Media Release

OCBC Group Fourth Quarter 2020 Net Profit Rose 10% to S$1.13 billion from the Previous Quarter

Full year 2020 net profit at S$3.59 billion

Singapore, 24 February 2021 – Oversea-Chinese Banking Corporation Limited ("OCBC Bank") reported a net profit after tax of S$1.13 billion for the fourth quarter of 2020 ("4Q20"), 10% higher than a quarter ago ("3Q20") and 9% below the previous year ("4Q19"). This was the third consecutive rise in quarterly earnings in 2020. Our performance reflected the tenacity and resiliency of our diversified franchise, which had well-positioned us to capture the gradual increases in selected business sectors. The quarter reported positive loans and deposits growth, higher fees and commissions, customer treasury activities and assets under management.

Against the prior year's ("FY19") record net profit, the Group's full year 2020 ("FY20") net profit of S$3.59 billion was 26% lower. The unprecedented economic impact brought about by the COVID-19 pandemic had negatively impacted our FY20 performance, in particular the decline in net interest margin as a result of the sharp drop in market interest rates and higher expected credit loss allowances to buffer against the deterioration in macroeconomic conditions. With the consumer sentiments and business confidence continuing to be affected by the ongoing COVID-19 health crisis, we have kept a firm grip on costs, strengthened our balance sheet with increased allowances and coverage ratio, and maintained very strong capital, funding and liquidity positions.

Fourth Quarter 2020 Performance

S$ million	4Q20	3Q20	*QoQ (%)*	4Q19	*YoY (%)*
Net interest income	**1,436**	1,421	*1*	1,610	*(11)*
Non-interest income	**1,049**	1,118	*(6)*	1,312	*(20)*
of which: Fees and commissions	***517***	*501*	3	*556*	*(7)*
Trading income	***264***	*255*	*4*	*316*	*(17)*
Profit from life insurance	***145***	*215*	*(33)*	*254*	*(43)*
Total income	**2,485**	2,539	*(2)*	2,922	*(15)*
Operating expenses	**(1,125)**	(1,098)	*2*	(1,266)	*(11)*
Associates	**131**	153	*(15)*	94	*38*
Operating profit before allowances	**1,491**	1,594	*(6)*	1,750	*(15)*
Allowances	**(285)**	(350)	*(19)*	(207)	*37*
Amortisation, tax and NCI	**(75)**	(216)	(65)	(300)	(75)
Group net profit	**1,131**	1,028	*10*	1,243	*(9)*
Group Return on Equity ("ROE")	**9.3%**	8.7%		10.9%	
Group Return on Tangible Equity ("ROTE")	**10.6%**	10.0%		12.5%	

4Q20 Quarter-on-quarter Performance

- Our performance again underscored the strength of our well-balanced and diversified banking, wealth management and insurance franchise that continues to drive resilient and long-term growth.
- Operating profit before allowances declined 6%. This was attributable to lower life insurance profit due to a provision for higher expected future insurance claims made by our subsidiary Great Eastern Holdings ("GEH").
- Excluding GEH's provision, operating profit before allowances would have been 1% higher.
  - Net interest income rose 1% to S$1.44 billion, underpinned by a 2 basis points improvement in net interest margin ("NIM") from funding costs management as the Group continued to optimise its balance sheet.
  - Net fees and commissions increased 3% to S$517 million, led by higher income from investment banking, credit cards and fund management activities.
  - Wealth management fees, which made up close to half of total fee income, were S$250 million. As at 31 December 2020, assets under management at our private banking subsidiary, Bank of Singapore, grew 4% from the previous quarter and 3% against last year to a record US$121 billion (S$160 billion), driven by continued inflow of net new money and improved market valuations.
  - Trading income increased 4% to S$264 million, from higher investment gains and sustained customer flow income.
  - Profit from life insurance of S$145 million declined 33% as a result of the provision by GEH mentioned above. It otherwise continued to report robust underlying insurance business growth. Total weighted new sales ("TWNS") grew 22% to S$528 million, supported by increased sales both in Singapore and Malaysia. New business embedded value ("NBEV") was up 72% at S$275 million, and NBEV margin grew to 52.1% from 37.0% in the previous quarter.
- Operating expenses rose 2% to S$1.13 billion, led by higher business-driven costs associated with increased volumes and activities.
- Net allowances fell 19% from the previous quarter to S$285 million. These comprised allowances for impaired assets of S$237 million and S$48 million in allowances for non-impaired assets (see further analysis below).
- 4Q20 tax expense was substantially lower as compared to a quarter ago. This was largely driven by a one-off positive tax impact recognised by GEH following finalisation of prior years' tax assessment.
- ROE rose to 9.3% from 8.7% a quarter ago.

4Q20 Year-on-year Performance

- Against the pre-pandemic operating environment of the previous year, the Group's operating profit before allowances fell 15% as a result of a drop in overall income in the midst of COVID-19, which more than offset an 11% reduction in expenses. Allowances for the quarter were 37% higher than the S$207 million a year ago.

Full Year 2020 Performance

S$ million	FY20	FY19	YoY (%)
Net interest income	**5,966**	6,331	*(6)*
Non-interest income	**4,173**	4,540	*(8)*
of which: Fees and commissions	**2,003**	*2,123*	*(6)*
Trading income	**863**	*977*	*(12)*
Profit from life insurance	**698**	*779*	*(10)*
Total income	**10,139**	10,871	*(7)*
Operating expenses	**(4,439)**	(4,644)	*(4)*
Associates	**612**	566	*8*
Operating profit before allowances	**6,312**	6,793	*(7)*
Allowances	**(2,043)**	(890)	*130*
Amortisation, tax and NCI	**(683)**	(1,034)	*(34)*
Group net profit	**3,586**	4,869	*(26)*
Group Return on Equity (“ROE”)	**7.6%**	11.4%	
Group Return on Tangible Equity (“ROTE”)	**8.7%**	13.2%	

FY20 Year-on-year Performance

- Against record earnings in FY19, FY20 operating profit before allowances in the midst of the pandemic was 5% below the previous year, excluding the provision by GEH.
- Total income for FY20 declined 7% to S$10.1 billion.
  - Net interest income fell 6% to S$5.97 billion from S$6.33 billion a year ago. This was attributed to a 16 basis points drop in NIM in a significantly lower interest rate environment and a lower loans-to-deposits ratio (“LDR”) driven by strong deposits growth (Dec 20 LDR: 83.7% vs Dec 19 LDR: 86.5%).
  - Net fee income declined 6% to S$2.00 billion, led by a fall in loan-related fees and credit card fees on the back of lower transaction volumes. Nevertheless, wealth management fees climbed 5% to a new high, driven by strong customer investment activities in a low interest rate environment.
  - The Group’s overall wealth management income, comprising income from insurance, private banking, asset management, stockbroking and other wealth management products, was S$3.37 billion and 1% below the record S$3.40 billion a year ago.
  - Net trading income fell 12% to S$863 million, primarily due to lower mark-to-market gains in GEH’s investment portfolio. However, treasury income from customer flows increased 12% to a new high of S$668 million.
  - Profit from life insurance decreased 10% to S$698 million, largely due to higher insurance contract liabilities resulting from a lower discount rate used to value these liabilities, in line with lower market interest rates. Both TWNS and NBEV hit record levels, rising 23% and 10% respectively. GEH’s embedded value, a measure of the long-term economic value of the existing business of a life insurance company, rose 12% to S$17.4 billion.

- The Group's share of results of associates in FY20 rose 8% to S$612 million from S$566 million a year ago, mainly due to higher contributions from Bank of Ningbo.
- Operating expenses fell 4% to S$4.44 billion mainly driven by lower staff costs and reduced discretionary spending as expenses were tightly controlled.
- Total allowances rose to S$2.04 billion from S$890 million a year ago, with the increase mainly attributable to higher allowances set aside for non-impaired assets (see further analysis below).

Asset Quality and Allowances

S$ million	**Dec 2020**	**Sep 2020**	**Dec 2019**	***QoQ***	***YoY***
Non-performing assets (NPAs)	**4,005**	4,255	3,883	*-6%*	*+3%*
Non-performing loan (NPL) ratio	**1.5%**	1.6%	1.5%	*-0.1ppt*	–
Total NPA coverage	**115%**	109%	86%	*+6ppt*	*+29ppt*

Allowances (S$ million)	**4Q20**	**3Q20**	**4Q19**	**FY20**	**FY19**
Allowances for loans and other assets	**285**	350	207	**2,043**	890
of which: Impaired	**237**	148	271	**1,179**	858
Non-impaired	**48**	202	(64)	**864**	32

Credit costs (bps)	**4Q20**	**3Q20**	**4Q19**	**FY20**	**FY19**
Impaired loans	**32**	20	36	**38**	29
Total loans	**39**	47	27	**67**	25

Asset Quality

➢ As at 31 December 2020, total NPAs were S$4.01 billion, down 6% from the previous quarter as a result of higher write-offs, recoveries and upgrades.

- New NPA formation in 4Q20 was S$296 million, compared with S$494 million a year ago. It mainly comprised downgrades of corporate accounts with no particular geographical or sectoral concentration. In the same quarter, there were also recoveries and upgrades of S$198 million and write-offs of S$270 million.
- The NPL ratio of 1.5% was unchanged from a year ago and down from 1.6% in the previous quarter.

➢ The allowance coverage against total NPAs was further increased to 115% from the 86% a year ago.

Allowances

➢ 4Q20 total allowances were down 19% from the previous quarter at S$285 million, and comprised:

- S$237 million in allowances for impaired assets (ECL stage 3), driven by corporate accounts across various industries and markets.

- S$48 million in allowances for non-impaired assets (ECL stage 1 and 2), which was below the S$202 million in 3Q20. Compared to 2020, the economic and operating conditions in 2021 are expected to be better. After having increased allowances substantially in the first three quarters of 2020, including macroeconomic variable ("MEV") adjustments and additional allowances set aside as management overlay, lower allowances were created for 4Q20.

➢ On a full year basis, FY20 total allowances of S$2.04 billion were substantially higher than the S$890 million in FY19:

- S$1.18 billion in allowances for impaired assets, including the allowances set aside for loans to a Singapore oil trader and the write-down of the remaining oil and gas support vessels and services ("OSV") NPLs.
- S$864 million in allowances for non-impaired assets as the Group took a prudent approach to allowances given the uncertain economic and market outlook. This largely comprised S$405 million in management overlay above the model requirements on a forward-looking basis and S$244 million in MEV adjustments.
- Total loan allowances for the year represented 67 basis points of loans.

Strong Funding, Liquidity and Capital Position

S$ billion	Dec 2020	Sep 2020	Dec 2019	QoQ	YoY
Loans	**267**	269	265	*-0.5%*	*+1%*
Deposits	**315**	307	303	*+2%*	*+4%*
of which: CASA deposits	***190***	*182*	*147*	*+4%*	*+30%*
CASA ratio	**60.3%**	59.2%	48.4%		
CET1 CAR	**15.2%**	14.4%	14.9%		
Leverage ratio	**7.7%**	7.6%	7.7%		

➢ In constant currency terms, customer loans rose 0.3% from the previous quarter and 1% from a year ago to S$267 billion as of 31 December 2020.

➢ Customer deposits rose from S$303 billion a year ago to S$315 billion. This was driven by strong CASA deposits growth of S$43 billion, which reached a new peak of S$190 billion, and the CASA ratio surpassed the 60% mark.

➢ The Group's CET1 CAR was 15.2%, higher than the 14.4% as at 30 September 2020. This included a positive impact of approximately 0.5ppt arising from the migration to an internal ratings-based ("IRB") approach at our subsidiary OCBC Wing Hang Bank. The quarter's average all-currency liquidity coverage ratio for the Group was 150%, while the leverage ratio was 7.7% and net stable funding ratio was 125% as at 31 December 2020. These regulatory ratios were all well above their respective regulatory requirements.

Dividend

Cents Per Share	2020	2019
Interim dividend	**15.9**	25.0
Final dividend	**15.9**	28.0

For the full year of 2020, a final dividend of 15.9 cents per share has been proposed. Together with the earlier interim dividend of 15.9 cents, the total dividend for FY20 would be 31.8 cents. Under MAS' guidelines, this is the maximum dividend per share that OCBC can declare for FY20, which is capped at 60% of FY19's 53 cents. Our FY20 dividend represents a 39% payout of FY20 net profit.

The Scrip Dividend Scheme will be applicable to the final dividend, giving shareholders the option to receive the dividend in the form of shares.

Message from Group CEO, *Samuel Tsien*

"Despite experiencing one of the most difficult economic crises in recent times, we concluded 2020 with a resilient performance. This is a testament to our solid fundamentals, dedicated employees and the balanced strength of our diversified franchise in banking, wealth management and insurance. I am immensely proud of how our people relentlessly focused on supporting our customers and communities throughout this crisis, as they worked under extraordinary conditions.

While economic conditions have started to show signs of stabilisation and we are seeing increased activities in some pockets of the economy, the recovery is not yet broad-based. The uncertainty of COVID-19 containment globally continued to weigh on business confidence and consumer sentiments. We will remain watchful of the headwinds, but we are also looking for opportunities to capitalise on signs of sectorial recovery.

When the markets turn, our strong capitalisation, funding and liquidity will provide us with ample capacity to invest and to grow, and we look forward to putting them to work."

About OCBC Bank

OCBC Bank is the longest established Singapore bank, formed in 1932 from the merger of three local banks, the oldest of which was founded in 1912. It is now the second largest financial services group in Southeast Asia by assets and one of the world's most highly-rated banks, with an Aa1 rating from Moody's. Recognised for its financial strength and stability, OCBC Bank is consistently ranked among the World's Top 50 Safest Banks by Global Finance and has been named Best Managed Bank in Singapore by The Asian Banker.

OCBC Bank and its subsidiaries offer a broad array of commercial banking, specialist financial and wealth management services, ranging from consumer, corporate, investment, private and transaction banking to treasury, insurance, asset management and stockbroking services.

OCBC Bank's key markets are Singapore, Malaysia, Indonesia and Greater China. It has more than 480 branches and representative offices in 19 countries and regions. These include over 230 branches and offices in Indonesia under subsidiary Bank OCBC NISP, and over 70 branches and offices in Mainland China, Hong Kong SAR and Macau SAR under OCBC Wing Hang.

OCBC Bank's private banking services are provided by its wholly-owned subsidiary Bank of Singapore, which operates on a unique open-architecture product platform to source for the best-in-class products to meet its clients' goals.

OCBC Bank's insurance subsidiary, Great Eastern Holdings, is the oldest and most established life insurance group in Singapore and Malaysia. Its asset management subsidiary, Lion Global Investors, is one of the largest private sector asset management companies in Southeast Asia.

For more information, please visit www.ocbc.com.

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To Our Shareholders

The Board of Directors of Oversea-Chinese Banking Corporation Limited ("OCBC") reports the following:

Audited Financial Results for the Financial Year Ended 31 December 2020

For the financial year ended 31 December 2020, the Group reported net profit after tax was S$3.59 billion. Details of the audited financial results are in the accompanying Group Financial Report.

Ordinary Dividend

A final tax exempt dividend of 15.9 cents per share has been recommended for the financial year 2020. Including the interim net dividend of 15.9 cents per share paid in October 2020, total dividends for financial year 2020 would amount to 31.8 cents per share. The total dividend payout will amount to S$1.41 billion, representing 39% of the Group's FY20 net profit.

Closure of Books

The record date is 14 May 2021. Please refer to the separate announcement titled "Notice of Books Closure and Application of Scrip Dividend Scheme to FY20 Final Dividend" released by the Bank today.

Scrip Dividend Scheme

The Scrip Dividend Scheme will be applicable to the final dividend. The issue price for the new shares to be allotted to shareholders who have elected to receive scrip for the final dividend, will be set at the average of the daily volume weighted average prices of the shares for each of the market days during the price determination period between 12 May 2021 (the ex-dividend date) and 14 May 2021 (the record date), both dates inclusive. Further details can be found in a separate announcement titled "1. Alterations to Scrip Dividend Scheme Statement 2. Application of Scrip Dividend Scheme to FY20 Final Dividend." released by the Bank today.

Peter Yeoh
Secretary

Singapore, 24 February 2021

More details on the results are available on the Bank's website at www.ocbc.com

Oversea-Chinese Banking Corporation Limited

Financial Year 2020 Group Financial Report

Incorporated in Singapore
Company Registration Number: 193200032W

CONTENTS

Notes:
1. Certain comparatives have been reclassified to conform to current period's presentation.
2. Amounts less than S$0.5 million are shown as "#".
3. "nm" denotes not meaningful.

FINANCIAL SUMMARY

OCBC Group prepares its financial statements in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by Accounting Standards Council.

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2020:

Various	*Amendments to References to the Conceptual Framework in SFRS(I) Standards*
SFRS(I) 3 (Amendments)	*Definition of a Business*
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments)	*Definition of Material*
SFRS(I) 16 (Amendments)	*COVID-19-Related Rent Concessions*

There are a number of new/revised financial reporting standards in issue but not yet effective. They are not expected to have a material impact on the Group's financial statements when adopted, except for SFRS(I) 9, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 (Amendments) Interest Rate Benchmark Reform – Phase 2 and SFRS(I) 17 Insurance Contracts.

The amendments to SFRS(I) 9, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 were issued in November 2020 and is effective for annual periods beginning on or after 1 January 2021. The amendments addresses issues that might affect the Group as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

SFRS(I) 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, and is effective for annual reporting periods beginning on or after 1 January 2023.

Financial Results

The Group reported a net profit after tax of S$3.59 billion for the financial year ended 31 December 2020 ("FY20"), 26% lower as compared to S$4.87 billion a year ago ("FY19"), mainly due to the decline in net interest margin as a result of the sharp drop in market interest rates and higher expected credit loss allowances to buffer against the deterioration in macroeconomic conditions.

Net interest income was lower by 6% at S$5.97 billion. Non-interest income declined 8% to S$4.17 billion from S$4.54 billion a year ago. Net fees and commissions were S$2.00 billion, 6% lower from S$2.12 billion in FY19. Net trading income fell 12% to S$863 million in FY20, as compared with S$977 million a year ago, while net gains from the sale of investment securities of S$208 million were up 21% from S$171 million in FY19. Income from life and general insurance decreased 8% to S$899 million from S$976 million a year ago. The Group's share of results of associates increased 8% to S$612 million in FY20 from S$566 million in FY19, mainly due to higher contributions from Bank of Ningbo.

Operating expenses decreased 4% year-on-year to S$4.44 billion from S$4.64 billion in FY19. Net allowances for loans and other assets were higher at S$2.04 billion, as compared to S$890 million a year ago. The Group's non-performing loans ("NPL") ratio was 1.5% as at 31 December 2020.

Return on equity was 7.6% in FY20, as compared to 11.4% a year ago. Earnings per share was S$0.80, down from S$1.14 in FY19.

The Group's unrealised valuation surplus (not reflected in the Balance Sheet) as at 31 December 2020 was S$7.37 billion. The unrealised valuation surplus largely represents the difference between the carrying amounts and market values of its properties, investments in associates and quoted subsidiaries.

FINANCIAL SUMMARY *(continued)*

The Group's net profit after tax for the fourth quarter of 2020 ("4Q20") was S$1.13 billion, a 9% decline from S$1.24 billion a year ago. The year-on-year decline was largely attributable to a drop in overall income, which more than offset the reduction in expenses. Compared to the third quarter of 2020 ("3Q20"), the Group's net profit rose 10% from S$1.03 billion.

S$ million	2020	2019	+/(-) %	4Q20	4Q19	+/(-) %	3Q20	+/(-) %
Selected Income Statement Items								
Net interest income	**5,966**	6,331	(6)	**1,436**	1,610	(11)	1,421	1
Non-interest income	**4,173**	4,540	(8)	**1,049**	1,312	(20)	1,118	(6)
Total income	**10,139**	10,871	(7)	**2,485**	2,922	(15)	2,539	(2)
Operating expenses	**(4,439)**	(4,644)	(4)	**(1,125)**	(1,266)	(11)	(1,098)	2
Operating profit before allowances and amortisation	**5,700**	6,227	(8)	**1,360**	1,656	(18)	1,441	(6)
Amortisation of intangible assets	**(104)**	(103)	1	**(26)**	(26)	–	(26)	(1)
Allowances for loans and other assets	**(2,043)**	(890)	130	**(285)**	(207)	37	(350)	(19)
Operating profit after allowances and amortisation	**3,553**	5,234	(32)	**1,049**	1,423	(26)	1,065	(1)
Share of results of associates, net of tax	**612**	566	8	**131**	94	38	153	(15)
Profit before income tax	**4,165**	5,800	(28)	**1,180**	1,517	(22)	1,218	(3)
Net profit attributable to shareholders	**3,586**	4,869	(26)	**1,131**	1,243	(9)	1,028	10
Cash basis net profit attributable to shareholders [1/]	**3,690**	4,972	(26)	**1,157**	1,269	(9)	1,054	10
Selected Balance Sheet Items								
Ordinary equity	**48,422**	45,662	6	**48,422**	45,662	6	47,049	3
Equity attributable to equity holders of the Bank	**49,622**	47,162	5	**49,622**	47,162	5	48,249	3
Total assets	**521,395**	491,691	6	**521,395**	491,691	6	508,940	2
Assets excluding life insurance fund investment securities and other assets	**424,327**	404,353	5	**424,327**	404,353	5	416,651	2
Net customer loans [2/]	**263,538**	262,348	–	**263,538**	262,348	–	264,881	(1)
Deposits of non-bank customers	**314,907**	302,851	4	**314,907**	302,851	4	307,407	2

Note:
1. Excludes amortisation of intangible assets.
2. Comparatives have been reclassified to conform to current period's presentation.

FINANCIAL SUMMARY *(continued)*

The Group's net profit after tax for the second half of 2020 ("2H20") declined 11% to S$2.16 billion from the S$2.42 billion reported in the second half of 2019 ("2H19"), as a fall in overall income and higher allowances more than offset lower operating expenses and increase in share of results of associates. Compared to the first half of 2020 ("1H20"), the Group's 2H20 net profit rose 51% from S$1.43 billion.

S$ million	2H20	2H19	+/(-) %	1H20	+/(-) %
Selected Income Statement Items					
Net interest income	**2,857**	3,210	(11)	3,109	(8)
Non-interest income	**2,167**	2,367	(8)	2,006	8
Total income	**5,024**	5,577	(10)	5,115	(2)
Operating expenses	**(2,223)**	(2,398)	(7)	(2,216)	–
Operating profit before allowances and amortisation	**2,801**	3,179	(12)	2,899	(3)
Amortisation of intangible assets	**(51)**	(52)	–	(53)	(2)
Allowances for loans and other assets	**(636)**	(530)	20	(1,407)	(55)
Operating profit after allowances and amortisation	**2,114**	2,597	(19)	1,439	47
Share of results of associates, net of tax	**284**	250	13	328	(13)
Profit before income tax	**2,398**	2,847	(16)	1,767	36
Net profit attributable to shareholders	**2,158**	2,415	(11)	1,428	51
Cash basis net profit attributable to shareholders [1/]	**2,209**	2,467	(10)	1,481	49
Selected Balance Sheet Items					
Ordinary equity	**48,422**	45,662	6	46,384	4
Equity attributable to equity holders of the Bank	**49,622**	47,162	5	47,884	4
Total assets	**521,395**	491,691	6	510,002	2
Assets excluding life insurance fund investment securities and other assets	**424,327**	404,353	5	419,264	1
Net customer loans [2/]	**263,538**	262,348	–	264,391	–
Deposits of non-bank customers	**314,907**	302,851	4	309,731	2

Note:
1. Excludes amortisation of intangible assets.
2. Comparatives have been reclassified to conform to current period's presentation.

FINANCIAL SUMMARY *(continued)*

	2020	2019	4Q20	4Q19	3Q20	2H20	2H19	1H20
Key Financial Ratios (%)								
Performance ratios [9/]								
Return on equity [1/ 2/]	**7.6**	11.4	**9.3**	10.9	8.7	**9.0**	11.1	6.1
Return on assets [3/]	**0.85**	1.26	**1.07**	1.23	0.98	**1.02**	1.24	0.68
Revenue mix/efficiency ratios								
Net interest margin	**1.61**	1.77	**1.56**	1.77	1.54	**1.55**	1.77	1.68
Non-interest income to total income	**41.2**	41.8	**42.2**	44.9	44.0	**43.1**	42.5	39.2
Cost-to-income	**43.8**	42.7	**45.3**	43.3	43.2	**44.2**	43.0	43.3
Loans-to-deposits	**83.7**	86.5	**83.7**	86.5	86.2	**83.7**	86.5	85.4
NPL ratio	**1.5**	1.5	**1.5**	1.5	1.6	**1.5**	1.5	1.6
Capital adequacy ratios [8/]								
Common Equity Tier 1	**15.2**	14.9	**15.2**	14.9	14.4	**15.2**	14.9	14.2
Tier 1	**15.8**	15.6	**15.8**	15.6	15.0	**15.8**	15.6	14.9
Total	**17.9**	16.8	**17.9**	16.8	17.1	**17.9**	16.8	16.4
Leverage ratio [5/ 8/]	**7.7**	7.7	**7.7**	7.7	7.6	**7.7**	7.7	7.4
Liquidity coverage ratios [6/ 8/]								
Singapore dollar	**290**	273	**301**	278	271	**286**	288	295
All-currency	**139**	155	**150**	163	128	**139**	158	139
Net stable funding ratio [7/ 8/]	**125**	111	**125**	111	122	**125**	111	119
Earnings per share (S$) [2/ 9/]								
Basic earnings	**0.80**	1.14	**0.99**	1.11	0.92	**0.95**	1.13	0.64
Diluted earnings	**0.80**	1.14	**0.99**	1.11	0.92	**0.95**	1.13	0.64
Net asset value per share (S$)	**10.82**	10.38	**10.82**	10.38	10.52	**10.82**	10.38	10.53

Notes:
1. Other equity instruments and non-controlling interests are not included in the computation for return on equity.
2. Calculated based on core net profit less distributions on other equity instruments paid and estimated to be due at the end of the financial period.
3. Computation of return on assets excludes life insurance fund investment securities and other assets.
4. Return on equity, return on assets, net interest margin and earnings per share for the quarters are computed on an annualised basis.
5. The Group's Leverage ratio is computed based on MAS Notice 637.
6. The Group's Liquidity coverage ratios ("LCR") are computed based on MAS Notice 649 and reported based on the average LCR for the respective periods.
7. The Group's Net stable funding ratio is computed based on MAS Notice 652.
8. Public disclosures required under MAS Notice 637, MAS Notice 651 and MAS Notice 653 can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (https://www.ocbc.com/group/investors/investor-information#pillarthreedisclosures).
9. FY19 and 2H19 allowances included one-off items. Key ratios were computed excluding one-off items.

NET INTEREST INCOME

Average Balance Sheet

	2020			2019		
S$ million	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
			%			%
Interest earning assets						
Loans to non-bank customers	**264,153**	**6,992**	**2.65**	256,418	9,086	3.54
Placements with and loans to banks	**47,395**	**839**	**1.77**	47,543	1,503	3.16
Other interest earning assets	**57,940**	**1,312**	**2.26**	53,398	1,509	2.82
	369,488	**9,143**	**2.47**	357,359	12,098	3.39
Interest bearing liabilities						
Deposits of non-bank customers	**309,581**	**2,699**	**0.87**	296,279	4,807	1.62
Deposits and balances of banks	**11,682**	**92**	**0.79**	10,687	192	1.79
Other borrowings	**25,128**	**386**	**1.53**	26,748	768	2.87
	346,391	**3,177**	**0.92**	333,714	5,767	1.73
Net interest income/margin 1/		**5,966**	**1.61**		6,331	1.77

Notes:
1. Net interest margin is net interest income as a percentage of interest earning assets.

Net interest income declined 6% to S$5.97 billion in FY20, from S$6.33 billion a year ago, as average assets growth was offset by a 16 basis points decline in net interest margin to 1.61%. The contraction in net interest margin was mainly attributable to a significantly lower interest rate environment and a decline in loans-to-deposits ratio from strong deposits growth.

Volume and Rate Analysis

	2020 vs 2019		
Increase/(decrease) due to change in: S$ million	**Volume**	**Rate**	**Net change**
Interest income			
Loans to non-bank customers	275	(2,393)	(2,118)
Placements with and loans to banks	(5)	(664)	(669)
Other interest earning assets	129	(329)	(200)
	399	(3,386)	(2,987)
Interest expense			
Deposits of non-bank customers	217	(2,337)	(2,120)
Deposits and balances of banks	18	(118)	(100)
Other borrowings	(47)	(338)	(385)
	188	(2,793)	(2,605)
Impact on net interest income	211	(593)	(382)
Due to change in number of days			17
Net interest income			(365)

NON-INTEREST INCOME

S$ million	2020	2019	+/(-)
Gross fee and commission income			
Brokerage	**140**	82	70
Wealth management	**1,130**	1,036	9
Fund management	**122**	115	7
Credit card	**274**	348	(21)
Loan-related	**165**	307	(46)
Trade-related and remittances	**252**	254	(1)
Guarantees	**14**	16	(12)
Investment banking	**87**	106	(18)
Service charges	**84**	99	(15)
Others	**45**	44	2
	2,313	2,407	(4)
Fee and commission expense	**(310)**	(284)	9
Fees and commissions (net)	**2,003**	2,123	(6)
Dividends	**78**	92	(15)
Net trading income	**863**	977	(12)
Income from life and general insurance			
Profit from life insurance	**698**	779	(10)
Premium income from general insurance	**201**	197	2
Sub-total	**899**	976	(8)
Other income			
Net gain from investment securities	**208**	171	21
Net gain from disposal of subsidiaries	**9**	1	nm
Net gain from disposal of properties	**45**	83	(46)
Rental income	**54**	80	(32)
Others	**14**	37	(63)
Sub-total	**330**	372	(11)
Total non-interest income	**4,173**	4,540	(8)

Non-interest income was S$4.17 billion for FY20 and was 8% lower as compared to S$4.54 billion a year ago.

Net fees and commissions decreased 6% to S$2.00 billion, as an increase in wealth management fees from strong customer investment activities, was offset by lower loan-related and credit card fee income. Net trading income of S$863 million was lower than the S$977 million in FY19, as higher customer flow income was more than offset by lower mark-to-market gains in Great Eastern Holdings' ("GEH") investment portfolio. Income from life and general insurance was down 8% at S$899 million as compared to S$976 million in the previous year, mainly as a result of higher insurance contract liabilities resulting from a lower discount rate used to value these liabilities, in line with the fall in market interest rates. Net gains from the sale of investment securities were S$208 million in FY20, up from S$171 million a year ago.

OPERATING EXPENSES

S$ million	2020	2019	+/(-)
			%
Staff costs	**2,748**	2,840	(3)
Property and equipment			
Depreciation	**419**	397	6
Maintenance	**141**	136	4
Rental expenses	**9**	24	(63)
Others	**293**	301	(3)
	862	858	–
Other operating expenses	**829**	946	(12)
Total operating expenses	**4,439**	4,644	(4)
Group staff strength			
Period end	**30,538**	30,537	–
Average	**30,529**	30,274	1

Operating expenses dropped 4% to S$4.44 billion in FY20, from S$4.64 billion a year ago. Staff costs were 3% lower at S$2.75 billion as compared to S$2.84 billion in FY19. Other operating expenses fell 12% from a year ago largely from a decrease in discretionary expenses including business promotion costs and travelling expenditure.

The cost-to-income ratio was higher at 43.8% in FY20, as compared to 42.7% a year ago.

ALLOWANCES FOR LOANS AND OTHER ASSETS

S$ million	2020	2019	+/(-)
Allowances/(write-back):			
Impaired loans			
Singapore	**637**	320	99
Malaysia	**94**	99	(6)
Indonesia	**219**	304	(28)
Greater China	**113**	88	29
Others	**86**	45	90
	1,149	856	34
Impaired other assets	**30**	2	nm
Non-impaired loans	**860**	39	nm
Non-impaired other assets	**4**	(7)	161
Allowances for loans and other assets	**2,043**	890	130

Allowances for loans and other assets were significantly higher at S$2.04 billion in FY20, as compared to S$890 million a year ago. Allowances for impaired assets were S$1.18 billion, up from S$858 million a year ago, which largely comprised allowances set aside for loans to a Singapore oil trader and the write-down of the remaining oil and gas support vessels and services NPLs. The year-on-year increase in allowances for non-impaired assets included S$405 million in management overlay above the model requirements on a forward-looking basis and S$244 million in macro-economic variable adjustments.

CUSTOMER LOANS

S$ million	31 Dec 2020	31 Dec 2019
Loans to customers	**262,008**	257,292
Bills receivable	**5,232**	7,481
Gross customer loans	**267,240**	264,773
Allowances		
Impaired loans	**(1,812)**	(1,395)
Non-impaired loans	**(1,890)**	(1,030)
Net customer loans	**263,538**	262,348
By Maturity		
Within 1 year	**102,709**	105,909
1 to 3 years	**53,112**	42,735
Over 3 years	**111,419**	116,129
	267,240	264,773
By Industry		
Agriculture, mining and quarrying	**8,483**	8,963
Manufacturing	**15,814**	17,074
Building and construction	**71,994**	64,686
Housing loans	**59,842**	62,069
General commerce	**28,834**	31,823
Transport, storage and communication	**14,340**	13,311
Financial institutions, investment and holding companies	**22,821**	24,542
Professionals and individuals	**30,659**	30,322
Others	**14,453**	11,983
	267,240	264,773
By Currency		
Singapore Dollar	**96,489**	93,559
United States Dollar	**62,434**	65,163
Malaysian Ringgit	**20,491**	20,878
Indonesian Rupiah	**8,313**	9,222
Hong Kong Dollar	**32,692**	34,355
Chinese Renminbi	**5,638**	4,933
Others	**41,183**	36,663
	267,240	264,773
By Geography [1/]		
Singapore	**109,826**	108,981
Malaysia	**27,819**	28,585
Indonesia	**18,833**	19,680
Greater China	**65,216**	65,358
Other Asia Pacific	**18,886**	15,674
Rest of the World	**26,660**	26,495
	267,240	264,773

Note:
1. Loans by geography are based on where the credit risks reside, which may be different from the borrower's country of residence or the booking location of the loans.

Gross loans to customers were S$267 billion as at 31 December 2020, up 1% from S$265 billion from a year ago. In constant currency terms, customer loans grew 1% year-on-year.

NON-PERFORMING ASSETS

S$ million	Total NPAs [1]	Substandard	Doubtful	Loss	NPLs [2]	NPL Ratio [2]
Singapore						
31 Dec 2020	**1,725**	**1,106**	**485**	**134**	**1,669**	**1.5**
31 Dec 2019	1,717	1,309	237	171	1,685	1.5
Malaysia						
31 Dec 2020	**782**	**454**	**283**	**45**	**755**	**2.7**
31 Dec 2019	738	372	321	45	726	2.5
Indonesia						
31 Dec 2020	**651**	**321**	**227**	**103**	**651**	**3.5**
31 Dec 2019	678	289	222	167	677	3.4
Greater China						
31 Dec 2020	**358**	**82**	**235**	**41**	**358**	**0.5**
31 Dec 2019	230	54	133	43	230	0.4
Other Asia Pacific						
31 Dec 2020	**118**	**60**	**58**	**#**	**118**	**0.6**
31 Dec 2019	101	77	23	1	101	0.6
Rest of the World						
31 Dec 2020	**371**	**148**	**223**	**#**	**366**	**1.4**
31 Dec 2019	419	229	183	7	419	1.6
Group						
31 Dec 2020	**4,005**	**2,171**	**1,511**	**323**	**3,917**	**1.5**
31 Dec 2019	3,883	2,330	1,119	434	3,838	1.5

Notes:
1. Comprises non-bank loans, debt securities and contingent liabilities.
2. Excludes debt securities and contingent liabilities.

NON-PERFORMING ASSETS *(continued)*

Non-performing assets ("NPAs") were S$4.01 billion as at 31 December 2020, an increase of 3% compared with S$3.88 billion a year ago.

The Group's NPL ratio was unchanged from a year ago at 1.5%. Of the total NPAs, 54% were in the substandard category.

	31 Dec 2020		31 Dec 2019	
	S$ million	% of gross loans	S$ million	% of gross loans
NPLs by Industry				
Loans and advances				
Agriculture, mining and quarrying	**345**	**4.1**	468	5.2
Manufacturing	**564**	**3.6**	468	2.7
Building and construction	**190**	**0.3**	155	0.2
Housing loans	**420**	**0.7**	435	0.7
General commerce	**572**	**2.0**	555	1.7
Transport, storage and communication	**1,621**	**11.3**	1,563	11.7
Financial institutions, investment and holding companies	**30**	**0.1**	25	0.1
Professionals and individuals	**133**	**0.4**	123	0.4
Others	**42**	**0.3**	46	0.4
Total NPLs	**3,917**	**1.5**	3,838	1.5
Classified debt securities	**7**		2	
Classified contingent liabilities	**81**		43	
Total NPAs	**4,005**		3,883	

	31 Dec 2020		31 Dec 2019	
	S$ million	%	S$ million	%
NPAs by Period Overdue				
Over 180 days	**1,857**	**46**	1,770	46
Over 90 to 180 days	**286**	**7**	173	4
30 to 90 days	**170**	**4**	530	14
Less than 30 days	**473**	**12**	474	12
Not overdue	**1,219**	**31**	936	24
	4,005	**100**	3,883	100

S$ million	31 Dec 2020		31 Dec 2019	
	Loan	Allowance	Loan	Allowance
Restructured Loans				
Substandard	**1,148**	**846**	1,099	498
Doubtful	**589**	**359**	515	279
Loss	**34**	**19**	44	18
	1,771	**1,224**	1,658	795

CUMULATIVE ALLOWANCES FOR ASSETS [1/]

S$ million	Total cumulative allowances	Allowances for impaired assets	Allowances for non-impaired assets	Allowances for impaired assets as % of total NPAs	Cumulative allowances as % of total NPAs
				%	%
Singapore					
31 Dec 2020	**2,099**	**969**	**1,130**	**56.2**	**121.7**
31 Dec 2019	1,476	679	797	39.6	86.0
Malaysia					
31 Dec 2020	**642**	**205**	**437**	**26.2**	**82.0**
31 Dec 2019	597	308	289	41.7	80.8
Indonesia					
31 Dec 2020	**743**	**312**	**431**	**47.9**	**114.2**
31 Dec 2019	571	237	334	34.9	84.1
Greater China					
31 Dec 2020	**639**	**129**	**510**	**36.1**	**178.5**
31 Dec 2019	382	47	335	20.5	166.5
Other Asia Pacific					
31 Dec 2020	**152**	**45**	**107**	**37.7**	**128.3**
31 Dec 2019	94	32	62	31.2	92.5
Rest of the World					
31 Dec 2020	**321**	**155**	**166**	**41.9**	**86.6**
31 Dec 2019	201	94	107	22.5	48.0
Group					
31 Dec 2020	**4,596**	**1,815**	**2,781**	**45.3**	**114.7**
31 Dec 2019	3,321	1,397	1,924	36.0	85.5

Note:
1. Included regulatory loss allowance reserve of S$874 million at 31 December 2020 and S$876 million at 31 December 2019.

As at 31 December 2020, the Group's total cumulative allowances for assets were S$4.60 billion. This comprised S$1.82 billion in allowances for impaired assets and S$2.78 billion in allowances for non-impaired assets. The cumulative allowances represented 115% of total NPAs.

DEPOSITS

S$ million	31 Dec 2020	31 Dec 2019
Deposits of non-bank customers	**314,907**	302,851
Deposits and balances of banks	**9,586**	8,250
	324,493	311,101
Total Deposits by Maturity		
Within 1 year	**321,954**	307,522
1 to 3 years	**1,748**	1,792
Over 3 years	**791**	1,787
	324,493	311,101
Non-Bank Deposits by Product		
Fixed deposits	**95,291**	128,989
Savings deposits	**71,097**	57,465
Current accounts	**118,751**	89,024
Others	**29,768**	27,373
	314,907	302,851
Non-Bank Deposits by Currency		
Singapore Dollar	**123,217**	107,278
United States Dollar	**95,226**	102,800
Malaysian Ringgit	**23,096**	22,827
Indonesian Rupiah	**11,637**	10,221
Hong Kong Dollar	**23,463**	25,906
Chinese Renminbi	**7,984**	6,679
Others	**30,284**	27,140
	314,907	302,851

Non-bank customer deposits as at 31 December 2020 were S$315 billion, up 4% from S$303 billion a year ago. The ratio of current account and savings deposits to total non-bank deposits was 60.3%, compared to 48.4% a year ago.

DEBT ISSUED

S$ million	31 Dec 2020	31 Dec 2019
Unsecured		
Subordinated debt	**3,145**	1,797
Fixed and floating rate notes	**3,551**	4,502
Commercial paper	**12,057**	17,872
Structured notes	**1,869**	1,742
Secured		
Covered bonds	**3,733**	3,475
	24,355	29,388
Debt Issued by Maturity		
Within one year	**15,287**	19,812
Over one year	**9,068**	9,576
	24,355	29,388

As at 31 December 2020, the Group had S$12.06 billion of commercial papers outstanding. The commercial papers form part of the Group's diversified funding sources.

The covered bonds were issued by the Bank under its USD10 billion Global Covered Bond Programme. The Covered Bond Guarantor, Red Sail Pte. Ltd., guarantees the payments of interest and principal. The guarantee is secured by a portfolio of Singapore housing loans transferred from OCBC Bank to Red Sail Pte. Ltd.

CAPITAL ADEQUACY RATIOS [1/]

S$ million	31 Dec 2020	31 Dec 2019
Ordinary shares	**17,833**	17,261
Disclosed reserves/others	**23,021**	21,452
Regulatory adjustments	**(7,648)**	(6,913)
Common Equity Tier 1 Capital	**33,206**	31,800
Additional Tier 1 capital	**1,230**	1,531
Regulatory adjustments	–	–
Tier 1 Capital	**34,436**	33,331
Tier 2 capital	**4,530**	2,661
Regulatory adjustments	–	–
Total Eligible Capital	**38,966**	35,992
Risk Weighted Assets	**218,145**	213,356
Capital Adequacy Ratios		
Common Equity Tier 1	**15.2%**	14.9%
Tier 1	**15.8%**	15.6%
Total	**17.9%**	16.8%

The Group remained strongly capitalised, with a Common Equity Tier 1 ("CET1") capital adequacy ratio ("CAR") of 15.2%, and Tier 1 and Total CAR of 15.8% and 17.9% respectively. These ratios were well above the regulatory minima of 6.5%, 8% and 10%, respectively, for 2020 [2/].

[1] Public disclosures required under MAS Notice 637 can be found in the Capital and Regulatory Disclosures section of the Bank's Investor Relations website (https://www.ocbc.com/group/investors/investor-information#pillarthreedisclosures).

[2] In addition to these minimum capital requirements, the Group is required to meet Capital Conservation Buffer ("CCB") of 2.5% and Countercyclical Buffer ("CCyB") of up to 2.5%. The CCyB is not an on-going requirement and the applicable magnitude will be the weighted average of the country-specific CCyB requirements that are being applied by national authorities in jurisdictions to which the Bank has private sector credit exposures.

PERFORMANCE BY BUSINESS SEGMENT

OCBC Group's businesses are presented in the following customer segments and business activities: Global Consumer/Private Banking, Global Wholesale Banking, Global Treasury and Markets and Insurance.

Profit Before Income Tax by Business Segment

S$ million	2020	2019	+/(-) %
Global Consumer/Private Banking	**1,246**	1,540	(19)
Global Wholesale Banking	**708**	1,796	(61)
Global Treasury and Markets	**896**	684	31
Insurance	**919**	1,068	(14)
Others	**396**	712	(44)
Profit before income tax	**4,165**	5,800	(28)

Global Consumer/Private Banking

Global Consumer/Private Banking provides a full range of products and services to individual customers. At Global Consumer Banking, the products and services offered include deposit products (checking accounts, savings and fixed deposits), consumer loans (housing loans and other personal loans), credit cards, wealth management products (unit trusts, bancassurance products and structured deposits) and brokerage services. Private Banking caters to the specialised banking needs of high net worth individuals, offering wealth management expertise, including investment advice and portfolio management services, estate and trust planning, and wealth structuring.

Global Consumer/Private Banking's profit before income tax was S$1.25 billion in FY20, a year-on-year drop of 19%. The decline in profit was largely attributable to lower net interest income and higher allowances, partly offset by higher fee income and drop in expenses.

Global Wholesale Banking

Global Wholesale Banking serves institutional customers ranging from large corporates and the public sector to small and medium enterprises. The business provides a full range of financing solutions including long-term project financing, short-term credit, working capital and trade financing, as well as customised and structured equity-linked financing. It also provides customers with a broad range of products and services such as cash management and custodian services, capital market solutions, corporate finance services and advisory banking, and treasury products.

Global Wholesale Banking's profit before income tax fell 61% to S$708 million in FY20, mainly attributable to lower net interest income and higher allowances, which more than offset a fall in expenses.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

Global Treasury and Markets

Global Treasury and Markets is responsible for the management of the Group's asset and liability interest rate positions, engages in foreign exchange activities, money market operations, fixed income and derivatives trading, and offers structured treasury products and financial solutions to meet customers' investment and hedging needs. Income from treasury products and services offered to customers of other business segments, such as Global Consumer/Private Banking and Global Wholesale Banking, is reflected in the respective business segments.

Global Treasury's profit before income tax was S$896 million in FY20, up 31% from S$684 million a year ago, largely contributed by higher net interest income and net trading income.

Insurance

The Group's insurance business, including its fund management activities, is undertaken by 87.9%-owned subsidiary GEH and its subsidiaries, which provide both life and general insurance products to its customers mainly in Singapore and Malaysia.

GEH's profit before income tax fell 14% to S$919 million in FY20, mainly attributable to higher insurance contract liabilities resulting from a lower discount rate used to value these liabilities as market interest rates declined, which was partly offset by lower expenses. It also included a provision for higher expected future insurance claims made by GEH.

After tax and non-controlling interests, GEH's contribution to the Group's net profit was S$798 million in FY20, lower than S$832 million in FY19.

Others

Others comprise mainly property holding, investment holding and items not attributable to the business segments described above.

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Wholesale Banking	Global Treasury and Markets	Insurance	Others	Group
2020						
Net interest income	**1,953**	**2,740**	**899**	**106**	**268**	**5,966**
Non-interest income	**1,864**	**801**	**316**	**1,169**	**23**	**4,173**
Total income	**3,817**	**3,541**	**1,215**	**1,275**	**291**	**10,139**
Operating profit before allowances and amortisation	**1,442**	**2,199**	**896**	**968**	**195**	**5,700**
Amortisation of intangible assets	**(15)**	**–**	**–**	**(47)**	**(42)**	**(104)**
Allowance for loans and other assets	**(181)**	**(1,491)**	**(#)**	**(2)**	**(369)**	**(2,043)**
Operating profit after allowances and amortisation	**1,246**	**708**	**896**	**919**	**(216)**	**3,553**
Share of results of associates, net of tax	**–**	**–**	**–**	**–**	**612**	**612**
Profit before income tax	**1,246**	**708**	**896**	**919**	**396**	**4,165**
Other information:						
Capital expenditure	**58**	**21**	**2**	**103**	**250**	**434**
Depreciation	**108**	**11**	**2**	**8**	**290**	**419**
2019						
Net interest income	2,262	3,114	693	112	150	6,331
Non-interest income	1,732	845	287	1,358	318	4,540
Total income	3,994	3,959	980	1,470	468	10,871
Operating profit before allowances and amortisation	1,593	2,609	681	1,115	229	6,227
Amortisation of intangible assets	(15)	–	–	(47)	(41)	(103)
Allowance for loans and other assets	(38)	(813)	3	(#)	(42)	(890)
Operating profit after allowances and amortisation	1,540	1,796	684	1,068	146	5,234
Share of results of associates, net of tax	–	–	–	–	566	566
Profit before income tax	1,540	1,796	684	1,068	712	5,800
Other information:						
Capital expenditure	116	8	1	183	254	562
Depreciation	99	11	2	8	277	397

PERFORMANCE BY BUSINESS SEGMENT *(continued)*

S$ million	Global Consumer/ Private Banking	Global Wholesale Banking	Global Treasury and Markets	Insurance	Others	Group
At 31 December 2020						
Segment assets	**127,746**	**169,713**	**105,718**	**107,526**	**34,791**	**545,494**
Unallocated assets						**133**
Elimination						**(24,232)**
Total assets						**521,395**
Segment liabilities	**162,970**	**138,199**	**62,908**	**95,731**	**32,080**	**491,888**
Unallocated liabilities						**2,563**
Elimination						**(24,232)**
Total liabilities						**470,219**
Other information:						
Gross non-bank loans	**103,356**	**162,327**	**759**	**3**	**795**	**267,240**
NPAs	**574**	**3,417**	**–**	**5**	**9**	**4,005**
At 31 December 2019						
Segment assets	127,364	162,409	92,234	97,158	33,752	512,917
Unallocated assets						87
Elimination						(21,313)
Total assets						491,691
Segment liabilities	149,193	132,889	57,558	85,703	35,975	461,318
Unallocated liabilities						3,083
Elimination						(21,313)
Total liabilities						443,088
Other information:						
Gross non-bank loans	107,275	155,359	1,258	9	872	264,773
NPAs	576	3,296	–	2	9	3,883

PERFORMANCE BY GEOGRAPHICAL SEGMENT

	2020		2019	
	S$ million	**%**	**S$ million**	**%**
Total income				
Singapore	**5,459**	**54**	6,552	60
Malaysia	**1,616**	**16**	1,469	13
Indonesia	**913**	**9**	849	8
Greater China	**1,603**	**16**	1,494	14
Other Asia Pacific	**242**	**2**	224	2
Rest of the World	**306**	**3**	283	3
	10,139	**100**	10,871	100
Operating profit before allowances and amortisation				
Singapore	**2,895**	**51**	3,811	61
Malaysia	**1,093**	**19**	929	15
Indonesia	**495**	**9**	440	7
Greater China	**857**	**15**	711	11
Other Asia Pacific	**177**	**3**	167	3
Rest of the World	**183**	**3**	169	3
	5,700	**100**	6,227	100
Profit before income tax				
Singapore	**1,505**	**36**	3,221	55
Malaysia	**850**	**21**	830	14
Indonesia	**225**	**5**	274	5
Greater China	**1,285**	**31**	1,154	20
Other Asia Pacific	**123**	**3**	156	3
Rest of the World	**177**	**4**	165	3
	4,165	**100**	5,800	100

	31 Dec 2020		31 Dec 2019	
	S$ million	**%**	**S$ million**	**%**
Total assets				
Singapore	**307,328**	**59**	287,129	58
Malaysia	**67,005**	**13**	65,584	13
Indonesia	**19,845**	**4**	17,900	4
Greater China	**85,326**	**16**	81,684	17
Other Asia Pacific	**18,558**	**4**	16,264	3
Rest of the World	**23,333**	**4**	23,130	5
	521,395	**100**	491,691	100

The geographical segment analysis is based on the location where assets or transactions are booked.

Pre-tax profit for Singapore fell from S$3.22 billion a year ago to S$1.51 billion in FY20, largely attributable to a rise in allowances, which included management overlay for non-impaired assets, and lower income. Malaysia's pre-tax profit was S$850 million, up 2% from S$830 million in FY19, driven by an increase in insurance income and lower operating expenses which more than offset a rise in allowances. Indonesia's pre-tax profit declined to S$225 million in FY20 as compared to S$274 million a year ago, as higher allowances more than offset a growth in net interest income and trading income. Pre-tax profit for Greater China grew 11% to S$1.29 billion from S$1.15 billion a year ago, mainly from an increase in net interest income and share of associates' profits, as well as a reduction in operating expenses.

AUDITED CONSOLIDATED INCOME STATEMENT

S$ million	2020	2019	+/(-)@
			%
Interest income	**9,143**	12,098	(24)
Interest expense	**(3,177)**	(5,767)	(45)
Net interest income	**5,966**	6,331	(6)
Premium income	**14,592**	10,965	33
Investment income	**6,298**	6,911	(9)
Net claims, surrenders and annuities	**(9,574)**	(6,404)	49
Net change in life insurance contract liabilities	**(9,009)**	(8,557)	5
Commission and others	**(1,609)**	(2,136)	(25)
Profit from life insurance	**698**	779	(10)
Premium income from general insurance	**201**	197	2
Fees and commissions (net)	**2,003**	2,123	(6)
Dividends	**78**	92	(15)
Net trading income	**863**	977	(12)
Other income	**330**	372	(11)
Non-interest income	**4,173**	4,540	(8)
Total income	**10,139**	10,871	(7)
Staff costs	**(2,748)**	(2,840)	(3)
Other operating expenses	**(1,691)**	(1,804)	(6)
Total operating expenses	**(4,439)**	(4,644)	(4)
Operating profit before allowances and amortisation	**5,700**	6,227	(8)
Amortisation of intangible assets	**(104)**	(103)	1
Allowances for loans and other assets	**(2,043)**	(890)	130
Operating profit after allowances and amortisation	**3,553**	5,234	(32)
Share of results of associates, net of tax	**612**	566	8
Profit before income tax	**4,165**	5,800	(28)
Income tax expense	**(437)**	(778)	(44)
Profit for the year	**3,728**	5,022	(26)
Attributable to:			
Equity holders of the Bank	**3,586**	4,869	(26)
Non-controlling interests	**142**	153	(7)
	3,728	5,022	(26)
Earnings per share ($) [2/]			
Basic	**0.80**	1.12	
Diluted	**0.80**	1.12	

Notes:
1. "@" represents unaudited.
2. Earnings mean profit attributable to ordinary equity holders of the Bank.

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

S$ million	2020	2019	+/(-)@ %
Profit for the year	**3,728**	5,022	(26)
Other comprehensive income:			
Items that may be reclassified subsequently to income statement:			
Financial assets, at FVOCI 1/			
Fair value gains for the year	**877**	983	(11)
Reclassification of (gains)/losses to income statement			
– on disposal	**(506)**	(295)	(71)
– on impairment	**5**	(5)	218
Tax on net movements	**(37)**	(99)	63
Cash flow hedges	**#**	(1)	100
Currency translation on foreign operations 2/	**42**	(52)	180
Other comprehensive income of associates	**129**	(12)	nm
Items that will not be reclassified subsequently to income statement:			
Currency translation on foreign operations 2/	**(12)**	9	(225)
Financial assets, at FVOCI 1/, net change in fair value	**116**	316	(63)
Defined benefit plans remeasurements	**#**	(1)	127
Own credit	**1**	1	52
Total other comprehensive income, net of tax	**615**	844	(27)
Total comprehensive income for the year, net of tax	**4,343**	5,866	(26)
Total comprehensive income attributable to:			
Equity holders of the Bank	**4,200**	5,646	(26)
Non-controlling interests	**143**	220	(35)
	4,343	5,866	(26)

Notes:

1. Fair value through other comprehensive income.
2. Comparatives have been reclassified to conform to current year's presentation.
3. "@" represents unaudited.

AUDITED BALANCE SHEETS

S$ million	GROUP 31 Dec 2020	GROUP 31 Dec 2019	BANK 31 Dec 2020	BANK 31 Dec 2019
EQUITY				
Attributable to equity holders of the Bank				
Share capital	**17,833**	17,261	**17,833**	17,261
Other equity instruments	**1,198**	1,497	**1,198**	1,497
Capital reserves	**1,229**	1,253	**994**	986
Fair value reserves	**1,358**	919	**300**	114
Revenue reserves	**28,004**	26,232	**14,560**	14,142
	49,622	47,162	**34,885**	34,000
Non-controlling interests	**1,554**	1,441	**–**	–
Total equity	**51,176**	48,603	**34,885**	34,000
LIABILITIES				
Deposits of non-bank customers	**314,907**	302,851	**197,745**	189,420
Deposits and balances of banks	**9,586**	8,250	**7,408**	5,938
Due to subsidiaries	**–**	–	**25,793**	21,435
Due to associates	**406**	347	**200**	138
Trading portfolio liabilities	**339**	92	**339**	92
Derivative payables	**15,516**	7,687	**13,768**	6,743
Other liabilities	**8,093**	6,945	**1,886**	2,086
Current tax payables	**745**	1,189	**366**	435
Deferred tax liabilities	**1,818**	1,893	**223**	238
Debt issued	**24,355**	29,388	**23,397**	28,226
	375,765	358,642	**271,125**	254,751
Life insurance fund liabilities	**94,454**	84,446	**–**	–
Total liabilities	**470,219**	443,088	**271,125**	254,751
Total equity and liabilities	**521,395**	491,691	**306,010**	288,751
ASSETS				
Cash and placements with central banks	**26,525**	23,201	**20,969**	17,824
Singapore government treasury bills and securities	**10,628**	11,042	**9,294**	9,892
Other government treasury bills and securities [1/]	**22,663**	17,712	**9,411**	7,661
Placements with and loans to banks [1/]	**32,816**	35,864	**24,083**	28,100
Loans to customers [1/]	**263,538**	262,348	**170,651**	164,564
Debt and equity securities [1/]	**33,143**	29,253	**17,844**	14,271
Assets held for sale	**2**	3	**–**	2
Derivative receivables	**15,223**	7,349	**13,518**	6,324
Other assets	**5,806**	4,409	**3,135**	2,442
Deferred tax assets	**133**	87	**41**	21
Associates	**4,633**	3,638	**1,749**	1,460
Subsidiaries	**–**	–	**32,272**	33,159
Property, plant and equipment	**3,567**	3,628	**698**	684
Investment property	**813**	839	**478**	480
Goodwill and intangible assets	**4,837**	4,980	**1,867**	1,867
	424,327	404,353	**306,010**	288,751
Life insurance fund investment securities and other assets	**97,068**	87,338	**–**	–
Total assets	**521,395**	491,691	**306,010**	288,751
Net asset value (before valuation surplus) per ordinary share – S$@	**10.82**	10.38	**7.53**	7.38
OFF-BALANCE SHEET ITEMS				
Contingent liabilities	**13,292**	13,944	**9,671**	10,440
Commitments	**164,031**	156,293	**96,768**	95,338
Derivative financial instruments	**996,152**	984,036	**786,174**	780,979

Note:
1. Comparatives have been reclassified to conform to current year's presentation.

AUDITED STATEMENT OF CHANGES IN EQUITY – GROUP
For the financial year ended 31 December 2020

S$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Bank						
Balance at 1 January 2020	**18,758**	**1,253**	**919**	**26,232**	**47,162**	**1,441**	**48,603**
Total comprehensive income for the year	**–**	**–**	**439**	**3,761**	**4,200**	**143**	**4,343**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	**3**	**2**	**–**	**(5)**	**–**	**–**	**–**
Buy-back of shares held as treasury shares	**(63)**	**–**	**–**	**–**	**(63)**	**–**	**(63)**
Dividends and distributions	**–**	**–**	**–**	**(1,467)**	**(1,467)**	**(34)**	**(1,501)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**10**	**10**	**–**	**10**
Issue of perpetual capital securities	**200**	**–**	**–**	**–**	**200**	**–**	**200**
Redemption of perpetual capital securities	**(499)**	**–**	**–**	**(1)**	**(500)**	**–**	**(500)**
Share-based payments for staff costs	**–**	**11**	**–**	**–**	**11**	**–**	**11**
Shares issued in lieu of ordinary dividends	**526**	**–**	**–**	**(526)**	**–**	**–**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**	**–**	**1**
Shares transferred to DSP Trust	**–**	**(10)**	**–**	**–**	**(10)**	**–**	**(10)**
Shares vested under DSP Scheme	**–**	**62**	**–**	**–**	**62**	**–**	**62**
Treasury shares transferred/sold	**105**	**(89)**	**–**	**–**	**16**	**–**	**16**
Total contributions by and distributions to owners	**273**	**(24)**	**–**	**(1,989)**	**(1,740)**	**(34)**	**(1,774)**
Changes in interests in subsidiaries that do not result in loss of control	**–**	**–**	**–**	**(#)**	**(#)**	**4**	**4**
Total changes in interests in subsidiaries	**–**	**–**	**–**	**(#)**	**(#)**	**4**	**4**
Balance at 31 December 2020	**19,031**	**1,229**	**1,358**	**28,004**	**49,622**	**1,554**	**51,176**
Included in the balances:							
Share of reserves of associates	**–**	**–**	**47**	**2,217**	**2,264**	**–**	**2,264**
Balance at 1 January 2019	17,247	930	(66)	24,026	42,137	1,255	43,392
Total comprehensive income for the year	–	–	985	4,661	5,646	220	5,866
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Transfers	8	337	–	(345)	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	2	2
Buy-back of shares held as treasury shares	(192)	–	–	–	(192)	–	(192)
Dividends and distributions	–	–	–	(602)	(602)	(34)	(636)
DSP reserve from dividends on unvested shares	–	–	–	8	8	–	8
Share-based payments for staff costs	–	15	–	–	15	–	15
Shares issued in lieu of ordinary dividends	1,515	–	–	(1,515)	–	–	–
Shares issued to non-executive directors	1	–	–	–	1	–	1
Shares transferred to DSP Trust	–	(8)	–	–	(8)	–	(8)
Shares vested under DSP Scheme	–	70	–	–	70	–	70
Treasury shares transferred/sold	179	(91)	–	–	88	–	88
Total contributions by and distributions to owners	1,511	323	–	(2,454)	(620)	(32)	(652)
Changes in interests in subsidiaries that do not result in loss of control	–	–	–	(1)	(1)	(2)	(3)
Total changes in interests in subsidiaries	–	–	–	(1)	(1)	(2)	(3)
Balance at 31 December 2019	18,758	1,253	919	26,232	47,162	1,441	48,603
Included in the balances:							
Share of reserves of associates	–	–	91	1,561	1,652	–	1,652

AUDITED STATEMENT OF CHANGES IN EQUITY – BANK
For the financial year ended 31 December 2020

S$ million	Share capital and other equity	Capital reserves	Fair value reserves	Revenue reserves	Total equity
Balance at 1 January 2020	**18,758**	**986**	**114**	**14,142**	**34,000**
Total comprehensive income for the year	**–**	**–**	**186**	**2,402**	**2,588**
Transfers	**3**	**(3)**	**–**	**–**	**–**
Buy-back of shares held as treasury shares	**(63)**	**–**	**–**	**–**	**(63)**
Dividends and distributions	**–**	**–**	**–**	**(1,467)**	**(1,467)**
DSP reserve from dividends on unvested shares	**–**	**–**	**–**	**10**	**10**
Issue of perpetual capital securities	**200**	**–**	**–**	**–**	**200**
Redemption of perpetual capital securities	**(499)**	**–**	**–**	**(1)**	**(500)**
Share-based payments for staff costs	**–**	**11**	**–**	**–**	**11**
Shares issued in lieu of ordinary dividends	**526**	**–**	**–**	**(526)**	**–**
Shares issued to non-executive directors	**1**	**–**	**–**	**–**	**1**
Treasury shares transferred/sold	**105**	**–**	**–**	**–**	**105**
Balance at 31 December 2020	**19,031**	**994**	**300**	**14,560**	**34,885**
Balance at 1 January 2019	17,247	639	(81)	13,491	31,296
Total comprehensive income for the year	–	–	195	3,100	3,295
Transfers	8	332	–	(340)	–
Buy-back of shares held as treasury shares	(192)	–	–	–	(192)
Dividends and distributions	–	–	–	(602)	(602)
DSP reserve from dividends on unvested shares	–	–	–	8	8
Share-based payments for staff costs	–	15	–	–	15
Shares issued in lieu of ordinary dividends	1,515	–	–	(1,515)	–
Shares issued to non-executive directors	1	–	–	–	1
Treasury shares transferred/sold	179	–	–	–	179
Balance at 31 December 2019	18,758	986	114	14,142	34,000

AUDITED CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2020

S$ million	2020	2019
Cash flows from operating activities		
Profit before income tax	**4,165**	5,800
Adjustments for non-cash items:		
Allowances for loans and other assets	**2,043**	890
Amortisation of intangible assets	**104**	103
Change in hedging transactions, fair value through profit or loss securities and debt issued	**26**	(226)
Depreciation of property and equipment and interest expense on lease liabilities	**424**	402
Net gain on disposal of government, debt and equity securities	**(208)**	(171)
Net gain on disposal of property and equipment	**(44)**	(82)
Net gain on disposal of interests in subsidiaries	**(9)**	(1)
Share-based costs	**76**	69
Share of results of associates, net of tax	**(612)**	(566)
Items relating to life insurance fund		
Surplus before income tax	**687**	854
Surplus transferred from life insurance fund	**(698)**	(779)
Operating profit before change in operating assets and liabilities	**5,954**	6,293
Change in operating assets and liabilities:		
Deposits of non-bank customers	**12,115**	7,420
Deposits and balances of banks	**1,336**	673
Derivative payables and other liabilities	**9,161**	1,066
Trading portfolio liabilities	**247**	(122)
Restricted balances with central banks	**695**	222
Government securities and treasury bills	**(4,039)**	(742)
Fair value through profit or loss securities	**(698)**	(487)
Placements with and loans to banks	**3,048**	3,296
Loans to customers	**(3,101)**	(7,743)
Derivative receivables and other assets	**(9,919)**	(1,402)
Net change in other assets and liabilities of life insurance fund [1/]	**1,660**	5,699
Cash provided by operating activities	**16,459**	14,173
Income tax paid	**(822)**	(754)
Net cash provided by operating activities	**15,637**	13,419
Cash flows from investing activities		
Acquisitions, net of cash acquired	**–**	16
Dividends from associates	**201**	23
Investment in associates	**(418)**	–
Purchases of debt and equity securities	**(14,882)**	(14,878)
Purchases of life insurance fund investment securities [1/]	**(37,978)**	(36,556)
Purchases of property and equipment	**(384)**	(368)
Proceeds from disposal of debt and equity securities	**12,133**	13,316
Proceeds from disposal of interests in a subsidiary	**32**	–
Proceeds from disposal of life insurance fund investment securities [1/]	**36,871**	31,321
Proceeds from disposal of property and equipment	**86**	127
Net cash used in investing activities	**(4,339)**	(6,999)
Cash flows from financing activities		
Changes in non-controlling interests	**4**	(3)
Buy-back of shares held as treasury shares	**(63)**	(192)
Dividends and distributions paid	**(1,501)**	(636)
Net (redemption)/issuance of other debt issued	**(6,961)**	696
Net proceeds from perpetual capital securities issued	**200**	–
Payment of lease liabilities	**(93)**	(81)
Proceeds from subordinated debt issued	**1,365**	–
Proceeds from treasury shares transferred/sold under the Bank's employee share schemes	**16**	88
Redemption of perpetual capital securities issued	**(500)**	–
Redemption of subordinated debt issued	**–**	(1,504)
Net cash used in financing activities	**(7,533)**	(1,632)
Net change in cash and cash equivalents	**3,765**	4,788
Net currency translation adjustments	**253**	(114)
Cash and cash equivalents at 1 January	**18,060**	13,386
Cash and cash equivalents at 31 December	**22,078**	18,060

Note:
1. Comparatives have been reclassified to reflect the cash flows arising from purchase and sale of investment securities.

SHARE CAPITAL AND OPTIONS ON SHARES IN THE BANK

The following table shows movements in the issued ordinary shares of the Bank:

	Financial year ended 31 Dec		Six months ended 31 Dec	
Number of shares	**2020**	**2019**	**2020**	**2019**
Issued ordinary shares				
Balance at beginning of year/period	**4,408,594,395**	4,256,770,207	**4,408,649,907**	4,322,181,049
Shares issued to non-executive directors	**55,512**	54,000	**–**	–
Shares issued pursuant to Scrip Dividend Scheme	**67,499,739**	151,770,188	**67,499,739**	86,413,346
Balance at end of year/period	**4,476,149,646**	4,408,594,395	**4,476,149,646**	4,408,594,395
Treasury shares				
Balance at beginning of year/period	**(7,583,685)**	(6,738,940)	**(3,408,303)**	(8,214,198)
Share buyback	**(6,895,800)**	(17,130,000)	**–**	(5,300,000)
Shares sold/transferred to employees pursuant to OCBC Share Option Scheme	**1,779,178**	3,127,289	**925,117**	970,071
Shares sold/transferred to employees pursuant to OCBC Employee Share Purchase Plan	**11,493**	5,635,288	**1,951**	4,934,961
Shares transferred to DSP Trust pursuant to OCBC Deferred Share Plan	**10,207,579**	7,522,678	**–**	25,481
Balance at end of year/period	**(2,481,235)**	(7,583,685)	**(2,481,235)**	(7,583,685)
Total	**4,473,668,411**	4,401,010,710	**4,473,668,411**	4,401,010,710

From 1 July 2020 to 31 December 2020 (both dates inclusive), the Bank utilised 925,117 treasury shares upon the exercise of options by employees of the Group pursuant to the OCBC Share Option Scheme 2001 ("SOS 2001"). As at 31 December 2020, the number of options outstanding under the OCBC SOS 2001 was 32,913,790 (31 December 2019: 35,153,735).

From 1 July 2020 to 31 December 2020 (both dates inclusive), the Bank utilised 1,951 treasury shares upon the exercise of acquisition rights by employees of the Group pursuant to OCBC Employee Share Purchase Plan ("ESPP"). As at 31 December 2020, the number of acquisition rights outstanding under the OCBC ESPP was 18,090,217 (31 December 2019: 14,324,982).

67,499,739 ordinary shares were issued on 7 October 2020 pursuant to the OCBC Scrip Dividend Scheme in-lieu of cash for the interim one-tier tax exempt dividend of 15.9 cents per ordinary share in the capital of OCBC Bank for the financial year ending 31 December 2020.

No new preference shares were allotted and issued by the Bank in the second half year ended 31 December 2020.

OTHER MATTERS

1. The Bank has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1) of the Listing Manual.

2. Pursuant to Rule 704(13) of the Listing Manual, for the financial year ended 31 December 2020, there was no person occupying managerial position in the Bank or in any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Bank.

3. The Bank has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual pursuant to Rule 720(1) of the Listing Manual.

The auditor's report dated 23 February 2021, as extracted from the financial statements of Oversea-Chinese Banking Corporation Limited and its subsidiaries for the year ended 31 December 2020, which have been prepared in accordance with Singapore Financial Reporting Standards (International), is as follows:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEA-CHINESE BANKING CORPORATION LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Oversea-Chinese Banking Corporation Limited ("the Bank") and its subsidiaries ("the Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Bank are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Bank as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the financial performance and changes in equity of the Bank for the year ended on that date.

What we have audited

The financial statements of the Bank and the Group comprise:

- the income statements of the Group and of the Bank for the year ended 31 December 2020;
- the statements of comprehensive income of the Group and of the Bank for the year then ended;
- the balance sheets of the Group and of the Bank as at 31 December 2020;
- the statement of changes in equity of the Group for the year then ended;
- the statement of changes in equity of the Bank for the year then ended;
- the consolidated cash flow statement of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of loans to customers *(Refer to Notes 2.25, 26, 28 and 30 to the financial statements)* The Group's allowances on non-impaired loans and impaired loans are S$1,890 million and S$1,812 million respectively as at 31 December 2020. These allowances are determined by the Group based on the Expected Credit Losses ("ECL") framework under SFRS(I) 9 Financial Instruments ("SFRS(I) 9"). *ECL on non credit-impaired loans to customers* In respect of ECL on non credit-impaired loans to customers, the Group utilises models which are reliant on internal and external data as well as a number of estimates. We considered this a key audit matter due to the inherent estimation uncertainty in this area which involves significant judgement and assumptions that relate to, amongst others: • determining whether a significant increase in credit risk ("SICR") has occurred; • estimating forward-looking macroeconomic scenarios; and • identifying and determining post model adjustments to the ECL models. Further, the rapidly developing COVID-19 pandemic has increased the uncertainty of these estimates and degree of judgement required to be exercised in calculating ECL.	*ECL on non credit-impaired loans to customers* We assessed the design and evaluated the operating effectiveness of controls over the ECL on non credit-impaired loans to customers. These controls include: • review and approval of forward-looking information used in the ECL models; • reliability and accuracy of critical data elements used in the ECL models; • review and approval of ECL results, including management overlays applied; • independent validation of ECL models and review of model validation results by management; and • general IT controls over the ECL system as well as IT application controls over the completeness and accuracy of data flows from source systems to the ECL systems. We determined that we could rely on these controls for the purposes of our audit. For a sample of the Group's ECL models, we examined the model methodologies and assessed the reasonableness of key judgements and assumptions made by management in the model and parameters used. We also reviewed the results of independent model validation conducted by the Group's model validation function as part of our assessment of the ECL models. We also assessed the reasonableness of criteria used to determine a "significant increase in credit risk" and accuracy and timeliness of allocation of exposures into Stage 1 and Stage 2 based on quantitative and qualitative criteria. Through the course of our work, we challenged the rationale and calculation basis of post model adjustments. Overall, we assessed the methodologies and assumptions made by the Group to estimate ECL on non credit-impaired loans to customers to be reasonable.

Report on the Audit of the Financial Statements (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>
ECL on credit-impaired loans to customers
As at 31 December 2020, 81% (S$1,471 million) of the Group's ECL on credit-impaired loans to customers relates to the Global Wholesale Banking ("GWB") loan portfolio.

We focused on this area because of the highly subjective judgements and assumptions applied by management in determining the necessity for, and estimating the size of, ECL allowances against credit-impaired loans to customers. Significant judgements were also required for the credit grading of borrowers in accordance with MAS Notice 612.

For GWB's credit-impaired loan portfolio, significant management judgement and estimation include:

identifying credit-impaired exposures;
estimating the future profitability of the borrowers and recoverable cash flows; and
determining collateral values and timing of realisation.

Current significant events (e.g. economic and geopolitical developments, oil price volatility and the COVID-19 pandemic) added complexity to the estimation of ECL allowances. The outcome and corresponding impact of these events are uncertain.
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ECL on credit-impaired loans to customers
We assessed the design effectiveness and tested the operating effectiveness of key controls over credit grading, credit monitoring and management's determination of ECL allowances for loans to customers. These controls include:

oversight and review of credit risk by the Credit Risk Management Committee;
credit portfolio review and monitoring;
collateral monitoring and valuation;
monitoring of loan covenants and breaches; and
classification of loans to customers in accordance with MAS Notice 612.

We determined that we could rely on these controls for the purposes of our audit.

We selected a sample of credit exposures in the GWB loan portfolio and performed credit file reviews to assess the appropriateness of credit grading in accordance with the requirements of MAS Notice 612. In that process, we have also considered management's assessment on the impact of current significant events in the identification of credit-impaired exposures.

Where there was objective evidence of impairment, we assessed whether ECL allowances were recognised on a timely basis and evaluated the size of such impairment. Our work includes:

considering the background facts and the latest circumstances in relation to the borrower;
examining and challenging management's assumptions applied on expected future cash flows of the borrower, including amounts and timing of recoveries;
comparing the realisable value of collateral against externally derived evidence including independent valuation reports, where available; and
testing the calculation of impairment.

For a sample of non credit-impaired loans to customers, we challenged management's assumptions on whether their classification was appropriate, based on our understanding of the customers, business environment and other external evidence where available.

Based on the procedures performed, we have assessed that the ECL allowances for credit-impaired loans to customers were within an acceptable range of estimates.
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Report on the Audit of the Financial Statements (continued)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
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Valuation of financial instruments measured at fair value - Levels 2 and 3
(Refer to Notes 2.25 and 40.3 to the financial statements)

As at 31 December 2020, the Group had financial assets of S$60 billion and financial liabilities of S$17 billion measured at fair value which were classified as Level 2. These represent 34% of the financial assets and 97% of the financial liabilities measured at fair value respectively.

We considered valuation of Level 2 financial instruments to be a key audit matter due to their financial significance to the Group as well as the judgement required in relation to the application of the appropriate models, assumptions and inputs.

The Group also had financial assets of S$3 billion and financial liabilities of S$69 million measured at fair value which were classified as Level 3. These represent 2% of the financial assets and 0.4% of the financial liabilities measured at fair value respectively.

We focused on the valuation of Level 3 financial assets and financial liabilities, as management makes significant judgements and assumptions (using valuation models) when valuing these financial instruments, as they are complex or illiquid and the external evidence supporting the Group's valuations are limited due to the lack of a liquid market.

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We assessed the design and tested the operating effectiveness of the controls over the Group's financial instruments valuation processes, including the controls over:

- management's testing and approval of valuation models;
- the completeness and accuracy of the data feeds and other inputs into valuation models;
- follow-up on collateral disputes, which takes into account counterparty valuations, to identify possible indicators of inappropriate valuations by the Group; and
- governance mechanisms and monitoring over the valuation processes by the Market Risk Management Committee, including over valuation adjustments.

We determined that we could rely on the controls for the purposes of our audit.

Together with our valuation specialists, we compared the Group's valuation of Level 2 financial instruments to our own estimates on a sampling basis. This involved sourcing inputs from market data providers or external sources and using our own valuation models, and investigating the root cause for material variances at the instrument level.

For a sample of Level 3 financial instruments, with the assistance of our valuation specialists, we assessed the reasonableness of the methodologies used and the assumptions made.

For all financial instruments at Levels 2 and 3, we also performed:

- procedures on collateral disputes, which takes into account counterparty valuations, to identify possible indicators of inappropriate valuations by the Group; and
- assessed the adequacy of the Group's financial statements disclosures in the context of the relevant accounting standards.

Overall, the valuation of Levels 2 and 3 financial instruments measured at fair value was within a reasonable range of outcomes.

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Report on the Audit of the Financial Statements (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill *(Refer to Notes 2.25 and 36 to the financial statements)* The Group has a significant amount of goodwill arising from its business acquisitions. As at 31 December 2020, the carrying amount of goodwill on the Group's balance sheet amounted to S$4,431 million. In performing the impairment assessment of the carrying amount of goodwill, significant judgement is made by management in estimating the recoverable amounts of the cash generating units ("CGUs"). For the Banking CGUs, this involves the estimation of discounted cash flows, where the significant assumptions used in the assessment include: • forecasts of future cash flows; • inputs to determine the appropriate discount rates; and • perpetual growth rates. For the Insurance CGU, the Group applies the appraisal value technique, which comprises the embedded value of in-force business and the estimated value of projected distributable profits from new businesses. The key assumptions used in this assessment include: • risk-adjusted discount rates; and • investment returns based on long term strategic asset mix and expected future returns. Given the level of complexity and extent of judgement involved, further compounded by the effects of the COVID-19 pandemic, we considered this to be a key audit matter.	We assessed the appropriateness of management's identification of the Group's CGUs and methodology used in the estimation of recoverable amounts. We also evaluated the key assumptions used by management in estimating the recoverable amounts of the CGUs. *Banking CGUs* Together with our valuation specialists, the procedures we performed include: • evaluating management's cash flow projections by comparing previous forecasts to actual results; • evaluating the methodology and external data sources used in deriving the discount rates and growth rates; • assessing the growth rate assumptions against the Group's historical performance and available external industry and economic indicators; and • performing sensitivity analysis over the key assumptions. *Insurance CGU* We involved our actuarial specialists to evaluate the appropriateness of the methodologies in calculating the appraisal value. Sensitivity analysis was applied to the key assumptions including discount rates and investment returns to determine whether any possible change in these assumptions would result in an impairment. We found the assumptions and estimates made by management to be reasonable based on our audit procedures performed. We concur with management's assessment that there is no impairment of the Group's goodwill as at 31 December 2020.

Report on the Audit of the Financial Statements (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of insurance contract liabilities *(Refer to Notes 2.25, 22 and 38.4 to the financial statements)* The Group's insurance operations are conducted through Great Eastern Holdings Limited and its subsidiaries ("GEH"). Management's valuation of life insurance contract liabilities uses complex actuarial methods and models. The valuation process involves significant judgement about the assumptions of uncertain future events, including: mortality, morbidity, expense, lapse, surrender and interest rates. In addition to historical experience, management judgement is involved in the application of these assumptions. Changes in these assumptions used could result in a material impact to the valuation of the life insurance contract liabilities and the related movements in the consolidated profit or loss statement of the Group.	We performed the following audit procedures to address this matter: • We understood the actuarial valuation process, including model changes and assumptions setting; • We tested the design and operating effectiveness of controls over the accuracy and completeness of the data used; • We understood the valuation methodologies used, identified changes in methodologies from previous valuation and assessed the reasonableness and impact for material changes identified. We carried out these procedures by applying our industry knowledge and experience and assessed whether the methodologies and changes to those methodologies are consistent with recognised actuarial practices and expectations derived from market experience; • We performed an independent review of model points on a sample basis to assess that the methodologies and assumptions have been applied appropriately; • We assessed the reasonableness of the key assumptions used by management including: mortality, morbidity, expense, lapse, surrender and interest rates, by comparing against GEH's historical experiences and market observable data, where applicable; and • We reviewed the reasonableness of the movement analysis of the insurance contract liabilities prepared by management. The movement analysis provides a reconciliation of the balance as at 31 December 2019 to 31 December 2020, showing the key drivers of the changes during the year. Based on the work performed and the evidence obtained, we found the methodologies and assumptions used by management to be reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEA-CHINESE BANKING CORPORATION LIMITED (continued)

Report on the Audit of the Financial Statements (continued)

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEA-CHINESE BANKING CORPORATION LIMITED (continued)

Report on the Audit of the Financial Statements (continued)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEA-CHINESE BANKING CORPORATION LIMITED (continued)

Report on the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Bank and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lian Wee Cheow.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 23 February 2021