OCBC ANNUAL GENERAL MEETING TO BE HELD ON 17 APRIL 2025

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS

Singapore, 11 April 2025 – Oversea-Chinese Banking Corporation Limited ("OCBC") thanks shareholders for their questions submitted in advance of the 88th Annual General Meeting ("2025 AGM").

The 2025 AGM will be conducted, in a wholly physical format, at Sands Expo & Convention Centre, Level 4, Roselle and Simpor Ballrooms, 10 Bayfront Avenue, Singapore 018956, on Thursday, 17 April 2025 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 2025 AGM

Our responses to the substantial and relevant questions received up till 5.00 p.m. on Monday, 7 April 2025, have been organised by topic. Where appropriate, questions have been rephrased for clarity and consolidated if they overlap or are substantially similar. The topics are set out below:

A. Strategic Priorities and Business Performance

B. Dividends

C. Artificial Intelligence ("AI") Initiatives

D. Sustainability

E. Talent Management

F. Properties

Thank you for your support for OCBC.

By Order of the Board

Company Secretary

A. Strategic Priorities and Business Performance

Question 1

How does OCBC balance future growth plans with the uncertainty posed by macroeconomic and geopolitical risks?

Response

OCBC's strategic ambition is to be Asia's leading financial services partner for a sustainable future. To achieve this, we are guided by our corporate strategy to drive growth and reinforce our core strengths. We remain focused on our four growth priorities – to capture rising Asian wealth, support increasing trade and investment flows, unlock value from new economy sectors and drive sustainability transition.

We are confident that OCBC is well-positioned to capture trade, investment and wealth flows across ASEAN and Greater China, and this is underpinned by our comprehensive approach to capital and risk management.

OCBC's capital management policy aims to maintain a strong capital position to support business expansion and strategic investments. We closely monitor and actively manage our capital to pursue growth opportunities that will create value for our stakeholders, while taking our risk appetite into consideration. Our disciplined risk management approach covers all types of risks, which is supported by a strong corporate culture. In times of market uncertainties, we remain vigilant of emerging risks and are nimble in addressing risk events.

The strong foundation laid over the years, together with our diversified franchise backed by OCBC's robust financial position and prudent risk management, will enable us to navigate through uncertainties while pursuing growth. More details of our Corporate Strategy can be found on page 21 of the 2024 Annual Report.

But, as we respond to these questions, we are fully cognisant of the great turbulence caused by the current tariff events that radically changed the status quo since 3 April 2025. It remains early to fully discern the full implications. OCBC will factor in the implications to its strategy and plans, in response to the unfolding events.

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

<u>Question 2</u>

Please elaborate on the One OCBC Group approach.

<u>Response</u>

In 2023, OCBC launched a unified brand across its core markets, reinforcing the One OCBC Group approach to capitalise on the opportunities in ASEAN and Greater China. This approach focuses on leveraging OCBC's comprehensive network, as well as the unique strengths of our diversified franchise, to support the cross-border aspirations and growth of businesses and individuals.

The collective strength as One OCBC Group positions us well to capture more of the wealth, investment and trade flows in the region. With our extensive coverage, we are maximising our network's capabilities through stronger linkages, and deepening the collaboration across our markets and entities to drive further synergies. This results in a more effective pooling of our resources to deliver a broader range of products and services across multiple countries, while providing a differentiated and integrated customer experience.

With increasing uncertainties in the global climate, our One OCBC Group approach will provide positive avenues for generating business revenues within our prudent risk parameters.

<u>Question 3</u>

Please explain the roles and responsibilities of the newly-established Group Strategy and Transformation Office ("Group STO").

<u>Response</u>

The new Group STO division was formed in November 2024 and is the result of a reorganisation and consolidation of existing complementary Group resources. This division comprises teams across strategic planning, transformation, data, innovation, customer experience, operational excellence and sustainability.

The Group STO division is led by the Group Chief Strategy and Transformation Officer, Ms Elaine Heng, who reports directly to the Group CEO.

As we steer OCBC towards future readiness and a sustainable future, Group STO will leverage on the synergistic and complementary domains of the teams to advance OCBC's One Group strategy. These efforts will be underpinned by innovation, data, customer-centricity, and operational excellence.

Question 4

Can OCBC explain what its options are for Great Eastern Holdings ("GEH"), namely, making another offer or restoring GEH's public float? How would these impact OCBC's earnings and returns to shareholders?

Response

By way of background, on 10 May 2024, OCBC announced a voluntary unconditional general offer for GEH. Our stake in GEH increased from 88.44% to 93.72% after the expiry of GEH minority shareholders' right under Section 215(3) of the Companies Act on 23 October 2024. The offer to increase our stake in GEH has closed.

In terms of next steps, Singapore Exchange has granted GEH an extension until 25 May 2025 to explore options to comply with the requirements of the listing rules, for which GEH announced on 28 March 2025 that they have appointed a financial advisor to assist them on this matter. In assessing the various options available from OCBC's perspective, any actions undertaken will always be guided by the interests of OCBC and our shareholders.

We remain focused on the execution of our corporate strategy to drive growth across our key business pillars of Banking, Wealth Management and Insurance. GEH is integral to our long-term ambition to be Asia's leading wealth management player. It is an established market leader for life insurance, and has the largest combined agency force in Singapore and Malaysia. OCBC and GEH share a synergistic relationship, and we are able to customise a full suite of integrated solutions for our customers. A tighter integration of OCBC and GEH allows us to further accelerate synergies and amplify the strengths of the Group. During 2024, we increased our stake in GEH by 5.28%, which was earnings accretive, and together with its stronger performance, profit contribution from GEH increased 39% year-on-year to S$882 million. As set out in our 2024 Annual Report, GEH has contributed an average of about 15% to OCBC Group's annual net profit over the past decade, allowing OCBC to deliver balanced earnings through economic cycles and drive long-term shareholder returns.

Question 5

Will OCBC consider other additional bolt-on acquisitions of insurance companies?

Response

As a Group, OCBC remains well-capitalised and is prepared to explore both organic and inorganic growth opportunities which are relevant to our corporate strategy, and which strengthen our competitive position in our core markets.

Question 6

What was the rationale behind the sale of OCBC's stake in insurer Hong Kong Life Insurance Limited? Is there an intention to introduce GEH's products into the Hong Kong SAR market?

Response

OCBC announced in December 2024 that its wholly-owned subsidiary, OCBC Hong Kong, had entered into a Share Purchase Agreement to sell its entire 33.33% stake in Hong Kong Life Insurance Limited ("Hong Kong Life") for HK$589.3 million (approximately S$103 million). The completion of the transaction will be conditional upon customary closing conditions including but not limited to regulatory approvals. Based on the net tangible assets and earnings per share of OCBC Group for the financial year ended 31 December 2024, the transaction is not expected to have a material impact.

The competition in the Hong Kong SAR insurance industry is intensifying, and customer needs are becoming more sophisticated. Currently, Hong Kong Life operates as a joint venture among five shareholders, including OCBC. The shareholders believe that introducing a new single shareholder would be beneficial for Hong Kong Life, allowing the company to capitalise on future growth opportunities and adapt to the changing needs of its customers.

Currently, GEH does not have a license to operate in Hong Kong SAR. OCBC Group has a comprehensive wealth management franchise, and we will always assess opportunities to help our customers achieve their goals in our key markets.

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

Question 7

How is OCBC positioning its corporate loan book in response to the upcoming tariffs on its key markets? What measures is OCBC taking to adapt to the potential rise in non-performing loans (NPLs) in those regions?

Response

It is still early to ascertain the full impact of tariffs, and we continue to closely monitor the evolving developments. Our corporate loan portfolio is driven by OCBC's long-term strategy. Within our key markets, including Hong Kong SAR and Indonesia, we see opportunities in areas such as energy transition, cloud and AI-driven digitalisation as well as more resilient real estate classes, which have generally less correlation to trade tariffs.

We are maintaining close engagement and monitoring of our customers, and will undertake thorough reviews of the portfolio and stress test where and when necessary to ensure it remains sound. We will stay vigilant and closely monitor accounts that may be at risk.

Question 8

Despite an 8% increase in loans in 2024, the NPL ratio improved to 0.9%. What measures has OCBC undertaken to manage its asset quality?

Response

We take a proactive approach to risk management. This includes focusing on tight underwriting criteria, client selection, on-going close monitoring through stress tests or portfolio reviews to identify accounts with potential weaknesses and proactively derisking our portfolio where appropriate.

<u>Question 9</u>

Please outline the recent branch transformation initiatives undertaken by OCBC.

<u>Response</u>

OCBC's branch transformation is in response to changing customer behaviour, where more customers are transacting digitally at their own convenience, at any time of the day. With only a few exceptions, most transactions that can be conducted at the branch can be done through our digital channels. In Singapore, 98% of customers' financial transactions are now performed digitally.

OCBC has 32 branches in Singapore, including key heartland areas to ensure we remain accessible to customers. The branch network remains an important channel for us to connect with customers even as digital banking continues to grow. Our 10 full-service Sunday Banking branches operating on weekends are strategically located across Singapore for the convenience of customers who are unable to visit branches on weekdays. In addition to common cash-related transactions, selected ATMs and Service Kiosks at 22 branches have expanded features that enable customers to perform transactions without the need to queue for counter services.

We are also mindful that some elderly customers are less digitally savvy and may be apprehensive in adopting digital channels for their day-to-day banking. Since 2022, we have curated OCBC Digital Silvers events to engage about 12,000 seniors on digital banking while staying scam-free.

We recently launched the OCBC SeniorCare programme, committing to invest over S$2 million to benefit more than 180,000 seniors aged 60 and above over the next three years. OCBC Care Ambassadors, who are fluent in at least two dialects, have been stationed at five popular branches to facilitate easier communication with elderly customers.

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

Question 10

What factors led to the revision to interest rates for the 360 Account effective 1 May 2025, and what are the options for customers who seek higher-yield products?

Response

With interest rates softening over the past one year, the impact has been felt across financial products. In line with the prevailing market conditions, we are adjusting the interest rates on the OCBC 360 Account, while keeping the product competitive.

The OCBC 360 Account continues to offer customers one of the highest bonus interest rates in the market – of up to 6.30% a year – on the first S$100,000 in their account when customers credit their salary, spend, save, insure and invest with us.

For customers seeking higher-yield alternatives, there are options to invest or insure through selected products including unit trusts, structured deposits, endowment or single premium plans.

Question 11

How did OCBC manage to achieve a cost-to-income ratio consistently below 40%?

Response

OCBC's cost-to-income ratios in 2023 and 2024 were below 40%, at 38.7% and 39.7% respectively. These were below the cost-to-income ratio of 42.9% in 2022 and 45.0% in 2021, mainly attributable to income growth, which was supported by resilient performance across the Group's well-diversified Banking, Wealth Management and Insurance franchise. OCBC has consistently managed costs in a highly-disciplined manner, and we continue to make the necessary investments to support business growth, increase productivity and enhance efficiencies.

B. Dividends

Question 1

Why is OCBC's 2024 final ordinary dividend of 41 cents lower than 2023's final ordinary dividend of 42 cents per share? Why is OCBC distributing special dividends this year?

Response

OCBC's ordinary dividend policy, which was announced in February 2023, targets to distribute a payout ratio of 50% of net profit to shareholders, barring unforeseen circumstances.

In 2023, the ordinary dividend of 82 cents per share represented a payout ratio of 53%, and comprised an interim dividend of 40 cents and final dividend of 42 cents. This took into account OCBC's record 2023 net profit and robust capital, which allowed us to reward shareholders with a higher dividend that was above OCBC's stated dividend policy.

In 2024, OCBC's ordinary dividend of 85 cents per share comprised an interim dividend of 44 cents and a proposed final dividend of 41 cents. This was 3 cents higher as compared to 2023. The payout ratio for 2024 was 50%, which was in line with our ordinary dividend policy. In addition, to further increase shareholder returns, we launched in February 2025, a S$2.5 billion plan to distribute capital over two years.

Firstly, this will be in the form of special dividends for 2024 and another in 2025, set at 10% of Group core net profit. The balance will be via share buybacks over two years at management's discretion, subject to market conditions and regulatory approval. Shares will be acquired from the open market and cancelled.

Including the proposed special dividend of 16 cents, this will bring the total dividend payout for 2024 to 60% of net profit, or S$4.5 billion. This is above the dividend payout for 2023 of S$3.7 billion.

C. AI Initiatives

Question 1

How is AI being utilised in OCBC, and does OCBC have safeguards against AI risks?

Response

OCBC's early adoption and swift advancement in AI technology have enabled us to significantly enhance our focus on utilising Generative AI to boost employee productivity over the past two years.

OCBC leverages AI extensively across all aspects of our business, with approximately six million decisions being made by AI each day. This allows us to achieve three key objectives. The first is for revenue generation, such as to deliver a more relevant customer experience through hyper-personalisation or providing stock insights. We also aim to drive productivity gains through the streamlining of internal processes in areas such as the contact centre, back-office operations and coding development. In addition, the use of AI enhances risk reduction, through protecting our customers and OCBC with models such as anti-money laundering, scam and fraud detection, and credit scoring solutions.

For more information on harnessing AI to build a bank for the future, please refer to pages 16 to 19 of the 2024 Annual Report.

We recognise the potential of AI that can be harnessed for the benefit of OCBC, while cognisant of the risks associated with its use. We have governance and guardrails in place to facilitate its responsible use, which include and are not limited to the assessment and management of model, data, cyber or data security, and third-party risks. Our data security safeguards are designed to minimise the risk of unauthorised release of data. Further, we subscribe to versions of AI models where the data and its processing are confined within OCBC's environment.

We have also enhanced central management oversight of AI use across the Group, which would enable us to respond more nimbly to fast-evolving developments in this area. Our governance will continue to evolve as we engage industry partners, regulators and relevant stakeholders.

D. Sustainability

Question 1

Please elaborate on OCBC's stance for financing coal-powered nickel smelters and refineries in Indonesia.

Response

In our lending decisions, OCBC is guided by our Responsible Financing Framework and Policies which outline our approach and dedication to managing ESG risks within our lending practices, to ensure that our financial services do not adversely impact people, communities or the environment. These include sector-specific policies for sectors identified to be at elevated risk by the Association of Banks in Singapore ("ABS") Responsible Financing Guidelines, such as for the Mining and Metals sector. Transactions identified as having high ESG risk are subject to enhanced due diligence.

We require that our clients comply with applicable local and national laws and regulations where they operate and have adequate policies and processes in place to manage ESG issues, including issues relating to air and water pollution, waste management, land use, labour standards, communities and stakeholder engagement including establishing grievances mechanism, occupational health and safety and decommissioning, and rehabilitation. They are also required to implement or work towards implementing an appropriate Environmental and Social Management System to address key environmental and social risks in their operations and/or projects.

Further, we are a signatory to the Equator Principles which guide how financial institutions manage environmental and social risks in large-scale development projects. Where the transactions fall into the scope of Equator Principles, OCBC has in place policies and procedures to ensure that the projects we finance are developed in a socially-responsible manner to mitigate and manage impact on the environment and neighbouring communities. This is an extension of our Responsible Financing framework. During the construction phase, environmental and social issues are monitored closely (this is assisted by Independent Environmental and Social Consultants acting for lenders), with time-bound action plans to address gaps if any. Post-construction, we review our clients' compliance with these requirements at least annually and should any gaps arise, we will again monitor closely to ensure they are addressed promptly.

A copy of OCBC's 2024 Sustainability Report is available on our website (https://www.ocbc.com/iwov-resources/sg/ocbc/gbc/pdf/ocbc-sustainability-report-2024.pdf).

Question 2

OCBC has committed to net zero in financed emissions by 2050. How does OCBC plan to achieve this, and what interim milestones have been set?

Response

As part of the Net Zero Banking Alliance signatories, OCBC has set targets to achieve net zero financed emissions in 2050, with 2030 targets in the interim. We saw good progress in our net-zero journey as we continued to work closely with our clients in supporting their efforts towards a credible and timely transition. Our targets and progress are set out in the 2024 Sustainability Report.

We have a plan to engage and monitor our ongoing progress, such as through upskilling and empowering teams with knowledge and resources to better engage clients on their transition journey. Our plan also includes offering innovative and credible sustainable and transition finance solutions to clients, as well as supporting partnerships and development of emerging technologies for the net-zero transition.

Through our robust responsible financing policies to align our portfolio with our net-zero commitment and effective governance and oversight as part of OCBC's sustainability governance structure, OCBC will be able to proactively adapt as we head towards our 2030 target and beyond.

E. Talent Management

Question 1

What measures has OCBC Group implemented to attract and effectively retain talented individuals who contribute to the Group's success in achieving its objectives?

Response

OCBC is committed to attracting and retaining top talent through a suite of robust strategies designed to foster a dynamic and inclusive workplace. Our approach to achieving this goal is multi-faceted, encompassing championing a skills-first workforce, sharpening our talent and leadership development focus, strengthening our people practices, and building workplace diversity. These are among the many strategic areas that we have doubled down on in the last three to five years.

To further enhance our commitment, OCBC pledged to invest S$30 million over three years from 2023 to 2025 to help staff progress in their careers and prepare them for future disruptions. This includes new initiatives such as providing career coaches for staff, access to an AI-driven career marketplace to track their existing skill sets, helping them identify career opportunities within OCBC, and developing relevant skills. This builds on the S$50 million invested in learning programs over the previous five years, reinforcing our dedication to fostering a supportive and growth-oriented work environment.

F. Properties

Question 1

Would OCBC consider the sale of its Singapore headquarters complex at Chulia Street?

Response

OCBC currently has no plans to sell its OCBC Centre properties at Chulia Street, which serve as our headquarters in Singapore. OCBC Centre is not only a widely-recognised iconic landmark in Singapore and Southeast Asia which we are committed to preserve for the community, but also embodies the rich heritage of OCBC.

We are taking a long-term perspective in evaluating our options. Selling the headquarters complex and leasing or purchasing another office premise in Singapore's Central Business District ("CBD") would translate to substantial costs.

In the case of leasing, OCBC will be subject to prevailing market rent rates, and such an arrangement would expose OCBC to potential rental costs escalation. For this reason, our ownership of OCBC Centre allows us to prudently hedge against future rental increases.

Similarly, the purchase of another office premise in the CBD would be based on current market prices, and there are currently no suitable office buildings of comparable size located in the CBD to replace our Singapore headquarters.

Question 2

Please elaborate on OCBC's investment in Punggol Digital District ("PDD").

Response

In September 2024, OCBC announced an investment of S$500 million in the PDD. This investment comprises a new 430,000 square feet innovation hub and a strategic partnership with the Singapore Institute of Technology ("SIT"). The new innovation hub, named OCBC Punggol, will house up to 4,000 employees, including those from OCBC's technology teams, focusing on emerging technologies. The partnership with SIT is aimed at driving innovation and talent development in fintech through the establishment of a learning lab and scholarships.

The establishment of OCBC Punggol builds on OCBC's digital core roadmap to modernise its technology architecture and paves the way for the development of more innovative solutions through innovation and collaboration.