

First Quarter 2019 Results Presentation

10 May 2019



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Results Overview

1Q19 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.

1Q19 Highlights

Net profit up 11% YoY to S\$1.23b, underpinned by record operating profit; ROE higher at 12.0%

Summary Financial Performance

Net Interest Income : S\$1.53b; +8%

(1Q18 : S\$1.42b)

Non-interest Income : S\$1.14b; +24%

(1Q18 : S\$0.92b)

Operating Expenses : S\$1.10b; +6%

(1Q18 : S\$1.03b)

Allowances: S\$0.25b

(1Q18 : S\$0.01b)

ROE: 12.0%

(1Q18 : 11.8%)

ROA: 1.29%

(1Q18 : 1.18%)

Customer Loans: S\$259b; +5%

(Mar 18 : S\$247b)

Customer Deposits: S\$294b; +2%

(Mar 18 : S\$289b)

NPL ratio: 1.5%

(Mar 18 : 1.4%)

CET1 ratio: 14.2%

(Mar 18 : 13.1%)

Leverage ratio: 7.4%

(Mar 18 : 7.0%)

All-currency LCR: 150%

(1Q18 : 149%)

NSFR: 110%

(1Q18 : 106%)

Resilient and Sustainable Business Momentum

- Operating profit before allowances up 23% YoY to a new high of S\$1.75b
- Net interest income rose 8% YoY from sustained loan growth and 9 bps uplift in NIM to 1.76%
- Wealth management income increased 27% YoY, contributing 34% of the Group's total income, up from 31% a year ago
 - Private banking AUM rose 6% YoY to a record US\$108b from sustained net new money inflows
 - Life insurance profit increased 40% YoY to S\$233m
 - Wealth management fee income rebounded QoQ, up 15%
- 1Q19 CIR was 40.9%, improved from the 44.2% a year ago
- Customer loans expanded 5% YoY and deposits grew 2%; Loans-to-deposits ratio at 87.1%
- Asset quality remained sound, NPL ratio stable at 1.5%
- Funding and liquidity position remained strong
- CET1 CAR rose to 14.2% from 13.1% a year ago

1Q19 Group Performance

Net profit rose 11% YoY and 33% QoQ to S\$1.23b, driven by strong income growth

OCBC Group	1Q19 S\$m	1Q18 S\$m	YoY +/(-)%	4Q18 S\$m	QoQ +/(-)%
Net interest income	1,534	1,415	8	1,520	1
Non-interest income	1,142	918	24	830	38
Total income	2,676	2,333	15	2,350	14
Operating expenses	(1,095)	(1,032)	6	(1,078)	2
Operating profit	1,581	1,301	21	1,272	24
Associates	170	125	36	85	102
Operating profit before allowances	1,751	1,426	23	1,357	29
Allowances	(249)	(12)	nm	(205)	22
Amortisation of intangibles	(25)	(25)	1	(26)	(1)
Tax & NCI	(246)	(277)	(11)	(200)	23
Net profit	1,231	1,112	11	926	33

1Q19 Banking Operations Performance

Net profit for Banking Operations rose 15% QoQ to S\$942m

Banking Operations	1Q19 S\$m	1Q18 S\$m	YoY +/(-)%	4Q18 S\$m	QoQ +/(-)%
Net interest income	1,510	1,397	8	1,499	1
Non-interest income	699	703	(1)	639	9
Total income	2,208	2,100	5	2,138	3
Operating expenses	(1,015)	(972)	4	(1,016)	-
Operating profit	1,193	1,128	6	1,122	6
Associates	176	127	38	86	105
Operating profit before allowances	1,369	1,255	9	1,208	13
Allowances	(248)	(12)	nm	(205)	21
Amortisation, tax & NCI	(179)	(253)	(29)	(186)	(4)
Net profit from banking operations	942	990	(5)	817	15
GEH net profit contribution	290	123	136	109	167
OCBC Group net profit	1,231	1,112	11	926	33

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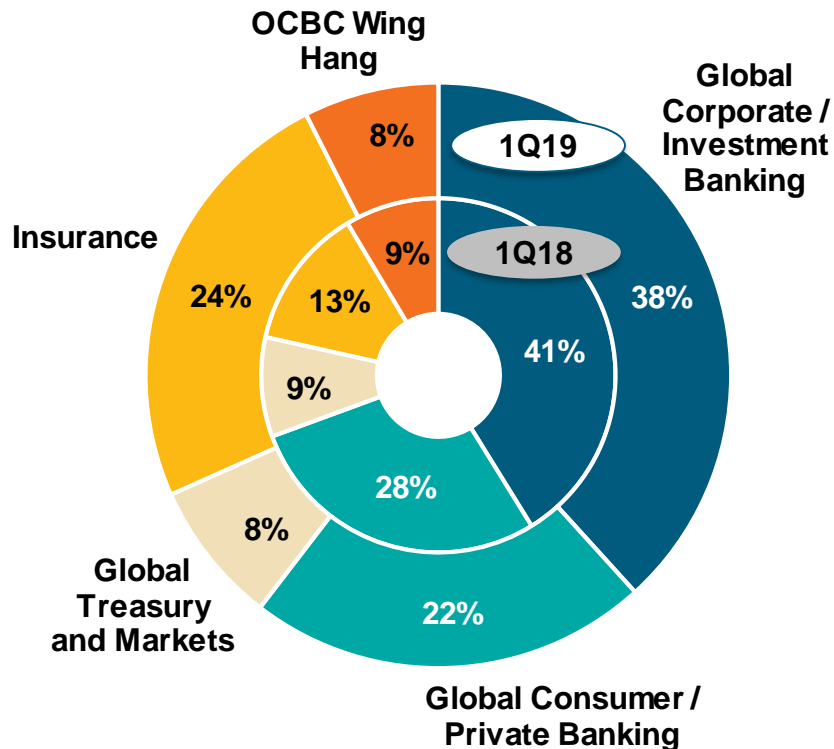
Appendix: Performance of Major Subsidiaries

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

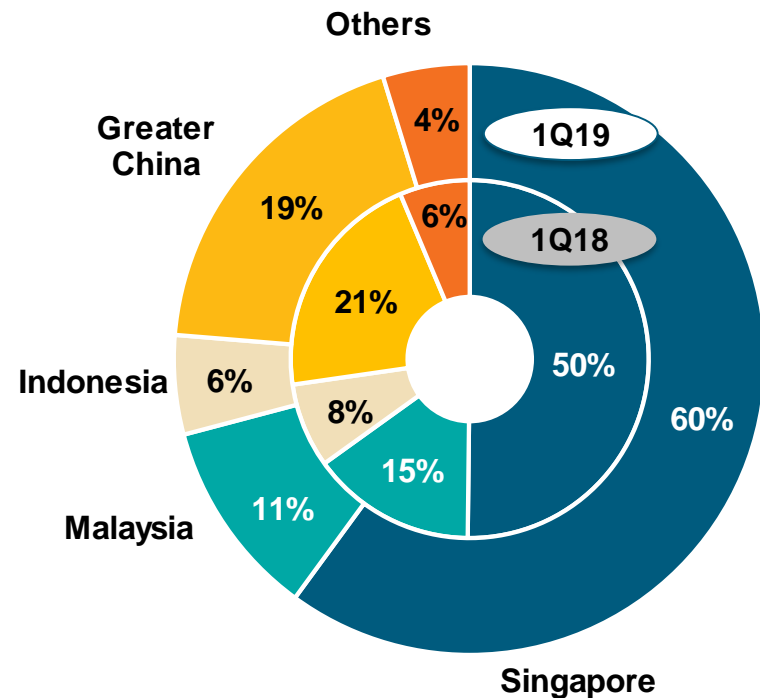
Performance by business and geography

Earnings well-diversified across key business segments and geographies

1Q19 Operating Profit
by Business^{1/}

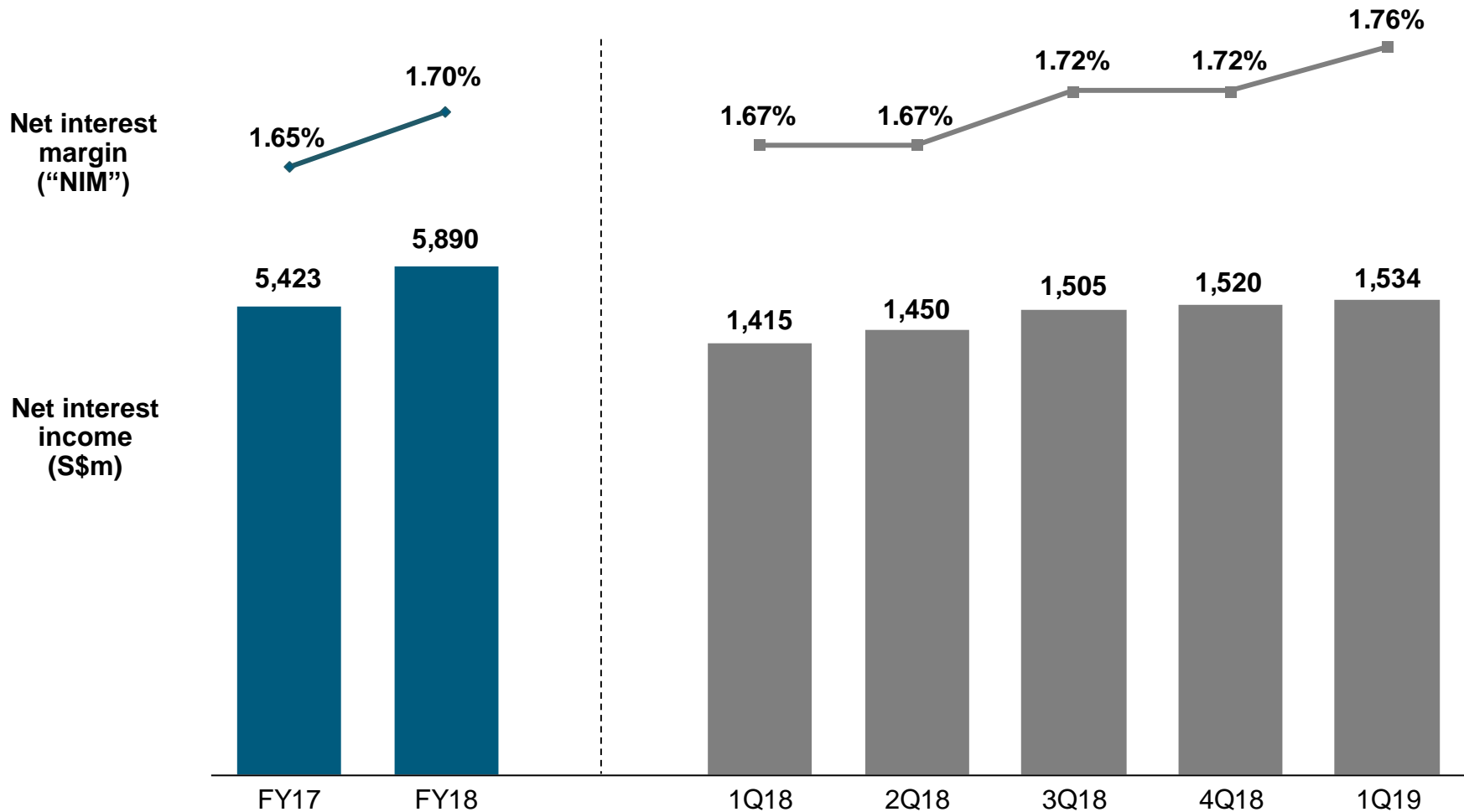


1Q19 Profit before Tax
by Geography



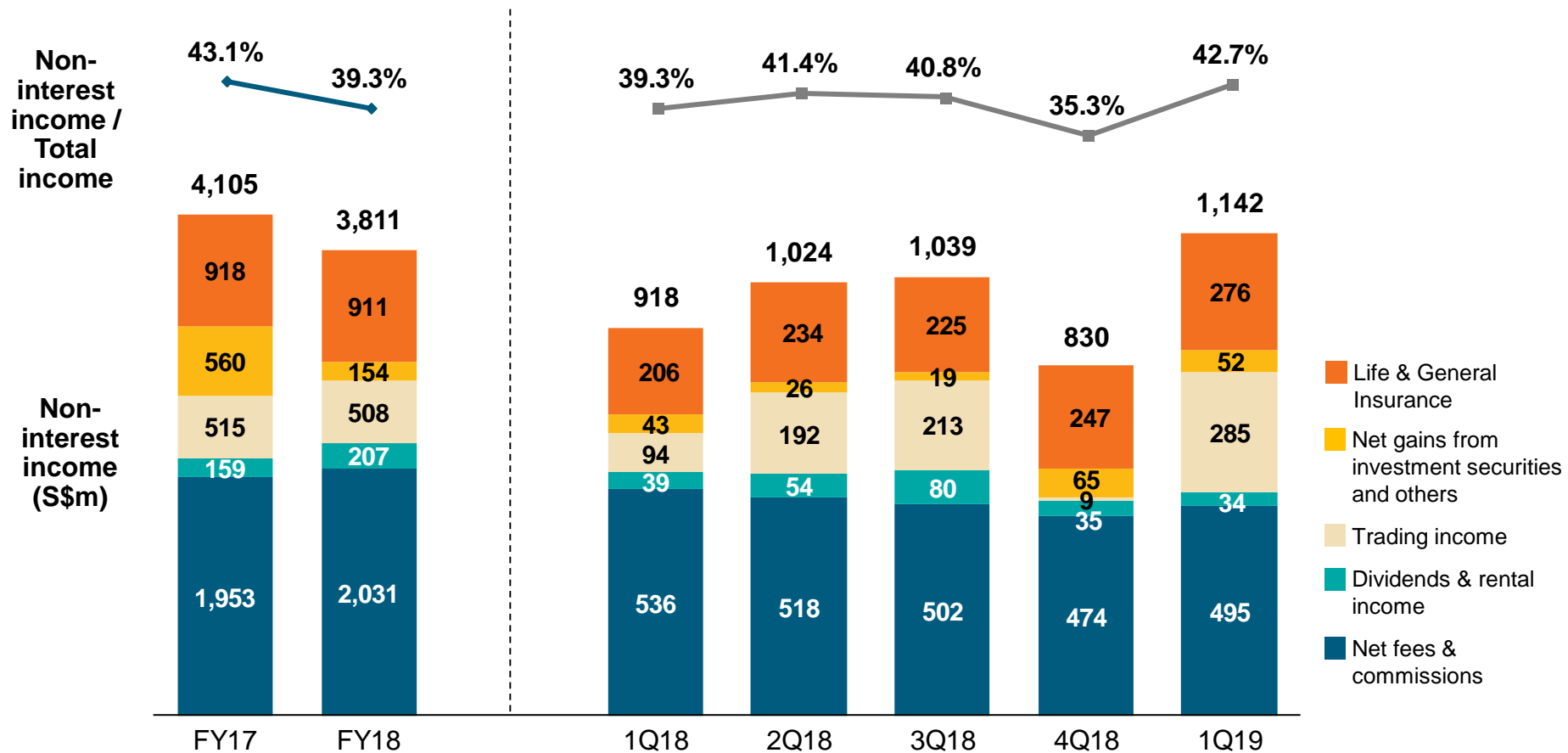
Net interest income

Net interest income increased 8% YoY, from both loan growth and higher NIM; NIM rose 4bps QoQ to 1.76% underpinned by loan repricing in Singapore



Non-interest income

Non-interest income up 38% QoQ, led by higher fees and commissions, trading income and insurance profit

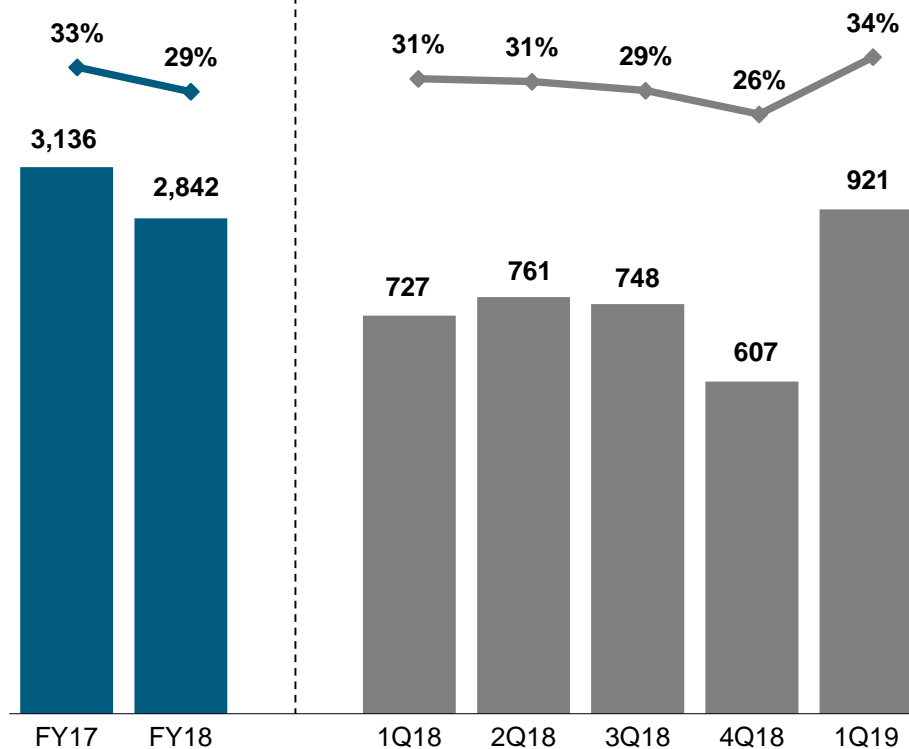


Wealth Management (“WM”) Franchise

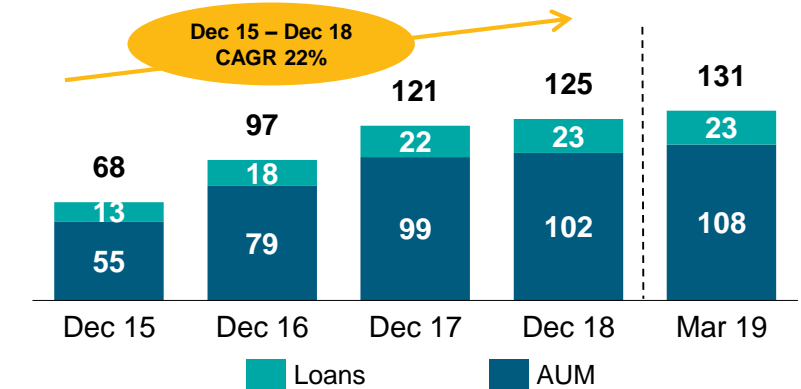
WM income up 52% QoQ, driven by higher insurance and private banking income; BOS’ AUM rose 6% QoQ to a new high of US\$108b

Wealth Management Income^{1/ 2/} (\$m)

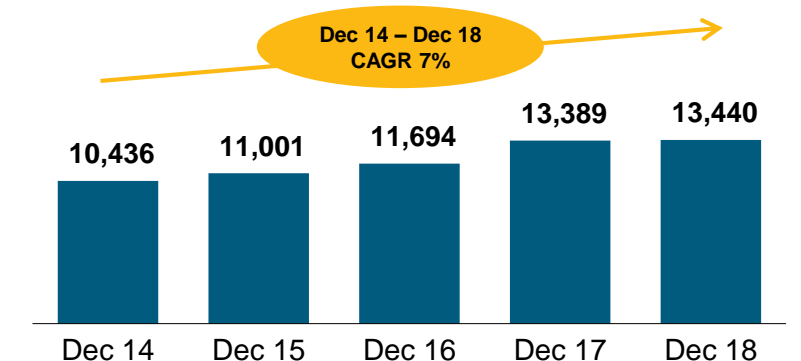
As % of Group income



Bank of Singapore’s Earning Asset Base (US\$b)



Great Eastern’s Embedded Value^{3/} (\$m)



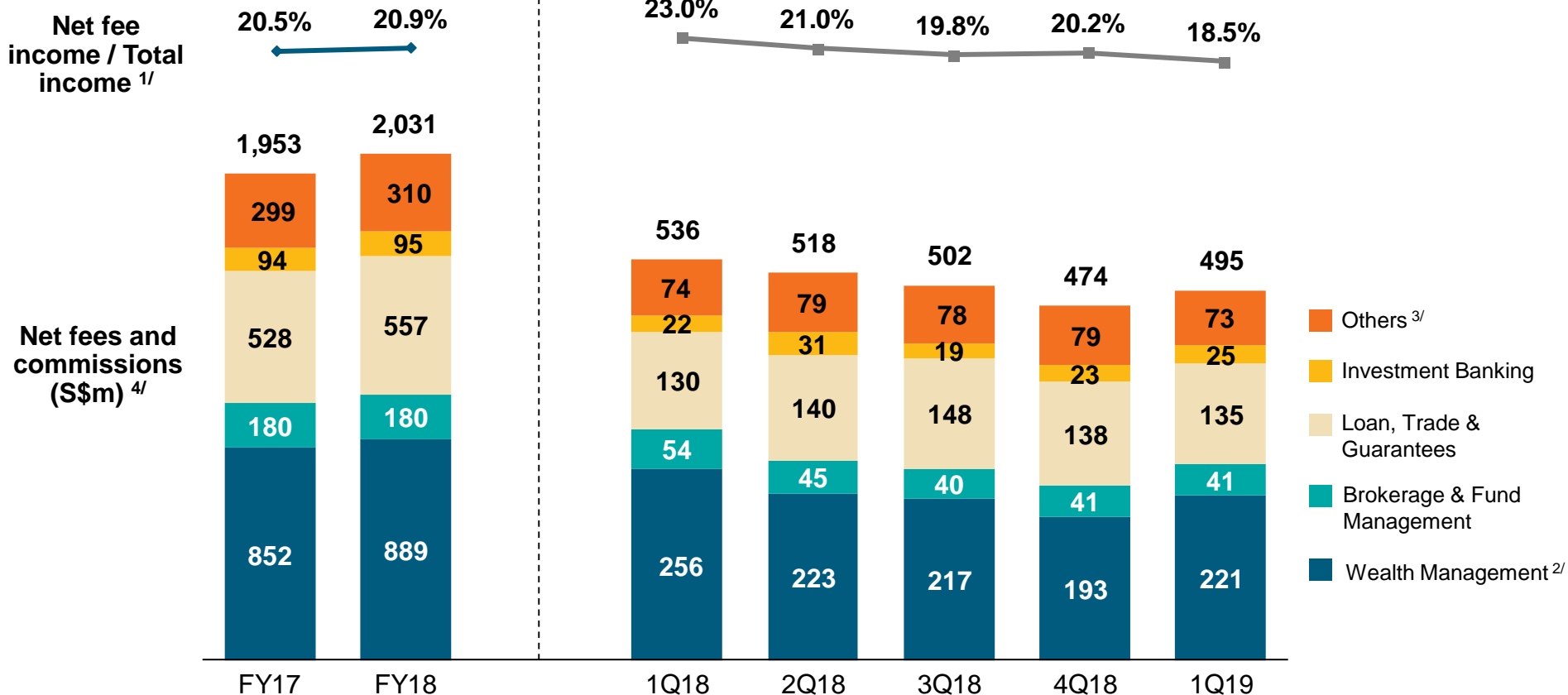
1/ Wealth management income comprises the consolidated income from insurance, asset management, stockbroking and private banking subsidiaries, plus the Group’s income from the sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

2/ Figures for FY17 were restated in accordance with SFRS(I) and change in accounting policy for GEH.

3/ An actuarial embedded value is a commonly used technique to estimate the economic value of the existing business of a life insurance company.

Net Fees & Commissions

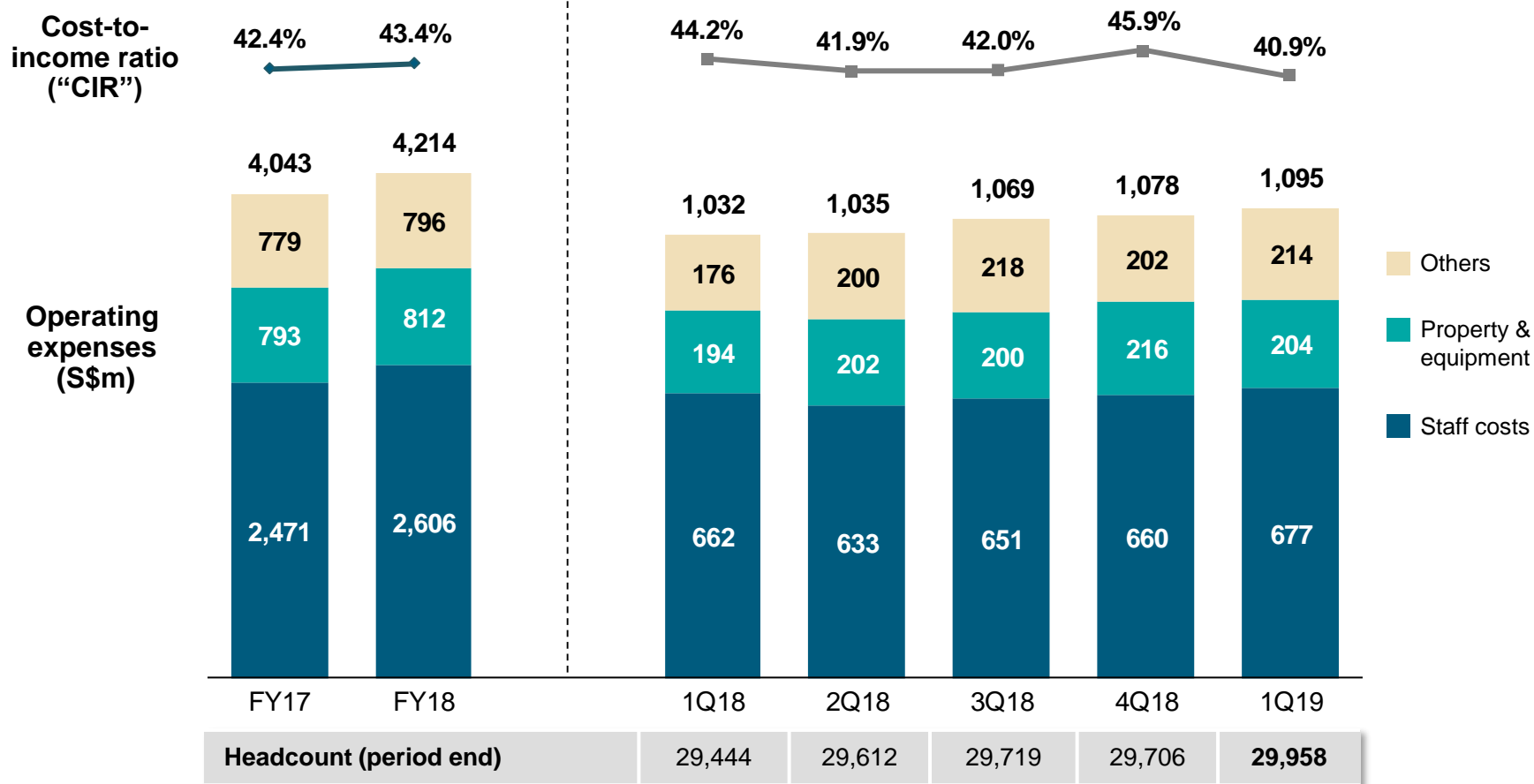
Net fee income grew 4% QoQ to S\$495m, led by growth in wealth management fees



1/ Figures for FY17 were restated in accordance with SFRS(I) and change in accounting policy for GEH.
 2/ Mainly comprising income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.
 3/ "Others" includes credit card fees, service charges and other fee and commission income.
 4/ Net of fee and commission expenses.

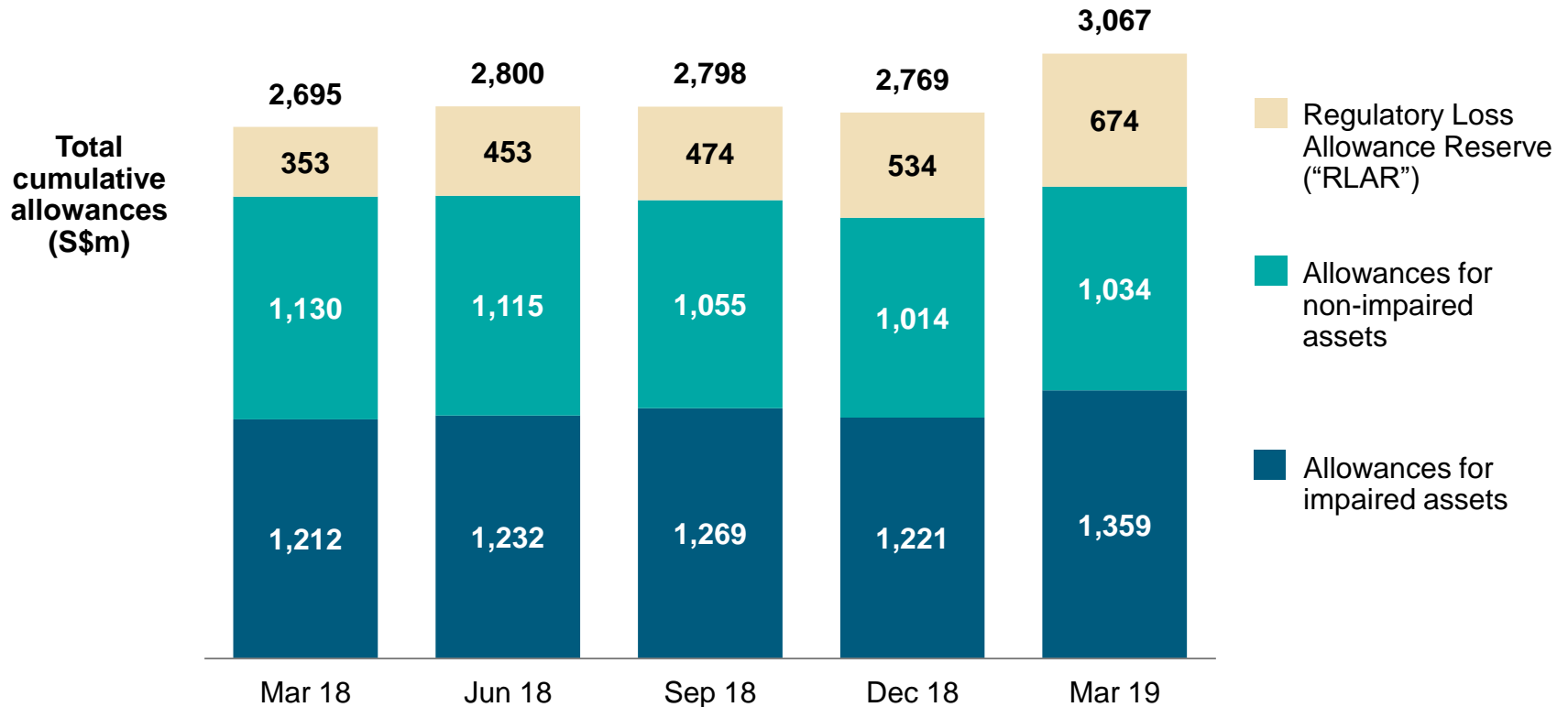
Operating expenses

Expenses rose 6% YoY and 2% QoQ to S\$1.10b; CIR was lower at 40.9% as income growth outpaced that of expenses



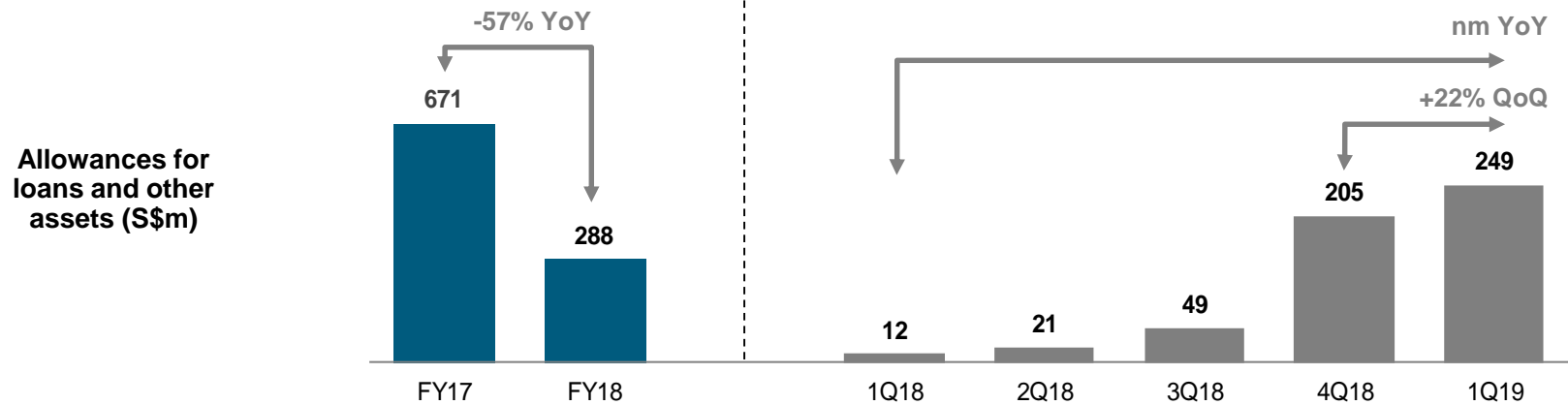
Total cumulative allowances

Total allowances set aside complied with requirements set out in SFRS(I) 9 and the revised MAS 612



Allowances

Total allowances up QoQ, as a decline in allowances for impaired loans was offset by an increase in allowances for non-impaired loans



Allowances for loans and other assets (\$m)

Allowances for impaired loans ^{1/}	1,407	397
- Allowances for new & existing NPLs	1,632	618
- Write-backs ^{3/}	(161)	(155)
- Recoveries ^{4/}	(64)	(66)
Allowances for impaired other assets	50	5
Allowances for non-impaired loans ^{2/}	(786)	(90)
Allowances for non-impaired other assets	-	(24)
Allowances for loans and other assets	671	288

13	33	101	250	231
60	99	157	302	268
(33)	(45)	(40)	(37)	(24)
(14)	(21)	(16)	(15)	(13)
(2)	9	(2)	(0)	1
16	(14)	(45)	(47)	20
(15)	(7)	(5)	2	(3)
12	21	49	205	249

As a % of avg. loans (bps) ^{5/}

Allowances for impaired loans	62	14
Total loan allowances ^{6/}	27	11

2	5	14	34	32
4	3	8	27	35

1/ Referred to as specific allowances for FY17.

2/ Referred to as portfolio allowances for FY17.

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

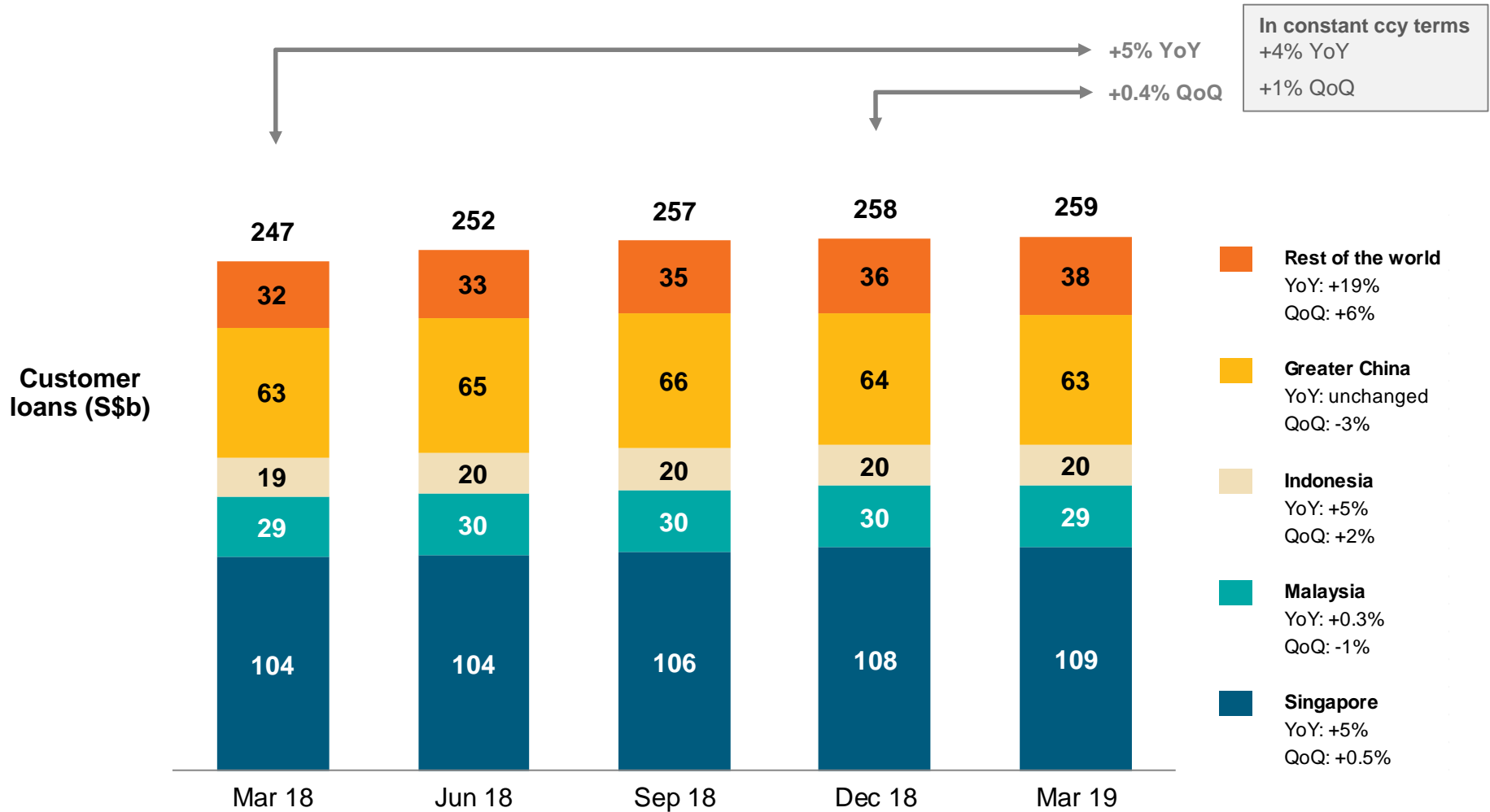
4/ Recoveries of loans that had been written off.

5/ Figures are computed on an annualised basis.

6/ Total loan allowances include allowances for impaired and non-impaired loans.

Customer loans

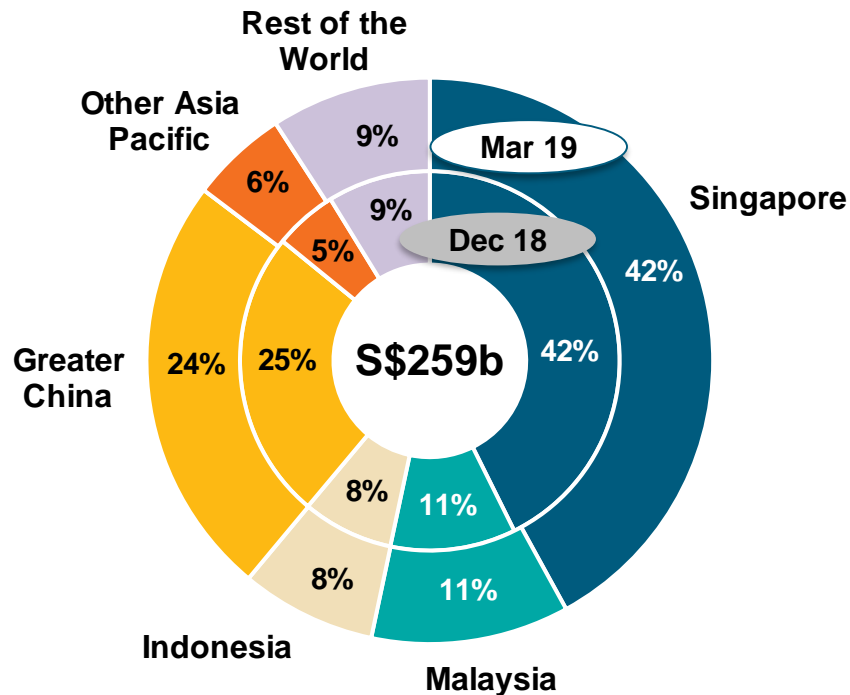
Loans rose 5% YoY to S\$259b, driven by broad-based growth



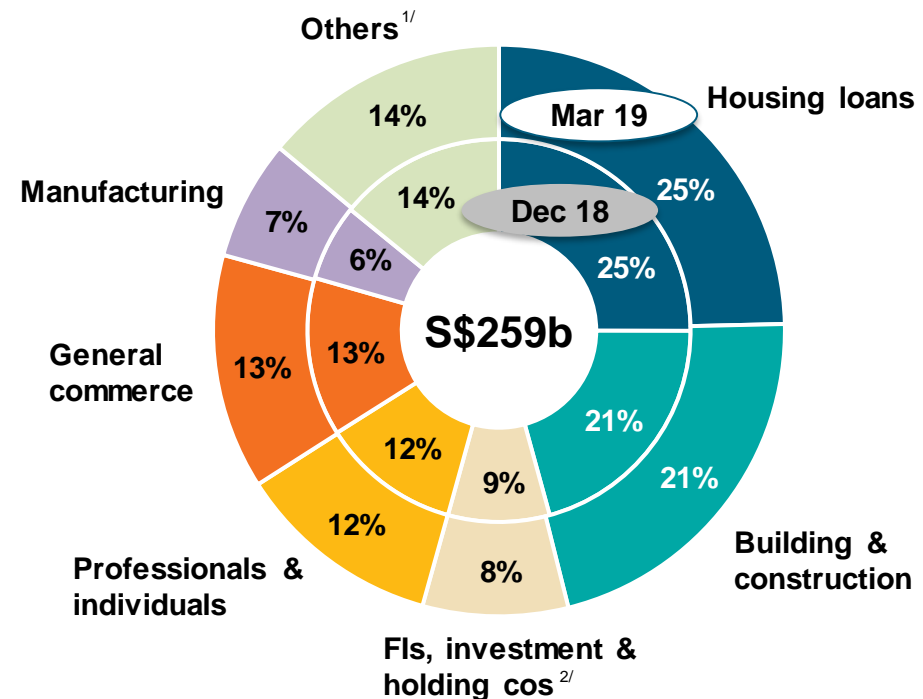
Customer loans

Loan portfolio remained well-diversified

Customer Loans by Geography



Customer Loans by Industry



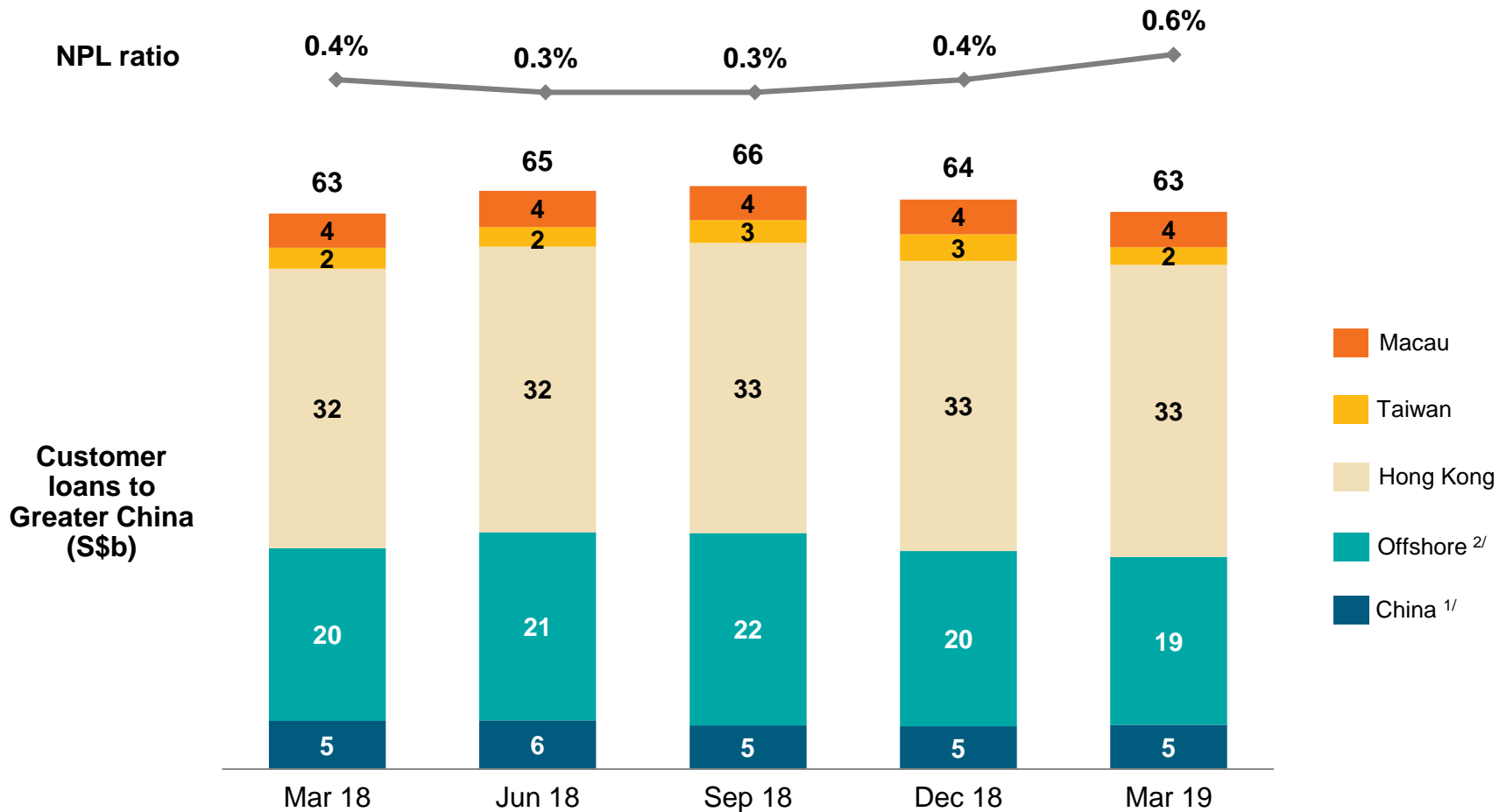
Note: Customer loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

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 growth unchanged YoY but lower QoQ at S\$63b



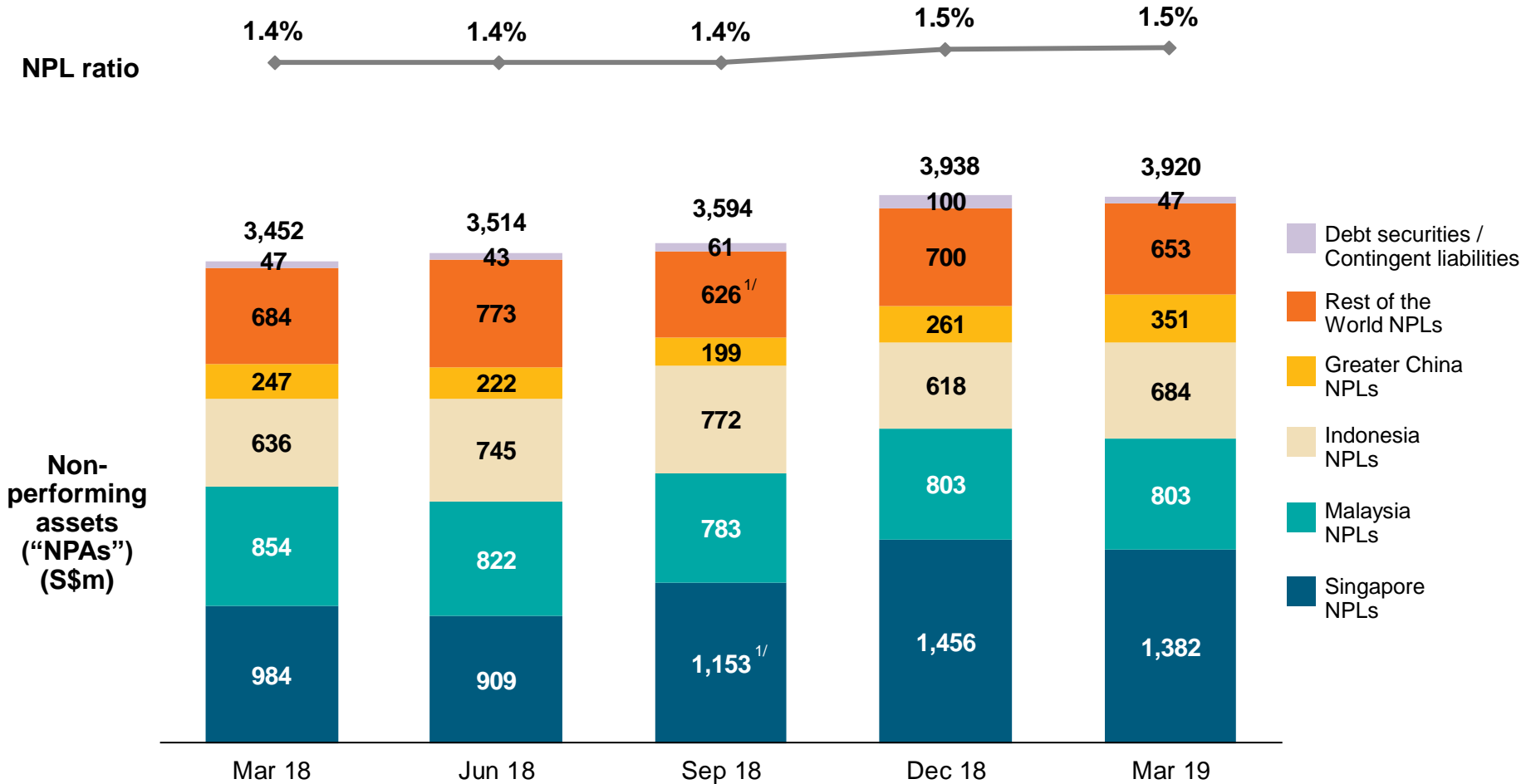
Note: Customer loans to Greater China is based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

1/ Relates to loans that are booked in China, where credit risks reside.

2/ Relates to loans that are booked outside of China, but with credit risks traced to China.

Asset quality

Portfolio quality remained sound; NPAs declined slightly from the previous quarter; NPL ratio unchanged QoQ at 1.5%



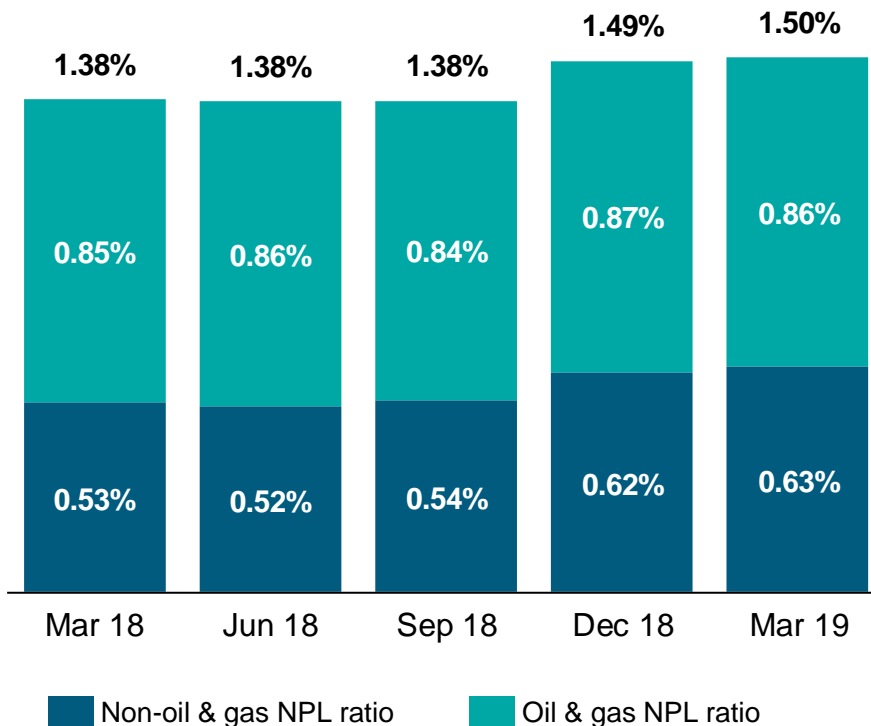
Note: NPAs comprise NPLs and classified debt securities/contingent liabilities. NPAs by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the exposures.

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

NPL Ratio & Non-Performing Assets

NPL ratio stable against the previous quarter at 1.50%

NPL ratio

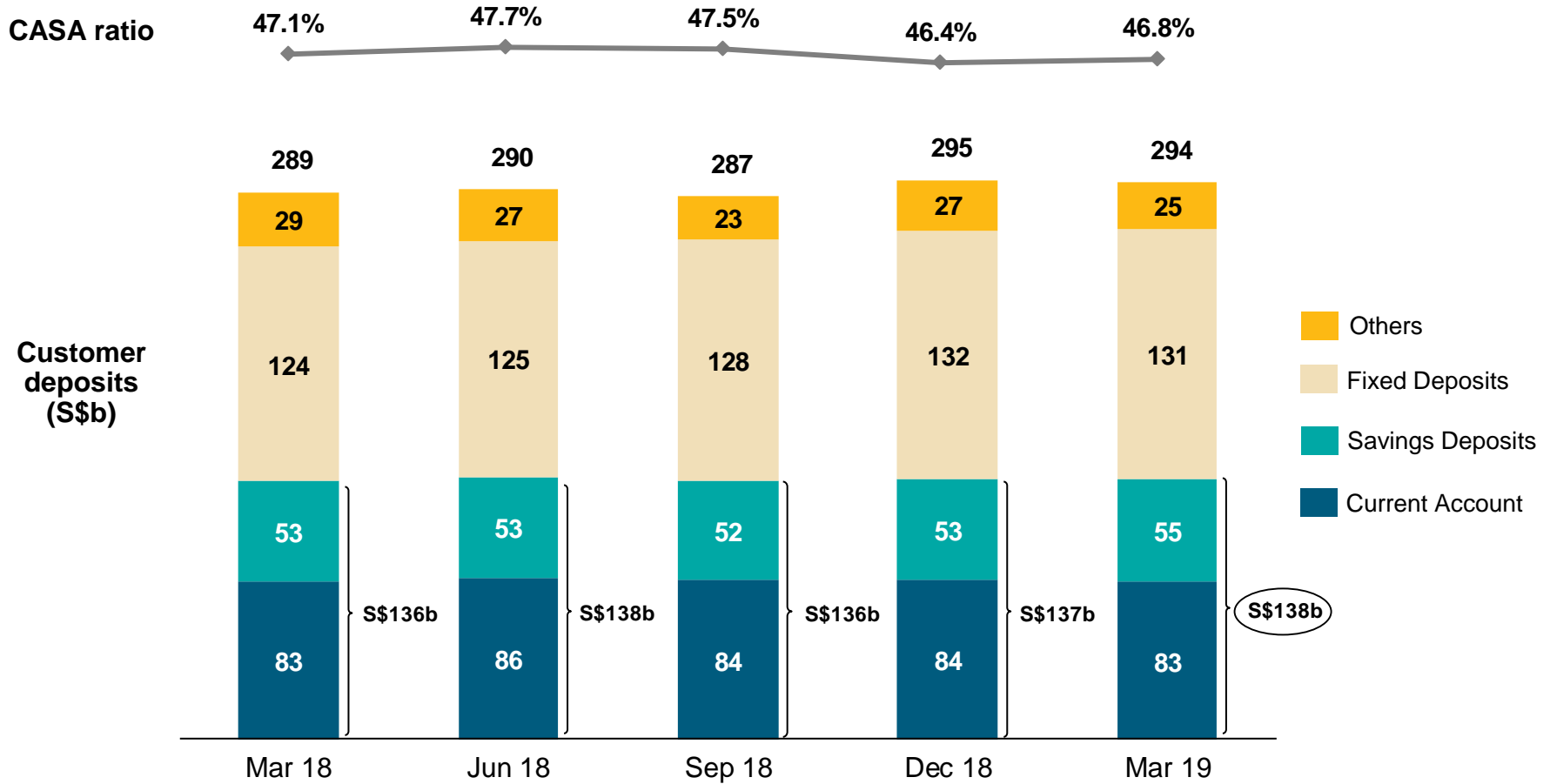


NPAs

	1Q19 S\$m	1Q18 S\$m	4Q18 S\$m
Opening balance	3,938	3,468	3,594
New NPAs	298	297	881
Net recoveries/ upgrades	(223)	(274)	(221)
Write-offs	(93)	(39)	(316)
Closing balance	3,920	3,452	3,938

Customer deposits

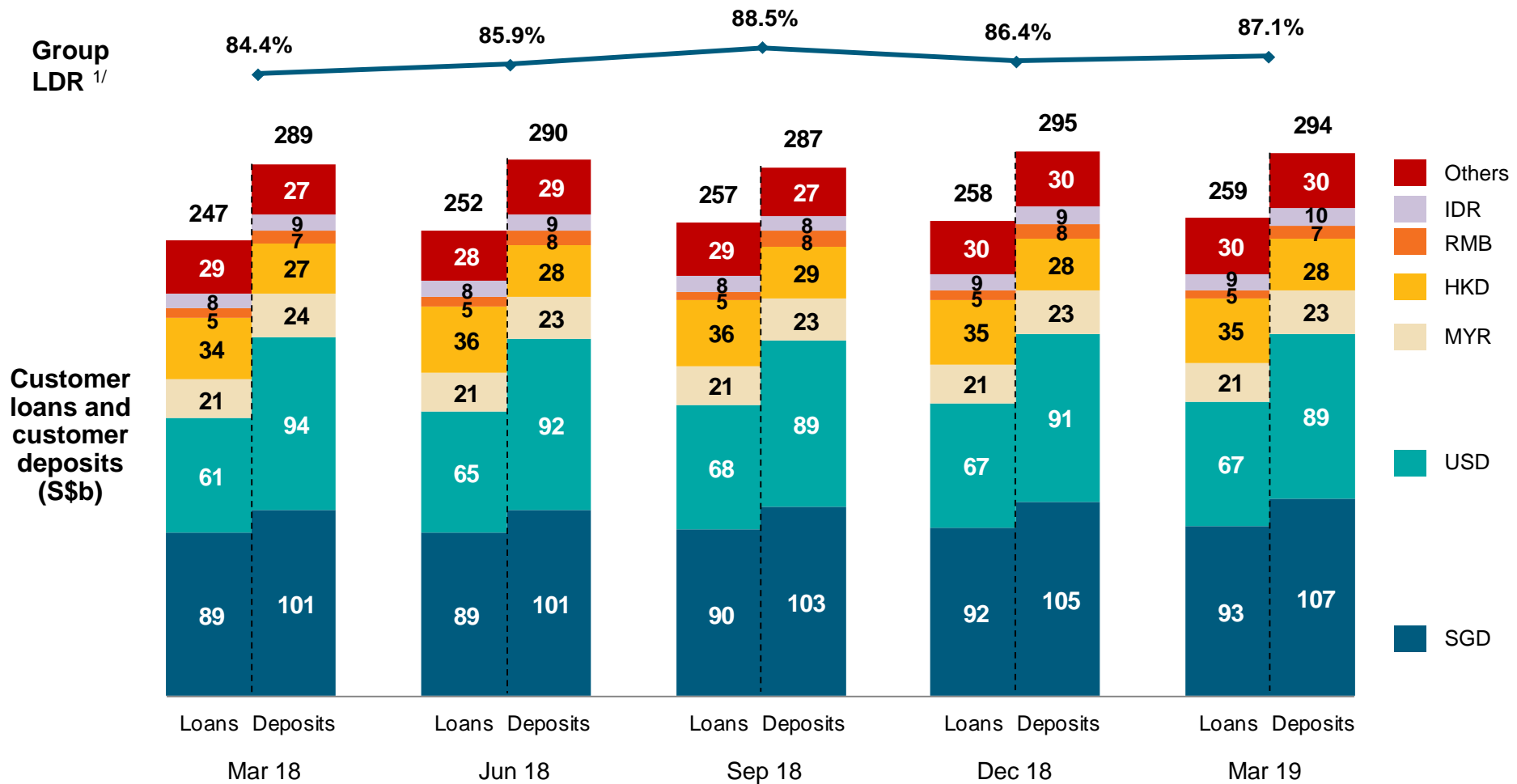
Customer deposits at S\$294b; CASA deposits up YoY and QoQ at S\$138b



Note: CASA ratio refers to the ratio of current account and savings deposits to total customer deposits.

Loans-to-Deposits Ratio

Group LDR higher YoY and QoQ at 87.1%



LDRs ^{1/}

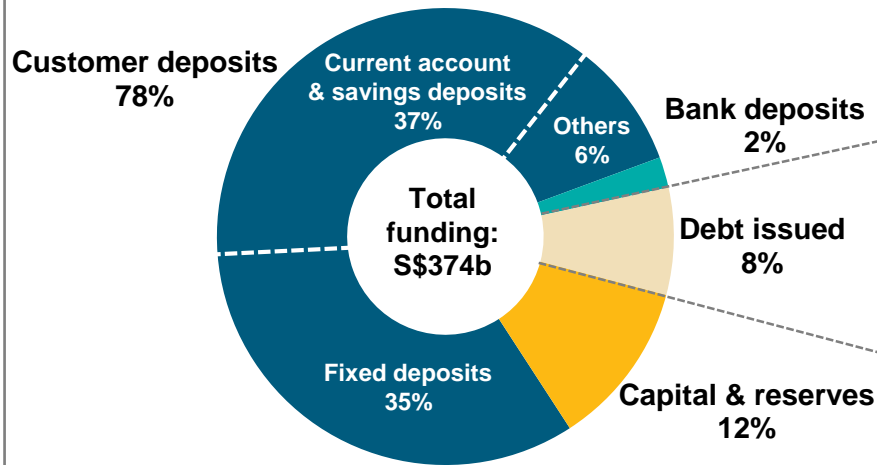
	Mar 18	Jun 18	Sep 18	Dec 18	Mar 19
SGD	88.2%	88.2%	87.5%	87.0%	86.5%
USD	65.6%	70.6%	76.0%	73.9%	75.1%
RMB	74.2%	63.9%	58.5%	58.7%	67.7%

^{1/} Group loans-to-deposits ratio ("LDR") based on net customer loans / customer deposits; LDRs by currency based on gross customer loans / customer deposits.

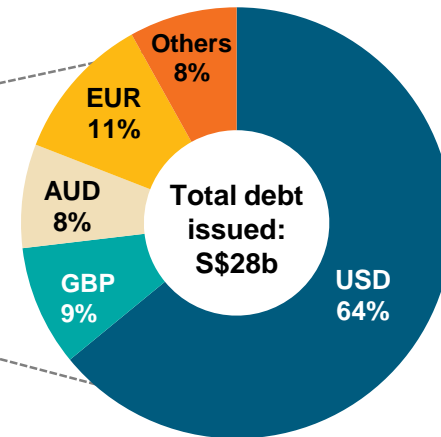
Funding & Liquidity

Customer deposits accounted for 78% of total funding; All-currency LCR and NSFR well above regulatory guidelines

Funding Composition as of 31 Mar 2019



Wholesale Funding by Currency as of 31 Mar 2019



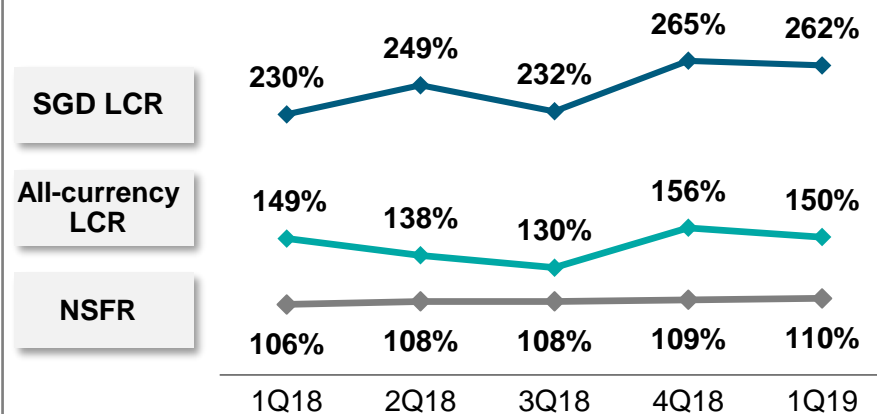
By Maturity:

≤ 1 year	67%
> 1 year	33%

CASA by Major Currencies

S\$b	Mar 19	Mar 18	Dec 18
SGD	70	70	69
USD	35	35	35
MYR	7	6	7
HKD	11	11	11
IDR	3	3	3

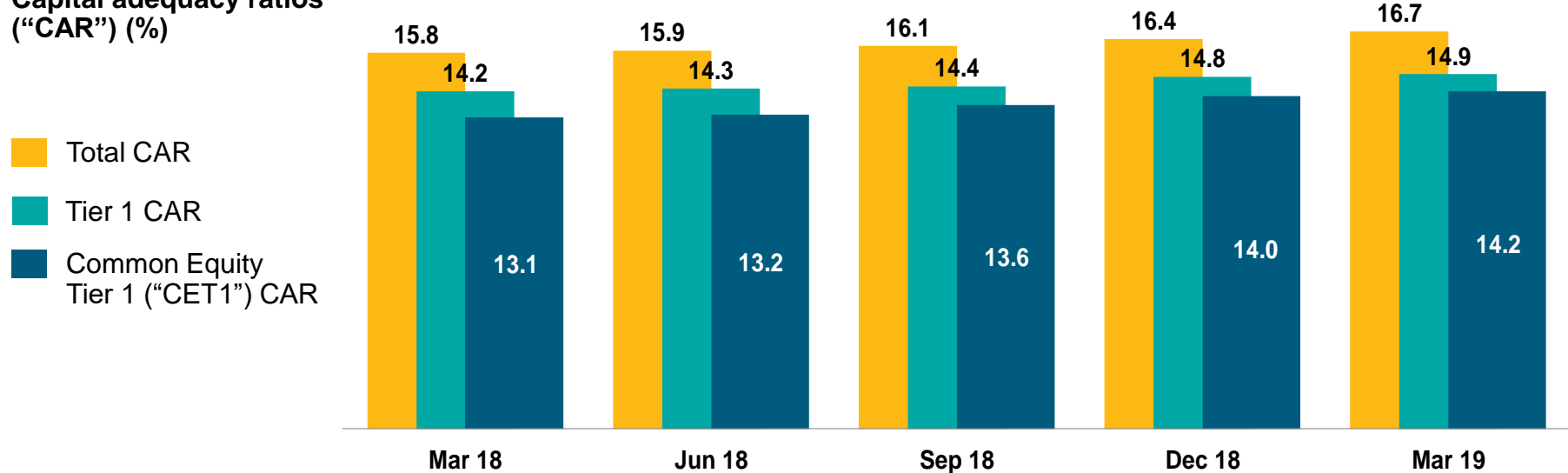
Average Liquidity Coverage Ratio & Net Stable Funding Ratio



Capital

CET1 CAR improved YoY and QoQ to 14.2%

Capital adequacy ratios ("CAR") (%)



CET1 capital (\$m)	26,206	26,641	27,377	28,068	29,024
Tier 1 capital (\$m)	28,277	28,714	28,948	29,640	30,585
Total capital (\$m)	31,440	32,075	32,300	32,986	34,155
RWA (\$m)	198,817	200,786	200,322	200,248	204,357
Leverage ratio (%)	7.0	7.0	7.1	7.2	7.4

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Subsidiaries' Performance

Major subsidiaries contributed 39% to the Group's profit

	Key Metrics		YoY	
	1Q19	1Q18		
Great Eastern Holdings	Net profit	S\$153m	S\$343m	+124%
	TWNS	S\$235m	S\$249m	+6%
	NBEV	S\$109m	S\$106m	-3%
	NBEV margin	46.4%	42.3%	-4.1ppt
OCBC Wing Hang	Net profit	HKD626m	HKD625m	unchanged
	Loans	HKD189b	HKD192b	+1%
	Deposits	HKD219b	HKD221b	+1%
OCBC Malaysia	Net profit	RM244m	RM171m	-30%
	Loans	RM67b	RM69b	+4%
	Deposits	RM75b	RM76b	+2%
Bank OCBC NISP	Net profit	IDR663b	IDR765b	+15%
	Loans	IDR111t	IDR117t	+6%
	Deposits	IDR121t	IDR131t	+8%

Note: - "ppt" denotes percentage points.

- OCBC Malaysia's financials in this presentation comprise the results of OCBC Bank (Malaysia) Berhad and its subsidiary companies.

1Q19 Great Eastern Holdings' performance

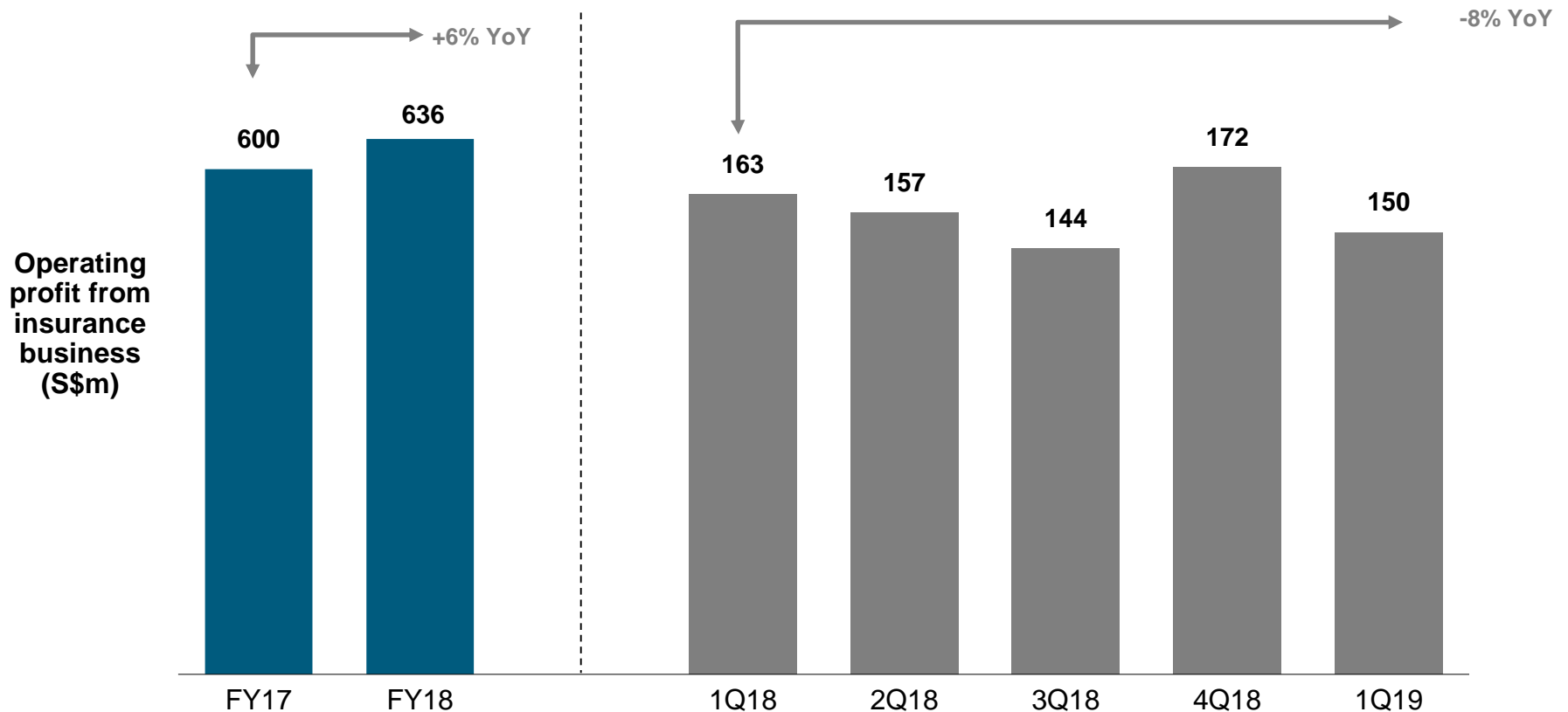
Net profit contribution up YoY and QoQ to S\$290m

GEH	1Q19 S\$m	1Q18 S\$m	YoY +/(-)%	4Q18 S\$m	QoQ +/(-)%
Profit from insurance business	240	172	49	204	17
- Operating profit	150	163	(8)	172	(13)
- Non-operating profit/ (loss)	75	(9)	966	11	577
- Others	16	18	(12)	21	(27)
Profit from Shareholders' Fund	148	2	nm	(55)	369
Profit from operations	388	174	124	149	160
(Allowances)/ write-back	(1)	0	(287)	0	(288)
Tax & NCI	(45)	(21)	112	(12)	247
Net profit	343	153	124	137	150
Group adjustments ^{1/}	(53)	(30)	76	(28)	88
Net profit contribution to Group	290	123	136	109	167

Note: For comparison in constant currency terms, operating profit in foreign currencies for 1Q19 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: Operating Profit

Operating profit was S\$150m

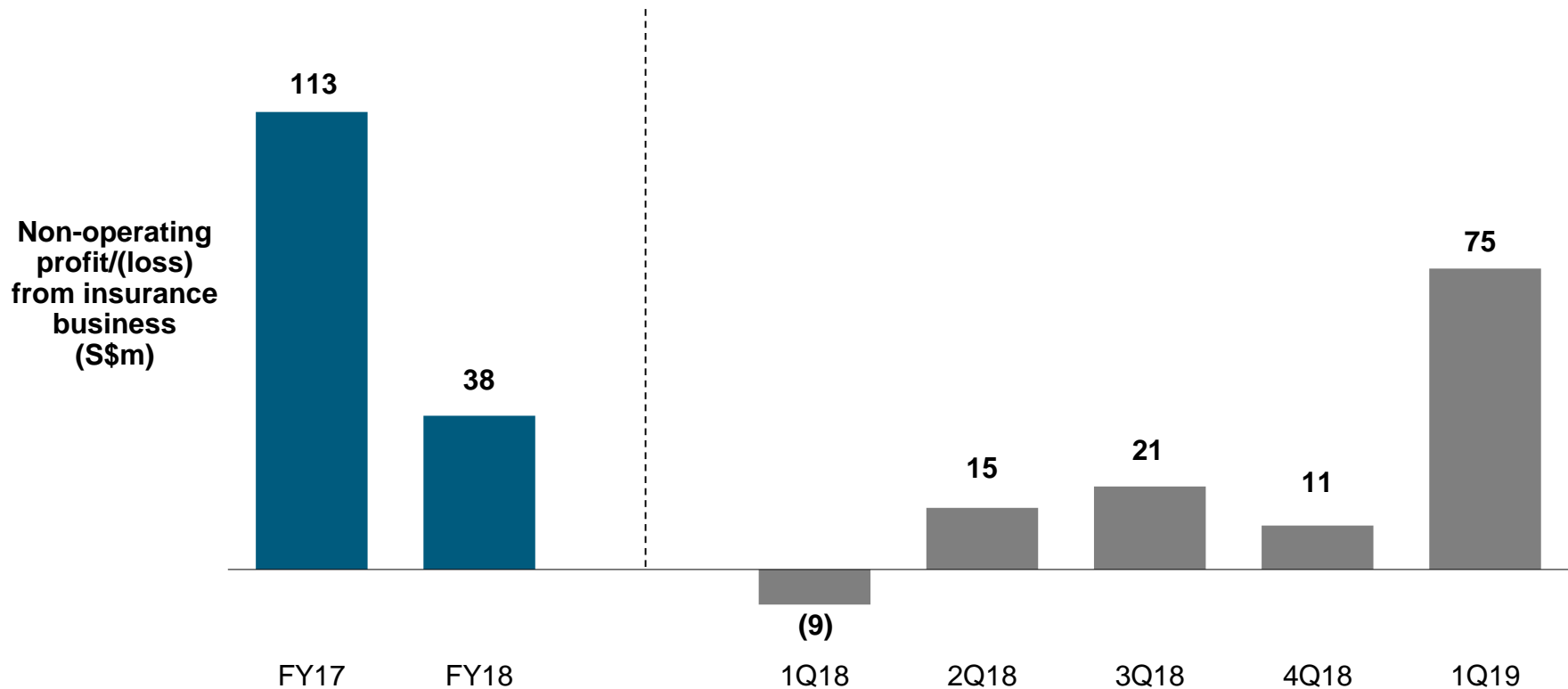


Note:

- Operating Profit (net of tax) is defined as premiums less claims, surrenders, commissions, expenses and changes in reserves, plus investment income (dividends, coupons, etc).
- Figures for FY17 were restated in accordance with SFRS(I) and change in accounting policy for GEH.
- For comparison in constant currency terms, operating profit in foreign currencies for 1Q19 and 2018 were translated using the corresponding monthly spot rate in 2018. Operating profit and non-operating profit in foreign currencies for FY17 were translated using corresponding monthly spot rate in 2017. In applying constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.

GEH: Non-operating profit

Non-operating profit higher, mainly driven by MTM gains in the fixed income investment portfolio arising from the narrowing of credit spreads

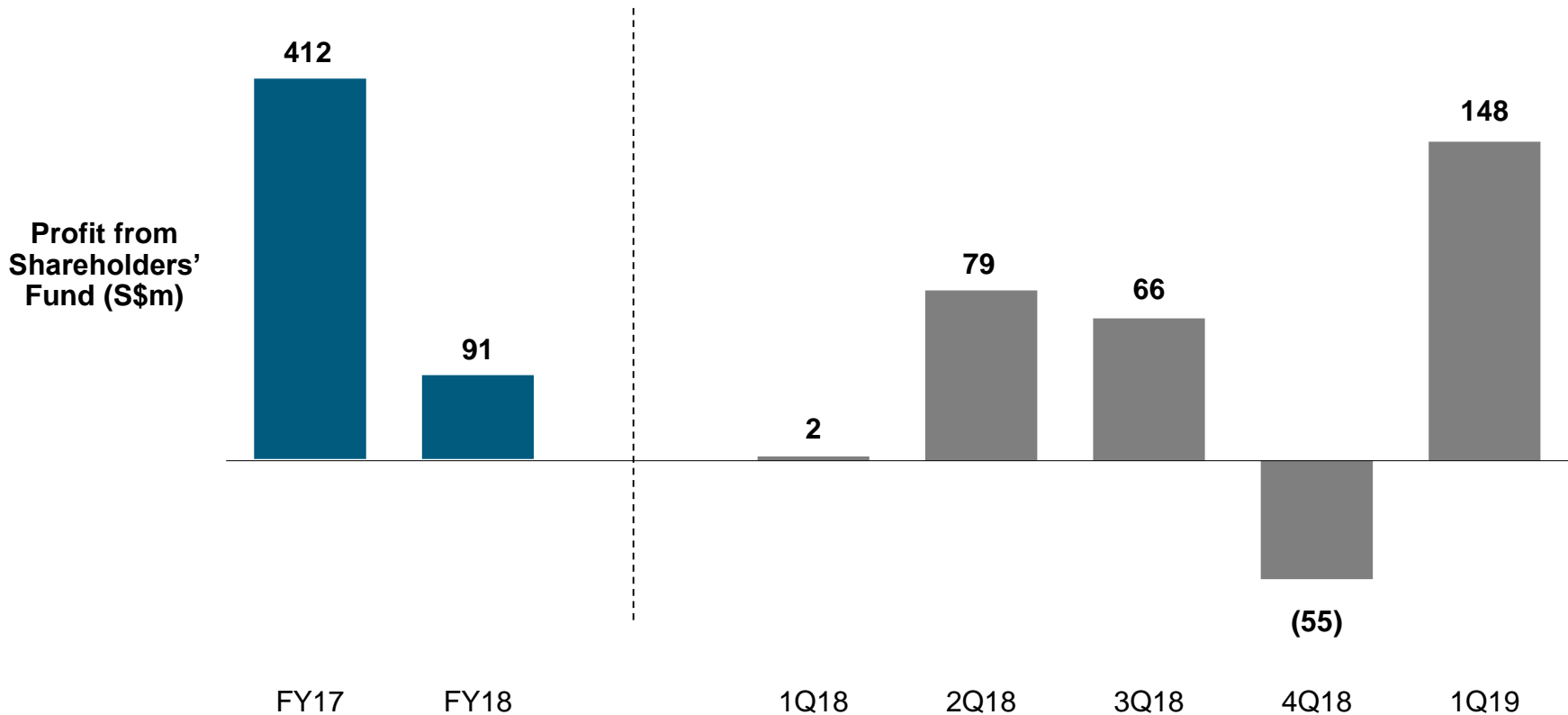


Note:

- Non-operating profit / loss (net of tax) mainly comprises changes in fair value of assets and liabilities, realised gains / losses on sale of investments, changes in liability discount rates and other non recurring items.
- Figures for FY17 were restated in accordance with SFRS(I) and change in accounting policy for GEH.
- For comparison in constant currency terms, operating profit in foreign currencies for 1Q19 and 2018 were translated using the corresponding monthly spot rate in 2018. Operating profit and non-operating profit in foreign currencies for FY17 were translated using corresponding monthly spot rate in 2017. In applying constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.

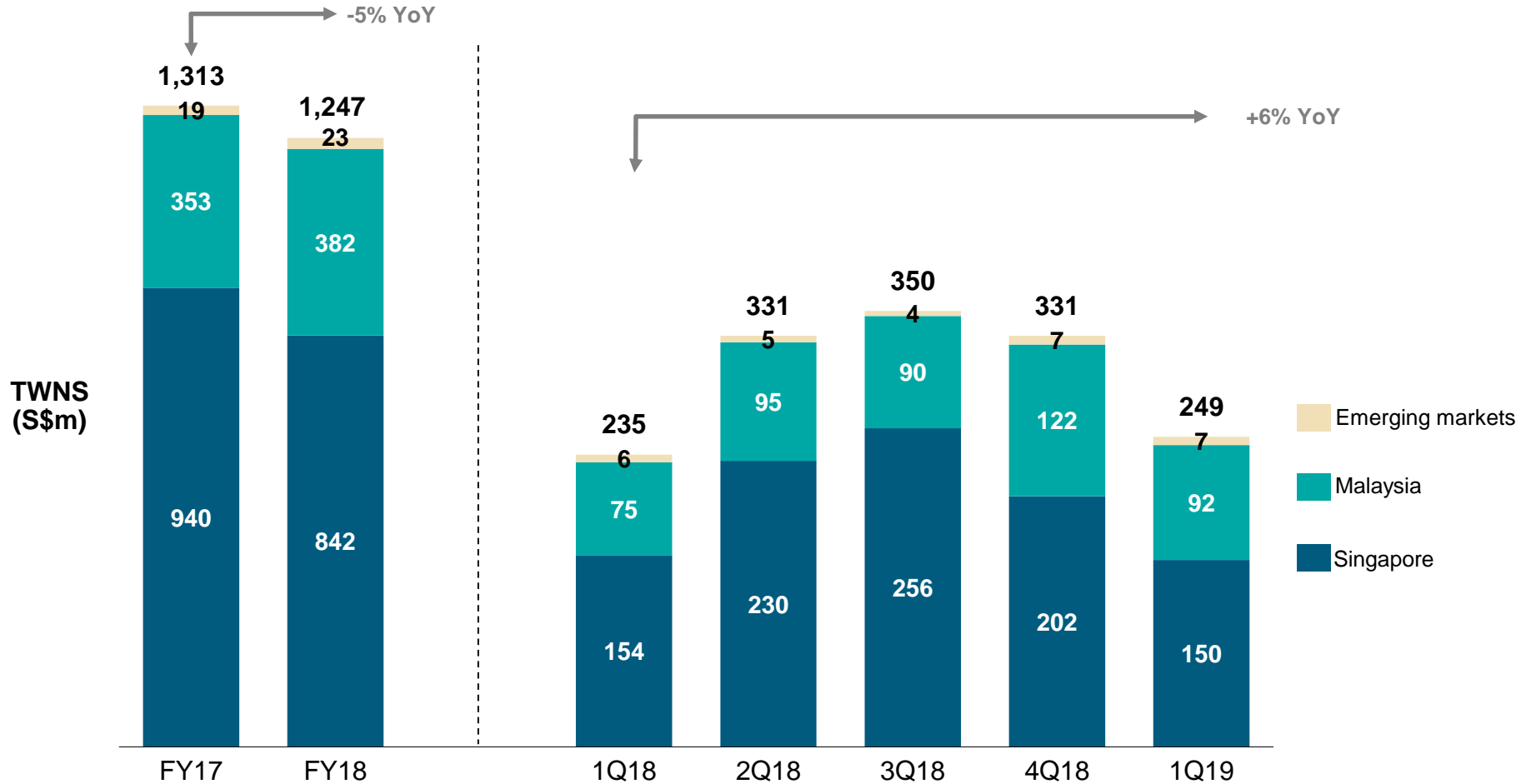
GEH: Profit from Shareholders' Fund

Profit from shareholders' fund was higher at S\$148m, mainly from MTM gains in the investment portfolio



GEH: Total weighted new sales

TWNS of S\$249m was 6% above the prior year, underpinned by continued growth momentum in Malaysia and Indonesia

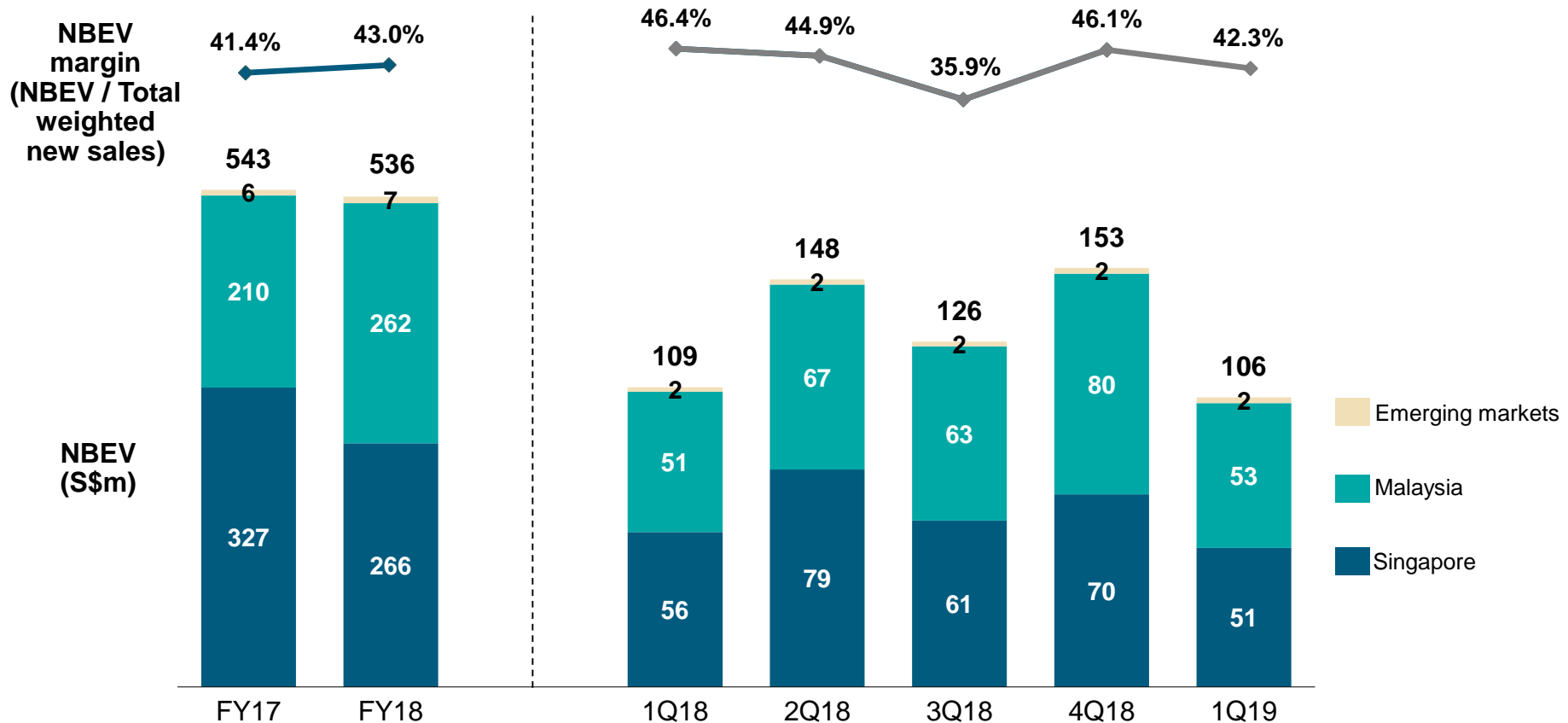


Note:

- For comparison in constant currency terms, TWNS in foreign currencies for 1Q19 and 2018 were translated using the corresponding monthly spot rate in 2018.
- TWNS in foreign currencies for FY17 were translated using the monthly spot rate for 2017.

GEH: New business embedded value

NBEV at S\$106m with NBEV margin at 42.3% in 1Q19



Note:

- For comparison in constant currency terms, NBEV in foreign currencies for 1Q19 and 2018 have been translated using the corresponding monthly spot rate in 2018. NBEV figures for periods prior to 4Q18 have been restated to take into account revised actuarial assumptions implemented in 4Q18.
- NBEV in foreign currencies for FY17 were translated using the monthly spot rate for 2017.

1Q19 OCBC Wing Hang's performance

Net profit was HKD625m

OCBC Wing Hang	1Q19 HKD m	1Q18 HKD m	YoY +/(-)%	4Q18 HKD m	QoQ +/(-)%
Net interest income	1,167	1,210	(4)	1,181	(1)
Non-interest income	358	232	55	543	(34)
Total income	1,525	1,442	6	1,724	(11)
Operating expenses	(781)	(723)	8	(766)	2
Operating profit	744	719	4	958	(22)
Allowances	(18)	(35)	(48)	(167)	(89)
Associates	18	24	(27)	3	457
Profit before tax	744	708	5	794	(6)
Tax	(119)	(82)	46	(80)	50
Net profit – local reporting	625	626	–	714	(13)

Key ratios (%)

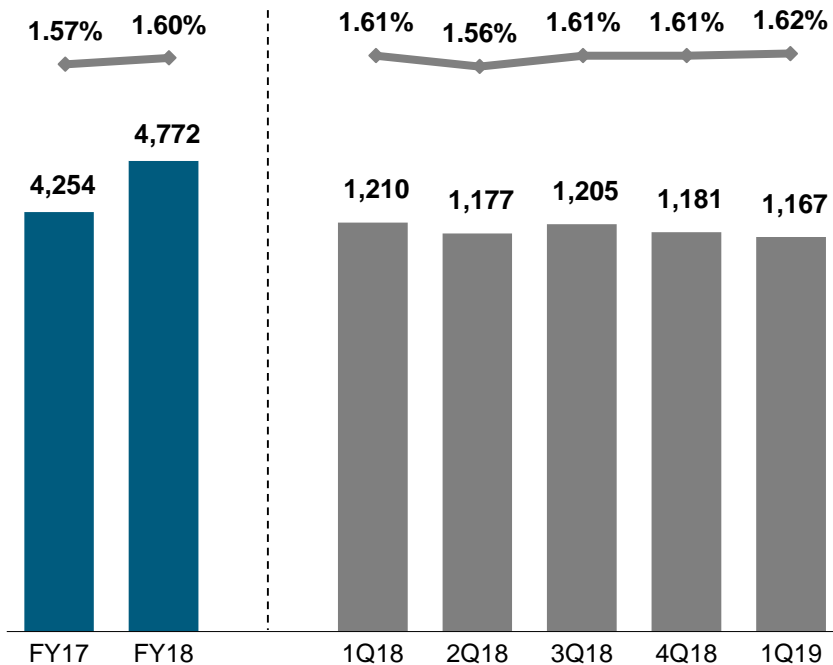
Cost-to-income	51.2	50.2	44.5
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OCBC Wing Hang: Revenue

Net interest income down 4% YoY; NIM rose 1bp to 1.62%; Non-interest income up 55% YoY

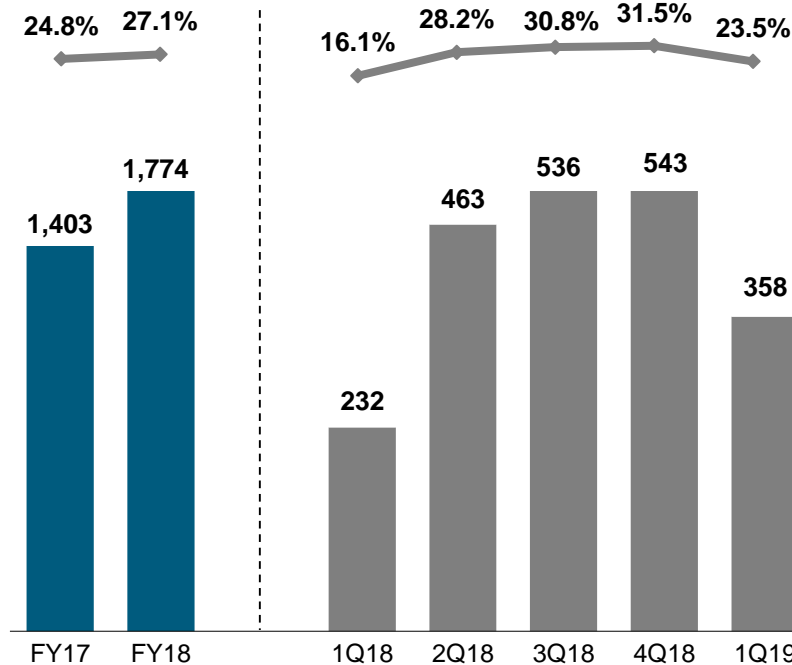
Net interest income (HKD m)

Net interest margin



Non-interest income (HKD m)

Non-int. income/
Total income

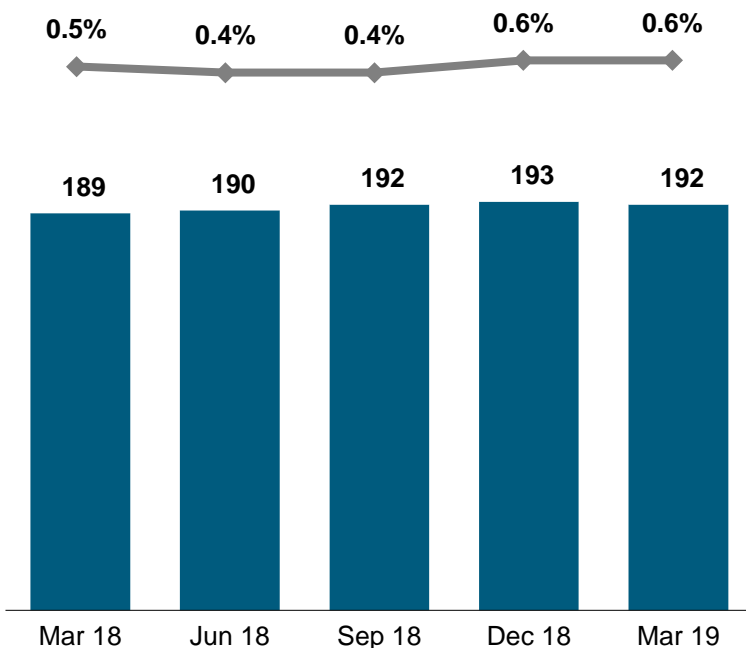


OCBC Wing Hang: Loans & Deposits

Loans and deposits grew 1% YoY to HKD192b and HKD221b respectively; CASA improved to 40.4%; NPL ratio remained low at 0.6%

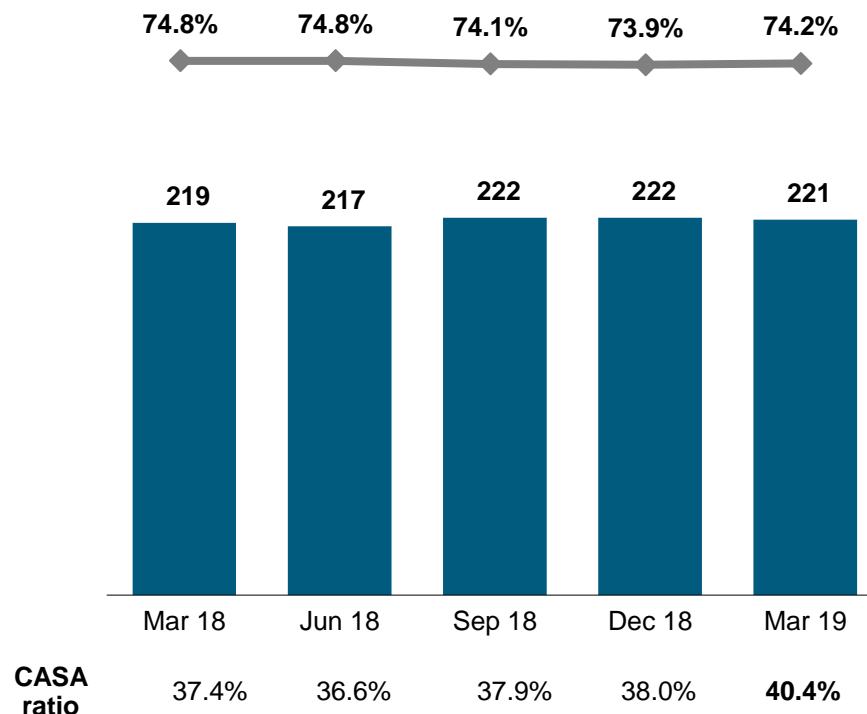
Gross Loans (HKD b)

NPL ratio



Deposits (HKD b)

Loans / Deposits ^{1/}



1Q19 OCBC Malaysia's Performance

Operating profit rose 2% YoY and 21% QoQ to RM338m backed by income growth, but higher allowances drove net profit lower

OCBC Malaysia	1Q19 RM m	1Q18 RM m	YoY +/(-)%	4Q18 RM m	QoQ +/(-)%
Net interest income	380	359	6	382	(1)
Islamic banking income ^{1/}	108	105	3	109	–
Non-interest / finance income	144	151	(5)	76	89
Total income	632	615	3	567	12
Operating expenses	(294)	(284)	4	(287)	2
Operating profit	338	331	2	280	21
Allowances	(114)	(7)	nm	(44)	159
Profit before tax	224	324	(31)	236	(5)
Tax	(53)	(80)	(34)	(47)	13
Net profit – local reporting	171	244	(30)	189	(9)

Key ratios (%)

Cost-to-income	46.5	46.2		50.6
CAR ^{2/}				
- CET 1	13.0	13.4		13.5
- Tier 1	14.4	15.1		15.0
- Total CAR	16.9	17.8		17.6



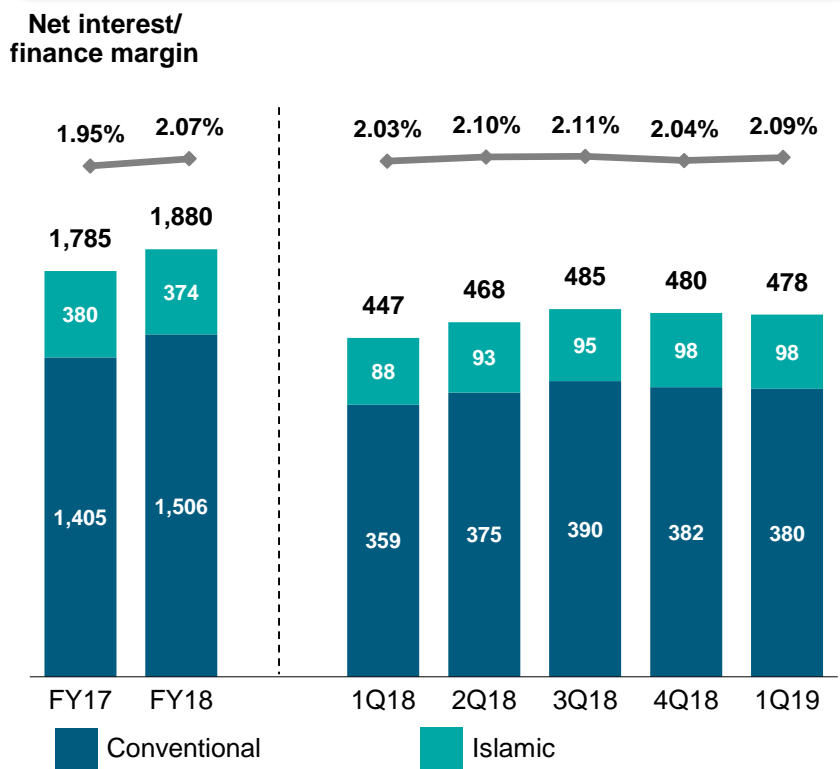
1/ Islamic banking income comprises net finance income and other income contributed by Islamic banking subsidiary OCBC Al-Amin.

2/ Capital ratios are computed in accordance with the Capital Adequacy Framework issued by Bank Negara Malaysia.

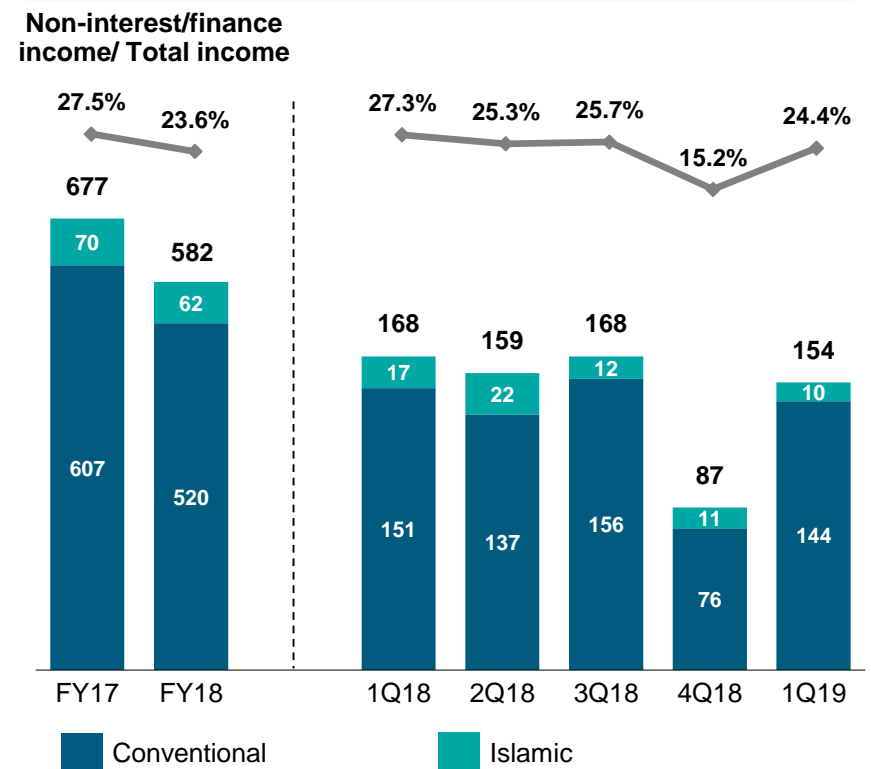
OCBC Malaysia: Revenue

Net interest/finance income up 7% YoY; NIM increased 6bps to 2.09%;
 Non-interest/finance income down 8% YoY, but rose 77% QoQ

Net interest/finance income (RM m)



Non-interest/finance income^{1/} (RM m)



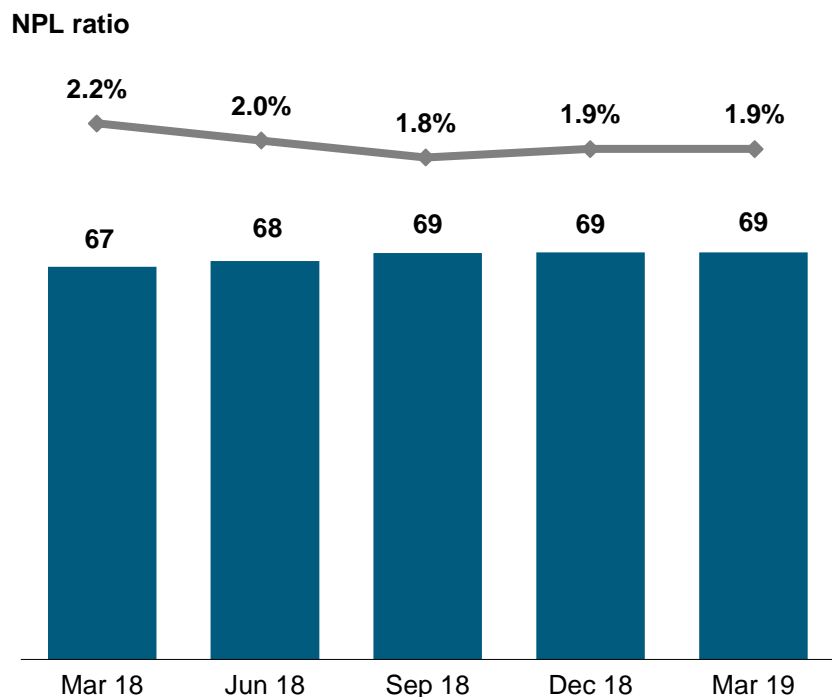
1/ Non-interest/finance income comprises net fee and commission income, net trading income and other operating income.

Note: Based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

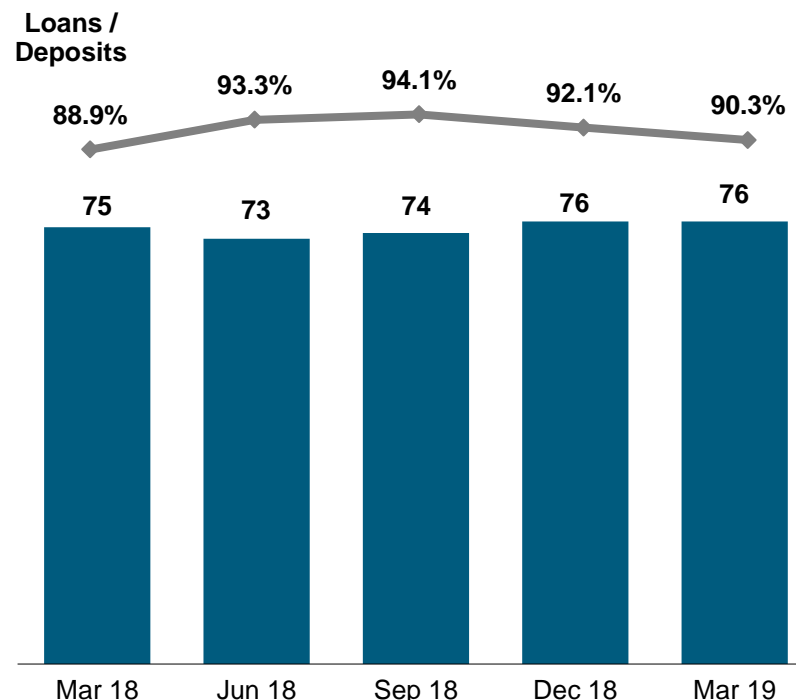
OCBC Malaysia: Loans & Deposits

Gross loans up 4% YoY to RM69b; NPL ratio stable at 1.9%; Deposits grew 2% YoY and 1% QoQ to RM76b; CASA ratio rose to 33.6%

Gross Loans (RM b)



Deposits (RM b)



Period	CASA ratio
Mar 18	29.2%
Jun 18	31.2%
Sep 18	32.7%
Dec 18	32.5%
Mar 19	33.6%



Note: Based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

1Q19 Bank OCBC NISP's performance

Net profit rose 15% YoY and 27% QoQ to a record IDR765b

Bank OCBC NISP	1Q19 IDR b	1Q18 IDR b	YoY +/(-)%	4Q18 IDR b	QoQ +/(-)%
Net interest income	1,541	1,551	(1)	1,603	(4)
Non-interest income	456	386	18	440	4
Total income	1,997	1,937	3	2,043	(2)
Operating expenses	(904)	(885)	2	(887)	2
Operating profit	1,093	1,052	4	1,156	(5)
Allowances	(96)	(175)	(45)	(356)	(73)
Non-operating income	1	0	731	(2)	159
Profit before tax	998	877	14	798	25
Tax	(233)	(214)	9	(193)	20
Net profit – local reporting	765	663	15	605	27

Key ratios (%)

Cost-to-income	45.3	45.7		43.4
CAR				
- CET 1	16.7	16.1		16.6
- Tier 1	16.7	16.1		16.6
- Total CAR	17.7	17.0		17.6



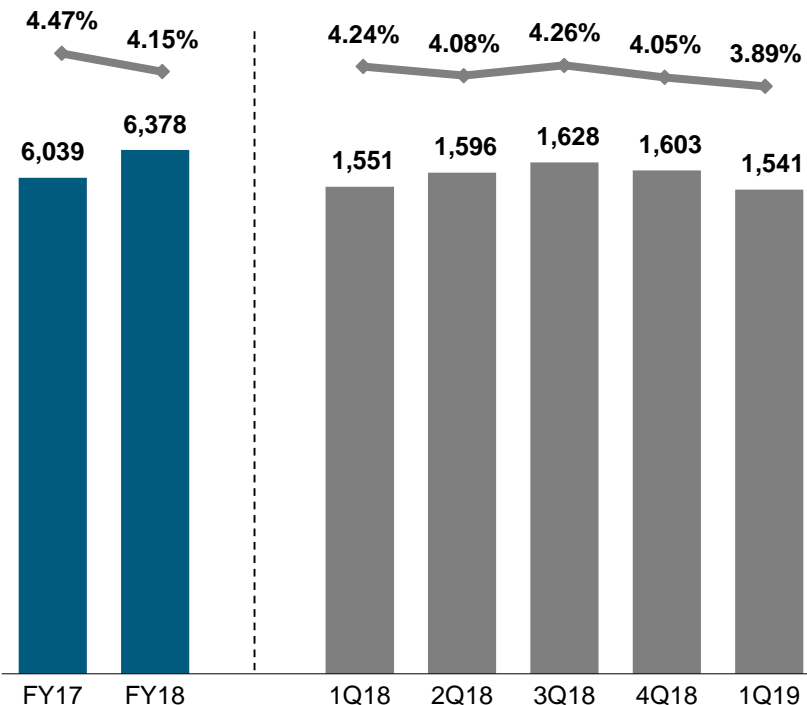
Note: Capital ratios are computed based on the Financial Services Authority Regulation in Indonesia.

Bank OCBC NISP: Revenue

Net interest income at IDR1.54t; NIM at 3.89%; Non-interest income rose 18% YoY to IDR456b

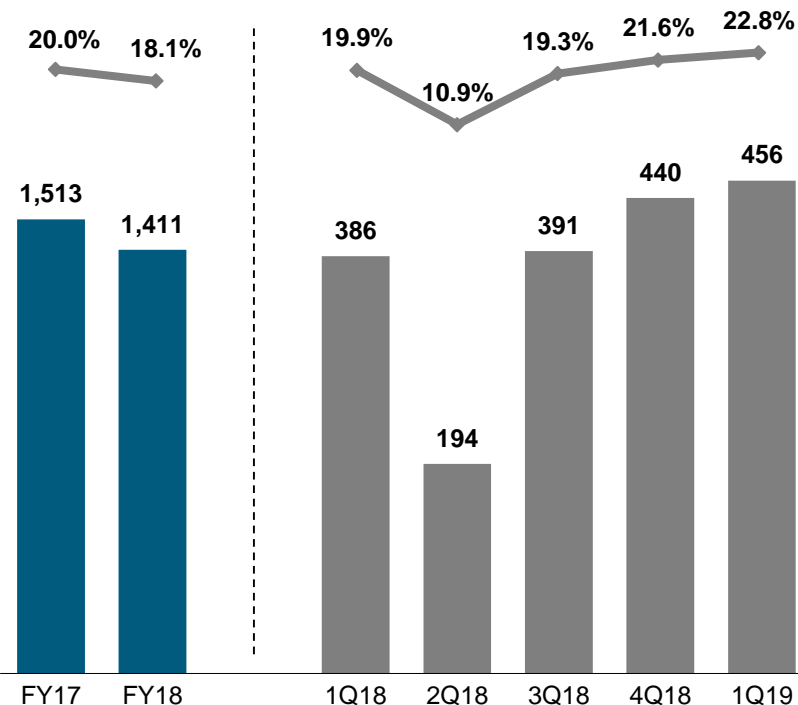
Net interest income (IDR b)

Net interest margin



Non-interest income (IDR b)

Non-int. income/
Total income

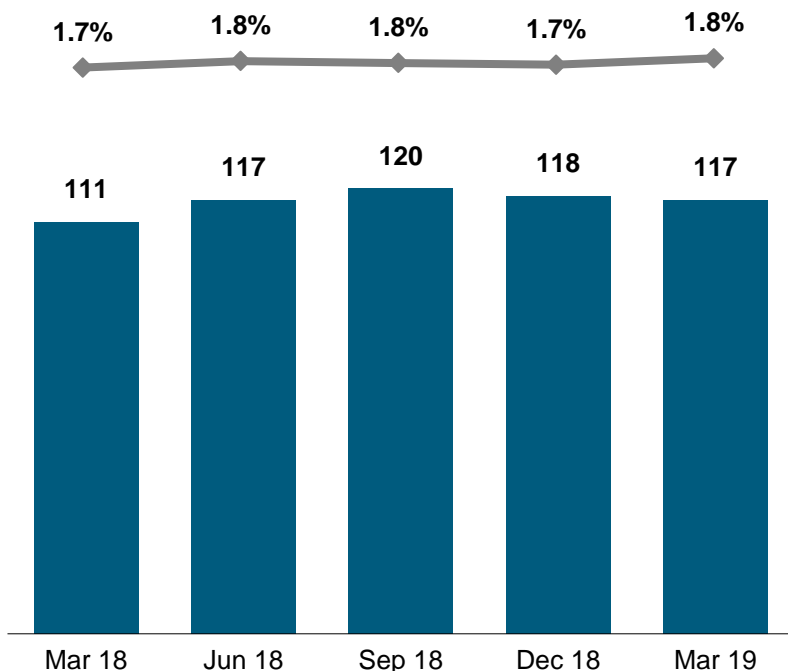


Bank OCBC NISP: Loans & Deposits

Loans and deposits grew 6% and 8% YoY respectively; CASA ratio rose to 38.4%; NPL ratio relatively stable at 1.8%

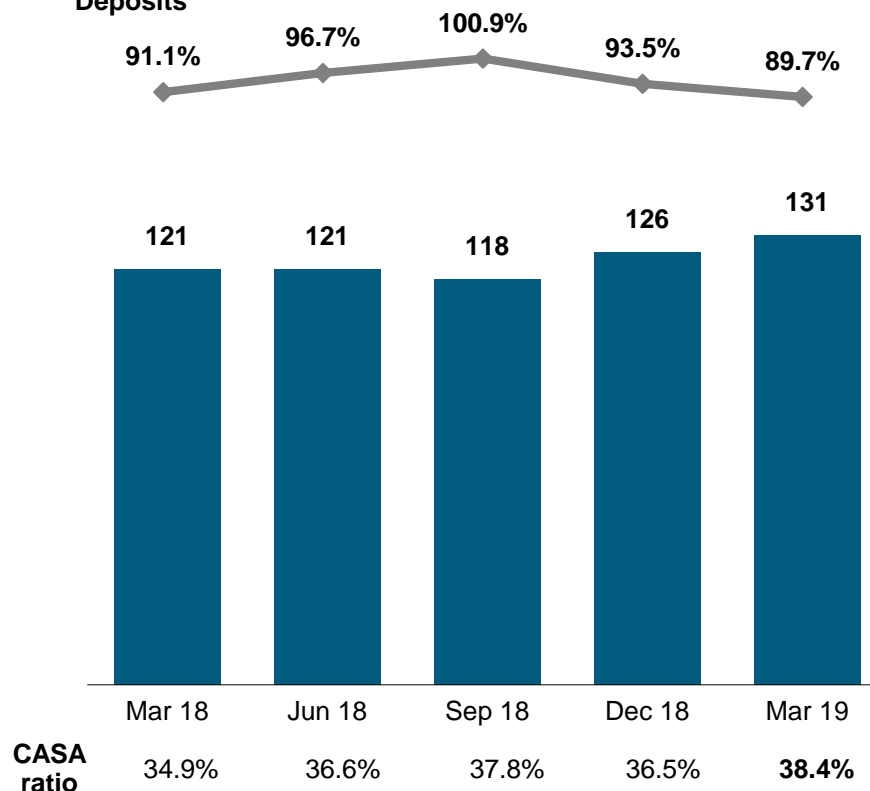
Gross Loans (IDR t)

NPL ratio



Deposits (IDR t)

Loans / Deposits



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



First Quarter 2019 Results

Thank You