

2011 Final Results

Presentation

20 February 2012



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Agenda

Results Overview

Performance Trends

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)
Total income	5,622	5,325	6
Operating expenses	(2,430)	(2,254) ^{2/}	8
Operating profit	3,192	3,071	4
Amortisation of intangibles	(61)	(55)	12
Allowances	(221)	(134)	65
Associates & JVs	7	(2)	442
Tax & Non-controlling interests	(637)	(627)	2
Core net profit	2,280	2,253	1
Divestment gain, net of tax	32 ^{1/}	-	-
Reported net profit	2,312	2,253	3

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

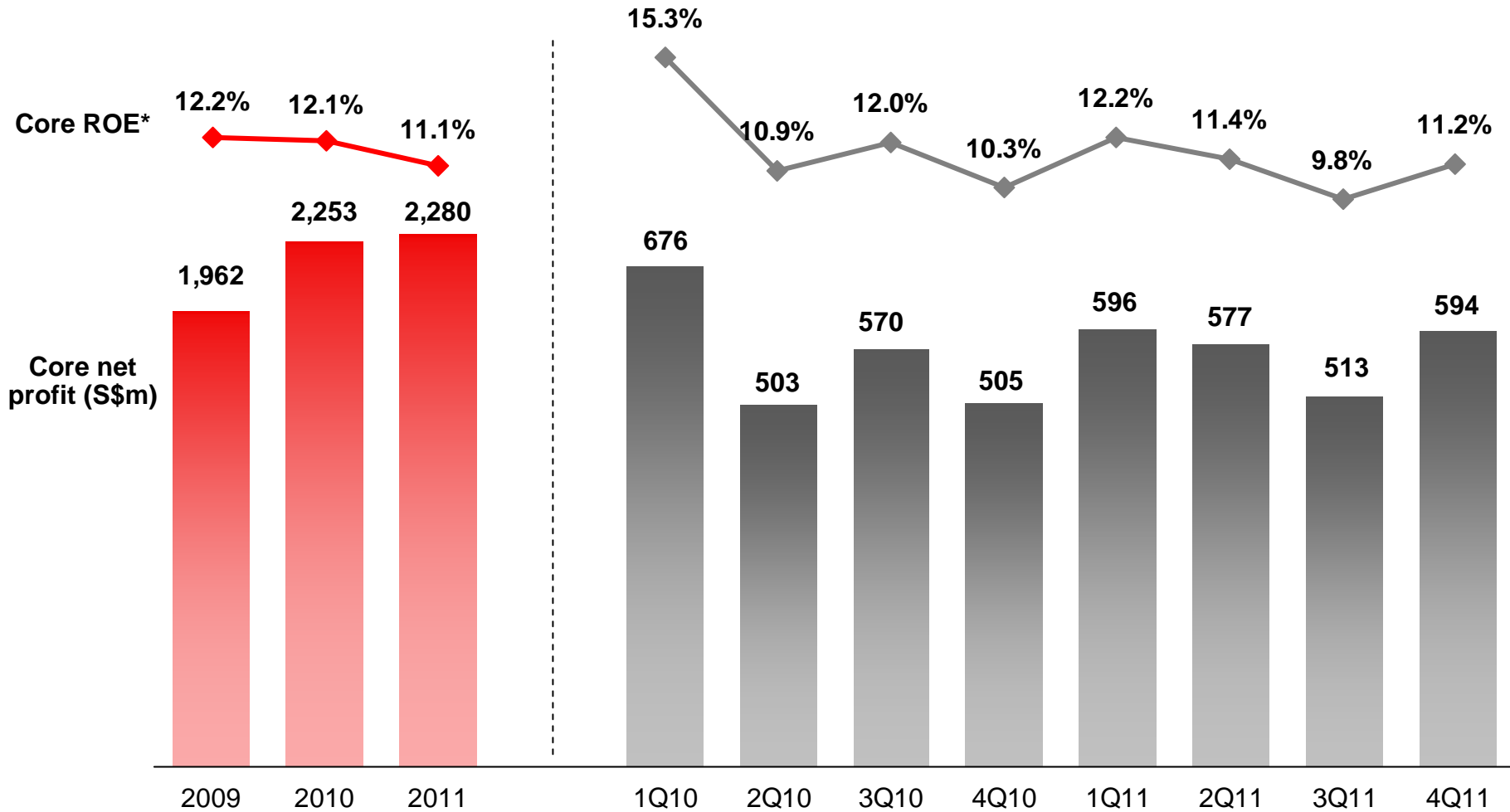
OCBC Group	4Q11 S\$m	4Q10 S\$m	YoY +/(-)%	3Q11 S\$m	QoQ +/(-)%
Net interest income	925	769	20	874	6
Non-interest income	572	560	2	436	31
Total income	1,497	1,329	13	1,310	14
Operating expenses	(620)	(620) ^{1/}	-	(611)	1
Operating profit	877	709	24	699	26
Amortisation of intangibles	(16)	(16)	(2)	(15)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

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

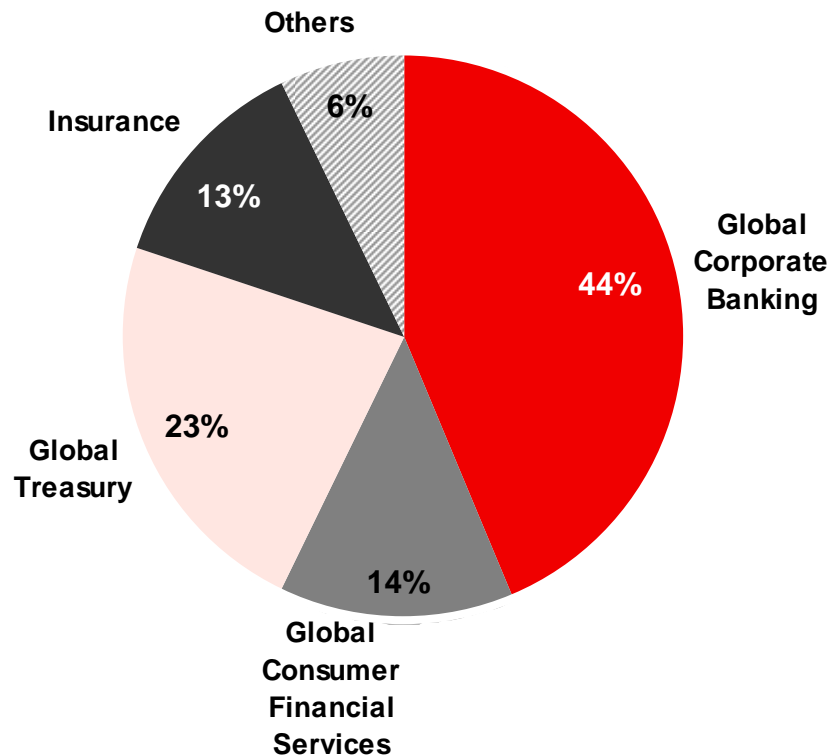
Full-year core net profit of \$2,280m, with ROE of 11.1%



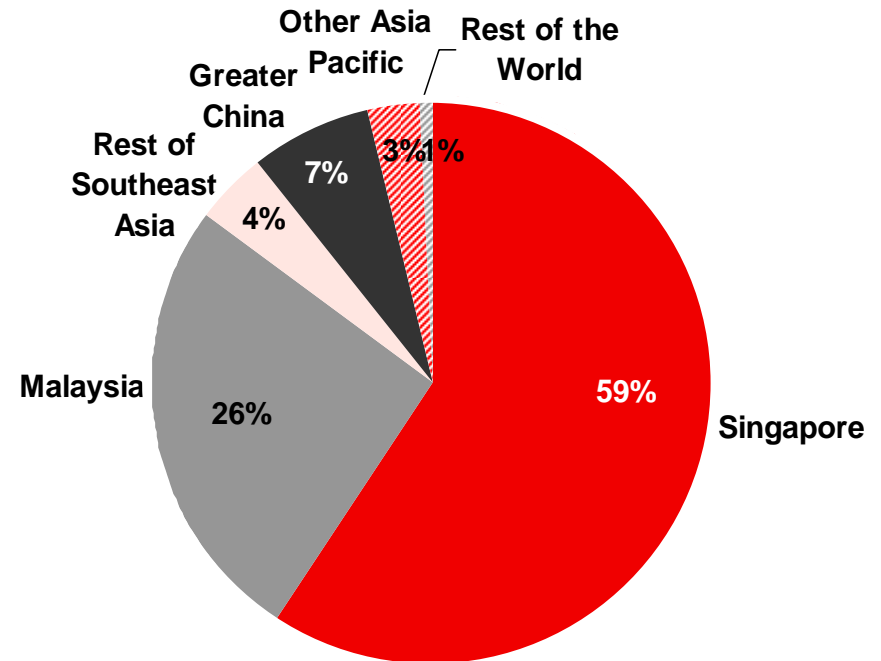
* Quarterly figures annualised

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

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

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

GEH Contribution	4Q11 S\$m	4Q10 S\$m	YoY +/(-)%	3Q11 S\$m	QoQ +/(-)%
Total income	143	160	(11)	113 ^{1/}	27
Operating expenses	(43)	(45)	(4)	(49)	(12)
Operating profit	100	116	(13)	64	56
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
Net profit contribution	49	64	(23)	25	98

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)
Total income	4,950	4,551	9
Operating expenses	(2,246)	(2,095)	7
Operating profit	2,704	2,456	10
Amortisation of intangibles	(15)	(8)	80
Allowances	(218)	(130)	67
Associates & JVs	16	3	356
Tax & non-controlling interests	(504)	(473)	7
Core net profit	1,983	1,849	7
Divestment gain, net of tax	32 ^{1/}	-	-
Reported net profit	2,015	1,849	9

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) ^{1/}	0	(562)	3
Operating profit	777	593	31	635	22
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
Core net profit	544	440	24	489	11
Divestment gain, net of tax	-	-	-	-	-
Reported net profit	544	440	24	489	11

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

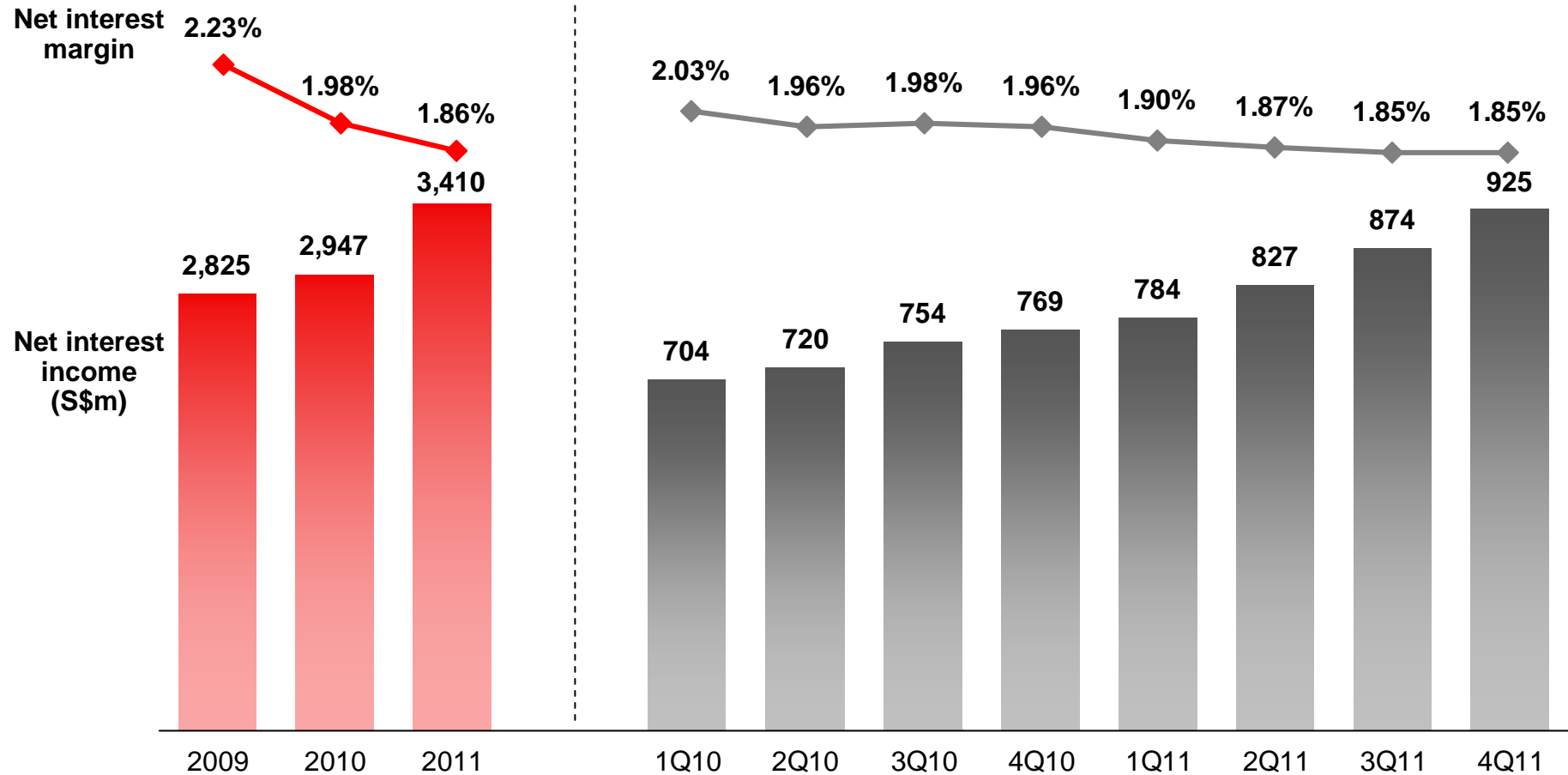
Agenda

Results Overview

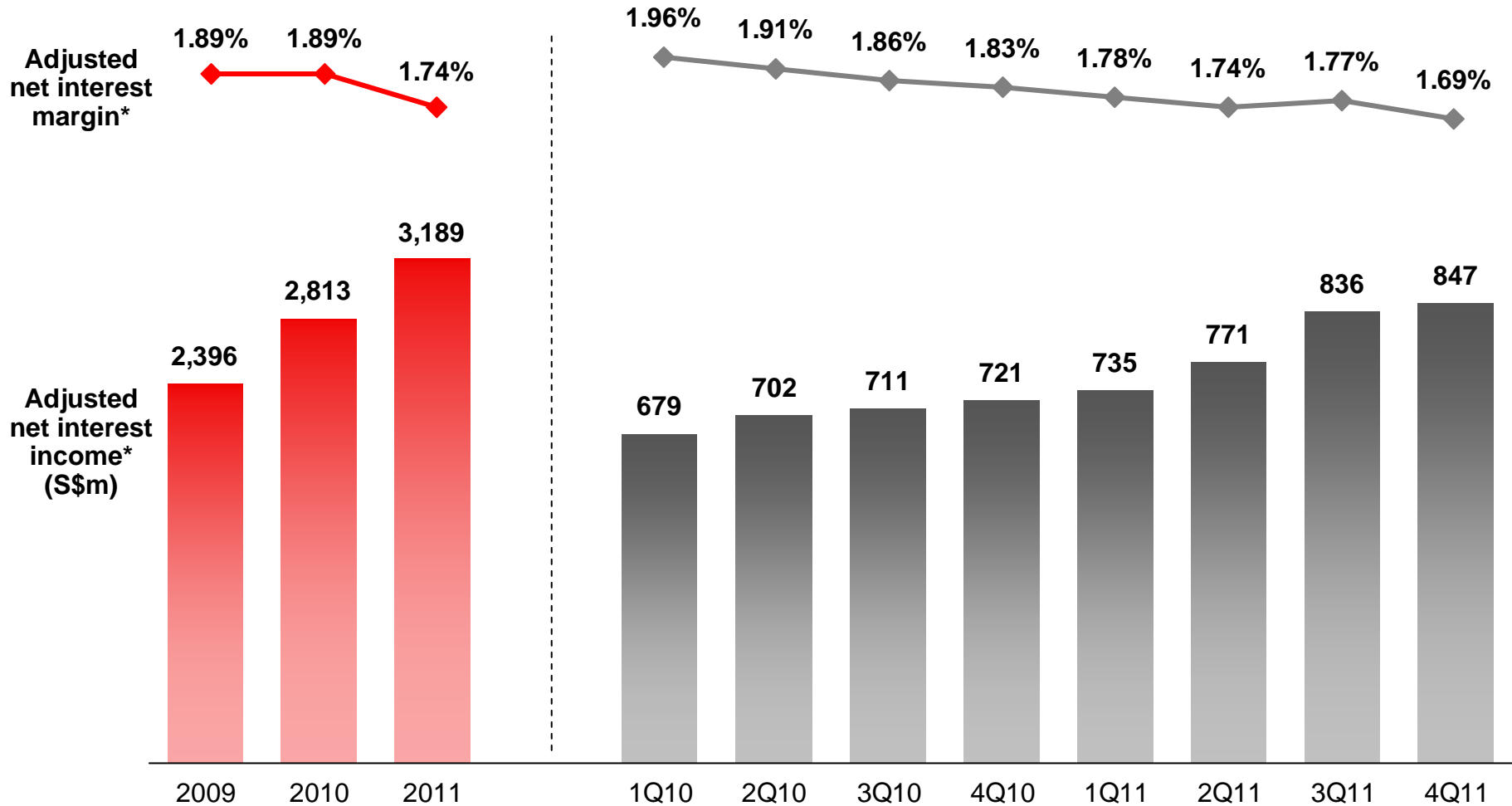
Performance Trends

Appendix: Financial Highlights of
Malaysia and Indonesia Subsidiaries

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

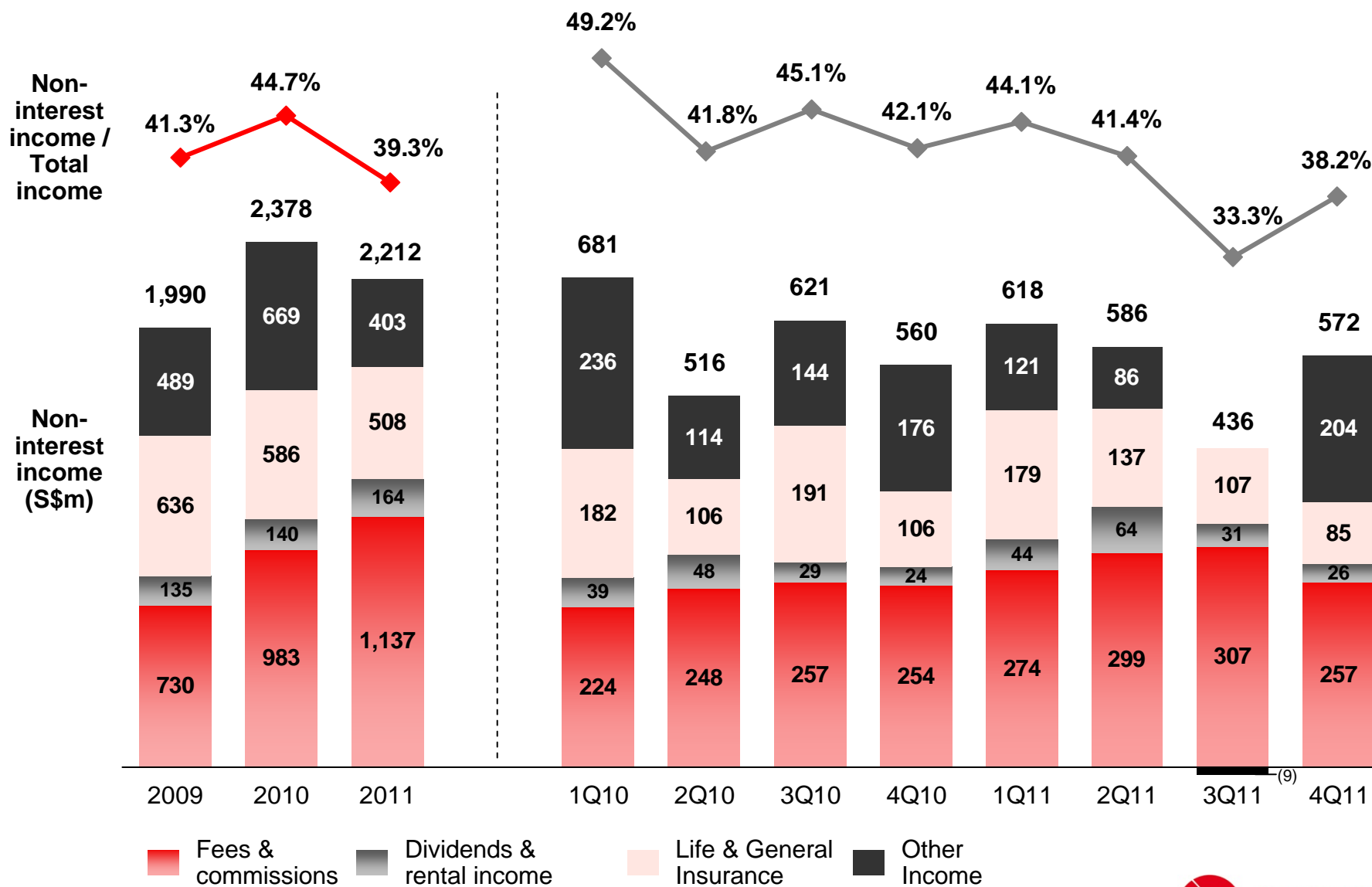


Net interest income less allowances up 13% YoY



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

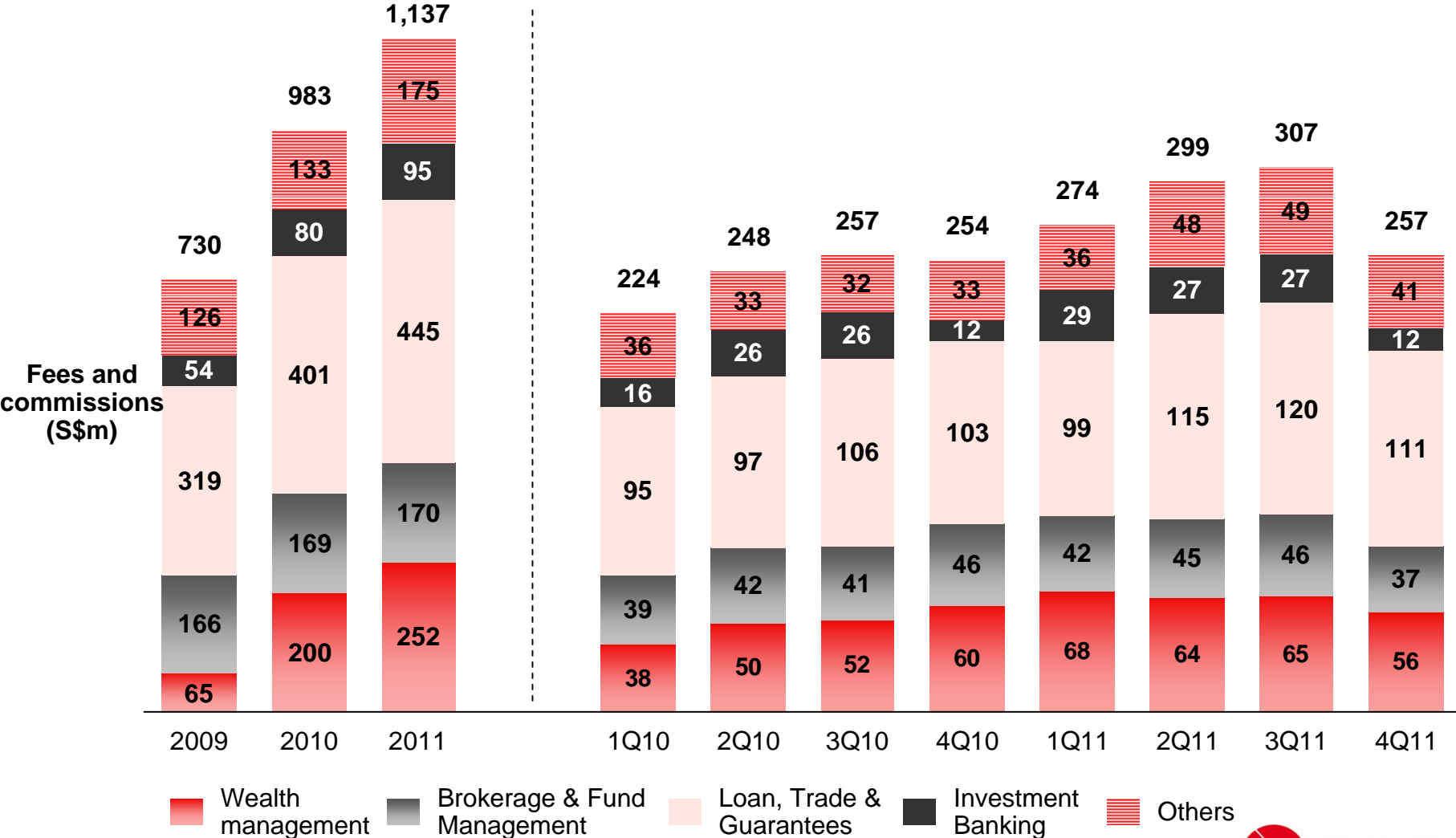
Non-interest income down 7% YoY, impacted by volatile financial markets in 3Q11 and 4Q11



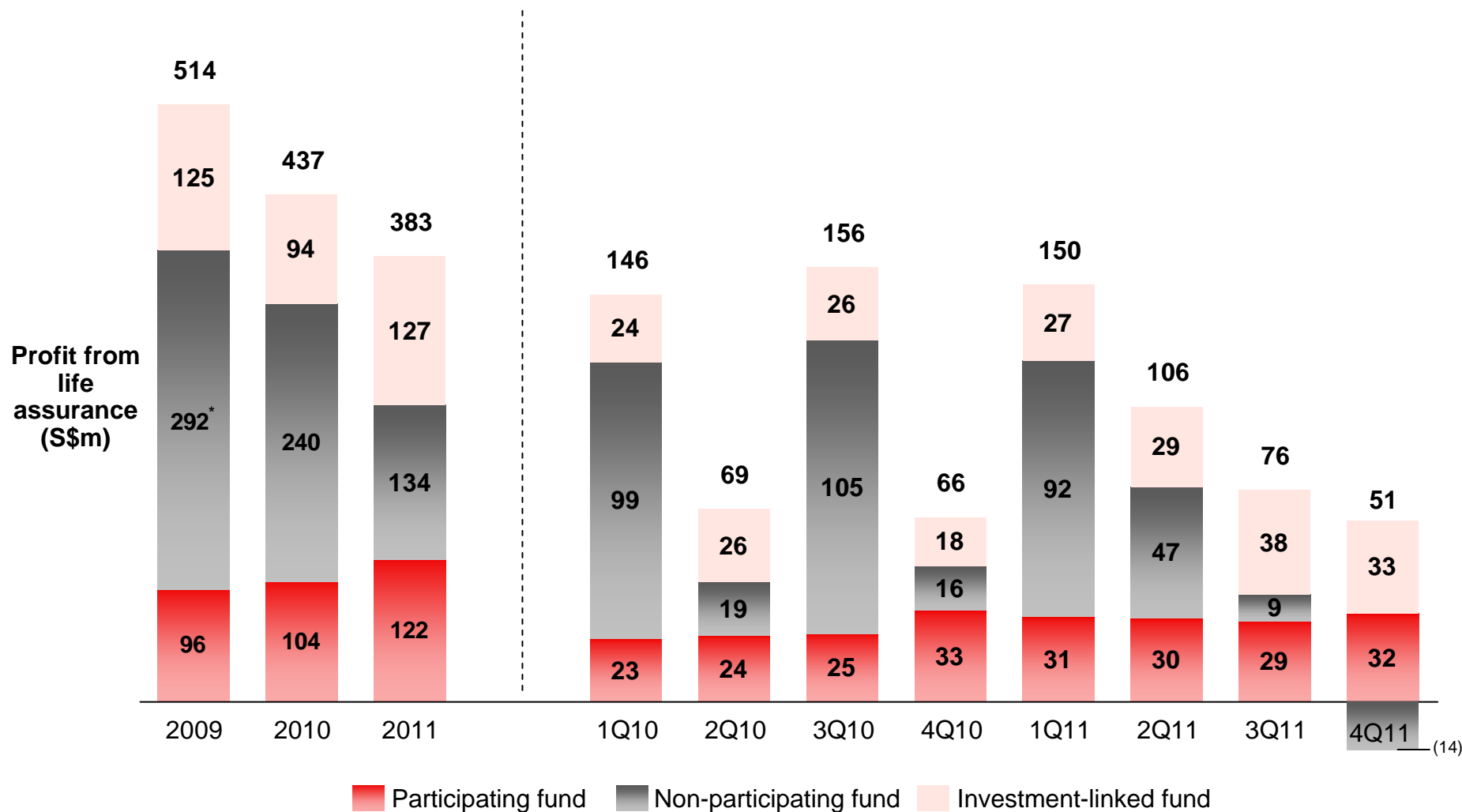
Note: Excludes gains from divestment of non-core assets



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

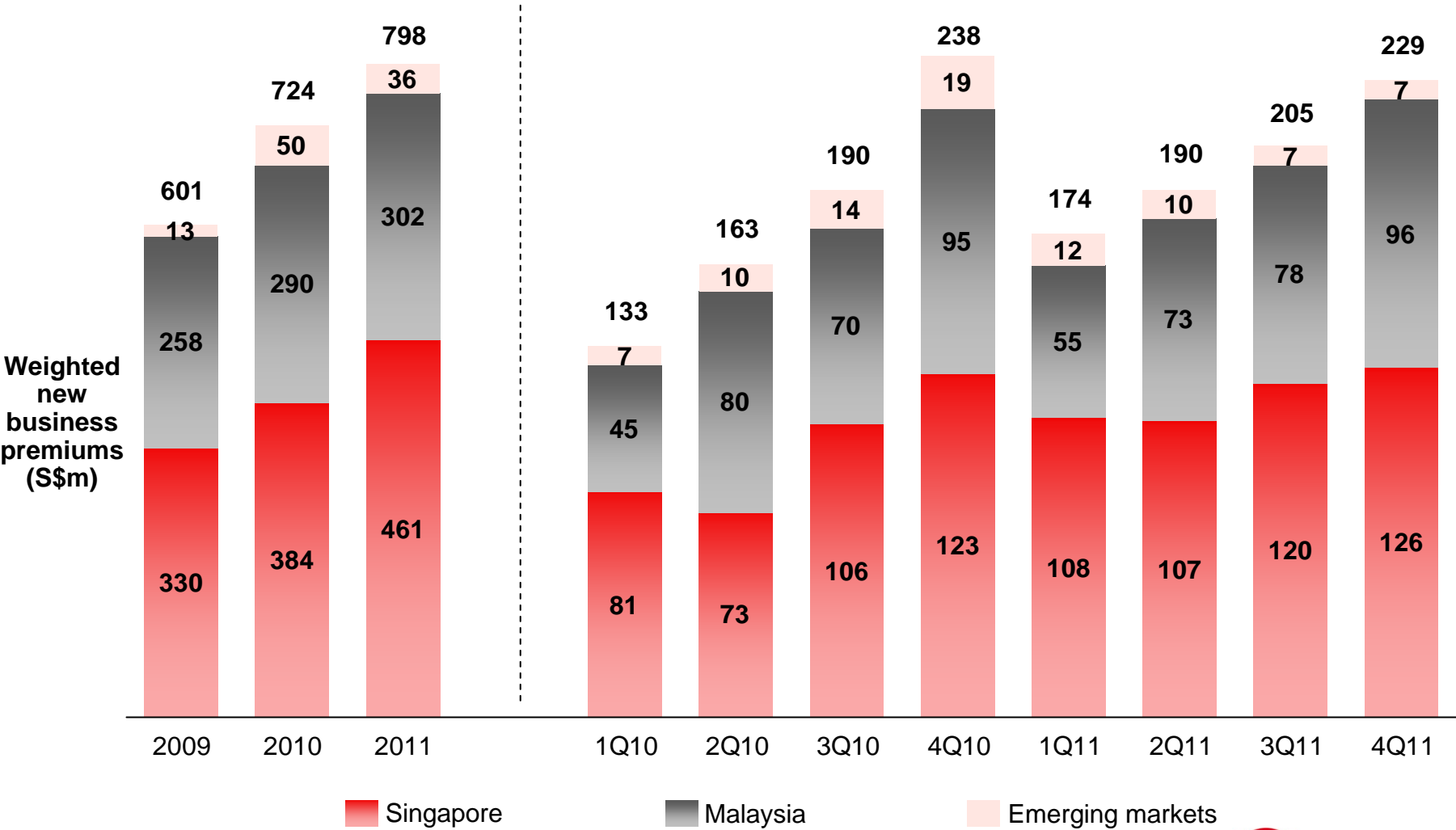


GEH: Participating and Investment-linked fund profits increased 26% YoY, offset by weaker investment performance of the Non-participating fund



* Adjusted to include GreatLink Choice loss

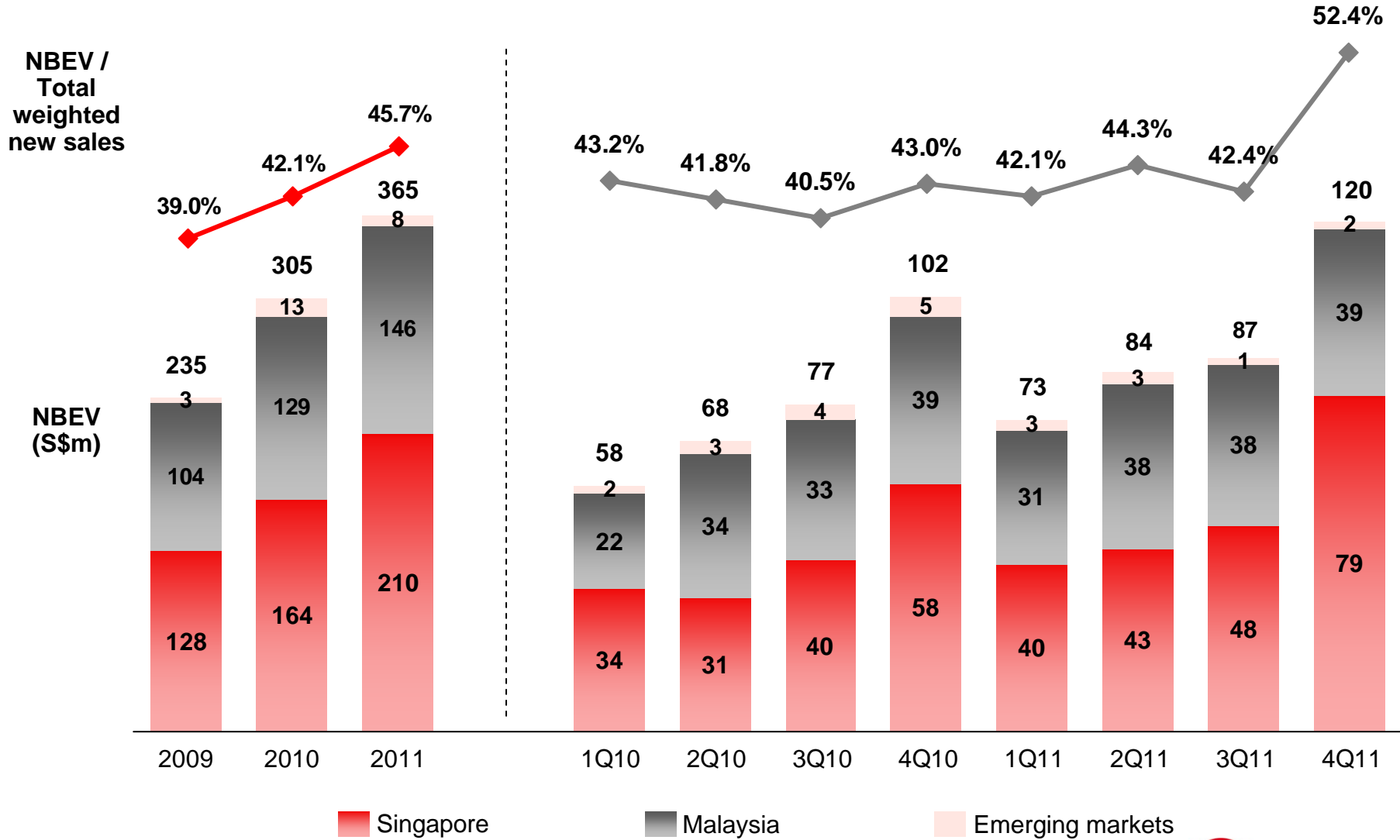
GEH: Underlying insurance business remained healthy, with total weighted new sales for FY11 up 10%



Note: QoQ comparison not relevant given seasonality of insurance sales



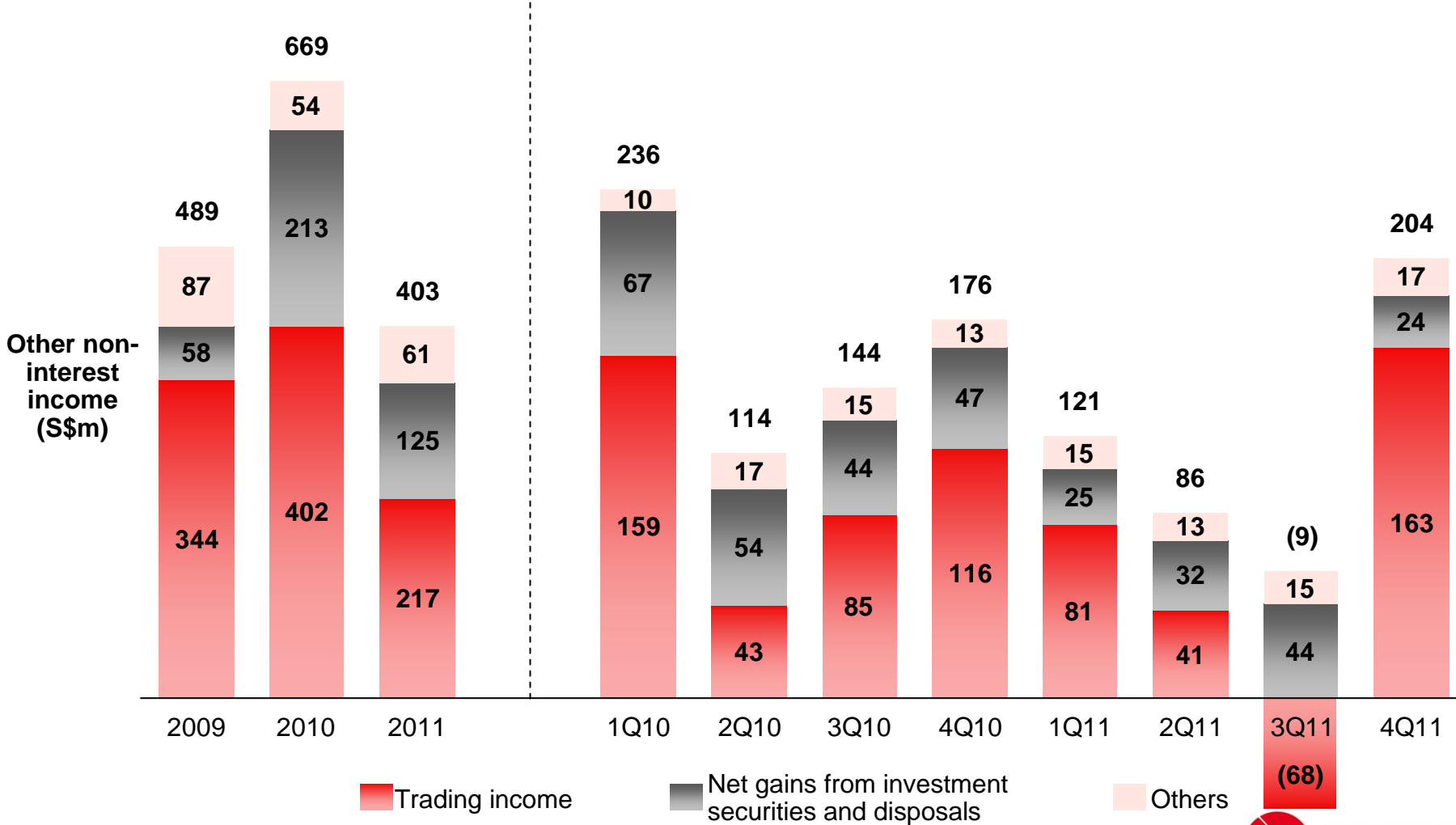
GEH: Long-term profitability continued to grow strongly, new business embedded value rose 20% in FY11



Note: QoQ comparison not relevant given seasonality of insurance sales



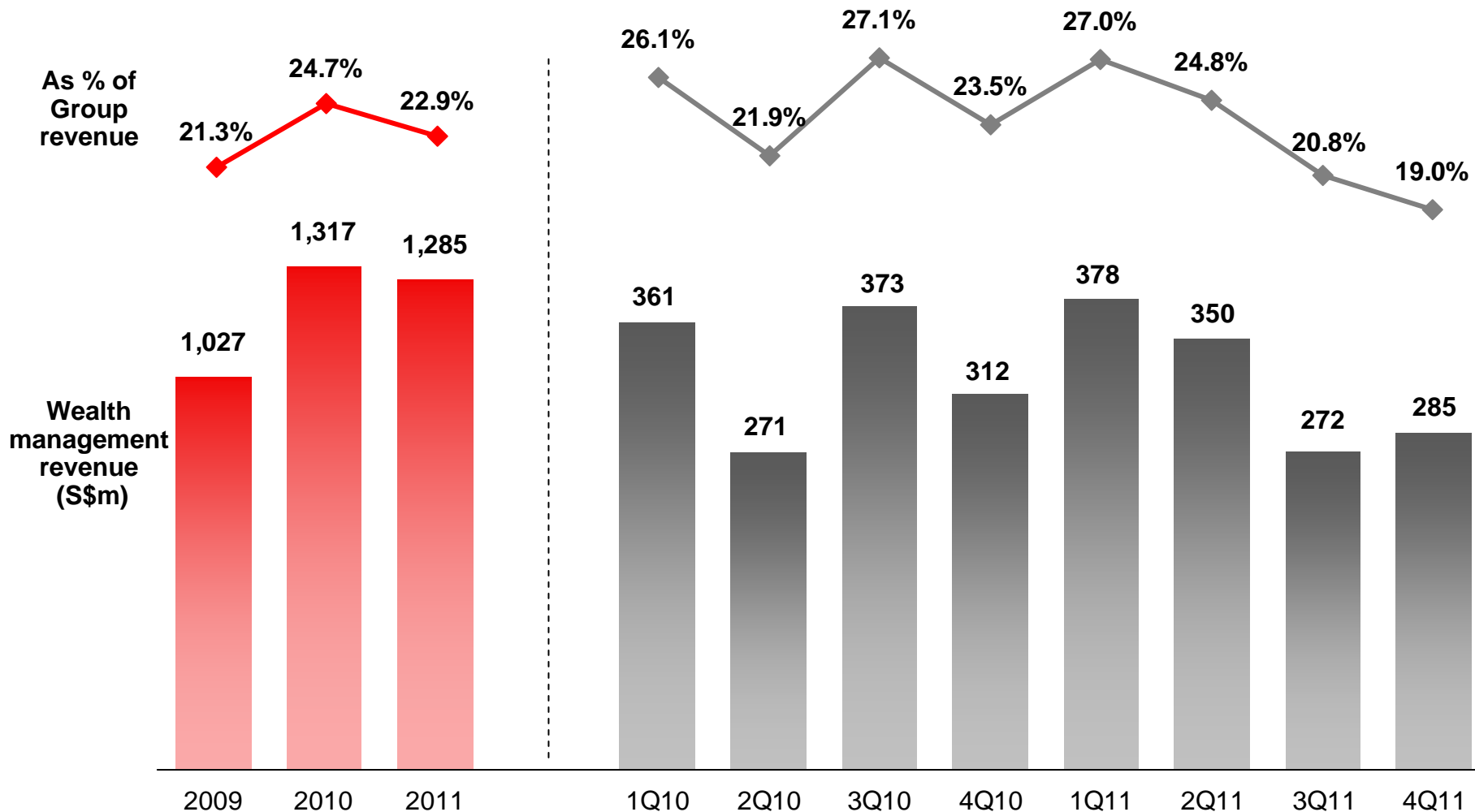
Other non-interest income reflected the volatile trading environment



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

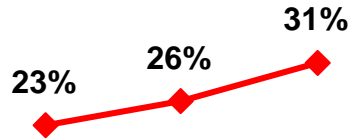


Note: Comprises the consolidated revenue from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's revenue from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

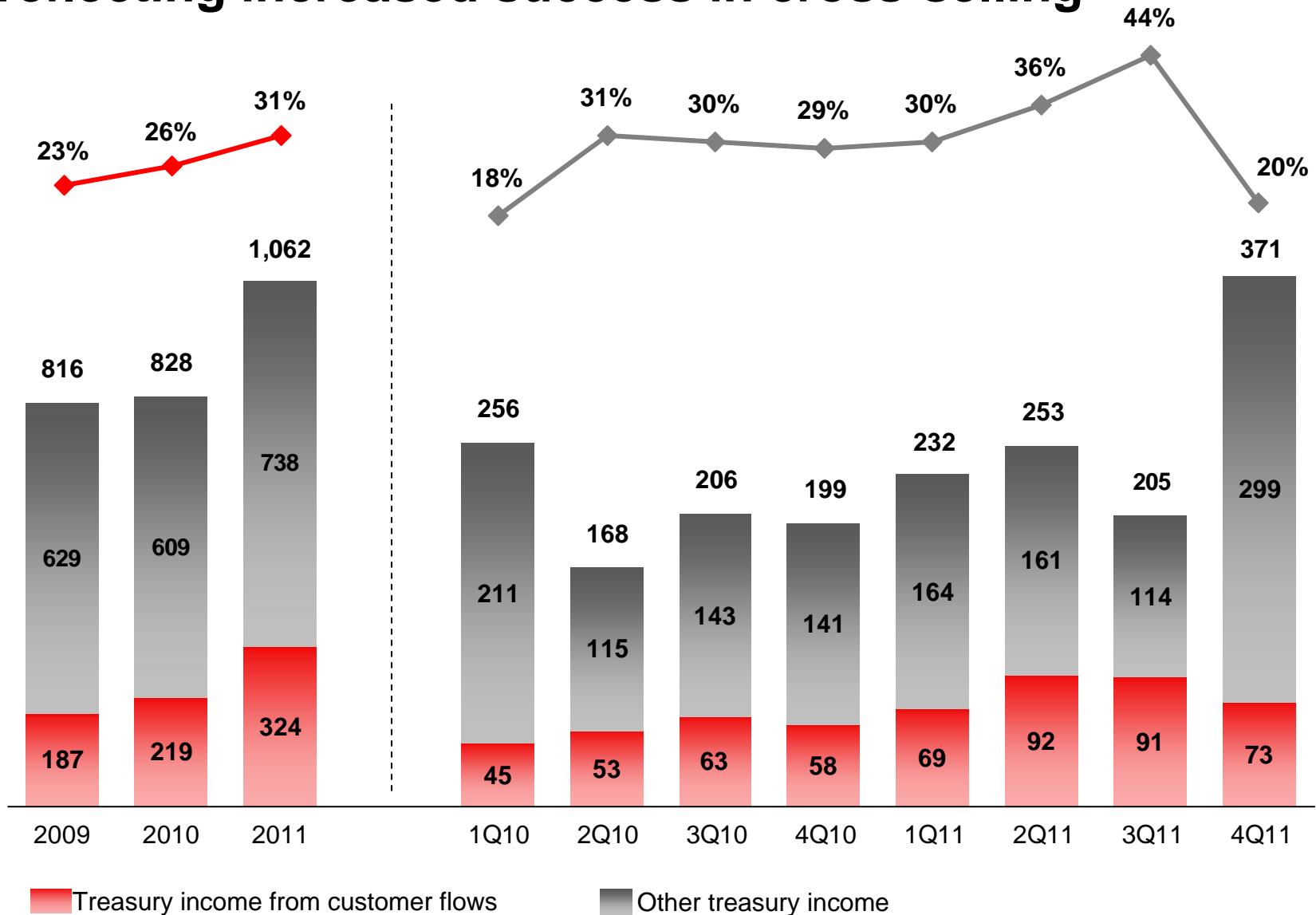


Treasury income from customer flows up 48% for the full year, reflecting increased success in cross-selling

Customer income as % of Global Treasury income



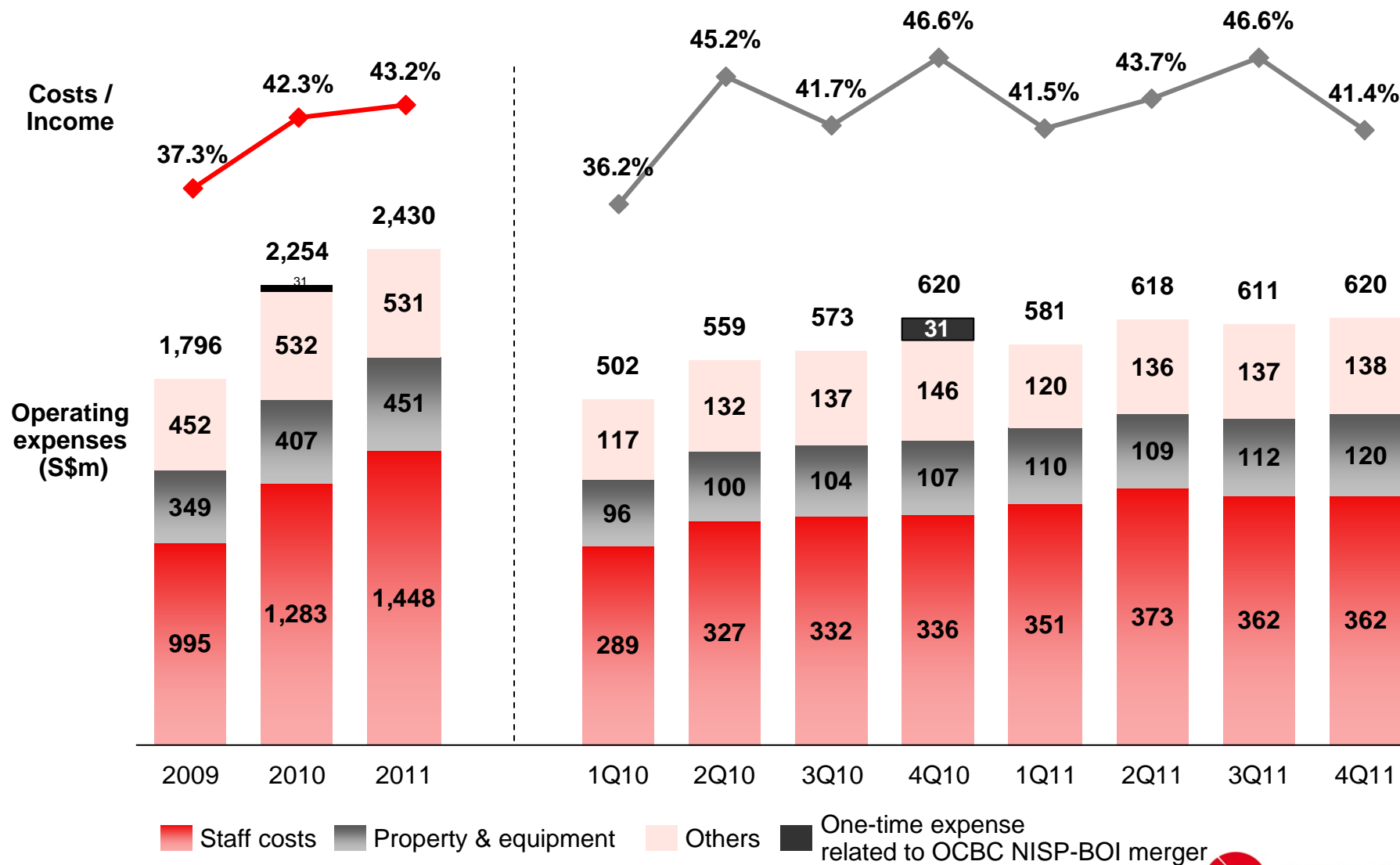
Global Treasury income (S\$m)



Treasury income from customer flows

Other treasury income

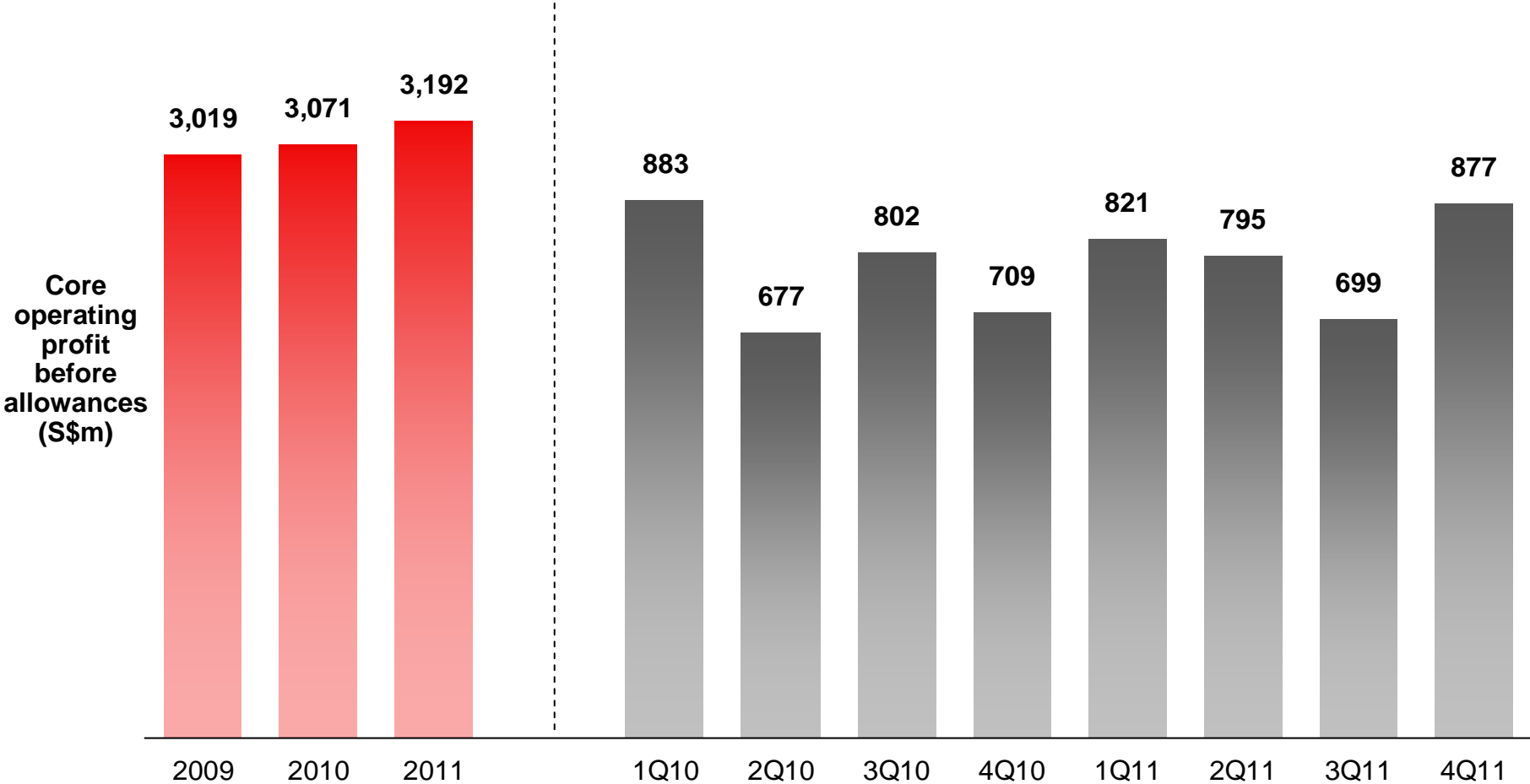
Expenses rose modestly by 8% in FY11



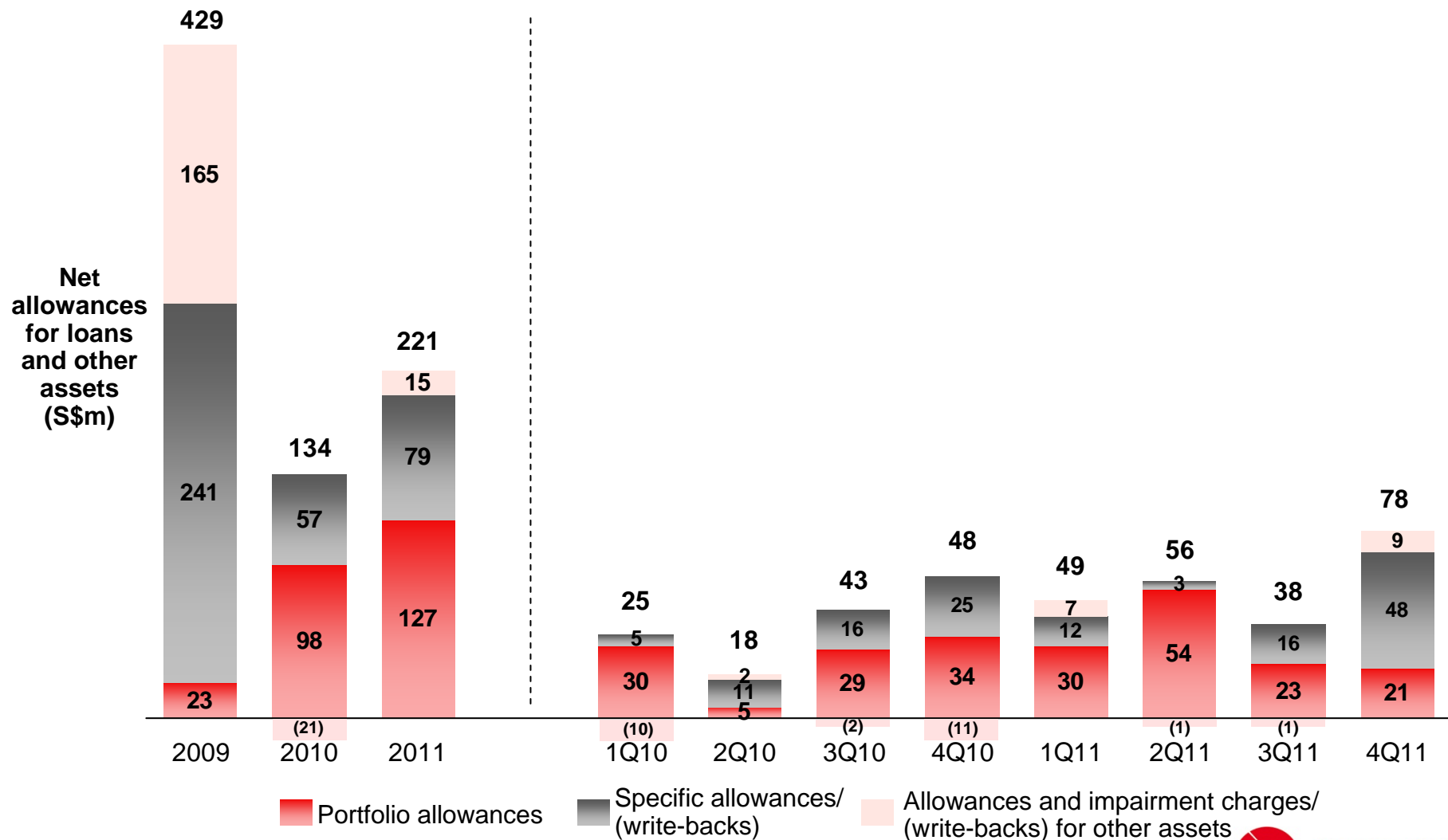
Note: Excluding the one-time costs of S\$31m in 4Q10 related to OCBC NISP-BOI merger, the expense increase would be 9% YoY



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)
Total net allowances	221	134	78	38	48
Specific loan allowances/average loans (bps)*	7	6	15	5	10

* Annualised

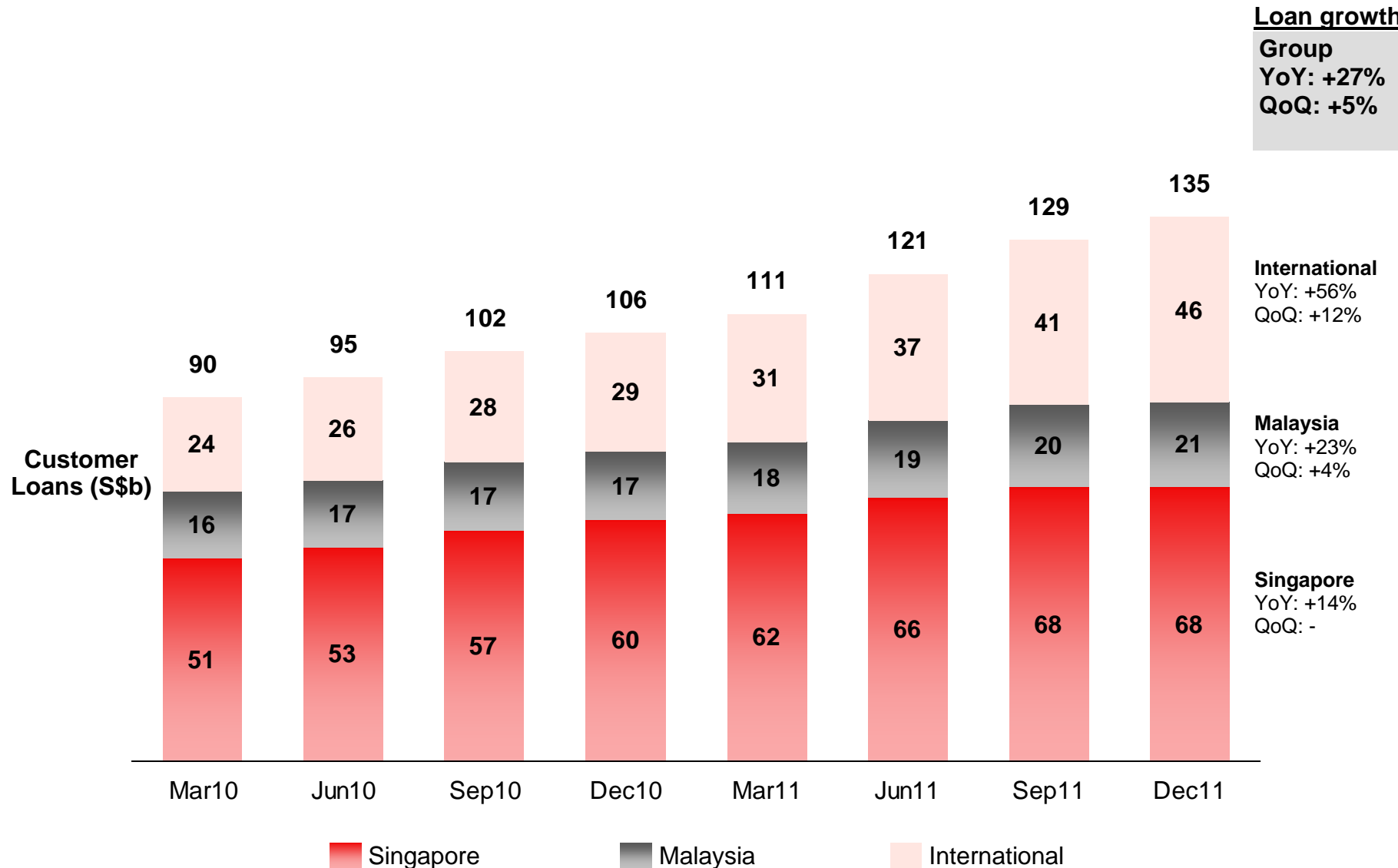
Movement in specific allowances for loans

	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 ^{1/}	(104)	(192)	(27)	(22)	(56)
Recoveries ^{2/}	(48)	(49)	(10)	(10)	(18)
Net specific allowances	79	57	48	16	25

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

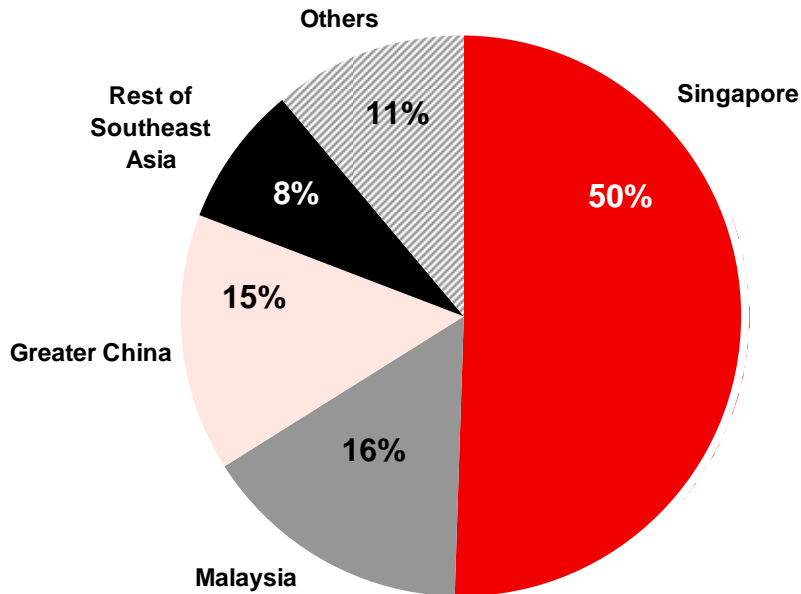


Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

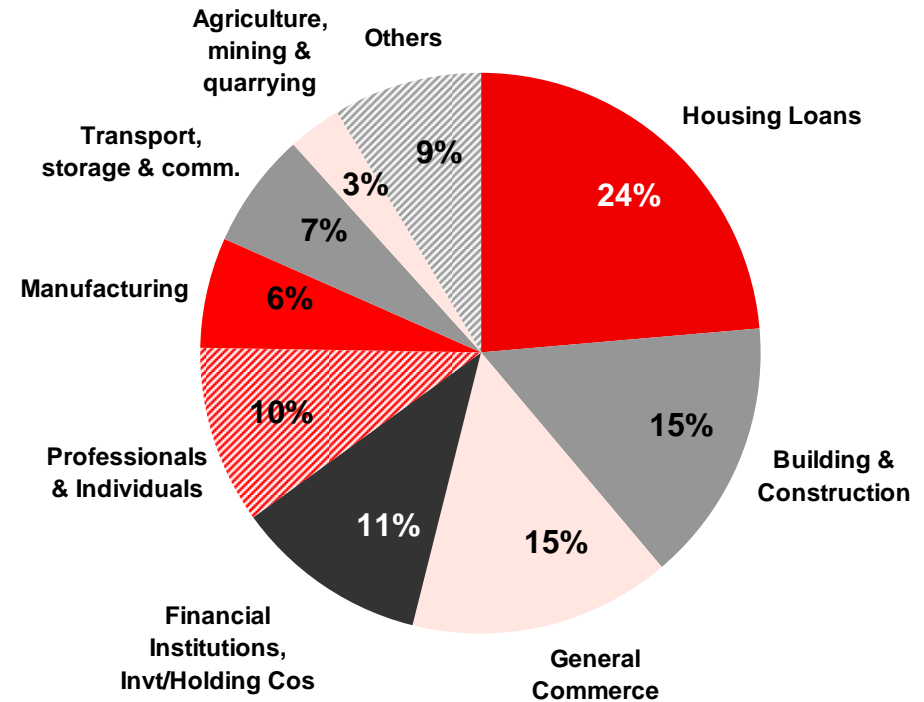


Loan book remained diversified across geographies and sectors

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

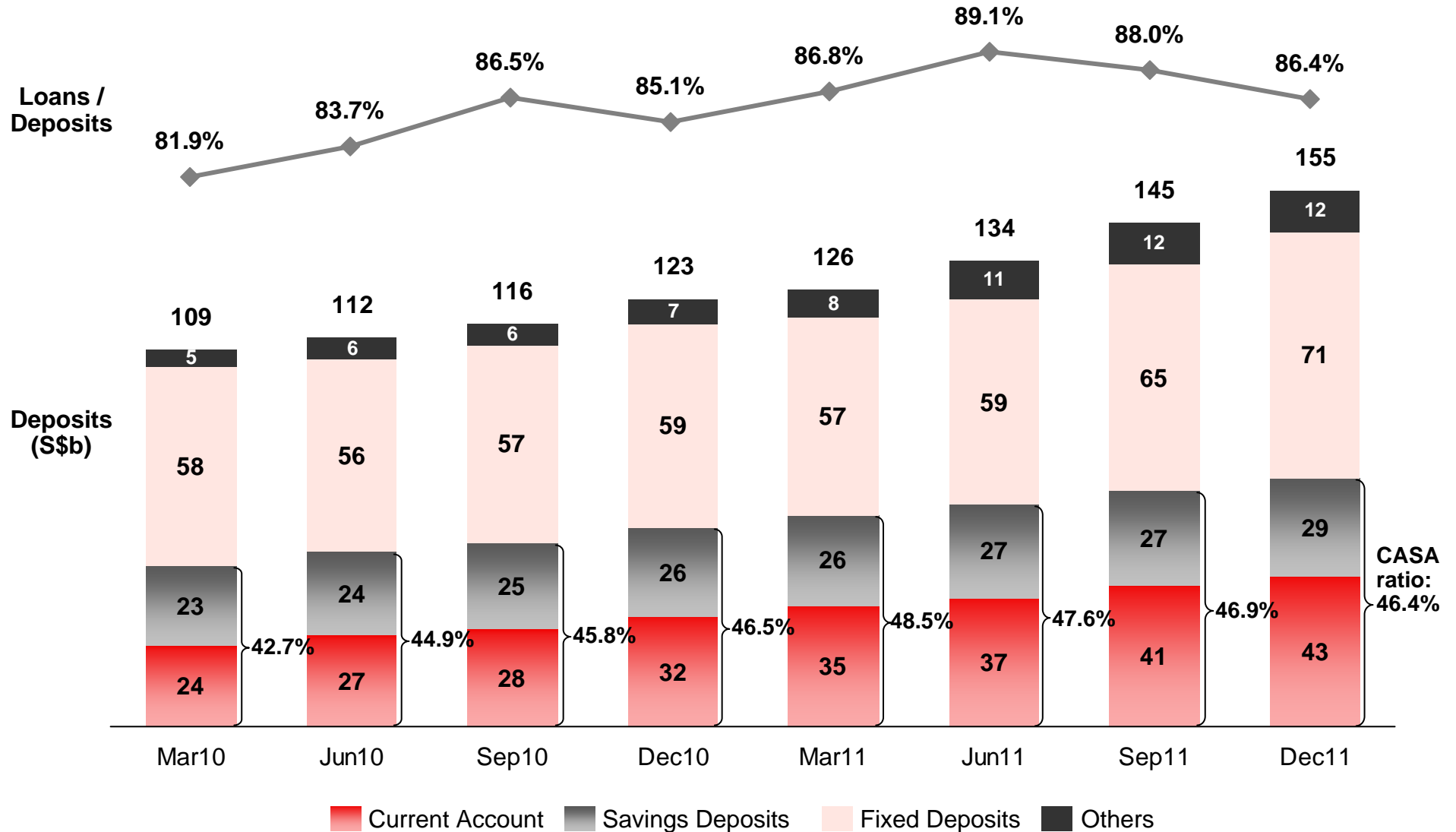


**Customer Loans by Industry
As of 31 December 2011**



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

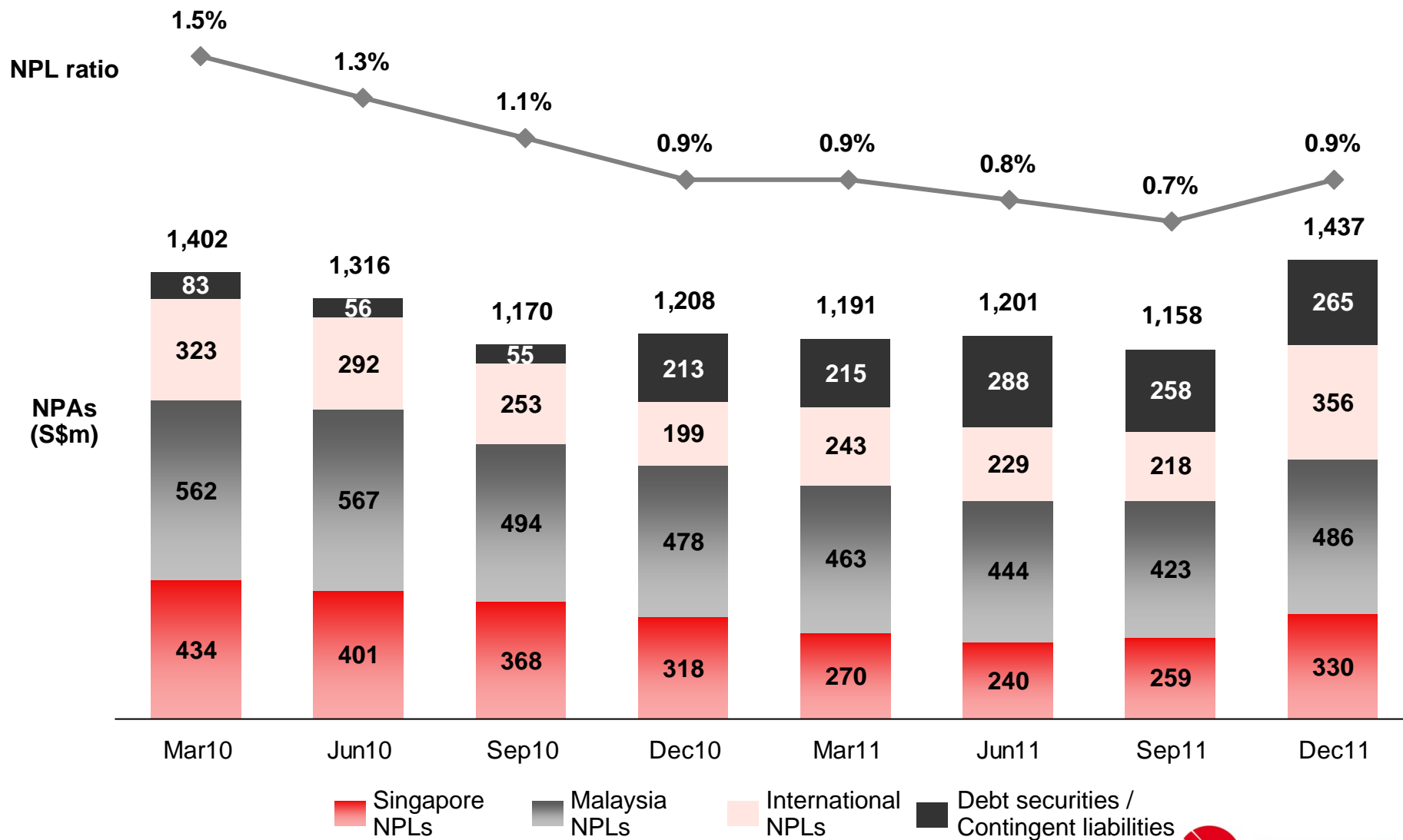
Deposit growth of 25% YoY and 7% QoQ; Loan-to-deposit ratio improved to 86.4%



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



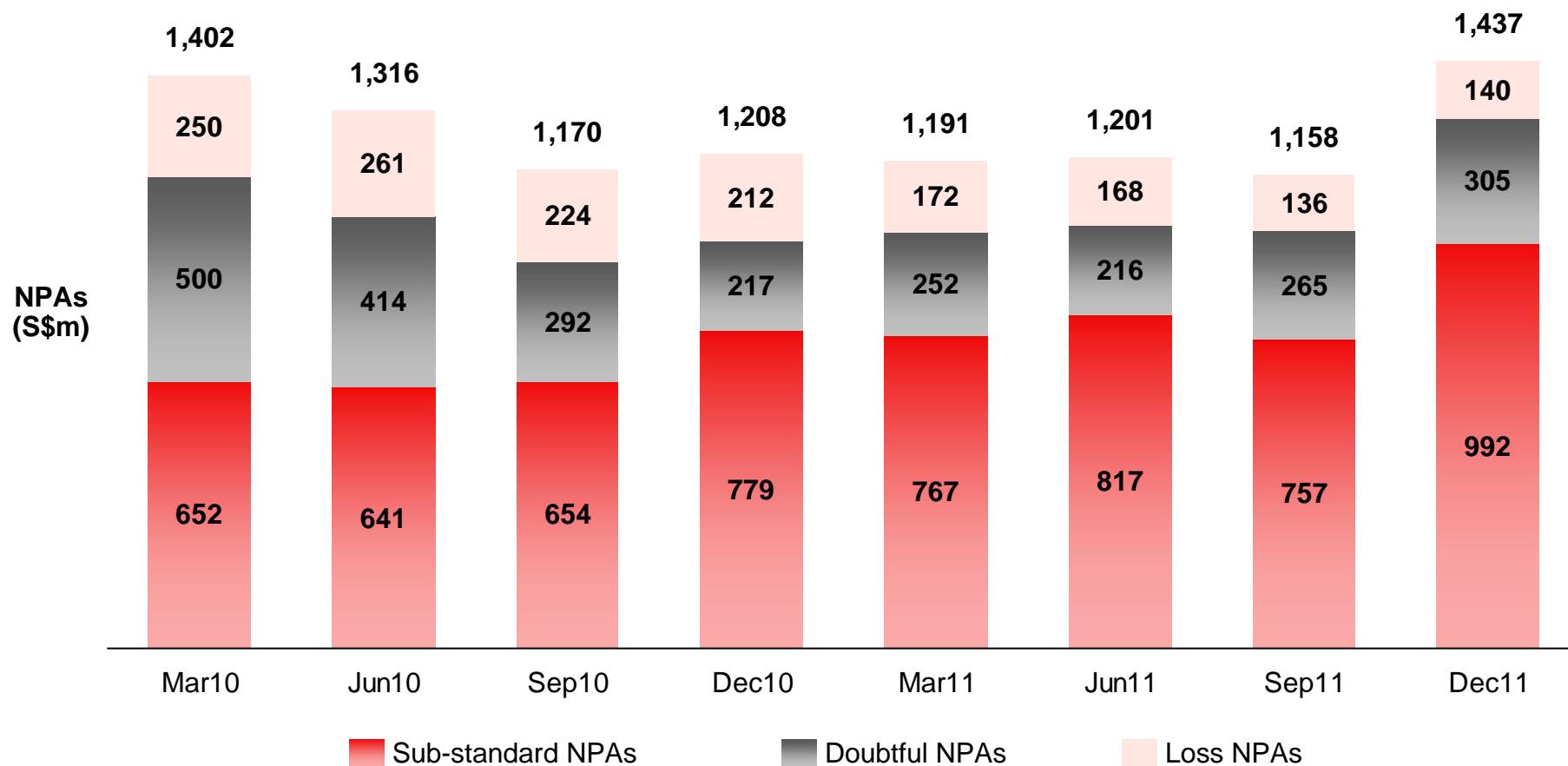
NPL ratio remained flat YoY



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



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



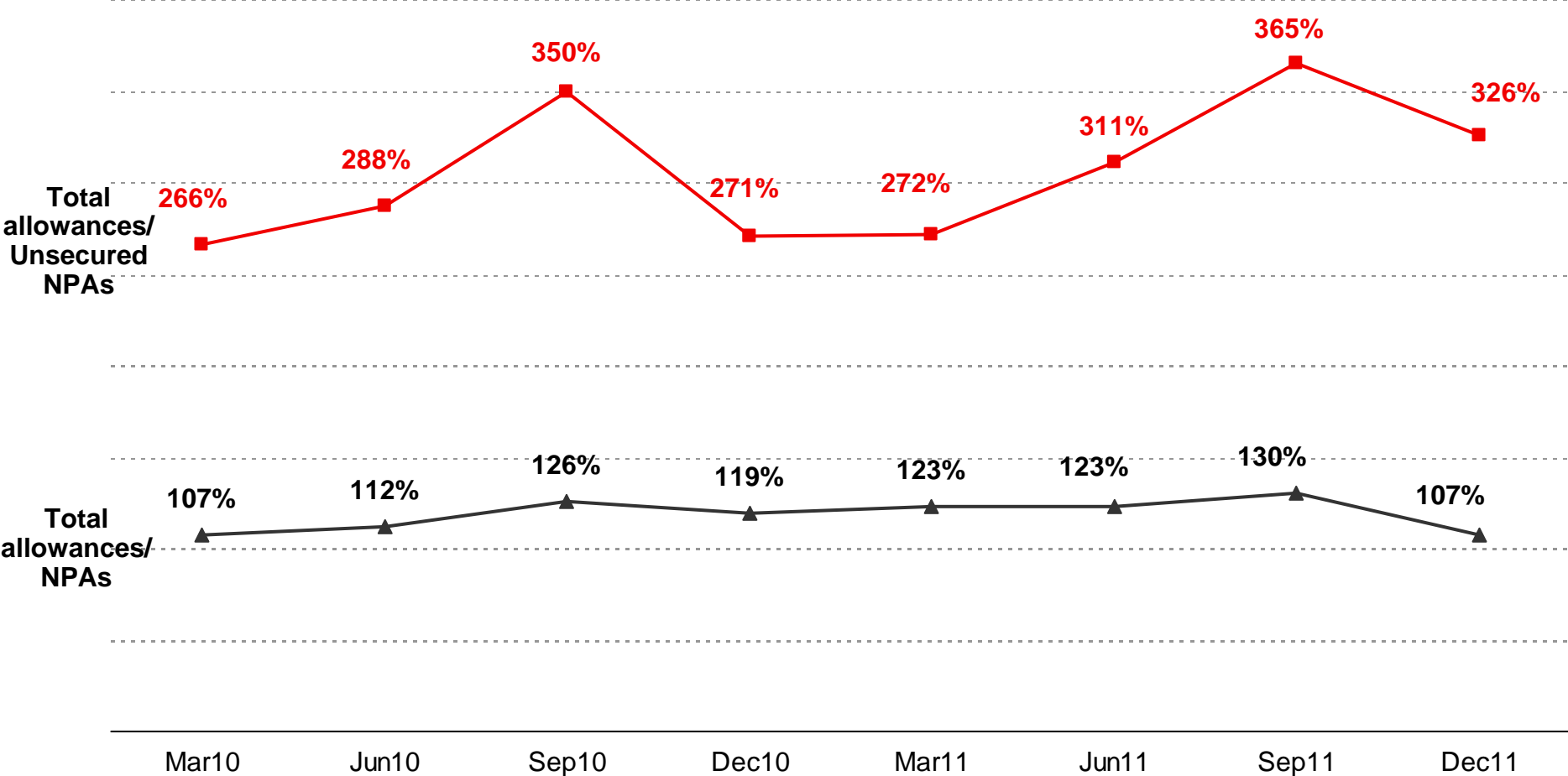
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities



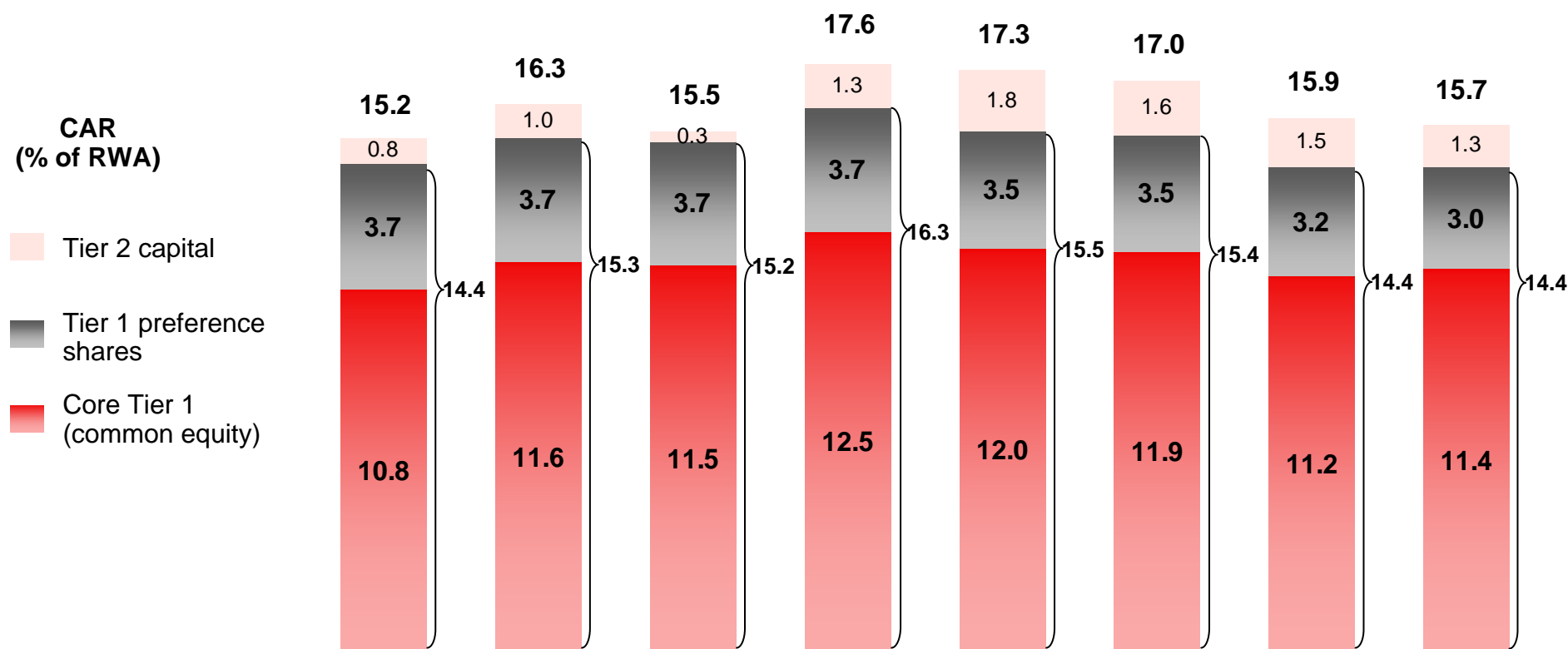
Movement in NPAs

	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)
NPAs – Closing balance	1,437	1,208	1,437	1,158	1,208

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%

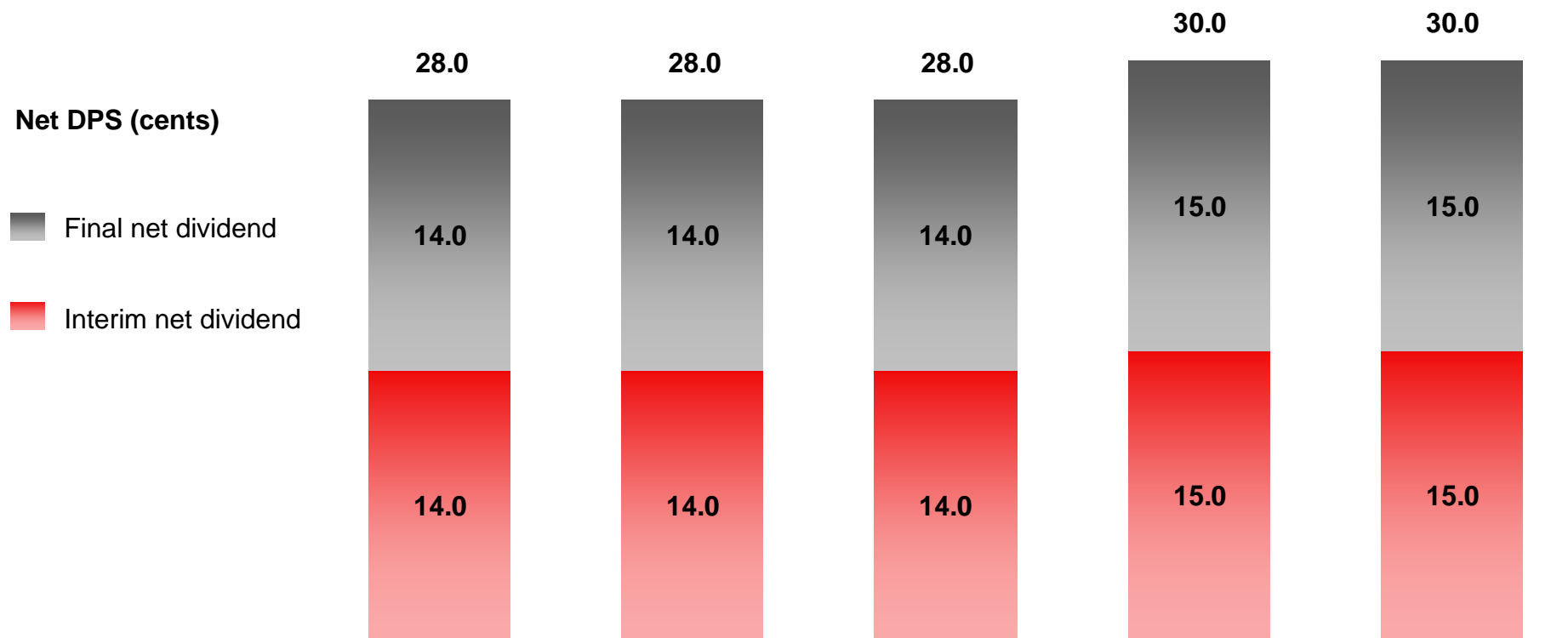


	Mar10	Jun10	Sep10	Dec10	Mar11	Jun11	Sep11	Dec11
Tier 1 capital (S\$m)	15,716	16,161	16,219	17,148	17,469	17,764	17,654	18,612
Tier 1 prefs. (S\$m)	3,965	3,966	3,965	3,961	3,961	3,957	3,957	3,958
RWA (S\$m)	108,505	105,073	106,666	105,062	112,558	115,318	121,997	128,507

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



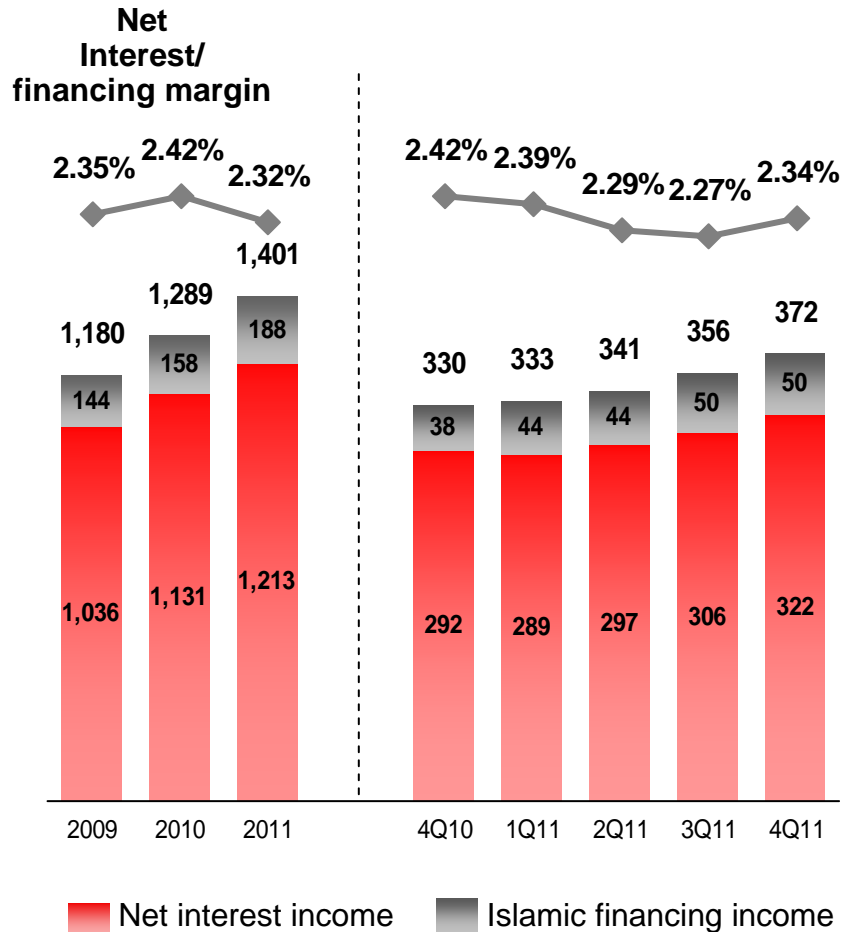
Dividend per share maintained at 30 cents



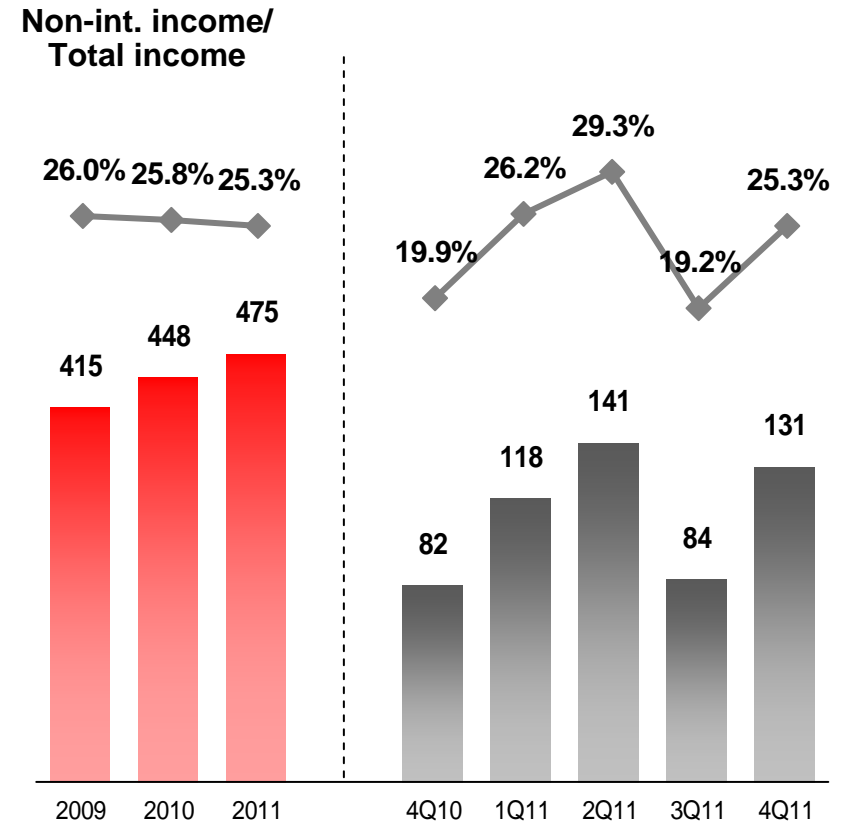
	2007	2008	2009	2010	2011
Net Dividends (S\$m)	864	868	898	994	1,024
Core Net Profit (S\$m)	1,878	1,486	1,962	2,253	2,280
Dividend Payout Ratio	46%	58%	46%	44%	45%

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)

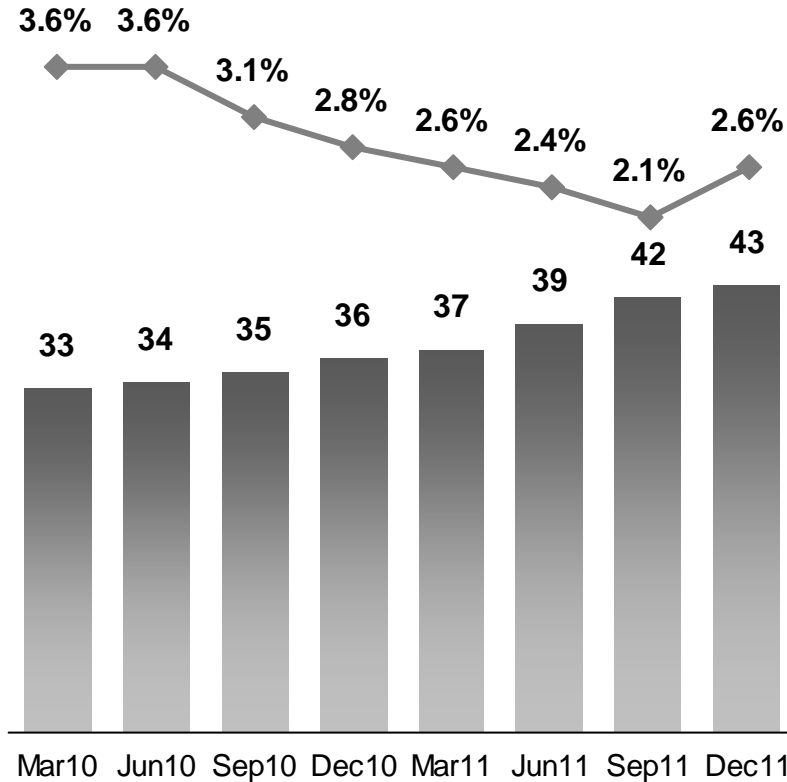


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

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

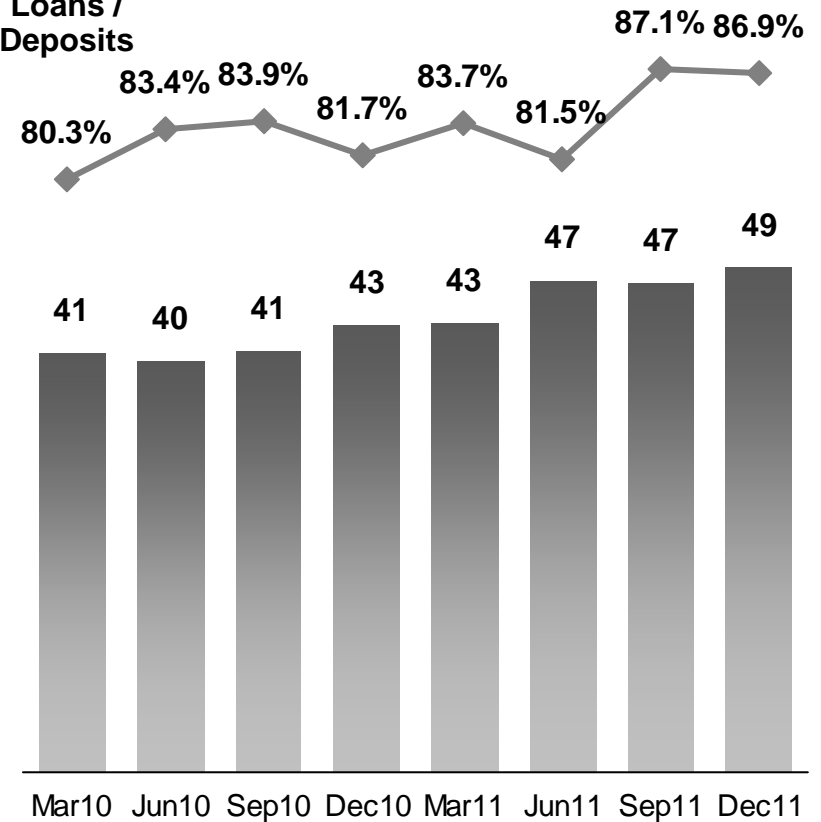
Gross Loans (RM b)

NPL Ratio



Deposits (RM b)

Loans / Deposits

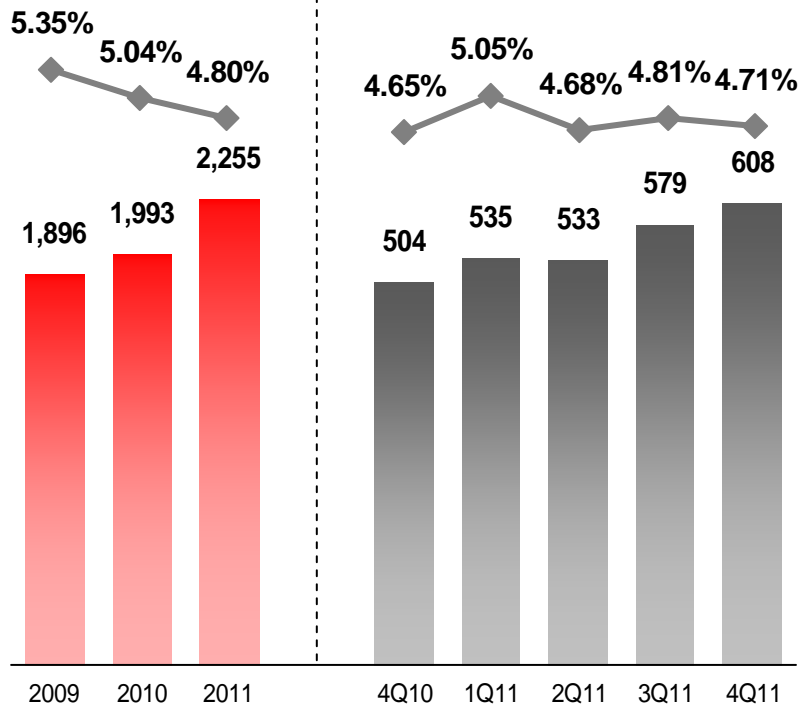


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

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

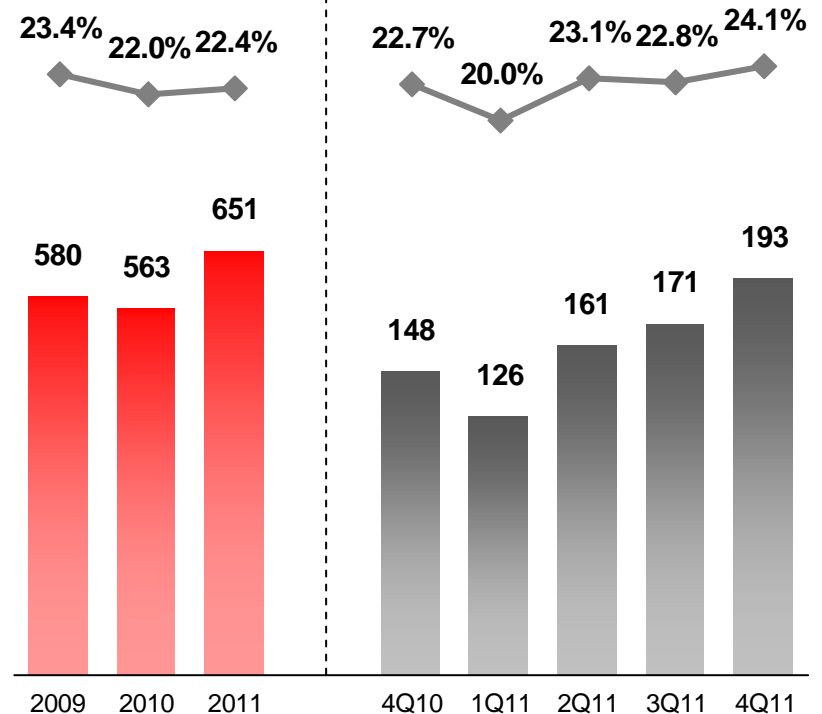
Net interest income (Rp b)

Net interest margin



Non-interest income (Rp b)

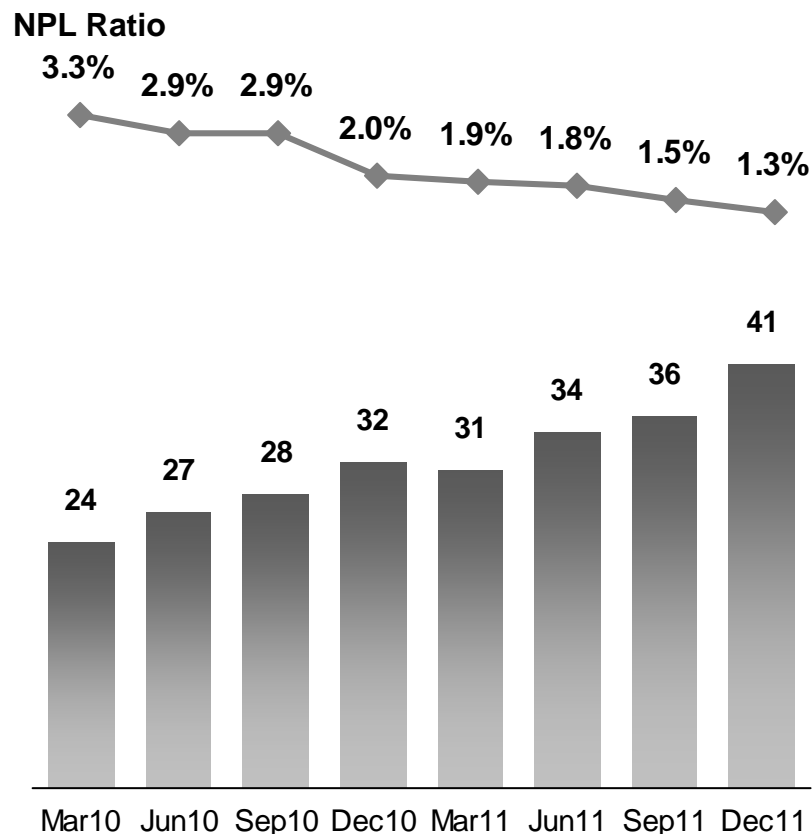
Non-int. income/ Total income



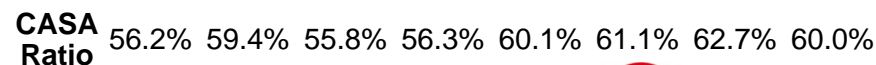
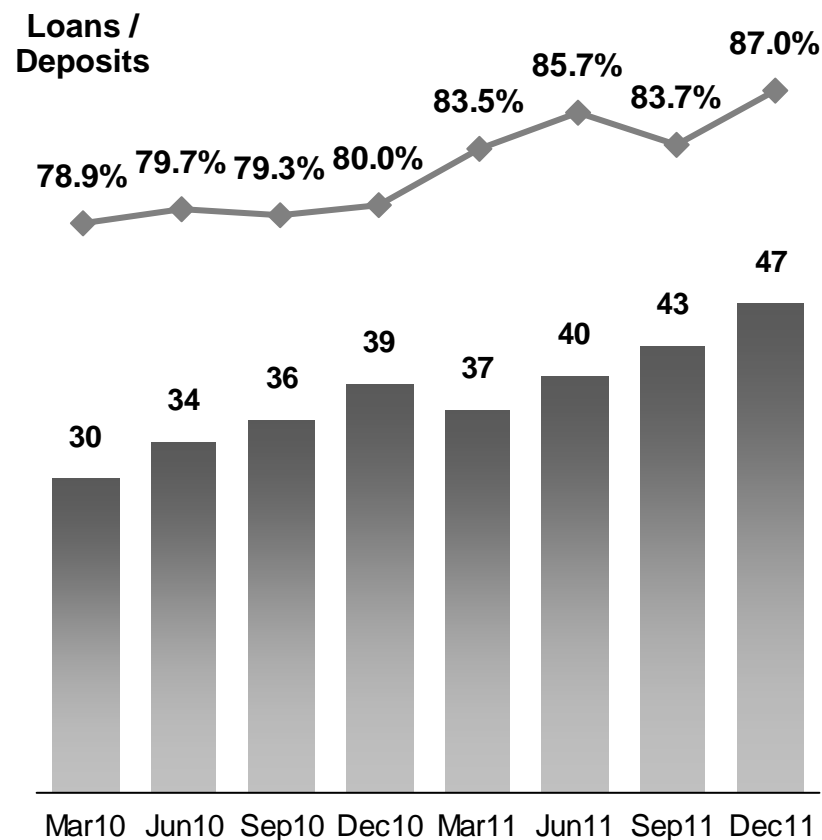
Note: 2009 and 2010 figures restated to include former Bank OCBC Indonesia

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



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Appendix: Financial Highlights of
Malaysia and Indonesia Subsidiaries

OCBC Malaysia: Full year net profit up 6%

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

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
Total income	503	412	22	440	14
Operating expenses	(201)	(170)	18	(199)	1
Operating profit	302	242	25	241	25
Allowances	(14)	(22)	(37)	(41)	(66)
Tax	(78)	(57)	37	(50)	56
Reported net profit	210	162	29	150	39

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) ^{1/}	7
Operating profit	1,203	962	25
Allowances	(210)	(206)	2
Non Op Income / (Expenses)	13	(189)	107
Tax	(253)	(148)	71
Net Profit	753	419	80

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) ^{1/}	14	(432)	(1)
Operating profit	374	276	36	318	18
Allowances	(64)	(107)	(40)	(37)	77
Non Op Income / (Expenses)	(2)	(196)	(99)	2	(200)
Tax	(78)	5	NM	(73)	9
Net Profit	230	(22)	NM	210	10

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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