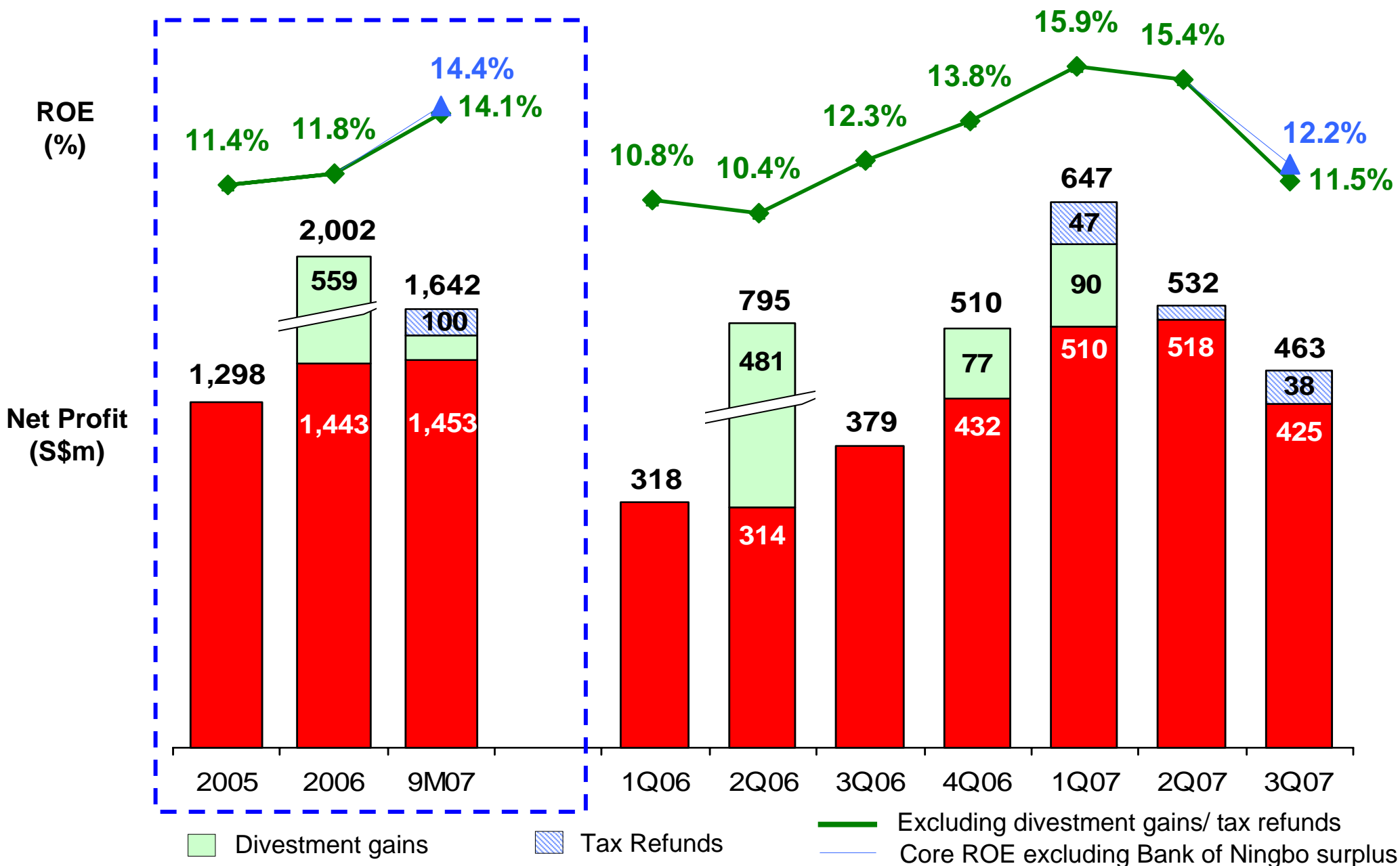


CDO-related allowances partially offset by net write-backs for loans and properties*

	9M07	9M06	3Q07	2Q07	3Q06
	S\$m	S\$m	S\$m	S\$m	S\$m
Specific allowances/ (write-back) for loans	(103)	6	(82)	(18)	1
Allowances for CDOs	221	-	221	-	-
Allowances/(write-back) for other assets	(95)	(16)	(101)	2	2
Total net allowances/ (write-back)	23	(9)	39	(16)	3

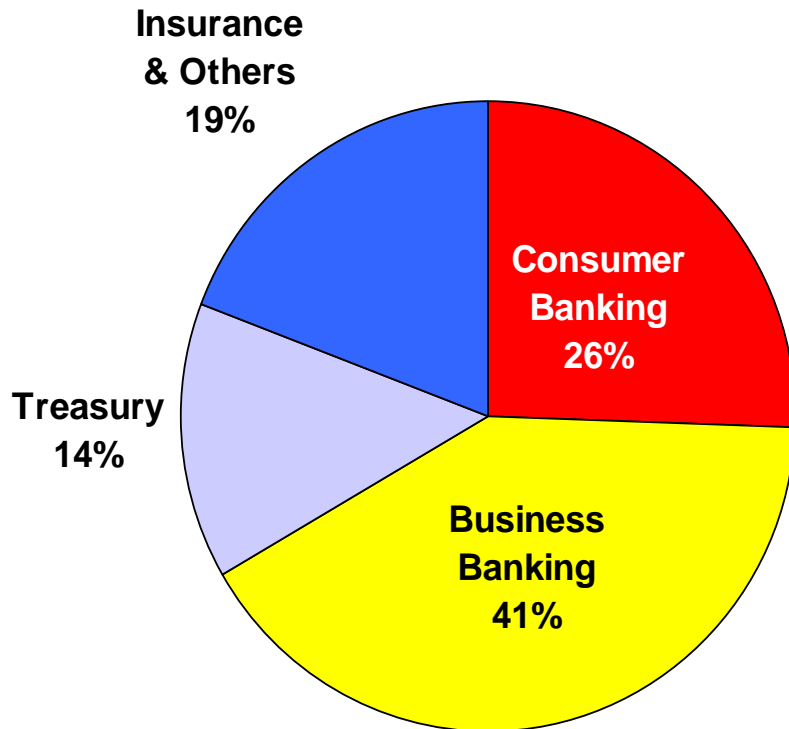
* The properties involved are now carried at the original acquisition cost

Quarterly ROE Included Effect of Bank of Ningbo Surplus of S\$1bn



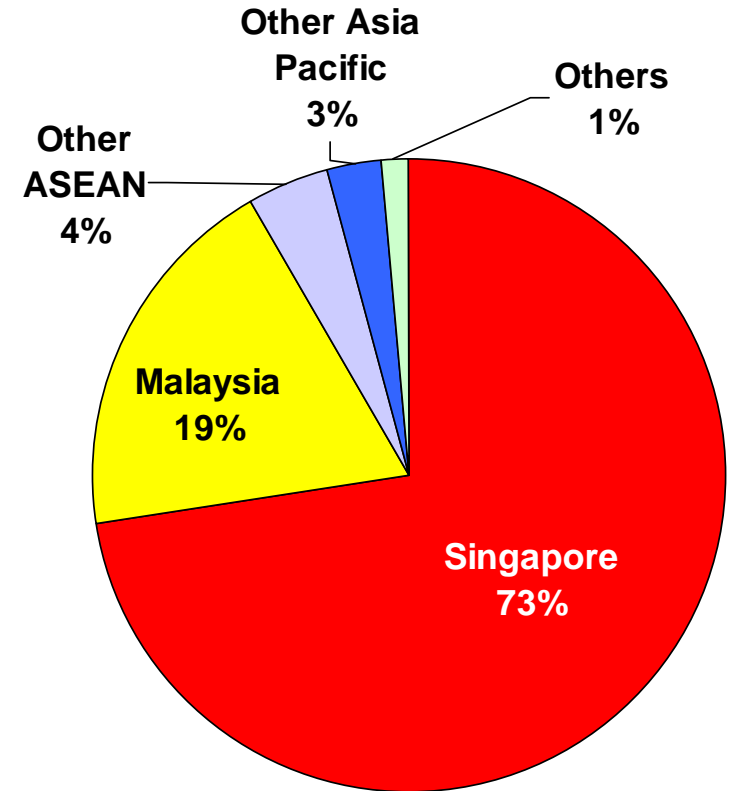
Earnings Contribution by Segments

PBT by Business Segment



9M07 Profit Before Tax & MI : S\$1,880m
(excluding divestment gains)

PBT by Geography

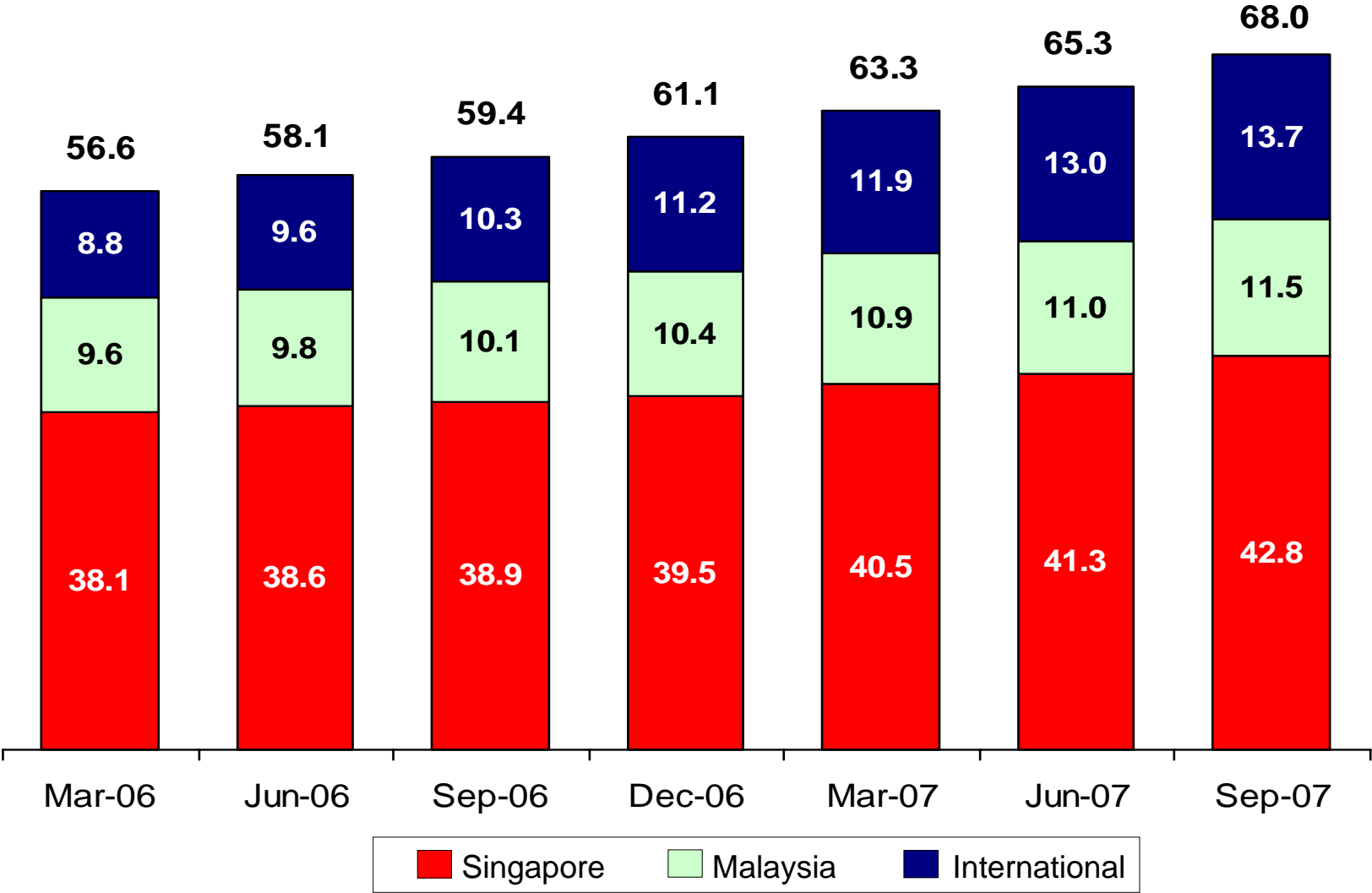


9M07 Profit Before Tax & MI : S\$1,880m
(excluding divestment gains)

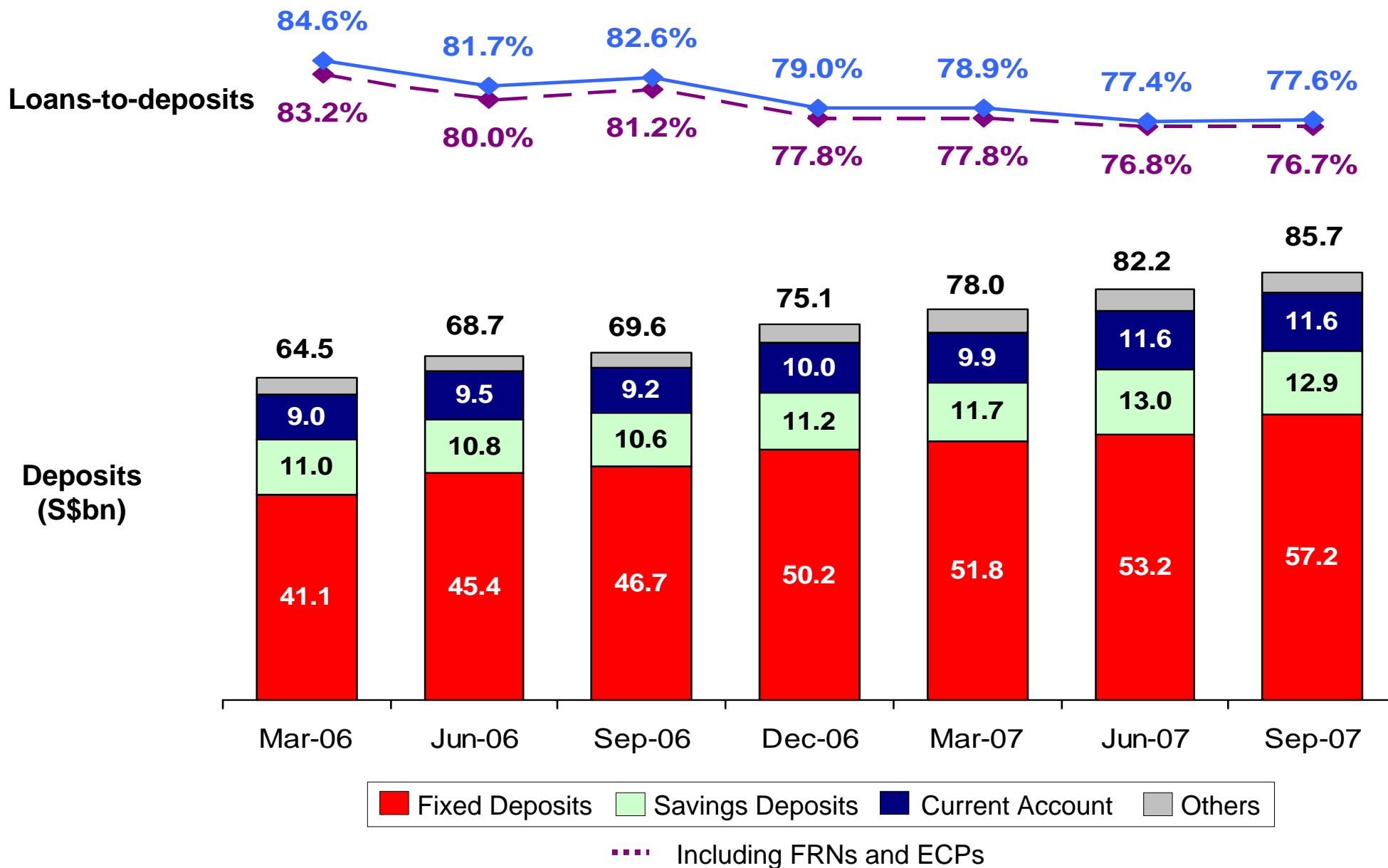
Loans Growth of 15% YoY, 4% QoQ



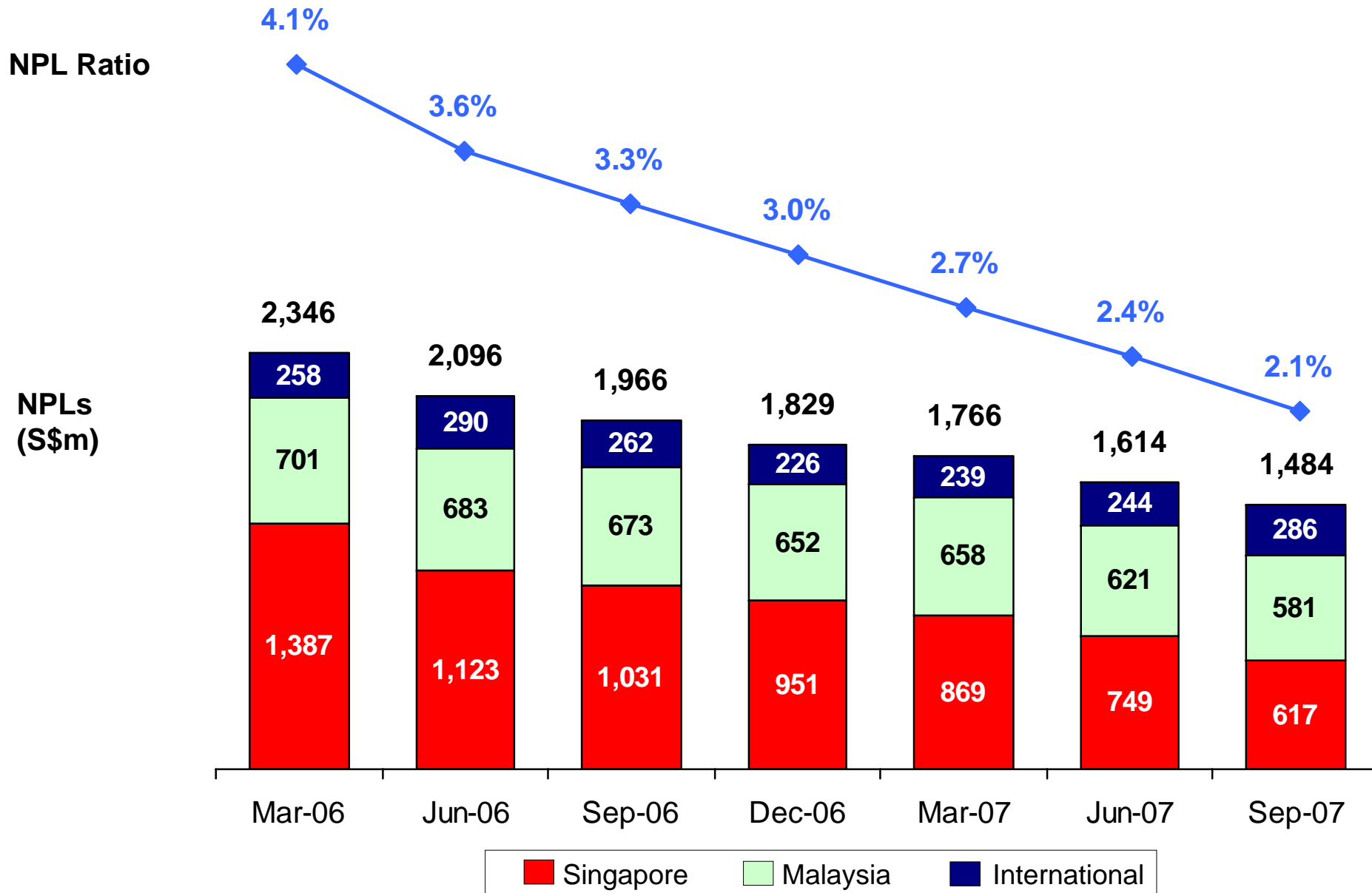
Loans
(S\$bn)



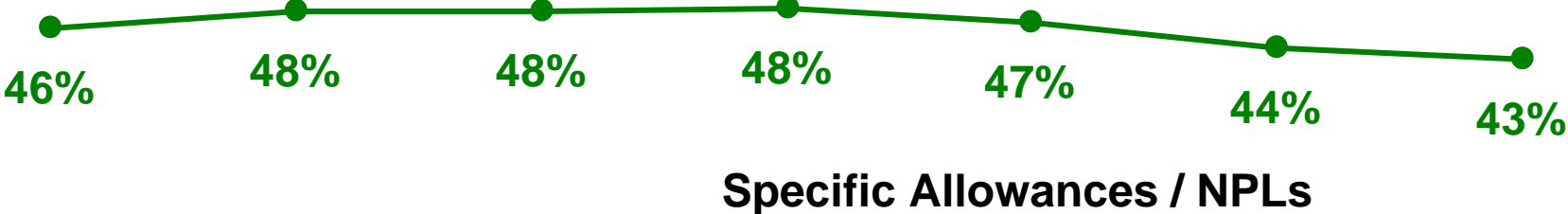
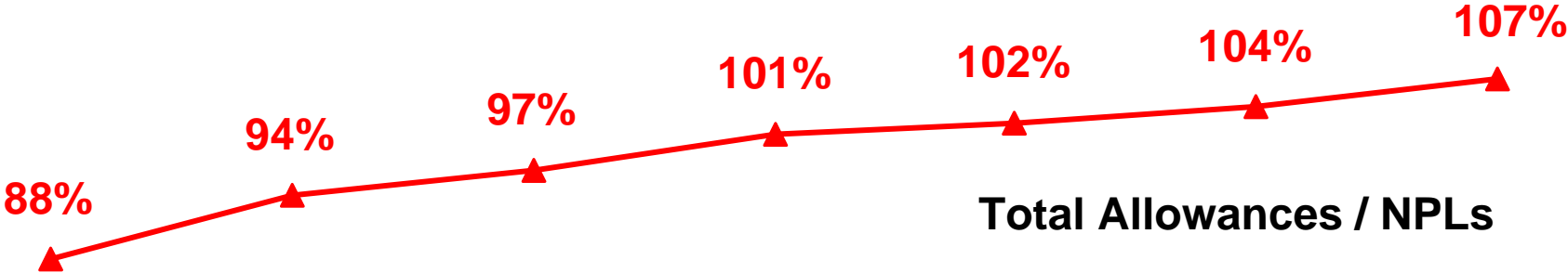
Deposits Up 23% YoY, 4% QoQ



NPL Ratio Improved to 2.1%

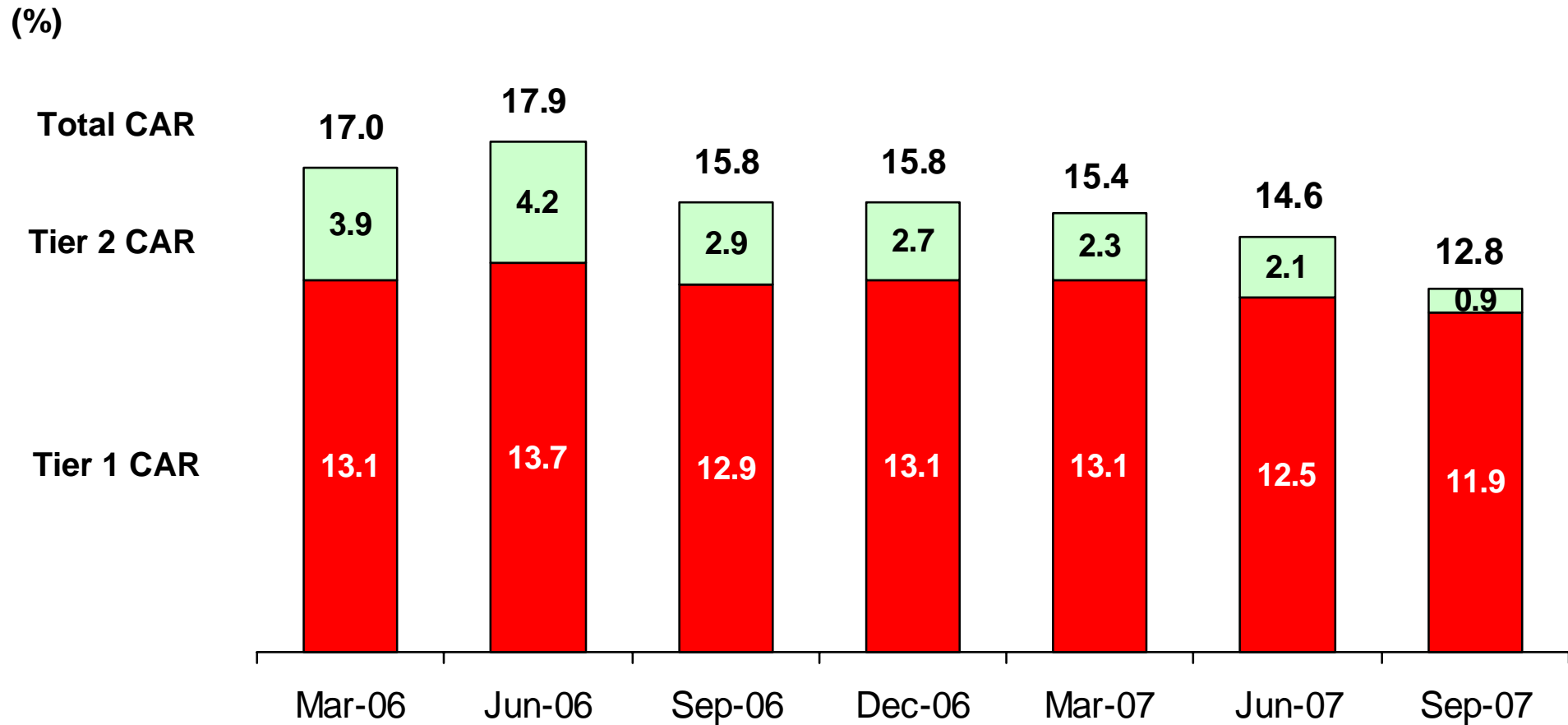


Allowances Coverage at 107%



Mar-06 Jun-06 Sep-06 Dec-06 Mar-07 Jun-07 Sep-07

Capital Ratios Lower Due to RWA Growth, Dividend Payment and Tier 2 Amortisation



(S\$m)

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

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OCBC Malaysia: Quarterly Results



	3Q07	3Q06	YoY	2Q07	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	216	198	9	216	0
Islamic Banking Income	20	12	67	20	0
Non-Interest Income	91	63	44	78	17
Total Income	327	273	20	314	4
Operating Expenses	(139)	(113)	23	(131)	6
Operating Profit	188	160	18	183	3
(Allowances)/Write-back	(15)	(16)	(6)	8	>100
Tax	(48)	(41)	17	(54)	(9)
Net Profit	125	103	21	138	(9)

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

OCBC Malaysia: Year to Date Results



	9M07	9M06	YoY
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%
Net Interest Income	634	551	15
Islamic Banking Income	58	37	57
Non Interest Income	266	201	32
Total Income	958	789	21
Operating Expenses	(379)	(303)	25
Operating Profit	578	486	19
Allowances	(31)	(42)	(26)
Tax	(156)	(127)	23
Net Profit	391	317	23

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

OCBC Malaysia: Financial Ratios



	9M07	9M06	3Q07	2Q07	3Q06
<u>Unaudited Results*</u>	%	%	%	%	%
Net Interest Margin	2.49	2.60	2.41	2.50	2.67
Non-Interest Income / Total Income	27.8	25.5	27.8	25.0	23.1
Cost-to-Income Ratio	39.6	38.4	42.5	41.7	41.4
RM Loans-to-Deposits Ratio	81.8	83.7	81.8	78.0	83.7
Gross NPL Ratio	4.4	5.8	4.4	5.0	5.8
Loans Growth (YoY)	12.7	10.7	12.7	9.0	10.7
ROE	23.0	20.6	21.3	24.6	20.1

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

GEH Contributed 23% of Core Net Profit

<u>GEH's Contribution to</u>	9M07	9M06 ^	3Q07	2Q07	3Q06
<u>OCBC's Results</u>	S\$m	S\$m	S\$m	S\$m	S\$m
Total Income	575	450	179	204	160
Operating Expenses	(86)	(84)	(29)	(28)	(26)
Operating Profit	489	367	150	175	134
Amortisation of Intangibles	(35)	(32)	(12)	(12)	(11)
Associates & JVs	11	(1)	-	-	-
Tax	(76)	(63)	(22)	(27)	(18)
Minority Interests	(57)	(47)	(18)	(20)	(15)
Net Profit contribution	332	223	100	117	90

^ 9M06 include S\$24m (S\$16m net of tax) gains from divestment of stakes in Straits Trading and Robinson & Co

Bank NISP: Quarterly Results



	3Q07	3Q06	YoY	2Q07	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	319	228	40	291	10
Non Interest Income	65	58	11	87	(26)
Expenses	(271)	(179)	51	(253)	7
Operating Profit	112	108	4	125	(10)
Allowances	(20)	(14)	38	(45)	(56)
Net Profit	66	68	(3)	59	12
Gross Loans	18,212	14,154	29	17,706	3
Net Interest Margin (%)	5.43	4.71	+72bps	5.17	+26bps

* Bank NISP's contribution to Group net profit was S\$7m in all three quarters of 3Q07, 2Q07 and 3Q06

Bank NISP: Year to Date Results



	9M07	9M06	YoY
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%
Net Interest Income	873	638	37
Non Interest Income	247	132	87
Expenses	(745)	(499)	49
Operating Profit	375	271	38
Allowances	(87)	(26)	242
Net Profit	206	171	20
Gross Loans	18,212	14,154	29
Net Interest Margin (%)	5.00	4.63	+37bps

* Bank NISP's contribution to Group net profit was S\$24m in 9M07 and S\$18m in 9M06.

- **Core earnings held up well despite market turmoil**
- **Nine months core revenue up 33%, core earnings up 44%**
- **Operating trends improved in all key business segments and geographies**
- **Prudent, substantial allowances for CDO exposure**
- **Healthy economic fundamentals in our key markets – Singapore, Malaysia, Indonesia and China**
- **Growth opportunities remain encouraging**

Third Quarter 2007 Results

Thank You

