

Third Quarter 2024 Results Press Release

OCBC Group Third Quarter 2024 Net Profit Rose 9% from the Previous Year to S\$1.97 billion

Nine months 2024 net profit up 9% to a new high of S\$5.90 billion

Singapore, 8 November 2024 – Oversea-Chinese Banking Corporation Limited (“OCBC”) reported net profit of S\$1.97 billion for the third quarter of 2024 (“3Q24”), 9% higher than S\$1.81 billion in the previous year (“3Q23”), and 2% above S\$1.94 billion a quarter ago (“2Q24”). Net profit for the nine months of 2024 (“9M24”) increased 9% from a year ago (“9M23”) to S\$5.90 billion.

The Group’s strong year-on-year performance for 3Q24 was driven by robust non-interest income growth and lower allowances. Increased wealth management activities lifted fee and trading income, with insurance income higher as well. Cost-to-income ratio (“CIR”) improved from the previous year to 38.5% on positive operating jaws. Asset quality remained resilient with non-performing loan (“NPL”) ratio declining to 0.9%. Customer loans grew 4% from a year ago, on a constant-currency basis. On an annualised basis, return on equity rose to 14.1% and earnings per share increased to S\$1.73.

3Q24 Performance Highlights

			YoY	QoQ	
Group Net Profit	S\$1.97b	+9% YoY			
		+2% QoQ			
		Total Income	S\$3.80b	+11%	+5%
		Net Interest Income	S\$2.43b	-1%	unchanged
		Non-Interest Income	S\$1.37b	+41%	+14%
Banking Operations Net Profit	S\$1.72b	+3% YoY			
		+1% QoQ			
		Operating Expenses	S\$1.46b	+9%	+7%
		Net Interest Margin	2.18%	-9bps	-2bps
		Credit Costs	22bps	+5bps	+7bps
		Customer Loans	S\$305b	+4%	+2%
				<i>(in constant currency terms)</i>	
		Customer Deposits	S\$369b	unchanged	-0.1%
		NPL Ratio	0.9%	-0.1ppt	unchanged
		CET1 CAR			
		Transitional final Basel III reforms	17.2%	+2.4ppt	+1.7ppt
		Fully phased-in final Basel III reforms	15.6%	+0.8ppt	+0.1ppt
EPS (annualised)	S\$1.73	+9% YoY			
		+1% QoQ			
ROE (annualised)	14.1%	+0.1ppt YoY			
		-0.1ppt QoQ			

Third Quarter 2024 Performance

S\$ million	3Q24	3Q23	YoY (%)	2Q24	QoQ (%)
Net interest income	2,433	2,456	(1)	2,430	–
Non-interest income	1,369	973	41	1,199	14
<i>of which: Fees and commissions</i>	508	461	10	466	9
<i>Trading income</i>	508	216	135	356	43
<i>Income from life and general insurance</i>	233	220	6	294	(21)
Total income	3,802	3,429	11	3,629	5
Operating expenses	(1,463)	(1,340)	9	(1,373)	7
Operating profit before allowances	2,339	2,089	12	2,256	4
Allowances	(169)	(184)	(8)	(144)	17
Amortisation, tax and NCI	(447)	(349)	28	(411)	9
Associates	251	254	(1)	243	4
Group net profit	1,974	1,810	9	1,944	2
Group ROE – annualised	14.1%	14.0%	+0.1ppt	14.2%	-0.1ppt

3Q24 Year-on-Year Performance

Group net profit rose 9% from a year ago to S\$1.97 billion, led by higher non-interest income and lower allowances.

- Net interest income was S\$2.43 billion, 1% lower than 3Q23. Average assets grew 3% while net interest margin (“NIM”) compressed by 9 basis points to 2.18%, as the rise in funding costs more than offset the higher asset yields.
- Non-interest income grew 41% to S\$1.37 billion from broad-based growth.
 - Net fee income rose 10% to S\$508 million, underpinned by higher wealth management, investment banking and loan-related fees. In particular, wealth management fees climbed 25% from a year ago, reflecting increased customer activities across all wealth product channels.
 - Net trading income more than doubled to a new quarterly high of S\$508 million. Customer flow treasury income rose to a record S\$306 million, driven by both corporate and wealth segments. Improved investment performance across Global Markets and Great Eastern Holdings (“GEH”) lifted non-customer flow treasury income.
 - Insurance income from GEH increased 6% to S\$233 million, supported by robust underlying business performance.
- The Group’s wealth management income, comprising income from private banking, premier private client, premier banking, insurance, asset management and stockbroking, was S\$1.29 billion, 15% higher than the previous year, and contributed 34% to the Group’s total income. Group wealth management AUM was S\$284 billion, up 5% from S\$270 billion a year ago from both net new money inflows and improved market valuation.

- Operating expenses were S\$1.46 billion, up 9% year-on-year. This was underpinned by higher expenses associated with increased business volumes, as well as IT-related expenses as the Group continued to drive its digitalisation initiatives. During the quarter, S\$15 million of costs relating to the integration of PT Bank Commonwealth (“PTBC”) in Indonesia were also recorded. As income growth outpaced the increase in expenses, CIR improved to 38.5%.
- Total allowances dropped 8% from a year ago to S\$169 million.
- Share of results of associates was S\$251 million, 1% below 3Q23.

3Q24 Quarter-on-Quarter Performance

Group net profit of S\$1.97 billion was 2% higher than the previous quarter.

- Net interest income of S\$2.43 billion held steady from a quarter ago. The effect of a comparatively longer quarter compensated for the impact of a 2-basis point narrowing of NIM.
- Non-interest income grew 14% to S\$1.37 billion from the prior quarter, driven by stronger fee and trading income. Net fee income was up 9%, largely attributable to a 16% increase in wealth management fees, and higher investment banking and loan-related fees. Net trading income rose by 43% from 2Q24.
- Operating expenses were 7% above 2Q24, led by a rise in variable staff compensation linked to higher business volumes.
- Total allowances of S\$169 million were higher as compared to S\$144 million in the previous quarter, largely from higher allowances for non-impaired assets.
- Share of results of associates rose 4% from 2Q24 to S\$251 million.

Nine Months 2024 Performance

S\$ million	9M24	9M23	YoY (%)
Net interest income	7,300	7,183	2
Non-interest income	3,758	3,051	23
<i>of which: Fees and commissions</i>	1,454	1,344	8
<i>Trading income</i>	1,234	783	58
<i>Income from life and general insurance</i>	815	719	13
Total income	11,058	10,234	8
Operating expenses	(4,182)	(3,913)	7
Operating profit before allowances	6,876	6,321	9
Allowances	(483)	(546)	(12)
Amortisation, tax and NCI	(1,242)	(1,140)	9
Associates	749	764	(2)
Group net profit	5,900	5,399	9
Group EPS (S\$) – annualised	1.74	1.59	9
Group ROE – annualised	14.4%	14.2%	+0.2ppt

9M24 Year-on-Year Performance

Group net profit increased 9% to S\$5.90 billion, surpassing the previous nine-month high reported a year ago. This was driven by broad-based income growth and lower allowances.

- Net interest income grew 2% to a record S\$7.30 billion, backed by a 4% rise in average assets from growth in customer loans and the deployment of liquidity into high-quality assets which were income-accretive but lower yielding.

NIM contracted 6 basis points to 2.22%, mainly due to increased funding costs which outpaced the rise in asset yields.
- Non-interest income rose 23% to a new high of S\$3.76 billion. Net fee income grew 8% to S\$1.45 billion, largely attributable to a 21% increase in wealth management fees. Net trading income was 58% higher at S\$1.23 billion, driven by both customer and non-customer flow income. Insurance income improved by 13% to S\$815 million.
- Operating expenses were S\$4.18 billion, 7% higher as compared to 9M23, largely due to increased staff costs and IT-related expenditure to support the Group's business expansion. Integration costs of S\$27 million for PTBC were also included in 9M24. CIR improved to 37.8% from 38.2% a year ago, as the 8% rise in total income exceeded expense growth.
- Share of results of associates was S\$749 million, 2% lower than a year ago.
- Total allowances were S\$483 million, 12% below S\$546 million in 9M23, mainly due to a decline in allowances for non-impaired assets.
- On an annualised basis, ROE rose to 14.4% from 14.2% in the previous year, and earnings per share grew 9% to S\$1.74.

Asset Quality and Allowances

S\$ million	Sep 2024	Sep 2023	Jun 2024	YoY	QoQ
Non-performing assets (NPAs)	2,797	3,095	2,901	-10%	-4%
Non-performing loan (NPL) ratio	0.9%	1.0%	0.9%	-0.1ppt	-
Total NPA coverage	164%	139%	155%	+25ppt	+9ppt
Allowances (S\$ million)	9M24	9M23	3Q24	3Q23	2Q24
Allowances for loans and other assets	483	546	169	184	144
of which: Impaired	371	327	37	220	154
Non-impaired	112	219	132	(36)	(10)
Credit costs (bps) ^{1/}	9M24	9M23	3Q24	3Q23	2Q24
Total loans	17	20	22	17	15
of which: Impaired loans	13	11	6	21	16

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

- Total NPAs as at 30 September 2024 were S\$2.80 billion, 10% below the previous year and down 4% from the last quarter. The quarter-on-quarter drop in NPAs was driven by higher recoveries/upgrades and write-offs, which more than compensated for a rise in new corporate NPAs.
- NPL ratio was 0.9%, lower than a year ago and unchanged from the prior quarter. The allowance coverage for total NPAs was 164%, as compared to 139% in the previous year.
- Total allowances for 3Q24 were S\$169 million, which comprised allowances for impaired assets of S\$37 million and allowances for non-impaired assets of S\$132 million.
- On an annualised basis, total credit costs for 9M24 were 17 basis points, lower as compared to 20 basis points in 9M23.

Strong Funding, Liquidity and Capital Position

S\$ billion	Sep 2024	Sep 2023	Jun 2024	YoY	QoQ
Loans	305	298	304	+2%	+0.5%
% Δ in constant currency terms				+4%	+2%
Deposits	369	369	370	–	-0.1%
of which: CASA deposits	179	171	177	+4%	+1%
CASA ratio	48.4%	46.3%	47.9%	+2.1ppt	+0.5ppt
Leverage ratio	7.5%¹	6.8%	7.2%	+0.7ppt	+0.3ppt
All-ccy LCR (for quarter ended)	141%	159%	138%	-18ppt	+3ppt
CET1 CAR					
Transitional final Basel III reforms	17.2%¹	14.8%	15.5%	+2.4ppt	+1.7ppt
Fully phased-in final Basel III reforms	15.6%²	14.8%	15.5%	+0.8ppt	+0.1ppt

- Customer loans grew 4% from a year ago and 2% from the previous quarter in constant currency terms, to S\$305 billion as at 30 September 2024.
 - The year-on-year loan growth was led by an increase in corporate loans and mortgages. By geography, loan growth was largely driven by Singapore, Malaysia, and the Group's international markets including the United Kingdom and Australia.
 - Sustainable financing loans rose 31% from year ago to S\$47.1 billion, and comprised 15% of total customer loans. The total sustainable financing loan commitments stood at S\$64.7 billion as at 30 September 2024.
- Customer deposits of S\$369 billion were lower than a quarter ago, mainly driven by a S\$3 billion drop in higher-cost fixed deposits. CASA deposits increased to S\$179 billion and CASA ratio rose to 48.4%.
- Loans-to-deposits ratio was 81.6%, higher as compared to 79.7% in the previous year and 81.1% in the prior quarter.
- The Group is subject to MAS' final Basel III reforms requirements which came into effect on 1 July 2024, and are being progressively phased in between 1 July 2024 and 1 January 2029. Group CET 1 CAR as at 30 September 2024 was 17.2%, and was 15.6% on a fully phased-in basis.

¹ Computed based on MAS' final Basel III reform rules with effect from 1 July 2024.

² The Group's CET1 CAR based on fully phased-in final Basel III reforms assumed the position as of 30 September 2024 was subject to the full application of final Basel III reforms, which will take effect on 1 January 2029.

Message from Group CEO, *Helen Wong*

“Our record earnings for the first nine months of 2024 underscored the robust performance across the Group’s diversified franchise. Loan growth momentum was sustained as we supported customers across our markets, while portfolio quality remained sound. The strong improvement in our wealth management business and trading income reflected the progress we have made in advancing our corporate strategy. We also saw solid profit contribution from Great Eastern Holdings (GEH), and we look forward to driving further collaboration and synergies with GEH.

Our shareholding in GEH is 93.72% after the expiry of GEH minority shareholders’ right under Section 215(3) of the Companies Act on 23 October 2024. I am pleased that we have also completed the merger between OCBC Indonesia and PT Bank Commonwealth in September 2024.

Looking ahead, we will continue to proactively manage our balance sheet to prepare for a lower interest rate environment. We are closely monitoring potential volatilities arising from uncertain geopolitical conditions. We remain confident in the resilience and long-term prospects of our key markets in Asia. With our well-established franchise and strong financial position, we are well-placed to drive value for all stakeholders.”

FINANCIAL HIGHLIGHTS (unaudited)

S\$ million	9M24	9M23 ^{4/}	+ / (-) %	3Q24	3Q23 ^{4/}	+ / (-) %	2Q24	+ / (-) %
Selected Income Statement Items								
Net interest income	7,300	7,183	2	2,433	2,456	(1)	2,430	–
Non-interest income	3,758	3,051	23	1,369	973	41	1,199	14
Total income	11,058	10,234	8	3,802	3,429	11	3,629	5
Operating expenses	(4,182)	(3,913)	7	(1,463)	(1,340)	9	(1,373)	7
Operating profit before allowances and amortisation	6,876	6,321	9	2,339	2,089	12	2,256	4
Amortisation of intangible assets	(54)	(77)	(30)	(7)	(26)	(73)	(22)	(69)
Allowances for impaired assets	(371)	(327)	13	(37)	(220)	(83)	(154)	(76)
Allowances (charge)/write-back for non-impaired assets	(112)	(219)	(49)	(132)	36	nm	10	nm
Operating profit after allowances and amortisation	6,339	5,698	11	2,163	1,879	15	2,090	3
Share of results of associates, net of tax	749	764	(2)	251	254	(1)	243	4
Profit before income tax	7,088	6,462	10	2,414	2,133	13	2,333	3
Net profit attributable to equity holders	5,900	5,399	9	1,974	1,810	9	1,944	2
Cash basis net profit attributable to equity holders ^{1/}	5,954	5,476	9	1,981	1,836	8	1,966	1
Selected Balance Sheet Items								
Ordinary equity	55,932	50,732	10	55,932	50,732	10	55,219	1
Equity attributable to equity holders of the Bank	57,632	51,982	11	57,632	51,982	11	56,919	1
Total assets	602,006	581,497	4	602,006	581,497	4	598,890	1
Assets excluding investment securities and other assets for life insurance funds	499,708	486,145	3	499,708	486,145	3	500,839	–
Net loans to customers	301,285	294,330	2	301,285	294,330	2	299,980	–
Deposits of non-bank customers	369,280	369,432	–	369,280	369,432	–	369,835	–
Goodwill and other intangible assets	4,398	4,592	(4)	4,398	4,592	(4)	4,504	(2)
Selected Changes in Equity Items								
Total comprehensive income, net of tax	7,034	4,934	43	2,767	1,604	72	2,115	31
Dividends and distributions	(3,909)	(3,654)	7	(1,993)	(1,821)	9	(1,901)	5
Key Financial Ratios (%)								
Return on equity ^{2/}	14.4	14.2		14.1	14.0		14.2	
Return on assets ^{2/}	1.59	1.51		1.57	1.48		1.56	
Net interest margin ^{2/}	2.22	2.28		2.18	2.27		2.20	
Non-interest income to total income	34.0	29.8		36.0	28.4		33.0	
Cost-to-income	37.8	38.2		38.5	39.1		37.8	
Loans-to-deposits	81.6	79.7		81.6	79.7		81.1	
NPL ratio	0.9	1.0		0.9	1.0		0.9	
Common Equity Tier 1 capital adequacy ratio	17.2 ^{3/}	14.8		17.2 ^{3/}	14.8		15.5	
Tier 1 capital adequacy ratio	17.9	15.3		17.9	15.3		16.2	
Total capital adequacy ratio	19.8	16.9		19.8	16.9		17.9	
Leverage ratio	7.5 ^{3/}	6.8		7.5 ^{3/}	6.8		7.2	
Singapore dollar liquidity coverage ratio	315	407		337	422		316	
All-currency liquidity coverage ratio	142	158		141	159		138	
Net stable funding ratio	114	116		114	116		114	
Earnings per share (S\$) ^{2/}								
Basic earnings	1.74	1.59		1.73	1.58		1.72	
Diluted earnings	1.74	1.59		1.73	1.58		1.72	
Net asset value per share (S\$)	12.43	11.28		12.43	11.28		12.29	

For notes on the computation of the above ratios, information can be found in the Financial Highlights disclosed on a half-yearly basis.

1. Excludes amortisation of intangible assets.
2. Computed on an annualised basis.
3. Computed based on MAS' final Basel III reform rules with effect from 1 July 2024.
4. Certain comparatives figure have been reclassified to conform with current period's presentation.

Further Information

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OCBC Financial Results

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