

# Third Quarter 2012 Results Presentation

9 November 2012



# Agenda

## Results Overview

### 3Q12 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

# 3Q12 Highlights

**Reported net profit of S\$1.85b, boosted by divestment gains.**

**Core earnings grew 41% to S\$724m; increased contributions across all key markets.**

- Higher net interest income driven by loan growth despite NIM compression; QoQ NIM compression slowed;
- Robust growth in wealth management fee income;
- Better trading performance and increased profit from life assurance;
- Operating expenses rose in line with business activities;
- Asset quality remained healthy, NPL ratio improved to 0.8% QoQ;
- Strong capital position, Tier 1 and total CAR at 15.9% and 18.0% respectively.

# 3Q12 core net profit up 41% YoY and 12% QoQ

<b>OCBC Group</b>	<b>3Q12 S\$m</b>	<b>3Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>2Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	944	874	8	931	1
Non-interest income	754	436	73	596	27
<b>Total income</b>	<b>1,698</b>	<b>1,310</b>	<b>30</b>	<b>1,527</b>	<b>11</b>
Operating expenses	(685)	(611)	12	(661)	4
<b>Operating profit</b>	<b>1,013</b>	<b>699</b>	<b>45</b>	<b>866</b>	<b>17</b>
Amortisation of intangibles	(15)	(15)	(2)	(15)	-
Allowances	(70)	(38)	86	(38)	88
Associates & JVs	4	3	50	12	(66)
Tax & non-controlling interests ("NCI")	(208)	(136)	53	(177)	18
<b>Core net profit</b>	<b>724</b>	<b>513</b>	<b>41</b>	<b>648</b>	<b>12</b>
Divestment gain, net of tax	1,126 <sup>1/</sup>	-	-	-	-
<b>Net profit</b>	<b>1,850</b>	<b>513</b>	<b>260</b>	<b>648</b>	<b>186</b>



<sup>1/</sup> Gain from divestment of the Group's shareholdings in Fraser and Neave, Limited ("F&N") and Asia Pacific Breweries Limited ("APB")

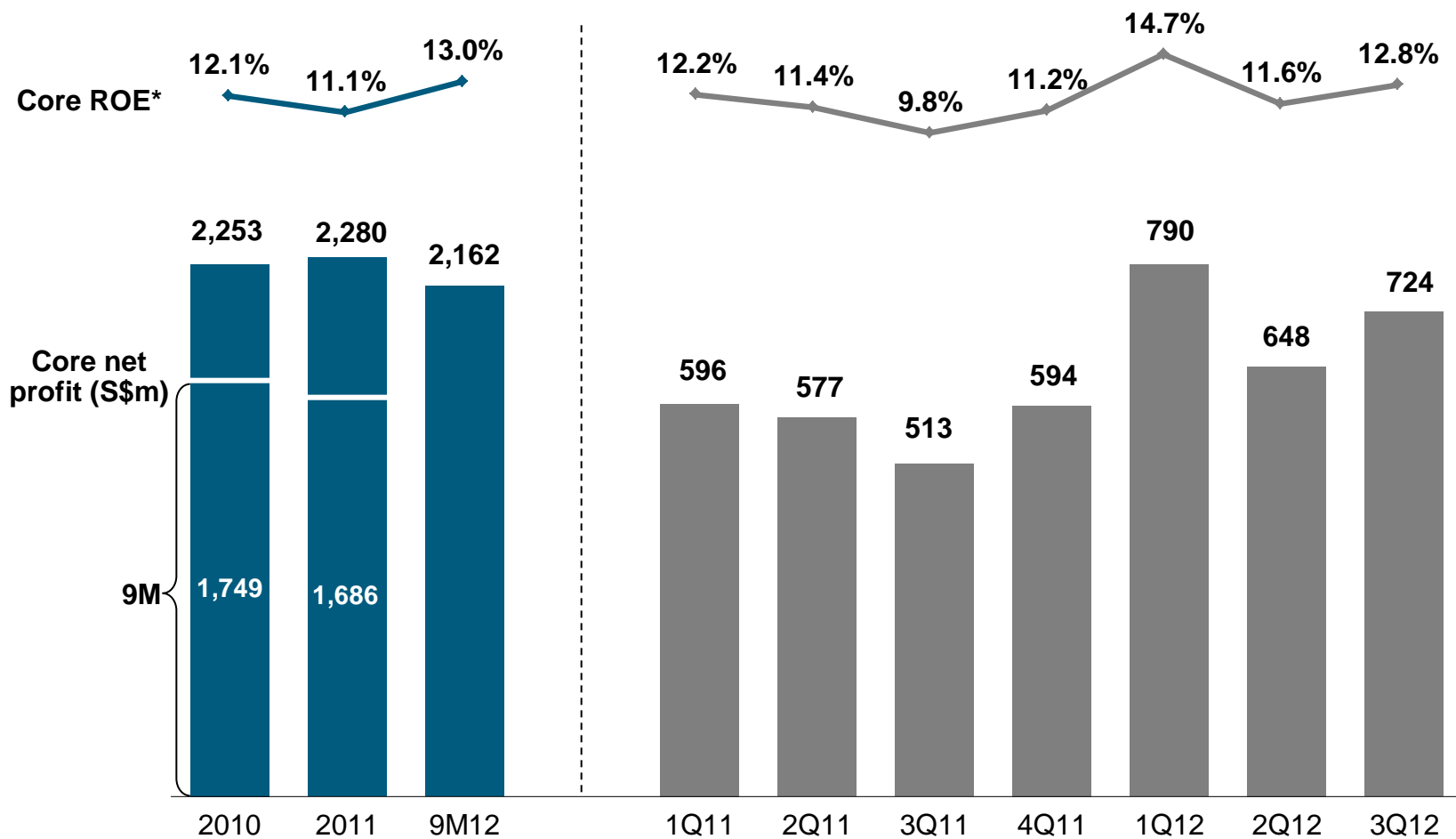
# 9M12 core earnings driven by broad-based revenue growth, up 28% YoY

<b>OCBC Group</b>	<b>9M12 S\$m</b>	<b>9M11 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	2,827	2,486	14
Non-interest income	2,140	1,639	31
<b>Total income</b>	<b>4,967</b>	<b>4,125</b>	<b>20</b>
Operating expenses	(1,971)	(1,810)	9
<b>Operating profit</b>	<b>2,996</b>	<b>2,315</b>	<b>29</b>
Amortisation of intangibles	(45)	(46)	(2)
Allowances	(204)	(143)	42
Associates & JVs	22	33	(33)
Tax & NCI	(607)	(473)	28
<b>Core net profit</b>	<b>2,162</b>	<b>1,686</b>	<b>28</b>
Divestment gain, net of tax	1,168 <sup>1/</sup>	32 <sup>2/</sup>	nm
<b>Net profit</b>	<b>3,330</b>	<b>1,718</b>	<b>94</b>

# Key ratios

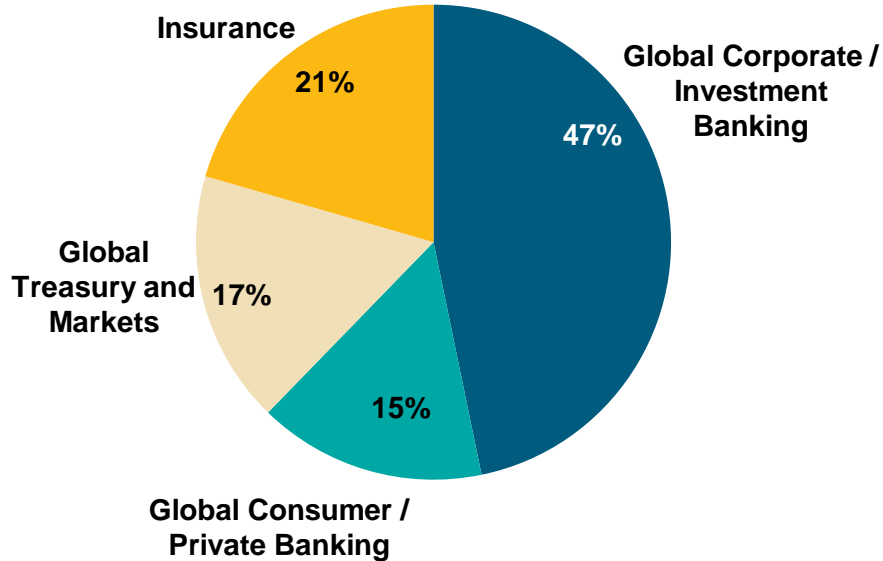
<b>Based on core earnings</b>	<b>3Q12</b> %	<b>3Q11</b> %	<b>2Q12</b> %	<b>9M12</b> %	<b>9M11</b> %
Net interest margin	1.75	1.85	1.77	1.79	1.87
Non-interest income / Total income	44.4	33.3	39.0	43.1	39.7
Costs / Income	40.3	46.6	43.3	39.7	43.9
Loans / Deposits	87.7	88.0	85.3	87.7	88.0
NPL Ratio	0.8	0.7	0.9	0.8	0.7
Allowances / NPAs	128.1	129.8	125.4	128.1	129.8
ROE	12.8	9.8	11.6	13.0	11.1
Cash ROE	13.0	10.1	11.9	13.2	11.4

# ROE of 13.0% for 9M12

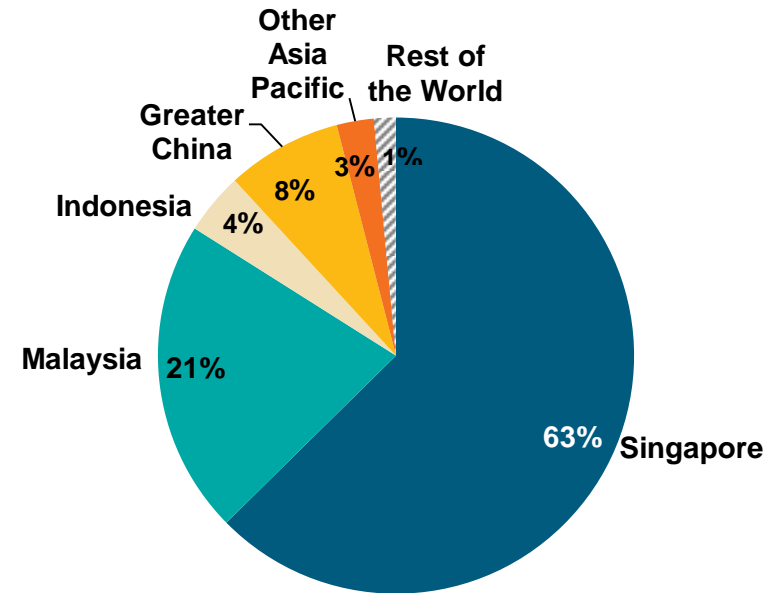


# Profit contribution by business and geography

**9M12 PBT  
by Business\***



**9M12 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

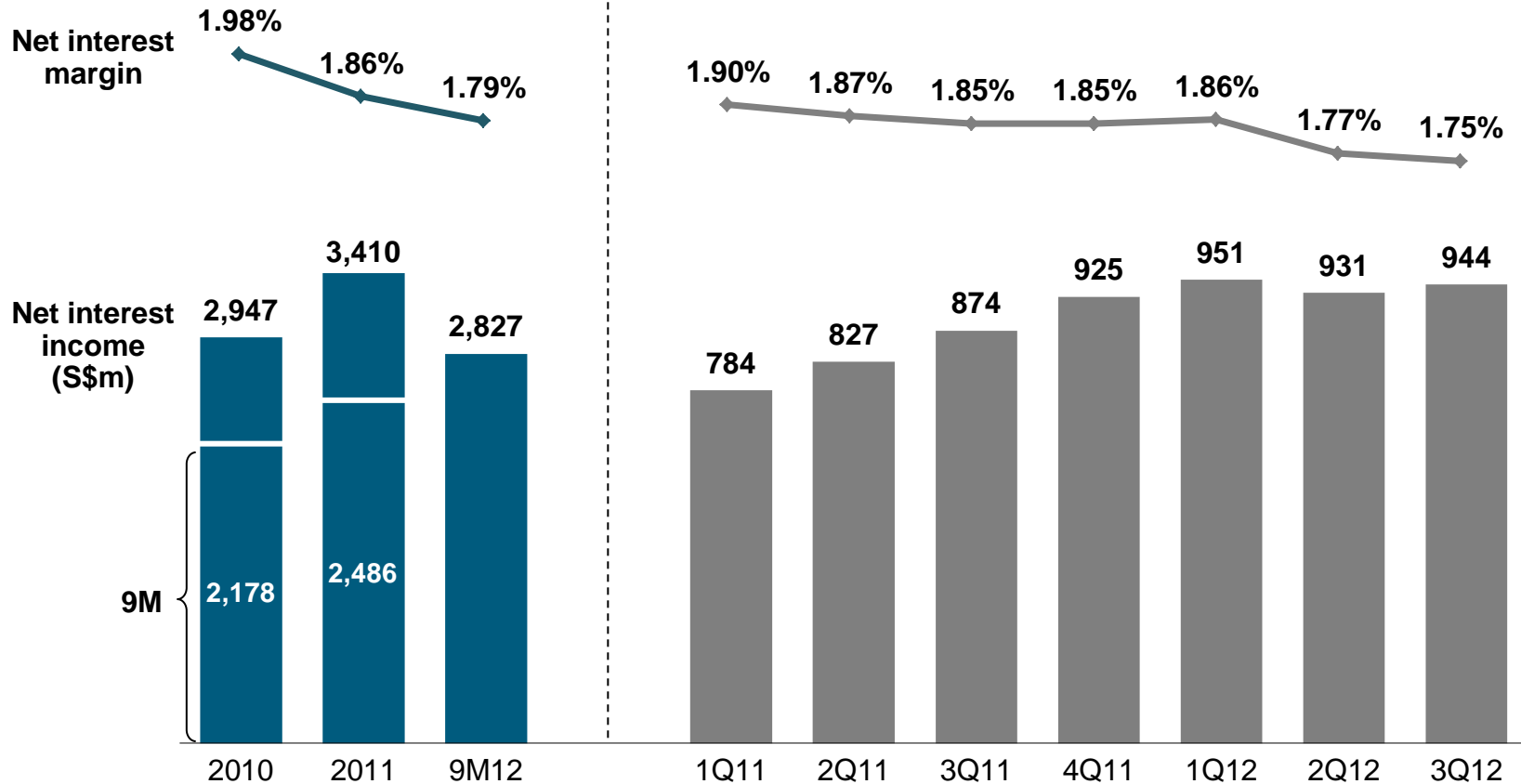
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Results Overview

3Q12 Performance Trends

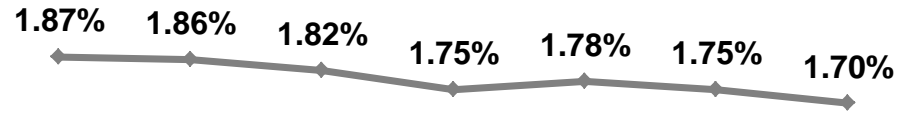
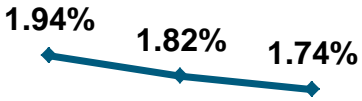
Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

# Net interest income up 8% YoY driven by asset growth; QoQ margin compression slowed

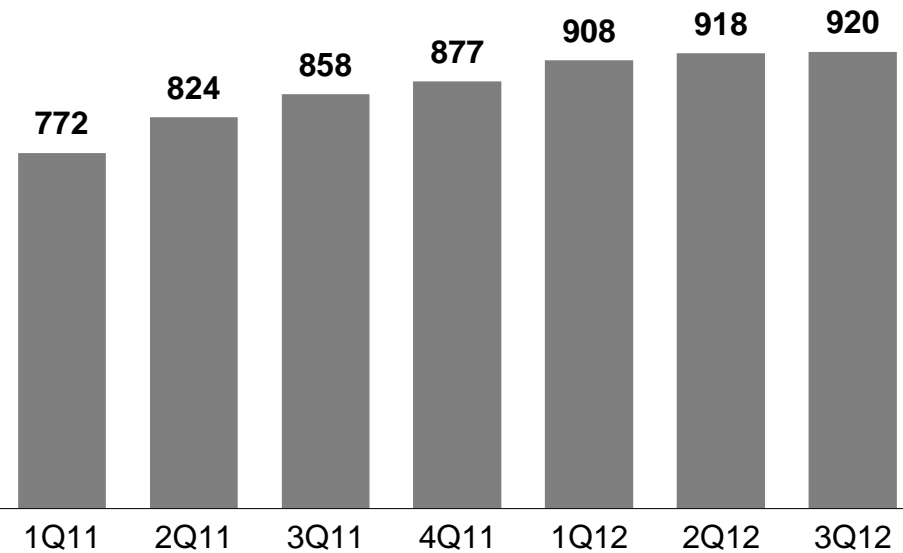
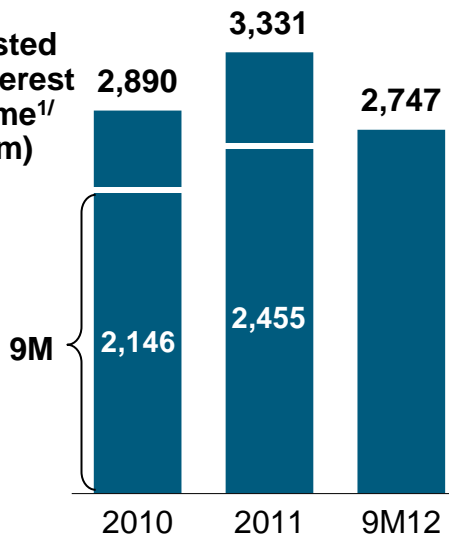


# Net interest income less specific allowances up 7% YoY; reflecting effective credit risk management

Adjusted net interest margin<sup>1/</sup>



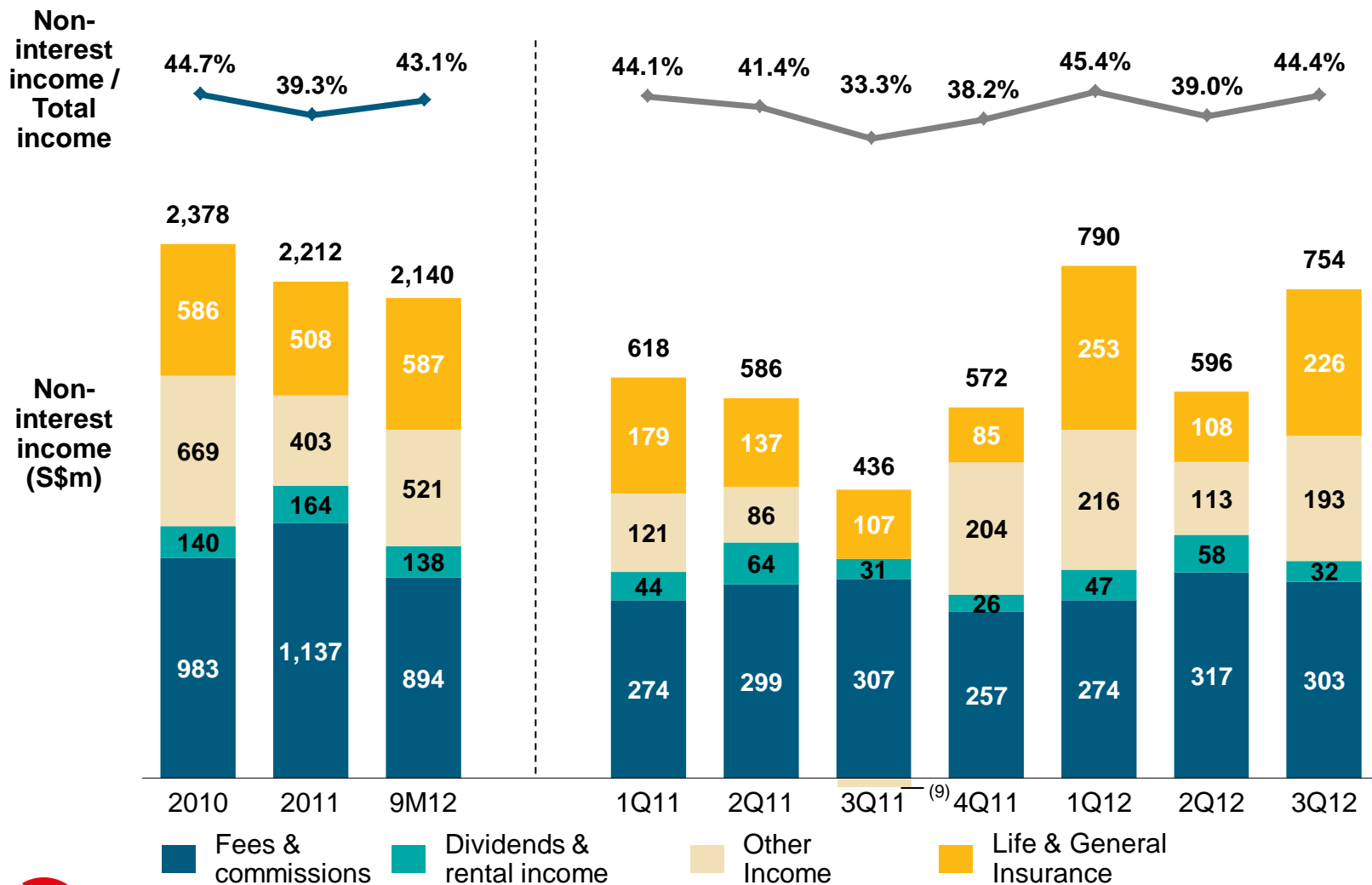
Adjusted net interest income<sup>1/</sup> (S\$m)



**OCBC Bank**

<sup>1/</sup> Net interest income adjusted for specific allowances for loans

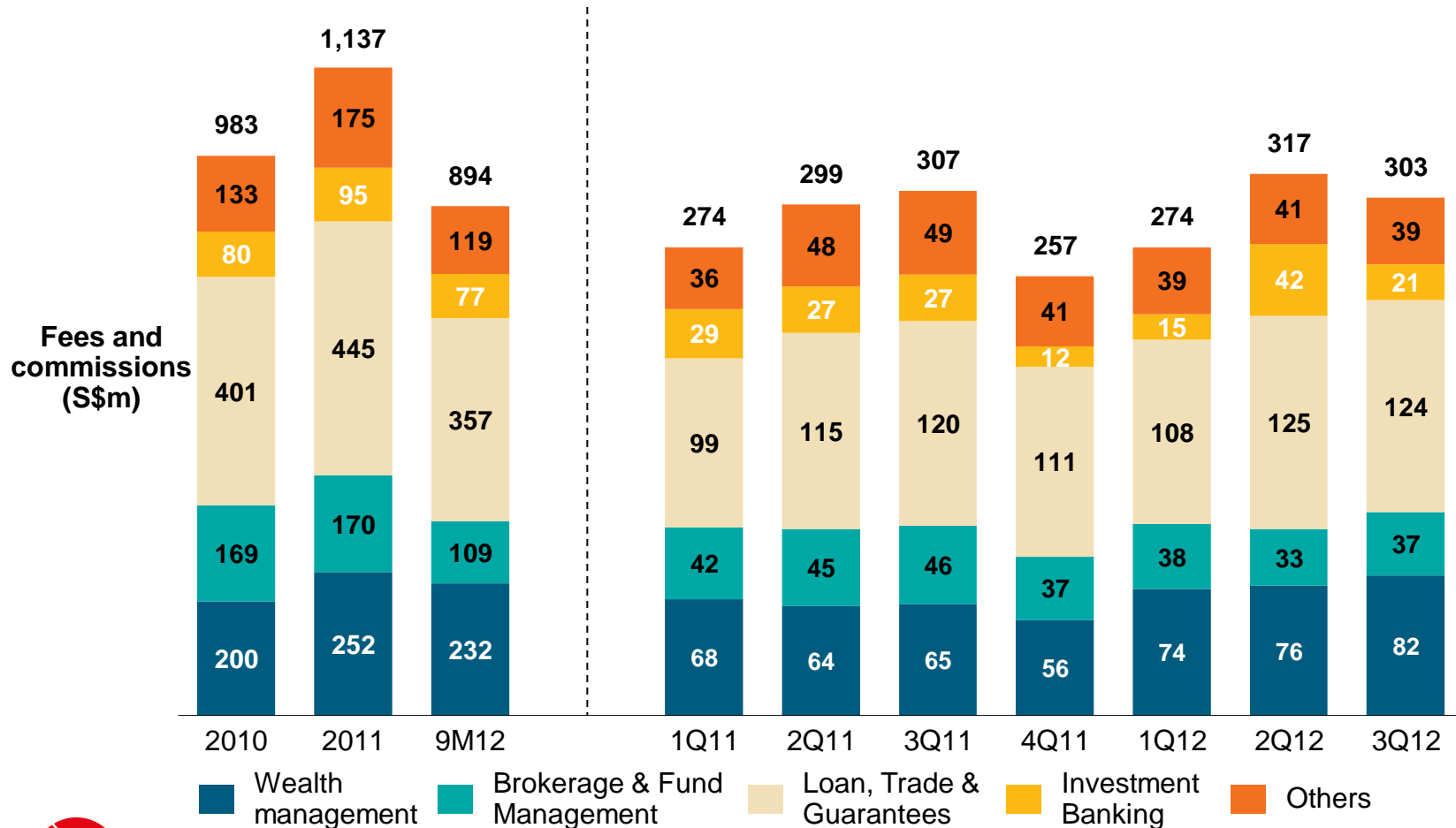
# Non-interest income up 73% YoY



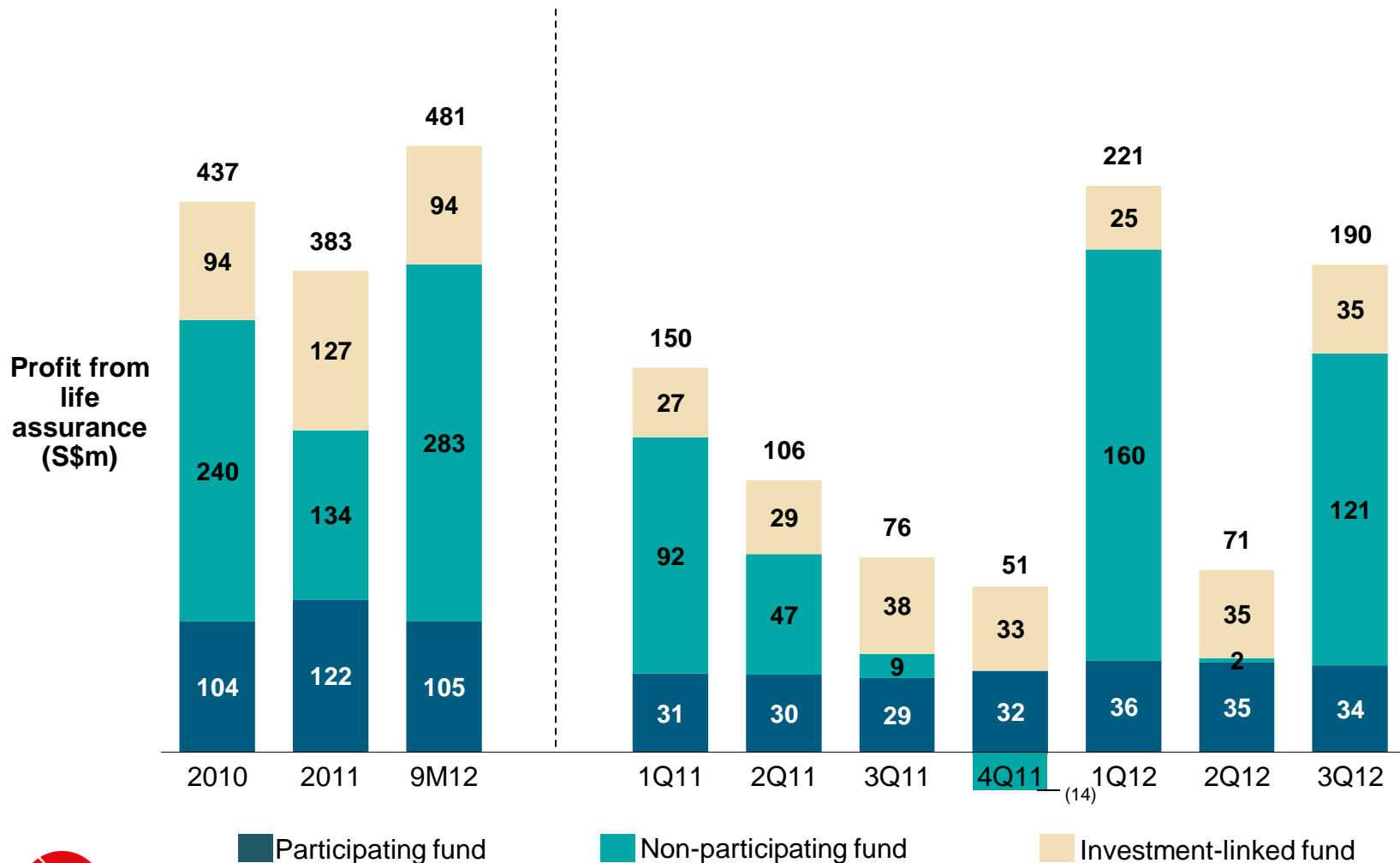
**OCBC Bank**

Note: Excludes gains from divestment of non-core assets

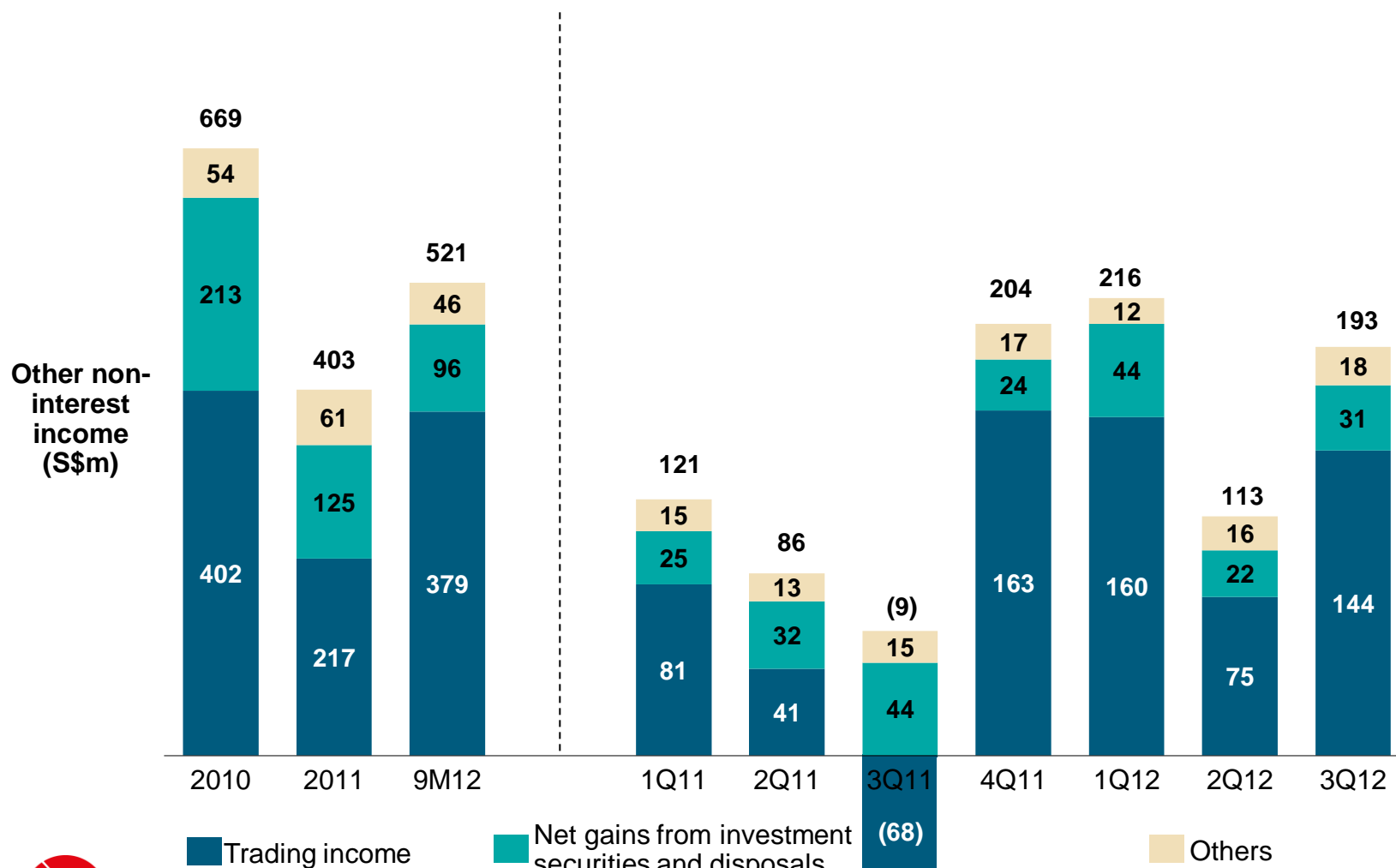
# Fee income flat YoY; steady growth from wealth management activities



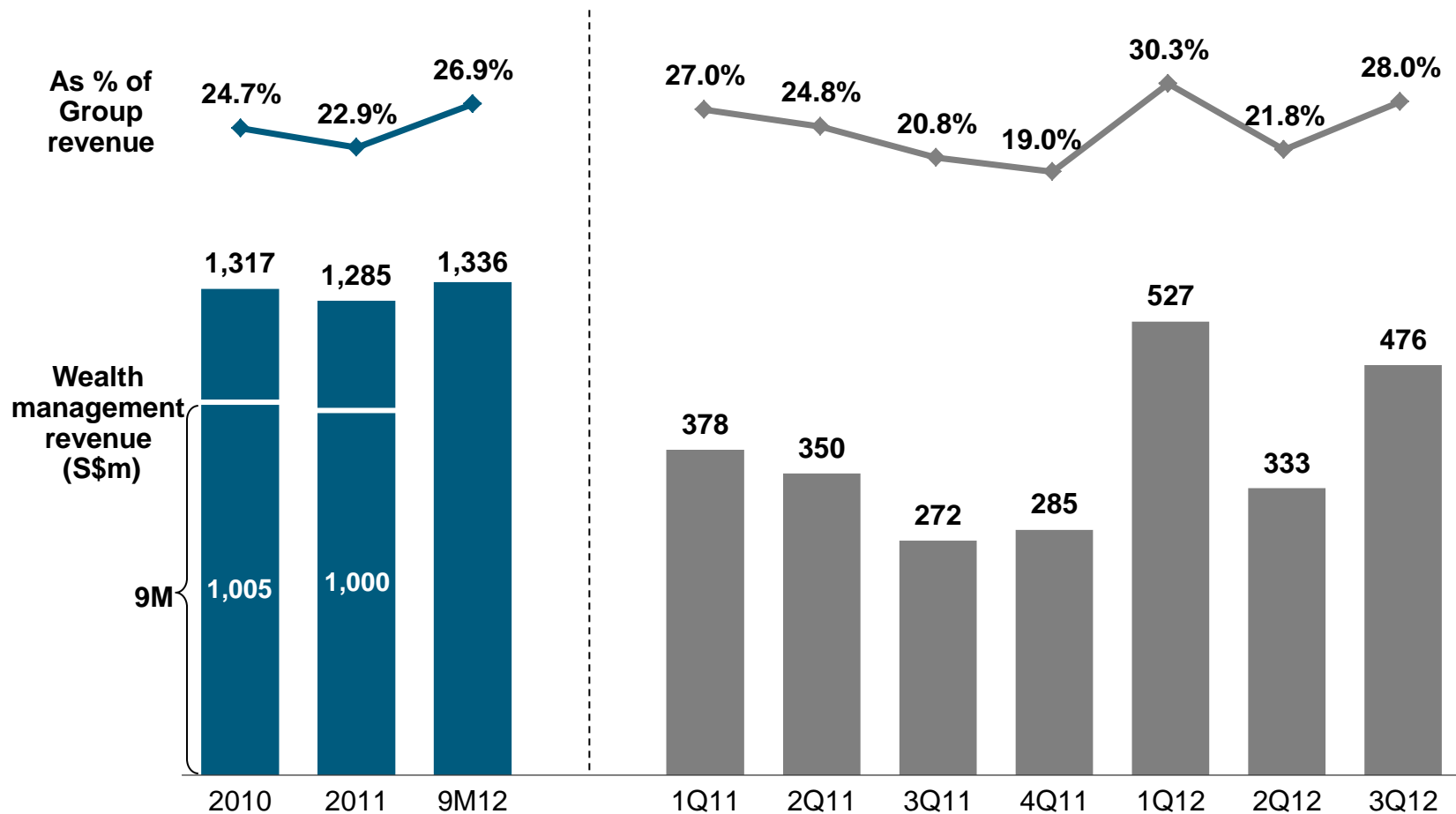
# Profit from life assurance rose 150%, as a result of stronger investment and underwriting performance



# Other non-interest income rebounded YoY; driven by better trading performance

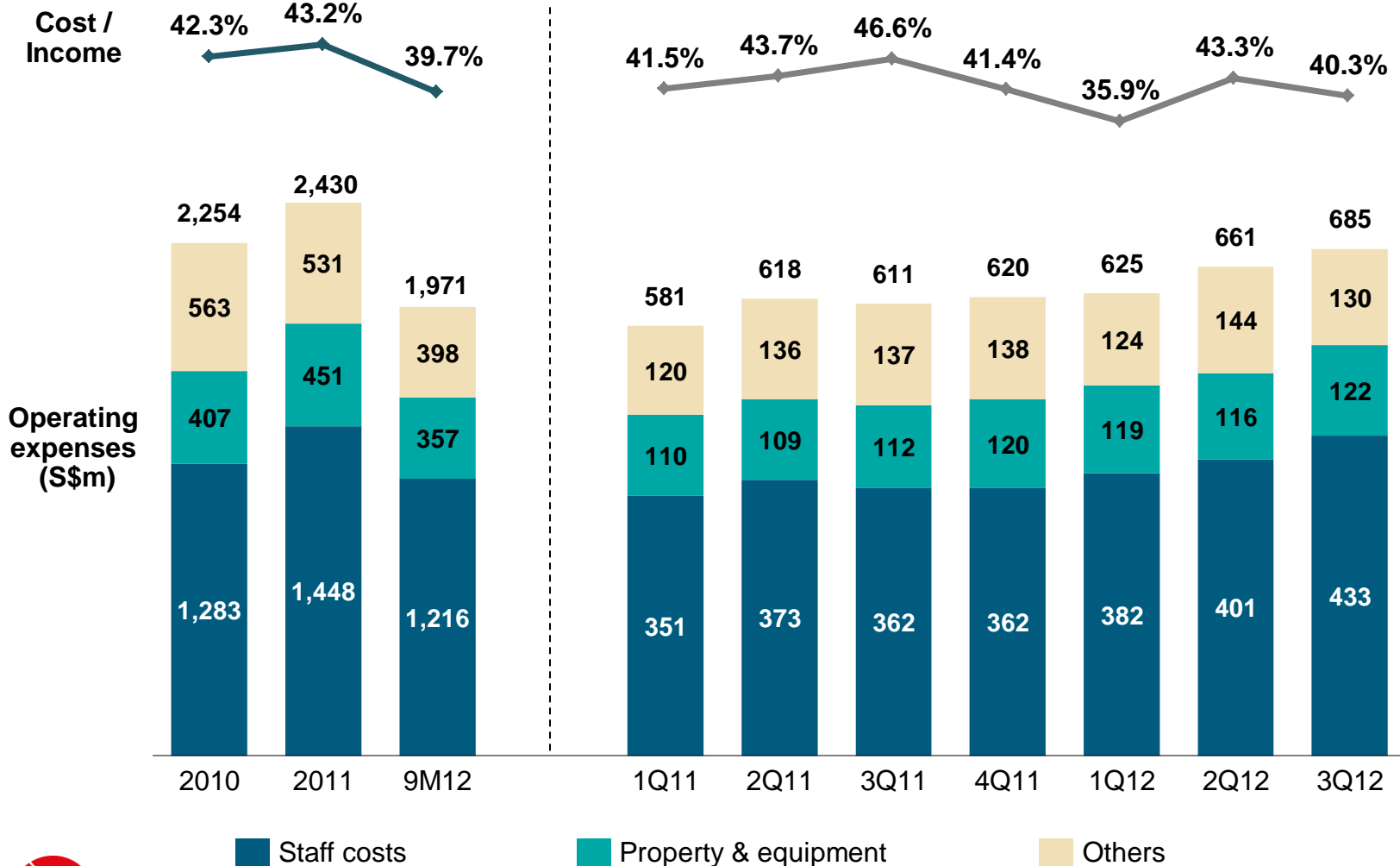


# Wealth management revenue up 75% YoY

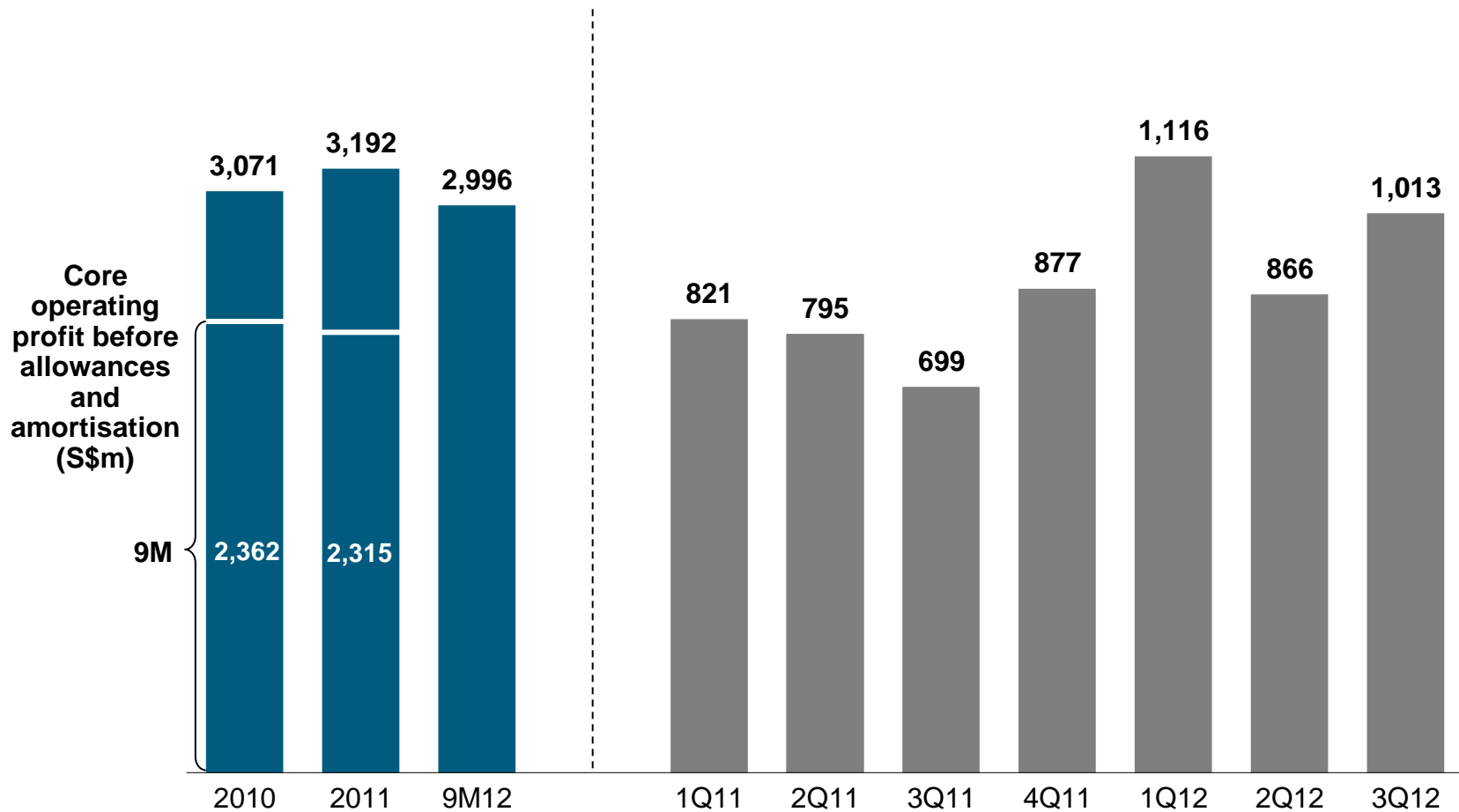




# Cost remained well managed, resulting in better cost-to-income ratio



# Core operating profit up 45% YoY



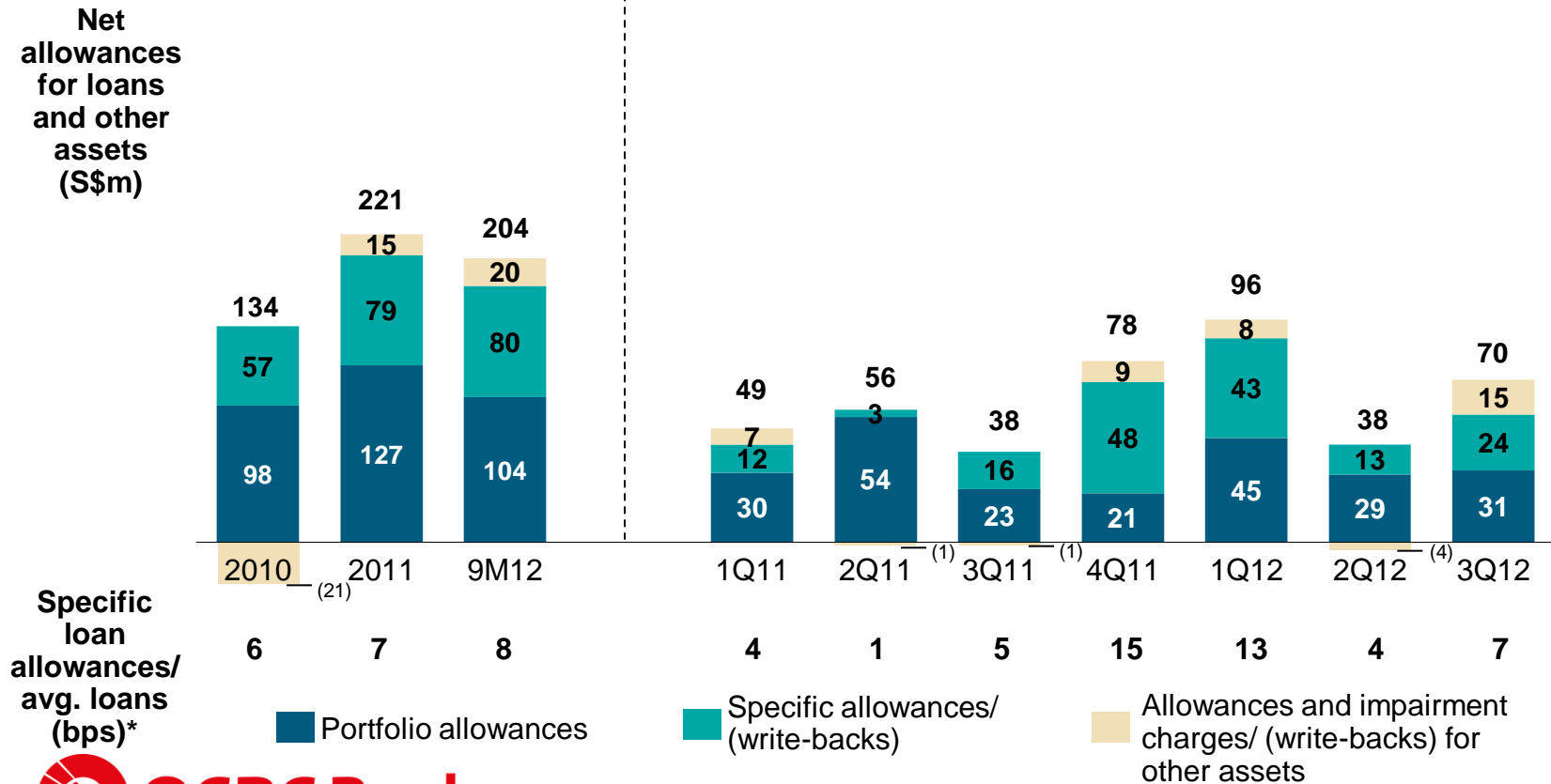
# 3Q12 net profit before GEH contribution up 16% YoY

<b>OCBC Group</b>	<b>3Q12 S\$m</b>	<b>3Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>2Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	928	860	8	918	1
Non-interest income	496	336	47	455	9
<b>Total income</b>	<b>1,424</b>	<b>1,196</b>	<b>19</b>	<b>1,373</b>	<b>4</b>
Operating expenses	(636)	(561)	13	(608)	5
<b>Operating profit</b>	<b>788</b>	<b>635</b>	<b>24</b>	<b>765</b>	<b>3</b>
Allowances	(70)	(37)	88	(37)	87
Associates & JVs	6	6	(5)	13	(53)
Amortisation, tax & NCI	(157)	(115)	37	(153)	3
<b>Core net profit</b>	<b>567</b>	<b>489</b>	<b>16</b>	<b>587</b>	<b>(3)</b>
Divestment gain, net of tax	786 <sup>1/</sup>	-	-	-	-
<b>Net profit before GEH contribution</b>	<b>1,352</b>	<b>489</b>	<b>177</b>	<b>587</b>	<b>130</b>
<b>GEH net profit contribution</b>	<b>498</b>	<b>25</b>	<b>nm</b>	<b>61</b>	<b>719</b>
<b>OCBC Group net profit</b>	<b>1,850</b>	<b>513</b>	<b>260</b>	<b>648</b>	<b>186</b>

# 9M12 net profit before GEH contribution up 20% YoY

<b>OCBC Group</b>	<b>9M12 S\$m</b>	<b>9M11 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	2,781	2,447	14
Non-interest income	1,421	1,149	24
<b>Total income</b>	<b>4,203</b>	<b>3,596</b>	<b>17</b>
Operating expenses	(1,825)	(1,669)	9
<b>Operating profit</b>	<b>2,378</b>	<b>1,927</b>	<b>23</b>
Allowances	(203)	(142)	43
Associates & JVs	27	37	(26)
Amortisation, tax & NCI	(477)	(383)	25
<b>Core net profit</b>	<b>1,724</b>	<b>1,439</b>	<b>20</b>
Divestment gain, net of tax	827 <sup>1/</sup>	32 <sup>2/</sup>	nm
<b>Net profit before GEH contribution</b>	<b>2,552</b>	<b>1,471</b>	<b>73</b>
<b>GEH net profit contribution</b>	<b>778</b>	<b>248</b>	<b>214</b>
<b>OCBC Group net profit</b>	<b>3,330</b>	<b>1,718</b>	<b>94</b>

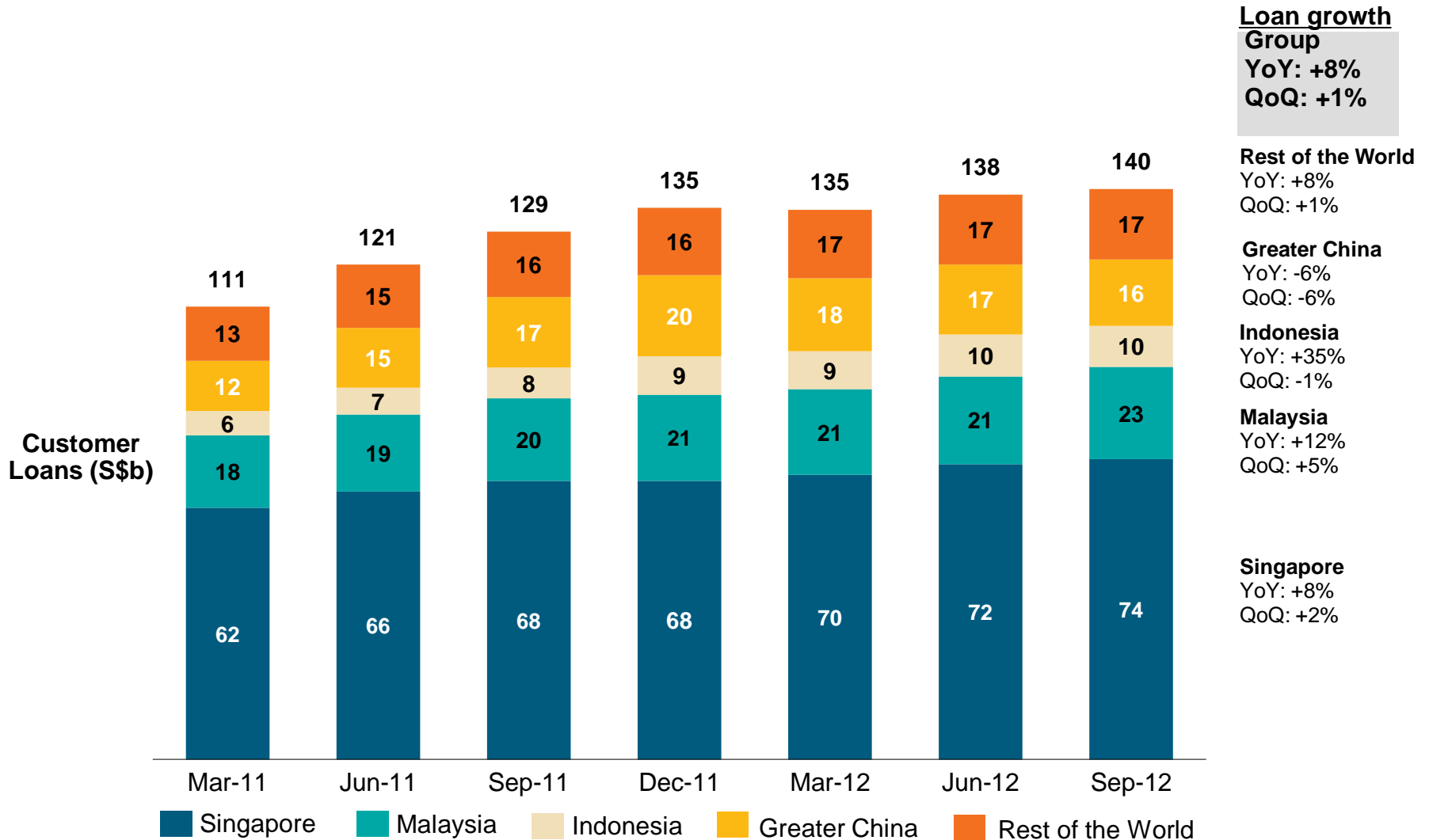
# Net allowances higher YoY; credit quality remains strong



# Movement in specific allowances for loans

	3Q12 S\$m	3Q11 S\$m	2Q12 S\$m	9M12 S\$m	9M11 S\$m
Allowances for new and existing NPLs	57	48	67	203	144
Write-backs <sup>1/</sup>	(24)	(22)	(44)	(92)	(76)
Recoveries <sup>2/</sup>	(9)	(10)	(11)	(31)	(37)
<b>Net specific allowances</b>	<b>24</b>	<b>16</b>	<b>13</b>	<b>80</b>	<b>31</b>

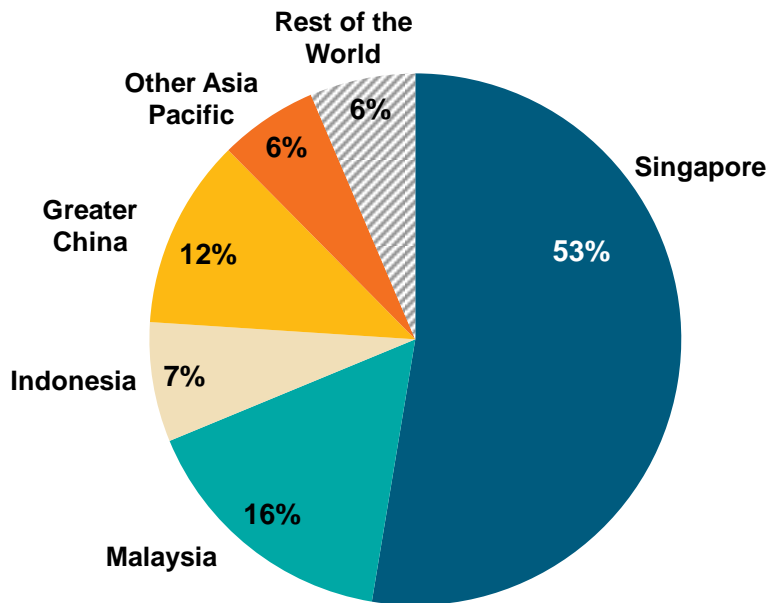
# Loans grew 8% YoY and 1% QoQ



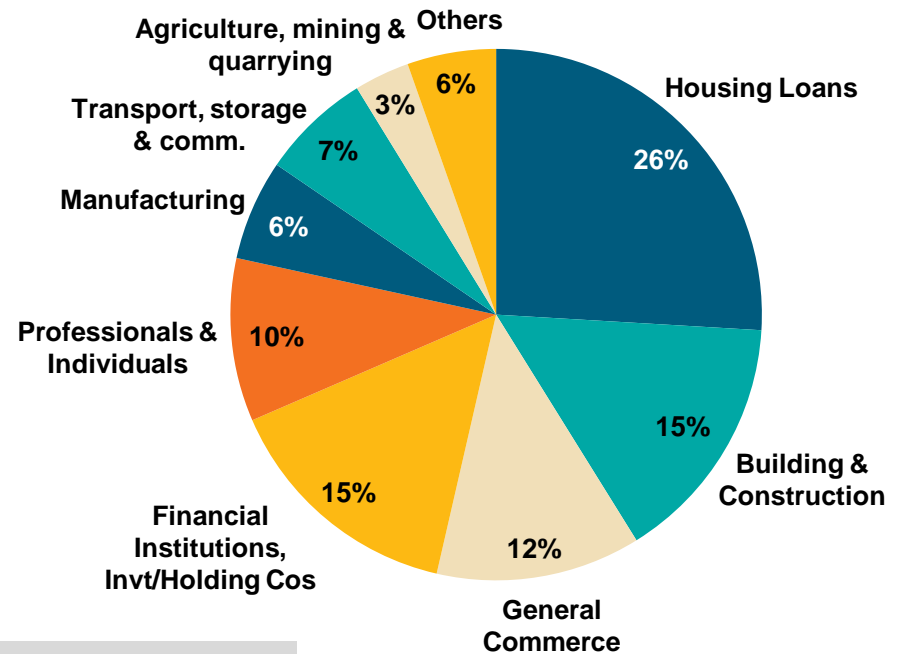
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

# Loan book remained diversified across geographies and sectors

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



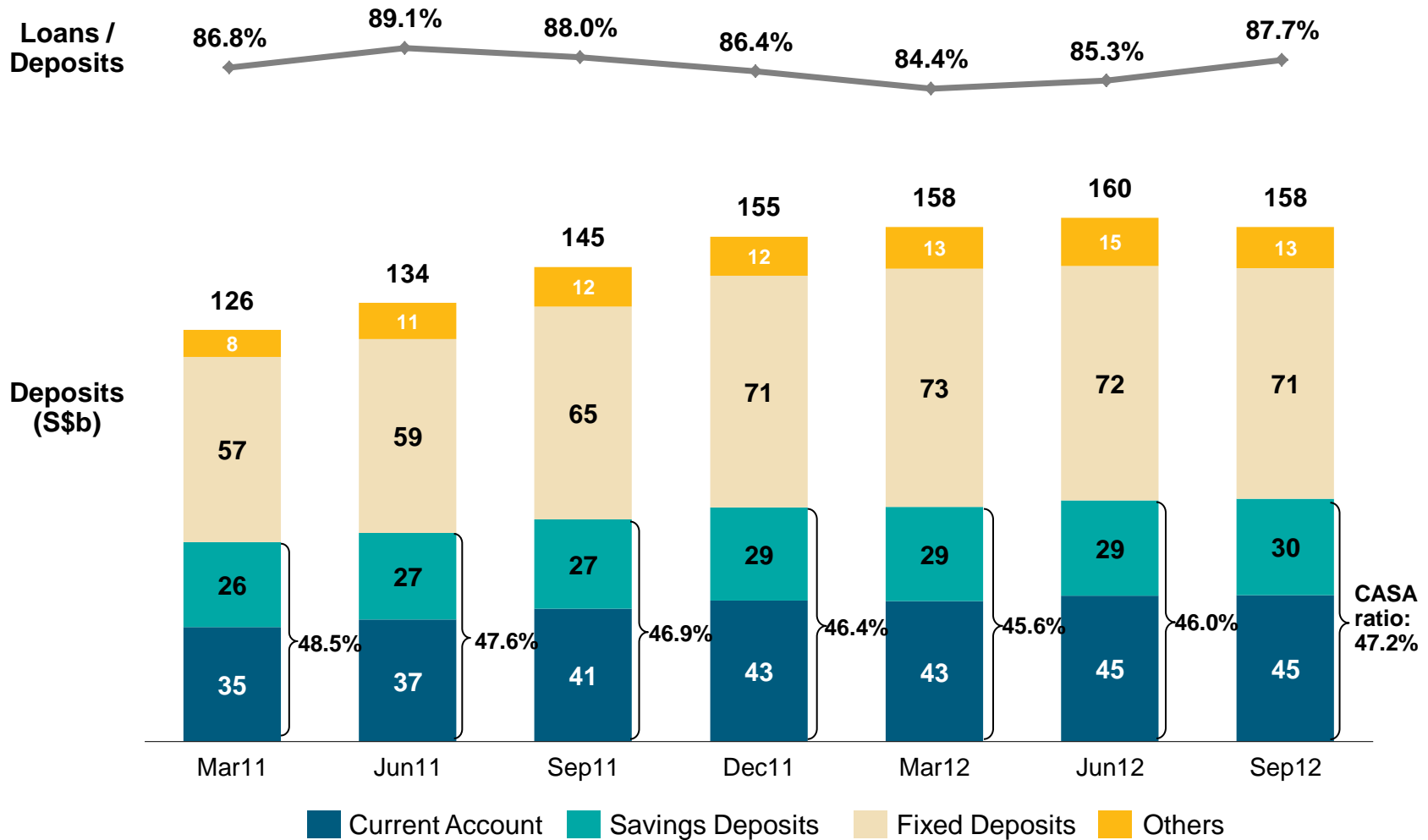
**Customer Loans by Industry  
As of 30 September 2012**



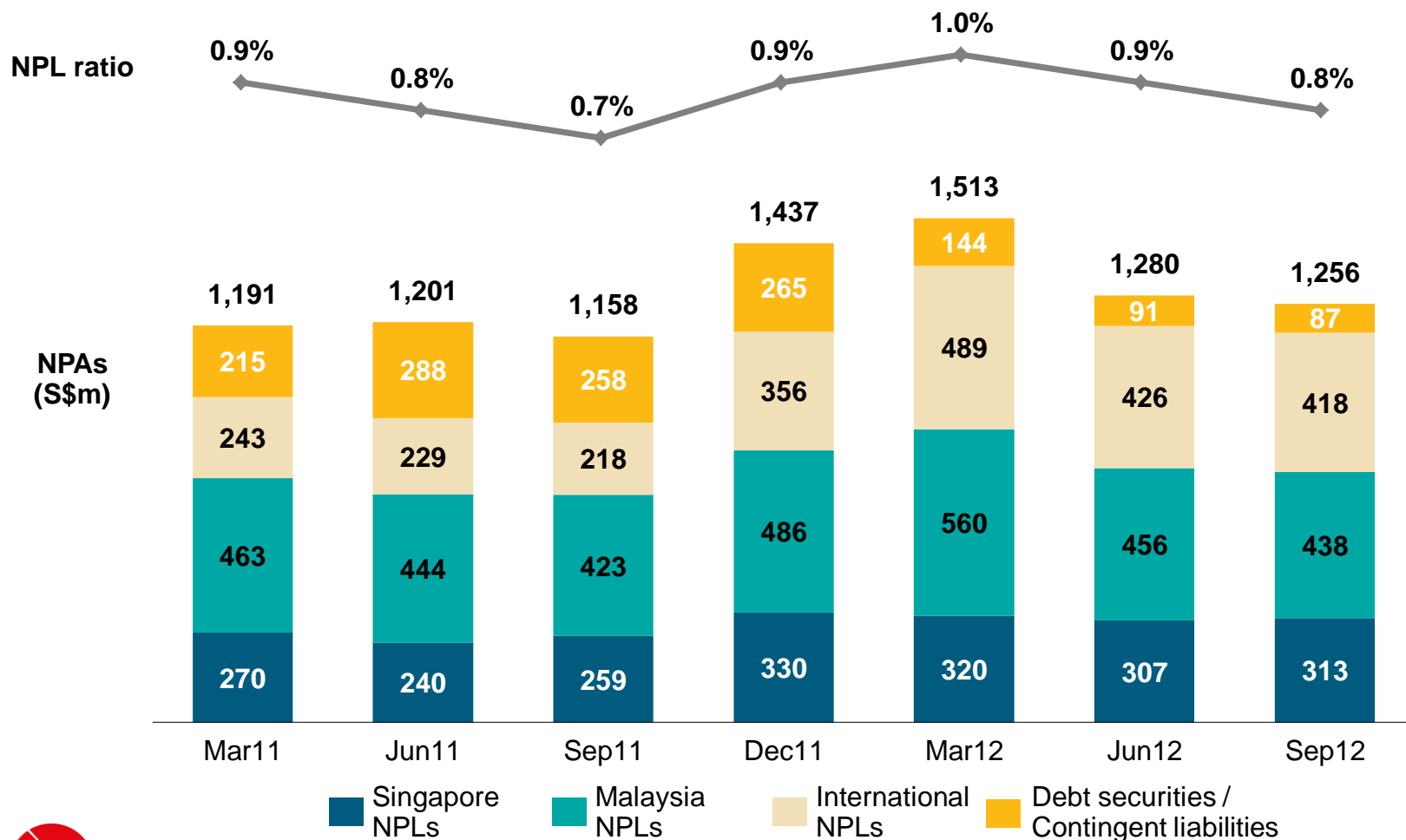
**Total: S\$140b**



# Customer deposits up 8% YoY; CASA ratio improved to 47.2%



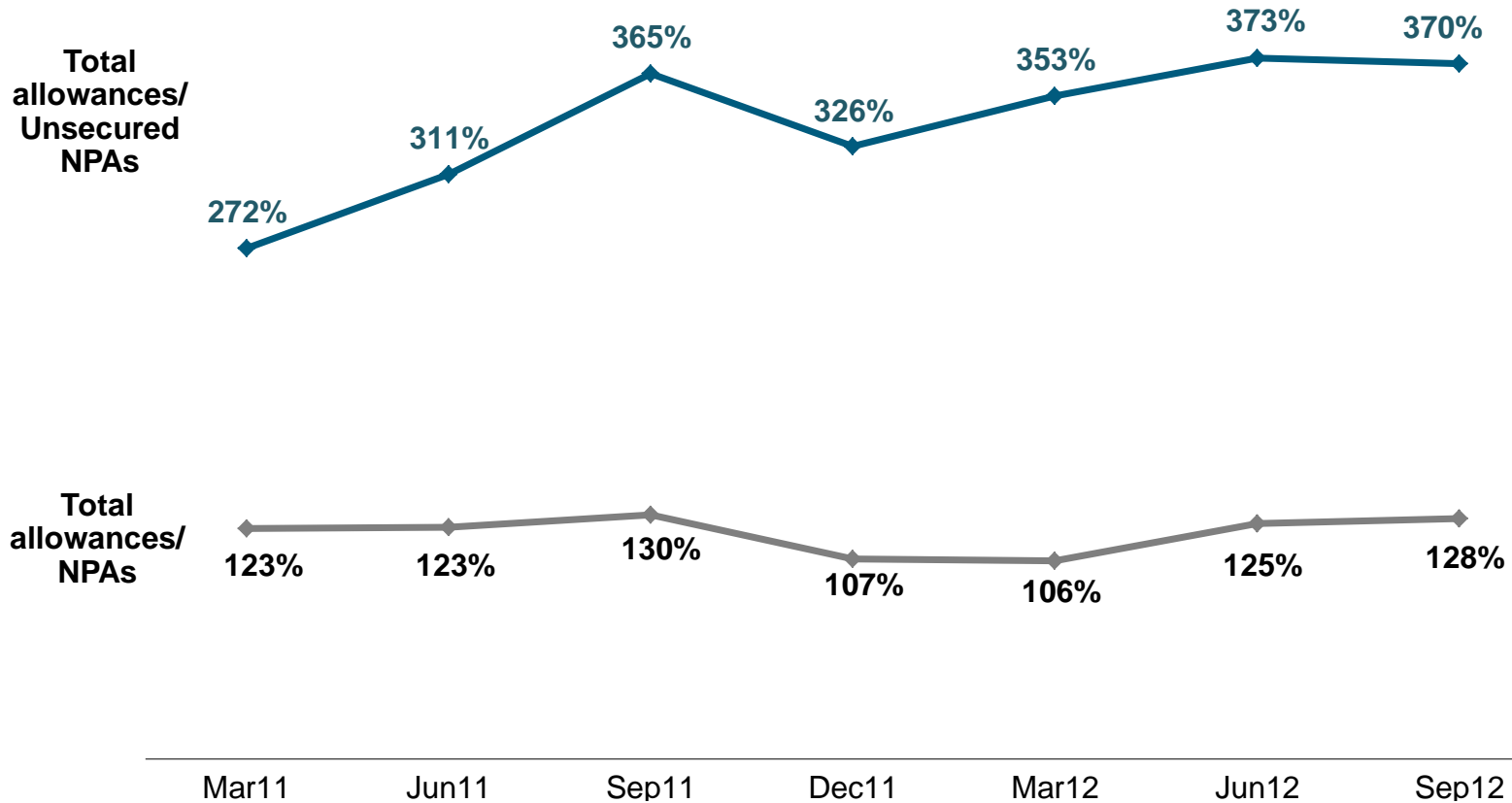
# Total NPAs declined 2% QoQ; NPL ratio further improved to 0.8%



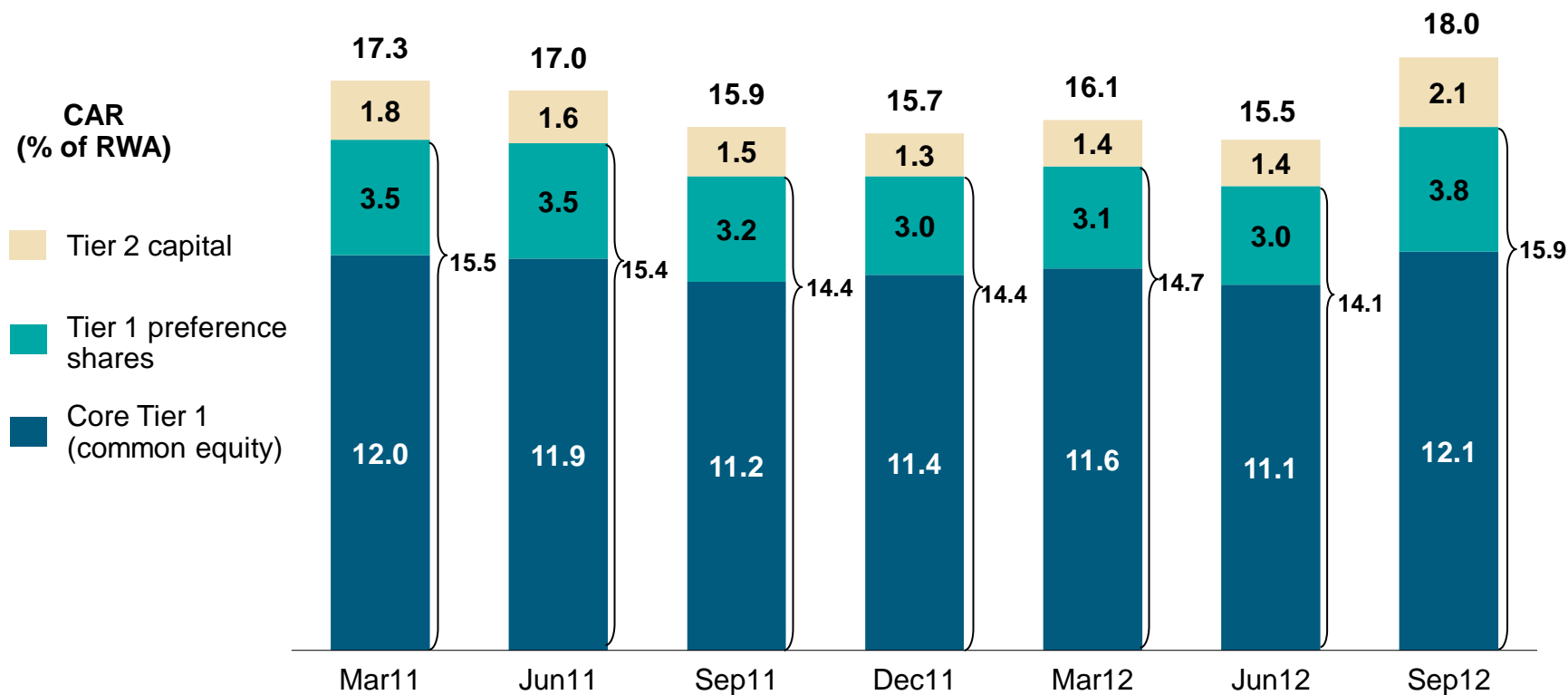
# NPAs declined 2% QoQ, driven by lower new NPAs

	3Q12 S\$m	3Q11 S\$m	2Q12 S\$m	9M12 S\$m	9M11 S\$m
NPAs – Opening balance	1,280	1,201	1,513	1,437	1,208
New NPAs	142	116	156	601	474
New recoveries/upgrades	(116)	(122)	(349)	(669)	(422)
Write-offs	(50)	(37)	(40)	(113)	(102)
<b>NPAs – Closing balance</b>	<b>1,256</b>	<b>1,158</b>	<b>1,280</b>	<b>1,256</b>	<b>1,158</b>

# Allowance coverage ratios of 128% of total NPAs and 370% of unsecured NPAs



# Capital position remained strong: Tier 1 ratio of 15.9% and Core Tier 1 ratio of 12.1%



<b>Tier 1 capital (S\$m)</b>	17,469	17,764	17,654	18,612	19,024	18,981	20,934
<b>Tier 1 prefs. (S\$m)</b>	3,961	3,957	3,957	3,958	3,958	3,954	4,954
<b>RWA (S\$m)</b>	112,558	115,318	121,997	128,507	129,183	134,467	131,263



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

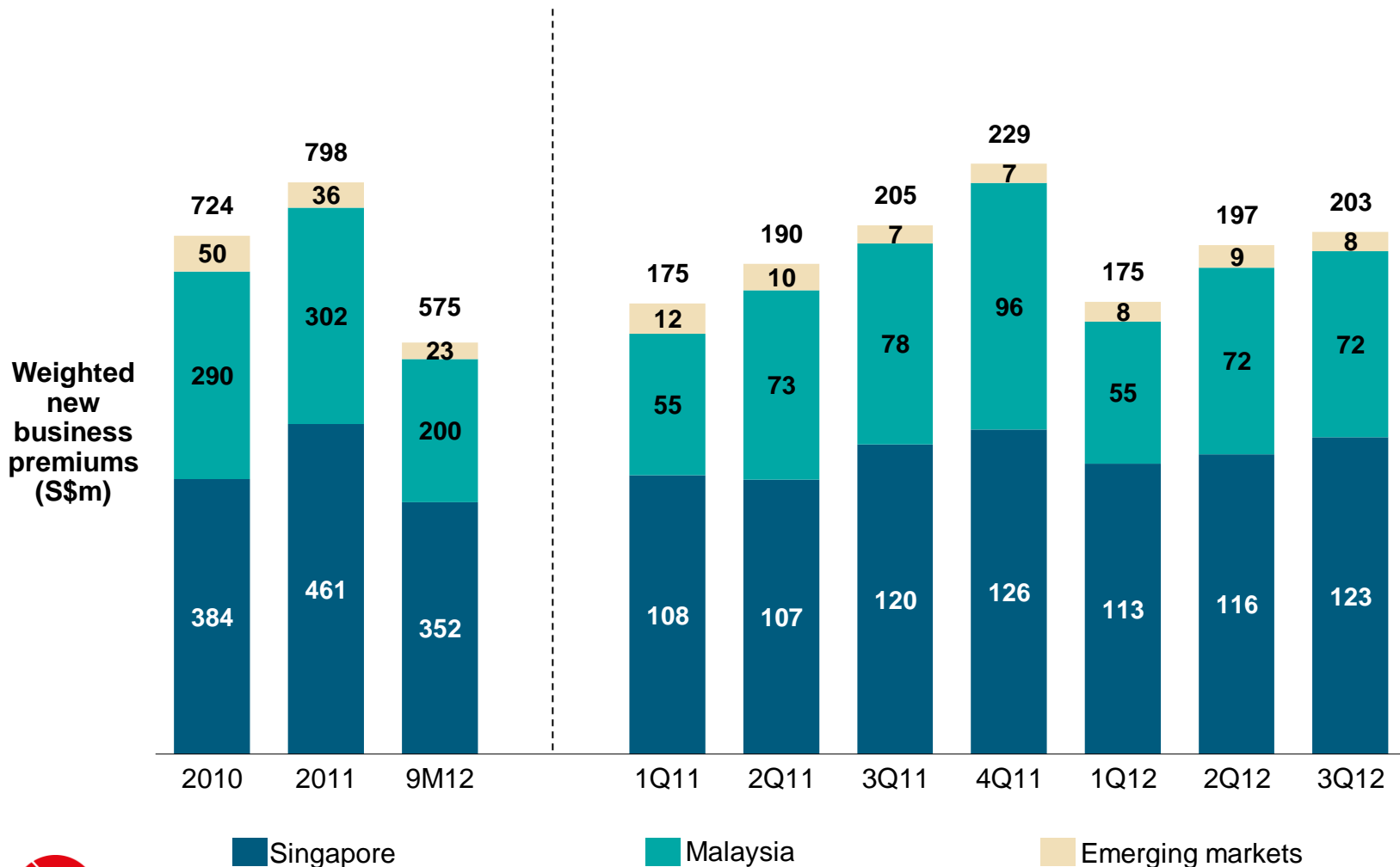
# GEH: Third quarter core earnings contribution driven by strong investment and underwriting performance

<b>GEH Contribution</b>	<b>3Q12 S\$m</b>	<b>3Q11 S\$m</b>	<b>YoY +/(-)%</b>	<b>2Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Total income	275	113	142	154	78
Operating expenses	(50)	(49)	-	(53)	(6)
<b>Operating profit</b>	<b>225</b>	<b>64</b>	<b>252</b>	<b>101</b>	<b>122</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	(0)	-	0	-
Associates & JVs	(0)	(4)	(96)	(1)	(82)
Tax & non-controlling interests	(56)	(23)	139	(28)	97
<b>Core net profit contribution</b>	<b>157</b>	<b>25</b>	<b>531</b>	<b>61</b>	<b>159</b>
Divestment gain, net of tax	341 <sup>1/</sup>	-	-	-	-
<b>Net profit contribution</b>	<b>498</b>	<b>25</b>	<b>nm</b>	<b>61</b>	<b>719</b>

# GEH: 9M12 core net profit up 77% YoY; accounting for 20% of Group core net profit

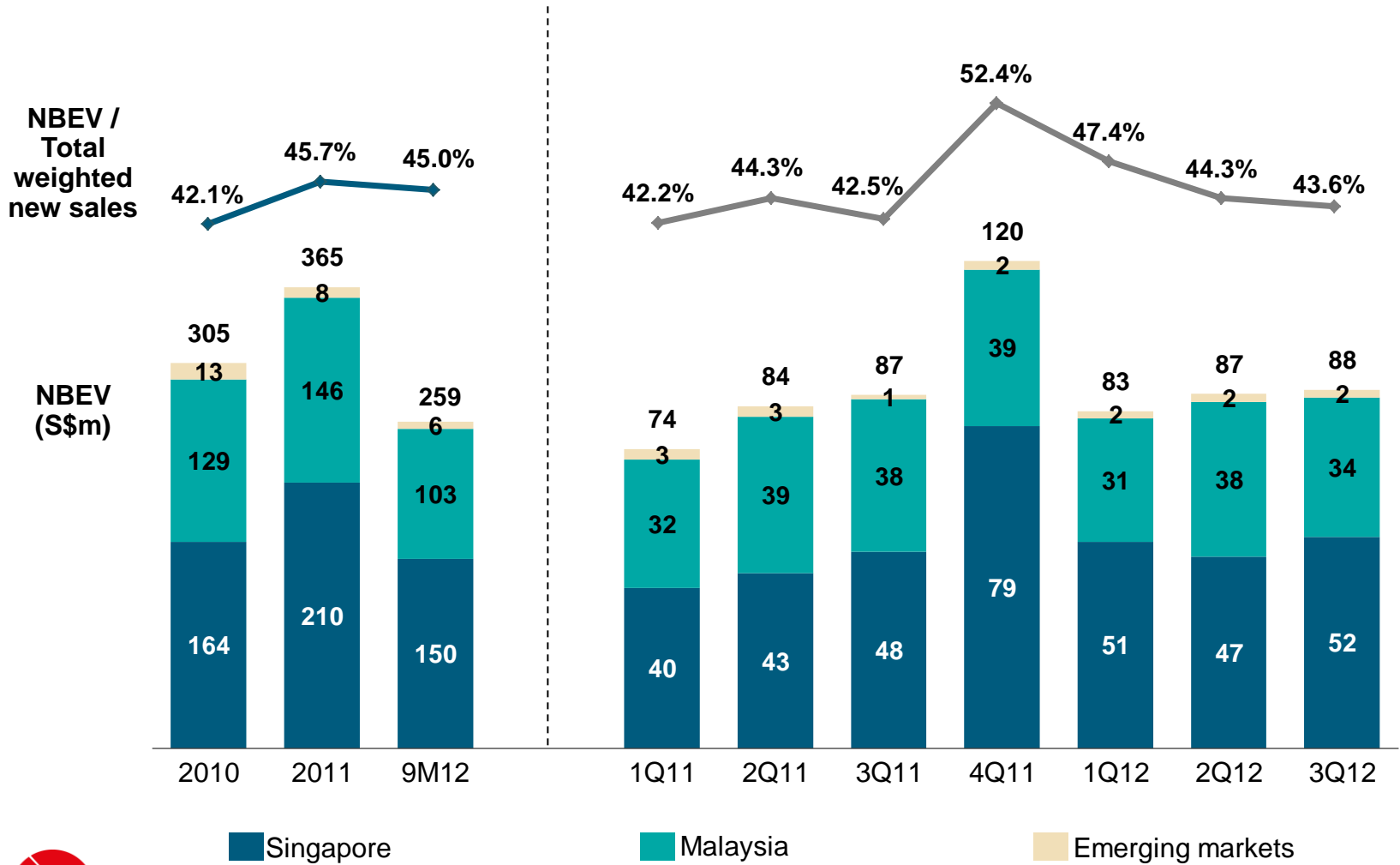
<b>GEH Contribution</b>	<b>9M12 S\$m</b>	<b>9M11 S\$m</b>	<b>YoY +/(-)%</b>
Total income	764	529	44
Operating expenses	(146)	(141)	4
<b>Operating profit</b>	<b>618</b>	<b>388</b>	59
Amortisation of intangibles	(35)	(35)	-
Allowances	(1)	(1)	(26)
Associates & JVs	0	(4)	107
Tax & non-controlling interests	(145)	(101)	44
<b>Core net profit contribution</b>	<b>437</b>	<b>248</b>	<b>77</b>
Divestment gain, net of tax	341 <sup>1/</sup>	-	-
<b>Net profit contribution</b>	<b>778</b>	<b>248</b>	<b>214</b>

# GEH: Underlying insurance business remained healthy; total weighted new sales stable YoY





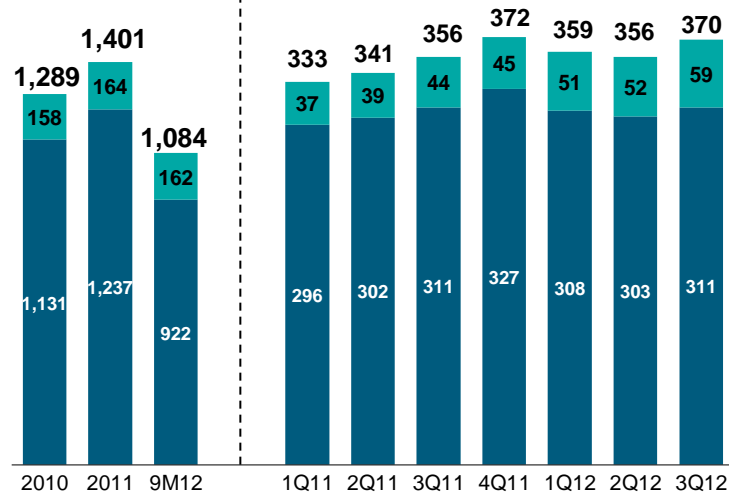
# GEH: 3Q12 new business embedded value up 1% YoY; and grew 6% YoY in 9M12



# OCBC Malaysia: Total net interest income and Islamic financing income up 4% YoY; non-interest income up 41% YoY

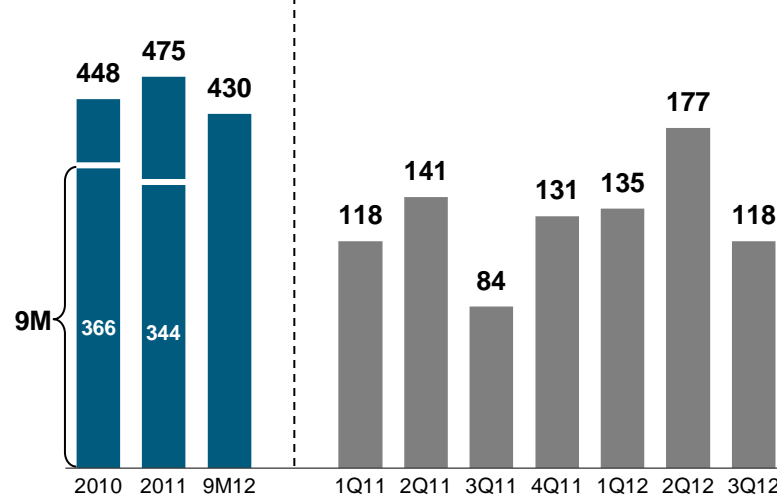
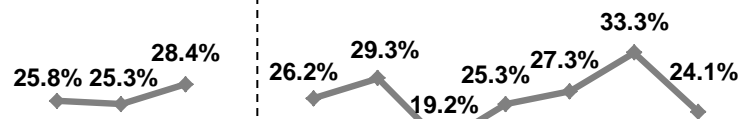
## Net interest income and Islamic financing Income (RM m)

### Net Interest/financing margin



## Non-interest income (RM m)

### Non-int. income/Total income



Net interest income Islamic financing income

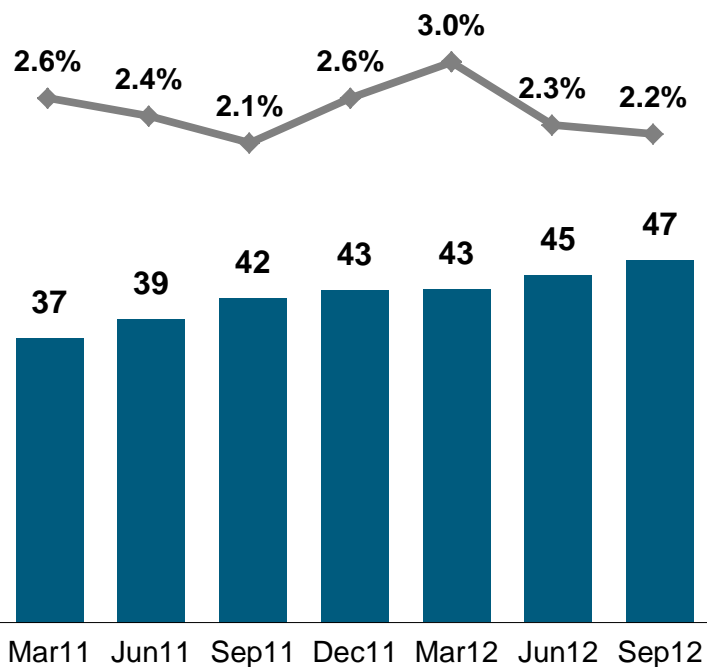


Note: Based on Bank Negara Malaysia's guidelines and Malaysia accounting standards

# OCBC Malaysia: Loans grew 12% YoY and 5% QoQ; NPL ratio further improved

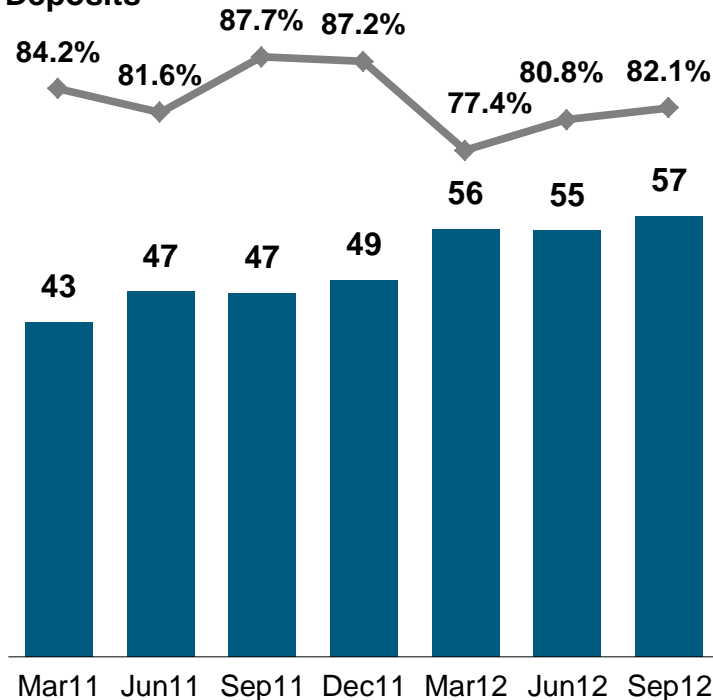
## Gross Loans (RM b)

### NPL Ratio



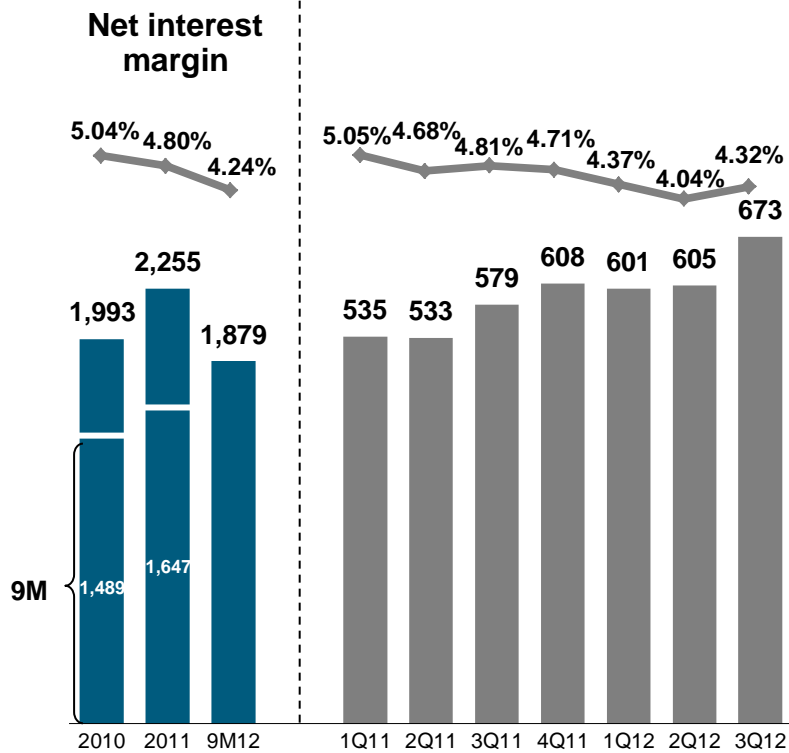
## Deposits (RM b)

### Loans / Deposits

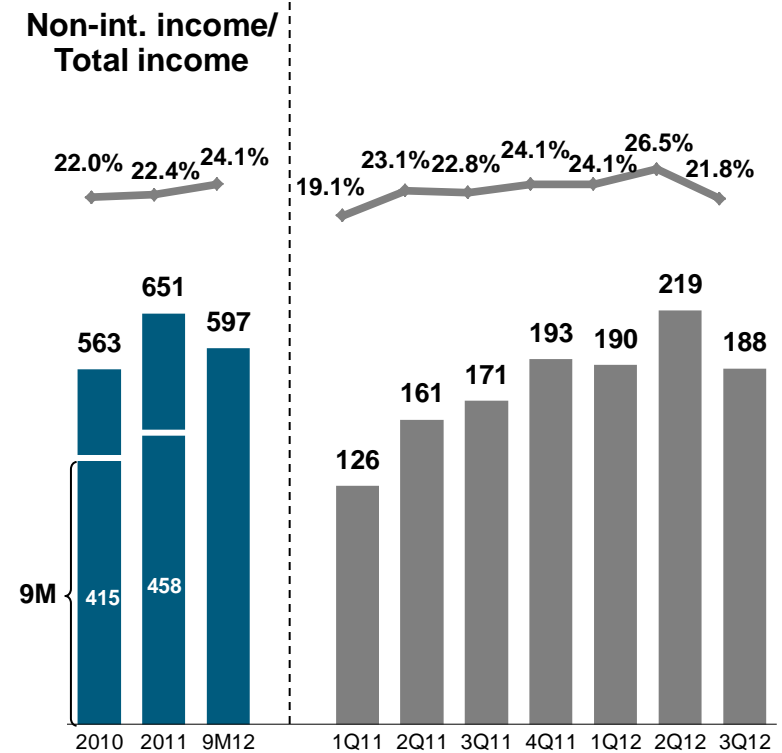


# OCBC NISP: Net interest income up 16% YoY; non-interest income up 10% YoY

## Net interest income (Rp b)

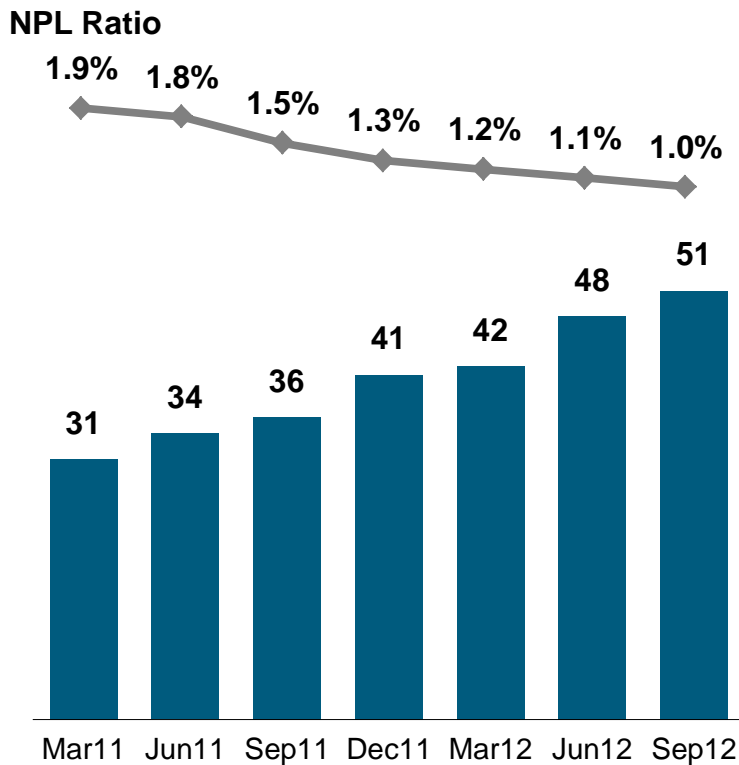


## Non-interest income (Rp b)

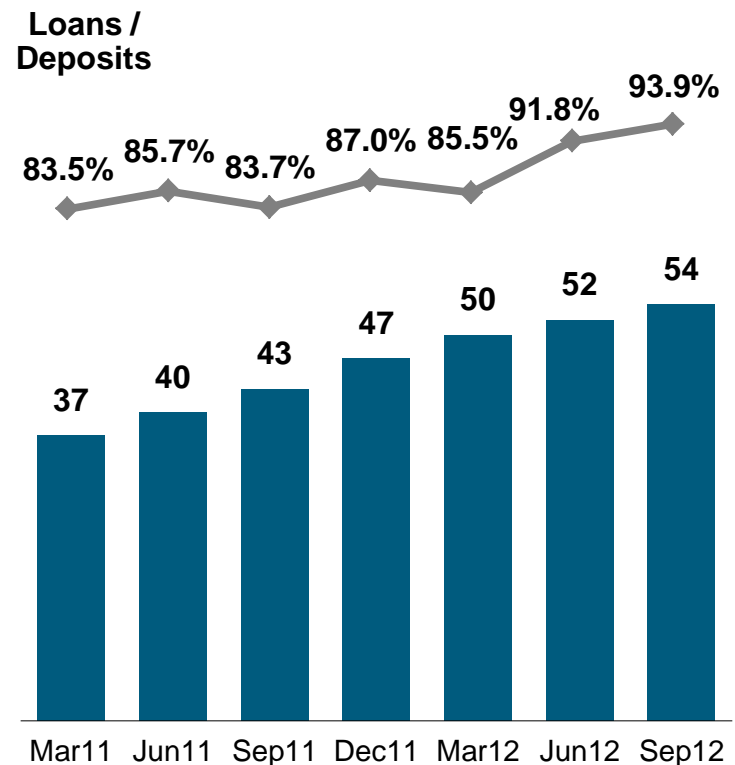


# OCBC NISP: Loans grew 40% YoY and 6% QoQ; NPL ratio lower at 1.0%

## Gross Loans (Rp t)



## Deposits (Rp t)



**CASA Ratio**

60.1% 61.1% 62.7% 60.0% 58.3% 57.3% 50.5%

# Agenda

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Results Overview

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3Q12 Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

# OCBC Malaysia: 3Q12 net profit up 13% YoY

<b>OCBC Malaysia</b>	<b>3Q12</b> RM m	<b>3Q11</b> RM m	<b>YoY</b> +/(-)%	<b>2Q12</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	311	311	-	303	2
Islamic Financing Income	59	44	34	52	13
Non-interest income	118	84	41	177	(34)
<b>Total income</b>	<b>488</b>	<b>439</b>	<b>11</b>	<b>533</b>	<b>(9)</b>
Operating expenses	(222)	(198)	12	(202)	10
<b>Operating profit</b>	<b>265</b>	<b>241</b>	<b>10</b>	<b>331</b>	<b>(20)</b>
Allowances	(25)	(29)	(15)	(34)	(25)
Tax	(61)	(53)	15	(74)	(18)
<b>Net profit</b>	<b>179</b>	<b>159</b>	<b>13</b>	<b>223</b>	<b>(20)</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>45.6</b>	<b>45.1</b>		<b>37.9</b>
<b>ROE</b>	<b>14.3</b>	<b>13.1</b>		<b>17.8</b>

# OCBC Malaysia: 9M12 net profit up 12% YoY

<b>OCBC Malaysia</b>	<b>9M12 RM m</b>	<b>9M11 RM m</b>	<b>YoY +/(-)%</b>
Net interest income	922	910	1
Islamic Financing Income	162	120	35
Non-interest income	430	344	25
<b>Total income</b>	<b>1,514</b>	<b>1,373</b>	<b>10</b>
Operating expenses	(616)	(545)	13
<b>Operating profit</b>	<b>898</b>	<b>828</b>	<b>8</b>
Allowances	(62)	(87)	(28)
Tax	(210)	(182)	15
<b>Net profit</b>	<b>625</b>	<b>559</b>	<b>12</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>40.7</b>	<b>39.7</b>
<b>ROE</b>	<b>16.8</b>	<b>16.2</b>



# OCBC NISP: 3Q12 net profit up 19% YoY

<b>OCBC NISP</b>	<b>3Q12 RP b</b>	<b>3Q11 RP b</b>	<b>YoY +/(-)%</b>	<b>2Q12 RP b</b>	<b>QoQ +/(-)%</b>
Net interest income	673	579	16	605	11
Non-interest income	188	171	10	219	(14)
<b>Total income</b>	<b>861</b>	<b>750</b>	<b>15</b>	<b>824</b>	<b>4</b>
Operating expenses	(484)	(432)	12	(487)	(1)
<b>Operating profit</b>	<b>377</b>	<b>318</b>	<b>19</b>	<b>337</b>	<b>12</b>
Allowances	(44)	(37)	19	(61)	(28)
Non Op Income / (Expenses)	0	2	(65)	(1)	170
Tax	(84)	(73)	15	(69)	22
<b>Net profit</b>	<b>249</b>	<b>210</b>	<b>19</b>	<b>206</b>	<b>21</b>

## Key ratios (%)


<b>Costs / Income</b>	<b>56.2</b>	<b>57.6</b>		<b>59.1</b>
<b>ROE</b>	<b>12.2</b>	<b>14.3</b>		<b>11.7</b>

# OCBC NISP: 9M12 net profit up 26% YoY

<b>OCBC NISP</b>	<b>9M12 RP b</b>	<b>9M11 RP b</b>	<b>YoY +/(-)%</b>
Net interest income	1,879	1,647	14
Non-interest income	597	458	30
<b>Total income</b>	<b>2,476</b>	<b>2,105</b>	<b>18</b>
Operating expenses	(1,442)	(1,276)	13
<b>Operating profit</b>	<b>1,034</b>	<b>829</b>	<b>25</b>
Allowances	(164)	(147)	12
Non Op Income / (Expenses)	6	15	(57)
Tax	(220)	(175)	26
<b>Net profit</b>	<b>656</b>	<b>522</b>	<b>26</b>

## Key ratios (%)

<b>Costs / Income</b>	<b>58.2</b>	<b>60.6</b>
<b>ROE</b>	<b>12.1</b>	<b>12.1</b>



# Third Quarter 2012 Results

## Thank You