

OCBC MALAYSIA REGISTERS OVER RM1 BILLION IN PRE-TAX PROFIT

Bank remains committed to long-term diversification strategy

Kuala Lumpur, 7 May 2013 – OCBC Bank (Malaysia) Berhad and its subsidiaries (OCBC Malaysia) registered over RM1 billion in pre-tax profit for the financial year ended 31 December 2012, up 5% from the previous year. Net profit grew 4% to RM811 million owing to strong growth in operating profit, and also due to a reduction in impairment losses and provisions.

Total gross loans, advances and financing grew 12% to RM48 billion as at year end due mainly to additional consumer and business loans of RM3.5 billion and RM1.6 billion respectively. Total assets grew 13% to RM73 billion.

Commenting on OCBC Malaysia's performance, Director & CEO Mr Jeffrey Chew said the Bank remained committed to its long-term diversification strategy to build a more balanced portfolio of customers and would continue to invest in activities to deliver a differentiated experience for its customers.



OCBC Bank (Malaysia) Berhad's Director & CEO Mr Jeffrey Chew

“This means, for example, building a stronger and larger retail base vis-à-vis our existing corporate customers, which has been our traditional area of strength. Not surprisingly, our expansion-oriented overhead expenses rose 14% last year.

“Moving ahead, we are looking to move further beyond our traditional business banking strength to enhance our growing consumer banking and Islamic banking presence. Currently, business banking contributes about 55% to the top line, followed by 25% from the consumer business and the remaining 20% from treasury. We continue to work towards the more balanced ratio of 40% for business banking, 40% for the consumer business and 20% for treasury.

“This diversification approach, especially into the consumer business, will result in loans growth percentages in the business banking segment being less robust than that previously achieved. This may also result in lower spreads on the overall portfolio but we are comfortable with this impact in light of the long term diversification gains,” he said.

Mr Chew said in line with this strategy the Bank’s wealth management business continued to shine with new-to-bank wealth management customers growing substantially in 2012.

“This is due in part to the fact that our customers can now enjoy over 100 different product offerings on the backdrop of enhanced mass and premier banking services.

“We also saw a record performance for structured investment products and remain one of the leading mortgage providers among foreign banks and a firm supporter of the SME industry,” he said.

Mr Chew added that although 2012 was a tough year for the global economy, things are looking up.

“Although shaken by its ratings downgrade back in 2011, the US did not deteriorate much further and is in fact showing glimpses of optimism. Still, there remains ongoing volatility among constituents of the Eurozone, softening demand from China and continued downward price pressure in palm oil, a key Malaysian export. So, moving forward, we will retain a cautious approach to the major initiatives we undertake,” he added.

OCBC Malaysia’s total income for the year rose 8% to slightly over RM2 billion, driven by a 2% increase in net interest income to RM1.25 billion and a 34% jump in Islamic Banking income to RM243 million. Compared to a year ago, non-interest income grew by 12% to RM531 million while overhead expenses expanded 14% to RM851 million as OCBC Malaysia continued to build its capabilities and systems alongside the opening of new branches.

Meanwhile, OCBC Al-Amin Bank Berhad (OCBC Al-Amin), OCBC Malaysia’s wholly-owned Islamic banking subsidiary, achieved operating profit of RM99 million in its fourth full year of operation, an increase of 93% over the previous year. As at 31 December 2012, total assets grew 22% to RM7 billion.

OCBC Malaysia continued to maintain a strong capital position, with shareholders’ funds strengthening to RM5.3 billion and risk weighted capital ratio of 17.8% (before dividends) as at the end of the year.

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. It is ranked by Bloomberg Markets as the world's strongest bank in 2011 and 2012.

OCBC Bank and its subsidiaries offer a broad array of specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has a network of over 470 branches and representative offices in 15 countries and territories, including about 350 branches and offices in Indonesia that are operated by its subsidiary, Bank OCBC NISP.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the largest insurance group in Singapore and Malaysia by assets. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia. Private banking services are provided by subsidiary Bank of Singapore, which continued to gain industry recognition in 2011 including being voted "Outstanding Private Bank in Asia Pacific" by Private Banker International.

OCBC Bank offers Islamic banking products and services in Malaysia through its wholly-owned subsidiary, OCBC Al-Amin Bank Berhad.

For more information, please visit www.ocbc.com.my