

Management Discussion and Analysis

Overview

	2024 \$ million	2023 \$ million	+ / (-) %
Selected Income Statement Items			
Net interest income	9,755	9,645	1
Non-interest income	4,718	3,862	22
Total income	14,473	13,507	7
Operating expenses	(5,742)	(5,223)	10
Operating profit before allowances and amortisation	8,731	8,284	5
Amortisation of intangible assets	(59)	(103)	(42)
Allowances for loans and other assets	(690)	(733)	(6)
Operating profit after allowances and amortisation	7,982	7,448	7
Share of results of associates, net of tax	994	953	4
Profit before income tax	8,976	8,401	7
Net profit attributable to equity holders	7,587	7,021	8
Cash basis net profit attributable to equity holders⁽¹⁾	7,646	7,124	7
Selected Balance Sheet Items			
Ordinary equity	57,616	52,920	9
Equity attributable to equity holders of the Bank	59,316	54,170	9
Total assets	625,050	581,424	8
Assets excluding investment securities and other assets for life insurance funds	522,759	483,907	8
Net loans to customers	315,096	292,754	8
Deposits of non-bank customers	390,687	363,770	7
Per Ordinary Share (\$)			
Basic earnings ⁽²⁾	1.67	1.55	
Diluted earnings ⁽²⁾	1.67	1.55	
Net asset value	12.80	11.77	
Key Financial Ratios (%)			
Return on equity ⁽²⁾⁽³⁾	13.7	13.7	
Return on assets ⁽⁴⁾	1.53	1.46	
Net interest margin	2.20	2.28	
Non-interest income to total income	32.6	28.6	
Cost-to-income	39.7	38.7	
Loans-to-deposits	80.7	80.5	
Non-performing loan ratio	0.9	1.0	
Total capital adequacy ratio (CAR) ⁽⁵⁾⁽⁶⁾	19.7	18.1	
Tier 1 CAR ⁽⁵⁾⁽⁶⁾	17.8	16.5	
Common Equity Tier 1 CAR ⁽⁵⁾⁽⁶⁾	17.1	15.9	
Leverage ratio ⁽⁵⁾⁽⁶⁾⁽⁷⁾	7.4	7.2	
Singapore dollar liquidity coverage ratio ⁽⁵⁾⁽⁸⁾	299	394	
All-currency liquidity coverage ratio ⁽⁵⁾⁽⁸⁾	141	155	
Net stable funding ratio ⁽⁵⁾⁽⁹⁾	113	116	

(1) Excludes amortisation of intangible assets.

(2) Calculated based on net profit less distributions on other equity instruments paid and estimated to be due at the end of the financial year.

(3) Other equity instruments and non-controlling interests are not included in the computation for return on equity.

(4) Computation of return on assets excludes investment securities and other assets for life insurance funds.

(5) Public disclosures required under MAS Notice 637, MAS Notice 651 and MAS Notice 653 can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (<https://www.ocbc.com/group/investors/investor-information#pillarthreedisclosures>).

(6) 2024 was computed based on MAS' final Basel III reform rules with effect from 1 July 2024.

(7) The Group's leverage ratio is computed based on MAS Notice 637.

(8) The Group's liquidity coverage ratios (LCR) are computed based on MAS Notice 649 and reported based on the average LCR for the respective years.

(9) The Group's net stable funding ratio is computed based on MAS Notice 652.

Overview (continued)

Group net profit was at a record \$7.59 billion for the financial year 2024, 8% higher than \$7.02 billion in 2023.

OCBC's resilient performance demonstrated the strength of its well-diversified business franchise of Banking, Wealth Management and Insurance. Group net profit was driven by robust income growth across its three key businesses and lower allowances. Total income surged above \$14 billion for the first time, fuelled by record net interest income, and strong non-interest income propelled by a rise in wealth fees, a new high in trading income and an increase in insurance income. Asset quality remained sound with non-performing loan (NPL) ratio at 0.9%.

With OCBC's sustained earnings growth and strong capital position, the Board has announced a comprehensive approach to return \$2.5 billion of capital to shareholders over two years via special dividends and share buybacks. The capital return comprises special dividends amounting to 10% of the Group's net profit for 2024 and 2025, with the balance via share buybacks over two years, subject to market conditions and regulatory approvals. Together with OCBC's target ordinary dividend payout ratio of 50%, the total dividend payout for 2024 and 2025 will amount to 60% annually.

For 2024, a final ordinary dividend of 41 cents per share is proposed, bringing the total ordinary dividend to 85 cents per share, or payout ratio of 50%. The Board is also recommending a special dividend of 16 cents per share or payout ratio of 10% at the upcoming 2025 Annual General Meeting. This will bring the 2024 total dividend payout to 60% of net profit.

Net interest income rose to a new high of \$9.76 billion, underpinned by a 5% increase in average assets from customer loans, and high-quality assets which were income accretive but lower yielding. Net interest margin (NIM) was 8 basis points lower at 2.20%, as the rise in funding costs outpaced the increase in asset yields.

Non-interest income growth was broad-based, rising 22% to \$4.72 billion. Net fee income increased 9% to \$1.97 billion, bolstered by a 22% rise in wealth management fees across all wealth channels. Investment banking and loan-related fees were also higher. Net trading income surged 53% to \$1.54 billion. Customer flow treasury income rose to a new high, underpinned by both consumer and corporate segments. Non-customer flow treasury income more than doubled from a year ago, lifted by strong investment performance from Global Markets and Great Eastern Holdings (GEH). Insurance income grew 14% to \$917 million, led by higher income from the underlying insurance business and improved claim experience. Total weighted new sales rose 8% to \$1.80 billion, while new business embedded value was \$622 million.

The Group's wealth management income, comprising income from private banking, premier private client, premier banking, insurance, asset management and stockbroking, increased 13% to a record \$4.89 billion. Group wealth management income accounted for 34% of total income, up from 32% in the previous year. Our Banking wealth management assets under management rose 14% to a new high of \$299 billion, driven by net new money inflows and positive market valuation.

Operating expenses grew 10% to \$5.74 billion as the Group continued to invest in strategic initiatives and pursue business growth. Staff costs were higher, mainly attributable to headcount increase, higher variable compensation in line with income growth, as well as from annual salary increments. The increase in expenses was also partly due to the consolidation of PT Bank Commonwealth from May 2024, which was fully integrated into OCBC Indonesia in September 2024. Cost-to-income ratio for 2024 was 39.7%.

Total allowances were 6% lower at \$690 million, and total credit costs of 19 basis points of loans were below the previous year's 20 basis points.

Share of results of associates rose 4% to \$994 million, from \$953 million a year ago.

The Group's return on equity of 13.7% was comparable to 2023, and earnings per share was 8% higher at \$1.67.

Management Discussion and Analysis

Overview (continued)

Allowances and Asset Quality

Total non-performing assets (NPA) declined 1% from a year ago to \$2.87 billion as at 31 December 2024. NPL ratio was 0.9%, below the NPL ratio of 1.0% a year ago. Total NPA coverage stood at 159%.

For 2024, total allowances were 6% lower year-on-year at \$690 million, with credit costs at 19 basis points.

Funding, Liquidity and Capital Position

Customer loans grew 8% from a year ago to \$319 billion as at 31 December 2024, lifted by loan growth across the Group's core markets and key international markets. Loan growth for the year was broad-based across all industries and was driven by housing loans, as well as trade and non-trade corporate loans. The increase in non-trade corporate loans included lending to the technology, digital infrastructure, energy and transportation sectors. Sustainable financing loans rose 31% year-on-year to \$50 billion and accounted for 16% of Group loans, while total commitments increased 27% to \$71 billion.

As at 31 December 2024, customer deposits rose 7% from a year ago to \$391 billion, from higher CASA and fixed deposits. Loans-to-deposits ratio was 80.7%, as compared to 80.5% a year ago.

The Group's Common Equity Tier 1 (CET1) CAR is subject to MAS' final Basel III reforms requirements which came into effect on 1 July 2024 and are being progressively phased in between 1 July 2024 and 1 January 2029. Group CET1 CAR as at 31 December 2024 was 17.1%, and was 15.3% on a fully phased-in basis.

Dividend

The Board has recommended a final ordinary dividend of 41 cents per share for 2024. Together with the interim dividend, total ordinary dividend for 2024 will be 85 cents per share, higher than the 82 cents for 2023. The total payout will amount to \$3.82 billion, which is in line with the Group's target payout ratio of 50%. A special dividend of 16 cents per share is proposed, bringing total dividend to \$1.01 per share, which represents a total payout ratio of 60% for 2024.

The Scrip Dividend Scheme will not be applicable to the final ordinary and special dividend.

Net Interest Income

Average Balance Sheet

	2024			2023		
	Average Balance \$ million	Interest \$ million	Average Rate %	Average Balance \$ million	Interest \$ million	Average Rate %
Interest earning assets						
Loans to customers	297,788	15,628	5.25	290,322	15,006	5.17
Placements with and loans to banks	66,422	3,552	5.35	61,869	3,296	5.33
Other interest earning assets	79,209	3,264	4.12	70,874	2,565	3.62
	443,419	22,444	5.06	423,065	20,867	4.93
Interest bearing liabilities						
Deposits of non-bank customers	370,965	10,552	2.84	364,663	9,798	2.69
Deposits and balances of banks	12,648	518	4.10	12,564	470	3.74
Other borrowings	30,644	1,619	5.28	18,649	954	5.11
	414,257	12,689	3.06	395,876	11,222	2.83
Net interest income/margin⁽¹⁾		9,755	2.20		9,645	2.28

Volume and Rate Analysis

Increase/(decrease) for 2024 over 2023 due to change in:	Volume \$ million	Rate \$ million	Net change \$ million
Interest income			
Loans to customers	387	194	581
Placements with and loans to banks	243	4	247
Other interest earning assets	303	389	692
	933	587	1,520
Interest expense			
Deposits of non-bank customers	170	557	727
Deposits and balances of banks	3	44	47
Other borrowings	615	47	662
	788	648	1,436
Impact on net interest income	145	(61)	84
Due to change in number of days			26
Net interest income			110

⁽¹⁾ Net interest margin is net interest income as a percentage of interest earning assets.

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Non-Interest Income

	2024 \$ million	2023 \$ million	+ / (-) %
Gross fee and commission income			
Brokerage	87	75	16
Credit card	404	369	9
Fund management	108	107	1
Guarantees	12	14	(9)
Investment banking	109	90	21
Loan-related	213	207	3
Service charges	124	128	(3)
Trade-related and remittances	271	275	(2)
Wealth management	1,079	896	20
Others	26	26	6
	2,433	2,187	11
Fee and commission expense	(463)	(383)	21
Fees and commissions (net)	1,970	1,804	9
Net trading income	1,537	1,004	53
Income from life and general insurance			
Insurance service results from life insurance	592	427	39
Net investment income from life insurance	6,124	5,590	10
Net insurance financial result from life insurance	(5,811)	(5,239)	11
Insurance service results from general insurance	12	30	(59)
Sub-total	917	808	14
Other income			
Disposal of investment securities	24	47	(47)
Disposal of property, plant and equipment	36	71	(50)
Rental and property-related income	91	87	4
Dividends from FVOCI securities	35	30	16
Others	108	11	890
Sub-total	294	246	20
Total non-interest income	4,718	3,862	22

Operating Expenses

	2024 \$ million	2023 \$ million	+ / (-) %
Staff costs	3,837	3,501	10
Property and equipment			
Depreciation	456	440	4
Maintenance and rental	201	162	24
Others	405	364	11
	1,062	966	10
Other operating expenses	843	756	11
Total operating expenses	5,742	5,223	10
Group staff strength			
Period end	33,656	33,330	1
Average	33,729	32,674	3

Allowances for Loans and Other Assets

	2024 \$ million	2023 \$ million	+ / (-) %
Allowances/(write-back):			
Impaired loans			
Singapore	4	120	(97)
Malaysia	(30)	34	nm
Indonesia	1	24	(94)
Greater China	272	(8)	nm
Others	156	99	58
	403	269	50
Impaired other assets	123	64	92
Non-impaired loans	158	394	(60)
Non-impaired other assets	6	6	(7)
Allowances for loans and other assets	690	733	(6)

(1) "nm" denotes not meaningful.

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Loans to Customers

	2024 \$ million	2023 \$ million	+ / (-) %
By Industry			
Agriculture, mining and quarrying	7,523	6,808	11
Manufacturing	15,033	14,186	6
Building and construction	93,924	93,165	1
Housing loans	68,358	63,833	7
General commerce	31,053	27,411	13
Transport, storage and communication	21,327	16,113	32
Financial institutions, investment and holding companies	27,601	24,093	15
Professionals and individuals	32,679	31,708	3
Others	21,668	19,336	12
	319,166	296,653	8

By Currency			
Singapore Dollar	118,583	112,367	6
United States Dollar	68,507	59,553	15
Malaysian Ringgit	18,793	17,592	7
Indonesian Rupiah	10,980	9,827	12
Hong Kong Dollar	35,208	37,583	(6)
Chinese Renminbi	12,080	8,623	40
Others	55,015	51,108	8
	319,166	296,653	8

By Geography ⁽¹⁾			
Singapore	133,609	123,369	8
Malaysia	25,636	23,604	9
Indonesia	19,389	19,088	2
Greater China	74,495	71,301	4
Other Asia Pacific	23,761	22,641	5
Rest of the World	42,276	36,650	15
	319,166	296,653	8

⁽¹⁾ Loans by geography are determined based on where the credit risk resides, which may be different from the borrower's country of residence or the booking location of the loans.

Non-Performing Assets

	Total NPAs ⁽¹⁾ \$ million	Substandard \$ million	Doubtful \$ million	Loss \$ million	NPLs ⁽²⁾ \$ million	NPL Ratio ⁽²⁾ %
Singapore						
2024	332	84	132	116	321	0.2
2023	403	128	178	97	347	0.3
Malaysia						
2024	510	205	124	181	488	1.9
2023	710	293	196	221	682	2.9
Indonesia						
2024	489	87	225	177	488	2.5
2023	532	119	219	194	532	2.8
Greater China						
2024	1,024	153	819	52	1,024	1.4
2023	659	279	349	31	659	0.9
Other Asia Pacific						
2024	236	27	208	1	235	1.0
2023	110	33	76	1	109	0.5
Rest of the World						
2024	278	100	177	1	271	0.6
2023	487	103	383	1	476	1.3
Group						
2024	2,869	656	1,685	528	2,827	0.9
2023	2,901	955	1,401	545	2,805	1.0

⁽¹⁾ Refer to Non-performing assets. Comprise loans to customers, debt securities and contingent liabilities.

⁽²⁾ Refer to Non-performing loans. Exclude debt securities and contingent liabilities.

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Non-Performing Assets (continued)

	2024		2023	
	\$ million	% of gross loans	\$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	35	0.5	38	0.6
Manufacturing	351	2.3	423	3.0
Building and construction	1,276	1.4	583	0.6
Housing loans	420	0.6	503	0.8
General commerce	266	0.9	264	1.0
Transport, storage and communication	103	0.5	221	1.4
Financial institutions, investment and holding companies	64	0.2	149	0.6
Professionals and individuals	106	0.3	105	0.3
Others	206	1.0	519	2.7
Total NPLs	2,827	0.9	2,805	1.0
Classified debt securities	–	–	–	–
Classified contingent liabilities	42	–	96	–
Total NPAs	2,869	–	2,901	–

	2024		2023	
	\$ million	%	\$ million	%
NPAs by Period Overdue				
Over 180 days	1,002	35	953	33
Over 90 to 180 days	141	5	368	13
30 to 90 days	287	10	253	9
Less than 30 days	755	26	274	9
Not overdue	684	24	1,053	36
	2,869	100	2,901	100

Deposits

	2024 \$ million	2023 \$ million	+ / (-) %
Deposits of non-bank customers	390,687	363,770	7
Deposits and balances of banks	11,565	10,884	6
	402,252	374,654	7

Non-Bank Deposits by Product

Fixed deposits	161,185	149,994	7
Savings deposits	81,150	72,527	12
Current accounts	109,603	104,465	5
Others	38,749	36,784	5
	390,687	363,770	7

Non-Bank Deposits by Currency

Singapore Dollar	144,455	137,641	5
United States Dollar	135,090	121,018	12
Malaysian Ringgit	21,064	20,502	3
Indonesian Rupiah	12,401	11,806	5
Hong Kong Dollar	37,331	30,061	24
Chinese Renminbi	10,251	9,803	5
Others	30,095	32,939	(9)
	390,687	363,770	7

Management Discussion and Analysis

Performance by Business Segment

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Wholesale Banking, Global Markets and Insurance.

Profit before Income Tax by Business Segment

	2024 \$ million	2023 \$ million	+ / (-) %
Global Consumer/Private Banking	2,191	2,215	(1)
Global Wholesale Banking	3,454	3,845	(10)
Global Markets	557	32	nm
Insurance	1,190	891	34
Others	1,584	1,418	12
Profit before income tax	8,976	8,401	7

(1) "nm" denotes not meaningful.

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Global Consumer/Private Banking's 2024 profit before income tax fell 1% to \$2.19 billion as lower net interest income and higher expenses were largely offset by growth in wealth management income.

Global Wholesale Banking

Global Wholesale Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The business provides a full range of financing solutions including long-term project financing, short-term credit, working capital and trade financing, as well as customised and structured equity-linked financing. It also provides customers with a broad range of products and services such as cash management and custodian services, capital market solutions, corporate finance services and advisory banking, and treasury products.

Global Wholesale Banking's profit before income tax was down 10% to \$3.45 billion in 2024 from a decline in net interest income, coupled with higher expenses and allowances which more than offset an increase in fee income.

Performance by Business Segment (continued)

Global Markets

Global Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers in Global Consumer/Private Banking and Global Wholesale Banking, is reflected in the respective business segments.

Global Markets' profit before income tax rose to \$557 million in 2024, from \$32 million a year ago driven by strong growth in net interest income from balance sheet optimisation and higher trading income.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 93.7%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's 2024 profit before income tax was \$1.19 billion, 34% higher from \$891 million in 2023, mainly attributable to stronger performance from its life insurance business and higher mark-to-market gains in its investment portfolio, which more than offset an increase in expenses.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was \$882 million in 2024, higher than the \$636 million in 2023.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

Where there are material changes in the organisational structure and management reporting methodologies, segment information for prior years is reclassified to allow comparability.

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Performance by Geographical Segment

	2024		2023	
	\$ million	%	\$ million	%
Total income				
Singapore	8,913	62	8,360	62
Malaysia	1,655	11	1,524	11
Indonesia	1,085	8	1,035	8
Greater China	1,863	13	1,774	13
Other Asia Pacific	309	2	294	2
Rest of the World	648	4	520	4
	14,473	100	13,507	100
Operating profit before allowances and amortisation				
Singapore	5,447	62	5,201	63
Malaysia	1,174	13	1,046	13
Indonesia	539	6	583	7
Greater China	923	11	904	11
Other Asia Pacific	213	2	212	2
Rest of the World	435	6	338	4
	8,731	100	8,284	100
Profit before income tax				
Singapore	5,489	61	4,872	58
Malaysia	1,139	13	1,009	12
Indonesia	527	6	458	5
Greater China	1,277	14	1,756	21
Other Asia Pacific	149	2	218	3
Rest of the World	395	4	88	1
	8,976	100	8,401	100
Total assets				
Singapore	362,744	58	343,009	59
Malaysia	68,066	11	60,369	10
Indonesia	24,657	4	22,231	4
Greater China	103,540	16	95,364	16
Other Asia Pacific	22,945	4	22,461	4
Rest of the World	43,098	7	37,990	7
	625,050	100	581,424	100

Note:
⁽¹⁾ The geographical segment analysis is based on the location where assets or transactions are booked. The geographical information is stated after elimination of intra-group transactions and balances.

Capital Adequacy Ratios

The Group remained strongly capitalised, with a CET1 CAR of 17.1%, and Tier 1 and Total CAR of 17.8% and 19.7% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2024.

The Group is subject to MAS' final Basel III reforms requirements which came into effect on 1 July 2024, and are being progressively phased in between 1 July 2024 and 1 January 2029. The Group's CET1 CAR based on fully phased-in final Basel III reforms was 15.3%, which assumed the position as of 31 December 2024 was subject to the full application of final Basel III reforms that will take effect on 1 January 2029.