

# First Quarter 2013 Results Presentation

30 April 2013

# Agenda

## Results Overview

### 1Q13 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

# 1Q13 Highlights

## **Core net profit of S\$696m, 12% lower YoY, and 5% higher QoQ**

- Net interest income 4% lower YoY as robust asset growth was offset by a reduction in net interest margin
- Fee and commission income grew 15% from a year ago, boosted by strong growth in wealth management, loan-related and fund management activities
- Insurance business continued to register sound growth in new business sales and underwriting profits. Profit from life assurance, however, declined as a result of lower mark-to-market investment gains
- Trading income lower as compared to the strong 1Q12 performance, which was driven by higher market-related earnings
- Operating expenses remained well-managed
- Asset quality remained healthy, NPL ratio improved to 0.7% from 1.0 %
- CASA ratio increased for the fourth successive quarter to 51.1%
- Capital position remained strong; Tier 1 and Common Equity Tier 1 ratio of 16.2% based on MAS' transitional Basel III rules for 2013

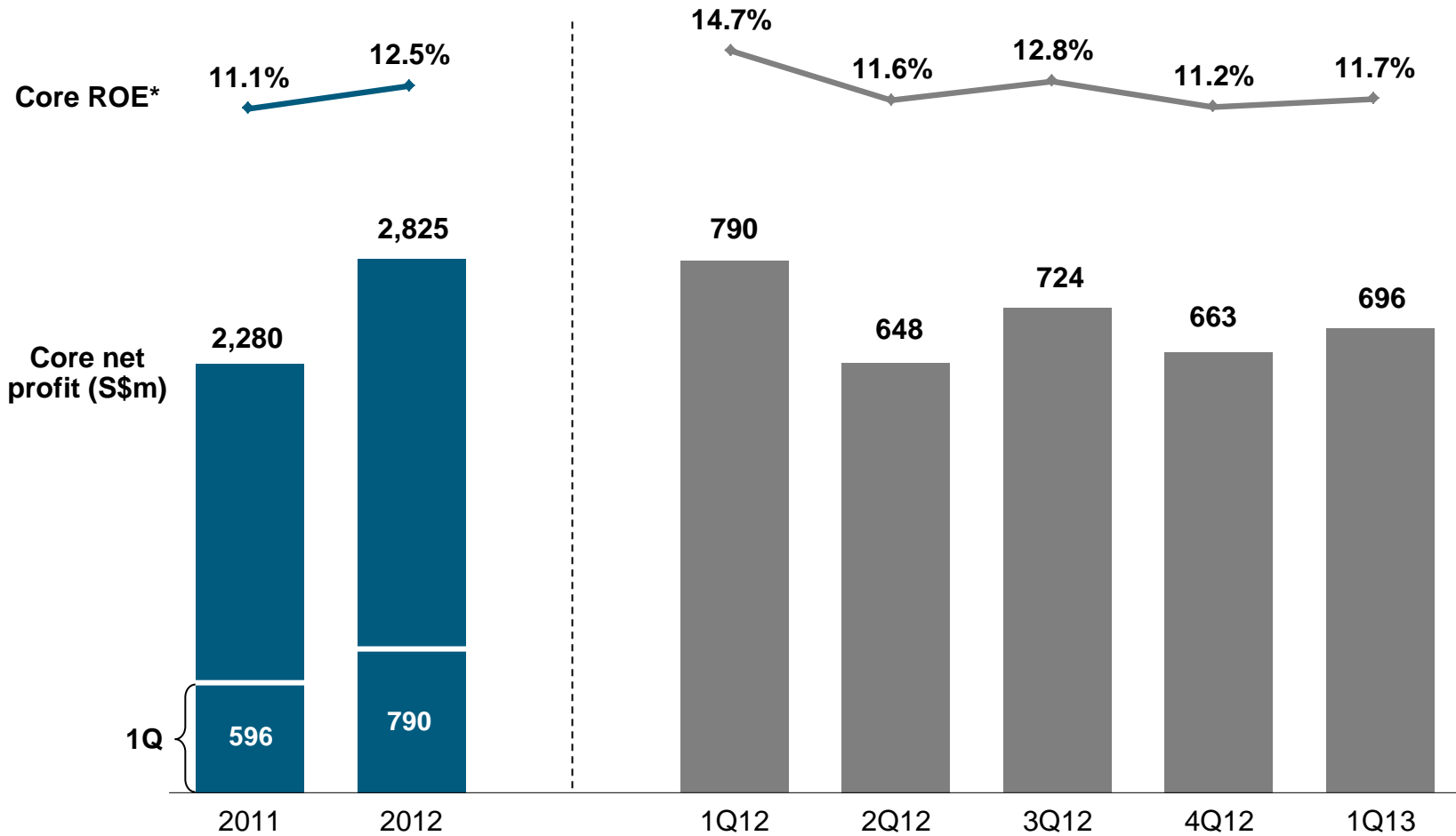
# 1Q13 core net profit of S\$696m, 12% lower YoY and 5% higher QoQ

<b>OCBC Group</b>	<b>1Q13 S\$m</b>	<b>1Q12 S\$m</b>	<b>YoY +/(-)%</b>	<b>4Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	912	951	(4)	921	(1)
Non-interest income	676	790	(14)	757	(11)
<b>Total income</b>	<b>1,588</b>	<b>1,741</b>	<b>(9)</b>	<b>1,678</b>	<b>(5)</b>
Operating expenses	(672)	(625)	8	(724)	(7)
<b>Operating profit</b>	<b>916</b>	<b>1,116</b>	<b>(18)</b>	<b>954</b>	<b>(4)</b>
Amortisation of intangibles	(14)	(15)	(3)	(15)	(3)
Allowances	(21)	(96)	(79)	(68)	(70)
Associates & JVs	13	6	106	5	207
Tax & non-controlling interests ("NCI")	(198)	(221)	(10)	(213)	(6)
<b>Core net profit</b>	<b>696</b>	<b>790</b>	<b>(12)</b>	<b>663</b>	<b>5</b>
Divestment gain, net of tax	-	42 <sup>1/</sup>	(100)	-	-
<b>Net profit</b>	<b>696</b>	<b>832</b>	<b>(16)</b>	<b>663</b>	<b>5</b>

# Key ratios

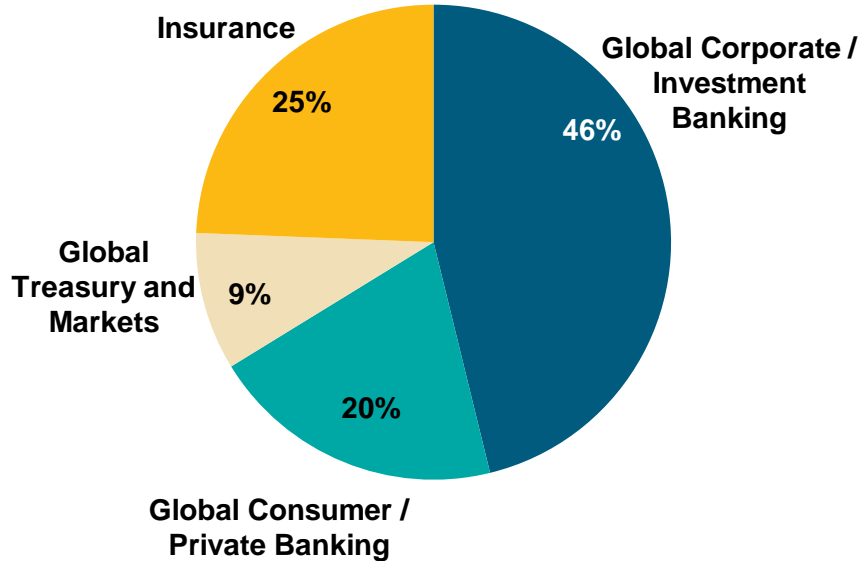
<b>Based on core earnings</b>	<b>1Q13</b> %	<b>1Q12</b> %	<b>4Q12</b> %
Net interest margin	1.64	1.86	1.70
Non-interest income / Total income	42.6	45.4	45.1
Cost / Income	42.3	35.9	43.1
Loans / Deposits	87.0	84.4	86.2
NPL Ratio	0.7	1.0	0.8
Allowances / NPAs	149.0	106.0	141.8
ROE	11.7	14.7	11.2
Cash ROE	12.0	15.0	11.5

# 1Q13 ROE of 11.7%

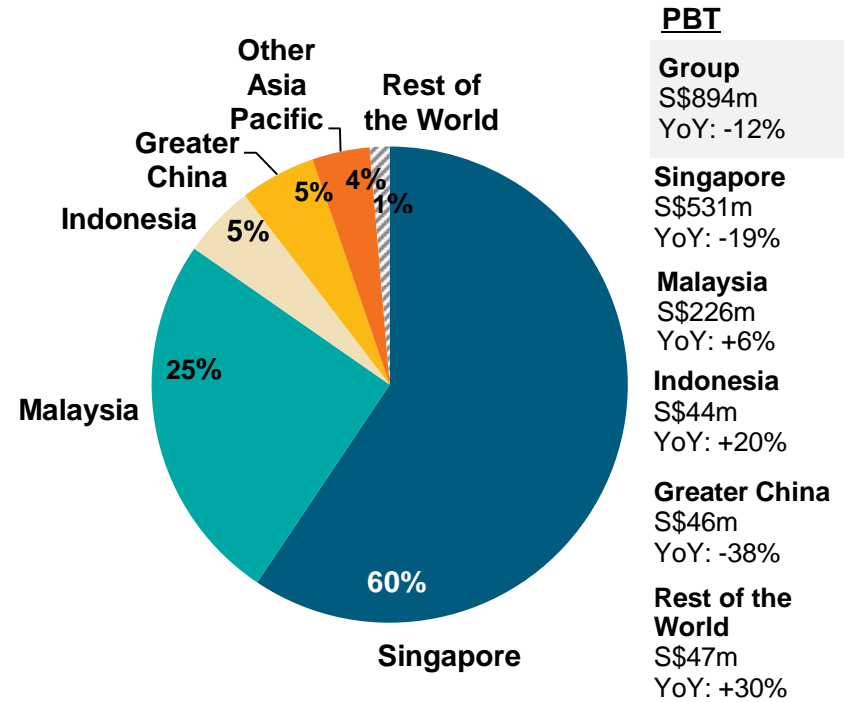


# Profit contribution by business and geography

**1Q13 PBT  
by Business\***



**1Q13 PBT  
by Geography**



**PBT**

**Group**  
S\$894m  
YoY: -12%

**Singapore**  
S\$531m  
YoY: -19%

**Malaysia**  
S\$226m  
YoY: +6%

**Indonesia**  
S\$44m  
YoY: +20%

**Greater China**  
S\$46m  
YoY: -38%

**Rest of the World**  
S\$47m  
YoY: +30%

# Agenda

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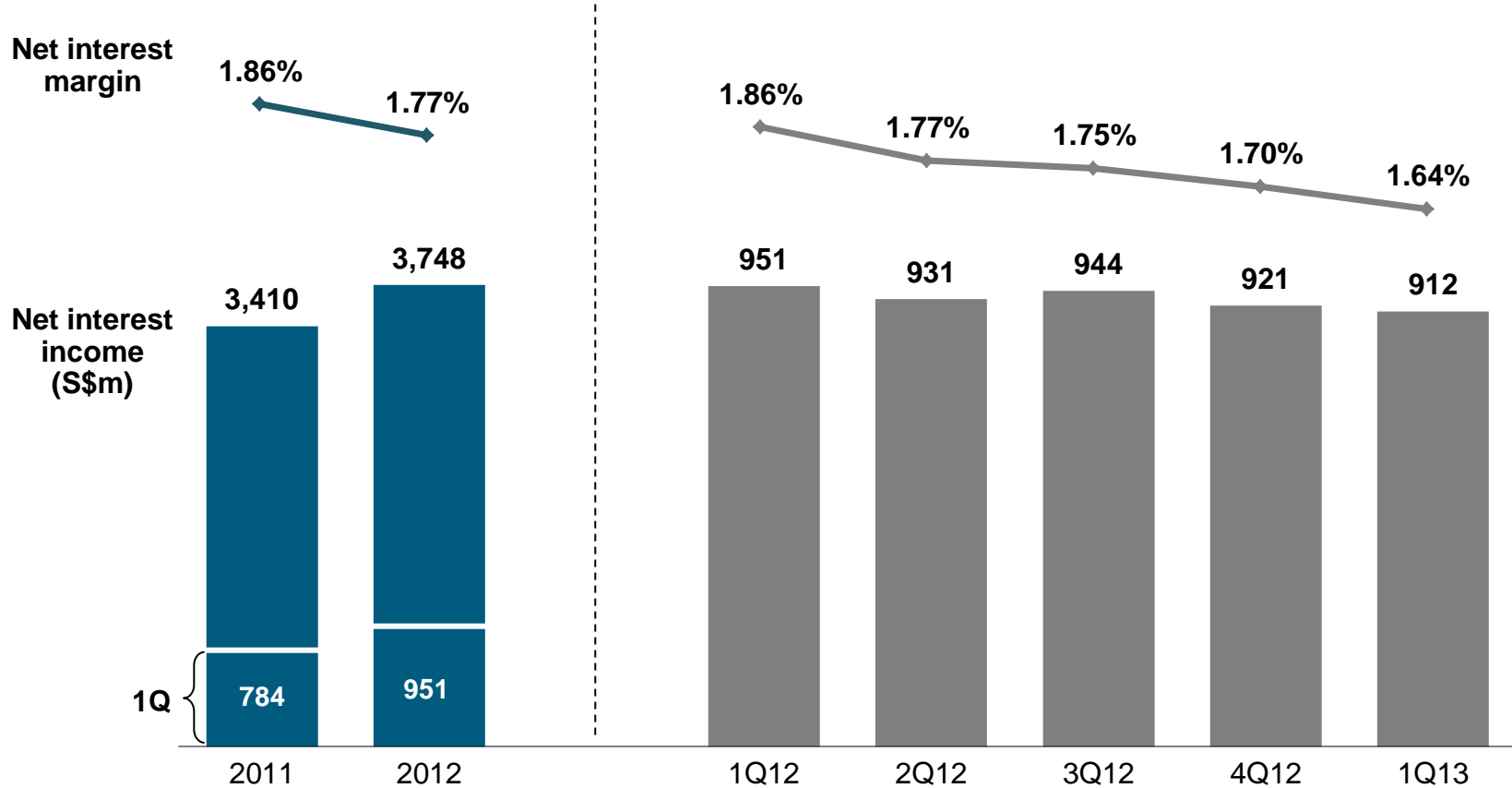
Results Overview

1Q13 Performance Trends

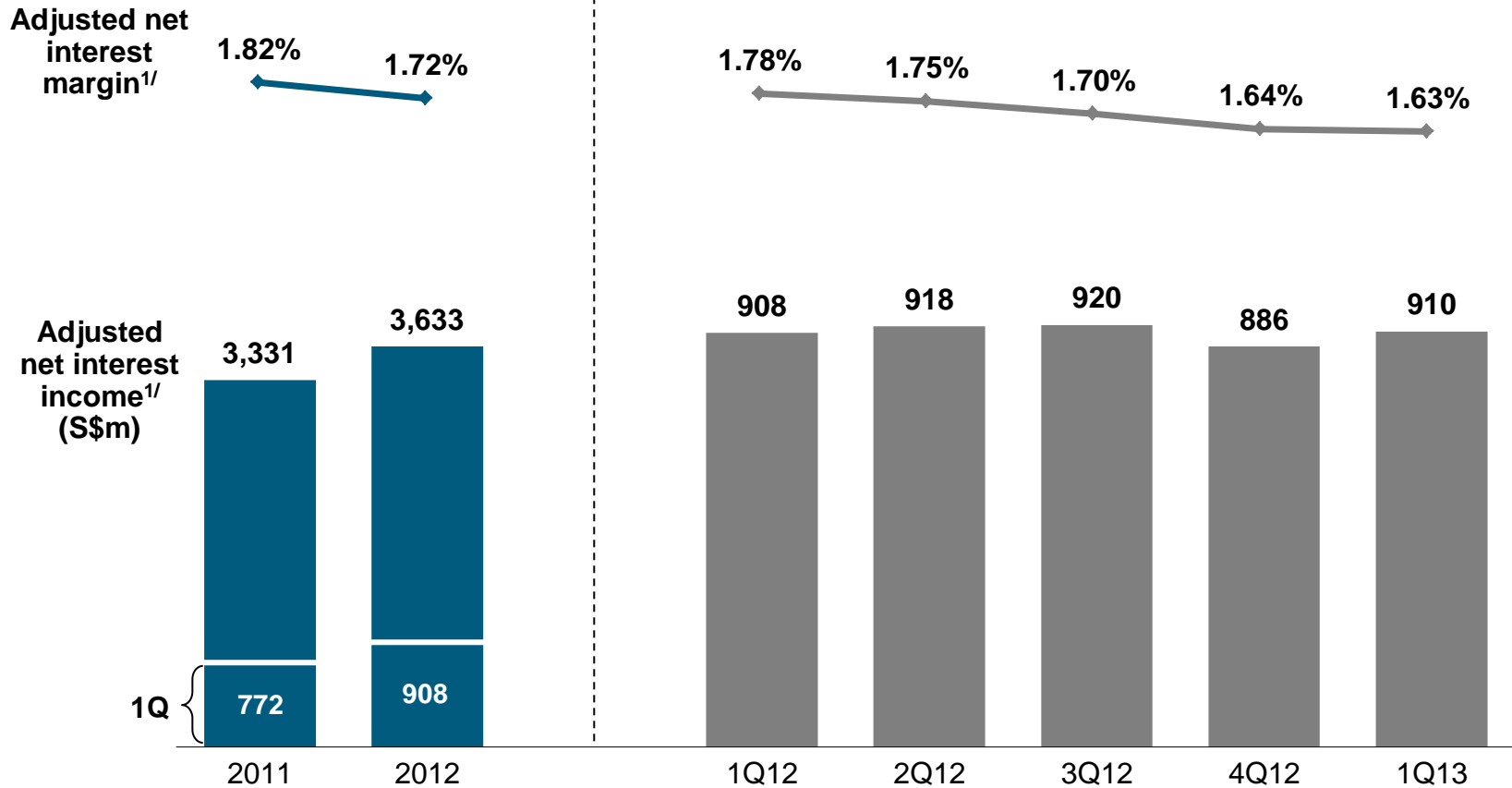
Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries



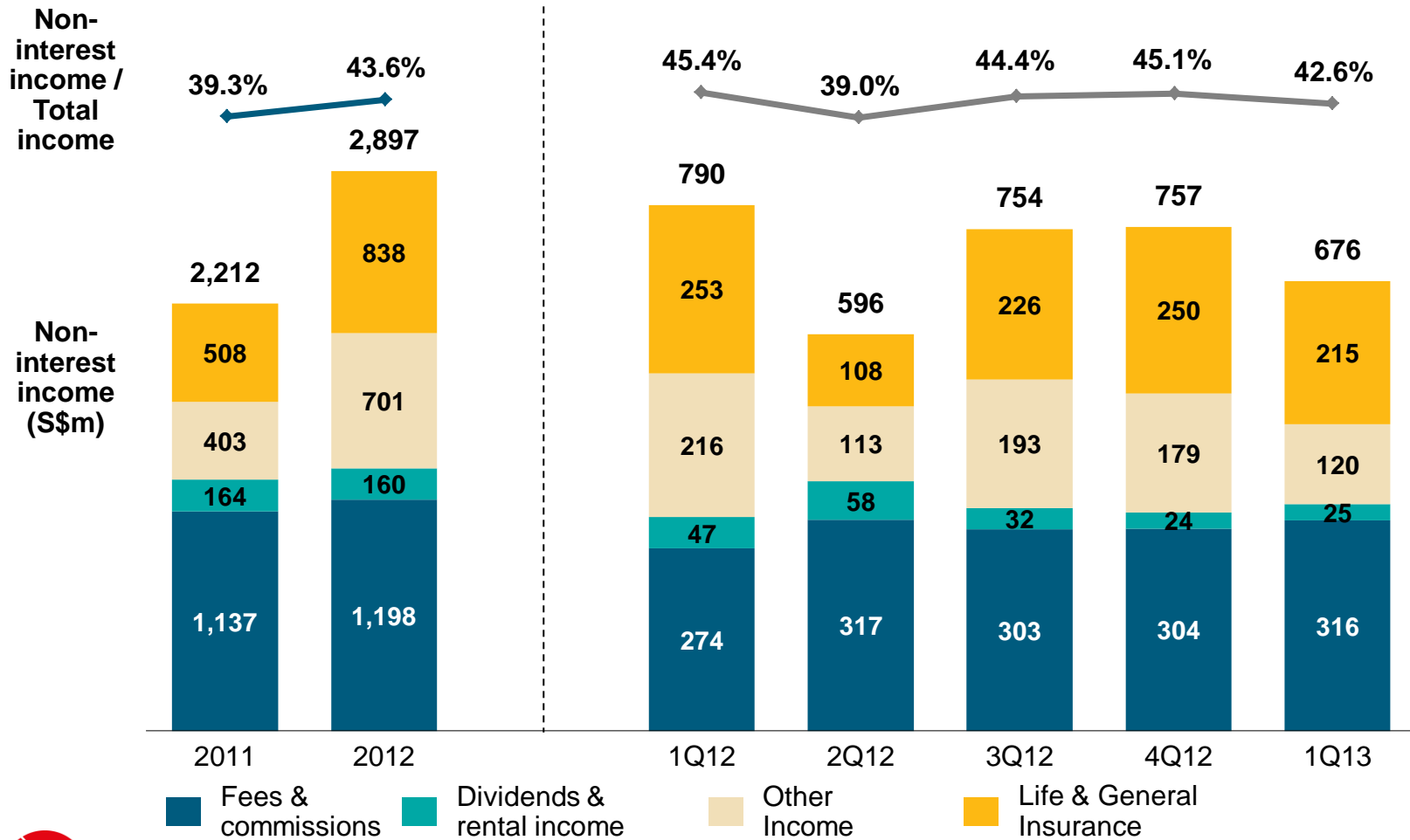
# Net interest income declined 4% YoY; asset growth was more than offset by a decline in net interest margin



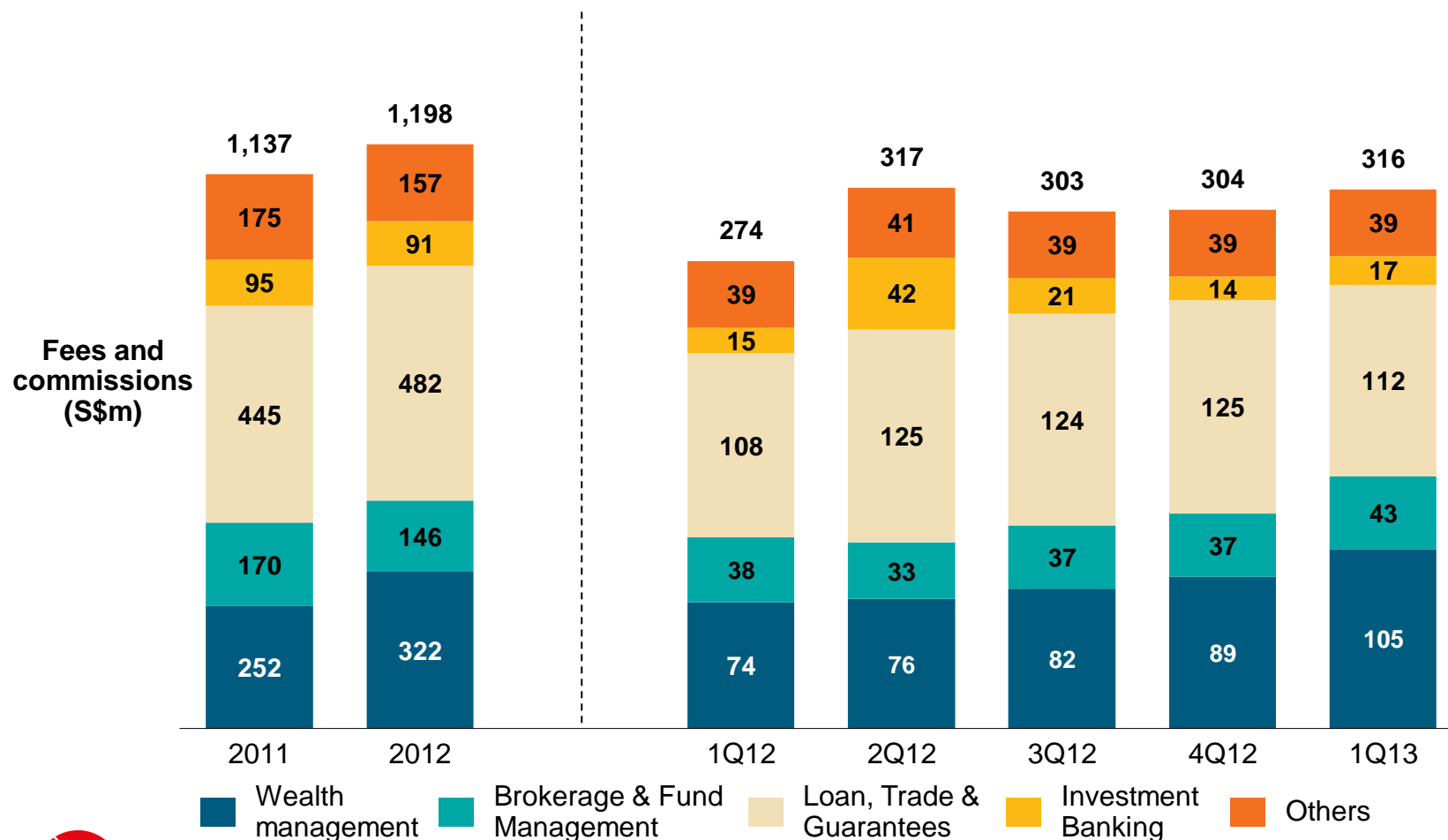
# Net interest income less specific allowances rose YoY and QoQ



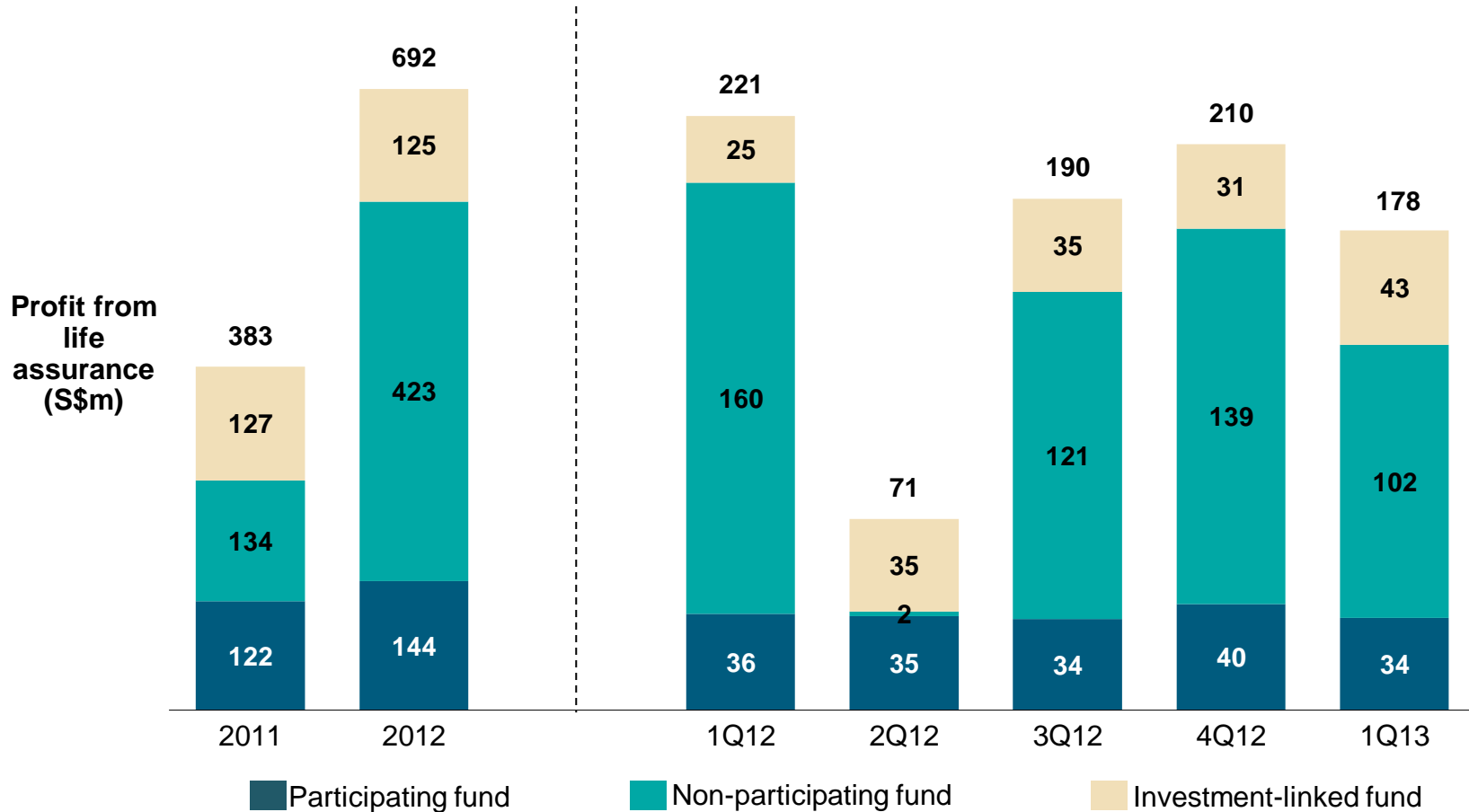
# Non-interest income 14% lower YoY; as fee income growth was offset by lower trading and insurance profit



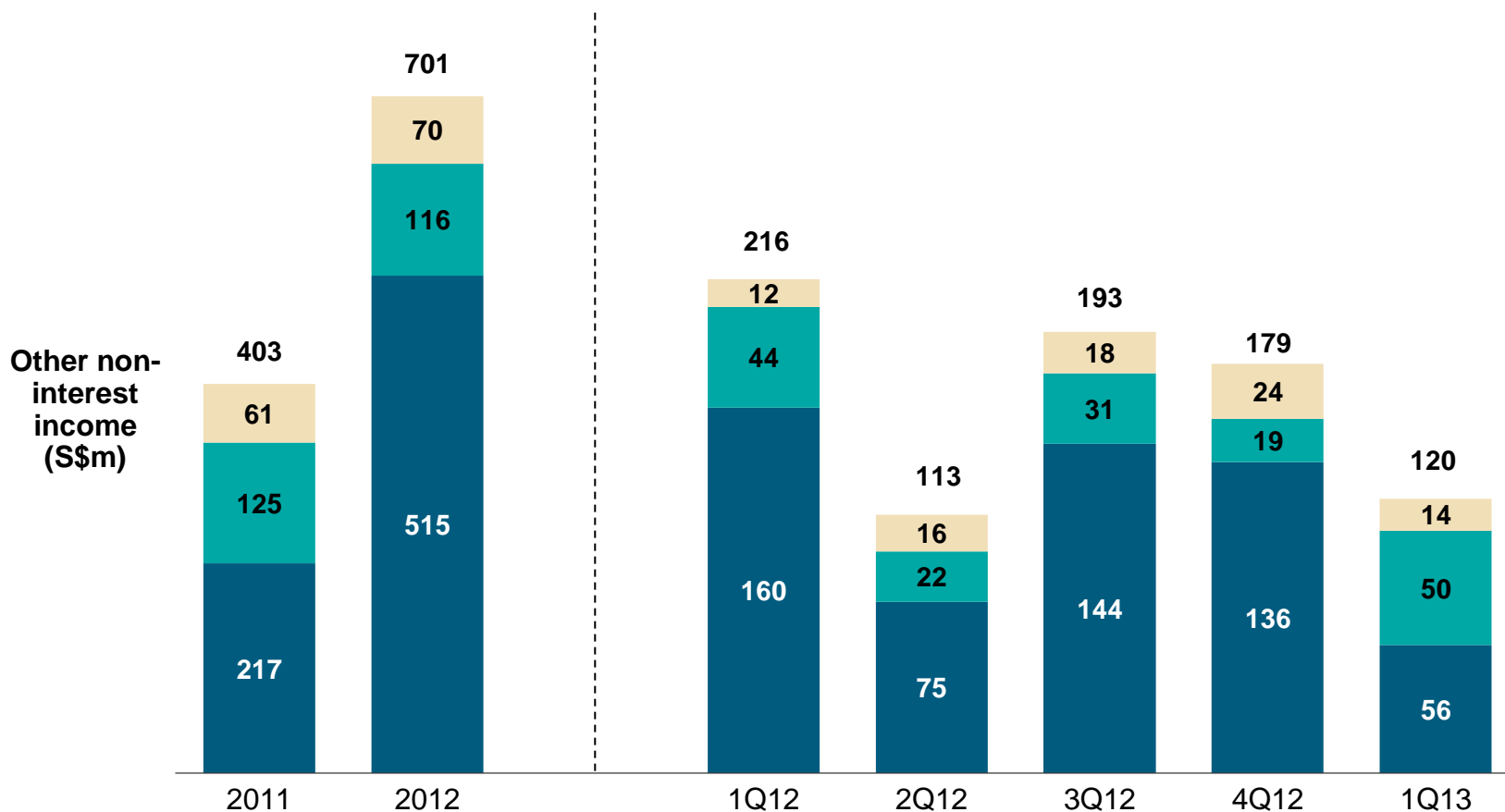
# Fee income up 15% YoY; driven by growth in wealth management, loan-related and fund management income



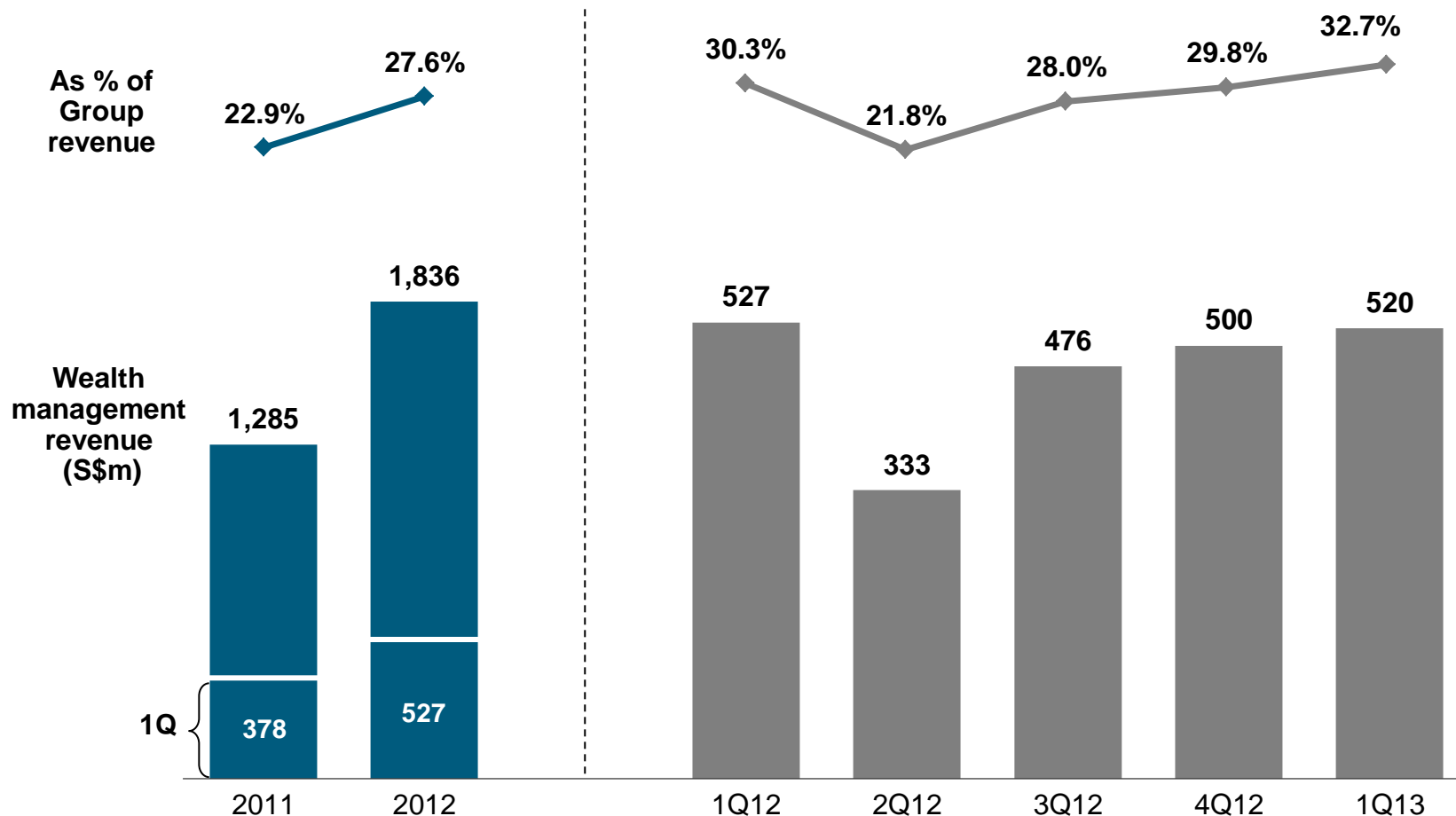
# Profit from life assurance down 19% YoY on lower mark-to-market investment gains



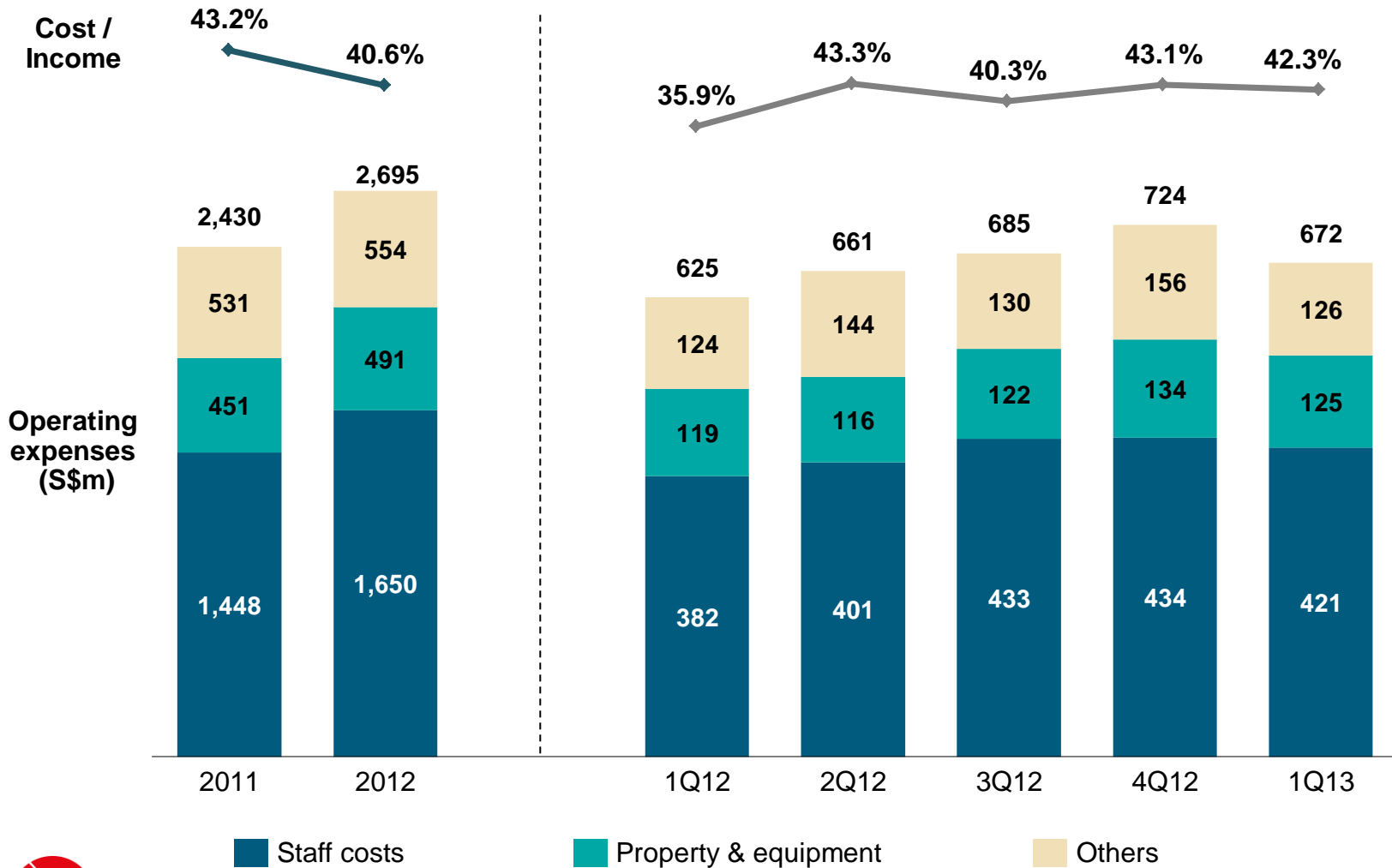
# Other non-interest income fell 44% YoY, mainly from lower trading income



# Wealth management revenue contributed 33% of total group revenue in 1Q13



# Cost remained well-managed

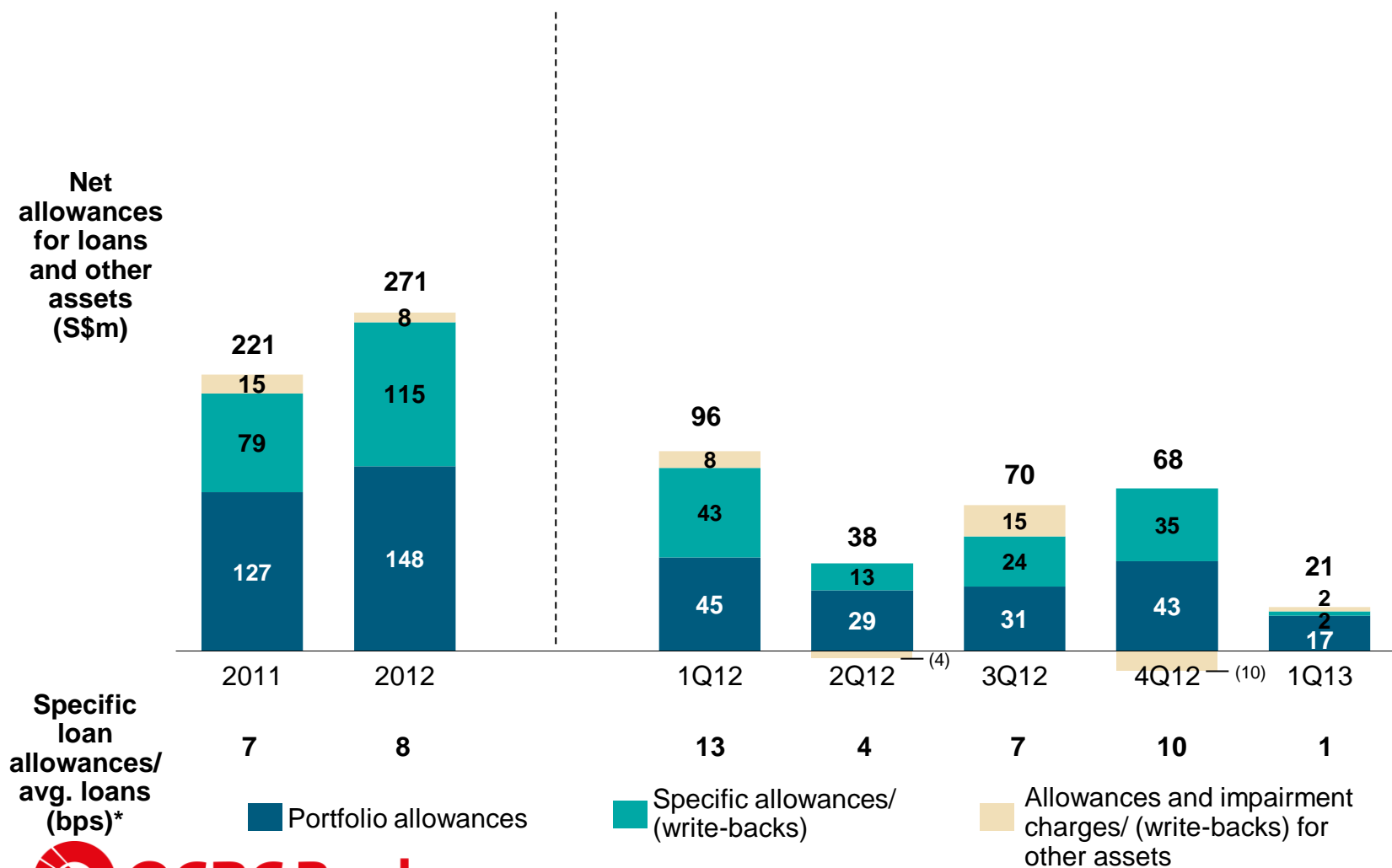




# 1Q13 core net profit before GEH contribution fell 8% YoY but rose 10% QoQ

<b>OCBC Group</b>	<b>1Q13 S\$m</b>	<b>1Q12 S\$m</b>	<b>YoY +/(-)%</b>	<b>4Q12 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	895	936	(4)	903	(1)
Non-interest income	405	470	(14)	477	(15)
Total income	1,300	1,406	(8)	1,379	(6)
Operating expenses	(622)	(581)	7	(679)	(8)
<b>Operating profit</b>	<b>678</b>	<b>825</b>	<b>(18)</b>	<b>700</b>	<b>(3)</b>
Allowances	(21)	(96)	(79)	(68)	(70)
Associates & JVs	16	5	204	10	56
Amortisation, tax & NCI	(146)	(163)	(10)	(164)	(11)
<b>Core net profit</b>	<b>527</b>	<b>571</b>	<b>(8)</b>	<b>478</b>	<b>10</b>
Divestment gain, net of tax	-	42 <sup>1/</sup>	(100)	-	-
<b>Net profit before GEH contribution</b>	<b>527</b>	<b>613</b>	<b>(14)</b>	<b>478</b>	<b>10</b>
<b>GEH net profit contribution</b>	<b>169</b>	<b>219</b>	<b>(23)</b>	<b>185</b>	<b>(8)</b>
<b>OCBC Group net profit</b>	<b>696</b>	<b>832</b>	<b>(16)</b>	<b>663</b>	<b>5</b>

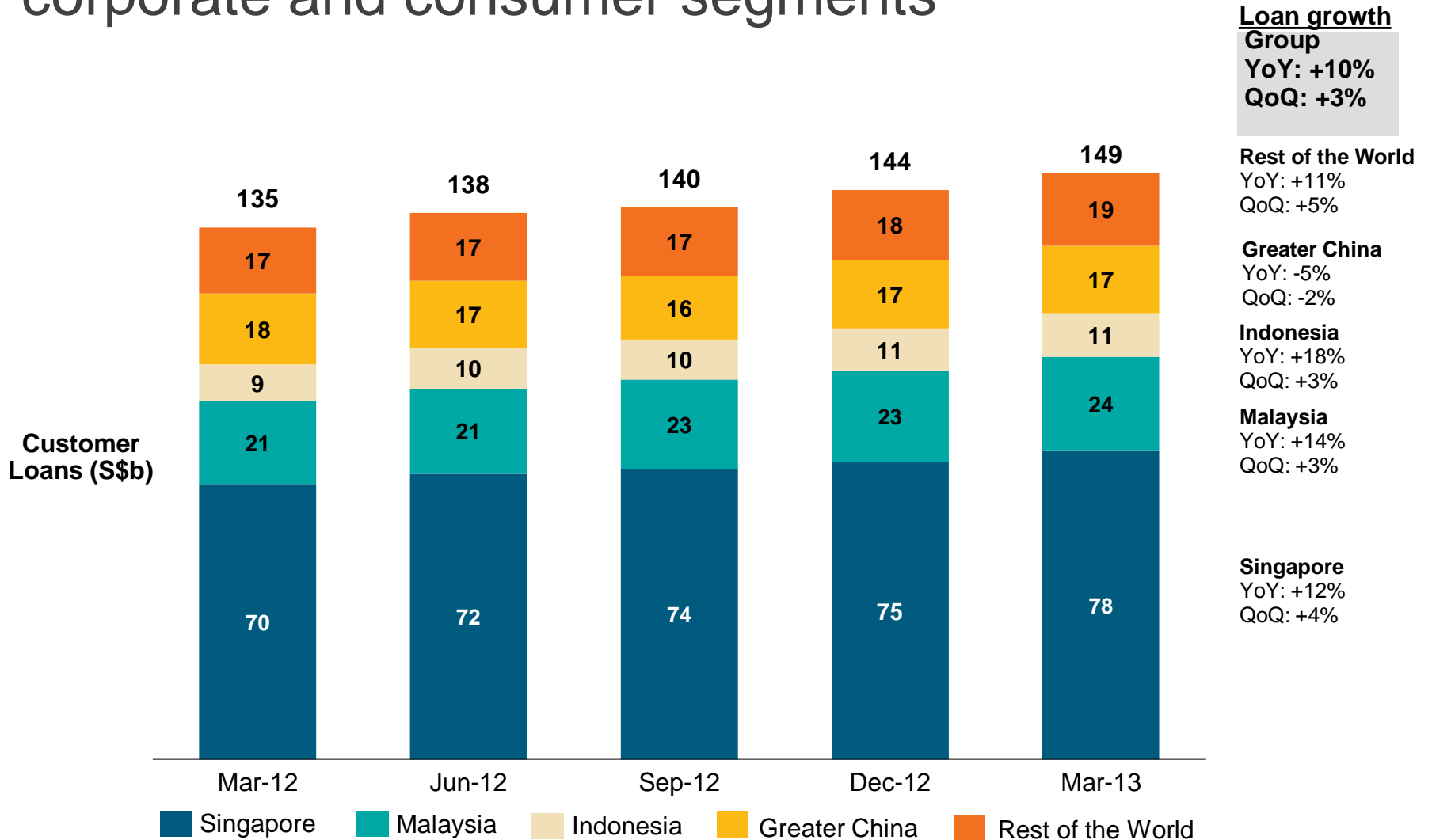
# Net allowances declined YoY and QoQ, reflecting effective credit risk management



# Movement in specific allowances for loans

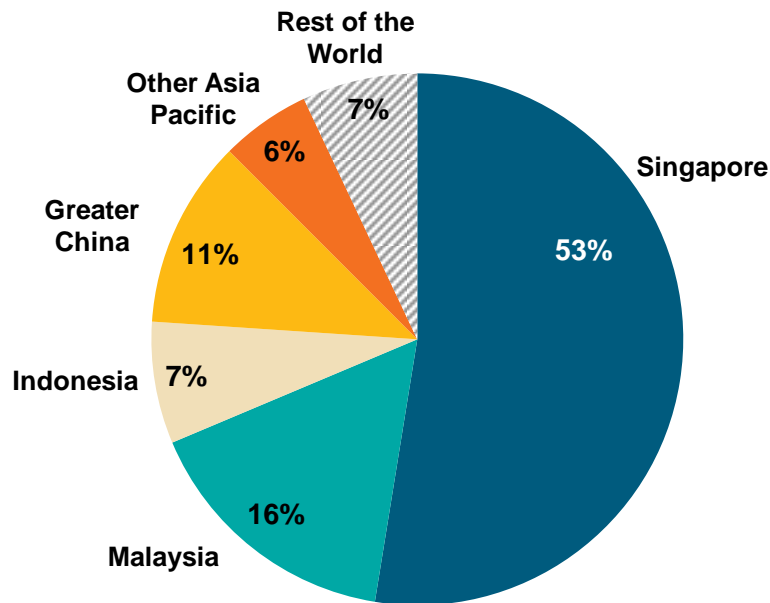
	1Q13 S\$m	1Q12 S\$m	4Q12 S\$m
Allowances for new and existing NPLs	49	79	71
Write-backs <sup>1/</sup>	(26)	(25)	(25)
Recoveries <sup>2/</sup>	(21)	(11)	(11)
<b>Net specific allowances</b>	<b>2</b>	<b>43</b>	<b>35</b>

# Loans increased 10% YoY and 3% QoQ across corporate and consumer segments

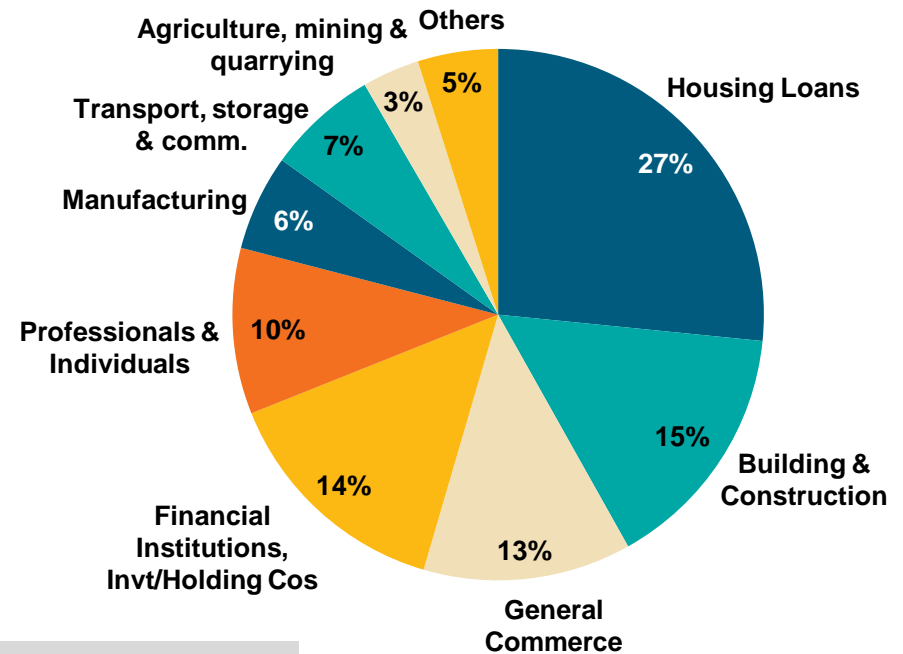


# Loan book remained diversified

**Customer Loans by Geography  
As of 31 March 2013**

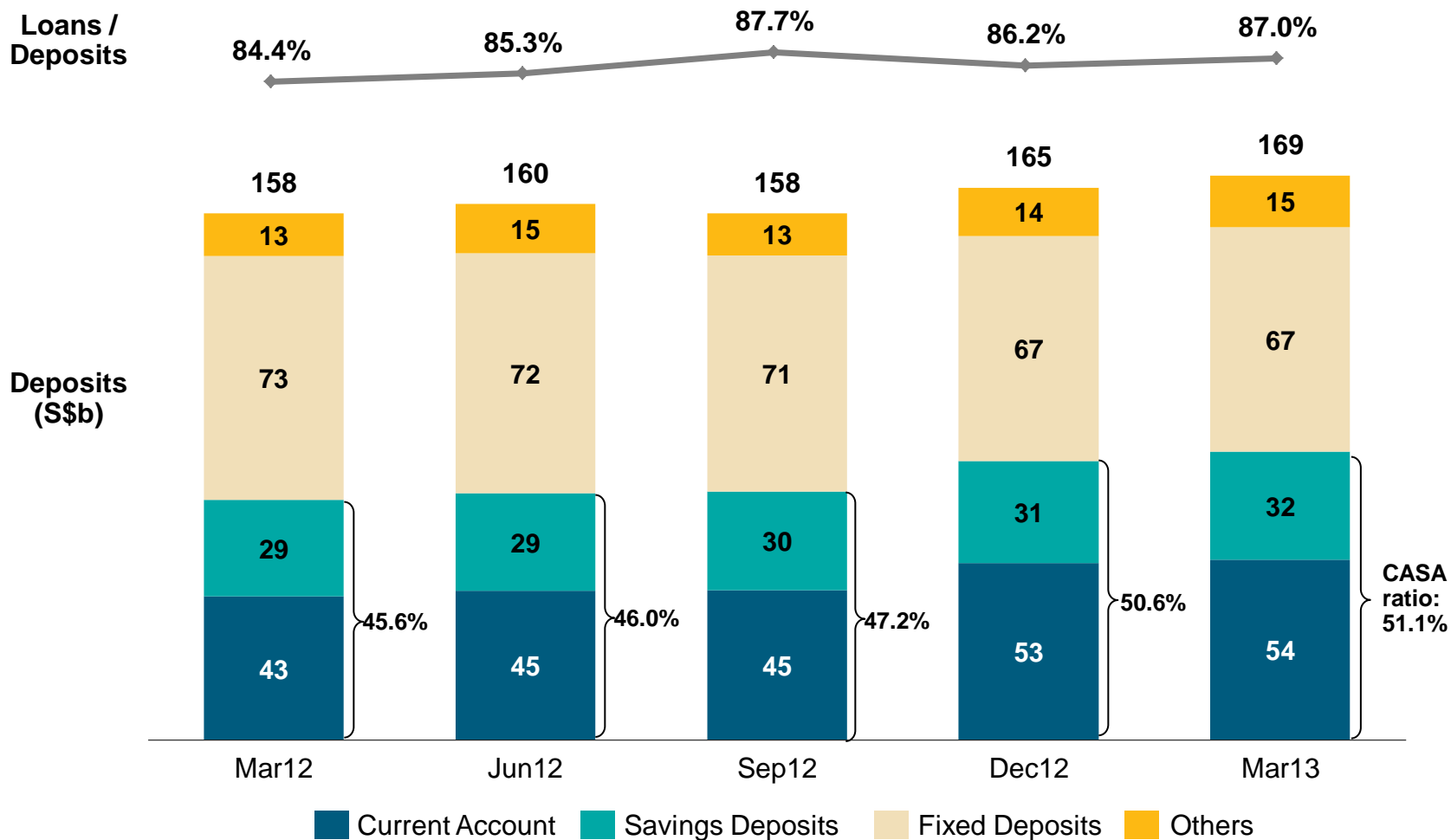


**Customer Loans by Industry  
As of 31 March 2013**

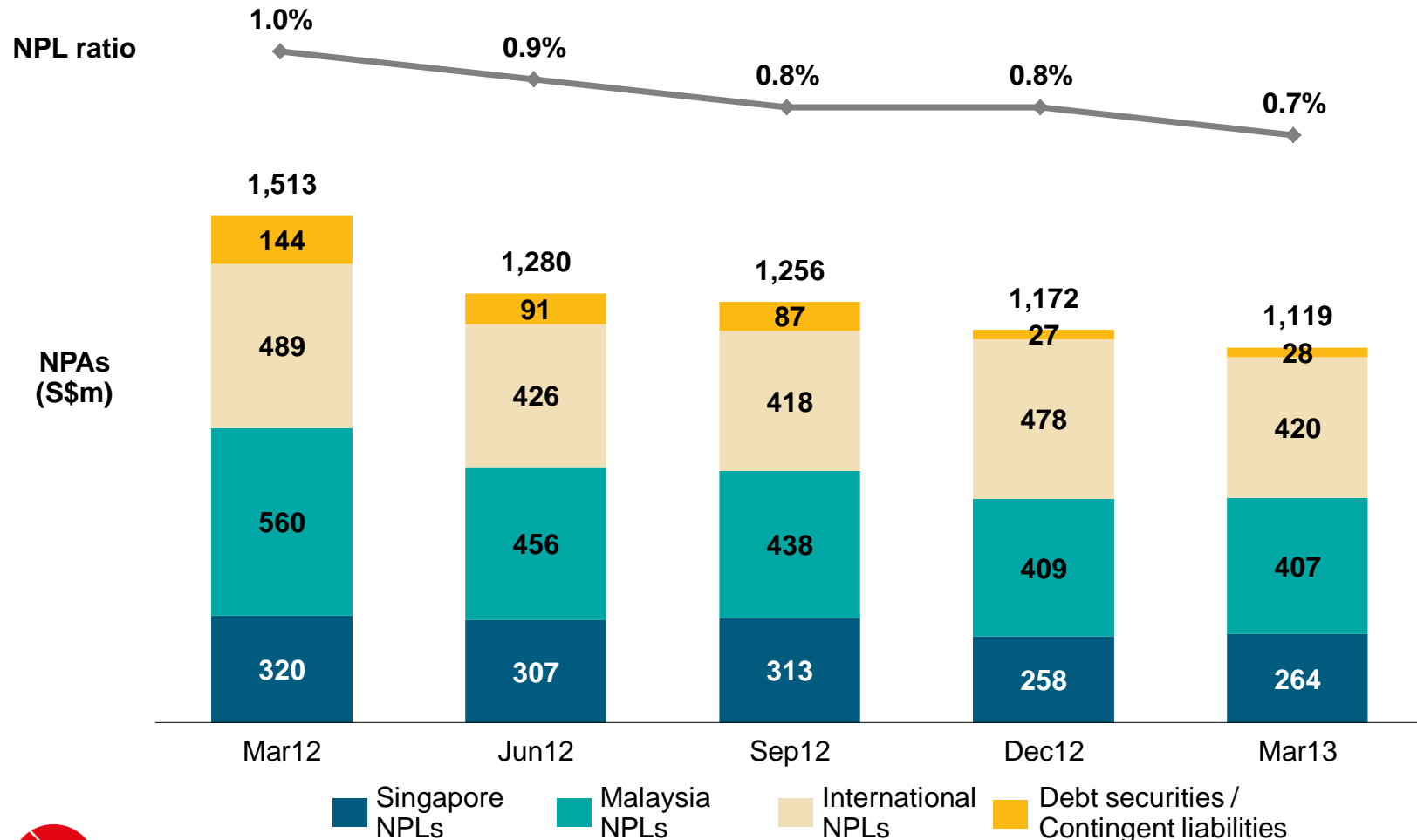


**Total: S\$149b**

# Customer deposits, led by CASA, grew 7% YoY and 2% QoQ. CASA ratio improved to 51.1%



# NPL ratio improved further to 0.7%

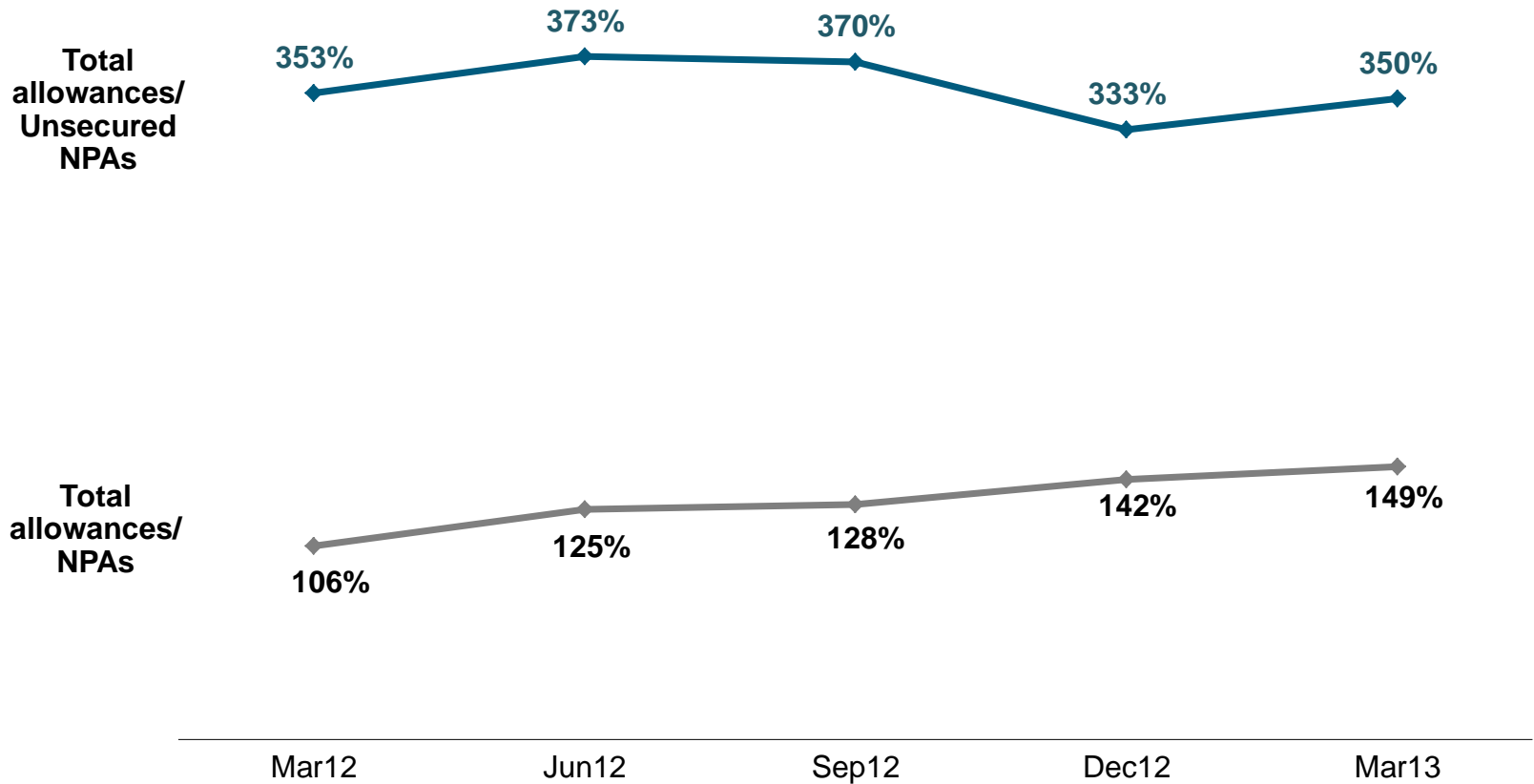


# NPAs fell 5% QoQ, driven mainly by lower new NPAs

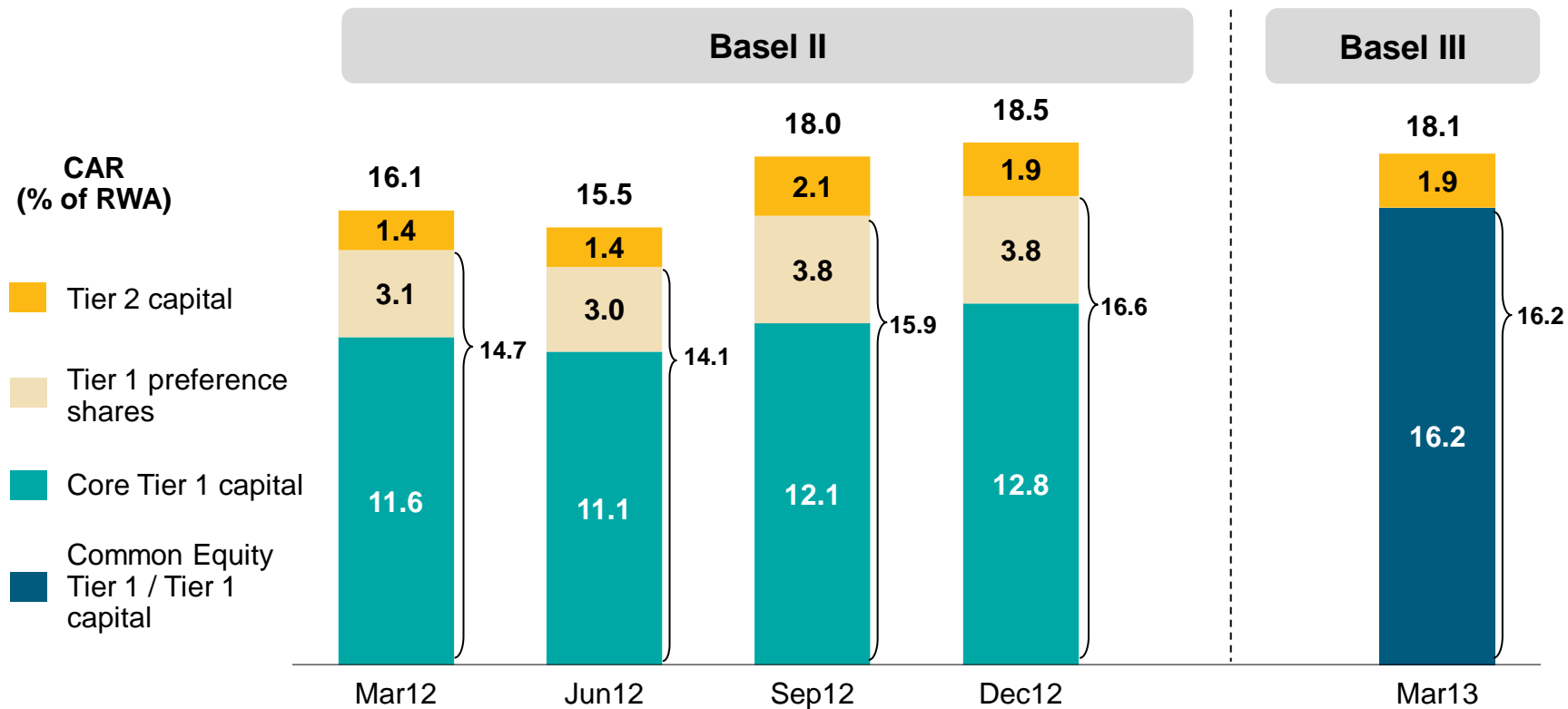
	1Q13 S\$m	1Q12 S\$m	4Q12 S\$m
NPAs – Opening balance	1,172	1,437	1,256
New NPAs	122	303	289
New recoveries/upgrades	(144)	(203)	(338)
Write-offs	(31)	(24)	(35)
<b>NPAs – Closing balance</b>	<b>1,119</b>	<b>1,513</b>	<b>1,172</b>



# Strong allowance coverage ratios of 149% of total NPAs and 350% of unsecured NPAs



# Capital position remained strong: Tier 1 and Common Equity Tier 1 ratio of 16.2%



<b>Tier 1 capital (S\$m)</b>	19,024	18,981	20,934	21,591	<b>CET 1 capital (S\$m)</b>	22,794
<b>Tier 1 prefs. (S\$m)</b>	3,958	3,954	4,954	4,954	<b>Tier 1 capital (S\$m)</b>	22,794
<b>RWA (S\$m)</b>	129,183	134,467	131,263	129,647	<b>RWA (S\$m)</b>	140,395



Note: Capital ratios for Mar 2013 are computed based on MAS' transitional Basel III framework; capital ratios for 2012 are computed based on Basel II framework

# GEH: 1Q13 core earnings contribution fell due to weaker investment performance during the quarter

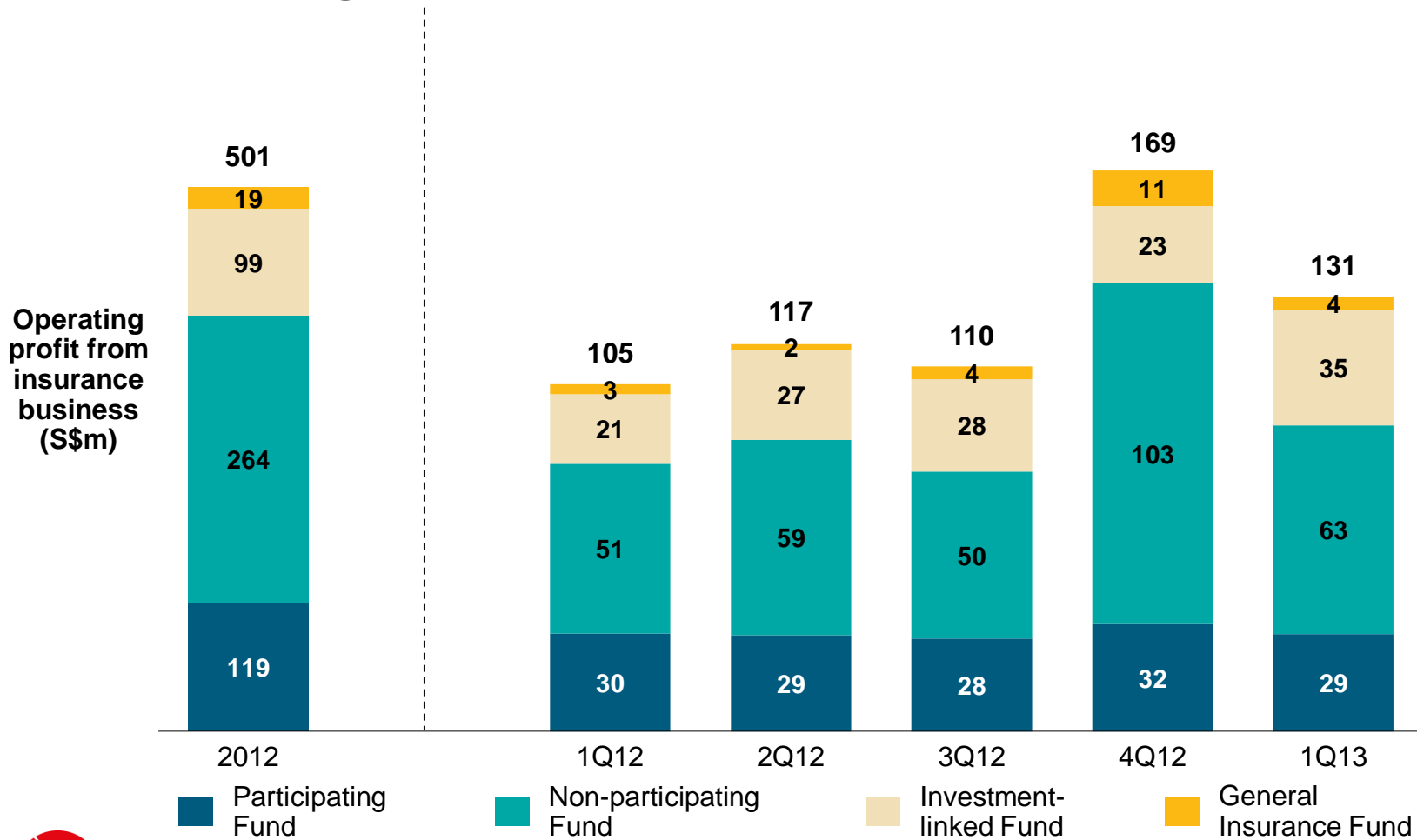
GEH Contribution	1Q13 S\$m	1Q12 S\$m	YoY +/(-)%	4Q12 S\$m	QoQ +/(-)%
Profit from insurance business	187	229	(18)	227	(18)
- Operating profit <sup>1/</sup>	131	105	25	169	(22)
- Non-operating profit <sup>2/</sup>	38	108	(64)	39	(1)
- Others <sup>3/</sup>	18	16	7	20	(10)
Profit from Shareholders' Fund	51	63	(18)	27	88
<b>Sub-total</b>	<b>238</b>	<b>291</b>	<b>(18)</b>	<b>255</b>	<b>(6)</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	(1)	-	0	-
Associates & JVs	(1)	1	nm	(3)	78
Tax & non-controlling interests	(57)	(61)	(7)	(55)	3
<b>Net profit contribution</b>	<b>169</b>	<b>219</b>	<b>(23)</b>	<b>185</b>	<b>(8)</b>

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

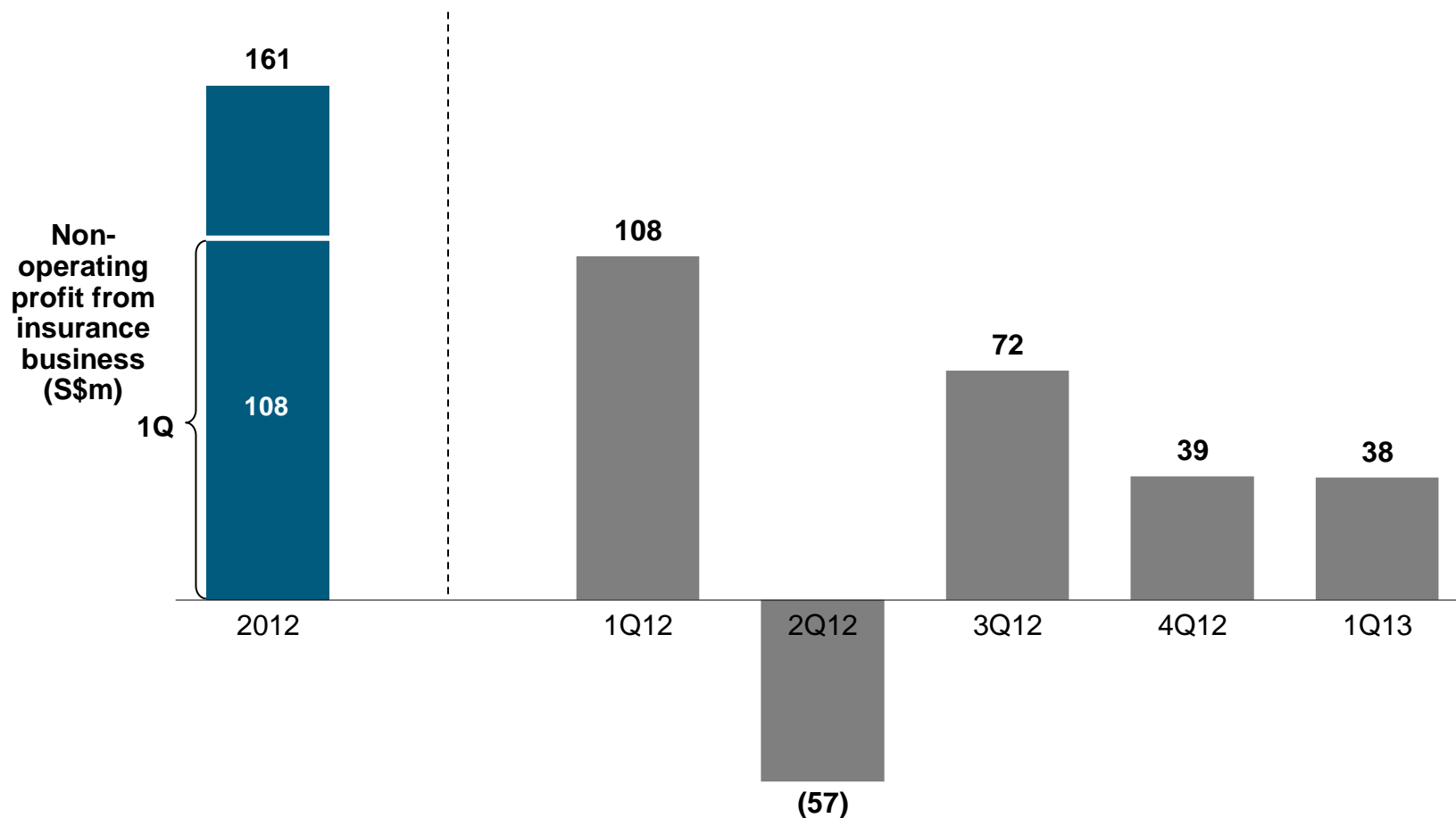
2/ Non-operating profit comprises mark-to-market changes in fair value of assets and liabilities, changes in liability discount rates and other non-recurring items

3/ Mainly tax

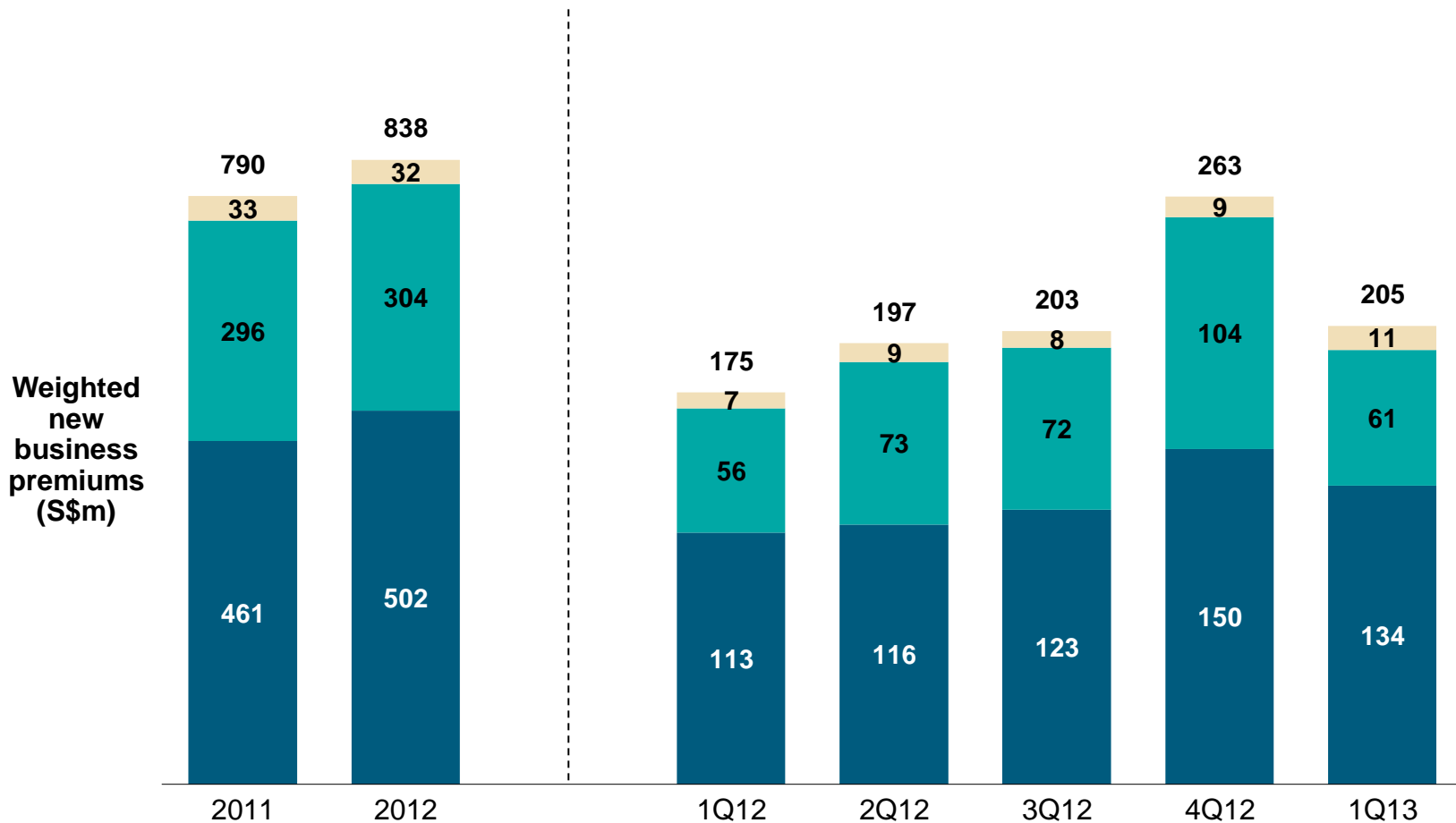
# GEH: Operating profit from insurance business grew 25% YoY on improved performance of Non-participating Fund and Investment-linked Fund



# GEH: Non-operating profit from insurance business of S\$38m was lower YoY as a result of lower mark-to-market investment gains

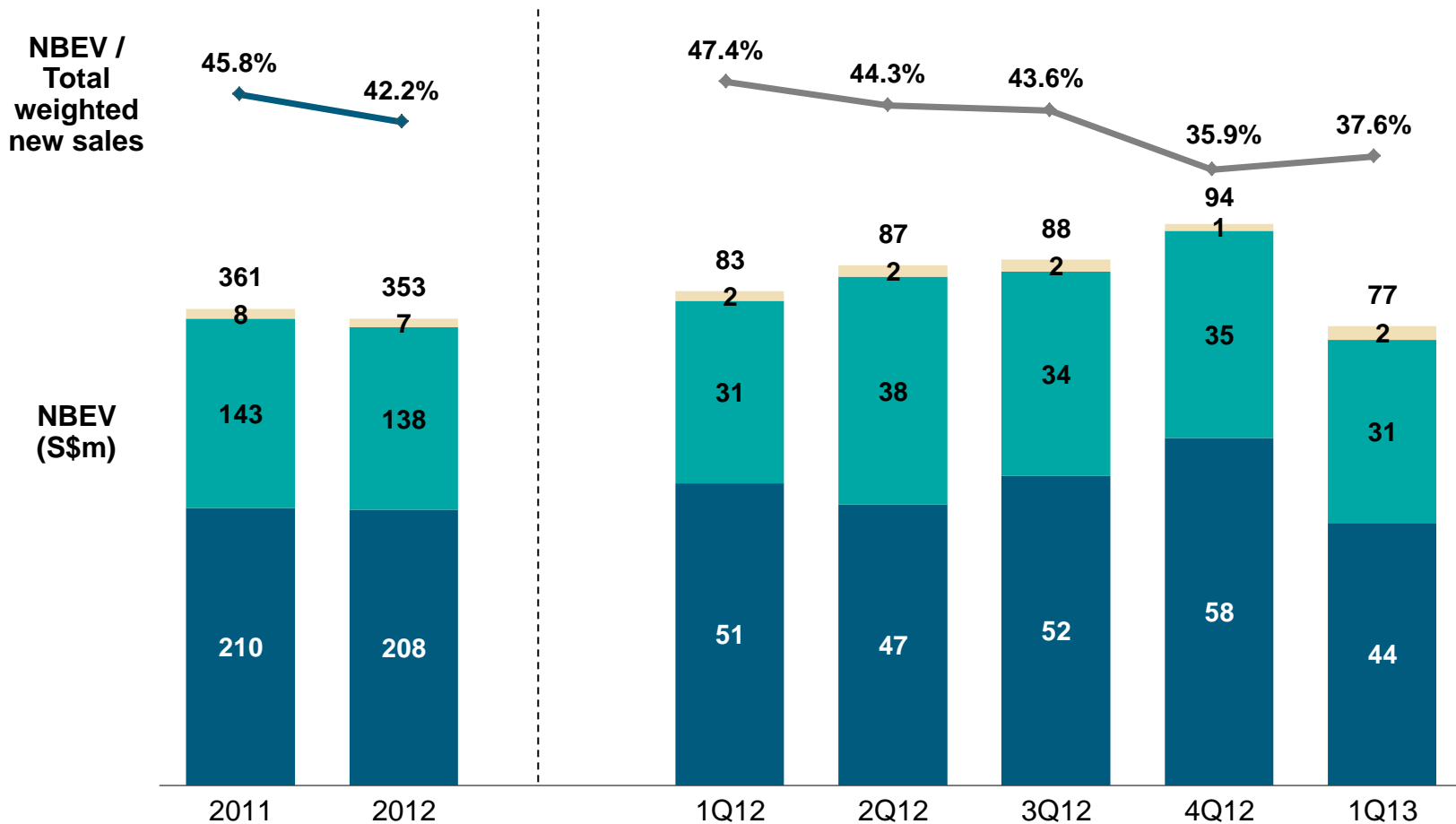


# GEH: Total weighted new sales up 17% YoY on growth across all markets



Note: QoQ comparison not relevant given seasonality of insurance sales. Weighted new business premium figures for periods prior to 1Q13 have been restated for comparative reasons.

# GEH: New business embedded value of S\$77m for 1Q13

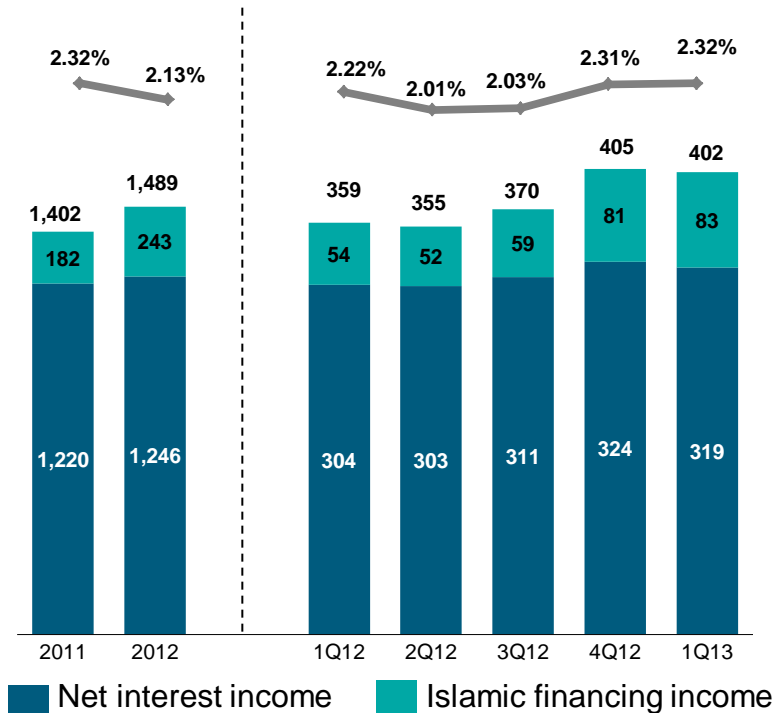


Note: QoQ comparison not relevant given seasonality of insurance sales. NBEV figures for periods prior to 1Q13 have been restated for comparative reasons.

# OCBC Malaysia: Total net interest income and Islamic financing income up 12% YoY; non-interest income fell 23% YoY

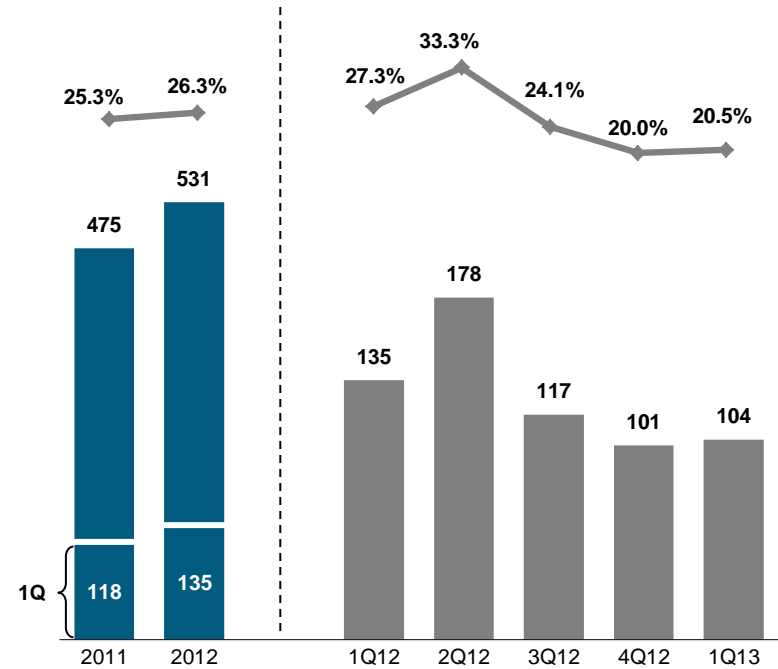
## Net interest income and Islamic financing Income (RM m)

Net Interest/financing margin



## Non-interest income (RM m)

Non-int. income/Total income

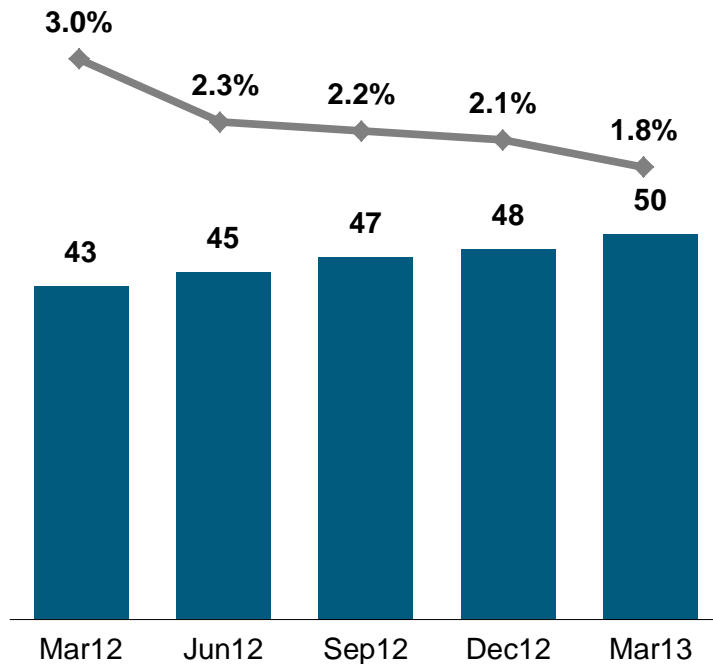




# OCBC Malaysia: Loans grew 15% YoY and 3% QoQ; NPL ratio further improved to 1.8%

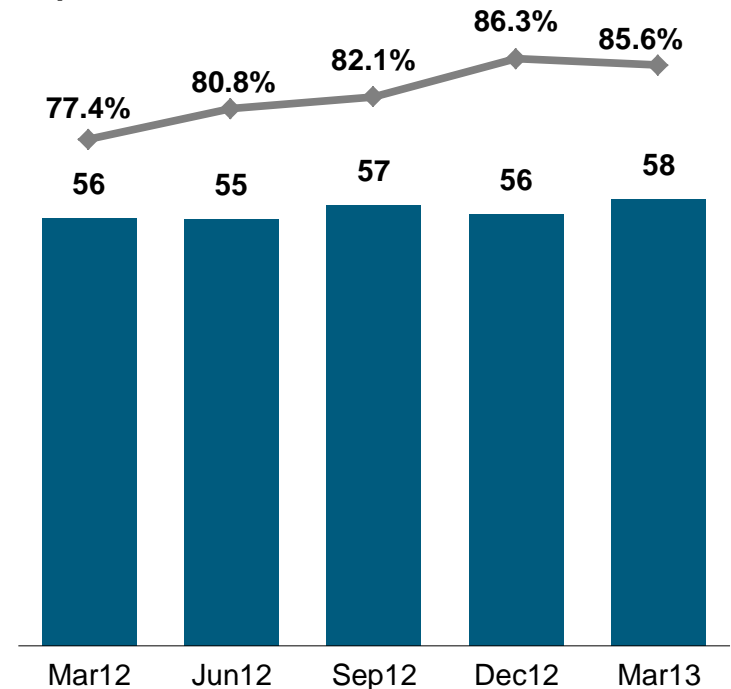
## Gross Loans (RM b)

### NPL Ratio



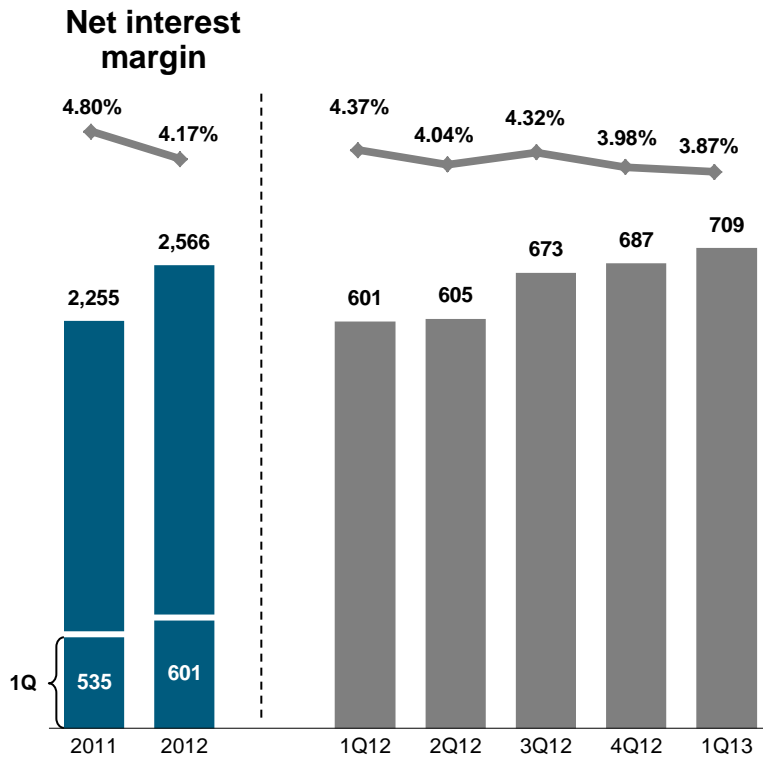
## Deposits (RM b)

### Loans / Deposits

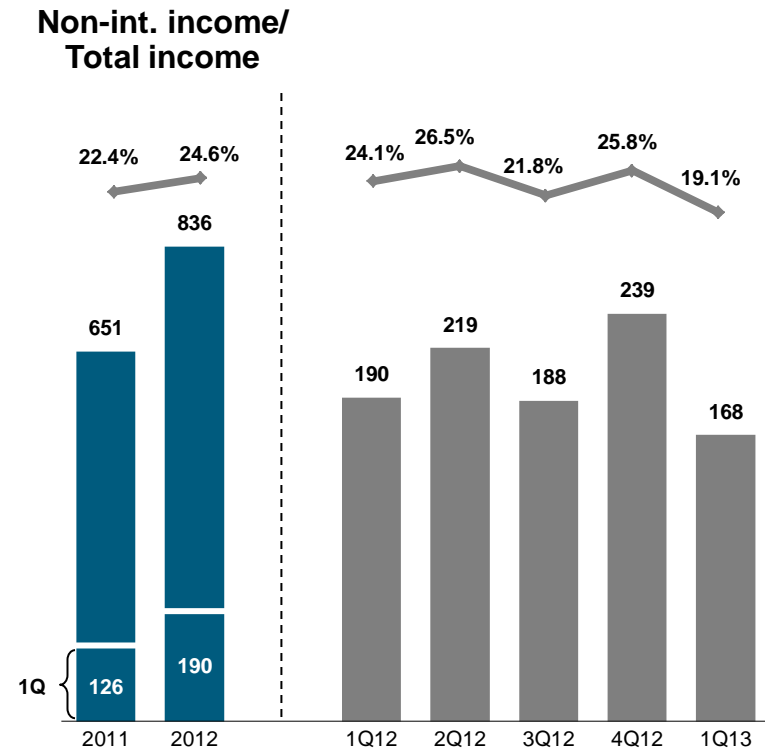


# OCBC NISP: Net interest income up 18% YoY; non-interest income down 12% YoY

## Net interest income (Rp b)



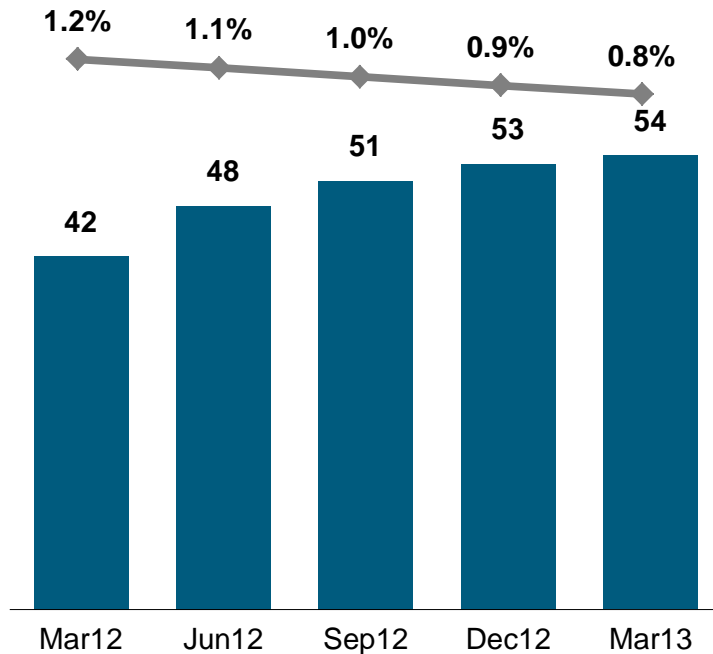
## Non-interest income (Rp b)



# OCBC NISP: Loans grew 27% YoY and 2% QoQ; NPL ratio lower at 0.8%

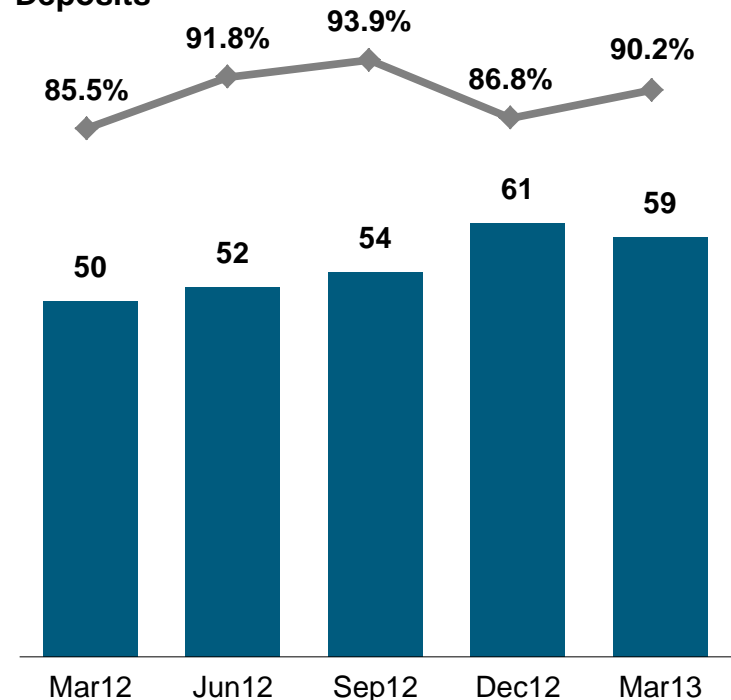
## Gross Loans (Rp t)

### NPL Ratio



## Deposits (Rp t)

### Loans / Deposits



CASA Ratio 58.3% 57.3% 50.5% 49.6% 47.3%

# Agenda

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Results Overview

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1Q13 Performance Trends

Appendix: Financial Highlights of  
Malaysia and Indonesia Subsidiaries

# OCBC Malaysia: 1Q13 net profit up 6% YoY

<b>OCBC Malaysia</b>	<b>1Q13</b> RM m	<b>1Q12</b> RM m	<b>YoY</b> +/(-)%	<b>4Q12</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	319	304	5	324	(2)
Islamic Financing Income	83	54	54	81	2
Non-interest income	104	135	(23)	101	3
<b>Total income</b>	<b>506</b>	<b>494</b>	<b>3</b>	<b>506</b>	<b>-</b>
Operating expenses	(201)	(192)	5	(235)	(14)
<b>Operating profit</b>	<b>305</b>	<b>302</b>	<b>1</b>	<b>271</b>	<b>13</b>
Allowances	7	(4)	nm	(22)	nm
Tax	(77)	(75)	3	(63)	22
<b>Net profit</b>	<b>235</b>	<b>223</b>	<b>6</b>	<b>186</b>	<b>26</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>39.7</b>	<b>38.8</b>		<b>46.4</b>
<b>ROE</b>	<b>17.7</b>	<b>18.4</b>		<b>14.9</b>
<b>CAR</b>				
- Common Equity Tier 1	<b>12.2</b>	<b>na</b>		<b>na</b>
- Tier 1	<b>14.1</b>	<b>13.2</b>		<b>14.4</b>
- Total CAR	<b>17.2</b>	<b>15.6</b>		<b>17.8</b>



Note: Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia  
 "na" denotes not applicable

# OCBC NISP: 1Q13 net profit up 23% YoY


<b>OCBC NISP</b>	<b>1Q13 RP b</b>	<b>1Q12 RP b</b>	<b>YoY +/(-)%</b>	<b>4Q12 RP b</b>	<b>QoQ +/(-)%</b>
Net interest income	709	601	18	687	3
Non-interest income	168	190	(12)	239	(30)
Total income	877	791	11	926	(5)
Operating expenses	(521)	(471)	11	(500)	4
<b>Operating profit</b>	<b>356</b>	<b>320</b>	<b>11</b>	<b>426</b>	<b>(17)</b>
Allowances	(26)	(59)	(55)	(83)	(68)
Non Op Income / (Expenses)	0	7	(99)	3	(99)
Tax	(83)	(67)	24	(87)	(5)
<b>Net profit</b>	<b>247</b>	<b>201</b>	<b>23</b>	<b>259</b>	<b>(5)</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>59.4</b>	<b>59.5</b>		<b>54.0</b>
<b>ROE</b>	<b>11.2</b>	<b>12.4</b>		<b>12.5</b>
<b>CAR</b>				
- Common Equity Tier 1	<b>14.2</b>	<b>13.1</b>		<b>13.9</b>
- Tier 1	<b>14.2</b>	<b>13.1</b>		<b>13.9</b>
- Total CAR	<b>16.6</b>	<b>16.1</b>		<b>16.5</b>



Note: Capital ratios are computed based on the standardised approach under the Basel II framework



# First Quarter 2013 Results

## Thank You