

## OCBC ANNUAL GENERAL MEETING TO BE HELD ON 30 APRIL 2024

### RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

**Singapore, 24 April 2024** – Oversea-Chinese Banking Corporation Limited (“OCBC”) would like to thank shareholders for their questions submitted ahead of the 87<sup>th</sup> Annual General Meeting (“2024 AGM”).

The 2024 AGM will be held, in a wholly physical format, at Sands Expo & Convention Centre, Level 4, Roselle and Simpor Ballrooms, 10 Bayfront Avenue, Singapore 018956, on Tuesday, 30 April 2024 at 2.00 p.m. (Singapore time).

#### **Responses to substantial and relevant questions from shareholders which are related to the resolutions to be tabled for approval at the 2024 AGM**

Our responses to the substantial and relevant questions received from shareholders up till Thursday, 18 April 2024, are categorised by topic. Where appropriate, questions have been rephrased for clarity and consolidated if they overlap or are substantially similar. The topics are as follows:

- A. Strategic Priorities and Business Performance
- B. Balance Sheet and Capital Management
- C. Risk Management

Thank you for supporting OCBC.

By Order of the Board

Company Secretary

## A. Strategic Priorities and Business Performance

### Question 1

Please provide the expected timeline for the regulatory approvals of the following acquisitions:

- (i) PT Bank Commonwealth (“PTBC”) by OCBC Indonesia;
- (ii) Acquisition of AmMetLife Insurance Berhad and AmMetLife Takaful Berhad by the Malaysian subsidiaries of Great Eastern Holdings (“GEH”).

Assuming the acquisitions are completed within this financial year, are there any projections on the potential income contribution of these acquisitions to OCBC?

### Response

- (i) The acquisition of PTBC is currently pending regulatory approvals, and OCBC will provide an update in due course. In preparation for the completion date, OCBC Indonesia is working closely with Commonwealth Bank of Australia and PTBC to ensure a smooth transition and business continuity.

PTBC’s customer base of more than 1.2 million, with a focus on retail and small and medium-sized enterprises segments, is complementary to OCBC Indonesia.

Furthermore, its capabilities in wealth management and auto joint financing can be leveraged to enhance the products and services offered by OCBC Indonesia and provide a more comprehensive suite of solutions to our customers.

By acquiring PTBC, we expect to create synergies that will strengthen the franchise value of OCBC Indonesia. As one of the top 10 largest banks in Indonesia by assets, OCBC Indonesia is already well-established in the market. This acquisition would not only add scale but also deepen our presence in the market, bolstering our competitiveness in Indonesia.

- (ii) The insurance business is a key business pillar for OCBC, and Malaysia is one of OCBC’s core markets. By strengthening our network and presence in Malaysia, OCBC aims to enhance our ability to generate more business opportunities and foster synergies across the Group and our various businesses throughout the region.

The proposed acquisition of AmMetLife Insurance Berhad and AmMetLife Takaful Berhad aims to expand GEH’s distribution channels and further solidify its leading position in the Malaysia insurance market. This will provide GEH the opportunity to partner with AmBank (M) Berhad and AmBank Islamic Berhad to extend its insurance and takaful solutions to AmBank’s 3 million customers.

The acquisition is currently pending regulatory approvals, and GEH will provide an update in due course.

## A. Strategic Priorities and Business Performance *(continued)*

### Question 2

- (i) What are the strategic objectives that support OCBC's investment in GEH? Are there plans to divest OCBC's stake in GEH?
- (ii) How much of OCBC's capital is invested in GEH, and the financial returns to OCBC over the past five years?

### Response

- (i) From an overall OCBC Group perspective, we are focused on our corporate strategy that drives OCBC's key business pillars of banking, wealth management and insurance.

GEH is a well-established market leader and trusted brand in Singapore and Malaysia, with a broad customer base of more than 16 million policyholders. GEH's insurance business is one of OCBC's three key business pillars. OCBC's diversified and integrated business franchise has enabled the OCBC Group to deliver well-balanced growth over the years.

GEH has deep horizontal linkages with OCBC. Our highly-successful partnership with GEH has positioned us to consistently be amongst the top two in bancassurance sales in Singapore over the years. GEH strengthens the competitive edge of our wealth management business, through customising the investment, insurance and estate planning solutions for our customers, including those of our private bank. GEH helps OCBC in diversifying its earnings base and delivering more balanced earnings growth through the cycle for shareholders.

In line with our commitment for long-term growth and maximising value for our shareholders, GEH continues to be a key part of the OCBC Group.

- (ii) As of 31 December 2023, OCBC owns 88.4% of GEH's shares. As set out on Page 9 of OCBC's Pillar 3 disclosures as at 31 December 2023 published on our website (Capital and Regulatory Disclosures – <https://www.ocbc.com/group/investors/investor-information.page>), the cost of OCBC's investment in GEH was approximately S\$2 billion.

The table below shows GEH's contribution to OCBC Group's net profit over the past five years:

S\$ million	Year				
	2023	2022	2021	2020	2019
GEH's contribution to OCBC's net profit <sup>1/</sup>	636	489	932	798	832
Net profit of OCBC Group	7,021	5,526	4,858	3,586	4,869
GEH % contribution to OCBC's net profit	9%	9%	19%	22%	17%

Source: OCBC's full year financial results announcements from 2019 to 2023.

1/ Refers to GEH's contribution after tax and non-controlling interests. GEH adopted Singapore Financial Reporting Standards (International) (SFRS(I)) 17 on 1 January 2023, and the Group's insurance results for 2023 are prepared based on SFRS(I) 17 and respective comparatives for 2022 have been restated. Figures prior to 2022 were not restated.

## A. Strategic Priorities and Business Performance *(continued)*

### Question 3

At OCBC's full year 2023 ("FY23") results presentation, it was set out that OCBC delivered on key financial targets for FY23, including the 2023 target embedded in the 3-year S\$3 billion incremental revenue ambition. What is this incremental revenue ambition and the target achieved for 2023?

### Response

On 3 July 2023, OCBC unveiled a unified brand across its core markets, demonstrating our commitment to the One Group approach to capitalise on the sizeable ASEAN-Greater China opportunity (<https://www.ocbc.com/group/media/release/2023/ocbc-unifies-brand-solidifying-one-group-strategy-to-accelerate-asean-greater-china-growth.page>). With this sharpened focus, OCBC aims to accelerate its growth and deliver S\$3 billion in incremental revenue by 2025, on top of the current growth trajectory. This is also discussed within our 2023 Annual Report.

The incremental revenue target is to deliver one-sixth of the S\$3 billion target in 2023, one-third in 2024 and the remaining half in 2025. Most of the incremental revenue is expected to come in 2025.

In OCBC's FY23 results presentation materials, we disclosed that OCBC delivered on the key financial targets for 2023, including the target of one-sixth, or approximately S\$500 million, of the S\$3 billion incremental revenue. This was mainly attributable to the growth in our customer base, enhanced digital and data analytics capabilities, and a broadened suite of products and services. We were able to achieve growth across the four growth priorities of our corporate strategy, namely from rising Asian wealth, increasing trade and investment flows, new economy sectors and sustainability transition.

## A. Strategic Priorities and Business Performance *(continued)*

### Question 4

**How would OCBC further grow its credit card business and its credit card fee income?**

### Response

OCBC sees opportunities to further grow our credit card business and credit card fee income. We have identified key strategic growth pillars and are investing to make meaningful progress towards our fee income targets.

Our immediate priority focuses on consumer spend and merchant acquisition. Building on our strong momentum in travel and foreign spending, we will continue to focus on sectors such as airlines, lodging, travel services, dining and shopping. Meanwhile, we have received positive customer responses from our sponsorships of concerts such as Jay Chou and Jacky Cheung, and we will continue to bring in selective entertainment offers and relevant partnerships that appeal to our customers. On the merchant front, we are expanding our payment acceptance points by onboarding key merchants. This expansion is supported by a suite of digital payment acceptance options, such as PayNow, Google Pay, Apple Pay, AliPay+ and WeChat Pay.

In the longer term, we are building a customer-centric ecosystem with key partners to strengthen our growth momentum, demonstrating how we can bring value to our customers and merchants by leveraging our respective assets.

In addition, we are investing in system infrastructure and digital capabilities to future-proof our business. These investments will allow us to offer innovative payments and loyalty solutions to our customers. In the past year, OCBC has successfully integrated several cross-border payment platforms into the OCBC Digital app. These platforms include Alipay+, UnionPay International, Thailand's PromptPay, Malaysia's DuitNow and Indonesia's Quick Response Indonesian Standard. This integration enables OCBC customers with Singapore bank accounts to make QR payments conveniently when traveling abroad. Collectively, these payment networks cover millions of merchants in more than 40 countries.

By continuously focusing on customer experiences with our merchant partners, we expect to see consistent Net Customer Growth, which will drive higher spend volume on a sustainable basis.

## **B. Balance Sheet and Capital Management**

### **Question 1**

**Could OCBC explain how it is proactively managing the balance sheet to address immediate challenges such as the potential softening of the interest rate environment?**

### **Response**

To manage its balance sheet, OCBC continuously pursues asset classes that offer attractive returns while diversifying from higher-cost funding. Additionally, OCBC also drives balance sheet efficiency by actively managing the size of surplus funding and optimising its deployment across the Group. We will continue to monitor the interest rate environment and adjust our strategy to mitigate the impact of softening interest rates.

### **Question 2**

**Please provide an update on OCBC's capital optimisation initiatives.**

### **Response**

Capital optimisation is an integral part of our on-going capital management discipline to provide additional capital uplift to support business growth. These include capital optimisation activities such as the migration of certain portfolios from standardised to internal ratings-based approach to reduce risk-weighted assets and hence lower capital requirements, which we have progressively completed over the last few years. We will continue to review our portfolio to implement optimisation opportunities where appropriate.

## C. Risk Management

### Question 1

**As artificial intelligence (“AI”) is in its early developmental stages, how does OCBC address the operational risks associated with AI?**

### Response

AI has largely been deployed to enhance customer engagement across our channels and in areas such as fraud and scam detection and prevention, as well as anti-money laundering measures to better protect our customers. These are meant to augment existing capabilities and are subjected to corresponding rigour of controls. While the technology for AI is evolving, OCBC has a robust model governance framework including policies on responsible model use, to ensure that models deployed are fit-for-purpose, and meet customers', regulators' and our own expectations on fairness, ethics, accountability and transparency.

OCBC is also engaging our industry peers and regulator via platforms such as the Association of Banks in Singapore, as part of the industry's continual effort to support innovation while minimising the potential harm from their adoption. At the end of the day, OCBC takes the stance that the use of models, AI or otherwise, complies with our Purpose and Core Values as well as Code of Conduct, just as they would in human-driven decisions.