

Third Quarter 2020 Results Highlights

5 November 2020



OCBC Financial Results



Disclaimer: This presentation should be read as an overview of OCBC's current business activities and operating environment which may contain statements relating to OCBC's growth strategy and future business aspirations. These statements involve risks and uncertainties and should not be solely relied upon by investors or potential investors when making an investment decision. OCBC Bank accepts no liability whatsoever with respect to the use of this document or its content.



Agenda

Financial Highlights

Group Performance Trends



Note: - Certain comparative figures have been restated to conform with the current period's presentation.
- Amounts less than S\$0.5m are shown as "0";
- "nm" denotes not meaningful;
- "na" denotes not applicable;
- Figures may not sum to stated totals because of rounding.

3Q20 Performance

Performance reflects robust franchise and strong balance sheet

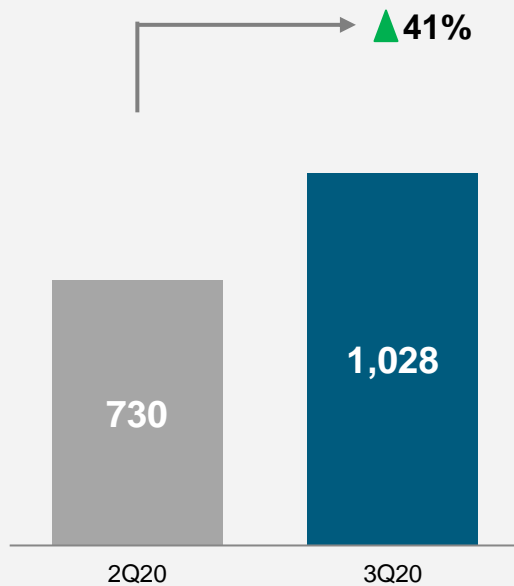
- ❑ Group net profit up 41% QoQ to S\$1.03b
- ❑ Net interest income declined 4% QoQ from lower rates
- ❑ Customer activities rose in 3Q20 from the previous quarter
 - Strong fee income growth of 14%
 - Customer flow treasury income up 4%
 - Wealth management income rose 4%; private banking AUM up 3% to US\$116b
 - Insurance TWNS 51% higher; NBEV grew 47%
- ❑ Expenses down 1% QoQ and 3% YoY
- ❑ Net allowance charge of S\$350m; inclusive of another S\$150m of Management Overlay
- ❑ Total NPA coverage raised to 109%
- ❑ Loans grew 1% QoQ and 2% YoY (in constant currency terms); CASA deposits rose to a record, with CASA ratio at a new high of 59.2%
- ❑ Very strong capital, funding and liquidity positions; CET1 ratio at 14.4%

3Q20 Financial Highlights

Group net profit rose 41% QoQ to S\$1.03b from lower allowances

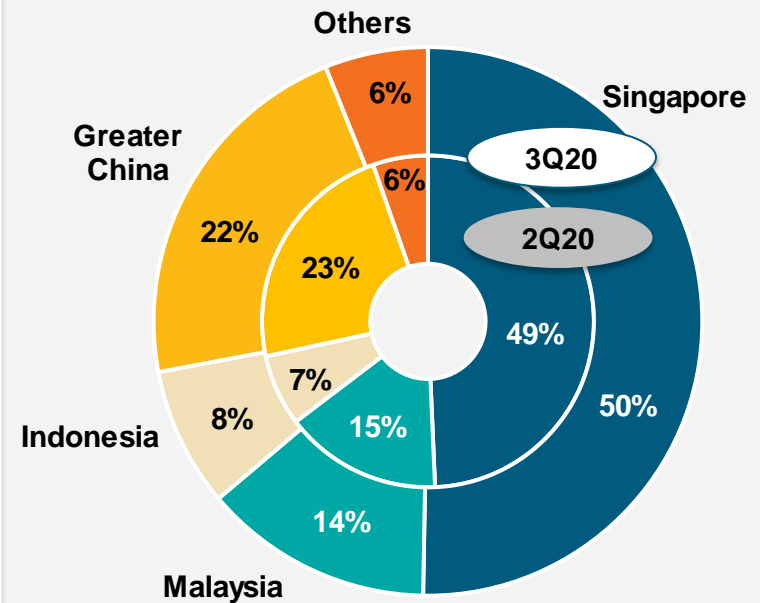
Group Net Profit

(S\$m)



ROE	6.2%	8.7%
ROTE	7.2%	10.0%

Operating Profit by Geography

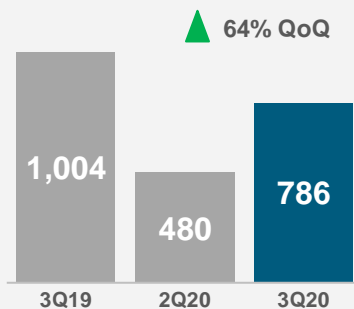


3Q20 Financial Highlights

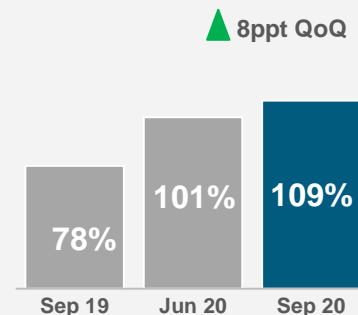
Performance reflected strong and diversified business franchise

Banking

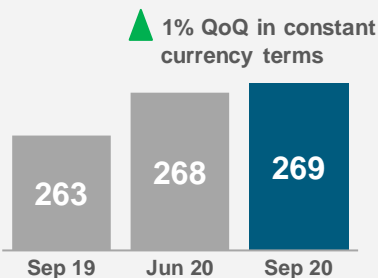
Net Profit (S\$m)



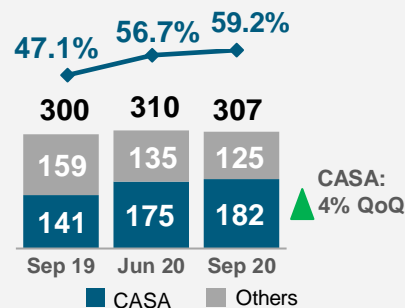
Total NPA Coverage



Customer Loans (S\$b)

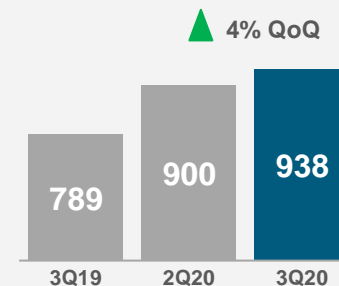


Customer Deposits (S\$b) and CASA ratio

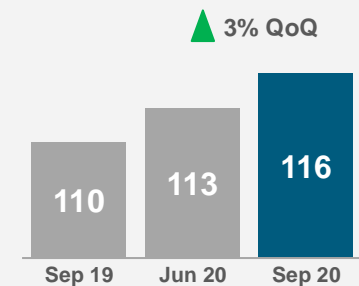


Wealth Management

Group Wealth Management Income (S\$m)

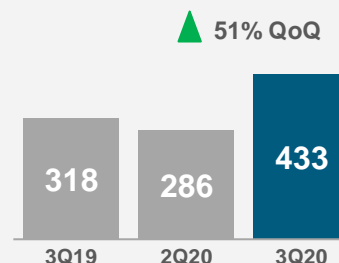


Bank of Singapore's AUM (US\$b)

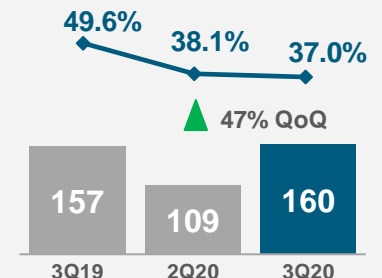


Insurance

Total Weighted New Sales (S\$m)



New Business Embedded Value (S\$m) and Margin



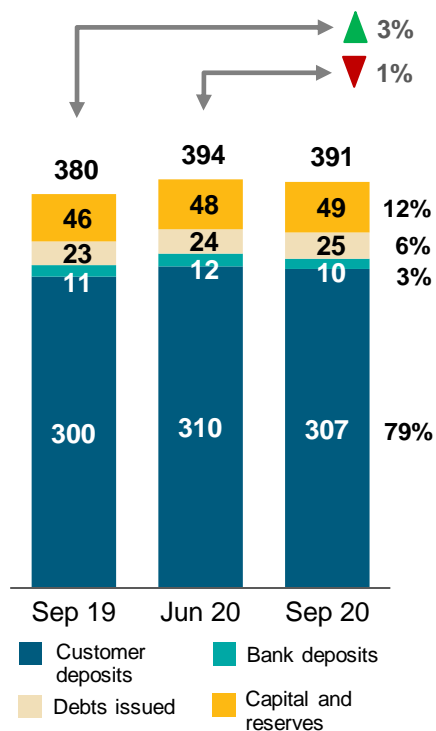
Strong Balance Sheet Fundamentals

Well-placed to weather the crisis with strong funding, liquidity and capital positions

Funding

- Nearly 80% from customer deposits
- NSFR at 122%

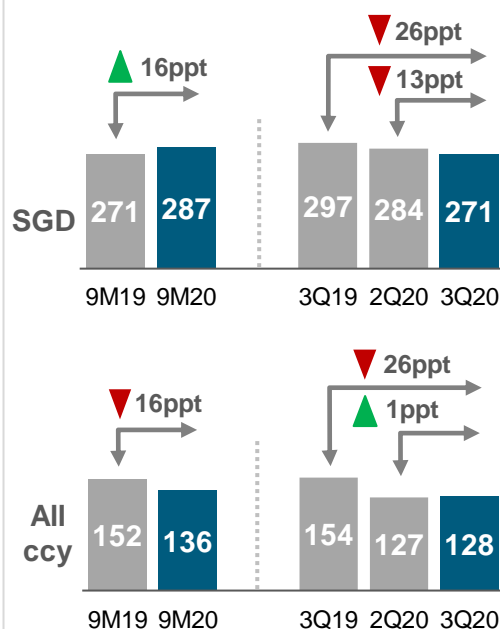
Composition (S\$b)



Liquidity

- Sound liquidity position
- LCR well above minimum required

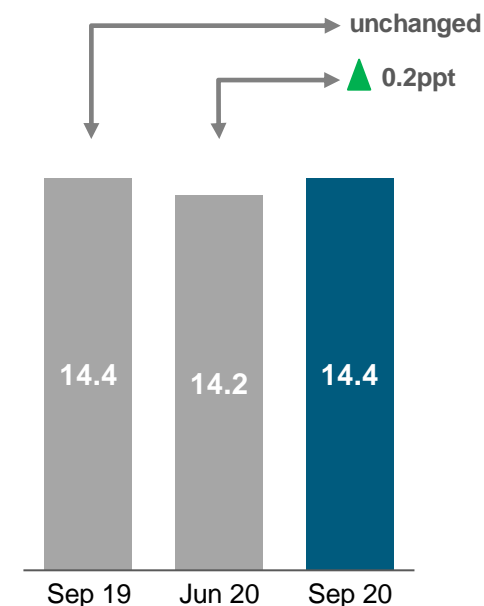
LCR (%)



Capital

- Strong capital base
- Leverage ratio at 7.6%

CET 1 CAR (%)



3Q20 Group Performance

Net profit up 41% QoQ due to lower allowances

OCBC Group	3Q20 S\$m	2Q20 S\$m	QoQ +/(-)%	3Q19 S\$m	YoY +/(-)%
Net interest income	1,421	1,483	(4)	1,600	(11)
Non-interest income	1,118	1,142	(2)	1,055	6
Total income	2,539	2,625	(3)	2,655	(4)
Operating expenses	(1,098)	(1,107)	(1)	(1,132)	(3)
Operating profit	1,441	1,518	(5)	1,523	(5)
Associates	153	163	(5)	156	(2)
Operating profit before allowances	1,594	1,681	(5)	1,679	(5)
Allowances for impaired assets	(148)	(518)	(71)	(263)	(43)
Allowances for non-impaired assets	(202)	(232)	(13)	(60)	234
Amortisation, tax and NCI	(216)	(201)	8	(184)	18
Net profit	1,028	730	41	1,172	(12)

3Q20 Banking Operations Performance

3Q20 net profit from Banking Operations increased 64% QoQ to S\$786m

Banking Operations	3Q20 S\$m	2Q20 S\$m	QoQ +/(-)%	3Q19 S\$m	YoY +/(-)%
Net interest income	1,395	1,456	(4)	1,570	(11)
Non-interest income	744	735	1	792	(6)
Total income	2,139	2,191	(2)	2,362	(9)
Operating expenses	(1,010)	(1,026)	(2)	(1,055)	(4)
Operating profit	1,130	1,165	(3)	1,307	(14)
Associates	161	171	(5)	160	1
Operating profit before allowances	1,291	1,335	(3)	1,467	(12)
Allowances for impaired assets	(149)	(518)	(71)	(263)	(43)
Allowances for non-impaired assets	(203)	(228)	(11)	(60)	235
Amortisation, tax and NCI	(153)	(109)	41	(141)	9
Net profit from banking operations	786	480	64	1,004	(22)
GEH net profit contribution	241	250	(3)	169	43
OCBC Group net profit	1,028	730	41	1,172	(12)

9M20 Group Performance

Net profit lower YoY from higher allowances

OCBC Group	9M20 S\$m	9M19 S\$m	YoY +/(-)%
Net interest income	4,530	4,722	(4)
Non-interest income	3,124	3,227	(3)
Total income	7,654	7,949	(4)
Operating expenses	(3,314)	(3,378)	(2)
Operating profit	4,340	4,571	(5)
Associates	481	472	2
Operating profit before allowances	4,821	5,043	(4)
Allowances for impaired assets	(942)	(587)	61
Allowances for non-impaired assets	(816)	(96)	755
Amortisation, tax and NCI	(608)	(733)	(17)
Net profit	2,455	3,627	(32)

9M20 Banking Operations Performance

Net profit from Banking Operations at S\$1.95b

Banking Operations	9M20 S\$m	9M19 S\$m	YoY +/(-)%
Net interest income	4,446	4,640	(4)
Non-interest income	2,257	2,279	(1)
Total income	6,704	6,918	(3)
Operating expenses	(3,098)	(3,145)	(1)
Operating profit	3,606	3,774	(4)
Associates	497	486	2
Operating profit before allowances	4,103	4,260	(4)
Allowances for impaired assets	(943)	(587)	61
Allowances for non-impaired assets	(813)	(95)	753
Amortisation, tax and NCI	(402)	(546)	(26)
Net profit from banking operations	1,946	3,032	(36)
GEH net profit contribution	509	595	(14)
OCBC Group net profit	2,455	3,627	(32)

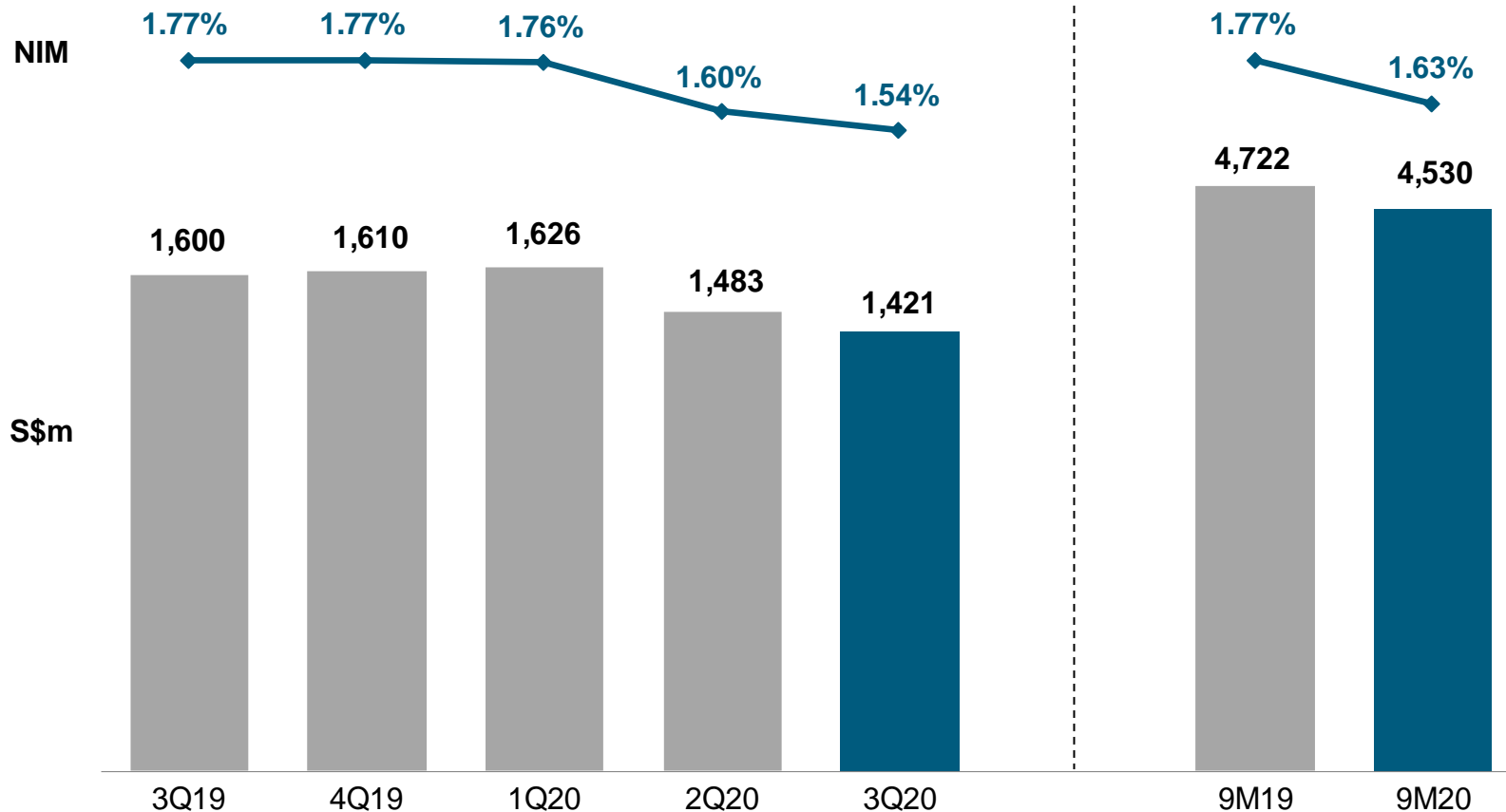
Agenda

Financial Highlights

Group Performance Trends

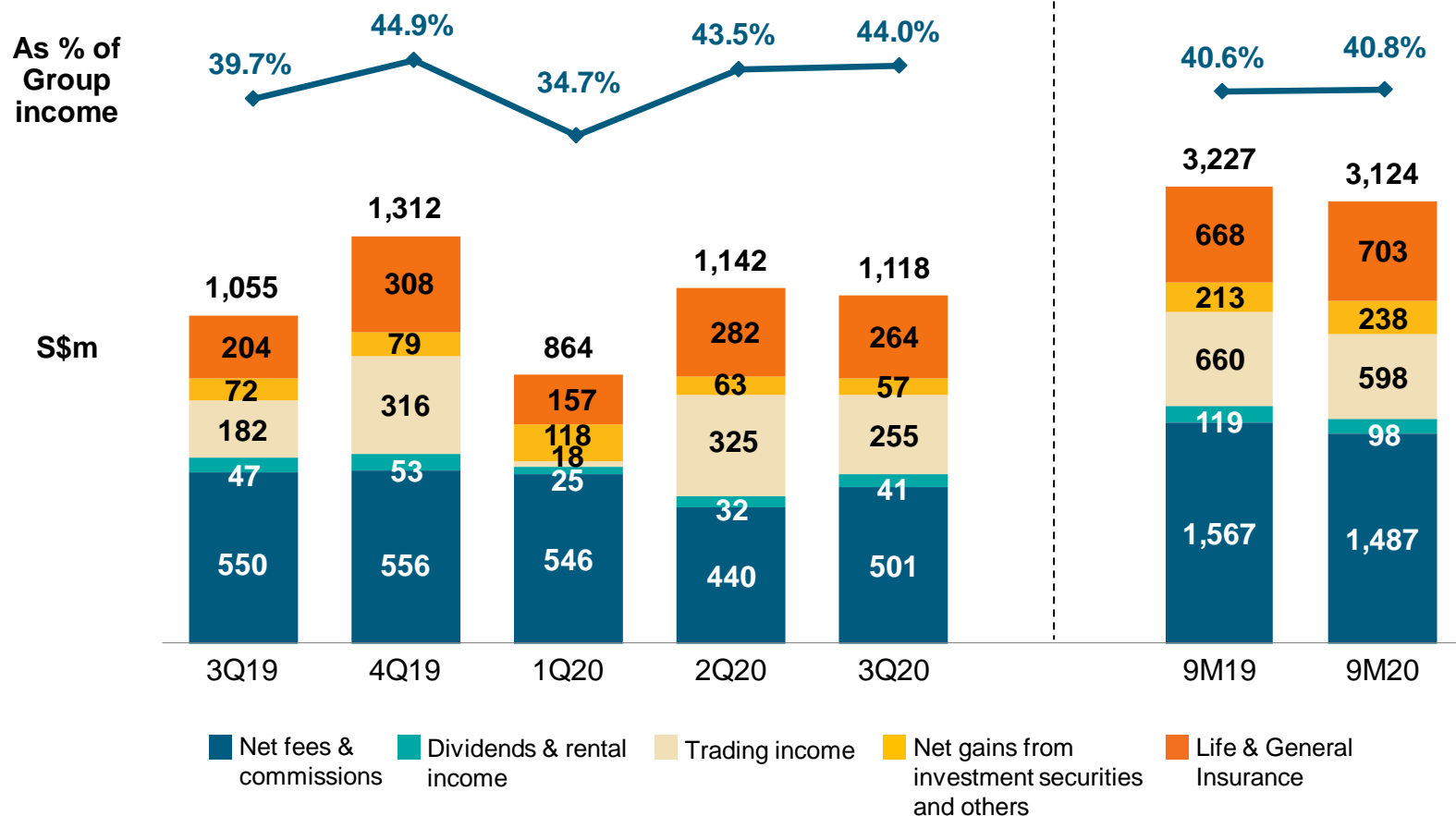
Net interest income

3Q20 NII lower QoQ in a sustained low interest rate environment



Non-interest income

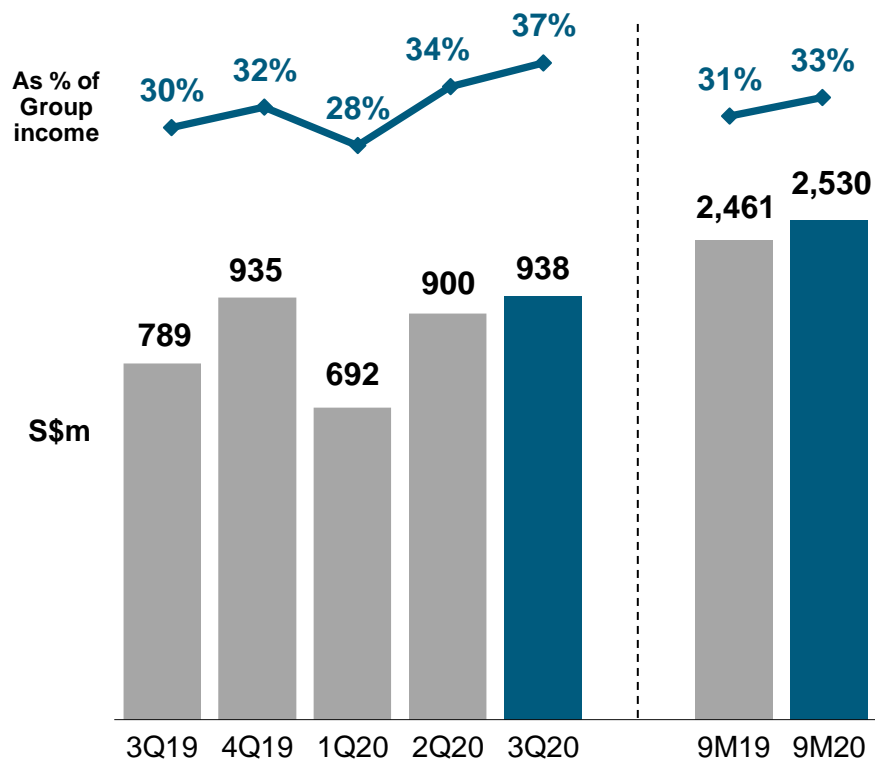
3Q20 non-interest income at S\$1.12b; fee income up 14% QoQ



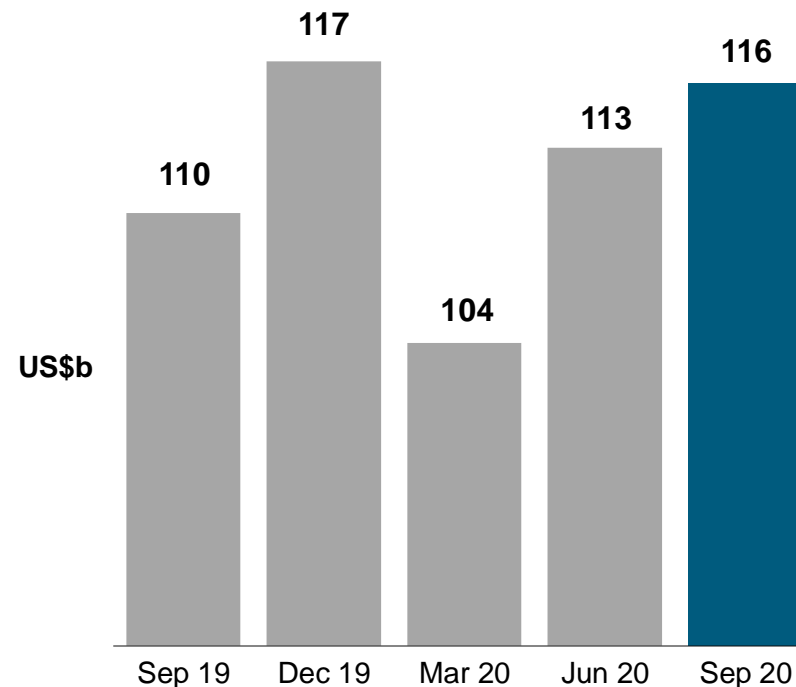
Wealth Management Franchise

3Q20 WM income of S\$938m, **highest** quarter since 2018

Total Wealth Management Income

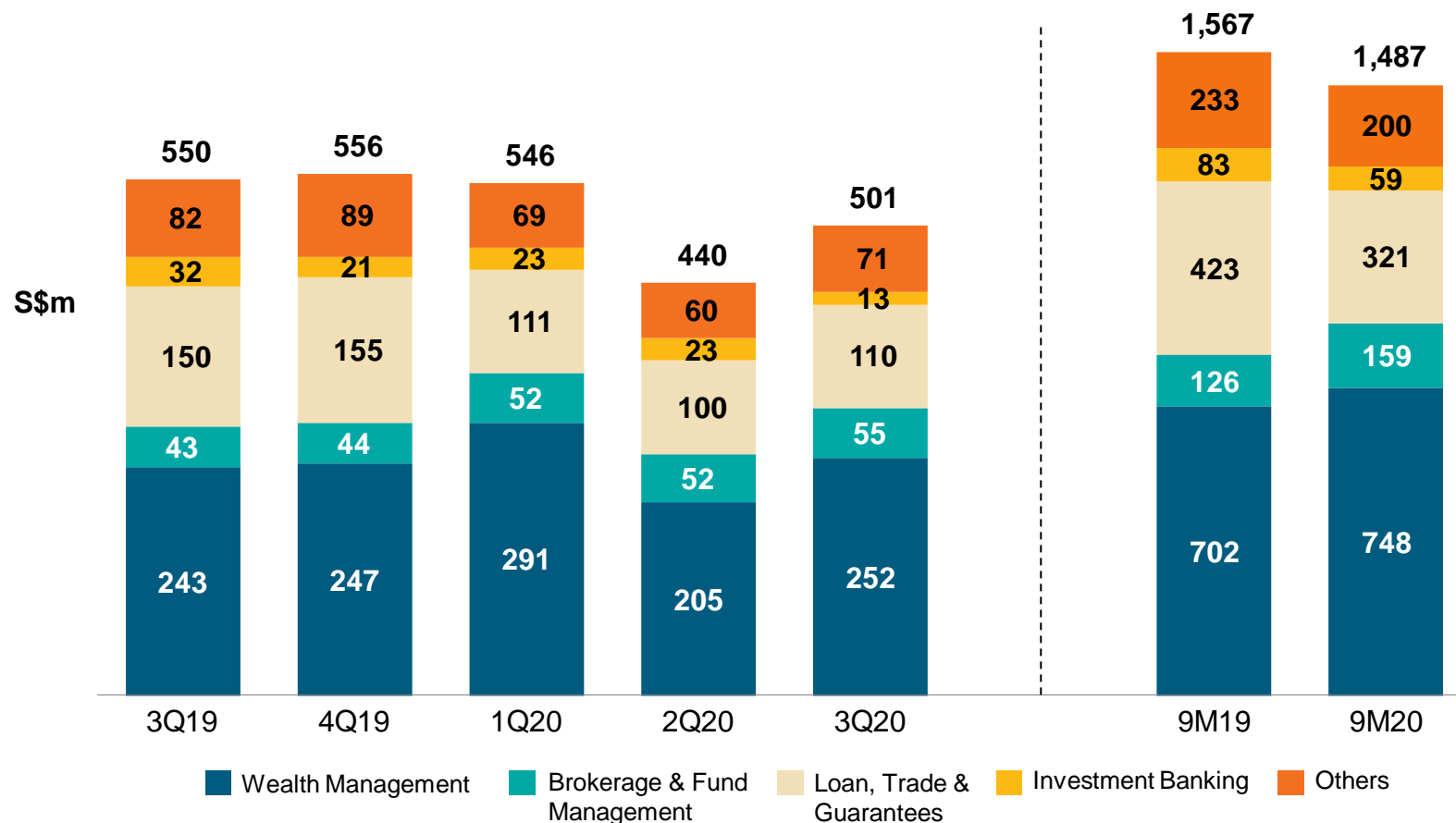


Bank of Singapore's Assets Under Management



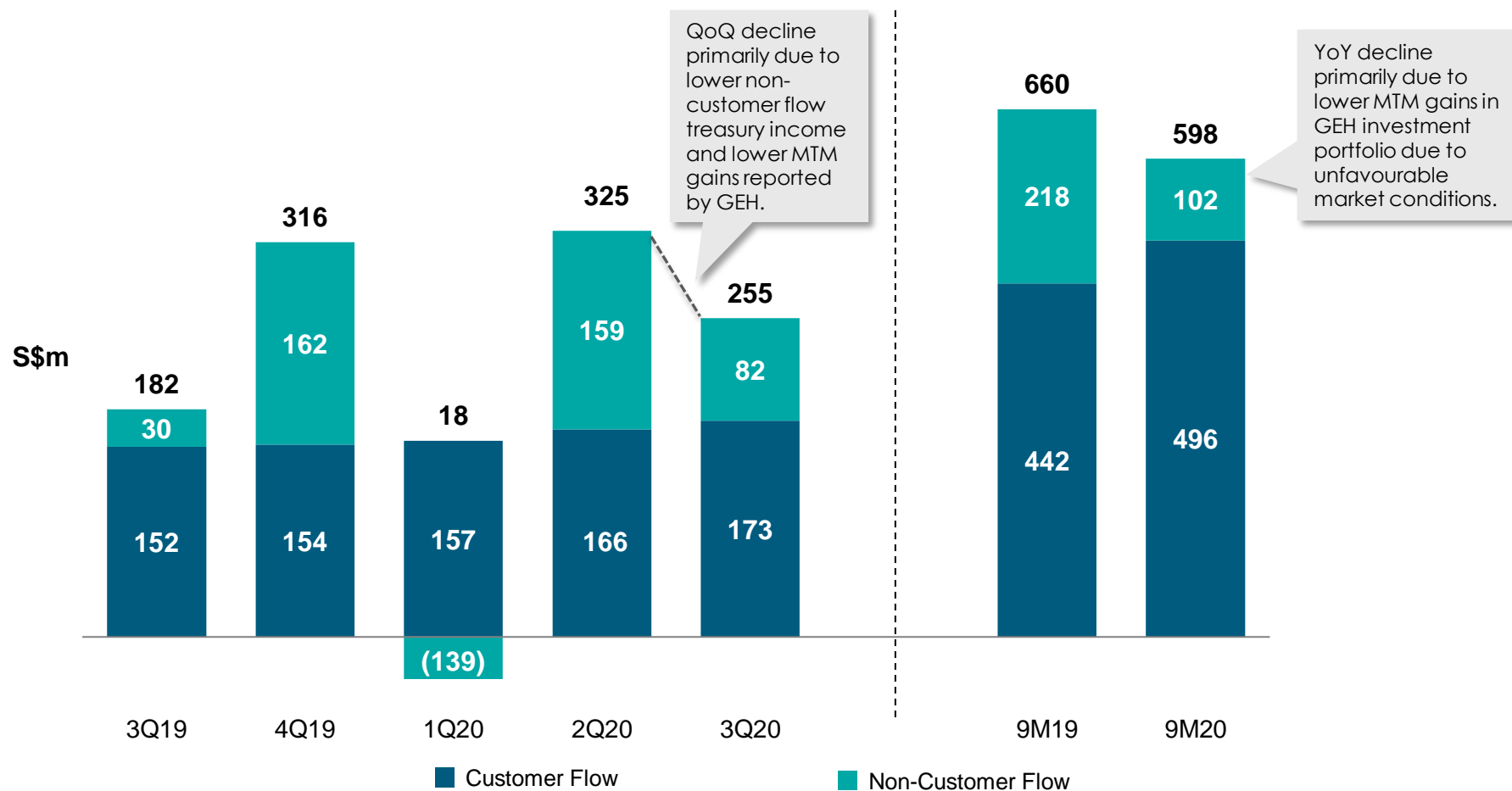
Net Fees & Commissions

3Q20 fee income higher QoQ; WM and brokerage fees above 2019 levels



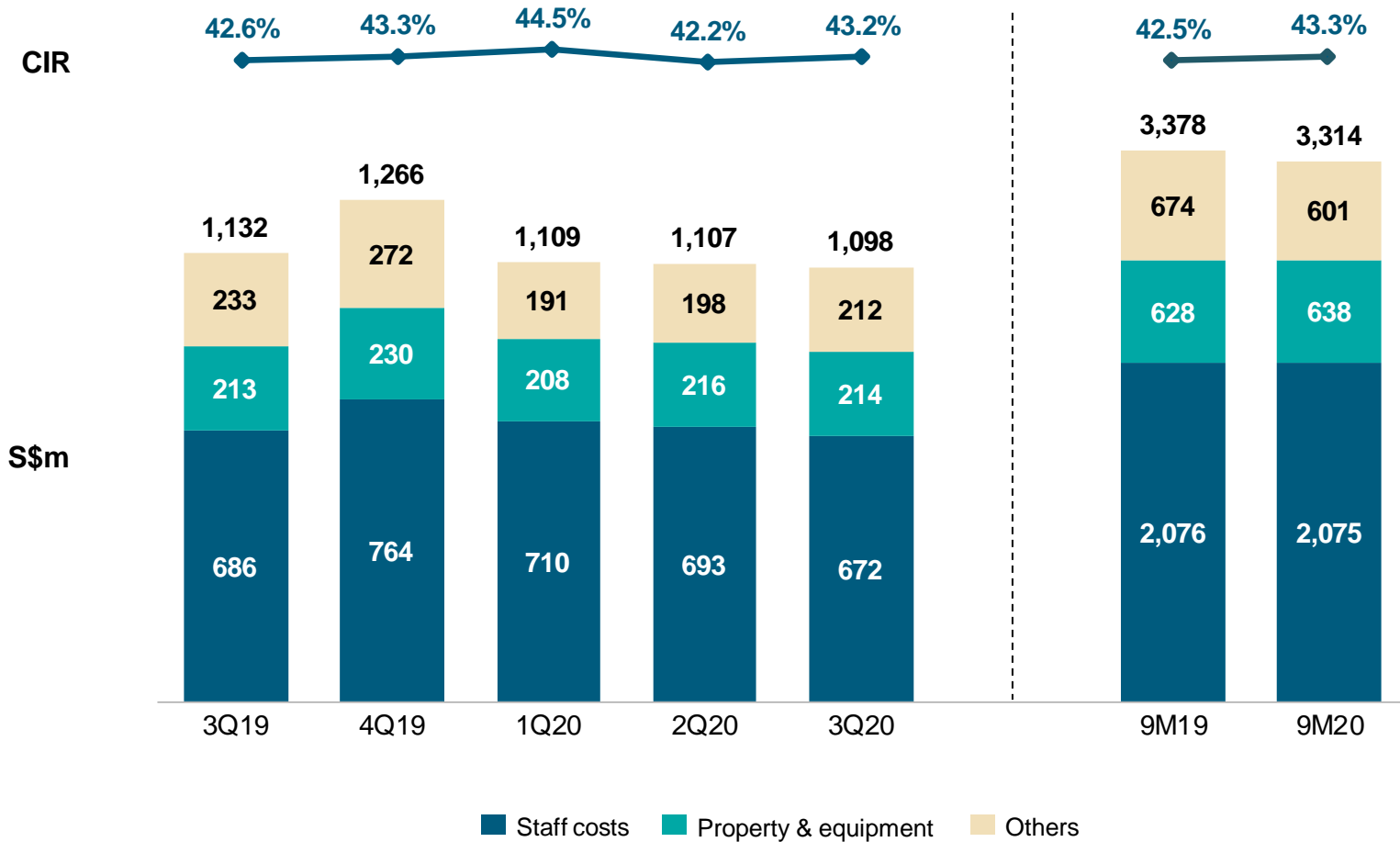
Trading income

Customer flow income rose to a **new high** in 3Q20



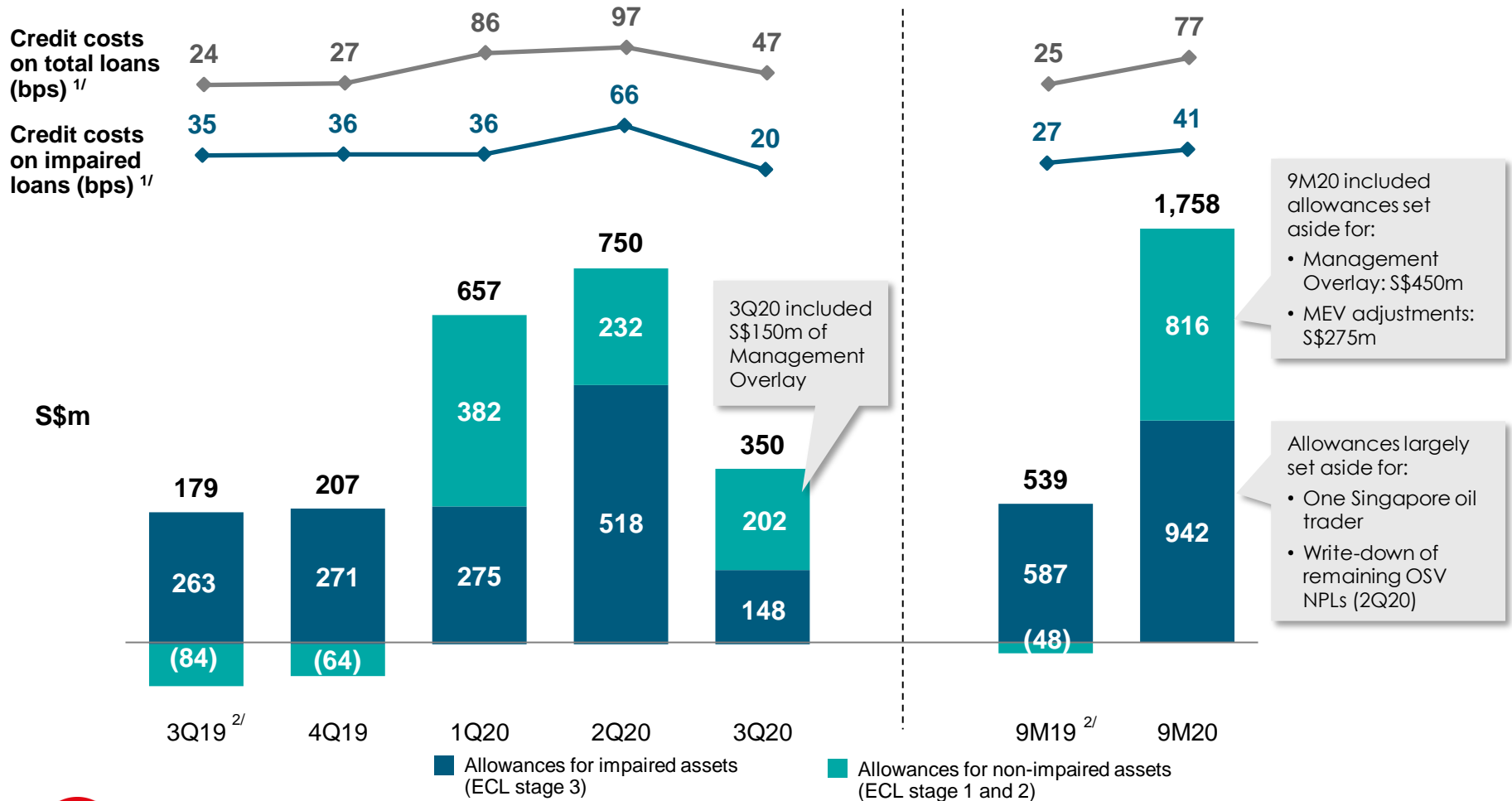
Operating expenses

Operating expenses lower QoQ and YoY from disciplined cost management



Allowances

3Q20 allowances of S\$350m set aside, including Management Overlay of S\$150m

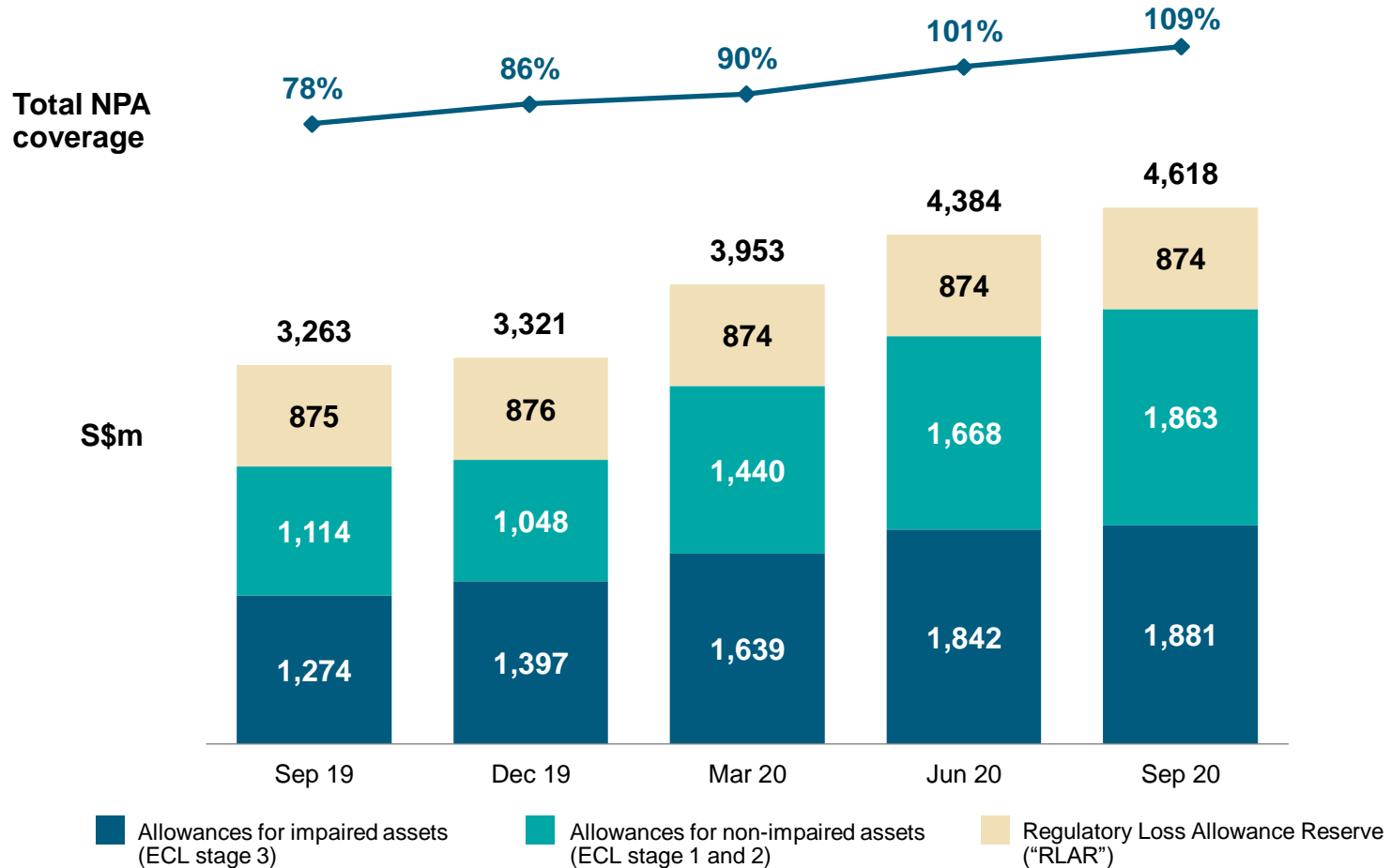


1/ Total credit costs refer to allowances for loans as a percentage of average loans, on annualised basis.

2/ 3Q19 and 9M19 excluded one-off item of S\$144m, arising from a refinement in the Group's ECL modelling approach for its Indonesian banking subsidiary, Bank OCBC NISP, relating to allowances for non-impaired assets as it prepared for the introduction of International Financial Reporting Standard 9 Financial Instruments, which commenced on 1 January 2020.

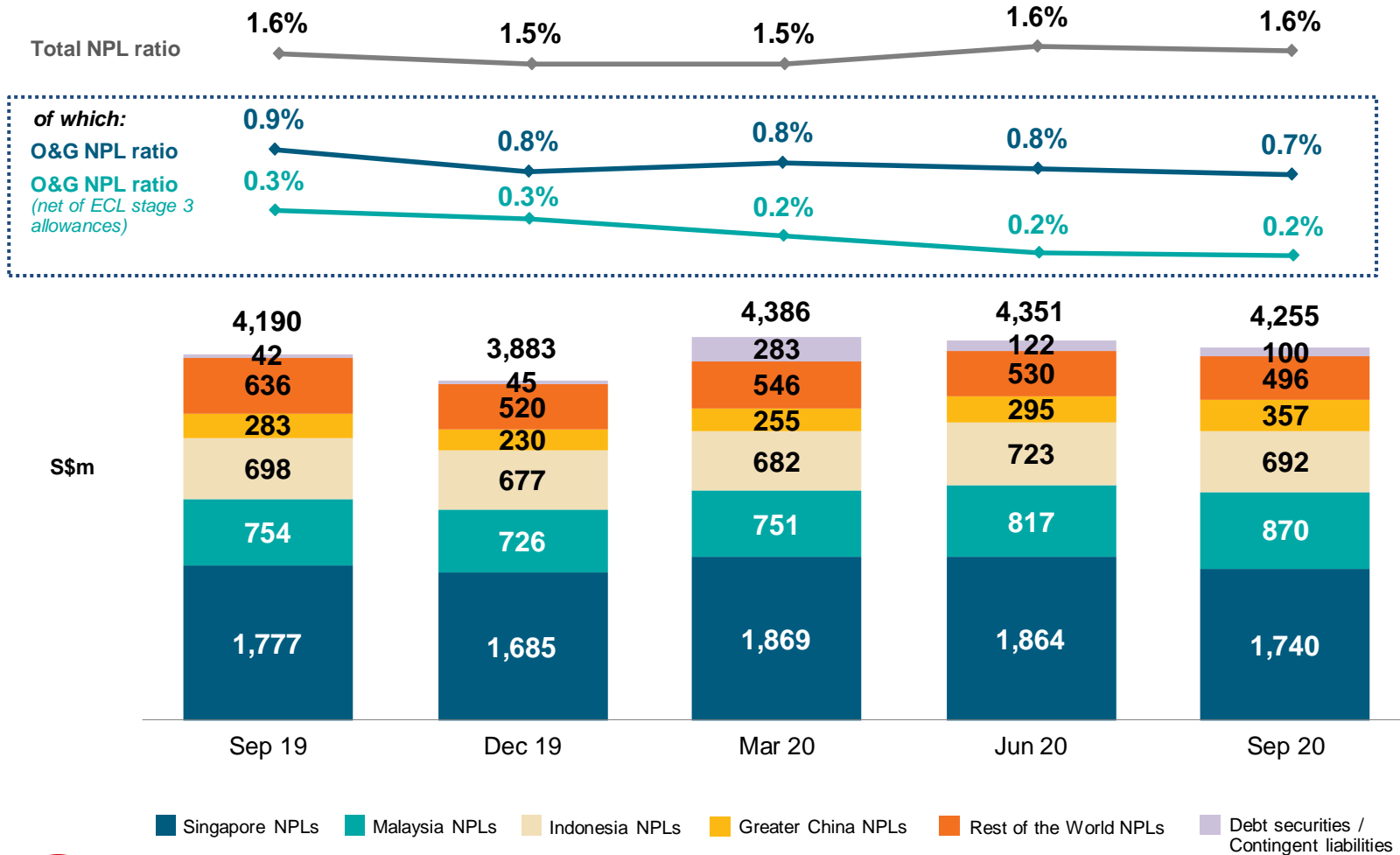
Total Cumulative Allowances

NPA coverage raised to 109%



Asset quality

Total NPAs down QoQ; NPL ratio unchanged at 1.6%



Note: NPAs by geography are based on where the credit risks reside.

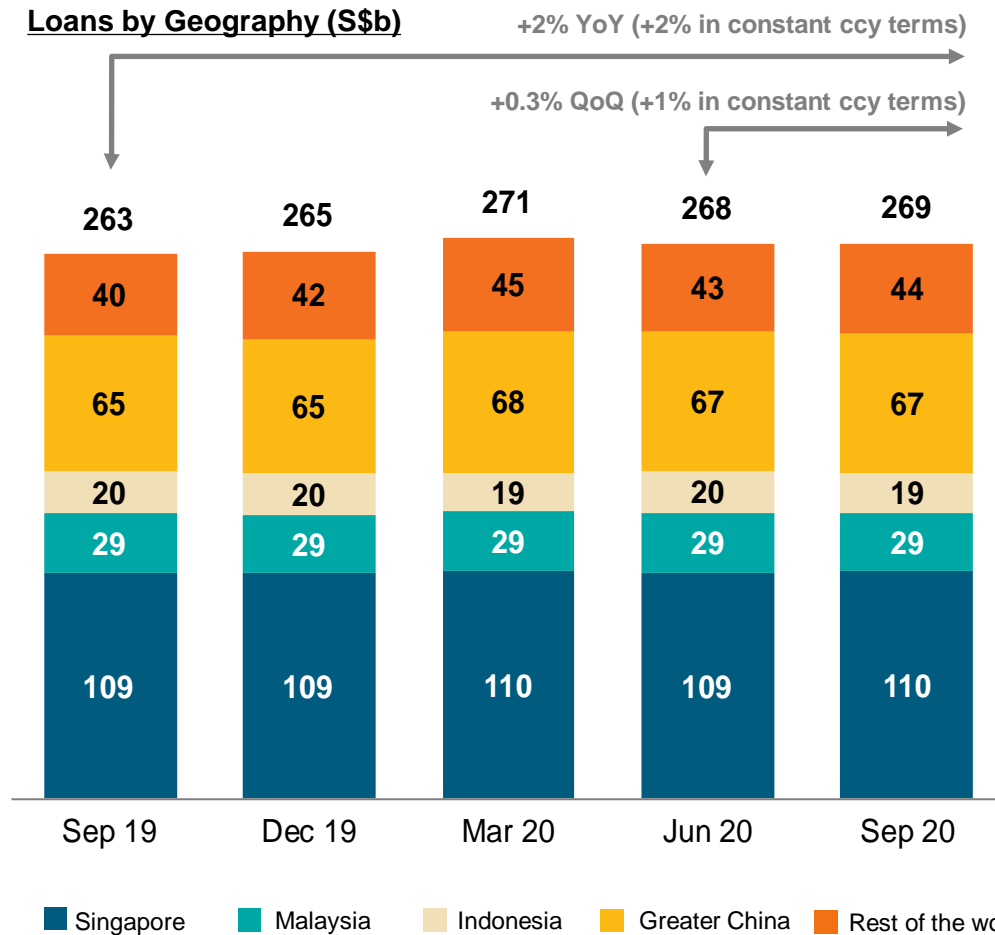
Asset quality

New NPA formation lower QoQ across corporate and consumer businesses

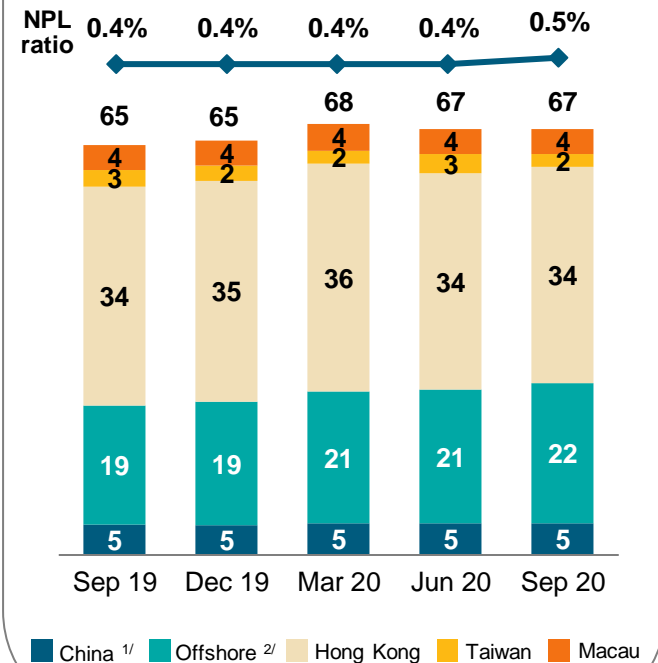
S\$m	2Q20	3Q20
At start of period	4,386	4,351
Corporate/ Commercial Banking and Others		
New NPAs	400	194
Net recoveries/ upgrades	(122)	(117)
Write-offs	(274)	(63)
	4	14
Consumer Banking/ Private Banking		
New NPAs	96	76
Net recoveries/ upgrades	(81)	(83)
Write-offs	(30)	(28)
	(15)	(35)
Foreign currency translation	(24)	(75)
At end of period	4,351	4,255

Customer loans

Loans higher QoQ and YoY at S\$269b



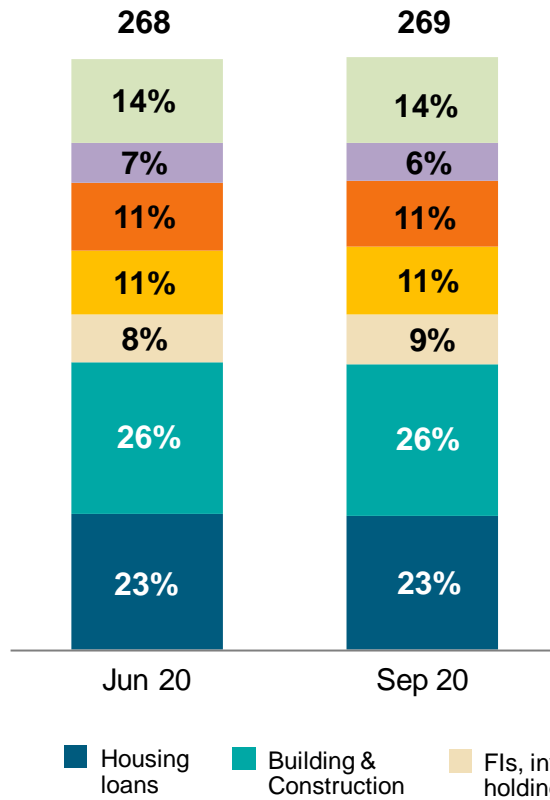
Greater China Loans (S\$b)



Customer loans

Loan portfolio remained well-diversified with limited sector concentration

Loans by Industry (S\$b)



Corporate, SME and Consumer/Private Banking comprise **49%, 12%** and **39%** of loan book respectively

O&G sector comprise **5%** of loan book (within which, 2% were OSV. Excluding conglomerates and national oil companies, net of allowances/collaterals, OSV exposures were about 0.2% of loan book)

Commodities sector account for **5%** of loan book

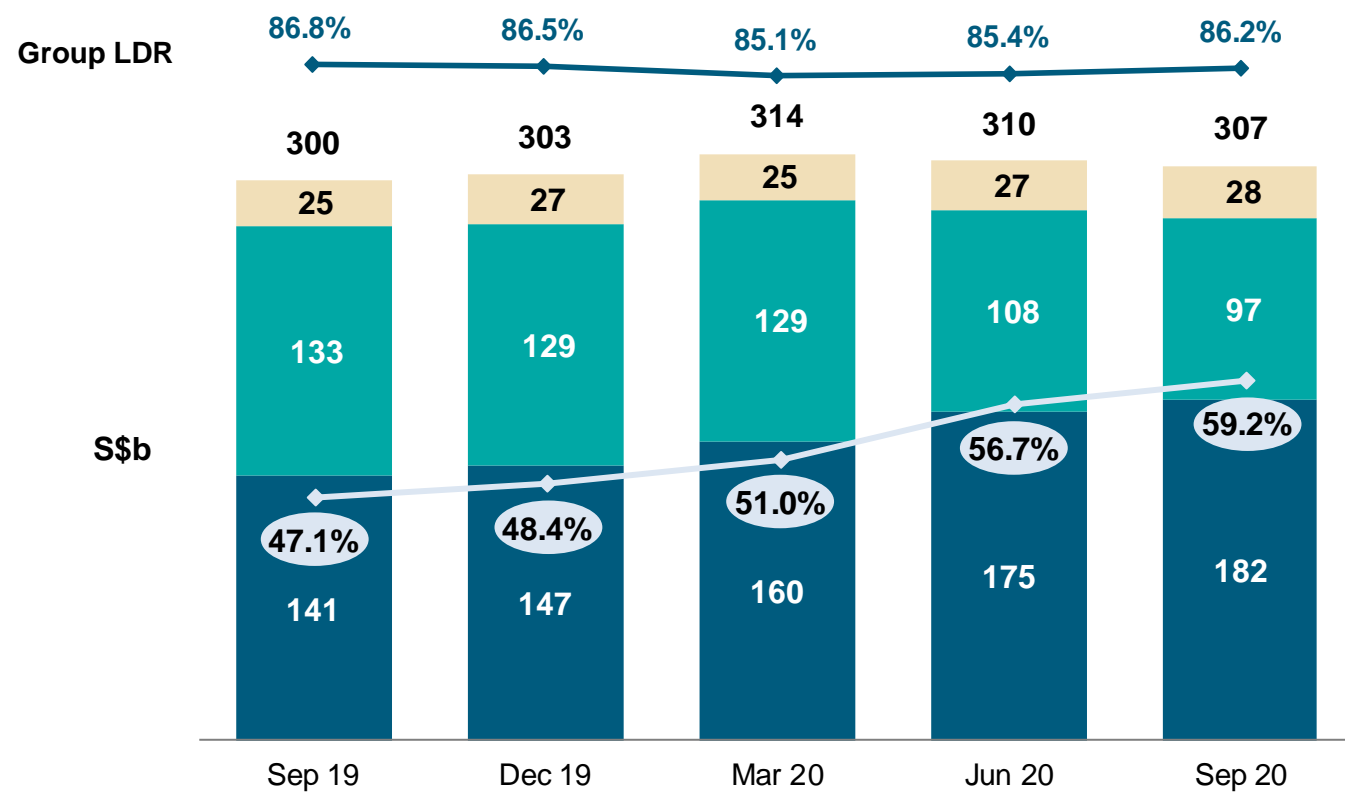
Shipping sector (ex OSV) made up **2%** of loan book

Aviation sector comprise **less than 1%** of loan book

Green and sustainable finance portfolio **up 4%** QoQ to **S\$13.6b** (5% of loan book)

Customer deposits

CASA deposits rose to a record S\$182b with CASA ratio at a new high of 59.2%



LDRs

	Sep 19	Dec 19	Mar 20	Jun 20	Sep 20
SGD	87.9%	87.2%	85.7%	83.2%	81.8%
USD	67.0%	63.4%	64.8%	64.0%	69.2%





Third Quarter 2020 Results Highlights

Thank You