

2009 Final Results

Presentation

19 February 2010



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Agenda

- **Results Overview**
- **Performance Trends**
- **Malaysia & Indonesia Subsidiaries**
- **In Summary**

Full year core net profit rose 32%; reported net profit up 12%

	FY09	FY08	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	2,825	2,783	2
Non-Interest Income ^{1/}	1,990	1,458	37
Total Income	4,815	4,241	14
Operating Expenses	(1,796)	(1,854)	(3)
Operating Profit	3,019	2,387	26
Amortisation of Intangibles	(47)	(47)	-
Allowances	(429)	(447)	(4)
Associates & JVs	-	6	(101)
Tax & Minority Interests	(581)	(413)	41
Core Net Profit	1,962	1,486	32
Divestment Gains/Tax Refunds ^{2/}	-	263	-
Reported Net Profit	1,962	1,749	12

^{1/} FY09 non-interest income includes GreatLink Choice (GLC) loss of S\$213m in 3Q09 and one-time insurance gains of S\$201m in 1Q09, which largely offset each other

^{2/} Net divestment gains of S\$174m and tax refunds and writebacks of S\$89m in FY08.

Fourth quarter's core net profit up 101% YoY and 12% QoQ

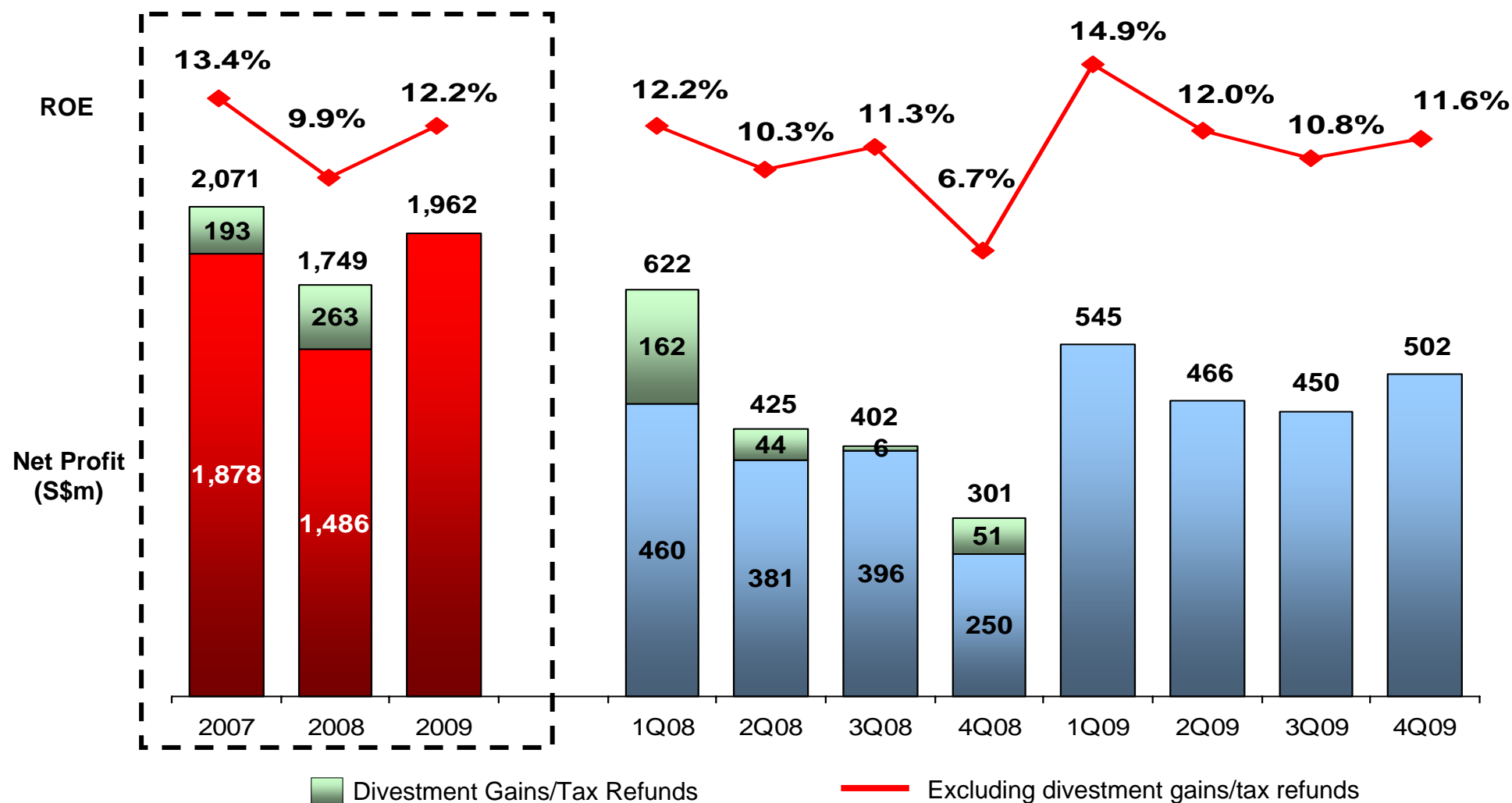
	4Q09	4Q08	YoY	3Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	687	783	(12)	689	-
Non-Interest Income ^{1/}	497	259	92	392	27
Total Income	1,184	1,042	14	1,081	10
Operating Expenses	(466)	(463)	1	(467)	-
Operating Profit	718	579	24	614	17
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(77)	(243)	(69)	(52)	48
Associates & JVs	(2)	(3)	37	2	(228)
Tax & Minority Interests	(125)	(71)	77	(102)	24
Core Net Profit	502	250	101	450	12
Tax Refunds	-	51	-	-	-
Reported Net Profit	502	301	67	450	12

^{1/} 3Q09 non-interest income includes GLC-related loss of S\$213m

Key financial ratios - Based on core earnings

	FY09	FY08	4Q09	3Q09	4Q08
	%	%	%	%	%
Net Interest Margin	2.23	2.27	2.08	2.16	2.47
Non-Interest Income/ Total Income	41.3	34.4	42.0	36.3	24.9
Cost-to-Income Ratio	37.3	43.7	39.4	43.2	44.5
Loans-to-Deposits Ratio	80.4	84.8	80.4	79.7	84.8
NPL Ratio	1.7	1.5	1.7	1.8	1.5
Allowances/NPAs	102.4	125.0	102.4	102.8	125.0
ROE	12.2	9.9	11.6	10.8	6.7
Cash ROE	12.5	10.3	11.8	11.1	7.0

ROE improves to 12.2%; full year core earnings at historic high

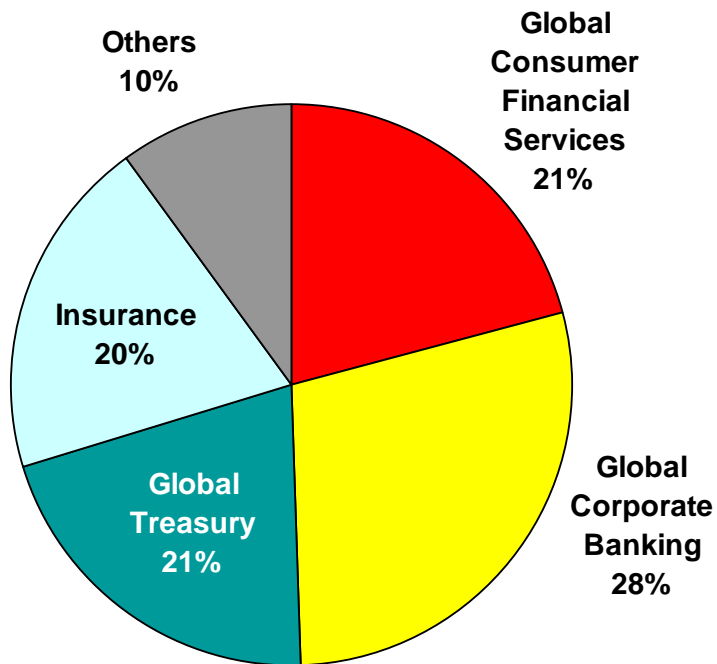


Note: 1Q09 includes net non-recurring gains of S\$175m from GEH; 3Q09 includes net GLC-related loss of S\$154m



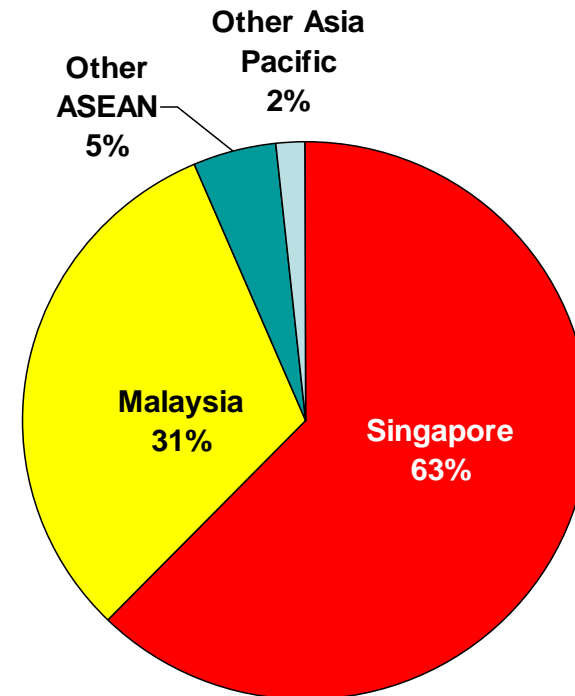
Earnings contribution by segments

FY09 PBT by Business Segment



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

FY09 PBT by Geography



"Others" segment (not shown) accounted for -1%

GEH Contribution: Strong rebound in 2009, accounting for 21% of Group net profit

GEH's Contribution to

OCBC's Results

	FY09*	FY08^	YoY
	S\$m	S\$m	+/(-)%
Total Income	758	483	57
Operating Expenses	(116)	(152)	(23)
Operating Profit	642	331	94
Amortisation of Intangibles	(47)	(47)	-
Allowances	(16)	(55)	(71)
Associates & JVs	(6)	(11)	50
Tax & Minority Interests	(161)	(58)	180
Core Net Profit contribution	412	160	158

* FY09 core net profit contribution includes S\$175m non-recurring gains in 1Q09 and S\$154m GLC-related loss in 3Q09.

^ FY08 core net profit excludes S\$41m pretax gains (S\$30m net of tax and minorities) from divestment of Robinson and Straits Trading shares and S\$10m tax writebacks

Results excluding GEH: Full year core earnings up 17%

<u>Excluding GEH</u>	FY09	FY08	YoY
	S\$m	S\$m	+/(-)%
Net Interest Income	2,760	2,707	2
Non-Interest Income	1,297	1,052	23
Total Income	4,057	3,759	8
Operating Expenses	(1,680)	(1,702)	(1)
Operating Profit	2,377	2,057	16
Allowances	(413)	(392)	5
Associates & JVs	6	17	(66)
Tax & Minority Interests	(419)	(355)	18
Core Net Profit	1,551	1,326	17
Divestment Gains/Tax Refunds ^{1/}	-	223	-
Reported Net Profit	1,551	1,549	-

^{1/} Net divestment gains of S\$144m and tax refunds and writebacks of S\$79m in FY08.

GEH: Quarterly contribution

<u>GEH's Contribution to</u>	4Q09	4Q08*	YoY	3Q09^	QoQ
<u>OCBC's Results</u>	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Total Income	190	147	29	57	230
Operating Expenses	(6)	(48)	(88)	(36)	(84)
Operating Profit	184	99	85	21	776
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(9)	(40)	(76)	(2)	372
Associates & JVs	(3)	(6)	56	(1)	(149)
Tax & Minority Interests	(41)	6	(824)	14	(398)
Core Net Profit contribution	119	47	153	20	499

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

* 4Q08 core net profit excludes S\$10m tax writebacks

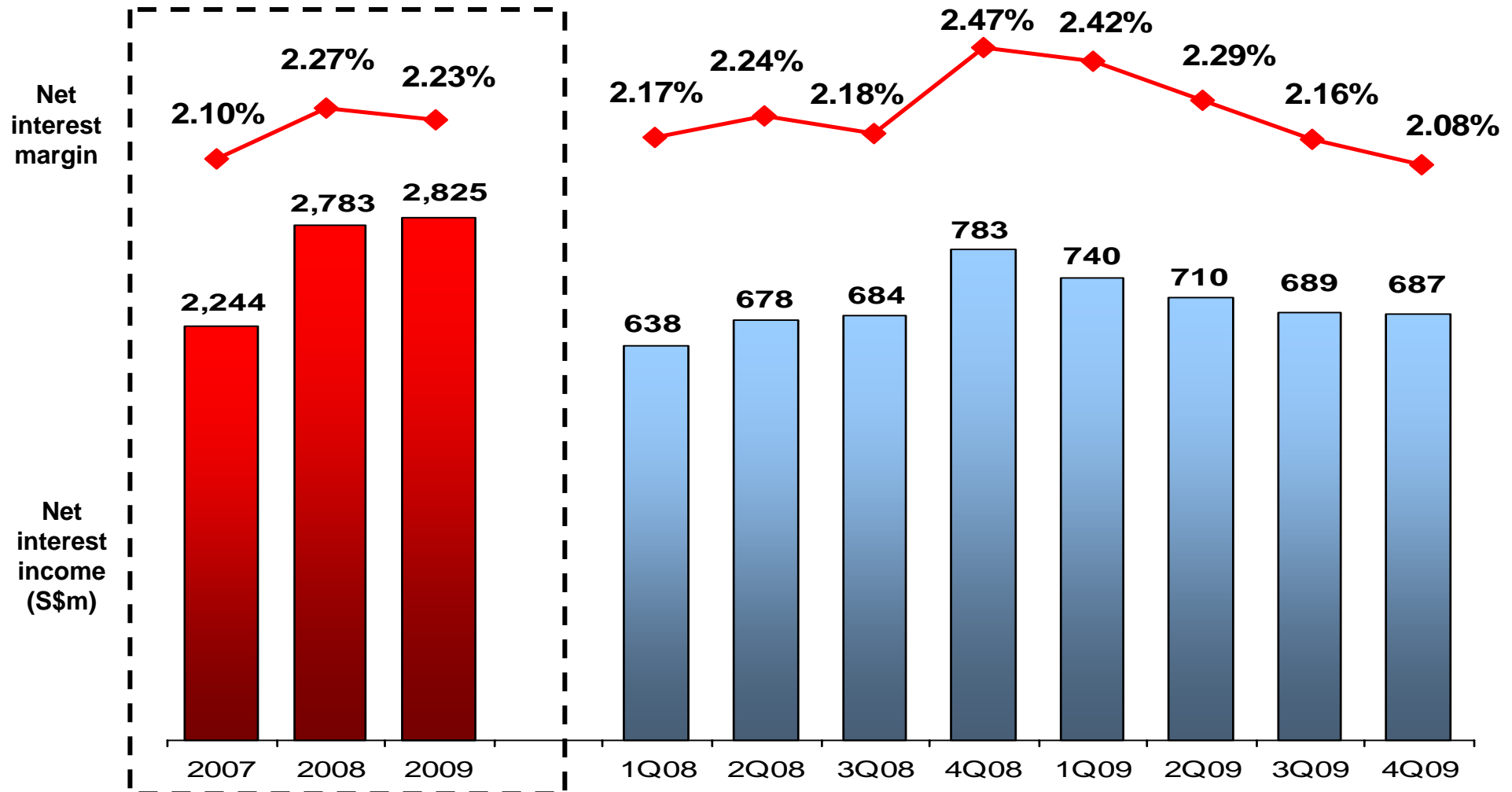
Results excluding GEH: 4Q09 core earnings up 89% YoY, down 11% QoQ

<u>Excluding GEH</u>	4Q09	4Q08	YoY	3Q09	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net Interest Income	668	765	(13)	674	(1)
Non-Interest Income	327	130	154	350	(6)
Total Income	995	895	11	1,024	(3)
Operating Expenses	(460)	(415)	11	(431)	7
Operating Profit	534	480	11	593	(10)
Allowances	(67)	(203)	(67)	(50)	35
Associates & JVs	1	3	(79)	3	(79)
Tax & Minority Interests	(85)	(77)	11	(116)	(34)
Core Net Profit	382	203	89	430	(11)
Tax Refunds	-	41	-	-	-
Reported Net Profit	382	244	57	430	(11)

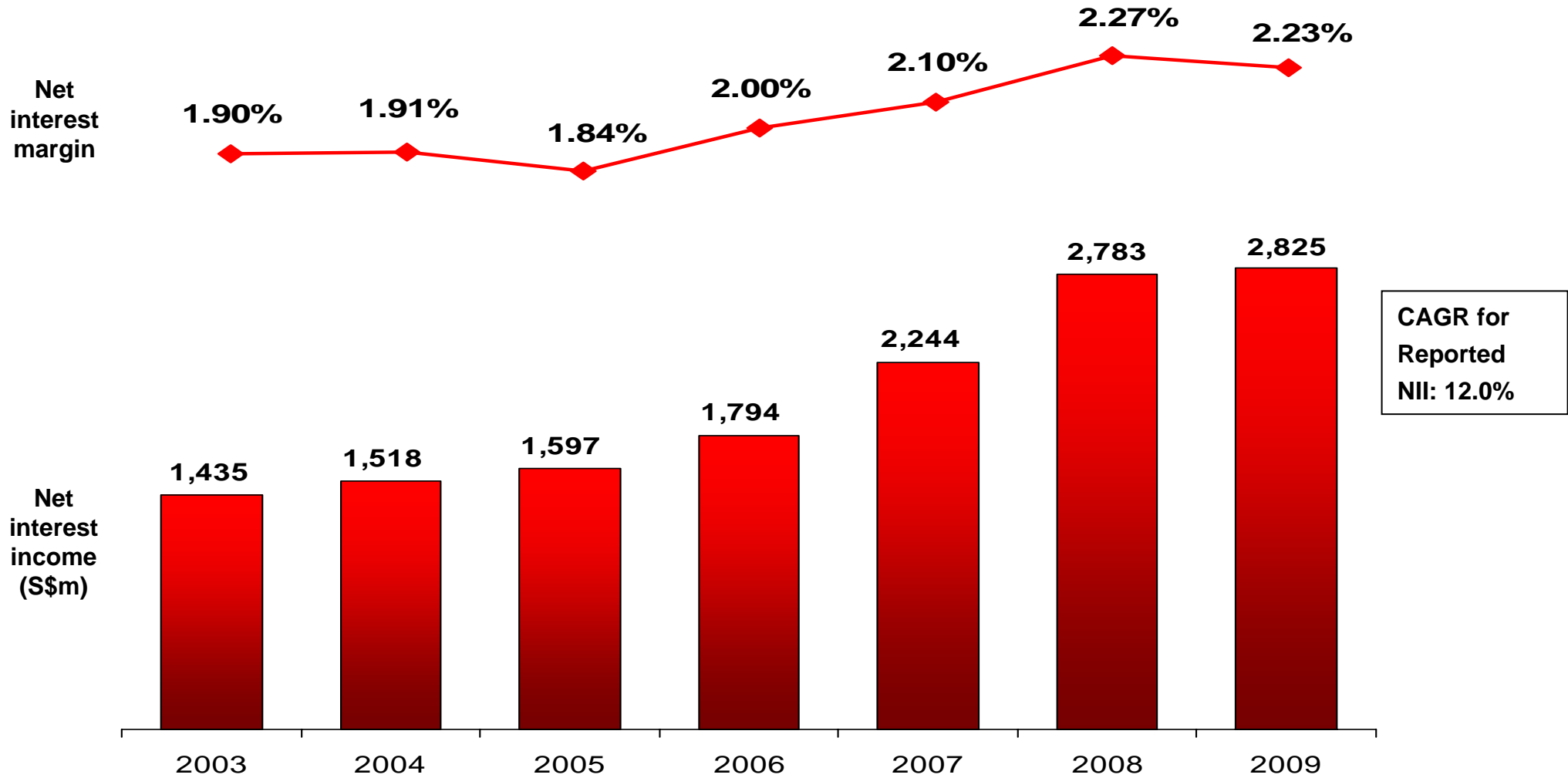
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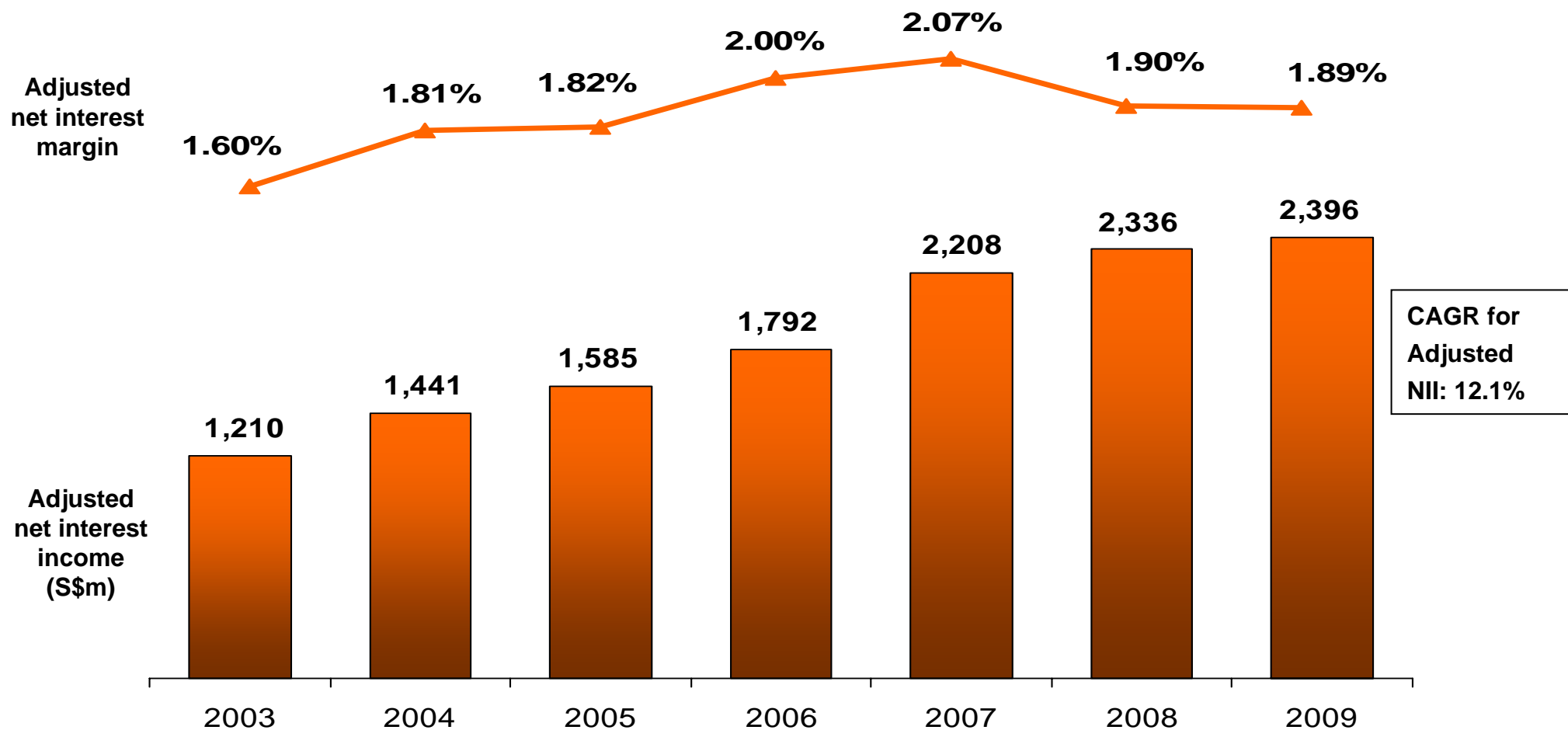
Net interest income up 2% for the year, interest margins narrowed due to lower gapping income and low interest rates



Net interest income and margin: Uptrend over past 7 years



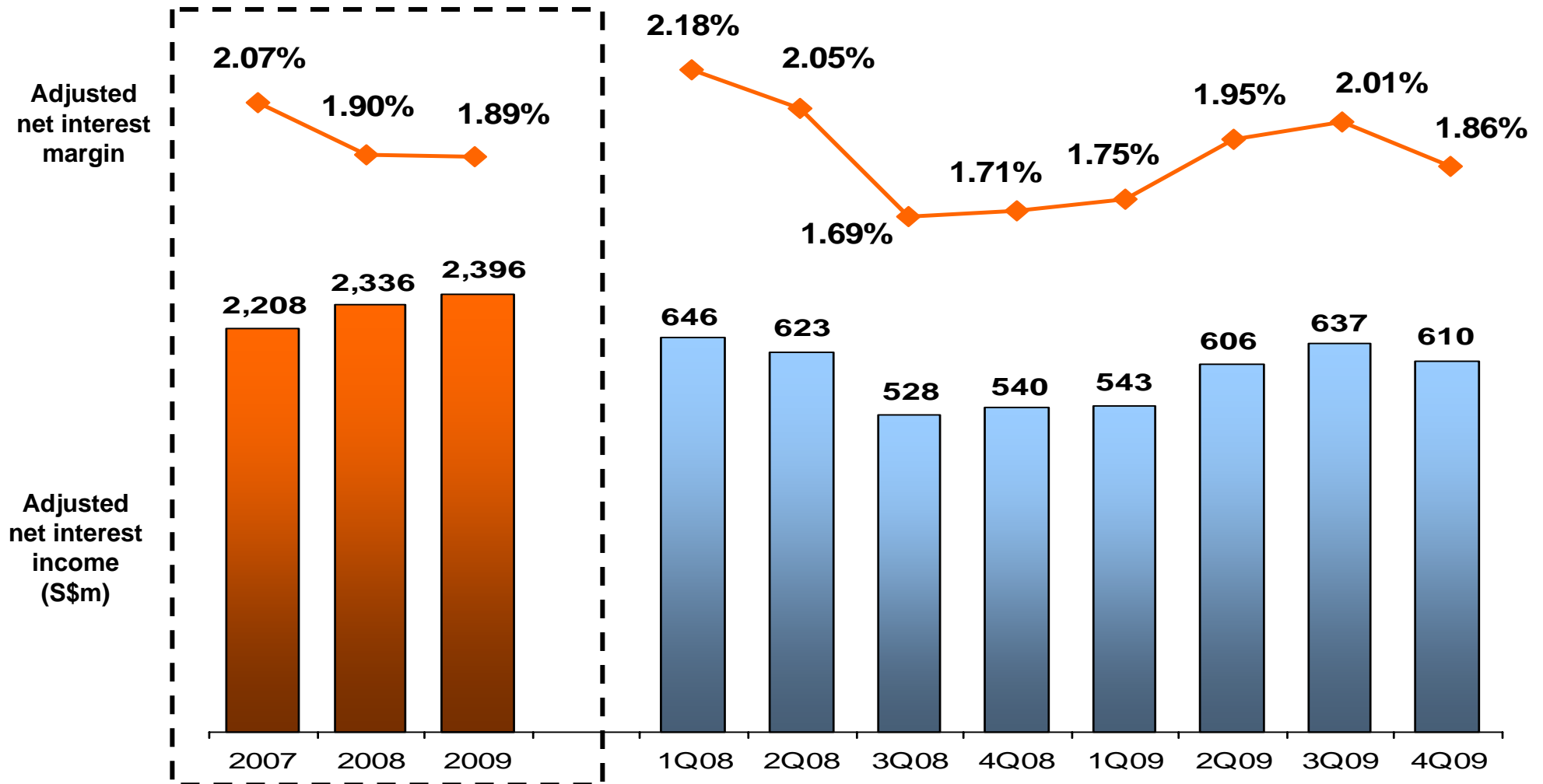
Net interest income and margin adjusted for allowances* show healthy trend through the cycle



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



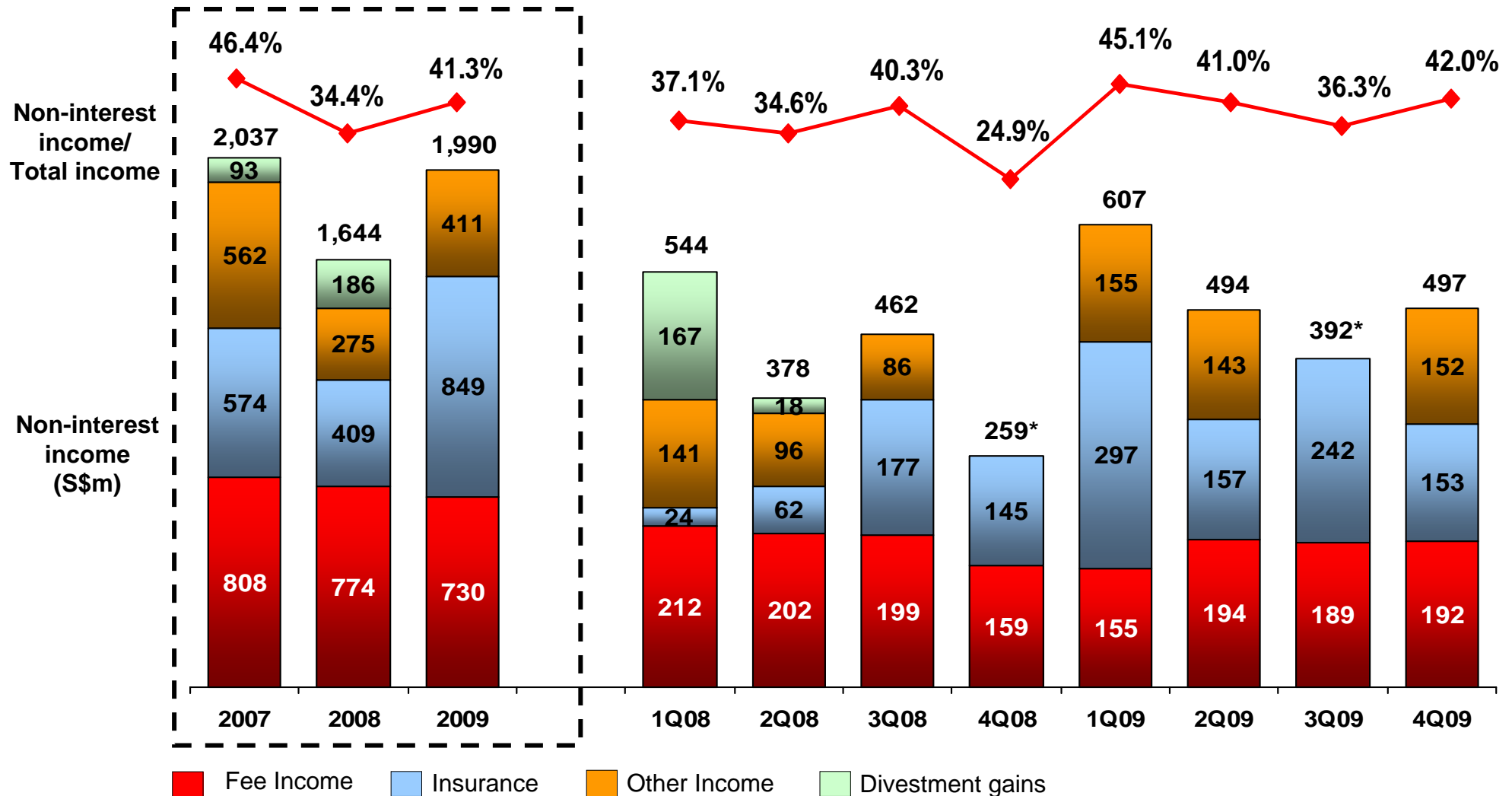
Net interest income and margin adjusted for allowances*



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



Core non-interest income up 37% for the year, led by recovery in insurance profits and strong trading results



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



GEH's life assurance profits recovered to 2007 levels

	FY09*	FY08	FY07	4Q09	3Q09	4Q08
Life assurance profit from:	S\$m	S\$m	S\$m	S\$m	S\$m	S\$m
- Participating Fund	96	102	143	20	20	27
- Non-participating Fund	506	130	302	74	163	67
- Investment-linked Fund	125	68	64	34	26	21
Total life assurance profit	727	300	509	127	209	115

Life assurance profit increased from S\$300m to S\$727m:

- Includes S\$201m non-recurring gains in 1Q09 arising mainly from adoption of Risk Based Capital Framework in Malaysia. Excluding this item, profits have recovered back to 2007 levels.
- Non-Par Fund – driven by recovery in investment markets which boosted equities and corporate bonds assets in both Singapore and Malaysia

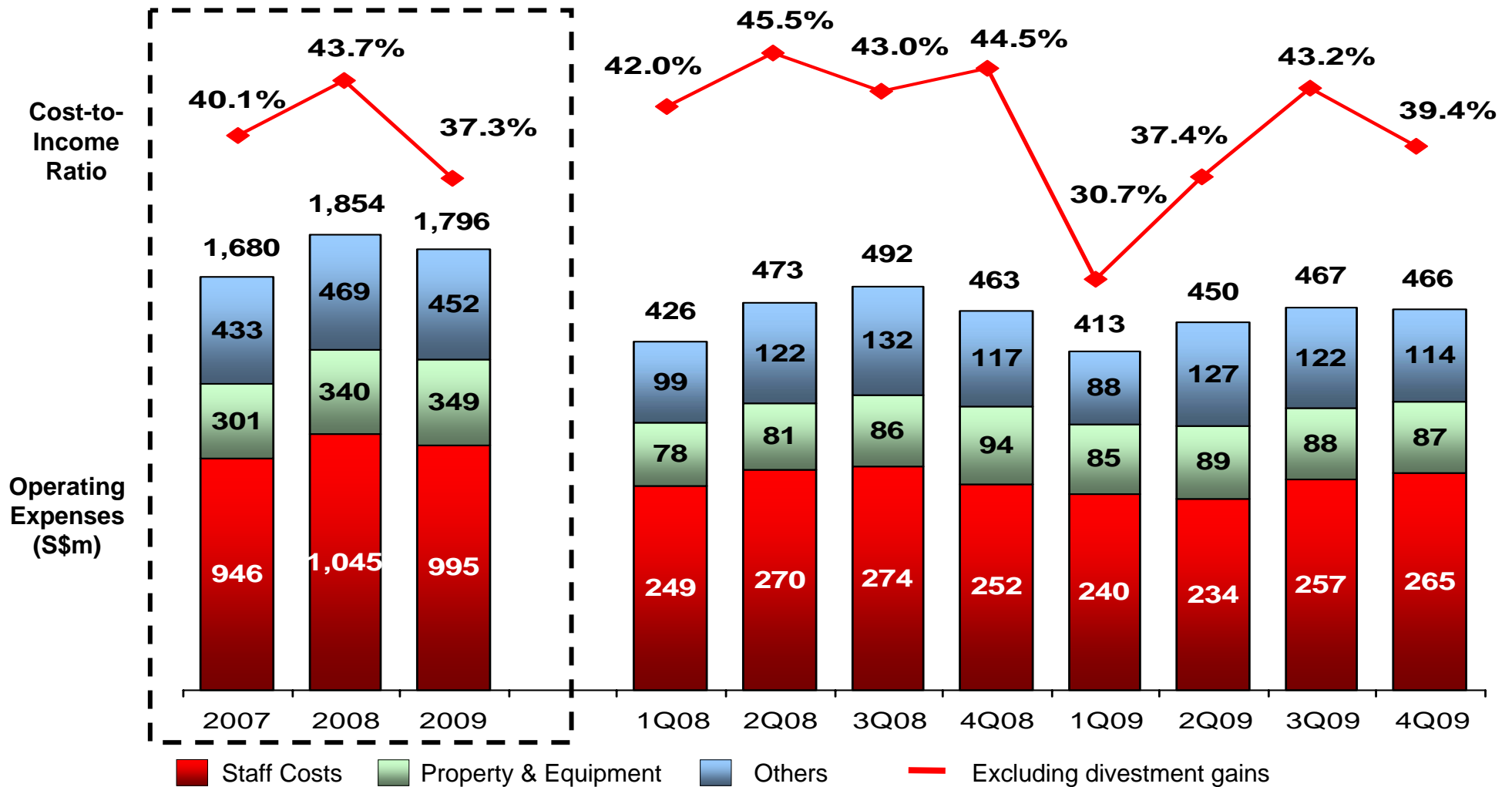
Life assurance new business sales improved in second half:

- Total weighted new sales grew 50% in 2H09 compared to 1H09, although full year sales were down 20% because of weak Singapore demand in 1H09 and exceptionally high single premium sales in 1Q08
- Singapore – sales momentum picked up in 2H09, with new sales doubling compared to 1H09.
- Malaysia – 2009 new sales up 4% over 2008, led by annual premium products
- New business embedded value fell 11% in 2009

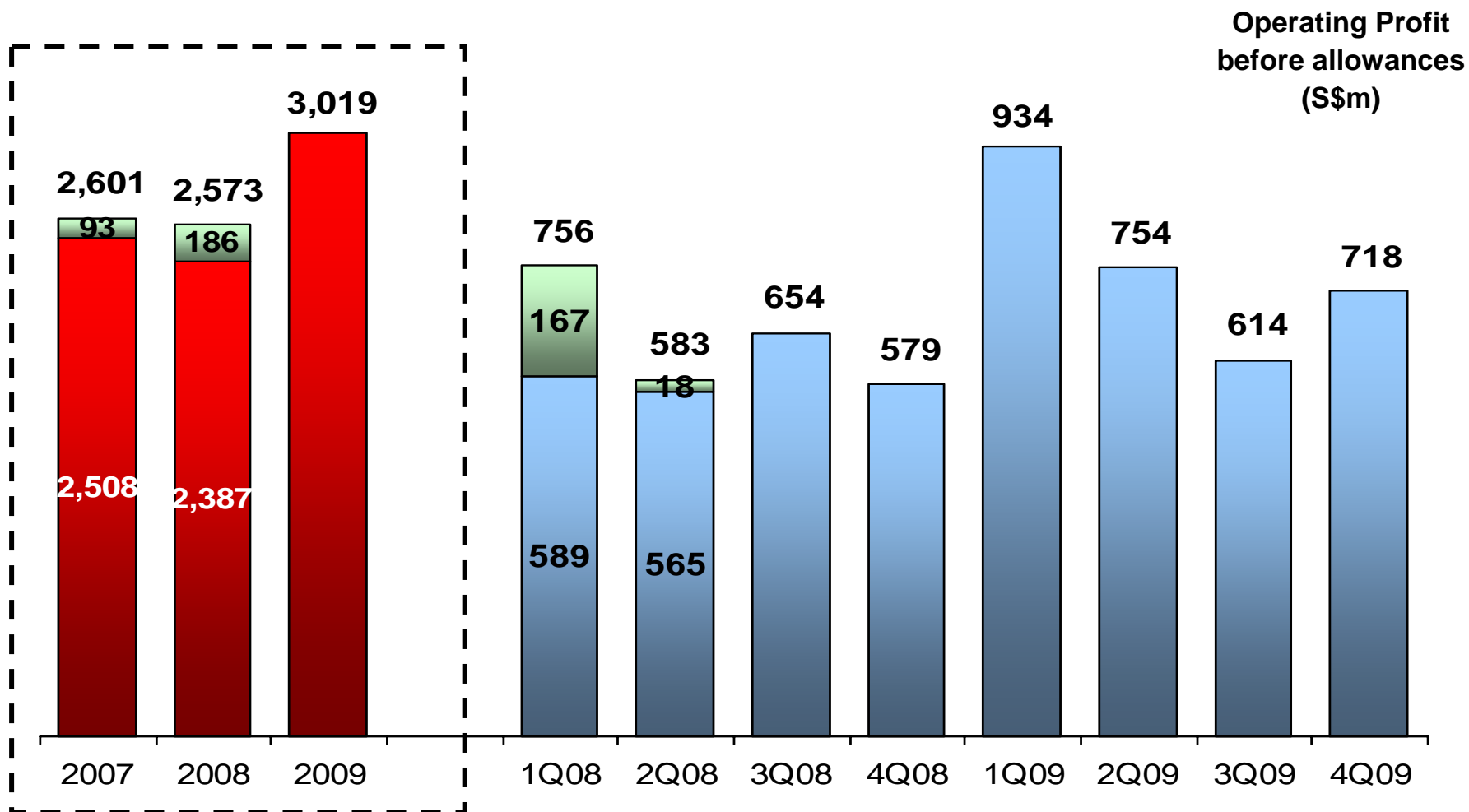
* Includes non-recurring gains of S\$201m in 1Q09



Expenses reduced by 3% in 2009 as a result of disciplined cost management



Full year core operating profit up 26%

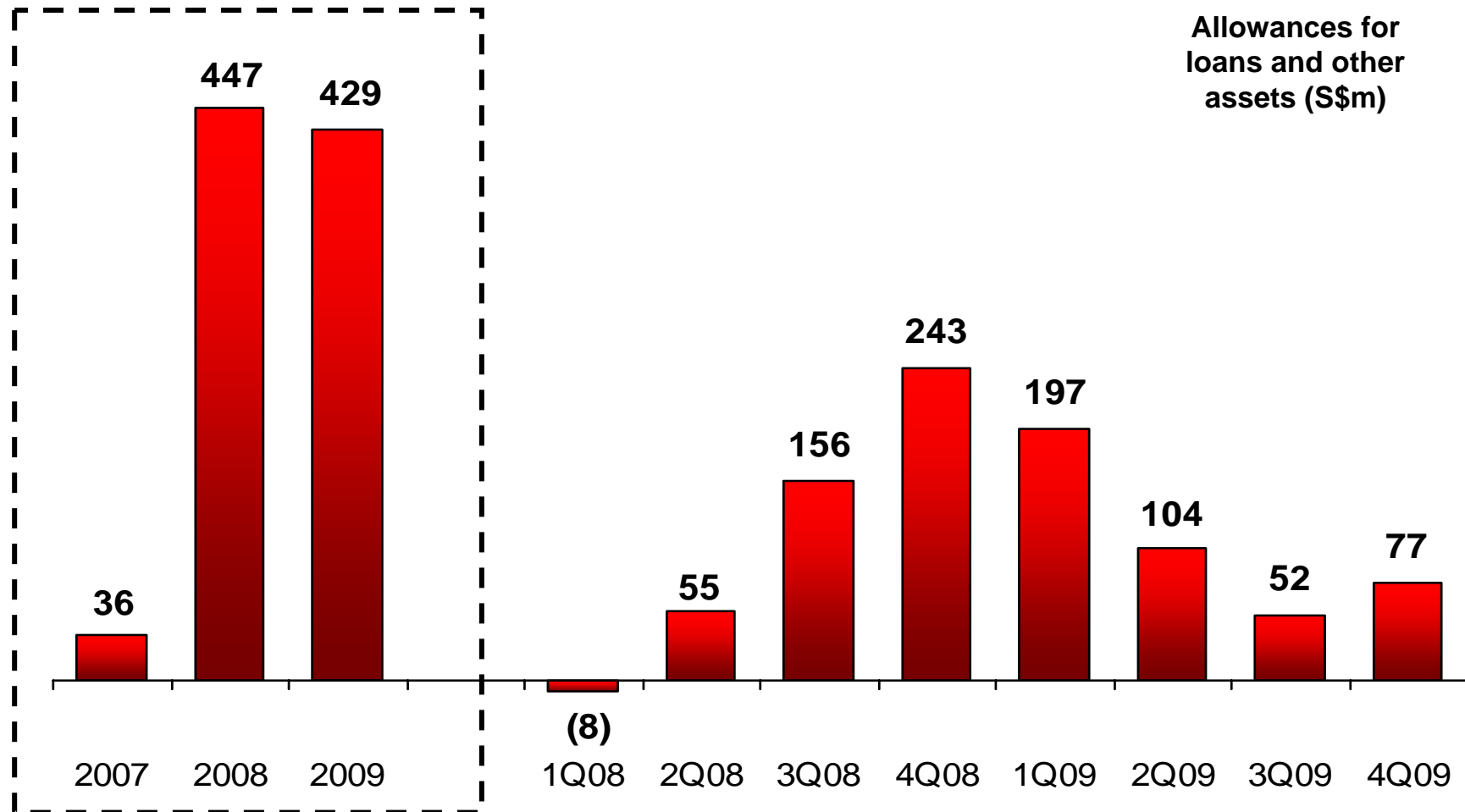


■ Divestment gains

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



Net allowances peaked in 4Q08



Breakdown of allowances – Specific loan allowances remained relatively low through the current cycle, at 21 bps in 2008 and 29 bps in 2009

	FY09	FY08	4Q09	3Q09	4Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Specific allowances for loans	241	165	61	49	159
Portfolio allowances for loans	23	20	11	5	11
Allowances for CDOs/(write-back)	86	87	(1)	(6)	15
Allowances for other assets	79	175	6	4	58
Total net allowances	429	447	77	52	243
Specific loan allowances/ average loans (bps)*	29	21	30	25	78

* Annualised

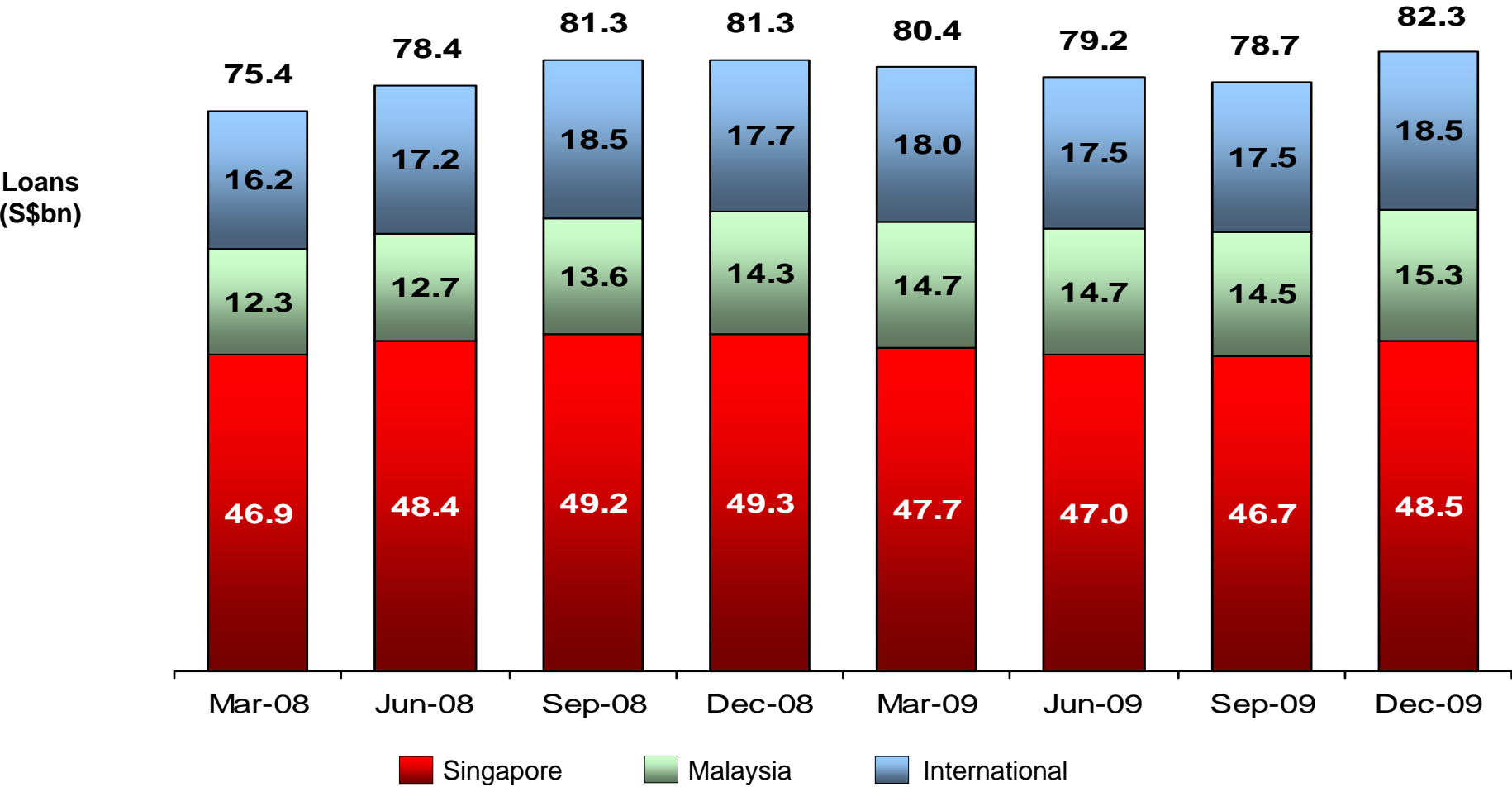
Movement in specific allowances for loans

	FY09	FY08	4Q09	3Q09	4Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Allowances for new and existing NPLs	478	434	118	117	222
Write-backs ^{1/}	(188)	(207)	(44)	(51)	(51)
Recoveries ^{2/}	(48)	(62)	(13)	(17)	(12)
Net Specific Allowances/ (Write-backs)	241	165	61	49	159

^{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

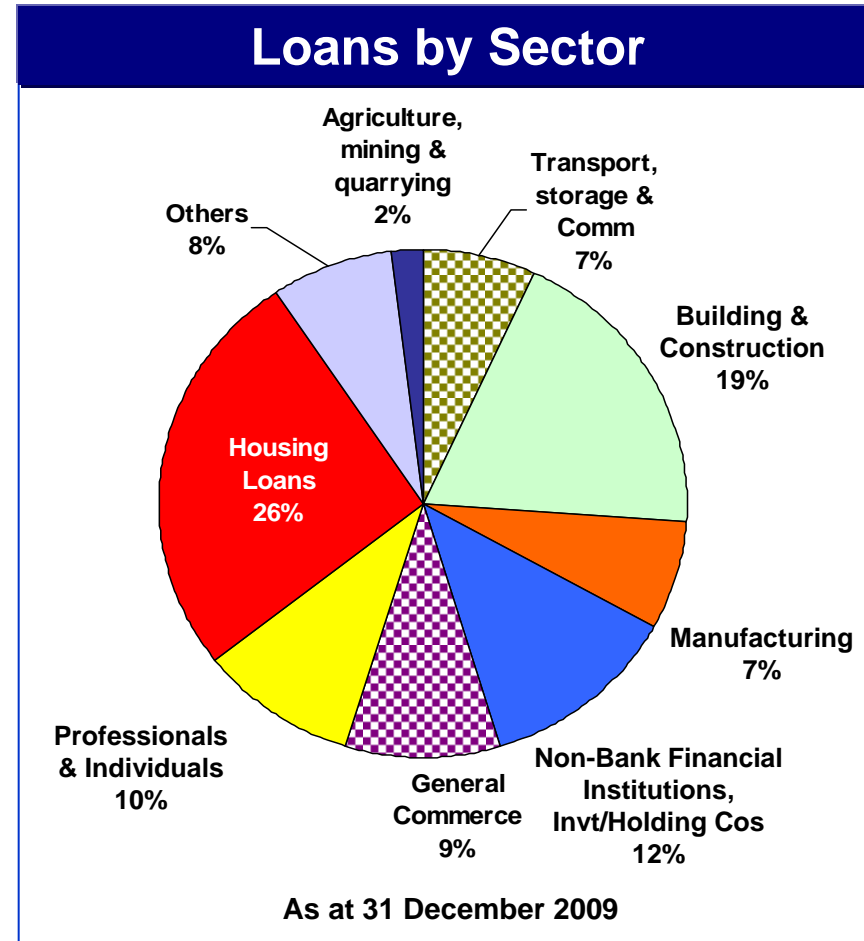
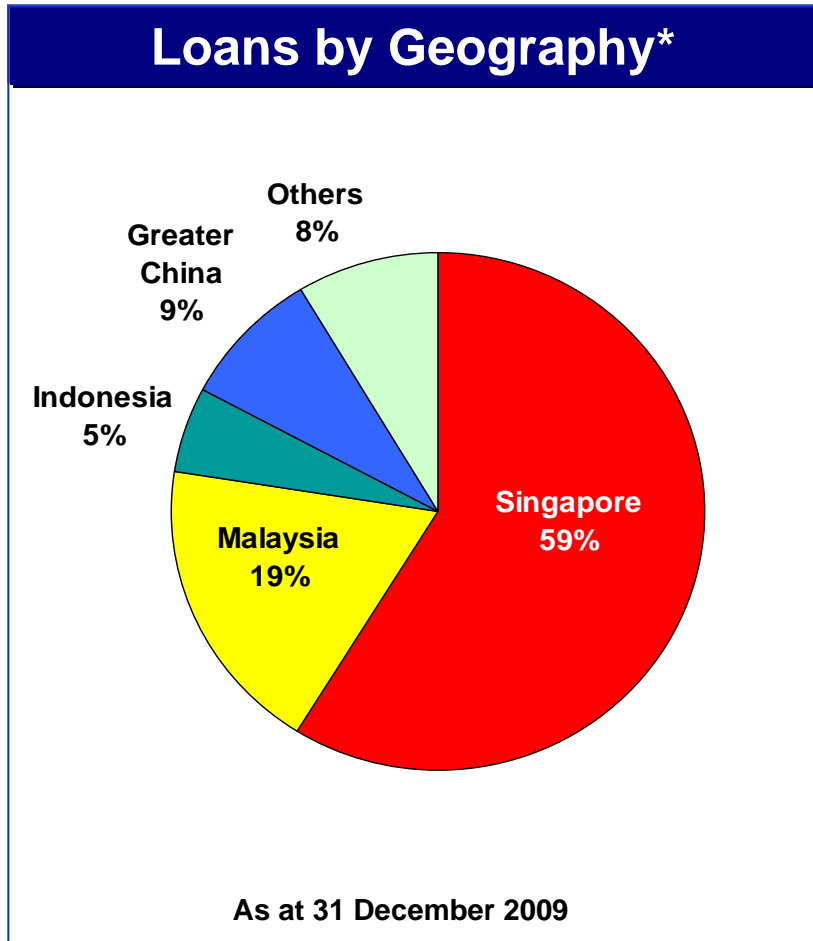
Loans grew 1% YoY, 5% QoQ



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

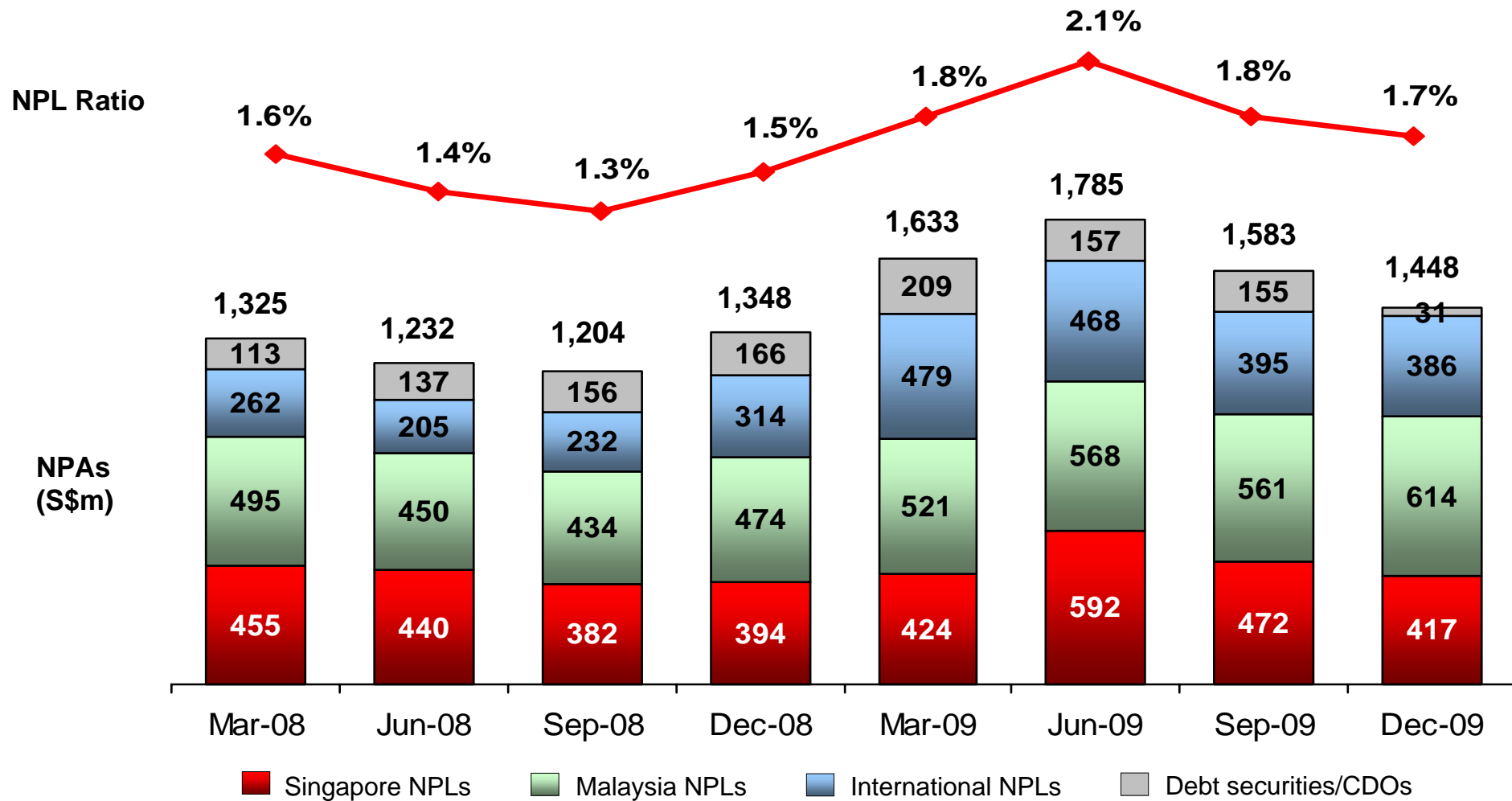


Diversified loans



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

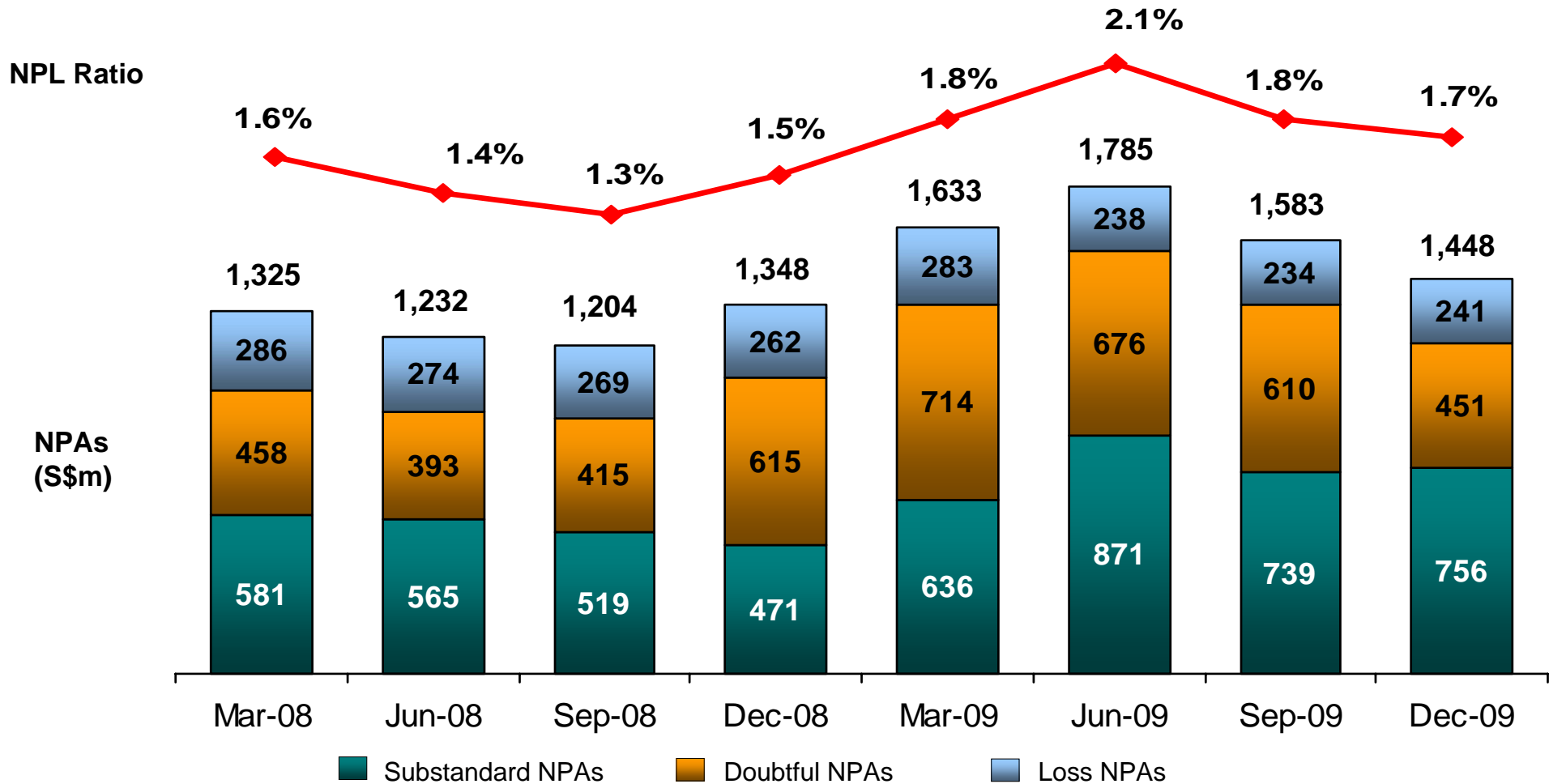
NPLs and NPL ratio peaked in June 2009



Note: NPAs comprise NPLs and classified debt securities/CDOs



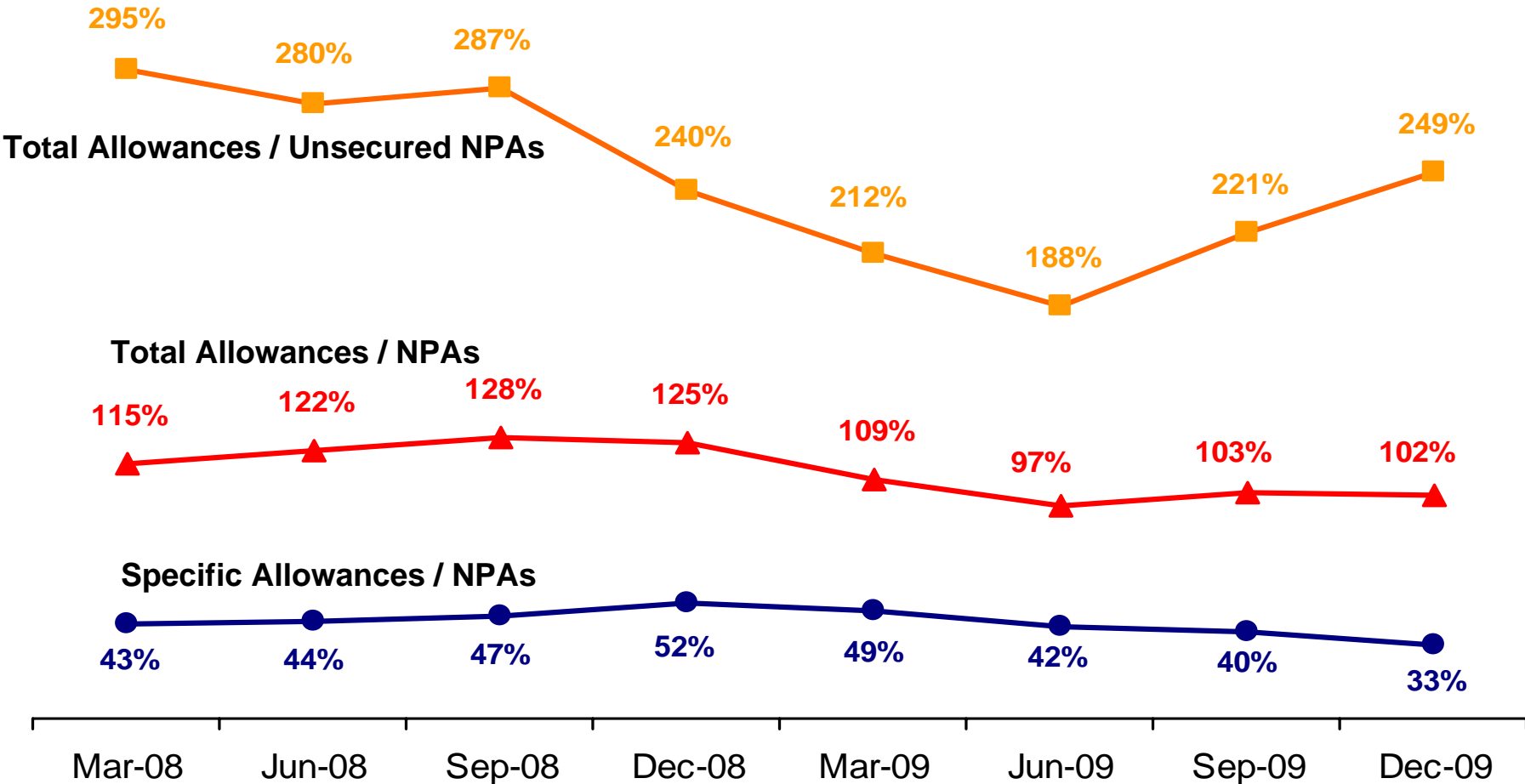
Majority of NPAs are in Substandard category – typically well collateralised and/or no overdues



New NPAs increased in 4Q09 but were offset by recoveries, upgrades and write-offs

<u>NPAs</u>	FY09	FY08	4Q09	3Q09	4Q08
	S\$m	S\$m	S\$m	S\$m	S\$m
Opening Balance (excluding CDOs)	1,239	1,268	1,458	1,658	1,089
New NPAs	1,231	873	232	158	343
Net Recoveries/Upgrades	(609)	(779)	(142)	(183)	(169)
Write-offs	(419)	(123)	(106)	(175)	(24)
Closing Balance (excl CDOs)	1,442	1,239	1,442	1,458	1,239
Add: Classified CDOs	7	109	7	125	109
Closing Balance (incl CDOs)	1,448	1,348	1,448	1,583	1,348

Allowance coverage at 102% of total NPAs and 249% of unsecured NPAs

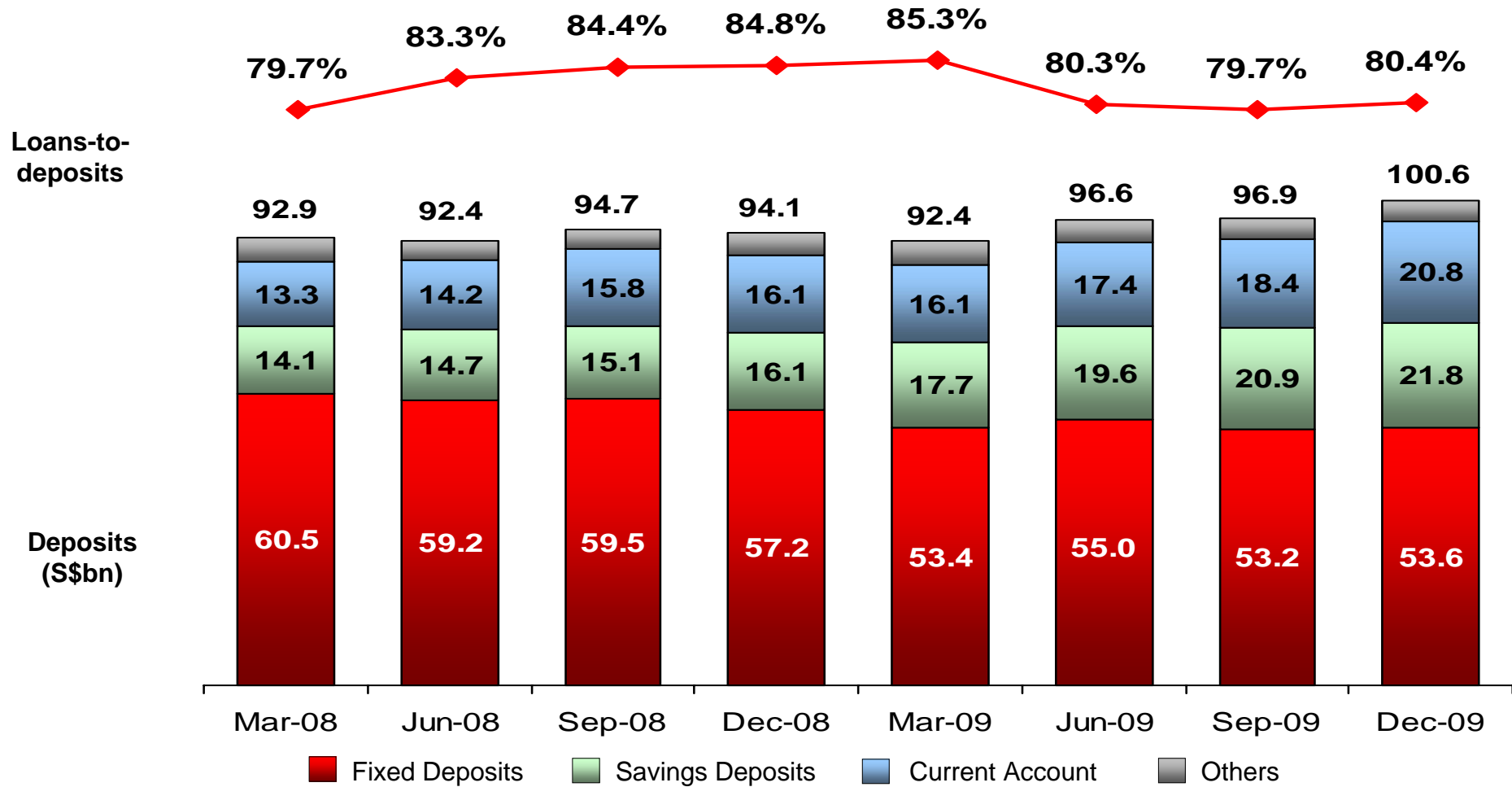


AFS Portfolio – Fair value reserves increased by S\$378m QoQ

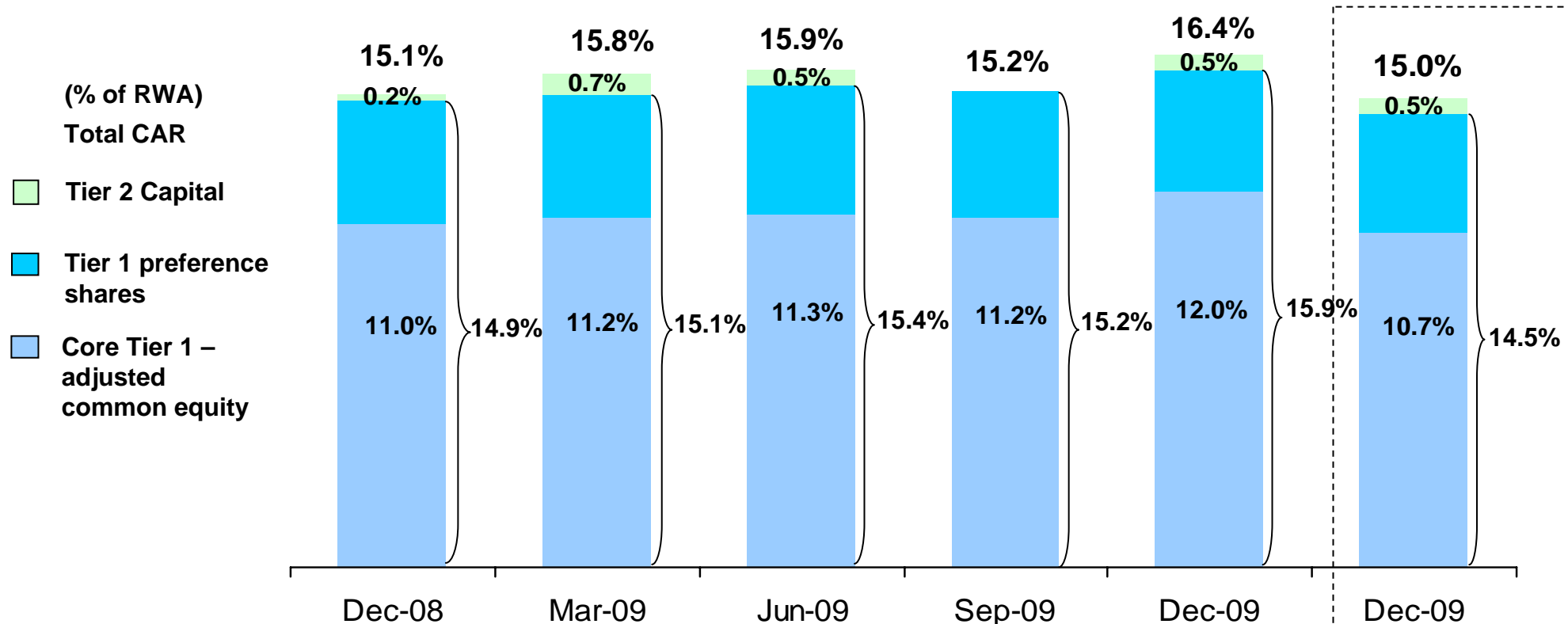
	Dec-09	Sep-09	Dec-08
	S\$m	S\$m	S\$m
<u>Available-for-Sale Securities</u>			
Corporate Debt Securities	7,425	7,152	7,563
Equities & investment funds	2,723	2,430	1,621
Government Securities	12,615	13,698	12,703
- Singapore	9,394	10,186	8,693
- Others	3,221	3,512	4,010
Total AFS Securities	22,763	23,280	21,887
FV reserves at end period *	1,506	1,128	222
QoQ Change in FV reserves	+378	+168	-3

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

Customer deposits grew 7% YoY, 4% QoQ; increasing share of low-cost deposits



Tier 1 and core Tier 1 ratios strengthened by one percentage point YoY, to 15.9% and 12.0% respectively; pro-forma core Tier 1 of 10.7% post-IAPB



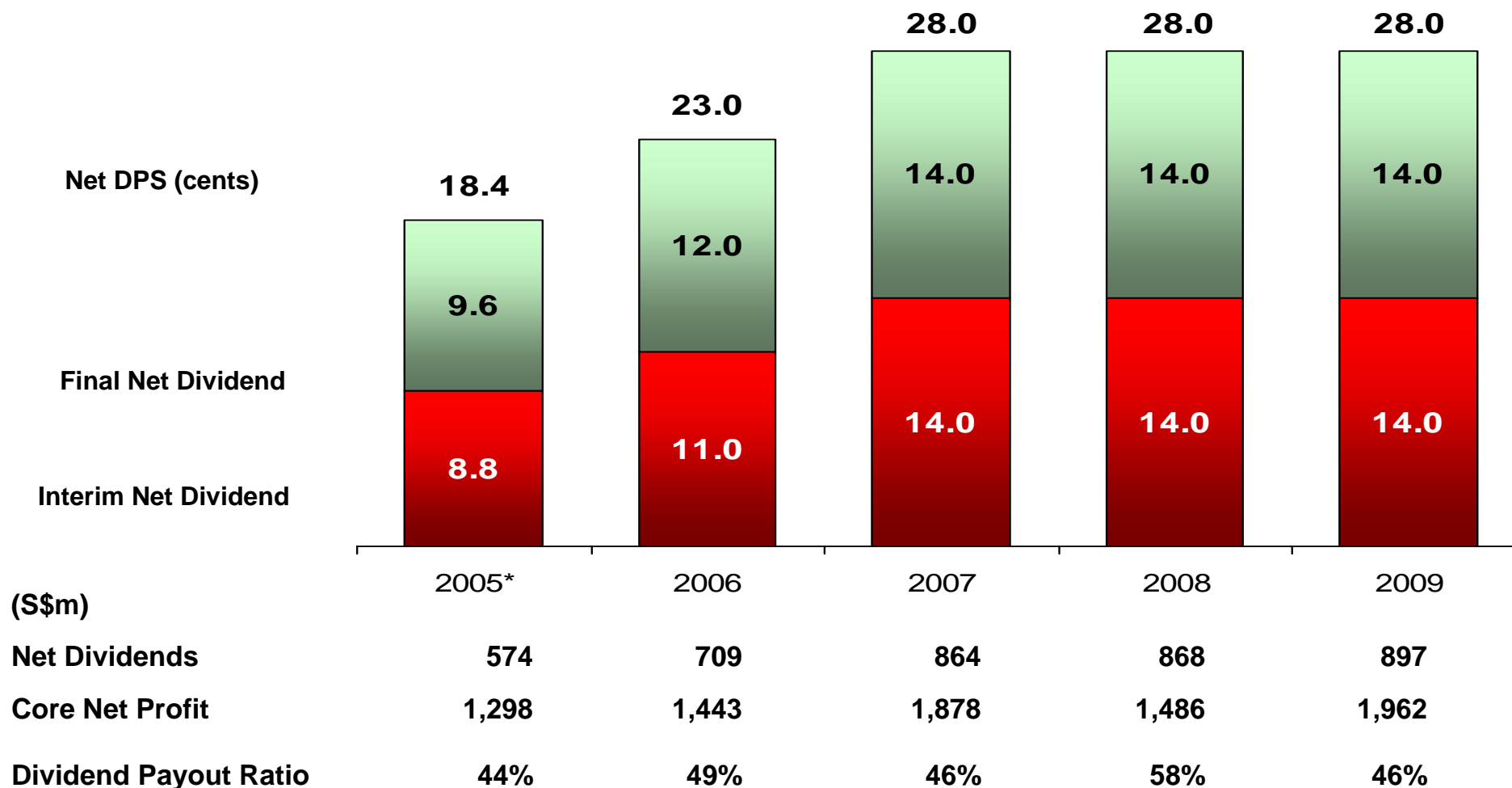
(S\$m)	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Dec-09 Pro-forma*
Tier 1 Capital	14,261	14,475	15,018	14,988	15,962	15,208
Tier 1 Prefs	3,796	3,796	3,958	3,957	3,958	3,958
RWA	95,522	95,397	97,424	98,088	100,013	104,548

* Estimated, post consolidation of Bank of Singapore (formerly ING Asia Private Bank) on 29 Jan 2010.

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



Full year dividend unchanged; 46% payout for 2009 is in line with target minimum of 45%



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



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OCBC Malaysia: Earnings marginally lower, as 2008 had higher recoveries and writebacks of allowances

	FY09	FY08	YoY
<u>Audited Results*</u>	RM m	RM m	+/(-)%
Net Interest Income	1,036	995	4
Islamic Banking Income	144	113	27
Non-Interest Income	415	432	(4)
Total Income	1,595	1,540	4
Operating Expenses	(597)	(598)	-
Operating Profit	998	942	6
Allowances	(185)	(103)	80
Tax	(205)	(222)	(8)
Net Profit	608	617	(1)

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

OCBC Malaysia: Quarterly results

	4Q09	4Q08	YoY	3Q09	QoQ
<u>Unaudited Results*</u>	RM m	RM m	+/(-)%	RM m	+/(-)%
Net Interest Income	262	262	-	269	(2)
Islamic Banking Income	55	32	75	28	100
Non-Interest Income	85	120	(29)	92	(8)
Total Income	402	414	(3)	389	4
Operating Expenses	(171)	(158)	8	(146)	17
Operating Profit	231	256	(10)	243	(5)
Allowances	(62)	(88)	(29)	(42)	50
Tax	(43)	(45)	(5)	(49)	(11)
Net Profit	126	123	2	153	(18)

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

OCBC Malaysia: Financial ratios

	FY09	FY08	4Q09	3Q09	4Q08
	%	%	%	%	%
Net Interest Margin	2.35	2.54	2.24	2.37	2.61
Non-Interest Income / Total Income	26.0	28.1	21.1	23.7	29.0
Cost-to-Income Ratio	37.4	38.8	42.5	37.5	38.2
Loans-to-Deposits Ratio	76.5	83.2	76.5	78.8	83.2
Gross NPL Ratio	3.8	3.9	3.8	3.8	3.9
Loans Growth (YoY)	5.0	13.3	5.0	2.6	13.3
ROE	17.9	22.4	13.9	17.6	16.5

Bank OCBC NISP: Full year results

	FY09	FY08	YoY
<u>Audited Results*</u>	RP bn	RP bn	+/(-)%
Net Interest Income	1,726	1,401	23
Non Interest Income	497	471	6
Expenses	(1,377)	(1,238)	11
Operating Profit	846	634	33
Allowances	(237)	(181)	31
Net Profit	436	317	38

* Bank OCBC NISP's contribution to Group net profit was S\$66m in FY09 and S\$36m in FY08

Bank OCBC NISP: Quarterly results

	4Q09	4Q08	YoY	3Q09	QoQ
<u>Unaudited Results*</u>	RP bn	RP bn	+/(-)%	RP bn	+/(-)%
Net Interest Income	441	390	13	456	(3)
Non Interest Income	108	193	(44)	110	(2)
Expenses	(348)	(342)	2	(346)	1
Operating Profit	201	241	(17)	220	(9)
Allowances	(32)	(112)	(71)	(13)	146
Net Profit	126	90	40	148	(15)

* Bank OCBC NISP's contribution to Group net profit was S\$16m in 4Q09, S\$20m in 3Q09 and S\$10m in 4Q08

Bank OCBC NISP: Financial ratios

	FY09	FY08	4Q09	3Q09	4Q08
	%	%	%	%	%
Net Interest Margin	5.53	5.40	5.52	6.17	5.23
Non-Interest Income / Total Income	22.4	25.2	20.4	19.7	33.2
Cost-to-Income Ratio	62.0	66.2	62.8	61.0	58.7
Loans-to-Deposits Ratio	72.4	76.7	72.4	76.5	76.7
Gross NPL Ratio	3.2	2.7	3.2	3.9	2.7
Loans Growth (YoY)	5.2	8.9	5.2	(5.8)	8.9
ROE	11.9	9.2	13.4	15.9	10.2

In Summary

- Record core earnings in a challenging environment
- Recovery in insurance and trading income from depressed levels; effective cost management
- Prudent risk management contained credit losses and NPLs
- Strong results demonstrate resilience and strengths of our customer relationships, people, processes and business model
- We remain watchful of developments in Europe, US and China, and are cautiously optimistic for a gradual recovery in Asia's economy and our key markets

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Thank You



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