

First Half 2020 Results Presentation

7 August 2020



OCBC Financial Results



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Agenda

Financial Highlights

Group Performance Trends

**Appendices:
Major Subsidiaries' Results**



Note: - Certain comparative figures have been restated to conform with the current period's presentation.
- Amounts less than S\$0.5m are shown as "0";
- "nm" denotes not meaningful;
- "na" denotes not applicable;
- Figures may not sum to stated totals because of rounding.

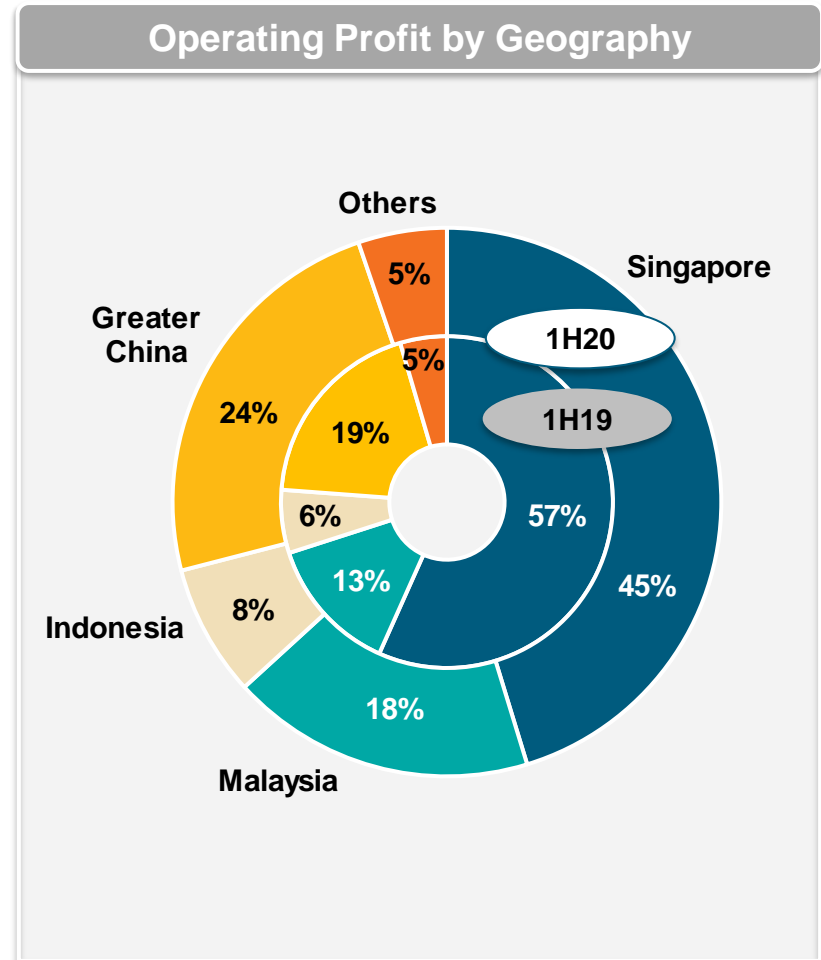
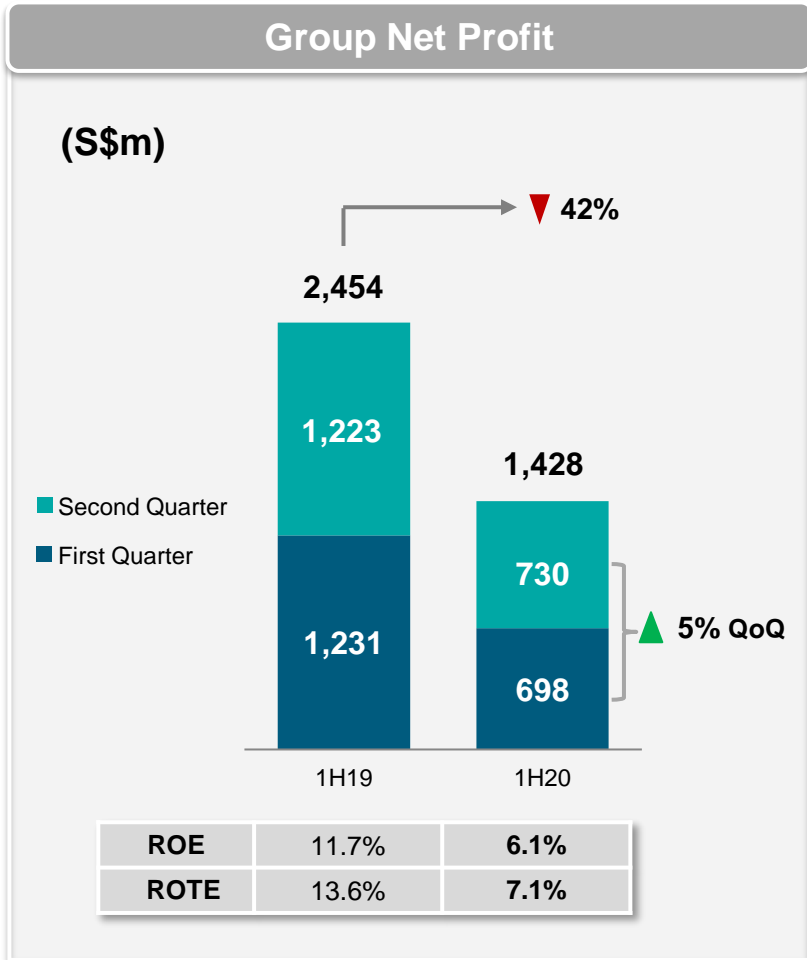
First Half 2020 Performance

Focused on strengthening balance sheet against the challenging market environment

- ❑ Banking franchise operating profit before allowances up slightly YoY
 - Net interest income lower as margin compression offset asset growth
 - Non-interest income up, led by higher trading income and investment gains
- ❑ Insurance profit lower YoY from weak investment market
 - Increase in operating profit from underlying business offset by unrealised mark-to-market losses
 - TWNS up YoY but NBEV down due to lower NBEV margin from product mix
- ❑ Expenses flat YoY from continued cost discipline
- ❑ Allowances up substantially to buffer portfolio amid economic uncertainty
- ❑ NPA coverage ratios raised to 101% against total NPAs and 284% on an unsecured basis
- ❑ Loans up YoY but down QoQ; CASA deposits at a new high with CASA ratio of 57%
- ❑ Sound capital, funding and liquidity position
- ❑ Interim dividend at 15.9 cents per share; payout ratio of 49%

1H20 Financial Highlights

Group net profit at S\$1.43b

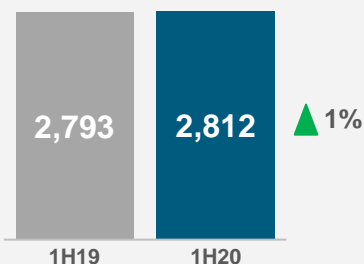


1H20 Financial Highlights

Well-diversified business franchise driving long-term growth

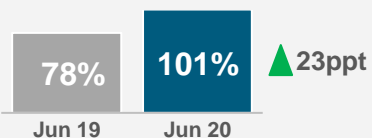
Banking

Operating Profit before Allowances (S\$m)

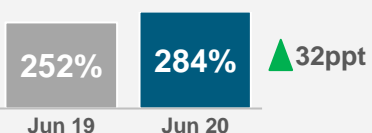


Coverage Ratios

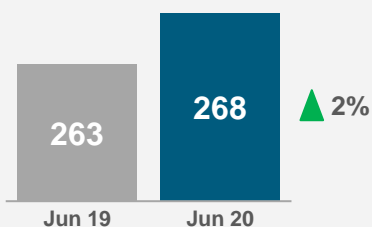
Total NPAs



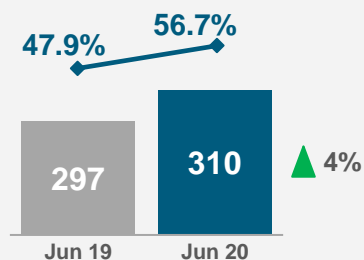
Unsecured NPAs



Customer Loans (S\$b)

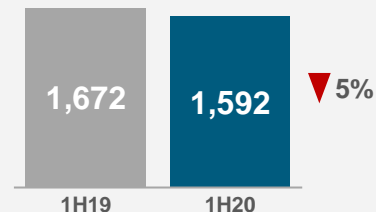


Customer Deposits (S\$b) and CASA ratio

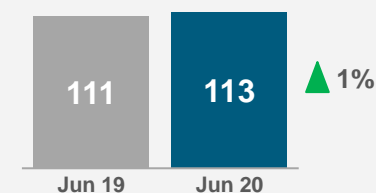


Wealth Management

Group Wealth Management Income (S\$m)

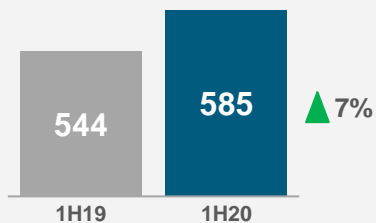


Bank of Singapore's AUM (US\$b)

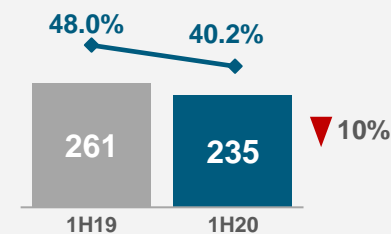


Insurance

Total Weighted New Sales (S\$m)



New Business Embedded Value (S\$m) and Margin



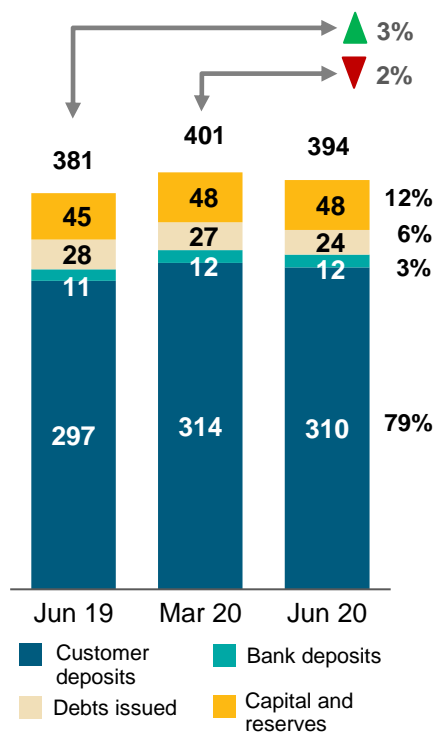
Strong Balance Sheet Fundamentals

Well-placed to weather the crisis with strong funding, liquidity and capital position

Funding

- Nearly 80% from customer deposits
- NSFR at 119%

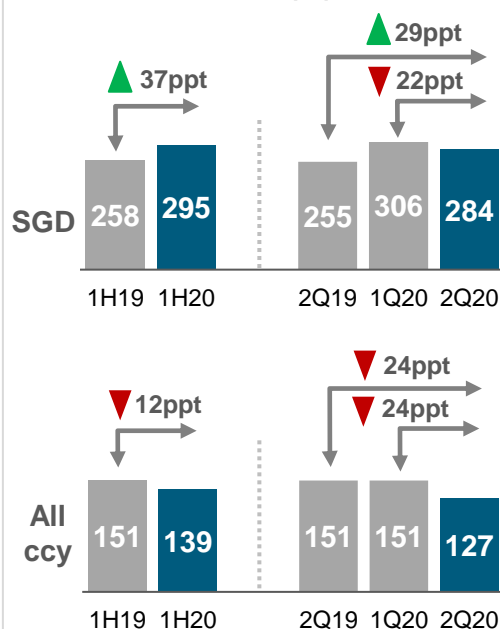
Composition (S\$b)



Liquidity

- Sound liquidity position
- LCR well above minimum required

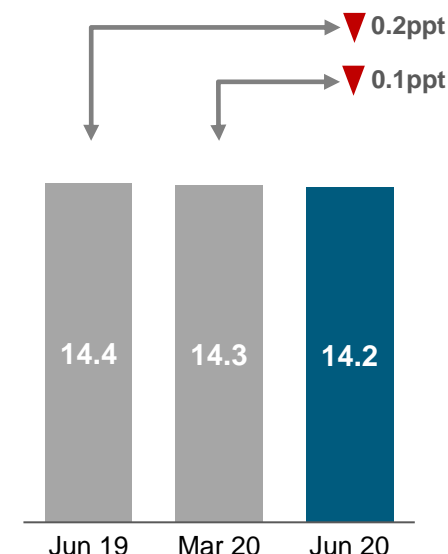
LCR (%)



Capital

- Strong capital base
- Leverage ratio at 7.4%

CET 1 CAR (%)



1H20 Group Performance

Net profit lower YoY largely driven by increased allowances

OCBC Group	1H20 S\$m	1H19 S\$m	YoY +/(-)%
Net interest income	3,109	3,122	–
Non-interest income	2,006	2,172	(8)
Total income	5,115	5,294	(3)
Operating expenses	(2,216)	(2,246)	(1)
Operating profit	2,899	3,048	(5)
Associates	328	316	4
Operating profit before allowances	3,227	3,364	(4)
Allowances for impaired assets	(793)	(325)	145
Allowances for non-impaired assets	(614)	(35)	nm
Amortisation, tax and NCI	(392)	(550)	(29)
Net profit	1,428	2,454	(42)

1H20 Banking Operations Performance

Operating profit before allowances up 1% YoY to S\$2.81b, allowances increased to S\$1.40b

Banking Operations	1H20 S\$m	1H19 S\$m	YoY +/(-)%
Net interest income	3,051	3,070	(1)
Non-interest income	1,513	1,487	2
Total income	4,564	4,557	–
Operating expenses	(2,088)	(2,090)	–
Operating profit	2,476	2,467	–
Associates	336	326	3
Operating profit before allowances	2,812	2,793	1
Allowances for impaired assets	(794)	(324)	145
Allowances for non-impaired assets	(610)	(35)	nm
Amortisation, tax and NCI	(248)	(405)	(39)
Net profit from banking operations	1,160	2,028	(43)
GEH net profit contribution	268	426	(37)
OCBC Group net profit	1,428	2,454	(42)

2Q20 Group Performance

Net profit up 5% QoQ driven by increased operating profit

OCBC Group	2Q20 S\$m	1Q20 S\$m	QoQ +/(-)%
Net interest income	1,483	1,626	(9)
Non-interest income	1,142	864	32
Total income	2,625	2,490	5
Operating expenses	(1,107)	(1,109)	–
Operating profit	1,518	1,381	10
Associates	163	165	(2)
Operating profit before allowances	1,681	1,546	9
Allowances for impaired assets	(518)	(275)	88
Allowances for non-impaired assets	(232)	(382)	(39)
Amortisation, tax and NCI	(201)	(191)	5
Net profit	730	698	5

2Q20 Banking Operations Performance

2Q20 net profit from Banking Operations was S\$480m

Banking Operations	2Q20 S\$m	1Q20 S\$m	QoQ +/(-)%
Net interest income	1,456	1,595	(9)
Non-interest income	735	778	(5)
Total income	2,191	2,373	(8)
Operating expenses	(1,026)	(1,061)	(3)
Operating profit	1,165	1,312	(11)
Associates	171	165	3
Operating profit before allowances	1,335	1,477	(10)
Allowances for impaired assets	(518)	(276)	88
Allowances for non-impaired assets	(228)	(382)	(40)
Amortisation, tax and NCI	(109)	(139)	(22)
Net profit from banking operations	480	680	(29)
GEH net profit contribution	250	18	nm
OCBC Group net profit	730	698	5

Agenda

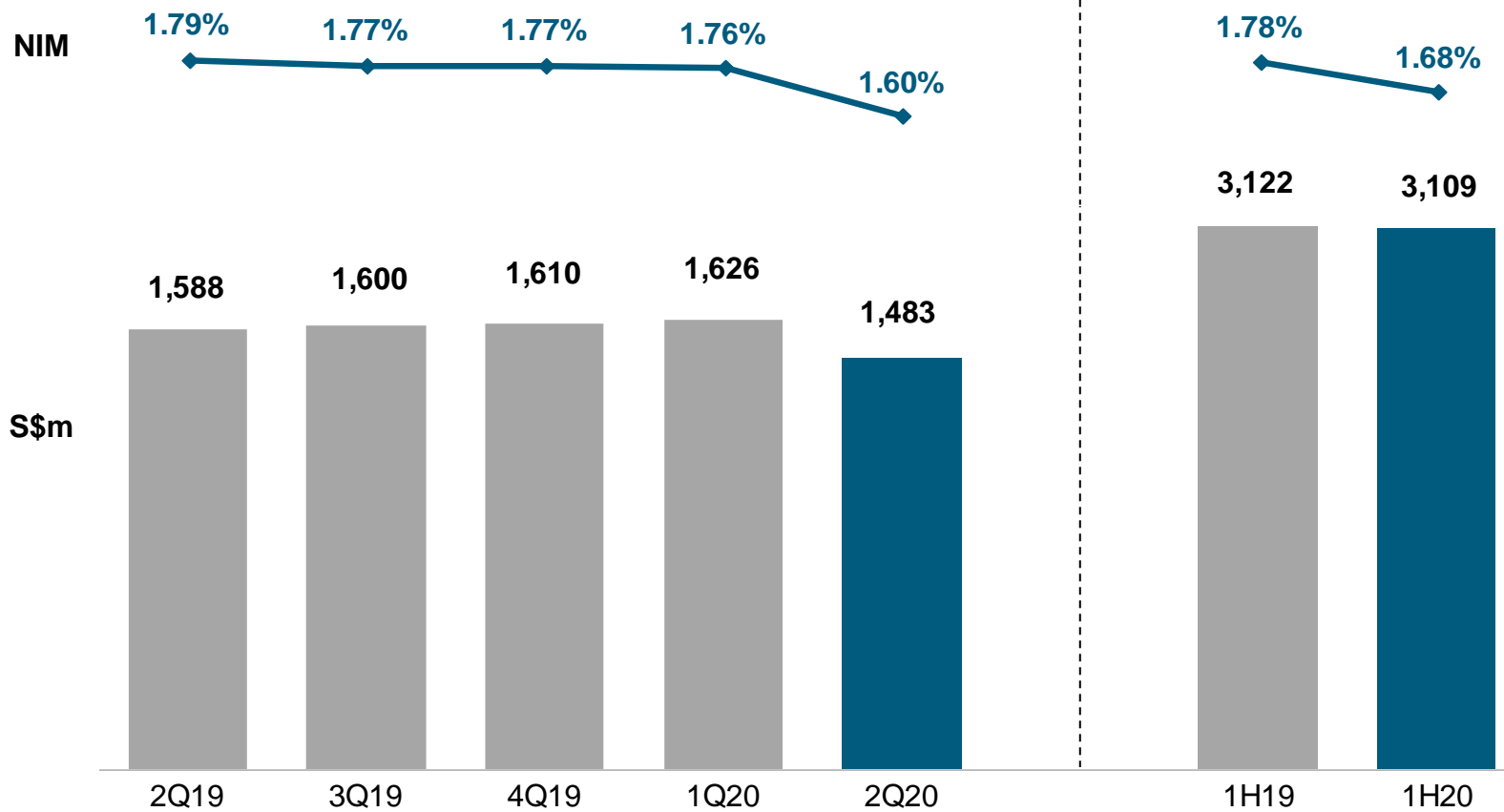
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Net interest income

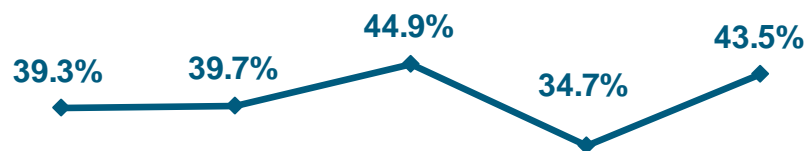
1H20 NII lower YoY; decline in NIM reflective of low interest rate environment



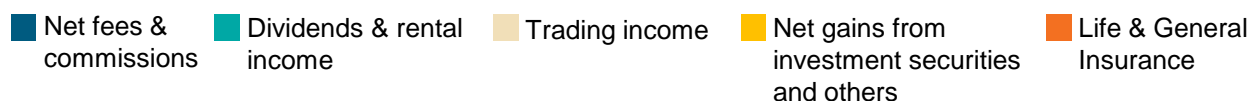
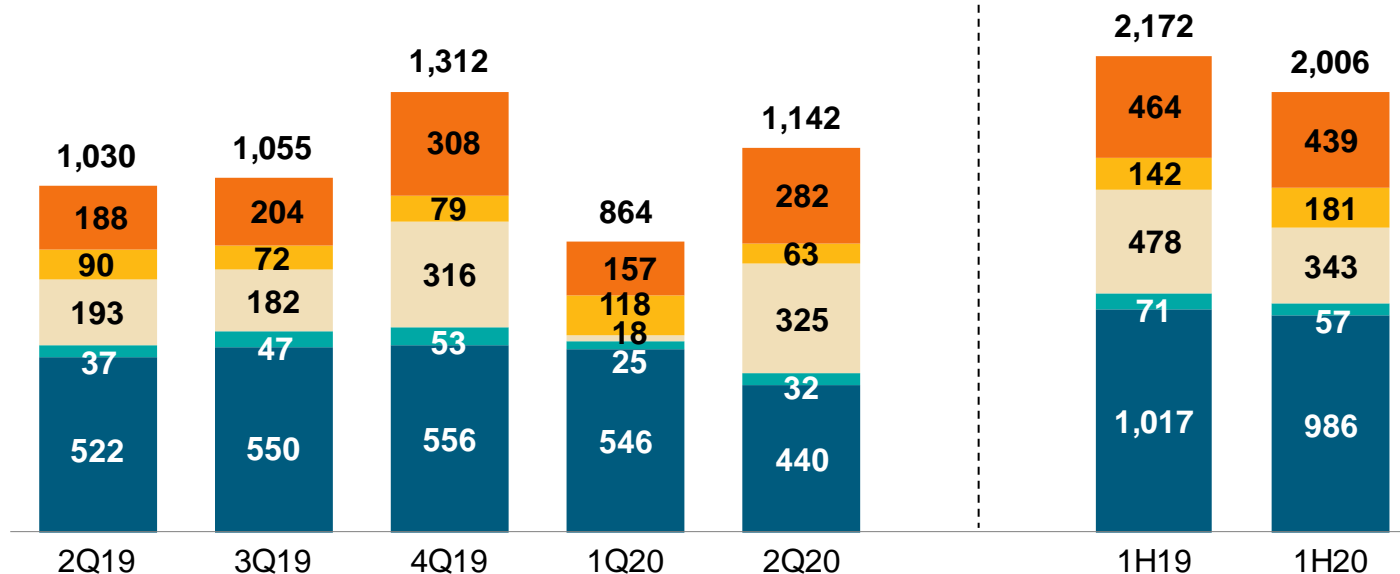
Non-interest income

1H20 non-interest income lower YoY; 2Q20 up QoQ

As % of Group income

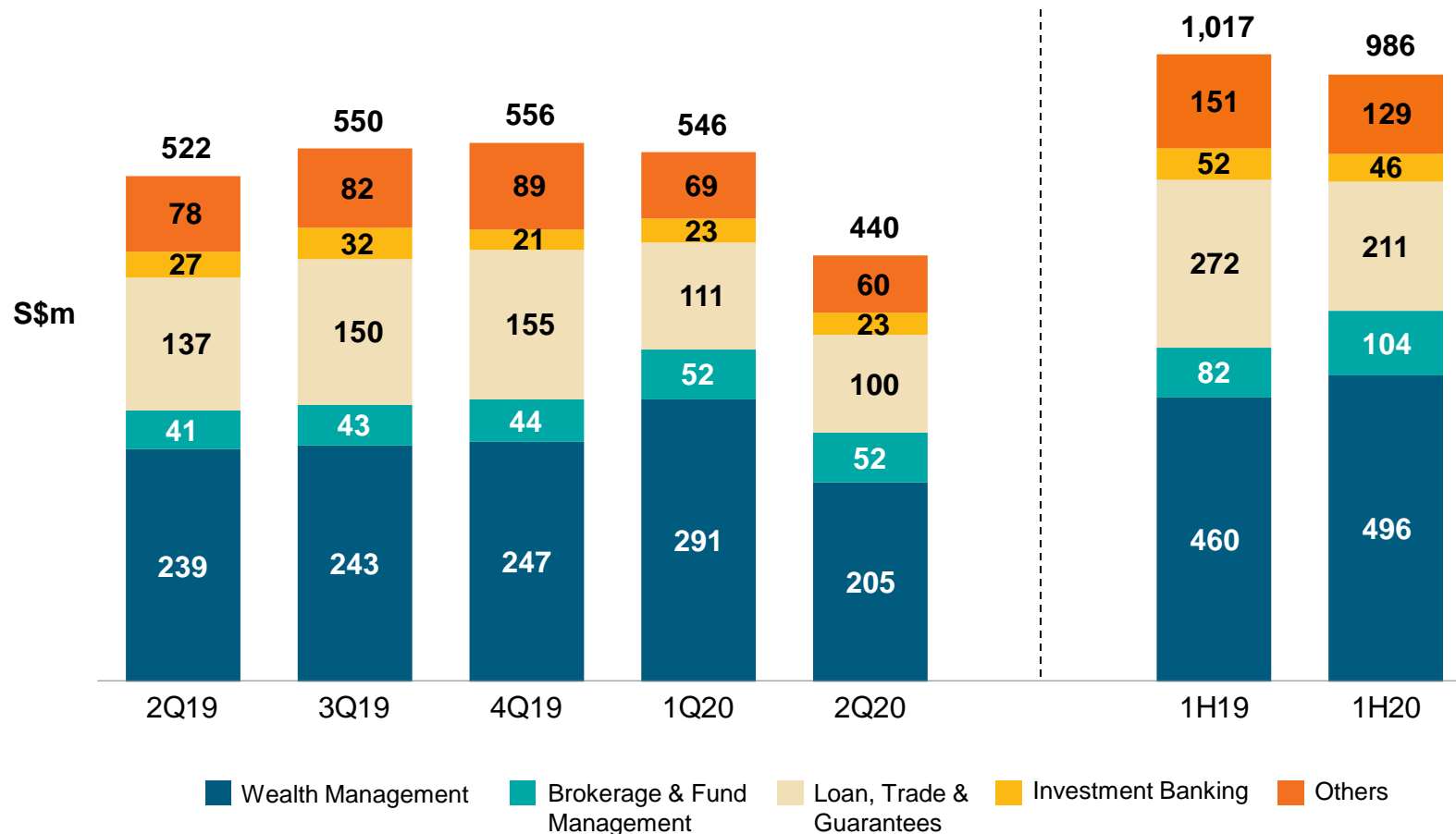


S\$m



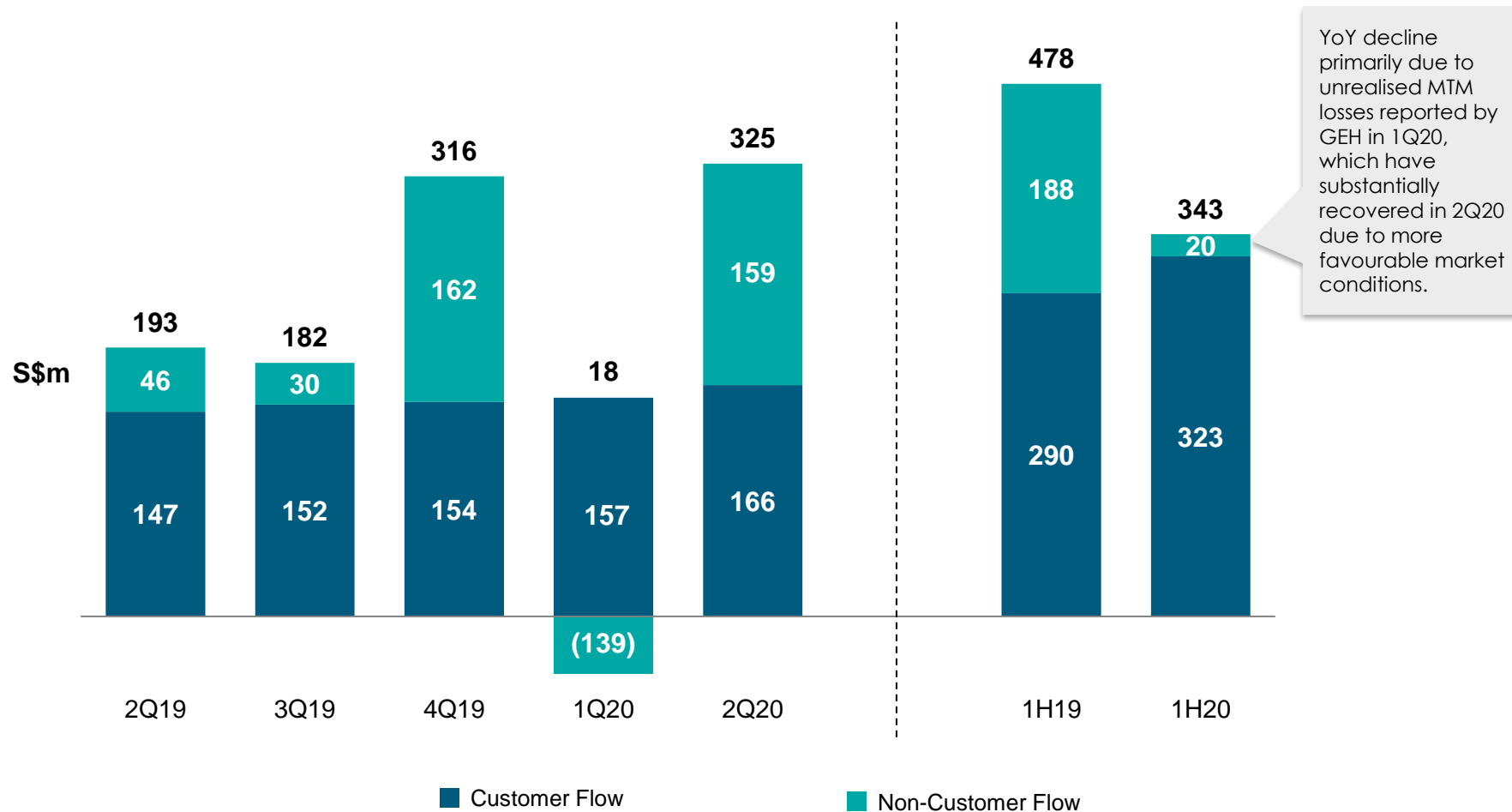
Net Fees & Commissions

1H20 fee income lower YoY mainly from reduced customer activity in the second quarter



Trading income

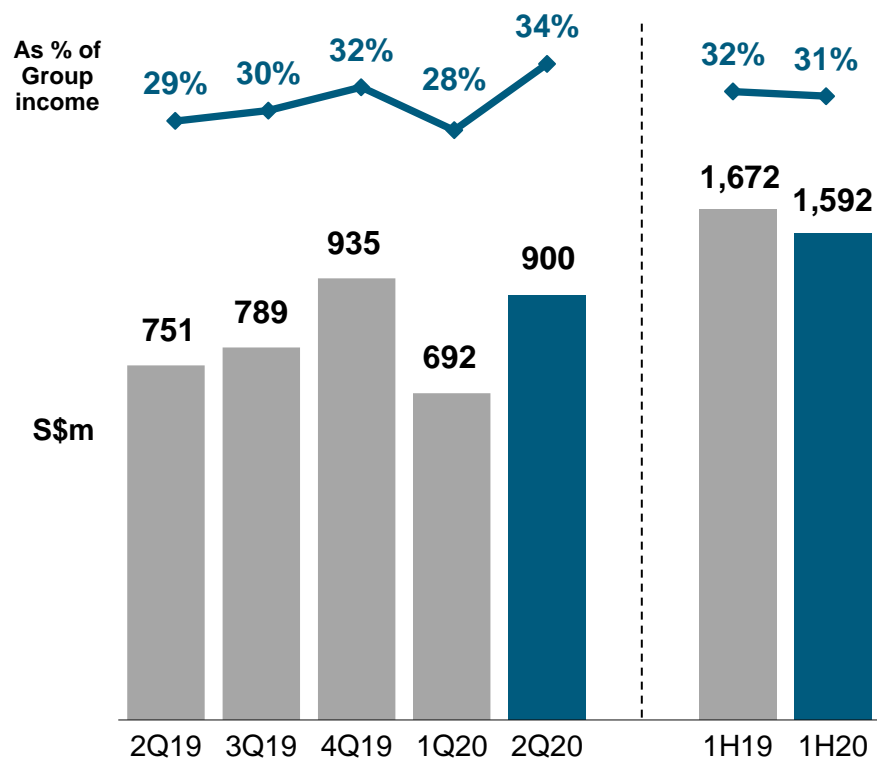
Strong customer flow income in 1H20 offset by mark-to-market losses at GEH



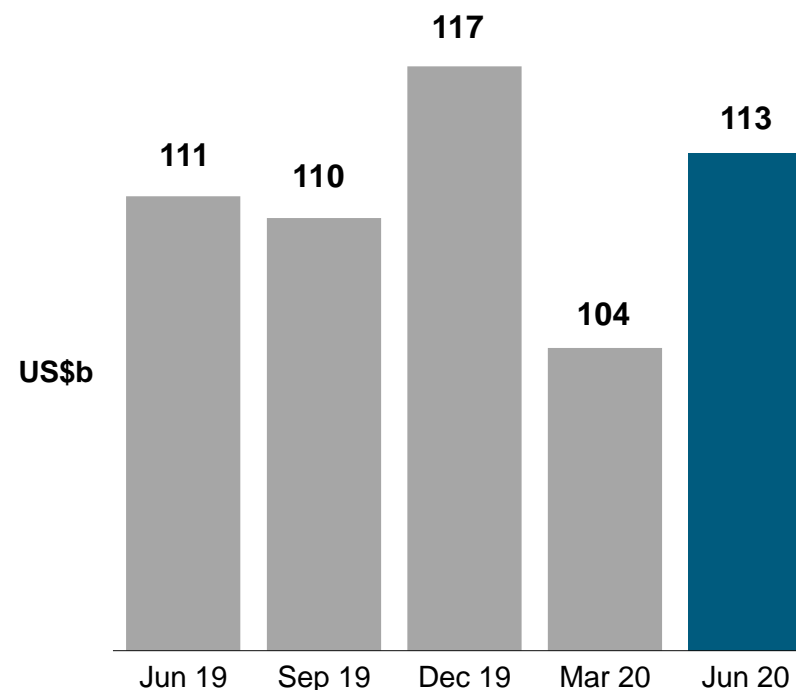
Wealth Management Franchise

2Q20 WM income grew 30% QoQ and 20% YoY; BOS' AUM rose 8% QoQ to US\$113b

Total Wealth Management Income

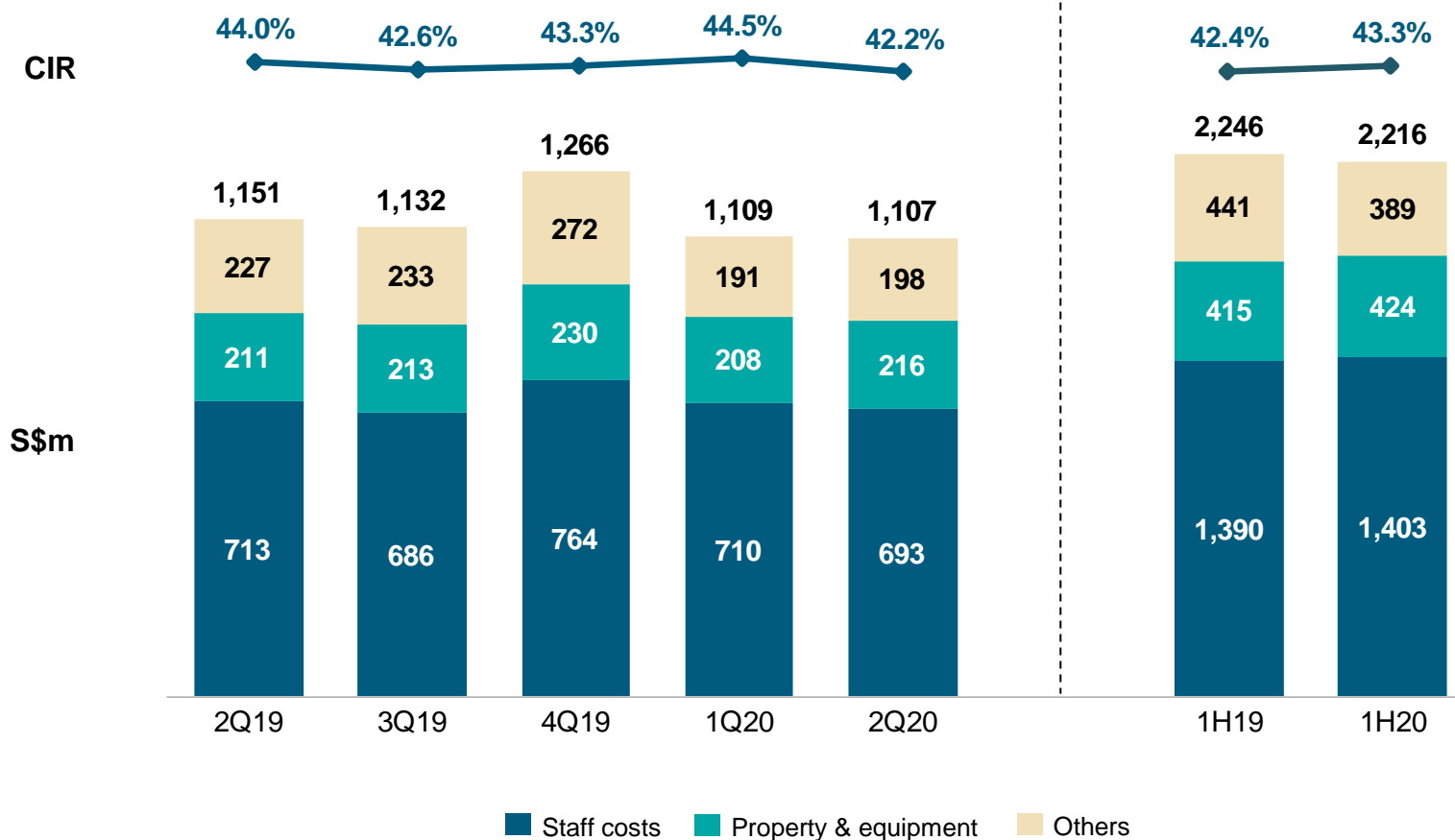


Bank of Singapore's Assets Under Management



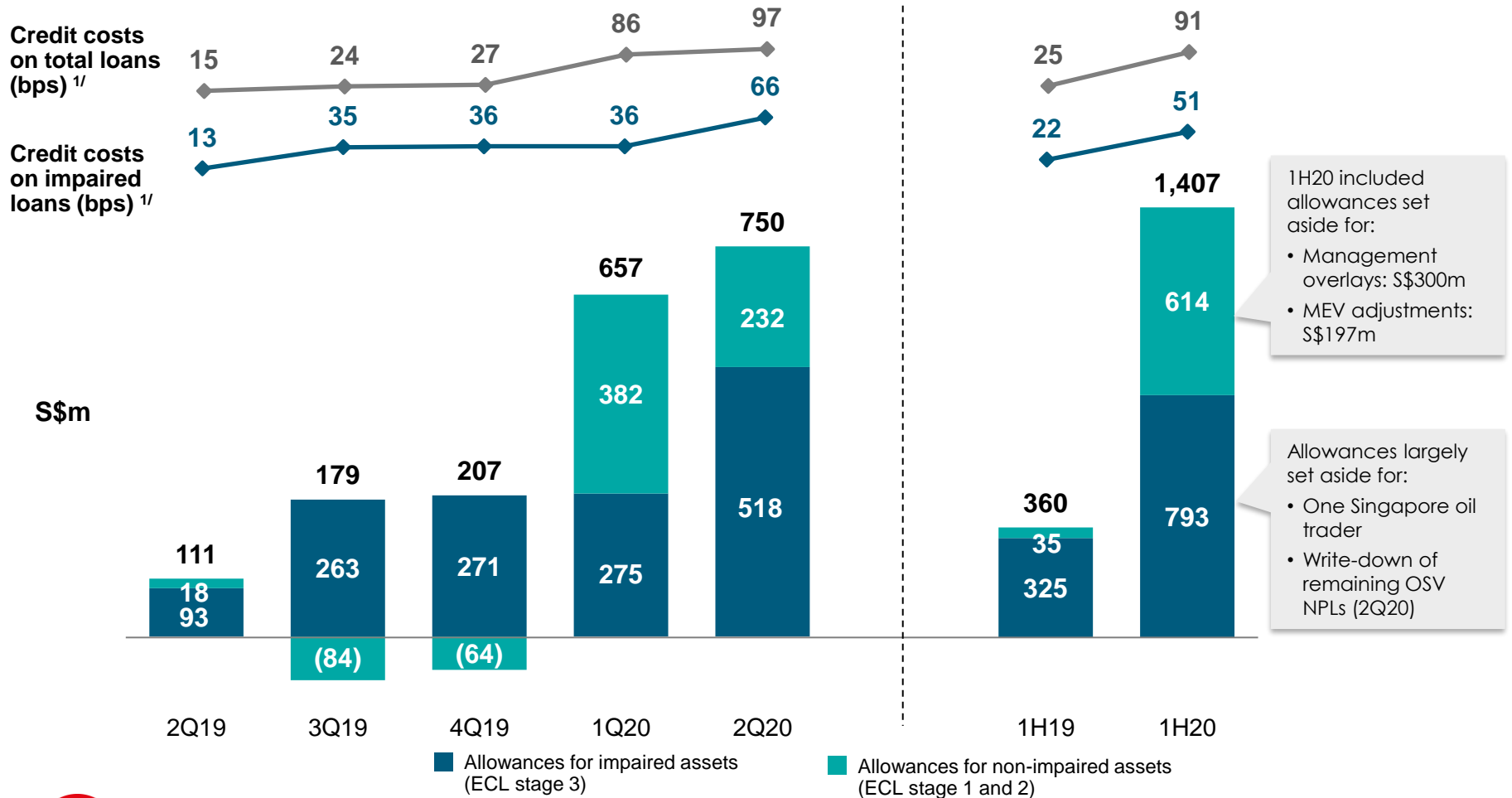
Operating expenses

1H20 and 2Q20 operating expenses lower from continued cost discipline



Allowances

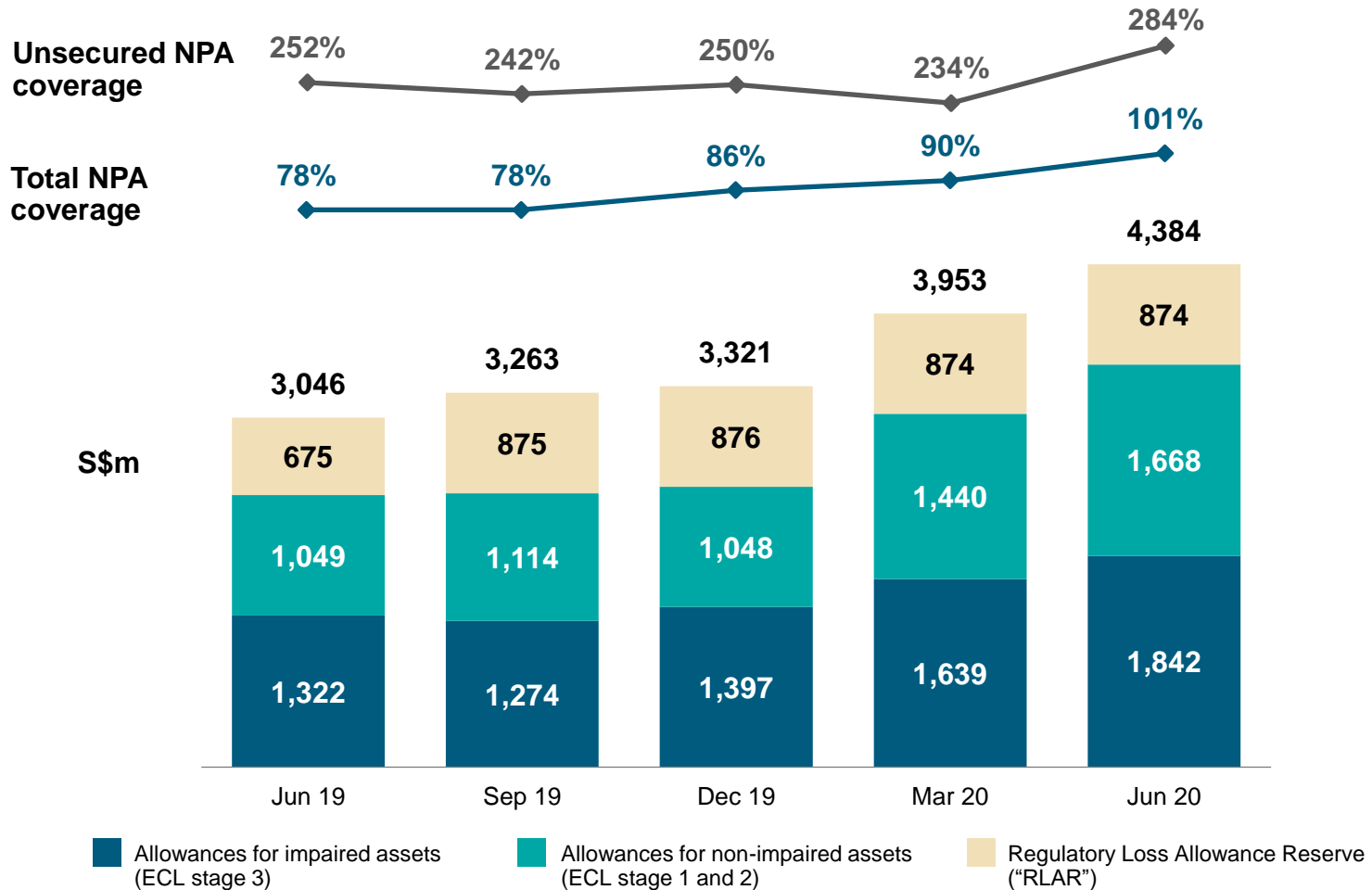
Continued to shore up ECL stage 1 and 2 allowances



^{1/} Total credit costs refer to allowances for loans as a percentage of average loans, on annualised basis.

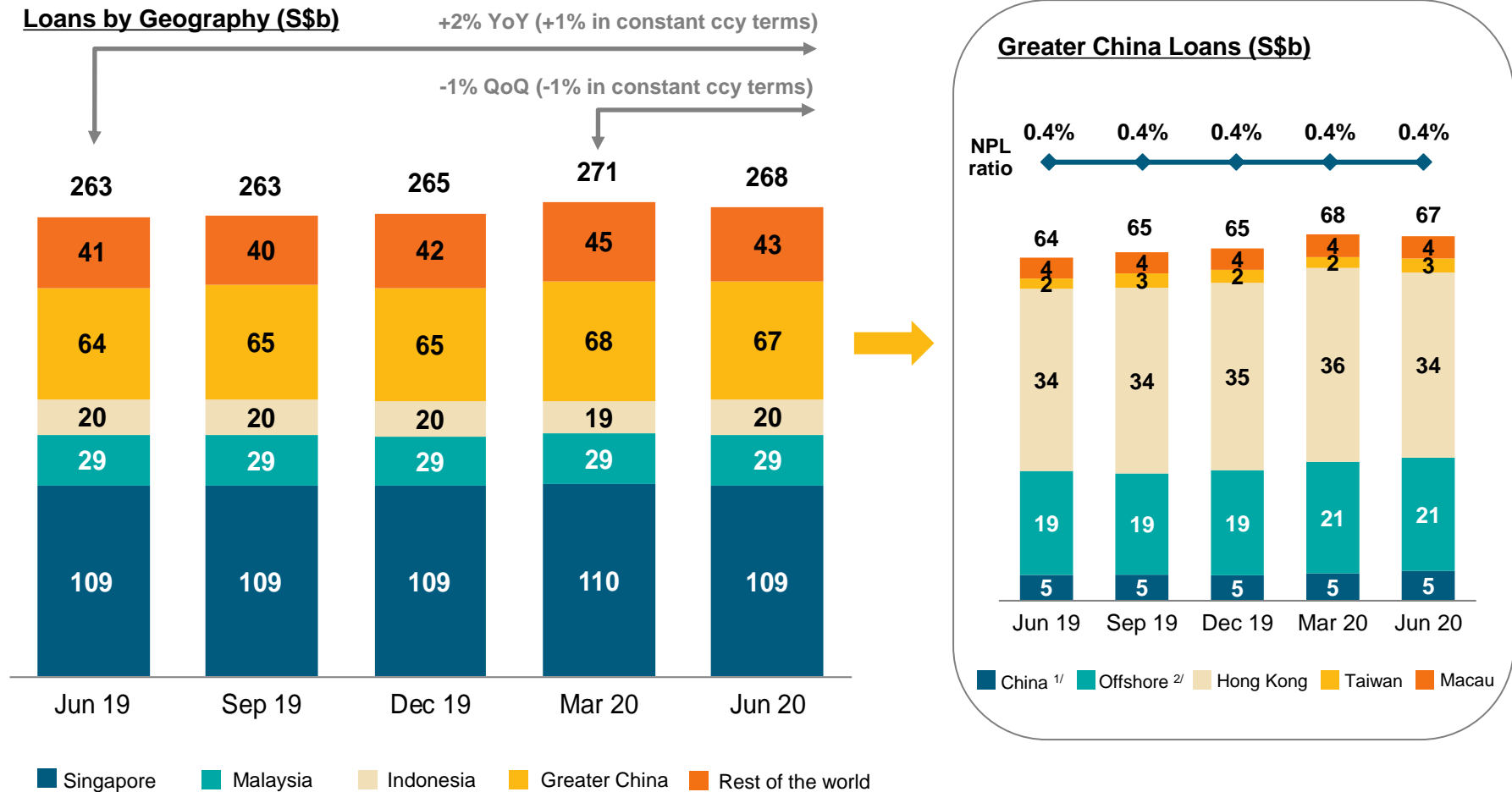
Total Cumulative Allowances

Substantially increased total NPA coverage to 101% from 78% a year ago



Customer loans

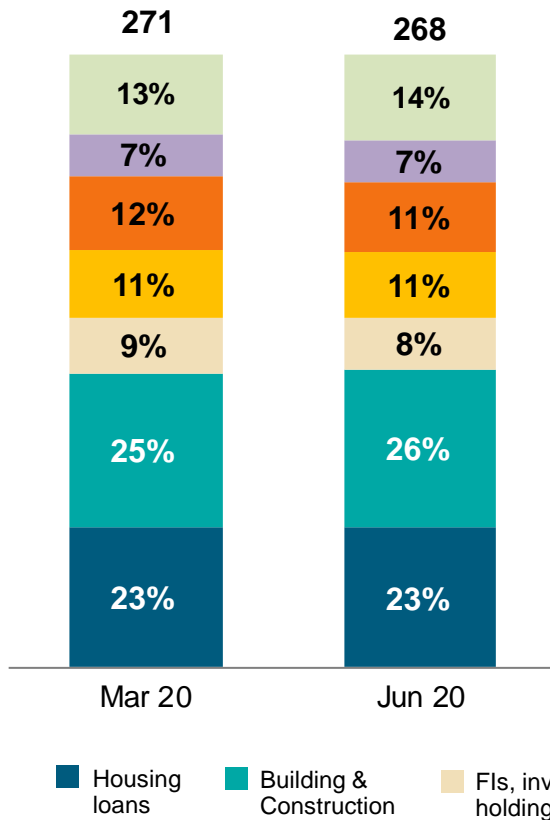
Loans 2% higher YoY at S\$268b but fell 1% QoQ due to low demand from consumers and trade



Customer loans

Loan portfolio remained well-diversified with limited sector concentration

Loans by Industry (\$b)



Corporate, SME and Consumer comprise **49%**, **12%** and **39%** of loan book respectively

O&G sector comprise **5%** of loan book (within which, 2% for OSV, including national conglomerates)

Commodities sector account for **6%** of loan book

Shipping sector (ex OSV) made up **3%** of loan book

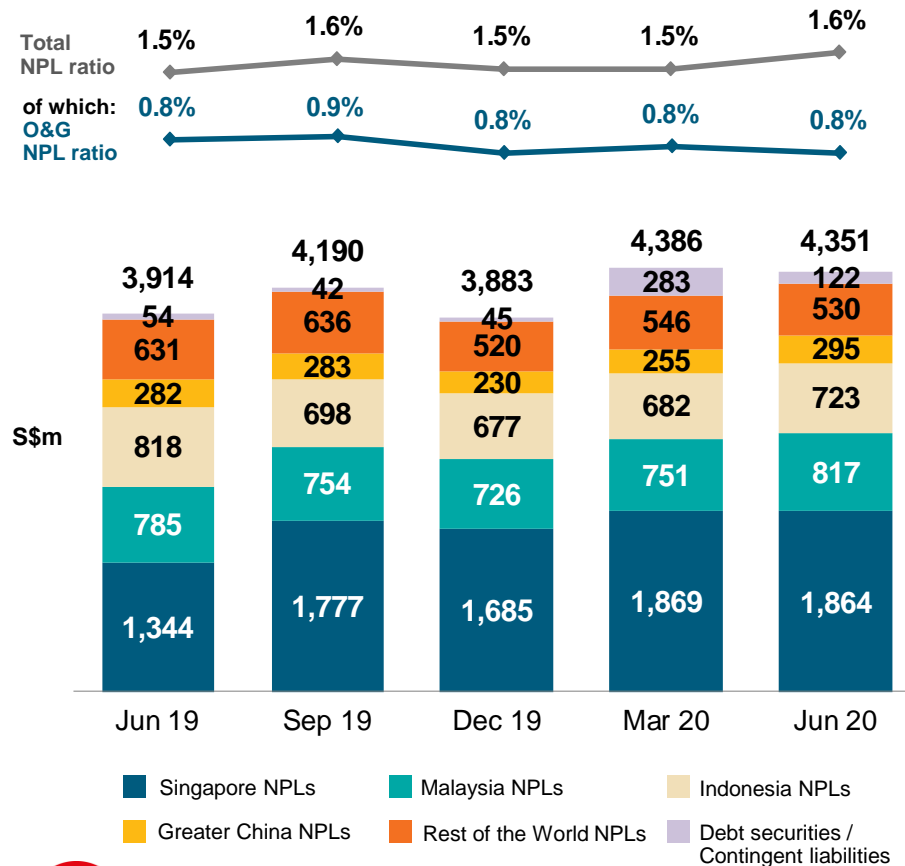
Aviation sector comprise **less than 1%** of loan book

Green and sustainable finance portfolio up **19%** QoQ to **\$13b**

Asset quality

Total NPAs down QoQ from higher upgrades, write-offs and recoveries

NPAs by Geography

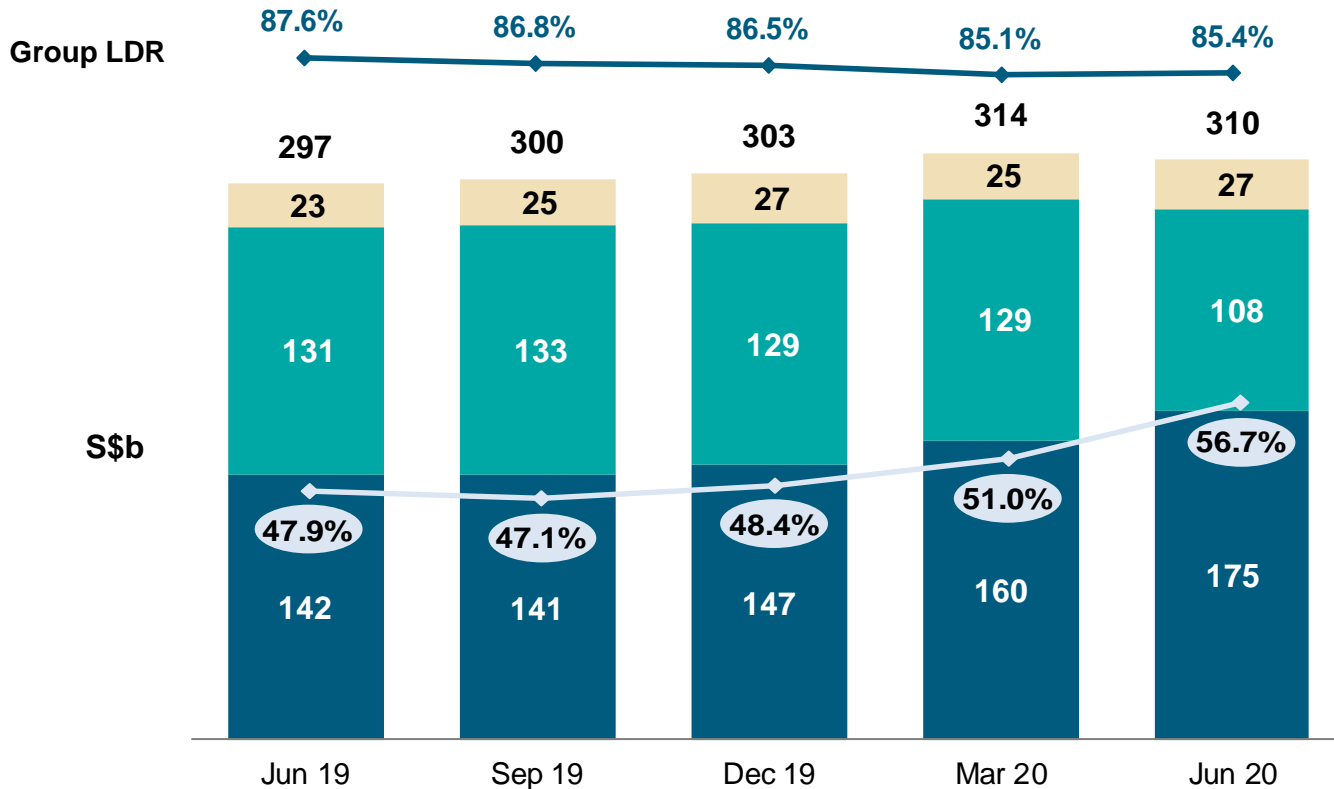


NPAs movement

S\$m	1H19	1H20
At start of period	3,938	3,883
Corporate/ Commercial Banking and Others		
New NPAs	405	882
Net recoveries/upgrades	(201)	(171)
Write-offs / FX	(221)	(254)
	(17)	457
Consumer Banking		
New NPAs	283	237
Net recoveries/upgrades	(246)	(171)
Write-offs / FX	(44)	(55)
	(7)	11
At end of period	3,914	4,351

Customer deposits

CASA deposits grew to a record S\$175b, with the CASA ratio at a new high of 56.7%



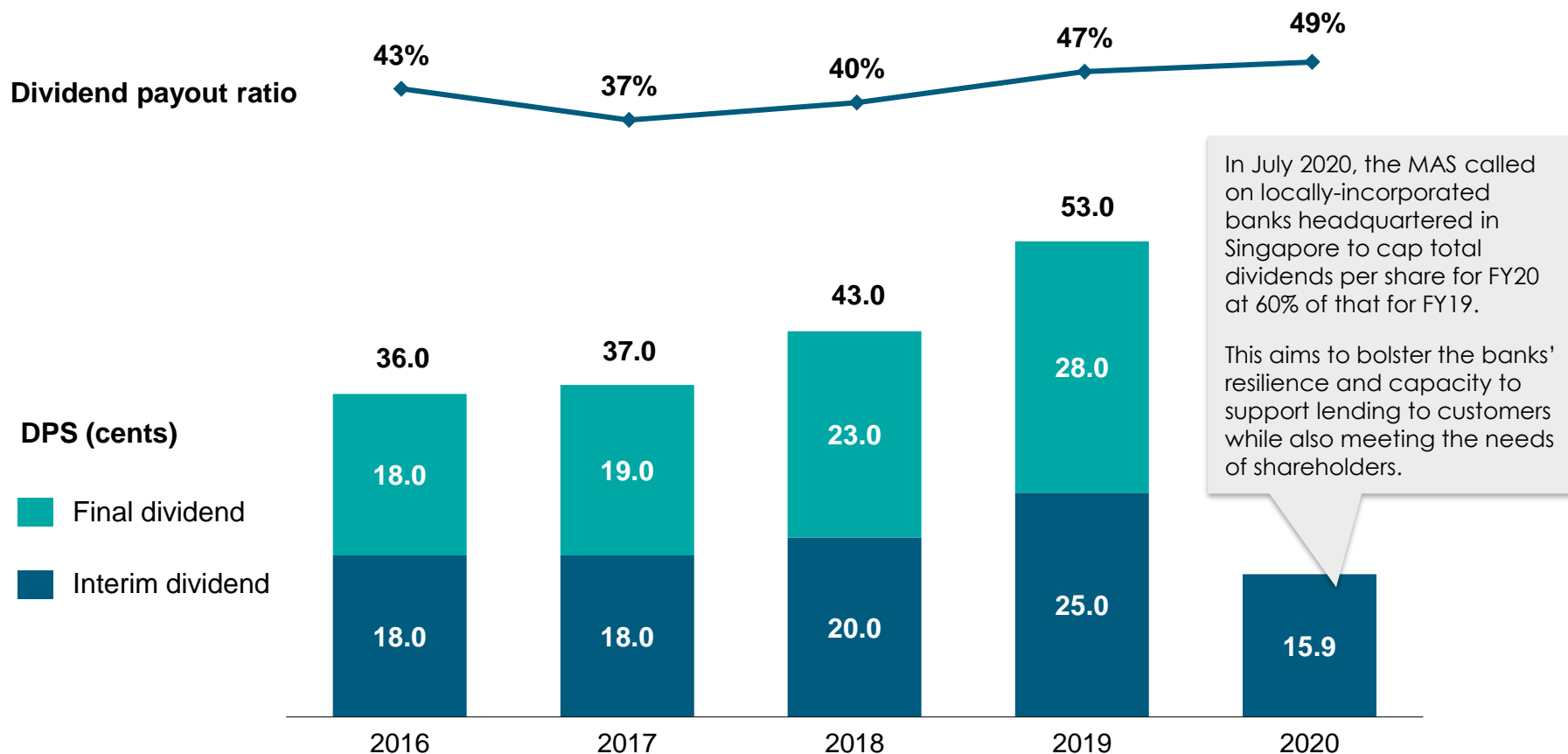
LDRs

	Jun 19	Sep 19	Dec 19	Mar 20	Jun 20
SGD	84.7%	87.9%	87.2%	85.7%	83.2%
USD	75.9%	67.0%	63.4%	64.8%	64.0%



Interim dividend of 15.9 cents; payout ratio at 49%

FY20 dividend capped at 31.8 cents or 60% of the 53 cents for FY19



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**Appendices:
Major Subsidiaries' Results**

Great Eastern Holdings' performance

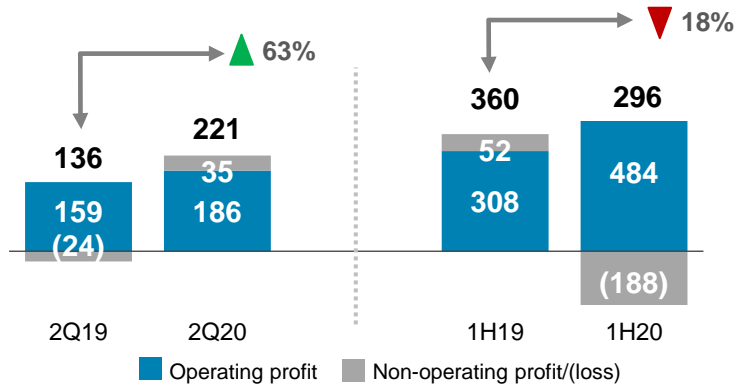
Higher operating profit more than offset by unrealised mark-to-market losses

S\$m	1H20	1H19	YoY +/(-)%
Profit from insurance business	365	395	(8)
- Operating profit	484	308	57
- Non-operating (loss)/ profit	(188)	52	(460)
- Others	69	35	98
Profit from Shareholders' Fund	58	186	(69)
Profit from operations	423	581	(27)
Allowances	(4)	(0)	nm
Tax and NCI	(88)	(69)	27
Net profit	331	512	(35)
Group adjustments ^{1/}	(63)	(86)	(25)
Net profit contribution to Group	268	426	(37)

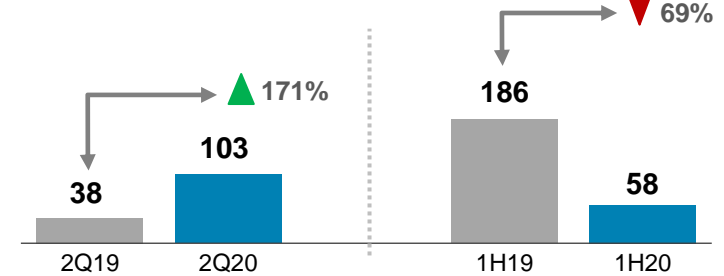
GEH: Financial Highlights

Key Performance Trends

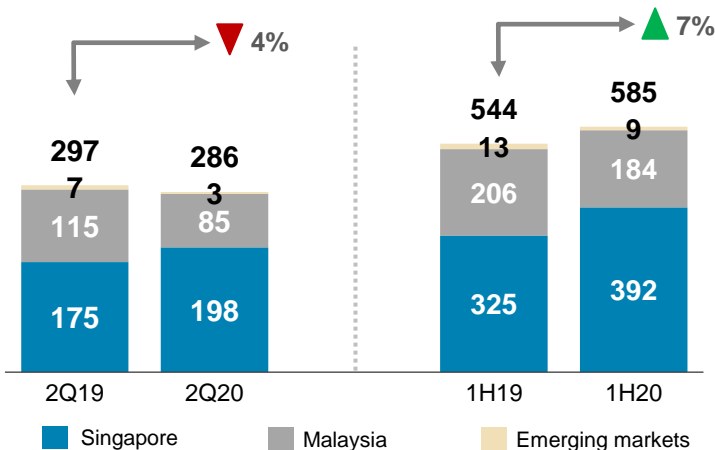
Profit from Insurance Business (S\$m)



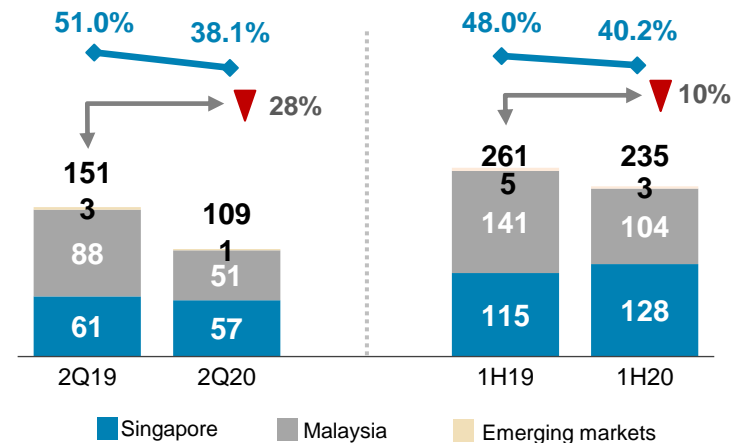
Profit from Shareholders' Fund (S\$m)



Total Weighted New Sales (S\$m)



New Business Embedded Value (S\$m) and Margin



OCBC Wing Hang Hong Kong & Macau's performance

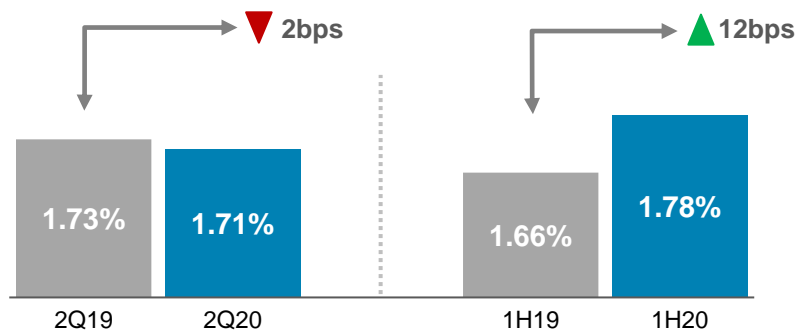
1H20 net profit 10% higher YoY, driven by a 24% rise in operating profit

HKD m	1H20	1H19	YoY +/(-)%
Net interest income	2,020	1,892	7
Non-interest income	690	530	30
Total income	2,710	2,422	12
Operating expenses	(1,117)	(1,138)	(2)
Operating profit	1,593	1,284	24
Allowances (charge)/ writeback	(121)	15	884
Associates	8	32	(75)
Profit before tax	1,480	1,331	11
Tax	(229)	(196)	17
Net profit – local reporting	1,251	1,135	10

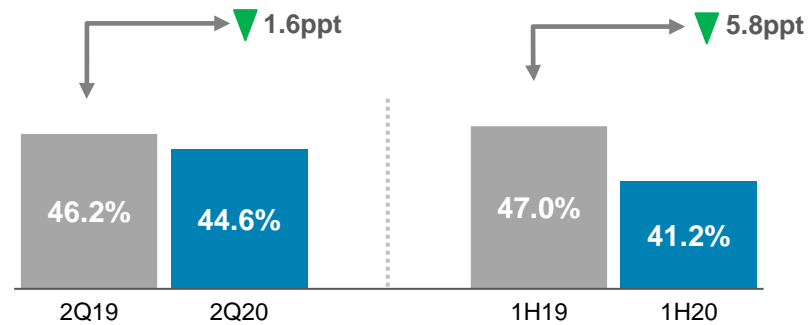
OCBC Wing Hang Hong Kong & Macau Financial Highlights

Key Performance Trends

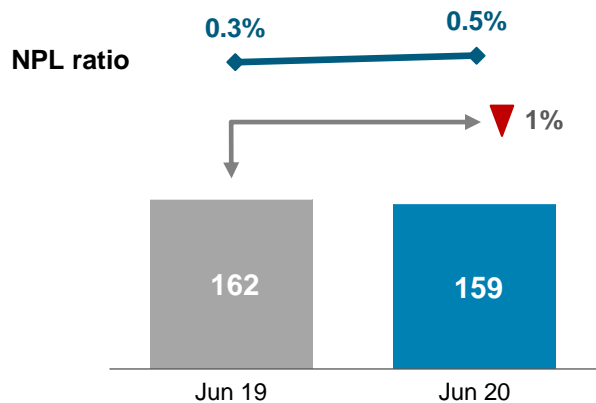
Net Interest Margin



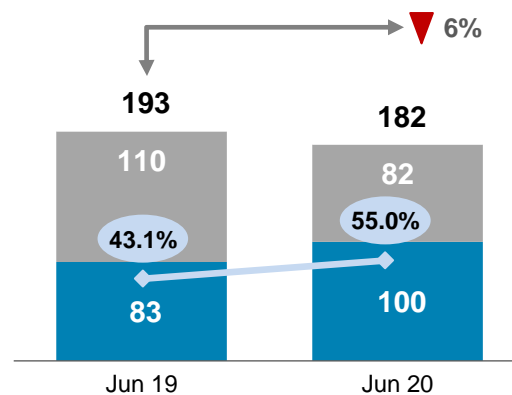
Cost-to-Income



Customer Loans (HKD b)



Customer Deposits (HKD b)



■ CASA ■ Others — CASA ratio

OCBC Malaysia's performance

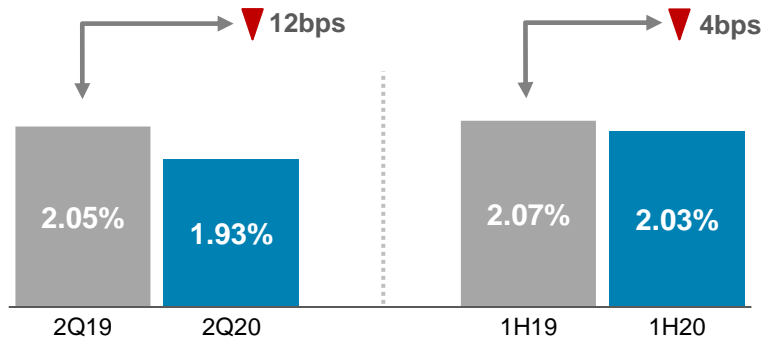
1H20 operating profit rose 2% YoY to RM720m, but allowances increased significantly

RM m	1H20	1H19	YoY +/(-)%
Net interest income	742	756	(2)
Islamic banking income ^{1/}	222	222	-
Non-interest / finance income	366	334	10
Total income	1,330	1,312	1
Operating expenses	(610)	(605)	1
Operating profit	720	707	2
Allowances	(316)	(164)	93
Profit before tax	404	543	(26)
Tax	(98)	(128)	(23)
Net profit – local reporting	306	415	(26)

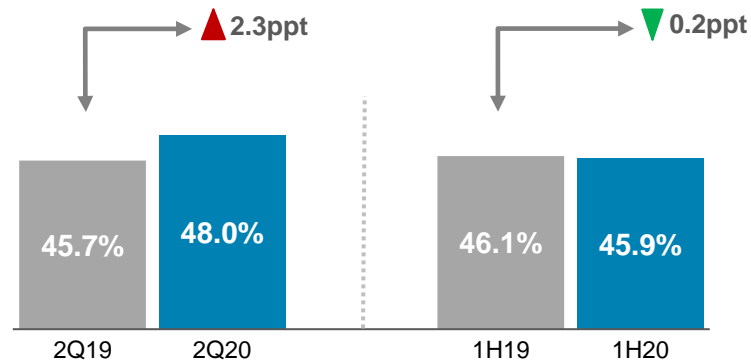
OCBC Malaysia Financial Highlights

Key Performance Trends

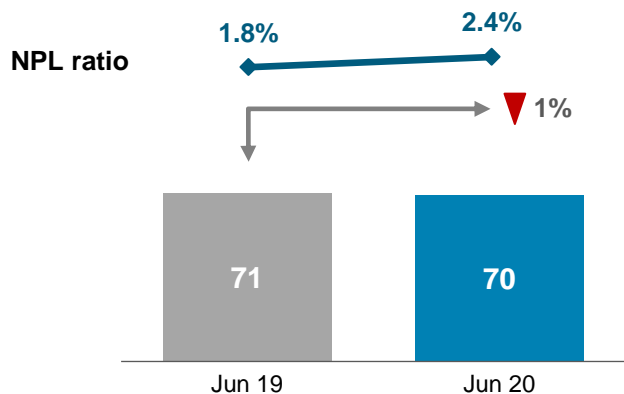
Net Interest Margin



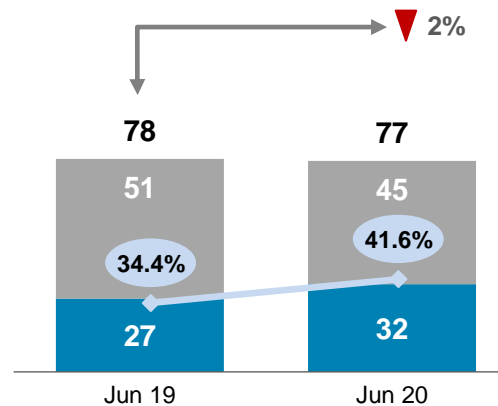
Cost-to-Income



Customer Loans (RM b)



Customer Deposits (RM b)



■ CASA ■ Others — CASA ratio



Bank OCBC NISP's performance

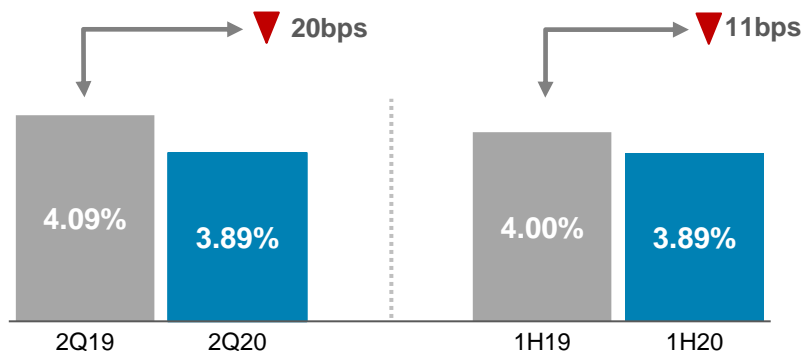
1H20 pre-tax profit rose 3% YoY to a record IDR2.1t

IDR b	1H20	1H19	YoY +/(-)%
Net interest income	3,325	3,210	4
Non-interest income	1,180	955	24
Total income	4,505	4,165	8
Operating expenses	(1,904)	(1,858)	2
Operating profit	2,601	2,307	13
Allowances	(498)	(273)	82
Non-operating income	1	2	(62)
Profit before tax	2,104	2,036	3
Tax	(541)	(500)	8
Net profit – local reporting	1,563	1,536	2

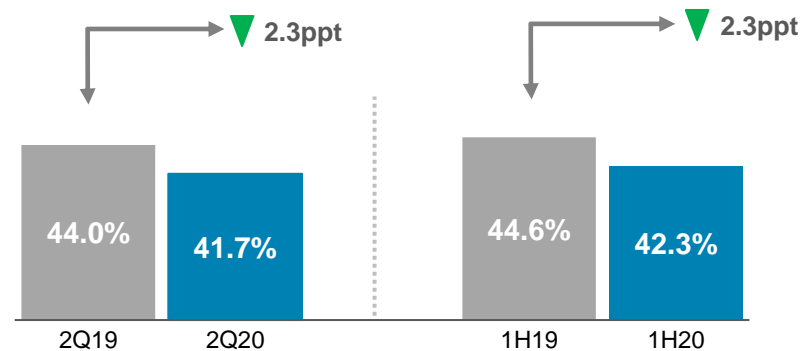
Bank OCBC NISP Financial Highlights

Key Performance Trends

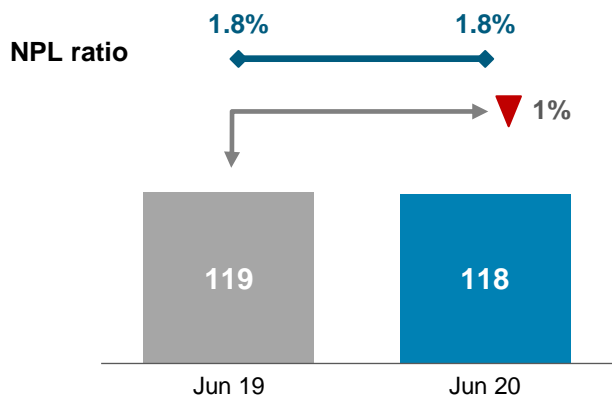
Net Interest Margin



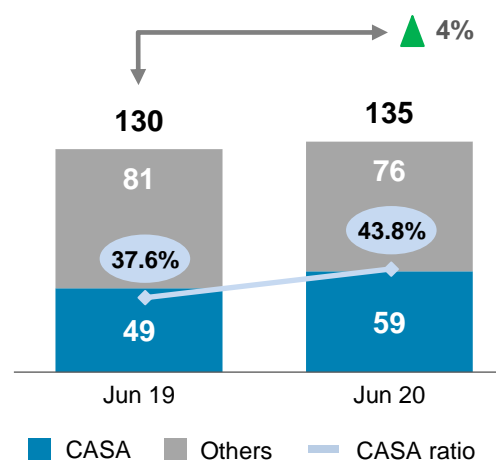
Cost-to-Income



Customer Loans (IDR t)



Customer Deposits (IDR t)





First Half 2020 Results Thank You