

# Second Quarter 2012 Results Presentation

2 August 2012



# 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

## 2Q12 Highlights

- Strong YoY growth, led by robust customer-related earnings
  - Net interest income growth driven by broad-based loan growth
  - Fee income growth led by increased wealth management income and loan-related activities
  - Insurance new sales and new business embedded value growth remained healthy
- Operating expenses remained well-managed
- Asset quality remained healthy, total NPAs and NPL ratio both declined QoQ

## 2Q12 core net profit of S\$648m, up 12% YoY

<b>OCBC Group</b>	<b>2Q12 S\$m</b>	<b>2Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>1Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	931	827	13	951	(2)
Non-interest income	596	586	2	790	(25)
<b>Total income</b>	<b>1,527</b>	<b>1,413</b>	<b>8</b>	<b>1,741</b>	<b>(12)</b>
Operating expenses	(661)	(618)	7	(625)	6
<b>Operating profit</b>	<b>866</b>	<b>795</b>	<b>9</b>	<b>1,116</b>	<b>(22)</b>
Amortisation of intangibles	(15)	(16)	(2)	(15)	-
Allowances	(38)	(56)	(34)	(96)	(61)
Associates & JVs	12	19	(36)	6	87
Tax & non-controlling interests ("NCI")	(177)	(165)	7	(221)	(20)
<b>Core net profit</b>	<b>648</b>	<b>577</b>	<b>12</b>	<b>790</b>	<b>(18)</b>
Divestment gain, net of tax	-	-	-	42 <sup>1/</sup>	(100)
<b>Net profit</b>	<b>648</b>	<b>577</b>	<b>12</b>	<b>832</b>	<b>(22)</b>



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

# 1H12 core net profit of S\$1,438m, up 23% YoY

<b>OCBC Group</b>	<b>1H12 S\$m</b>	<b>1H11 S\$m</b>	<b>YoY +/(-)%</b>	<b>2H11 S\$m</b>	<b>HoH +/(-)%</b>
Net interest income	1,882	1,611	17	1,799	5
Non-interest income	1,386	1,204	15	1,008	38
<b>Total income</b>	<b>3,268</b>	<b>2,815</b>	<b>16</b>	<b>2,807</b>	<b>16</b>
Operating expenses	(1,286)	(1,199)	7	(1,231)	5
<b>Operating profit</b>	<b>1,982</b>	<b>1,616</b>	<b>23</b>	<b>1,576</b>	<b>26</b>
Amortisation of intangibles	(30)	(31)	(2)	(30)	(2)
Allowances	(134)	(105)	27	(116)	16
Associates & JVs	18	31	(40)	(24)	177
Tax & NCI	(398)	(338)	18	(299)	33
<b>Core net profit</b>	<b>1,438</b>	<b>1,173</b>	<b>23</b>	<b>1,107</b>	<b>30</b>
Divestment gain, net of tax	42 <sup>1/</sup>	32 <sup>2/</sup>	30	-	-
<b>Net profit</b>	<b>1,480</b>	<b>1,205</b>	<b>23</b>	<b>1,107</b>	<b>34</b>

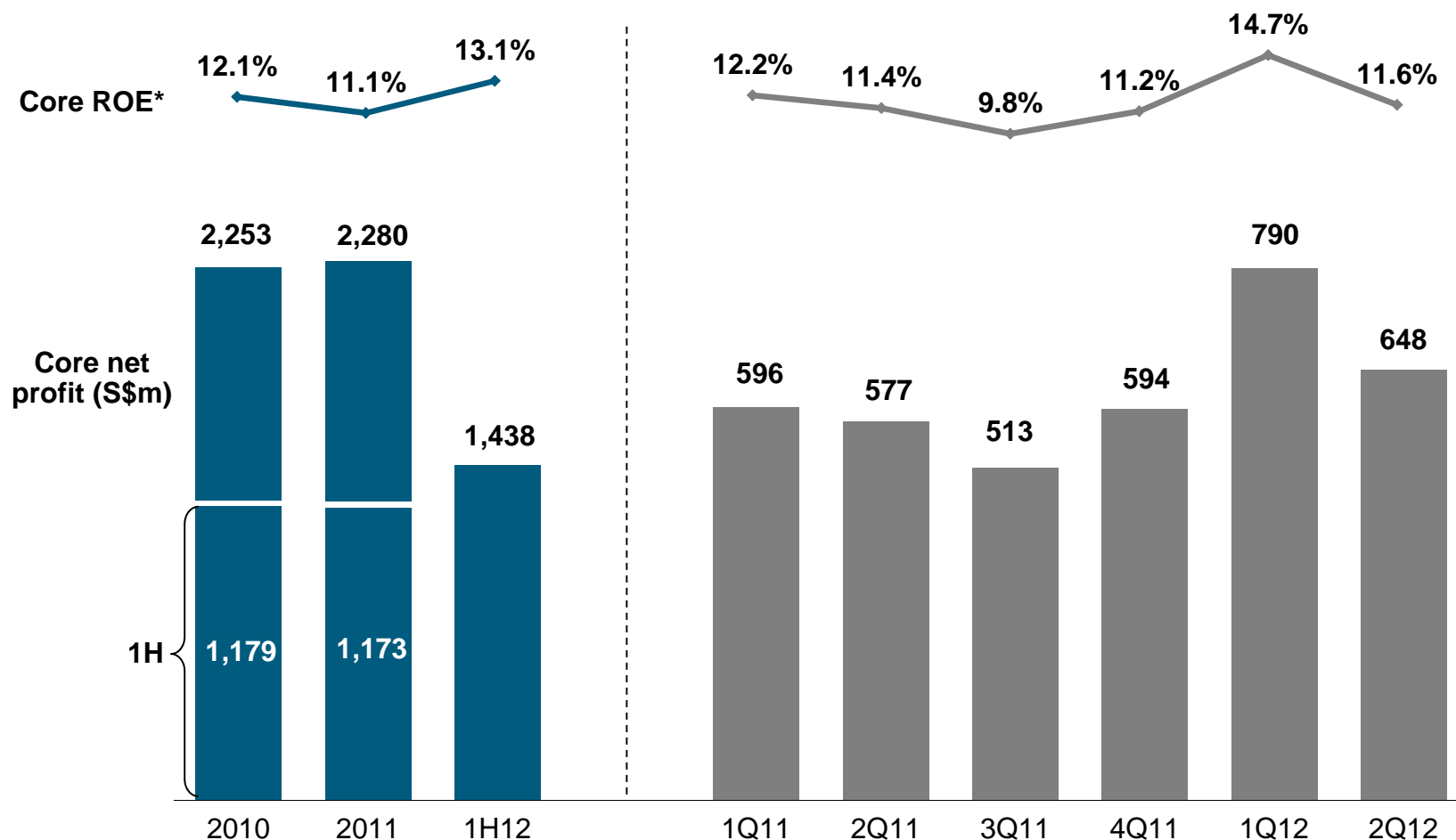


1/ Gain from divestment of property at Bourke Street, Melbourne, Australia  
 2/ Gain from divestment of property at Bassein Road, Singapore

## Key ratios

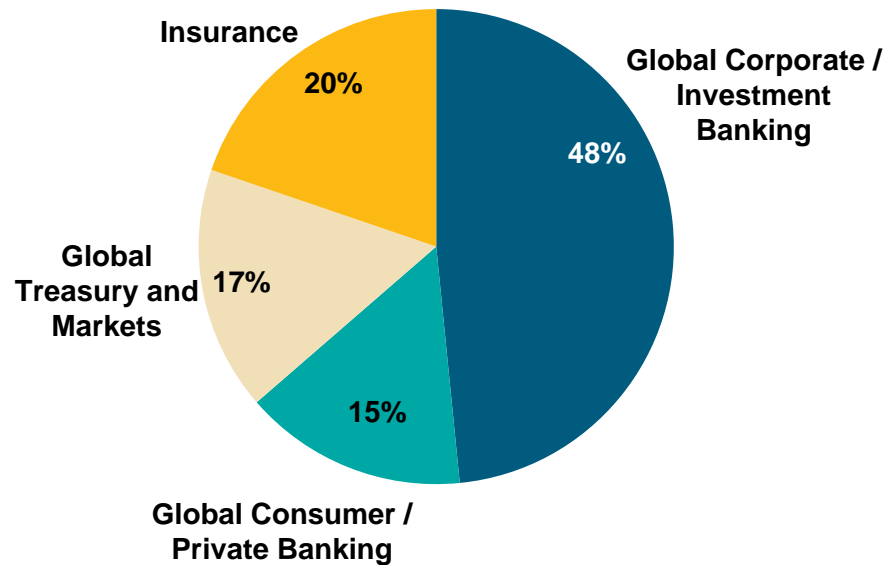
<b>Based on core earnings</b>	<b>2Q12</b> %	<b>2Q11</b> %	<b>1Q12</b> %	<b>1H12</b> %	<b>1H11</b> %
Net interest margin	1.77	1.87	1.86	1.82	1.88
Non-interest income / Total income	39.0	41.4	45.4	42.4	42.8
Costs / Income	43.3	43.7	35.9	39.4	42.6
Loans / Deposits	85.3	89.1	84.4	85.3	89.1
NPL Ratio	0.9	0.8	1.0	0.9	0.8
Allowances / NPAs	125.4	123.2	106.0	125.4	123.2
ROE	11.6	11.4	14.7	13.1	11.8
Cash ROE	11.9	11.7	15.0	13.4	12.1

# ROE of 13.1% for 1H12

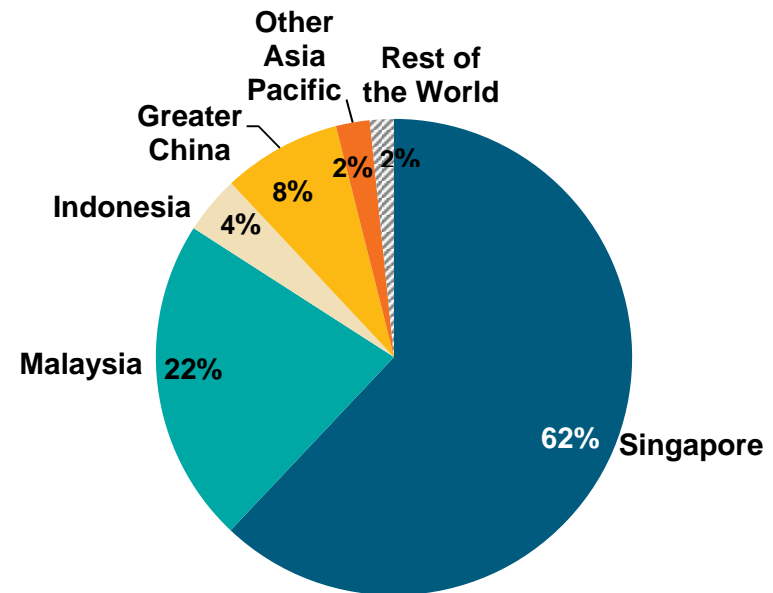


# Profit contribution by business and geography

**1H12 PBT  
by Business\***



**1H12 PBT  
by Geography**



\* Core operating profit after allowances and amortisation. Segmental information has been revised in 2012. Global Consumer/Private Banking includes consumer banking, private banking and retail brokerage services; Global Corporate/Investment Banking includes corporate banking, corporate finance and capital markets solutions; Global Treasury and Markets reflects the management of the Group's asset and liability positions as well as trading activities. 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

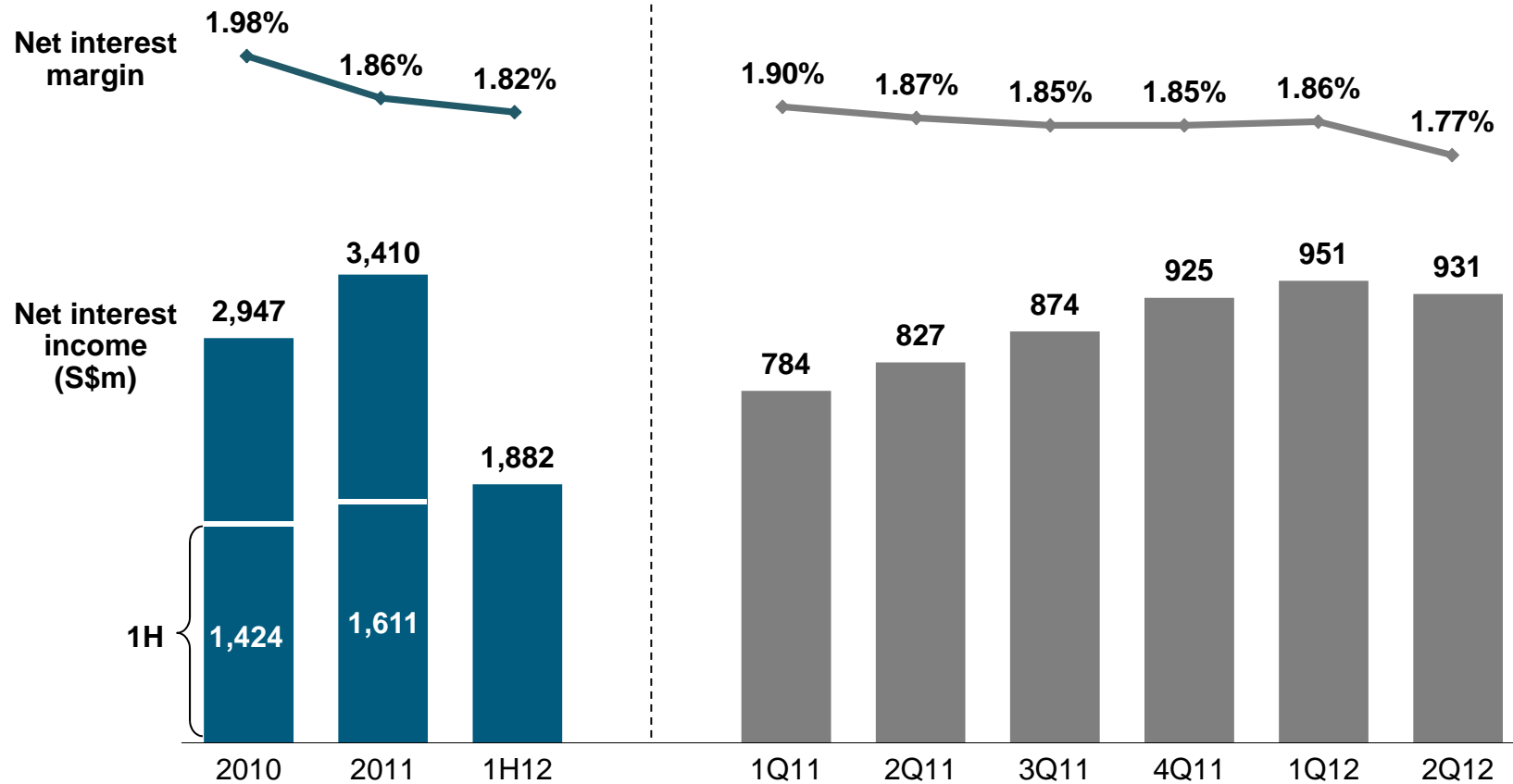
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Results Overview

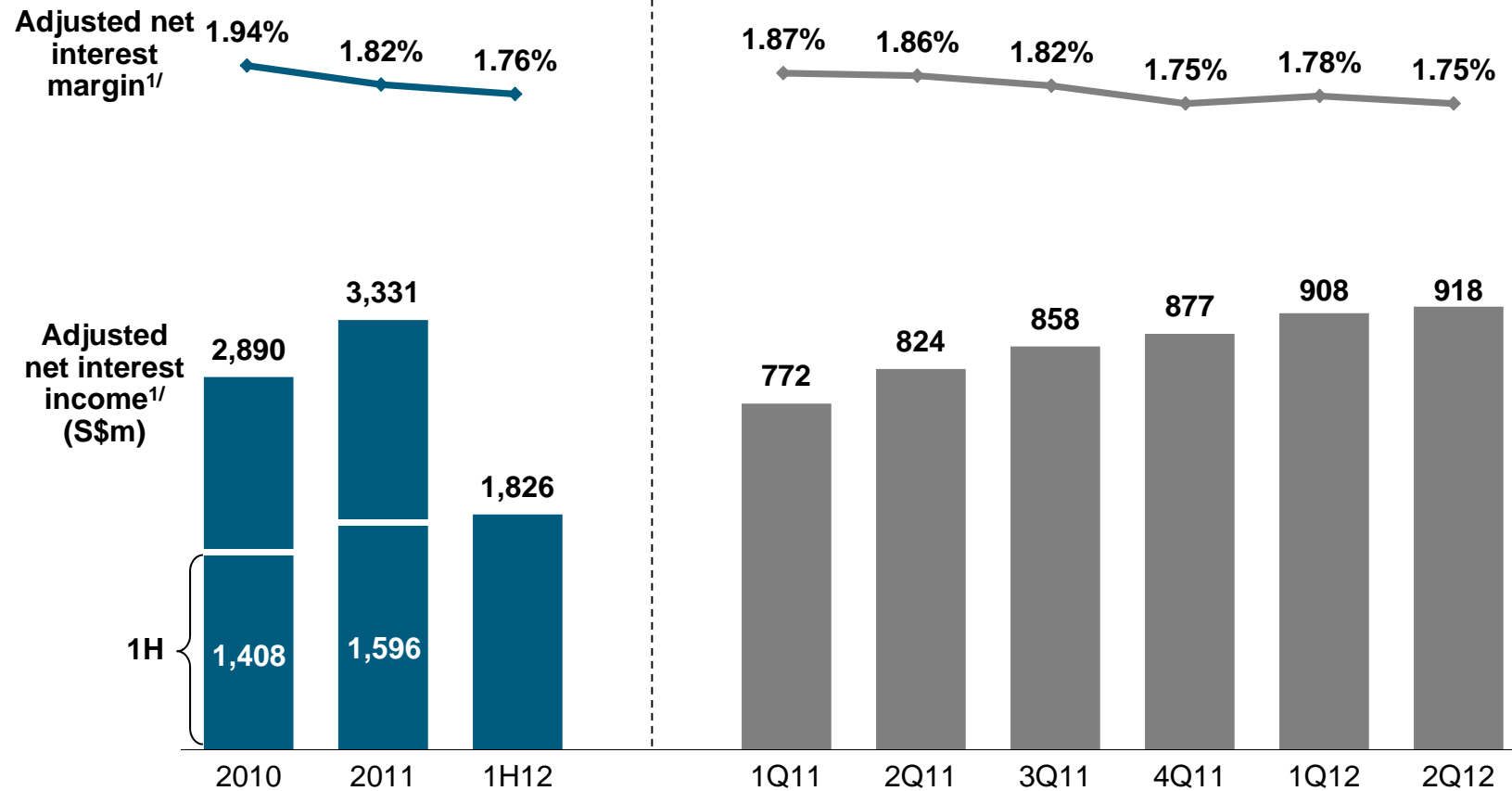
Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

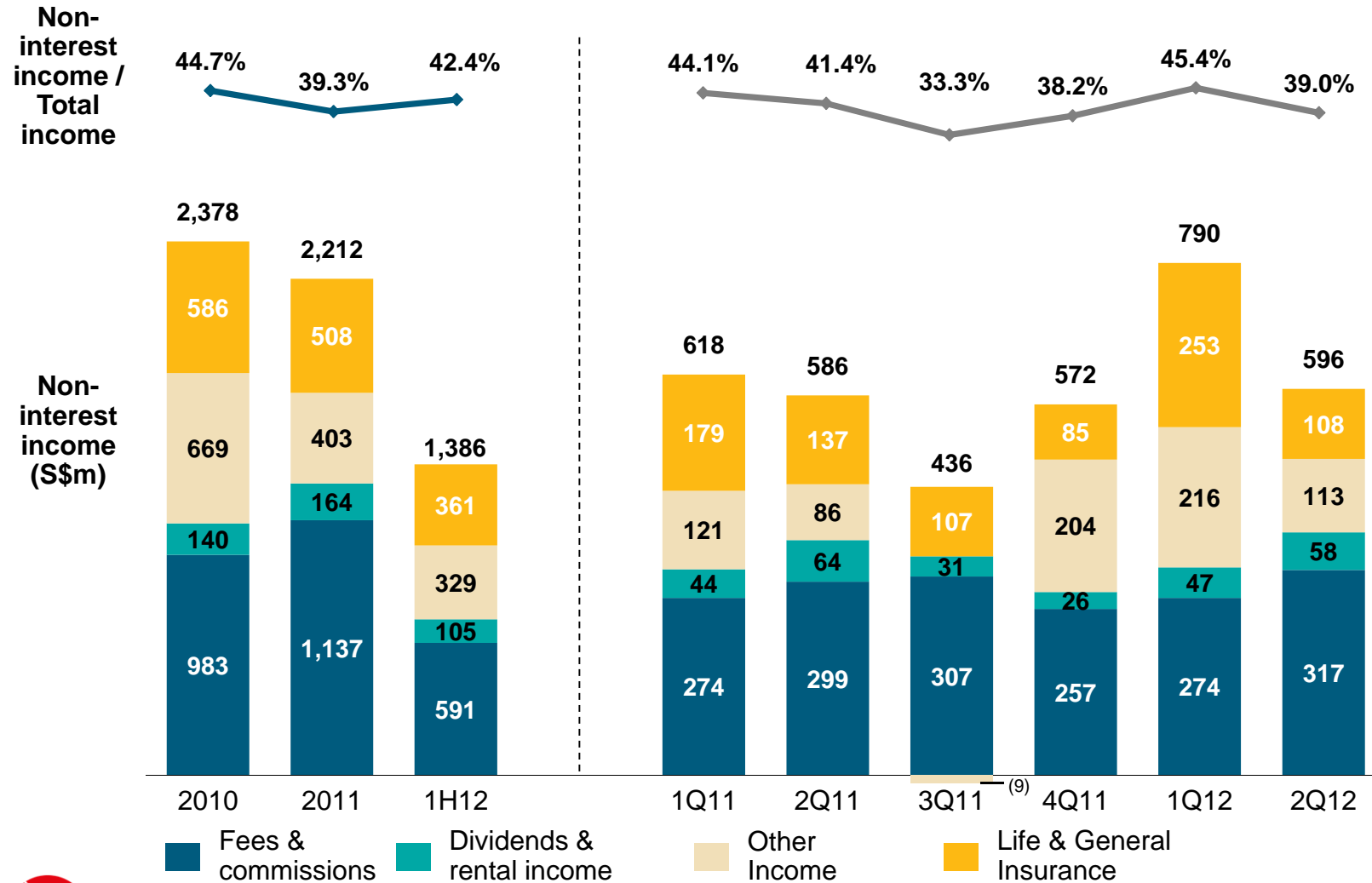
# Net interest income up 13% YoY; asset growth partially offset by margin compression



# Net interest income less specific allowances up 11% YoY

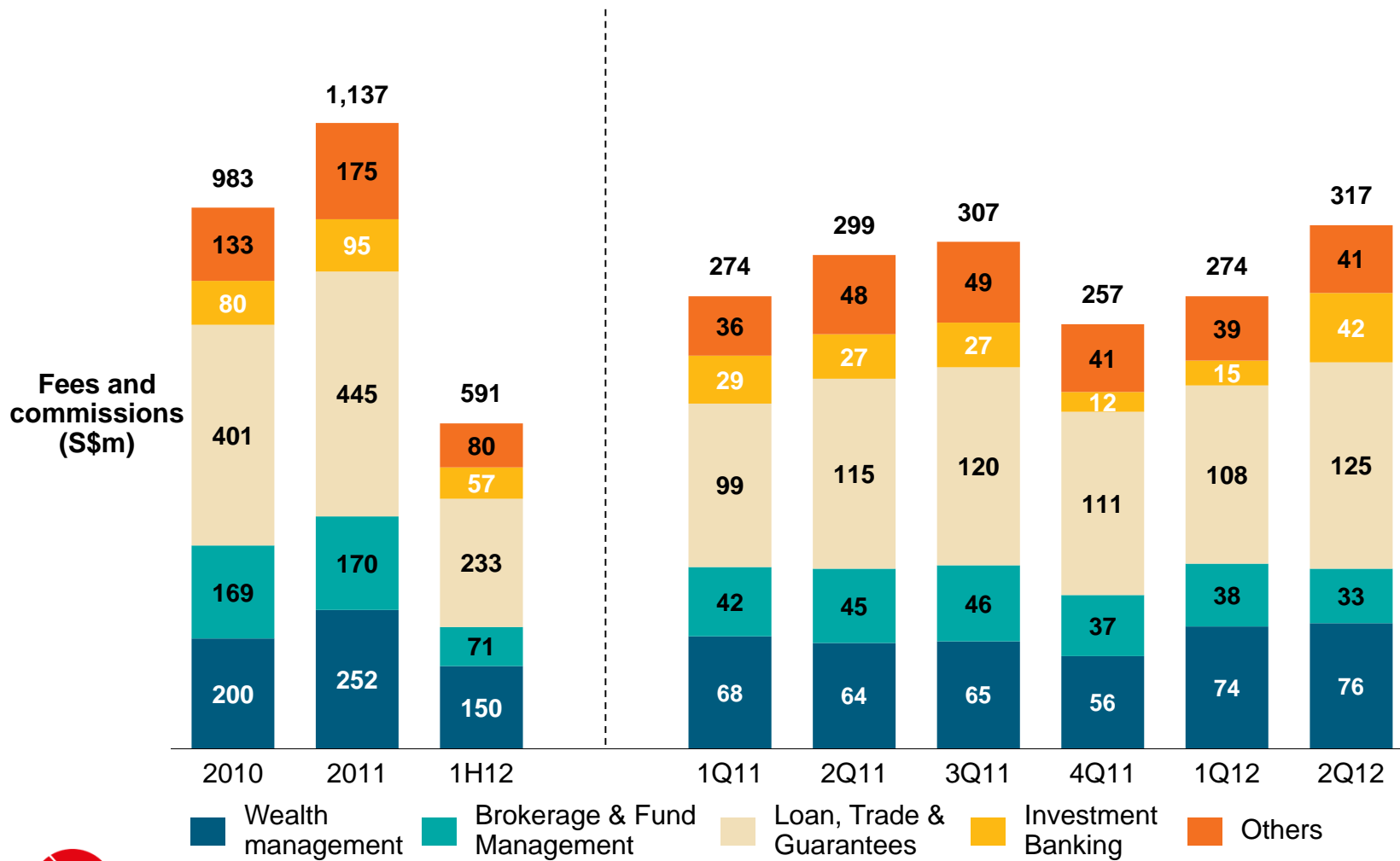


# Non-interest income up 2% YoY, driven by increases in fees and trading income

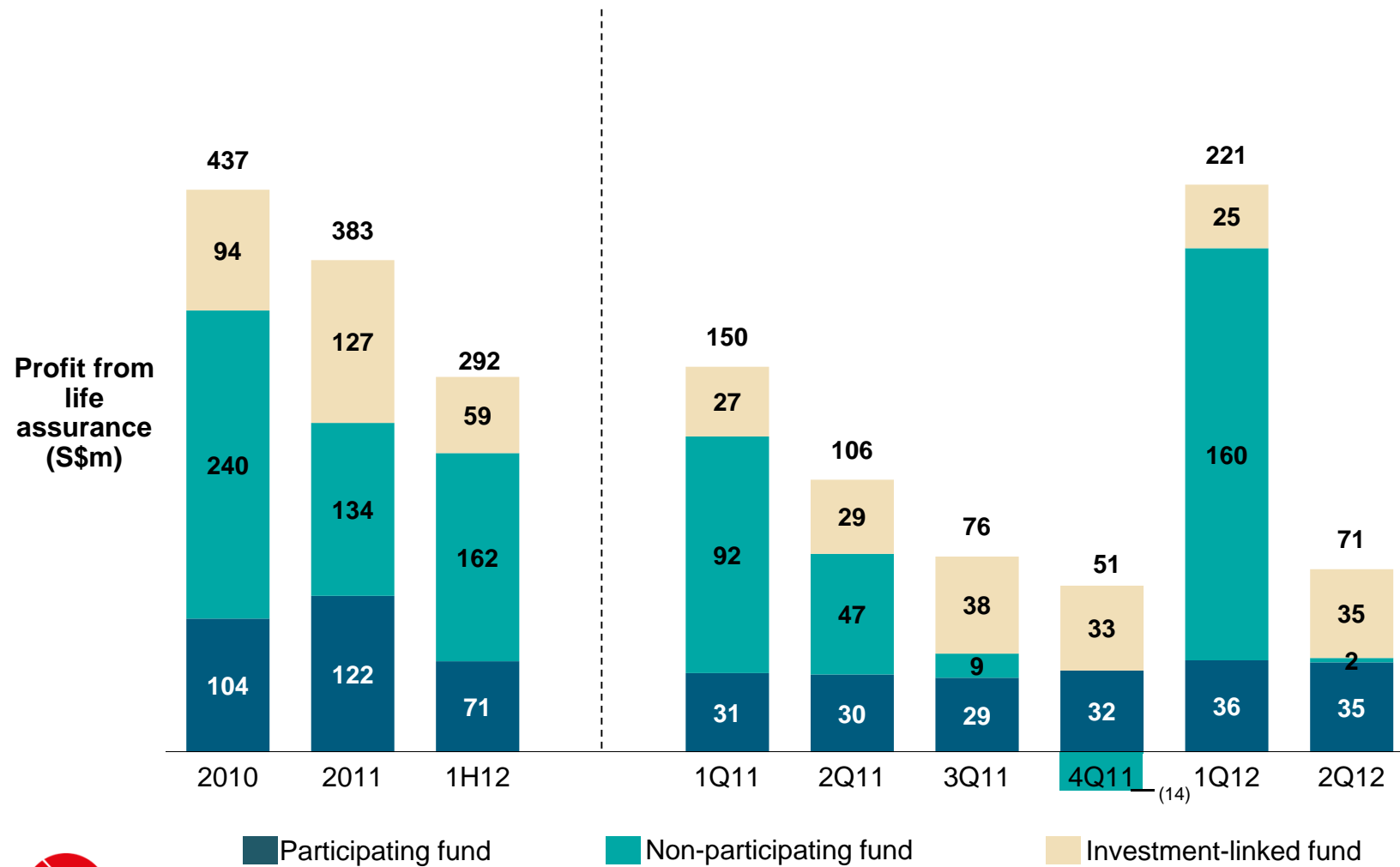


Note: Excludes gains from divestment of non-core assets

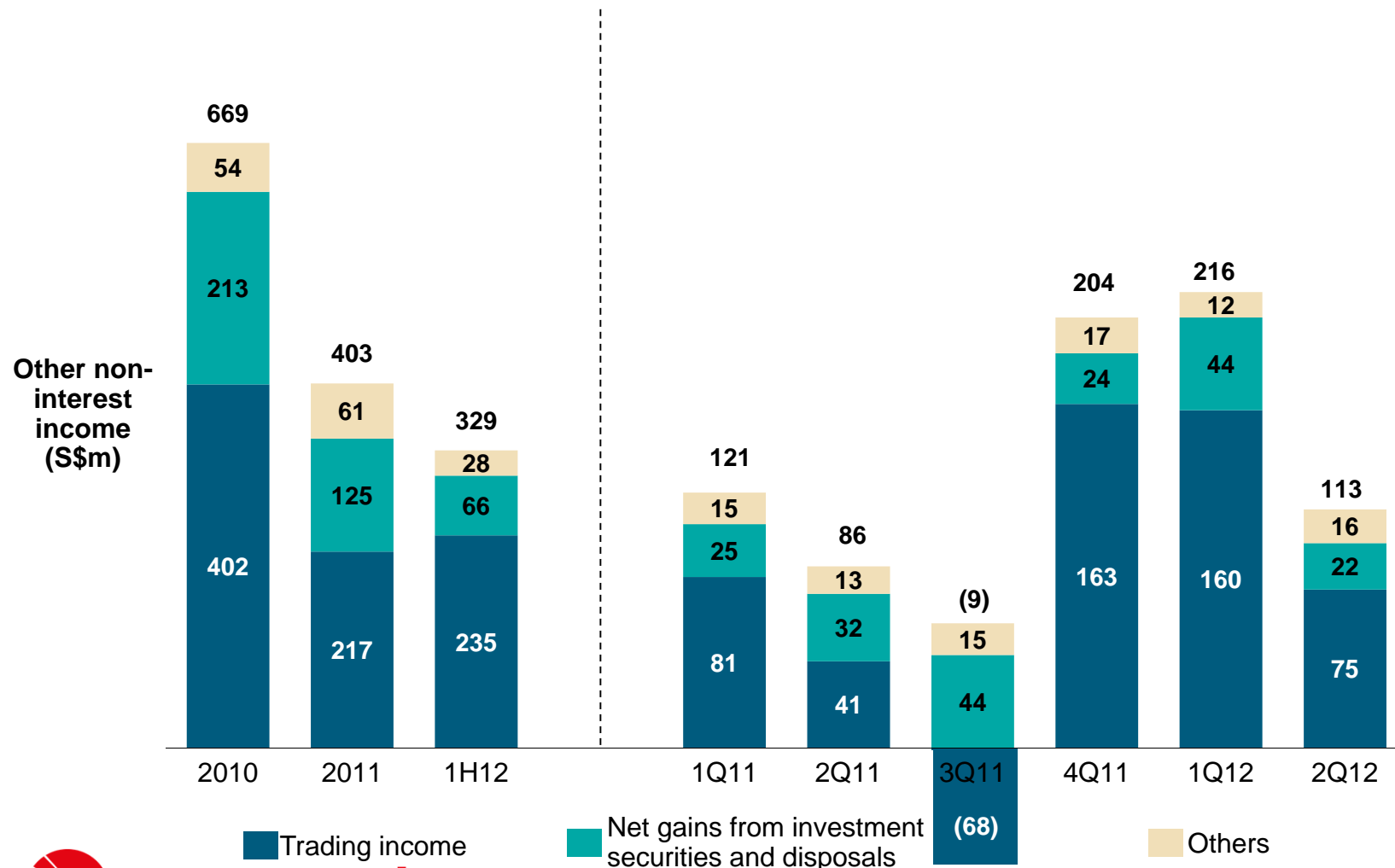
# Fee income up 6% YoY and 16% QoQ, led by growth in wealth management and loan-related fees



# Profit from life assurance declined 33% YoY as a result of weaker investment performance

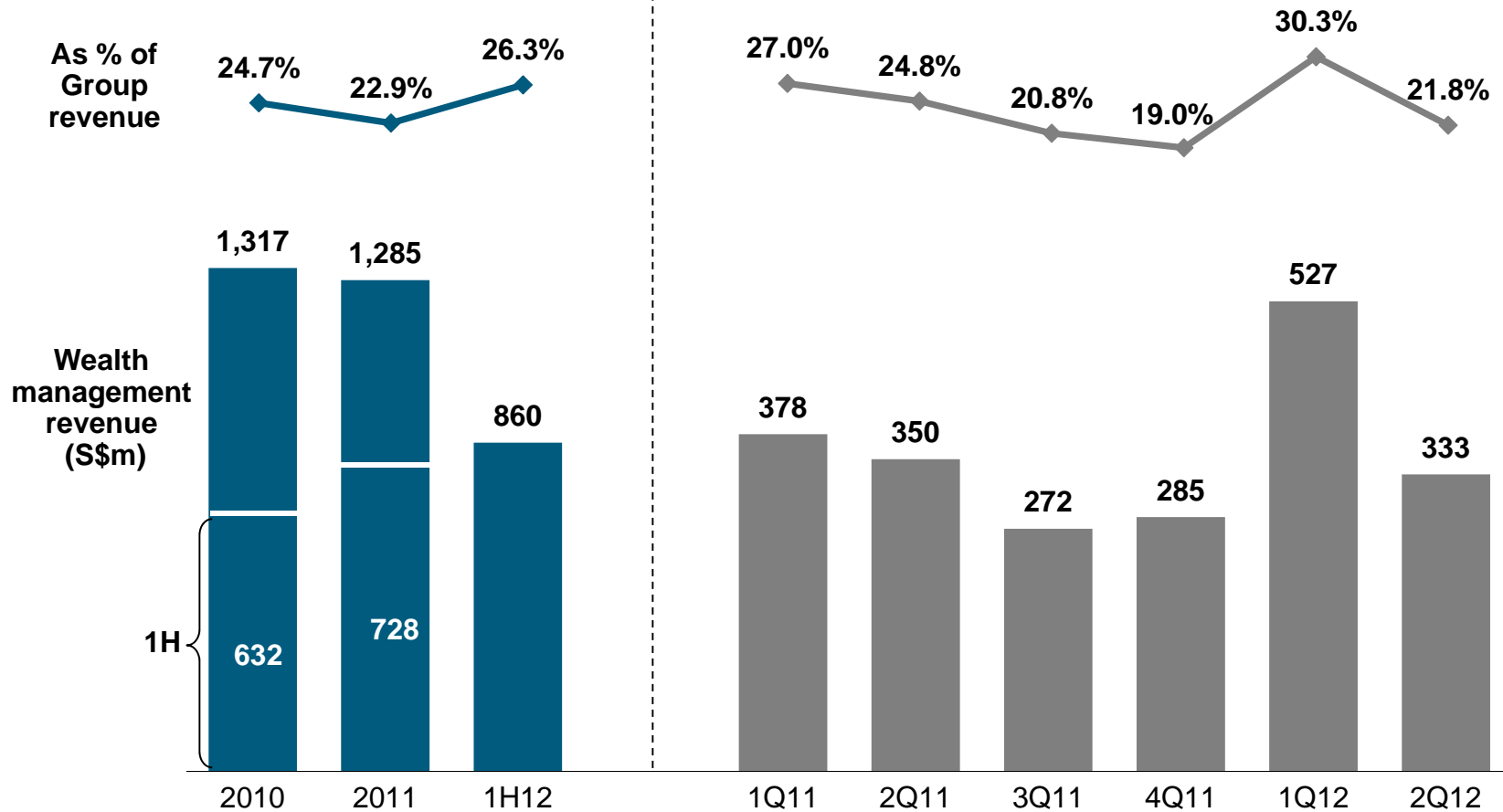


# Other non-interest income up 30% YoY, driven by higher trading income



Note: Excludes gains from divestment of non-core assets

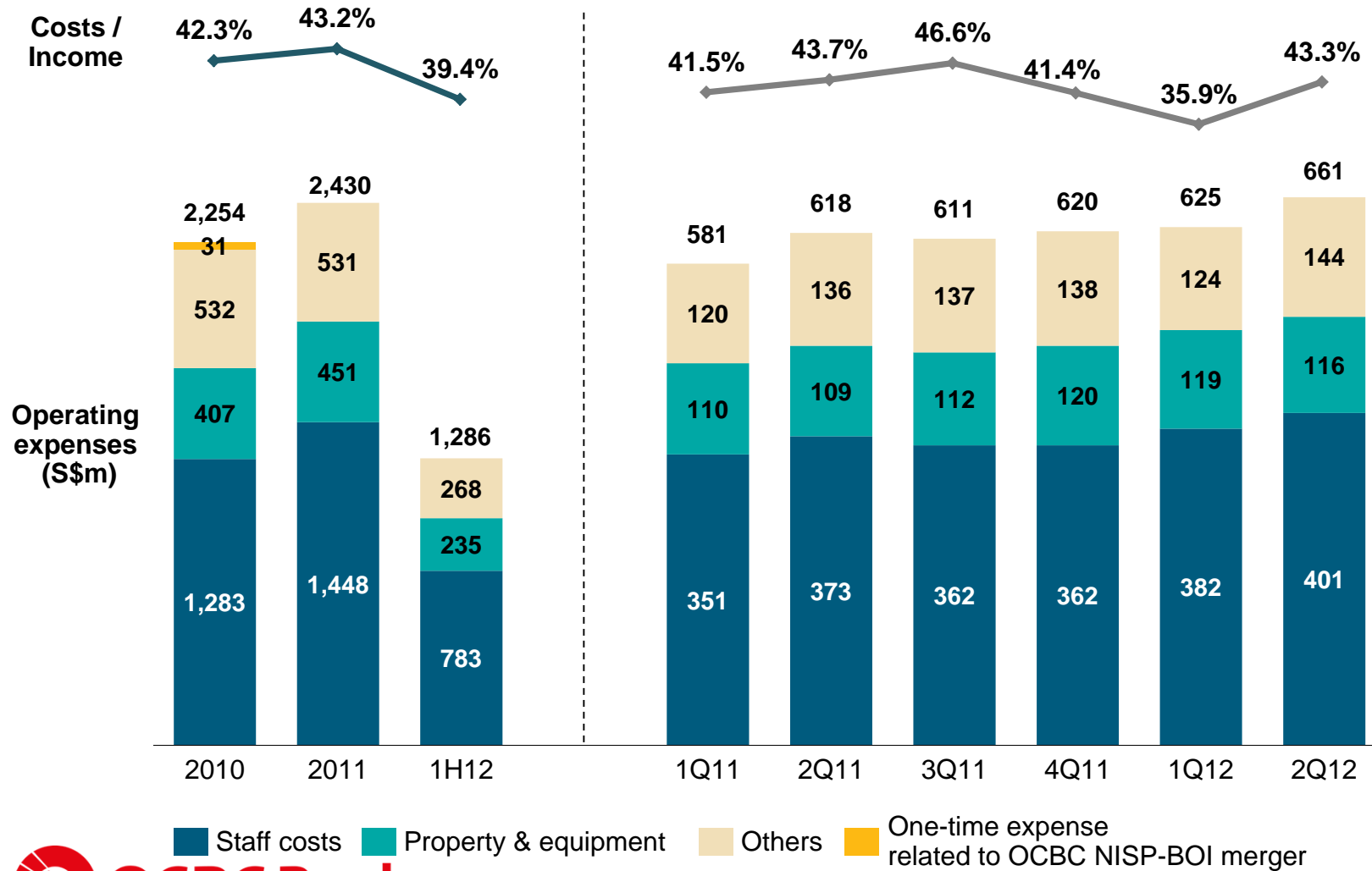
# Wealth management revenue down 5% YoY, as lower insurance income offset growth in other areas



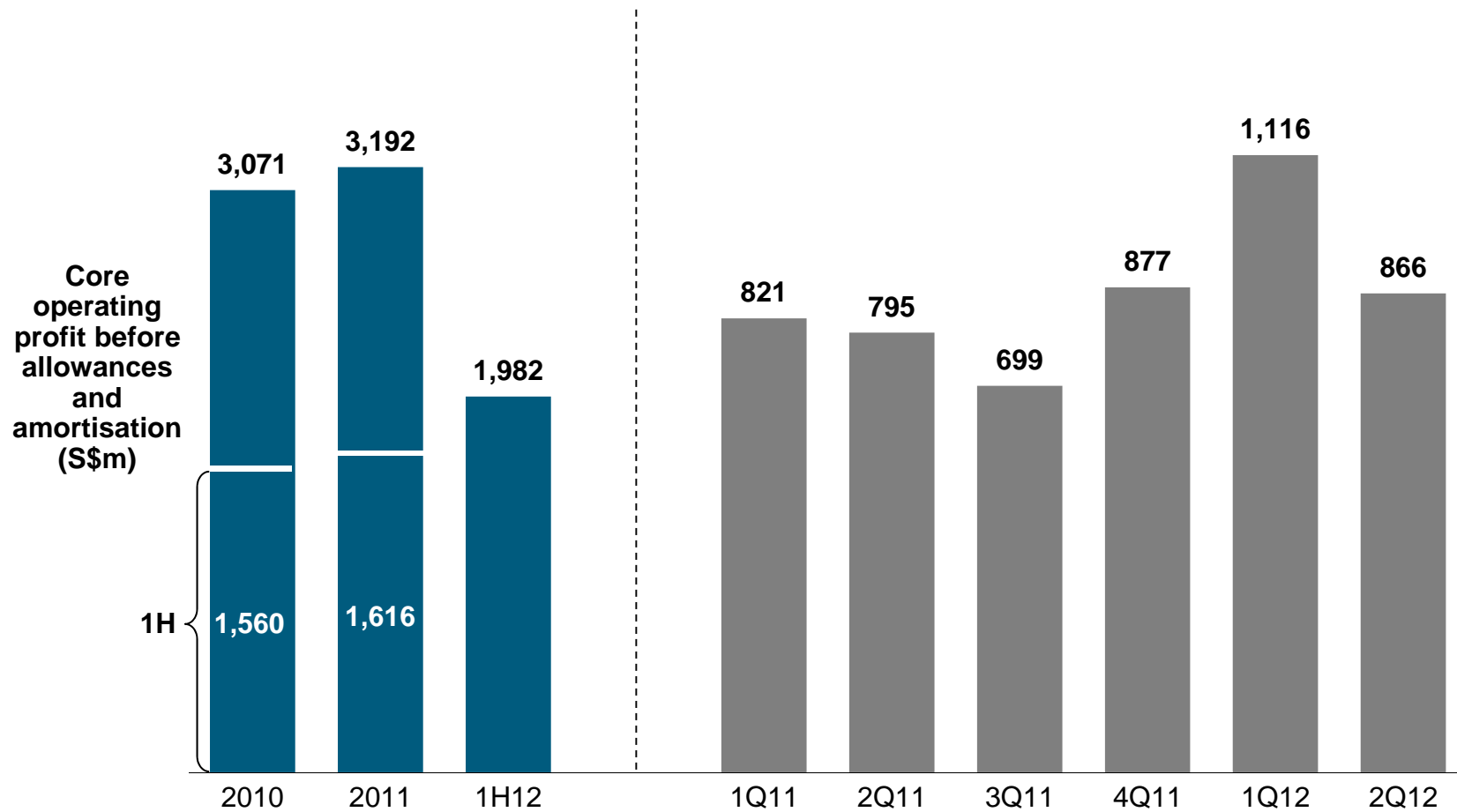
Note: Comprises the consolidated revenue from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's revenue from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers



# Expenses rose modestly by 7% YoY



# Core operating profit up 9% YoY



## 2Q12 net profit before GEH contribution up 21% YoY

<b>OCBC Group</b>	<b>2Q12 S\$m</b>	<b>2Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>1Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	918	815	13	936	(2)
Non-interest income	455	403	13	470	(3)
<b>Total income</b>	<b>1,373</b>	<b>1,218</b>	<b>13</b>	<b>1,406</b>	<b>(2)</b>
Operating expenses	(608)	(567)	7	(581)	5
<b>Operating profit</b>	<b>765</b>	<b>652</b>	<b>17</b>	<b>825</b>	<b>(7)</b>
Allowances	(37)	(57)	(34)	(96)	(61)
Associates & JVs	13	20	(36)	5	141
Amortisation, tax & NCI	(153)	(131)	16	(163)	(6)
<b>Core net profit</b>	<b>587</b>	<b>484</b>	<b>21</b>	<b>571</b>	<b>3</b>
Divestment gain, net of tax	-	-	-	42 <sup>1/</sup>	(100)
<b>Net profit before GEH contribution</b>	<b>587</b>	<b>484</b>	<b>21</b>	<b>613</b>	<b>(4)</b>
<b>GEH net profit contribution</b>	<b>61</b>	<b>93</b>	<b>(35)</b>	<b>219</b>	<b>(72)</b>
<b>OCBC Group net profit</b>	<b>648</b>	<b>577</b>	<b>12</b>	<b>832</b>	<b>(22)</b>

# 1H12 net profit before GEH contribution up 22% YoY

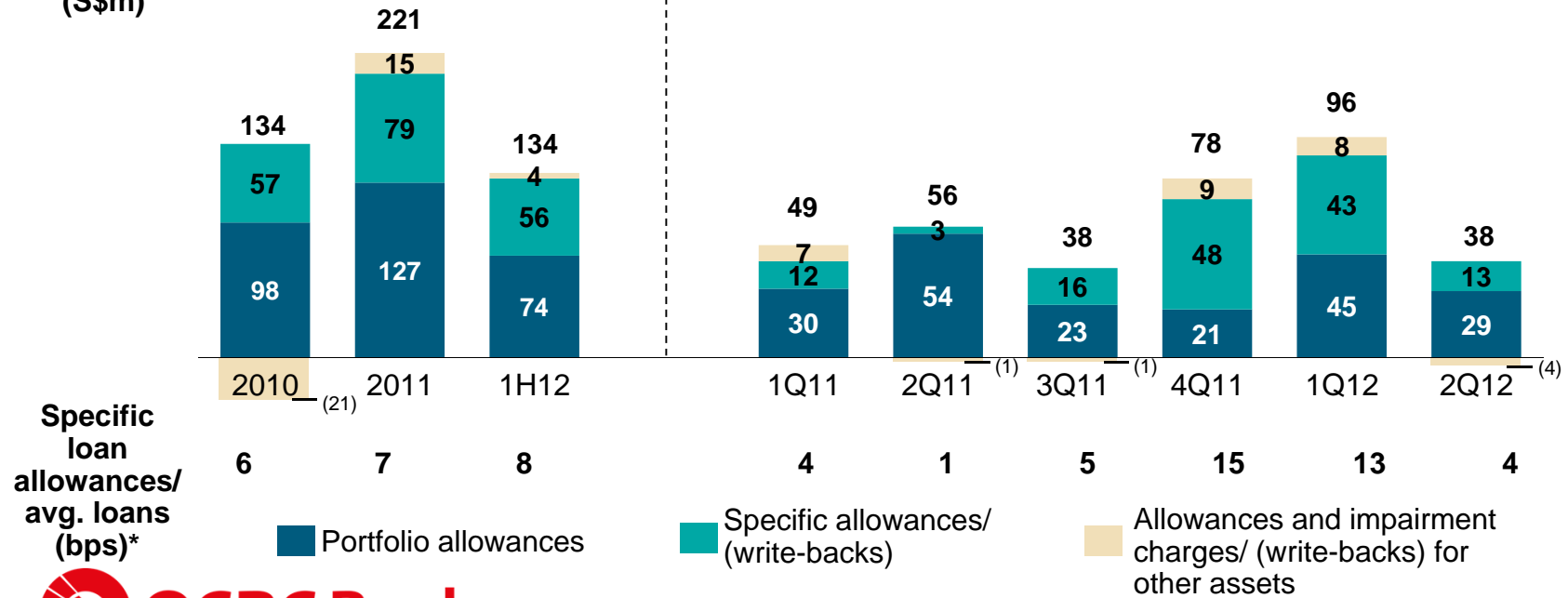
<b>OCBC Group</b>	<b>1H12 S\$m</b>	<b>1H11 S\$m</b>	<b>YoY +/(-)%</b>	<b>2H11 S\$m</b>	<b>HoH +/(-)%</b>
Net interest income	1,854	1,587	17	1,771	5
Non-interest income	925	812	14	780	19
<b>Total income</b>	<b>2,779</b>	<b>2,400</b>	<b>16</b>	<b>2,550</b>	<b>9</b>
Operating expenses	(1,189)	(1,107)	7	(1,139)	4
<b>Operating profit</b>	<b>1,589</b>	<b>1,293</b>	<b>23</b>	<b>1,411</b>	<b>13</b>
Allowances	(133)	(105)	27	(113)	19
Associates & JVs	18	31	(42)	(15)	216
Amortisation, tax & NCI	(316)	(268)	18	(252)	27
<b>Core net profit</b>	<b>1,158</b>	<b>950</b>	<b>22</b>	<b>1,033</b>	<b>12</b>
Divestment gain, net of tax	42 <sup>1/</sup>	32 <sup>2/</sup>	30	-	-
<b>Net profit before GEH contribution</b>	<b>1,200</b>	<b>982</b>	<b>22</b>	<b>1,033</b>	<b>16</b>
<b>GEH net profit contribution</b>	<b>280</b>	<b>223</b>	<b>26</b>	<b>74</b>	<b>278</b>
<b>OCBC Group net profit</b>	<b>1,480</b>	<b>1,205</b>	<b>23</b>	<b>1,107</b>	<b>34</b>



1/ Gain from divestment of property at Bourke Street, Melbourne, Australia  
2/ Gain from divestment of property at Bassein Road, Singapore

# Net allowances declined 61% QoQ

Net allowances for loans and other assets (\$m)



Specific loan allowances/avg. loans (bps)\*

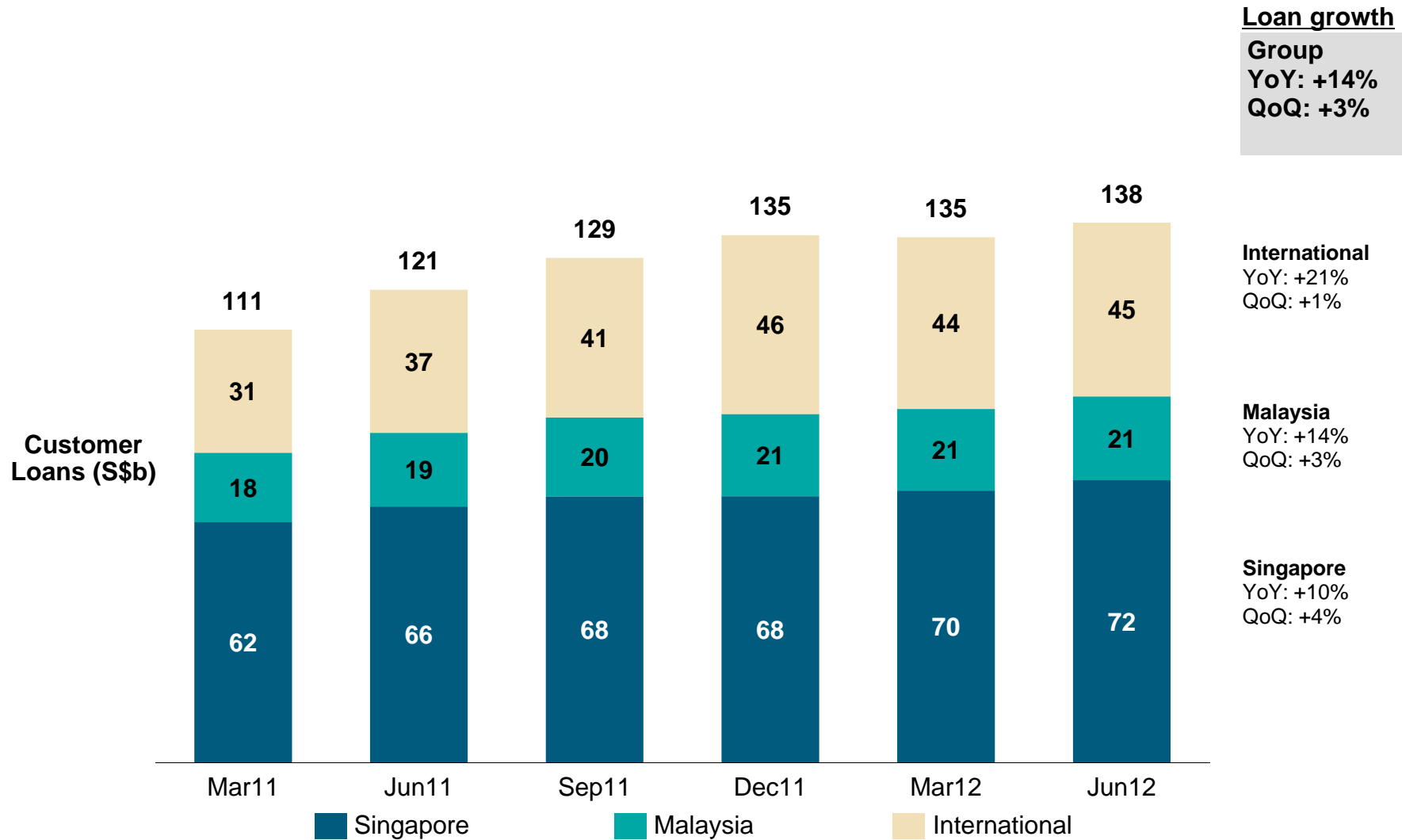
6      7      8      4      1      5      15      13      4

■ Portfolio allowances     
 ■ Specific allowances/ (write-backs)     
 ■ Allowances and impairment charges/ (write-backs) for other assets

## Net specific allowances declined 70% QoQ

	2Q12 S\$m	2Q11 S\$m	1Q12 S\$m	1H12 S\$m	1H11 S\$m
Allowances for new and existing NPLs	67	41	79	146	95
Write-backs <sup>1/</sup>	(44)	(26)	(25)	(69)	(54)
Recoveries <sup>2/</sup>	(11)	(12)	(11)	(21)	(26)
<b>Net specific allowances</b>	<b>13</b>	<b>3</b>	<b>43</b>	<b>56</b>	<b>15</b>

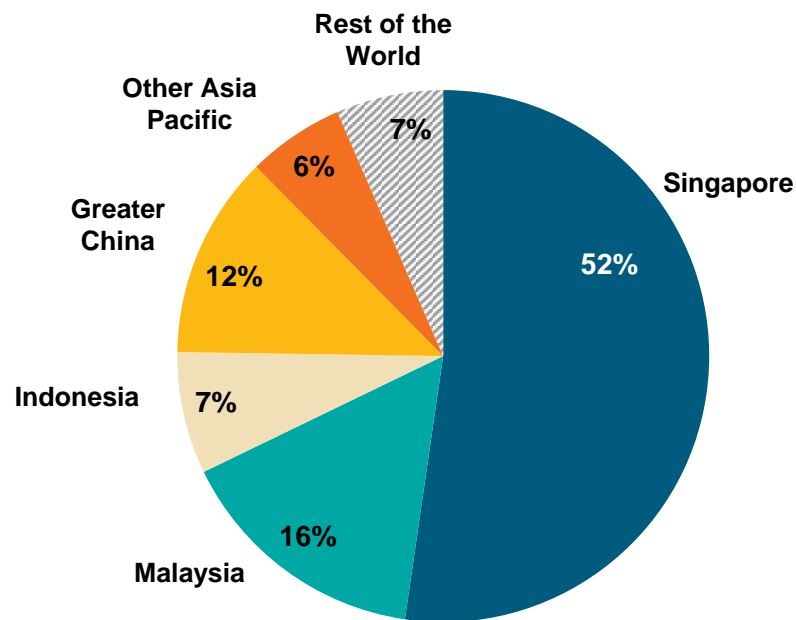
# Loans grew 14% YoY and 3% QoQ



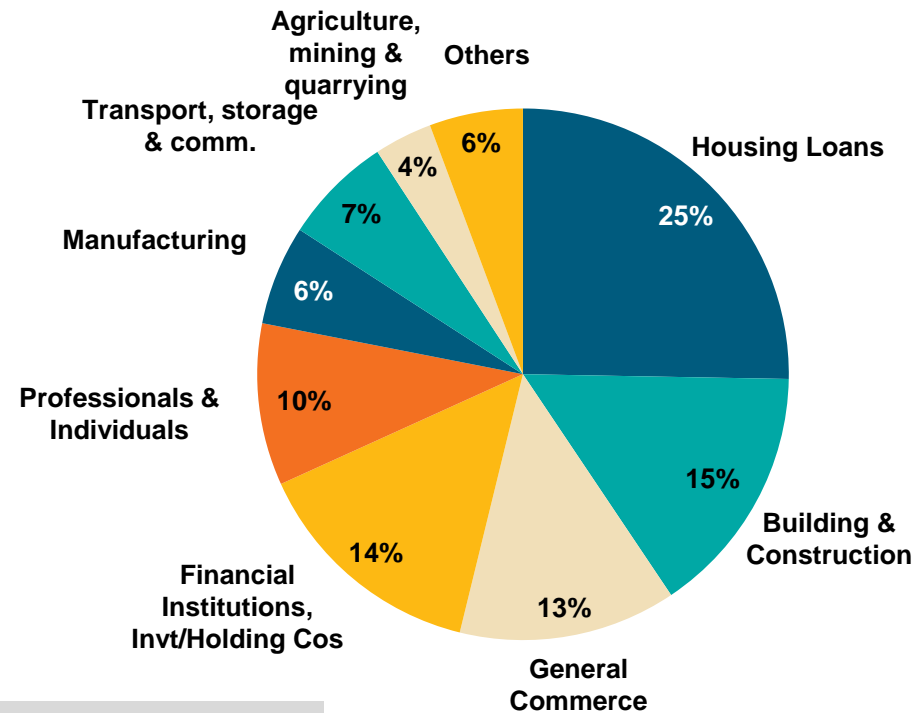
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

# Loan book remained diversified across geographies and sectors

**Customer Loans by Geography  
As of 30 June 2012**



**Customer Loans by Industry  
As of 30 June 2012**



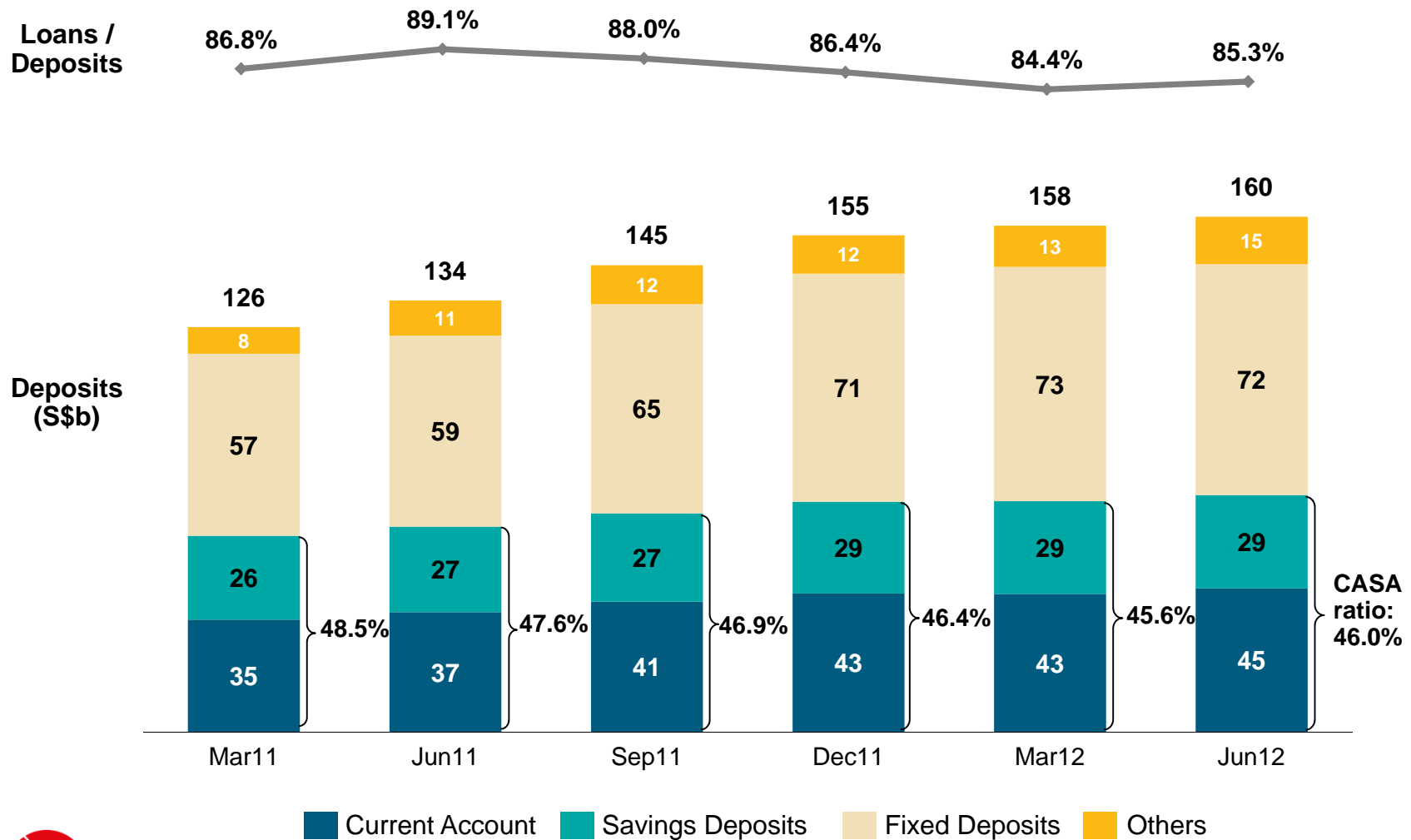
Total: S\$138b



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

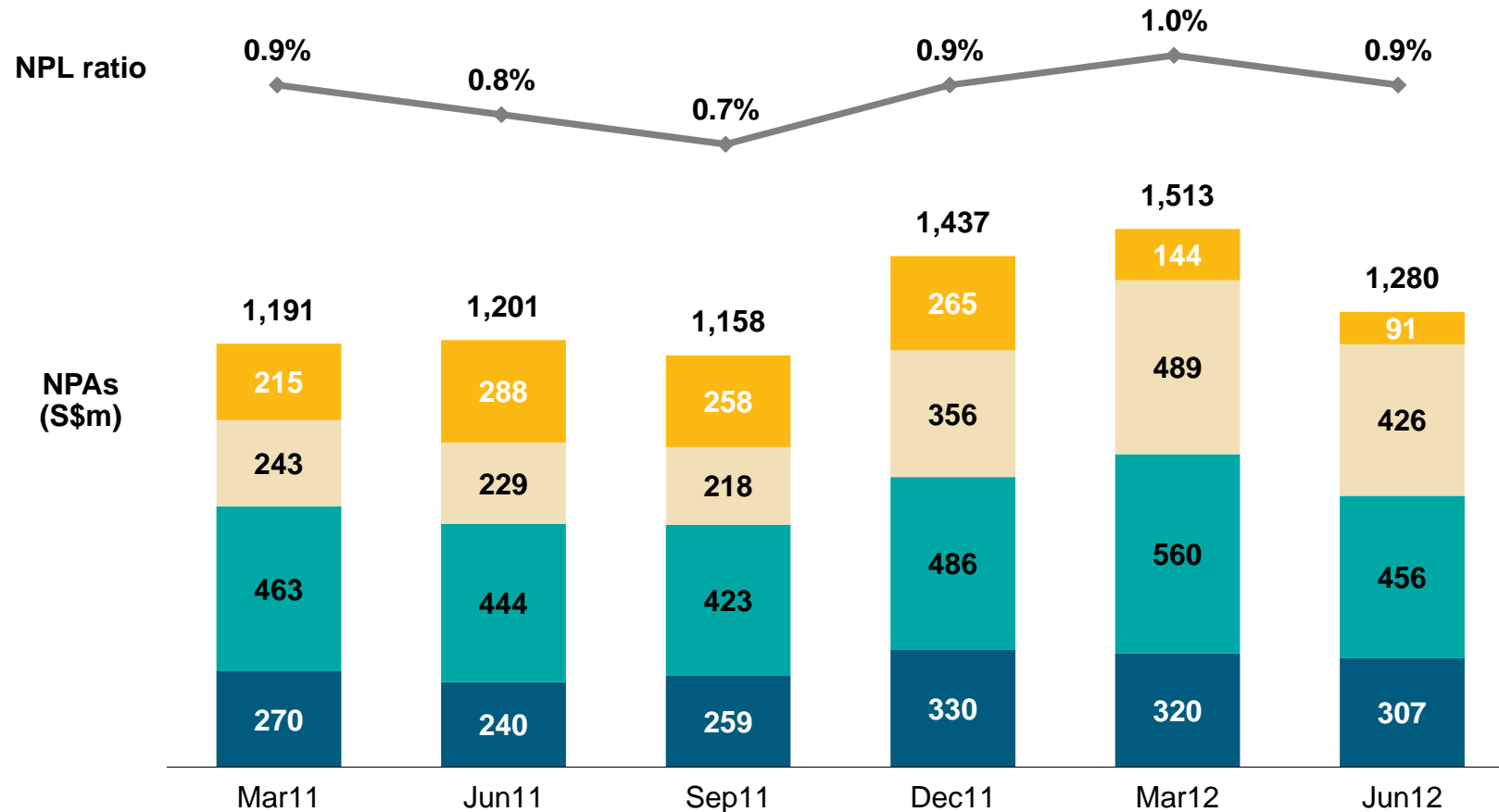


# Deposits grew 19% YoY and 2% QoQ



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

# Total NPAs declined 15% QoQ; NPL ratio improved to 0.9%



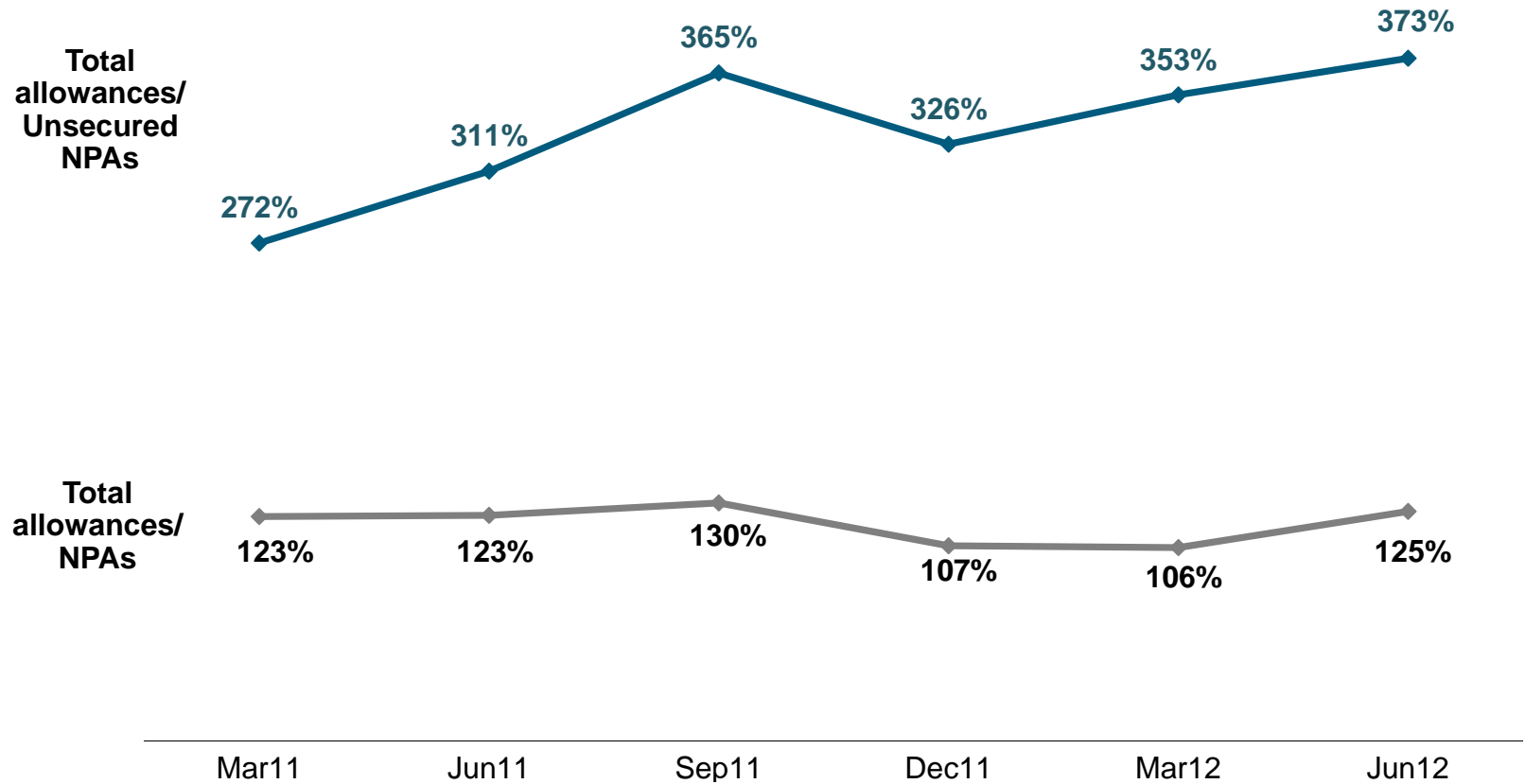
■ Singapore NPLs    
 ■ Malaysia NPLs    
 ■ International NPLs    
 ■ Debt securities / Contingent liabilities

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

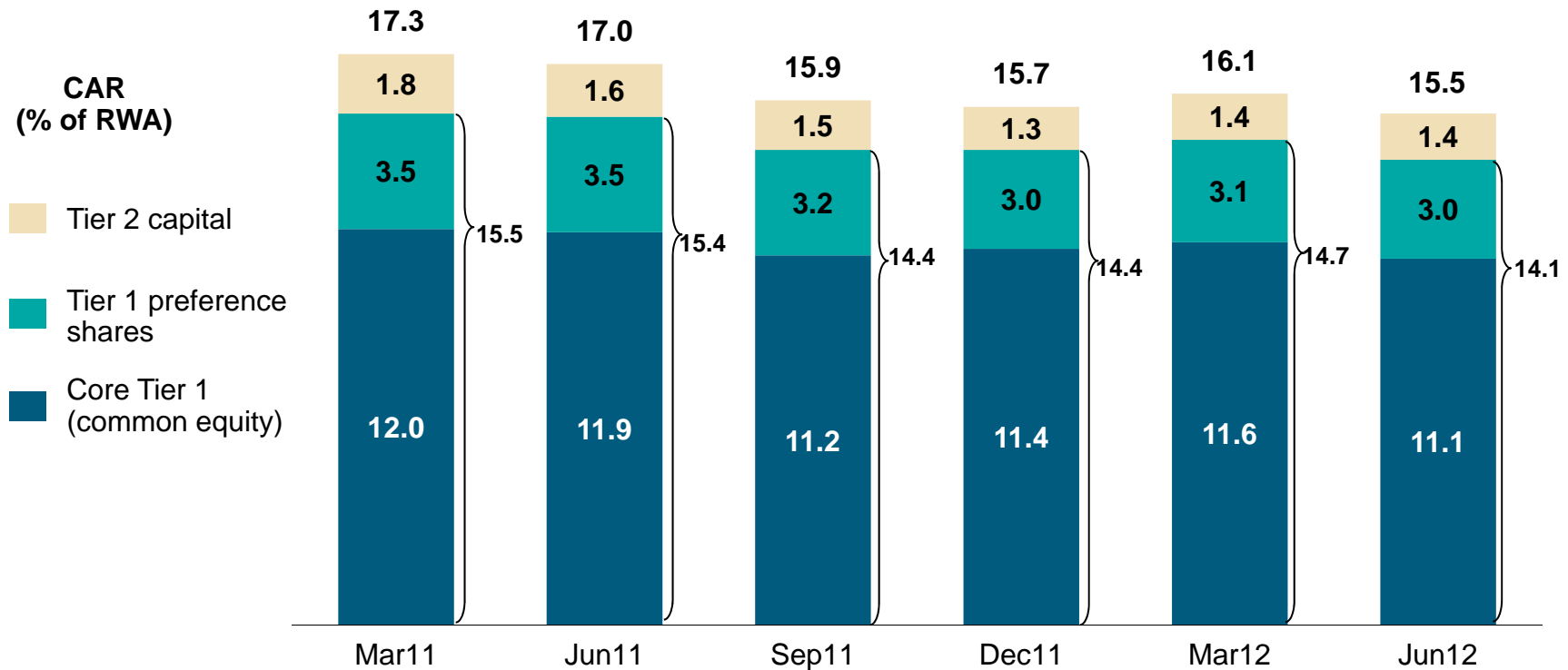
## NPAs declined 15% QoQ, largely driven by lower new NPAs

	2Q12 S\$m	2Q11 S\$m	1Q12 S\$m	1H12 S\$m	1H11 S\$m
NPAs – Opening balance	1,513	1,191	1,437	1,437	1,208
New NPAs	156	222	303	459	357
New recoveries/upgrades	(349)	(170)	(203)	(552)	(299)
Write-offs	(40)	(42)	(24)	(64)	(65)
<b>NPAs – Closing balance</b>	<b>1,280</b>	<b>1,201</b>	<b>1,513</b>	<b>1,280</b>	<b>1,201</b>

# Allowance coverage ratios increased to 125% of total NPAs and 373% of unsecured NPAs



# Capital adequacy ratios remained strong: Tier 1 ratio of 14.1% and Core Tier 1 of 11.1%

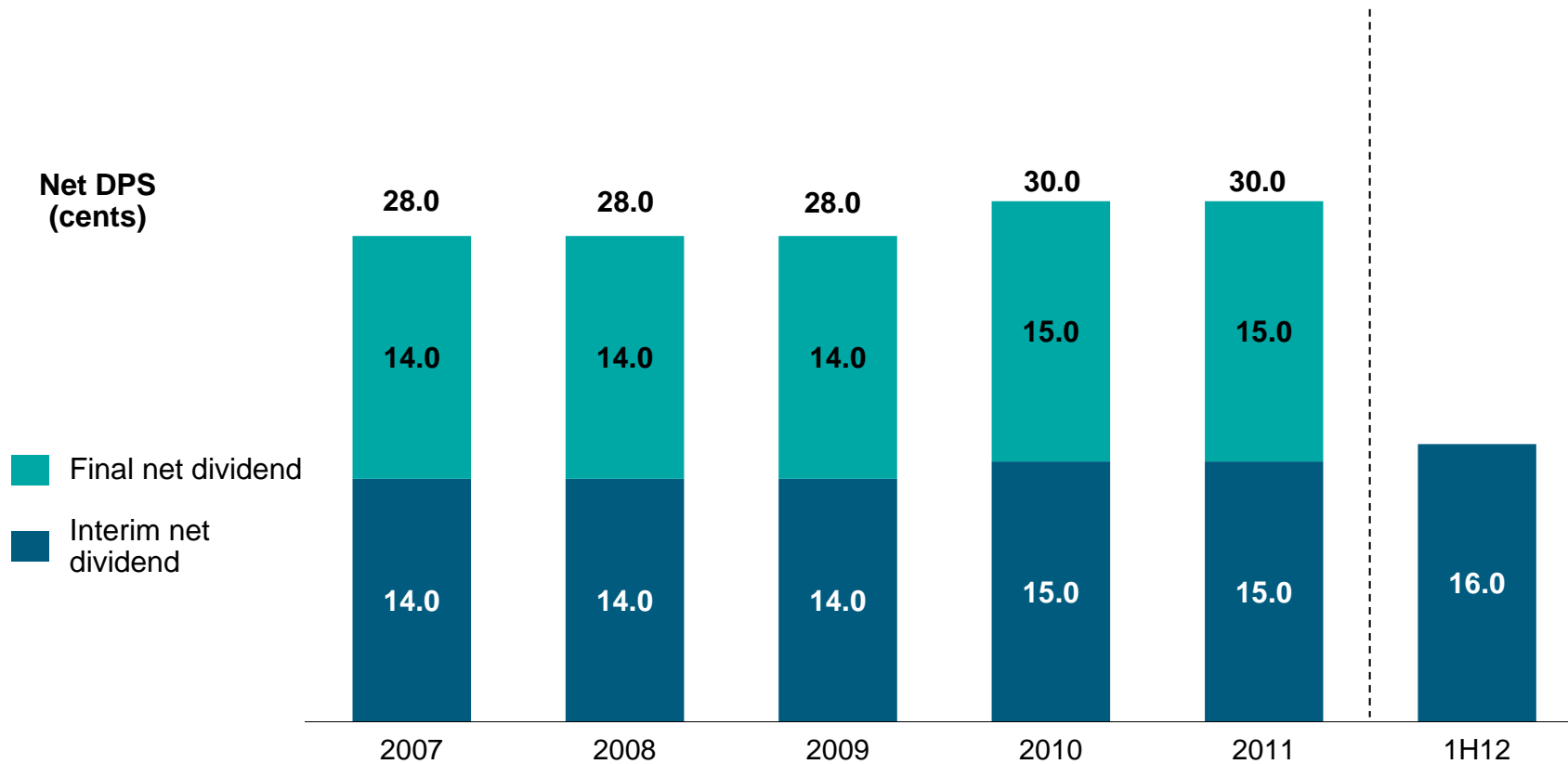


<b>Tier 1 capital (S\$m)</b>	17,469	17,764	17,654	18,612	19,024	18,981
<b>Tier 1 prefs. (S\$m)</b>	3,961	3,957	3,957	3,958	3,958	3,954
<b>RWA (S\$m)</b>	112,558	115,318	121,997	128,507	129,183	134,467



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

# Interim dividend increased to 16 cents per share



<b>Net Dividends (S\$m)</b>	864	868	898	994	1,024	550
<b>Core Net Profit (S\$m)</b>	1,878	1,486	1,962	2,253	2,280	1,438
<b>Dividend Payout Ratio</b>	46%	58%	46%	44%	45%	38%

## GEH: 2Q12 net profit contribution declined 35% YoY

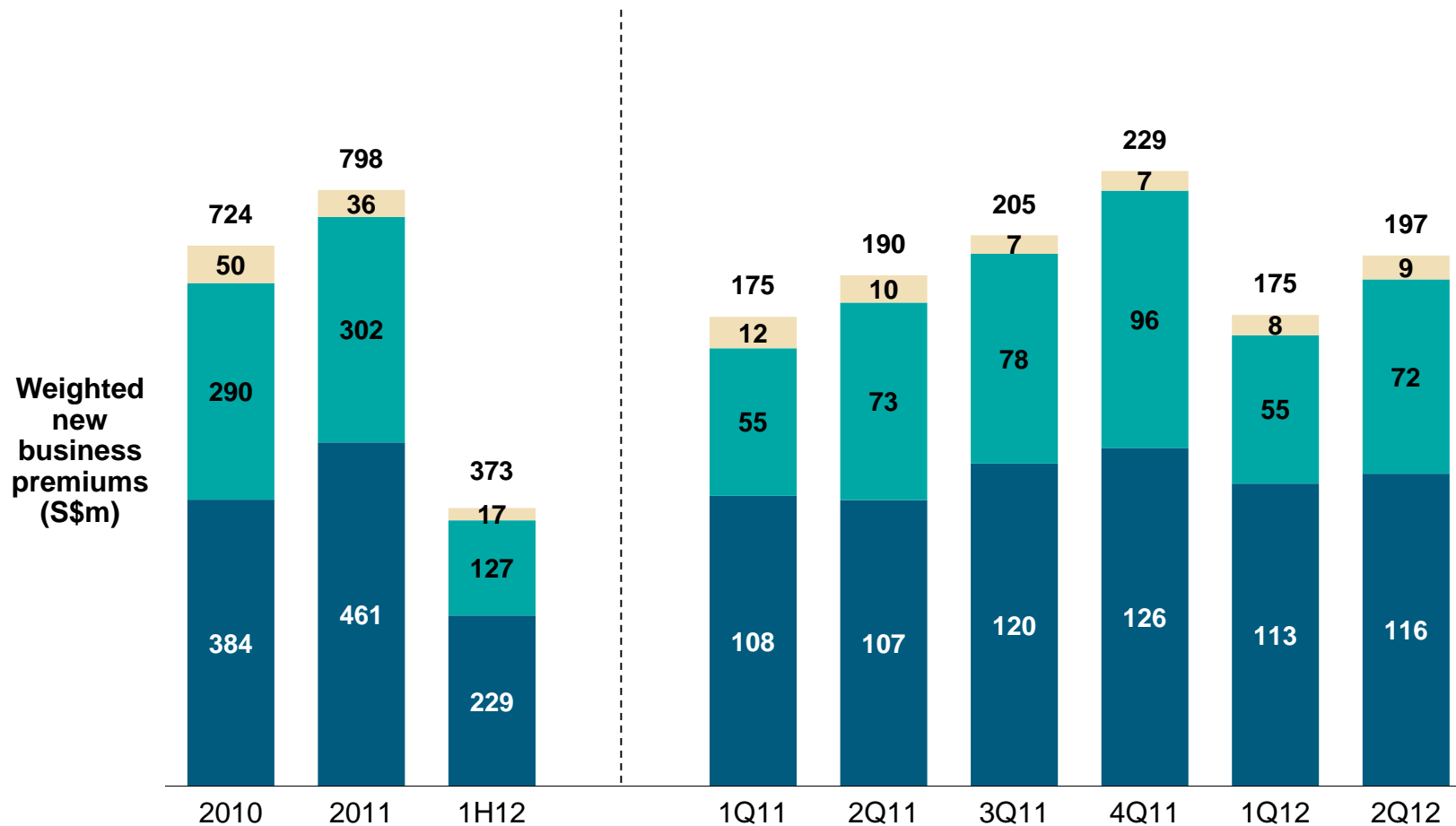
<b>GEH Contribution</b>	<b>2Q12 S\$m</b>	<b>2Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>1Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Total income	154	194	(21)	335	(54)
Operating expenses	(53)	(51)	3	(44)	21
<b>Operating profit</b>	<b>101</b>	<b>144</b>	<b>(29)</b>	<b>291</b>	<b>(65)</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	0	(0)	-	(1)	(121)
Associates & JVs	(1)	(1)	(33)	1	(165)
Tax & non-controlling interests	(28)	(37)	(24)	(61)	(54)
<b>Net profit contribution</b>	<b>61</b>	<b>93</b>	<b>(35)</b>	<b>219</b>	<b>(72)</b>

## GEH: 1H12 net profit contribution up 26% YoY

<b>GEH Contribution</b>	<b>1H12 S\$m</b>	<b>1H11 S\$m</b>	<b>YoY +/(-)%</b>	<b>2H11 S\$m</b>	<b>HoH +/(-)%</b>
Total income	489	415	18	257	91
Operating expenses	(97)	(92)	5	(92)	5
<b>Operating profit</b>	<b>393</b>	<b>323</b>	<b>21</b>	<b>165</b>	<b>139</b>
Amortisation of intangibles	(23)	(23)	-	(24)	(4)
Allowances	(0)	(0)	49	(4)	(88)
Associates & JVs	(0)	(0)	-	(8)	(105)
Tax & non-controlling interests	(89)	(77)	16	(55)	62
<b>Net profit contribution</b>	<b>280</b>	<b>223</b>	<b>26</b>	<b>74</b>	<b>278</b>

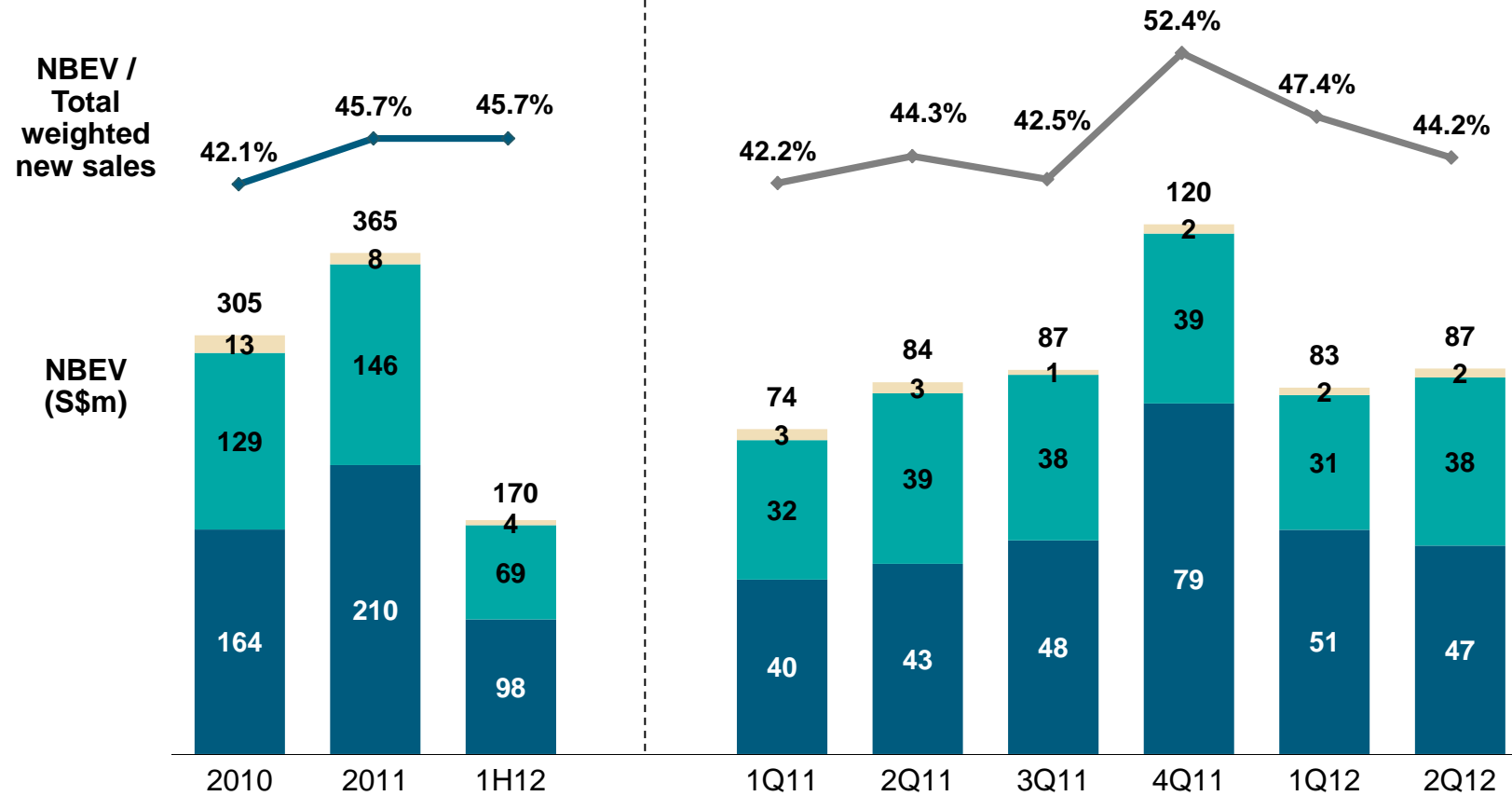


# GEH: Total weighted new sales up 4% YoY, led by healthy growth in Singapore



Note: QoQ comparison not relevant given seasonality of insurance sales

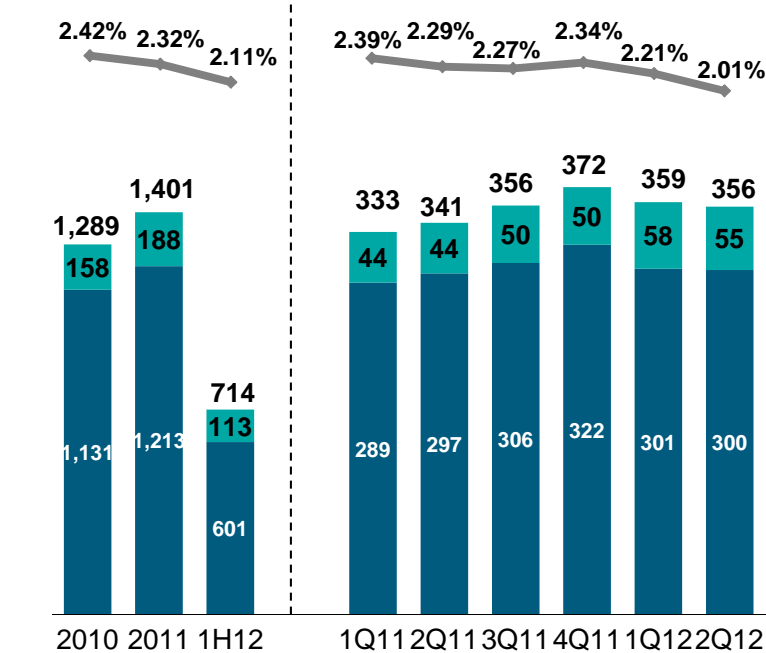
# GEH: NBEV up 4% YoY, driven by continued demand for regular premium products



# OCBC Malaysia: Total net interest income and Islamic financing income up 4% YoY

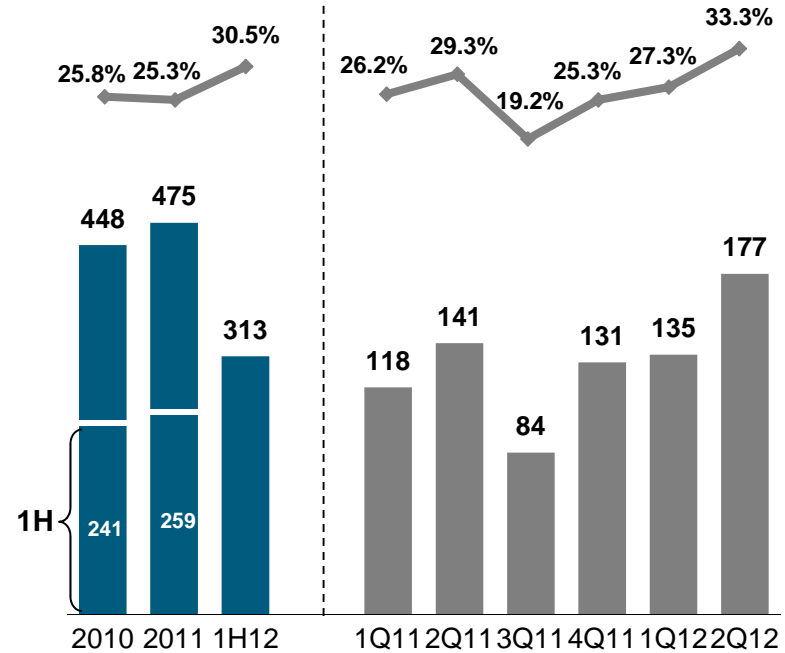
## Net interest income and Islamic financing Income (RM m)

Net Interest/  
financing margin



## Non-interest income (RM m)

Non-int. income/  
Total income



Net interest income Islamic financing income

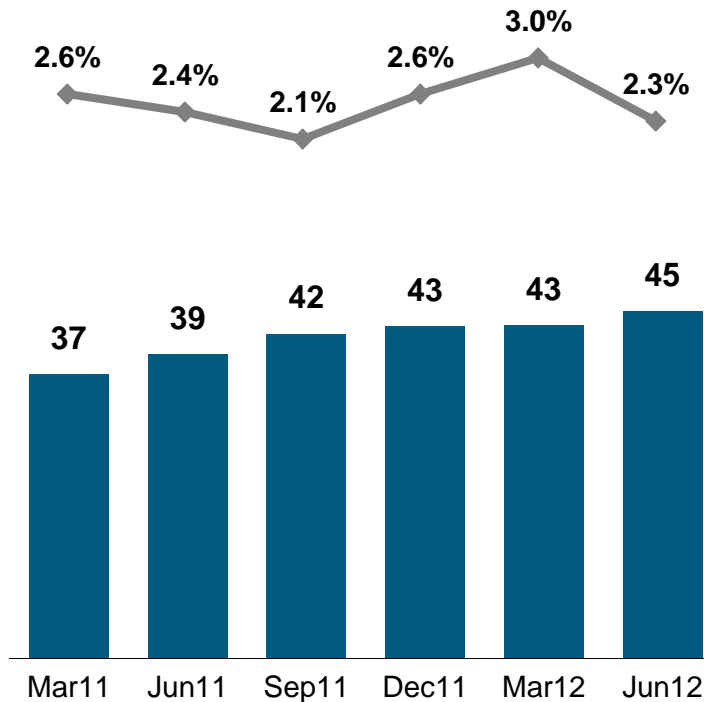


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

# OCBC Malaysia: Loans grew 14% YoY and 4% QoQ; NPL ratio improved to 2.3%

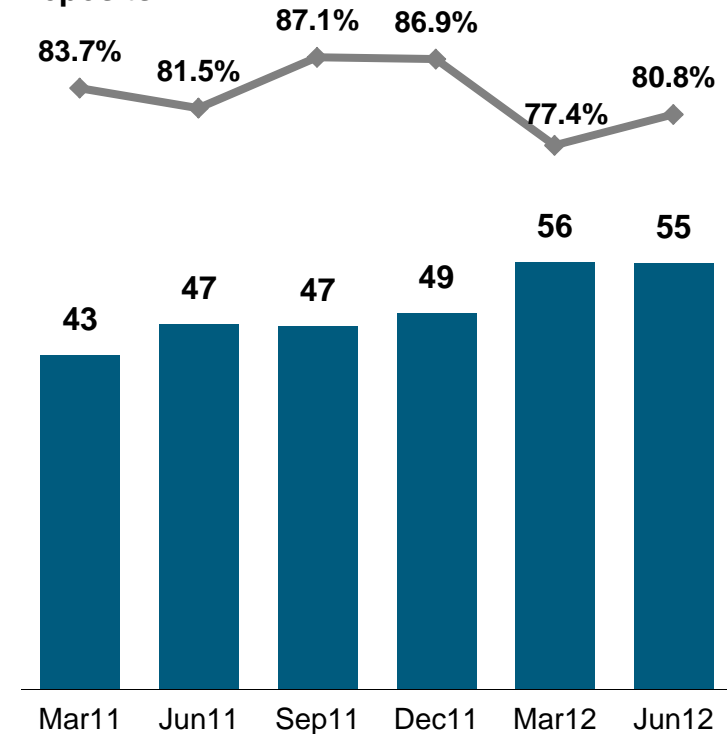
**Gross Loans (RM b)**

**NPL Ratio**



**Deposits (RM b)**

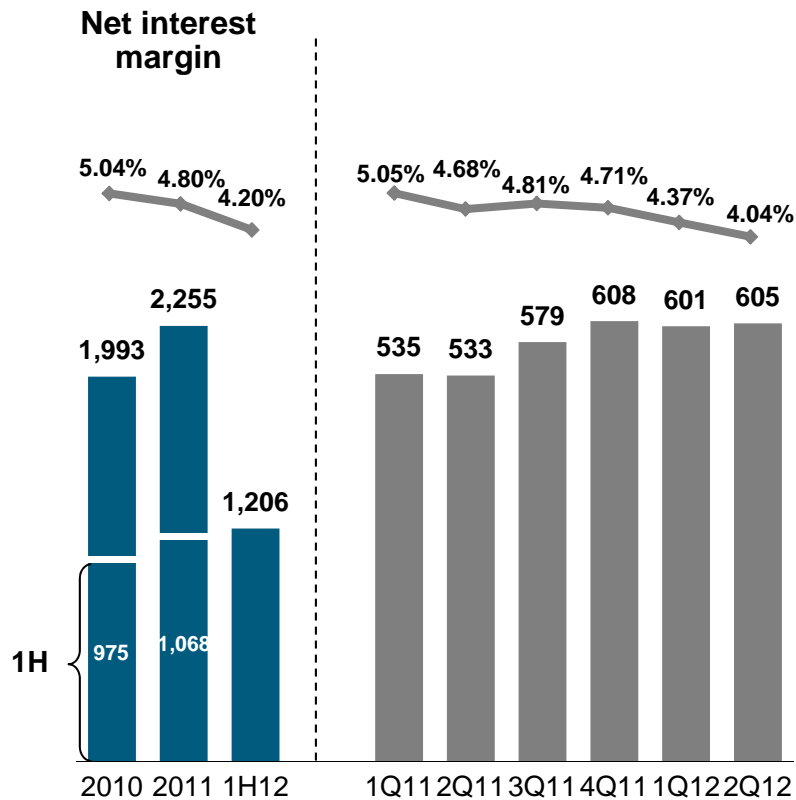
**Loans / Deposits**



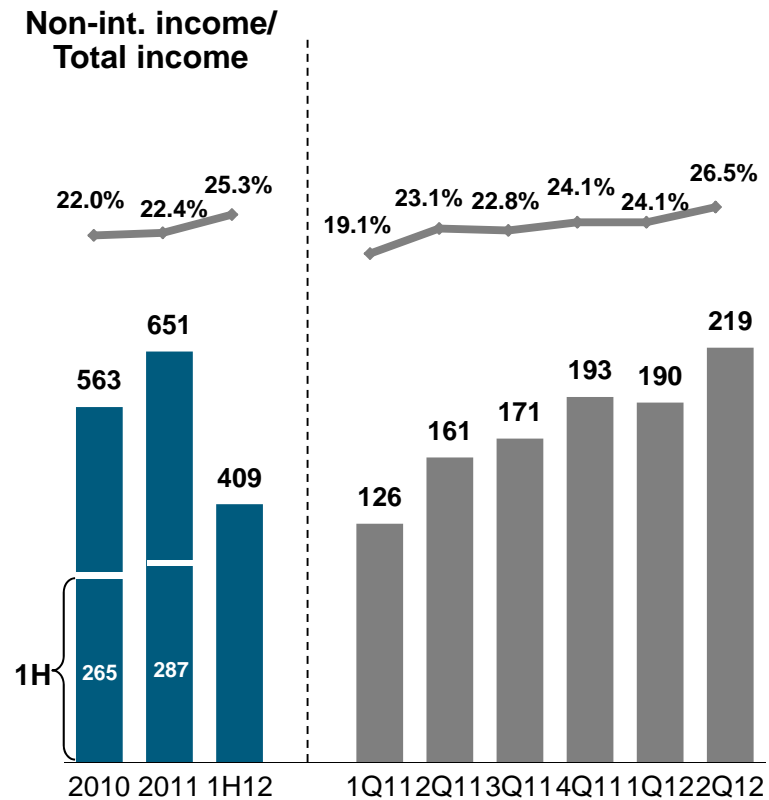
Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

# OCBC NISP: Net interest income up 14% YoY

## Net interest income (Rp b)



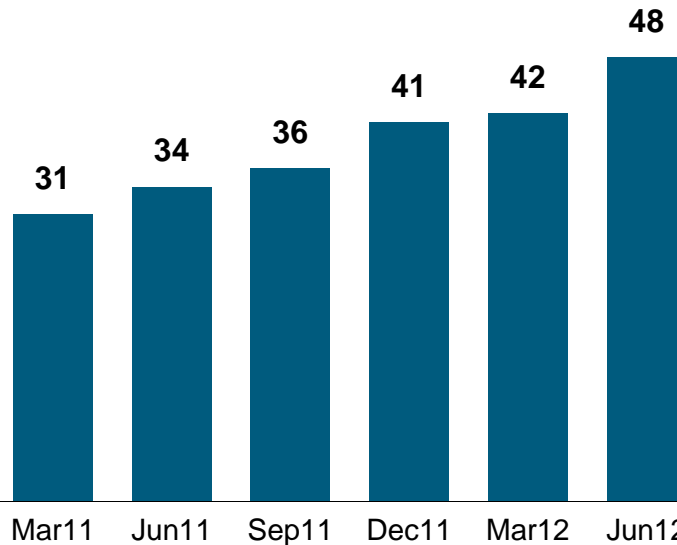
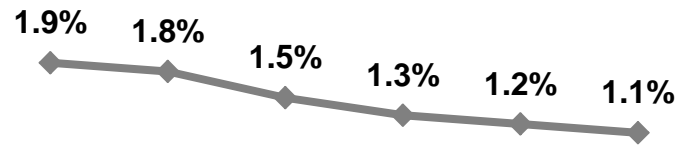
## Non-interest income (Rp b)



# OCBC NISP: Loans grew 39% YoY and 13% QoQ; NPL ratio improved to 1.1%

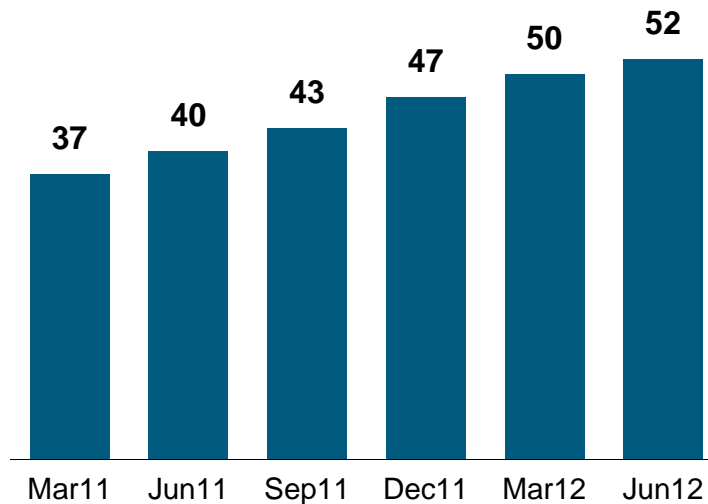
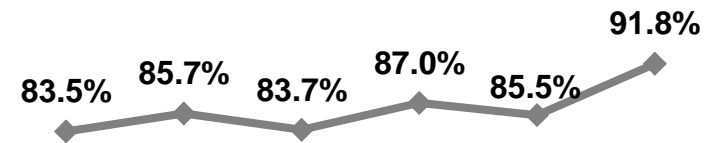
## Gross Loans (Rp t)

### NPL Ratio



## Deposits (Rp t)

### Loans / Deposits



CASA Ratio 60.1% 61.1% 62.7% 60.0% 58.3% 57.3%



# Agenda

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Results Overview

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Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

## OCBC Malaysia: 2Q12 net profit up 5% YoY

<b>OCBC Malaysia</b>	<b>2Q12</b> RM m	<b>2Q11</b> RM m	<b>YoY</b> +/(-)%	<b>1Q12</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	300	297	1	301	(0)
Islamic Financing Income	55	44	25	58	(5)
Non-interest income	177	141	26	135	31
<b>Total income</b>	<b>533</b>	<b>482</b>	<b>11</b>	<b>494</b>	<b>8</b>
Operating expenses	(202)	(178)	14	(192)	5
<b>Operating profit</b>	<b>331</b>	<b>304</b>	<b>9</b>	<b>302</b>	<b>10</b>
Allowances	(34)	(28)	21	(4)	741
Tax	(74)	(64)	16	(75)	(1)
<b>Net profit</b>	<b>223</b>	<b>212</b>	<b>5</b>	<b>223</b>	<b>-</b>

### Key ratios (%)

<b>Costs / Income</b>	<b>37.9</b>	<b>36.9</b>		<b>38.8</b>
<b>ROE</b>	<b>19.1</b>	<b>19.2</b>		<b>18.4</b>



## OCBC Malaysia: 1H12 net profit up 11% YoY

<b>OCBC Malaysia</b>	<b>1H12 RM m</b>	<b>1H11 RM m</b>	<b>YoY +/(-)%</b>	<b>2H11 RM m</b>	<b>HoH +/(-)%</b>
Net interest income	601	586	3	627	(4)
Islamic Financing Income	113	89	27	99	13
Non-interest income	313	260	20	216	45
<b>Total income</b>	<b>1,026</b>	<b>934</b>	<b>10</b>	<b>942</b>	<b>9</b>
Operating expenses	(394)	(347)	14	(400)	(1)
<b>Operating profit</b>	<b>633</b>	<b>587</b>	<b>8</b>	<b>543</b>	<b>17</b>
Allowances	(38)	(58)	(34)	(38)	2
Tax	(149)	(129)	16	(126)	19
<b>Net profit</b>	<b>446</b>	<b>400</b>	<b>11</b>	<b>379</b>	<b>17</b>

### Key ratios (%)

<b>Costs / Income</b>	<b>38.4</b>	<b>37.1</b>		<b>42.4</b>
<b>ROE</b>	<b>18.8</b>	<b>18.3</b>		<b>16.4</b>



# OCBC NISP: 2Q12 net profit up 24% YoY

<b>OCBC NISP</b>	<b>2Q12 RP b</b>	<b>2Q11 RP b</b>	<b>YoY +/(-)%</b>	<b>1Q12 RP b</b>	<b>QoQ +/(-)%</b>
Net interest income	605	533	14	601	1
Non-interest income	219	161	36	190	15
<b>Total income</b>	<b>824</b>	<b>694</b>	<b>19</b>	<b>791</b>	<b>4</b>
Operating expenses	(487)	(425)	15	(471)	4
<b>Operating profit</b>	<b>337</b>	<b>269</b>	<b>25</b>	<b>320</b>	<b>5</b>
Allowances	(61)	(52)	17	(59)	4
Non Op Income / (Expenses)	(1)	2	(147)	7	(111)
Tax	(69)	(53)	32	(67)	4
<b>Net profit</b>	<b>206</b>	<b>166</b>	<b>24</b>	<b>201</b>	<b>2</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>59.1</b>	<b>61.2</b>		<b>59.5</b>	
<b>ROE</b>	<b>11.7</b>	<b>11.5</b>		<b>12.4</b>	



## OCBC NISP: 1H12 net profit up 30% YoY

<b>OCBC NISP</b>	<b>1H12 RP b</b>	<b>1H11 RP b</b>	<b>YoY +/(-)%</b>	<b>2H11 RP b</b>	<b>HoH +/(-)%</b>
Net interest income	1,206	1,068	13	1,187	2
Non-interest income	409	287	43	364	12
<b>Total income</b>	<b>1,615</b>	<b>1,355</b>	<b>19</b>	<b>1,551</b>	<b>4</b>
Operating expenses	(958)	(844)	14	(859)	12
<b>Operating profit</b>	<b>657</b>	<b>511</b>	<b>29</b>	<b>692</b>	<b>(5)</b>
Allowances	(120)	(110)	8	(100)	20
Non Op Income / (Expenses)	6	13	(56)	-	100
Tax	(136)	(102)	34	(151)	(10)
<b>Net profit</b>	<b>407</b>	<b>312</b>	<b>30</b>	<b>441</b>	<b>(8)</b>

### Key ratios (%)

<b>Costs / Income</b>	<b>59.3</b>	<b>62.3</b>		<b>55.4</b>	
<b>ROE</b>	<b>12.0</b>	<b>10.9</b>		<b>14.8</b>	

■ Second Quarter 2012 Results  
Thank You

