

# Third Quarter 2013 Results Presentation

1 November 2013



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# Agenda

## Results Overview

### 3Q13 Performance Trends

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### Appendix: Financial Highlights of Malaysian and Indonesian Subsidiaries



Note: 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

# 3Q13 Highlights

**Strong customer-related business growth drove core net profit higher by 5% YoY and 27% QoQ**

- Net interest income achieved a new quarterly high from loan growth while net interest margin remained stable QoQ
- Fee and commission income surpassed last quarter's record high
- Malaysian and Indonesian banking units each recorded 21% YoY profit growth, in local currency terms
- Great Eastern's core net profit contribution up 49% with continued new business sales and NBEV growth
- Trading income lower from last year's strong performance
- Operating expenses down
- Net allowances up from higher portfolio and specific allowances
- Asset quality remained healthy with NPL ratio at 0.8%
- Capital adequacy ratios of CET1 and Tier 1 at 14.3%, Total CAR at 16.1%

# 3Q13 core net profit of S\$759m, up 5% YoY & 27% QoQ

OCBC Group	3Q13 S\$m	3Q12 S\$m	YoY +/(-)%	2Q13 S\$m	QoQ +/(-)%
Net interest income	978	944	4	961	2
Non-interest income	779	754	3	606	29
Total income	1,757	1,698	3	1,567	12
Operating expenses	(681)	(685)	(1)	(718)	(5)
<b>Operating profit</b>	<b>1,076</b>	<b>1,013</b>	<b>6</b>	<b>849</b>	<b>27</b>
Amortisation of intangibles	(15)	(15)	(3)	(15)	-
Allowances	(94)	(70)	35	(83)	13
Associates & JVs	13	4	216	23	(44)
Tax & non-controlling interests ("NCI")	(221)	(208)	6	(177)	25
<b>Core net profit</b>	<b>759</b>	<b>724</b>	<b>5</b>	<b>597</b>	<b>27</b>
Divestment gain, net of tax	-	1,126 <sup>1/</sup>	(100)	-	-
<b>Net profit</b>	<b>759</b>	<b>1,850</b>	<b>(59)</b>	<b>597</b>	<b>27</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")

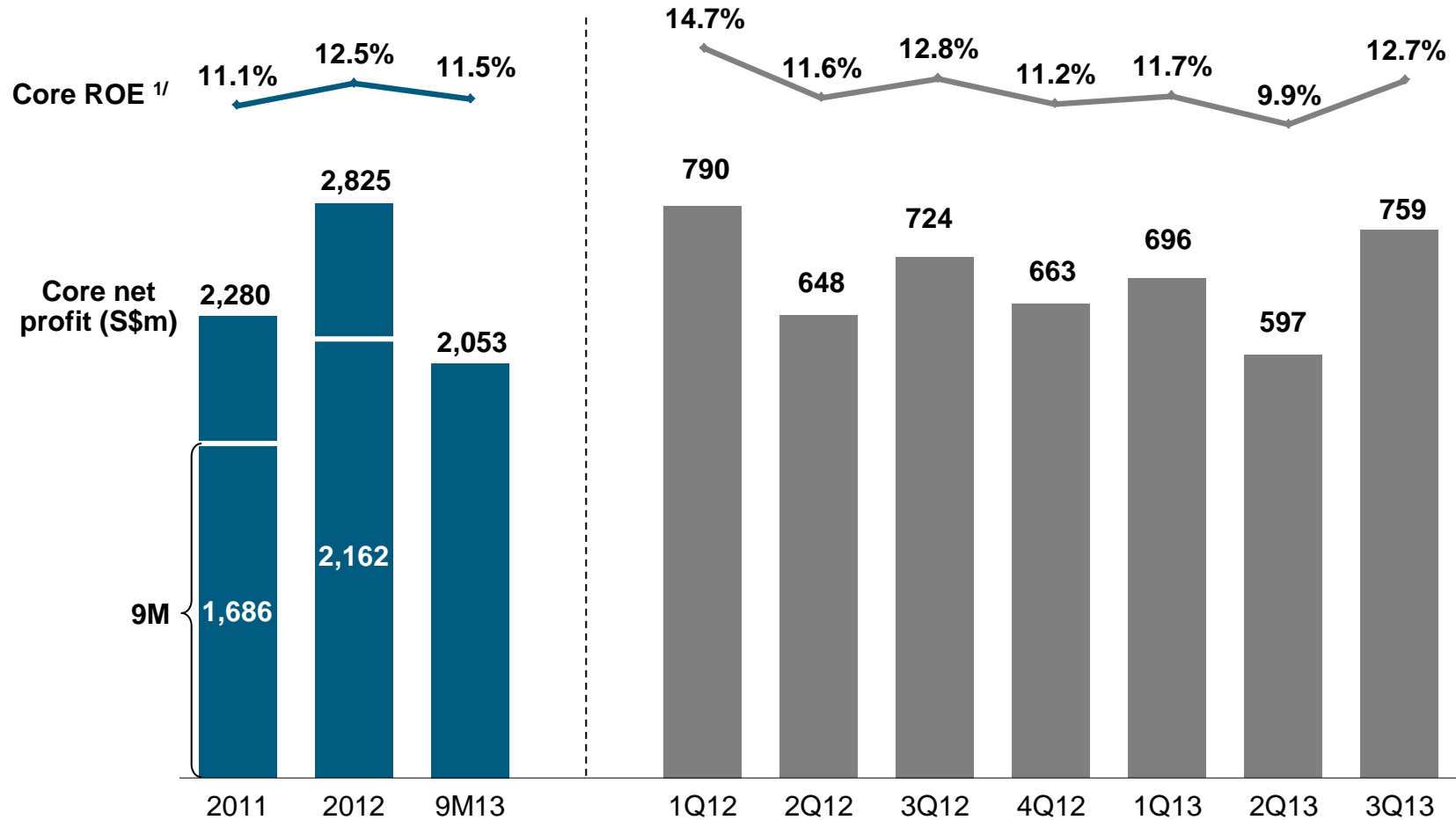
# 9M13 core net profit of S\$2.05b down 5% YoY

<b>OCBC Group</b>	<b>9M13 S\$m</b>	<b>9M12 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	2,851	2,827	1
Non-interest income	2,061	2,140	(4)
Total income	4,912	4,967	(1)
Operating expenses	(2,071)	(1,971)	5
<b>Operating profit</b>	<b>2,841</b>	<b>2,996</b>	<b>(5)</b>
Amortisation of intangibles	(44)	(45)	(3)
Allowances	(198)	(204)	(3)
Associates & JVs	49	22	118
Tax & NCI	(595)	(607)	(2)
<b>Core net profit</b>	<b>2,053</b>	<b>2,162</b>	<b>(5)</b>
Divestment gain, net of tax	-	1,168 <sup>1/</sup>	(100)
<b>Net profit</b>	<b>2,053</b>	<b>3,330</b>	<b>(38)</b>

# Key ratios remained sound

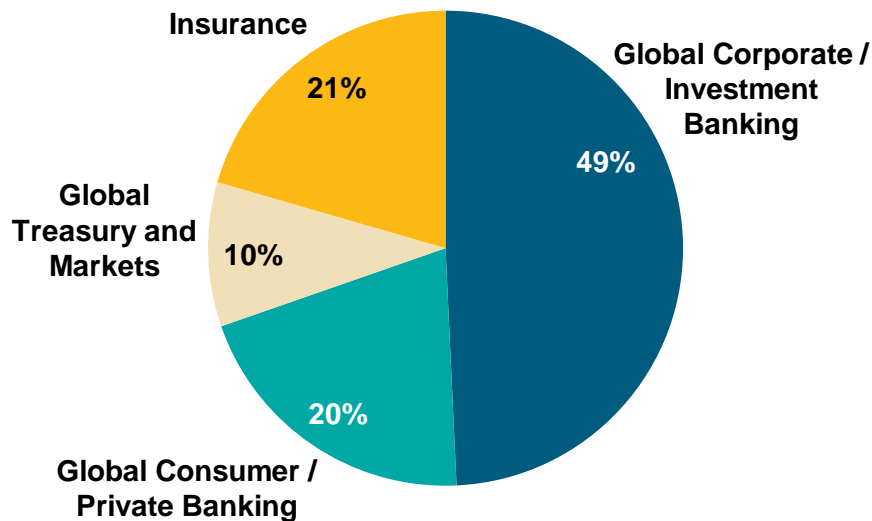
Based on core earnings (%)	3Q13	3Q12	2Q13	9M13	9M12
Net interest margin	1.63	1.75	1.64	1.63	1.79
Non-interest income / Total income	44.3	44.4	38.6	41.9	43.1
Cost / Income	38.8	40.3	45.8	42.2	39.7
Loans / Deposits	88.4	87.7	89.2	88.4	87.7
NPL Ratio	0.8	0.8	0.7	0.8	0.8
Allowances / NPAs	130.1	128.1	143.9	130.1	128.1
ROE	12.7	12.8	9.9	11.5	13.0
Cash ROE	13.0	13.0	10.2	11.7	13.2

# 9M13 core ROE healthy at 11.5%

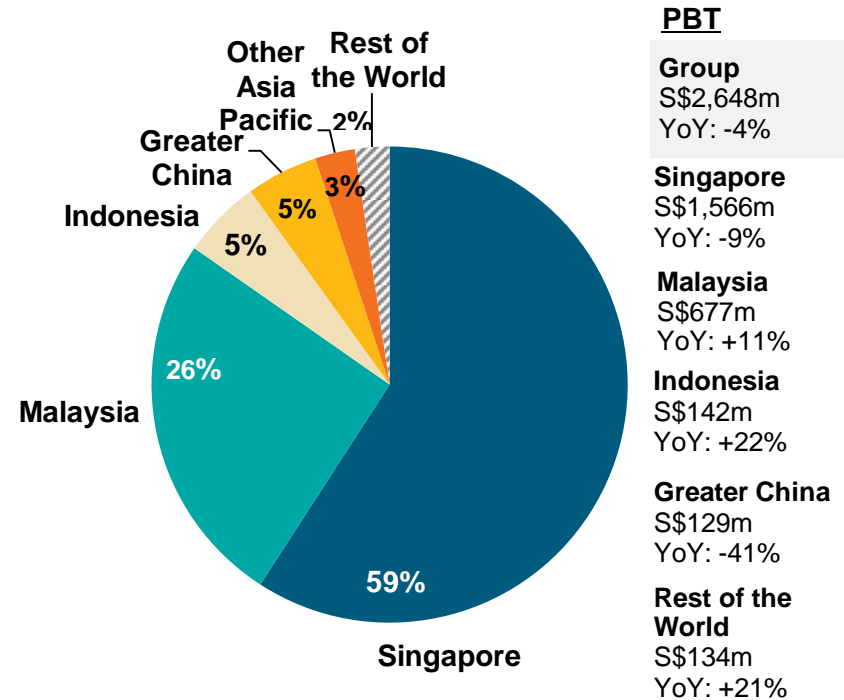


# PBT breakdown at a glance

**9M13 PBT  
by Business<sup>1/</sup>**



**9M13 PBT  
by Geography**



**PBT**

**Group**  
S\$2,648m  
YoY: -4%

**Singapore**  
S\$1,566m  
YoY: -9%

**Malaysia**  
S\$677m  
YoY: +11%

**Indonesia**  
S\$142m  
YoY: +22%

**Greater China**  
S\$129m  
YoY: -41%

**Rest of the World**  
S\$134m  
YoY: +21%

<sup>1/</sup> Core operating profit after allowances and amortisation. 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

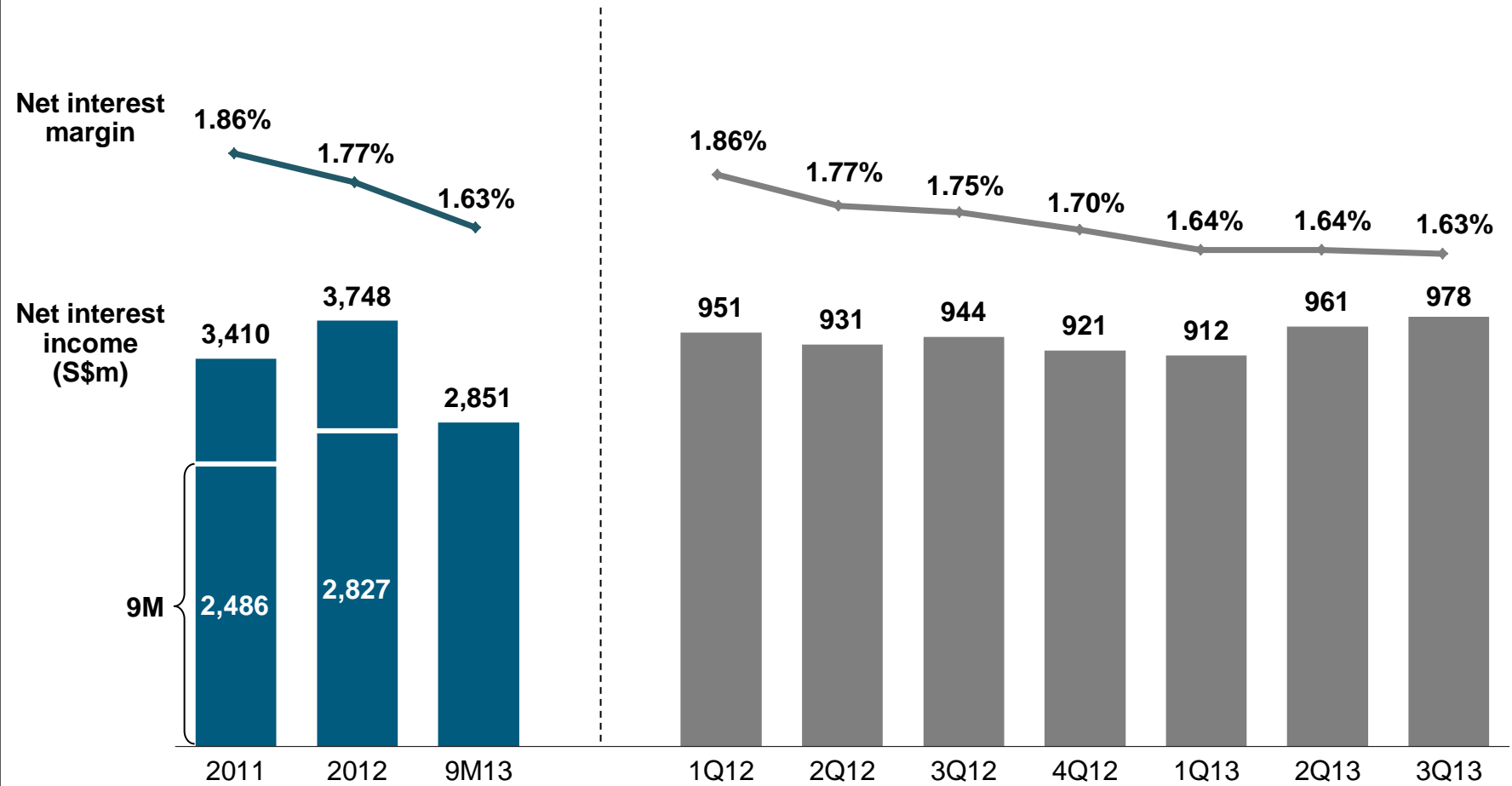
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Results Overview

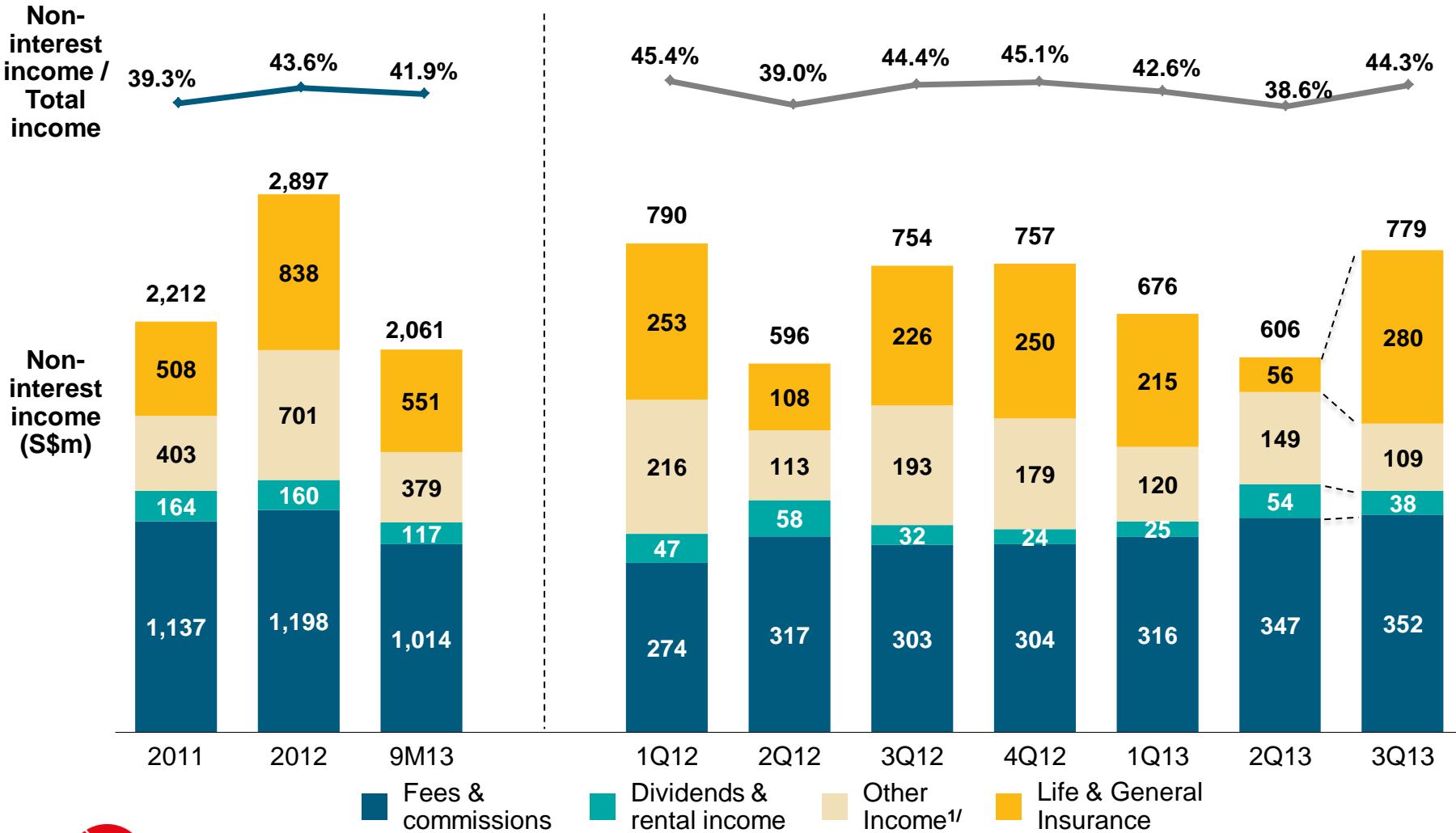
3Q13 Performance Trends

Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

# Net interest income at a new quarterly record, up 4% YoY. NIM stable QoQ

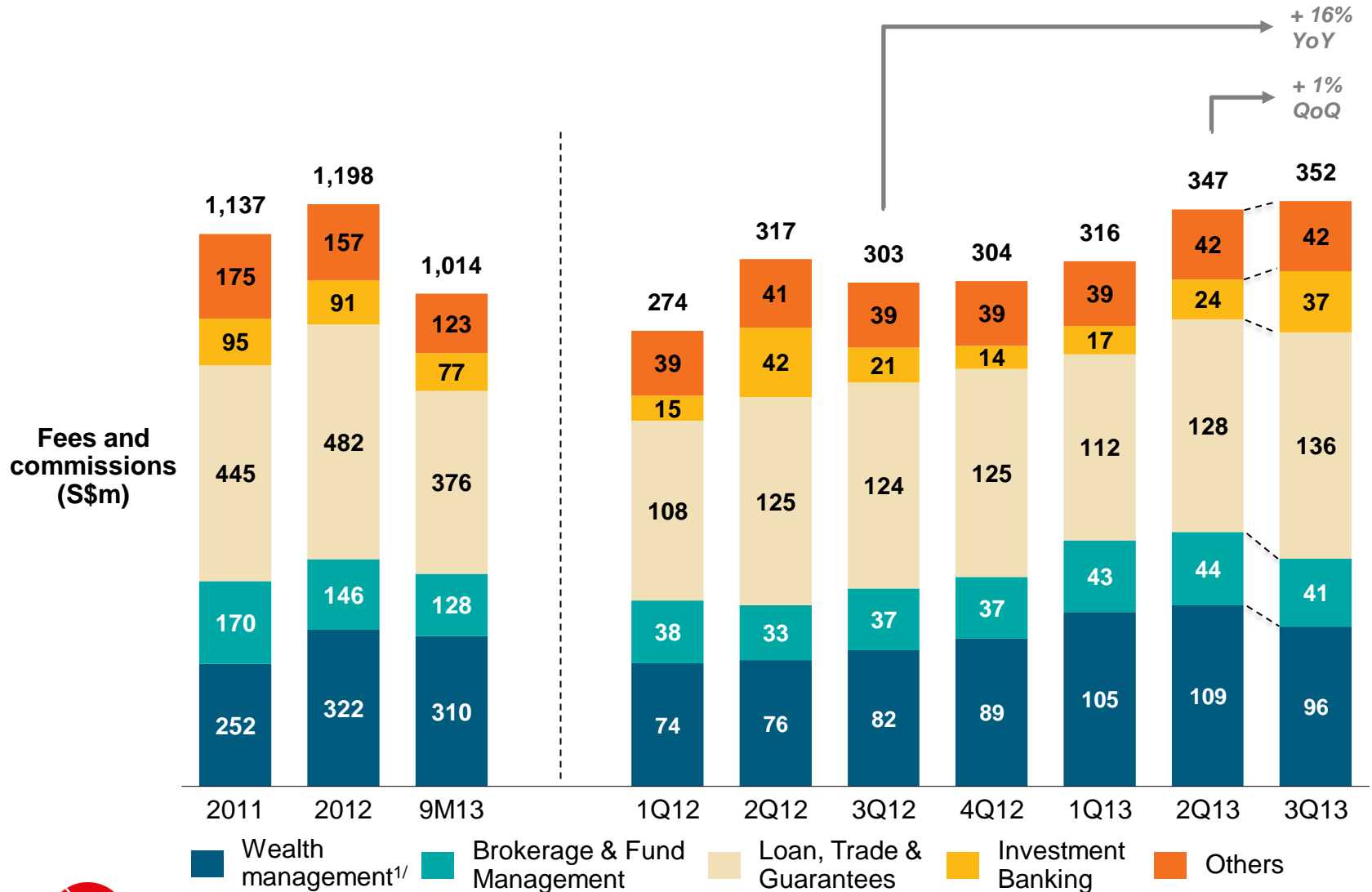


# Non-interest income increased 3% YoY & 29% QoQ, despite lower trading income



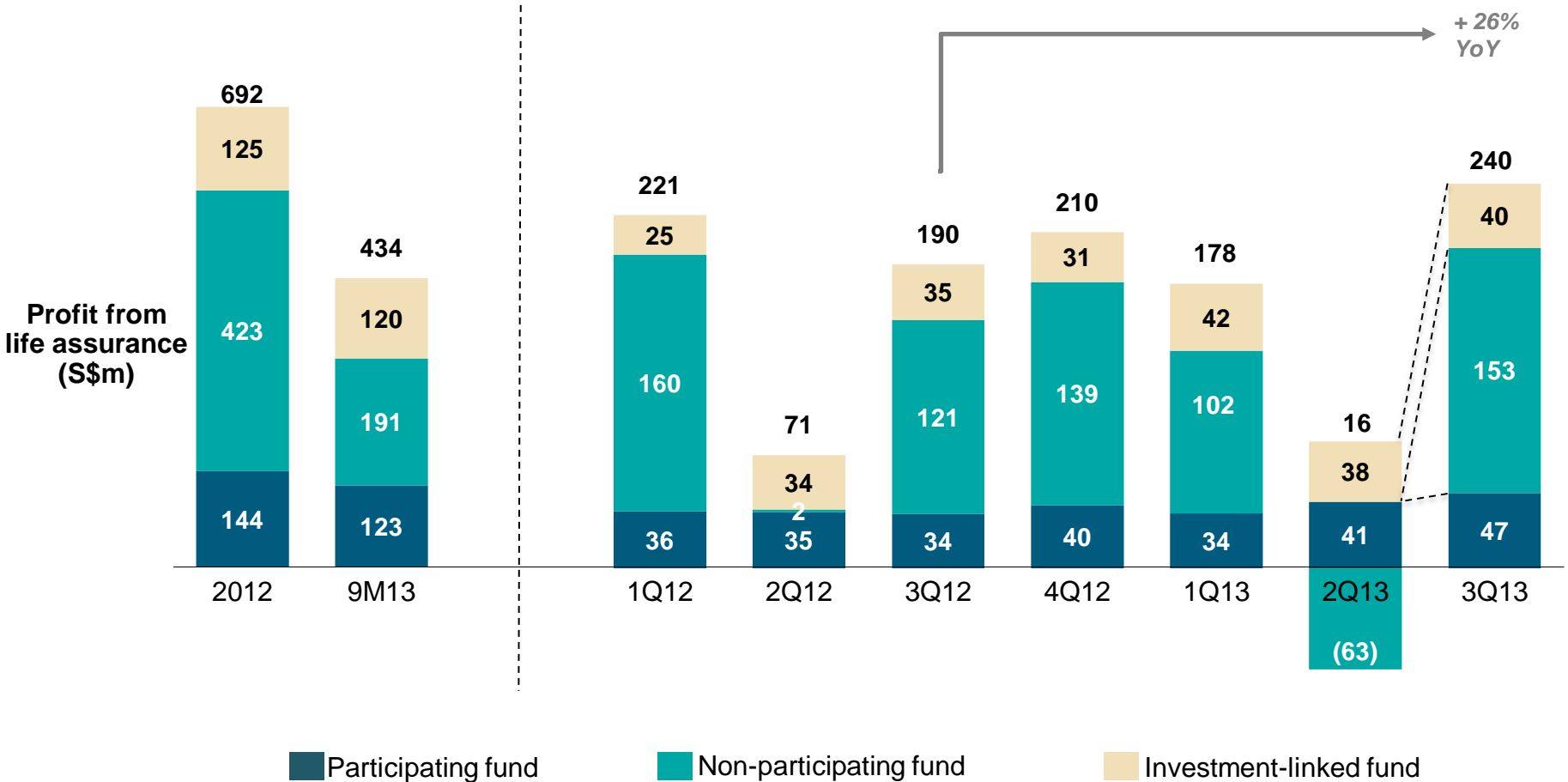
Note: Excludes gains from divestment of non-core assets  
 1/ Other Income includes trading income

# Fee income at new quarterly record, up 16% YoY

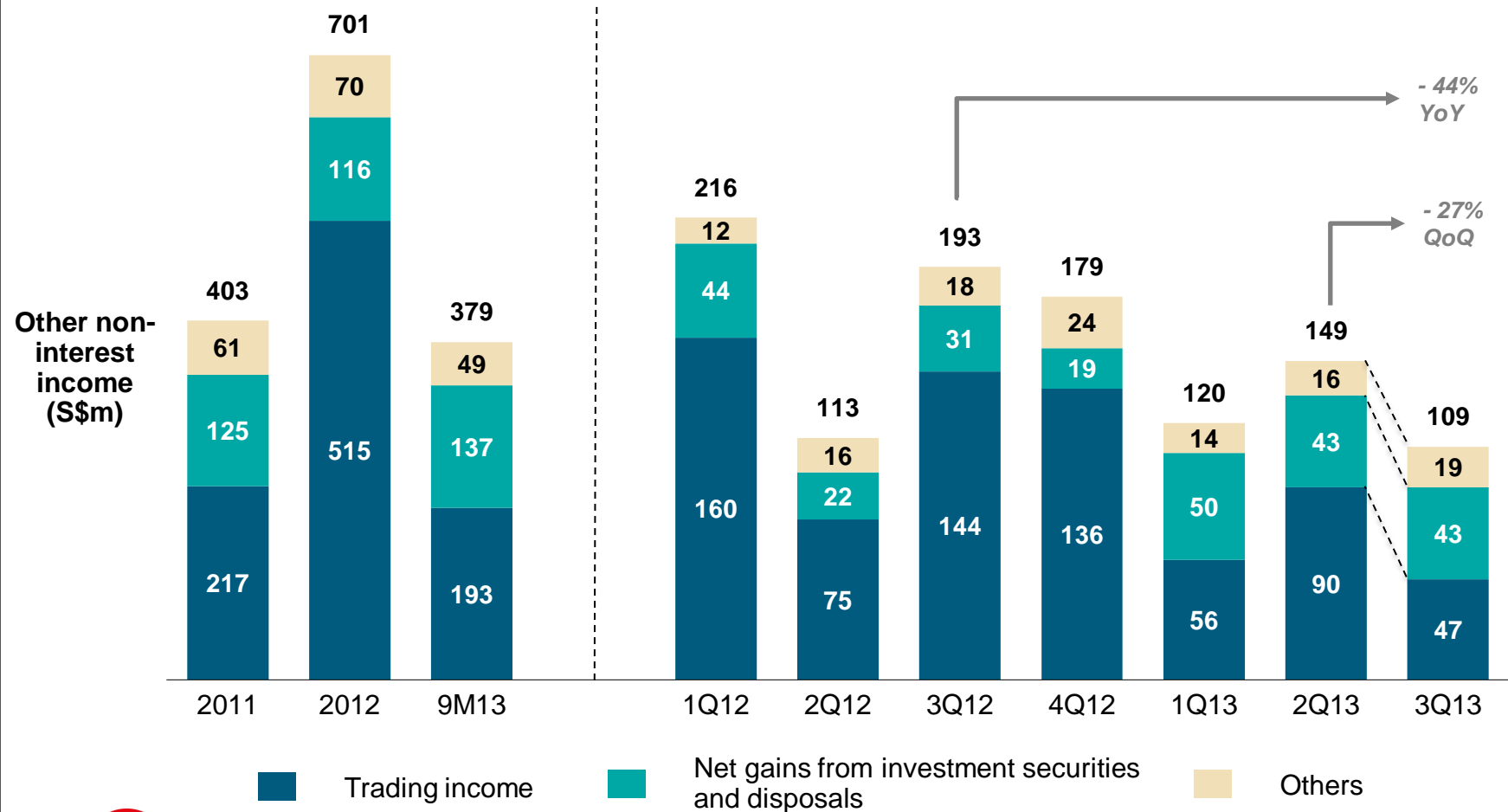


<sup>1/</sup> Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

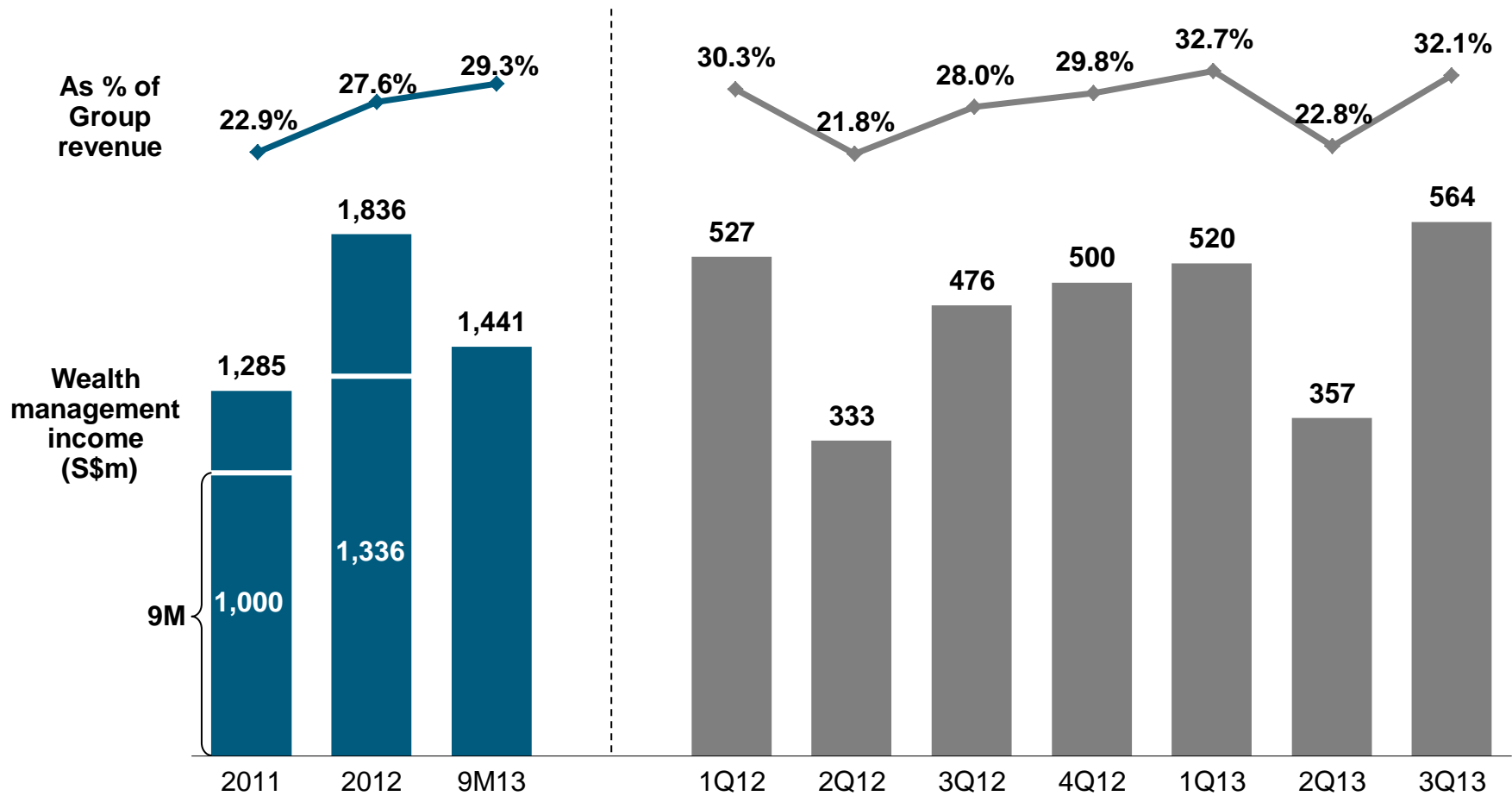
# Profit from life assurance up 26% YoY from continued underwriting growth and higher unrealised mark-to-market gains in the Non-Participating Fund



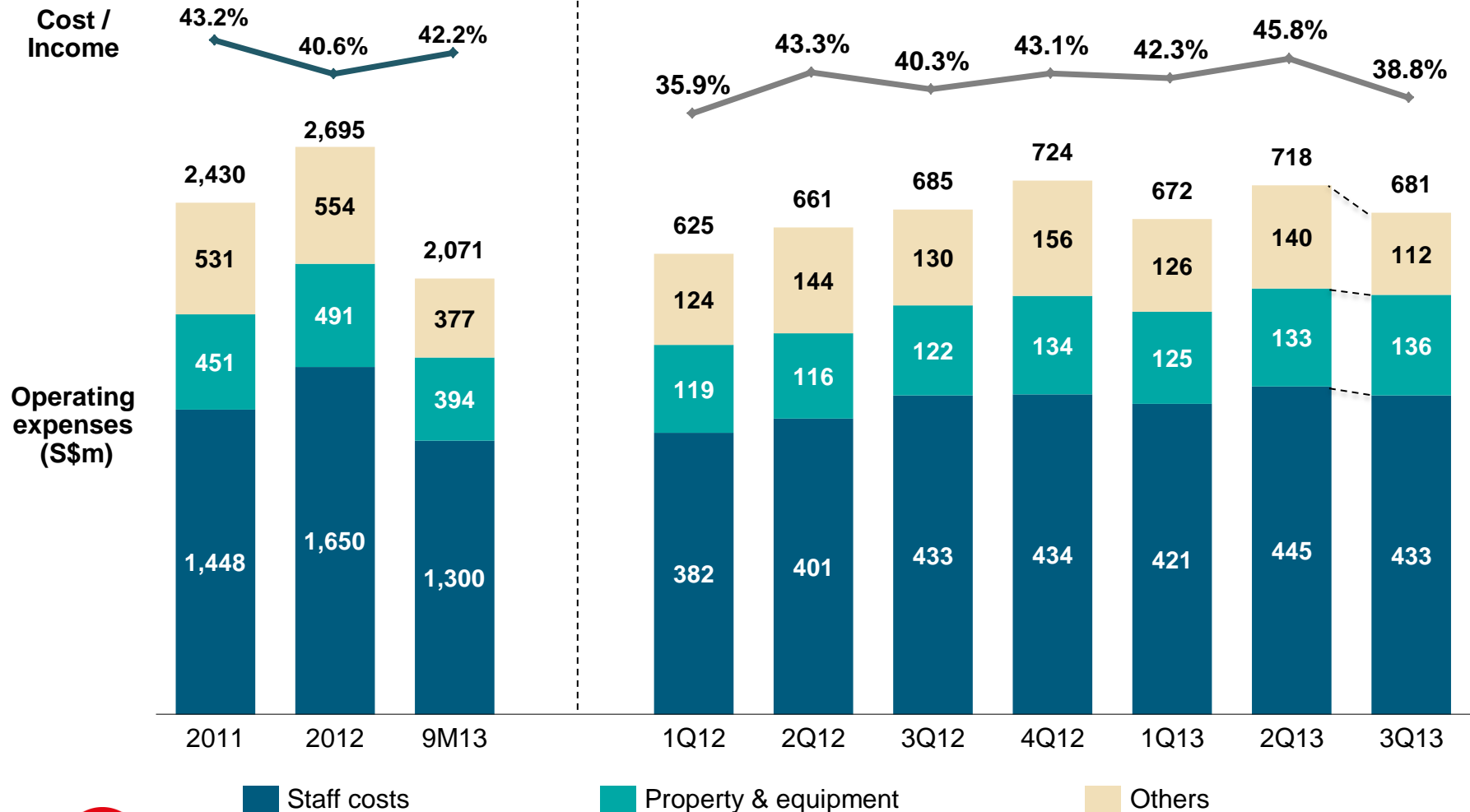
# Other non-interest income down 44% YoY as lower trading income offset higher investment securities gains



# Wealth management income up 19% YoY to a quarterly high



# Operating expenses down





# 3Q13 core net profit of S\$524m before GEH contribution

	3Q13 S\$m	3Q12 S\$m	YoY +/(-)%	2Q13 S\$m	QoQ +/(-)%
Net interest income	962	928	4	944	2
Non-interest income	459	496	(7)	518	(11)
Total income	1,421	1,424	-	1,462	(3)
Operating expenses	(663)	(636)	4	(660)	-
<b>Operating profit</b>	<b>758</b>	<b>788</b>	<b>(4)</b>	<b>802</b>	<b>(6)</b>
Allowances	(94)	(70)	34	(83)	13
Associates & JVs	15	6	149	26	(44)
Amortisation, tax & NCI	(154)	(157)	(2)	(152)	1
<b>Core net profit</b>	<b>524</b>	<b>567</b>	<b>(8)</b>	<b>593</b>	<b>(12)</b>
Divestment gain, net of tax	-	786 <sup>1/</sup>	(100)	-	-
<b>Net profit from banking operations</b>	<b>524</b>	<b>1,352</b>	<b>(61)</b>	<b>593</b>	<b>(12)</b>
<b>GEH net profit contribution</b>	<b>235</b>	<b>498</b>	<b>(53)</b>	<b>4</b>	<b>nm</b>
<b>OCBC Group net profit</b>	<b>759</b>	<b>1,850</b>	<b>(59)</b>	<b>597</b>	<b>27</b>

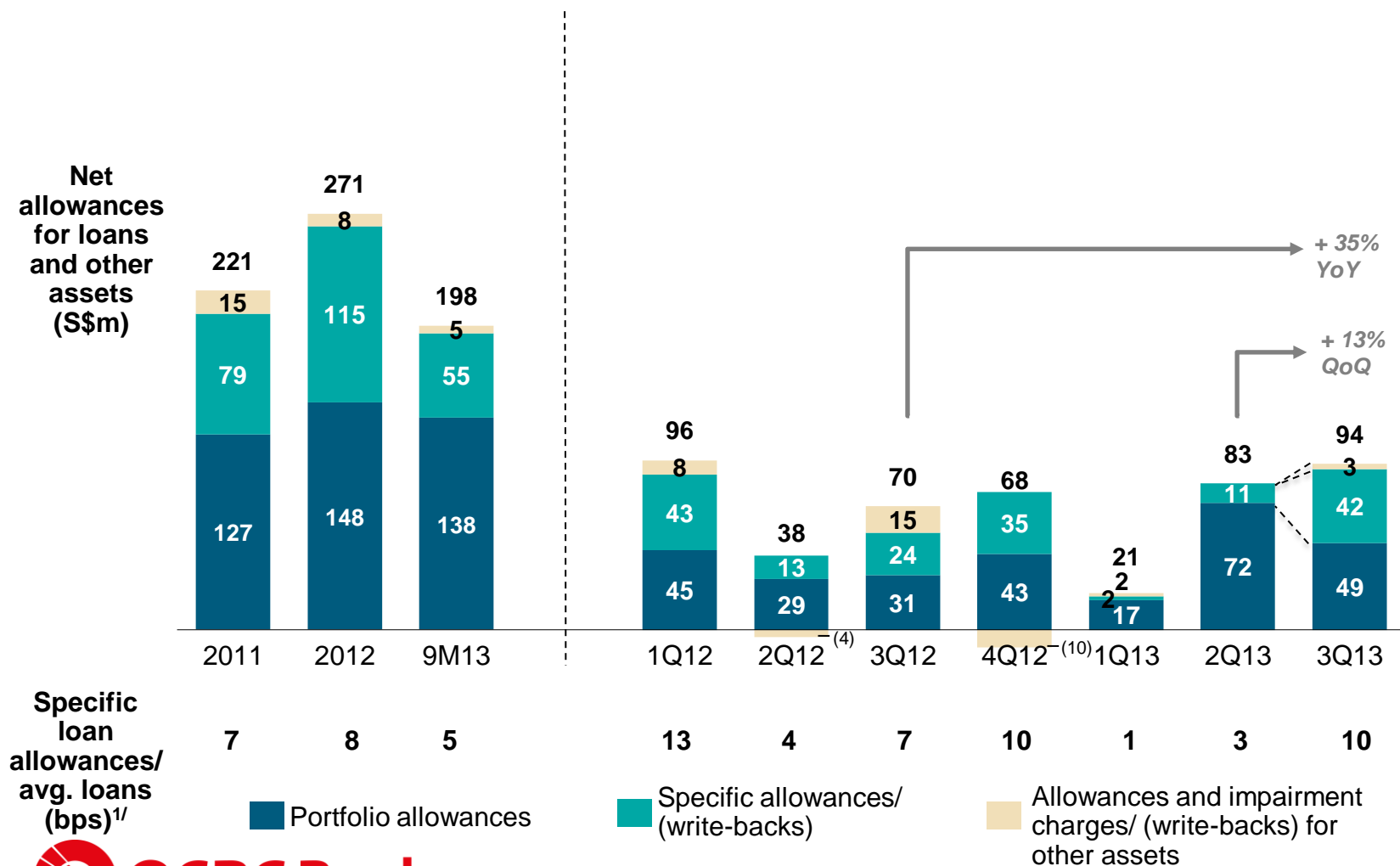
# 9M13 core net profit of S\$1.64b before GEH contribution

	9M13 S\$m	9M12 S\$m	YoY +/(-)%
Net interest income	2,800	2,781	1
Non-interest income	1,382	1,421	(3)
<b>Total income</b>	<b>4,183</b>	<b>4,203</b>	<b>-</b>
Operating expenses	(1,945)	(1,825)	7
<b>Operating profit</b>	<b>2,237</b>	<b>2,378</b>	<b>(6)</b>
Allowances	(198)	(203)	(3)
Associates & JVs	57	27	108
Amortisation, tax & NCI	(453)	(477)	(5)
<b>Core net profit</b>	<b>1,644</b>	<b>1,724</b>	<b>(5)</b>
Divestment gain, net of tax	-	827 <sup>1/</sup>	(100)
<b>Net profit from banking operations</b>	<b>1,644</b>	<b>2,552</b>	<b>(36)</b>
<b>GEH net profit contribution</b>	<b>409</b>	<b>778</b>	<b>(47)</b>
<b>OCBC Group net profit</b>	<b>2,053</b>	<b>3,330</b>	<b>(38)</b>



<sup>1/</sup> Gain from divestment of the Group's shareholdings in F&N and APB, and divestment of property at Bourke Street, Melbourne, Australia

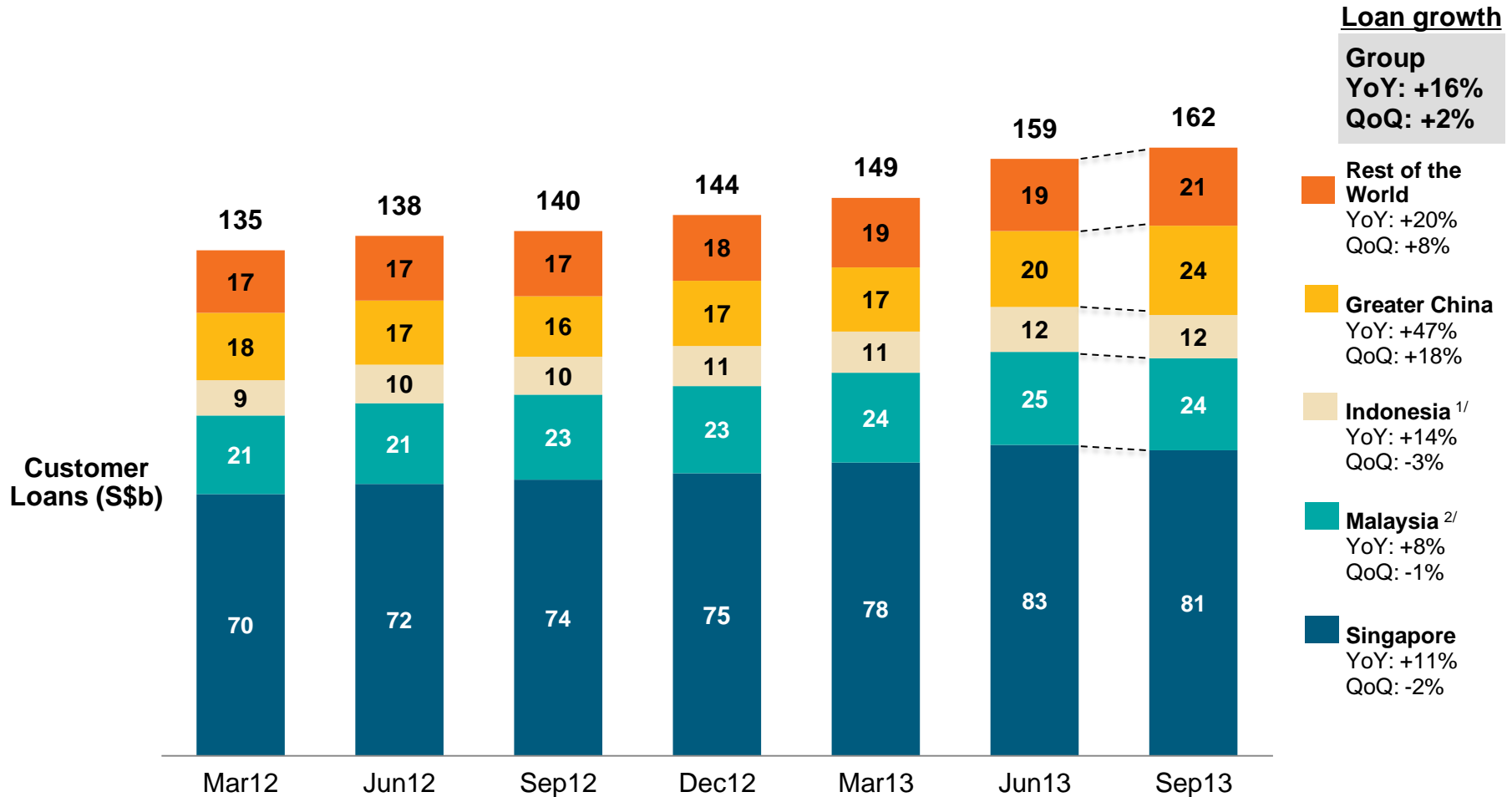
# Net allowances up 35% YoY, credit cost remained low at 10 bps of loans



# Net specific allowances for 9M13 down YoY

	3Q13 S\$m	3Q12 S\$m	2Q13 S\$m	9M13 S\$m	9M12 S\$m
Allowances for new and existing NPLs	72	57	51	171	203
Write-backs <sup>1/</sup>	(19)	(24)	(28)	(72)	(92)
Recoveries <sup>2/</sup>	(11)	(9)	(12)	(44)	(31)
<b>Net specific allowances</b>	<b>42</b>	<b>24</b>	<b>11</b>	<b>55</b>	<b>80</b>

# Loans increased 16% YoY and 2% QoQ



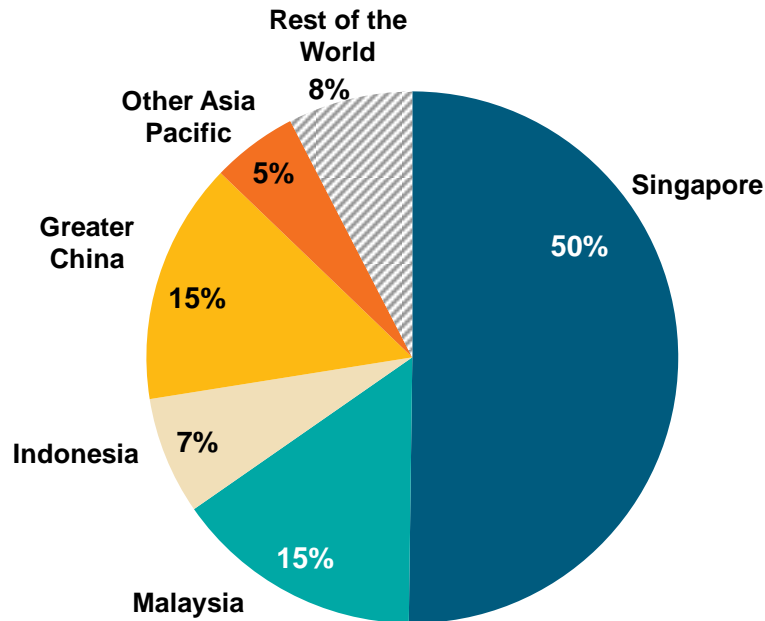
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

1/ Includes OCBC NISP loans, which grew 21% YoY and 8% QoQ, in local currency terms (see Slide 37)

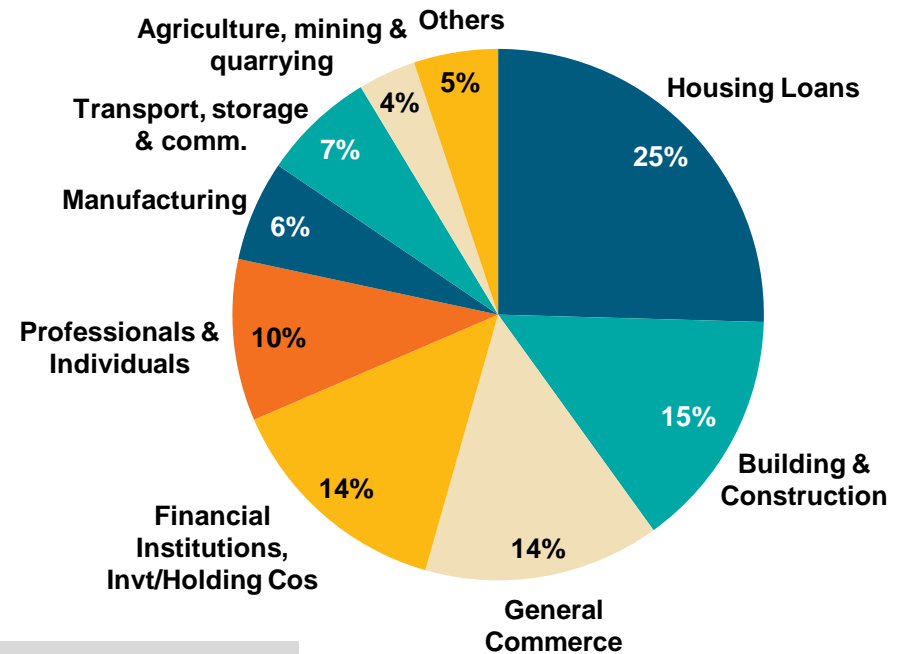
2/ Includes OCBC Malaysia loans, which grew 15% YoY and 4% QoQ, in local currency terms (see Slide 35)

# Loan book remained diversified across geographies and sectors

**Customer Loans by Geography  
As of 30 September 2013**

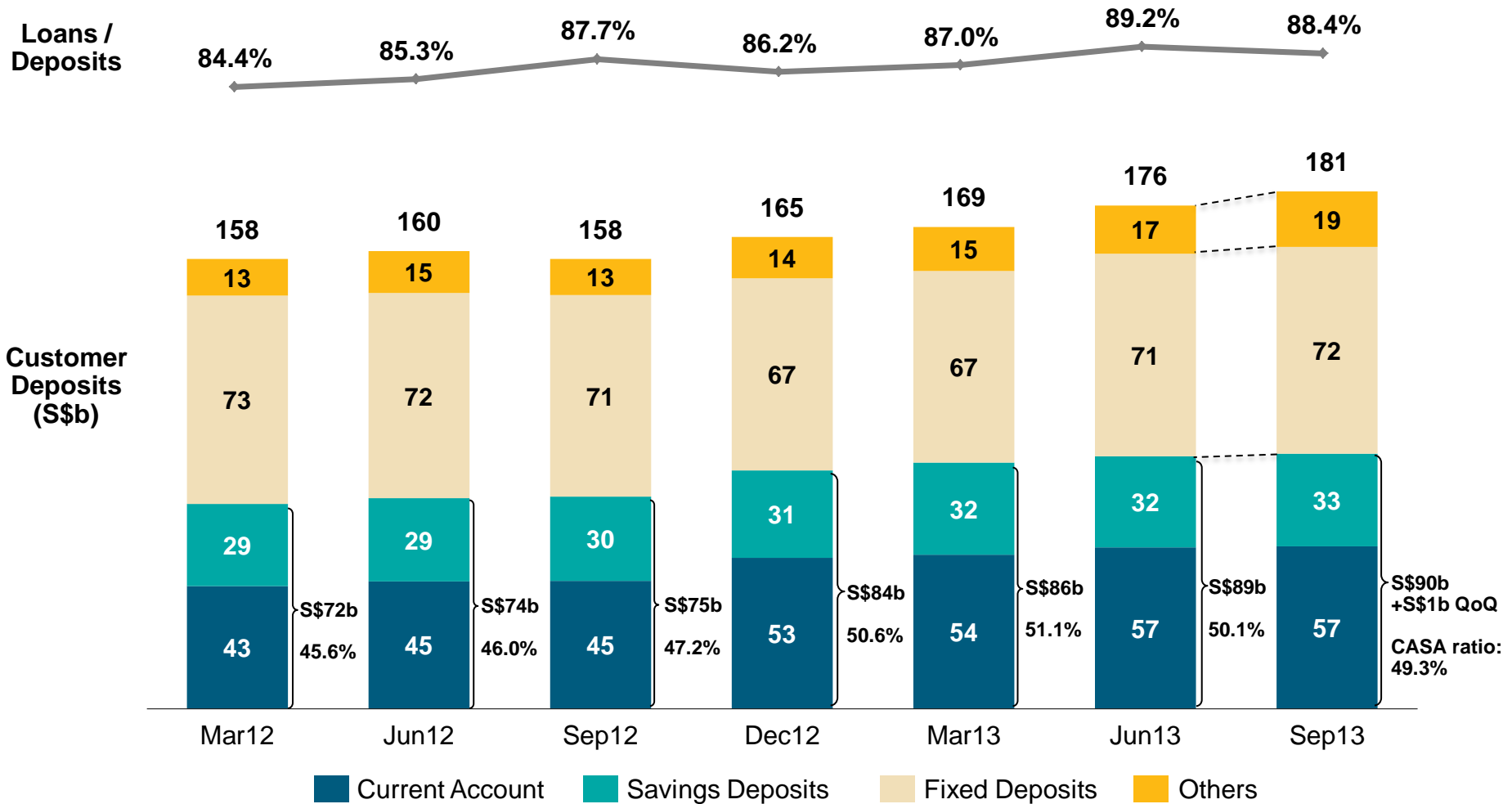


**Customer Loans by Industry  
As of 30 September 2013**



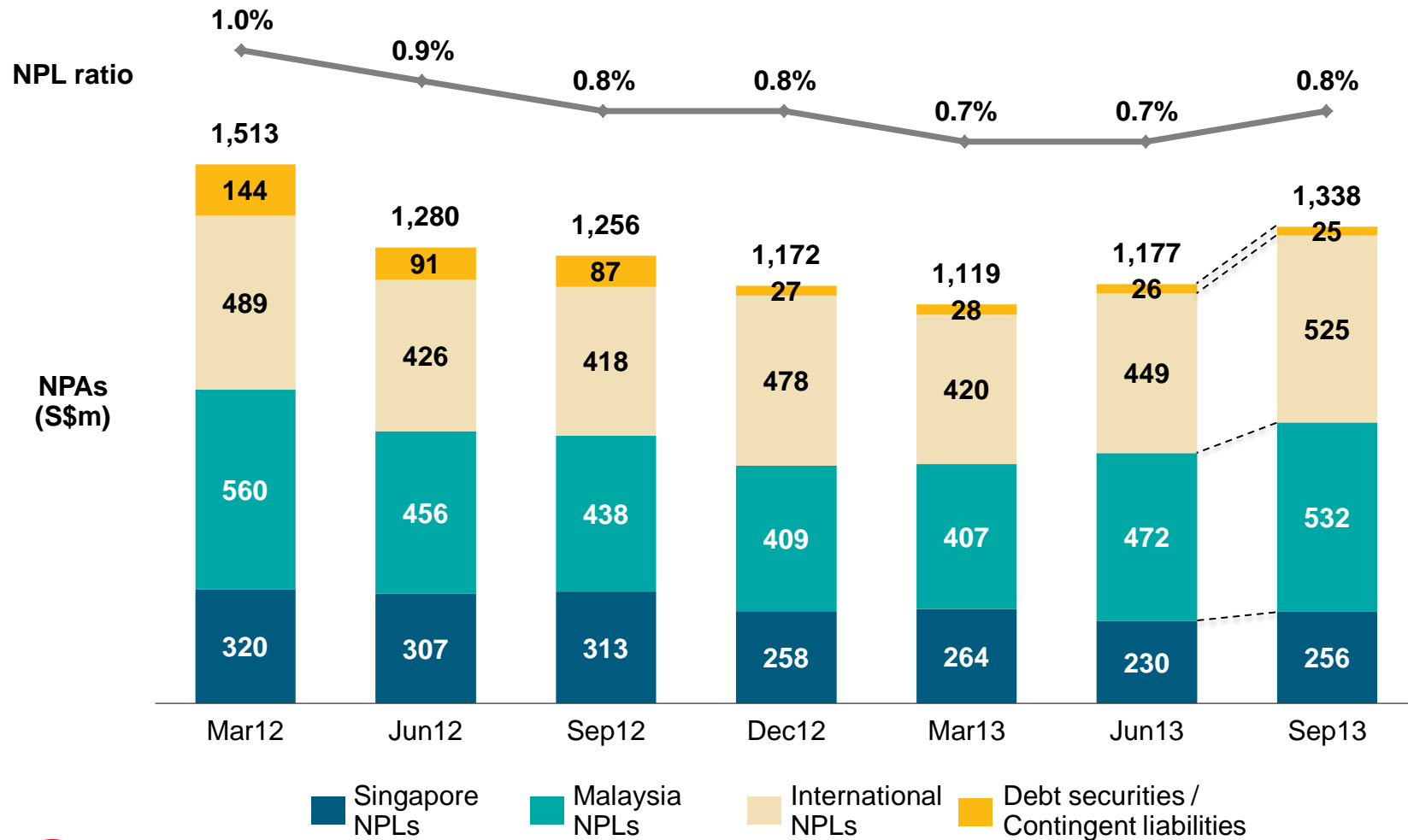
**Total: S\$162b**

# Customer deposits up 15% YoY & 3% QoQ, CASA deposits grew 20% YoY



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

# NPL ratio remained low at 0.8%

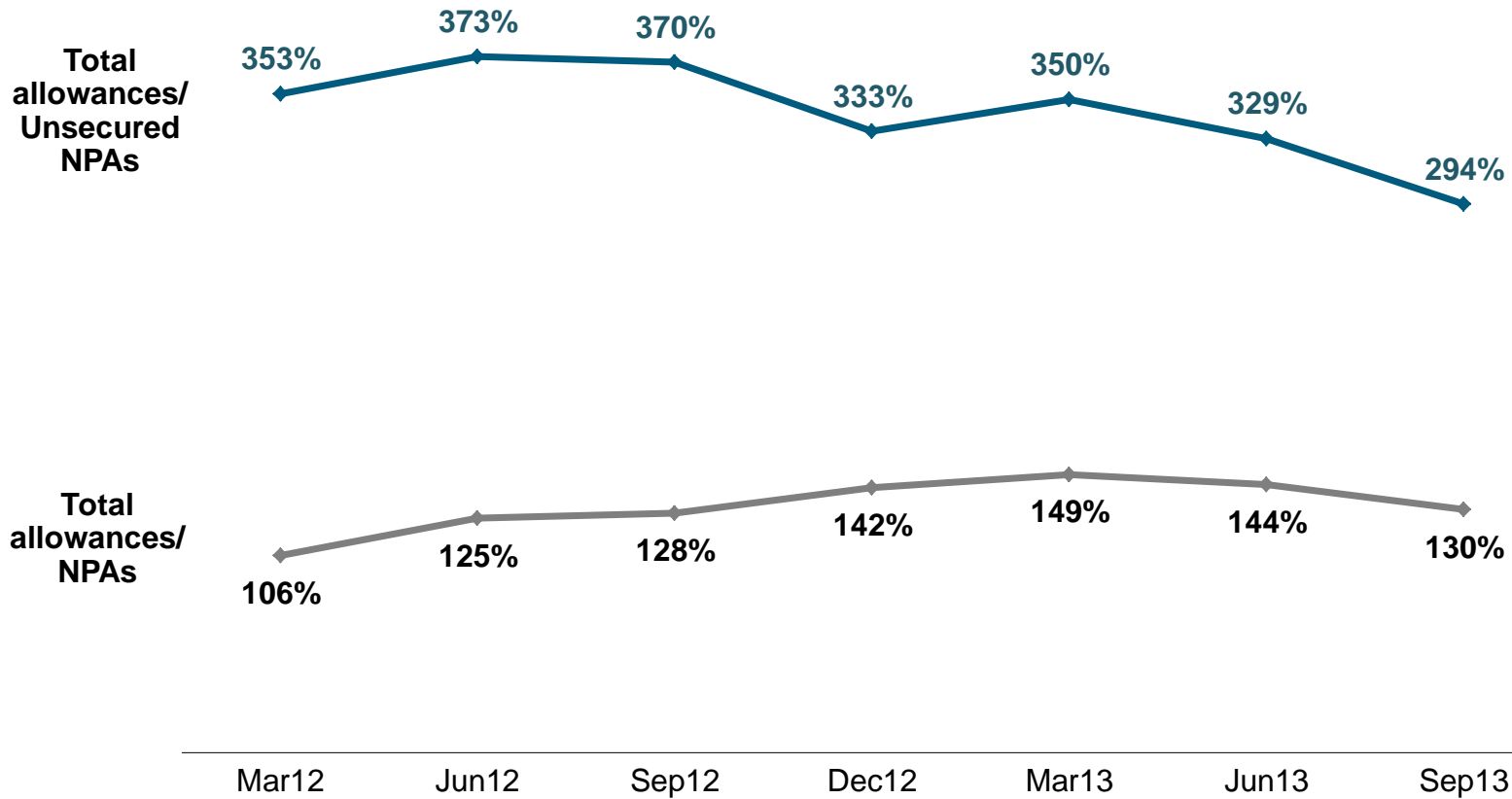




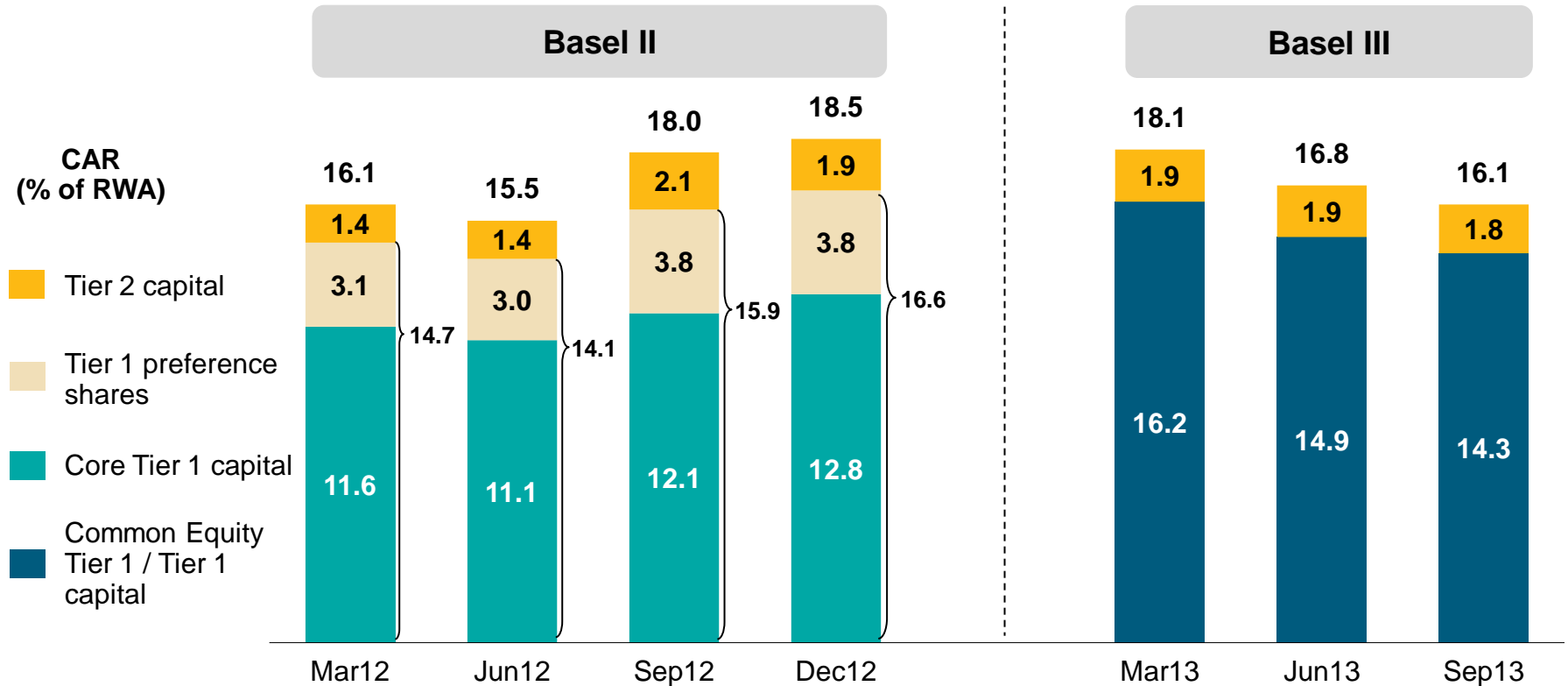
# NPAs up slightly, credit quality sound

	3Q13 S\$m	3Q12 S\$m	2Q13 S\$m	9M13 S\$m	9M12 S\$m
NPAs – Opening balance	1,177	1,280	1,119	1,172	1,437
New NPAs	287	142	253	662	601
New recoveries/upgrades	(103)	(116)	(140)	(387)	(669)
Write-offs	(23)	(50)	(55)	(109)	(113)
<b>NPAs – Closing balance</b>	<b>1,338</b>	<b>1,256</b>	<b>1,177</b>	<b>1,338</b>	<b>1,256</b>

# Allowance coverage ratios remained healthy



# Capital adequacy ratios well above regulatory requirements



<b>Tier 1 capital (S\$m)</b>	19,024	18,981	20,934	21,591	<b>CET1 capital (S\$m)</b>	22,794	22,146	21,036
<b>Tier 1 prefs. (S\$m)</b>	3,958	3,954	4,954	4,954	<b>Tier 1 capital (S\$m)</b>	22,794	22,146	21,036
<b>RWA (S\$m)</b>	129,183	134,467	131,263	129,647	<b>RWA (S\$m)</b>	140,395	148,131	146,957



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

# GEH: 3Q13 core earnings contribution up 49% YoY to S\$235m

GEH Contribution	3Q13 S\$m	3Q12 S\$m	YoY +/(-)%	2Q13 S\$m	QoQ +/(-)%
Profit from insurance business	253	198	28	18	nm
<b>- Operating profit <sup>1/</sup></b>	<b>139</b>	<b>110</b>	<b>26</b>	<b>155</b>	<b>(10)</b>
- Non-operating profit/(loss) <sup>2/</sup>	91	72	27	(156)	159
- Others <sup>3/</sup>	24	17	43	19	27
Profit from Shareholders' Fund	65	27	145	30	119
<b>Sub-total</b>	<b>318</b>	<b>225</b>	<b>41</b>	<b>47</b>	<b>577</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	(0)	-	(0)	-
Associates & JVs	(0)	(0)	-	(1)	-
Tax & non-controlling interests	(71)	(56)	28	(29)	143
<b>Core net profit contribution</b>	<b>235</b>	<b>157</b>	<b>49</b>	<b>4</b>	<b>nm</b>
Divestment gain, net of tax	-	341 <sup>4/</sup>	(100)	-	-
<b>Net profit contribution</b>	<b>235</b>	<b>498</b>	<b>(53)</b>	<b>4</b>	<b>nm</b>

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

2/ Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items

3/ Mainly tax

4/ Gain from divestment of the Group's shareholdings in F&N and APB

# GEH: 9M13 core earnings contribution of S\$409m

GEH Contribution	9M13 S\$m	9M12 S\$m	YoY +/(-)%
Profit from insurance business	458	504	(9)
<b>- Operating profit <sup>1/</sup></b>	<b>424</b>	<b>332</b>	<b>28</b>
- Non-operating profit/(loss) <sup>2/</sup>	(26)	122	(121)
- Others <sup>3/</sup>	60	49	21
Profit from Shareholders' Fund	146	113	29
<b>Sub-total</b>	<b>604</b>	<b>618</b>	<b>(2)</b>
Amortisation of intangibles	(35)	(35)	-
Allowances	(0)	(1)	-
Associates & JVs	(2)	0	-
Tax & non-controlling interests	(157)	(145)	8
<b>Core net profit contribution</b>	<b>409</b>	<b>437</b>	<b>(7)</b>
Divestment gain, net of tax	-	341 <sup>4/</sup>	(100)
<b>Net profit contribution</b>	<b>409</b>	<b>778</b>	<b>(47)</b>

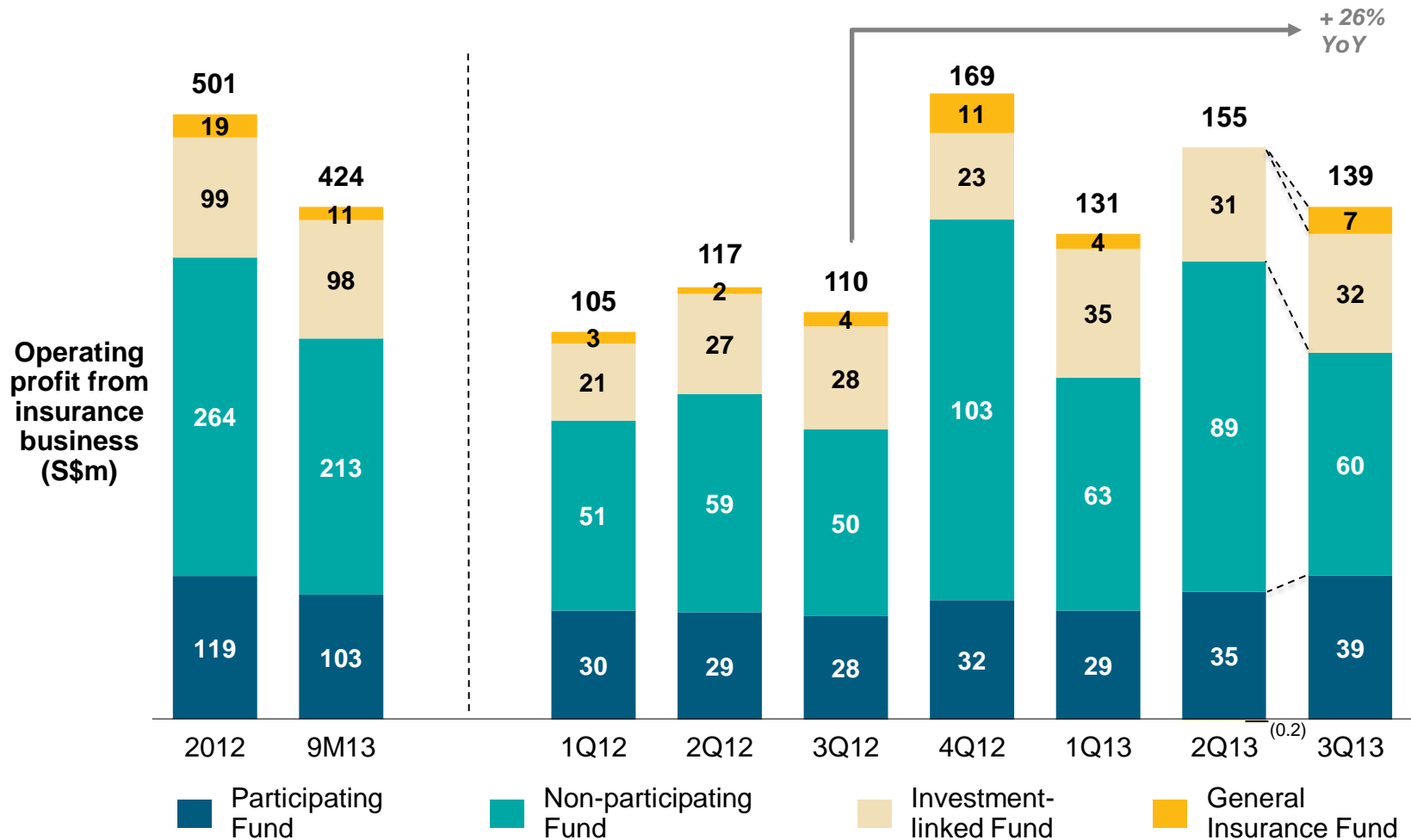
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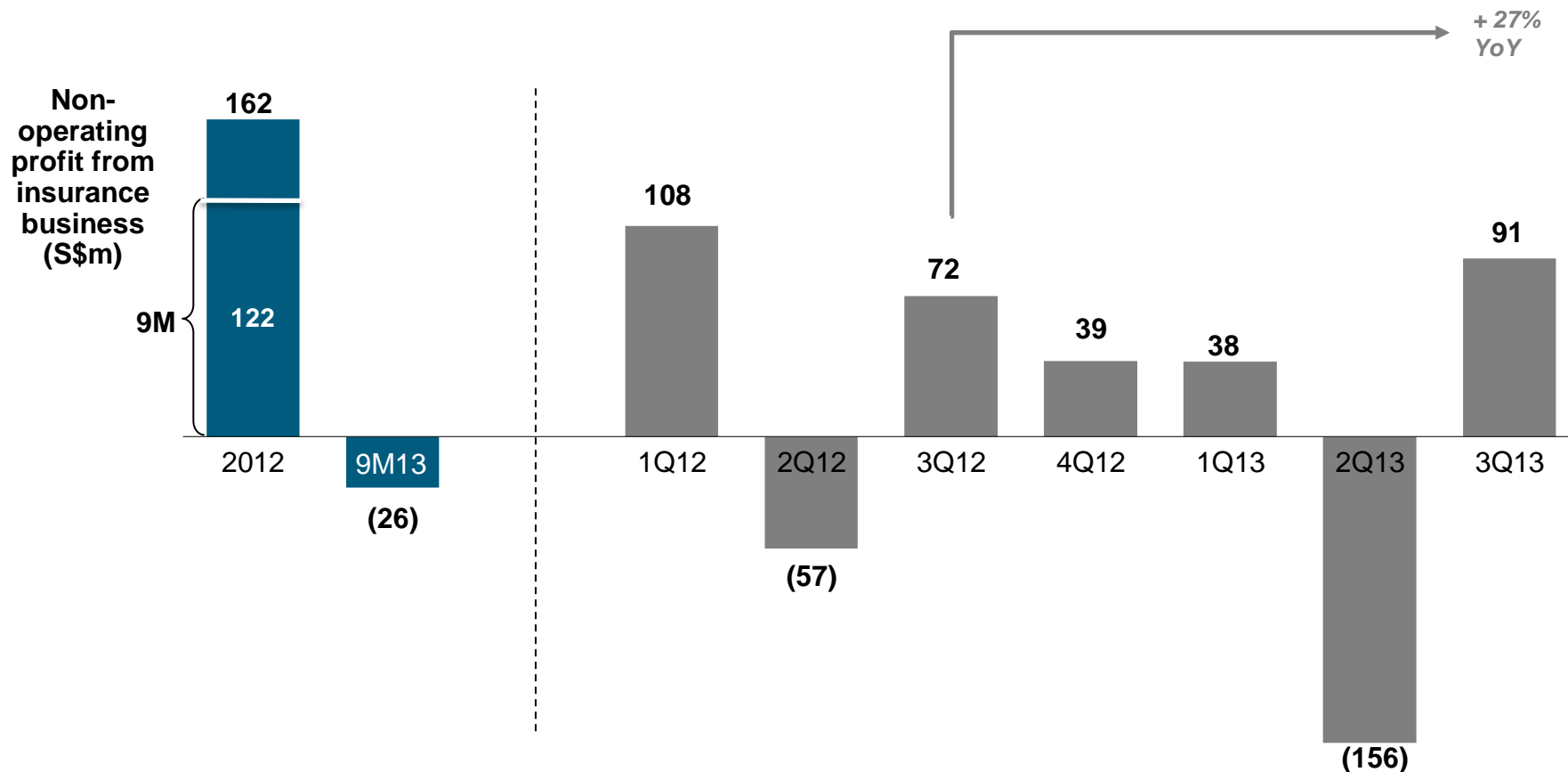
3/ Mainly tax

4/ Gain from divestment of the Group's shareholdings in F&N and APB

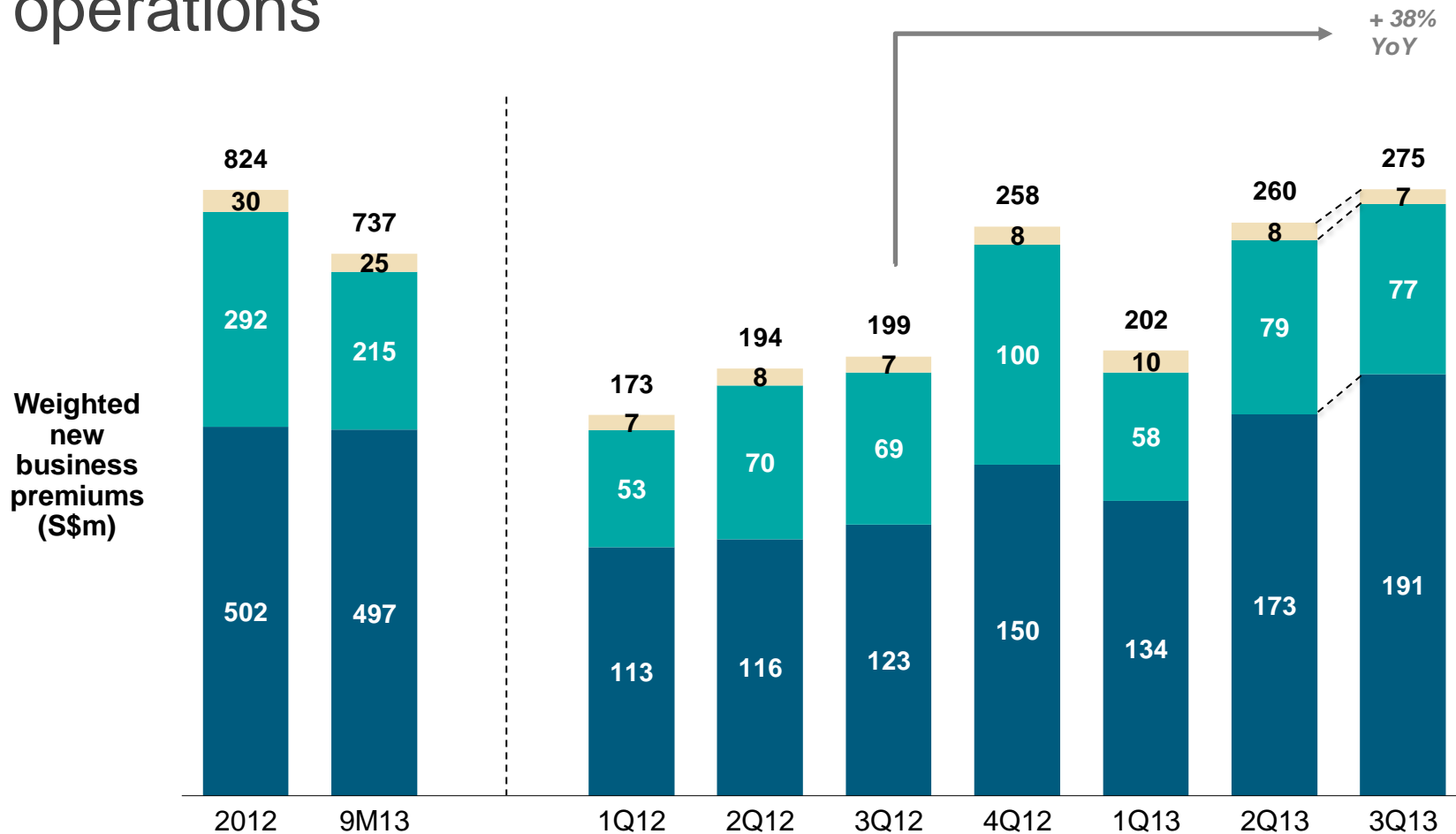
# GEH: Operating profit from insurance business increased 26% YoY on growth across all insurance funds



# GEH: Non-operating profit of S\$91m from higher unrealised mark-to-market gains as financial markets partially recovered during the quarter



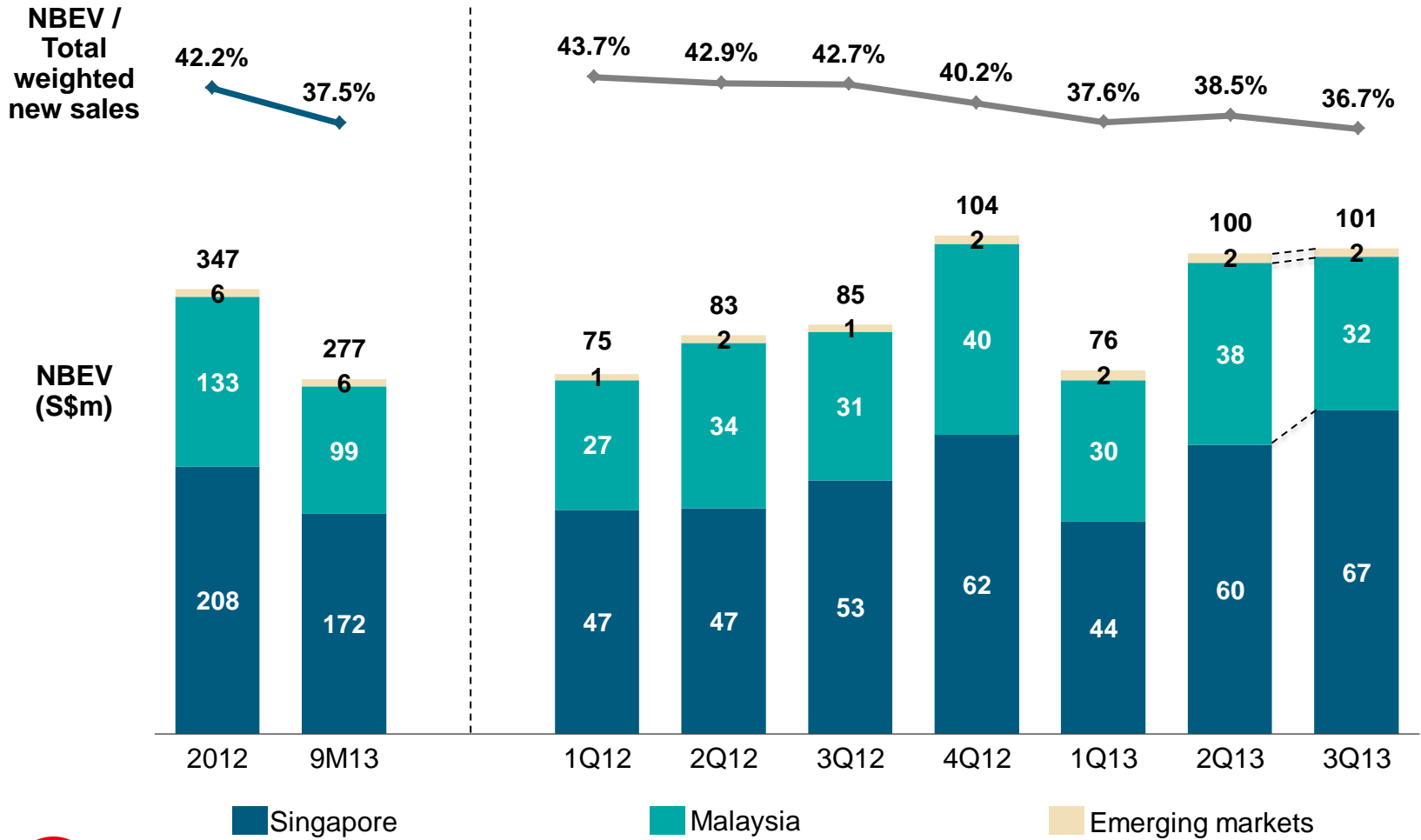
# GEH: Total weighted new sales grew by 38% YoY on continued growth in Singapore and Malaysia operations



Note: QoQ comparison not relevant given seasonality of insurance sales. For comparative reasons, total weighted new sales figures for periods prior to 3Q13 have been restated using exchange rates as at 30 September 2013



# GEH: New business embedded value increased 18% YoY on stronger sales performance



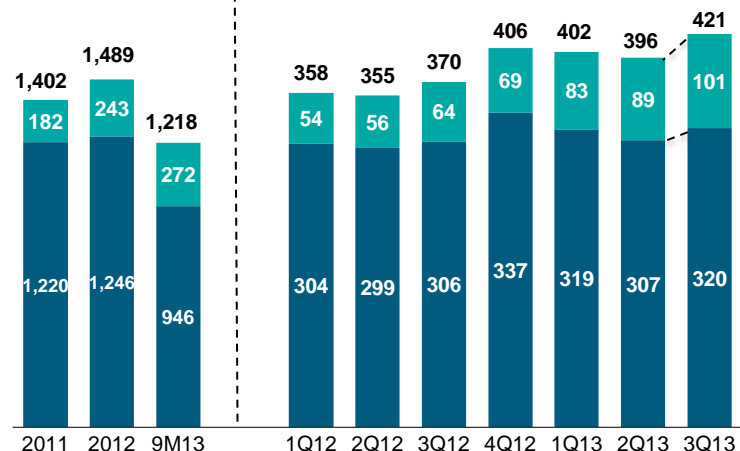
Note: For comparative reasons, NBEV figures for periods prior to 3Q13 have been restated using exchange rates as at 30 September 2013, as well as revised investment and actuarial assumptions implemented in 4Q12

# OCBC Malaysia: Total net interest income and Islamic financing income up 14% YoY, non-interest income down 8% YoY

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

### Net Interest/financing margin

2.32% 2.13% 2.23%  
2.22% 2.01% 2.03% 2.31% 2.32% 2.18% 2.21%

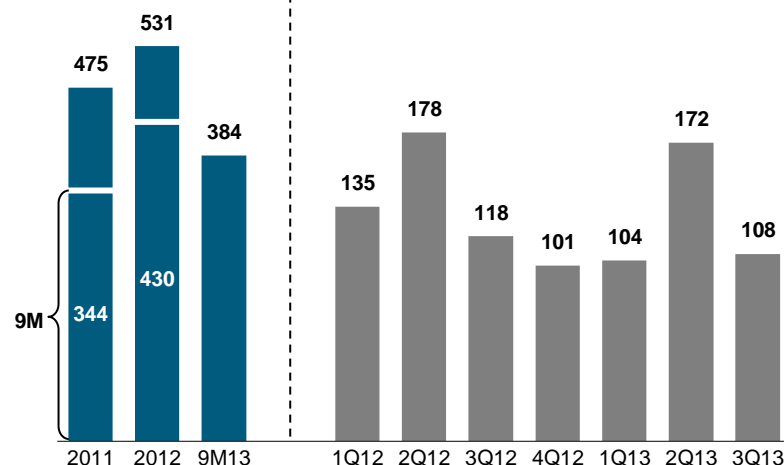


Net interest income Islamic financing income

## Non-interest income (RM m)

### Non-int. income/Total income

25.3% 26.3% 24.0%  
27.3% 33.3% 24.1% 20.0% 20.5% 30.3% 20.5%



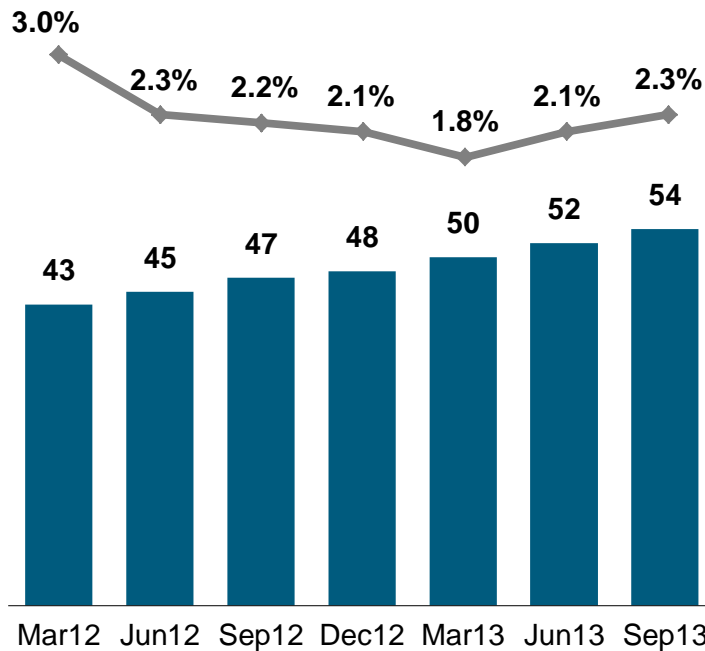
**OCBC Bank**

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

# OCBC Malaysia: Loans grew 15% YoY and 4% QoQ, NPL ratio at 2.3%

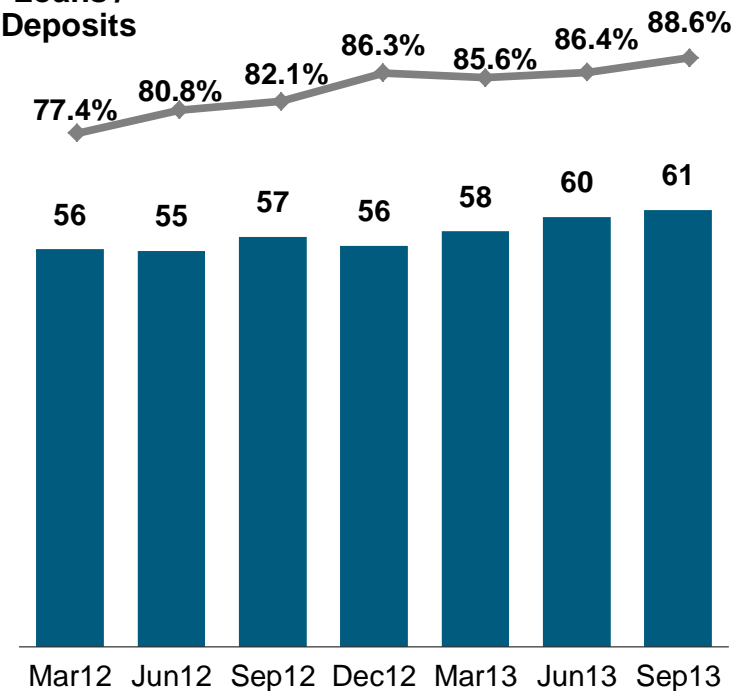
## Gross Loans (RM b)

### NPL Ratio



## Deposits (RM b)

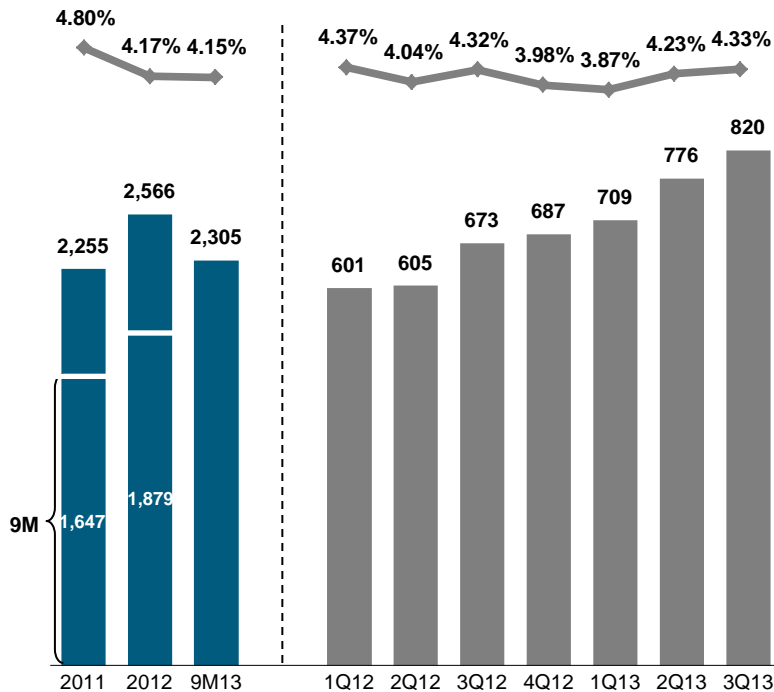
### Loans / Deposits



# OCBC NISP: Net interest income up 22% YoY, non-interest income up 35% YoY

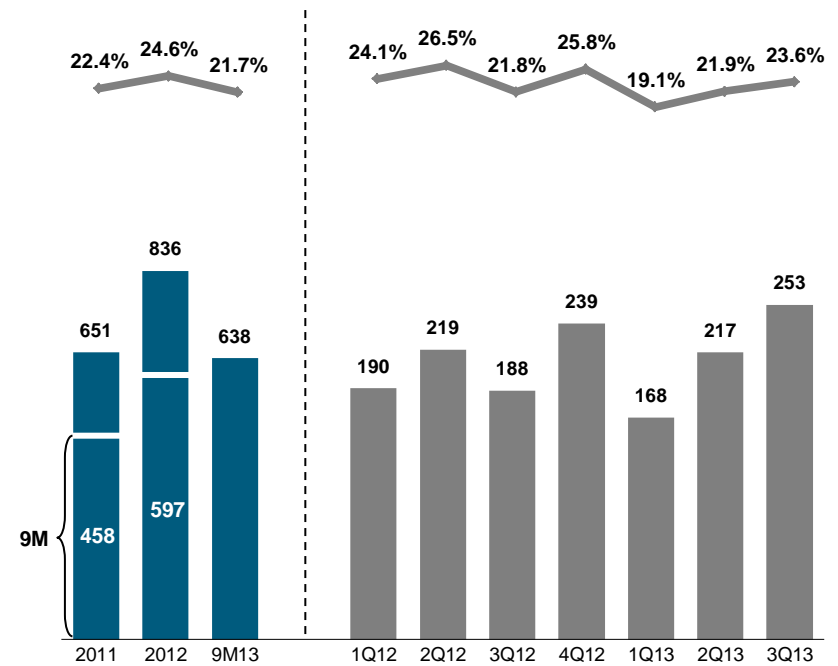
## Net interest income (Rp b)

### Net interest margin



## Non-interest income (Rp b)

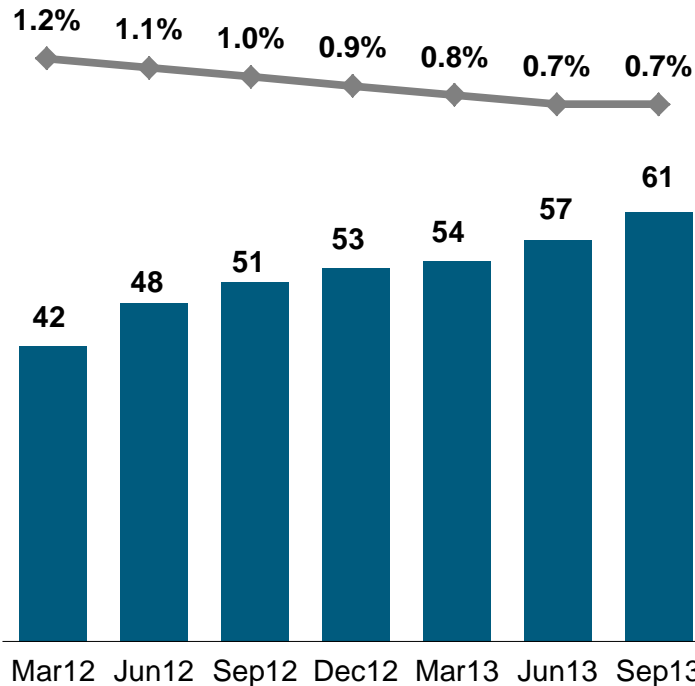
### Non-int. income/ Total income



# OCBC NISP: Loans grew 21% YoY and 8% QoQ, NPL ratio remained low at 0.7%

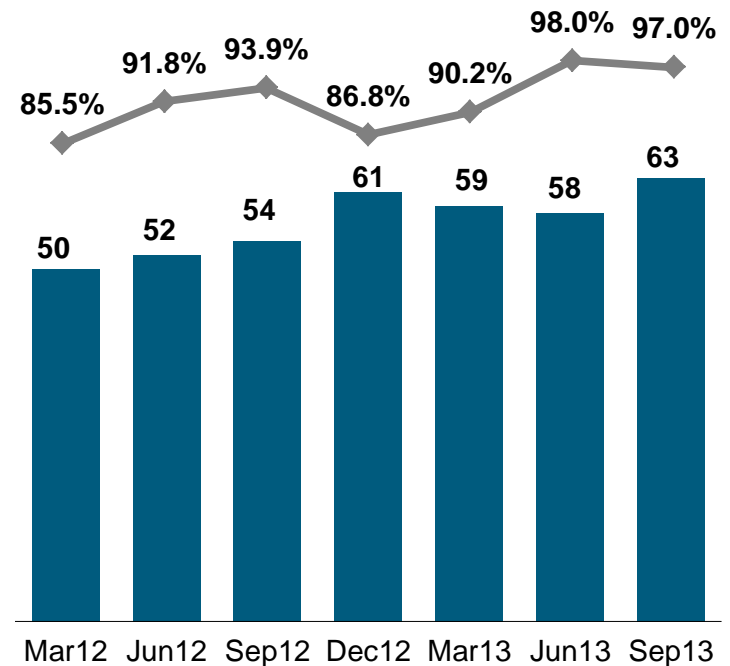
## Gross Loans (Rp t)

### NPL Ratio



## Deposits (Rp t)

### Loans / Deposits



# Agenda

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Results Overview

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3Q13 Performance Trends

Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

# OCBC Malaysia: 3Q13 net profit grew 21% YoY

<b>OCBC Malaysia</b>	<b>3Q13</b> RM m	<b>3Q12</b> RM m	<b>YoY</b> +/(-)%	<b>2Q13</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	320	306	5	307	4
Islamic Financing Income	101	64	58	89	13
Non-interest income	108	118	(8)	172	(37)
<b>Total income</b>	<b>529</b>	<b>488</b>	<b>8</b>	<b>568</b>	<b>(7)</b>
Operating expenses	(223)	(222)	-	(218)	2
<b>Operating profit</b>	<b>306</b>	<b>265</b>	<b>15</b>	<b>350</b>	<b>(13)</b>
Allowances	(20)	(25)	(20)	(30)	(33)
Tax	(70)	(61)	15	(80)	(13)
<b>Net profit</b>	<b>216</b>	<b>179</b>	<b>21</b>	<b>240</b>	<b>(10)</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>42.2</b>	<b>45.6</b>		<b>38.4</b>
<b>ROE</b>	<b>16.2</b>	<b>14.3</b>		<b>18.3</b>
<b>CAR</b>				
- Common Equity Tier 1	<b>11.3</b>	<b>na</b>		<b>11.6</b>
- Tier 1	<b>13.2</b>	<b>12.5</b>		<b>13.4</b>
- Total CAR	<b>16.3</b>	<b>16.6</b>		<b>16.4</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 Malaysia: 9M13 net profit up 11% YoY

<b>OCBC Malaysia</b>	<b>9M13 RM m</b>	<b>9M12 RM m</b>	<b>YoY +/(-)%</b>
Net interest income	946	909	4
Islamic Financing Income	272	175	55
Non-interest income	384	430	(11)
<b>Total income</b>	<b>1,602</b>	<b>1,514</b>	<b>6</b>
Operating expenses	(642)	(616)	4
<b>Operating profit</b>	<b>960</b>	<b>898</b>	<b>7</b>
Allowances	(43)	(63)	(32)
Tax	(226)	(210)	8
<b>Net profit</b>	<b>691</b>	<b>625</b>	<b>11</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>40.1</b>	<b>40.7</b>
<b>ROE</b>	<b>17.3</b>	<b>16.8</b>
<b>CAR</b>		
- Common Equity Tier 1	<b>11.3</b>	<b>na</b>
- Tier 1	<b>13.2</b>	<b>12.5</b>
- Total CAR	<b>16.3</b>	<b>16.6</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: 3Q13 net profit up 21% YoY

<b>OCBC NISP</b>	<b>3Q13</b> RP b	<b>3Q12</b> RP b	<b>YoY</b> +/(-)%	<b>2Q13</b> RP b	<b>QoQ</b> +/(-)%
Net interest income	820	673	22	776	6
Non-interest income	253	188	35	217	17
<b>Total income</b>	<b>1,073</b>	<b>861</b>	<b>25</b>	<b>993</b>	<b>8</b>
Operating expenses	(570)	(484)	18	(547)	4
<b>Operating profit</b>	<b>503</b>	<b>377</b>	<b>33</b>	<b>446</b>	<b>13</b>
Allowances	(100)	(44)	126	(60)	67
Non Op Income / (Expenses)	0	0	-	(1)	-
Tax	(101)	(84)	20	(96)	5
<b>Net profit</b>	<b>302</b>	<b>249</b>	<b>21</b>	<b>289</b>	<b>4</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>53.1</b>	<b>56.2</b>		<b>55.1</b>
<b>ROE</b>	<b>13.3</b>	<b>12.2</b>		<b>12.9</b>
<b>CAR</b>				
- Common Equity Tier 1	<b>12.9</b>	<b>14.1</b>		<b>13.5</b>
- Tier 1	<b>12.9</b>	<b>14.1</b>		<b>13.5</b>
- Total CAR	<b>14.9</b>	<b>16.7</b>		<b>15.7</b>



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

# OCBC NISP: 9M13 net profit rose 28% YoY


<b>OCBC NISP</b>	<b>9M13 RP b</b>	<b>9M12 RP b</b>	<b>YoY +/(-)%</b>
Net interest income	2,305	1,879	23
Non-interest income	638	597	7
<b>Total income</b>	<b>2,943</b>	<b>2,476</b>	<b>19</b>
Operating expenses	(1,638)	(1,442)	14
<b>Operating profit</b>	<b>1,305</b>	<b>1,034</b>	<b>26</b>
Allowances	(186)	(164)	13
Non Op Income / (Expenses)	(1)	6	(108)
Tax	(280)	(220)	27
<b>Net profit</b>	<b>838</b>	<b>656</b>	<b>28</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>55.7</b>	<b>58.2</b>
<b>ROE</b>	<b>12.5</b>	<b>12.1</b>
<b>CAR</b>		
- Common Equity Tier 1	<b>12.9</b>	<b>14.1</b>
- Tier 1	<b>12.9</b>	<b>14.1</b>
- Total CAR	<b>14.9</b>	<b>16.7</b>



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



# Third Quarter 2013 Results

## Thank You