



# 2013 Full Year Results Presentation

14 February 2014



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# Agenda

## Results Overview

### FY13 Performance Trends

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### Appendix: Financial Highlights of Malaysian and Indonesian Subsidiaries



Note: 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

## FY13 Highlights

**Core earnings underpinned by strong customer-related business growth**  
– **Net profit from banking operations in 4Q13 rose 22% YoY and 11% QoQ**

- Net interest income at a record, driven by robust loan and deposit growth. Net interest margin stable throughout the four quarters of 2013
- Fees and commissions achieved a new record on broad-based growth across all customer segments
- Malaysian and Indonesian banking units reported record full year earnings
- Great Eastern's underlying insurance business up, but earnings impacted by non-operating, unrealised mark-to-market losses in Non-Participating Fund
- Trading income down as compared with the strong 2012 performance
- Operating expenses well-managed at 3% YoY growth
- Asset quality stayed at healthy levels, NPL ratio improved to 0.7%
- Capital position strong with CET1 and Tier 1 at 14.5%, Total CAR at 16.3%
- Final dividend of 17 cents per share proposed, FY13 total dividend at 34 cents

## Full year core net profit of S\$2.77b

<b>OCBC Group</b>	<b>FY13 S\$m</b>	<b>FY12 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	3,883	3,748	4
Non-interest income	2,738	2,897	(5)
<b>Total income</b>	<b>6,621</b>	<b>6,645</b>	<b>-</b>
Operating expenses	(2,784)	(2,695)	3
<b>Operating profit</b>	<b>3,837</b>	<b>3,950</b>	<b>(3)</b>
Amortisation of intangibles	(58)	(60)	(3)
Allowances	(266)	(271)	(2)
Associates & JVs	54	27	103
Tax & non-controlling interests ("NCI")	(799)	(820)	(3)
<b>Core net profit</b>	<b>2,768</b>	<b>2,825</b>	<b>(2)</b>
Divestment gain, net of tax	-	1,168 <sup>1/</sup>	(100)
<b>Net profit</b>	<b>2,768</b>	<b>3,993</b>	<b>(31)</b>



<sup>1/</sup> Gain from divestment of the Group's shareholdings in F&N and APB, and divestment of property at Bourke Street, Melbourne, Australia

## Full year core net profit *before GEH* contribution (“banking operations”) higher at S\$2.23b

	FY13 S\$m	FY12 S\$m	YoY +/(-)%
Net interest income	3,818	3,684	4
Non-interest income	1,816	1,898	(4)
Total income	5,634	5,582	1
Operating expenses	(2,604)	(2,504)	4
<b>Operating profit</b>	<b>3,030</b>	<b>3,078</b>	<b>(2)</b>
Allowances	(265)	(271)	(2)
Associates & JVs	71	38	88
Amortisation, tax & NCI	(609)	(642)	(5)
<b>Core net profit</b>	<b>2,226</b>	<b>2,202</b>	<b>1</b>
Divestment gain, net of tax	-	827 <sup>1/</sup>	(100)
<b>Net profit from banking operations</b>	<b>2,226</b>	<b>3,030</b>	<b>(27)</b>
<b>GEH net profit contribution</b>	<b>542</b>	<b>963</b>	<b>(44)</b>
<b>OCBC Group net profit</b>	<b>2,768</b>	<b>3,993</b>	<b>(31)</b>



<sup>1/</sup> Gain from divestment of the Group's shareholdings in F&N and APB, and divestment of property at Bourke Street, Melbourne, Australia

## 4Q13 core net profit up 8% YoY to S\$715m

<b>OCBC Group</b>	<b>4Q13 S\$m</b>	<b>4Q12 S\$m</b>	<b>YoY +/(-)%</b>	<b>3Q13 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	1,031	921	12	978	5
Non-interest income	679	757	(10)	779	(13)
<b>Total income</b>	<b>1,710</b>	<b>1,678</b>	<b>2</b>	<b>1,757</b>	<b>(3)</b>
Operating expenses	(713)	(724)	(1)	(681)	5
<b>Operating profit</b>	<b>997</b>	<b>954</b>	<b>4</b>	<b>1,076</b>	<b>(7)</b>
Amortisation of intangibles	(15)	(15)	(3)	(15)	-
Allowances	(68)	(68)	1	(94)	(28)
Associates & JVs	6	5	27	13	(57)
Tax & NCI	(205)	(213)	(4)	(221)	(7)
<b>Net profit</b>	<b>715</b>	<b>663</b>	<b>8</b>	<b>759</b>	<b>(6)</b>

4Q13 core net profit *before GEH* contribution (“banking operations”) grew 22% YoY to S\$582m

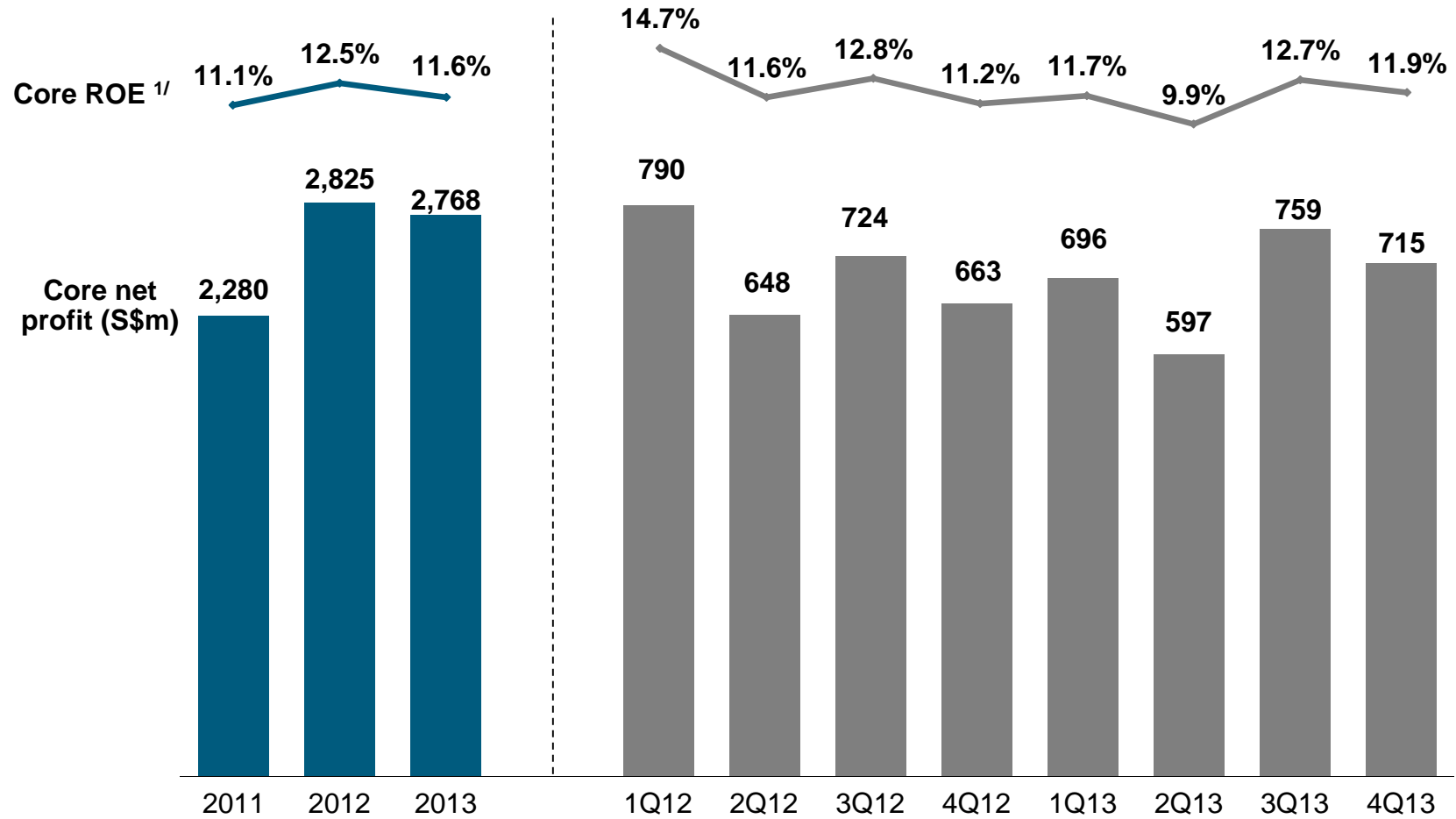
	4Q13 S\$m	4Q12 S\$m	YoY +/(-)%	3Q13 S\$m	QoQ +/(-)%
Net interest income	1,017	903	13	962	6
Non-interest income	434	477	(9)	459	(6)
Total income	1,451	1,379	5	1,421	2
Operating expenses	(659)	(679)	(3)	(663)	(1)
<b>Operating profit</b>	<b>792</b>	<b>700</b>	<b>13</b>	<b>758</b>	<b>5</b>
Allowances	(67)	(68)	(1)	(94)	(28)
Associates & JVs	14	10	33	15	(8)
Amortisation, tax & NCI	(156)	(164)	(5)	(154)	1
<b>Net profit from banking operations</b>	<b>582</b>	<b>478</b>	<b>22</b>	<b>524</b>	<b>11</b>
<b>GEH net profit contribution</b>	<b>133</b>	<b>185</b>	<b>(28)</b>	<b>235</b>	<b>(43)</b>
<b>OCBC Group net profit</b>	<b>715</b>	<b>663</b>	<b>8</b>	<b>759</b>	<b>(6)</b>

## Key ratios remained healthy

Based on core earnings (%)	FY13	FY12	4Q13	4Q12	3Q13
Net interest margin	1.64	1.77	1.64	1.70	1.63
Non-interest income / Total income	41.4	43.6	39.7	45.1	44.3
Cost / Income	42.0	40.6	41.7	43.1	38.8
Loans / Deposits	85.7	86.2	85.7	86.2	88.4
NPL Ratio	0.7	0.8	0.7	0.8	0.8
Allowances / NPAs	134.2	141.8	134.2	141.8	130.1
ROE	11.6	12.5	11.9	11.2	12.7
Cash ROE	11.8	12.8	12.2	11.5	13.0

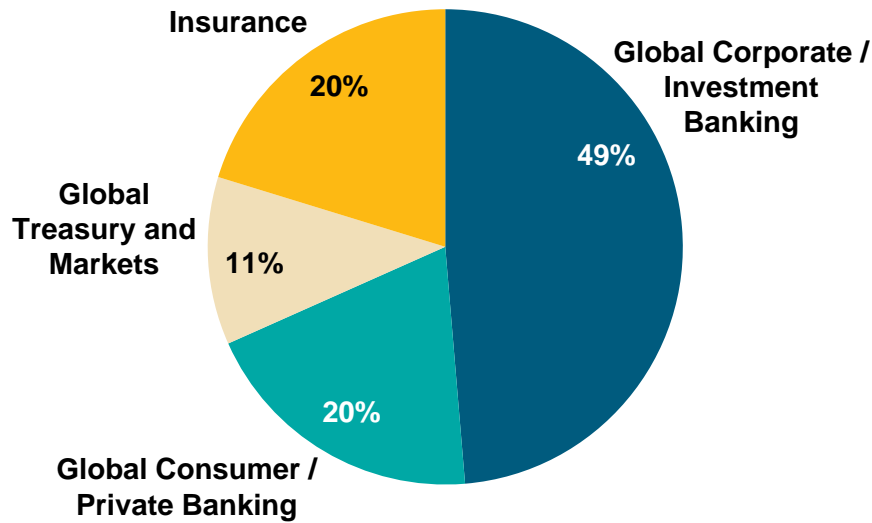


# FY13 core ROE of 11.6%

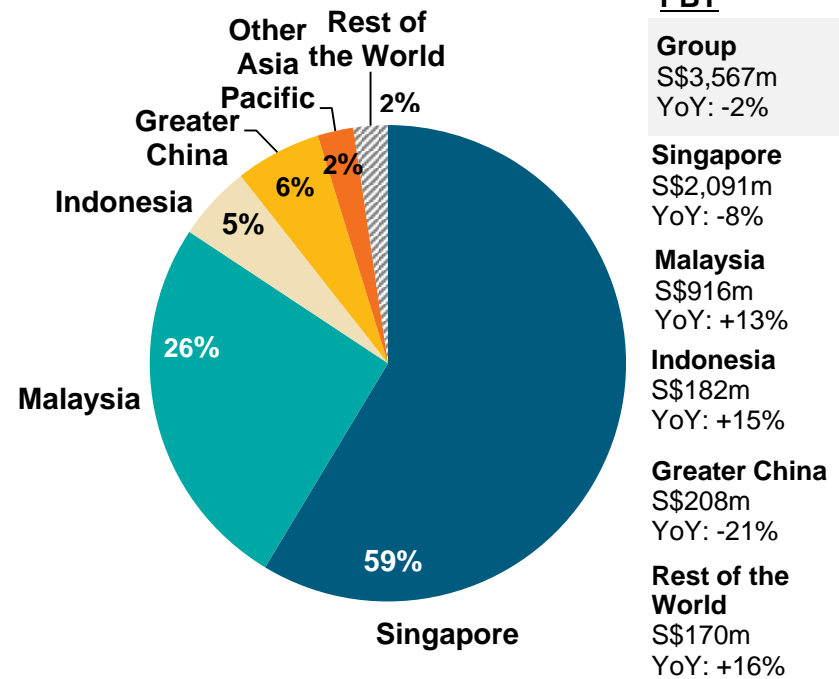


# PBT breakdown at a glance

**FY13 PBT  
by Business<sup>1/</sup>**



**FY13 PBT  
by Geography**



<sup>1/</sup> 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

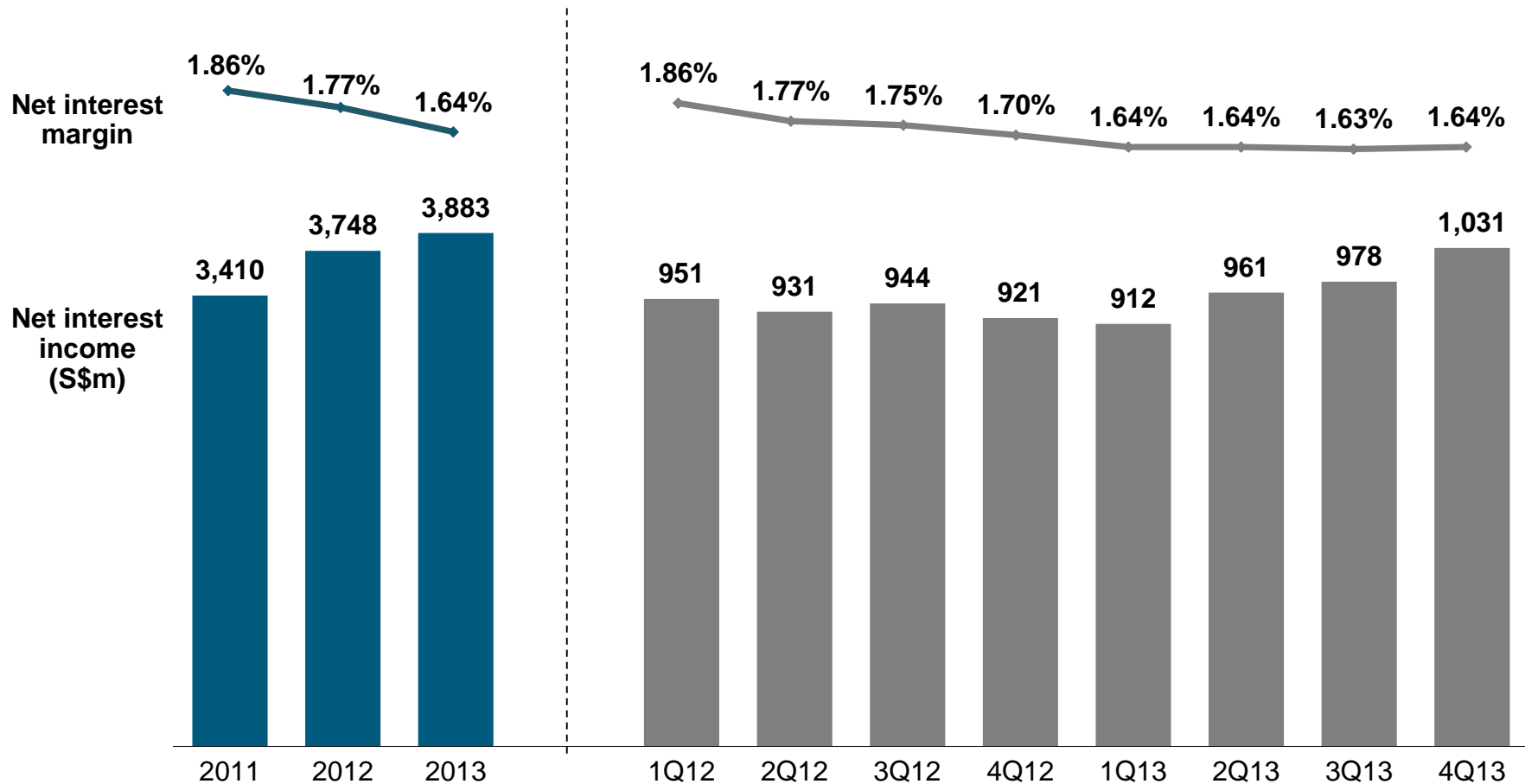
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Results Overview

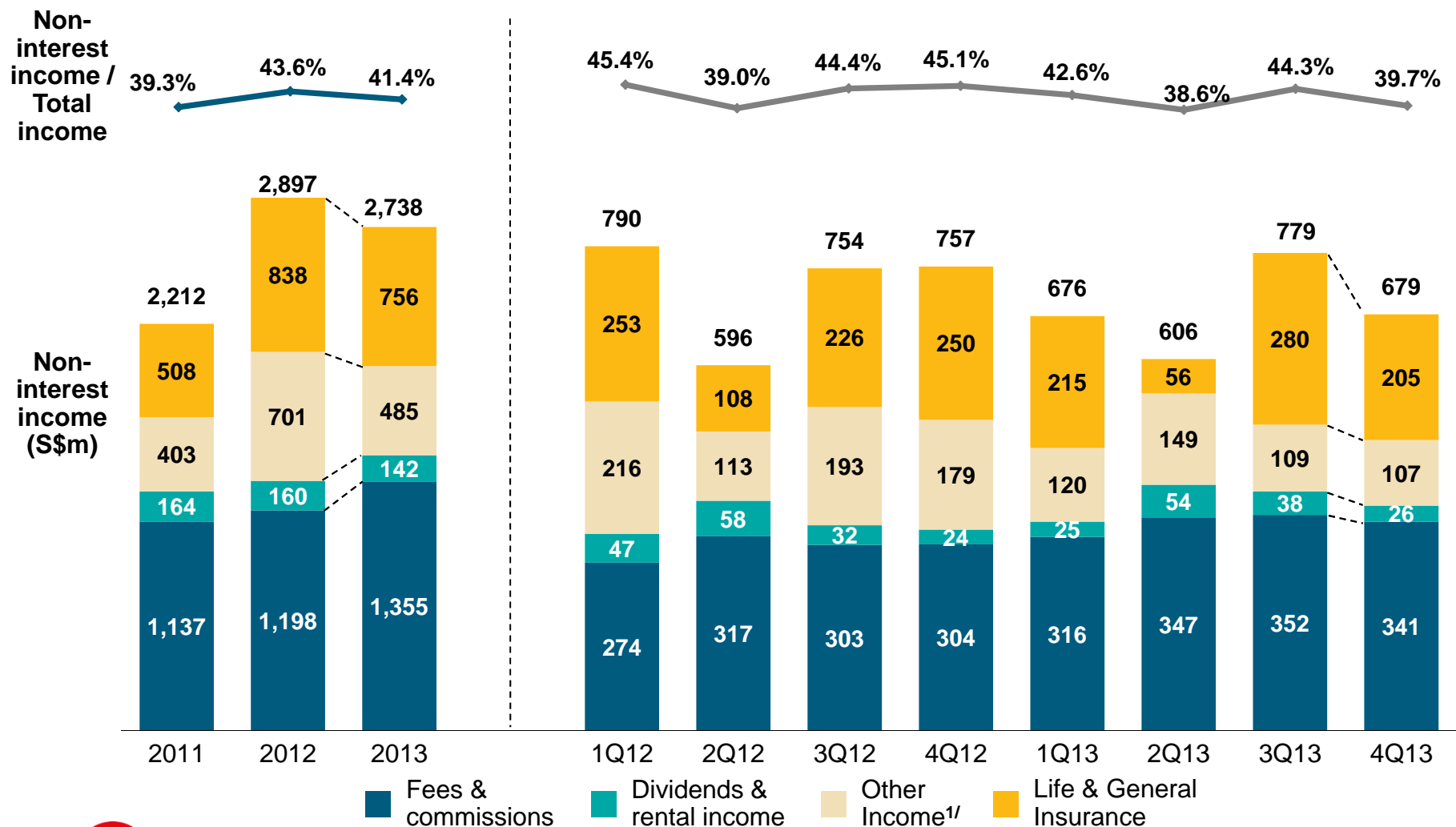
FY13 Performance Trends

Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

# Net interest income at new record, up 4% YoY – NIM stable throughout the year

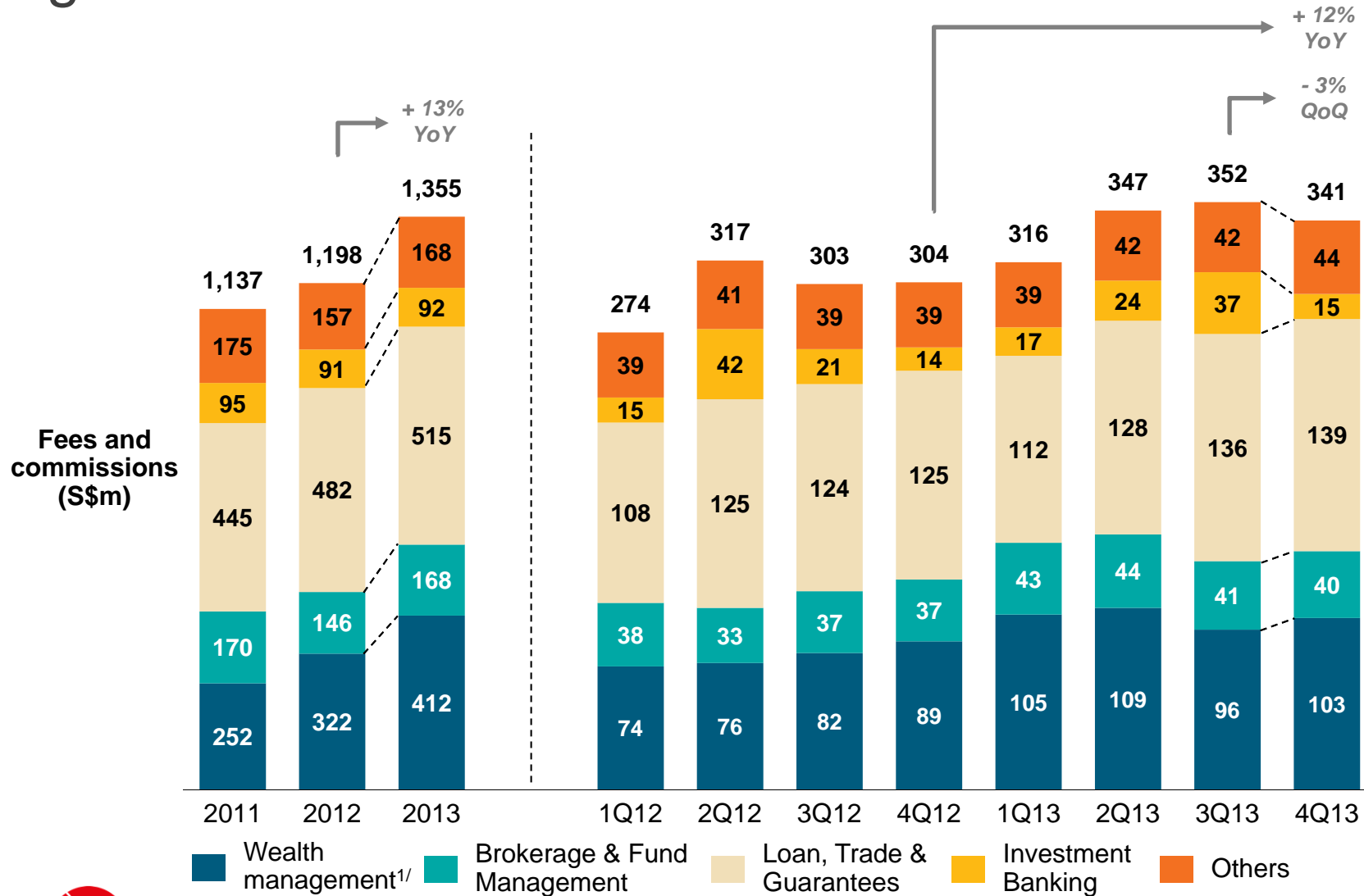


# Non-interest income declined 5% YoY from lower trading and insurance income



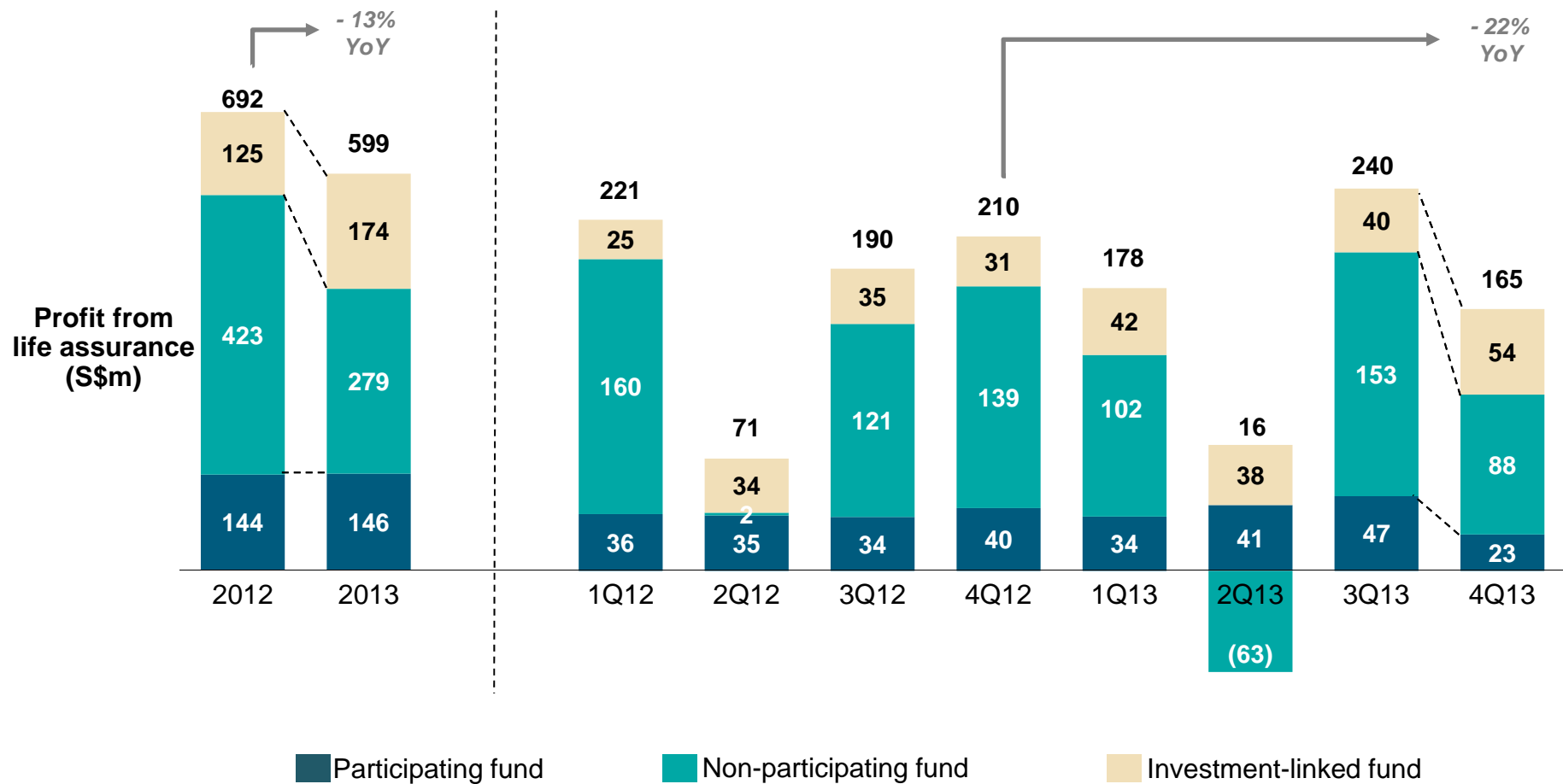
Note: Excludes gains from divestment of non-core assets  
 1/ Other Income includes trading income

# Fee income achieved new high on broad-based growth

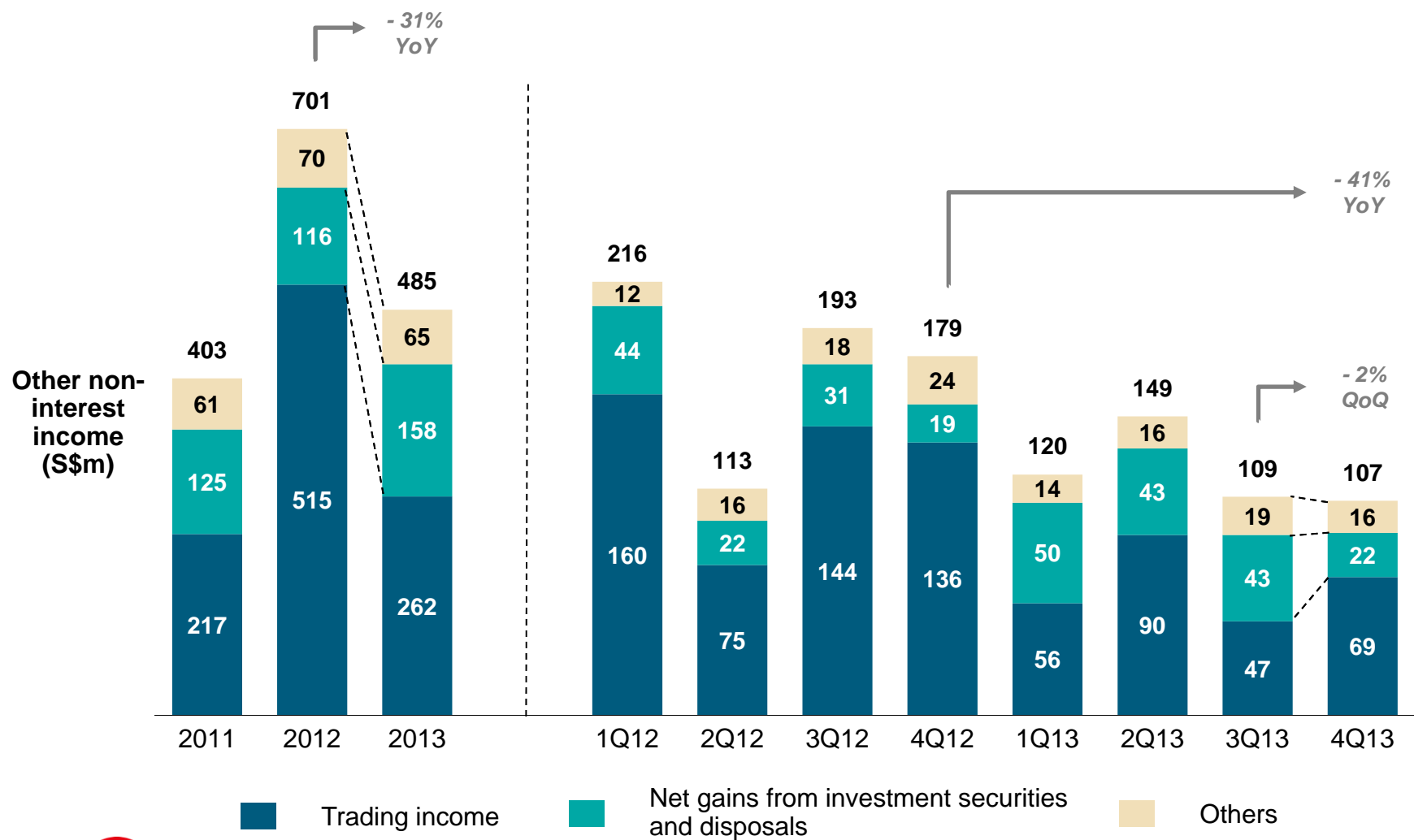


<sup>1/</sup> Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

# Profit from life assurance lower from unrealised mark-to-market losses despite better operating performance



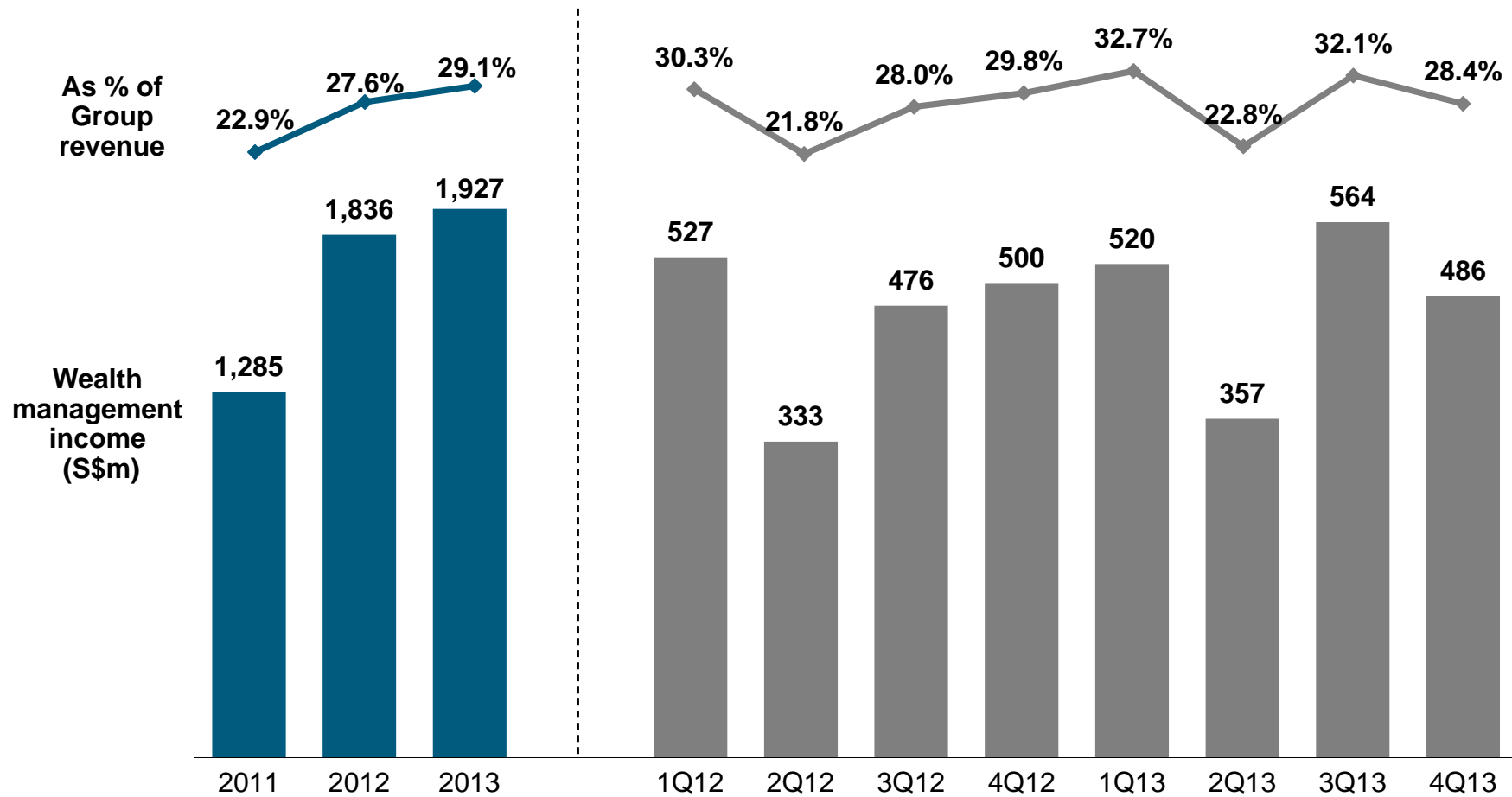
# Other non-interest income down 31% YoY mainly from lower trading income



Note: Excludes gains from divestment of non-core assets

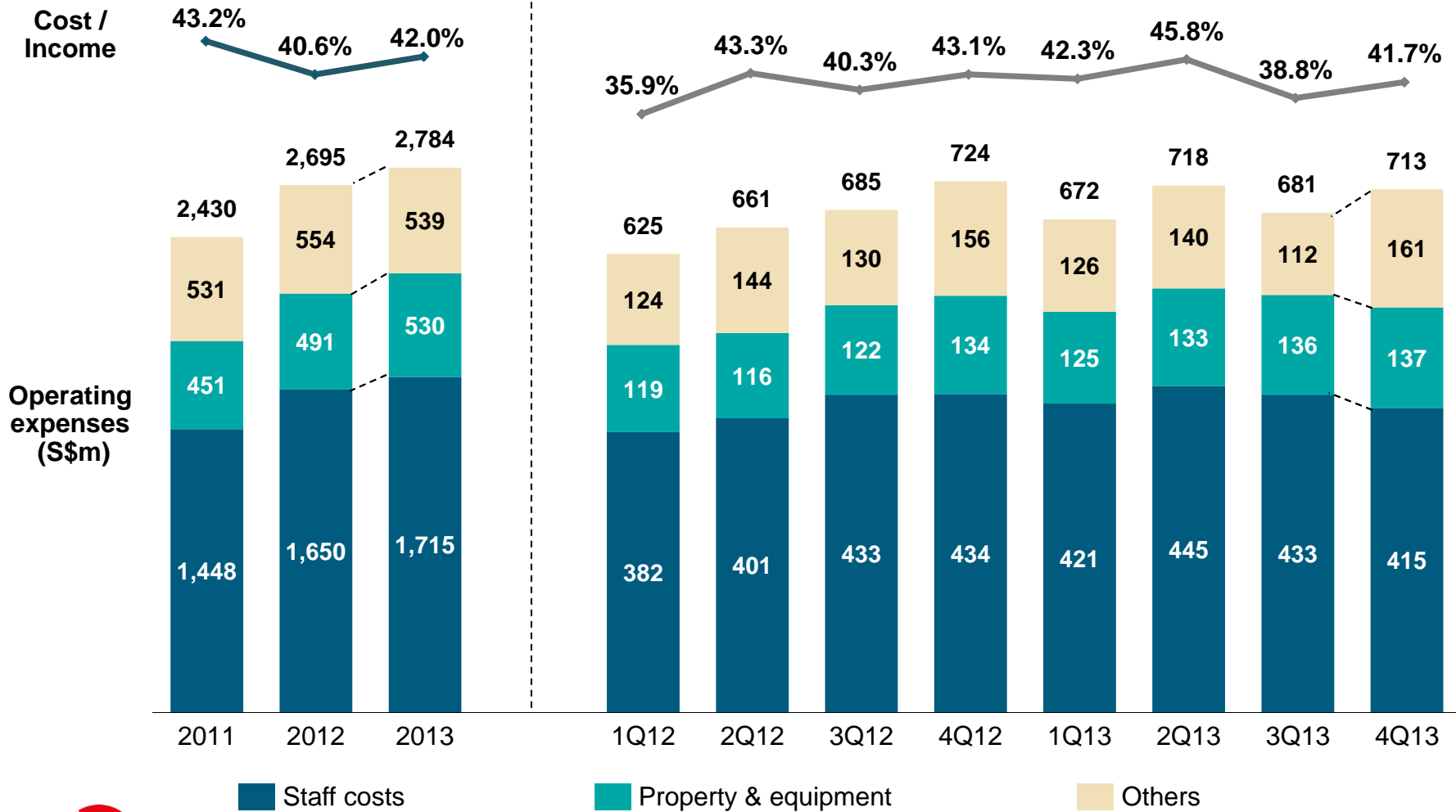


# Wealth management income achieved another high, up 5% YoY

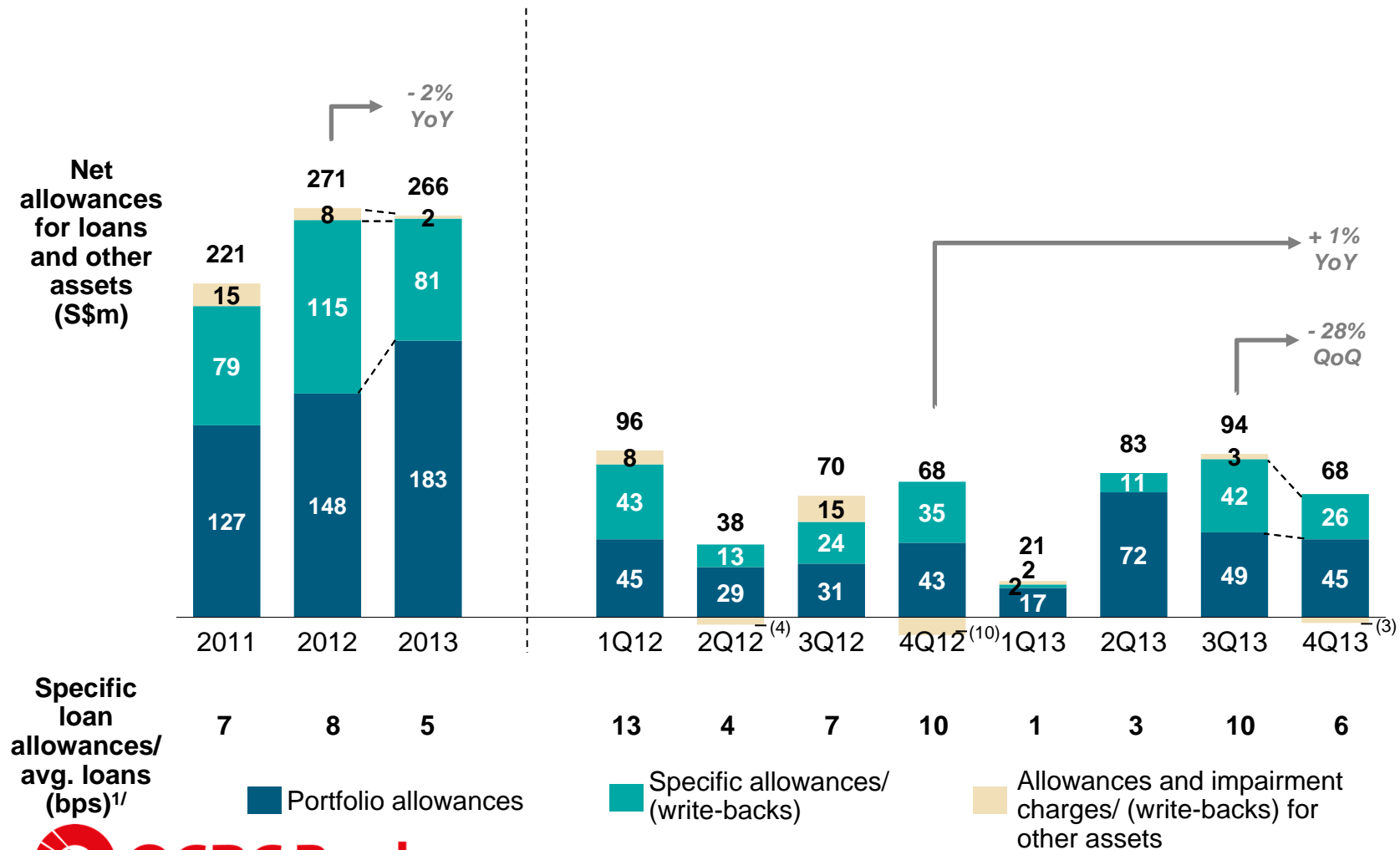


Note: Comprises the consolidated income from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's income from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

# Operating expenses remained well-managed, up 3% YoY



# Net allowances lower YoY, credit cost improved to 5 bps of loans



<sup>1/</sup> Quarterly figures annualised

## Net specific allowances 29% lower YoY

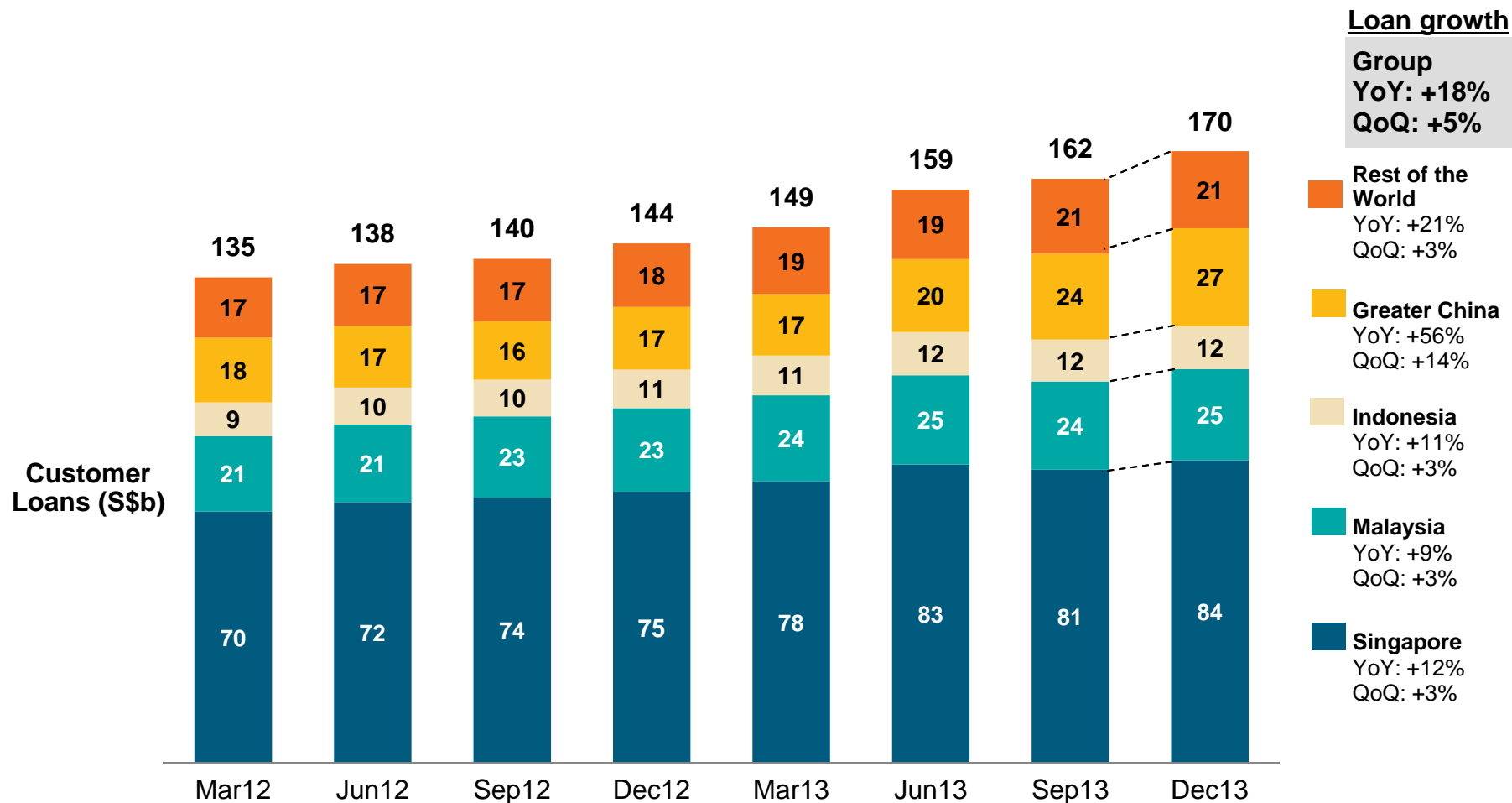
	FY13 S\$m	FY12 S\$m	4Q13 S\$m	4Q12 S\$m	3Q13 S\$m
Allowances for new and existing NPLs	255	273	83	71	72
Write-backs <sup>1/</sup>	(118)	(117)	(45)	(25)	(19)
Recoveries <sup>2/</sup>	(56)	(41)	(12)	(11)	(11)
<b>Net specific allowances</b>	<b>81</b>	<b>115</b>	<b>26</b>	<b>35</b>	<b>42</b>



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

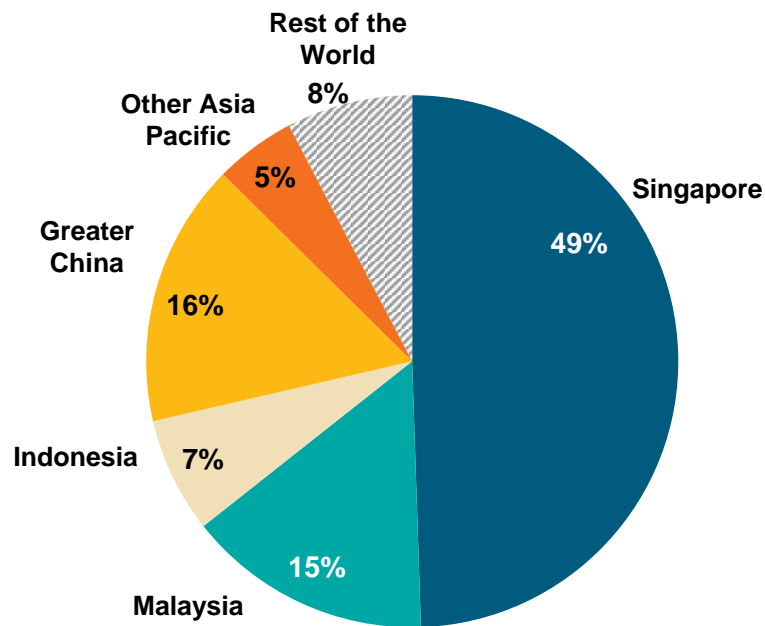
# Loans up 18% YoY and 5% QoQ



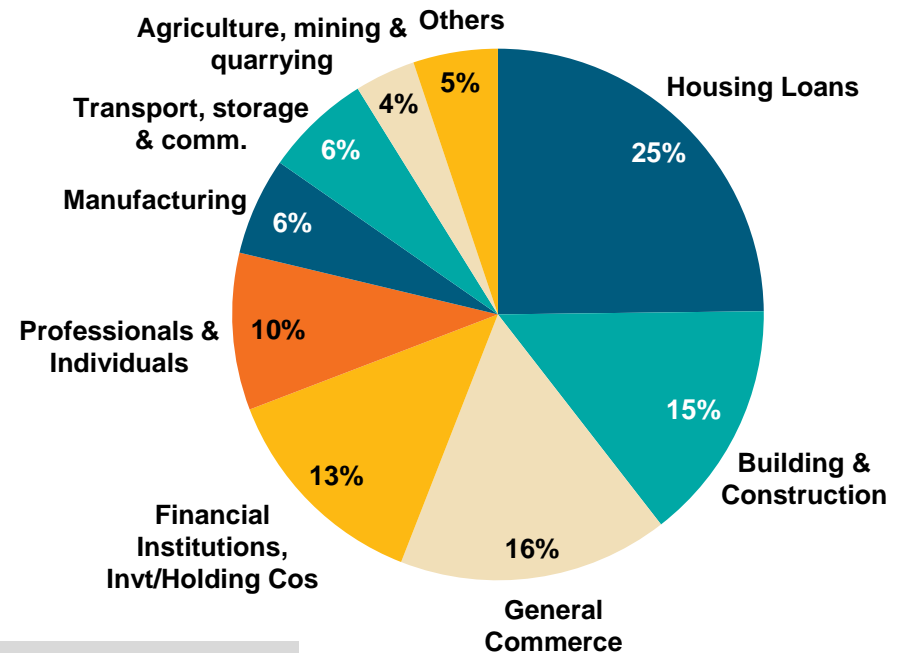
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

# Loan book remained diversified across geographies and sectors

**Customer Loans by Geography  
As of 31 December 2013**



**Customer Loans by Industry  
As of 31 December 2013**

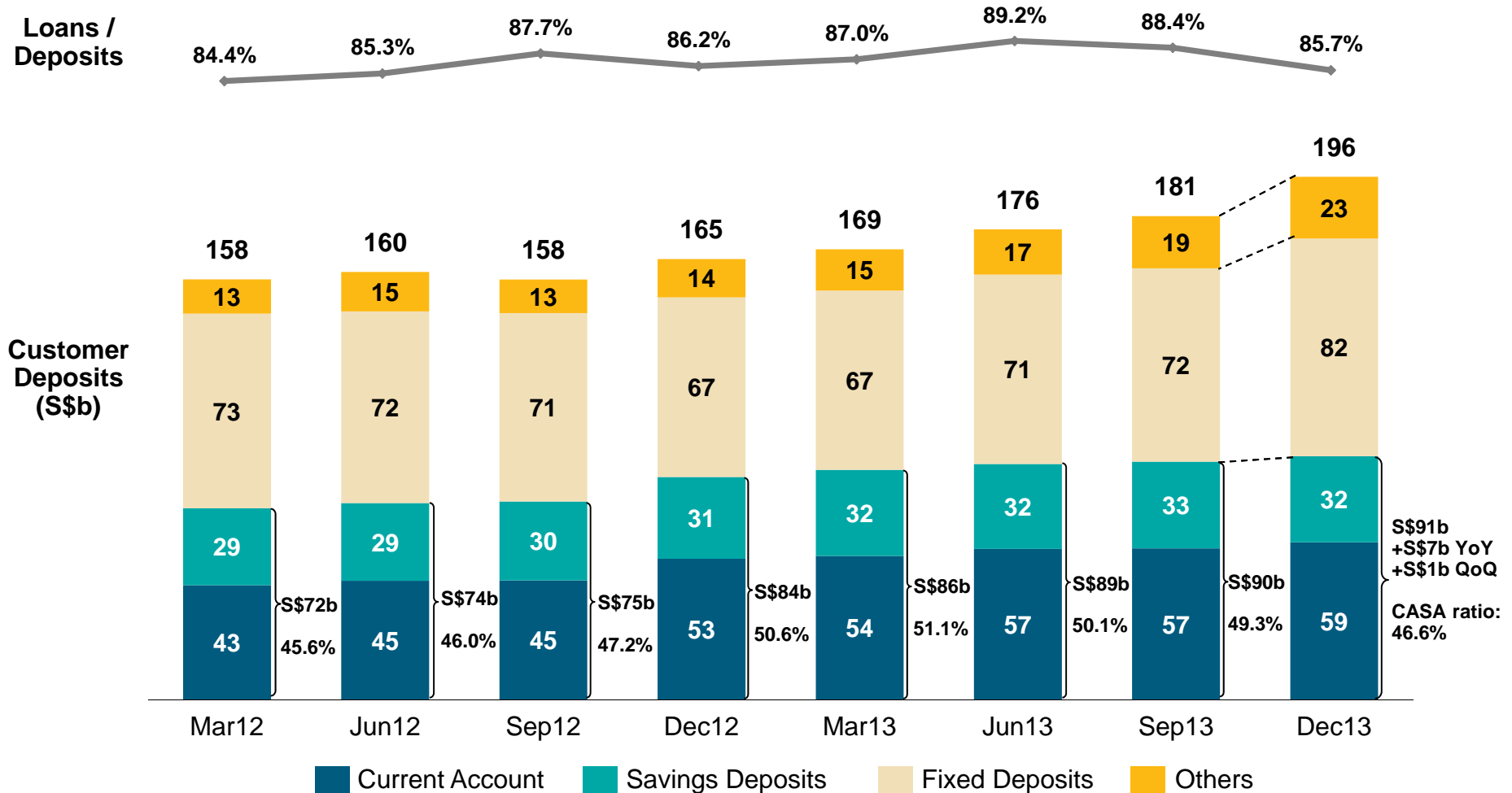


Total: S\$170b



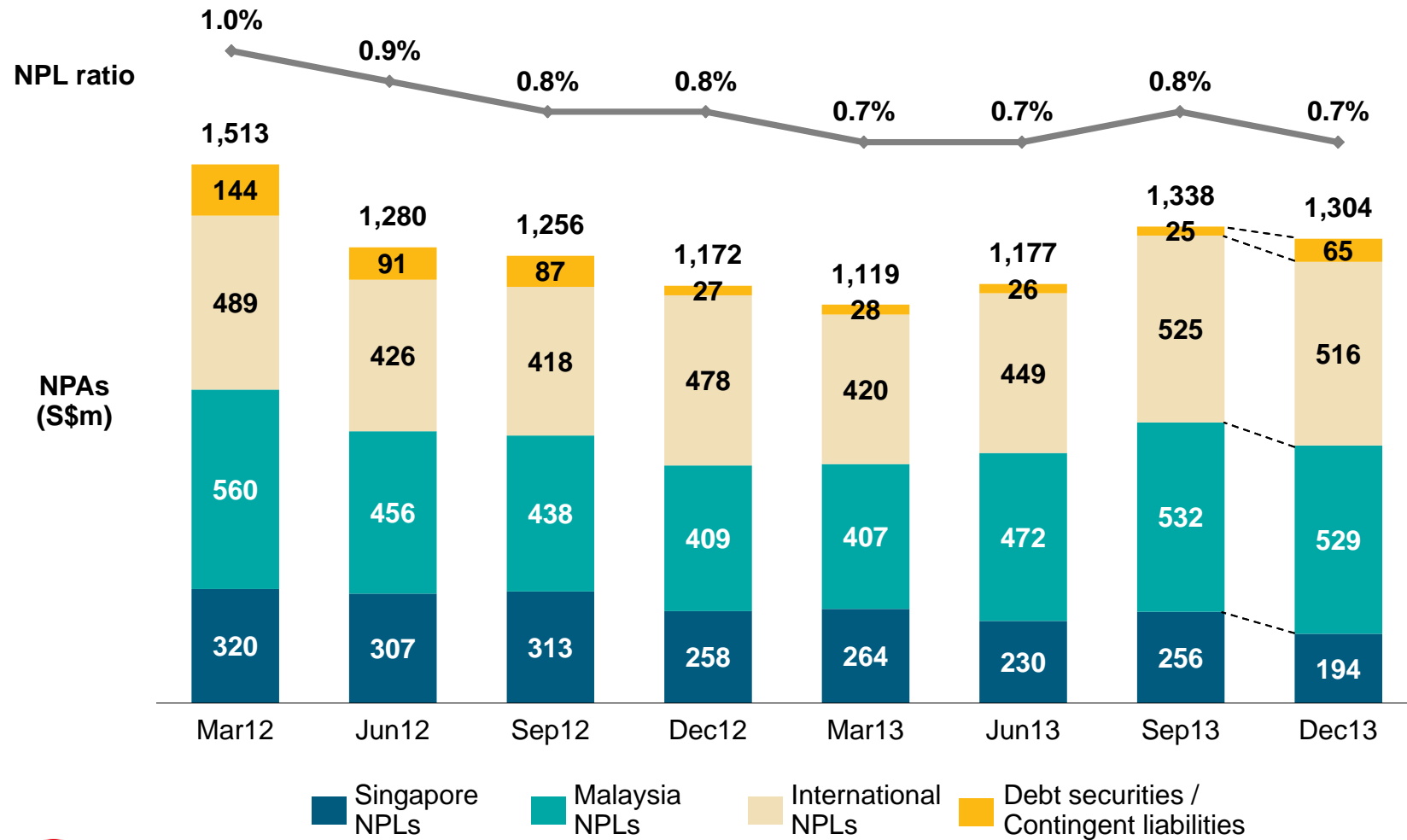
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

# Customer deposits up 19% YoY and 8% QoQ – CASA deposits grew 9% YoY



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

# NPL ratio improved to 0.7%, NPAs declined 2% QoQ



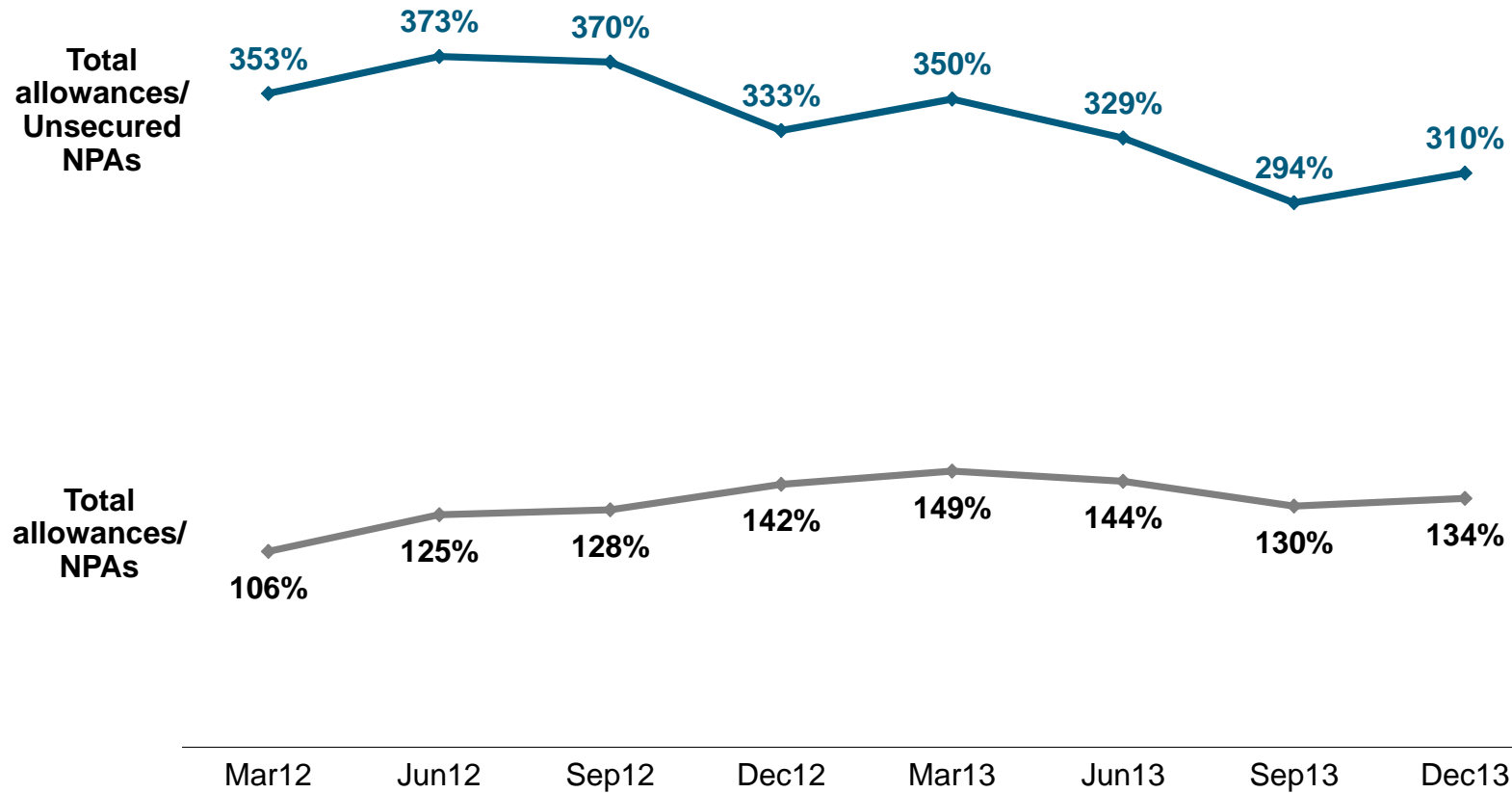
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities



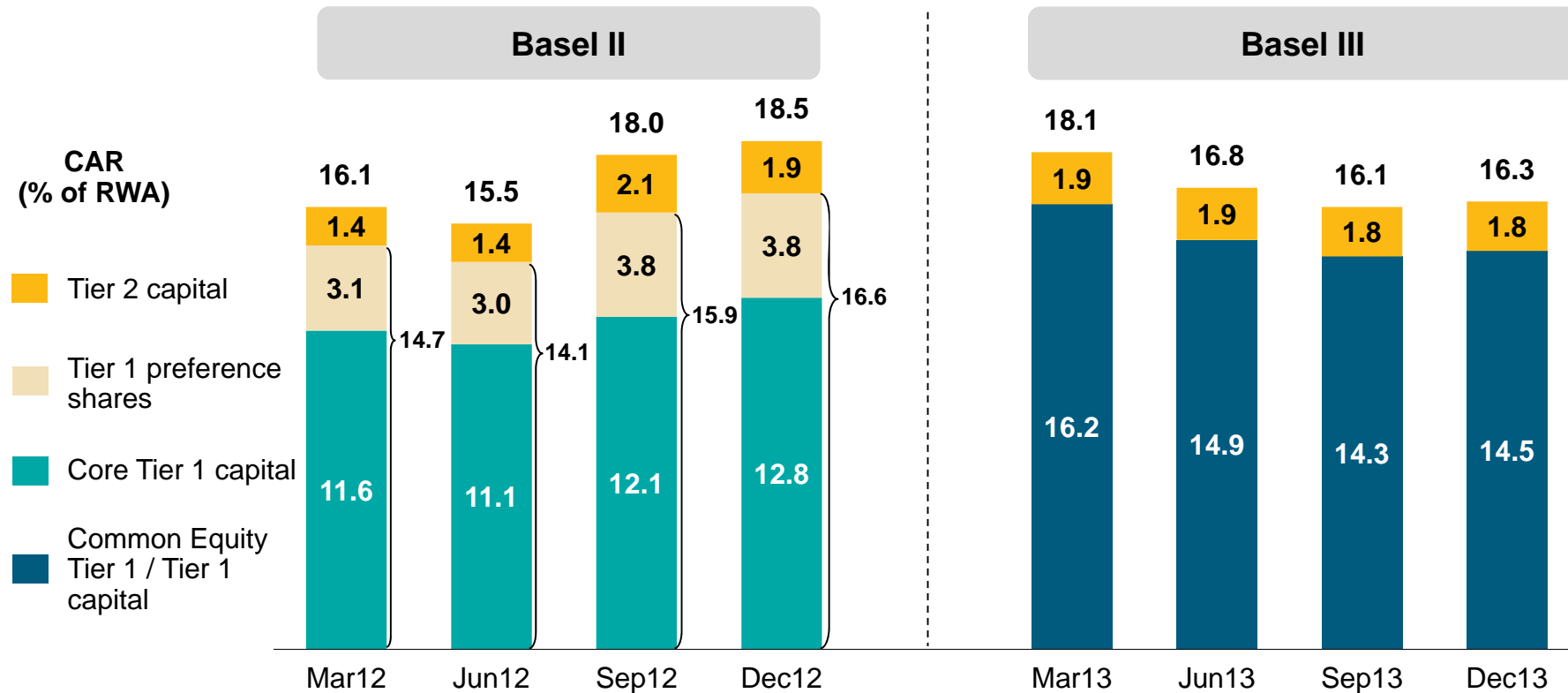
## Movement in NPAs, credit quality remained sound

	<b>FY13</b> <b>S\$m</b>	<b>FY12</b> <b>S\$m</b>	<b>4Q13</b> <b>S\$m</b>	<b>4Q12</b> <b>S\$m</b>	<b>3Q13</b> <b>S\$m</b>
NPAs – Opening balance	1,172	1,437	1,338	1,256	1,177
New NPAs	896	888	237	289	287
New recoveries/upgrades	(597)	(1,005)	(212)	(338)	(103)
Write-offs	(167)	(148)	(59)	(35)	(23)
<b>NPAs – Closing balance</b>	<b>1,304</b>	<b>1,172</b>	<b>1,304</b>	<b>1,172</b>	<b>1,338</b>

# Allowance coverage ratios remained strong



# Capital adequacy ratios well above regulatory requirements

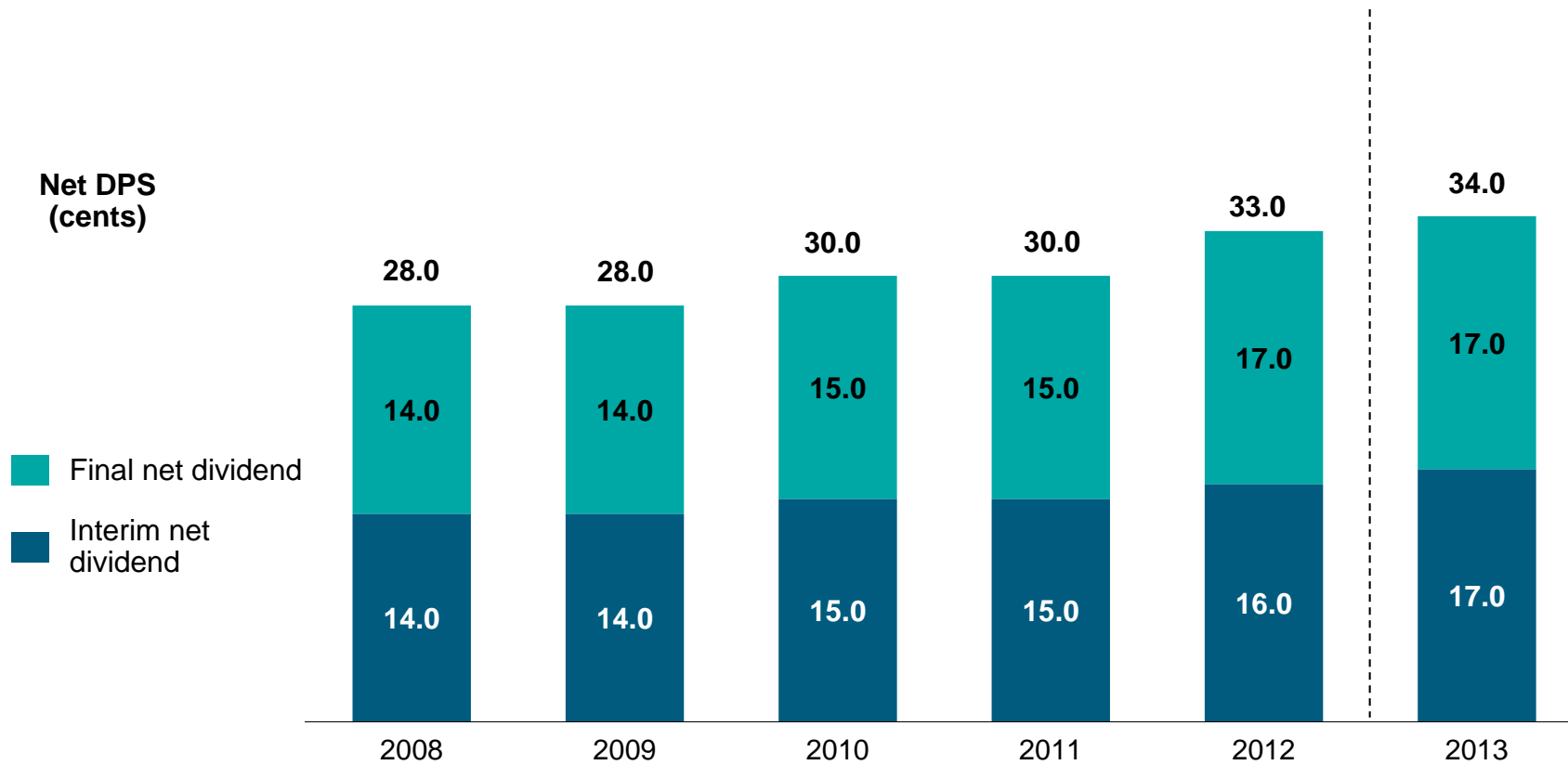


Tier 1 capital (S\$m)	19,024	18,981	20,934	21,591	CET1 capital (S\$m)	22,794	22,146	21,036	21,884
Tier 1 prefs. (S\$m)	3,958	3,954	4,954	4,954	Tier 1 capital (S\$m)	22,794	22,146	21,036	21,884
RWA (S\$m)	129,183	134,467	131,263	129,647	RWA (S\$m)	140,395	148,131	146,957	150,325



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

# Dividend increased to 34 cents per share



<b>Net Dividends (S\$m)</b>	868	898	994	1,024	1,133	1,167
<b>Core Net Profit (S\$m)</b>	1,486	1,962	2,253	2,280	2,825	2,768
<b>Dividend Payout Ratio</b>	58%	46%	44%	45%	40%	42%

# GEH: Full year core earnings contribution of S\$542m

GEH Contribution	FY13 S\$m	FY12 S\$m	YoY +/(-)%
Profit from insurance business	633	731	(13)
- <b>Operating profit</b> <sup>1/</sup>	<b>560</b>	<b>501</b>	<b>12</b>
- Non-operating profit/(loss) <sup>2/</sup>	(11)	161	(107)
- Others <sup>3/</sup>	84	69	22
Profit from Shareholders' Fund	175	141	25
<b>Sub-total</b>	<b>808</b>	<b>872</b>	<b>(7)</b>
Amortisation of intangibles	(47)	(47)	-
Allowances	(1)	(0)	-
Associates & JVs	(8)	(3)	-
Tax & non-controlling interests	(211)	(200)	5
<b>Core net profit contribution</b>	<b>542</b>	<b>622</b>	<b>(13)</b>
Divestment gain, net of tax	-	341 <sup>4/</sup>	(100)
<b>Net profit contribution</b>	<b>542</b>	<b>963</b>	<b>(44)</b>

1/ Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).

2/ Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items

3/ Mainly tax

4/ Gain from divestment of the Group's shareholdings in F&N and APB

## GEH: 4Q13 core earnings contribution of S\$133m

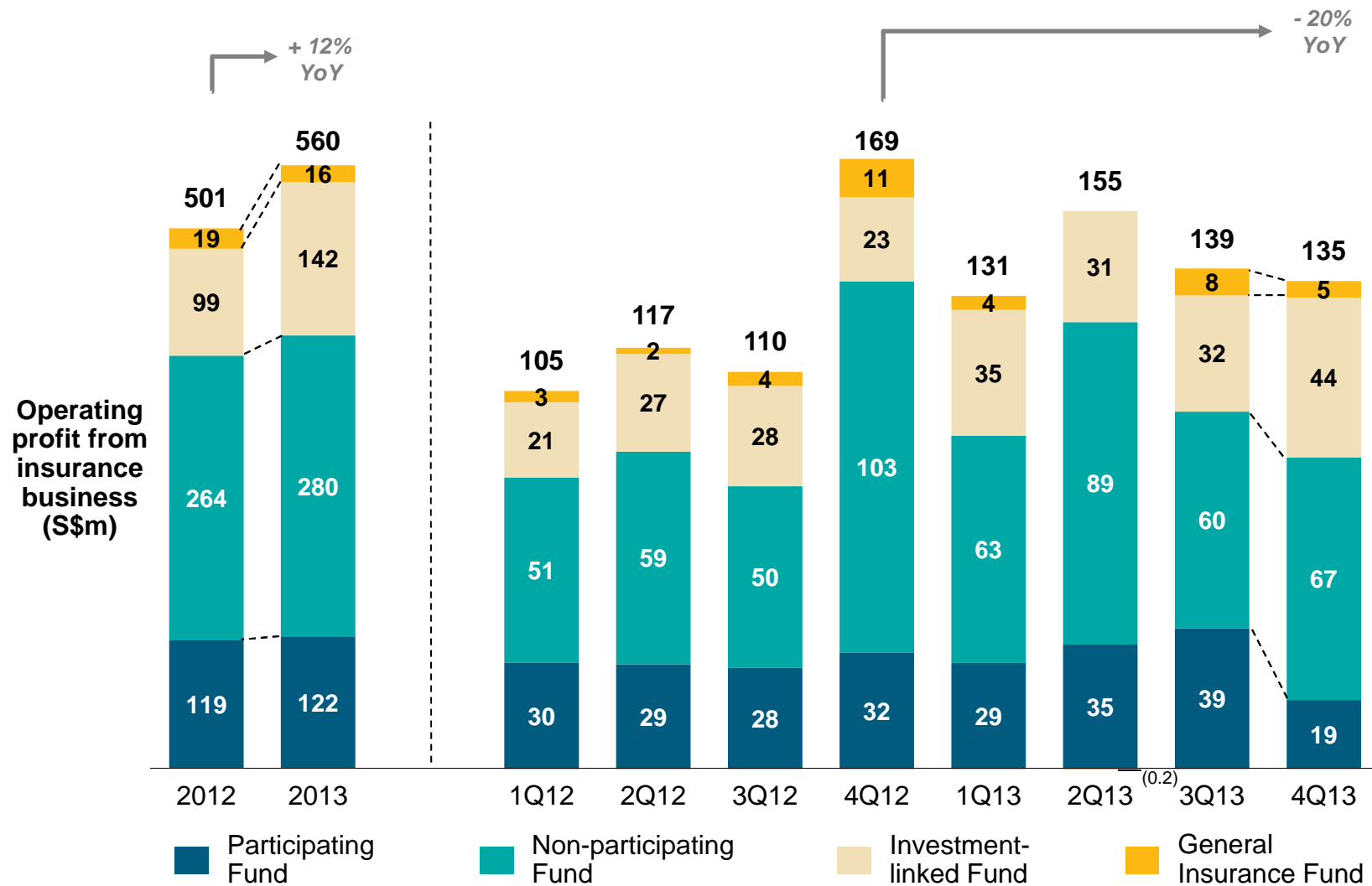
GEH Contribution	4Q13 S\$m	4Q12 S\$m	YoY +/(-)%	3Q13 S\$m	QoQ +/(-)%
Profit from insurance business	175	227	(23)	253	(31)
<b>- Operating profit <sup>1/</sup></b>	<b>135</b>	<b>169</b>	<b>(20)</b>	<b>139</b>	<b>(2)</b>
- Non-operating profit/(loss) <sup>2/</sup>	15	39	(60)	91	(83)
- Others <sup>3/</sup>	24	20	25	24	3
Profit from Shareholders' Fund	29	27	7	65	(55)
<b>Sub-total</b>	<b>204</b>	<b>255</b>	<b>(20)</b>	<b>318</b>	<b>(36)</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(1)	0	-	(0)	-
Associates & JVs	(6)	(3)	-	(0)	-
Tax & non-controlling interests	(54)	(55)	(2)	(71)	(25)
<b>Net profit contribution</b>	<b>133</b>	<b>185</b>	<b>(28)</b>	<b>235</b>	<b>(43)</b>

1/ Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).

2/ Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items

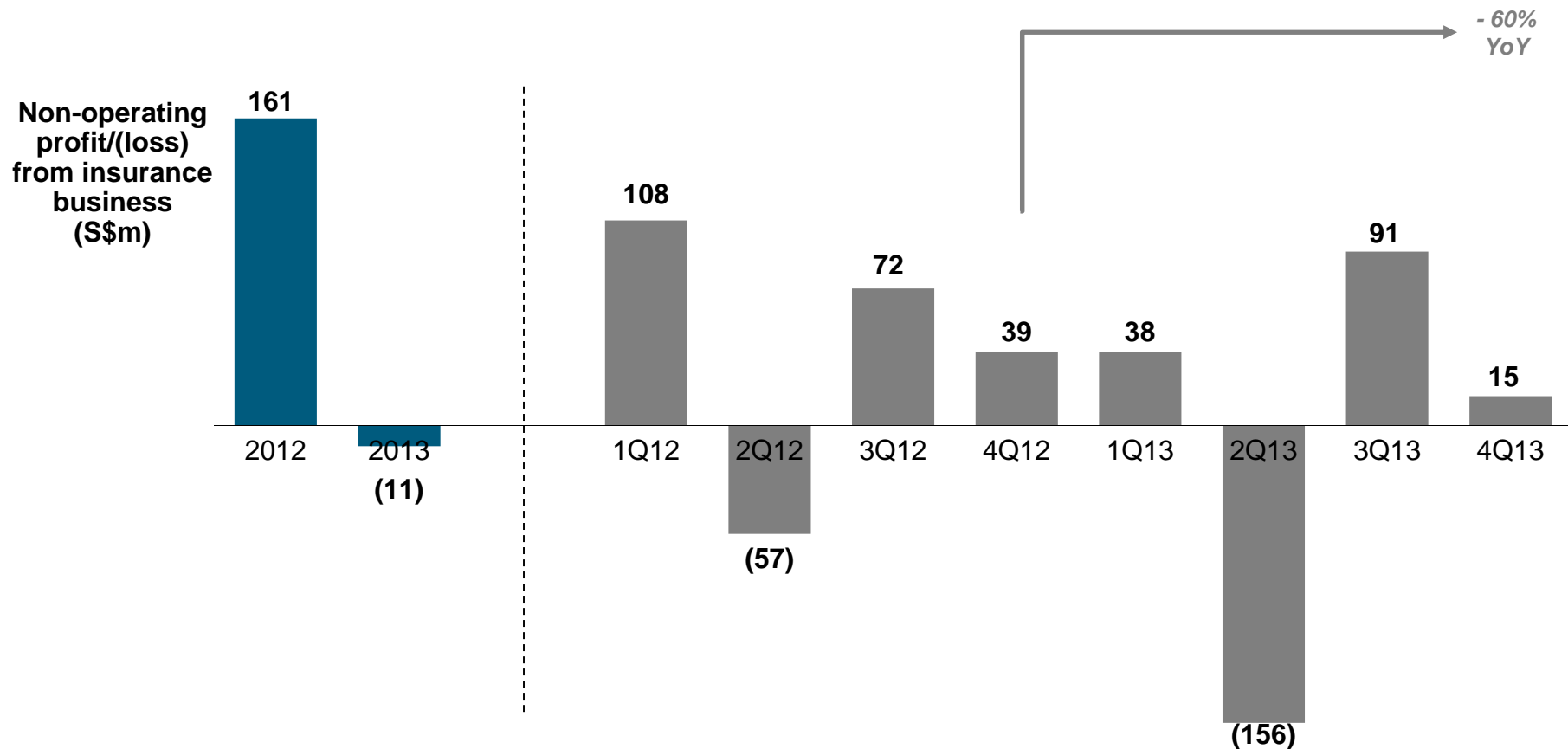
3/ Mainly tax

# GEH: Operating profit from insurance business up 12% YoY on growth across all life assurance funds



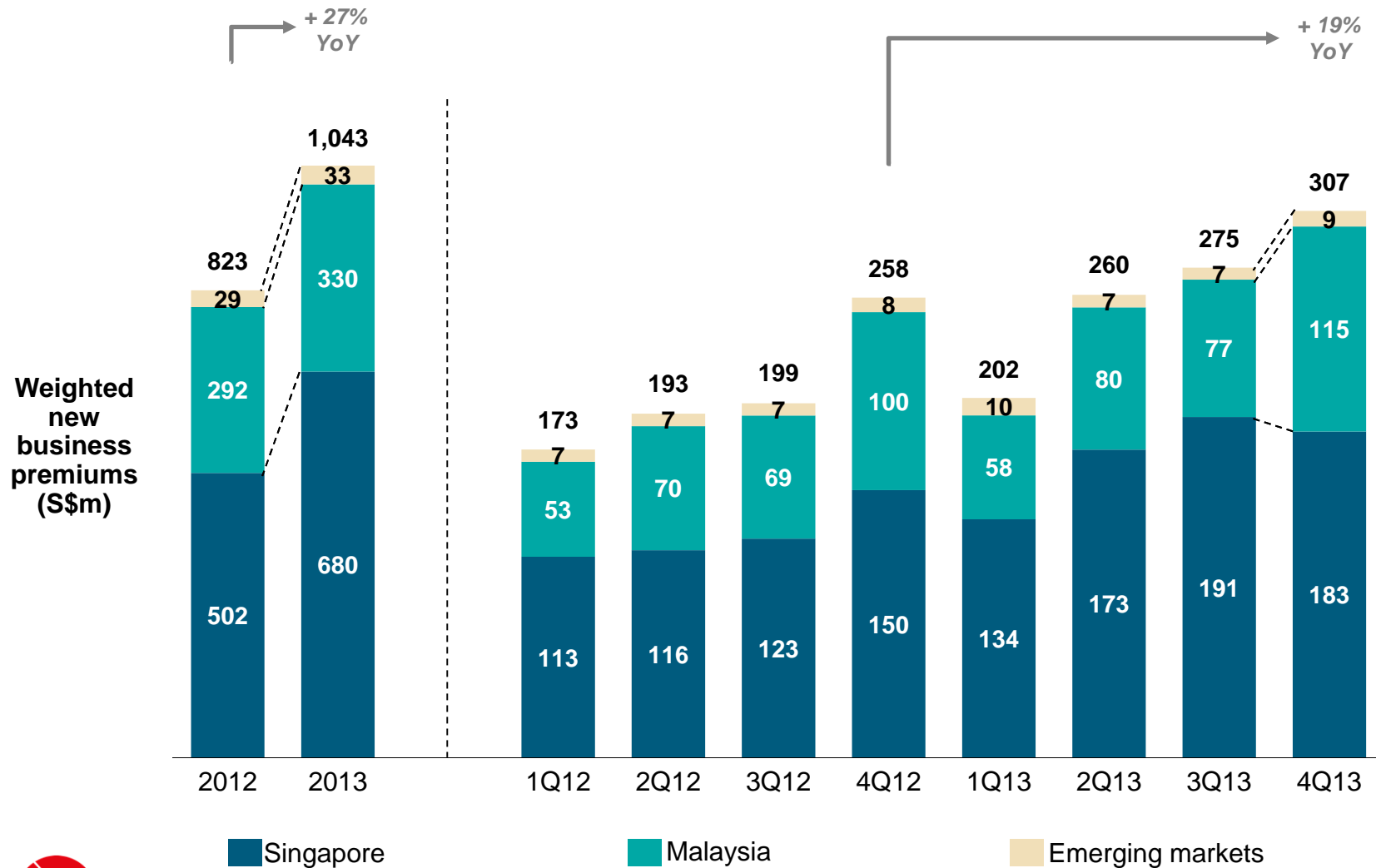
Note: Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).

# GEH: *Non-operating loss* mainly due to unrealised mark-to-market losses from Singapore Non-Participating Fund in 2Q13



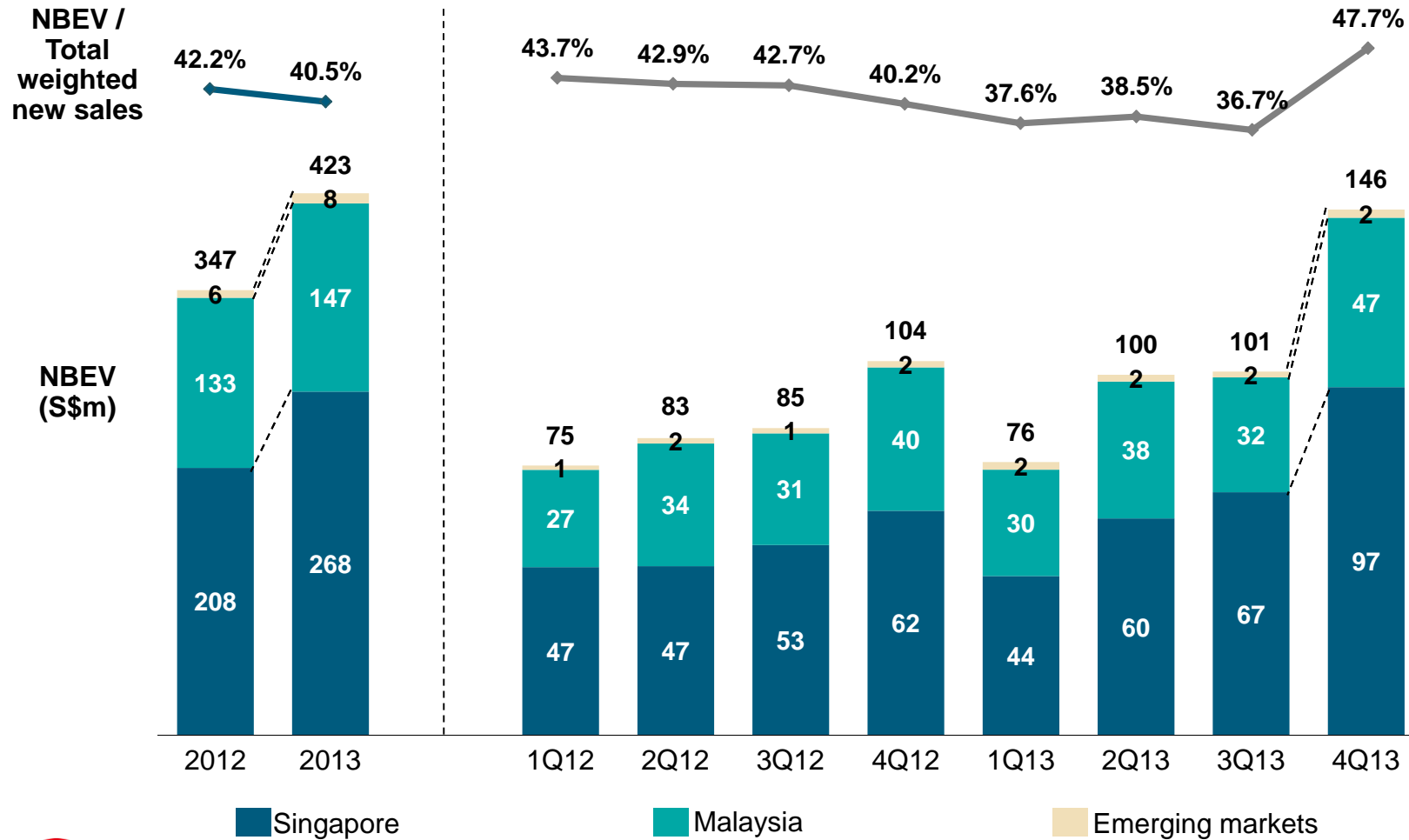


# GEH: Sustained sales momentum in Singapore and Malaysia, *total weighted new sales rose 27% YoY*



Note: QoQ comparison not relevant given seasonality of insurance sales. For comparative reasons, total weighted new sales figures for periods prior to 4Q13 have been restated using exchange rates as at 31 December 2013

# GEH: *New business embedded value up 22% YoY*

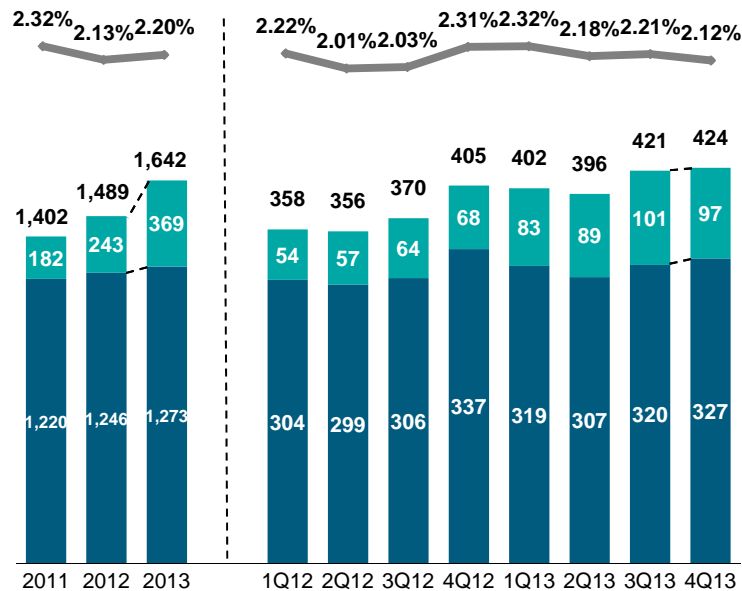


Note: For comparative reasons, NBEV figures for periods prior to 4Q13 have been restated using exchange rates as at 31 December 2013. NBEV figures for periods prior to 4Q12 have been restated to take into account revised investment and actuarial assumptions implemented in 4Q12

# OCBC Malaysia: Total net interest income and Islamic financing income up 10% YoY, non-interest income increased 2% YoY

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

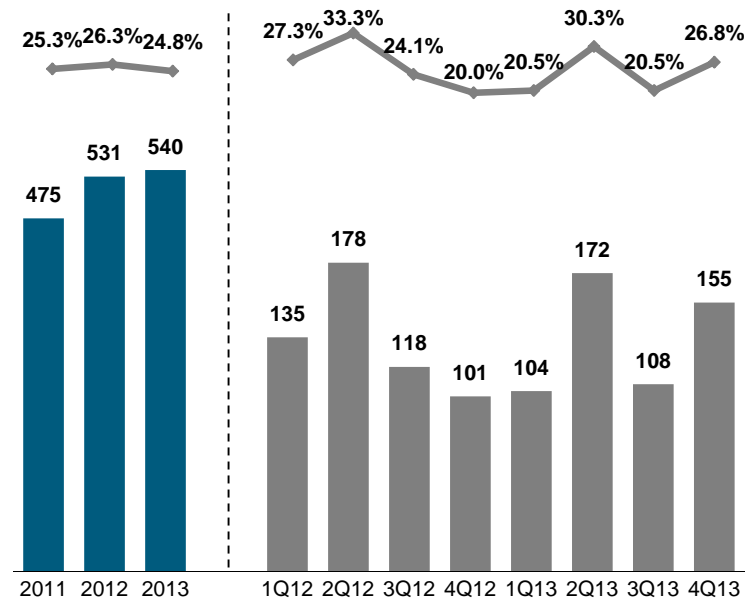
### Net Interest/financing margin



■ Net interest income ■ Islamic financing income

## Non-interest income (RM m)

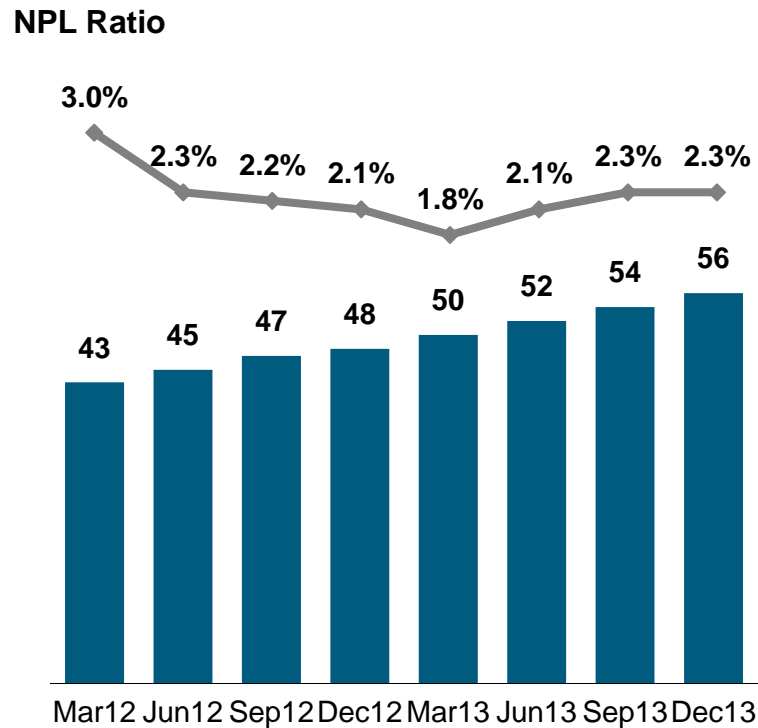
### Non-int. income/Total income



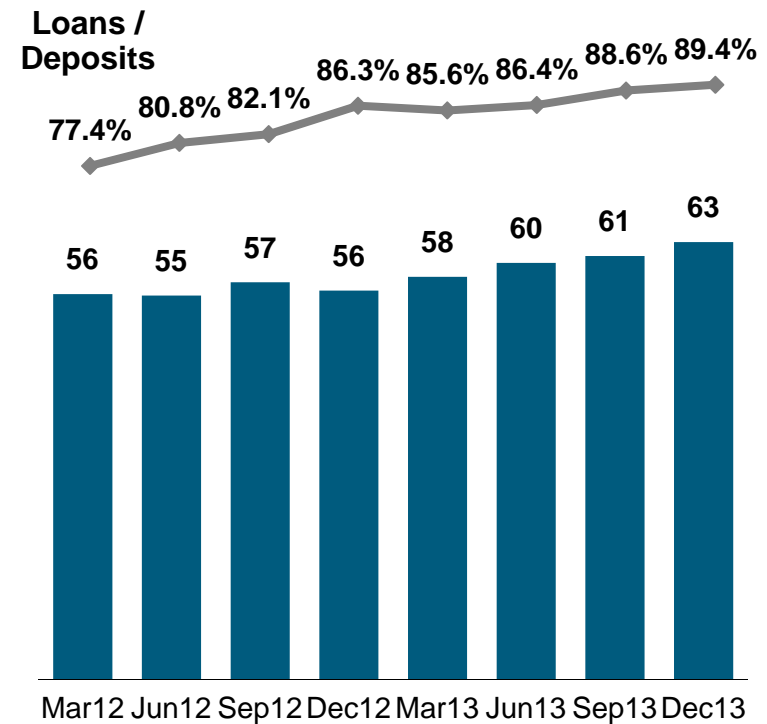
Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

# OCBC Malaysia: Loans grew 17% YoY and 4% QoQ, NPL ratio at 2.3%

**Gross Loans (RM b)**



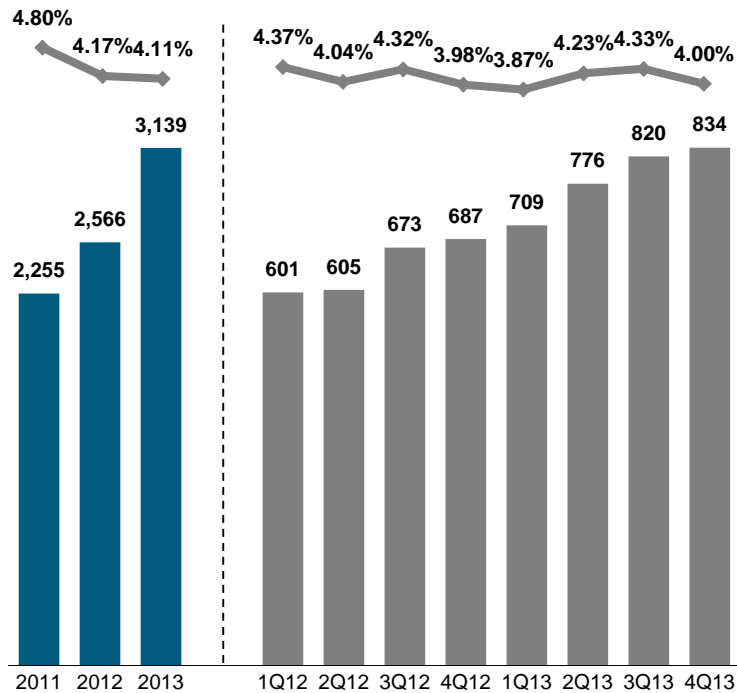
**Deposits (RM b)**



# OCBC NISP: Net interest income up 22% YoY, non-interest income up 5% YoY

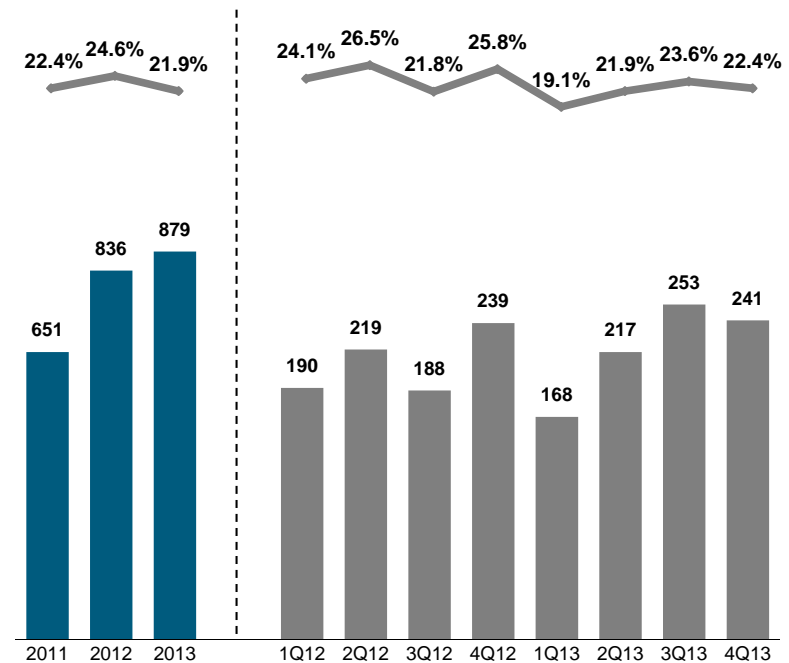
## Net interest income (Rp b)

### Net interest margin



## Non-interest income (Rp b)

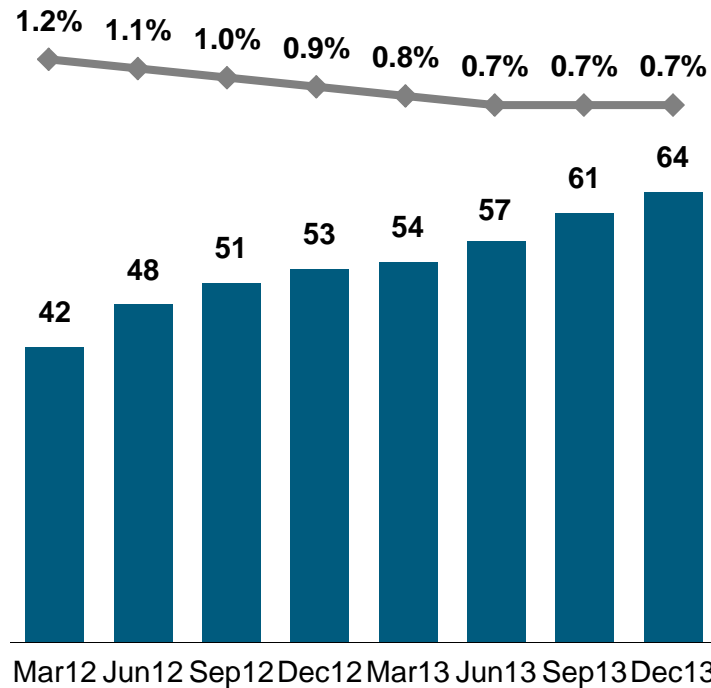
### Non-int. income/ Total income



# OCBC NISP: Loans grew 21% YoY and 5% QoQ, NPL ratio improved to 0.7%

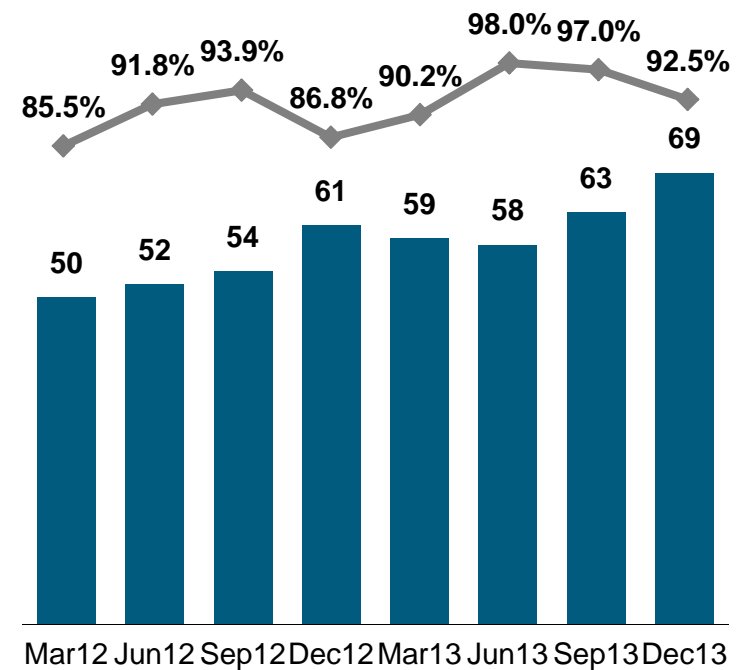
## Gross Loans (Rp t)

### NPL Ratio



## Deposits (Rp t)

### Loans / Deposits



### CASA Ratio

58.3% 57.3% 50.5% 49.6% 47.3% 44.8% 44.8% 38.9%



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



# Agenda

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Results Overview

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FY13 Performance Trends

Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

# OCBC Malaysia: Record full year net profit grew 17% YoY

<b>OCBC Malaysia</b>	<b>FY13</b> RM m	<b>FY12</b> RM m	<b>YoY</b> +/(-)%
Net interest income	1,273	1,246	2
Islamic Financing Income	369	243	52
Non-interest income	540	531	2
<b>Total income</b>	<b>2,182</b>	<b>2,020</b>	<b>8</b>
Operating expenses	(872)	(851)	3
<b>Operating profit</b>	<b>1,310</b>	<b>1,169</b>	<b>12</b>
Allowances	(60)	(84)	(29)
Tax	(304)	(274)	11
<b>Net profit</b>	<b>946</b>	<b>811</b>	<b>17</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>40.0</b>	<b>42.1</b>
<b>ROE</b>	<b>17.3</b>	<b>15.4</b>
<b>CAR</b>		
- Common Equity Tier 1	<b>12.7</b>	<b>na</b>
- Tier 1	<b>14.6</b>	<b>14.4</b>
- Total CAR	<b>17.7</b>	<b>17.8</b>



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: 4Q13 net profit rose 37% YoY

<b>OCBC Malaysia</b>	<b>4Q13</b> RM m	<b>4Q12</b> RM m	<b>YoY</b> +/(-)%	<b>3Q13</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	327	337	(3)	320	2
Islamic Financing Income	97	68	43	101	(4)
Non-interest income	155	101	53	108	44
<b>Total income</b>	<b>579</b>	<b>506</b>	<b>14</b>	<b>529</b>	<b>10</b>
Operating expenses	(230)	(235)	(2)	(223)	3
<b>Operating profit</b>	<b>349</b>	<b>271</b>	<b>29</b>	<b>306</b>	<b>14</b>
Allowances	(17)	(22)	(23)	(20)	(15)
Tax	(77)	(63)	22	(70)	10
<b>Net profit</b>	<b>255</b>	<b>186</b>	<b>37</b>	<b>216</b>	<b>18</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>39.6</b>	<b>46.4</b>		<b>42.2</b>
<b>ROE</b>	<b>18.4</b>	<b>14.9</b>		<b>16.2</b>
<b>CAR</b>				
- Common Equity Tier 1	<b>12.7</b>	na		<b>11.8</b>
- Tier 1	<b>14.6</b>	<b>14.4</b>		<b>13.7</b>
- Total CAR	<b>17.7</b>	<b>17.8</b>		<b>16.8</b>



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: Full year net profit up 25% YoY, a record high

<b>OCBC NISP</b>	<b>FY13 RP b</b>	<b>FY12 RP b</b>	<b>YoY +/(-)%</b>
Net interest income	3,139	2,566	22
Non-interest income	879	836	5
<b>Total income</b>	<b>4,018</b>	<b>3,402</b>	<b>18</b>
Operating expenses	(2,215)	(1,942)	14
<b>Operating profit</b>	<b>1,803</b>	<b>1,460</b>	<b>23</b>
Allowances	(259)	(247)	5
Non Op Income / (Expenses)	(14)	9	(263)
Tax	(387)	(307)	26
<b>Net profit</b>	<b>1,143</b>	<b>915</b>	<b>25</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>55.1</b>	<b>57.1</b>
<b>ROE</b>	<b>11.9</b>	<b>12.2</b>
<b>CAR</b>		
- Common Equity Tier 1	<b>17.4</b>	<b>13.9</b>
- Tier 1	<b>17.4</b>	<b>13.9</b>
- Total CAR	<b>19.3</b>	<b>16.5</b>



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

# OCBC NISP: 4Q13 net profit increased 17% YoY

<b>OCBC NISP</b>	<b>4Q13</b>	<b>4Q12</b>	<b>YoY</b>	<b>3Q13</b>	<b>QoQ</b>
	<b>RP b</b>	<b>RP b</b>	<b>+/(-)%</b>	<b>RP b</b>	<b>+/(-)%</b>
Net interest income	834	687	22	820	2
Non-interest income	241	239	1	253	(5)
<b>Total income</b>	<b>1,075</b>	<b>926</b>	<b>16</b>	<b>1,073</b>	<b>-</b>
Operating expenses	(577)	(500)	16	(570)	1
<b>Operating profit</b>	<b>498</b>	<b>426</b>	<b>17</b>	<b>503</b>	<b>(1)</b>
Allowances	(73)	(83)	(12)	(100)	(27)
Non Op Income / (Expenses)	(13)	3	(675)	0	nm
Tax	(107)	(87)	24	(101)	6
<b>Net profit</b>	<b>305</b>	<b>259</b>	<b>17</b>	<b>302</b>	<b>1</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>53.7</b>	<b>54.0</b>	<b>53.1</b>
<b>ROE</b>	<b>10.5</b>	<b>12.5</b>	<b>13.3</b>
<b>CAR</b>			
- Common Equity Tier 1	<b>17.4</b>	<b>13.9</b>	<b>12.9</b>
- Tier 1	<b>17.4</b>	<b>13.9</b>	<b>12.9</b>
- Total CAR	<b>19.3</b>	<b>16.5</b>	<b>14.9</b>



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

■ 2013 Full Year Results  
Thank You

