

Group Chief Executive Officer Update

7 August 2020



OCBC Financial Results



Disclaimer: This presentation should be read as an overview of OCBC's current business activities and operating environment which may contain statements relating to OCBC's growth strategy and future business aspirations. These statements involve risks and uncertainties and should not be solely relied upon by investors or potential investors when making an investment decision. OCBC Bank accepts no liability whatsoever with respect to the use of this document or its content.

1H20 Overview

Build balance sheet strength to buffer uncertainty and slow recovery

- ❑ Much uncertainty persists on both the economic front and human cost arising from the pandemic. Rising geo-political tensions further clouds outlook
- ❑ Protected customer franchise for long-term value creation. Continued to help customers and the community navigate COVID-19 together
- ❑ Defensively shored up balance sheet – capital preservation, liquidity and funding – to weather current crisis and position well when sentiments and confidence regain
 - Maintain strong capital position, CET1 ratio currently at 14.2%. Capital optimisation to continue; anticipate to transition OCBC Wing Hang Bank to IRB approach by end 2020
 - Raised ECL allowance coverage to more than 100% of NPA
 - Substantially increased MEV adjustments and ECL management overlays on a forward-looking basis to prepare for challenging near-term outlook – gradual withdrawal of government relief programmes, continued virus outbreak around the world, prolonged restriction on cross border movements and geo-political tensions affecting investment confidence

FY20 Expectations

Some early signs of rise in business activities, but neither strong nor systemic

- ❑ Risk appetite in real economy low. Mindful of second and new waves of infections. Too early to accurately predict timing and path to recovery
- ❑ Disciplined cost management. Target further quarterly reduction in expenses, capping discretionary spending, adjusting variable compensation, rationalising real estate costs and realising efficiency savings from technology investments
- ❑ Guidance for full year net interest margin in the mid-to-high 1.5% range and flat loan growth remain
- ❑ Maintaining credit cost estimate of 100 bps – 130 bps over two years 2020 – 2021. Gross NPL ratio at 2.5% – 3.5% incorporating impact from withdrawal of government sponsored relief programs
- ❑ While the current dividend payment has been capped per MAS guidance, committed to continue with our policy to pay progressive dividends that are sustainable and in line with OCBC's long-term growth

Looking beyond COVID-19

Well-positioned with diverse and highly interconnected franchise to drive future growth

Position for megatrends shaping future growth:

- ❑ Rebalancing of economies and reinventing business models – Support customer activities in consolidations, privatisations, overseas diversification and restructuring
- ❑ Shifts in global supply chains – Drive new opportunities in supply chain transformation and logistics, on-shore and near-shore manufacturing. Broaden China Business Office coverage in Southeast Asia
- ❑ Wealth accumulation in Asia – Grow wealth management in scale and scope, including capitalising on the new *Wealth Management Connect* initiative in Greater Bay Area
- ❑ Sustainability – Increase Sustainability and Renewables Financing portfolio to S\$25b by 2025
- ❑ Digitalisation – Reinforce digitalisation to continuously enhance customer experience and deliver cost efficiency. Over 100,000 first-time digital sign-up customers in 1H20 alone

Moving towards a phased re-opening

Delivering highly responsive and accessible services as we transition forward

Employees

- ❑ Gradual resumption to office-based work to better serve customers as economies reopen; strict workplace safety guidelines
- ❑ Remote working arrangements in place
- ❑ Reaffirm no retrenchments in the midst of COVID-19
- ❑ Provide 3,000 new job opportunities in Singapore

Customers

- ❑ S\$27b moratorium relief (primarily secured) across the region
- ❑ Support customers' transition to exit from relief programmes
- ❑ More than 90% of branches in Singapore reopened; resumed in-person meetings with customers

Community

- ❑ Assist needy communities across our network with financial aid and care packages
- ❑ Leveraging technology to conduct virtual volunteering activities with charity partners

Rapid pace of digital adoption

More than 100,000 first-time users of Singapore digital channels in 1H20 alone

SMEs

SME accounts
opened digitally

1.8X

Numbers of accounts
1H20 vs. 1H19
(91% of accounts opened digitally)

PayNow Corporates

8.7X

Transactions
1H20 vs. 1H19
(2.4X increase 2Q20 vs 1Q20)

Digital vs Manual
transactions

1.9X

Transactions
in 1H20
(Cheques reduced 36%
1H20 vs 1H19)

SME loans
applied digitally

42%

Transactions
1H20
(up from 20% in 2H19)

Consumer

Consumer accounts
opened digitally

2X

Numbers of accounts
1H20 vs. 1H19
(41% of accounts opened digitally)

PayNow Consumer

2.6X

Transactions
1H20 vs. 1H19
(94% of payments done digitally)

Digital Wealth*

2.3X

Transactions
1H20 vs. 1H19
(38% of all CFS simple products
sales done digitally as of 1H20^)

Instant Digital Secured
Loans

S\$1b

Total loan amount
YTD Jul20
(Home, Auto, Reno loans)



* Digital wealth includes Unit Trust, RoboInvest and BCIP.

^ Simple products include CASA, Credit Card, Unit Trust, Secured Loans (Home loan and Reno loan).

Accelerating digital transformation

Innovative and seamless solutions to help individuals achieve their financial goals



SINGPASS MOBILE LOGIN

1st bank in SG to enable use of SingPass to securely access digital banking services



INSTANT SECURED LOANS

1st to integrate with MyInfo, with online acceptance for car and home loans



INSTANT CHEQUE ENCASHMENT

1st bank in Southeast Asia to allow instant encashment of cheques



OCBC x GOOGLE PAY

1st to partner and integrate with Google Pay to enable peer-to-peer payments

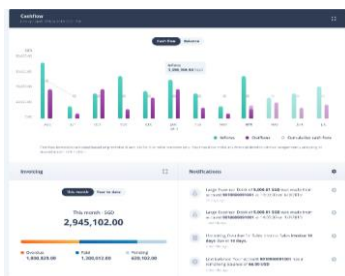


HEALTHPASS BY OCBC

1st SG bank to bring together a health & wellness ecosystem to consumers

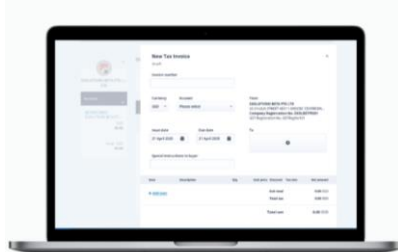
Accelerating digital transformation (cont'd)

Leading the way with innovative first-to-market solutions for businesses



BUSINESS FINANCIAL MANAGEMENT

1st to offer SMEs a view of historical cash flows and expense categories



E-INVOICING

1st to enable SMEs to send sales invoices electronically and collecting digitally through QR & UEN



SINGPASS MOBILE LOGIN FOR SMEs



SINGLE WINDOW IN CHINA

1st foreign bank in China to offer customers the ability to connect to single window to initiate cross border payments of imported goods across all ports in China.



ELECTRONIC BANKERS' GUARANTEE

1st to deliver seamless electronic application and delivery of banker's guarantee to Customs



Thank You

