

First Quarter 2014 Results Presentation

30 April 2014



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Agenda

Results Overview

1Q14 Performance Trends

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

1Q14 Highlights

Broad-based income growth and cost discipline drove net profit up 29% YoY and 26% QoQ

- Total income up 19% YoY
- Net interest income grew YoY to a new quarterly record, from robust asset growth and higher margins
- Fee and commission income at a new high
- Operating profits from Malaysia, Indonesia and Greater China increased
- Great Eastern's net profit contribution rose, with continued strong new business sales and NBEV growth
- Trading and investment income higher YoY
- Costs well-managed; operating expenses grew 5% YoY
- Asset quality remained sound, NPL ratio low at 0.7%
- Capital ratios strong; CET1 and Tier 1 at 14.4%, Total CAR at 15.6%

1Q14 net profit up 29% YoY to S\$899m – a new quarterly record

OCBC Group	1Q14 S\$m	1Q13 S\$m	YoY +/(-)%	4Q13 S\$m	QoQ +/(-)%
Net interest income	1,087	912	19	1,031	5
Non-interest income	800	676	18	679	18
Total income	1,887	1,588	19	1,710	10
Operating expenses	(706)	(672)	5	(713)	(1)
Operating profit	1,181	916	29	997	19
Amortisation of intangibles	(14)	(14)	(3)	(15)	(3)
Allowances	(41)	(21)	100	(68)	(40)
Associates & JVs	17	13	31	6	218
Tax & NCI	(244)	(198)	23	(205)	20
Net profit	899	696	29	715	26

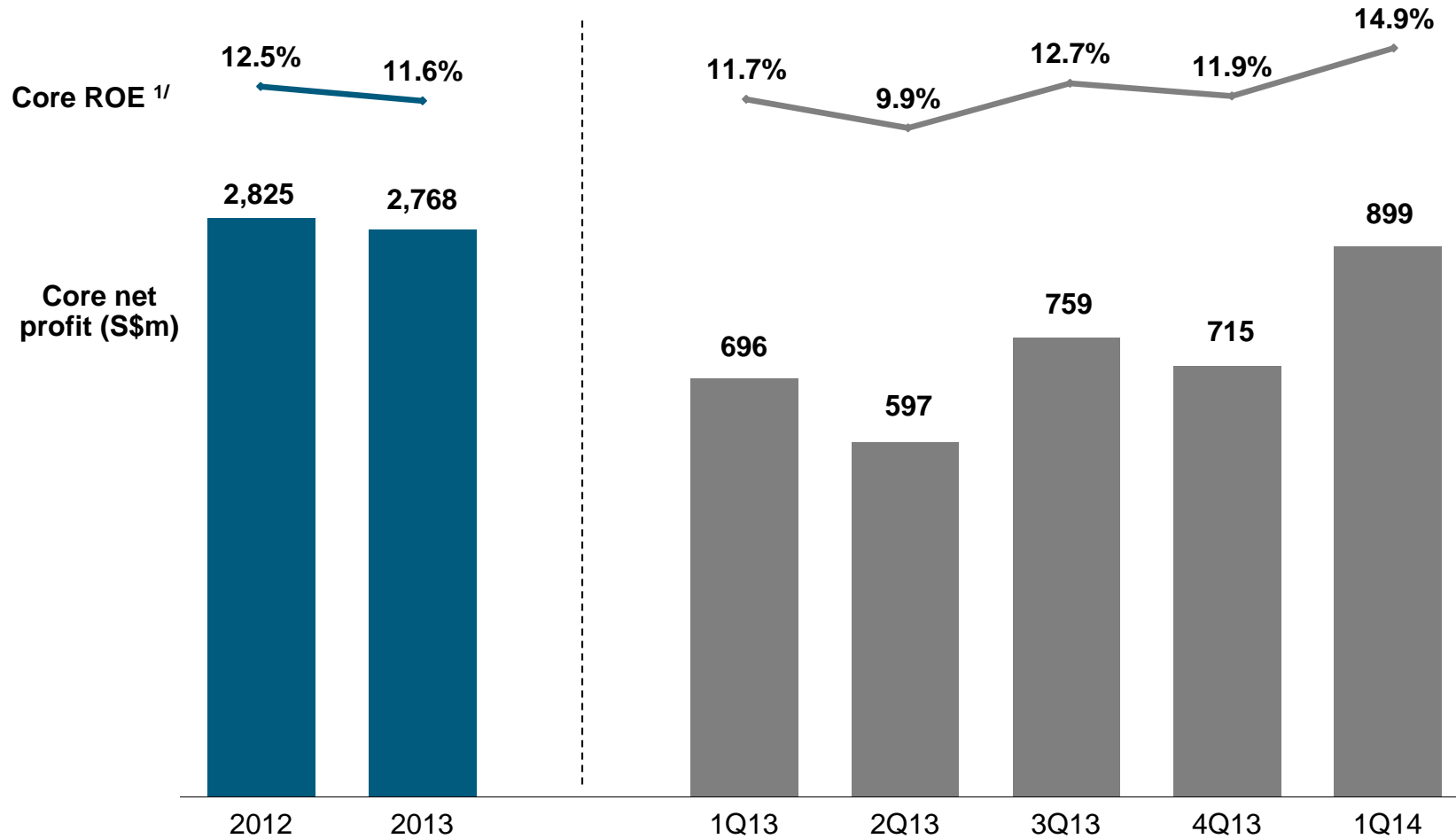
1Q14 net profit *before GEH* contribution (“banking operations”) grew 34% YoY to S\$708m

Banking Operations	1Q14 S\$m	1Q13 S\$m	YoY +/(-)%	4Q13 S\$m	QoQ +/(-)%
Net interest income	1,072	895	20	1,017	5
Non-interest income	507	405	25	434	17
Total income	1,579	1,300	21	1,451	9
Operating expenses	(657)	(622)	6	(659)	(0)
Operating profit	922	678	36	792	16
Allowances	(41)	(21)	99	(67)	(39)
Associates & JVs	19	16	21	14	43
Amortisation, tax & NCI	(192)	(146)	31	(156)	23
Net profit from banking operations	708	527	34	582	22
GEH net profit contribution	190	169	12	133	43
OCBC Group net profit	899	696	29	715	26

Key ratios remained healthy

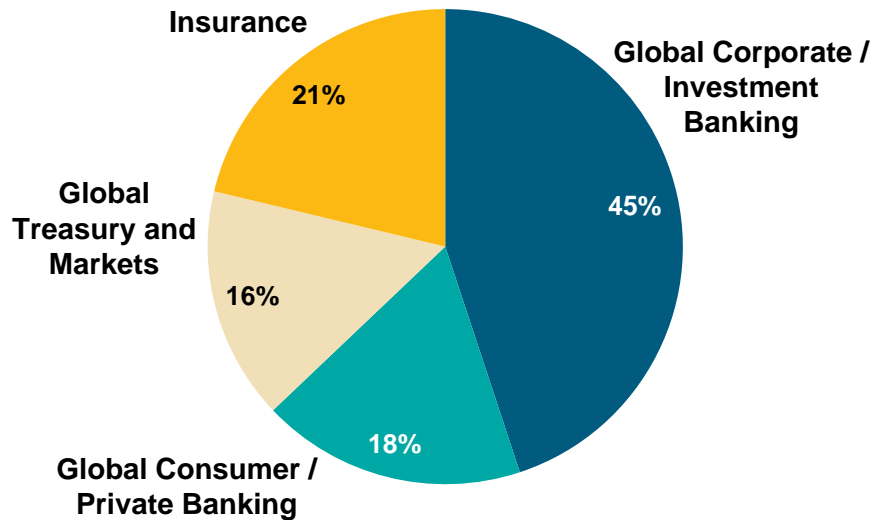
%	1Q14	1Q13	4Q13
Net interest margin	1.70	1.64	1.64
Non-interest income / Total income	42.4	42.6	39.7
Cost / Income	37.4	42.3	41.7
Loans / Deposits	87.0	87.0	85.7
NPL Ratio	0.7	0.7	0.7
Allowances / NPAs	145.0	149.0	134.2
ROE	14.9	11.7	11.9
Cash ROE	15.2	12.0	12.2

1Q14 ROE of 14.9%

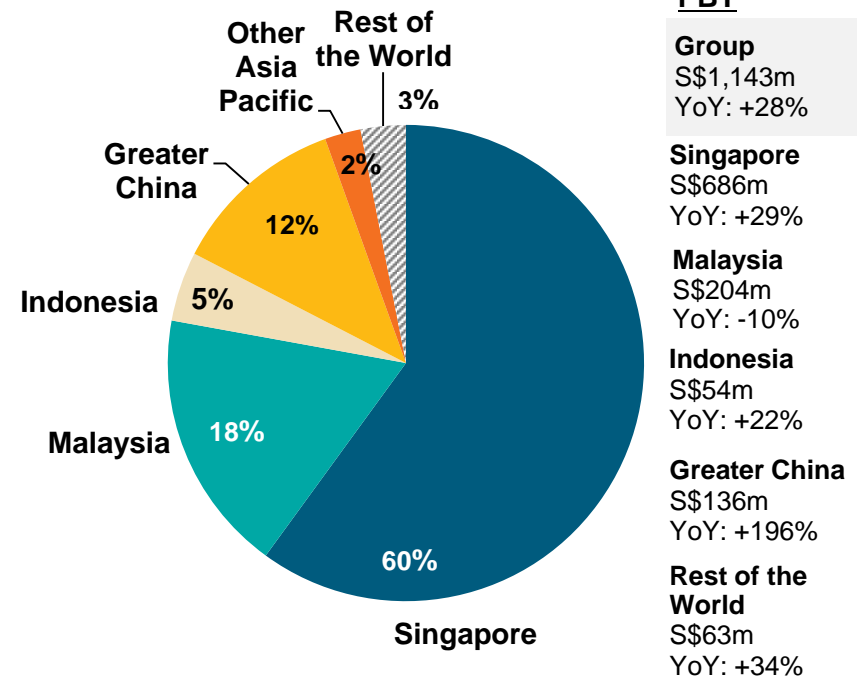


PBT breakdown at a glance

**1Q14 PBT
by Business^{1/}**



**1Q14 PBT
by Geography**



PBT	
Group	S\$1,143m YoY: +28%
Singapore	S\$686m YoY: +29%
Malaysia	S\$204m YoY: -10%
Indonesia	S\$54m YoY: +22%
Greater China	S\$136m YoY: +196%
Rest of the World	S\$63m YoY: +34%



^{1/} 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.



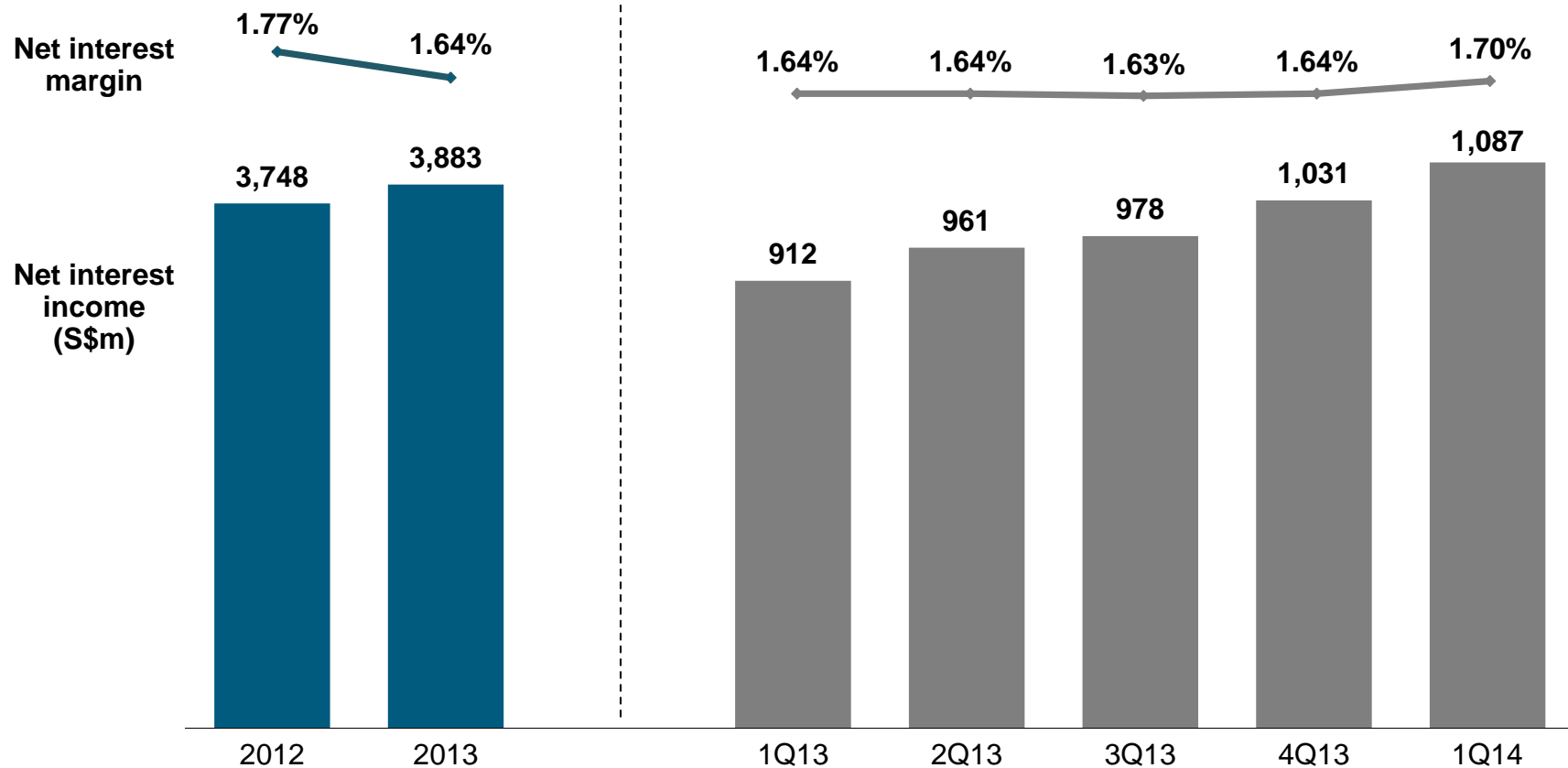
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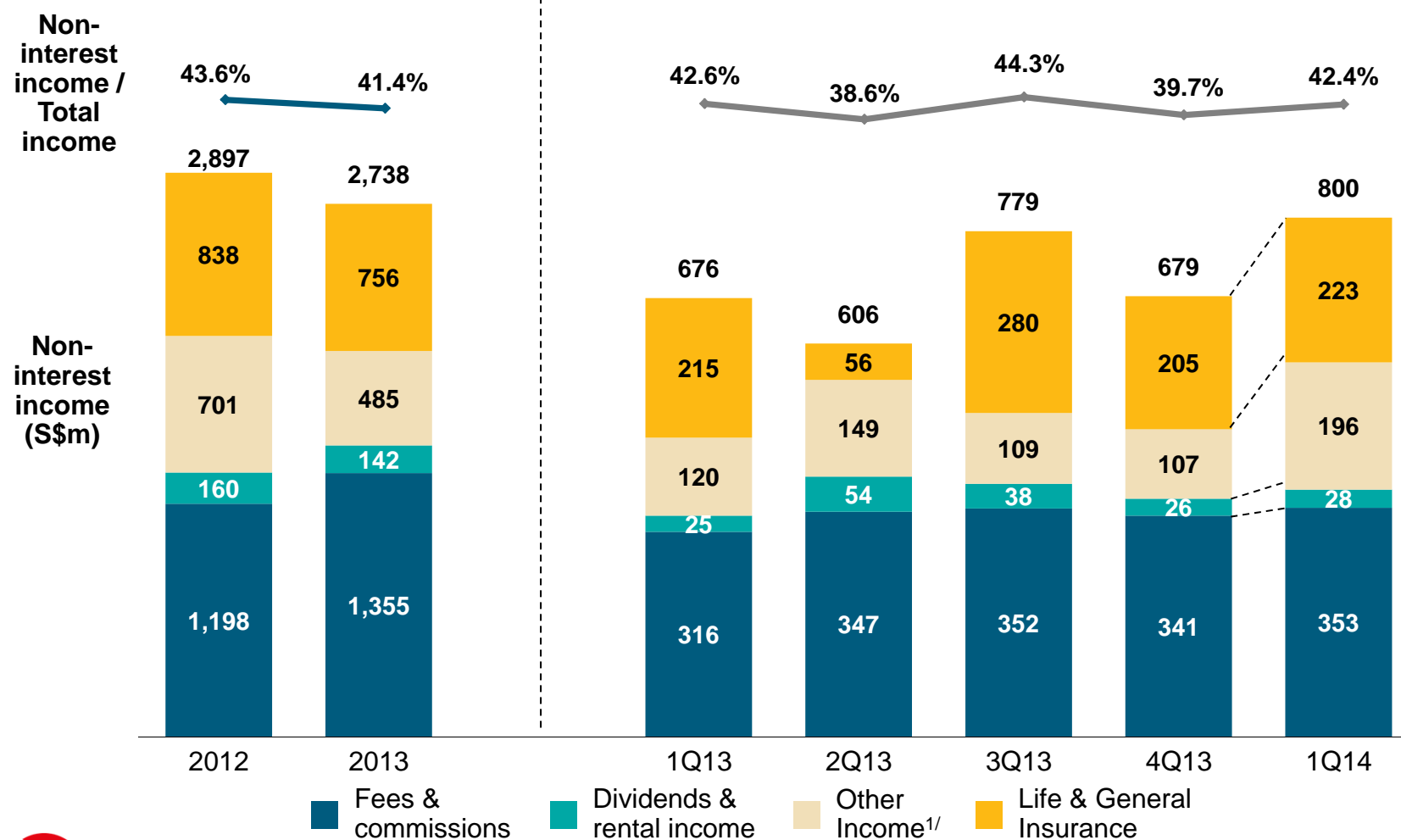
1Q14 Performance Trends

Appendix: Financial Highlights of
Malaysian and Indonesian Subsidiaries

Net interest income up 19% YoY to a new record; NIM improved 6 bps YoY

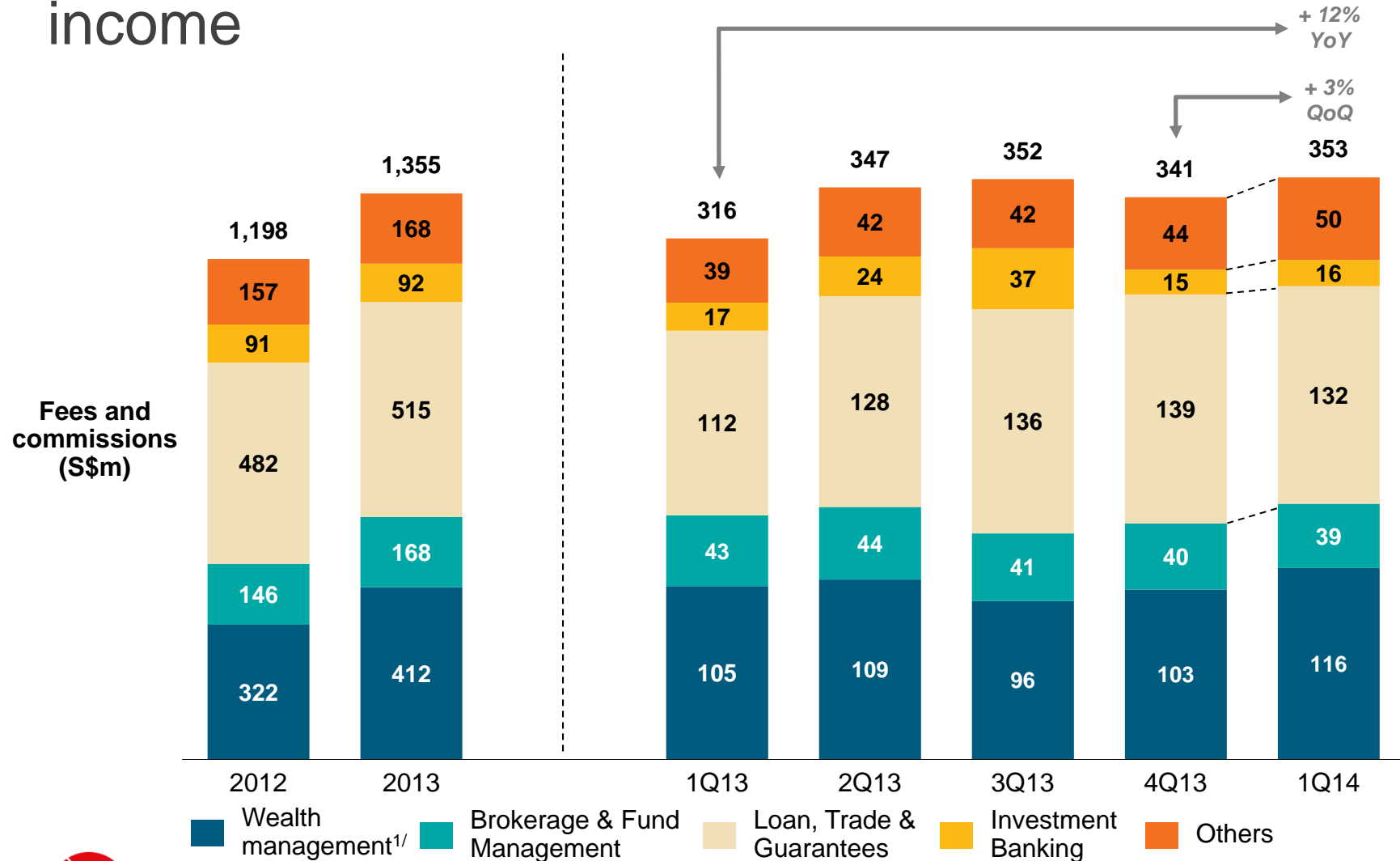


Non-interest income up 18% YoY, from broad-based growth across all key categories



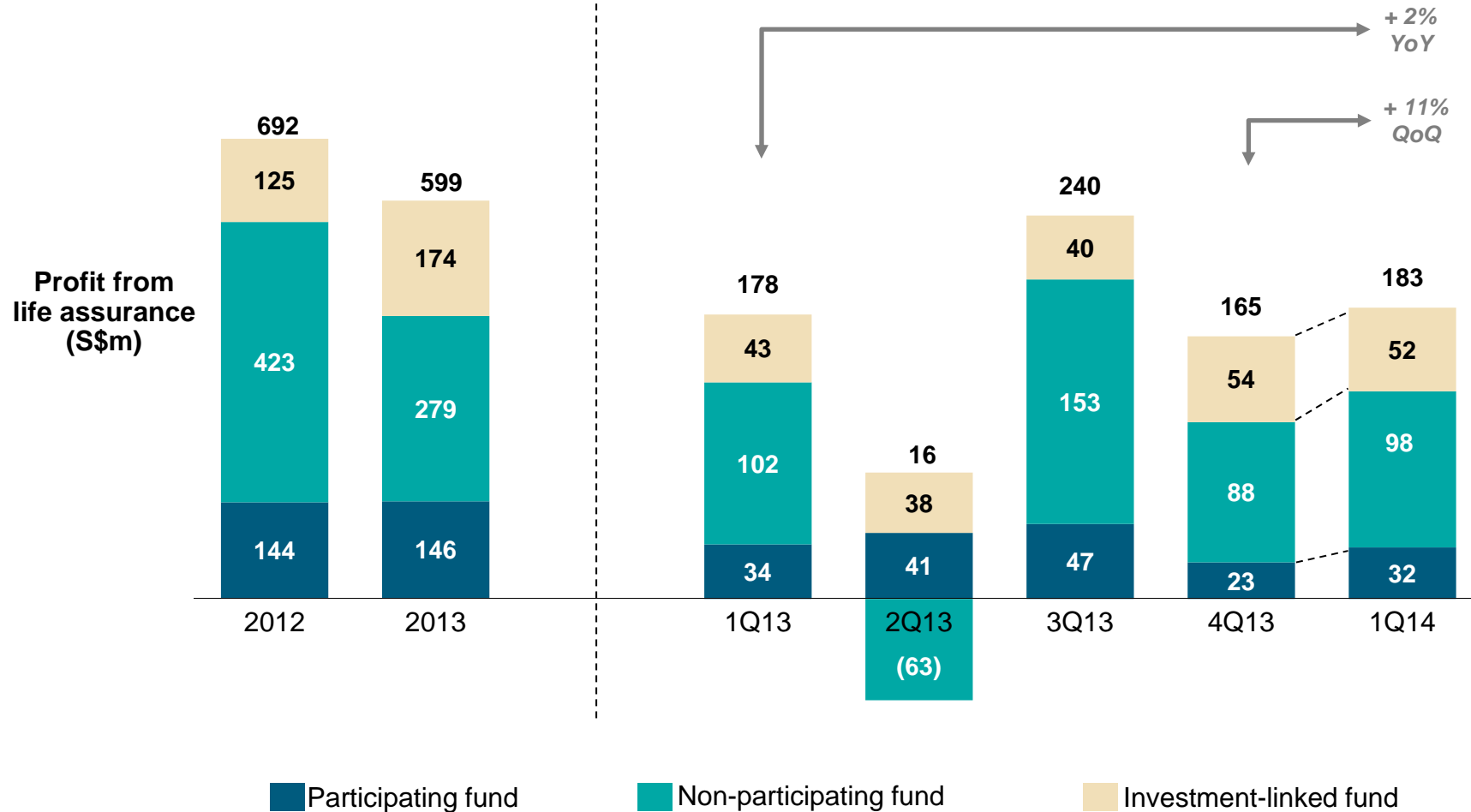
Note: Excludes gains from divestment of non-core assets
 1/ Other Income includes trading income

Fee income grew 12% YoY; driven by growth in loan-related, trade-related and wealth management income

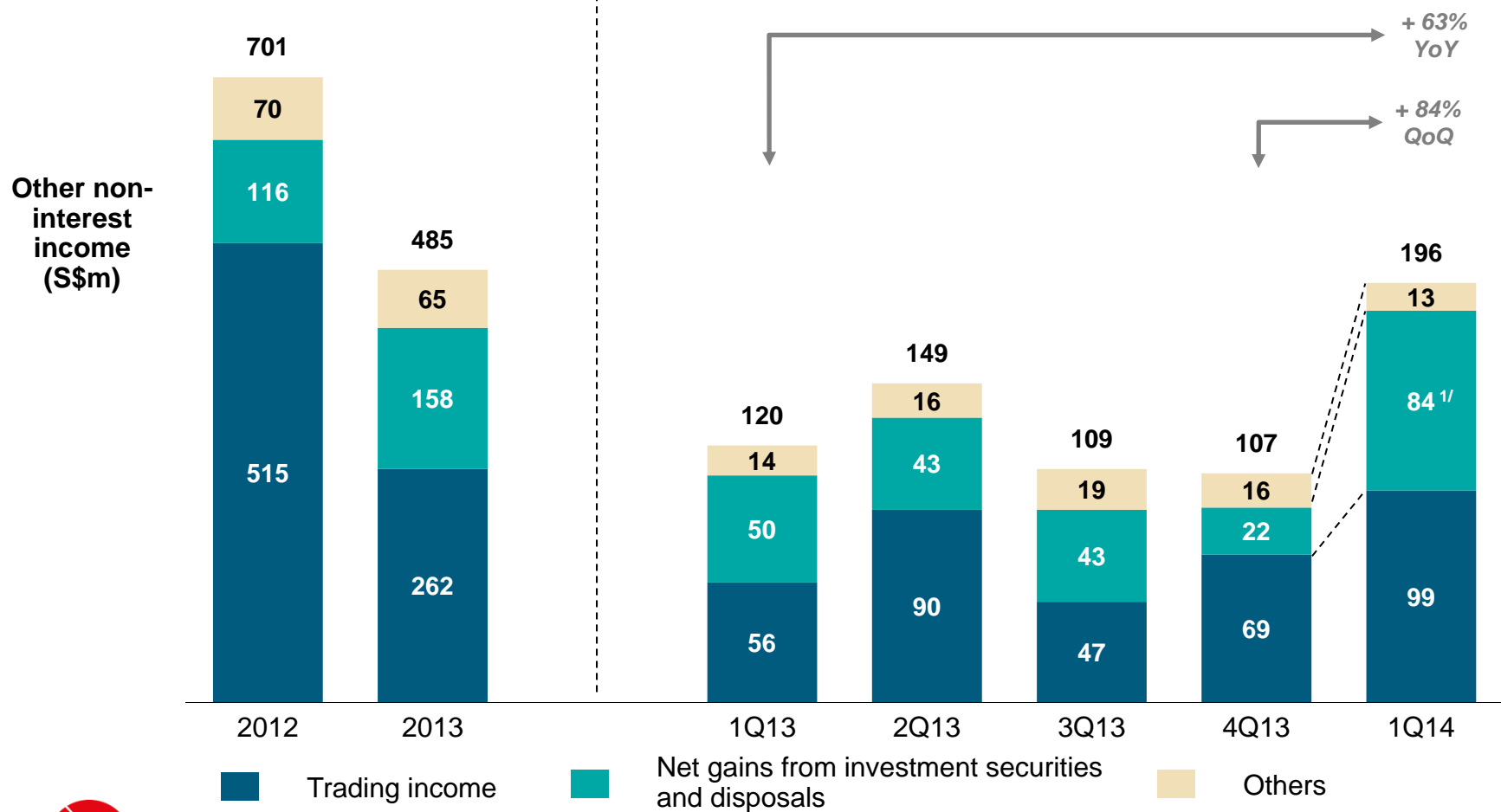


^{1/} Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

Profit from life assurance driven by continued in-force business growth

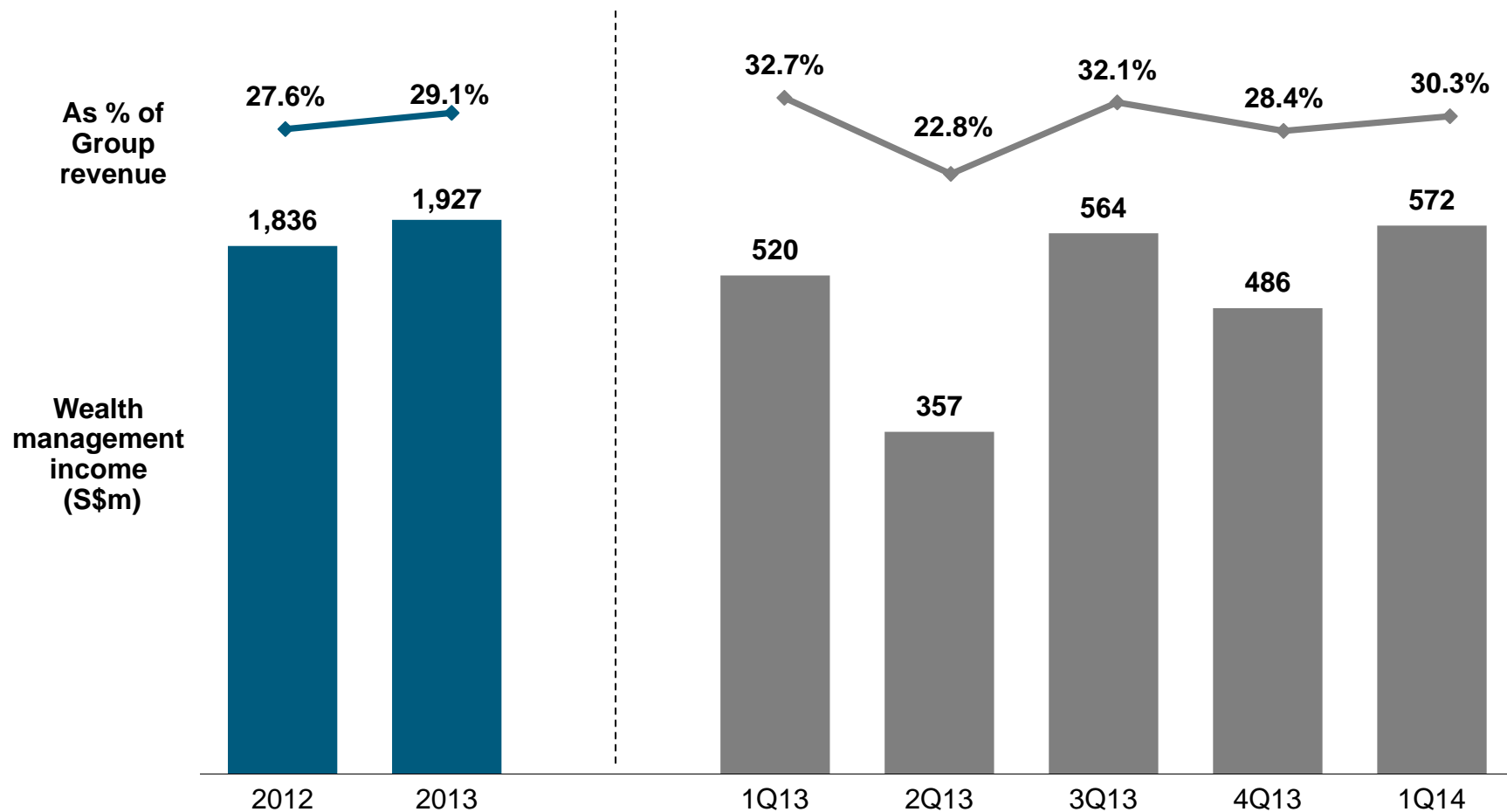


Other non-interest income up 63% YoY from higher trading and investment income as well as disposal gains



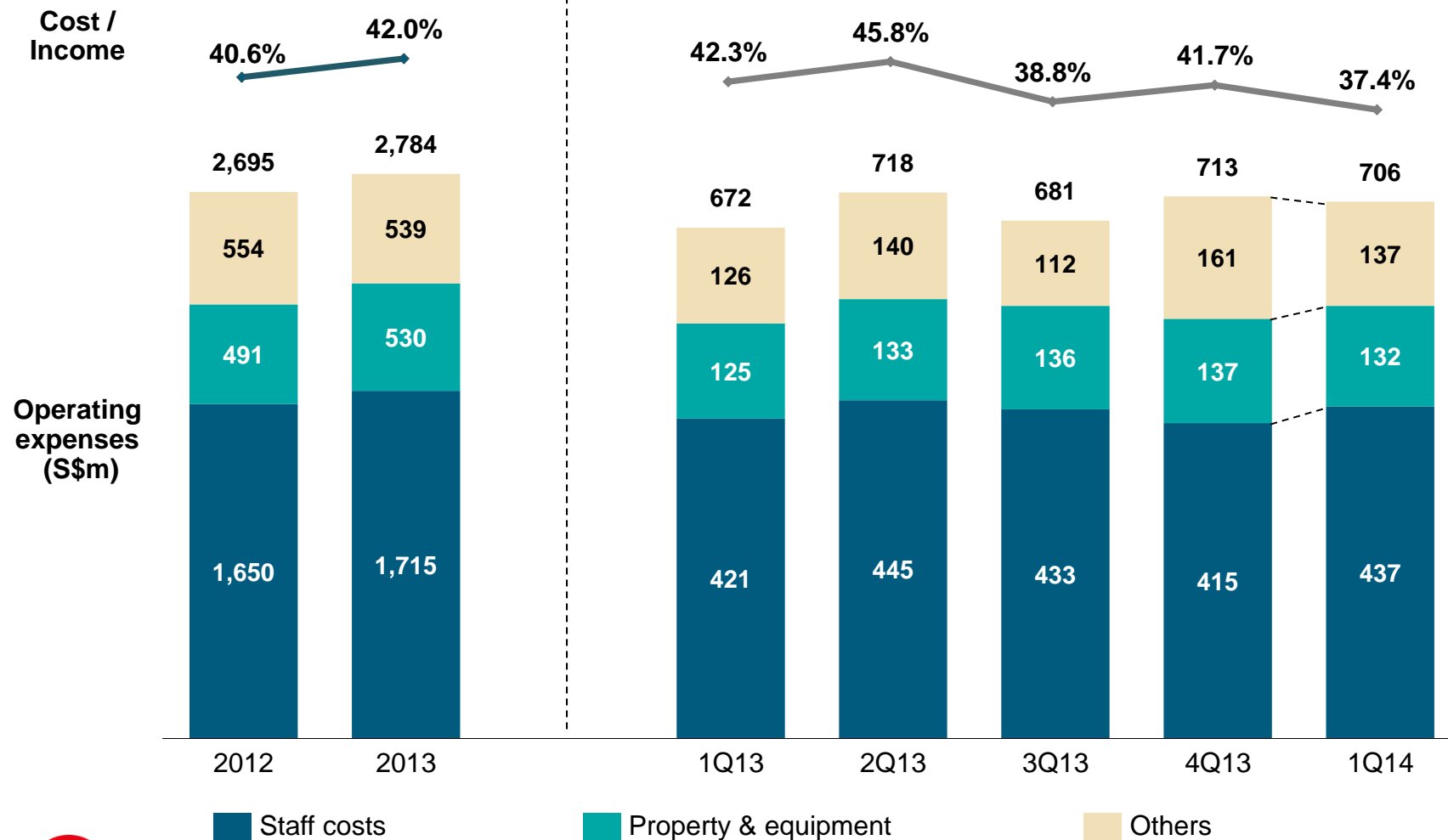
^{1/} Includes a one-off gain of S\$32 million from the partial disposal of Great Eastern Holdings' stake in its China joint venture

Wealth management income up 10% YoY, contributing 30% to total Group income

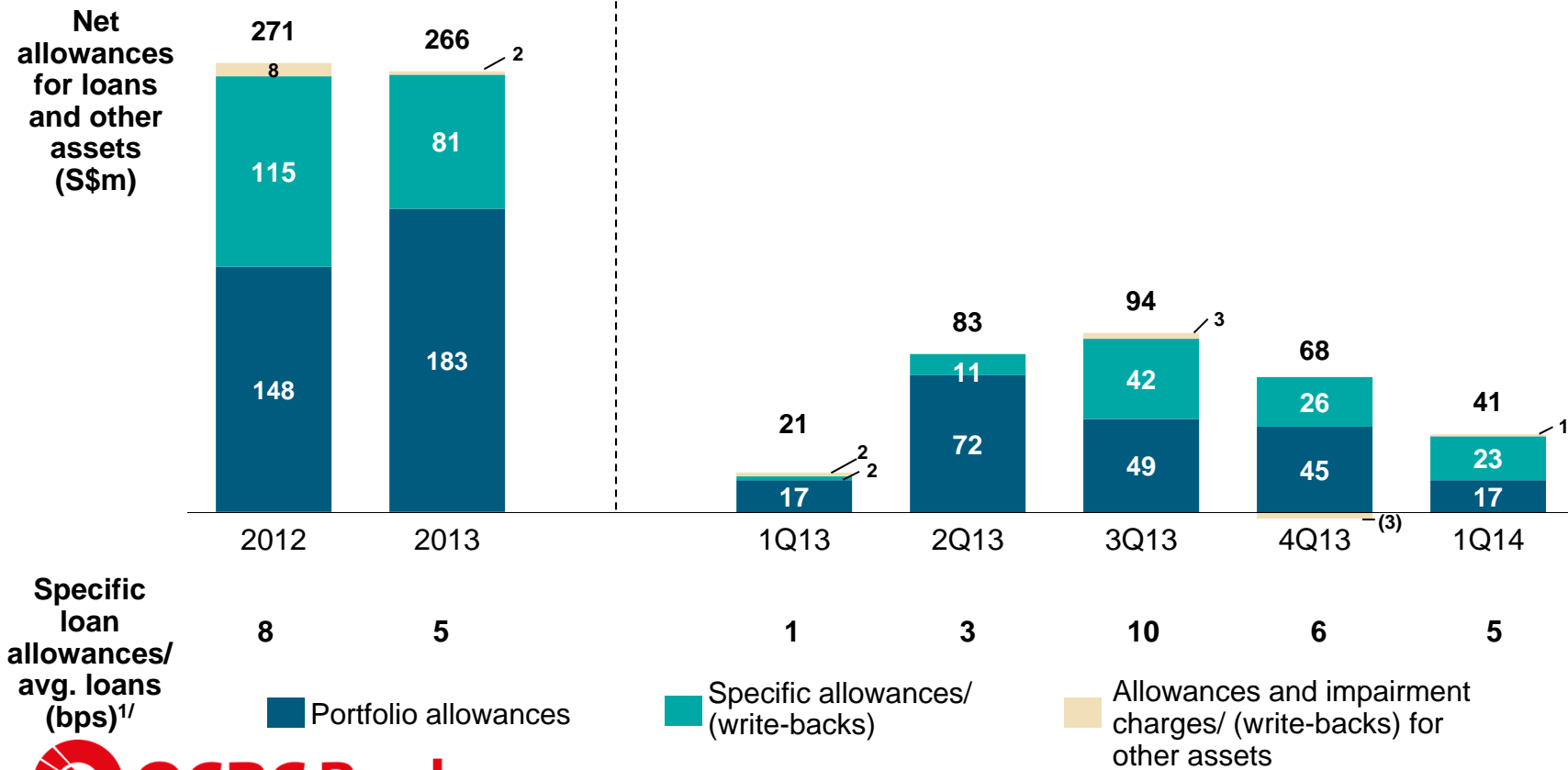


Note: Comprises the consolidated income from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group's income from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers

Disciplined cost management, operating expenses up 5% YoY



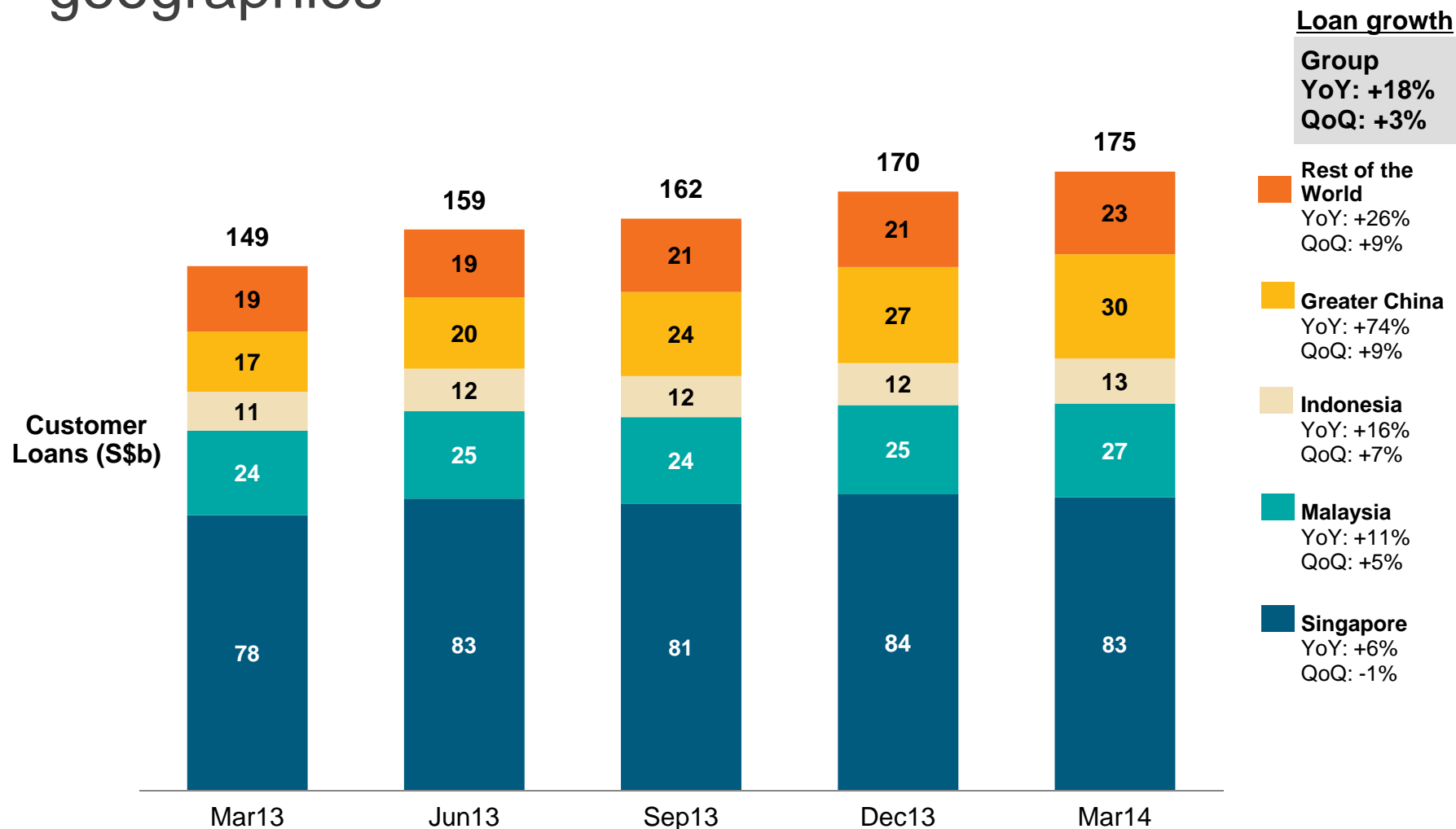
Net allowances up YoY but lower QoQ, credit cost remained low at 5 bps



Net specific allowances higher YoY but lower QoQ

	1Q14 S\$m	1Q13 S\$m	4Q13 S\$m
Allowances for new and existing NPLs	54	49	83
Write-backs ^{1/}	(20)	(26)	(45)
Recoveries ^{2/}	(11)	(21)	(12)
Net specific allowances	23	2	26

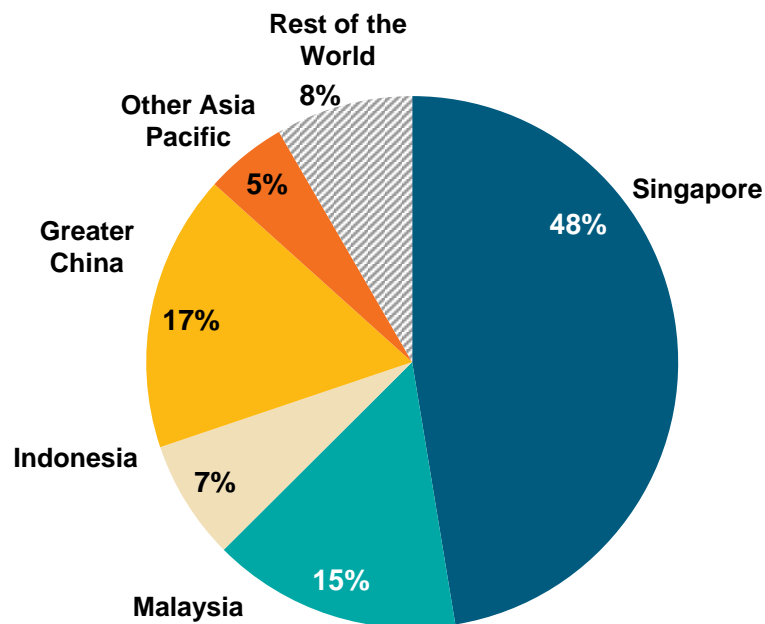
Loans growth 18% YoY and 3% QoQ, across key geographies



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

Diversified loan book across geographies and sectors

**Customer Loans by Geography
As of 31 March 2014**



Total: S\$175b

**Customer Loans by Industry
As of 31 March 2014**

Industry

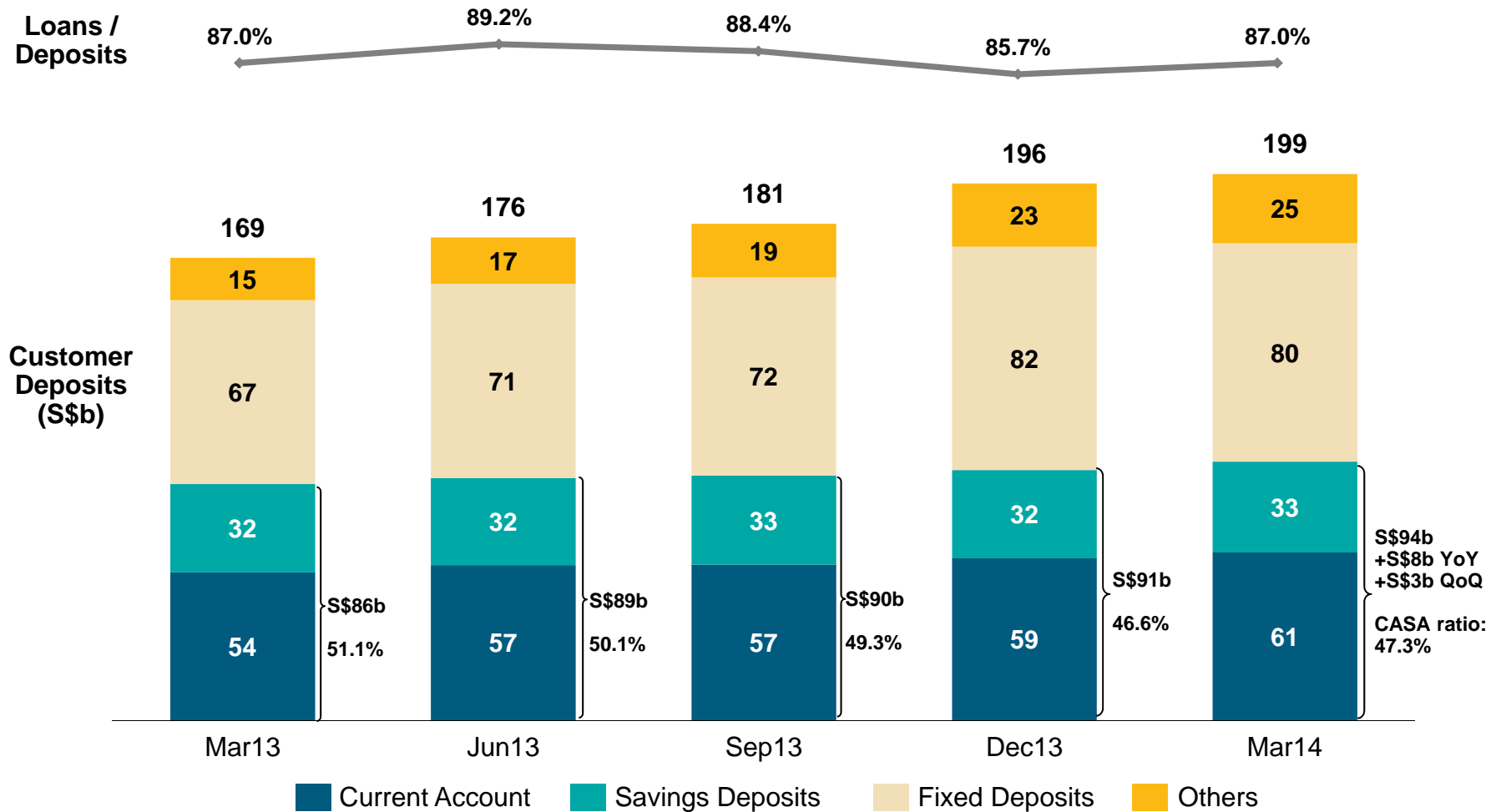
- Housing loans
- Professionals & individuals
- General commerce
- FIs, investment & holding cos
- Building & construction
- Manufacturing
- Tpt, storage & comm
- Agri, mining & quarrying
- Others

	As of 31 Mar 2014		As of 31 Mar 2013	
	S\$b	%	S\$b	%
Housing loans	43	24	39	27
Professionals & individuals	19	11	15	10
General commerce	29	16	19	13
FIs, investment & holding cos	24	14	21	14
Building & construction	24	14	23	15
Manufacturing	10	6	9	6
Tpt, storage & comm	11	6	10	7
Agri, mining & quarrying	7	4	5	3
Others	9	5	7	5
Total	175	100	149	100



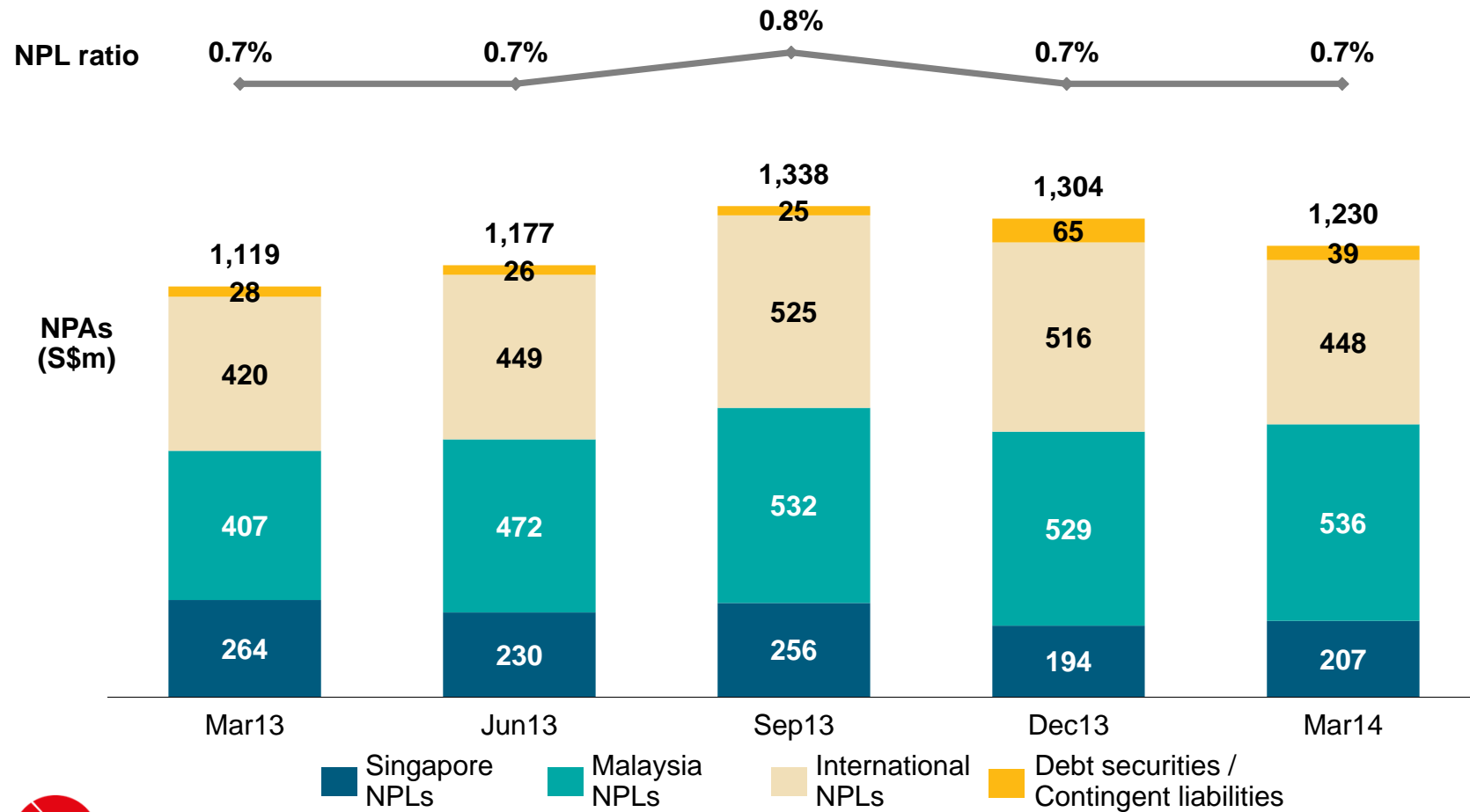
Note: Loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

Customer deposits grew 18% YoY and 2% QoQ; CASA deposits up 9% YoY



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

NPAs fell 6% QoQ; NPL ratio remained low at 0.7%

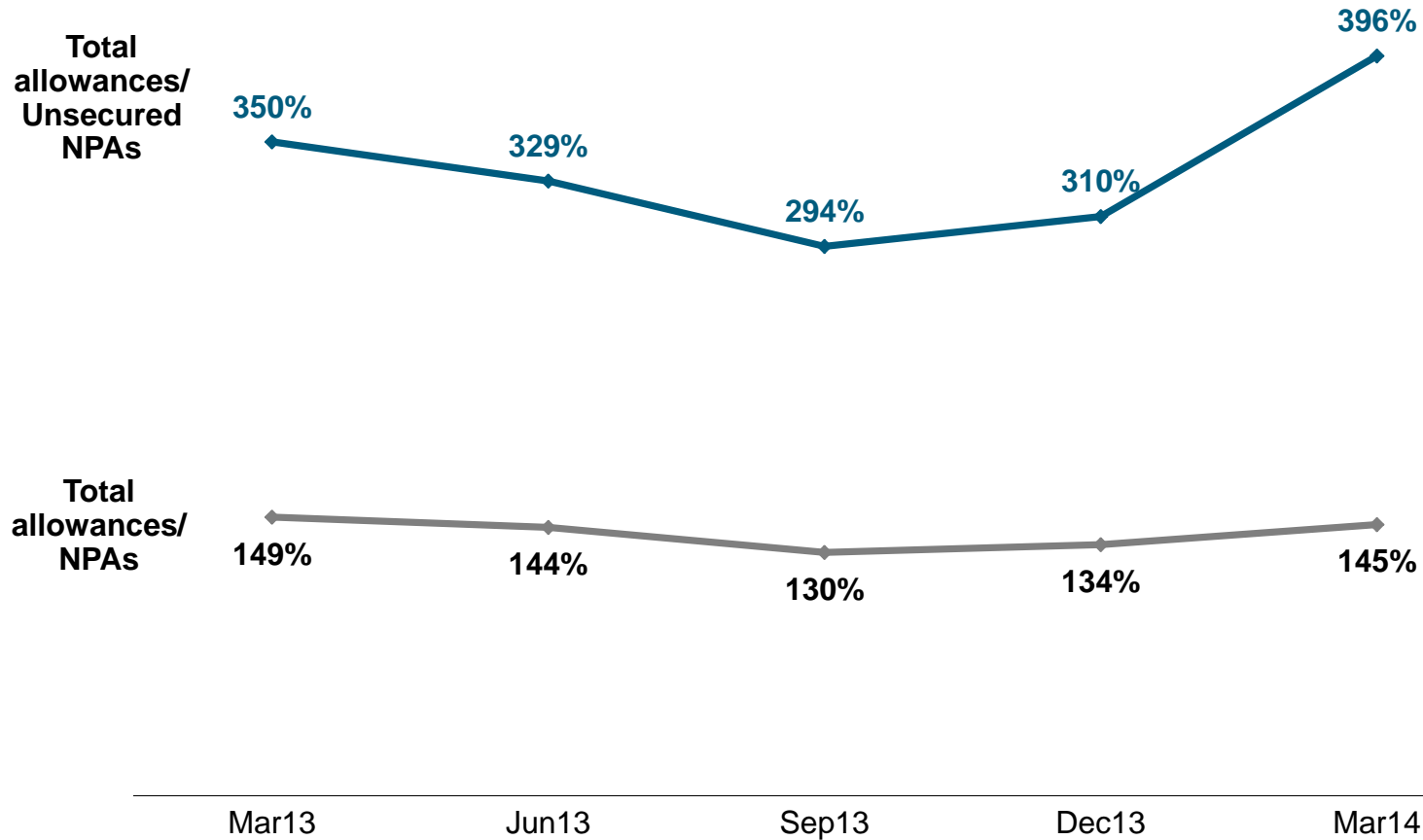


Note: NPAs comprise NPLs and classified debt securities/contingent liabilities

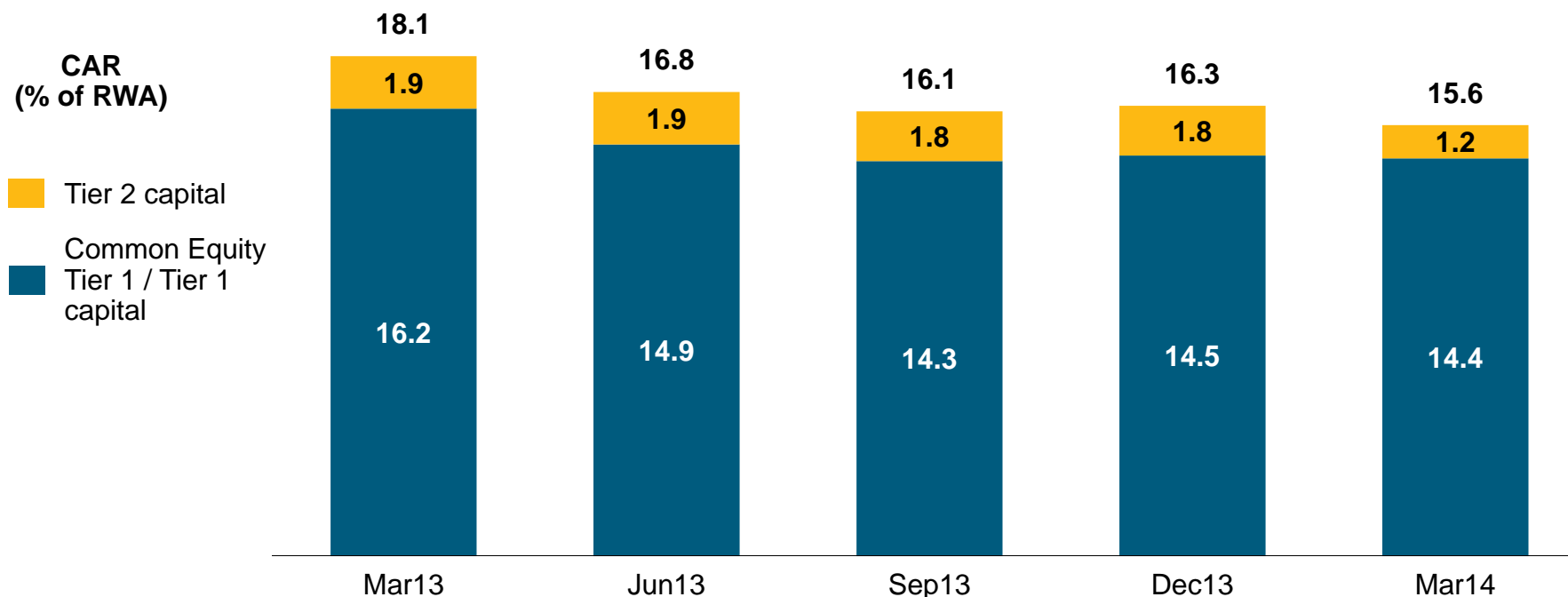
NPAs lower QoQ mainly from lower new NPAs formation

	1Q14 S\$m	1Q13 S\$m	4Q13 S\$m
NPAs – Opening balance	1,304	1,172	1,338
New NPAs	185	122	237
New recoveries/upgrades	(228)	(144)	(212)
Write-offs	(31)	(31)	(59)
NPAs – Closing balance	1,230	1,119	1,304

Allowance coverage ratios remained strong



Strong capital adequacy ratios, comfortably above regulatory requirements



CET1 capital (S\$m)	22,794	22,146	21,036	21,884	22,765
Tier 1 capital (S\$m)	22,794	22,146	21,036	21,884	22,765
RWA (S\$m)	140,395	148,131	146,957	150,325	157,078



Note: Capital ratios are computed based on Basel III transitional arrangements.

GEH: 1Q14 earnings contribution of S\$190m

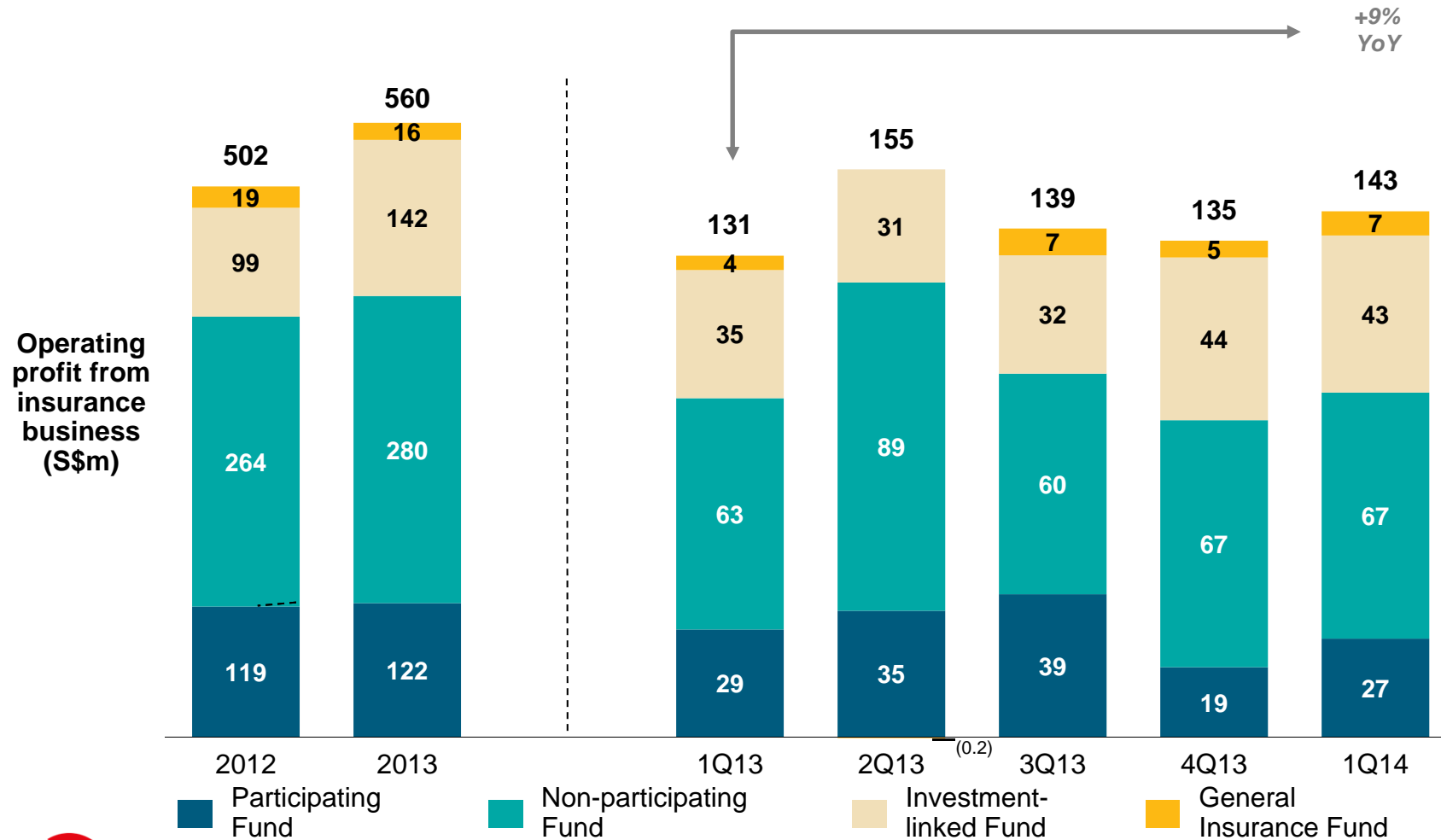
GEH Contribution	1Q14 S\$m	1Q13 S\$m	YoY +/(-)%	4Q13 S\$m	QoQ +/(-)%
Profit from insurance business	194	187	4	175	11
- Operating profit ^{1/}	143	131	9	135	6
- Non-operating profit/(loss) ^{2/}	33	38	(13)	15	118
- Others ^{3/}	17	18	(4)	24	(31)
Profit from Shareholders' Fund	65	51	27	29	124
Sub-total	259	238	9	204	27
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(0)	(0)	-	(1)	-
Associates & JVs	0	(1)	-	(6)	-
Tax & non-controlling interests	(57)	(57)	-	(54)	6
Net profit contribution	190	169	12	133	43

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

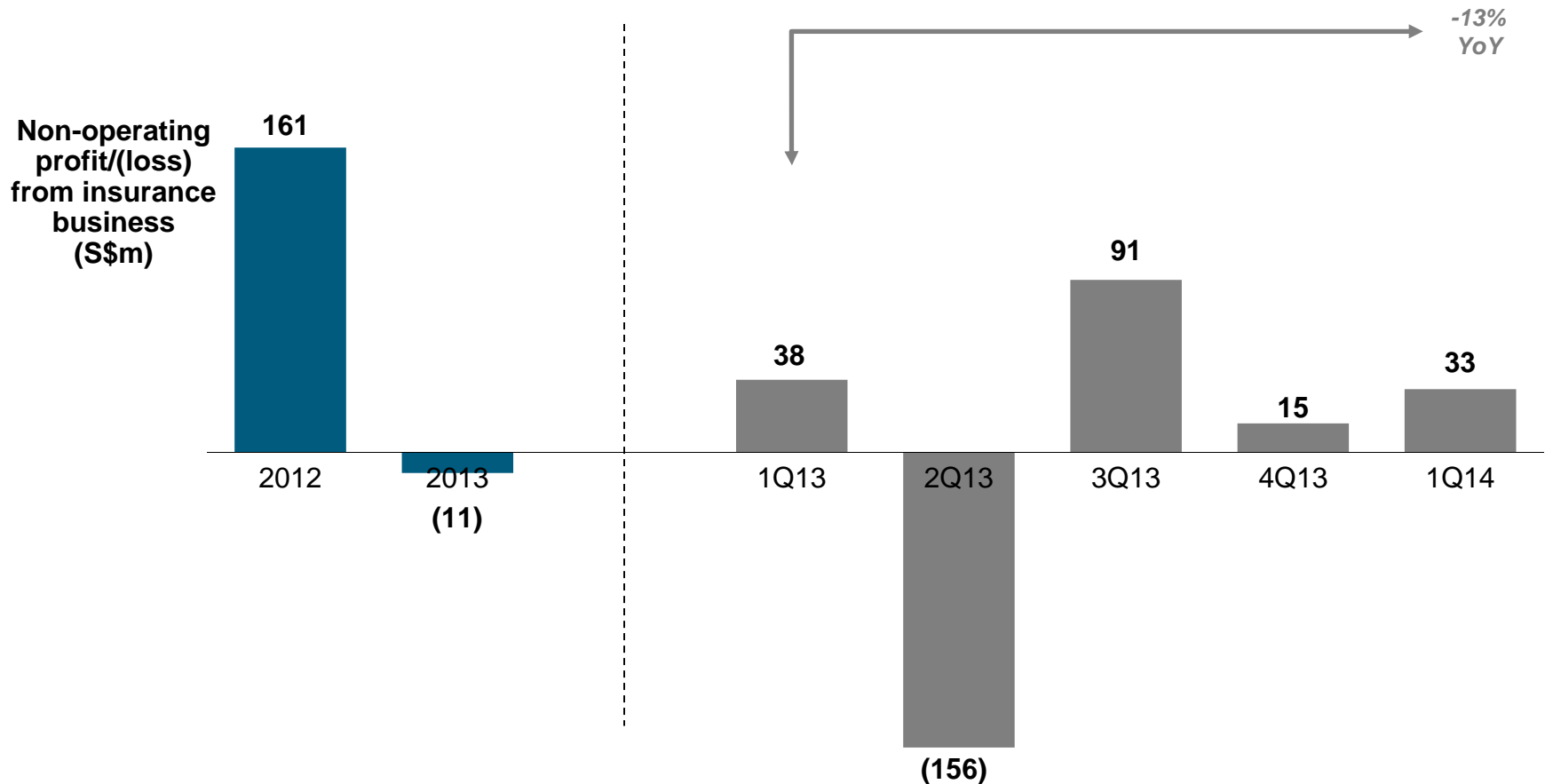
3/ Mainly tax

GEH: Operating profit from insurance business up 9% YoY on better performance from the Singapore Non-participating and Malaysia Investment-linked Funds

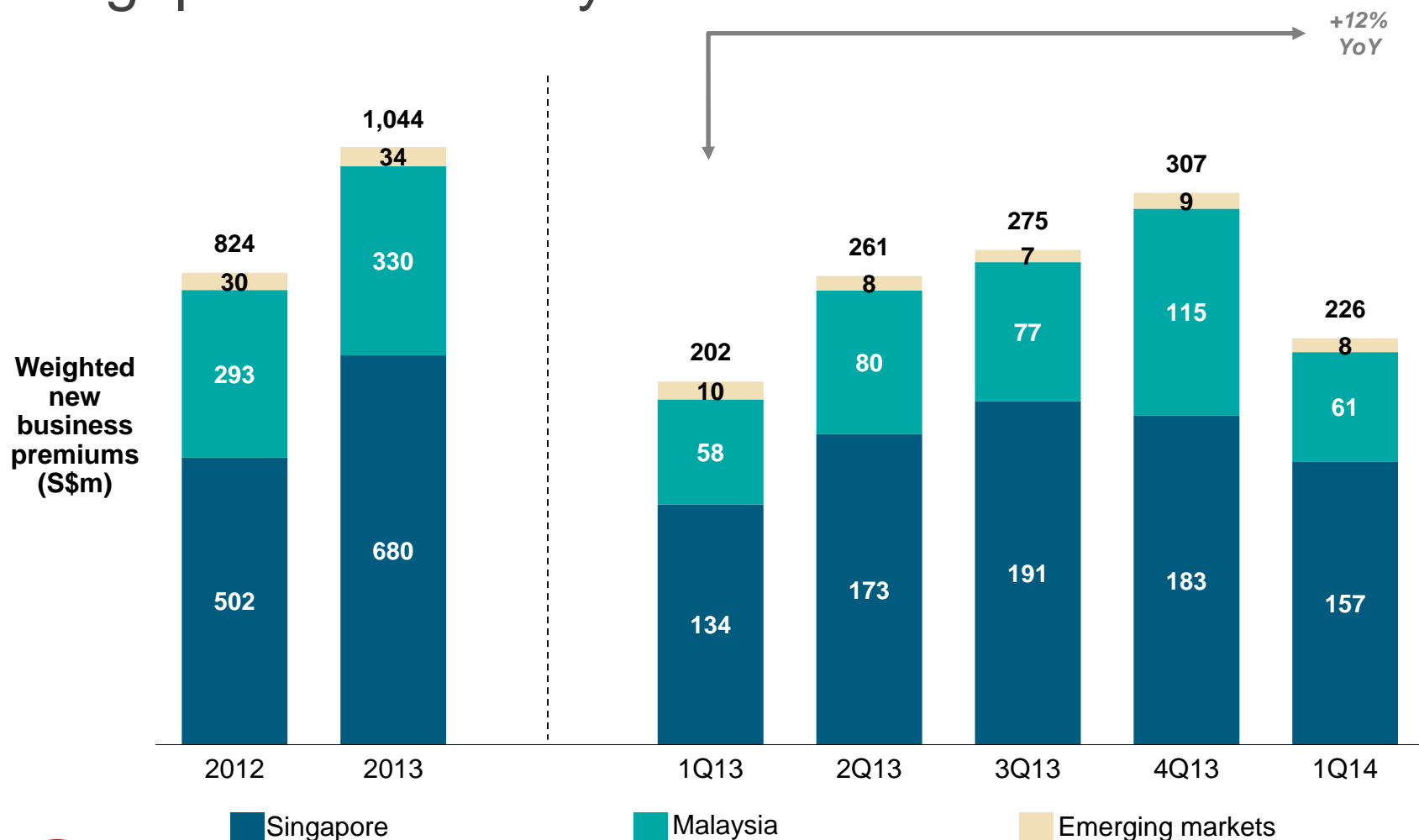


Note: Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).

GEH: *Non-operating profit* of S\$33m from unrealised mark-to-market gains as long-term interest rates rose, while credit and swap spreads narrowed

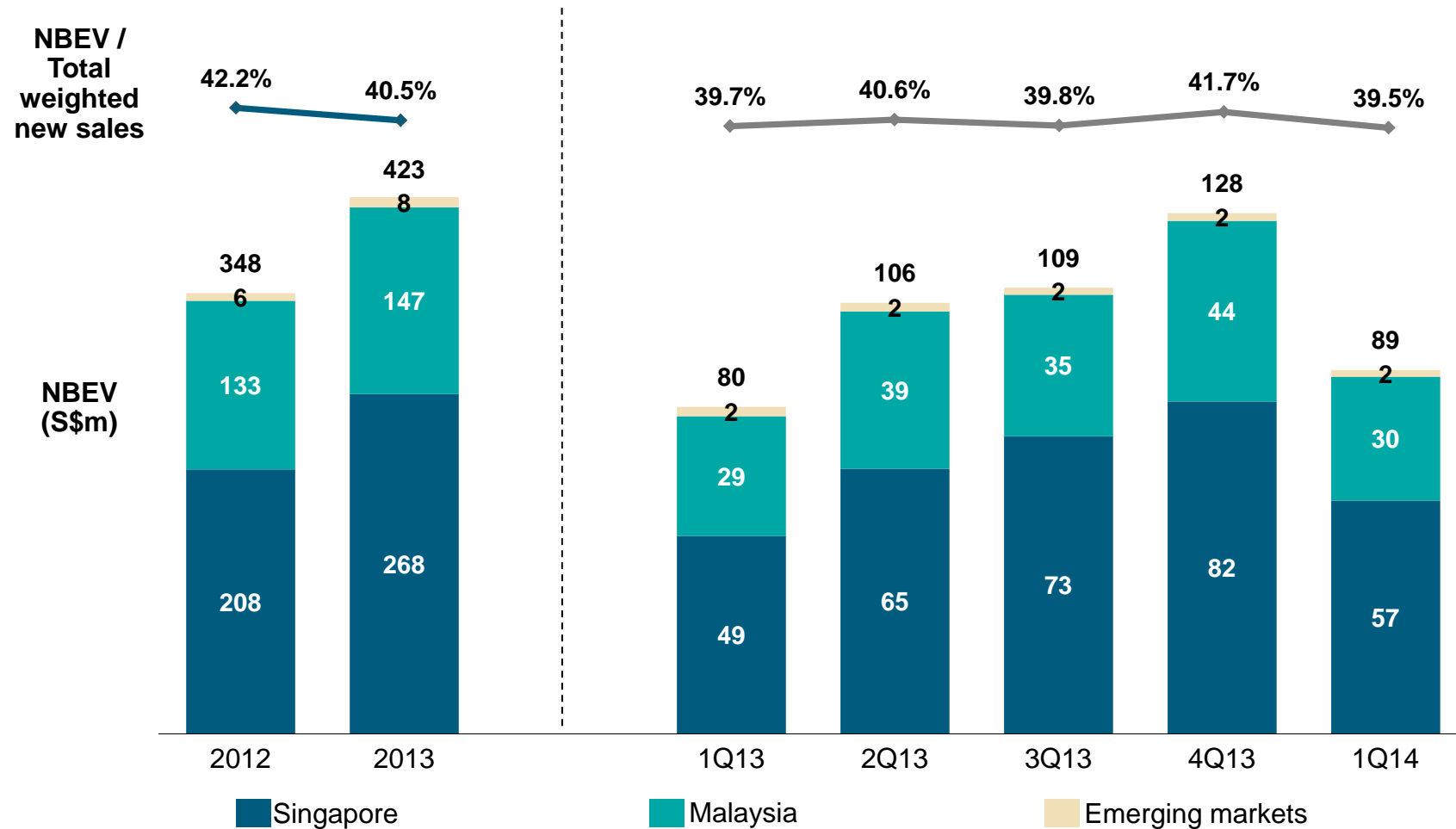


GEH: Total weighted new sales rose 12% YoY on broad-based growth across distribution channels in Singapore and Malaysia



Note: QoQ comparison not relevant given seasonality of insurance sales. For comparative reasons, total weighted new sales figures for periods prior to 1Q14 have been restated using exchange rates as at 31 March 2014. Following completion of the sale of 25% stake in the Great Eastern's joint venture in China, sales of emerging markets from 1Q14 reflects reduced stake of 25%.

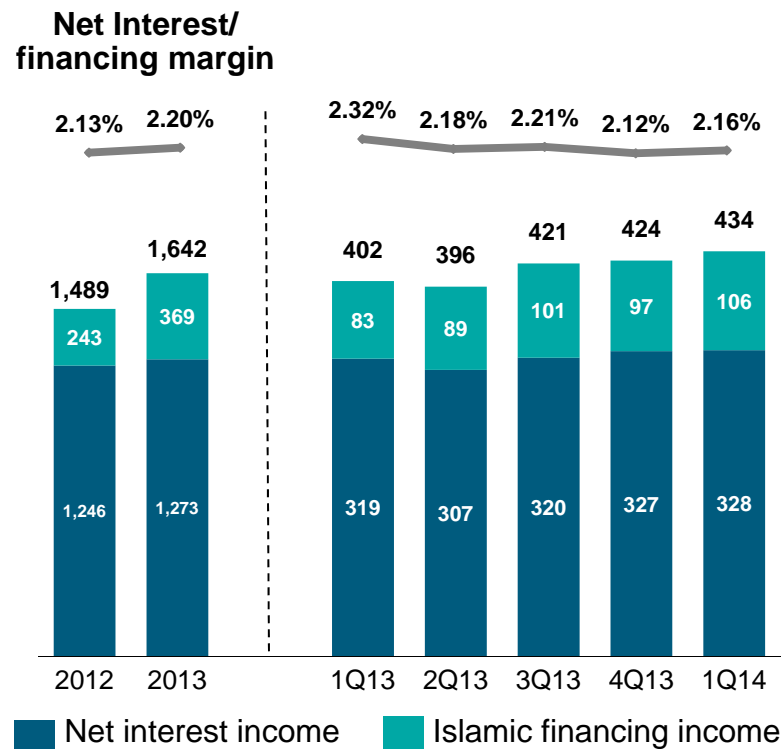
GEH: *New business embedded value* up 11% YoY in line with sales performance



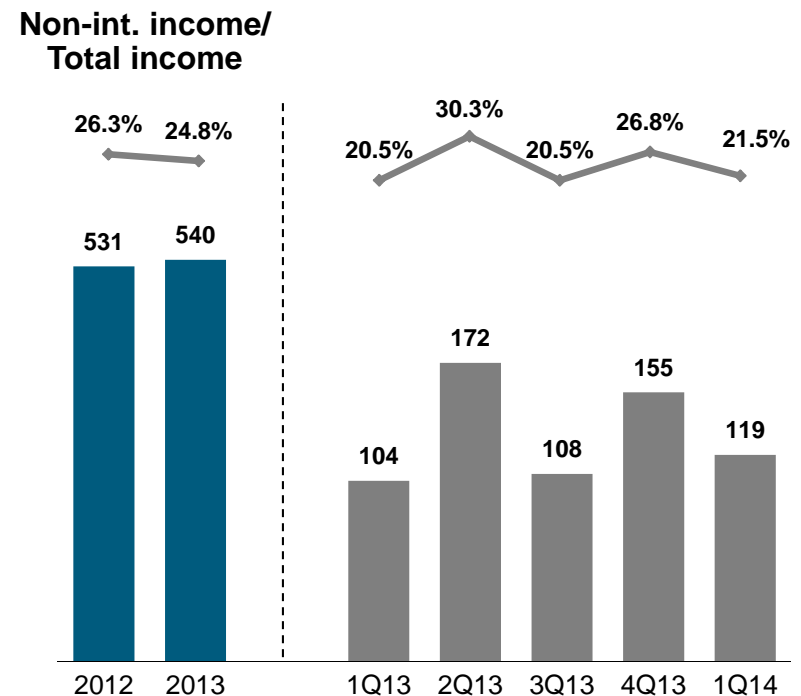
Note: For comparative reasons, NBEV figures for periods prior to 1Q14 have been restated using exchange rates as at 31 March 2014. Quarterly NBEV figures in 2013 have been restated to take into account revised actuarial assumptions implemented in 4Q13. Following completion of the sale of 25% stake in the Great Eastern's joint venture in China, NBEV of emerging markets from 1Q14 reflects reduced stake of 25%. 30

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

Net interest income and Islamic financing income (RM m)



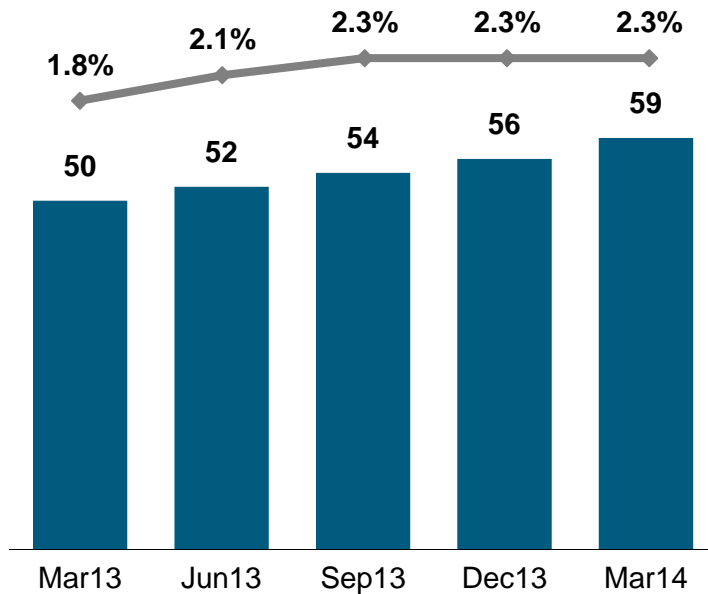
Non-interest income (RM m)



OCBC Malaysia: Loans grew 18% YoY and 4% QoQ; NPL ratio at 2.3%

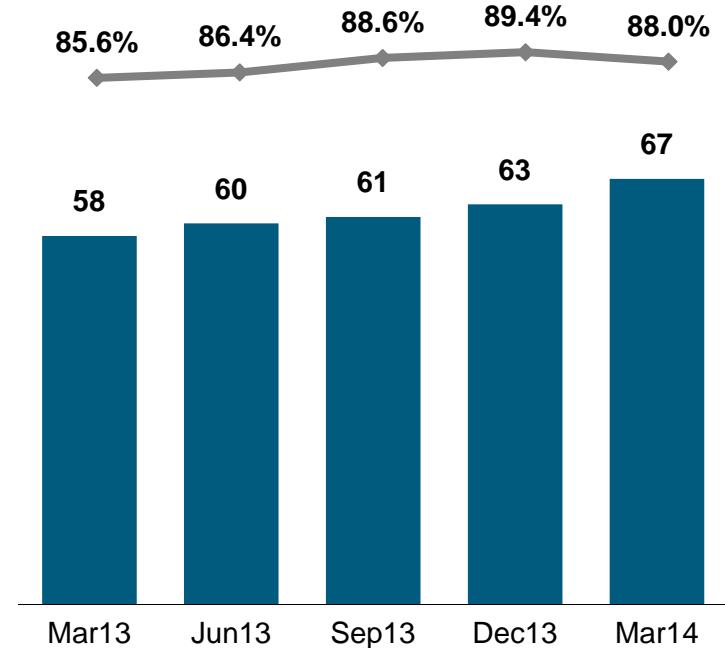
Gross Loans (RM b)

NPL Ratio



Deposits (RM b)

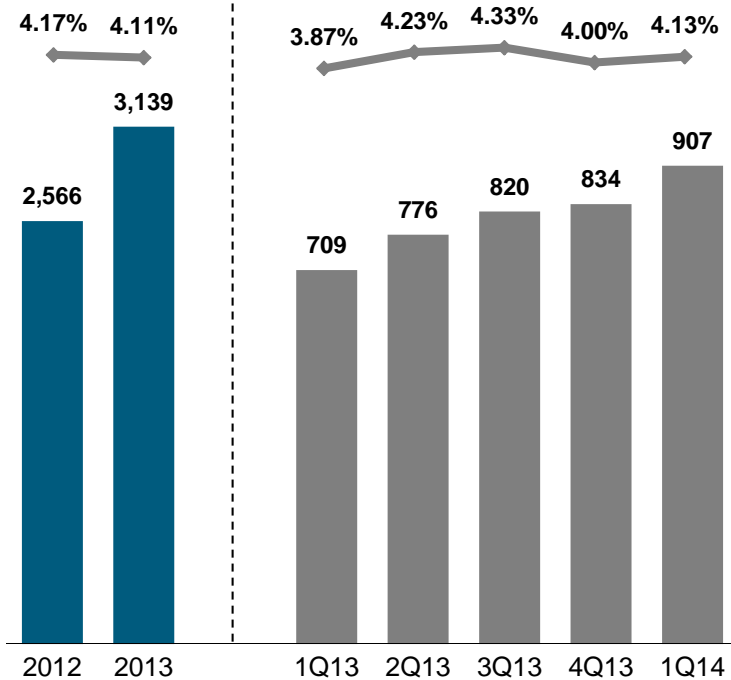
Loans / Deposits



OCBC NISP: Net interest income up 28% YoY, non-interest income up 36% YoY

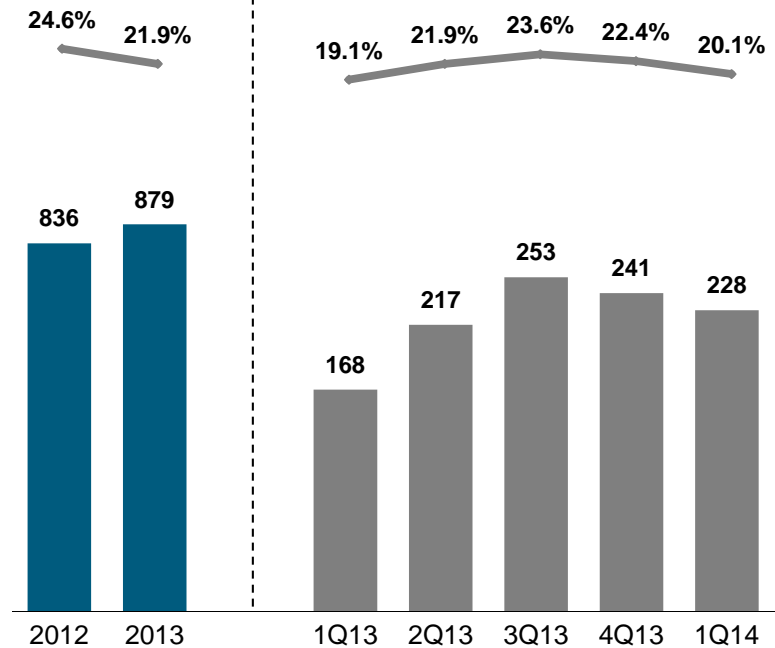
Net interest income (Rp b)

Net interest margin



Non-interest income (Rp b)

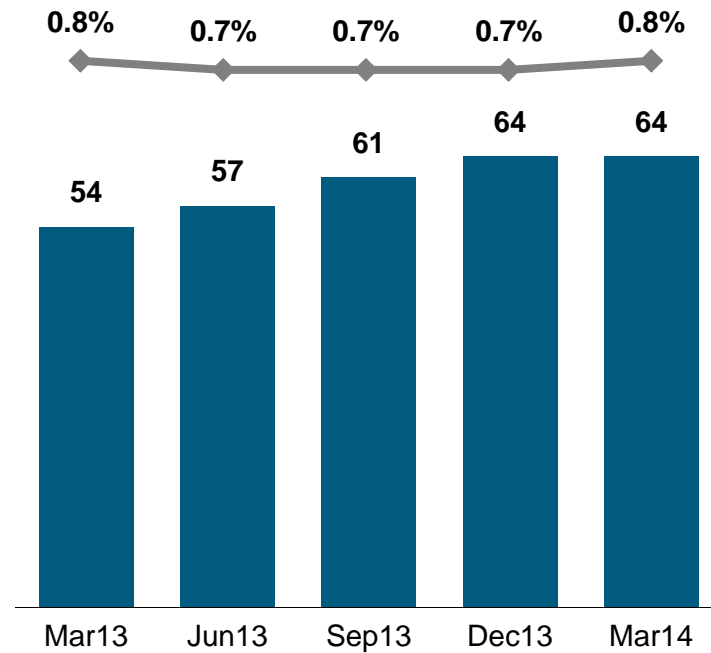
Non-int. income/ Total income



OCBC NISP: Loans grew 18% YoY; NPL ratio remained low at 0.8%

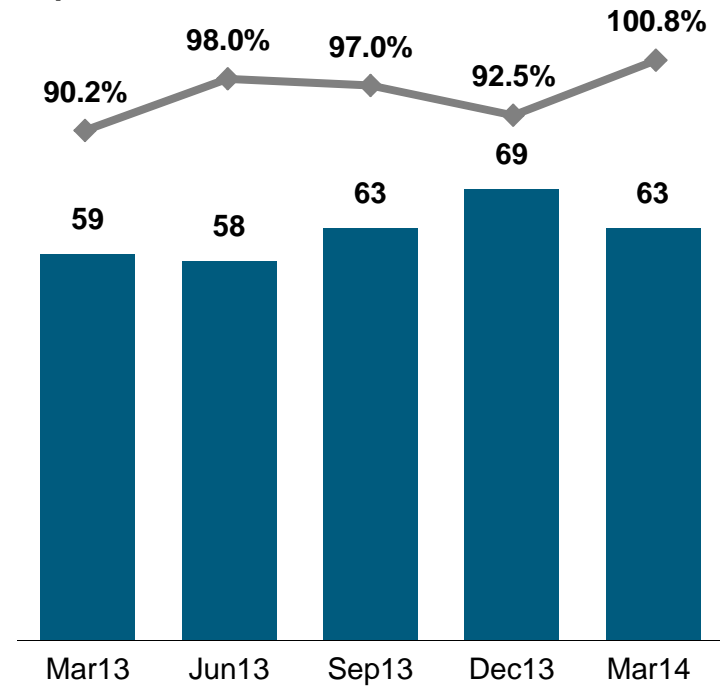
Gross Loans (Rp t)

NPL Ratio



Deposits (Rp t)

Loans / Deposits



CASA Ratio 47.3% 44.8% 44.8% 38.9% 36.1%



Note: NPL ratio and LDR calculation based on Bank Indonesia's guidelines



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Appendix: Financial Highlights of
Malaysian and Indonesian Subsidiaries

OCBC Malaysia: 1Q14 net profit declined 8% YoY

OCBC Malaysia	1Q14	1Q13	YoY	4Q13	QoQ
	RM m	RM m	+/(-)%	RM m	+/(-)%
Net interest income	328	319	3	327	0
Islamic Financing Income	106	83	28	97	9
Non-interest income	119	104	14	155	(23)
Total income	553	506	9	579	(4)
Operating expenses	(215)	(201)	7	(230)	(7)
Operating profit	338	305	11	349	(3)
Allowances	(51)	7	nm	(17)	200
Tax	(71)	(77)	(8)	(77)	(8)
Net profit	216	235	(8)	255	(15)

Key ratios (%)

Cost / Income	38.9	39.7		39.6
ROE	15.5	17.7		18.4
CAR				
- Common Equity Tier 1	11.3	12.2		12.7
- Tier 1	12.9	14.1		14.6
- Total CAR	15.5	17.2		17.7



Note: Capital ratios for OCBC Malaysia Group are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia.

OCBC NISP: 1Q14 net profit increased 38% YoY

OCBC NISP	1Q14 RP b	1Q13 RP b	YoY +/(-)%	4Q13 RP b	QoQ +/(-)%
Net interest income	907	709	28	834	9
Non-interest income	228	168	36	241	(5)
Total income	1,135	877	29	1,075	6
Operating expenses	(613)	(521)	18	(577)	6
Operating profit	522	356	47	498	5
Allowances	(66)	(26)	151	(73)	(9)
Non Op Income / (Expenses)	(1)	0	nm	(13)	(98)
Tax	(114)	(83)	38	(107)	7
Net profit	341	247	38	305	12

Key ratios (%)

Cost / Income	54.0	59.4		53.7
ROE	10.1	11.2		10.5
CAR				
- Tier 1	18.1	14.2		17.4
- Total CAR	19.9	16.6		19.3



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

■ First Quarter 2014 Results
Thank You

