# Full Year 2023 Results Presentation

Goh Chin Yee, Group Chief Financial Officer

28 February 2024

OCBC Financial Results

# Agenda

01 Financial Highlights

02 Performance Trends


Notes:
- 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.

# Record FY23 profit; dividend raised 21% to 82 cents

| | | |
|---|---|---|
| **Group Net Profit** | **FY23: S$7.02b** | +27% YoY |
| **Banking Operations Net Profit** | **FY23: S$6.39b** | +27% YoY |

| | | |
|---|---|---|
| **Dividend** | **82 cents** | **+14 cents YoY** |
| **EPS** | **S$1.55** | **+27% YoY** |
| **ROE** | **13.7%** | **+2.6ppt YoY** |

| | YoY |
|---|---|
| **Total Income** S$13.5b | +20% |
| Net Interest Income | +25% |
| Non-Interest Income | +7% |
| **Operating Expenses** S$5.22b | +8% |
| **Net Interest Margin** 2.28% | +37bps |
| **Credit Costs** 20bps | +4bps |
| **Customer Loans** S$297b | +1% |
| *(in constant currency terms)* | +2% |
| **Customer Deposits** S$364b | +4% |
| **NPL Ratio** 1.0% | -0.2ppt |
| **CET1 CAR** 15.9% | +0.7ppt |

- Robust full year profit drove ROE higher to 13.7%
- Income rose 20% to a new high
- NII grew 25% to a record high, boosted by asset growth and strong NIM expansion
- Non-II up from increased trading and investment income
- CIR improved to 38.7%
- NPL ratio lower at 1.0%, with credit costs at 20bps
- Loans and deposits up YoY
- Strong funding, liquidity and capital positions
- Dividend payout ratio at 53%

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# FY23 Group profit crossed S$7b mark to a new high

| | Group Performance [1/] | | | | | Banking Operations Performance | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| (S$m) | FY23 | YoY | 4Q23 | YoY | QoQ | FY23 | YoY | 4Q23 | YoY | QoQ |
| Net Interest Income | 9,645 | +25% | 2,462 | +3% | – | 9,500 | +25% | 2,416 | +3% | – |
| Non-Interest Income | 3,862 | +7% | 811 | +25% | -17% | 2,880 | +2% | 692 | +34% | -5% |
| Total Income | 13,507 | +20% | 3,273 | +8% | -5% | 12,381 | +19% | 3,108 | +8% | -1% |
| Operating Expenses | 5,223 | +8% | 1,310 | +19% | -2% | 5,051 | +8% | 1,317 | +9% | +3% |
| Operating Profit | 8,284 | +28% | 1,963 | +2% | -6% | 7,330 | +28% | 1,791 | +7% | -4% |
| Allowances | 733 | +25% | 187 | -41% | +1% | 717 | +23% | 188 | -40% | +4% |
| Net Profit | 7,021 | +27% | 1,622 | +12% | -10% | 6,385 | +27% | 1,494 | +20% | -10% |

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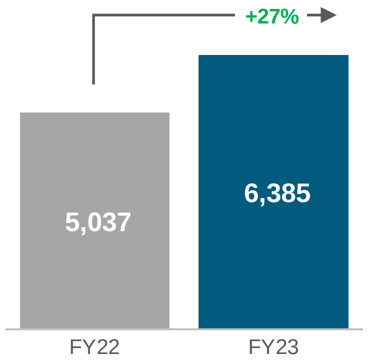
1/ Singapore Financial Reporting Standard (International) ("SFRS(I)") 17 *Insurance Contracts* replaced SFRS(I) 4 *Insurance Contracts* and is effective for annual periods beginning on or after 1 January 2023. Great Eastern Holdings ("GEH") has adopted SFRS(I) 17 on 1 January 2023. The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated accordingly.

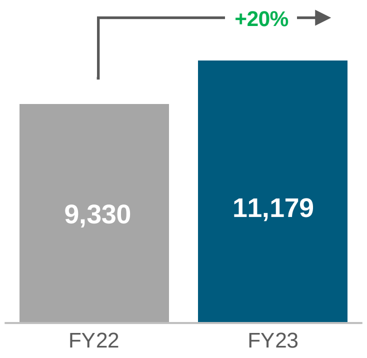
# Resilient and well-diversified business franchise

## Banking

### Net Profit (S$m)

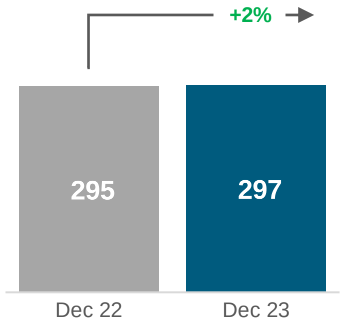



### NII and Fee Income (S$m)

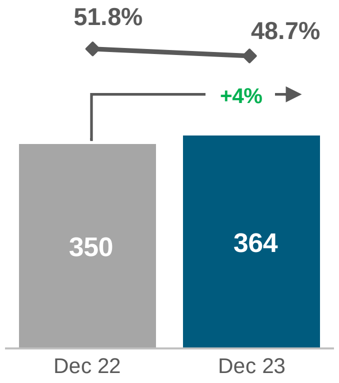



### Customer Loans (S$b)

*(in constant currency terms)*

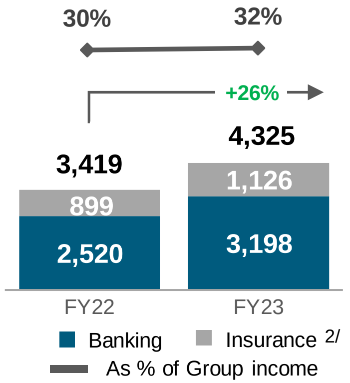



### Customer Deposits (S$b) and CASA ratio

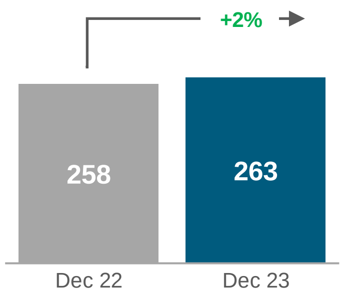



## Wealth Management

### WM Income (S$m) 1/

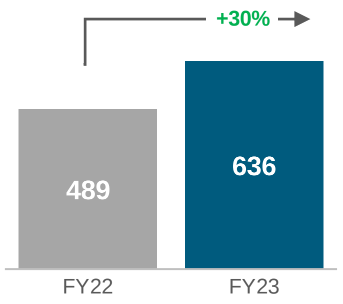



### WM AUM (S$b)



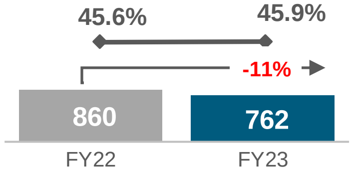

## Insurance

### Profit contribution from GEH (S$m) 2/




### Total Weighted New Sales (S$m)


### NBEV (S$m) and Margin



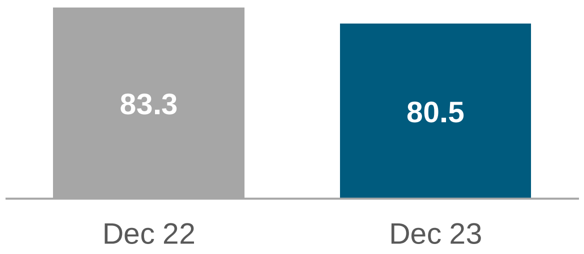

- Record Banking Operations profit driven by strong NII growth
- Robust WM performance with YoY increase in income and AUM
- Profit contribution from GEH rose 30%, driven by improved investment income; TWNS and NBEV lower as sales in Singapore declined. NBEV margin higher from favourable product mix

1/ Wealth Management income comprises the consolidated income from insurance, private banking, premier private client, premier banking, asset management and stockbroking.
2/ The Group's insurance results are prepared under SFRS(I) 17 basis and FY22 comparatives have been restated.

# Strong capital, funding and liquidity positions to support growth

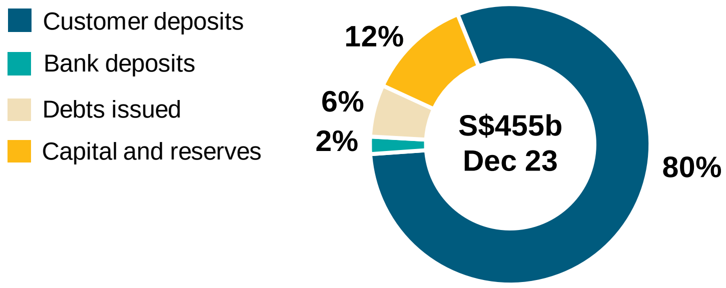
## Loans-to-Deposits Ratio

**Group LDR (%)**




## Funding

**Composition (%)**

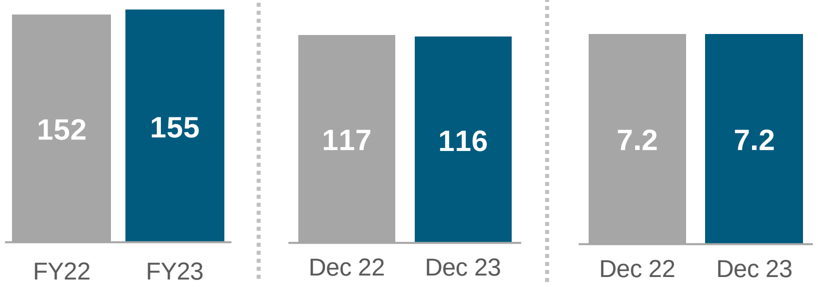



## Liquidity

**All-ccy LCR (%)**

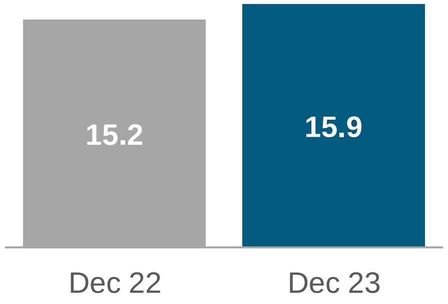
**NSFR (%)**

**Leverage ratio (%)**




## Capital

**CET1 CAR (%)**




- Stable funding base, comprising 80% from customer deposits
- All funding, liquidity and capital ratios well above requirements
- Aa1 and AA- credit ratings from Moody's and Fitch/S&P respectively

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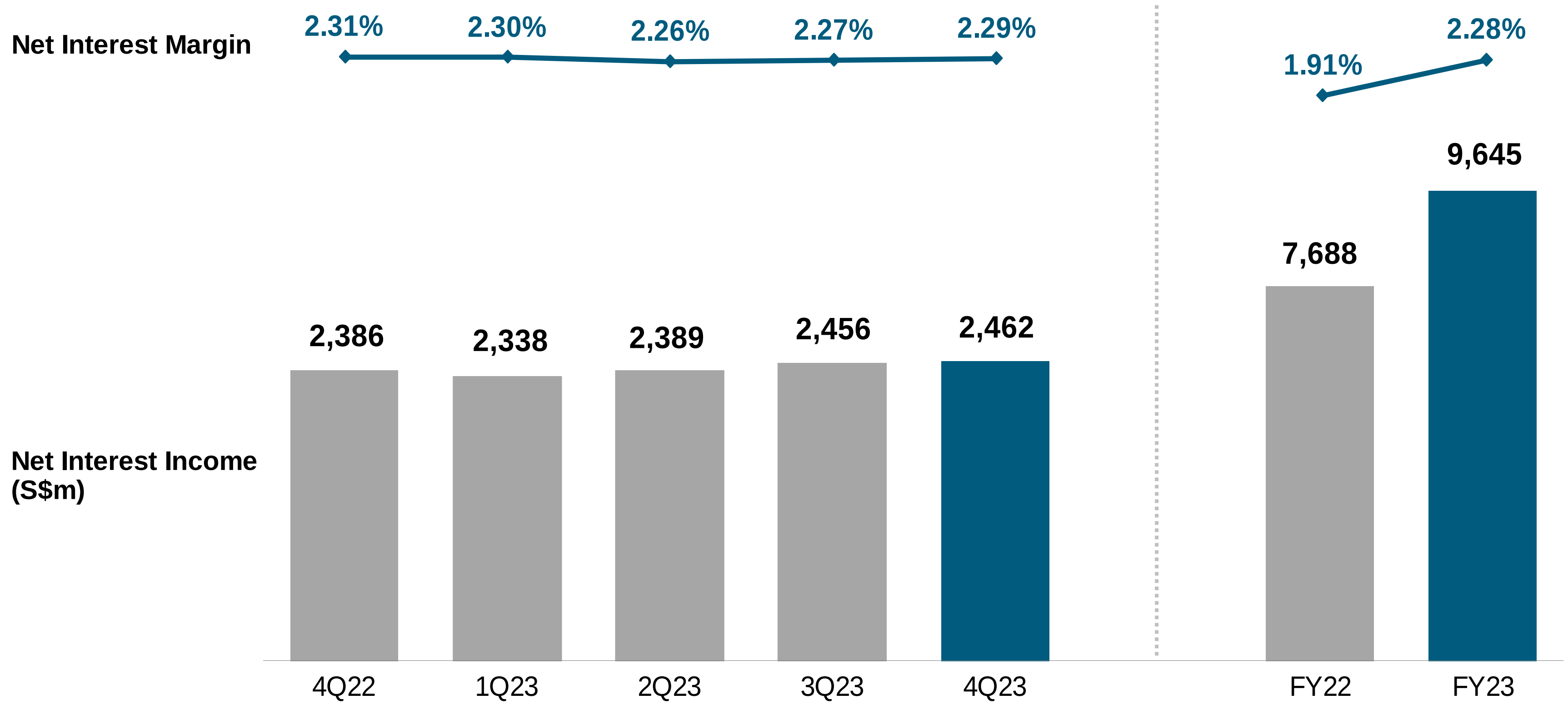
# Record FY23 and 4Q23 NII; FY23 NIM up 37bps to 2.28%

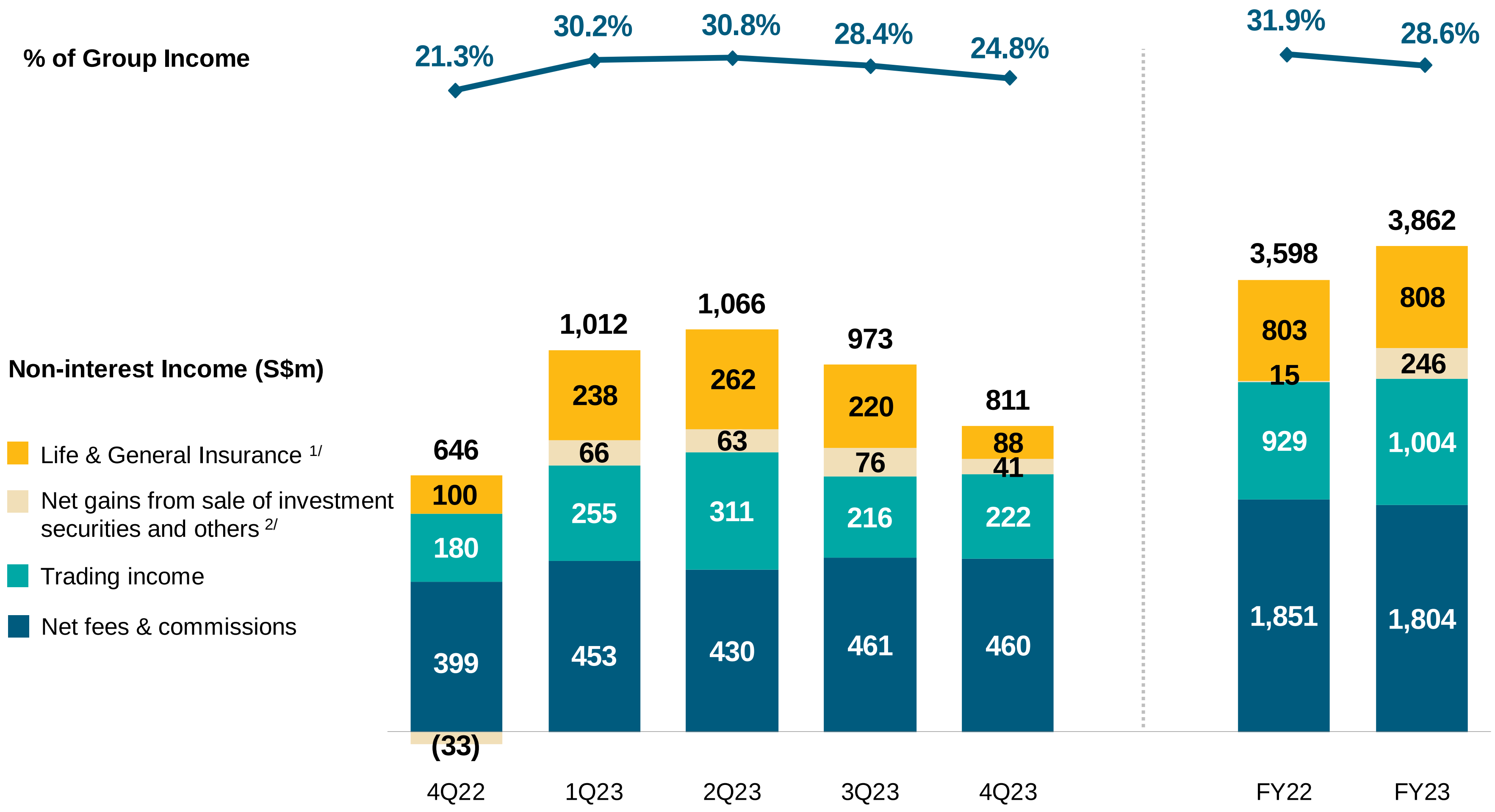



| | 4Q22 | 1Q23 | 2Q23 | 3Q23 | 4Q23 | FY22 | FY23 |
|---|---|---|---|---|---|---|---|
| **Average IEA (S$b)** | 409 | 412 | 424 | 429 | 427 | 402 | 423 |
| **Average Customer Deposits (S$b)** | 351 | 353 | 370 | 371 | 363 | 347 | 365 |

| **FY23** | | **4Q23** | |
|---|---|---|---|
| **YoY** | **+25%** | **YoY** | **+3%** |
| | | **QoQ** | **+0.3%** |

- Record FY23 NII driven by 5% asset growth and substantial increase in NIM across all key markets

# FY23 Non-II stronger YoY

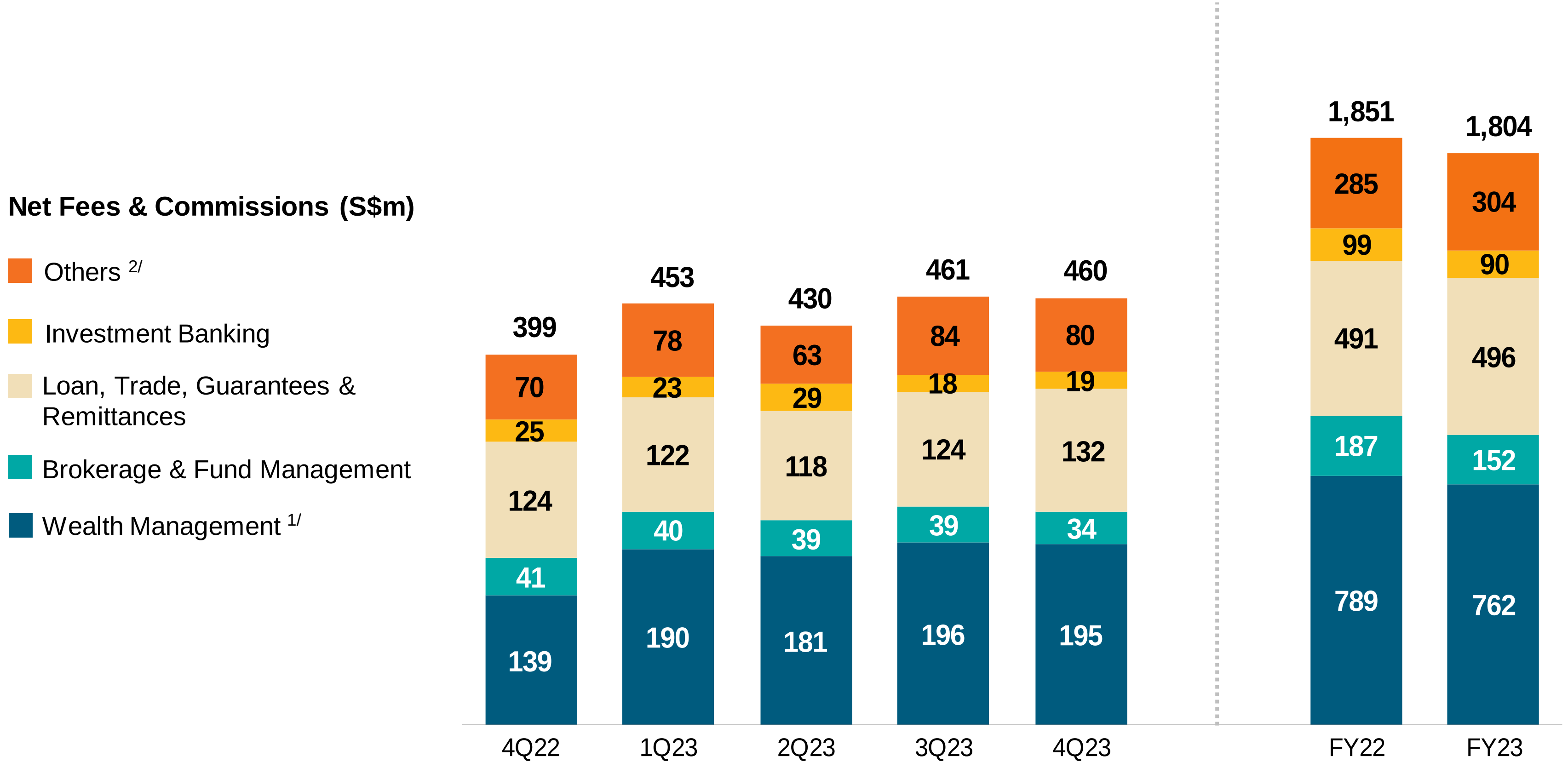



| FY23 | | 4Q23 | |
|---|---|---|---|
| YoY | +7% | YoY | +25% |
| | | QoQ | -17% |

- Higher FY23 Non-II largely driven by improved trading and investment income
- FY23 included net gains from sale of investment securities of S$47m, as compared to a net loss of S$206m in FY22 arising from bond portfolio rebalancing

1/ The Group's insurance results are prepared under SFRS(I) 17 basis and 2022 comparatives have been restated respectively.
2/ "Others" include disposal of properties, rental income and property-related income.

# FY23 fees softer YoY; trended higher in 2H vs 1H



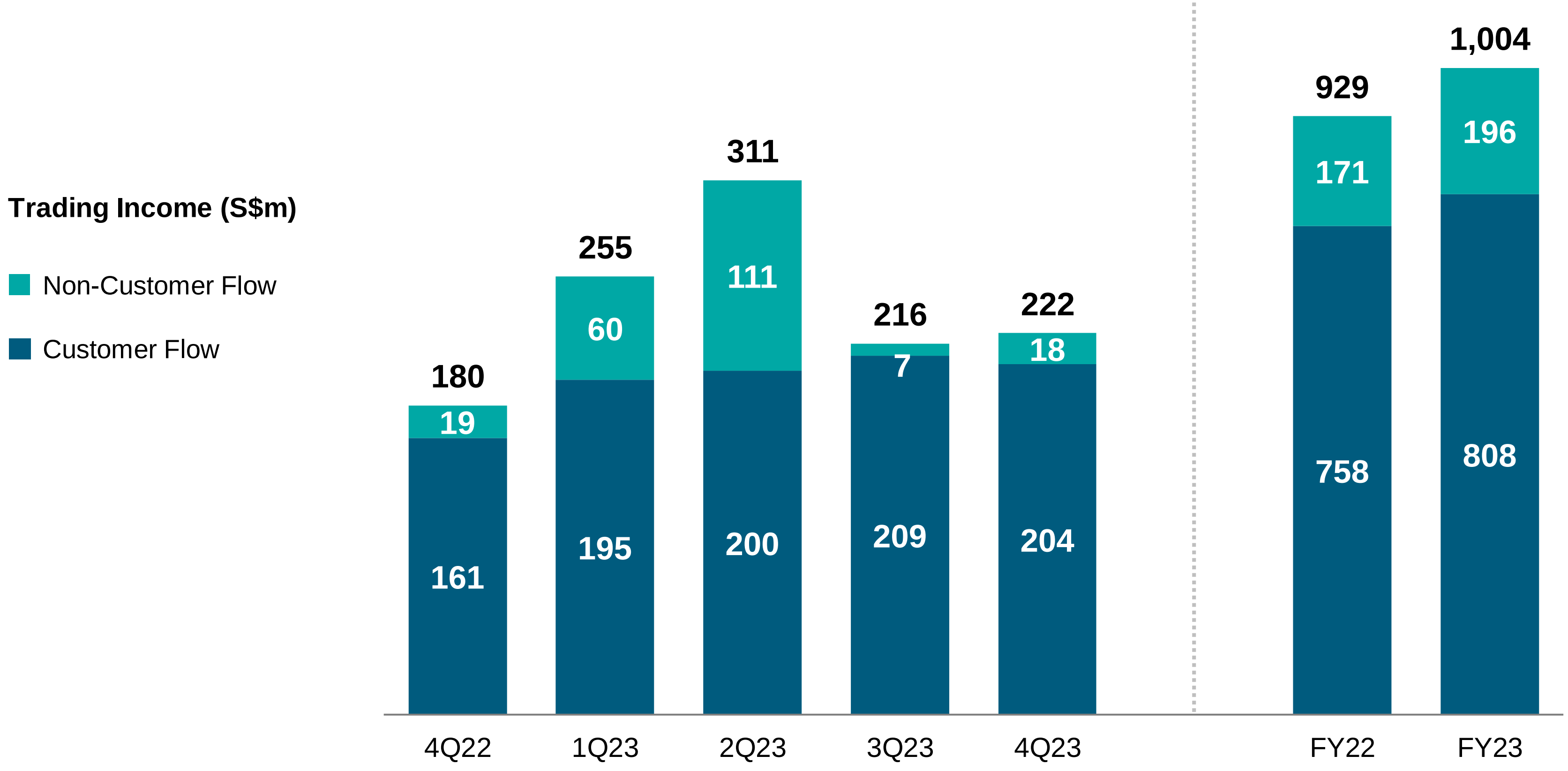

| FY23 | 4Q23 |
|---|---|
| YoY -3% | YoY +16%<br>QoQ unchanged |

- Fee income higher in 2H23 compared to 1H23, led by improved wealth management, credit card, loan and trade-related fees

1/ Wealth management comprises mainly income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.
2/ "Others" includes credit card fees, service charges and other fee and commission income.

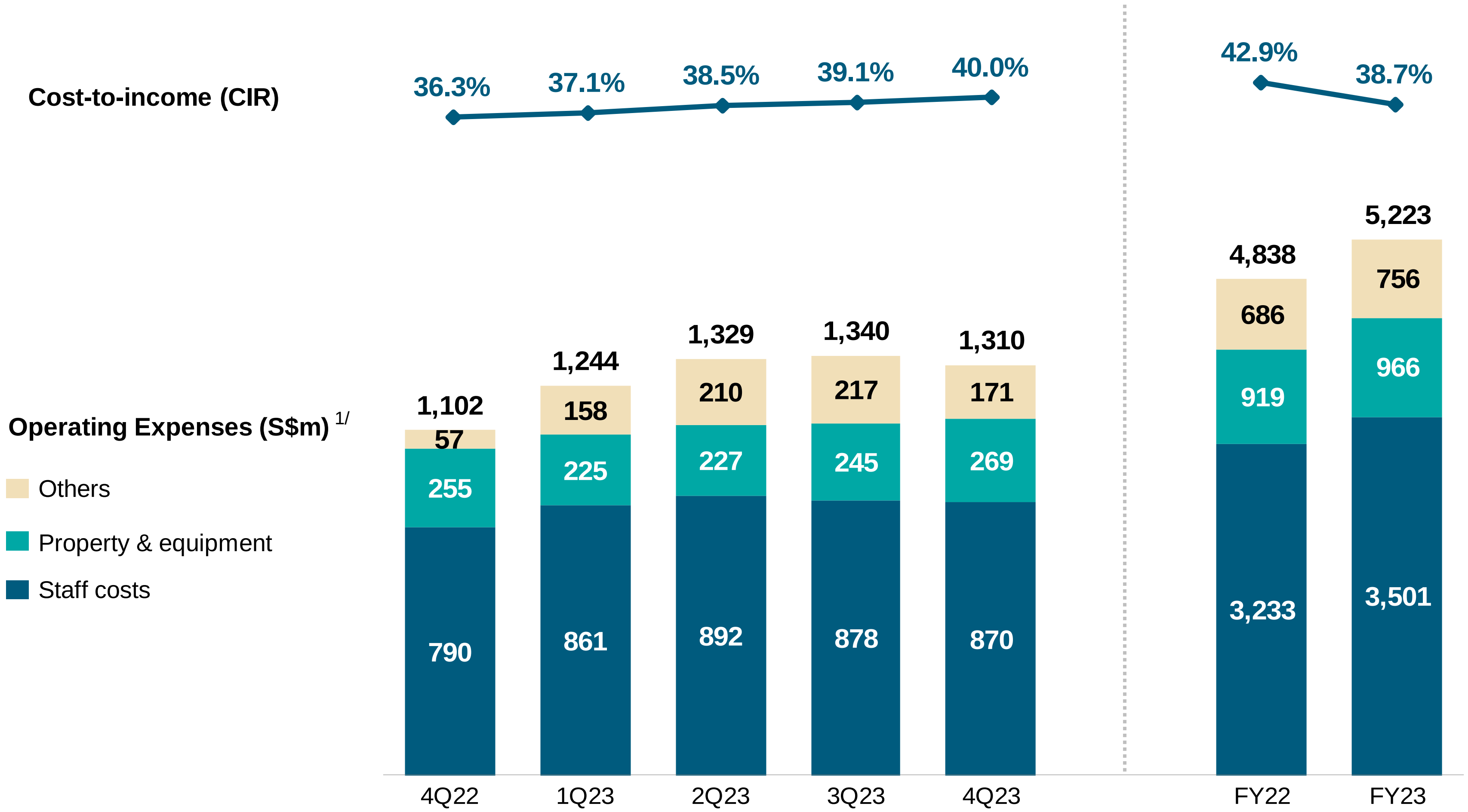
# FY23 trading income up 8% YoY

| FY23 | | 4Q23 | |
|---|---|---|---|
| YoY | +8% | YoY | +22% |
| | | QoQ | +2% |




- Higher FY23 trading income driven by record customer flow treasury income

# FY23 expenses up YoY; CIR lower at 38.7%




| FY23 | | 4Q23 | |
|---|---|---|---|
| YoY | +8% | YoY | +19% |
| | | QoQ | -2% |

- FY23 expenses reflected continued investments in talent and technology to support growth
- CIR lower at 38.7% as income growth of 20% outpaced the 8% increase in expenses
- FY23 staff costs included S$9m set aside for one-off support for close to 14,000 junior employees to cope with higher cost of living

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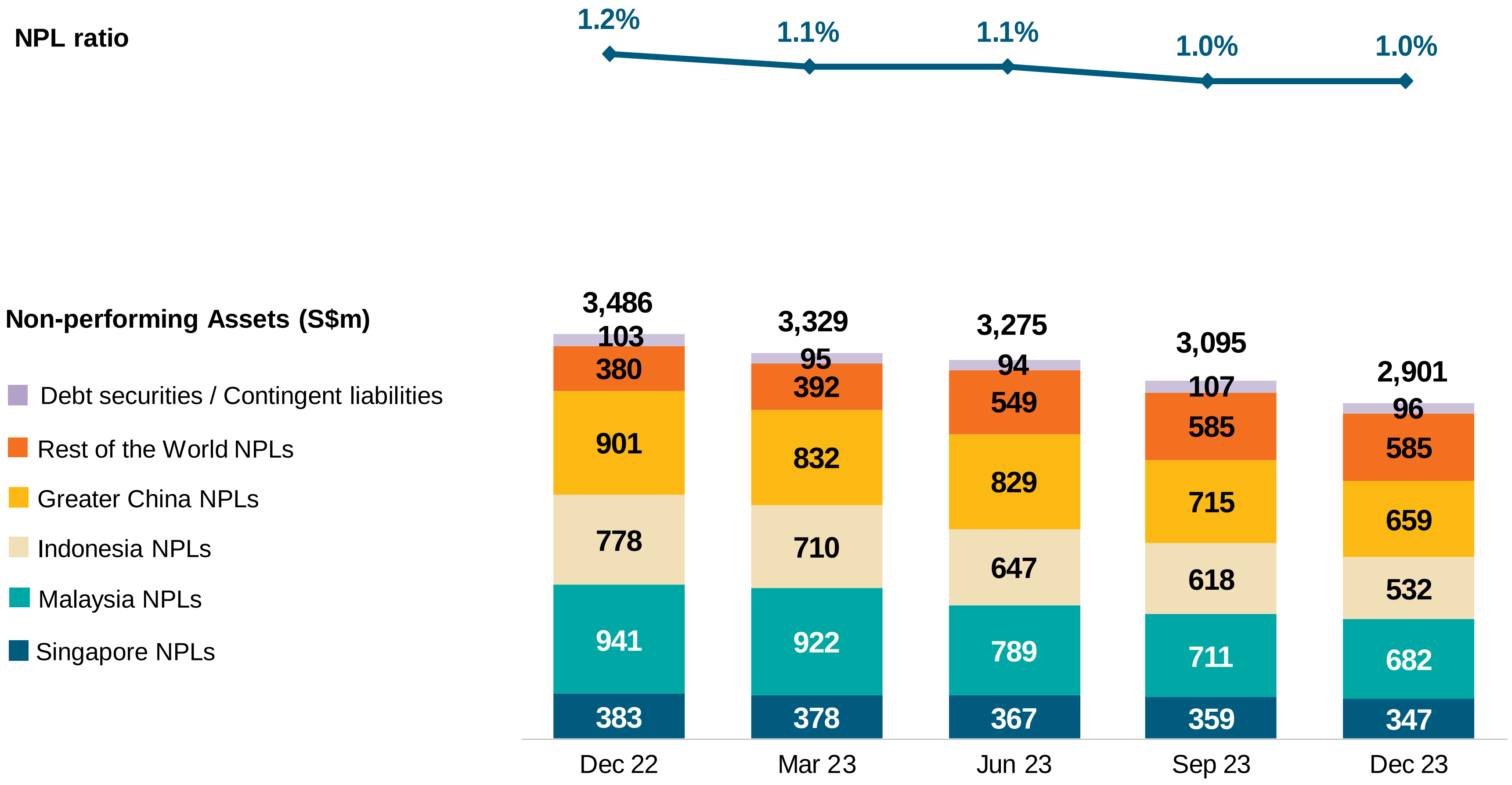
1/ The Group's insurance results are prepared under SFRS(I) 17 basis and 2022 comparatives have been restated.

# Resilient asset quality




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

| Dec 23 | | |
|---|---|---|
| | YoY | -17% |
| | QoQ | -6% |

- NPLs declined YoY and QoQ across all key markets
- NPL ratio on downward trend over last two years

# NPAs lower YoY for both corporate and consumer segments

| S$m | 4Q22 | 3Q23 | 4Q23 | FY22 | FY23 |
|---|---|---|---|---|---|
| **At start of period** | **3,688** | **3,275** | **3,095** | **4,338** | **3,486** |
| **Corporate/ Commercial Banking and Others** | | | | | |
| New NPAs | 242 | 146 | 54 | 717 | 404 |
| Net recoveries/ upgrades | (166) | (197) | (60) | (766) | (553) |
| Write-offs | (199) | (115) | (58) | (336) | (243) |
| | **(123)** | **(166)** | **(64)** | **(385)** | **(392)** |
| **Consumer Banking/ Private Banking** | **62** | **6** | **(92)** | **(248)** | **(137)** |
| **Foreign currency translation** | **(141)** | **(20)** | **(38)** | **(219)** | **(56)** |
| **At end of period** | **3,486** | **3,095** | **2,901** | **3,486** | **2,901** |

- FY23 new NPA formation lower for both consumer and corporate segments

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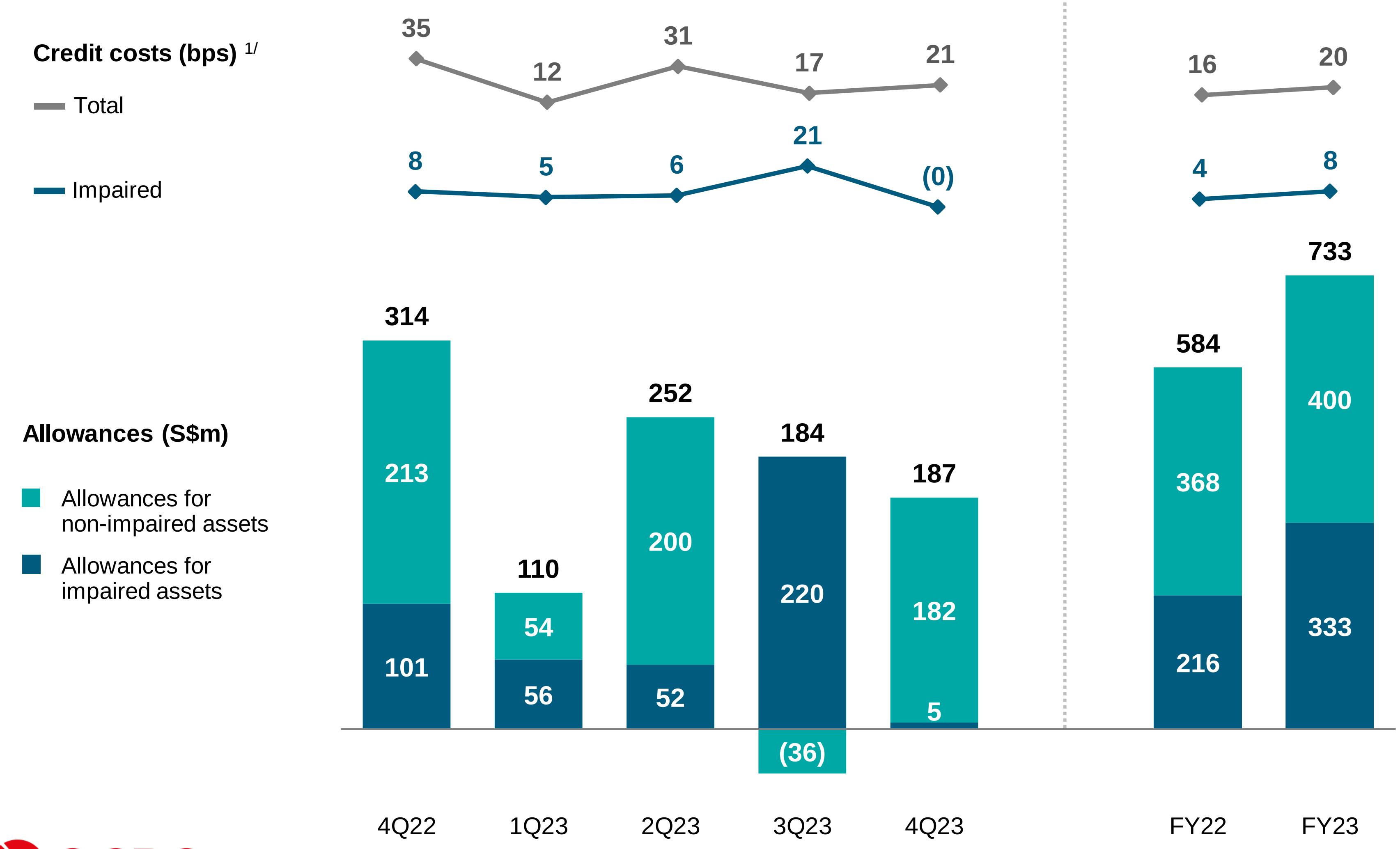
# FY23 total credit costs at 20bps

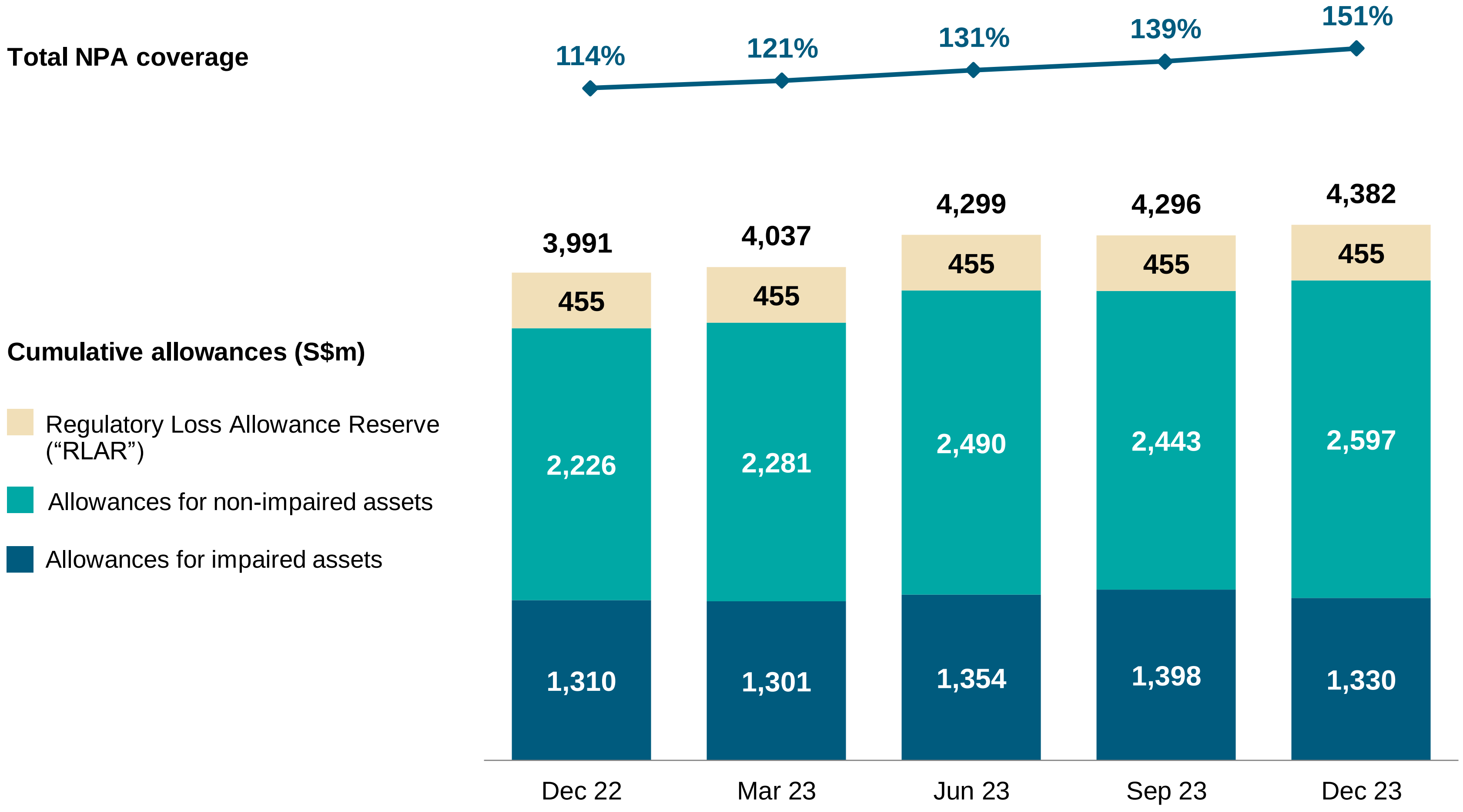



| FY23 | 4Q23 |
|---|---|
| YoY +25% | YoY -41% <br> QoQ +1% |

- FY23 allowances higher YoY for both impaired and non-impaired assets
- Credit costs for impaired loans at 8bps for FY23

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

# NPA coverage ratio raised to 151%

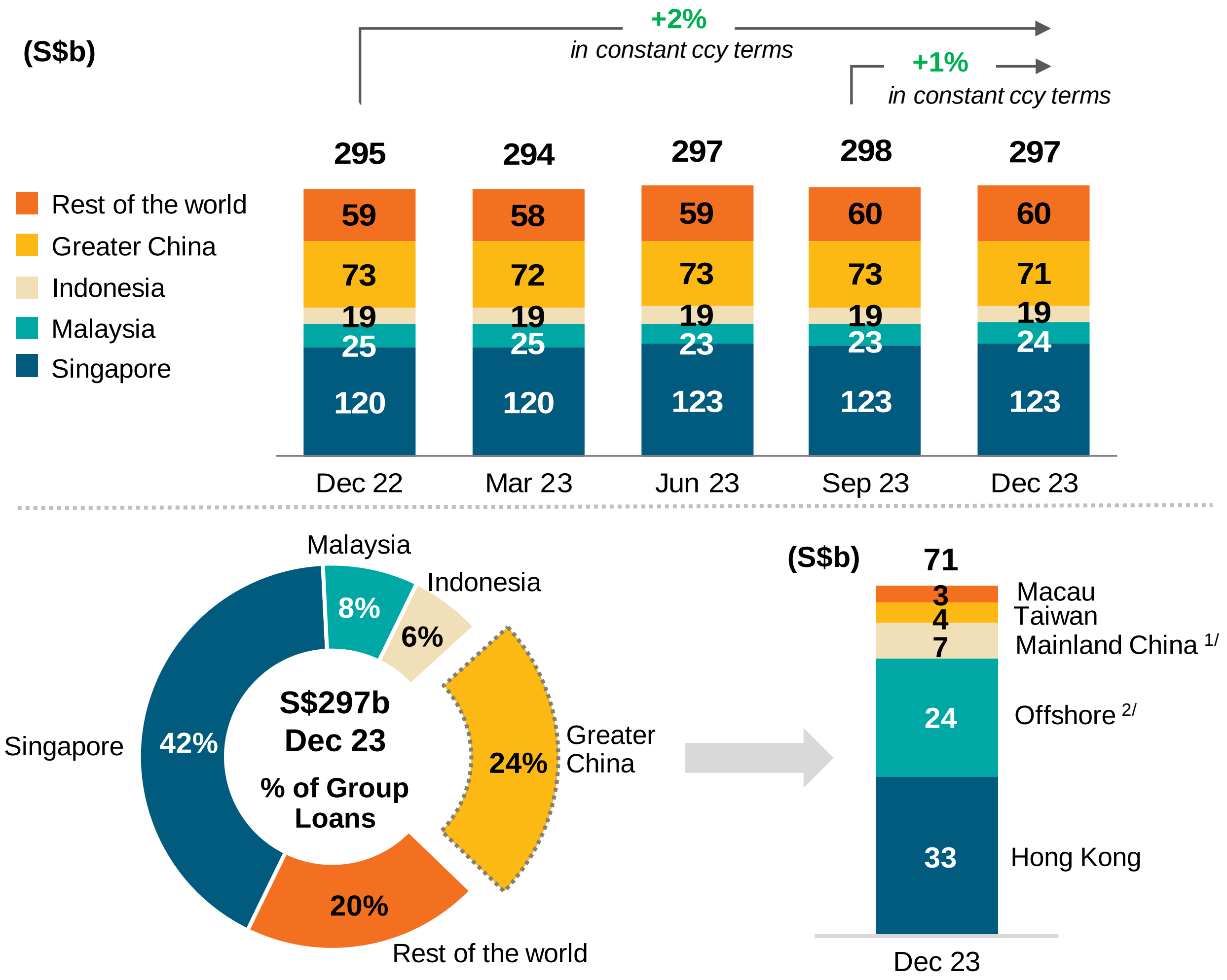



| Dec 23 | YoY | +10% |
|---|---|---|
| | QoQ | +2% |

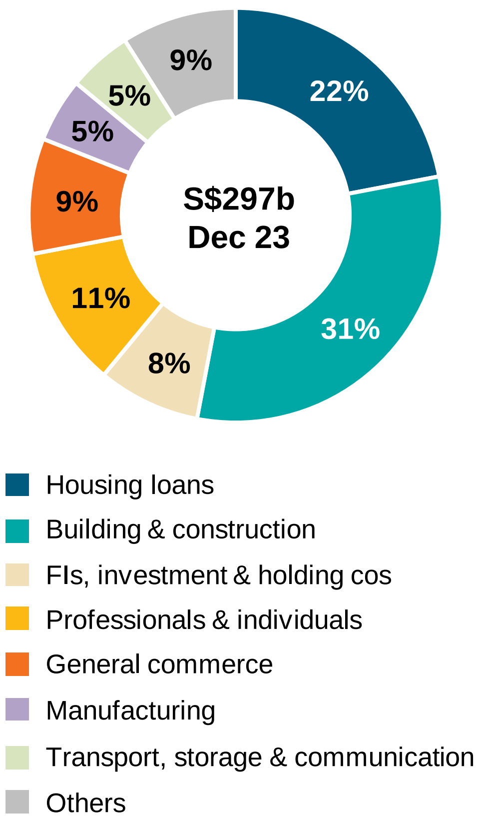
- NPA coverage ratio higher, largely driven by increase in allowances for non-impaired assets, while NPAs continued to trend lower

# Loans rose YoY and QoQ in constant currency terms

## Loans by Geography




## Loans by Industry

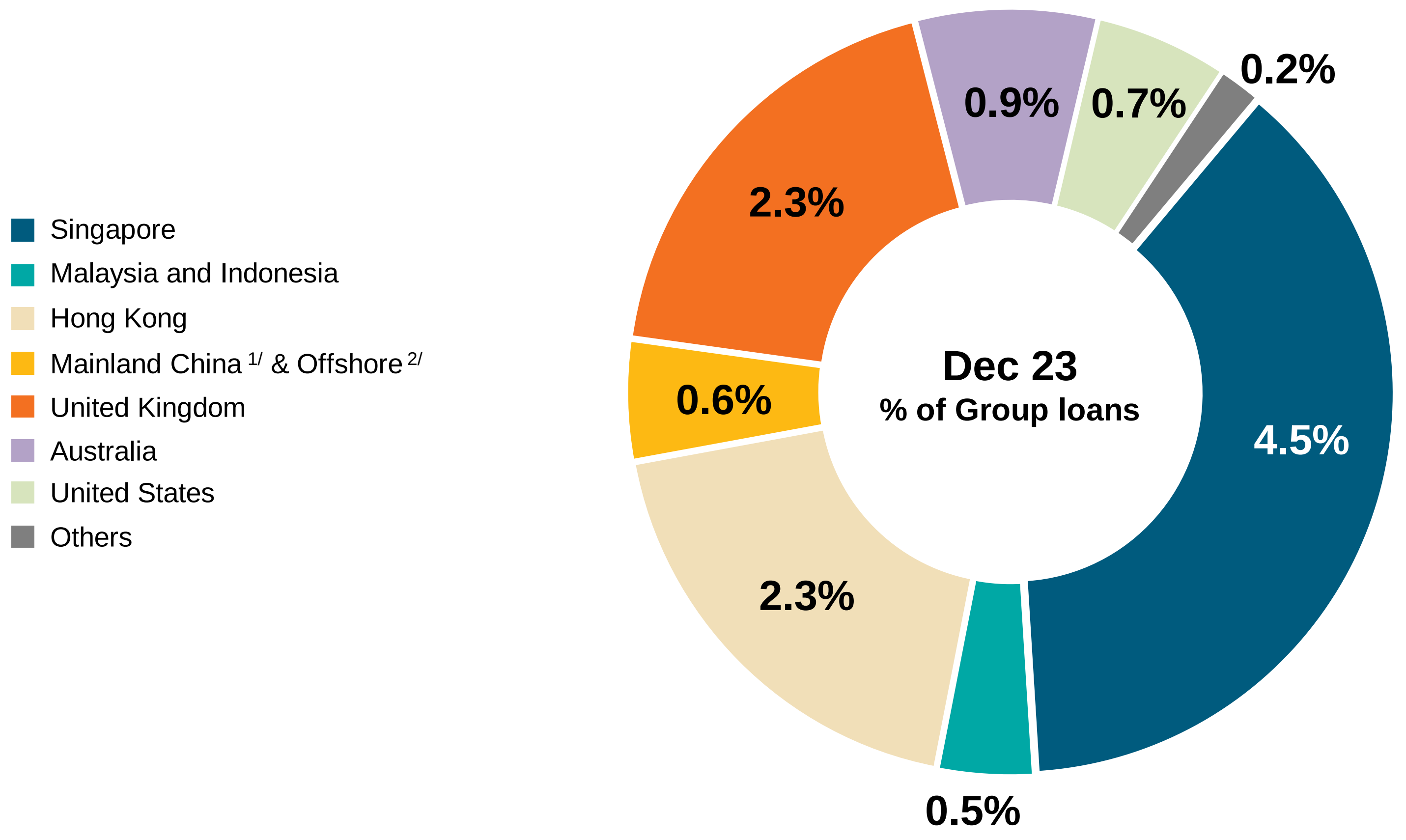



| Dec 23 | YoY | +1% |
|---|---|---|
| | QoQ | -1% |

- Corporate, SME and Consumer/Private Banking comprise 55%, 10% and 35% of loan book respectively
- Loan growth in FY23 led by increases in Singapore, Australia, Europe and UK
- Sustainable financing loans up 29% YoY and comprised 13% of Group loans

Notes: Loans by geography are based on where the credit risks reside.
1/ Loans booked in Mainland China, where credit risks reside.
2/ Loans booked outside of Mainland China, but with credit risks traced to China.

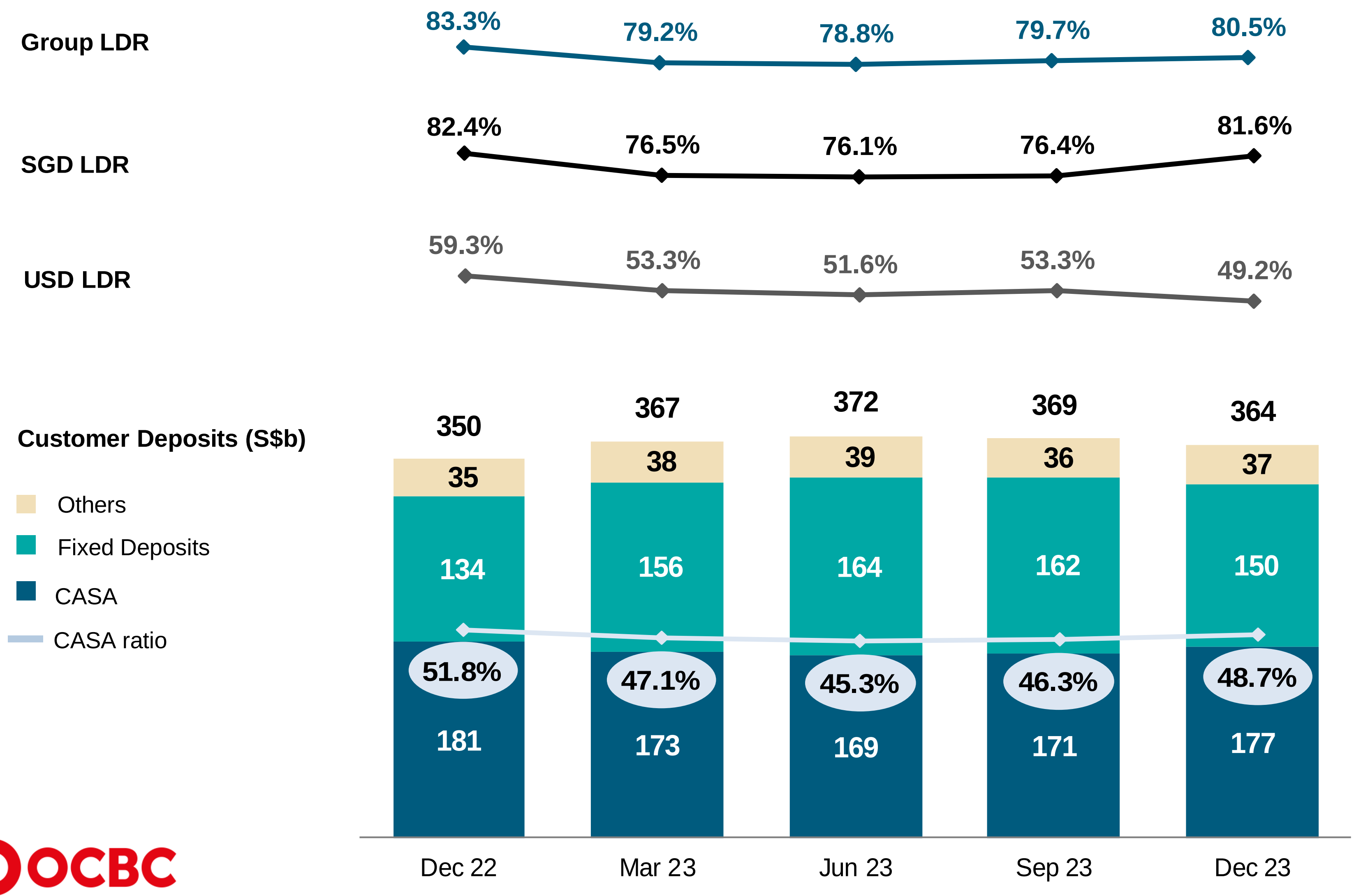
# Commercial Real Estate ("CRE") Office Sector loans




- Loans to CRE Office sector accounted for 12% of Group loans
- Portfolio remained sound; mostly secured with average LTV between 50% and 60%
- Two-thirds of CRE office loans in key markets of Singapore, Malaysia, Indonesia and Greater China, with the remainder largely in developed markets [3/]
- Loans in the US mainly secured by Grade A office properties, largely to network customers and strong sponsors

Note: Based on where the credit risks reside.
1/ Loans booked in China, where credit risks reside.
2/ Loans booked outside of China, but with credit risks traced to China.
3/ Includes Australia, United Kingdom and the United States.

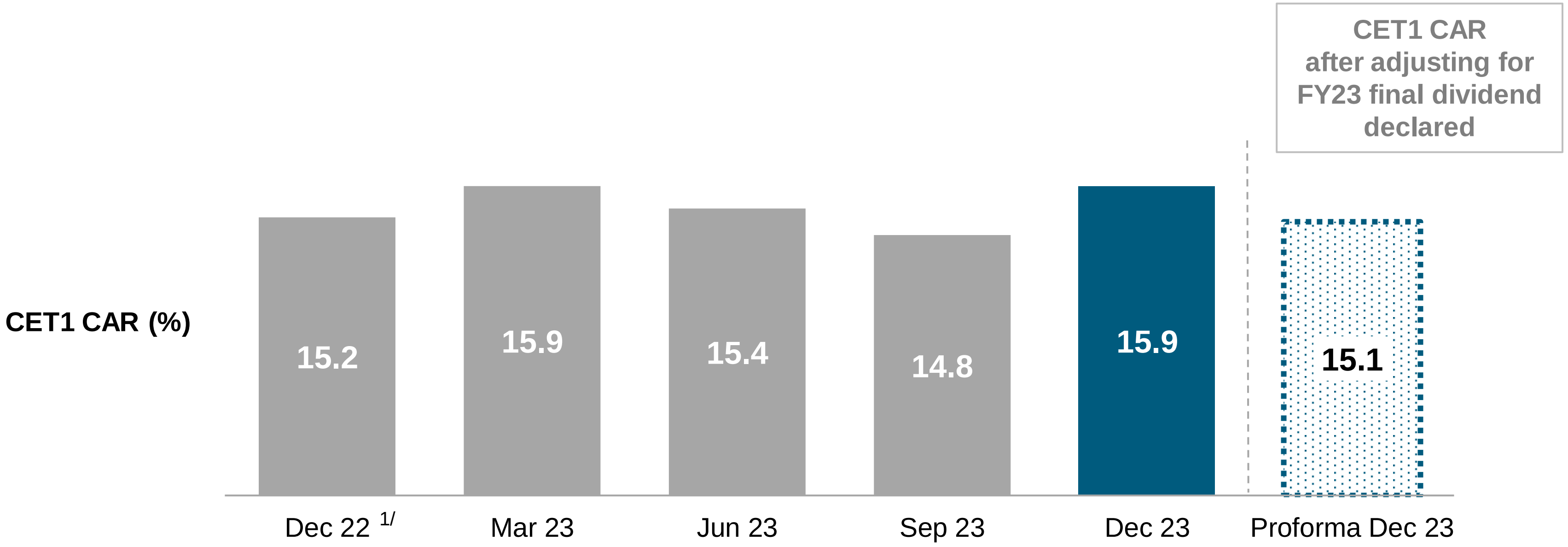
# Deposits lower QoQ; CASA ratio higher at 48.7%



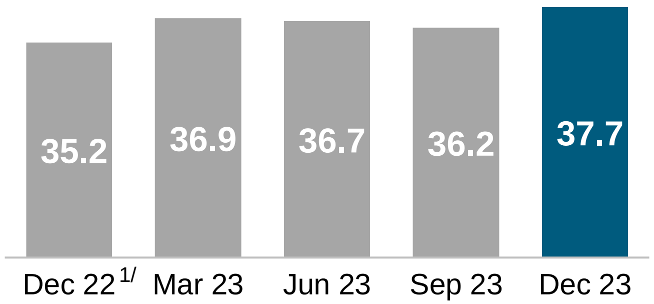

**Dec 23** | **YoY +4%** | **QoQ -2%**

- Continued proactive balance sheet management
- Deposits lower QoQ from run-down of higher-cost fixed deposits, while CASA balances increased 3%

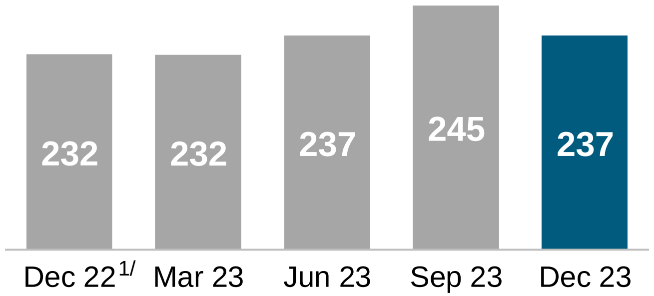
# Robust capital to support growth




## CET1 Capital (S$b)




## RWA (S$b)

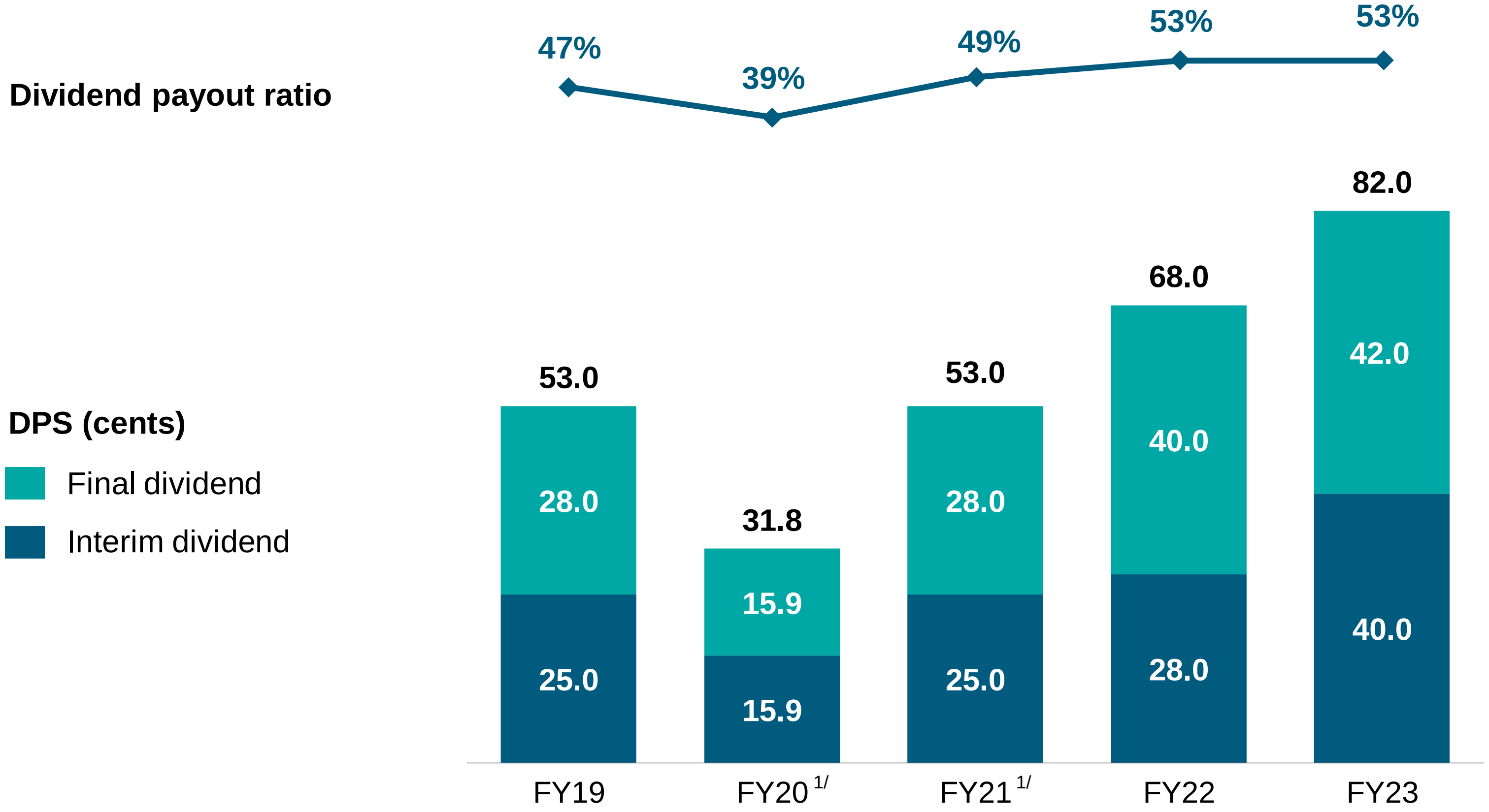



1/ Comparatives for Dec 2022 are not restated following the adoption of SFRS(I) 17.

**Dec 23** | **YoY +0.7ppt** **QoQ +1.1ppt**

- CET1 ratio higher QoQ from profit accretion, and lower RWA in part due to release of the additional capital requirement for the SMS phishing scam which contributed to 0.2ppt increase in CET1 ratio

# FY23 dividend up 21% to 82 cents




**FY23 | YoY +21%**

- Higher 2023 full year dividend supported by resilient earnings and strong capital position

1/ In July 2020, the MAS called on locally-incorporated banks headquartered in Singapore to cap total dividends per share for FY20 at 60% of that for FY19. This aims to bolster the banks' resilience and capacity to support lending to customers while also meeting the needs of shareholders. In July 2021, the dividend cap was lifted for the FY21 dividend.

# Thank you



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