First Half 2023 Results Presentation

Goh Chin Yee, Group Chief Financial Officer

4 August 2023

OCBC Financial Results

Agenda

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Notes:
- 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.

01
Financial Highlights

Record 1H23 profit drove ROE above 14%

Group Net Profit	S$3.59b	+38% YoY
Banking Operations Net Profit	S$3.23b	+33% YoY
Dividend	40 cents	+43% YoY
EPS *(annualised)*	S$1.60	+39% YoY
ROE *(annualised)*	14.3%	+3.9 ppt YoY

	YoY
Total Income S$6.80b	+30%
Net Interest Income (NII)	+48%
Non-Interest Income (Non-II)	+3%
Operating Expenses S$2.57b	+5%
Net Interest Margin 2.28%	+65bps
Credit Costs 21bps	+14bps
Customer Loans S$297b *(in constant currency terms)*	+2%
Customer Deposits S$372b	+7%
NPL Ratio 1.1%	-0.2ppt
CET1 CAR 15.4%	+0.5ppt
All-ccy LCR 158%	+10ppt

- NII up 48% on asset growth and strong NIM expansion
- Non-II up, driven by trading, investment and insurance income
- Expenses higher from continued investments in talent and technology to support growth
- CIR lower at 37.8% on positive operating jaws
- Credit costs rose to 21bps, led by higher general allowances
- Loans and deposits up YoY
- NPL ratio lower at 1.1%
- Strong funding, liquidity and capital positions maintained
- Interim dividend of 40 cents, up 12 cents YoY

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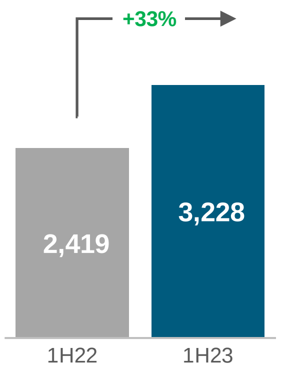
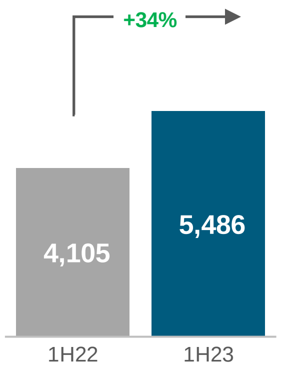
1H23 Financial highlights

Banking

Net Profit (S$m)

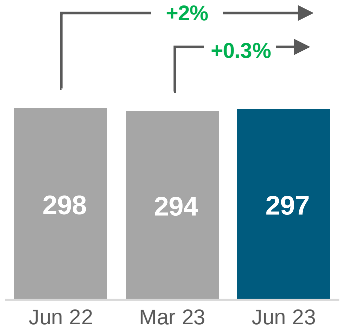


NII and Fee Income (S$m)

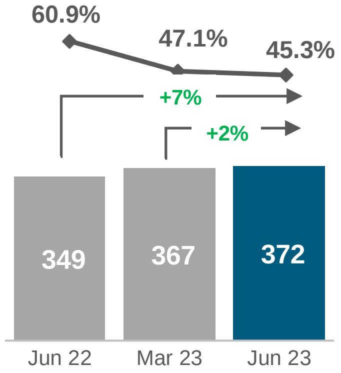


Customer Loans (S$b)

(in constant currency terms)

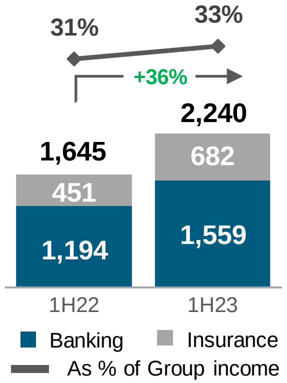


Customer Deposits (S$b) and CASA ratio

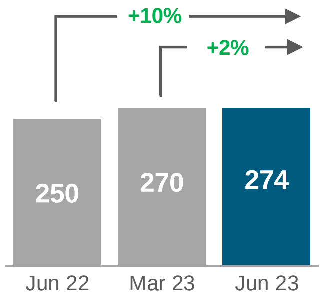


Wealth Management

WM Income (S$m)[1/]

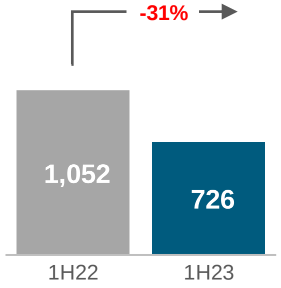


WM AUM (S$b)

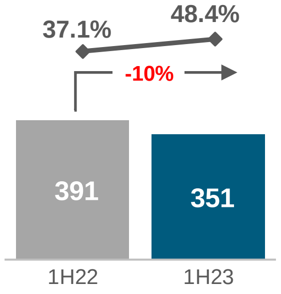


Insurance

Total Weighted New Sales (S$m)



New Business Embedded Value (S$m) and Margin



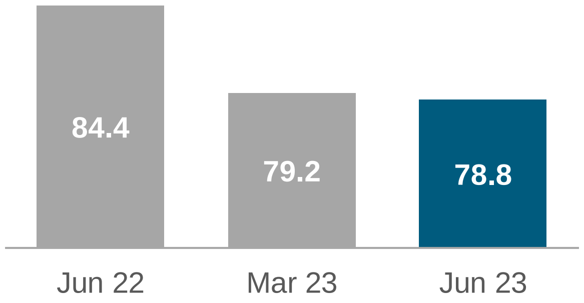
- Resilient performance across three key business pillars
- Record WM income drove Group income higher YoY
- QoQ and YoY rise in AUM driven by continued net new money inflows
- Insurance TWNS and NBEV down YoY mainly due to slower single premium sales which offset higher regular premium sales; NBEV margin improved due to favourable product mix

1/ Wealth Management income comprises the consolidated income from insurance, private banking, premier private client, premier banking, asset management and stockbroking.

Healthy balance sheet position

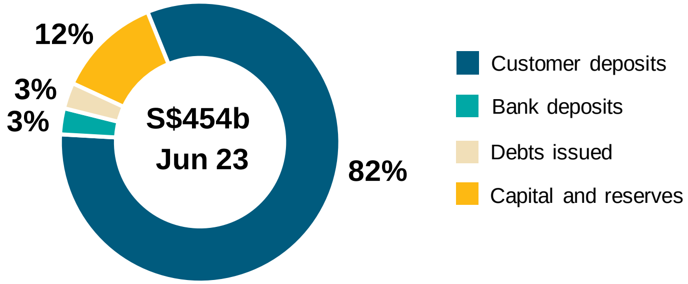
Loans-to-Deposits Ratio

Group LDR (%)



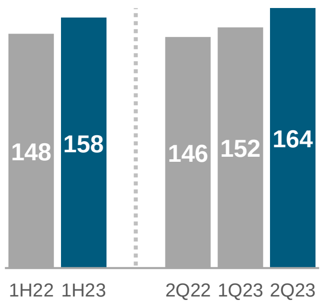
Funding

Composition (%)

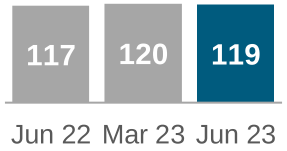


Liquidity

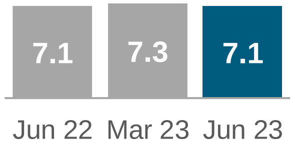
All-ccy LCR (%)



NSFR (%)

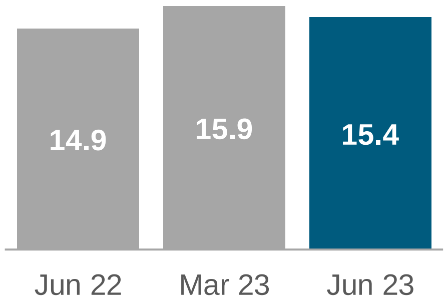


Leverage ratio (%)



Capital

CET1 CAR (%)



- Strong credit ratings of Aa1 from Moody's and AA- from both Fitch and S&P
- Solid funding, liquidity and capital positions to drive growth and weather uncertainties
- Stable funding base, with customer deposits above 80%
- All regulatory ratios well above requirements

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02

Group Net Profit

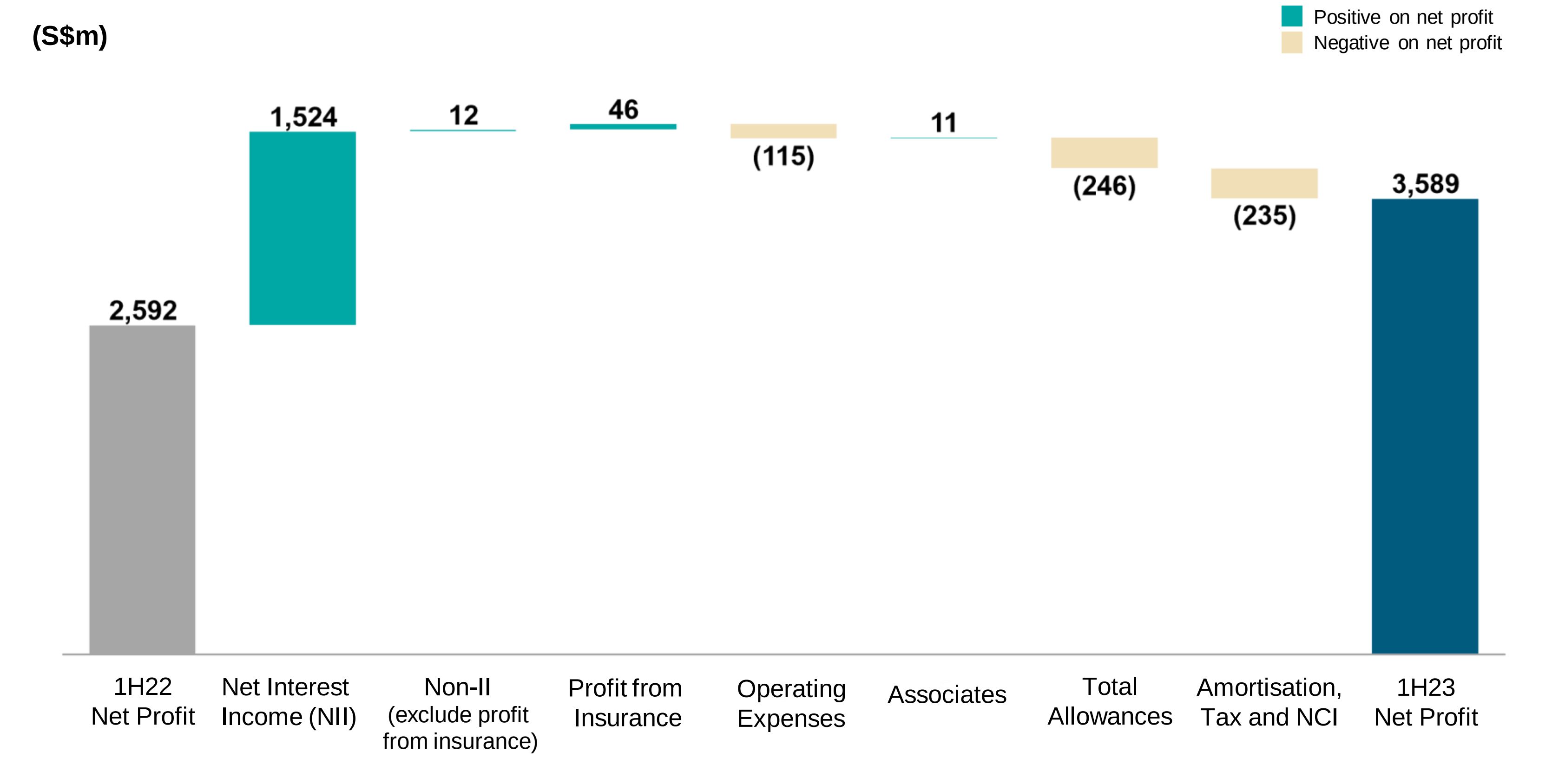
1H23 Group and Banking Operations profits at record high

(S$m)	Group Performance [1/] 1H23	YoY	2Q23	YoY	QoQ	Banking Operations Performance 1H23	YoY	2Q23	YoY	QoQ
Total Income	6,805	+30%	3,455	+30%	+3%	6,123	+28%	3,101	+26%	+3%
Operating Expenses	2,573	+5%	1,329	+2%	+7%	2,453	+7%	1,251	+8%	+4%
Operating Profit	4,232	+53%	2,126	+56%	+1%	3,670	+48%	1,850	+42%	+2%
Allowances	362	+211%	252	+248%	+128%	348	+212%	252	+276%	+163%
Net Profit	3,589	+38%	1,710	+34%	-9%	3,228	+33%	1,552	+25%	-7%

1/ Singapore Financial Reporting Standard (International) ("SFRS(I)") 17 *Insurance Contracts* replaces SFRS(I) 4 *Insurance Contracts* and is effective for annual periods beginning on or after 1 January 2023. Great Eastern Holdings ("GEH") has adopted SFRS(I) 17 on 1 January 2023. The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated accordingly.

1H23 net profit up YoY to S$3.59b driven by NII growth

YoY Movement



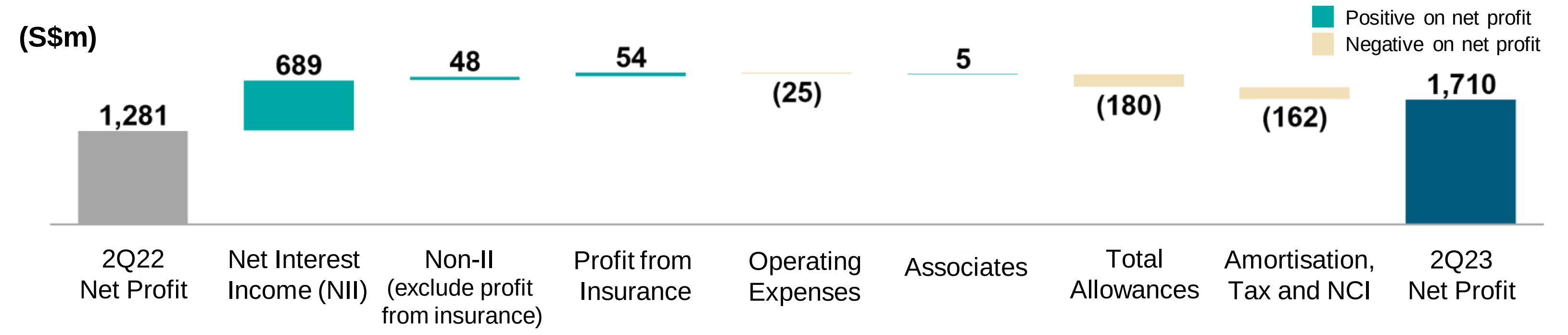
1H23	YoY	+38%

- Total income up 30% to a new high of S$6.80b
- Increase in expenses mainly from higher staff costs associated with salary adjustments and rise in headcount to support growth
- Allowances up largely from higher general allowances

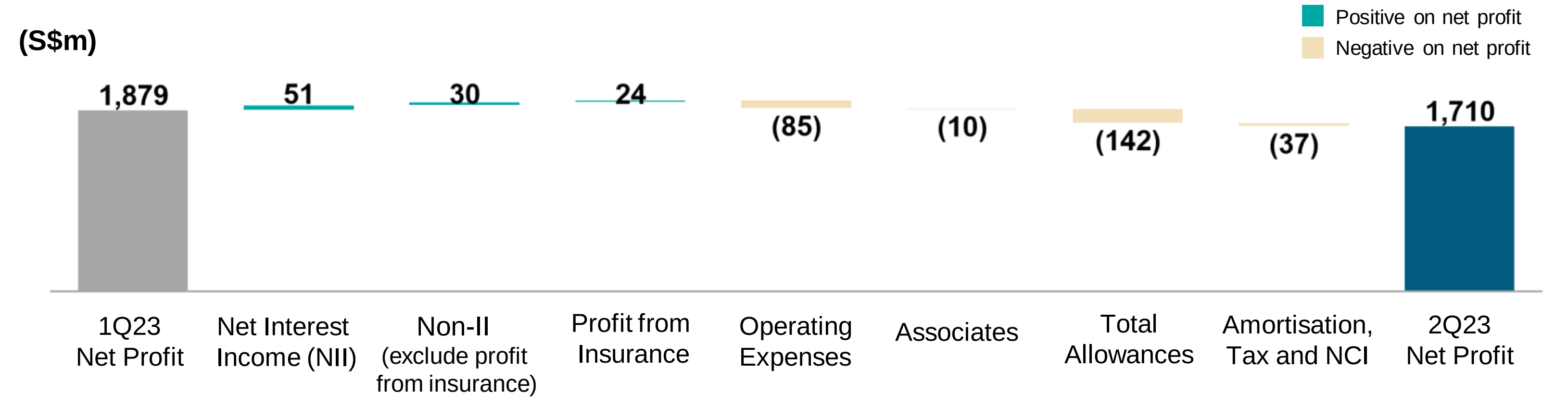
Note: The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated.

2Q23 net profit rose 34% YoY to S$1.71b

YoY Movement



QoQ Movement



2Q23	
YoY	+34%
QoQ	-9%

YoY

- Net profit driven by record NII, partly offset by higher allowances
- CIR lower at 38.5% from positive operating jaws
- Allowances higher for both impaired and non-impaired assets

QoQ

- Net profit declined from 1Q23 record, mainly due to higher general allowances which offset the 1% growth in operating profit

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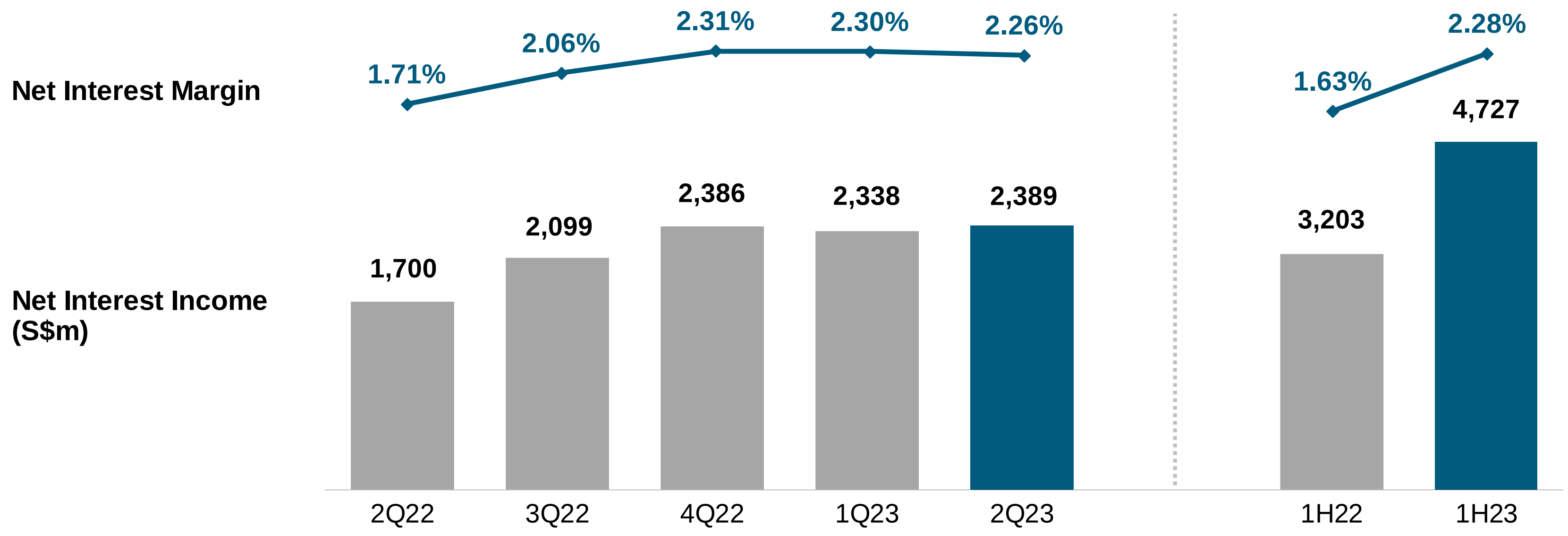
Note: The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated.

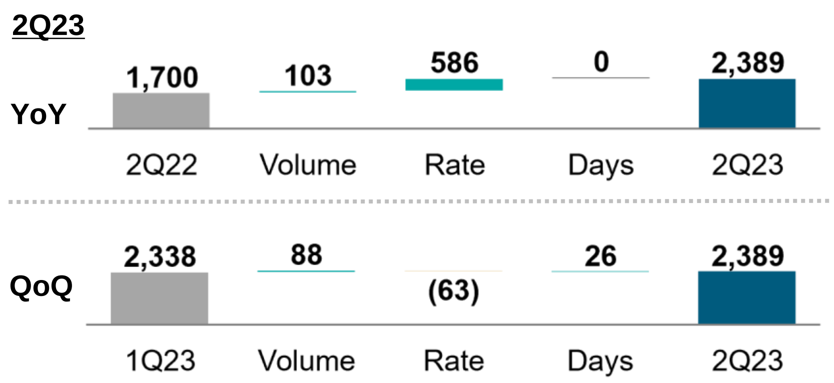
03

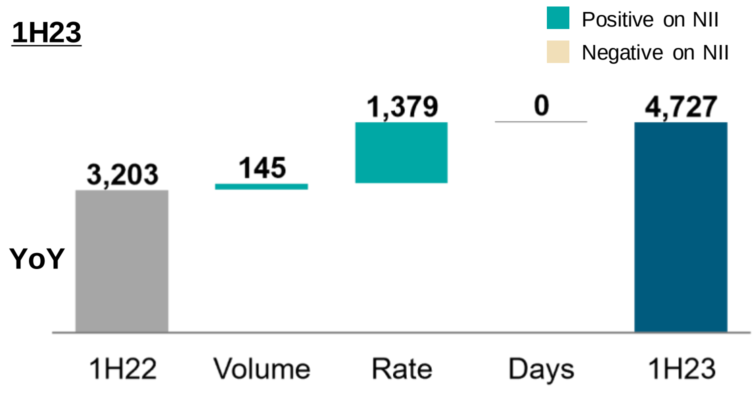
Group Performance Trends

1H23 net interest income at record S$4.73b, NIM at 2.28%



Volume and Rate Analysis (S$m)

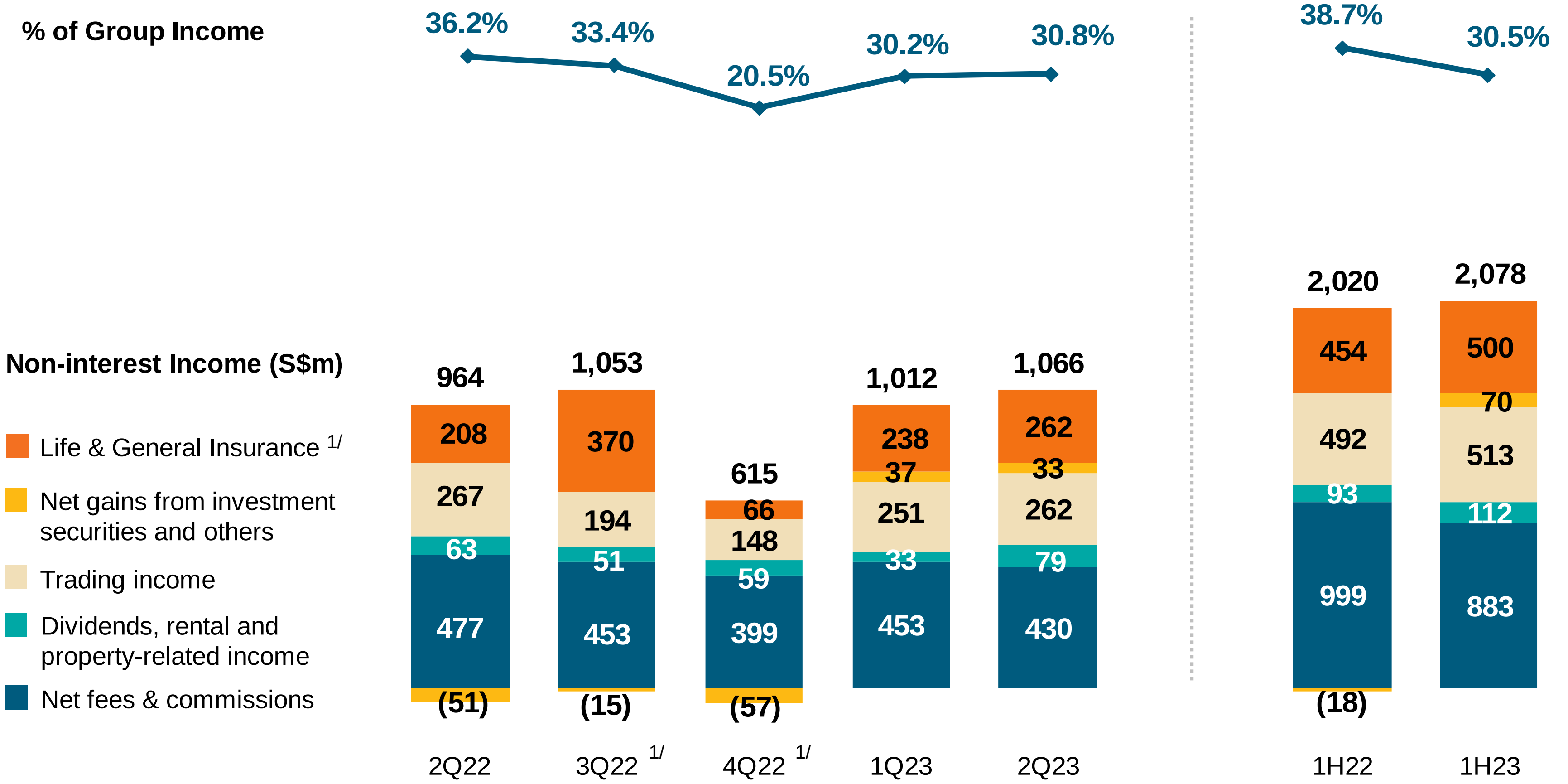




1H23	2Q23
YoY +48%	YoY +40%
	QoQ +2%

- 1H23 NII driven by 6% average asset growth and 65bps uplift in NIM
- 2Q23 NII rose QoQ from 3% asset growth and longer quarter, partly offset by lower NIM as higher funding costs outpaced the rise in loan yields

1H23 non-interest income grew 3% YoY to S$2.08b

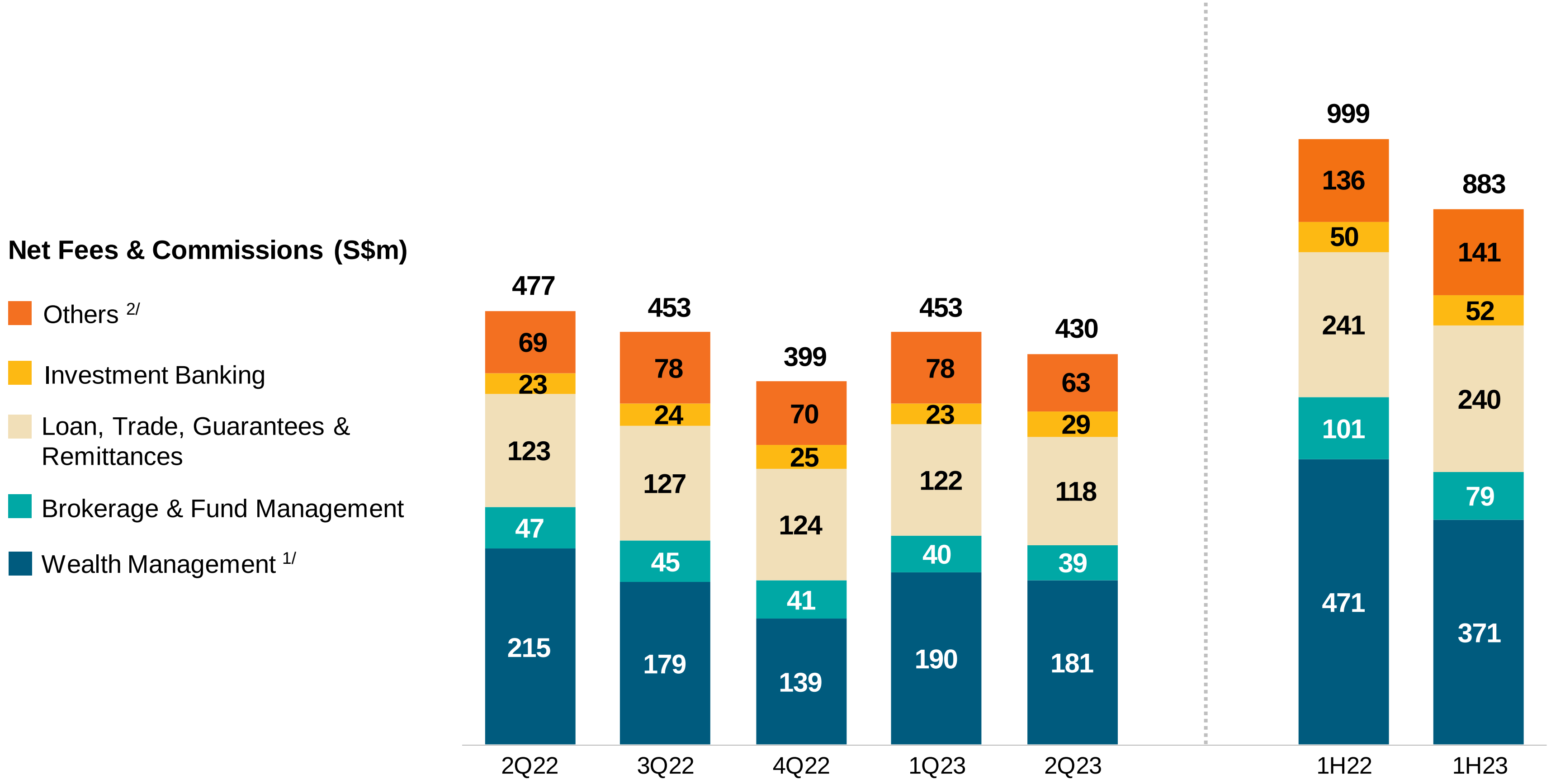


1H23	2Q23
YoY +3%	YoY +11%
	QoQ +5%

- 1H23 non-II up, led by higher trading income, net gains from sale of investment securities and increased profit from insurance. Fee income softer largely from drop in wealth fees amid subdued customer activities

Note: The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated unless otherwise stated.
1/ Insurance results for 3Q22 and 4Q22 are not restated and are reported based on previous SFRS(I) 4.

1H23 fee income lower YoY as wealth management activities remained subdued



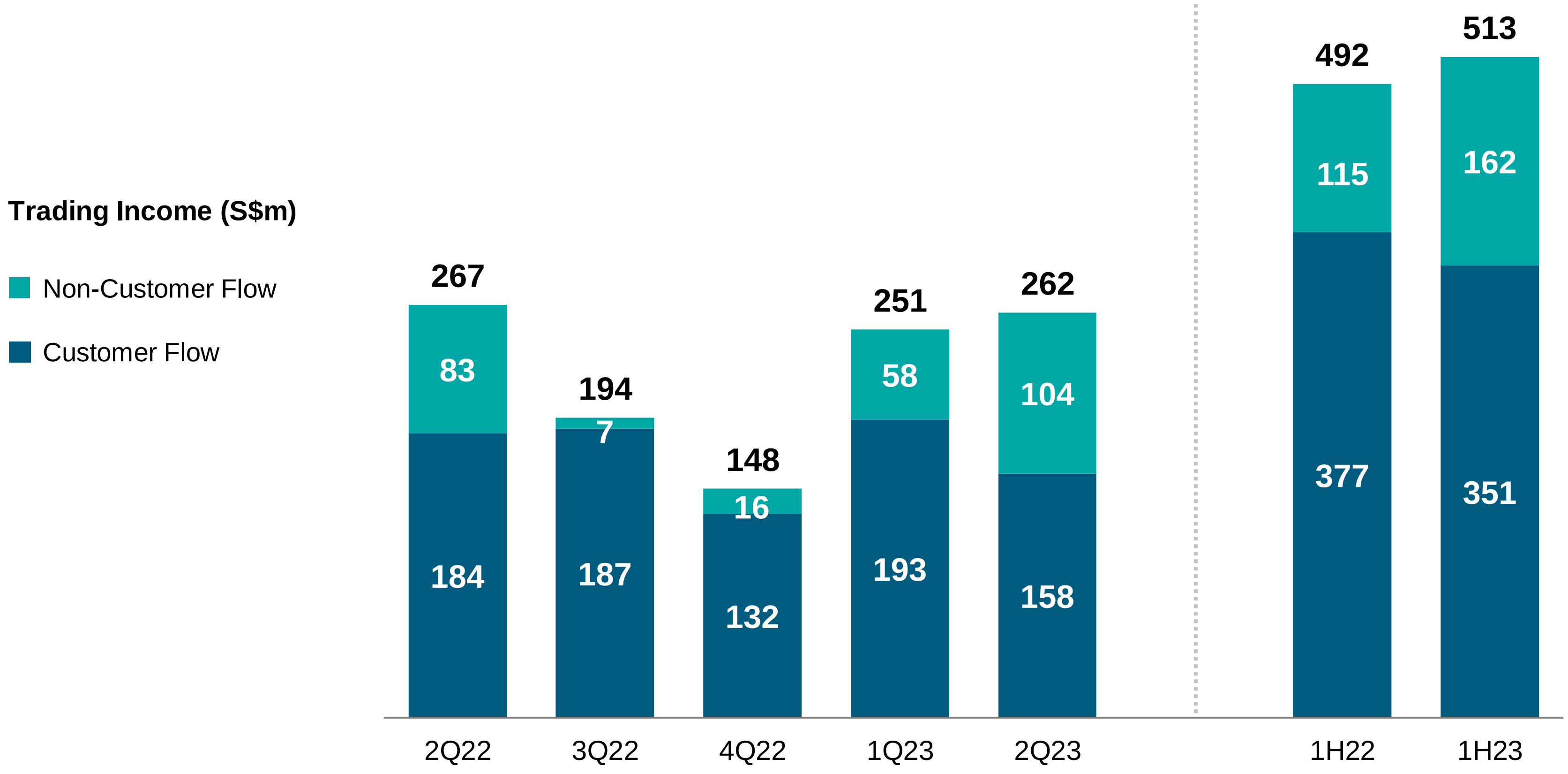
1H23	2Q23	
YoY -12%	YoY	-10%
	QoQ	-5%

- 1H23 fee income lower YoY largely due to weaker wealth, brokerage and fund management fees amid continued global risk-off investment sentiments. Nevertheless, the Group continued to see net new money inflows into its Wealth Management franchise

1/ Wealth management comprises mainly income from private banking, and sales of unit trusts, bancassurance products, structured deposits and other treasury products to consumer customers.

2/ "Others" includes credit card fees, service charges and other fee and commission income.

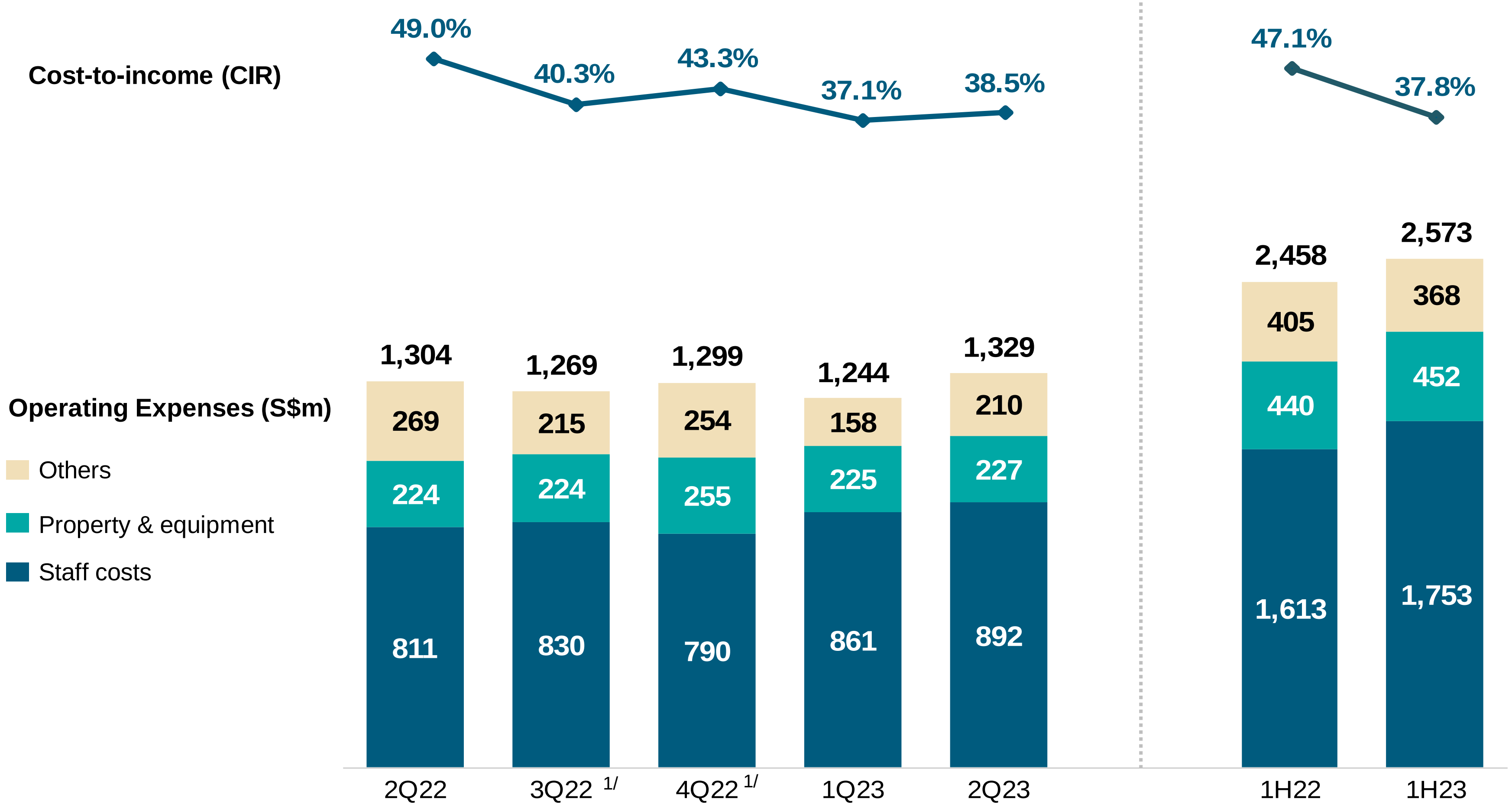
1H23 trading income higher YoY



1H23		2Q23	
YoY	+4%	YoY	-2%
		QoQ	+5%

- 1H23 trading income up YoY driven by higher non-customer flow income

1H23 operating expenses up YoY; CIR lower at 37.8%

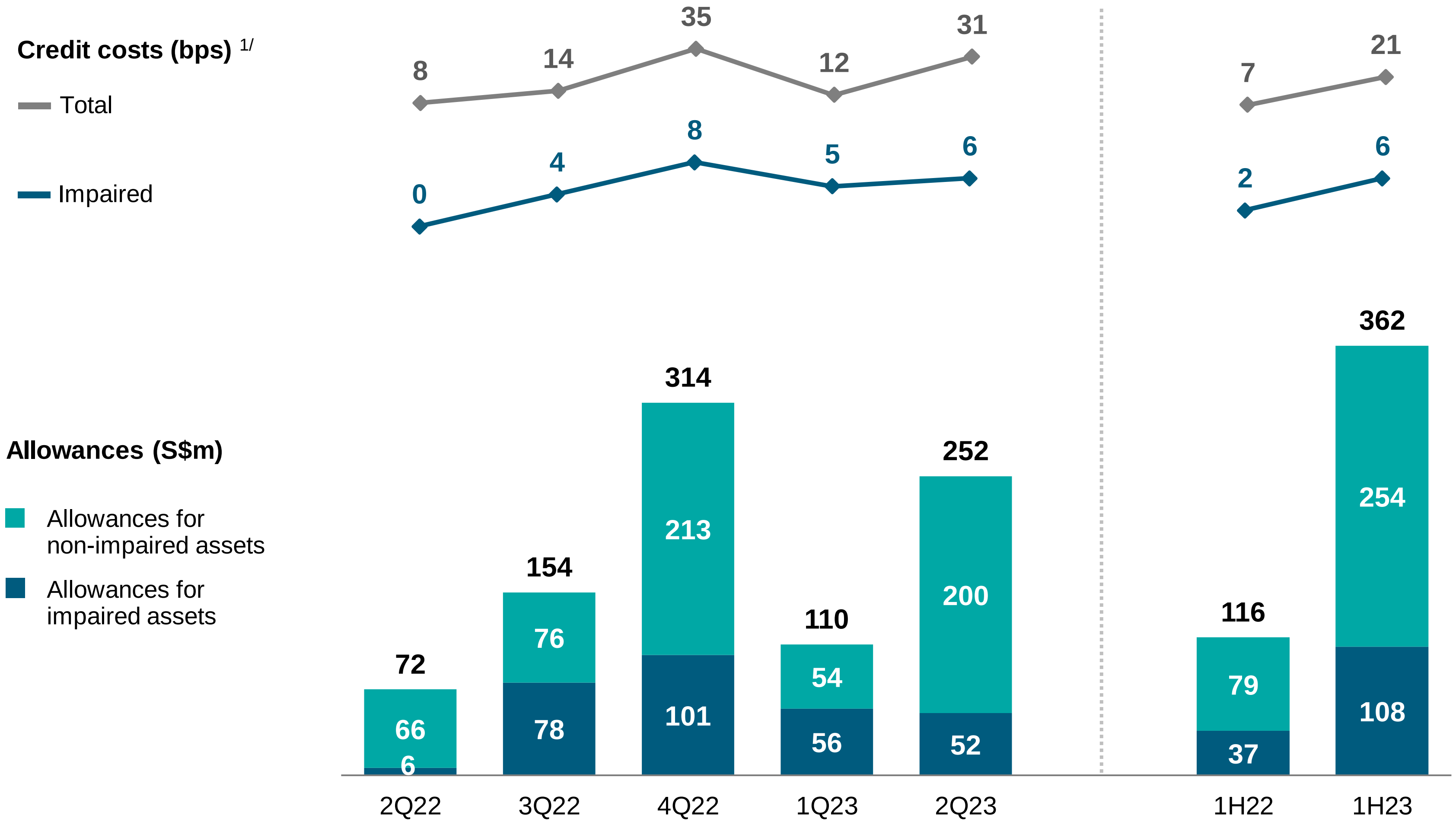


1H23	2Q23
YoY +5%	YoY +2% QoQ +7%

- 1H23 operating expenses up 5% YoY mainly from higher staff costs, IT-related and business promotion expenses
- 2Q23 expenses up 7% QoQ largely due to higher staff costs arising from salary adjustments and headcount growth, and other expenses associated with increased business volumes
- Expenses well-controlled; CIR below 40% for two consecutive quarters

Note: The Group's insurance results are prepared under SFRS(I) 17 basis and comparatives have been restated unless otherwise stated.
1/ Insurance results for 3Q22 and 4Q22 are not restated and are reported based on previous SFRS(I) 4.

1H23 allowances higher YoY, credit costs at 21bps



1H23

YoY +211%

2Q23

YoY +248%
QoQ +128%

- 2Q23 allowances increased QoQ and YoY led by higher allowances for non-impaired assets
- 2Q23 allowances for non-impaired assets set aside for changes in risk profiles, macro-economic variables updates and management overlays

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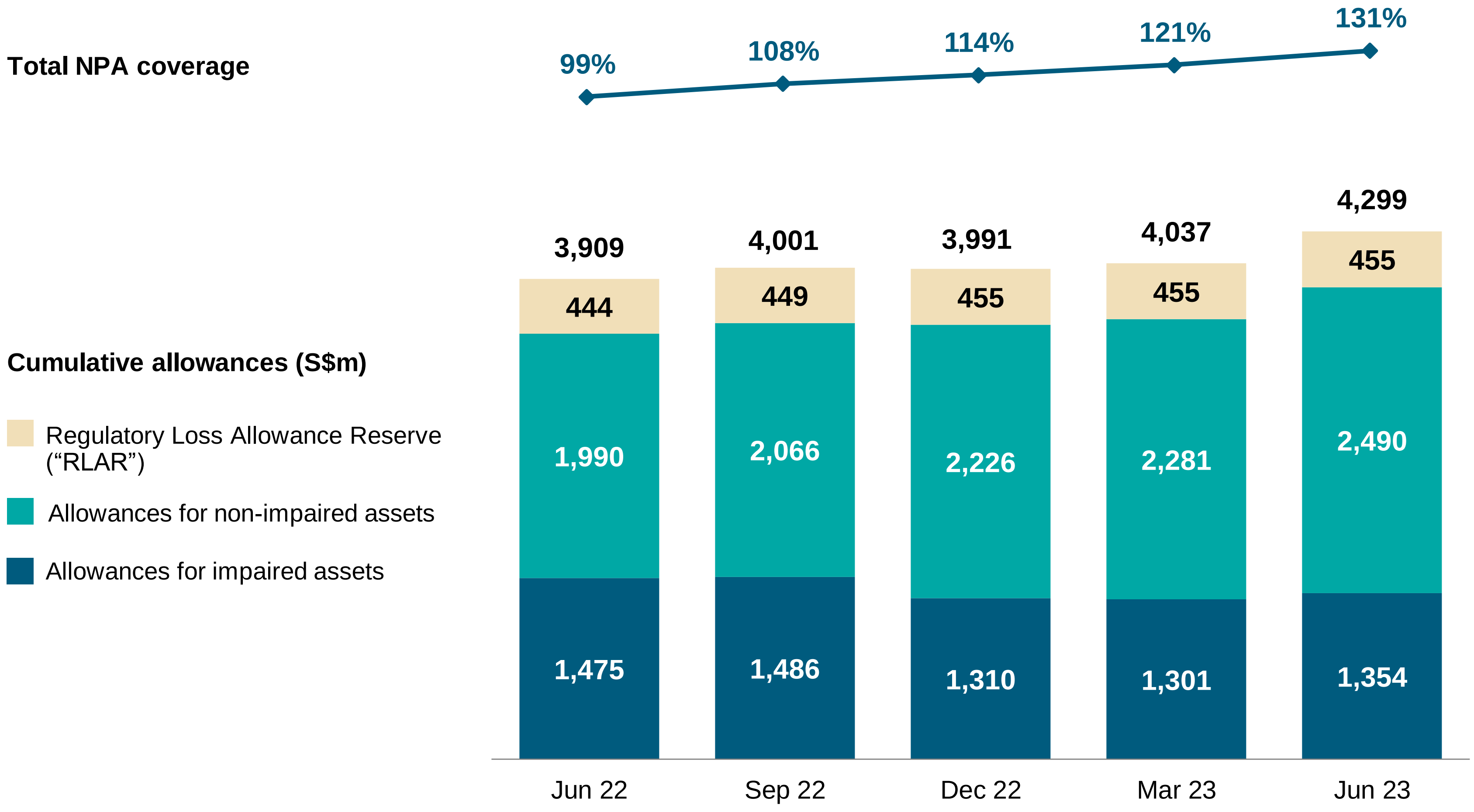
1/ Credit costs refer to allowances for loans as a percentage of average loans, on annualised basis.

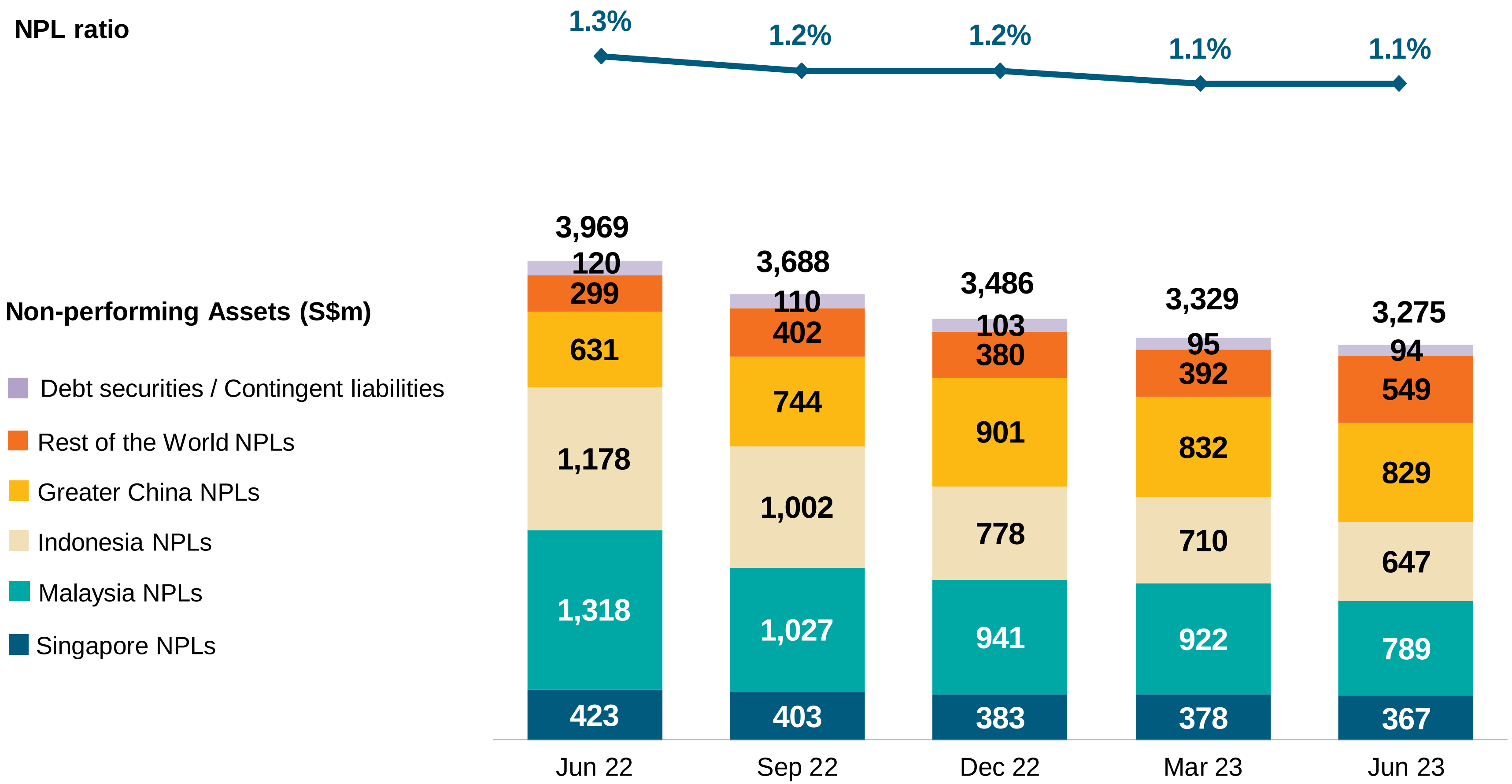
NPA coverage ratio higher at 131%



Jun 23	YoY	+10%
	QoQ	+6%

- NPA coverage ratio raised to 131%, supported by higher allowances for non-impaired assets

NPL ratio improved YoY to 1.1%



Jun 23	YoY	-17%
	QoQ	-2%

- NPLs lower QoQ, mainly attributable to recoveries and upgrades in Singapore, Malaysia and Indonesia. These were partly offset by a rise in "Rest of the World" NPLs, mainly from downgrade of a corporate account in the Commercial Real Estate ("CRE") sector in the United States

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

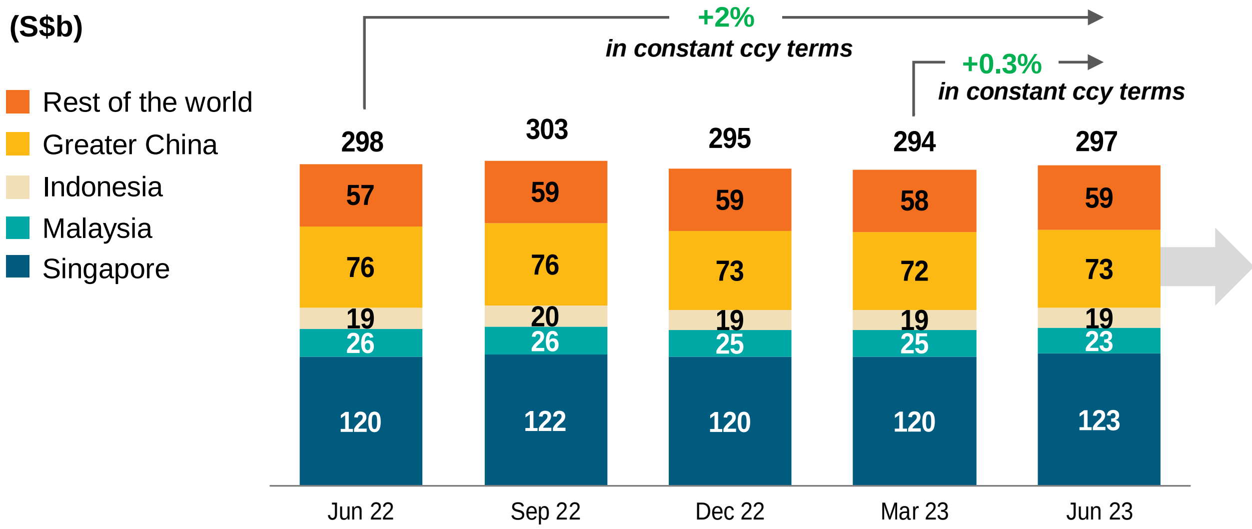
NPAs declined sequentially over last 5 quarters

S$m	2Q22	1Q23	2Q23	1H22	1H23
At start of period	4,307	3,486	3,329	4,338	3,486
New NPAs					
Corporate/ Commercial Banking and Others	102	54	184	206	225
Consumer Banking/ Private Banking	80	120	105	215	225
	182	174	289	421	450
Net recoveries/ upgrades					
Corporate/ Commercial Banking and Others	(237)	(141)	(159)	(319)	(317)
Consumer Banking/ Private Banking	(182)	(117)	(127)	(283)	(244)
	(419)	(258)	(286)	(602)	(561)
Write-offs					
Corporate/ Commercial Banking and Others	(58)	(50)	(50)	(99)	(70)
Consumer Banking/ Private Banking	(15)	(17)	(15)	(31)	(32)
	(73)	(67)	(65)	(130)	(102)
Foreign currency translation	(28)	(6)	8	(58)	2
At end of period	3,969	3,329	3,275	3,969	3,275

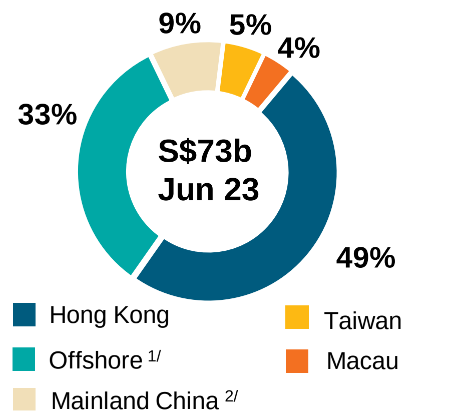
- NPAs lower QoQ as recoveries/ upgrades and write-offs more than offset new NPA formation

Loans rose 2% YoY in constant currency terms

Loans by Geography

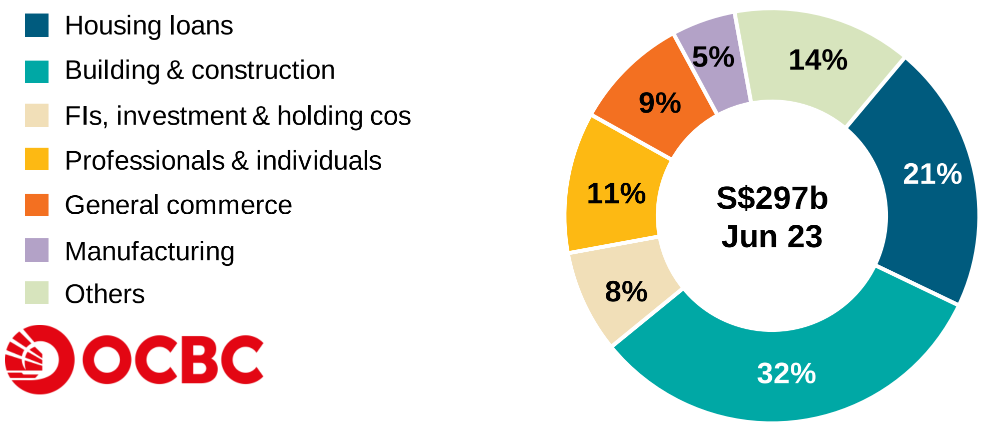


Note: Loans by geography are based on where the credit risks reside.



1/ Loans booked outside of China, but with credit risks traced to China.
2/ Loans booked in China, where credit risks reside.

Loans by Industry

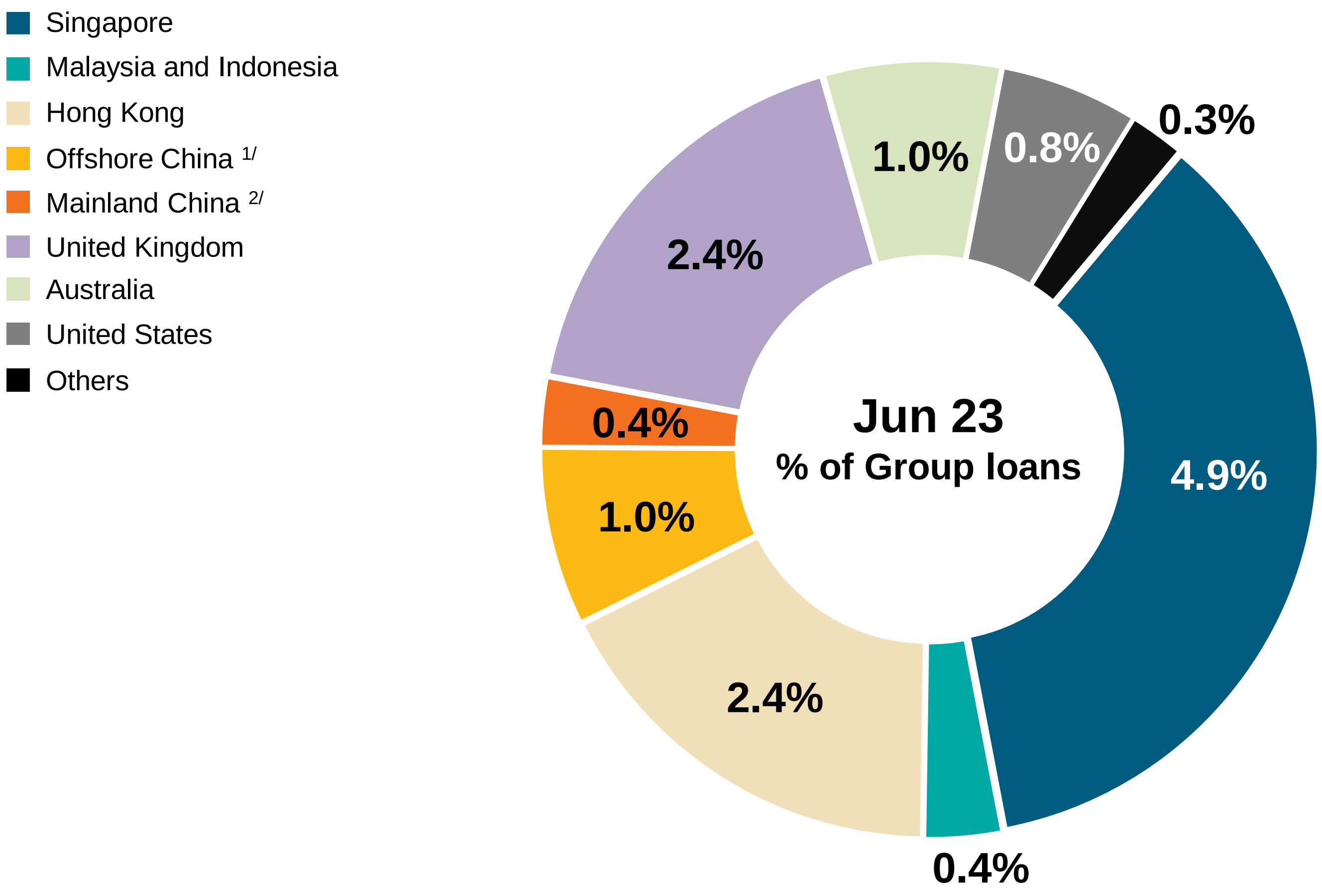


Jun 23		
	YoY	-0.2%
	QoQ	+1%

- Corporate, SME and Consumer/Private Banking comprise 54%, 10% and 36% of loan book respectively
- QoQ loans growth largely driven by increase in Singapore
- Sustainable financing loans grew 29% YoY to S$34b, and accounted for 11% of Group loans

Commercial Real Estate ("CRE") Office Sector loans

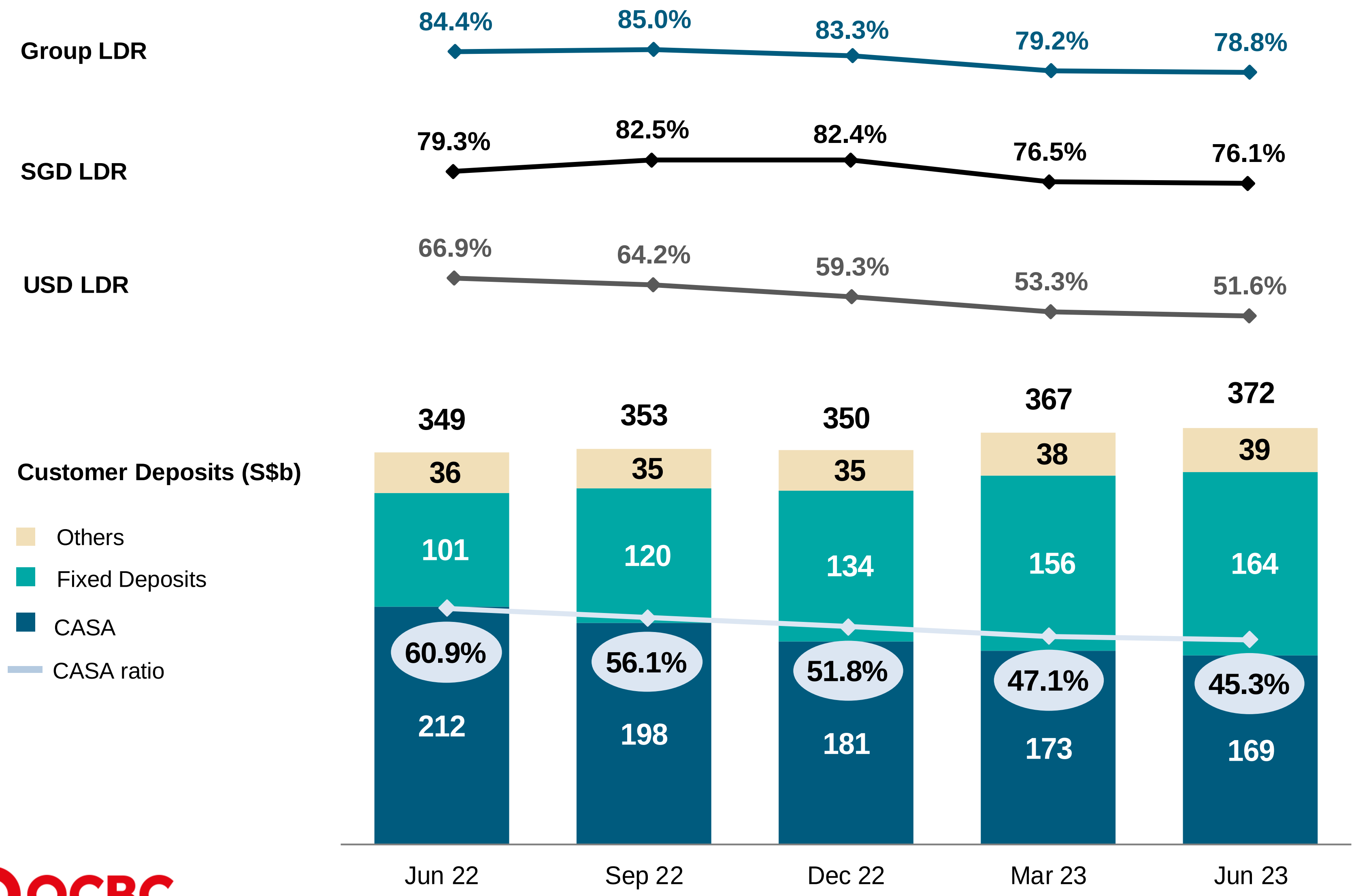
Loans to CRE Office sector accounted for 14% of Group loans



- Loans to CRE office sector largely secured with average LTV between 50% and 60%
- Two-thirds of CRE office loans in key markets of Singapore, Malaysia, Indonesia and Greater China
- Loans to developed markets including Australia, the United Kingdom and the United States largely to network customers with strong sponsors. The United States accounted for less than 1% of total Group loans and mostly secured by Class A office properties

Note: Based on where the credit risks reside.
1/ Loans booked outside of China, but with credit risks traced to China.
2/ Loans booked in China, where credit risks reside.

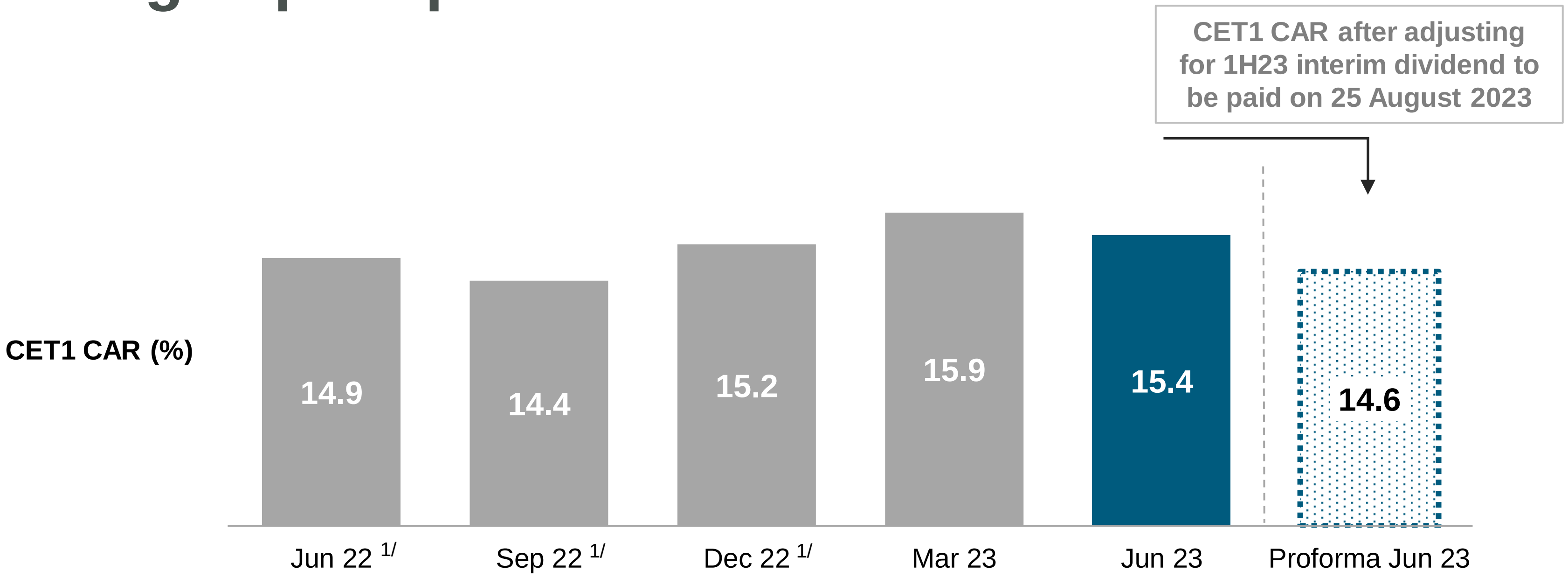
Deposits grew 7% YoY and 2% QoQ



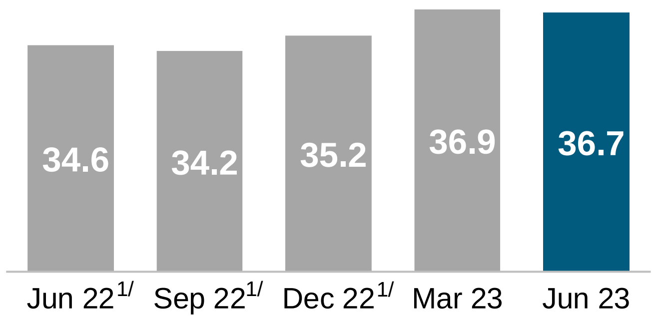
Jun 23		
	YoY	+7%
	QoQ	+2%

- Deposits rose QoQ and YoY mainly from fixed deposits inflows

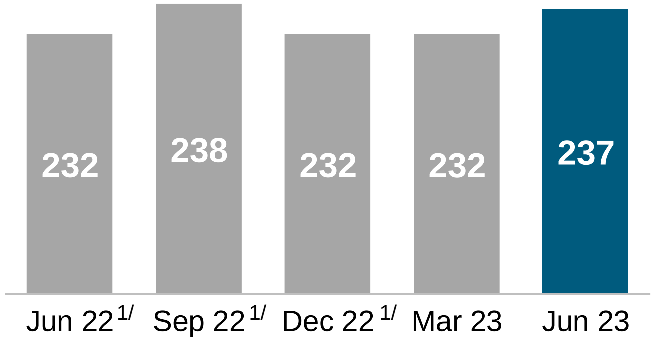
Strong capital position



CET1 Capital (S$b)



RWA (S$b)

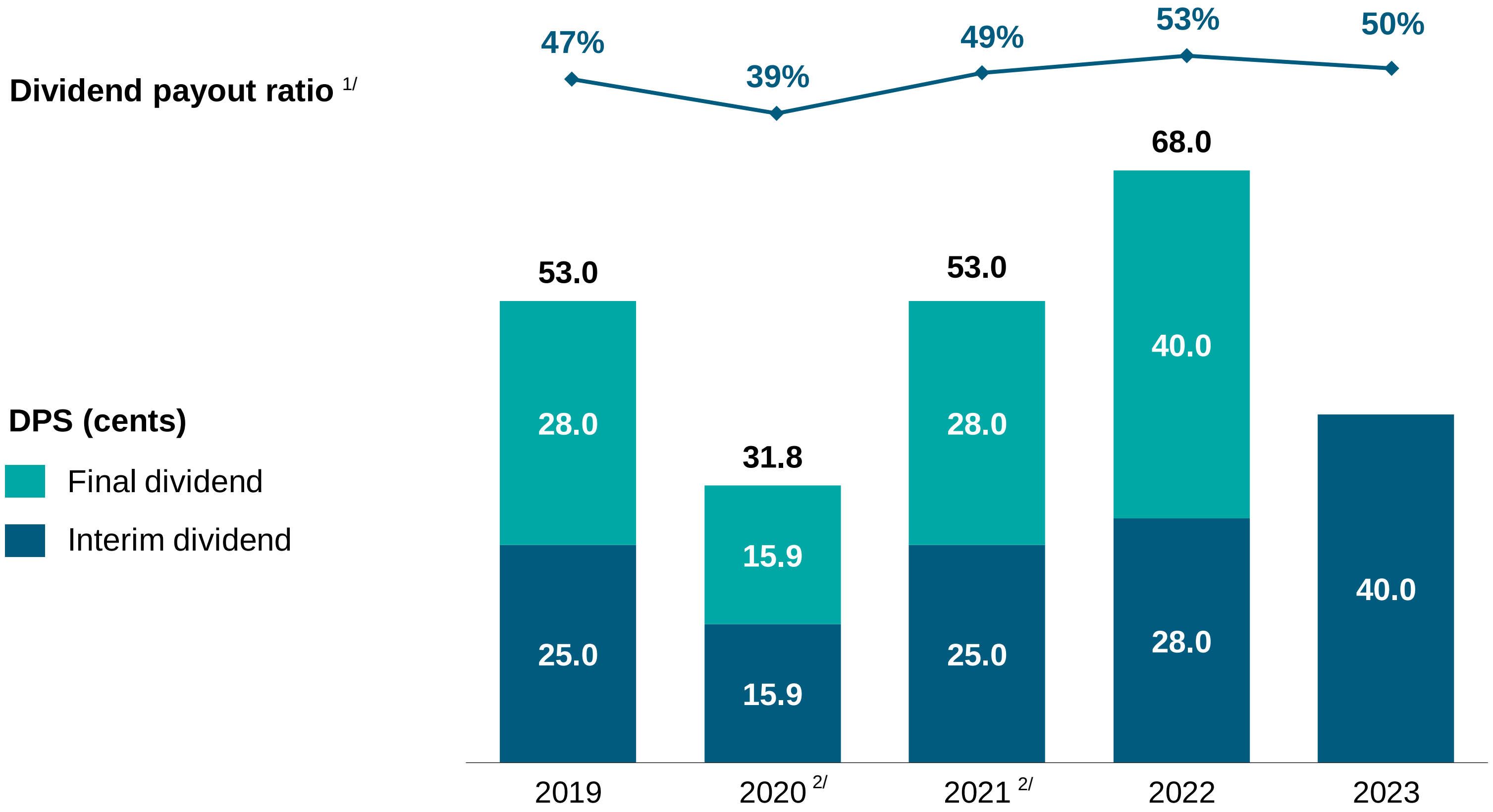


Jun 23	YoY +0.5ppt QoQ -0.5ppt

- Strong capital to support business growth, navigate uncertainties and capture opportunities
- Payment of 1H23 interim dividend on 25 Aug 2023 to reduce CET1 CAR by 0.8ppt

1/ Comparatives for the respective periods in 2022 are not restated following the adoption of SFRS(I) 17.

Interim dividend of 40 cents, payout ratio of 50%



1H23 | YoY +43%

- Interim dividend of 40 cents declared, up 43% YoY
- Dividend payout ratio of 50% in line with guidance

1/ Dividend payout ratios for 2019 to 2022 are not restated following the adoption of SFRS(I) 17.

2/ In July 2020, the MAS called on locally-incorporated banks headquartered in Singapore to cap total dividends per share for FY20 at 60% of that for FY19. This aims to bolster the banks' resilience and capacity to support lending to customers while also meeting the needs of shareholders. In July 2021, the dividend cap was lifted for the FY21 dividend.

Thank you

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