

Full Year 2019 Results Presentation

21 February 2020



OCBC Financial Results



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Agenda

Financial Highlights

Group Performance Trends

Appendices:

Major Subsidiaries' Results



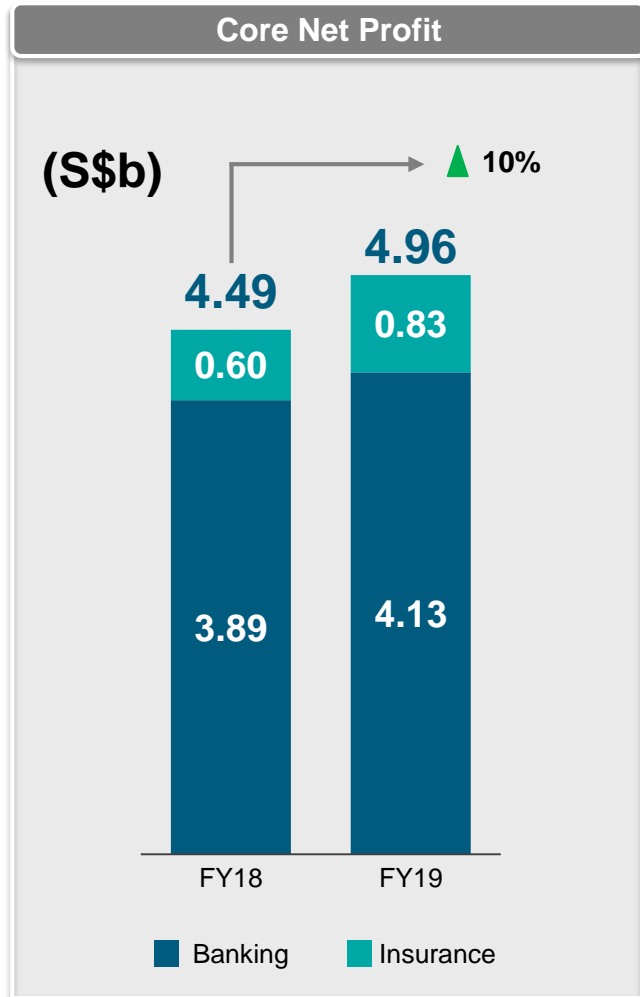
Note: - Certain comparative figures have been restated to conform with the current period's presentation.
- Amounts less than S\$0.5m are shown as "0";
- "nm" denotes not meaningful;
- "na" denotes not applicable;
- Figures may not sum to stated totals because of rounding.

Robust 2019 Performance

- ❑ Third consecutive year of record profits
- ❑ Banking, wealth management and insurance business all performed strongly
- ❑ Average loan balances up, net interest margin higher YoY
- ❑ CASA deposits and CASA ratio up in all key markets
- ❑ Expenses well-managed, cost-to-income ratio lower YoY
- ❑ Portfolio quality sound, NPL ratio and NPAs down YoY
- ❑ Strong capital, funding and liquidity position
- ❑ Full year dividend increased 23% to 53 cents and payout raised to 47%

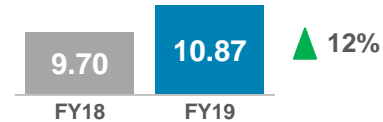
FY19 Financial Highlights

FY19 net profit climbed to a new high, driven by record earnings from banking operations

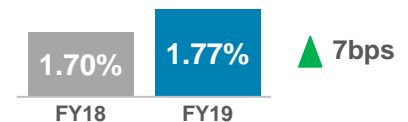


Sustainable Earnings

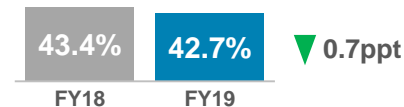
Total Income (S\$b)



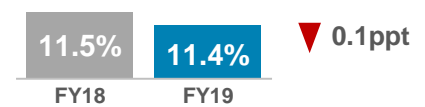
Net Interest Margin



Cost-to-Income

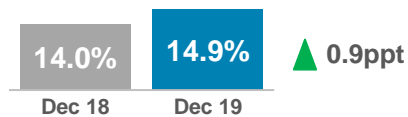


Core Return on Equity

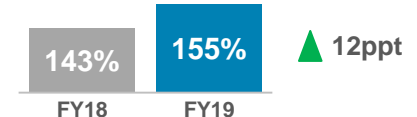


Strong Capital and Liquidity Position

Common Equity Tier 1 CAR

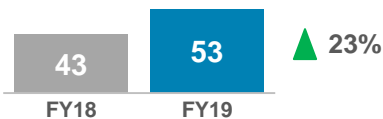


All-Currency LCR

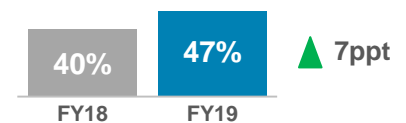


Progressive Returns

Dividend Per Share (cents)



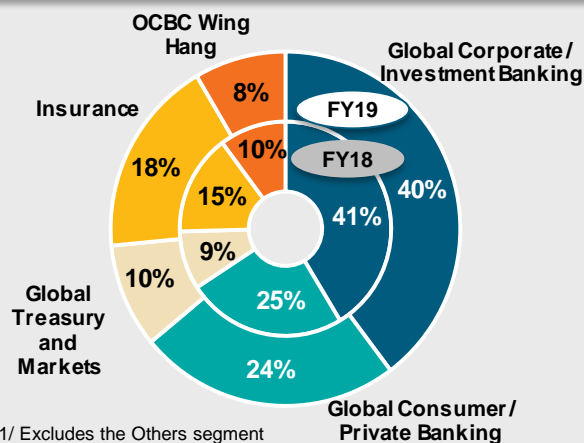
Dividend Payout Ratio



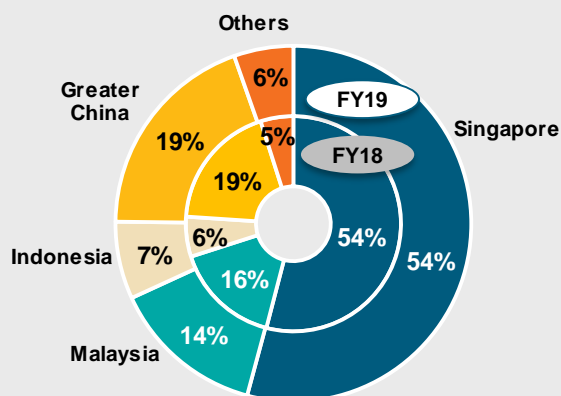
Diversified Business Franchise

Strong growth across the Group's banking, wealth management and insurance business

Operating Profit by Business ^{1/}

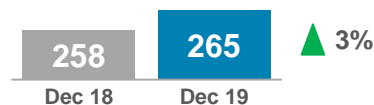


Core Profit before Tax by Geography

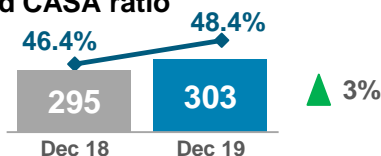


Banking

Customer Loans (S\$b)



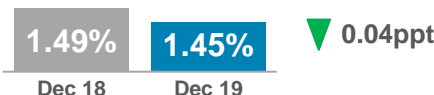
Customer Deposits (S\$b) and CASA ratio



NPAs (S\$m)

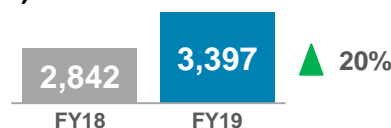


NPL ratio



Wealth Management

Group Wealth Management Income (S\$m)

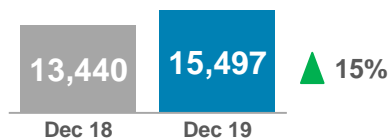


Bank of Singapore's AUM (US\$b)

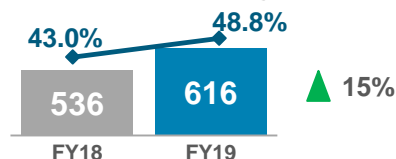


Insurance

Embedded Value (S\$m)



New Business Embedded Value (S\$m) and margin



FY19 Group Performance

Core net profit up 10% to a record S\$4.96b

OCBC Group	FY19 S\$m	FY18 S\$m	YoY +/(-)%
Net interest income	6,331	5,890	7
Non-interest income	4,540	3,811	19
Total income	10,871	9,701	12
Operating expenses	(4,644)	(4,214)	10
Operating profit	6,227	5,487	13
Associates	566	455	24
Operating profit before allowances	6,793	5,942	14
Allowances	(746)	(288)	160
Amortisation, tax and NCI	(1,087)	(1,162)	(7)
Core net profit	4,960	4,492	10
One-time item (net of tax and NCI) ^{1/}	(91)	–	nm
Reported net profit	4,869	4,492	8

FY19 Banking Operations Performance

Banking Operations' core net profit rose 6% YoY to a new high of S\$4.13b

Banking Operations	FY19 S\$m	FY18 S\$m	YoY +/(-)%
Net interest income	6,219	5,811	7
Non-interest income	3,182	2,818	13
Total income	9,401	8,629	9
Operating expenses	(4,289)	(3,994)	7
Operating profit	5,112	4,635	10
Associates	585	466	25
Operating profit before allowances	5,696	5,101	12
Allowances	(746)	(293)	155
Amortisation, tax and NCI	(821)	(920)	(11)
Core net profit	4,128	3,888	6
One-time item (net of tax and NCI)	(91)	–	nm
Net profit from banking operations	4,037	3,888	4
GEH net profit contribution	832	604	38
OCBC Group net profit	4,869	4,492	8

4Q19 Group Performance

Net profit up 34% YoY and 6% QoQ from broad-based income growth

OCBC Group	4Q19 S\$m	4Q18 S\$m	YoY +/(-)%	3Q19 S\$m	QoQ +/(-)%
Net interest income	1,610	1,520	6	1,600	1
Non-interest income	1,312	830	58	1,055	24
Total income	2,922	2,350	24	2,655	10
Operating expenses	(1,266)	(1,078)	17	(1,132)	12
Operating profit	1,656	1,272	30	1,523	9
Associates	94	85	13	156	(39)
Operating profit before allowances	1,750	1,357	29	1,679	4
Allowances	(207)	(205)	2	(179)	15
Amortisation, tax and NCI	(300)	(226)	33	(237)	27
Core net profit	1,243	926	34	1,263	(2)
One-time item (net of tax and NCI)	–	–	–	(91)	nm
Reported net profit	1,243	926	34	1,172	6

4Q19 Banking Operations Performance

Core net profit from Banking Operations rose 23% YoY to S\$1.01b

Banking Operations	4Q19 S\$m	4Q18 S\$m	YoY +/(-)%	3Q19 S\$m	QoQ +/(-)%
Net interest income	1,580	1,499	5	1,570	1
Non-interest income	903	639	41	792	14
Total income	2,482	2,138	16	2,362	5
Operating expenses	(1,145)	(1,016)	13	(1,055)	9
Operating profit	1,338	1,122	19	1,307	2
Associates	99	86	15	160	(38)
Operating profit before allowances	1,437	1,208	19	1,467	(2)
Allowances	(208)	(205)	1	(179)	16
Amortisation, tax and NCI	(223)	(186)	20	(193)	16
Core net profit	1,006	817	23	1,095	(8)
One-time item (net of tax and NCI)	–	–	–	(91)	nm
Net profit from banking operations	1,006	817	23	1,004	–
GEH net profit contribution	237	109	118	169	41
OCBC Group net profit	1,243	926	34	1,172	6

Agenda

Financial Highlights

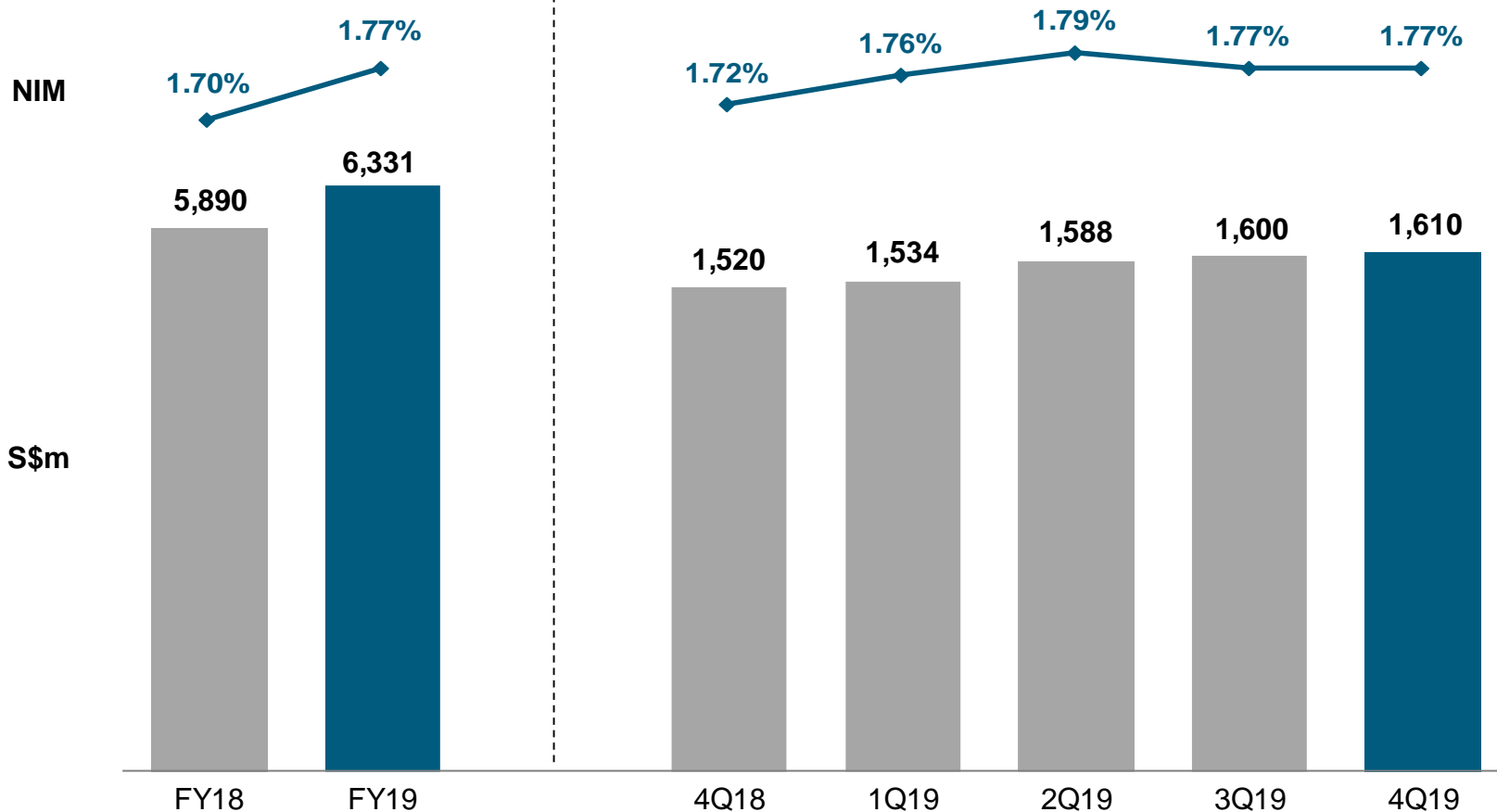
Group Performance Trends

Appendices:

Major Subsidiaries' Results

Net interest income

FY19 net interest income rose 7% YoY driven by asset growth and higher margins;
4Q19 NIM stable QoQ at 1.77%

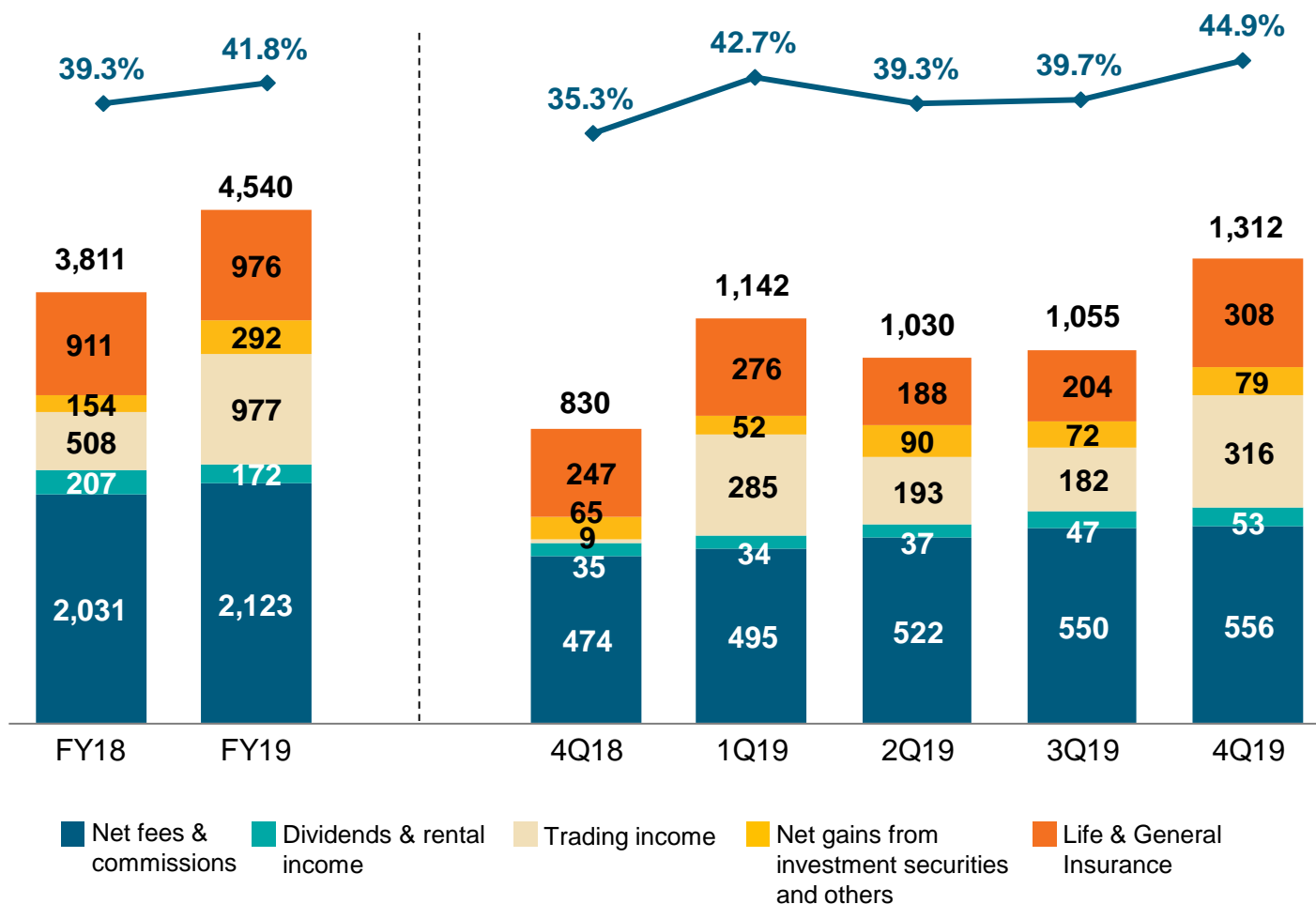


Non-interest income

FY19 non-interest income rose 19% YoY to S\$4.54b

As % of Group income

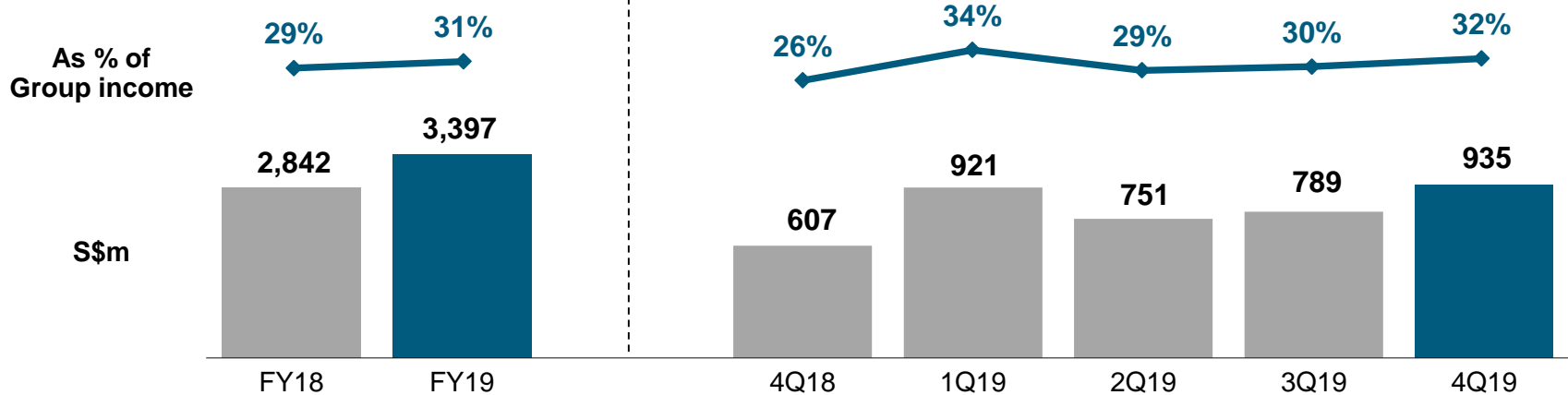
S\$m



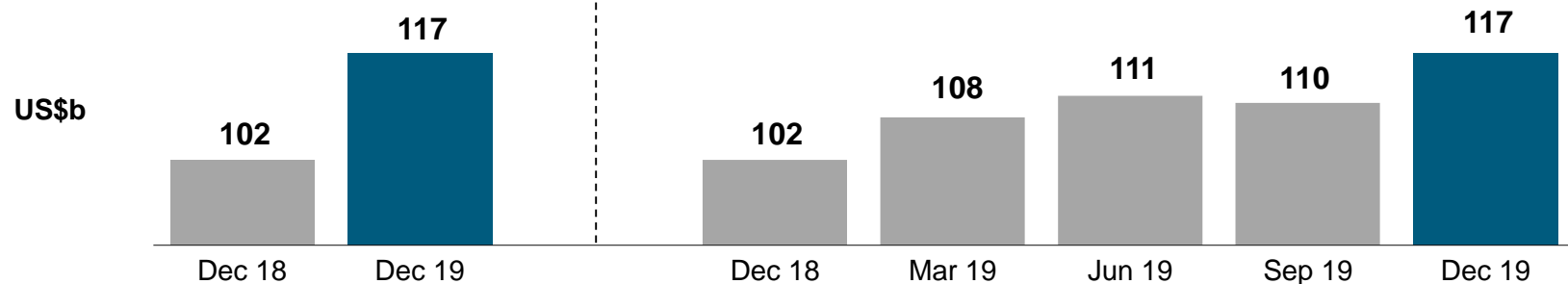
Wealth Management Franchise

FY19 WM income grew 20% YoY to a new high; BOS' AUM rose 15% YoY to US\$117b

Total Wealth Management Income

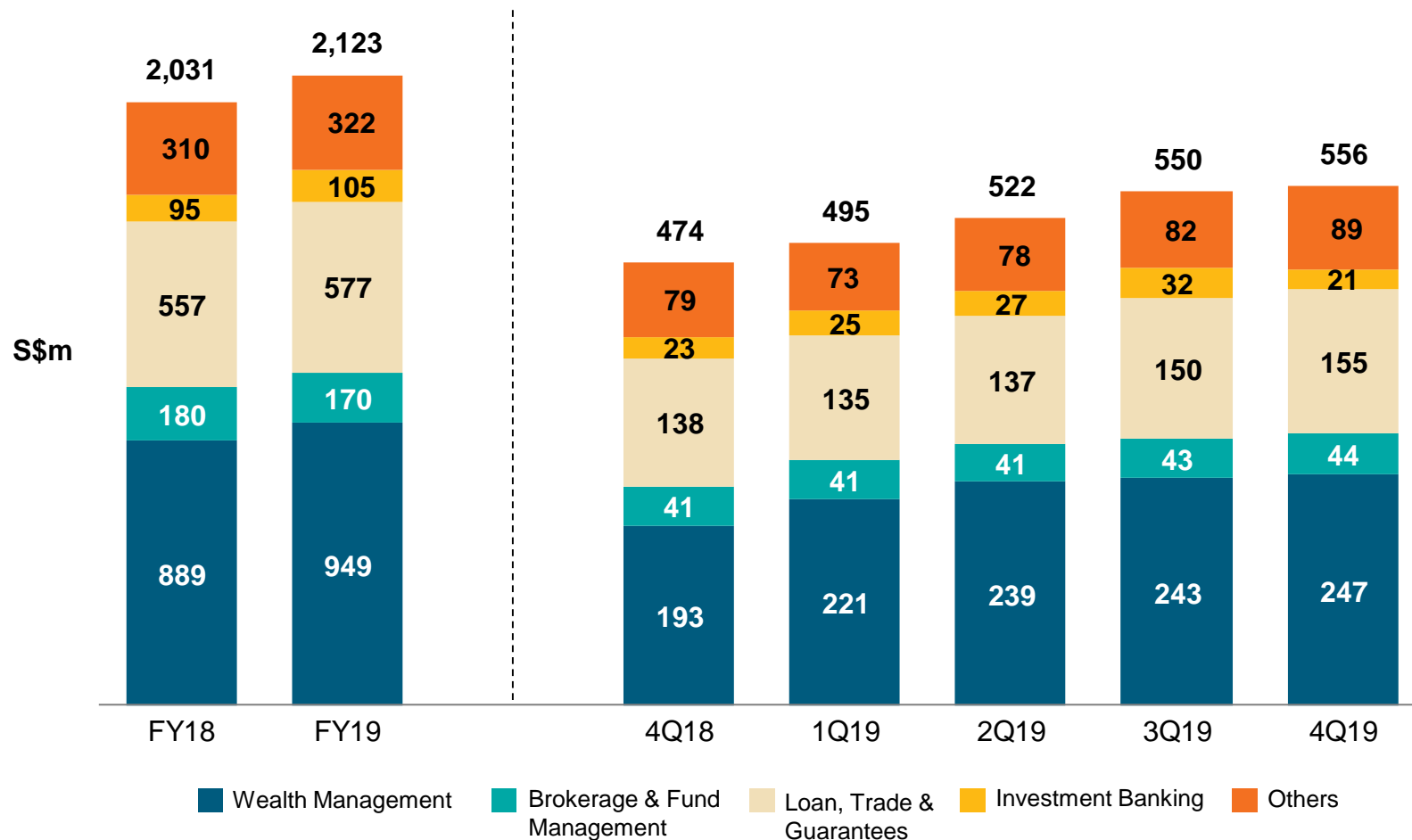


Bank of Singapore's Assets Under Management



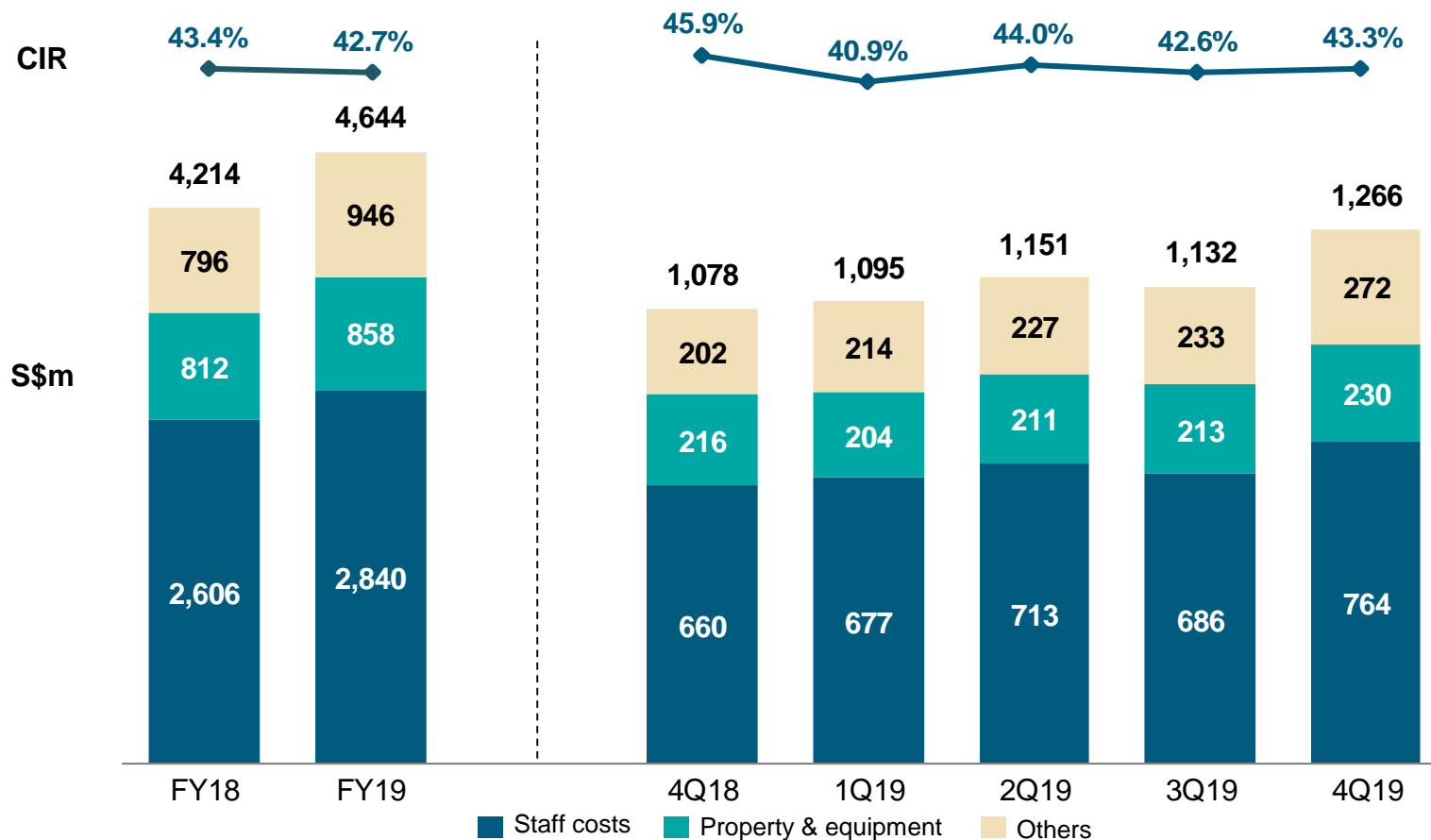
Net Fees & Commissions

Record fee income in FY19 and 4Q19, up 5% YoY and 17% YoY respectively



Operating expenses

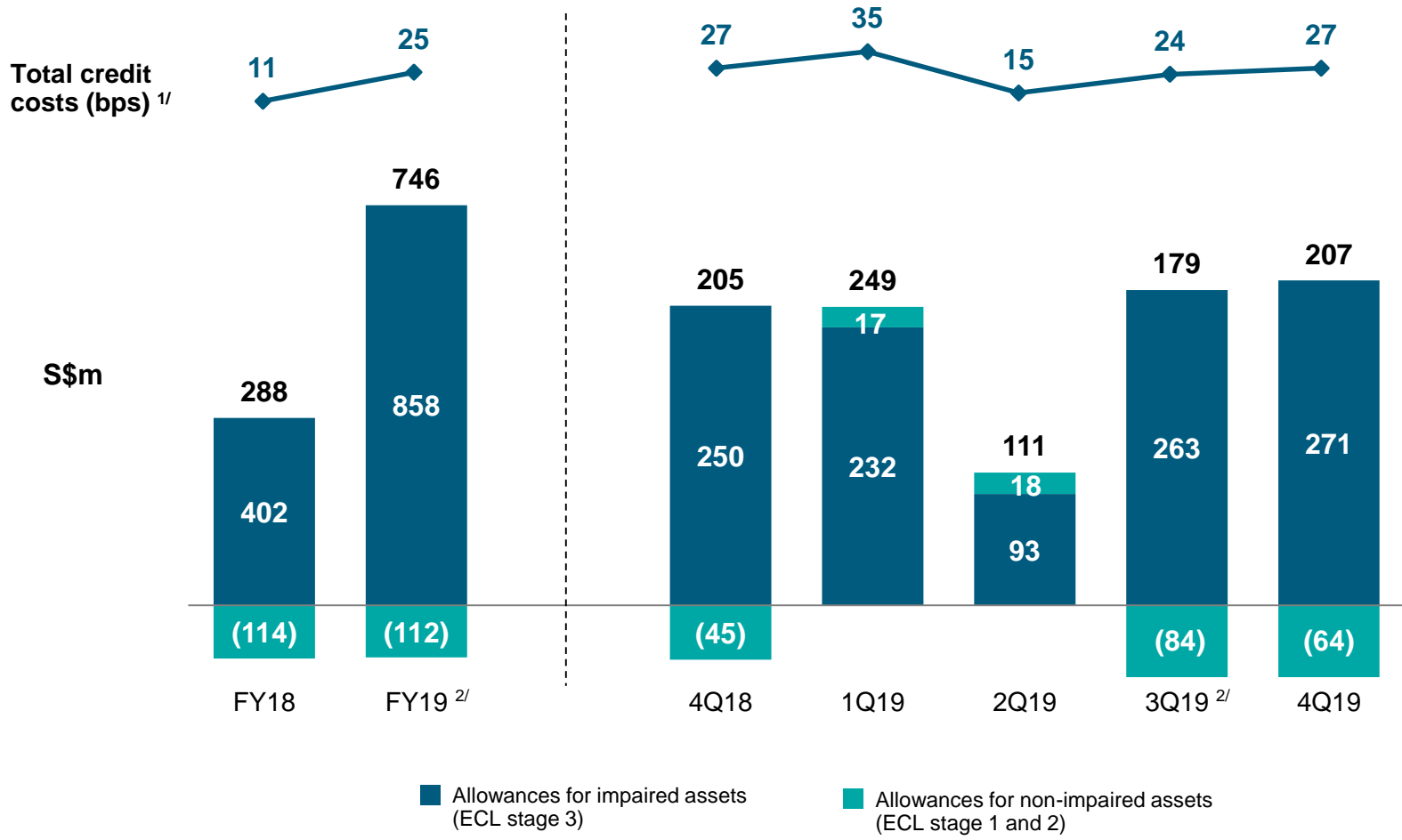
FY19 operating expenses increased 10% YoY; CIR lower at 42.7%



Headcount (period end)	29,706	29,958	30,255	30,431	30,492
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Allowances

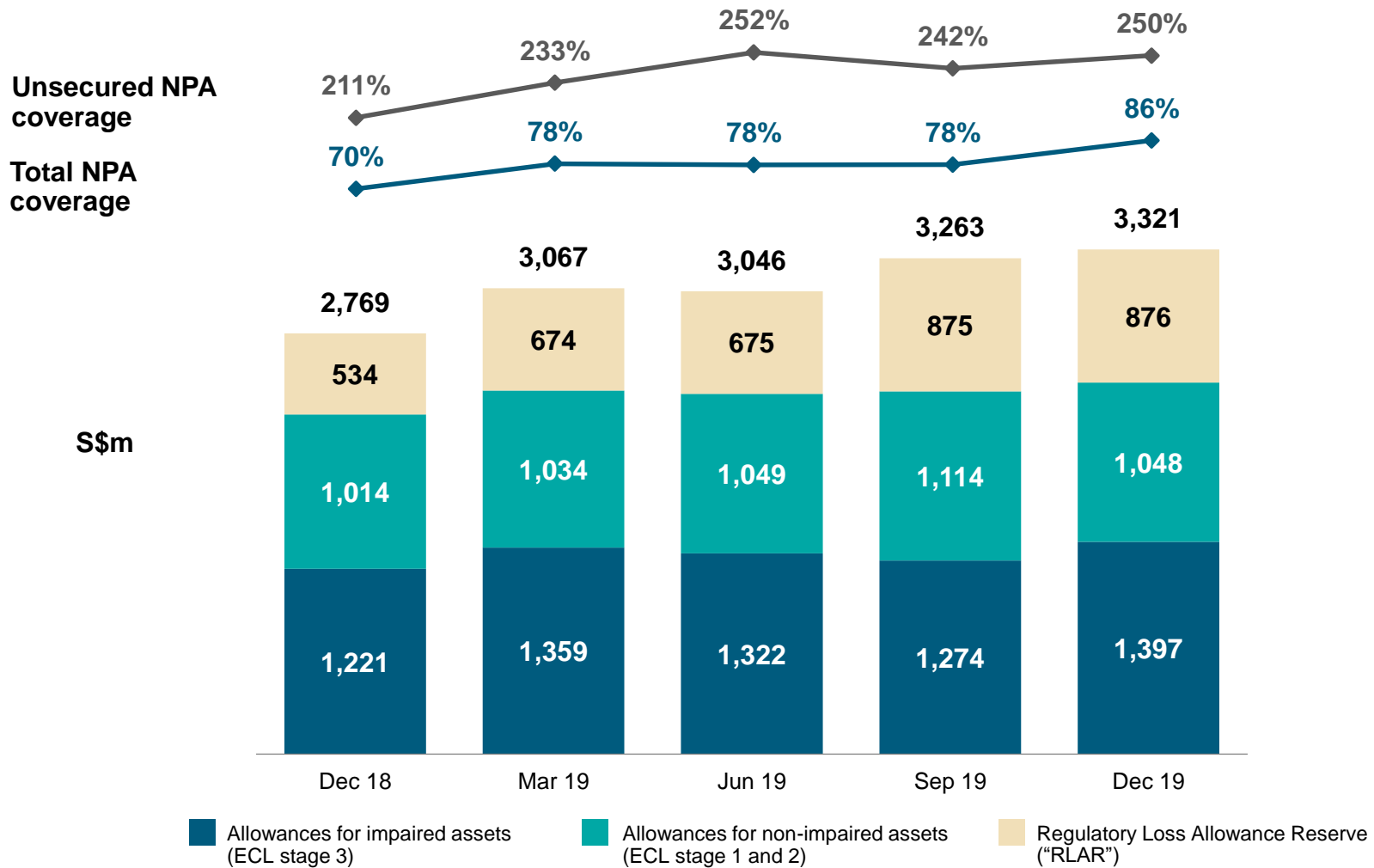
FY19 allowances higher YoY, with total credit costs at 25bps



1/ Total credit costs refer to allowances for loans as a percentage of average loans, on annualised basis.
 2/ Excludes one-time item in 3Q19.

Total Cumulative Allowances

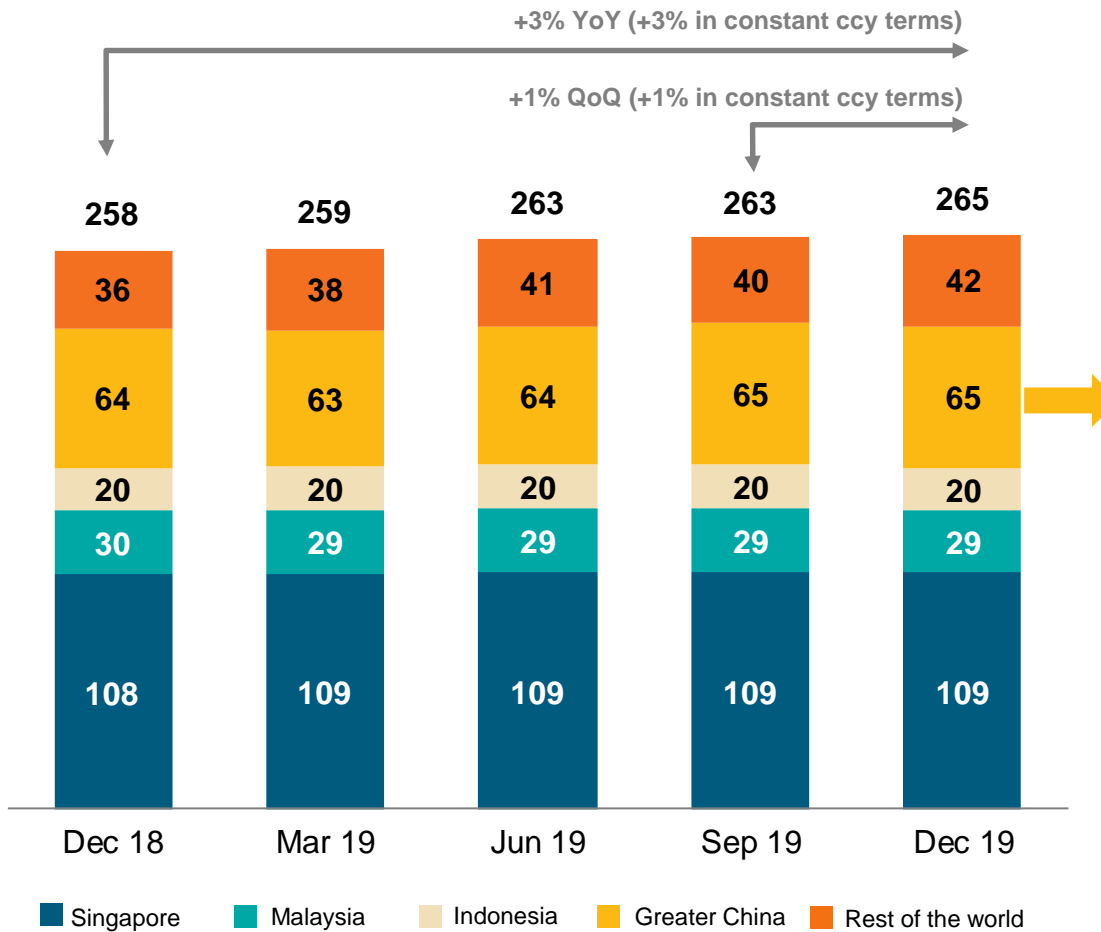
Total NPA coverage higher YoY and QoQ at 86%



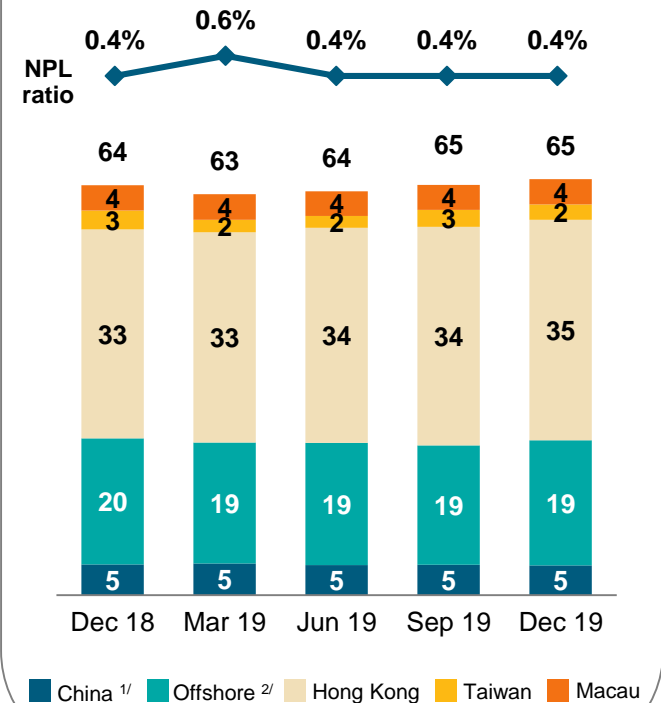
Customer loans

Loans grew 3% YoY to S\$265b

Loans by Geography (S\$b)



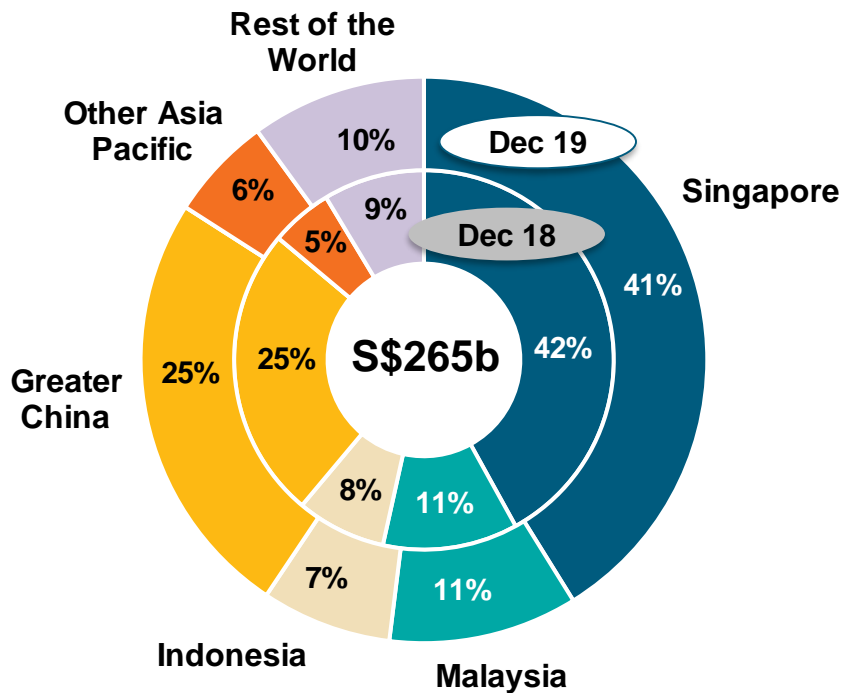
Greater China Loans (S\$b)



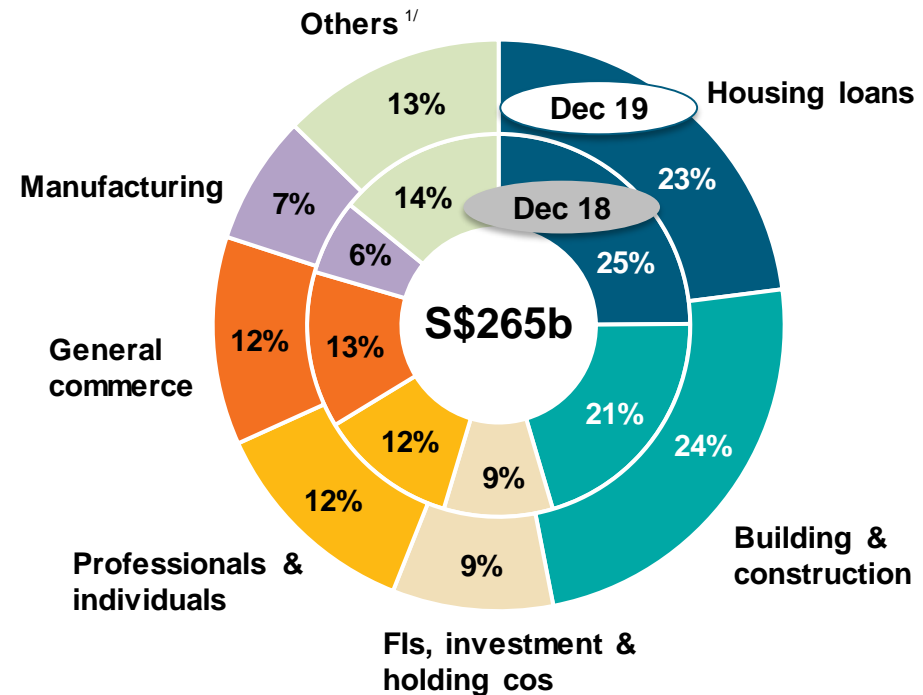
Customer loans

Loan portfolio remained well-diversified

Customer Loans by Geography



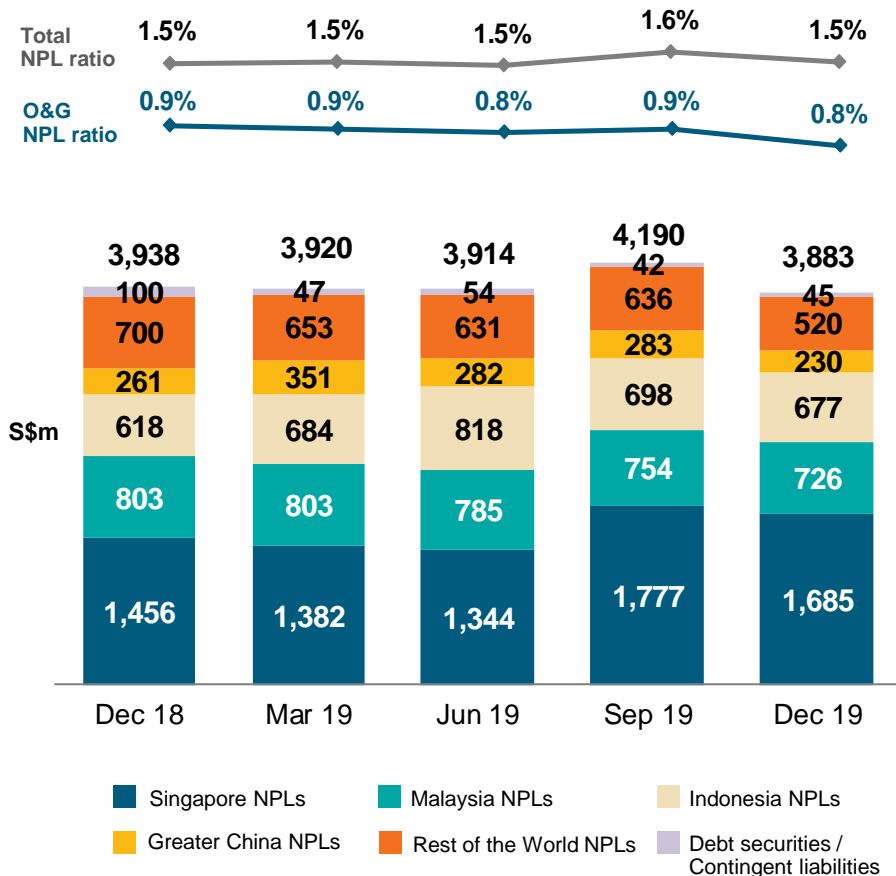
Customer Loans by Industry



Asset quality

Portfolio quality remained sound; total NPAs lower YoY and QoQ

NPAs by Geography



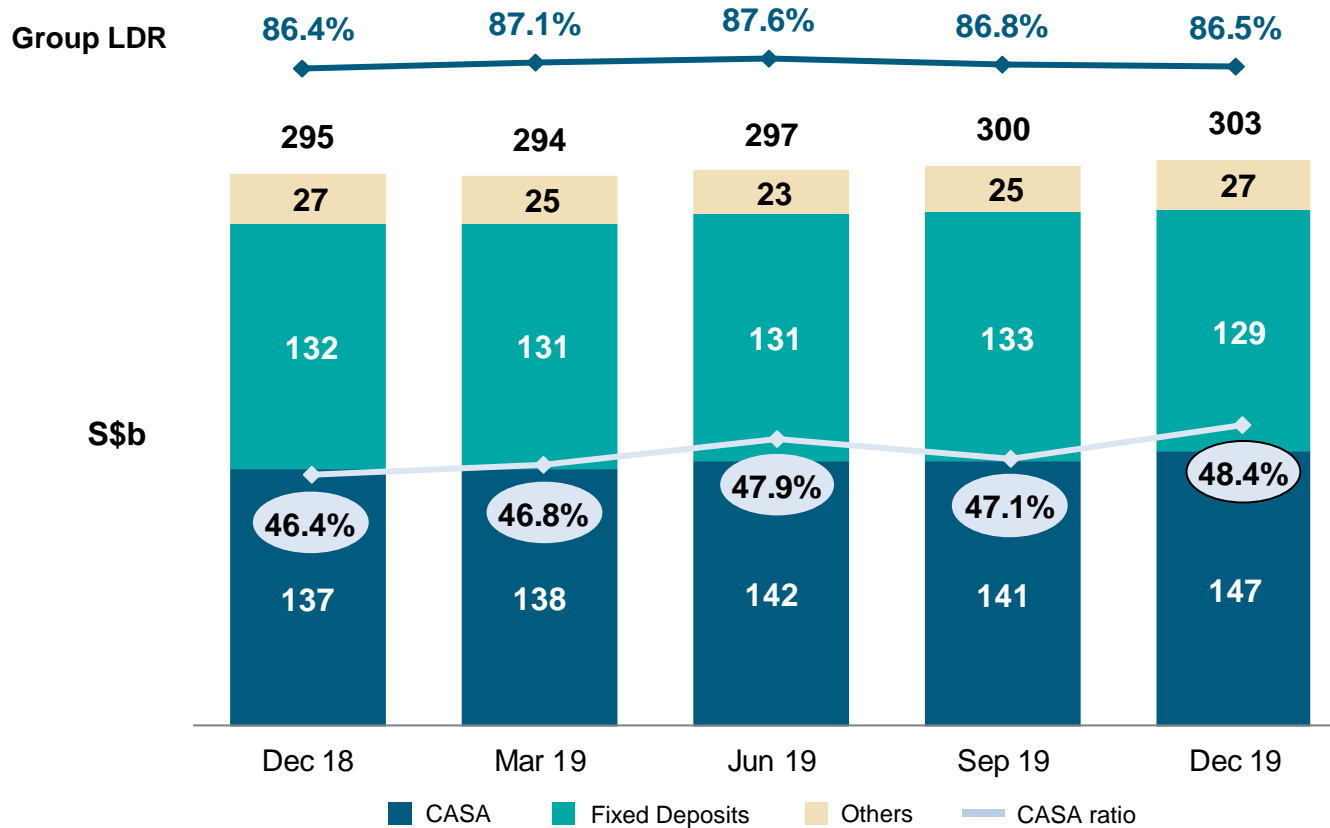
NPAs movement

S\$m	FY19	FY18	4Q19	3Q19
At start of period	3,938	3,468	4,190	3,914
Corporate/ Commercial Banking and Others				
New NPAs	1,371	1,084	368	683
Net recoveries/upgrades	(759)	(215)	(537)	(85)
Write-offs	(648)	(408)	(112)	(336)
	(36)	461	(281)	262
Consumer Banking				
New NPAs	539	636	126	135
Net recoveries/upgrades	(472)	(529)	(127)	(101)
Write-offs	(86)	(98)	(25)	(20)
	(19)	9	(26)	14
At end of period	3,883	3,938	3,883	4,190

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

Customer deposits

Customer deposits rose 3% YoY to S\$303b; led by higher CASA deposits



LDRs

SGD	87.0%	86.5%	84.7%	87.9%	87.2%
USD	73.9%	75.1%	75.9%	67.0%	63.4%

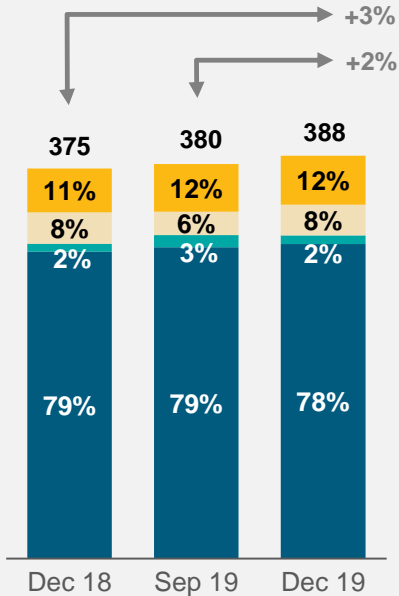
Strong Balance Sheet Fundamentals

Robust funding, liquidity and capital position to withstand market volatility

Funding

- Nearly 80% from customer deposits
- Stable NSFR at 111%

Composition (S\$b)

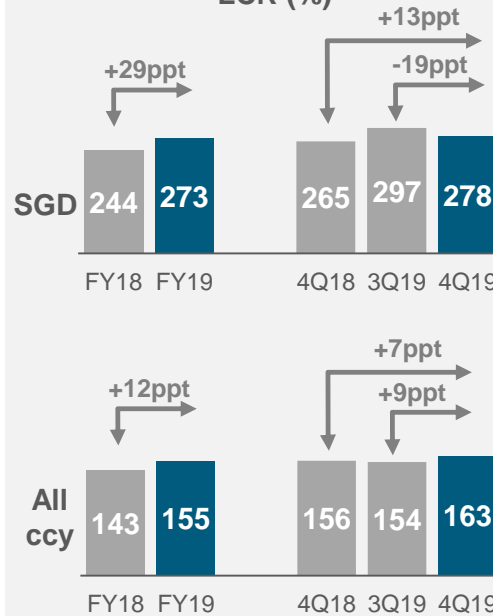


■ Customer deposits
■ Bank deposits
■ Debts issued
■ Capital and reserves

Liquidity

- Sound liquidity position
- LCR well above minimum required

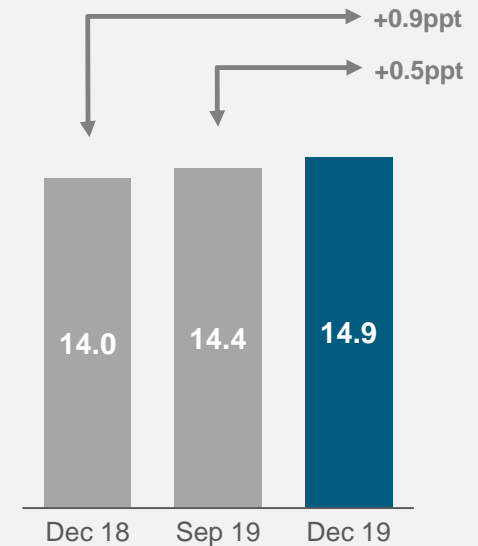
LCR (%)



Capital

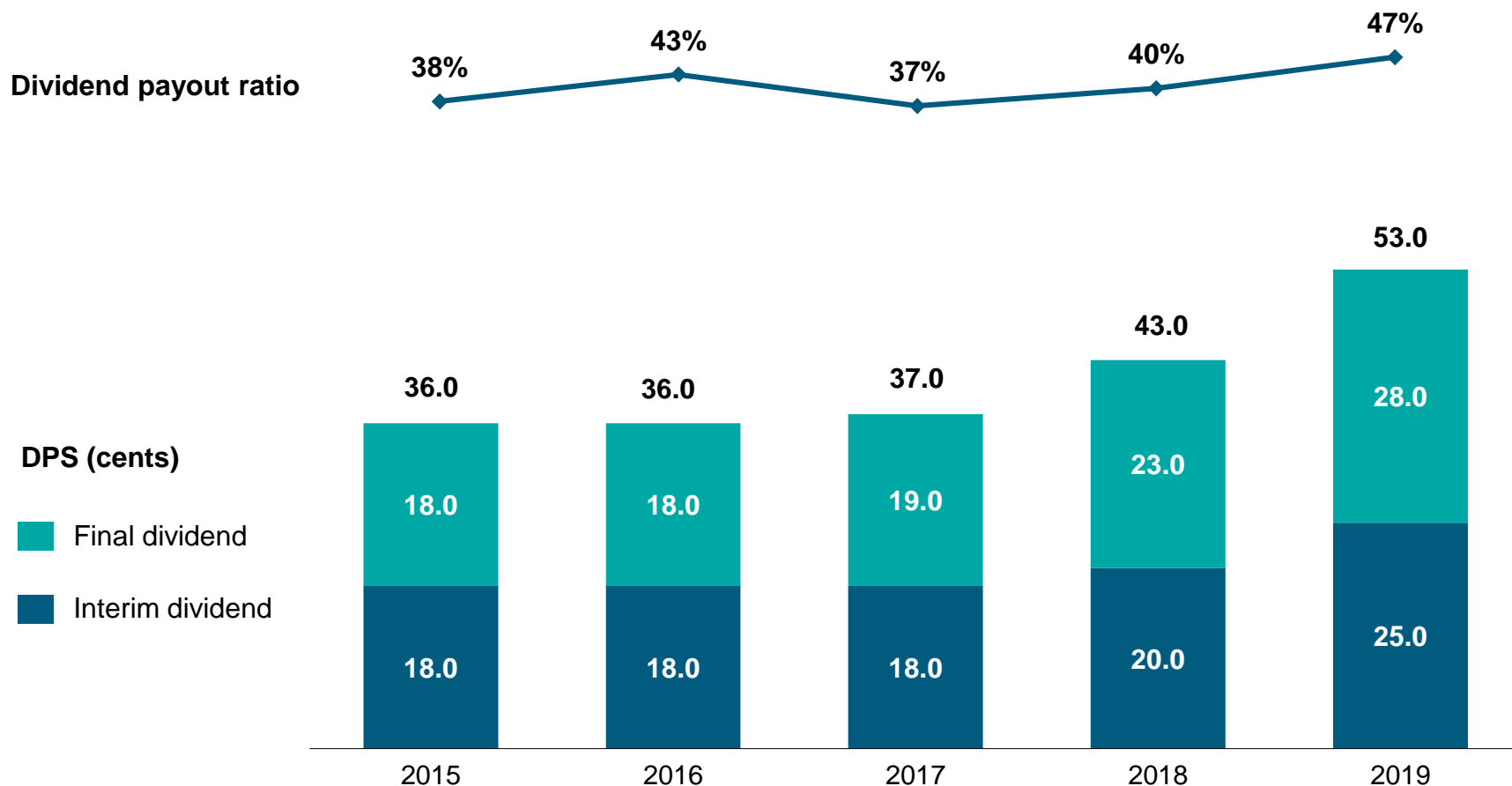
- Strong capital base
- Healthy leverage ratio at 7.7%

CET 1 CAR (%)



Progressive and Sustainable Dividends

FY19 dividend up 10 cents or 23% to 53 cents per share; payout ratio raised to 47%



Agenda

Financial Highlights

Group Performance Trends

Appendices:

Major Subsidiaries' Results

Great Eastern Holdings' performance

FY19 net profit contribution to the Group rose 38% YoY to S\$832m

S\$m	FY19	FY18	YoY +/(-)%	4Q19	4Q18	YoY +/(-)%	3Q19	QoQ +/(-)%
Profit from insurance business	815	761	7	260	204	27	160	62
- Operating profit ^{1/}	664	636	4	174	172	1	179	(3)
- Non-operating profit / (loss) ^{2/}	80	38	110	63	11	475	(32)	299
- Others	71	87	(19)	23	21	7	13	71
Profit from Shareholders' Fund	304	92	234	62	(55)	213	56	11
Profit from operations	1,119	852	31	322	149	115	216	49
Allowances (charge)/ writeback	(0)	5	106	0	0	(52)	(0)	(150)
Tax & NCI	(115)	(116)	(2)	(35)	(12)	169	(11)	219
Net profit	1,004	741	36	287	137	110	205	40
Group adjustments ^{3/}	(172)	(137)	26	(50)	(28)	77	(36)	37
Net profit contribution to Group	832	604	38	237	109	118	169	41

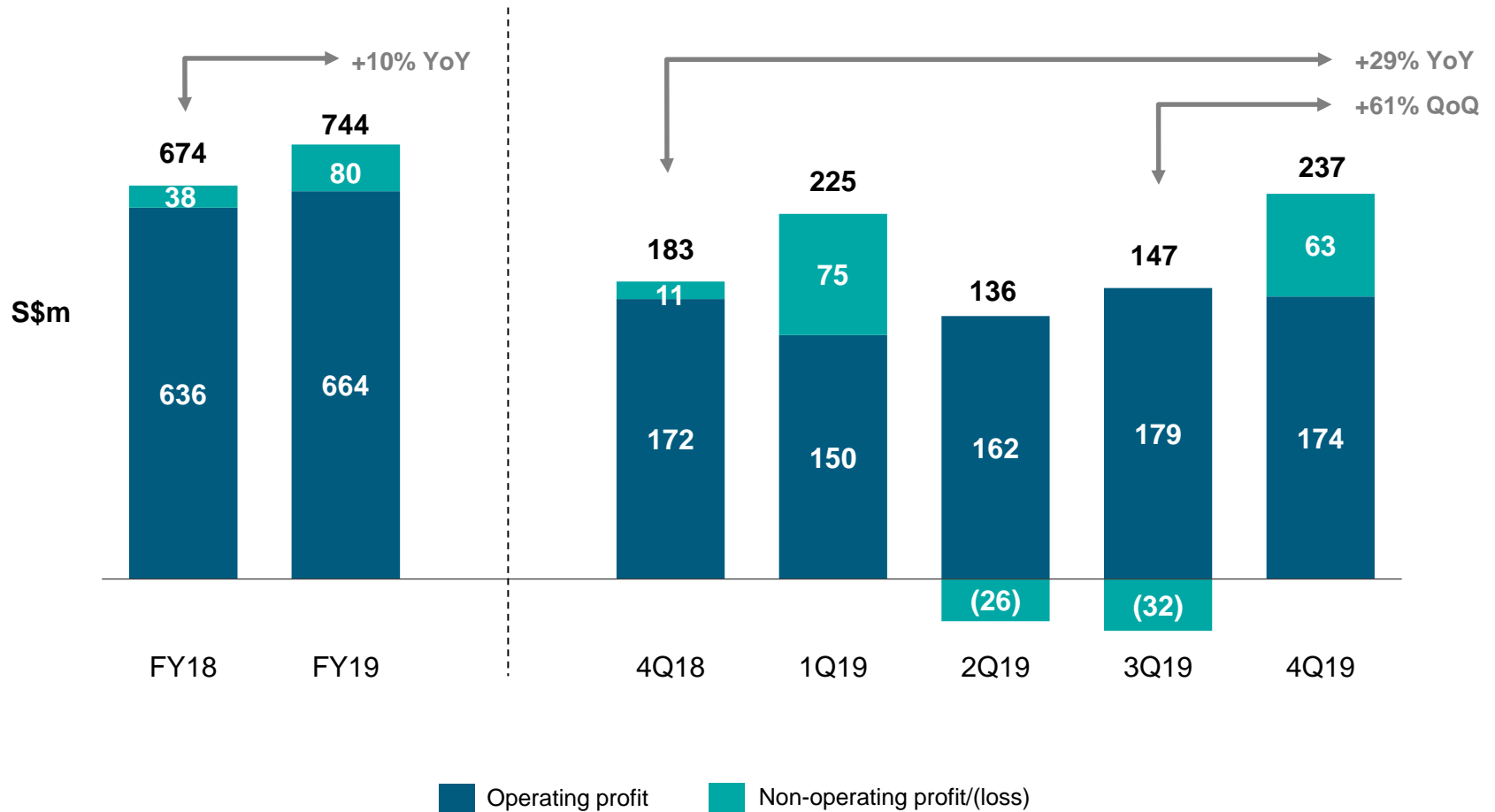
Note: For comparison in constant currency terms, operating profit in foreign currencies for 2019 and 2018 were translated using the corresponding monthly spot rate in 2018. In applying constant currency translation, the impact to Operating Profit figures has been included in Non-Operating Profit.



- 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.

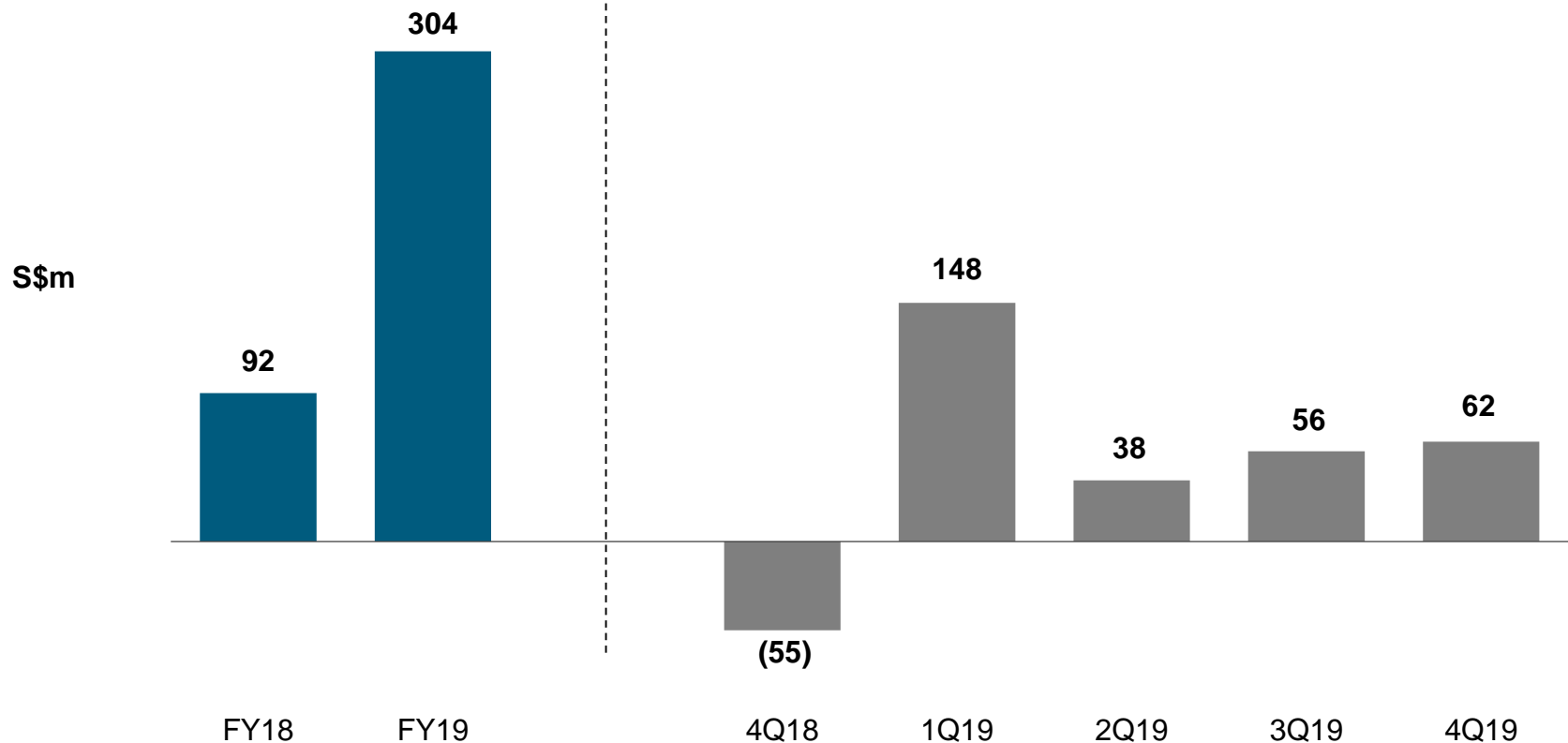
GEH: Profit from insurance business

FY19 profit from insurance business up 10% YoY to S\$744m



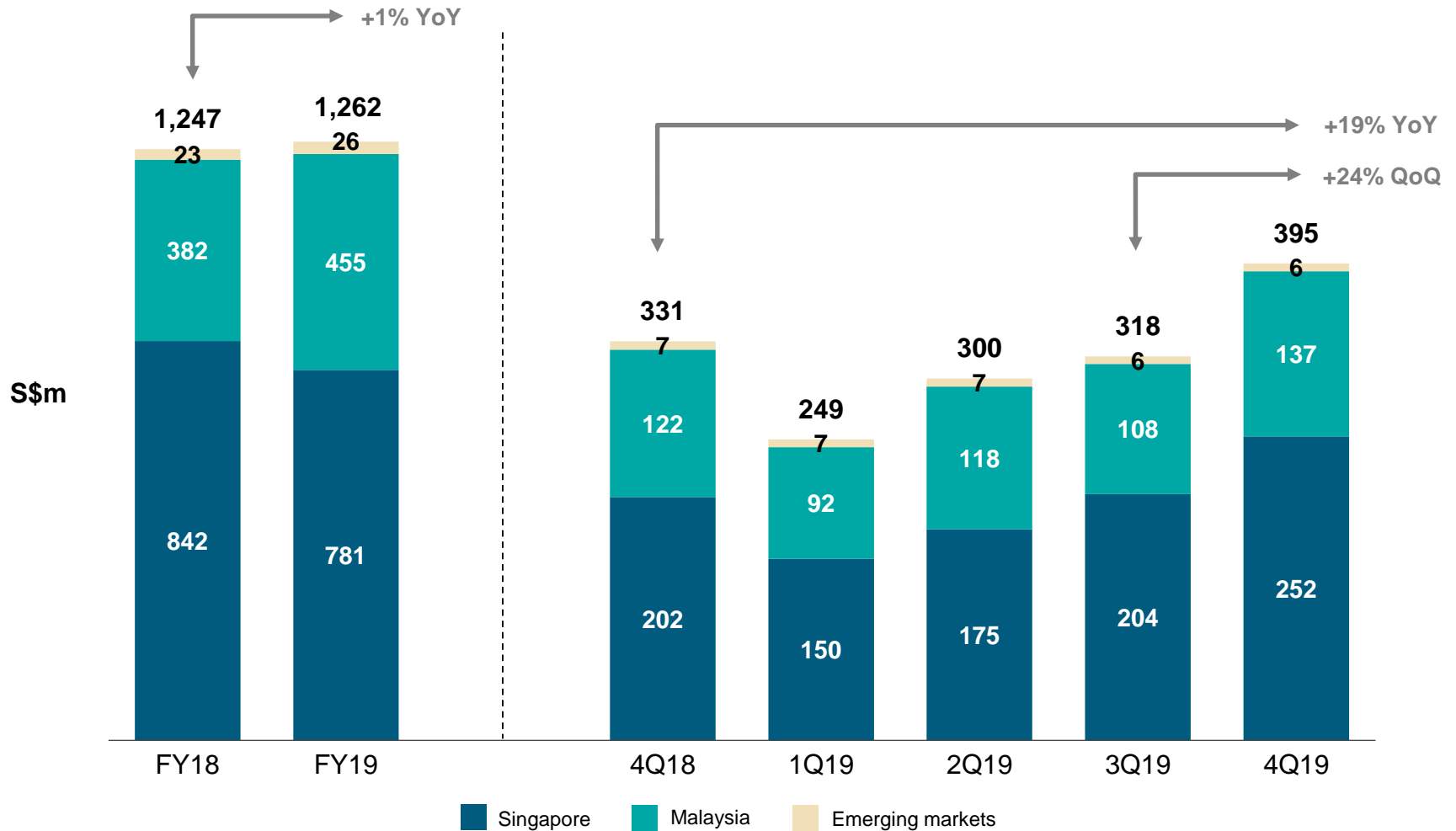
GEH: Profit from Shareholders' Fund

FY19 Shareholders' Fund profit up YoY, led by higher mark-to-market gains from the investment portfolio



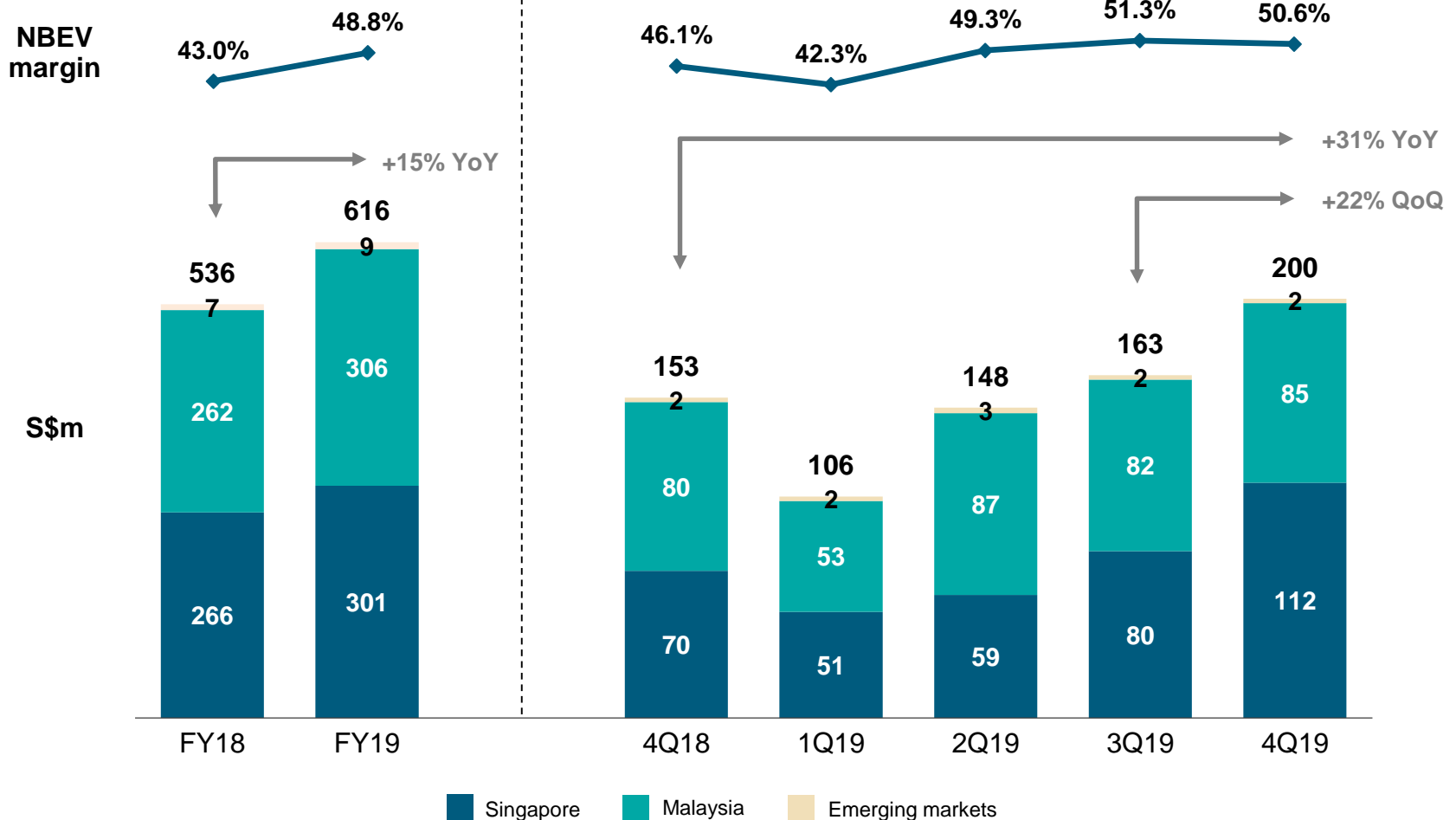
GEH: Total weighted new sales

TWNS up 1% YoY in FY19 and 19% YoY in 4Q19



GEH: New business embedded value

FY19 NBEV grew 15% YoY, driven by improvement in NBEV margin as a result of GEH's product and distribution strategy to optimise its product mix



OCBC Wing Hang Hong Kong & Macau's performance

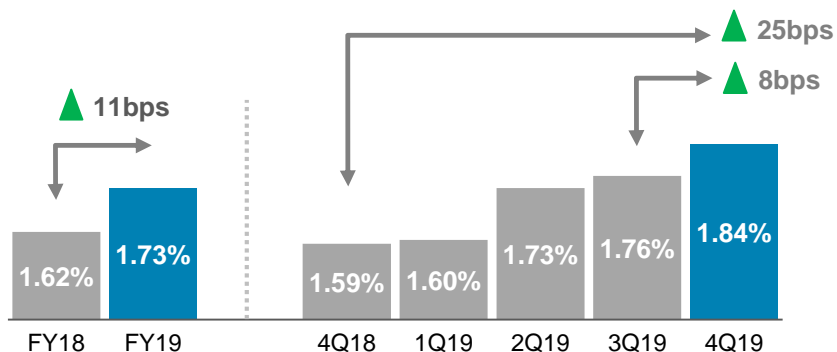
FY19 profit before tax 7% higher YoY before one-time item

HKD m	FY19	FY18	YoY +/(-)%	4Q19	4Q18	YoY +/(-)%	3Q19	QoQ +/(-)%
Net interest income	3,945	3,583	10	1,036	909	14	1,017	2
Non-interest income	1,099	1,077	2	267	242	10	303	(12)
Total income	5,044	4,660	8	1,303	1,151	13	1,320	(1)
Operating expenses	(2,296)	(2,098)	9	(571)	(518)	10	(587)	(3)
Operating profit	2,748	2,562	7	732	633	16	733	-
Allowances	(75)	(68)	12	(68)	(25)	164	(24)	184
Associates	55	57	(3)	32	3	912	(8)	491
Profit before one-time item	2,728	2,551	7	696	611	14	701	(1)
One-time item ^{1/}	-	234	nm	-	234	nm	-	-
Profit before tax	2,728	2,785	(2)	696	845	(18)	701	(1)
Tax	(409)	(394)	4	(103)	(97)	6	(111)	(7)
Net profit – local reporting	2,319	2,391	(3)	593	748	(21)	590	1

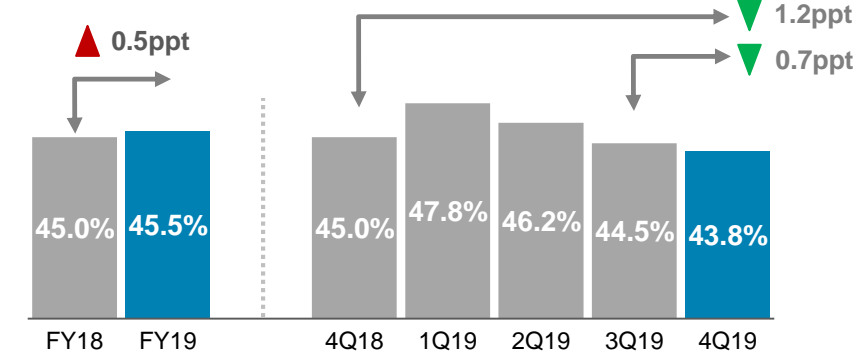
OCBC Wing Hang Hong Kong & Macau Key Financial Highlights

Key Financial Highlights

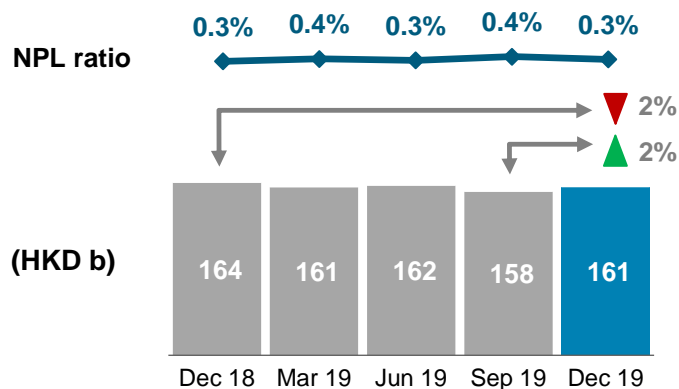
Net Interest Margin



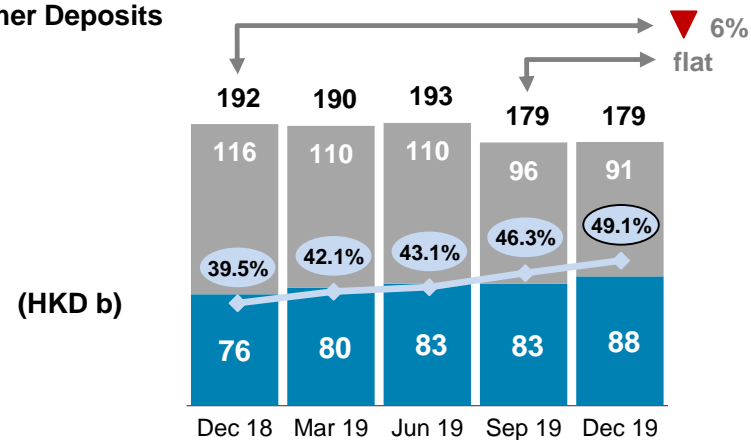
Cost-to-Income (exclude one-time item in FY18 and 4Q18)



Customer Loans



Customer Deposits



OCBC Malaysia's performance

FY19 net profit rose 17% YoY, underpinned by strong income growth

RM m	FY19	FY18	YoY +/(-)%	4Q19	4Q18	YoY +/(-)%	3Q19	QoQ +/(-)%
Net interest income	1,507	1,506	–	382	382	–	369	4
Islamic banking income ^{1/}	448	436	3	118	108	9	108	9
Non-interest / finance income	726	520	40	221	76	191	171	29
Total income	2,681	2,462	9	721	566	27	648	11
Operating expenses	(1,233)	(1,146)	8	(312)	(287)	9	(316)	(1)
Operating profit	1,448	1,316	10	409	279	47	332	23
Allowances (charge)/ writeback	(217)	(219)	(1)	(93)	(44)	111	40	333
Profit before tax	1,231	1,097	12	316	235	34	372	(15)
Tax	(277)	(283)	(2)	(58)	(46)	26	(91)	(36)
Net profit – local reporting	954	814	17	258	189	37	281	(8)



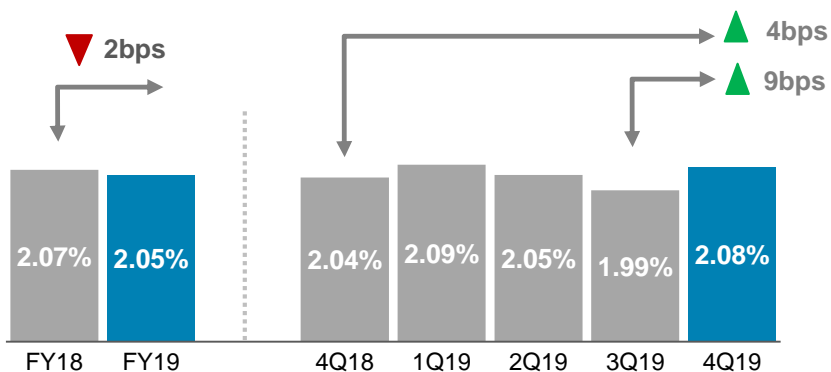
Note: OCBC Malaysia's financials in this presentation comprise the results of OCBC Bank (Malaysia) Berhad and its subsidiary companies and prepared based on Bank Negara Malaysia's guidelines and Malaysian Financial Reporting Standards.

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

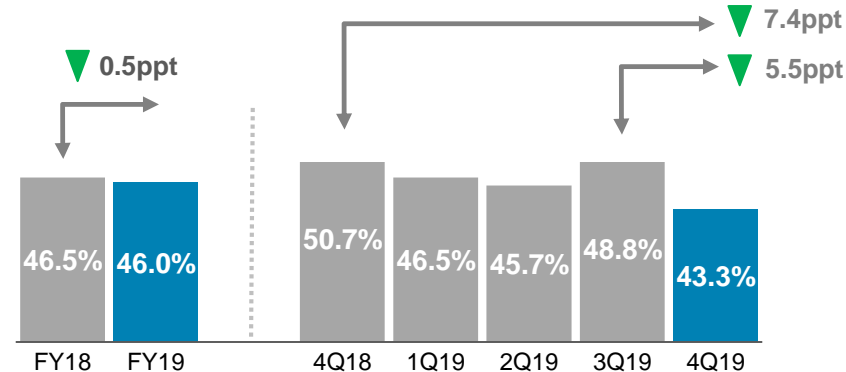
OCBC Malaysia Key Financial Highlights

Key Financial Highlights

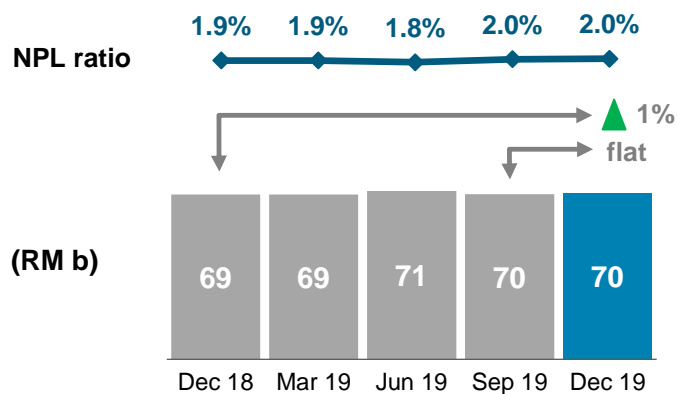
Net Interest Margin



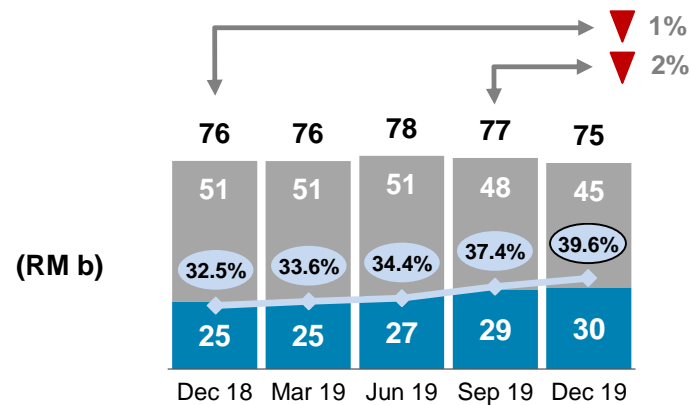
Cost-to-Income



Customer Loans



Customer Deposits



■ CASA
 ■ Others
 — CASA ratio

Bank OCBC NISP's performance

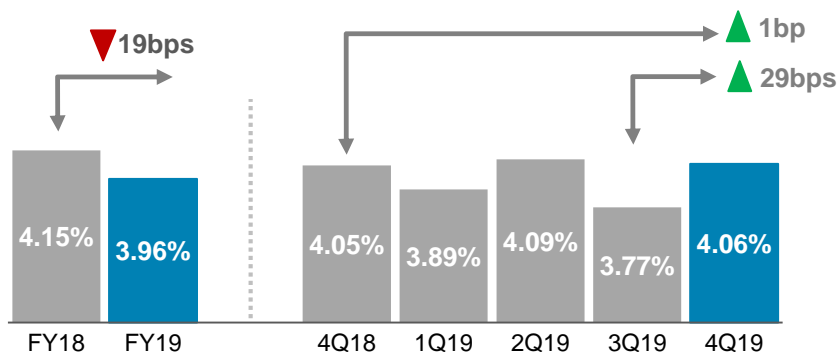
FY19 net profit rose 11% YoY to a record IDR2.94t

IDR b	FY19	FY18	YoY +/(-)%	4Q19	4Q18	YoY +/(-)%	3Q19	QoQ +/(-)%
Net interest income	6,439	6,378	1	1,672	1,603	4	1,557	7
Non-interest income	1,913	1,411	36	483	440	10	475	2
Total income	8,352	7,789	7	2,155	2,043	5	2,032	6
Operating expenses	(3,769)	(3,513)	7	(961)	(887)	8	(950)	1
Operating profit	4,583	4,276	7	1,194	1,156	3	1,082	10
Allowances	(695)	(790)	(12)	(242)	(356)	(32)	(180)	34
Non-operating income	3	–	nm	0	(2)	149	1	nm
Profit before tax	3,891	3,486	12	952	798	19	903	5
Tax	(952)	(848)	12	(232)	(193)	20	(220)	5
Net profit – local reporting	2,939	2,638	11	720	605	19	683	5

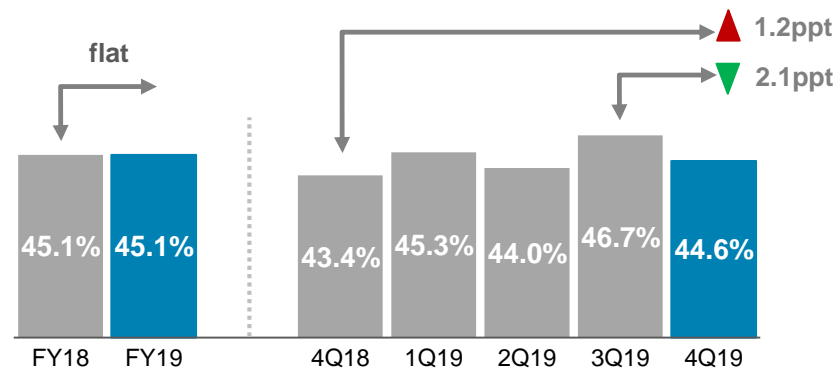
Bank OCBC NISP Key Financial Highlights

Key Financial Highlights

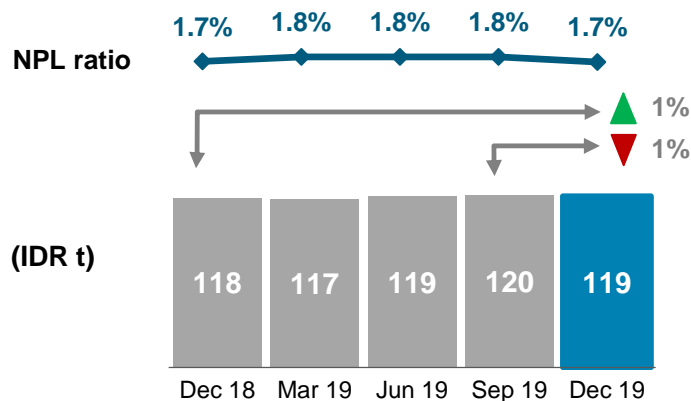
Net Interest Margin



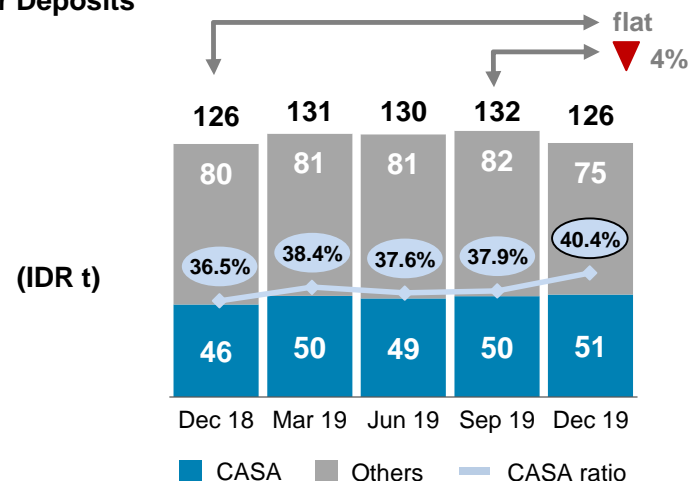
Cost-to-Income




Customer Loans



Customer Deposits



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



Full Year 2019 Results Thank You