

Second Quarter 2013 Results Presentation

2 August 2013



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Agenda

Results Overview

2Q13 Performance Trends

Appendix: Financial Highlights of
Malaysian and Indonesian 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

2Q13 Highlights

Continued strong performance of our customer businesses:

- Net interest income grew, underpinned by broad-based loan expansion. Net interest margin stabilised quarter-on-quarter
- Fees and commissions achieved a new quarterly record
- Trading and investment income up year-on-year
- Increased contributions from our Malaysian and Indonesian subsidiaries
- Great Eastern's new business sales and new business embedded value grew. However, overall insurance income contributions declined as a result of unrealised mark-to-market losses in the Non-Participating Fund
- Operating expenses rose, mainly from headcount growth to support the business franchise, salary increments and higher incentive compensation
- Net allowances increased, majority in portfolio allowances which increased in line with loan growth
- Asset quality remained sound, NPL ratio improved
- Well-capitalised, CET1 14.9%, Tier 1 14.9% and Total CAR 16.8%

2Q13 net profit of S\$597m, 8% lower YoY

OCBC Group	2Q13 S\$m	2Q12 S\$m	YoY +/(-)%	1Q13 S\$m	QoQ +/(-)%
Net interest income	961	931	3	912	5
Non-interest income	606	596	2	676	(11)
Total income	1,567	1,527	3	1,588	(1)
Operating expenses	(718)	(661)	9	(672)	7
Operating profit	849	866	(2)	916	(7)
Amortisation of intangibles	(15)	(15)	-	(14)	-
Allowances	(83)	(38)	124	(21)	305
Associates & JVs	23	12	91	13	73
Tax & non-controlling interests ("NCI")	(177)	(177)	(1)	(198)	(11)
Net profit	597	648	(8)	696	(14)

2Q13 core net profit before GEH contribution up 12% QoQ and 1% YoY

	2Q13 S\$m	2Q12 S\$m	YoY +/(-)%	1Q13 S\$m	QoQ +/(-)%
Net interest income	944	918	3	895	5
Non-interest income	518	455	14	405	28
Total income	1,462	1,373	7	1,300	12
Operating expenses	(660)	(608)	9	(622)	6
Operating profit	802	765	5	678	18
Allowances	(83)	(37)	123	(21)	304
Associates & JVs	26	13	109	16	66
Amortisation, tax & NCI	(152)	(153)	-	(146)	4
Net profit from banking operations	593	587	1	527	12
GEH net profit contribution	4	61	(93)	169	(97)
OCBC Group net profit	597	648	(8)	696	(14)

GEH: 2Q13 core earnings contribution

GEH Contribution	2Q13 S\$m	2Q12 S\$m	YoY +/(-)%	1Q13 S\$m	QoQ +/(-)%
Profit from insurance business	18	77	(77)	187	(91)
- Operating profit ^{1/}	155	117	32	131	18
- Non-operating profit/(loss) ^{2/}	(156)	(57)	(173)	38	(506)
- Others ^{3/}	19	17	13	18	6
Profit from Shareholders' Fund	30	24	22	51	(42)
Sub-total	47	101	(54)	238	(80)
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	0	-	(0)	-
Associates & JVs	(1)	(1)	-	(1)	-
Tax & non-controlling interests	(29)	(28)	4	(57)	(48)
Net profit contribution	4	61	(93)	169	(97)

1/ Note: Operating Profit is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc). It excludes changes in the fair value of assets and liabilities

2/ Non-operating profit mainly comprises changes in the fair value of assets and liabilities, changes in liability discount rates and other non-recurring items

3/ Mainly tax

1H13 core net profit of S\$1.29b down 10% YoY

OCBC Group	1H13 S\$m	1H12 S\$m	YoY +/(-)%	2H12 S\$m	HoH +/(-)%
Net interest income	1,873	1,882	(1)	1,866	-
Non-interest income	1,282	1,386	(7)	1,511	(15)
Total income	3,155	3,268	(3)	3,377	(7)
Operating expenses	(1,390)	(1,286)	8	(1,409)	(1)
Operating profit	1,765	1,982	(11)	1,968	(10)
Amortisation of intangibles	(29)	(30)	(3)	(30)	(3)
Allowances	(104)	(134)	(22)	(137)	(25)
Associates & JVs	36	18	96	9	332
Tax & NCI	(375)	(398)	(6)	(422)	(11)
Core net profit	1,293	1,438 ^{1/}	(10)	1,387 ^{2/}	(7)
Divestment gain, net of tax	-	42	(100)	1,126	(100)
Net profit	1,293	1,480	(13)	2,513	(49)



1/ Gain from divestment of property at Bourke Street, Melbourne, Australia

2/ Gain from divestment of the Group's shareholdings in Fraser and Neave, Limited ("F&N") and Asia Pacific Breweries Limited ("APB")

1H13 core net profit before GEH contribution up 7% HoH and 4% lower YoY

	1H13 S\$m	1H12 S\$m	YoY +/(-)%	2H12 S\$m	HoH +/(-)%
Net interest income	1,839	1,854	(1)	1,830	-
Non-interest income	923	925	-	973	(5)
Total income	2,762	2,779	(1)	2,803	(1)
Operating expenses	(1,282)	(1,189)	8	(1,315)	(3)
Operating profit	1,480	1,589	(7)	1,489	(1)
Allowances	(104)	(133)	(22)	(138)	(25)
Associates & JVs	42	18	137	20	114
Amortisation, tax & NCI	(299)	(316)	(5)	(325)	(8)
Core net profit	1,120	1,158 ^{1/}	(4)	1,044 ^{2/}	7
Divestment gain, net of tax	-	42	(100)	786	(100)
Net profit from banking operations	1,120	1,200	(7)	1,830	(39)
GEH net profit contribution	174	280	(38)	683	(75)
OCBC Group net profit	1,293	1,480	(13)	2,513	(49)



1/ Gain from divestment of property at Bourke Street, Melbourne, Australia

2/ Gain from divestment of the Group's shareholdings in Fraser and Neave, Limited ("F&N") and Asia Pacific Breweries Limited ("APB")

GEH: 1H13 core earnings contribution

GEH Contribution	1H13 S\$m	1H12 S\$m	YoY +/(-)%	2H12 S\$m	HoH +/(-)%
Profit from insurance business	205	306	(33)	426	(52)
- Operating profit ^{1/}	286	222	29	279	2
- Non-operating profit/(loss) ^{2/}	(117)	51	(332)	111	(206)
- Others ^{3/}	36	33	10	36	-
Profit from Shareholders' Fund	81	87	(7)	54	51
Sub-total	285	393	(27)	480	(40)
Amortisation of intangibles	(23)	(23)	-	(23)	-
Allowances	(0)	(0)	-	0	-
Associates & JVs	(2)	0	-	(4)	-
Tax & non-controlling interests	(86)	(89)	(4)	(111)	(22)
Core net profit contribution	174	280	(38)	342	(49)
Divestment gain, net of tax	-	-	-	341 ^{4/}	(100)
Net profit contribution	174	280	(38)	683	(75)

1/ Note: Operating Profit is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc). It excludes changes in the fair value of assets and liabilities

2/ Non-operating profit mainly comprises changes in the fair value of assets and liabilities, changes in liability discount rates and other non-recurring items

3/ Mainly tax

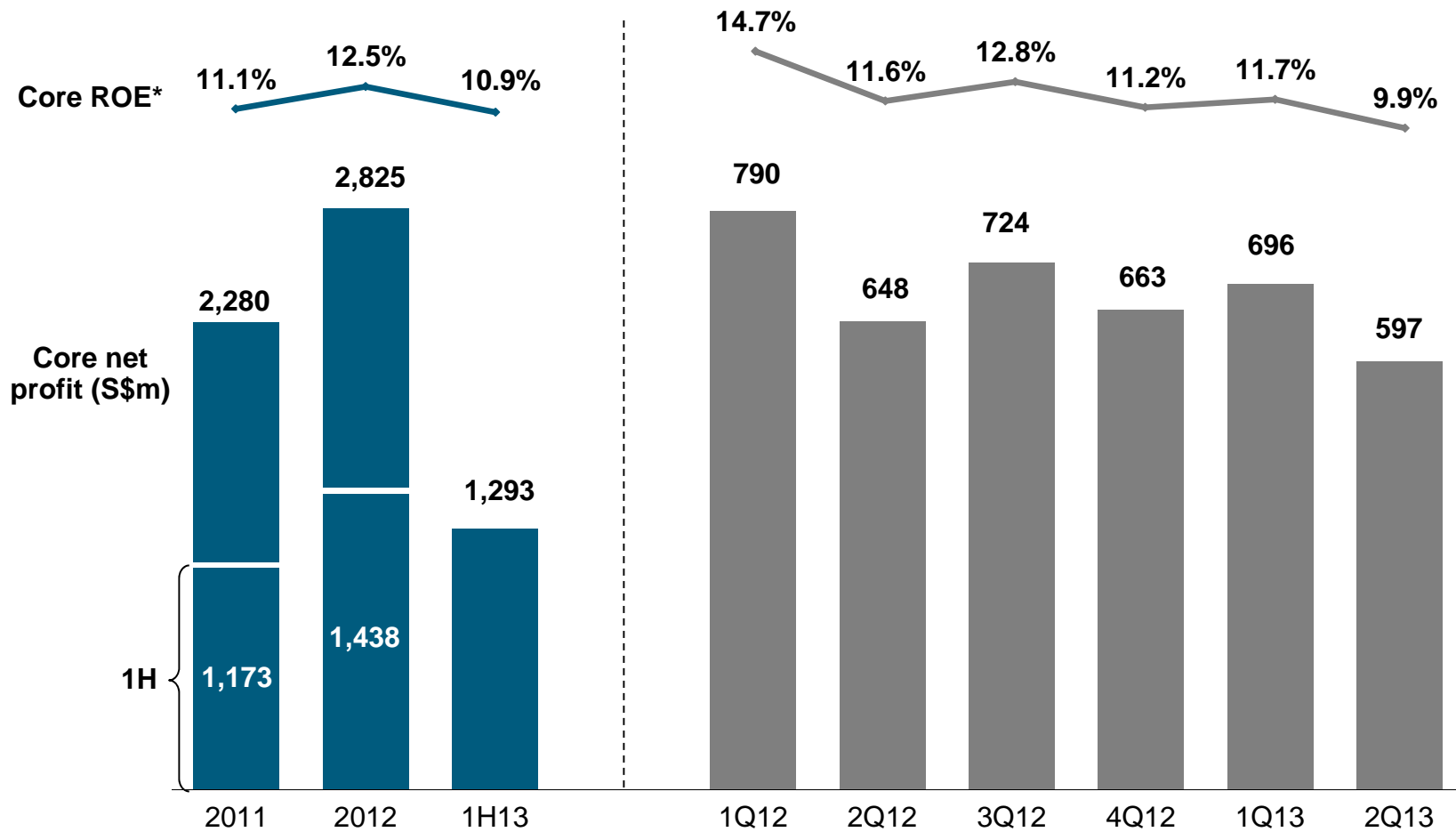
4/ Gain from divestment of the Group's shareholdings in Fraser and Neave, Limited ("F&N") and Asia Pacific Breweries Limited ("APB")



Key ratios

Based on core earnings	2Q13 %	2Q12 %	1Q13 %	1H13 %	1H12 %
Net interest margin	1.64	1.77	1.64	1.64	1.82
Non-interest income / Total income	38.6	39.0	42.6	40.6	42.4
Cost / Income	45.8	43.3	42.3	44.1	39.4
Loans / Deposits	89.2	85.3	87.0	89.2	85.3
NPL Ratio	0.7	0.9	0.7	0.7	0.9
Allowances / NPAs	143.9	125.4	149.0	143.9	125.4
ROE	9.9	11.6	11.7	10.9	13.1
Cash ROE	10.2	11.9	12.0	11.1	13.4

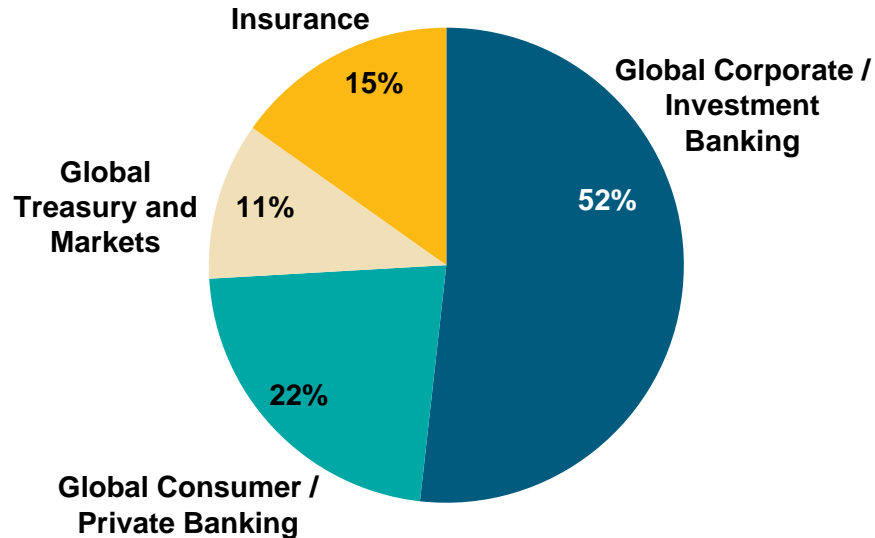
1H13 ROE at 10.9%



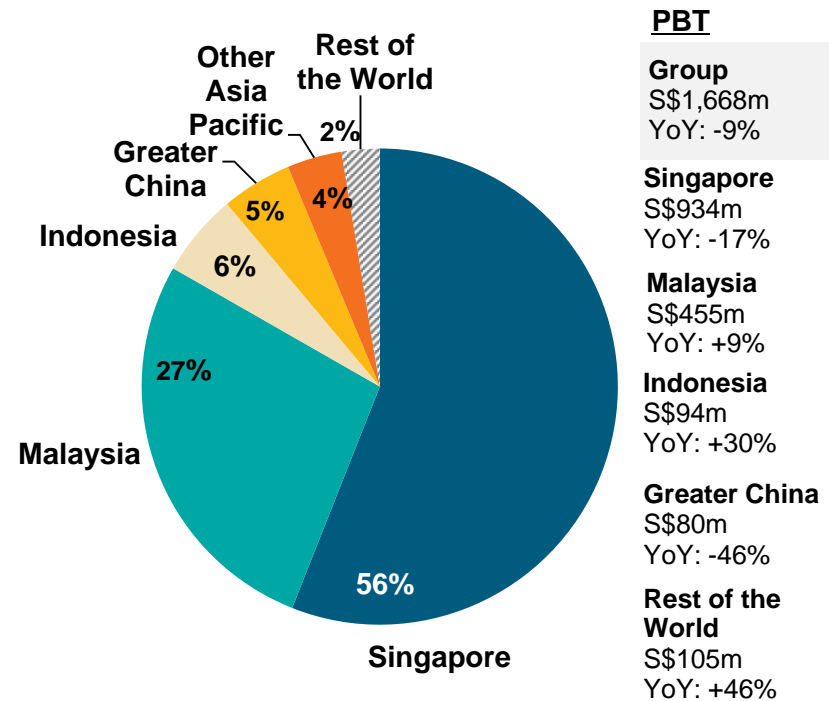
* Quarterly and half-yearly figures annualised

Profit contribution by business and geography

**1H13 PBT
by Business***



**1H13 PBT
by Geography**



PBT

Group
S\$1,668m
YoY: -9%

Singapore
S\$934m
YoY: -17%

Malaysia
S\$455m
YoY: +9%

Indonesia
S\$94m
YoY: +30%

Greater China
S\$80m
YoY: -46%

Rest of the World
S\$105m
YoY: +46%



* Core operating profit after allowances and amortisation. 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.

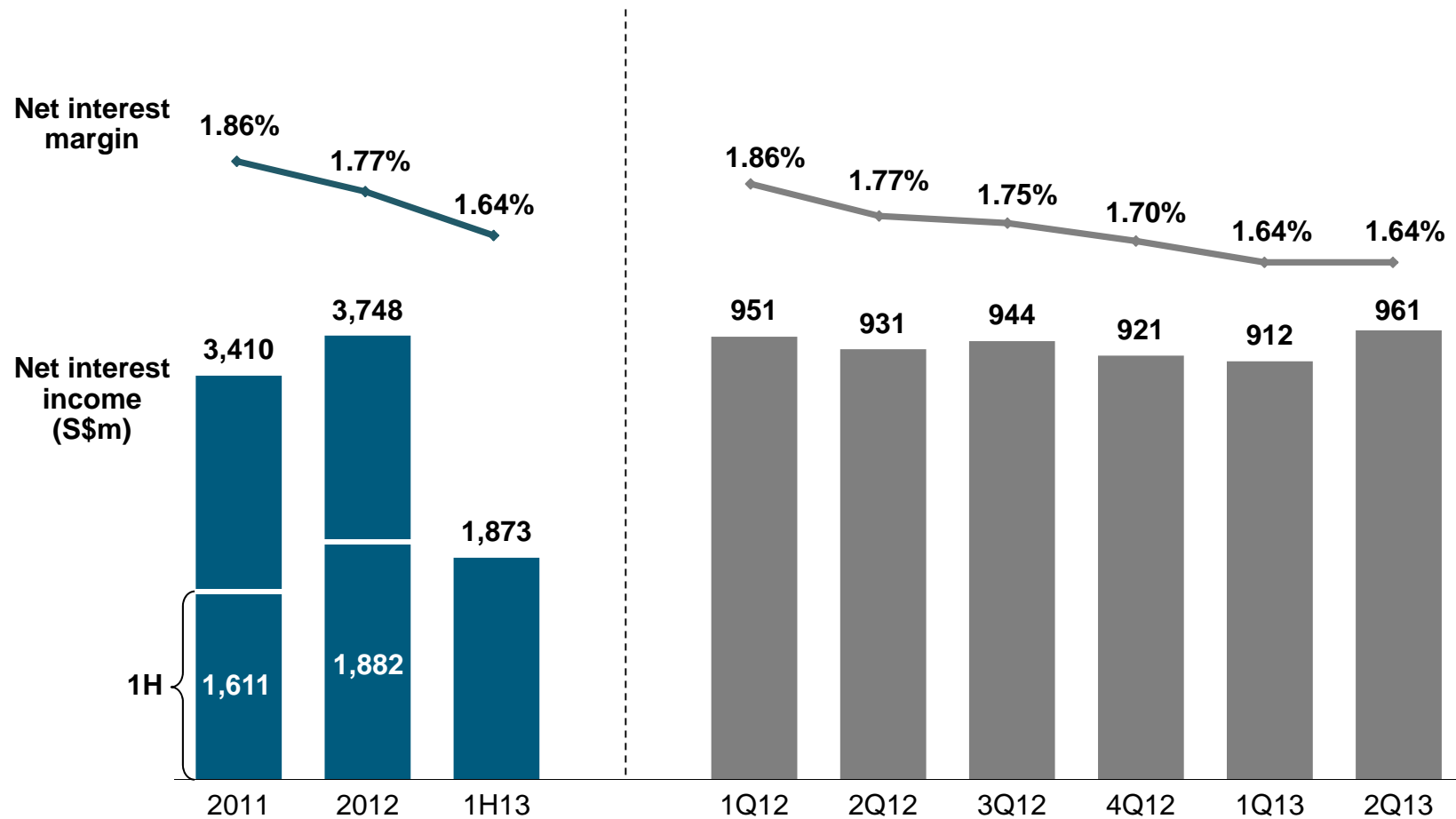
Agenda

Results Overview

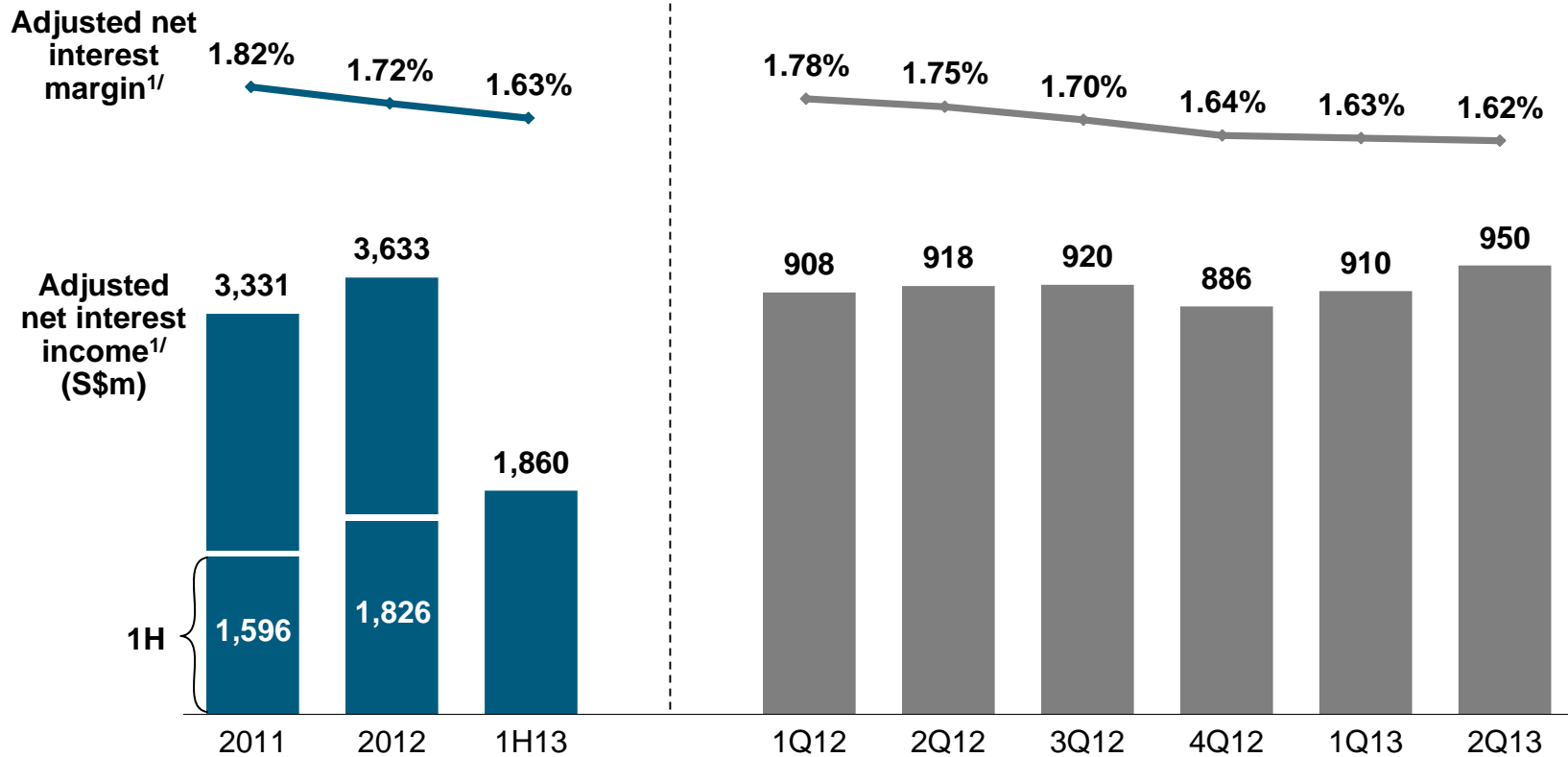
2Q13 Performance Trends

Appendix: Financial Highlights of
Malaysian and Indonesian Subsidiaries

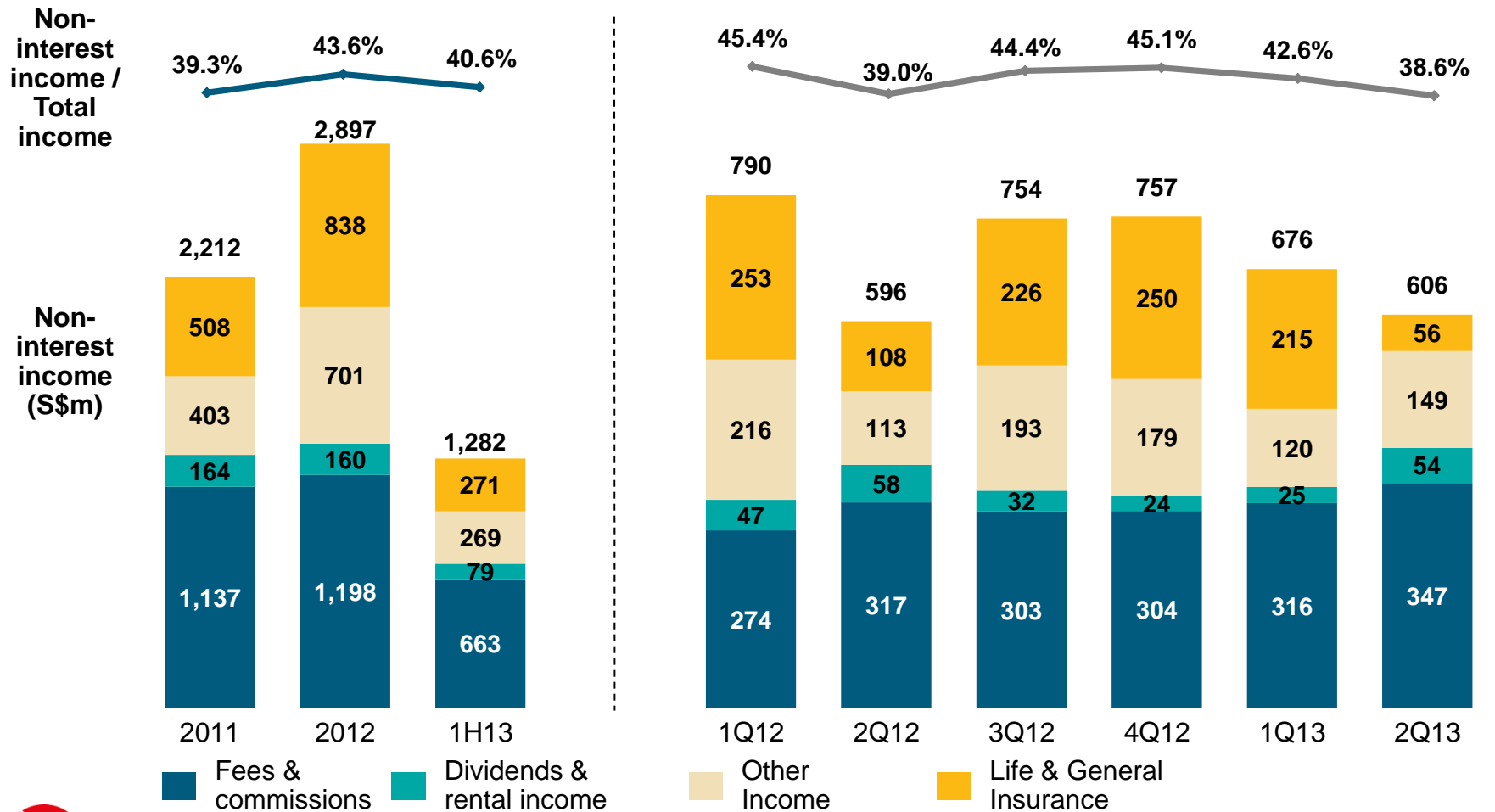
Net interest income rose 3% YoY, driven by broad-based loan growth; NIM unchanged QoQ



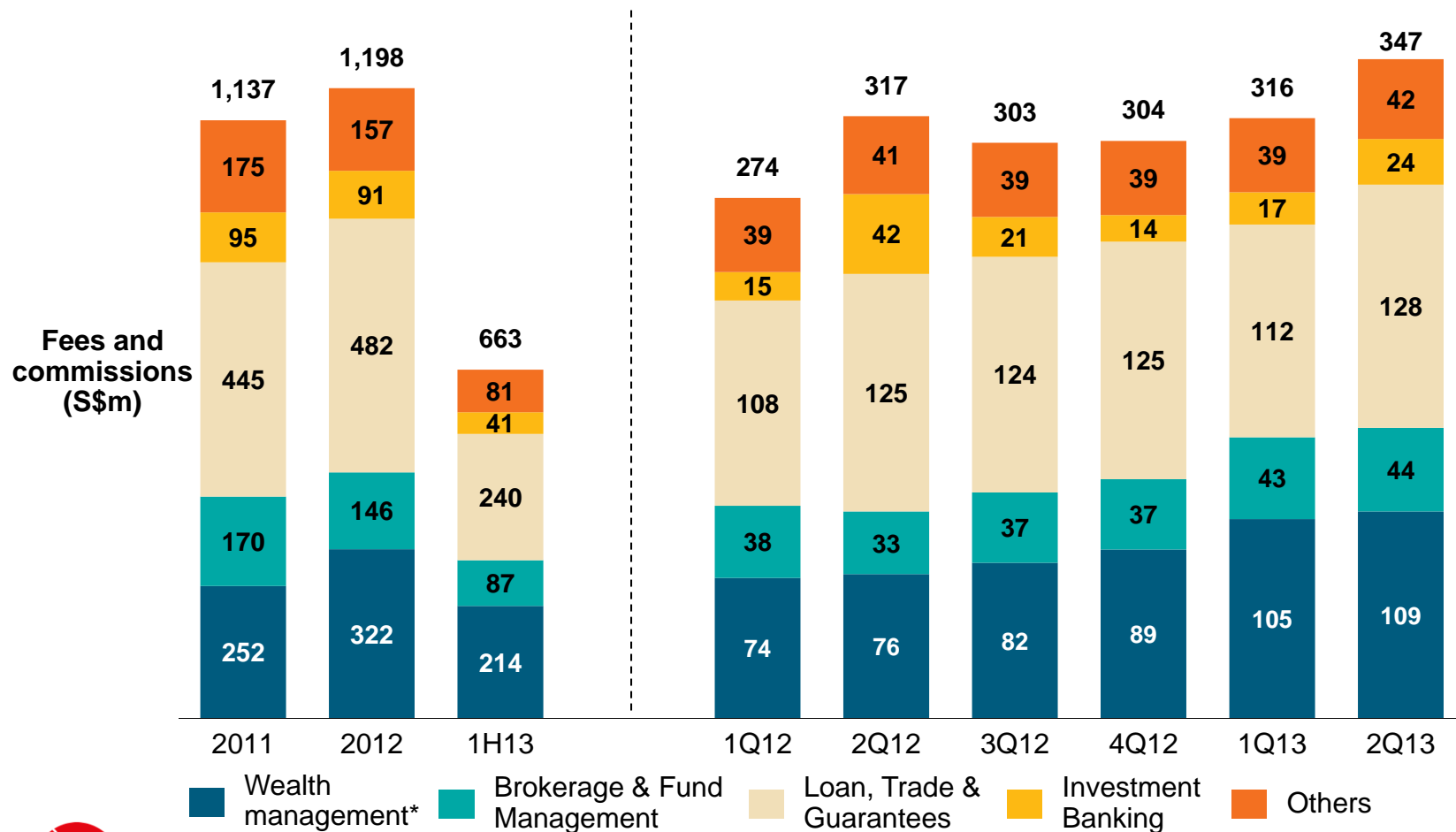
Net interest income less specific allowances increased 3% YoY



Non-interest income up 2% YoY, driven by higher fee & commission income, partially offset by lower insurance income

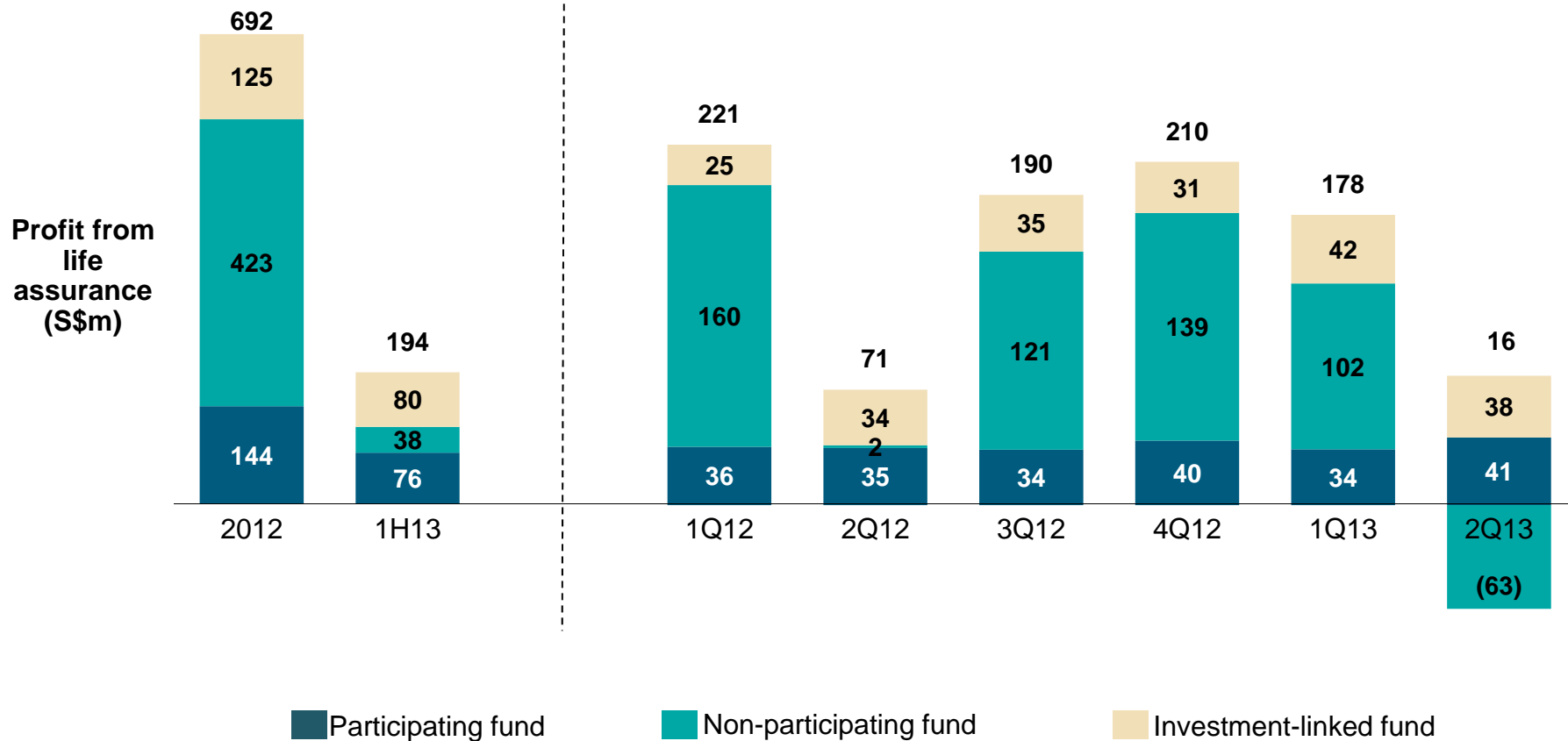


Fee income up 9% YoY to S\$347m; led by higher wealth management, loan-related, brokerage and fund management fees

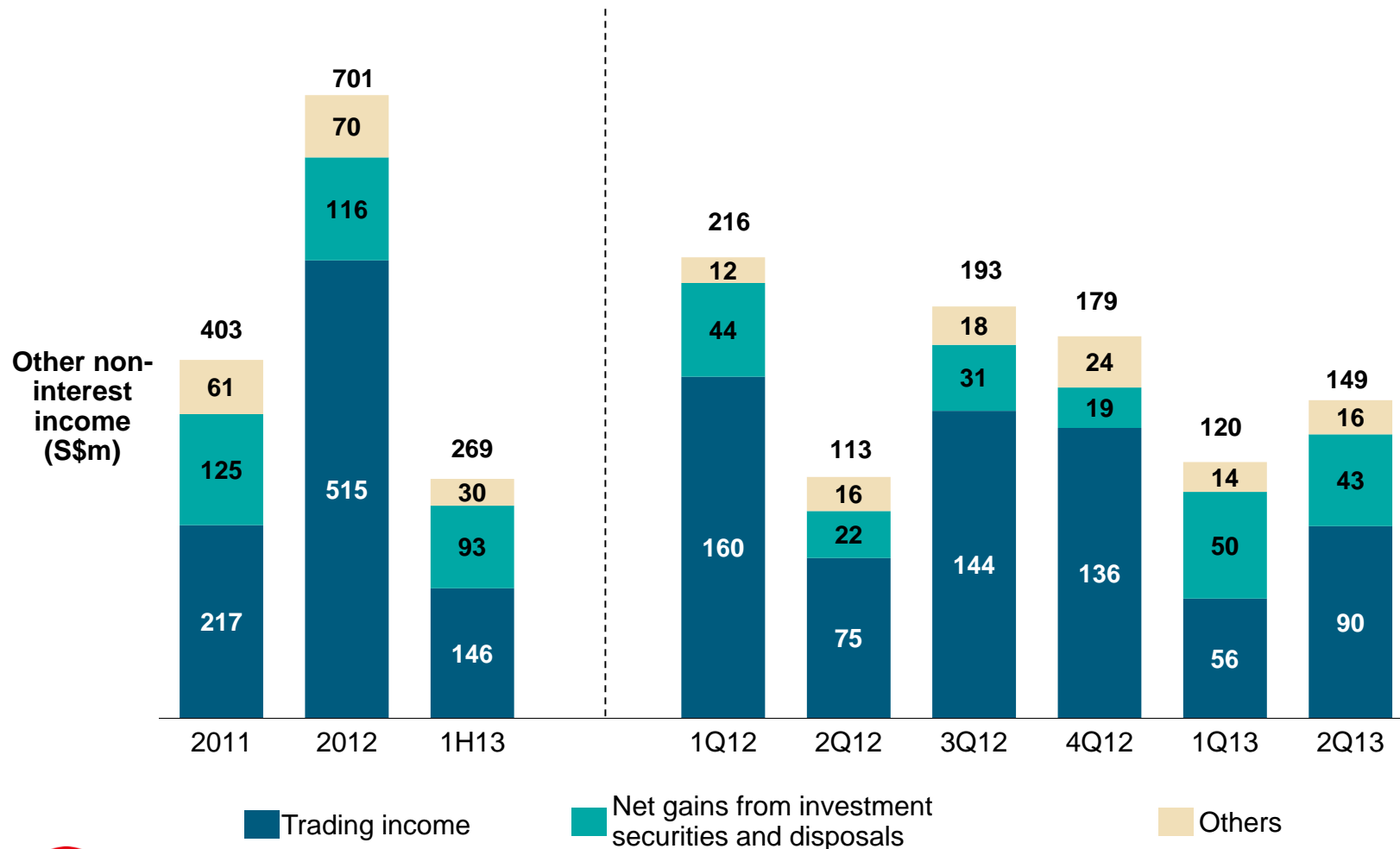


*Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

Profit from life assurance decreased 78% YoY, as a result of unrealised mark-to-market losses in the Non-Participating Fund

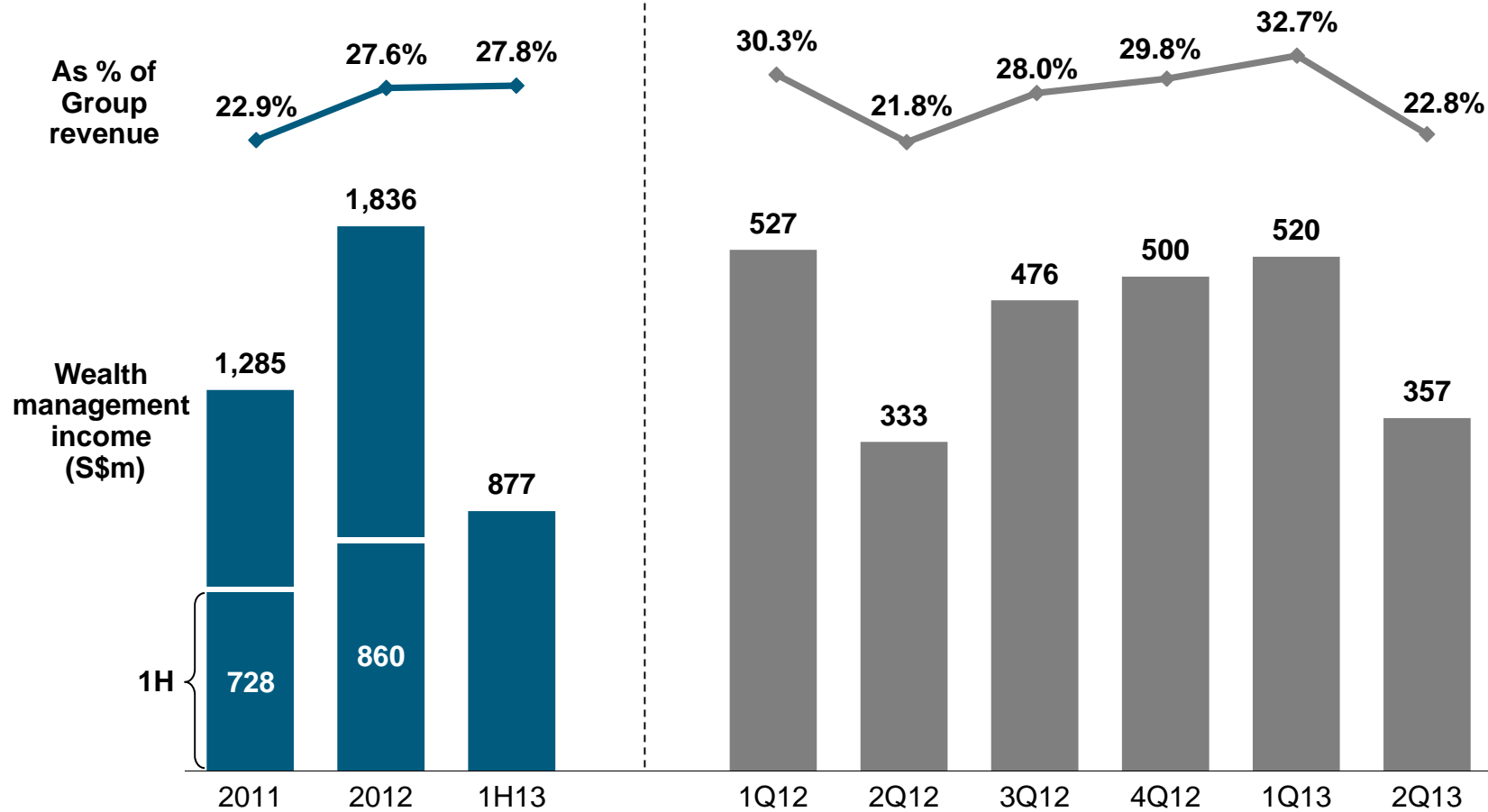


Other non-interest income grew 33% YoY, led by higher trading income from customer flows and investment income

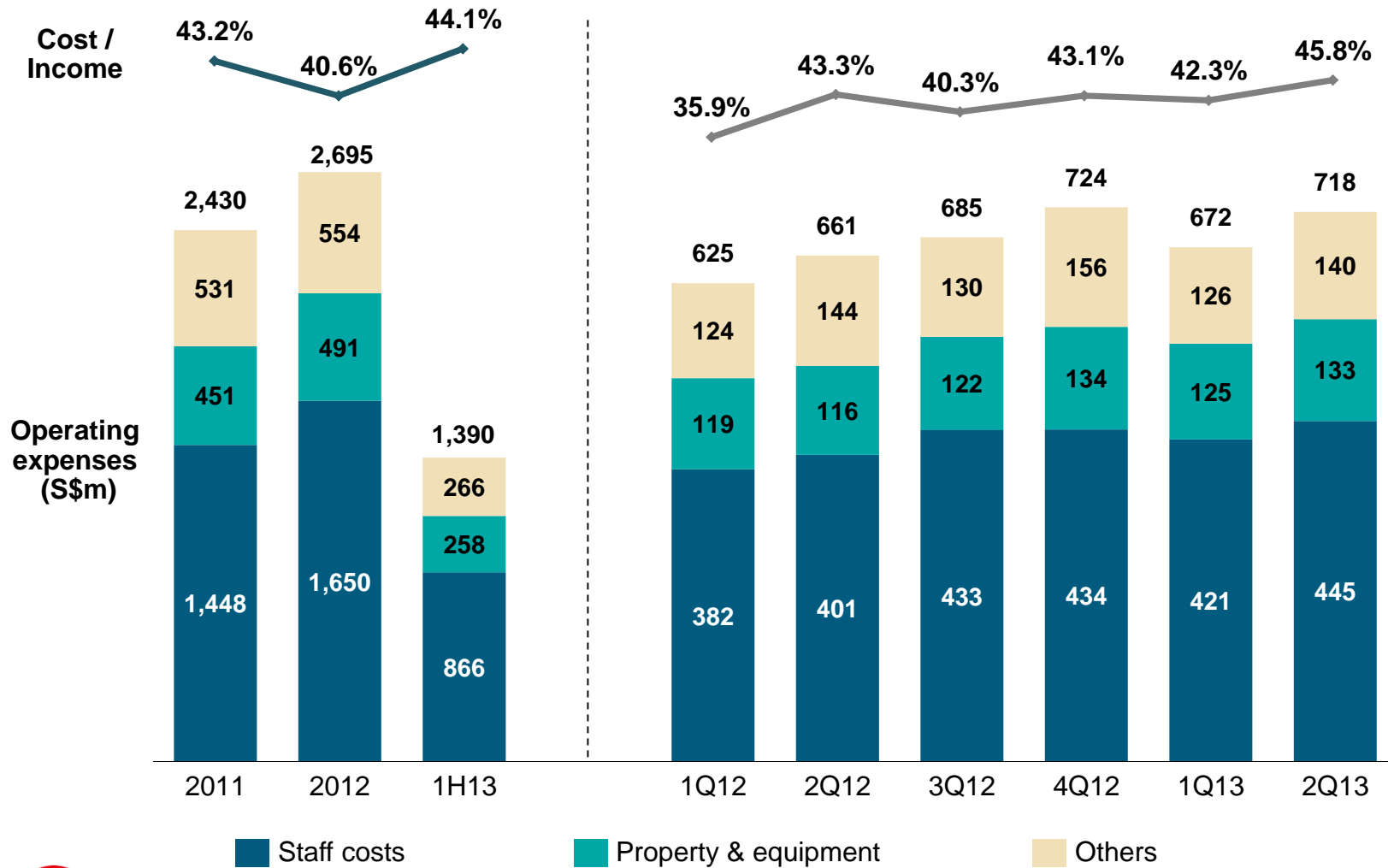


Note: Excludes gains from divestment of non-core assets

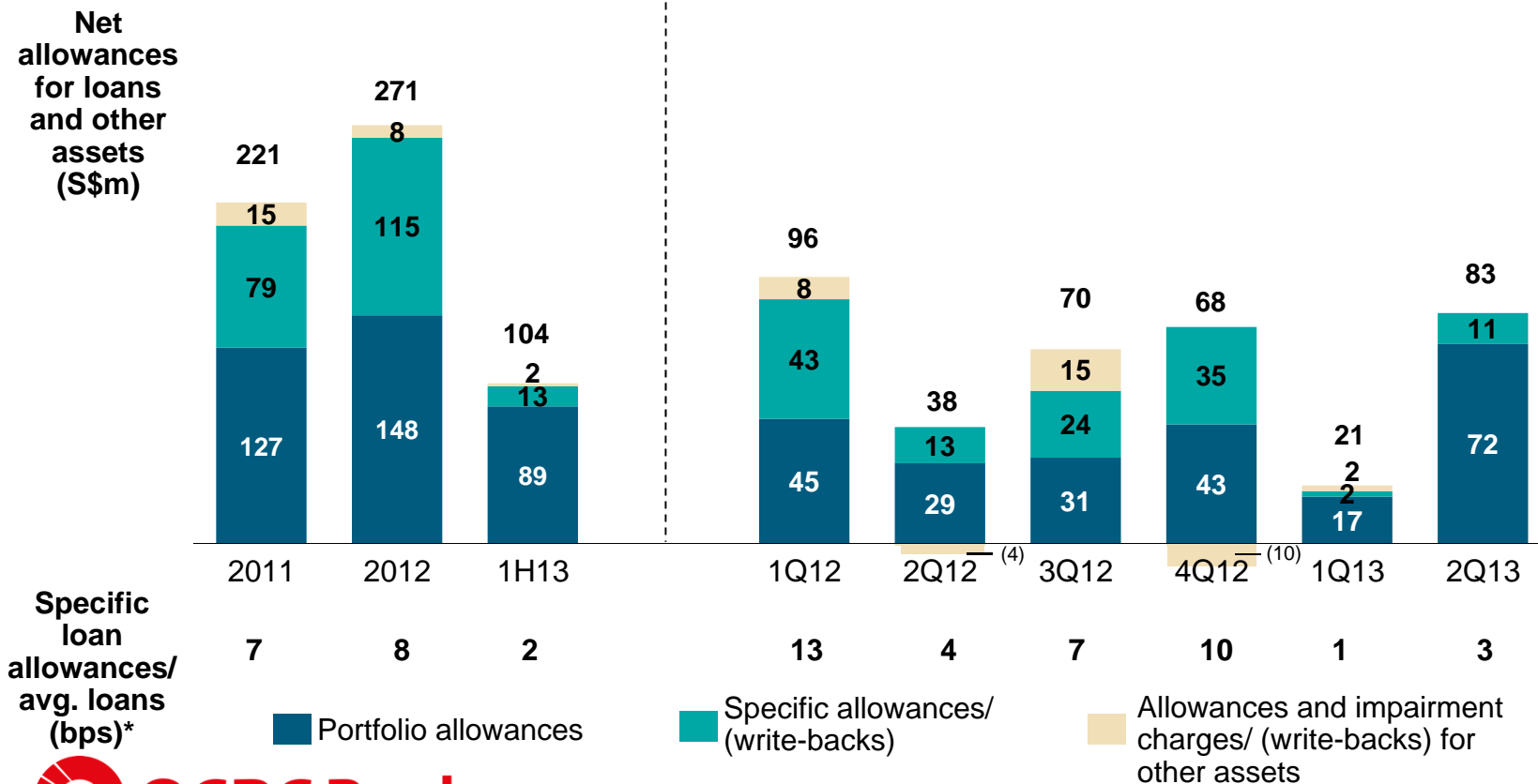
Wealth management income up 7% YoY



Cost-to-income ratio impacted by unrealised mark-to-market losses in GEH's Non-Participating Fund



Net allowances up YoY: Specific allowances down 11%. Portfolio allowances up 151% in line with strong loan growth



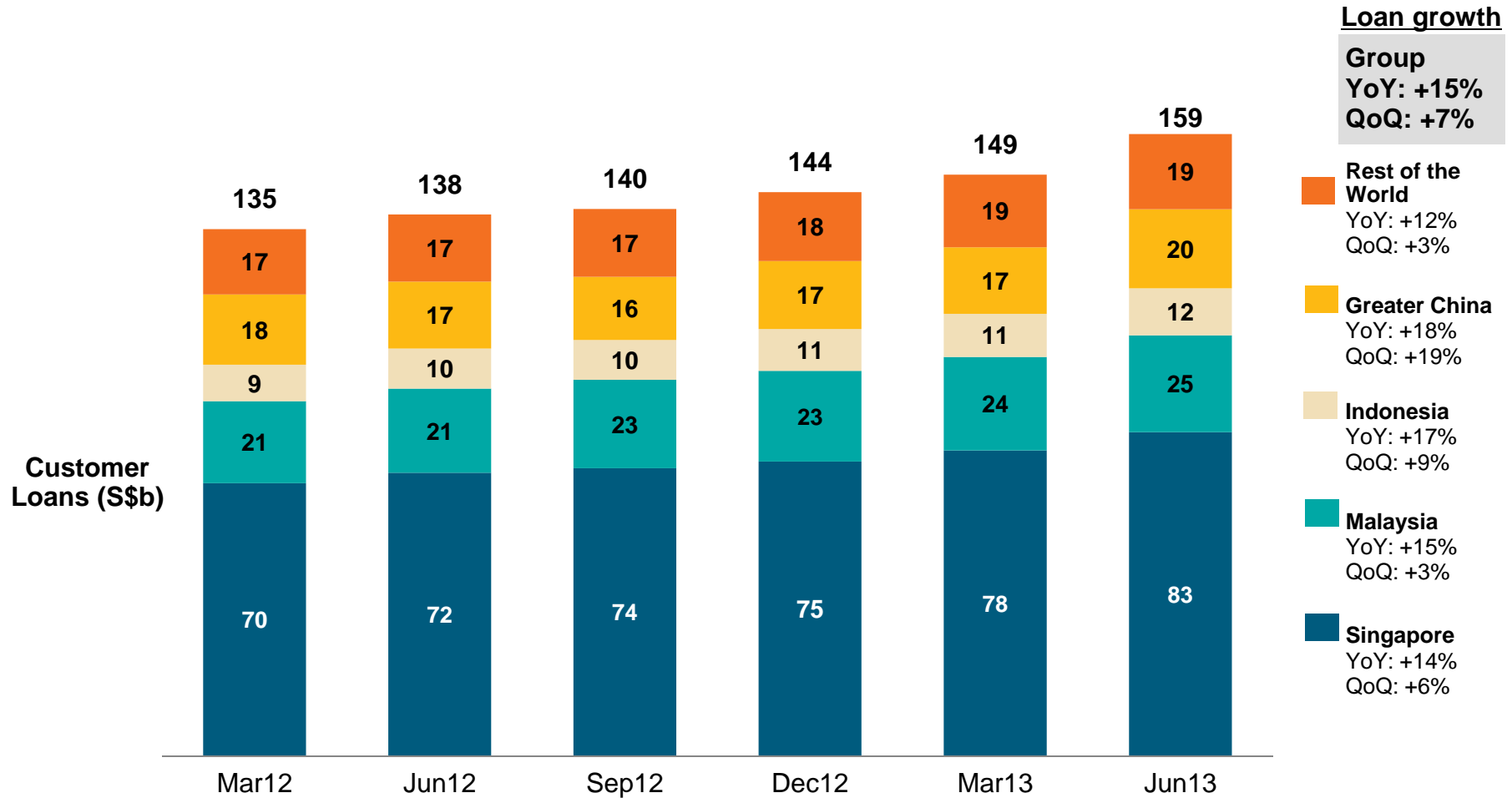
Net specific allowances

	2Q13 S\$m	2Q12 S\$m	1Q13 S\$m	1H13 S\$m	1H12 S\$m
Allowances for new and existing NPLs	51	67	49	100	146
Write-backs ^{1/}	(28)	(44)	(26)	(54)	(69)
Recoveries ^{2/}	(12)	(11)	(21)	(33)	(21)
Net specific allowances	11	13	2	13	56



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

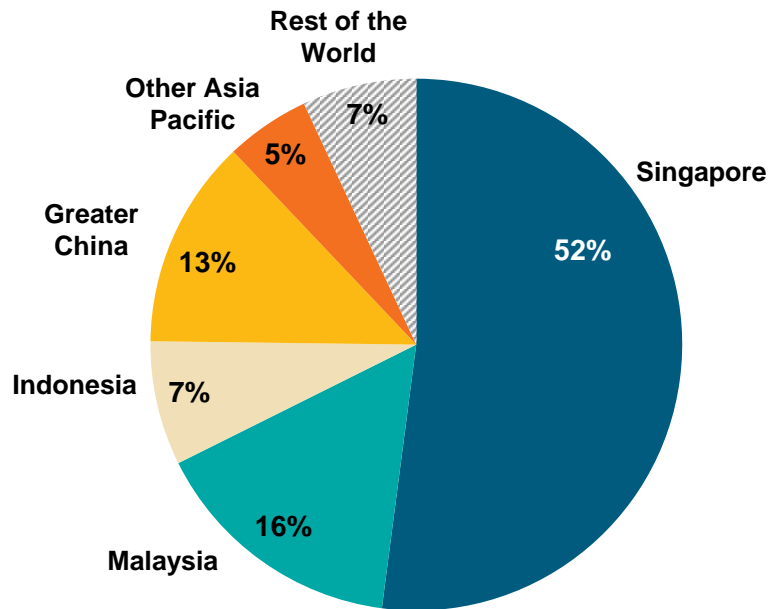
Loans increased 15% YoY & 7% QoQ



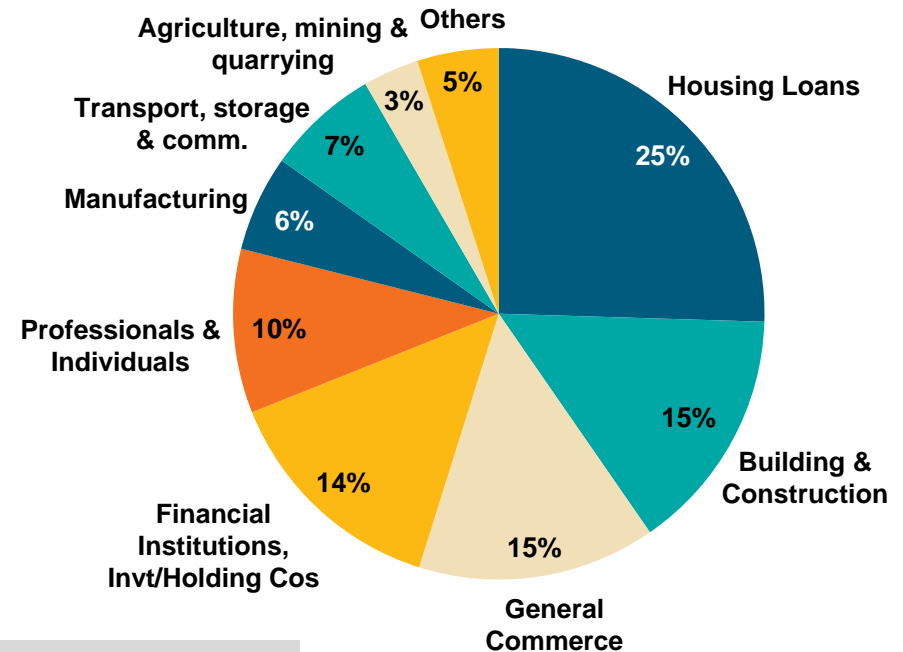
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

Loan book remained diversified across geographies and sectors

**Customer Loans by Geography
As of 30 June 2013**

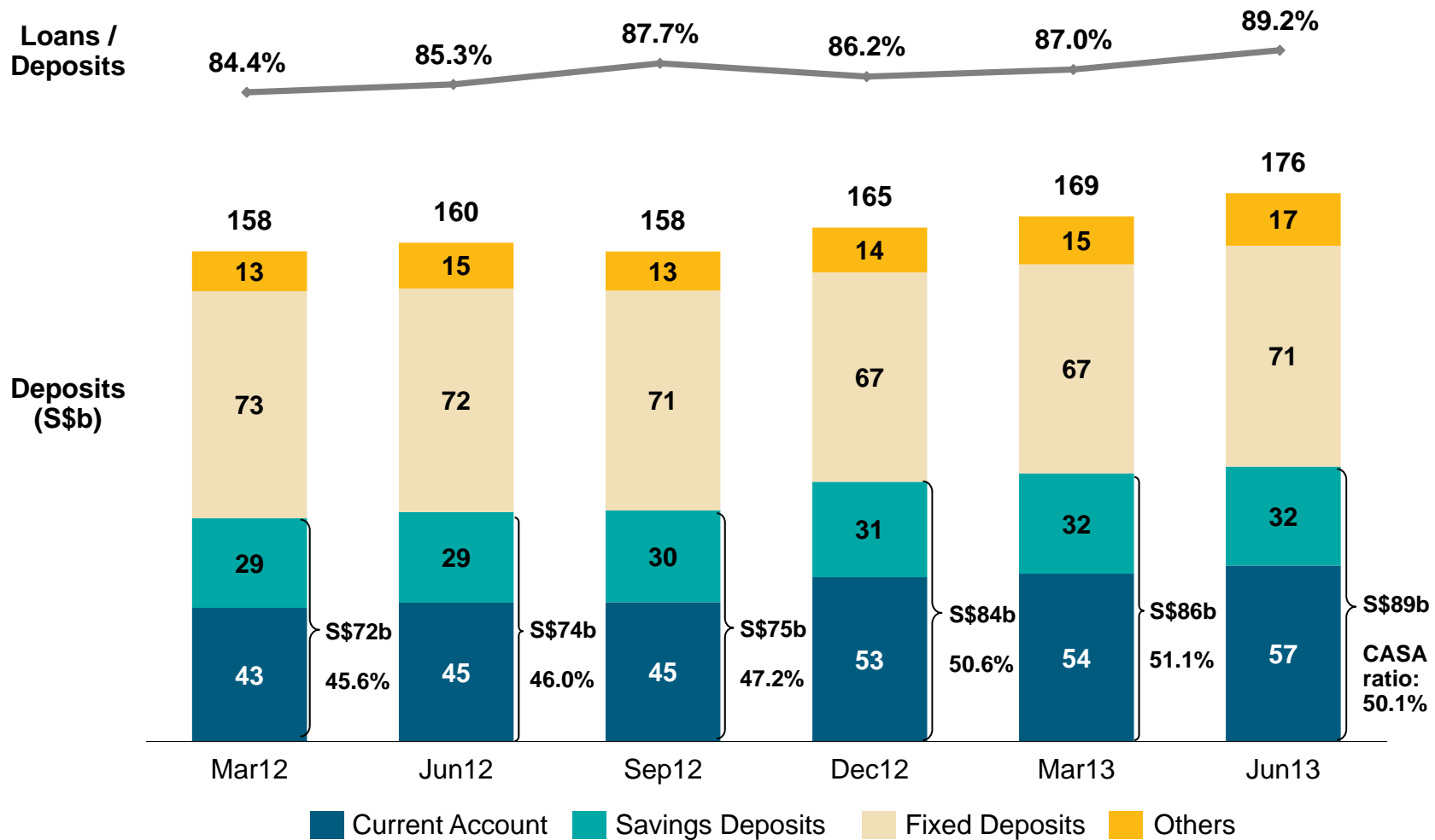


**Customer Loans by Industry
As of 30 June 2013**



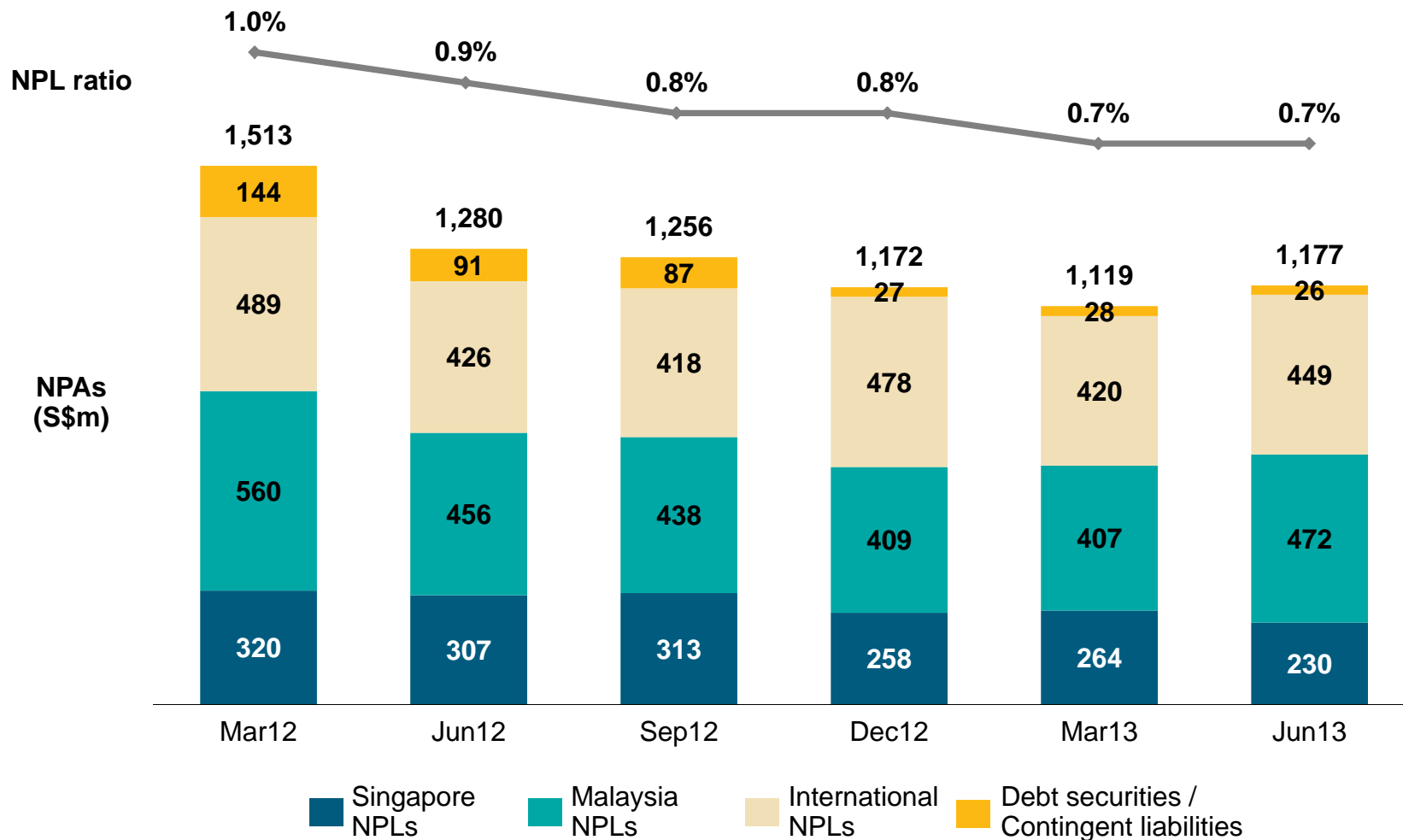
Total: S\$159b

Deposits up 10% YoY & 4% QoQ; CASA deposits represent more than half of total deposits



Note: CASA ratio refers to the ratio of current and savings deposits to total deposits

NPL ratio improved YoY; NPAs remained low

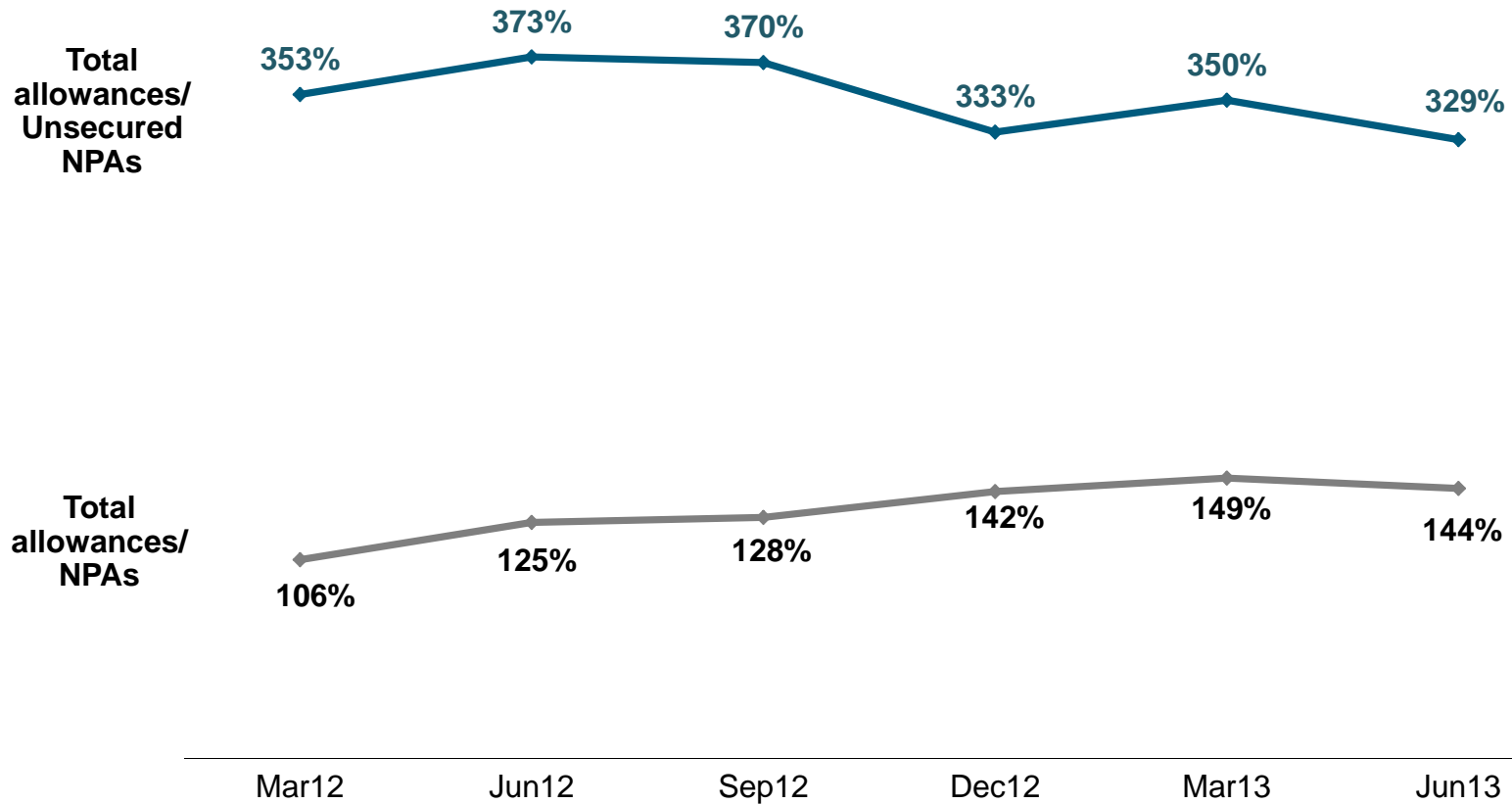


Note: NPAs comprise NPLs and classified debt securities/contingent liabilities

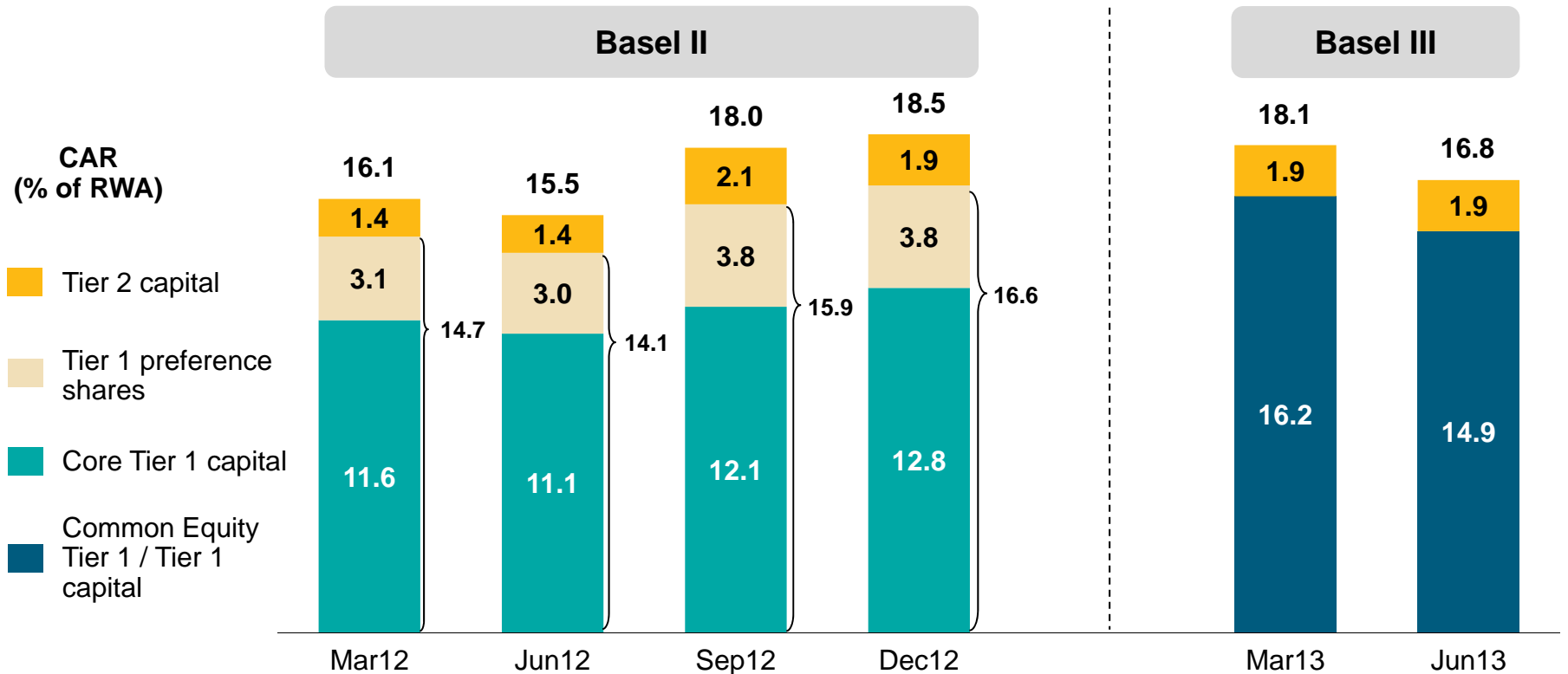
NPAs

	2Q13 S\$m	2Q12 S\$m	1Q13 S\$m	1H13 S\$m	1H12 S\$m
NPAs – Opening balance	1,119	1,513	1,172	1,172	1,437
New NPAs	253	156	122	375	459
New recoveries/upgrades	(140)	(349)	(144)	(284)	(552)
Write-offs	(55)	(40)	(31)	(86)	(64)
NPAs – Closing balance	1,177	1,280	1,119	1,177	1,280

Allowance coverage ratios remained healthy



Capital adequacy ratios

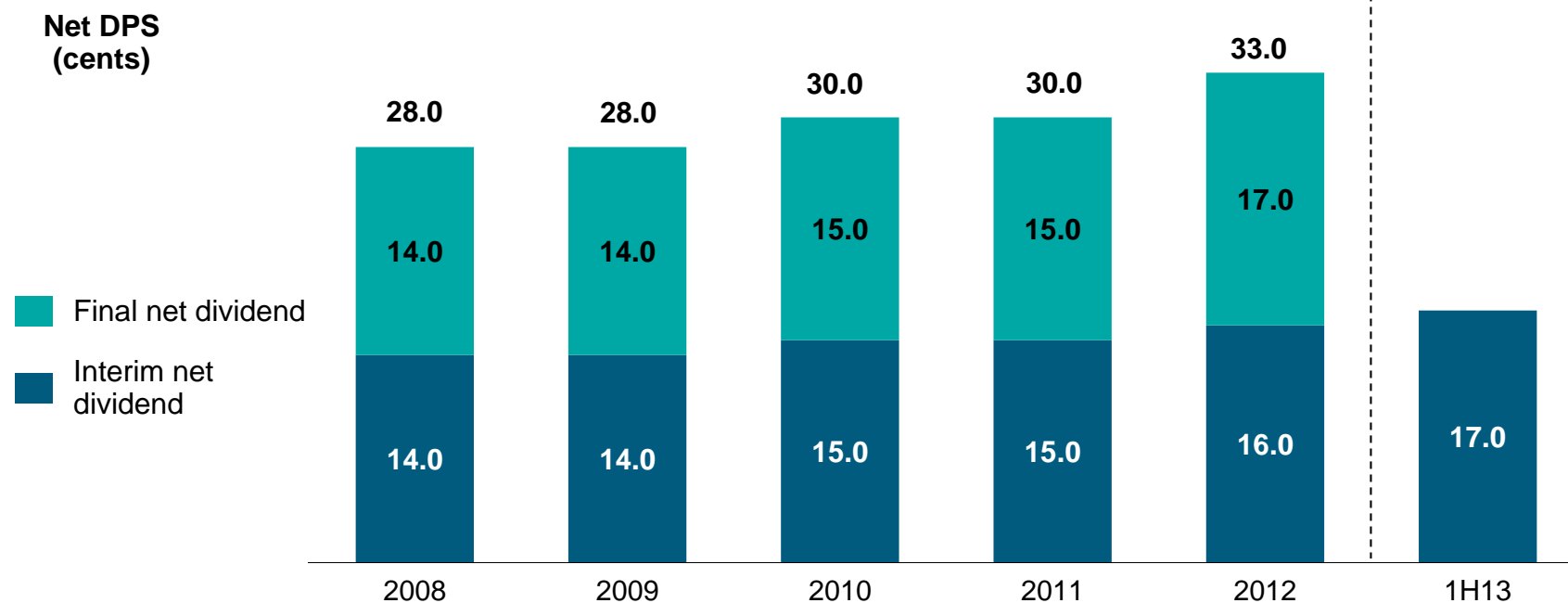


Tier 1 capital (\$m)	19,024	18,981	20,934	21,591	CET1 capital (\$m)	22,794	22,146
Tier 1 prefs. (\$m)	3,958	3,954	4,954	4,954	Tier 1 capital (\$m)	22,794	22,146
RWA (\$m)	129,183	134,467	131,263	129,647	RWA (\$m)	140,395	148,131



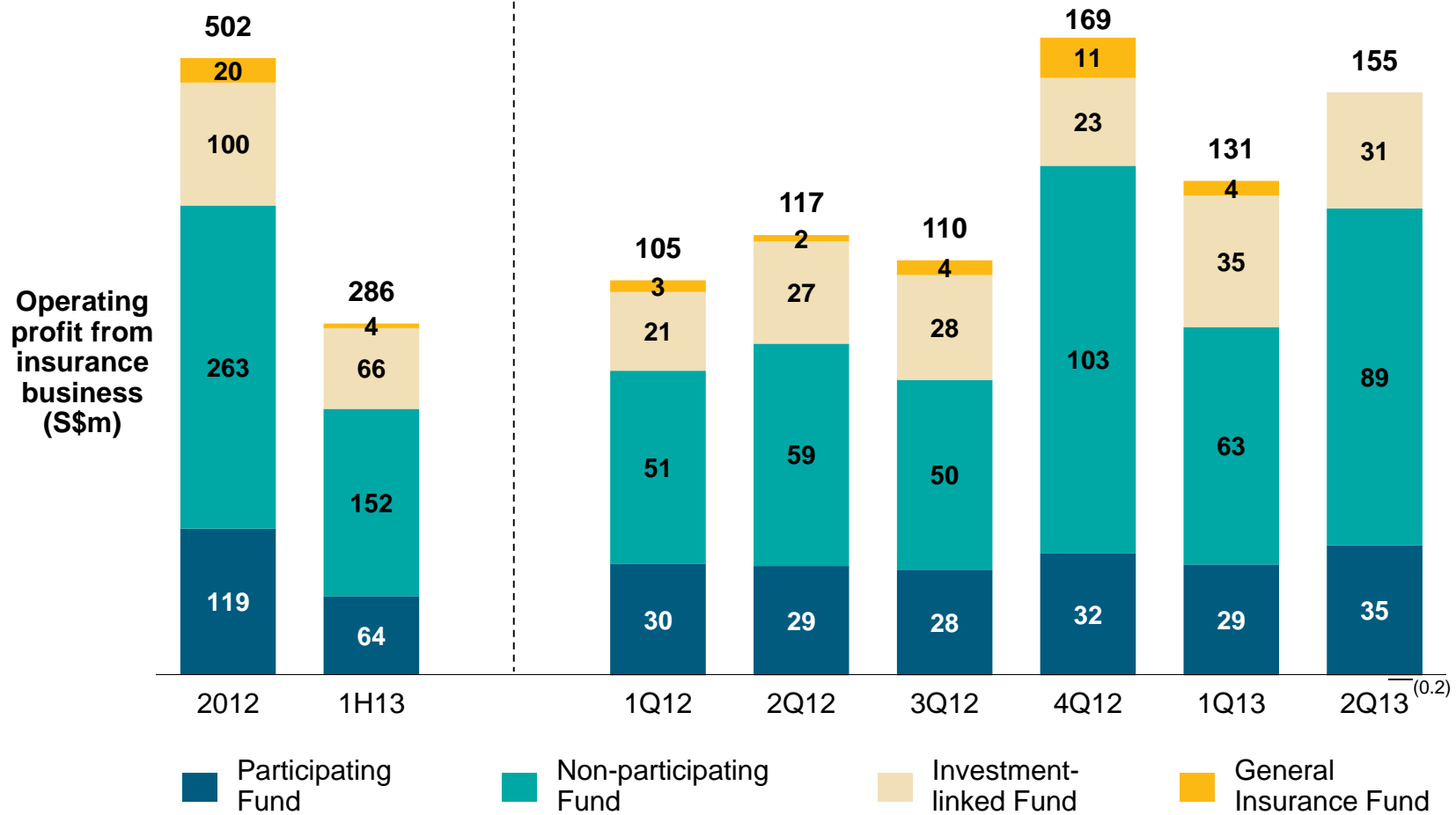
Note: Capital ratios for 2013 are computed based on MAS' transitional Basel III framework; capital ratios for 2012 are computed based on Basel II framework

Interim dividend increased to 17 cents per share



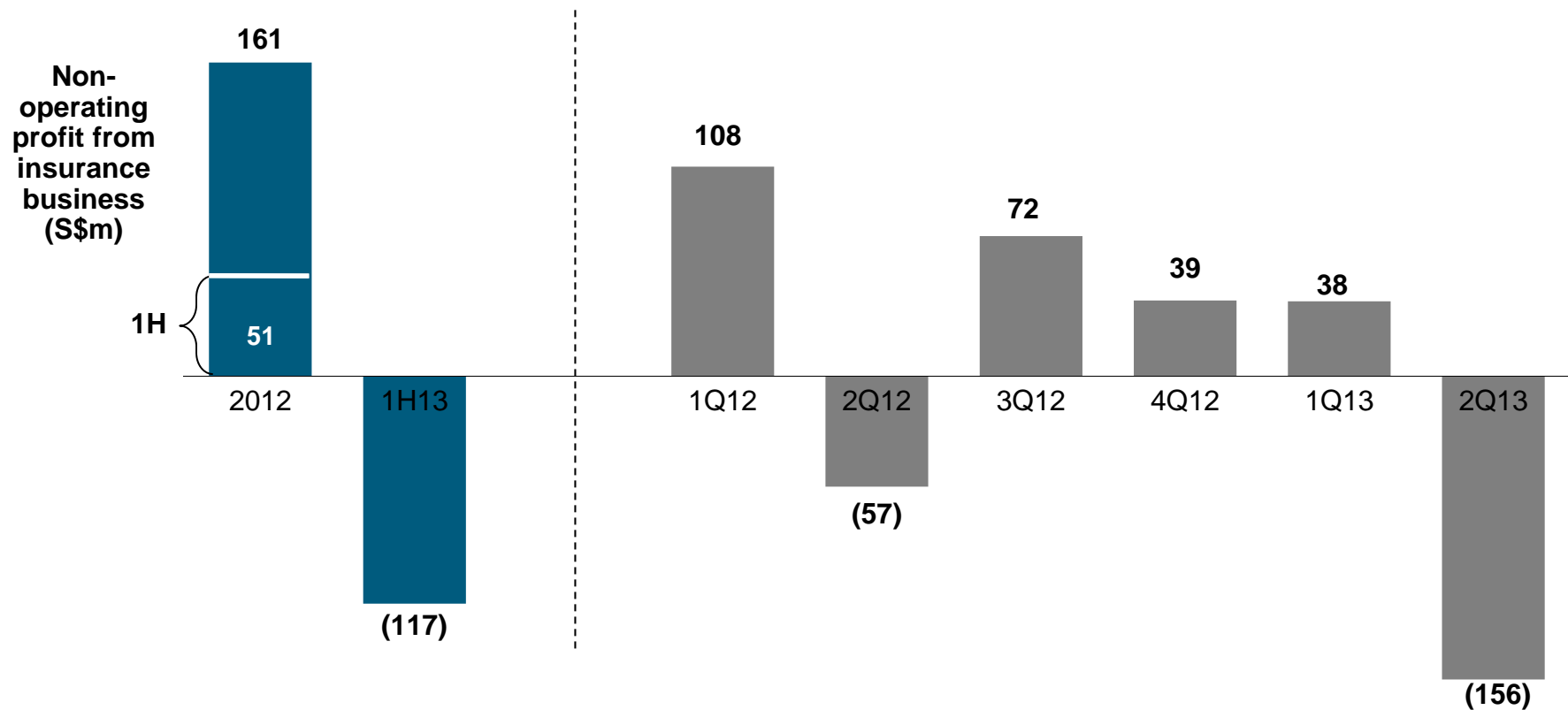
Net Dividends (S\$m)	868	898	994	1,024	1,133	583
Core Net Profit (S\$m)	1,486	1,962	2,253	2,280	2,825	1,293
Dividend Payout Ratio	58%	46%	44%	45%	40%	45%

GEH: Operating profit from insurance business rose 32% YoY

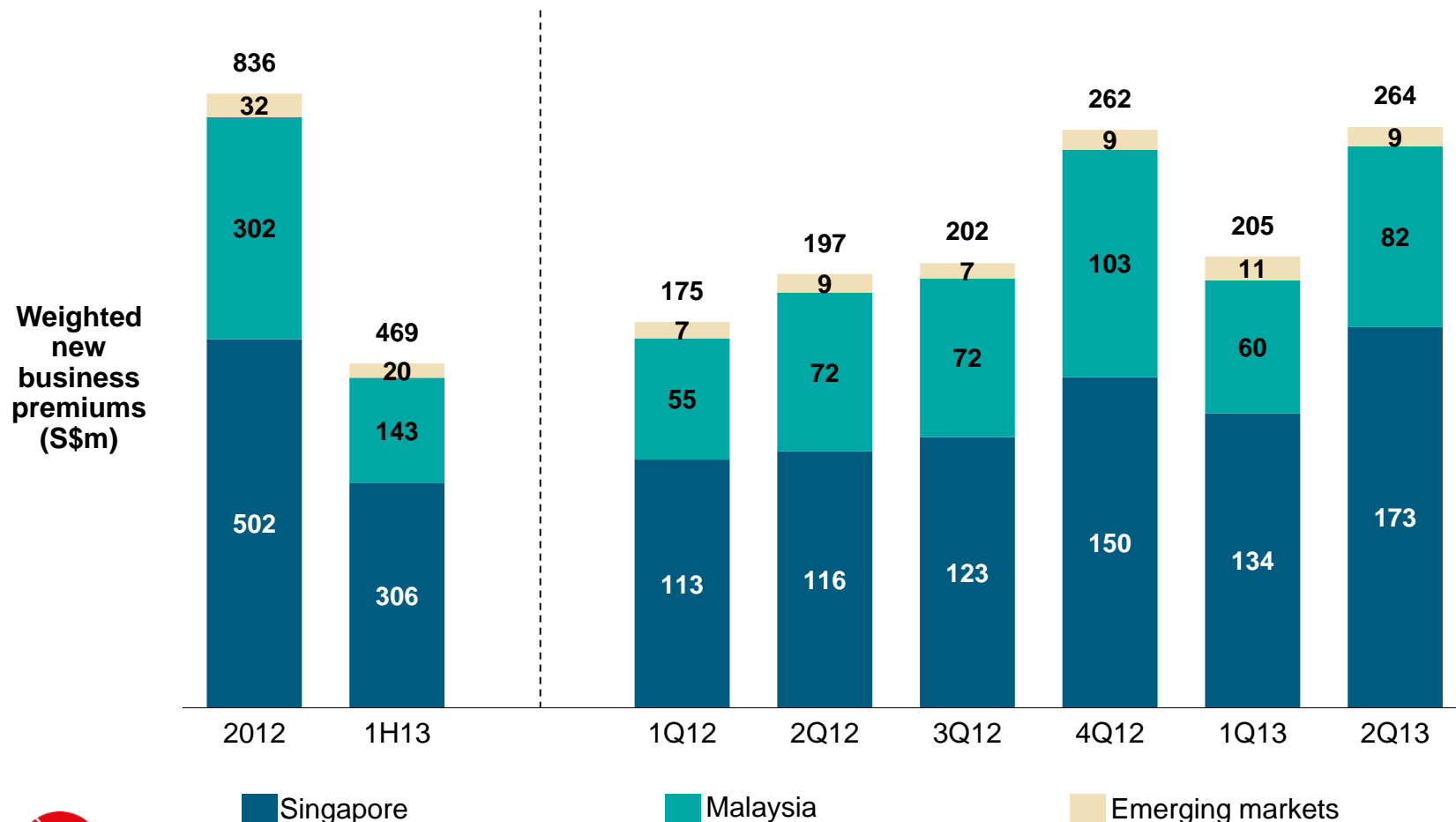


Note: Operating Profit is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc). It excludes changes in the fair value of assets and liabilities

GEH: Non-operating losses in 2Q13 caused by unrealised mark-to-market losses as investment market sentiments weakened at the end of the quarter



GEH: Total weighted new sales grew by 34% YoY, supported by healthy growth in both Singapore and Malaysia



Note: QoQ comparison not relevant given seasonality of insurance sales. For comparative reasons, total weighted new sales figures for periods prior to 2Q13 have been restated using exchange rates as at 30 June 2013

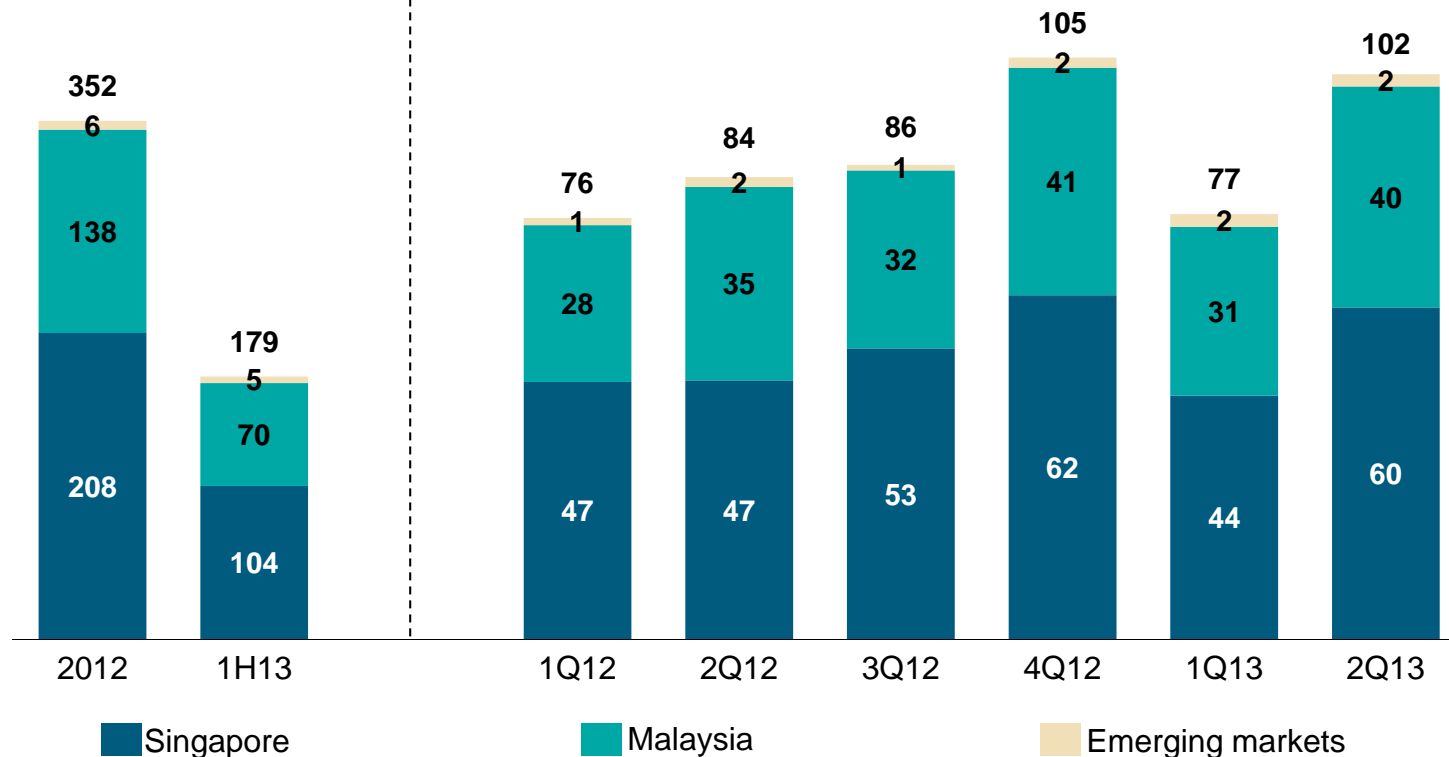
GEH: New business embedded value increased 20% YoY on strong sales performance

NBEV / Total weighted new sales

42.2%
38.1%

43.7% 42.9% 42.7% 40.2% 37.6% 38.5%

NBEV (S\$m)

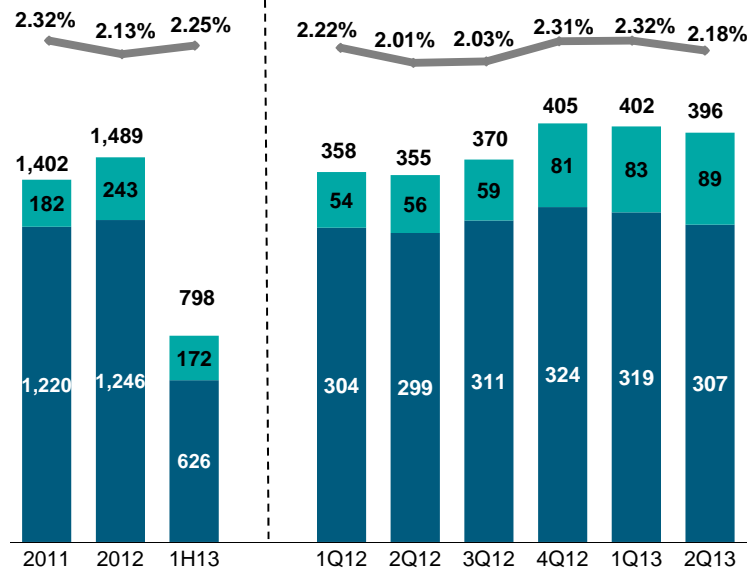


Note: QoQ comparison not relevant given seasonality of insurance sales. For comparative reasons, NBEV figures for periods prior to 2Q13 have been restated using exchange rates as at 30 June 2013 and revised investment return assumptions implemented in 4Q12

OCBC Malaysia: Total net interest income and Islamic financing income up 12% YoY; non-interest income down 3% YoY

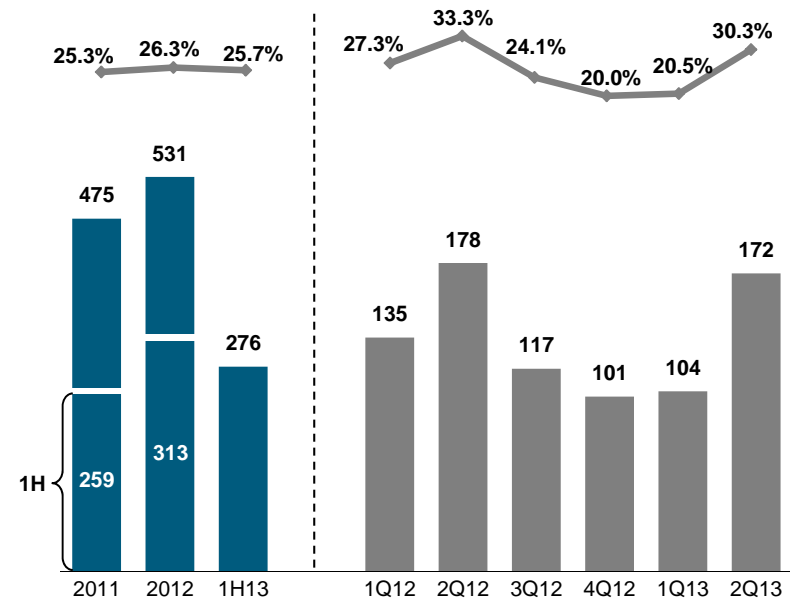
Net interest income and Islamic financing income (RM m)

Net Interest/
financing margin



Non-interest income (RM m)

Non-int. income/
Total income



Net interest income Islamic financing income

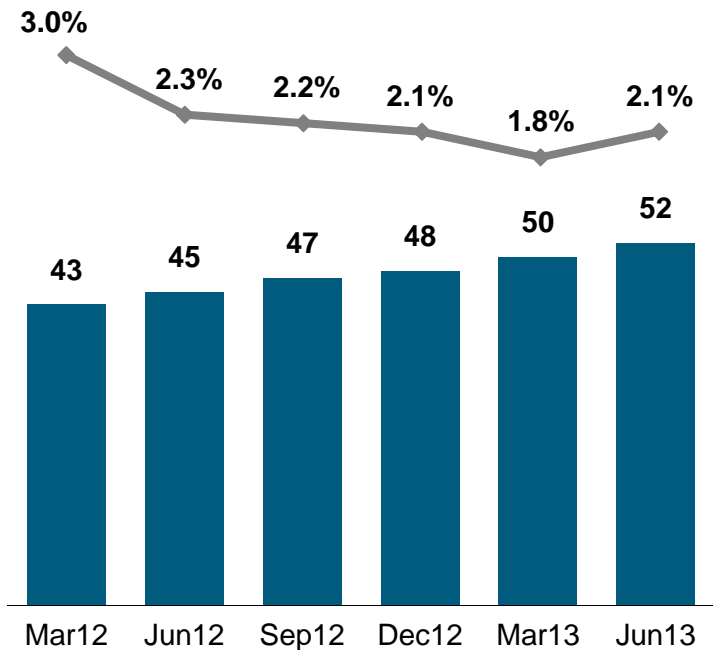


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

OCBC Malaysia: Loans grew 16% YoY and 5% QoQ; NPL ratio higher at 2.1%

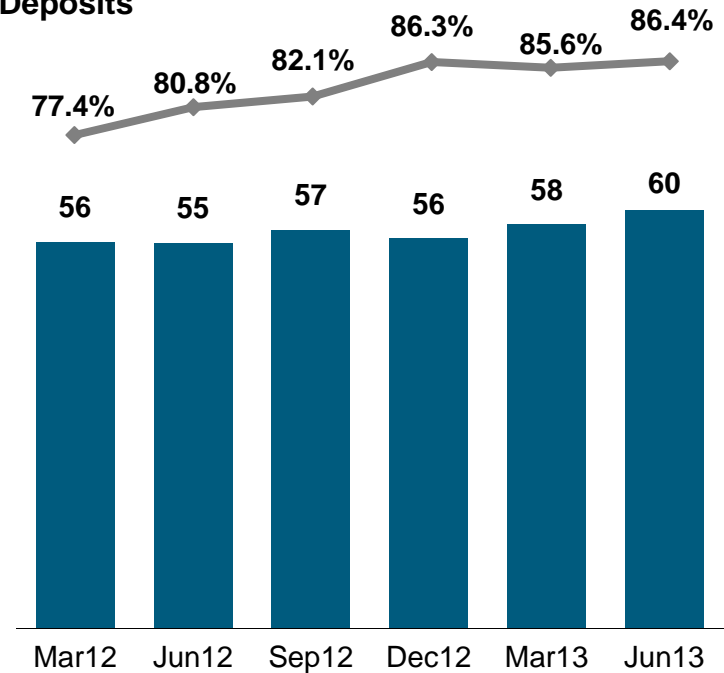
Gross Loans (RM b)

NPL Ratio



Deposits (RM b)

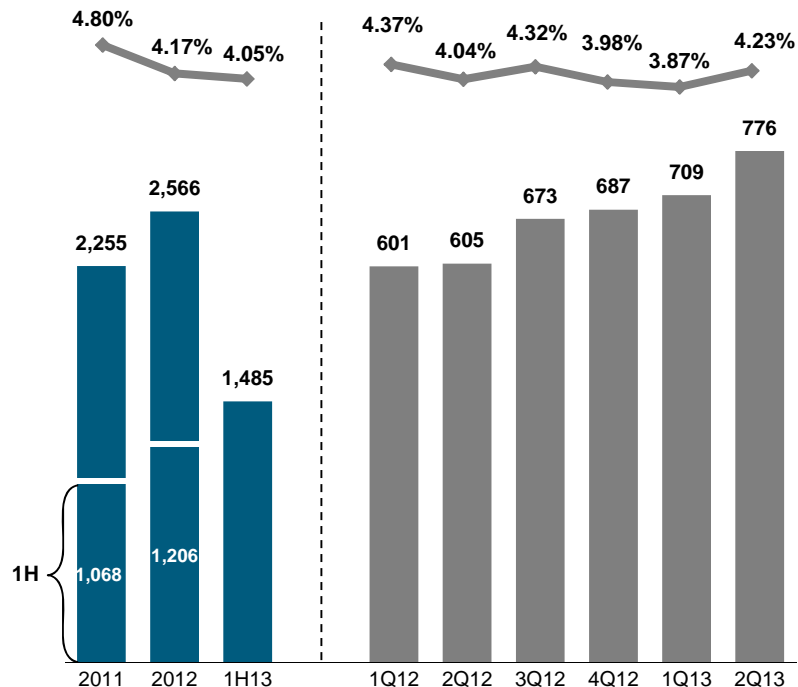
Loans / Deposits



OCBC NISP: Net interest income up 28% YoY; non-interest income down 1% YoY

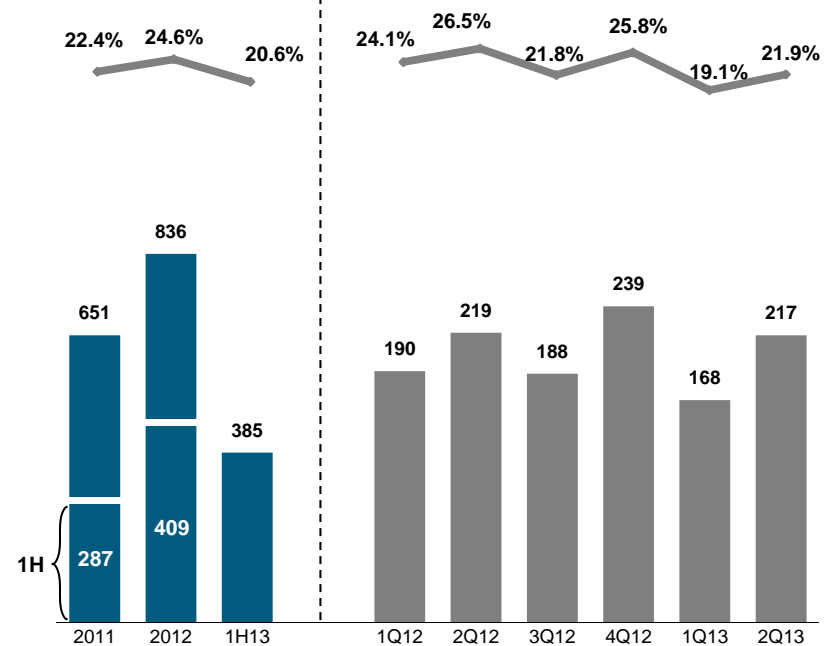
Net interest income (Rp b)

Net interest margin



Non-interest income (Rp b)

Non-int. income/ Total income

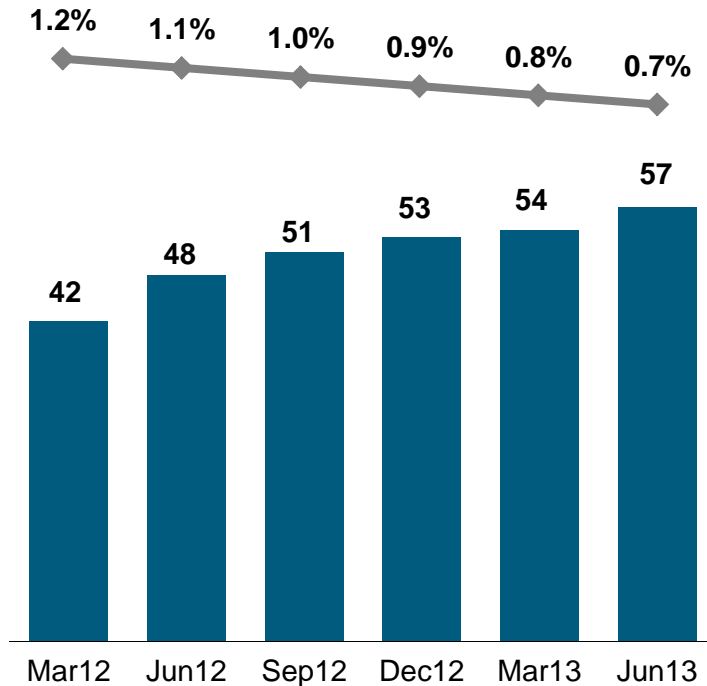


Note: NIM and Non-interest Income/Total Income ratio calculation based on Bank Indonesia's guidelines

OCBC NISP: Loans grew 19% YoY and 6% QoQ; NPL ratio improved to 0.7%

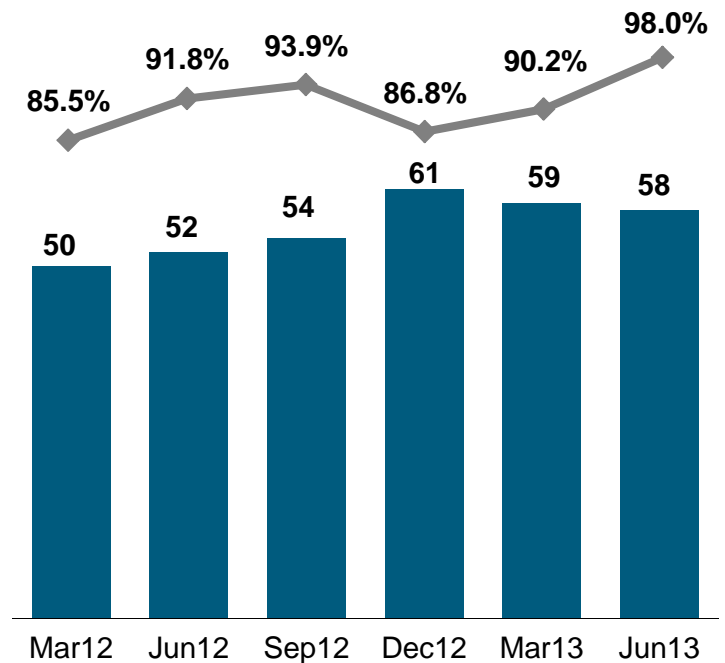
Gross Loans (Rp t)

NPL Ratio



Deposits (Rp t)

Loans / Deposits



CASA Ratio

58.3% 57.3% 50.5% 49.6% 47.3% 44.8%



Note: NPL and LDR ratio calculation based on Bank Indonesia's guidelines

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Appendix: Financial Highlights of
Malaysian and Indonesian Subsidiaries

OCBC Malaysia: 2Q13 net profit grew 8% YoY

OCBC Malaysia	2Q13 RM m	2Q12 RM m	YoY +/(-)%	1Q13 RM m	QoQ +/(-)%
Net interest income	307	299	3	319	(4)
Islamic Financing Income	89	56	59	83	7
Non-interest income	172	178	(3)	104	65
Total income	568	533	7	506	12
Operating expenses	(218)	(202)	8	(201)	8
Operating profit	350	331	6	305	15
Allowances	(30)	(34)	(12)	7	(529)
Tax	(80)	(74)	8	(77)	4
Net profit	240	223	8	235	2

Key ratios (%)

Cost / Income	38.4	37.9		39.7
ROE	18.3	18.7		17.7
CAR				
- Common Equity Tier 1	11.7	na		12.2
- Tier 1	13.5	13.1		14.1
- Total CAR	15.8	15.5		17.2



Note: Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia
 "na" denotes not applicable

OCBC Malaysia: 1H13 net profit up 7% YoY

OCBC Malaysia	1H13 RM m	1H12 RM m	YoY +/(-)%	2H12 RM m	HoH +/(-)%
Net interest income	626	603	4	643	(3)
Islamic Financing Income	172	111	55	132	30
Non-interest income	276	313	(12)	218	27
Total income	1,074	1,027	5	993	8
Operating expenses	(419)	(394)	6	(457)	(8)
Operating profit	655	633	3	536	22
Allowances	(23)	(38)	(39)	(46)	(50)
Tax	(157)	(149)	5	(125)	26
Net profit	475	446	7	365	30

Key ratios (%)

Cost / Income	39.0	38.4		46.0
ROE	18.0	18.6		14.8
CAR				
- Common Equity Tier 1	11.7	na		na
- Tier 1	13.5	13.1		13.5
- Total CAR	15.8	15.5		16.8



Note: Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia
 "na" denotes not applicable

OCBC NISP: 2Q13 net profit rose 40% YoY

OCBC NISP	2Q13 RP b	2Q12 RP b	YoY +/(-)%	1Q13 RP b	QoQ +/(-)%
Net interest income	776	605	28	709	9
Non-interest income	217	219	(1)	168	29
Total income	993	824	21	877	13
Operating expenses	(547)	(487)	12	(521)	5
Operating profit	446	337	32	356	25
Allowances	(60)	(61)	(2)	(26)	131
Non Op Income / (Expenses)	(1)	(1)	-	0	nm
Tax	(96)	(69)	39	(83)	16
Net profit	289	206	40	247	17

Key ratios (%)

Cost / Income	55.1	59.1		59.4
ROE	12.9	11.7		11.2
CAR				
- Common Equity Tier 1	13.5	14.8		14.2
- Tier 1	13.5	14.8		14.2
- Total CAR	15.7	17.6		16.6



Note: Capital ratios are computed based on the standardised approach under the Basel II framework

OCBC NISP: 1H13 net profit up 32% YoY


OCBC NISP	1H13 RP b	1H12 RP b	YoY +/(-)%	2H12 RP b	HoH +/(-)%
Net interest income	1,485	1,206	23	1,360	9
Non-interest income	385	409	(6)	427	(10)
Total income	1,870	1,615	16	1,787	5
Operating expenses	(1,068)	(958)	11	(984)	9
Operating profit	802	657	22	803	-
Allowances	(86)	(120)	(28)	(127)	(32)
Non Op Income / (Expenses)	(1)	6	(117)	3	(133)
Tax	(179)	(136)	32	(171)	5
Net profit	536	407	32	508	6

Key ratios (%)

Cost / Income	57.1	59.3		55.1
ROE	12.1	12.0		12.4
CAR				
- Common Equity Tier 1	13.5	14.8		13.9
- Tier 1	13.5	14.8		13.9
- Total CAR	15.7	17.6		16.5



Note: Capital ratios are computed based on the standardised approach under the Basel II framework



Second Quarter 2013 Results

Thank You

