

# Group Chief Executive Officer Update

7 August 2020



OCBC Financial Results



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# 1H20 Overview

## Build balance sheet strength to buffer uncertainty and slow recovery

- ❑ Much uncertainty persists on both the economic front and human cost arising from the pandemic. Rising geo-political tensions further clouds outlook
- ❑ Protected customer franchise for long-term value creation. Continued to help customers and the community navigate COVID-19 together
- ❑ Defensively shored up balance sheet – capital preservation, liquidity and funding – to weather current crisis and position well when sentiments and confidence regain
  - Maintain strong capital position, CET1 ratio currently at 14.2%. Capital optimisation to continue; anticipate to transition OCBC Wing Hang Bank to IRB approach by end 2020
  - Raised ECL allowance coverage to more than 100% of NPA
  - Substantially increased MEV adjustments and ECL management overlays on a forward-looking basis to prepare for challenging near-term outlook – gradual withdrawal of government relief programmes, continued virus outbreak around the world, prolonged restriction on cross border movements and geo-political tensions affecting investment confidence

# FY20 Expectations

## Some early signs of rise in business activities, but neither strong nor systemic

- ❑ Risk appetite in real economy low. Mindful of second and new waves of infections. Too early to accurately predict timing and path to recovery
- ❑ Disciplined cost management. Target further quarterly reduction in expenses, capping discretionary spending, adjusting variable compensation, rationalising real estate costs and realising efficiency savings from technology investments
- ❑ Guidance for full year net interest margin in the mid-to-high 1.5% range and flat loan growth remain
- ❑ Maintaining credit cost estimate of 100 bps – 130 bps over two years 2020 – 2021. Gross NPL ratio at 2.5% – 3.5% incorporating impact from withdrawal of government sponsored relief programs
- ❑ While the current dividend payment has been capped per MAS guidance, committed to continue with our policy to pay progressive dividends that are sustainable and in line with OCBC's long-term growth

# Looking beyond COVID-19

Well-positioned with diverse and highly interconnected franchise to drive future growth

Position for megatrends shaping future growth:

- ❑ Rebalancing of economies and reinventing business models – Support customer activities in consolidations, privatisations, overseas diversification and restructuring
- ❑ Shifts in global supply chains – Drive new opportunities in supply chain transformation and logistics, on-shore and near-shore manufacturing. Broaden China Business Office coverage in Southeast Asia
- ❑ Wealth accumulation in Asia – Grow wealth management in scale and scope, including capitalising on the new *Wealth Management Connect* initiative in Greater Bay Area
- ❑ Sustainability – Increase Sustainability and Renewables Financing portfolio to S\$25b by 2025
- ❑ Digitalisation – Reinforce digitalisation to continuously enhance customer experience and deliver cost efficiency. Over 100,000 first-time digital sign-up customers in 1H20 alone

# Moving towards a phased re-opening

Delivering highly responsive and accessible services as we transition forward

## Employees

- ❑ Gradual resumption to office-based work to better serve customers as economies reopen; strict workplace safety guidelines
- ❑ Remote working arrangements in place
- ❑ Reaffirm no retrenchments in the midst of COVID-19
- ❑ Provide 3,000 new job opportunities in Singapore

## Customers

- ❑ S\$27b moratorium relief (primarily secured) across the region
- ❑ Support customers' transition to exit from relief programmes
- ❑ More than 90% of branches in Singapore reopened; resumed in-person meetings with customers

## Community

- ❑ Assist needy communities across our network with financial aid and care packages
- ❑ Leveraging technology to conduct virtual volunteering activities with charity partners

# Rapid pace of digital adoption

More than 100,000 first-time users of Singapore digital channels in 1H20 alone

## SMEs

SME accounts  
opened digitally

**1.8X**

Numbers of accounts  
1H20 vs. 1H19  
(91% of accounts opened digitally)

PayNow Corporates

**8.7X**

Transactions  
1H20 vs. 1H19  
(2.4X increase 2Q20 vs 1Q20)

Digital vs Manual  
transactions

**1.9X**

Transactions  
in 1H20  
(Cheques reduced 36%  
1H20 vs 1H19)

SME loans  
applied digitally

**42%**

Transactions  
1H20  
(up from 20% in 2H19)

## Consumer

Consumer accounts  
opened digitally

**2X**

Numbers of accounts  
1H20 vs. 1H19  
(41% of accounts opened digitally)

PayNow Consumer

**2.6X**

Transactions  
1H20 vs. 1H19  
(94% of payments done digitally)

Digital Wealth\*

**2.3X**

Transactions  
1H20 vs. 1H19  
(38% of all CFS simple products  
sales done digitally as of 1H20^)

Instant Digital Secured  
Loans

**S\$1b**

Total loan amount  
YTD Jul20  
(Home, Auto, Reno loans)



\* Digital wealth includes Unit Trust, RoboInvest and BCIP.

^ Simple products include CASA, Credit Card, Unit Trust, Secured Loans (Home loan and Reno loan).

# Accelerating digital transformation

Innovative and seamless solutions to help individuals achieve their financial goals



## SINGPASS MOBILE LOGIN

1<sup>st</sup> bank in SG to enable use of SingPass to securely access digital banking services



## INSTANT SECURED LOANS

1<sup>st</sup> to integrate with MyInfo, with online acceptance for car and home loans



## INSTANT CHEQUE ENCASHMENT

1<sup>st</sup> bank in Southeast Asia to allow instant encashment of cheques



## OCBC x GOOGLE PAY

1<sup>st</sup> to partner and integrate with Google Pay to enable peer-to-peer payments

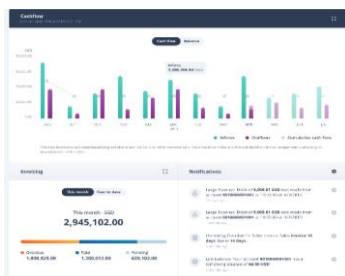


## HEALTHPASS BY OCBC

1<sup>st</sup> SG bank to bring together a health & wellness ecosystem to consumers

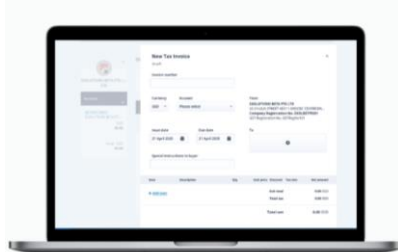
# Accelerating digital transformation (cont'd)

Leading the way with innovative first-to-market solutions for businesses



## BUSINESS FINANCIAL MANAGEMENT

1<sup>st</sup> to offer SMEs a view of historical cash flows and expense categories



## E-INVOICING

1<sup>st</sup> to enable SMEs to send sales invoices electronically and collecting digitally through QR & UEN



## SINGPASS MOBILE LOGIN FOR SMEs



## SINGLE WINDOW IN CHINA

1<sup>st</sup> foreign bank in China to offer customers the ability to connect to single window to initiate cross border payments of imported goods across all ports in China.



## ELECTRONIC BANKERS' GUARANTEE

1<sup>st</sup> to deliver seamless electronic application and delivery of banker's guarantee to Customs





**Thank You**

