

# 2011 Final Results

## Presentation

20 February 2012



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# Agenda

Results Overview

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

# FY11 Highlights

## **Net profit underpinned by solid growth in customer-related businesses:**

- Robust, broad-based loan growth more than offset the compression in net interest margins, resulting in record net interest income
- Strong growth in wealth management, loan and trade-related revenues contributed to record fee income
- Resilient growth in insurance new business premiums and new business embedded value underscored the health of Great Eastern Holdings' ("GEH") life insurance business

## **Non-interest income impacted by challenging financial market conditions in 3Q11 and 4Q11:**

- Trading income was adversely affected by the volatile financial markets in 3Q11
- Insurance income declined because of weaker investment performance of GEH's Non-participating fund

## **Operating expenses reflect disciplined cost management**

**While asset quality remains healthy, net allowances increased on higher portfolio allowances in line with loan growth, and lower recoveries**

# Full year core net profit of \$2,280m, up 1% YoY

OCBC Group	FY11 S\$m	FY10 S\$m	YoY +/(-)%
Net interest income	3,410	2,947	16
Non-interest income	2,212	2,378	(7)
<b>Total income</b>	<b>5,622</b>	<b>5,325</b>	<b>6</b>
Operating expenses	(2,430)	(2,254) <sup>2/</sup>	8
<b>Operating profit</b>	<b>3,192</b>	<b>3,071</b>	<b>4</b>
Amortisation of intangibles	(61)	(55)	12
Allowances	(221)	(134)	65
Associates & JVs	7	(2)	442
Tax & Non-controlling interests	(637)	(627)	2
<b>Core net profit</b>	<b>2,280</b>	<b>2,253</b>	<b>1</b>
Divestment gain, net of tax	32 <sup>1/</sup>	-	-
<b>Reported net profit</b>	<b>2,312</b>	<b>2,253</b>	<b>3</b>

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

2/ Includes one-time costs of S\$31m in 4Q10 related to OCBC NISP-BOI merger, without which the expense increase would be 9% YoY

## 4Q11 core net profit of \$594m, up 18% YoY and 16% QoQ

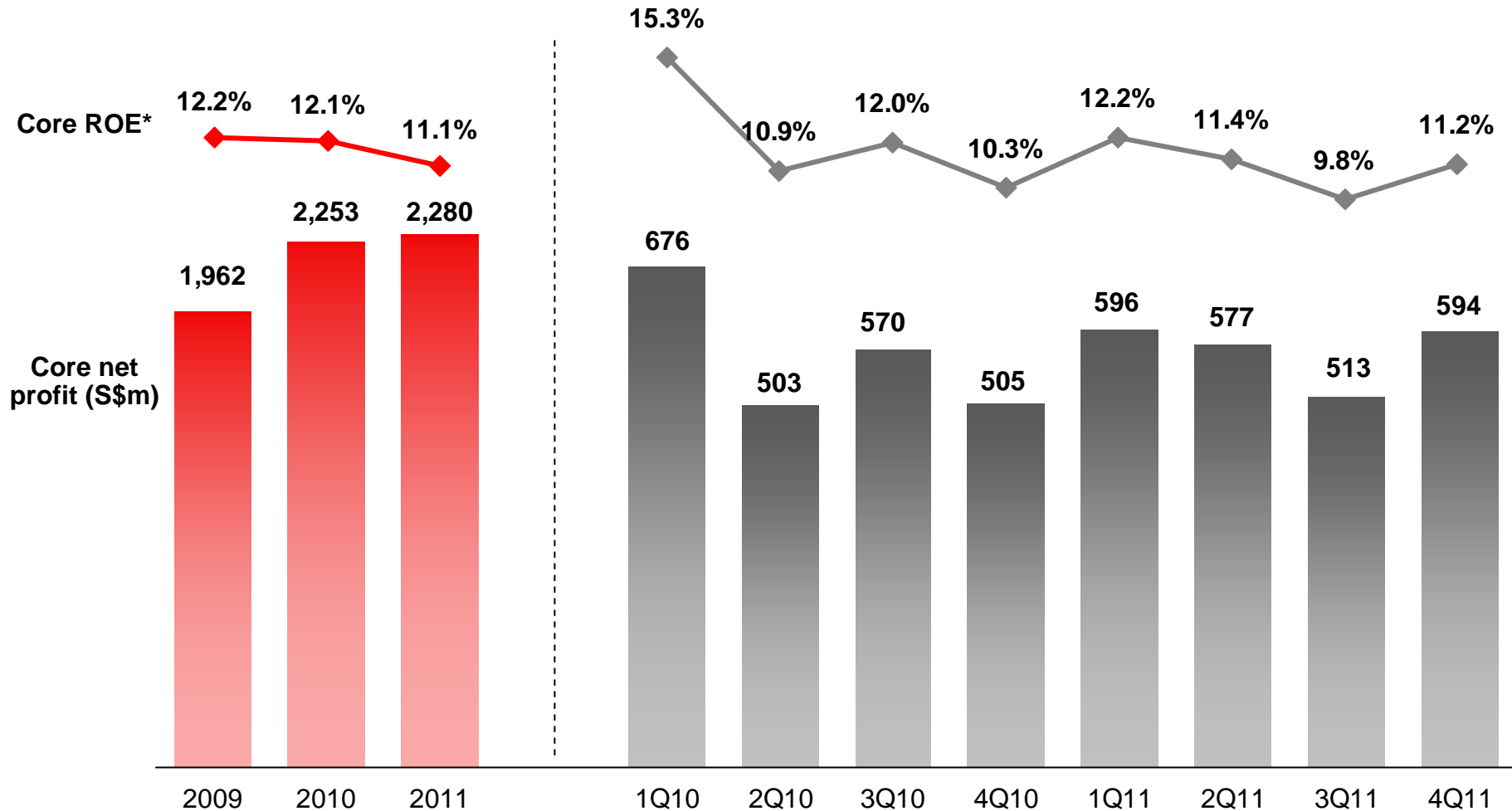
OCBC Group	4Q11 S\$m	4Q10 S\$m	YoY +/(-)%	3Q11 S\$m	QoQ +/(-)%
Net interest income	925	769	20	874	6
Non-interest income	572	560	2	436	31
Total income	1,497	1,329	13	1,310	14
Operating expenses	(620)	(620) <sup>1/</sup>	-	(611)	1
<b>Operating profit</b>	<b>877</b>	<b>709</b>	<b>24</b>	<b>699</b>	<b>26</b>
Amortisation of intangibles	(16)	(16)	(2)	(15)	1
Allowances	(78)	(48)	63	(38)	108
Associates & JVs	(26)	(1)	NM	3	NM
Tax & non-controlling interests	(163)	(139)	17	(136)	20
<b>Core net profit</b>	<b>594</b>	<b>505</b>	<b>18</b>	<b>513</b>	<b>16</b>
Divestment gain, net of tax	-	-	-	-	-
<b>Reported net profit</b>	<b>594</b>	<b>505</b>	<b>18</b>	<b>513</b>	<b>16</b>

1/ Includes one-time costs of S\$31m in 4Q10 related to OCBC NISP-BOI merger, without which the expense increase would be 5% YoY

# Key ratios

Based on core earnings	FY11 %	FY10 %	4Q11 %	3Q11 %	4Q10 %
Net interest margin	1.86	1.98	1.85	1.85	1.96
Non-interest income / Total income	39.3	44.7	38.2	33.3	42.1
Costs / Income	43.2	42.3	41.4	46.6	46.6
Loans / Deposits	86.4	85.1	86.4	88.0	85.1
NPL Ratio	0.9	0.9	0.9	0.7	0.9
Allowances / NPAs	106.6	118.8	106.6	129.8	118.8
ROE	11.1	12.1	11.2	9.8	10.3
Cash ROE	11.4	12.4	11.5	10.1	10.6

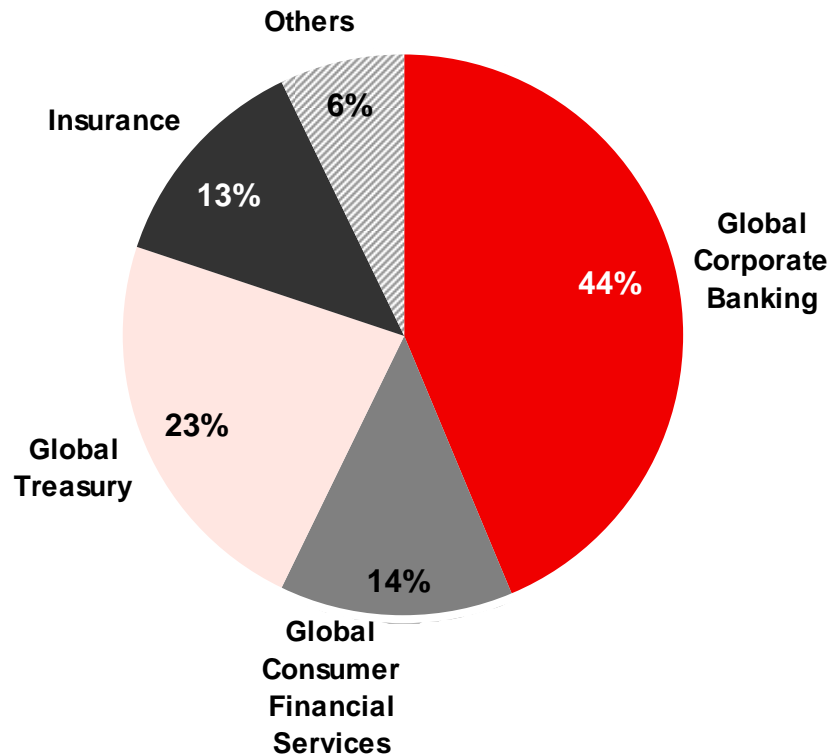
# Full-year core net profit of \$2,280m, with ROE of 11.1%



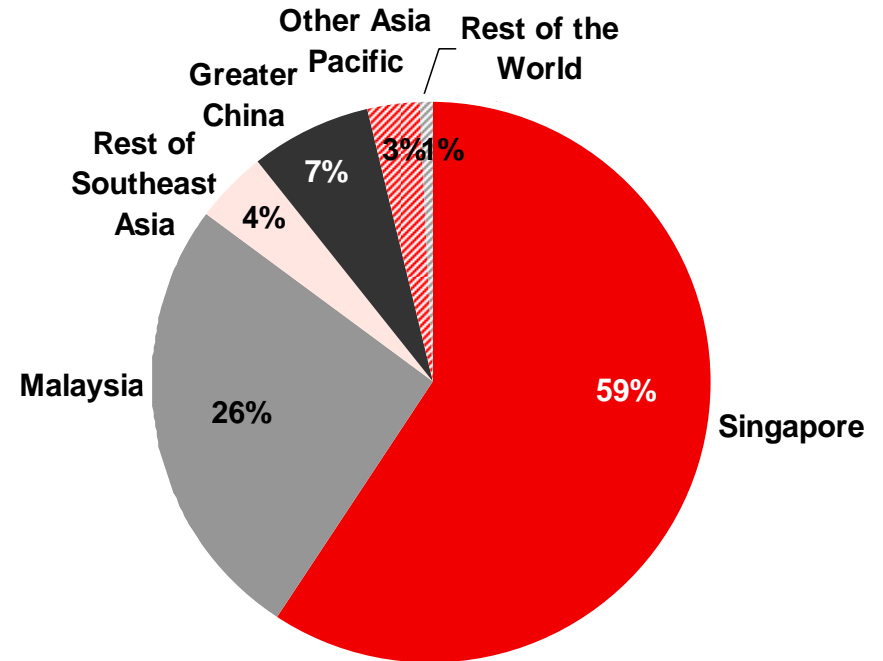
\* Quarterly figures annualised

# Profit contribution by business and geography

**FY11 PBT  
by Business\***



**FY11 PBT  
by Geography**



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



# GEH: Full year net profit contribution down 27% on lower income as a result of the volatile financial markets

<b>GEH Contribution</b>	<b>FY11 S\$m</b>	<b>FY10 S\$m</b>	<b>YoY +/(-)%</b>
Total income	672 <sup>1/</sup>	774	(13)
Operating expenses	(184)	(159)	16
<b>Operating profit</b>	<b>488</b>	<b>615</b>	<b>(21)</b>
Amortisation of intangibles	(47)	(47)	-
Allowances	(4)	(4)	(4)
Associates & JVs	(8)	(6)	53
Tax & non-controlling interests	(132)	(154)	(14)
<b>Net profit contribution</b>	<b>297</b>	<b>405</b>	<b>(27)</b>

1/ Includes the impact of GEH's change in discount rates used in valuing part of its liabilities in its Singapore insurance funds, from Singapore Government Securities ("SGS") yields to zero-coupon SGS yields, with effect from 1 July 2011. The overall financial impact on GEH was a S\$68 million gain in FY11, comprising a S\$18 million gain attributable to changes in 4Q11 and a S\$50 million gain attributable to the prior periods

## GEH: 4Q11 net profit contribution down 23% YoY

<b>GEH Contribution</b>	<b>4Q11 S\$m</b>	<b>4Q10 S\$m</b>	<b>YoY +/(-)%</b>	<b>3Q11 S\$m</b>	<b>QoQ +/(-)%</b>
Total income	143	160	(11)	113 <sup>1/</sup>	27
Operating expenses	(43)	(45)	(4)	(49)	(12)
<b>Operating profit</b>	<b>100</b>	<b>116</b>	<b>(13)</b>	<b>64</b>	<b>56</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(3)	0	NM	(0)	629
Associates & JVs	(4)	(1)	569	(4)	25
Tax & non-controlling interests	(32)	(39)	(20)	(23)	34
<b>Net profit contribution</b>	<b>49</b>	<b>64</b>	<b>(23)</b>	<b>25</b>	<b>98</b>

## Results excluding GEH: Full year core net profit up 7%

OCBC excluding GEH	FY11 S\$m	FY10 S\$m	YoY +/(-)%
Net interest income	3,358	2,875	17
Non-interest income	1,592	1,676	(5)
<b>Total income</b>	<b>4,950</b>	<b>4,551</b>	<b>9</b>
Operating expenses	(2,246)	(2,095)	7
<b>Operating profit</b>	<b>2,704</b>	<b>2,456</b>	<b>10</b>
Amortisation of intangibles	(15)	(8)	80
Allowances	(218)	(130)	67
Associates & JVs	16	3	356
Tax & non-controlling interests	(504)	(473)	7
<b>Core net profit</b>	<b>1,983</b>	<b>1,849</b>	<b>7</b>
Divestment gain, net of tax	32 <sup>1/</sup>	-	-
<b>Reported net profit</b>	<b>2,015</b>	<b>1,849</b>	<b>9</b>

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

# Results excluding GEH: Core banking business grew strongly, 4Q11 core net profit up 24% YoY and 11% QoQ

OCBC excluding GEH	4Q11 S\$m	4Q10 S\$m	YoY +/(-)%	3Q11 S\$m	QoQ +/(-)%
Net interest income	911	752	21	860	6
Non-interest income	443	417	6	337	31
Total income	1,354	1,168	16	1,197	13
Operating expenses	(577)	(575) <sup>1/</sup>	0	(562)	3
<b>Operating profit</b>	<b>777</b>	<b>593</b>	<b>31</b>	<b>635</b>	<b>22</b>
Amortisation of intangibles	(4)	(4)	(7)	(4)	4
Allowances	(75)	(48)	56	(37)	102
Associates & JVs	(22)	(1)	NM	6	NM
Tax & non-controlling interests	(132)	(100)	32	(111)	18
<b>Core net profit</b>	<b>544</b>	<b>440</b>	<b>24</b>	<b>489</b>	<b>11</b>
Divestment gain, net of tax	-	-	-	-	-
<b>Reported net profit</b>	<b>544</b>	<b>440</b>	<b>24</b>	<b>489</b>	<b>11</b>

1/ Includes one-time costs of S\$31m in 4Q10 related to OCBC NISP-BOI merger, without which the expense increase would be 6% YoY

# Agenda

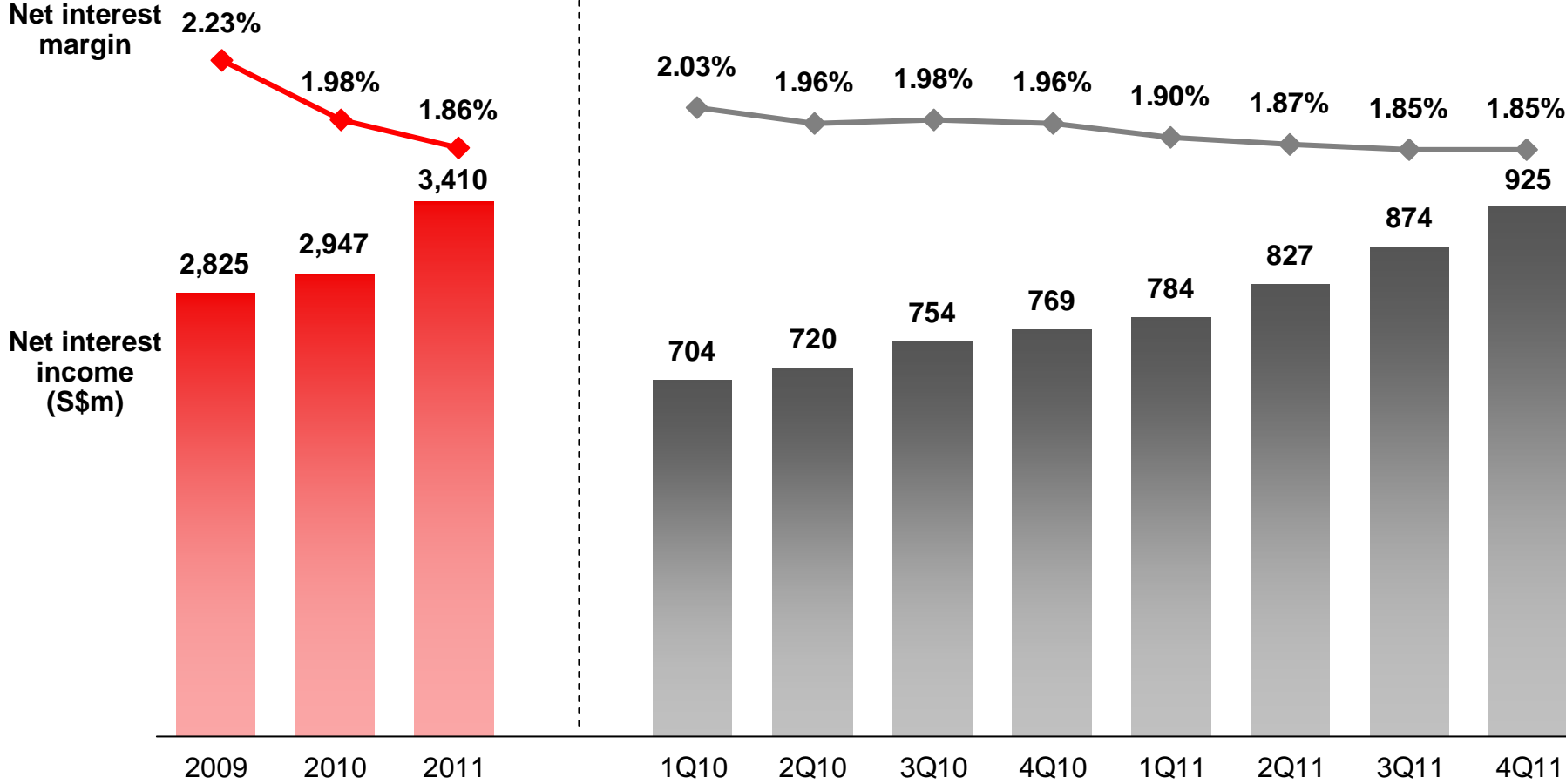
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Results Overview

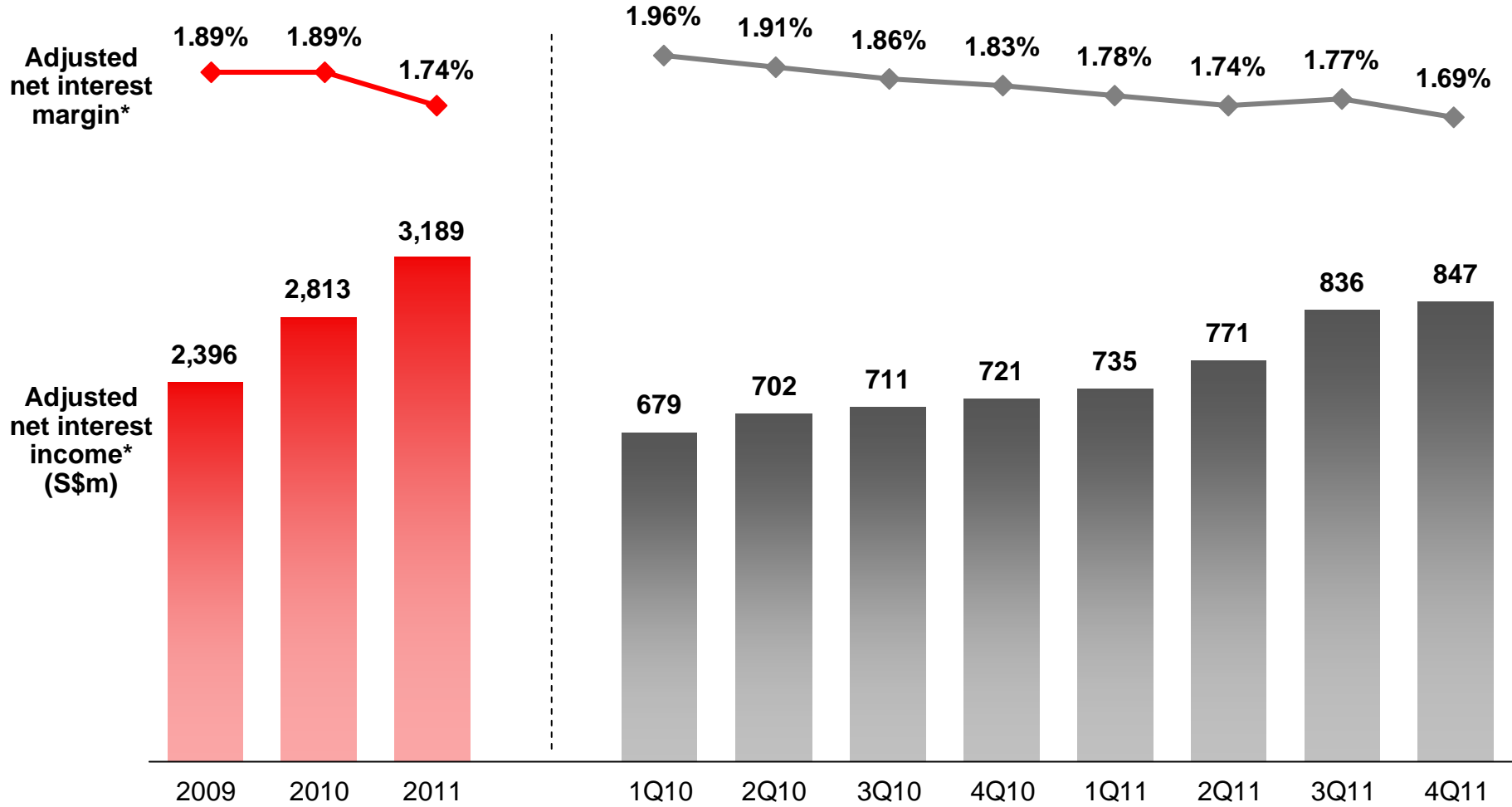
Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

# Net interest income up 16% YoY; NIM remained stable in 4Q11



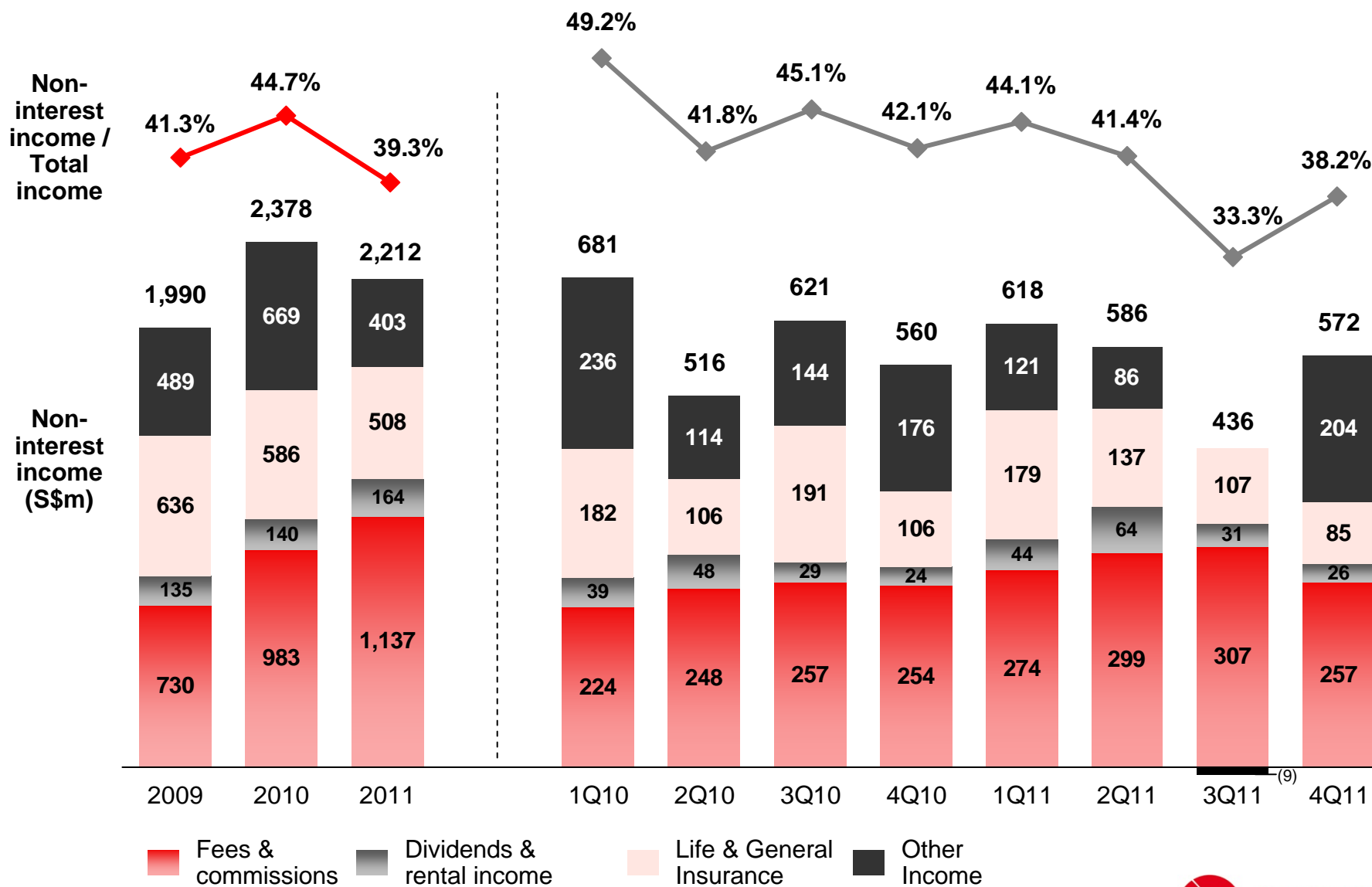
# Net interest income less allowances up 13% YoY



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



# Non-interest income down 7% YoY, impacted by volatile financial markets in 3Q11 and 4Q11

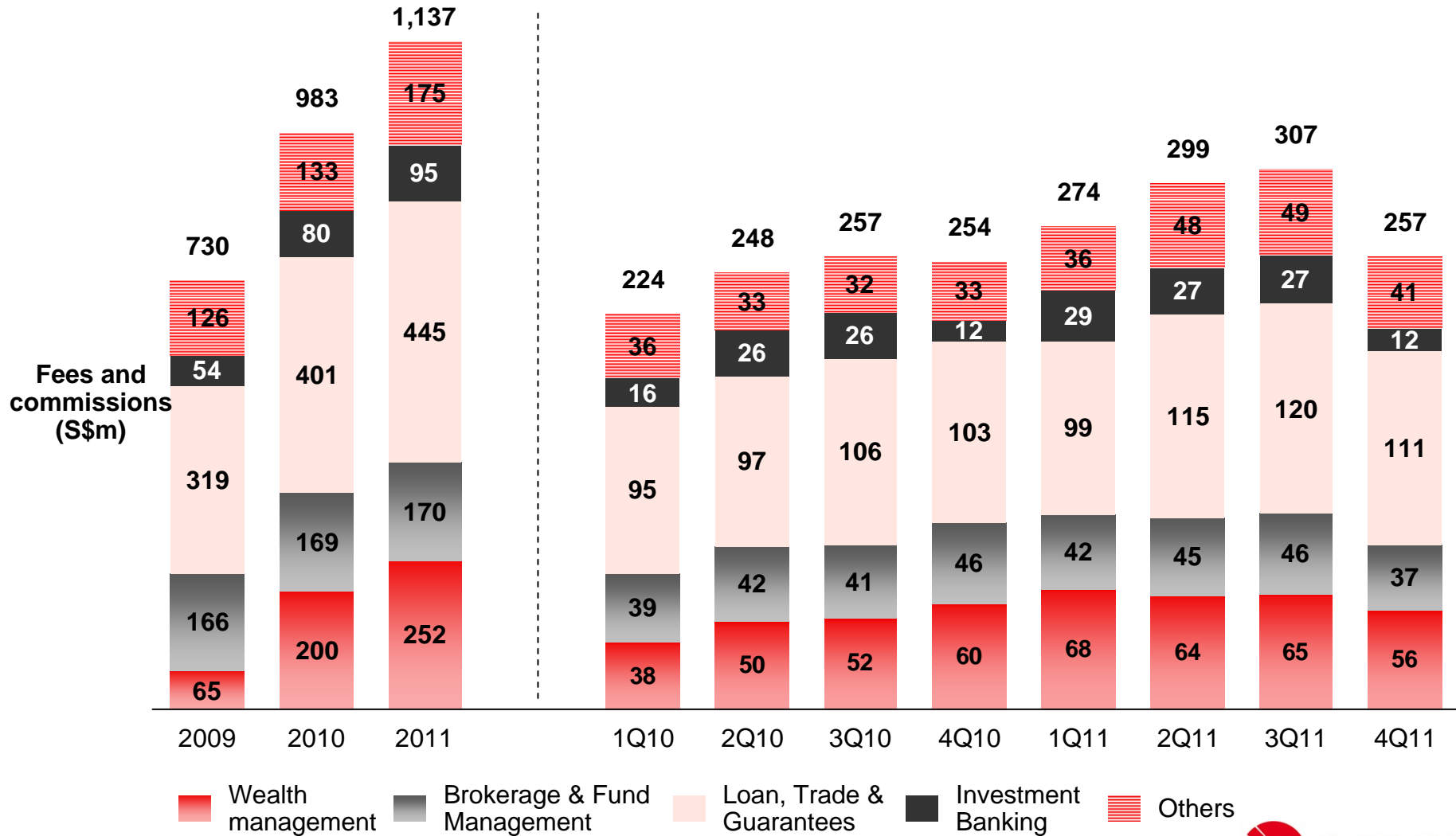


Note: Excludes gains from divestment of non-core assets

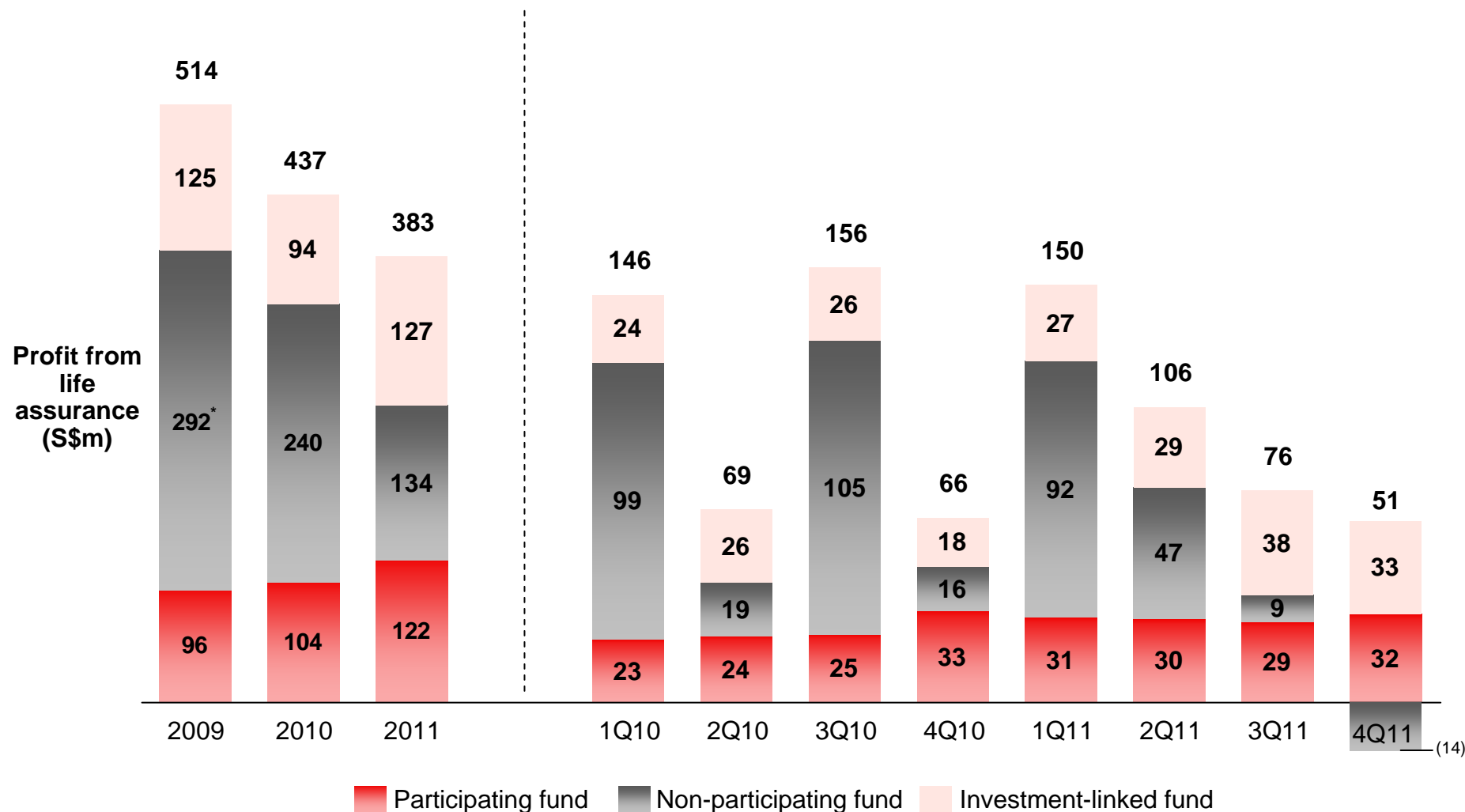




# Full year fee income grew by 16%, led by wealth management sales and loan/trade-related fees

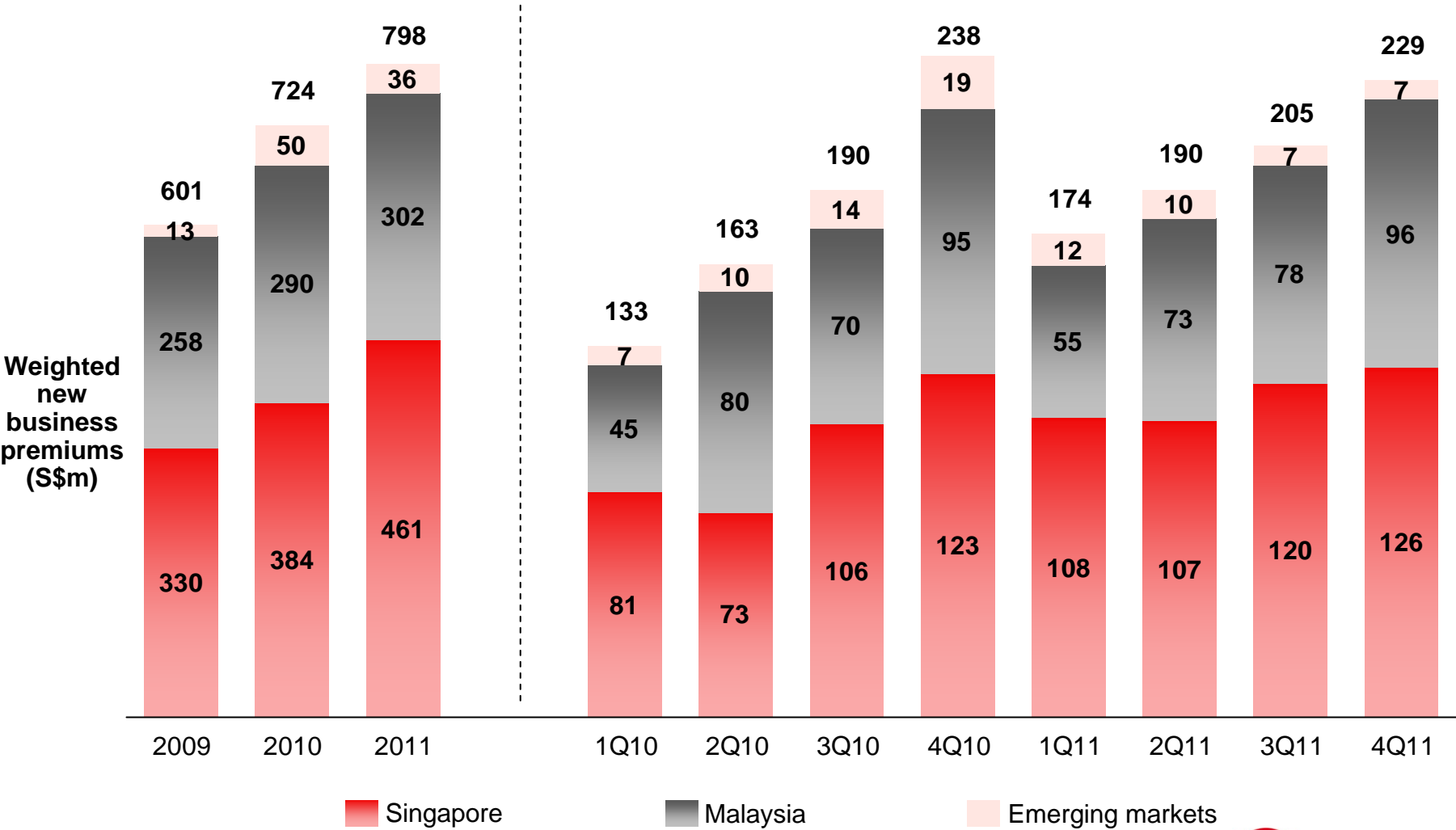


# GEH: Participating and Investment-linked fund profits increased 26% YoY, offset by weaker investment performance of the Non-participating fund



\* Adjusted to include GreatLink Choice loss

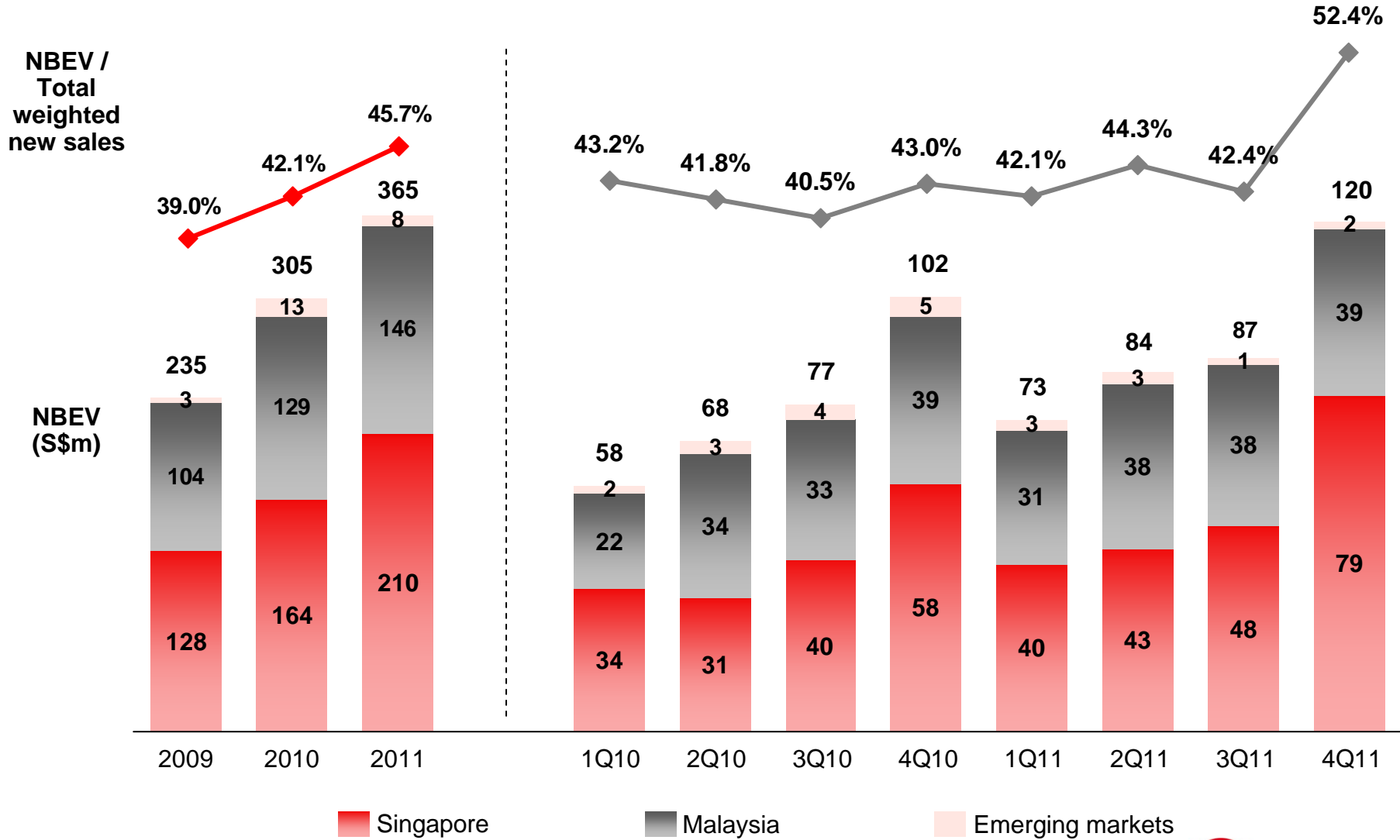
# GEH: Underlying insurance business remained healthy, with total weighted new sales for FY11 up 10%



Note: QoQ comparison not relevant given seasonality of insurance sales



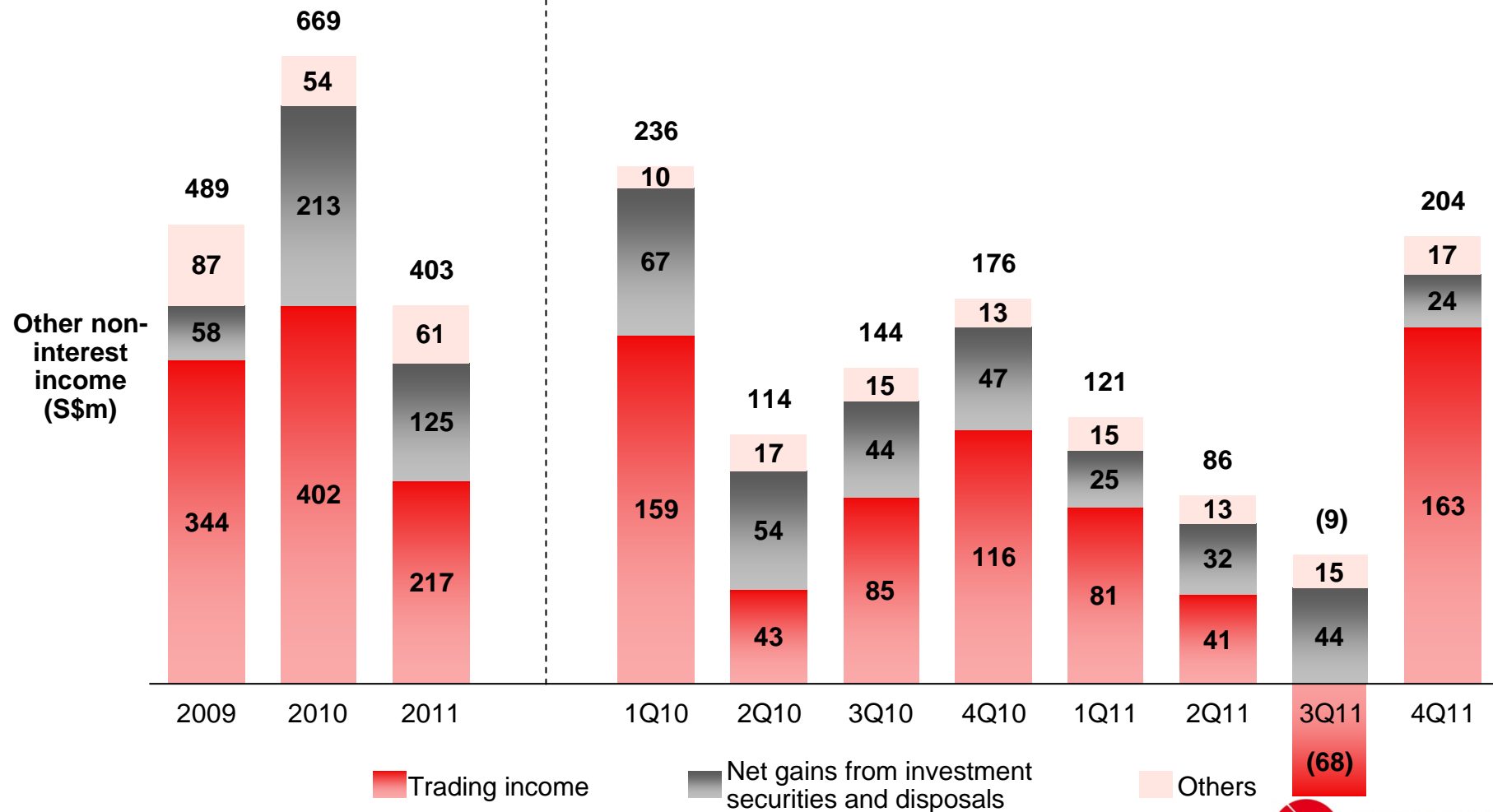
# GEH: Long-term profitability continued to grow strongly, new business embedded value rose 20% in FY11



Note: QoQ comparison not relevant given seasonality of insurance sales

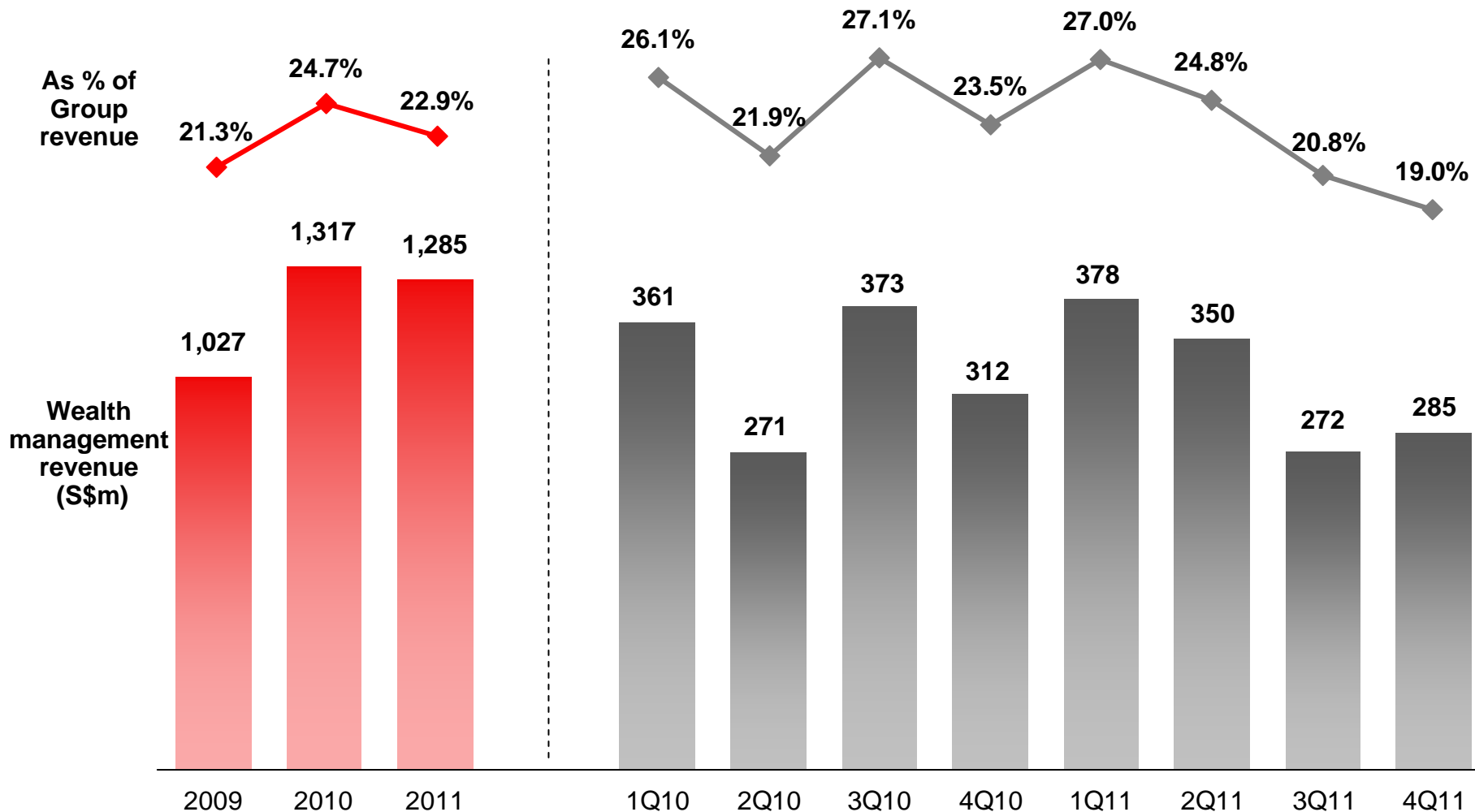


# Other non-interest income reflected the volatile trading environment



Note: Excludes gains from divestment of non-core assets

# Wealth management revenue down marginally for the year, as lower insurance income offset growth in other areas

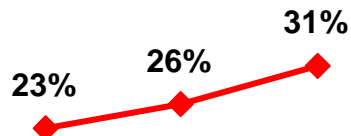


Note: Comprises the consolidated revenue from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's revenue from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

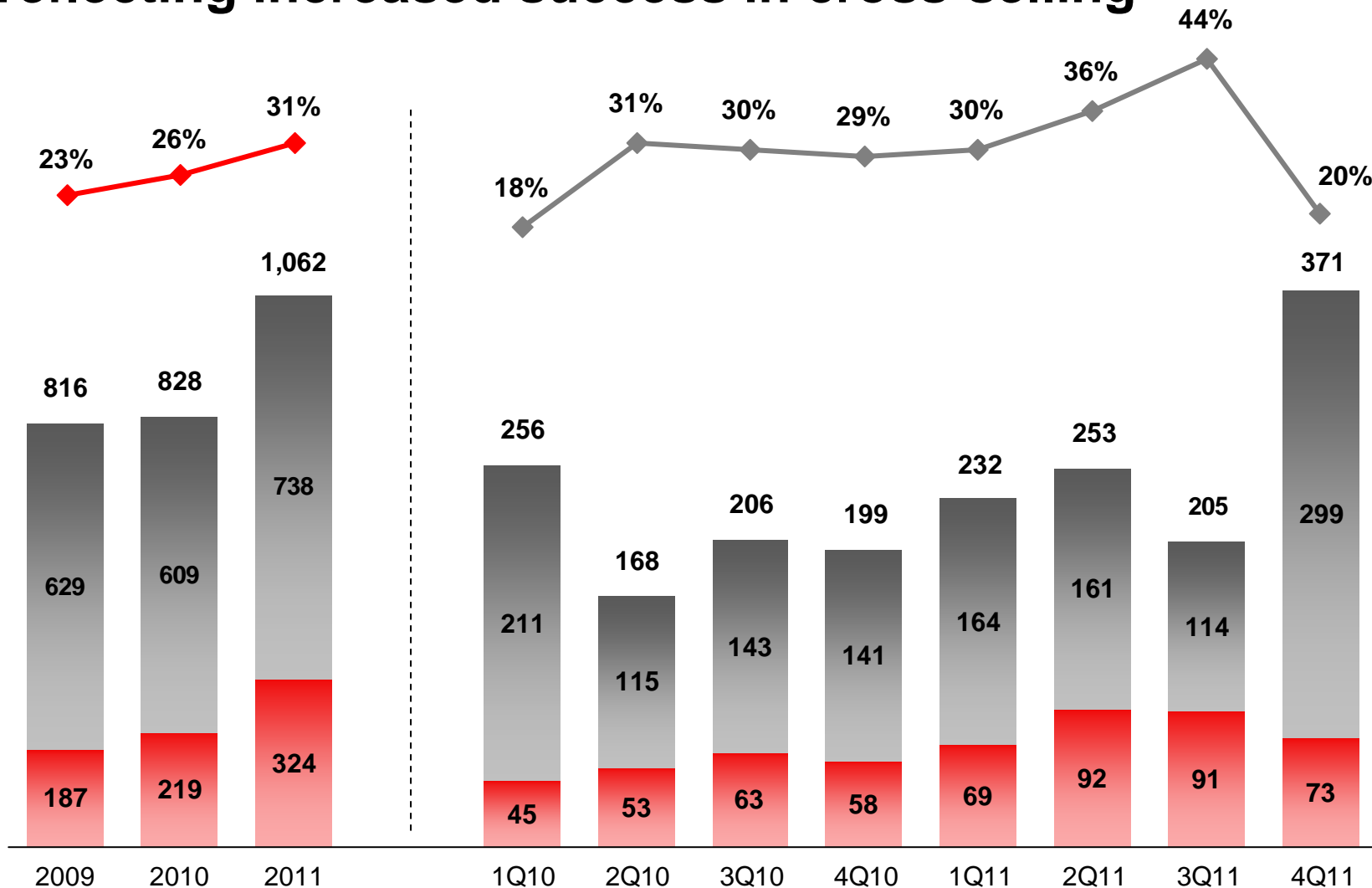


# Treasury income from customer flows up 48% for the full year, reflecting increased success in cross-selling

Customer income as % of Global Treasury income



Global Treasury income (S\$m)

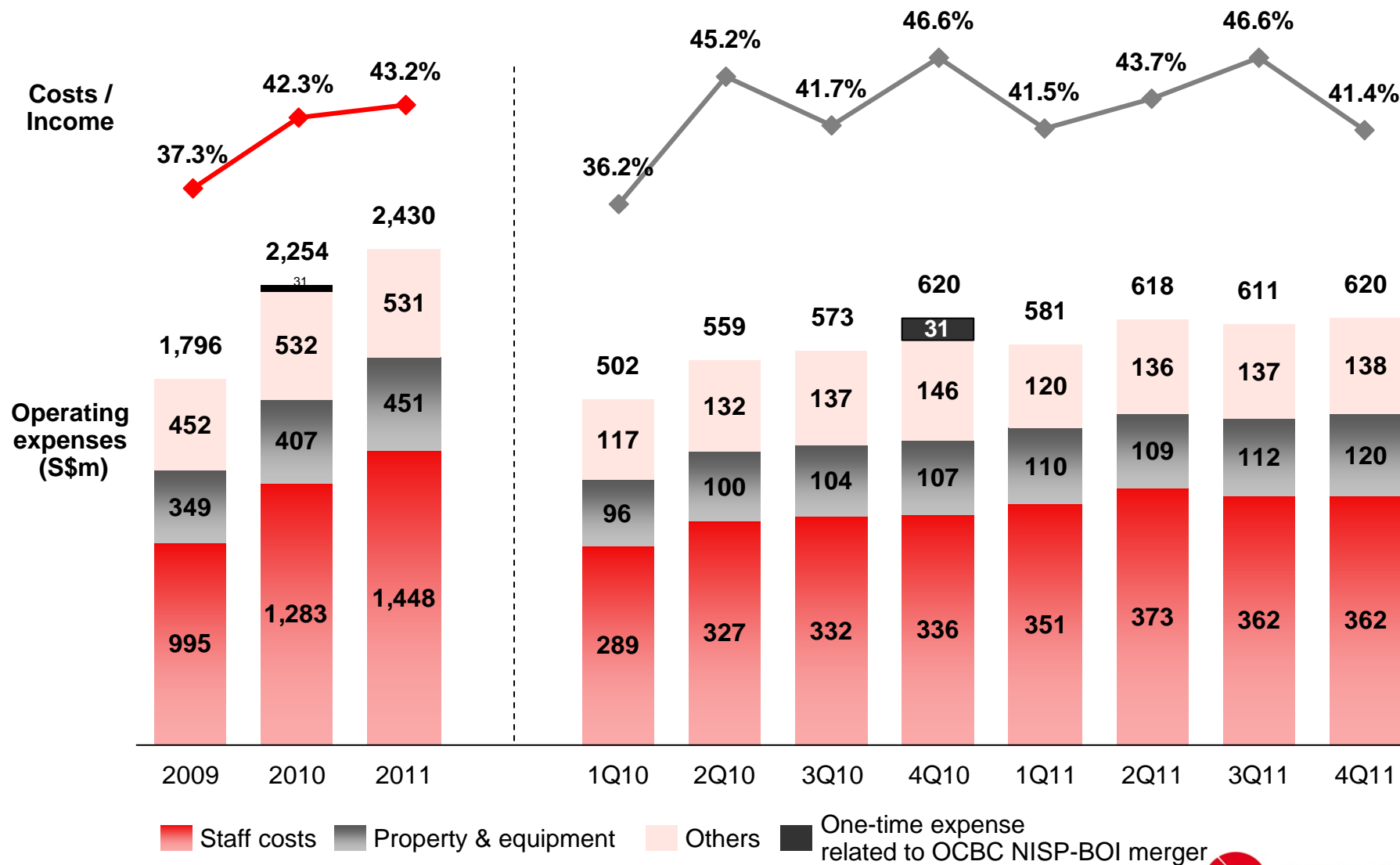


Treasury income from customer flows

Other treasury income



# Expenses rose modestly by 8% in FY11

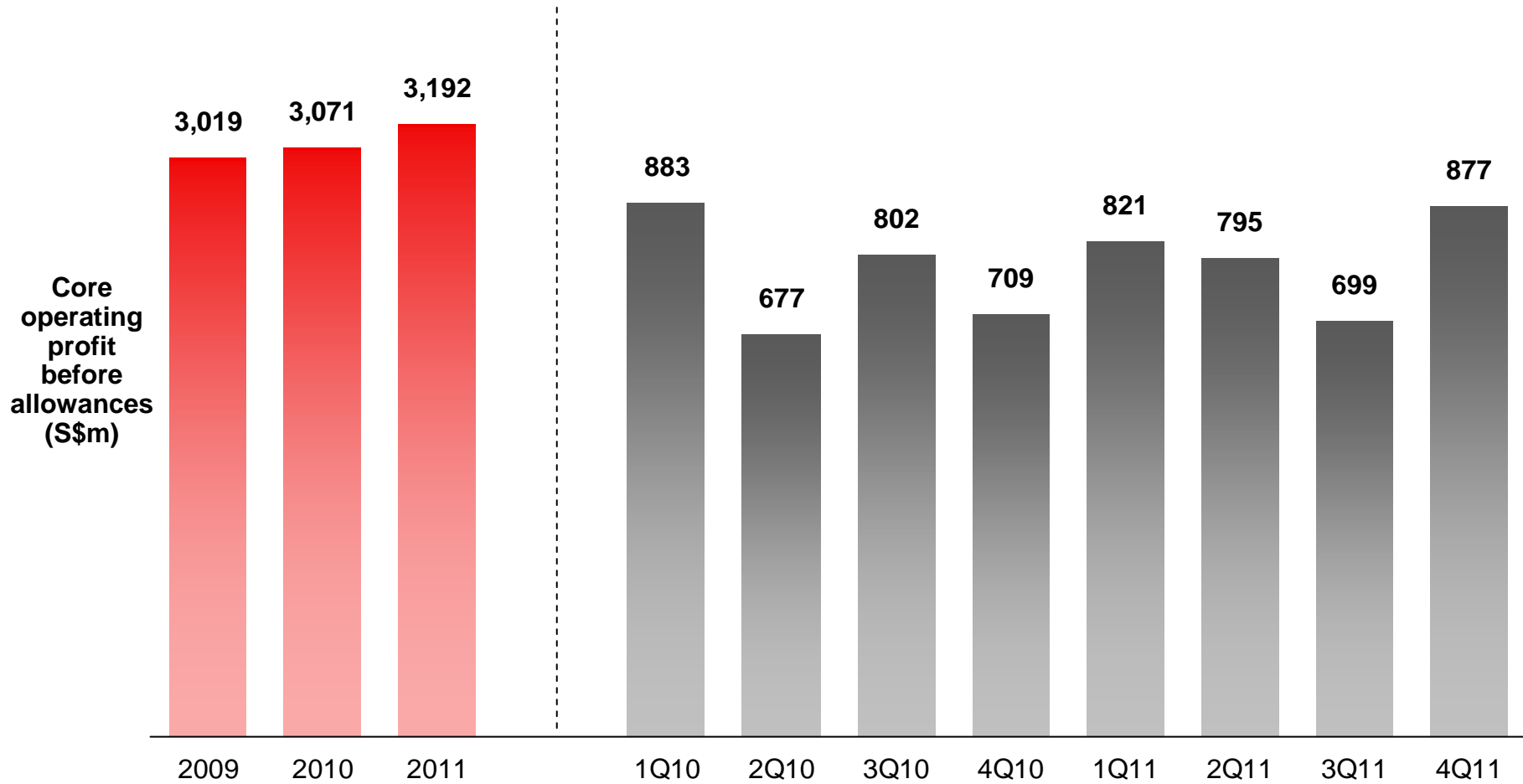


Note: Excluding the one-time costs of S\$31m in 4Q10 related to OCBC NISP-BOI merger, the expense increase would be 9% YoY

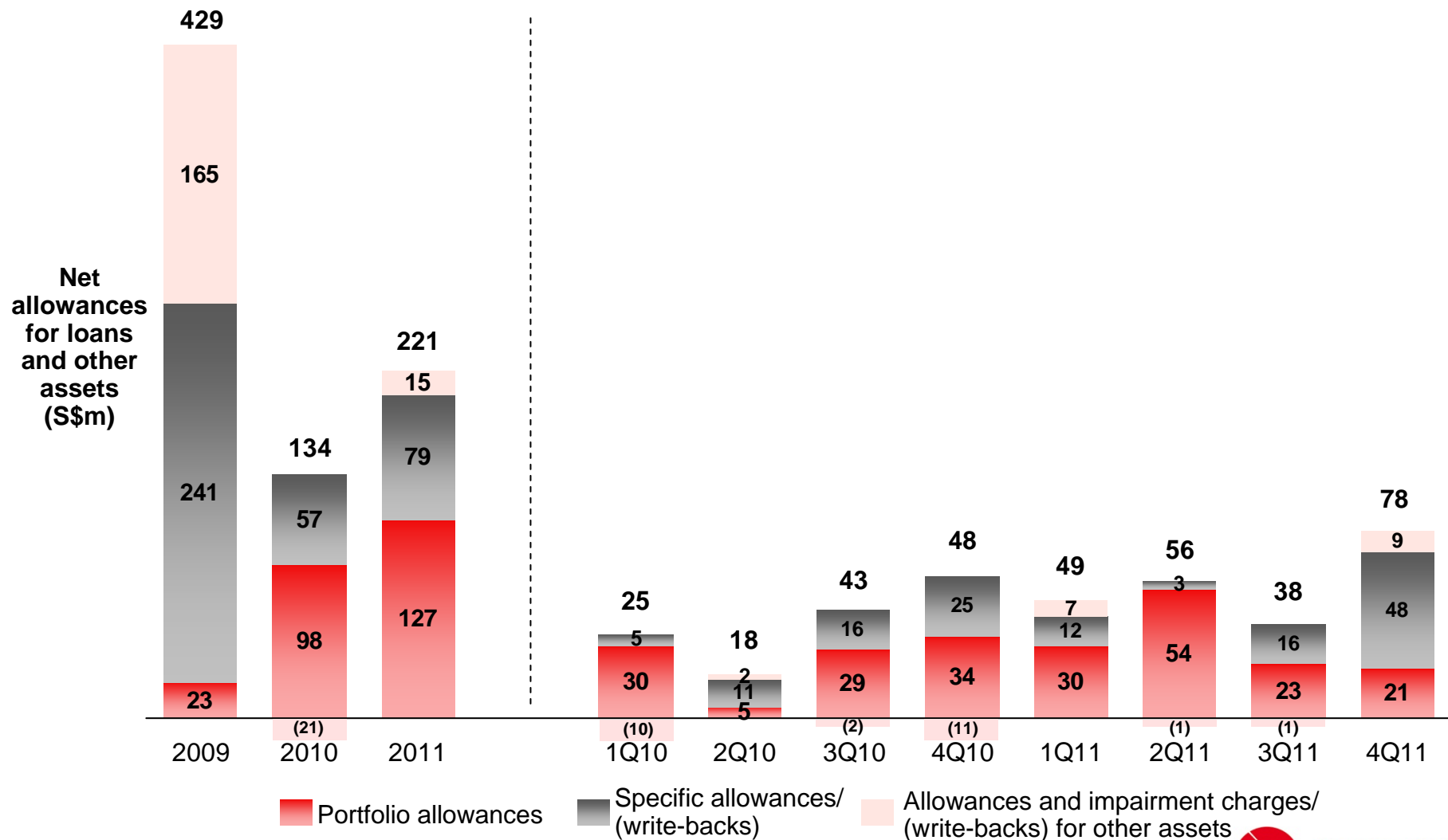




# Full year core operating profit up 4%



# Net allowances reflected higher portfolio allowances in line with robust loan growth, and lower recoveries and write-backs



# Breakdown of allowances

	FY11 S\$m	FY10 S\$m	4Q11 S\$m	3Q11 S\$m	4Q10 S\$m
Specific allowances for loans	79	57	48	16	25
Portfolio allowances for loans	127	98	21	23	34
Allowances for other assets (Write-back)	15	(21)	9	(1)	(11)
<b>Total net allowances</b>	<b>221</b>	<b>134</b>	<b>78</b>	<b>38</b>	<b>48</b>
Specific loan allowances/average loans (bps)*	7	6	15	5	10

\* Annualised

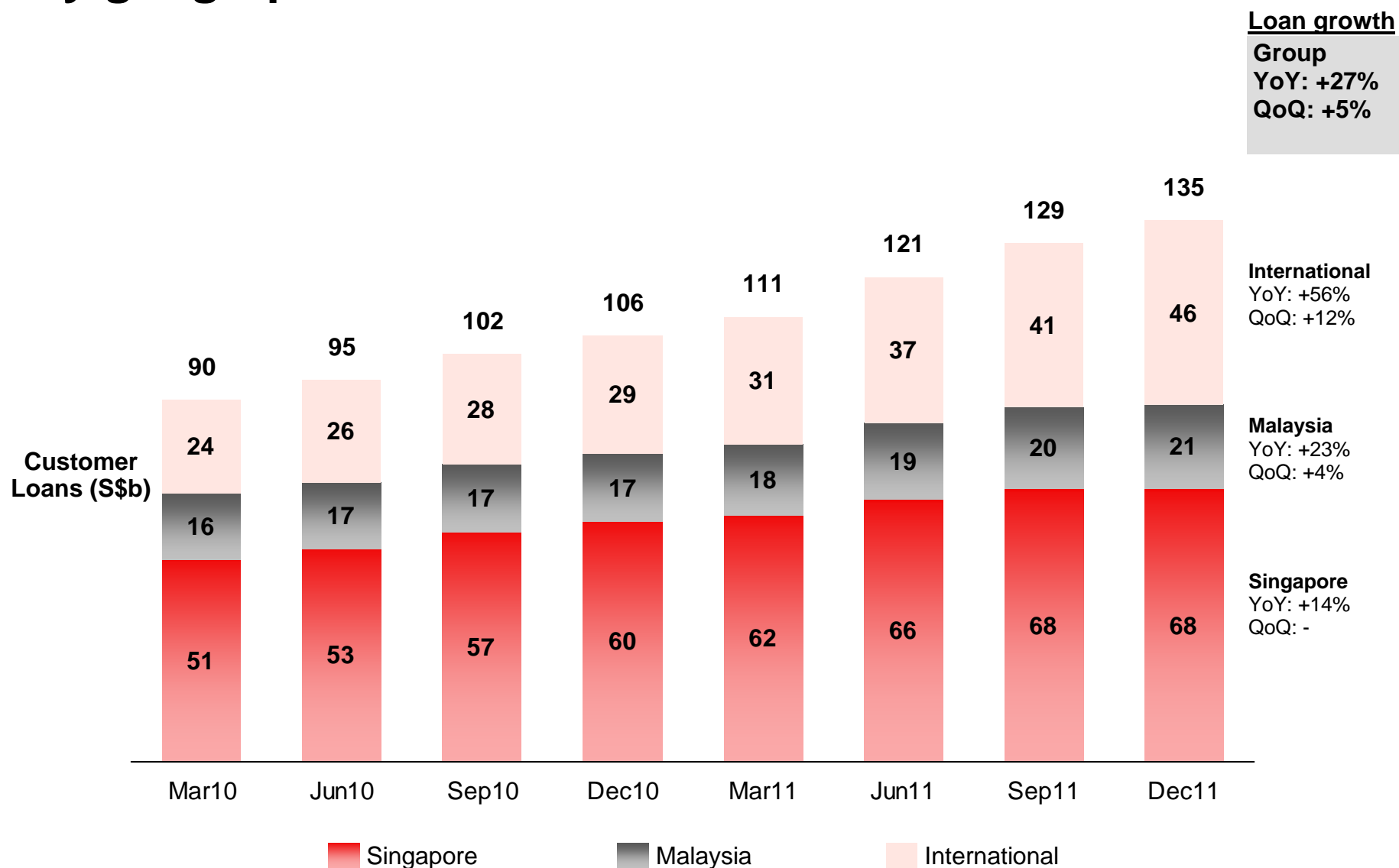
## Movement in specific allowances for loans

	FY11 S\$m	FY10 S\$m	4Q11 S\$m	3Q11 S\$m	4Q10 S\$m
Allowances for new and existing NPLs	231	298	85	48	99
Write-backs <sup>1/</sup>	(104)	(192)	(27)	(22)	(56)
Recoveries <sup>2/</sup>	(48)	(49)	(10)	(10)	(18)
<b>Net specific allowances</b>	<b>79</b>	<b>57</b>	<b>48</b>	<b>16</b>	<b>25</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

# Loan growth of 27% YoY and 5% QoQ, broad-based across key geographies

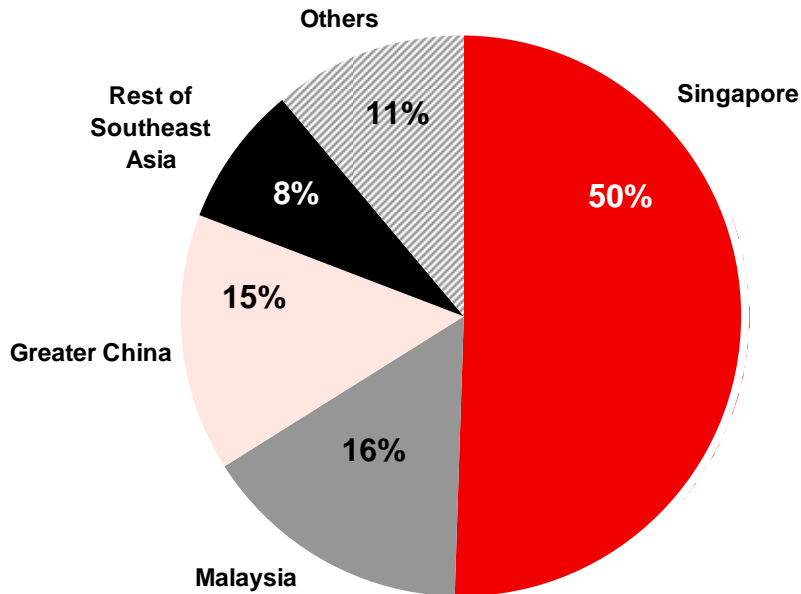


Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

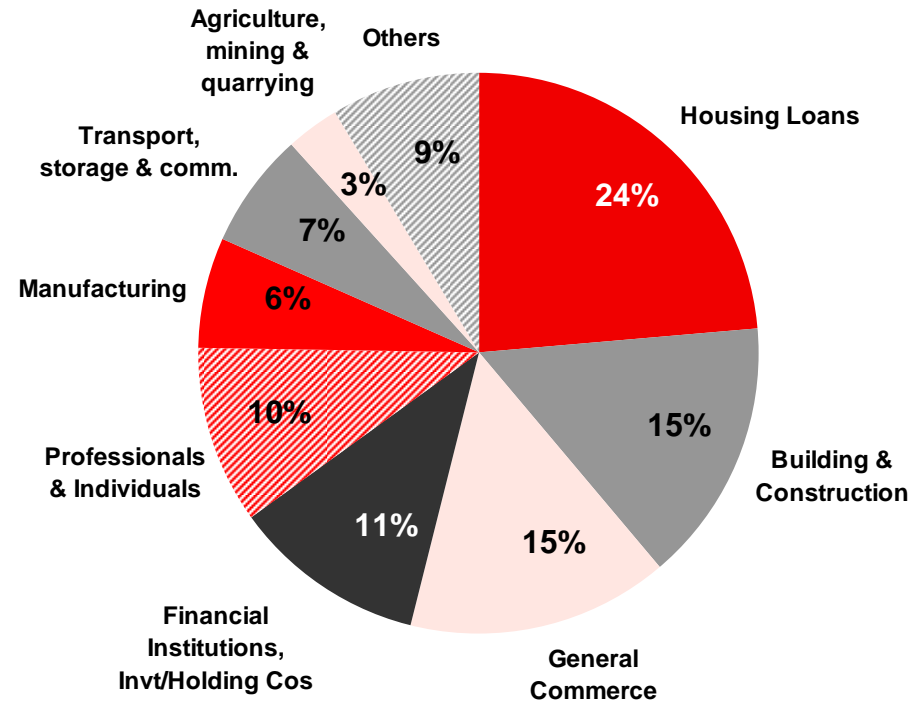


# Loan book remained diversified across geographies and sectors

**Customer Loans by Geography  
As of 31 December 2011**

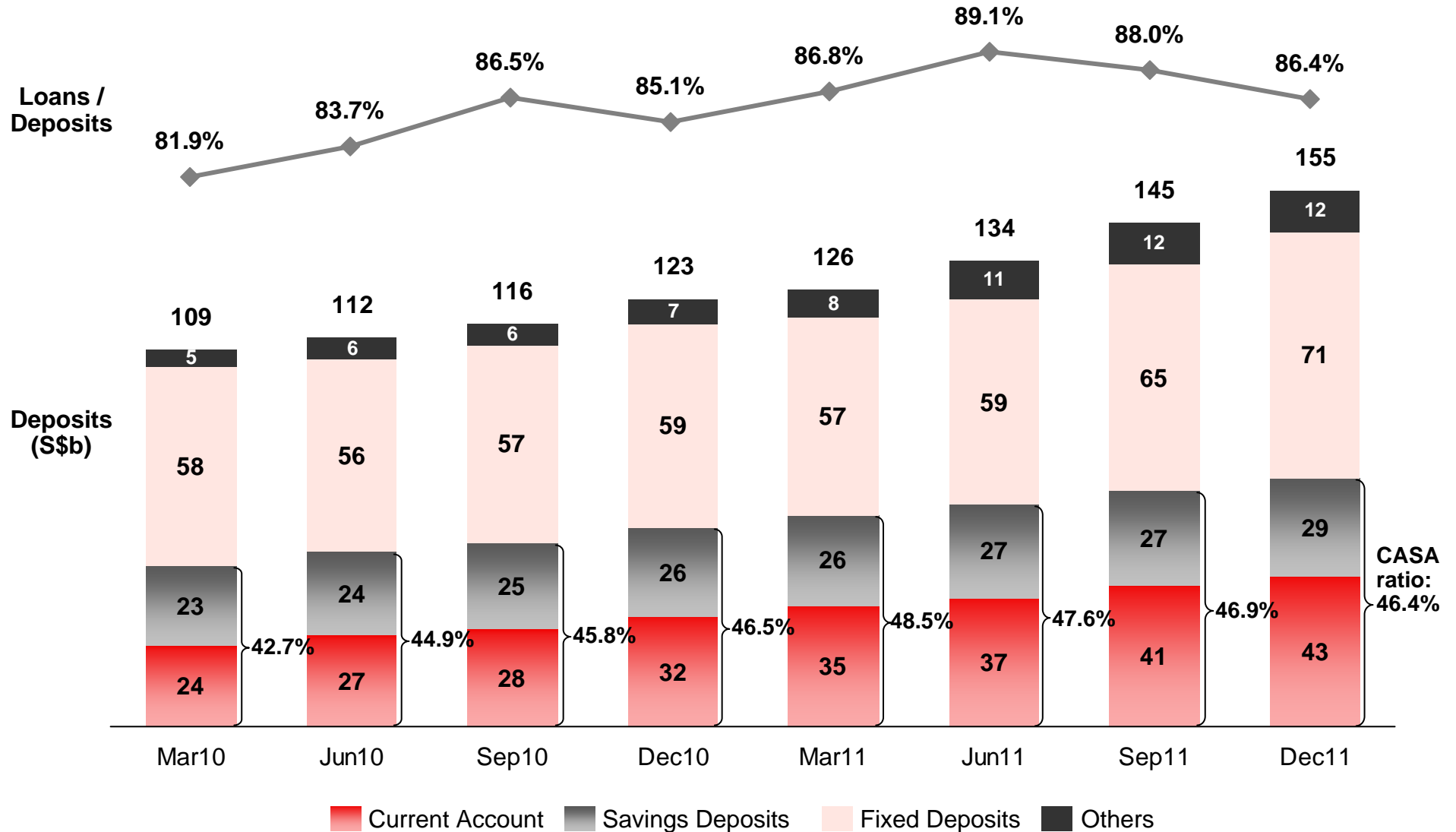


**Customer Loans by Industry  
As of 31 December 2011**



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

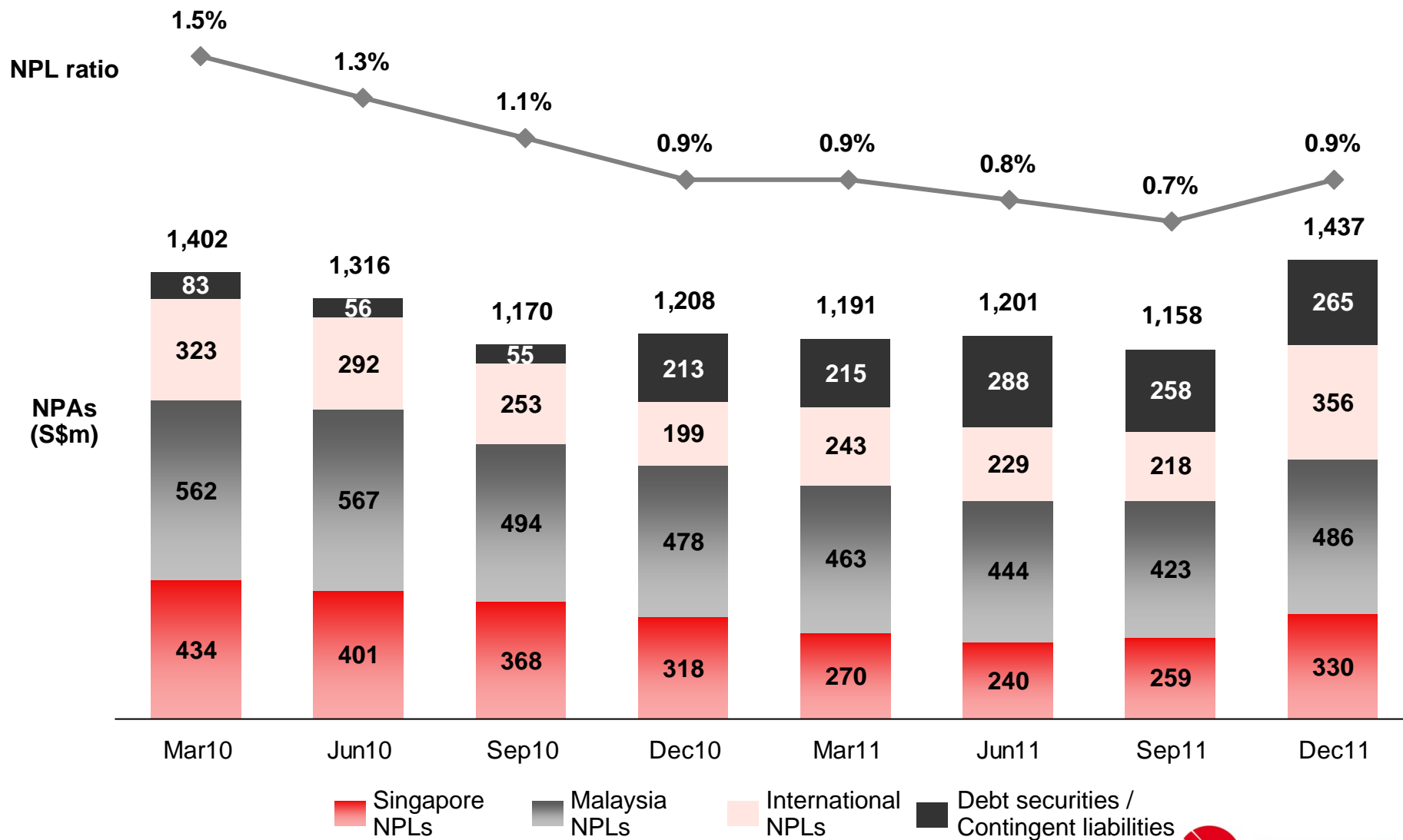
# Deposit growth of 25% YoY and 7% QoQ; Loan-to-deposit ratio improved to 86.4%



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



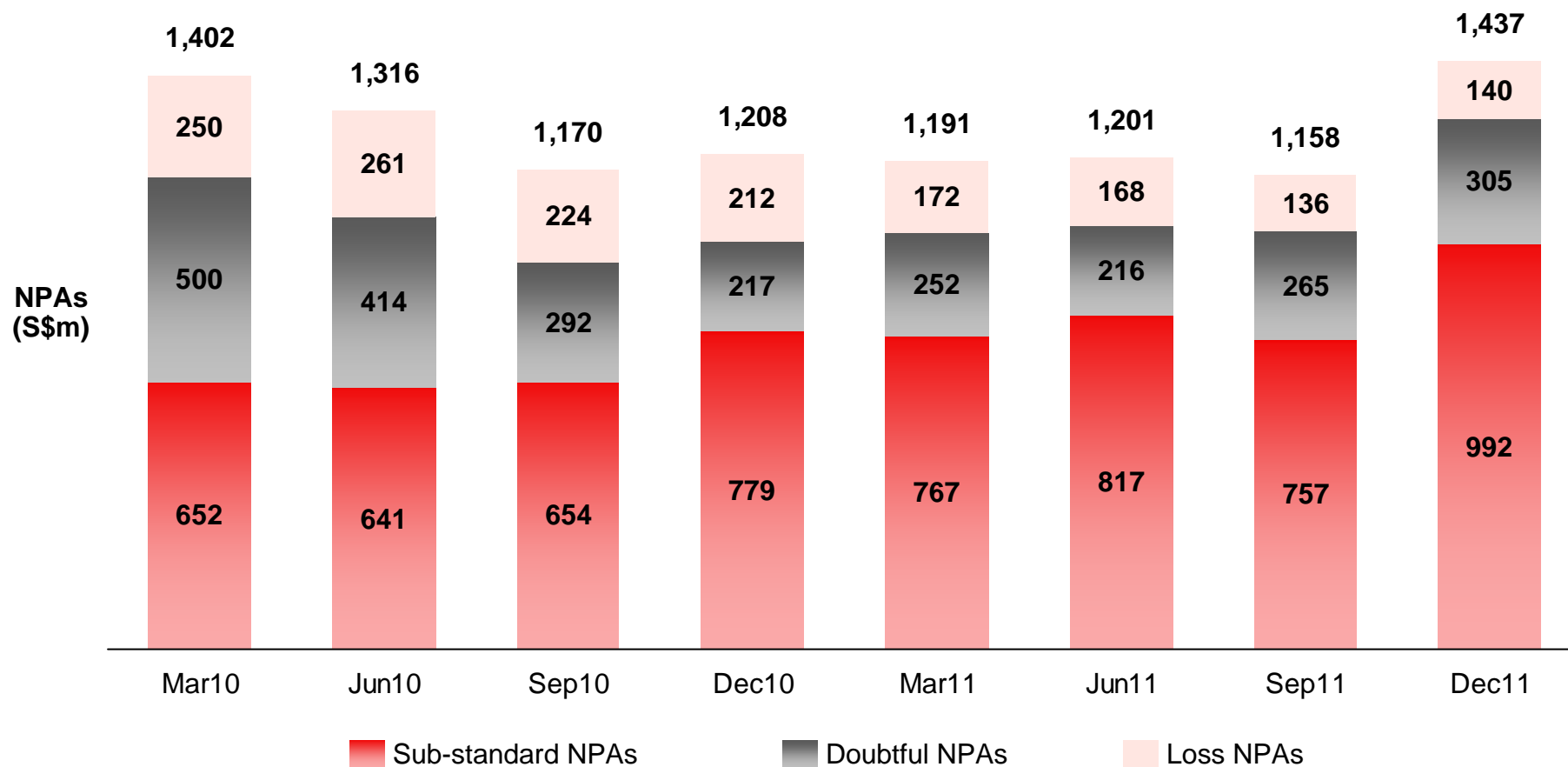
# NPL ratio remained flat YoY



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



# 69% of NPAs in the “substandard” category – largely well-collateralised or no overdues



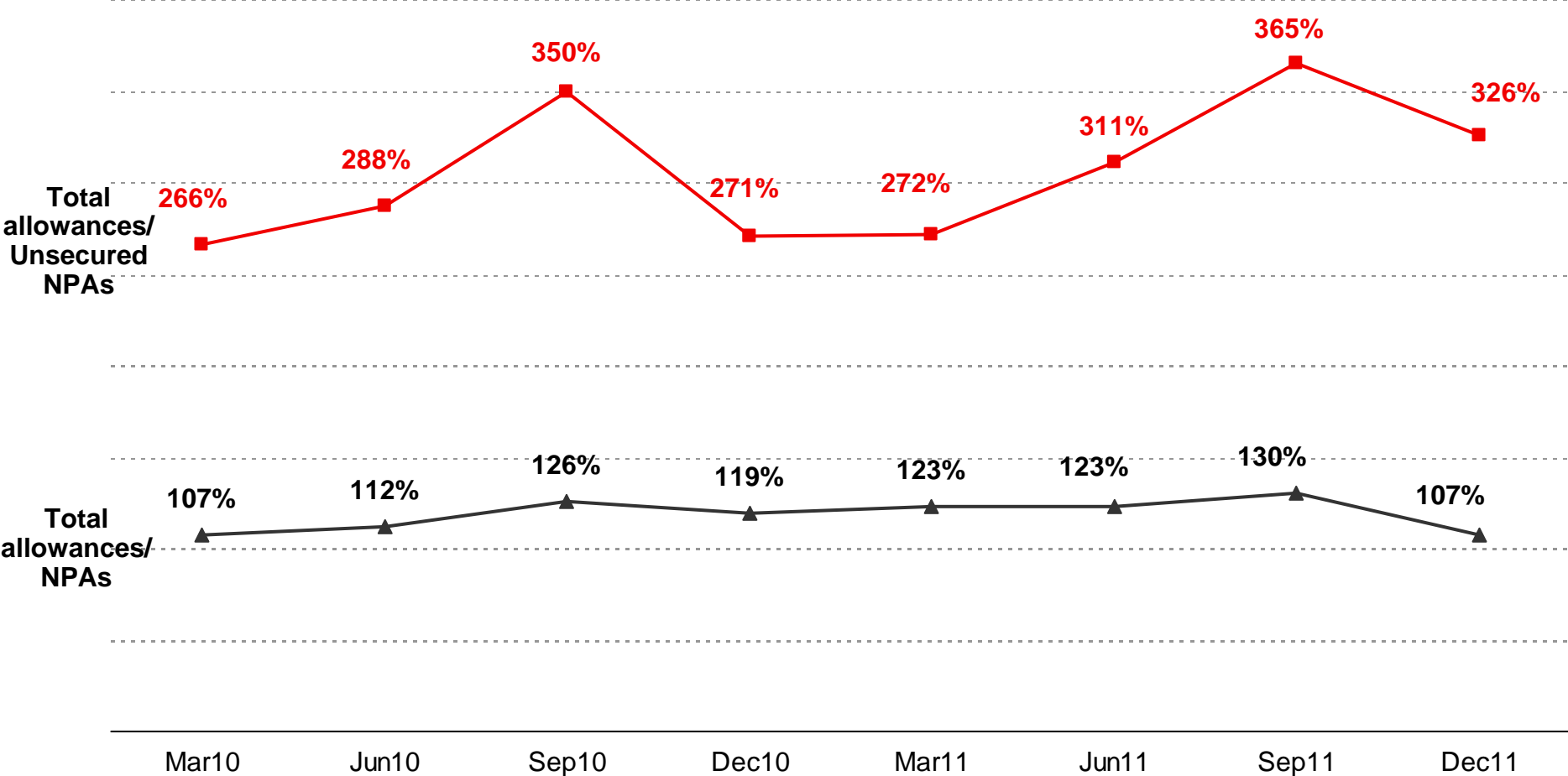
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities



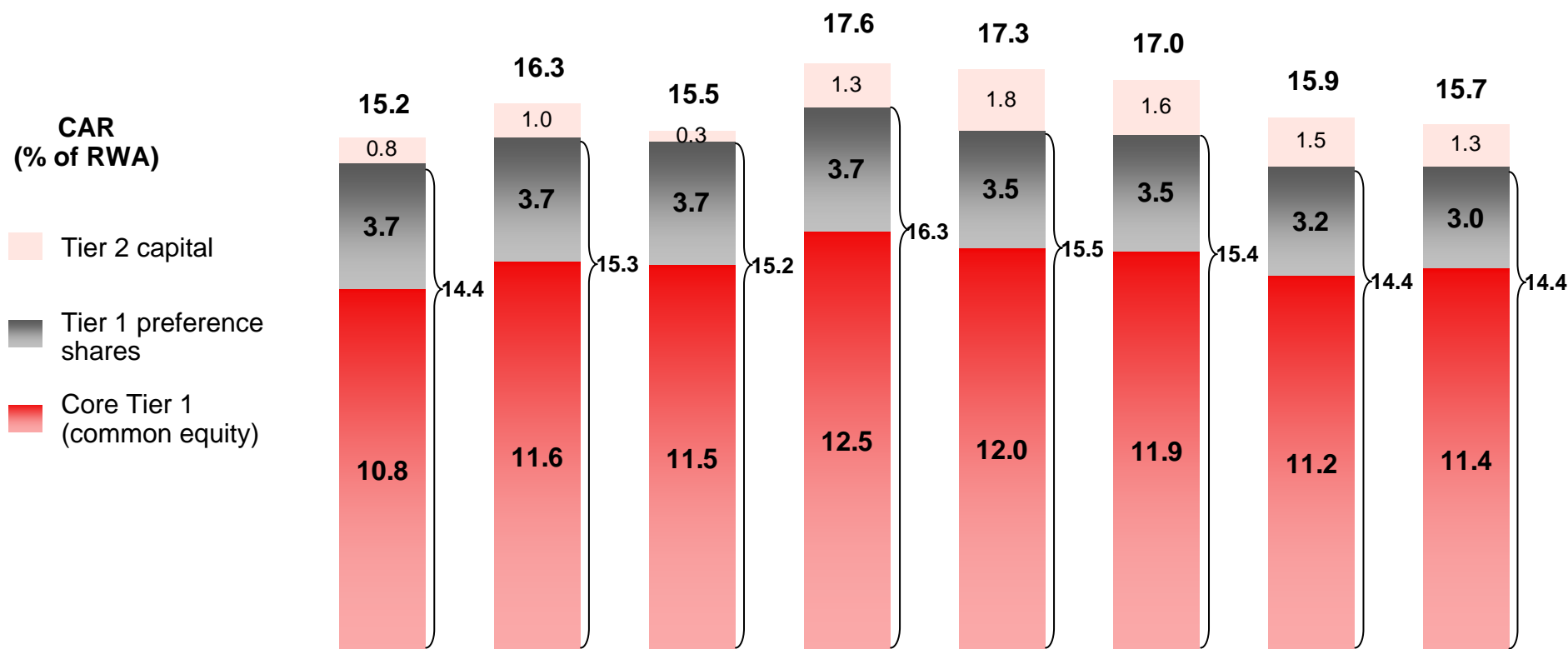
# Movement in NPAs

	FY11 S\$m	FY10 S\$m	4Q11 S\$m	3Q11 S\$m	4Q10 S\$m
NPAs – Opening balance	1,208	1,448	1,158	1,201	1,170
New NPAs	946	691	475	116	325
New recoveries/upgrades	(564)	(704)	(145)	(122)	(211)
Write-offs	(153)	(227)	(51)	(37)	(76)
<b>NPAs – Closing balance</b>	<b>1,437</b>	<b>1,208</b>	<b>1,437</b>	<b>1,158</b>	<b>1,208</b>

# Healthy allowance coverage ratios of 107% of total NPAs and 326% of unsecured NPAs



# Capital adequacy ratios remained strong: Tier 1 ratio of 14.4% and Core Tier 1 of 11.4%

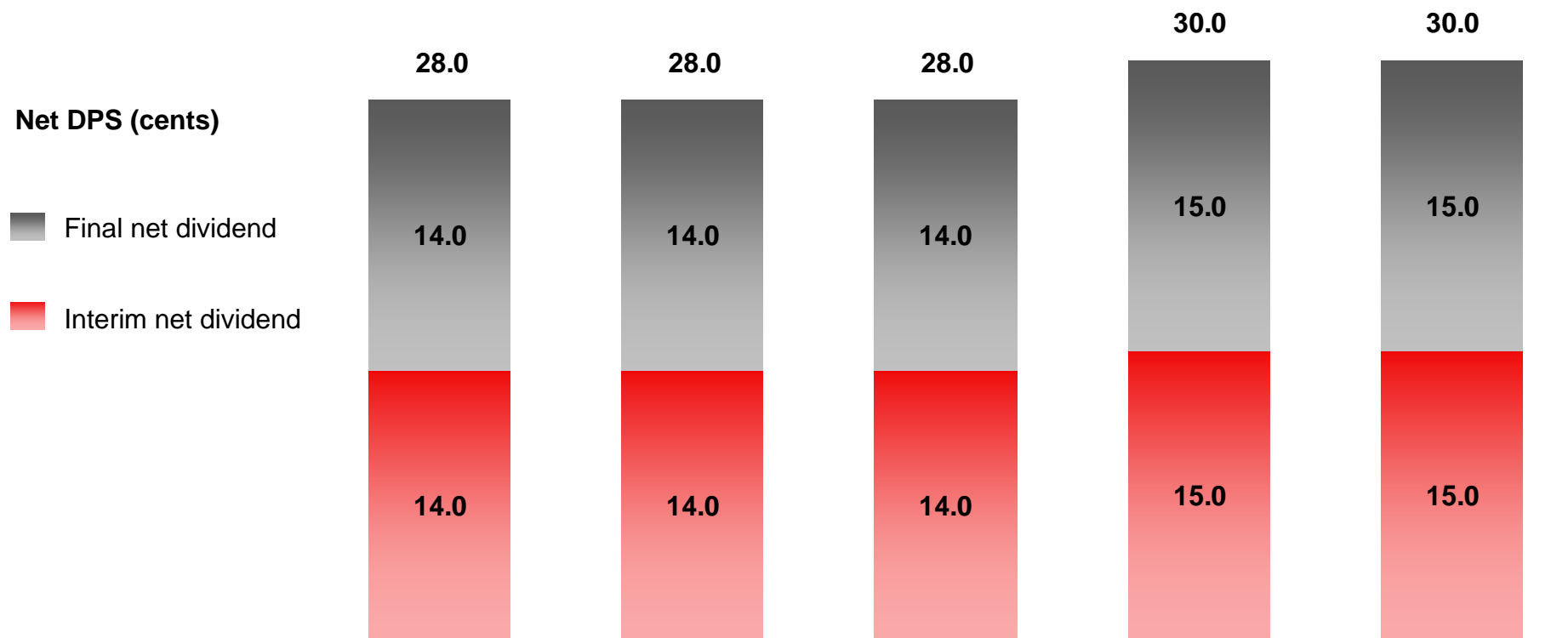


	Mar10	Jun10	Sep10	Dec10	Mar11	Jun11	Sep11	Dec11
<b>Tier 1 capital (S\$m)</b>	15,716	16,161	16,219	17,148	17,469	17,764	17,654	18,612
<b>Tier 1 prefs. (S\$m)</b>	3,965	3,966	3,965	3,961	3,961	3,957	3,957	3,958
<b>RWA (S\$m)</b>	108,505	105,073	106,666	105,062	112,558	115,318	121,997	128,507

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



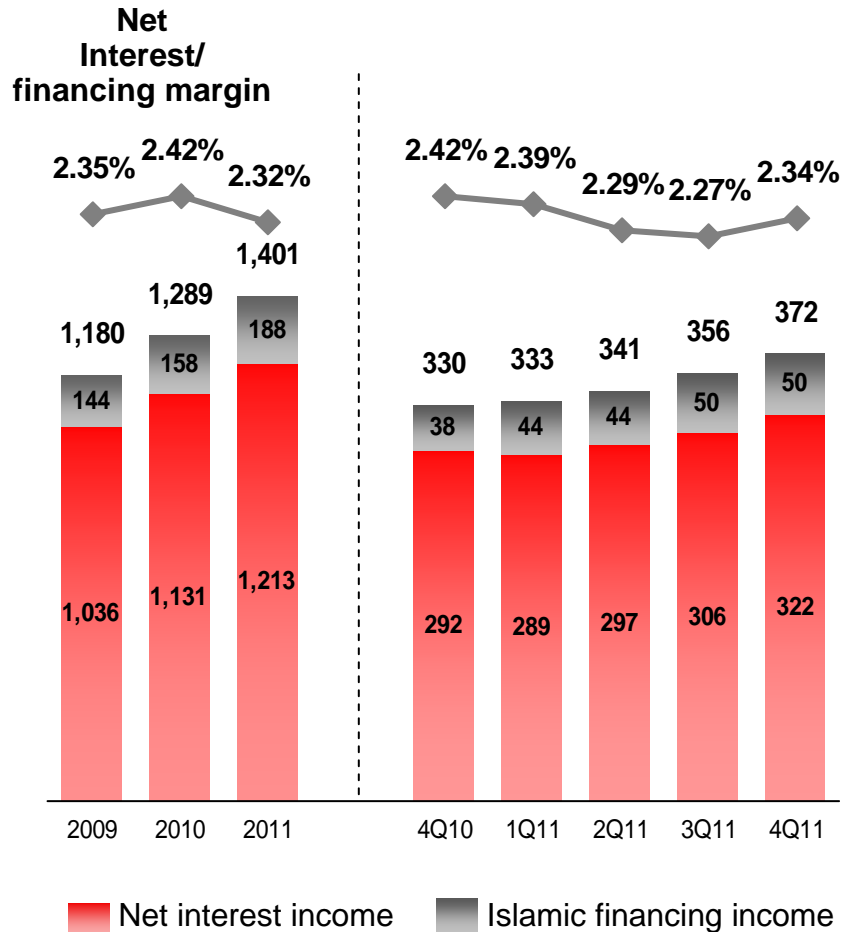
# Dividend per share maintained at 30 cents



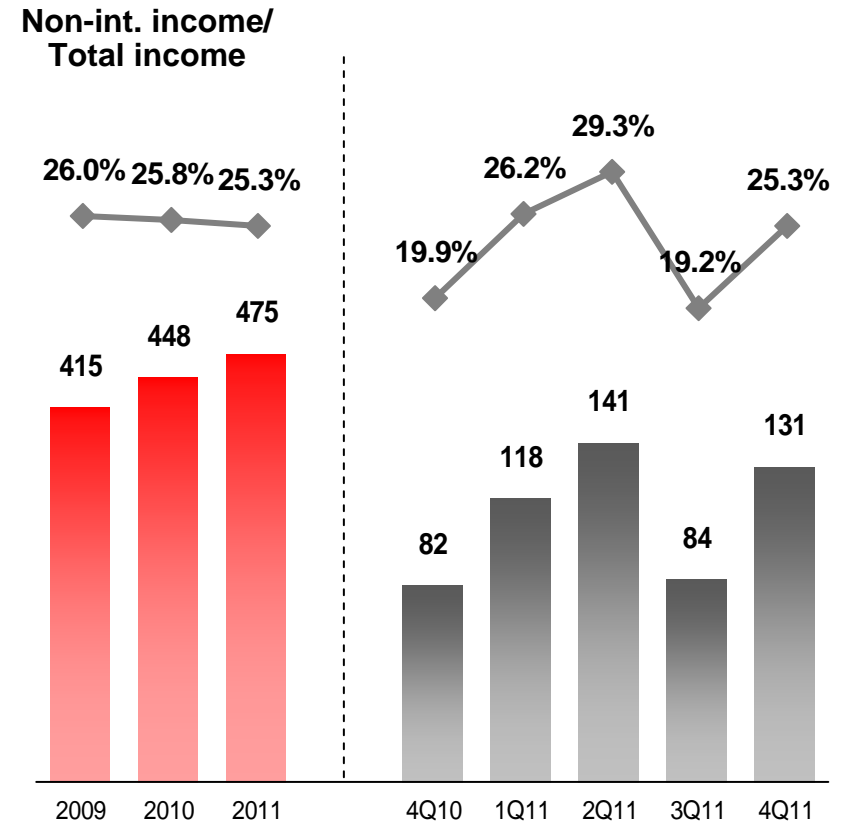
	2007	2008	2009	2010	2011
<b>Net Dividends (S\$m)</b>	864	868	898	994	1,024
<b>Core Net Profit (S\$m)</b>	1,878	1,486	1,962	2,253	2,280
<b>Dividend Payout Ratio</b>	46%	58%	46%	44%	45%

# OCBC Malaysia: Total net interest income and Islamic financing income up 9% for the year

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



## Non-interest income (RM m)

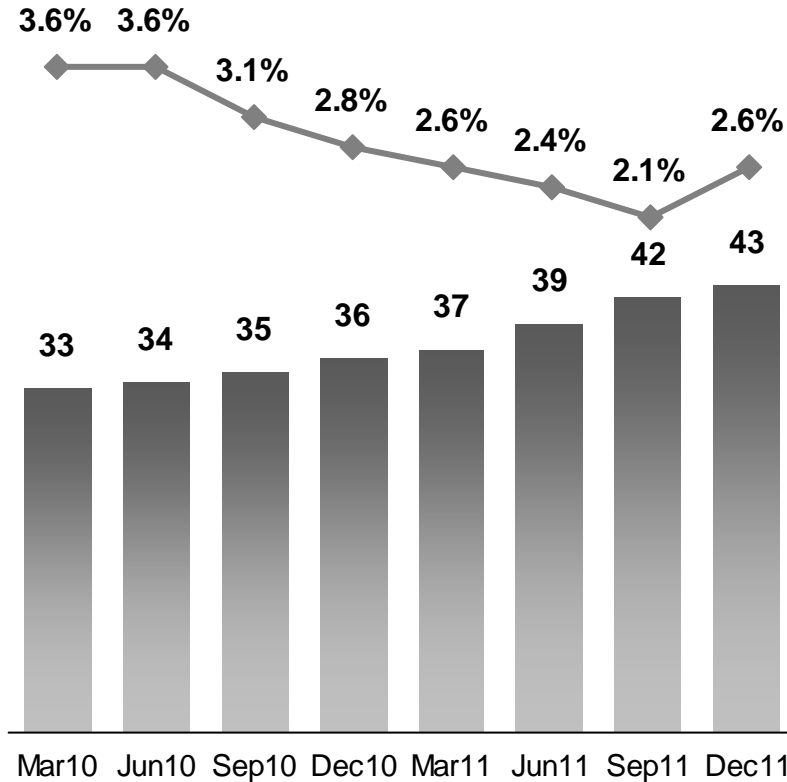


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

# OCBC Malaysia: Loan growth of 20% YoY and 2% QoQ; NPL ratio of 2.6%

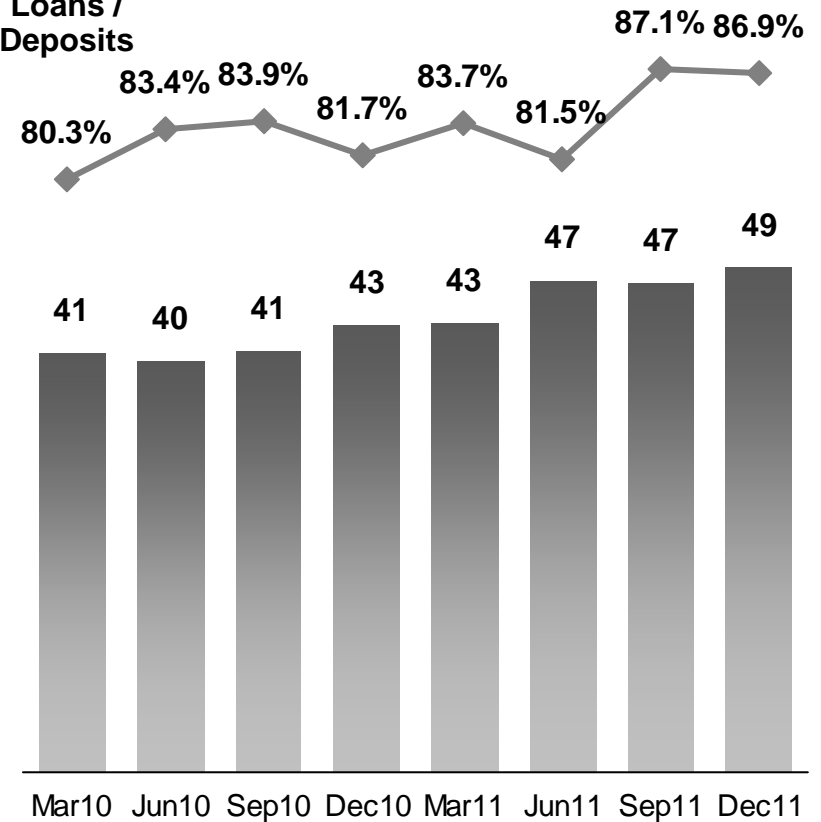
## Gross Loans (RM b)

### NPL Ratio



## Deposits (RM b)

### Loans / Deposits

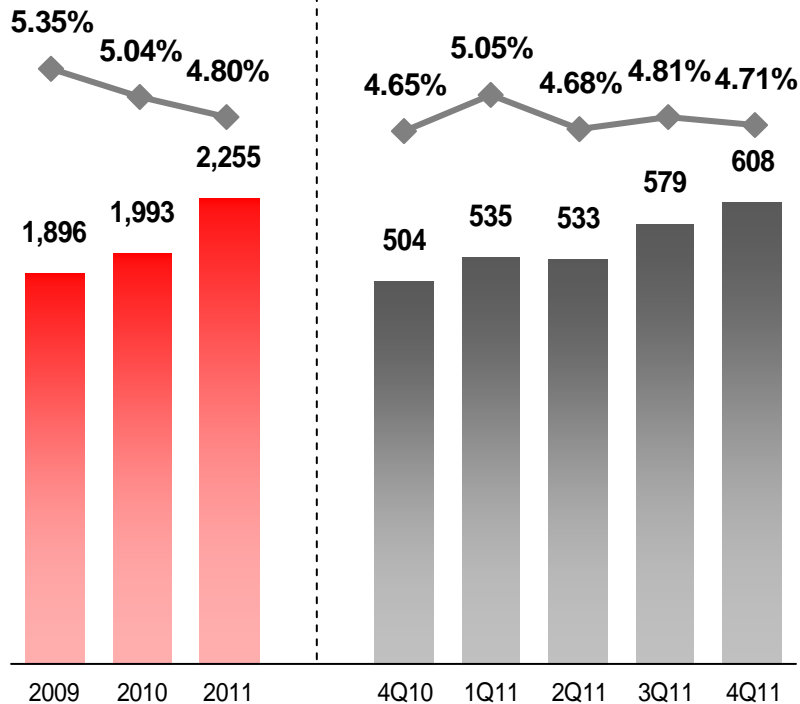


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

# OCBC NISP: Net interest income up 13% for the year

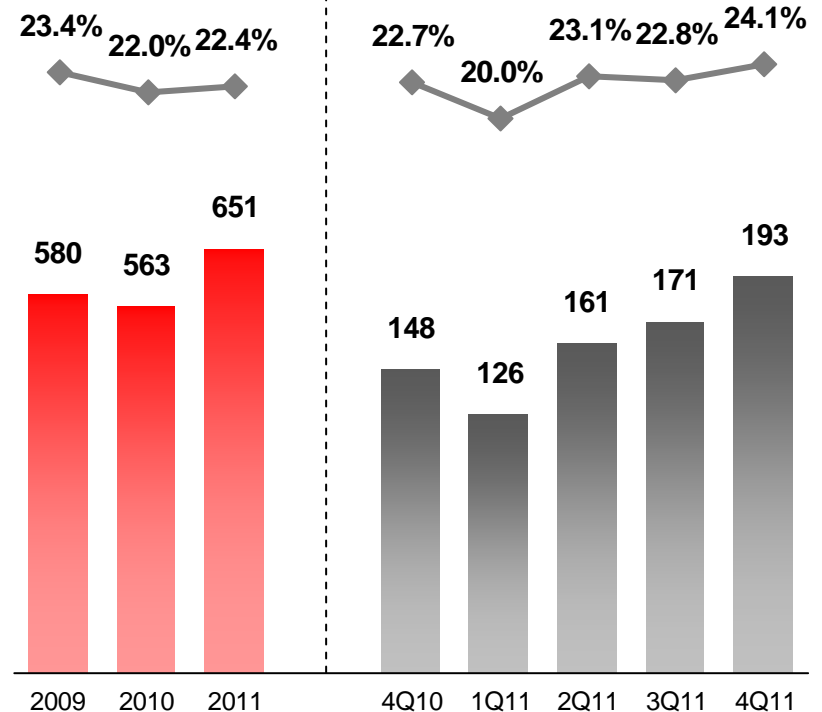
## Net interest income (Rp b)

### Net interest margin



## Non-interest income (Rp b)

### Non-int. income/ Total income

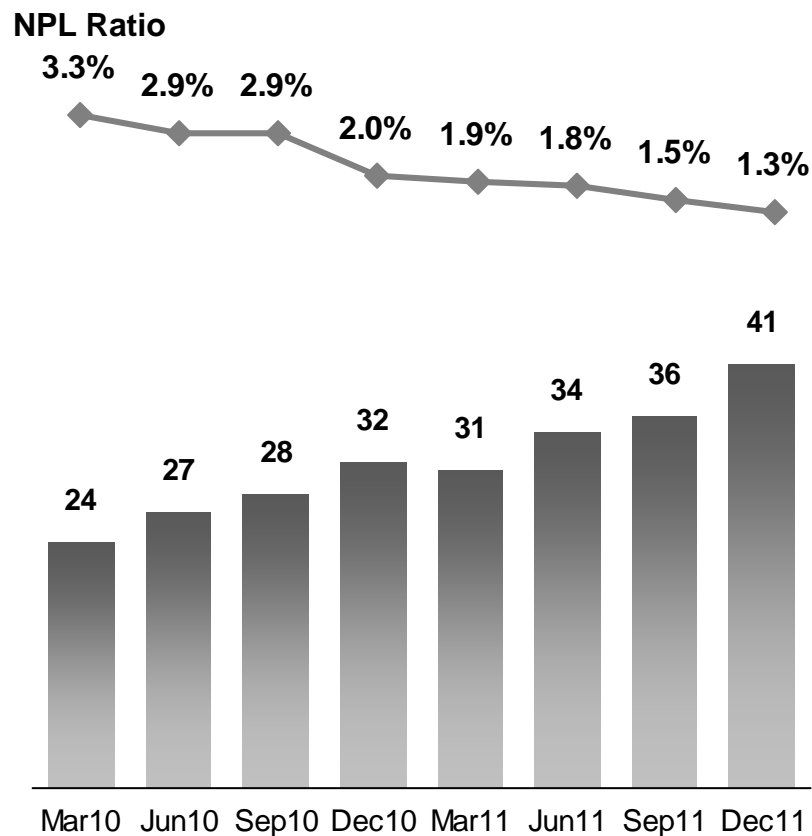


Note: 2009 and 2010 figures restated to include former Bank OCBC Indonesia

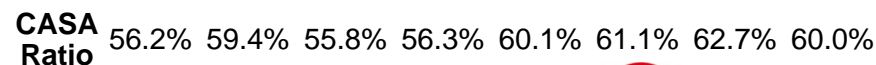
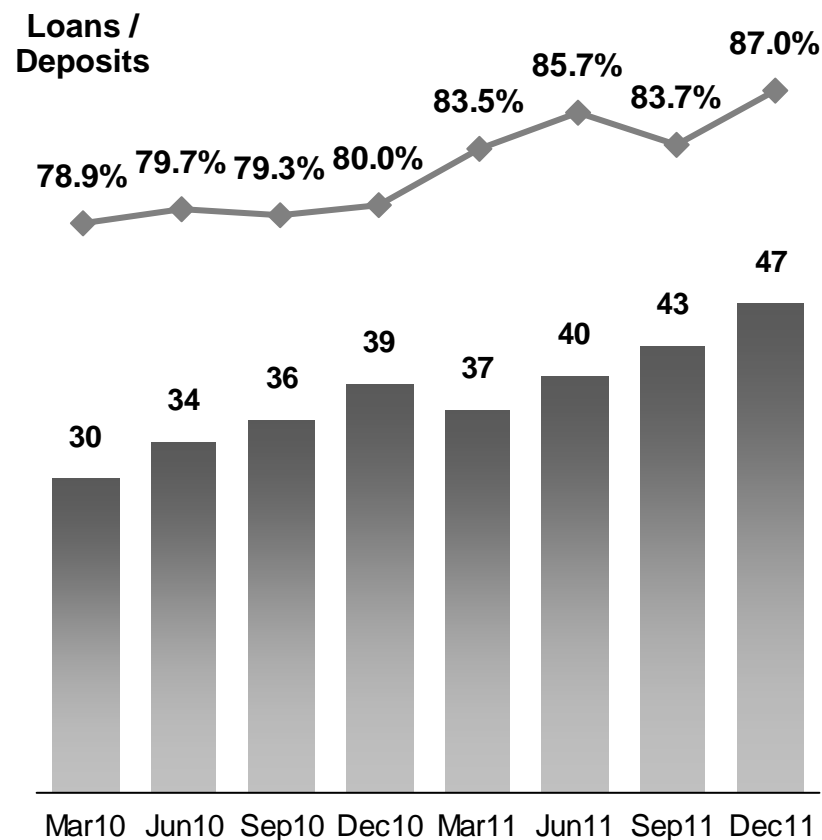


# OCBC NISP: Loan growth of 31% YoY and 14% QoQ; NPL ratio improved to 1.3%

## Gross Loans (Rp t)



## Deposits (Rp t)



Note: 2010 figures restated to include former Bank OCBC Indonesia



# Agenda

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Results Overview

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Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

# OCBC Malaysia: Full year net profit up 6%

<b>OCBC Malaysia</b>	<b>FY11 RM m</b>	<b>FY10 RM m</b>	<b>YoY +/(-)%</b>
Net interest income	1,213	1,131	7
Islamic Financing Income	188	158	19
Non-interest income	475	448	6
<b>Total income</b>	<b>1,876</b>	<b>1,736</b>	<b>8</b>
Operating expenses	(746)	(656)	14
<b>Operating profit</b>	<b>1,130</b>	<b>1,081</b>	<b>5</b>
Allowances	(127)	(129)	(1)
Tax	(254)	(245)	3
<b>Reported net profit</b>	<b>749</b>	<b>706</b>	<b>6</b>

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



# OCBC Malaysia: 4Q11 net profit up 29% YoY, up 39% QoQ

OCBC Malaysia	4Q11 RM m	4Q10 RM m	YoY +/(-)%	3Q11 RM m	QoQ +/(-)%
Net interest income	322	292	10	306	5
Islamic Financing Income	50	38	31	50	-
Non-interest income	131	82	60	84	56
<b>Total income</b>	<b>503</b>	<b>412</b>	<b>22</b>	<b>440</b>	<b>14</b>
Operating expenses	(201)	(170)	18	(199)	1
<b>Operating profit</b>	<b>302</b>	<b>242</b>	<b>25</b>	<b>241</b>	<b>25</b>
Allowances	(14)	(22)	(37)	(41)	(66)
Tax	(78)	(57)	37	(50)	56
<b>Reported net profit</b>	<b>210</b>	<b>162</b>	<b>29</b>	<b>150</b>	<b>39</b>

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



# OCBC Malaysia: Key ratios

OCBC Malaysia	FY11 %	FY10 %	4Q11 %	3Q11 %	4Q10 %
Net interest margin	2.32	2.42	2.34	2.27	2.42
Non-interest income / Total income	25.3	25.8	26.0	19.2	19.9
Costs / Income	39.8	37.8	40.0	45.1	41.3
Loans / Deposits	86.9	81.7	86.9	87.1	81.7
NPL Ratio	2.6	2.8	2.6	2.1	2.8
ROE	16.6	17.5	18.0	13.1	15.1

# Bank OCBC NISP: Full year net profit up 80%

OCBC NISP	FY11 RP b	FY10 RP b	YoY +/(-)%
Net interest income	2,255	1,993	13
Non-interest income	651	563	16
Total income	2,906	2,556	14
Operating expenses	(1,703)	(1,594) <sup>1/</sup>	7
<b>Operating profit</b>	<b>1,203</b>	<b>962</b>	<b>25</b>
Allowances	(210)	(206)	2
Non Op Income / (Expenses)	13	(189)	107
Tax	(253)	(148)	71
<b>Net Profit</b>	<b>753</b>	<b>419</b>	<b>80</b>

Note: 2010 figures restated to include former Bank OCBC Indonesia

1/ Includes one-time costs of RP 204b in 4Q10 related to OCBC NISP-BOI merger



# Bank OCBC NISP: 4Q11 operating profit up 36% YoY, up 18% QoQ

OCBC NISP	4Q11 RP b	4Q10 RP b	YoY +/(-)%	3Q11 RP b	QoQ +/(-)%
Net interest income	608	504	21	579	5
Non-interest income	193	148	30	171	13
Total income	801	652	23	750	7
Operating expenses	(427)	(376) <sup>1/</sup>	14	(432)	(1)
<b>Operating profit</b>	<b>374</b>	<b>276</b>	<b>36</b>	<b>318</b>	<b>18</b>
Allowances	(64)	(107)	(40)	(37)	77
Non Op Income / (Expenses)	(2)	(196)	(99)	2	(200)
Tax	(78)	5	NM	(73)	9
<b>Net Profit</b>	<b>230</b>	<b>(22)</b>	<b>NM</b>	<b>210</b>	<b>10</b>

Note: 2010 figures restated to include former Bank OCBC Indonesia

1/ Includes one-time costs of RP 204b in 4Q10 related to OCBC NISP-BOI merger



# Bank OCBC NISP: Key ratios

OCBC NISP	FY11 %	FY10 %	4Q11 %	3Q11 %	4Q10 %
Net interest margin	4.80	5.04	4.71	4.81	4.65
Non-interest income / Total income	22.4	22.0	24.1	22.8	22.7
Costs / Income	58.6	62.4	53.3	57.6	57.7
Loans / Deposits	87.0	80.0	87.0	83.7	80.0
NPL Ratio	1.3	2.0	1.3	1.5	2.0
ROE	12.9	8.1	15.4	14.3	(1.6)

Note: 2010 figures restated to include former Bank OCBC Indonesia



# 2011 Final Results

## Thank You



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