

# Group Chief Executive Officer Update

5 November 2020



OCBC Financial Results



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# Taking stock of the past nine months

**Economic conditions gradually stabilising in the region, but COVID-19 uncertainty continues**

- ❑ Nine months performance reflects robustness and resilience of customer franchise
  - Group wealth management income up 3% YoY to a record
  - Private Banking AUM grew 5% YoY
  - Customer-flow treasury income rose 12% YoY to a new high
  - Insurance sales climbed 18% YoY
  - Active cost management – 3 consecutive quarters of expense reduction
- ❑ Capital, liquidity and funding positions strengthened against uncertain outlook
- ❑ Loan portfolio proactively managed in the midst of government relief programme exits
- ❑ Prudent allowances set aside on a forward-looking basis with Management Overlay; 109% NPA coverage
- ❑ First-time digital customer sign-ups rose more than 50% QoQ

# Loan relief update

## Ensuring orderly and smooth transition from loan relief programmes

	31 Jul 2020	30 Sep 2020		Last week of Oct 2020 - adjusted for end of Malaysia's relief programme
<b>Total Loans under Relief (S\$b)</b>	<b>26.7</b> (88% secured)	<b>23.7</b> (91% secured)		<b>13.6</b> (93% secured)
<b>% of Group Loans</b>	10%	9%		~5%
<b>By Geography (S\$b)</b>		<b>% of country loans</b>	<b>% Secured</b>	
<b>Singapore</b>	<b>9.0</b>	<b>8.8</b>	<b>4%</b>	<b>96%</b>
Individuals	5.1	5.0		
Businesses	3.9	3.8		
<b>Malaysia</b>	<b>13.8</b>	<b>11.8</b>	<b>53%</b>	<b>87%</b>
Individuals	6.9	6.6		
Businesses	6.9	5.2		
<b>Indonesia</b>	<b>1.9</b>	<b>1.6</b>	<b>15%</b>	<b>84%</b>
Individuals	0.2	0.2		
Businesses	1.7	1.5		
<b>HK &amp; Macau</b>	<b>1.9</b>	<b>1.5</b>	<b>5%</b>	<b>97%</b>
Individuals	0.3	0.3		
Businesses	1.6	1.2		

**1.7** (82% secured)  
0.7 Individuals  
1.0 Businesses  
(8% of country loans)

Malaysia's relief programme ended on 30 Sep 2020. From 1 Oct 2020, banks to provide targeted relief extension and loan repayment flexibilities only on application and approval basis.

Out of the above S\$1.7b in Malaysia, S\$1b have requested for further relief, mostly on modified repayment. The remaining S\$0.7b relate to the balance of loans yet to roll-off from the earlier relief programme.

# Looking ahead

## Visibility still weak; economic growth will be uneven and uncertain

- ❑ Challenging economic environment to persist; vigilant of virus continuing
- ❑ Repayment upon moratorium relief exit may be better than expected, but sustainability not certain yet. Further relief to be targeted and disciplined
- ❑ Finance new areas of customer activities – sustainability & renewables, supply chain transformation, restructuring, acquisitions, overseas diversification
- ❑ No M&A plans under review

# Well-positioned for recovery

## Focused on driving long-term sustainable value

- ❑ Maintain strong capital and balance sheet to buffer against headwinds and uncertainty
- ❑ Optimise balance sheet in a low interest rate environment and continue focus on fee income activities
- ❑ Accelerate digital transformation with increased investments to boost customer engagement, increase productivity and achieve greater cost efficiency
- ❑ Credit cost estimate unchanged at 100-130 bps from 2020 to 2021, and gross NPL ratio at 2.5% – 3.5%



**Thank You**

