

First Quarter 2020 Results Highlights

8 May 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.



Resilient 1Q20 Performance

Diversified business franchise continues to drive long-term sustainable earnings

- ❑ Banking Operations operating profit up YoY, but net profit down from higher allowances
- ❑ Insurance TWNS and NBEV up YoY; however insurance profit lower due to unrealised MTM losses
- ❑ Customer loan balances and deposits up YoY and QoQ; CASA ratio improved to 51%
- ❑ NIM stable YoY and down 1bp QoQ; supported by CASA growth and asset mix
- ❑ Expenses tightly managed, up 1% YoY and down 12% QoQ
- ❑ Prudent build up in allowances for both impaired and non-impaired assets to recognise weak near-term economic outlook
- ❑ Asset quality weakened; NPAs up 13% QoQ, mainly from one Singapore based corporate in oil trading contributing majority of the overall NPA increase for the quarter
- ❑ Capital, funding and liquidity position remain strong; well-placed to support underlying franchise – employees, customers and the community

Agenda

Financial Highlights

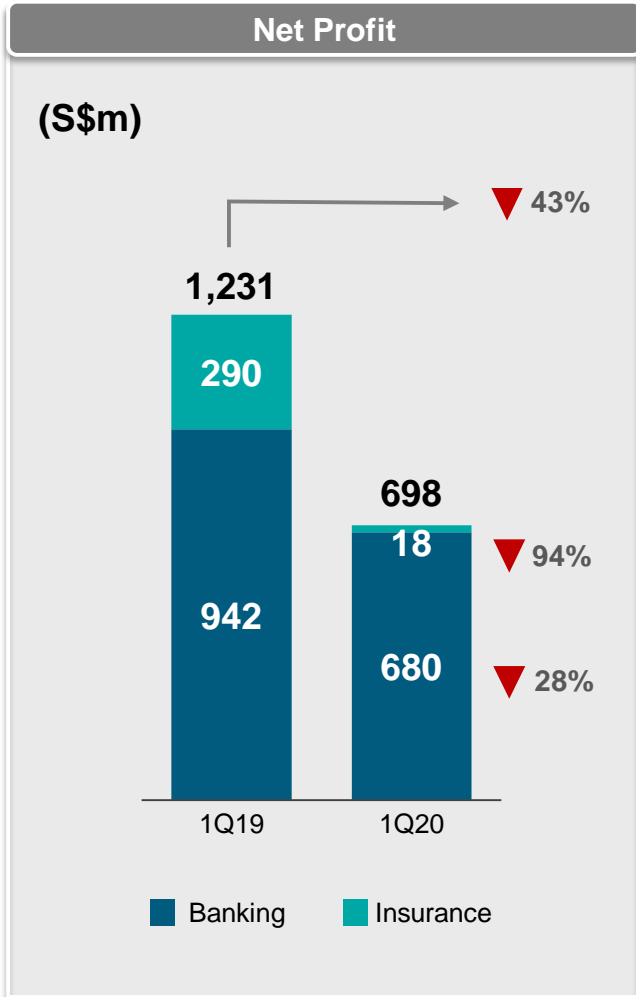
Group Chief Executive Officer Update

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.

1Q20 Financial Highlights

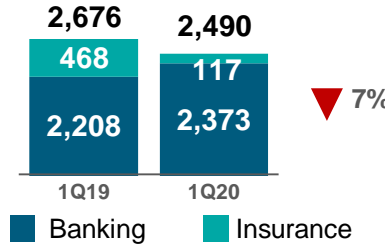
Group revenue down 7%; banking revenue up 7% YoY.

Group net profit down 43% YoY, from lower insurance income and increase in allowances

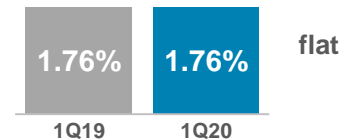


Sustainable Earnings

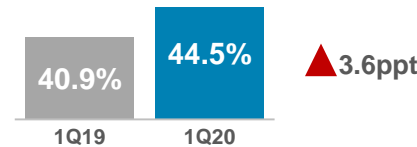
Total Income (S\$m)



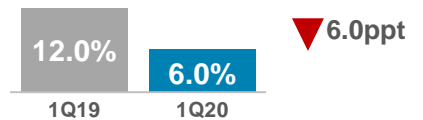
Net Interest Margin



Cost-to-Income

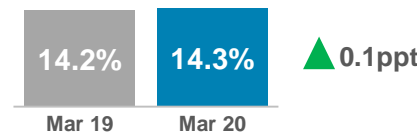


Return on Equity

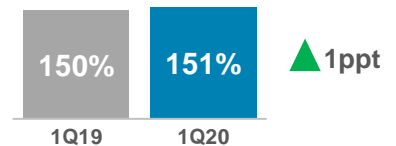


Strong Capital and Liquidity Position

Common Equity Tier 1 CAR



All-Currency LCR



Diversified Business Franchise

Banking, wealth management and insurance continue to deliver diversified and sustainable long-term growth

Banking

Operating Profit (\$m)



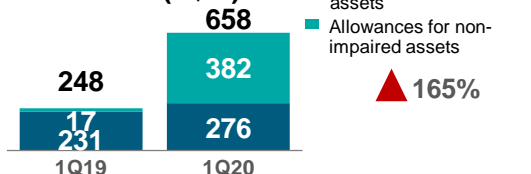
Income (\$m)



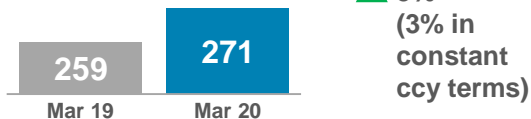
Expenses (\$m)



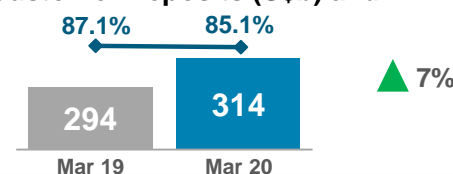
Allowances (\$m)



Customer Loans (\$b)



Customer Deposits (\$b) and LDR

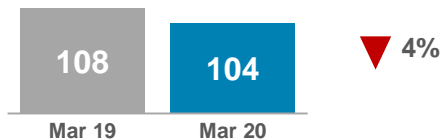


Wealth Management

Wealth Management Fees (\$m)



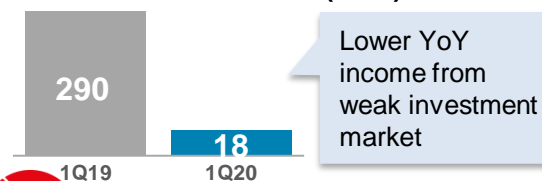
Bank of Singapore's AUM (US\$b)



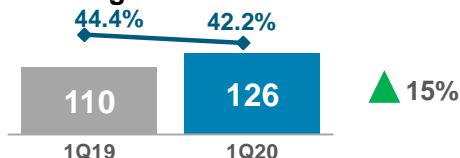
Positive net new money, offset by negative market actions

Insurance

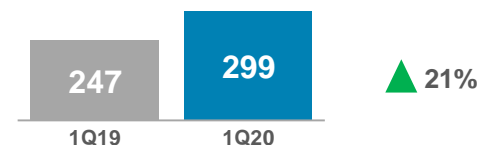
GEH Profit Contribution (\$m)



New Business Embedded Value (\$m) and margin



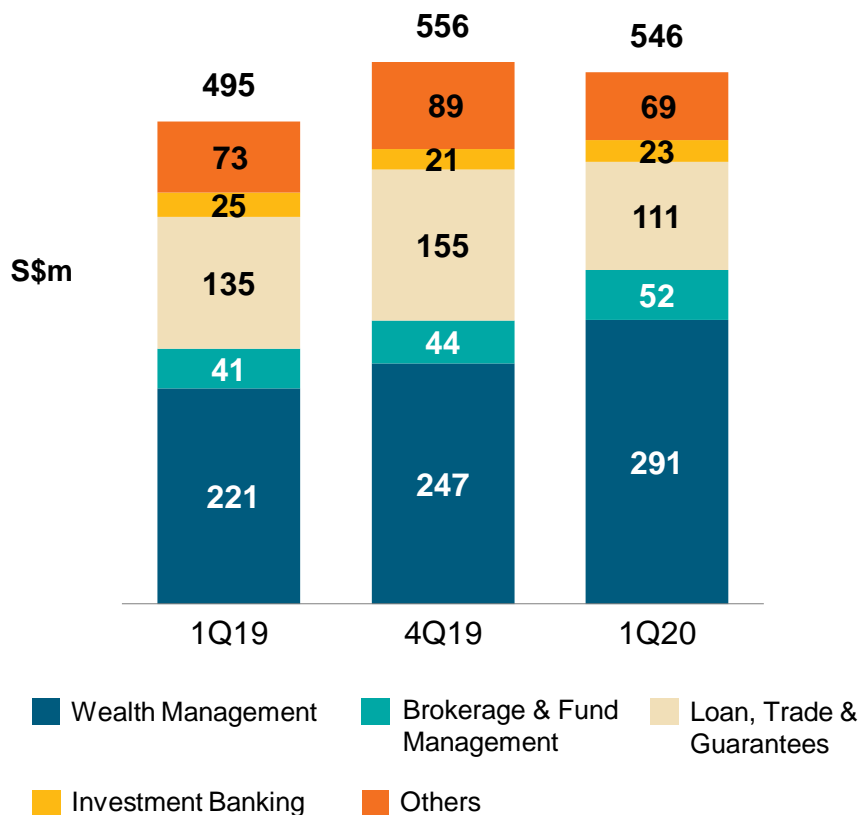
Total Weighted New Sales (\$m)



Fee and Trading Income

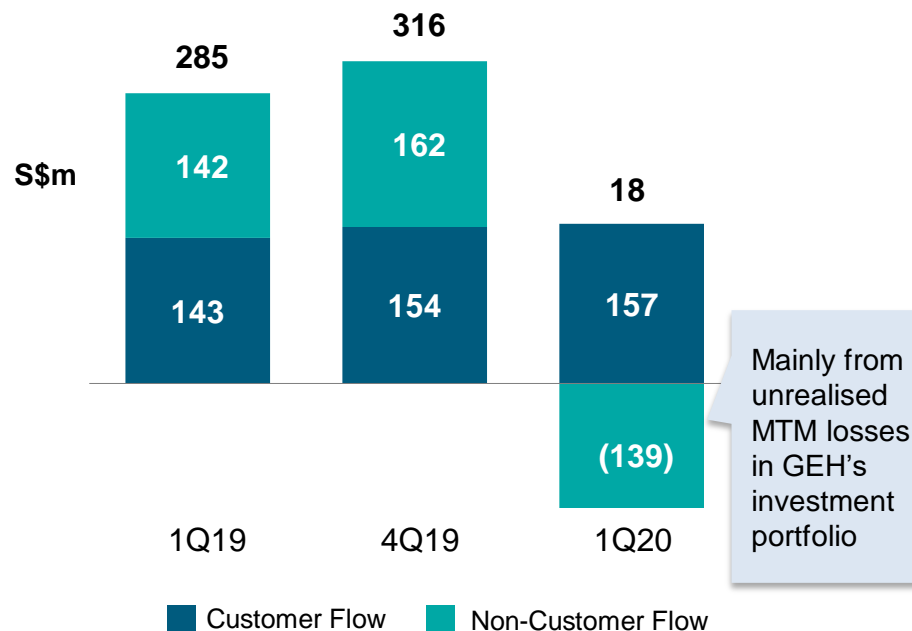
Net Fees & Commissions

- Fee income higher YoY led by wealth management and brokerage



Trading Income

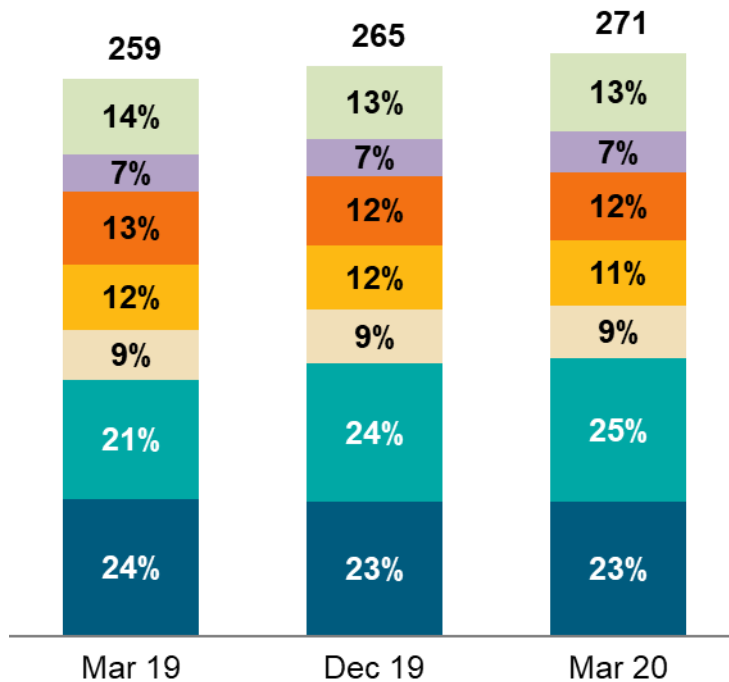
- Treasury-related customer flow income up YoY and QoQ
- Non-customer flow income lower from unrealised MTM losses in GEH's investment portfolio



Customer loans

Well-diversified loan book; limited sector concentration

Loans by Industry (S\$b)



Loan book **well-diversified** across geographies

Corporate, SME and Consumer comprise **49%, 11% and 40%** of loan book respectively

Limited sector concentration

O&G sector comprise **5%** of loan book

Commodities sector comprise **6%** of loan book

Loans to **shipping sector (ex OSV)** comprise **2%** of total loans

Aviation sector comprise **less than 1%** of loan book

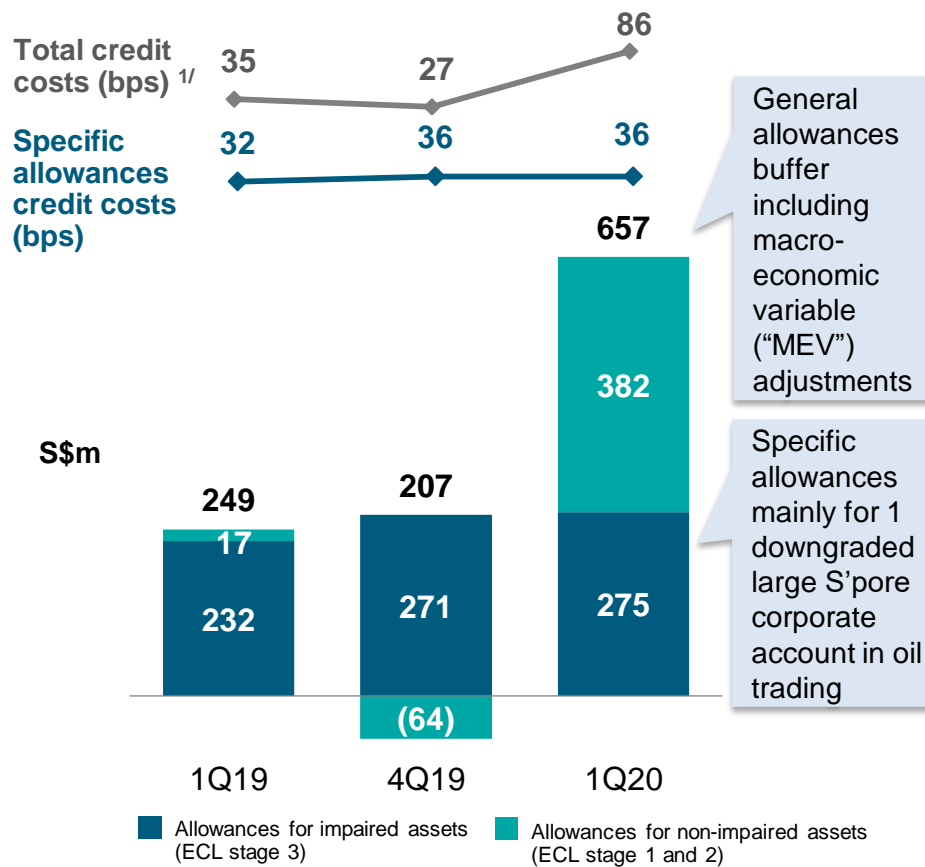
Green and sustainable finance portfolio up **28%** QoQ to **S\$11b**

- Housing loans ■ Building & Construction ■ FIs, Investment and holding co.
- Professionals and individuals ■ General commerce
- Manufacturing ■ Others

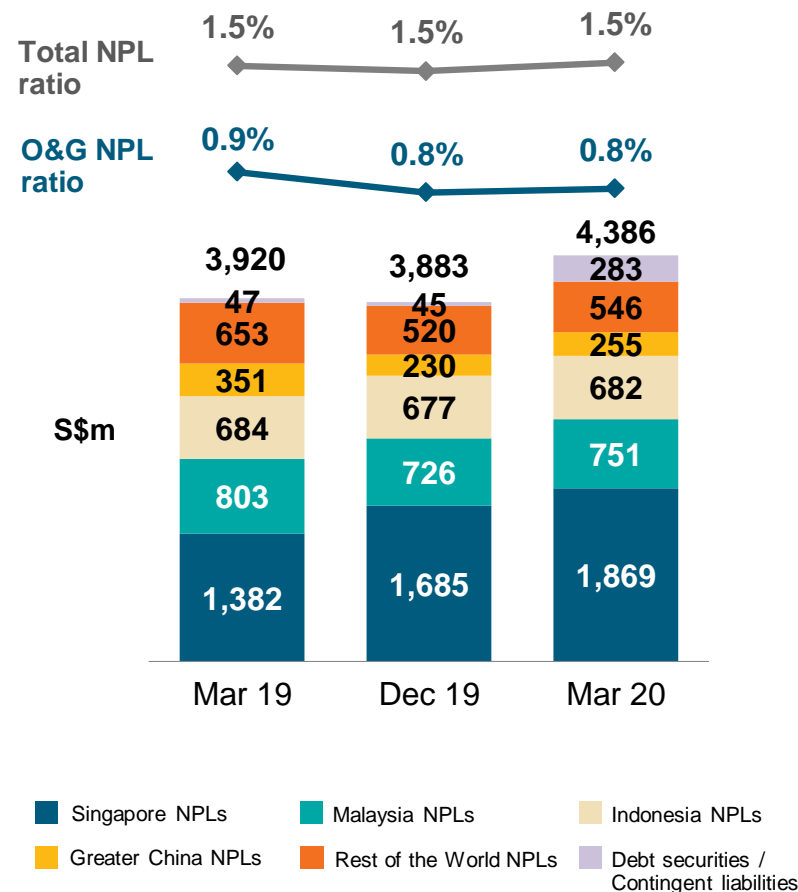
Allowances and Asset Quality

Prudent allowances made. Portfolio quality remained sound

Allowances



NPAs by Geography ^{2/}



1/ Total credit costs refer to allowances for loans as a percentage of average loans, on annualised basis.
 2/ NPAs by geography are based on where the credit risks reside.

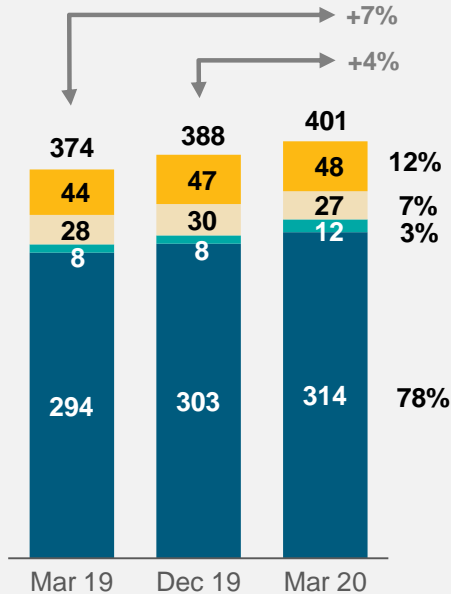
Solid Balance Sheet

Robust balance sheet fundamentals, supported by strong levels of capital, funding and liquidity, to ride through current market uncertainties

Funding

- Nearly 80% from customer deposits
- Stable NSFR at 108%

Composition (S\$b)

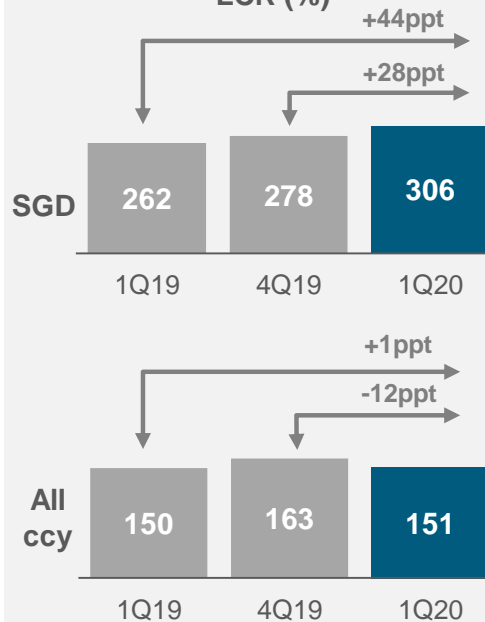


- Customer deposits
- Bank deposits
- Debts issued
- Capital and reserves

Liquidity

- Sound liquidity position
- LCR well above minimum required

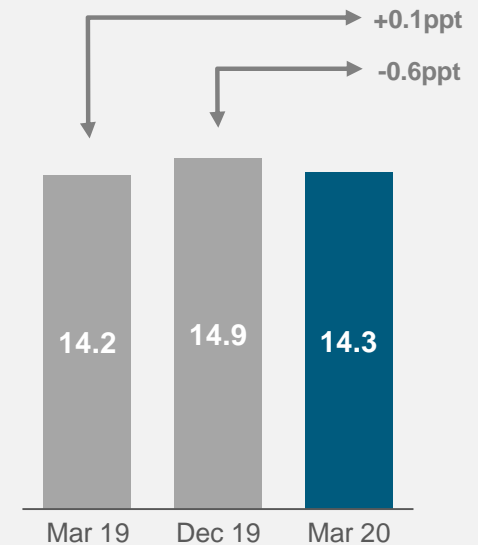
LCR (%)



Capital

- Strong capital base
- Healthy leverage ratio at 7.4%

CET 1 CAR (%)



1Q20 Group Performance

Net profit down 43% YoY to S\$698m, attributed to unrealised MTM losses in the insurance business and increased allowances

OCBC Group	1Q20 S\$m	1Q19 S\$m	YoY +/(-)%	4Q19 S\$m	QoQ +/(-)%
Net interest income	1,626	1,534	6	1,610	1
Non-interest income	864	1,142	(24)	1,312	(34)
Total income	2,490	2,676	(7)	2,922	(15)
Operating expenses	(1,109)	(1,095)	1	(1,266)	(12)
Operating profit	1,381	1,581	(13)	1,656	(17)
Associates	165	170	(3)	94	74
Operating profit before allowances	1,546	1,751	(12)	1,750	(12)
Allowances for impaired assets	(275)	(232)	19	(271)	2
Allowances for non-impaired assets	(382)	(17)	nm	64	707
Amortisation, tax and NCI	(191)	(271)	(29)	(300)	(36)
Net profit	698	1,231	(43)	1,243	(44)

1Q20 Banking Operations Performance

Banking Operations operating profit before allowances up 8% YoY and 3% QoQ;
1Q20 net profit lower from increase in general allowances

Banking Operations	1Q20 S\$m	1Q19 S\$m	YoY +/(-)%	4Q19 S\$m	QoQ +/(-)%
Net interest income	1,595	1,510	6	1,580	1
Non-interest income	778	699	11	903	(14)
Total income	2,373	2,208	7	2,482	(4)
Operating expenses	(1,061)	(1,015)	5	(1,145)	(7)
Operating profit	1,312	1,193	10	1,338	(2)
Associates	165	176	(6)	99	67
Operating profit before allowances	1,477	1,369	8	1,437	3
Allowances for impaired assets	(276)	(231)	19	(271)	2
Allowances for non-impaired assets	(382)	(17)	nm	63	703
Amortisation, tax and NCI	(139)	(179)	(22)	(223)	(38)
Net profit from banking operations	680	942	(28)	1,006	(32)

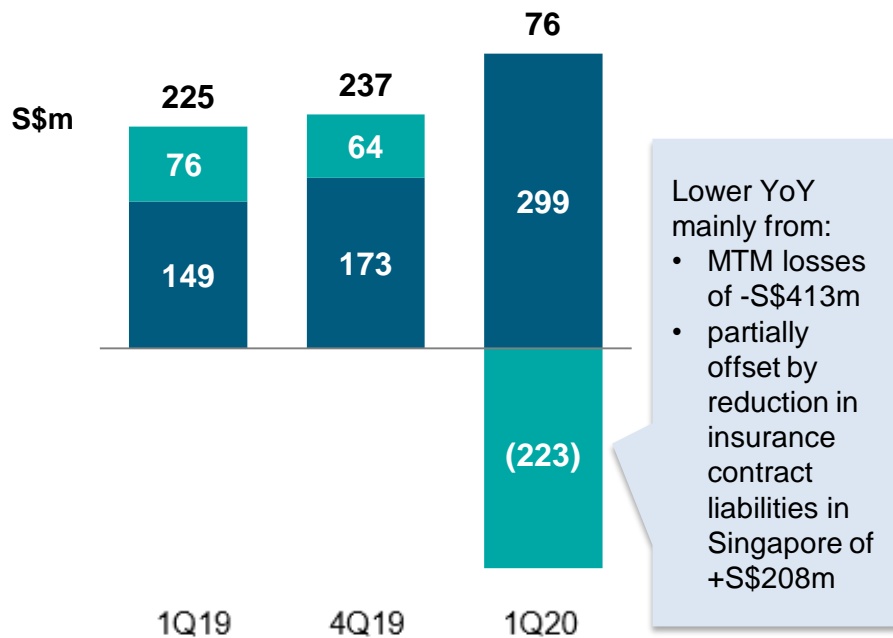
Great Eastern Holdings' performance

1Q20 net profit contribution lower YoY at S\$18m, from unrealised MTM losses attributed to unfavourable investment markets

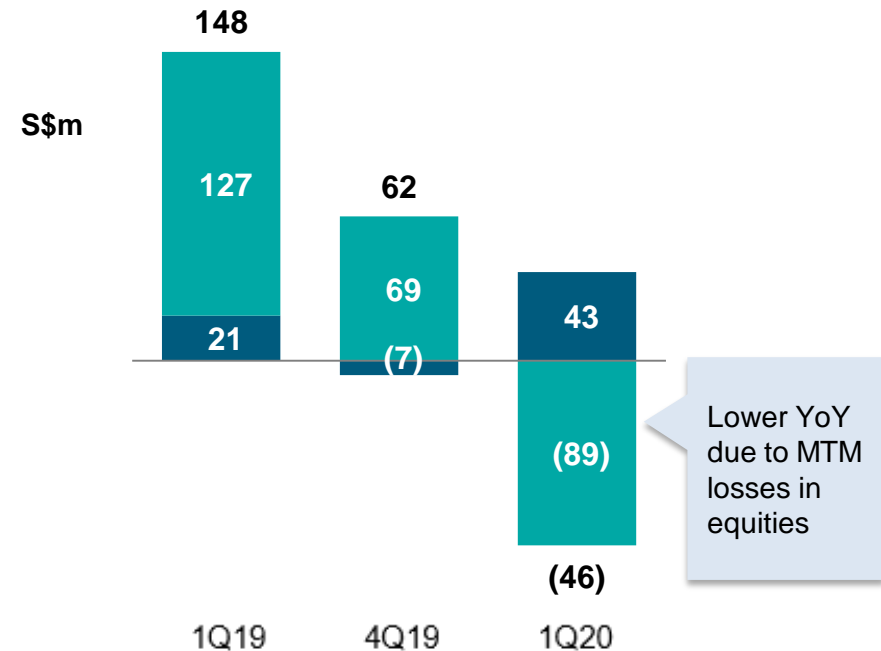
S\$m	1Q20	1Q19	YoY +/(-)%	4Q19	QoQ +/(-)%
Profit from insurance business	115	240	(52)	260	(56)
- Operating profit	299	149	101	173	72
- Non-operating (loss)/profit	(223)	76	(394)	64	(450)
- Others	39	15	149	23	71
Profit from Shareholders' Fund	(46)	148	(131)	62	(174)
Profit from operations	69	388	(82)	322	(78)
Allowances write-back/ (charge)	0	(1)	(119)	0	(28)
Tax & NCI	(35)	(44)	(21)	(35)	2
Net profit	34	343	(90)	287	(88)
Group adjustments ^{1/}	(16)	(53)	(70)	(50)	(68)
Net profit contribution to Group	18	290	(94)	237	(92)

Insurance operations under Great Eastern impacted by market volatility

Profit from Insurance Business



Profit from Shareholders' Fund



■ Operating profit ■ Non-operating (loss)/profit

■ Investment, fee and other income, and expenses ■ Investment related (loss)/gain

Agenda

Financial Highlights

Group Chief Executive Officer Update

OCBC well-positioned for this unprecedented crisis

Focus on protection of customer franchise for long-term sustainable growth

- ❑ Extent of economic fallout very uncertain, recovery unlikely until 2021 at earliest; watchful of impact to near-term earnings growth
- ❑ Maintain long-term strategy; well-diversified franchise with strong capital, liquidity and funding position
- ❑ Confident of OCBC's strong track record of delivering sustainable earnings over economic cycles
- ❑ Ex-FX impact, loan growth to be muted; will continue to pro-actively support customers
- ❑ Shore up allowances with forward-looking MEVs to recognise uncertain operating environment
- ❑ Overall cumulative credit costs over the next two years estimated to be between 100-130bps, higher than GFC, close to SARS but lower than AFC. Variance depends on effectiveness of the relief programmes and the duration of suspension of business activities across the region
- ❑ Remain vigilant of vulnerable sectors. Near-term economic weakness and uncertainty to raise NPL ratio to between 2.5% to 3.5%; NPL ratio reflects extent of projected effect of government relief measures
- ❑ NIM compression expected in subsequent quarters from full effect of rate cuts; focus on asset composition and CASA deposits
- ❑ Cost management to be further tightened and managed in line with revenue expectations
- ❑ Monitor market developments closely to assess dividend payment; share buybacks suspended, priority to support customers and franchise during this pandemic

Supporting employees, customers and the community

Employees

- ❑ Employees are part of OCBC family, **no plan on retrenchment** amid this outbreak.
- ❑ **Enhanced hygiene and precautionary measures** within office premises and branches.
- ❑ Majority of workforce on **work from home** arrangements in Singapore, Malaysia and Indonesia.
- ❑ **COVID-19 Care Package for all employees.**

Customers

- ❑ **Offered targeted support** to all retail and corporate clients **across the region.**
- ❑ Expect to extend **moratorium relief and government-assisted loans of S\$42 billion** to over **165,000** individuals, SME and corporate customers **across Singapore, Malaysia, Hong Kong, Macau and Indonesia.**
- ❑ In Singapore, **all personal financing facilities are now under Singapore Covid-19 Relief Programme. S\$4 billion** of loan moratorium to individuals have been approved to date, mostly for home loans.

Community

- ❑ **Over S\$2.2 million of donations** to support individuals, households and community across core markets.
- ❑ Great Eastern pledged **S\$1 million of COVID-19 Customer Care Fund** for its policyholders.

Rapid business enablement to ensure business continuity and long-term sustainability

Empowering Staff to Work Remotely

- ❑ **>18,000 staff** enabled to work from home.
- ❑ **Future Smart Future Workforce Programme** to help employees navigate changes.
- ❑ **1,100 virtual** trainings with **53K attendance groupwide.**

Branch Network & Digital Channels

- ❑ **Minimal disruption** to service levels.
- ❑ **24 branches** in Singapore and majority of branches **stayed open** in all other markets.
- ❑ **Full network of ATMs remain operational** with heightened hygiene measures.

Helping Customers Go Digital

- ❑ **Digital Ambassadors** at branches; **Video & tele-advisory** for Wealth.
- ❑ **Digital signatures & email, voice, video authentication** for transaction & trade instructions.
- ❑ Government-assisted loans and moratorium relief applications **processed and approved digitally** in Singapore and Malaysia.
- ❑ Launched **multiple short instructions videos** to guide less technology savvy customers to adopt **digital channels.**

Enhanced capabilities facilitated increased adoption of digital services during this period

Corporates and SMEs

SME accounts
opened digitally

2.4X

Numbers of accounts,
1Q20 vs. 1Q19
91% of all accounts done
digitally

PayNow Collections
Corporates

7X

Increase in
transactions vs. 1Q19

SME loans applied
digitally

49%

1Q20
– up from 30% in 4Q19

Consumer Banking

Consumer accounts
opened digitally

1.9X

Numbers of accounts,
1Q20 vs. 1Q19

Consumer PayNow

2.8X

Value
1Q20 vs. 1Q19

Online Trading

104%

Increase in
transactions vs. 4Q19



First Quarter 2020 Results Highlights

Thank You