

# 2012 Final Results Presentation

15 February 2013

# Agenda

Results Overview

FY12 Performance Trends

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Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries



Notes: Amounts less than S\$0.5 million are shown as "0";  
"nm" denotes not meaningful;  
Figures may not sum to stated totals because of rounding

# FY12 Highlights

## **2012 reported net profit up 73% to S\$3.99b. Broad-based income growth across all businesses and key geographies contributed to record core earnings**

- Record high net interest income, driven by loan growth which more than offset a narrowing in net interest margin
- Fee income reached a new high, led by strong growth of wealth management and loan-related revenues
- Great Eastern Holdings' contributions increased significantly
- Trading income reported higher year-on-year growth
- Operating expenses were well-managed, growing in line with increased business volumes
- Asset quality remained healthy, NPL ratio at 0.8%
- Current and savings deposits grew strongly, CASA/total deposits ratio increased to 50.6%
- Capital position further strengthened, Tier 1 and total CAR at 16.6% and 18.5% respectively
- Dividend increased to 33 cents per share

# Full year core earnings driven by broad-based income growth, up 24% YoY

<b>OCBC Group</b>	<b>FY12 S\$m</b>	<b>FY11 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	3,748	3,410	10
Non-interest income	2,897	2,212	31
<b>Total income</b>	<b>6,645</b>	<b>5,622</b>	<b>18</b>
Operating expenses	(2,695)	(2,430)	11
<b>Operating profit</b>	<b>3,950</b>	<b>3,192</b>	<b>24</b>
Amortisation of intangibles	(60)	(61)	(2)
Allowances	(271)	(221)	23
Associates & JVs	27	7	271
Tax & NCI	(820)	(637)	29
<b>Core net profit</b>	<b>2,825</b>	<b>2,280</b>	<b>24</b>
Divestment gain, net of tax	1,168 <sup>1/</sup>	32 <sup>2/</sup>	nm
<b>Net profit</b>	<b>3,993</b>	<b>2,312</b>	<b>73</b>

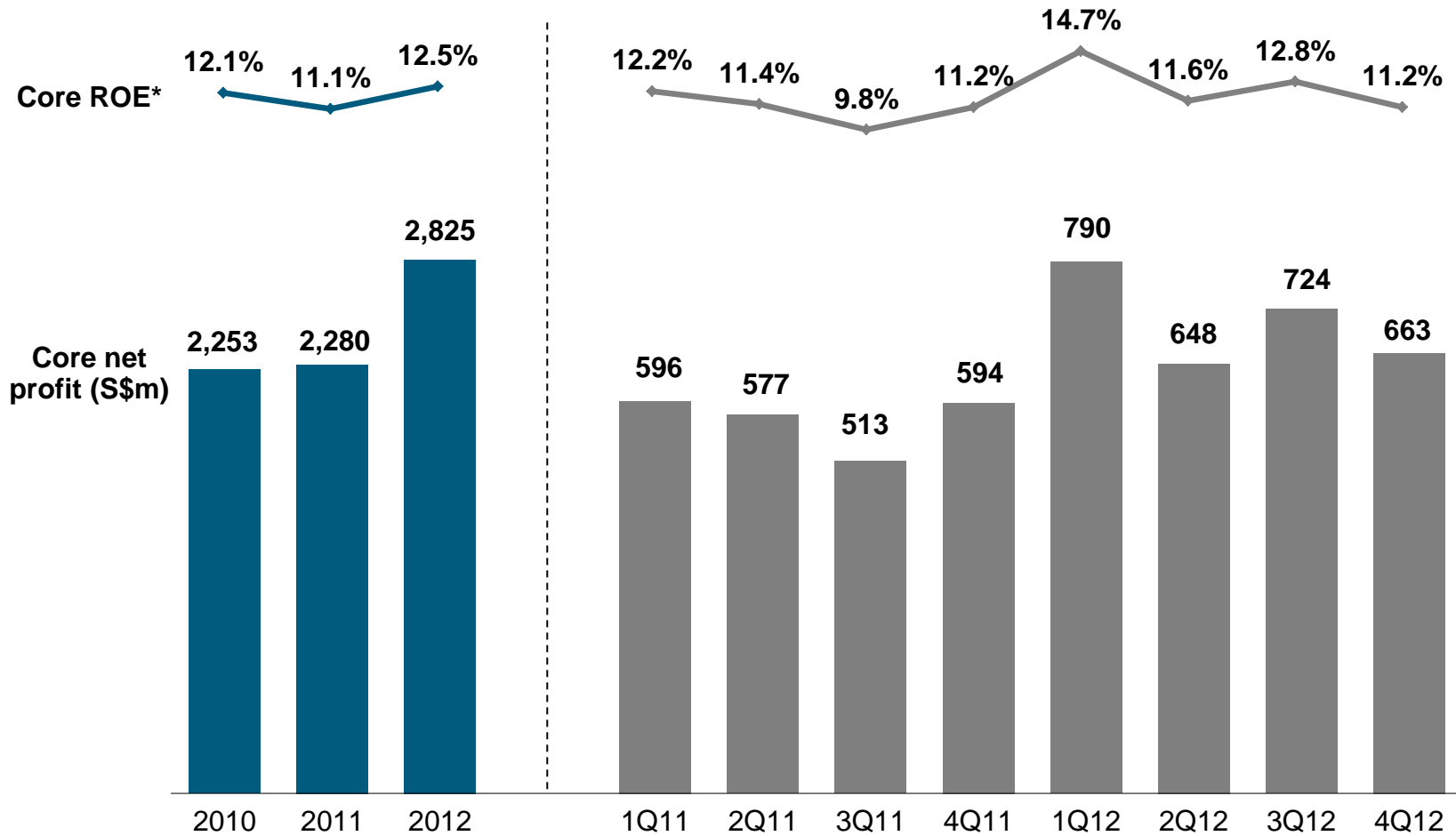
# 4Q12 core net profit up 12% YoY and 8% lower QoQ

<b>OCBC Group</b>	<b>4Q12 S\$m</b>	<b>4Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>3Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	921	925	-	944	(2)
Non-interest income	757	572	32	754	-
<b>Total income</b>	<b>1,678</b>	<b>1,497</b>	<b>12</b>	<b>1,698</b>	<b>(1)</b>
Operating expenses	(724)	(620)	17	(685)	6
<b>Operating profit</b>	<b>954</b>	<b>877</b>	<b>9</b>	<b>1,013</b>	<b>(6)</b>
Amortisation of intangibles	(15)	(16)	(3)	(15)	-
Allowances	(68)	(78)	(14)	(70)	(3)
Associates & JVs	5	(26)	116	4	7
Tax & non-controlling interests ("NCI")	(213)	(163)	30	(208)	2
<b>Core net profit</b>	<b>663</b>	<b>594</b>	<b>12</b>	<b>724</b>	<b>(8)</b>
Divestment gain, net of tax	-	-	-	1,126 <sup>1/</sup>	(100)
<b>Net profit</b>	<b>663</b>	<b>594</b>	<b>12</b>	<b>1,850</b>	<b>(64)</b>

# Key ratios

<b>Based on core earnings</b>	<b>FY12</b> %	<b>FY11</b> %	<b>4Q12</b> %	<b>4Q11</b> %	<b>3Q12</b> %
Net interest margin	1.77	1.86	1.70	1.85	1.75
Non-interest income / Total income	43.6	39.3	45.1	38.2	44.4
Cost / Income	40.6	43.2	43.1	41.4	40.3
Loans / Deposits	86.2	86.4	86.2	86.4	87.7
NPL Ratio	0.8	0.9	0.8	0.9	0.8
Allowances / NPAs	141.8	106.6	141.8	106.6	128.1
ROE	12.5	11.1	11.2	11.2	12.8
Cash ROE	12.8	11.4	11.5	11.5	13.0

# Record full year net profit, with ROE of 12.5%

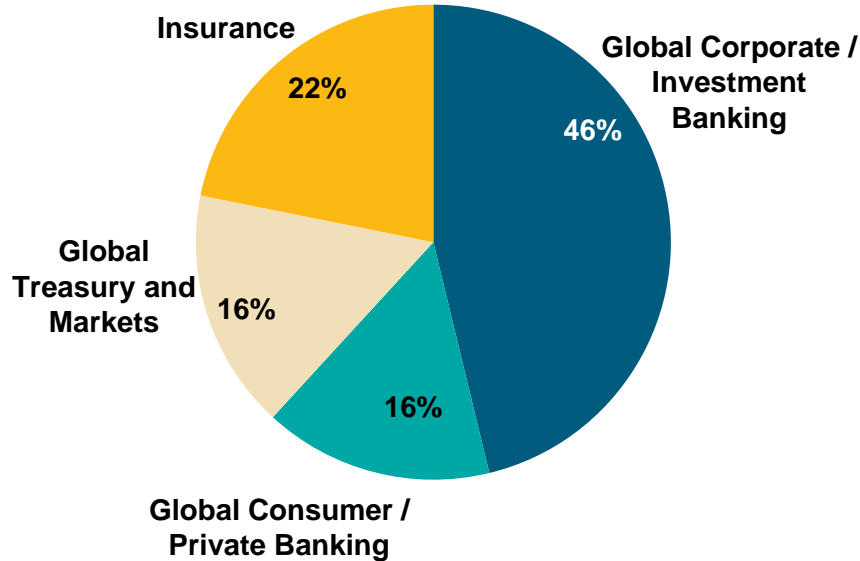


**OCBC Bank**

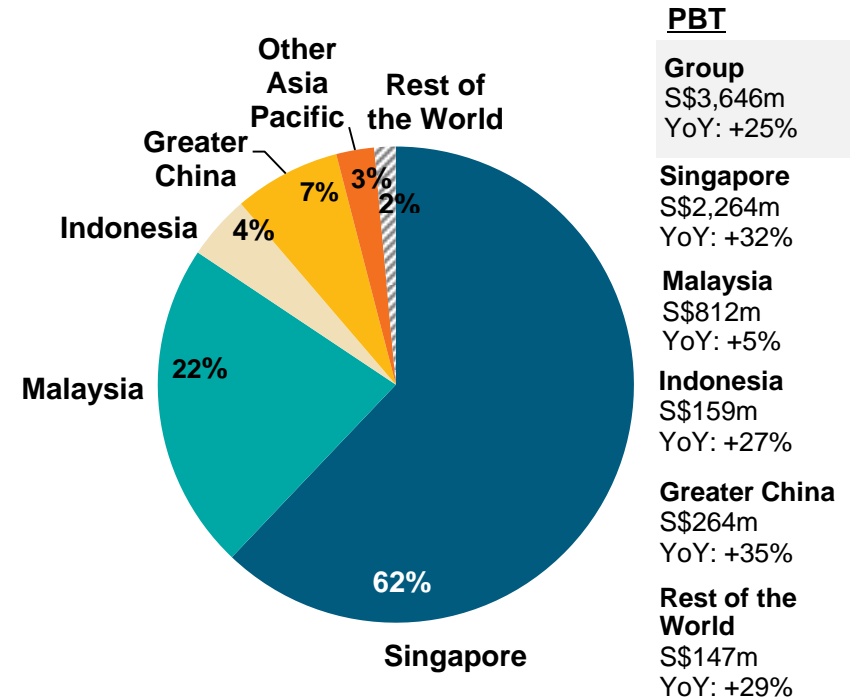
\* Quarterly figures annualised

# Profit contribution by business and geography

**FY12 PBT  
by Business\***



**FY12 PBT  
by Geography**



**PBT**  
**Group**  
S\$3,646m  
YoY: +25%

**Singapore**  
S\$2,264m  
YoY: +32%

**Malaysia**  
S\$812m  
YoY: +5%

**Indonesia**  
S\$159m  
YoY: +27%

**Greater China**  
S\$264m  
YoY: +35%

**Rest of the World**  
S\$147m  
YoY: +29%

\* Core operating profit after allowances and amortisation. Segmental information has been revised in 2012. Global Consumer/Private Banking includes consumer banking, private banking and retail brokerage services; Global Corporate/Investment Banking includes corporate banking, corporate finance and capital markets solutions; Global Treasury and Markets reflects the management of the Group's asset and liability positions as well as trading activities. Excludes the Others segment, which comprises mainly property holding, investment holding, items not attributable to the business segments described above, and portfolio allowances not attributed to specific business segments



# Agenda

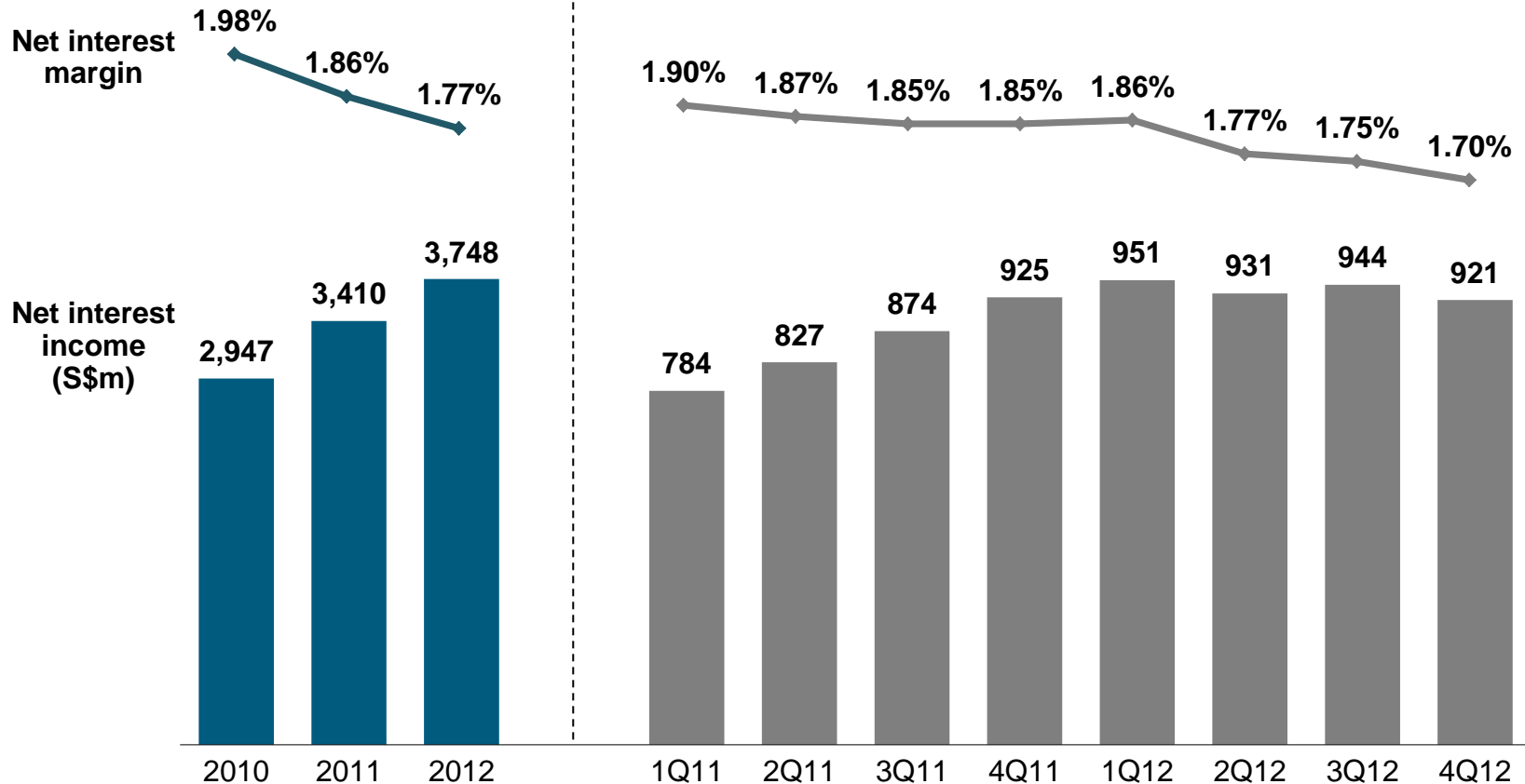
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Results Overview

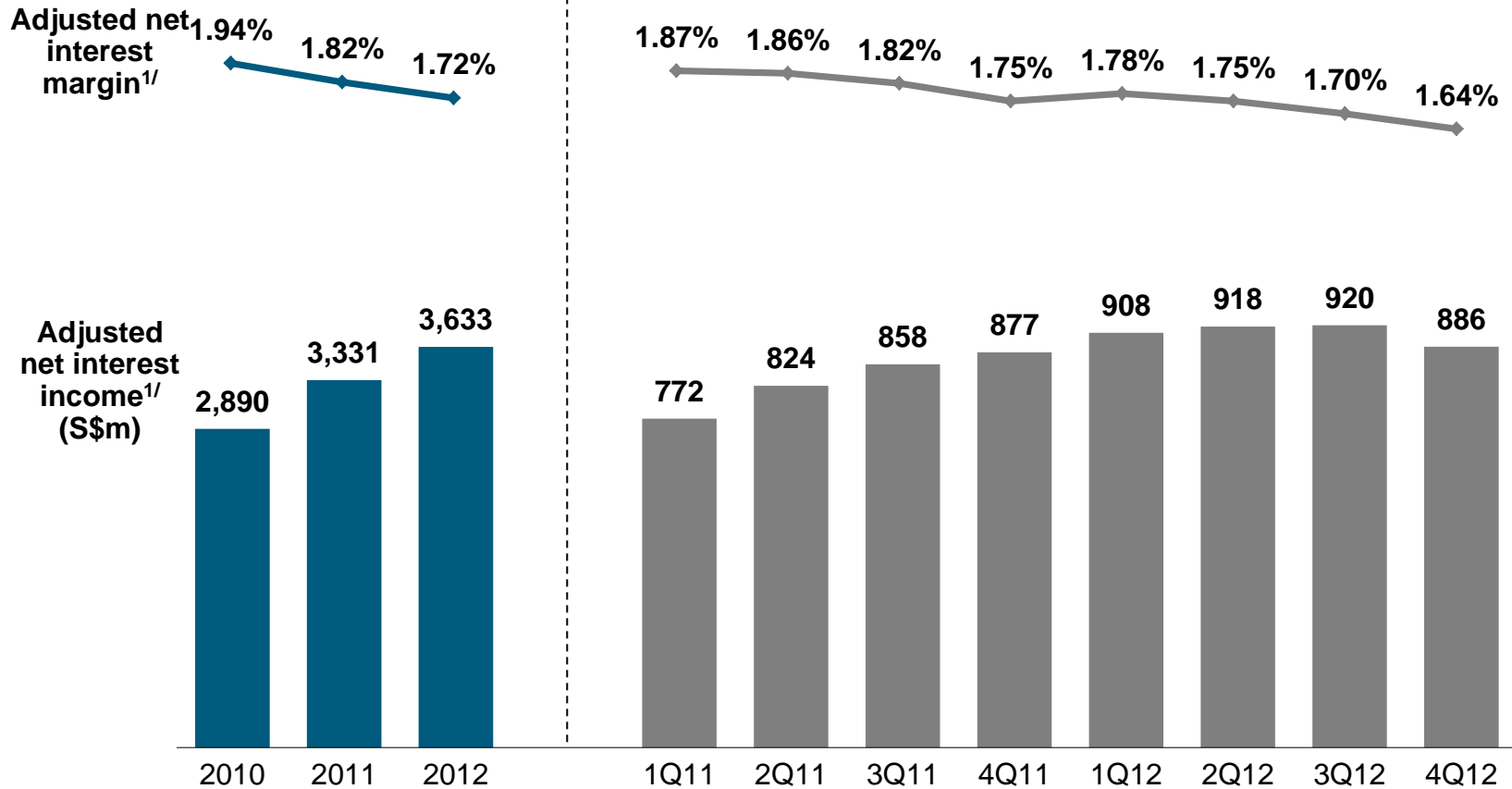
FY12 Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

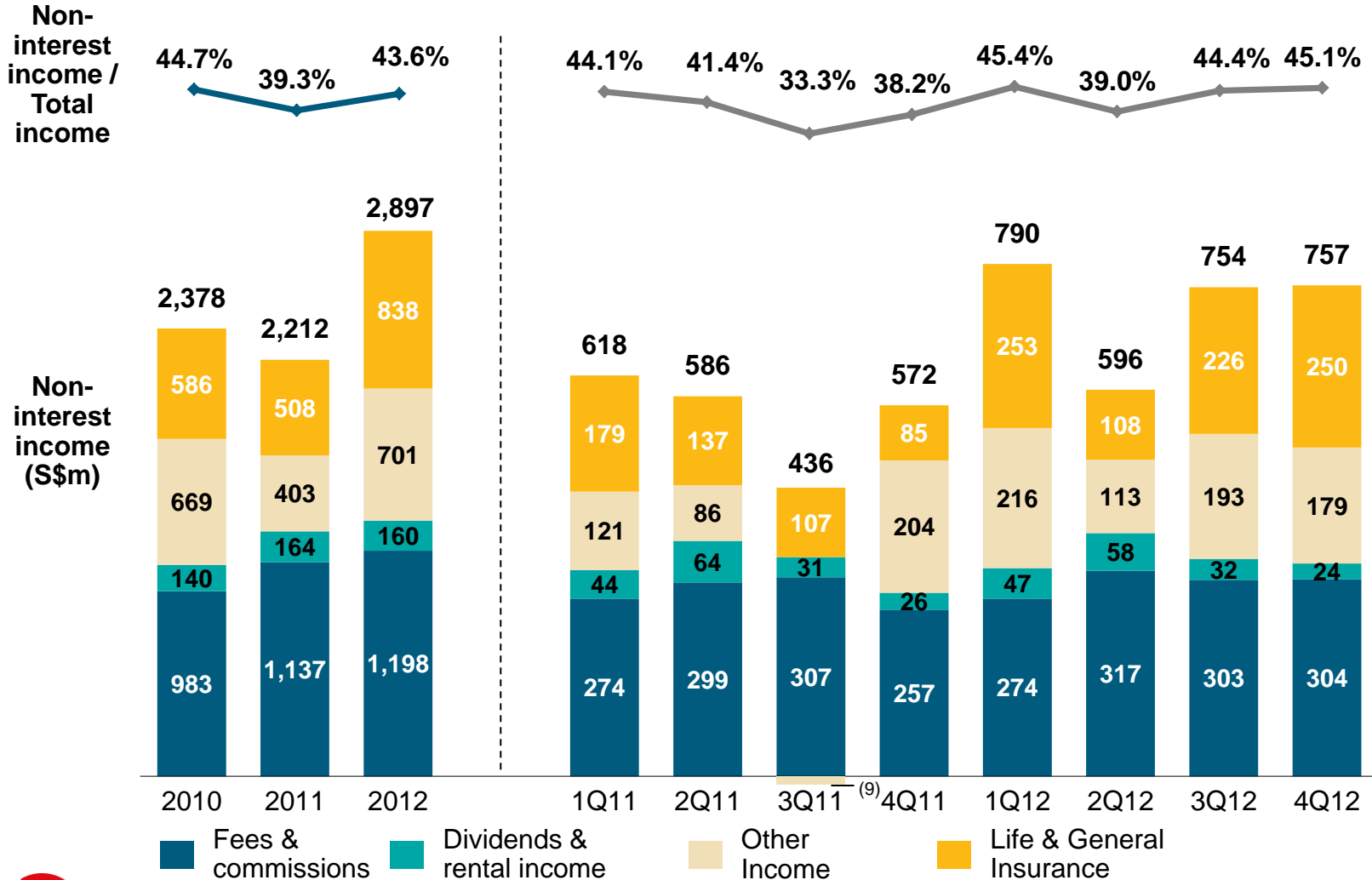
# Net interest income up 10% for the year driven by asset growth, moderated by narrower margins



# Net interest income less specific allowances up 9% YoY

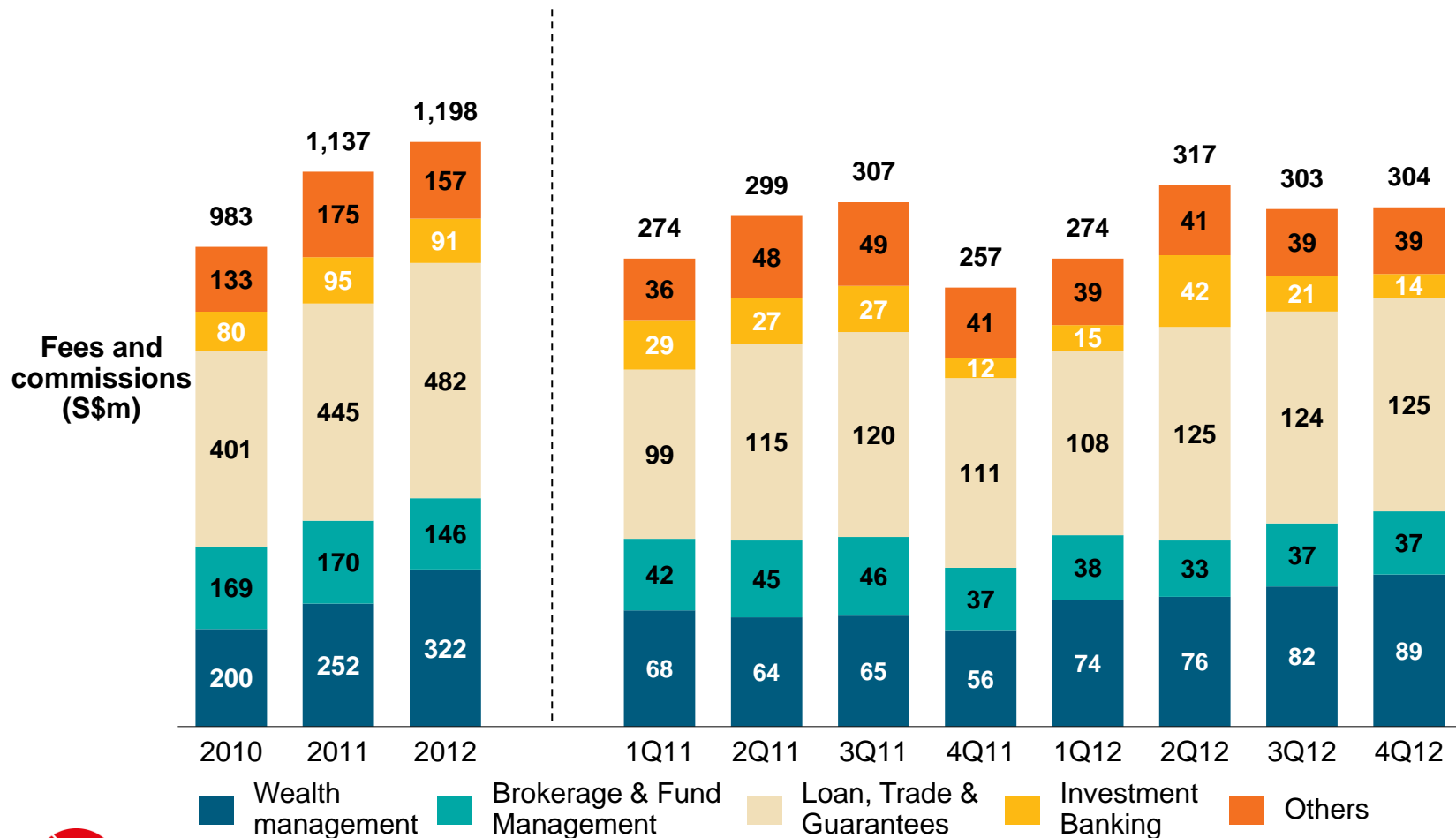


# Non-interest income up 31% YoY; driven by growth across all key components

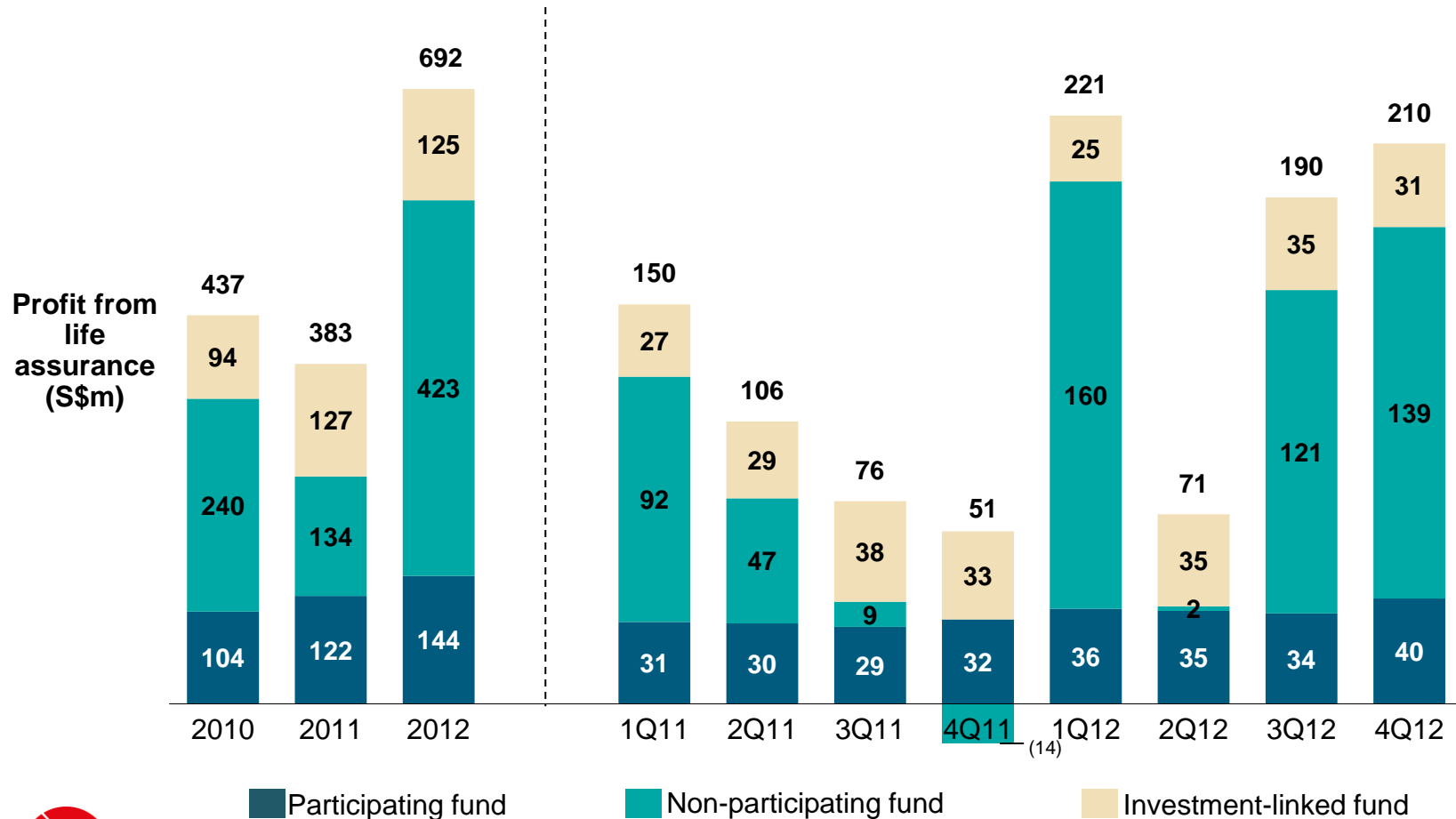


Note: Excludes gains from divestment of non-core assets

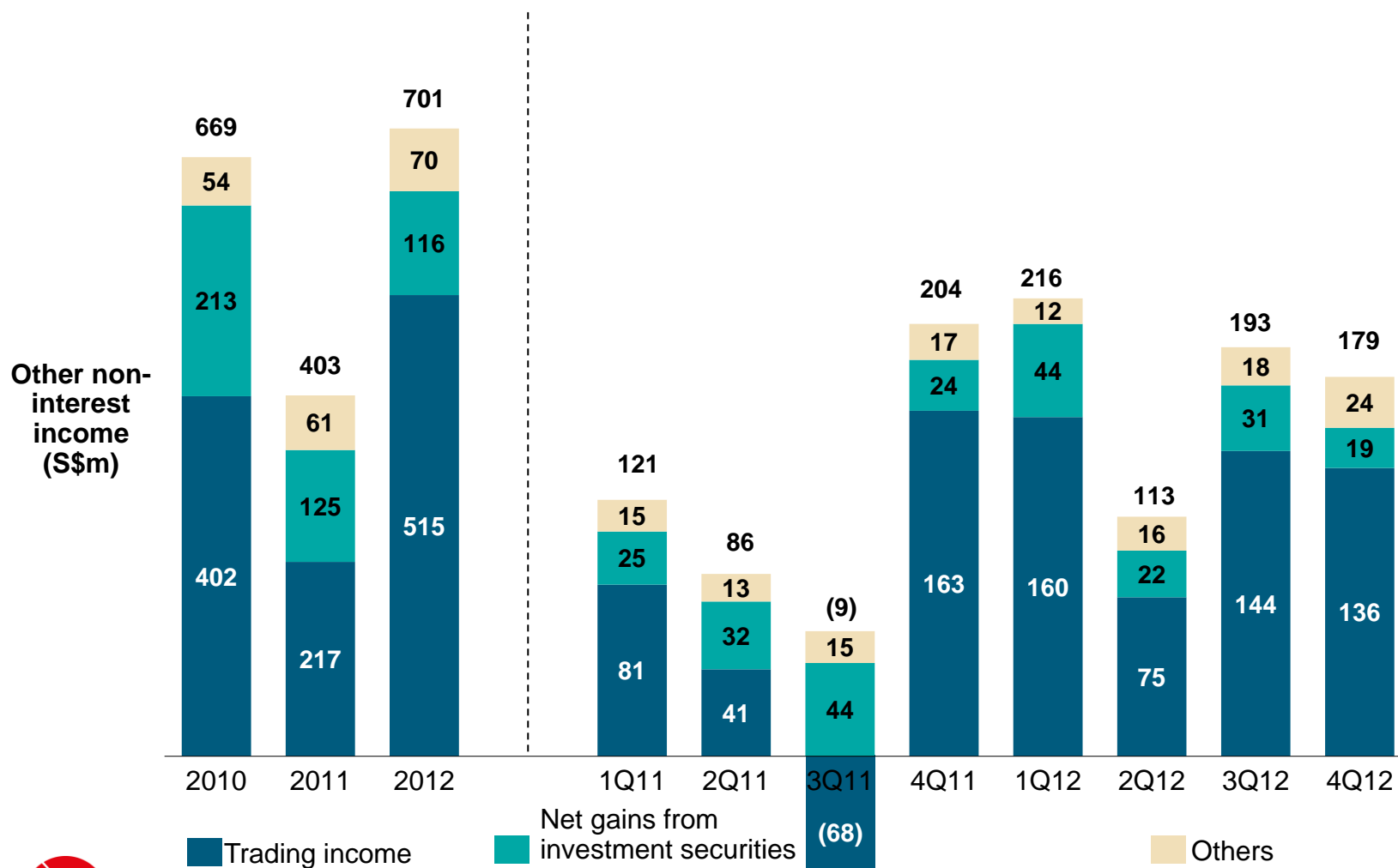
# Fee income up 5% YoY to a new record; sustained growth momentum from wealth management fees and higher loan-related income



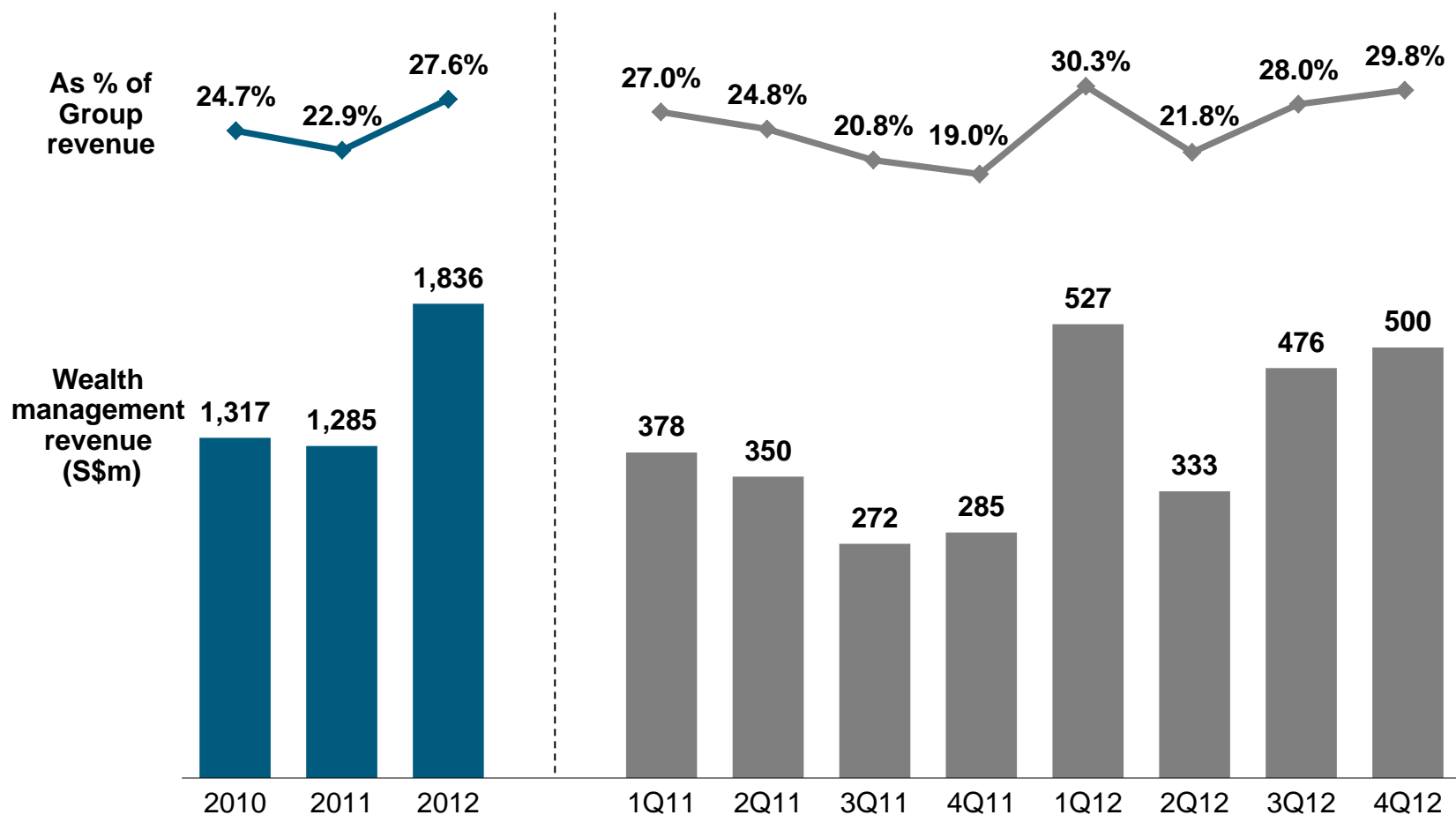
# Profit from life assurance rose 81%, as a result of continued underwriting growth and strong investment performance



# Other non-interest income rose 74% YoY; led by higher trading income

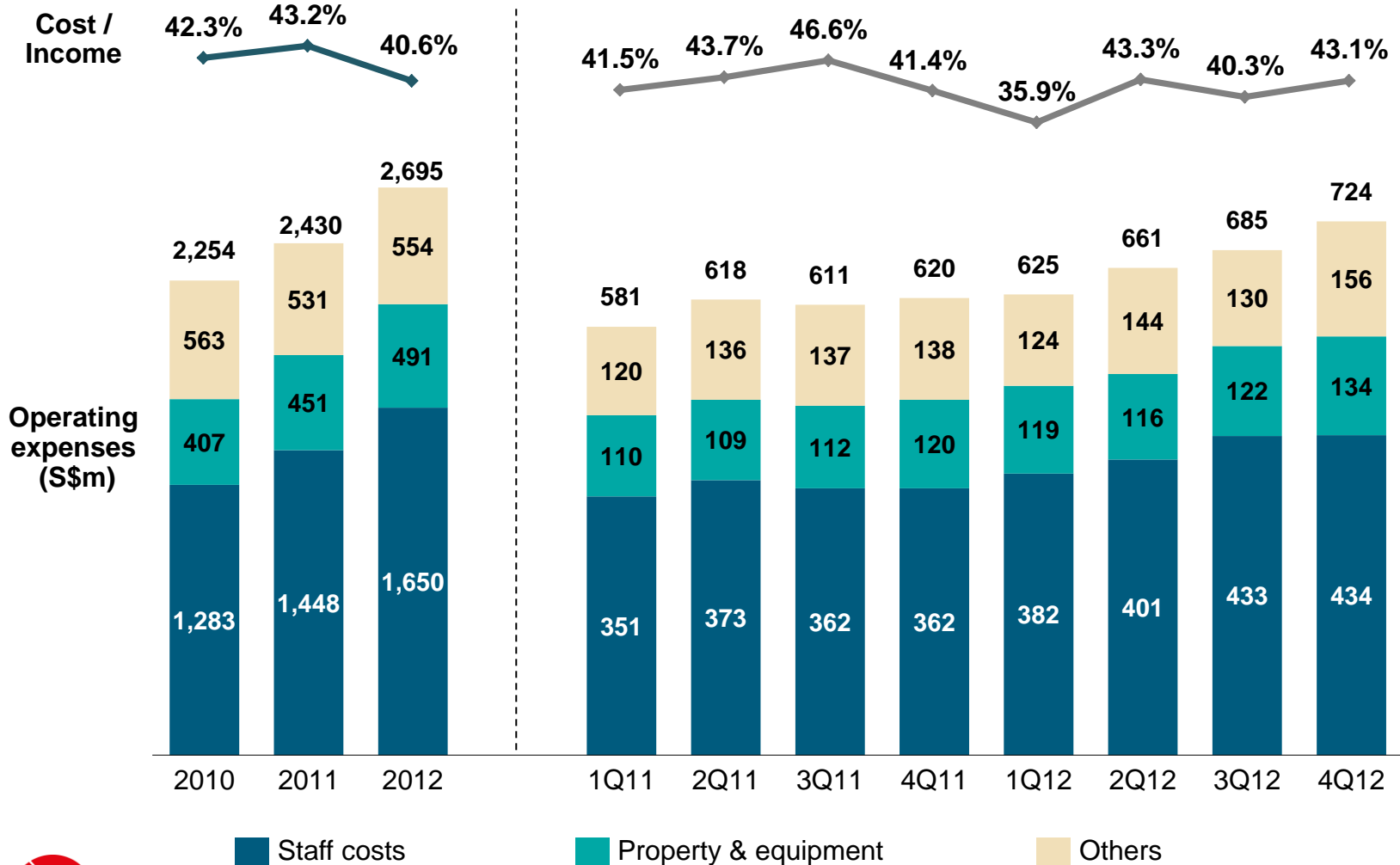


# Wealth management revenue up 43% YoY, contributing 28% of total group revenue

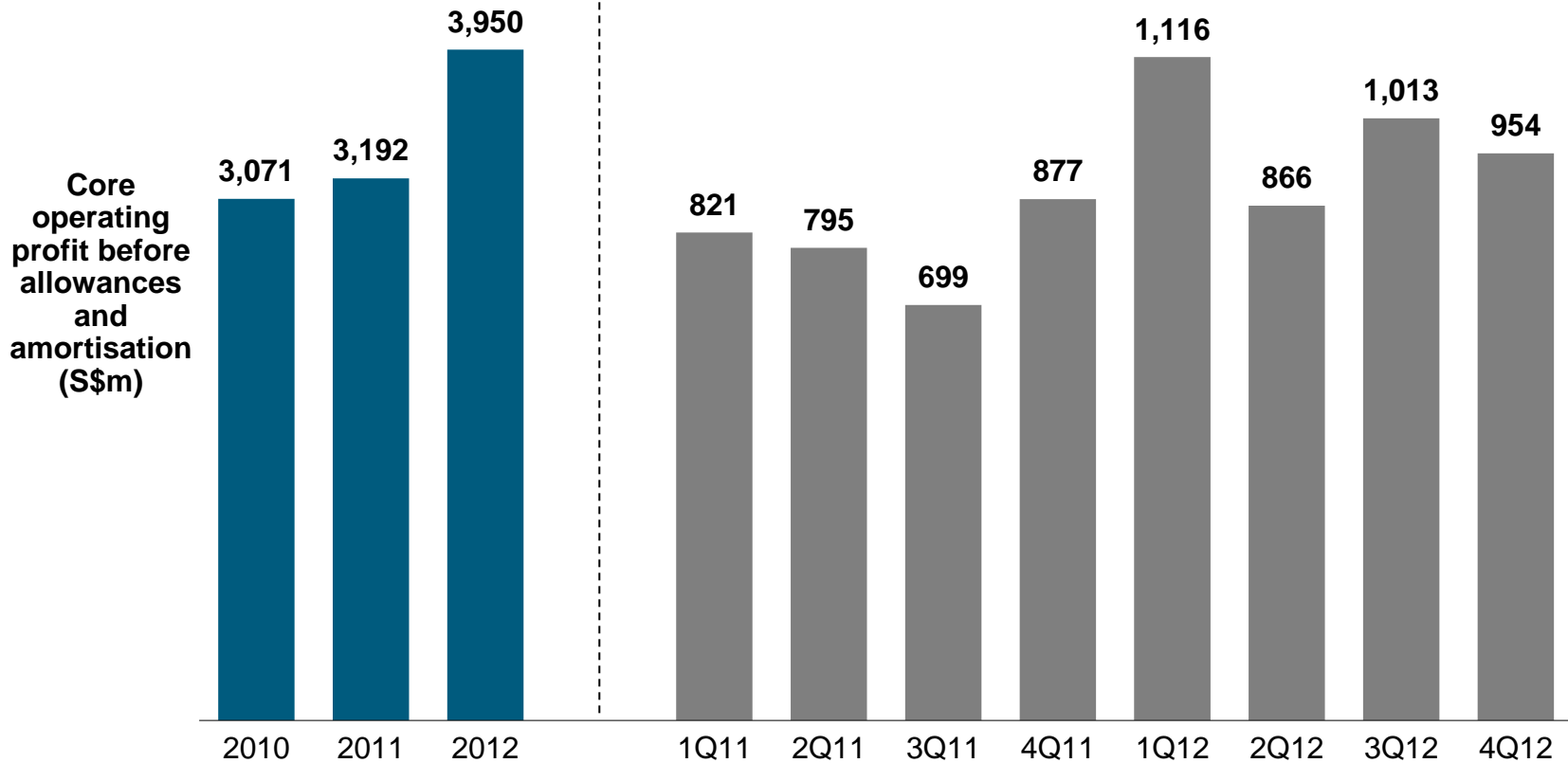




# Cost remained well-controlled, cost-to-income ratio improved



# Core operating profit up 24% YoY, driven by positive operating leverage as income growth outpaced expenses



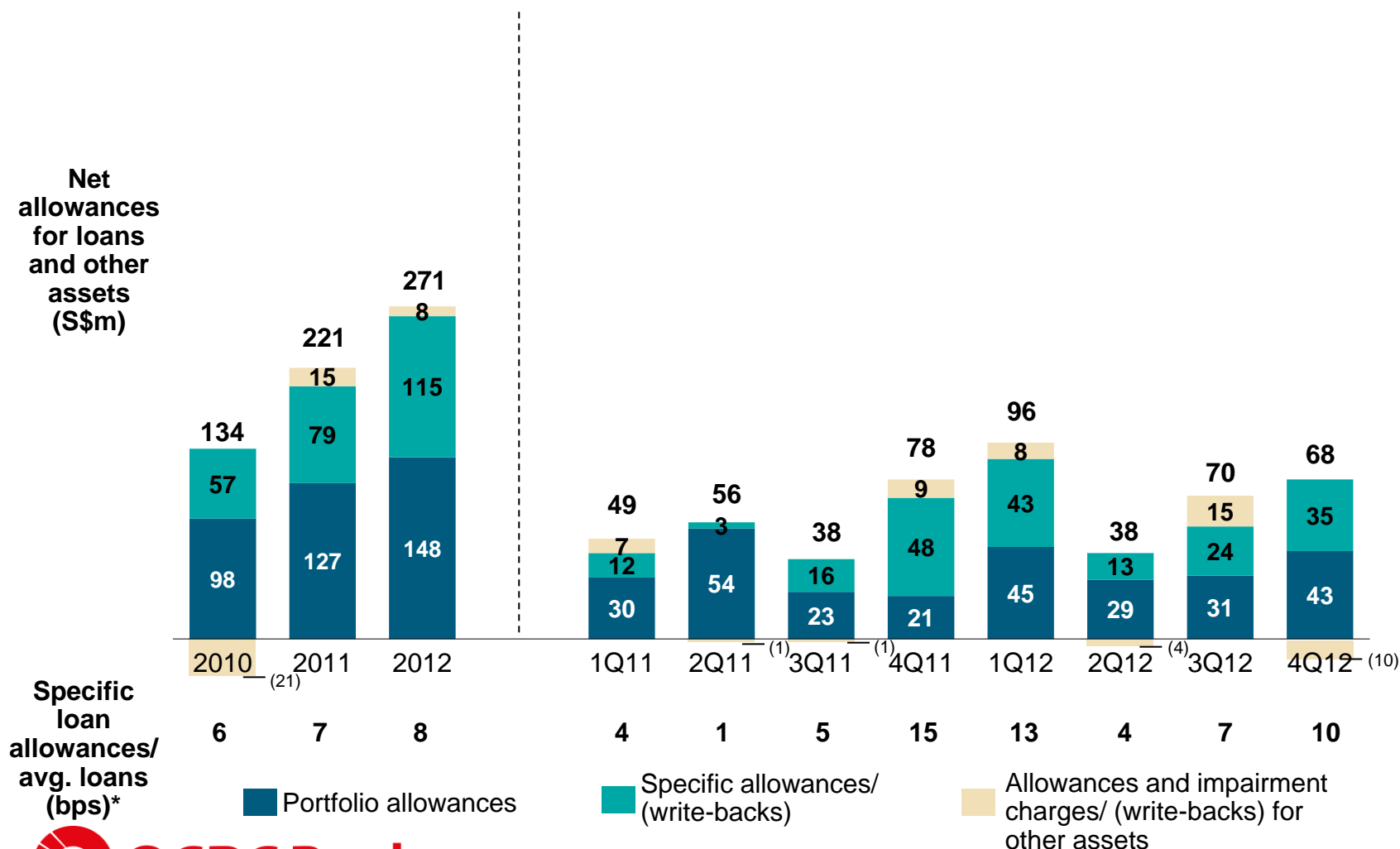
# Full year core net profit before GEH contribution up 11% YoY

<b>OCBC Group</b>	<b>FY12 S\$m</b>	<b>FY11 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	3,684	3,358	10
Non-interest income	1,898	1,592	19
<b>Total income</b>	<b>5,582</b>	<b>4,950</b>	<b>13</b>
Operating expenses	(2,504)	(2,246)	12
<b>Operating profit</b>	<b>3,078</b>	<b>2,704</b>	<b>14</b>
Allowances	(271)	(218)	24
Associates & JVs	38	16	142
Amortisation, tax & NCI	(642)	(519)	24
<b>Core net profit</b>	<b>2,202</b>	<b>1,983</b>	<b>11</b>
Divestment gain, net of tax	827 <sup>1/</sup>	32 <sup>2/</sup>	nm
<b>Net profit before GEH contribution</b>	<b>3,030</b>	<b>2,015</b>	<b>50</b>
<b>GEH net profit contribution</b>	<b>963</b>	<b>297</b>	<b>224</b>
<b>OCBC Group net profit</b>	<b>3,993</b>	<b>2,312</b>	<b>73</b>

# 4Q12 core net profit before GEH contribution fell 12% YoY

<b>OCBC Group</b>	<b>4Q12 S\$m</b>	<b>4Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>3Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	903	911	(1)	928	(3)
Non-interest income	477	443	8	496	(4)
Total income	1,379	1,354	2	1,424	(3)
Operating expenses	(679)	(577)	18	(636)	7
<b>Operating profit</b>	<b>700</b>	<b>777</b>	<b>(10)</b>	<b>788</b>	<b>(11)</b>
Allowances	(68)	(75)	(10)	(70)	(3)
Associates & JVs	10	(22)	147	6	72
Amortisation, tax & NCI	(164)	(136)	21	(157)	4
<b>Core net profit</b>	<b>478</b>	<b>544</b>	<b>(12)</b>	<b>567</b>	<b>(16)</b>
Divestment gain, net of tax	-	-	-	786 <sup>1/</sup>	(100)
<b>Net profit before GEH contribution</b>	<b>478</b>	<b>544</b>	<b>(12)</b>	<b>1,352</b>	<b>(65)</b>
<b>GEH net profit contribution</b>	<b>185</b>	<b>49</b>	<b>274</b>	<b>498</b>	<b>(63)</b>
<b>OCBC Group net profit</b>	<b>663</b>	<b>594</b>	<b>12</b>	<b>1,850</b>	<b>(64)</b>

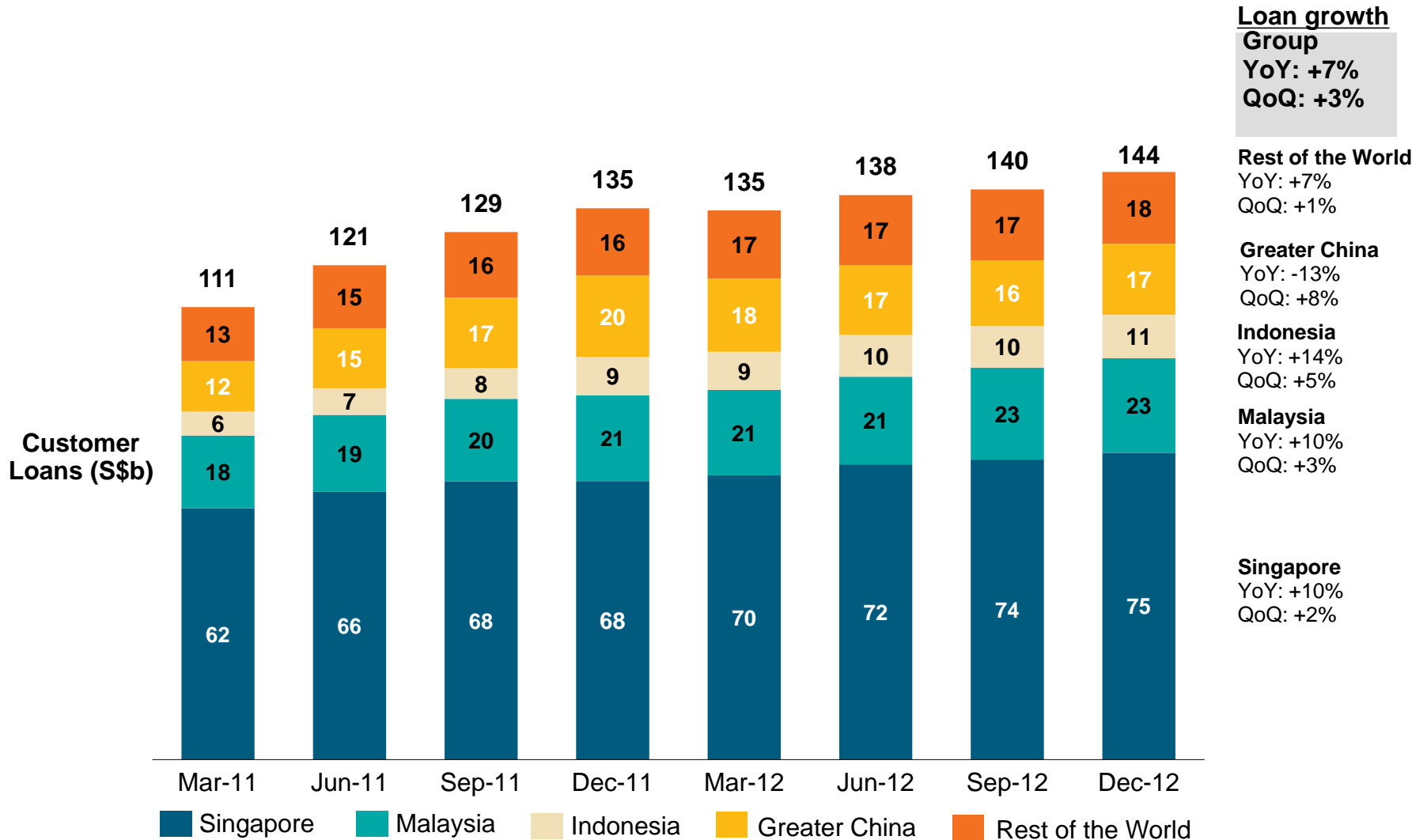
# Net allowances higher YoY; credit quality remains strong



# Movement in specific allowances for loans

	FY12 S\$m	FY11 S\$m	4Q12 S\$m	4Q11 S\$m	3Q12 S\$m
Allowances for new and existing NPLs	273	231	71	85	57
Write-backs <sup>1/</sup>	(117)	(104)	(25)	(27)	(24)
Recoveries <sup>2/</sup>	(41)	(48)	(11)	(10)	(9)
<b>Net specific allowances</b>	<b>115</b>	<b>79</b>	<b>35</b>	<b>48</b>	<b>24</b>

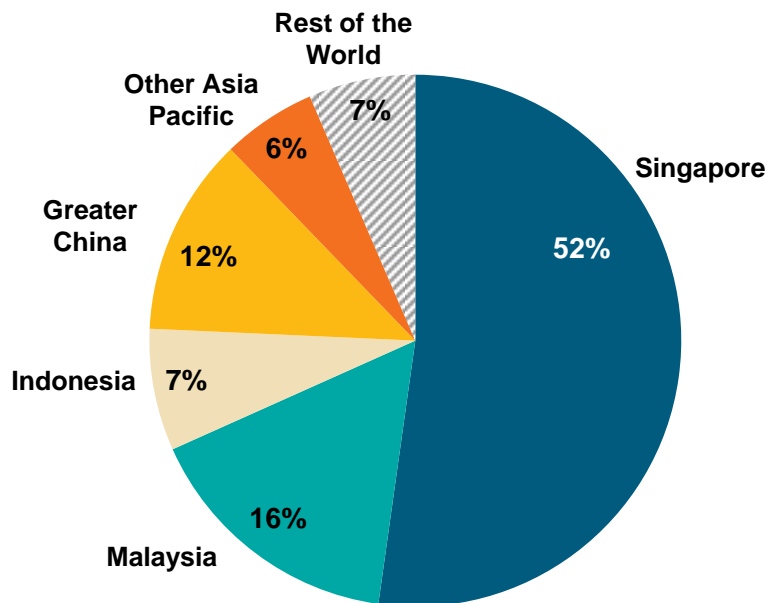
# Loans increased 7% YoY and 3% QoQ



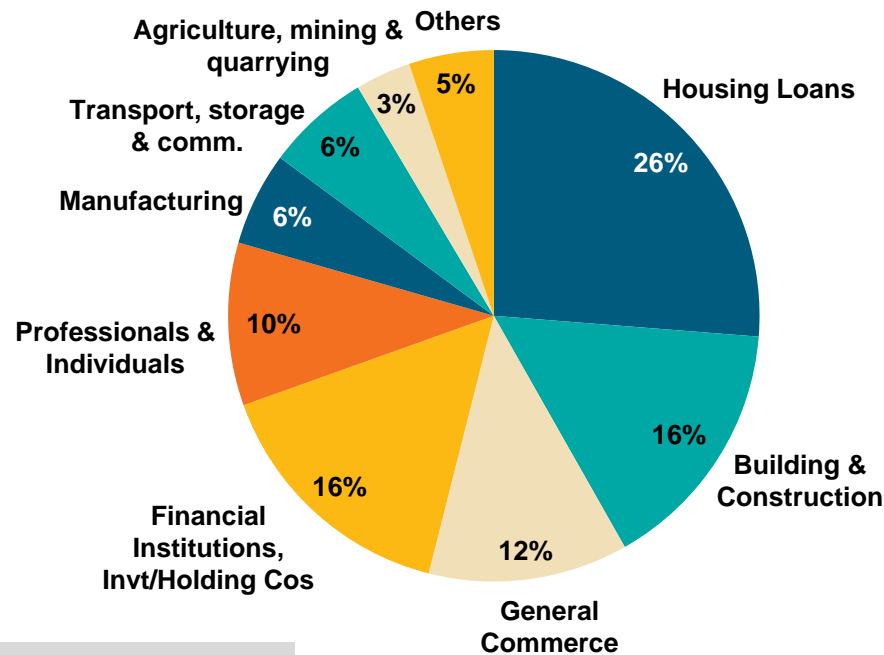
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

# Loan book remained diversified

**Customer Loans by Geography  
As of 31 December 2012**



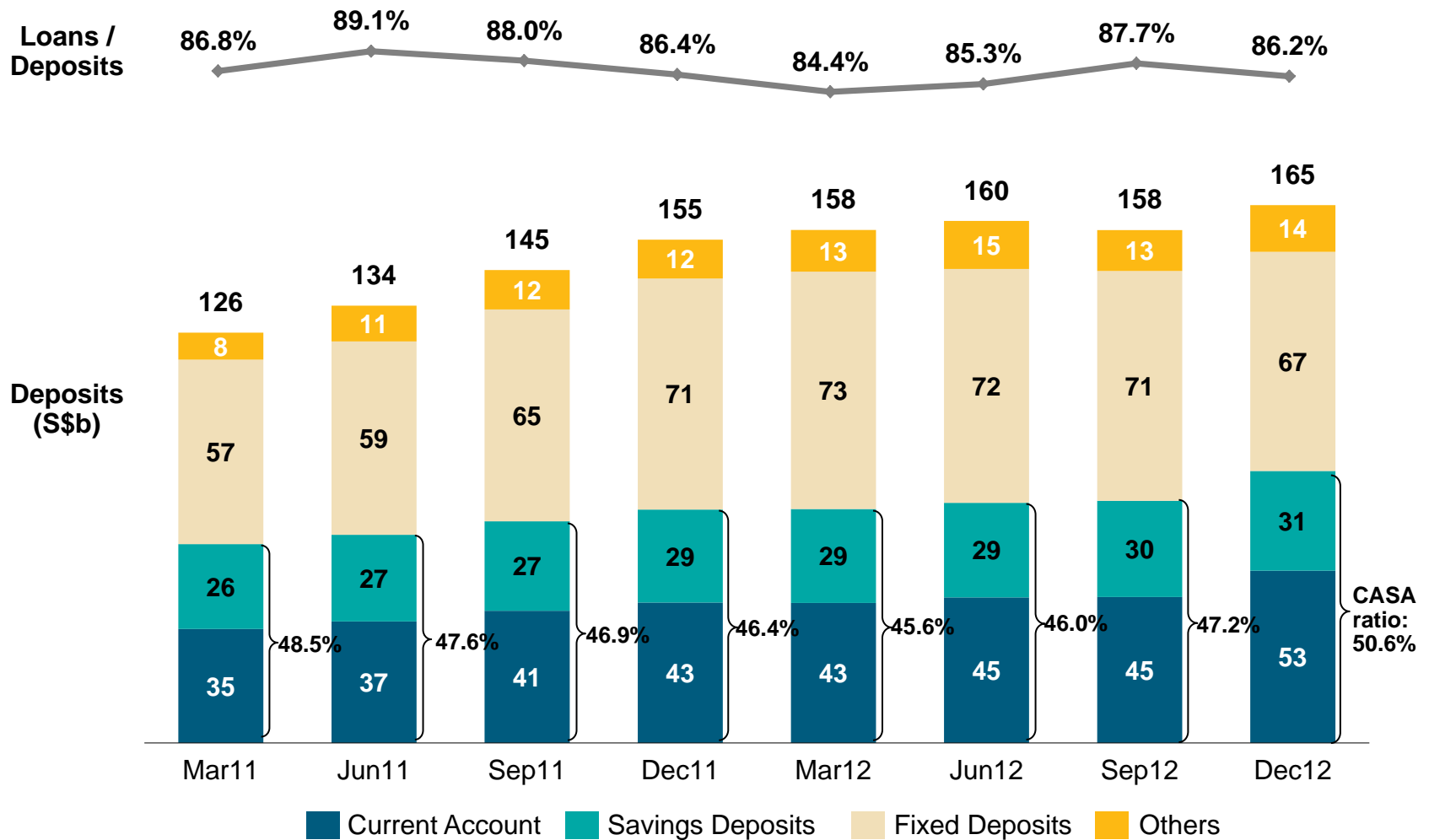
**Customer Loans by Industry  
As of 31 December 2012**



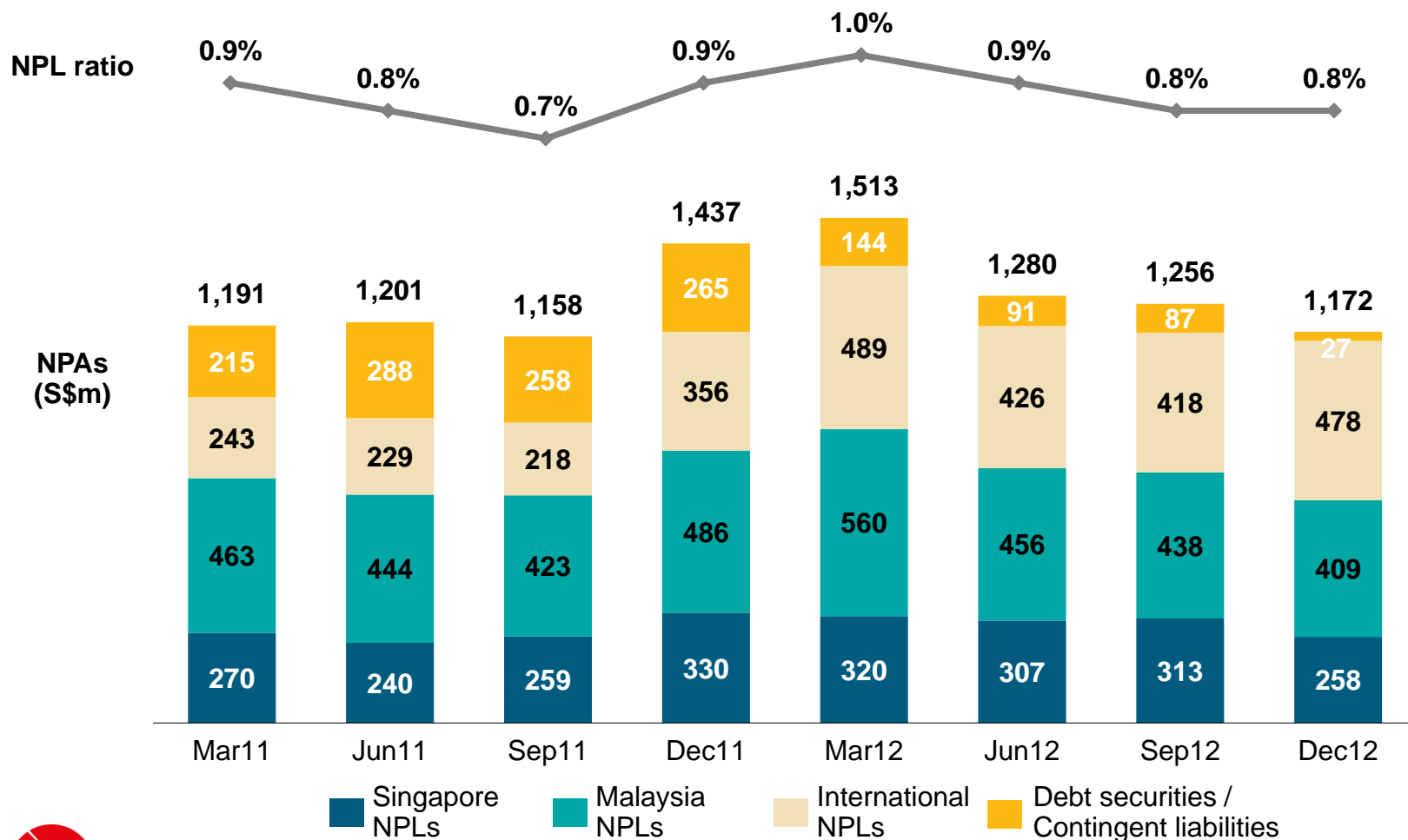
Total: S\$144b



# Customer deposits grew 7% YoY, led by current and savings deposits; CASA ratio improved to 50.6%



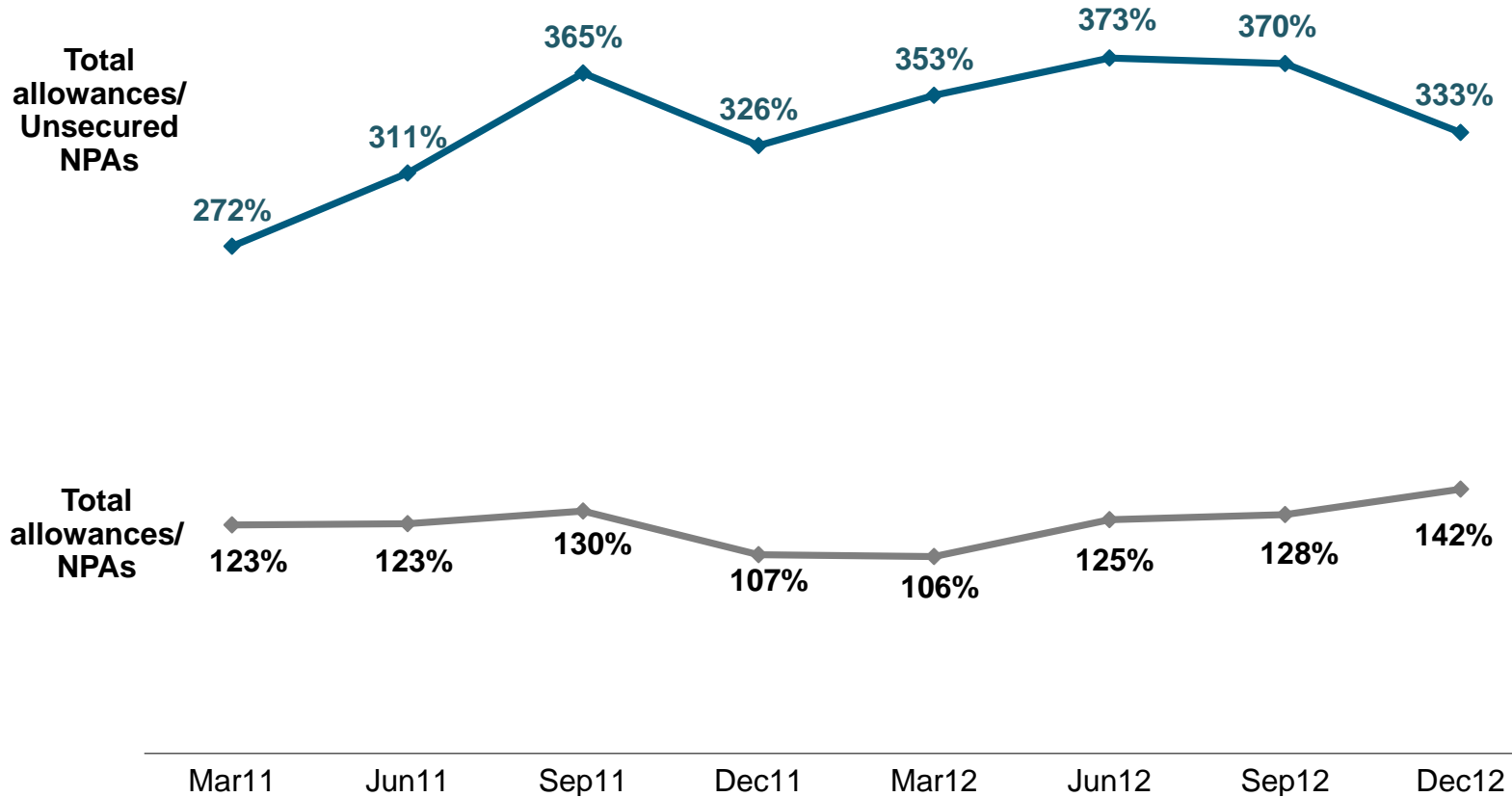
# Total NPAs fell 7% QoQ; NPL ratio remained low at 0.8%



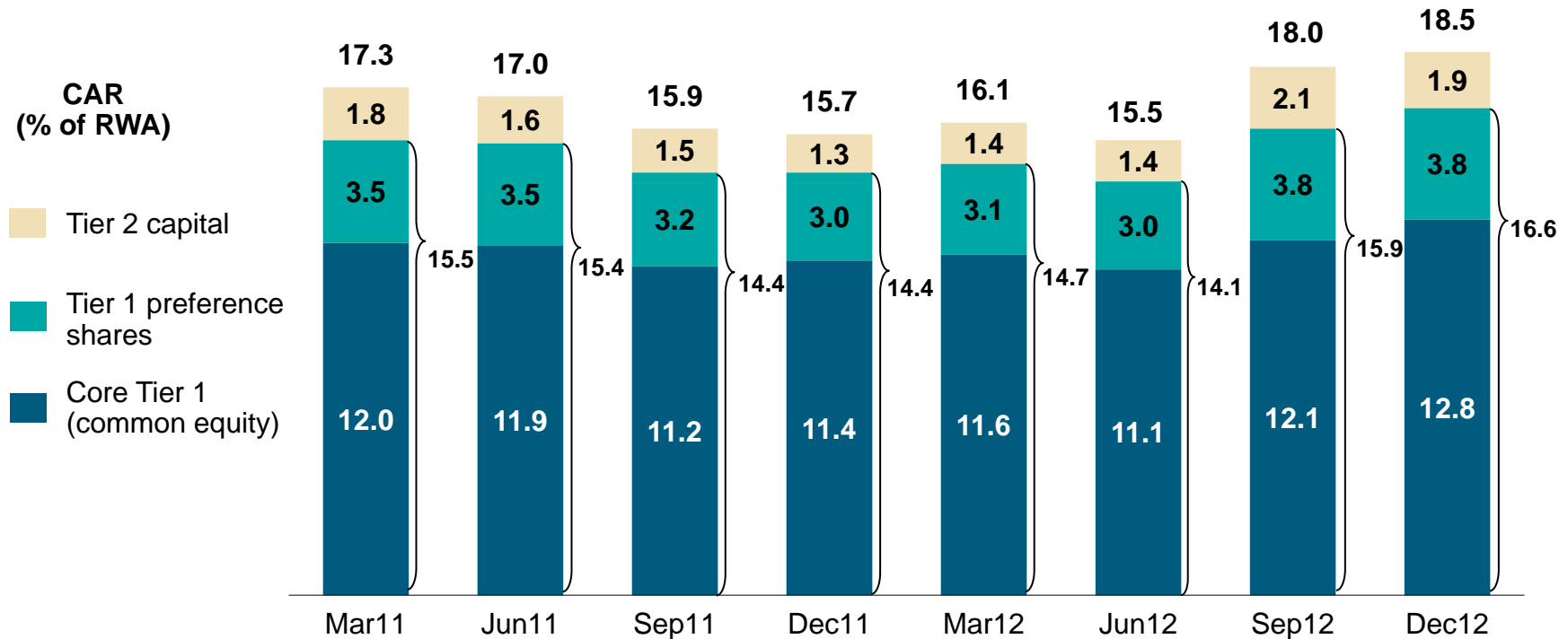
# NPAs declined 7% QoQ, driven mainly by higher recoveries and upgrades

	FY12 S\$m	FY11 S\$m	4Q12 S\$m	4Q11 S\$m	3Q12 S\$m
NPAs – Opening balance	1,437	1,208	1,256	1,158	1,280
New NPAs	888	946	289	475	142
New recoveries/upgrades	(1,005)	(564)	(338)	(145)	(116)
Write-offs	(148)	(153)	(35)	(51)	(50)
<b>NPAs – Closing balance</b>	<b>1,172</b>	<b>1,437</b>	<b>1,172</b>	<b>1,437</b>	<b>1,256</b>

# Allowance coverage ratios of 142% of total NPAs and 333% of unsecured NPAs



# Capital position remained strong: Tier 1 ratio of 16.6% and Core Tier 1 ratio of 12.8%

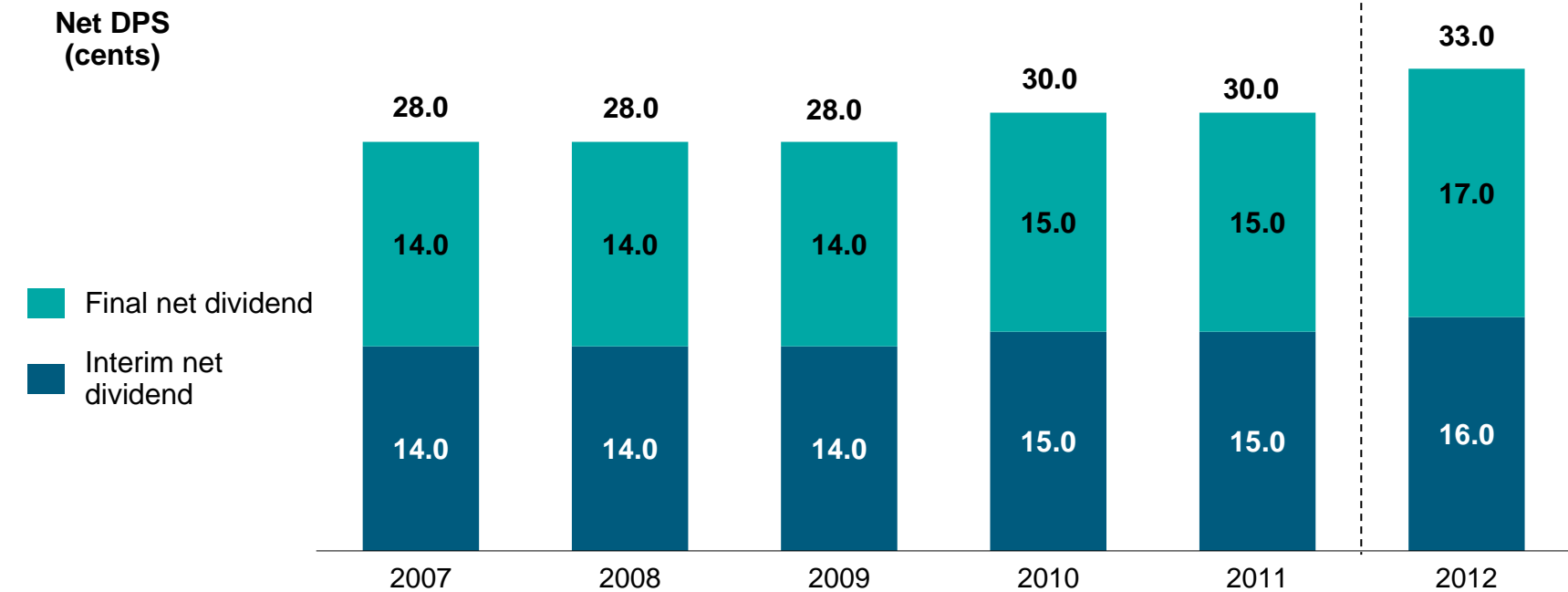


<b>Tier 1 capital (S\$m)</b>	17,469	17,764	17,654	18,612	19,024	18,981	20,934	21,591
<b>Tier 1 prefs. (S\$m)</b>	3,961	3,957	3,957	3,958	3,958	3,954	4,954	4,954
<b>RWA (S\$m)</b>	112,558	115,318	121,997	128,507	129,183	134,467	131,263	129,647



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

# Dividend increased to 33 cents per share



<b>Net Dividends (S\$m)</b>	864	868	898	994	1,024	1,133
<b>Core Net Profit (S\$m)</b>	1,878	1,486	1,962	2,253	2,280	2,825
<b>Dividend Payout Ratio</b>	46%	58%	46%	44%	45%	40%

# GEH: Full year core net profit up 109% YoY; accounting for 22% of Group core net profit

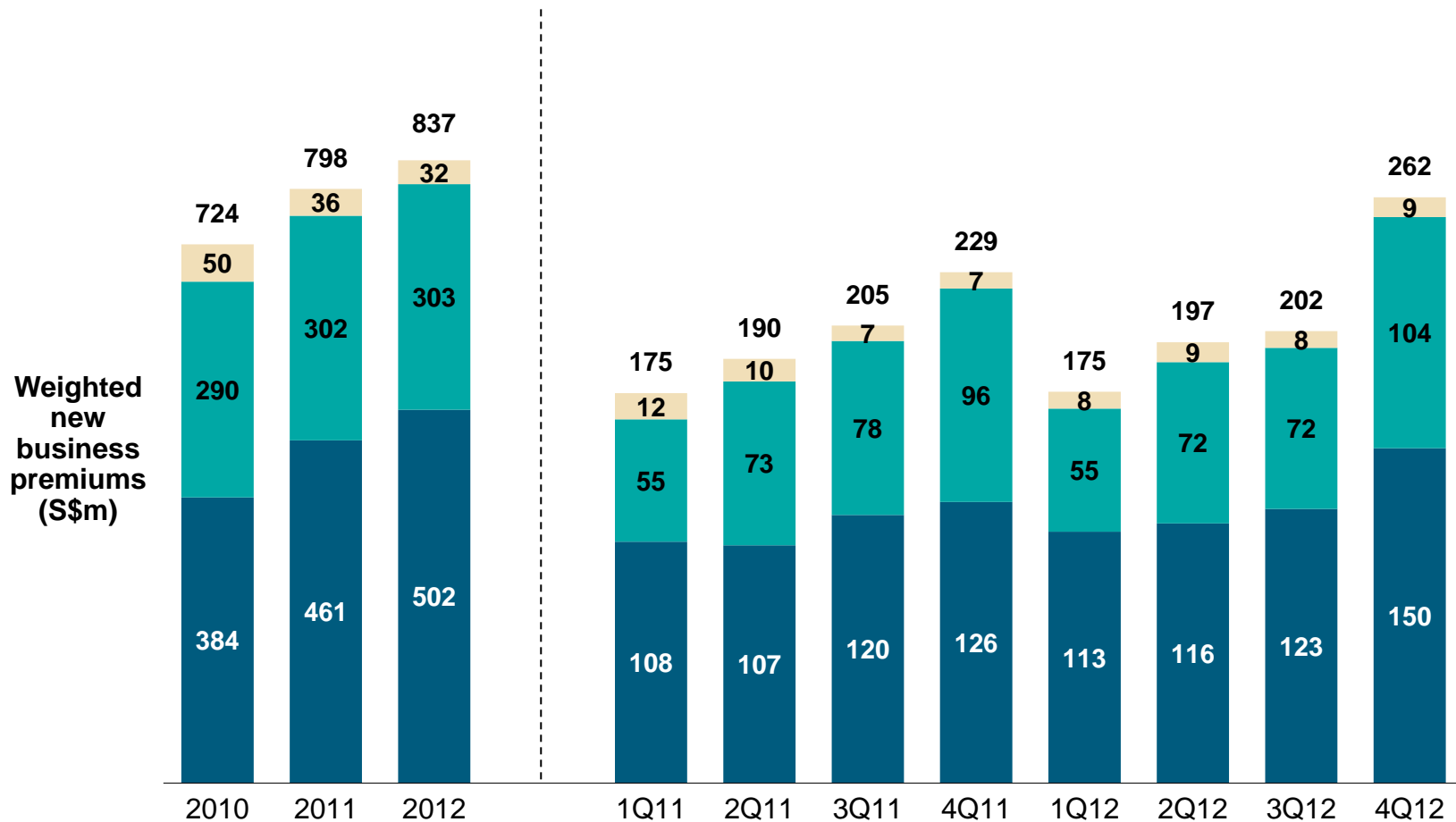
<b>GEH Contribution</b>	<b>FY12 S\$m</b>	<b>FY11 S\$m</b>	<b>YoY +/(-)%</b>
Total income	1,063	672	58
Operating expenses	(190)	(184)	3
<b>Operating profit</b>	<b>872</b>	<b>488</b>	<b>79</b>
Amortisation of intangibles	(47)	(47)	-
Allowances	(0)	(4)	-
Associates & JVs	(3)	(8)	(62)
Tax & non-controlling interests	(200)	(132)	52
<b>Core net profit contribution</b>	<b>622</b>	<b>297</b>	<b>109</b>
Divestment gain, net of tax	341 <sup>1/</sup>	-	-
<b>Net profit contribution</b>	<b>963</b>	<b>297</b>	<b>224</b>

# GEH: 4Q12 core earnings contribution driven by strong underwriting and investment performance

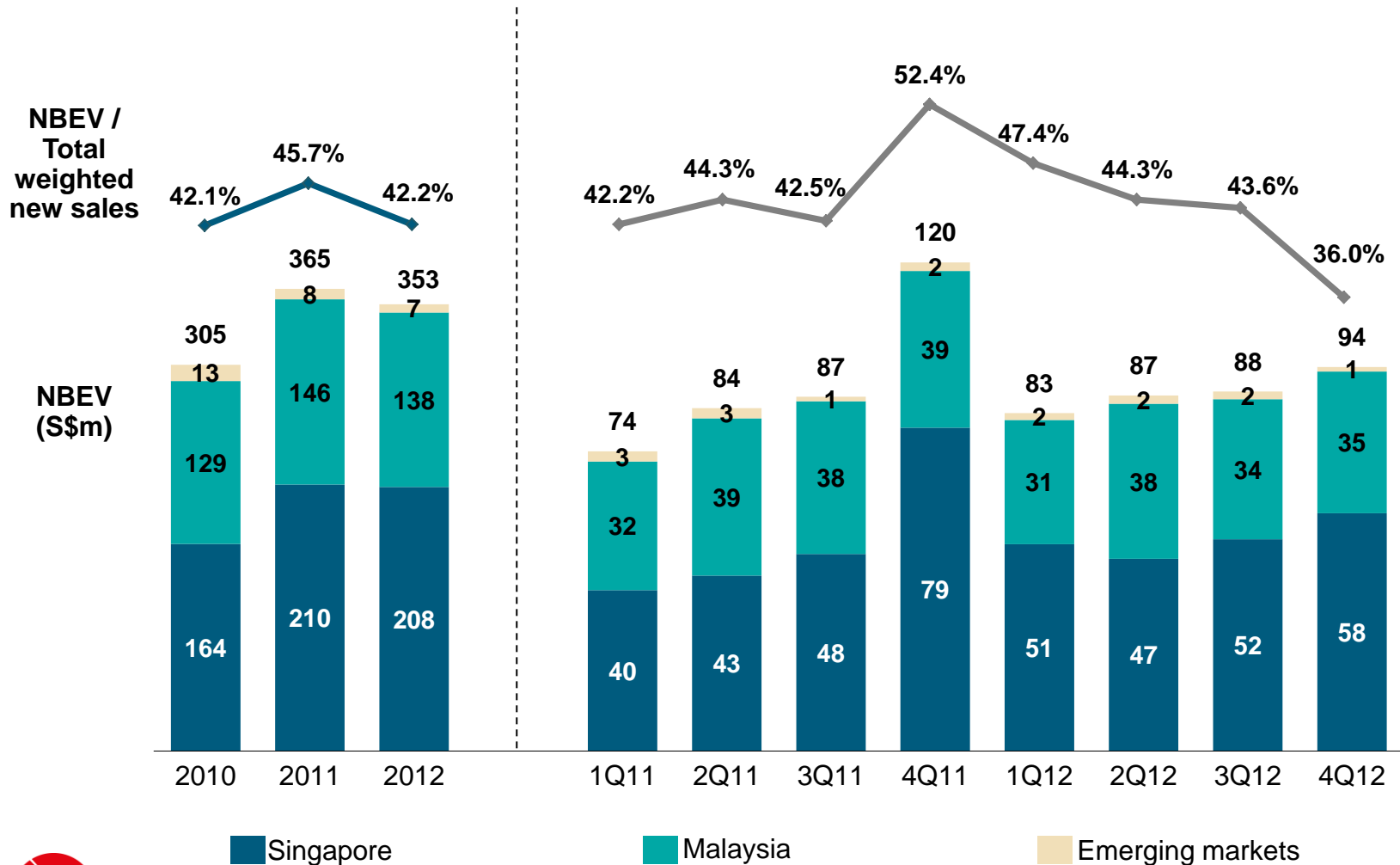
<b>GEH Contribution</b>	<b>4Q12 S\$m</b>	<b>4Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>3Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Total income	299	143	108	275	9
Operating expenses	(44)	(43)	2	(50)	(11)
<b>Operating profit</b>	<b>255</b>	<b>100</b>	<b>154</b>	<b>225</b>	<b>13</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	0	(3)	-	(0)	-
Associates & JVs	(3)	(4)	(22)	(0)	nm
Tax & non-controlling interests	(55)	(32)	74	(56)	(2)
<b>Core net profit contribution</b>	<b>185</b>	<b>49</b>	<b>274</b>	<b>157</b>	<b>18</b>
Divestment gain, net of tax	-	-	-	341 <sup>1/</sup>	(100)
<b>Net profit contribution</b>	<b>185</b>	<b>49</b>	<b>274</b>	<b>498</b>	<b>(63)</b>



# GEH: Underlying insurance business remained sound; total weighted new sales up 5% YoY



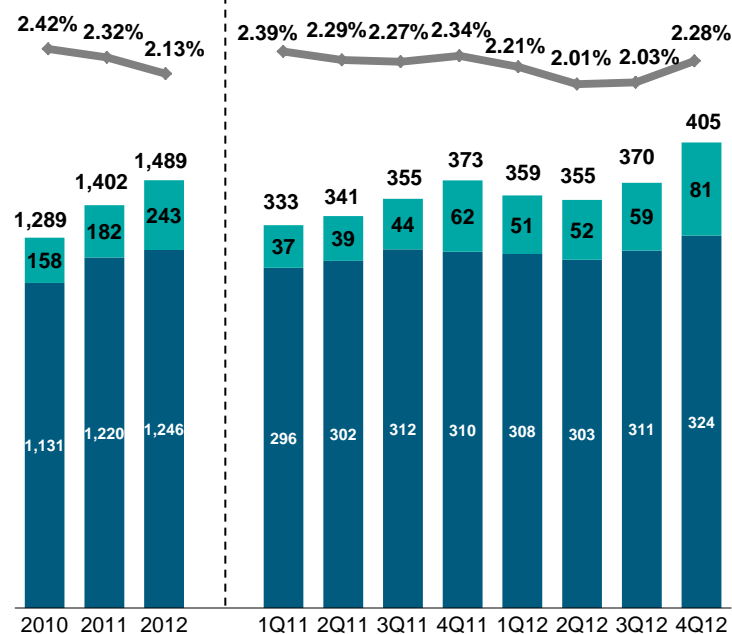
# GEH: New business embedded value of S\$353m for the full year



# OCBC Malaysia: Total net interest income and Islamic financing income up 6% YoY; non-interest income up 12% YoY

## Net interest income and Islamic financing Income (RM m)

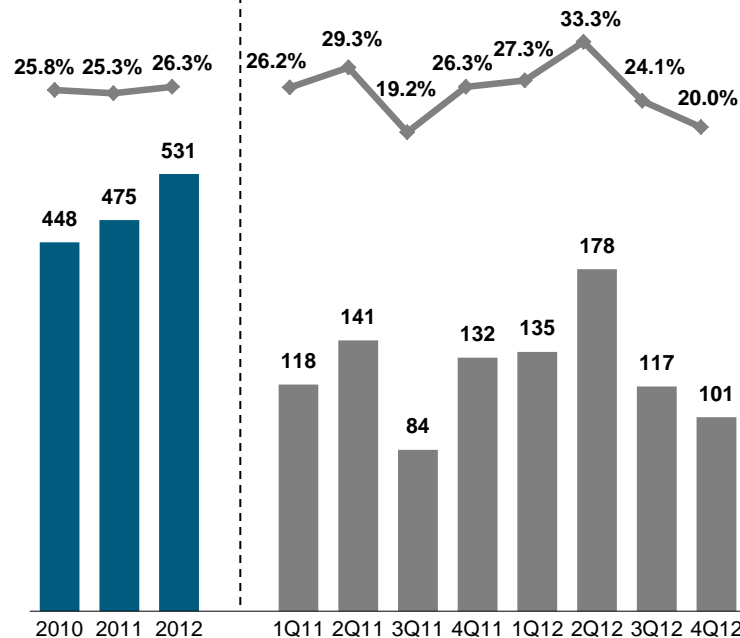
### Net Interest/financing margin



Net interest income Islamic financing income

## Non-interest income (RM m)

### Non-int. income/Total income



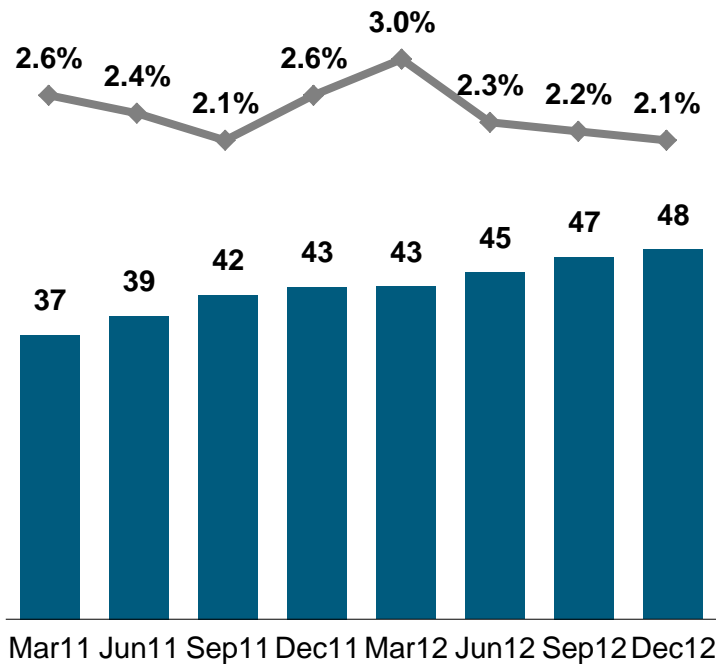
**OCBC Bank**

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

# OCBC Malaysia: Loans grew 12% YoY and 2% QoQ; NPL ratio further improved to 2.1%

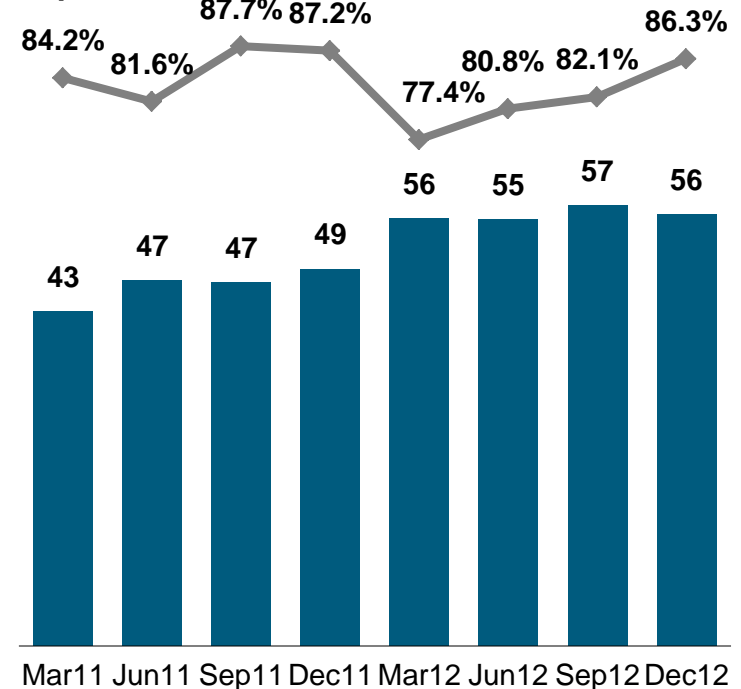
## Gross Loans (RM b)

### NPL Ratio



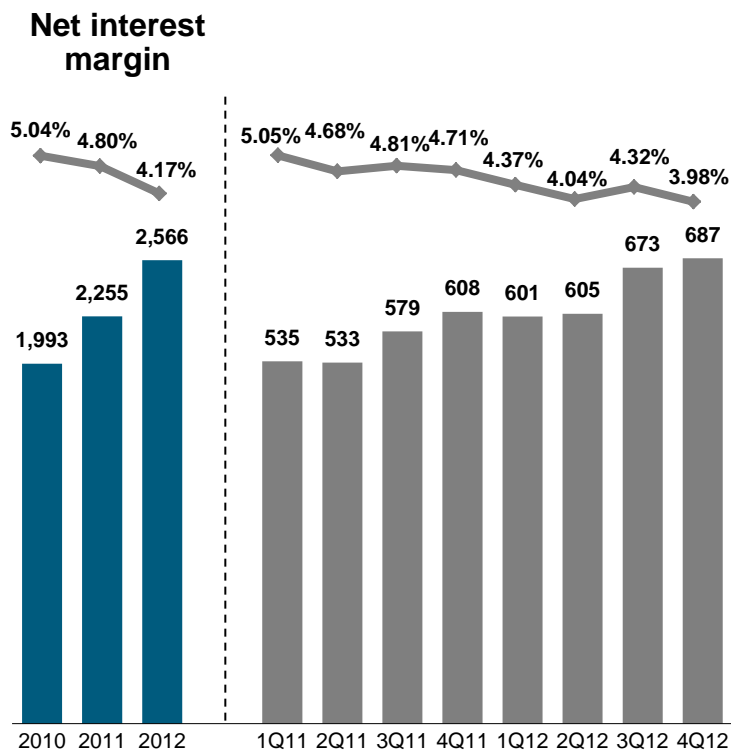
## Deposits (RM b)

### Loans / Deposits

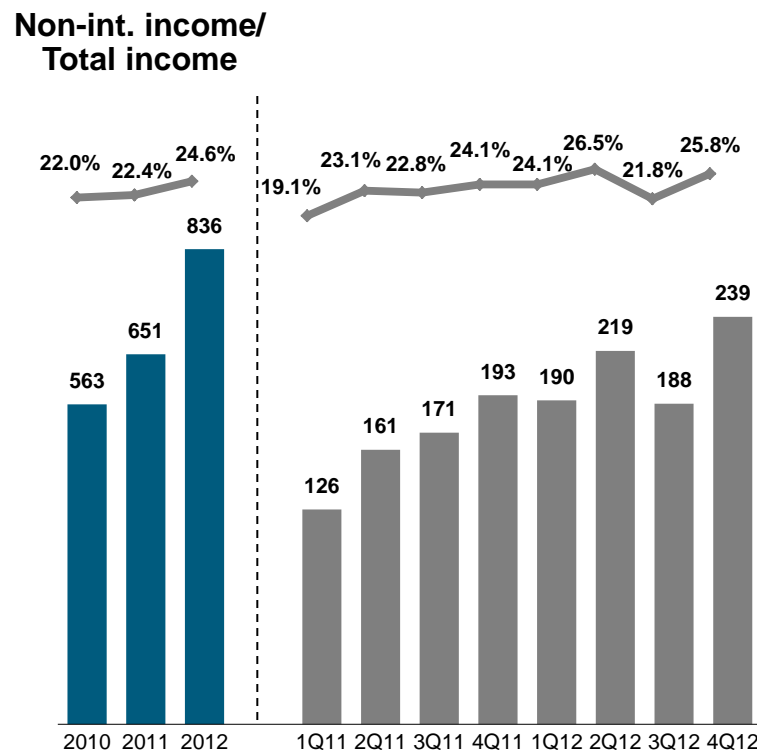


# OCBC NISP: Net interest income up 14% YoY; non-interest income up 28% YoY

## Net interest income (Rp b)



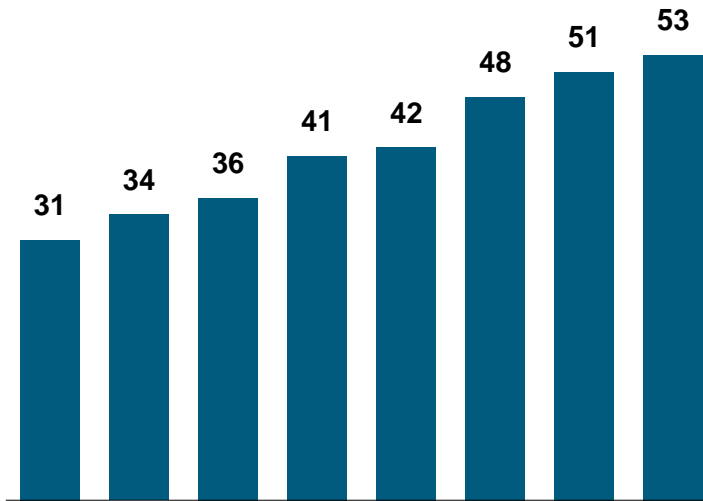
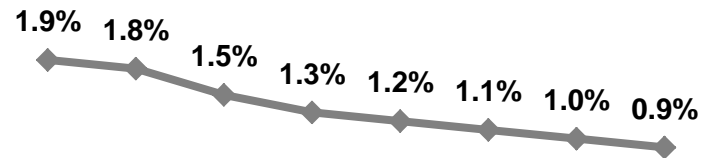
## Non-interest income (Rp b)



# OCBC NISP: Loans grew 28% YoY and 5% QoQ; NPL ratio lower at 0.9%

## Gross Loans (Rp t)

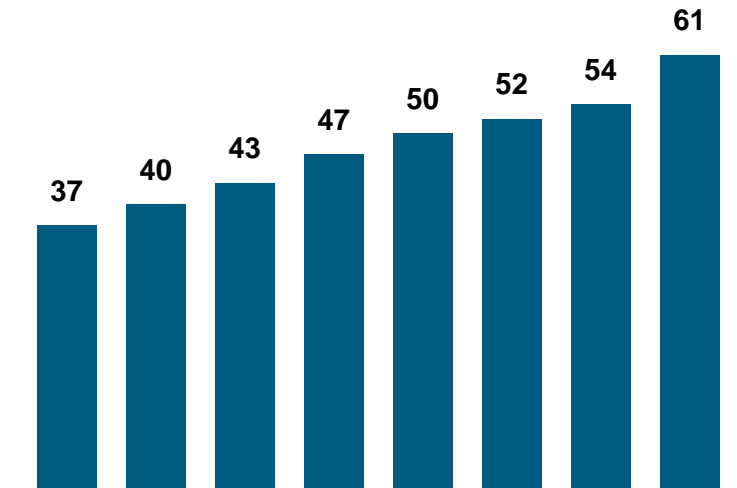
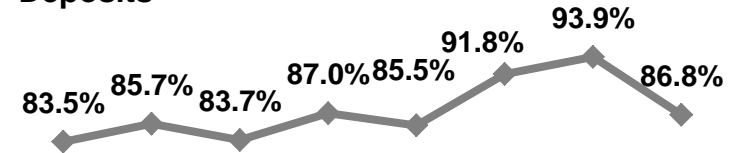
### NPL Ratio



Mar11 Jun11 Sep11 Dec11 Mar12 Jun12 Sep12 Dec12

## Deposits (Rp t)

### Loans / Deposits



Mar11 Jun11 Sep11 Dec11 Mar12 Jun12 Sep12 Dec12

### CASA Ratio

60.1% 61.1% 62.7% 60.0% 58.3% 57.3% 50.5% 49.6%

# Agenda

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Results Overview

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FY12 Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

# OCBC Malaysia: Full year net profit up 4% YoY

<b>OCBC Malaysia</b>	<b>FY12 RM m</b>	<b>FY11 RM m</b>	<b>YoY +/(-)%</b>
Net interest income	1,246	1,220	2
Islamic Financing Income	243	182	34
Non-interest income	531	475	12
<b>Total income</b>	<b>2,020</b>	<b>1,877</b>	<b>8</b>
Operating expenses	(851)	(746)	14
<b>Operating profit</b>	<b>1,169</b>	<b>1,131</b>	<b>3</b>
Allowances	(84)	(96)	(13)
Tax	(274)	(255)	8
<b>Net profit</b>	<b>811</b>	<b>780</b>	<b>4</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>42.1</b>	<b>39.7</b>
<b>ROE</b>	<b>15.4</b>	<b>16.6</b>



# OCBC Malaysia: 4Q12 net profit down 16% YoY

<b>OCBC Malaysia</b>	<b>4Q12</b> RM m	<b>4Q11</b> RM m	<b>YoY</b> +/(-)%	<b>3Q12</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	324	310	5	311	4
Islamic Financing Income	81	62	31	59	37
Non-interest income	101	132	(24)	117	(14)
<b>Total income</b>	<b>506</b>	<b>504</b>	<b>0</b>	<b>487</b>	<b>4</b>
Operating expenses	(235)	(201)	17	(222)	6
<b>Operating profit</b>	<b>271</b>	<b>303</b>	<b>(11)</b>	<b>265</b>	<b>2</b>
Allowances	(22)	(9)	144	(25)	(12)
Tax	(63)	(73)	(14)	(61)	3
<b>Net profit</b>	<b>186</b>	<b>221</b>	<b>(16)</b>	<b>179</b>	<b>4</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>46.4</b>	<b>39.9</b>		<b>45.6</b>
<b>ROE</b>	<b>16.0</b>	<b>18.0</b>		<b>14.3</b>

# OCBC NISP: Full year net profit up 22% YoY

<b>OCBC NISP</b>	<b>FY12 RP b</b>	<b>FY11 RP b</b>	<b>YoY +/(-)%</b>
Net interest income	2,566	2,255	14
Non-interest income	836	651	28
<b>Total income</b>	<b>3,402</b>	<b>2,906</b>	<b>17</b>
Operating expenses	(1,941)	(1,703)	14
<b>Operating profit</b>	<b>1,461</b>	<b>1,203</b>	<b>21</b>
Allowances	(247)	(210)	17
Non Op Income / (Expenses)	8	13	(38)
Tax	(307)	(253)	21
<b>Net profit</b>	<b>915</b>	<b>753</b>	<b>22</b>

## Key ratios (%)


<b>Costs / Income</b>	<b>57.1</b>	<b>58.6</b>
<b>ROE</b>	<b>12.2</b>	<b>12.9</b>

# OCBC NISP: 4Q12 net profit up 13% YoY

<b>OCBC NISP</b>	<b>4Q12 RP b</b>	<b>4Q11 RP b</b>	<b>YoY +/(-)%</b>	<b>3Q12 RP b</b>	<b>QoQ +/(-)%</b>
Net interest income	687	608	13	673	2
Non-interest income	239	193	24	188	27
<b>Total income</b>	<b>926</b>	<b>801</b>	<b>15</b>	<b>861</b>	<b>7</b>
Operating expenses	(499)	(427)	17	(484)	3
<b>Operating profit</b>	<b>427</b>	<b>374</b>	<b>14</b>	<b>377</b>	<b>13</b>
Allowances	(83)	(64)	29	(44)	88
Non Op Income / (Expenses)	2	(2)	270	0	nm
Tax	(86)	(78)	10	(84)	3
<b>Net profit</b>	<b>259</b>	<b>230</b>	<b>13</b>	<b>249</b>	<b>4</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>54.0</b>	<b>53.3</b>		<b>56.2</b>
<b>ROE</b>	<b>12.5</b>	<b>15.4</b>		<b>12.2</b>



# 2012 Final Results Thank You