

First Quarter 2016 Results Presentation

29 April 2016



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Agenda

Results Overview

1Q16 Group Performance Trends

Performance of Major Subsidiaries

- Great Eastern Holdings
 - OCBC Wing Hang
 - OCBC Malaysia
 - OCBC NISP
-

Summary

Appendix: Wealth management income



Note: - Certain comparative figures have been restated to conform with the current period's presentation
- Amounts less than S\$0.5m are shown as "0";
- "nm" denotes not meaningful;
- "na" denotes not applicable;
- Figures may not sum to stated totals because of rounding

1Q16 Highlights

Net profit of S\$856m was 14% lower YoY; operating profit from banking operations up 3% YoY

Earnings

- **Banking operations** – Operating profit up 3% YoY, driven by increased net interest income, higher non interest income and cost discipline
- **Insurance operations** – Earnings contribution from Great Eastern (“GEH”) decreased by S\$108m or 59% YoY, largely due to unrealised mark-to-market losses from its bond & equity investment portfolio. Otherwise, GEH’s underlying insurance business fundamentals were strong, with Total Weighted New Sales up 9% and NBEV stable YoY
- Operating expenses well-controlled, up 6% YoY and 5% lower QoQ
- Net allowances rose YoY from higher specific allowances and prudent portfolio allowances set aside; down 13% QoQ
- Share of results of associates up 19% YoY

Assets and liabilities

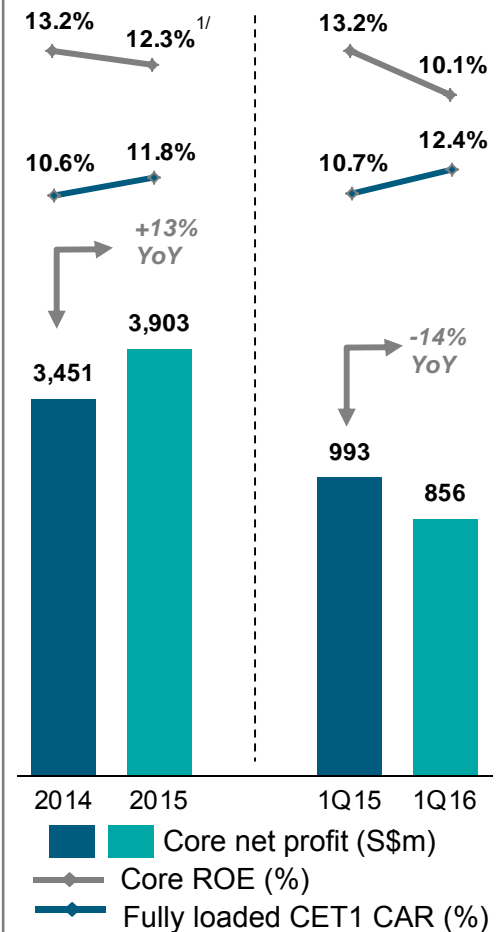
- Customer loans up 1% YoY in constant currency terms
- Customer deposits lower YoY from lower fixed deposits against weak loan demand; CASA ratio increased further to 49.3%
- NPL ratio at 1.0%; credit cost stayed low at under 0.2%, coverage ratios healthy

Capital and liquidity

- Capital position strong; CET1 and Tier 1 at 14.6% and 15.1% respectively, Total CAR at 17.3%. Fully-loaded CET1 improved to 12.4%
- Leverage ratio at 8.2%, better than the 3% minimum requirement
- Average all-currency Liquidity Coverage Ratio (“LCR”) for 1Q16 was 122%



Core net profit and core ROE



^{1/} The YoY decline in 2015 ROE was largely due to the enlarged share base, arising from the OCBC Rights Issue in September 2014

1Q16 net profit decreased 14% YoY to S\$856m

OCBC Group	1Q16	1Q15	YoY	4Q15	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net interest income	1,307	1,249	5	1,341	(3)
Non-interest income	753	859	(12)	960	(22)
Total income	2,060	2,108	(2)	2,301	(10)
Operating expenses	(923)	(873)	6	(974)	(5)
Operating profit	1,137	1,235	(8)	1,327	(14)
Amortisation of intangibles	(24)	(24)	-	(25)	(2)
Allowances	(167)	(64)	162	(193)	(13)
Associates	106	89	19	63	68
Tax & non-controlling interest ("NCI")	(196)	(243)	(19)	(212)	(8)
Net profit	856	993	(14)	960	(11)

1Q16 operating profit *before GEH* contribution (Banking Operations) up 3% YoY; however net profit fell 4% as a result of increased allowances

Banking Operations	1Q16	1Q15	YoY	4Q15	QoQ
	S\$m	S\$m	+/(-)%	S\$m	+/(-)%
Net interest income	1,284	1,230	4	1,312	(2)
Non-interest income	599	578	4	677	(12)
Total income	1,883	1,808	4	1,989	(5)
Operating expenses	(868)	(819)	6	(916)	(5)
Operating profit	1,015	989	3	1,074	(5)
Allowances	(163)	(64)	156	(181)	(10)
Associates	109	92	19	68	60
Amortisation, tax & NCI	(179)	(204)	(12)	(181)	(2)
Net profit from banking operations	782	813	(4)	780	-
GEH net profit contribution	73	181	(59)	180	(59)
OCBC Group net profit	856	993	(14)	960	(11)

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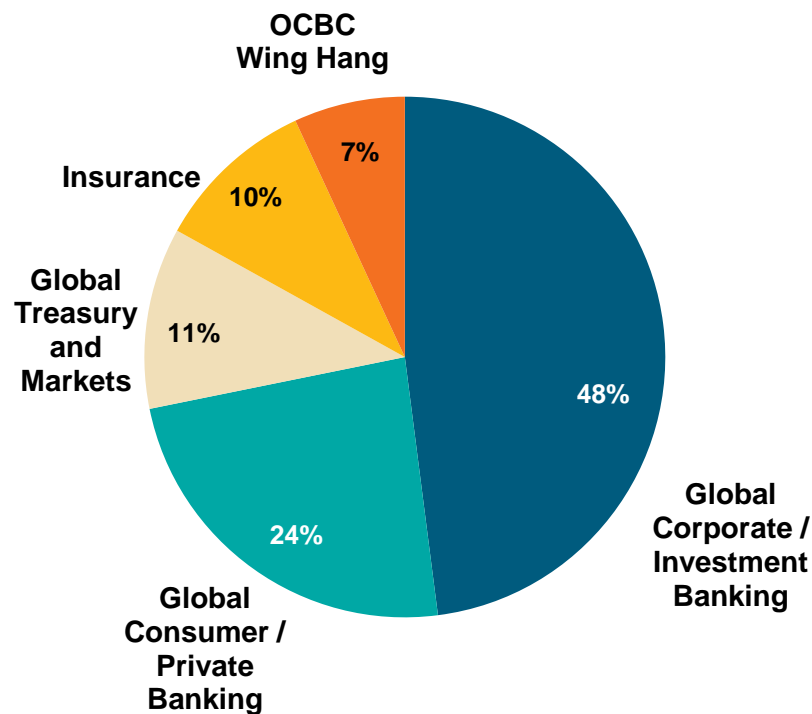
- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- OCBC NISP

Summary

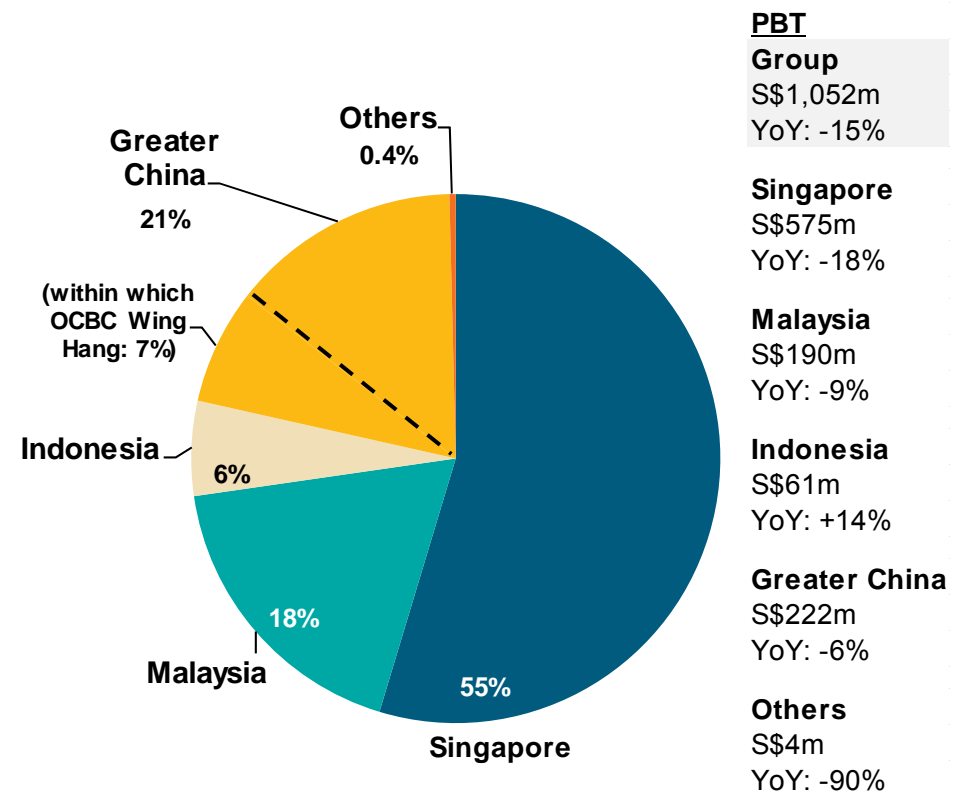
Appendix: Wealth management income

Earnings well-diversified across key geographies and main businesses

**1Q16 PBT
by Business^{1/}**

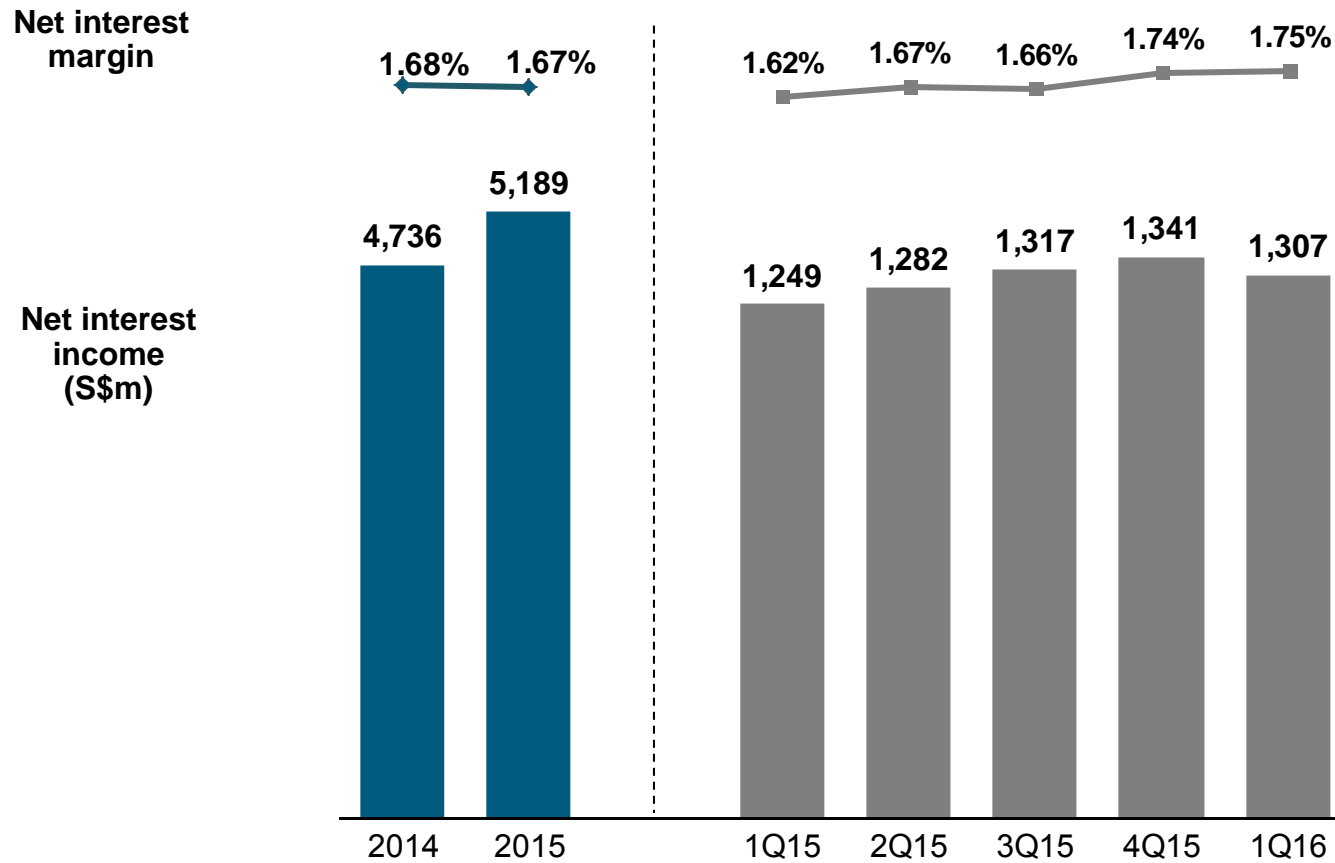


**1Q16 PBT
by Geography**

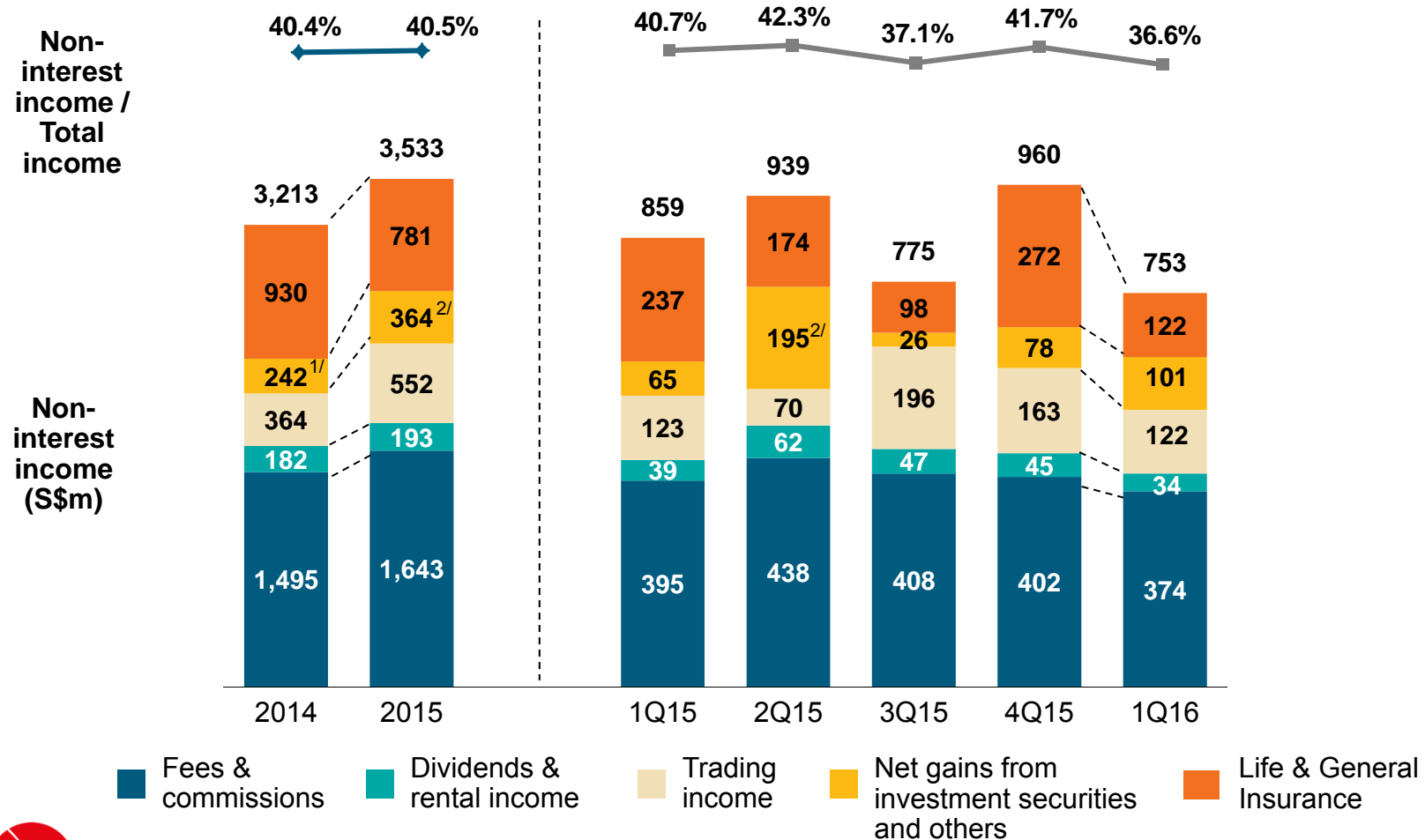


^{1/} Operating profit after allowances and amortisation. Excludes the Others segment, which comprises mainly property holding, investment holding and items not attributable to the business segments described above.

Net interest income rose 5% YoY, driven by 13 bps improvement in NIM



Non-interest income fell 12% YoY, mainly due to lower fee and insurance income

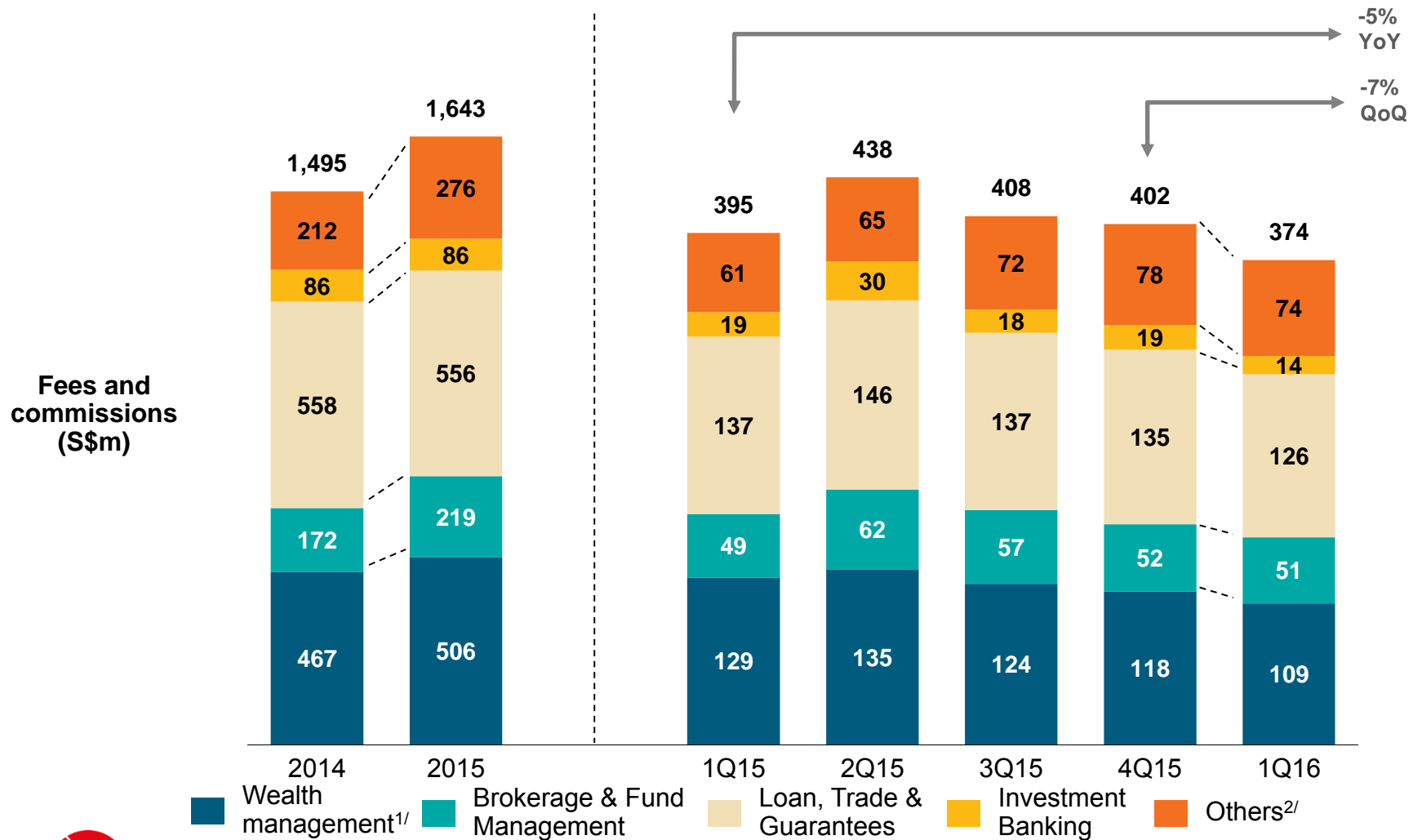


Note: Excludes non-core gains

1/ Includes a one-off gain of S\$32m from the partial disposal of GEH's stake in its China joint venture

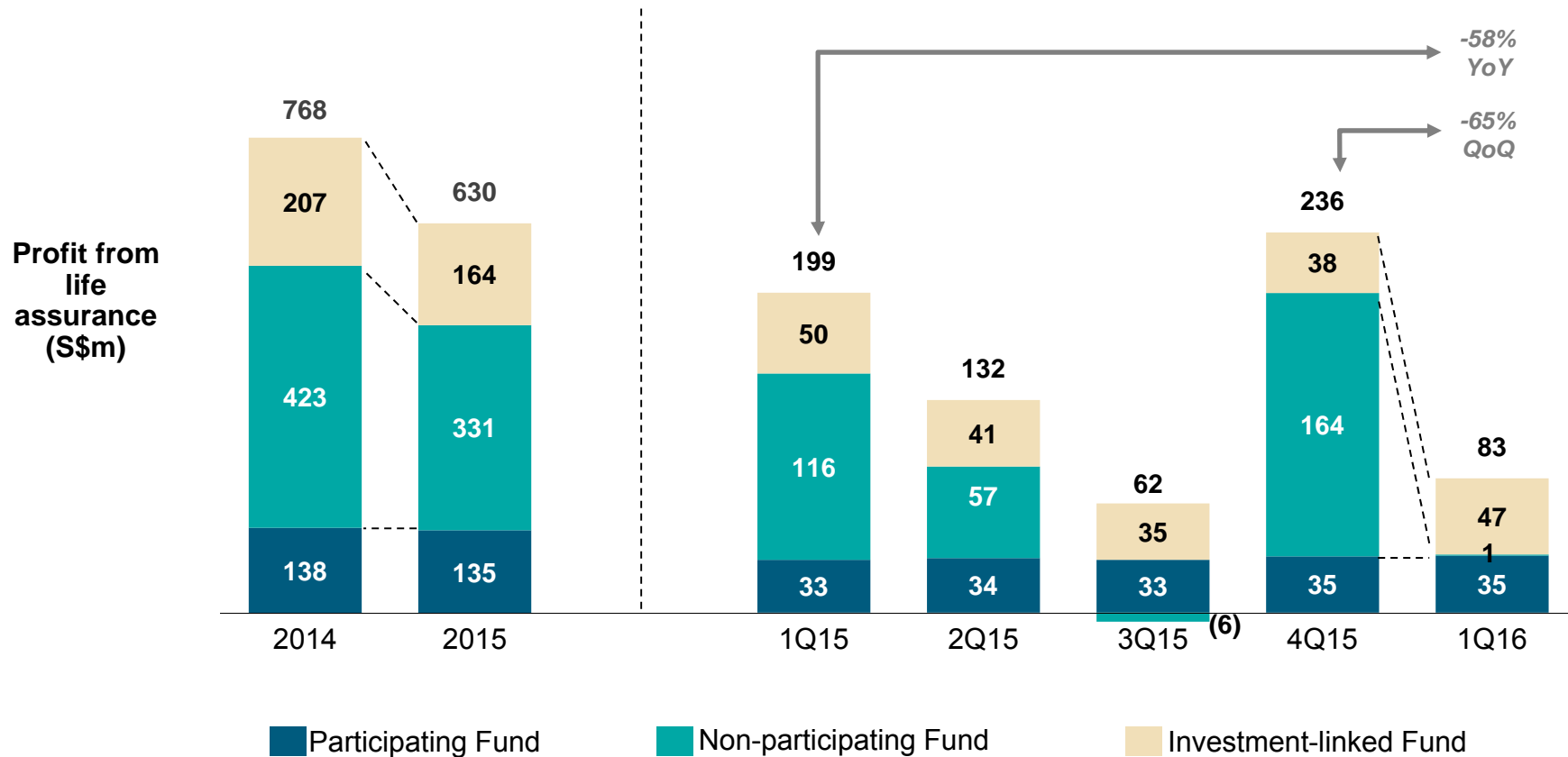
2/ Includes a realised gain of S\$136m from sale of an investment in GEH's equity portfolio

Fee income down 5% YoY, from decline in wealth management, trade-related and investment banking fees

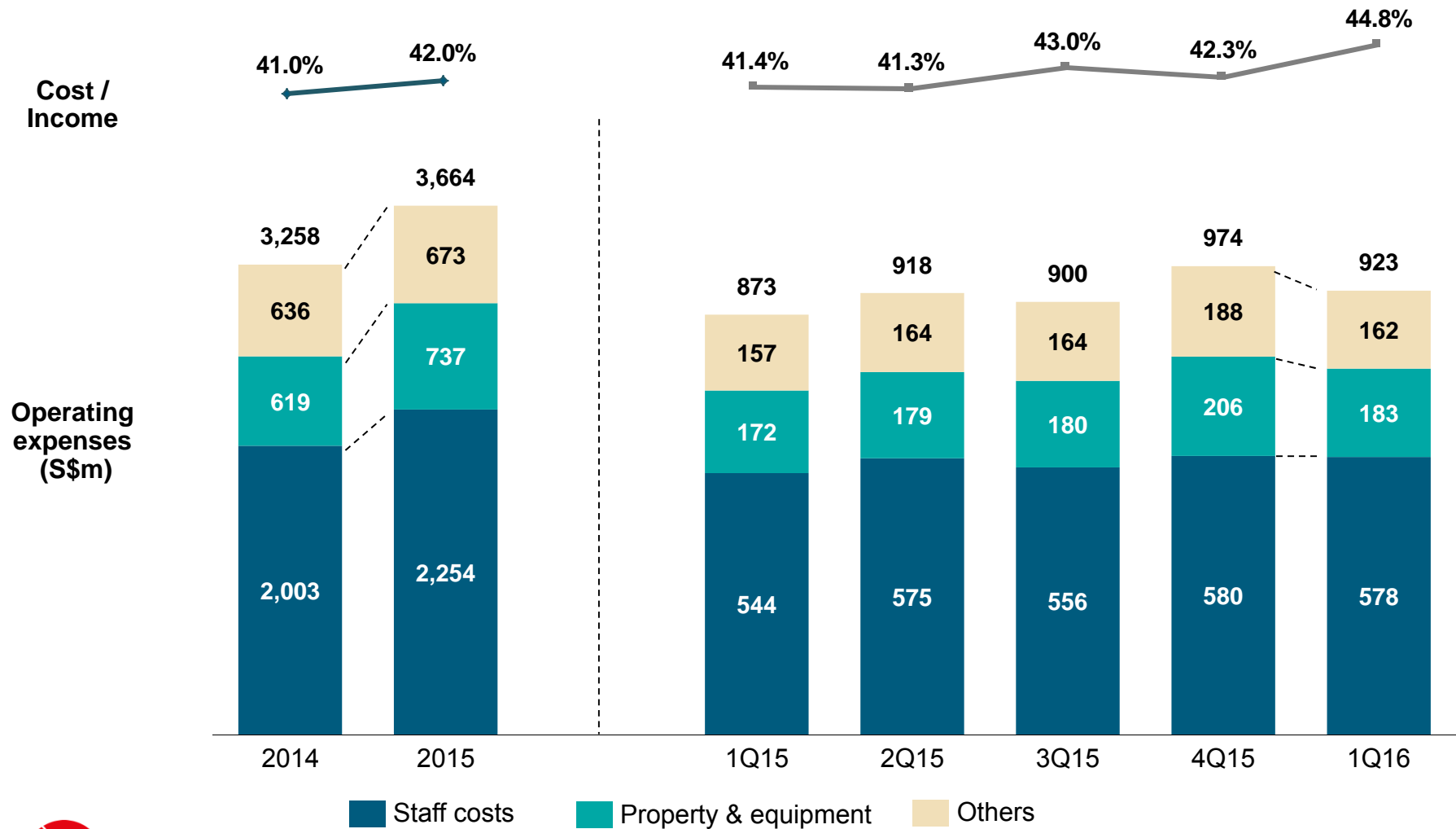


1/ Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers
 2/ Others includes credit card fees, service charges and other fee and commission income

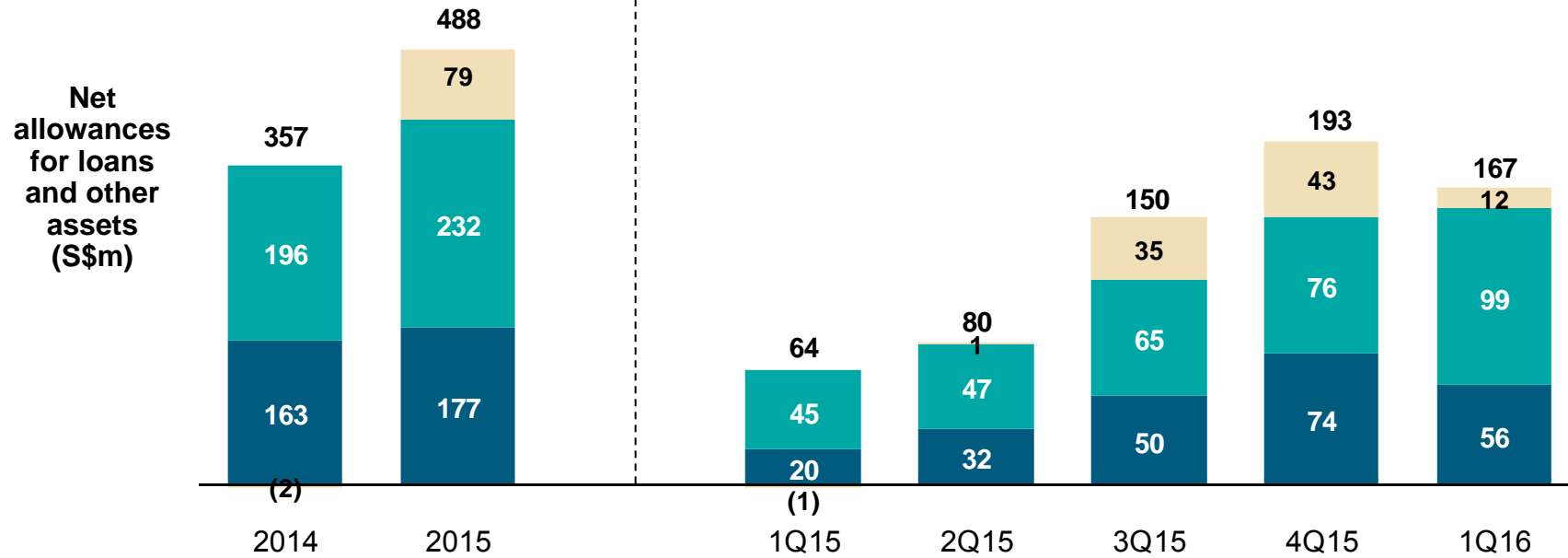
Profit from life assurance declined 58% YoY and 65% QoQ, as a result of unrealised mark-to-market losses from bond and equity investments under its Non-participating Fund



Operating expenses rose 6% YoY, but declined 5% QoQ



Net allowances for loans and other assets higher YoY but lower QoQ



■ Portfolio allowances

■ Net specific allowances/
(write-backs)

■ Impairment charges/
(write-back) for other assets

As a % of avg. loans (bps) ^{1/}

Net specific loan allowances	10	11
Total loan allowances ^{2/}	19	19

	9	9	12	14	19
	13	15	21	28	30



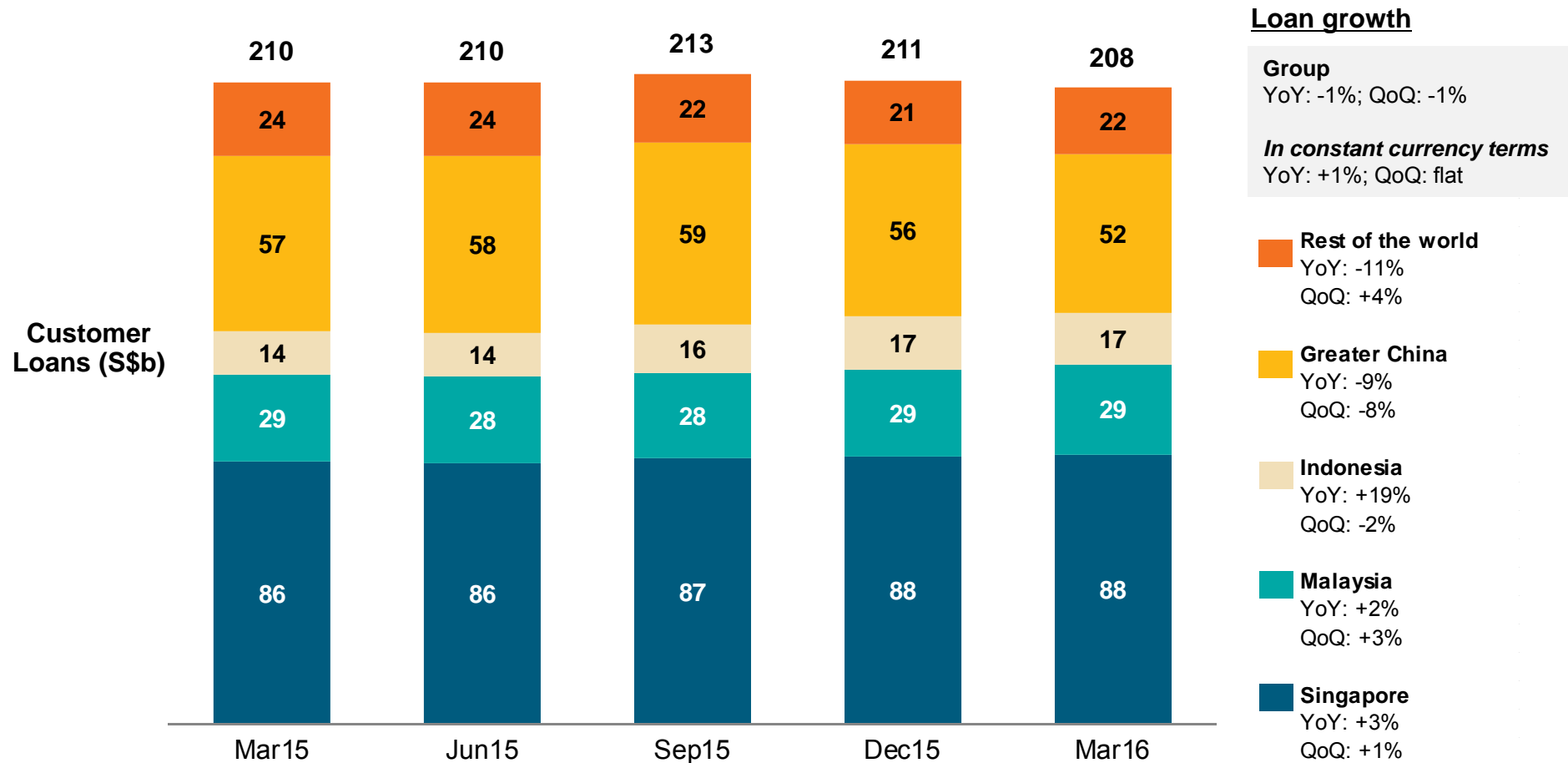
^{1/} Quarterly figures annualised

^{2/} Total loan allowances include net specific allowances and portfolio allowances

Net specific allowances for loans were higher YoY

	1Q16 S\$m	1Q15 S\$m	4Q15 S\$m
Allowances for new and existing loans	136	78	118
Write-backs ^{1/}	(26)	(23)	(29)
Recoveries ^{2/}	(11)	(10)	(13)
Net specific allowances	99	45	76

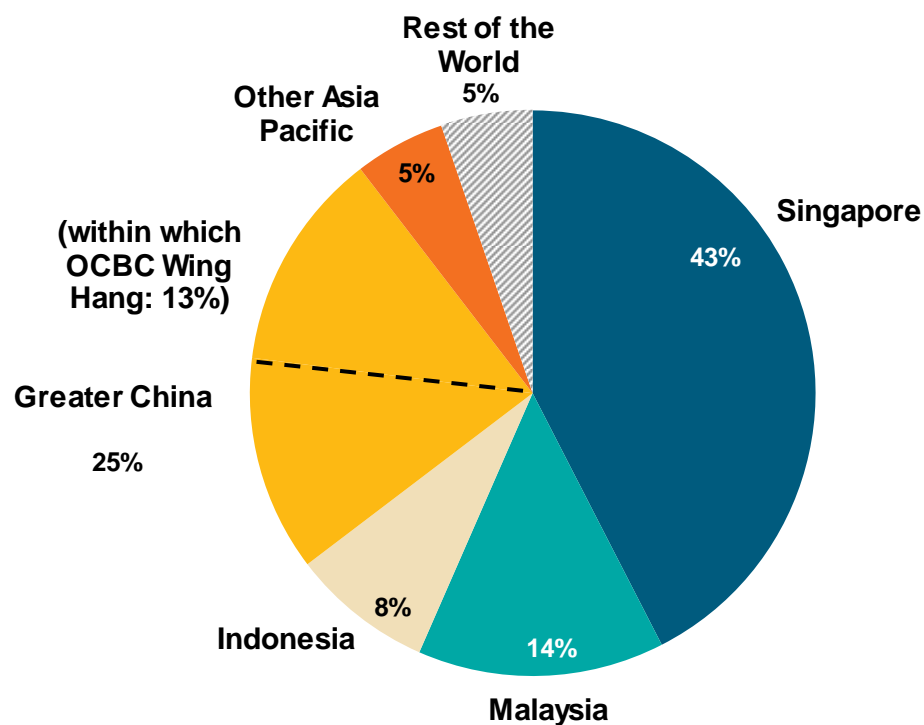
Customer loans up 1% YoY in constant currency terms as growth in corporate and consumer loans more than offset a drop in trade loans



Note: Customer 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 loans continue to be well-diversified across geographies and industries

**Customer Loans by Geography
As of 31 March 2016**



**Customer Loans by Industry
As of 31 March 2016**

Industry	As of 31-Mar-16		As of 31-Mar-15	
	S\$b	%	S\$b	%
Housing loans	57	28	55	26
Professionals & individuals	23	11	22	11
General commerce	24	11	29	14
FIs, investment & holding cos	27	13	25	12
Building & construction	35	17	32	15
Manufacturing	13	6	13	6
Tpt, storage & comm	11	5	12	6
Agri, mining & quarrying	8	4	8	4
Others	10	5	12	6
Total	208	100	210	100

Total: S\$208b



Note: Customer 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

Oil & Gas and Commodities exposure

As of 31 March 2016	Oil & Gas S\$b	Commodities ^{2/} S\$b
Total exposure^{1/}	14.1	14.2
<i>Of which:</i>		
On-balance sheet exposure	12.4	11.9
% of total customer loans	6%	6%
% NPL of total customer loans	0.43%	0.10%

Offshore services sector

- Offshore services sector made up 45% of oil & gas on-balance sheet exposure, of which 15% are classified as NPLs
- Pro-active steps taken since 3Q15 to restructure loans based on stress-test results

Commodities^{2/}

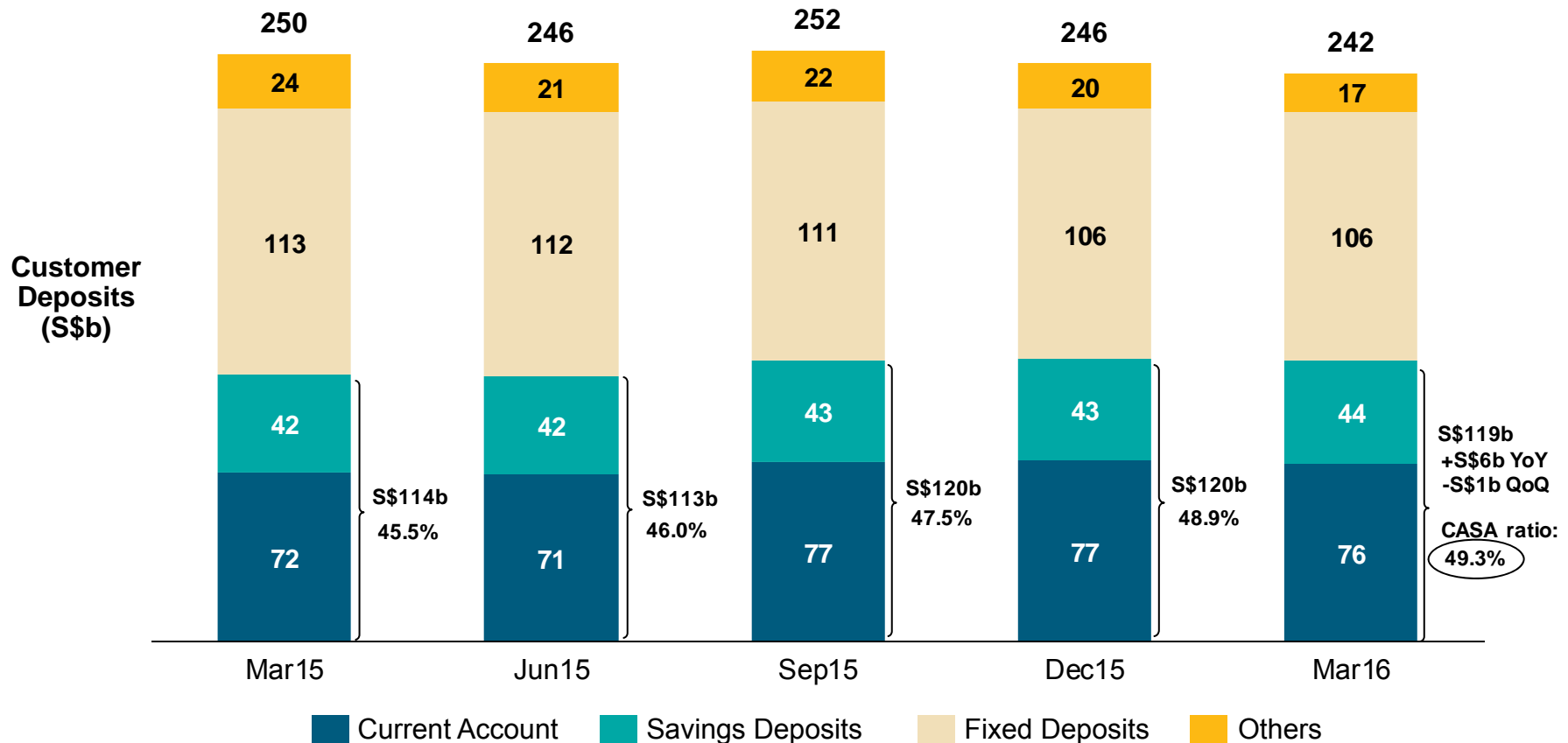
- Commodity exposure comprises plantation 47%, trading 19%, and mining, processing and refining 34%
- NPL ratio as at 31 Mar 2016 remained low; overall portfolio asset quality stayed healthy



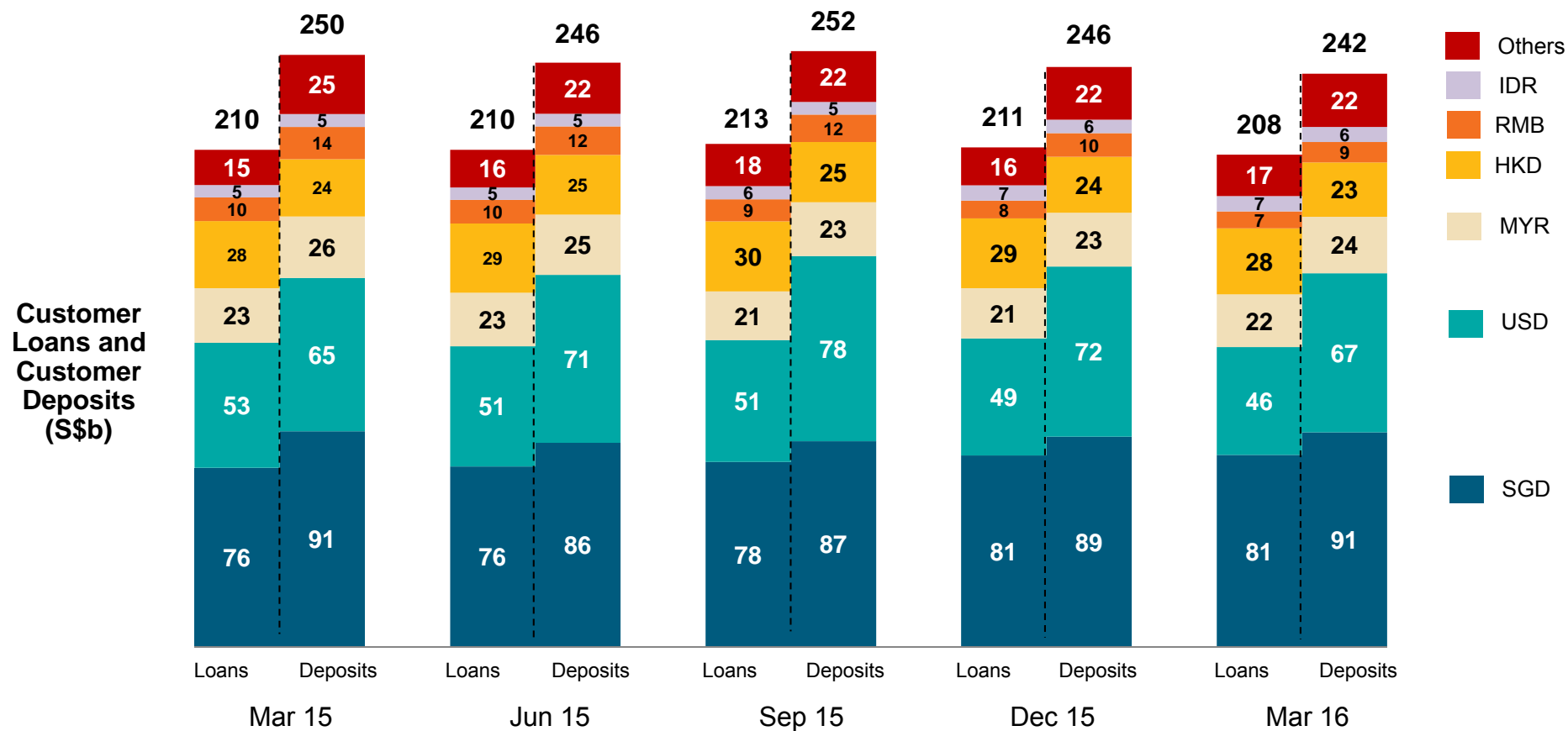
1/ Total exposure comprises on-balance sheet exposure and contingent liabilities

2/ Commodities include agriculture & soft commodities, metals, mining & quarrying, and commodities trading

Customer deposits lower against weaker loan demand. CASA deposits grew 5% YoY, offset by reductions in fixed deposits – CASA ratio improved to 49.3%



Group LDR stable at 84.7%



Group LDRs^{1/}

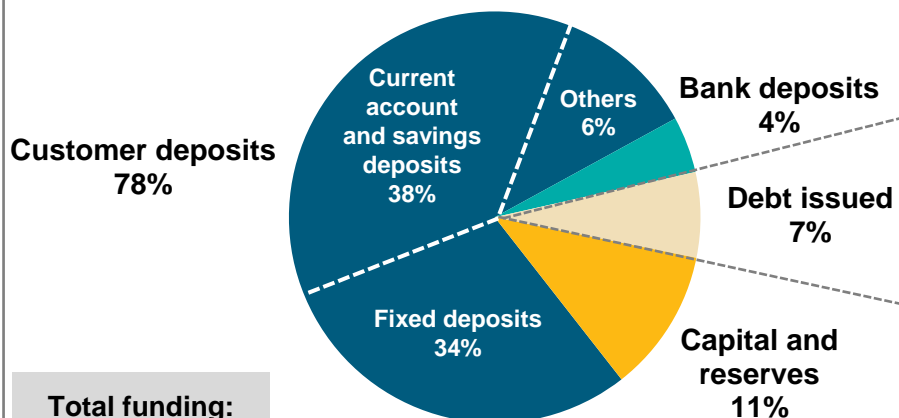
Group	Mar 15	Jun 15	Sep 15	Dec 15	Mar 16
Group	83.0%	84.3%	83.5%	84.5%	84.7%
SGD	83.0%	88.4%	89.9%	90.5%	89.5%
USD	81.6%	71.6%	65.7%	68.1%	67.7%
RMB	73.3%	86.8%	80.3%	71.5%	83.1%

1/ Group LDRs based on net customer loans / customer deposits; LDRs by currency based on gross customer loans / customer deposits

Funding sources well-balanced

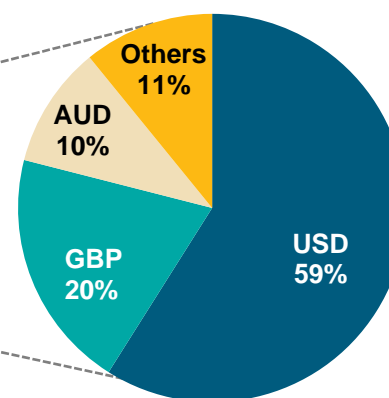
– Customer deposits made up 78% of funding composition

Funding Composition as of 31 Mar 2016



Total funding: S\$312b

Wholesale Funding by Currency as of 31 Mar 2016



By Maturity:

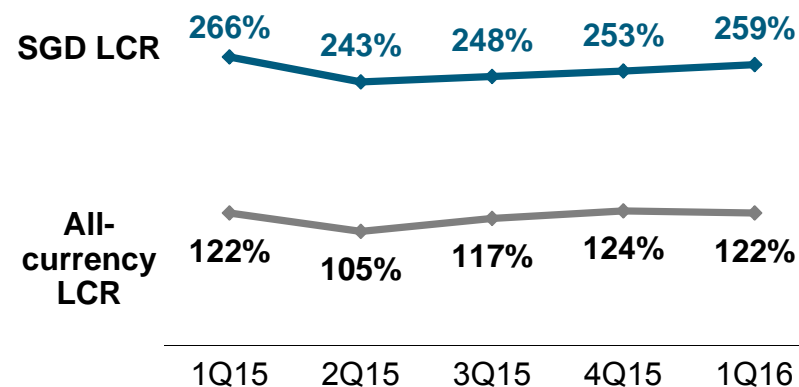
≤ 1 year	52%
> 1 year	48%

Total debt issued: S\$21b

CASA by Currency

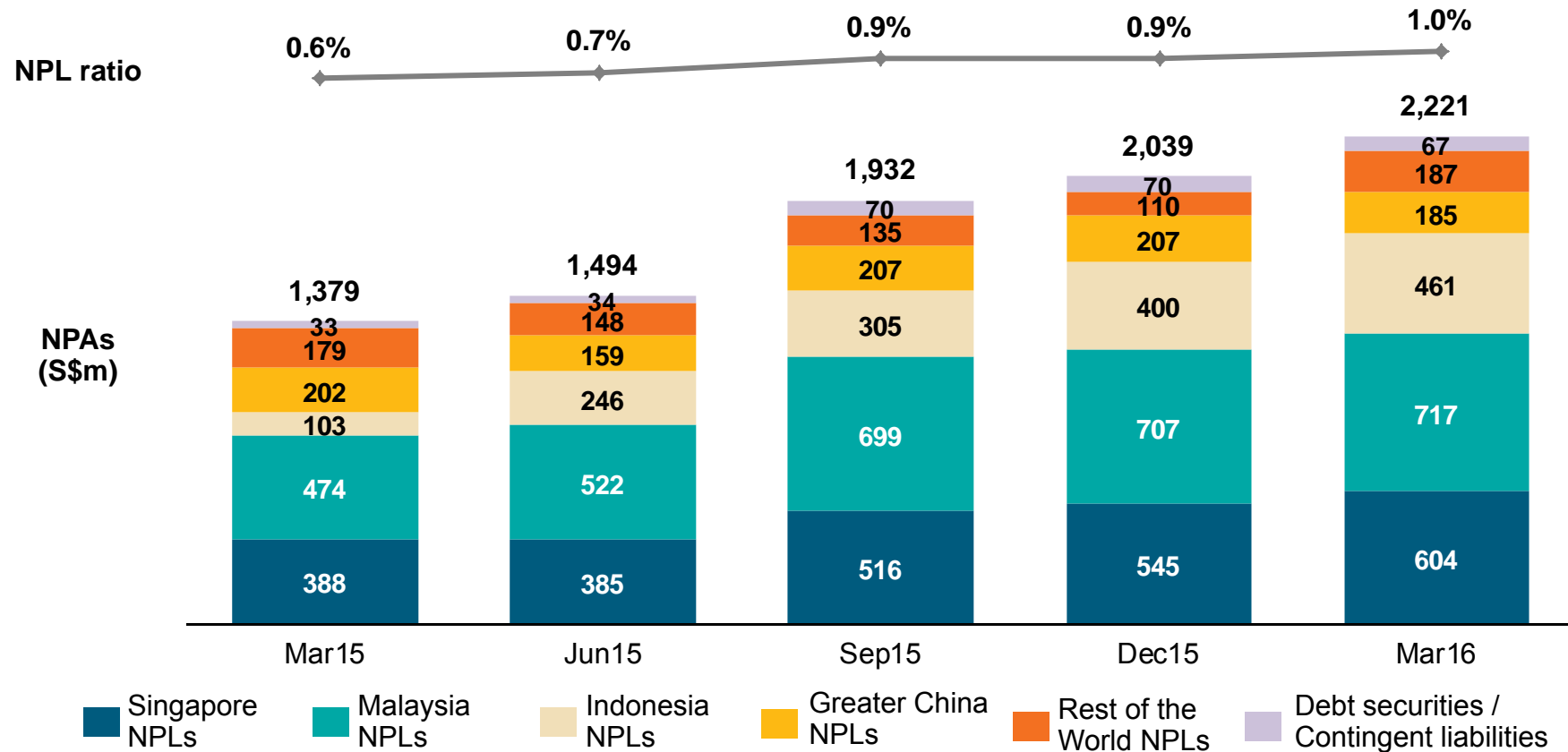
S\$m	Mar 15	Dec 15	Mar 16
Group	113,804	120,397	119,497
SGD	61,752	60,799	61,233
USD	27,950	33,895	33,409
MYR	5,743	4,963	5,337
HKD	7,841	8,771	8,330
IDR	1,798	2,123	1,901

Average Liquidity Coverage Ratio



Note: Both Singapore dollar and all-currency LCR are higher as compared to the respective regulatory ratios of 100% and 70%

NPL rose to 1.0%. Coverage for NPAs remained at healthy levels



Allowance coverage ratios

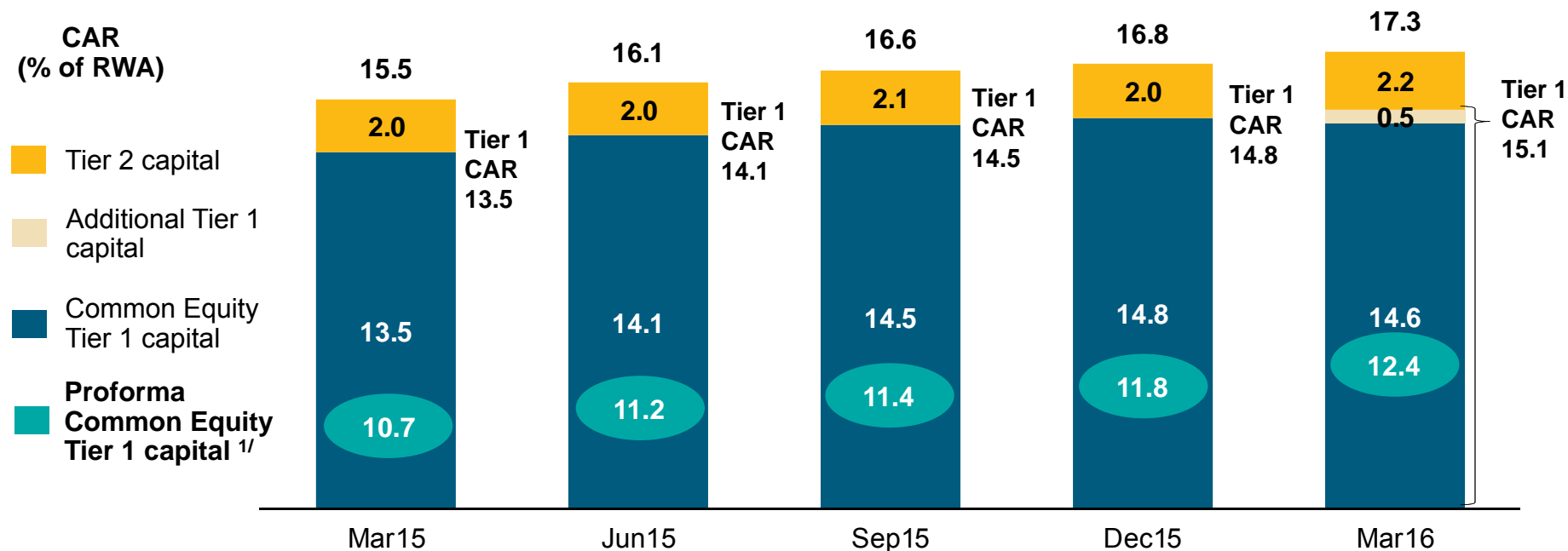
Total allow./ NPAs	166%	153%	121%	120%	113%
Total allow./ unsecured NPAs	559%	443%	453%	417%	384%

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

NPAs increased YoY to S\$2.2b, mainly from the classification of a number of large corporate accounts associated with the oil & gas support services sector

	1Q16 S\$m	1Q15 S\$m	4Q15 S\$m
NPAs – Opening balance	2,039	1,317	1,932
New NPAs	497	236	395
Net recoveries/upgrades	(232)	(139)	(200)
Write-offs	(83)	(35)	(88)
NPAs – Closing balance	2,221	1,379	2,039

Capital position remained strong and well above regulatory requirements



CET1 capital (S\$m)	26,656	27,181	28,044	28,638	27,846
Tier 1 capital (S\$m)	26,656	27,181	28,044	28,638	28,856
RWA (S\$m)	196,769	191,575	192,369	193,119	189,940
Leverage ratio ^{2/} (%)	7.2	7.4	7.6	8.0	8.2



Note: Capital ratios are computed based on Basel III transitional arrangements

1/ Based on Basel III rules which will be effective from 1 January 2018

2/ Leverage ratio is calculated based on the revised MAS Notice 637 which took effect from 1 January 2015. Leverage ratio of 8.2% as at 31 March 2016 was well above the 3% minimum requirement as guided by the Basel Committee

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Appendix: Wealth management income

GEH: 1Q16 earnings contribution of S\$73m

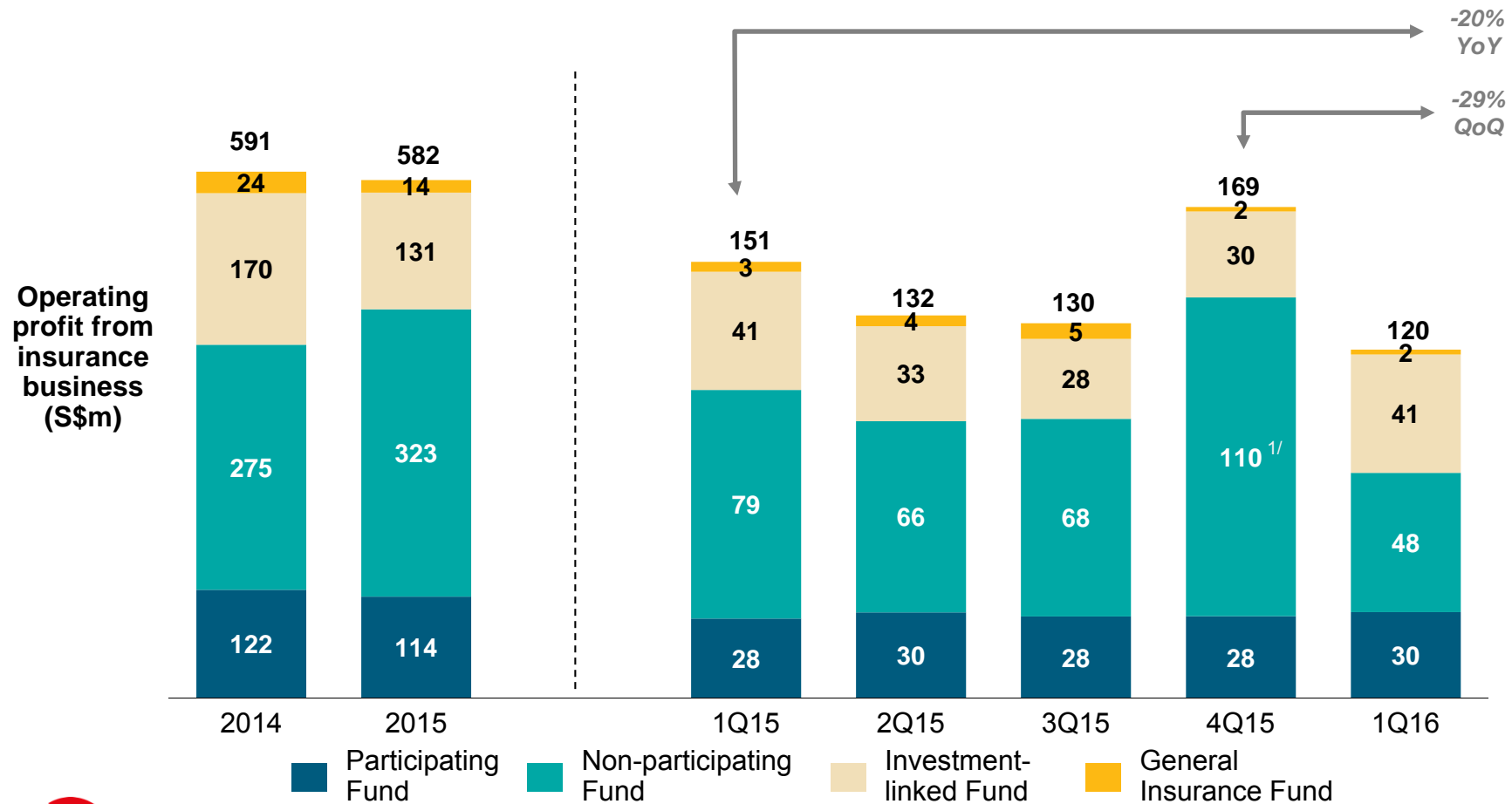
GEH	1Q16 S\$m	1Q15 S\$m	YoY +/(-)%	4Q15 S\$m	QoQ +/(-)%
Profit from insurance business	91	207	(56)	241	(62)
- Operating profit ^{1/}	120	151	(20)	169	(29)
- Non-operating (loss) / profit ^{2/}	(43)	41	(203)	49	(187)
- Others	13	15	(12)	23	(43)
Profit from Shareholders' Fund	31	39	(21)	13	150
Profit from operations	122	246	(50)	254	(52)
Allowances	(4)	(0)	nm	(13)	(68)
Associates	-	1	(100)	(2)	(100)
Tax & NCI	(21)	(26)	(19)	(20)	5
Net profit	97	220	(56)	219	(56)
Group adjustments ^{3/}	(24)	(40)	(41)	(39)	(39)
Net profit contribution to Group	73	181	(59)	180	(59)

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/ Primarily from adjustments made to amortisation for intangibles and non-controlling interest

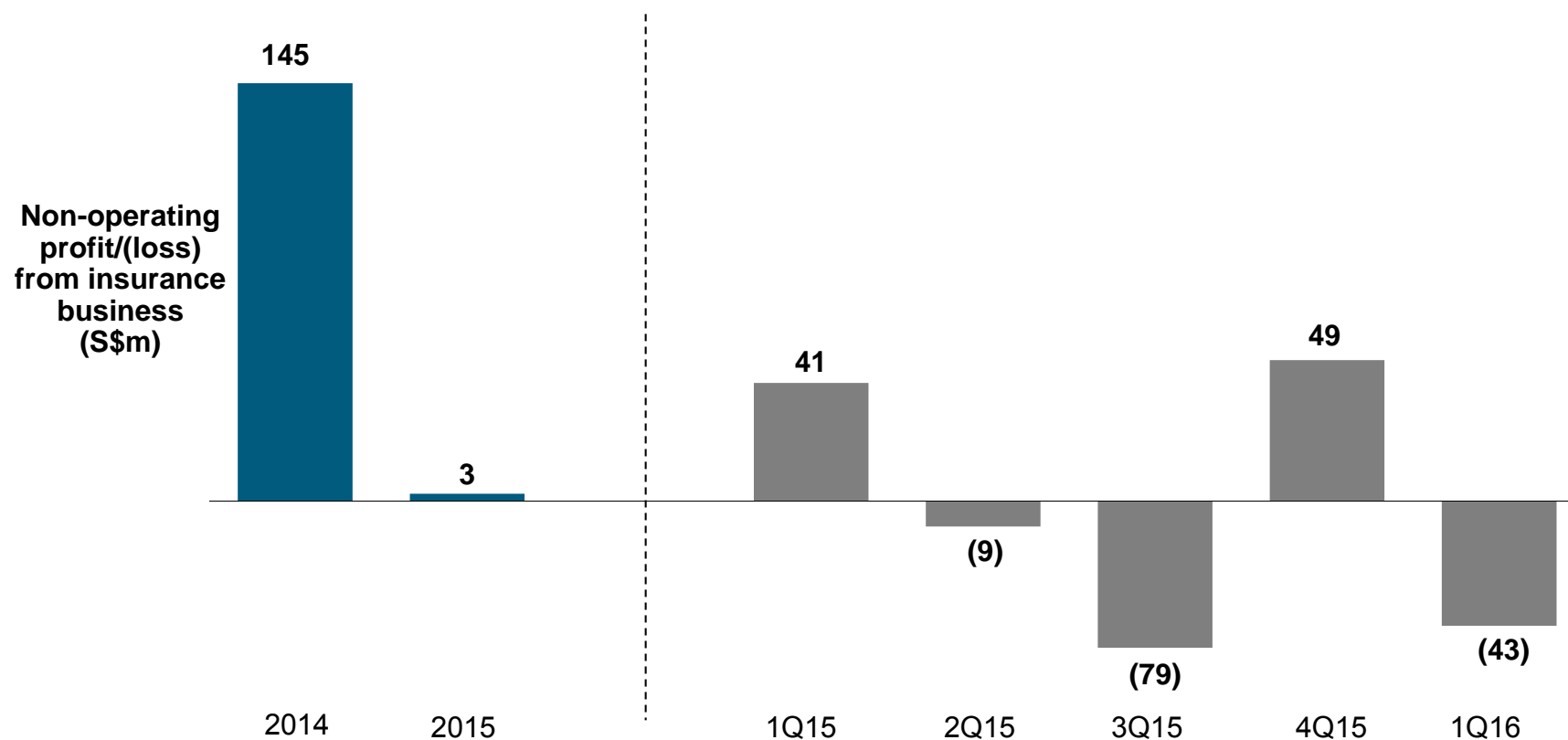
GEH: Operating profit 20% lower YoY; largely due to higher claims and weakening of the Malaysia Ringgit against the Singapore Dollar in 1Q16



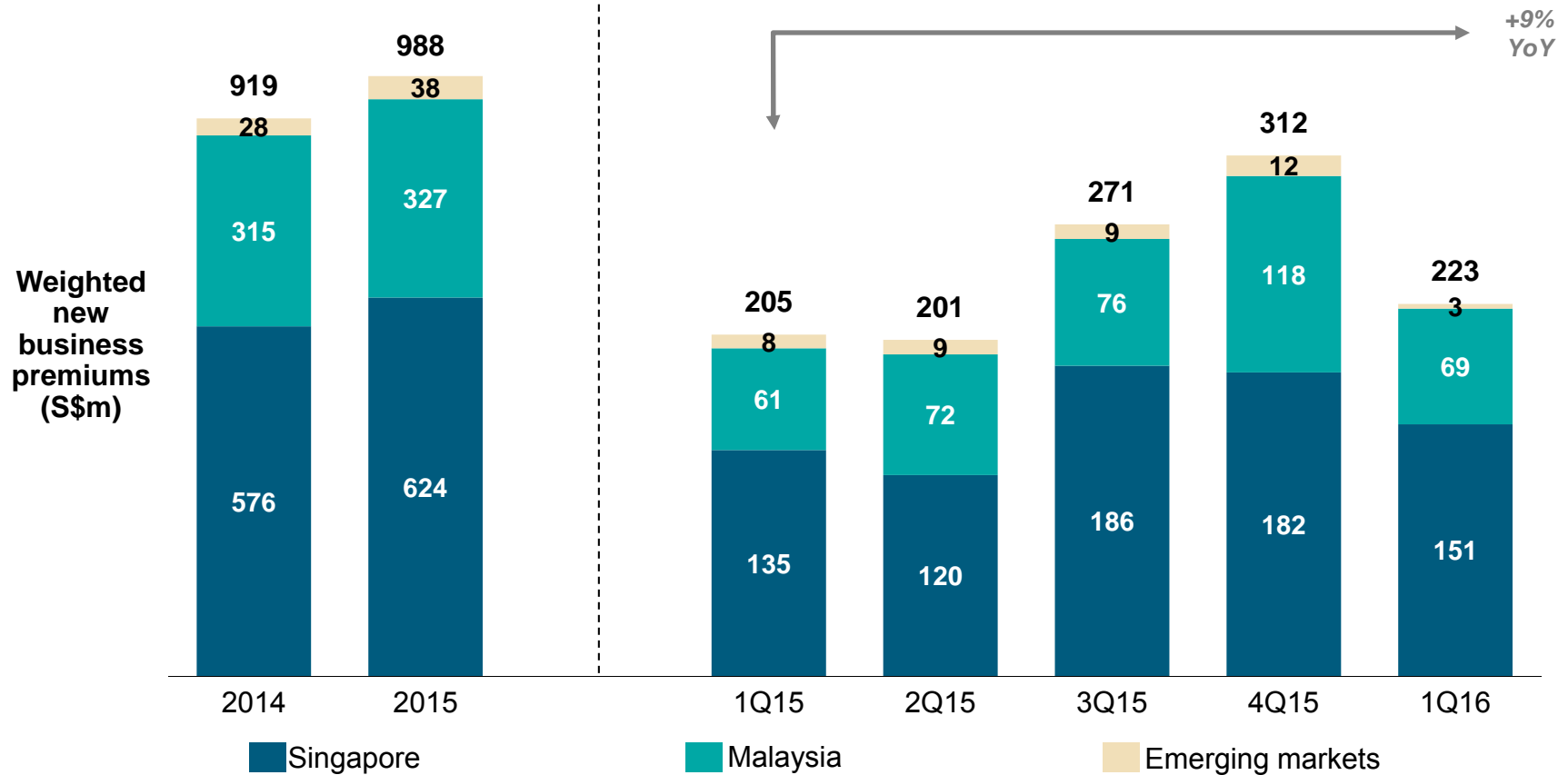
Note: Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc)

^{1/} Operating profit included release of tax provisions

GEH: Non-operating profit was negative as widening of credit spreads and lower equity prices in 1Q16 led to unrealised mark-to-market losses in investment portfolio

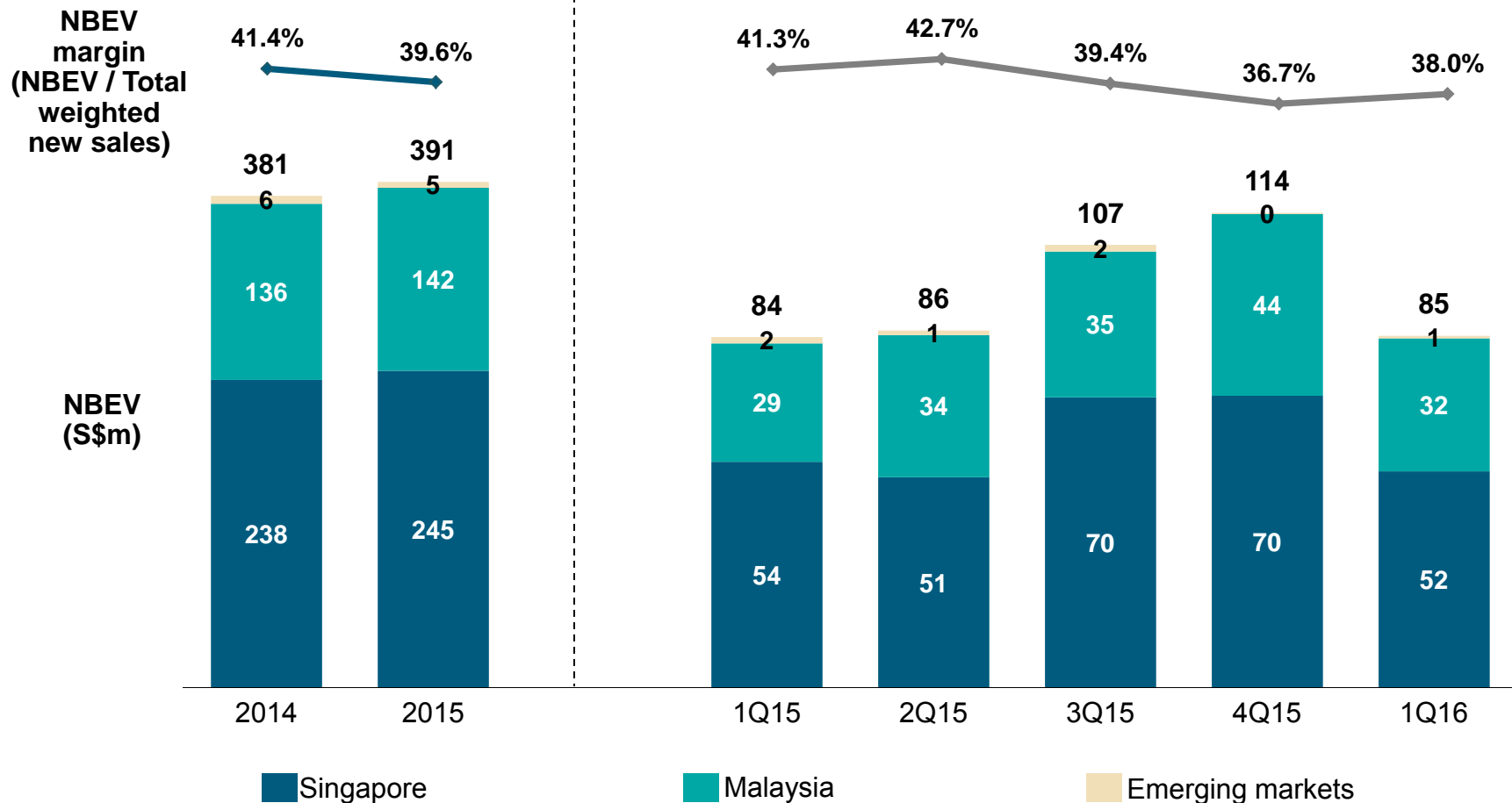


GEH: Total weighted new sales 9% higher YoY, underpinned by higher sales in both Singapore and Malaysia



Note: For comparative reasons, total weighted new sales figures for periods prior to 1Q16 have been restated using exchange rates as at 31 Mar 2016. From 1 Dec 2015, sales from GEH's investment in China have been excluded.

GEH: *New business embedded value* stable YoY; NBEV margin higher QoQ but lower YoY at 38.0%, a result of channel and product mix shifts



Note: For comparative reasons, NBEV figures for periods prior to 1Q16 have been restated using exchange rates as at 31 Mar 2016. NBEV figures for periods in 2015 have been restated to take into account revised actuarial assumptions implemented in 4Q15. From 1 Dec 2015, NBEV from GEH's investment in China have been excluded.

OCBC Wing Hang: 1Q16 net profit of HKD 479m, down 2%
 – Higher NII offset by lower foreign exchange, brokerage and loan fees

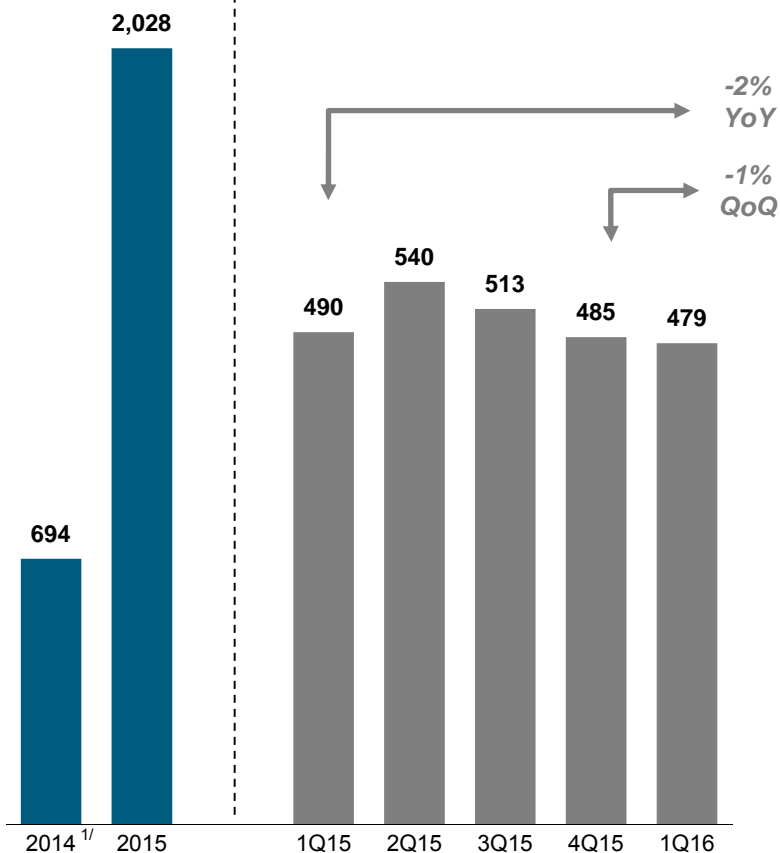
OCBC Wing Hang	1Q16 HKD m	1Q15 HKD m	YoY +/(-)%	4Q15 HKD m	QoQ +/(-)%
Net interest income	943	910	4	935	1
Non-interest income	236	279	(16)	290	(19)
Total income	1,179	1,189	(1)	1,226	(4)
Operating expenses	(596)	(569)	5	(594)	-
Operating profit	583	620	(6)	632	(8)
Allowances	(47)	(44)	7	(57)	(18)
Associates	28	12	135	0	nm
Tax	(85)	(98)	(13)	(89)	(5)
Net profit (HKD m)	479	490	(2)	485	(1)
Net profit contribution to Group (S\$m) ^{1/}	66	77	(15)	75	(12)
Key ratios (%)					
Cost / Income	50.5	47.9		48.5	
ROE	7.4	8.4		7.6	



^{1/} Net profit contribution to Group after Group adjustments, which are primarily amortisation for intangibles, allowances and depreciation on property and equipment; and fair value adjustments for its subordinated debt securities to conform with Group policies 30

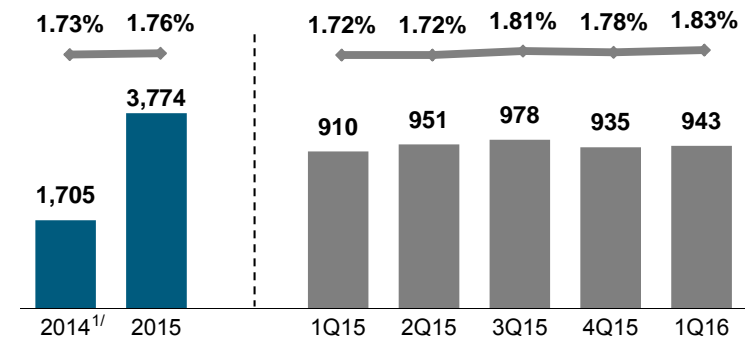
OCBC Wing Hang: NII up 4%, boosted by 11 bps improvement in NIM

Net profit (HKD m)



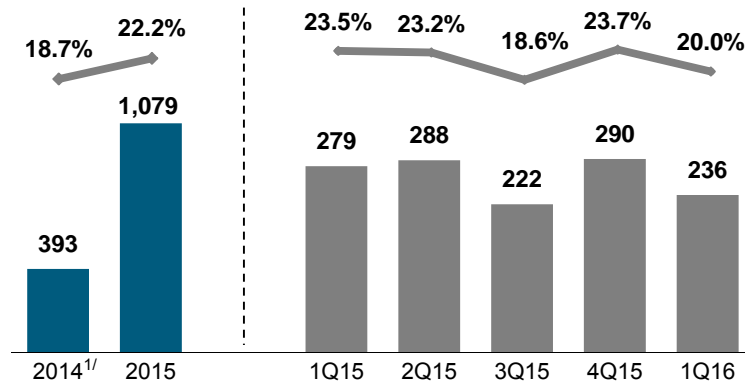
Net interest income (HKD m)

Net interest margin



Non-interest income (HKD m)

Non-int. income/ Total income

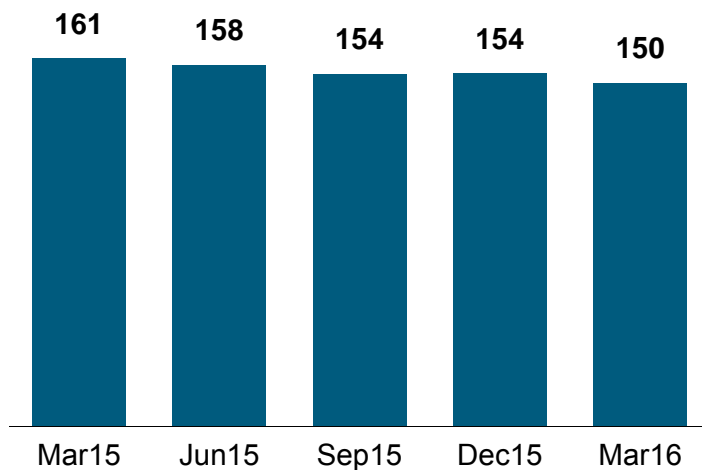
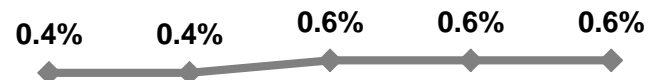


1/ OCBC Wing Hang was consolidated into the Group from 15 July 2014 and the Group assumed full ownership in October 2014

OCBC Wing Hang: CASA ratio improved to 31.5%; NPL ratio remained low at 0.6%

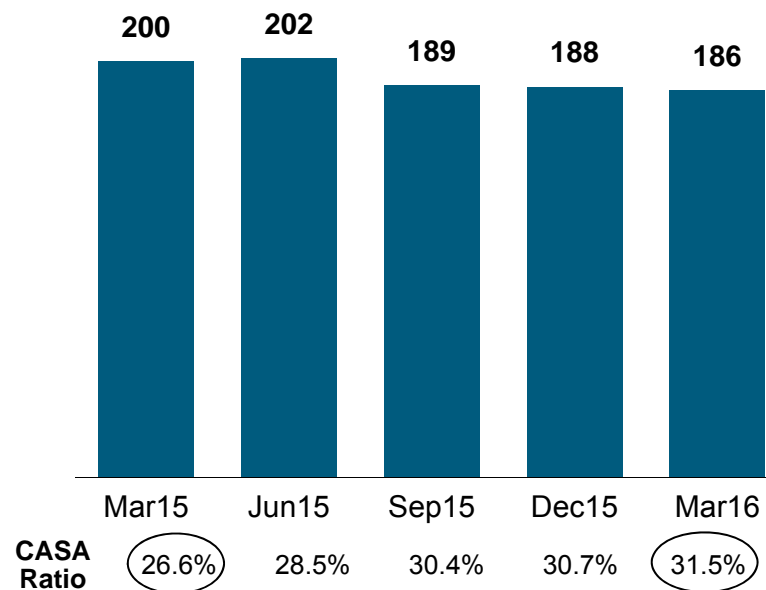
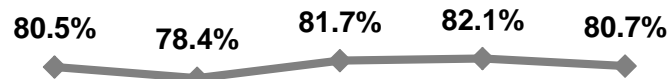
Gross Loans (HKD b)

NPL Ratio

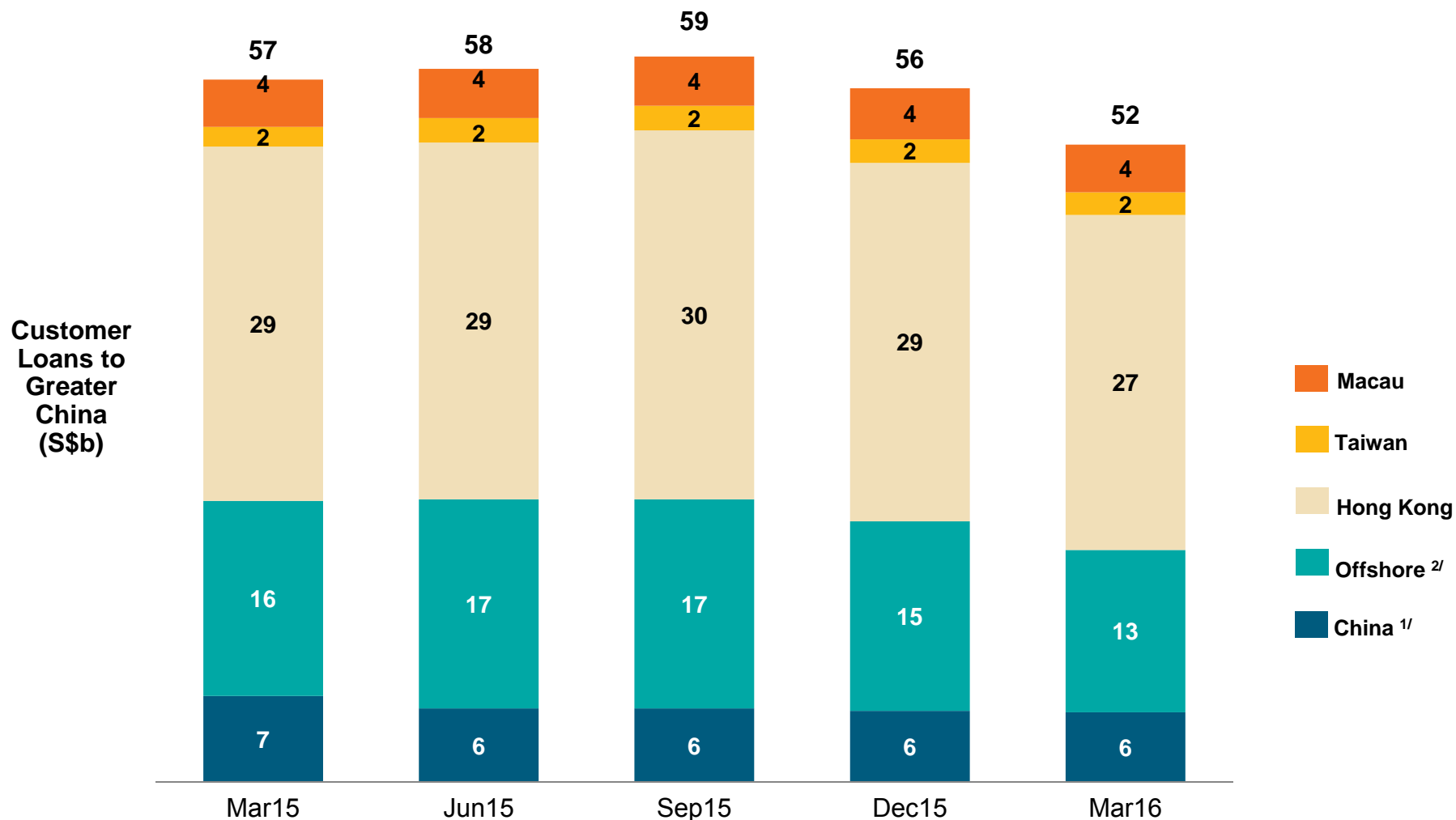


Deposits (HKD b)

Loans / Deposits ^{1/}



Greater China customer loans lower 9% YoY and 8% QoQ

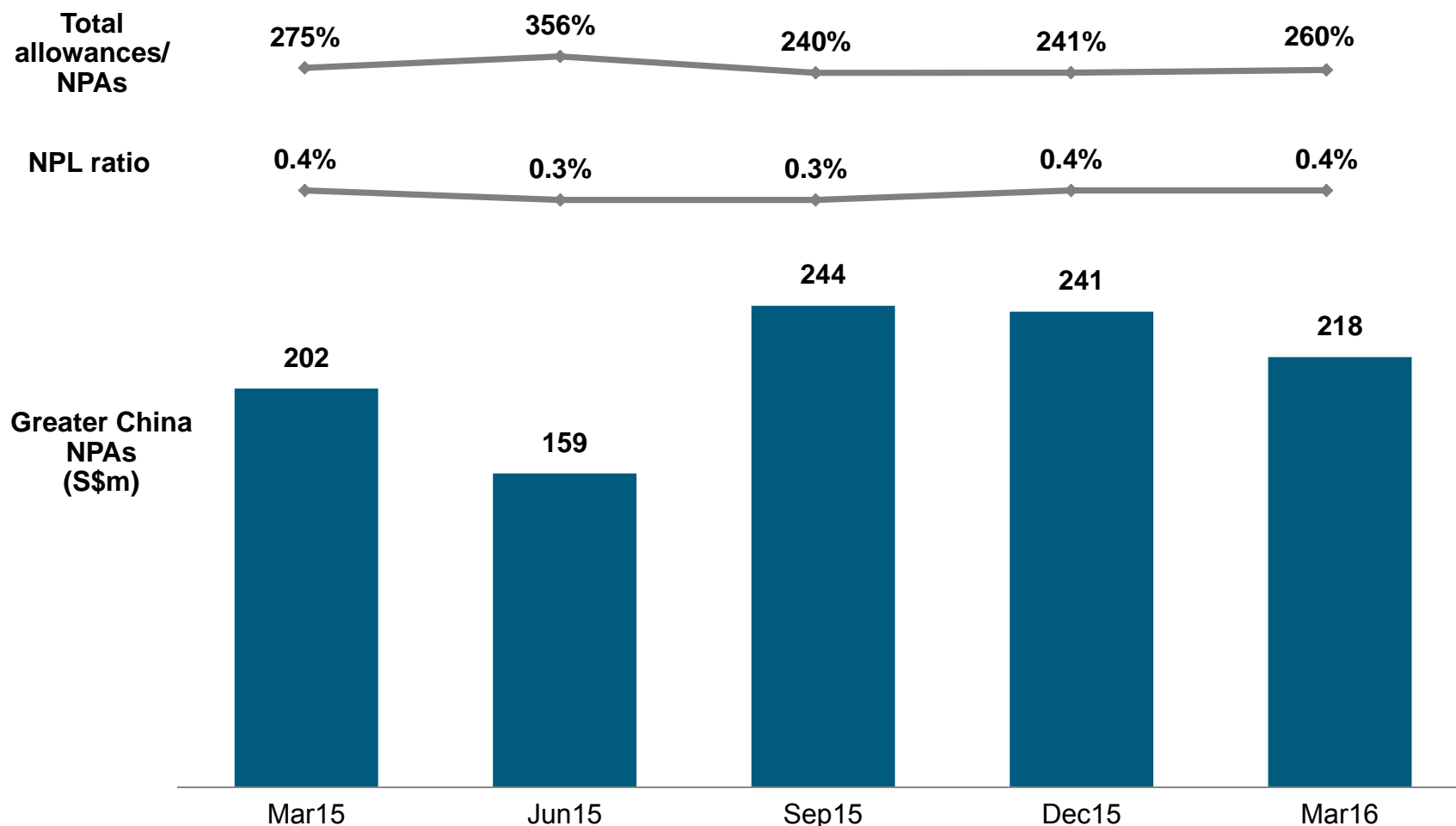


Note: Customer loans to Greater China is based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

1/ Relates to loans that are booked in China, where credit risks reside

2/ Relates to loans that are booked outside of China, but with credit risks traced to China

Asset quality of Greater China book remained sound; NPL ratio remained low at 0.4%



OCBC Malaysia: 1Q16 net profit down 3% YoY, but rose 1% QoQ

OCBC Malaysia	1Q16	1Q15	YoY	4Q15	QoQ
	RM m	RM m	+/(-)%	RM m	+/(-)%
Net interest income	331	328	1	338	(2)
Islamic banking income ^{1/}	126	130	(3)	130	(3)
Non-interest/finance income	138	136	1	173	(20)
Total income	595	594	-	641	(7)
Operating expenses	(262)	(243)	8	(260)	1
Operating profit	333	351	(5)	381	(13)
Allowances	(37)	(44)	(16)	(91)	(59)
Tax	(72)	(75)	(4)	(68)	6
Net profit (RM m)	224	232	(3)	222	1
Net profit contribution to Group (S\$m)^{2/}	76	84	(10)	73	4
Key ratios (%)					
Cost / Income	43.9	40.9		40.6	
ROE	14.4	15.3		14.8	
CAR^{3/}					
- Common Equity Tier 1	11.0	11.8		11.0	
- Tier 1	12.7	13.1		12.8	
- Total CAR	15.9	15.7		16.1	



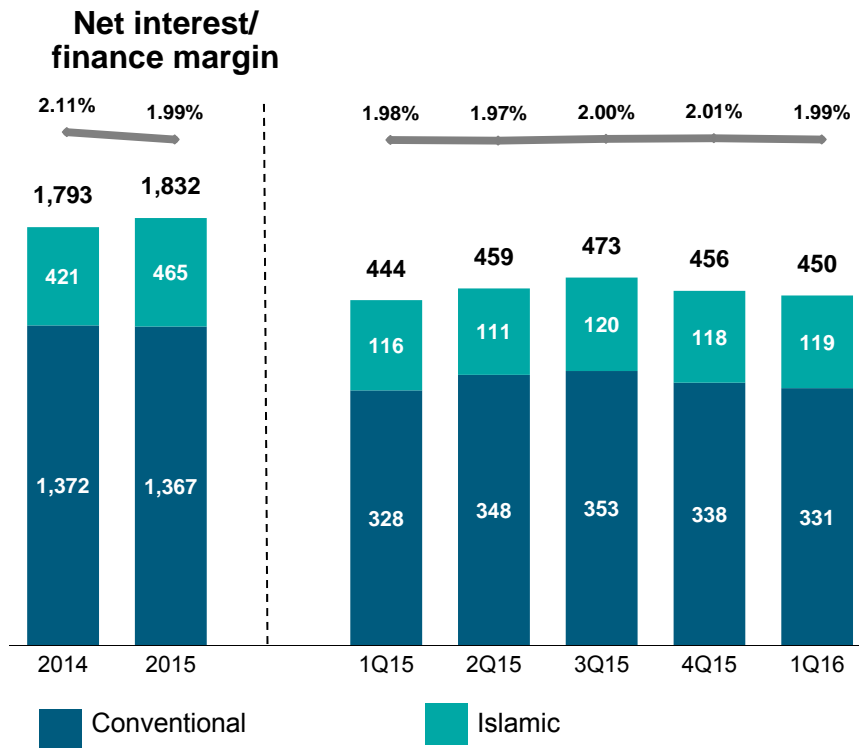
^{1/} Islamic banking income comprises net finance income and other income contributed by Islamic banking subsidiary OCBC Al-Amin

^{2/} Net profit contribution to Group after Group adjustments

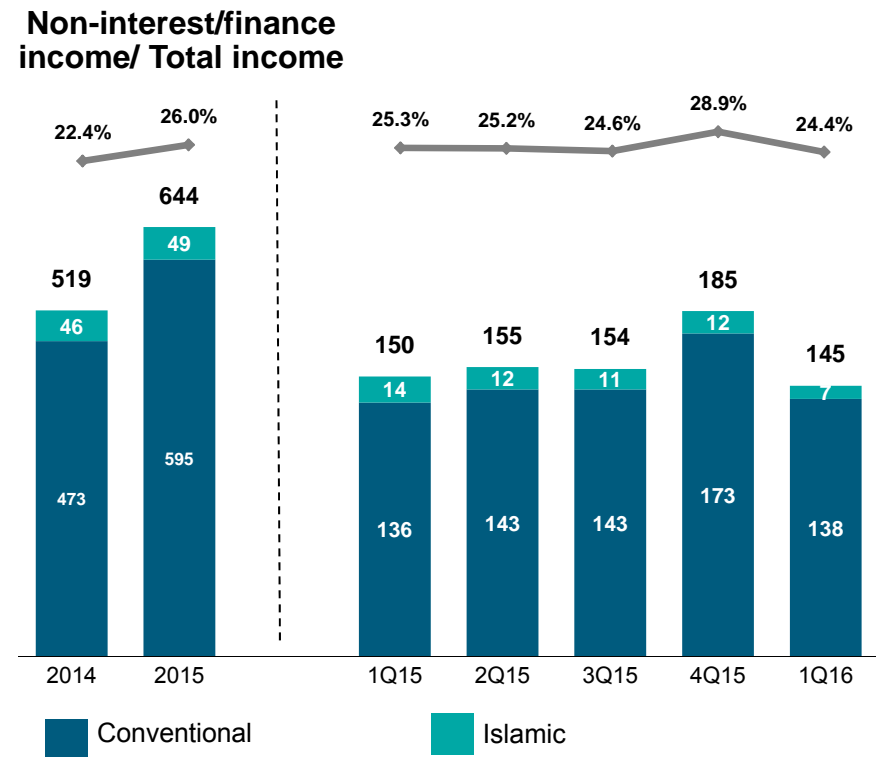
^{3/} Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia

OCBC Malaysia: Net interest/finance income rose 1% YoY; Non-interest/finance income down 3% YoY

Net interest/finance income (RM m)



Non-interest/finance income^{1/} (RM m)

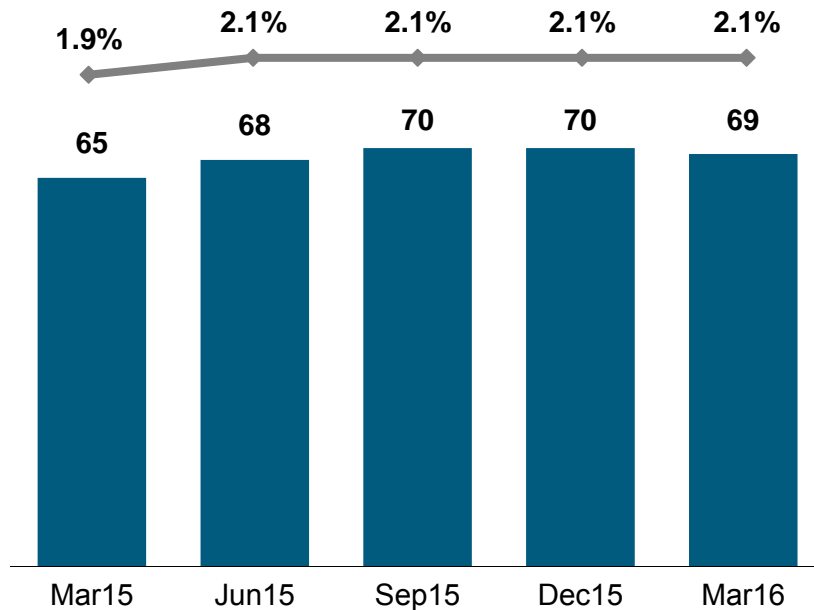


^{1/} Non-interest/finance income comprises net fee and commission income, net trading income and other operating income
 Note: Based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards

OCBC Malaysia: Loans increased 6% YoY and deposits dropped 1% YoY; NPL ratio at 2.1%

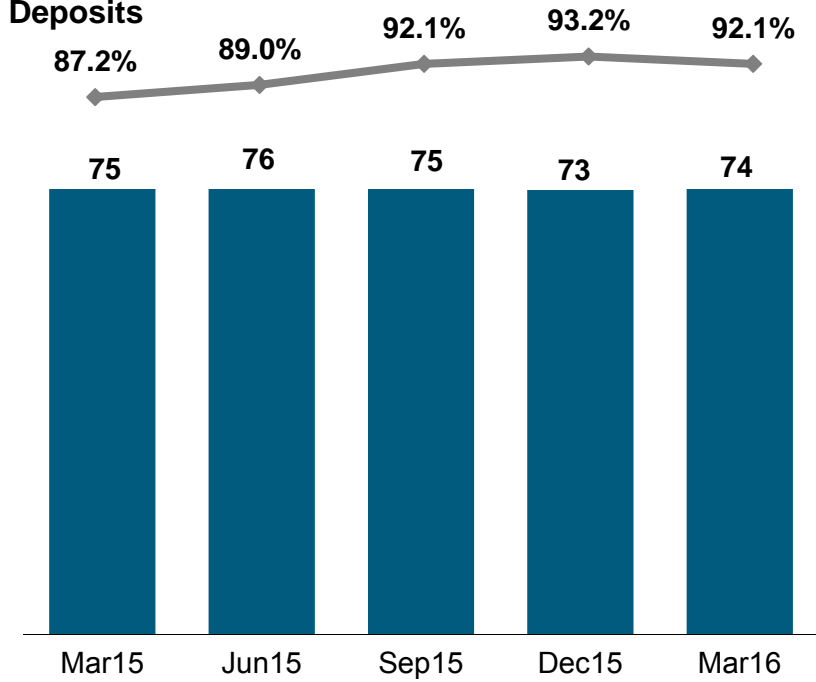
Gross Loans (RM b)

NPL Ratio



Deposits (RM b)

Loans / Deposits



CASA Ratio

Mar15	25.4%	Jun15	26.1%	Sep15	25.5%	Dec15	26.2%	Mar16	26.6%
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Note: Based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards

OCBC NISP: 1Q16 net profit rose 23% YoY

OCBC NISP	1Q16 IDR b	1Q15 IDR b	YoY +/(-)%	4Q15 IDR b	QoQ +/(-)%
Net interest income	1,423	981	45	1,303	9
Non-interest income	218	201	9	316	(31)
Total income	1,641	1,182	39	1,619	1
Operating expenses	(767)	(649)	18	(778)	(2)
Operating profit	874	533	64	841	4
Allowances	(276)	(37)	638	(253)	9
Non Operating Income / (Expenses)	8	-	nm	1	nm
Tax	(149)	(124)	21	(148)	2
Net profit (IDR b)	457	372	23	441	4
Net profit contribution to Group (S\$m)^{1/}	39	33	18	38	4
Key ratios (%)					
Cost / Income	46.7	54.9		48.1	
ROE	11.0	9.9		10.9	
CAR					
- CET 1	16.8	na		na	
- Tier 1	16.8	17.8		16.1	
- Total CAR	18.0	19.2		17.3	



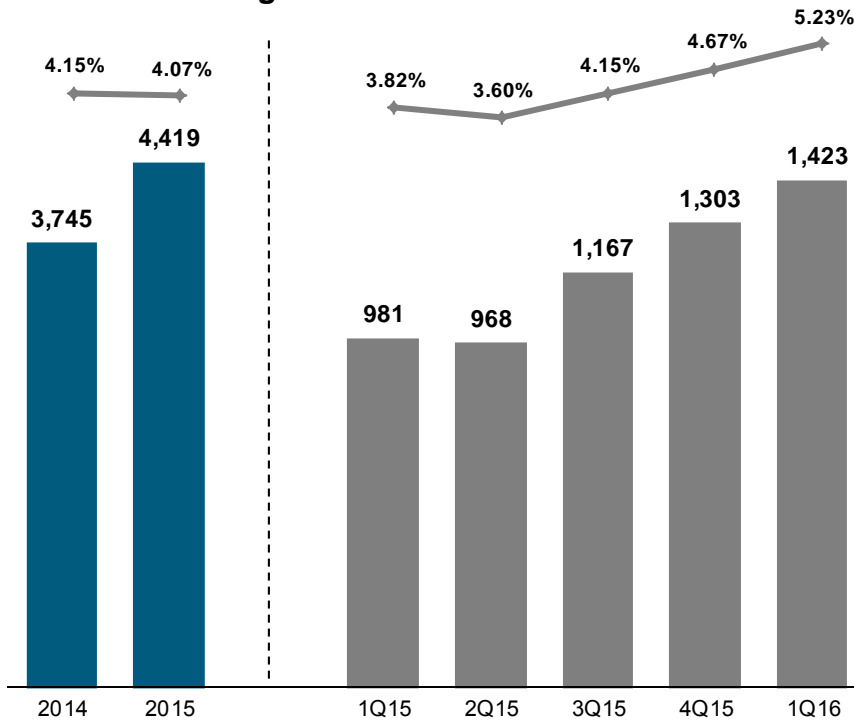
Note: 2015 capital ratios were computed based on the standardised approach under the Basel II framework. Beginning 2016, capital ratios are computed based on the standardised approach under the Basel III framework.

^{1/} Net profit contribution to Group after Group adjustments

OCBC NISP: Net interest income 45% higher YoY; NIM increased to 5.23%

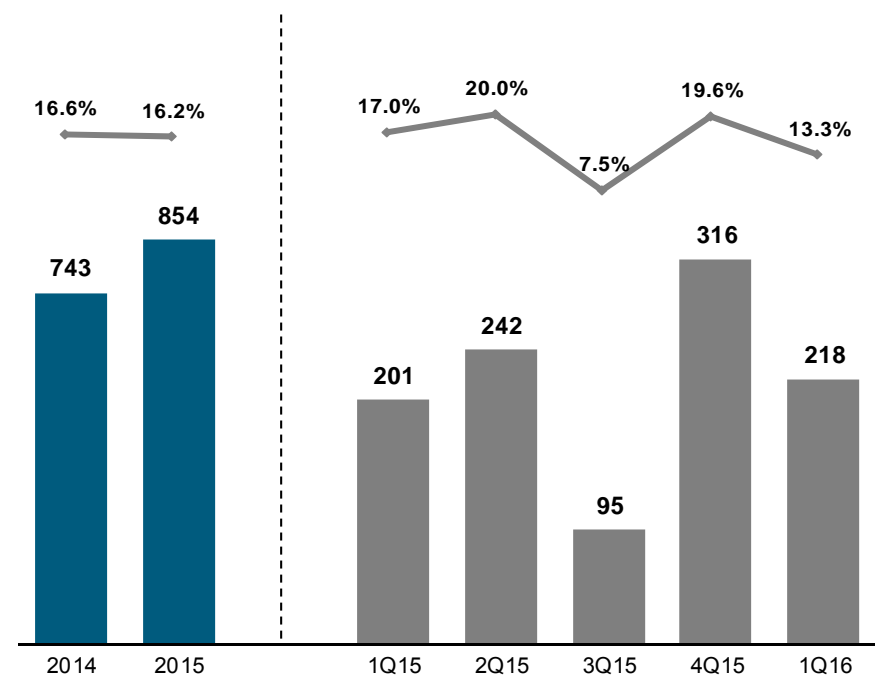
Net interest income (IDR b)

Net interest margin



Non-interest income (IDR b)

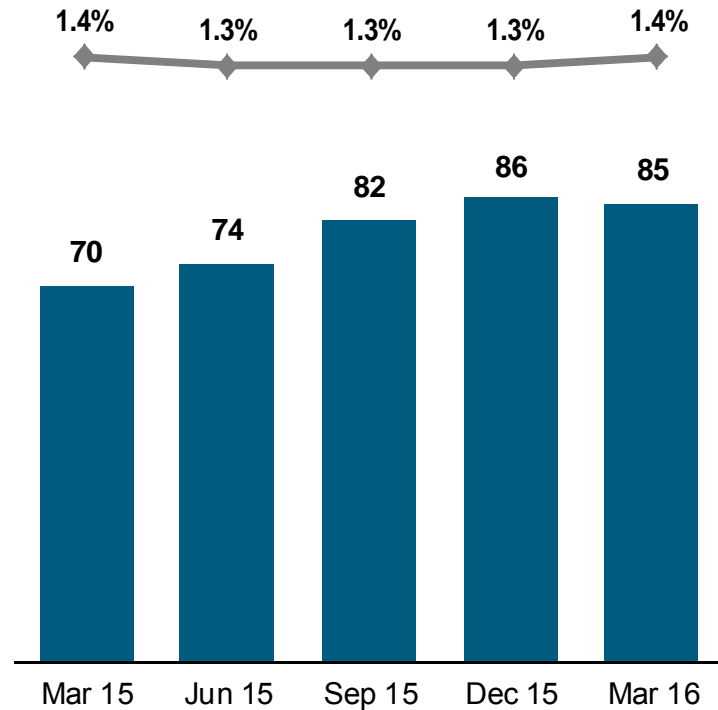
Non-int. income/ Total income



OCBC NISP: Loans grew 22% YoY, NPL recorded at 1.4%; deposits up 9%, while CASA ratio at 39.3%

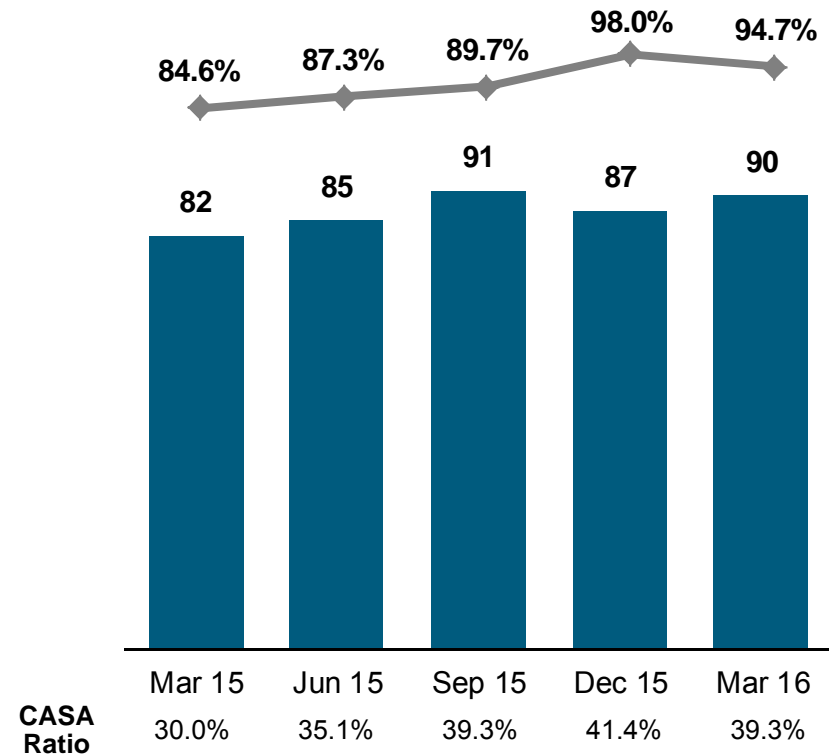
Gross Loans (IDR t)

NPL Ratio



Deposits (IDR t)

Loans / Deposits



CASA Ratio

Period	CASA Ratio
Mar 15	30.0%
Jun 15	35.1%
Sep 15	39.3%
Dec 15	41.4%
Mar 16	39.3%



Note: NPL ratio and Gross loans-to-deposits ratio calculation based on Bank Indonesia's guidelines

Agenda

Results Overview

1Q16 Group Performance Trends

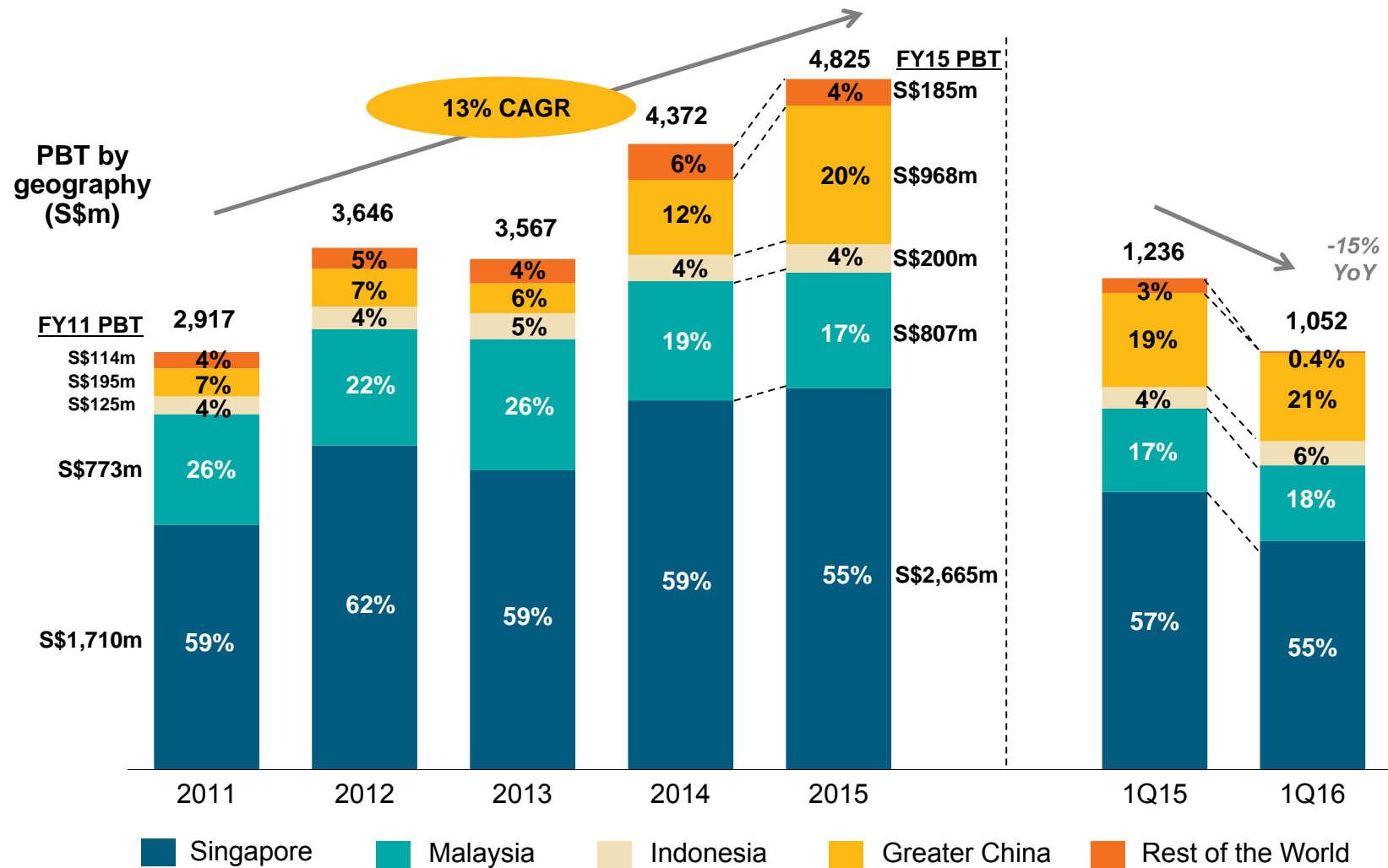
Performance of Major Subsidiaries

- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- OCBC NISP

Summary

Appendix: Wealth management income

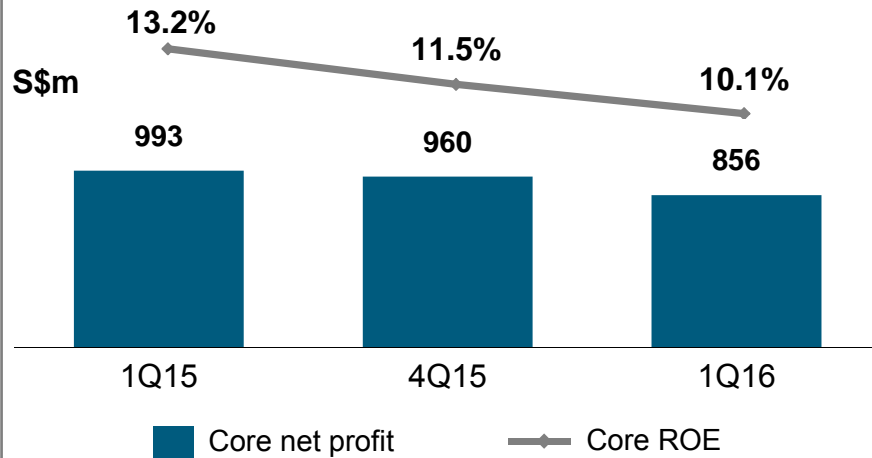
Earnings base reflected a diversified regional presence in Singapore, Malaysia, Indonesia and Greater China



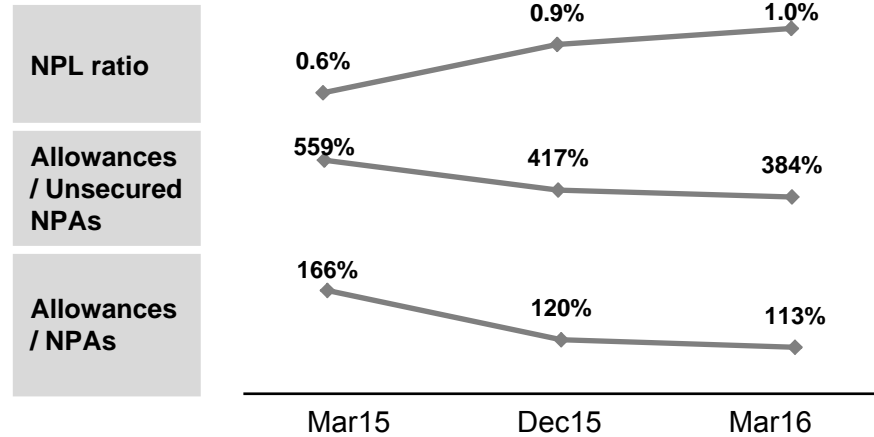
Note: The geographical segment analysis is based on the location where assets or transactions are booked.

Stable operating platform supports prudent growth strategy

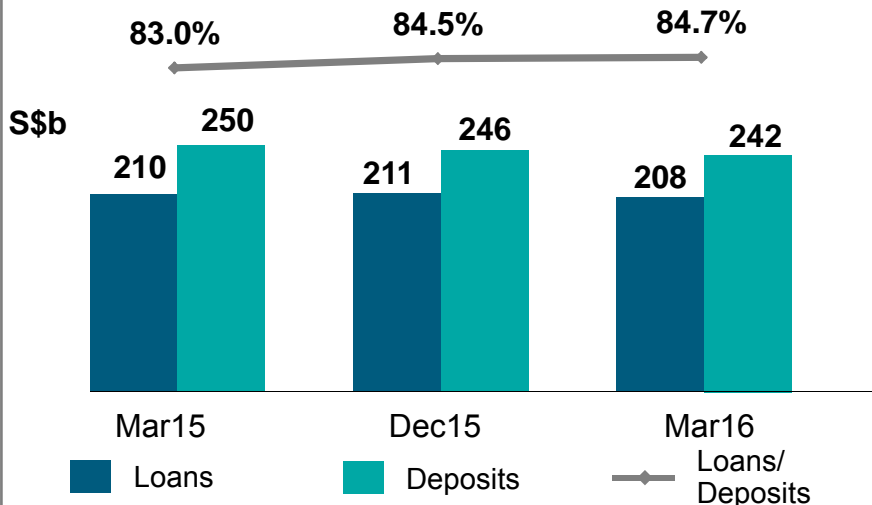
Diversified earnings base



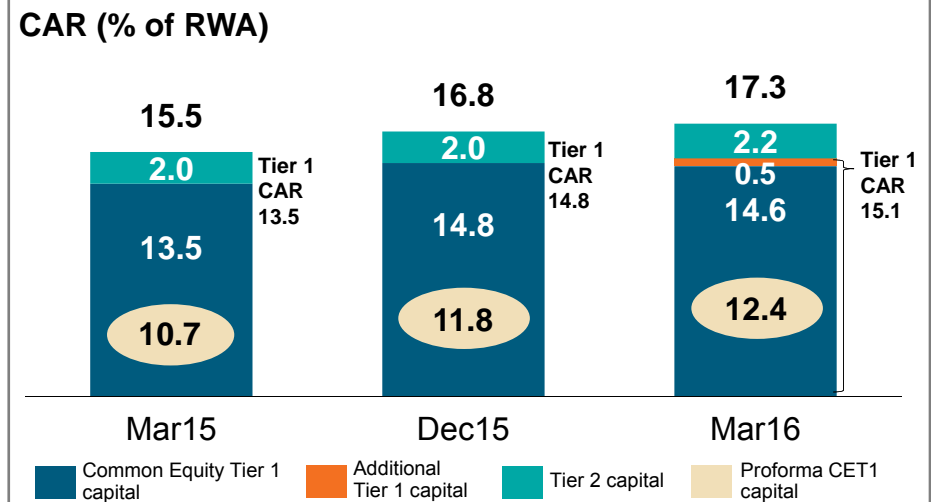
Prudent risk management



Stable funding base



Sound capital position





Agenda

Results Overview

1Q16 Group Performance Trends

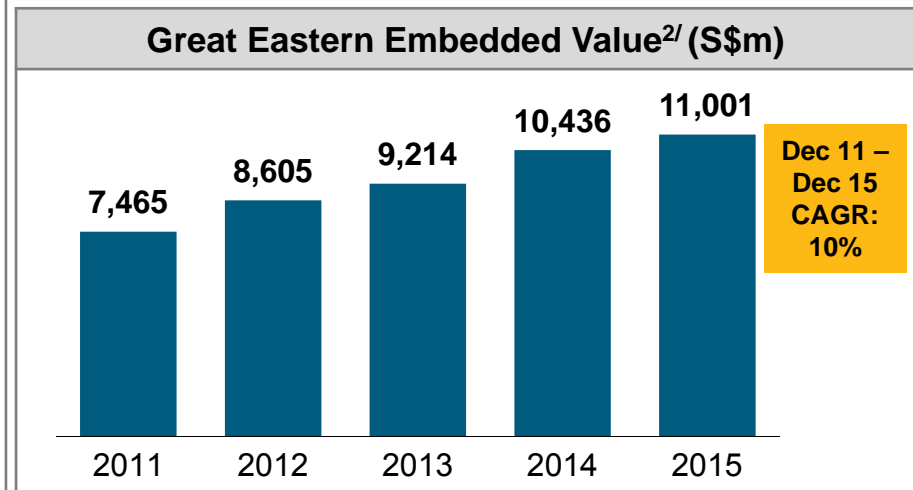
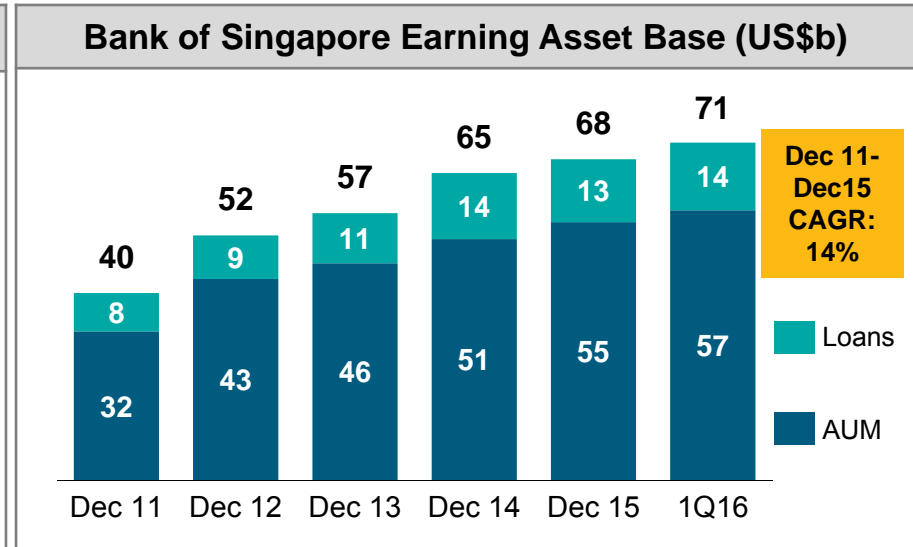
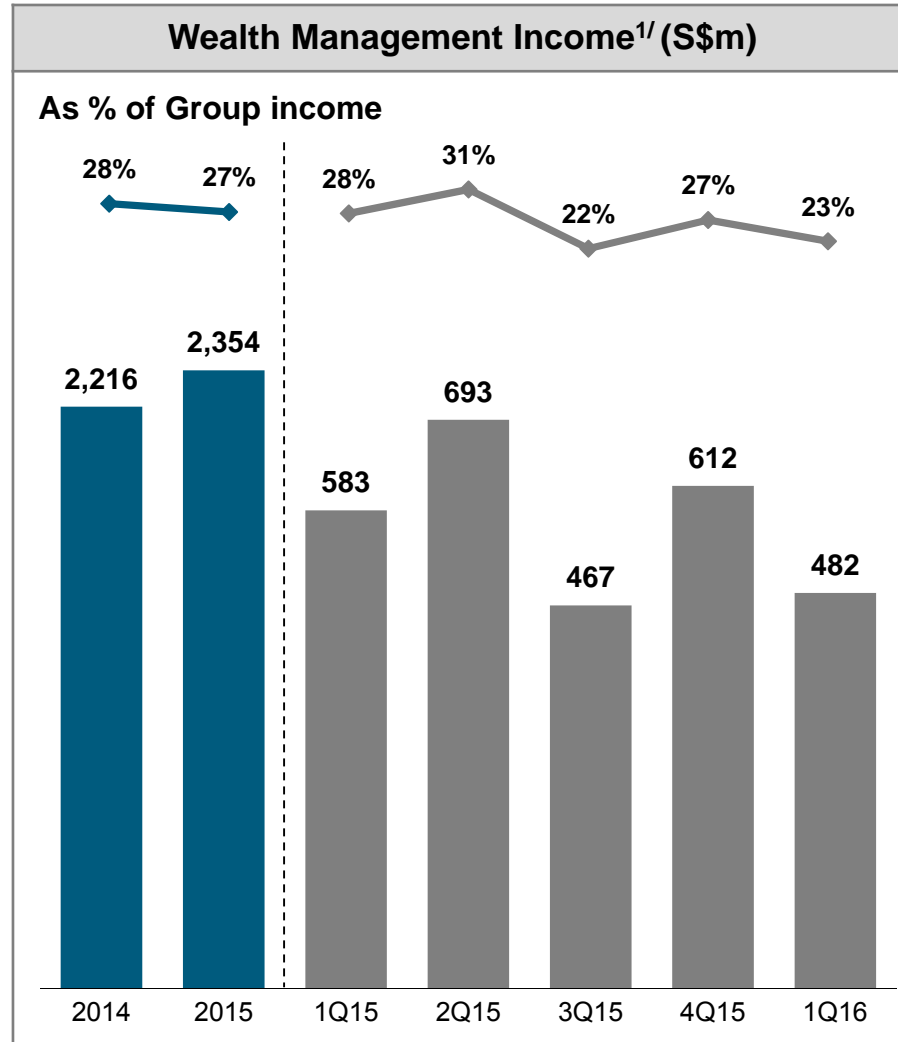
Performance of Major Subsidiaries

- Great Eastern Holdings
 - OCBC Wing Hang
 - OCBC Malaysia
 - OCBC NISP
-

Summary

Appendix: Wealth management income

Private banking income grew YoY, but offset by a fall in insurance contributions, which led to lower 1Q16 overall wealth management income



1/ Wealth management income 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.

2/ An actuarial embedded value is a commonly used technique to estimate the economic value of the existing business of a life insurance company.

First Quarter 2016 Results Thank You

