

First Quarter 2011 Results

Presentation

12 May 2011



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Agenda

Results Overview

Performance Trends

Malaysia and Indonesia Subsidiaries

Note: Amounts less than S\$0.5 million are shown as "0"; NM denotes not meaningful



Highlights

First quarter performance led by robust growth in loans, fee income and strong contribution from insurance

- Good growth momentum quarter-on-quarter; year-on-year comparison impacted by decline in trading income and investment gains from the record highs in 1Q10
- Strong loan growth across key segments and geographies more than offset the compression in net interest margin
- Non-interest income momentum underpinned by growth of wealth management, insurance and trade-related businesses
- Operating expenses lower quarter-on-quarter
- Asset quality remained good, and loan losses low

1Q11 core net profit of \$596m up 18% QoQ, down 12% YoY

OCBC Group	1Q11 S\$m	1Q10 S\$m	YoY +/(-)%	4Q10 S\$m	QoQ +/(-)%
Net Interest Income	784	704	11	769	2
Non-Interest Income	618	681	(9)	560	10
Total Income	1,402	1,385	1	1,329	6
Operating Expenses	(581)	(502)	16	(620) ^{2/}	(6)
Operating Profit	821	883	(7)	709	16
Amortisation of Intangibles	(15)	(12)	32	(16)	(2)
Allowances	(49)	(25)	96	(48)	2
Associates & JVs	12	-	NM	(1)	919
Tax & Non-controlling interests	(173)	(170)	2	(139)	24
Core Net Profit	596	676	(12)	505	18
Divestment gain, net of tax	32 ^{1/}	-	-	-	-
Reported Net Profit	628	676	(7)	505	24

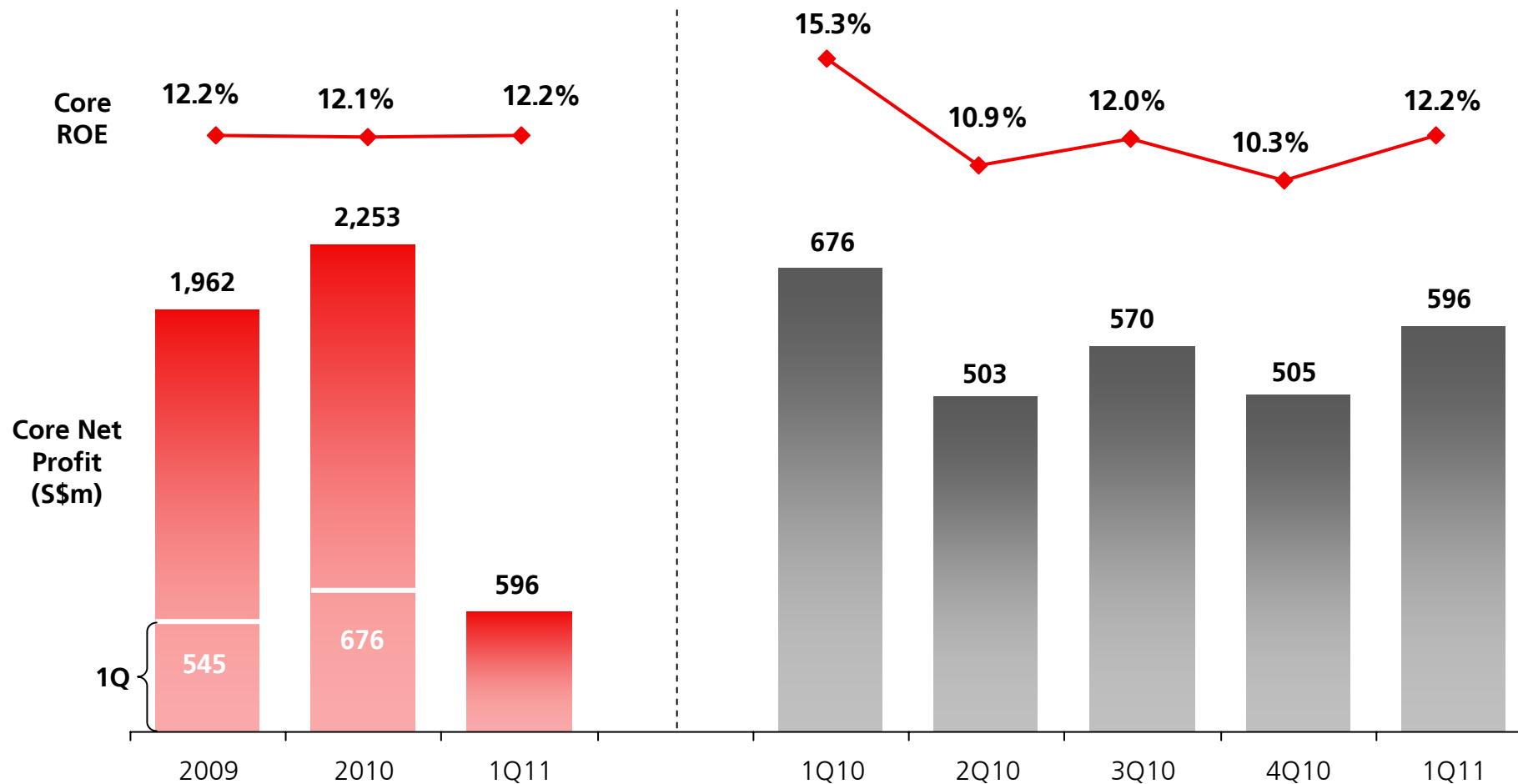
1/ Gain from divestment of property at Bassein Road, Singapore

2/ Includes one-time expenses of S\$31m related to OCBC NISP-BOI merger

Key ratios improved QoQ

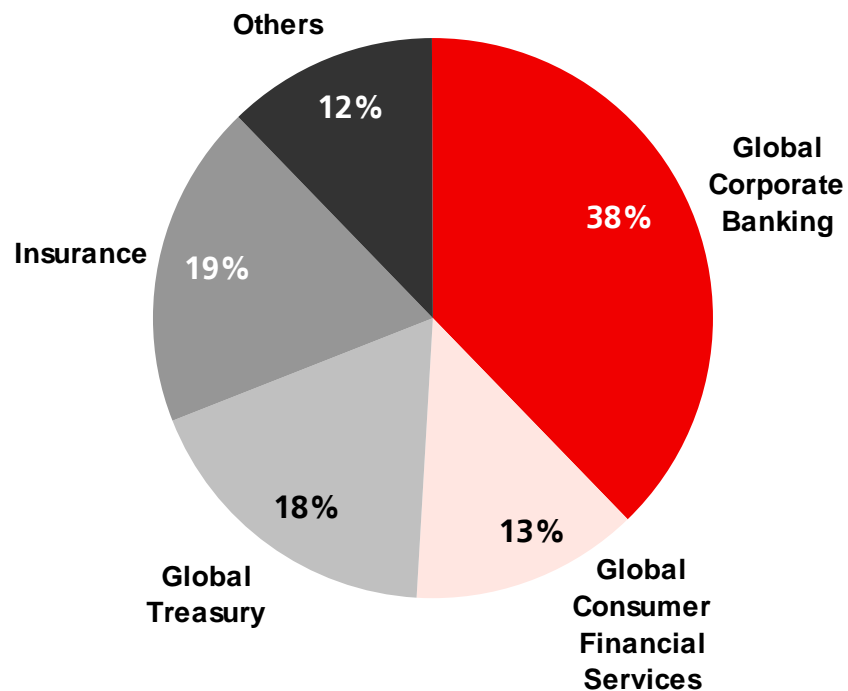
Based on core earnings	1Q11 %	4Q10 %	1Q10 %
Net Interest Margin	1.90	1.96	2.03
Non-Interest Income / Total Income	44.1	42.1	49.2
Costs / Income	41.5	46.6	36.2
Loans / Deposits	86.8	85.1	81.9
NPL	0.9	0.9	1.5
Allowances / NPAs	123.2	118.8	107.3
ROE	12.2	10.3	15.3
Cash ROE	12.5	10.6	15.6

ROE improved QoQ to 12.2%

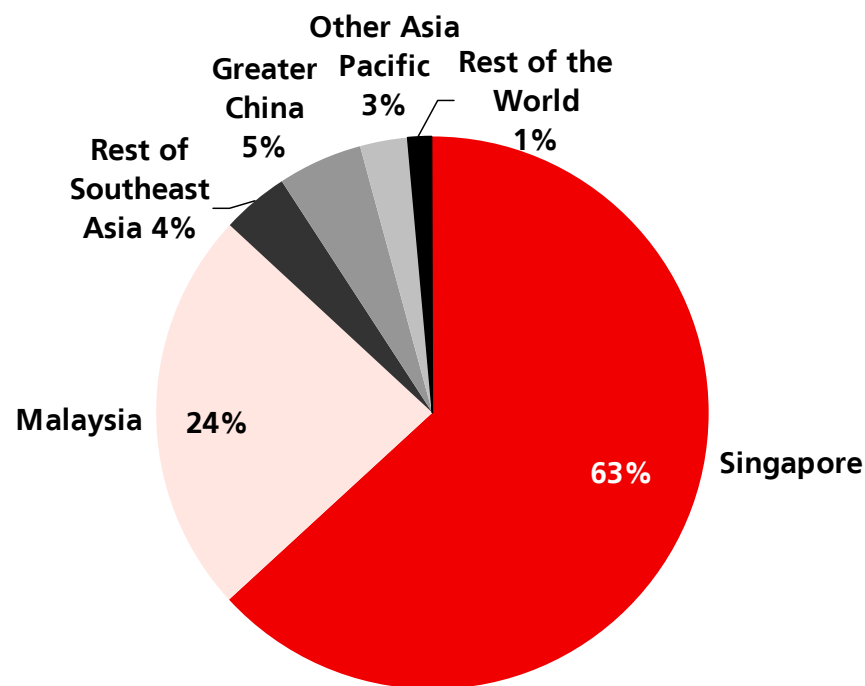


Profit contribution by business and geography

**1Q11 PBT*
By Business**



**1Q11 PBT
By Geography**



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

GEH: 1Q11 net profit contribution doubled QoQ, down 12% YoY

GEH Contribution	1Q11 S\$m	1Q10 S\$m	YoY +/(-)%	4Q10 S\$m	QoQ +/(-)%
Total Income	221	247	(11)	160	38
Operating Expenses	(40)	(42)	(4)	(45)	(10)
Operating Profit	180	205	(12)	116	56
Amortisation of Intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	(2)	(89)	0	(178)
Associates & JVs	1	(2)	137	(1)	206
Tax & Non-controlling interests	(40)	(42)	(5)	(39)	1
Net Profit Contribution	129	147	(12)	64	101

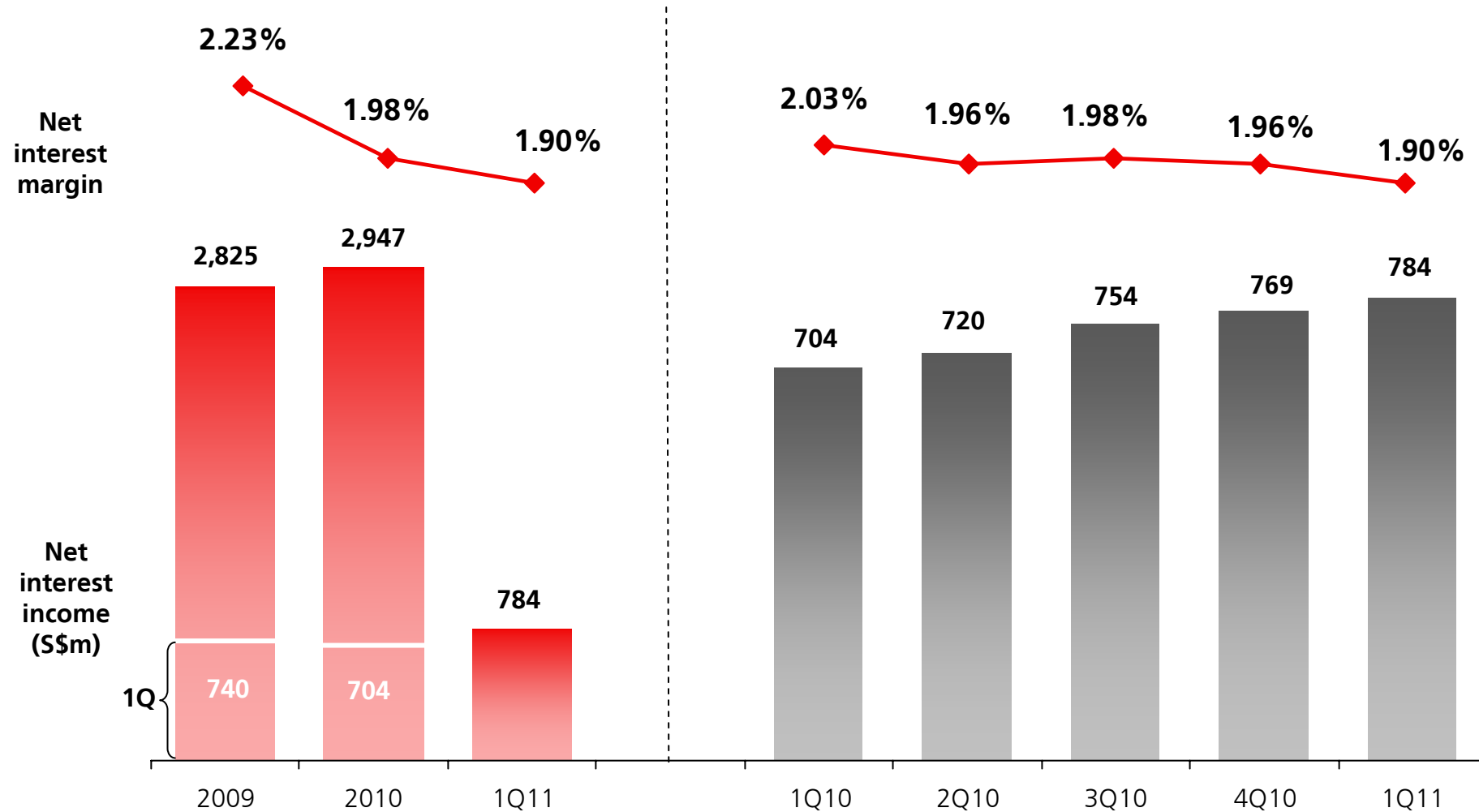
Results excluding GEH: 1Q11 core net profit up 6% QoQ, down 12% YoY

OCBC excluding GEH	1Q11 S\$m	1Q10 S\$m	YoY +/(-)%	4Q10 S\$m	QoQ +/(-)%
Net Interest Income	773	686	13	752	3
Non-Interest Income	409	452	(10)	417	(2)
Total Income	1,182	1,138	4	1,168	1
Operating Expenses	(541)	(460)	18	(575) ^{2/}	(6)
Operating Profit	640	678	(6)	593	8
Amortisation of Intangibles	(4)	0	-	(4)	(7)
Allowances	(49)	(23)	114	(48)	1
Associates & JVs	11	2	NM	(1)	NM
Tax & Non-controlling interests	(133)	(128)	2	(100)	39
Core Net Profit	467	529	(12)	440	6
Divestment gain, net of tax	32 ^{1/}	-	-	-	-
Reported Net Profit	499	529	(6)	440	13

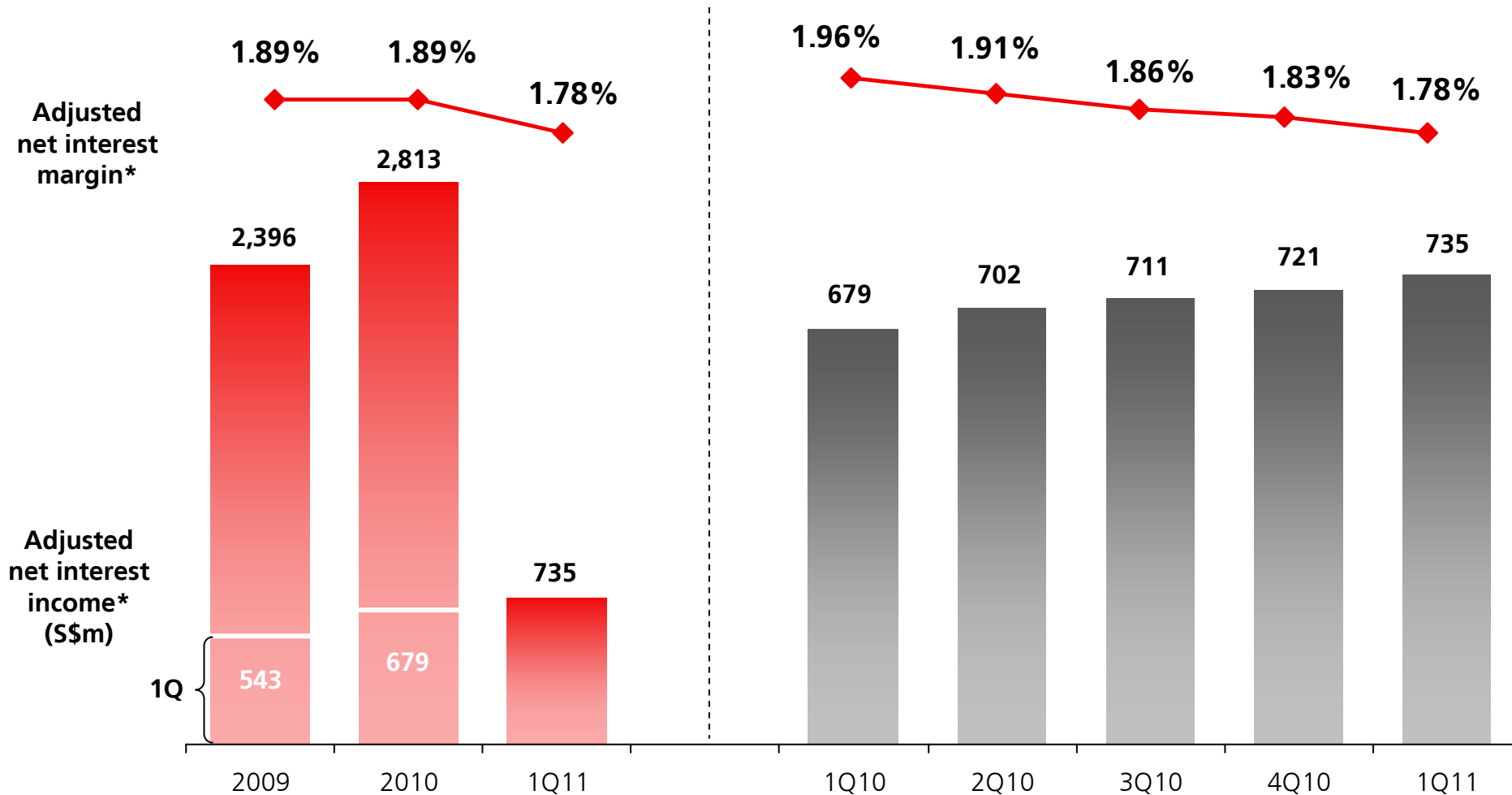
1/ Gain from divestment of property at Bassein Road, Singapore

2/ Includes one-time expenses of S\$31m related to OCBC NISP-BOI merger

Net interest income increased 11% YoY and 2% QoQ – asset growth partially offset by lower margins

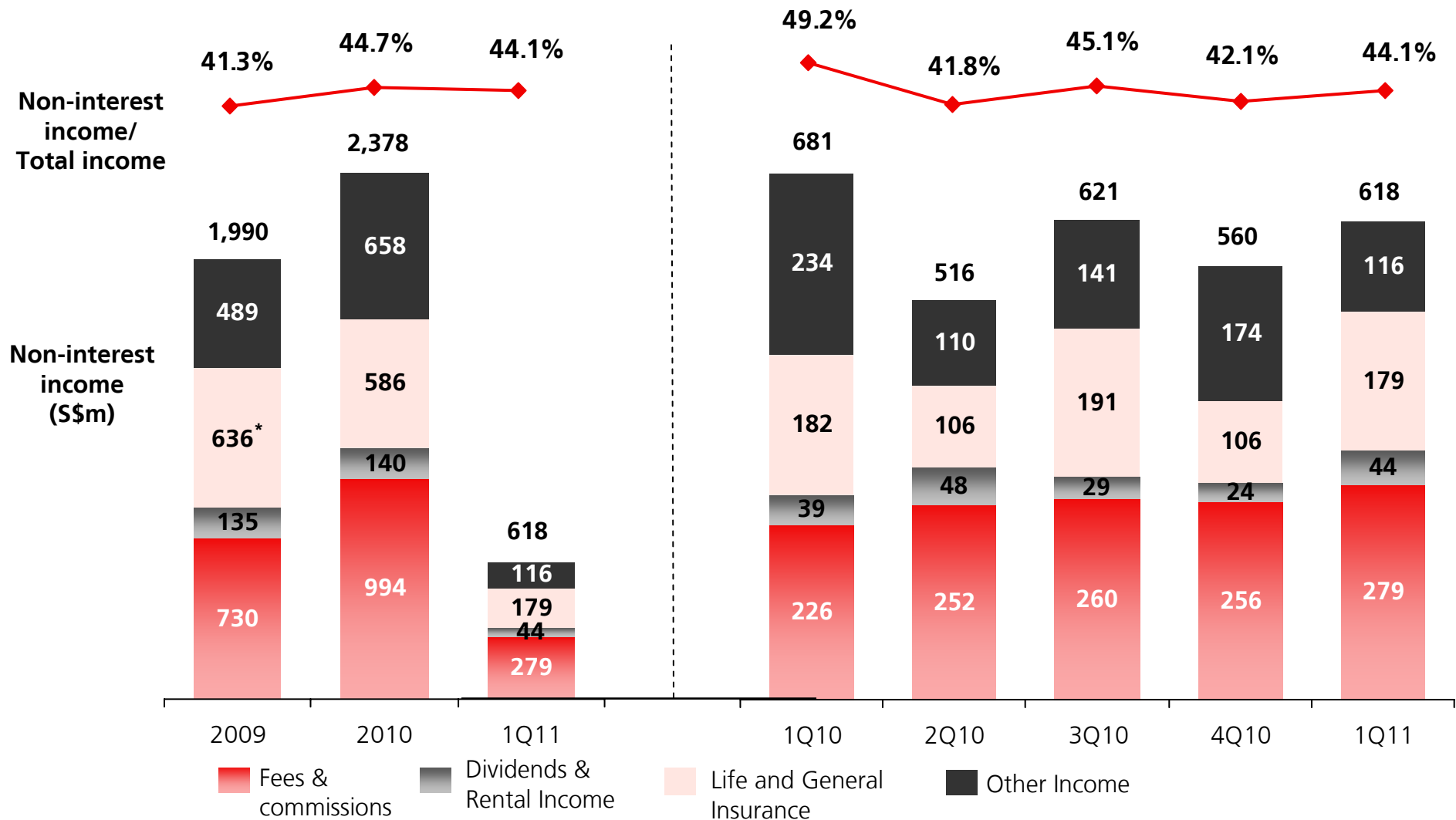


Net interest income adjusted for allowances increased 8% YoY and 2% QoQ



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

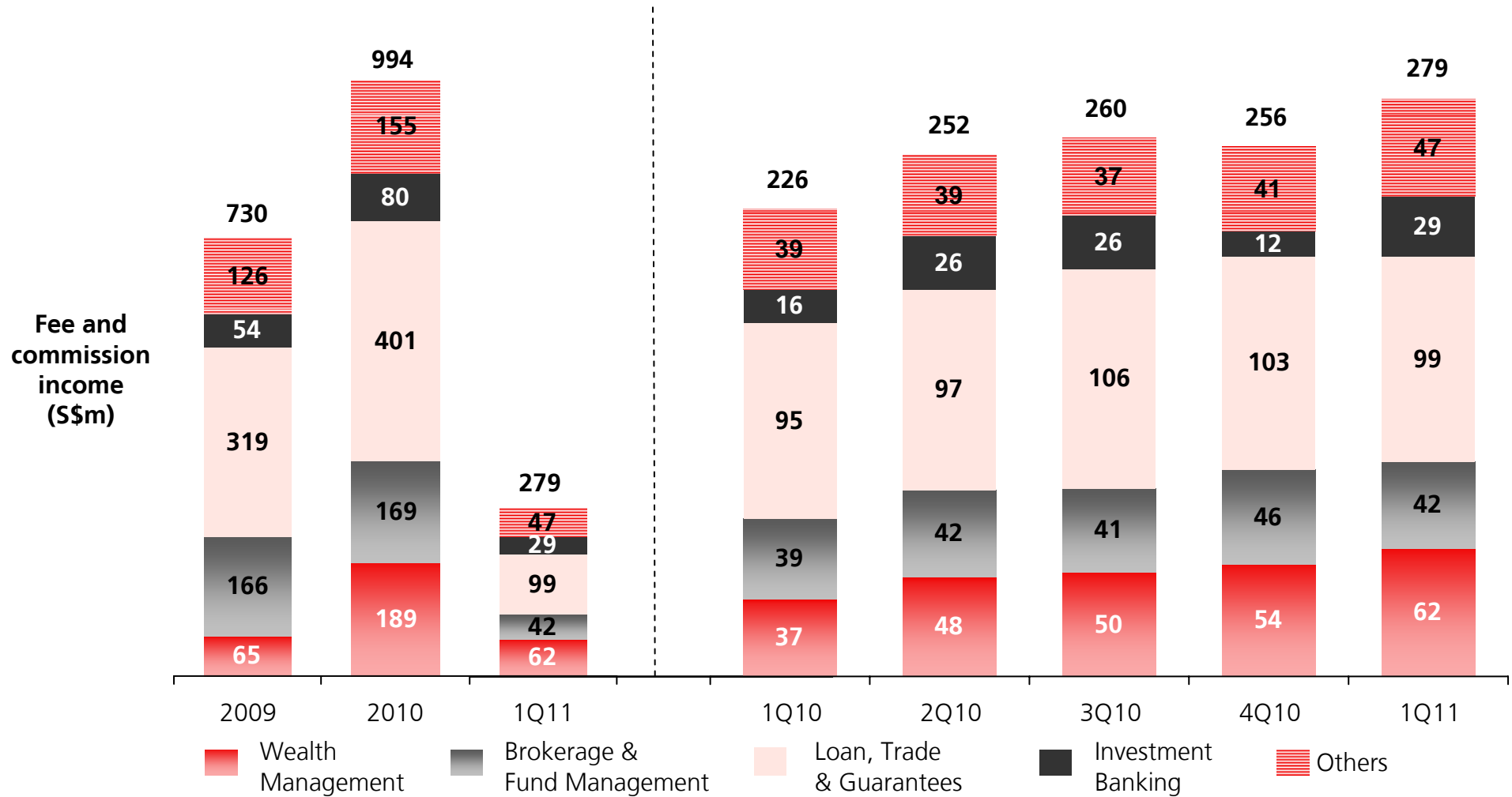
Core non-interest income increased 10% QoQ, propelled by growth in fee income and insurance income



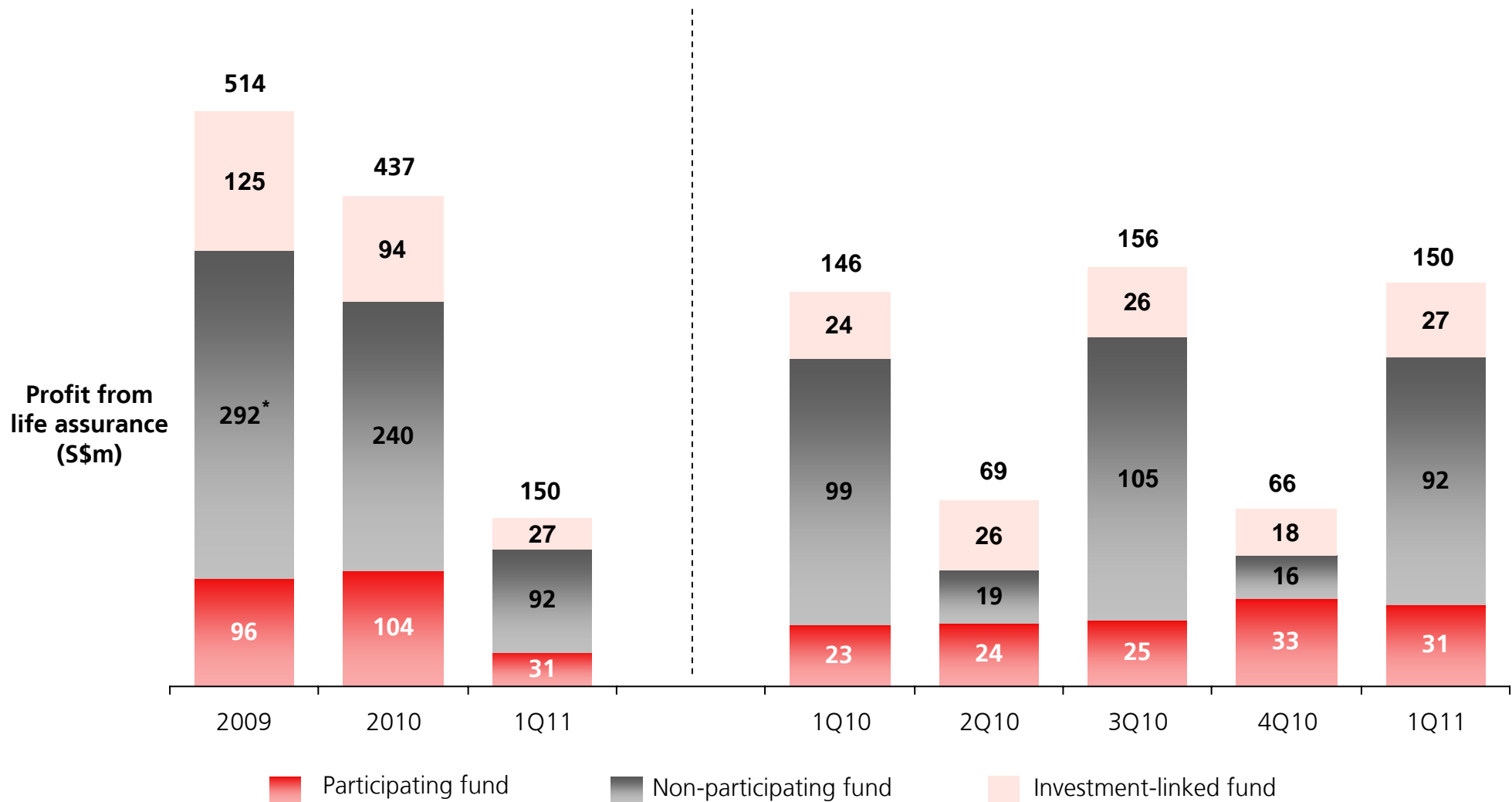
Note: Excludes gains from divestment of non-core assets
 * Adjusted to include GreatLink Choice loss



Fee income increased 23% YoY and 9% QoQ, led by wealth management and investment banking



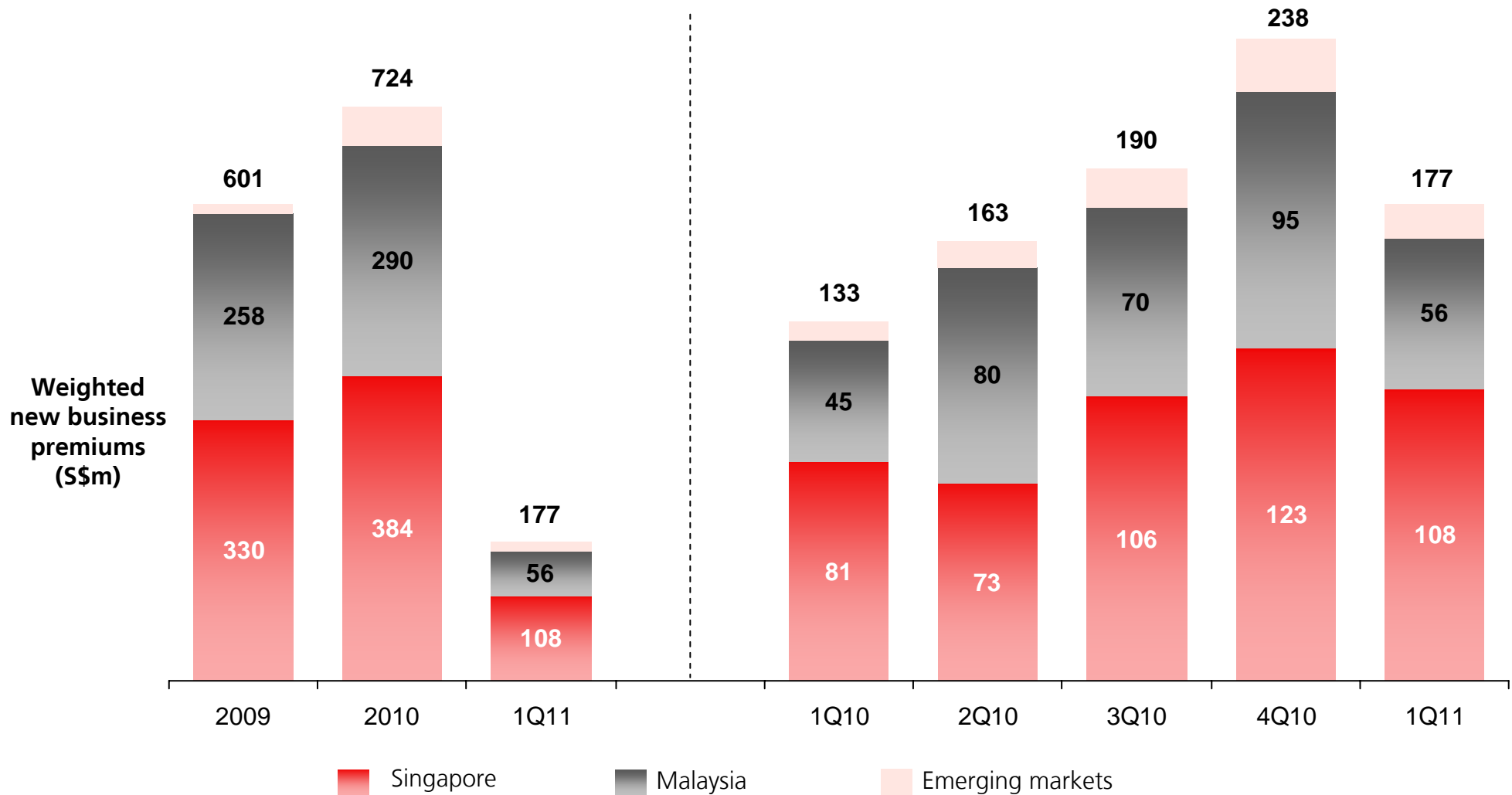
GEH: Profit from life assurance more than doubled QoQ, as Non-Par Fund profit recovered



* Adjusted to include GreatLink Choice loss



GEH: Underlying insurance business is strong, with total weighted new sales up 33% YoY

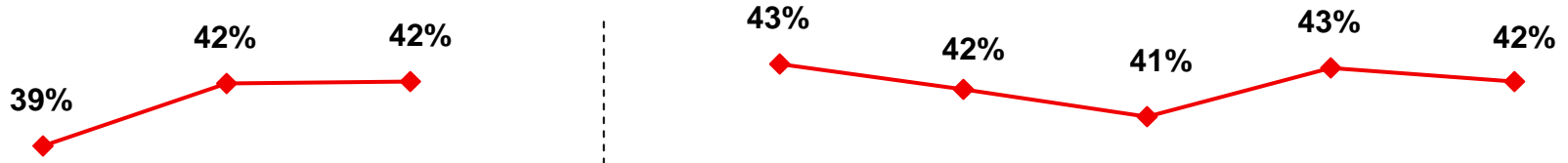


Note: QoQ comparison not relevant given seasonality of insurance sales

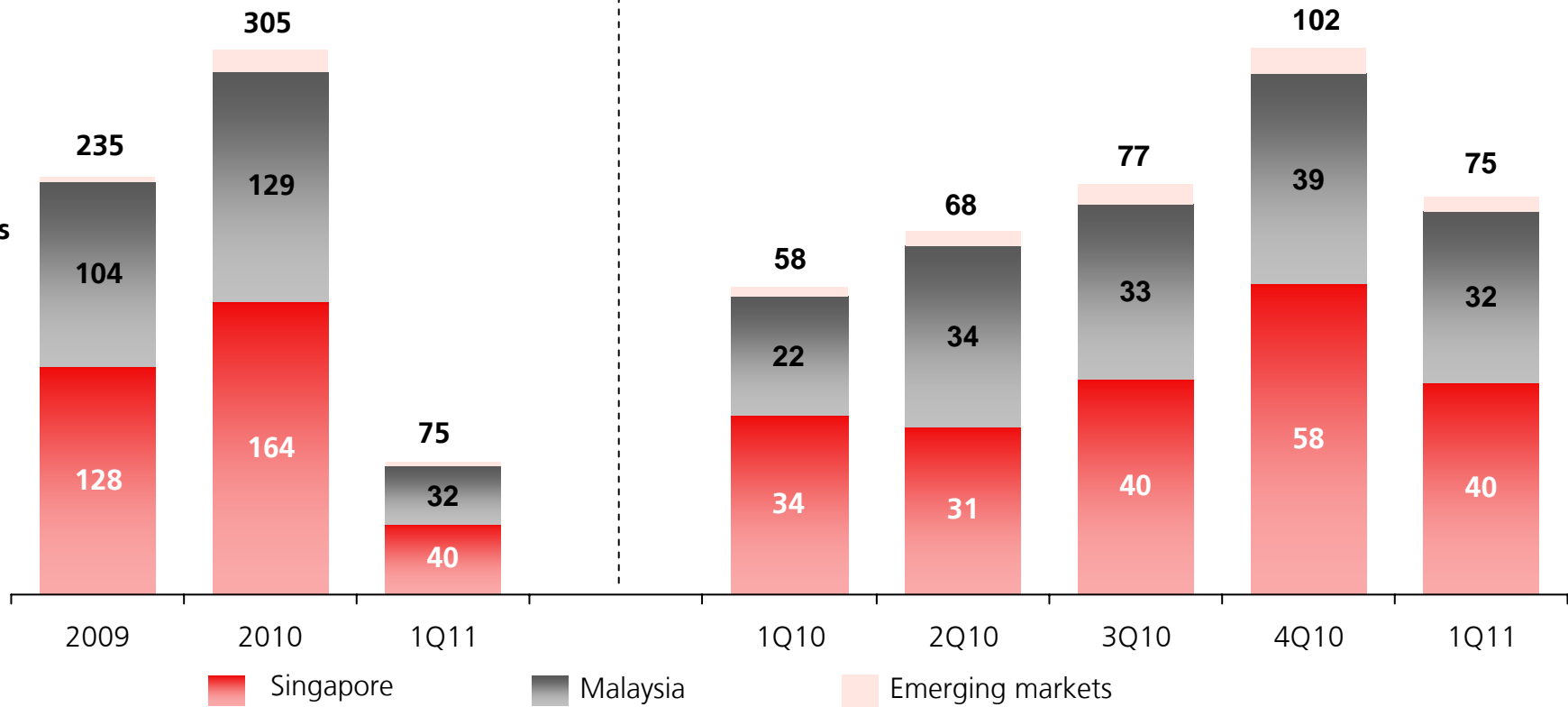


GEH: New business embedded value up 30% YoY

New business embedded value/Total weighted new sales



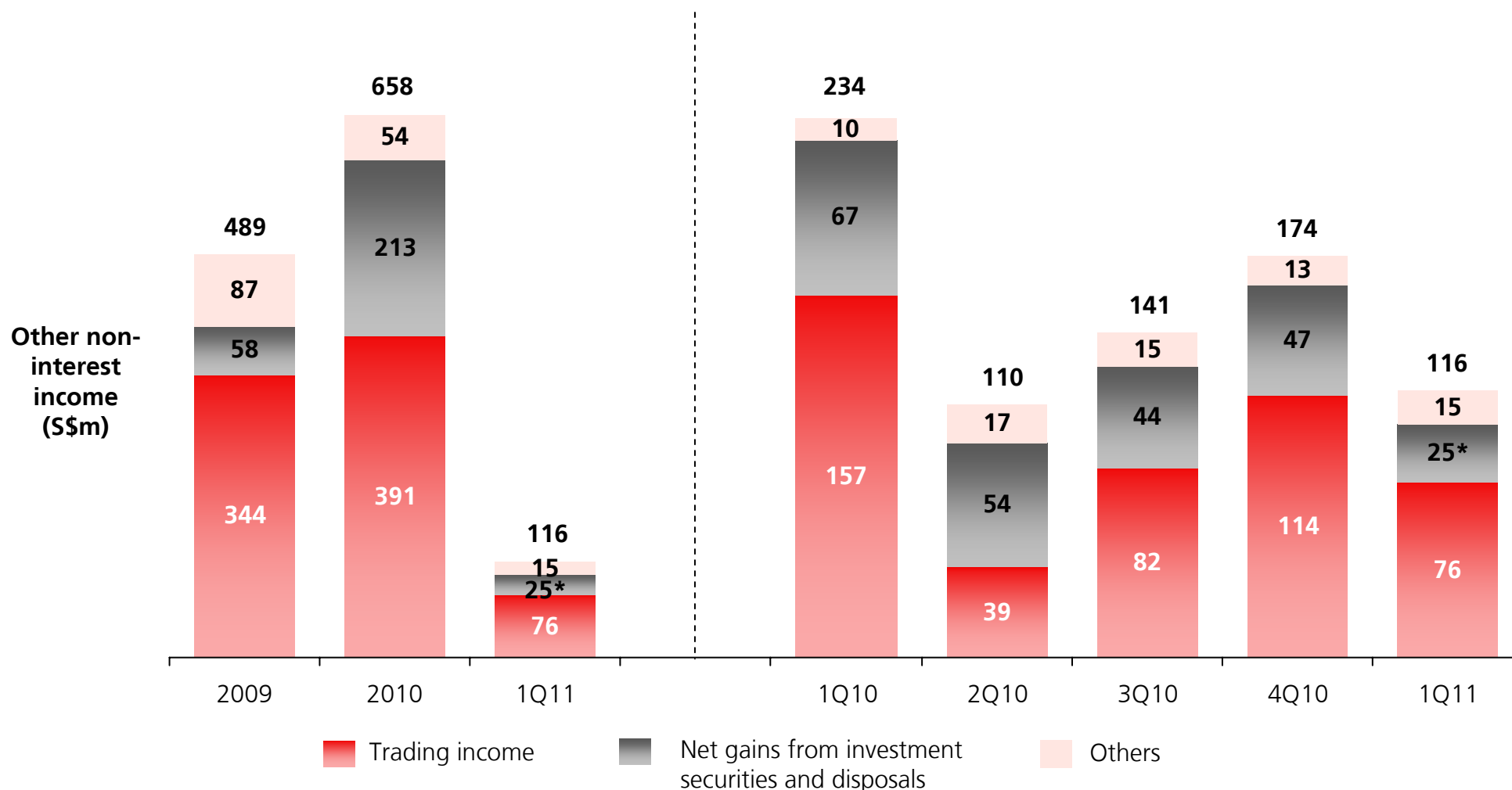
New business embedded value (\$m)



Note: QoQ comparison not relevant given seasonality of insurance sales

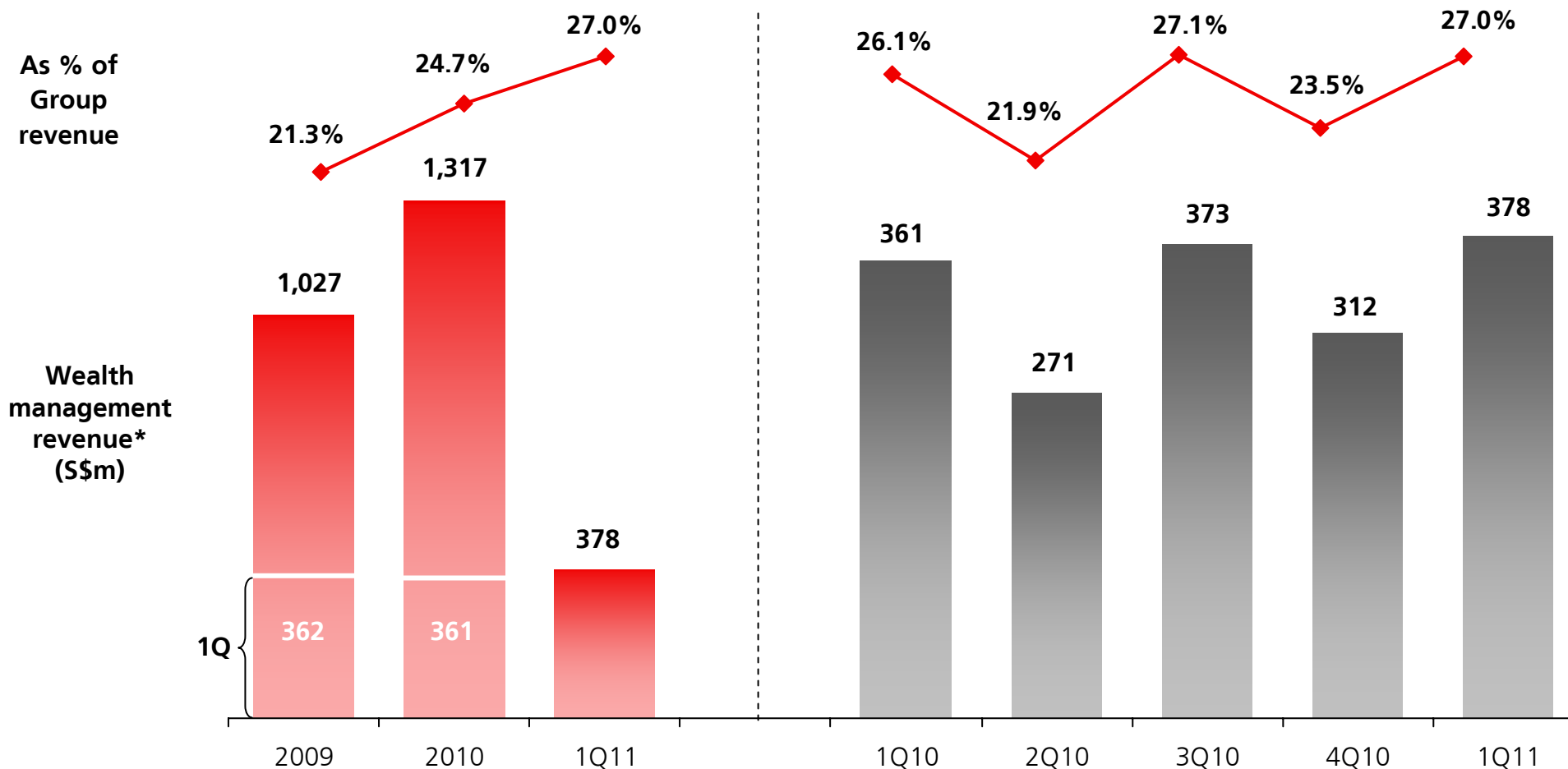


Other non-interest income declined 33% QoQ, reflecting lower net trading income



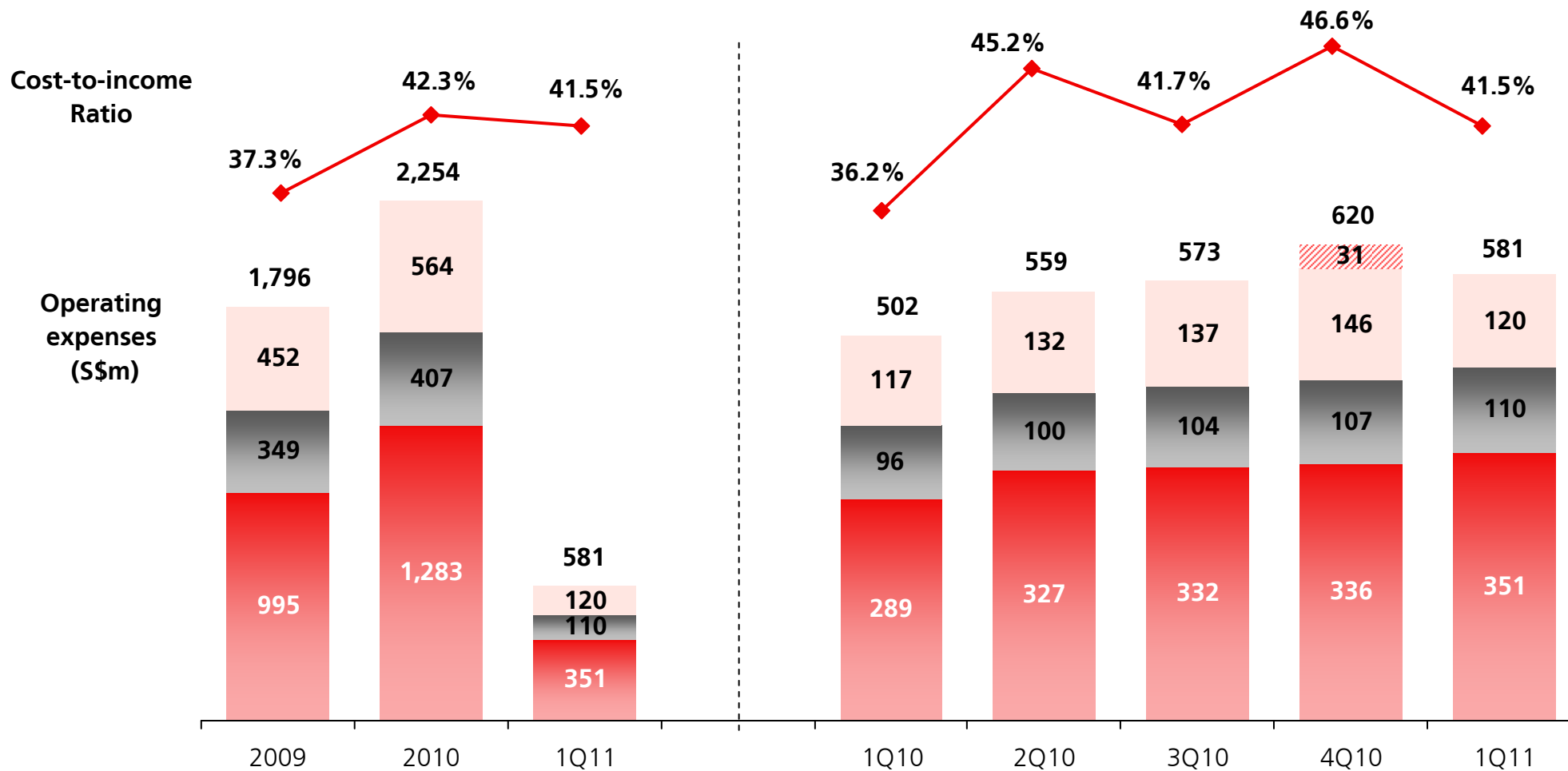
* Excludes S\$39m gain from divestment of Bassein Road property

Wealth management revenue increased 21% QoQ



* Comprises the consolidated revenue from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's revenue from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

Operating expenses decreased 6% QoQ



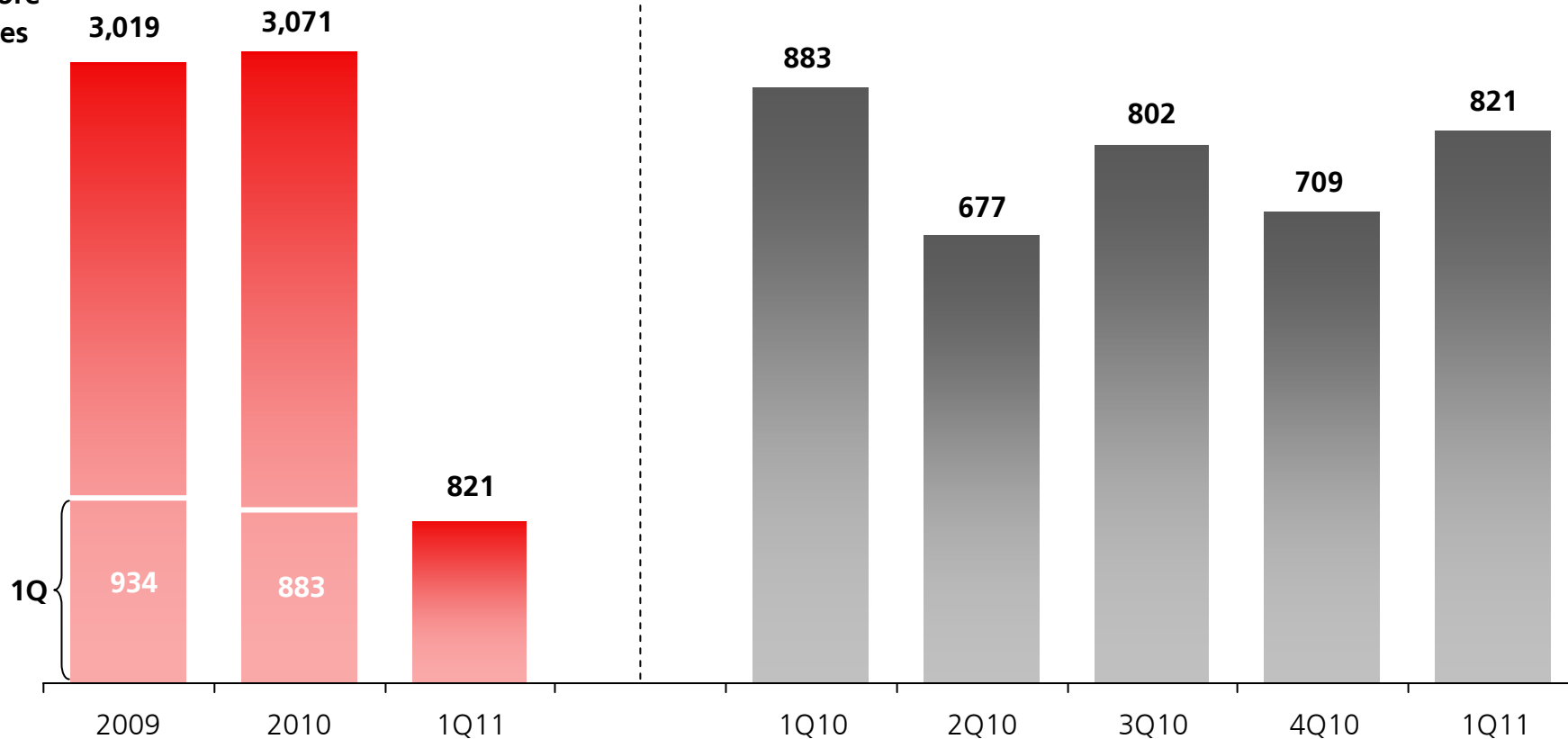
■ Staff Costs
 ■ Property & Equipment
 ■ Others
▨ One-time expense related to OCBC NISP – BOI merger

Note: Cost-to-income ratio excludes gains from divestment of non-core assets



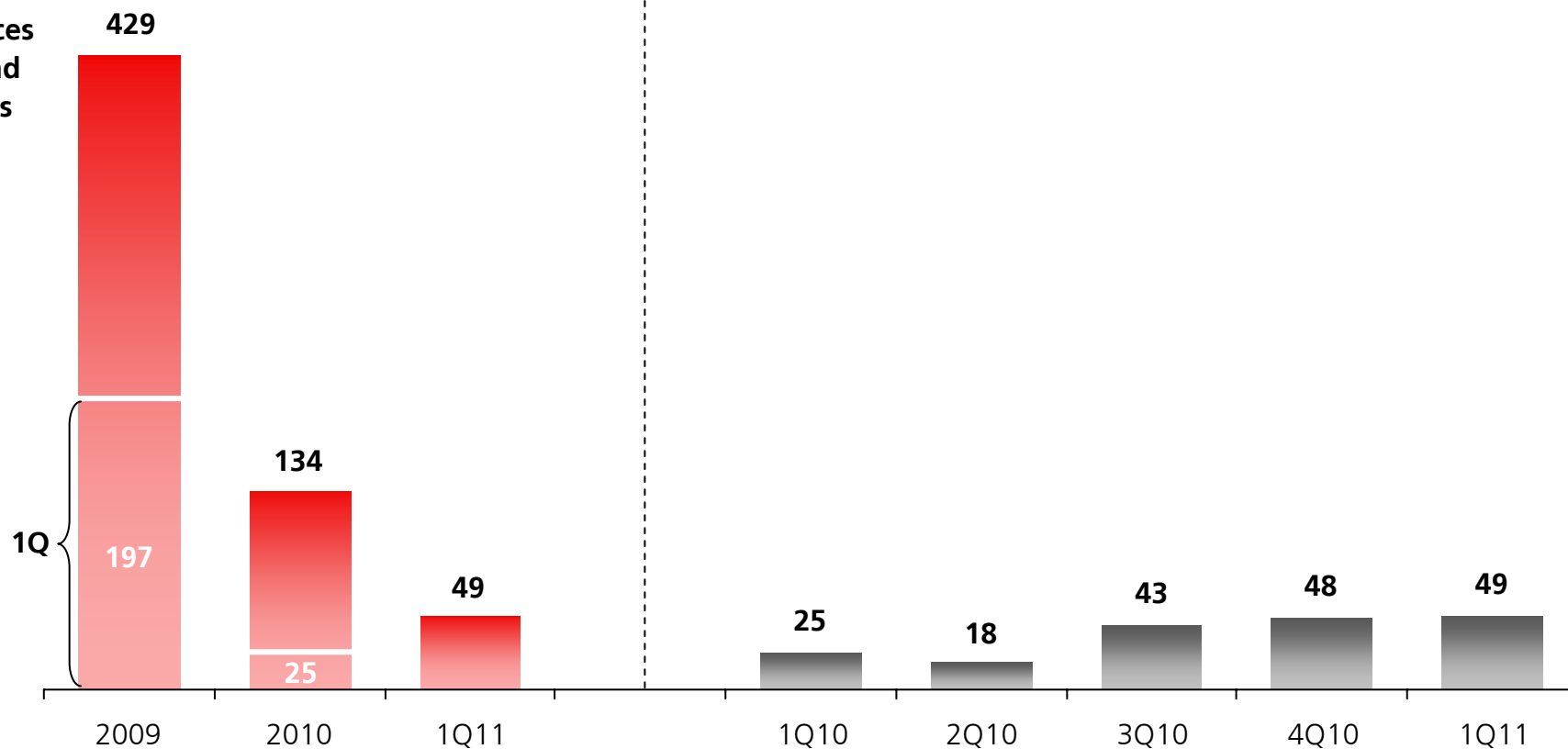
Core operating profit increased 16% QoQ

Core operating profit before allowances (S\$m)



Net allowances remained low

Net allowances
for loans and
other assets
(S\$m)



Breakdown of allowances

	1Q11 S\$m	4Q10 S\$m	1Q10 S\$m
Specific allowances for loans	12	25	5
Portfolio allowances for loans	30	34	30
Allowances for other assets (Write-back)	7	(11)	(10)
Total net allowances	49	48	25
Specific loan allowances/ average loans (bps)*	4	10	2

* Annualised

Movement in specific allowances for loans

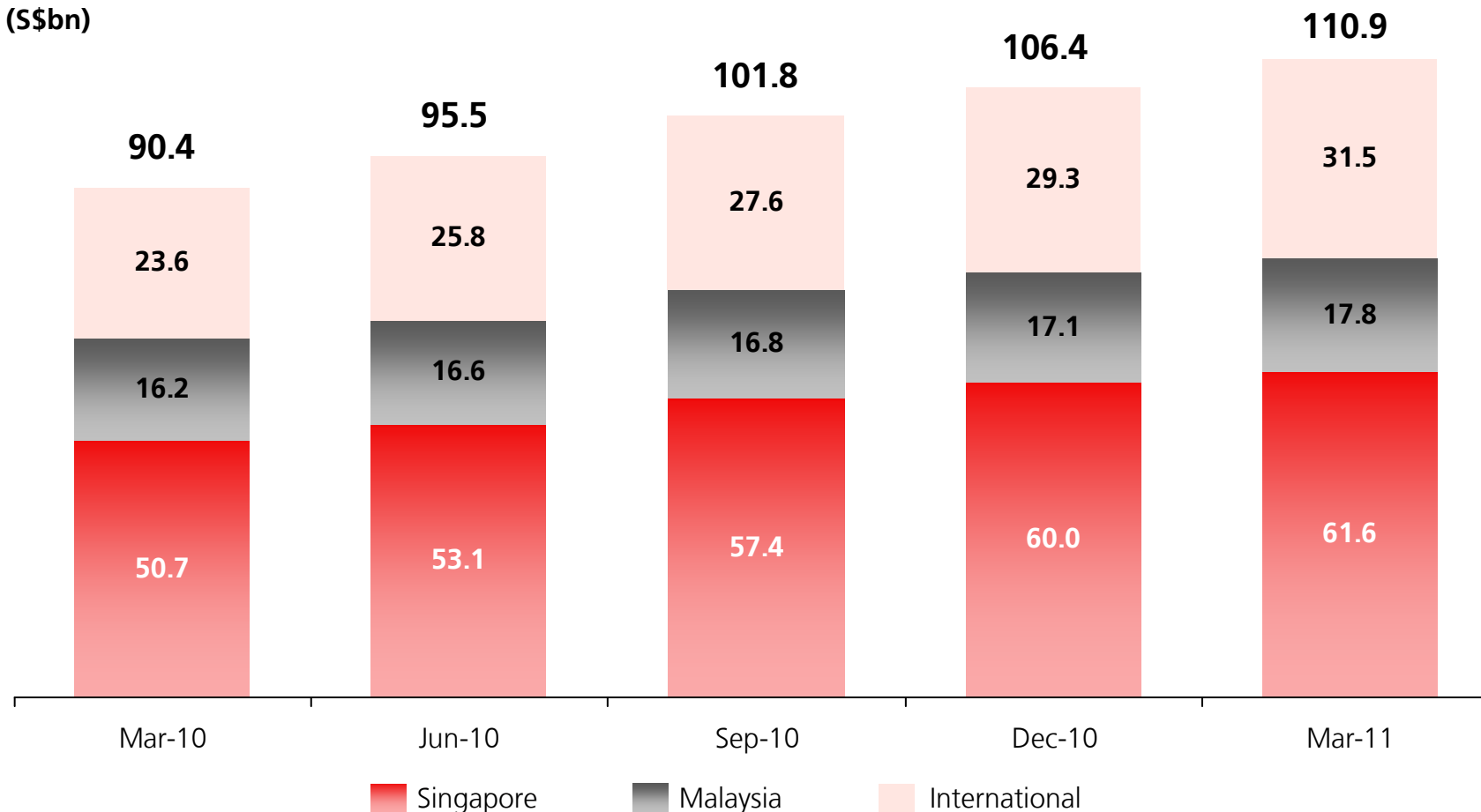
	1Q11 S\$m	4Q10 S\$m	1Q10 S\$m
Allowances for new and existing NPLs	50	99	68
Write-backs ^{1/}	(24)	(56)	(54)
Recoveries ^{2/}	(14)	(18)	(9)
Net Specific Allowances	12	25	5

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

Loan growth of 23% YoY and 4% QoQ

Non-bank loans (S\$bn)

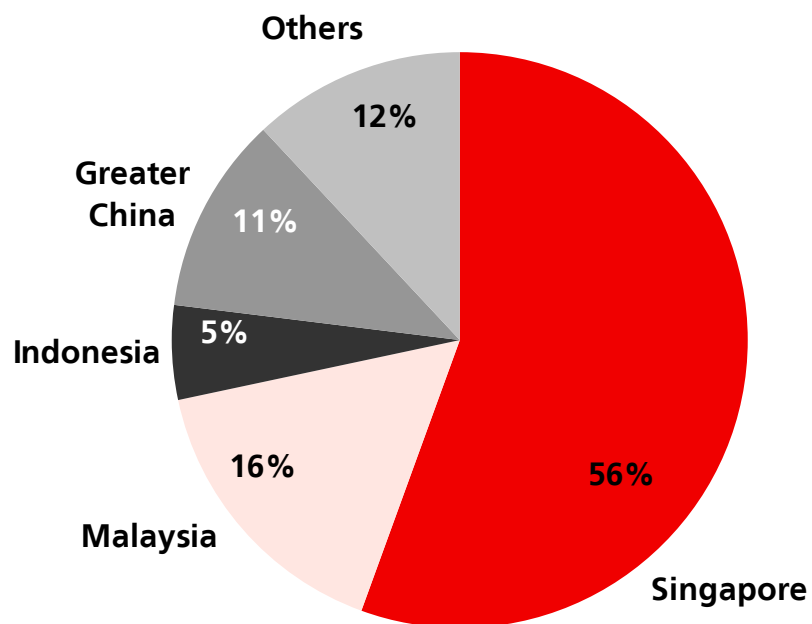


Loans by geography are based on where the credit risks reside

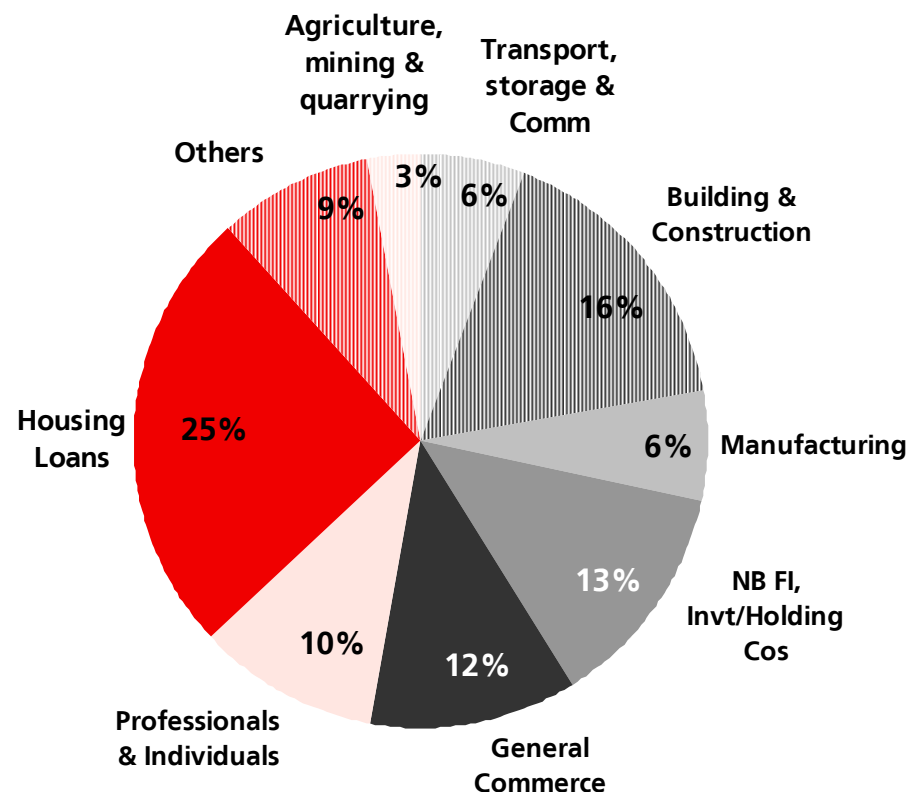


Loan book remains diversified across geographies and sectors

Customer Loans by Geography*
As at 31 March 2011

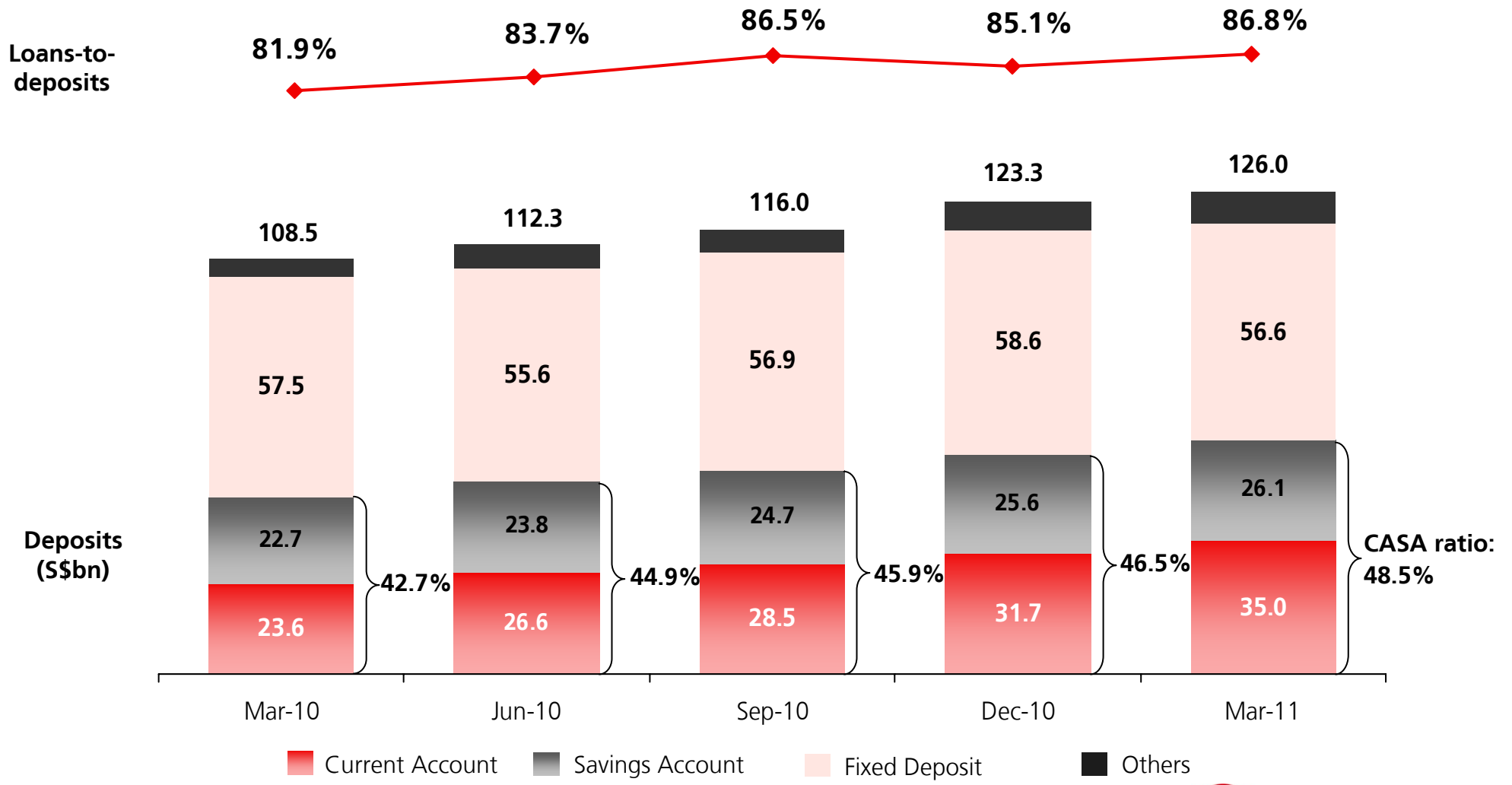


Customer Loans by Sector
As at 31 March 2011

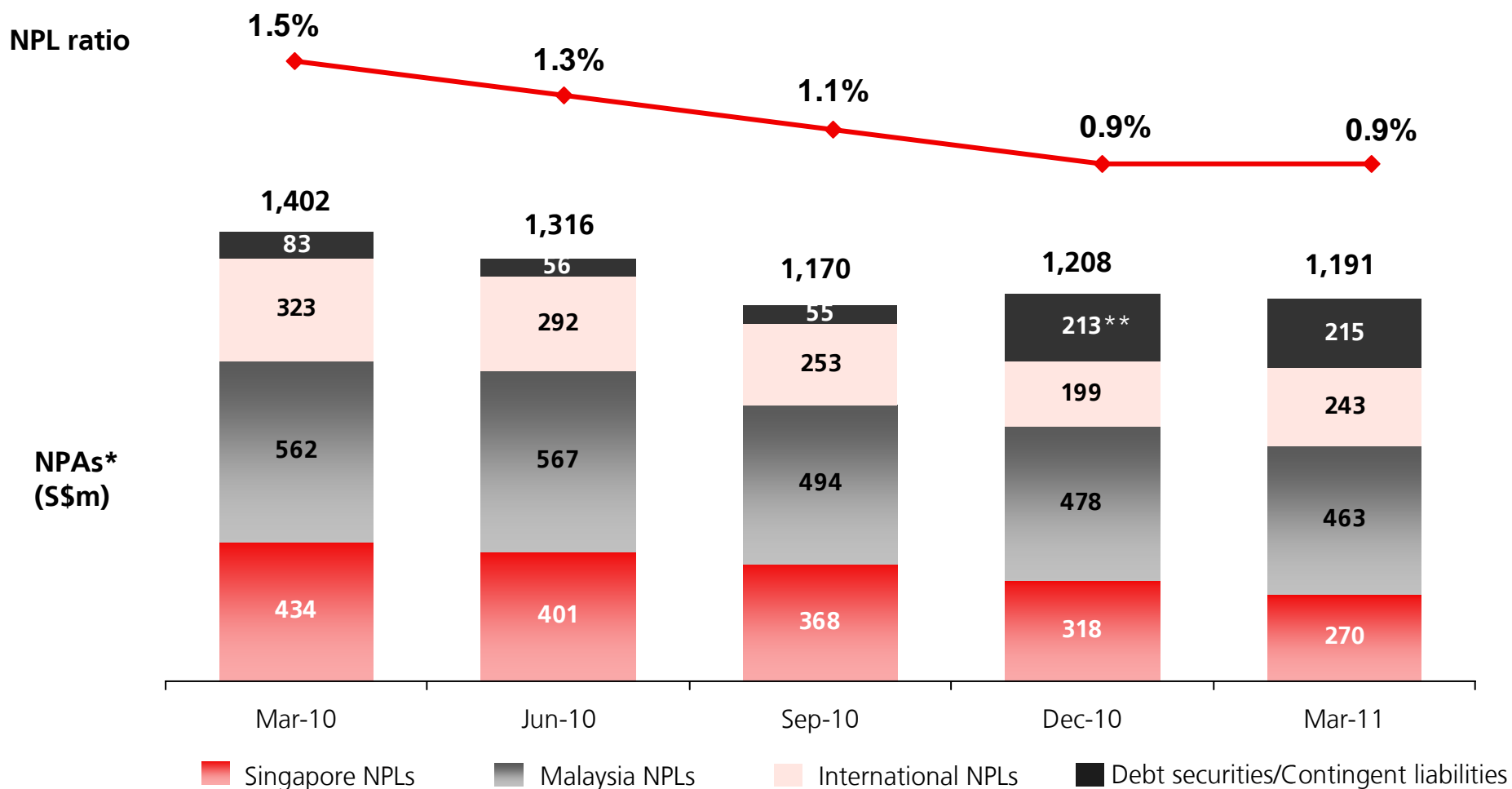


* Based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

Customer deposits increased 16% YoY and 2% QoQ, CASA ratio improved to 48.5%



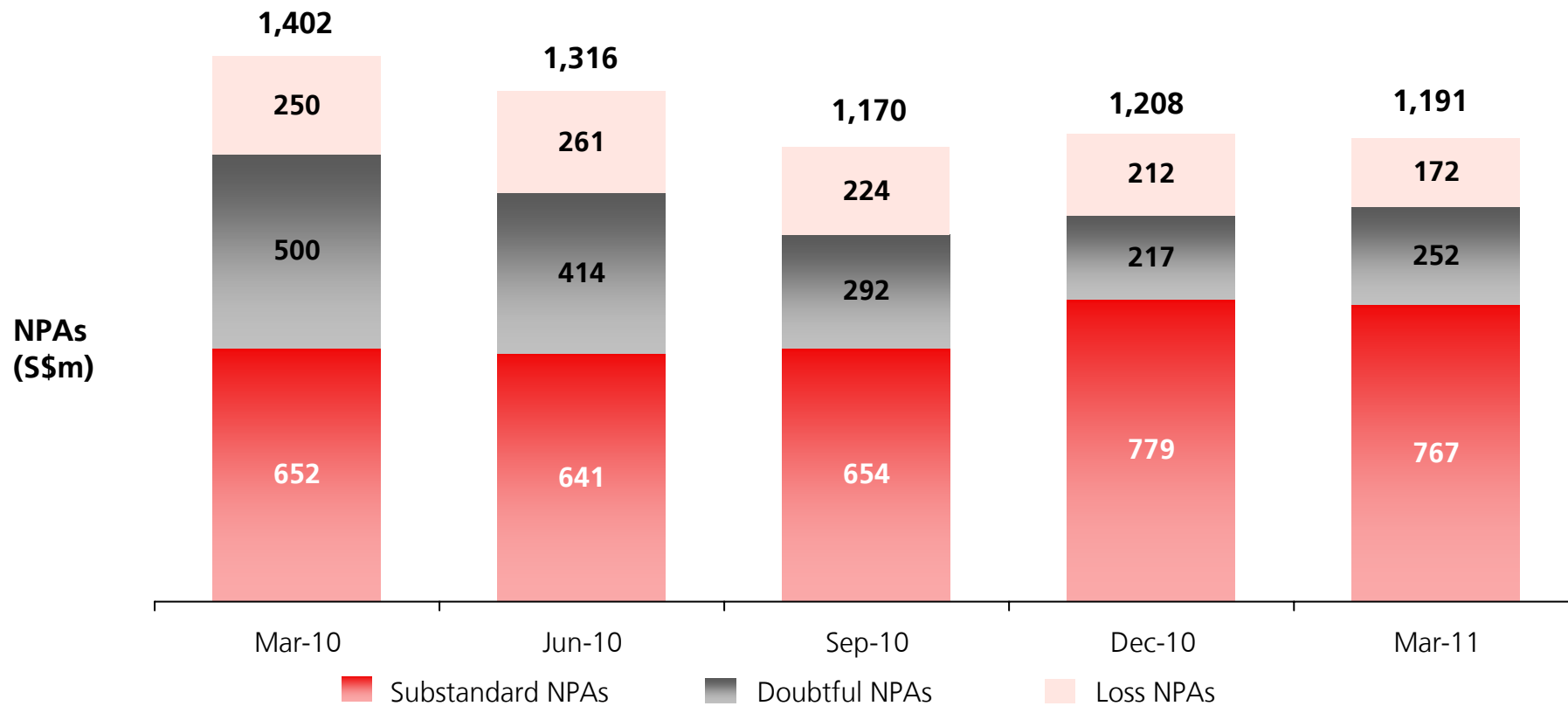
NPL ratio remained low



* NPAs comprise NPLs and classified debt securities/contingent liabilities

**QoQ increase was due to contingent liabilities

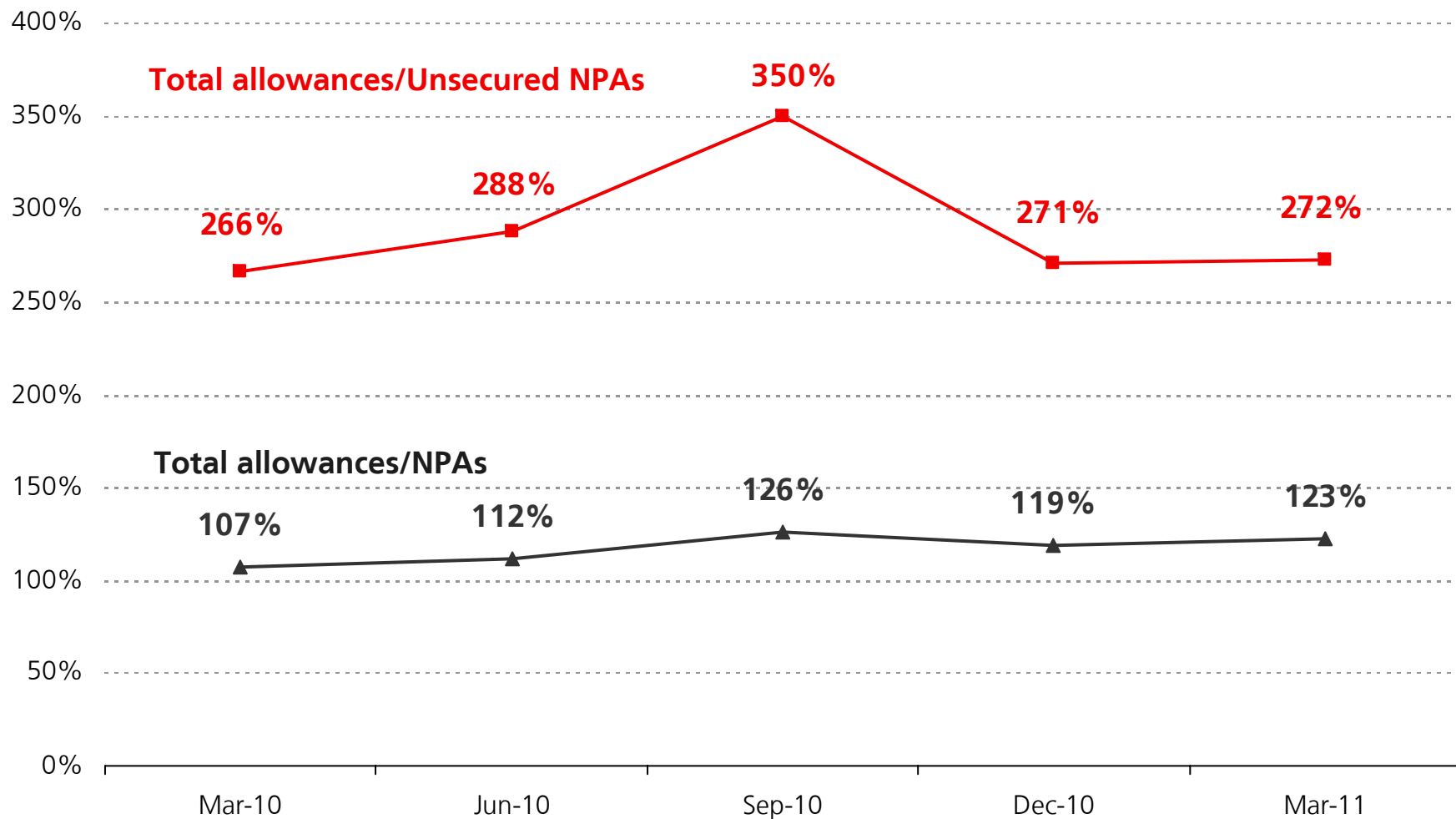
64% of NPAs in the “substandard” category – typically well-collateralised or no overdues



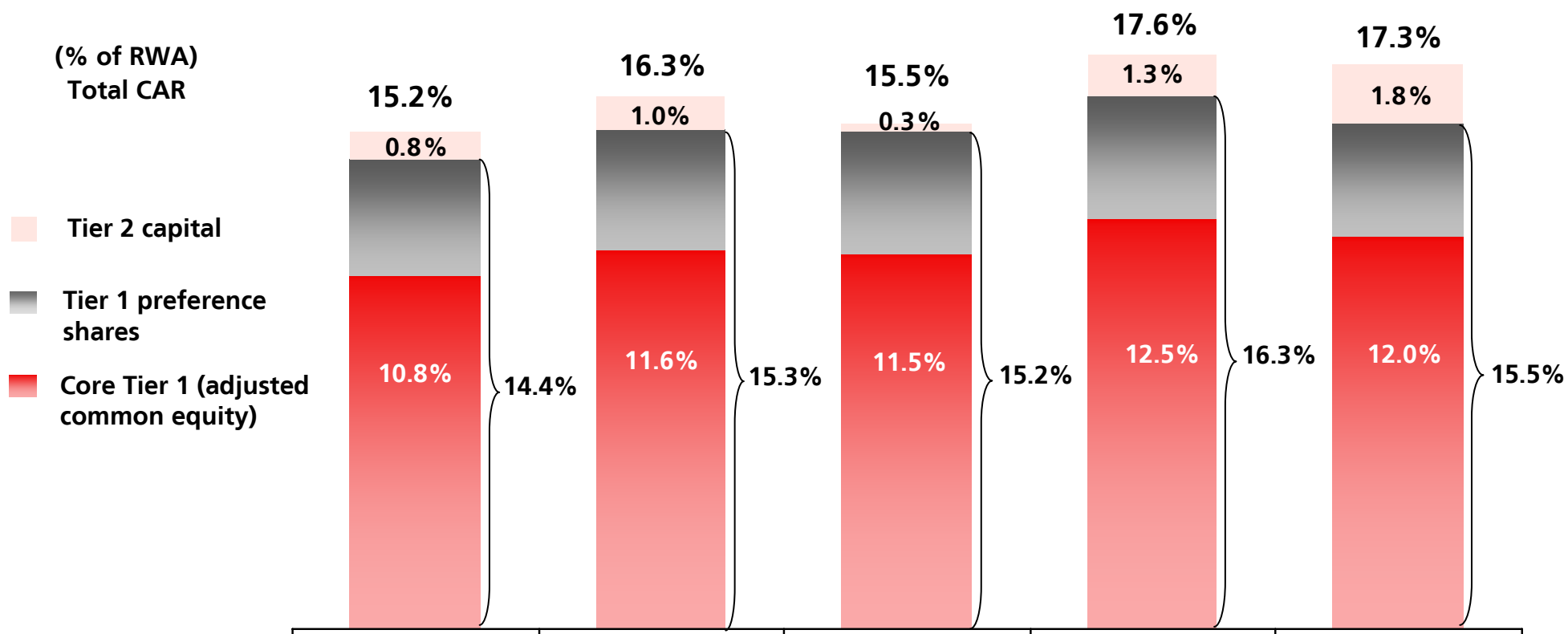
New NPAs significantly lower in 1Q 2011, offset by lower net recoveries and upgrades

	1Q11 S\$m	4Q10 S\$m	1Q10 S\$m
NPAs - Opening Balance	1,208	1,170	1,448
New NPAs	135	325	123
Net Recoveries/Upgrades	(129)	(211)	(111)
Write-offs	(23)	(76)	(58)
NPAs - Closing Balance	1,191	1,208	1,402

Allowance coverage ratios of 123% of total NPAs and 272% of unsecured NPAs



Capital ratios remained strong, Tier 1 ratio of 15.5% and Core Tier 1 of 12%



(S\$m)	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11
Tier 1 Capital	15,716	16,161	16,219	17,148	17,469
Tier 1 Prefs	3,965	3,966	3,965	3,961	3,961
RWA	108,505	105,073	106,666	105,062	112,558

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



OCBC Malaysia: Net profit up 15% QoQ, down 11% YoY

	1Q11 RM m	1Q10 RM m	YoY +/(-)%	4Q10 RM m	QoQ +/(-)%
Net Interest Income	289	264	9	292	(1)
Islamic Banking Income	44	42	7	38	16
Non-Interest Income	118	139	(15)	82	45
Total Income	452	445	2	412	10
Operating Expenses	(169)	(144)	17	(170)	(1)
Operating Profit	283	301	(6)	242	17
Allowances	(33)	(21)	57	(22)	48
Tax	(63)	(71)	(11)	(57)	11
Net Profit	187	209	(11)	162	15

Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

OCBC Malaysia: Key ratios remain strong

	1Q11 %	4Q10 %	1Q10 %
Net Interest Margin	2.39	2.42	2.27
Non-Interest Income / Total Income	26.2	19.9	31.2
Costs / Income	37.4	41.3	32.3
Loans / Deposits	83.7	81.7	80.3
NPL	2.6	2.8	3.6
Loan Growth (YoY)	10.9	10.4	7.0
Deposit Growth (YoY)	7.1	3.2	5.0
ROE	17.1	15.1	22.3

Bank OCBC NISP: Significant turnaround in net profit QoQ

	1Q11 RP bn	1Q10 RP bn	YoY +/(-)%	4Q10 RP bn	QoQ +/(-)%
Net Interest Income	535	489	9	504	6
Non-Interest Income	126	141	(11)	148	(15)
Total Income	661	630	5	652	1
Operating Expenses	(419)	(385)	9	(376)	11
Operating Profit	242	245	(1)	276	(12)
Allowances	(58)	(44)	32	(106)	(45)
Non Op Income / (Expenses)	11	1	NM	(197)*	106
Tax	(49)	(52)	(6)	5	NM
Net Profit	146	150	(3)	(22)	NM

*Comprise mainly costs related to merger with Bank OCBC Indonesia in 4Q10
Note: 2010 figures restated to include former Bank OCBC Indonesia

Bank OCBC NISP: Key ratios

	1Q11 %	4Q10 %	1Q10 %
Net Interest Margin	5.05	4.65	5.31
Non-Interest Income / Total Income	20.0	22.7	22.4
Cost-to-Income Ratio	63.9	57.7	61.0
Loans-to-Deposits Ratio	83.5	80.0	78.9
Gross NPL Ratio	1.9	2.0	3.3
Loan Growth (YoY)	29.2	31.5	6.9
Deposit Growth (YoY)	22.1	20.5	(1.9)
ROE	10.3	(1.6)	12.0

Note: 2010 figures restated to include former Bank OCBC Indonesia

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Thank You



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