

Third Quarter 2009 Results

Presentation

28 October 2009



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Agenda

- **Results Overview**
- **Performance Trends**
- **Results of Key Subsidiaries**
- **In Summary**

Third quarter core net profit rose 14% YoY, down 3% QoQ – includes GLC loss of S\$213m (S\$154m net impact)

	3Q09	3Q08	YoY	2Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	689	684	1	710	(3)
Non-Interest Income ^{1/}	392	462	(15)	494	(21)
Total Income	1,081	1,146	(6)	1,204	(10)
Operating Expenses	(467)	(492)	(5)	(450)	4
Operating Profit	614	654	(6)	754	(19)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(52)	(156)	(67)	(104)	(50)
Associates & JVs	2	5	(62)	1	312
Tax & Minority Interests	(102)	(95)	7	(173)	(41)
Core Net Profit	450	396	14	466	(3)
Tax Refunds	-	6	-	-	-
Reported Net Profit	450	402	12	466	(3)

^{1/} 3Q09 non-interest income includes loss of S\$213m relating to redemption of GreatLink Choice policies by GEH

Core net profit for nine months up 18% YoY

	9M09	9M08	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	2,138	2,000	7
Non-Interest Income ^{1/}	1,493	1,198	25
Total Income	3,631	3,198	14
Operating Expenses	(1,330)	(1,391)	(4)
Operating Profit	2,301	1,807	27
Amortisation of Intangibles	(35)	(35)	-
Allowances	(353)	(203)	73
Associates & JVs	2	9	(77)
Tax & Minority Interests	(454)	(341)	33
Core Net Profit	1,461	1,237	18
Divestment Gains/Tax Refunds ^{2/}	-	212	-
Reported Net Profit	1,461	1,449	1

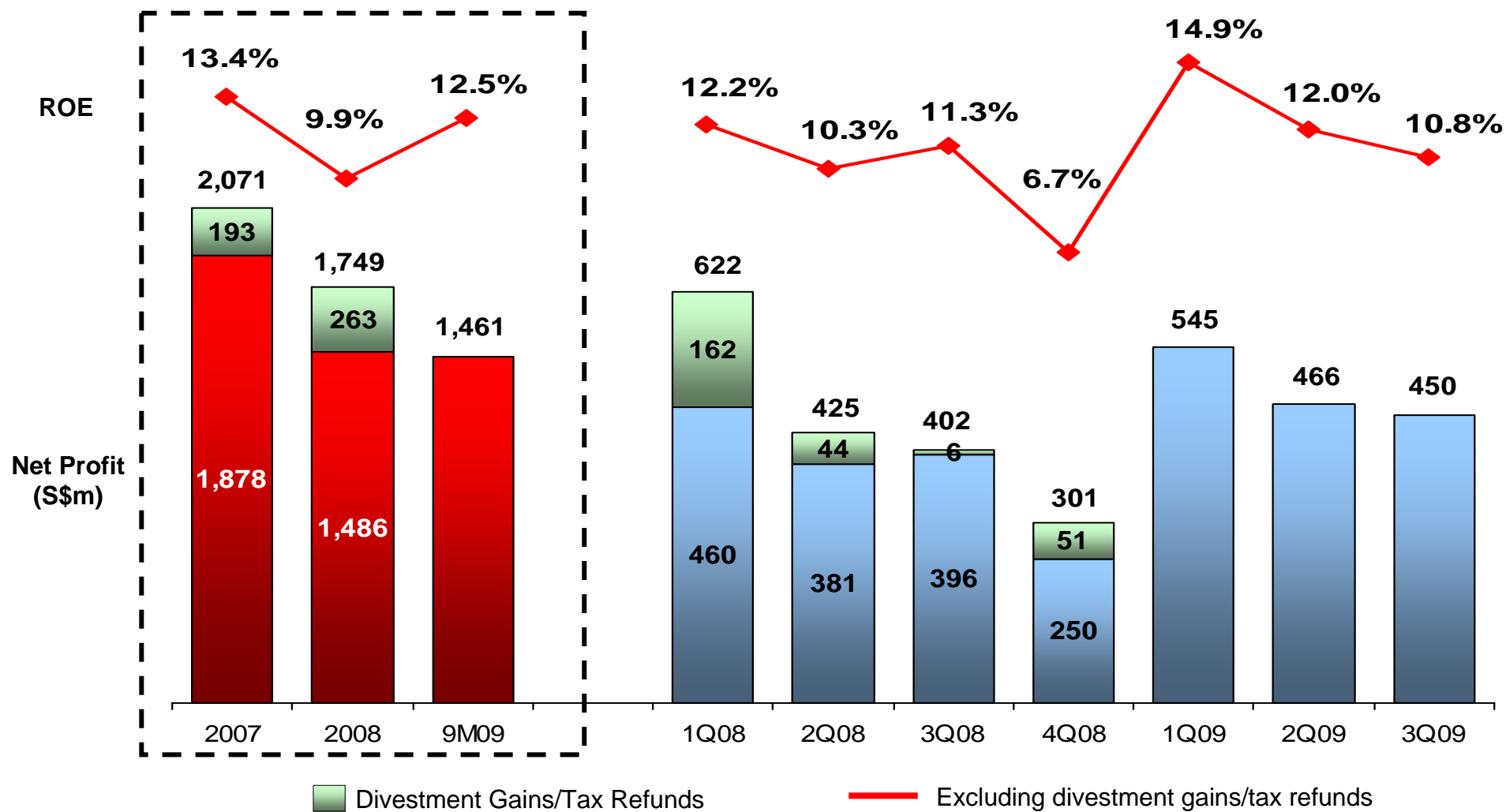
^{1/} 9M09 non-interest income Includes GLC-related loss of S\$213m in 3Q09 and one-time insurance gains of S\$201m in 1Q09

^{2/} Net divestment gains of S\$174m and tax refunds of S\$38m in 9M08.

Key financial ratios - Based on core earnings

	9M09	9M08	3Q09	2Q09	3Q08
	%	%	%	%	%
Net Interest Margin	2.29	2.20	2.16	2.29	2.18
Non-Interest Income/ Total Income	41.1	37.5	36.3	41.0	40.3
Cost-to-Income Ratio	36.6	43.5	43.2	37.4	43.0
Loans-to-Deposits Ratio	79.7	84.4	79.7	80.3	84.4
NPL Ratio	1.8	1.3	1.8	2.1	1.3
Allowances/NPLs	102.8	127.8	102.8	97.1	127.8
ROE	12.5	11.6	10.8	12.0	11.3
Cash ROE	12.8	12.0	11.1	12.3	11.7

Nine months' core earnings almost matching full year 2008; ROE improves to 12.5%

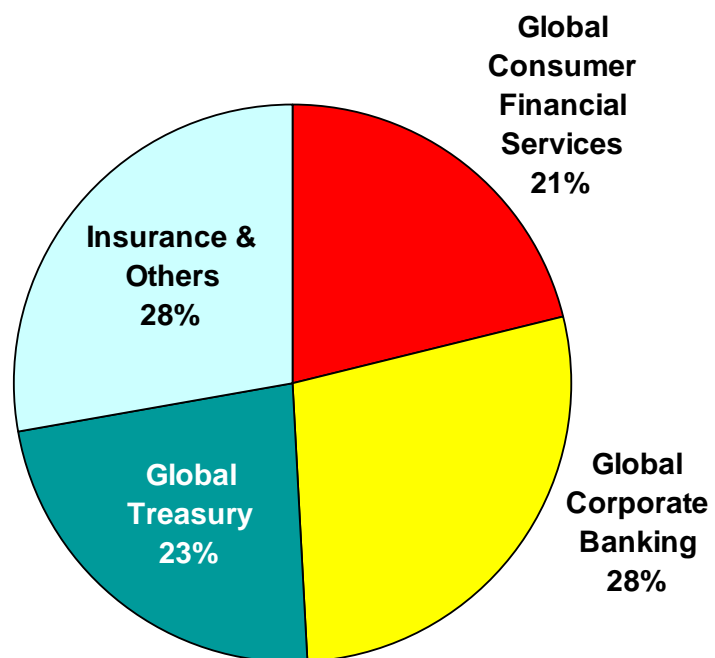


Note: 1Q09 includes net non-recurring gains of S\$175m from GEH; 3Q09 includes net GLC-related loss of S\$154m



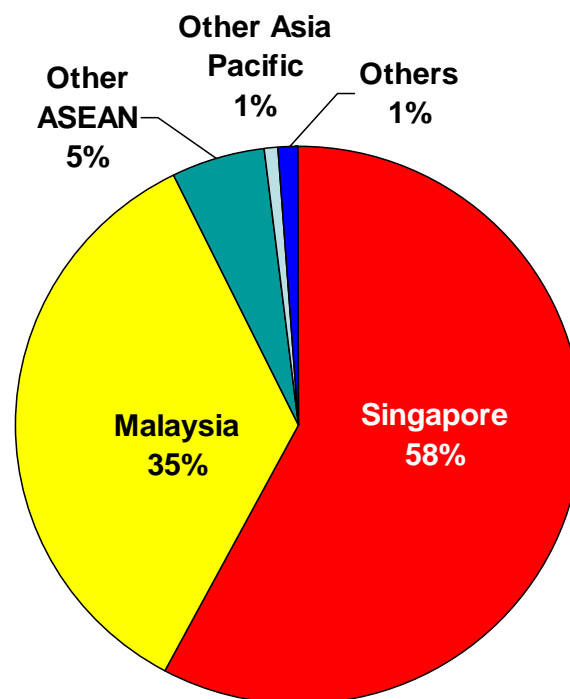
Earnings contribution by segments

9M09 PBT by Business Segment



Note: Pretax profit before joint income elimination and before items not attributed to business segments

9M09 PBT by Geography



Excluding GEH: Third quarter core net profit grew 49% YoY, 10% QoQ

Excluding GEH

	3Q09	3Q08	YoY	2Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	674	665	1	694	(3)
Non-Interest Income	350	282	24	307	14
Total Income	1,024	947	8	1,001	2
Operating Expenses	(431)	(455)	(5)	(400)	8
Operating Profit	593	492	20	601	(1)
Allowances	(50)	(144)	(65)	(102)	(51)
Associates & JVs	3	8	(61)	1	165
Tax & Minority Interests	(116)	(68)	70	(110)	5
Core Net Profit	430	288	49	390	10
Tax Refunds	-	6	-	-	-
Reported Net Profit	430	294	47	390	10

Excluding GEH: Nine months' core net profit up 4%

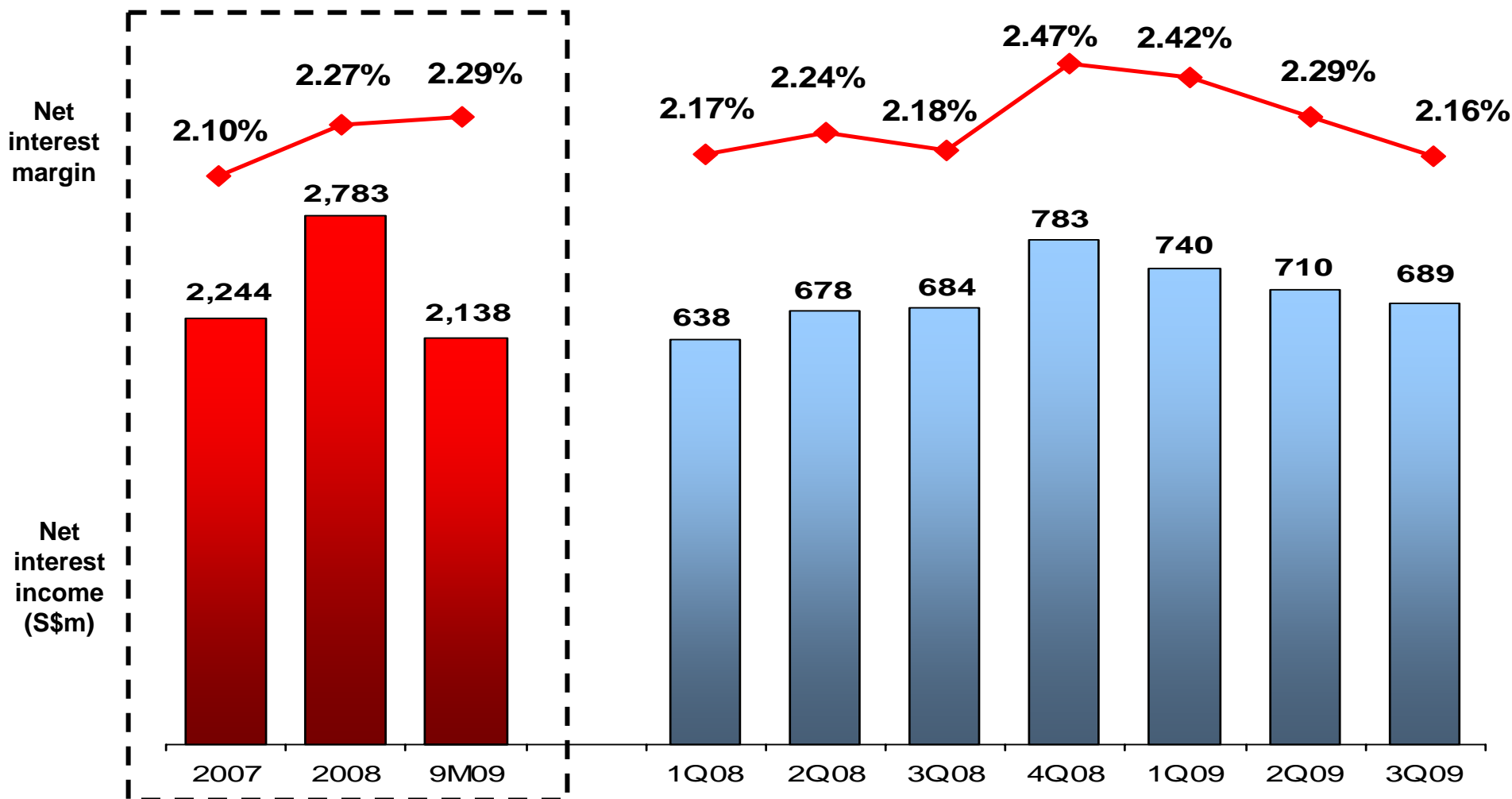
<u>Excluding GEH</u>	9M09	9M08	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	2,093	1,941	8
Non-Interest Income	970	922	5
Total Income	3,063	2,863	7
Operating Expenses	(1,219)	(1,287)	(5)
Operating Profit	1,844	1,576	17
Allowances	(347)	(188)	84
Associates & JVs	5	14	(64)
Tax & Minority Interests	(334)	(278)	20
Core Net Profit	1,168	1,124	4
Divestment Gains/Tax Refunds ^{1/}	-	183	-
Reported Net Profit	1,168	1,307	(11)

^{1/} Net divestment gains of S\$145m and tax refunds of S\$38m in 9M08.

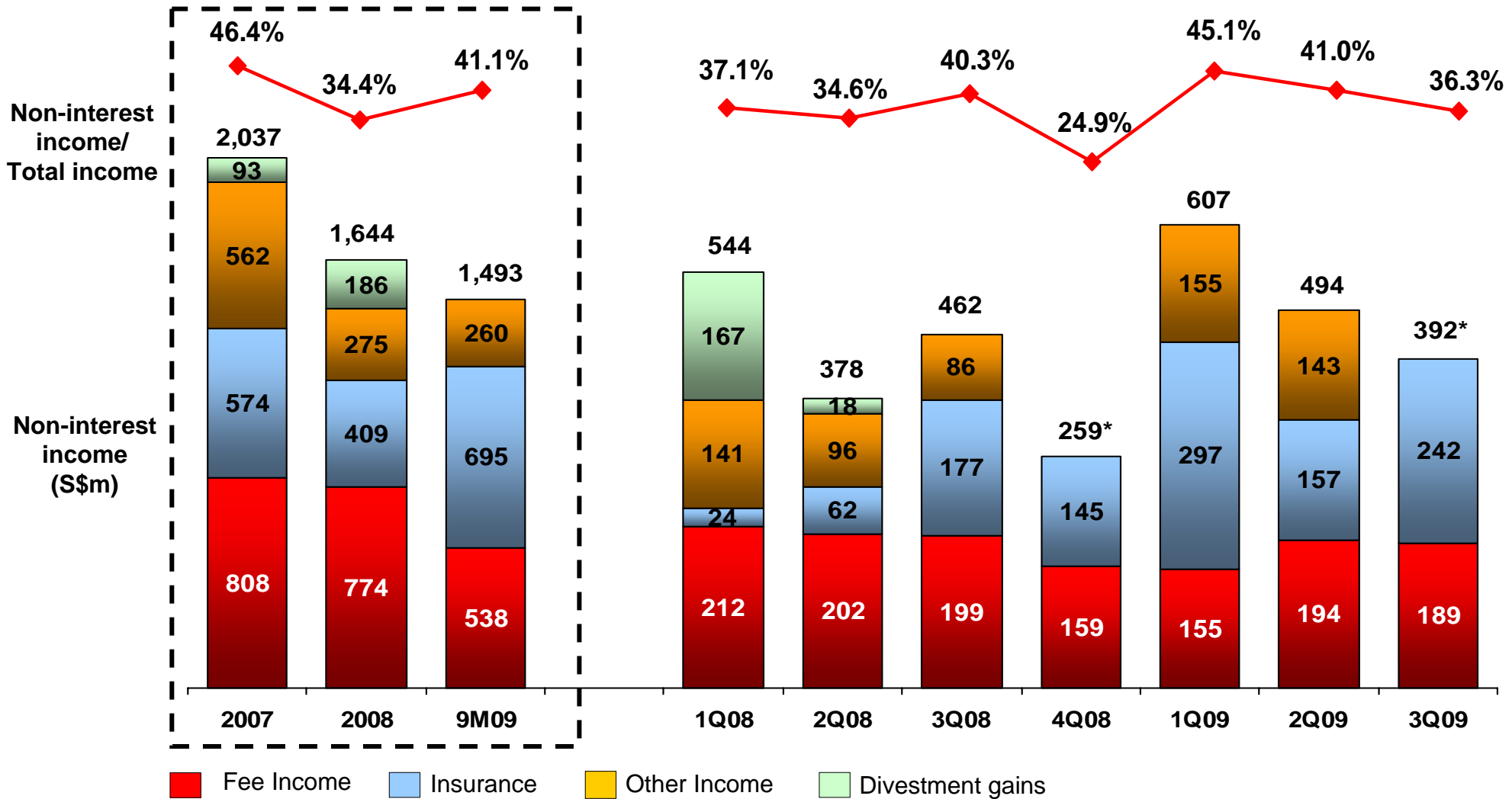
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Net interest income up marginally YoY, fell 3% QoQ as margins narrowed under sustained low interest rate environment



Non-interest income: Strong insurance, trading and investment income in 3Q09 offset by GLC loss



* 3Q09 and 4Q08 include net losses of S\$39m and S\$45m, respectively, from "Other Income" (3Q09 includes GLC loss of S\$213m)



GEH's life assurance profits up 68% over 2Q09

	3Q09	2Q09	3Q08	9M09	9M08
Life assurance profit from:	S\$m	S\$m	S\$m	S\$m	S\$m
- Participating Fund	20	27	26	76	75
- Non-participating Fund	163	74	103	432	63
- Investment-linked Fund	26	23	16	91	48
Total life assurance profit	209	125	145	599*	185

Life assurance profit increased 44% YoY and 68% QoQ to S\$209m in 3Q09:

- Singapore non-par fund achieved better investment performance due to the continued recovery in equity and credit markets

Insurance sales improved QoQ although still lower than a year ago:

- 3Q09 new business weighted premiums fell 17% YoY but increased 35% QoQ, driven by higher Singapore sales; 9M09 weighted premiums remains lower YoY (-24%)
- New business embedded value fell 12% in 3Q09 and 25% in 9M09

* Includes non-recurring gains of S\$201m in 1Q09, mainly from adoption of Risk Based Capital framework in Malaysia

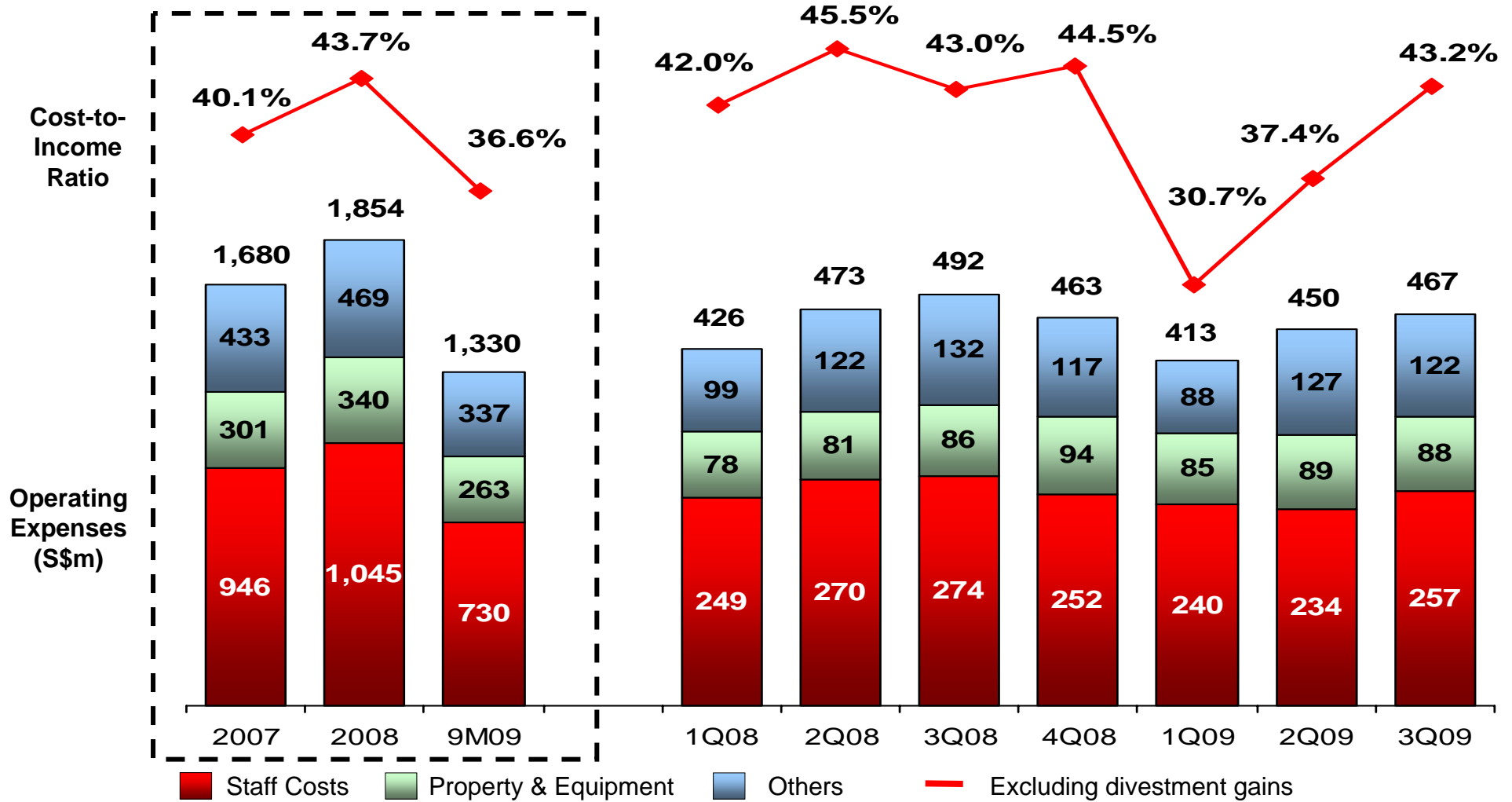
Impact of GreatLink Choice redemption offer

- Underlying CDOs of redeemed GLC units accounted for at fair value in GEH's shareholder funds
- Carried at fair value of S\$193m as at 30 Sep 09 – mainly relating to GLC 1, 2 & 3 tranches
- Loss of S\$213m from the redemption offer was recognised in 3Q09 income statement

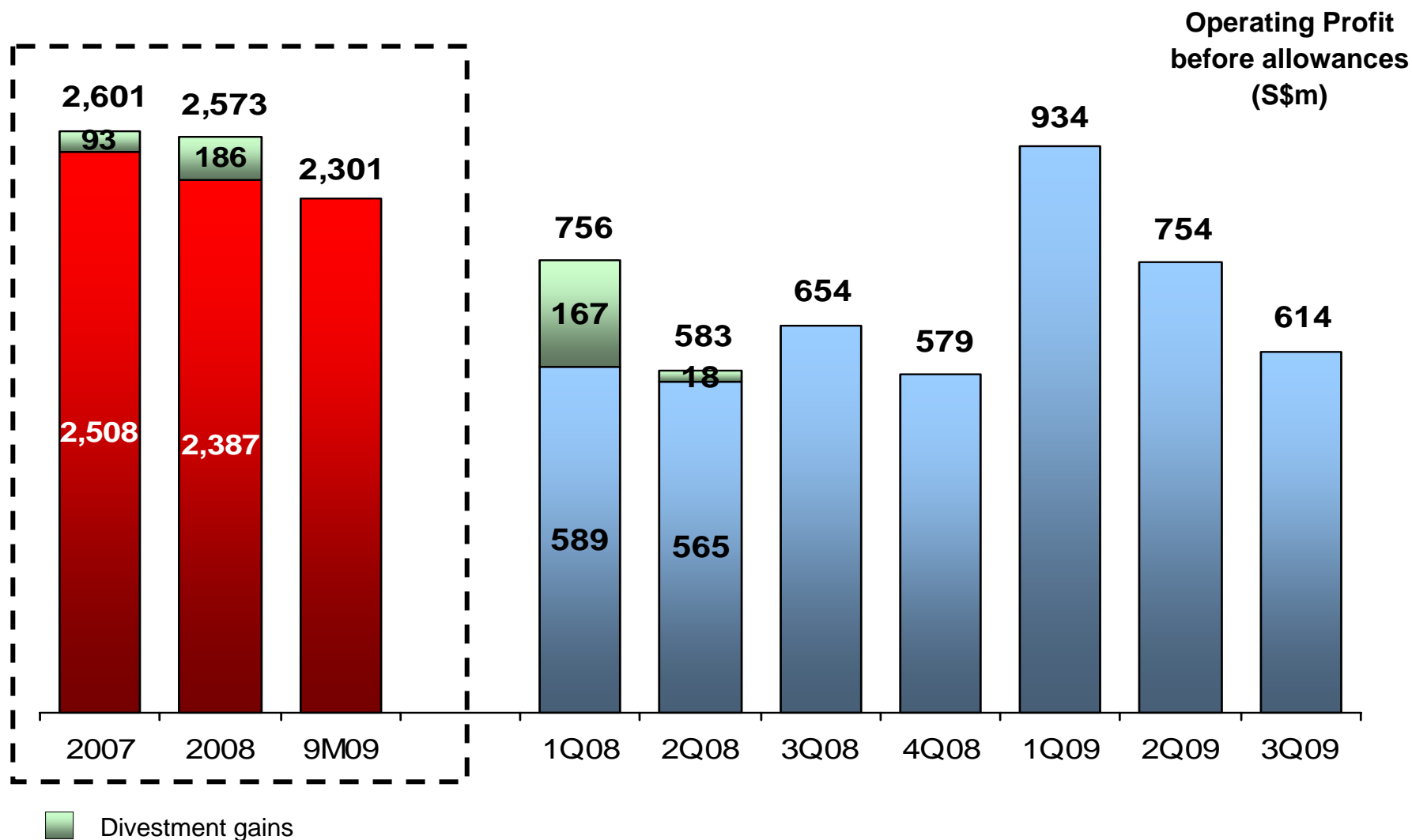
	Amount (S\$m)
Inforce single premiums invested*	592
Nominal value of units redeemed*	514
Less: Total annual payouts to-date	(40)
Redemption amount paid to policyholders	474
Less:	
- Recoveries	(25)
- Sale proceeds of principal portion of CDO (GLC 4, 5)	(42)
- Fair value of CDOs as at 30 Sep 09	(193)
Loss on GLC Redemption	213
Net loss impact on OCBC Group's results (after tax and minorities)	154

* Based on S\$1.00 per GLC unit

Expenses down 5% YoY in 3Q09, up 4% QoQ



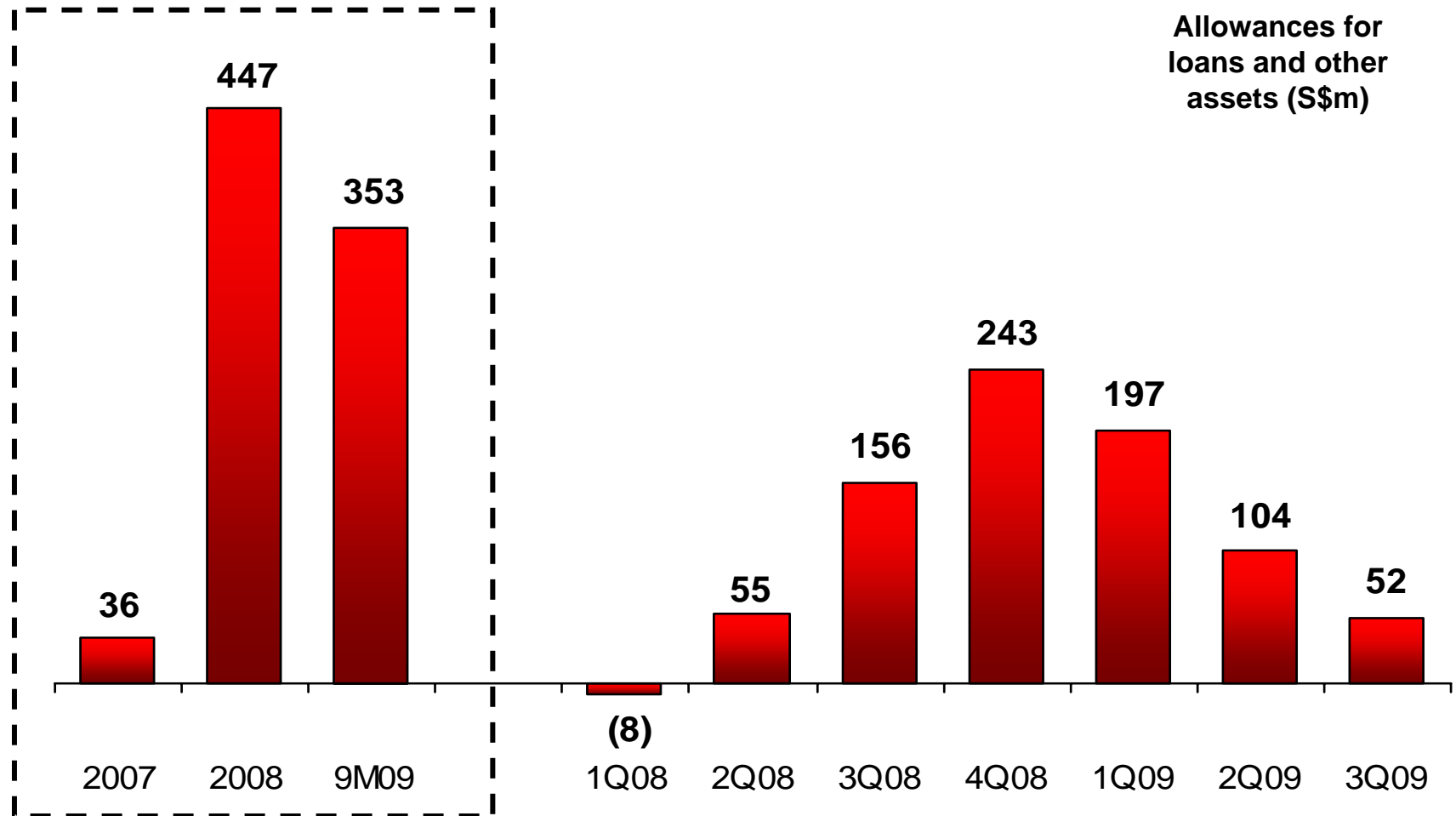
Core operating profit for nine months up 27%



Note: 1Q09 includes S\$201m non-recurring gains from GEH; 3Q09 includes GLC-related loss of S\$213m



Net allowances for loans and other assets: Declining trend since 4Q08



Breakdown of allowances

	9M09	9M08	3Q09	2Q09	3Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Specific allowances for loans	181	5	49	44	30
Portfolio allowances for loans	12	9	5	5	9
Allowances for CDOs/(write-back)	86	71	(6)	(2)	4
Allowances for other assets	74	118	4	57	113
Total net allowances	353	203	52	104	156
Specific loan allowances/ average loans (bps)*	30	1	25	22	15

* Annualised

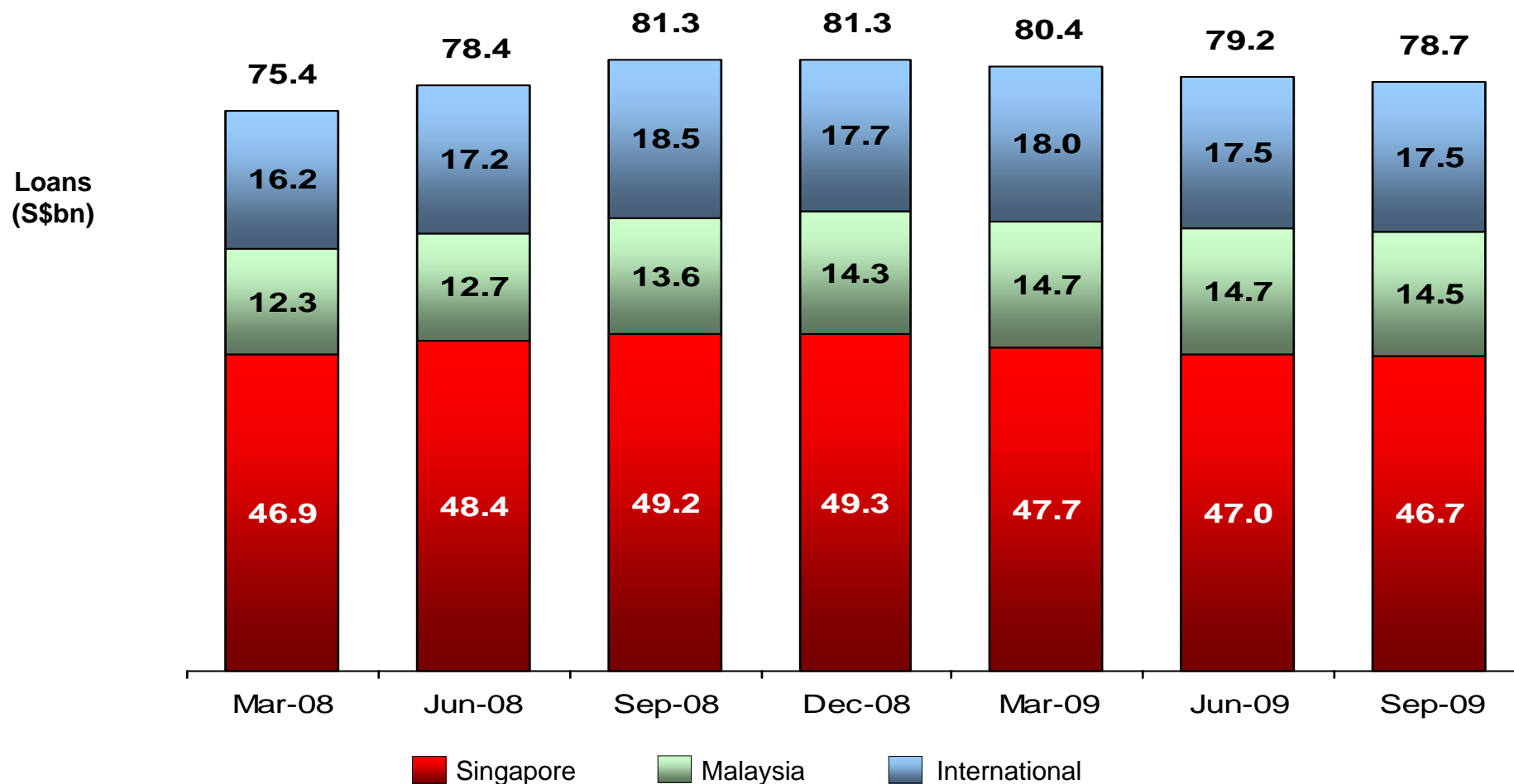
Movement in specific allowances for loans

	9M09	9M08	3Q09	2Q09	3Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Allowances for new and existing NPLs	360	211	118	104	71
Write-backs ^{1/}	(144)	(157)	(51)	(51)	(34)
Recoveries ^{2/}	(36)	(49)	(17)	(10)	(7)
Net Specific Allowances/ (Write-backs)	181	5	49	44	30

^{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

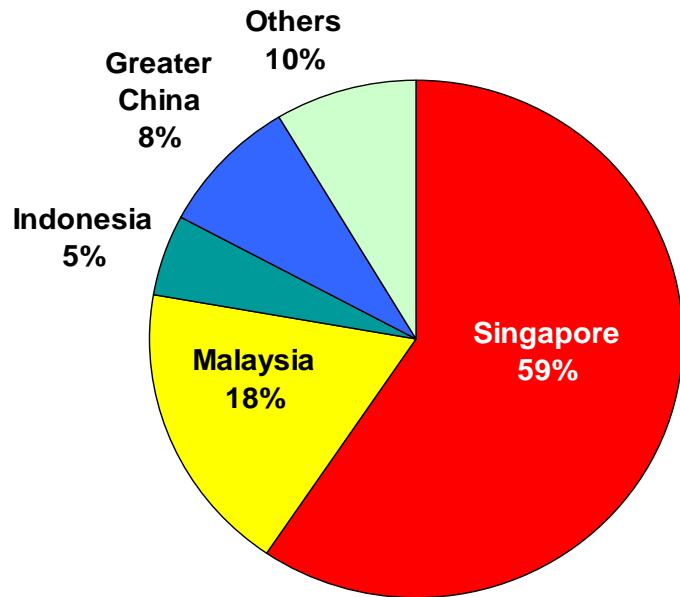
Loans down 3% YoY due to loan repayments and subdued corporate loan demand



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

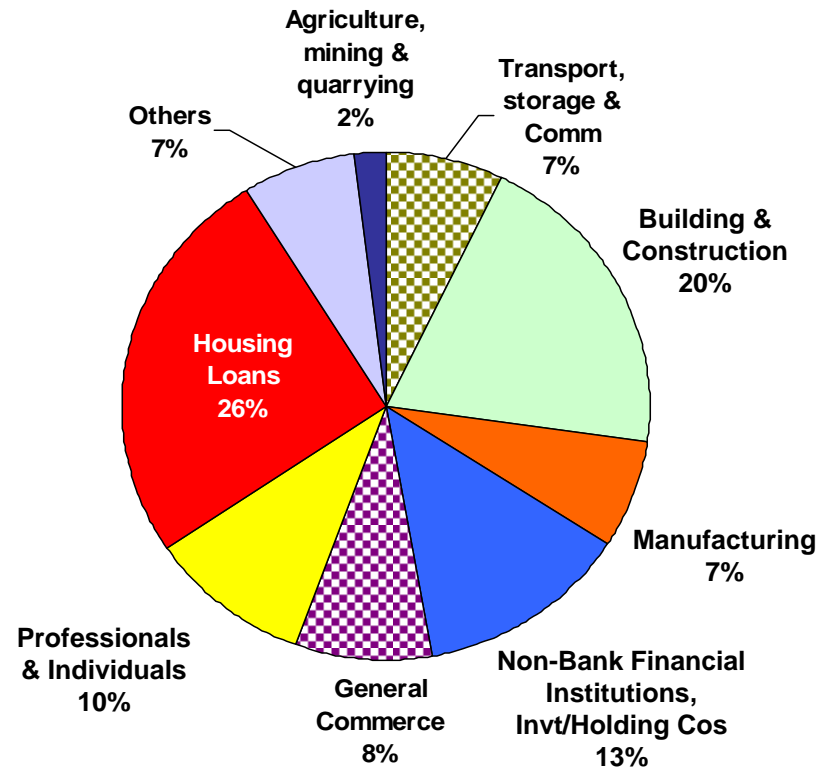
Diversified loans

Loans by Geography*



As at 30 September 2009

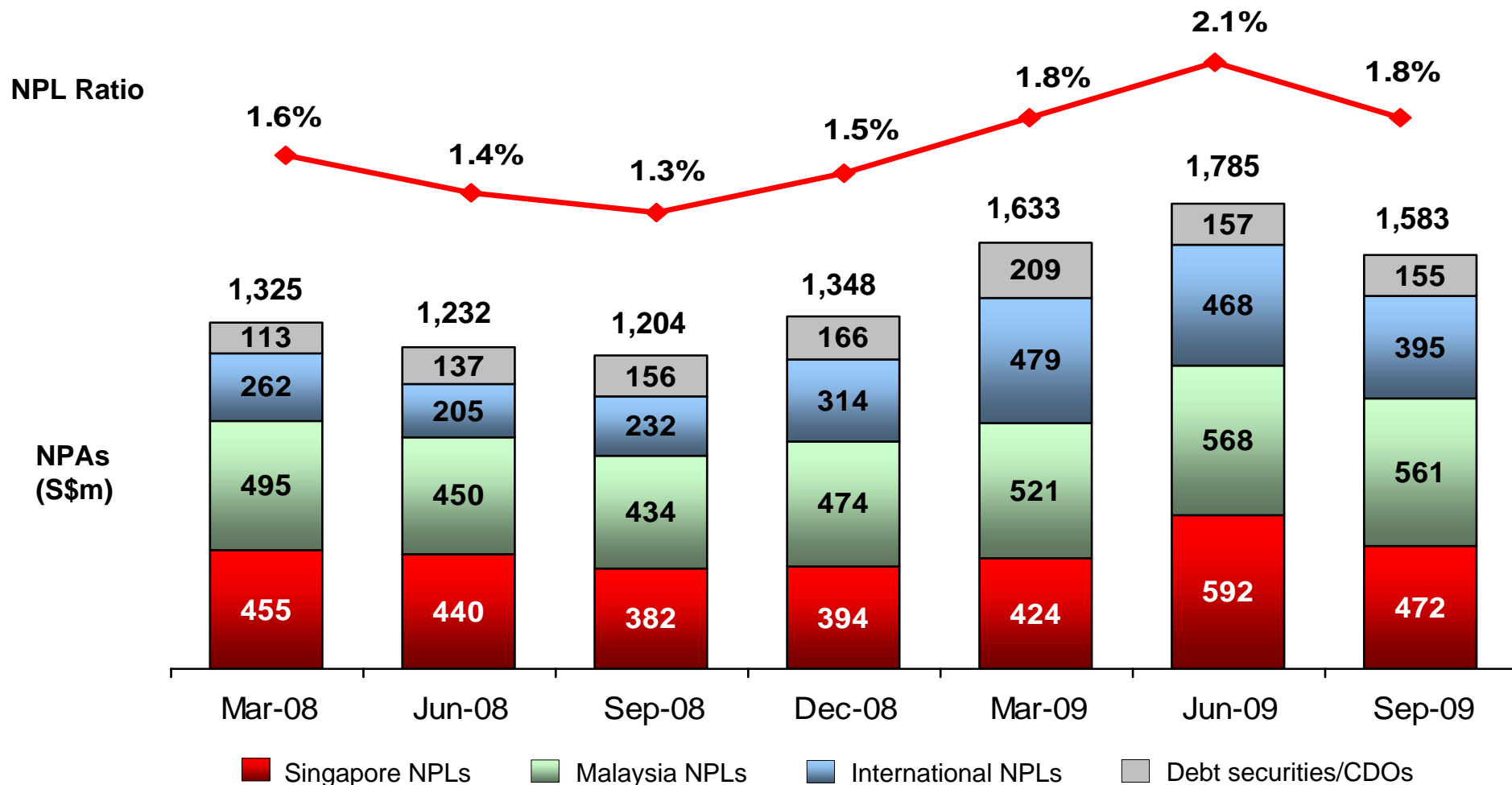
Loans by Sector



As at 30 September 2009

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

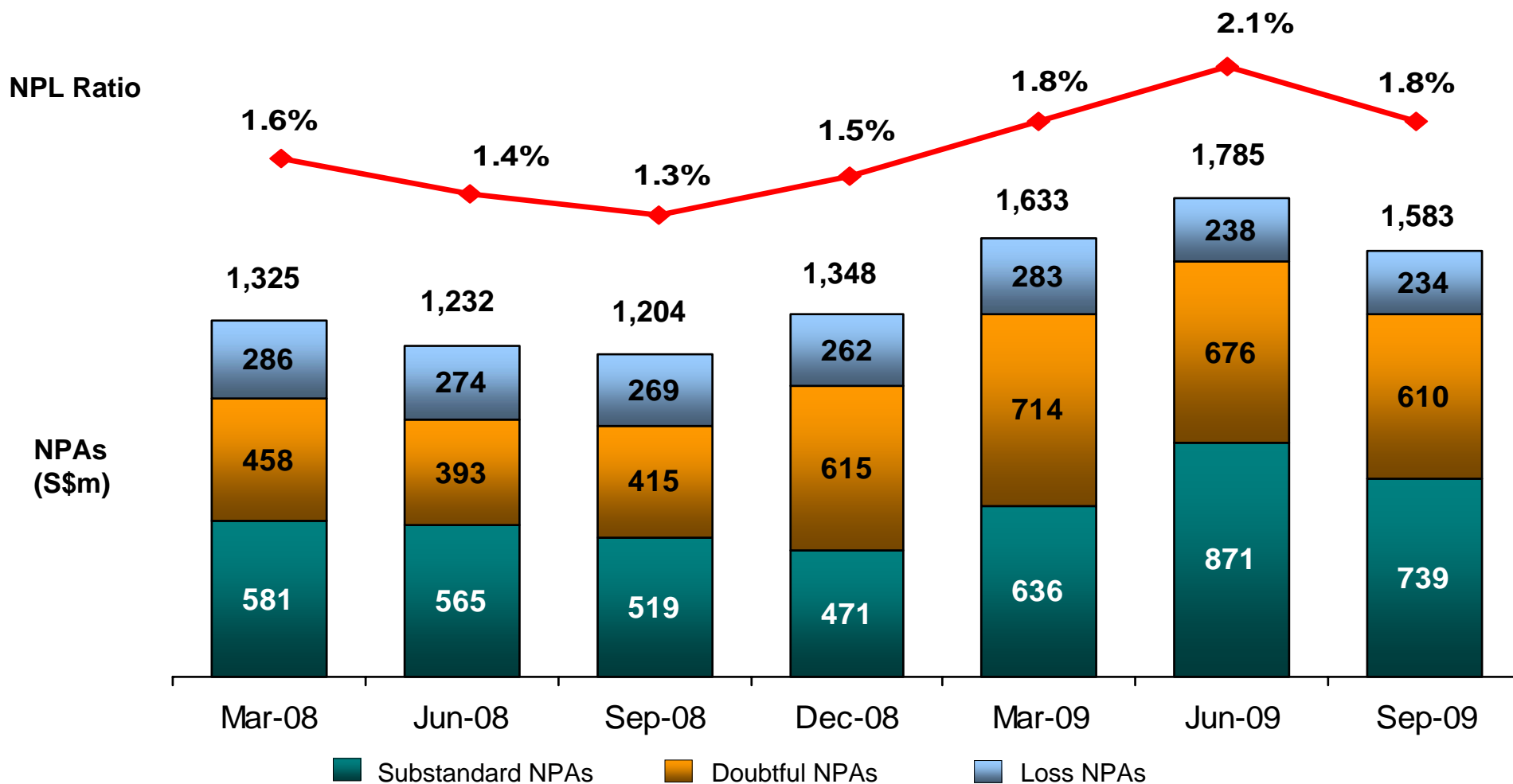
NPLs declined 12% QoQ, NPL ratio improves to 1.8%



Note: NPAs comprise NPLs and classified debt securities/CDOs



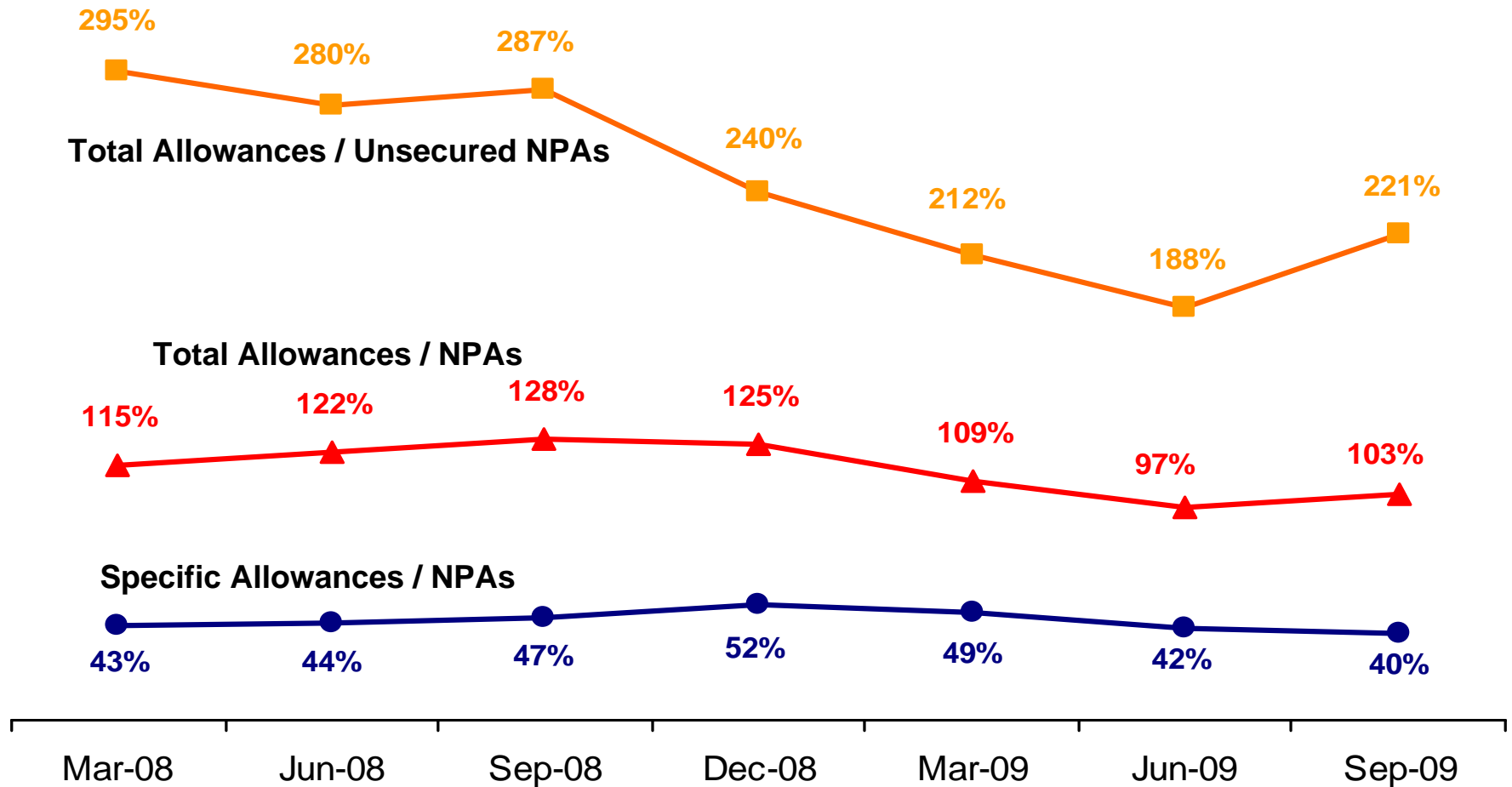
NPAs declined QoQ across all categories



New NPA formation has slowed in third quarter

<u>NPAs</u>	9M09	9M08	3Q09	2Q09	3Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Opening Balance (excluding CDOs)	1,239	1,268	1,658	1,462	1,122
New NPAs	999	529	158	417	168
Net Recoveries/Upgrades	(467)	(608)	(183)	(160)	(181)
Write-offs	(314)	(100)	(175)	(61)	(20)
Closing Balance (excl CDOs)	1,458	1,089	1,458	1,658	1,089
Add: Classified CDOs	125	115	125	127	115
Closing Balance (incl CDOs)	1,583	1,204	1,583	1,785	1,204

Allowance coverage increased to 103% over total NPAs and 221% over unsecured NPAs

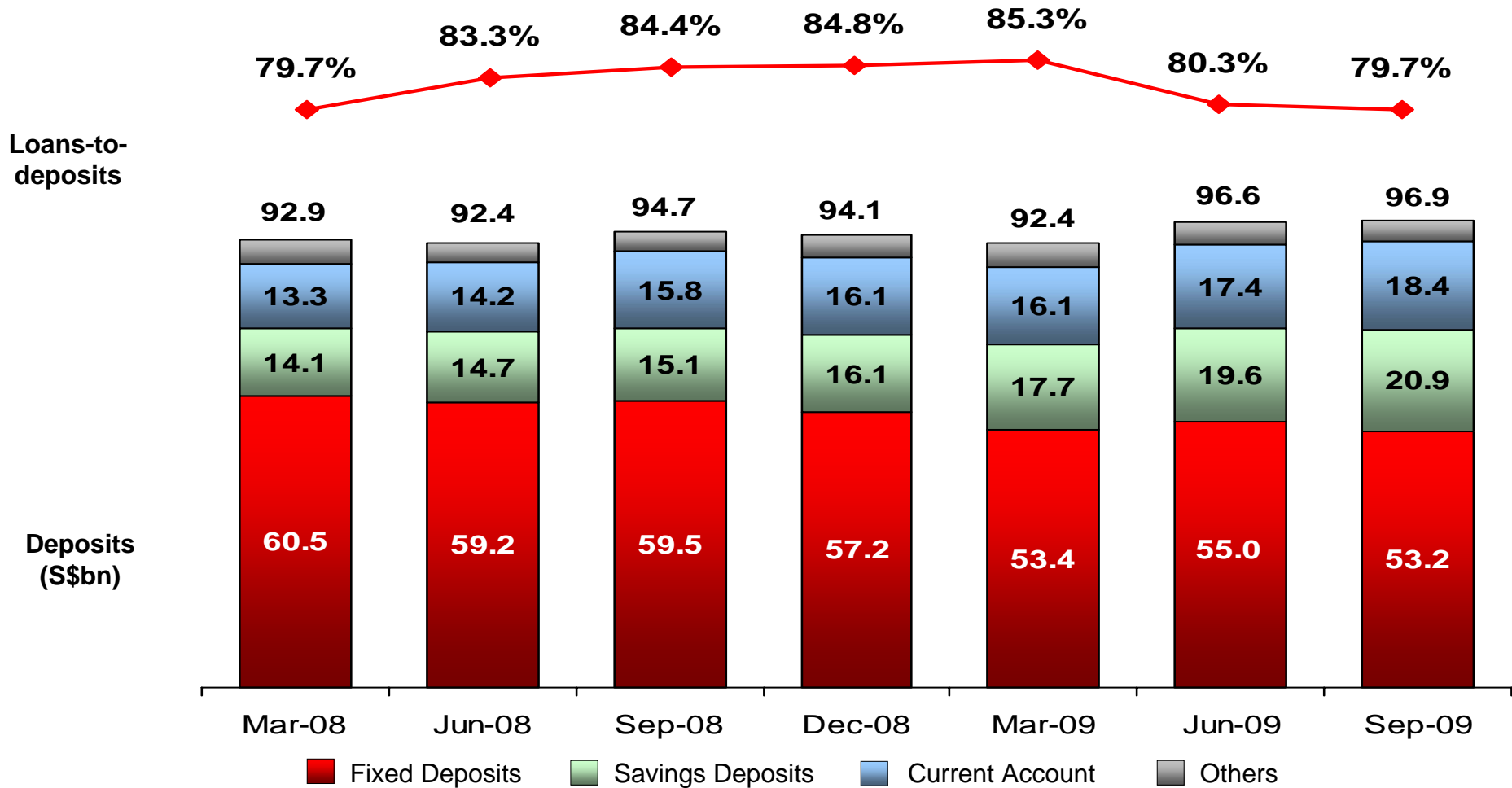


AFS Portfolio – Fair value reserves increased by S\$168m QoQ

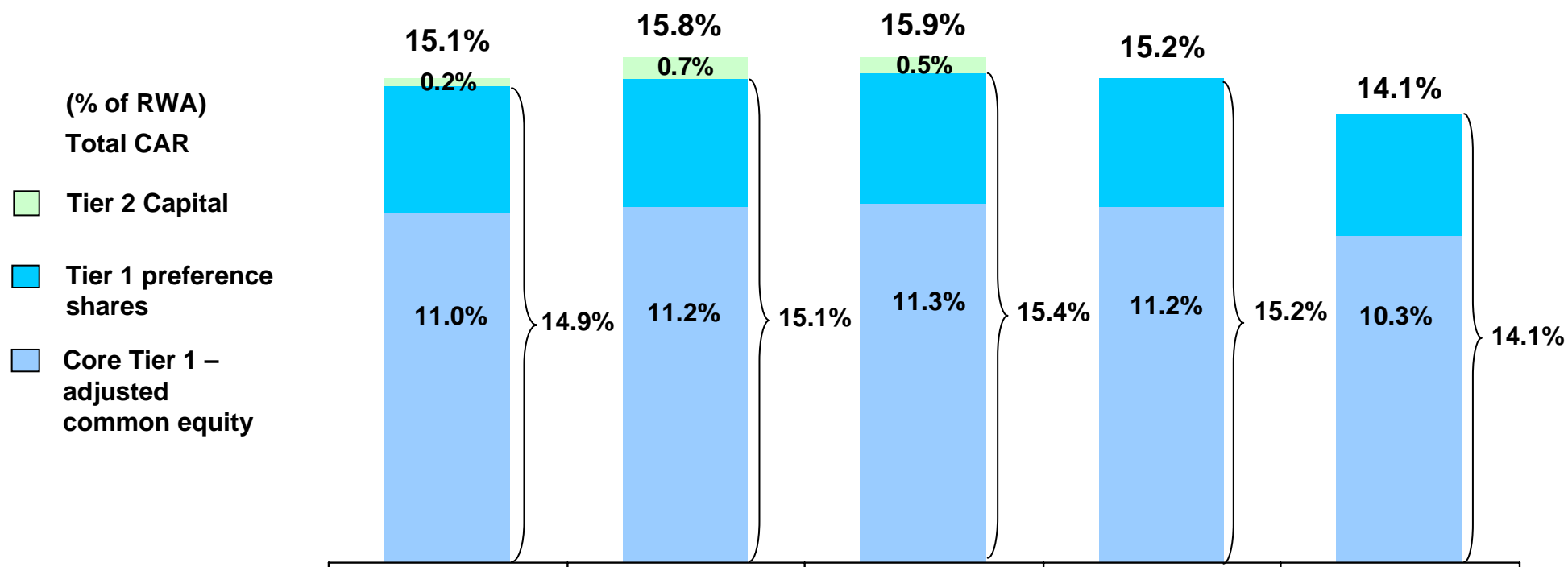
	Sep-09	Jun-09	Sep-08
	S\$m	S\$m	S\$m
<u>Available-for-Sale Securities</u>			
Corporate Debt Securities	7,152	6,795	8,267
Equities & investment funds	2,430	2,342	1,909
Government Securities	13,698	15,029	10,795
- Singapore	10,186	11,031	8,474
- Others	3,512	3,998	2,321
Total AFS Securities	23,280	24,166	20,971
FV reserves at end period *	1,128	960	225
QoQ Change in FV reserves	+168	+580	-410

* Net unrealised fair value gains on the AFS book, included in shareholders' equity

Deposits grew 2% YoY; share of low cost deposits has increased over time



Capital position remains strong



(S\$m)	Dec-08	Mar-09	Jun-09	Sep-09	Sep-09 Pro-forma*
Tier 1 Capital	14,261	14,475	15,018	14,988	14,594
Tier 1 Prefs	3,796	3,796	3,958	3,957	3,957
RWA	95,522	95,397	97,424	98,088	103,093

* Adjusted for: (a) issue of new shares pursuant to 1H09 scrip dividend option; and (b) acquisition of ING's Asia private banking business, expected to be completed around end-2009

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



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GEH: Third quarter contribution

<u>GEH's Contribution to</u>	3Q09[^]	3Q08	YoY	2Q09	QoQ
<u>OCBC's Results</u>	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	57	199	(71)	203	(72)
Operating Expenses	(36)	(37)	(5)	(50)	(26)
Operating Profit	21	162	(87)	153	(86)
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(2)	(12)	(83)	(2)	16
Associates & JVs	(1)	(3)	(60)	(1)	71
Tax & Minority Interests	14	(27)	(151)	(62)	(122)
Core Net Profit contribution	20	108	(82)	76	(74)

[^] 3Q09 core net profit includes S\$154m loss (after tax and minorities) from the redemption of GLC policies.

GEH: Nine months contribution

GEH's Contribution to

OCBC's Results

	9M09*	9M08	YoY
	S\$m	S\$m	+/(-)%
Total Income	568	335	70
Operating Expenses	(111)	(104)	6
Operating Profit	457	231	98
Amortisation of Intangibles	(35)	(35)	-
Allowances	(6)	(15)	(58)
Associates & JVs	(3)	(5)	(42)
Tax & Minority Interests	(120)	(63)	91
Core Net Profit contribution	293	113	160

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

OCBC Malaysia: Quarterly results

	3Q09	3Q08	YoY	2Q09	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	269	254	6	253	6
Islamic Banking Income	28	28	1	28	(1)
Non-Interest Income	92	81	13	65	42
Total Income	389	363	7	346	12
Operating Expenses	(146)	(153)	(5)	(141)	4
Operating Profit	243	210	16	205	18
Allowances	(42)	(25)	68	(38)	11
Tax	(49)	(48)	1	(43)	14
Net Profit	153	137	11	125	22

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

OCBC Malaysia: Nine months results

	9M09	9M08	YoY
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%
Net Interest Income	774	733	6
Islamic Banking Income	89	81	9
Non-Interest Income	330	312	6
Total Income	1,193	1,126	6
Operating Expenses	(426)	(440)	(3)
Operating Profit	767	686	12
Allowances	(122)	(15)	742
Tax	(162)	(177)	(8)
Net Profit	482	494	(2)

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

OCBC Malaysia: Financial ratios

	3Q09	2Q09	3Q08	9M09	9M08
	%	%	%	%	%
Net Interest Margin	2.37	2.35	2.57	2.39	2.51
Non-Interest Income / Total Income	23.7	18.8	22.4	27.7	27.7
Cost-to-Income Ratio	37.5	40.8	42.1	35.7	39.1
Loans-to-Deposits Ratio	78.8	80.3	90.5	78.8	90.5
Gross NPL Ratio	3.8	3.8	3.2	3.8	3.2
Loans Growth (YoY)	2.6	5.1	14.3	2.6	14.3
ROE	17.6	15.1	19.6	19.4	24.6

Bank OCBC NISP: Quarterly results

	3Q09	3Q08	YoY	2Q09	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	456	356	28	430	6
Non Interest Income	110	94	17	159	(31)
Expenses	(346)	(302)	15	(347)	(0)
Operating Profit	220	148	49	242	(9)
Allowances	(13)	(34)	(62)	(112)	(88)
Net Profit	148	80	85	89	66

* Bank OCBC NISP's contribution to Group net profit was S\$20m in 3Q09, S\$16m in 2Q09 and S\$13m in 3Q08

Bank OCBC NISP: Nine months results

	9M09	9M08	YoY
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%
Net Interest Income	1,285	1,011	27
Non Interest Income	389	280	39
Expenses	(1,029)	(898)	15
Operating Profit	645	393	64
Allowances	(205)	(70)	193
Net Profit	310	227	36

* Bank OCBC NISP's contribution to Group net profit was S\$51m in 9M09 and S\$26m in 9M08

Bank OCBC NISP: Financial ratios

	3Q09	2Q09	3Q08	9M09	9M08
	%	%	%	%	%
Net Interest Margin	6.17	5.41	5.62	5.53	5.46
Non-Interest Income / Total Income	19.7	27.0	21.1	23.2	21.7
Cost-to-Income Ratio	61.0	59.0	67.1	61.5	69.4
Loans-to-Deposits Ratio	76.5	69.4	94.9	76.5	94.9
Gross NPL Ratio	3.9	3.9	2.3	3.9	2.3
Loans Growth (YoY)	(5.8)	(6.4)	15.8	(5.8)	15.8
ROE	15.9	9.8	9.2	11.3	8.8

In Summary

- Strong results year-to-date despite a challenging environment – nine months' core earnings almost matching full year 2008
- Healthy revenues and strict cost discipline have lifted operating profits by 27% year-to-date
- Prudent risk management has contained credit losses and NPLs
- Acquisition of ING's Asia private banking business and increased investment in Bank of Ningbo will strengthen our competitive position and provide further growth opportunities

Third Quarter 2009 Results

Thank You



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