

Third Quarter 2019 Results Presentation

5 November 2019



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spot on



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Agenda

Results Overview

3Q19 & 9M19 Group Performance Trends

Appendix: Performance of Major Subsidiaries

- Great Eastern Holdings
- OCBC Wing Hang
- OCBC Malaysia
- Bank OCBC NISP



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.

3Q19 Highlights

Core net profit rose 1% YoY and 3% QoQ to S\$1.26b; 9M19 net profit rose to a record high

Sustainable Earnings

Total income
S\$2,655m
+4% YoY

Net interest margin
1.77%
+5bps YoY

Core net profit
S\$1,263m
+1% YoY

Core return on equity
11.4%
(FY18: 11.5%)

Strong Balance Sheet and Capital Position

Customer loans
S\$263b
+2% YoY

Customer deposits
S\$300b
+5% YoY

NPL ratio
1.58%
+0.20ppt YoY

CET1 CAR
14.4%
+0.8ppt YoY

All-currency LCR
154%
+24ppt YoY

NSFR
110%
+2ppt YoY

Key Highlights

- Core net profit from banking operations up 2% YoY to S\$1.10b
- Net interest income increased 6% YoY; NIM rose 5bps YoY to 1.77%
- Net fee and commission income grew 10% YoY to a record high at S\$550m
- Wealth management income up 6% YoY to S\$789m
 - Net wealth management fees rose 11% YoY
 - Private banking AUM up 5% YoY to US\$110b
- Great Eastern's operating profit from its insurance business grew 24% YoY; new business embedded value ("NBEV") rose 30% YoY to S\$163m and NBEV margin improved to 51.3% from 35.9% a year ago
- Costs well-controlled; CIR lower QoQ at 42.6%
- Customer loans grew 2% YoY to S\$263b and unchanged from last quarter
- Additional allowances to reflect weaknesses in specific industries and global economic slowdown
- CET1 CAR at 14.4%

3Q19 Group Performance

Core net profit grew 1% YoY and 3% QoQ to S\$1.26b

OCBC Group	3Q19 S\$m	3Q18 S\$m	YoY +/(-)%	2Q19 S\$m	QoQ +/(-)%
Net interest income	1,600	1,505	6	1,588	1
Non-interest income	1,055	1,039	2	1,030	2
Total income	2,655	2,544	4	2,618	1
Operating expenses	(1,132)	(1,069)	6	(1,151)	(2)
Operating profit	1,523	1,475	3	1,467	4
Associates	156	134	16	146	7
Operating profit before allowances	1,679	1,609	4	1,613	4
Allowances	(179)	(49)	262	(111)	63
Amortisation, tax and NCI	(237)	(315)	(25)	(279)	(15)
Core net profit	1,263	1,245	1	1,223	3
One-time item (net of tax and NCI) ^{1/}	(91)	–	–	–	–
Reported net profit	1,172	1,245	(6)	1,223	(4)



1/ One-time item arising from a refinement in the Group's Expected Credit Loss ("ECL") modelling approach for its Indonesian banking subsidiary, Bank OCBC NISP, relating to allowances for non-impaired assets as it prepares for the introduction of International Financial Reporting Standard 9 *Financial Instruments*, commencing on 1 January 2020.

3Q19 Banking Operations Performance

Core net profit from Banking Operations rose 2% YoY and 1% QoQ to S\$1.10b

Banking Operations	3Q19 S\$m	3Q18 S\$m	YoY +/(-)%	2Q19 S\$m	QoQ +/(-)%
Net interest income	1,570	1,485	6	1,560	1
Non-interest income	792	744	6	788	–
Total income	2,362	2,229	6	2,348	1
Operating expenses	(1,055)	(1,003)	5	(1,075)	(2)
Operating profit	1,307	1,226	7	1,274	3
Associates	160	138	16	150	7
Operating profit before allowances	1,467	1,364	8	1,424	3
Allowances	(179)	(52)	246	(111)	62
Amortisation, tax and NCI	(193)	(243)	(21)	(227)	(15)
Core net profit	1,095	1,069	2	1,086	1
One-time item (net of tax and NCI) ^{1/}	(91)	–	–	–	–
Net profit from banking operations	1,004	1,069	(6)	1,086	(8)
GEH net profit contribution	169	176	(4)	137	23
OCBC Group net profit	1,172	1,245	(6)	1,223	(4)

9M19 Group Performance

Net profit increased 2% YoY to a record S\$3.63b, driven by earnings growth from the banking, wealth management and insurance franchise

OCBC Group	9M19 S\$m	9M18 S\$m	YoY +/(-)%
Net interest income	4,722	4,370	8
Non-interest income	3,227	2,981	8
Total income	7,949	7,351	8
Operating expenses	(3,378)	(3,136)	8
Operating profit	4,571	4,215	8
Associates	472	371	27
Operating profit before allowances	5,043	4,586	10
Allowances	(539)	(83)	549
Amortisation, tax and NCI	(786)	(937)	(16)
Core net profit	3,718	3,566	4
One-time item (net of tax and NCI) ^{1/}	(91)	-	-
Reported net profit	3,627	3,566	2

9M19 Banking Operations Performance

Banking Operations' core net profit rose 2% YoY to S\$3.12b

Banking Operations	9M19 S\$m	9M18 S\$m	YoY +/(-)%
Net interest income	4,640	4,312	8
Non-interest income	2,279	2,179	5
Total income	6,918	6,490	7
Operating expenses	(3,145)	(2,978)	6
Operating profit	3,774	3,512	7
Associates	486	380	28
Operating profit before allowances	4,260	3,893	9
Allowances	(539)	(88)	514
Amortisation, tax and NCI	(598)	(734)	(19)
Core net profit	3,123	3,071	2
One-time item (net of tax and NCI) ^{1/}	(91)	–	–
Net profit from banking operations	3,032	3,071	(1)
GEH net profit contribution	595	496	20
OCBC Group net profit	3,627	3,566	2

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3Q19 & 9M19 Group Performance Trends

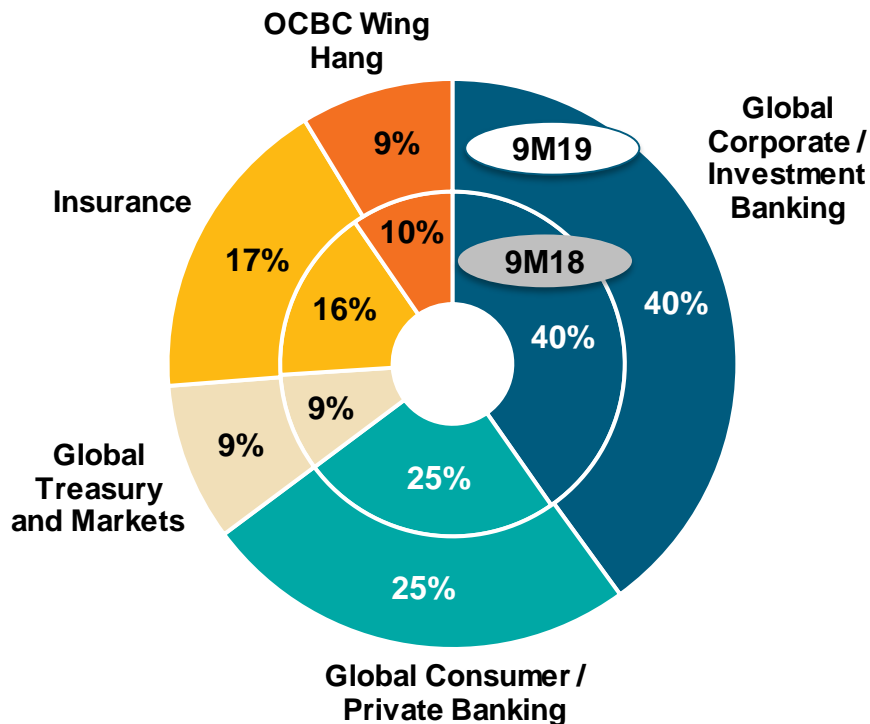
Appendix: Performance of Major Subsidiaries

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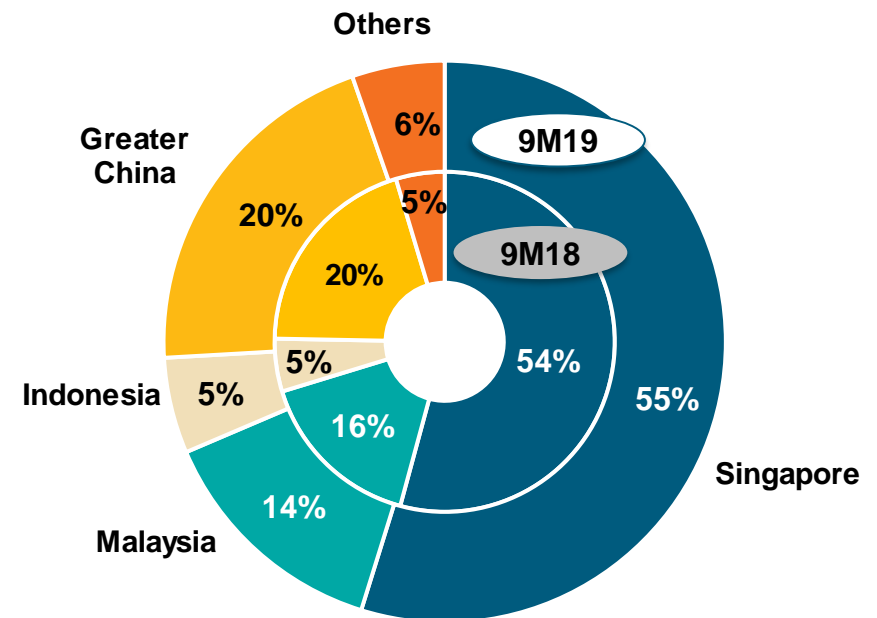
Performance by business and geography

Earnings well-diversified across key business segments and geographies

9M19 Operating Profit by Business ^{1/}



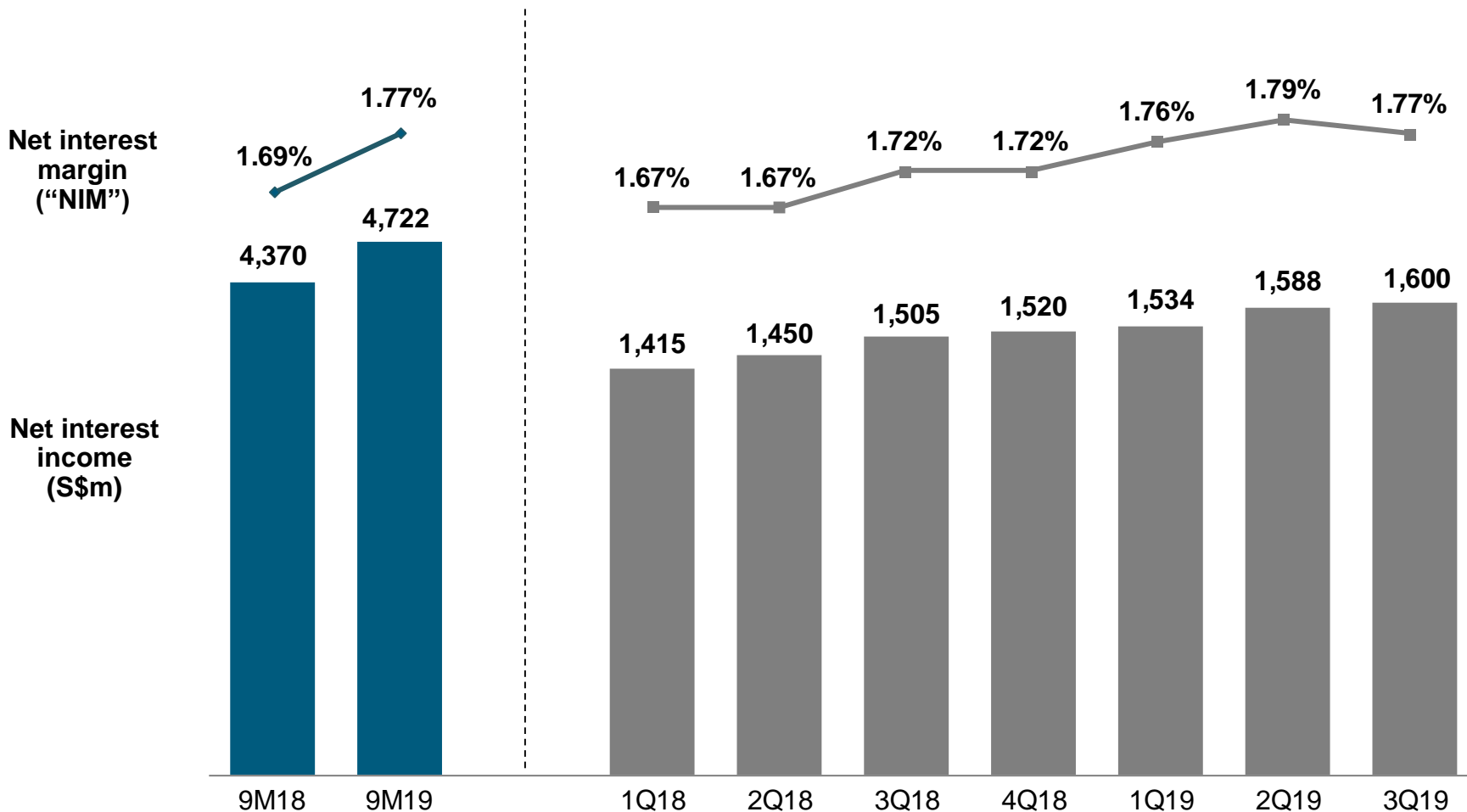
9M19 Core Profit before Tax by Geography ^{2/}



Net interest income

3Q19 net interest income increased 6% YoY;

NIM rose 5bps YoY in 3Q19 to 1.77% while 9M19 NIM grew 8bps YoY to 1.77%

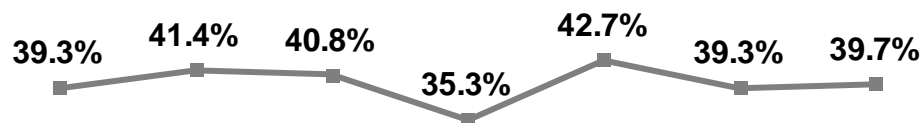


Non-interest income

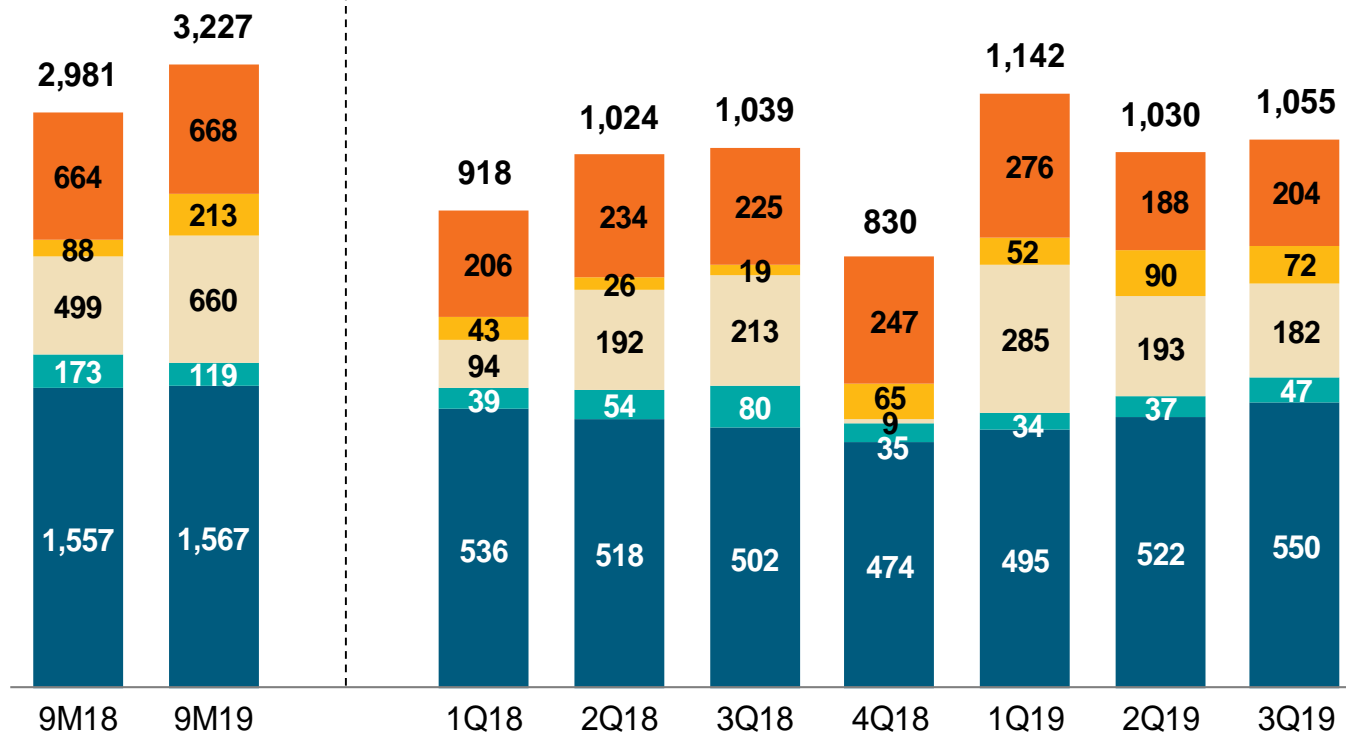
3Q19 non-interest income up 2% YoY and QoQ

Non-interest income / Total income

40.6% 40.6%



Non-interest income (S\$m)

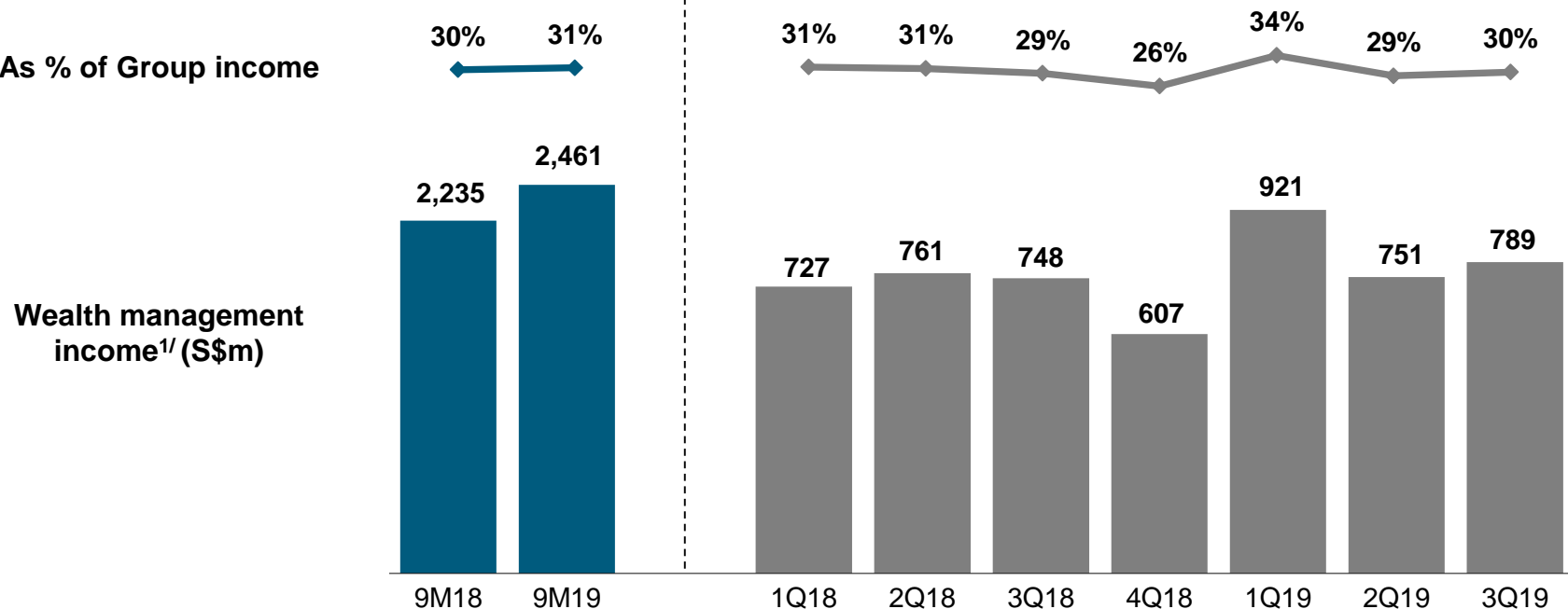


- Life & General Insurance
- Net gains from investment securities and others
- Trading income
- Dividends & rental income
- Net fees & commissions

Wealth Management (“WM”) Franchise

9M19 WM income rose 10% YoY to a record high; BOS’ AUM grew 5% YoY to US\$110b from sustained net new money inflows

As % of Group income



US\$b

Bank of Singapore’s assets under management	105	110
Bank of Singapore’s earnings asset base	129	133

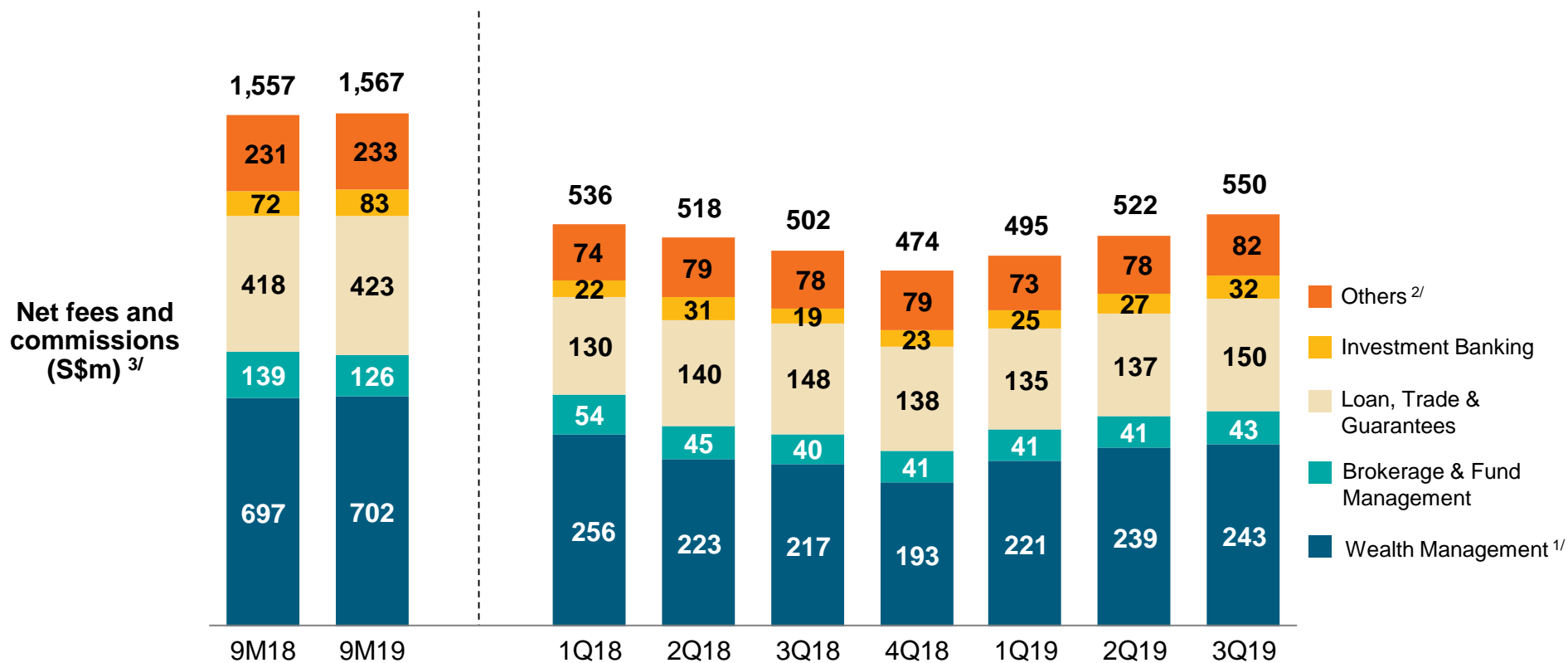
	102	102	105	102	108	111	110
	126	126	129	125	131	135	133



^{1/} Wealth management income comprises the consolidated income from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group’s income from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

Net Fees & Commissions

3Q19 net fee income rose 10% YoY and 6% QoQ to a new high



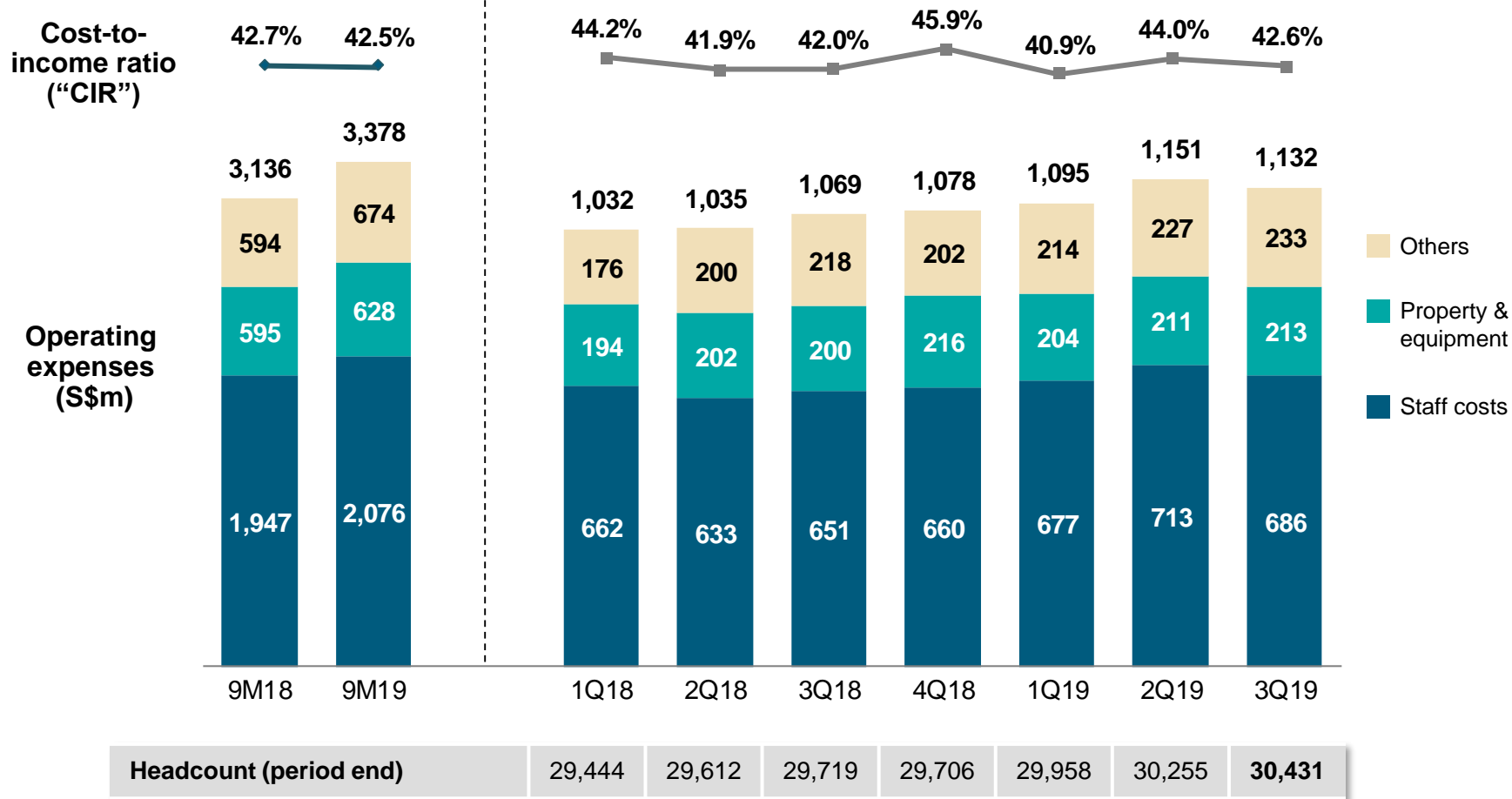
1/ Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

2/ "Others" includes credit card fees, service charges and other fee and commission income.

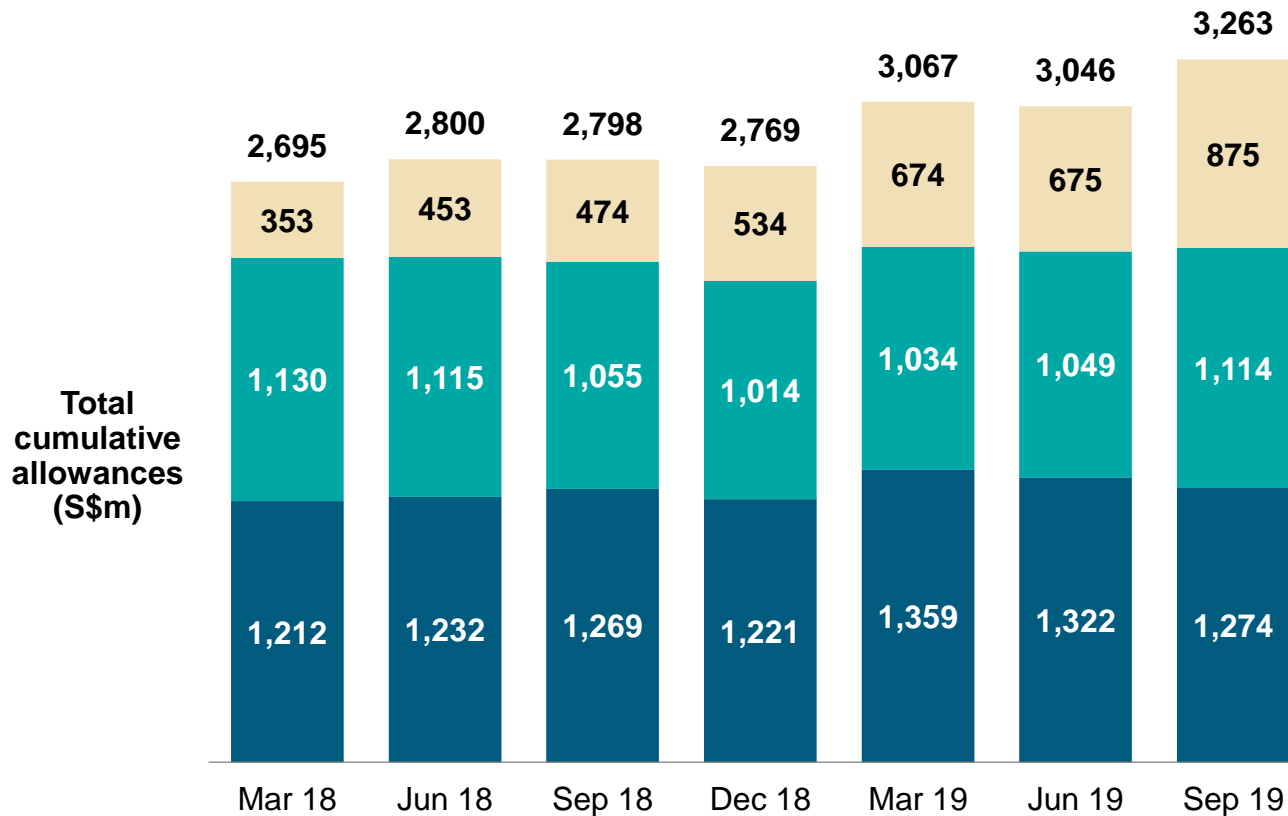
3/ Net of fee and commission expenses.

Operating expenses

3Q19 expenses declined 2% QoQ; CIR lower at 42.6%



Total cumulative allowances



RLAR and cumulative allowances for non-impaired assets (ECL stage 1 and 2) were higher QoQ, reflecting allowances set aside against the global economic slowdown and heightened geopolitical risks, as well as the refinement in the Group’s modelling approach for its Indonesian banking subsidiary, Bank OCBC NISP. Total allowances of S\$152 million were added to ECL stage 1 and 2, partly offset by migration of S\$87 million to ECL stage 3.

Cumulative allowances for impaired assets (ECL stage 3) were lower QoQ, as recoveries and write-offs more than offset transfers in from ECL stage 2.



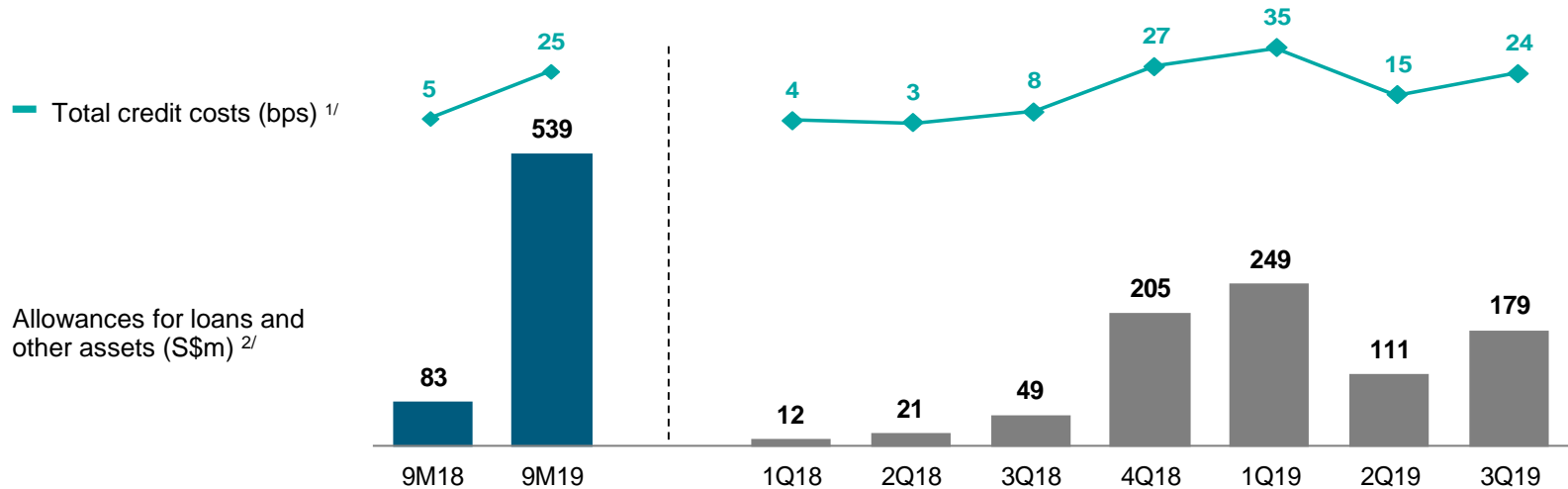
■ Allowances for impaired assets (ECL stage 3)

■ Allowances for non-impaired assets (ECL stage 1 and 2)

■ Regulatory Loss Allowance Reserve (“RLAR”)

Allowances

Total allowances for 3Q19 were S\$179m; total credit costs at 24bps



Allowances for loans and other assets (\$m) ^{2/}

Allowances for impaired loans	148	587
- Allowances for new & existing NPLs	316	756
- Write-backs ^{3/}	(118)	(108)
- Recoveries ^{4/}	(50)	(61)
Allowances for non-impaired loans	(43)	(45)
Total allowances for loans	105	542
Total allowances for other assets	(22)	(3)
Total allowances for loans and other assets	83	539

13	33	101	250	231	93	264
60	99	157	302	268	174	314
(33)	(45)	(40)	(37)	(24)	(56)	(27)
(14)	(21)	(16)	(15)	(13)	(25)	(23)
16	(14)	(45)	(47)	20	18	(83) ^{5/}
29	19	56	203	251	111	181
(17)	2	(7)	2	(2)	0	(2)
12	21	49	205	249	111	179

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

2/ Excludes one-time item – refer to footnote 1 on slide 4.

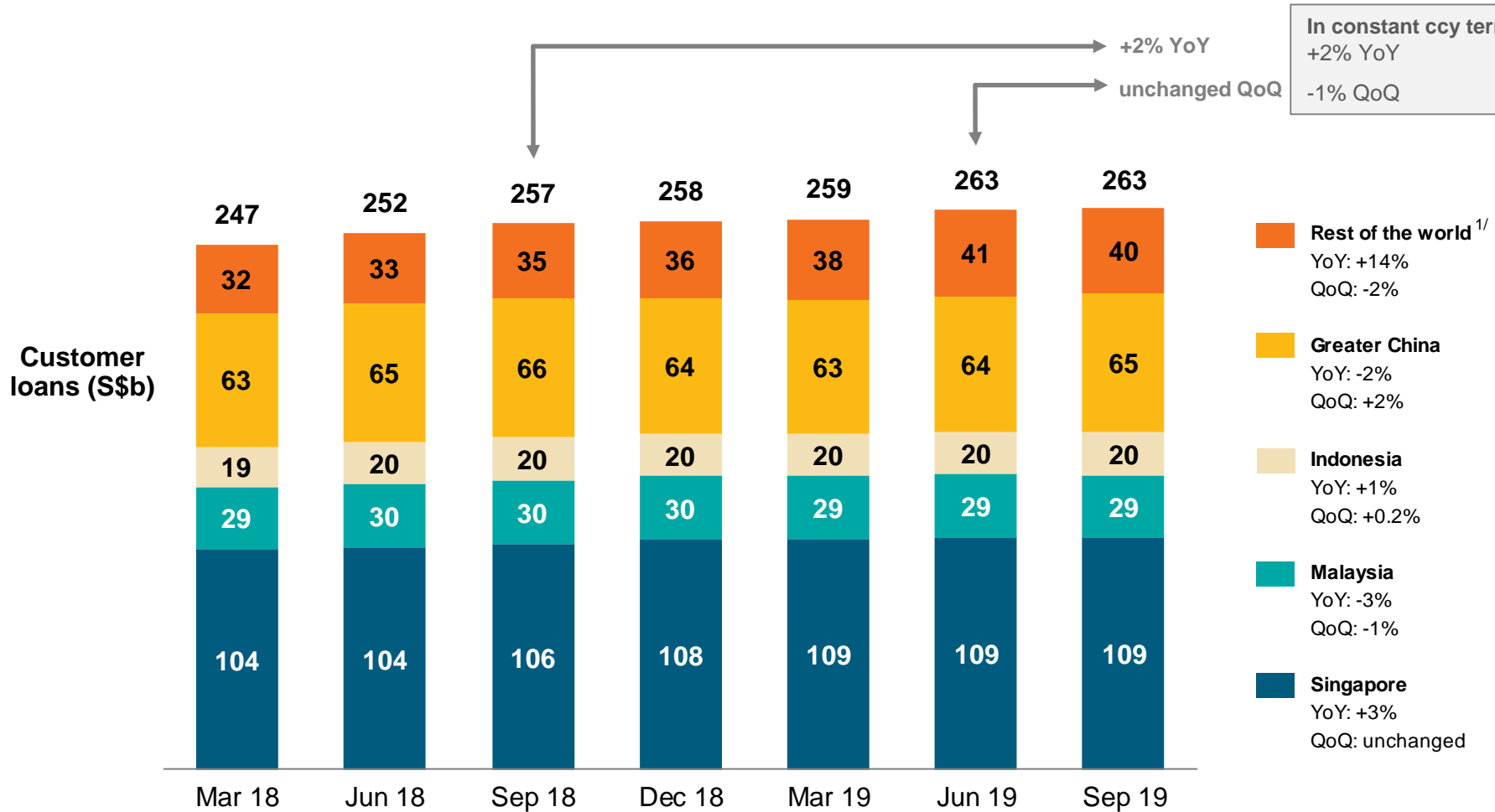
3/ Write-backs of allowances for existing NPLs due to settlements and repayments.

4/ Recoveries of loans that had been written off.

5/ Additional allowances made for ECL stage 1 and 2 were offset by migrations to ECL stage 3.

Customer loans

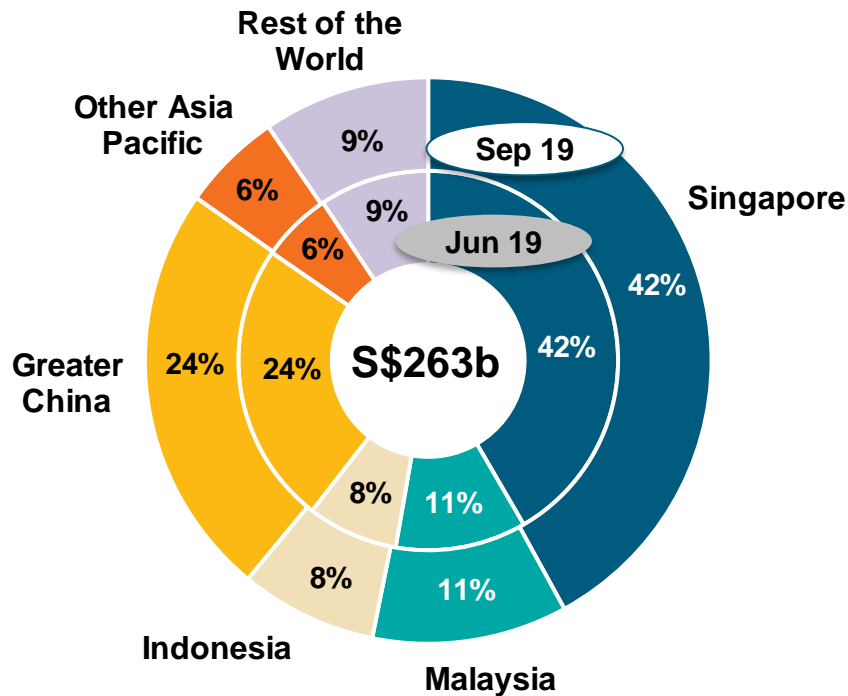
Loans grew 2% YoY to S\$263b but flat QoQ



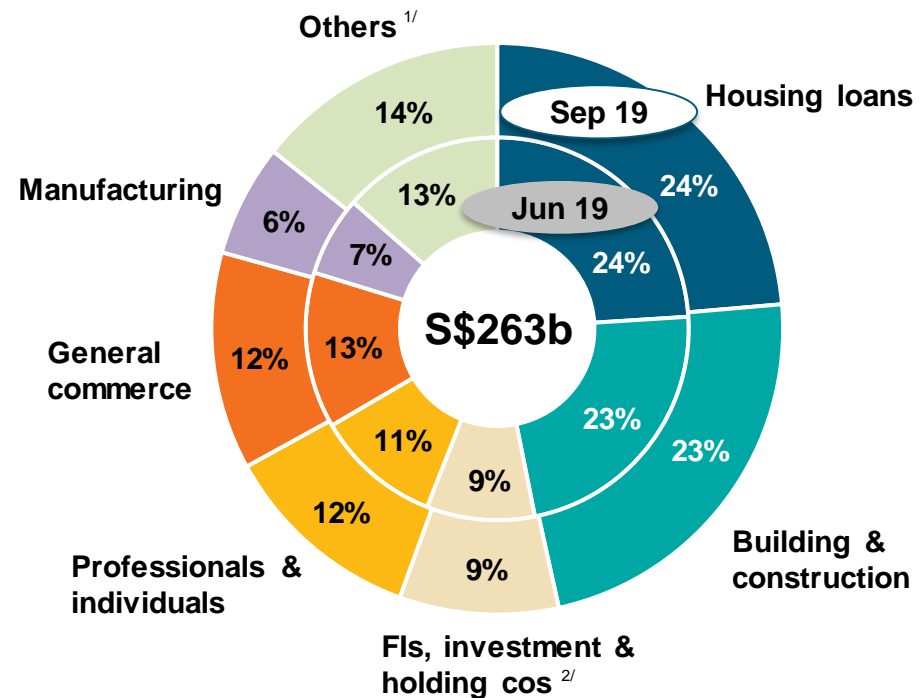
Customer loans

Loan portfolio remained well-diversified

Customer Loans by Geography



Customer Loans by Industry



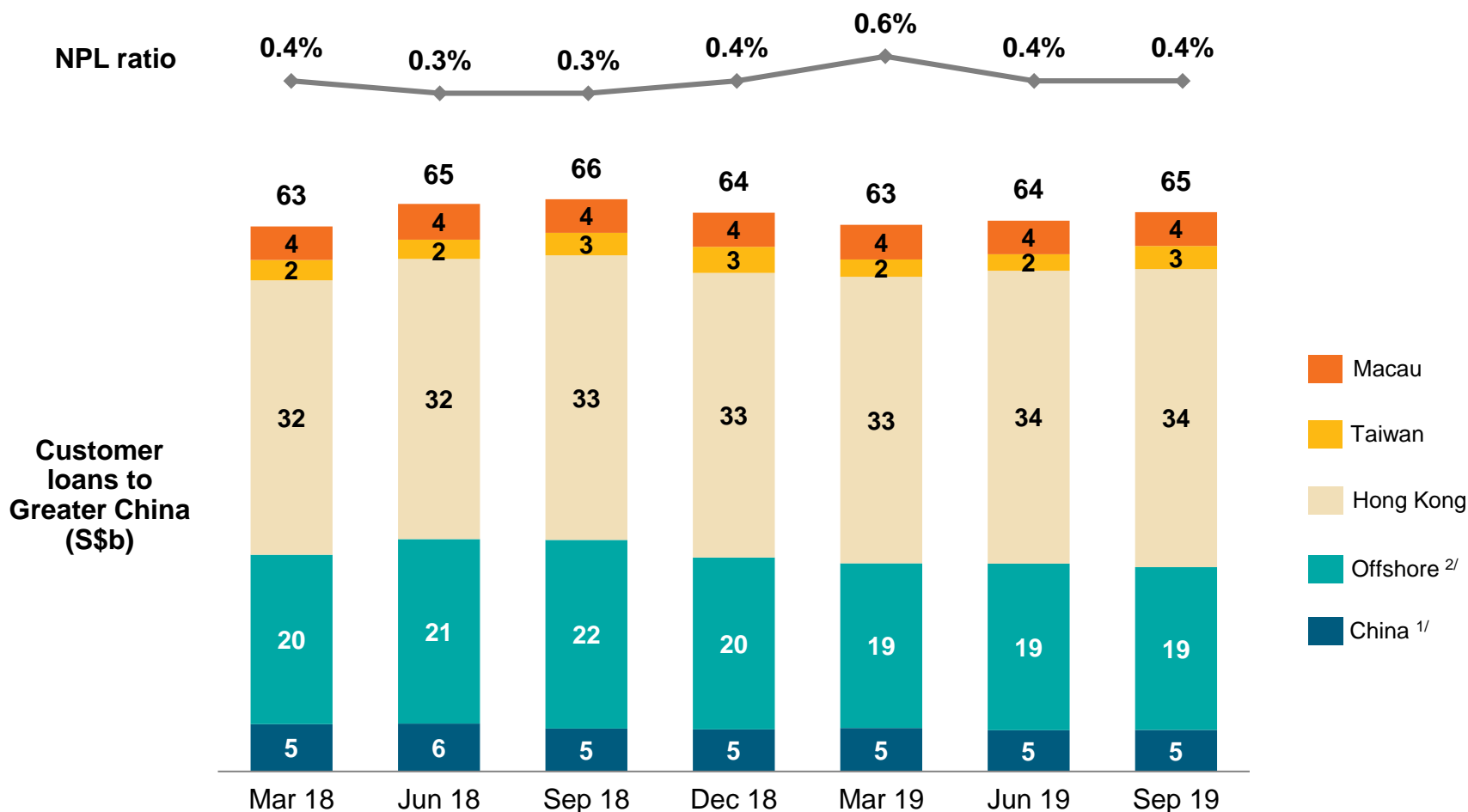
Note: Customer loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

1/ Comprising the "Transport, storage & communication", "Agriculture, mining & quarrying" and "Others" industry groupings.

2/ Mainly comprises investment holding, finance, insurance and securities companies.

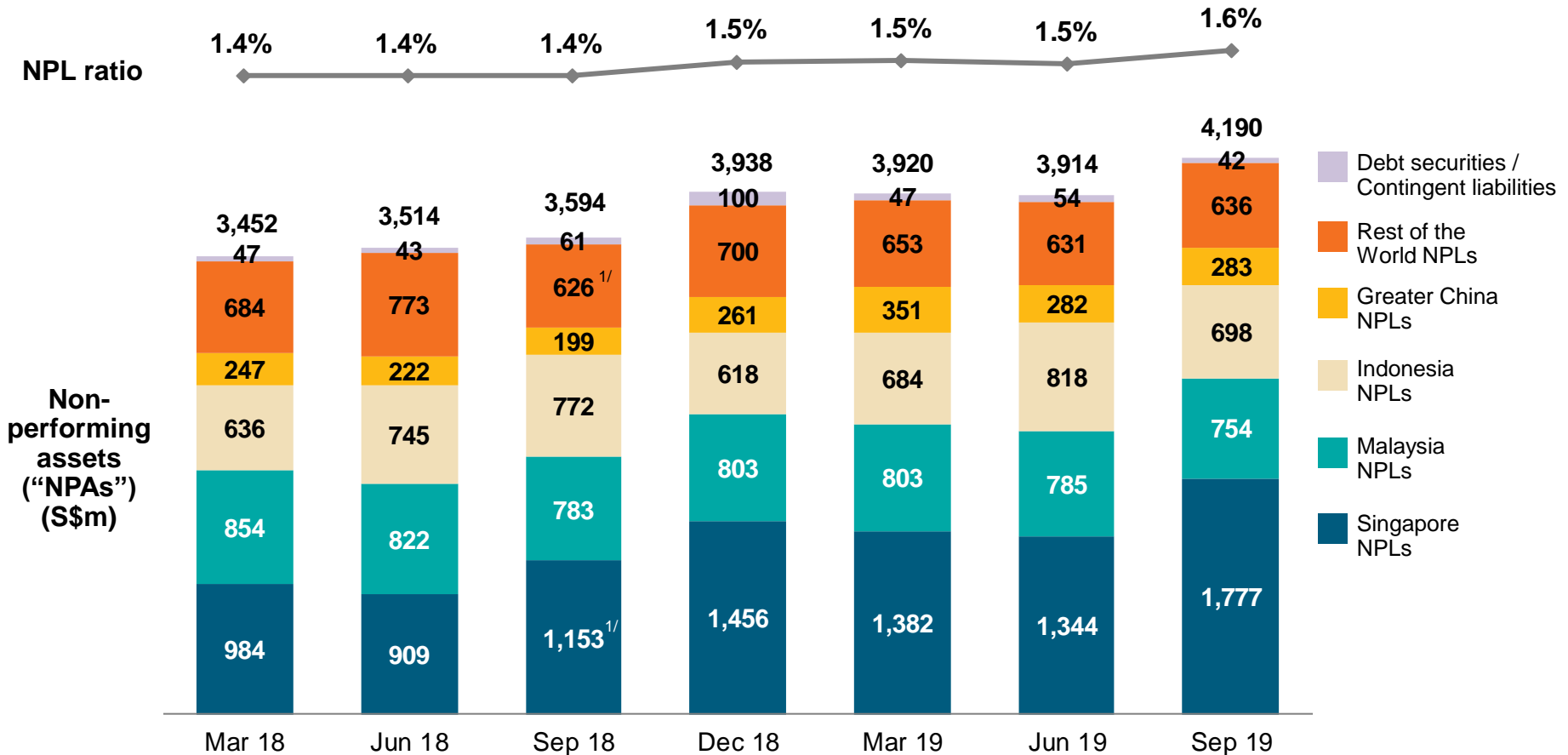
Greater China Customer Loans

Loans increased 2% QoQ to S\$65b; NPL ratio unchanged QoQ at 0.4%



Asset quality

Portfolio quality remained sound; NPL ratio at 1.6%; QoQ increase in NPAs largely from the downgrade of two corporate accounts



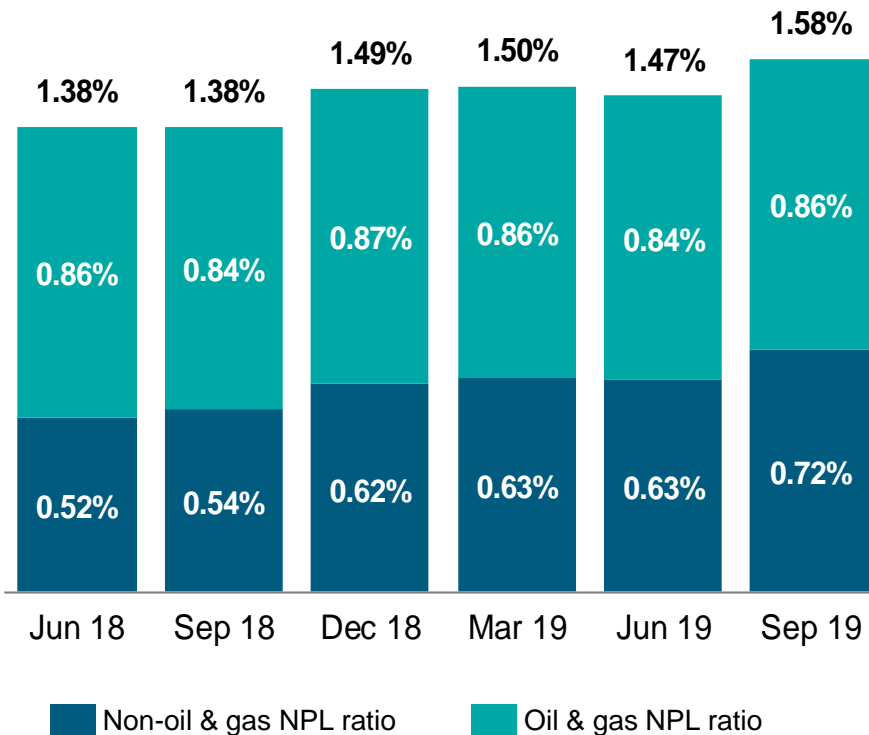
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities. NPAs by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the exposures.

^{1/} In Sep 18, there was a rebooking of NPLs from "Rest of the World" to "Singapore".

NPL Ratio & Non-Performing Assets

NPL ratio higher at 1.6%, mainly due to downgrade of two corporate accounts

NPL ratio

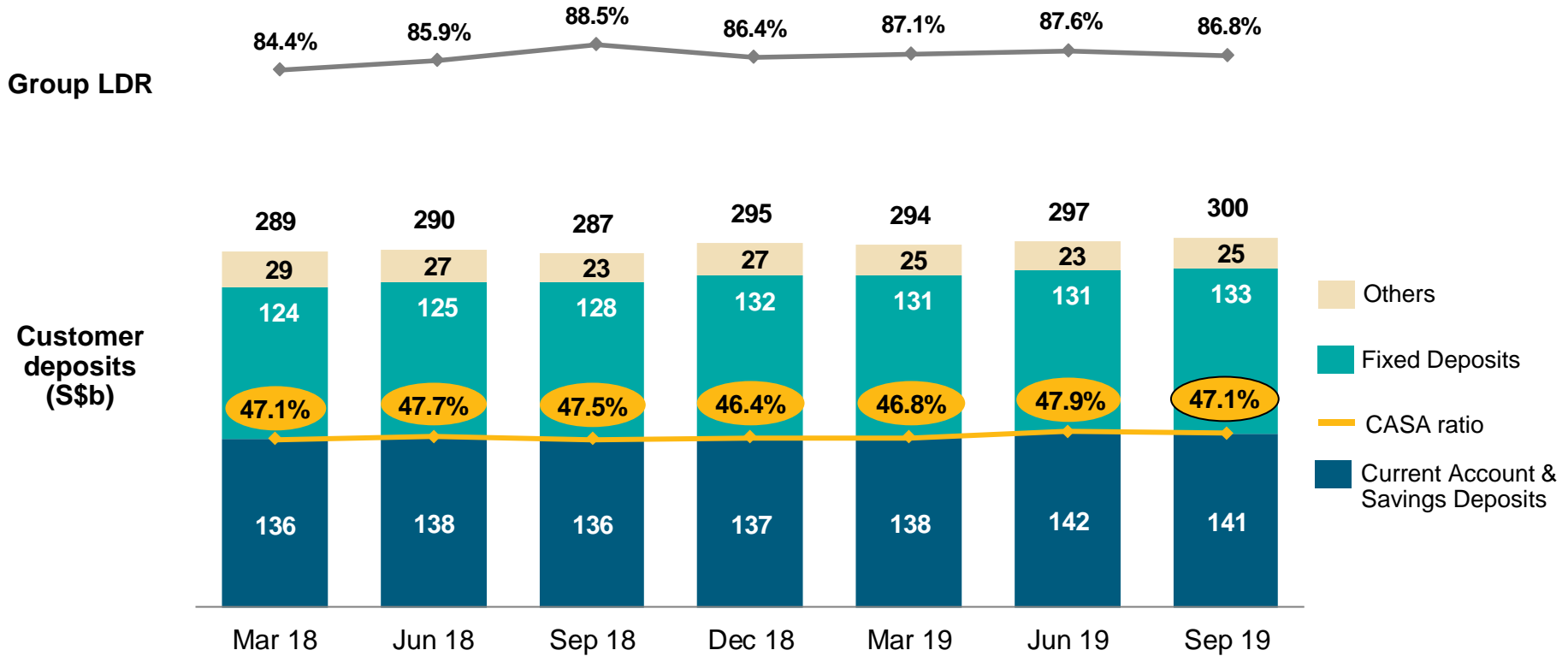


NPAs

	3Q19 S\$m	3Q18 S\$m	2Q19 S\$m
At start of period	3,914	3,514	3,920
Corporate/ Commercial Banking			
New NPAs	683	183	239
Net recoveries/ upgrades	(85)	(48)	(125)
Write-offs	(336)	(59)	(126)
	262	76	(12)
Consumer Banking			
New NPAs	135	155	151
Net recoveries/ upgrades	(101)	(130)	(123)
Write-offs	(20)	(21)	(22)
	14	4	6
At end of period	4,190	3,594	3,914

Customer deposits

Customer deposits rose 5% YoY to S\$300b



LDRs

SGD	88.2%	88.2%	87.5%	87.0%	86.5%	84.7%	87.9%
USD	65.6%	70.6%	76.0%	73.9%	75.1%	75.9%	67.0%



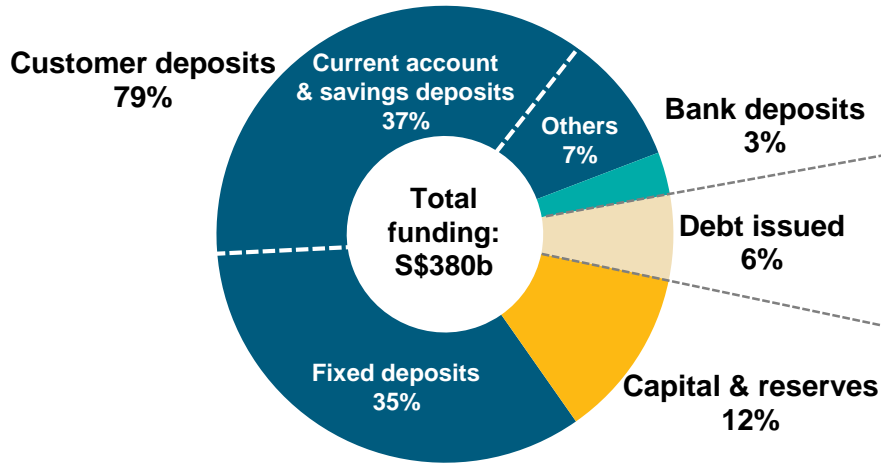
Note:

- Group loans-to-deposits ratio ("LDR") based on net customer loans / customer deposits; LDRs by currency based on gross customer loans / customer deposits.
- CASA ratio refers to the ratio of current account and savings deposits to total customer deposits.

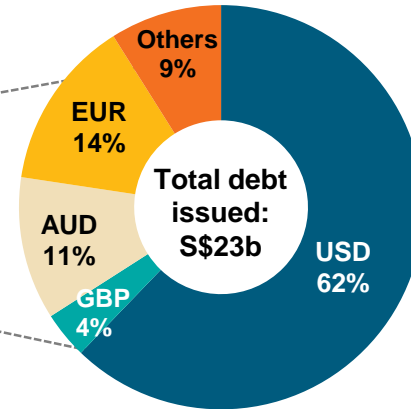
Funding & Liquidity

Customer deposits accounted for 79% of total funding; All-currency LCR and NSFR well above regulatory guidelines

Funding Composition as of 30 Sep 2019



Wholesale Funding by Currency as of 30 Sep 2019

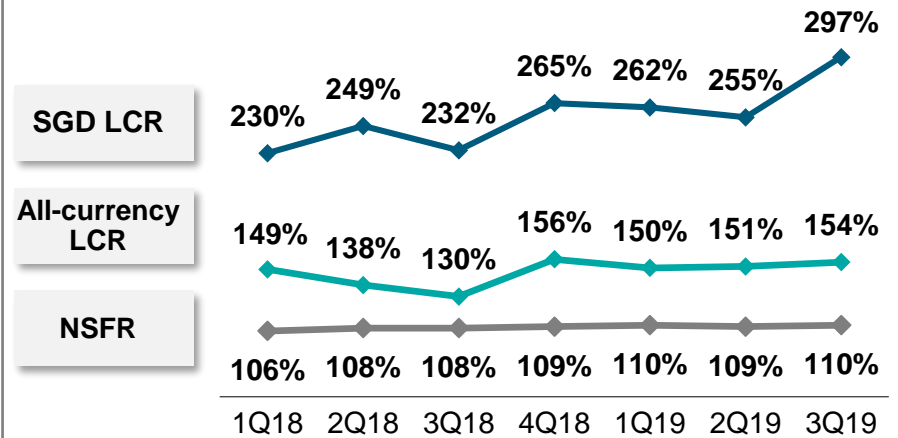


By Maturity:	
≤ 1 year	57%
> 1 year	43%

CASA by Major Currencies

S\$b	Sep 2019	Sep 2018	Jun 2019
SGD	68	69	72
USD	37	35	35
MYR	8	7	8
HKD	12	11	11
IDR	3	3	3

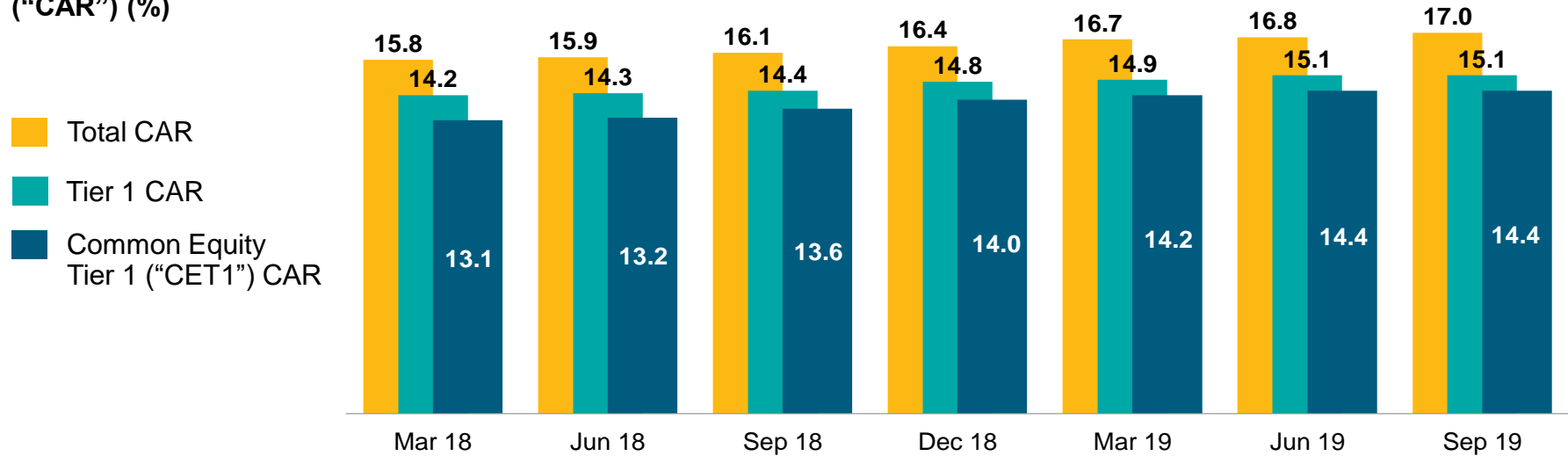
Average Liquidity Coverage Ratio & Net Stable Funding Ratio



Capital

CET1 CAR rose YoY to 14.4% but unchanged QoQ

Capital adequacy ratios
("CAR") (%)



RWA (\$m)	198,817	200,786	200,322	200,248	204,357	209,203	212,839
Leverage ratio (%)	7.0	7.0	7.1	7.2	7.4	7.5	7.6

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- **OCBC Wing Hang**
- **OCBC Malaysia**
- **Bank OCBC NISP**

Great Eastern Holdings' performance

Net profit contribution rose 20% YoY in 9M19 and grew 23% QoQ in 3Q19

S\$m	9M19	9M18	YoY +/(-)%	3Q19	3Q18	YoY +/(-)%	2Q19	QoQ +/(-)%
Profit from insurance business	555	557	-	160	183	(12)	154	4
- Operating profit ^{1/}	491	464	6	179	144	24	162	11
- Non-operating profit / (loss) ^{2/}	17	27	(38)	(32)	21	(255)	(26)	(22)
- Others	47	66	(27)	13	18	(28)	18	(30)
Profit from Shareholders' Fund	242	146	65	56	66	(15)	38	48
Profit from operations	797	703	13	216	249	(13)	192	13
Allowances (charge)/ writeback	(1)	5	(112)	(0)	2	(121)	1	(159)
Tax & NCI	(80)	(104)	(23)	(11)	(38)	(71)	(24)	(55)
Net profit	717	604	19	205	213	(4)	169	21
Group adjustments ^{3/}	(122)	(108)	13	(36)	(37)	(3)	(32)	14
Net profit contribution to Group	595	496	20	169	176	(4)	137	23

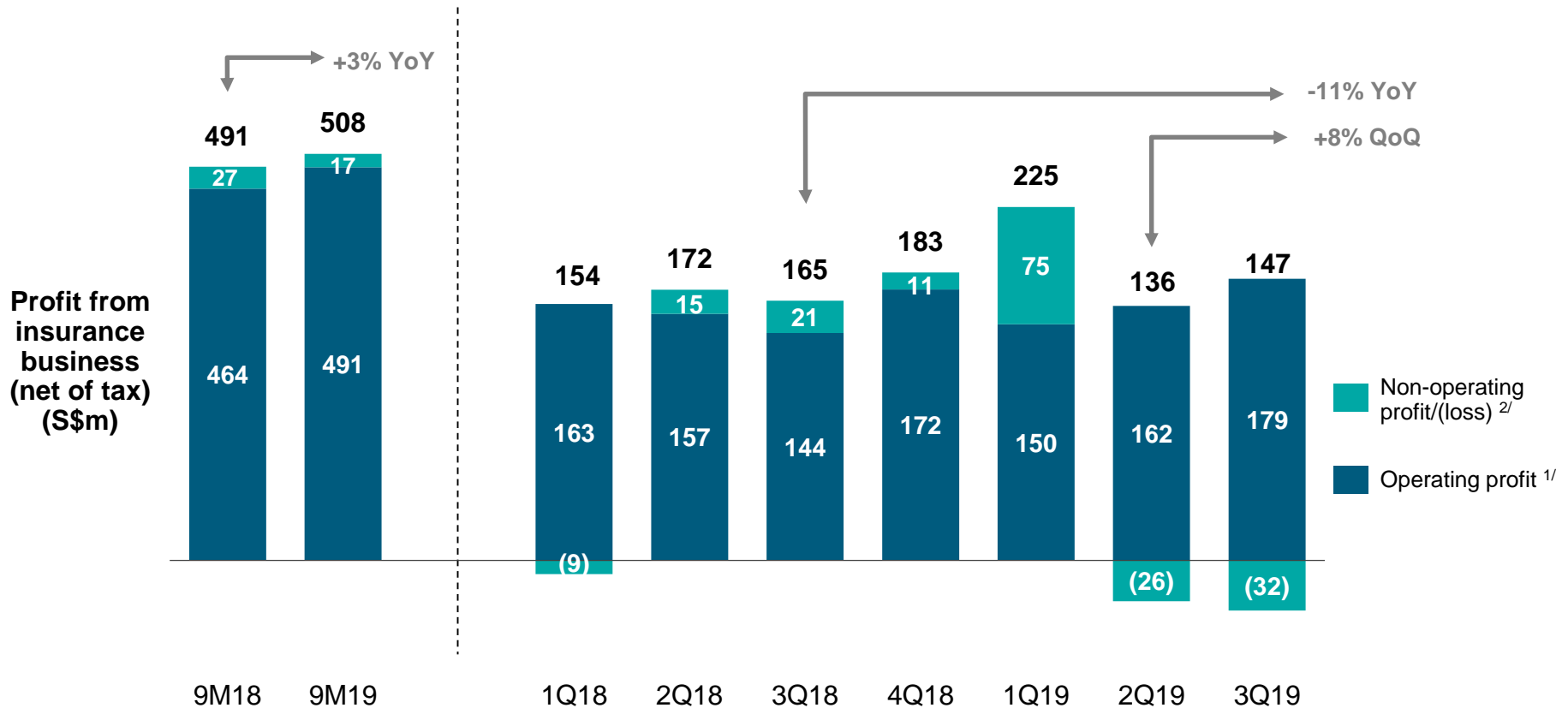
Note: For comparison in constant currency terms, operating profit in foreign currencies for 2019 and 2018 were translated using the corresponding monthly spot rate in 2018. In applying constant constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.



- 1/ Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).
- 2/ Non-operating profit / loss (net of tax) mainly comprises changes in the fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non-recurring items.
- 3/ Primarily from adjustments made to amortisation for intangibles and non-controlling interests.

GEH: Profit from insurance business

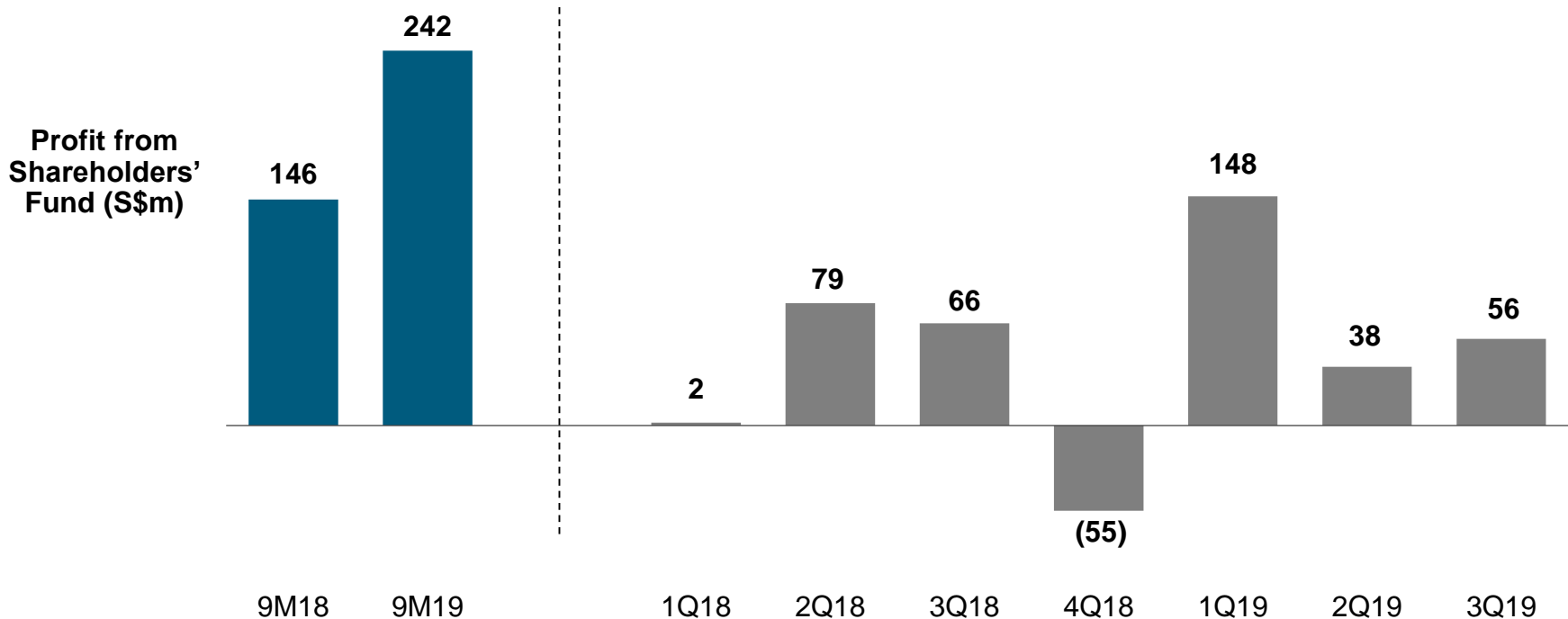
9M19 profit from insurance business up 3% YoY, driven by higher operating profit;
3Q19 operating profit up 24% YoY and 11% QoQ, led by improved margins



Note: For comparison in constant currency terms, operating profit in foreign currencies for 2019 and 2018 were translated using the corresponding monthly spot rate in 2018. In applying constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.

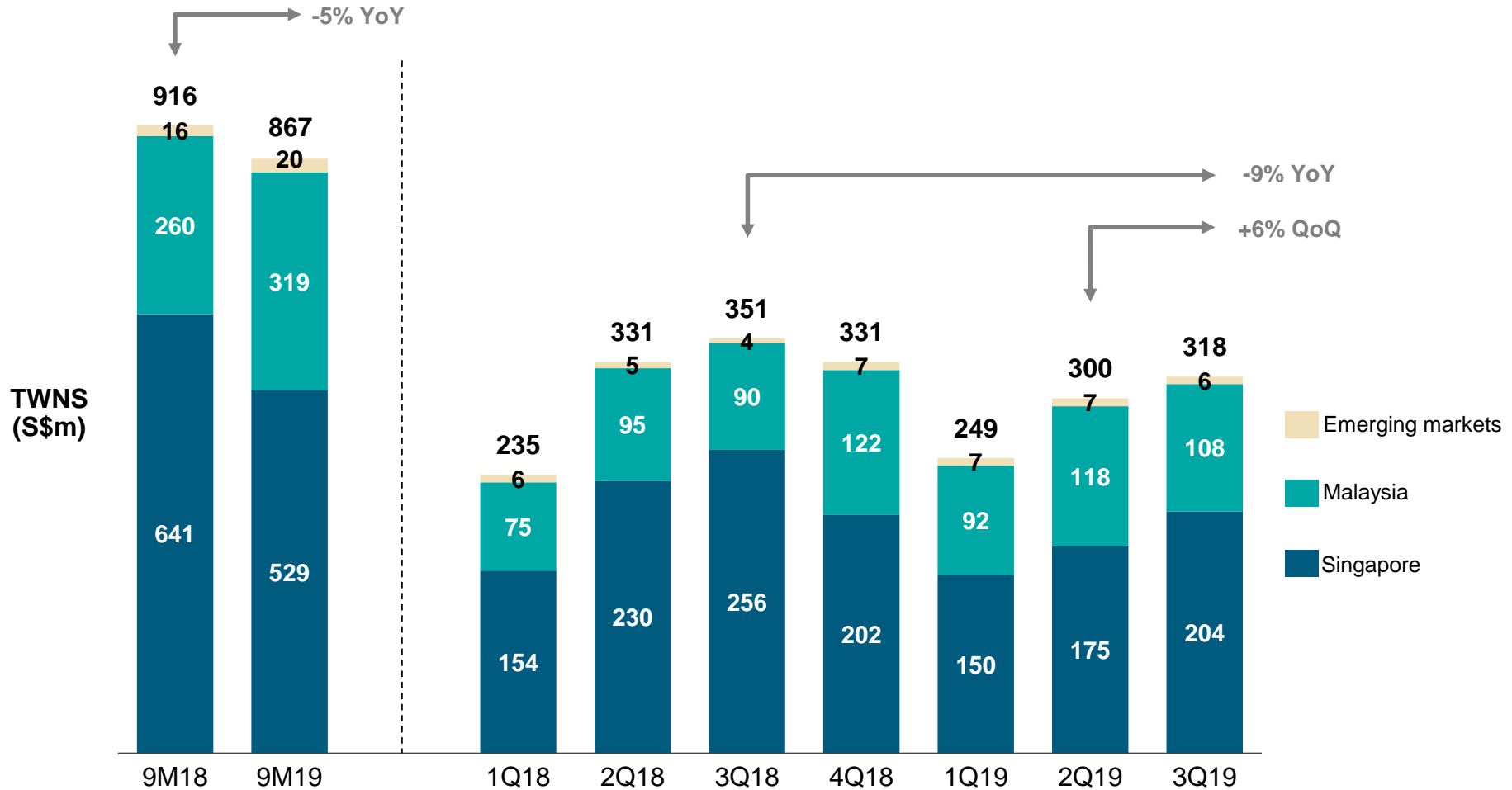
GEH: Profit from Shareholders' Fund

3Q19 Shareholders' Fund profit rose above the previous quarter to S\$56m, led by improved investment income



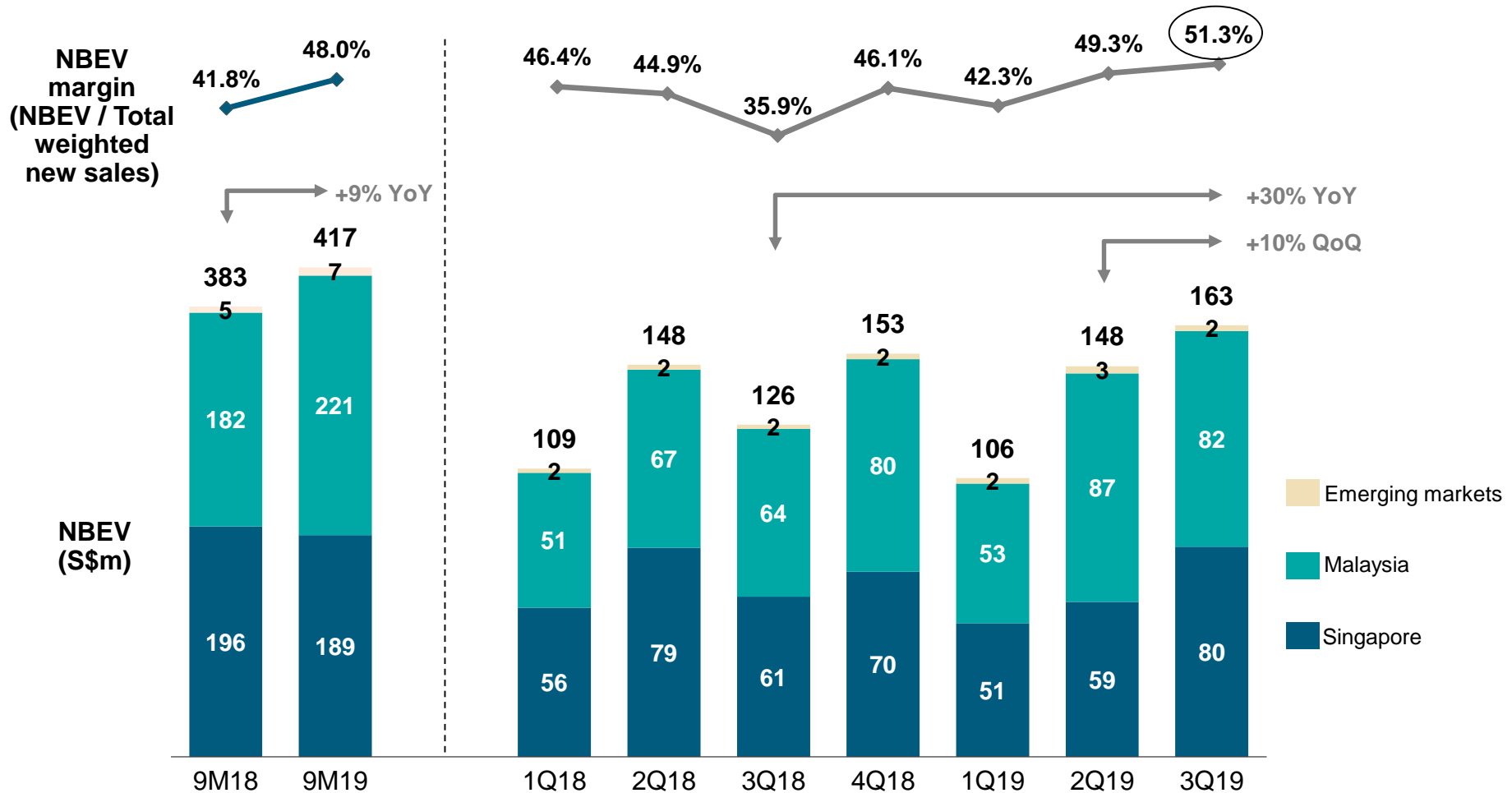
GEH: Total weighted new sales

3Q19 TWNS grew 6% QoQ to S\$318m



GEH: New business embedded value

3Q19 NBEV grew 30% YoY and 10% QoQ, driven by improvement in NBEV margin as a result of change in product mix



OCBC Wing Hang Hong Kong & Macau's performance

9M19 net profit rose 5% YoY to HKD1.73b; 3Q19 net profit up 11% YoY to HKD590m

HKD m	9M19	9M18	YoY +/(-)%	3Q19	3Q18	YoY +/(-)%	2Q19	QoQ +/(-)%
Net interest income	2,910	2,674	9	1,017	908	12	982	4
Non-interest income	832	836	-	303	300	1	274	11
Total income	3,742	3,510	7	1,320	1,208	9	1,256	5
Operating expenses	(1,725)	(1,581)	9	(587)	(542)	8	(580)	1
Operating profit	2,017	1,929	5	733	666	10	676	8
Allowances (charge)/ writeback	(8)	(42)	(80)	(24)	(40)	(41)	11	320
Associates	23	54	(56)	(8)	6	(247)	14	(158)
Profit before tax	2,032	1,941	5	701	632	11	701	-
Tax	(306)	(298)	3	(111)	(99)	12	(102)	9
Net profit – local reporting	1,726	1,643	5	590	533	11	599	(1)

Key ratios (%)

Net interest margin	1.69	1.62	1.76	1.61	1.73
Cost-to-income	46.1	45.0	44.5	44.8	46.2

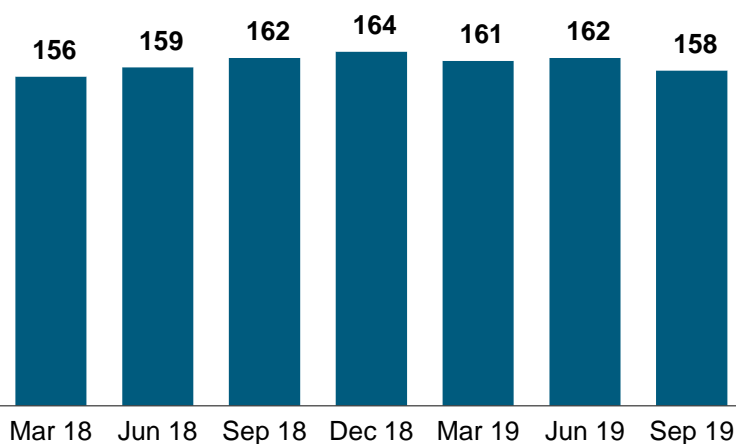
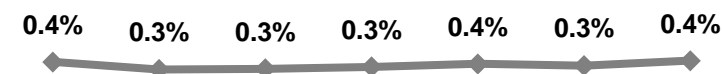


OCBC Wing Hang Hong Kong & Macau: Loans & Deposits

Loans and deposits declined YoY and QoQ; CASA ratio improved to 46.3%

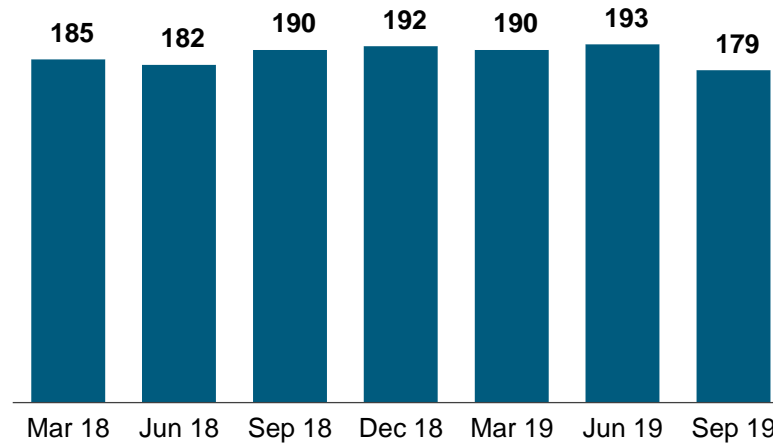
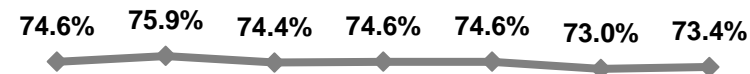
Customer Loans (HKD b)

NPL ratio

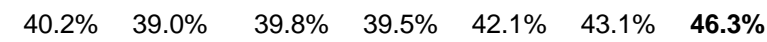


Customer Deposits (HKD b)

Loans / Deposits ^{1/}



CASA ratio



OCBC Malaysia's performance

9M19 net profit rose 11% YoY; 3Q19 net profit up 61% YoY and 15% QoQ

RM m	9M19	9M18	YoY +/(-)%	3Q19	3Q18	YoY +/(-)%	2Q19	QoQ +/(-)%
Net interest income	1,125	1,124	-	369	390	(5)	376	(2)
Islamic banking income ^{1/}	330	328	-	108	107	1	114	(5)
Non-interest / finance income	505	444	14	171	156	10	190	(10)
Total income	1,960	1,896	3	648	653	(1)	680	(5)
Operating expenses	(921)	(859)	7	(316)	(289)	9	(311)	2
Operating profit	1,039	1,037	-	332	364	(9)	369	(10)
Allowances (charge)/ writeback	(124)	(175)	(29)	40	(103)	(139)	(50)	(180)
Profit before tax	915	862	6	372	261	43	319	17
Tax	(219)	(237)	(8)	(91)	(87)	5	(75)	21
Net profit – local reporting	696	625	11	281	174	61	244	15

Key ratios (%)

Net interest/finance margin	2.04	2.08	1.99	2.11	2.05
Cost-to-income	47.0	45.3	48.8	44.3	45.7

Note: OCBC Malaysia's financials in this presentation comprise the results of OCBC Bank (Malaysia) Berhad and its subsidiary companies and prepared based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

1/ Islamic banking income comprises net finance income and other income contributed by Islamic banking subsidiary OCBC Al-Amin.

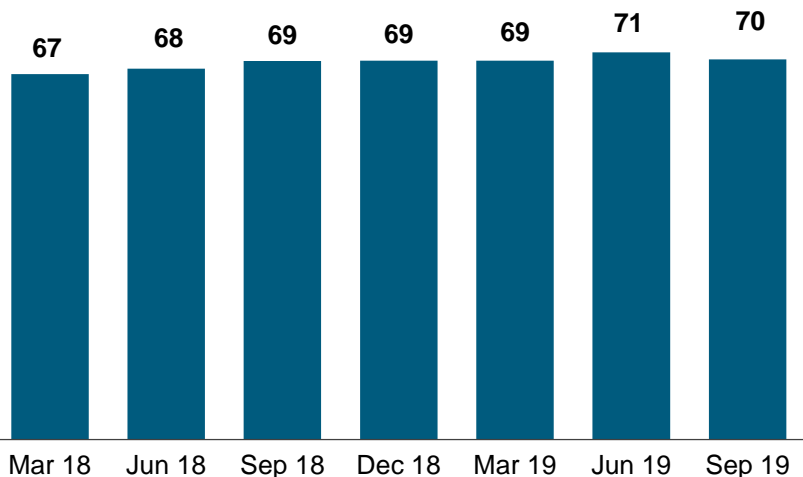
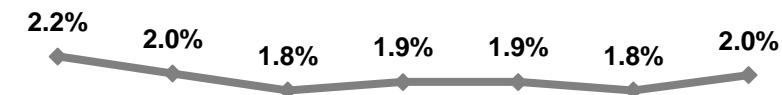


OCBC Malaysia: Loans & Deposits

Loans increased 1% YoY to RM70b and deposits up 4% YoY to RM77b;
 CASA ratio improved to 37.4%; NPL ratio at 2.0%

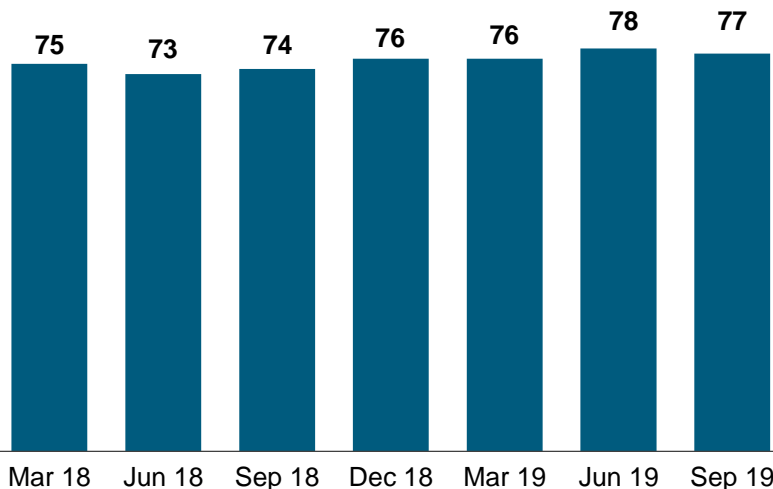
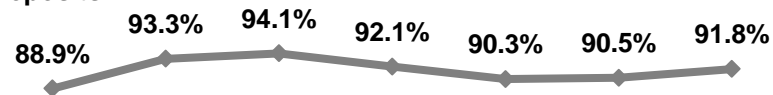
Customer Loans (RM b)

NPL ratio

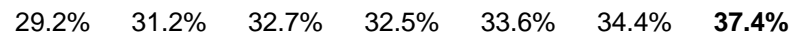


Customer Deposits (RM b)

Loans / Deposits



CASA ratio



Bank OCBC NISP's performance

9M19 net profit rose 9% YoY to a record IDR2.22t

IDR b	9M19	9M18	YoY +/(-)%	3Q19	3Q18	YoY +/(-)%	2Q19	QoQ +/(-)%
Net interest income	4,767	4,775	-	1,557	1,628	(4)	1,669	(7)
Non-interest income	1,431	971	47	476	391	22	499	(5)
Total income	6,198	5,746	8	2,033	2,019	1	2,168	(6)
Operating expenses	(2,808)	(2,626)	7	(950)	(875)	9	(954)	-
Operating profit	3,390	3,120	9	1,083	1,144	(5)	1,214	(11)
Allowances	(453)	(434)	4	(180)	(222)	(19)	(177)	1
Non-operating income	3	2	49	1	1	154	1	86
Profit before tax	2,940	2,688	9	904	923	(2)	1,038	(13)
Tax	(720)	(655)	10	(220)	(225)	(2)	(267)	(17)
Net profit – local reporting	2,220	2,033	9	684	698	(2)	771	(11)

Key ratios (%)

Net interest margin	3.92	4.19	3.77	4.26	4.09
Cost-to-income	45.3	45.7	46.7	43.3	44.0



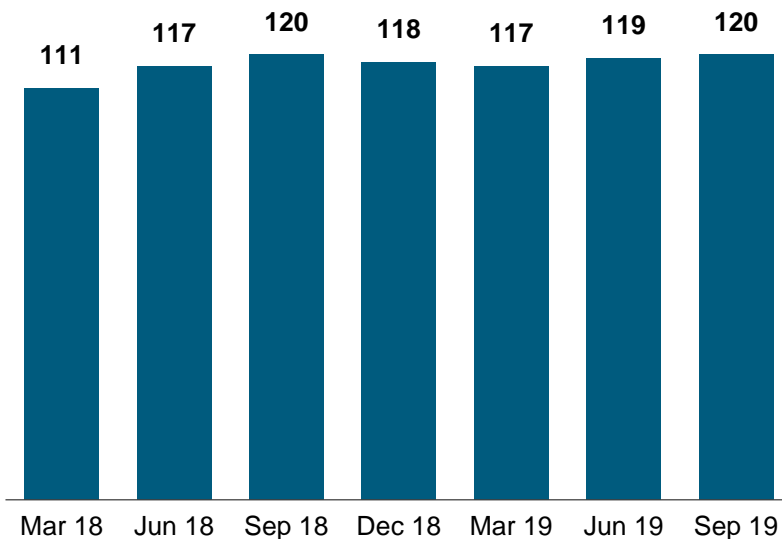
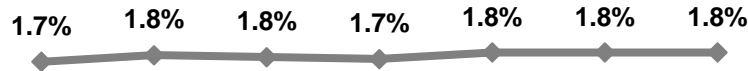
Note: NIM calculation based on guidelines from Financial Services Authority in Indonesia.

Bank OCBC NISP: Loans & Deposits

Loans up 1% QoQ to IDR120t, while deposits grew 1% QoQ to IDR132t;
CASA ratio increased to 37.9%; NPL ratio unchanged at 1.8%

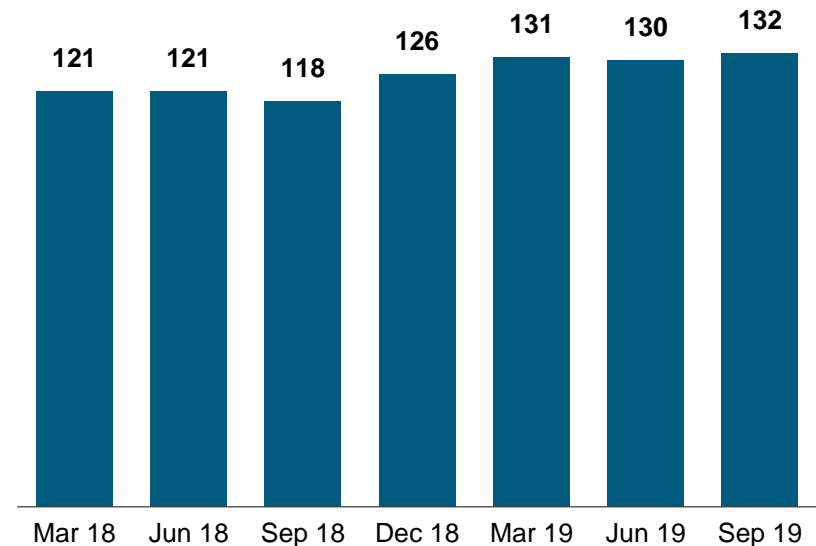
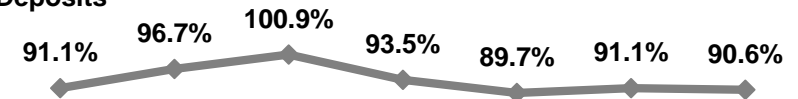
Customer Loans (IDR t)

NPL ratio

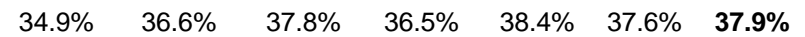


Customer Deposits (IDR t)

Loans / Deposits



CASA ratio



Note: Gross loans-to-deposits ratio calculation based on guidelines from Financial Services Authority in Indonesia.



Third Quarter 2019 Results Thank You