

# 2014 Full Year Results Presentation

11 February 2015



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# Agenda

## Results Overview

### FY14 Group Performance Trends

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### Performance of Major Subsidiaries

- OCBC Wing Hang
  - Great Eastern Holdings
  - OCBC Malaysia
  - OCBC NISP
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### OCBC Corporate Strategy

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### Greater China Strategy with the addition of OCBC Wing Hang

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

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Note: - Certain comparative figures have been restated to conform with the current period's presentation  
- 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

# FY14 Highlights

**Net profit after tax which included S\$391 million one-off gain rose 39% YoY to S\$3.84 billion**

- **Core net profit before one-off gain up 25% YoY to S\$3.45 billion from strong performance across all customer segments**
- OCBC Wing Hang results were progressively consolidated from July 2014. Excluding the one-off gain and OCBC Wing Hang's contribution, core net profit was up 22% YoY
- Net interest income grew 22% to a new high, driven by strong asset growth and a 4 basis point improvement in net interest margin
- Fees and commissions increased 10% to a new record
- Great Eastern's earnings contribution rose 33% YoY on improved operating profit and mark-to-market gains in the Non-Participating Fund
- Trading income, primarily made up of customer-related treasury flows, grew 39% YoY
- Operating expenses up 17%, before OCBC Wing Hang up 10%
- Income from associates and JVs increased to S\$112m, partly from Bank of Ningbo's contribution
- Core ROE increased to 13.2% from 11.6% on strong growth in core net profit
- Asset quality remained sound. NPL ratio improved further to 0.6% from 0.7%
- Capital position strong with CET1 and Tier 1 at 13.8%, Total CAR at 15.9%
- Final dividend of 18 cents per share proposed, bringing FY14 total dividend to 36 cents, an increase of 6% over FY13

# Full year core net profit at a new high

– an increase of 25% YoY to S\$3.45b

<b>OCBC Group</b>	<b>FY14 S\$m</b>	<b>FY13 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	4,736	3,883	22
Non-interest income	3,213	2,738	17
<b>Total income</b>	<b>7,949</b>	<b>6,621</b>	<b>20</b>
Operating expenses	(3,258)	(2,784)	17
<b>Operating profit</b>	<b>4,691</b>	<b>3,837</b>	<b>22</b>
Amortisation of intangibles	(74)	(58)	28
Allowances	(357)	(266)	34
Associates & JVs	112	54	108
Tax & NCI	(921)	(799)	15
<b>Core net profit</b>	<b>3,451</b>	<b>2,768</b>	<b>25</b>
One-off gain	391 <sup>1/</sup>	-	-
<b>Net profit</b>	<b>3,842</b>	<b>2,768</b>	<b>39</b>



1/ One-off gain of S\$391m resulting from an accounting change to recognise the fair value gain on the Group's initial 15.3% AFS stake in Bank of Ningbo ("BON"), from fair value reserve to income, upon BON becoming a 20%-owned associated company on 30 September 2014

# Full year core net profit *before GEH* contribution (“banking operations”) up 23% YoY to S\$2.73b

<b>Banking Operations</b>	<b>FY14 S\$m</b>	<b>FY13 S\$m</b>	<b>YoY +/(-)%</b>
Net interest income	4,668	3,818	22
Non-interest income	2,078	1,816	14
<b>Total income</b>	<b>6,746</b>	<b>5,634</b>	<b>20</b>
Operating expenses	(3,049)	(2,604)	17
<b>Operating profit</b>	<b>3,698</b>	<b>3,030</b>	<b>22</b>
Allowances	(356)	(265)	34
Associates & JVs	122	71	73
Amortisation, tax & NCI	(733)	(609)	20
<b>Core net profit</b>	<b>2,732</b>	<b>2,226</b>	<b>23</b>
One-off gain	391 <sup>1/</sup>	-	-
<b>Net profit from banking operations</b>	<b>3,123</b>	<b>2,226</b>	<b>40</b>
<b>GEH net profit contribution</b>	<b>719</b>	<b>542</b>	<b>33</b>
<b>OCBC Group net profit</b>	<b>3,842</b>	<b>2,768</b>	<b>39</b>



<sup>1/</sup> One-off gain of S\$391m resulting from an accounting change to recognise the fair value gain on the Group's initial 15.3% AFS stake in BON, from fair value reserve to income, upon BON becoming a 20%-owned associated company on 30 September 2014

## 4Q14 core net profit rose 11% YoY to S\$791m

OCBC Group	4Q14 S\$m	4Q13 S\$m	YoY +/(-)%	3Q14 S\$m	QoQ +/(-)%
Net interest income	1,277	1,031	24	1,246	2
Non-interest income	762	679	12	801	(5)
Total income	2,039	1,710	19	2,047	-
Operating expenses	(922)	(713)	29	(870)	6
<b>Operating profit</b>	<b>1,117</b>	<b>997</b>	<b>12</b>	<b>1,177</b>	<b>(5)</b>
Amortisation of intangibles	(32)	(15)	120	(14)	127
Allowances	(154)	(68)	127	(97)	60
Associates & JVs	64	6	nm	14	366
Tax & NCI	(204)	(205)	-	(239)	(15)
<b>Core net profit</b>	<b>791</b>	<b>715</b>	<b>11</b>	<b>841</b>	<b>(6)</b>
One-off gain	-	-	-	391 <sup>1/</sup>	(100)
<b>Net profit</b>	<b>791</b>	<b>715</b>	<b>11</b>	<b>1,232</b>	<b>(36)</b>



<sup>1/</sup> One-off gain of S\$391m resulting from an accounting change to recognise the fair value gain on the Group's initial 15.3% AFS stake in BON, from fair value reserve to income, upon BON becoming a 20%-owned associated company on 30 September 2014

## 4Q14 core net profit *before GEH* contribution grew 7% YoY to S\$621m

<b>Banking Operations</b>	<b>4Q14 S\$m</b>	<b>4Q13 S\$m</b>	<b>YoY +/(-)%</b>	<b>3Q14 S\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	1,259	1,017	24	1,228	3
Non-interest income	482	434	11	542	(11)
<b>Total income</b>	<b>1,741</b>	<b>1,451</b>	<b>20</b>	<b>1,770</b>	<b>(2)</b>
Operating expenses	(866)	(659)	32	(815)	6
<b>Operating profit</b>	<b>874</b>	<b>792</b>	<b>10</b>	<b>955</b>	<b>(8)</b>
Allowances	(153)	(67)	127	(96)	59
Associates & JVs	67	14	395	16	328
Amortisation, tax & NCI	(167)	(156)	7	(192)	(13)
<b>Core net profit</b>	<b>621</b>	<b>582</b>	<b>7</b>	<b>683</b>	<b>(9)</b>
One-off gain	-	-	-	391 <sup>1/</sup>	(100)
<b>Net profit from banking operations</b>	<b>621</b>	<b>582</b>	<b>7</b>	<b>1,074</b>	<b>(42)</b>
<b>GEH net profit contribution</b>	<b>169</b>	<b>133</b>	<b>28</b>	<b>158</b>	<b>7</b>
<b>OCBC Group net profit</b>	<b>791</b>	<b>715</b>	<b>11</b>	<b>1,232</b>	<b>(36)</b>



<sup>1/</sup> One-off gain of S\$391m resulting from an accounting change to recognise the fair value gain on the Group's initial 15.3% AFS stake in BON, from fair value reserve to income, upon BON becoming a 20%-owned associated company on 30 September 2014

## Key ratios remained healthy

Based on core earnings (%)	FY14	FY13	4Q14	4Q13	3Q14
Net interest margin	1.68	1.64	1.67	1.64	1.68
Non-interest income / Total income	40.4	41.4	37.4	39.7	39.1
Cost / Income	41.0	42.0	45.2	41.7	42.5
Loans / Deposits	84.5	85.7	84.5	85.7	85.5
NPL Ratio	0.6	0.7	0.6	0.7	0.7
Allowances / NPAs	170.6	134.2	170.6	134.2	154.6
ROE	13.2	11.6	10.6 <sup>1/</sup>	11.9	13.1
Cash ROE	13.5	11.8	11.1 <sup>1/</sup>	12.2	13.3

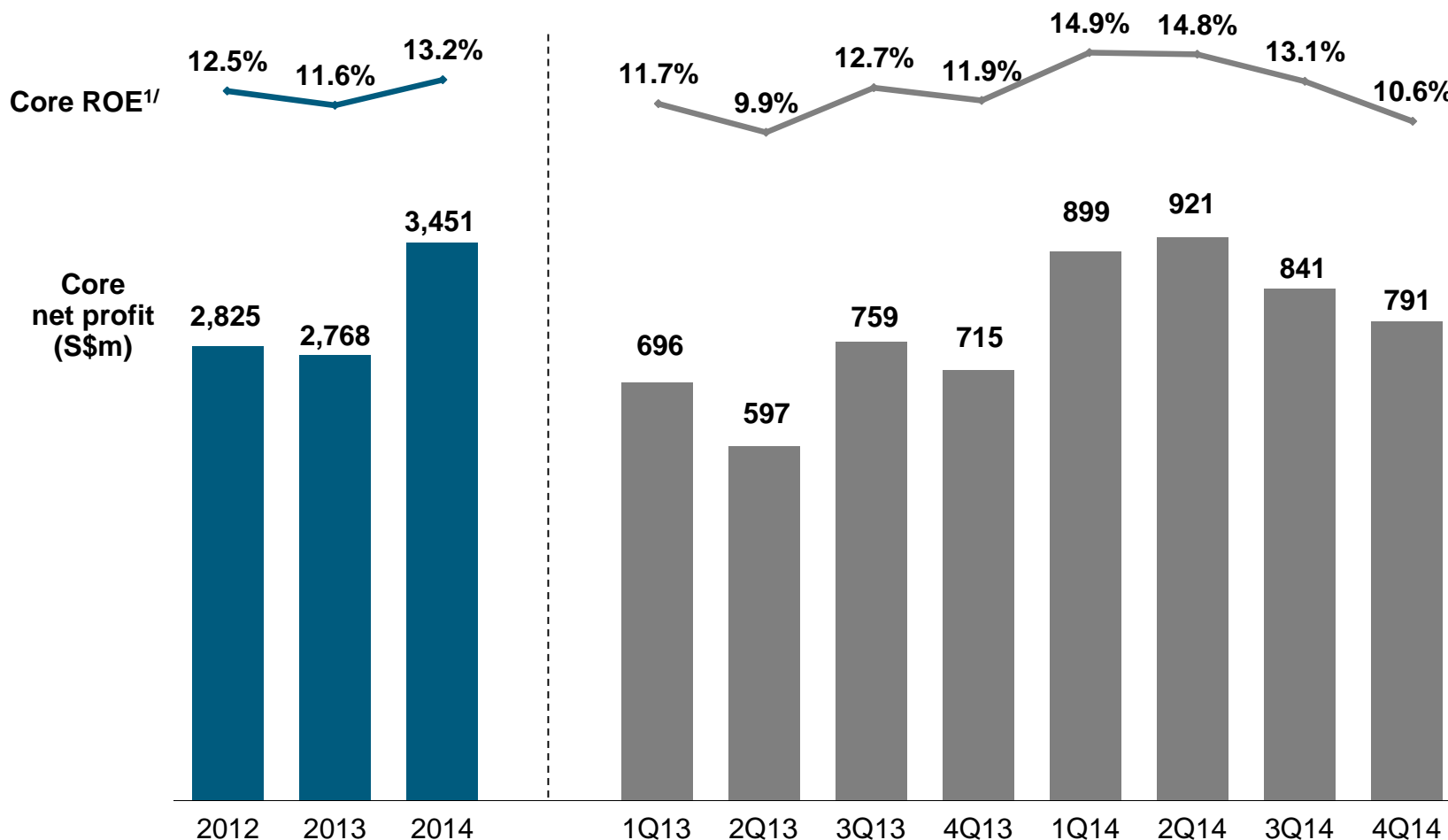


<sup>1/</sup> The YoY and QoQ decline in 4Q14 ROE was due to the enlarged share base, arising from the OCBC Rights Issue in September 2014 and the Scrip Dividend Scheme for the FY14 interim dividend, which was issued and paid in October 2014



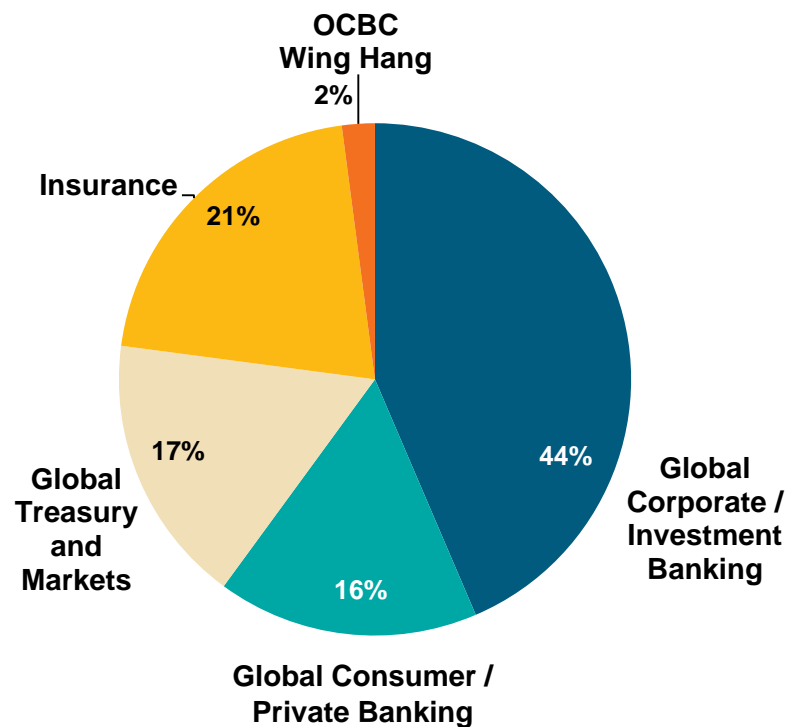
# FY14 core ROE increased YoY to 13.2%

– 4Q14 core ROE diluted by impact of rights issue and scrip dividend

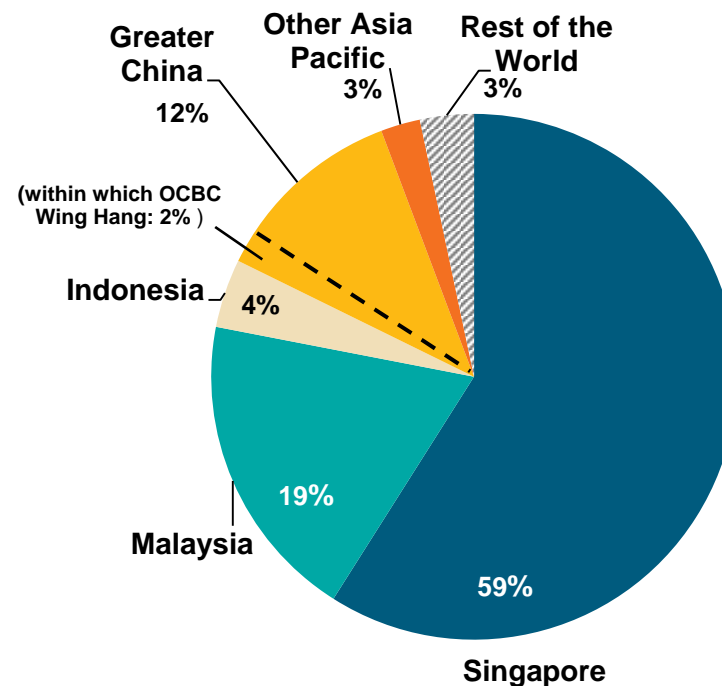


# FY14 PBT breakdown – earnings diversified across business segments and geographies

**FY14 PBT  
by Business<sup>1/</sup>**



**FY14 PBT  
by Geography**



**PBT**

**Group**  
S\$4,372m  
YoY: +23%

**Singapore**  
S\$2,579 m  
YoY: +23%

**Malaysia**  
S\$833m  
YoY: -9%

**Indonesia**  
S\$185m  
YoY: +2%

**Greater China**  
S\$524m  
YoY: +152%

*Excl. OCBC Wing Hang*  
S\$426m  
YoY: +105%

**Rest of the World**  
S\$251m  
YoY: +47%



<sup>1/</sup> 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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**FY14 Group Performance Trends**

Performance of Major Subsidiaries

- OCBC Wing Hang
- Great Eastern Holdings
- OCBC Malaysia
- OCBC NISP

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OCBC Corporate Strategy

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Greater China Strategy with the addition of  
OCBC Wing Hang

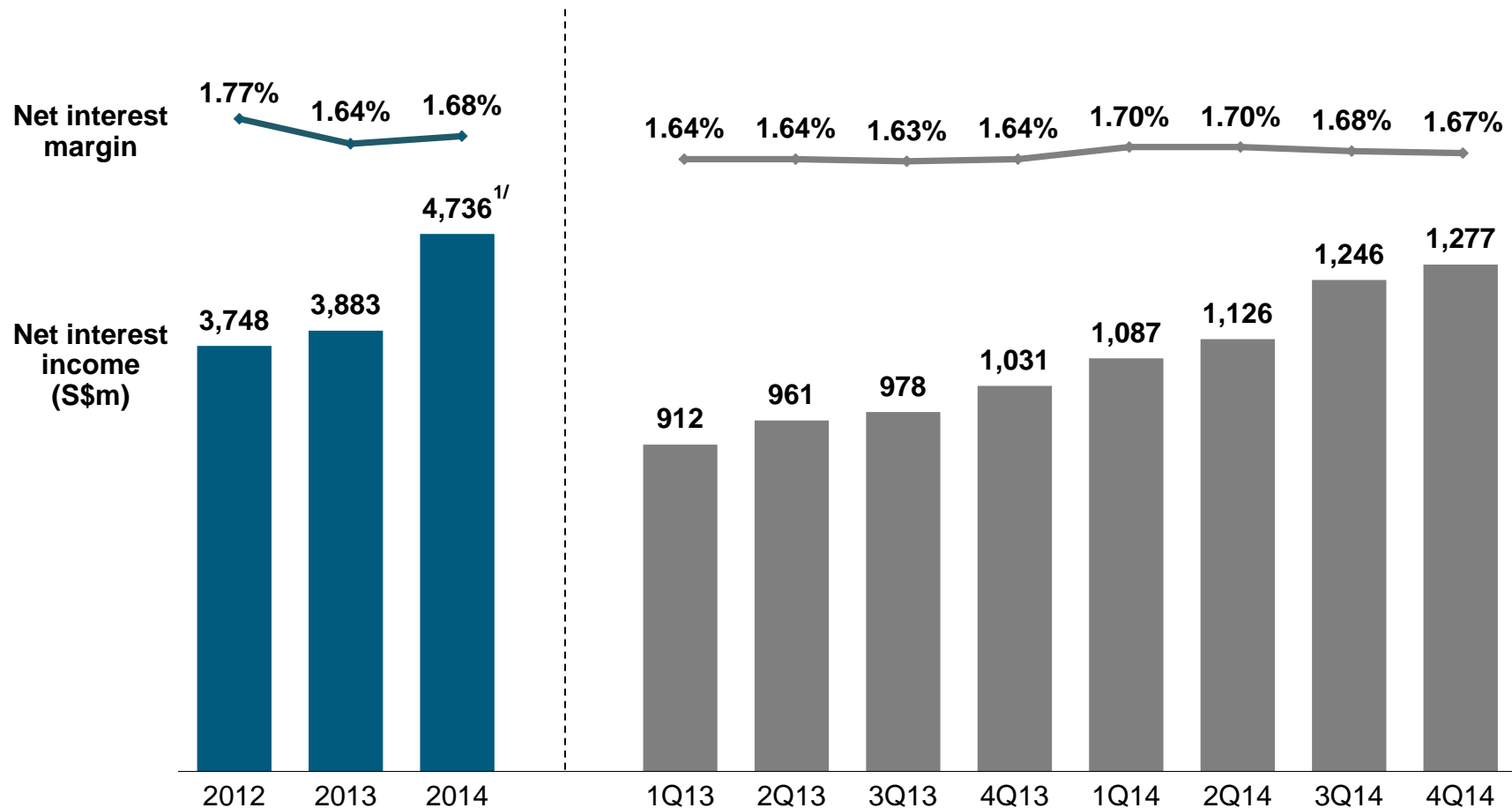
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Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

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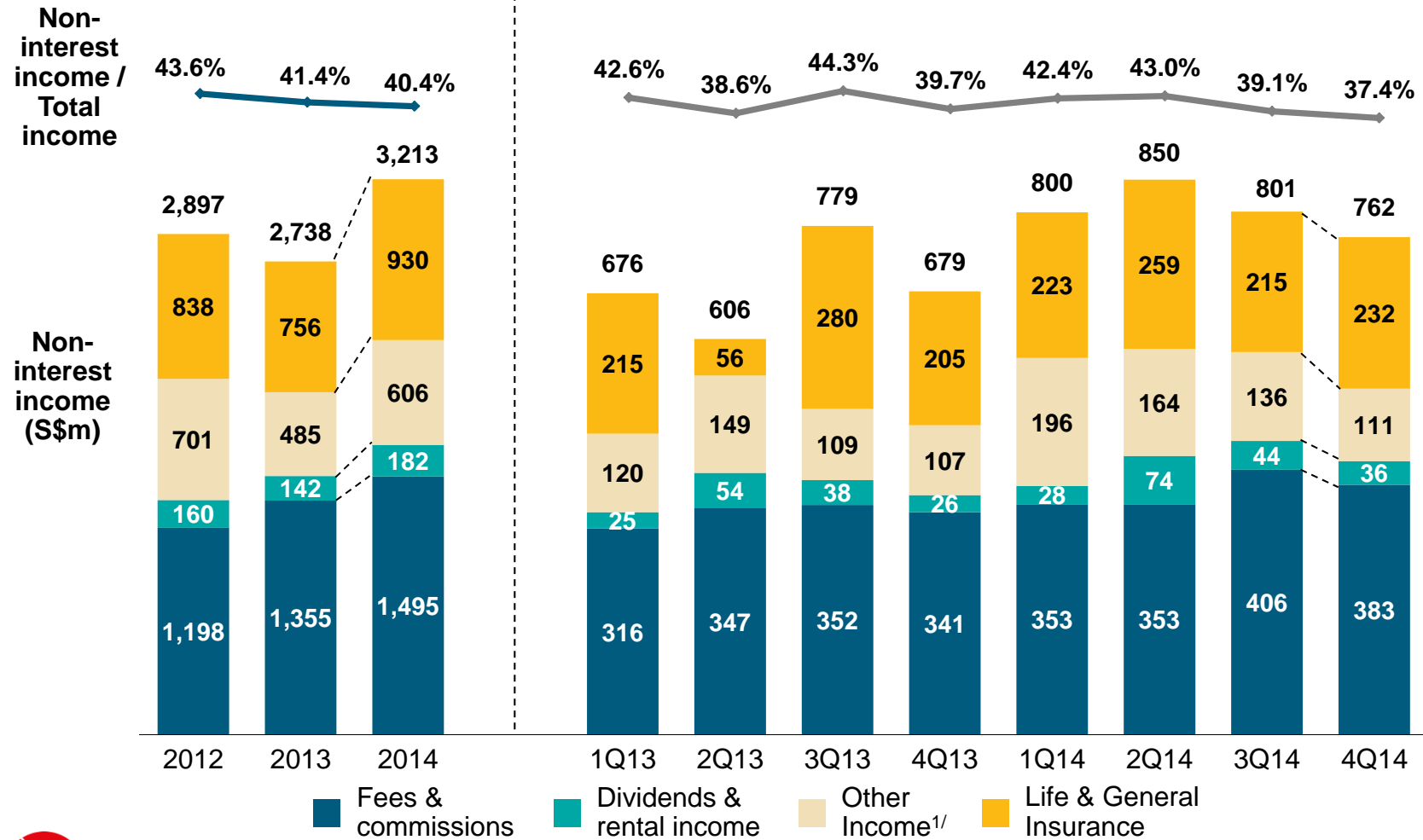


Net interest income rose 22% YoY to a new high;  
NIM increased 4 basis points YoY



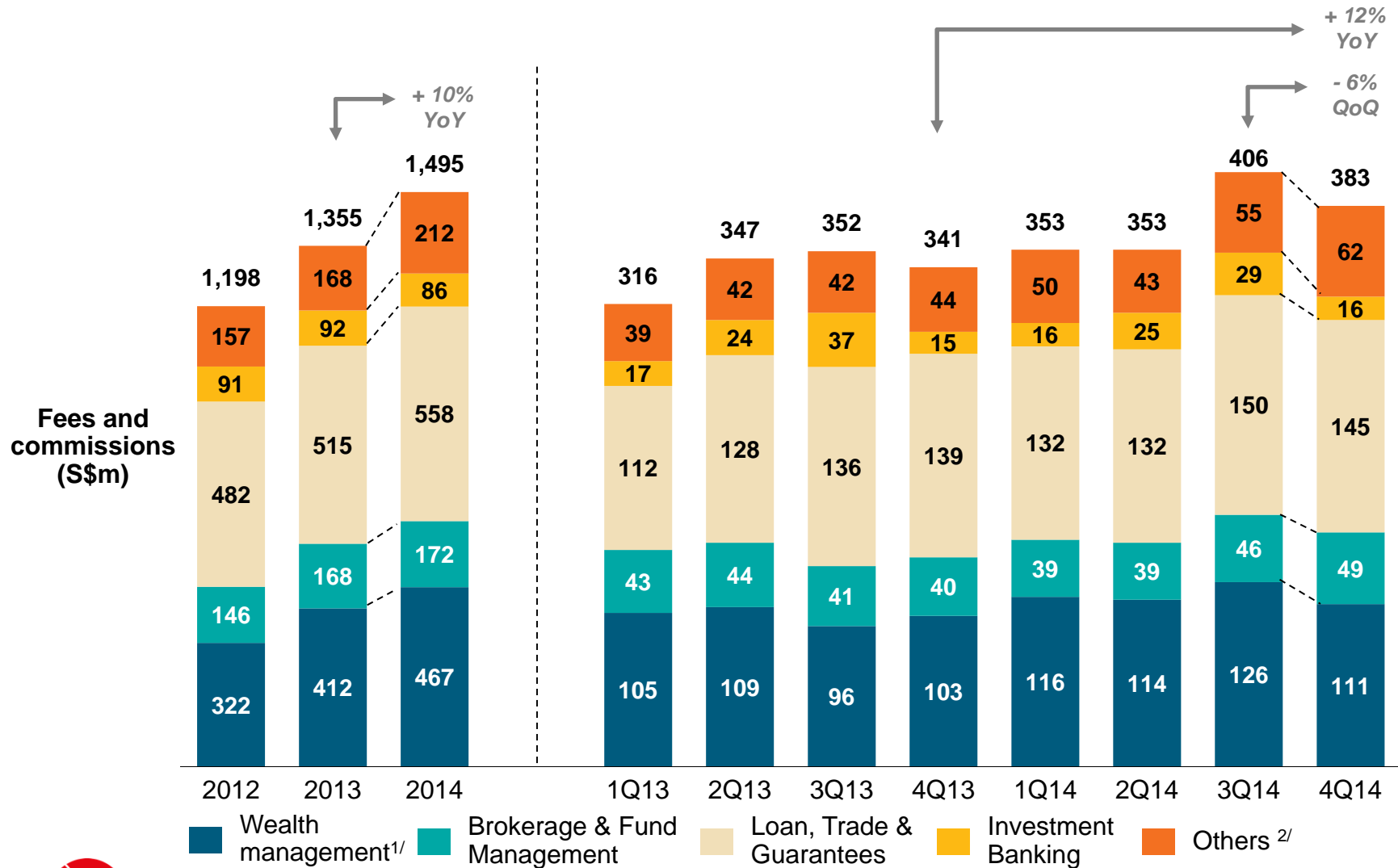
<sup>1/</sup> Including OCBC Wing Hang net interest income contribution of S\$284m. Excluding OCBC Wing Hang, net interest income increased 15% YoY

# Non-interest income grew 17% YoY, led by higher fee, trading and insurance income



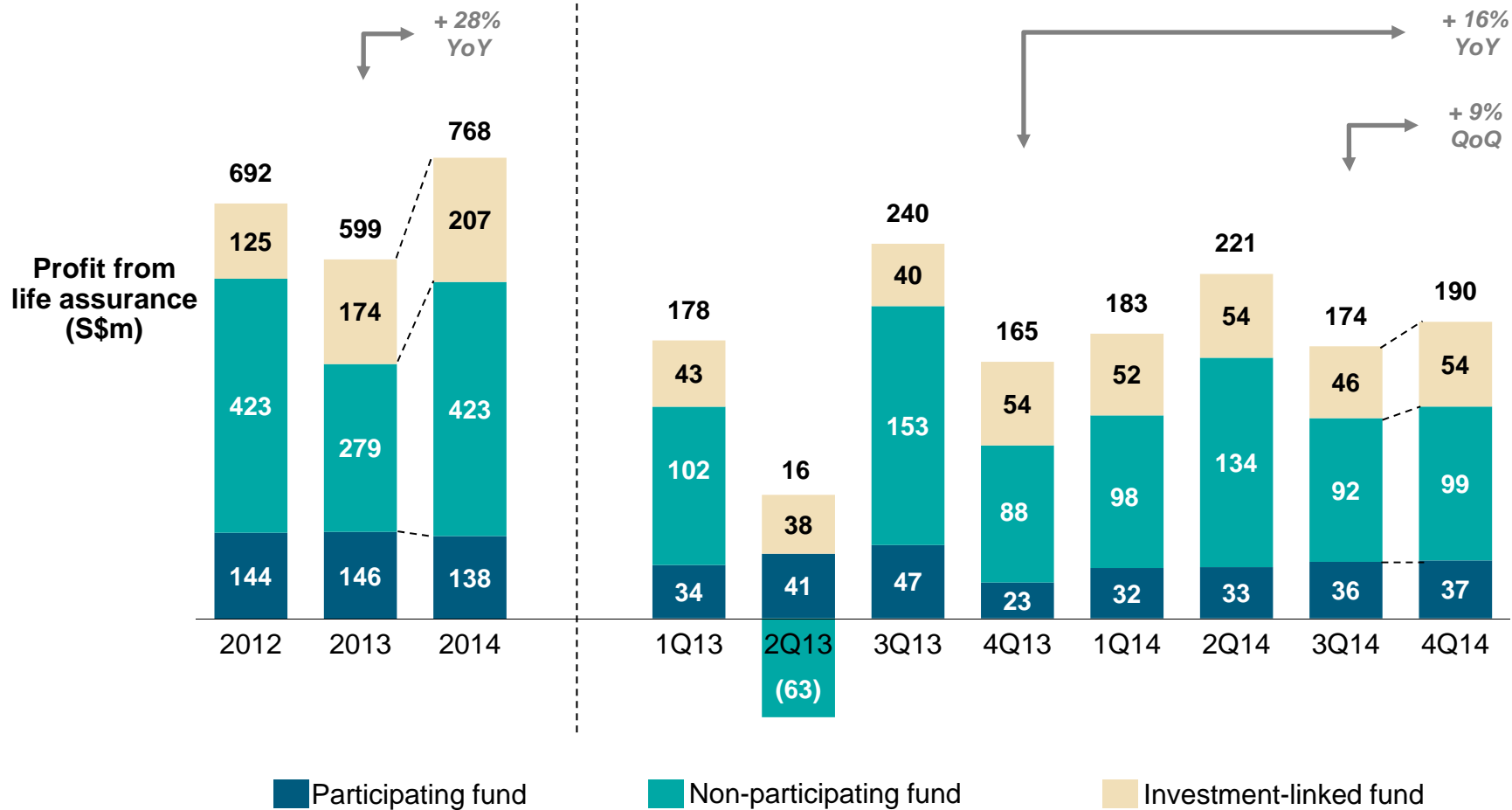
Note: Excludes non-core gains  
 1/ Other Income includes trading income

# Fee income was a new record, up 10% YoY on growth in wealth management income, trade & loan fees

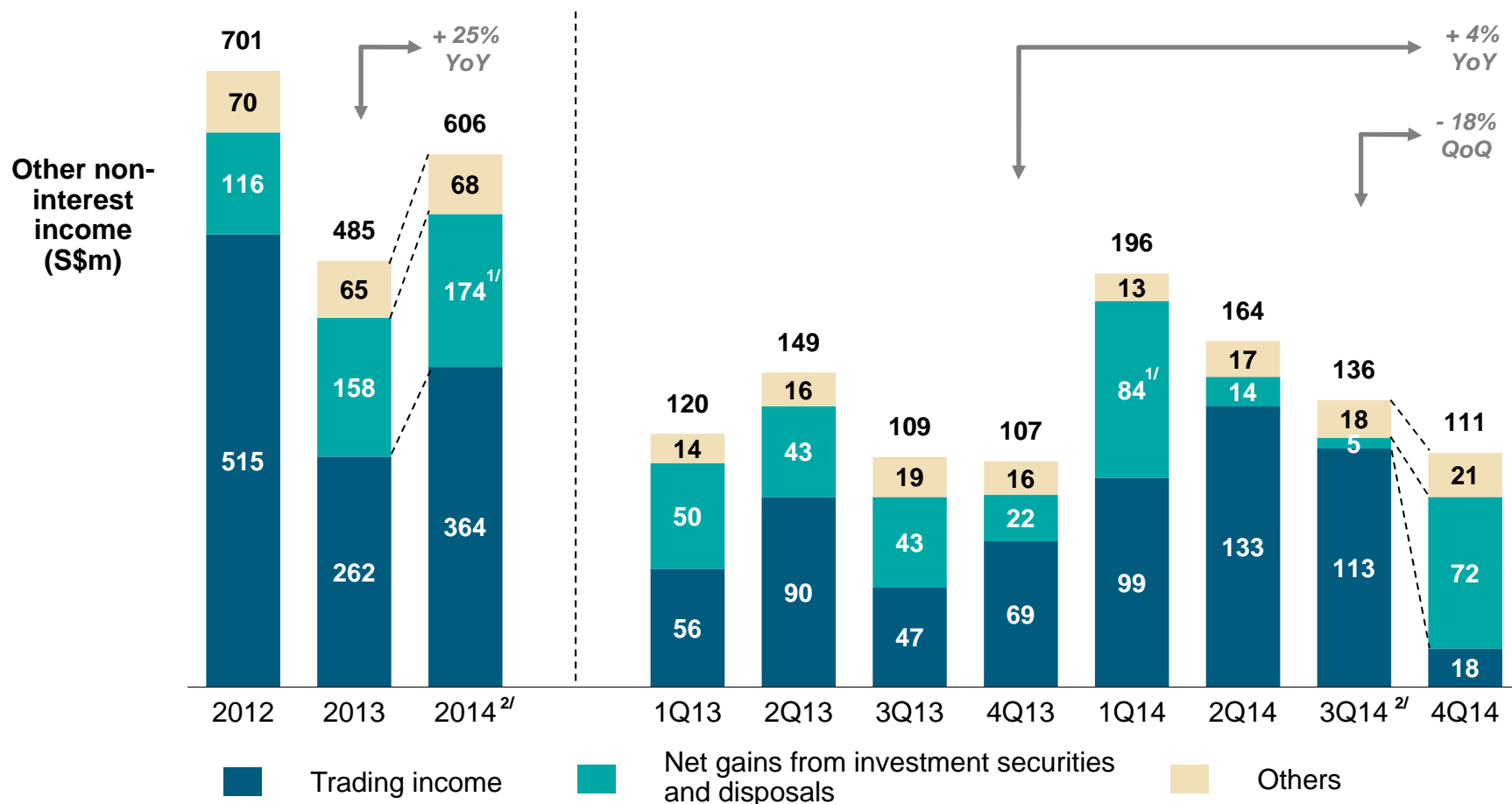


1/ Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers  
 2/ Others includes credit card fees, service charges and other fee and commission income

# Life assurance profit increased 28% YoY due to growing in-force business and mark-to-market gains



# Other non-interest income for 2014 grew 25% YoY; – 4Q14 impacted by lower trading income, despite higher investment securities gains

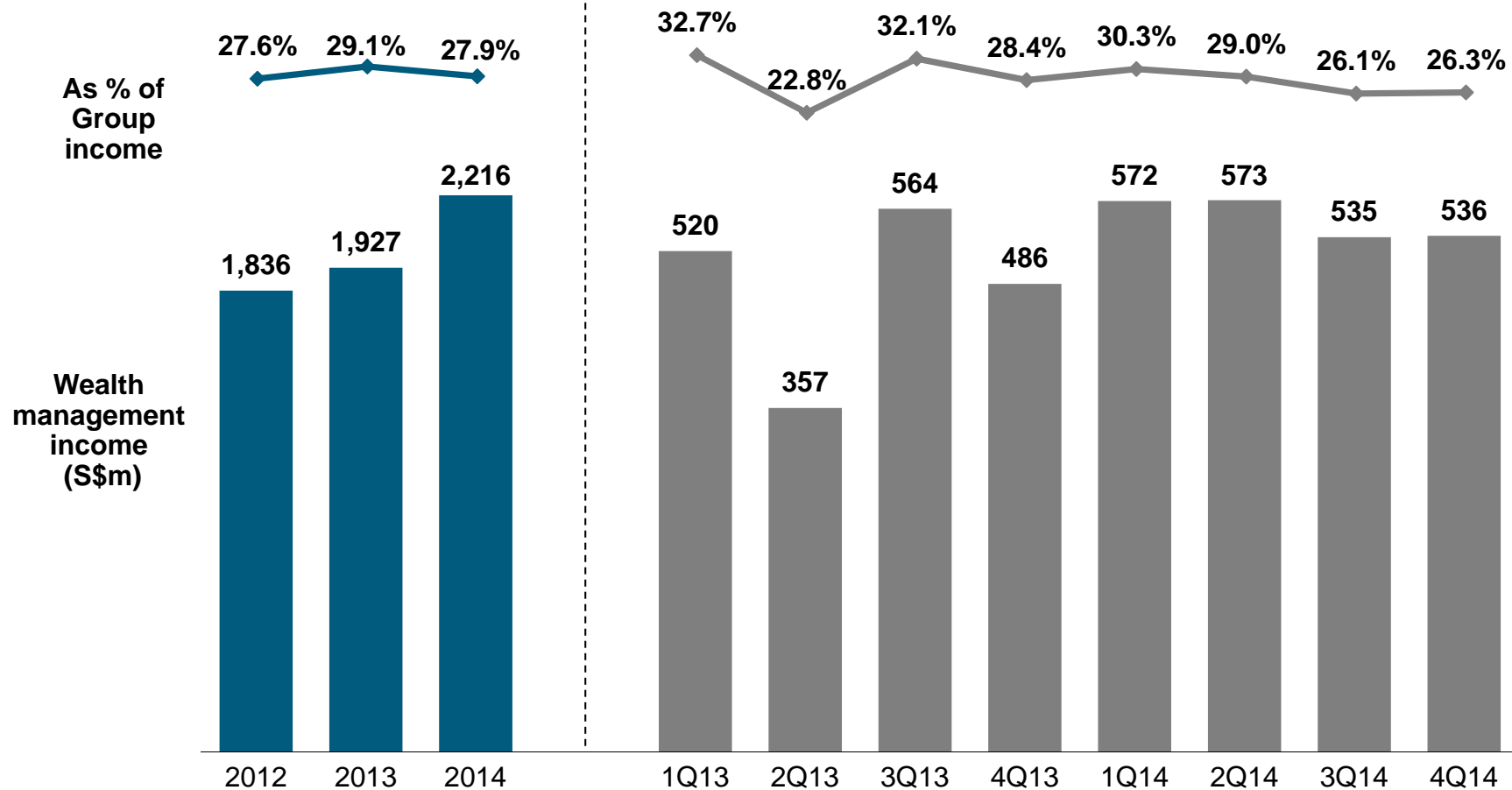


1/ Includes a one-off gain of S\$32 million from the partial disposal of Great Eastern Holdings' stake in its China joint venture

2/ Excludes a one-off gain of S\$391 million, which resulted from an accounting change to recognise the fair value gain on the Group's initial 15.3% AFS stake in BON, from fair value reserve to income, upon BON becoming a 20%-owned associated company on 30 September 2014



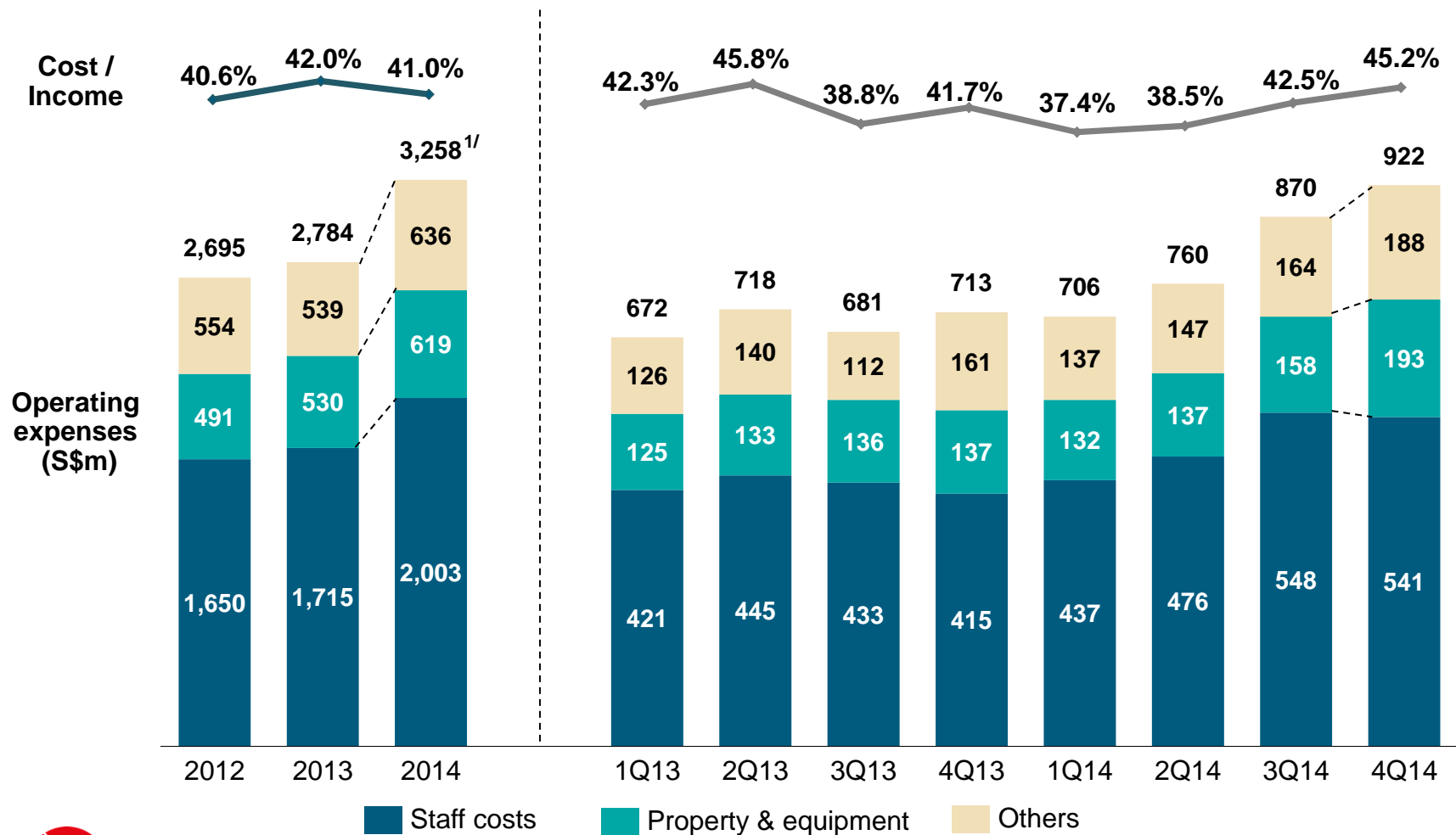
# Wealth management income rose 15% YoY to a new record



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

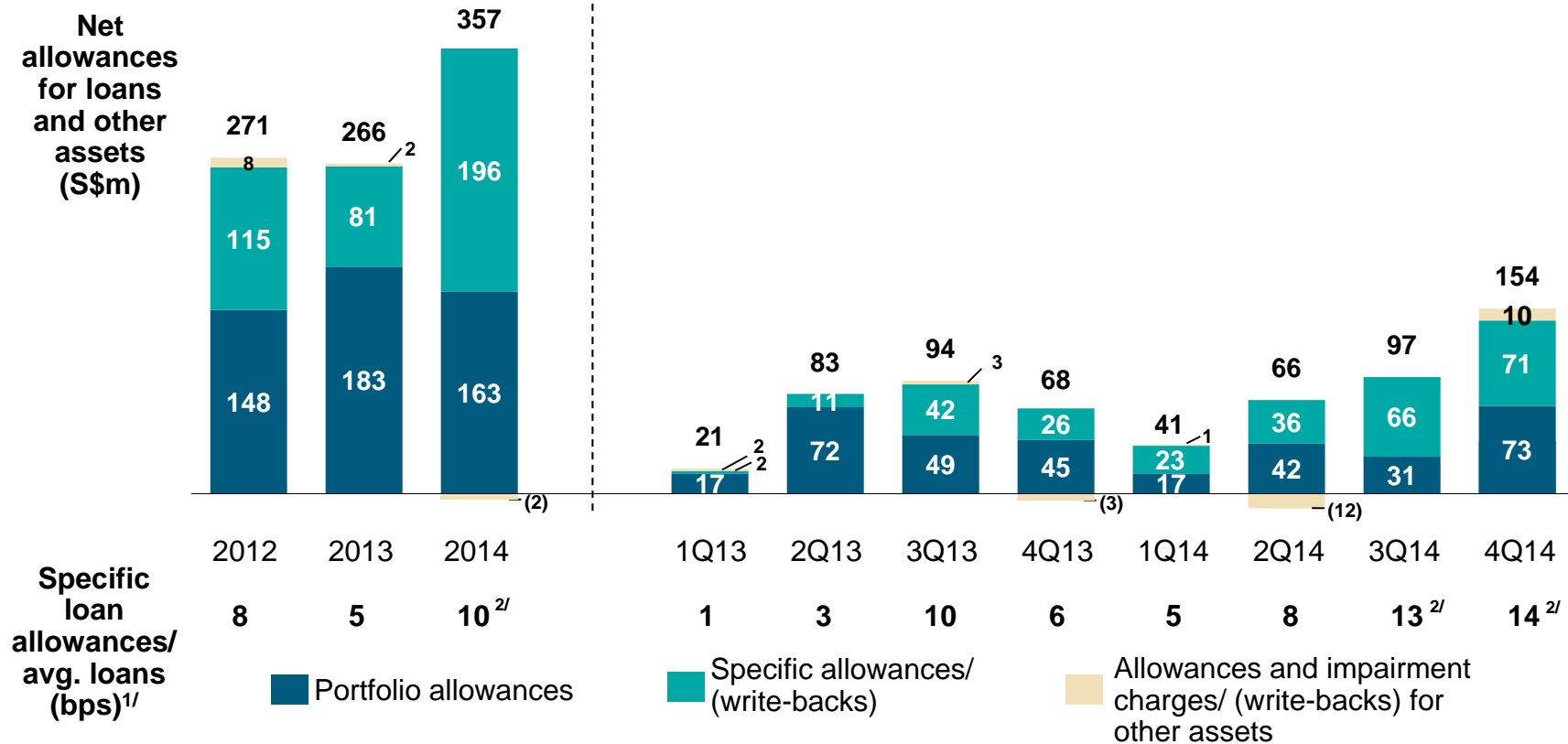
# Operating expenses, including the consolidation of OCBC Wing Hang, 17% higher YoY

– 4Q14 expenses before OCBC Wing Hang up 3% QoQ



<sup>1/</sup> Excluding the consolidation of OCBC Wing Hang, operating expenses were up 10% YoY

# Net allowances increased YoY mainly from Singapore and Malaysia; credit quality remained sound



1/ Quarterly figures annualised  
 2/ Included the alignment of OCBC Wing Hang's credit provisioning policy for consistency with the OCBC Group. Excluding OCBC Wing Hang, OCBC's credit cost was 9 bps in FY14

## Net specific allowances were higher YoY

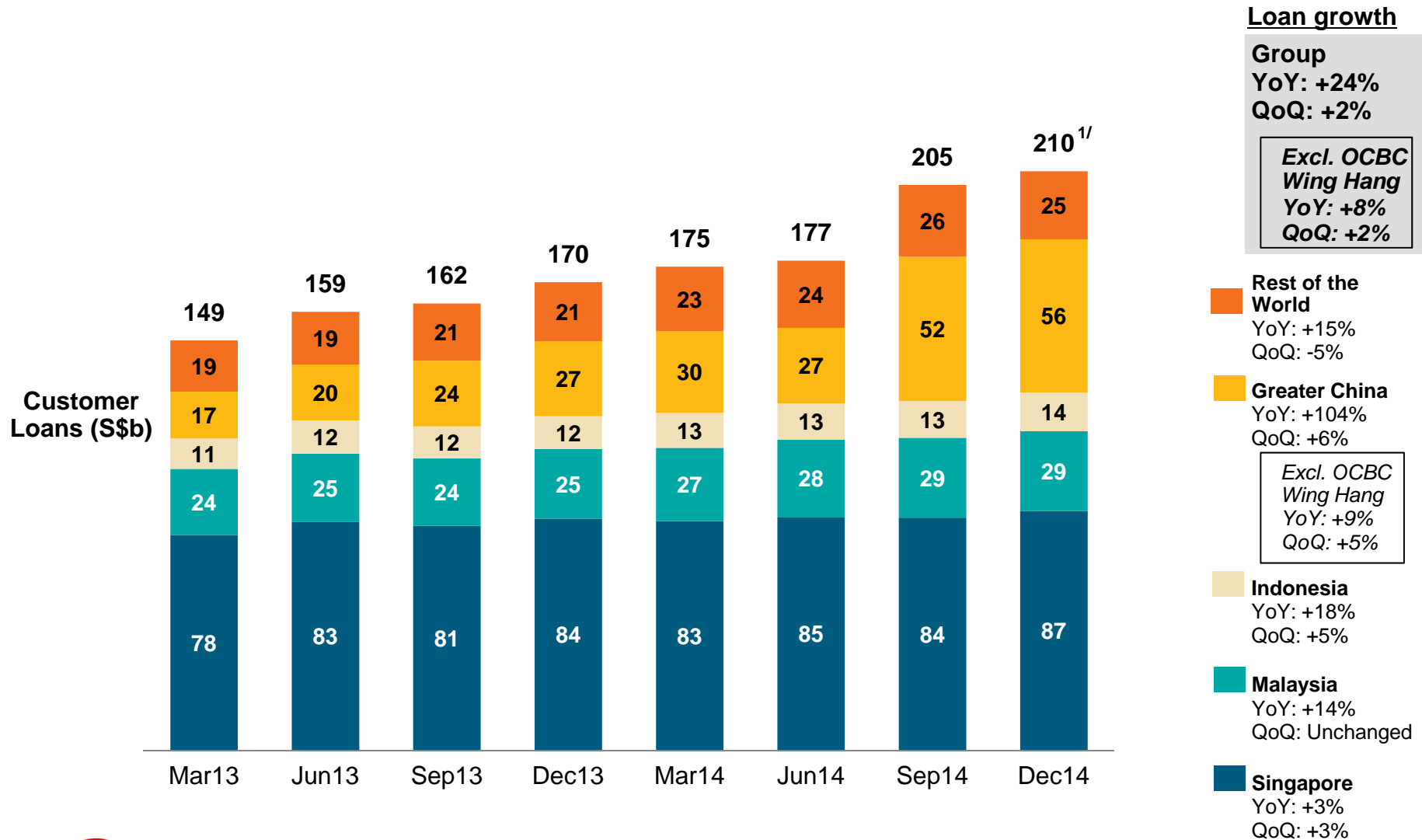
	<b>FY14</b> <b>S\$m</b>	<b>FY13</b> <b>S\$m</b>	<b>4Q14</b> <b>S\$m</b>	<b>4Q13</b> <b>S\$m</b>	<b>3Q14</b> <b>S\$m</b>
Allowances for new and existing NPLs	340	255	112	83	100
Write-backs <sup>1/</sup>	(96)	(118)	(27)	(45)	(23)
Recoveries <sup>2/</sup>	(48)	(56)	(14)	(12)	(11)
<b>Net specific allowances</b>	<b>196</b>	<b>81</b>	<b>71</b>	<b>26</b>	<b>66</b>



1/ Write-backs of specific allowances for existing NPLs due to settlements and repayments

2/ Recoveries of allowances for loans that had been written off

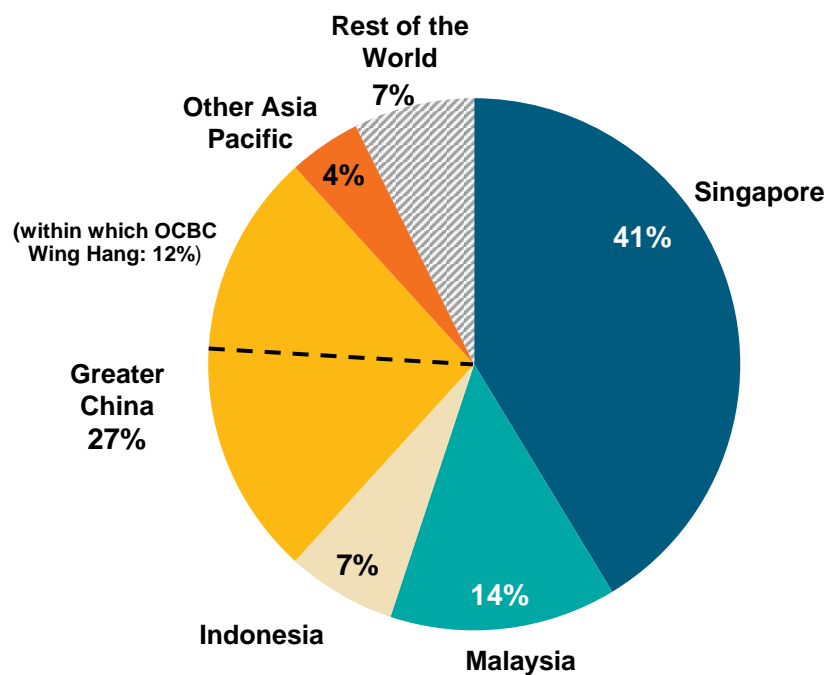
# Customer loans up 24% YoY and 2% QoQ



Note: Customer 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/ OCBC Wing Hang made up 13% of Group loans

# Customer loan book diversified across geographies and sectors

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



**Total: S\$210b**

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

Industry

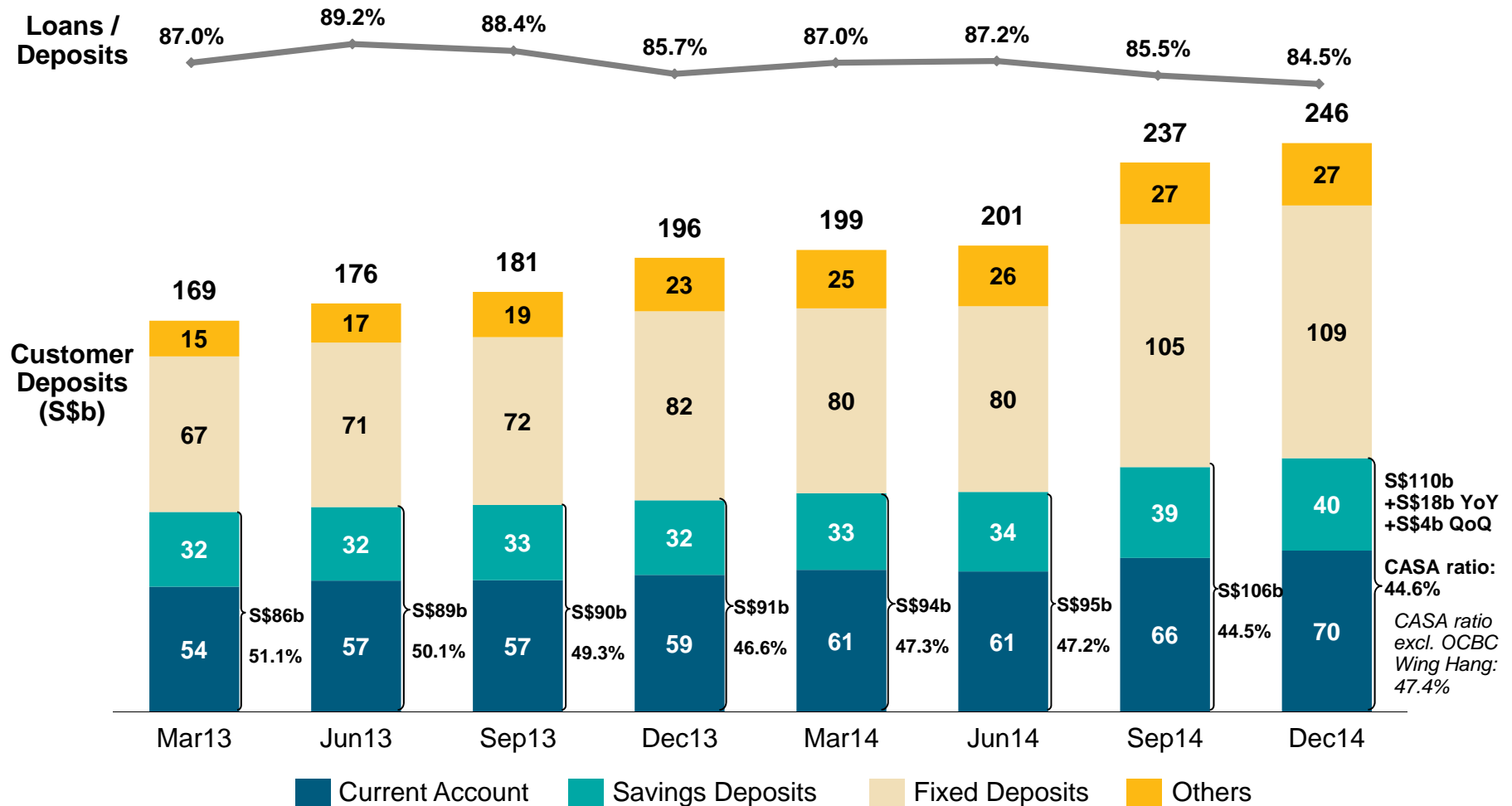
- Housing loans
- Professionals & individuals
- General commerce
- FIs, investment & holding cos
- Building & construction
- Manufacturing
- Tpt, storage & comm
- Agri, mining & quarrying
- Others

	As of 31 Dec 2014		As of 31 Dec 2013	
	S\$b	%	S\$b	%
Housing loans	54	26	42	25
Professionals & individuals	23	11	16	10
General commerce	30	14	28	16
FIs, investment & holding cos	25	12	23	13
Building & construction	32	15	25	15
Manufacturing	13	6	10	6
Tpt, storage & comm	12	6	11	6
Agri, mining & quarrying	9	4	6	4
Others	12	6	9	5
<b>Total</b>	<b>210</b>	<b>100</b>	<b>170</b>	<b>100</b>



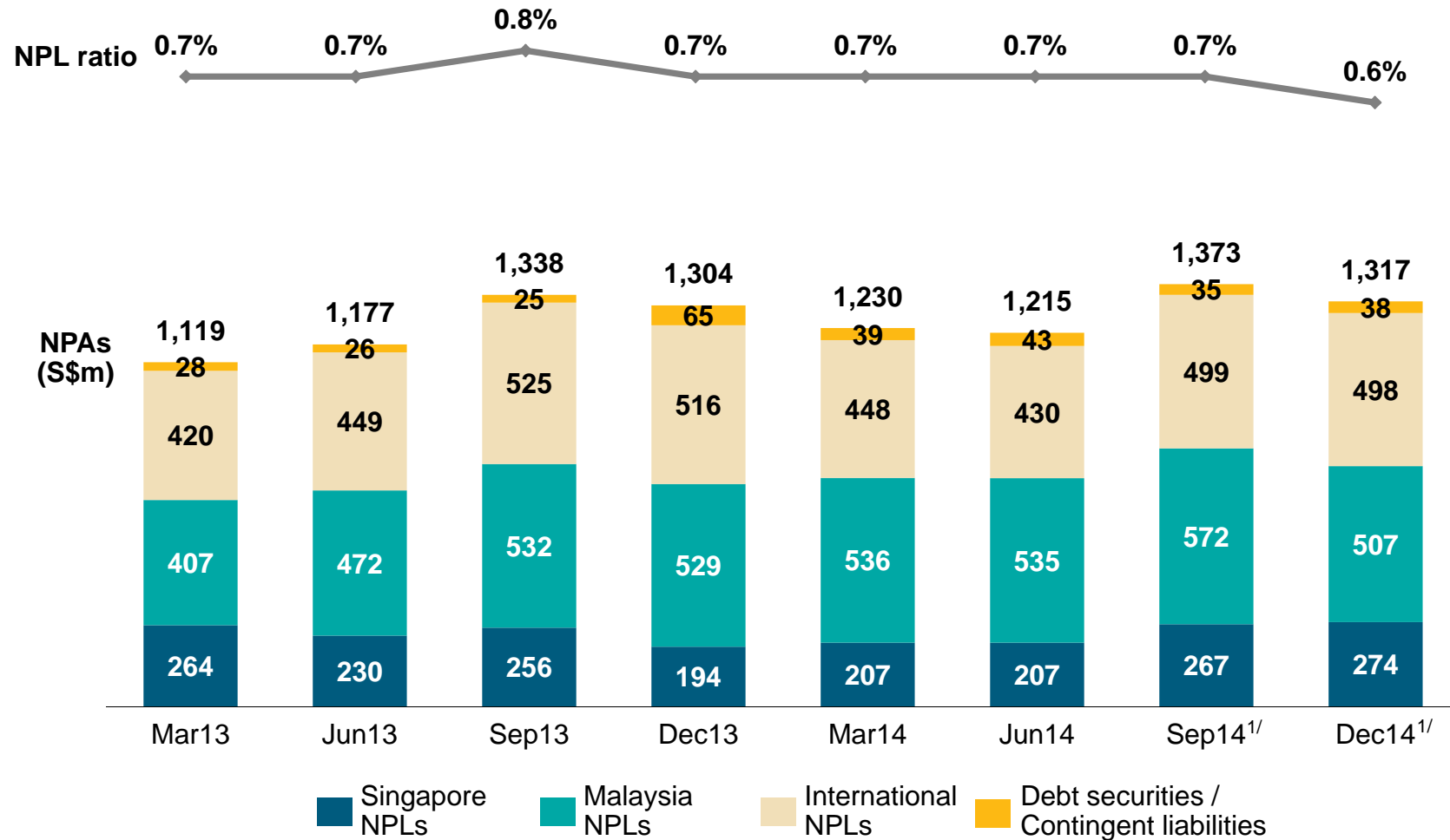
Note: Customer loans by Geography based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans

# Customer deposits grew 25% YoY and 4% QoQ, CASA deposits increased 20% YoY



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

# Asset quality strong; NPL ratio improved to 0.6%



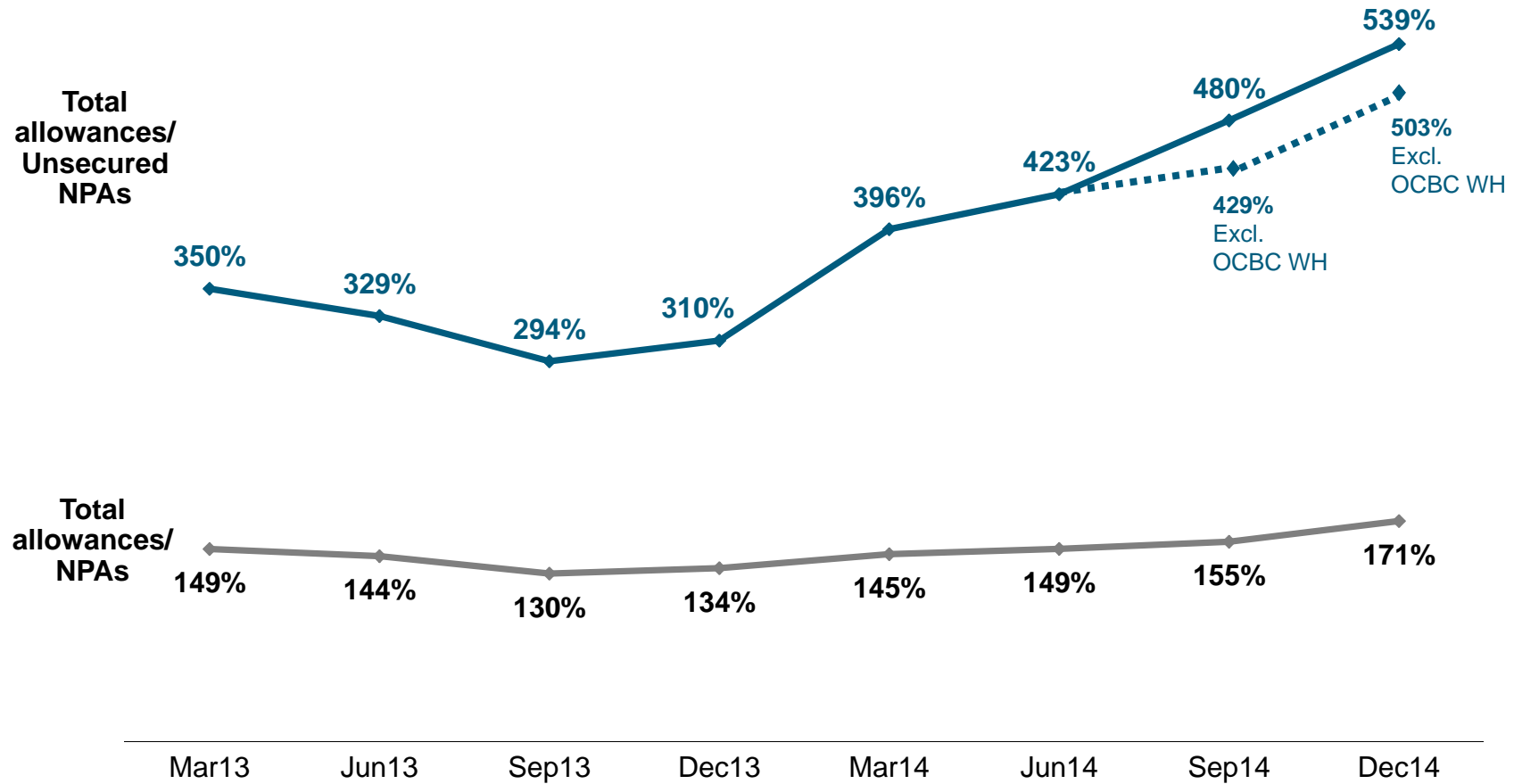
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities  
 1/ Includes NPAs from OCBC Wing Hang of S\$76m as of 30 Sep 2014, and S\$94m as of 31 Dec 2014



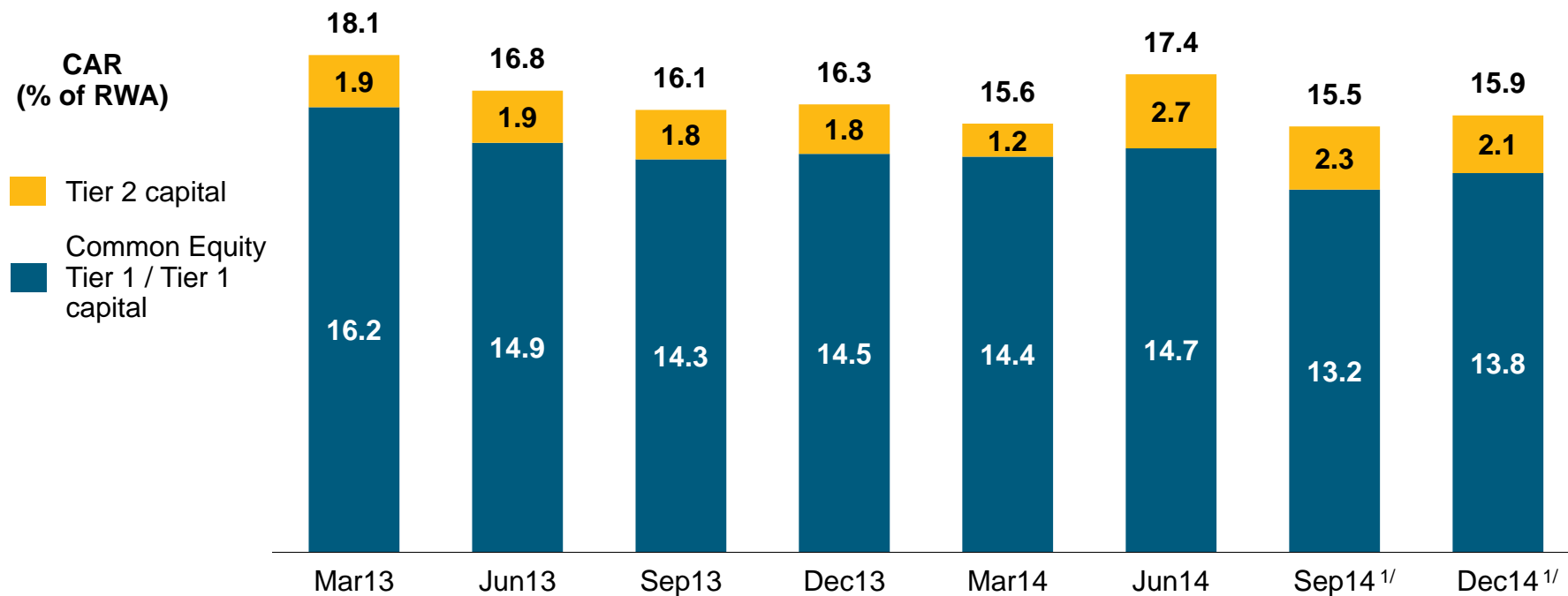
## NPAs stable YoY

	FY14 S\$m	FY13 S\$m	4Q14 S\$m	4Q13 S\$m	3Q14 S\$m
NPAs – Opening balance	1,304	1,172	1,297	1,338	1,215
New NPAs	887	896	200	237	273
New recoveries/upgrades	(801)	(597)	(235)	(212)	(153)
Write-offs	(167)	(167)	(39)	(59)	(38)
<b>NPAs – Closing balance (excluding OCBC Wing Hang)</b>	<b>1,223</b>	<b>1,304</b>	<b>1,223</b>	<b>1,304</b>	<b>1,297</b>
OCBC Wing Hang	94	-	94	-	76
<b>NPAs – Closing balance (including OCBC Wing Hang)</b>	<b>1,317</b>	<b>1,304</b>	<b>1,317</b>	<b>1,304</b>	<b>1,373</b>

# Allowance coverage ratios sound



# Capital position strong; capital ratios well above regulatory requirements

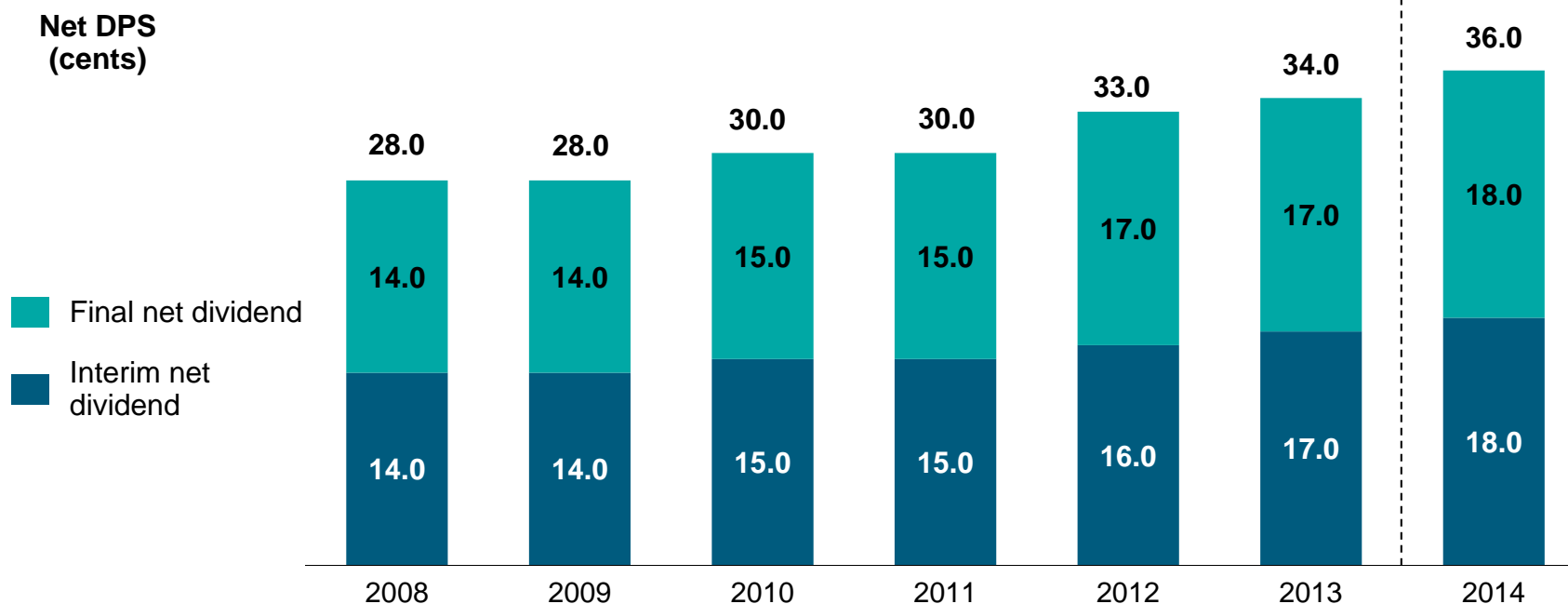


<b>CET1 capital (S\$m)</b>	22,794	22,146	21,036	21,884	22,765	23,541	24,766	25,979
<b>Tier 1 capital (S\$m)</b>	22,794	22,146	21,036	21,884	22,765	23,541	24,766	25,979
<b>RWA (S\$m)</b>	140,395	148,131	146,957	150,325	157,078	159,184	187,050	188,108



Note: Capital ratios are computed based on Basel III transitional arrangements  
 1/ Post-rights issue and OCBC Wing Hang acquisition

Proposed final dividend of 18 cents per share, bringing FY14 total dividend higher at 36 cents per share, as compared to 34 cents in FY13



<b>Net Dividends (S\$m)</b>	868	898	994	1,024	1,133	1,167	1,345
<b>Core Net Profit (S\$m)</b>	1,486	1,962	2,253	2,280	2,825	2,768	3,451
<b>Dividend Payout Ratio</b>	58%	46%	44%	45%	40%	42%	39%

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Results Overview

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FY14 Group Performance Trends

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## Performance of Major Subsidiaries

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OCBC Corporate Strategy

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Greater China Strategy with the addition of  
OCBC Wing Hang

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Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

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# OCBC Wing Hang: FY14 net profit contribution of S\$81m

<b>OCBC Wing Hang</b>	<b>FY14 HK\$m</b>	<b>4Q14 HK\$m</b>	<b>3Q14 HK\$m</b>	<b>QoQ +/(-)%</b>
Net interest income	1,705	949	756	26
Non-interest income	393	183	210	(13)
<b>Total income</b>	<b>2,098</b>	<b>1,132</b>	<b>966</b>	<b>17</b>
Operating expenses	(1,130)	(638)	(492)	30
<b>Operating profit</b>	<b>968</b>	<b>494</b>	<b>474</b>	<b>4</b>
Allowances	(177)	(27)	(150)	(82)
Associates & JVs	25	16	9	78
Tax	(122)	(71)	(51)	40
<b>Net profit</b>	<b>694</b>	<b>412</b>	<b>282</b>	<b>46</b>
<b>Net profit (S\$m)</b>	<b>114</b>			
<b>Group adjustments (S\$m) <sup>1/</sup></b>	<b>(33)</b>			
<b>Net profit contribution to Group (S\$m) <sup>2/</sup></b>	<b>81</b>			
<b>Key ratios (%)</b>	<b>FY14</b>	<b>4Q14</b>	<b>3Q14</b>	
<b>NIM</b>	<b>1.73</b>	<b>1.77</b>	<b>1.68</b>	
<b>LDR <sup>3/</sup></b>	<b>78.9</b>	<b>78.9</b>	<b>77.5</b>	

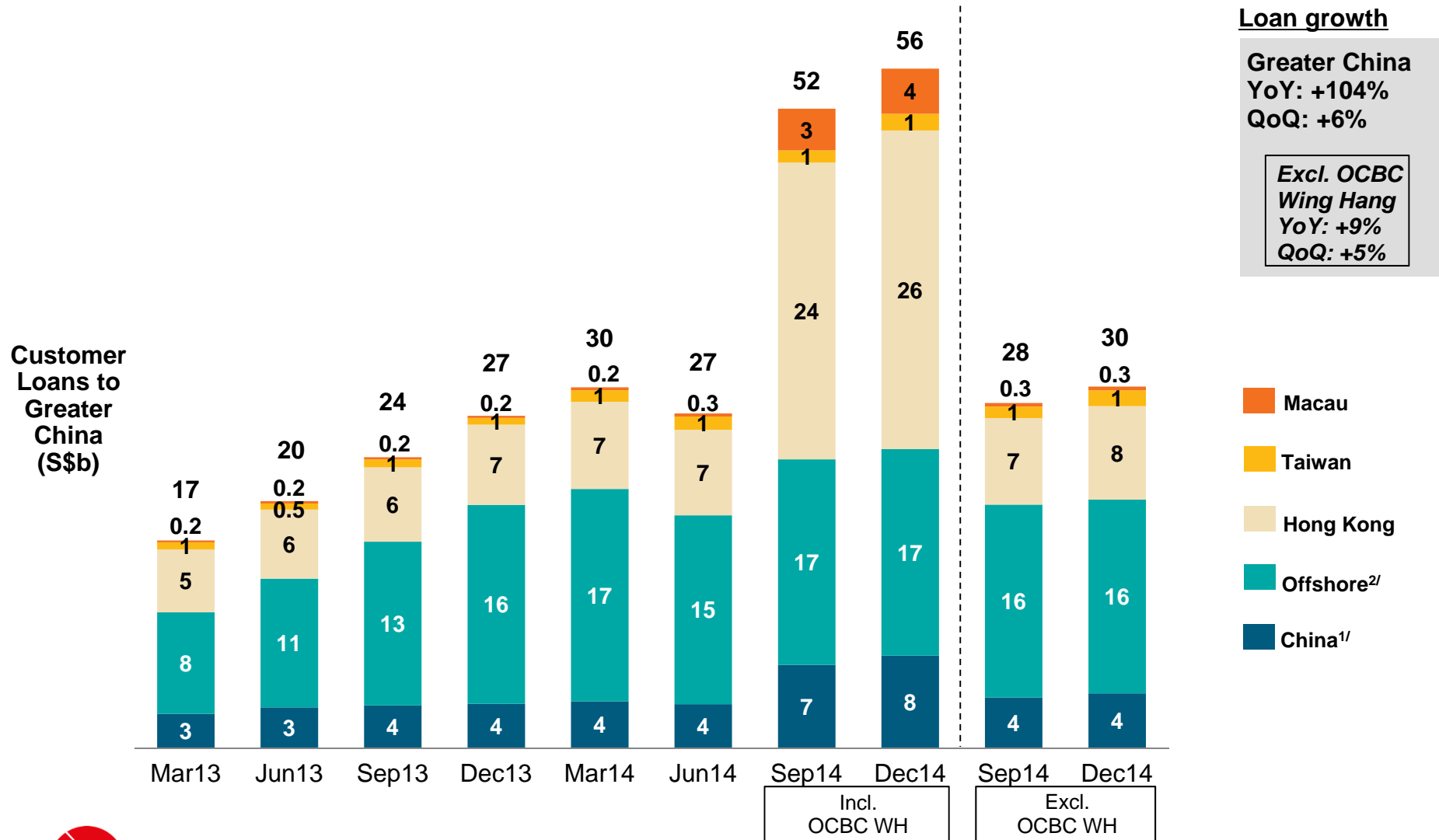


1/ Primarily from adjustments made to amortisation for intangibles, allowances and depreciation on property and equipment

2/ OCBC Wing Hang was progressively consolidated into the Group from 15 July 2014 and the Group assumed full ownership in October 2014

3/ Based on gross customer loans / customer deposits

# Greater China customer loans, including OCBC Wing Hang, doubled YoY and up 6% QoQ



**Loan growth**

**Greater China**  
YoY: +104%  
QoQ: +6%

**Excl. OCBC Wing Hang**  
YoY: +9%  
QoQ: +5%

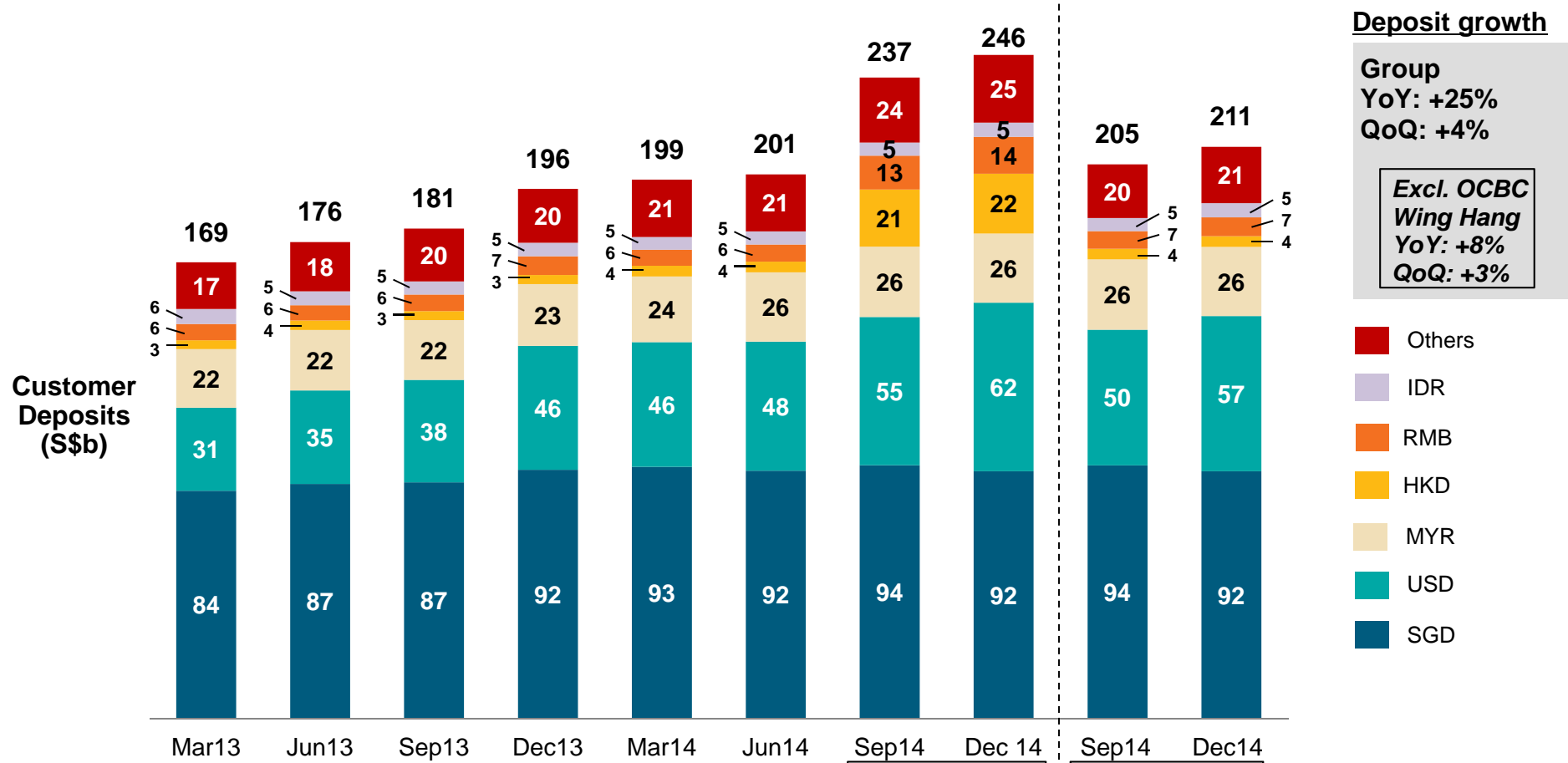


Note: Customer loans to Greater China is based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

1/ Relates to loans that are booked in China, where credit risks reside

2/ Relates to loans that are booked outside of China, but with credit risks traced to China

# Customer deposits continued to grow, USD and RMB LDRs improved YoY and QoQ



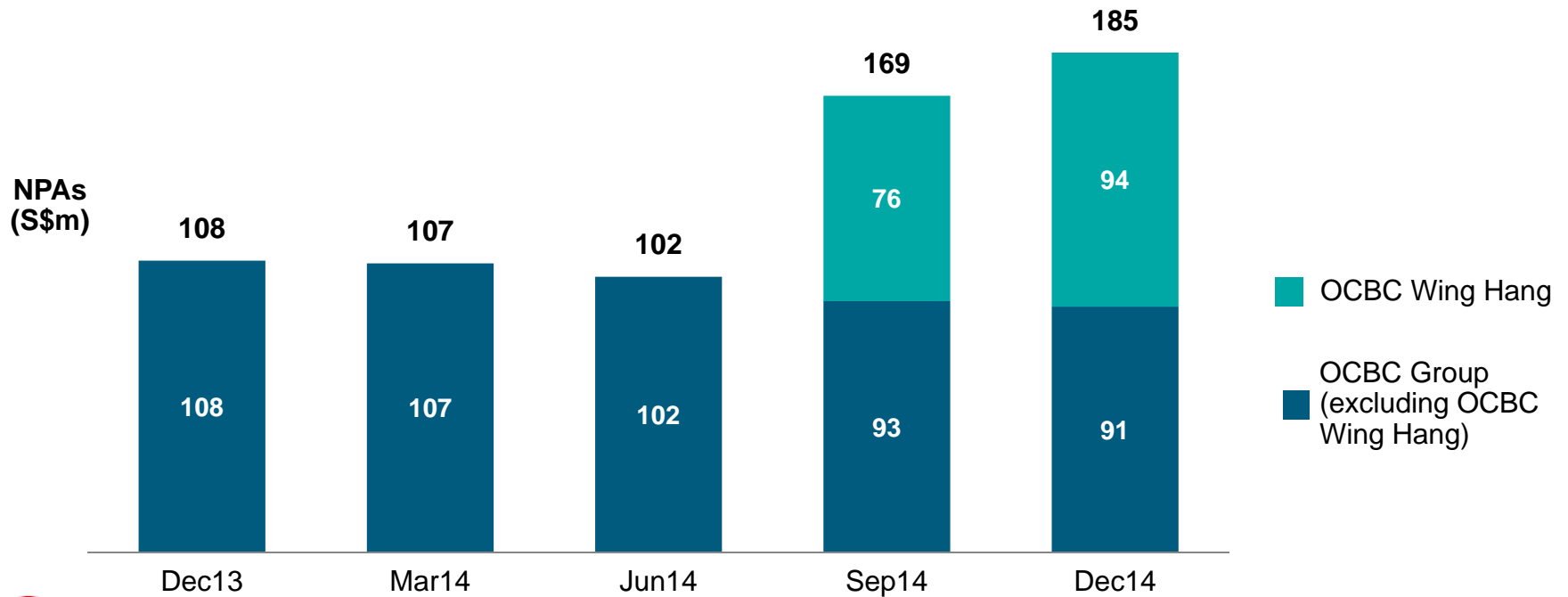
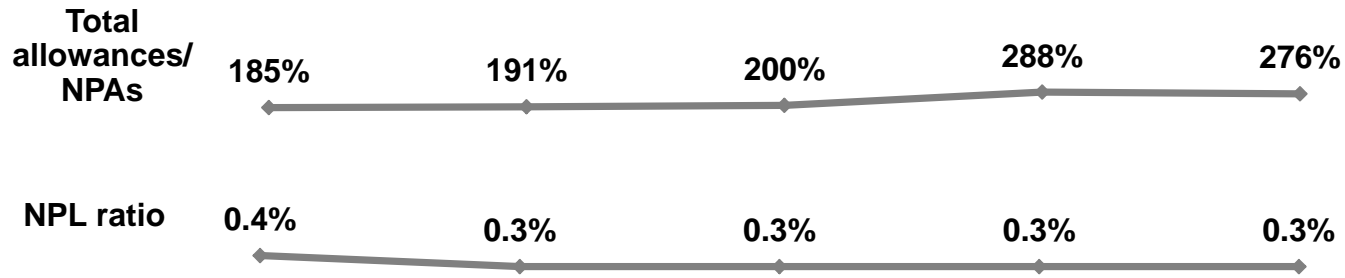
**Group LDRs by currency** <sup>1/</sup>

	Incl. OCBC WH						Excl. OCBC WH			
SGD	84.4%	84.5%	83.9%	80.3%	78.8%	81.6%	80.2%	83.7%	80.2%	83.7%
USD	113.4%	115.8%	109.9%	99.7%	106.2%	105.0%	99.5%	89.4%	103.7%	92.4%
RMB	68.6%	95.5%	99.5%	109.2%	117.3%	84.7%	75.4%	74.7%	84.8%	83.7%

1/ Based on gross customer loans / customer deposits



# Asset quality of Greater China strong, NPL ratio improved YoY to 0.3%



# GEH: Full year earnings contribution 33% higher at S\$719m

<b>GEH Contribution</b>	<b>FY14 S\$m</b>	<b>FY13 S\$m</b>	<b>YoY +/(-)%</b>
Profit from insurance business	814	633	29
- <b>Operating profit</b> <sup>1/</sup>	<b>591</b>	<b>560</b>	<b>6</b>
- Non-operating profit/(loss) <sup>2/</sup>	145	(11)	nm
- Others <sup>3/</sup>	78	84	(8)
Profit from Shareholders' Fund	180	175	3
<b>Sub-total</b>	<b>994</b>	<b>808</b>	<b>23</b>
Amortisation of intangibles	(47)	(47)	-
Allowances	(1)	(1)	-
Associates & JVs	(2)	(8)	(79)
Tax & non-controlling interests	(225)	(211)	7
<b>Net profit contribution</b>	<b>719</b>	<b>542</b>	<b>33</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

# GEH: 4Q14 earnings contribution grew 28% YoY to S\$169m

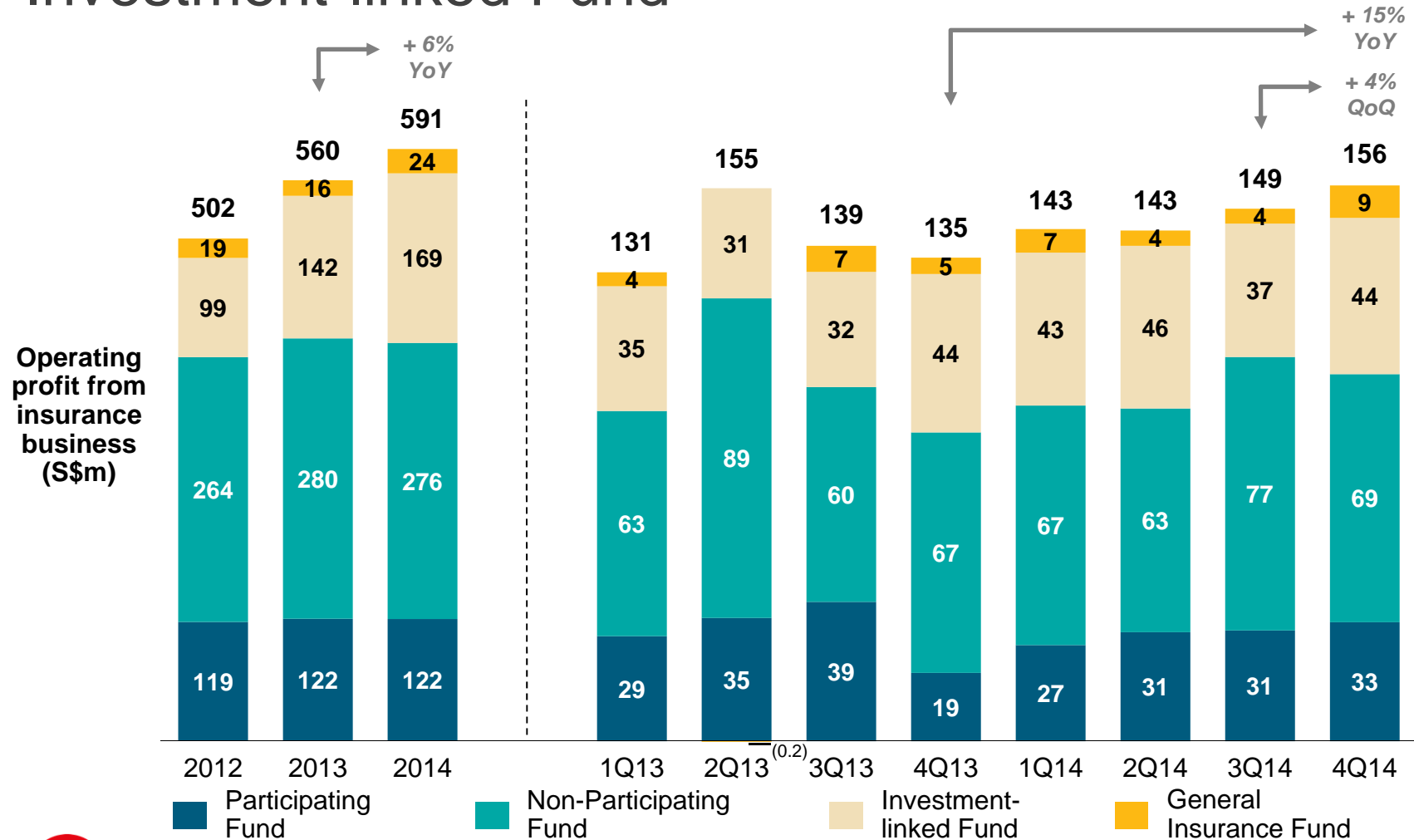
GEH Contribution	4Q14 S\$m	4Q13 S\$m	YoY +/(-)%	3Q14 S\$m	QoQ +/(-)%
Profit from insurance business	207	175	18	183	13
- Operating profit <sup>1/</sup>	<b>156</b>	<b>135</b>	<b>15</b>	<b>149</b>	<b>4</b>
- Non-operating profit/(loss) <sup>2/</sup>	26	15	67	14	81
- Others <sup>3/</sup>	26	24	5	20	28
Profit from Shareholders' Fund	37	29	25	39	(7)
<b>Sub-total</b>	<b>243</b>	<b>204</b>	<b>19</b>	<b>223</b>	<b>9</b>
Amortisation of intangibles	(12)	(12)	-	(12)	-
Allowances	(1)	(1)	-	(0)	-
Associates & JVs	(1)	(6)	(83)	0	nm
Tax & non-controlling interests	(60)	(54)	12	(53)	13
<b>Net profit contribution</b>	<b>169</b>	<b>133</b>	<b>28</b>	<b>158</b>	<b>7</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

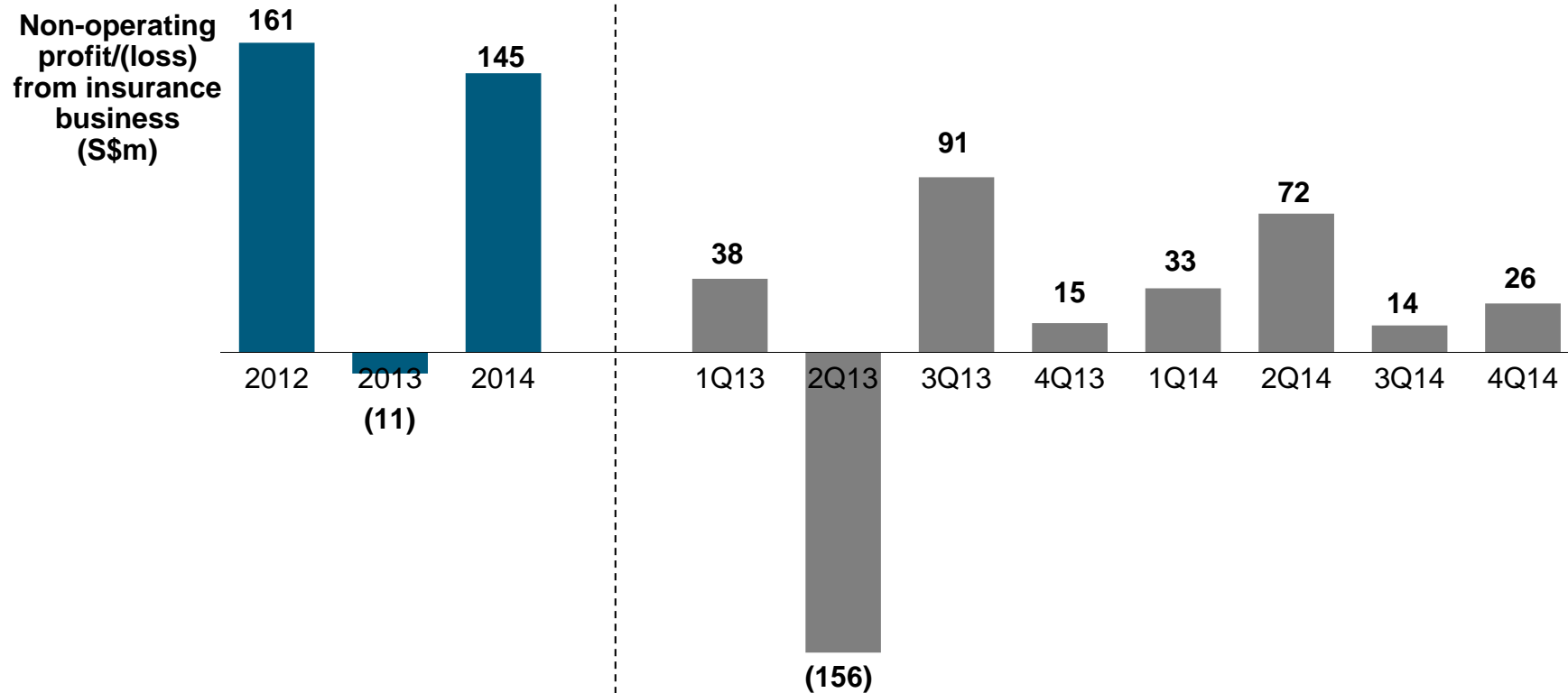
3/ Mainly tax

# GEH: Operating profit rose 6% YoY, mainly driven by growing in-force business, particularly in the Investment-linked Fund

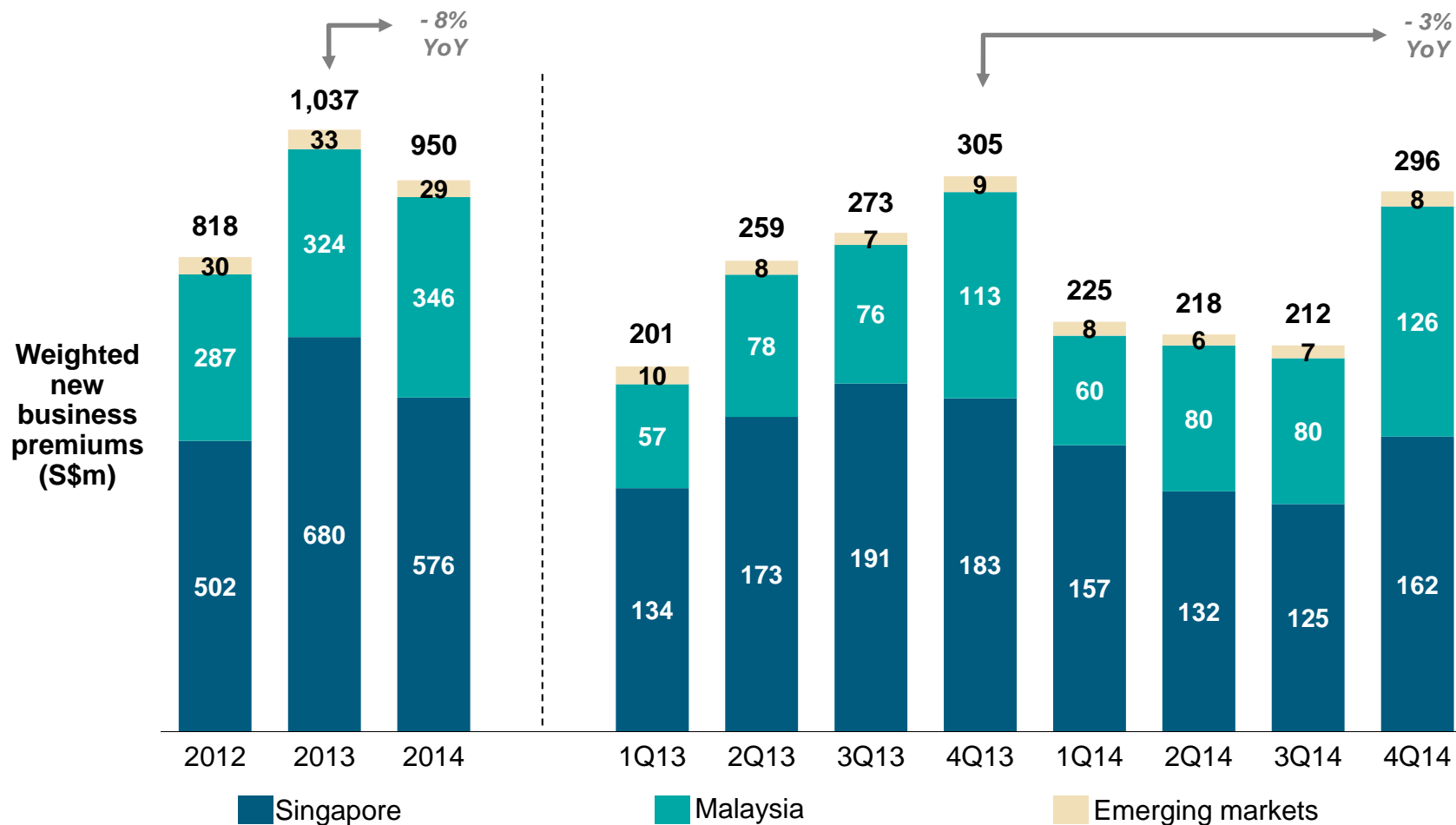


Note: Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc)

**GEH: Non-operating profit increased YoY due to mark-to-market gains amid favourable financial market conditions**

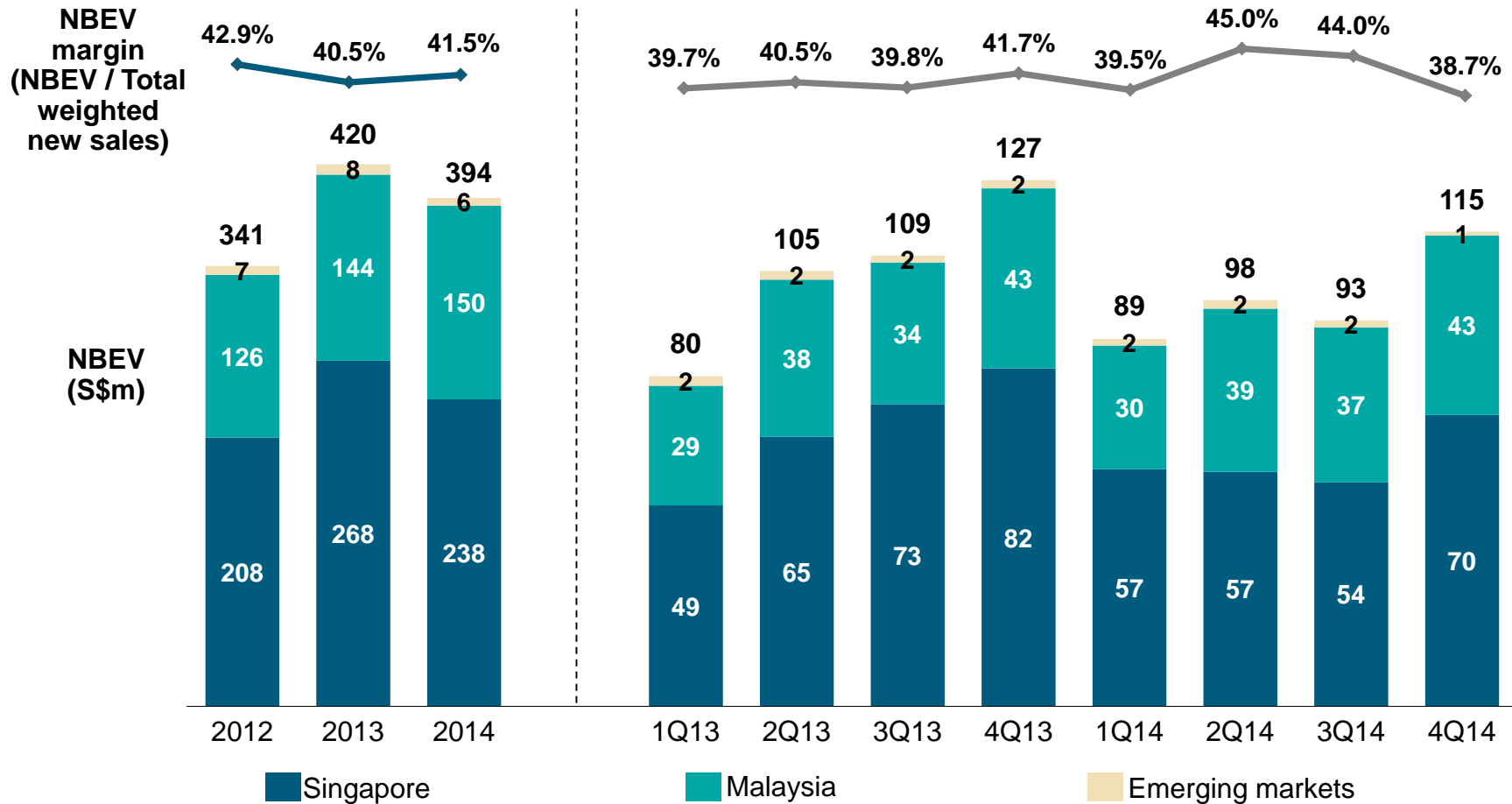


GEH: *Total weighted new sales declined 8% YoY as 2013 was boosted by the recapture of an exceptionally high volume of maturing policies*



Note: QoQ comparison not relevant given seasonality of insurance sales. For comparative reasons, total weighted new sales figures for periods prior to 4Q14 have been restated using exchange rates as at 31 Dec 2014. Following completion of the sale of 25% stake in Great Eastern's joint venture in China, sales of emerging markets from 1Q14 reflects reduced stake of 25%.

# GEH: *New business embedded value* declined 6% YoY; NBEV margin improved YoY to 41.5%

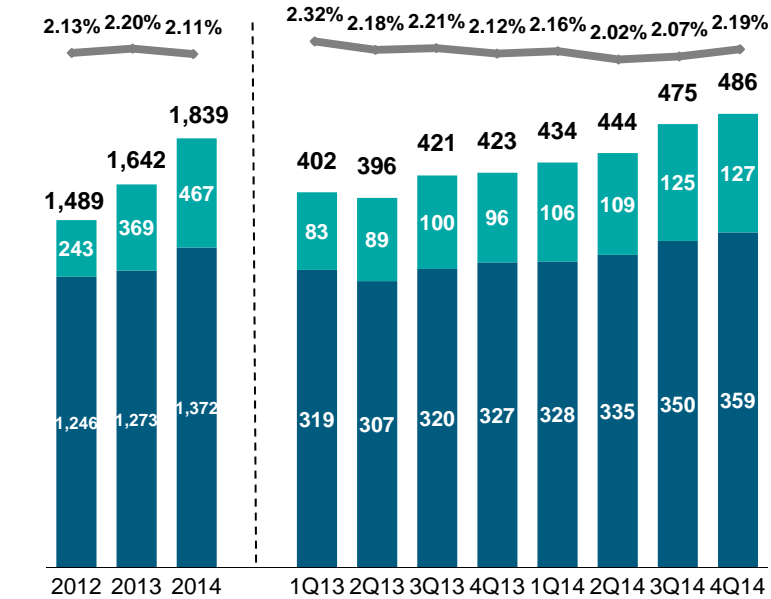


Note: For comparative reasons, NBEV figures for periods prior to 4Q14 have been restated using exchange rates as at 31 Dec 2014. Quarterly NBEV figures in 2013 have been restated to take into account revised actuarial assumptions implemented in 4Q13. Following completion of the sale of 25% stake in Great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

# OCBC Malaysia: Total net interest income and Islamic financing income climbed 12% YoY, non-interest income 13% lower YoY

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

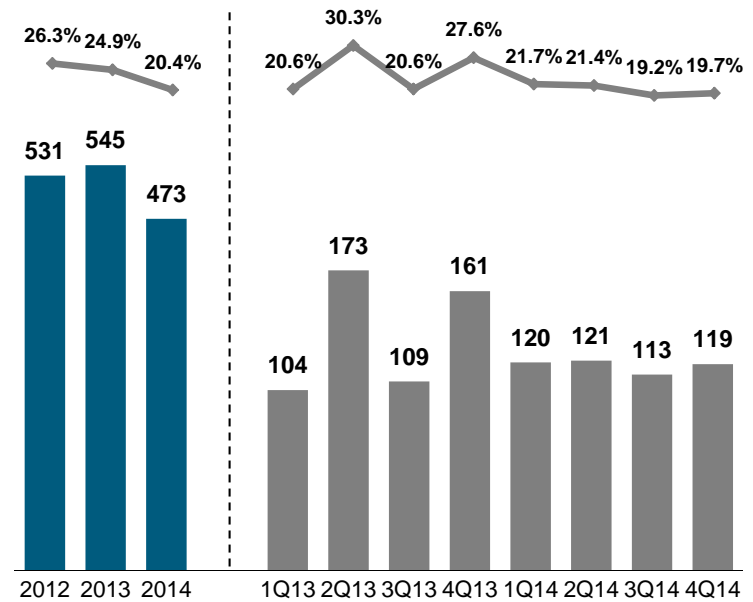
### Net Interest/financing margin



■ Net interest income ■ Islamic financing income

## Non-interest income (RM m)

### Non-int. income/Total income

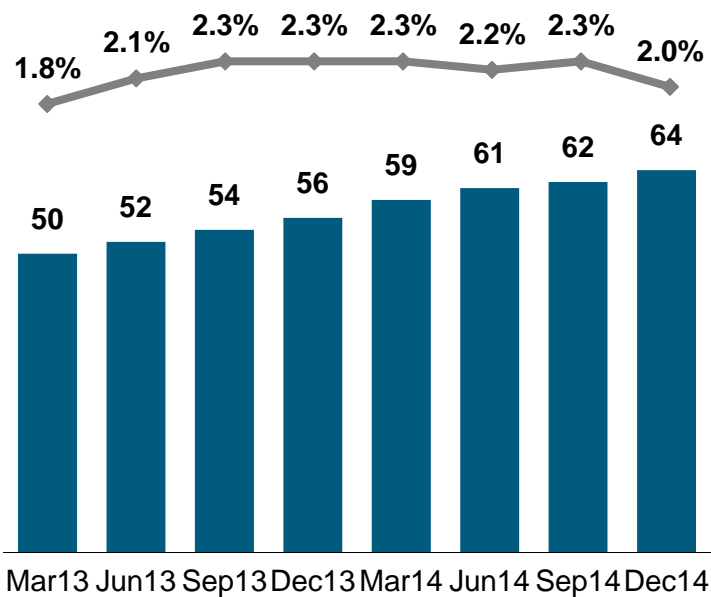




# OCBC Malaysia: Loans increased 13% YoY and deposits grew 14% YoY; NPL ratio lower at 2.0%

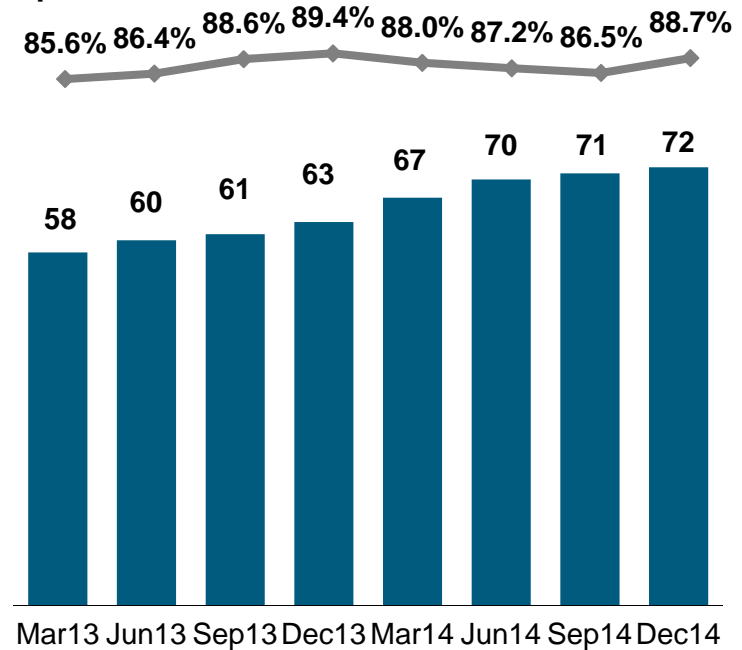
**Gross Loans (RM b)**

NPL Ratio



**Deposits (RM b)**

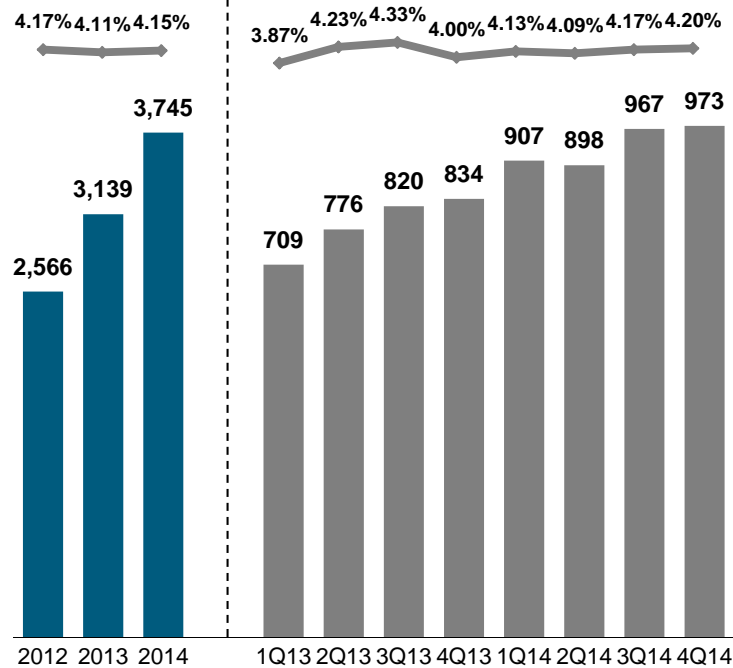
Loans / Deposits



# OCBC NISP: Net interest income 19% higher YoY, NIM up 4 basis points YoY to 4.15%

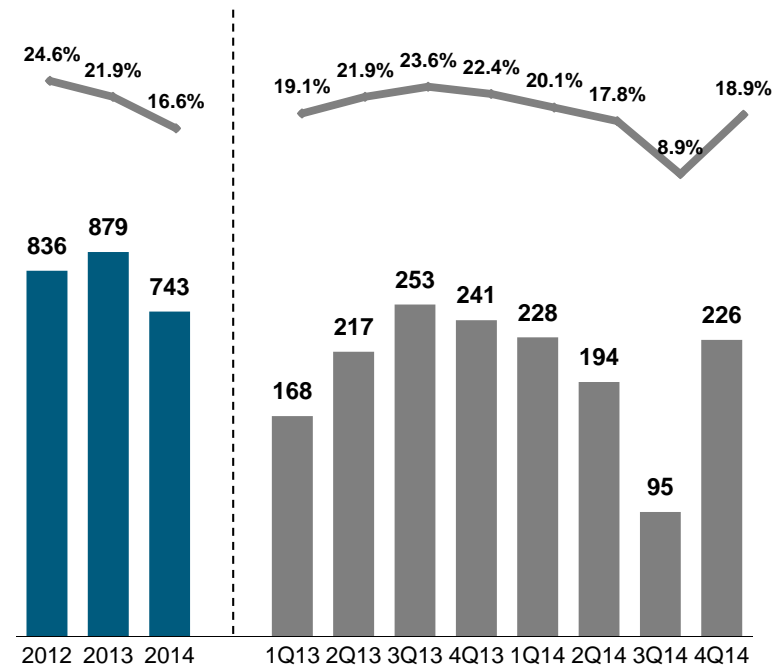
## Net interest income (Rp b)

### Net interest margin



## Non-interest income (Rp b)

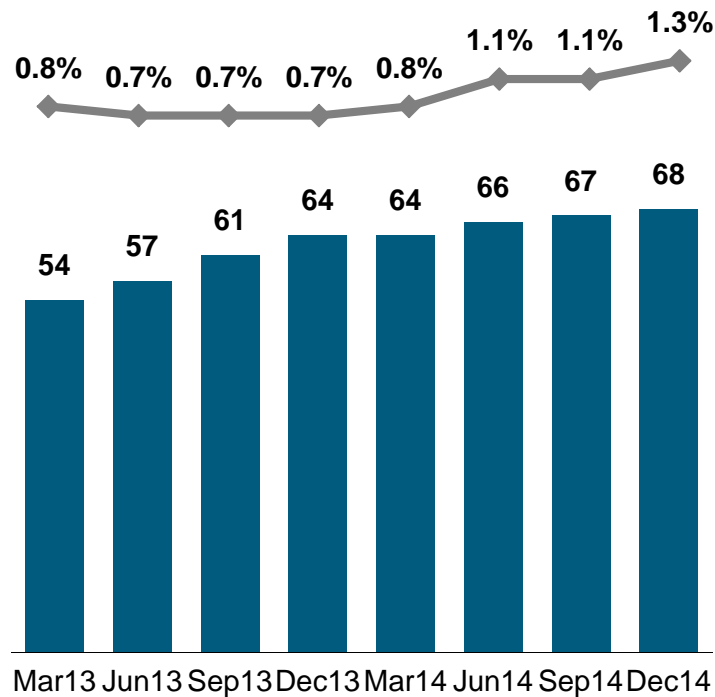
### Non-int. income/ Total income



# OCBC NISP: Loans expanded 7% YoY; deposits grew 6% YoY

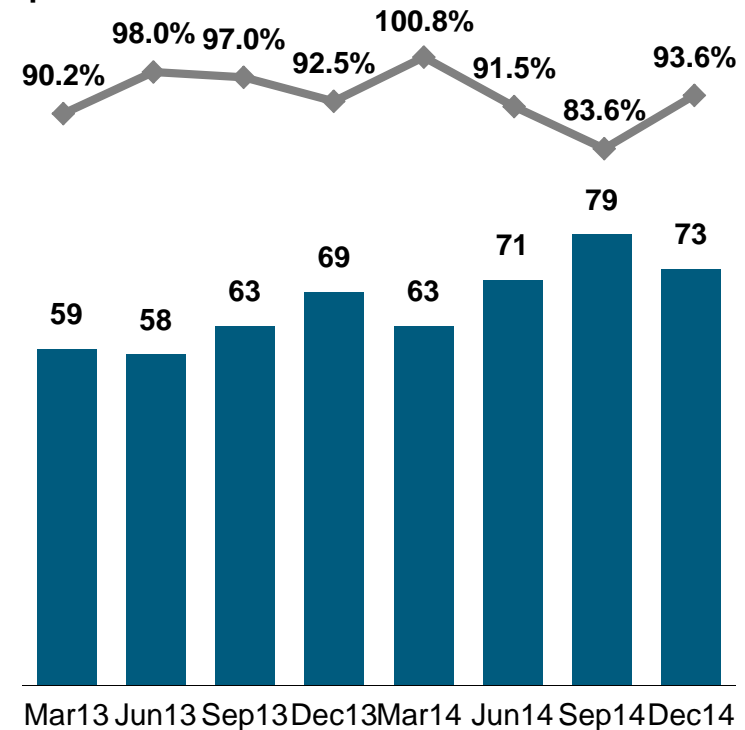
## Gross Loans (Rp t)

### NPL Ratio



## Deposits (Rp t)

### Loans / Deposits



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

# Agenda

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Results Overview

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FY14 Group Performance Trends

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Performance of Major Subsidiaries

- OCBC Wing Hang
- Great Eastern Holdings
- OCBC Malaysia
- OCBC NISP

**OCBC Corporate Strategy**

Greater China Strategy with the addition of  
OCBC Wing Hang

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Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

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# OCBC Corporate Strategy

**Deepen Presence in Core Markets**  
**A leading, well-diversified Asian financial services group**  
**with a broad geographical footprint in North & South East Asia**

## **SINGAPORE**

Dominant market position at home

## **MALAYSIA**

Top foreign bank with combined strengths of conventional and Islamic banking franchise

## **INDONESIA**

One of Top 10 national banks

## **GREATER CHINA**

Strong presence with dominance in cross border trade, wealth and capital flows

## **Core Businesses**

### **➤ RETAIL & COMMERCIAL BANKING**

Service Distinction and Regional Platform, with Cash Management & Payments, Trade, Treasury & Investment Banking capabilities across Network & Key Geographies

### **➤ WEALTH MANAGEMENT**

“Asia’s Global Private Bank”. Regional Premier Platform. Integrated model across private banking, premier banking, bancassurance, securities and asset management

### **➤ INSURANCE**

Deepen insurance penetration in Singapore and Malaysia, build presence in Indonesia, revamp-model in Greater China

## **Core Competencies**

**Disciplined Risk Management**

**Diversified Funding Base**

**Investment in Technology & People**

Participating in opportunities arising from **GLOBAL MARKET AND CONSUMER TRENDS**

**Rising Asia Private Wealth**

**Growing Cross-Border Trade, Capital, Wealth & Investment Flows**

**China Becoming the Dominant Driver of Asian Economies**

**Growing Use of RmB in Global Trade Payment & Financing. Gradual Acceptance as a Reserve Currency**

**Increasing Consumer Use of Technology**

# Agenda

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- OCBC Wing Hang
  - Great Eastern Holdings
  - OCBC Malaysia
  - OCBC NISP
- 

OCBC Corporate Strategy

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**Greater China Strategy with the addition of  
OCBC Wing Hang**

Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

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# OCBC Greater China Strategy

Leverage OCBC's coordinated and connected platform of geographical network, in-market franchise and onshore-offshore competencies in commercial banking and wealth management as competitive advantage

Serve onshore and regional needs of customers in Greater China

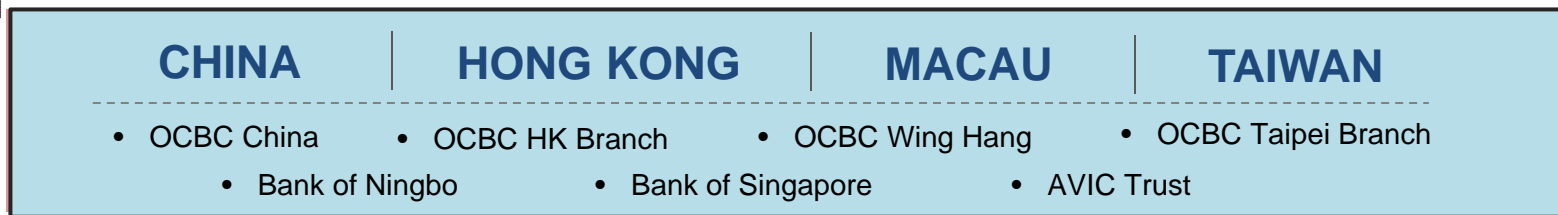
GREATER CHINA



Cross Border & Offshore Needs



SOUTH EAST ASIA & REST OF WORLD



## COMMERCIAL BANKING

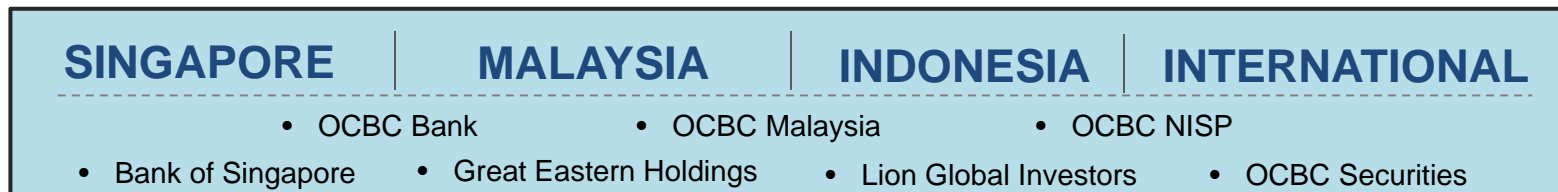
Trade, capital and investment flows between Greater China and S E Asia

## WEALTH MANAGEMENT

Offshore and diversification wealth management needs of private and affluent customers

## INSURANCE

Offshore insurance solutions to Greater China residents. Onshore strategy under review



# Greater China Re-positioning - with OCBC Wing Hang

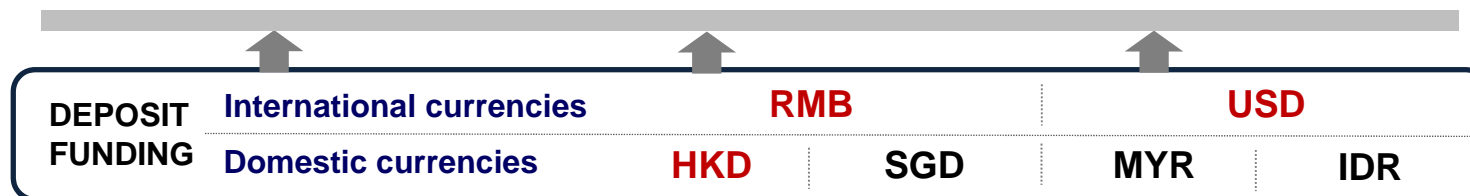
1. Leverage Group resources to accelerate Wealth Management, Retail & Commercial Banking and Insurance business growth supported by an enlarged product suite, expanded geographical coverage and bigger customer franchise
2. Capture trade, capital and wealth flows associated with increased economic interconnectivity between Greater China and South East Asia; and capitalize on cross border investment and wealth management opportunities arising from growing wealth accumulation in the region
3. Strengthen customer deposit funding base in USD and RMB for OCBC Group

**WEALTH MANAGEMENT, RETAIL & COMMERCIAL BANKING**

- Additional customer segments, products and network coverage
- Target affluent customers, high networth individuals and SME business owners
- Grow our wealth management product suite and expand our loan, trade and treasury product offering
- Support the enlarged customer base with the OCBC global network of over 630 branches and representative offices in 18 countries and territories

**INSURANCE**

- Offer offshore insurance services through Great Eastern Holdings



**Structured approach with strong management oversight to drive execution of strategy**

Greater China Business Council

OCBC / OCBC Wing Hang Hong Kong Business Council

Functional Support & Resources from OCBC Singapore

Integration Steering Committee



# OCBC Wing Hang Integration Updates

## Integration on track and showing results

### Commercial Banking

- China cross-border trade transactions from Pearl River Delta initiated
- Trade Window at Wing Hang Bank China established in Shanghai
- Cross-border cross-sell programme commenced for OCBC Wing Hang customers

### Retail Banking & Wealth Management

- Product promotions for unit trusts, time deposits and personal tax loans rolled out in Hong Kong & Macau under new brand name in 4Q 2014
- Credit, Debit, and ATM cards branding alignment completed, enhancing customer privileges through a host of platform and regional benefits
- Flagship branches for wealth management established in OCBC Wing Hang's Main, Central and Kowloon branch locations

### Private Banking

- Successful cross-referrals from OCBC Wing Hang to Bank of Singapore achieved with AUM funded
- Referrals from Bank of Singapore to OCBC Wing Hang's SME banking team initiated

### Treasury

- Sales team established for treasury sales and advisory to SME customers in Hong Kong & Macau
- Interest rate gapping activities stepped up
- CD programme activated to take advantage of higher credit rating



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- OCBC NISP

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OCBC Corporate Strategy

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Greater China Strategy with the addition of  
OCBC Wing Hang

Appendix: Financial Highlights of  
Malaysian and Indonesian Subsidiaries

# OCBC Malaysia: Full year net profit fell 12% YoY

<b>OCBC Malaysia</b>	<b>FY14</b> RM m	<b>FY13</b> RM m	<b>YoY</b> +/(-)%
Net interest income	1,372	1,273	8
Islamic Financing Income	467	369	27
Non-interest income	473	545	(13)
<b>Total income</b>	<b>2,312</b>	<b>2,187</b>	<b>6</b>
Operating expenses	(942)	(877)	7
<b>Operating profit</b>	<b>1,370</b>	<b>1,310</b>	<b>5</b>
Allowances	(297)	(60)	395
Tax	(239)	(304)	(21)
<b>Net profit</b>	<b>834</b>	<b>946</b>	<b>(12)</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>40.7</b>	<b>40.1</b>
<b>ROE</b>	<b>14.3</b>	<b>17.3</b>
<b>CAR</b>		
- Common Equity Tier 1	<b>12.1</b>	<b>11.6</b>
- Tier 1	<b>13.7</b>	<b>13.5</b>
- Total CAR	<b>16.6</b>	<b>16.5</b>



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

# OCBC Malaysia: 4Q14 net profit 24% lower YoY

<b>OCBC Malaysia</b>	<b>4Q14</b> RM m	<b>4Q13</b> RM m	<b>YoY</b> +/(-)%	<b>3Q14</b> RM m	<b>QoQ</b> +/(-)%
Net interest income	359	327	10	350	3
Islamic Financing Income	127	96	32	125	2
Non-interest income	119	161	(26)	113	5
<b>Total income</b>	<b>605</b>	<b>584</b>	<b>4</b>	<b>588</b>	<b>3</b>
Operating expenses	(246)	(235)	5	(248)	(1)
<b>Operating profit</b>	<b>359</b>	<b>349</b>	<b>3</b>	<b>340</b>	<b>6</b>
Allowances	(130)	(17)	665	(65)	100
Tax	(36)	(77)	(53)	(67)	(46)
<b>Net profit</b>	<b>193</b>	<b>255</b>	<b>(24)</b>	<b>208</b>	<b>(7)</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>40.7</b>	<b>40.2</b>		<b>42.2</b>
<b>ROE</b>	<b>12.9</b>	<b>18.2</b>		<b>14.3</b>
<b>CAR</b>				
- Common Equity Tier 1	<b>12.1</b>	<b>11.6</b>		<b>12.3</b>
- Tier 1	<b>13.7</b>	<b>13.5</b>		<b>13.8</b>
- Total CAR	<b>16.6</b>	<b>16.5</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

# OCBC NISP: Full year net profit grew 17% YoY to a new record

<b>OCBC NISP</b>	<b>FY14 RP b</b>	<b>FY13 RP b</b>	<b>YoY +/(-)%</b>
Net interest income	3,745	3,139	19
Non-interest income	743	879	(15)
Total income	4,488	4,018	12
Operating expenses	(2,490)	(2,215)	12
<b>Operating profit</b>	<b>1,998</b>	<b>1,803</b>	<b>11</b>
Allowances	(221)	(259)	(15)
Non Op Income / (Expenses)	-	(14)	(100)
Tax	(445)	(387)	15
<b>Net profit</b>	<b>1,332</b>	<b>1,143</b>	<b>17</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>55.5</b>	<b>55.1</b>
<b>ROE</b>	<b>9.7</b>	<b>11.9</b>
<b>CAR</b>		
- Tier 1	<b>17.2</b>	<b>17.4</b>
- Total CAR	<b>18.7</b>	<b>19.3</b>



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

# OCBC NISP: 4Q14 net profit rose 28% YoY, achieving a new quarter high

<b>OCBC NISP</b>	<b>4Q14 RP b</b>	<b>4Q13 RP b</b>	<b>YoY +/(-)%</b>	<b>3Q14 RP b</b>	<b>QoQ +/(-)%</b>
Net interest income	973	834	17	967	1
Non-interest income	226	241	(6)	95	140
Total income	1,199	1,075	12	1,062	13
Operating expenses	(610)	(577)	6	(624)	(2)
<b>Operating profit</b>	<b>589</b>	<b>498</b>	<b>18</b>	<b>438</b>	<b>35</b>
Allowances	(69)	(73)	(5)	(24)	198
Non Op Income / (Expenses)	-	(13)	(100)	0	-
Tax	(130)	(107)	22	(104)	26
<b>Net profit</b>	<b>390</b>	<b>305</b>	<b>28</b>	<b>310</b>	<b>26</b>

## Key ratios (%)

<b>Cost / Income</b>	<b>50.9</b>	<b>53.7</b>		<b>58.9</b>
<b>ROE</b>	<b>11.1</b>	<b>10.5</b>		<b>9.0</b>
<b>CAR</b>				
- Tier 1	<b>17.2</b>	<b>17.4</b>		<b>17.4</b>
- Total CAR	<b>18.7</b>	<b>19.3</b>		<b>19.0</b>



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

# 2014 Full Year Results

## Thank You

